Charting a Course for High-Growth Opportunities

Annual Report 2007

for the Year Ended March 31, 2007
Nomura Group is a financial services group comprising Nomura Holdings and its subsidiaries located in Japan and overseas. Nomura Group aims to be a globally competitive Japanese and Pan-Asian financial services group and attain return on equity (ROE) of 10% to 15% over the medium to long term. To this end, we are leveraging the strengths of each division and achieving synergies across each business to establish an unparalleled customer base and stronger earnings platform.

Charting a Course High-Growth Oppor

For over 80 years, Nomura Group has been challenging conventional wisdom with innovative thinking. Today, we are going beyond the framework of the securities business, expanding into higher-growth areas. As our operating environment undergoes significant change, we remain focused on taking up new challenges to capitalize on business opportunities and drive Nomura to a new level of growth.

Wind and Waves by Shukei Sesson
(An important cultural asset owned by the Nomura Art Museum)

This well-known work of art depicts a small sailboat heading confidently toward the great ocean beyond despite a gale-force wind and raging waves. Tokushichi Nomura II, the founder of Nomura Group, had a special fondness for this work. It symbolizes one of our founding principles: “We must have the courage to boldly follow the path of our convictions.”
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*Information contained in this annual report can also be accessed on the Nomura Holdings website. When providing full details in this report was not possible, we have included a **WEB** mark. Also, information related to Nomura’s **CSR Report** is shown by the **CSR** mark.*

*For information on investor relations:  
www.nomuraholdings.com/investor/

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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)

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

Operating Results:

<table>
<thead>
<tr>
<th>FY</th>
<th>Millions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/03</td>
<td>¥807,651</td>
<td>$17,430</td>
</tr>
<tr>
<td>3/04</td>
<td>¥1,045,936</td>
<td>2,049,101</td>
</tr>
<tr>
<td>3/05</td>
<td>¥1,126,237</td>
<td>1,091,101</td>
</tr>
<tr>
<td>3/06</td>
<td>¥1,792,840</td>
<td>9,281</td>
</tr>
<tr>
<td>3/07</td>
<td>¥2,049,101</td>
<td>1,496</td>
</tr>
</tbody>
</table>

Net revenue

<table>
<thead>
<tr>
<th>FY</th>
<th>Millions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/03</td>
<td>566,274</td>
<td>47,409</td>
</tr>
<tr>
<td>3/04</td>
<td>803,103</td>
<td>282,676</td>
</tr>
<tr>
<td>3/05</td>
<td>799,190</td>
<td>204,835</td>
</tr>
<tr>
<td>3/06</td>
<td>1,145,650</td>
<td>545,013</td>
</tr>
<tr>
<td>3/07</td>
<td>1,091,101</td>
<td>321,758</td>
</tr>
</tbody>
</table>

Income before income taxes*2

<table>
<thead>
<tr>
<th>FY</th>
<th>Millions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/03</td>
<td>119,913</td>
<td>7.4%</td>
</tr>
<tr>
<td>3/04</td>
<td>172,329</td>
<td>10.1%</td>
</tr>
<tr>
<td>3/05</td>
<td>94,732</td>
<td>5.2%</td>
</tr>
<tr>
<td>3/06</td>
<td>304,328</td>
<td>15.5%</td>
</tr>
<tr>
<td>3/07</td>
<td>175,828</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Net income

<table>
<thead>
<tr>
<th>FY</th>
<th>Millions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
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<td>172,329</td>
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<td>3/06</td>
<td>304,328</td>
<td>15.5%</td>
</tr>
<tr>
<td>3/07</td>
<td>175,828</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Balance Sheet Data (Period End):

<table>
<thead>
<tr>
<th>FY</th>
<th>Millions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/03</td>
<td>¥21,169,446</td>
<td>$305,149</td>
</tr>
<tr>
<td>3/04</td>
<td>¥29,752,966</td>
<td>2,185,919</td>
</tr>
<tr>
<td>3/05</td>
<td>¥34,488,853</td>
<td>18,594</td>
</tr>
<tr>
<td>3/06</td>
<td>¥35,026,035</td>
<td>15.5%</td>
</tr>
<tr>
<td>3/07</td>
<td>¥35,873,374</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Return on equity (ROE)*3

<table>
<thead>
<tr>
<th>FY</th>
<th>Millions of yen</th>
<th>Millions of U.S. dollars</th>
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</thead>
<tbody>
<tr>
<td>3/03</td>
<td>1,642,328</td>
<td>7.4%</td>
</tr>
<tr>
<td>3/04</td>
<td>1,785,688</td>
<td>10.1%</td>
</tr>
<tr>
<td>3/05</td>
<td>1,868,429</td>
<td>5.2%</td>
</tr>
<tr>
<td>3/06</td>
<td>2,063,327</td>
<td>15.5%</td>
</tr>
<tr>
<td>3/07</td>
<td>2,185,919</td>
<td>8.3%</td>
</tr>
</tbody>
</table>
## Consolidated Financial Highlights (U.S. GAAP)

### Per Share Data:

<table>
<thead>
<tr>
<th></th>
<th>3/03FY</th>
<th>3/04</th>
<th>3/05</th>
<th>3/06</th>
<th>3/07</th>
<th>3/07</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income—basic</strong>(^{4})</td>
<td>¥ 61.26</td>
<td>¥ 88.82</td>
<td>¥ 48.80</td>
<td>¥ 159.02</td>
<td>¥ 92.25</td>
<td>$ 0.78</td>
</tr>
<tr>
<td><strong>Shareholders' equity</strong>(^{5})</td>
<td>846.40</td>
<td>919.67</td>
<td>962.48</td>
<td>1,083.19</td>
<td>1,146.23</td>
<td>9.75</td>
</tr>
<tr>
<td><strong>Cash dividends</strong>(^{5})</td>
<td>15.00</td>
<td>15.00</td>
<td>20.00</td>
<td>48.00</td>
<td>44.00</td>
<td>0.38</td>
</tr>
</tbody>
</table>

\(^{1}\) Calculated using the yen-dollar exchange rate of U.S.$1.00=¥117.56, 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 30, 2007.

\(^{2}\) Total for continuing and discontinued operations for the fiscal year ended March 31, 2006.

\(^{3}\) Calculated by dividing net income of the current fiscal year by average shareholders' equity of the current and previous fiscal year-ends.

\(^{4}\) 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 fiscal year-end.

### For Reference:

#### Cash Dividends:

<table>
<thead>
<tr>
<th></th>
<th>3/03</th>
<th>3/04</th>
<th>3/05</th>
<th>3/06</th>
<th>3/07</th>
<th>3/07</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total annual dividends</strong></td>
<td>¥29,116</td>
<td>¥29,137</td>
<td>¥38,845</td>
<td>¥91,487</td>
<td>¥83,939</td>
<td>$ 714</td>
</tr>
<tr>
<td><strong>Consolidated payout ratio</strong></td>
<td>24.3%</td>
<td>16.9%</td>
<td>41.0%</td>
<td>30.2%</td>
<td>47.7%</td>
<td></td>
</tr>
</tbody>
</table>

#### Stock Information:

Stock price (On Tokyo Stock Exchange as of the end of March)  
|                                | ¥ 1,235| ¥ 1,895| ¥ 1,500| ¥ 2,625| ¥ 2,455| $20.88 |

For Reference:

- **Millions of yen**
- **Millions of U.S. dollars**\(^{1}\)
Drawing effectively on our expertise and capital, we are continuously going beyond the conventional framework of the securities business to expand our operations. In doing so, we aim to deliver solid growth in both income and dividends.
**The Year in Review**

For fiscal 2006, ended March 31, 2007, net revenue was ¥1,091.1 billion, 4.8% lower than for the previous year. Due to higher expenditures on investments for future growth and other factors, income before income taxes declined 41.0% year on year, to ¥321.8 billion. As a result, net income decreased 42.2% year on year, to ¥175.8 billion, and ROE stood at 8.3%.

During the year, we made significant progress in strengthening our client base in Japan, expanding revenue opportunities, and implementing initiatives to establish new businesses.

As the shift from savings to investment in domestic personal financial assets continued to gain traction, in Domestic Retail we focused on expanding our points of interface with customers and improving our consultation capabilities. As of the fiscal year-end, Domestic Client Assets had expanded to ¥85.2 trillion, more than double the level of four years earlier. In Asset Management, we took full advantage of the strong growth in the investment trust market by expanding our lineup of products to meet increasingly diverse customer needs and aggressively expanded our sales channels. As a result, Asset Management reported increases in net revenues and income for the third consecutive fiscal year, and assets under management rose to a record ¥27 trillion.

In the wholesale business, the level of total equity financing in Japan swelled to the equivalent of US$57.0 billion as Japanese corporations shifted to more aggressive business strategies, including M&A and capital investment. Riding this wave, Global Investment Banking won mandates as lead manager for a large number of issues and captured the top spot in the global equity & equity-related (Japan) league table* for the sixth consecutive fiscal year.

On the other hand, the fact that we did not reach our target ROE range of 10% to 15% has made clear the issues we must address going forward. Therefore, during the current fiscal year, we are focusing on reforming our wholesale business operations, including international operations.

*Source: Thomson Financial

**Making Effective Use of Capital in Wholesale Business**

Today, the number of opportunities for Nomura to use its capital to deliver optimal solutions to meet corporate financial needs is growing. Some typical examples are multiple private offerings (MPOs) that respond flexibly to fundraising needs and hybrid private offerings (HPOs) as well as management

![Graph showing Sum of Domestic Client Assets and Assets under Management of Asset Management over time](image)

![Graph showing Income before Income Taxes of Domestic Retail and Asset Management over time](image)
buyouts (MBOs) and management-employee buyouts (MEBOs) that facilitate business realignments and corporate revitalizations.

Amid this environment, Nomura is expanding its business domains and opportunities for generating revenue by using its own capital to offer solutions for client problems.

**Becoming Pan-Asian Nomura Group**

Another issue we are addressing is the revamping of our international operations. In Asia, where we have spent many years developing our client base, we are working to establish ourselves as a globally competitive Japanese and Pan-Asian financial services group by prioritizing the allocation of personnel, capital, and other resources to Asia.

We have arranged equity financing for leading Asian companies, including Infosys Technologies of India. At the same time, we have built a solid track record in offering investment opportunities for the retail market in Japan, including marketing of the Asia Attractive Dividend Stock Fund and investment trusts that take advantage of our China Qualified Foreign Institutional Investor (QFII) investment quota.

In addition to these activities that tap the strength of our customer base in Japan, we are delivering solutions that meet the increasingly diverse needs of our clients across Asia. Last year, we invested in Taiwan’s Taishin Financial Holding and are now working together on collaborative efforts. We are also collaborating with the State Capital Investment Corporation (SCIC) of Vietnam. This year, in May 2007, we established Asia Merchant Banking. Going forward, we will act swiftly to further sharpen our competitive edge in delivering solutions to our clients across Asia.

**Professionalism in All Forms of Investment**

The markets for investment-related businesses are growing, and competition in the financial services industry is likely to become more intense. As a financial services group that delivers superior services and solutions for all forms of investment, we are constantly seeking ways to evolve, and we have implemented a broad range of strategies. For example, in 2000, we began full-scale private equity investments in Japan to respond to the needs of corporations. In 2004, we entered the equity derivatives business to meet the increasingly diverse needs of investors in Japan and overseas. In the securities intermediary...
business and sales of investment trusts, we have forged alliances with domestic banks, Japan Post, and financial institutions in other parts of Asia, all of which are starting to show steady results.

For more than 80 years, Nomura Group has grown by delivering high-value-added investment services. We remain focused on developing new investment-related businesses that match the needs of our customers. To this end, we will continue to seek out strategic investments and take on new challenges to lift Nomura Group to higher levels of growth.

Implementing Diverse Strategies in Japan
Nomura Securities now offers separately managed accounts (SMAs) throughout Japan and is continuing to expand its new products and services, including the introduction of fund wrap services. In addition, Nomura Securities is working to strengthen its capabilities for responding to customer needs through a wide range of initiatives aimed at enhancing the scale and improving the quality of its human resources, such as financial advisors. To cope with the ongoing expansion of its client base, Nomura Securities is opening new branches with features closely matched to the characteristics of the areas they serve.

Nomura Trust & Banking marked its 14th year of operations during the fiscal year under review and had approximately ¥25 trillion in trust assets as of March 31, 2007. Nomura Trust & Banking is drawing on the special features of Nomura Group, including its strengths in securities, to differentiate and enhance the competitiveness of its services. In another collaborative effort during the year, Nomura Securities began to act as an agent for Nomura Trust & Banking and took initiatives to enhance convenience for customers.

In May 2006, Joinvest Securities began operations, specializing in providing financial services online. Joinvest is expected to win access to a new base of customers and to complement the online services of Nomura Home Trade, offered by Nomura Securities, and Nomura Home Banking, a service of Nomura Trust & Banking. In addition, Joinvest will aim to develop new business domains through its online services by identifying and responding to customer needs.

With Japan entering an era of significantly greater M&A activity, Nomura Group strengthened Nomura Capital Investment (NCI) early during the fiscal year under review to improve NCI’s competitiveness in the loan business and enable it to respond quickly to clients’ M&A financing needs. We also offered solutions that drew on these capabilities to support the strategies of individual...
Nomura Holdings, Inc.

Dividend Policy for the Fiscal Year Ending March 31, 2008

Target dividend (minimum level)
Dividend on equity (DOE) of 3.0%

Performance-linked portion based on full-year dividend payout ratio of over 30%

First quarter: ¥8.5
Second quarter: ¥8.5
Third quarter: ¥8.5
Fourth quarter: ¥8.5 + α
(α = performance-linked portion)

Low

Dividend payout ratio of over 30%

DOE of 3.0%

High

Dividends for the current fiscal year

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Dividend per share (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>¥8.5</td>
</tr>
<tr>
<td>Second</td>
<td>¥8.5</td>
</tr>
<tr>
<td>Third</td>
<td>¥8.5</td>
</tr>
<tr>
<td>Fourth</td>
<td>¥8.5 + α</td>
</tr>
</tbody>
</table>

clients. Some examples include the MEBOs arranged for Tsubaki Nakashima and Sunstar to assist them in realigning their business activities as well as assistance for a tender offer by Oji Paper aimed at industry realignment.

Using External Resources for Further Growth

Nomura is promoting two transitions in its capital strategy. First, we are expanding business with clients by shifting toward making aggressive use of our own capital while drawing on our global risk management expertise. Second, as evidenced by the acquisition of Instinet during the fiscal year under review, we are accelerating growth through the formation of alliances with and acquisitions of other companies, rather than relying solely on our own resources. As the trend toward placing stronger emphasis on the best execution of securities trades increases around the world, Instinet is well positioned to take advantage of a wealth of business opportunities. The acquisition of Instinet will allow us to boost competitiveness even further by adding sophisticated execution technology to the long-standing research capabilities for which we have been known.

In line with the global trend, investors in Japan and the rest of Asia are taking a closer look at markets for alternative investments, especially hedge funds. During the fiscal year under review, we invested in and began initiatives to create a business alliance with Fortress Investment Group, a U.S. asset management company that specializes in alternative investments, including private equity funds and hedge funds. We also announced a tie-up with Hedge Fund Research Group. Through these various activities, we are aiming to raise the presence of Nomura Group in the markets for alternative investments.

Targeting Growth in Income and Dividends

We want our shareholders to benefit from growth in both income and dividends. For the fiscal year ending March 31, 2008, we have set a target dividend of ¥34 per share, an increase of ¥2 per share compared to the ¥32 target dividend for the year under review. Our goal is to reward our shareholders with a dividend payout ratio of over 30%, combining the target dividend amount and the performance-linked portion. Moreover, we aim to increase our target dividend in the medium to long term.

By breaking new ground and not being limited to the old ways of doing business, I feel confident that Nomura Group will continue to grow and increase its corporate value. Ten years have passed since Japan’s financial “Big Bang” reforms, and over that period we have seen major changes not only in the
earnings structures of financial institutions but also in Japanese society and its values. These and other changes, including the declining birthrate in Japan and the emergence of other economies in Asia, will continue.

During the fiscal year under review, Nomura issued a Mission Statement that clarified in detail what Nomura’s mission is in today’s operating environment. In the midst of today’s changes, new kinds of financial institutions are needed. Without being bound by yesterday’s conventional wisdom and by having a strong will to change and reform, we are committed to creating greater value for our shareholders and society.

As we move ahead, we look forward to your increased understanding, support, and cooperation.

*Please see page 45 for more information on the Mission Statement.
As a financial services group that delivers superior services and solutions for all forms of investment, we are further expanding our operations into new business areas.

In the 10 years since Japan’s “Big Bang” reforms aimed at revitalizing the country’s financial markets, deregulation in the financial sector has gained traction and corporate behavior has been transformed through M&A and other activities. We have kept pace with these reforms by going beyond the traditional framework of the securities business to continually deliver innovative products and services.
Japan’s Big Bang 10 Years On

Total Net Assets of Publicly Offered Stock Investment Trusts

- **FY 3/98**
  - Introduction of financial advisor (FA) marketing specialists who work closely with the local community

- **December 1998**
  - Commencement of sales of investment trusts through financial institutions
  - Introduction of variable insurance annuities through securities firms

- **October 1999**
  - Equity trading commissions fully liberalized

- **October 2001**
  - Transition to holding company structure and establishment of Nomura Holdings

- **December 2001**
  - Nomura Holdings lists on the New York Stock Exchange

- **February 2005**
  - Nomura and Rothschild form M&A alliance

- **October 2005**
  - Introduction of Nomura SMA

- **December 2006**
  - Announced acquisition of minority stake in Fortress Investment Group

- **February 2007**
  - Acquired Instinet

M&A Advisory

- **Any Japanese Involvement Financial Advisors**

- **October 2000**
  - Removal of ban on Japanese real estate investment trusts (J-REITs)

- **December 2004**
  - Approximately 200,000 new accounts opened as individuals place stocks held at home in custody accounts; net asset inflow of ¥3.6 trillion

- **February 2005**
  - Nomura-related Society in general

- **October 2005**
  - Removal of full government guarantees for deposits

- **December 2006**
  - Announced acquisition of minority stake in Fortress Investment Group

- **February 2007**
  - Acquired Instinet
Diversification of Revenue Sources, Further Growth

The expansion of our operations has created a revenue structure that is more balanced across our five business divisions. Each division is establishing a solid revenue base and business segment total income before income taxes has jumped fourfold over the past four years. Looking ahead, we are aiming to increase income before income taxes to ¥500 billion and higher.

Business Segment Income before Income Taxes

- Significant growth in income before income taxes over past four years
Domestic Client Assets

Domestic Client Assets, now standing at ¥85.2 trillion, have more than doubled in four years

(Trillions of yen)


40.6
85.2

Trading-Related Revenue

Equity derivatives, etc., diversify sources of revenue

Global Markets

Global Investment Banking

M&A Transactions

More volume, higher quality

Assets under Management

Substantial expansion in assets under management

Source: Thomson Financial
Global Execution Capabilities, Significant Synergies

Key trends in global equities markets include the rising prominence of electronic communications network (ECN)-like alternative trading systems, growing emphasis on best execution due to the unbundling of research and execution, and the movement among money managers to search beyond domestic markets to find investment alternatives. Instinet helps its clients achieve best execution based on its high-quality suite of electronic trading tools that offer electronic access to over 50 equities markets around the world. Instinet has tremendous opportunities for growth through the introduction of fast, efficient, and inexpensive electronic trading venues that appeal to global investors, who are increasingly concerned with unbundled execution costs. Instinet today is delivering some of the world’s most advanced trading systems in Europe, the United States, and Japan. Looking ahead, Instinet plans to bring its technology platform and experience to emerging markets, including Eastern Europe, Southeast Asia, and Latin America.

Chris Rogers
Chief Technology Officer, Instinet

TOPICS

New Branch Offices Based on Innovative Concepts

Nomura Securities opened its Hamadayama branch in Tokyo on May 7, 2007, as part of its expansion program to open new branches based on innovative concepts, such as collaborating with leading brand-name stores and a coffee-shop chain. The Hamadayama branch is located in a medical center on the ground floor of an upscale housing complex. The interior of the branch was designed to blend in with the luxurious surroundings of the other facilities in the center. Since this area is a long walk from the nearest train station, access to financial institutions is slightly inconvenient for local residents. For this reason, we believe we can greatly increase convenience for local residents. For customers visiting the medical center, we will emphasize services that can be provided at the branch, and we also plan to go out and visit local residents.

Shigehiro Nakagawa
Hamadayama Branch Manager, Nomura Securities
Offering Nomura Group Products and Services to a Broad Base of Investors

More than a year has passed since Joinvest Securities began operations in May 2006. During that time, we have paid particular attention to expanding our lineup of products that draw on the comprehensive capabilities of Nomura Group and ensuring the reliability of our computer systems, which underpin the trust that our customers place in us. Also, in a rare move for an online financial services company, we have set up an editorial office to develop original content for our website. Our aim here is to create a site that is easy to use and that all our customers, regardless of age or investment experience, can enjoy. We are also committed to providing the lowest level of commissions in the industry while uploading high-level content, maintaining reliable systems, and delivering high-quality services that meet customer needs by drawing fully on the array of products and services that only Nomura Group can provide.

Maiko Takezawa
Joinvest Securities

Aiming for the Top Share in All Investment Trust Sales Channels

The scope of Japan’s investment trust market is rapidly expanding. One of the reasons for this is that, in addition to securities firms, other kinds of financial institutions are now also offering investment trusts. In fact, assets under management in investment trusts sold through banks are surging, and asset management firms are placing emphasis on developing new sales channels. Nomura’s strengths are not only its asset management capabilities and diverse range of investment products but also its capabilities for planning and conducting sales promotion events and its specialized unit—the largest in the industry—for supporting the sales training activities of bank personnel. Nomura has already won the top shares of investment trust sales through securities firms and Japan Post. Going forward, we will aim to win the leading market share in sales through bank channels.

Yoshitaka Isomura
Nomura Asset Management
Charting a Course for High-Growth Opportunities
Domestic Retail
Offers consulting services and financial products to meet investment needs.

Global Markets
Handles sales and trading of bonds, equities, foreign exchange, and derivatives for institutional investors in Japan and international markets.

Global Investment Banking
Underwrites bond and equity issues, provides M&A and financial advisory services.

Global Merchant Banking
Uses Nomura’s own capital to make private equity investments and investments in venture companies.

Asset Management
Delivers a diverse lineup of investment trusts and asset management services as well as administrative services for defined contribution pension plans.
Domestic Retail

- Targeting ¥100 trillion in Domestic Client Assets by 2010. Net asset inflow of ¥6 trillion during the year ended March 31, 2007, takes total to ¥85.2 trillion.

Business Results

**Aggressive Investment in People, Branch Offices, and IT Infrastructure**

In fiscal 2006, ended March 31, 2007, Domestic Retail reported net revenue of ¥440.1 billion, 1.4% lower than for the previous fiscal year. Income before income taxes was ¥160.9 billion, 18.4% below the prior year.

Although stock brokerage commissions declined due to a drop in equity agency transaction value, commissions for the distribution of investment trusts and investment trust administration fees and other increased due to strong sales of investment trusts offering frequent distributions and newly launched investment trusts. As a result, revenue remained at a high level in line with the previous year. Non-interest expenses rose, meanwhile, due to investment in personnel, new branch offices, call centers, and IT infrastructure ahead of an expected increase in customer numbers and further growth in the overall investor base in Japan.

### Domestic Retail Business Results

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<tbody>
<tr>
<td><strong>Net revenue</strong></td>
<td>¥249,251</td>
<td>¥305,757</td>
<td>¥304,367</td>
<td>¥446,535</td>
<td>¥440,118</td>
</tr>
<tr>
<td><strong>Non-interest expenses</strong></td>
<td>213,562</td>
<td>226,213</td>
<td>223,200</td>
<td>249,330</td>
<td>279,253</td>
</tr>
<tr>
<td><strong>Income before income</strong></td>
<td>¥ 35,689</td>
<td>¥ 79,544</td>
<td>¥ 81,167</td>
<td>¥197,205</td>
<td>¥160,865</td>
</tr>
</tbody>
</table>
Business Outline/Domestic Retail

Ongoing Shift from Savings to Investment
As a result of continued low interest rates in Japan and uncertainties regarding the pension system, individuals are shifting their financial assets from savings to investment. The percentage of personal financial assets held in the form of cash and deposits declined from 57.2% as of March 31, 2003, to 50.1% as of March 31, 2007. On the other hand, the percentage held as risk assets (equities, bonds, and investment trusts) increased from 9.1% as of March 31, 2003, to 19.1% as of March 31, 2007.

Growth in the balance of funds invested in investment trusts has been especially strong, and there has been a significant trend among individuals to invest in a greater diversity of investment trusts. In addition to growth in global bond funds, which have shown rapid expansion, investors have diversified into global equity funds, global real estate investment trusts (REITs), and balanced-type investment trusts. As a result, we foresee the need to continue to expand our lineup of investment products to meet customer needs.

Baby Boomers Retiring
Beginning in fiscal 2007, Japan’s baby-boomer generation will reach retirement age en masse. Estimates show that the accumulated total of retirement and severance benefits to be paid to this group through fiscal 2011 will amount to ¥85 trillion*. Baby boomers are rapidly changing their views about investing, and these retirees may become much more active investors in order to live more affluent post-retirement lifestyles. Interest is rising not only in safe and secure investment products but also higher-return products that are suited to individual risk tolerance and investment trusts that offer frequent distributions and provide a stable cash flow. Along with these trends, we are being called on increasingly to sponsor life financial planning seminars and give advice on asset management to assist customers in managing their retirement allowances and other assets.

Transition to Electronic Share Certificates
In 2009, share certificates in Japan will go digital. According to a survey released in October 2006 by the Japan Securities Dealers Association, there are an estimated 18.8 billion paper share certificates held by their owners at home. Prior to the introduction of electronic share certificates, individual investors are beginning to open accounts with securities firms and have these stock certificates held in custody by the Japan Securities Depository Center. This trend is expected to grow even stronger going forward.

Business Environment

Personal Financial Assets

<table>
<thead>
<tr>
<th></th>
<th>As of March 31, 2003</th>
<th>¥1,356 trillion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td>57.2%</td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>1.7%</td>
<td></td>
</tr>
<tr>
<td>Investment trusts</td>
<td>2.1%</td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td>5.3%</td>
<td></td>
</tr>
<tr>
<td>Insurance and annuities</td>
<td>27.8%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>As of March 31, 2007</th>
<th>¥1,536 trillion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td>50.1%</td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>2.5%</td>
<td></td>
</tr>
<tr>
<td>Investment trusts</td>
<td>4.5%</td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td>12.2%</td>
<td></td>
</tr>
<tr>
<td>Insurance and annuities</td>
<td>28.2%</td>
<td></td>
</tr>
</tbody>
</table>

*Nomura Securities Financial & Economic Research Center estimate

Source: Nomura Institute of Capital Markets Research based on Bank of Japan data

Kenichi Watanabe
Chief Executive Officer, Domestic Retail
We have always regarded the level of assets in custody as an important yardstick of the trust that our clients place in us. In order to win the trust of even more customers, we have set ourselves the medium-term targets of increasing Domestic Client Assets to ¥100 trillion and customer accounts to 5 million by the end of March 2010. We are making steady progress toward these goals. As of March 31, 2007, Domestic Client Assets amounted to ¥85.2 trillion, ¥4.7 trillion higher than a year earlier. There were 3.95 million customer accounts at the end of March 2007, 170,000 more than at the end of the previous fiscal year. Going forward, we will respond to the needs of an even larger number of customers by expanding our interfaces with customers and filling out our lineup of services and products.

**Expanding Interfaces with Customers**

We are working to expand our network of branch offices and other points of contact with customers to respond to the growing base of investors and their increasingly sophisticated needs.

**Growing Branch Network**

Since April 2006, we have opened 23 new branch offices, bringing the total number in Japan to 157 as of the end of June 2007. With the new branches, we are introducing innovative concepts such as opening joint branches with leading brand-name stores and a coffee-shop chain as well as setting up a branch inside a medical center.

**Expansion through Securities Intermediary Business**

As of June 30, 2007, we had formed alliances with 55 financial institutions. By strengthening our ties with regional financial institutions, which have branches carefully tailored to local needs and strong regional customer bases, and through tie-ups with companies in other industries, we have positioned ourselves to offer our products and services to a larger group of customers.

**Filling Out Our Lineup of Services and Products**

In addition to expanding our interfaces with customers, we have stepped up our drive to offer a broad lineup of services and products.

**Increasing Staff and Adopting an Open-Architecture Strategy**

To offer our customers more in-depth consulting, we are increasing the number of personnel and enhancing our training programs. For example, as of May 31, 2007, we had 2,400 financial advisors (FAs), who provide consulting services carefully tailored to the needs of local communities. This represents an increase of 450 FAs compared with a year earlier. We have set a goal of having 3,000 FAs on staff by the end of March 2010. Similarly, in our call centers, we had a total of 700 personnel as of June 2007, and we are aiming to increase this to 1,000. In addition, we are reallocating personnel resources to enable some branches to focus entirely on consultation and to have back-office operations conducted by a regional head branch to...
increase operating efficiency. Among other initiatives, we are working to introduce new interfaces to deal with a broader range of customers. For example, in our Hotto Direct service, which makes use of call centers and the Internet, we have revised our fee schedules and created a new Beginner’s Dial service for entry-level investors.

In terms of our product lineup, we have adopted an open-architecture strategy that allows us to offer the products that are best suited to individual customer needs.

Expansion of Discretionary Investment Services
Separately managed account (SMA) services that were introduced in October 2005 are now available at Nomura Securities branches nationwide in Japan, and we have also introduced fund wrap services. These services provide the reassurance to customers that their assets are being professionally managed according to their financial life plans. We are working to ensure that these accounts and services enable us to build stronger ties of trust with our customers over the long term.

Working through Employee Stock Ownership Plans
Nomura has a market share of close to 60% in the administration and management of Japanese employee stock ownership plans for companies listed on the Tokyo Stock Exchange. We offer a broad spectrum of services to meet the asset management needs of company employees, while employed and after retirement. While we have mainly been involved in handling clerical and administrative matters, we are planning to provide asset management advice, including assistance in management of retirement allowances.

Commencement of Bank Agency Services
In September 2006, Nomura Securities started providing bank agency services as an agent for Nomura Trust & Banking. The first service offered is a savings account named Nomura Yokinbako, which is now available via the Internet through Nomura Home Trade and enables customers to open bank accounts online. Plans call for further increasing the convenience of these services.
Confronting Issues Related to Expansion of Revenue Base and Increasing Profitability

In fiscal 2006, ended March 31, 2007, Global Markets reported net revenue of ¥290.0 billion, 21.8% lower than for the prior fiscal year. Income before income taxes declined 62.7%, to ¥58.8 billion.

In spite of a rebound in order flow for interest-rate and currency-linked structured bonds during the second half of the year, Fixed Income saw a decline in revenue as a result of weak trading due to changes in the interest and currency market environment. In Equity, although MPO* transactions and equity derivative trading turned up during the fourth quarter, trading revenue declined as equity market volatility remained low until the third quarter.

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

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Global Markets Business Results

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</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>¥235,991</td>
<td>¥284,147</td>
<td>¥243,087</td>
<td>¥371,108</td>
<td>¥290,028</td>
</tr>
<tr>
<td>Non-interest expenses</td>
<td>¥142,434</td>
<td>¥163,304</td>
<td>¥182,901</td>
<td>¥213,387</td>
<td>¥231,222</td>
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<tr>
<td>Income before income taxes</td>
<td>¥93,557</td>
<td>¥120,843</td>
<td>¥60,186</td>
<td>¥157,721</td>
<td>¥58,806</td>
</tr>
</tbody>
</table>

Notes: 1. In April 2004, Fixed Income, Equity, and certain functions of Investment Banking were consolidated to create Global Markets.
2. Figures for fiscal years prior to the year ended March 31, 2005, are totals of the previous Fixed Income and Equity and thus differ in composition from figures shown for the years ended March 31, 2005-2007.
Changing Client Base
In addition to conventional institutional investors, several types of new clients such as hedge funds, private banks, and private equity funds have raised their profiles and are becoming key market participants. The balance of assets under the management of hedge funds on a global basis as of December 31, 2006, is estimated to be US$1.4 trillion and is continuing to expand. In addition, growth in the global economy is leading to an expansion of personal financial assets and in turn creating a prosperous environment for private banks.

Changes in Business Activities
In Equity, we are seeing increased emphasis placed on execution. In Europe, unbundling is growing and clients are increasingly demanding the best execution. In the United States, there is a movement to seek the best pricing from among various markets, including regional stock exchanges and proprietary trading systems. Investors are also searching for ways to execute orders that ensure minimal impact on equity prices, taking into account the liquidity of various markets.

In the credit risk business, there is a strong movement, especially in Europe and the United States, toward using securitization and derivatives to transfer risks off the balance sheets of financial institutions.

Responding to Change
We continue to draw on our strengths in serving our traditional client base with conventional business activities. However, as our clients and their business activities change, one of the issues we face is the increase in business with new types of clients. For this reason, we believe it is important to strengthen our execution and trading capabilities.

In Equity, we have a very strong structure in place for research sales in Japanese equities. To boost our global execution capabilities, we acquired Instinet, a leading U.S. agency broker, in February 2007.

To increase our trading capabilities, we are making a major move into the equity derivatives business to add to trading in interest-rate and currency derivatives, which are already an important source of revenue. Our initiatives in the credit and commodities businesses are still in the relatively early stages, and strengthening these areas is an issue we intend to address during the current fiscal year.
This year, we will expand our operations with new clients such as hedge funds, private banks, and private equity funds while continuing to strengthen the position of our existing businesses. We will also focus on expanding our solutions business, including MPOs and hybrid private offerings (HPOs*), by making flexible use of our balance sheet.

While maintaining our focus on Japan and the rest of Asia, we will work to respond to the wide-ranging needs of clients and broaden our client base to diversify our revenue structure to boost revenue and ensure a stable earnings platform.

*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.

**Instinet Growth Scenario**

![Diagram](image)

**Acquisition of Instinet**

We acquired Instinet as part of our drive to strengthen our global execution capabilities. We believe that significant synergies can be gained by working with Instinet’s clients in the United States to enhance our capabilities for responding to global orders and expand our transactions with hedge funds. In addition, Instinet will work with our strong client base in Japan and the rest of Asia to access growth markets in the region. Accordingly, we believe the acquisition will result in an ideal, complementary relationship for both companies.

At the same time, regulatory changes in Europe and the United States are expected to expand business opportunities for Instinet. In the United States, proprietary trading systems may become as important as NASDAQ in terms of order execution. As such, Instinet is well positioned to attract clients looking to access the best liquidity pools through its algorithmic trading systems. In Europe, the requirement for market concentration will be relaxed, and we believe Instinet’s Chi-X will make a major contribution to winning orders from clients looking for the best execution. These developments are also expected to have an impact on Japan, and we believe there is huge potential for Instinet’s JapanCrossing to provide liquidity.

**Strengthening Asset Finance Business**

We plan to build our asset finance business into another major source of revenue by drawing on the sourcing capabilities of Nomura Group, our leading track record in M&A, and the risk-taking and pricing expertise we have developed in Europe and the United States.
Enhancing the Operations of Nomura Capital Investment (NCI)

Growth in leveraged finance is anticipated in Japan due to the increasing scale of M&A deals targeting industrial realignment and an increase in management buyouts (MBOs) aimed at revitalizing enterprises through reorganizations and restructuring. To meet the funding needs associated with these deals as expeditiously as possible, we have bolstered the operations of NCI to enable it to offer senior and mezzanine loans.

As a result, during the fiscal year under review, NCI began its activities by making loan arrangements for an MBO by Yagi Corporation. This was followed by management-employee buyouts (MEBOs) for Tsubaki Nakashima and Sunstar.

Establishment of a Private Fund for Urban Redevelopment

In 2004, we established a fund with the Development Bank of Japan (DBJ) as a partnership to develop mezzanine financing in the real estate industry. During the fiscal year under review, we established the Urban Redevelopment Private Fund with the DBJ to apply the know-how accumulated thus far to real estate equity. As a result, we have put in place an integrated system for offering senior loans, mezzanine financing, and equity financing that can respond to the funding needs of a wide range of real estate projects.

Strengthening Derivatives Business

In addition to foreign currency bonds for retail investors, we have expanded sales of interest-rate and currency-linked structured bonds since around 2000. In 2004, we formed an equity derivatives team in Europe to collaborate with Tokyo to originate principal-guaranteed, privately placed investment trusts and a range of other products. Going forward, we plan to expand our marketing channels to include not only Japan and Europe but also the rest of Asia and the Middle East.

We also plan to make a full-scale entry into commodity-linked structured bonds and credit-related products to offer top-quality solutions in response to the diverse needs of clients. By having a wide range of products in our portfolio, we believe we can disperse trading risk and expand profit-making opportunities.

Initiatives in Asia

In June 2007, we established Asia Asset Finance. Along with the trends toward the securitization of real estate to create investment instruments and the disappearance of national boundaries in investing activities, domestic and international investments are flowing into real estate risk assets in Asia, including Japan. We are positioning ourselves to respond to client needs for real estate development, financing, and asset management.

Nomura Investment Forum 2006 Held in Tokyo

Our annual Nomura Investment Forum was held in Tokyo in December 2006 and was attended by over 6,000 people. One of the special features of this forum is that it provides an opportunity for frank dialogue between institutional investors from around the globe and the CEOs of leading corporations based in Japan and other countries in Asia. During the forum, participants engaged in active discussion and institutional investors enjoyed an excellent opportunity to garner new ideas for their investment strategies.
Global Investment Banking

- Ranked No. 1 in the global equity and equity-related (Japan) league table* for the sixth consecutive fiscal year
- Ranked at the top of the league table for M&A advisory deals involving Japanese companies in terms of number of deals and third in terms of rank value*

*Source: Thomson Financial. M&A deals and rank value are on an announced basis. (From April 1, 2006, to March 31, 2007.)

Business Results

Won Numerous Large, Symbolic Deals

In fiscal 2006, ended March 31, 2007, Global Investment Banking recorded net revenue of ¥99.2 billion, approximately the same as for the previous fiscal year. Income before income taxes declined 13.8%, to ¥44.4 billion. Supported by a large increase in equity underwriting, a strong performance in M&A-related business, and an expansion in business activities in Europe, which we have targeted as a strategic area for strengthening, net revenue remained at the high level of the previous year. However, increases in expenses associated with investments in human resources in international operations and other factors led to a decline in income.

We acted as lead manager for major underwriting deals in Japan for Mitsubishi UFJ Financial Group, Toyota Motor, and others. In the solutions business, we undertook a major multiple private offering (MPO) for Sojitz. In M&A-related activities, we acted as financial advisor on a management-employee buyout (MEBO) for Skylark and the management integration of Daimaru and Matsuzakaya Holdings. Internationally, we successfully concluded a number of deals, including acting as joint bookrunner for the IPO of Russian company Sistema Hals.

Global Investment Banking Business Results

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>¥69,125</td>
<td>¥70,869</td>
<td>¥75,445</td>
<td>¥99,666</td>
<td>¥99,187</td>
</tr>
<tr>
<td>Non-interest expenses</td>
<td>56,374</td>
<td>53,703</td>
<td>46,231</td>
<td>48,127</td>
<td>54,783</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>¥12,751</td>
<td>¥17,166</td>
<td>¥29,214</td>
<td>¥51,539</td>
<td>¥44,404</td>
</tr>
</tbody>
</table>

Note: In April 2004, Fixed Income, Equity, and certain functions of Investment Banking were consolidated to create Global Markets.
Business Environment

Corporations Face Changing Environment
During the fiscal year under review, Japanese corporations stepped up their capital investment, and many companies made substantial equity offerings to finance their investments. Moreover, along with the growing intensity of global competition, M&A activities, such as management integrations aimed at industrial realignment and strategic acquisitions to complement and strengthen existing operations, have become increasingly prominent. Corporate profits are expected to continue to expand during the current fiscal year. Corporate actions are also likely to remain strong as systemic reforms such as the removal of the ban on triangular mergers raise awareness of the importance of boosting corporate value.

Acceleration of Industry Realignments
Companies based in emerging countries such as the BRICs are beginning to make their presence felt, further intensifying global competition. From a longer-term perspective, Japan’s population has started to decline and growth in GDP is likely to slow. Further shakeouts among corporations are inevitable, making it essential for Japanese companies to expand globally. Accordingly, we believe that survival will require realignments of domestic industries and that these trends will spur companies to form cross-border alliances.

In recent years, the influence of private equity funds in capital markets has increased. On a global basis, these funds are estimated to have made about US$900 billion in total investments in calendar 2006. However, their investments in Japan remain around US$10 billion, suggesting that there is considerable room for further development of private equity funds in Japan.

M&A Set to Take Off in Japan
The total value of M&A transactions throughout the world in calendar 2006 climbed to US$3,750 billion, of which only US$150 billion was from deals involving Japanese companies. This represents a mere 4% of Japan’s nominal GDP, or about the same level as in the United States in 1993. M&A transactions in the United States thereafter took off at an annual rate of 14%. Considering this growth record in the United States, expectations are for a major increase in M&A in Japan. We therefore believe that many corporate actions will take place in the years ahead, including financing for restructuring of share ownership following M&A deals and arrangements for IPOs for newly formed companies.

Size of M&A Market* and Ratio to Nominal GDP (United States and Japan)

*Data on size of M&A market estimated by Thomson Financial.
Seeking Further Growth—Becoming Asia’s Leading Investment Bank

Our medium-term objective is to establish a position as Asia’s leading global investment bank.

**Improving Responsiveness to Customers**

To win mandates for major deals, our proposals must speak directly to the goals of managers who want to implement industry realignments and increase international competitiveness. Our proposals must be detailed and customized for each company. During the fiscal year under review, we advised Daimaru and Matsuzakaya Holdings on a management integration, a major deal in the reorganization of Japan’s retail sector. During the current fiscal year, we will continue to make proposals that pinpoint growth strategies for individual companies. To enhance our capabilities, we will make effective use of the resources of the Investment Banking Strategic Research Department and the Investment Banking Financial Research Department. We will also fully introduce a sector-specific organizational structure covering both domestic and global operations to ensure seamless internal teamwork, while gaining a comprehensive understanding of industry trends and sharing information internally with increased effectiveness.

**Strengthening Existing Businesses**

We have four objectives for strengthening existing businesses. First, during the fiscal year under review, the value of our equity finance transactions exceeded a total of ¥2 trillion and we ranked No. 1 in the global equity and equity-related (Japan) league table for fiscal 2006. For the current fiscal year, our goal is to remain in the No. 1 position.

Second, the IPO Division formed in April 2007 will take the lead in developing our IPO business and strengthen ties with leading medium-sized companies and high-net-worth individuals.

Our third objective is to expand our debt underwriting operations. Working with Global Markets, we plan to expand our share of underwriting for highly rated Fiscal Investment and Loan Program (FILP) agency bonds and bonds for electric power companies. We will also work aggressively to win lead-manager positions for bond issues by companies with ratings between A and BBB.

Fourth, we aim to win mandates for major M&A deals, including cross-border transactions, to build on our top-class ranking in the fiscal 2006 M&A advisory league table. To this end, we have increased personnel and strengthened our structure in Europe. In April 2007, we introduced a sector system in Asia and we plan to promote closer teamwork on a global basis. In addition, through our alliance with Rothschild, we successfully concluded a joint deal for assisting a Japanese company in acquiring a German company, and we will continue to present joint proposals to prospective clients. Moreover, in the field of acquisition finance, which is a major factor related to winning large M&A deals, we are working closely with Global Markets and improving our capabilities to respond to our clients’ financing needs.

### League Tables

**Global Equity and Equity-Related (Japan)**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Bookrunner</th>
<th>Proceeds (US$ mn)</th>
<th>Market Share</th>
<th>Number of Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nomura</td>
<td>19,149.7</td>
<td>33.4%</td>
<td>101</td>
</tr>
<tr>
<td>2</td>
<td>Nikko Citigroup</td>
<td>10,250.2</td>
<td>17.9%</td>
<td>55</td>
</tr>
<tr>
<td>3</td>
<td>Daiwa Securities SMBC</td>
<td>7,409.3</td>
<td>12.9%</td>
<td>83</td>
</tr>
<tr>
<td>4</td>
<td>Goldman Sachs</td>
<td>5,057.5</td>
<td>8.8%</td>
<td>13</td>
</tr>
<tr>
<td>5</td>
<td>Mizuho Financial Group</td>
<td>3,791.6</td>
<td>6.6%</td>
<td>48</td>
</tr>
</tbody>
</table>

Source: Thomson Financial

**M&A Advisory Any Japanese Involvement Financial Advisors**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Advisor</th>
<th>Rank Value (US$ mn)</th>
<th>Market Share</th>
<th>Number of Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Citigroup</td>
<td>48,161.5</td>
<td>27.7%</td>
<td>43</td>
</tr>
<tr>
<td>2</td>
<td>Goldman Sachs</td>
<td>47,240.2</td>
<td>27.2%</td>
<td>22</td>
</tr>
<tr>
<td>3</td>
<td>Nomura</td>
<td>36,975.7</td>
<td>21.3%</td>
<td>156</td>
</tr>
<tr>
<td>4</td>
<td>Mizuho Financial Group</td>
<td>35,783.8</td>
<td>20.6%</td>
<td>111</td>
</tr>
<tr>
<td>5</td>
<td>Merrill Lynch</td>
<td>32,071.8</td>
<td>18.5%</td>
<td>19</td>
</tr>
</tbody>
</table>

Announced deals, value base

April 1, 2006, to March 31, 2007
Developing New Products and Entering New Businesses

Private equity funds are expected to show rapid growth in Japan over the coming years and we are bolstering our services through our newly established Financial Sponsors Department and other initiatives. During the fiscal year under review, we made steady progress in this area, acting as purchasing agent for a tender offer by a Japan-U.S. private equity fund for Toshiba Ceramics. This fiscal year, we will further globalize our systems and work on increasing our business activities for private equity funds.

The key to our competitiveness is in our ability to use our own capital for complex deals. When we assisted in the delisting of Tsubaki Nakashima, we offered solutions drawing on Nomura Group capabilities, with Global Merchant Banking making an equity investment in the company and loan financing made available via Nomura Capital Investment (NCI). During the current fiscal year, we aim to strengthen our responsiveness by collaborating closely with Global Markets and Global Merchant Banking and offering a comprehensive menu of services, including M&A advisory, leveraged finance, and bridge finance.

Growth in International Operations

Our strategic focus is to expand business activities that can be fully completed within specific regions and to establish our position as a provider of value added to clients in Europe and the United States as we focus on “delivering Asia” by providing services based on our strengths in Asia, including Japan. In Asia, major accomplishments included acting as lead manager for global offerings for Infosys Technologies of India and Powerchip Semiconductor of Taiwan.

During the current fiscal year, in addition to focusing on winning lead-manager mandates for global offerings and sole listings on the Tokyo Stock Exchange by companies based mainly in China, India, Singapore, South Korea, and Taiwan, we will also concentrate on developing M&A advisory deals.

In Europe, we will expand M&A deals in core sectors and work toward winning a greater diversity of deals by collaborating closer with Rothschild. We will also step up our initiatives to win mandates for IPOs, drawing on the capabilities of Nomura Code Securities. During the fiscal year under review, we also served as joint bookrunner for the IPO of Russian real estate developer Sistema Hals and opened an office in Moscow.

Going forward, our plans call for focusing on expanding business activities in Eastern Europe, including Russia.

In the Americas, we aim to expand revenues, principally in the financial middle market. We also plan to extend the scope of coverage and take initiatives to diversify our product lineup.

Solutions that Draw on Group Capabilities

Note: GIB = Global Investment Banking, GMB = Global Merchant Banking, GM = Global Markets.
Global Merchant Banking

- Stable cycle of new investments and exits
- Steady progress toward goal of ¥230 billion in investments*

*Excluding Terra Firma

In fiscal 2006, ended March 31, 2007, Global Merchant Banking reported net revenue of ¥65.0 billion, 4.8% lower than for the previous fiscal year. Income before income taxes was ¥52.8 billion, 4.7% below the prior fiscal year.

During the year, we invested in Skylark and Tsubaki Nakashima while also actively exiting from other investments. As a result, income before income taxes remained at a high level, in line with the prior year. Global Merchant Banking reported realized and unrealized gains accompanying the sale of a portion of shares held by Nomura Principal Finance (NPF) in Tungaloy. Realized and unrealized gains were also booked on the sale of a portion of a stake in an investee company of Terra Firma*.

*Terra Firma is an independent private equity firm based in Europe.

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<th></th>
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</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>¥(6,647)</td>
<td>¥10,720</td>
<td>¥7,338</td>
<td>¥68,244</td>
<td>¥64,969</td>
</tr>
<tr>
<td>Non-interest expenses</td>
<td>8,628</td>
<td>10,220</td>
<td>10,370</td>
<td>12,809</td>
<td>12,153</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>¥(15,275)</td>
<td>¥500</td>
<td>¥(3,032)</td>
<td>¥55,435</td>
<td>¥52,816</td>
</tr>
</tbody>
</table>
Business Environment

Rising Level of Corporate Actions
Japan is currently seeing a steady rise in corporate actions. Corporations are reorganizing their group operations and focusing on their core competencies. Business expansion is increasing, spurred on by the recent recovery in the domestic economy. Moreover, there has been an uptick in M&A aimed at industrial reorganization. These trends are now prompting firms to seek out innovative financial solutions. In addition, corporate managers are increasingly aware of the need to use capital more efficiently and are paying closer attention to performance indicators such as return on assets (ROA) and return on equity (ROE).

Strategic Delisting Now an Option
Japan’s private equity market is expanding as a growing number of European and North American private equity funds enter the market. The United States leads the expansion in the private equity market and total funds under management are estimated to be US$94.2 billion. In Japan, the total value of commitments since the first domestic buyout fund was formed in 1997 through the fiscal year under review amounted to about ¥2 trillion. This has paved the way for an environment in which unlisted companies will be able to raise substantial equity from external sources. With these developments, more companies are opting to delist their shares as one solution for reorganizing and restructuring to revitalize their operations as well as dealing with other management issues they face.

Increasing Need to Add Value
As the recovery in the Japanese economy has led to improved corporate performance and the financial system has returned to a sound footing, the corporate revitalization business has largely fulfilled its mission for the time being. As a result, the merchant banking business in Japan is now changing, and it is becoming increasingly important to offer a comprehensive set of capabilities that can add value to investee companies.

Commitments to Buyout Funds Raised in the U.S.

<table>
<thead>
<tr>
<th>Commitments to Buyout Funds Raised in the U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Billions of U.S. dollars)</td>
</tr>
<tr>
<td>CY 2002 2003 2004 2005 2006</td>
</tr>
<tr>
<td>0 100</td>
</tr>
<tr>
<td>Source: Nomura Institute of Capital Markets Research from Private Equity Analyst magazine</td>
</tr>
</tbody>
</table>
Seeking Further Growth—Driver of Sustainable Growth

Our Global Merchant Banking operations center on NPF and use our own capital to deliver optimal solutions that meet our clients’ needs and help boost their corporate value. One of the main objectives of Global Merchant Banking is to help diversify Nomura Group’s revenue sources and ensure sustainable growth by leveraging its merchant banking expertise, the strong client base of Nomura Group, our global research capabilities, and financial strength.

Structuring the Optimal Investment Portfolio

Global Merchant Banking set a goal two years ago of expanding its investments, principally through NPF, to between ¥250 billion and ¥300 billion (excluding Terra Firma in Europe) over a period of three to four years. As a result of Nomura’s hands-on management of this investment portfolio, business exposure as of March 31, 2007, had risen steadily to approximately ¥230 billion.

As the Japanese economy has now entered a recovery phase, the corporate revitalization business has subsided from its peak. We believe it is vital to offer superior proposals that take full advantage of our advanced expertise and Nomura Group’s comprehensive capabilities at each stage of the investment process, from identifying companies for investment to increasing the corporate value of investee companies and exiting from investments.

To structure the optimal investment portfolio, we make use of Nomura Group’s extensive internal and external networks, working closely with other divisions such as Domestic Retail and Global Investment Banking. We take a flexible approach to diversify our portfolio into a wide range of industries, investment vehicles, and geographical areas.

Raising the Corporate Value of Investee Companies

Skylark

In June 2006, the shares of Skylark, a major restaurant chain in Japan, were acquired through a tender offer that was one of Japan’s largest management-employee buyouts (MEBOs) to date. The deal, conducted amid the increasingly competitive environment of Japan’s food services industry, was aimed at allowing Skylark to change its business model by shifting to a management strategy that is more focused on the medium to long term and not influenced by short-term fluctuations in performance.

Tsubaki Nakashima

In January 2007, we worked on an MEBO for Tsubaki Nakashima, a company with sophisticated technology for manufacturing steel balls and the leading share worldwide in this product area. We took the company private with the aim of implementing substantial management reforms. Due to the ongoing globalization of the economy, automakers—the end users of the company’s products—have been promoting strategies to integrate the production of automobile parts in emerging Asian countries for products to be sold in the United States and
Europe. As such, Tsubaki Nakashima management and employees came together to conduct the MBO so as to ensure a stable base of shareholders to support the company over the medium to long term as it aggressively seeks growth by building up its production and sales operations in overseas markets.

**Venture Capital Investments in Japan and Europe**

In addition to venture capital investments in Japan, Global Merchant Banking has made investments in European and U.S. ventures, mainly in the areas of bio-pharma and healthcare through its London office. During the fiscal year ended March 31, 2007, we broadened our focus to include venture businesses in the clean technology ("cleantech") field. Cleantech includes a broad spectrum of technologies and related products, services, and processes for reducing the consumption of natural resources, the release of greenhouse gases, and waste disposal as well as promoting the use of recyclable and renewable resources. We believe that we can substantially raise the presence of Nomura Group by drawing on the expertise we have accumulated in merchant banking as well as the Group’s extensive global research.

**Asia Merchant Banking Established**

Asia Merchant Banking was established in May 2007 to develop Nomura Group’s merchant banking business across Asia. Along with economic expansion in Asia, we expect to see strong demand from Asian companies in a wide range of industries to raise funds for business expansion. The companies we invest in and the type of investment we opt for will vary depending on the level of development of the countries where the companies are based and the characteristics of each individual enterprise. However, we will be well positioned to draw on the extensive experience we have gained from investing in Japan and Europe as well as the strength of the Nomura brand in Asia to identify promising growth companies and proactively offer them risk capital to develop their businesses.

**Strengths and Results**

Global Merchant Banking’s main strength lies in our ability to source deals through Nomura Group’s nationwide network.

- **Eastern**
  - Capital increase

- **UHT**
  - MBO

- **YMC**
  - Review of shareholder profile

- **Tsubaki Nakashima**
  - MBO

- **Huis Ten Bosch**
  - Business revitalization

- **Skylark**
  - MEBO

- **Millennium Retailing**
  - Capital increase

- **Tungaloy**
  - MBO

- **Silontec**
  - MBO

- **Kawamura Electric**
  - Review of shareholder profile
In fiscal 2006, ended March 31, 2007, Asset Management posted net revenue of ¥90.1 billion, 36.8% higher than the previous fiscal year. Income before income taxes expanded a sharp 76.8%, to ¥36.5 billion. This was the third consecutive year for Asset Management to report gains in both net revenue and income before income taxes.

Japan’s investment trust market continues to expand along with growing asset management needs, and assets under management in publicly offered investment trusts have reached a record level. Spurred on by this favorable environment, sales of our My Story Profit Distribution-Type Fund and other funds offering frequent distributions remained robust, and sales of newly launched funds were also strong. The growth in the investment trust business was due in part to extending our line-up of investment products that meet the varied asset management needs of our customers and diversifying our sales channels as we step up efforts aimed at the Nomura Securities, Japan Post, bank, and trust bank channels. Moreover, Asset Management’s investment advisory business remained strong, driven by demand from international investors. As a result of these developments, assets under management reached ¥27.0 trillion as of March 31, 2007, an increase of ¥3.9 trillion compared with the prior year.

<table>
<thead>
<tr>
<th>Asset Management Business Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
</tr>
<tr>
<td>Non-interest expenses</td>
</tr>
<tr>
<td>Income before income taxes</td>
</tr>
</tbody>
</table>

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.
Business Environment

Investment Trust Market Growth
As Japanese individual investors continue to shift away from savings and into investment products, the domestic investment trust market is expanding rapidly due to increased demand and the ongoing diversification of sales channels. As of March 31, 2007, total net assets in publicly offered investment trusts in Japan had climbed to a record ¥72.6 trillion.

This growth in the investment trust market is expected to continue as the asset management needs of retiring baby boomers increase and young and middle-aged people focus more on building their wealth.

Diversification of Sales Channels
Since the market for the sale of investment trusts was opened to financial institutions other than securities firms in 1998, the range of investment trust sales channels has continued to expand. One newcomer is Japan Post, which boasts the largest network in the country. Even though Japan Post only started selling investment trusts in 2005, it accounted for over ¥700 billion in sales of investment trusts as of March 31, 2007. At present, Japan Post sells investment trusts through about 1,150 of its branches, but with its privatization in October 2007, this number is scheduled to rise to approximately 1,550 branches.

Sales of publicly offered stock investment trusts by securities firms also continue to rise. Sales of these investment trusts amounted to ¥28.5 trillion as of March 31, 2007, representing an increase of ¥5.9 trillion in one year. In addition, sales of investment trusts via banks, etc., amounted to ¥29.8 trillion as of March 31, 2007. This represented an ¥8.0-trillion increase in one year. This growth suggests that the investor bases for all types of sales channels are expanding.

Diversification of Product Offerings
While individual investors continue to focus on funds offering frequent distributions, the underlying assets that generate these distributions are becoming more diverse. There is a trend away from funds investing in foreign currency bonds to investments in real estate and high-dividend stocks as well as to new types of investment opportunities, such as fund of funds that include alternative assets and strategies. Recently, fund products that invest in equities in emerging markets, particularly in Asia, are becoming more popular among investors.

Pension Business Growth
The number of companies introducing defined contribution pension plans is increasing every year. This market is expected to experience growth as a result of reforms in the pension system and the effect of the elimination of the tax qualified pension plan system in 2012.
Nomura Holdings, Inc.

In addition to Nomura Asset Management, Japan’s largest firm in terms of assets under management, Nomura Group includes a number of other investment management businesses, such as Nomura Corporate Research and Asset Management, which invests primarily in U.S. high-yield bonds, and Nomura Funds Research and Technologies, which evaluates investment products and manages fund-of-funds products.

We are currently consolidating our position as the leading player in Japan by further enhancing our asset management capabilities, increasing our product development expertise, and improving our client services. We are also stepping up investment in our growing international operations as part of our drive to become a Japan-based global player in the asset management business.

Strengthening Asset Management Capabilities, Diversifying Product Offerings

We continually work to deliver innovative investment products and techniques that respond to client needs by strengthening our asset management capabilities through building on our research structure and investing in IT and other infrastructure while collaborating closely with other companies that offer strengths that complement our own.

Strategic Investment in Fortress

During the fiscal year under review, we began initiatives to expand our operations with Fortress Investment Group, an alternative investment firm based in the United States. By working together with Fortress, which has a solid track record in alternative investments in Europe and the United States, we are aiming to raise the presence of Nomura Group in the alternative investment markets in Japan and the rest of Asia.

Great Potential in Asia

We believe the potential for the investment trust and investment advisory businesses in Asia is substantial. In 2006, Nomura Asset Management established a subsidiary in Malaysia. In South Korea, we set up an investment trust for individual investors in partnership with Samsung Investment Trust Management, and the volume of advisory assets has exceeded ¥100 billion. In Japan, we established the Nomura China A Share Investment Trust in January 2007, making use of our Qualified Foreign Institutional Investors (QFII) quota, and were successful in raising funds up to the ¥29-billion limit.

Seeking Further Growth—Becoming a Japan-Based Global Asset Manager

Strengthening Alliance with Research Affiliates

Nomura Asset Management has secured exclusive rights to the marketing of products based on the Fundamental Index™ developed by U.S. firm Research Affiliates. In December 2006, Nomura became a minor shareholder of Research Affiliates in order to develop a deeper strategic alliance. Based on the Fundamental Index™ concept, we plan to develop investment products that can contribute to stable performance in the medium to long term and offer a wide range of these products to investors.

Tie-up with Hedge Fund Research Group

In May 2007, we entered into an agreement with Hedge Fund Research Group, a manager of fund of hedge funds and supplier of a database on hedge funds, under which we have exclusive rights to distribute certain fund of hedge funds managed by Hedge Fund Research Group in Japan. We are also considering the establishment of a joint venture in Japan with Hedge Fund Research Group. By making use of Hedge Fund Research Group’s platform, Nomura Group will offer transparent and highly liquid hedge-fund-related investment products.

Expansion of Sales Channels

Expanding the breadth of our sales channels is important to ensure we are able to tap into the growing investor base in Japan and further increase assets under management. In addition to sales through securities firms, including Nomura Securities, we remain focused on expanding sales through channels such as Japan Post and banks.

Japan Post

The Nomura Global Six Assets Diversified Fund has become a core product of the Japan Post sales channel. As of March 31,
2007, this fund accounted for about 60% of investment trusts sold through Japan Post. In addition, the Nomura Asset Design Fund was newly selected for sale by Japan Post from June 2007. This innovative product responds to the changing needs of customers throughout their lives by transitioning over time from active to stable asset allocation. We aim to strengthen our product offerings and services for the nationwide network of Japan Post to contribute to further expansion in the investor base for the investment trust market.

**Banks**

We are stepping up our marketing capabilities to bolster sales through Japan’s megabanks and regional financial institutions. Sales of our Global REIT Open Fund through Sumitomo Mitsui Banking Corporation and sales of the Nomura Japan-US REIT Fund through Mitsubishi UFJ Trust and Banking continue to be robust. In addition, Bank of Tokyo-Mitsubishi UFJ has selected the Nomura Global All Stars Fund for sale through its branches. Moreover, in September 2006, we began selling our My Story Profit Distribution-Type Fund through regional financial institutions, and assets under management in our Global High Income Stock Fund and Global Three Assets Balance Fund, which are sold through banks, are showing steady expansion.

**Pension Business**

As of May 2007, we had won contracts for managing and administering the defined contribution pension plans of about 190 companies with approximately 270,000 employees. Looking ahead, to increase the number of pension plans under our administration and pension assets under management, we are emphasizing the development of new products and increasing customer contact.

We intend to increase our presence in the pension fund management business, looking to the deregulation of the management of public pensions by taking initiatives to offer a diverse range of asset management products.

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**Sales of Investment Products through Banks, Etc., and Japan Post**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks, etc. (Excluding Nomura Trust &amp; Banking)</td>
<td>0</td>
<td>2,000</td>
<td>1,500</td>
</tr>
<tr>
<td>Japan Post</td>
<td>0</td>
<td>1,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Global Research publishes about 12,000 reports annually and holds seminars as well as forums in many locations in Japan and overseas. These events provide an opportunity for the top managements of leading companies to meet and hold discussions with institutional investors. Through its various activities, Global Research acts as an information intermediary, providing a bridge between securities markets and investors.
History of Nomura Research

Emphasis on research is part of Nomura’s DNA. Our founder, Tokushichi Nomura II, realized the importance of scientific research early on. He formed a research department in Nomura Shoten, the predecessor company to Nomura Securities, in 1906 and started publishing the Osaka Nomura Business News, which became the Weekend Report and the Nomura Weekly Report distributed today.

When Nomura Securities was founded in 1925, it had a research department from the outset. In 1926, the research department began the publication of Capital Market Research, which later became Capital Market Visions, to communicate the results of its research in Japan and overseas.

One of the milestones in research during the postwar period was the split-off of Nomura’s research department in 1965 into a separate entity, Nomura Research Institute (NRI), thus following the example of U.S. companies in setting up think tanks. Subsequently, Nomura Securities and NRI underwent a review in line with global standards and the Financial Research Center was established at Nomura Securities in 1997.

The center marked its 10th anniversary this year. Following a reorganization, the current structure comprises three research divisions: the Financial & Economic Research Center, which conducts fundamental research; the Quantitative Research Department; and the Global Research Planning & Support Department, which provides overall management and support.

Global Research Structure

Global Research consists of approximately 550 people, 350 in Japan and 200 in international offices. Domestic employees belong to the three organizational units just outlined and Nomura Research & Advisory (NR&A), which conducts research on unlisted companies. International employees work in Asia, Europe, and the United States.

In the area of fundamental research, the Financial & Economic Research Center collaborates with our offices in Asia, Europe, and the United States to implement a broad-ranging program of research activities in Japan and overseas on economic conditions, stock markets, Japanese equities, foreign currency market conditions, and other related topics. In addition, in line with Nomura Group’s strategic emphasis on Asia, we are expanding our Asian equity research team. Moreover, Global Research is implementing measures to strengthen its London research team responsible for emerging markets.

In quantitative research, Global Research conducts the research and development activities needed to support Nomura Group’s cutting-edge financial businesses, drawing on the core skills of financial engineering and IT. These R&D activities cover a wide range of applications, including asset management, trading, product development, risk management, and financial management, and are conducted in Tokyo, New York, London, and Hong Kong.

In addition, Nomura Group formed the Nomura Institute of Capital Markets Research (NICMR) in 2004. The institute is a think tank in charge of researching capital markets and financial and other capital market systems as well as preparing policy proposals.
Corporate Governance and Internal Control System

**Basic Stance**

Nomura Holdings aims for transparency in all its operations and strives to ensure the quick, responsive management of Nomura Group as a whole. While working to enhance the corporate value of the Group in the medium to long term, Nomura Holdings is fully aware that strengthening corporate governance is of the highest priority and accordingly implements initiatives to strengthen and improve its governance systems.

Among these initiatives, Nomura Holdings is actively implementing reforms to ensure management transparency. When the Group made the transition to a holding company structure in October 2001, Nomura Holdings appointed outside members to its Board of Directors with the objective of strengthening management oversight functions. Nomura Holdings also formed an Internal Controls Committee in which an outside director also participates, created a Compensation Committee with a majority of outside directors, and formed an Advisory Board composed of prominent persons. When Nomura Holdings listed its shares on the New York Stock Exchange in December 2001, it further expanded its information disclosure to increase the transparency of its management systems and activities. In June 2003, Nomura Holdings adopted the Committee System corporate governance model and separated the management oversight functions from the day-to-day execution of business activities. It also focused governance on the Nomination, Audit, and Compensation committees, thereby substantially strengthening management oversight functions and increasing transparency. Along with this, the Group’s executive officers were delegated substantially greater authority for conducting operations and they subsequently have executed business activities quickly and responsively from a consolidated perspective.

Moreover, in 2004, we drew up the Code of Ethics of Nomura Group, which specifies items related to corporate governance and corporate social responsibility that all Nomura Group executives and employees should be in compliance with in order to fulfill their responsibilities to Nomura Holdings shareholders and all other stakeholders.

**Board of Directors**

From left: Koji Tajika, Fumihide Nomura, Haruo Tsuji, Masaharu Shibata, Hideaki Kubori, Yukio Suzuki, Kazutoshi Inano, Junichi Ujiie, Nobuyuki Koga, Hiroshi Toda, and Masanori Itatani
### Board of Directors (As of July 1, 2007)

<table>
<thead>
<tr>
<th>Title</th>
<th>Name</th>
<th>Concurrent Position</th>
<th>Audit Mission Director</th>
<th>Nomination Committee</th>
<th>Audit Committee</th>
<th>Compensation Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman of the Board</td>
<td>Junichi Ujiie</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Nobuyuki Koga</td>
<td>President &amp; Chief Executive Officer (Representative Executive Officer)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Hiroshi Toda</td>
<td>Deputy President &amp; Chief Operating Officer (Representative Executive Officer)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Kazutoshi Inano</td>
<td>Deputy President &amp; Co-Chief Operating Officer (Representative Executive Officer)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Masanori Itatani</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Yukio Suzuki</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Director</td>
<td>Masaharu Shibata</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Hideaki Kubori</td>
<td></td>
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<tr>
<td>Director</td>
<td>Haruo Tsuji</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Director</td>
<td>Fumihide Nomura</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Koji Tajka</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: A double circle indicates the committee chair.

### Business Experience (As of July 1, 2007)

<table>
<thead>
<tr>
<th>Name</th>
<th>Year Assumed</th>
<th>Business Experience</th>
<th>Significant Concurrent Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junichi Ujiie</td>
<td>2003</td>
<td>Chairman of the Board of Directors and Senior Managing Director</td>
<td>Chairman of the Board of Directors (Current)</td>
</tr>
<tr>
<td></td>
<td>2006</td>
<td>Chairman of the Board of Directors (Current)</td>
<td></td>
</tr>
<tr>
<td>Nobuyuki Koga</td>
<td>2003</td>
<td>Director and President &amp; Chief Executive Officer (Current)</td>
<td></td>
</tr>
<tr>
<td>Hiroshi Toda</td>
<td>2003</td>
<td>Director and Deputy President &amp; Chief Operating Officer (Current)</td>
<td></td>
</tr>
<tr>
<td>Kazutoshi Inano</td>
<td>2003</td>
<td>Director and Deputy President &amp; Co-Chief Operating Officer (Current)</td>
<td></td>
</tr>
<tr>
<td>Masanori Itatani</td>
<td>2003</td>
<td>Senior Managing Director in Charge of Global Corporate Communications, General Affairs Department and Secretariat</td>
<td>Senior Managing Director in Charge of Internal Audit (Current)</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>Senior Managing Director in Charge of Internal Audit (Current)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2006</td>
<td>Executive Managing Director in Charge of Internal Audit (Current)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2007</td>
<td>Director (Current)</td>
<td></td>
</tr>
<tr>
<td>Yukio Suzuki</td>
<td>2003</td>
<td>Executive Managing Director of Nomura Asset Management</td>
<td>Chairman &amp; CEO of NGK Insulators, Ltd.</td>
</tr>
<tr>
<td></td>
<td>2005</td>
<td>Advisor</td>
<td>Chairman &amp; CEO of NGK Technica, Ltd.</td>
</tr>
<tr>
<td></td>
<td>2001</td>
<td>Director (Current)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2002</td>
<td>Chairman &amp; CEO of NGK Insulators, Ltd. (Current)</td>
<td></td>
</tr>
<tr>
<td>Hideaki Kubori</td>
<td>1971</td>
<td>Registered as Attorney at Law</td>
<td>Chairman of Hibiya Park Law Offices</td>
</tr>
<tr>
<td></td>
<td>1998</td>
<td>Chairman of Hibiya Park Law Offices</td>
<td>Statutory Auditor of SOURCENEXT CORPORATION</td>
</tr>
<tr>
<td></td>
<td>2001</td>
<td>President of Daini Tokyo Bar Associations, Vice President of Japan Federation of Bar Associations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2001</td>
<td>Director (Current)</td>
<td></td>
</tr>
<tr>
<td>Haruo Tsuji</td>
<td>1986</td>
<td>President of Sharp Corporation</td>
<td>Corporate Advisor of Sharp Corporation</td>
</tr>
<tr>
<td></td>
<td>1998</td>
<td>Corporate Advisor of Sharp Corporation (Current)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2001</td>
<td>Statutory Auditor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>Director (Current)</td>
<td></td>
</tr>
<tr>
<td>Fumihide Nomura</td>
<td>2003</td>
<td>Director (Current)</td>
<td>President of Nomura Shokusan Co., Ltd.</td>
</tr>
<tr>
<td>Koji Tajka</td>
<td>1965</td>
<td>Registered as Certified Public Accountant</td>
<td>Director of Murata Manufacturing Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>1993</td>
<td>CEO of Tohmatsu &amp; Co.</td>
<td>Statutory Auditor of Sumitomo Corporation</td>
</tr>
<tr>
<td></td>
<td>1997</td>
<td>Chairman &amp; CEO of Tohmatsu &amp; Co.</td>
<td>Director of The Tokyo Star Bank Limited</td>
</tr>
<tr>
<td></td>
<td>1999</td>
<td>Chairman of Deloitte Touche Tohmatsu</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2001</td>
<td>Advisor of Tohmatsu &amp; Co.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>Director (Current)</td>
<td></td>
</tr>
</tbody>
</table>
Corporate Governance

Management Structure
In June 2003, Nomura Holdings adopted the Committee System, and by forming the Nomination, Audit, and Compensation committees, with a majority of outside directors, the Company has significantly strengthened its management oversight functions and increased management transparency. In addition, by delegating substantially greater authority for conducting business operations to the executive officers, the Company is positioned to manage its activities quickly and responsively from a consolidated perspective.

Management Systems

- Operations of the Board of Directors
  The Board of Directors makes decisions on items specified by the Corporation Law of Japan. The members of the Board of Directors receive operating reports from the executive officers and, at least once every three months, receive reports on items discussed in the Group Executive Management Committee and other management meetings. Moreover, the directors receive financial reports on a monthly basis. During the fiscal year ended March 31, 2007, the Board of Directors met nine times.

- 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, respectively. As such, management oversight is conducted by the Board of Directors.
Nomination Committee
The Nomination Committee is composed of a majority of outside directors and is responsible for decisions regarding proposals made to the Ordinary General Meeting of Shareholders concerning the appointment and dismissal of directors. No directors who are representative executive officers, including the CEO, or executive officers are members of the Nomination Committee. During the fiscal year ended March 31, 2007, the Nomination Committee met three times.

Audit Committee
The Audit Committee is composed of a majority of outside directors and 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 Ordinary General Meeting of Shareholders concerning the appointment and dismissal of independent auditors. No directors who are representative executive officers, including the CEO, or executive officers are members of the Audit Committee. During the fiscal year ended March 31, 2007, the Audit Committee met 26 times.

Compensation Committee
The Compensation Committee is composed of a majority of outside directors and makes decisions regarding compensation for directors and executive officers, both in terms of broad policy and compensation for specific individuals. No directors who are representative executive officers, including the CEO, or executive officers are members of the Compensation Committee. During the fiscal year ended March 31, 2007, the Compensation Committee met three times.

Compensation for Directors and Executive Officers
Nomura Holdings has two basic compensation policies for directors and executive officers: (1) to set compensation levels flexibly in line with the attainment of management objectives to raise management motivation and empower individuals to realize their full potential and (2) to introduce equity-based compensation to enhance long-term incentives. The compensation of directors and executive officers is composed of a base salary, cash bonus, and stock bonus.

(1) 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 of attainment of the target ROE on a consolidated basis. The ROE-linked portion is determined as shown in the accompanying table.

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

(3) 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 compensation.
Executive Officers Work to Strengthen and Expand Internal Control System

Since Nomura Holdings adopted the Committee System, the Board of Directors has delegated substantial authority for the conduct of business operations to the executive officers, and under this system the executive officers are able to conduct business activities flexibly.

Nomura Group is working to ensure proper corporate behavior throughout the Group by strengthening and expanding the internal control system with the objectives of securing transparency and efficiency in management, maintaining compliance with laws and regulations, conducting proper risk management, ensuring reliability of business and financial reporting, and promoting timely and appropriate information disclosure.

<table>
<thead>
<tr>
<th>Title</th>
<th>Name</th>
<th>Main Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Nobuyuki Koga</td>
<td>Chief Executive Officer (Serving concurrently as Director, Representative Executive Officer)</td>
</tr>
<tr>
<td>Deputy President</td>
<td>Hiroshi Toda</td>
<td>Chief Operating Officer, International Operations Officer (Serving concurrently as Director, Representative Executive Officer)</td>
</tr>
<tr>
<td>Deputy President</td>
<td>Kazutoshi Inano</td>
<td>Co-Chief Operating Officer, Group Compliance Officer (Serving concurrently as Director, Representative Executive Officer)</td>
</tr>
<tr>
<td>Executive Managing Director</td>
<td>Akihiko Nakamura</td>
<td>Chief Information Officer</td>
</tr>
<tr>
<td>Executive Managing Director</td>
<td>Toshio Hirota</td>
<td>Head of Communications</td>
</tr>
<tr>
<td>Executive Managing Director</td>
<td>Hideyuki Takahashi</td>
<td>Head of Internal Audit</td>
</tr>
<tr>
<td>Senior Managing Director</td>
<td>Akihito Watanabe</td>
<td>Head of Group Human Resources Development</td>
</tr>
<tr>
<td>Senior Managing Director</td>
<td>Tetsu Ozaki</td>
<td>Head of Group Corporate Strategy</td>
</tr>
<tr>
<td>Senior Managing Director</td>
<td>Masafumi Nakada</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Senior Managing Director</td>
<td>Noriaki Nagai</td>
<td>Head of Corporate Office</td>
</tr>
<tr>
<td>Senior Managing Director</td>
<td>Shigesuke Kashiwagi</td>
<td>Head of Regional Management, Americas</td>
</tr>
<tr>
<td>Senior Managing Director</td>
<td>Yugo Ishida</td>
<td>Head of Regional Management, Europe</td>
</tr>
<tr>
<td>Senior Managing Director</td>
<td>Yoshinori Go</td>
<td>Head of Asia Region Marketing</td>
</tr>
</tbody>
</table>
Our Founder’s Principles

Throughout our more than 80-year history, Our Founder’s Principles have been handed down and still live on today. From the principle of putting the customer first came our unwavering commitment to prospering together with our clients, something that we continue to build on today.

1. Nomura’s raison d’être
2. Principle of putting the customer first
3. Global ambition
4. Emphasis on rigorous research and analysis
5. Staying one step ahead
6. Entrepreneurial spirit
7. Human resources
8. Emphasis on teamwork
9. Business development frame of mind
10. Customer service mind-set

Code of Ethics

Based on Our Founder’s Principles, the Code of Ethics of Nomura Group, which is applicable to all management and employees, was issued in March 2004. This code specifies the points relating to corporate governance and corporate social responsibility that all management and employees of Nomura Group are expected to follow. Training and other activities are conducted to make all personnel of Nomura Group fully aware of these points.

1. Social responsibilities
2. Advancement of customers’ interests
3. Compliance with laws
4. Corporate opportunity
5. Conflicts of interest
6. Confidentiality
7. Fair dealing
8. Protection and proper use of corporate assets
9. Retention of documents
10. Environmental issues
11. Corporate citizenship activities
12. Respect for human rights
13. International harmonization
14. Media policy
15. Personal investments
16. Reporting of illegal or unethical conduct
17. Protection against retaliation
18. Code of ethics for financial professionals
19. Amendments and waivers

Mission Statement

With Our Founder’s Principles and the Code of Ethics of Nomura Group as the foundation for management, Nomura Group issued its Mission Statement in March 2007 to clarify the specific points it is focusing on in the current operating environment. This statement is not just a slogan; it expresses the goals, vision, strategy, and other aspects of Nomura Group that are shared by all management and employees.

1. We are committed to enriching society by delivering superior investment services.
2. We are not afraid to continually challenge conventional wisdom and actively encourage change in order to pursue growth.
3. We are committed to putting our clients at the heart of our business, developing and maintaining long-standing relationships based on trust.
4. We are one firm, committed to delivering the full range of our capabilities, knowledge, and resources to meet the needs of our clients.
5. We respect diversity and value differences of opinion.
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.

- **Group Executive Management Committee**
  The Group Executive Management Committee is responsible for deliberating and making decisions on key issues related to management, including the business plans of Nomura Group, budgets, and allocation of management resources. This committee is made up of the three representative executive officers and is chaired by President Nobuyuki Koga.

- **Commitment Committee**
  The Commitment Committee is responsible for deliberating and making decisions regarding important items involving Nomura Group positions having low liquidity and positions that are material with regard to risk management. At present, the Committee Committee is made up of five executive officers plus three business division CEOs and is chaired by Representative Executive Officer Hiroshi Toda.

- **Internal Controls Committee**
  The Internal Controls Committee is responsible for establishing internal controls for Nomura Group operations as well as for deliberating and making decisions regarding matters to ensure proper corporate behavior. At present, the committee is made up of three executive officers, two directors, and one executive officer from a Nomura Group subsidiary. President Nobuyuki Koga chairs the committee.

- **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 13 executive officers and is chaired by President Nobuyuki Koga.

- **Group Management Council**
  The Group Management Council is composed of 19 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. Council meetings are chaired by President Nobuyuki Koga.

Internal Controls

Nomura Holdings adopts a range of measures to ensure that decision making related to the conduct of operations by the executive officers proceeds smoothly and appropriately.

Fair Disclosure

To ensure investors have fair access to information regarding Nomura Group, we have established Nomura Group’s Statement of Global Corporate Policy Regarding Public Disclosure of Information. Based on this policy statement, the Disclosure Committee deliberates and makes decisions regarding appropriate ways of disclosing material information related to Nomura Group, preparation of legally mandated disclosure documents, and important items related to disclosure of corporate information.

Crisis Management

Nomura Group has drawn up a set of crisis management rules and regulations that covers contingencies where natural disasters, fires, and other detrimental events may result in loss of human resources or assets, hindering the Group’s operations. These rules and regulations provide guidelines for minimizing damage from such contingencies and returning to normal operation at an early date. For Nomura Group as a whole, the Nomura Group Crisis Management Committee is responsible for crisis management initiatives and responses.
Information Security

Information related to customers and other matters is critical to Nomura Group’s business activities and a rigorous system of controls has been put into place to protect this information. The basic policies of Nomura Group regarding information security have been set forth in the Nomura Group Information Security Policy. Each company in Nomura Group has developed information security rules and regulations based on the Group’s basic policies, and the companies conduct training to raise awareness of the necessity for information security among employees.

Compliance

Nomura Group works to prevent behavior that may give rise to suspicion of violations of legal regulations. Should such issues arise, all related information is promptly transmitted to management without exception, and systems have been put into place to deal with these appropriately. In addition, in accord with the Regulations of Nomura Group Management Structure, all Group companies comply with laws and regulations that have been enacted for the industries where they engage in business activities and supervise compliance based on their internal regulations.

Appointment of a Group Compliance Officer

To create a substantially stronger system for internal supervision activities at all Nomura Group companies in Japan and internationally, a Group Compliance Officer was appointed on April 1, 2007, with overall responsibility for Group compliance.

Compliance Officers

The companies of Nomura Group appoint Compliance Officers who are responsible for ensuring that the conduct and supervision of operations is in accord with legal regulations and is socially appropriate from the perspective of corporate ethical standards. These officers attend an annual training seminar to reinforce their awareness of the operating responsibilities of Compliance Officers, the unified regulations of the Group, and compliance policy.

Compliance Hotline

For cases when it appears that members of Nomura Group management or staff may have engaged in behavior that is in violation of legal regulations, the Group provides a Compliance Hotline, which allows persons with information to go around the regular communication channels of individual Group companies and directly inform the director in charge of Nomura Holdings or an outside director.

Global Response to Legal Risk

Nomura Group takes the necessary measures to deal with legal risk in its international compliance activities and cross-border transactions. In addition, to develop cross-border products and services that satisfy the regulations of various countries, the Group is working to enhance its specialized capabilities regarding such regulations.

Risk Management

The businesses of Nomura Group are exposed to various types of risks. To ensure financial soundness and increase corporate value, managing these risks is one of the most important responsibilities of management. Accordingly, the risk management framework and governance systems of Nomura Group have been structured to provide for comprehensive control, monitoring, and reporting on the risks the Group confronts.

Overall Risk Management by Global Risk Management

In addition to the risk management activities conducted by the Commitment Committee and the business units, Nomura Group has formed the Global Risk Management unit. This unit assists the Group Executive Management Committee and the executive officer in charge of risk management in their activities to conduct overall management of various forms of risk. Overall risk management includes structuring risk management frameworks, implementing measures to promote awareness and observance of risk management practices and procedures throughout the Group, monitoring the appropriateness of risk management, and measuring as well as analyzing risk for the Group as a whole. As part of this process, internal audits are also conducted on a periodic basis.

Note: For details regarding internal controls in the conduct of business operations, please refer to Corporate Governance in the Investor Relations section of www.nomura.com.
Enriching Society through Investment Services

“Nomura’s mission is to enrich the nation through the securities business. This is something we must absolutely see through.” True to the words of our founder, Tokushichi Nomura II, we remain committed to enriching society by delivering to clients superior services and solutions to meet all investment needs. This has been our unwavering spirit since our founding. It is our social mission and our raison d’être.

Nomura Group’s Basic Principles are rooted in Our Founder’s Principles and our Code of Ethics. To serve as a more practical guide for our business operations, we recently established both a Mission Statement and Principles of Conduct, which along with Our Ideals, combine to serve as our Code of Conduct to make clear our social mission as a Group. By sharing and putting into practice our Basic Principles and Code of Conduct, we will continue to grow and play our part in enriching society.

Our Relationships with Society

Nomura Group conducts a range of activities to fulfill its corporate social responsibility (CSR) and help enrich society. We focus on three main areas: (1) community involvement, (2) education, and (3) support for the arts, culture, and academia.

(1) Community Involvement

We believe that winning the trust of the community is essential for Nomura Group to continue its business activities. We all undertake activities that contribute to the community and raise Nomura’s presence among a broad spectrum of groups in society to gain trust and a better understanding of Nomura’s mission. Two such activities in Japan are the acceptance of student interns at Nomura’s Toyama branch and participation in community cleanup initiatives by the staff of Nomura’s Seijo branch in Tokyo.
To contribute to making investment an integral part of everyday life in Japan and assure its position as part of the foundations of society, Nomura Group endeavors to expand and enrich educational opportunities available to all age-groups. Specific examples include the following.

- **Finance Courses for University Students**
  During fiscal 2006, 548 personnel of Nomura Group acted as visiting instructors for courses at 127 universities throughout Japan, which were attended by a total of about 20,000 students.

- **Special Support for the Nikkei Stock League**
  The Nikkei Stock League was held for the seventh time in fiscal 2006, and 2,065 teams with a total of 8,193 participants from schools throughout Japan took part in conducting investment simulations.

In addition to these activities, Nomura Group donates financial and economic educational materials for primary- and middle-school students, offers educational programs on securities for lifelong learning courses, and maintains a website dedicated to learning about economics.

(3) **Support for the Arts, Culture, and Academia**

We believe that sound economic development is not enough in itself to create true prosperity. We therefore provide support for a variety of cultural and artistic pursuits grounded in the belief that people should be well-rounded and should have the richness of spirit to view society constructively. Some of these activities are as follows.

- **Pacific Music Festival**
  We have been a special corporate supporter of the Pacific Music Festival (PMF), which aims to contribute to the development of musical culture around the world by fostering young musicians, since its inception in 1990.

- **Support for Academic Activities**
  Nomura Group’s support for academic activities includes sponsorship of joint research, other assistance for research, and sponsorship of courses on securities. In Japan, we support such universities as the University of Tokyo, Kyoto University, and Hitotsubashi University. Internationally, we work with the University of Oxford in the United Kingdom, Columbia University in the United States, and Chulalongkorn University in Thailand.

In addition to these activities, the Nomura Cultural Foundation provides support for the career development of young artists and offers scholarships to foreign students pursuing their studies in Japan.

### Environmental Initiatives

Nomura Group believes that the way in which companies interact with the environment is a key factor in the sustainable development of society. We therefore engage in activities to heighten awareness of the need for environmental conservation and promote initiatives for a sustainable future. Some of these activities are as follows.

- **Environmental Activities Working Group**
  Nomura Group has established a working group to examine and design Groupwide measures and plans that can be implemented by Nomura Group companies working together.

- **Initiatives Aimed at Preventing Global Warming**
  Nomura Group works to save energy by reducing CO₂ emissions through the purchase of Green Power Certificates and reducing electric power consumption by cutting down on unnecessary office lighting. In addition, the Group is working to reduce fuel consumption by encouraging the use of public transportation.

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### Public Evaluation

Nomura Group’s CSR initiatives have been highly commended, and Nomura Holdings stock is part of the Dow Jones Sustainability Indexes, FTSE4Good Index, and MS-SRI (Morningstar Socially Responsible Investment Index, as of September 2006). It was selected for inclusion in the Global 100 in January 2007.
## Consolidated Six-Year Summary (U.S. GAAP)

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.

### Operating Results:

#### Revenue:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissions</td>
<td>¥140,001</td>
</tr>
<tr>
<td>Fees from investment banking</td>
<td>75,255</td>
</tr>
<tr>
<td>Asset management and portfolio service fees</td>
<td>109,985</td>
</tr>
<tr>
<td>Net gain on trading</td>
<td>162,228</td>
</tr>
<tr>
<td>Gain (loss) on private equity investments</td>
<td>232,472</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>500,541</td>
</tr>
<tr>
<td>Gain (loss) on investments in equity securities</td>
<td>(55,860)</td>
</tr>
<tr>
<td>Gain from changes in equity of an affiliated company</td>
<td>3,504</td>
</tr>
<tr>
<td>PFG entities product sales</td>
<td>294,931</td>
</tr>
<tr>
<td>PFG entities rental income</td>
<td>177,053</td>
</tr>
<tr>
<td>Gain on sales of PFG entities</td>
<td>116,324</td>
</tr>
<tr>
<td>Private equity entities product sales</td>
<td>68,965</td>
</tr>
<tr>
<td>Total revenue</td>
<td>1,825,399</td>
</tr>
<tr>
<td>Interest expense</td>
<td>504,048</td>
</tr>
<tr>
<td><strong>Net revenue</strong></td>
<td>1,321,351</td>
</tr>
</tbody>
</table>

#### Non-interest expenses:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation and benefits</td>
<td>379,540</td>
</tr>
<tr>
<td>Commissions and floor brokerage</td>
<td>20,962</td>
</tr>
<tr>
<td>Information processing and communications</td>
<td>87,252</td>
</tr>
<tr>
<td>Occupancy and related depreciation</td>
<td>73,787</td>
</tr>
<tr>
<td>Business development expenses</td>
<td>26,652</td>
</tr>
<tr>
<td>PFG entities cost of goods sold</td>
<td>200,871</td>
</tr>
<tr>
<td>PFG entities expenses associated with rental income</td>
<td>111,529</td>
</tr>
<tr>
<td>Private equity entities cost of goods sold</td>
<td>247,786</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-interest expenses</strong></td>
<td>1,148,379</td>
</tr>
</tbody>
</table>

Income from continuing operations before income taxes and cumulative effect of accounting change 172,972
Income from discontinued operations before income taxes and cumulative effect of accounting change —
Income tax expense 4,926
Income from continuing operations before cumulative effect of accounting change 168,046
Gain on discontinued operations —
Cumulative effect of accounting change —
Net income ¥168,046

### Cash Flows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by (used in) operating activities from continuing operations</td>
<td>¥ (1,170,028)</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities from continuing operations</td>
<td>(42,882)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities from continuing operations</td>
<td>1,052,851</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>13,018</td>
</tr>
<tr>
<td>Discontinued operations, net</td>
<td></td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>¥ (147,041)</td>
</tr>
</tbody>
</table>

### Balance Sheet Information (Period End):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash deposits</td>
<td>¥775,734</td>
</tr>
<tr>
<td>Loans and receivables</td>
<td>1,046,014</td>
</tr>
<tr>
<td>Collateralized agreements</td>
<td>6,680,001</td>
</tr>
<tr>
<td>Trading assets and private equity investments</td>
<td>7,841,533</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,414,991</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥17,758,273</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>¥629,279</td>
</tr>
<tr>
<td>Payables and deposits</td>
<td>1,251,592</td>
</tr>
<tr>
<td>Collateralized financing</td>
<td>9,087,597</td>
</tr>
<tr>
<td>Trading liabilities</td>
<td>2,693,746</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>518,156</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>1,972,974</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>16,153,344</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>1,604,929</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>¥17,758,273</td>
</tr>
</tbody>
</table>

Note: Certain reclassifications of previously reported amounts have been made to conform to the current-year presentation.
### Consolidated Six-Year Summary (U.S. GAAP)

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of yen</th>
<th>Millions of U.S. dollars*</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2003</td>
<td>141,640</td>
<td>337,458</td>
</tr>
<tr>
<td>3/2004</td>
<td>210,126</td>
<td>370,343</td>
</tr>
<tr>
<td>3/2005</td>
<td>221,963</td>
<td>388,641</td>
</tr>
<tr>
<td>3/2006</td>
<td>356,325</td>
<td>804,760</td>
</tr>
<tr>
<td>3/2007</td>
<td>378,238</td>
<td>853,395</td>
</tr>
<tr>
<td>3/2007</td>
<td>405,505</td>
<td>941,589</td>
</tr>
</tbody>
</table>

*Calculated using the yen-dollar exchange rate of U.S.$1.00=¥117.56, 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 30, 2007.
Major Subsidiaries and Affiliates
As of July 1, 2007

Japan
- NOMURA SECURITIES CO., LTD.
- NOMURA ASSET MANAGEMENT CO., LTD.
- THE NOMURA TRUST & BANKING CO., LTD.
- NOMURA CAPITAL INVESTMENT CO., LTD.
- NOMURA INVESTOR RELATIONS CO., LTD.
- NOMURA PRINCIPAL FINANCE CO., LTD.
- NOMURA FUNDS RESEARCH AND TECHNOLOGIES CO., LTD.
- NOMURA PENSION SUPPORT & SERVICE CO., LTD.
- NOMURA BABCOCK & BROWN CO., LTD.
- NOMURA RESEARCH & ADVISORY CO., LTD.
- NOMURA BUSINESS SERVICES CO., LTD.
- NOMURA FACILITIES, INC.
- NOMURA INSTITUTE OF CAPITAL MARKETS RESEARCH
- JOINVEST SECURITIES CO., LTD.
- NOMURA HEALTHCARE CO., LTD.

Europe & Middle East
- NOMURA EUROPE HOLDINGS PLC
  - NOMURA INTERNATIONAL PLC
  - • Madrid Office • Vienna Representative Office
  - NOMURA CODE SECURITIES LTD.
  - NOMURA BANK INTERNATIONAL PLC
  - BANQUE NOMURA FRANCE
  - NOMURA NEDERLAND N.V.
  - NOMURA BANK (LUXEMBOURG) S.A.
  - NOMURA BANK (DEUTSCHLAND) GmbH
  - MAINTRUST KAG mbH
  - NOMURA BANK (SWITZERLAND) LTD.
  - • Geneva Office
  - NOMURA ITALIA S.p.A.
  - NOMURA CORPORATE ADVISORY (CENTRAL EUROPE) Private Company Ltd.
  - NOMURA CORPORATE ADVISORY (CENTRAL & EASTERN EUROPE) Sp.z.o.o.
  - NOMURA (CIS) LIMITED
  - • Moscow Office
  - NOMURA INVESTMENT BANKING (MIDDLE EAST) B.S.C. (c)
  - NOMURA FUNDING FACILITY CORPORATION LIMITED
  - NOMURA GLOBAL FUNDING PLC
  - NOMURA EUROPE FUNDING N.V.
  - NOMURA STRUCTURED HOLDINGS PLC
  - NOMURA PRINCIPAL INVESTMENT PLC
  - NOMURA EUROPEAN INVESTMENT LIMITED
  - NOMURA GP LIMITED

Americas
- NOMURA HOLDING AMERICA INC.
  - NOMURA SECURITIES INTERNATIONAL, INC.
  - • Chicago Office • Los Angeles Office • San Francisco Office
  - • São Paulo Representative Office
  - NOMURA CORPORATE RESEARCH AND ASSET MANAGEMENT INC.
  - NOMURA ASSET CAPITAL CORPORATION
  - THE CAPITAL COMPANY OF AMERICA, LLC
  - NOMURA AMERICA MORTGAGE FINANCE LLC
  - NOMURA DERIVATIVE PRODUCTS, INC.
  - NOMURA GLOBAL FINANCIAL PRODUCTS, INC.
  - NOMURA FUNDS RESEARCH AND TECHNOLOGIES AMERICA, INC.
  - NOMURA INTERNATIONAL TRUST COMPANY
  - NOMURA SECURITIES (BERMUDA) LTD.
  - NOMURA CANADA INC.
  - NOMURA REALTY ADVISORS, INC.

Instinet
- INSTINET, INC.

Asia & Oceania
- NOMURA ASIA HOLDING N.V.
  - NOMURA INTERNATIONAL (HONG KONG) LIMITED
  - • Seoul Branch Office • Taipei Branch Office • Hong Kong Representative Office
  - NOMURA FUTURES (HONG KONG) LIMITED
  - NOMURA SECURITIES (HONG KONG) LIMITED
  - NOMURA ASIA LIMITED
  - NOMURA SINGAPORE LIMITED
  - NOMURA FUTURES (SINGAPORE) PTE. LTD.
  - NOMURA SECURITIES (SINGAPORE) PTE. LTD.
  - NOMURA MALAYSIA SDN. BHD.
  - NOMURA AUSTRALIA LIMITED
  - NOMURA SECURITIES PHILIPPINES, INC.
  - P.T. NOMURA INDONESIA
  - CAPITAL NOMURA SECURITIES PUBLIC COMPANY LIMITED
  - NOMURA CORPORATE ADVISORY (CHINA) CO., LTD.
Nomura Securities Domestic Network
As of July 1, 2007 (157 Offices)

Kanto
- Aobadai Branch
- Atsugi Branch
- Chiba Branch
- Fujisawa Branch
- Funabashi Branch
- Hiratsuka Branch
- Ichikawa Branch
- Kamakura Branch
- Kashiiwa Branch
- Kawagoe Branch
- Kawaguchi Branch
- Kawasaki Branch
- Konandai Branch
- Matsudo Branch
- Mito Branch
- Odawara Branch
- Omiya Branch

Hokaiido
- Asahikawa Branch
- Hakodate Branch
- Kushiro Branch
- Sapporo Branch

Tohoku
- Akita Branch
- Aomori Branch
- Fukushima Branch
- Hachinohe Branch
- Koriyama Branch
- Morioka Branch
- Sendai Branch
- Yamagata Branch

Chugoku
- Fukuyama Branch
- Hiroshima Branch
- Kurashiki Branch
- Matsue Branch
- Okayama Branch
- Shimamori Branch
- Tokuyama Branch
- Yonago Branch

Hokuriku
- Fukui Branch
- Kanazawa Branch
- Niigata Branch
- Toyama Branch

Shikoku
- Kochi Branch
- Matsuyama Branch
- Takamatsu Branch
- Tokushima Branch

Kyushu
- Fukuoka Branch
- Kagoshima Branch
- Kitakyushu Branch
- Kumamoto Branch
- Kurume Branch
- Miyazaki Branch
- Nagasaki Branch
- Okita Branch
- Saga Branch
- Sasebo Branch

Chubu
- Gifu Branch
- Hamamatsu Branch
- Kanayama Branch
- Kariya Branch
- Kasugai Branch
- Matsusaka Branch
- Nagano Branch
- Nagoya Branch

Tokyo Metropolitan Area
- Chofu Branch
- Fuchu Branch
- Gotanda Branch
- Hamadaya Branch
- Head Office
- Iidabashi Branch
- Ikebukuro Branch
- Ikebukuro Metropolitan
- Plaza Branch
- Jiyugaoka Branch
- Kamata Branch
- Kanda Branch
- Kichijoji Branch
- Kinshicho Branch
- Koishikawa Branch
- Koiwa Branch
- Toyota Branch
- Tsuchiura Branch

Okinawa
- Naha Branch

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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

Paid-in Capital
¥182,799,788,854 (As of March 31, 2007)

Group Employees
16,144 (As of March 31, 2007)

Fiscal Year-end
March 31

Share Data

Common Stock Issued
1,965,919,860 shares (As of March 31, 2007)

Listings
The common shares of Nomura Holdings 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, 2007)

Number of Shareholders
238,788 (Unit shareholders: 209,942) (As of March 31, 2007)

Major Shareholders (Top 10) (As of March 31, 2007)

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Shareholder Name</th>
<th>Number of Shares Held (Thousands)</th>
<th>Share of Total Voting Rights (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>102,679</td>
<td>5.40</td>
</tr>
<tr>
<td>2</td>
<td>Japan Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>95,071</td>
<td>4.90</td>
</tr>
<tr>
<td>3</td>
<td>Depositary Nominees Inc.</td>
<td>76,404</td>
<td>3.09</td>
</tr>
<tr>
<td>4</td>
<td>State Street Bank and Trust Company</td>
<td>58,715</td>
<td>2.62</td>
</tr>
<tr>
<td>5</td>
<td>State Street Bank and Trust Company 505103</td>
<td>55,442</td>
<td>2.91</td>
</tr>
<tr>
<td>6</td>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 4)</td>
<td>43,687</td>
<td>2.30</td>
</tr>
<tr>
<td>7</td>
<td>The Chase Manhattan Bank, N.A. London</td>
<td>30,696</td>
<td>1.61</td>
</tr>
<tr>
<td>8</td>
<td>Nippon Life Insurance Company</td>
<td>19,007</td>
<td>1.00</td>
</tr>
<tr>
<td>9</td>
<td>Mellon Bank, N.A. as Agent for Its Client Mellon Omnibus US Pension</td>
<td>18,462</td>
<td>0.97</td>
</tr>
<tr>
<td>10</td>
<td>Trust &amp; Custody Services Bank, Ltd. (Trust Account B)</td>
<td>17,384</td>
<td>0.91</td>
</tr>
</tbody>
</table>

Note: As of March 31, 2007, the Company had 57,730 thousand shares of treasury stock which have been excluded from the above list.

Transfer Agent and Registrar
Mitsubishi UFJ Trust & Banking Corporation
Corporate Agency Department:
81 (3) 5683-5111, 0120-232-711 (Toll free in Japan)

Depositary for American Depositary Receipts (ADRs)
The Bank of New York
Depositary Receipts Division:
1 (212) 815-8161, (888) 269-2377 (Toll free in U.S.)
www.adrbny.com
Ratio: 1 ADR = 1 ordinary share

Credit Ratings

| | Nomura Holdings | Nomura Securities |
| | Long-term | Short-term | Long-term | Short-term |
| Moody’s | A3 | — | A2 | P-1 |
| R&I | AA- | a-1+ | AA- | a-1+ |
| JCR | AA | — | AA | — |

*As of March 31, 2007*
For More Information

Investor Relations Department
Nomura Holdings, Inc.
Otemachi Nomura Building
2-1-1, Otemachi, Chiyoda-ku, Tokyo 100-8170, Japan
Tel.: 81 (3) 5255-1000
www.nomuraholdings.com/investor/

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Nomura Holdings Website Top Page

www.nomura.com

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Presentations