

Nomura Reports Second Quarter, First Half Financial Results

Tokyo, October 25, 2007—Nomura Holdings, Inc. today reported consolidated financial results for the second quarter and first half of the fiscal year ending March 31, 2008.

First half summary

Net revenue for the first half was 600.9 billion yen (US\$5.2 billion)¹, a 31.5% year-on-year increase. Income before income taxes of 96.4 billion yen (US\$838 million) was down 9.5% compared to the prior-year period. Net income increased 4.0% year-on-year to 66.2 billion yen (US\$576 million). ROE for the first half was 6.0%.

“While the results for the first half of the year were flat compared with the same period last year due primarily to the US residential mortgage business, the underlying trends of a shift from savings to investment in Japan and increased corporate activity aimed at growth remain as strong as ever,” said Nobuyuki Koga, Nomura President and CEO. “In the second half we will capitalize on these ongoing trends and respond to the changing needs of our customers by increasing our focus on client-centric businesses.”

First half business highlights

- **Domestic Retail:** Number of accounts with a balance exceeded 4 million. Net asset inflow into Domestic Client Assets remained strong at over 3 trillion yen. Branch network continued to expand and innovative customer access points such as an online virtual branch and information booths were opened.
- **Global Markets:** Instinet performed strongly. Launched gold-price-linked exchange traded fund. Established Asia Asset Finance in Singapore in July.
- **Global Investment Banking:** Ranked number one in Equity and Equity-related (Japan) and M&A advisory league tables² for nine months through September.

¹ US dollar amounts are included solely for the convenience of the reader and have been translated at the rate of 114.97 yen = 1 US dollar, the noon buying rate in New York for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on September 28, 2007. This translation should not be construed to imply that the yen amounts actually represent, or have been or could be converted into, equivalent amounts in US dollars.

² Source: Thomson Financial

- **Global Merchant Banking:** Investments realized in Japan and Europe contributed to overall revenue.
- **Asset Management:** Reached agreement with The Norinchukin Bank and the Development Bank of Japan to establish a joint venture to evaluate and analyze private equity funds. Japan Post Bank (formerly Japan Post) started selling Nomura target-year fund.

First half business segment results

Total net revenue from business segments for the first half was 552.7 billion yen (US\$4.8 billion), an 18.7% year-on-year increase. Income before income taxes from business segments was 120.5 billion yen (US\$1.0 billion), down 20.8% from the same period last year.

Domestic Retail

Income before income taxes increased 17.0% year-on-year to 82.8 billion yen. Although an overall decline in individual equity agency transaction value led to a drop in stock brokerage commissions, strong sales of investment trusts helped boost commissions for distribution of investment trusts and investment trust administration fees and other.

Global Markets

Global Markets reported a pre-tax loss of 41.6 billion yen. In Fixed Income, revenue declined year-on-year as a result of losses related to Nomura's exit from the US residential mortgage-backed securities (RMBS) business. Trading of credit derivatives and interest rate and currency-linked derivatives mainly in Europe contributed to revenue. In Equity, income before income taxes increased year-on-year as robust equity derivative trading more than offset a decline in revenue from MPO transactions.

Global Investment Banking

Income before income taxes decreased by 23.0% compared with the previous year to 16.8 billion yen. The domestic M&A business remained strong during the period and operations in Europe and Asia contributed to an expansion in earnings. However, income before income taxes declined year-on-year as equity financing by Japanese corporates dropped off significantly and the value of underwriting transactions declined. Despite this, Nomura was able to maintain its high market share during the first half of the year.

Global Merchant Banking

Income before income taxes declined 11.2% from the same period last year to 45.5 billion yen. The sales of Deutsche Annington by Terra Firma as well as Wanbishi Archives and Sliontec by Nomura Principal Finance contributed to revenue.

Asset Management

Income before income taxes increased 22.0% year-on-year to 19.9 billion yen. Assets under management increased 3.3 trillion yen from the end of June to 30.3 trillion yen on the back of growth in investment trusts and the investment advisory business. Asset management fees increased as a result. In investment trusts, the My Story Profit Distribution-type Course B Fund topped 2 trillion yen in assets and sales of balanced funds and newly-launched funds remained firm.

Second quarter summary

In the second quarter, Nomura booked net revenue of 220.2 billion yen (US\$1.9 billion), a pre-tax loss of 46.5 billion yen (US\$-404 million), and net loss of 10.5 billion yen (US\$-91 million). Second quarter results reflect realized and unrealized losses related to Nomura's exit from the US RMBS business, a restructuring charge related to the company's focus on core businesses in the US, and unrealized losses on investments in equity securities held for operating purposes.

Second quarter business segment results

Total net revenue from business segments for the second quarter was 200.0 billion yen (US\$1.7 billion), a decrease of 43.3% from the prior quarter and 21.8% year-on-year. Pre-tax loss from business segments was 27.3 billion yen (US\$-237 million).

Domestic Retail

Income before income taxes declined 36.3% quarter-on-quarter to 32.2 billion yen. Domestic Client Assets declined by 4 trillion yen from the end of June to 84.3 trillion yen due to a downturn in the stock market. Net asset inflow remained strong at 1.7 trillion yen, while the number of accounts with a balance increased to 4.066 million.

Turmoil in the global financial markets caused commissions for distribution of investment trusts to decline by 10.7% from the first quarter to 35.4 billion yen, stock brokerage commissions to decline by 8.2% to 20.4 billion yen, and sales credit to decline by 38.2% to 20.5 billion yen.

Sales of investment trusts remained strong during the second quarter and net asset inflow into investment trusts outstripped the first quarter, while investment trust administration fees and other increased for the eleventh straight quarter.

Global Markets

Global Markets booked a pre-tax loss of 67.7 billion yen. Net revenue in Fixed Income was -40.6 billion yen due to losses related to Nomura's exit from the US RMBS business. Although order flow for structured bonds weakened, trading of credit derivatives and interest rate and currency-linked derivatives mainly in Europe was robust.

In Equity, net revenue remained around the same level as the prior quarter at 58.1 billion yen. Revenue from MPO transactions and block trades declined, while equity derivative trading was robust and Instinet revenue expanded.

Global Investment Banking

Global Investment Banking reported a pre-tax loss of 3.9 billion yen. The equity finance market for Japanese corporates remained weak during the second quarter and the number of major M&A deals dropped off due to turmoil in the global financial markets. This resulted in a decline in deals contributing to revenue. Despite this, Nomura retained its high market share during the quarter and ranked number one in both the Equity and Equity-related (Japan) and M&A league tables³ for January to September.

In equity financing, Nomura acted as lead manager in deals by Mitsui Trust Holdings and DA Office Investment Corporation. In M&A, Nomura was financial advisor on the tender offer by Promise to acquire all outstanding shares of Sanyo Shinpan Finance.

Global Merchant Banking

Global Merchant Banking income before income taxes was 5.4 billion yen, a decline of 86.5% from the prior quarter. Realized gains were booked from the sale of Terra Firma investee companies and Sliontec by Nomura Principal Finance. Unrealized losses and gains were also booked due the valuation of certain investee companies at fair value.

Asset Management

Asset Management income before income taxes was 7.7 billion yen, a 37.0% decline from the first quarter. Assets under management remained roughly unchanged from the end of the first quarter at 30.3 trillion yen. Sales of balanced funds such as the My Story Profit Distribution-type Fund, Global Three Assets Balance Fund, and Nomura Global Six Assets Diversified Fund remained strong. In addition, newly-launched funds such as the Nomura Global High Interest Rate Currencies Fund and Nomura Aqua Investment attracted inflows of over 100 billion yen. In the investment advisory business, the balance of advisory contracts continued to increase steadily. However, unrealized losses on pilot funds and seed money for product development were also booked during the quarter.

³ Source: Thomson Financial

Ends

For further information please contact:

Name	Company	Telephone
Kimiharu Suzuki	Nomura Holdings, Inc.	81-3-3278-0591
Michiyori Fujiwara	Group Communications Dept.	

Notes to editors:

Nomura Group

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

First half of fiscal year ending March 31, 2008 (1)

US GAAP Figures

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)
	For the six months ended			For the year ended
	September 30, 2007 (2007.4.1 - 2007.9.30) (B)	September 30, 2006 (2006.4.1 - 2006.9.30) (A)		March 31, 2007 (2006.4.1 - 2007.3.31)
Net revenue	600.9	456.9	31.5	1,091.1
Non-interest expenses	504.6	350.4	44.0	769.3
Income (loss) before income taxes	96.4	106.5	(9.5)	321.8
Income tax expense	30.1	42.8	(29.6)	145.9
Net income (loss)	66.2	63.7	4.0	175.8
Return on equity (ROE)	6.0%	6.1%	-	8.3%

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

Total of business segments

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)
	For the six months ended			For the year ended
	September 30, 2007 (2007.4.1 - 2007.9.30) (B)	September 30, 2006 (2006.4.1 - 2006.9.30) (A)		March 31, 2007 (2006.4.1 - 2007.3.31)
Net revenue	552.7	465.5	18.7	1,057.7
Non-interest expense	432.2	313.4	37.9	680.5
Income (loss) before income taxes	120.5	152.1	(20.8)	377.3

First half of fiscal year ending March 31, 2008 (2)

(1) Net revenue

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)
	For the six months ended			For the year ended
	September 30, 2007 (2007.4.1 - 2007.9.30) (B)	September 30, 2006 (2006.4.1 - 2006.9.30) (A)		March 31, 2007 (2006.4.1 - 2007.3.31)
Business segment information:				
Domestic Retail	225.1	200.1	12.5	440.1
Global Markets	125.7	117.4	7.1	290.0
Global Investment Banking	47.6	48.5	(1.9)	99.2
Global Merchant Banking	51.9	56.7	(8.5)	65.0
Asset Management	50.1	41.5	20.7	90.1
Sub Total	500.3	464.2	7.8	984.4
Other	52.4	1.3	3,788.4	73.3
Net revenue	552.7	465.5	18.7	1,057.7
Reconciliation items:				
Unrealized gain (loss) on investments in equity securities held for relationship purposes	(26.1)	(25.5)	-	(38.2)
Effect of consolidation/deconsolidation of certain private equity investee companies	74.3	16.9	340.7	71.6
Net revenue	600.9	456.9	31.5	1,091.1

(2) Non-interest expenses

Business segment information:				
Domestic Retail	142.3	129.4	10.0	279.3
Global Markets	167.3	106.6	56.9	231.2
Global Investment Banking	30.7	26.7	15.3	54.8
Global Merchant Banking	6.3	5.4	17.7	12.2
Asset Management	30.2	25.2	19.9	53.6
Sub Total	376.9	293.3	28.5	631.1
Other	55.2	20.1	175.3	49.4
Non-interest expense	432.2	313.4	37.9	680.5
Reconciliation items:				
Unrealized gain (loss) on investments in equity securities held for relationship purposes	-	-	-	-
Effect of consolidation/deconsolidation of certain private equity investee companies	72.4	37.1	95.4	88.9
Non-interest expenses	504.6	350.4	44.0	769.3

(3) Income (loss) before income taxes

Business segment information:				
Domestic Retail	82.8	70.7	17.0	160.9
Global Markets	(41.6)	10.7	-	58.8
Global Investment Banking	16.8	21.8	(23.0)	44.4
Global Merchant Banking	45.5	51.3	(11.2)	52.8
Asset Management	19.9	16.3	22.0	36.5
Sub Total	123.3	170.8	(27.8)	353.3
Other	(2.8)	(18.7)	-	23.9
Income (loss) before income taxes	120.5	152.1	(20.8)	377.3
Reconciliation items:				
Unrealized gain (loss) on investments in equity securities held for relationship purposes	(26.1)	(25.5)	-	(38.2)
Effect of consolidation/deconsolidation of certain private equity investee companies	1.9	(20.2)	-	(17.3)
Income (loss) before income taxes	96.4	106.5	(9.5)	321.8

*Major components

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

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)
	For the six months ended			For the year ended
	September 30, 2007 (2007.4.1 - 2007.9.30) (B)	September 30, 2006 (2006.4.1 - 2006.9.30) (A)		March 31, 2007 (2006.4.1 - 2007.3.31)
Net gain/loss on trading related to economic hedging transactions	(11.6)	(25.4)	-	(38.4)
Realized gain on investments in equity securities held for relationship purposes	1.3	4.9	-	18.1
Equity in earnings of affiliates	7.7	9.4	(72.9)	53.2
Corporate items	(21.9)	(3.5)	(18.6)	(11.1)
Others	21.8	(4.2)	-	2.1
Total	(2.8)	(18.7)	-	23.9

Second quarter of fiscal year ending March 31, 2008 (1)

US GAAP Figures

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)		% change (B-C)/(C)
	September 30, 2007 (2007.7.1 - 2007.9.30) (B)	June 30, 2007 (2007.4.1 - 2007.6.30) (A)		September 30, 2006 (2006.7.1 - 2006.9.30) (C)		
Net revenue	220.2	380.7	(42.2)	251.0	(12.3)	
Non-interest expenses	266.7	237.9	12.1	177.9	49.9	
Income (loss) before income taxes	(46.5)	142.8	-	73.1	-	
Income tax expense	(35.9)	66.1	-	29.6	-	
Net income (loss)	(10.5)	76.7	-	43.5	-	
Return on equity (ROE)	△1.9%	13.7%	-	8.3%	-	

Total of business segments

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)		% change (B-C)/(C)
	September 30, 2007 (2007.7.1 - 2007.9.30) (B)	June 30, 2007 (2007.4.1 - 2007.6.30) (A)		September 30, 2006 (2006.7.1 - 2006.9.30) (C)		
Net revenue	200.0	352.7	(43.3)	255.7	(21.8)	
Non-interest expenses	227.3	204.9	10.9	158.0	43.8	
Income (loss) before income taxes	(27.3)	147.9	-	97.7	-	

Second quarter of fiscal year ending March 31, 2008 (2)

(1) Net revenue

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)		% change (B-C)/(C)
	September 30, 2007 (2007.7.1 - 2007.9.30)	June 30, 2007 (2007.4.1 - 2007.6.30)		September 30, 2006 (2006.7.1 - 2006.9.30)		
	(B)	(A)	(C)			
Business segment information:						
Domestic Retail	103.3	121.8	(15.2)	94.5	9.2	
Global Markets	16.8	108.9	(84.6)	48.5	(65.4)	
Global Investment Banking	10.8	36.7	(70.6)	29.7	(63.6)	
Global Merchant Banking	8.5	43.4	(80.5)	44.5	(81.0)	
Asset Management	23.7	26.4	(10.3)	23.9	(0.7)	
Sub Total	163.0	337.3	(51.7)	241.1	(32.4)	
Other	37.0	15.4	139.7	14.6	152.5	
Net revenue	200.0	352.7	(43.3)	255.7	(21.8)	
Reconciliation items:						
Unrealized gain (loss) on investments in equity securities held for operating purposes	(23.4)	(2.6)	-	(4.8)	-	
Effect of consolidation/deconsolidation of certain private equity investee companies	43.7	30.7	42.5	0.1	79,298.2	
Net revenue	220.2	380.7	(42.2)	251.0	(12.3)	

(2) Non-interest expenses

Business segment information:						
Domestic Retail	71.1	71.3	(0.3)	66.3	7.1	
Global Markets	84.5	82.9	1.9	52.1	62.2	
Global Investment Banking	14.7	16.0	(7.9)	13.4	9.8	
Global Merchant Banking	3.0	3.3	(8.3)	3.1	(0.9)	
Asset Management	16.0	14.2	12.6	12.8	25.2	
Sub Total	189.3	187.7	0.9	147.7	28.2	
Other	38.0	17.2	121.1	10.4	267.3	
Non-interest expenses	227.3	204.9	10.9	158.0	43.8	
Reconciliation items:						
Unrealized gain (loss) on investments in equity securities held for operating purposes	-	-	-	-	-	
Effect of consolidation/deconsolidation of certain private equity investee companies	39.4	33.0	19.2	19.9	98.3	
Non-interest expenses	266.7	237.9	12.1	177.9	49.9	

(3) Income (loss) before income taxes

Business segment information:						
Domestic Retail	32.2	50.6	(36.3)	28.2	14.3	
Global Markets	(67.7)	26.0	-	(3.6)	-	
Global Investment Banking	(3.9)	20.7	-	16.3	-	
Global Merchant Banking	5.4	40.1	(86.5)	41.5	(86.9)	
Asset Management	7.7	12.2	(37.0)	11.1	(30.6)	
Sub Total	(26.3)	149.6	-	93.4	-	
Other	(1.0)	(1.8)	-	4.3	-	
Income (loss) before income taxes	(27.3)	147.9	-	97.7	-	
Reconciliation items:						
Unrealized gain (loss) on investments in equity securities held for operating purposes	(23.4)	(2.6)	-	(4.8)	-	
Effect of consolidation/deconsolidation of certain private equity investee companies	4.3	(2.4)	-	(19.8)	-	
Income (loss) before income taxes	(46.5)	142.8	-	73.1	-	

*Major components

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

	(Billions of yen)		% change (B-A)/(A)	(Billions of yen)		% change (B-C)/(C)
	September 30, 2007 (2007.7.1 - 2007.9.30)	June 30, 2007 (2007.4.1 - 2007.6.30)		September 30, 2006 (2006.7.1 - 2006.9.30)		
	(B)	(A)	(C)			
Net gain/loss on trading related to economic hedging transactions	2.8	(14.4)	-	(14.0)	-	
Realized gain (loss) on investments in equity securities held for operating purposes	(0.8)	2.1	-	4.8	-	
Equity in earnings of affiliates	2.6	5.1	(49.5)	6.1	(58.0)	
Corporate items	(12.3)	(9.7)	-	3.7	-	
Others	6.6	15.1	(56.3)	3.7	77.3	
Total	(1.0)	(1.8)	-	4.3	-	

1. *This document is produced by Nomura Holdings, Inc. ("Nomura"). Copyright 2007 Nomura Holdings, Inc. All rights reserved.*
2. *Nothing in this document shall be considered as an offer to sell or solicitation of an offer to buy any security, commodity or other instrument, including securities issued by Nomura or any affiliate thereof. Offers to sell, sales, solicitations to buy, or purchases of any securities issued by Nomura or any affiliate thereof may only be made or entered into pursuant to appropriate offering materials or a prospectus prepared and distributed according to the laws, regulations, rules and market practices of the jurisdictions in which such offers or sales may be made.*
3. *No part of this document shall be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of Nomura.*
4. *The information and opinions contained in this document have been obtained from sources believed to be reliable, but no representations or warranty, express or implied, are made that such information is accurate or complete and no responsibility or liability can be accepted by Nomura for errors or omissions or for any losses arising from the use of this information.*
5. *This document contains statements that may constitute, and from time to time our management may make "forward-looking statements" within the meaning of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. Any such statements must be read in the context of the offering materials pursuant to which any securities may be offered or sold in the United States. These forward-looking statements are not historical facts but instead represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside our control. Important factors that could cause actual results to differ from those in specific forward-looking statements include, without limitation, economic and market conditions, political events and investor sentiments, liquidity of secondary markets, level and volatility of interest rates, currency exchange rates, security valuations, competitive conditions and size, and the number and timing of transactions.*
6. *The consolidated financial information in this document is unaudited.*