

NOMURA

N o m u r a *Knows How*

Annual Report 2006

for the Year Ended March 31, 2006

NOMURA HOLDINGS, INC.

Profile

Structured under Nomura Holdings, Inc., Nomura Group is committed to a management vision of firmly establishing itself as a globally competitive Japanese financial services group. We have also set a management target of achieving an average consolidated return on equity (ROE) of 10%-15% over the medium to long term. In pursuing this vision, we will achieve a dominant position in terms of our customer base and establish a solid revenue base—one resilient to the changing market environment.

As Japan’s economy recovers and deregulation moves forward, we are seeing a significant increase in business opportunities. To capitalize on these opportunities and provide superior services for all investment needs, we are positioning ourselves for higher levels of growth by enlarging the scope of our operations, without being confined to the traditional bounds of the securities business. To underline our determination to expand the scope of our business, we have removed the word “Securities” from the name of the Group in Japanese. It is now simply “Nomura Group” as in English.

The theme of this year’s annual report is “Nomura Knows How.” This theme emphasizes our ability to provide solutions to the issues our customers face. By delivering these solutions along with financial services that exceed the standards our customers have come to expect, we aim to build even stronger relationships, thereby expanding our earnings base and continuing to increase shareholder and corporate value.

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Forward-Looking Statements
This annual report contains forward-looking statements about the future plans, strategies, beliefs, and performance of Nomura Group.
These forward-looking statements are not historical facts. They are expectations, estimates, forecasts, and projections based on information currently available to the Company and are subject to a number of risks, uncertainties, and assumptions, which, without limitation, include market trends, economic trends, competition in the Japanese financial industry, laws and regulations, and the tax system. As such, actual results may differ materially from those projected.

Consolidated Financial Highlights (U.S. GAAP)

Years ended March 31

	Millions of yen					Millions of U.S. dollars ⁶
	2002	2003	2004	2005	2006 ¹	2006
Operating Results:						
Total revenue	¥ 1,825,399	¥ 807,651	¥ 1,045,936	¥ 1,126,237	¥ 1,792,840	\$ 15,261
Net revenue	1,321,351	566,274	803,103	799,190	1,145,650	9,752
Income before income taxes ²	172,972	47,409	282,676	204,835	545,013	4,639
Net income	168,046	119,913	172,329	94,732	304,328	2,590

Balance Sheet Data (Period End):

Total assets	¥17,758,273	¥21,169,446	¥29,752,966	¥34,488,853	¥35,026,035	\$298,145
Total shareholders' equity	1,604,929	1,642,328	1,785,688	1,868,429	2,063,327	17,563
Return on equity (ROE) ³	11.1%	7.4%	10.1%	5.2%	15.5%	

Per Share Data:

	Yen					U.S. dollars ⁶
Net income—basic ⁴	¥ 85.57	¥ 61.26	¥ 88.82	¥ 48.80	¥ 159.02	\$ 1.35
Shareholders' equity ⁵	816.48	846.40	919.67	962.48	1,083.19	9.22
Cash dividends ⁵	15.00	15.00	15.00	20.00	48.00	0.41

*1 Figures in this publication are for fiscal years beginning on April 1 and ended on March 31 of the following year.

*2 Total for continuing and discontinued operations for the fiscal year under review.

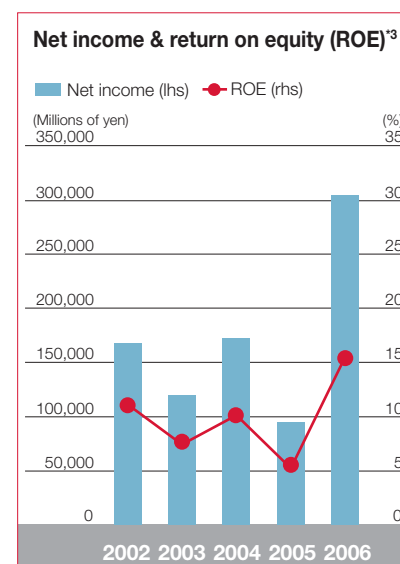
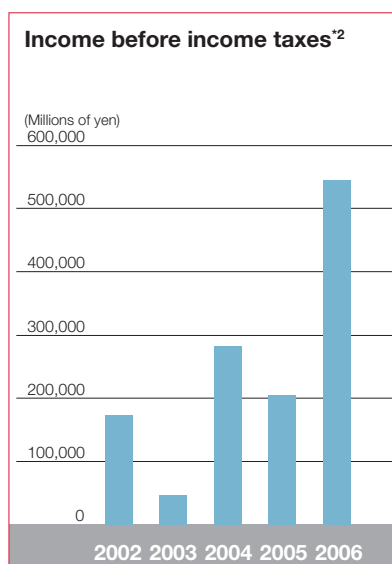
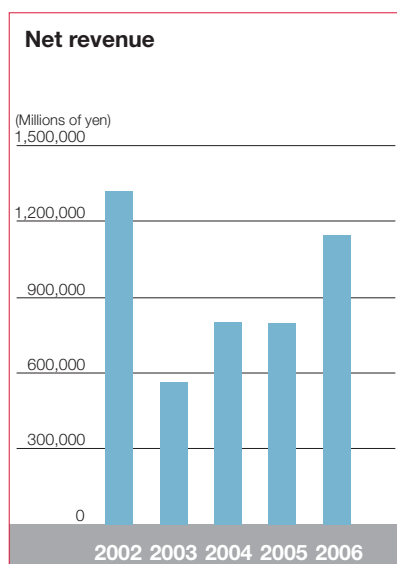
*3 Calculated by dividing net income of the current fiscal year by average shareholders' equity of the current and previous fiscal years.

*4 Calculated using the weighted average number of shares outstanding for the year (excluding treasury shares).

*5 Calculated using the number of shares outstanding (excluding treasury shares) at year-end.

*6 Calculated using the yen-dollar exchange rate of U.S.\$1.00=¥117.48, the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2006.

Note: These consolidated financial highlights are prepared solely for convenience. Readers are recommended to refer to the Form 20-F.



Nomura Knows How

Nomura Group is organized to realize synergies across its operations by bringing together the respective strengths of each business division.

We are committed to optimizing the effectiveness of this management system by responding accurately to customer needs and strengthening our customer base and earnings power.



Nomura Knows How *to Be a Top Performer*



We are deeply committed to increasing shareholder value and achieving sustainable growth.

As a financial services group that delivers superior services and solutions for all forms of investment, we will expand into new areas, going beyond the framework of the securities business. In fiscal 2005, ended March 31, 2006, we achieved record net income and celebrated our 80th anniversary. To build on this strong result, we are constantly looking to improve performance and position ourselves for higher levels of growth. We believe this is the best course of action to return the benefits of growth to our shareholders.

Fiscal 2005 in Review

Net revenue for fiscal 2005 increased 43% year on year to ¥1,145.7 billion, income before income taxes¹ grew 166% to ¥545.0 billion, and *net income jumped 221% to a record ¥304.3 billion.*² As a result of this strong performance, return on equity (ROE) was 15.5%, a significant increase from 5.2% the previous year.

Amid a robust stock market environment, Domestic Retail has worked to deliver customer-focused products and services by strengthening its consulting services and developing products that meet the needs of its customers. This heightened customer focus allowed us to achieve our target of ¥50 trillion in Domestic Retail client assets (including regional financial institutions) a year and a half ahead of schedule. Net revenue in Domestic Retail was ¥446.5 billion, up 47% compared with the prior year.

In Global Markets, strong trading in bonds and equities on the back of an upturn in market conditions combined with our ongoing drive to diversify revenue sources through such businesses as asset finance, equity derivatives, and loan-related businesses to push up net revenue by 53% year on year to ¥371.1 billion.

Global Investment Banking saw net revenue grow 32% to ¥99.7 billion due to an increase in equity underwriting, including a large privatization and public offering deals, and as we acted as financial adviser in a number of large mergers and acquisitions (M&A) and other deals. We also topped the global equity and equity-related and M&A advisory league tables (Japan-related) for the second straight year³.

In Global Merchant Banking, net revenue surged 830% to ¥68.2 billion, boosted by the sale of stakes in investee companies held by Nomura Principal Finance.

Asset Management continued to expand its product lineup in response to growing needs for asset management as the shift from savings to investment gained traction and equity investment trusts approached record levels in Japan. As a result, assets under management grew further and net revenue increased 34% to ¥65.8 billion.

As the economic recovery in Japan gains traction, we are seeing increased demand for asset management services and consulting services for financial strategies. Indeed, we are seeing changes in the business and financial behavior of individuals and the corporate



sector. By extending our client base, building our business portfolio, and delivering high-value-added solutions, we were able to respond to the changing needs stemming from this growth in demand and, in turn, increase revenue in all five business divisions.

*1: Total for continuing and discontinued operations.

*2: Results through fiscal 1998 are based on Japanese GAAP (generally accepted accounting principles). Subsequent years are based on U.S. GAAP.

*3: Source: Thomson Financial, based on April 1 to March 31 fiscal year.

Business Environment

Our business environment is changing dramatically. *With this transformation comes an unprecedented wave of business opportunities.*

Looking at the macroeconomic environment, the Japanese economy is gradually expanding, underpinned by healthy corporate profitability and rising consumer spending. As such, confidence in a full-fledged recovery of the domestic economy is growing. The corporate goods price index, a gauge for wholesale prices, is also on the rise due partly to surging international commodities markets. The financial environment has started shifting following the end of the Bank of Japan's policy of quantitative easing.

The legal environment in Japan is also being transformed. In May 2006, the new Corporation Law of Japan took effect. In addition, a new law covering a wide range of issues related to investor protection is slated to go into effect in 2007.

Another significant change set to take place in Japan from 2007 is the retirement of baby boomers, which is expected to have an impact on the economy as they alter their lifestyles.

Amid this dynamic environment, signs of a shift of the ¥1,500 trillion in personal financial assets in Japan from savings to investment are emerging. The shift is clearly evident in the record levels of trading in equities by individual investors and stock investment trust assets. We believe this trend will continue gaining momentum.

In the corporate sector, companies are starting to look to capital investments and M&A for growth and are increasingly tapping the capital markets to raise funds to support that growth.

Internationally, the rapid economic growth across Asia is prompting global funds to flow back into the region in the form of direct investment and investment in securities. Asian companies, meanwhile, are taking their operations global.

Extending the Nomura Brand

Our goal as a globally competitive Japanese financial services group is to build a strong position and *achieve an average consolidated ROE of 10%–15% in the medium to long term.*

As we extend the Nomura brand into new areas, we need to be responsive to change and capitalize on all business opportunities as they arise. With this in mind, we will *aggressively take on new businesses that go beyond the framework of the securities business* to shift Nomura Group into a new phase of growth. To underline our determination to expand the scope of our business, we have removed the word “Securities” from the name of the Group in Japanese. It is now simply “Nomura Group” as in English.



In a move to create a nimbler organization, we overhauled our operating structure in April 2006. The number of executive officers at Nomura Holdings was reduced from 32 to 11, and all executives now dedicate themselves to managing Nomura Group as a whole under the holding company framework. At the business division level, we have delegated greater authority and responsibility to our five business divisions and reappointed the heads of each business as division chief executive officers (CEOs).

Three Strategies for Further Growth

To build on the strong performance of fiscal 2005, we have mapped out three strategies to take Nomura Group to a higher level of growth. First, we are stepping up our drive for a deeper, broader domestic client base and seeking opportunities to expand our revenue sources. Second, we are increasing our focus on revamping our international operations. Third, we are developing new businesses.

1. Strengthening domestic client base; increasing revenue sources

By enhancing our financial consulting services, we have successfully doubled Domestic Client Assets over the past three years. We are now working to achieve *new goals of ¥100 trillion in Domestic Client Assets and 5 million accounts ahead of schedule* by embarking on a proactive expansion of our domestic branch office network and increasing the number of financial advisers. To tap into the growing investor population, we are expanding external sales channels for our products to complement our own

network. Our product lineup is also growing in line with customer needs, giving more investors access to our leading product development and trading capabilities.

For corporate clients, we draw on our extensive global network, solid capital base, and professional expertise to deliver top-quality services for raising capital and M&A. Our focus remains on our clients and anticipating their increasingly diverse and complex needs to offer high-value-added solutions.

2. Revamping international operations

Our previous approach to international operations was to apply the same management style that we used in Japan. As we evolve, however, we will *implement different business models in each region that leverage regional characteristics and tap our respective strengths* in order to boost profitability in each region.

We have positioned Europe as a global hub for product innovation, origination, and delivery. This global supply function in Europe will be increased further as we move forward. In the Americas, we are focusing on our core competencies, building up local businesses that offer more opportunity to generate revenue. In the fast-growing markets of Asia, we are looking to capitalize on growing business in the region by further expanding our long-standing client base, including forging alliances with Asia-based companies.

To execute our international strategies smoothly and effectively, we have appointed Deputy President and Chief Operating Officer (COO) Hiroshi Toda to directly oversee our international operations and speed up reforms.

3. Developing new businesses

Our third strategy for further growth is to *develop new businesses to act as future drivers of revenue in addition to our existing five business divisions*.

Some recent examples of our efforts in this area include Unified Partners, set up in June 2005 as a lending and investment firm focusing on real estate and loans; and Joinvest Securities, an online financial services firm that opened for business in May 2006. Going forward, we will aggressively invest in areas that we have not focused on as much in the past to create new business opportunities.

We are also building up our portfolio by further developing existing operations in Nomura Group, such as our loan-related business.

Our ultimate goal is to ensure ongoing growth across the Group's entire portfolio.

Moving Forward Together

Based on our *founding spirit of contributing to the communities in which we operate*, we are committed to playing a role in social and economic development by offering a broad range of financial services. We also believe we have much to offer in terms of educating the public on investment. We teach courses on securities investment at over 120 universities and financial and securities courses in local communities and workplaces throughout the country. Through these efforts, we are increasing the pool of investors by promoting a sound understanding of the significance of investing and the risks involved.



In terms of *enhancing corporate governance*, we adopted a Committee System in 2003 and have bolstered management oversight and ensured transparency to maintain a healthy relationship with our stakeholders (for more information on our corporate citizenship and corporate governance initiatives, please see pages 48 to 60).

To better respond to the expectations of our shareholders, we are working to continually increase shareholder value while looking into the best way to return profits to shareholders. In fiscal 2005, we increased our dividend to a record ¥48 per share from ¥20 per share the previous year.

For the medium to long term, we have adopted a more flexible capital management policy. In addition, we recently announced a new dividend policy based on the dividend-on-equity ratio (DOE) and a target dividend payout ratio, making it clearer for shareholders to understand how we set dividends. We have raised DOE, which sets the minimum level for dividends, to 3.0% and seek to ensure sustainable growth of our target dividend in the medium to long term. In keeping with this guideline, we have raised our target dividend from ¥24 for fiscal 2005 to ¥32 for fiscal 2006.

When we achieve a sufficient level of profit, we will look to return profits to shareholders based on a payout ratio of 30%. To deliver dividends to shareholders more flexibly, we will offer quarterly dividends, made possible by the new Corporation Law of Japan, which abolishes restrictions on the frequency of dividend payments.

To move forward together, we will reinforce our position as a globally competitive Japanese financial services group by *creating an earnings structure geared to achieving an average consolidated ROE of 10%–15% in the medium to long term and boosting shareholder value.*

The New Nomura

Throughout our 80-year history, we have grown along with our customers. We will *continue to grow by transforming from the Nomura of the past, based firmly in the securities business, to a new Nomura of tomorrow, one that goes beyond the traditional framework of the securities business, expanding into new areas.*

We have an 80-year legacy of challenging conventional wisdom with innovative thinking. The new Nomura must be quick to sense change and respond with this culture, drawing on the full strengths of the Group. The new Nomura is committed to supporting the expansion and development of Japan's financial and capital markets, and in turn raising our corporate value and delivering results for you.

July 2006

A handwritten signature in black ink, appearing to read 'Nobuyuki Koga', with a stylized, fluid script.

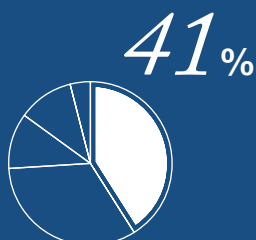
President & Chief Executive Officer
Nobuyuki Koga

Nomura Knows How

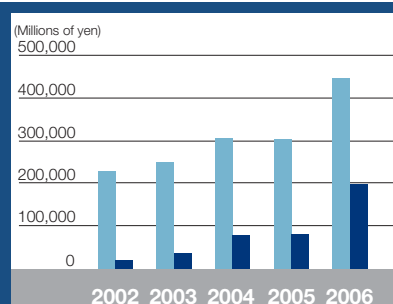
to Provide In-Depth

Fiscal years ended March 31

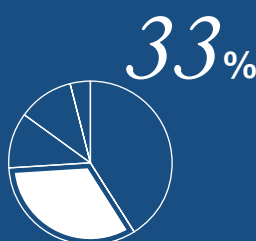
Domestic Retail



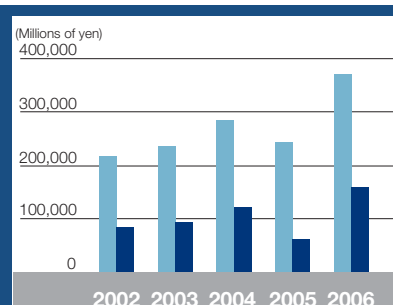
Domestic Retail offers investment consulting services, mainly to individual investors, based on an understanding of their investment objectives, risk tolerance, life stage, and other parameters. By providing products and services that closely match the needs of individual customers, we seek to work with them over the long term and offer advice that assists them in building their asset portfolios. (For further information, please see page 14.)



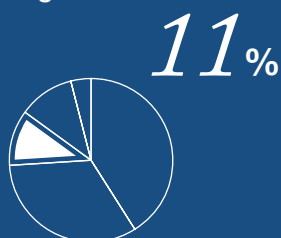
Global Markets



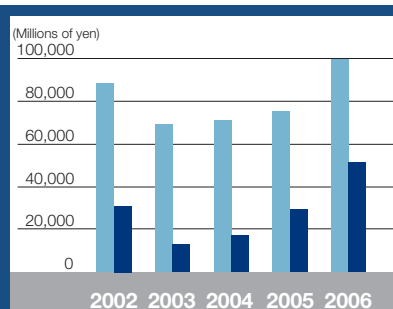
Global Markets provides services principally for institutional investors, including sales of and trading in equities, bonds, foreign exchange, and derivatives. We are working to strengthen our trading and financial product supply capabilities in response to the increasing complexity and diversity of client needs, while also expanding our asset finance business. (For further information, please see page 20.)



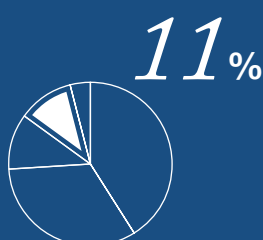
Global Investment Banking



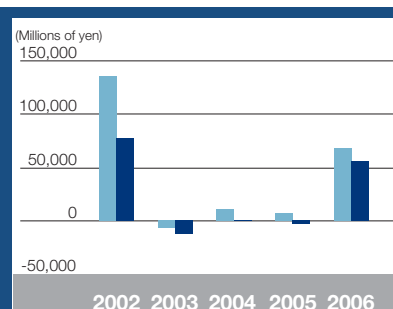
Global Investment Banking provides a wide range of services, including underwriting bonds, equities, and other securities as well as M&A and financial advisory services in Japan, Europe, the Americas, Asia outside Japan, and other major financial markets. We also offer tailor-made solutions to meet specific client needs. (For further information, please see page 26.)



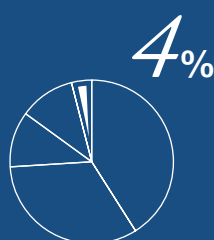
Global Merchant Banking



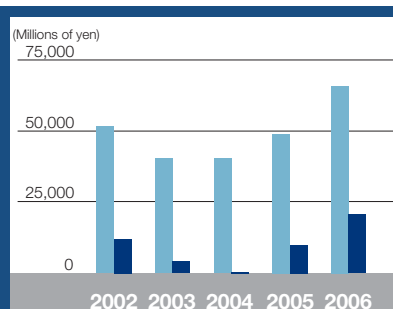
Global Merchant Banking engages in private equity investments using Nomura's own capital to invest in companies that show promise for future growth and improved performance. In Japan, Nomura Principal Finance conducts buyouts and corporate restructurings. Moreover, activities include investing in venture companies and funds in Japan and Europe. (For further information, please see page 32.)



Asset Management



Asset Management delivers a diverse lineup of investment trust products for investors through a range of sales channels and offers investment advisory services for pension funds and institutional investors. Our activities also include offering an integrated set of services for defined contribution pension plans that range from assistance in introducing these plans to providing investment trust products. (For further information, please see page 38.)



Note: Pie charts based on income before income taxes of the five business segments.

■ Net revenue
 ■ Income before income taxes

Services in All Markets

No. 1 across a number of financial markets

31%

Nomura was **No. 1** in terms of domestic client assets as of March 31, 2006, with 31% of the total ¥257 trillion in assets in custody of the 27 listed securities companies in Japan.

Source: Disclosure documents
As of March 31, 2006

26%

Nomura was **No. 1** in equity and equity-related financing for Japanese companies, with a 26% share.

Source: Thomson Financial
For the period April 1, 2005, to March 31, 2006

22%

Nomura was **No. 1** in straight bond financing for Japanese companies, with a 22% share.*

Source: Thomson Financial
For the period April 1, 2005, to March 31, 2006
* Excluding self-funding

27%

Nomura was the **No. 1** advisor for deals involving M&A for Japanese companies, with a 27% share.*

Source: Thomson Financial
For the period April 1, 2005, to March 31, 2006
* Announced deals (value basis)

21%

Nomura Asset Management was **No. 1** in Japan in publicly offered investment trusts, with a 21% share.

Source: The Investment Trusts Association of Japan
As of March 31, 2006

75%

Nomura's Global 6 Assets Diversified Fund ranked **No. 1** in investment trust sales by Japan Post, with a 75% share of total assets under management.

Source: Japan Post
As of March 31, 2006

56%

Nomura ranked **No. 1** in administering corporate employee investment plans for companies listed on the TSE*, as measured by the number of participating employees—approximately 1.8 million, representing a 56% share of total participants.

Source: Tokyo Stock Exchange Fact Book 2006
* TSE: Tokyo Stock Exchange

Domestic Retail

► Nomura Knows How *to Make You*

“ Nothing makes us happier than seeing our customers smile. Domestic Retail offers investment consulting services that meet the diverse needs of our customers by leveraging our *superior consulting expertise* and *broad lineup of financial products*. We want to open up the world of investing for our customers by building closer relationships with a wider range of investors. By extension, we aim to expand the investing community in Japan and, in turn, contribute to economic growth. ”

Kenichi Watanabe
Chief Executive Officer, Domestic Retail

Outline

Domestic Retail offers investment consulting services mainly to individual investors through an integrated network that includes 139 branch offices,* call centers, and web-based services.

The essence of our investment consulting is to provide the best products and services to each customer based on individual investment goals, risk tolerance, life stage, and other parameters. We provide such services through discussions with customers, mainly at our branch offices, to support their long-term asset-building goals. These face-to-face services are backed up by call center operations and web-based services, which allow customers convenient access to the information they need at any time. These services provide a diverse range of information on financial products and access to transaction services such as placing orders for trades, together with account-related services, including retrieving data on asset balances and other information.

We are also working to deliver investment products to an even broader range of customers through our partner financial institutions, which act as intermediaries for our products and services.

* Please see pages 75 and 76 for a full list of Nomura Securities domestic branch offices.

Smile



In addition to our high-level consulting capabilities, we offer a wide range of financial products, including equities, bonds, investment trusts, and insurance annuities. As customers demand increasingly diverse products, ranging from principal-guaranteed investments to high-yield investments, we have responded with a broader lineup of products and services that goes beyond the traditional framework of the securities business to include deposits and other bank agency services, real estate intermediary services, and inheritance-related trust services.

Domestic Retail Business Results

	Millions of yen				
Years ended March 31	2002	2003	2004	2005	2006
Net revenue	¥229,105	¥249,251	¥305,757	¥304,367	¥446,535
Non-interest expenses	208,621	213,562	226,213	223,200	249,330
Income before income taxes	¥ 20,484	¥ 35,689	¥ 79,544	¥ 81,167	¥197,205

Overview

◆ Nomura Knows How to Make You Smile

Business Results

• Increased Revenue from Equities and Investment Trusts

In fiscal 2005, ended March 31, 2006, Domestic Retail reported net revenue of ¥446.5 billion, 47% higher than for the previous fiscal year. Non-interest expenses totaled ¥249.3 billion, an increase of 12% compared to the previous year. Income before income taxes jumped 143% to ¥197.2 billion, the highest level since Nomura adopted U.S. GAAP in fiscal 1999.

Stock brokerage commissions, sales credit, and commissions on sales of investment trusts all posted marked gains as a result of strong demand from retail investors for equities trading and investment trusts, spurred on by a robust stock market environment and firm sales of bonds, particularly foreign currency bonds.

Highlights of the Year

• Domestic Retail Client Assets Top ¥50 Trillion

During fiscal 2005, we took further steps to substantially enhance our capabilities for meeting the increasingly diverse needs of our customers, including boosting staff levels, conducting training programs, and adopting other proactive measures to expand our investment consulting services. As a result, in September 2005 we attained the goal we set in October 2003 of raising Domestic Retail client assets (including regional financial institutions) to ¥50 trillion by the end of March 2007, a full year and a half ahead of schedule.

In February 2006, we established a branch in Kariya City, Aichi Prefecture, employing mainly financial advisers. This branch focuses on financial consulting and services carefully tailored to the requirements of customers in the region.

We also established call centers to support our branch offices and supplement our investment consulting infrastructure. In

addition, we upgraded Nomura Home Trade online services and increased our order taking, execution functions, and investment-related content. We also initiated services for bonds, foreign investment trusts, and margin transactions.

In terms of the securities intermediary business, we proactively expanded alliances with regional financial institutions. As of March 31, 2006, we had partnerships with 47 financial institutions.

In October 2005, we started offering discretionary asset management services through separately managed accounts (SMAs) for affluent investors.

Business Environment

• Accelerating Shift from Savings to Investment

As conditions in Japan's stock market improved and the economy entered a full-fledged recovery, individual investors began to increase their risk assets through investment trusts and bonds. Risk assets in personal financial assets had been on a declining trend since the collapse of Japan's bubble economy, falling below 10% as of March 2003, even after taking into account equities, bonds, and investment trusts.

Since then, however, this ratio has increased and climbed to 17% at the end of 2005. Along with this trend, the balance of public investment trusts rose from ¥34.4 trillion as of the end of March 2003 to ¥58.5 trillion as of March 31, 2006. As these developments suggest, the trend for individuals in Japan—who hold an estimated ¥1,500 trillion in financial assets—to shift from savings to investment appears to be gaining momentum.

Japan's baby boomers will start retiring en masse from 2007, and their search for an enhanced lifestyle in the next stage of their lives is expected to bring a significant rise in demand for asset management services. Also, in March 2006 the Bank of



Japan lifted its quantitative easing policy, and signs of change in the interest-rate policy are beginning to appear.

Domestic and foreign securities companies as well as banks and other financial institutions are taking greater interest in the growing individual investor market. Although competition is

intensifying, we believe these developments will bring an expansion in business opportunities.

Nomura Money Fair

Since 2000, we have been holding investment events for individual investors to offer as many people as possible the information and know-how they need for investing in securities and acquaint them with the importance of asset management. These events provide opportunities for participants to attend lectures by established financial and economic specialists as well as seminars on equities, bonds, investment trusts, and foreign currency assets. The Kansai Nomura Money Fair 2006 proved extremely popular, with 138 companies sponsoring investor relations booths to distribute their corporate information, 7 asset management companies setting up corners to explain their services, and more than 40,000 participants attending.

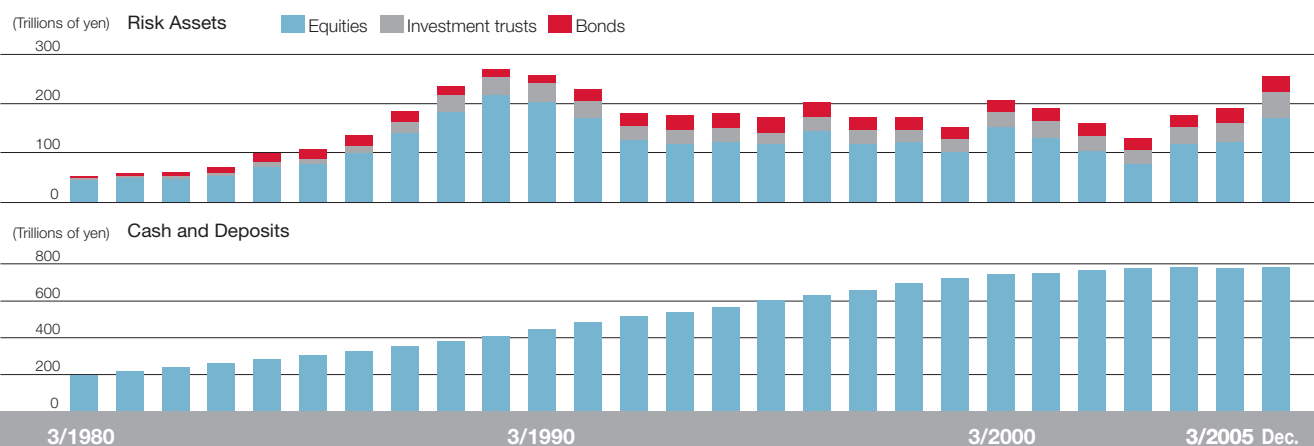


The Kansai Nomura Money Fair 2006 in Osaka Dome

Fiscal 2005 Money Fair Events

- September 2005: The Tokai Tri-Prefectural Nomura Money Fair 2005, held in the Nagoya Congress Center
- December 2005: The Eighth Nomura Money Fair, held in the Tokyo International Forum
- February 2006: The Kansai Nomura Money Fair 2006, held in Osaka Dome

Risk Assets and Cash and Deposits in Personal Financial Assets



Source: Bank of Japan

Issues and Strategies

◆ Nomura Knows How to Make You Smile

Issues and Strategies

• Aiming for Domestic Client Assets of ¥100 Trillion

To win even greater trust from our customers, we believe that it is important to continue expanding our extensive customer base, already the largest in Japan. For fiscal 2006, we are working toward the early attainment of the goals we originally set for fiscal 2009 of reaching ¥100 trillion in Domestic Client Assets (total of client assets in Domestic Retail, including regional financial institutions, and the Financial Management Division) and 5 million accounts.

We believe that our client assets are a sign of the trust that our customers place in Nomura, and our goal of 5 million accounts shows our strong will to offer a broad range of top-quality investment products to as many customers as possible. As more customers make investments with us, we can contribute to the sustained growth of the Japanese economy.

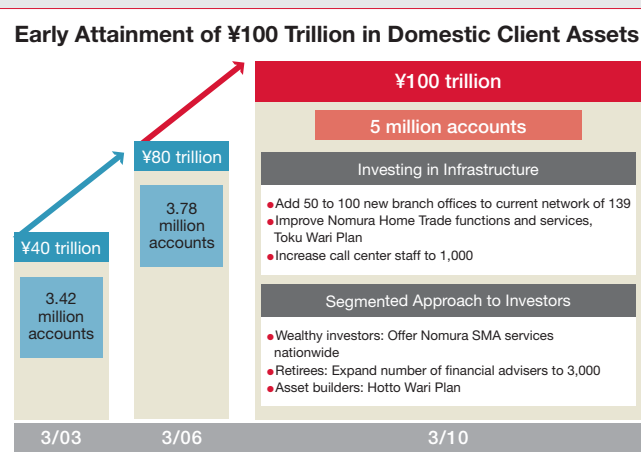
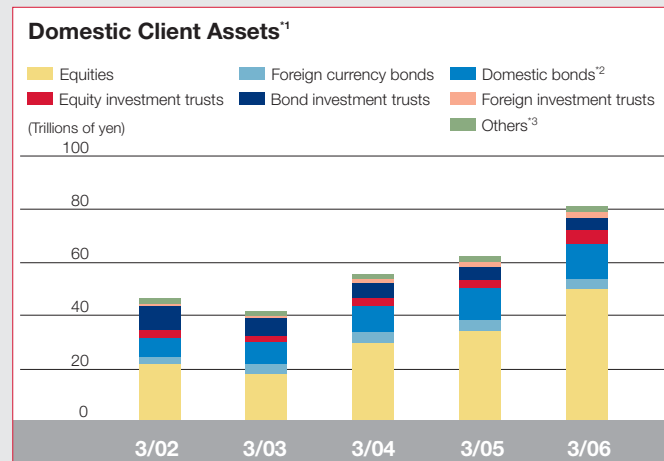
During fiscal 2006, we are strengthening our marketing efforts, including stepped-up area marketing targeted at specific geographic regions and segment marketing aimed at specific customer segments. Along with these activities, we are

steadily working to broaden the range of products and services we offer.

• Strengthening Area Marketing

As the shift from savings to investment continues, we are implementing various measures that take full account of the features of particular geographical areas to expand our business activities. In the major metropolitan areas of Tokyo, Nagoya, and Osaka, we are increasing staff levels and aggressively adding branch offices with features suited to the surrounding areas, with the aim of expanding our opportunities for interacting with customers.

In addition, we are advertising through a wide range of media, including TV, newspapers, magazines, and the Internet. In areas outside the major urban centers, we are working to significantly strengthen our ties with regional financial institutions that have extensive branch networks able to perform the role of securities intermediary and large customer bases in their respective regions. We are also hiring and training an increasing number of financial advisers and other staff who have close ties with local communities to build closer relationships with our customer base.



*1: Domestic Client Assets: Total of client assets in custody in Domestic Retail (including regional financial institutions) and Financial Management Division

*2: Includes convertible bonds and warrants

*3: Includes variable annuity insurance



• Strengthening Our Segment Approach

Our aim is to select the best products and services that deliver the greatest value for our customers depending on their individual financial status and life stage.

Wealthy and Affluent Investors: For wealthy and affluent investors, personnel with in-depth asset management experience assist customers in managing their assets and offer individual consulting services. In April 2006, we started offering SMAs nationwide (SMAs were originally introduced in October 2005). In addition, by expanding the number of sales representatives and reinforcing our education and training systems, we brought our financial planner staff to the 7,000 level, the largest in the industry, thereby enhancing our consulting capabilities and services.

Retirees and Salary Earners: In 2007, Japan's baby boomers will start retiring en masse. For these people, we offer our Life Plan services to help manage retirement allowances. During fiscal 2006, we are substantially increasing the number of financial advisers who have close ties with regional areas. By continuing to hold Nomura Retirement Seminars and other such activities, we are working to provide services carefully tailored to the needs of retirees.

In addition, about 1,400 listed companies have selected Nomura to administer and manage the assets of their employee stock ownership plans. As of March 31, 2006, plans administered by Nomura had approximately 1 million participants, about 56% of all such corporate employee investment plans in Japan. The asset management needs in this area are rising, and we are offering a number of related services, including consulting on asset management following retirement and holding lifetime financial planning seminars as well as our Hotto Direct and other services that integrate call center and web-based functions. Through these activities, we plan to continue offering comprehensive services suited to individual life stages.

Asset Builders: We offer face-to-face consultations through our branch office network as well as our Hotto Direct service, which is delivered via telephone and web-based connections. For customers relatively new to investing, we have introduced the Beginner's Dial service, which has been designed to put new customers at ease and encourage them to use our services. In April 2006, we introduced the Hotto Wari Plan, following a revision of our fee structure to make it more attractive to customers. We plan to continue to improve and upgrade our services for asset builders.

• Broader Lineup of Products and Services

One of our main focuses in Domestic Retail is to continue offering a lineup of products and services that accurately match the needs of our customers through further increasing our product offerings. Moreover, we are adding other services to meet a more diverse range of customer needs. For example, following the revision of the Banking Law in Japan, which deregulated certain services, we will start offering deposit services, acting as the agent for Nomura Trust & Banking, as well as customer introduction services for real estate transactions. Also, in partnership with certified tax advisers, we have expanded our inheritance-related services.

We are working toward the seamless integration of our face-to-face services at branches and our telephone and web-based functions to create service capabilities that are highly responsive to our growing customer base. To enhance our in-person services, we are aiming to increase the number of financial advisers from about 2,000 at present to 3,000, to offer responsive consulting services to an even broader range of customers. Moreover, we are adding to our menu of web-based services and planning to increase staff at our call centers from 600 at present to about 1,000, to offer our customers even more efficient services.

Global Markets

► Nomura Knows How *to Deliver*

“ The *strong customer base* and *financial product origination capabilities based on sophisticated financial technology* that we have developed with a diverse range of clients allow us to precisely anticipate client needs and deliver unique products. Global Markets is committed to building on this heritage of trust by offering clients optimum solutions through flexible and creative product origination. ”

Yasuo Agemura
Chief Executive Officer, Global Markets

Outline

Global Markets consists of three businesses: Global Fixed Income¹, Global Equity², and Asset Finance³. We have a proven track record of sales and trading bonds, stocks, and foreign exchange, as well as derivatives based on these financial instruments, mainly to institutional investors. In response to the increasingly diverse and complex needs of our clients, we are building up our trading and product origination capabilities to offer superior products not only to institutional investors but also to our Domestic Retail and Asset Management divisions. This cross-divisional approach also extends to Global Investment Banking, where close collaboration leads to high-value-added solutions for our clients.

In Asset Finance, we use our broad client base to maximum advantage and offer sophisticated financial solutions for raising capital through real estate and other asset securitization schemes.

Our greatest strength is in the extensive ties we have forged with institutional investors in Japan and international markets; wealthy and affluent investors, public-sector agencies, and regional financial institutions in Japan; and government agencies, financial institutions, and corporations around the world. These ties enable us to pinpoint what types of products investors are currently

Creative Solutions



looking for and then develop and deliver a line of products that meet their needs. This edge sets Nomura apart from other companies in today's highly competitive environment.

*1: Global Fixed Income handles mainly bonds and foreign currencies as well as related derivatives.

*2: Global Equity focuses on equities and equity-linked derivatives.

*3: Asset Finance helps clients raise capital through asset securitization and other schemes.

Global Markets Business Results

	Millions of yen				
Years ended March 31	2002	2003	2004	2005	2006
Net revenue	¥215,829	¥235,991	¥284,147	¥243,087	¥371,108
Non-interest expenses	133,214	142,434	163,304	182,901	213,387
Income before income taxes	¥ 82,615	¥ 93,557	¥120,843	¥ 60,186	¥157,721

Notes: 1. In April 2004, Fixed Income, Equity, and certain functions in Investment Banking were consolidated to create Global Markets.

2. Figures for prior fiscal years are totals of the previous Fixed Income and Equity and thus differ in composition from figures shown for the years ended March 31, 2005 and 2006.

Overview

◆ Nomura Knows How to Deliver Creative Solutions

Business Results

• Increased Client Order Flow and Trading Revenue

In fiscal 2005, ended March 31, 2006, Global Markets reported net revenue of ¥371.1 billion, up 53% year on year. Non-interest expenses rose 17% to ¥213.4 billion, and income before income taxes grew 162% to ¥157.7 billion.

In Global Fixed Income, sales of foreign currency bonds and interest-rate and foreign exchange related structured bonds were strong. Improvements in the market environment and other factors led to an increase in derivatives trading. The asset finance business contributed to the performance during the fiscal year under review. In Global Equity, a stock market rally helped boost order flow from institutional investors. Block trades^{*4}, MPOs^{*5}, and derivatives trading also contributed to the revenue growth.

*4: Block trades involve large volumes of securities and are conducted outside the markets directly among major market participants.

*5: Multiple private offerings (MPOs) are issues of convertible-bond-type instruments to securities companies via private placement.

Highlights of the Year

• Key Businesses Make a Firm Start; “Reevaluate Japan” Seminars Prove Effective

During fiscal 2005, Global Markets successfully originated and sold a diverse lineup of products to match a wide range of client needs. In response to the ongoing ultra-low interest-rate environment in Japan and accompanying the trend towards diversification to take advantage of international interest-rate spreads, we acted as lead manager for a New Zealand dollar denominated bond for KfW Bankengruppe (KfW) in the second quarter of the fiscal year. With this deal, we started handling bonds denominated in New Zealand dollars.

In certain key businesses, we made solid progress during fiscal 2005. For example, in equity derivatives we began sales of equity-linked products. In addition to interest-rate and currency products, we expanded our structured products lineup. In our loan-related business, we handled a total volume of approximately ¥470 billion during the fiscal year. Our asset finance business provided financing for the acquisition of a restaurant chain in Germany in August 2005 and reported a number of successful deals in Europe, building on the momentum of the previous year. In Japan, in August 2005 we arranged a refinancing package for the securitization of the flagship Ikebukuro store of Seibu Department Stores. In November 2005, working jointly with regional financial institutions, we arranged a PFI^{*6} loan with a view to eventual asset securitization for refurbishment and equipment upgrades for a research center at Kyushu University.

Along with the recovery in the Japanese market in September 2005, we arranged for the first trip in over 10 years by a group of top strategists and analysts to visit investors in Japan and major international centers, including London, Paris, New York, and Hong Kong. The aim of the trip was to hold a series of seminars to encourage investors to reevaluate Japanese equities. These events resulted in winning a steady order flow from institutional investors in Japan and overseas.

*6: Private finance initiative (PFI) arrangements involve the use of private-sector funding and expertise in infrastructure improvement and other public works projects that were formerly conducted through the initiatives of national and local governments.



Business Environment

• Further Shift to Direct Financing and Expansion in Loan-Related Business

We believe the trend in Japan towards securitization of financial institution assets will continue to gather momentum. Moreover, as a result of fiscal reforms and changes to the Japanese government's Fiscal Investment and Loan Program, there is a growing need to securitize and sell off the assets of public financial institutions and to arrange loans, opening the door to new business opportunities.

Based on our analysis of interest-rate differences between Japan and other financial markets since around 2000, we have positioned Europe as a product supply base. We have established a business model for underwriting foreign currency bonds and structured bonds, selling them to investors in Japan. This

model has proved successful, and we have steadily expanded our operations. In 2002, we entered the asset finance business in Europe, and these operations are becoming an increasing source of earnings for Global Markets. In Japan, although the leveraged buyout (LBO*) market is still relatively small, we anticipate that this market will grow substantially, considering the trend towards consolidation in certain industries and the rise of private equity funds. To capitalize on this opportunity, we are working to further expand our loan-related business in Japan.

*7: LBO schemes involve collateralizing the assets of a company that is to be acquired to raise the funds needed to acquire the company.

“Reevaluate Japan” Seminars Held around the World

We are convinced that the time is right to reevaluate the Japanese economy, Japanese companies, and the stock market in Japan. The Japanese economy has entered a new phase, and to bring this message to investors around the world we organized a series of seminars in key international financial centers in September and October 2005. A team of 25 top economists, strategists, and analysts gave presentations in 15 cities in 10 countries in Europe, the Americas, and Asia including Japan. The first overseas presentations were held in Paris on September 12, and subsequent presentations conveyed a consistent investment message to investors.

This was the first global seminar series we have organized since the collapse of the bubble economy in Japan, and it attracted considerable attention. Over 1,600 investors attended in all, far exceeding our initial target of 1,000.

Issues and Strategies

◆ Nomura Knows How to Deliver Creative Solutions

Issues and Strategies

• Expanding Our Business Portfolio and Diversifying Revenue Sources

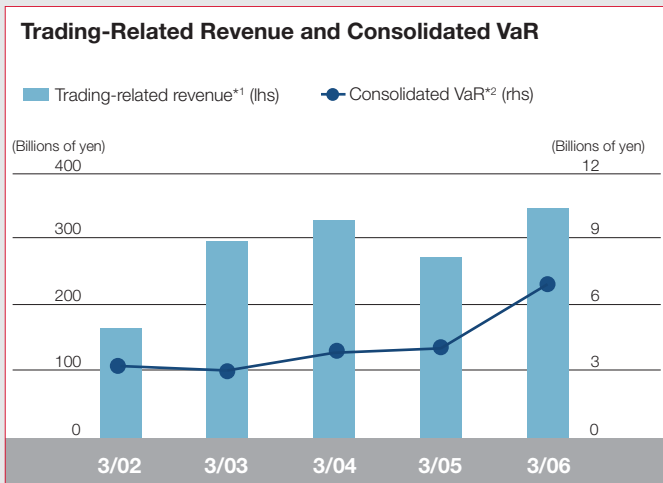
We have leveraged our expertise in financial engineering to deliver a broader lineup of products including interest-rate, foreign exchange, and equity-linked structured bonds. Beginning in fiscal 2005, we have steadily expanded our activities in new fields, including the loan-related and asset finance businesses.

We are committed to maintaining a high level of client satisfaction and trust by accurately identifying the diverse and complex needs of our clients and developing original products and services that match their requirements. We intend to diversify and strengthen our sources of earnings by continuing to improve our product origination and development capabilities with the goal of expanding our order flow, while also using our own capital aggressively to capture the trading opportunities created by this flow.

• Strengthening Core Businesses

As ultra-low interest rates have persisted in Japan, we have met the needs of our clients by expanding the origination and supply of foreign currency bonds and interest-rate and foreign exchange related structured bonds, while also increasing our profits from trading. Client needs for equity-linked products increased along with the strong performance of the stock market. Therefore, in addition to interest-rate and foreign currency related products, sales of equity-linked structured products expanded steadily in the second half of fiscal 2005.

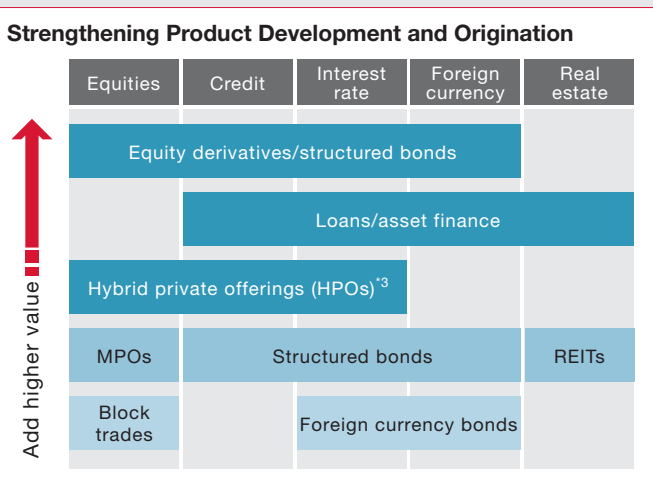
Looking ahead, we intend to further strengthen our global origination and supply capabilities for products that incorporate cutting-edge financial technology. With the commencement of bank agency operations and other new businesses, we will be positioned to offer a wider range of products. We also intend to work closely with Global Investment Banking to continue aggressively developing new products that respond to specific client requirements, such as the exchangeable bond issued for Fuji Photo Film.



*1: Trading-related revenue is revenue from trading equities, bonds, and other securities plus net interest revenue.

*2: Consolidated value at risk (VaR) is the statistically estimated maximum loss that could be incurred given a fixed holding period and a specified statistical confidence level.

*3: Hybrid private offerings (HPOs) are a derivative of MPOs in which convertible bonds are issued to a special-purpose vehicle. The bond portion is sold on to institutional investors and the stock acquisition rights are purchased by securities firms.





• Building Up Our Business Portfolio

We have positioned loan-related, asset finance, and equity derivatives businesses as new sources of earnings and are making investments to promote growth in these areas. During fiscal 2006, ending March 31, 2007, we intend to substantially strengthen our position in these three areas and implement initiatives to create other new businesses and expand our business portfolio.

Loan-Related Business: The loan-related business, which we entered in 2005, includes originating and offering structured loans to regional financial institutions and providing non-recourse loans for real estate financing through our loan-related subsidiary, Nomura Capital Investment (NCI). Our track record in this area continues to grow, and total loans handled during fiscal 2005 amounted to approximately ¥470 billion. We believe the potential for LBOs and other loan-related business is considerable and intend to take advantage of these opportunities. During the current fiscal year, we will expand NCI's functions to take a varied approach to real estate finance and corporate finance (leveraged finance).

Asset Finance Business: We are steadily building up results in the asset finance business in the United States through securitization activities related to CMBS^{*8}, RMBS^{*9}, and other types of securities. We will continue to strengthen our capabilities and presence in these areas and expand their contributions to earnings. In Europe, to help clients meet their financing needs for asset purchases and corporate acquisitions, we offer one-stop

shopping for the full range of classes of asset financing, such as senior loans, mezzanine loans, and investing in a portion of equity. A number of deals were successfully concluded during the past fiscal year and we boosted earnings from this source. We are working to win more business in this area through making full use of our network, and we plan to offer larger and more varied types of asset financing services by originating funds to bring capital from a wide range of sources.

*8: Commercial mortgage-backed securities (CMBS) are securities issued with commercial real estate, such as hotels, shopping malls, and office buildings, as collateral.

*9: Residential mortgage-backed securities (RMBS) are securities issued with residential mortgage loans as collateral.

Equity Derivatives Business: In equity derivatives, we have begun to offer high-value-added fund derivative products to affluent investors, including principal-guaranteed privately placed investment trusts that embody cutting-edge financial technology. These products are being developed jointly by our equity derivatives teams in Europe and Tokyo. Looking ahead, we are planning to continue to expand our sales channels for these products into Asia, the Middle East, and other areas.

Other New Businesses: During fiscal 2005, we invested in Unified Partners, which makes investments in nonperforming loans and real estate. Unified Partners is steadily expanding its operations, including the conclusion of a capital tie-up with SxL, a leading manufacturer of prefabricated housing. We will continue making such investments that go beyond the traditional framework of the securities business to build up our business portfolio.

Global Investment Banking

► **N o m u r a K n o w s H o w**
to Keep You

“

Our mission is to always be there as a partner for our clients, helping them grow and stay ahead.

As an independent investment bank, we offer clients high-value-added solutions that draw on our *high level of origination, syndication, and execution capabilities* backed by a solid track record as well as our *extensive global network*. We are working to establish ourselves as Asia's leading investment bank and leverage our strengths to expand our services for clients based in Europe and the United States.”

Takashi Yanagiya
Chief Executive Officer, Global Investment Banking

Outline

Global Investment Banking offers a wide range of services, including underwriting bonds, equities, and other securities; M&A advisory; and tailor-made solutions for various clients such as corporations, financial institutions, governments, and public-sector agencies.

Our services are backed by a high level of origination, syndication, and execution capabilities and an extensive track record. We strive to identify the exact needs of each client, prepare customized proposals, and offer products that draw on close collaboration between our retail and wholesale operations, as well as develop tailor-made financial solutions. As corporate governance draws increasing public attention, companies are obliged to fulfill their social responsibilities to shareholders and other stakeholder groups. In line with this, our position as an independent investment bank gives us a competitive edge when it comes to enhancing corporate value and providing market-focused advice.

As the Japanese economy continues to expand, many corporations are shifting to growth strategies. Along with the increased demand in emerging markets, many industries will move into a new era of growth and major structural changes are taking place.

Ahead of the Game



We have set our sights on becoming Asia's leading investment bank and leveraging our strengths to expand our services for clients based in Europe and the United States. With this as our guiding strategy, based on our strong domestic and global network, we will offer our high-value-added solutions to clients in Asia, including Japan, as well as in Europe and the Americas.

Global Investment Banking Business Results

	Millions of yen				
Years ended March 31	2002	2003	2004	2005	2006
Net revenue	¥88,349	¥69,125	¥70,869	¥75,445	¥99,666
Non-interest expenses	57,406	56,374	53,703	46,231	48,127
Income before income taxes	¥30,943	¥12,751	¥17,166	¥29,214	¥51,539

Notes: 1. In April 2004, Fixed Income, Equity, and certain functions in Investment Banking were consolidated to create Global Markets.

2. Figures for prior fiscal years are for the previous Investment Banking and thus differ in composition from figures shown for the years ended March 31, 2005 and 2006.

Overview

◆ Nomura Knows How to Keep You Ahead of the Game

Business Results

• Increased Revenue through Large Deals

In fiscal 2005, ended March 31, 2006, Global Investment Banking reported net revenue of ¥99.7 billion, 32% above the previous fiscal year. Non-interest expenses totaled ¥48.1 billion, a 4% increase over the prior year. Income before income taxes increased 76% to ¥51.5 billion, the highest level since Global Merchant Banking was turned into an independent division in fiscal 2001.

During fiscal 2005, we accurately identified corporate funding needs that emerged with the recovery in the domestic economy. As a result of expansion in public offerings and other issues, equity underwriting commissions increased. M&A and financial advisory fees also grew substantially as we acted as financial adviser for major M&A deals and continued to build on our track record of successful deals.

Highlights of the Year

• Captured Top Position in Most Domestic League Tables

We acted as lead manager for a number of major equity underwriting deals for Japanese companies, including the large privatization offering of Central Japan Railway and global offerings for Mitsui & Co. and All Nippon Airways. As a result, in fiscal 2005 we won the No. 1 position for the fifth consecutive year in the global equity and equity-related underwriting league table (Japan)^{*1}. We also topped the league table for bond underwriting (excluding self-funding), as we won the mandates as lead manager for straight bond issues of Sharp, Sony, and other companies. In view of these accomplishments, we were selected as the House of the Year in five categories, including the overall ranking, in the Thomson Financial DealWatch Awards.

In the tailor-made financial solutions business, we arranged major deals, including a ¥60 billion MPO for Sojitz and a ¥200 billion HPO II issue incorporating an exchangeable bond scheme for Fuji Photo Film.

Major M&A deals in Japan included acting as financial adviser for the establishment of a joint holding company for Ito-Yokado, Seven-Eleven Japan, and Denny's Japan. We also acted as adviser for the sale of Kanebo by the Industrial Revitalization Corporation of Japan and for other large deals. Thanks to this high level of M&A advisory work, we took the top position in the league table for M&A advisory deals involving Japanese companies for the second consecutive year.

Among equity underwriting for non-Japanese companies, we acted as lead manager for the listing of POSCO, the leading South Korean steel company, on the Tokyo Stock Exchange (TSE). POSCO became the first South Korean company to list on the TSE. We also acted as global coordinator for the IPO^{*2} of leading South Korean retailer Lotte Shopping, the largest offering to date by a private company in Asia excluding Japan. In addition, we acted as joint global coordinator for a public offering of ICICI Bank, the largest issue, domestically or internationally, to date by a private company based in India. These deals dramatically increased our presence in Asian investment banking.

In cross-border M&A, we advised Japan's Autobacs Seven on an investment in the largest retailer of automobile parts and accessories in the United Kingdom. This was our first cross-border deal with Rothschild.

To increase access to companies in the life science and healthcare sectors in Europe, we acquired Nomura Code Securities, a U.K. investment bank specializing in the life sciences.

^{*1}: Source: Thomson Financial, April 1, 2005, to March 31, 2006

^{*2}: Initial public offerings (IPOs) take place when a company's shares are newly listed on a stock exchange.



Business Environment

• Business Opportunities Expanding in Japan and Elsewhere in Asia as Corporates Become More Active

The Japanese economy is expected to continue to expand, and corporate performance is forecast to remain strong. Following the lifting of the Bank of Japan's quantitative easing policy in March 2006, the interest-rate environment is beginning to show major changes. In May 2006, a new Company Law went into effect that specifies new frameworks and rules for corporate governance and company realignments. Changes of this magnitude are expected to have a major impact on corporate financial strategies. More companies are carefully examining trends in stock prices, interest rates, and other market developments as they choose the methods of raising capital best suited to their strategies from among equity and bond issues, securitization, and borrowings.

As more companies aim to strengthen global competitiveness and concerns rise about possible hostile takeovers, M&A-related business opportunities, including cross-border deals, are on the rise. In addition, financing methods are becoming more diverse, and M&A deals are growing in size and complexity. As such, the ability to provide corporate clients with the best mix of financing in line with their individual growth strategies and the capability to respond with precise execution to meet the diverse needs in M&A deals are both becoming increasingly key challenges.

In Asia, the current robust economic trends are forecast to continue as private consumption grows and exports recover. Amid this environment, as the Japanese economy moves toward a full-scale recovery, Asian companies' expectations for

the Japanese market are rising steadily. We believe these developments will provide us with a substantially broader range of business opportunities.

League Tables

Global Equity & Equity-Related (Japan)				
	Bookrunner	(April 1, 2005, to March 31, 2006)		
		Proceeds (US\$ mn)	Mkt. Share	No. of Issues
1	Nomura	14,118.0	26.0%	130
2	Daiwa Securities SMBC	10,379.7	19.1%	89
3	Nikko Citigroup	7,718.7	14.2%	63
4	Goldman Sachs	5,714.6	10.5%	9
5	Mizuho Financial Group	5,523.0	10.2%	40

Any Japanese Involvement M&A Advisory				
	Adviser	(April 1, 2005, to March 31, 2006)		
		Rank Value (US\$ mn)	Mkt. Share	No. of Deals
1	Nomura	40,043.7	27.0%	134
2	UBS	37,791.5	25.4%	21
3	Nikko Citigroup	37,537.9	25.3%	27
4	Mizuho Financial Group	35,162.2	23.7%	119
5	Goldman Sachs	34,585.5	23.3%	44

Note: Announced deals (value basis)

Straight Bonds (Excluding Self-Funding)				
	Bookrunner	(April 1, 2005, to March 31, 2006)		
		Proceeds (JPY mn)	Mkt. Share	No. of Issues
1	Nomura	2,080,699	22.2%	121
2	Daiwa Securities SMBC	1,787,484	19.1%	110
3	Mizuho Securities	1,603,745	17.1%	99
4	Mitsubishi UFJ Securities	1,588,515	16.9%	82
5	Nikko Citigroup	1,187,258	12.7%	73

Source: Thomson Financial. As of April 2006.

Major Asia-Related Deals

Major Deals as Lead Manager (Fiscal 2005)				
November 2005	First ADRs listed on TSE	POSCO	US\$691 million	Lead manager
December 2005	Public offering in India and international markets	ICICI Bank	US\$1.7 billion	Joint global coordinator
January 2006	Largest IPO by a private-sector company in Asia ex-Japan	Lotte Shopping	US\$3.5 billion	Joint global coordinator

Issues and Strategies

◆ **Nomura Knows How** *to Keep You Ahead of the Game*

Issues and Strategies

• Aiming to Be Asia's Leading Investment Bank with a Global Presence

We have focused on providing our clients with optimal solutions to match their needs while steadily adding to our record of successful deals in Japan and other markets in Asia. Our objective for fiscal 2006 is to build our position to be Asia's leading investment bank with a global presence. To achieve this, we are continuing to bolster our position in Asia and use the strengths and track record we have developed in the region to expand our earnings in Europe and the Americas and further enhance our global presence.

We are working to substantially strengthen our deal origination and execution capabilities as well as enhance our global network. We will increase our focus on cross-border businesses involving Japan and other Asian countries by forging stronger ties with our main clients in international markets. In turn, we aim to win finance deals targeted at the Japanese market as well as cross-border M&A business involving Japan and the rest of Asia.

Through these initiatives, we are committed to raising our global profile as an investment bank with a strong network in Asia, while competing on the same field as the leading European and U.S. players.

• Strategies for Japan

Improving Our Responsiveness to Client Needs: As Japan's leading investment bank, in December 2005 we created an integrated and seamless structure for responding much more effectively to the requirements of clients ranging from listed to private companies. We are working to gain a solid understanding of industry trends and share information effectively, to clarify the position of client companies within their respective

industries and position ourselves to offer tailor-made solutions that are suited to the corporate strategies of individual client companies.

An important trend in recent years has been the growing presence of private equity funds. Business opportunities from these funds are expanding beyond exiting investments through M&A and IPOs to include participating in raising funds for corporate acquisitions and offering other assistance. To provide more responsive services for private equity funds that show promise of further development, we established the Financial Sponsor Department in December 2005. We plan to collaborate closely with this department and our international offices to expand private equity related business.

Additionally, the increasing presence of bank-affiliated securities companies in the IPO business means we need to increase our competitiveness and ensure that we have a solid market position. With this in mind, in April 2006 we appointed an executive officer to take charge of integrating our services along the entire IPO process, from the development of unlisted companies with potential to building relationships with them and helping them list. We are stepping up our initiatives to develop IPO-related business by building stronger ties with client companies in the Tokyo, Nagoya, and Osaka metropolitan areas, developing overseas companies that are considering listing in the Japanese market, and conducting other activities.

Offering Comprehensive Services for M&A and Corporate Finance: We have acted as adviser for cross-border deals and industry realignments and have increased our presence in M&A-related business by drawing on the considerable know-how and experience we have accumulated regarding defenses against hostile takeovers.



To strengthen our comprehensive services and make the most effective use of our resources, we have formed a Leveraged Finance Group. In addition to providing M&A advisory services, this group offers a full range of services to help companies raise capital, including leveraged financing secured by the cash flow of acquisition-target companies as well as bridge financing to meet the financial requirements of companies making acquisitions until they can secure ample long-term funding. During the current fiscal year, we plan to draw more fully on the capabilities of this group and offer a wider range of services.

• Global Strategy

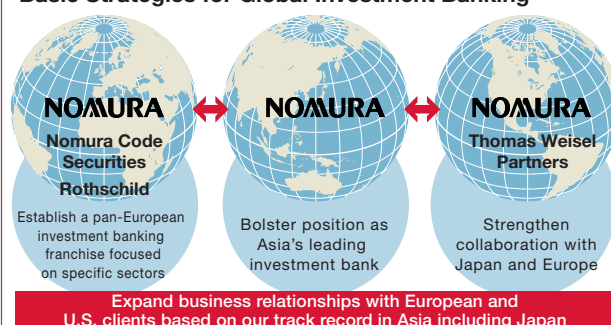
Asia: We are responding accurately and rapidly to customer needs through our organizational setup. We have regional representatives in major cities in Asia, and have assigned project team leaders to execute M&A deals and originate products in Hong Kong and other major financial centers. We have a long-standing presence and an extensive network in Asia and have steadily won the trust of our clients over the years. With this platform, we are working to win mandates for equity underwriting and M&A advisory deals and are positioned to capture major deals in Asia on an ongoing basis. We are also working to expand our business platform in Asia through providing support for fast-growing Asian companies by committing our own capital and assisting them in conducting IPOs.

Europe: In Europe, we have selected healthcare, TMT (telecommunications, media, and technology), automotive, and finance as key sectors. We are adding professional staff in these areas to enhance our ability to respond to client needs. In the healthcare field, we are using Nomura Code Securities, a U.K. investment bank specializing in the life sciences that we acquired in December 2005, to move forward with initiatives to bolster our activities in this area. In equity underwriting, we are

increasing our efforts to help European healthcare and technology companies as well as Eastern and central European companies conduct IPOs and public offerings on AIM, the venture company section of the London Stock Exchange. Nomura Code Securities has already established a solid track record in the life sciences sector and is planning to apply its business model to other sectors.

The Americas: In the Americas, we have identified opportunities related to the ongoing consolidation of medium-sized financial institutions in the United States and have recruited a specialist team to develop business in this area. As we build out our business in the Americas, we are strengthening our network with Japanese clients. We are working to win deals by drawing on our strengths and collaborating with our operations in Japan and Europe. Some examples include deals targeting Japan, such as listing U.S. real estate investment trusts (REITs) and start-ups on Japanese markets, and winning cross-border M&A deals between U.S. firms and companies in Asia including Japan.

Basic Strategies for Global Investment Banking



Global Merchant Banking

► Nomura Knows How *to Enhance*

“ Global Merchant Banking is committed to providing solutions to clients by using our own capital to increase the corporate value of the companies we invest in. Our high-value-added approach based on *extensive merchant banking expertise* and the *comprehensive capabilities and strong client base of Nomura Group* position us to deliver results. We are at the leading edge of the investing business, helping our corporate clients tackle management issues. We are increasing our presence and contributing to growth across Nomura Group. ”

Akira Maruyama
Chief Executive Officer, Global Merchant Banking

Outline

Global Merchant Banking engages in private equity investments, primarily in Japan and Europe, using Nomura's own capital to invest in companies with prospects for future growth and improved earnings. In Japan, Nomura Principal Finance (NPF) conducts buyouts and corporate rehabilitations, while Nomura Research & Advisory (NR&A) makes venture capital investments through funds. In Europe, we invest in funds that are operated and managed by Terra Firma, an independent private equity firm, while Nomura Phase4 Ventures (NPV) invests in the biopharma area and the Private Equity Group (PEG) invests in the technology and healthcare fields.

As we invest our own capital in companies that show prospects of growth and improving performance, we work with these companies to address the issues they confront, and after increasing their corporate value we exit through IPOs and other methods. Our competitive edge comes from expertise in merchant banking gained from our experience in Europe, especially in London. Strengths we bring to this business are our know-how, the largest client base in Japan, global research capabilities, and the ample financial

Corporate Value



resources of Nomura Group. Another feature that sets us apart is that at each stage, from the development of new investment opportunities through raising the value of portfolio companies and securing returns on these investments, we work with other divisions and draw on Nomura Group's comprehensive capabilities.

Global Merchant Banking Business Results

					Millions of yen
Years ended March 31	2002	2003	2004	2005	2006
Net revenue	¥135,757	¥ (6,647)	¥10,720	¥ 7,338	¥68,244
Non-interest expenses.....	58,037	8,628	10,220	10,370	12,809
Income (loss) before income taxes	¥ 77,720	¥(15,275)	¥ 500	¥ (3,032)	¥55,435

Overview

Nomura Knows How to Enhance Corporate Value

Business Results

• Revenue Increased Due to Gains on Exit Transactions

In fiscal 2005, ended March 31, 2006, as a consequence of selling our interests in certain companies in our portfolio, Global Merchant Banking reported net revenue of ¥68.2 billion, up 830% year on year. Non-interest expenses increased 24% to ¥12.8 billion and income before income taxes expanded ¥58.5 billion to ¥55.4 billion.

As of March 31, 2006, after excluding investments in Terra Firma, our total investments in Japan^{*1} and Europe^{*2} amounted to ¥98.7 billion, ¥33.4 billion lower than at March 31, 2005. Our investment in Terra Firma was ¥340.4 billion at the end of fiscal 2005, ¥14.9 billion higher than a year earlier.

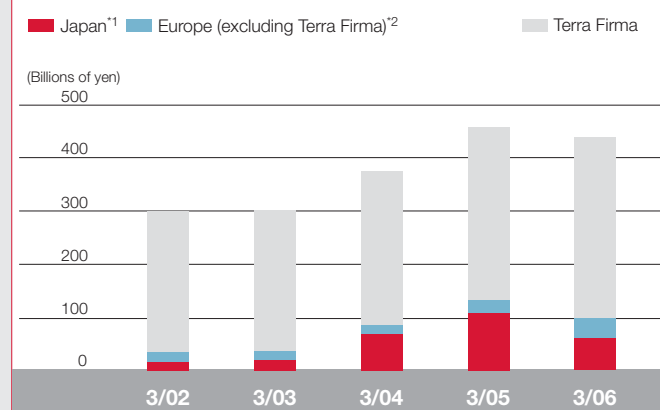
Highlights of the Year

• Major Exit of Investments through Selling Stakes

During fiscal 2005, we exited major investments through selling stakes in NPF investee companies.

In January 2006, we sold the stake we purchased in fiscal 2004 in Millennium Retailing—the holding company for Sogo and Seibu Department Stores—to Seven & I Holdings for approximately ¥130 billion. We also sold a part of our stake in Wanbishi Archives, which we held jointly with Tokio Marine Capital, to Toyota Industries for approximately ¥23 billion. In March 2006, we sold a portion of our interest in Resort Solutions to Konami and other investors.

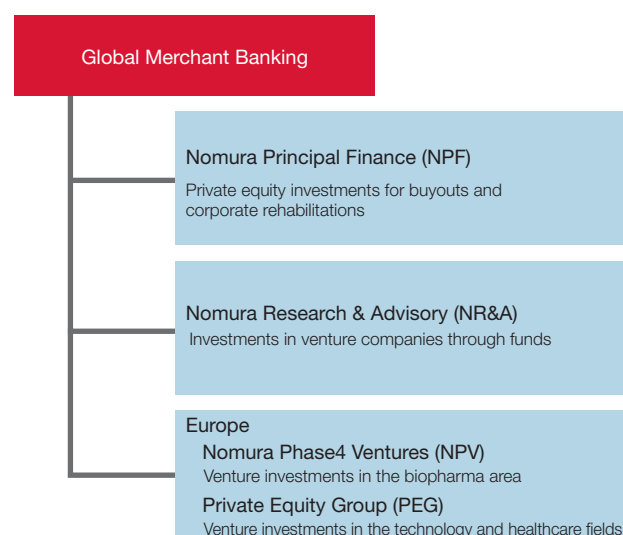
Global Merchant Banking Business Exposure



*1: Business exposure in Japan is the total of investments by NPF and NR&A.

*2: Business exposure in Europe (excluding Terra Firma) is the total of investments by PEG and NPV.

Global Merchant Banking Operating Structure





New investments during fiscal 2005 included a ¥25.8 billion capital increase in June 2005 for Misawa Homes Holdings, a company receiving restructuring support from Toyota Motor. This capital increase was conducted via private placement, and we participated jointly with Toyota Motor and Aioi Insurance.

In Europe, we sold a portion of our holdings in companies in the biopharma field and exited other investments through IPOs. In the U.K., we invested in companies in the healthcare-related business sector.

Business Environment

• Private Equity Market Expands

Although the number of corporate rehabilitation deals is decreasing along with the recovery in the Japanese economy, other types of deals are expanding. These include funding for M&A buyouts aimed at capturing growth opportunities, the sale of corporate group companies or divisions accompanying corporate group restructuring, the strategic delisting of companies, and assisting in the transfer of corporate ownership to the next generation. Moreover, because of ultra-low interest rates in Japan compared with those in other countries, pension and other types of funds are expanding their alternative investments^{*3}

to increase returns on their investment portfolios. Leading private equity funds based in the United States and Europe are entering the Japanese market, leading to steady expansion of Japan's private equity market. The number of buyout funds established has increased in recent years. Since the first fund of this type was established in Japan in 1997, total commitments by these funds have surpassed ¥1,800 billion.

In addition, as the issues confronting corporations have become more diverse, private equity funds have offered a broader range of services, such as consulting and assistance in expanding marketing channels through the networks of these funds as well as more diverse investment methods, including minority investments and investment in listed shares (PIPEs, private investments in public equities).

*3: Alternative investments include the use of investment management techniques based on derivatives and other financial technologies and other new forms of investment aside from conventional stocks and bonds.

Sale of Major Holdings

NPF, the core company in Global Merchant Banking, identified the requirements of Millennium Retailing, a company undergoing restructuring, for an increase in capital through information obtained from Nomura's domestic network. On two occasions, in July 2004 and January 2005, we invested a total of ¥50.0 billion in Millennium Retailing. Subsequently, the corporate value of this retailing group increased as the management team restructured the group's main businesses and undertook other successful measures, including the full refinancing of its liabilities covered by agreements and securitization of retail outlets. As a result, the needs of Millennium Retailing and Seven & I Holdings, implementing the realignment of group companies in the retail industry, were satisfied, and NPF sold its interest for approximately ¥130 billion in January 2006.

Looking ahead, we will continue to deliver high-value-added solutions to our clients and assist them with the various issues they face by utilizing our broad client base and the specialized capabilities of each business division.

Issues and Strategies

◆ **Nomura Knows How** *to Enhance Corporate Value*

Issues and Strategies

• Enlarging Our Investment Portfolio

Awareness of private equity investment is increasing in Japan, and our earnings in this area are growing steadily. However, to continue progressing toward our goal of further stabilizing our earnings, we believe it is essential to structure deals that take maximum advantage of the comprehensive resources of the Group in all aspects of the investment process, from the development of new investment opportunities through raising the value of portfolio companies and securing returns on these investments.

To contribute to the diversification of the earnings of Nomura Group, we need to expand our business exposure by offering solutions to our clients and maximize revenue from our investments in the medium to long term. To this end, we have set a goal of raising our investment portfolio to between ¥250 billion and ¥300 billion (excluding Terra Firma) mainly in NPF over the coming three to four years. Specific initiatives are to adopt a flexible investment stance regarding which industries to invest in, the form of investment, and the geographic location and to be responsive to changes in the operating environment in order to enlarge our investment portfolio to meet our objectives. NPF is targeting an internal rate of return of 20% or more over a period of three to five years and is working to increase its exposure, focusing mainly on investments in Japan.

By implementing these initiatives, we are working toward the steady expansion of our business activities and creating an earnings base that is not susceptible to market fluctuations. This will position us to play a role in sustaining the growth of Nomura Group. To make this possible, we are also working closely with other members of the Group.

• Offering High-Value-Added Solutions

In addition to demand stemming from corporate group reorganizations and downsizing to focus on core operations, we are seeing steady growth in demand for capital increases for business expansion and strategic delistings. As providers of risk capital, this is opening the door for us to play a more significant role in helping our clients achieve their strategic objectives.

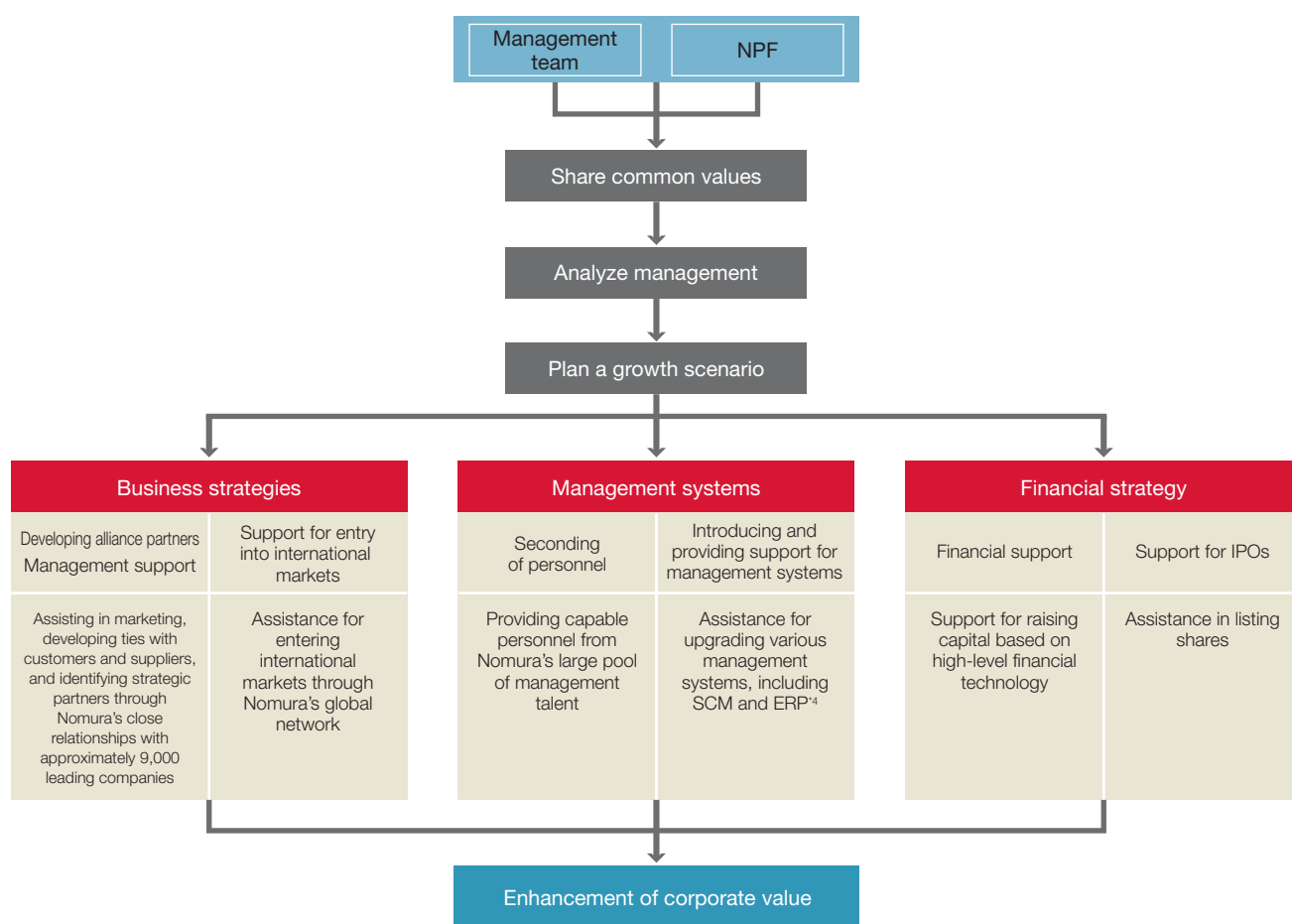
Amid this changing environment, we are active in providing not only risk capital but also other solutions, drawing on the specialized capabilities of Nomura Group. This includes assisting in strengthening the balance sheets of our clients, providing risk management, offering management consulting, and helping arrange strategic alliances. By offering these services, we work to restructure and revitalize the companies we invest in and contribute to society as a whole by helping to realize the potential of untapped corporate resources. This, in turn, brings even greater dynamism to the Japanese economy.

Tender Offer for Skylark

In July 2006, NPF and Asia Eateries Holdings NV (AEH), which was established by funds advised by CVC Asia Pacific, acquired shares in Skylark through a tender offer via SNC Investment, in which NPF holds a 63.33% stake and AEH holds a 36.67% stake. Skylark is one of the largest companies in Japan's restaurant-chain industry. As a result, the takeover of Skylark was larger than the management buyout (MBO) in July 2005 of World, a leading company in Japan's apparel industry, the largest such deal in Japan to date. SNC Investment held discussions with the chairman of Skylark, Kiwamu Yokokawa, and formulated a medium- to long-term management strategy that would enable Skylark to respond more flexibly to changes in the operating environment and create systems that would allow it to make the correct moves quickly, without being influenced by short-term fluctuations in performance. After agreeing on this strategy, SNC Investment moved ahead with the tender offer.



Nomura Principal Finance (NPF) Support Structure—Drawing on the Comprehensive Capabilities of Nomura Group to Enhance Corporate Value



^{*4}: SCM: Supply chain management
ERP: Enterprise resource planning

Asset Management

► **N o m u r a K n o w s H o w**
to Help You M

“ As *Japan's largest asset management company*, we are best positioned to assist our customers in creating a prosperous and affluent future. We deliver *creative products* and *top-quality asset management capabilities* born from original concepts, along with the *full support of Nomura Group*. We remain highly focused on providing our customers with the best asset management services available, while paving the way for future growth. ”

Takumi Shibata
Chief Executive Officer, Asset Management

Outline

We are engaged in asset management and defined contribution pension plan businesses. In the asset management business, we offer a wide range of asset management services through a number of channels based on our extensive global research network and asset management and product development skills, backed by sophisticated financial technologies. We also offer custody services for foreign investment trusts.

In the investment trust field, we offer individual customers a diverse lineup of products, including money market funds and equity investment trusts. In recent years, customers have shown a preference for new types of products, including funds offering frequent distributions. In response to this trend, we have expanded our product range. Moreover, in the investment advisory field we provide various asset management services to domestic and overseas pension plans and institutional investors, including management of alternative investments¹⁾ as well as conventional management services to meet the needs of our customers.

In the defined contribution pension plan business, we now offer a broad range of integrated services, principally through Nomura Pension Support & Service. These services range from support for introducing defined contribution plans, through consultation on plan design and investment education programs for companies introducing these plans, to investment trust products.

We have been committed to continuously strengthening the investment management capabilities of Nomura Asset Management, Japan's largest asset management firm, and other asset management companies in Nomura Group. As a result, our track record in

Manage Your Future



the asset management business is now highly regarded within the industry and our name has become synonymous with high-quality services for Japanese equity investments. Total assets under management have expanded to about ¥23 trillion^{*2}, with ¥21 trillion of this managed by Nomura Asset Management, placing us in the No. 1 position in Japan. Looking ahead, we plan to draw fully on the strengths of Nomura Group and its support structure to continue expanding our operations.

*1: Alternative investments include a broad range of investment products whose performance is not correlated with stocks and bonds. Specific examples include hedge funds, commodity funds, and real estate.

*2: Adjusted for asset overlap among group companies.

Asset Management Business Results

	Millions of yen				
Years ended March 31	2002	2003	2004	2005	2006
Net revenue	¥51,529	¥40,363	¥40,276	¥48,993	¥65,843
Non-interest expenses	39,502	36,322	39,783	39,005	45,220
Income before income taxes	¥12,027	¥ 4,041	¥ 493	¥ 9,988	¥20,623

Note: In January 2006, certain functions of other business activities were integrated into Asset Management. Certain reclassifications of previously reported amounts have been made to conform to the current presentation.

Overview

◆ Nomura Knows How *to Help You Manage Your Future*

Business Results

• Second Consecutive Major Increase in Revenues

In fiscal 2005, ended March 31, 2006, Asset Management reported net revenue of ¥65.8 billion, 34% higher than the previous fiscal year. Non-interest expenses were ¥45.2 billion, 16% higher than the prior year. Income before income taxes jumped 106% to ¥20.6 billion.

Rising investments in newly introduced investment trusts with frequent distributions and those investing in emerging markets contributed to the increase in assets under management and, in turn, the marked increase in revenue. Other contributions came from the expansion of investment trusts sold through Japan Post and bank channels.

As a result of two consecutive years of major increases in revenue, both net revenue and net income reached their highest levels since Nomura adopted U.S. GAAP in fiscal 1999.

Highlights of the Year

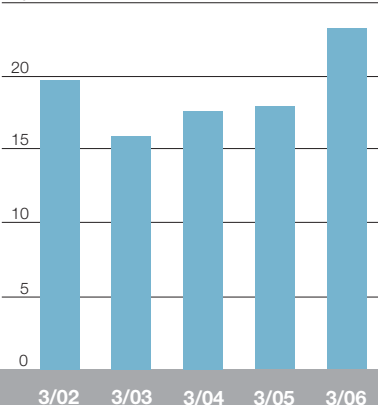
• Assets under Management Expand as Bank Channel Sales Increase and Japan Post Sales Begin

During fiscal 2005, Asset Management reported strong sales of investment trusts through Nomura channels as well as through Japan Post and bank channels.

We introduced 34 public investment trusts in the domestic market during the year and boosted our marketing and sales support. We expanded the range of investment products sold through banks, and as a result assets under management in

Assets under Management

(Trillions of yen)



Note: These figures are the total assets under management of Nomura Asset Management, Nomura Corporate Research and Asset Management, Nomura BlackRock Asset Management, Nomura Funds Research and Technologies, MAINTRUST (Germany), and Nomura Funds Research & Technologies America after adjustments for asset overlap among group companies.

Nomura Asset Management

Japan's largest asset management company, Nomura Asset Management serves a customer base of individual and institutional investors in Japan and abroad. The company delivers investment trusts through sales channels that include Nomura Securities, other securities companies, banks, and Japan Post. Nomura Asset Management also provides investment advisory services to institutional investors. As of March 31, 2006, assets under management totaled about ¥21 trillion. In Japan's public investment trust market, Nomura Asset Management ranks No. 1 with a 21% share.

Nomura Corporate Research and Asset Management (NCRAM)

An investment management company established in the U.S. in 1991, NCRAM manages assets mainly by using its expertise in high-yield bonds and leveraged loans. The company manages investment trusts sold in Japan, including the Nomura Bond & Loan Fund and Nomura U.S. High Yield Bond Income Fund. NCRAM also offers investment advisory services to domestic and foreign institutional investors. As of March 31, 2006, assets under management totaled about ¥1.2 trillion.

Nomura Funds Research and Technologies (NFR&T)

NFR&T is a unique investment advisory company that manages assets based on evaluations of asset management products. NFR&T searches for high-quality investment products through its access to asset management companies around the world. The company had total assets under management of ¥1.4 trillion as of March 31, 2006.



funds for bank customers posted a major increase from about ¥87 billion as of the prior fiscal year-end to about ¥518 billion as of March 31, 2006.

Accompanying the start-up of investment trust sales through Japan Post in October 2005, Nomura Group lent its full support to marketing efforts. As a result, the Nomura Global 6 Assets Diversified Fund was selected as one of the products to be sold through Japan Post, which has a network covering the entire country, making it the most extensive sales channel of its kind in Japan. Along with the increased shift from savings to investment, sales of investment trusts through Japan Post are forecast to expand substantially. As of March 31, 2006, Japan Post had sold about ¥90 billion of our investment products, which represented 75% of all investment trusts marketed by Japan Post.

Sales of investment trusts through Nomura Securities were also robust during the fiscal year. As a result, our total assets under management increased ¥5.4 trillion year on year to ¥23.2 trillion.

Additionally, strong efforts were made to implement policies to further strengthen investment management capabilities and add higher value to asset management services. As a result, our strong record in asset management has been recognized by third-party consultants. For example, Nomura Japan Stock Strategic Fund and Nomura Japan Open, both managed by Nomura Asset Management, were selected by Morningstar, a leading provider of investment research, for awards for excellence in the Domestic Equity Fund and Domestic Hybrid Fund categories. Moreover, our Global High Income Stock Fund received the top award for excellence in the International Equity Fund and International Hybrid Fund categories.



Business Environment

• Japan's Investment Trust Market Approaches ¥100 Trillion

The investment trust market in Japan is growing rapidly as a result of the inflow of funds from bank sales channels and the shift from deposits to investment trusts offering frequent distributions. As of March 31, 2006, the balance of investment trusts—including public and private investment trusts, foreign bond funds, and REITs—had risen sharply to about ¥96.3 trillion, compared with ¥67.5 trillion as of March 31, 2005. The balance of public investment trusts showed the largest increase in history, driven by the continuing shift of personal financial assets into equity investment trusts. Propelled by the momentum of the shift from savings to investment, the investment trust market in Japan is set to top ¥100 trillion.

We are noticing a steady and clear trend towards global diversification in asset management. Over the past several years, domestic investors have taken note of the difference between interest rates in Japan and overseas markets and have been increasing their investments in foreign bond investment trusts. Recently, the trend has been toward even greater diversity in asset management as investors have increasingly shifted toward investments in emerging markets and hedge funds, while their interest has also diversified from equities and bonds to real estate, commodities, and other asset classes.

Amid this market environment, baby boomers are eyeing investment trusts as a means for investing their retirement allowances and other financial assets. In addition, asset builders are focusing on investment trusts for their defined contribution pension plans and other investing activities. With rising sales through banks and the start of investment trust sales through Japan Post, our asset management business should continue to experience rapid expansion.

Issues and Strategies

◆ **Nomura Knows How** *to Help You Manage Your Future*

Issues and Strategies

• Path to Growth and Expansion

Nomura Asset Management is presently Japan's leading asset management company in terms of assets under management. In addition to conventional asset management products, Nomura Group has pioneered new investment products in Japan such as high-yield funds and funds of funds. In the defined contribution pension plan business, we have built up a considerable track record by increasing our defined contribution plan administration services and our offerings of products suited to these plans.

The fast-growing investment trust and asset management market, however, is now undergoing rapid structural change as the flow of funds from savings into investment accelerates. To create an even stronger earnings base in this changing environment, we need to seize business opportunities and take an aggressive approach. To move toward the goal of becoming one of the world's leading asset management groups, we are shifting management resources towards growth in fiscal 2006,

ending March 31, 2007, expanding our range of products and our marketing channels as well as taking other measures, such as strengthening our position in the defined contribution pension plan business.

• Wider Range of Products

Our policy has been to develop and offer new investment products that respond quickly and accurately to the increasingly diverse needs of our customers by applying various investment styles to the management of domestic and international equities and bonds.

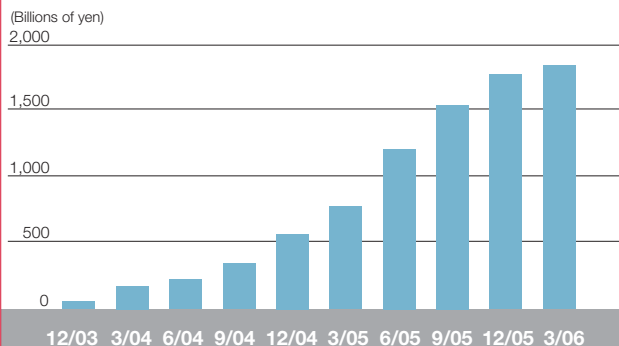
For example, we have introduced a range of investment trusts that invest in various assets and offer frequent distributions in response to growing demand for such products. These include the My Story Profit Distribution Type Fund and Nomura Multi-currency Japan Stock Fund. Moreover, we offer region-specific index funds, with the goal of contributing to regional development by providing support to locally based companies, as well as emerging market stock investment trusts.

To build on this momentum, we are working to deliver new, timelier funds and respond faster to market trends to meet the diverse needs of our customers more effectively.

• Expansion of Sales Channels

A key issue to address as we work to increase assets under management is expanding the scope of our sales channels. During fiscal 2005, our Nomura Global 6 Assets Diversified Fund was selected by Japan Post. This channel is just as important to us as bank sales channels and will play a key role in the future development of Japan's investment trust industry. Looking ahead, we will expand the market for investment trusts through Japan Post's nationwide network, thereby increasing assets under management.

Assets under Management in Main Funds Offering Frequent Distributions*



*Total of Nomura U.S. High Yield Bond Income Fund, Nomura Fund Masters Global Bond Fund, Global Attractive Dividend Stock Fund, Nomura U.S. Loan Income Fund, Japan Attractive Dividend Stock Fund, My Story Profit Distribution Type Fund (6 times/year), and Nomura Global REIT Fund



Along with our drive to strengthen relationships with Japan's megabanks, one of our funds, the Nomura Small Cap Stock Open, was selected by Mizuho Bank during fiscal 2005, following the selection of a REIT fund by Sumitomo Mitsui Banking Corporation in the previous fiscal year. We are placing even greater emphasis on marketing to consolidate our investment trust sales channels, such as Japan's megabanks and financial institutions.

• Improvements in Customer Service

We believe that strengthening our investment management capabilities to boost customer satisfaction and delivering value-added services will lead to an increase in assets under management. During fiscal 2006, we will establish a strong client service structure to improve our services for securities companies including Nomura Securities, banks, Japan Post, and other financial institutions.

Specific initiatives include working to offer investment products that are most suited to the needs of customers in each sales channel and to provide seminars and other services that actively support marketing activities. Moreover, we plan to expand our investment education program and strive to increase our base of investors. We are also aiming to offer additional support for marketing and improve service for customers by distributing sales promotion materials.

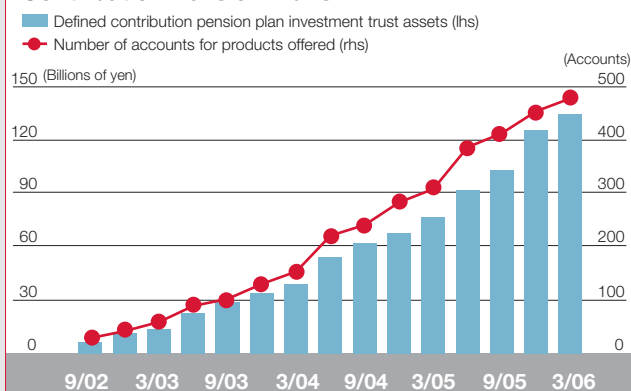
• Strengthening Defined Contribution Pension Plan Services

Under defined contribution pension plans, the future amounts of the pensions are determined by investment performance of participants in these plans. Since these plans were introduced in Japan in 2001, the number of companies adopting the plans has continued to increase. In view of upcoming pension reforms and the planned abolishment of the tax qualified pension plan system in 2012, the market for defined contribution pension plans is expected to grow considerably. However, competition among companies providing services for these plans is likely to become more intense.

Given these conditions, our aim is to expand our administration services for these plans and our product offerings with the target of further increasing assets under management of investment trusts. We aim to remain the industry leader in this area by always offering the best asset management services to our customers. Based on these objectives and vision, and by implementing various measures, we have won contracts for administering the defined contribution plans of 187 companies with about 280,000 participants, as of March 31, 2006. We are also working to provide investment trust products for participants in plans where we are not acting as administrator. The total balance of related investment trusts we supply for defined contribution pension plans is about ¥130 billion.

During the current fiscal year, our objectives are to bolster our marketing activities and improve competitiveness, especially in customer service, including investor education, with the goal of winning new mandates for the administration of defined contribution pension plans. We will also be working to expand the lineup of investment products we offer by developing new products and improving collaboration with Domestic Retail and Global Investment Banking, which act as customer interface points. We will also pursue alliances with other financial institutions and pension administration service companies.

Investment Trusts Nomura Supplies to Defined Contribution Pension Plans



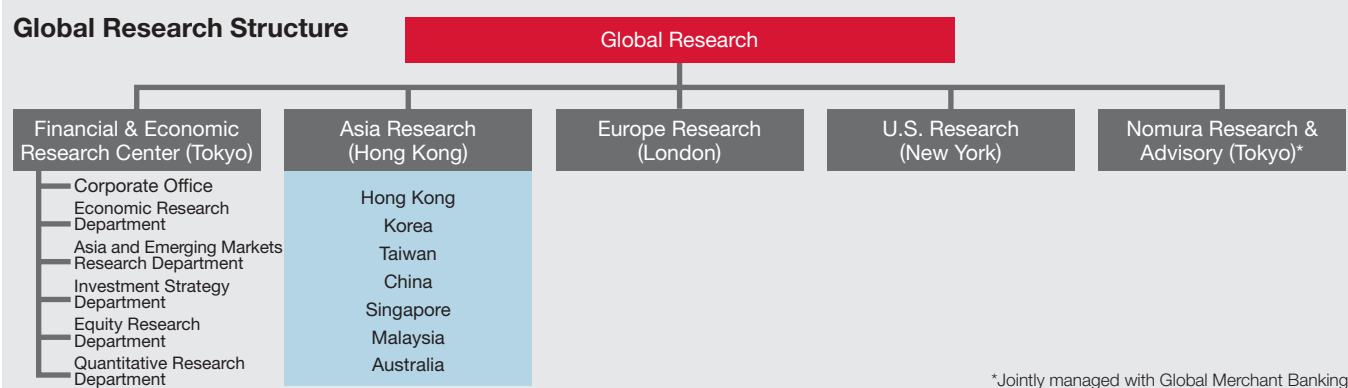
Global Research

▶ **N o m u r a K n o w s H o w**

to Identify Global Opportunities

Tokushichi Nomura, the founder of Nomura Group, was fully aware of the limitations of securities trading based on instinct and experience alone. He was the first to set up a research department in Japan's securities industry and consistently emphasized the importance of scientific investment decisions. Our founder's emphasis on research is still a strong guiding principle within today's Nomura Group.

Global Research Structure



Conducting a Full Range of Research Globally

Global Research consists of approximately 500 people. About 300 of these staff members belong to the Nomura Securities Financial & Economic Research Center, and the remaining 200 are stationed at overseas offices and at Nomura Research & Advisory.

The activities of the Financial & Economic Research Center are divided into fundamental and quantitative research. Fundamental research involves providing reports for investors while gathering information and analyzing fundamentals of national economies and individual companies. In the center's Economic Research Department, economists analyze trends in the macroeconomy. In the Investment Strategy Department, strategists analyze the stock market investment environment and provide advice on investment strategies. Equity Research Department analysts prepare forecasts on corporate performance and assess share price valuations. In July 2006, we formed the Asia and Emerging Markets Research Department to expand our coverage of the economies and equity markets of Asia excluding Japan and other emerging markets. These departments work together closely and collaborate with overseas offices as necessary to supply investors with insightful, high-quality research.

Quantitative research involves the use of mathematical methods to analyze securities. The Quantitative Research Department works with overseas offices to conduct its analyses on a global scale. Nomura Securities' research consistently receives high ratings in the analyst rankings of *The Nikkei Financial Daily* and *Institutional Investor* magazine.

The Financial & Economic Research Center and overseas offices write about 10,000 reports annually and deliver them to investors around the world. We also hold seminars and forums, which provide a venue for discussions between top management of leading companies and investors and act as a bridge between financial and securities markets on the one hand and investors on the other.

• Economic Research Department

A team of more than 20 economists in Japan works closely with economists in our international network to study and analyze macroeconomic and financial as well as foreign currency markets in Japan and major countries around the world. During fiscal 2005, ended March 31, 2006, the department wrote approximately 700 reports and held about 1,700 seminars for domestic and global investors. It also analyzes medium- and long-term social and economic structural issues, including demographic trends in Japan toward smaller families and aging of the population and regional economic differences. *Asset Formation in an Era of Declining Population*, issued by Toyo Keizai, was very well received.

• Asia and Emerging Markets Research Department

With a staff of around 10 economists and strategists, the Asia and Emerging Markets Research Department analyzes the economies and stock markets of Asia excluding Japan and other emerging markets. Along with receiving information from our overseas offices and conducting its own research in the region, the department issues a number of periodical publications, including *Economic Quarterly Asia-Pacific Outlook*, *Asian Equity Strategy*, and *China Weekly*. It also holds seminars for institutional investors in Japan and at Nomura's branch offices throughout Japan to promote investments in Asia and other emerging markets.

• Investment Strategy Department

Over 15 strategists of this department in Japan provide advice on investment strategies, mainly for stock markets in Japan. Their research spans many fields from the viewpoints of economic and corporate performance; the investment environment, including interest rates and foreign currency; demand and supply conditions for equities as well as trends among investors; and systematic analyses regarding financial, accounting, and capital policies. It works in collaboration with other departments of the Financial & Economic Research Center as well as with international research departments. Based on the results of its analyses, the department currently issues about 600 reports annually. In addition, it holds a range of seminars for institutional investors in Japan and overseas, including its annual strategists' seminar.

• Equity Research Department

In this department, some 60 analysts in Japan follow listed companies, analyzing their corporate value and making judgments regarding their current and future value as investments.

Analysts are assigned specific industries and companies and cover about 600 corporations that account for approximately 80% of the market capitalization of the first and second sections of the TSE and JASDAQ. Their activities include issuing more than 600 extensive background reports annually and about 3,500 flash reports on the companies they cover. The department also holds various seminars, including an annual forum for overseas institutional investors and three seminars a year for institutional investors in Japan. Other activities include meetings to provide timely information to domestic and foreign institutional investors.



Research reports

• Quantitative Research Department

Quantitative Research has more than 70 staff members and, drawing on their core skills in financial engineering and IT, engages in research and development necessary for being an active player in cutting-edge financial businesses. The scope of activities is broad and includes asset management, trading, financial product development, risk management, and financial management, all of which are key support pillars of Nomura Group's financial technology. Research targets the study and application of the latest advances in financial engineering, such as portfolio and derivative theory, and the latest developments in IT, such as global databases and leading-edge application systems. In addition, our financial technology expertise is used to provide consulting services to assist institutional investors, corporates, and other clients in asset management and risk management. The department also conducts many joint research projects with leading universities and research institutes in Japan and overseas to stay abreast of and apply the latest theories. Results of the department's research are made available through 2,000 reports issued annually and various seminars.

• International Network

Nomura Group has economists, strategists, and analysts in New York, London, and seven locations in Asia-Pacific and quantitative research teams in New York, London, and Hong Kong. Researchers in each office and region work closely, giving us a worldwide research network. As capital movements become increasingly global, global information-gathering capability is indispensable to conducting research. This research infrastructure enables us to make global comparative analyses of corporations, which is an important service for assisting institutional investors in making globally diversified investments.

• Distribution of Research Reports

Research reports issued by the Financial & Economic Research Center reach customers through our branch offices in Japan and a number of other channels such as Nomura websites, including Nomura Home Trade, and information vendor sites that serve institutional investors. For foreign institutional investors, we translate reports into English and make them available through Nomura Group offices. Also, reports prepared by research staff outside Japan that are of interest to domestic investors are translated and edited for Japanese investor audiences.


• Nomura Research & Advisory

A wholly owned subsidiary of Nomura Holdings, Nomura Research & Advisory assists privately owned companies to grow and list their shares. It has about 30 staff, organized into research and investment departments. The research department is responsible for conducting research to evaluate companies and provide consultation to support management and provide other assistance. The investment department takes equity positions in selected companies through venture funds. Other activities include holding seminars in the fields of biotechnology and new energy to help stimulate the growth of new industries.

Nomura Group is working to expand its business portfolio and is investing aggressively in new areas that have the potential for contributing to future earnings. As a first step, Joinvest Securities opened for business online, and we are now looking to develop the scope of its operations. Joinvest Securities offers online services with the objectives of contributing to the expansion of our individual investor base and increasing earnings.

野村グループ



 株に、ジョイン!

ほんとうに株に向いてるのは、
まったく向いてなさそうな、
あなたかもしれないよ。

これから株を始めるあなたへ。新しいインターネット証券の誕生です。

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ジョインベスト証券
www.joinvest.jp

An advertisement for Joinvest Securities featuring the popular singing duo Puffy



Joinvest Securities' user-friendly website puts inexperienced investors at ease.



• Developing as the Group's Internet Financial Services Company

As part of Nomura Group's drive to enter new businesses that go beyond the framework of the securities business, Nomura Securities took the lead with Joinvest Securities, which opened for business in May 2006. Under its business model, Joinvest Securities is responsible for developing a new interface with customers that is differentiated from Nomura Securities and expands Nomura Group's customer base.

The number of individual investors trading online is growing rapidly. In the second half of fiscal 2005, ended March 31, 2006, the value of equity transactions executed by individuals over the Internet had risen to approximately 80% of the total. This growth comes on the back of the accelerating shift among individuals from savings to investment and the reduction in equity transaction commissions, both of which have led to a broadening of the individual investor base. While the efforts of online brokers have played a part, the main factor behind this trend is the rise in IT literacy in Japan, which has attracted many investors to online trading as a way of building wealth and brought with it heightened interest in investing in shares. These factors have led to solid growth in the volume of online transactions. Many of these Internet-oriented investors are younger people who do not trade much with Nomura Securities. This will give us the opportunity to build relations with a wider range of asset builders who will be valuable customers for Nomura Group. Nomura saw these trends as a major opportunity, and decided to seek to expand its customer base through offering comprehensive web-based financial services. When we set up Joinvest Securities, we decided not to use the Nomura name—and thus broke with the established practice in the securities industry—to show our commitment to developing our business activities freely.

• Expanding the Customer Base through Responsive Services and Individual Investors

Joinvest Securities has set management targets of 500,000 accounts by the end of March 2007 and reaching breakeven by the end of March 2008.

Joinvest Securities' strengths include its access to the strong management base and support of Nomura Group, offering investors a reliable trading environment; its systems, which boast high transaction processing capacity and stability; and its IT base, which features a high level of information security, especially for the protection of customer information. Joinvest Securities is looking to take full advantage of these strengths and is offering services—which competitors took several years to develop and introduce—speedily, with the goal of developing a customer base different from the one already served by Nomura Securities.

To extend its customer base among individual investors, Joinvest Securities is offering attractive services, including the lowest level of transaction fees in the industry and online content that helps investors familiarize themselves with investing. Also, Joinvest Securities is looking to provide support for long-term individual investors by gradually offering a more diverse range of investment services to assist its customers in building their assets.

• Delivering the Joy of Investing and Creating a Full Offering of Online Businesses

Joinvest Securities looks to introduce its customers, ranging from those with no previous experience to seasoned investors, to the joy of investing by offering a broad range of products and services to meet their needs. This joy is the sense of satisfaction that comes from using money effectively. To enable more customers to feel this sense of satisfaction, Joinvest Securities is creating a "core money station" that investors can visit whenever they want. To this end, Joinvest Securities is working to expand its services to allow customers to participate interactively and upload information. Through this, we will be able to develop new services that meet customer requirements. In turn, Joinvest Securities aims to offer new value appropriate to its role as an online financial services company.

Joinvest Securities will continue to seek out new business opportunities and meet the challenges of being a full-fledged online business.

► Nomura Knows How *to Enhance*

Nomura Group companies in Japan adopted the Committee System in June 2003. Under this system, the Group has formed Nomination, Audit, and Compensation committees, each with a majority of outside directors^{*1}, thus creating a corporate governance structure that substantially strengthens the oversight of management and heightens management transparency. The system also helps to accelerate decision making across the Group by delegating additional authority for operations to the executive officers. In 2004, the Group drew up the “Code of Ethics of Nomura Group”^{*2} and is working to fulfill its responsibilities to all stakeholders.

*1: Outside directors: Directors who do not perform operating duties on behalf of the Company and have never been an executive officer, director, manager, or other type of employee in the Company or any of its subsidiaries and are not currently an executive officer or director of a subsidiary or a manager or other type of employee of the Company or any of its subsidiaries.

*2: For further details, please refer to *CSR Report 2006*.

Characteristics of the Committee System

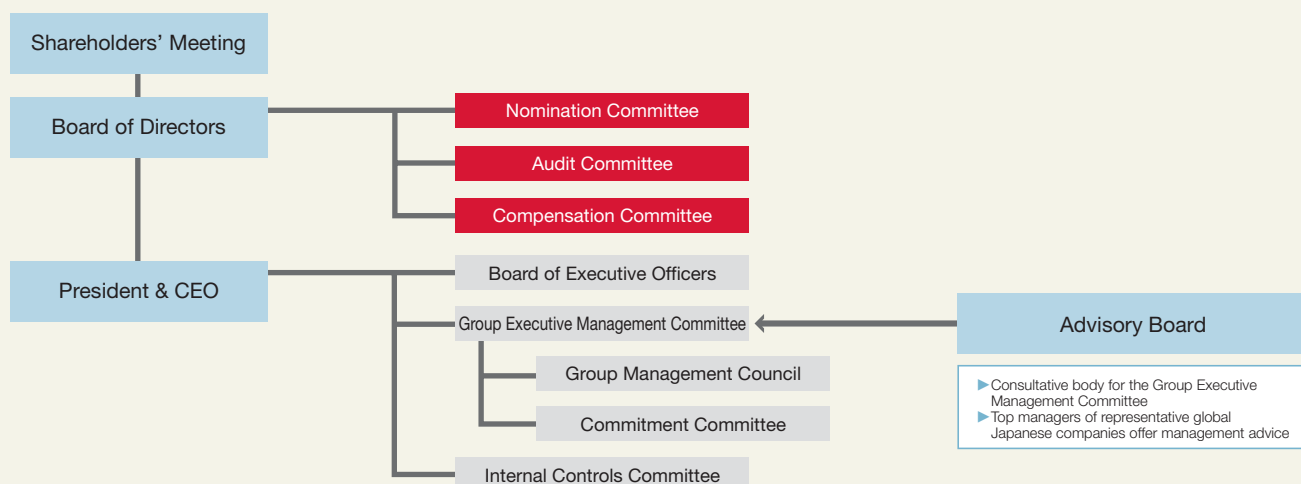
Under the Committee System, the directors are primarily responsible for the oversight of management. Executive officers chosen by the directors conduct business operations within the scope of authority delegated by the directors.

Of the 11 Nomura Holdings directors, three serve concurrently as executive officers: the president (CEO) and deputy presidents (COO and Co-COO). Four of the remaining eight directors meet the requirements of outside directors as defined under the Corporation Law of Japan. The majority of Nomination, Audit, and Compensation committee members are outside directors. The Audit Committee is chaired by an outside director and the Nomination and Compensation committees are chaired by the chairman of the board, who is not serving concurrently as an executive officer.

Meeting the Challenges of Corporate Governance

- Appointed outside directors (2001)
- Established Internal Controls Committee, which includes an outside director (2001)
- Established Compensation Committee with a majority of outside directors (2001)
- Established Advisory Board (2001)
- Abolished retirement bonuses for directors (2001)
- Began granting stock options to directors and certain employees (2002)
- Adopted the Committee System (2003)
- Established “Code of Ethics of Nomura Group” (2004)
- Began holding meetings of outside directors (2004)

Management Structure



Management Transparency

Management Structure

• Operations of the Board of Directors

The Board of Directors is responsible for making decisions on items specified by the Corporation Law of Japan. The executive officers report to the directors on business conditions as well as matters for deliberation by the Group Executive Management Committee and other committees one or more times every three months. In addition, the executive officers make a monthly financial report to the directors.

• Three Committees

The Nomination Committee, Audit Committee, and Compensation Committee have been given the authority to make decisions on issues including candidates for the Board of Directors, audits concerning the business execution of directors and executive officers, and compensation for directors and executive officers. As such, management oversight is conducted by the Board of Directors.

• Nomination Committee

The Nomination Committee is responsible for decisions regarding proposals made to the General Meeting of Shareholders concerning the appointment and dismissal of directors. The majority of the members of the Nomination Committee must be outside directors. The current members are Nomura Holdings Chairman Junichi Ujiie, who is committee chairman, and outside directors Masaharu Shibata and Hideaki Kubori. Directors who are representative executive officers, including the CEO, are not members of the Nomination Committee. The Nomination Committee met twice during fiscal 2005, ended March 31, 2006.

• Audit Committee

The Audit Committee is responsible for auditing the business execution of the directors and executive officers and preparing audit reports. It also makes decisions regarding proposals to be submitted to the General Meeting of Shareholders concerning the appointment and dismissal of independent auditors. In addition, the Audit Committee discusses and approves compensation for the independent auditors based on a proposal submitted by the chief financial officer (CFO).

The majority of members of the Audit Committee are outside directors. The current members are outside directors Haruo Tsuji, who is committee chairman, Koji Tajika, and Fumihide Nomura, who is not an executive officer. Audit Committee members do not serve on the other committees. In addition, all

members of the Audit Committee fulfill the requirements of independent directors as defined under the Sarbanes-Oxley Act, and Koji Tajika fulfills the requirements of an audit committee financial expert pursuant to this act.

The Audit Committee met 23 times during fiscal 2005.

• Compensation Committee

The Compensation Committee makes decisions regarding compensation for directors and executive officers, both in terms of broad policy and compensation for specific individuals. The majority of members of the Compensation Committee are outside directors. The current members are Nomura Holdings Chairman Junichi Ujiie, who is committee chairman, and outside directors Masaharu Shibata and Hideaki Kubori. Directors who are representative executive officers, including the CEO, are not members of the Compensation Committee.

The Compensation Committee met three times during fiscal 2005.

Compensation for Directors and Executive Officers

Nomura Holdings has two basic compensation policies for directors and executive officers. One is a flexible system for determining compensation based on performance relative to management targets. This is aimed at increasing motivation and empowering individuals to maximize performance. The second is the introduction of equity-based compensation to enhance long-term incentives. Compensation for directors and executive officers is composed of the following three components.

• Base Salary

The base salary of each director and executive officer is the sum of amounts based on each individual's career, post and responsibilities, and the degree to which the consolidated ROE target has been achieved. The ROE-linked portion is determined as shown in the table below.

ROE-Linked Base Salary

Consolidated ROE	Base salary
Under 0%	0
0% to 5%	1/3 of standard salary
5% to 10%	2/3 of standard salary
10% to 15%	Standard salary
Over 15%	4/3 of standard salary

• Cash Bonus

The cash bonus is based on quantitative factors such as consolidated net income, ROE, and earnings of business divisions. This bonus is also based on qualitative items, such as the degree to which management targets and personal targets have been met, assessments of individual contributions, and other factors. The aggregate cash bonuses of directors and executive officers may not exceed 1% of consolidated net income.

• Stock Bonus

The stock bonus is determined separately for each individual by taking into consideration all applicable factors. These include parameters such as consolidated net income and ROE, as well as the level of this compensation relative to the base salary, cash bonus, and other stock bonuses and the benefits relative to the cost of providing such bonuses.

Business Execution System

To ensure that executive officers make business decisions smoothly and appropriately, Nomura Holdings has formed a Group Executive Management Committee, a Commitment Committee, an Internal Controls Committee, a Board of Executive Officers, and a Group Management Council. The Group Executive Management Committee, Internal Controls Committee, Board of Executive Officers, and Group Management Council are chaired by the CEO, and the Commitment Committee is chaired by the COO.

• Group Executive Management Committee

The Group Executive Management Committee deliberates and makes decisions on major items related to management, including the business plans of Nomura Group, budgets, and allocation of management resources. This board is made up of three representative executive officers and is chaired by the CEO.

• Commitment Committee

The Commitment Committee is responsible for deliberations and decisions regarding important items involving Nomura Group positions having a low liquidity and positions that are material with regard to risk management. The Commitment Committee is made up of five executive officers plus three of the CEOs of business divisions and is chaired by the COO.

• Internal Controls Committee

The Internal Controls Committee is responsible for establishing internal controls concerning Nomura Group operations as well as deliberations and decisions regarding proper corporate behavior. Currently, the committee is made up of three executive officers, two directors, and one executive officer of a subsidiary. It is chaired by the CEO.

• Board of Executive Officers

The Board of Executive Officers is responsible for sharing information related to the business of Nomura Holdings, the Group's holding company, and for conducting discussions on related matters. The Board of Executive Officers is made up of all 11 executive officers and is chaired by the CEO.

• Group Management Council

The Group Management Council is composed of 17 members drawn from the management of Nomura Holdings and companies under the holding company. Although not a venue for decision making, the council's responsibilities include sharing information and promoting the conduct of business through the exchange of opinions and free discussion regarding business strategy. It is chaired by the CEO.

Internal Controls

The Audit Committee, with a majority of outside directors, has primary responsibility for management oversight functions in companies that operate under the Committee System. The main members of the Audit Committee are part-time outside directors. To supplement the Audit Committee's auditing activities and ensure an airtight auditing system, Nomura Holdings designates Audit Mission Directors. In addition, Nomura Holding's Office of Audit Committee supports the activities of the Audit Committee. Internal Audit is charged with distributing sufficient information to individuals responsible for business execution as well as the Audit Committee and Audit Mission Directors.

Disclosure Committee

To ensure that investors receive fair access to information on Nomura Group, the Group has established "Nomura Group's Statement of Global Corporate Policy Regarding Public Disclosure of Information." This sets forth policy directives that protect non-public information while at the same time promoting timely and appropriate public disclosures. The statement

adheres to the principle of U.S. Regulation FD.* Based on this global corporate policy, Nomura Holdings has established a Disclosure Committee that is chaired by the Nomura Holdings executive officer responsible for global corporate communications. The Disclosure Committee is responsible for deliberations and decisions regarding disclosure of material information, legally mandated documents such as SEC Form 20-F, the Japanese annual securities reports, and other reports.

The Disclosure Committee is taking the lead in documenting internal controls, as well as in evaluating the effectiveness of those controls, for financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Internal controls over financial reporting must be formulated by the CEO and CFO or under the supervision of these two executives. To fulfill this requirement, the related divisions of Nomura Holdings along with Nomura Securities and other major consolidated subsidiaries (including overseas subsidiaries) are currently preparing an extensive range of documents on processes involving important financial statement items and items to be disclosed.

Internal Audit is responsible for performing tests and assessments concerning the effectiveness of internal controls. Progress with these tests and evaluations is reported not only to the Disclosure Committee but also to the Audit Committee and Internal Controls Committee.

*Regulation Fair Disclosure (FD): Under this regulation, the U.S. Securities and Exchange Commission (SEC) forbids companies from releasing important information to certain people, such as analysts or institutional investors, before it is released to the general public.

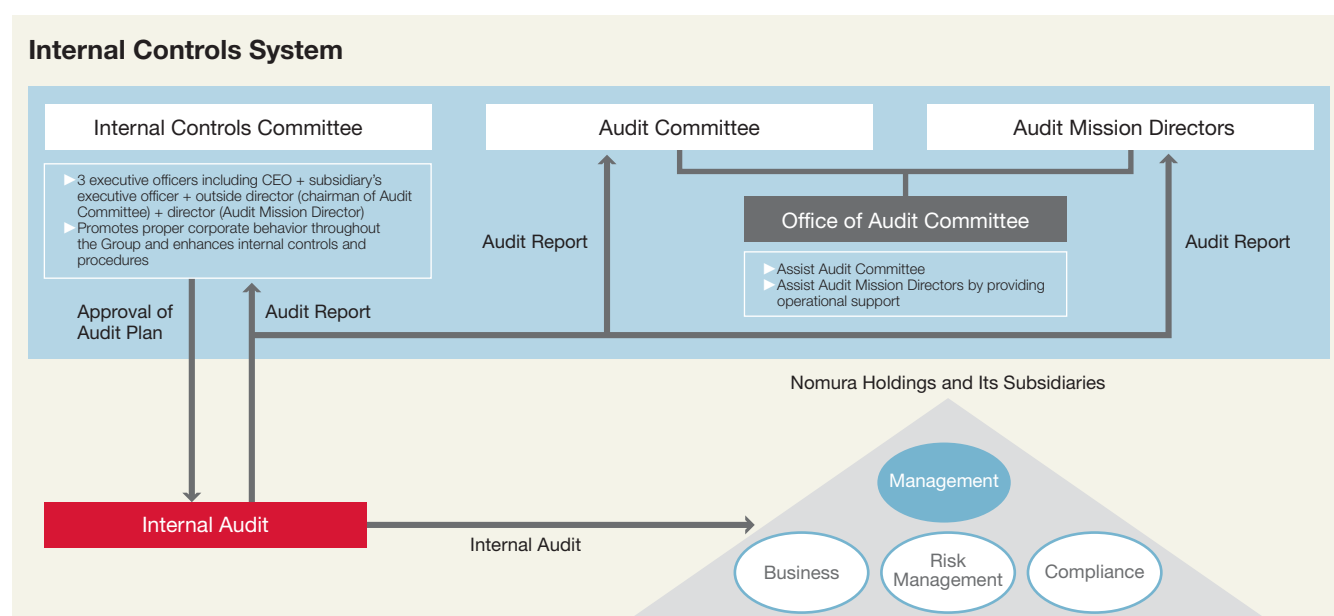
Crisis Management Structure

The information management and disaster prevention strategies that were prepared mainly in individual Nomura Group departments have been centralized and upgraded on a continuing basis following the terrorist attacks in the United States on September 11, 2001. In October 2001, Nomura Securities created a Crisis Management Committee to ensure the effective dissemination of information and confirmation of employee safety following disasters. In addition, our Information Security Committee is responsible for developing systems to safeguard information and conduct internal training on information security. In April 2005, a Nomura Group Crisis Management Committee was formed to create Groupwide crisis management systems.

Information Security

The information Nomura Group has accumulated, including personal information related to its clients, is critical to the Group's business activities and requires a rigorous system of controls.

All Nomura Group companies have prepared an information security policy and conduct employee training programs as part of their activities to keep information secure. Going forward, the Group will continue to do its utmost to ensure the protection of client data.



► Nomura Knows How *to Structure*

Nomura Group places strong emphasis on preventing behavior that is or could be seen as illegal. Should a problem occur, there is a framework for submitting reports to management without exception or delay and for responding appropriately. Each Group company must ensure steadfast compliance and adherence to the relevant rules and regulations, as well as sufficiently manage operations based on the “Regulations of Nomura Group Management Structure.” Group companies must also properly supervise their operations based on their own internal rules. However, they work in a unified manner on such issues as appointing Compliance Officers and setting up Compliance Hotlines. The Nomura Securities Compliance Department holds regular meetings of Group company Compliance Officers to strengthen cooperation within the Group.

Compliance Officers

Each domestic Nomura Group company appoints a Compliance Officer who is responsible for confirming that all employees are aware of their obligations to respect the law and that business operations are conducted in a manner that complies with laws and regulations. Due to the differing nature of operations, each Group company may appoint a Compliance Officer for each department or one or more Compliance Officers at each head office or company. Compliance Officers are responsible not only for monitoring adherence to laws and regulations but also for ensuring that activities conform to social standards from the standpoint of corporate ethics.

Group Compliance Officers attend an annual training seminar to reinforce awareness of their responsibilities and raise awareness within Nomura Group of the need to observe a unified compliance policy and set of regulations.

Compliance Hotline

The Nomura Holdings Compliance Hotline was set up in October 2002 (Nomura Securities began operating its own Compliance Hotline in October 1997). The purpose of the Group Compliance Hotline is to provide a means for employees to relay information directly to management at Nomura Holdings if they discover acts that violate laws or company regulations or other antisocial behavior. Information can be supplied directly to the designated Nomura Holdings executive officer and to an outside director. Information provided through the Compliance Hotline and the status of responses are reported to and examined by the Nomura Holdings Internal Controls Committee.

Employees who report violations to the Compliance Hotline can choose to remain anonymous. Employees are also informed that measures are in place to ensure they are completely protected from any negative consequences should they use their real names.

Addressing Legal Risk Globally

Because Nomura Group conducts business on a global scale, adequate measures are taken with regard to legal risks associated with overseas compliance and cross-border transactions.

Nomura Group is heightening its professional expertise concerning the regulatory environment for its international activities. We are also refining skills in the development of cross-border products and services that take into account the requirements of laws and regulations of various regulatory regimes.

Overseas legal risk is managed primarily on a regional basis. As part of the management of legal risk associated with global business activities, Nomura Group periodically holds a global legal conference and a global compliance conference. These provide a forum for examining problems involved with cross-border and other business activities.

Effective Compliance Systems

Nomura Securities Compliance Structure

Nomura Securities has established a Compliance Program, which is a detailed action plan for compliance, and developed its compliance structure based on this program.

• Compliance Committee

The Compliance Committee is made up of 13 executive officers including the CEO, the Internal Administration Supervisor, and two external lawyers who act as legal supervisors. As a rule, the committee meets twice each month to discuss the internal controls system, compliance rules, and other important matters concerning compliance.

• Compliance Management at Departments and Branch Offices

In accordance with Japan Securities Dealers Association regulations, Internal Controls Officers are assigned within front-office departments and Compliance Officers are assigned at each department and branch office.

• Compliance Hotline

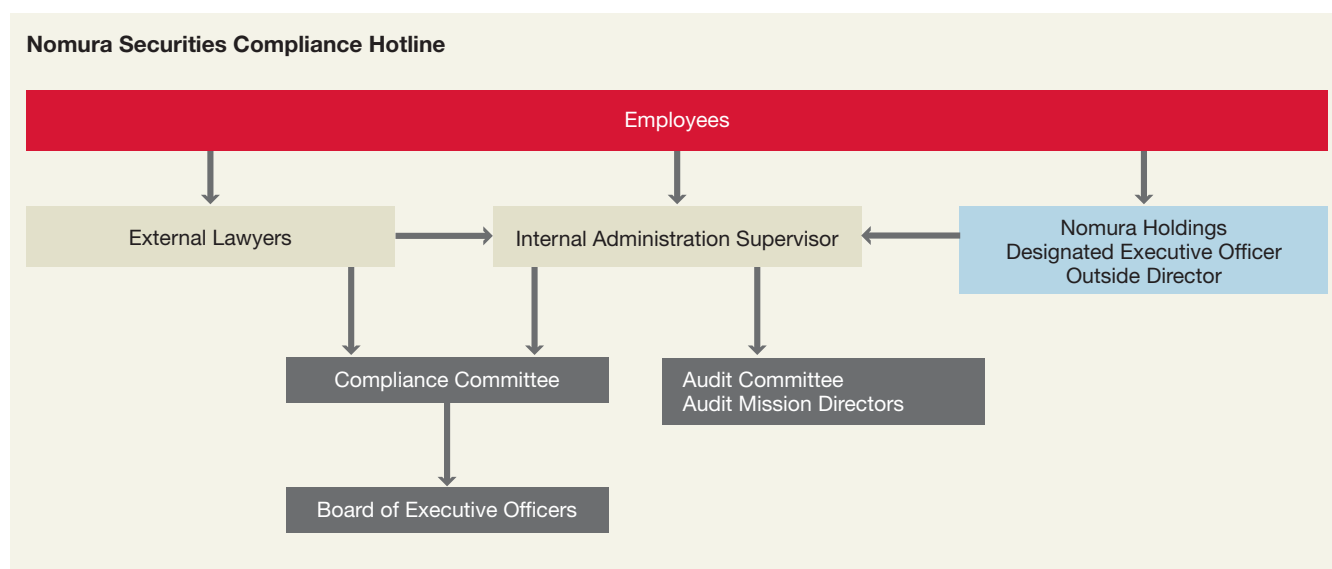
The Nomura Securities Compliance Hotline provides another means, separate from the Nomura Holdings channels, for Nomura Securities employees to submit information directly to the Internal Administration Supervisor and external lawyers.

These lawyers are the legal supervisors of Nomura Securities' Compliance Committee. Employees who report violations to the Compliance Hotline can choose to remain anonymous. Employees are also informed that measures are in place to ensure they are completely protected from any negative consequences should they use their real names.

• Compliance Training

Compliance manuals designed to ensure a clear understanding of laws and regulations are made available via Nomura Securities' intranet, providing a compliance education framework for all directors, officers, and employees.

Training programs are conducted in accordance with the duties of employees, and training materials are used for monthly training sessions at branch offices. Reports on the implementation of these sessions are submitted to administrators.



Nomura Knows How *to Optimize Risk and Return*

Our business is subject to various risks. These risks can be divided generally into portfolio risks, which are linked to market price changes or the situations of clients that affect the positions held by Nomura Group, and non-portfolio risks, which are not directly linked to our positions. The process of managing these risks is an integral part of management's responsibilities. Financial innovation in global business activities can lead to complex interactions among risks. We recognize the importance of identifying, evaluating, monitoring, and managing our risk profile.

• **Monitoring and Management by the Global Risk Management Unit**

We have an independent global risk management unit headquartered in Tokyo in addition to the units that manage risk at each level of our business. The global risk management unit monitors and manages the various risks that Nomura Group faces in its business activities based on the capital allocation rule or the global risk control policy, which the Group Executive Management Committee establishes. Furthermore, our global risk management unit quantifies risk for each of our businesses and provides risk information to senior management.

The Group Executive Management Committee of Nomura Group determines the strategic direction and allocates resources and capital to each business division—Domestic Retail, Global Markets, Global Investment Banking, Global Merchant Banking, and Asset Management—based on business plans, budgets, and risk-adjusted performance to ensure proper diversification of risks and revenues. Our Group Executive Management Committee also sets each business division's risk limit that applies across business divisions to all of our trading and investment portfolios for our global business. Each business division utilizes allocated resources and capital within its risk limit.

Simultaneously, our global risk manager monitors the extent of risk exposure at each of our trading units relative to the in-house risk limit assigned to that unit and reports it to senior management daily. In April 2006, Nomura Group introduced capital management and risk management within a new framework. The objective of this new framework is to practice more detailed risk control that accords with actual business situations while at the same time enhancing the maneuverability and flexibility of capital management by pushing forward quantification of various risks.

In addition, in May 2006 we formed the Operational Risk Team within Tokyo risk management. This team will enable us to manage portfolio risk on a global basis in cooperation with our offices in Japan and overseas as well as to manage non-portfolio risk.

• **Commitment Committee**

In addition to the previously mentioned structure, the Commitment Committee was set up in order to control risks relating to the less-liquid asset investments and important investments from a risk management perspective. Our Commitment Committee is made up of the executive officers assigned by the chairman of the Commitment Committee, while the chairman is appointed by our president and CEO.

• **Global Risk Management System**

Nomura Group has made a significant commitment to the development and continuous enhancement of an appropriate risk management system and procedures. This system enables us to calculate risk amounts, including value at risk (VaR), and other risk-related items based on global market data and counterparty, position, exposure, and other risk information worldwide. The system also enables us to make various kinds of analyses regarding credit standing and evaluation.

• **Model Review**

Nomura Group uses pricing models when certain financial instruments cannot be valued based on quoted market prices. The global risk management unit, independent of the business, reviews the models and assesses model appropriateness and consistency.

Note: For more detailed information on risk management, please refer to the Form 20-F, which is filed with the U.S. Securities and Exchange Commission.

Directors and Executive Officers

(As of June 30, 2006)

Directors		Executive Officers		
Chairman	Junichi Ujiie	President & CEO	Nobuyuki Koga	Chief Executive Officer (CEO)
Director	Nobuyuki Koga	(Serving concurrently as Director)		
Director	Hiroshi Toda	(Representative Executive Officer)		
Director	Kazutoshi Inano	Deputy President & COO	Hiroshi Toda	Chief Operating Officer (COO)
Director	Nobuyuki Shigemune	(Serving concurrently as Director)		
Director	Yukio Suzuki	(Representative Executive Officer)		
Director	Masaharu Shibata*	Deputy President & Co-COO	Kazutoshi Inano	Co-Chief Operating Officer (Co-COO)
Director	Hideaki Kubori*	(Serving concurrently as Director)		
Director	Haruo Tsuji*	(Representative Executive Officer)		
Director	Fumihide Nomura	Executive Managing Director	Masanori Itatani	Head of Internal Audit
Director	Koji Tajika*	Executive Managing Director	Akihiko Nakamura	Chief Information Officer (CIO)
	*Outside director	Senior Managing Director	Akihito Watanabe	Head of Group Human Resources Development
		Senior Managing Director	Tetsu Ozaki	Head of Group Corporate Strategy
		Senior Managing Director	Masafumi Nakada	Chief Financial Officer (CFO)
		Senior Managing Director	Noriaki Nagai	Head of Corporate Office
		Senior Managing Director	Hideyuki Takahashi	Regional Management of Americas Region
		Senior Managing Director	Yugo Ishida	Regional Management of Europe Region

Nomura Knows How to Be a Valued

Our founder, Tokushichi Nomura, set forth Nomura's raison d'être as follows: "Nomura's mission is to enrich the nation through the securities business. This is something we must absolutely see through." Based on this founding spirit, Nomura Group believes that the healthy development of the economy is essential to creating an affluent society. As such, we focus heavily on generating opportunities for educational activities that promote the understanding of financial and securities markets. We also believe in the importance of creating a well-rounded society. To that end, we support academic initiatives, culture, the arts, sports, and other activities.

Economics and Securities Education

Sound economic development through the creation of a balanced financial system forms the backbone of any affluent, sustainable society. Nomura Group's approach to educating the public on economics and investing is wide ranging, with something for everyone, from young children to lifelong learning courses for middle-aged people and senior citizens.

• Donation of *T-Shirt Shop*, a Practical Economics Textbook

Previously, we donated an educational comic book, *The Secret of Money*, to elementary school children throughout Japan and another book, *Finance for Beginners*, a finance primer for junior high school children. In March 2006, we distributed *T-Shirt Shop*, a free textbook that introduces students to finance and economics, to 11,000 junior high schools nationwide. This book offers an easy-to-understand explanation of the workings of the economy and has been well received.



Cover of *T-Shirt Shop*

• Courses for Studying and Learning About Securities

To provide students with an understanding of the economy and practical knowledge, we provide securities education courses at more than 120 universities in Japan. Internationally, we provide such courses at a total of five universities in Thailand, China,

Hong Kong, and Macao. Also, in regional communities and the workplace we offer lifelong learning courses for beginners that are easy to understand and promote knowledge of finance and securities.

• Sponsor of Nikkei Stock League

We are a special sponsor of the *Nihon Keizai Shimbun's* Nikkei Stock League. This contest for junior and senior high school and university students offers an opportunity for students to learn

about portfolio management by selecting a research topic and reporting their findings. Students learn how the economy works through simulated investing in stocks and are made to take the initiative and think for themselves. Fiscal 2005, ended March 31, 2006, marked the sixth time the contest was held. More than 33,000 students have participated since the contest first started.

• man@bow Economic Training Website

To encourage a wider interest and understanding of economics and finance, we have partnered with the *Nihon Keizai Shimbun* to sponsor man@bow, a website to learn about economics. The site explains current topics and market trends, including topics



Securities education course in progress



Award ceremony for the Sixth Nikkei Stock League

Education Initiatives	Elementary schools	Junior high schools	Senior high schools	Universities	Adults	
					Company employees	Communities
Publications	<i>The Secret of Money</i>					
		<i>T-Shirt Shop</i> textbook				Activities to promote defined contribution pension plan schemes
		<i>Finance for Beginners</i>				
		<i>Enjoying Economics</i>				
Events				Nomura Money Fair		
Lectures				Seminars at Nomura Securities' branches		
				Securities education programs	Securities learning programs	
Education programs		Special sponsor of Nikkei Stock League				
		Quest Education Program				
			Nikkei Education Challenge			
Internet	Educational content on the Internet					
Cable TV	Nomura Free School					
					<i>Doki Doki Waku Waku Okane no Hanashi</i>	

Member of the Global Community

related to economics and investment, in simple terms. It is widely used as a textbook for asset management by individuals.

Cooperation between Universities and Industry

Nomura works with educational institutions and other organizations to support research on a range of topics with the medium- to long-term objectives of fostering the leaders of tomorrow and promoting technology and industry. Of note is the Nomura Foundation for Academic Promotion, established in 1986 to commemorate the 60th anniversary of the establishment of Nomura Securities. It provides assistance for furthering academic research and contributing to international exchange in research and education, primarily in the fields of law, politics, and economics.

Support for Culture and the Arts

We believe that economic development is not enough itself to create true prosperity. Our support for a variety of cultural and artistic pursuits is grounded in the belief that people should be well-rounded. We provide support for a variety of cultural and artistic pursuits as well as other similar activities. In May 1990, we founded the Nomura Cultural Foundation to support the development of talent and promotion of international exchange in music and fine arts. The foundation assists in performances, exhibitions, symposia, and other events aimed at nurturing young artists and promoting international cultural and artistic exchanges. It also grants scholarships to foreign exchange students who hold the promise of bridging the gap between Japan and their countries.

In addition, Nomura Securities and the Nomura Cultural Foundation have been special corporate sponsors of the Pacific Music Festival (PMF), an international music education festival envisioned by the late Leonard Bernstein in 1990, since its inception. The festival aims to contribute to the development of musical culture around the world through fostering young musicians.



The 2005 PMF concert

Environmental Conservation

Nomura Group places a high priority on global environmental issues, including global warming, and is fully aware that systematic, comprehensive responses to these issues are essential. We have made energy conservation, green procurement, and other initiatives integral parts of our operations. Nomura Group plans to conduct these environment-related activities on an ongoing basis and establish clearer, systematic objectives.

Our main environmental activities include adopting policies to prevent global warming (reduce CO₂ emissions) through reducing electric power and fuel consumption, following a green procurement program that focuses on purchasing environment-friendly products, and reducing waste emissions by recycling used paper products and other initiatives.

In May 2006, we signed an agreement with Japan Natural Energy for Green Power Certificates* to reduce the amount of CO₂ emissions across Group companies. Nomura will purchase 5.9 million kWh of power annually through the certificates, the highest amount ever for a Japanese company, equating to CO₂ emissions of 2,300 tons or that absorbed by about 164,000 cedar trees in one year.

* Green Power Certificates are issued for power generated by clean energy means such as wind power and biomass at generation plants certified by the Green Power Certification Council, Japan. Certificate purchasers can claim the amount they purchase as having been generated by such sources.

Other Initiatives

• Disaster Relief Support Activities

The members of Nomura Group, in their role as corporate citizens, and the employees of its companies, as individuals, have worked on numerous occasions to collect disaster relief contributions to help rescue victims and assist them in returning to a normal life as quickly as possible. Recent activities have included raising funds for recovery following Hurricane Katrina in the United States and the recent major earthquake in Pakistan. Funds donated are provided to inhabitants of regions struck by disaster through the Japan Red Cross and other organizations.

Nomura-Backed Industry-Academia Affiliations

University of Tokyo	Founded the Research Center for Finance to enhance collaboration between industry and academia in Japan. Junichi Ujie became the center's first director.
Kyoto University	Kyoto University's Institute of Economic Research and Nomura Group jointly established the Nomura Group-sponsored Research Section for Application of Financial Engineering.
Hitotsubashi University	Holding study group sessions on socially responsible investing and corporate governance.
University of Oxford	Established the Nomura Centre for Quantitative Finance to support research in cutting-edge financial engineering.
Columbia University	Sponsoring the Program on Alternative Investments at the Columbia University Center on Japanese Economy and Business.
Chulalongkorn University	Holding courses and special lectures on securities education at Chulalongkorn University, a national university in Thailand.

▶ Nomura Knows How *to Reward*

Our people form the basis of our very existence. The finance and securities businesses are based on intellect and creativity. Employees must feel they are part of Nomura Group. They need to be able to make full use of their originality and creativity and become well acquainted with customers, understand their needs, and provide them with top-quality services. We believe companies should provide a pleasant environment where employees can work productively. In addition, it is important for all employees to feel a sense of pride in belonging to Nomura Group. We observe all laws and regulations regarding basic human rights. Our efforts are focused not only on improving human rights and the working environment but also ensuring that our activities benefit all stakeholders.

Creating a Better Workplace

Nomura Group works to provide all employees with a fulfilling and pleasant working environment. We are fully aware of the importance of being able to work in comfortable surroundings and continually strive to improve our workplace environments.

• Communication

We believe that active internal communication is essential to motivating employees. To provide for this communication, we use our intranet, internal publications, and other means to communicate messages from senior management, important decisions, and other information.

• Workplace Safety

Nomura Group exercises care in providing safe and comfortable workplaces. Attention is paid to desk space, lighting, air conditioning, temperature settings, and other items.

• Mental Health Care

Mental health care measures are part of our actions to provide all employees with a better work environment. Healthcare centers offer psychiatric examinations and employees also have access to counseling through the Counseling Room. To access physicians and counselors outside the Group, employees and their family members can use the 24-hour Nomura Health Dial 24. In addition, we offer a telephone counseling service and guidelines for self-checkups.

• Rigorous Health Management

Nomura Group has departments specializing in the promotion of healthy lifestyles and operates internal clinics to help employees take care of their health. Guidelines have been established for periodic checkups. Employees over 30 are required to undergo comprehensive physical examinations, and employees who work long hours are also given health checkups.

Human Rights

Based on the recognition that human resources are Nomura Group's most important asset, we take extensive measures to protect the rights of each individual and prevent discrimination and harassment.

• Fundamental Principle of Human Rights Awareness Training

Nomura Group's fundamental principle is that employees must not discriminate, let others discriminate, or condone discrimination. We endeavor to improve understanding and awareness regarding human rights issues as well as impress on all employees that these matters should be of concern to them and encourage them to act appropriately in addressing these issues.

• In-house and External Training Programs

Based on our fundamental principle, we have formed the Human Rights Education Committee and conduct human rights awareness training for Nomura Group executives at least once each year. In addition, training programs covering all aspects of human rights issues are conducted for employees based on the human rights promotion framework, which is centered on the Human Rights Education Committee of Nomura Securities. To incorporate a broad range of external views on human rights, we participate in seminars and training programs conducted by government agencies, human rights groups, nonprofit organizations, and others. This is done mainly through the Human Rights Education Department and Human Rights Awareness Promotion Committee members at branch offices.

• Prevention of Harassment and Discrimination

Nomura Group takes measures to prevent harassment by conducting awareness training programs and has prepared a *Sexual Harassment Prevention Guide* and *Sexual and Power Harassment Prevention Card*. We have also established three internal units where employees can obtain advice. For the protection of those with HIV, we have prepared a "Basic Policy Regarding Persons with HIV" and we work to eliminate discrimination and prejudice against these individuals.

Talented People

Employment

Nomura Group strives to maintain employment practices that reflect the employment environment and nature of business activities in the finance and securities industries. The personnel system complies with all laws and regulations and reflects employment terms for individual countries and regions as well as for different types of employment contracts.

• New Personnel System

Nomura Securities introduced a new personnel system in Japan in October 2005 with the objective of applying a merit-based system throughout the organization. This system is based on the principle that employees should be treated as individuals, and those with ability and drive should be provided with opportunities to fulfill their full potential, without discrimination by gender or age.

Under the new system, there are two types of employees: *zeniki-gata shain* (whole area employees), who are subject to transfers that require a change of residence, and *chiiki-gata shain* (specific area employees), who are exempt from such transfers. Employees in both categories are engaged in the same scope of business activities. All employees may apply to switch to the other category. To compensate employees fairly based on their performance, more authority to conduct employee evaluations is being transferred to work sites.

For financial advisers (FAs), who are community-based sales professionals, employment contracts are being changed from fixed-term contracts to ones without a fixed term. In addition, compensation will be more weighted toward performance.

• Employee Training System

Nomura Group is building a personnel training system that enhances the overall vitality of the Group and contributes to the thorough execution of a merit-based personnel system, in which employees are properly treated based on their performance and motivation.

• Instructor System

Experienced employees are appointed as on-the-job instructors for newly hired employees. This system makes it possible to conduct comprehensive monitoring of improvements in business knowledge, practical skills, and other capabilities that contribute to a new employee's development.

• Training Application System

To better motivate employees and encourage them to acquire more specialized knowledge, Nomura Group offers training courses such as study abroad, Financial & Economic Research Center analyst training, Investment Banking Division training, and fund management training.

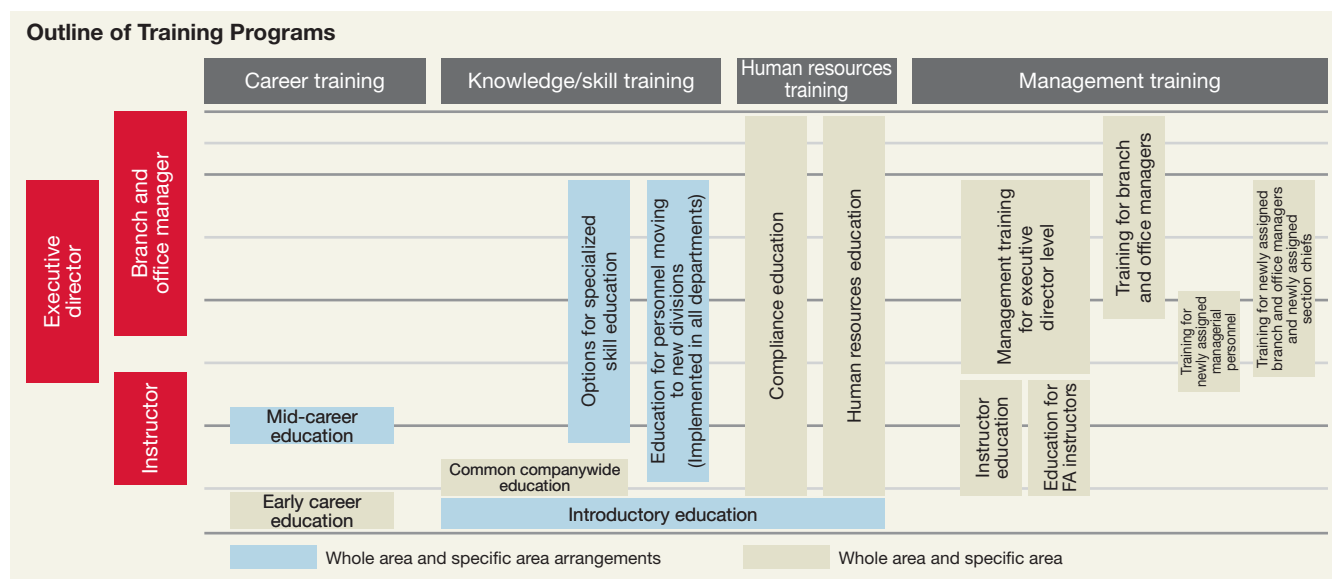
• International Business Skill Training

Nomura Securities offers training programs to give individuals the practical English language skills they need to work in the securities industry.

• Support for Acquisition of Qualifications

Nomura Securities offers specialized training programs for the acquisition of specific qualifications. Through these programs, extensive support is offered for individuals seeking securities dealer, financial planner, securities analyst, and other qualifications.

Note: Refer to the CSR Report 2006 for more information.



Nomura Knows How *to Help Clients Make Informed Decisions*

Nomura Group carefully analyzes the financial products it offers and provides customers with accurate information and easy-to-understand instructions. We also consider customers' knowledge of financial products, their financial status, and other factors before fully explaining appropriate product choices. This ensures that customers are able to make informed investment decisions. Our approach to soliciting business is in full compliance with the Securities Exchange Law and other relevant laws and regulations. Nomura Group is committed to providing services worthy of a financial services company.

Specific Approaches by Nomura Securities

The specific approaches taken to develop products, provide information, and solicit business at Nomura Securities, a core subsidiary of Nomura Group, are described below.

• Formulating Products

Nomura Securities has established a range of design guidelines for its product head offices to follow in developing attractive products. We also exercise due diligence with regard to the schemes and propriety of private subscription products developed by other companies and sold by Nomura Securities.

• Providing Information

Nomura Securities provides accurate product information and explains product risk in detail to customers, in keeping with the Law on Sales of Financial Products and other relevant laws and regulations.

Nomura Securities has developed "Guidelines on Preparing Sales Brochures for Customers" in accordance with the Japan Securities Dealers Association's "Guidelines Concerning Advertisement Brochures." All written materials provided to customers are duly examined to ensure they conform to the guidelines.

• Soliciting Business

In accordance with "Nomura Securities Sales Policies," Nomura Securities consults with customers regarding their investment strategies and experience and financial status prior to suggesting appropriate product choices. The company is also considerate in selecting sales meeting times, places, and methods to ensure the utmost customer convenience.

A comprehensive understanding of customer circumstances is particularly important for IPOs, other offerings, and sales, as stated in the "Basic Policies on Sales." Special guidelines have been established regarding the timing and volume of distributions to avoid excessive sales efforts focusing on particular customers. Candor and fairness are the principles at the heart of all solicitation and sales efforts.

Nomura Securities Sales Policies

- 1 Nomura Securities employees consult with customers regarding their knowledge of financial products, experience in investing, financial status, and other related matters and consider these issues to ensure they take the proper approach in solicitation and consultation.
- 2 Employees endeavor to ensure that customers understand material matters related to the Law on Sales of Financial Products. To encourage customers to make appropriate judgments on their own initiative, employees give a sufficient and accurate description of the nature of the products and the risks involved.
- 3 Employees provide accurate information to avoid misunderstandings among customers.
- 4 Employees respond quickly and appropriately to customer inquiries. They also listen carefully to customer opinions and requests and use this information in conducting solicitations and providing advice.
- 5 Employees give proper consideration to the time, place, and methods for conducting solicitations and providing consultation services to ensure the utmost customer convenience.
- 6 Nomura Securities provides internal education and training to ensure that the solicitation activities of its personnel are conducted properly.
- 7 Nomura Securities ensures that product descriptions and explanations are correct and easy for its customers to understand, not only in face-to-face discussions but also on its website and Nomura Home Trade online service.

Financial Section

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Results of Operations

• Consolidated Income Statements (p. 68)

Net revenue for fiscal 2005, ended March 31, 2006, increased 43% from ¥799,190 million to ¥1,145,650 million. Commissions were up 61% to ¥356,325 million, reflecting an expansion in the lineup of Domestic Retail products and services to meet customer needs. Asset managements and portfolio service fees expanded 31% year on year to ¥102,667 million, mainly reflecting an increase in the net assets of stock investment trusts. Net gain on trading increased 51% from the previous fiscal year to ¥304,223 million, owing primarily to improvements in trading conditions of the foreign exchange and stock markets. Gain on private equity investments expanded 59% to ¥12,328 million, reflecting gains from the sale of certain investee companies and unrealized gain on valuation. Gain on investments in equity securities rose to ¥67,702 million, representing a jump of 342%, owing to the strong performance of the Japanese stock market.

Net interest revenue, which is interest and dividends minus interest expense, was ¥46,623 million, compared with ¥74,332 million for the previous fiscal year. Net interest revenue is a function of the level and mix of total assets and liabilities, including trading assets as well as financing and lending transactions, the level term structure, and volatility of interest rates. The aggregate of net gain on trading and net interest revenue represents the profitability of our overall business of trading-related activities.

Non-interest expenses increased 18% to ¥700,050 million, compared with ¥594,355 million in the previous fiscal

year. The increase in non-interest expenses was mainly due to higher compensation and benefit costs. As a consequence of our business expansion, compensation and benefit costs increased 18% to ¥325,431 million, compared with ¥274,988 million in the previous fiscal year.

Income from continuing operations before income taxes and cumulative effect of accounting changes was ¥445,600 million, increasing 118% from ¥204,835 million in the previous fiscal year. Net income was ¥304,328 million, up 221% from the ¥94,732 million reported in the previous fiscal year. Return on equity (ROE) rose to 15.5%, above the target range of 10%-15%.

• Consolidated Balance Sheets (p. 66, p. 67)

Total assets stood at ¥35,026,035 million as of March 31, 2006. This represented an increase of ¥537,182 million, or 1.6%, over the previous fiscal year-end. The principal factors accounting for this increase in assets were higher balances for securities purchased under agreements to resell, accompanying the increase in repurchase transactions, and higher balances of securities borrowed, which together rose ¥2,638,762 million or 18.3%.

Trading assets and private equity investments totaled ¥13,697,441 million as of March 31, 2006, representing a decline of ¥1,903,080 million or 12.2% compared to the previous fiscal year-end. This was primarily due to a decline in the balance of securities inventory, which includes equities, Japanese government bonds, corporate bonds, and other securities that are held for trading purposes.

Total liabilities rose to ¥32,962,708 million, an increase of ¥342,284 million or 1.0% over the end of the previous fiscal year. The principal factors for this increase were a rise in long-term borrowings of ¥771,047 million or 27.3% and an increase in trading liabilities (sum of securities and derivative trading) of ¥1,195,454 million or 22.4%.

Total shareholders' equity rose to ¥2,063,327 million, representing a gain of ¥194,898 million or 10.4% from the previous fiscal year-end. The main factor contributing to this increase was a rise in retained earnings of ¥212,901 million.

• Consolidated Statements of Cash Flows (p. 70)

In fiscal 2005, cash and cash equivalents rose ¥406,846 million to ¥991,961 million. The principal factor accounting for this increase was net cash of ¥798,215 million provided by financing activities from continuing operations. Due to strong demand for medium-term notes (MTNs)* from a broad range of investors, net cash inflow from long-term borrowings (including MTNs) totaled ¥713,231 million (net total of an increase in long-term borrowings of ¥1,656,317 million and a decrease in long-term borrowings of ¥943,086 million).

Net cash of ¥566,327 million was used in operating activities from continuing operations. Although there was a ¥3,386,662 million cash inflow from the combination of a

decrease in trading assets and private equity investments and an increase in trading liabilities, this was more than offset by a ¥3,868,781 million cash outflow caused by a net increase in securities purchased under agreements to resell and securities borrowed with cash collateral. The movements in these cash flow items substantially outweighed income from continuing operations, which amounted to ¥256,628 million, and depreciation and amortization, which was ¥42,812 million for the fiscal year under review.

Net cash provided by investing activities from continuing operations amounted to ¥27,439 million. This was primarily due to a net decrease in non-trading debt securities of ¥56,824 million and a net decrease in investments in and advances of affiliated companies of ¥49,268 million, which together more than offset payments for purchases of office buildings, land, equipment and facilities of ¥83,983 million.

* MTNs are debt securities issued under a diverse range of schemes and in various currencies as part of an issuance program (referred to as an MTN program).

Note: On January 31, 2006, we sold our stake in Millennium Retailing, Inc. (MR). MR was one of the investments in our private equity business and accounted for as a consolidated subsidiary. In fiscal 2005, MR has been classified as discontinued operations in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," and its results of operations, including the gain on sale, and cash flows are reported separately.

Dividend Policy

The Company has set a target (minimum level) dividend based on a dividend-on-equity ratio (DOE) of 3%. When a sufficient level of profit is achieved, the year-end cash dividend will be increased, taking into consideration a payout ratio of over 30%. In addition, in the medium to long term, the Company will aim to increase its target dividend. Regarding retained earnings, the Company will continue to invest effectively in businesses that are expected to show high profitability and growth as well as in improvements in its operating infrastructure with the aim of increasing shareholder value.

Consolidated Five-Year Summary (U.S. GAAP)

Years ended March 31

Note: These consolidated financial statements are prepared solely for convenience and do not include the notes herein. Readers are strongly recommended to refer to the notes contained in the Form 20-F.

	Millions of yen					Millions of U.S. dollars
	2002	2003	2004	2005	2006	2006
Operating Results:						
Revenue:						
Commissions.....	¥ 140,001	¥ 141,640	¥ 210,216	¥ 221,963	¥ 356,325	\$ 3,033
Fees from investment banking	75,255	81,847	86,994	92,322	108,819	926
Asset management and portfolio service fees.....	109,985	79,290	66,193	78,452	102,667	874
Net gain on trading	162,228	172,308	229,042	201,686	304,223	2,590
Gain (loss) on private equity investments.....	232,472	(14,391)	13,138	7,744	12,328	105
Interest and dividends.....	500,541	368,656	343,260	401,379	693,813	5,906
Gain (loss) on investments in equity securities.....	(55,860)	(41,288)	55,888	15,314	67,702	576
Gain from changes in equity of an affiliated company....	3,504	—	—	—	—	—
PFG entities product sales	294,931	—	—	—	—	—
PFG entities rental income	177,053	—	—	—	—	—
Gain on sales of PFG entities	116,324	—	—	—	—	—
Private equity entities product sales	—	6,229	17,640	75,061	88,210	751
Other	68,965	13,360	23,565	32,316	58,753	500
Total revenue	1,825,399	807,651	1,045,936	1,126,237	1,792,840	15,261
Interest expense	504,048	241,377	242,833	327,047	647,190	5,509
Net revenue.....	1,321,351	566,274	803,103	799,190	1,145,650	9,752
Non-interest expenses:						
Compensation and benefits	379,540	244,167	259,336	274,988	325,431	2,770
Commissions and floor brokerage	20,962	20,844	19,169	23,910	32,931	280
Information processing and communications	87,252	77,389	80,031	81,408	89,600	763
Occupancy and related depreciation	73,787	57,152	54,221	53,534	55,049	469
Business development expenses.....	26,652	24,361	23,100	28,214	32,790	279
PFG entities cost of goods sold	200,871	—	—	—	—	—
PFG entities expenses associated with rental income ...	111,529	—	—	—	—	—
Private equity entities cost of goods sold	—	4,968	11,852	44,681	48,802	415
Other	247,786	89,984	72,718	87,620	115,447	983
Total non-interest expenses	1,148,379	518,865	520,427	594,355	700,050	5,959
Income from continuing operations before income taxes and cumulative effect of accounting change.....						
	172,972	47,409	282,676	204,835	445,600	3,793
Income tax expense	4,926	37,295	110,347	110,103	188,972	1,609
Income from continuing operations before cumulative effect of accounting change						
	168,046	10,114	172,329	94,732	256,628	2,184
Gain on discontinued operations	—	—	—	—	47,700	406
Cumulative effect of accounting change	—	109,799	—	—	—	—
Net income.....	¥ 168,046	¥ 119,913	¥ 172,329	¥ 94,732	¥ 304,328	\$ 2,590

	Millions of yen					Millions of U.S. dollars
	2002	2003	2004	2005	2006	2006
Cash Flow:						
Net cash provided by (used in) operating activities from continuing operations.....						
	¥(1,303,384)	¥ 31,706	¥ (78,375)	¥ (278,929)	¥ (566,327)	\$ (4,821)
Net cash provided by (used in) investing activities from continuing operations.....						
	(52,182)	134,053	45,471	(121,824)	27,439	234
Net cash provided by (used in) financing activities from continuing operations.....						
	1,195,507	(22,205)	198,017	385,061	798,215	6,794
Discontinued operations, net.....	—	—	—	(50,262)	131,100	1,116
Net increase (decrease) in cash and cash equivalents....	¥ (147,041)	¥ 134,602	¥ 146,135	¥ (52,257)	¥ 406,846	\$ 3,463

	Millions of yen					Millions of U.S. dollars
	2002	2003	2004	2005	2006	2006
Balance Sheet Data (Period End):						
Cash and cash deposits.....	¥ 775,734	¥ 955,509	¥ 930,637	¥ 1,047,234	¥ 1,555,636	\$ 13,242
Loans and receivables	1,046,014	1,137,265	1,013,636	1,221,083	1,363,681	11,608
Collateralized agreements	6,680,001	8,603,170	12,881,752	14,389,045	17,027,807	144,942
Trading assets and private equity investments.....	7,841,533	9,286,507	13,838,396	15,600,521	13,697,441	116,594
Other assets.....	1,414,991	1,186,995	1,088,545	2,230,970	1,381,470	11,759
Total assets	¥17,758,273	¥21,169,446	¥29,752,966	¥34,488,853	¥35,026,035	\$298,145
Short-term borrowings	¥ 629,279	¥ 343,837	¥ 437,124	¥ 520,605	¥ 691,759	\$ 5,888
Payables and deposits.....	1,251,592	821,659	1,384,096	963,965	1,239,731	10,553
Collateralized financing.....	9,087,597	11,791,833	17,367,758	21,666,185	20,263,012	172,480
Trading liabilities	2,693,746	3,888,720	5,976,966	5,332,173	6,527,627	55,564
Other liabilities	518,156	411,699	415,865	1,309,944	641,980	5,465
Long-term borrowings	1,972,974	2,269,370	2,385,469	2,827,552	3,598,599	30,632
Total liabilities	16,153,344	19,527,118	27,967,278	32,620,424	32,962,708	280,582
Total shareholders' equity	1,604,929	1,642,328	1,785,688	1,868,429	2,063,327	17,563
Total liabilities and shareholders' equity	¥17,758,273	¥21,169,446	¥29,752,966	¥34,488,853	¥35,026,035	\$298,145

Note: Certain reclassifications of previously reported amounts have been made to conform to the current year presentation.

Quarterly Financial Data

	Millions of yen							
	2005				2006			
	1Q (4/1/2004~ 6/30/2004)	2Q (7/1/2004~ 9/30/2004)	3Q (10/1/2004~ 12/31/2004)	4Q (1/1/2005~ 3/31/2005)	1Q (4/1/2005~ 6/30/2005)	2Q (7/1/2005~ 9/30/2005)	3Q (10/1/2005~ 12/31/2005)	4Q (1/1/2006~ 3/31/2006)
Revenue:								
Commissions	¥ 69,533	¥ 45,585	¥ 46,275	¥ 60,570	¥ 55,152	¥ 77,498	¥106,187	¥117,488
Fees from investment banking.....	15,434	32,339	18,412	26,137	14,719	24,068	28,569	41,463
Asset management and portfolio service fees	18,185	19,845	19,287	21,135	19,942	24,949	25,589	32,187
Net gain on trading.....	53,567	23,073	54,709	70,337	70,802	43,847	90,578	98,996
Gain (loss) on private equity investments	498	(2,097)	(2,165)	11,508	(2,490)	2,247	7,615	4,956
Interest and dividends	81,891	101,102	122,035	96,351	132,914	183,334	216,162	161,403
Gain (loss) on investments in equity securities	10,271	(11,624)	7,752	8,915	(2,825)	31,199	36,249	3,079
Private equity entities product sales.....	17,368	15,858	20,250	21,585	24,520	21,960	23,916	17,814
Other.....	8,548	4,747	7,206	11,815	6,900	5,735	19,115	27,003
Total revenue.....	275,295	228,828	293,761	328,353	319,634	414,837	553,980	504,389
Interest expense.....	61,367	71,987	99,873	93,820	132,101	142,220	194,200	178,669
Net revenue	213,928	156,841	193,888	234,533	187,533	272,617	359,780	325,720
Non-interest expenses:								
Compensation and benefits.....	65,943	64,206	67,441	77,398	72,612	73,792	87,876	91,151
Commissions and floor brokerage	6,409	6,502	4,068	6,931	5,915	8,881	8,472	9,663
Information processing and communications.....	19,281	20,136	20,404	21,587	20,621	20,624	20,952	27,403
Occupancy and related depreciation	13,274	12,986	13,152	14,122	12,518	13,971	13,396	15,164
Business development expenses	5,429	7,767	6,824	8,194	6,766	8,167	7,622	10,235
Private equity entities cost of goods sold.....	11,171	9,921	11,501	12,088	14,999	13,009	13,712	7,082
Other.....	19,955	19,116	21,306	27,243	25,004	21,903	30,505	38,035
Total non-interest expenses.....	141,462	140,634	144,696	167,563	158,435	160,347	182,535	198,733
Income from continuing operations								
before income taxes	72,466	16,207	49,192	66,970	29,098	112,270	177,245	126,987
Income tax expense.....	31,634	12,991	24,051	41,427	19,966	51,600	73,201	44,205
Income from continuing operations	40,832	3,216	25,141	25,543	9,132	60,670	104,044	82,782
Discontinued operations:								
Income from discontinued operations before income taxes.....	—	—	—	—	1,606	5,339	9,863	82,605
Income tax expense	—	—	—	—	2,417	5,128	7,415	36,753
Gain (loss) on discontinued operations ...	—	—	—	—	(811)	211	2,448	45,852
Net income	¥ 40,832	¥ 3,216	¥ 25,141	¥ 25,543	¥ 8,321	¥ 60,881	¥106,492	¥128,634
Per share of common stock:								
Basic—								
Net income	¥ 21.03	¥ 1.66	¥ 12.95	¥ 13.16	¥ 4.30	¥ 31.89	¥ 55.92	¥ 67.54
Diluted—								
Net income	¥ 21.03	¥ 1.66	¥ 12.94	¥ 13.15	¥ 4.30	¥ 31.83	¥ 55.80	¥ 67.42

Note: In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," income from operations that were reclassified to discontinued operations during the current period are separately reported as income from discontinued operations, and such amounts of the previous year were not significant.

Consolidated Balance Sheets

As of March 31, 2005 and 2006

	Millions of yen		Millions of U.S. dollars
	2005	2006	2006
ASSETS			
Cash and cash deposits:			
Cash and cash equivalents	¥ 585,115	¥ 991,961	\$ 8,444
Time deposits	419,606	518,111	4,410
Deposits with stock exchanges and other segregated cash	42,513	45,564	388
Total	1,047,234	1,555,636	13,242
Loans and receivables:			
Loans receivable	514,313	682,824	5,812
Receivables from customers	12,037	26,810	228
Receivables from other than customers	697,534	656,925	5,592
Allowance for doubtful accounts	(2,801)	(2,878)	(24)
Total	1,221,083	1,363,681	11,608
Collateralized agreements:			
Securities purchased under agreements to resell	7,201,791	8,278,834	70,470
Securities borrowed	7,187,254	8,748,973	74,472
Total	14,389,045	17,027,807	144,942
Trading assets and private equity investments			
(including securities pledged as collateral of ¥7,743,424 million in 2005 and ¥5,610,310 million (\$47,755 million) in 2006):			
Securities inventory	14,757,597	12,739,805	108,443
Derivative contracts	515,946	592,360	5,042
Private equity investments	326,978	365,276	3,109
Total	15,600,521	13,697,441	116,594
Other assets:			
Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥199,863 million in 2005 and ¥211,521 million (\$1,800 million) in 2006)			
	300,553	330,964	2,817
Lease deposits	44,843	47,582	405
Non-trading debt securities (including securities pledged as collateral of ¥10,208 million in 2005 and ¥0 (\$0) in 2006)	277,330	220,593	1,878
Investments in equity securities	172,067	219,486	1,868
Investments in and advances to affiliated companies	226,394	223,912	1,906
Deferred tax assets	111,191	145,024	1,234
Assets of discontinued operations	931,674	—	—
Other	166,918	193,909	1,651
Total	2,230,970	1,381,470	11,759
Total assets	¥34,488,853	¥35,026,035	\$298,145

Note: In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," assets and liabilities of the previous year that became discontinued operations during the current period have been reclassified.

	Millions of yen		Millions of U.S. dollars
	2005	2006	2006
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term borrowings	¥ 520,605	¥ 691,759	\$ 5,888
Payables and deposits:			
Payables to customers	248,089	247,511	2,107
Payables to other than customers	385,660	619,271	5,271
Time and other deposits received	330,216	372,949	3,175
Total	963,965	1,239,731	10,553
Collateralized financing:			
Securities sold under agreements to repurchase	12,603,211	10,773,589	91,706
Securities loaned	5,643,782	6,486,798	55,216
Other secured borrowings	3,419,192	3,002,625	25,558
Total	21,666,185	20,263,012	172,480
Trading liabilities:			
Securities sold but not yet purchased	4,895,054	5,880,919	50,059
Derivative contracts	437,119	646,708	5,505
Total	5,332,173	6,527,627	55,564
Other liabilities:			
Accrued income taxes	31,336	188,770	1,607
Accrued pension and severance costs	77,958	65,041	554
Liabilities of discontinued operations	881,025	—	—
Other	319,625	388,169	3,304
Total	1,309,944	641,980	5,465
Long-term borrowings	2,827,552	3,598,599	30,632
Total liabilities	32,620,424	32,962,708	280,582
Shareholders' equity:			
Common stock:			
Authorized—6,000,000,000 shares			
Issued—1,965,919,860 shares at March 31, 2005 and 2006	182,800	182,800	1,556
Additional paid-in capital	155,947	159,527	1,358
Retained earnings	1,606,136	1,819,037	15,484
Accumulated other comprehensive (loss) income:			
Minimum pension liability adjustment	(24,645)	(14,096)	(120)
Cumulative translation adjustments	(18,083)	(1,129)	(10)
Subtotal	(42,728)	(15,225)	(130)
Total	1,902,155	2,146,139	18,268
Less—Common stock held in treasury, at cost (24,657,971 shares and 61,055,664 shares at March 31, 2005 and 2006, respectively)	(33,726)	(82,812)	(705)
Total shareholders' equity	1,868,429	2,063,327	17,563
Total liabilities and shareholders' equity	¥34,488,853	¥35,026,035	\$298,145

Consolidated Income Statements

Years ended March 31

	Millions of yen		(%)	Millions of U.S. dollars
	2005	2006	YoY increase	2006
Revenue:				
Commissions	¥ 221,963	¥ 356,325	60.5	\$ 3,033
Fees from investment banking.....	92,322	108,819	17.9	926
Asset management and portfolio service fees	78,452	102,667	30.9	874
Net gain on trading	201,686	304,223	50.8	2,590
Gain on private equity investments	7,744	12,328	59.2	105
Interest and dividends	401,379	693,813	72.9	5,906
Gain on investments in equity securities	15,314	67,702	342.1	576
Private equity entities product sales	75,061	88,210	17.5	751
Other	32,316	58,753	81.8	500
Total revenue	1,126,237	1,792,840	59.2	15,261
Interest expense.....	327,047	647,190	97.9	5,509
Net revenue	799,190	1,145,650	43.4	9,752
Non-interest expenses:				
Compensation and benefits	274,988	325,431	18.3	2,770
Commissions and floor brokerage.....	23,910	32,931	37.7	280
Information processing and communications	81,408	89,600	10.1	763
Occupancy and related depreciation	53,534	55,049	2.8	469
Business development expenses	28,214	32,790	16.2	279
Private equity entities cost of goods sold.....	44,681	48,802	9.2	415
Other	87,620	115,447	31.8	983
Total.....	594,355	700,050	17.8	5,959
Income from continuing operations before income taxes	204,835	445,600	117.5	3,793
Income tax expense	110,103	188,972	71.6	1,609
Income from continuing operations	94,732	256,628	170.9	2,184
Discontinued operations:				
Income from discontinued operations before income taxes (including gain on disposal of ¥74,852 million (\$637 million) in 2006).....	—	99,413	—	846
Income tax expense.....	—	51,713	—	440
Gain on discontinued operations.....	—	47,700	—	406
Net income	¥ 94,732	¥ 304,328	221.3	\$ 2,590
Per share of common stock:				
	Yen		(%)	U.S. dollars
Basic—				
Income from continuing operations	¥ 48.80	¥ 134.10	174.8	\$ 1.14
Gain on discontinued operations.....	—	24.92	—	0.21
Net income	¥ 48.80	¥ 159.02	225.9	\$ 1.35
Diluted—				
Income from continuing operations	¥ 48.77	¥ 133.89	174.5	\$ 1.14
Gain on discontinued operations.....	—	24.89	—	0.21
Net income	¥ 48.77	¥ 158.78	225.6	\$ 1.35

Note: In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," income from operations that were reclassified to discontinued operations during the current period are separately reported as income from discontinued operations, and such amounts of the previous year were not significant.

Changes in Additional Paid-in Capital and Retained Earnings

Years ended March 31

		Millions of yen		Millions of U.S. dollars
		2005	2006	2006
Additional paid-in capital				
Balance at beginning of year.....	¥	154,063	¥ 155,947	\$ 1,327
Gain on sales of treasury stock		14	192	2
Issuance of common stock options		1,870	3,388	29
Balance at end of year	¥	155,947	¥ 159,527	\$ 1,358
Retained earnings				
Balance at beginning of year.....	¥	1,550,231	¥1,606,136	\$13,672
Net income.....		94,732	304,328	2,590
Cash dividends.....		(38,827)	(91,427)	(778)
Balance at end of year	¥	1,606,136	¥1,819,037	\$15,484

Consolidated Statements of Comprehensive Income

Years ended March 31

		Millions of yen		Millions of U.S. dollars
		2005	2006	2006
Net income	¥	94,732	¥304,328	\$2,590
Other comprehensive income:				
Change in cumulative translation adjustments, net of tax.....		16,297	16,954	144
Minimum pension liability adjustment.....		9,576	10,549	91
Total other comprehensive income, net of tax		25,873	27,503	235
Comprehensive income.....	¥	120,605	¥331,831	\$2,825

Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen		Millions of U.S. dollars
	2005	2006	2006
Cash flows from operating activities from continuing operations:			
Income from continuing operations.....	¥ 94,732	¥ 256,628	\$ 2,184
Adjustments to reconcile income from continuing operations to net cash used in operating activities:			
Depreciation and amortization	38,163	42,812	364
Stock-based compensation.....	1,870	3,388	29
Gain on investments in equity securities	(15,314)	(67,702)	(576)
Equity in earnings of affiliates, net of dividends received.....	(7,416)	(26,695)	(227)
Loss on disposal of office buildings, land, equipment and facilities.....	1,642	8,777	75
Deferred income tax (benefit) expense	5,710	(23,540)	(200)
Changes in operating assets and liabilities:			
Time deposits	(157,971)	(81,193)	(691)
Deposits with stock exchanges and other segregated cash.....	3,036	(440)	(4)
Trading assets and private equity investments.....	(1,552,822)	2,302,636	19,600
Trading liabilities	(738,575)	1,084,026	9,227
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	1,402,270	(3,107,197)	(26,449)
Securities borrowed, net of securities loaned.....	483,804	(761,584)	(6,483)
Other secured borrowings	831,974	(416,566)	(3,546)
Loans and receivables, net of allowance.....	(158,640)	(75,773)	(645)
Payables and deposits received	(478,796)	157,956	1,345
Accrued income taxes, net	(69,418)	171,016	1,456
Other, net	36,822	(32,876)	(280)
Net cash used in operating activities from continuing operations	(278,929)	(566,327)	(4,821)
Cash flows from investing activities from continuing operations:			
Payments for purchases of office buildings, land, equipment and facilities	(59,348)	(83,983)	(715)
Proceeds from sales of office buildings, land, equipment and facilities	2,645	1,557	13
Payments for purchases of investments in equity securities	(79)	(2,126)	(18)
Proceeds from sales of investments in equity securities	12,985	10,523	90
Decrease (increase) in non-trading debt securities	(71,604)	56,824	484
Business combinations, net of cash acquired.....	(25,704)	(4,711)	(40)
Decrease in investments in and advances of affiliated companies, net	19,284	49,268	419
Other, net	(3)	87	1
Net cash provided by (used in) investing activities from continuing operations	(121,824)	27,439	234
Cash flows from financing activities from continuing operations:			
Increase in long-term borrowings	844,659	1,656,317	14,099
Decrease in long-term borrowings	(495,455)	(943,086)	(8,028)
Increase in short-term borrowings, net	70,181	175,910	1,497
Proceeds from sales of common stock.....	143	871	7
Payments for repurchases of common stock.....	(475)	(49,507)	(421)
Payments for cash dividends	(33,992)	(42,290)	(360)
Net cash provided by financing activities from continuing operations	385,061	798,215	6,794
Effect of exchange rate changes on cash and cash equivalents	13,697	16,419	140
Discontinued operations	(50,262)	131,100	1,116
Net increase (decrease) in cash and cash equivalents	(52,257)	406,846	3,463
Cash and cash equivalents at beginning of the year	637,372	585,115	4,981
Cash and cash equivalents at end of the year.....	¥ 585,115	¥ 991,961	\$ 8,444

Note: Cash flows from discontinued operations have been removed from cash flows from continuing operations for the years ended March 31, 2005 and 2006. Certain classifications of previously reported amounts have been made to conform to the current year presentation.

C o r p o r a t e D a t a

72	Subsidiaries and Affiliates
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As of July 31, 2006

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	Kushiro Branch Office	81 (154) 23-1171	12-1-4, Kitaodori, Kushiro-shi, Hokkaido 085-0015
	Sapporo Branch Office	81 (11) 261-7211	4, Kitasanjo-nishi, Chuo-ku, Sapporo-shi, Hokkaido 060-0003
■ Tohoku	Akita Branch Office	81 (18) 831-2111	4-2-7, Nakadori, Akita-shi, Akita 010-0001
	Aomori Branch Office	81 (17) 723-4111	2-6-29, Shin-machi, Aomori-shi, Aomori 030-0801
	Fukushima Branch Office	81 (24) 522-2111	4-1, O-machi, Fukushima-shi, Fukushima 960-8041
	Hachinohe Branch Office	81 (178) 72-1001	28 Jusannichi-machi, Hachinohe-shi, Aomori 031-0041
	Koriyama Branch Office	81 (24) 923-8711	2-5-12, Ekimae, Koriyama-shi, Fukushima 963-8002
	Morioka Branch Office	81 (19) 653-5000	2-2-18, Odori, Morioka-shi, Iwate 020-0022
	Sendai Branch Office	81 (22) 221-3111	3-2-1, Chuo, Aoba-ku, Sendai-shi, Miyagi 980-8730
	Yamagata Branch Office	81 (23) 622-1313	1-7-30, Toka-machi, Yamagata-shi, Yamagata 990-0031
■ Kanto	Aobadai Branch Office	81 (45) 985-1171	2-6-1, Aobadai, Aoba-ku, Yokohama-shi, Kanagawa 227-0062
	Atsugi Branch Office	81 (46) 224-8666	2-2-20, Naka-cho, Atsugi-shi, Kanagawa 243-0018
	Chiba Branch Office	81 (43) 227-2161	1-14-13, Fujimi, Chuo-ku, Chiba-shi, Chiba 260-0015
	Fujisawa Branch Office	81 (466) 25-1311	1-5-10, Kugenumaishigami, Fujisawa-shi, Kanagawa 251-0025
	Funabashi Branch Office	81 (47) 433-2211	2-1-33, Hon-cho, Funabashi-shi, Chiba 273-0005
	Hiratsuka Branch Office	81 (463) 21-2111	2-14, Beniya-cho, Hiratsuka-shi, Kanagawa 254-0043
	Ichikawa Branch Office	81 (47) 321-3811	1-6-19, Ichikawa, Ichikawa-shi, Chiba 272-0034
	Kashiwa Branch Office	81 (4) 7163-2011	1-4-29, Kashiwa, Kashiwa-shi, Chiba 277-8769
	Kawagoe Branch Office	81 (49) 225-5151	105, Wakita-machi, Kawagoe-shi, Saitama 350-1122
	Kawaguchi Branch Office	81 (48) 256-3811	3-10-1, Sakae-cho, Kawaguchi-shi, Saitama 332-0017
	Kawasaki Branch Office	81 (44) 233-6751	5-2, Higashida-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa 210-8604
	Kofu Branch Office	81 (55) 237-1781	1-17-10, Marunouchi, Kofu-shi, Yamanashi 400-0031
	Koshigaya Branch Office	81 (48) 960-2811	1-2-21, Koshigaya, Koshigaya-shi, Saitama 343-0024
	Kumagaya Branch Office	81 (48) 529-5111	3-202 Tsukuba, Kumagaya-shi, Saitama 360-0037
	Matsudo Branch Office	81 (47) 362-1221	1281-29, Matsudo, Matsudo-shi, Chiba 271-0092
	Mito Branch Office	81 (29) 224-5231	1-3-37, Miya-machi, Mito-shi, Ibaraki 310-0015
	Odawara Branch Office	81 (465) 24-8511	1-6-1, Sakae-cho, Odawara-shi, Kanagawa 250-0011
	Omiya Branch Office	81 (48) 641-8111	1-24, Daimon-cho, Omiya-ku, Saitama-shi, Saitama 330-0846
	Ota Branch Office	81 (276) 30-1533	3-1, Hamacho, Ota-shi, Gunma 373-0853
	Sagamihara Branch Office	81 (42) 704-2331	4-3-14, Sagamihara, Sagamihara-shi, Kanagawa 229-0031
	Saitama Branch Office	81 (48) 645-8100	2-155, Sakuragi-cho, Omiya-ku, Saitama-shi, Saitama 330-0854
	Shinyurigaoka Branch Office	81 (44) 953-6511	1-5-3, Kamiasso, Aso-ku, Kawasaki-shi, Kanagawa 215-0021
	Takasaki Branch Office	81 (27) 323-9111	58-1, Yashima-cho, Takasaki-shi, Gunma 370-0849
	Tama Plaza Branch Office	81 (45) 902-1122	5-1-2, Utsukushigaoka, Aoba-ku, Yokohama-shi, Kanagawa 225-0002
	Tokorozawa Branch Office	81 (4) 2923-3811	10-19, Hiyoshi-cho, Tokorozawa-shi, Saitama 359-1123
	Totsuka Branch Office	81 (45) 881-1181	489-1, Kamikurata-cho, Totsuka-ku, Yokohama-shi, Kanagawa 244-0816
	Tsuchiura Branch Office	81 (29) 821-8811	1-10-8, Kawaguchi, Tsuchiura-shi, Ibaraki 300-0033
	Urawa Branch Office	81 (48) 833-1881	2-13-8, Takasago, Urawa-ku, Saitama-shi, Saitama 330-0063
	Utsunomiya Branch Office	81 (28) 636-2181	2-1-1, Babadori, Utsunomiya-shi, Tochigi 320-0026
	Yokohama Branch Office	81 (45) 641-2101	4-52, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa 231-0015
	Yokohama-eki Nishiguchi Branch Office	81 (45) 311-1671	1-5-10, Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa 220-0004
	Yokosuka Branch Office	81 (46) 823-2550	1-9, Odaki-cho, Yokosuka-shi, Kanagawa 238-0008
■ Tokyo metropolitan area	Chofu Branch Office	81 (42) 498-6011	1-36-9, Fuda, Chofu-shi, Tokyo 182-0024
	Fuchu Branch Office	81 (42) 369-8111	1-8-1, Fuchu-cho, Fuchu-shi, Tokyo 183-8691
	Gotanda Branch Office	81 (3) 3491-9101	1-5-1, Nishi-Gotanda, Shinagawa-ku, Tokyo 141-0031
	Hachioji Branch Office	81 (42) 646-3811	11-6, Asahi-cho, Hachioji-shi, Tokyo 192-0083
	Ikebukuro Branch Office	81 (3) 3983-1111	1-27-10, Minami-Ikebukuro, Toshima-ku, Tokyo 171-0022
	Ikebukuro Metropolitan Plaza Branch Office	81 (3) 3988-1181	1-11-1, Nishi-Ikebukuro, Toshima-ku, Tokyo 171-0021
	Jiyugaoka Branch Office	81 (3) 3718-3371	2-10-9, Jiyugaoka, Meguro-ku, Tokyo 152-0035
	Kamata Branch Office	81 (3) 3738-5101	5-15-8, Kamata, Ota-ku, Tokyo 144-0052
	Kichijoji Branch Office	81 (422) 22-8181	2-2-16, Kichijoji-honcho, Musashino-shi, Tokyo 180-0004
	Koiwa Branch Office	81 (3) 3657-1141	7-22-6, Minami-Koiwa, Edogawa-ku, Tokyo 133-0056
	Kojimachi Branch Office	81 (3) 3222-6211	5-3, Kojimachi, Chiyoda-ku, Tokyo 102-0083
	Kokubunji Branch Office	81 (42) 328-6011	2-12-2, Hon-cho, Kokubunji-shi, Tokyo 185-0012
	Machida Branch Office	81 (42) 725-2111	6-3-9, Haramachida, Machida-shi, Tokyo 194-0013
	Mita Branch Office	81 (3) 3769-6651	5-20-14, Shiba, Minato-ku, Tokyo 108-0014
	Nakano Branch Office	81 (3) 3228-7755	5-65-3, Nakano, Nakano-ku, Tokyo 164-0001
	Nerima Branch Office	81 (3) 3994-7711	5-17-10, Toyotama-kita, Nerima-ku, Tokyo 176-0012
	Ogikubo Branch Office	81 (3) 3392-6011	1-8-8, Kamiogi, Suginami-ku, Tokyo 167-0043
	Omori Branch Office	81 (3) 3774-1181	2-5-10, Sanno, Ota-ku, Tokyo 143-0023
	Sakurashinmachi Branch Office (Scheduled to open on August 7)	81 (3) 5426-8531	1-12-10, Sakurashinmachi, Setagaya-ku, Tokyo 154-0015
	Seijo Branch Office	81 (3) 3482-2011	5-8-1, Seijo, Setagaya-ku, Tokyo 157-0066
	Senju Branch Office	81 (3) 3882-8411	2-18, Senjukotobuki-cho, Adachi-ku, Tokyo 120-0033
	Shibuya Branch Office	81 (3) 3400-7111	1-14-16, Shibuya, Shibuya-ku, Tokyo 150-0002
	Shinbashi Branch Office	81 (3) 3572-0111	1-9-6, Shinbashi, Minato-ku, Tokyo 105-0004
	Shinjuku Branch Office	81 (3) 3205-1001	5-17-9, Shinjuku, Shinjuku-ku, Tokyo 163-8691

	Office Name	Telephone	Address
	Shinjuku-eki Nishiguchi Branch Office	81 (3) 3342-1281	1-6-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1590
	Shinjuku Nomura Building Branch Office	81 (3) 3348-8211	1-26-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0502
	Tachikawa Branch Office	81 (42) 524-1111	2-5-1, Akebono-cho, Tachikawa-shi, Tokyo 190-0012
	Tamagawa Branch Office	81 (3) 3708-1811	3-7-18, Tamagawa, Setagaya-ku, Tokyo 158-0094
	Tokyo Branch Office	81 (3) 3211-2411	1-8-2, Marunouchi, Chiyoda-ku, Tokyo 100-0005
	Toranomon Branch Office	81 (3) 3583-2301	2-1-1, Toranomon, Minato-ku, Tokyo 105-0001
	Ueno Branch Office	81 (3) 3831-9211	2-1-8, Ueno, Taito-ku, Tokyo 110-8501
■ Chubu/ Hokuriku	Fukui Branch Office	81 (776) 22-8011	3-4-1, Ote, Fukui-shi, Fukui 910-0005
	Gifu Branch Office	81 (58) 262-3101	7-15, Kanda-machi, Gifu-shi, Gifu 500-8833
	Hamamatsu Branch Office	81 (53) 454-3151	330-5, Tamachi, Hamamatsu-shi, Shizuoka 430-0944
	Kanayama Branch Office	81 (52) 322-1261	1-12-14, Kanayama, Naka-ku, Nagoya-shi, Aichi 460-0022
	Kanazawa Branch Office	81 (76) 221-3145	3-25, Takaoka-machi, Kanazawa-shi, Ishikawa 920-0864
	Kariya Branch Office	81 (566) 63-4411	3-20, Sakuramachi, Kariya-shi, Aichi 448-0028
	Matsumoto Branch Office	81 (263) 33-6781	2-1-34, Chuo, Matsumoto-shi, Nagano 390-0811
	Nagano Branch Office	81 (26) 228-1811	1361, Suehiro-cho, Minami-Nagano, Nagano-shi, Nagano 380-8640
	Nagoya Branch Office	81 (52) 201-2311	2-19-22, Nishiki, Naka-ku, Nagoya-shi, Aichi 460-8689
	Nagoya-ekimae Branch Office	81 (52) 561-5251	3-22-8, Mei-eki, Nakamura-ku, Nagoya-shi, Aichi 450-8666
	Niigata Branch Office	81 (25) 225-7777	1215-7, Rokuban-cho, Kamiokawamaedori, Niigata-shi, Niigata 951-8068
	Numazu Branch Office	81 (55) 962-4444	3-4-21, Otemachi, Numazu-shi, Shizuoka 410-0801
	Okazaki Branch Office	81 (564) 23-1811	2-11, Koseidori-nishi, Okazaki-shi, Aichi 444-0059
	Shizuoka Branch Office	81 (54) 254-6151	1-6, Otemachi, Aoi-ku, Shizuoka-shi, Shizuoka 420-0853
	Toyama Branch Office	81 (76) 421-7561	1-4-3, Tsutsumichodori, Toyama-shi, Toyama 930-0046
	Toyohashi Branch Office	81 (532) 53-1121	1-38, Ekimaeodori, Toyohashi-shi, Aichi 440-0888
	Toyota Branch Office	81 (565) 33-1300	1-200, Nishi-machi, Toyota-shi, Aichi 471-0025
	Tsu Branch Office	81 (59) 223-2111	371, Hadokoro-cho, Tsu-shi, Mie 514-0009
	Yokkaichi Branch Office	81 (59) 353-2141	1-15, Suwasakae-machi, Yokkaichi-shi, Mie 510-0086
■ Kinki	Akashi Branch Office	81 (78) 918-1155	2-1-26, Hon-machi, Akashi-shi, Hyogo 673-0892
	Higashiosaka Branch Office	81 (6) 6783-5241	2-2-18, Chodo, Higashiosaka-shi, Osaka 577-0056
	Himeji Branch Office	81 (79) 222-6101	18, Shirogane-cho, Himeji-shi, Hyogo 670-0902
	Hirakata Branch Office	81 (72) 846-2511	5-15, Okahigashi-machi, Hirakata-shi, Osaka 573-0032
	Kishiwada Branch Office	81 (72) 438-8188	6-10, Sujikai-cho, Kishiwada-shi, Osaka 596-0057
	Kobe Branch Office	81 (78) 321-2201	1-5-32, Sannomiya-cho, Chuo-ku, Kobe-shi, Hyogo 650-0021
	Kyoto Branch Office	81 (75) 221-7211	Sakai-machi kado, Shijo-dori, Shimogyo-ku, Kyoto-shi, Kyoto 600-8006
	Namba Branch Office	81 (6) 6632-5081	4-1-15, Namba, Chuo-ku, Osaka-shi, Osaka 542-0076
	Nara Branch Office	81 (742) 22-0351	45, Hayashikoji-cho, Nara-shi, Nara 630-8227
	Nishinomiya Branch Office	81 (798) 64-8181	1-3-8, Kofuen, Nishinomiya-shi, Hyogo 662-0832
	Osaka Branch Office	81 (6) 6201-1281	2-5-4, Kitahama, Chuo-ku, Osaka-shi, Osaka 540-8604
	Otsu Branch Office	81 (77) 526-3131	3-1-27, Nagara, Otsu-shi, Shiga 520-0046
	Sakai Branch Office	81 (72) 221-9241	59, Miyukidori, Mikunigaoka, Sakai-shi, Osaka 590-0028
	Senri Branch Office	81 (6) 6831-1661	1-1-5, Shin-senrihashi-machi, Toyonaka-shi, Osaka 560-0082
	Takatsuki Branch Office	81 (72) 681-2111	3-1-101, Konya-cho, Takatsuki-shi, Osaka 569-0804
	Tennoji-eki Branch Office	81 (6) 6779-1431	10-48, Hidenin-cho, Tennoji-ku, Osaka-shi, Osaka 543-0055
	Toyonaka Branch Office	81 (6) 6845-8401	1-2-33, Hon-machi, Toyonaka-shi, Osaka 560-0021
	Tsukaguchi Branch Office	81 (6) 6421-1400	1-10-20, Tsukaguchi-cho, Amagasaki-shi, Hyogo 661-0002
	Uehonmachi Branch Office	81 (6) 6772-1261	6-5-28, Uehonmachi, Tennoji-ku, Osaka-shi, Osaka 543-0001
	Umeda Branch Office	81 (6) 6313-3431	2-4, Komatsubara-cho, Kita-ku, Osaka-shi, Osaka 530-0018
	Wakayama Branch Office	81 (73) 431-2111	9-2, Juban-cho, Wakayama-shi, Wakayama 640-8152
■ Chugoku/ Shikoku	Fukuyama Branch Office	81 (84) 921-3111	3-1, Higashisakura-machi, Fukuyama-shi, Hiroshima 720-0065
	Hiroshima Branch Office	81 (82) 247-4131	2-23, Tate-machi, Naka-ku, Hiroshima-shi, Hiroshima 730-0032
	Kochi Branch Office	81 (88) 823-3311	1-2-6, Harimaya-cho, Kochi-shi, Kochi 780-0822
	Kurashiki Branch Office	81 (86) 421-1511	3-9-10, Achi, Kurashiki-shi, Okayama 710-0055
	Matsue Branch Office	81 (852) 22-1515	484-16, Asahi-machi, Matsue-shi, Shimane 690-0003
	Matsuyama Branch Office	81 (89) 941-0131	5-7-3, Chifune-machi, Matsuyama-shi, Ehime 790-8691
	Okayama Branch Office	81 (86) 224-1181	6-24, Nishiki-machi, Okayama-shi, Okayama 700-8640
	Shimonoseki Branch Office	81 (832) 31-3211	1-3-15, Hosoe-cho, Shimonoseki-shi, Yamaguchi 750-8691
	Takamatsu Branch Office	81 (87) 851-4111	10-5, Furushin-machi, Takamatsu-shi, Kagawa 760-0025
	Tokushima Branch Office	81 (88) 623-0161	3-14, Yaoya-machi, Tokushima-shi, Tokushima 770-0841
	Tokuyama Branch Office	81 (834) 22-0811	1-3, Hon-machi, Shunan-shi, Yamaguchi 745-0036
	Yonago Branch Office	81 (859) 34-2851	1-27-13, Kakuban-cho, Yonago-shi, Tottori 683-0812
■ Kyushu/ Okinawa	Fukuoka Branch Office	81 (92) 771-3111	2-14-8, Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka 810-0001
	Kagoshima Branch Office	81 (99) 226-8141	1-4, Sennichi-cho, Kagoshima-shi, Kagoshima 892-0843
	Kitakyushu Branch Office	81 (93) 521-7581	3-1-1, Kyo-machi, Kokurakita-ku, Kitakyushu-shi, Fukuoka 802-0002
	Kumamoto Branch Office	81 (96) 352-3181	12-30, Hanabata-cho, Kumamoto-shi, Kumamoto 860-8604
	Kurume Branch Office	81 (942) 33-7151	24-18, Hiyoshi-machi, Kurume-shi, Fukuoka 830-0017
	Miyazaki Branch Office	81 (985) 24-7191	4-1-2, Tachibanadori-higashi, Miyazaki-shi, Miyazaki 880-8607
	Nagasaki Branch Office	81 (95) 821-1161	6-5, Doza-machi, Nagasaki-shi, Nagasaki 850-8691
	Naha Branch Office	81 (98) 864-2471	1-1-19, Matsuyama, Naha-shi, Okinawa 900-0032
	Oita Branch Office	81 (97) 535-1211	1-3-20, Chuo-machi, Oita-shi, Oita 870-0035
	Saga Branch Office	81 (952) 22-7111	3-15, Ekiminami-honmachi, Saga-shi, Saga 840-0816
	Sasebo Branch Office	81 (956) 37-0531	7-20, Shimase-cho, Sasebo-shi, Nagasaki 857-0806

Corporate and Other Data

Corporate Data

Date of Incorporation

December 25, 1925

Head Office

1-9-1, Nihonbashi, Chuo-ku, Tokyo 103-8645, Japan
Tel: 81 (3) 5255-1000
Fax: 81 (3) 5255-1064

Capital

¥182,799,788,854 (As of March 31, 2006)

Group Employees

14,668 (As of March 31, 2006)

Fiscal Year-End

March 31

Share Data

Number of Common Stock Issued

1,965,919,860 shares (As of March 31, 2006)

Listings

The common shares of Nomura Holdings, Inc., are listed on the Tokyo, Osaka, Nagoya, and Singapore stock exchanges. The shares are also listed on the New York Stock Exchange in the form of American Depositary Receipts.
(As of June 30, 2006)

Transfer Agent and Registrar

Mitsubishi UFJ Trust & Banking Corporation
Corporate Agency Department 81 (3) 5683-5111
0120-232-711 (Toll free in Japan)

Major Shareholders (Top 10)

Ranking	Shareholder Name	Number of Shares Held (Thousands)	Share of Total Voting Rights (%)
1	Japan Trustee Services Bank, Ltd. (trust account)	107,478	5.66
2	Japan Master Trust Bank of Japan, Ltd. (trust account)	86,808	4.57
3	Depository Nominees Inc.	83,975	4.42
4	State Street Bank and Trust Company	82,467	4.34
5	State Street Bank and Trust Company—505103	54,795	2.88
6	The Chase Manhattan Bank, N.A. London	44,345	2.33
7	Japan Trustee Services Bank, Ltd. (trust account 4)	26,282	1.38
8	Mitsubishi UFJ Trust & Banking Corporation (trust account)	19,309	1.02
9	Nippon Life Insurance Company	19,007	1.00
10	The Sumitomo Trust & Banking Co., Ltd. (trust account B)	18,684	0.98

Depository for American Depositary Receipts (ADRs)

The Bank of New York
ADR Division 1 (212) 815-8161
U.S. Toll Free: (888) 269-2377 (888-BNY-ADRS)
www.adrbny.com
Ratio: 1 ADR = 1 ordinary share

Number of Shareholders

226,488 (Unit shareholders: 197,450) (As of March 31, 2006)

Component Ratio of Shareholders



Credit Ratings

	Nomura Holdings, Inc.		Nomura Securities Co., Ltd.	
	Long-term	Short-term	Long-term	Short-term
S&P	A-	A-2	A	A-1
Moody's	A3	—	A2	P-1
R&I	A+	a-1	A+	a-1
JCR	AA	—	AA	—

*As of June 30, 2006

For More Information

Investor Relations

Nomura Group Headquarters

Nomura Securities Co., Ltd.

Otemachi Nomura Building
2-1-1, Otemachi, Chiyoda-ku
Tokyo 100-8170, Japan
Tel: 81 (3) 3211-1811
www.nomuraholdings.com/investor/

Nomura Holdings Website

www.nomura.com

The Nomura Holdings website has been redesigned to become the first JIS-compliant website in Japan's securities industry. The site can now be used more easily by people of all ages and individuals with disabilities. In addition, further improvements have been made with regard to ease of use and accessibility.

E-mail Alerts

Our e-mail alert service informs subscribers when a news release is issued or new content is uploaded to our website.





NOMURA



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