

NOMURA HOLDINGS INC
Form 6-K
April 28, 2004
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FORM 6-K

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

Commission File Number: 1-15270

Supplement for the month of April 2004.

NOMURA HOLDINGS, INC.

(Translation of registrant's name into English)

9-1, Nihonbashi 1-chome

Chuo-ku, Tokyo 103-8645

Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F X

Form 40-F

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _____ No X

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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Information furnished on this form:

EXHIBIT

Exhibit Number

1. [Financial Highlights - Year ended March 2004]
2. [Organizational Change]

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOMURA HOLDINGS, INC.

By: /s/ HIROSHI TANAKA

Hiroshi Tanaka

Senior Managing Director

Date: April 28, 2004

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April 28, 2004

Financial Highlights Year ended March 2004

We are pleased to report the following consolidated financial highlights based on consolidated financial information under US GAAP for the year ended March 2004.

For further information, please contact:

Shigeki Fujitani

Managing Director

Finance Department

Nomura Group Headquarters

Nomura Securities Co., Ltd.

9-1 Nihonbashi 1-chome, Chuo-ku

Tokyo 103-8011, Japan

TEL: +813-3211-1811

Table of Contents**Financial Summary For the Year Ended March 31, 2004**

Date: April 28, 2004

Company name (code number): **Nomura Holdings, Inc. (8604)**

Head office: 1-9-1, Nihonbashi, Chuo-ku, Tokyo 103-8011, Japan

Stock exchange listings: (In Japan) Tokyo, Osaka, Nagoya
(Overseas) New York, Amsterdam, Singapore

Representative: Nobuyuki Koga
President and Chief Executive Officer, Nomura Holdings, Inc.

For inquiries: Shigeki Fujitani
Managing Director, Finance Department, Nomura Group
Headquarters, Nomura Securities Co., Ltd.
Tel: (Country Code 81) 3-3211-1811
URL(<http://www.nomura.com>)

(1) Operating Results

| | For the year ended March 31 | |
|---|--|---------------|
| | 2004 | 2003 |
| | (Yen amounts in millions, except per share data) | |
| Total revenue | ¥ 1,099,546 | ¥ 840,919 |
| Change from the year ended March 31, 2003 | 30.8% | |
| Net revenue | ¥ 803,103 | ¥ 566,274 |
| Change from the year ended March 31, 2003 | 41.8% | |
| Income before income taxes and cumulative effect of accounting change | ¥ 282,676 | ¥ 47,409 |
| Change from the year ended March 31, 2003 | 496.2% | |
| Net income | ¥ 172,329 | ¥ 119,913 |
| Change from the year ended March 31, 2003 | 43.7% | |
| Basic net income per share | ¥ 88.82 | ¥ 61.26 |
| Diluted net income per share | ¥ 88.82 | ¥ 61.26 |
| Return on shareholders' equity (ROE) | 10.1% 7.4% | |
| Equity in earnings of affiliates | ¥ 9,479 | ¥ (3,013) |
| Average number of shares outstanding | 1,940,116,416 | 1,957,315,610 |
| Difference in recognition method with latest fiscal year: none | | |

(2) Financial Position

| | At March 31 | |
|----------------------|--|--------------|
| | 2004 | 2003 |
| | (Yen amounts in millions, except per share data) | |
| Total assets | ¥ 29,752,966 | ¥ 21,169,446 |
| Shareholders' equity | ¥ 1,785,688 | ¥ 1,642,328 |

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| | | | | |
|--|---|---------------|---|---------------|
| Shareholders' equity as a percentage of total assets | | 6.0% | | 7.8% |
| Book value per share | ¥ | 919.67 | ¥ | 846.40 |
| Number of shares outstanding | | 1,941,656,029 | | 1,940,363,520 |

(3) Scope of consolidation and equity method application

Number of consolidated subsidiaries and variable interest entities: 133

Number of affiliated companies, which were accounted for by the equity method: 13

(4) Movement in the scope of consolidation and equity method application for this period

| | | |
|-------------------------------------|--------------|-------------|
| Number of consolidation | Inclusion 29 | Exclusion 9 |
| Number of equity method application | Inclusion 2 | Exclusion 2 |

Nomura provides investment, financing and related services in the capital markets on a global basis. In the global capital markets there exist various uncertainties due to, but not limited to, economic and market conditions. Nomura, therefore, releases its results on a more frequent quarterly basis, and does not present earnings forecasts.

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NOMURA HOLDINGS, INC.

FINANCIAL HIGHLIGHTS

(UNAUDITED)

| | | | <u>% Change</u> | <u>Translation into U.S. dollars</u> |
|---|---|-------------------------------|------------------|--|
| | <u>For the year ended/ as of</u> | | | |
| | <u>March 31, 2003 (A)</u> | <u>March 31, 2004 (B)</u> | <u>(B-A)/(A)</u> | <u>March 31, 2004</u> |
| | (yen and dollar amounts in millions, except per share data) | | | |
| <u>FOR THE PERIOD ENDED</u> | | | | |
| | | | % | |
| Total revenue | ¥ 840,919 | ¥ 1,099,546 | 30.8 | \$ 10,554 |
| Net revenue | 566,274 | 803,103 | 41.8 | 7,709 |
| Non-interest expenses | 518,865 | 520,427 | 0.3 | 4,996 |
| Income before income taxes and cumulative effect of accounting change | 47,409 | 282,676 | 496.2 | 2,713 |
| Income before cumulative effect of accounting change | 10,114 | 172,329 | 1,603.9 | 1,654 |
| Cumulative effect of accounting change | 109,799 | | | |
| Net income | 119,913 | 172,329 | 43.7 | 1,654 |
| Per share data : | | | | |
| Basic- | | | | |
| Income before cumulative effect of accounting change | 5.17 | 88.82 | 1,618.0 | 0.85 |
| Cumulative effect of accounting change | 56.09 | | | |
| Net income | 61.26 | 88.82 | 45.0 | 0.85 |
| Diluted- | | | | |
| Income before cumulative effect of accounting change | 5.17 | 88.82 | 1,618.0 | 0.85 |
| Cumulative effect of accounting change | 56.09 | | | |
| Net income | 61.26 | 88.82 | 45.0 | 0.85 |
| Cash dividends | 15.00 | 15.00 | | 0.14 |
| Return on equity (ROE): | 7.4% | 10.1% | | |
| <u>AT PERIOD-END</u> | | | | |
| Total Assets | ¥ 21,169,446 | ¥ 29,752,966 | | \$ 285,592 |
| Shareholders equity | 1,642,328 | 1,785,688 | | 17,140 |
| Per share data : | | | | |
| Shareholders equity | 846.40 | 919.67 | | 8.83 |

Table of Contents**Results of Operations****Financial Overview**

The following table provides selected consolidated income statement information for the years indicated.

| | Millions of yen | |
|---|-----------------------------|-------------|
| | Year Ended March 31, | |
| | 2003 | 2004 |
| Non-interest revenue | ¥ 438,995 | ¥ 702,676 |
| Net interest revenue | 127,279 | 100,427 |
| Net revenue | 566,274 | 803,103 |
| Non-interest expenses | 518,865 | 520,427 |
| Income before income taxes | 47,409 | 282,676 |
| Income tax expense | 37,295 | 110,347 |
| Cumulative effect of accounting change (*1) | 109,799 | |
| Net income | ¥ 119,913 | ¥ 172,329 |
| Return on equity (ROE) | 7.4% | 10.1% |

(*1) Cumulative effect of accounting change represents writing off the remaining unamortized negative goodwill associated with the acquisition of Nomura Asset Management Co., Ltd.

Nomura Holdings, Inc. and its consolidated entities (Nomura) reported net revenue of ¥ 803.1 billion for the year ended March 31, 2004, an increase of 42% from the prior year. Non-interest expenses were ¥ 520.4 billion for the year ended March 31, 2004, an increase of 0.3% from the prior year.

Income before income taxes and net income were ¥ 282.7 billion and ¥ 172.3 billion, respectively, for the year ended March 31, 2004. This compares to income before income taxes and net income of ¥ 47.4 billion and ¥ 119.9 billion, respectively, for the prior year.

Total assets were ¥ 29.8 trillion at March 31, 2004, an increase of ¥ 8.6 trillion from March 31, 2003 and total shareholders' equity increased by ¥ 143.4 billion from March 31, 2003 to ¥ 1.8 trillion at March 31, 2004. Nomura's return on equity was 10.1% for the year ended March 31, 2004.

Table of Contents**Business Segments***Operating Results of Domestic Retail*

| | Millions of yen | |
|----------------------------|----------------------|-----------|
| | Year Ended March 31, | |
| | 2003 | 2004 |
| Non-interest revenue | ¥ 246,938 | ¥ 304,035 |
| Net interest revenue | 2,313 | 1,722 |
| Net revenue | 249,251 | 305,757 |
| Non-interest expenses | 213,562 | 226,213 |
| Income before income taxes | ¥ 35,689 | ¥ 79,544 |

Domestic Retail has further strengthened its capabilities to provide personalized investment consultation services with customers in order to meet their various investment needs in the current low interest rate environment. Net revenue increased by 23% from ¥249,251 million for the year ended March 31, 2003 to ¥305,757 million for the year ended March 31, 2004. Non-interest expenses increased by 6% from ¥213,562 million for the year ended March 31, 2003 to ¥226,213 million for the year ended March 31, 2004. As a result, Income before income taxes increased by 123% from ¥35,689 million for the year ended March 31, 2003 to ¥79,544 million for the year ended March 31, 2004.

Operating Results of Global Wholesale

| | Millions of yen | |
|----------------------------|----------------------|-----------|
| | Year Ended March 31, | |
| | 2003 | 2004 |
| Non-interest revenue | ¥ 196,675 | ¥ 290,845 |
| Net interest revenue | 101,794 | 74,891 |
| Net revenue | 298,469 | 365,736 |
| Non-interest expenses | 207,436 | 227,227 |
| Income before income taxes | ¥ 91,033 | ¥ 138,509 |

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Global Wholesale has made an effort to manage its business portfolio based on global customers' order-flow and Fixed Income and Equity increased net gain on trading. Net revenue increased by 23% from ¥298,469 million for the year ended March 31, 2003 to ¥365,736 million for the year ended March 31, 2004. Non-interest expenses increased by 10% from ¥207,436 million for the year ended March 31, 2003 to ¥227,227 million for the year ended March 31, 2004. As a result, Income before income taxes increased by 52% from ¥91,033 million for the year ended March 31, 2003 to ¥138,509 million for the year ended March 31, 2004.

Fixed Income

Net revenue increased by 13% from ¥153,966 million for the year ended March 31, 2003 to ¥173,994 million for the year ended March 31, 2004, mainly due to an increase in net gain on trading relating to foreign currency bonds. Non-interest expenses increased by 20% from ¥76,759 million for the year ended March 31, 2003 to ¥91,810 million for the year ended March 31, 2004. As a result, Income before income taxes increased by 6% from ¥77,207 million for the year ended March 31, 2003 to ¥82,184 million for the year ended March 31, 2004.

Table of Contents*Equity*

Net revenue increased by 34% from ¥82,025 million for the year ended March 31, 2003 to ¥110,153 million for the year ended March 31, 2004, mainly due to an increase in customers' order-flow, such as block trading. Non-interest expenses increased by 9% from ¥65,675 million for the year ended March 31, 2003 to ¥71,494 million for the year ended March 31, 2004. As a result, Income before income taxes increased by 136% from ¥16,350 million for the year ended March 31, 2003 to ¥38,659 million for the year ended March 31, 2004.

Investment Banking

Net revenue for Investment Banking increased by 3% from ¥69,125 million for the year ended March 31, 2003 to ¥70,869 million for the year ended March 31, 2004, partly due to a revitalization in equity capital markets. Non-interest expenses for Investment Banking decreased by 5% from ¥56,374 million for the year ended March 31, 2003 to ¥53,703 million for the year ended March 31, 2004. As a result, Income before income taxes increased by 35% from ¥12,751 million for the year ended March 31, 2003 to ¥17,166 million for the year ended March 31, 2004.

Merchant Banking

Net loss for Merchant Banking was ¥6,647 million for the year ended March 31, 2003 and Net revenue for Merchant Banking was ¥10,720 million for the year ended March 31, 2004, mainly due to gains from exit transactions and a rise in the fair value of investments. Non-interest expenses for Merchant Banking increased by 18% from ¥8,628 million for the year ended March 31, 2003 to ¥10,220 million for the year ended March 31, 2004. As a result, Loss before income taxes was ¥15,275 million for the year ended March 31, 2003 and Income before income taxes was ¥500 million for the year ended March 31, 2004.

Operating Results of Asset Management

| | Millions of yen | |
|-----------------------------------|----------------------|-----------|
| | Year Ended March 31, | |
| | 2003 | 2004 |
| Non-interest revenue | ¥ 34,828 | ¥ 34,300 |
| Net interest (expense) revenue | 2,232 | 1,657 |
| Net revenue | 37,060 | 35,957 |
| Non-interest expenses | 33,866 | 37,004 |
| Income (loss) before income taxes | ¥ 3,194 | ¥ (1,047) |

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Net revenue decreased by 3% from ¥37,060 million for the year ended March 31, 2003 to ¥35,957 million for the year ended March 31, 2004, mainly due to a decrease in asset management and portfolio service fees reflecting declines in the outstanding balance of bond investment trusts. Non-interest expenses increased by 9% from ¥33,866 million for the year ended March 31, 2003 to ¥37,004 million for the year ended March 31, 2004, mainly due to a special withdrawal charge paid to the Japan Securities Dealers Employees Pension Fund by Nomura Asset Management Co., Ltd. As a result, Income before income taxes was ¥3,194 million for the year ended March 31, 2003 and Loss before income taxes was ¥1,047 million for the year ended March 31, 2004.

Other Operating Results

Other operating results include gain (loss) on investment securities, equity in earnings (losses) of affiliates and other financial adjustments. Please refer to Note 8 to the consolidated financial information for a reconciliation of segment results to income statement information. Loss before income taxes was ¥40,705 million for the year ended March 31, 2003 and Income before income taxes was ¥8,499 million for the year ended March 31, 2004.

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Financial Position

Total assets at March 31, 2004 were ¥29.8 trillion, up ¥8.6 trillion, compared with March 31, 2003, reflecting an increase in trading-related assets. Total liabilities at March 31, 2004 were ¥28.0 trillion, up ¥8.4 trillion, compared with March 31, 2003, reflecting an increase in trading-related liabilities. Trading-related balances (assets/liabilities) include trading assets and private equity investments, receivables under resale agreements and securities borrowed transactions, securities pledged as collateral, trading liabilities, payables under repurchase agreements and securities loaned transactions.

Cash and cash equivalents at March 31, 2004 increased by ¥146.1 billion compared with March 31, 2003. Net cash used in operating activities was ¥1,825.9 billion, mainly due to an increase in net trading-related balances (net of assets and liabilities). Net cash provided by investing activities was ¥45.5 billion mainly because of sales and redemptions of investments in equity securities and non-trading debt securities. Net cash provided by financing activities was ¥1,945.5 billion mainly due to an increase in borrowings.

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NOMURA HOLDINGS, INC.

CONSOLIDATED INCOME STATEMENT INFORMATION

(UNAUDITED)

| | Millions of yen | | % Change | Translation into millions of U.S. dollars |
|--|-----------------------|-----------------------|----------------|---|
| | For the year ended | | | |
| | March 31, 2003 (A) | March 31, 2004 (B) | (B-A)/(A) | March 31, 2004 |
| Revenue: | | | | |
| Commissions | ¥ 141,640 | ¥ 210,216 | 48.4% | \$ 2,018 |
| Fees from investment banking | 81,847 | 86,994 | 6.3 | 835 |
| Asset management and portfolio service fees | 79,290 | 66,193 | (16.5) | 635 |
| Net gain on trading | 172,308 | 229,042 | 32.9 | 2,199 |
| Interest and dividends | 401,924 | 396,870 | (1.3) | 3,809 |
| (Loss) gain on investments in equity securities | (41,288) | 55,888 | | 536 |
| (Loss) gain on private equity investments | (14,391) | 13,138 | | 126 |
| Other | 19,589 | 41,205 | 110.3 | 396 |
| Total revenue | 840,919 | 1,099,546 | 30.8 | 10,554 |
| Interest expense | 274,645 | 296,443 | 7.9 | 2,845 |
| Net revenue | 566,274 | 803,103 | 41.8 | 7,709 |
| Non-interest expenses: | | | | |
| Compensation and benefits | 244,167 | 259,336 | 6.2 | 2,489 |
| Commissions and floor brokerage | 20,844 | 19,169 | (8.0) | 184 |
| Information processing and communications | 77,389 | 80,031 | 3.4 | 768 |
| Occupancy and related depreciation | 57,152 | 54,221 | (5.1) | 520 |
| Business development expenses | 24,361 | 23,100 | (5.2) | 222 |
| Other | 94,952 | 84,570 | (10.9) | 813 |
| | 518,865 | 520,427 | 0.3 | 4,996 |
| Income before income taxes and cumulative effect of accounting change | 47,409 | 282,676 | 496.2 | 2,713 |
| Income tax expense: | | | | |
| Current | 25,519 | 108,434 | 324.9 | 1,041 |
| Deferred | 11,776 | 1,913 | (83.8) | 18 |
| | 37,295 | 110,347 | 195.9 | 1,059 |
| Income before cumulative effect of accounting change | 10,114 | 172,329 | 1,603.9 | 1,654 |
| Cumulative effect of accounting change | 109,799 | | | |

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| | Yen | Yen | % Change | Translation into U.S. dollars |
|--|-----------|-----------|----------|----------------------------------|
| Net income | ¥ 119,913 | ¥ 172,329 | 43.7 | \$ 1,654 |
| Per share of common stock: | | | | |
| Basic- | | | | |
| Income before cumulative effect of accounting change | ¥ 5.17 | ¥ 88.82 | 1,618.0% | \$ 0.85 |
| Cumulative effect of accounting change | 56.09 | | | |
| Net income | ¥ 61.26 | ¥ 88.82 | 45.0 | \$ 0.85 |
| Diluted- | | | | |
| Income before cumulative effect of accounting change | ¥ 5.17 | ¥ 88.82 | 1,618.0 | \$ 0.85 |
| Cumulative effect of accounting change | 56.09 | | | |
| Net income | ¥ 61.26 | ¥ 88.82 | 45.0 | \$ 0.85 |

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NOMURA HOLDINGS, INC.

CONSOLIDATED BALANCE SHEET INFORMATION

(UNAUDITED)

| | Millions of yen | | Translation into millions of U.S. dollars |
|--|-------------------|-------------------|---|
| | March 31, 2003 | March 31, 2004 | March 31, 2004 |
| ASSETS | | | |
| Cash and cash deposits: | | | |
| Cash and cash equivalents | ¥ 491,237 | ¥ 637,372 | \$ 6,118 |
| Time deposits | 422,570 | 248,737 | 2,388 |
| Deposits with stock exchanges and other segregated cash | 41,702 | 44,528 | 427 |
| | <u>955,509</u> | <u>930,637</u> | <u>8,933</u> |
| Loans and receivables: | | | |
| Loans receivable | 436,371 | 543,894 | 5,221 |
| Receivables from customers | 404,388 | 10,744 | 103 |
| Receivables from other than customers | 311,665 | 464,776 | 4,461 |
| Receivables under resale agreements and securities borrowed transactions | 8,603,170 | 12,881,752 | 123,648 |
| Securities pledged as collateral | 3,359,807 | 5,232,640 | 50,227 |
| Allowance for doubtful accounts | (15,159) | (5,778) | (55) |
| | <u>13,100,242</u> | <u>19,128,028</u> | <u>183,605</u> |
| Trading assets and private equity investments: | | | |
| Securities inventory | 5,152,393 | 7,837,663 | 75,232 |
| Derivative contracts | 503,417 | 479,659 | 4,604 |
| Private equity investments | 270,890 | 291,774 | 2,801 |
| | <u>5,926,700</u> | <u>8,609,096</u> | <u>82,637</u> |
| Other assets: | | | |
| Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥177,374 million at March 31, 2003 and ¥182,449 million (\$1,751 million) at March 31, 2004, respectively) | 184,868 | 200,700 | 1,926 |
| Lease deposits | 65,211 | 64,764 | 622 |
| Non-trading debt securities | 270,120 | 202,896 | 1,948 |
| Investments in equity securities | 138,084 | 169,459 | 1,627 |
| Investments in and advances to affiliated companies | 223,970 | 207,668 | 1,993 |
| Deferred tax assets | 112,313 | 105,901 | 1,017 |
| Other assets | 192,429 | 133,817 | 1,284 |
| | <u>1,186,995</u> | <u>1,085,205</u> | <u>10,417</u> |
| Total assets | ¥ 21,169,446 | ¥ 29,752,966 | \$ 285,592 |



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NOMURA HOLDINGS, INC.
 CONSOLIDATED BALANCE SHEET INFORMATION
 (UNAUDITED)

| | Millions of yen | | Translation into millions of U.S. dollars |
|---|-------------------|-------------------|---|
| | March 31, 2003 | March 31, 2004 | March 31, 2004 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | | |
| Payables, borrowings and deposits: | | | |
| Payables to customers | ¥ 180,565 | ¥ 772,964 | \$ 7,420 |
| Payables to other than customers | 384,910 | 355,429 | 3,412 |
| Payables under repurchase agreements and securities loaned transactions | 10,952,135 | 14,780,541 | 141,875 |
| Short-term borrowings (see Note 3) | 1,497,468 | 3,158,509 | 30,318 |
| Time and other deposits received | 256,184 | 255,703 | 2,453 |
| | <u>13,271,262</u> | <u>19,323,146</u> | <u>185,478</u> |
| Trading liabilities: | | | |
| Securities sold but not yet purchased | 3,401,715 | 5,559,598 | 53,365 |
| Derivative contracts | 487,005 | 417,368 | 4,007 |
| | <u>3,888,720</u> | <u>5,976,966</u> | <u>57,372</u> |
| Other liabilities: | | | |
| Accrued income taxes | 28,608 | 93,538 | 898 |
| Accrued pension and severance costs | 86,582 | 86,439 | 830 |
| Other | 296,509 | 235,888 | 2,264 |
| | <u>411,699</u> | <u>415,865</u> | <u>3,992</u> |
| Long-term borrowings | <u>1,955,437</u> | <u>2,251,301</u> | <u>21,610</u> |
| Total liabilities | <u>19,527,118</u> | <u>27,967,278</u> | <u>268,452</u> |
| Commitments and contingencies (See Note 5) | | | |
| Shareholders' equity: | | | |
| Common stock | | | |
| Authorized - 6,000,000,000 shares | | | |
| Issued - 1,965,919,860 shares | | | |
| at March 31, 2003, | | | |
| and March 31, 2004 | 182,800 | 182,800 | 1,755 |

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| | | | |
|--|--------------|--------------|------------|
| Additional paid-in capital | 151,328 | 154,063 | 1,479 |
| Retained earnings | 1,407,028 | 1,550,231 | 14,880 |
| Accumulated other comprehensive (loss) income | | | |
| Minimum pension liability adjustment | (41,558) | (34,221) | (328) |
| Cumulative translation adjustments | (22,329) | (34,380) | (331) |
| | (63,887) | (68,601) | (659) |
| | 1,677,269 | 1,818,493 | 17,455 |
| Less-Common stock held in treasury, at cost - 25,556,340 shares and 24,263,831 shares at March 31, 2003 and March 31, 2004, respectively | (34,941) | (32,805) | (315) |
| Total shareholders' equity | 1,642,328 | 1,785,688 | 17,140 |
| Total liabilities and shareholders' equity | ¥ 21,169,446 | ¥ 29,752,966 | \$ 285,592 |

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NOMURA HOLDINGS, INC.

CONSOLIDATED INFORMATION OF CASH FLOWS

(UNAUDITED)

| | Millions of yen | | Translation into millions of U.S. dollars |
|---|-----------------------|-----------------------|--|
| | For the year ended | For the year ended | For the year ended |
| | March 31, 2003 | March 31, 2004 | March 31, 2004 |
| Cash flows from operating activities: | | | |
| Net income | ¥ 119,913 | ¥ 172,329 | \$ 1,654 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | |
| Cumulative effect of accounting change | (109,799) | | |
| Depreciation and amortization | 31,249 | 33,706 | 324 |
| Loss (gain) on investments in equity securities | 41,288 | (55,888) | (536) |
| Deferred income tax expense | 11,776 | 1,913 | 18 |
| Changes in operating assets and liabilities : | | | |
| Time deposits | (36,585) | 174,331 | 1,673 |
| Deposits with stock exchanges and other segregated cash | (6,271) | (7,485) | (72) |
| Trading assets and private equity investments | (1,167,700) | (2,836,906) | (27,231) |
| Trading liabilities | 1,242,333 | 2,152,243 | 20,659 |
| Receivables under resale agreements and securities borrowed transactions | (2,315,743) | (4,812,090) | (46,190) |
| Payables under repurchase agreements and securities loaned transactions | 3,236,698 | 4,533,150 | 43,513 |
| Loans, receivables and securities pledged as collateral, net of allowance | (590,802) | (1,838,725) | (17,650) |
| Time and other deposits received and other payables | (477,756) | 592,779 | 5,690 |
| Accrued income taxes, net | (31,738) | 80,273 | 771 |
| Other, net | 87,250 | (15,524) | (149) |
| Net cash provided by (used in) operating activities | 34,113 | (1,825,894) | (17,526) |
| Cash flows from investing activities: | | | |
| Payments for purchases of office buildings, land, equipment and facilities | (45,235) | (39,303) | (377) |
| Proceeds from sales of office buildings, land, equipment and facilities | 690 | 1,341 | 13 |
| Payments for purchases of investments in equity securities | (10,299) | (61) | (1) |
| Proceeds from sales of investments in equity securities | 30,067 | 24,309 | 233 |
| Decrease in non-trading debt securities, net | 152,209 | 61,705 | 592 |
| Decrease (increase) in other investments and other assets, net | 6,621 | (2,520) | (24) |

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| | | | |
|--|-----------|-----------|----------|
| Net cash provided by investing activities | 134,053 | 45,471 | 436 |
| Cash flows from financing activities: | | | |
| Increase in long-term borrowings | 654,407 | 712,675 | 6,841 |
| Decrease in long-term borrowings | (324,232) | (551,897) | (5,298) |
| (Decrease) increase in short-term borrowings, net | (290,775) | 1,824,501 | 17,513 |
| Proceeds from sales of common stock | | 8,027 | 77 |
| Payments for repurchases of common stock | (34,527) | (4,084) | (39) |
| Payments for cash dividends | (29,485) | (43,686) | (419) |
| Net cash (used in) provided by financing activities | (24,612) | 1,945,536 | 18,675 |
| Effect of exchange rate changes on cash and cash equivalents | (8,952) | (18,978) | (182) |
| Net increase in cash and cash equivalents | 134,602 | 146,135 | 1,403 |
| Cash and cash equivalents at beginning of the year | 356,635 | 491,237 | 4,715 |
| Cash and cash equivalents at end of the year | ¥ 491,237 | ¥ 637,372 | \$ 6,118 |

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

(UNAUDITED)

1. Summary of accounting policies:

Description of business

Nomura Holdings, Inc. (the Company) and its broker-dealer, banking and other financial services subsidiaries provide investment, financing and related services to individual, institutional and government customers on a global basis. The Company and other entities in which it has a controlling financial interest are collectively referred to as Nomura.

Basis of presentation

The consolidated financial information includes the accounts of the Company and other entities in which it has a controlling financial interest. Because the usual condition for a controlling financial interest in an entity is ownership of a majority of the voting interest, the Company consolidates its wholly-owned and majority-owned subsidiaries. In accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46, Consolidation of Variable Interest Entities and the revised Interpretation, the Company also consolidates any variable interest entities for which Nomura is the primary beneficiary (see Note 1. Summary of accounting policies: New accounting pronouncements). Investments in entities in which Nomura has significant influence over operating and financial decisions (generally defined as 20 to 50 percent of voting interest) are accounted for using the equity method of accounting and are reported in *Investments in and advances to affiliated companies*. Investments in which Nomura has neither control nor significant influence are carried at fair value.

The accounting and financial reporting policies of the Company conform to accounting principles generally accepted in the United States (US GAAP) as applicable to broker-dealers.

The Company's principal subsidiaries include Nomura Securities Co., Ltd., Nomura Securities International, Inc. and Nomura International plc.

All material intercompany transactions and balances have been eliminated on consolidation.

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

Use of estimates

In presenting the consolidated financial information, management makes estimates regarding certain financial instrument and investment valuations, the outcome of litigation, the recovery of the carrying value of goodwill, the allowance for loan losses, the realization of deferred tax assets and other matters that affect the reported amounts of assets and liabilities as well as the disclosure in the financial information. Estimates, by their nature, are based on judgment and available information. Therefore, actual results may differ from estimates, which could have a material impact on the consolidated financial statements and, it is possible that such adjustments could occur in the near term.

Fair value of financial instruments

Fair value of financial instruments is based on quoted market prices, broker or dealer quotations or an estimation by management of the amounts expected to be realized upon settlement under current market conditions. Fair value of exchange-traded securities and certain exchange-traded derivative contracts are generally based on quoted market prices or broker/dealer quotations. Where quoted market prices or broker/dealer quotations are not available, prices for similar instruments or valuation pricing models are considered in the determination of fair value. Valuation pricing models consider time value, volatility and other statistical measurements for the relevant instruments or for instruments with similar characteristics. These models also incorporate adjustments relating to the administrative costs of servicing future cash flow and market liquidity adjustments. These adjustments are fundamental components of the fair value calculation process.

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Trading assets and trading liabilities, including derivative contracts, are recorded at fair value, and unrealized gains and losses are reflected in trading revenues. Fair values are based on quoted market prices or broker/dealer quotations where possible. If quoted market prices or broker/dealer quotations are not available or if the liquidation of Nomura's positions would reasonably be expected to impact quoted market prices, fair value is determined based on valuation pricing models that take into consideration time value and volatility factors underlying the financial instrument.

Valuation pricing models and their underlying assumptions impact the amount and timing of unrealized gains and losses recognized, and the use of different valuation pricing models or underlying assumptions could produce different financial results. Changes in the fixed income, equity, foreign exchange and commodity markets will impact Nomura's estimates of fair value in the future, potentially affecting trading revenues. To the extent financial contracts have extended maturity dates, Nomura's estimates of fair value may involve greater subjectivity due to the lack of transparent market data available upon which to base underlying modeling assumptions.

Private equity investments

Nomura had been actively involved in the private equity business, through its UK based PFG. As a result of a review to determine the optimum structure to run this business going forward, on March 27, 2002, Nomura restructured PFG and, as a result, contributed its investments in certain of its remaining investee companies (the PFG entities) to Terra Firma Capital Partners I (TFCPI), a limited partnership which is engaged in the private equity business. As a result of Nomura's contribution of its investments in the PFG entities to TFCPI in exchange for a limited partnership interest, Terra Firma Investments (GP) Limited (Terra Firma), the general partner of TFCPI, which is independent of Nomura, assumed control of these investments, together with one investment, Annington Holdings plc, which was not transferred to the partnership. Accordingly, Nomura ceased consolidating the investments at that time. Terra Firma Capital Partners Limited (TFCPL) has been established by former employees of Nomura to advise Terra Firma in relation to the management of TFCPI as well as the raising and investing of additional capital. With effect from March 27, 2002, Nomura accounts for its investments managed by Terra Firma (collectively referred to as Terra Firma investments) at fair value in accordance with accounting practices for broker-dealers.

As stated above, Terra Firma investments are carried at fair value. Corresponding changes in the fair value of these investments are included in gains/losses on private equity investments. The determination of fair value is significant to Nomura's financial condition and results of operations and requires management to make judgments based on complex factors.

As the underlying investments are in non-publicly listed companies, there are no externally quoted market prices available. As a result, Nomura's Risk Management unit meets with TFCPL and the management teams of the underlying investments to discuss, among other things, Terra Firma's valuation of the investments, current business performance, actual versus budgeted results, revised full year projections and the status of major initiatives to boost sales, or reduce operating costs. Terra Firma also provides regular performance reports for each investment. The information obtained from these meetings and reports, together with comparisons made to similar quoted businesses and, in the case of any property based investments, input from external advisors allows Nomura to produce its own estimates of the fair value for each underlying investment.

In estimating fair value, Nomura estimates the price that would be obtained between a willing buyer and a willing seller dealing at arm's length.

Valuations are typically based on projected future cash flows to be generated from the underlying investment, discounted at a weighted average cost of capital. The cost of capital is estimated, where possible, by reference to quoted comparables with a similar risk profile. Cash flows are derived from bottom up, detailed projections prepared by management of each respective investment. These projections will reflect the business

drivers specific to each investment.

The use of different valuation models, methodologies or assumptions could produce materially different estimates of fair value, which could materially affect the results of operations or statement of financial condition.

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Transfers of financial assets

Nomura accounts for the transfer of financial assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SFAS 140). This statement requires that Nomura account for the transfer of financial assets, occurring after March 31, 2001, as a sale when Nomura relinquishes control over the asset. SFAS 140 deems control to be relinquished when the following conditions are met: (a) the assets have been isolated from the transferor (even in bankruptcy or other receivership), (b) the transferee has the right to pledge or exchange the assets received and (c) the transferor has not maintained effective control over the transferred assets. In connection with its securitization activities, Nomura utilizes special purpose entities principally for (but not limited to) the securitization of commercial and residential mortgages, home equity loans, government and corporate bonds, and lease and trade receivables. Nomura derecognizes financial assets transferred in securitizations provided that Nomura has relinquished control over such assets.

Nomura has historically used special purpose entities, or SPE vehicles, as conduits, and has generally not retained a financial interest in the asset securitizations. In conduit transactions, Nomura serves as the administrator. Conduits provide clients with a way to access liquidity in the commercial paper markets by allowing clients to sell assets to the conduit, which in return issues commercial paper to fund the purchases. The commercial paper issued by the conduits is supported with sufficient collateral and other credit enhancements to receive at least an A-1 or P-1 rating. Nomura may obtain an interest in the financial assets in the future, which may include residual interests in the special purpose entities established to facilitate the securitization. Any such interests would be included in *Securities inventory* within Nomura's consolidated balance sheet. Nomura records its securities inventory, including such interests, at fair value with any changes in fair value included in revenues.

Foreign currency translation

The financial statements of the Company's subsidiaries outside Japan are measured using their functional currency. All assets and liabilities of foreign subsidiaries are translated into Japanese yen at exchange rates in effect at the balance sheet date; all revenue and expenses are translated at the average exchange rates for the respective years and the resulting translation adjustments are accumulated and reported as *Cumulative translation adjustments* in shareholders' equity.

Foreign currency assets and liabilities are translated at exchange rates in effect at the balance sheet date and the resulting translation gains or losses are currently credited or charged to income.

Fee revenue

Commissions charged for executing brokerage transactions are accrued on a trade date basis and are included in current period earnings. Fees from investment banking include securities underwriting fees and other corporate financing services fees. Underwriting fees are recorded when services for underwriting are completed. All other fees are recognized when related services are performed. Asset management fees are accrued as earned.

Trading assets and trading liabilities

Trading assets and trading liabilities, including contractual commitments arising pursuant to derivative transactions, are recorded on the consolidated balance sheets on a trade date basis at fair value with the related gains and losses recorded in *Net gain on trading* in the consolidated income statements.

Securities financing transactions

Repurchase and reverse repurchase transactions (Repo transactions) principally involve the buying or selling of Government and Government agency securities under agreements with customers to resell or repurchase these securities to or from those customers. Nomura takes possession of securities purchased under agreements to resell while providing collateral to counterparties to collateralize securities sold under agreements to repurchase. Nomura monitors the value of the underlying securities on a daily basis relative to the related receivables and payables, including accrued interest, and requests or returns additional collateral when deemed appropriate. Repo transactions are accounted for as collateralized financing transactions and are recorded on the consolidated balance sheets at the amount at which the securities will be repurchased or resold, as appropriate.

Repo transactions are presented on the accompanying consolidated balance sheets net-by-counterparty, where net presentation is consistent with Financial Accounting Standards Board Interpretation (FIN) No. 41, Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements.

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Securities borrowed and securities loaned are accounted for as financing transactions. Securities borrowed and securities loaned that are cash collateralized are recorded on the accompanying consolidated balance sheets at the amount of cash collateral advanced or received. Securities borrowed transactions generally require Nomura to provide the counterparty with collateral in the form of cash or other securities. For securities loaned transactions, Nomura generally receives collateral in the form of cash or other securities. Nomura monitors the market value of the securities borrowed or loaned and requires additional cash or securities, as necessary, to ensure that such transactions are adequately collateralized.

Historically, Nomura engaged in Gensaki transactions which originated in the Japanese financial markets. Gensaki transactions involved the selling of commercial paper, certificates of deposit, Japanese government bonds and various other debt securities to an institution wishing to make a short-term investment, with Nomura agreeing to reacquire them from the institution on a specified date at a specified price. The repurchase price reflects the current interest rates in the money markets and any interest derived from the securities. There are no margin requirements for Gensaki transactions nor is there any right of security substitution. As such, Gensaki transactions are recorded as sales in the consolidated income statements and the related securities and obligations to repurchase such Gensaki securities are not reflected in the accompanying consolidated balance sheets.

New Gensaki transactions (Gensaki Repo transactions) started in the Japanese financial markets in 2001. Gensaki Repo transactions contain margin requirements, rights of security substitution, or restrictions on the customer's right to sell or repledge the transferred securities. Accordingly, Gensaki Repo transactions are accounted for as collateralized financing transactions and are recorded on the consolidated balance sheets at the amount that the securities will be repurchased or resold, as repurchase and reverse repurchase transactions.

On the consolidated balance sheets, all Nomura-owned securities pledged to counterparties where the counterparty has the right to sell or repledge the securities, including Gensaki Repo transactions, are classified as *Securities pledged as collateral* in accordance with SFAS 140.

Derivatives

Trading

Nomura uses a variety of derivative financial instruments, including futures, forwards, swaps and options, in its trading activities and in the management of its interest rate, market price and currency exposures.

Those derivative financial instruments used in trading activities are valued at market or estimated fair value with the related gains and losses recorded in *Net gain on trading*. Unrealized gains and losses arising from Nomura's dealings in over-the-counter derivative financial instruments are presented in the accompanying consolidated balance sheets on a net-by-counterparty basis where net presentation is consistent with FIN No. 39, *Offsetting of Amounts Related to Certain Contracts*.

Non-trading

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In addition to its trading activities, Nomura, as an end user, uses derivative financial instruments to manage its interest rate and currency exposures or to modify the interest rate characteristics of certain non-trading assets and liabilities.

These derivative financial instruments are linked to specific assets or specific liabilities and are designated as hedges as they are effective in reducing the risk associated with the exposure being hedged, and they are highly correlated with changes in the market or fair value of the underlying hedged item, both at inception and throughout the life of the hedge contract. Nomura applies fair value hedge accounting to these hedging transactions, and the relating unrealized profit and losses are recognized together with those of the hedged assets and liabilities as interest revenue or expenses.

Derivatives that do not meet these criteria are carried at market or fair value and with changes in value included currently in earnings.

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Allowance for loan losses

Loans receivable consist primarily of margin transaction loans related to broker dealers (margin transaction loans), loans receivable in connection with banking/financing activities (banking/financing activities loans) and loans receivable from financial institutions in the inter-bank money market used for short-term financing (inter-bank money market loans).

Allowances for loan losses on margin transactions loans and inter-bank money market loans are provided for based primarily on historical loss experience.

Allowances for loan losses on banking/financing activities loans reflect management's best estimate of probable losses. The evaluation includes an assessment of the ability of borrowers to pay by considering various factors such as changes in the nature of the loan, volume of the loan, deterioration of pledged collateral, delinquencies and the current financial situation of the borrower.

Office buildings, land, equipment and facilities

Office buildings, land, equipment and facilities, which consist mainly of computer installations and software, are stated at cost. Significant renewals and additions are capitalized at cost. Maintenance, repairs and minor renewals are charged currently to income.

Depreciation is generally computed by the declining-balance method and at rates based on estimated useful lives of each asset according to general class, type of construction and use. Amortization is generally computed by the straight-line method over the estimated useful lives.

Long-lived assets

In August 2001, the FASB released SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS No. 144 provides guidance on the financial accounting and reporting for the impairment or disposal of long-lived assets. Nomura adopted the provisions of SFAS No. 144 on April 1, 2002.

As required by SFAS No. 144, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the estimated undiscounted cash flow is less than the carrying amount of the assets, a loss is recognized based on the market or fair value.

Investments in equity securities and non-trading debt securities

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Nomura's investments in equity securities consist of marketable and non-marketable equity securities that have been acquired for Nomura's operating purposes and other than operating purposes. For Nomura's operating purposes, Nomura holds such investments for the long-term in order to promote existing and potential business relationships. In doing so, Nomura is following customary business practices in Japan which, through cross-shareholdings, provide a way for companies to manage their shareholder relationships. Such investments consist mainly of equity securities of various financial institutions such as Japanese commercial banks, regional banks and insurance companies. Nomura also holds equity securities such as stock exchange memberships for other than operating purposes. In accordance with US GAAP for broker-dealers, investments in equity securities for Nomura's operating purposes and other than operating purposes are recorded at fair value and unrealized gains and losses are recognized currently in income.

Investments in equity securities for Nomura's operating purposes are recorded as *Investments in equity securities* in the consolidated balance sheets.

Investments in equity securities for other than operating purposes are included in the consolidated balance sheets in *Other assets - Other* and such investments are mainly comprised of unlisted equity securities.

Non-trading debt securities are recorded at market or fair value together with the related hedges and the related gains and losses are recorded in *Revenue - Other* in the consolidated income statements.

Income taxes

In accordance with SFAS No. 109, *Accounting for Income Taxes*, deferred tax assets and liabilities are recorded for the expected future tax consequences of tax loss carryforwards and temporary differences between the carrying amounts and the tax bases of the assets and liabilities based upon enacted tax laws and rates. Nomura recognizes deferred tax assets to the extent it believes that it is more likely than not that a benefit will be realized. A valuation allowance is provided for tax benefits available to Nomura that are not deemed more likely than not to be realized.

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Stock-based compensation

Effective April 1, 2002, Nomura adopted the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation* and applied the modified prospective method under the provisions of SFAS No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure*. Compensation cost recognized in the year ended March 31, 2003 was the same as that which would have been recognized had the recognition provisions of SFAS No. 123 been applied from its original effective date. Results for prior years have not been restated.

Earnings per share

In accordance with SFAS No. 128, *Earnings per Share*, the computation of basic earnings per share is based on the average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilutive effect of warrants and stock acquisition rights.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and demand deposits with banks.

Goodwill, intangible assets and negative goodwill

In June 2001, the FASB issued SFAS No. 141, *Business Combinations* and SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 141 requires that negative goodwill that arises in a business combination completed after June 30, 2001 be written off immediately. SFAS No. 141 also requires that any unamortized negative goodwill arising from business combinations completed before July 1, 2001 be written off and recognized as a cumulative effect of a change in accounting principle when SFAS No. 142 is adopted. SFAS No. 142 no longer permits the amortization of goodwill and intangible assets with indefinite lives. Instead these assets must be reviewed annually, or more frequently in certain circumstance, for impairment. Intangible assets that have determinable lives will continue to be amortized over their useful lives and reviewed for impairment.

Goodwill recorded prior to July 1, 2001 was recognized as the excess of acquisition cost over the fair value of net assets acquired and was being amortized over 10 to 20 years on a straight-line basis. The amortization of goodwill is included in *Non-interest expenses - Other*. Goodwill recorded after June 30, 2001 and, upon adoption of SFAS No. 142, goodwill acquired prior to July 1, 2001 is not amortized. Nomura periodically assesses the recoverability of goodwill by comparing the fair value of the businesses to which goodwill relates to the carrying amount of the businesses including goodwill. If such assessment indicates that the fair value is less than the related carrying amount, a goodwill impairment determination is made.

Prior to the year ended March 31, 2003, negative goodwill, which was recognized as the excess of the fair value of net assets acquired over the acquisition cost, was included in *Other liabilities - Other* on the accompanying balance sheets, and was being amortized over a 10 year period, on a straight-line basis. The amortization of negative goodwill was included in *Non-interest expenses - Other*. Nomura adopted SFAS No. 142 effective April 1, 2002, which resulted in the write-offs of negative goodwill arising from a previous business combination of ¥109,799 million,

net of taxes, as of March 31, 2002.

New accounting pronouncements

In January 2003, the FASB issued FIN 46. FIN 46 provides guidance on what constitutes a variable interest entity (VIE) and the circumstances under which it is to be consolidated. VIEs are the entities which do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support or in which equity investors do not have the characteristics of a controlling financial interest. A VIE is required to be consolidated by its primary beneficiary of a VIE, generally defined as the enterprise that will absorb a majority of the expected losses or receive a majority of the expected residual returns of the entity, or both. In accordance with the original provisions, Nomura adopted FIN 46 immediately for all VIEs created after January 31, 2003. For VIEs created before February 1, 2003, Nomura was initially required to adopt FIN 46 in the period beginning after June 15, 2003, i.e., July 1, 2003 in Nomura s case.

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In October, 2003, the FASB deferred the effective date for applying the provisions of FIN 46 to VIEs created before February 1, 2003, until the end of the period ending after December 15, 2003, i.e., December 31, 2003 in Nomura's case. The FASB also deferred the effective date for applying FIN 46 to non-registered investment companies until the AICPA finalizes its proposed Statement of Position (SOP) on the clarification of the scope of the Audit Guide (AICPA Audit and Accounting Guide Audits of Investment Companies) and accounting by parent companies and equity method investors for investments in investment companies. In December 2003, the FASB issued a revision to FIN 46 (FIN 46-R), which incorporated October 2003 deferral provisions and clarified and revised the accounting guidance for VIEs. Nomura applied FIN 46-R to all VIEs other than non-registered investment companies created before February 1, 2003, in which it held a variable interest as of December 2003. The implementation of FIN 46-R did not have a material impact on Nomura's consolidated financial statement for the year ended March 31, 2004.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. The new guidance amends SFAS No. 133 for decisions made as part of the Derivatives Implementation Group (DIG) process that effectively required amendments to SFAS No. 133, and decisions made in connection with other FASB projects dealing with financial instruments and in connection with implementation issues raised in relation to the application of the definition of a derivative and characteristics of a derivative that contains financing components. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The implementation of SFAS No. 149 did not have a material impact on Nomura's consolidated financial statement for the year ended March 31, 2004.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 requires an issuer to classify certain financial instruments with characteristics of both liabilities and equity as liabilities (or an asset in some circumstances). Many of those instruments were previously classified as equity. Under SFAS No. 150, certain financial instruments issued in the form of shares that are mandatorily redeemable, that embody an obligation to repurchase the issuer's equity shares, and that the issuer must or may settle by issuing a variable number of its equity shares, are classified as liabilities. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The implementation of SFAS No. 150 did not have a material impact on Nomura's consolidated financial statement for the year ended March 31, 2004.

In December 2003, the FASB issued SFAS No. 132 (revised 132), Employers' Disclosure about Pensions and Other Postretirement Benefits. SFAS No. 132 revises employers' disclosure about pension plans and other postretirement benefits by requiring additional disclosures such as description of the type of plan assets, investment strategies, measurement dates, plan obligations, cash flows and components of net periodic benefit costs recognized during the periods. The statement does not change the measurement or recognition of the plans. Required annual disclosure is effective for Nomura's fiscal year ended March 31, 2004.

2. U.S. dollar amounts:

The U.S. dollar amounts are included solely for the convenience of the reader and have been translated at the rate of ¥104.18 = US\$1, the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2004. 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 U.S. dollars.

Table of Contents**3. Short-term borrowings:**

Short-term borrowings include the following secured borrowings:

| | Billions of yen | | Translation into billions of |
|----------------------------------|-------------------|-------------------|-----------------------------------|
| | March 31, 2003 | March 31, 2004 | U.S. dollars March 31, 2004 |
| Secured loans from Bank of Japan | ¥ 838 | ¥ 2,230 | \$ 21 |
| Interbank secured Call Loans | | 350 | 3 |

4. Retirement benefit plans:**Outline of retirement benefit plans**

The Company and certain domestic subsidiaries other than private equity investees provide lump-sum severance indemnity, defined benefit pension plans and defined contribution pension plans to employees at retirement. Some overseas subsidiaries provide lump-sum payments to employees at retirement, defined benefit pension plans and defined contribution pension plans.

Key information related to defined benefit plans

Items related to the plans for the Company and domestic subsidiaries other than private equity investees

| | Millions of yen | | Translation into millions of |
|--|--|---|---|
| | As of / for the year ended March 31, 2003 | As of / for the year ended March 31, 2004 | U.S. dollars As of / for the year ended March 31, 2004 |
| Accrued pension and severance costs | ¥ 81,092 | ¥ 72,620 | \$ 697 |
| Periodic pension and severance cost ⁽¹⁾ | 12,255 | 14,780 | 142 |

⁽¹⁾ Periodic pension and severance costs are included in Compensation and benefits in Non-interest expenses .

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Assumptions used in determining the present value of the projected benefit obligation and net periodic pension and severance costs:

| | (%) | |
|--|-----------------|-----------------|
| | As of / for the | As of / for the |
| | year ended | year ended |
| | March 31, 2003 | March 31, 2004 |
| Discount Rate | 2.0 | 1.8 |
| Expected rate of return on plan assets | 2.6 | 2.6 |

Table of Contents**5. Credit and investment commitments and guarantees:****Commitments**

In connection with its banking/financing activities, Nomura has provided to counterparties through subsidiaries, commitments to extend credit, which generally have a fixed expiration date. In connection with its investment banking activities, Nomura has entered into agreements with customers under which Nomura has committed to underwrite notes that may be issued by the customers. The outstanding commitments under these agreements are included in commitments to extend credit. Nomura has also had commitments in connection with its merchant banking activities.

Contractual amounts of these commitments were as follows:

| | Millions of yen | | Translation into millions of |
|---|-------------------|-------------------|---------------------------------|
| | | | U.S. dollars |
| | March 31, 2003 | March 31, 2004 | March 31, 2004 |
| Commitments to extend credit and commitments in connection with merchant banking activities | ¥ 247,344 | ¥ 160,089 | \$ 1,537 |

Guarantees

Nomura enters into, in the normal course of its subsidiaries' banking/financing activities, various guarantee arrangements with counterparties in the form of standby letters of credit and other guarantees, which generally have a fixed expiration date. In addition, Nomura enters into certain derivative contracts that meet the accounting definition of a guarantee under FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". Contractual amounts of these guarantees, other than derivative contract, for which the fair values are recorded on the consolidated balance sheets at fair value, were as follows:

| | Millions of yen | | Translation into millions of |
|--|-------------------|-------------------|---------------------------------|
| | | | U.S. dollars |
| | March 31, 2003 | March 31, 2004 | March 31, 2004 |
| Standby letters of credit and other guarantees | ¥ 49,449 | ¥ 29,424 | \$ 282 |

6. Comprehensive income:

| | Millions of yen | | Translation into millions of U.S. dollars |
|--|--------------------|-------------------|---|
| | For the year ended | | |
| | March 31, 2003 | March 31, 2004 | March 31, 2004 |
| Net income | ¥ 119,913 | ¥ 172,329 | \$ 1,654 |
| Other comprehensive (loss) income, net of tax: | | | |
| Change in cumulative translation adjustments | (2,644) | (12,051) | (115) |
| Minimum pension liability adjustment during the period | (16,586) | 7,337 | 70 |
| Total other comprehensive (loss) income, net of tax | (19,230) | (4,714) | (45) |
| Comprehensive income | ¥ 100,683 | ¥ 167,615 | \$ 1,609 |

Table of Contents**7. Changes in additional paid-in capital and retained earnings:**

| | Millions of yen | | Translation into millions of |
|-----------------------------------|--------------------|--------------------|---------------------------------|
| | | | U.S. dollars |
| | March 31, 2003 | March 31, 2004 | March 31, 2004 |
| For the year ended | | | |
| Additional paid-in capital | | | |
| Balance at beginning of period | ¥ 150,979 | ¥ 151,328 | \$ 1,453 |
| Gain on sales of treasury stock | | 1,807 | 17 |
| Issuance of common stock options | 349 | 928 | 9 |
| Balance at end of period | ¥ 151,328 | ¥ 154,063 | \$ 1,479 |
| Retained earnings | | | |
| Balance at beginning of period | ¥ 1,316,221 | ¥ 1,407,028 | \$ 13,506 |
| Net income | 119,913 | 172,329 | 1,654 |
| Dividends | (29,106) | (29,126) | (280) |
| Balance at end of period | ¥ 1,407,028 | ¥ 1,550,231 | \$ 14,880 |

8. Segment Information-Operating segment:

Business segments results are shown in the following table.

| | Millions of yen | | | | Total |
|--|--------------------|---------------------|---------------------|-----------------------------|-----------------|
| | Domestic Retail | Global Wholesale | Asset Management | Other (Inc. elimination) | |
| Year ended March 31, 2003 | | | | | |
| Non-interest revenue | ¥ 246,938 | ¥ 196,675 | ¥ 34,828 | ¥ (2,966) | ¥ 475,475 |
| Net interest revenue | 2,313 | 101,794 | 2,232 | 20,939 | 127,278 |
| Net revenue | 249,251 | 298,469 | 37,060 | 17,973 | 602,753 |
| Non-interest expenses | 213,562 | 207,436 | 33,866 | 58,678 | 513,542 |
| Income (loss) before income taxes | ¥ 35,689 | ¥ 91,033 | ¥ 3,194 | ¥ (40,705) | ¥ 89,211 |
| Year ended March 31, 2004 | | | | | |

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| | | | | | |
|-----------------------------------|-----------|-----------|-----------|---------|-----------|
| Non-interest revenue | ¥ 304,035 | ¥ 290,845 | ¥ 34,300 | ¥ (83) | ¥ 629,097 |
| Net interest revenue | 1,722 | 74,891 | 1,657 | 22,156 | 100,426 |
| Net revenue | 305,757 | 365,736 | 35,957 | 22,073 | 729,523 |
| Non-interest expenses | 226,213 | 227,227 | 37,004 | 13,574 | 504,018 |
| Income (loss) before income taxes | ¥ 79,544 | ¥ 138,509 | ¥ (1,047) | ¥ 8,499 | ¥ 225,505 |

Change (%)

| | | | | | |
|------------------------------------|-------|------|--|--|-------|
| Income (loss) before income taxes | 122.9 | 52.2 | | | 152.8 |
| Year ended March 31, 2004 vs. 2003 | | | | | |

Translation into millions of U.S. dollars

| | | | | | |
|-----------------------------------|----------|----------|---------|--------|----------|
| Year ended March 31, 2004 | | | | | |
| Non-interest revenue | \$ 2,919 | \$ 2,792 | \$ 329 | \$ (1) | \$ 6,039 |
| Net interest revenue | 16 | 719 | 16 | 213 | 964 |
| Net revenue | 2,935 | 3,511 | 345 | 212 | 7,003 |
| Non-interest expenses | 2,171 | 2,182 | 355 | 130 | 4,838 |
| Income (loss) before income taxes | \$ 764 | \$ 1,329 | \$ (10) | \$ 82 | \$ 2,165 |

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Transactions between operating segments are recorded within segment results on commercial terms and conditions and are eliminated in the Other column.

The following table presents the major components of income/ (loss) before income taxes in Other

| | Millions of yen | | Translation into millions of |
|---|----------------------|----------------------|---------------------------------|
| | | | U.S. dollars |
| | For the year ended | | |
| | March 31, 2003 | March 31, 2004 | March 31, 2004 |
| Gain / (loss) on undesignated hedging instruments included in Net gain on trading | ¥ 2,065 | ¥ (12,544) | \$ (120) |
| (Loss) / gain on investment securities | (561) | 1,590 | 15 |
| Equity in (losses) / income of affiliates | (3,842) | 8,514 | 82 |
| Corporate items | (9,356) | (10,666) | (102) |
| Impairment loss on investment in an affiliated company | (21,165) | | |
| Others | (7,846) | 21,605 | 207 |
| Total | ¥ (40,705) | ¥ 8,499 | \$ 82 |

The table below presents a reconciliation of the combined segment information included in the table on the previous page to reported net revenue and income before income taxes and cumulative effect of accounting change in the consolidated income statement information.

| | Millions of yen | | Translation into millions of |
|---|--------------------|-------------------|---------------------------------|
| | | | U.S. dollars |
| | For the year ended | | |
| | March 31, 2003 | March 31, 2004 | March 31, 2004 |
| Net revenue | ¥ 602,753 | ¥ 729,523 | \$ 7,003 |
| Unrealized (loss)/gain on investments in equity securities held for relationship purposes | (43,017) | 54,729 | 525 |
| Effect of consolidation/deconsolidation of the private equity investee companies | 6,538 | 18,851 | 181 |

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| | | | |
|---|-----------|-----------|----------|
| Consolidated net revenue | ¥ 566,274 | ¥ 803,103 | \$ 7,709 |
| Income before income taxes | ¥ 89,211 | ¥ 225,505 | \$ 2,165 |
| Unrealized (loss)/gain on investments in equity securities held for relationship purposes | (43,017) | 54,729 | 525 |
| Effect of consolidation/deconsolidation of the private equity investee companies | 1,215 | 2,442 | 23 |
| Consolidated income before income taxes and cumulative effect of accounting change | ¥ 47,409 | ¥ 282,676 | \$ 2,713 |

9. Other

Information on lease and derivative transactions will be disclosed in EDINET. Other notes to the consolidated financial information will be disclosed when those are available.

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NOMURA HOLDINGS, INC.
 SUPPLEMENTARY INFORMATION
 (UNAUDITED)

Commissions/fees received and Net gain on trading consist of the following:

Commissions/fees received

| | Millions of yen | | % Change | Translation into millions of U.S. dollars |
|--|-----------------------|-----------------------|-----------|---|
| | For the year ended | | | |
| | March 31, 2003 (A) | March 31, 2004 (B) | (B-A)/(A) | March 31, 2004 |
| Commissions | ¥ 141,640 | ¥ 210,216 | 48.4 | \$ 2,018 |
| Brokerage Commissions | 85,157 | 149,667 | 75.8 | 1,437 |
| Commissions for Distribution of Investment Trust | 30,507 | 37,345 | 22.4 | 358 |
| Fees from Investment Banking | 81,847 | 86,994 | 6.3 | 835 |
| Underwriting and Distribution | 62,365 | 71,091 | 14.0 | 682 |
| M&A / Financial Advisory Fees | 16,803 | 15,772 | (6.1) | 151 |
| Asset Management and Portfolio Service Fees | 79,290 | 66,193 | (16.5) | 635 |
| Asset Management Fees | 70,181 | 56,268 | (19.8) | 540 |
| Total | ¥ 302,777 | ¥ 363,403 | 20.0 | \$ 3,488 |

Net gain on trading

| | Millions of yen | | % Change | Translation into millions of U.S. dollars |
|--|--------------------|--|----------|---|
| | For the year ended | | | |
| | | | | |

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| | <u>March 31,</u> <u>2003 (A)</u> | <u>March 31,</u> <u>2004 (B)</u> | <u>(B-A)/(A)</u> | <u>March 31,</u> <u>2004</u> |
|--------------------------------|-------------------------------------|-------------------------------------|------------------|---------------------------------|
| Merchant Banking | ¥ 2,779 | ¥ 1,548 | (44.3) | \$ 15 |
| Equity Trading | 35,919 | 75,232 | 109.4 | 722 |
| Fixed Income and Other Trading | 133,610 | 152,262 | 14.0 | 1,462 |
| Total | ¥ 172,308 | ¥ 229,042 | 32.9 | \$ 2,199 |

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NOMURA HOLDINGS, INC.

CONSOLIDATED INCOME STATEMENT INFORMATION

(UNAUDITED)

Millions of yen

For the three months ended

| | June 30, 2002 | September 30, 2002 | December 31, 2002 | March 31, 2003 | June 30, 2003 | September 30, 2003 | December 31, 2003 | March 31, 2004 |
|---|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|----------------------|-------------------|
| Revenue: | | | | | | | | |
| Commissions | ¥ 46,091 | ¥ 34,685 | ¥ 34,303 | ¥ 26,561 | ¥ 33,752 | ¥ 55,967 | ¥ 57,590 | ¥ 62,907 |
| Fees from investment banking | 15,632 | 18,281 | 16,937 | 30,997 | 14,498 | 19,860 | 24,408 | 28,228 |
| Asset management and portfolio service fees | 24,190 | 21,905 | 17,541 | 15,654 | 13,735 | 17,022 | 16,792 | 18,644 |
| Net gain on trading | 36,964 | 29,185 | 48,340 | 57,819 | 80,432 | 67,097 | 33,800 | 47,713 |
| Interest and dividends | 91,065 | 115,848 | 107,190 | 87,821 | 113,844 | 104,036 | 78,333 | 100,657 |
| (Loss) gain on investments in equity securities | (3,325) | (7,094) | (21,912) | (8,957) | 16,168 | 15,601 | 2,788 | 21,331 |
| Gain (loss) on private equity investments | 3,037 | (5,929) | (1,991) | (9,508) | (669) | 7,267 | (2,105) | 8,645 |
| Other | 3,317 | 6,401 | 3,729 | 6,142 | 8,030 | 6,738 | 5,845 | 20,592 |
| Total revenue | 216,971 | 213,282 | 204,137 | 206,529 | 279,790 | 293,588 | 217,451 | 308,717 |
| Interest expense | 74,305 | 72,533 | 71,990 | 55,817 | 79,703 | 78,901 | 67,220 | 70,619 |
| Net revenue | 142,666 | 140,749 | 132,147 | 150,712 | 200,087 | 214,687 | 150,231 | 238,098 |
| Non-interest expenses: | | | | | | | | |
| Compensation and benefits | 63,595 | 57,688 | 59,472 | 63,412 | 65,903 | 67,686 | 61,823 | 63,924 |
| Commissions and floor brokerage | 4,477 | 5,553 | 3,564 | 7,250 | 4,904 | 4,625 | 3,482 | 6,158 |
| Information processing and communications | 18,176 | 19,233 | 18,801 | 21,179 | 18,890 | 19,520 | 19,155 | 22,466 |
| Occupancy and related depreciation | 14,563 | 14,537 | 14,118 | 13,934 | 13,319 | 13,506 | 12,929 | 14,467 |
| Business development expenses | 5,895 | 7,782 | 4,823 | 5,861 | 4,983 | 5,428 | 5,495 | 7,194 |
| Other | 17,589 | 13,690 | 12,379 | 51,294 | 20,788 | 15,971 | 17,416 | 30,395 |
| | 124,295 | 118,483 | 113,157 | 162,930 | 128,787 | 126,736 | 120,300 | 144,604 |

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| | | | | | | | | |
|--|-----------|----------|----------|------------|----------|----------|----------|----------|
| Income (loss) before income taxes and cumulative effect of accounting change | 18,371 | 22,266 | 18,990 | (12,218) | 71,300 | 87,951 | 29,931 | 93,494 |
| Income tax expense (benefit): | | | | | | | | |
| Current | 15,100 | (1,256) | 2,085 | 9,590 | 27,093 | 38,418 | 15,265 | 27,658 |
| Deferred | (4,775) | 10,297 | 1,934 | 4,320 | 5,159 | 1,895 | (1,065) | (4,076) |
| | 10,325 | 9,041 | 4,019 | 13,910 | 32,252 | 40,313 | 14,200 | 23,582 |
| Income (loss) before cumulative effect of accounting change | 8,046 | 13,225 | 14,971 | (26,128) | 39,048 | 47,638 | 15,731 | 69,912 |
| Cumulative effect of accounting change | 109,799 | | | | | | | |
| Net income (loss) | ¥ 117,845 | ¥ 13,225 | ¥ 14,971 | ¥ (26,128) | ¥ 39,048 | ¥ 47,638 | ¥ 15,731 | ¥ 69,912 |

Yen

| | | | | | | | | |
|---|---------|--------|--------|-----------|---------|---------|--------|---------|
| Per share of common stock: | | | | | | | | |
| Basic- | | | | | | | | |
| Income (loss) before cumulative effect of accounting change | ¥ 4.09 | ¥ 6.73 | ¥ 7.65 | ¥ (13.46) | ¥ 20.14 | ¥ 24.58 | ¥ 8.10 | ¥ 36.01 |
| Cumulative effect of accounting change | 55.86 | | | | | | | |
| Net income (loss) | ¥ 59.95 | ¥ 6.73 | ¥ 7.65 | ¥ (13.46) | ¥ 20.14 | ¥ 24.58 | ¥ 8.10 | ¥ 36.01 |
| Diluted- | | | | | | | | |
| Income (loss) before cumulative effect of accounting change | ¥ 4.09 | ¥ 6.73 | ¥ 7.65 | ¥ (13.46) | ¥ 20.14 | ¥ 24.58 | ¥ 8.10 | ¥ 36.01 |
| Cumulative effect of accounting change | 55.86 | | | | | | | |
| Net income (loss) | ¥ 59.95 | ¥ 6.73 | ¥ 7.65 | ¥ (13.46) | ¥ 20.14 | ¥ 24.58 | ¥ 8.10 | ¥ 36.01 |

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Organizational Structure

The following table lists Nomura Holdings, Inc. and its significant subsidiaries and affiliates.

Nomura Holdings, Inc.

Domestic Subsidiaries

Nomura Securities Co., Ltd.

Nomura Asset Management Co., Ltd.

The Nomura Trust & Banking Co., Ltd.

Nomura Babcock & Brown Co., Ltd.

Nomura Capital Investment Co., Ltd.

Nomura Investor Relations Co., Ltd.

Nomura Principal Finance Co., Ltd.

Nomura Pension Support & Service Co., Ltd.

Nomura Funds Research and Technologies Co., Ltd.

Nomura Research & Advisory Co., Ltd.

Nomura Business Services Co., Ltd.

Nomura Satellite Communications Co., Ltd.

Overseas Subsidiaries

Nomura Holding America Inc.

Nomura Securities International, Inc.

Nomura Corporate Research and Asset Management Inc.

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Nomura Asset Capital Corporation

The Capital Company of America, LLC

Nomura Derivative Products, Inc.

Nomura Global Financial Products, Inc.

Nomura Securities (Bermuda) Ltd.

Nomura Europe Holdings plc

Nomura International plc

Nomura Bank International plc

Banque Nomura France

Nomura Bank (Luxembourg) S.A.

Nomura Bank (Deutschland) GmbH

Nomura Bank (Switzerland) Ltd.

Nomura Italia S.I.M. p.A.

Nomura Funding Facility Corporation Limited

Nomura Global Funding plc

Nomura Europe Finance N.V.

Nomura Principal Investment plc

Nomura Asia Holding N.V.

Nomura Investment Banking (Middle East) E.C.

Nomura International (Hong Kong) Limited

Nomura Singapore Limited

Nomura Advisory Services (Malaysia) Sdn. Bhd.

Nomura Australia Limited

PT Nomura Indonesia

Affiliates

Nomura Research Institute, Ltd.

JAFCO Co., Ltd.

Nomura Land and Building Co., Ltd.

Capital Nomura Securities Public Company Limited

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Corporate Goals and Principles

Management Policy and Structure of Business Operations

The Nomura Group's vision is to solidify its status firmly as a globally competitive Japanese financial institution. In a Japanese securities market expected to grow rapidly, the Company will seek to realize its vision and grow shareholder value by strengthening its base in domestic securities businesses and by consolidating the Nomura Group's comprehensive capabilities domestically and overseas.

As an indication of increasing shareholders' value, one of the management's goals, we intend to maintain an average consolidated ROE of 10 to 15% over the medium to long term.

In executing the businesses, the Company will focus on global integration, rather than individual legal entities. Nomura Group's business segments include Domestic Retail, Global Wholesale and Asset Management. Global Wholesale consists of four businesses: Fixed Income, Equity, Investment Banking and Merchant Banking.

The Nomura Group will have transferred the business execution authorities deemed appropriate each of the respective business lines. The Nomura Group is establishing a competitive business base by enhancing the professional skills of personnel within each of these business lines, while strengthening linkages among them and fully demonstrating Nomura Group's comprehensive capabilities.

Adoption of Committee System

With the approval of the Ordinary General Meeting of Shareholders held on June 26, 2003, the Company has adopted the Committee System. Under the Committee System, a company shall maintain three committees, namely, a Nomination Committee, the Audit Committee and the Compensation Committee, each of which a majority of its members shall be outside directors, supervise management, and also have executive officers to execute business activities under powers delegated by the board of directors. The Company has adopted the Committee System for the following three reasons:

First, to have management oversight functions separated from business operation functions.

Second, to be able to make quicker management decisions on a consolidated basis by delegating many of the powers to execute business activities from directors to executive officers.

Third, to improve transparency under the oversight of the three committees.

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Under the new management system explained above, the Company will conduct integrated management activities with more speed and transparency, and strive to consistently grow shareholder value.

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Committee System

Dividend Policy

The Company will determine the amount of any cash dividend, broadly considering such factors as the firm's dividend-on-equity ratio (DOE), the firm's level of profits and its maintenance of capital sufficient to capture business opportunities as they may develop.

As for retained profits, the Company intends to invest in business areas where high profitability and growth may reasonably be expected, including development and expansion of infrastructure, to maximize value for shareholders.

Reduction of the Size of Trading Units

The Company considers reduction of the size of trading units in the Japanese market as an important step in allowing greater access to investors and as conducive to expanding the securities market. The Company will consider such reductions following the revision of the Commercial Code, etc.

Current Challenges

While Japan's economy and securities markets are recovering steadily, the Nomura Group is facing a more competitive environment than ever before. In this environment, the Nomura Group will analyze the markets and customers, dealing with diverse customer needs promptly and flexibly, and expand its field to global markets, so that the Nomura Group can provide creative solutions to customers both at home and abroad and maximize our opportunities.

With regards to Domestic Retail, the Nomura Group will provide various high-quality financial services based on the specific needs of each customer, and expand our customer base and client assets. In addition, to stimulate the securities markets that are getting more important for the revitalization of Japan, the Nomura Group will continue its efforts to broaden individual investors' participation in the securities markets by investor education programs and so forth.

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Regarding Global Wholesale, as the financial results of Japanese companies gradually recover, the Nomura Group will flexibly respond to changes in customer and market needs such as developing our financing business, globally increasing our M&A business and continuously expanding our corporate rehabilitation business. In April 2004, the Nomura Group reorganized Global Wholesale segment. It now consists of three business lines: Global Markets which is composed of Fixed Income and Equity, Investment Banking, and Merchant Banking in order to enhance specialty services and strengthen our global structure.

In Asset Management, the Nomura Group continues to enhance performance by continuing to offer a variety of investment opportunities, and increasing assets under management through maintaining a strong sales support system and delivering new products to meet customer needs. In regards to the defined contribution pension plan business, the Nomura Group will broaden its customer base through enhancing the offering of integrated services ranging from consulting for plan implementation and investment education to supply of products.

Utilizing its combined strengths and making quick investment decisions, the Nomura Group is committed to actively contributing to development of Japanese economy and securities market, strengthening our base in securities businesses, and increasing our own corporate value.

Basic concept of corporate governance, and the status of its implementation

(Basic concept of corporate governance)

The Company in conjunction with the domestic companies of the Nomura Group has adopted the Committee System since June 2003.

Under the Committee System, management oversight functions are separated from business operation functions and many of the powers to execute business activities are delegated to executive officers. The Company can make quicker management decisions on a consolidated basis. Under this corporate governance structure, the Company has maintained three committees: a Nomination Committee, an Audit Committee and a Compensation Committee, each of which has a majority of outside directors, aimed at strengthening management oversight and further improving transparency.

The Company has adopted procedures under which the Audit Committee shall discuss and approve proposals by the Chief Financial Officer regarding fees for the Company's independent accountant and the type of services to be provided.

(The status of corporate governance policy implementation)

1) The status of corporate governance regarding management decision-making, implementation and oversight, etc. in administrative organization

(1) The Committee System or the Statutory Auditor System

As described above, the Company has adopted the Committee System since June 2003.

(2) Appointment of outside directors

The Board of Directors of the Company is comprised of eleven directors including four outside directors as defined under the Commercial Code of Japan.

(3) Overview of the committees

(i) Nomination Committee

The Nomination Committee is authorized to determine the particulars of proposals concerning the election and dismissal of directors to be submitted to a general meeting of shareholders. This committee's current members are Junichi Ujiie (Chairman of the Board), Masaharu Shibata (outside director) and Hideaki Kubori (outside director). Junichi Ujiie is the Chairman of this committee.

(ii) Audit Committee

The Audit Committee is authorized to audit the execution by directors and executive officers of their duties and determine the particulars of proposals concerning the election and dismissal of the independent auditor to be submitted to a general meeting of shareholders. This committee's current members are Haruo Tsuji (outside director), Koji Tajika (outside director) and Fumihide Nomura (non-executive director). Haruo Tsuji is the Chairman of this committee. All of the members are independent under the standards set forth in the Sarbanes-Oxley Act and Koji Tajika satisfies the requirements of audit committee financial expert under the Sarbanes-Oxley Act.

(iii) Compensation Committee

The Compensation Committee is authorized to determine the particulars of the compensation for each director and executive officer. This committee's current members are Junichi Ujiie (Chairman of the Board), Masaharu Shibata (outside director) and Hideaki Kubori (outside director). Junichi Ujiie is the Chairman of this committee.

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(4) Allocation of full-time staff for the outside directors

Secretariat and Office of Audit Committee assist directors, including the outside directors, in execution of their operations.

(5) Framework for operational execution

Thirty-one (as of April 28, 2004, twenty-seven as of the end of March, 2004) executive officers determine the matters delegated by resolutions of the Board of Directors and execute the business of the Company. Important matters of those delegated to executive officers are determined by the Board of Executive Officers or the Executive Management Board, each of which comprises the executive officers. The Board of Executive Officers composed of all thirty-one executive officers is authorized to determine the annual business plan and budget and the allocation of the management resources of the Nomura Group. The Executive Management Board consisting of ten executive officers including all representative executive officers is authorized to determine important matters concerning the management of the Nomura Group.

(6) Internal control and procedures

The Audit Committee is composed entirely of non-executive part-time directors and has central responsibilities for management audit functions. In order to facilitate audit functions, the following measures have been undertaken:

1. Two non-executive but full-time directors (Audit Mission Directors) who are familiar with the business and organization of the Nomura Group, are assigned by the Board of Directors. They thus supplement the audit conducted by the Audit Committee, maintain the merits of the previous statutory audit system. The duty of an Audit Mission Director is to conduct operational supervision including daily inspections and investigations, such as attending important committee meetings.
2. One Audit Committee member and one Audit Mission Director participate as members of the Internal Controls Committee, a higher body of the Internal Audit Division. Further, internal audit results are reported not only to the executive management but also to the Audit Committee and Audit Mission Directors.

(7) Attorneys, accountants and other third parties

Outside attorneys provide, as necessary, advice in regard to important matters related to operations, finance, compliance and others. Shin Nihon & Co. (member firm in Japan of Ernst Young), the Company's independent accountant, makes substantive recommendations, as appropriate, on internal control and procedures over financial reporting in relation to audits of the Company's financial statements.

2) Summary of personal, capital, dealing and other conflicts of interest between the Company, its outside directors and outside auditors

None.

3) Implementation to expand company corporate governance in the recent year

As described above, the Company adopted the Committee System following resolution at the General Meeting of Shareholders in June 2003.

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Unconsolidated Financial Information of Major Consolidated Entities

(UNAUDITED)

The unconsolidated financial information, prepared under Japanese GAAP, is presented for the following entities;

-Nomura Holdings, Inc. Financial Information (Parent Company Only)

-Nomura Securities Co., Ltd. Financial Information

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Financial Summary For the Year Ended March 31, 2004

Date: April 28, 2004
 Company name (code number): Nomura Holdings, Inc. (8604)
 URL(<http://www.nomura.com/>)
 Head office: 1-9-1, Nihonbashi, Chuo-ku, Tokyo 103-8011, Japan
 Stock exchange listings: (In Japan) Tokyo, Osaka, Nagoya
 (Overseas) New York, Amsterdam, Singapore
 Representative: Nobuyuki Koga
 President and Chief Executive Officer, Nomura Holdings, Inc.
 For inquiries: Shigeki Fujitani
 Managing Director, Finance Department,
 Nomura Group Headquarters, Nomura Securities Co., Ltd.
 Tel: (Country Code 81) 3-3211-1811
 Number of shares in unit share system: 1,000 shares

(1) Operating Results

(millions of yen except per share data and percentages)

| Year Ended | Operating Revenue | | Operating Income | | Ordinary Income | |
|----------------|-------------------|--------------|------------------|--------------|-----------------|--------------|
| | | (Comparison) | | (Comparison) | | (Comparison) |
| March 31, 2004 | 135,341 | (31.9)% | 39,446 | (293.0)% | 39,448 | (267.2)% |
| Year Ended | | | | | | |
| March 31, 2003 | 102,633 | | 10,036 | | 10,742 | |

| Year Ended | Net Profit (Loss) | | Net Profit (Loss) per share (Yen) | | Fully Diluted Net Profit per share (Yen) | | Return on Shareholders Equity | |
|----------------|-------------------|--------------|-----------------------------------|--|--|--|-------------------------------|--|
| | | (Comparison) | | | | | | |
| March 31, 2004 | 33,374 | () | 17.19 | | 17.19 | | 2.5 | |
| Year Ended | | | | | | | | |
| March 31, 2003 | (12,825) | | (6.70) | | | | (0.9) | |

- Average number of shares issued and outstanding during the year ended March 31, 2004: 1,940,871,819
 the year ended March 31, 2003: 1,958,071,011
- Change in accounting method: None

(2) Dividend

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Annual Dividend Per Share

| Year Ended: | Annual Dividend Per Share | | | Total | Payout | Dividend/ |
|----------------|---------------------------|----------|----------|-------------------|--------------|-----------|
| | Interim | Year-end | Dividend | Ratio | Shareholders | Equity |
| | Yen | Yen | Yen | (Millions of yen) | % | % |
| March 31, 2004 | 15.00 | 7.50 | 7.50 | 29,137 | 87.3 | 2.1 |
| March 31, 2003 | 15.00 | | 15.00 | 29,116 | | 2.2 |

Note: The Company introduced the interim dividend system from the six months ended September 30, 2003.

(3) Financial Position

(millions of yen except per share data and percentages)

| | Total Assets | Shareholders Equity | Shareholders Equity/ | Shareholders |
|---------------------------|--------------|---------------------|-------------------------|-----------------|
| | | | Total Liabilities and | Equity |
| | | | Shareholders Equity (%) | Per Share (Yen) |
| Year Ended March 31, 2004 | 2,469,719 | 1,367,005 | 55.4 | 703.76 |
| Year Ended March 31, 2003 | 2,121,113 | 1,342,035 | 63.3 | 691.21 |

| | | |
|---|-----------------|---------------|
| 1. Number of shares issued and outstanding at | March 31, 2004: | 1,942,411,447 |
| | March 31, 2003: | 1,941,118,921 |
| 2. Number of treasury stock issued and outstanding at | March 31, 2004: | 23,508,413 |
| | March 31, 2003: | 24,800,939 |

Table of Contents**Nomura Holdings, Inc.****Unconsolidated Balance Sheet Information****(Unaudited)**

| | March 31, 2004 | March 31, 2003 | (Millions of yen) Increase/(Decrease) |
|--|-----------------------------|-----------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> |
| <i>ASSETS</i> | | | |
| Current Assets | 792,874 | 652,450 | 140,424 |
| Cash and time deposits | 1,973 | 11,239 | (9,266) |
| Short-term loans receivable | 708,516 | 578,420 | 130,096 |
| Deferred tax assets | 1,957 | 9,260 | (7,302) |
| Other current assets | 80,428 | 54,242 | 26,185 |
| Allowance for doubtful accounts | (1) | (712) | 711 |
| Fixed Assets | 1,676,844 | 1,468,663 | 208,181 |
| Tangible fixed assets | 40,512 | 43,518 | (3,005) |
| Buildings | 14,406 | 14,341 | 64 |
| Furniture & fixtures | 17,266 | 19,443 | (2,177) |
| Land | 8,839 | 9,732 | (893) |
| Intangible assets | 68,861 | 66,494 | 2,367 |
| Software | 68,860 | 66,493 | 2,367 |
| Others | 0 | 0 | |
| Investments and others | 1,567,470 | 1,358,650 | 208,820 |
| Investment securities | 170,928 | 129,853 | 41,075 |
| Investments in subsidiaries and affiliates (at cost) | 1,106,513 | 1,096,164 | 10,349 |
| Long-term loans receivable | 173,178 | | 173,178 |
| Long-term guarantee deposits | 51,718 | 54,187 | (2,468) |
| Deferred tax assets | 41,313 | 61,326 | (20,012) |
| Other investments | 23,852 | 17,120 | 6,731 |
| Allowance for doubtful accounts | (34) | (1) | (32) |
| TOTAL ASSETS | <u>2,469,719</u> | <u>2,121,113</u> | <u>348,605</u> |

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| | March 31, 2004 | March 31, 2003 | (Millions of yen) Increase/(Decrease) |
|--|------------------|------------------|--|
| LIABILITIES | | | |
| Current liabilities | 469,835 | 256,253 | 213,581 |
| Short-term borrowings | 276,000 | 101,500 | 174,500 |
| Bond with maturity of less than one year | 2,631 | | 2,631 |
| Payables to customers and others | 107,838 | 131,677 | (23,839) |
| Accrued income taxes | 63,304 | 1,596 | 61,708 |
| Other current liabilities | 20,061 | 21,479 | (1,417) |
| Long-term liabilities | 632,878 | 522,824 | 110,053 |
| Bonds payable | 190,000 | 122,631 | 67,369 |
| Long-term borrowings | 439,500 | 399,500 | 40,000 |
| Other long-term liabilities | 3,378 | 693 | 2,684 |
| TOTAL LIABILITIES | 1,102,713 | 779,077 | 323,635 |
| SHAREHOLDERS EQUITY | | | |
| Common stock | 182,799 | 182,799 | |
| Capital reserves | 114,311 | 112,504 | 1,807 |
| Additional paid-in capital | 112,504 | 112,504 | |
| Other capital reserves | 1,807 | | 1,807 |
| Premium over acquisition cost of Treasury stock sold | 1,807 | | 1,807 |
| Earned surplus | 1,055,308 | 1,065,929 | (10,621) |
| Earned surplus reserve | 81,858 | 81,858 | |
| Voluntary reserve | 950,038 | 990,041 | (40,003) |
| Reserve for specified fixed assets | 38 | 41 | (3) |
| General reserve | 950,000 | 990,000 | (40,000) |
| Unappropriated retained earnings (accumulated deficit) | 23,412 | (5,969) | 29,382 |
| Net unrealized gain on investments | 45,859 | 14,211 | 31,647 |
| Treasury stock | (31,273) | (33,409) | 2,136 |
| TOTAL SHAREHOLDERS EQUITY | 1,367,005 | 1,342,035 | 24,970 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 2,469,719 | 2,121,113 | 348,605 |

Table of Contents**Nomura Holdings, Inc.****Unconsolidated Income Statement Information****(Unaudited)**

| | Fiscal Year Ended | Fiscal Year Ended | (Millions of yen) |
|---|---------------------------|---------------------------|--------------------------|
| | March 31, 2004 (A) | March 31, 2003 (B) | Comparison |
| | | | (A-B)/(B) |
| Operating revenue | 135,341 | 102,633 | 31.9% |
| Property and equipment fee revenue | 63,006 | 60,901 | 3.5 |
| Rent revenue | 29,971 | 30,796 | (2.7) |
| Royalty on trademark | 6,998 | 5,177 | 35.2 |
| Dividend from subsidiaries and affiliated companies | 29,533 | | |
| Others | 5,831 | 5,355 | 8.9 |
| Interest income | | 403 | |
| Operating expenses | 95,895 | 92,596 | 3.6 |
| Compensation and benefits | 1,650 | 605 | 172.4 |
| Rental and maintenance | 34,302 | 34,151 | 0.4 |
| Data processing and office supplies | 20,567 | 21,844 | (5.8) |
| Depreciation and amortization | 26,480 | 24,080 | 10.0 |
| Others | 8,417 | 8,256 | 2.0 |
| Interest expenses | 4,476 | 3,657 | 22.4 |
| Operating income | 39,446 | 10,036 | 293.0 |
| Non-operating income | 2,644 | 3,824 | (30.9) |
| Non-operating expenses | 2,642 | 3,119 | (15.3) |
| Ordinary income | 39,448 | 10,742 | 267.2 |
| Special profits | 5,773 | 16,498 | (65.0) |
| Special losses | 5,067 | 44,773 | (88.7) |
| Profit (loss) before income taxes | 40,155 | (17,531) | |
| Income taxes - current | 1,859 | (39,527) | |
| Income taxes - deferred | 4,920 | 34,821 | (85.9) |
| Net profit (loss) | 33,374 | (12,825) | |
| Unappropriated retained earnings brought forward | 4,606 | 6,855 | |

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| | | |
|--|---------------|----------------|
| Interim dividend | <u>14,569</u> | <u></u> |
| Unappropriated retained earnings (accumulated deficit) | <u>23,412</u> | <u>(5,969)</u> |

Table of Contents**Appropriation of Unconsolidated Retained Earnings**

| | Year ended March 31, 2004 (Proposal) | (Millions of yen) Year ended March 31, 2003 |
|---|--|---|
| Unappropriated retained earnings (accumulated deficit) | 23,412 | (5,969) |
| Reversal of voluntary reserves | 5 | 40,003 |
| Reversal of general reserve | | 40,000 |
| Reversal of reserve for specified fixed assets | 5 | 3 |
| Total | 23,417 | 34,033 |
| Appropriation: | | |
| Cash dividends* | 14,568 | 29,116 |
| Directors' bonuses | | 310 |
| Total | 14,568 | 29,426 |
| Unappropriated retained earnings to be carried forward | 8,849 | 4,606 |

* 15 yen per share for the year ended March 31, 2003
7.5 yen per share for the year ended March 31, 2004 (Proposal)

The Company paid interim dividend of 14,569 million Yen (7.5 Yen per share) for the six month ended September 30, 2003.

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Notes to Financial Statements

The financial statements for the fiscal year ended March 31, 2004 were prepared under Japanese GAAP in accordance with Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Ordinance No. 59, 1963).

Significant Accounting Policies

1. Basis and Methods of Valuation for Financial Instruments

(1) Other securities

a. Securities with market value

Recorded at market value.

The difference between the cost using the moving average method or amortized cost and market value less deferred taxes is recorded as Net unrealized gain on investments in shareholders equity on the balance sheet.

b. Securities with no market value

Recorded at cost using the moving average method or amortized cost.

(2) Stocks of subsidiaries and affiliates

Recorded at cost using the moving average method.

2. Depreciation and Amortization

(1) Depreciation of tangible fixed assets

Tangible fixed assets are depreciated primarily on the declining balance method, except for buildings acquired after March 31, 1998 which are depreciated on the straight-line method.

(2) Amortization of intangible assets

Intangible assets are amortized over their estimated useful lives primarily on the straight-line method.

3. Translation of Accounts Denominated in Foreign Currencies

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Financial assets and liabilities denominated in foreign currencies are translated into Japanese yen using exchange rates as of the balance sheet date. Gains and losses resulting from translation are reflected in the statement of operations.

4. Provisions

Allowance for doubtful accounts

To provide for bad loans, the Company made provisions for doubtful accounts based on an estimate of the uncollectable amount calculated using historical loss ratios or a reasonable estimate based on financial condition of individual borrowers.

5. Leasing Transactions

Financing leases other than those for which the ownership of the leased property are deemed as transfers to the lessee are accounted for primarily as ordinary rental transactions.

6. Hedging Activities

Mark-to-market profits and losses on hedging instruments are deferred as assets or liabilities until the profits or losses on the underlying hedged securities are realized.

7. Accounting for Consumption Taxes

Consumption taxes are accounted for based on the tax exclusion method.

8. Application of Consolidated Tax Return System

The Company applies consolidated tax return system.

Table of Contents**Notes to Unconsolidated Balance Sheet Information**

1. Financial Guarantees

| | (Millions of yen) | |
|----------------------------------|-----------------------|-----------------------|
| | <u>March 31, 2004</u> | <u>March 31, 2003</u> |
| Financial guarantees outstanding | 1,599,086 | 1,562,830 |

* In accordance with Report No. 61 of the Audit Committee of the Japanese Institute of Certified Public Accountants, contracts which are financial guarantees in substance are included above.

2. Accumulated Depreciation on Tangible Fixed Assets

| | (Millions of yen) | |
|--|-----------------------|-----------------------|
| | <u>March 31, 2004</u> | <u>March 31, 2003</u> |
| | 64,439 | 63,010 |

Notes to Unconsolidated Income Statement Information

1. Property and equipment fee revenue is revenue from the leasing of furniture and fixtures, and software to subsidiaries, including Nomura Securities Co., Ltd.
2. Rent revenue is revenue from the leasing of properties to subsidiaries, including Nomura Securities Co., Ltd.
3. Royalty on trademark is fee or patent revenue received on our trademark from Nomura Securities Co., Ltd.
4. Others includes fees from securities lending and interest received on loans mainly from Nomura Securities Co., Ltd.

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5. Special profits and losses consist of the following:

(Millions of yen)

| | <u>Year Ended</u> <u>March 31, 2004</u> | <u>Year Ended</u> <u>March 31, 2003</u> |
|--|--|--|
| Special profits | | |
| Gain on sales of investment securities | 5,095 | 16,498 |
| Reversal of allowance for doubtful accounts | 678 | |
| Special losses | | |
| Loss on sales of investment securities | 1,926 | 3,389 |
| Loss on devaluation of investment securities | 1,721 | 11,167 |
| Loss on devaluation of investments in affiliates | 1,419 | 30,216 |

Notes on Securities Held

Stocks of Subsidiaries and Affiliates with Market Values

(Millions of yen)

| | <u>March 31, 2004</u> | | | <u>March 31, 2003</u> | | |
|------------|-----------------------|---------------------|-------------------|-----------------------|---------------------|-------------------|
| | <u>Book Value</u> | <u>Market Value</u> | <u>Difference</u> | <u>Book Value</u> | <u>Market Value</u> | <u>Difference</u> |
| | <u>(mil. Yen)</u> | <u>(mil. Yen)</u> | <u>(mil. Yen)</u> | <u>(mil. Yen)</u> | <u>(mil. Yen)</u> | <u>(mil. Yen)</u> |
| Affiliates | 45,785 | 130,954 | 85,169 | 45,785 | 57,203 | 11,418 |

Notes on Other Information

Information on lease transactions will be disclosed on EDINET. Other notes to the financial information will be disclosed when those are available.

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Financial Summary For the Year Ended March 31, 2004

Date: April 28, 2004
 Company name: Nomura Securities Co., Ltd.
 (URL <http://www.nomura.co.jp/>)
 Head office: 1-9-1, Nihonbashi, Chuo-ku, Tokyo 103-8011, Japan
 Representative: Nobuyuki Koga
 President, Nomura Securities Co., Ltd.
 For inquiries: Shigeki Fujitani
 Managing Director, Finance Department,
 Nomura Group Headquarters
 Tel: (Country Code 81) 3-3211-1811

Financial Highlights for the Year Ended March 31, 2004**(1) Operating Results**

| | <u>Operating Revenue</u> | <u>(Comparison)</u> | <u>Net Operating Revenue</u> | <u>(Comparison)</u> | <u>Operating Income</u> | <u>(Comparison)</u> |
|------------------------------|------------------------------|---------------------|----------------------------------|---------------------|-----------------------------|---------------------|
| Year Ended March 31, 2004 | 598,772 | (27.4)% | 547,765 | (24.8)% | 219,561 | (79.2)% |
| Year Ended March 31, 2003 | 470,099 | | 438,932 | | 122,517 | |
| | | | <u>Ordinary Income</u> | <u>(Comparison)</u> | <u>Net Income</u> | <u>(Comparison)</u> |
| Year Ended March 31, 2004 | | | 219,410 | (79.9)% | 122,063 | (72.8)% |
| Year Ended March 31, 2003 | | | 121,985 | | 70,622 | |

Notes: Change in accounting method: None

(2) Financial Position

(Truncated to the nearest million yen except percentages)

| | <u>Total Assets</u> | <u>Shareholder s Equity</u> | <u>Shareholder s Equity/ Total Liabilities and Shareholder s Equity (%)</u> | <u>Capital Adequacy Ratio (%)</u> |
|----------------|---------------------|-----------------------------|---|---|
| March 31, 2004 | 15,628,170 | 754,504 | 4.8 | 230.2 |
| March 31, 2003 | 9,695,981 | 648,452 | 6.7 | 260.2 |

Table of Contents**Nomura Securities Co., Ltd.****Unconsolidated Balance Sheet Information****(Unaudited)**

| | March 31, 2004 | March 31, 2003 | (Millions of yen) Increase/(Decrease) |
|---|-----------------------|-----------------------|--|
| ASSETS | | | |
| Current Assets | 15,559,847 | 9,625,560 | 5,934,287 |
| Cash and time deposits | 300,111 | 263,758 | 36,353 |
| Deposits with exchanges and other segregated cash | 760 | 760 | |
| Trading assets: | 8,777,900 | 5,172,420 | 3,605,479 |
| Trading securities | 7,851,049 | 4,061,882 | 3,789,166 |
| Derivative contracts | 926,850 | 1,110,538 | (183,687) |
| Net receivables arising from pre-settlement date trades | | 404,262 | (404,262) |
| Margin account assets: | 301,425 | 78,833 | 222,592 |
| Loans to customers in margin transactions | 149,113 | 47,243 | 101,870 |
| Cash collateral to securities finance companies | 152,311 | 31,589 | 120,722 |
| Loans with securities as collateral: | 5,785,461 | 3,538,974 | 2,246,487 |
| Cash collateral for securities borrowed | 5,051,538 | 2,938,797 | 2,112,741 |
| Loans in gensaki transactions | 733,923 | 600,177 | 133,745 |
| Receivables from customers and others | 2,720 | 1,698 | 1,022 |
| Short-term guarantee deposits | 101,960 | 12,318 | 89,642 |
| Short-term loans receivable | 189,889 | 106,660 | 83,228 |
| Deferred tax assets | 26,235 | 22,678 | 3,557 |
| Other current assets | 73,736 | 23,406 | 50,329 |
| Allowance for doubtful accounts | (354) | (211) | (143) |
| Fixed Assets | 68,323 | 70,420 | (2,097) |
| Tangible fixed assets | 159 | 187 | (28) |
| Intangible assets | 1,542 | 1,494 | 48 |
| Investments and others | 66,621 | 68,738 | (2,117) |
| Investment securities | 45 | 45 | |
| Deferred tax assets | 33,675 | 30,931 | 2,743 |
| Other investments | 33,634 | 46,435 | (12,800) |
| Allowance for doubtful accounts | (733) | (8,673) | 7,939 |
| TOTAL ASSETS | 15,628,170 | 9,695,981 | 5,932,189 |

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| | March 31, 2004 | March 31, 2003 | (Millions of yen) Increase/(Decrease) |
|--|-------------------|------------------|--|
| LIABILITIES | | | |
| Current Liabilities | 14,389,341 | 8,606,713 | 5,782,627 |
| Trading liabilities: | 4,462,680 | 2,869,769 | 1,592,910 |
| Trading securities | 3,549,976 | 1,823,770 | 1,726,206 |
| Derivative contracts | 912,703 | 1,045,999 | (133,296) |
| Net payables arising from pre-settlement date trades | 421,117 | | 421,117 |
| Margin account liabilities: | 29,153 | 12,578 | 16,574 |
| Borrowings from securities finance companies | 7,317 | 2,098 | 5,218 |
| Customer margin sale proceeds | 21,835 | 10,479 | 11,355 |
| Borrowings with securities as collateral: | 5,322,006 | 3,729,547 | 1,592,458 |
| Cash collateral for securities loaned | 3,229,044 | 2,218,736 | 1,010,308 |
| Borrowings in gensaki transactions | 2,092,962 | 1,510,811 | 582,150 |
| Payables to customers and others | 184,998 | 142,921 | 42,077 |
| Guarantee deposits received | 171,613 | 40,102 | 131,510 |
| Short-term borrowings | 3,260,750 | 1,432,356 | 1,828,393 |
| Commercial paper | 221,000 | 242,000 | (21,000) |
| Short-term bonds payable | 62,000 | | 62,000 |
| Bond due within one year | 100,000 | 50,000 | 50,000 |
| Accrued income taxes | 24,620 | 13,699 | 10,920 |
| Accrued bonuses for employees | 15,200 | 13,800 | 1,400 |
| Other current liabilities | 114,201 | 59,937 | 54,263 |
| Long-term Liabilities | 483,066 | 439,963 | 43,102 |
| Bonds payable | 258,200 | 358,200 | (100,000) |
| Long-term borrowings | 160,000 | 10,000 | 150,000 |
| Reserve for retirement benefits | 48,685 | 42,783 | 5,901 |
| Other long-term liabilities | 16,180 | 28,979 | (12,798) |
| Statutory Reserves | 1,258 | 851 | 407 |
| Reserve for securities transactions | 1,258 | 851 | 407 |
| TOTAL LIABILITIES | 14,873,666 | 9,047,528 | 5,826,137 |
| SHAREHOLDER S EQUITY | | | |
| Common stock | 10,000 | 10,000 | |
| Capital reserves | 529,578 | 529,479 | 99 |
| Additional paid-in capital | 529,578 | 529,479 | 99 |
| Earned surplus | 214,925 | 108,973 | 105,951 |
| Voluntary reserve | 63,000 | 18,000 | 45,000 |
| General Reserve | 63,000 | 18,000 | 45,000 |
| Unappropriated retained earnings | 151,925 | 90,973 | 60,951 |
| TOTAL SHAREHOLDER S EQUITY | 754,504 | 648,452 | 106,051 |
| TOTAL LIABILITIES AND SHAREHOLDER S EQUITY | 15,628,170 | 9,695,981 | 5,932,189 |

Table of Contents**Nomura Securities Co., Ltd.****Unconsolidated Income Statement Information****(Unaudited)**

| | (Millions of yen except percentages) | | |
|--|--------------------------------------|--------------------|------------|
| | Year Ended | Year Ended to | Comparison |
| | March 31, 2004 (A) | March 31, 2003 (B) | A/B (%) |
| Operating revenue | 598,772 | 470,099 | 27.4 |
| Commissions | 279,936 | 207,103 | 35.2 |
| Net gain on trading | 263,274 | 207,158 | 27.1 |
| Net gain on other inventories | 11 | 11 | 4.8 |
| Interest and dividend income | 55,550 | 55,826 | (0.5) |
| Interest expenses | 51,007 | 31,167 | 63.7 |
| Net operating revenue | 547,765 | 438,932 | 24.8 |
| Selling, general and administrative expenses | 328,203 | 316,414 | 3.7 |
| Transaction-related expenses | 57,982 | 51,300 | 13.0 |
| Compensation and benefits | 139,116 | 133,831 | 3.9 |
| Rental and maintenance | 43,108 | 44,461 | (3.0) |
| Data processing and office supplies | 78,939 | 78,067 | 1.1 |
| Others | 9,056 | 8,754 | 3.5 |
| Operating income | 219,561 | 122,517 | 79.2 |
| Non-operating income | 1,470 | 1,504 | (2.3) |
| Non-operating expenses | 1,621 | 2,036 | (20.4) |
| Ordinary income | 219,410 | 121,985 | 79.9 |
| Special profits | | 196 | |
| Special losses | 407 | 388 | 4.9 |
| Income before income taxes | 219,003 | 121,793 | 79.8 |
| Income taxes - current | 103,241 | 55,343 | 86.5 |
| Income taxes - deferred | (6,301) | (4,172) | |
| Net income | 122,063 | 70,622 | 72.8 |

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| | | |
|--|---------|--------|
| Unappropriated retained earnings brought forward | 29,862 | 20,351 |
| | <hr/> | <hr/> |
| Unappropriated retained earnings | 151,925 | 90,973 |
| | <hr/> | <hr/> |

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Notes to Financial Statements

The financial statements for the fiscal year ended March 31, 2004 were prepared in accordance with the Cabinet Office Ordinance Regarding Securities Companies (Prime Minister's Office Ordinance and the Ministry of Finance Ordinance, No. 32, 1998) and the amended Uniform Accounting Standards of Securities Companies (Japan Securities Dealers Association, November, 1974) based on Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Ordinance No. 59, 1963), collectively Japanese GAAP.

Significant Accounting Policies

1. Basis and Methods of Valuation for Financial Instruments

(1) For trading purposes

Securities, derivative contracts, and other financial instruments classified as trading assets and liabilities are accounted for at fair value based on the mark-to-market method.

(2) For non-trading purposes

Securities with no market value are recorded at cost using the moving average method.

2. Depreciation and Amortization

(1) Depreciation of tangible fixed assets

Tangible fixed assets are depreciated primarily on the declining balance method, except for buildings acquired after March 31, 1998 which are depreciated on the straight-line method.

(2) Amortization of intangible assets

Intangible assets are amortized primarily over their estimated useful lives on the straight-line method.

3. Translation of Accounts Denominated in Foreign Currencies

Financial assets and liabilities denominated in foreign currencies are translated into Japanese yen using exchange rates as of the balance sheet date. Gains and losses resulting from translation are reflected in the statement of income.

4. Provisions

(1) Allowance for doubtful accounts

To provide for loan losses, Nomura Securities Co., Ltd. (Nomura Securities) made provisions for doubtful accounts based on an estimate of the uncollectable amount calculated using historical loss ratios or a reasonable estimate based on financial condition of individual borrowers.

(2) Accrued bonuses

To provide for employee bonus payments, an estimated accrual is recorded in accordance with the prescribed calculation method.

(3) Reserve for retirement benefits

To provide for the payment of lump-sum retirement benefits and funding the qualified retirement pension plan in the future, the estimated future obligations less the fair value of current pension assets is recorded as a reserve for employee retirement benefits.

5. Leasing Transactions

Lease contracts for which the title of the leased property has not been transferred are accounted for as operating lease transactions.

6. Hedging Activities

Mark-to-market profits and losses on hedging instruments are deferred as assets or liabilities until the profits or losses on the underlying hedged securities are realized.

7. Accounting for Consumption Taxes

Consumption taxes are accounted for based on the tax exclusion method.

8. Application of Consolidated Tax Return System

Nomura Securities applies consolidated tax return system.

Table of Contents**Notes to Balance Sheet Information**

1. Financial Guarantees

| | March 31, 2004 | (Millions of yen) March 31, 2003 |
|----------------------------------|-----------------------|--|
| Financial guarantees outstanding | 1,033,386 | 951,271 |

* In accordance with Report No. 61 of the Audit Committee of the Japanese Institute of Certified Public Accountants, contracts which are financial guarantees in substance are included above.

2. Accumulated Depreciation on Tangible Fixed Assets

| | March 31, 2004 | (Millions of yen) March 31, 2003 |
|--|-----------------------|--|
| | 360 | 317 |

3. Subordinated Borrowings, Bonds, and Notes

| | March 31, 2004 | (Millions of yen) March 31, 2003 |
|-----------------------|-----------------------|--|
| Short-term borrowings | | 120,000 |
| Long-term borrowings | 160,000 | 10,000 |
| Bonds payable | 60,000 | 60,000 |

Notes to Income Statement Information

1. Breakdown of Special Profits

| | Year Ended March 31, 2004 | (Millions of yen) Year Ended March 31, 2003 |
|---|--|---|
| Special profits | | |
| Reversal of allowance for doubtful accounts | | 196 |

2. Breakdown of Special Losses

| | <u>Year Ended March 31, 2004</u> | <u>(Millions of yen) Year Ended March 31, 2003</u> |
|-------------------------------------|--------------------------------------|--|
| Special losses | | |
| Reserve for securities transactions | 407 | 388 |

Table of Contents**Nomura Securities Co., Ltd. Quarter Income Statement Information**

(Millions of yen)

| | For the Quarter from April 1, 2003 to June 30, 2003 | For the Quarter from July 1, 2003 to September 30, 2003 | For the Quarter from October 1, 2003 to December 31, 2003 | For the Quarter from January 1, 2004 to March 31, 2004 | For the Year from April 1, 2003 to March 31, 2004 |
|--|---|--|---|--|---|
| Operating revenue | 151,204 | 169,592 | 127,053 | 150,921 | 598,772 |
| Commissions | 42,204 | 74,854 | 77,550 | 85,326 | 279,936 |
| Net gain on trading | 91,926 | 79,207 | 37,774 | 54,367 | 263,274 |
| Net gain on other inventories | 3 | 2 | 2 | 2 | 11 |
| Interest and dividend income | 17,070 | 15,528 | 11,725 | 11,225 | 55,550 |
| Interest expenses | 14,467 | 8,952 | 16,748 | 10,839 | 51,007 |
| Net operating revenue | 136,736 | 160,640 | 110,305 | 140,082 | 547,765 |
| Selling, general and administrative expenses | 78,026 | 83,158 | 80,049 | 86,968 | 328,203 |
| Transaction-related expenses | 11,626 | 15,109 | 14,196 | 17,048 | 57,982 |
| Compensation and benefits | 35,497 | 35,704 | 33,933 | 33,981 | 139,116 |
| Rental and maintenance | 10,633 | 10,572 | 10,705 | 11,196 | 43,108 |
| Data processing and office supplies | 18,134 | 19,323 | 19,488 | 21,992 | 78,939 |
| Other | 2,134 | 2,448 | 1,724 | 2,748 | 9,056 |
| Operating income | 58,709 | 77,482 | 30,256 | 53,113 | 219,561 |
| Non-operating income | 482 | 438 | 262 | 287 | 1,470 |
| Non-operating expenses | 506 | 161 | 648 | 304 | 1,621 |
| Ordinary income | 58,685 | 77,758 | 29,870 | 53,096 | 219,410 |
| Special profits | 97 | 229 | (242) | (85) | |
| Special losses | 153 | (153) | 64 | 342 | 407 |
| Income before income taxes | 58,629 | 78,142 | 29,563 | 52,668 | 219,003 |
| Income taxes current | 23,009 | 36,526 | 13,026 | 30,680 | 103,241 |
| Income taxes deferred | 2,477 | (1,228) | (1,274) | (6,275) | (6,301) |
| Net income | 33,142 | 42,844 | 17,812 | 28,263 | 122,063 |

Table of Contents**Supplementary Information**

1. Commission Revenues

(Millions of yen except percentages)

(1) Breakdown by Category

| | <u>Year Ended</u> <u>March 31, 2004 (A)</u> | <u>Year Ended</u> <u>March 31, 2003 (B)</u> | <u>Comparison</u> <u>(A-B)/(B)(%)</u> |
|---------------------------------|--|--|--|
| Brokerage commissions | 129,377 | 73,119 | 76.9% |
| (Stocks) | (118,033) | (65,939) | (79.0) |
| Underwriting commissions | 41,300 | 25,686 | 60.8 |
| (Stocks) | (36,752) | (18,769) | (95.8) |
| (Bonds) | (4,547) | (6,917) | (-34.3) |
| Distribution commissions | 43,668 | 31,858 | 37.1 |
| (Investment trust certificates) | | | |