

NOMURA HOLDINGS INC  
Form 6-K  
September 02, 2008  
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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**

For the month of September 2008.

## **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)

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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.

Yes  No

If  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) Quarterly Securities Report Pursuant to the Financial Instruments and Exchange Act for the Three Months Ended June 30, 2008
2. Confirmation Letter

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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: September 2, 2008

By: /s/ Toshio Hirota  
Toshio Hirota  
Executive Managing Director

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Quarterly Securities Report Pursuant to the Financial Instruments and Exchange Act for The Three Months Ended June 30, 2008

Items included in the Quarterly Securities Report

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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

|  |           | Three months ended<br>June 30,<br>2008 | Year ended<br>March 31,<br>2008 |
|--|-----------|--|---------------------------------|
| Revenue  | (Mil yen) | 257,876                                | 1,593,722                       |
| Net revenue  | (Mil yen) | 135,087                                | 787,257                         |
| Loss before income taxes                             | (Mil yen) | (84,264)                               | (64,588)                        |
| Net loss   | (Mil yen) | (76,592)                               | (67,847)                        |
| Shareholders' equity                                 | (Mil yen) | 1,945,223                              | 1,988,124                       |
| Total assets   | (Mil yen) | 25,995,861                             | 26,298,798                      |
| Shareholders' equity per share                       | (Yen)     | 1,019.19                               | 1,042.60                        |
| Net loss per share - basic                           | (Yen)     | (40.14)                                | (35.55)                         |
| Net loss per share - diluted                         | (Yen)     | (40.18)                                | (35.57)                         |
| Shareholders' equity as a percentage of total assets | (%)       | 7.5                                    | 7.6                             |
| Cash flows from operating activities                 | (Mil yen) | (465,629)                              | (647,906)                       |
| Cash flows from investing activities                 | (Mil yen) | (39,186)                               | (102,019)                       |
| Cash flows from financing activities                 | (Mil yen) | 578,994                                | 942,879                         |
| Cash and cash equivalents at end of the period       | (Mil yen) | 603,846                                | 507,236                         |
| Number of staffs                                     |           | 18,995                                 | 18,026                          |

(Notes)

- 1 The selected consolidated financial data are stated in accordance with the accounting principles generally accepted in the United States of America.
- 2 The consumption tax and local consumption tax on taxable transactions are accounted for based on the tax exclusion method.
- 3 The selected stand alone financial data are not prepared because the consolidated financial statements have been prepared.

## 2. Business Overview

There was no significant change for the business of Nomura Holdings, Inc. and its 313 consolidated subsidiaries and variable interest entities for the three months ended June 30, 2008. There are 14 affiliated companies which were accounted for by the equity method at June 30, 2008.

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**Item 2. Operating and Financial Review**

1. Significant Contracts

Not applicable

2. Operating and Financial Analysis

(1) Operating Results

Nomura Holdings, Inc. and its consolidated entities ( Nomura ) reported net revenue of ¥135.1 billion, non-interest expenses of ¥219.4 billion, loss before income taxes of ¥84.3 billion, and net loss of ¥76.6 billion for the three months ended June 30, 2008. As a result, ROE (Return On Equity, annualized) for the first quarter was minus 15.6%.

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

|  | <b>Three months ended</b> |          |
|--|---------------------------|----------|
|  | <b>June 30, 2008</b>      |          |
|  | <b>(Mil Yen)</b>          |          |
| Commissions                                      | ¥                         | 82,198   |
| Brokerage commissions                            |                           | 49,287   |
| Commissions for distribution of investment trust |                           | 25,811   |
| Other  |                           | 7,100    |
| Fees from investment banking                     |                           | 13,407   |
| Underwriting and distribution                    |                           | 6,815    |
| M&A / financial advisory fees                    |                           | 4,568    |
| Other  |                           | 2,024    |
| Asset management and portfolio service fees      |                           | 42,779   |
| Asset management fees                            |                           | 38,485   |
| Other  |                           | 4,294    |
| Net gain on trading                              |                           | 10,515   |
| Merchant banking                                 |                           | (69)     |
| Equity trading                                   |                           | 33,267   |
| Fixed income and other trading                   |                           | (22,683) |
| Loss on private equity investments               |                           | (37,663) |
| Net interest                                     |                           | (4,832)  |
| Gain on investments in equity securities         |                           | 964      |
| Other  |                           | 27,719   |
| Net revenue                                      | ¥                         | 135,087  |

|   | <b>Three months ended</b> |         |
|---|---------------------------|---------|
|   | <b>June 30, 2008</b>      |         |
|   | <b>(Mil Yen)</b>          |         |
| Compensation and benefits                 | ¥                         | 87,910  |
| Commissions and floor brokerage           |                           | 18,634  |
| Information processing and communications |                           | 33,359  |
| Occupancy and related depreciation        |                           | 15,868  |
| Business development expenses             |                           | 7,032   |
| Other                                     |                           | 56,548  |
| Non-interest expenses                     | ¥                         | 219,351 |



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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 statements of operations are set forth in Consolidated Financial Statements, Note 10. Segment and geographic information.

## Net revenue

|                           | <b>Three months ended<br/>June 30, 2008<br/>(Mil Yen)</b> |                |
|---------------------------|---|----------------|
| Domestic Retail           | ¥   | 85,809         |
| Global Markets            |   | 10,970         |
| Global Investment Banking |   | 28,986         |
| Global Merchant Banking   |   | (37,009)       |
| Asset Management          |   | 21,757         |
| Other (Inc. elimination)  |   | 23,901         |
| <b>Total</b>              | <b>¥</b>  | <b>134,414</b> |

## Non-interest expenses

|                           | <b>Three months ended<br/>June 30, 2008<br/>(Mil Yen)</b> |                |
|---------------------------|---|----------------|
| Domestic Retail           | ¥   | 69,630         |
| Global Markets            |   | 72,589         |
| Global Investment Banking |   | 16,411         |
| Global Merchant Banking   |   | 2,357          |
| Asset Management          |   | 14,189         |
| Other (Inc. elimination)  |   | 44,175         |
| <b>Total</b>              | <b>¥</b>  | <b>219,351</b> |

## Income (loss) before income taxes

|                           | <b>Three months ended<br/>June 30, 2008<br/>(Mil Yen)</b> |          |
|---------------------------|---|----------|
| Domestic Retail           | ¥   | 16,179   |
| Global Markets            |   | (61,619) |
| Global Investment Banking |   | 12,575   |
| Global Merchant Banking   |   | (39,366) |
| Asset Management          |   | 7,568    |
| Other (Inc. elimination)  |   | (20,274) |

|       |   |          |
|-------|---|----------|
| Total | ¥ | (84,937) |
|-------|---|----------|

#### Domestic Retail

Domestic Retail reported net revenue of ¥85.8 billion, non-interest expenses of ¥69.6 billion and income before income taxes of ¥16.2 billion. Despite the ongoing difficult market conditions, sales of newly launched investment trusts matched to customer needs were strong and an increase in revenue from investment trusts contributed to overall revenue. Domestic Client Assets (\*) was ¥75.8 trillion as of the end of June. Net asset inflow for the quarter was ¥1.066 trillion, while the number of client accounts with a balance increased to 4.21 million. As such, we continued to expand our customer base through the first quarter.

\* Domestic Client Assets is the sum of assets in custody in Domestic Retail (including regional financial institutions) and in the Financial Management Division.

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### Global Markets

Net revenue in Global Markets was ¥11.0 billion, non-interest expenses was ¥72.6 billion, and loss before income taxes was ¥61.6 billion. In Fixed Income, a marked loss was booked due to additional credit provisions for our exposure to monoline insurers as the creditworthiness of monolines deteriorated on the back of the ongoing credit crunch and recessionary fears centered on the US. In Equity, despite the continued uneasiness in the stock market, revenue improved due mainly to increased trading revenue from Japanese equities.

### Global Investment Banking

Global Investment Banking reported net revenue of ¥29.0 billion, non-interest expenses of ¥16.4 billion and income before income taxes of ¥12.6 billion. The overall market for equity financing was pushed down during the quarter due to seasonal factors and the unstable stock market. However, we maintained our position at the top of the Japan Equity and Equity-Related league table. In M&A, we acted as financial advisor on Daiichi Sankyo's acquisition of Indian pharmaceutical company Ranbaxy Laboratories. We topped the M&A Financial Advisors League Table Any Japanese Involvement (\*) for the first half of calendar 2008. In addition, we booked income of ¥19.4 billion related to a settlement agreement with the Czech Republic over IPB litigation.

(\*) Source: Thomson Reuters

### Global Merchant Banking

Global Merchant Banking net revenue was minus ¥37.0 billion, non-interest expenses was ¥2.4 billion and loss before income taxes was ¥39.4 billion. Unrealized losses were booked during the first quarter due to the valuation at fair value of certain investee companies. In terms of new investments, we invested in Ashikaga Holdings, the parent company of Ashikaga Bank, acquiring 45.5% of outstanding shares.

### Asset Management

Asset Management net revenue was ¥21.8 billion, non-interest expenses was ¥14.2 billion, and income before income taxes was ¥7.6 billion. Revenue expanded as one-off losses from the prior quarter were not present this quarter and assets under management increased. Sales of newly launched investment trusts such as the Nomura Multi Currency Attractive Dividend Japan Stock Fund and Nomura Japan Value Attractive Dividend Stock Investment Fund 0805 were robust as were sales of the Nomura New Global High Interest Rate Currencies Fund. Assets under management was ¥27.2 trillion at the end of June.

### Other Operating Results

Other operating results include net gain on trading related to economic hedging transactions, realized gain on investments in equity securities, equity in earnings of affiliates, corporate items, and other financial adjustments. Net revenue in Other was ¥23.9 billion. Loss before income taxes was ¥20.3 billion.

### Geographic Information

Please refer to Consolidated Financial Statements, Note 10. Segment and geographic information about net revenue and loss before income taxes by geographic.

### Cash Flow Information

Please refer to (5) Liquidity and Capital Resource.

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## (2) Assets and Liabilities Associated with Investment and Financial Services Business

## 1) Exposure to Certain Financial Instruments and Counterparties

Challenging market conditions continue to impact numerous products including securitization products and leveraged finance which Nomura has certain exposure to. Nomura also has exposures to Special Purpose Entities ( SPEs ) and monoline insurers in the normal course of business.

*Securitization Products*

Nomura's exposure to securitization products mainly consists of Commercial Mortgage-Backed Securities( CMBS ), Residential Mortgage-Backed Securities( RMBS ), and commercial real estate-backed securities. Nomura holds these securitization products in connection with securitization, financing, trading and other activities. The following table provides a summary of Nomura's exposure to securitization products by geographic location of the underlying collateral as of June 30, 2008.

|  | Millions of yen  |                |                |                 |                  |
|--|------------------|----------------|----------------|-----------------|------------------|
|  | June 30, 2008    |                |                |                 |                  |
|  | Japan            | Asia           | Europe         | America         | Total            |
| Commercial Mortgage-backed Securities    | ¥ 12,008         | ¥              | ¥              | ¥ 20,686        | ¥ 32,694         |
| Residential Mortgage-backed Securities   | 43,424           |                |                |                 | 43,424           |
| Commercial Real estate-backed Securities | 50,133           |                |                |                 | 50,133           |
| Other Securitization Products            | 49,132           | 2,956          | 7,418          | 4,277           | 63,783           |
| <b>Total</b>                             | <b>¥ 154,697</b> | <b>¥ 2,956</b> | <b>¥ 7,418</b> | <b>¥ 24,963</b> | <b>¥ 190,034</b> |

- (1) The balances shown exclude those for which Nomura transferred financial assets to securitization vehicles where such transfers were accounted for as secured financing rather than sales under Statement of Financial Accounting Standards No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* ( SFAS140 ), and in which Nomura has no continuing economic exposure.
- (2) Nomura has ¥131,446 million exposure, as whole loans and commitment, to U.S. CMBS-related business as at June 30, 2008. The following table sets forth Nomura's exposure to CMBS by geographical region and external credit rating of the underlying collateral as of June 30, 2008.

|              | Millions of yen |                |                |                               |                 |
|--------------|-----------------|----------------|----------------|-------------------------------|-----------------|
|              | June 30, 2008   |                |                |                               |                 |
|              | AAA             | A              | Not rated      | Gennie Mae/GSE <sup>(1)</sup> | Total           |
| Japan        | ¥ 6,376         | ¥ 299          | ¥ 5,333        | ¥                             | ¥ 12,008        |
| America      | 6,848           | 5,833          |                | 8,005                         | 20,686          |
| <b>Total</b> | <b>¥ 13,224</b> | <b>¥ 6,132</b> | <b>¥ 5,333</b> | <b>¥ 8,005</b>                | <b>¥ 32,694</b> |

- (1) Gennie Mae refers to Government National Mortgage Association. GSE refers to Government Sponsored Enterprises.
- (2)

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Rating based on Standard & Poor's, Moody's Investors Service, Fitch Ratings Ltd, Japan Credit Rating Agency, Ltd. or Rating and Investment Information, Inc. as of June 30, 2008, depending on which rating is the lowest.

### *Leveraged Finance*

Nomura provides loans to clients in connection with leveraged buy-outs and leveraged buy-ins. As this type of finance is usually initially provided through a commitment, Nomura has both funded and unfunded exposures on these transactions.

The following tables set forth Nomura's exposure to leveraged finance by geographic location of the target company as of June 30, 2008.

|        | Millions of yen<br>June 30, 2008 |          |           |
|--------|----------------------------------|----------|-----------|
|        | Funded                           | Unfunded | Total     |
| Japan  | ¥ 38,326                         | ¥ 1,895  | ¥ 40,221  |
| Europe | 113,044                          | 6,012    | 119,056   |
| Total  | ¥ 151,370                        | ¥ 7,907  | ¥ 159,277 |

**Table of Contents***Special Purpose Entities*

In the normal course of business, Nomura is involved with numerous types of SPEs which are corporations, partnerships, funds, trusts or other legal vehicles which are designed to fulfill a limited, specific purpose. Nomura both creates and sponsors these entities, and also enters into arrangements with entities created or sponsored by others.

SPEs, which may have an impact on Nomura's future financial position and financial performance, generally meet the definition of a Variable Interest Entity ( VIE ) under FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities* ( FIN 46-R ) or meet the definition of a Qualifying Special Purpose Entity ( QSPE ) under SFAS 140.

For further discussion on Nomura's involvement with VIEs, see *Consolidated Financial Statements* Note 4, Variable Interest Entities (VIEs) .

The following table sets forth Nomura's exposure from consolidated VIEs, exposure to significant unconsolidated VIEs and exposure to unconsolidated SPEs as of June 30, 2008, arising from its significant involvement with these entities. Nomura considers maximum exposures to loss to be limited to the amounts presented below, which are reflected in the consolidated balance sheet or the footnote discussing commitments and guarantees. Maximum exposure to loss 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.

|  | Millions of yen<br>June 30, 2008      |  |  | Total     |
|--|---------------------------------------|--|--|-----------|
|  | Exposure from<br>consolidated<br>VIEs | Exposure to<br>significant<br>unconsolidated<br>VIEs | Exposure<br>to<br>unconsolidated<br>SPEs |           |
| Trading Assets:  |                                       |  |  |           |
| Equities and convertible bonds   | ¥ 183,934                             | ¥  | ¥  | ¥ 183,934 |
| Government and government agency bonds                                       | 1,087                                 |  |  | 1,087     |
| Bank and corporate debt securities   | 7,572                                 |  | 43,635                                   | 51,207    |
| Mortgage and mortgage-backed securities                                      | 60,600                                | 232,641  |  | 293,241   |
| Beneficiary interests and other  |                                       |  | 9,026                                    | 9,026     |
| Derivatives <sup>(1)</sup>   | 77                                    |  | (1,770)                                  | (1,693)   |
| Office buildings, land, equipment and facilities                             | 51,184                                |  |  | 51,184    |
| Others   | 1,806                                 | 45,255   |  | 47,061    |
| Commitments to extend credit, standby letters of credit and other guarantees |                                       | 23,774   |  | 23,774    |

(1) The amounts represent current balance sheet carrying value of derivatives. Notional amounts are ¥5,124 million for exposure from consolidated VIEs and ¥51,087 million for exposure to unconsolidated SPEs.

**Table of Contents***Monoline Insurers (Financial Guarantors)*

Nomura's Global Markets business in Europe has exposure to various monoline insurers primarily arising from derivatives entered into as hedges against certain investments.

The current credit environment continues to affect the ability of monoline insurers to perform under these financial instruments. During the three months ended June 30, 2008 Nomura recognized additional write-downs against these exposures of ¥63.1 billion, primarily through additional credit valuation adjustments.

The following table sets forth Nomura's exposure to monoline insurers arising from derivatives in Global Markets in Europe as of June 30, 2008, analyzed by external credit rating.

| Monoline insurers by Credit Rating <sup>(1)</sup> | Millions of U.S. dollars<br>June 30, 2008 |                               |                   |              |                               |
|---|---|-------------------------------|-------------------|--------------|-------------------------------|
|   | Notional <sup>(2)</sup>                   | Gross Exposure <sup>(3)</sup> | Other Adjustments | Net Exposure | CDS Protection <sup>(4)</sup> |
| AAA   | \$ 1,587                                  | \$ 131                        | \$ 20             | \$ 111       | \$ 11                         |
| A   | 1,518                                     | 183                           | 120               | 63           | 146                           |
| Total   | \$ 3,105                                  | \$ 314                        | \$ 140            | \$ 174       | \$ 157                        |
| Others  | 3,323                                     | 882                           | 882               |              | 258                           |
| (Fully reserved against)                          |   |                               |                   |              |                               |

(1) Rating based on Standard & Poor's or Moody's Investors Service as of June 30, 2008 depending on which rating is lower.

(2) The gross notional value of the credit derivative contract. There is no exposure related to U.S. RMBS as reference assets.

(3) Gross exposure represents the estimated fair value prior to adjustments.

(4) Notional less estimated fair value of CDS protection acquired against the monoline insurers.

In addition to the above derivatives exposure, Nomura also has USD 582 million of debt securities, guaranteed by monoline insurers, the majority of which are utility bonds. The estimated fair value of the wrap included in carrying value of these debt securities is not significant.

## 2) Fair Value of Financial Instruments

The majority of Nomura's financial assets and financial liabilities are carried at fair value on a recurring basis. Financial assets which are carried at fair value on a recurring basis are reported in the consolidated balance sheets within *Trading assets and private equity investments, Loans and receivables* and *Other assets*. Financial Liabilities which are carried at fair value on a recurring basis are reported within *Trading liabilities, Short-term borrowings* and *Long-term borrowings*. These financial instruments include the investments to which investment company accounting are applied under AICPA 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 Investment in Investment Company*, and the financial assets and financial liabilities for which the fair value option is elected under SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115* (SFAS 159) or SFAS No. 155, *Accounting for Certain hybrid Financial Instruments, an amendment of FASB statements No. 133 and 140* (SFAS 155).

In accordance with SFAS No. 157, *Fair Value Measurements* (SFAS 157), all financial instruments measured at fair value have been categorized into a three-level hierarchy based on the transparency of inputs used to establish fair value.





**Table of Contents***Fair value hierarchy*

## Level 1:

Quoted prices (unadjusted) in active markets for identical assets or liabilities that Nomura has ability to access at the measurement date are classified as Level 1. Examples are listed stocks at Tokyo Stock Exchange 1st section and Japanese government bonds.

## Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly are classified as Level 2. If the asset or liability has a specified (contractual or redemption) term, a Level 2 input must be observable for substantially the full term (contractual life) of the asset or liability. An example is an interest rate swap contract between short-term floating interest rate and fixed interest rate.

## Level 3:

Financial assets and financial liabilities whose values are based on unobservable inputs in markets are classified as Level 3. Unobservable inputs are based on the reporting entity's own assumptions that other market participants would consider (including assumptions about risk) under the best information available in the circumstances. It is classified as Level 3, if such unobservable inputs in markets have more than insignificant impact on fair value measurement of an instrument. These assumptions include a method to estimate unobservable long-term volatilities of foreign exchange rate from volatilities within observable term in the markets and a method to estimate credit premium using for fair value measurements of individual loans.

Financial instruments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement of the instruments. In case that a derivative is valued with using a combination of Level 1, 2 and 3 inputs, it would be classified as Level 3, where the Level 3 inputs are significant in its measurement.

The following table presents information about Nomura's financial assets and financial liabilities measured at fair value on a recurring basis as of June 30, 2008 within the fair value hierarchy.

|   | Billions of yen<br>June 30, 2008 |                 |                |  |          | Balance as of<br>June 30<br>2008 |
|---|----------------------------------|-----------------|----------------|--|----------|----------------------------------|
|   | Level 1                          | Level 2         | Level 3        | Counterparty<br>and Cash<br>Collateral<br>Netting <sup>(1)</sup> |          |                                  |
| <b>Assets:</b>                                  |                                  |                 |                |  |          |                                  |
| Trading assets and private equity investments   |                                  |                 |                |  |          |                                  |
| Equities (Including private equity investments) | ¥ 744                            | ¥ 733           | ¥ 882          | ¥  | ¥        | 2,359                            |
| Debt securities and loans receivables           | 6,306                            | 1,981           | 845            |  |          | 9,132                            |
| Beneficiary interests and other                 | 39                               | 47              | 19             |  |          | 105                              |
| Derivative contracts                            | 19                               | 7,383           | 713            | (7,164)  |          | 951                              |
| Loans and receivables <sup>(2)</sup>            |                                  | 26              | 15             |  |          | 41                               |
| Other assets <sup>(3)</sup>                     | 322                              | 61              | 63             |  |          | 446                              |
| <b>Total</b>                                    | <b>¥ 7,430</b>                   | <b>¥ 10,231</b> | <b>¥ 2,537</b> | <b>¥ (7,164)</b>   | <b>¥</b> | <b>13,034</b>                    |
| <b>Liabilities:</b>                             |                                  |                 |                |  |          |                                  |
| Trading liabilities                             |                                  |                 |                |  |          |                                  |
| Equities  | ¥ 1,078                          | ¥ 310           | ¥ 0            | ¥  | ¥        | 1,388                            |
| Debt securities                                 | 3,093                            | 201             |                |  |          | 3,294                            |
| Beneficiary interests and other                 | 0                                |                 |                |  |          | 0                                |
| Derivatives contracts                           | 30                               | 7,437           | 680            | (7,346)  |          | 801                              |

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|   |         |         |       |                   |
|---|---------|---------|-------|-------------------|
| Short-term borrowings <sup>(4)</sup>      |         | 16      | 2     | 18                |
| Long-term borrowings <sup>(4)(5)(6)</sup> | 36      | 536     | (2)   | 570               |
| Total                                     | ¥ 4,237 | ¥ 8,500 | ¥ 680 | ¥ (7,346) ¥ 6,071 |

- (1) Counterparty netting of derivative assets and liabilities in accordance with No. FIN 39, *Offsetting of Amounts Related to Certain Contracts* and cash collateral netting against net derivatives in accordance with FSP FIN 39-1, *Amendment of FASB Interpretation No. 39* .
- (2) Include loans and receivables for which Nomura elected the fair value option under SFAS 159.
- (3) Include investments in affiliated companies that would have been accounted for under the equity method if Nomura had not chosen to apply the fair value option under SFAS 159.
- (4) Include structured notes which are elected for the fair value option under either SFAS 155 or SFAS 159.
- (5) Include liabilities by collateralized financing transactions that are accounted for as financing rather than sales in accordance with SFAS 140. Nomura elected the fair value option under SFAS 159 for those liabilities.
- (6) Include embedded derivatives bifurcated in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* from the structured notes issued. If unrealized gain is more than unrealized loss, long-term borrowings is reduced by the exceeded amount.

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## Level 3 Assets and Liabilities

The Level 3 financial instruments include following instruments.

Equities comprised private equity investments in the amount of ¥389 billion. Investments to unlisted companies were classified in level 3. Equities also comprised the inventory through Hedge Fund in the amount of ¥338 billion. Nomura has developed the business such as issuing structured notes linked to the inventory.

Debt securities and loans receivables comprised corporate loan in the amount of ¥128 billion, mortgage backed securities and mortgage loans in the amount of ¥ 424 billion. It also comprised certain notes which were illiquid and valued by pricing models. Derivative contracts are aggregated without netting of derivative assets and derivative liabilities by counterparty.

The following table presents the proportion of the net Level 3 financial assets, which is Level 3 assets netted out with Level 3 derivative liabilities, in the net total financial assets carried at fair value, which is total assets netted out with total derivative liabilities.

|   | <b>Billions of yen<br/>June 30, 2008</b> |
|---|--|
| Level 3 Financial Assets  | ¥ 2,537                                  |
| Deduction: Level 3 Derivatives, Liabilities   | (680)                                    |
| Net Level 3 Financial Assets (After netting derivative assets and liabilities)  | ¥ 1,857                                  |
| Total Financial Assets measured at Fair Value   | ¥ 20,198                                 |
| Deduction: Derivatives, Liabilities   | (8,147)                                  |
| Net Total Financial Assets measured at Fair Value (After netting derivative assets and liabilities)   | ¥ 12,051                                 |
| The proportion of the net Level 3 financial assets in the net total financial assets carried at fair value under netting of derivative assets and liabilities | 15%                                      |

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(3) Trading Activities

Assets and liabilities for trading purposes

Please refer to Consolidated Financial Statements, Note 3. Fair Value of Financial Instruments about the balances of assets and liabilities for trading purposes.

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

|                         | <b>June 30, 2008</b> |       |
|-------------------------|----------------------|-------|
|                         | <b>(Bil Yen)</b>     |       |
| Equity                  | ¥                    | 3.3   |
| Interest rate           |                      | 3.7   |
| Foreign exchange        |                      | 4.8   |
| Sub-total               |                      | 11.8  |
| Diversification benefit |                      | (5.5) |
| Value at Risk (VaR)     | ¥                    | 6.3   |

|                     | <b>Three months ended June 30, 2008</b> |                  |                  |
|---------------------|---|------------------|------------------|
|                     | <b>Maximum</b>                          | <b>Minimum</b>   | <b>Average</b>   |
|                     | <b>(Bil Yen)</b>                        | <b>(Bil Yen)</b> | <b>(Bil Yen)</b> |
| Value at Risk (VaR) | ¥ 10.6                                  | ¥ 6.1            | ¥ 8.5            |

(4) Qualitative Disclosures about Market Risk

**1) Risk Management**

Our group business activities are inherently subject to various risks. Managing those risks is an integral part of management's responsibilities to secure fiscal health as well as to contribute to the maintenance and expansion of corporate value. Our risk management framework and governance structure is intended to provide comprehensive controls, monitoring and reporting.

We establish Structure for Ensuring Appropriate Business which is a principle, at the Board of Directors. Within this is established the Structure for Regulations and others regarding Management of Risk Loss. In accordance with these structures, we are constantly seeking to upgrade the

risk management expertise and we are trying to strengthen and promote the risk management.

## **2) Global Risk Management Structure**

### Governance

We have independent financial management resources and risk management units (Controller's Department, Group Finance Department, Group Treasury Department and Group Risk Management Department) headquartered in Tokyo which are responsible for appropriate financial resource allocation and risk management. These units assist with the supervisory function of GMC (Group Management Committee) and the Executive Officer who is in charge of risk management, currently the Chief Financial Officer. Together they are responsible for implementation of the risk management framework and supervising risks. Supervision by the units includes establishing an enterprise-wide risk management framework, ensuring its adoption by the entire group, monitoring the appropriateness of risk management, and measuring and analyzing the risks of the entire group. In particular, the units establish and enhance all of our risk management policies and rules. The units gather necessary information for risk management and implement risk management policies for our global operations. The units report ongoing risk status and the results of their analysis to senior management. These processes are audited regularly by Internal Audit.

We have established a Risk Management Committee (RMC) under the GMC. The RMC considers significant risk matters including Basel II regulated risk items, matters related to Nomura Group's debt structure & capital policy, and implementation and updating of important policies and procedures related to risk management. Further, we have established the Risk Management Sub Committee under the RMC for the management of important positions, market risk, credit risk, risk concentration and strategic risk within the Nomura Group.

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### Definition and Types of Risk Managed

Risk is defined as the possibility of capital impairment due to losses in the business, and the possibility that business operations do not generate an assumed output or cannot reach an expected level or cannot meet a planned goal due to the deterioration of efficiency and/or effectiveness. We classify risks as Portfolio risk (Risk of losses arising from fluctuations and declines in the value of portfolios.) and Non portfolio risk . Portfolio risk consists of Market Risk, Credit Risk and Private Equity Risk and Non portfolio risk consists of Operational Risk and Business Risk. Further, Portfolio risk is classified into trading risk and non-trading risk.

In addition to managing each risk, we calculate economic capital for each risk.

### Risk Control

Dynamic management of risk is performed within each regional front office business. These units are best placed to respond rapidly and flexibly to changing market conditions and the needs of business in each region. Risk taken and managed in this way is consistent with limits and guidelines which provide a framework for economic capital allocation. This framework consists of higher level economic capital guidelines, links to lower level limits on value-at risk ( VaR ) and other measures appropriate to individual business lines. We set economic capital guidelines for core business units within a business division. We also set limits designed to restrict trading activities to prescribed mandates.

The financial management resources and risk management units set and monitor the limits such as risk control limit (various types), credit line, country limit, regulatory capital limit and unsecured funding limit. The Risk Management unit reports ongoing risk status to senior management.

### (5) Liquidity and Capital Resource

#### Liquidity

##### Overviews

Liquidity is of critical importance to Nomura Holdings, Inc. and group companies in the financial services sector. We define liquidity risk as the potential inability to meet financial obligations as they become due. Our primary liquidity objective is to ensure continuous liquidity across market cycles and periods of stress, and to ensure that all funding requirements and unsecured debt obligations that fall due within one year can be met without additional unsecured funding or forced liquidation of trading assets.

We have in place a number of liquidity policies to achieve our primary liquidity objective. These include (1) Ensure appropriate funding mix.; (2) Diversify unsecured funding sources; (3) Unsecured Funding Management; (4) Maintain Liquidity Portfolio; (5) Maintain Committed Bank Facilities and (6) Maintaining and testing Contingency Funding Plan (CFP)

1) Ensure appropriate funding mix. We seek to maintain a surplus of long term debt and equity above the cash capital requirements of our assets enables us to fund the firm for periods at least one year in a stress event, without needing to raise additional unsecured funding or forcing the liquidation of trading assets. The amount of liquidity required is based on an internal model which incorporates the following requirements.

- i. Our ability to finance assets using secured funding, including repurchase agreements and securities lending transactions. The cash capital requirements are calculated using conservative estimates of the assets secured borrowing power in stressed scenarios.
- ii. Goodwill and indefinable intangible assets, property, equipment and other illiquid assets.
- iii. Collateral requirements on derivative contracts arising as a result of a two-notch downgrade in our credit rating. In addition, other unencumbered assets held at exchanges for chaining requirements are also funded with long-term liquidity.
- iv. Commitments to lend to external counterparties based on the probability of drawdown.

v. Capital or other forms of financing in our regulated subsidiaries that is in excess of their long-term cash capital requirements. Our internal model is calculated at the group company level in order to take into account legal, regulatory and tax restrictions that may impact the transfer of liquidity among group companies.

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2) Diversify unsecured funding sources. We seek to reduce refinancing risk through diversification of our funding sources. We diversify funding by product, investor and market in order to reduce our reliance on any one funding source. We also seek to diversify funding by currency.

3) Unsecured Funding Management. We manage the overall level of unsecured funding and set the internal limits on the additional amount of unsecured funding available across the entity. The availability of unsecured funding is set by the Group Management Committee, and monitored closely by Global Treasury.

4) Maintain Liquidity Portfolios. To ensure a readily available source of liquidity, we have structured our liquidity portfolio. We maintain a liquidity portfolio at Nomura Holdings, Inc. and group companies in the form of cash and highly liquid, unencumbered securities that may be sold or pledged to provide liquidity. In addition to the liquidity portfolio, we have other unencumbered assets comprising mainly unpledged trading inventory that can be used as an additional source of secured funding. The size and structure of our liquidity portfolio takes into account immediate cash requirements arising from followings.

- i. Upcoming maturities of unsecured debt (maturities less than 1 year)
- ii. Potential buybacks of our outstanding debt
- iii. Loss of secured funding lines particularly for less liquid assets, over and above our cash capital estimates
- iv. Normal business volatility
- v. Cash and collateral outflows in the event of a stress event

5) Maintain Committed Bank Facilities. In addition to our Liquidity Portfolio, we maintain un-drawn committed facilities with a group of globally recognized banks in order to provide contingent financing sources.

6) Maintaining and testing Contingency Funding Plan (CFP). We have developed a detailed contingency funding plan. As a part of the CFP, we have developed an approach for analyzing and specifying the extent of any liquidity crisis. This allows us to estimate the likely impact of both a Nomura-specific and market-wide crises; and specifies the immediate action to be taken to mitigate any risk. The CFP lists details of key internal and external parties to be contacted and the processes by which information is to be disseminated. This has been developed at the legal entity level in order to capture specific cash requirements at the local level it assumes that the parent company does not have access to cash that may be trapped at the subsidiary level due to regulatory, legal or tax constraints. We periodically test the effectiveness of our funding plans for different Nomura specific events and market-wide.

### Cash Flow

Cash and cash equivalents as of June 30, 2008, increased by ¥96.6 billion as compared to the previous period. Net cash used in operating activities amounted to ¥465.6 billion due to an increase of trading related assets (net of trading related assets and liabilities). Net cash used in investing activities decreased by ¥39.2 billion due to an increase of non-trading debt securities, net. Net cash provided by financing activities was ¥579.0 billion as a result of an increase in borrowings.

### Consolidated Balance Sheets and Financial Leverage

Total assets as of June 30, 2008, were ¥25,995.9 billion, a decrease of ¥302.9 billion compared to March 31, 2008, reflecting a decrease in collateralized agreements and receivables. Total liabilities as of June 30, 2008, were ¥24,050.6 billion, a decrease of ¥260.0 billion compared to March 31, 2008, mainly due to a decrease in collateralized financing. Total shareholders' equity was ¥1,945.2 billion, a decrease of ¥42.9 billion compared to March 31, 2008, due to a decrease in retained earnings.



## Edgar Filing: NOMURA HOLDINGS INC - Form 6-K

Our shareholders' equity was ¥1,945.2 billion as of June 30, 2008. Our leverage ratio as of June 30, 2008 was 13.4 times. The following table sets forth our shareholders' equity, total assets, adjusted assets and leverage ratios:

|  | <b>(billions of yen,<br/>except ratios)<br/>June 30, 2008</b> |
|--|---|
| Shareholders' equity                   | ¥ 1,945.2   |
| Total assets                           | 25,995.9  |
| Adjusted assets <sup>(1)</sup>         | 17,299.6  |
| Leverage ratio <sup>(2)</sup>          | 13.4x   |
| Adjusted leverage ratio <sup>(3)</sup> | 8.9x  |

(1) Adjusted assets represent total assets less securities purchased under agreements to resell and securities borrowed transactions.

(2) Leverage ratio equals total assets divided by shareholders' equity.

(3) Adjusted leverage ratio equals adjusted assets divided by shareholders' equity.

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(6) Current Challenges

There is no significant change in our current challenges or new challenge arose for the three months ended June 30, 2008.

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).

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. Thus, 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, and has already taken measures such as lowering the number of shares in a trading unit, and introducing a quarterly dividend.

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 business value and common benefit to shareholders, and in accordance with the obligations of persons entrusted by shareholders and investors, will take appropriate measures. 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 value of the business and common benefit to shareholders.

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**Item 4. Company Information**

**1. Share Capital Information**

(1) Total Number of Shares

A. Number of Authorized Share Capital

| Type         | Authorized Share Capital<br>(shares) |
|--------------|--------------------------------------|
| Common Stock | 6,000,000,000                        |
| <b>Total</b> | <b>6,000,000,000</b>                 |

B. Issued Shares

| Type         | Number of<br>Issued Shares as of<br>June 30, 2008 | Number of<br>Issued Shares as of<br>August 14, 2008 | Trading Markets   |
|--------------|---|---|---|
| Common Stock | 1,965,919,860                                     | 1,965,919,860                                       | Tokyo Stock Exchange <sup>(*)</sup><br>Osaka Stock Exchange <sup>(*)</sup><br>Nagoya Stock Exchange <sup>(*)</sup><br>Singapore Stock Exchange<br>New York Stock Exchange |
| <b>Total</b> | <b>1,965,919,860</b>                              | <b>1,965,919,860</b>                                |   |

(Notes)

- 1 Shares that may have increased from exercise of stock options between August 1, 2008 and August 14, 2008 are not included in the number of issued shares as of August 14, 2008.
- 2 Listed on the First Section of each stock exchange.

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(2) Stock Options

Stock Acquisition Right

**Resolved by the 98th General Shareholders Meeting on June 26, 2002**

Stock Acquisition Rights No. 1

|   | (As of June 30, 2008)  |
|---|--|
| Number of Stock Acquisition Right   | 1,166 <sup>(*)1</sup>  |
| 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                               | 1,166,000  |
| The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(*)2</sup> | ¥1,788 per share   |
| Exercise Period of the Stock Acquisition Right                                    | From July 1, 2004 to June 30, 2009   |
| Issue Price of Shares and Capital Inclusion                                       | Issue Price of Shares ¥1,788   |
| Price if Shares are Issued upon Exercise of the Stock Acquisition Rights          | Capital Inclusion Price ¥894   |
| Conditions to Exercise of Stock Acquisition Right                                 | <ol style="list-style-type: none"> <li>1. Not to be partial exercise of one stock acquisition right.</li> <br/> <li>2. For a person given Stock Acquisition Right (the Optionee ), to satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(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: <ol style="list-style-type: none"> <li>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</li> </ol> </li> </ol> </li> </ol> |

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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(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.

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.

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

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

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

Stock Acquisition Rights No. 2

|  | (As of June 30, 2008)   |
|--|---|
| Number of Stock Acquisition Right  | 1,230 <sup>(*)</sup>  |
| 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  | 1,230,000   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(*)</sup>                                     | ¥1,614 per share  |
| Exercise Period of the Stock Acquisition Right   | From July 1, 2005 to June 30, 2010  |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1,614<br>Capital Inclusion Price ¥807  |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. Not to be partial exercise of one stock acquisition right.</li> <br/> <li>2. For a person given Stock Acquisition Right (the Optionee ), to satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(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"> <li>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</li> <br/> <li>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.</li> </ol> </li> </ol> </li> </ol> |





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(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.

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.

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

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

Stock Acquisition Rights No. 3

|  | (As of June 30, 2008)   |
|--|---|
| Number of Stock Acquisition Right  | 253 <sup>(*)</sup>  |
| 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  | 253,000   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(*)</sup>                                     | ¥1 per share  |
| Exercise Period of the Stock Acquisition Right   | From June 5, 2006 to June 4, 2011   |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1<br>Capital Inclusion Price ¥1  |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. Not to be partial exercise of one stock acquisition right.</li> <li>2. For a person given Stock Acquisition Right (the Optionee ), to satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(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"> <li>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</li> <li>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.</li> </ol> </li> </ol> </li> </ol> |



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(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.

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.

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

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

Stock Acquisition Rights No. 4

|  | (As of June 30, 2008)   |
|--|---|
| Number of Stock Acquisition Right  | 1,250 <sup>(*)1</sup>   |
| 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  | 1,250,000   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(*)2</sup>                                    | ¥1,602 per share  |
| Exercise Period of the Stock Acquisition Right   | From July 1, 2006 to June 30, 2011  |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1,602<br>Capital Inclusion Price ¥801  |
| 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 arising out of duty, discharge for a compelling business reason, or other similar</p> |

reasons.

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(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.

Approval of the board of directors shall be required for transfer of the stock acquisition rights.

Restriction of Transfer of Stock Acquisition Rights

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.

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

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

Stock Acquisition Rights No. 5

|  | (As of June 30, 2008)   |
|--|---|
| Number of Stock Acquisition Right  | 189 <sup>(*)</sup>  |
| 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  | 189,000   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(*)</sup>                                     | ¥1 per share  |
| Exercise Period of the Stock Acquisition Right   | From April 26, 2007 to April 25, 2012   |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1<br>Capital Inclusion Price ¥1  |
| 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 arising out of duty, discharge for a compelling business reason, or other similar</p> |



reasons.

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(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.

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.

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

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

Stock Acquisition Rights No. 6

|  |   |
|--|---|
|  | <b>(As of June 30, 2008)</b>  |
| Number of Stock Acquisition Right  | 464 <sup>(*)</sup>  |
| 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  | 464,000   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(*)</sup>                                     | ¥1 per share  |
| Exercise Period of the Stock Acquisition Right   | From June 4, 2007 to June 3, 2012   |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1<br>Capital Inclusion Price ¥1  |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. Not to be partial exercise of one stock acquisition right.</li> <br/> <li>2. For a person given Stock Acquisition Right (the Optionee ), to satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(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"> <li>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</li> <br/> <li>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.</li> </ol> </li> </ol> </li> </ol> |



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(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.

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.

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

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

Stock Acquisition Rights No. 7

|  | (As of June 30, 2008)   |
|--|---|
| Number of Stock Acquisition Right  | 430 <sup>(*)</sup>  |
| 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  | 43,000  |
| The Amount to be Paid upon Exercising the Stock Acquisition Right  | ¥1 per share  |
| Exercise Period of the Stock Acquisition Right   | From July 26, 2007 to July 25, 2012   |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1<br>Capital Inclusion Price ¥1  |
| 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 arising out of duty, discharge for a compelling business reason, or other similar</p> |

reasons.

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(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.

Approval of the board of directors shall be required for transfer of the stock acquisition rights.

Restriction of Transfer of Stock Acquisition Rights

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

100 shares will be issued per one stock acquisition right.



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

Stock Acquisition Rights No. 8

|  | (As of June 30, 2008)   |
|--|---|
| Number of Stock Acquisition Right  | 15,263 <sup>(*)1</sup>  |
| 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  | 1,526,300   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(*)2</sup>                                    | ¥1,405 per share  |
| Exercise Period of the Stock Acquisition Right   | From July 1, 2007 to June 30, 2012  |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1,405<br>Capital Inclusion Price ¥703  |
| 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 arising out of duty, discharge for a compelling business reason, or other similar</p> |

reasons.

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(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.

Approval of the board of directors shall be required for transfer of the stock acquisition rights.

Restriction of Transfer of Stock Acquisition Rights

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.

Adjusted Exercise Price = Exercise Price before Adjustment x

1  
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.

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

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

Stock Acquisition Rights No. 9

|  | (As of June 30, 2008)  |
|--|--|
| Number of Stock Acquisition Right  | 9,642(*)   |
| 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  | 964,200  |
| The Amount to be Paid upon Exercising the Stock Acquisition Right  | ¥1 per share   |
| Exercise Period of the Stock Acquisition Right   | From April 25, 2008 to April 24, 2013  |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1<br>Capital Inclusion Price ¥1   |
| 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 arising out of duty, discharge for a compelling business reason, or other similar reasons.</p> |



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(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.

Approval of the board of directors shall be required for transfer of the stock acquisition rights.

Restriction of Transfer of Stock Acquisition Rights

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

Stock Acquisition Rights No. 10

|  | (As of June 30, 2008)   |
|--|---|
| Number of Stock Acquisition Right  | 8,753(*)  |
| 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  | 875,300   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right  | ¥1 per share  |
| Exercise Period of the Stock Acquisition Right   | From June 13, 2008 to June 12, 2013   |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1<br>Capital Inclusion Price ¥1,053  |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. Not to be partial exercise of one stock acquisition right.</li> <li>2. For a person given Stock Acquisition Right (the Optionee ), to satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(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"> <li>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</li> <li>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.</li> </ol> </li> </ol> </li> </ol> |

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(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.

Approval of the board of directors shall be required for transfer of the stock acquisition rights.

Restriction of Transfer of Stock Acquisition Rights

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

Stock Acquisition Rights No. 11

|  | (As of June 30, 2008)   |
|--|---|
| Number of Stock Acquisition Right  | 18,040 <sup>(*1)</sup>  |
| 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  | 1,804,000   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(*2)</sup>                                    | ¥2,194 per share  |
| Exercise Period of the Stock Acquisition Right   | From July 7, 2008 to July 6, 2013   |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥2,194<br>Capital Inclusion Price ¥1,340  |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. Each stock acquisition right may not be exercised partly.</li> <li>2. The Optionee must satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(1) The Optionee maintains the position of 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 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 position as a result of the following situations: <ol style="list-style-type: none"> <li>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</li> <li>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.</li> </ol> </li> </ol> </li> </ol> |

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(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 the 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.

Substituted Payment

Issue of the Stock Acquisition Right Attendant on the Reorganization

(Note)

1. 100 shares will be issued per one stock acquisition right.
2. In the event that the common stock is split or the common stock is consolidated after the grant 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 resulting from the adjustment shall be rounded up to the nearest yen.

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

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.

$$= \frac{\text{Number of Outstanding Shares} + \text{Number of Newly Issued Shares and/or}}{\text{Number of Outstanding Shares}}$$

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| Adjusted<br>Exercise<br>Price | Exercise Price<br>before<br>Adjustment | Shares of Common Stock of the Company Disposed of<br>x<br><br>Paid-in Amount Per Share and/or<br>Disposal Value per Share<br>Market Price per Share |
|-------------------------------|--|---|
|-------------------------------|--|---|

Number of (Outstanding + Newly Issued Shares)

37

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

Stock Acquisition Rights No. 12

|  | (As of June 30, 2008)  |
|--|--|
| Number of Stock Acquisition Right  | 160 <sup>(*)</sup>   |
| 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  | 16,000   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right  | ¥1 per share   |
| Exercise Period of the Stock Acquisition Right   | From October 11, 2008 to October 10, 2013  |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1<br>Capital Inclusion Price ¥1,105   |
| 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 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 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, or other similar reasons.</p> |



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(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.

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

Restriction of Transfer of Stock Acquisition Rights

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

Stock Acquisition Rights No. 13

|  | (As of June 30, 2008)  |
|--|--|
| Number of Stock Acquisition Right  | 40,621 <sup>(*)</sup>  |
| 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  | 4,062,100  |
| The Amount to be Paid upon Exercising the Stock Acquisition Right  | ¥1 per share   |
| Exercise Period of the Stock Acquisition Right   | From April 26, 2009 to April 25, 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<br>Capital Inclusion Price ¥1,165   |
| 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 of 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 Subsidiaries 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</p> |

b) Regarding an Optionee posted as an employee of the Company or a domestic Subsidiary (including a person who also 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 attainment of retirement age, 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



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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 as 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

(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.

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

Restriction of Transfer of Stock Acquisition Rights

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

Stock Acquisition Rights No. 14

|  | (As of June 30, 2008)  |
|--|--|
| Number of Stock Acquisition Right  | 12,039 <sup>(*)</sup>  |
| 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  | 1,203,900  |
| The Amount to be Paid upon Exercising the Stock Acquisition Right  | ¥1 per share   |
| Exercise Period of the Stock Acquisition Right   | From June 22, 2009 to June 21, 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<br>Capital Inclusion Price ¥1,278   |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. No Stock Acquisition Right may be exercised partially.</li> <li>2. The Optionee must satisfy all of the following conditions:               <ol style="list-style-type: none"> <li>(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:                   <ol style="list-style-type: none"> <li>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 Subsidiaries 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</li> <li>b) Regarding an Optionee posted as an employee of the Company or a domestic Subsidiary (including a person who also 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 attainment of retirement age, 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</li> </ol> </li> </ol> </li> </ol> |



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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 as 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

(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.

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

Restriction of Transfer of Stock Acquisition Rights

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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Stock Acquisition Rights No. 15

|  | (As of June 30, 2008)  |
|--|--|
| Number of Stock Acquisition Right  | 1,130 <sup>(*1)</sup>  |
| 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  | 113,000  |
| The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(* 2)</sup>                                   | ¥2,374 per share   |
| Exercise Period of the Stock Acquisition Right   | From August 2, 2009 to August 1, 2014  |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥2,374<br>Capital Inclusion Price ¥1,436   |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. No Stock Acquisition Right may be exercised partially.</li> <li>2. The Grantee must satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(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: <ol style="list-style-type: none"> <li>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</li> </ol> </li> </ol> </li> </ol> |

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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.

(2) A Grantee does not fall within either of the following cases at the time of exercising the stock acquisition rights.

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

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

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.

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

Restriction of Transfer of Stock Acquisition Rights

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

1. 100 shares will be issued per one stock acquisition right.

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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.

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

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

Stock Acquisition Rights No. 16

|  | (As of June 30, 2008)   |
|--|---|
| Number of Stock Acquisition Right  | 18,880 <sup>(*1)</sup>  |
| 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  | 1,888,000   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(* 2)</sup>                                   | ¥2,374 per share  |
| Exercise Period of the Stock Acquisition Right   | From August 2, 2009 to August 1, 2014   |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥2,374<br>Capital Inclusion Price ¥1,436  |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. No Stock Acquisition Right may be exercised partially.</li> <li>2. The Grantee must satisfy all of the following conditions:               <ol style="list-style-type: none"> <li>(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:                   <ol style="list-style-type: none"> <li>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</li> </ol> </li> </ol> </li> </ol> |



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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.

(2) A Grantee does not fall within either of the following cases at the time of exercising the stock acquisition rights.

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

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

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.

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

Restriction of Transfer of Stock Acquisition Rights

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

1. 100 shares will be issued per one stock acquisition right.



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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.

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

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

Stock Acquisition Rights No. 17

|  | (As of June 30, 2008)   |
|--|---|
| Number of Stock Acquisition Right  | 25,673 <sup>(*)</sup>   |
| 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  | 2,567,300   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right  | ¥1 per share  |
| Exercise Period of the Stock Acquisition Right   | From August 2, 2009 to August 1, 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<br>Capital Inclusion Price ¥1,105  |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. No Stock Acquisition Right may be exercised partially.</li> <li>2. The Grantee must satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(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: <ol style="list-style-type: none"> <li>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</li> </ol> </li> </ol> </li> </ol> |

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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.

(2) A Grantee does not fall within either of the following cases at the commencement of the exercise period.

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

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

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.

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

Restriction of Transfer of Stock Acquisition Rights

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

100 shares will be issued per one stock acquisition right.

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

Stock Acquisition Rights No. 18

|  |   |
|--|---|
|  | <b>(As of June 30, 2008)</b>  |
| Number of Stock Acquisition Right  | 2,074 <sup>(*)</sup>  |
| 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  | 207,400   |
| 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<br>Capital Inclusion Price ¥972  |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. No Stock Acquisition Right may be exercised partially.</li> <li>2. The Grantee must satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(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: <ol style="list-style-type: none"> <li>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</li> </ol> </li> </ol> </li> </ol> |

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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.

(2) A Grantee does not fall within either of the following cases at the commencement of the exercise period.

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

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

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.

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

Restriction of Transfer of Stock Acquisition Rights

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

100 shares will be issued per one stock acquisition right.

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

Stock Acquisition Rights No. 19

|  | (As of June 30, 2008)   |
|--|---|
| Number of Stock Acquisition Right  | 65,680 <sup>(*)</sup>   |
| 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  | 6,568,000   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(*)</sup>                                     | ¥1 per share  |
| Exercise Period of the Stock Acquisition Right   | From April 24, 2010 to April 23, 2015   |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1<br>Capital Inclusion Price ¥806  |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. No Stock Acquisition Right may be exercised partially.</li> <li>2. The Grantee must satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(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: <ol style="list-style-type: none"> <li>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</li> </ol> </li> </ol> </li> </ol> |



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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.

(2) A Grantee does not fall within either of the following cases at the commencement of the exercise period.

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

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

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.

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

Restriction of Transfer of Stock Acquisition Rights

Substituted Payment

Issue of Stock Acquisition Right Attendant on Reorganization

(Note)

100 shares will be issued per one stock acquisition right.

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Stock Acquisition Rights No. 20

|  |   |
|--|---|
|  | <b>(As of June 30, 2008)</b>  |
| Number of Stock Acquisition Right  | 1,523 <sup>(*)</sup>  |
| 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  | 152,300   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right  | ¥1 per share  |
| Exercise Period of the Stock Acquisition Right   | From June 24, 2010 to June 23, 2015   |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1<br>Capital Inclusion Price ¥819  |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. No Stock Acquisition Right may be exercised partially.</li> <br/> <li>2. The Grantee must satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(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: <ol style="list-style-type: none"> <li>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</li> </ol> </li> </ol> </li> </ol> |

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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.

(2) A Grantee does not fall within either of the following cases at the commencement of the exercise period.

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

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

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.

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

Restriction of Transfer of Stock Acquisition Rights

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

100 shares will be issued per one stock acquisition right.



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

Stock Acquisition Rights No. 21

|  |   |
|--|---|
|  | <b>(As of June 30, 2008)</b>  |
| Number of Stock Acquisition Right  | 7,777 <sup>(*)</sup>  |
| 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  | 777,700   |
| The Amount to be Paid upon Exercising the Stock Acquisition Right  | ¥1 per share  |
| Exercise Period of the Stock Acquisition Right   | From June 24, 2010 to June 23, 2015   |
| Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights | Issue Price of Shares ¥1<br>Capital Inclusion Price ¥819  |
| Conditions to Exercise of Stock Acquisition Right  | <ol style="list-style-type: none"> <li>1. No Stock Acquisition Right may be exercised partially.</li> <br/> <li>2. The Grantee must satisfy all of the following conditions: <ol style="list-style-type: none"> <li>(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: <ol style="list-style-type: none"> <li>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</li> </ol> </li> </ol> </li> </ol> |

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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.

(2) A Grantee does not fall within either of the following cases at the commencement of the exercise period.

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

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

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.

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

Restriction of Transfer of Stock Acquisition Rights

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

(Notes)

100 shares will be issued per one stock acquisition right.



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(3) Rights plan

None

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

| Date                   | Increase/Decrease of<br>Issued Shares | Total<br>Issued Shares | Increase/Decrease of                     |  | Increase/Decrease of                            |   |
|------------------------|---------------------------------------|------------------------|--|--|---|---|
|                        |                                       |                        | Shareholders<br>Equity<br>(thousand Yen) | Shareholders<br>Equity<br>(thousand Yen) | Additional<br>paid-in capital<br>(thousand Yen) | Additional<br>paid-in capital<br>(thousand Yen) |
| June 30, 2008          |                                       | 1,965,919,860          |  | 182,799,789                              |   | 112,504,265                                     |
| (5) Major Shareholders |                                       |                        |  |  |   |   |

As of June 30, 2008, Trust & Custody Services Bank, Ltd. (Investment Trust Account) and The Sumitomo Trust and Banking Co., Ltd. (Trust Account B) are not Major Shareholders, which were Major Shareholders as of March 31, 2008. The Chase Manhattan Bank N.A. London S.L. Omnibus Account and OD05 Omnibus China Treaty 808150 (See below table) are one of the Major Shareholders as of June 30, 2008.

| Name   | Address  | Shares Held<br>(thousand<br>shares) | Percentage of<br>Issued Shares<br>(%) |
|--|--|-------------------------------------|---------------------------------------|
| The Chase Manhattan Bank N.A. London S.L.<br>Omnibus Account | Woolgate House, Coleman Street, London,<br>England | 22,637                              | 1.15                                  |
| OD05 Omnibus China Treaty 808150                             | 338 Pitt Street, Sydney, NSW<br>Australia          | 19,322                              | 0.98                                  |

Fidelity Investments Japan Limited and their group company ( Fidelity Group ) submitted Major Shareholding Report (Change report) on June 4, 2008, and reported that they have shares of the Company as of May 30, 2008. (See below table) However, the Company could not confirm the number of Fidelity Group 's holding shares as of June 30, 2008.

| Name                               | Address  | Shares Held<br>(thousand<br>shares) | Percentage of<br>Issued Shares<br>(%) |
|------------------------------------|--|-------------------------------------|---------------------------------------|
| Fidelity Investments Japan Limited | 4-3-1, Toranomom, Minato-Ku, Tokyo<br>Japan            | 70,113                              | 3.56                                  |
| FMR LLC                            | 82 Devonshire Street, Boston, Massachusetts,<br>U.S.A. | 49,902                              | 2.54                                  |
| <b>Total</b>                       |  | <b>120,016</b>                      | <b>6.10</b>                           |



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Barclays Global Investors Japan Limited and their 3 group companies ( BGI Group ) submitted Major Shareholding Report (Change report) on June 16, 2008, and reported that they have shares of the Company as of June 9, 2008. (See below table) However, the Company could not confirm the number of BGI Group s holding shares as of June 30, 2008.

| Name                                    | Address                                       | Shares Held<br>(thousand<br>shares) | Percentage of<br>Issued Shares<br>(%) |
|---|---|-------------------------------------|---------------------------------------|
| Barclays Global Investors Japan Limited | 1-1-39, Hiroo, Shibuya-Ku, Tokyo              |                                     |                                       |
|   | Japan   | 28,399                              | 1.44                                  |
| Barclays Global Investors, N.A.         | 45 Fremont Street, San Francisco, California, |                                     |                                       |
|   | U.S.A.  | 27,325                              | 1.39                                  |
| Barclays Global Fund Advisors           | 45 Fremont Street, San Francisco, California, |                                     |                                       |
|   | U.S.A.  | 12,503                              | 0.64                                  |
| Barclays Global Investors Ltd           | 1 Royal Mint Court, London,                   |                                     |                                       |
|   | England                                       | 17,989                              | 0.92                                  |
| <b>Total</b>                            |   | <b>86,216</b>                       | <b>4.39</b>                           |

Following table shows Major Shareholders as of June 30, 2008.

| Name   | Address                                  | As of June 30, 2008<br>Shares Held<br>(thousand<br>shares) | Percentage of<br>Issued Shares<br>(%) |
|--|--|--|---------------------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 2-11-3, Hamamatsu-cho, Minato-Ku, Tokyo, |  |                                       |
|  | Japan                                    | 116,977  | 5.95                                  |
| Japan Trustee Services Bank, Ltd. (Trust Account)    | 1-8-11, Harumi, Chuo-Ku, Tokyo,          |  |                                       |
|  | Japan                                    | 114,849  | 5.84                                  |
| State Street Bank and Trust Company                  | 225 Frank Street, Boston, Massachusetts, |  |                                       |
|  | U.S.A.                                   | 73,725   | 3.75                                  |
| Hero and Company                                     | c/o Bank of New York                     |  |                                       |
|  | 101 Barclays Street, New York, New York, |  |                                       |
|  | U.S.A.                                   | 50,726   | 2.58                                  |
| State Street Bank and Trust Company 505103           | 225 Frank Street, Boston, Massachusetts, |  |                                       |
|  | U.S.A.                                   | 40,043   | 2.04                                  |
| Japan Trustee Services Bank, Ltd. (Trust Account 4)  | 1-8-11, Harumi, Chuo-Ku, Tokyo,          |  |                                       |
|  | Japan                                    | 30,110   | 1.53                                  |
| The Chase Manhattan Bank N.A. London S.L.            | Woolgate House, Coleman Street, London,  |  |                                       |
| Omnibus Account                                      | England                                  | 22,637   | 1.15                                  |

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|                                  |  |                |              |
|----------------------------------|--|----------------|--------------|
| The Chase Manhattan Bank 385036  | 360 North Crescent Drive, Beverly Hills, |                |              |
|                                  | California, U.S.A.                       | 22,216         | 1.13         |
| OD05 Omnibus China Treaty 808150 | 338 Pitt Street, Sydney, NSW             |                |              |
|                                  | Australia                                | 19,322         | 0.98         |
| Nippon Life Insurance Company    | 1-6-6, Marunouchi, Chiyoda-Ku, Tokyo,    |                |              |
|                                  | Japan                                    | 19,007         | 0.97         |
| <b>Total</b>                     |  | <b>509,612</b> | <b>25.92</b> |

(Note)

The Company has 56,151 thousand shares of treasury stock as of June 30, 2008 which is not included in the Major Shareholders list above.

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## (6) Voting Rights

## A. Outstanding Shares

|   | Number of Shares           | As of June 30, 2008<br>Number of Votes | 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 56,150,500    |  |   |
|   | (Crossholding Stocks)      |  |   |
|   | Common stock 3,000,000     |  |   |
| Stock with full voting right (Others)                   | Common stock 1,904,712,800 | 19,046,247                             |   |
| Shares less than 1 unit                                 | Common stock 2,056,560     |  | Shares less than 1 unit<br>(100 shares) |
| Total Shares Issued                                     | 1,965,919,860              |  |   |
| Voting Rights of Total Shareholders                     |                            | 19,046,247                             |   |

## (Note)

85,100 shares held by Japan Securities Depository Center, Inc. are included in Stock with full voting right (Others). 85 treasury stocks are included in Shares less than 1 unit.

## B. Treasury Stocks

| Name                            | Address  | As of June 30, 2008  |                        |            | Percentage of Issued Shares (%) |
|---------------------------------|--|----------------------|------------------------|------------|---------------------------------|
|                                 |  | Directly held shares | Indirectly held shares | Total      |                                 |
| <b>(Treasury Stocks)</b>        |  |                      |                        |            |                                 |
| Nomura Holdings, Inc.           | 1-9-1, Nihonbashi, Chuo-Ku,<br>Tokyo, Japan    | 56,150,500           |                        | 56,150,500 | 2.86                            |
| <b>(Crossholding Stocks)</b>    |  |                      |                        |            |                                 |
| JAFCO Co., Ltd.                 | 1-8-2, Marunouchi, Chiyoda-Ku,<br>Tokyo, Japan | 2,000,000            |                        | 2,000,000  | 0.10                            |
| Nomura Research Institute, Ltd. | 1-6-5, Marunouchi, Chiyoda-Ku,<br>Tokyo, Japan | 1,000,000            |                        | 1,000,000  | 0.05                            |

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|       |            |            |      |
|-------|------------|------------|------|
| Total | 59,150,500 | 59,150,500 | 3.01 |
|-------|------------|------------|------|

(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. Stock Price History

Highs and Lows

| Month      | April, 2008 | May, 2008 | June, 2008 |
|------------|-------------|-----------|------------|
| High (Yen) | 1,848       | 1,907     | 1,918      |
| Low (Yen)  | 1,475       | 1,683     | 1,565      |

(Note) Prices on the first section of Tokyo Stock Exchange

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**Item 5. Financial Information**

1 Preparation Method of Consolidated Financial Statements

- (1) Pursuant to Section 93 of Regulations Concerning the Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64, 2007), the consolidated financial statements have been prepared in accordance with accounting principles which are required in order to issue American Depositary Shares, i.e., the accounting principles generally accepted in the United States of America.
  
- (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).

2 Quarterly Review Certificate

Under articles No.193-2 Section 1 of the Financial Instruments and Exchange Act, Ernst & Young ShinNihon LLC performed quarterly review of the consolidated financial statements for the current period (from April 1, 2008 to June 30, 2008).

Ernst & Young ShinNihon changed its name to Ernst & Young ShinNihon LLC due to the change of status on July 1, 2008.

**Table of Contents****1 Consolidated Financial Statements**

## (1) Consolidated Balance Sheets (UNAUDITED)

|  | Notes | Millions of yen  |       |                   |       |
|--|-------|------------------|-------|-------------------|-------|
|  |       | June 30,<br>2008 | (%)   | March 31,<br>2008 | (%)   |
| <b>ASSETS</b>  |       |                  |       |                   |       |
| Cash and cash deposits:  |       |                  |       |                   |       |
| Cash and cash equivalents  |       | 603,846          |       | 507,236           |       |
| Time deposits  |       | 830,157          |       | 758,130           |       |
| Deposits with stock exchanges and other segregated cash  |       | 143,966          |       | 168,701           |       |
|  |       | 1,577,969        | 6.1   | 1,434,067         | 5.5   |
| Loans and receivables:   |       |                  |       |                   |       |
| Loans receivable (including ¥41,050 million measured at fair value in accordance with SFAS 159 at June 30, 2008)   |       |                  |       |                   |       |
|  | *3    | 896,948          |       | 784,262           |       |
| Receivables from customers   |       | 38,004           |       | 43,623            |       |
| Receivables from other than customers  |       | 438,805          |       | 1,045,541         |       |
| Allowance for doubtful accounts  |       | (2,139)          |       | (1,399)           |       |
|  |       | 1,371,618        | 5.3   | 1,872,027         | 7.1   |
| Collateralized agreements:   |       |                  |       |                   |       |
| Securities purchased under agreements to resell  |       | 2,414,386        |       | 3,233,200         |       |
| Securities borrowed  |       | 6,281,857        |       | 7,158,167         |       |
|  |       | 8,696,243        | 33.4  | 10,391,367        | 39.5  |
| Trading assets and private equity investments:   |       |                  |       |                   |       |
| Trading assets (including securities pledged as collateral of ¥5,326,856 million at June 30, 2008 and ¥3,140,923 million at March 31, 2008)  |       |                  |       |                   |       |
|  | *3    | 12,153,453       |       | 10,325,760        |       |
| Private equity investments (including ¥62,257 million measured at fair value in accordance with SFAS 159 at June 30, 2008)   |       |                  |       |                   |       |
|  | *3    | 393,561          |       | 330,745           |       |
|  |       | 12,547,014       | 48.3  | 10,656,505        | 40.5  |
| Other assets:  |       |                  |       |                   |       |
| Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥250,304 million at June 30, 2008 and ¥260,910 million at March 31, 2008)  |       |                  |       |                   |       |
|  |       | 385,954          |       | 389,151           |       |
| Non-trading debt securities  | *3    | 274,383          |       | 246,108           |       |
| Investments in equity securities   | *3    | 141,914          |       | 139,330           |       |
| Investments in and advances to affiliated companies (including securities pledged as collateral of ¥NIL million at June 30, 2008 and ¥3,361 million at March 31, 2008 and ¥16,015 million measured at fair value in accordance with SFAS 159 at June 30, 2008) |       |                  |       |                   |       |
|  | *3    | 347,222          |       | 361,334           |       |
| Other  | *5    | 653,544          |       | 808,909           |       |
|  |       | 1,803,017        | 6.9   | 1,944,832         | 7.4   |
| Total assets   |       | 25,995,861       | 100.0 | 26,298,798        | 100.0 |



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|  | Notes | Millions of yen  |       |                   |       |
|--|-------|------------------|-------|-------------------|-------|
|  |       | June 30,<br>2008 | (%)   | March 31,<br>2008 | (%)   |
| <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>   |       |                  |       |                   |       |
| Short-term borrowings (including ¥17,981 million measured at fair value in accordance with SFAS 155 and SFAS 159 at June 30, 2008 and ¥3,245 million measured at fair value in accordance with SFAS 155 at March 31, 2008) | *3    | 1,449,732        | 5.6   | 1,426,266         | 5.4   |
| Payables and deposits:   |       |                  |       |                   |       |
| Payables to customers  |       | 342,075          |       | 396,629           |       |
| Payables to other than customers   |       | 450,341          |       | 569,294           |       |
| Deposits received at banks   |       | 518,597          |       | 362,775           |       |
|  |       | 1,311,013        | 5.0   | 1,328,698         | 5.0   |
| Collateralized financing:  |       |                  |       |                   |       |
| Securities sold under agreements to repurchase   |       | 4,871,410        |       | 4,298,872         |       |
| Securities loaned  |       | 3,840,495        |       | 3,753,730         |       |
| Other secured borrowings   |       | 879,686          |       | 2,488,129         |       |
|  |       | 9,591,591        | 36.9  | 10,540,731        | 40.1  |
| Trading liabilities  | *3    | 5,482,841        | 21.1  | 5,154,369         | 19.6  |
| Other liabilities  | *5    | 442,930          | 1.7   | 636,184           | 2.4   |
| Long-term borrowings (including fair value of 880,562 million under SFAS 155 and SFAS 159 at June 30, 2008 and fair value of ¥110,081 million under SFAS 155 at March 31, 2008)  | *3    | 5,772,531        | 22.2  | 5,224,426         | 19.9  |
| Total liabilities  |       | 24,050,638       | 92.5  | 24,310,674        | 92.4  |
| Commitments and contingencies *9   |       |                  |       |                   |       |
| Shareholders equity:   |       |                  |       |                   |       |
| Common stock   |       |                  |       |                   |       |
| No par value share;  |       |                  |       |                   |       |
| Authorized 6,000,000,000 shares at June 30, 2008 and March 31, 2008  |       |                  |       |                   |       |
| Issued 1,965,919,860 shares at June 30, 2008 and March 31, 2008  |       |                  |       |                   |       |
| Outstanding 1,908,596,080 shares at June 30, 2008 and 1,906,885,059 shares at March 31, 2008   |       |                  |       |                   |       |
|  |       | 182,800          | 0.7   | 182,800           | 0.7   |
| Additional paid-in capital   |       | 179,084          | 0.7   | 177,227           | 0.7   |
| Retained earnings  |       | 1,702,609        | 6.6   | 1,779,783         | 6.8   |
| Accumulated other comprehensive loss   |       | (40,986)         | (0.2) | (71,111)          | (0.3) |
|  |       | 2,023,507        | 7.8   | 2,068,699         | 7.9   |
| Common stock held in treasury, at cost 57,323,780 shares and 59,034,801 shares at June 30, 2008 and March 31, 2008, respectively   |       | (78,284)         | (0.3) | (80,575)          | (0.3) |
| Total shareholders equity  |       | 1,945,223        | 7.5   | 1,988,124         | 7.6   |
| Total liabilities and shareholders equity  |       | 25,995,861       | 100.0 | 26,298,798        | 100.0 |

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



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## (2) Consolidated Statements of Operations (UNAUDITED)

|   | Notes | Millions of yen<br>Three months ended<br>June 30, 2008 | (%)           |
|---|-------|--|---------------|
| <b>Revenue:</b>                             |       |  |               |
| Commissions                                 |       | 82,198   |               |
| Fees from investment banking                |       | 13,407   |               |
| Asset management and portfolio service fees |       | 42,779   |               |
| Net gain on trading                         |       | 10,515   |               |
| Loss on private equity investments          | *3    | (37,663)   |               |
| Interest and dividends                      |       | 117,957  |               |
| Gain on investments in equity securities    |       | 964  |               |
| Other                                       |       | 27,719   |               |
| <b>Total revenue</b>                        |       | <b>257,876</b>   | <b>100.0</b>  |
| Interest expense                            |       | 122,789  | 47.6          |
| <b>Net revenue</b>                          |       | <b>135,087</b>   | <b>52.4</b>   |
| <b>Non-interest expenses:</b>               |       |  |               |
| Compensation and benefits                   |       | 87,910   |               |
| Commissions and floor brokerage             |       | 18,634   |               |
| Information processing and communications   |       | 33,359   |               |
| Occupancy and related depreciation          |       | 15,868   |               |
| Business development expenses               |       | 7,032  |               |
| Other                                       |       | 56,548   |               |
|   |       | 219,351  | 85.1          |
| <b>Loss before income taxes</b>             |       | <b>(84,264)</b>  | <b>(32.7)</b> |
| Income tax expense                          | *8    | (7,672)  | (3.0)         |
| <b>Net Loss</b>                             |       | <b>(76,592)</b>  | <b>(29.7)</b> |

|                                   | Notes | Yen<br>Three months ended<br>June 30, 2008 |
|-----------------------------------|-------|--|
| <b>Per share of common stock:</b> |       |  |
| Basic                             | *6    |  |
| Net Loss                          |       | (40.14)                                    |
| Diluted                           |       |  |
| Net Loss                          |       | (40.18)                                    |

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

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## (3) Consolidated Statements of Changes in Shareholders' Equity (UNAUDITED)

|  | <b>Millions of yen</b>    |
|--|---------------------------|
|  | <b>Three months ended</b> |
|  | <b>June 30, 2008</b>      |
| <b>Common Stock</b>                            |                           |
| Balance at beginning of year                   | 182,800                   |
| Balance at end of the period                   | 182,800                   |
| <b>Additional paid-in capital</b>              |                           |
| Balance at beginning of year                   | 177,227                   |
| Gain on sales of treasury stock                | 1,830                     |
| Issuance and exercise of common stock options  | 27                        |
| Balance at end of the period                   | 179,084                   |
| <b>Retained earnings</b>                       |                           |
| Balance at beginning of year                   | 1,779,783                 |
| Net loss                                       | (76,592)                  |
| Cash dividends(*)                              | (16,223)                  |
| Adjustments to initially apply SFAS 157        | 10,383                    |
| Adjustments to initially apply SFAS 159        | 5,258                     |
| Balance at end of the period                   | 1,702,609                 |
| <b>Accumulated other comprehensive income:</b> |                           |
| <b>Cumulative translation adjustments</b>      |                           |
| Balance at beginning of year                   | (28,416)                  |
| Net change during the period                   | 30,277                    |
| Balance at end of the period                   | 1,861                     |
| <b>Defined benefit pension plans</b>           |                           |
| Balance at beginning of year                   | (42,695)                  |
| Pension liability adjustment                   | (152)                     |
| Balance at end of the period                   | (42,847)                  |
| <b>Balance at end of the period</b>            | <b>(40,986)</b>           |
| <b>Common stock held in treasury</b>           |                           |
| Balance at beginning of year                   | (80,575)                  |
| Repurchases of common stock                    | (28)                      |
| Sales of common stock                          | 6                         |
| Common stock issued to employees               | 2,365                     |
| Other net change in treasury stock             | (52)                      |
| Balance at end of the period                   | (78,284)                  |
| <b>Total shareholders' equity</b>              | <b>1,945,223</b>          |

(\*) Dividends per share 8.50 yen

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

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## (4) Consolidated Statements of Comprehensive Income (UNAUDITED)

|  | <b>Millions of yen</b>    |
|--|---------------------------|
|  | <b>Three months ended</b> |
|  | <b>June 30, 2008</b>      |
| Net loss   | (76,592)                  |
| Other comprehensive income (loss):                       |                           |
| Change in cumulative translation adjustments, net of tax | 30,277                    |
| Defined benefit pension plans:                           |                           |
| Pension liability adjustment                             | (225)                     |
| Deferred income taxes                                    | 73                        |
| <b>Total</b>   | <b>(152)</b>              |
| Total other comprehensive income (loss)                  | 30,125                    |
| <b>Comprehensive loss</b>                                | <b>(46,467)</b>           |

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

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## (5) Consolidated Statements of Cash Flows (UNAUDITED)

|  | Notes | Millions of yen<br>Three months ended<br>June 30, 2008 |
|--|-------|--|
| <b>Cash flows from operating activities:</b>   |       |  |
| Net loss   |       | (76,592)   |
| Adjustments to reconcile net loss to net cash used in operating activities:                            |       |  |
| Depreciation and amortization  |       | 16,771   |
| Gain on investments in equity securities   |       | (964)  |
| Deferred income taxes  |       | (9,418)  |
| Changes in operating assets and liabilities:   |       |  |
| Time deposits  |       | (25,024)   |
| Deposits with stock exchanges and other segregated cash  |       | 29,871   |
| Trading assets and private equity investments  |       | (1,880,424)  |
| Trading liabilities  |       | 681,184  |
| Securities purchased under agreements to resell, net of securities sold under agreements to repurchase |       | 1,310,901  |
| Securities borrowed, net of securities loaned  |       | 984,445  |
| Other secured borrowings   |       | (1,608,444)  |
| Loans and receivables, net of allowance for doubtful accounts  |       | 75,259   |
| Payables   |       | 94,325   |
| Accrued income taxes, net  |       | (57,516)   |
| Other, net   |       | (3)  |
| Net cash used in operating activities  |       | (465,629)  |
| <b>Cash flows from investing activities:</b>   |       |  |
| Payments for purchases of office buildings, land, equipment and facilities                             |       | (9,790)  |
| Proceeds from sales of office buildings, land, equipment and facilities                                |       | 17   |
| Payments for purchases of investments in equity securities   |       | (30)   |
| Proceeds from sales of investments in equity securities  |       | 359  |
| Increase in loans receivable at banks, net   |       | (1,948)  |
| Increase in non-trading debt securities, net   |       | (27,763)   |
| Other, net   |       | (31)   |
| Net cash used in investing activities  |       | (39,186)   |
| <b>Cash flows from financing activities:</b>   |       |  |
| Increase in long-term borrowings   |       | 820,370  |
| Decrease in long-term borrowings   |       | (364,173)  |
| Increase in short-term borrowings, net   |       | 724  |
| Increase in deposits received at banks, net  |       | 138,288  |
| Proceeds from sales of common stock  |       | 31   |
| Payments for repurchases of common stock   |       | (28)   |
| Payments for cash dividends  |       | (16,218)   |
| Net cash provided by financing activities  |       | 578,994  |
| Effect of exchange rate changes on cash and cash equivalents   |       | 22,431   |
| Net increase in cash and cash equivalents  |       | 96,610   |
| Cash and cash equivalents at beginning of the period   |       | 507,236  |
| Cash and cash equivalents at end of the period   |       | 603,846  |

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Supplemental information:

|                                 |         |
|---------------------------------|---------|
| Cash paid during the period for |         |
| Interest                        | 146,052 |
| Income tax payments, net        | 59,262  |

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

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[Notes to the Consolidated Financial Statements (UNAUDITED)]

**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 the Article 93 of Regulations Concerning the Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64, 2007), the consolidated financial statement for the three months ended June 30, 2008 has 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 the Company and its consolidated entities (Nomura) adopt and accounting principles generally accepted in Japan (Japanese GAAP), and where the significant differences exist, the amount of effect to income before income taxes pursuant 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 and under Financial Accounting Standards Board (FASB) Interpretation No. 46, *Consolidation of Variable Interest Entities* as revised (FIN 46-R) in 2003. Under Japanese GAAP, the scope of consolidation is primarily determined by both ownership level of voting interest and Financial controlling model, that is a 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, investments in equity securities are measured at fair value with changes in fair value recognized in the consolidated statements of operations. Under Japanese GAAP, unrealized gains and losses on investments in equity securities, net of applicable income taxes, are reported in a separate component of shareholders' equity. Therefore, under Japanese GAAP, the difference has an impact of ¥673 million (profit) on loss before income taxes for the three months ended June 30, 2008.

**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 measured at fair value with changes in fair value recognized in the consolidated statements of operations. Under Japanese GAAP, unrealized gains and losses on non-trading debt securities, net of applicable income taxes, are reported in a separate component of shareholders' equity.

**Retirement and severance benefit**

Under U.S. GAAP, 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 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.

**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 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, under Japanese GAAP, the difference has an impact of ¥2,621 million (loss) on loss before income taxes for the three months ended June 30, 2008.

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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 statements of operations 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 shareholder's equity.

### **Fair value for financial assets and financial liabilities**

Under U.S. GAAP, it is allowed to choose measuring at fair value eligible financial assets and liabilities which shall be ordinarily measured at cost (the fair value option). If an entity elects the fair value option, changes in the fair value in subsequent reporting periods must be recognized through earnings. Under Japanese GAAP, the fair value option is not permitted. Therefore, under Japanese GAAP, the difference has an impact of ¥5,099 million (profit) on loss before income taxes for the three months ended June 30, 2008. In addition, non-marketable securities which are valued at fair value in the consolidated financial statements shall be valued at cost except in case of impairment loss recognition under Japanese GAAP.

### **Offsetting of amounts related to certain contracts**

Under U.S. GAAP, an entity shall offset the fair value amounts recognized for derivative instruments with the same counterparty under a master netting arrangement and fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) arising from the derivative instruments. Under Japanese GAAP, the accounting treatment mentioned is not permitted.

### **Minority interest**

Under Japanese GAAP, minority interest is included in shareholders' equity. Under U.S. GAAP, it is not allowed to include minority interest in shareholder's equity. Minority interest is classified within Long-term liabilities in our balance sheet and presented separately in the note to the financial statements.

## **2. Changes in accounting policies and new accounting pronouncements:**

### **Changes in accounting policies**

#### *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 a financial asset or financial 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 a reporting entity to consider its own credit rating when valuing liabilities carried at fair value.

In February 2008, the FASB issued Staff Position No. 157-2, *Effective Date of FASB Statement No. 157* ( FSP SFAS 157-2 ) which delays the effective date of SFAS 157 for all non financial assets and non financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of the FSP.

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The remainder of SFAS 157 relating to financial assets and financial liabilities is effective for fiscal years beginning after November 15, 2007. As permitted by FSP SFAS 157-2, Nomura adopted SFAS 157 on April 1, 2008 for financial assets and financial liabilities only and does not apply the provisions of SFAS 157 to certain non financial assets and liabilities not carried at fair value on a recurring basis, including:

Non financial assets and non financial liabilities acquired in a business combination but not measured at fair value on a recurring basis;

Goodwill and other intangible assets;

Long-lived non financial assets.

The requirements of SFAS 157 are generally applied prospectively to financial instruments apart from derivatives which have been accounted for in accordance with EITF 02-03, hybrid financial instruments that are currently measured at fair value in their entirety and whose inception profit has been deferred under SFAS No. 155, *Accounting for Certain hybrid Financial Instruments, an amendment of FASB statements No. 133 and 140* ( SFAS 155 ) and certain investments which have block discounts applied to them. The impact of adjusting the fair value of these financial instruments in accordance with SFAS 157 was recorded as a cumulative-effect adjustment to opening retained earnings, and it was an increase of ¥10,383 million after-tax.

Fair value hierarchy under SFAS 157 is as follows:

Level 1:

Quoted prices (unadjusted) in active markets for identical assets or liabilities that Nomura has ability to access at the measurement date are classified as Level 1. Examples are listed stocks at Tokyo Stock Exchange 1st section and Japanese government bonds.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly are classified as Level 2. If the asset or liability has a specified (contractual or redemption) term, a Level 2 input must be observable for substantially the full term (contractual life) of the asset or liability. An example is an interest rate swap contract between short-term floating interest rate and fixed interest rate.

Level 3:

Financial assets and financial liabilities whose values are based on unobservable inputs in markets are classified as Level 3. Unobservable inputs are based on the reporting entity's own assumptions that other market participants would consider (including assumptions about risk) under the best information available in the circumstances. It is classified as Level 3, if such unobservable inputs in markets have more than insignificant impact on fair value measurement of an instrument. These assumptions include a method to estimate unobservable long-term volatilities of foreign exchange rate from volatilities within observable term in the markets and a method to estimate credit premium using for fair value measurements of individual loans.

### *Fair value option for financial assets and financial liabilities*

In February 2007, the FASB issued SFAS No. 159, *The 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.

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An entity may elect the fair value option for eligible items that exist at the date of adoption and reports the difference between the carrying value and fair value as a cumulative-effect adjustment to the opening balance of retained earnings.

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Nomura adopted SFAS 159 on April 1, 2008. The impact of the adoption was recorded as a cumulative-effect adjustment to opening retained earnings, and it was an increase of ¥5,258 million after-tax (¥7,693 million pre-tax). This is mainly due to the adoption to liabilities of secured borrowings in long-term borrowings.

The financial assets and financial liabilities Nomura elected the fair value option are as follows:

Loans and receivables whose risks are managed on a fair value basis. Nomura elects the fair value option to reduce volatility of profit or loss caused by the difference in measurement basis for loans and receivables and the derivatives used to manage risks of those instruments;

Investments held for capital appreciation or current income purposes with exit strategies that would have been accounted for under the equity method if Nomura had not chosen to apply the fair value option. Nomura elects the fair value option to more appropriately represent the purpose of these investments in the consolidated financial statements;

Liabilities from secured financings which are not accounted for as a sale under Statement of Financial Accounting Standards No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* ( SFAS 140 ). Even though Nomura has no continuing economic exposure to the related financial assets, they remain on its consolidated balance sheet and continue to be carried at fair value, with changes in fair value recognized through earnings. Nomura elects the fair value option for these financial liabilities to reduce volatility of profit or loss; and

All structured notes issued on or after the date of adoption. This blanket election for structured notes are made primarily to reduce volatility of profit or loss caused by differences in the measurement basis for structured notes and the derivatives Nomura uses to manage risks of those positions. Nomura also elect the fair value option for the notes issued by consolidated variable interest entities for the same purposes.

Interests and dividend arising from financial instruments to which the fair value options have been adopted are accounted as net gain on trading if it is a part of profit or loss from change in market value, otherwise they are accounted as interest revenue or expense.

*Offsetting of amounts related to certain contracts*

In April 2007, the FASB issued Staff 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 FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts* ( FIN 39 ).

Nomura adopted FSP FIN 39-1 on April 1, 2008. There are ¥560.3 billion of netting of cash collateral receivables against net derivative liabilities and ¥378.6 billion of netting of cash collateral payables against net derivative assets as of June 30, 2008. The amounts which are not offset are ¥55.5 billion and ¥81.6 billion, respectively. FSP FIN 39-1 requires retrospective application for all financial statements presented as much as possible and Nomura is currently considering the possible scope of retrospective application.

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### **New accounting pronouncements**

#### *Accounting for business combinations*

In December 2007, the FASB issued SFAS No. 141-R, *Business Combinations* ( SFAS 141-R ). SFAS 141-R expands the definition of transactions and events that qualify as business combinations; requires that the full value of acquired assets and liabilities, including contingent consideration, be recorded at the fair value determined on the acquisition date and changes thereafter in contingent consideration to be reflected in revenue, not goodwill; changes the recognition timing for restructuring costs; and requires acquisition costs to be expensed as incurred.

SFAS 141-R applies prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption and retroactive application is not permitted and therefore Nomura will adopt SFAS 141-R for business combinations for which the acquisition date is on or after April 1, 2009. Nomura is evaluating the impact of adoption of SFAS 141-R on its consolidated financial statements.

#### *Accounting for noncontrolling interests*

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interest in Consolidated Financial Statements* ( SFAS 160 ). SFAS 160 re-characterizes minority interests in consolidated subsidiaries as non-controlling interests and requires the classification of non-controlling interests as a component of equity (rather than as a liability or as mezzanine equity). Under SFAS 160, a change in control will be measured at fair value, with any gain or loss recognized in earnings and provides guidance on the accounting for transactions between an entity and noncontrolling interests.

SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Early adoption is not permitted and therefore Nomura will adopt SFAS 160 on April 1, 2009. The Statement is applied prospectively as of the beginning of the fiscal year in which the Statement is initially applied, except for the presentation and disclosure requirements which are applied retrospectively for all periods presented. Nomura is evaluating the impact of adoption on its consolidated financial statements.

#### *Enhanced disclosures about derivatives and hedging*

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ( SFAS 161 ). SFAS 161 replaces and expands the quantitative and qualitative disclosure requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ( SFAS 133 ) and other related literature and intends to provide an enhanced understanding of:

How and why a reporting entity uses derivative instruments;

How derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations; and

How derivative instruments affect a reporting entity's financial position, financial performance and cash flows.

SFAS 161 is effective for financial statements issued and for fiscal years and interim periods beginning after November 15, 2008 with early application permitted. Because SFAS 161 is a disclosure statement and does not impact the accounting treatment for derivative instruments and related hedged items, Nomura's adoption of SFAS 161 will not impact on its consolidated financial statements.

#### *GAAP hierarchy*

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ( SFAS 162 ) which provides a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. GAAP.

SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles* . Nomura is currently considering

the potential impact of adoption of SFAS 162 but does not expect a material impact on its consolidated financial statements.

**Table of Contents****3. Fair value of financial instruments:**

The majority of Nomura's financial assets and financial liabilities are carried at fair value on a recurring basis. Financial assets which are carried at fair value on a recurring basis are reported in the consolidated balance sheets within *Trading assets and private equity investments*, *Loans and receivables* and *Other assets*. Financial Liabilities which are carried at fair value on a recurring basis are reported within *Trading liabilities*, *Short-term borrowings* and *Long-term borrowings*.

In all cases, fair value is determined in accordance with SFAS 157 which defines fair value as the amount that would be exchanged to sell a financial asset or transfer a financial liability in an orderly transaction between market participants at the measurement date. It assumes that the transaction occurs in Nomura's principal market, or in the absence of the principal market, the most advantageous market for the relevant financial asset or financial liability.

In accordance with SFAS 157, all financial instruments measured at fair value have been categorized into a three-level hierarchy based on the transparency of inputs used to establish fair value. For a description of the hierarchy levels, please see note 2 Changes in accounting policies and new accounting pronouncements. The following table presents information about Nomura's financial assets and financial liabilities measured at fair value on a recurring basis as of June 30, 2008 within the fair value hierarchy. Financial instruments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement of the instruments. In case that a derivative is valued with using a combination of Level 1, 2 and 3 inputs, it would be classified as Level 3, where the Level 3 inputs are significant in its measurement.

|   | Billions of yen<br>June 30, 2008 |                 |                |  | Balance as of<br>June 30<br>2008 |
|---|----------------------------------|-----------------|----------------|--|----------------------------------|
|   | Level 1                          | Level 2         | Level 3        | Counterparty<br>and Cash<br>Collateral<br>Netting <sup>(1)</sup> |                                  |
| <b>Assets:</b>                                  |                                  |                 |                |  |                                  |
| Trading assets and private equity investments   |                                  |                 |                |  |                                  |
| Equities (Including private equity investments) | ¥ 744                            | ¥ 733           | ¥ 882          | ¥  | ¥ 2,359                          |
| Debt securities and loans receivables           | 6,306                            | 1,981           | 845            |  | 9,132                            |
| Beneficiary interests and other                 | 39                               | 47              | 19             |  | 105                              |
| Derivative contracts                            | 19                               | 7,383           | 713            | (7,164)  | 951                              |
| Loans and receivables <sup>(2)</sup>            |                                  | 26              | 15             |  | 41                               |
| Other assets <sup>(3)</sup>                     | 322                              | 61              | 63             |  | 446                              |
| <b>Total</b>                                    | <b>¥ 7,430</b>                   | <b>¥ 10,231</b> | <b>¥ 2,537</b> | <b>¥ (7,164)</b>   | <b>¥ 13,034</b>                  |
| <b>Liabilities:</b>                             |                                  |                 |                |  |                                  |
| <b>Trading liabilities</b>                      |                                  |                 |                |  |                                  |
| Equities  | ¥ 1,078                          | ¥ 310           | ¥ 0            | ¥  | ¥ 1,388                          |
| Debt securities                                 | 3,093                            | 201             |                |  | 3,294                            |
| Beneficiary interests and other                 | 0                                |                 |                |  | 0                                |
| Derivatives contracts                           | 30                               | 7,437           | 680            | (7,346)  | 801                              |
| Short-term borrowings <sup>(4)</sup>            |                                  | 16              | 2              |  | 18                               |
| Long-term borrowings <sup>(4)(5)(6)</sup>       | 36                               | 536             | (2)            |  | 570                              |
| <b>Total</b>                                    | <b>¥ 4,237</b>                   | <b>¥ 8,500</b>  | <b>¥ 680</b>   | <b>¥ (7,346)</b>   | <b>¥ 6,071</b>                   |

- (1) Counterparty netting of derivative assets and liabilities in accordance with FIN 39 and cash collateral netting against net derivatives in accordance with FSP FIN 39-1.
- (2) Include loans and receivables for which Nomura elected the fair value option under SFAS 159.
- (3) Include investments in affiliated companies that would have been accounted for under the equity method if Nomura had not chosen to apply the fair value option under SFAS 159.

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- (4) Include structured notes which are elected for the fair value option under either SFAS 155 or SFAS 159.
- (5) Include liabilities by collateralized financing transactions that are accounted for as financing rather than sales in accordance with SFAS 140. Nomura elected the fair value option under SFAS 159 for those liabilities.
- (6) Include embedded derivatives bifurcated in accordance with SFAS 133 from the structured notes issued. If unrealized gain is more than unrealized loss, long-term borrowings is reduced by the exceeded amount.



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The following table explains increase and decrease including gains and losses of Level 3 financial assets and financial liabilities measured at fair value on a recurring basis. Financial instruments categorized within Level 3 predominantly include derivatives, structured notes, loans and receivables and unlisted stocks valued using significant unobservable parameters. These financial instruments are often hedged with instruments within Level 1 or Level 2 of the fair value hierarchy and the gains or losses below do not reflect the offsetting gains or losses for these hedging instruments. Level 3 financial assets and financial liabilities are also measured using both observable and unobservable inputs. Fair value changes presented below, therefore, reflect realized and unrealized gains and losses resulting from movements in both observable and unobservable inputs.

| Billions of yen<br>Three months ended June 30, 2008         |  |                        |  |  |   |   |  |                                   |  |
|---|--|------------------------|--|--|---|---|--|-----------------------------------|--|
| Unrealized and realized gains/losses<br>included in revenue |  |                        |  |  |   |   |  |                                   |  |
|   | Opening<br>balance as of<br>April 1,<br>2008 | Net gain on<br>trading | Gain (loss) on<br>private<br>equity<br>investments | Interest and<br>dividend<br>/<br>Interest<br>expense | Total<br>unrealized<br>and realized<br>gains/(losses) | Purchases<br>(settlements) /<br>sales<br>(issuances) <sup>(1)</sup> | Net<br>transfers<br>in / (out of)<br>Level<br>3 <sup>(2)</sup> | Balance as of<br>June 30,<br>2008 |  |
| <b>Assets:</b>  |  |                        |  |  |   |   |  |                                   |  |
| Trading assets and private equity investments               |  |                        |  |  |   |   |  |                                   |  |
| Equities (Including private equity investments)             | ¥ 802  | ¥ 2                    | ¥ (37)   | ¥ 0  | ¥ (35)  | ¥ 105   | ¥ 10   | ¥ 882                             |  |
| Debt securities and loans receivables                       | 783  | (12)                   |  | 1  | (11)  | 145   | (72)   | 845                               |  |
| Beneficiary interests and other                             | 21   | 0                      |  |  | 0   | (3)   | 1  | 19                                |  |
| Derivative contracts, net                                   | 121  | (71)                   |  |  | (71)  | (59)  | 42   | 33                                |  |
| Loans and receivables                                       | 4  | 0                      |  |  | 0   | 6   | 5  | 15                                |  |
| Other assets  | 59   | 0                      |  | 0  | 0   | 4   | 0  | 63                                |  |
| <b>Total</b>  | <b>¥ 1,790</b>                               | <b>¥ (81)</b>          | <b>¥ (37)</b>                                      | <b>¥ 1</b>   | <b>¥ (117)</b>  | <b>¥ 198</b>  | <b>¥ (14)</b>  | <b>¥ 1,857</b>                    |  |
| <b>Liabilities:</b>   |  |                        |  |  |   |   |  |                                   |  |
| Trading liabilities   |  |                        |  |  |   |   |  |                                   |  |
| Equities  | ¥ 1  | ¥ 0                    |  | ¥  | ¥ 0   | ¥ 0   | ¥ (1)  | ¥ 0                               |  |
| Short-term borrowings                                       | 15   | 0                      |  |  | 0   | 2   | (15)   | 2                                 |  |
| Long-term borrowings  | (59)   | (109)                  |  |  | (109)   | (33)  | (19)   | (2)                               |  |
| <b>Total</b>  | <b>¥ (43)</b>                                | <b>¥ (109)</b>         | <b>¥</b>   | <b>¥</b>   | <b>¥ (109)</b>  | <b>¥ (31)</b>   | <b>¥ (35)</b>  | <b>¥ 0</b>                        |  |

(1) Include gains and losses due to foreign exchange movements.

(2) If a financial instrument migrates from Level 3 to another Level, the amount reported in Net transfers in / (out of) Level 3 is the fair value at the beginning of quarter during which the migration occurs. Any unrealized gains/losses are excluded from the table. Conversely, if a financial instrument migrates from another Level to Level 3, the amount reported in Net transfers in / (out of) Level 3 is the fair value as of the beginning of quarter during which the migration occurs. All unrealized gains/(losses) are therefore included in the table.

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The following table explains the amounts of unrealized gains (losses) for three months ended June 30, 2008 relating to those financial instruments which Nomura classified as Level 3 within the Fair Value Hierarchy and that were still held by Nomura at the balance sheet date:

|   | Billions of yen<br>Three months ended June 30, 2008 |   |  |                                     |
|---|---|---|--|-------------------------------------|
|   | Net gain on<br>trading                              | Gain (loss) on<br>private equity<br>investments | Interest and<br>dividend /<br>Interest expense | Total unrealized<br>gains/ (losses) |
| <b>Assets:</b>                                  |   |   |  |                                     |
| Trading assets and private equity investments   |   |   |  |                                     |
| Equities (Including private equity investments) | ¥ (3)   | ¥ (39)  | ¥ 0  | ¥ (42)                              |
| Debt securities and loans receivables           | (10)  |   |  | (10)                                |
| Beneficiary interests and other                 |   |   |  |                                     |
| Derivative contracts, net                       | (79)  |   |  | (79)                                |
| Loans and receivables                           | (1)   |   |  | (1)                                 |
| Other assets                                    | 0   |   |  | 0                                   |
| <b>Total</b>                                    | <b>¥ (93)</b>                                       | <b>¥ (39)</b>                                   | <b>¥ 0</b>                                     | <b>¥ (132)</b>                      |
| <b>Liabilities:</b>                             |   |   |  |                                     |
| Trading liabilities                             |   |   |  |                                     |
| Equities  | ¥ 0   | ¥   | ¥  | ¥ 0                                 |
| Short-term borrowings                           | 0   |   |  | 0                                   |
| Long-term borrowings                            | (67)  |   |  | (67)                                |
| <b>Total</b>                                    | <b>¥ (67)</b>                                       | <b>¥</b>  | <b>¥</b>                                       | <b>¥ (67)</b>                       |

The following table explains gains (losses) due to changes in fair value for items measured at fair value using the fair value option under SFAS 155 and SFAS 159 at June 30, 2008.

|  | Billions of yen<br>Three months ended<br>June 30, 2008<br>Net gain on<br>trading |           |
|--|--|-----------|
| <b>Assets:</b>   |  |           |
| Loans and receivables  | ¥  | 1         |
| Private equity investments   |  |           |
| Other assets   |  |           |
| Investments in and advances to affiliated companies <sup>(1)</sup> |  | 0         |
| <b>Total</b>   | <b>¥</b>   | <b>1</b>  |
| <b>Liabilities:</b>  |  |           |
| Short-term borrowings <sup>(2)</sup>                               | ¥  | 1         |
| Long-term borrowings <sup>(2) (3)</sup>                            |  | 23        |
| <b>Total</b>   | <b>¥</b>   | <b>24</b> |

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- (1) Represent investments in affiliated companies that would have been accounted for under the equity method if Nomura had not chosen to apply the fair value option.
- (2) Include structured notes and others for which Nomura elected the fair value option under either SFAS 155 or SFAS 159.
- (3) Include liabilities by collateralized financing transactions that are accounted for as financing rather than sales in accordance with SFAS 140.

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Nomura elected the fair value option to investment in Ashikaga Holdings Co., Ltd ( Ashikaga Holdings ), that Nomura's ownership share was 45.5%, and included it in *Private equity investments*. Ashikaga Holdings became a parent company of The Ashikaga Bank Ltd. as of July 1, 2008.

Nomura calculated the impact of changes in its own creditworthiness on financial liabilities for which the fair value option is elected, by discounting future cash flows at a rate which incorporates observable changes in its credit spread. For the three months ended June 30, 2008, the gain and losses from changes in the fair value of the financial liabilities for which the fair value option was elected, attributable to the change in its creditworthiness was revenue of ¥8 billion. There was no significant impact on financial assets for which the fair value option was elected, attributable to the instrument-specific credit risk.

For the three months ended June 30, 2008, there was no significant difference between the aggregate fair value and the aggregate unpaid principal balance (which are contractually principally protected) of loans and receivables for which the fair value option was elected. There was no significant difference between the aggregate fair value and the aggregate unpaid principal balance (which are contractually principally protected) of short-term borrowings and long-term borrowings. There was no loans and receivables for which the fair value option was elected that were 90 days or more past due or in non-accrual status.

In addition to the financial instruments carried at fair value on a recurring basis, which are described above, Nomura may measure other financial assets and financial liabilities at fair value on a nonrecurring basis, which are not carried at fair value on a recurring basis, where fair value was used in specific circumstances such as to measure impairment of the asset or liability. For the three months ended June 30, 2008, Nomura recognized an impairment loss to the equity method investments using the share price in the stock market. The amount after impairment of ¥74 billion which was measured at fair value and classified in Level 1 was reported within *Other assets - Investments in and advances to affiliated companies* in the consolidated balance sheets. The impairment loss of ¥23 billion was classified within *Non-interest expenses - Other* in the consolidated statement of operations.

**Table of Contents****4. Variable Interest Entities (VIEs):**

In the normal course of business, Nomura acts as a transferor of financial assets to VIEs, and underwriter, distributor, and seller of asset-repackaged financial instruments issued by VIEs in connection with its securitization and equity derivative activities. Nomura retains, purchases and sells variable interests in VIEs in connection with its market-making, investing and structuring activities. Nomura consolidates VIEs for which Nomura is the primary beneficiary, including those that were created to market structured bonds to investors by repackaging corporate convertible bonds and mortgage and mortgage-backed securities. Nomura also consolidates investment funds, which are managed in line with stipulated investment criteria, in which it is the primary beneficiary.

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

|  | Billions of yen |                |
|--|-----------------|----------------|
|  | June 30, 2008   | March 31, 2008 |
| Consolidated VIEs assets collateralized for the VIEs obligations |                 |                |
| Trading assets   | ¥ 253           | ¥ 240          |
| Office buildings, land, equipment and facilities                 | 51              | 47             |
| Other  | 2               | 3              |
| <b>Total</b>   | <b>¥ 306</b>    | <b>¥ 290</b>   |

Nomura also holds significant variable interests in VIEs where Nomura is not the primary beneficiary. Nomura's variable interests in such VIEs include senior and subordinated debt, residual interests, and equity interests associated with commercial and residential mortgage-backed and other asset-backed securitizations and structured financings; equity interests in VIEs which were formed to acquire primarily high yield leveraged loans and other below investment grade debt obligations; guarantees and residual interests regarding leveraged and operating leases for aircraft using VIEs; and loans and investments in VIEs that acquire 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 |                |
|--------------------------|-----------------|----------------|
|                          | June 30, 2008   | March 31, 2008 |
| VIEs assets              | ¥ 484           | ¥ 457          |
| Maximum exposure to loss | 302             | 261            |

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 Investment in Investment Company* (SOP 07-1). Although this SOP 07-1 was expected to be effective for fiscal years beginning on or after December 15, 2007, FASB decided to postpone the effective date of SOP 07-1, indefinitely. But, SOP 07-1 permitted early adoption and continuous application of this SOP 07-1 for entities that early adopted this SOP is allowed by FASB Staff Position No. SOP 07-1-1, *Effective Date of AICPA Statement of Position 07-1*.

Nomura decided early adoption of SOP 07-1 on December 14, 2007 and designated certain entities, including NPF and TFCPI, as investment companies. FASB Staff Position No. FIN 46(R)-7, *Application of FASB Interpretation No. 46(R) to Investment Companies*, will provide those entities that meet criteria for investment companies under SOP 07-1 with a permanent scope exception from the application of FIN 46-R.

**Table of Contents****5. Other assets Other / Other liabilities:**

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

|  | Millions of yen  |                  |
|--|------------------|------------------|
|  | June 30, 2008    | March 31, 2008   |
| <i>Other assets-Other:</i>   |                  |                  |
| Securities received as collateral                                  | ¥ 93,263         | ¥ 242,601        |
| Goodwill and other intangible assets                               | 108,054          | 103,022          |
| Deferred tax assets  | 275,010          | 273,041          |
| Investments in equity securities for other than operating purposes | 13,933           | 20,198           |
| Other  | 163,284          | 170,047          |
| <b>Total</b>   | <b>¥ 653,544</b> | <b>¥ 808,909</b> |
| <i>Other liabilities:</i>  |                  |                  |
| Obligation to return securities received as collateral             | ¥ 93,263         | ¥ 242,601        |
| Accrued income taxes   | 10,738           | 35,669           |
| Other accrued expenses and provisions                              | 254,166          | 279,169          |
| Minority interests   | 14,316           | 12,978           |
| Other  | 70,447           | 65,767           |
| <b>Total</b>   | <b>¥ 442,930</b> | <b>¥ 636,184</b> |

**Table of Contents****6. 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:

|  | <b>Millions of yen<br/>except per share data<br/>presented in yen<br/>Three months ended<br/>June 30, 2008</b> |
|--|--|
| <b>Basic</b>   |  |
| Net loss applicable to common stock  | ¥ (76,592)   |
| Weighted average number of shares outstanding                                  | 1,908,006,898  |
| Net loss per share   | ¥ (40.14)  |
| <b>Diluted</b>   |  |
| Net loss applicable to common stock  | ¥ (76,592)   |
| Weighted average number of shares outstanding used in diluted EPS computations | 1,906,283,527  |
| Net loss per share   | ¥ (40.18)  |

In determining diluted EPS, the net loss applicable to common stock is adjusted to reflect the decline in Nomura's equity share of earnings of affiliates arising from options to purchase common shares issued by affiliates.

The weighted average number of shares used in the calculation of diluted EPS reflects the decline in potential common shares arising from stock-based compensation plans issued by the Company that would increase the net loss per share in the three months ended June 30, 2008.

Antidilutive stock options to purchase 21,419,500 common shares at June 30, 2008 were not included in the computation of diluted EPS.

**7. 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 three months ended June 30, 2008 is shown below:

Japanese entities' plans

|  | <b>Millions of yen<br/>Three months ended<br/>June 30, 2008</b> |
|--|---|
| Service cost                             | ¥ 2,507   |
| Interest cost                            | 1,281   |
| Expected return on plan assets           | (920)   |
| Amortization of net actuarial losses     | 715   |
| Amortization of prior service cost       | 21  |
| Net periodic pension and severance costs | ¥ 3,604   |

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

**8. Income taxes:**

An effective tax rate for the three months ended June 30, 2008 was 9.1%, while the domestic statutory tax rate is approximately 41%, mainly due to an increase in valuation allowance relating to losses of foreign subsidiaries.



**Table of Contents****9. Commitments, contingencies and guarantees:****Commitments***Credit and investment commitments*

In connection with its banking and financing activities, Nomura provides 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  |                   |
|---------------------------------------|------------------|-------------------|
|                                       | June 30,<br>2008 | March 31,<br>2008 |
| Commitments to extend credit          | ¥ 115,626        | ¥ 181,341         |
| Commitments to invest in partnerships | 100,317          | 124,154           |

At June 30, 2008, these commitments had the following expirations:

|                                       | Millions of yen                |                     |                 |                 |                      |
|---------------------------------------|--------------------------------|---------------------|-----------------|-----------------|----------------------|
|                                       | Years to Maturity              |                     |                 |                 |                      |
|                                       | Total<br>contractual<br>amount | Less than<br>1 year | 1 to 3<br>years | 3 to 5<br>years | More than<br>5 years |
| Commitments to extend credit          | ¥ 115,626                      | ¥ 64,647            | ¥ 28,394        | ¥ 17,207        | ¥ 5,378              |
| Commitments to invest in partnerships | 100,317                        | 4,401               | 49,297          | 12,386          | 34,233               |

*Operating leases*

Presented below is a schedule of future minimum rental payments under non-cancelable operating leases with remaining terms exceeding one year as of June 30, 2008:

|                              | Millions of yen<br>June 30, 2008 |
|------------------------------|----------------------------------|
| Year ending June 30,         |                                  |
| 2009                         | ¥ 13,564                         |
| 2010                         | 10,792                           |
| 2011                         | 9,101                            |
| 2012                         | 7,487                            |
| 2013                         | 5,917                            |
| 2014 and thereafter          | 13,803                           |
| Total minimum lease payments | 60,664                           |
| Less: Sublease rental income | (20,440)                         |

Net minimum lease payments

¥ 40,224

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 Proceedings*

In the normal course of business, Nomura is involved in lawsuits 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.

#### *Subsequent Event*

The German bank West LB AG ( WestLB ) issued two sets of High court proceedings in England against Nomura International plc ( 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 related 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 claimed to have relied on this material to its detriment and sought to recover from NIP approximately £460 million, being the loss WestLB claimed to have suffered following the failure of the Box Clever group. However, on 16 July 2008, the claims were settled with no adverse effect on Nomura.

### **Guarantees**

FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* ( 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.

In the normal course of business, Nomura enters into 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.

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 sheet. Nomura believes the notional amounts generally overstate its risk exposure.

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The following table sets forth information about Nomura's derivative contracts that could meet the definition of a guarantee under FIN 45 and certain other guarantees:

|  | Millions of yen |   |                |   |
|--|-----------------|---|----------------|---|
|  | June 30, 2008   |   | March 31, 2008 |   |
|  | Carrying value  | Maximum Potential Payout/Notional Total | Carrying value | Maximum Potential Payout/Notional Total |
| Derivative contracts                           | ¥ 3,149,866     | ¥ 78,820,388                            | ¥ 3,325,218    | ¥ 70,659,948                            |
| Standby letters of credit and other guarantees | 715             | 4,257                                   | 756            | 6,438                                   |

The following table sets forth expiration information about Nomura's derivative contracts that could meet the definition of a guarantee under FIN 45 and certain other guarantees as of June 30, 2008:

|   | Millions of yen |              |                                   |              |              |                   |
|---|-----------------|--------------|-----------------------------------|--------------|--------------|-------------------|
|   | Carrying value  | Total        | Maximum Potential Payout/Notional |              |              |                   |
|   |                 |              | Years to Maturity                 |              |              |                   |
|   |                 |              | Less than 1 year                  | 1 to 3 years | 3 to 5 years | More than 5 years |
| Derivative contracts  | ¥ 3,149,866     | ¥ 78,820,388 | ¥ 10,709,077                      | ¥ 19,048,306 | ¥ 27,841,162 | ¥ 21,221,843      |
| Standby letters of credit and other guarantees <sup>(1)</sup> | 715             | 4,257        | 1,999                             | 2,251        | 1            | 6                 |

(1) There was no collateral held in connection with standby letters of credit and other guarantees as of June 30, 2008.

**Table of Contents****10. 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 operating purposes, which under U.S. GAAP is included in loss before income taxes, is excluded from segment information.

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' result is 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 |                |                           |                         |                  |                          | Total      |
|-----------------------------------|-----------------|----------------|---------------------------|-------------------------|------------------|--------------------------|------------|
|                                   | Domestic Retail | Global Markets | Global Investment Banking | Global Merchant Banking | Asset Management | Other (Inc. elimination) |            |
| Three months ended June 30, 2008  |                 |                |                           |                         |                  |                          |            |
| Non-interest revenue              | ¥ 84,507        | ¥ 13,280       | ¥ 28,144                  | ¥ (36,204)              | ¥ 19,983         | ¥ 29,536                 | ¥ 139,246  |
| Net interest revenue              | 1,302           | (2,310)        | 842                       | (805)                   | 1,774            | (5,635)                  | (4,832)    |
| Net revenue                       | 85,809          | 10,970         | 28,986                    | (37,009)                | 21,757           | 23,901                   | 134,414    |
| Non-interest expenses             | 69,630          | 72,589         | 16,411                    | 2,357                   | 14,189           | 44,175                   | 219,351    |
| Income (loss) before income taxes | ¥ 16,179        | ¥ (61,619)     | ¥ 12,575                  | ¥ (39,366)              | ¥ 7,568          | ¥ (20,274)               | ¥ (84,937) |

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

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

|  | Millions of yen<br>Three months ended<br>June 30, 2008 |
|--|--|
| Net gain on trading related to economic hedging transactions                 | ¥ 1,006  |
| Realized gain on investments in equity securities held for operating purpose | 291  |
| Equity in earnings of affiliates   | 2,061  |
| Corporate items  | (5,620)  |
| Others   | (18,012)   |
| Total  | ¥ (20,274)   |



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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 loss before income taxes in the consolidated statements of operations.

|  | <b>Millions of yen</b>    |
|--|---------------------------|
|  | <b>Three months ended</b> |
|  | <b>June 30, 2008</b>      |
| Net revenue  | ¥ 134,414                 |
| Unrealized gain on investments in equity securities held for operating purpose | 673                       |
| <b>Consolidated net revenue</b>  | <b>¥ 135,087</b>          |
| Non-interest expenses  | ¥ 219,351                 |
| Unrealized gain on investments in equity securities held for operating purpose |                           |
| <b>Consolidated non-interest expenses</b>                                      | <b>¥ 219,351</b>          |
| Loss before income taxes   | ¥ (84,937)                |
| Unrealized gain on investments in equity securities held for operating purpose | 673                       |
| <b>Consolidated loss before income taxes</b>                                   | <b>¥ (84,264)</b>         |

**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 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. Net revenue and Long-lived assets have been allocated on a revenues-and-expenses-from-external-customers-basis. Loss before income taxes have been allocated on an including-intersegment-revenues-and-expenses-basis.

|                                  | Millions of yen    |          |
|----------------------------------|--------------------|----------|
|                                  | Three months ended |          |
|                                  | June 30, 2008      |          |
| <b>Net revenue:</b>              |                    |          |
| Americas                         | ¥                  | 7,035    |
| Europe                           |                    | (3,007)  |
| Asia and Oceania                 |                    | 6,600    |
| Sub-total                        |                    | 10,628   |
| Japan                            |                    | 124,459  |
| Consolidated                     | ¥                  | 135,087  |
| <b>Loss before income taxes:</b> |                    |          |
| Americas                         | ¥                  | (44,443) |
| Europe                           |                    | (28,109) |
| Asia and Oceania                 |                    | (6,076)  |
| Sub-total                        |                    | (78,628) |
| Japan                            |                    | (5,636)  |
| Consolidated                     | ¥                  | (84,264) |

|                           | Millions of yen |           |
|---------------------------|-----------------|-----------|
|                           | June 30,        | March 31, |
|                           | 2008            | 2008      |
| <b>Long-lived assets:</b> |                 |           |
| Americas                  | ¥ 105,793       | ¥ 99,993  |
| Europe                    | 56,828          | 54,424    |
| Asia and Oceania          | 10,956          | 7,454     |
| Sub-total                 | 173,577         | 161,871   |
| Japan                     | 327,338         | 336,867   |
| Consolidated              | ¥ 500,915       | ¥ 498,738 |

There is no revenue derived from transactions with a single major external customer for the three months ended June 30, 2008.



**11. Subsequent events:**

Not applicable.

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**2 Other**

We are involved in a number of lawsuits 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 lawsuits will not, in the aggregate, have a material adverse effect on our financial condition or results of our operations including the actions described below.

The German bank West LB AG ( WestLB ) issued two sets of High court proceedings in England against Nomura International plc ( 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 related 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 securitization. WestLB claimed to have relied on this material to its detriment and sought to recover from NIP approximately £460 million, being the loss WestLB claimed to have suffered following the failure of the Box Clever group. However, on 16 July 2008, the claims were settled with no adverse effect on Nomura.

In response to an incident of insider trading involving a former Nomura Securities Co., Ltd. s ( NSC ) employee, following recommendations by an external committee, on June 6, 2008, NSC adopted preventative measures including controlling the flow of information, improving procedures for the hiring and training of staff, and reinforcing internal rules on stock trading. On July 3, 2008, the Financial Services Agency of Japan ( FSA ) issued to NSC an administrative order asking for business improvement. In accordance with the order, on July 4, 2008, NSC submitted to FSA a business improvement report including its commitment to enhance its internal control system in order to address the diversification and globalization of its operations, the diversification of human resources and the handling of sensitive corporate and institutional client information.

On July 29, 2008 the Board of Directors resolved to pay the first quarter dividend to shareholders registered on the record date of June 30, 2008.

|   |                  |
|---|------------------|
| a. Total first quarter dividend         | ¥ 16,233 million |
| b. The first quarter dividend per share | ¥8.50            |

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[Translation]

Quarterly Review Report of Independent Accountants

August 13, 2008

The Board of Directors

Nomura Holdings, Inc.

Ernst & Young ShinNihon LLC

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

Junko Kamei  
Certified Public Accountant  
Designated and Operating Partner

We have performed a quarterly review of the quarterly consolidated financial statements of Nomura Holdings, Inc. (the Company) included in Item 5. Financial Information for the first quarter (from April 1, 2008 to June 30, 2008) within the fiscal period from April 1, 2008 to March 31, 2009 which include the quarterly consolidated balance sheet, and the quarterly consolidated statements of operations, changes in shareholders equity, comprehensive income and cash flows pursuant to the requirements of the rules specified in Article 193-2, Section 1 of the Financial Instruments and Exchange Act. These quarterly consolidated financial statements are the responsibility of the Company's management and our responsibility is to independently express a conclusion on these quarterly consolidated financial statements.

We conducted our quarterly review in accordance with quarterly review standards generally accepted in Japan. A review of quarterly consolidated financial statements consists of making inquiries, primarily of management and persons responsible for financial and accounting matters, applying analytical and other quarterly review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of Nomura Holdings, Inc. and subsidiaries as of June 30, 2008, and the consolidated results of their operations and their cash flows for the first quarter then ended (from April 1, 2008 to June 30, 2008) in conformity with accounting principles generally accepted in the United States of America (see Note 1 to the quarterly consolidated 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 quarterly review report of independent accountants and the Company maintains the original report.

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Confirmation Letter

1 [Appropriateness of Quarterly Securities Report]

Kenichi Watanabe, President and Chief Executive Officer, and Masafumi Nakada, Senior Managing Director and Chief Financial Officer, have confirmed that the quarterly securities report of Nomura Holdings, Inc. for the three months ended June 30, 2008 is appropriate under the Financial Instruments and Exchange Act.

2 [Special Comments]

There is no special comment to be stated.