

NOMURA HOLDINGS INC
Form 6-K
December 20, 2007
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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 December 2007.

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 Form 40-F

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.

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Yes No

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. (English Translation) Interim Report Pursuant to The Financial Instruments and Exchange Law of Japan for The Six Months Ended September 30, 2007

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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.

Date: December 20, 2007

By: /s/ Toshio Hirota
Toshio Hirota

Executive Managing Director

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Interim Report Pursuant to The Securities and Exchange Law of Japan for The Six Months Ended September 30, 2007

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Semiannual Audit Report of Independent Auditors

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Note: Translations for the underlined items are attached to this form as below.

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1. Selected Financial Data

(1) Selected consolidated financial data

| | | Six months ended | Six months ended | Six months ended | Year ended | Year ended |
|---|-----------|------------------|------------------|------------------|------------|-------------|
| | | September 30, | September 30, | September 30, | March 31, | March 31, |
| | | 2005 | 2006 | 2007 | 2006 | 2007 |
| Revenue | (Mil yen) | 734,471 | 870,944 | 1,147,160 | 1,792,840 | 2,049,101 |
| Net revenue | (Mil yen) | 460,150 | 456,912 | 600,937 | 1,145,650 | 1,091,101 |
| Income before income taxes | (Mil yen) | 141,368 | 106,491 | 96,374 | 445,600 | 321,758 |
| Net income | (Mil yen) | 69,202 | 63,665 | 66,226 | 304,328 | 175,828 |
| Shareholders' equity | (Mil yen) | 1,869,148 | 2,125,028 | 2,233,928 | 2,063,327 | 2,185,919 |
| Total assets | (Mil yen) | 36,069,965 | 32,682,845 | 29,333,718 | 35,026,035 | 35,873,374 |
| Shareholders' equity per share | (Yen) | 981.51 | 1,114.88 | 1,170.31 | 1,083.19 | 1,146.23 |
| Net income per share - basic | (Yen) | 36.01 | 33.41 | 34.70 | 159.02 | 92.25 |
| Net income per share - diluted | (Yen) | 35.95 | 33.33 | 34.59 | 158.78 | 92.00 |
| Shareholders' equity as a percentage of total assets | (%) | 5.2 | 6.5 | 7.6 | 5.9 | 6.1 |
| Cash flows from operating activities | (Mil yen) | (377,425) | (1,389,799) | (666,068) | (565,214) | (1,627,156) |
| Cash flows from investing activities | (Mil yen) | (1,111) | (144,285) | (145,438) | (4,678) | (533,813) |
| Cash flows from financing activities | (Mil yen) | 558,055 | 868,178 | 1,072,523 | 829,219 | 1,568,703 |
| Cash and cash equivalents at end of the period | (Mil yen) | 768,303 | 330,804 | 660,404 | 991,961 | 410,028 |
| Number of staffs | | 15,086 | 16,029 | 17,916 | 14,932 | 16,854 |
| [Average number of temporary staffs, excluded from above] | | [3,396] | [3,588] | [4,447] | [3,498] | [3,766] |

(Notes)

- The selected consolidated financial data are stated in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP).
- In accordance with Statements of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, profits and losses from discontinued operations were separately reported and removed from Revenue, Net revenue and Income before income taxes for six months ended September 30, 2005 and year ended March 31 2006. Also such amounts previously reported have been reclassified to conform to the current year presentation. The amounts previously reported are as follows:

| | | Six months ended |
|----------------------------|-----------|------------------|
| | | September 30, |
| | | 2005 |
| Revenue | (Mil yen) | 947,979 |
| Net revenue | (Mil yen) | 668,980 |
| Income before income taxes | (Mil yen) | 148,313 |

3 Shareholders' equity is based on U.S. GAAP.

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4 Shareholders' equity per share and Shareholders' equity as a percentage of total assets are calculated with Shareholders' equity based on U.S. GAAP.

5 During the year ended March 31, 2007, Nomura began reporting cash flows from loans receivable at banks as investing activities which were in prior years classified as operating activities and cash flows from deposits received at banks as financing activities which were in prior years classified as operating activities. All prior year amounts have been reclassified to conform to the current year presentation. The amounts previously reported are as follows:

| | | Six months ended September 30, 2005 | Six months ended September 30, 2006 | Year ended March 31, 2006 |
|--------------------------------------|-----------|---|---|---------------------------------|
| Cash flows from operating activities | (Mil yen) | (396,682) | (1,422,292) | (566,327) |
| Cash flows from investing activities | (Mil yen) | (6,304) | (91,493) | 27,439 |
| Cash flows from financing activities | (Mil yen) | 582,505 | 847,879 | 798,215 |

6 In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", cash flows from discontinued operations have been removed from Cash flows from operating activities, Cash flows from investing activities, Cash flows from financing activities, and Cash and cash equivalents at end of the period for six months ended September 30, 2005 and year ended March 31 2006. Also such amounts previously reported have been reclassified to conform to the current year presentation. The amounts previously reported are as follows:

| | | Six months ended September 30, 2005 |
|--|-----------|---|
| Cash flows from operating activities | (Mil yen) | (433,741) |
| Cash flows from investing activities | (Mil yen) | (17,185) |
| Cash flows from financing activities | (Mil yen) | 563,203 |
| Cash and cash equivalents at end of the period | (Mil yen) | 840,583 |

7 The consumption tax and local consumption tax on taxable transactions are accounted for based on the tax exclusion method.

8 Certain contract employees who were previously included in temporary staff are included in Number of staffs for six months ended September 30, 2007. Such numbers previously reported have been reclassified to conform to the current year presentation. The numbers previously reported are as follows:

| | Six months ended September 30, 2005 | Six months ended September 30, 2006 | Year ended March 31, 2006 | Year ended March 31, 2007 |
|---|---|---|---------------------------------|---------------------------------|
| Number of staffs | 14,768 | 15,468 | 14,668 | 16,145 |
| [Average number of temporary staffs, excluded from above] | [3,660] | [4,293] | [3,779] | [4,434] |

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- 9 In addition to the numbers presented above, the number of staffs in investee companies of private equity investments that were consolidated as subsidiaries on the consolidated financial statements as of September 30, 2007 was 6,227 and the average number of temporary staffs in those investee companies was 1,728.

(2) Selected nonconsolidated financial data

| | | Six months ended | Six months ended | Six months ended | Year ended | Year ended |
|--------------------------------------|---------------|------------------|------------------|------------------|------------|------------|
| | | September 30, | September 30, | September 30, | March 31, | March 31, |
| | | 2005 | 2006 | 2007 | 2006 | 2007 |
| Operating revenue | (Mil yen) | 153,396 | 250,495 | 318,572 | 220,699 | 340,886 |
| Ordinary income | (Mil yen) | 110,494 | 192,667 | 238,649 | 131,282 | 207,221 |
| Net income | (Mil yen) | 107,627 | 189,727 | 135,694 | 17,878 | 158,235 |
| Common stock | (Mil yen) | 182,800 | 182,800 | 182,800 | 182,800 | 182,800 |
| Number of issued shares | (1000 shares) | 1,965,920 | 1,965,920 | 1,965,920 | 1,965,920 | 1,965,920 |
| Net assets | (Mil yen) | 1,536,612 | 1,538,647 | 1,545,227 | 1,446,649 | 1,475,328 |
| Total assets | (Mil yen) | 3,269,931 | 4,021,704 | 4,572,212 | 3,627,776 | 4,438,039 |
| Dividend per share | (Yen) | 12.00 | 16.00 | 17.00 | 48.00 | 44.00 |
| 1 st quarter | (Yen) | | 8.00 | 8.50 | | 8.00 |
| 2 nd quarter | (Yen) | 12.00 | 8.00 | 8.50 | 12.00 | 8.00 |
| 3 rd quarter | (Yen) | | | | | 8.00 |
| The end of the year | (Yen) | | | | 36.00 | 20.00 |
| Shareholders' equity as a percentage | | | | | | |
| of total assets | (%) | 47.0 | 38.2 | 33.7 | 39.9 | 33.2 |
| Number of staffs | | 8 | 23 | 77 | 19 | 21 |

- (Notes)
- 1 The consumption tax and local consumption tax on taxable transactions are accounted for based on the tax exclusion method.
 - 2 The information presented above is based on the stand-alone information of Nomura Holdings, Inc (the Company). For information on shareholders' equity per share, net income per share and net income per share-diluted, see the consolidated financial data of the Company.
 - 3 The Company introduced the quarterly dividend system from the fiscal year ended March 31, 2007.
 - 4 The amounts of 2nd quarter dividend prior to the year ended March 31, 2007 reported interim dividend.
 - 5 Effective from the interim accounting period ended September 30, 2006, the Company has adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standard Board of Japan (ASBJ) Statement No.5) and the Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No.8) .

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2. Business Overview

There was no significant change for the business of Nomura Holdings, Inc. and its 338 consolidated subsidiaries and variable interest entities for the six months ended September 30, 2007. There are 45 affiliated companies which were accounted for by the equity method at September 30, 2007.

Item 2. Operating and Financial Review

1. Operating Results

(1) Summary

Nomura Holdings, Inc. and its consolidated subsidiaries (Nomura) reported net revenue of ¥600.9 billion for the six months ended September 30, 2007, an increase of 32% from the same period in the prior year. Non-interest expenses were ¥504.6 billion for the six months ended September 30, 2007, an increase of 44% from the same period in the prior year. As a result, income before income taxes was ¥96.4 billion for the six months ended September 30, 2007, a decrease of 10% from the same period in the prior year and net income for the six months ended September 30, 2007 was ¥66.2 billion, an increase of 4% from the same period in the prior year.

Cash and cash equivalents at September 30, 2007 increased by ¥250.4 billion compared with March 31, 2007 (an decrease of ¥661.2 billion for the same period in the prior year). Net cash used in operating activities was ¥666.1 billion (net cash used in operating activities for the same period in the prior year was ¥1,389.8 billion), mainly due to an increase in Securities purchased under agreements to resell, net of securities sold under agreements to repurchase, and an increase in Securities borrowed, net of securities loaned. Net cash used in investing activities was ¥145.4 billion (net cash used in investing activities for the same period in the prior year was ¥144.3 billion) mainly due to Payments for purchase of office buildings, land, equipment and facilities, Increase in loans receivables at banks and Increase in non-trading debt securities. Net cash provided by financing activities was ¥1,072.5 billion (net cash provided by financing activities for the same period in the prior year was ¥868.2 billion) mainly due to an increase in borrowings.

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The breakdown of Net revenue and Non-interest expenses on the consolidated income statements are as follows.

| | Six months ended | Six months ended |
|--|--------------------|--------------------|
| | September 30, 2006 | September 30, 2007 |
| | (Mil Yen) | (Mil Yen) |
| Commissions | 145,642 | 219,849 |
| Brokerage commissions | 77,153 | 128,824 |
| Commissions for distribution of investment trust | 48,972 | 73,395 |
| Other | 19,517 | 17,630 |
| Fees from investment banking | 41,252 | 46,066 |
| Underwriting and distribution | 29,511 | 20,903 |
| M&A / financial advisory fees | 11,538 | 23,878 |
| Other | 203 | 1,285 |
| Asset management and portfolio service fees | 65,208 | 98,221 |
| Asset management fees | 57,937 | 89,054 |
| Other | 7,271 | 9,167 |
| Net gain on trading | 103,312 | 107,215 |
| Merchant banking | (2,198) | 1,044 |
| Equity trading | 44,408 | 79,885 |
| Fixed income and other trading | 61,102 | 26,286 |
| (Loss) gain on private equity investments | 37,295 | 63,652 |
| Net interest | 26,139 | (5,492) |
| Gain (loss) on investments in equity securities | (20,553) | (24,756) |
| Private equity entities product sales | 42,705 | 70,827 |
| Other | 15,912 | 25,355 |
| Net revenue | 456,912 | 600,937 |

| | Six months ended | Six months ended |
|--|--------------------|--------------------|
| | September 30, 2006 | September 30, 2007 |
| | (Mil Yen) | (Mil Yen) |
| Compensation and benefits | 161,828 | 203,223 |
| Commissions and floor brokerage | 20,590 | 46,351 |
| Information processing and communications | 50,601 | 64,204 |
| Occupancy and related depreciation | 28,185 | 33,879 |
| Business development expenses | 17,658 | 20,061 |
| Private equity entities cost of goods sold | 23,208 | 44,118 |
| Other | 48,351 | 92,727 |
| Non-interest expenses | 350,421 | 504,563 |

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Business Segment Information

Results by business segment are as follows.

Reconciliations of Net revenue and Income before income taxes on segment results of operations and the consolidated income statements are set forth in Consolidated Financial Statements, Note 14. Segment and geographic information.

Net revenue

| | Six months ended | Six months ended |
|---------------------------|--------------------|--------------------|
| | September 30, 2006 | September 30, 2007 |
| | (Mil Yen) | (Mil Yen) |
| Domestic Retail | 200,127 | 225,100 |
| Global Markets | 117,374 | 125,672 |
| Global Investment Banking | 48,496 | 47,552 |
| Global Merchant Banking | 56,664 | 51,865 |
| Asset Management | 41,490 | 50,093 |
| Other (Inc. elimination) | 1,348 | 52,416 |
| Total | 465,499 | 552,698 |

Non-interest expenses

| | Six months ended | Six months ended |
|---------------------------|--------------------|--------------------|
| | September 30, 2006 | September 30, 2007 |
| | (Mil Yen) | (Mil Yen) |
| Domestic Retail | 129,417 | 142,339 |
| Global Markets | 106,648 | 167,319 |
| Global Investment Banking | 26,653 | 30,736 |
| Global Merchant Banking | 5,384 | 6,337 |
| Asset Management | 25,200 | 30,213 |
| Other (Inc. elimination) | 20,056 | 55,206 |
| Total | 313,358 | 432,150 |

Income (loss) before income taxes

| | Six months ended | Six months ended |
|-----------------|--------------------|--------------------|
| | September 30, 2006 | September 30, 2007 |
| | (Mil Yen) | (Mil Yen) |
| Domestic Retail | 70,710 | 82,761 |
| Global Markets | 10,726 | (41,647) |

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| | | |
|---------------------------|----------------|----------------|
| Global Investment Banking | 21,843 | 16,816 |
| Global Merchant Banking | 51,280 | 45,528 |
| Asset Management | 16,290 | 19,880 |
| Other (Inc. elimination) | (18,708) | (2,790) |
| Total | 152,141 | 120,548 |

Domestic Retail

Net revenue increased by 12% from ¥200,127 million for the six months ended September 30, 2006 to ¥225,100 million for the six months ended September 30, 2007, primarily due to robust sales of investment trusts resulting in an increase in commissions for distribution of investment trusts and investment trust administration fees and other, although a decline in equity agency transaction value led to a drop in stock brokerage commissions compared to last year. Non-interest expenses increased by 10% from ¥129,417 million for the six months ended September 30, 2006 to ¥142,339 million for the six months ended September 30, 2007. As a result, income before income taxes increased by 17% from ¥70,710 million for the six months ended September 30, 2006 to ¥82,761 million for the six months ended September 30, 2007.

Table of Contents**Global Markets**

Net revenue increased by 7% from ¥117,374 million for the six months ended September 30, 2006 to ¥125,672 million for the six months ended September 30, 2007. Fixed Income reported a year-on-year decline in income before income taxes due to losses related to our exit from the US RMBS business. In other Fixed Income businesses, trading of interest rate and currency-linked structured bonds as well as credit derivatives and interest rate and currency-linked derivatives mainly in Europe contributed to revenue. Equity reported an increase in income before income taxes from the prior year as strong trading in equity derivatives and the acquisition of Instinet Incorporated (Instinet) in February 2007 more than offset a decline in revenue from MPO transactions. Non-interest expenses increased by 57% from ¥106,648 million for the six months ended September 30, 2006 to ¥167,319 million for the six months ended September 30, 2007, primarily due to increases in compensation and benefit costs and commissions and floor brokerage resulting from the acquisition of Instinet. As a result, income before income taxes was ¥10,726 million for the six months ended September 30, 2006 and loss before income taxes was ¥41,647 million for the six months ended September 30, 2007.

Global Investment Banking

Net revenue decreased by 2% from ¥48,496 million for the six months ended September 30, 2006 to ¥47,552 million for the six months ended September 30, 2007. In addition to the strong domestic M&A business, Europe and Asia contributed to an expansion in revenue. However, equity financing by domestic corporates declined significantly from the same period last year and even though we retained a high market share, the overall value of equity underwriting declined, leading to the drop in income before income taxes. Non-interest expenses increased by 15% from ¥26,653 million for the six months ended September 30, 2006 to ¥30,736 million for the six months ended September 30, 2007. As a result, income before income taxes decreased by 23% from ¥21,843 million for the six months ended September 30, 2006 to ¥16,816 million for the six months ended September 30, 2007.

Global Merchant Banking

Net revenue decreased by 8% from ¥56,664 million for the six months ended September 30, 2006 to ¥51,865 million for the six months ended September 30, 2007. The sales of Deutsche Annington by Terra Firma as well as Wanbishi Archives and Sliontec by Nomura Principal Finance contributed to revenue. Non-interest expenses increased by 18% from ¥5,384 million for the six months ended September 30, 2006 to ¥6,337 million for the six months ended September 30, 2007. As a result, income before income taxes decreased by 11% from ¥51,280 million for the six months ended September 30, 2006 to ¥45,528 million for the six months ended September 30, 2007.

Asset Management

Net revenue increased by 21% from ¥41,490 million for the six months ended September 30, 2006 to ¥50,093 million for the six months ended September 30, 2007. Assets under management increased 3.3 trillion yen compared to the end of the prior half-year period to 30.3 trillion yen on the back of growth in investment trusts and the investment advisory business. Asset management fees increased as a result. In investment trusts, the My Story Profit Distribution-type Course B Fund topped 2 trillion yen and sales of balanced funds and newly-launched funds remained firm. Non-interest expenses increased by 20% from ¥25,200 million for the six months ended September 30, 2006 to ¥30,213 million for the six months ended September 30, 2007. As a result, income before income taxes increased by 22% from ¥16,290 million for the six months ended September 30, 2006 to ¥19,880 million for the six months ended September 30, 2007.

Other Operating Results

Other operating results include gain (loss) on investment securities, equity in earnings (losses) of affiliates and other financial adjustments. Loss before income taxes for Other was ¥18,708 million for the six months ended September 30, 2006 and ¥2,790 million for the six months ended September 30, 2007.

Geographic Information

Please refer to Note 14 about net revenue and income before income taxes by geographic.

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(2) Trading Activities

Assets and liabilities for trading purposes

The balances of assets and liabilities for trading purposes at September 30, 2006 and 2007 are as follows.

| | September 30, 2006 | September 30, 2007 |
|---|--------------------|--------------------|
| | (Mil Yen) | (Mil Yen) |
| Trading assets and Private equity investments | 12,817,424 | 11,578,419 |
| Trading assets | 12,482,177 | 11,338,576 |
| Equity securities and convertible bonds | 3,170,997 | 2,632,139 |
| Government and government agency bonds | 4,979,243 | 4,264,199 |
| Bank and corporate debt securities | 1,806,848 | 1,794,573 |
| Commercial paper and certificates of deposit | 205,698 | 265,737 |
| Mortgage and mortgage-backed securities | 1,335,354 | 1,024,767 |
| Beneficiary certificates and other | 223,018 | 195,656 |
| Derivative contracts | 761,019 | 1,161,505 |
| Foreign exchange forwards | 81,078 | 76,506 |
| Forward rate agreements and other over the counter forwards | 14,261 | 40,676 |
| Swap agreements | 350,850 | 628,489 |
| Options securities purchased | 129,029 | 190,433 |
| Options other than securities options purchased | 185,801 | 225,401 |
| Private equity investments | 335,247 | 239,843 |
| Trading liabilities | 4,179,129 | 5,559,848 |
| Equity securities and convertible bonds | 431,677 | 726,763 |
| Government and government agency bonds | 2,642,812 | 3,488,253 |
| Bank and corporate debt securities | 198,619 | 132,237 |
| Beneficial certificates and other | 63 | 5 |
| Derivative contracts | 905,958 | 1,212,590 |
| Foreign exchange forwards | 49,953 | 47,489 |
| FRA and other OTC forwards | 13,513 | 33,238 |
| Swap agreements | 470,911 | 615,031 |
| Options securities written | 232,671 | 301,456 |
| Options other than securities options written | 138,910 | 215,376 |

Risk management of trading activity

Nomura adopts Value at Risk (VaR) for measurement of market risk to the trading activity.

1) Assumption on VaR

2.33 standard deviations 99% confidence level

Holding period: One day

Consider correlation of price movement among the products

2) Records of VaR

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| | September 30, 2006 | September 30, 2007 |
|-------------------------|--------------------|--------------------|
| | (Bil Yen) | (Bil Yen) |
| Equity | 6.1 | 3.3 |
| Interest rate | 3.5 | 3.2 |
| Foreign exchange | 1.3 | 2.6 |
| Sub-total | 10.9 | 9.1 |
| Diversification benefit | (3.6) | (3.5) |
| Value at Risk (VaR) | 7.3 | 5.6 |

| | Six months ended September 30, 2007 | | |
|---------------------|-------------------------------------|-----------|-----------|
| | Maximum | Minimum | Average |
| | (Bil Yen) | (Bil Yen) | (Bil Yen) |
| Value at Risk (VaR) | 6.6 | 4.6 | 5.7 |

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2. Current Challenges

Current business environment

At present, the Japanese economy can be said to be in a moderate process of expansion with strong private demand, primarily in the corporate sector. The global economy is slowing due to an adjustment in the housing market in the U.S. economy and concerns over the impact on the real economy are arising. In this economic environment, M&A and financing needs to support activities to prepare for industry reorganization as a result of a shrinking domestic market in the coming aging society are surfacing among Japanese domestic corporations.

In domestic personal financial assets, the ongoing shift from savings to investment will continue to accelerate amid social change, including the mass retirement of the baby boomer generation and progress of further deregulation.

The investment needs of corporates and the fact that the shift from savings to investment of domestic financial assets has become firmly established, represent two major tides in domestic financial and capital markets. These trends mean that the role of the Company is becoming more significant, and we believe this increase our business opportunity that is broadening rapidly.

Looking at structural changes in the global financial system, we believe we can point to three major currents.

First is the fact that private equity funds, hedge funds and sovereign wealth funds in recent years have established a strong presence as new providers of risk money. As a result of tightening credit in the international financial markets due to subprime issues, uncertainty remains. However providing financing utilizing financial technologies to these funds will still be a core business to investment banks and universal banks.

Second is the liquidity of balance sheets of financial institutions. European and U.S. commercial banks are aggressively making their balance sheets more liquid in the pursuit of profitability rather than scale. The risk tolerance of investors is weakening due to subprime issues, but the use of securitization as a method of making assets liquid and credit derivatives as a means of hedging credit risk will continue against the backdrop of financial institutions pursuing liquidity on their balance sheets.

Third is the rise of emerging markets. The uncertainty of the U.S. economy is increasing and concerns over impact to the global economy are arising. However, Asia still remains to attract the greatest attention of investors and corporate managers and the expanding trend in the growth of investment in Asia is causing major changes in global financial systems.

Thus we believe that we are seeing changes both in the domestic and the international environment that can be considered major opportunities for business growth. The Company believes that it is essential to expand our business by facing our clients head on, accurately understanding their needs, and responding to those needs as a basic stance.

Challenges and management response

Nomura Group's management vision is to provide superior services for all kinds of investment. We have made efforts to expand the breadth of our business as a Group, aiming at further growth by expanding the scope of our business. In striving for further growth in Nomura Group, we intend to take on the important issues of listening closely to our clients as we plan business growth, pursuing Nomura's distinct international strategy, and planning expansion into new areas of business.

Client-centric business growth

Nomura Group's fundamental approach in expanding our business should be to thoroughly understand trends in our clients' interest and need in expanding the scope of our business, and to respond in such a way as to create business with our clients. Thus our aim is to develop this type of client-centric business as a Group, and at the same time to offer our business on a global scale as we assure continuing growth.

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Each of our divisions is making the following efforts:

In Domestic Retail, we aim to shift personal financial assets away from bank savings to the securities markets, expanding and strengthening our client base. For that purpose, we will promptly offer products and services that meet our clients' needs by expanding client access channels, which include branch offices, call services and online services. We will also continue our efforts to provide education to investors in order to expand the overall investor universe towards the securities market.

In Global Markets, we provide high value-added products and solutions, through the application of financial techniques such as securitization and derivatives, and provide liquidity to financial instruments such as interest rates, foreign exchange, credit, equity and real estate linked products.

In Global Investment Banking, we will expand our M&A advisory and corporate financing businesses by providing high value-added solutions in line with each client's individual needs. We will also use our domestic and international networks to build up a solid presence in Asia and further expand our global operations.

In Global Merchant Banking, we work closely with other business divisions in the Group to maximize the value of our investments by improving the enterprise value of companies we invest in.

In Asset Management, we will continue to maintain a structure which can continuously add value by concentrating our operations, enhancing research capabilities and improving our analysis. We also aim to increase assets under management by diversifying the investment opportunities we can offer and expanding our sales channels. In the defined contribution pension plan business, we will increase Nomura Group's client base by offering integrated services that run from consulting for plan implementation to offering individual products.

Development of Nomura's distinct international strategy

Nomura Group's international strategy is also focused on client-centric business expansion, while we implement different business strategies that reflect the different characteristics of each region.

In Europe we intend to take on the role of a provider of high-value added products as well as to strengthen this function, while, in the U.S., we are planning to continue focusing on our core competencies. Asia offers significant business potential and we intend to pursue the development of business closely in keeping with the regional needs based on the understanding of local requirements, increase the number of clients who recognize Nomura as a partner, by making maximum use of Nomura's financial technologies and global distribution network, in light of the distinctive qualities of each Asian country.

Expansion of new business areas

We are putting more emphasis than ever on the expansion of new business areas. With the acquisition of Instinet, Nomura Group is addressing an electronic trading platform in global equities as a new business area. In the future, if we can be confident that businesses acquired through M&A will give rise to complementary relationships and provide synergy, we believe we will be able to utilize M&A as a powerful strategic option.

In addition, we will continue to accelerate our progress in the expansion of business areas with the goal of broader business operation by Nomura Group through such expansion as JOINVEST Securities Co., Ltd. and the loan business of Nomura Capital Investment Co., Ltd.

In addressing the above challenges and strategy, we will bring together the collective strengths of our domestic and international operations to expand and develop Japan's financial and capital markets, while also increasing profitability across Nomura Group to achieve our management targets and maximize shareholder value.

In regard to fundamental policies for the treatment of shareholders holding a quantity of shares that enables them to govern decisions on Company management policy, the Company believes that the decision of whether to permit a party to seek ownership of such a volume of shares should ultimately be left to the judgment of the shareholders. Accordingly, there are no plans at the present time for the introduction of so-called takeover defense strategies such as a defense strategy of prior issue of new stock acquisition rights (a rights plan).

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The Company has a management objective of building a solid position as a Japanese financial services group with global competitive strength and has made commitments to further growth and enhancement of shareholder value through broadening of the scope of its business and expansion into areas beyond the framework of the traditional securities industry. Broadening the profile of investment is critical in achieving the Company's management objectives, and we believe that having many parties become knowledgeable about the Company and become shareholders will contribute to the achievement of our management objectives. The Company lists its shares on the Tokyo Stock Exchange as well as other Japanese stock exchanges, became listed on the New York Stock Exchange in December 2001, and has already taken measures such as lowering the number of shares in a trading unit in January 2005, and last year introducing the quarterly dividend system as recognized under the new Corporation Law of Japan. As of the end of September 2007, the Company's shareholders numbered 261 thousand.

Given these circumstances, the Company's Board of Directors recognizes that it is necessary to protect the shareholders and investors from unfavorable result in the event of an attempt to take over the Company by parties not appropriate to the preservation or enhancement of the business value and common benefit to shareholders, and in accordance with the obligations of persons entrusted by shareholders and investors, will take appropriate measures to prevent such actions. In such a case, the Corporate Value Enhancement Committee established within the Company would perform research and investigation in regard to the buyout proposal etc., and after an investigatory meeting composed of the Company's outside directors, the Board of Directors would hold sufficient deliberations, and would reach a conclusion in regard to the best strategy from the viewpoint of shareholders with regard to the corporate value and common benefit to shareholders.

3. Significant Contracts

Not applicable

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Item 4. Company Information

1. Share Capital Information

(1) Total Number of Shares

A. Number of Authorized Share Capital

| | Authorized Share Capital |
|--------------|---------------------------------|
| Type | (shares) |
| Common Stock | 6,000,000,000 |
| Total | 6,000,000,000 |

B. Issued Shares

| Type | Number of | | Trading Markets |
|--------------|---|--|--|
| | Issued Shares as of September 30, 2007 | Number of Issued Shares as of November 28, 2007 | |
| Common Stock | 1,965,919,860 | 1,965,919,860 | Tokyo Stock Exchange ^(*3) Osaka Stock Exchange ^(*3) Nagoya Stock Exchange ^(*3) Singapore Stock Exchange ^(*4) New York Stock Exchange ^(*5) |
| Total | 1,965,919,860 | 1,965,919,860 | |

(Notes)

- 1 Voting rights pertained.
- 2 Shares that may have increased from exercise of stock options between November 1, 2007 and November 28, 2007 are not included in the number of issued shares as of November 28, 2007.
- 3 Listed on the First Section of each stock exchange.
- 4 Common stock listed
- 5 American Depositary Shares listed.

Table of Contents(2) Stock Options
A. Stock Acquisition Right**Resolved by the 98th General Shareholders Meeting on June 26, 2002**

| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|--|---|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 1,182 ^{(*)1} | 1,173 ^{(*)1} |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 1,182,000 | 1,173,000 |
| The Amount to be Paid upon Exercising the Stock Acquisition Right ^{(*)2} | ¥1,794 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From July 1, 2004 to June 30, 2009 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1,794 Capital Inclusion Price ¥897 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <ol style="list-style-type: none"> 1. Not to be partial exercise of one stock acquisition right. 2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions: <ol style="list-style-type: none"> (1) The Optionee maintains position as a director, statutory auditor or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, statutory auditor or employee of the Company or the Company's Subsidiary in case the Optionee loses such a position by either of the following situations: | Same as left |

a) Regarding the Optionee as a director or statutory auditor of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or

b) Regarding the Optionee as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, retirement mainly due to sickness or injuries arising out of duty, discharge for a compelling business reason, or other similar reasons.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 30, 2007) |
|--|---|---|
| | (2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases: | |
| | a) The Company or the Company's Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or | |
| | b) There is any other reason similar to a). | |
| | 3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession. | |
| Restriction of Transfer of Stock Acquisition Rights | Approval of the board of directors shall be required for transfer of the stock acquisition rights. | Same as left |
| Substituted Payment | | |
| Issue of the Stock Acquisition Right Attendant on Reorganization | | |

(Notes)

1. 1,000 shares will be issued per one stock acquisition right.
2. In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event that the Company issues new shares or sells its treasury shares at a price less than market price (excluding for the exercise of the stock acquisition rights), the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before Adjustment} \times (\text{Number of Outstanding Shares} + \text{Number of Newly Issued Shares and/or Treasury Shares Sold})}{\text{Number of Outstanding Shares} + \text{Number of Newly Issued Shares and/or Treasury Shares Sold} \times \text{Paid-in Amount Per Share Market Price per Share}}$$

= x

3. Executive officers are treated in the same manner with directors.

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Table of Contents**Resolved by the 99th General Shareholders Meeting on June 26, 2003**

| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|--|---|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 1,270 ^(*1) | 1,259 ^(*1) |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 1,270,000 | 1,259,000 |
| The Amount to be Paid upon Exercising the Stock Acquisition Right ^(*2) | ¥1,619 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From July 1, 2005 to June 30, 2010 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1,619 Capital Inclusion Price ¥810 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <ol style="list-style-type: none"> 1. Not to be partial exercise of one stock acquisition right. 2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions: <ol style="list-style-type: none"> (1) The Optionee maintains position as a director, executive officer or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, executive officer or employee of the Company or the Company's Subsidiary in case the Optionee loses such a position by either of the following situations: | Same as left |

- a) Regarding the Optionee as a director or executive officer of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or
- b) Regarding the Optionee as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, retirement mainly due to sickness or injuries arising out of duty, discharge for a compelling business reason, or other similar reasons.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 30, 2007) |
|---|---|---|
| | (2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases: | |
| | a) The Company or the Company's Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or | |
| | b) There is any other reason similar to a). | |
| | 3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession. | |
| Restriction of Transfer of Stock Acquisition Rights | Approval of the board of directors shall be required for transfer of the stock acquisition rights. | Same as left |

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

1. 1,000 shares will be issued per one stock acquisition right.
2. In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event that the Company issues new shares or sells its treasury shares at a price less than market price (excluding for the exercise of the stock acquisition rights), the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before Adjustment} \times (\text{Number of Outstanding Shares} + \frac{\text{Number of Newly Issued Shares and/or Treasury Shares Sold} \times \text{Paid-in Amount Per Share}}{\text{Market Price per Share}})}{\text{Number of (Outstanding + Newly Issued Shares and/or Treasury Shares Sold)}}$$

Table of Contents**Resolved by the 99th General Shareholders Meeting on June 26, 2003**

| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|--|--|---|
| Number of Stock Acquisition Right | 344 ^(*1) | 314 ^(*1) |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 344,000 | 314,000 |
| The Amount to be Paid upon Exercising the Stock Acquisition Right ^(*2) | ¥1 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From June 5, 2006 to June 4, 2011 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1 Capital Inclusion Price ¥1 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <ol style="list-style-type: none"> 1. Not to be partial exercise of one stock acquisition right. 2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions: <ol style="list-style-type: none"> (1) The Optionee maintains position as a director, executive officer or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, executive officer or employee of the Company or the Company's Subsidiary in case the Optionee loses such a position by either of the following situations: <ol style="list-style-type: none"> a) Regarding the Optionee as a director or executive officer of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or b) Regarding the Optionee as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, | Same as left |

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retirement mainly due to sickness or injuries,
discharge for a compelling business reason,
or other similar reasons.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|---|--|---|
| | <p>(2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases:</p> <p>a) The Company or the Company's Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or</p> <p>b) There is any other reason similar to a).</p> <p>3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession.</p> | |
| Restriction of Transfer of Stock Acquisition Rights | Approval of the board of directors shall be required for transfer of the stock acquisition rights. | Same as left |

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

1. 1,000 shares will be issued per one stock acquisition right.
2. In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event that the Company issues new shares or sells its treasury shares at a price less than market price (excluding for the exercise of the stock acquisition rights), the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before Adjustment} \times \left(\frac{\text{Number of Outstanding Shares} + \text{Number of Newly Issued Shares and/or Treasury Shares Sold} \times \text{Paid-in Amount Per Share}}{\text{Market Price per Share}} \right)}{\text{Number of (Outstanding + Newly Issued Shares and/or Treasury Shares Sold)}}$$

Table of Contents**Resolved by the 100th General Shareholders Meeting on June 25, 2004**

| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|--|---|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 1,266 ^(*1) | 1,263 ^(*1) |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 1,266,000 | 1,263,000 |
| The Amount to be Paid upon Exercising the Stock Acquisition Right ^(*2) | ¥1,607 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From July 1, 2006 to June 30, 2011 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1,607 Capital Inclusion Price ¥804 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <ol style="list-style-type: none"> 1. Not to be partial exercise of one stock acquisition right. 2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions: <ol style="list-style-type: none"> (1) The Optionee maintains position as a director, executive officer or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, executive officer or employee of the Company or the Company's Subsidiary in case the Optionee loses such a position by either of the following situations: | Same as left |

- a) Regarding the Optionee as a director or executive officer of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or
- b) Regarding the Optionee as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, retirement mainly due to sickness or injuries arising out of duty, discharge for a compelling business reason, or other similar reasons.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|---|---|---|
| | (2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases: | |
| | a) The Company or the Company's Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or | |
| | b) There is any other reason similar to a). | |
| | 3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession. | |
| Restriction of Transfer of Stock Acquisition Rights | Approval of the board of directors shall be required for transfer of the stock acquisition rights. | Same as left |

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

1. 1,000 shares will be issued per one stock acquisition right.
2. In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event that the Company issues new shares or sells its treasury shares at a price less than market price (excluding for the exercise of the stock acquisition rights), the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{\text{Number of Outstanding Shares} + \frac{\text{Number of Newly Issued Shares and/or Treasury Shares Sold} \times \text{Paid-in Amount Per Share}}{\text{Market Price per Share}}}{\text{Number of (Outstanding + Newly Issued Shares and/or Treasury Shares Sold)}}$$

Table of Contents**Resolved by the 100th General Shareholders Meeting on June 25, 2004**

| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|--|--|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 295 ^(*) | Same as left |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 295,000 | Same as left |
| The Amount to be Paid upon Exercising the Stock Acquisition Right ^(*) | ¥1 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From April 26, 2007 to April 25, 2012 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1 Capital Inclusion Price ¥1 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <ol style="list-style-type: none"> 1. Not to be partial exercise of one stock acquisition right. 2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions: <ol style="list-style-type: none"> (1) The Optionee maintains position as a director, executive officer or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, executive officer or employee of the Company or the Company's Subsidiary in case the Optionee loses such a position by either of the following situations: | Same as left |

- a) Regarding the Optionee as a director or executive officer of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or
- b) Regarding the Optionee as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, retirement mainly due to sickness or injuries, discharge for a compelling business reason, or other similar reasons.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|---|---|---|
| | (2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases: | |
| | a) The Company or the Company's Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or | |
| | b) There is any other reason similar to a). | |
| | 3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession. | |
| Restriction of Transfer of Stock Acquisition Rights | Approval of the board of directors shall be required for transfer of the stock acquisition rights. | Same as left |

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

1. 1,000 shares will be issued per one stock acquisition right.
2. In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event that the Company issues new shares or sells its treasury shares at a price less than market price (excluding for the exercise of the stock acquisition rights), the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before Adjustment} \times (\text{Number of Outstanding Shares} + \frac{\text{Number of Newly Issued Shares and/or Treasury Shares Sold} \times \text{Paid-in Amount Per Share}}{\text{Market Price per Share}})}{\text{Number of (Outstanding + Newly Issued Shares and/or Treasury Shares Sold)}}$$

Table of Contents**Resolved by the 100th General Shareholders Meeting on June 25, 2004**

| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|--|---|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 569 ^(*1) | 557 ^(*1) |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 569,000 | 557,000 |
| The Amount to be Paid upon Exercising the Stock Acquisition Right ^(*2) | ¥1 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From June 4, 2007 to June 3, 2012 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1 Capital Inclusion Price ¥1 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <ol style="list-style-type: none"> 1. Not to be partial exercise of one stock acquisition right. 2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions: <ol style="list-style-type: none"> (1) The Optionee maintains position as a director, executive officer or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, executive officer or employee of the Company or the Company's Subsidiary in case the Optionee loses such a position by either of the following situations: <ol style="list-style-type: none"> a) Regarding the Optionee as a director or executive officer of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or b) Regarding the Optionee as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, | Same as left |

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retirement mainly due to sickness or injuries,
discharge for a compelling business reason,
or other similar reasons.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|---|---|---|
| | (2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases: | |
| | a) The Company or the Company's Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or | |
| | b) There is any other reason similar to a). | |
| | 3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession. | |
| Restriction of Transfer of Stock Acquisition Rights | Approval of the board of directors shall be required for transfer of the stock acquisition rights. | Same as left |

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

1. 1,000 shares will be issued per one stock acquisition right.
2. In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event that the Company issues new shares or sells its treasury shares at a price less than market price (excluding for the exercise of the stock acquisition rights), the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before Adjustment} \times (\text{Number of Outstanding Shares} + \frac{\text{Number of Newly Issued Shares and/or Treasury Shares Sold} \times \text{Paid-in Amount Per Share}}{\text{Market Price per Share}})}{\text{Number of (Outstanding + Newly Issued Shares and/or Treasury Shares Sold)}}$$

Table of Contents**Resolved by the 101st General Shareholders Meeting on June 28, 2005**

| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|--|---|---|
| Number of Stock Acquisition Right | 1,326 ^(*) | 638 ^(*) |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 132,600 | 63,800 |
| The Amount to be Paid upon Exercising the Stock Acquisition Right | ¥1 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From July 26, 2007 to July 25, 2012 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1 Capital Inclusion Price ¥1 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <ol style="list-style-type: none"> 1. Not to be partial exercise of one stock acquisition right. 2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions: <ol style="list-style-type: none"> (1) The Optionee maintains position as a director, executive officer or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, executive officer or employee of the Company or the Company's Subsidiary in case the Optionee loses such a position by either of the following situations: <ol style="list-style-type: none"> a) Regarding the Optionee as a director or executive officer of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or b) Regarding the Optionee as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, retirement mainly due to sickness or injuries, discharge for a compelling business reason, | Same as left |

or other similar reasons.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|--|--|---|
| | <p>(2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases:</p> <p>a) The Company or the Company's Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or</p> <p>b) There is any other reason similar to a).</p> <p>3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession.</p> | |
| Restriction of Transfer of Stock Acquisition Rights | Approval of the board of directors shall be required for transfer of the stock acquisition rights. | Same as left |
| Substituted Payment | | |
| Issue of the Stock Acquisition Right Attendant on Reorganization | | |

(Notes) 100 shares will be issued per one stock acquisition right.

Table of Contents**Resolved by the 101st General Shareholders Meeting on June 28, 2005**

| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|--|---|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 16,030 ^(*1) | 15,850 ^(*1) |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 1,603,000 | 1,585,000 |
| The Amount to be Paid upon Exercising the Stock Acquisition Right ^(*2) | ¥1,409 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From July 1, 2007 to June 30, 2012 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1,409 Capital Inclusion Price ¥705 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <ol style="list-style-type: none"> 1. Not to be partial exercise of one stock acquisition right. 2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions: <ol style="list-style-type: none"> (1) The Optionee maintains position as a director, executive officer or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, executive officer or employee of the Company or the Company's Subsidiary in case the Optionee loses such a position by either of the following situations: | Same as left |

- a) Regarding the Optionee as a director or executive officer of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or
- b) Regarding the Optionee as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, retirement mainly due to sickness or injuries arising out of duty, discharge for a compelling business reason, or other similar reasons.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|---|---|---|
| | (2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases: | |
| | a) The Company or the Company's Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or | |
| | b) There is any other reason similar to a). | |
| | 3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession. | |
| Restriction of Transfer of Stock Acquisition Rights | Approval of the board of directors shall be required for transfer of the stock acquisition rights. | Same as left |

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

1. 100 shares will be issued per one stock acquisition right.
2. In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event that the Company issues new shares or sells its treasury shares at a price less than market price (excluding for the exercise of the stock acquisition rights), the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before Adjustment} \times (\text{Number of Outstanding Shares} + \frac{\text{Number of Newly Issued Shares and/or Treasury Shares Sold} \times \text{Paid-in Amount Per Share}}{\text{Market Price per Share}})}{\text{Number of (Outstanding + Newly Issued Shares and/or Treasury Shares Sold)}}$$

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| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|---|---|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 25,025 ^(*) | 24,765 ^(*) |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 2,502,500 | 2,476,500 |
| The Amount to be Paid upon Exercising the Stock Acquisition Right | ¥1 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From April 25, 2008 to April 24, 2013 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1 Capital Inclusion Price ¥1 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <ol style="list-style-type: none"> 1. Not to be partial exercise of one stock acquisition right. 2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions: <ol style="list-style-type: none"> (1) The Optionee maintains position as a director, executive officer or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, executive officer or employee of the Company or the Company's Subsidiary in case the Optionee loses such a position by either of the following situations: <ol style="list-style-type: none"> a) Regarding the Optionee as a director or executive officer of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or b) Regarding the Optionee as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, retirement mainly due to sickness or injuries, discharge for a compelling business reason, | Same as left |

or other similar reasons.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|--|--|---|
| | <p>(2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases:</p> <p>a) The Company or the Company's Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or</p> <p>b) There is any other reason similar to a).</p> <p>3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession.</p> | |
| Restriction of Transfer of Stock Acquisition Rights | Approval of the board of directors shall be required for transfer of the stock acquisition rights. | Same as left |
| Substituted Payment | | |
| Issue of the Stock Acquisition Right Attendant on Reorganization | | |

(Note) 100 shares will be issued per one stock acquisition right.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|--|--|---|
| Number of Stock Acquisition Right | 9,855 ^(*) | Same as left |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 985,500 | Same as left |
| The Amount to be Paid upon Exercising the Stock Acquisition Right | ¥1 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From June 13, 2008 to June 12, 2013 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1 Capital Inclusion Price ¥1,053 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <p>1. Not to be partial exercise of one stock acquisition right.</p> <p>2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions:</p> <p>(1) The Optionee maintains position as a director, executive officer or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, executive officer or employee of the Company or the Company's Subsidiary in case the Optionee loses such a position by either of the following situations:</p> <p>a) Regarding the Optionee as a director or executive officer of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or</p> <p>b) Regarding the Optionee as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, retirement mainly due to sickness or injuries, discharge for a compelling business reason,</p> | Same as left |

or other similar reasons.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|--|--|---|
| | <p>(2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases:</p> <p>a) The Company or the Company's Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or</p> <p>b) There is any other reason similar to a).</p> <p>3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession.</p> | |
| Restriction of Transfer of Stock Acquisition Rights | Approval of the board of directors shall be required for transfer of the stock acquisition rights. | Same as left |
| Substituted Payment | | |
| Issue of the Stock Acquisition Right Attendant on Reorganization | | |

(Note) 100 shares will be issued per one stock acquisition right.

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| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|--|---|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 18,100 ^(*1) | Same as left |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 1,810,000 | Same as left |
| The Amount to be Paid upon Exercising the Stock Acquisition Right ^(*2) | ¥2,201 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From July 7, 2008 to July 6, 2013 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥2,201 Capital Inclusion Price ¥1,344 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <ol style="list-style-type: none"> 1. Not to be partial exercise of one stock acquisition right. 2. For a person given Stock Acquisition Right (the Optionee), to satisfy all of the following conditions: <ol style="list-style-type: none"> (1) The Optionee maintains position as a director, executive officer, statutory auditors or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter collectively referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the exercise. The Optionee is deemed to maintain such a position as a director, executive officer or employee of the Company or the Company's Subsidiary in case the Optionee loses such a position by either of the following situations: | Same as left |

a) Regarding the Optionee as a director, executive officer or statutory auditors of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or

b) Regarding the Optionee

as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, retirement mainly due to sickness or injuries arising out of duty, discharge for a compelling business reason, or other similar reasons.

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| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|---|--|---|
| | <p>(2) The Optionee, at the time of exercising the stock acquisition rights, does not fall within either of the following cases:</p> <p>a) The Company or the Company's Subsidiary determines in accordance with their Employment Regulations to dismiss the Optionee by suggestion or disciplinary procedures; or</p> <p>b) There is any other reason similar to a).</p> <p>3. Regarding the successors of the Optionee, the Optionee must have satisfied the both conditions of the above 2.(1) and (2) immediately prior to the occurrence of succession.</p> | |
| Restriction of Transfer of Stock Acquisition Rights | Approval of the board of directors shall be required for transfer of the stock acquisition rights. | Same as left |

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

1. 100 shares will be issued per one stock acquisition right.
2. In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event that the Company offers for subscription of the issuance of the new shares of common stock or the disposal of treasury shares of common stock of the Company at a paid-in amount below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price (excluding Stock Acquisition Rights (including those attached to bonds with stock subscription rights) which is able to request for the delivery of the common shares of the Company and any other securities or the conversion, replacement or the exercise of the Stock Acquisition Rights and any request for purchase of additional less-than-a-full-unit shares) or in the event of the shares with acquisition request right that the Company issues the common stock of the Company in exchange of its acquisition as prescribed at a compensation below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price (including the grant without any consideration), or in the event that the Company issues the stock acquisition right which is able to request for the delivery of the common stock of the Company (including those attached to bonds with stock subscription rights) and any other securities or rights (including the grant without any consideration) at a compensation below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price, the Exercise Price shall be adjusted in accordance with the following formula, and any fraction of less than one (1) yen resulting from the adjustment shall be rounded up to the nearest yen.

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$$\frac{\text{Adjusted Exercise Price}}{\text{Exercise Price}} = \text{before Adjustment} \times \frac{\text{Number of Outstanding Shares} + \frac{\text{Number of Newly Issued Shares and/or Treasury Shares Sold} \times \text{Paid-in Amount Per Share}}{\text{Market Price per Share}}}{\text{Number of (Outstanding + Newly Issued Shares and/or Treasury Shares Sold)}}$$

Table of Contents**Resolved by the 102nd General Shareholders Meeting on June 28, 2006**

| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|--|--|---|
| Number of Stock Acquisition Right | 160 ^(*) | Same as left |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 16,000 | Same as left |
| The Amount to be Paid upon Exercising the Stock Acquisition Right | ¥1 per share | ¥1 per share |
| Exercise Period of the Stock Acquisition Right | From October 11, 2008 to October 10, 2013 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1 Capital Inclusion Price ¥1,105 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <p>1. Each stock acquisition right may not be exercised partly.</p> <p>2. The Optionee must satisfy all of the following conditions:</p> <p>(1) The Optionee maintains the position of a director, executive officer, statutory auditors or employee of the Company or a company, a majority of whose outstanding shares or interests (only limited to those with voting rights) are held directly or indirectly by the Company (hereinafter referred to as the Company's Subsidiary), during the time between the grant of the stock acquisition rights and the commencement of the exercise period. The Optionee is deemed to maintain such a position as a director, executive officer or employee of the Company or the Company's Subsidiary even where the Optionee loses such a position as a result of the following situations:</p> <p>a) Regarding the Optionee as a director or executive officer, statutory auditors of the Company or the Company's Subsidiary: retirement from office on account of the expiration of the Optionee's term of office or other similar reasons; or</p> <p>b) Regarding the Optionee as an employee of the Company or the Company's Subsidiary: retirement due to the attainment of the retirement age, transfer by order of the Company or the Company's Subsidiary, retirement mainly due to sickness or injuries,</p> | Same as left |

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discharge for a compelling business reason, or other similar reasons.

(2) The Optionee, at the commencement of the exercise period, does not fall within either of the following cases:

a) The Company or the Company's Subsidiary has determined, in accordance with their Employment Regulations to dismiss the Optionee by warning or disciplinary procedures; or

b) There is any other reason similar to a).

3. Regarding the successors of the Optionee, the Optionee must have satisfied both of the conditions in 2.(1) and (2) above immediately prior to the occurrence of such succession.

Restriction of Transfer of Stock Acquisition Rights

Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company.

Same as left

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Note) 100 shares will be issued per one stock acquisition right.

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| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|---|---|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 42,329 ^(*) | 41,563 ^(*) |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 4,232,900 | 4,156,300 |
| The Amount to be Paid upon Exercising the Stock Acquisition Right | ¥1 per share | ¥1 per share |
| Exercise Period of the Stock Acquisition Right | From April 26,2009 to April 25, 2014 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1 Capital Inclusion Price ¥1,165 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <p>1. No Stock Acquisition Right may be exercised partially.</p> <p>2. The Optionee must satisfy all of the following conditions:</p> <p>(1) The Optionee maintains a position as a director, executive officer, statutory auditor, or employee (including a senior counselor, consultant, or Senior Executive Officer (SEO); the same shall apply hereafter) (directors, executive officers, and statutory auditors shall hereinafter be referred to collectively as Executive(s), and Executives and employees shall hereinafter be referred to collectively as Executive(s) or Employee(s)) of the Company or any company whose outstanding shares or interests (limited to those with voting rights) are mostly held directly or indirectly by the Company (hereinafter referred to as a Subsidiary) during the period between the granting of the stock acquisition right and the commencement of the exercise period. The Optionee is deemed to maintain such a position as an Executive or Employee of the Company or the Company s Subsidiary even where the Optionee loses such position as a result of the following situations:</p> <p>a) Regarding an Optionee posted as an Executive of the Company or a domestic Subsidiary (including a person who also holds a position as an Executive of an overseas Subsidiary; overseas Subsidiary include</p> | Same as left |

overseas offices of stationed workers of Subsidiaries of the Company; hereinafter the same); retirement from office on account of the expiration of the Optionee's term of office or a similar reason; or

b) Regarding an Optionee posted as an employee of the Company or a domestic Subsidiary (including a person who holds a position as an Executive or Employee of an overseas Subsidiary of the Company and is temporarily transferred to the overseas Subsidiary) : retirement due to the attainment of retirement age, transfer by order of the Company or a company Subsidiary, retirement primarily due to sickness or injuries, discharge or refusal to renew the employment period for a compelling business reason (dismissal due to economic conditions), or a similar reason.

c) Regarding an Optionee posted as an Executive or Employee of an overseas Subsidiary of the Company (excluding any person who also holds a position of an Executive or Employee of the Company or a domestic Subsidiary of the Company and is temporarily transferred from the Company or the domestic Subsidiary of the Company; hereinafter the same); in principle, the events as prescribed in a) and b) above; however, if other events are separately prescribed by the overseas Subsidiary based on a) and b), the relevant events.

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| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|---|--|
| | (September 30, 2007) | (October 31, 2007) |
| | <p>(2) An Optionee does not fall within either of the following cases at the commencement of the exercise period.</p> <p>a) The Company or a Company's Subsidiary has determined, in accordance with their Employment Regulations to dismiss the Optionee by warning or disciplinary procedures; or</p> <p>b) There is any other reason similar to a).</p> <p>3. Regarding the successors of the Optionee, the Optionee must have satisfied both of the conditions in 2.(1) and (2) above immediately prior to the occurrence of such succession.</p> | |
| Restriction of Transfer of Stock Acquisition Rights | Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company. | Same as left |
| Substituted Payment | | |
| Issue of the Stock Acquisition Right Attendant on Reorganization | | |

(Note) 100 shares will be issued per one stock acquisition right.

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| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|---|---|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 12,044 ^(*) | Same as left |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 1,204,400 | Same as left |
| The Amount to be Paid upon Exercising the Stock Acquisition Right | ¥1 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From June 22, 2009 to June 21, 2014 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1 Capital Inclusion Price ¥1,278 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <p>1. No Stock Acquisition Right may be exercised partially.</p> <p>2. The Optionee must satisfy all of the following conditions:</p> <p>(1) The Optionee maintains a position as a director, executive officer, statutory auditor, or employee (including a senior counselor, consultant, or Senior Executive Officer (SEO); the same shall apply hereafter) (directors, executive officers, and statutory auditors and persons in the overseas who holds equivalent position shall hereinafter be referred to collectively as Executive(s),) of the Company or any company whose outstanding shares or interests (limited to those with voting rights) are mostly held directly or indirectly by the Company (hereinafter referred to as a Subsidiary) during the period between the granting of the stock acquisition right and the commencement of the exercise period. The Optionee is deemed to maintain such a position as an Executive or Employee of the Company or the Company s Subsidiary even where the Optionee loses such position as a result of the following situations:</p> | Same as left |

- a) Regarding an Optionee posted as an Executive of the Company or a domestic Subsidiary (including a person who also holds a position as an Executive of an overseas Subsidiary; overseas Subsidiary include overseas offices of stationed workers of Subsidiaries of the Company; hereinafter the same): retirement from office on account of the expiration of the Optionee's term of office or a similar reason; or
- b) Regarding an Optionee posted as an employee of the Company or a domestic Subsidiary (including a person who holds a position as an Executive or Employee of an overseas Subsidiary of the Company and is temporarily transferred to the overseas Subsidiary) : retirement due to the attainment of, upper age limit of contract, transfer by order of the Company or a company Subsidiary, retirement primarily due to sickness or injuries, discharge or refusal to renew the employment period for a compelling business reason (dismissal due to economic conditions), or a similar reason.

c) Regarding an Optionee posted as an Executive or Employee of an overseas Subsidiary of the Company (excluding any person who also holds a position of an Executive or Employee of the Company or a domestic Subsidiary of the Company and is temporarily transferred from the Company or the domestic Subsidiary of the Company; hereinafter the same): in principle, the events as prescribed in a) and b) above; however, if other events are separately prescribed by the overseas Subsidiary based on a) and b), the relevant events.

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| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|---|--|
| | (September 30, 2007) | (October 31, 2007) |
| | <p>(2) An Optionee does not fall within either of the following cases at the commencement of the exercise period.</p> <p>a) The Company or a Company's Subsidiary has determined, in accordance with their Employment Regulations to dismiss the Optionee by warning or disciplinary procedures; or</p> <p>b) There is any other reason similar to a).</p> <p>3. Regarding the successors of the Optionee, the Optionee must have satisfied both of the conditions in 2.(1) and (2) above immediately prior to the occurrence of such succession.</p> | |
| Restriction of Transfer of Stock Acquisition Rights | Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company. | Same as left |
| Substituted Payment | | |
| Issue of the Stock Acquisition Right Attendant on Reorganization | | |

(Note) 100 shares will be issued per one stock acquisition right.

Table of Contents**Resolved by the 103rd General Shareholders Meeting on June 27, 2007**

| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|--|--|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 1,130 ^{(*)1} | Same as left |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 113,000 | Same as left |
| The Amount to be Paid upon Exercising the Stock Acquisition Right ^{(*)2} | ¥2,382 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From August 2, 2009 to August 1, 2014 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥2,382 Capital Inclusion Price ¥1,440 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <ol style="list-style-type: none"> 1. No Stock Acquisition Right may be exercised partially. 2. The Grantee must satisfy all of the following conditions: <ol style="list-style-type: none"> (1) The Grantee maintains a position as a director, executive officer, statutory auditor, or employee (including a senior counselor, consultant, or Senior Executive Officer (SEO); the same shall apply hereafter) (directors, executive officers, and statutory auditors and persons in the overseas who hold equivalent position shall hereinafter be referred to collectively as Executive(s),) of the Company or any company whose outstanding shares or interests (limited to those with voting rights) are mostly held directly or indirectly by the Company (hereinafter referred to as a Subsidiary) during the period between the granting of the stock acquisition right and the exercise. The Grantee is deemed to maintain such a position as an Executive or Employee of the Company or the Company s Subsidiary even where the Grantee loses such position as a result of the following situations: | Same as left |

- a) Regarding a Grantee posted as an Executive of the Company or a domestic Subsidiary (including a person who also holds a position as an Executive of an overseas Subsidiary; overseas Subsidiary include overseas offices of stationed workers of Subsidiaries of the Company; hereinafter the same): retirement from office on account of the expiration of the Grantee's term of office or a similar reason; or
- b) Regarding a Grantee posted as an employee of the Company or a domestic Subsidiary (including a person who holds a position as an Executive or Employee of an overseas Subsidiary of the Company and is temporarily transferred to the overseas Subsidiary) : retirement due to the attainment of upper age limit of contract, transfer by order of the Company or a company Subsidiary, retirement primarily due to sickness or injury, discharge or refusal to renew the employment period for a compelling business reason (dismissal due to economic conditions), or a similar reason.

c) Regarding a Grantee posted as an Executive or Employee of an overseas Subsidiary of the Company (excluding any person who also holds a position of an Executive or Employee of the Company or a domestic Subsidiary of the Company and is temporarily transferred from the Company or the domestic Subsidiary of the Company; hereinafter the same): in principle, the events as prescribed in a) and b) above; however, if other events are separately prescribed by the overseas Subsidiary based on a) and b), the relevant events.

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| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|---|---|---|
| | (September 30, 2007) | (October 31, 2007) |
| | <p>(2) A Grantee does not fall within either of the following cases at the time of exercising the stock acquisition rights.</p> <p>a) The Company or a Company's Subsidiary has determined, in accordance with their Employment Regulations to dismiss the Grantee by warning or disciplinary procedures; or</p> <p>b) There is any other reason similar to a).</p> <p>3. Regarding the successors of a Grantee the Grantee must have satisfied both of the conditions in 2.(1) and (2) above immediately prior to the occurrence of such succession.</p> | |
| Restriction of Transfer of Stock Acquisition Rights | Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company. | Same as left |

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

1. 100 shares will be issued per one stock acquisition right.
2. In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event that the Company offers for subscription of the issuance of the new shares of common stock or the disposal of treasury shares of common stock of the Company at a paid-in amount below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price (excluding Stock Acquisition Rights (including those attached to bonds with stock subscription rights) which is able to request for the delivery of the common shares of the Company and any other securities or the conversion, replacement or the exercise of the Stock Acquisition Rights and any request for purchase of additional less-than-a-full-unit shares) or in the event of the shares with acquisition request right that the Company issues the common stock of the Company in exchange of its acquisition as prescribed at a compensation below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price (including the grant without any consideration), or in the event that the Company issues the stock acquisition right which is able to request for the delivery of the common stock of the Company (including those attached to bonds with stock subscription rights) and any other securities or rights (including the grant without any consideration) at a compensation below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price, the Exercise Price shall be adjusted in accordance with the following formula, and any fraction of less than one (1) yen resulting from the adjustment shall be rounded up to the nearest yen.

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$$\begin{array}{r} \text{Adjusted} \\ \text{Exercise Price} \\ = \end{array} \begin{array}{r} \text{Exercise Price} \\ \text{before Adjustment} \end{array} \times \begin{array}{r} \text{Number of} \\ \text{Outstanding Shares} + \\ \text{Number of Newly Issued Shares and/or} \\ \text{Treasury Shares Sold} \times \text{Paid-in Amount Per Share} \\ \text{Market Price per Share} \\ \text{Number of (Outstanding + Newly Issued Shares and/or Treasury Shares Sold)} \end{array}$$

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Table of Contents**Resolved by the 103rd General Shareholders Meeting on June 27, 2007**

| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|---|--|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 19,000 ^(*1) | Same as left |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 1,900,000 | Same as left |
| The Amount to be Paid upon Exercising the Stock Acquisition Right ^(*2) | ¥2,382 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From August 2, 2009 to August 1, 2014 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥2,382 Capital Inclusion Price ¥1,440 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <p>1. No Stock Acquisition Right may be exercised partially.</p> <p>2. The Grantee must satisfy all of the following conditions:</p> <p>(1) The Grantee maintains a position as a director, executive officer, statutory auditor, or employee (including a senior counselor, consultant, or Senior Executive Officer (SEO); the same shall apply hereafter) (directors, executive officers, and statutory auditors and persons in the overseas who hold equivalent position shall hereinafter be referred to collectively as Executive(s),) of the Company or any company whose outstanding shares or interests (limited to those with voting rights) are mostly held directly or indirectly by the Company (hereinafter referred to as a Subsidiary) during the period between the granting of the stock acquisition right and the exercise. The Grantee is deemed to maintain such a position as an Executive or Employee of the Company or the Company's Subsidiary even where the Grantee loses such position as a result of the following situations:</p> | Same as left |

- a) Regarding a Grantee posted as an Executive of the Company or a domestic Subsidiary (including a person who also holds a position as an Executive of an overseas Subsidiary; overseas Subsidiary include overseas offices of stationed workers of Subsidiaries of the Company; hereinafter the same): retirement from office on account of the expiration of the Grantee's term of office or other similar reasons; or
- b) Regarding a Grantee posted as an employee of the Company or a domestic Subsidiary (including a person who holds a position as an Executive or Employee of an overseas Subsidiary of the Company and is temporarily transferred to the overseas Subsidiary) : retirement due to the attainment of upper age limit of contract, transfer by order of the Company or a company Subsidiary, retirement primarily due to sickness or injury, discharge or refusal to renew the employment period for a compelling business reason (dismissal due to economic conditions), or a similar reason.

c) Regarding a Grantee posted as an Executive or Employee of an overseas Subsidiary of the Company (excluding any person who also holds a position of an Executive or Employee of the Company or a domestic Subsidiary of the Company and is temporarily transferred from the Company or the domestic Subsidiary of the Company; hereinafter the same): in principle, the events as prescribed in a) and b) above; however, if other events are separately prescribed by the overseas Subsidiary based on a) and b), the relevant events.

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| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|---|--|---|
| | (September 30, 2007) | (October 31, 2007) |
| | <p>(2) A Grantee does not fall within either of the following cases at the time of exercising the stock acquisition rights.</p> <p>a) The Company or a Company's Subsidiary has determined, in accordance with their Employment Regulations to dismiss the Grantee by warning or disciplinary procedures; or</p> <p>b) There is any other reason similar to a).</p> <p>3. Regarding the successors of a Grantee, the Grantee must have satisfied both of the conditions in 2.(1) and (2) above immediately prior to the occurrence of such succession.</p> | |
| Restriction of Transfer of Stock Acquisition Rights | Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company. | Same as left |

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

- 100 shares will be issued per one stock acquisition right.
- In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

In the event that the Company offers for subscription of the issuance of the new shares of common stock or the disposal of treasury shares of common stock of the Company at a paid-in amount below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price (excluding Stock Acquisition Rights (including those attached to bonds with stock subscription rights) which is able to request for the delivery of the common shares of the Company and any other securities or the conversion, replacement or the exercise of the Stock Acquisition Rights and any request for purchase of additional less-than-a-full-unit shares) or in the event of the shares with acquisition request right that the Company issues the common stock of the Company in exchange of its acquisition as prescribed at a compensation below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price (including the grant without any consideration), or in the event that the Company issues the stock acquisition right which is able to request for the delivery of the common stock of the Company (including those attached to bonds with stock subscription rights) and any other securities or rights (including the grant without any consideration) at a compensation below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price, the Exercise Price shall be adjusted in accordance with the following formula, and any fraction of less than one (1) yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before Adjustment} \times (\text{Number of Outstanding Shares} + \text{Number of Newly Issued Shares and/or Treasury Shares Sold} \times \text{Paid-in Amount Per Share})}{\text{Number of (Outstanding + Newly Issued Shares and/or Treasury Shares Sold)} \times \text{Market Price per Share}}$$

= x

Table of Contents**Resolved by the 103rd General Shareholders Meeting on June 27, 2007**

| | End of Interim Accounting Period | End of Preceding Month to Filing of this Report |
|--|--|---|
| | (September 30, 2007) | (October 31, 2007) |
| Number of Stock Acquisition Right | 26,321 ^(*) | Same as left |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | Common stock | Same as left |
| Number of Shares under the Stock Acquisition Rights | 2,632,100 | Same as left |
| The Amount to be Paid upon Exercising the Stock Acquisition Right | ¥1 per share | Same as left |
| Exercise Period of the Stock Acquisition Right | From August 2, 2009 to August 1, 2014 | Same as left |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1 Capital Inclusion Price ¥1,105 | Same as left |
| Conditions to Exercise of Stock Acquisition Right | <p>1. No Stock Acquisition Right may be exercised partially.</p> <p>2. The Grantee must satisfy all of the following conditions:</p> <p>(1) The Grantee maintains a position as a director, executive officer, statutory auditor, or employee (including a senior counselor, consultant, or Senior Executive Officer (SEO); the same shall apply hereafter) (directors, executive officers, and statutory auditors and persons in the overseas who hold equivalent position shall hereinafter be referred to collectively as Executive(s),) of the Company or any company whose outstanding shares or interests (limited to those with voting rights) are mostly held directly or indirectly by the Company (hereinafter referred to as a Subsidiary) during the period between the granting of the stock acquisition right and the commencement of the exercise period. The Grantee is deemed to maintain such a position as an Executive or Employee of the Company or the Company's Subsidiary even where the Grantee loses such position as a result of the following situations:</p> | Same as left |

- a) Regarding a Grantee posted as an Executive of the Company or a domestic Subsidiary (including a person who also holds a position as an Executive of an overseas Subsidiary; overseas Subsidiary include overseas offices of stationed workers of Subsidiaries of the Company; hereinafter the same): retirement from office on account of the expiration of the Grantee's term of office or a similar reason; or
- b) Regarding a Grantee posted as an employee of the Company or a domestic Subsidiary (including a person who holds a position as an Executive or Employee of an overseas Subsidiary of the Company and is temporarily transferred to the overseas Subsidiary) : retirement due to the attainment of upper age limit of contract, transfer by order of the Company or a company Subsidiary, retirement primarily due to sickness or injury, discharge or refusal to renew the employment period for a compelling business reason (dismissal due to economic conditions), or a similar reason.

c) Regarding a Grantee posted as an Executive or Employee of an overseas Subsidiary of the Company (excluding any person who also holds a position of an Executive or Employee of the Company or a domestic Subsidiary of the Company and is temporarily transferred from the Company or the domestic Subsidiary of the Company; hereinafter the same): in principle, the events as prescribed in a) and b) above; however, if other events are separately prescribed by the overseas Subsidiary based on a) and b), the relevant events.

Table of Contents**Resolved by the 103rd General Shareholders Meeting on June 27, 2007**

| | End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|--|--|--|
| Number of Stock Acquisition Right | | 2,166 ^(*) |
| Number of Stock Acquisition Right for Treasury (our of above number) | | |
| Type of Share under the Stock Acquisition Right | | Common stock |
| Number of Shares under the Stock Acquisition Rights | | 216,600 |
| The Amount to be Paid upon Exercising the Stock Acquisition Right ^(*) | | ¥1 per share |
| Exercise Period of the Stock Acquisition Right | | From October 20, 2009 to October 19, 2014 |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | | Issue Price of Shares ¥1 Capital Inclusion Price ¥972 |
| Conditions to Exercise of Stock Acquisition Right | | <p>1. No Stock Acquisition Right may be exercised partially.</p> <p>2. The Grantee must satisfy all of the following conditions:</p> <p>(1) The Grantee maintains a position as a director, executive officer, statutory auditor, or employee (including a senior counselor, consultant, or Senior Executive Officer (SEO); the same shall apply hereafter) (directors, executive officers, and statutory auditors and persons in the overseas who hold equivalent position shall hereinafter be referred to collectively as Executive(s),) of the Company or any company whose outstanding shares or interests (limited to those with voting rights) are mostly held directly or indirectly by the Company (hereinafter referred to as a Subsidiary) during the period between the granting of the stock acquisition right and the commencement of the exercise period. The Grantee is deemed to maintain such a position as an Executive or Employee of the Company or the Company s Subsidiary even where the Grantee loses such position as a result of the following situations:</p> |

- a) Regarding a Grantee posted as an Executive of the Company or a domestic Subsidiary (including a person who also holds a position as an Executive of an overseas Subsidiary; overseas Subsidiary include overseas offices of stationed workers of Subsidiaries of the Company; hereinafter the same): retirement from office on account of the expiration of the Grantee's term of office or other similar reasons; or
- b) Regarding a Grantee posted as an employee of the Company or a domestic Subsidiary (including a person who holds a position as an Executive or Employee of an overseas Subsidiary of the Company and is temporarily transferred to the overseas Subsidiary) : retirement due to the attainment of upper age limit of contract, transfer by order of the Company or a company Subsidiary, retirement primarily due to sickness or injury, discharge or refusal to renew the employment period for a compelling business reason (dismissal due to economic conditions), or a similar reason.

c) Regarding a Grantee posted as an Executive or Employee of an overseas Subsidiary of the Company (excluding any person who also holds a position of an Executive or Employee of the Company or a domestic Subsidiary of the Company and is temporarily transferred from the Company or the domestic Subsidiary of the Company; hereinafter the same): in principle, the events as prescribed in a) and b) above; however, if other events are separately prescribed by the overseas Subsidiary based on a) and b), the relevant events.

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| End of Interim Accounting Period (September 30, 2007) | End of Preceding Month to Filing of this Report (October 31, 2007) |
|---|---|
| Restriction of Transfer of Stock Acquisition Rights | <p>(2) A Grantee does not fall within either of the following cases at the commencement of the exercise period:</p> <p>a) The Company or a Company's Subsidiary has determined, in accordance with the Employment Regulations, to dismiss the Grantee by warning or disciplinary procedures;</p> <p>b) There is any other reason similar to a) above.</p> <p>3. Regarding the successors of a Grantee, the Grantee must have satisfied both of the conditions in 2.(1) and (2) above immediately prior to the occurrence of such succession.</p> <p>Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company.</p> |
| Substituted Payment | |
| Issue of Stock Acquisition Right Attendant on Reorganization | |
| (Note) 100 shares will be issued per one stock acquisition right. | |
| (3) Rights plan | |
| None | |

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(4) Changes in Issued Shares, Shareholders' Equity, etc.

| Date | Increase/Decrease of Issued Shares | Total Issued Shares | Increase/Decrease of Shareholders Equity (million Yen) | Shareholders Equity (million Yen) | Increase/Decrease of Additional paid-in capital (million Yen) | Additional paid-in capital (million Yen) |
|------------------------------------|---------------------------------------|------------------------|---|---|--|--|
| April 1, 2007 - September 30, 2007 | | 1,965,919,860 | | 182,800 | | 112,504 |

(5) Major Shareholders

| Name | Address | As of September 30, 2007 | |
|--|--|----------------------------------|---------------------------------------|
| | | Shares Held (thousand shares) | Percentage of Issued Shares (%) |
| Japan Trustee Services Bank, Ltd (Trust Account) | 1-8-11, Harumi, Chuo-Ku, Tokyo, Japan | 104,678 | 5.32 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 2-11-3, Hamamatsu-cho, Minato-Ku, Tokyo, Japan | 93,959 | 4.78 |
| Hero and Company | c/o Bank of New York 101 Barclays Street New York, New York, U.S.A | 75,028 | 3.82 |
| State Street Bank and Trust Company | 225 Frank Street, Boston, Massachusetts, U.S.A. | 48,928 | 2.49 |
| State Street Bank and Trust Company 505103 | 225 Frank Street, Boston, Massachusetts, U.S.A. | 46,464 | 2.36 |
| Japan Trustee Services Bank, Ltd. (Trust Account 4) | 1-8-11, Harumi, Chuo-Ku, Tokyo, Japan | 38,444 | 1.96 |
| The Chase Manhattan Bank, N.A. London | Woolgate House, EC Callman St., London, United Kingdom | 28,398 | 1.44 |
| BNP PARIBAS Securities (Japan) Limited | 1-7-2, Otemachi, Chiyoda-Ku, Tokyo, Japan | 21,779 | 1.11 |
| Mellon Bank NA as Agent for Its Client | 1 Boston Place, Boston Massachusetts | 19,532 | 0.99 |
| Mellon Omnibus US Pension | U.S.A. | | |
| Nippon Life Insurance Company | 1-6-6, Marunouchi, Chiyoda-Ku, Tokyo, Japan | 19,007 | 0.97 |
| Total | | 496,217 | 25.24 |

(Note)

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1. The Company has 55,950 thousand shares of treasury stock as of September 30, 2007 which is not included in the Major Shareholders list above.
2. Depository Nominees Inc. changed their name to Hero and Company .
3. Barclays Global Investors Japan Trust & Banking Co., Ltd and their 6 group companies (BGI Group) submitted Major Shareholding Report (Change report) on October 1, 2007, and reported that they have 105,745 thousand shares of the Company as of September 24, 2007. However, the Company specified these Major Shareholders according to list of shareholders as of September 30, 2007 because the Company could not confirm the number of BGI Group s holding shares as of the day.

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(5) Voting Rights

A. Outstanding Shares

| | Number of Shares | Number of Votes | As of September 30, 2007 Description |
|---|----------------------------|-----------------|---|
| Stock without voting right | | | |
| Stock with limited voting right (Treasury stocks, etc.) | | | |
| Stock with limited voting right (Others) | | | |
| Stock with full voting right (Treasury stocks, etc.) | (Treasury Stocks) | | |
| | Common stock 55,949,500 | | Our standard stock with no limitation to its rights |
| | (Crossholdings Stocks) | | See above |
| | Common stock 3,000,000 | | See above |
| Stock with full voting right (Others) | Common stock 1,904,675,900 | 19,045,889 | Shares less than 1 unit |
| Shares less than 1 unit | Common stock 2,294,460 | | (100 shares) |
| Total Shares Issued | 1,965,919,860 | | |
| Voting Rights of Total Shareholders | | 19,045,889 | |

(Note) 84,000 shares held by Japan Securities Depository Center, Inc. are included in Stock with full voting right (Others). 94 treasury stocks are included in Shares less than 1 unit.

B. Treasury Stocks

| Name | Address | Directly | | As of September 30, 2007 Percentage of | |
|--------------------------------|--|----------------|------------------------------|---|----------------------|
| | | held shares | Indirectly held shares | Total | Issued Shares (%) |
| (Treasury Stocks) | | | | | |
| Nomura Holdings, Inc | 1-9-1, Nihonbashi, Chuo-Ku, Tokyo, Japan | 55,949,500 | | 55,949,500 | 2.85 |
| (Crossholding Stocks) | | | | | |
| JAFCO Co., Ltd. | 1-8-2, Marunouchi, Chiyoda-Ku, Tokyo, Japan | 2,000,000 | | 2,000,000 | 0.10 |
| Nomura Research Institute, Ltd | 1-6-5, Marunouchi, Chiyoda-Ku, Tokyo, Japan | 1,000,000 | | 1,000,000 | 0.05 |
| Total | | 58,949,500 | | 58,949,500 | 3.00 |

(Note) In addition to the treasury stocks shown here, there are 3,000 shares which are recorded on register of shareholders as treasury stocks but not owned by us. These shares are included in Stock with full voting right (Others) in A. Outstanding Shares above.

2. Share Price History

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Monthly Highs and Lows

| Month | April, 2007 | May, 2007 | June, 2007 | July, 2007 | August, 2007 | September, 2007 |
|--------------|--------------------|------------------|-------------------|-------------------|---------------------|------------------------|
| High (Yen) | 2,475 | 2,560 | 2,580 | 2,440 | 2,260 | 2,040 |
| Low (Yen) | 2,250 | 2,290 | 2,350 | 2,085 | 1,890 | 1,726 |

(Note) Prices are based on the First Section of Tokyo Stock Exchange.

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Item 5. Financial Information

1 Preparation Method of Consolidated Financial Statements and Nonconsolidated Financial Statements

- (1) Pursuant to Section 87 of Regulations Concerning the Terminology, Forms and Preparation Methods of Semi-annual Consolidated Financial Statements (Ministry of Finance Ordinance No. 24, 1999), the consolidated financial statements have been prepared in accordance with accounting principles which are required in order to issue American Depositary Shares (ADS), i.e., the accounting principles generally accepted in the United States of America (U.S. GAAP).
- (2) The consolidated financial statements have been prepared by making necessary adjustments to the financial statements of each consolidated company which were prepared in accordance with the accounting principles generally accepted in each country. Such adjustments have been made to comply with the principles in (1).
- (3) The nonconsolidated financial statements were prepared under the accounting principles generally accepted in Japan in accordance with Regulations Concerning the Terminology, Forms and Preparation Methods of Semi-annual Financial Statements (Ministry of Finance Ordinance No. 38, 1977) (the Regulations).

However the Regulations before amendment are applied to the nonconsolidated financial statements for the previous period (from April 1, 2006 to September 30, 2006), the Regulation after amendment are applied to the nonconsolidated financial statements for the current period (from April 1, 2007 to September 30, 2007).

2 Semi-annual Audit Certificate

Under articles No.193-2 of the Securities and Exchange Law, Ernst & Young ShinNihon performed semi-annual audits of the consolidated and nonconsolidated financial statements for the previous period (from April 1, 2006 to September 30, 2006), and under articles No.193-2-1 of Financial Instruments and Exchange Law, Ernst & Young ShinNihon performed semi-annual audits of the consolidated and nonconsolidated financial statements for the current period (from April 1, 2007 to September 30, 2007).

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1 Consolidated Financial Statements and Other

(1) Consolidated Financial Statements

1) Consolidated Balance Sheets

| | Notes | September 30, 2006 Millions of yen (%) | September 30, 2007 Millions of yen (%) | March 31, 2007 Millions of yen (%) |
|--|-------|--|--|--|
| ASSETS | | | | |
| Cash and cash deposits: | | | | |
| Cash and cash equivalents | | 330,804 | 660,404 | 410,028 |
| Time deposits | | 587,254 | 955,859 | 546,682 |
| Deposits with stock exchanges and other segregated cash | | 55,542 | 147,505 | 97,302 |
| | | 973,600 | 1,763,768 | 1,054,012 |
| | | 3.0 | 6.0 | 3.0 |
| Loans and receivables: | | | | |
| Loans receivable | | 1,049,570 | 964,214 | 935,711 |
| Receivables from customers | | 37,627 | 34,354 | 47,518 |
| Receivables from other than customers | | 1,245,984 | 1,262,415 | 637,209 |
| Allowance for doubtful accounts | | (3,464) | (1,526) | (2,027) |
| | | 2,329,717 | 2,259,457 | 1,618,411 |
| | | 7.1 | 7.7 | 4.5 |
| Collateralized agreements: | | | | |
| Securities purchased under agreements to resell | | 7,885,086 | 3,517,842 | 8,061,805 |
| Securities borrowed | | 7,124,886 | 7,886,590 | 9,776,422 |
| | | 15,009,972 | 11,404,432 | 17,838,227 |
| | | 45.9 | 38.9 | 49.7 |
| Trading assets and private equity investments (including securities pledged as collateral of ¥5,428,545 million at September 30, 2006, ¥3,372,945 million at September 30, 2007 and ¥5,719,748 million at March 31, 2007, respectively): | | | | |
| Trading assets | *3 | 12,482,177 | 11,338,576 | 12,830,826 |
| Private equity investments | | 335,247 | 239,843 | 347,394 |
| | | 12,817,424 | 11,578,419 | 13,178,220 |
| | | 39.2 | 39.5 | 36.7 |
| Other assets: | | | | |
| Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥227,886 million at September 30, 2006, ¥255,979 million at September 30, 2007 and ¥249,592 million at March 31, 2007, respectively) | | 353,160 | 449,209 | 422,290 |
| Non-trading debt securities | | 229,379 | 288,765 | 255,934 |
| Investments in equity securities | | 207,650 | 162,280 | 195,238 |
| Investments in and advances to affiliated companies (including securities pledged as collateral of ¥7,502 million at September 30, 2006, ¥3,508 million at September 30, 2007 and ¥7,451 million at March 31, 2007, respectively) | | 295,955 | 438,610 | 441,536 |
| Other | *5 | 465,988 | 988,778 | 869,506 |
| | | 1,552,132 | 2,327,642 | 2,184,504 |
| | | 4.8 | 7.9 | 6.1 |

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| | | | | | | |
|--------------|------------|-------|------------|-------|------------|-------|
| Total assets | 32,682,845 | 100.0 | 29,333,718 | 100.0 | 35,873,374 | 100.0 |
|--------------|------------|-------|------------|-------|------------|-------|

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| | Notes | September 30, 2006 Millions of yen | (%) | September 30, 2007 Millions of yen | (%) | March 31, 2007 Millions of yen | (%) |
|---|-------|--|-------|--|-------|--------------------------------------|-------|
| LIABILITIES AND SHAREHOLDERS EQUITY | | | | | | | |
| Short-term borrowings | | 829,315 | 2.5 | 1,346,591 | 4.6 | 1,093,529 | 3.0 |
| Payables and deposits: | | | | | | | |
| Payables to customers | | 423,758 | | 333,445 | | 304,462 | |
| Payables to other than customers | | 363,132 | | 448,544 | | 623,143 | |
| Deposits received at banks | | 402,526 | | 495,770 | | 418,250 | |
| | | 1,189,416 | 3.6 | 1,277,759 | 4.3 | 1,345,855 | 3.8 |
| Collateralized financing: | | | | | | | |
| Securities sold under agreements to repurchase | | 11,861,474 | | 5,619,336 | | 11,874,697 | |
| Securities loaned | | 6,287,138 | | 4,236,458 | | 7,334,086 | |
| Other secured borrowings | | 1,283,263 | | 2,342,188 | | 1,390,473 | |
| | | 19,431,875 | 59.5 | 12,197,982 | 41.6 | 20,599,256 | 57.4 |
| Trading liabilities: | *3 | 4,179,129 | 12.8 | 5,559,848 | 19.0 | 4,800,403 | 13.4 |
| Other liabilities: | *5 | 493,624 | 1.5 | 900,760 | 3.1 | 845,522 | 2.4 |
| Long-term borrowings | *6 | 4,434,458 | 13.6 | 5,816,850 | 19.8 | 5,002,890 | 13.9 |
| Total liabilities | | 30,557,817 | 93.5 | 27,099,790 | 92.4 | 33,687,455 | 93.9 |
| Commitments and contingencies | *13 | | | | | | |
| Shareholders' equity: | *11 | | | | | | |
| Common stock | | | | | | | |
| No par value share; Authorized 6,000,000,000 shares | | | | | | | |
| Issued 1,965,919,860 shares at September 30, 2006, September 30, 2007 and March 31, 2007 | | | | | | | |
| Outstanding 1,906,067,957 shares at September 30, 2006, 1,908,831,093 shares at September 30, 2007 and 1,907,049,871 shares at March 31, 2007 | | | | | | | |
| | | 182,800 | 0.6 | 182,800 | 0.6 | 182,800 | 0.5 |
| Additional paid-in capital | | 162,127 | 0.5 | 170,267 | 0.6 | 165,496 | 0.5 |
| Retained earnings | | 1,852,207 | 5.7 | 1,944,562 | 6.6 | 1,910,978 | 5.3 |
| Accumulated other comprehensive income | | 9,119 | 0.0 | 13,911 | 0.1 | 6,613 | 0.0 |
| | | 2,206,253 | 6.8 | 2,311,540 | 7.9 | 2,265,887 | 6.3 |
| Common stock held in treasury, at cost 59,851,903 shares at September 30, 2006, 57,088,767 shares at September 30, 2007 and 58,869,989 shares at March 31, 2007 | | | | | | | |
| | | (81,225) | (0.3) | (77,612) | (0.3) | (79,968) | (0.2) |
| Total shareholders' equity | | 2,125,028 | 6.5 | 2,233,928 | 7.6 | 2,185,919 | 6.1 |
| Total liabilities and shareholders' equity | | 32,682,845 | 100.0 | 29,333,718 | 100.0 | 35,873,374 | 100.0 |

The accompanying notes are an integral part of these consolidated financial statements.

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2) Consolidated Statements of Income

| | Notes | Six months ended September 30, 2006 | | Six months ended September 30, 2007 | | Year ended March 31, 2007 | |
|---|-------|--|--------------|--|--------------|------------------------------|--------------|
| | | Millions of yen | (%) | Millions of yen | (%) | Millions of yen | (%) |
| Revenue: | | | | | | | |
| Commissions | | 145,642 | | 219,849 | | 337,458 | |
| Fees from investment banking | | 41,252 | | 46,066 | | 99,276 | |
| Asset management and portfolio service fees | | 65,208 | | 98,221 | | 145,977 | |
| Net gain on trading | | 103,312 | | 107,215 | | 290,008 | |
| Gain on private equity investments | | 37,295 | | 63,652 | | 47,590 | |
| Interest and dividends | | 440,171 | | 540,731 | | 981,344 | |
| (Loss) gain on investments in equity securities | | (20,553) | | (24,756) | | (20,103) | |
| Private equity entities product sales | | 42,705 | | 70,827 | | 100,126 | |
| Other | | 15,912 | | 25,355 | | 67,425 | |
| Total revenue | | 870,944 | 100.0 | 1,147,160 | 100.0 | 2,049,101 | 100.0 |
| Interest expense | | 414,032 | 47.5 | 546,223 | 47.6 | 958,000 | 46.8 |
| Net revenue | | 456,912 | 52.5 | 600,937 | 52.4 | 1,091,101 | 53.2 |
| Non-interest expenses: | | | | | | | |
| Compensation and benefits | | 161,828 | | 203,223 | | 345,936 | |
| Commissions and floor brokerage | | 20,590 | | 46,351 | | 50,812 | |
| Information processing and communications | | 50,601 | | 64,204 | | 109,987 | |
| Occupancy and related depreciation | | 28,185 | | 33,879 | | 61,279 | |
| Business development expenses | | 17,658 | | 20,061 | | 38,106 | |
| Private equity entities cost of goods sold | | 23,208 | | 44,118 | | 57,184 | |
| Other | | 48,351 | | 92,727 | | 106,039 | |
| | | 350,421 | 40.3 | 504,563 | 44.0 | 769,343 | 37.5 |
| Income before income taxes | | 106,491 | 12.2 | 96,374 | 8.4 | 321,758 | 15.7 |
| Income tax expense | | 42,826 | 4.9 | 30,148 | 2.6 | 145,930 | 7.1 |
| Net income | | 63,665 | 7.3 | 66,226 | 5.8 | 175,828 | 8.6 |

| | Notes | Six months ended | | Six months ended | | Year ended | |
|-----------------------------------|-------|---------------------------|---------------------------|---------------------------|-----------------------|------------|--|
| | | September 30, 2006 Yen | September 30, 2007 Yen | September 30, 2007 Yen | March 31, 2007 Yen | | |
| Per share of common stock: | | | | | | | |
| Basic | | | | | | | |
| Net income | *8 | | 33.41 | 34.70 | | 92.25 | |
| Diluted | | | | | | | |
| Net income | | | 33.33 | 34.59 | | 92.00 | |

The accompanying notes are an integral part of these consolidated financial statements.

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3) Consolidated Statements of Changes in Shareholders' Equity

| | Six months ended | Six months ended | Year ended |
|---|--------------------|--------------------|-----------------|
| | September 30, 2006 | September 30, 2007 | March 31, 2007 |
| | Millions of yen | Millions of yen | Millions of yen |
| Common Stock | | | |
| Balance at beginning of year | 182,800 | 182,800 | 182,800 |
| Balance at end of the period | 182,800 | 182,800 | 182,800 |
| Additional paid-in capital | | | |
| Balance at beginning of year | 159,527 | 165,496 | 159,527 |
| Loss on sales of treasury stock | (633) | (1,458) | (556) |
| Issuance of common stock options | 3,233 | 6,229 | 6,525 |
| Balance at end of the period | 162,127 | 170,267 | 165,496 |
| Retained earnings | | | |
| Balance at beginning of year | 1,819,037 | 1,910,978 | 1,819,037 |
| Net income | 63,665 | 66,226 | 175,828 |
| Cash dividends | (30,495) | (32,418) | (83,887) |
| Adjustment due to the initial adoption of FIN 48 | | 1,266 | |
| Adjustment due to the initial adoption of EITF 06-2 | | (1,119) | |
| Loss on sales of treasury stock | | (371) | |
| Balance at end of the period | 1,852,207 | 1,944,562 | 1,910,978 |
| Accumulated other comprehensive income: | | | |
| Cumulative translation adjustments | | | |
| Balance at beginning of year | (1,129) | 36,889 | (1,129) |
| Net change during the period | 24,276 | 6,898 | 38,018 |
| Balance at end of the period | 23,147 | 43,787 | 36,889 |
| Defined benefit pension plans | | | |
| Balance at beginning of year | (14,096) | (30,276) | (14,096) |
| Pension liability adjustment ⁽¹⁾ | 68 | 400 | (387) |
| Adjustment due to the initial adoption of SFAS 158 ⁽²⁾ | | | (15,793) |
| Balance at end of the period | (14,028) | (29,876) | (30,276) |
| Balance at end of the period | 9,119 | 13,911 | 6,613 |
| Common stock held in treasury | | | |
| Balance at beginning of year | (82,812) | (79,968) | (82,812) |
| Repurchases of common stock | (81) | (102) | (204) |
| Sales of common stock | 23 | 42 | 25 |
| Common stock issued to employees | 1,677 | 2,415 | 2,910 |
| Other net change in treasury stock | (32) | 1 | 113 |
| Balance at end of the period | (81,225) | (77,612) | (79,968) |

| | | | |
|----------------------------------|-----------|-----------|-----------|
| Total shareholders equity | 2,125,028 | 2,233,928 | 2,185,919 |
|----------------------------------|-----------|-----------|-----------|

-
- (1) The amounts of Pension liability adjustment for the six months ended September 30, 2006 and for the year ended March 31, 2007 are minimum pension liability adjustment.
- (2) For the initial year of application, the adjustments are not reflected on the consolidated statements of comprehensive income. The accompanying notes are an integral part of these consolidated financial statements.

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4) Consolidated Statements of Comprehensive Income

| | Six months ended | Six months ended | Year ended |
|--|--------------------|--------------------|-----------------|
| | September 30, 2006 | September 30, 2007 | March 31, 2007 |
| | Millions of yen | Millions of yen | Millions of yen |
| Net income | 63,665 | 66,226 | 175,828 |
| Other comprehensive income ⁽¹⁾ : | | | |
| Change in cumulative translation adjustments, net of tax | 24,276 | 6,898 | 38,018 |
| Defined benefit pension plans: | | | |
| Pension liability adjustment ⁽²⁾ | 215 | 693 | (608) |
| Deferred income taxes | (147) | (293) | 221 |
| Total | 68 | 400 | (387) |
| Total other comprehensive income | 24,344 | 7,298 | 37,631 |
| Comprehensive income | 88,009 | 73,524 | 213,459 |

(1) Adjustments due to the initial adoption of SFAS 158 are not reflected on the consolidated statements of comprehensive income.

(2) The amounts of Pension liability adjustment for the six months ended September 30, 2006 and for the year ended March 31, 2007 are minimum pension liability adjustment.

The accompanying notes are an integral part of these consolidated financial statements.

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5) Consolidated Statements of Cash Flows

| Notes | Six months ended September 30, 2006 Millions of yen | Six months ended September 30, 2007 Millions of yen | Year ended March 31, 2007 Millions of yen |
|--|---|---|---|
| Cash flows from operating activities: | | | |
| Net income | 63,665 | 66,226 | 175,828 |
| Adjustments to reconcile net income to net cash used in operating activities: | | | |
| Depreciation and amortization | 24,243 | 31,757 | 50,432 |
| Loss on investments in equity securities | 20,553 | 24,756 | 20,103 |
| Deferred income tax benefit | (3,094) | (107,286) | (256) |
| Changes in operating assets and liabilities: | | | |
| Time deposits | (40,169) | (413,006) | 24,395 |
| Deposits with stock exchanges and other segregated cash | (8,613) | (51,972) | (30,186) |
| Trading assets and private equity investments | 1,165,486 | 1,599,032 | 1,039,123 |
| Trading liabilities | (2,485,422) | 751,368 | (1,986,980) |
| Securities purchased under agreements to resell, net of securities sold under agreements to repurchase | 1,439,454 | (1,707,073) | 1,243,337 |
| Securities borrowed, net of securities loaned | 1,408,199 | (1,204,864) | (177,234) |
| Other secured borrowings | (1,719,363) | 951,733 | (1,612,879) |
| Loans and receivables, net of allowance for doubtful accounts | (815,525) | (589,575) | 95,843 |
| Payables | (157,594) | (121,164) | (154,665) |
| Accrued income taxes, net | (170,424) | 74,818 | (184,036) |
| Other, net | (111,195) | 29,182 | (129,981) |
| Net cash used in operating activities | (1,389,799) | (666,068) | (1,627,156) |
| Cash flows from investing activities: | | | |
| Payments for purchases of office buildings, land, equipment and facilities | (32,795) | (79,933) | (101,784) |
| Proceeds from sales of office buildings, land, equipment and facilities | 142 | 6,420 | 634 |
| Payments for purchases of investments in equity securities | (5,602) | (641) | (9,284) |
| Proceeds from sales of investments in equity securities | 8,800 | 4,565 | 25,109 |
| Increase in Loans receivable at banks, net | (52,792) | (54,010) | (73,611) |
| Increase in non-trading debt securities, net | (13,291) | (33,476) | (37,861) |
| Business dispositions or acquisitions, net | 16,312 | 11,576 | (172,019) |
| Decrease (increase) in investments in affiliated companies, net | (64,679) | 1,298 | (164,700) |
| Other, net | (380) | (1,237) | (297) |
| Net cash used in investing activities | (144,285) | (145,438) | (533,813) |
| Cash flows from financing activities: | | | |
| Increase in long-term borrowings | 1,187,261 | 1,611,754 | 2,736,688 |
| Decrease in long-term borrowings | (389,097) | (805,668) | (1,451,500) |
| Increase in short-term borrowings, net | 132,605 | 248,861 | 377,788 |
| Increase in deposits received at banks, net | 20,299 | 71,445 | 17,947 |
| Proceeds from sales of common stock | 1,067 | 628 | 2,379 |
| Payments for repurchases of common stock | (81) | (102) | (204) |
| Payments for cash dividends | (83,876) | (54,395) | (114,395) |
| Net cash provided by financing activities | 868,178 | 1,072,523 | 1,568,703 |

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| | | | |
|--|-----------|----------|-----------|
| Effect of exchange rate changes on cash and cash equivalents | 4,749 | (10,641) | 10,333 |
| Net increase (decrease) in cash and cash equivalents | (661,157) | 250,376 | (581,933) |
| Cash and cash equivalents at beginning of the period | 991,961 | 410,028 | 991,961 |
| Cash and cash equivalents at end of the period | 330,804 | 660,404 | 410,028 |

Supplemental information:

Cash paid during the period for-

| | | | |
|--------------------------|---------|---------|-----------|
| Interest | 467,659 | 631,180 | 1,056,820 |
| Income tax payments, net | 216,343 | 62,617 | 330,222 |

Non cash activities

Business acquisitions

Assets acquired, excluding cash and cash equivalents, and debt assumed were ¥14,821 million and ¥17,360 million, respectively, for the six months ended September 30, 2006. There were no business acquisitions for the six months ended September 30, 2007. Assets acquired, excluding cash and cash equivalents, and debt assumed were ¥344,299 million and ¥151,106 million, respectively, for the year ended March 31, 2007.

Business disposition

Assets sold, excluding cash and cash equivalents, and debt assumed by the purchaser were ¥5,616 million and ¥6,983 million, respectively, for the six months ended September 30, 2006. Assets sold, excluding cash and cash equivalents, and debt assumed by the purchaser were ¥14,660 million and ¥8,523 million, respectively, for the six months ended September 30, 2007. Assets sold, excluding cash and cash equivalents, and debt assumed by the purchaser were ¥7,958 million and ¥8,211 million, respectively, for the year ended March 31, 2007.

Reclassifications

All prior year amounts have been reclassified to conform to the current year presentation.

The accompanying notes are an integral part of these consolidated financial statements.

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[Notes to the Consolidated Financial Statements]

1. Basis of accounting:

In December 2001, Nomura Holdings, Inc. (the Company) filed a registration statement, in accordance with the Securities Exchange Act of 1934, with the United States Securities and Exchange Commission (SEC) in order to list its American Depositary Shares (ADS) on the New York Stock Exchange. Since then, the Company has an obligation to file an annual report, Form 20-F, with the SEC in accordance with the Securities Exchange Act of 1934.

Pursuant to Section 87 of Regulations Concerning the Terminology, Forms and Preparation Methods of Semi-annual Consolidated Financial Statements (Ministry of Finance Ordinance No. 24, 1999), the consolidated financial statements for the six months ended September 30, 2006 have been prepared in accordance with the accounting principles which are required in order to issue ADS, i.e., the accounting principles generally accepted in the United States of America (U.S. GAAP). The following paragraphs describe the major differences between U.S. GAAP which Nomura (the Company and other entities in which it has a controlling financial interest are collectively referred to as Nomura) adopts and accounting principles generally accepted in Japan (Japanese GAAP), and where significant differences exist, the amount of effect to income before income taxes compare to Japanese GAAP.

Scope of consolidation

Under U.S. GAAP, the scope of consolidation is mainly determined by the ownership of a majority of the voting interest in an entity or pursuant to Financial Accounting Standards Board Interpretation No. 46, Consolidation of Variable Interest Entities as revised in 2003. Under Japanese GAAP, the scope of consolidation is determined by Financial controlling model, taking into account of factors other than ownership level of voting interest in an entity.

Unrealized gains and losses on investments in equity securities

Under U.S. GAAP for broker-dealers, unrealized gains and losses on investments in equity securities are recognized in the income statement. Under Japanese GAAP, unrealized gains and losses on investments in equity securities, net of applicable income taxes, are reported in a separate component of net assets. Therefore, compare to Japanese GAAP, the difference of investments in equity securities for Nomura's operating purposes has a negative impact of ¥25,451 million, a negative impact of ¥26,082 million and a negative impact of ¥38,232 million on income before income taxes for the six months ended September 30, 2006 and 2007, and for the year ended March 31, 2007, respectively.

Unrealized gains and losses on non-trading debt securities

Under U.S. GAAP for broker-dealers, unrealized gains and losses on non-trading debt securities are recognized in the income statement. Under Japanese GAAP, unrealized gains and losses on non-trading debt securities, net of applicable income taxes, are reported in a separate component of net assets.

Retirement and severance benefit

Under U.S. GAAP, a gain or loss resulting from experience different from that assumed or from a change in an actuarial assumption is amortized over the remaining service period of employees when such balance at the beginning of the year exceeds the Corridor which is defined as 10% of the larger of projected benefit obligation or the fair value of plan assets, while such a gain or loss is amortized for a certain period regardless of the Corridor under Japanese GAAP. U.S. GAAP requires to recognize the funded status of defined benefit postretirement plans, measured as the difference between the fair value of the plan asset and the benefit obligation, while such treatment is not required under Japanese GAAP.

Amortization of goodwill and equity method goodwill

Under U.S. GAAP, goodwill and equity method goodwill shall not be amortized and shall be tested for impairment regularly. Under Japanese GAAP, goodwill and equity method goodwill shall be amortized over certain periods within 20 years based on the straight-line method. Under U.S. GAAP, negative goodwill and equity method negative goodwill shall be written off at once when negative goodwill arises. Under Japanese GAAP, negative goodwill shall be amortized over certain periods within 20 years based on the straight-line method. Therefore, compare to Japanese GAAP, the difference has a positive impact of ¥4,652 million and a positive impact of 5,670 million on income before income taxes for the six months ended September 30, 2007 and for the year ended March 31, 2007. The impact on income before income taxes for the six months ended September 30, 2006 was not so significant.

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Changes in the fair value of derivative contracts

Under U.S. GAAP, all derivative contracts, including derivative contracts that have been designated as hedges to specific assets or specific liabilities, are valued at fair value, and changes in the fair value of derivative contracts are recognized in the income statement or other comprehensive income. Under Japanese GAAP, derivative contracts that have been entered into for hedging purposes are valued at fair value and changes in the fair value of derivative contracts are recognized in net assets.

Minority interest

Under Japanese GAAP, minority interest is included in net assets. Under U.S. GAAP, it is not allowed to include minority interest in shareholder's equity, so minority interest is classified as liabilities and those amounts are disclosed in footnote.

2. Summary of accounting policies:

Description of business

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.

Nomura structures its business segments based upon the nature of specific products and services, its main customer base and its management structure. Nomura reports operating results in five business segments: Domestic Retail, Global Markets, Global Investments Banking, Global Merchant Banking and Asset Management.

In the Domestic Retail business, Nomura provides investment consultation services mainly to individual customers in Japan. In the Global Markets business, Nomura is engaged in the sales and trading of equity securities and bonds and currency exchange on a global basis to institutions domestically and abroad. In the Global Investment Banking business, Nomura provides investment banking services such as the underwriting of bonds and equity as well as mergers and acquisition and financial advice. In the Global Merchant Banking business, Nomura invests in private equity businesses and seek to maximize returns on the investments by increasing the corporate value of investee companies. In the Asset Management business, Nomura develops and manages investment trusts, and provides investment advisory services.

Basis of presentation

The consolidated financial statements include the accounts of the Company and other entities in which it has a controlling financial interest. The Company determines whether it has a controlling financial interest in an entity by evaluating whether the entity is a variable interest entity (VIE) or not in accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46, Consolidation of Variable Interest Entities as revised (FIN 46-R). VIEs are entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. The Company consolidates VIEs where Nomura is the primary beneficiary, 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. For entities other than VIEs, Nomura is generally determined to have a controlling financial interest in an entity when it owns a majority of the voting interest. Therefore, the Company consolidates these entities in which it has a majority voting interest. Additionally, the Company does not consolidate certain special purpose entities utilized for securitization transactions if they meet the qualifying special purpose entities (QSPE) criteria 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).

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

The accounting and financial reporting policies of the Company conform to U.S. GAAP as applicable to broker-dealers. 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.

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Use of estimates

In presenting the consolidated financial statements, 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 doubtful accounts, 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 statements. 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

The fair value of financial instruments is the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of financial instruments, including exchange-trading securities and derivatives 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. 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 contractual terms, position size, underlying asset prices, interest rates, dividend rates, 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.

Trading assets and trading liabilities, including derivative contracts, are recorded at fair value. Realized and unrealized gains and losses are reflected in *Net gain on trading*.

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. Any changes in the fixed income, equity, foreign exchange and commodity markets can impact Nomura's estimates of fair value in the future, potentially affecting trading gains and losses. As financial contracts have longer 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 assumptions underlying valuation pricing models.

Private equity business

The investments in private equity business are accounted for at fair value, by the equity method of accounting or as consolidated subsidiaries, depending on the attributes of each investment. The consolidated subsidiaries in private equity business are referred to as private equity entities.

Private equity investments accounted for at fair value are based on Nomura's assessment of each underlying investment. The investments, by their nature, have little or no price transparency. Investments are initially carried at cost as an approximation of fair value. Adjustments to carrying value are made if there is third-party evidence of a change in value. Downward adjustments are also made, in the absence of third-party transactions, if it is determined that the expected realizable value of the investment has declined below the carrying value. In reaching that determination, Nomura primarily uses either its own internal valuation models based on projected future cash flows to be generated from the underlying investment, discounted at a weighted average cost of capital or comparable market multiple valuations. Where possible these valuations are compared with the operating cash flows and financial performance of the companies or properties relative to budgets or projections, price/earnings data for similar quoted companies, trends within sectors and/or regions and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences.

Any changes to valuations are then stress tested to assess the impact of particular risk factors in order to establish the final estimated valuation.

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Transfers of financial assets

Nomura accounts for the transfer of financial assets in accordance with SFAS 140. This statement requires that Nomura account for the transfer of financial assets, 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, or SPEs to securitize commercial and residential mortgage loans, government and corporate bonds and other types of financial assets. Nomura's involvement with SPEs includes structuring SPEs and acting as an administrator of SPEs and underwriting, distributing and selling debt instruments and beneficial interests issued by SPEs to investors. Nomura derecognizes financial assets transferred in securitizations provided that Nomura has relinquished control over such assets. Nomura may obtain an interest in the financial assets, including residual interests in the SPEs subject to prevailing market conditions. Any such interests are accounted for at fair value and included in *Trading assets* within Nomura's consolidated balance sheets, with the change in fair value included in *Net gain on trading*.

Foreign currency translation

The financial statements of the Company's subsidiaries are measured using their functional currency which is the primary economic environment in which the entity operates. All assets and liabilities of subsidiaries which have a functional currency of other than Japanese yen, 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 *Accumulated other comprehensive (loss) income* 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 credited or charged to income.

Fee revenue

Commissions include amounts 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 and portfolio service fees* are accrued over the period that the related services are provided.

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 statements of income.

Collateralized agreements and collateralized financing

Collateralized agreements consist of resale agreements and securities borrowed. *Collateralized financing* consist of repurchase agreements, securities loaned and other secured borrowings.

Resale and repurchase agreements (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 agreements or 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 FASB Interpretation 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.

Nomura engages 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 financial statements and the related securities and obligations to repurchase such Gensaki securities are not reflected in the accompanying consolidated balance sheets.

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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 agreements or financing transactions and are recorded on the consolidated balance sheets at the amount that the securities will be repurchased or resold.

Other secured borrowings, which consist primarily of secured borrowings from financial institutions and central banks in the inter-bank money market, are recorded at contractual amounts.

Secured loans to financial institutions in the inter-bank money market are included in the consolidated balance sheets in *Loans receivable*.

Trading balances of secured borrowings, which consist of the liabilities related to transfers of financial assets that are accounted for as financings rather than sales and consolidated variable interest entities, are recorded based on cash received and are included in the consolidated balance sheets in *Short-term borrowings and Long-term borrowings*. See Note 7 for further information regarding these arrangements.

On the consolidated balance sheet, all Nomura-owned securities pledged to counterparties where the counterparty has the right to sell or repledge the securities, including Gensaki Repo transactions, are shown parenthetically in *Trading assets and private equity investments* and *Investments in and advances to affiliated companies* 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 FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts* (FIN 39).

Non-trading

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.

Certain derivatives embedded in debt instruments are bifurcated from the host contract, such as bonds and certificates of deposit, and accounted for at the fair value. Changes in the fair value of these embedded derivatives are reported in *Net gain on trading*. Derivatives used to economically hedge these instruments are also accounted for at fair value, and changes in the fair value of these derivatives are reported in *Net gain on trading*.

On April 1, 2006, Nomura early adopted SFAS No.155, *Accounting for Certain Hybrid Financial Instruments*, an amendment of FASB Statements No.133 and 140, primarily on a prospective basis. In accordance with this standard, certain hybrid financial instruments that contain embedded derivatives are accounted for at fair value, with the change recorded in *Net gain on trading*.

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Allowance for loan losses

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

Loans receivable are carried at their principal amounts outstanding, applicable allowance for doubtful accounts are recorded. Allowances for doubtful accounts on financing activities loans and loans at banks 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. Allowances for doubtful accounts on margin transactions loans and inter-bank money market loans are provided for based primarily on historical loss experience.

Office buildings, land, equipment and facilities

Office buildings, land, equipment and facilities, including those held by private equity entities, which consist mainly of office buildings, land and software, are stated at cost, net of accumulated depreciation and amortization, except for land, which is stated at cost. Significant renewals and additions are capitalized at cost. Maintenance, repairs and minor renewals are charged currently to income.

Depreciation (including charge to income resulting from amortization of assets recorded under capital leases) is generally computed by the straight-line 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. The estimated useful lives are generally as follows:

| | |
|-----------------------------|----------------|
| Office buildings | 15 to 50 years |
| Equipment and installations | 2 to 10 years |
| Software | 5 years |

Depreciation and amortization are included in *Information processing and communications* in the amount of ¥19,061 million, ¥23,256 million and ¥39,265 million, and are included in *Occupancy and related depreciation* in the amount of ¥5,183 million, ¥8,501 million and ¥11,167 million for the six months ended September 30, 2006 and 2007, and for the year ended March 31, 2007, respectively.

Long-lived assets

SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144) provides guidance on the financial accounting and reporting for the impairment or disposal of long-lived assets.

In accordance with SFAS 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 future undiscounted cash flow is less than the carrying amount of the assets, a loss would be recognized to the extent the carrying value exceeded its fair value.

Nomura recorded non-cash impairment charges of ¥59 million, ¥22 million and ¥214 million substantially related to write-downs of office buildings, land, equipment, facilities, and other assets for the six months ended September 30, 2006 and 2007, and for the year ended March 31, 2007, respectively. These losses are included in consolidated statements of income under *Non-interest expenses Other*. The revised carrying values of these assets were based on the market or fair value of the assets.

Investments in equity securities and non-trading debt securities

Nomura's investments in equity securities consist of marketable and non-marketable equity securities that have been acquired for its operating purposes and other than operating purposes. For Nomura's operating purposes, it 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.

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Investments in equity securities for Nomura's operating purposes recorded as *Investments in equity securities* in the consolidated balance sheets are comprised of listed equity securities and unlisted equity securities in the amounts of ¥176,747 million and ¥30,903 million, respectively, at September 30, 2006, ¥137,662 million and ¥24,618 million, respectively, at September 30, 2007 and ¥164,570 million and ¥30,668 million, respectively, at March 31, 2007.

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Investments in equity securities for other than operating purposes included investments in equity securities held by private equity entities, which are included in the consolidated balance sheets in *Other assets - Other*. Such investments are comprised of listed equity securities and unlisted equity securities in the amounts of ¥13,279 million and ¥10,060 million, respectively, at September 30, 2006, ¥16,997 million and ¥8,682 million, respectively, at September 30, 2007 and ¥34,895 million and ¥9,763 million, respectively, at March 31, 2007.

In accordance with U.S. GAAP for broker-dealers, investments in equity securities are recorded at fair value, with realized and unrealized gains and losses recognized currently in income. Realized and unrealized gains and losses on investments in equity securities for Nomura's operating purposes are included in *Gain/(loss) on investments in equity securities* in the consolidated statements of income and those of investments in equity securities for other than operating purposes are included in *Revenue - Other* in the consolidated statements of income.

Non-trading debt securities are recorded at fair value, with unrealized gains and losses recognized currently in *Revenue - Other* in the consolidated statements of income.

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. In addition, Nomura has adopted the FASB Interpretation No.48, *Accounting for Uncertainty in Income Taxes* an Interpretation of FASB Statement No. 109 since April 1, 2007. See Note 2 *New accounting pronouncements - Accounting for uncertainty in income taxes* for further information.

Stock-based compensation

Effective April 1, 2006, Nomura adopted SFAS No. 123 (revised 2004), *Share-Based Payment*, a revision of SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS 123-R). Compensation cost is determined using option pricing models intended to estimate the fair value of the awards at the grant date, and it is recognized over the requisite service period, which generally is equal to the vesting period. As Nomura had previously adopted a policy of expensing stock-based compensation that was generally consistent with the provisions of SFAS 123-R, the impacts of adopting SFAS 123-R were not significant on Nomura's consolidated financial statements.

Compensated absences

In accordance with SFAS No. 43, *Accounting for Compensated Absences*, expenses and liabilities regarding compensated absences are recorded. In addition, Nomura adopted FASB Emerging Issues Task Force (EITF) Issue No. 06-2, *Accounting for sabbatical leave and other similar benefits pursuant to FASB statement No.43* on April 1, 2007. In accordance with this new standard, expenses and liabilities regarding sabbatical leave and similar benefits are recorded, and the adjusted amount due to the initial adoption was recorded in the retained earnings.

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 securities with potential dilutive effect.

Cash and cash equivalents

Nomura defines cash and cash equivalents as cash on hand and demand deposits with banks.

Goodwill, intangible assets and negative goodwill

In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142) these assets are reviewed annually, or more frequently in certain circumstance, for impairment. Goodwill is the cost of acquired companies in excess of the fair value of identifiable net assets at acquisition date. Nomura periodically assesses the recoverability of goodwill by comparing the fair value of the reporting units to which goodwill relates to the carrying amount of the reporting units including goodwill. If such assessment indicates that the fair value is less than the related carrying amount, a goodwill impairment determination is made. Identifiable intangible assets with finite lives are amortized over their expected useful lives. Identifiable intangible assets with indefinite lives are not amortized. Instead, these assets are evaluated at least annually for

impairment.

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New accounting pronouncements

Accounting for uncertainty in income taxes

In June 2006, the FASB issued FASB Interpretation No.48, *Accounting for Uncertainty in Income Taxes* an Interpretation of FASB Statement No. 109 (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, FIN 48 requires that management determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Nomura adopted the provisions of FIN 48 on April 1, 2007. In accordance with this standard, the adjusted amount due to the initial adoption was recorded in the retained earnings.

Fair value measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 clarifies that fair value is the amount that would be exchanged to sell an asset or transfer a liability, in an orderly transaction between market participants. In addition, SFAS 157 also:

requires that a fair value measurement technique include an adjustment for risks inherent in a particular valuation technique (such as a pricing model);

establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability;

nullifies the guidance in EITF Issue No. 02-3, *Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities* (EITF 02-3), which requires deferral of profit at inception of a derivative transaction in the absence of observable data supporting the valuation technique;

eliminates large position (block) discounts for financial instruments quoted in active markets; and

requires entity to consider its own credit rating when valuing liabilities held at fair value.

SFAS 157 is mostly effective for fiscal years beginning after November 15, 2007. Nomura will adopt the Statement on April 1, 2008 and we are currently assessing the impact of adopting SFAS 157 on Nomura's consolidated financial statements.

Accounting for defined benefit pension and other postretirement plans

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, an amendment of FASB Statements No. 87, 88, 106 and 132-R (SFAS 158). SFAS 158 requires an entity to recognize in its statement of financial condition the funded status of its defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation. SFAS 158 is effective as of the end of the fiscal year ending after December 15, 2006. In accordance with SFAS 158, Nomura adopted this provision of SFAS 158 as of the end of the year ended March 31, 2007. Consequently, Nomura recorded a reduction of ¥15,793 million (\$134 million) to *Accumulated other comprehensive income (net of tax)* at March 31, 2007 (See Note 12). SFAS 158 also requires an entity to measure plan assets and benefit obligations as of the date of its fiscal year-end statement of financial position. This provision of SFAS 158 is effective as of the end of the fiscal year ending after December 15, 2008. Nomura is currently assessing the impact of this provision of SFAS 158 on Nomura's consolidated financial statements.

Fair value option for financial assets and financial liabilities

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In February 2007, the FASB issued SFAS No. 159, Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115 (SFAS 159). SFAS 159 allows an entity to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. If the entity elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. SFAS 159 permits the fair value option election on an instrument by instrument basis at initial recognition of an assets or liability or upon an event that gives rise to a new basis of accounting for that instrument. SFAS 159 also establishes presentation and disclosure requirements designed to provide a comparison between entities that elect different measurement attributes for similar assets and liabilities. SFAS 159 is effective for fiscal years beginning after November 15, 2007. Nomura will adopt SFAS 159 on April 1, 2008 and we are currently assessing the impact of adopting SFAS 159 on Nomura's consolidated financial statements.

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In April 2007, the FASB issued Statement of Position No. FIN 39-1, Amendment of FASB Interpretation No. 39 (FSP FIN 39-1). FSP FIN 39-1 addresses whether a reporting entity that is party to a master netting arrangement can offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments that have been offset under the same master netting arrangement in accordance with FIN 39. FSP FIN 39-1 will apply to reporting periods beginning after November 15, 2007. Nomura is currently assessing the impact of adoption FSP FIN 39-1 on Nomura's consolidated financial statements.

Accounting for Investment companies

In June 2007, the AICPA issued Statement of Position 07-1, Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies (SOP 07-1). SOP 07-1 addresses whether the accounting principles of the Audit and Accounting Guide for Investment Companies should be applied to an entity by clarifying the definition of an investment company, and whether those accounting principles should be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting, for those entities that are investment companies under this SOP. However, the FASB proposed an indefinite postponement to the adoption of this SOP. After the conclusion of its discussion, Nomura will assess the impact of adopting SOP 07-1 on Nomura's consolidated financial statements.

3. Trading assets and Trading liabilities:

Trading assets, including ones that are disclosed parenthetically as *Securities pledged as collateral*, and *Trading liabilities* are classified as follows:

| | Millions of yen September 30 | | Millions of yen March 31 | | | |
|--|---------------------------------|------------------------|-----------------------------|------------------------|-------------------|------------------------|
| | 2006 | 2007 | 2006 | 2007 | | |
| | Trading assets | Trading liabilities | Trading assets | Trading liabilities | Trading assets | Trading liabilities |
| Equities and convertible bonds | ¥ 3,170,997 | ¥ 431,677 | ¥ 2,632,139 | ¥ 726,763 | ¥ 3,088,440 | ¥ 525,943 |
| Government and government agency bonds | 4,979,243 | 2,642,812 | 4,264,199 | 3,488,253 | 5,200,419 | 3,074,291 |
| Bank and corporate debt securities | 1,806,848 | 198,619 | 1,794,573 | 132,237 | 2,065,509 | 183,068 |
| Commercial paper and certificates of deposit | 205,698 | | 265,737 | | 382,801 | |
| Mortgage and mortgage-backed securities | 1,335,354 | | 1,024,767 | | 1,109,058 | |
| Beneficiary certificates and other | 223,018 | 63 | 195,656 | 5 | 154,962 | 4 |
| Derivative contracts | 761,019 | 905,958 | 1,161,505 | 1,212,590 | 829,637 | 1,017,097 |
| | ¥ 12,482,177 | ¥ 4,179,129 | ¥ 11,338,576 | ¥ 5,559,848 | ¥ 12,830,826 | ¥ 4,800,403 |

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The table below discloses the fair value of derivative financial instruments for trading purposes held or issued by Nomura. These amounts are not reported net of collateral, which Nomura obtains to reduce credit risk exposure.

| | Millions of yen | | |
|--|----------------------|--------------------|--------------------|
| | September 30 2006 | 2007 | March 31 2007 |
| Trading Assets: | | | |
| Foreign exchange forwards | ¥ 81,078 | ¥ 76,506 | ¥ 51,274 |
| FRA ⁽¹⁾ and other OTC ⁽²⁾ forwards | 14,261 | 40,676 | 39,716 |
| Swap agreements | 350,850 | 628,489 | 373,139 |
| Securities options purchased | 129,029 | 190,433 | 156,979 |
| Options other than securities options purchased | 185,801 | 225,401 | 208,529 |
| Total | ¥ 761,019 | ¥ 1,161,505 | ¥ 829,637 |
| Trading Liabilities: | | | |
| Foreign exchange forwards | ¥ 49,953 | ¥ 47,489 | ¥ 28,698 |
| FRA and other OTC forwards | 13,513 | 33,238 | 32,986 |
| Swap agreements | 470,911 | 615,031 | 533,388 |
| Securities options written | 232,671 | 301,456 | 268,393 |
| Options other than securities options written | 138,910 | 215,376 | 153,632 |
| Total | ¥ 905,958 | ¥ 1,212,590 | ¥ 1,017,097 |

(1) FRA is Forward Rate Agreements.

(2) OTC is Over The Counter.

4. Variable Interest Entities (VIEs):

In the normal course of business, Nomura securitizes various financial assets. In entering into or facilitating those securitization transactions, VIEs are often used. Nomura's involvement with VIEs includes: structuring and/or establishing VIEs; transferring assets to VIEs; underwriting, distributing notes or certificates issued by VIEs; engaging in derivative transactions with VIEs; making markets in securities issued by VIEs; owning securities issued by VIEs. Nomura also uses VIEs to facilitate its equity derivative business. Nomura consolidates those VIEs for which Nomura is the primary beneficiary.

The following table shows the classification of the consolidated VIEs assets collateralized for the VIEs obligations. Investors do not have any recourse to Nomura beyond the assets held in the VIEs.

| | Billions of yen | | |
|---|----------------------|--------------|------------------|
| | September 30 2006 | 2007 | March 31 2007 |
| Consolidated VIEs assets collateralized for the VIEs obligations | | | |
| Securities inventory | ¥ 243 | ¥ 630 | ¥ 288 |
| Other | 3 | 22 | 7 |
| Total | ¥ 246 | ¥ 652 | ¥ 295 |

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Nomura also holds significant variable interests in VIEs, where Nomura is not a primary beneficiary, through making loans to and investing in equity and debt of the VIEs. Nomura's variable interests in such VIEs include senior and subordinated debt, residual interests, and equity which is associated with commercial and residential mortgage-backed and other asset-backed securitizations and structured financings. Nomura also may have equity interests in VIEs which were formed to acquire primarily high yield leveraged loans and other low investment grade debt obligations. Nomura also provides guarantees and sells beneficial interests regarding leveraged and operating leases for aircraft using VIEs. Additionally, Nomura makes loans and invests in entities, which have been determined to be VIEs, in connection with acquiring operating businesses.

The following table sets forth the aggregate total assets of VIEs for which Nomura holds the significant variable interests and maximum exposure to loss associated with these significant variable interests. Maximum exposure to loss means the amount recorded on Nomura's consolidated balance sheet and does not reflect Nomura's estimate of the actual losses that could result from adverse changes, nor does it reflect the economic hedges Nomura enters into to reduce its exposure.

| | Billions of yen | | |
|--------------------------|----------------------|----------------------|------------------|
| | September 30 2006 | September 30 2007 | March 31 2007 |
| VIEs assets | ¥ 1,469 | ¥ 4,700 | ¥ 2,028 |
| Maximum exposure to loss | 346 | 387 | 238 |

As permitted by FIN 46-R, Nomura has not applied its provisions to non-registered investment companies that account for their investments in accordance with the Audit Guide. FASB Staff Position No. FIN 46(R)-7, Application of FASB Interpretation No. 46(R) to Investment Companies, will provide these entities with a permanent scope exception from the application of FIN 46-R upon adoption of the Investment Company SOP 07-1 if the requirements of SOP 07-1 are met. However, FASB decided to defer indefinitely the effective date of SOP 07-1, and so, Nomura suspends to evaluate which entities meet SOP 07-1's requirements until FASB reach some consensus. The most significant of these entities are the investments managed and controlled by Terra Firma Investments (GP) Limited (collectively referred to as Terra Firma investments) which is independent of Nomura and the general partner of Terra Firma Capital Partners I (TFCP I), a limited partnership which is engaged in the private equity business. On March 27, 2002, Nomura restructured its Principal Finance Group and, as a result, contributed its investments in certain of its remaining investee companies to TFCP I. Nomura's interest in these investments totals ¥174 billion, which is already recorded on the consolidated balance sheet at September 30, 2007. This amount represents Nomura's maximum exposure to loss at that date. Depending on the results of Nomura's review, it is possible that either all or some of the Terra Firma investments could require re-consolidation, thus FIN 46-R could have a material impact on Nomura's consolidated financial statements in the future. However, adopting FIN 46-R for such entities will not materially change Nomura's economic exposure with respect to these investments.

5. Other assets Other / Other liabilities Other:

The following table sets forth *Other assets-Other* and *Other liabilities* in the consolidated balance sheets by type.

| | Millions of yen | | |
|--|----------------------|----------------------|------------------|
| | September 30 2006 | September 30 2007 | March 31 2007 |
| <i>Other assets-Other:</i> | | | |
| Securities received as collateral | ¥ 105,316 | ¥ 364,512 | ¥ 309,571 |
| Goodwill and other intangible assets | 13,575 | 171,303 | 177,481 |
| Deferred tax assets | 142,178 | 239,436 | 156,255 |
| Investments in equity securities for other than operating purposes | 23,339 | 25,679 | 44,658 |
| Other | 181,580 | 187,848 | 181,541 |
| Total | 465,988 | 988,778 | 869,506 |
| <i>Other liabilities:</i> | | | |
| Obligation to return securities received as collateral | ¥ 105,316 | ¥ 364,512 | ¥ 309,571 |
| Accrued income taxes | 32,253 | 92,575 | 27,923 |
| Other accrued expenses | 259,800 | 306,500 | 344,274 |

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| | | | |
|--------------------|---------|---------|---------|
| Other | 27,475 | 39,384 | 37,040 |
| Minority interests | 68,780 | 97,789 | 126,714 |
| Total | 493,624 | 900,760 | 845,522 |

Table of Contents**6. Long-term borrowings:**

Long-term borrowings of Nomura at September 30, 2006 and 2007 and March 31, 2007 are shown below:

| | Millions of yen | | |
|---|--------------------|--------------------|--------------------|
| | September 30 | September 30 | March 31 |
| | 2006 | 2007 | 2007 |
| Long-term borrowings: | | | |
| Long-term loans from banks and other financial institutions | ¥ 959,145 | ¥ 1,317,499 | ¥ 1,144,932 |
| Bonds and notes issued ⁽¹⁾ | 2,910,016 | 3,616,947 | 3,381,502 |
| Trading balances of secured borrowings | 565,297 | 882,404 | 476,456 |
| Total | ¥ 4,434,458 | ¥ 5,816,850 | ¥ 5,002,890 |

(1) Include hybrid financial instruments at fair value of ¥26,996 million at September 30, 2006, ¥79,353 million at September 30, 2007 and ¥20,545 million at March 31, 2007 based on SFAS 155.

Long-term borrowings consisted of the following:

| | Millions of yen | | |
|--|--------------------|--------------------|--------------------|
| | September 30 | September 30 | March 31 |
| | 2006 | 2007 | 2007 |
| Debt issued by the Company | ¥ 849,637 | ¥ 1,278,209 | ¥ 1,084,873 |
| Debt issued by subsidiaries guaranteed by the Company | 2,414,725 | 2,813,297 | 2,710,533 |
| Debt issued by subsidiaries not guaranteed by the Company ⁽¹⁾ | 1,170,096 | 1,725,344 | 1,207,484 |
| Total | ¥ 4,434,458 | ¥ 5,816,850 | ¥ 5,002,890 |

(1) Includes trading balances of secured borrowings.

Trading balances of secured borrowings

These balances of secured borrowings consist of the liabilities related to transfers of financial assets that are accounted for as financings rather than sales and consolidated variable interest entities. These borrowings were not borrowed for the purpose of Nomura's funding but for trading purposes for Nomura to gain profits from distribution of the bonds and notes issued by special purpose entities to investors. Such bonds and notes are secured by or referenced to certain assets pledged from Nomura to the special purpose entities, and the interest rates and/or redemption values or maturity have been linked to the performance of these referenced assets.

7. Assets pledged:

Nomura enters into collateralized transactions, including resale and repurchase agreements, securities borrowed and loaned transactions, and other secured borrowings mainly to meet customers' needs, finance trading inventory positions and obtain securities for settlements. Under these transactions, Nomura either receives or provides collateral, including Japanese Government and agencies, mortgage backed, bank and corporate debt securities, non-Japanese government securities and equities. In many cases, Nomura is permitted to use the securities received to secure repurchase agreements, enter into securities lending transactions or deliver to counterparties to cover short positions.

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The fair value of securities received as collateral, securities borrowed with collateral and securities borrowed without collateral where Nomura is permitted to sell or repledge the securities and the portion that has been sold or repledged are as follows:

| | Billions of yen | | |
|--|----------------------|----------|------------------|
| | September 30 2006 | 2007 | March 31 2007 |
| The fair value of securities received as collateral, securities borrowed with collateral and securities borrowed without collateral where Nomura is permitted to sell or repledge the securities | ¥ 19,039 | ¥ 16,387 | ¥ 24,672 |
| The portion of the above that has been sold (included in <i>Trading liabilities</i> on the consolidated balance sheets) or repledged | 14,575 | 11,672 | 18,214 |

Nomura pledges firm-owned securities to collateralize repurchase agreements and other secured financings. Pledged securities that can be sold or repledged by the secured party, including Gensaki Repo transactions, are disclosed parenthetically as *Securities pledged as collateral in Trading assets and private equity investments* and *Investments in and advances to affiliated companies* on the consolidated balance sheets. Assets owned, which have been pledged as collateral, primarily to stock exchanges and clearing organizations, without allowing the secured party the right to sell or repledge them, are summarized in the table below:

| | Millions of yen | | |
|---|----------------------|-------------|------------------|
| | September 30 2006 | 2007 | March 31 2007 |
| Trading assets: | | | |
| Equity securities and convertible bonds | ¥ 108,611 | ¥ 136,010 | ¥ 124,820 |
| Government and government agency bonds | 392,977 | 289,825 | 295,288 |
| Bank and corporate debt securities | 849,014 | 912,460 | 865,835 |
| Mortgage and mortgage-backed securities | 799,840 | 234,518 | 632,961 |
| Beneficiary certificates and others | 67,321 | 33,706 | 48,638 |
| | ¥ 2,217,763 | ¥ 1,606,519 | ¥ 1,967,542 |
| Non-trading debt securities | ¥ 78,538 | ¥ 98,380 | ¥ 86,032 |
| Investments in and advances to affiliated companies | ¥ 57,458 | ¥ 62,277 | ¥ 38,048 |

Assets subject to lien, except for those disclosed above, are as follows:

| | Millions of yen | | |
|--|----------------------|-------------|------------------|
| | September 30 2006 | 2007 | March 31 2007 |
| Loans and receivables | ¥ 48,705 | ¥ 87,382 | ¥ 50,473 |
| Trading securities | 1,633,587 | 2,141,091 | 1,423,113 |
| Office buildings, land, equipment and facilities | 14,556 | 35,693 | 13,504 |
| Non-trading debt securities | 59,038 | 69,273 | 77,257 |
| Other | 1,695 | 2,032 | 7,084 |
| | ¥ 1,757,581 | ¥ 2,335,471 | ¥ 1,571,431 |

Assets in the above table were primarily pledged for secured borrowings, including other secured borrowings and trading balances of secured borrowings, and derivative transactions. See Note 6 for further information regarding trading balances of secured borrowings.

A securities company in Japan is required to segregate cash deposited by customers on securities transactions under the Financial Instruments and Exchange Law. Nomura segregated bonds and equities of ¥367,542 million, ¥330,661 million, and ¥371,015 million at September 30, 2006

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and 2007, and March 31, 2007, respectively. These are included in *Trading assets and private equity investments* *Securities inventory* on the consolidated balance sheets or borrowed under securities lending and borrowing agreements.

Table of Contents**8. Earnings per share:**

The reconciliation of the amounts and the numbers used in the basic and diluted earnings per share (EPS) computations is as follows:

| | Millions of yen | | | | | |
|--|--|---------------|-----------------------------|---------------|---|---------------|
| | except per share data presented in yen | | | | | |
| | Six months ended September 30 2006 | | Year ended March 31 2007 | | | |
| Basic | | | | | | |
| Income from applicable to common stock | ¥ | 63,665 | ¥ | 66,226 | ¥ | 175,828 |
| Weighted average number of shares outstanding | | 1,905,579,864 | | 1,908,270,970 | | 1,906,011,723 |
| Net income | ¥ | 33.41 | ¥ | 34.70 | ¥ | 92.25 |
| Diluted | | | | | | |
| Net income applicable to common stock | ¥ | 63,663 | ¥ | 66,223 | ¥ | 175,819 |
| Weighted average number of shares outstanding used in diluted EPS computations | | 1,910,111,666 | | 1,914,362,429 | | 1,911,093,963 |
| Net income | ¥ | 33.33 | ¥ | 34.59 | ¥ | 92.00 |

The factor of dilution to income from applicable to common stock arises from options to purchase common shares issued by affiliates for the six months ended September 30, 2006 and 2007, and for the year ended March 31, 2007, respectively, which caused the decrease in the Company's equity in earnings of the affiliates. The factor of dilution to weighted average number of shares outstanding came from only options to purchase common shares issued stock option and stock unit for the six months ended September 30, 2006 and 2007, and for the year ended March 31, 2007, respectively.

There were options to purchase 4,559,800 and 7,659,500 common shares at September 30, 2006 and 2007, and options to purchase 1,816,000 common shares at March 31, 2007, respectively, which were not included in the computation of diluted EPS because of an antidilutive effect.

9. Employee benefit plans:

Nomura provides various severance indemnities and pension plans which cover certain employees world-wide. In addition, Nomura provides health care benefits to certain active and retired employees through its Nomura Securities Health Insurance Society.

Severance indemnities and pension plans

The net pension and severance cost of the defined benefit plans for employees of the Japanese entities for the six months ended September 30, 2006 and 2007 and for the year ended March 31, 2007 are shown below:

The Japanese entities' plans

| | Millions of yen | | |
|--------------------------------|-------------------------------|---------|---------------------|
| | Six months ended September 30 | | Year ended March 31 |
| | 2006 | 2007 | 2007 |
| Service cost | ¥ 4,446 | ¥ 4,729 | ¥ 8,857 |
| Interest cost | 2,365 | 2,464 | 4,729 |
| Expected return on plan assets | (1,954) | (2,059) | (3,909) |

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| | | | |
|--|---------|---------|----------|
| Amortization, other | 742 | 769 | 1,485 |
| Net periodic pension and severance costs | ¥ 5,599 | ¥ 5,903 | ¥ 11,162 |

Nomura also recognized net periodic pension and severance costs of plans other than Japanese entities plans, which are not significant.

Table of Contents**10. Stock-based compensation plans:**

The Company has stock-based compensation plans to maintain high levels of performance, to recruit talented staff and to link a portion of compensation to the Company's stock price, namely of A-plan and B-plan. The A-plan generally consists of stock option plans, and the B-plan consists of stock units plans.

Stock option plans (A-plan)

The Company has issued stock acquisition rights of common stock pursuant to several stock option plans for employees (directors, executive officers and certain employees). These stock options vest and become exercisable two years after the grant date, and expire approximately seven years after the grant date, subject to accelerated expiration on termination of employment. The exercise price generally is not less than the fair value of the Company's common stock on the grant date.

The fair value of the stock options as of the grant date is estimated using a Black-Scholes option-pricing model with the following assumptions. Expected volatilities are based on historical volatility of the Company's common stock. The expected dividend yield is based on the current dividend rate at the time of grant. The expected lives of options granted are determined based on historical experience. The risk-free interest rate estimate is based on yen swap rate with a maturity equal to the expected lives of options. The weighted-average grant date fair value of options granted during the six months ended September 30, 2006 and 2007, and during the year ended March 31, 2007 were ¥485, ¥496 and ¥485 per share, respectively. The weighted-average assumptions used for the period are as follows:

| | Millions of yen | | |
|---------------------------|---------------------------------------|--------|-----------------------------|
| | Six months ended September 30 2006 | 2007 | Year ended March 31 2007 |
| Expected volatility | 36.48% | 33.85% | 36.48% |
| Expected dividends yield | 1.58% | 1.54% | 1.58% |
| Expected lives (in years) | 6.0 | 6.0 | 6.0 |
| Risk-free interest rate | 1.68% | 1.65% | 1.68% |

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Activity related to these stock option plans (A-plan) is set forth below:

| | Outstanding (number of shares) | Weighted-average exercise price | Weighted-average remaining life (years) |
|-----------------------------------|-----------------------------------|------------------------------------|---|
| Outstanding at March 31, 2006 | 7,167,000 | 1,620 | 4.7 |
| Granted | 1,832,000 | 2,210 | |
| Exercised | (1,425,000) | 1,696 | |
| Repurchased | | | |
| Forfeited | (47,000) | 1,714 | |
| Expired | | | |
| Outstanding at March 31, 2007 | 7,527,000 | 1,746 | 4.4 |
| Granted | 2,016,000 | 2,382 | |
| Exercised | (382,000) | 1,611 | |
| Repurchased | | | |
| Forfeited | (17,000) | 1,953 | |
| Expired | | | |
| Outstanding at September 30, 2007 | 9,144,000 | ¥ 1,886 | 4.6 |

The total intrinsic value of options exercised during the six months ended September 30, 2006 and 2007, and during the year ended March 31, 2007 were ¥465 million, ¥267 million and ¥1,087 million, respectively. The aggregate intrinsic value of options outstanding at September 30, 2007 was ¥1,779 million.

The following table details the distribution of the options at September 30, 2007:

| Exercise prices | Stock options outstanding | | | Stock options exercisable | |
|-----------------|--|---|---|--|---|
| | Stock options outstanding (number of shares) | Weighted-average exercise price ¥ | Weighted-average remaining life (years) | Stock options exercisable (number of shares) | Weighted-average exercise price ¥ |
| ¥2,382 | 2,013,000 | ¥ 2,382 | 6.8 | | |
| ¥2,201 | 1,810,000 | 2,201 | 5.8 | | |
| ¥1,794 | 1,182,000 | 1,794 | 1.8 | 1,182,000 | 1,794 |
| ¥1,619 | 1,270,000 | 1,619 | 2.8 | 1,270,000 | 1,619 |
| ¥1,607 | 1,266,000 | 1,607 | 3.8 | 1,266,000 | 1,607 |
| ¥1,409 | 1,603,000 | 1,409 | 4.8 | 1,603,000 | 1,409 |
| Total | 9,144,000 | ¥ 1,886 | 4.6 | 5,321,000 | ¥ 1,592 |

At September 30, 2006 and 2007, and March 31, 2007, options exercisable were 4,763,000, 5,321,000 and 3,999,000, respectively.

Table of Contents**Stock unit plans (B-plan)**

The Company has issued stock acquisition rights of common stock pursuant to several effective stock unit plans for employees (directors, executive officers and certain employees). These stock unit vest and become exercisable two years after the grant date, and expire approximately seven years after the grant date. The exercise price is a nominal ¥1 per share. Activity related to these stock unit plans (B-plan) is set forth below:

| | Outstanding (number of shares) | Weighted-average grant date fair value per share |
|-----------------------------------|-----------------------------------|--|
| Outstanding at March 31, 2006 | 3,812,000 | 1,453 |
| Granted | 4,065,600 | 2,415 |
| Exercised | (780,000) | 1,619 |
| Repurchased | | |
| Forfeited | (629,100) | 2,074 |
| Expired | | |
| Outstanding at March 31, 2007 | 6,468,500 | 1,978 |
| Granted | 8,553,200 | 2,323 |
| Exercised | (1,437,800) | 1,392 |
| Repurchased | | |
| Forfeited | (669,900) | 2,354 |
| Expired | | |
| Outstanding at September 30, 2007 | 12,914,000 | 2,252 |

As of September 30, 2007, there was ¥17,223 million of total unrecognized compensation cost related to stock unit plans. Such cost is expected to be recognized over a weighted-average period of 1.6 years. The total fair value of shares vested during the six months ended September 30, 2006 and 2007, and during the year ended March 31, 2007 were ¥2,897 million, 5,421 million and 2,897 million, respectively.

Total stock-based compensation expense included in net income for the six months ended September 30, 2006 and 2007, and for the year ended March 31, 2007 were ¥3,233 million, ¥6,228 million and ¥6,525 million, respectively. Total related tax benefit recognized in earnings for stock-based compensation expense for the six months ended September 30, 2006 and 2007, and during the year ended March 31, 2007 were ¥40 million, ¥421 million and ¥335 million, respectively.

Cash received from exercise of the stock-based compensation plans during the six months ended September 30, 2006 and 2007, and during the year ended March 31, 2007 were ¥1,112 million, ¥618 million and ¥2,418 million respectively, and tax benefit realized from exercise of the stock-based compensation plans was ¥nil million. The dilutive effect of outstanding stock-based compensation plans is included in weighted average number of shares outstanding used in diluted EPS computations.

Subsequent events

On October 19, 2007, the Company has issued stock acquisition rights of common stock pursuant to stock unit plans (B-plan) for foreign subsidiaries certain employees. Total number of stock acquisition rights to be issued is 2,166 for the acquisition of 216,600 shares. The exercise price is a nominal ¥1 per share. The stock acquisition rights vest and are exercisable two years after the grant date, and expire seven years after the grant date.

11. Shareholders equity:**Numbers of shares outstanding**

Changes in shares of common stock outstanding for the six months ended September 30, 2006 and 2007 and for the year ended March 31, 2007 are shown below:

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| | Shares | | |
|---|-------------------------|---------------------|----------------------------|
| | Six months ended | September 30 | Year ended March 31 |
| | 2006 | 2007 | 2007 |
| Number of shares outstanding at beginning of period | 1,904,864,196 | 1,907,049,871 | 1,904,864,196 |
| Common stock held in treasury: | | | |
| Repurchases of common stock | (35,955) | (44,008) | (89,517) |
| Sale of common stock | 6,504 | 4,985 | 9,412 |
| Common stock issued to employees | 1,257,000 | 1,819,800 | 2,172,000 |
| Other net change in treasury stock | (23,788) | 445 | 93,780 |
| Shares outstanding at end of period | 1,906,067,957 | 1,908,831,093 | 1,907,049,871 |

Table of Contents**12. Business combinations:***Instinet Incorporated (Instinet)*

On February 1, 2007, Nomura purchased a 100% stake in a global agency-broker, Instinet, a major provider of electronic trading services for institutional investors, from majority owner Silver Lake Partners and Instinet's current management team to provide hedge funds, pension funds, and other institutional investors with even higher value-added trading technologies and order execution services by utilizing its more advanced execution technologies. The acquisition price was ¥148,405 million, which was paid in cash in February 2007.

The results of operations and cash flows associated with Instinet for two months from February 1 to March 31, 2007 are included in Nomura's consolidated financial statements.

The condensed balance sheet of Instinet at February 1, 2007, is as follows:

| | Millions of yen | |
|--|------------------------|----------------|
| Assets: | | |
| Cash and cash deposits | ¥ | 64,104 |
| Loans and receivables | | 40,409 |
| Collateralized agreements | | 24,598 |
| Office buildings, land, equipment and facilities | | 4,211 |
| Intangible assets ⁽¹⁾ | | 49,609 |
| Others | | 3,708 |
| Goodwill ⁽²⁾ | | 69,090 |
| Total assets | ¥ | 255,729 |
| Liabilities: | | |
| Short-term borrowings | ¥ | 4,130 |
| Collateralized financing | | 21,385 |
| Others | | 81,809 |
| Total liabilities | | 107,324 |
| Net assets | | 148,405 |
| Acquisition cost | ¥ | 148,405 |

(1) The breakdown of intangible assets is as followings.

Intangible assets subject to amortization, including customer relationships and technology related:

¥40,719 million, having a weighted-average amortization period of 15 years and a residual value of zero.

Intangible assets not subject to amortization: ¥8,890 million

(2) Goodwill was recognized on balance sheet of Instinet by the application of Push-down accounting as of February 1, 2007, and is not deductible for tax purposes. Goodwill related to Instinet is included in Global Markets by operating segment.

Tsubaki Nakashima Co., Ltd. (Tsubaki Nakashima)

Nomura consolidates Tsubaki Nakashima as of March 31, 2007, reporting its result of operation with three months lag.

The condensed balance sheet of Tsubaki Nakashima at December 31, 2006, is as follows:

| | Millions of yen | |
|--|------------------------|----------------|
| Assets: | | |
| Cash and cash deposits | ¥ | 12,586 |
| Loans and receivables | | 10,813 |
| Office buildings, land, equipment and facilities | | 23,697 |
| Intangible assets ⁽¹⁾ | | 36,376 |
| Others | | 37,629 |
| Total assets | ¥ | 121,101 |
| Liabilities: | | |
| Others | ¥ | 28,767 |
| Total liabilities | | 28,767 |
| Net assets | | 92,334 |
| Minority interests | | (2,575) |
| Nomura's portion of net assets | | 89,759 |
| Acquisition cost | | 101,572 |
| Goodwill⁽²⁾ | ¥ | 11,813 |

(1) The breakdown of intangible assets is as followings.

Intangible assets subject to amortization, including technology related:

¥36,371 million, having a weighted-average amortization period of 20 years and a residual value of zero.

Intangible assets not subject to amortization: ¥5 million

(2) Goodwill is not deductible for tax purposes.

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The following summarized unaudited pro forma financial information assumes the acquisition of shares in Instinet and Tsubaki Nakashima during the year ended March 31, 2007 had occurred on April 1, 2005.

| | Millions of yen, except per share amounts Year ended March 31 2007 | |
|---------------|---|-----------|
| Total revenue | ¥ | 2,143,927 |
| Net income | ¥ | 182,003 |
| Basic EPS | | 95.49 |
| Diluted EPS | | 95.23 |

13. Credit and investment commitments, contingencies and guarantees:**Credit and investment commitments**

In connection with its banking/financing activities, Nomura provides to counterparties through subsidiaries, commitments to extend credit, which generally have fixed expiration dates. In connection with its investment banking activities, Nomura enters into agreements with customers under which Nomura commits 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 commitments to invest in interests in various partnerships and other entities, primarily in connection with its merchant banking activities, and also has commitments to provide financing for investments related to these partnerships. The outstanding commitments under these agreements are included in commitments to invest in partnerships.

These commitments outstanding were as follows:

| | Millions of yen | | |
|--|----------------------|-----------|------------------|
| | September 30 2006 | 2007 | March 31 2007 |
| Commitments to extend credit and to invest in partnerships | ¥ 306,921 | ¥ 267,905 | ¥ 417,790 |

Table of Contents**Lease***Leases as lessee*

Nomura leases its office space and certain employees' residential facilities in Japan primarily under cancelable lease agreements which are customarily renewed upon expiration. Nomura also leases certain equipment and facilities under noncancelable lease agreements.

Presented below is a schedule of future minimum lease payments under capital leases as of September 30, 2007:

| | Millions of yen September 30, 2007 | |
|---|---|-------|
| Year ending September 30, | | |
| 2008 | ¥ | 1,826 |
| 2009 | | 1,509 |
| 2010 | | 1,101 |
| 2011 | | 874 |
| 2012 | | 571 |
| 2013 and thereafter | | 743 |
| Total minimum lease payments | | 6,624 |
| Less: Amount representing interest | | (1) |
| Present value of minimum lease payments | ¥ | 6,623 |

Office buildings, land, equipment and facilities on the consolidated balance sheet includes capital leases in the amount of ¥7,471 million at September 30, 2007.

Presented below is a schedule of future minimum rental payments under non-cancelable operating leases with remaining terms exceeding one year as of September 30, 2007:

| | Millions of yen September 30, 2007 | |
|------------------------------|---|----------|
| Year ending September 30, | | |
| 2008 | ¥ | 13,272 |
| 2009 | | 10,973 |
| 2010 | | 9,393 |
| 2011 | | 8,420 |
| 2012 | | 6,463 |
| 2013 and thereafter | | 19,086 |
| Total minimum lease payments | | 67,607 |
| Less: Sublease rental income | | (21,021) |
| Net minimum lease payments | ¥ | 46,586 |

Certain leases contain renewal options or escalation clauses providing for increased rental payments based upon maintenance, utility and tax increases.

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Contingencies

Legal or Arbitration Proceedings

In the normal course of business, Nomura is involved in lawsuits and other legal proceedings and, as a result of such activities, is subject to ongoing legal risk. The management of Nomura believes that the ultimate resolution of such litigation will not be material to the consolidated financial statements. The legal disputes include the actions described below.

In 1998, one of its European subsidiaries, Nomura Principal Investment plc (NPI), acquired approximately 46% of the issued share capital of Investicni postovni banka, a.s. (IPB), a Czech bank. On 16 June, 2000, the Czech National Bank (CNB) placed IPB into forced administration. On 19 June, 2000, the administrator appointed by the CNB transferred IPB's entire business to Ceskoslovenska obchodni banka (CSOB), another Czech bank. NPI and Nomura International plc (NIP) have been and continue to be involved in both bringing and defending a number of legal claims arising out of the above circumstances.

These legal claims had included two separate international arbitration proceedings, one commenced by and the other against the Czech Republic. In March 2006, an award was issued in one of those arbitrations which found the Czech Republic's actions pertaining to IPB to have been a breach of the Czech Republic's international obligations under the Bilateral Investor Treaty between the Netherlands and the Czech Republic. On 30 November 2006, the Czech Republic entered into a settlement agreement with various Nomura parties, including Nomura Holdings Inc, NPI and NIP (the Nomura Parties) as a result of which both of the international arbitration proceedings were terminated. The precise terms of the settlement are confidential but will have no adverse effect on the Nomura Parties.

CSOB is pursuing a legal action before the Czech courts seeking damages against NPI, NIP and others arising out of IPB's sale of a Czech brewery. On 5 October 2006, CSOB's case was dismissed with costs awarded in favour of the defendants. CSOB has appealed the decision. Nomura believes that the claim is wholly without merit and it shall continue vigorously to defend it.

WestLB issued two sets of High court proceedings in England against NIP (details of the claims were only made known to NIP in December 2006 and July 2007 respectively). These claims relate to Box Clever group (Box Clever) which was created by the merger of the TV rental businesses of Thorn UK Limited (Thorn) (then owned by NIP) and the Granada Group in June 2000. The merger was financed by WestLB who provided a loan facility to Box Clever to purchase the relevant Thorn and Granada businesses. In June 2002, the cash flows from the rental business of Box Clever were securitized, with WestLB acting as the joint lead manager with a Canadian investment bank. In September 2003, Box Clever ran into financial difficulties and was placed into administrative receivership.

WestLB's claims relate to NIP's compilation and the provision and accuracy of information and projections regarding the financial strength of Thorn and the future performance of Box Clever in relation to the 2000 merger and 2002 securitisation. WestLB claims to have relied on this material to its detriment and seeks to recover from NIP approximately £460 million with other unquantified losses, being the loss WestLB claims to have suffered following the failure of the Box Clever group.

Nomura believes that the Claims are without merit and it shall vigorously defend them.

Guarantees

FASB Interpretation No. 45 (FIN 45) specifies the disclosures to be made in regards to obligations under certain issued guarantees and requires a liability to be recognized for the fair value of a guarantee obligation.

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 FIN 45 definition of guarantees. FIN 45 defines guarantees to include derivative contracts that contingently require a guarantor to make payment to a guaranteed party based on changes in an underlying that relate to an asset, liability or equity security of a guaranteed party. These derivative contracts include certain written options and credit default swaps. Because Nomura does not track whether its clients enter into these derivative contracts for speculative or hedging purposes, Nomura has disclosed information about derivative contracts that could meet the FIN 45 definition of guarantees.

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For information about the maximum potential amount of future payments that Nomura could be required to make under certain derivatives, the notional amount of contracts has been disclosed. However, the maximum potential payout for certain derivative contracts, such as written interest rate caps and written currency options, cannot be estimated, as increases in interest or foreign exchange rates in the future could be theoretically unlimited.

Nomura records all derivative contracts at fair value on its consolidated balance sheets. Nomura believes the notional amounts generally overstate its risk exposure.

The following table sets forth information about Nomura's derivative contracts that could meet the definition of a guarantee and certain other guarantees:

| | Millions of yen | | |
|---|----------------------|--------------|------------------|
| | September 30 2006 | 2007 | March 31 2007 |
| Derivative contracts ⁽¹⁾ | ¥ 35,160,996 | ¥ 65,615,626 | ¥ 49,618,605 |
| Standby letters of credit and other guarantees ⁽²⁾ | 7,191 | 8,114 | 18,509 |

(1) Carrying value of the derivative contracts were ¥924,082 million, ¥1,522,939 million and ¥972,547 million as of September 30, 2006 and 2007, and March 31, 2007, respectively.

(2) Carrying value of the standby letters of credit and other guarantees were ¥1,503 million, ¥1,185 million and ¥1,373 million as of September 30, 2006 and 2007, and March 31, 2007, respectively.

Table of Contents**14. Segment and geographic information:****Operating segments**

Nomura operates five distinct segments: Domestic Retail, Global Markets, Global Investment Banking, Global Merchant Banking and Asset Management. Nomura structures its business segments based upon the nature of specific products and services, its main customer base and its management structure.

The accounting policies for segment information materially follow U.S. GAAP, except as described below:

The impact of unrealized gains/losses on long-term investments in equity securities held for relationship purposes, which under U.S. GAAP as applicable to broker-dealers is included in net income, is excluded from segment information.

The investments in private equity business are treated as private equity positions for management reporting purposes, as management views these entities as investments held for ultimate sale and the realization of capital gains. Any changes in management's estimate of fair value of these investments are included in the non-interest revenue line under Global Merchant Banking. These investments are accounted for at fair value, under the equity method of accounting or as consolidated subsidiaries, depending on the attributes of each investment under U.S. GAAP. The impact of consolidating and deconsolidating these investments is not included in the segment information but is described in the reconciliation table.

Revenues and expenses directly associated with each business segment are included in determining their operating results. Revenues and expenses that are not directly attributable to a particular segment are allocated to each business segment or included in Other based upon Nomura's allocation methodologies as used by management to assess each segment's performance.

Business segments' results for the six months ended September 30, 2006 and 2007 and for the year ended March 31, 2007 are shown in the following table. *Net interest revenue* is disclosed because management views interest revenue net of interest expense for its operating decisions. Business segments' information on total assets is not disclosed because management does not utilize such information for its operating decisions and therefore, it is not reported to management.

| | Millions of yen | | | | | | | |
|--|--------------------|-------------------|---------------------------------|-------------------------------|---------------------|-----------------------------|-----------|--|
| | Domestic Retail | Global Markets | Global Investment Banking | Global Merchant Banking | Asset Management | Other (Inc. elimination) | Total | |
| Six months ended September 30, 2006 | | | | | | | | |
| Non-interest revenue | ¥ 197,495 | ¥ 101,350 | ¥ 47,530 | ¥ 62,141 | ¥ 39,939 | ¥ (9,228) | ¥ 439,227 | |
| Net interest revenue | 2,632 | 16,024 | 966 | (5,477) | 1,551 | 10,576 | 26,272 | |
| Net revenue | 200,127 | 117,374 | 48,496 | 56,664 | 41,490 | 1,348 | 465,499 | |
| Non-interest expenses | 129,417 | 106,648 | 26,653 | 5,384 | 25,200 | 20,056 | 313,358 | |
| Income (loss) before income taxes | ¥ 70,710 | ¥ 10,726 | ¥ 21,843 | ¥ 51,280 | ¥ 16,290 | ¥ (18,708) | ¥ 152,141 | |
| Six months ended September 30, 2007 | | | | | | | | |
| Non-interest revenue | ¥ 221,852 | ¥ 160,190 | ¥ 46,245 | ¥ 57,475 | ¥ 47,854 | ¥ 24,657 | ¥ 558,273 | |
| Net interest revenue | 3,248 | (34,518) | 1,307 | (5,610) | 2,239 | 27,759 | (5,575) | |
| Net revenue | 225,100 | 125,672 | 47,552 | 51,865 | 50,093 | 52,416 | 552,698 | |
| Non-interest expenses | 142,339 | 167,319 | 30,736 | 6,337 | 30,213 | 55,206 | 432,150 | |
| Income (loss) before income taxes | ¥ 82,761 | ¥ (41,647) | ¥ 16,816 | ¥ 45,528 | ¥ 19,880 | ¥ (2,790) | ¥ 120,548 | |

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| Year ended March 31, 2007 | | | | | | | | |
|-----------------------------------|-----------|-----------|----------|----------|----------|----------|-------------|--|
| Non-interest revenue | ¥ 434,701 | ¥ 285,088 | ¥ 97,427 | ¥ 77,325 | ¥ 87,241 | ¥ 52,298 | ¥ 1,034,080 | |
| Net interest revenue | 5,417 | 4,940 | 1,760 | (12,356) | 2,865 | 21,040 | 23,666 | |
| Net revenue | 440,118 | 290,028 | 99,187 | 64,969 | 90,106 | 73,338 | 1,057,746 | |
| Non-interest expenses | 279,253 | 231,222 | 54,783 | 12,153 | 53,649 | 49,397 | 680,457 | |
| Income (loss) before income taxes | ¥ 160,865 | ¥ 58,806 | ¥ 44,404 | ¥ 52,816 | ¥ 36,457 | ¥ 23,941 | ¥ 377,289 | |

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

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

| | Millions of yen | | |
|---|--------------------------|----------------------|-----------------------------|
| | Six months ended 2006 | September 30 2007 | Year ended March 31 2007 |
| Net (loss) on trading related to economic hedging transactions | ¥ (25,418) | ¥ (11,617) | ¥ (38,383) |
| Realized gain on investments in equity securities held for relationship purpose | 4,898 | 1,326 | 18,129 |
| Equity in earnings of affiliates | 9,445 | 7,684 | 53,169 |
| Corporate items | (3,456) | (21,939) | (11,111) |
| Others | (4,177) | 21,756 | 2,137 |
| Total | ¥ (18,708) | ¥ (2,790) | ¥ (23,941) |

The table below presents reconciliation of the combined business segments results included in the preceding table to Nomura's reported net revenue, non-interest expenses and income from continuing operations before income taxes in the consolidated income statements.

| | Millions of yen | | |
|---|--------------------------|----------------------|-----------------------------|
| | Six months ended 2006 | September 30 2007 | Year ended March 31 2007 |
| Net revenue | ¥ 465,499 | ¥ 552,698 | ¥ 1,057,746 |
| Unrealized gain (loss) on investments in equity securities held for operating purpose | (25,451) | (26,082) | (38,232) |
| Effect of consolidation/deconsolidation of the private equity investee companies | 16,864 | 74,321 | 71,587 |
| Consolidated net revenue | ¥ 456,912 | ¥ 600,937 | ¥ 1,091,101 |
| Non-interest expenses | ¥ 313,358 | ¥ 432,150 | ¥ 680,457 |
| Unrealized gain (loss) on investments in equity securities held for operating purpose | (25,451) | (26,082) | (38,232) |
| Effect of consolidation/deconsolidation of the private equity investee companies | 37,063 | 72,413 | 88,886 |
| Consolidated non-interest expenses | ¥ 350,421 | ¥ 504,563 | ¥ 769,343 |
| Income before income taxes | ¥ 152,141 | ¥ 120,548 | ¥ 377,289 |
| Unrealized gain (loss) on investments in equity securities held for operating purpose | (25,451) | (26,082) | (38,232) |
| Effect of consolidation/deconsolidation of the private equity investee companies | (20,199) | 1,908 | (17,299) |
| Consolidated income from continuing operations before income taxes | ¥ 106,491 | ¥ 96,374 | ¥ 321,758 |

Table of Contents**Geographic information**

In general, Nomura's identifiable assets, revenues and expenses are allocated based on the country of domicile of the legal entity providing the service. However, because of the integration of the global capital markets and the corresponding globalization of Nomura's activities and services, it is not always possible to make a precise separation by location. As a result, various assumptions, which are consistent among years, have been made in presenting the following geographic data.

The table below presents a geographic allocation of net revenue and income (loss) before income taxes from operations by geographic areas, and long-lived assets associated with Nomura's operations. Net revenue in Americas and Europe substantially represents Nomura's operations in the United States and the United Kingdom, respectively.

| | Millions of yen | | |
|---|---------------------------------------|-------------|-----------------------------|
| | Six months ended September 30 2006 | 2007 | Year ended March 31 2007 |
| Net revenue: | | | |
| Americas | ¥ 57,275 | ¥ (791) | ¥ 99,476 |
| Europe | 54,941 | 120,124 | 96,507 |
| Asia and Oceania | 7,867 | 22,774 | 24,906 |
| Sub-total | 120,083 | 142,107 | 220,889 |
| Japan | 336,829 | 458,830 | 870,212 |
| Consolidated | ¥ 456,912 | ¥ 600,937 | ¥ 1,091,101 |
| Income (loss) before income taxes: | | | |
| Americas | ¥ 1,525 | ¥ (120,177) | ¥ (38,876) |
| Europe | 14,448 | 62,244 | 17,042 |
| Asia and Oceania | (642) | 7,574 | 2,922 |
| Sub-total | 15,331 | (50,359) | (18,912) |
| Japan | 91,160 | 146,733 | 340,670 |
| Consolidated | ¥ 106,491 | ¥ 96,374 | ¥ 321,758 |

| | Millions of yen | | |
|---------------------------|----------------------|-----------|------------------|
| | September 30 2006 | 2007 | March 31 2007 |
| Long-lived assets: | | | |
| Americas | ¥ 11,577 | ¥ 122,076 | ¥ 134,200 |
| Europe | 60,599 | 68,334 | 66,586 |
| Asia and Oceania | 6,390 | 14,023 | 7,962 |
| Sub-total | 78,566 | 204,433 | 208,748 |
| Japan | 291,207 | 419,336 | 394,838 |
| Consolidated | ¥ 369,773 | ¥ 623,769 | ¥ 603,586 |

There is no revenue derived from transactions with a single major external customer for the six months ended September 30, 2006 and 2007 and for the year ended March 31, 2007.

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15. Subsequent events:

None.

(2) Other

We are involved in a number of actions and proceedings in Japan and overseas, which are either ordinary routine actions and proceedings incidental to our business or not material to us. Based upon the information currently available to us and our domestic and overseas legal counsel, we believe that the ultimate resolution of such actions and proceedings will not, in the aggregate, have a material adverse effect on our financial condition or results of our operations including the actions described below.

In 1998, one of its European subsidiaries, Nomura Principal Investment plc (NPI), acquired approximately 46% of the issued share capital of Investicni a postovni banka, a.s. (IPB), a Czech bank. On 16 June, 2000, the Czech National Bank (CNB) placed IPB into forced administration. On 19 June, 2000, the administrator appointed by the CNB transferred IPB's entire business to Ceskoslovenska obchodni banka (CSOB), another Czech bank. NPI and Nomura International plc (NIP) have been and continue to be involved in both bringing and defending a number of legal claims arising out of the above circumstances.

These legal claims had included two separate international arbitration proceedings, one commenced by and the other against the Czech Republic. In March 2006, an award was issued in one of those arbitrations which found the Czech Republic's actions pertaining to IPB to have been a breach of the Czech Republic's international obligations under the Bilateral Investor Treaty between the Netherlands and the Czech Republic. On 30 November 2006, the Czech Republic entered into a settlement agreement with various Nomura parties, including Nomura Holdings Inc, NPI and NIP (the Nomura Parties) as a result of which both of the international arbitration proceedings were terminated. The precise terms of the settlement are confidential but will have no adverse effect on the Nomura Parties.

CSOB is pursuing a legal action before the Czech courts seeking damages of up to \$629 million against NPI, NIP and others arising out of IPB's sale of a Czech brewery. On 5 October 2006, CSOB's case was dismissed with costs awarded in favour of the defendants. CSOB has appealed the decision. Nomura believes that the claim is wholly without merit and it shall continue vigorously to defend it.

WestLB issued two sets of High court proceedings in England against NIP (details of the claims were only made known to NIP in December 2006 and July 2007 respectively). These claims relate to Box Clever group (Box Clever) which was created by the merger of the TV rental businesses of Thorn UK Limited (Thorn) (then owned by NIP) and the Granada Group in June 2000. The merger was financed by WestLB who provided a loan facility to Box Clever to purchase the relevant Thorn and Granada businesses. In June 2002, the cash flows from the rental business of Box Clever were securitized, with WestLB acting as the joint lead manager with a Canadian investment bank. In September 2003, Box Clever ran into financial difficulties and was placed into administrative receivership.

WestLB's claims relate to NIP's compilation and the provision and accuracy of information and projections regarding the financial strength of Thorn and the future performance of Box Clever in relation to the 2000 merger and 2002 securitisation. WestLB claims to have relied on this material to its detriment and seeks to recover from NIP approximately £460 million with other unquantified losses, being the loss WestLB claims to have suffered following the failure of the Box Clever group.

Nomura believes that the Claims are without merit and it shall vigorously defend them.

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2. Nonconsolidated Financial Statements and Other

(1) Nonconsolidated Financial Statements

1) Nonconsolidated Balance Sheets

| | Notes | September 30, 2006 Millions of yen (%) | September 30, 2007 Millions of yen (%) | March 31, 2007 Millions of yen (%) |
|---|-------|--|--|--|
| (ASSETS) | | | | |
| Current Assets | | | | |
| Cash and time deposits | | 14,112 | 598 | 15,648 |
| Certificate deposits | | | 15,800 | |
| Money held in trust | | 44,289 | 71,333 | 55,371 |
| Short-term loans receivable | | 1,872,262 | 2,292,979 | 2,055,790 |
| Deferred tax assets | | 5,229 | 920 | 1,677 |
| Other current assets | | 51,929 | 84,356 | 121,455 |
| Allowance for doubtful accounts | | (4) | (7) | (8) |
| Total Current Assets | | 1,987,818 | 2,465,980 | 2,249,934 |
| | | 49.4 | 53.9 | 50.7 |
| Fixed Assets | | | | |
| Tangible fixed assets | *1 | 47,572 | 54,426 | 54,163 |
| Intangible assets | | 95,674 | 129,619 | 120,035 |
| Investments and others | | 1,890,640 | 1,922,186 | 2,013,907 |
| Investment securities | *2 | 223,943 | 192,840 | 218,367 |
| Investments in subsidiaries and affiliates (at cost) | *2 | 1,191,162 | 1,298,946 | 1,325,346 |
| Other securities of subsidiaries and affiliates | | 12,485 | 19,151 | 16,426 |
| Long-term loans receivable from subsidiaries and affiliates | | 344,548 | 203,200 | 317,400 |
| Long-term guarantee deposits | | 54,904 | 54,920 | 53,650 |
| Deferred tax assets | | 47,943 | 138,190 | 68,288 |
| Other investments | | 15,688 | 14,971 | 14,463 |
| Allowance for doubtful accounts | | (32) | (32) | (32) |
| Total Fixed Assets | | 2,033,886 | 2,106,231 | 2,188,105 |
| | | 50.6 | 46.1 | 49.3 |
| TOTAL ASSETS | | 4,021,704 | 4,572,212 | 4,438,039 |
| | | 100.0 | 100.0 | 100.0 |

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| | Notes | September 30, 2006 | | September 30, 2007 | | March 31, 2007 | |
|--|-------|--------------------|-------------|--------------------|-------------|------------------|-------------|
| | | Millions of yen | (%) | Millions of yen | (%) | Millions of yen | (%) |
| (LIABILITIES) | | | | | | | |
| Current Liabilities | | | | | | | |
| Short-term borrowings | | 1,684,000 | | 1,640,500 | | 1,873,500 | |
| Bond with maturity of less than one year | | | | 50,000 | | | |
| Collaterals received | | 83,238 | | 77,948 | | 92,920 | |
| Accrued income taxes | | 208 | | 12,905 | | 171 | |
| Other current liabilities | | 17,061 | | 23,485 | | 30,165 | |
| Total Current Liabilities | | 1,784,506 | 44.4 | 1,804,839 | 39.5 | 1,996,756 | 45.0 |
| Long-term Liabilities | | | | | | | |
| Bonds payable | | 180,000 | | 289,942 | | 279,962 | |
| Long-term borrowings | | 516,000 | | 928,000 | | 683,000 | |
| Other long-term liabilities | | 2,551 | | 4,204 | | 2,993 | |
| Total Long-term Liabilities | | 698,551 | 17.3 | 1,222,146 | 26.7 | 965,955 | 21.8 |
| TOTAL LIABILITIES | | 2,483,057 | 61.7 | 3,026,985 | 66.2 | 2,962,711 | 66.8 |

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| | Notes | September 30, 2006 | | September 30, 2007 | | March 31, 2007 | |
|---|-------|--------------------|--------------|--------------------|--------------|------------------|--------------|
| | | Millions of yen | (%) | Millions of yen | (%) | Millions of yen | (%) |
| (NET ASSETS) | | | | | | | |
| Shareholders' equity | | | | | | | |
| Common stock | | 182,800 | 4.6 | 182,800 | 4.0 | 182,800 | 4.1 |
| Capital reserves | | | | | | | |
| Additional paid-in capital | | 112,504 | | 112,504 | | 112,504 | |
| Other capital reserves | | 1,381 | | | | 1,458 | |
| Total Capital reserves | | 113,885 | 2.9 | 112,504 | 2.5 | 113,962 | 2.6 |
| Earned surplus | | | | | | | |
| Earned surplus reserve | | 81,858 | | 81,858 | | 81,858 | |
| Other Earned surplus | | | | | | | |
| Reserve for specified fixed assets | | 26 | | 17 | | 19 | |
| General reserve | | 994,000 | | 994,000 | | 994,000 | |
| Earned surplus carried forward | | 174,985 | | 193,911 | | 112,981 | |
| Total Earned surplus | | 1,250,869 | 31.1 | 1,269,786 | 27.8 | 1,188,858 | 26.8 |
| Treasury stock | | (78,830) | (2.0) | (75,361) | (1.7) | (77,717) | (1.8) |
| Total shareholders' equity | | 1,468,724 | 36.6 | 1,489,729 | 32.6 | 1,407,903 | 31.7 |
| Valuation and translation adjustments | | | | | | | |
| Net unrealized gain on investments | | 69,991 | | 50,638 | | 67,013 | |
| Deferred gains or loss on hedges | | (531) | | (719) | | (812) | |
| Total Valuation and translation adjustments | | 69,460 | 1.7 | 49,919 | 1.1 | 66,201 | 1.5 |
| Subscription rights to shares | | 463 | 0.0 | 5,579 | 0.1 | 1,224 | 0.0 |
| TOTAL NET ASSETS | | 1,538,647 | 38.3 | 1,545,227 | 33.8 | 1,475,328 | 33.2 |
| TOTAL LIABILITIES AND NET ASSETS | | 4,021,704 | 100.0 | 4,572,212 | 100.0 | 4,438,039 | 100.0 |

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2) Nonconsolidated Income Statements

| | Notes | Six months ended September 30, 2006 | | Six months ended September 30, 2007 | | Year ended March 31, 2007 | |
|---|-------|--|--------------|--|--------------|------------------------------|--------------|
| | | Millions of yen | (%) | Millions of yen | (%) | Millions of yen | (%) |
| Operating revenue | | | | | | | |
| Property and equipment fee revenue | *1 | 38,433 | | 46,711 | | 86,963 | |
| Rent revenue | *2 | 17,412 | | 18,522 | | 37,005 | |
| Royalty on trademark | *3 | 9,599 | | 11,269 | | 21,162 | |
| Dividend from subsidiaries and affiliates | | 178,272 | | 228,386 | | 178,342 | |
| Others | *4 | 6,779 | | 13,684 | | 17,414 | |
| Total operating revenue | | 250,495 | 100.0 | 318,572 | 100.0 | 340,886 | 100.0 |
| Operating expenses | | | | | | | |
| Compensation and benefits | | 1,303 | | 7,117 | | 4,656 | |
| Rental and maintenance | | 19,890 | | 20,968 | | 44,880 | |
| Data processing and office supplies | | 13,513 | | 16,221 | | 31,022 | |
| Depreciation and amortization | *5 | 16,964 | | 21,280 | | 36,164 | |
| Others | | 3,152 | | 4,331 | | 6,722 | |
| Interest expenses | | 4,289 | | 11,693 | | 12,083 | |
| Total operating expenses | | 59,110 | 23.6 | 81,609 | 25.6 | 135,528 | 39.8 |
| Operating income | | 191,385 | 76.4 | 236,963 | 74.4 | 205,358 | 60.2 |
| Non-operating income | | 1,651 | 0.7 | 2,603 | 0.8 | 3,616 | 1.1 |
| Non-operating expenses | | 369 | 0.1 | 917 | 0.3 | 1,753 | 0.5 |
| Ordinary income | | 192,667 | 77.0 | 238,649 | 74.9 | 207,221 | 60.8 |

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| | Notes | Six months ended September 30, 2006 | | Six months ended September 30, 2007 | | Year ended March 31, 2007 | |
|---|-------|--|-------|--|--------|------------------------------|-------|
| | | Millions of yen | (%) | Millions of yen | (%) | Millions of yen | (%) |
| Special profits | | | | | | | |
| Gain on sales of investment securities | | 6,083 | | 4,182 | | 16,327 | |
| Reversal of allowance for doubtful accounts | | 1 | | | | | |
| Total special profits | | 6,084 | 2.4 | 4,182 | 1.3 | 16,327 | 4.8 |
| Special losses | | | | | | | |
| Loss on sales of investment securities | | 5 | | 730 | | 83 | |
| Loss on devaluation of investment securities | | 1,187 | | 590 | | 1,226 | |
| Loss on devaluation of investments in subsidiaries and affiliates | | | | 156,814 | | 62,805 | |
| Loss on retirement of fixed assets | | 1,226 | | 1,523 | | 3,322 | |
| Total special losses | | 2,417 | 1.0 | 159,658 | 50.1 | 67,436 | 19.8 |
| Income before income taxes | | 196,334 | 78.4 | 83,174 | 26.1 | 156,112 | 45.8 |
| Income taxes - current | | 6,701 | 2.7 | 5,310 | 1.7 | 12,501 | 3.7 |
| Income taxes - deferred | | (94) | (0.0) | (57,831) | (18.2) | (14,623) | (4.3) |
| Net Income | | 189,727 | 75.7 | 135,694 | 42.6 | 158,235 | 46.4 |

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3) Nonconsolidated Statements of Changes in Shareholders' Equity

(Six months ended September 30, 2006)

(Millions of yen)

| | Shareholders' equity | | | |
|--|----------------------|----------------------------|--|-----------------------|
| | Common stock | Additional paid-in capital | Capital reserve Other capital reserve | Total capital reserve |
| Balance at March 31, 2006 | 182,800 | 112,504 | 2,014 | 114,518 |
| Change in the term | | | | |
| Cash dividends | | | | |
| Reversal of reserve for specified fixed assets | | | | |
| Reversal of general reserve | | | | |
| Net income | | | | |
| Purchase of treasury stock | | | | |
| Disposal of treasury stock | | | (633) | (633) |
| Other-net | | | | |
| Total change in the term | | | (633) | (633) |
| Balance at September 30, 2006 | 182,800 | 112,504 | 1,381 | 113,885 |

| | Shareholders' equity | | | | | | |
|--|------------------------|------------------------------------|-----------------|--------------------------------|----------------------|----------------|----------------------------|
| | Earned surplus reserve | Reserve for specified fixed assets | General reserve | Earned surplus carried forward | Total Earned surplus | Treasury stock | Total Shareholders' equity |
| Balance at March 31, 2006 | 81,858 | 29 | 1,020,000 | 43,131 | 1,145,018 | (80,448) | 1,361,888 |
| Change in the term | | | | | | | |
| Cash dividends | | | | (83,876) | (83,876) | | (83,876) |
| Reversal of reserve for specified fixed assets | | (4) | | 4 | | | |
| Reversal of general reserve | | | (26,000) | 26,000 | | | |
| Net income | | | | 189,727 | 189,727 | | 189,727 |
| Purchase of treasury stock | | | | | | (81) | (81) |
| Disposal of treasury stock | | | | | | 1,700 | 1,066 |
| Other-net | | | | | | | |
| Total change in the term | | (4) | (26,000) | 131,854 | 105,851 | 1,618 | 106,836 |
| Balance at September 30, 2006 | 81,858 | 26 | 994,000 | 174,985 | 1,250,869 | (78,830) | 1,468,724 |

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| | Valuation and translation adjustments | | | Subscription rights to shares | Total net assets |
|--|---------------------------------------|----------------------------------|---|-------------------------------|------------------|
| | Net unrealized gain on investments | Deferred gains or loss on hedges | Total Valuation and translation adjustments | | |
| Balance at March 31, 2006 | 84,761 | | 84,761 | | 1,446,649 |
| Change in the term | | | | | |
| Cash dividends | | | | | (83,876) |
| Reversal of reserve for specified fixed assets | | | | | |
| Reversal of general reserve | | | | | |
| Net income | | | | | 189,727 |
| Purchase of treasury stock | | | | | (81) |
| Disposal of treasury stock | | | | | 1,066 |
| Other-net | (14,769) | (531) | (15,301) | 463 | (14,838) |
| Total change in the term | (14,769) | (531) | (15,301) | 463 | 91,998 |
| Balance at September 30, 2006 | 69,991 | (531) | 69,460 | 463 | 1,538,647 |

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(Six months ended September 30, 2007)

(Millions of yen)

| | Shareholders' equity | | | Total |
|--|----------------------|--------------------------|-----------------|-----------------|
| | Additional | Capital reserve Other | Capital reserve | |
| | Common stock | paid-in capital | capital reserve | capital reserve |
| Balance at March 31, 2007 | 182,800 | 112,504 | 1,458 | 113,962 |
| Change in the term | | | | |
| Cash dividends | | | | |
| Reversal of reserve for specified fixed assets | | | | |
| Net income | | | | |
| Purchase of treasury stock | | | | |
| Disposal of treasury stock | | | (1,458) | (1,458) |
| Other-net | | | | |
| Total change in the term | | | (1,458) | (1,458) |
| Balance at September 30, 2007 | 182,800 | 112,504 | | 112,504 |

| | Shareholders' equity | | | | | | Total Shareholders equity |
|--|------------------------|------------------------------------|----------------------|--------------------------------|----------------------|----------------|---------------------------|
| | Earned surplus | | Other Earned surplus | | Total Earned surplus | Treasury stock | |
| | Earned surplus reserve | Reserve for specified fixed assets | General reserve | Earned surplus carried forward | | | |
| Balance at March 31, 2007 | 81,858 | 19 | 994,000 | 112,981 | 1,188,858 | (77,717) | 1,407,903 |
| Change in the term | | | | | | | |
| Cash dividends | | | | (54,395) | (54,395) | | (54,395) |
| Reversal of reserve for specified fixed assets | | (1) | | 1 | | | |
| Net income | | | | 135,694 | 135,694 | | 135,694 |
| Purchase of treasury stock | | | | | | (102) | (102) |
| Disposal of treasury stock | | | | (371) | (371) | 2,457 | 628 |
| Other-net | | | | | | | |
| Total change in the term | | (1) | | 80,930 | 80,928 | 2,355 | 81,826 |
| Balance at September 30, 2007 | 81,858 | 17 | 994,000 | 193,911 | 1,269,786 | (75,361) | 1,489,729 |

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| | Valuation and translation adjustments | | | Subscription rights to shares | Total net assets |
|--|---------------------------------------|----------------------------------|---|-------------------------------|------------------|
| | Net unrealized gain on investments | Deferred gains or loss on hedges | Total Valuation and translation adjustments | | |
| Balance at March 31, 2007 | 67,013 | (812) | 66,201 | 1,224 | 1,475,328 |
| Change in the term | | | | | |
| Cash dividends | | | | | (54,395) |
| Reversal of reserve for specified fixed assets | | | | | |
| Net income | | | | | 135,694 |
| Purchase of treasury stock | | | | | (102) |
| Disposal of treasury stock | | | | | 628 |
| Other-net | (16,375) | 93 | (16,282) | 4,355 | (11,927) |
| Total change in the term | (16,375) | 93 | (16,282) | 4,355 | 69,899 |
| Balance at September 30, 2007 | 50,638 | (719) | 49,919 | 5,579 | 1,545,227 |

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(Year ended March 31, 2007)

(Millions of yen)

| | Shareholders' equity | | | | Total |
|---|----------------------|----------------------------|-----------------|---------|-------|
| | Common stock | Additional paid-in capital | Capital reserve | | |
| | | | capital reserve | Other | |
| Balance at March 31, 2006 | 182,800 | 112,504 | 2,014 | 114,518 | |
| Change in the term | | | | | |
| Cash dividends(*) | | | | | |
| Cash dividends | | | | | |
| Reversal of reserve for specified fixed assets(*) | | | | | |
| Reversal of reserve for specified fixed assets | | | | | |
| Reversal of general reserve(*) | | | | | |
| Net income | | | | | |
| Purchase of treasury stock | | | | | |
| Disposal of treasury stock | | | (556) | (556) | |
| Other-net | | | | | |
| Total change in the term | | | (556) | (556) | |
| Balance at March 31, 2007 | 182,800 | 112,504 | 1,458 | 113,962 | |

| | Shareholders' equity | | | | | | |
|---|------------------------|------------------------------------|-----------------|--------------------------------|----------------|----------------|---------------------------|
| | Earned surplus | | | Other Earned surplus | | | |
| | Earned surplus reserve | Reserve for specified fixed assets | General reserve | Earned surplus carried forward | Total | | Total Shareholders equity |
| | | | | | Earned surplus | Treasury stock | |
| Balance at March 31, 2006 | 81,858 | 29 | 1,020,000 | 43,131 | 1,145,018 | (80,448) | 1,361,888 |
| Change in the term | | | | | | | |
| Cash dividends(*) | | | | (68,620) | (68,620) | | (68,620) |
| Cash dividends | | | | (45,775) | (45,775) | | (45,775) |
| Reversal of reserve for specified fixed assets(*) | | (4) | | 4 | | | |
| Reversal of reserve for specified fixed assets | | (7) | | 7 | | | |
| Reversal of general reserve(*) | | | (26,000) | 26,000 | | | |
| Net income | | | | 158,235 | 158,235 | | 158,235 |
| Purchase of treasury stock | | | | | | (204) | (204) |
| Disposal of treasury stock | | | | | | 2,935 | 2,379 |
| Other-net | | | | | | | |
| Total change in the term | | (11) | (26,000) | 69,851 | 43,840 | 2,731 | 46,015 |
| Balance at March 31, 2007 | 81,858 | 19 | 994,000 | 112,981 | 1,188,858 | (77,717) | 1,407,903 |

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| | Valuation and translation adjustments | | | | Total net assets |
|---|---|--|--|-------------------------------------|------------------------|
| | Net unrealized gain on investments | Deferred gains or loss on hedges | Total Valuation and translation adjustments | Subscription rights to shares | |
| Balance at March 31, 2006 | 84,761 | | 84,761 | | 1,446,649 |
| Change in the term | | | | | |
| Cash dividends(*) | | | | | (68,620) |
| Cash dividends | | | | | (45,775) |
| Reversal of reserve for specified fixed assets(*) | | | | | |
| Reversal of reserve for specified fixed assets | | | | | |
| Reversal of general reserve(*) | | | | | |
| Net income | | | | | 158,235 |
| Purchase of treasury stock | | | | | (204) |
| Disposal of treasury stock | | | | | 2,379 |
| Other-net | (17,748) | (812) | (18,560) | 1,224 | (17,336) |
| Total change in the term | (17,748) | (812) | (18,560) | 1,224 | 28,679 |
| Balance at March 31, 2007 | 67,013 | (812) | 66,201 | 1,224 | 1,475,328 |

* Items approved in the Board of Directors held on May 2006.

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[Significant Accounting Policies]

| Six months ended | Six months ended | Year ended |
|--|---|--|
| September 30, 2006 | September 30, 2007 | March 31, 2007 |
| 1. Basis and Methods of Valuation for Financial Instruments | 1. Basis and Methods of Valuation for Financial Instruments | 1. Basis and Methods of Valuation for Financial Instruments |
| (1) Other securities | (1) Other securities | (1) Other securities |
| a. Securities with market value | a. Securities with market value | a. Securities with market value |
| Recorded at market value. | (Same as left) | (Same as left) |
| 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 Net Assets on the balance sheet. | | |
| b. Securities with no market value | b. Securities with no market value | b. Securities with no market value |
| Recorded at cost using the moving average method or amortized cost. | Recorded at cost using the moving average method or amortized cost. | Recorded at cost using the moving average method or amortized cost. |
| With respect to investments in investment enterprise partnerships and similar ones which are regarded as equivalent to securities in accordance with Paragraph 2, Article 2 of the Securities and Exchange Law, the pro rata shares of such partnerships are recorded at net asset values based on the available current financial statements on the reporting date set forth in the partnership agreements. | With respect to investments in investment enterprise partnerships and similar ones which are regarded as equivalent to securities in accordance with Paragraph 2, Article 2 of Financial Instruments and Exchange Law, the pro rata shares of such partnerships are recorded at net asset values based on the available current financial statements on the reporting date set forth in the partnership agreements. | With respect to investments in investment enterprise partnerships and similar ones which are regarded as equivalent to securities in accordance with Paragraph 2, Article 2 of the Securities and Exchange Law, the pro rata shares of such partnerships are recorded at net asset values based on the available current financial statements on the reporting date set forth in the partnership agreements. |
| (2) Stocks of subsidiaries and affiliates | (2) Stocks of subsidiaries and affiliates | (2) Stocks of subsidiaries and affiliates |

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Recorded at cost using the moving average method.

(Same as left)

(Same as left)

2. Money held in trust

2. Money held in trust

2. Money held in trust

Accounted for at fair value based on the mark-to-market method.

(Same as left)

(Same as left)

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| Six months ended | Six months ended | Year ended |
|--|--|---|
| September 30, 2006 | September 30, 2007 | March 31, 2007 |
| 3. Depreciation and Amortization | 3. Depreciation and Amortization | 3. Depreciation and Amortization |
| (1) Depreciation of tangible fixed assets | (1) Depreciation of tangible fixed assets | (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. | (Same as left) | (Same as left) |
| The estimated useful lives are generally as follows: Buildings 15 – 50 years Furniture & fixtures 3 – 10 years | (Same as left) | (Same as left) |
| | (Change in Accounting) | |
| | Due to the revision of the Japanese Corporation Tax Law, the method of depreciation of tangible fixed assets acquired after March 31, 2007 are changed to the declining-balance method of the revised Japanese Corporation Tax Law. | |
| | As a result, Operating income, Ordinary income, and Income before income taxes are reduced by 72 million yen. | |
| | (Additional information) | |
| | Along with the revision of the Japanese Corporation Tax Law in 2007, the remaining 5 % of the asset value of tangible fixed assets acquired before April 1, 2007 which have been depreciated to 95% of the acquisition price by the previous business year would be depreciated to the nominal value of 1 yen in equal annual installments over 5 years, and this amount is included in Depreciation and amortization. | |

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As a result, Operating income, Ordinary income, and Income before income taxes are reduced by 174 million yen.

(2) Amortization of intangible assets

(2) Amortization of intangible assets

(2) Amortization of intangible assets

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

(Same as left)

(Same as left)

The useful lives of software are based on those determined internally.

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| Six months ended | Six months ended | Year ended |
|---|--|--|
| September 30, 2006 | September 30, 2007 | March 31, 2007 |
| 4. Provisions | 4. Provisions | 4. Provisions |
| (1) Allowance for doubtful accounts | (1) Allowance for doubtful accounts | (1) Allowance for doubtful accounts |
| To provide for bad loans, the Company made provisions for doubtful accounts based on an estimate of the uncollectible amount calculated using historical loss ratios or a reasonable estimate based on financial condition of individual borrowers. | (Same as left) | (Same as left) |
| (2) Accrued bonuses | (2) Accrued bonuses | (2) Accrued bonuses |
| To prepare for payments of bonuses to employees, the estimated amount is recorded in accordance with the prescribed calculation method. | (Same as left) | (Same as left) |
| 5. Translation of Balance Sheet Accounts Denominated in Foreign Currencies | 5. Translation of Balance Sheet Accounts Denominated in Foreign Currencies | 5. Translation of Balance Sheet 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 income statement. | (Same as left) | (Same as left) |
| 6. Leasing Transactions | 6. Leasing Transactions | 6. Leasing Transactions |
| Financing leases other than those for which the ownership of the leased property are deemed to transfer to the lessees are accounted for primarily as ordinary rental transactions. | (Same as left) | (Same as left) |
| 7. Hedging Activities | 7. Hedging Activities | 7. Hedging Activities |
| (1) Hedge accounting | (1) Hedge accounting | (1) Hedge accounting |

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Mark-to-market gains and losses on hedging instruments are deferred until the gains or losses on the underlying hedged items are realized. Certain eligible foreign-currency denominated monetary items are translated at forward exchange rates and the difference is amortized over the remaining period.

(Same as left)

(Same as left)

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| Six months ended September 30, 2006 | Six months ended September 30, 2007 | Year ended March 31, 2007 |
|--|---|--|
| (2) Hedging instruments and hedged items | (2) Hedging instruments and hedged items | (2) Hedging instruments and hedged items |
| The Company utilizes derivative contracts such as interest rate swaps to hedge the interest rate risk on bonds and other instruments that the Company issued. The Company utilizes currency forward contracts to hedge foreign currency risk on loans. | The Company utilizes derivative contracts such as interest rate swaps to hedge the interest rate risk on bonds, borrowings, and other instruments that the Company issued. The Company utilizes currency forward contracts to hedge foreign currency risk on loans. | The Company utilizes derivative contracts such as interest rate swaps to hedge the interest rate risk on bonds and other instruments that the Company issued. The Company utilizes currency forward contracts to hedge foreign currency risk on loans. |
| (3) Hedging policy | (3) Hedging policy | (3) Hedging policy |
| As a general rule, the interest rate risk on bonds and foreign currency risk on loans are fully hedged until maturity. | As a general rule, the interest rate risk on bonds and borrowings, and foreign currency risk on loans are fully hedged until maturity. | As a general rule, the interest rate risk on bonds and foreign currency risk on loans are fully hedged until maturity. |
| (4) Valuating the validity of hedging instruments | (4) Valuating the validity of hedging instruments | (4) Valuating the validity of hedging instruments |
| The Company regularly verifies the result of risk offsetting by each hedging instrument and hedged item. | (Same as left) | (Same as left) |
| 8. Other Important Items as Basis of Financial Information | 8. Other Important Items as Basis of Financial Information | 8. Other Important Items as Basis of Financial Information |
| (1) Accounting for Consumption Taxes | (1) Accounting for Consumption Taxes | (1) Accounting for Consumption Taxes |
| Consumption taxes are accounted for based on the tax exclusion method. | (Same as left) | (Same as left) |
| (2) Application of Consolidated Tax Return System | (2) Application of Consolidated Tax Return System | (2) Application of Consolidated Tax Return System |
| The Company applies consolidated tax return system. | (Same as left) | (Same as left) |

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[Change in Accounting Principle]

| Six months ended | Six months ended | Year ended |
|--|--|---|
| September 30, 2006 | September 30, 2007 | March 31, 2007 |
| <p>(Accounting Standard for presentation of net assets in the balance sheet)</p> | <p>(Accounting Standard for presentation of net assets in the balance sheet)</p> | <p>(Accounting Standards for presentation of Net Assets in the Balance Sheet)</p> |
| <p>Effective from the interim accounting period ended September 30, 2006, the Company has adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standard Board Statement No.5) and the Implementation Guidance for Accounting Standard for Presentation of Net Assets in the Balance Sheet (Financial Accounting Standard Implementation Guide No.8) both issued by the Accounting Standards Board of Japan on December 9, 2005.</p> | <p>Effective from the interim accounting period ended September 30, 2006, the Company has adopted the Accounting standard for Share-based Payment (Accounting Standard Board Statement No.8) issued by the Accounting Standard Board of Japan on</p> | <p>From the year ended March 31,2007, the Company has adopted the Accounting Standards for Presentation of Net Assets in the Balance Sheet (Accounting Standard Board Statement No. 5) and Implementation Guidance for Accounting Standard for Presentation of Net Assets in the Balance Sheet (Financial Accounting Standard Implementation Guide No. 8) both issued by the Accounting Standards Board of Japan on December 9, 2005.</p> |
| <p>The adoption of these accounting standards did not have any impact on accompanying Nonconsolidated Statements of Income.</p> | <p>(Accounting standard for Share based Payment)</p> | <p>This adoption had no effect on the statement of income for the year ended March 31, 2007.</p> |
| <p>The amount corresponding to the conventional Shareholders Equity in the balance sheet is 1,538,715 million yen.</p> | <p>Net Assets in the Balance Sheet for the interim accounting period is presented according to the revision of Regulations Concerning the Terminology, Forms and Preparation Methods of Interim Financial Statements .</p> | <p>The amount corresponding to the previous Shareholders Equity is 1,474,916 million yen.</p> |
| <p>Net Assets in the Balance Sheet for the interim accounting period is presented according to the revision of Regulations Concerning the Terminology, Forms and Preparation Methods of Interim Financial Statements .</p> | <p>(Accounting standard for Share based Payment)</p> | <p>Net Assets in the Balance Sheet for the accounting period is presented according to the revision of Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements .</p> |
| <p>Effective from the interim accounting period ended September 30, 2006, the Company has adopted the Accounting standard for Share-based Payment (Accounting Standard Board Statement No.8) issued by the Accounting Standard Board of Japan on</p> | <p>(Accounting standard for Share based Payment)</p> | <p>From the year ended March 31,2007, the Company adopted the Accounting Standards for Share-based Payment. (Accounting Standard Board Statement No. 8) , issued by the Accounting Standard Board of Japan on December 27, 2005, and the Implementation</p> |

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December 27, 2005, and the Implementation Guidance for Accounting Standard for Share-based Payment (Financial Accounting Standard Implementation Guidance No.11) issued by the Accounting Standards Board of Japan on May 31, 2006.

Guidance for Accounting Standard for Share-based Payment (Financial Accounting Standard Implementation Guidance No. 11) issued by the Accounting Standards Board of Japan on May 31, 2006.

As a result of the adoption, Operating income , Ordinary income and Income before income taxes are decreased by 463 million yen.

(Accounting related to corporate bonds)

As a result, Operating income, Ordinary income, and Income before income taxes are reduced by 1,224 million yen.

(Accounting related to corporate bonds)

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| Six months ended | Six months ended | Year ended |
|--------------------|--------------------|----------------------------------|
| September 30, 2006 | September 30, 2007 | March 31, 2007 (Same as left) |

In accounting for cases in which there is a difference between the issue price of bonds and the bond value, previously the difference in the issue price was recognized in full as expense at the time of issue, but, in accordance with the revised Accounting Standard for Financial Instruments (Accounting Standards Board of Japan, August 11, 2006, ASBJ Statement No. 10), the Company has shifted to the method of recognizing on the balance sheet an amount calculated based on amortization of the bonds. The related effect on the statement of income for the year ended March 31, 2007, is not significant.

[Change in Representation]

| Six months ended | Six months ended |
|--------------------|--------------------|
| September 30, 2006 | September 30, 2007 |

(Current Assets)

Certificate deposits included in Cash and time deposits as of September 30, 2006, is separately specified as of September 30 2007, along with amendment to Practical Guideline on Accounting Standard for Financial Instruments (Accounting Committee Report No.14, July 4, 2007).

Certificate deposits included in Cash and time deposit as of September 30, 2006 is 13,900 million yen.

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[Notes to the Nonconsolidated Financial Statements]

(Balance Sheet)

| September 30, 2006 | September 30, 2007 | March 31, 2007 |
|---|---|---|
| *1. Accumulated depreciation on tangible fixed assets: 73,752mil. Yen | *1. Accumulated depreciation on tangible fixed assets: 75,218mil. Yen | *1. Accumulated depreciation on tangible fixed assets: 72,749 mil. Yen |
| *2. Securities deposited | *2. Securities deposited | *2. Securities deposited |
| The Company loaned investment securities and investments in affiliates of 37,127mil. Yen based on contracts whereby the borrower has the rights to resell or repledge them. | The Company loaned investment securities and investments in affiliates of 37,914mil. Yen based on contracts whereby the borrower has the rights to resell or repledge them. | The Company loaned investment securities and investments in affiliates of 37,029 mil. Yen based on contracts whereby the borrower has the rights to resell or repledge them. |
| 3. Financial guarantee (Note 1) | 3. Financial guarantee (Note 1) | 3. Financial guarantee (Note 1) |
| Principal and interest of ¥258,200 million bonds issued by Nomura Securities, Co., Ltd. | Principal and interest of ¥258,200 million bonds issued by Nomura Securities, Co., Ltd. | Principal and interest of ¥258,200 million bonds issued by Nomura Securities, Co., Ltd. |
| ¥258,200 million | ¥258,200 million | ¥258,200 million |
| Commercial paper with face value of US\$868,125 thousand issued by Nomura Holding America Inc | Commercial paper with face value of US\$151,000 thousand issued by Nomura Holding America Inc | Commercial paper with face value of US\$1,461,375 thousand issued by Nomura Holding America Inc |
| ¥102,352 million | ¥17,430 million | ¥172,515 million |
| Commercial Paper with face value of US\$332,000 thousand issued by Nomura International plc and swap transactions worth US\$448,062 thousand executed by Nomura International plc | Commercial Paper with face value of ¥5,500 million, US\$443,250 thousand, 230,000 thousand, £10,000 thousand issued by Nomura International plc and derivative transactions worth US\$493,982 thousand executed by Nomura International plc | Commercial Paper with face value of US\$564,300 thousand, and 452,500 thousand issued by Nomura International plc and derivative transactions worth US\$359,710 thousand executed by Nomura International plc |
| ¥91,969 million (Note) 2 | ¥153,604 million (Note) 2 | ¥180,271 million (Note) 2 |
| Principal and coupons of medium- term notes issued by Nomura Global Funding plc with face value of US\$158,000 thousand, and ¥60,950 million. | Principal and coupons of medium- term notes issued by Nomura Global Funding plc with face value of ¥1,400 million. | Principal and coupons of medium- term notes issued by Nomura Global Funding plc with face value of US\$158,000 thousand, and ¥1,400 million. |
| | ¥1,400 million (Note) 2 | |

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¥79,578 million (Note) 2

Principal and coupons of medium-term notes issued by Nomura Europe Finance N.V. with face value of US\$2,214,700 thousand, 1,093,500 thousand, AU\$165,700 thousand, and ¥1,809,900 million.

¥20,052 million (Note) 2

Principal and coupons of medium-term notes issued by Nomura Europe Finance N.V. with face value of US\$3,272,700 thousand, 2,498,500 thousand, AU\$131,200 thousand, and ¥2,033,950 million.

¥2,249,377 million (Note) 2

Swap transactions worth US\$332,631 thousand executed by Nomura Global Financial Products Inc.

¥2,994,517 million (Note) 2

Swap transactions worth US\$351,810 thousand executed by Nomura Global Financial Products Inc.

¥2,825,892 million (Note) 2

Swap transactions worth US\$251,323 thousand executed by Nomura Global Financial Products Inc.

¥39,217 million (Note) 2

¥40,609 million (Note) 2

¥29,669 million (Note) 2

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| September 30, 2006 | September 30, 2007 | March 31, 2007 |
|---|---|--|
| | Principal and coupons of medium-term notes issued by Nomura Bank International plc with face value of ¥1,400 million. | |
| | ¥1,400 million | |
| (Notes) 1. 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. | (Same as left) | (Same as left) |
| 2. Includes co-guarantee with Nomura Securities Co., Ltd. | | |
| | 4. Commitments | 4. Commitments |
| | The Company has provided commitments to extend subordinated credits to Nomura Securities Co., Ltd. | The Company has provided commitments to extend subordinated credits to Nomura Securities Co., Ltd. |
| | | Total commitment available |
| | Total commitment available | ¥750,000 million |
| | ¥750,000 million | Less amount utilized |
| | Less amount utilized | <u>¥250,000 million</u> |
| | <u>¥250,000 million</u> | Balance available |

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Balance available

¥ 500,000 million

¥ 500,000 million

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(Income Statement)

| Six months ended | | Six months ended | | Year ended | |
|---|-------------------|--|-------------------|--|-------------------|
| September 30, 2006 | | September 30, 2007 | | March 31, 2007 | |
| *1. Property and equipment fee revenue consists of revenue mainly from Nomura Securities Co., Ltd., a subsidiary of the Company, on leasing furniture, fixtures and software. | *1. | (Same as left) | *1. | (Same as left) | |
| *2. Rent revenue consists of revenue mainly from Nomura Securities Co., Ltd., a subsidiary of the Company, on renting office accommodation. | *2. | (Same as left) | *2. | (Same as left) | |
| *3. Royalty on trademark consists of revenue from Nomura Securities Co., Ltd., a subsidiary of the Company, on the use of the Company's trademark. | *3. | (Same as left) | *3. | (Same as left) | |
| *4. Others includes fees from securities lending and interest received on loans mainly from Nomura Securities Co., Ltd., a subsidiary of the Company. | *4. | (Same as left) | *4. | (Same as left) | |
| *5. Breakdown of Depreciation and amortization | | *5. Breakdown of Depreciation and amortization | | *5. Breakdown of Depreciation and amortization | |
| | (millions of yen) | | (millions of yen) | | (millions of yen) |
| Tangible fixed assets | 3,383 | Tangible fixed assets | 4,195 | Tangible fixed assets | 7,706 |
| Intangible assets | 13,460 | Intangible assets | 16,973 | Intangible assets | 28,227 |
| Investments and others | 120 | Investments and others | 112 | Investments and others | 231 |
| Total | 16,964 | Total | 21,280 | Total | 36,164 |

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(Statements of Shareholders' Equity)

Six months ended September 30, 2006

Type and number of share of treasury stock

| Type of stock | Outstanding shares at the end of March 31, 2006 | Number of shares increased | Number of shares decreased | Outstanding shares at the end of September 30, 2006 |
|-----------------|---|-------------------------------|-------------------------------|---|
| Ordinary Shares | 59,822,266 | 35,955 | 1,263,504 | 58,594,717 |

Note: The breakdown of increase/decrease of treasury stock (by reason) is as follows:

| | | |
|---|--------------------|-----------|
| Increase due to sale of treasury stock less than one unit. | (number of shares) | 35,955 |
| Decrease due to exercise of Subscription rights to shares | | 1,257,000 |
| Decrease due to repurchase of treasury stock less than one unit | | 6,504 |
| Six months ended September 30, 2007 | | |

Type and number of share of treasury stock

| Type of stock | Outstanding shares at the end of March 31, 2007 | Number of shares increased | Number of shares decreased | Outstanding shares at the end of September 30, 2007 |
|-----------------|---|-------------------------------|-------------------------------|---|
| Ordinary Shares | 57,730,371 | 44,008 | 1,824,785 | 55,949,594 |

Note: The breakdown of increase/decrease of treasury stock (by reason) is as follows:

| | | |
|---|--------------------|-----------|
| Increase due to sale of treasury stock less than one unit. | (number of shares) | 44,008 |
| Decrease due to exercise of Subscription rights to shares | | 1,819,800 |
| Decrease due to repurchase of treasury stock less than one unit | | 4,985 |
| Year ended March 31, 2007 | | |

Type and number of share of treasury stock

| Type of stock | Outstanding shares at the end of March 31, 2006 | Number of shares increased | Number of shares decreased | Outstanding shares at the end of March 31, 2007 |
|-----------------|---|-------------------------------|-------------------------------|---|
| Ordinary Shares | 59,822,266 | 89,517 | 2,181,412 | 57,730,371 |

Note: The breakdown of increase/decrease of treasury stock (by reason) is as follows:

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| | (number of shares) |
|---|--------------------|
| Increase due to sale of treasury stock less than one unit. | 89,517 |
| Decrease due to exercise of Subscription rights to shares | 2,172,000 |
| Decrease due to repurchase of treasury stock less than one unit | 9,412 |

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(Leasing Transactions)

| Six months ended | Six months ended | Year ended |
|--|--|---|
| September 30, 2006 | September 30, 2007 | March 31, 2007 |
| 1. Financing leases other than those for which the ownership of the leased property are deemed to transfer to the lessees are as follows: | 1. Financing leases other than those for which the ownership of the leased property are deemed to transfer to the lessees are as follows: | 1. Financing leases other than those for which the ownership of the leased property are deemed to transfer to the lessees are as follows: |
| (1) Equivalents to acquisition cost of the leased property, accumulated depreciation and balance at the end of the period (see Note below) | (1) Equivalents to acquisition cost of the leased property, accumulated depreciation and balance at the end of the period (see Note below) | (1) Equivalents to acquisition cost of the leased property, accumulated depreciation and balance at the end of the year (see Note below) |
| Furniture and fixtures | Furniture and fixtures | Furniture and fixtures |
| (millions of yen) | (millions of yen) | (millions of yen) |
| Acquisition cost 1,156 | Acquisition cost 884 | Acquisition cost 1,023 |
| Accumulated depreciation 863 | Accumulated depreciation 812 | Accumulated depreciation 828 |
| Balance at the end of the period 294 | Balance at the end of the period 73 | Balance at the end of the year 195 |
| (2) Equivalent to closing balance of the obligation under financing leases (see Note below) | (2) Equivalent to closing balance of the obligation under financing leases (see Note below) | (2) Equivalent to closing balance of the obligation under financing leases (see Note below) |
| (millions of yen) | (millions of yen) | (millions of yen) |
| One year or less 252 | One year or less 59 | One year or less 173 |
| More than one year 42 | More than one year 14 | More than one year 23 |
| Total 294 | Total 73 | Total 195 |
| (3) Lease payments and depreciation-expense equivalent | (3) Lease payments and depreciation-expense equivalent | (3) Lease payments and depreciation-expense equivalent |
| (millions of yen) | (millions of yen) | (millions of yen) |
| Lease payments 146 | Lease payments 122 | Lease payments 298 |
| Depreciation-expense equivalent 146 | Depreciation-expense equivalent 122 | Depreciation-expense equivalent 298 |
| (4) The method of calculating the depreciation-expense equivalent | (4) The method of calculating the depreciation-expense equivalent | (4) The method of calculating the depreciation-expense equivalent |
| The depreciation-expense equivalent is calculated with the straight-line method, the useful life being the lease term and no (zero) salvage value. | (Same as left) | (Same as left) |
| | 2. Operating Lease transactions | |
| | Equivalent to closing balance of the obligation under operating leases | |

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| | (millions of yen) |
|--------------------|-------------------|
| One year or less | 2 |
| More than one year | 9 |
| Total | 11 |

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(Securities Held)

(1) Bonds held to maturity

None.

(2) Stocks of subsidiaries and affiliates with market value

| | Book Value | September 30, 2006 | Difference |
|--------------|--------------------------|---|--------------------------|
| | (Millions of yen) | Market Value (Millions of yen) | (Millions of yen) |
| Subsidiaries | | | |
| Affiliates | 45,800 | 100,838 | 55,038 |

| | Book Value | September 30, 2007 | Difference |
|--------------|--------------------------|---|--------------------------|
| | (Millions of yen) | Market Value (Millions of yen) | (Millions of yen) |
| Subsidiaries | | | |
| Affiliates | 45,800 | 92,874 | 47,073 |

| | Book Value | March 31, 2007 | Difference |
|--------------|--------------------------|---|--------------------------|
| | (Millions of yen) | Market Value (Millions of yen) | (Millions of yen) |
| Subsidiaries | | | |
| Affiliates | 45,800 | 108,546 | 62,746 |

(3) Other securities with market value

| | Cost | September 30, 2006 | Difference |
|--------------|--------------------------|---|--------------------------|
| | (Millions of yen) | Book Value (Millions of yen) | (Millions of yen) |
| Fixed assets | 73,655 | 192,229 | 118,575 |
| Equities | 52,279 | 167,163 | 114,885 |
| Bonds | | | |
| Others | 21,376 | 25,066 | 3,690 |

| | Cost | September 30, 2007 | Difference |
|--------------|--------------------------|---|--------------------------|
| | (Millions of yen) | Book Value (Millions of yen) | (Millions of yen) |
| Fixed assets | 66,864 | 152,801 | 85,937 |
| Equities | 52,611 | 135,926 | 83,316 |
| Bonds | | | |
| Others | 14,254 | 16,875 | 2,621 |

| | Cost | March 31, 2007 | Difference |
|--------------|--------------------------|---|--------------------------|
| | (Millions of yen) | Book Value (Millions of yen) | (Millions of yen) |
| Fixed assets | | | |
| Equities | | | |
| Bonds | | | |
| Others | | | |

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| | (Millions of yen) | (Millions of yen) | (Millions of yen) |
|--------------|-------------------|-------------------|-------------------|
| Fixed assets | 70,791 | 184,362 | 113,570 |
| Equities | 53,538 | 162,763 | 109,225 |
| Bonds | | | |
| Others | 17,254 | 21,599 | 4,345 |

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(4) Investment securities without market value (except those referred in (1) and (2) above)

| | September 30, 2006 Book Value |
|---|--|
| | (Millions of yen) |
| Bonds held to maturity | |
| Other securities | 44,199 |
| Fixed assets | 44,199 |
| Equities (Unlisted equities, etc.) | 27,692 |
| Bonds (Unlisted bonds, etc.) | |
| Others | 16,506 |
| Other securities of subsidiaries and affiliates | 12,485 |
| Other | 4,021 |

| | September 30, 2007 Book Value |
|---|--|
| | (Millions of yen) |
| Bonds held to maturity | |
| Other securities | 74,989 |
| Current assets | 15,800 |
| Certificate deposits | 15,800 |
| Fixed assets | 59,189 |
| Equities (Unlisted equities, etc.) | 26,180 |
| Bonds (Unlisted bonds, etc.) | |
| Others | 33,009 |
| Other securities of subsidiaries and affiliates | 19,151 |
| Other | 13,858 |

| | March 31, 2007 Book Value |
|------------------------|--------------------------------------|
| | (Millions of yen) |
| Bonds held to maturity | |
| Other securities | 50,431 |
| Fixed assets | 50,431 |

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| | |
|---|--------|
| Equities (Unlisted equities, etc.) | 27,466 |
| Bonds (Unlisted bonds, etc.) | |
| Others | 22,965 |
| Other securities of subsidiaries and affiliates | 16,426 |
| Other (Derivative Transactions) | 6,539 |

Information on derivative transactions is omitted as hedge accounting is applied.

(Information on Per Share Data)

Information on per share data is omitted as the Company prepared the consolidated financial statements.

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(Significant Subsequent Events)

| Six months ended | Six months ended | Year ended |
|--------------------|---|----------------|
| September 30, 2006 | September 30, 2007 | March 31, 2007 |
| | 1. On November 27th, 2007 Nomura issues 9 th and 10 th series of unsecured straight bonds | |
| | (1) Bonds name | |
| | Ninth Series of Nomura Holdings, Inc. Unsecured Straight Bonds. | |
| | (2) Amount of Issue | |
| | 35 billion yen | |
| | (3) Issue Price | |
| | 99.96 yen per face value of 100 yen | |
| | (4) Interest Rate | |
| | 1.39% per annum | |
| | (5) Payment Date | |
| | November 27, 2007 | |

(6) Redemption Price

100% of the principal amount

(7) Maturity Date

November 27, 2012

(8) Funds uses

Working Funds

(1) Bonds name

Tenth Series of Nomura Holdings, Inc.
Unsecured Straight Bonds.

(2) Amount of Issue

30 billion yen

(3) Issue Price

99.99 yen per face value of 100 yen

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(4) Interest Rate

1.91% per annum

(5) Payment Date

November 27, 2007

(6) Redemption Price

100% of the principal amount

(7) Maturity Date

November 27, 2017

(8) Funds uses

Working Funds

(2) Other

On October 25, 2007 the Board of Directors resolved to pay the second quarter dividend to the shareholders registered on the record date of September 30, 2007.

| | | | |
|----|---------------------------------------|---|------------------|
| a. | Total second quarter dividend | ¥ | 16,235million |
| b. | The second quarter dividend per share | ¥ | 8.50 |
| c. | Payable date | | December 3, 2007 |

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Semiannual Audit Report of Independent Auditors

December 11, 2006

The Board of Directors

Nomura Holdings, Inc.

Ernst & Young ShinNihon

Koichi Hanabusa
Certified Public Accountant
Designated and Operating Partner

Hiroki Matsumura
Certified Public Accountant
Designated and Operating Partner

Yuichiro Sakurai
Certified Public Accountant
Designated and Operating Partner

We have performed a semiannual audit of the consolidated semiannual financial statements of Nomura Holdings, Inc. (the Company) included in Item 5. Financial Information for the semiannual period (from April 1, 2006 to September 30, 2006) within the fiscal period from April 1, 2006 to March 31, 2007 which include the consolidated semiannual balance sheet, and the consolidated semiannual statements of income, changes in shareholders' equity, comprehensive income and cash flows pursuant to the semiannual audit requirements of the rules specified in Article 193-2 of the Securities and Exchange Law. These consolidated semiannual financial statements are the responsibility of the Company's management and our responsibility is to independently express an opinion on these consolidated semiannual financial statements.

We conducted our semiannual audit in accordance with semiannual auditing standards applied in Japan. Those standards require that we obtain reasonable assurance about whether the consolidated semiannual financial statements taken as a whole are free of material misstatement with regard to the presentation of relevant information which may result in misinterpretation by investors. A semiannual audit consists, primarily of analytical review procedures with additional audit procedures as considered necessary. We believe that our semiannual audit provides a reasonable basis for our opinion.

In our opinion, the consolidated semiannual financial statements referred to above present relevant information about the consolidated financial position of Nomura Holdings, Inc. and subsidiaries as of September 30, 2006, and the consolidated results of their operations and their cash flows for the semiannual period then ended (from April 1, 2006 to September 30, 2006) in conformity with accounting principles generally accepted in the United States of America (see Note 1 to the consolidated semiannual financial statements).

We have no interest in the Company which should be disclosed under the provisions of the Certified Public Accountants Law.

* Above is an electronic version of the original report of auditors and the Company maintains the original report.

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Semiannual Audit Report of Independent Auditors

November 27, 2007

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Junko Kamei
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Designated and Operating Partner

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We have performed a semiannual audit of the non-consolidated semiannual financial statements of Nomura Holdings, Inc. (the Company) included in Item 5. Financial Information for the semiannual period (from April 1, 2006 to September 30, 2006) within the 103rd fiscal period from April 1, 2006 to March 31, 2007 which include the non-consolidated semiannual balance sheet, and the non-consolidated semiannual statements of income and changes in shareholders' equity pursuant to the semiannual audit requirements of the rules specified in Article 193-2 of the Securities and Exchange Law. These non-consolidated semiannual financial statements are the responsibility of the Company's management and our responsibility is to independently express an opinion on these non-consolidated semiannual financial statements.

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In our opinion, the non-consolidated semiannual financial statements referred to above present relevant information about the financial position of Nomura Holdings, Inc. as of September 30, 2006, and the results of its operations for the semiannual period then ended (from April 1, 2006 to September 30, 2006) in conformity with accounting principles generally accepted in Japan.

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Certified Public Accountant
Designated and Operating Partner

We have performed a semiannual audit of the non-consolidated semiannual financial statements of Nomura Holdings, Inc. (the Company) included in Item 5. Financial Information for the semiannual period (from April 1, 2007 to September 30, 2007) within the 104th fiscal period from April 1, 2007 to March 31, 2008 which include the non-consolidated semiannual balance sheet, and the non-consolidated semiannual statements of income and changes in shareholders' equity pursuant to the semiannual audit requirements of the rules specified in Article 193-2, Section 1 of the Financial Instruments and Exchange Law. These non-consolidated semiannual financial statements are the responsibility of the Company's management and our responsibility is to independently express an opinion on these non-consolidated semiannual financial statements.

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