NOMURA HOLDINGS INC
Form 6-K
September 30, 2010
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FORM 6-K

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

Commission File Number: 1-15270

Supplement for the month of September 2010

NOMURA HOLDINGS, INC.

(Translation of registrant s name into English)

9-1, Nihonbashi 1-chome

Chuo-ku, Tokyo 103-8645

Japan

(Address of principal executive offices)

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

Form 20-F __X__ Form 40-F _____

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):

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Information furnished on this form:

EXHIBIT

Exhibit Number

1. Consolidated financial statements of Nomura Holdings, Inc. as of March 31, 2009 and 2010 and for the years ended March 31, 2008, 2009 and 2010

EXPLANATORY NOTE: These consolidated financial statements of Nomura Holdings, Inc., originally filed as part of the annual report on Form 20-F for the fiscal year ended March 31, 2010 filed with the SEC on June 29, 2010, are re-filed solely to add Note 22.

2. Interactive Data File

3. Capitalization and Indebtedness

INCORPORATION BY REFERENCE

The registrant hereby incorporates Exhibit 3 to (but no other portion of) this report on Form 6-K by reference in the prospectus that is part of Post-Effective Amendment No.1 to the Registration Statement on Form F-3 (Registration No. 333-165049) of the registrant, which amendment was filed with the Securities and Exchange Commission on September 8, 2010.

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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 30, 2010	By: /s/ Shinji Iwai Shinji Iwai Senior Managing Director

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Exhibit 1

NOMURA HOLDINGS, INC.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of

Nomura Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Nomura Holdings, Inc. (the Company) as of March 31, 2009 and 2010, and the related consolidated statements of operations, changes in equity, comprehensive income, and cash flows for each of the three years in the period ended March 31, 2010. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nomura Holdings, Inc. at March 31, 2009 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2010, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young ShinNihon LLC

Tokyo, Japan

June 29, 2010

except for Note 22, as to which the date is

September 30, 2010

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NOMURA HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

	Millions of yen		Translation into millions of U.S. dollars
	March 31		
	2009	2010	2010
ASSETS			
Cash and cash deposits:			
Cash and cash equivalents	¥ 613,566	¥ 1,020,647	$ 10,928
Time deposits	537,084	196,909	2,108
Deposits with stock exchanges and other segregated cash	272,059	134,688	1,442
Cash and cash deposits, Total	1,422,709	1,352,244	14,478
Loans and receivables:			
Loans receivable (including ¥12,431 million and ¥692,232 million ($7,411 million) measured at fair value by applying fair value option in 2009 and 2010, respectively)	519,179	1,310,375	14,030
Receivables from customers	23,619	59,141	633
Receivables from other than customers	1,103,974	707,623	7,576
Allowance for doubtful accounts	(3,765)	(5,425)	(58)
Loans and receivables, Total	1,643,007	2,071,714	22,181
Collateralized agreements:			
Securities purchased under agreements to resell	2,657,151	7,073,926	75,738
Securities borrowed	5,755,467	5,393,287	57,744
Collateralized agreements, Total	8,412,618	12,467,213	133,482
Trading assets and private equity investments:			
Trading assets (including securities pledged as collateral of ¥2,851,759 million in 2009 and ¥3,921,863 million ($41,990 million) in 2010 and including ¥21,189 million and ¥18,546 million ($199 million) measured at fair value by applying fair value option in 2009 and 2010, respectively)	11,348,747	14,374,028	153,898
Private equity investments (including ¥62,108 million and ¥61,918 million ($663 million) measured at fair value by applying fair value option in 2009 and 2010, respectively)	323,865	326,254	3,493
Trading assets and private equity investments, Total	11,672,612	14,700,282	157,391
Other assets:			
Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥225,475 million in 2009 and ¥273,616 million ($2,930 million) in 2010)	357,256	357,194	3,824
Non-trading debt securities	244,027	308,814	3,306
Investments in equity securities	118,902	122,948	1,316
Investments in and advances to affiliated companies	243,474	251,273	2,690
Other	723,243	598,746	6,412
Other assets, Total	1,686,902	1,638,975	17,548

Total assets	¥ 24,837,848	¥ 32,230,428	$ 345,080

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

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NOMURA HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS (Continued)

	Millions of yen		Translation into millions of U.S. dollars
	March 31		
	2009	2010	2010
LIABILITIES AND EQUITY			
Short-term borrowings (including ¥36,304 million and ¥103,975 million ($1,113 million) measured at fair value by applying fair value option in 2009 and 2010, respectively)	¥ 1,183,374	¥ 1,301,664	$ 13,936
Payables and deposits:			
Payables to customers	403,797	705,302	7,551
Payables to other than customers	398,187	374,522	4,010
Deposits received at banks	440,334	448,595	4,803
Payables and deposits, Total	1,242,318	1,528,419	16,364
Collateralized financing:			
Securities sold under agreements to repurchase	5,000,787	8,078,020	86,488
Securities loaned	2,243,152	1,815,981	19,443
Other secured borrowings	2,914,015	1,322,480	14,160
Collateralized financing, Total	10,157,954	11,216,481	120,091
Trading liabilities	4,752,054	8,356,806	89,473
Other liabilities	467,574	494,983	5,301
Long-term borrowings (including ¥913,790 million and ¥1,839,251 million ($19,692 million) measured at fair value by applying fair value option in 2009 and 2010, respectively)	5,483,028	7,199,061	77,078
Total liabilities	23,286,302	30,097,414	322,243
Commitments and contingencies (Note 20)			
NHI Shareholders equity:			
Common stock			
No par value share;			
Authorized 6,000,000,000 shares in 2009 and 2010			
Issued 2,661,092,760 shares in 2009 and 3,719,133,241 shares in 2010			
Outstanding 2,604,779,843 shares in 2009 and 3,669,044,614 shares in 2010	321,765	594,493	6,365
Additional paid-in capital	374,413	635,828	6,808
Retained earnings	1,038,557	1,074,213	11,501
Accumulated other comprehensive loss	(118,437)	(109,132)	(1,169)
Total NHI shareholders equity before treasury stock	1,616,298	2,195,402	23,505
Common stock held in treasury, at cost 56,312,917 shares in 2009 and 50,088,627 shares in 2010	(76,902)	(68,473)	(733)

Total NHI shareholders equity	1,539,396	2,126,929	22,772
Noncontrolling interests[1]	12,150	6,085	65
Total equity	1,551,546	2,133,014	22,837
Total liabilities and equity	¥ 24,837,848	¥ 32,230,428	$ 345,080

(1) *Noncontrolling interests*, which were previously included in *Other liabilities*, are classified as equity in accordance with updated guidance for the accounting and reporting of noncontrolling interests which Nomura adopted on April 1, 2009.

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

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NOMURA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Millions of yen Year ended March 31			Translation into millions of U.S. dollars
	2008	2009	2010	2010
Revenue:				
Commissions	¥ 404,659	¥ 306,803	¥ 395,083	$ 4,230
Fees from investment banking	85,096	54,953	121,254	1,298
Asset management and portfolio service fees	189,712	140,166	132,249	1,416
Net gain (loss) on trading	61,720	(128,339)	417,424	4,469
Gain (loss) on private equity investments	76,505	(54,791)	11,906	127
Interest and dividends	796,540	331,356	235,310	2,519
Gain (loss) on investments in equity securities	(48,695)	(25,500)	6,042	65
Other	28,185	39,863	37,483	402
Total revenue	1,593,722	664,511	1,356,751	14,526
Interest expense	806,465	351,884	205,929	2,205
Net revenue	787,257	312,627	1,150,822	12,321
Non-interest expenses:				
Compensation and benefits	366,805	491,555	526,238	5,634
Commissions and floor brokerage	90,192	73,681	86,129	922
Information processing and communications	135,004	154,980	175,575	1,880
Occupancy and related depreciation	64,841	78,480	87,806	940
Business development expenses	38,135	31,638	27,333	293
Other	157,190	262,558	142,494	1,525
Non-interest expenses, Total	852,167	1,092,892	1,045,575	11,194
Income (loss) before income taxes	(64,910)	(780,265)	105,247	1,127
Income tax expense (benefit)	3,259	(70,854)	37,161	398
Net income (loss)[(1)]	¥ (68,169)	¥ (709,411)	¥ 68,086	$ 729
Less: Net income (loss) attributable to noncontrolling interests	(322)	(1,219)	288	3
Net income (loss) attributable to NHI[(1)]	¥ (67,847)	¥ (708,192)	¥ 67,798	$ 726

	Yen			Translation into U.S. dollars
Per share of common stock:				
Basic				
Net income (loss) attributable to NHI shareholders per share	¥ (35.55)	¥ (364.69)	¥ 21.68	$ 0.23

Diluted								
Net income (loss) attributable to NHI shareholders per share	¥	(35.57)	¥	(366.16)	¥	21.59	$	0.23

(1) *Net income (loss)* is net income (loss) before deducting *Net income (loss) attributable to noncontrolling interests*. This presentation is in accordance with updated guidance for the accounting and reporting of noncontrolling interests which Nomura adopted on April 1, 2009. *Net income (loss) attributable to NHI* was previously reported as *Net income (loss)*.

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

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NOMURA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Millions of yen Year ended March 31			Translation into millions of U.S. dollars
	2008	2009	2010	2010
Common stock				
Balance at beginning of year	¥ 182,800	¥ 182,800	¥ 321,765	$ 3,445
Issuance of common stock		138,965	217,728	2,331
Conversion of convertible bonds			55,000	589
Balance at end of year	182,800	321,765	594,493	6,365
Additional paid-in capital				
Balance at beginning of year	165,496	177,227	374,413	4,009
Issuance of common stock		143,482	228,934	2,451
Conversion of convertible bonds			55,000	589
Gain (loss) on sales of treasury stock	(1,458)	2,755	5,702	60
Issuance and exercise of common stock options	13,189	9,954	(4,242)	(45)
Adjustments to initially apply Contracts in entity s own equity			(26,923)	(288)
Beneficial conversion feature relating to convertible bond		40,995	2,959	32
Sale of subsidiary shares to noncontrolling interests			561	6
Other net change in additional paid-in capital			(576)	(6)
Balance at end of year	177,227	374,413	635,828	6,808
Retained earnings				
Balance at beginning of year	1,910,978	1,779,783	1,038,557	11,119
Net income (loss) attributable to NHI(1)	(67,847)	(708,192)	67,798	726
Cash dividends	(64,883)	(48,675)	(25,803)	(276)
Adjustments to initially apply Accounting for uncertainty in income taxes	1,266			
Adjustments to initially apply Accounting for sabbatical leave	(1,119)			
Adjustments to initially apply Investment company accounting	2,049			
Adjustments to initially apply Fair value measurements		10,383		
Adjustments to initially apply The fair value option		5,258		
Adjustments to initially apply Contracts in entity s own equity			(6,339)	(68)
Loss on sales of treasury stock	(661)			
Balance at end of year	1,779,783	1,038,557	1,074,213	11,501
Accumulated other comprehensive loss				
Cumulative translation adjustments				
Balance at beginning of year	36,889	(28,416)	(73,469)	(787)
Net change during the year	(65,305)	(45,053)	(861)	(9)
Balance at end of year	(28,416)	(73,469)	(74,330)	(796)

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NOMURA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

	Millions of yen Year ended March 31			Translation into millions of U.S. dollars
	2008	2009	2010	2010
Defined benefit pension plans				
Balance at beginning of year	(30,276)	(42,695)	(44,968)	(482)
Pension liability adjustment	(12,419)	(2,273)	10,166	109
Balance at end of year	(42,695)	(44,968)	(34,802)	(373)
Balance at end of year	(71,111)	(118,437)	(109,132)	(1,169)
Common stock held in treasury				
Balance at beginning of year	(79,968)	(80,575)	(76,902)	(824)
Repurchases of common stock	(3,525)	(91)	(18)	(0)
Sale of common stock	85	73	13	0
Common stock issued to employees	2,862	3,759	8,275	89
Other net change in treasury stock	(29)	(68)	159	2
Balance at end of year	(80,575)	(76,902)	(68,473)	(733)
Total NHI shareholders equity				
Balance at end of year	¥ 1,988,124	¥ 1,539,396	¥ 2,126,929	$ 22,772
Noncontrolling interests(1)				
Balance at beginning of year	¥ 37,040	¥ 12,978	¥ 12,150	$ 129
Cash dividends	(11)	(131)	(103)	(1)
Net income (loss) attributable to noncontrolling interests	(322)	(1,219)	288	3
Accumulated other comprehensive loss attributable to:				
Cumulative translation adjustments	(472)	(1,572)	(196)	(2)
Purchase / Sale (Disposition) of subsidiary shares, etc., net(2)	(20,325)	3,071	(2,004)	(21)
Other net change in noncontrolling interests	(2,932)	(977)	(4,050)	(43)
Balance at end of year	12,978	12,150	6,085	65
Total equity				
Balance at end of year	¥ 2,001,102	¥ 1,551,546	¥ 2,133,014	$ 22,837

(1) *Noncontrolling interests*, which were previously included in *Other liabilities*, are classified as equity in accordance with updated guidance for the accounting and reporting of noncontrolling interests which Nomura adopted on April 1, 2009. *Net income (loss) attributable to NHI* was previously reported as *Net income (loss).*

(2) The significant reduction in noncontrolling interests during the year ended March 31, 2008 was caused by the adoption of investment company accounting for certain investment company subsidiaries on April 1, 2007. All investments held by those subsidiaries were prospectively carried at fair value, resulting in the deconsolidation of any majority-owned investments.

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

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NOMURA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Millions of Yen Year Ended March 31			Translation into millions of U.S. dollars
	2008	2009	2010	2010
Net income (loss)	¥ (68,169)	¥ (709,411)	¥ 68,086	$ 729
Other comprehensive income (loss):				
Change in cumulative translation adjustments, net of tax	(65,777)	(46,625)	(1,057)	(11)
Defined benefit pension plans:				
Pension liability adjustment	(21,853)	(5,861)	18,339	197
Deferred income taxes	9,434	3,588	(8,173)	(88)
Total	(12,419)	(2,273)	10,166	109
Total other comprehensive income (loss)	(78,196)	(48,898)	9,109	98
Comprehensive income (loss)[1]	(146,365)	(758,309)	77,195	827
Less: Comprehensive income (loss) attributable to noncontrolling interests in subsidiary	(794)	(2,791)	92	1
Comprehensive income (loss) attributable to NHI shareholders[1]	¥ (145,571)	¥ (755,518)	¥ 77,103	$ 826

(1) *Comprehensive income (loss)* is comprehensive income (loss) before deducting amounts attributable to noncontrolling interests in accordance with updated guidance for the accounting and reporting of noncontrolling interests which Nomura adopted on April 1, 2009. *Comprehensive income (loss) attributable to NHI shareholders* was previously reported as *Comprehensive income (loss)*.

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

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NOMURA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of yen			Translation into millions of U.S. dollars
	Year ended March 31			
	2008	2009	2010	2010
Cash flows from operating activities:				
Net income (loss)(1)	¥ (68,169)	¥ (709,411)	¥ 68,086	$ 729
Adjustments to reconcile net income (loss) to net cash used in operating activities:				
Depreciation and amortization	63,463	75,780	73,081	782
Stock-based compensation	13,188	16,476	9,737	104
(Gain) loss on investments in equity securities	48,695	25,500	(6,042)	(65)
Equity in (earnings) loss of affiliates, net of dividends received	(381)	12,842	(8,097)	(87)
Loss on disposal of office buildings, land, equipment and facilities	7,820	6,107	2,446	26
Deferred income taxes	(139,861)	(83,631)	19,574	210
Changes in operating assets and liabilities:				
Time deposits	(314,240)	72,670	348,003	3,726
Deposits with stock exchanges and other segregated cash	(82,817)	(153,059)	142,416	1,525
Trading assets and private equity investments	2,139,627	(3,153,499)	(3,123,679)	(33,444)
Trading liabilities	299,611	1,323,314	3,737,079	40,012
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	(2,562,836)	1,490,423	(1,437,635)	(15,392)
Securities borrowed, net of securities loaned	(1,036,076)	(278,318)	(69,472)	(744)
Other secured borrowings	1,097,679	425,886	(1,591,535)	(17,040)
Loans and receivables, net of allowance for doubtful accounts	(58,541)	(1,336,288)	(248,175)	(2,657)
Payables	(1,639)	994,150	139,919	1,498
Accrued income taxes, net	25,549	(72,209)	65,718	704
Other, net	(78,978)	630,638	377,806	4,045
Net cash used in operating activities	(647,906)	(712,629)	(1,500,770)	(16,068)
Cash flows from investing activities:				
Payments for purchases of office buildings, land, equipment and facilities	(126,285)	(95,978)	(83,079)	(889)
Proceeds from sales of office buildings, land, equipment and facilities	15,621	38,799	2,909	31
Payments for purchases of investments in equity securities	(615)	(6,236)	(2,318)	(25)
Proceeds from sales of investments in equity securities	7,887	2,065	1,272	14
(Increase) decrease in loans receivable at banks, net	14,042	28,096	(105,800)	(1,133)
(Increase) decrease in non-trading debt securities, net	2,665	(19,415)	(64,586)	(692)
Business combinations or disposals, net	1,428	(39,421)	(9,865)	(106)
Increase in investments in affiliated companies, net	(15,673)	(5,965)	(13)	0
Other, net	(1,089)	(850)	(8,163)	(87)
Net cash used in investing activities	(102,019)	(98,905)	(269,643)	(2,887)
Cash flows from financing activities:				
Increase in long-term borrowings	2,425,393	2,091,553	3,059,225	32,754
Decrease in long-term borrowings	(1,722,644)	(1,262,300)	(1,470,978)	(15,749)
Increase (decrease) in short-term borrowings, net	386,048	(175,988)	137,076	1,467

Increase (decrease) in deposits received at banks, net	(57,756)	126,520	13,279	142
Proceeds from issuances of common stock		282,447	446,662	4,782
Proceeds from sales of common stock held in treasury	828	65	10	0
Payments for repurchases of common stock held in treasury	(3,525)	(91)	(18)	0
Payments for cash dividends	(86,866)	(64,924)	(11,130)	(119)
Proceeds from issuances of stock by subsidiaries	1,401	2,478	2,404	26
Net cash provided by financing activities	942,879	999,760	2,176,530	23,303
Effect of initial adoption of investment company accounting on cash and cash equivalents	(38,427)			
Effect of exchange rate changes on cash and cash equivalents	(57,319)	(81,896)	964	10
Net increase in cash and cash equivalents	97,208	106,330	407,081	4,358
Cash and cash equivalents at beginning of the year	410,028	507,236	613,566	6,570
Cash and cash equivalents at end of the year	¥ 507,236	¥ 613,566	¥ 1,020,647	$ 10,928
Supplemental disclosure:				
Cash paid during the year for				
Interest	¥ 987,228	¥ 416,124	¥ 210,742	$ 2,256
Income tax payments (refunds), net	¥ 117,570	¥ 84,986	¥ (62,994)	$ (674)

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NOMURA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Non cash activities

Business combinations:

There were no business acquisitions during the year ended March 31, 2008. Assets acquired, excluding cash and cash equivalents, and debt assumed were ¥56,168 million, and ¥28,849 million, respectively, for the year ended March 31, 2009. Assets acquired, excluding cash and cash equivalents, and debt assumed were ¥45,981 million ($492 million) and ¥27,663 million ($296 million), respectively, for the year ended March 31, 2010.

Capital lease assets:

The increase in *Office buildings, land, equipment and facilities* in the consolidated balance sheets includes newly recognized capital lease in the amount of ¥26,572 million ($284 million) during the year ended March 31, 2010.

Reclassification of convertible bonds:

In March 2009, Nomura reclassified the intrinsic value associated with the beneficial conversion feature relating to the Subordinated Unsecured Convertible Bonds No. 1 issued on December 16, 2008 from *Long-term borrowings* to *Additional paid-in capital*. As of March 31, 2009, the balance in Additional paid-in capital associated with the beneficial conversion feature was ¥40,995 million, after the effect of deferred taxes.

Conversion of convertible bonds:

During the year ended March 31, 2010, convertible bonds were exercised at the amount of ¥110,000 million ($1,178 million). Accordingly, *Common Stock* increased by ¥55,000 million ($589 million) and *Additional paid-in capital* increased by ¥55,000 million ($589 million).

Reclassifications

In conjunction with the retroactive application of certain requirements of ASC 210-20, net derivative assets and liabilities have been offset by cash collateral payables and receivables, respectively, and accordingly, certain reclassifications have been made for the year ended March 31, 2008. See Note 1, *Summary of accounting policies*.

Notes:

(1) Net income (loss) is net income (loss) before subtracting Net income (loss) attributable to noncontrolling interests in accordance with the updated noncontrolling interests guidance.
(2) Certain reclassifications of previously reported amounts have been made to conform to the current year presentation.

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

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of accounting policies:

Description of business

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

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

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

Subsequent events

In April 2010, Nomura established the Wholesale Division, encompassing the Global Markets Division, the Investment Banking Division, and the Merchant Banking Division. Therefore, Nomura currently has three divisions: Retail Division, Wholesale Division, and Asset Management Division.

Basis of presentation

The accounting and financial reporting policies of the Company conform to accounting principles generally accepted in the United States (U.S. GAAP) as applicable to broker-dealers. Effective July 1, 2009, Nomura adopted the Financial Accounting Standards Board (FASB) Accounting Standard Codification (Codification) as required by Accounting Standard Codification Topic (ASC) 105 *Generally Accepted Accounting Principles* and Accounting Standards Update (ASU) No. 2009-01 *Topic 105 Generally Accepted Accounting Principles* . The primary objective of the Codification is to simplify access to all authoritative literature related to a particular topic in one place by replacing former authoritative guidance provided from different sources in various pronouncements such as Statement of Financial Accounting Standards, Emerging Issue Task Force Abstracts, FASB Interpretations, FASB Staff Positions, AICPA Statements of Position and Industry Guides. Further, effective July 1, 2009, any changes to the Codification are communicated by the FASB through an ASU.

As the Codification is not intended to change U.S. GAAP but rather consolidates it into a single set of rules, adoption of the Codification by the Company has not had a material financial impact on these consolidated financial statements. All technical references to U.S. GAAP pronouncements within these consolidated financial statements have been replaced with the relevant Codification topic or sub-topic references.

These consolidated financial statements include the accounts of the Company and other entities in which it has a controlling financial interest. The Company initially determines whether it has a controlling financial interest in an entity by evaluating whether the entity is a variable interest entity (VIE) under ASC 810, *Consolidation* (ASC 810). VIEs are entities in which equity investors do not have the characteristics of a controlling financial interest or which do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. The Company consolidates VIEs where Nomura is the primary beneficiary, generally defined as the enterprise that will absorb a majority of the expected losses or receive a majority of the expected residual returns of the entity, or both. For entities other than VIEs, Nomura is generally determined to have a controlling financial interest in an entity when it owns a majority of the voting interest. Additionally, the Company does not consolidate certain special purpose entities utilized for securitization transactions if they meet the definition of a qualifying special purpose entity (QSPE).

Equity investments in entities in which Nomura has significant influence over operating and financial decisions (generally defined as 20 to 50 percent of the voting stock of a corporate entity, or at least 3 percent of a limited partnership) are accounted for under the equity method of accounting and reported in *Other assets Investments in and advances to affiliated companies* or at fair value by electing the fair value option permitted by ASC 825 *Financial Instruments* (ASC 825) and reported in *Trading assets* or *Private equity investments.* Investments undertaken by Nomura s Merchant Banking business are reported in *Private Equity Investments.* Other investments are reported in *Trading assets*. Equity investments in which Nomura has neither control nor significant influence are carried at fair value, with changes in fair value recognized currently through the consolidated statements of operations.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Certain entities in which the Company has a financial interest are investment companies under ASC 946 *Financial Services Investment Companies* (ASC 946). These entities, including subsidiaries such as Nomura Principal Finance Co., Ltd. (NPF), carry all of their investments at fair value, with changes in fair value recognized through the consolidated statements of operations.

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

All material intercompany transactions and balances have been eliminated on consolidation. Certain reclassifications of previously reported amounts have been made to conform to the current year presentation.

Use of estimates

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

Fair value of financial instruments

A significant amount of Nomura s financial assets and financial liabilities are carried at fair value, with changes in fair value recognized through the consolidated statements of operations on a recurring basis. Use of fair value is either specifically required under U.S. GAAP or Nomura makes an election to use fair value for certain eligible items under the fair value option.

Other financial assets and financial liabilities are carried at fair value on a nonrecurring basis, where the primary measurement basis is not fair value. Fair value is only used in specific circumstances such as to measure impairment.

In all cases, fair value is determined in accordance with ASC 820, *Fair Value Measurements and Disclosures* (ASC 820) 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 a principal market, the most advantageous market for the relevant financial asset or financial liability. See Note 3, *Fair value of financial instruments* below for more information regarding how Nomura estimates fair value for specific types of financial instruments used in the ordinary course of business.

Private equity business

Private equity investments are generally carried at fair value, with changes in fair value recognized through the consolidated statements of operations. See Note 5, *Private equity business* for further discussion.

Transfers of financial assets

Nomura accounts for the transfer of a financial asset as a sale when Nomura relinquishes control over the asset by meeting the following conditions: (a) the asset has been isolated from the transferor (even in bankruptcy or other receivership), (b) the transferee has the right to pledge or exchange the asset received, or if the transferee is a QSPE, the holders of its beneficial interests have the right to pledge or exchange the beneficial interests held and (c) the transferor has not maintained effective control over the transferred asset.

In connection with its securitization activities, Nomura utilizes special purpose entities (SPEs) to securitize commercial and residential mortgage loans, government and corporate securities and other types of financial assets. Nomura s involvement with SPEs includes structuring and underwriting, distributing and selling debt instruments and beneficial interests issued by SPEs to investors. Nomura derecognizes financial assets transferred in securitizations provided that Nomura has relinquished control over such assets and does not consolidate the SPE. Nomura may obtain or retain an interest in the financial assets, including residual interests in the SPEs dependent upon prevailing market conditions. Any such interests are accounted for at fair value and included in *Trading assets* within the consolidated balance sheets with the change in fair value included in *Revenue Net gain (loss) on trading* in the consolidated statements of operations.

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Foreign currency translation

The financial statements of the Company s subsidiaries are measured using their functional currency which is the currency of the primary economic environment in which the entity operates. All assets and liabilities of subsidiaries which have a functional currency other than Japanese yen are translated into Japanese yen at exchange rates in effect at the balance sheet date; all revenue and expenses are translated at the average exchange rates for the respective years and the resulting translation adjustments are accumulated and reported as *Accumulated other comprehensive loss* in NHI shareholders equity.

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

Fee revenue

Revenue Commissions includes amounts charged for executing brokerage transactions accrued on a trade date basis and are included in current period earnings. *Revenue Fees from investment banking* includes securities underwriting fees and other corporate financing services fees. Underwriting fees are recorded when services for underwriting are completed. All other fees are recognized when related services are performed. *Revenue Asset management and portfolio service fees* are accrued over the period that the related services are provided or when specified performance requirements are met.

Trading assets and trading liabilities

Trading assets and *Trading liabilities* primarily comprise debt and equity securities, derivatives, and loans.

Trading assets and *Trading liabilities*, including contractual commitments arising pursuant to derivative transactions, are recognized on the consolidated balance sheets on a trade date basis and carried at fair value with changes in fair value recognized within *Revenue Net gain (loss) on trading* in the consolidated statements of operations.

Collateralized agreements and collateralized financing

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

Resale and repurchase agreements (repo transactions) principally involve the buying or selling of government and government agency securities under agreements with customers to resell or repurchase these securities to or from those customers. Nomura monitors the value of the underlying securities on a daily basis relative to the related receivables and payables, including accrued interest, and requests or returns additional collateral when appropriate. Repo transactions are generally accounted for as collateralized agreements or collateralized financing transactions and are recorded on the consolidated balance sheets at the amount at which the securities were originally acquired or sold with applicable accrued interest, as appropriate.

Repo transactions where the maturity of the security transferred as collateral matches the maturity of the repo transaction (repo-to-maturity transactions) are accounted for as sales rather than collateralized financings where the criteria for derecognition of the securities transferred under ASC 860 *Transfers and Servicing* (ASC 860) are met. The amounts of securities derecognized from the consolidated balance sheets under repo-to-maturity transactions as of March 31, 2009 and 2010 was ¥nil and ¥185,047 million ($1,981 million), respectively.

Japanese Gensaki transactions which have no margin requirements nor substitution rights have also been historically accounted for as sales where the criteria for derecognition of the transferred financial assets under ASC 860 are met. The amounts of securities derecognized from the consolidated balance sheets under Gensaki transactions as of March 31, 2009 and 2010 was not significant. These transactions have largely been replaced with Gensaki Repo transactions which have been more common in Japanese financial markets since 2001. Unlike Gensaki transactions, Gensaki Repo transactions contain margin requirements, rights of security substitution, and certain restrictions on the customer s right to sell or repledge the transferred securities. Accordingly, Gensaki Repo transactions are accounted for as collateralized agreements or collateralized financing transactions and are recorded on the consolidated balance sheets at the amount that the securities were originally acquired or sold with applicable accrued interest, as appropriate.

Repo transactions (including Gensaki Repo transactions) are presented in the consolidated balance sheets net-by-counterparty, where offsetting is consistent with ASC 210-20 *Balance Sheet Offsetting* (ASC 210-20).

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Certain Japanese securities lending transactions are accounted for as sales where the criteria for derecognition of the transferred financial assets under ASC 860 are met. The amounts of securities derecognized from the consolidated balance sheets under these transactions as of March 31, 2009 and 2010 was ¥174,567 million and ¥153,808 million ($1,647 million), respectively.

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

Trading balances of secured borrowings consist of the liabilities related to transfers of financial assets that are accounted for as secured financing transactions rather than sales and are included in the consolidated balance sheets in *Short-term borrowings and Long-term borrowings*. The fair value option is generally elected for these transactions, which are carried at fair value on a recurring basis. See Note 8, *Securitization and Variable Interest Entities (VIEs)* and Note 12, *Borrowings* for further information regarding these transactions.

On the consolidated balance sheets, all Nomura-owned securities pledged to counterparties where the counterparty has the right to sell or repledge the securities, including Gensaki Repo transactions, are shown parenthetically in *Trading assets* as *Securities pledged as collateral*.

Derivatives

Nomura uses a variety of derivative financial instruments, including futures, forwards, swaps and options, for trading and non-trading purposes. All derivatives are carried at fair value, with changes in fair value recognized through the consolidated statements of operations.

Trading

Derivative financial instruments used for trading purposes are carried at fair value with changes in fair value recognized currently within *Revenue Net gain (loss) on trading.* Derivative assets and liabilities are presented in the consolidated balance sheets on a net-by-counterparty basis where offsetting is consistent with ASC 210-20. In addition, fair value amounts recognized for the right to reclaim cash collateral (a receivable) and the obligation to return cash collateral (a payable) are also offset against net derivative liabilities and net derivative assets, respectively.

Non-trading

In addition to its trading activities, Nomura uses derivative financial instruments to manage interest rate risk or to modify the interest rate characteristics of certain financial liabilities.

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

Certain derivatives embedded in hybrid financial instruments are bifurcated from the host contract, such as securities and certificates of deposit and are carried at fair value and presented separately but in the same consolidated balance sheets line item as the host contract. Changes in the fair value of these embedded derivatives are recognized within *Revenue Net gain (loss) on trading*. Derivatives used to economically hedge these instruments are also carried at fair value, with changes in fair value recognized within *Revenue Net gain (loss) on trading*.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Loans receivable

Loans receivable are loans which management intends to hold for the foreseeable future and consist primarily of loans at banks , financing activity loans , margin transaction loans and inter-bank money market loans . *Loans receivable* are either carried at amortized cost or at fair value. Interest earned on *Loans receivable* is generally recognized within *Revenue Interest and dividends*. Amortized cost represents cost adjusted for deferred fees or costs on originated loans, unamortized premiums or discounts on purchased loans and after deducting applicable allowances for loan losses. Loan origination fees, net of direct origination costs, are amortized to *Revenue Interest and dividends* as an adjustment to yield over the life of the loan.

Loans at banks are loans receivable in connection with banking activities undertaken by banking subsidiaries such as The Nomura Trust & Banking Co., Ltd, Nomura Singapore Limited and Nomura Bank International plc.

Financing activity loans are loans receivable in connection with financing activities undertaken by non-banking subsidiaries.

Margin transaction loans are loans receivable from customers in connection with stock brokerage activities. These loans are usually collateralized by customers securities and customers deposits.

Inter-bank money market loans are loans receivable from financial institutions in the inter-bank money market, where overnight and intra-day financings are traded through money market dealers.

Management establishes an allowance for loan losses against these loans, which is disclosed within the *Allowance for doubtful accounts* and which reflects management s best estimate of probable losses incurred. The allowance for loan losses comprises a specific component for loans which have been specifically identified as impaired and a general component for loans which, while not specifically identified as impaired, are collectively assessed for impairment based on historical loss experience.

The specific component of the allowance for loan losses reflects probable losses incurred within loans which have been specifically identified as impaired. A loan is defined as being impaired when, based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreement will not be collected. Factors considered by management in determining impairment include an assessment of the ability of borrowers to pay by considering various factors such as the nature of the loan, prior loan loss experience, current economic conditions, the current financial situation of the borrower, and the fair value of any underlying collateral. Loans that experience insignificant payment delays and payment shortfalls are not classified as impaired. The allowance is measured on a loan by loan basis by adjusting the carrying value of the impaired loan to either the present value of expected future cash flows discounted at the loan s effective interest rate, the loan s obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

The general component of the allowance for loan losses is for loans not specifically identified as impaired and includes judgment about collectability based on available information at the balance sheet date, and the uncertainties inherent in those underlying assumptions. The allowance is measured taking into consideration historical loss experience adjusted for qualitative factors such as current economic conditions.

While management has based its estimate of the allowance for loan losses on the best information available, future adjustments to the allowance for loan losses may be necessary as a result of changes in the economic environment or variances between actual results and the original assumptions.

Certain loans which are risk managed on a fair value basis are elected to be carried at fair value. Nomura elects the fair value option to mitigate volatility in the consolidated statements of operations caused by the difference in measurement basis that would otherwise exist between the loans and the derivatives used to risk manage those loans.

Changes in the fair value of loans receivable elected for the fair value option are reported within *Revenue Net gain (loss) on trading* in the consolidated statements of operations.

Other receivables

Receivables from customers include amounts receivable on customer securities transactions and *Receivables from other than customers* include amounts receivable for securities not delivered to a purchaser by the settlement date (fails to deliver), margin deposits, commissions, and net receivables arising from unsettled securities transactions.

An allowance for doubtful accounts is provided for these receivables and included in *Allowance for doubtful accounts* which reflects management s best estimate of probable losses incurred within receivables which have been specifically identified as impaired.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Payables and deposits

Payables to customers include amounts payable on customer securities transactions and are generally measured at contractual amounts due.

Payables to other than customers include payables to brokers and dealers for securities not received from a seller by the settlement date (fails to receive) and net payables arising from unsettled securities transactions. Amounts are measured at contractual amounts due.

Deposits received at banks represent amounts held on deposit within Nomura s banking subsidiaries and are measured at contractual amounts due.

Office buildings, land, equipment and facilities

Office buildings, land, equipment and facilities, held for use by Nomura are stated at cost, net of accumulated depreciation and amortization, except for land, which is stated at cost. Significant renewals and additions are capitalized at cost. Maintenance, repairs and minor renewals are expensed as incurred in the consolidated statements of operations.

Depreciation and amortization charges are generally computed using the straight-line method and at rates based on estimated useful lives of each asset according to general class, type of construction and use. The estimated useful lives for significant asset classes are as follows:

Office buildings	15 to 50 years
Equipment and installations	3 to 15 years
Software	Up to 5 years

Depreciation and amortization is included in *Non-interest expenses Information processing and communications* in the amount of ¥47,350 million, ¥56,429 million, ¥51,924 million ($556 million), and in *Non-interest expenses Occupancy and related depreciation* in the amount of ¥16,113 million, ¥19,351 million, and ¥21,157 million ($227 million) for the years ended March 31, 2008, 2009 and 2010, respectively.

Long-lived assets, excluding goodwill and indefinite-lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the estimated future undiscounted cash flow generated by the asset is less than the carrying amount of the asset, a loss is recognized to the extent that the carrying value exceeds its fair value.

Nomura recorded non-cash impairment charges of ¥93 million, ¥2,656 million, and ¥194 million ($2 million) substantially related to write-downs of software, office buildings, land, equipment, facilities, and other assets for the years ended March 31, 2008, 2009 and 2010, respectively. These losses are included in the consolidated statements of operations in *Non-interest expenses Other*. The revised carrying values of these assets were based on the estimated fair value of the assets.

Investments in equity securities

Nomura holds minority stakes in the equity securities of unaffiliated Japanese financial institutions and corporations in order to promote existing and potential business relationships. These companies will also often have similar investments in Nomura. Such cross-holdings are a customary business practice in Japan and provide a way for companies to manage the shareholder relationships.

These investments, which Nomura refers to as being held for operating purposes, are carried at fair value within *Other assets Investments in equity securities* in the consolidated balance sheets, with changes in fair value recognized within *Revenue Gain (loss) on investments in equity securities* in the consolidated statements of operations. These investments comprise listed and unlisted equity securities in the amounts of ¥81,053 million and ¥37,849 million, respectively, as of March 31, 2009 and ¥89,045 million ($953 million) and ¥33,903 million ($363 million), respectively, as of March 31, 2010.

Non-trading debt securities

Non-trading debt securities consist of debt securities mainly held by non-trading subsidiaries. Non-trading debt securities are carried at fair value, with changes in fair value recognized within *Revenue Other* in the consolidated statements of operations.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Short-term and long-term borrowings

Short-term and long-term borrowings primarily consist of commercial papers, bank borrowings, structured notes issued by Nomura and SPEs consolidated by Nomura, and financial liabilities recognized in transactions which are accounted for as financings under ASC 860 (secured financing transactions). Of these financial liabilities, certain structured notes and secured financing transactions are accounted for at fair value on a recurring basis through election of the fair value option. Others are carried at amortized cost.

Structured notes

Structured notes are debt securities which contain embedded features (often meeting the accounting definition of a derivative) that alter the return to the investor from simply receiving a fixed or floating rate of interest to a return that depends upon some other variable(s) such as an equity or equity index, commodity price, foreign exchange rate, credit rating of a third party or more complex interest rate calculation.

All structured notes issued by Nomura on or after April 1, 2008 are carried at fair value on a recurring basis through election of the fair value option. This blanket election for structured notes is made primarily to mitigate the volatility in the consolidated statements of operations caused by differences in the measurement basis for structured notes and the derivatives used to risk manage those positions and to generally simplify the accounting Nomura applies to these financial instruments.

Certain structured notes outstanding as of March 31, 2008 were already measured at fair value but others continue to be accounted for by Nomura by bifurcating the embedded derivative from the associated debt host contract. The embedded derivative is accounted for at fair value and the debt host contract is accounted for at amortized cost.

Changes in the fair value of structured notes elected for the fair value option and bifurcated embedded derivatives are reported within *Revenue Net gain (loss) on trading* in the consolidated statements of operations.

Income taxes

Deferred tax assets and liabilities are recorded for the expected future tax consequences of tax loss carryforwards and temporary differences between the carrying amounts and the tax bases of assets and liabilities based upon enacted tax laws and tax rates. Nomura recognizes deferred tax assets to the extent it believes that it is more likely than not that a benefit will be realized. A valuation allowance is provided for tax benefits available to Nomura that are not deemed more likely than not to be realized.

Nomura recognizes and measures unrecognized tax benefits based on Nomura s estimate of the likelihood, based on the technical merits, that tax positions will be sustained upon examination based on the facts and circumstances and information available at the end of each period. Nomura adjusts the level of unrecognized tax benefits when there is more information available, or when an event occurs requiring a change. The reassessment of unrecognized tax benefits could have a material impact on Nomura s effective tax rate in the period in which it occurs.

Stock-based compensation

Stock-based compensation cost is determined either by using option pricing models intended to estimate the fair value of the awards at the grant date or by calculating the fair value of the award at the grant date based on the market price at the grant date and the exercise price. Compensation cost is recognized over the requisite service period, which generally is equal to the vesting period.

Earnings per share

The computation of basic earnings per share is based on the average number of shares outstanding during the year. Diluted earnings per share reflects the assumed conversion of all dilutive securities based on the most advantageous conversion rate or exercise price available to the investors, and assuming conversion of convertible debt under the if-converted method.

Cash and cash equivalents

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

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Goodwill and intangible assets

Goodwill and intangible assets not subject to amortization are reviewed annually, or more frequently in certain circumstances, for impairment. Goodwill is the cost of acquired companies in excess of the fair value of identifiable net assets at acquisition date. Nomura periodically assesses the recoverability of goodwill by comparing the fair value of each reporting unit to which goodwill relates to the carrying amount of the reporting unit including goodwill. If such assessment indicates that the fair value is less than the related carrying amount, a goodwill impairment determination is made. Identifiable intangible assets with finite lives are amortized over their expected useful lives.

Restructuring costs

Costs associated with an exit activity are recognized at fair value in the period in which the liability is incurred. Such costs include one-time termination benefits provided to employees, costs to terminate certain contracts and costs to relocate employees. Termination benefits provided to employees as part of ongoing benefit arrangements are recognized as liabilities during the period in which it is probable that Nomura has incurred a loss, and the amount of the loss can be reasonably estimated.

Restructuring costs of a plan to either exit an activity of a company acquired by Nomura or involuntarily terminate or relocate employees of an acquired company are recognized as liabilities assumed in a business combination only if an obligation to incur the costs associated with these activities existed at the acquisition date.

For business combinations consummated prior to April 1, 2009, costs associated with restructurings initiated by Nomura as acquirer were also recognized as liabilities assumed in a business combination provided management committed to, formulated and communicated its detailed restructuring plan to affected employees within one year of acquisition date.

New accounting pronouncements recently adopted

The following new accounting pronouncements relevant to Nomura have been adopted during the year ended March 31, 2010:

Expanded disclosures regarding fair value measurements

On January 1, 2010, Nomura adopted amendments to ASC 820 required by ASU No. 2010-06 *Improving Disclosures about Fair Value Measurements* (ASU 2010-06) which expands the disclosures requirements of ASC 820. ASU 2010-06 requires additional disclosures regarding the amounts of significant transfers in and out of Level 1 and 2 of the fair value hierarchy and the reasons for the transfers between Levels. It also requires information about purchases, sales, issuances and settlements of Level 3 instruments to be provided on a gross basis. ASU 2010-06 also clarifies existing fair-value measurement disclosure guidance about the level of disaggregation required for disclosures made regarding the fair value hierarchy, inputs, and valuation techniques.

The new disclosures and clarifications of existing disclosures were required to be implemented for interim or annual periods beginning after December 15, 2009, which for Nomura was the fourth quarter commenced on January 1, 2010. Gross information on purchases, sales, issuances and settlements are required in fiscal years beginning after December 15, 2010 which for Nomura will be within the fiscal year commencing on April 1, 2011 and interim periods within that fiscal year.

Because the ASU only introduces new disclosures and does not impact upon how Nomura calculates fair value, adoption of the currently effective portions has not had a material impact on these consolidated financial statements, nor will adoption of the pending portions have a material impact in the upcoming fiscal year. See Note 3, *Fair value of financial instruments* within these consolidated financial statements where the new and clarified disclosures have been made.

Valuation methodology for investments in certain entities that calculate net asset value (NAV) per share

On October 1, 2009, Nomura adopted amendments to ASC 820 required by ASU No. 2009-12 *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2009-12) which amends ASC 820 by permitting the measurement of fair value of certain investments on the basis of NAV per share as a practical expedient if certain criteria are met. ASU 2009-12 only applies to investments in investment companies and similar entities which do not have a readily determinable fair value. The ASU also provides additional guidance regarding how such investments should be classified in the fair value hierarchy and requires additional disclosures irrespective of whether the practical expedient is used.

Nomura now uses the practical expedient permitted by the ASU in the valuation of certain fund investments and also uses the guidance in the ASU to classify certain investments in the fair value hierarchy. Adoption of these amendments has not had a material impact on these consolidated financial statements. See Note 3 *Fair value of financial instruments* in these consolidated financial statements where the fair value hierarchy and new disclosures have been made.

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Measuring liabilities at fair value

On October 1, 2009, Nomura adopted amendments to ASC 820 required by ASU No. 2009-05, *Measuring Liabilities at Fair Value* (ASU 2009-05), which provides new guidance for determining the fair value of both financial and non-financial liabilities when a fair value measurement is used. It provides valuation methods and a hierarchy for their use and clarifies that restrictions preventing the transfer of a liability should not be considered as a separate input or adjustment in the measurement of fair value. Nomura now uses the hierarchy in the valuation of financial liabilities such as structured notes elected for the fair value option.

Adoption of these amendments has not had a material impact on these consolidated financial statements. See Note 3, *Fair value of financial instruments* in these consolidated financial statements where more guidance regarding the fair value of financial liabilities is provided.

Decrease in ownership interests in subsidiaries

On October 1, 2009, Nomura adopted amendments to ASC 810 required by ASU No. 2010-02, *Accounting and Reporting for Decreases in Ownership of a Subsidiary* (ASU 2010-02), which clarifies when certain guidance contained within ASC 810 regarding decreases in ownership interests in subsidiaries that result in a change in control and a resulting gain or loss for various fact patterns. ASU 2010-02 clarifies that certain provisions of ASC 810 apply only to subsidiaries that are businesses, including situations where a business is transferred to an equity method investee or joint venture. Furthermore, these provisions would not apply to in-substance real estate transactions. ASU 2010-02 also requires new disclosures regarding determination of fair value in situations where a change in control occurs resulting in a gain or loss, including where an entity achieves a business combination by acquiring control in stages over time.

Adoption of these amendments has not had a material impact on these consolidated financial statements.

Accounting for nonderivative contracts by broker-dealers

In September 2009, Nomura adopted amendments to ASC 940 *Financial Services Broker and Dealers* (ASC 940) required by ASU No. 2009-10 *Broker and Dealers: Investments Other Amendment to Subtopic 940-325* (ASU 2009-10), which clarifies how broker-dealers such as Nomura should account for energy trading contracts that do not meet the accounting definition of a derivative. ASU 2009-10 was issued to ensure consistent accounting for nonderivative energy trading contracts by broker-dealers and specifically to clarify related provisions of ASC 940.

Adoption of these amendments has not had a material impact on these consolidated financial statements.

Enhanced disclosures about pension plan assets

On April 1, 2009, Nomura adopted new disclosure requirements included in ASC 715-20 *Compensation Retirement Benefits-Defined Benefit Plans* (ASC 715-20). ASC 715-20 increases the information to be disclosed about plan assets by aligning these disclosures with those made for other financial assets. In particular, plan assets must be separated into the three fair value hierarchy levels and a roll forward of the changes in fair value of plan assets classified as Level 3 must be provided.

Adoption of the new requirements in ASC 715-20 has not had a material impact on these consolidated financial statements as these are only new disclosures and the requirements do not impact upon the accounting treatment of plan assets or benefit obligations. See Note 14, *Employee benefit plans* within these consolidated financial statements where the relevant new disclosures have been made.

Subsequent events

On April 1, 2009, Nomura adopted ASC 855 *Subsequent Events* (ASC 855), which provides new guidance regarding the accounting treatment and disclosure of events occurring after the balance sheet date but before financial statements are issued or available to be issued.

In February 2010, Nomura adopted amendments to ASC 855 required by ASU No. 2010-09 *Amendments to Certain Recognition and Disclosure Requirements* (ASU 2010-09) which was issued to address the interaction of ASC 855 with certain SEC reporting requirements.

Adoption of ASC 855 amended by ASU 2010-09 has not had a material impact on these consolidated financial statements.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Accounting for noncontrolling interests

On April 1, 2009, Nomura adopted new guidance for the accounting and reporting for noncontrolling interests in financial statements included in ASC 810. The new guidance 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 the new guidance, a change in control is measured at fair value. The new guidance also provides guidance on the accounting for transactions between an entity and noncontrolling interests. The new guidance is applied prospectively as of the beginning of the fiscal year in which it is initially applied, except for the presentation and disclosure requirements which are applied retrospectively for all periods presented. Nomura reclassified ¥322 million (loss) and ¥1,219 million (loss) between *Income (loss) before income taxes* and *Net income (loss) attributable to NHI* for the years ended March 31, 2008 and 2009, respectively. In addition, ¥12,150 million has been reclassified from *Other liabilities* to *Non-controlling interests* as of March 31, 2009.

Accounting for business combinations

On April 1, 2009, Nomura adopted new guidance for business combinations included in ASC 805 *Business Combinations* (ASC 805). For business combinations for which the acquisition date is on or after April 1, 2009, the new guidance 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 fair value determined on the acquisition date and changes thereafter in valuation of contingent consideration to be reflected in earnings rather than goodwill; changes the timing for valuing certain arrangements where stock is paid as consideration; and requires acquisition related costs to be expensed as incurred.

Adoption of the new guidance has not had a material effect on these consolidated financial statements.

Repurchase financing agreements

On April 1, 2009, Nomura adopted new guidance for transfers of financial assets included in ASC 860 that requires a transfer of a financial asset and a reverse of repurchase agreement involving the same transferred financial asset entered into contemporaneously or in contemplation of each other to be accounted for as a single linked transaction unless specific criteria are met.

Adoption of the new guidance has not had a material impact on these consolidated financial statements.

Revisions to calculation of earnings per share

On April 1, 2009, Nomura adopted updated guidance included in ASC 260 *Earnings per Share* (ASC 260) which clarifies that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and therefore are included in the computation of earnings per share using the two-class method.

Adoption of the updated guidance has not had a material impact on either a prospective, historical basic or on diluted earnings per share amounts reported within these consolidated financial statements.

Instruments indexed to an entity s own stock

On April 1, 2009, Nomura adopted updated guidance included in ASC 815-40, *Derivatives and Hedging Contracts in Entity s Own Equity* (ASC 815-40) that provides guidance on determining whether certain instruments (or embedded features in other instruments) are considered indexed to an entity s own stock. It amends the existing guidance for determining whether a price adjustment mechanism included in an equity-linked financial instrument (or embedded feature) needs to be bifurcated and classified as an asset or liability and be subject to profit or loss recognition based on its fair value.

Upon adoption of ASC 815-40, Nomura made certain reclassification adjustments to the opening balances of *Long term borrowings*, *Additional paid-in-capital*, *Retained earnings*, and *Other assets Other* in order to bifurcate certain contingent conversion price adjustment rights contained in 120% Call Attached Unsecured Subordinated Convertible Bonds No. 1 (the Convertible Bonds) that were determined as not indexed to the Company s stock. Following the expiration of such clauses, further reclassification of such derivatives was made to *Retained earnings*. The effect of adopting ASC 815-40 on the opening balance of *Retained earnings* was a loss of ¥6,339 million. If Nomura had not adopted ASC 815-40, the effect would have resulted in a decrease of *Income (loss) before income taxes* and *Net income (loss) attributable to NHI* by ¥56,375 million and ¥33,261 million, respectively, and Basic and Diluted Earnings per Share would have been ¥11.05 and ¥11.00, respectively, for the year ended March 31, 2010.

See Note 13, *Earnings per share* within these consolidated financial statements for a further discussion of diluted earnings per share.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Measurement of fair value in inactive markets

On April 1, 2009, Nomura adopted new guidance included in ASC 820, which clarifies how to measure fair value when the volume and level of activity for an asset or liability have significantly decreased. The updated guidance also requires increased granularity of disclosures regarding the nature and type of financial assets and liabilities that are measured at fair value.

Adoption of the new guidance on fair value measurement has not had a material impact on these consolidated financial statements as Nomura s valuation methodologies were already consistent with the revised guidance. See Note 3, *Fair value of financial instruments* in these consolidated financial statements where more detail around the valuation methodologies is provided and where the relevant revised disclosures required by this guidance have been made.

Equity method accounting considerations

On April 1, 2009, Nomura adopted new guidance included in ASC 323 *Investments Equity Method and Joint Ventures* which clarifies the accounting for certain transactions and provides impairment guidance related to equity method investments.

Adoption of the new guidance has not had a material impact on these consolidated financial statements.

Interim disclosures about fair value of financial instruments

On April 1, 2009, Nomura adopted new guidance included in ASC 820 which requires quarterly disclosure of qualitative and quantitative information about the fair value of all financial instruments including methods and significant assumptions used to estimate fair value during the period.

As this requirement does not affect the determination of fair value and only extends fair value disclosures to interim financial statements, adoption of the new guidance has not had a material impact on these consolidated financial statements.

Future accounting developments

The following new accounting pronouncements relevant to Nomura will be adopted in future periods:

Transfers of financial assets

In December 2009, the FASB issued ASU No. 2009-16 *Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets* (ASU 2009-16) which incorporated new guidance around the accounting for transfers of financial assets into ASC 860. ASU 2009-16 changes the requirements for derecognizing financial assets, eliminates the concept of QSPE, and requires additional disclosures about transfers of financial assets and a transferor s continuing involvement with transfers of financial assets accounted for as sales. The requirements for derecognizing financial assets include new restrictions regarding when a portion of a financial asset may be accounted for as a sale, as well as a clarification of the criteria needed to ensure isolation of the transferred assets has occurred from a legal perspective. The elimination of QSPEs will subject such entities to be evaluated under the revised consolidation guidance provided by ASC 810 as amended by ASU 2009-17, as described below, provided Nomura still has variable interests in those entities at the adoption date.

ASU 2009-16 is effective in the first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Application of the revised guidance for transfers of financial assets is prospective after adoption.

Nomura intends to adopt ASU 2009-16 on April 1, 2010 and does not expect adoption to have a material impact on the consolidated financial statements.

Consolidation of variable interest entities

In December 2009, the FASB issued ASU No. 2009-17, *Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities* (ASU 2009-17) which incorporated new guidance around the consolidation of variable interest entities into ASC 810.

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ASU 2009-17 amends rules defining which entities are VIEs and requires a company to perform a qualitative analysis when determining whether it must consolidate a VIE. If a company has variable interests that provide it with power over the most significant activities of the VIE and the right to receive benefits or the obligation to absorb losses meeting a significance test, the company would consolidate the entity, provided that the company does not meet separate tests confirming that it is acting as a fiduciary for other interest holders. Under the new qualitative approach, a quantitative analysis of exposure to expected benefit and loss is no longer determinative in isolation. ASU 2009-17 also requires consolidation or deconsolidation of VIEs to be evaluated on an ongoing basis, which differs from existing guidance that requires evaluation when Nomura first became involved with a VIE and only upon occurrence of certain triggering events.

ASU 2009-17 is effective in the first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. It contains special transition provisions governing whether the assets, liabilities, and noncontrolling interests resulting from consolidation of entities at the date of adoption should occur at their carrying amounts (as if such entities had been consolidated under the revised guidance prior to the adoption date), fair value, or at unpaid principal balances. In certain cases, differences between the net amount added to the balance sheet upon consolidation and the amount previously recognized on an unconsolidated basis will be recognized as a cumulative adjustment to retained earnings.

In February 2010, the FASB issued ASU No. 2010-10 *Consolidation (Topic 810): Amendments for Certain Investment Funds* (ASU 2010-10) which indefinitely defers the consolidation requirements for certain entities that qualify as investment companies under ASC 946 or for which it is industry practice to apply guidance consistent with the measurement principles in ASC 946. The modifications to ASC 946 do not apply to entities where Nomura has an explicit or implicit obligation to fund losses of the entity that could potentially be significant to the entity (except for certain qualifying money market funds), or if the entity is involved in securitizations, asset-backed financing or formerly met the definition of a QSPE. The ASU also does not defer the revised disclosures requirements of ASU 2009-17 for entities determined to be VIEs under guidance existing prior to ASU 2009-17.

Nomura intends to adopt the revised guidance in ASC 810 introduced by ASU 2009-17 and ASU 2010-10 on April 1, 2010 and has analyzed the impact on all QSPEs, SPEs, funds and similar entities with which it is involved. Entities qualifying for the deferral under ASU 2010-10 will continue to be assessed for consolidation under existing guidance.

Based on the results of this analysis, Nomura expect to consolidate certain securitization vehicles, which will increase total assets and total liabilities by less than 1% upon adoption as of April 1, 2010. No significant impact is expected on total shareholders equity. The increase in total assets is not expected to have a significant effect on Nomura s calculation of risk-weighted assets and therefore is not expected to have a significant effect on Nomura s capital ratios.

2. U.S. dollar amounts:

The U.S. dollar amounts are included solely for the convenience of the reader and have been translated at the rate of ¥93.40 = U.S. $1.00, the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of

New York on March 31, 2010. This translation should not be construed to imply that the yen amounts actually represent, or have been or could be converted into, equivalent amounts in U.S. dollars.

3. Fair value of financial instruments:

A significant amount of Nomura s financial instruments are carried at fair value or at amounts that approximate fair value. Financial assets which are carried at fair value on a recurring basis are included 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 included within *Trading liabilities, Short-term borrowings, Payables and deposits, Long-term borrowing*s, and *Other liabilities*.

Other financial assets and financial liabilities are carried at fair value on a nonrecurring basis, where the primary measurement basis is not fair value but where fair value is only used in specific circumstances, such as to measure impairment.

In all cases, fair value is determined in accordance with ASC 820 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.

Financial assets also include investments in certain funds where as a practical expedient, fair value is determined on the basis of NAV per share if the NAV per share is calculated in accordance with certain industry standard principles.

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Increases and decreases in the fair value of assets and liabilities will significantly impact Nomura s position, performance, liquidity and capital resources. As explained later, valuation techniques applied contain inherent uncertainties and Nomura is unable to predict the impact of future developments in the market. Where appropriate, Nomura uses economic hedging strategies to mitigate its risk, although these hedges are also subject to unpredictable movements in the market.

Valuation methodology for financial instruments carried at fair value on a recurring basis

The fair value of financial instruments is based on quoted market prices, including market indices, broker or dealer quotations or an estimation by management of the expected exit price under current market conditions. Various financial instruments, including cash and OTC contracts, have bid and offer prices that are observable in the market. These are measured at the point within the bid-offer range which best represents Nomura s estimate of fair value. Where quoted market prices or broker or dealer quotations are not available, prices for similar instruments or valuation pricing models are considered in the determination of fair value.

Where quoted prices are available in active markets, no valuation adjustments are taken to modify the fair value of assets or liabilities marked using such prices. Other instruments may be measured using valuation techniques, such as valuation pricing models, incorporating observable parameters, unobservable parameters or a combination of both. Valuation pricing models use parameters which would be considered by market participants in valuing similar financial instruments.

Valuation pricing models and their underlying assumptions impact the amount and timing of unrealized gains and losses recognized, and the use of different valuation pricing models or underlying assumptions could produce different financial results. Valuation uncertainty results from a variety of factors, including: the valuation technique or model selected; the quantitative assumptions used within the valuation model; the inputs into the model; as well as other factors. Valuation adjustments are used to reflect the assessment of this uncertainty. Common valuation adjustments include model reserves, credit adjustments, close out adjustments, and other appropriate instrument-specific adjustments, such as those instruments under trade restrictions.

The level of adjustments is largely judgmental and is based on an assessment of the factors that management believe other market participants would use in determining the fair value of similar financial instruments. The type of adjustments taken, the methodology for the calculation of these adjustments, and the inputs for these calculations are reassessed periodically to reflect current market practice and the availability of new information.

For example, the fair value of certain financial instruments includes adjustments for credit risk; both with regards to counterparty credit risk on positions held and Nomura s own creditworthiness on positions issued. Credit risk on financial assets is significantly mitigated by credit enhancements such as collateral and netting arrangements. Any net credit exposure is measured using available and applicable inputs for the relevant counterparty. The same approach is used to measure the credit exposure on Nomura s liabilities as is used for measuring counterparty credit risk on Nomura s assets.

Such models are calibrated to the market on a regular basis and inputs used are adjusted for current market conditions and risks. The global risk management unit reviews pricing models and assesses model appropriateness and consistency independently of the front office. The model reviews consider a number of factors about the model s suitability for valuation and sensitivity of a particular product. Valuation models are calibrated to the market on a periodic basis by comparison to observable market pricing, comparison with alternative models, and analysis of risk profiles.

As explained above, any changes in fixed income, equity, foreign exchange and commodity markets can impact Nomura s estimates of fair value in the future, potentially affecting trading gains and losses. As financial contracts have longer maturity dates, Nomura s estimates of fair value may involve greater subjectivity due to the lack of transparent market data available upon which include base assumptions underlying valuation pricing models.

Concentrations of credit risk

Concentrations of credit risk may arise from trading, securities financing transactions and underwriting activities, and may be impacted by changes in political or economic factors. Nomura s significant single concentrations of credit risk were with the Japanese Government, U.S. Government, Governments within the EU, their states and municipalities, and their agencies. These concentrations generally arise from taking trading securities positions and are reported in *Trading assets* in the consolidated balance sheets. Government, state, municipal, and government agency securities, including *Securities pledged as collateral*, represented 26% of total assets as of March 31, 2009 and 21% as of March 31, 2010. The following tables present geographic allocations of Nomura s trading assets related to government, state, municipal, and government agency securities. Please see Note 4, *Derivative instruments and hedging activities* about the concentration of credit risk for derivatives.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Billions of yen March 31, 2009				
	Japan	U.S.	EU	Other	Total(1)
Governments, states, municipalities and their agencies	¥ 4,005	¥ 396	¥ 1,803	¥ 184	¥ 6,388

	Billions of yen March 31, 2010				
	Japan	U.S.	EU	Other	Total(1)
Governments, states, municipalities and their agencies	¥ 2,756	¥ 1,635	¥ 2,270	¥ 232	¥ 6,893

	Translation into billions of U.S. dollars March 31, 2010				
	Japan	U.S.	EU	Other	Total(1)
Governments, states, municipalities and their agencies	$ 30	$ 18	$ 24	$ 2	$ 74

(1) Other than above, there were ¥120 billion of government, state, municipal and agency securities in *Other assets Non-trading debt securities* as of March 31, 2009 and ¥187 billion ($2.00 billion) as of March 31, 2010. The vast majority of these securities are Japanese government, state, municipal and government agency securities.

Fair value hierarchy

All financial instruments measured at fair value, including those carried at fair value using the fair value option, have been categorized into a three-level hierarchy (the fair value hierarchy) based on the transparency of inputs used by Nomura to estimate fair value. A financial instrument is classified in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement of the instrument. The three levels of the fair value hierarchy are defined as follows, with Level 1 representing the most transparent inputs and Level 3 representing the least transparent inputs:

Level 1:

Unadjusted quoted prices in active markets for identical assets or liabilities accessible by Nomura at the measurement date.

Level 2:

Quoted prices in inactive markets or containing other inputs which are observable, either directly or indirectly. Valuation techniques using observable inputs reflect assumptions used by market participants in pricing financial instruments and are based on data obtained from independent market sources at the measurement date.

Level 3:

Unobservable inputs that are significant to the fair value measurement of the financial instrument. Valuation techniques using unobservable inputs reflect management s assumptions about the estimates used by other market participants in valuing similar financial instruments. These valuation techniques are developed based on the best available information at the measurement date.

The availability of inputs observable in the market varies by product and can be affected by a variety of factors. Significant factors include, but are not restricted to: the prevalence of similar products in the market, especially if the product is significantly customized; how established the product is in the market, for example, whether it is a new product or is relatively mature; and the reliability of information provided in the market which would depend, for example, on the frequency and volume of current data. A period of significant change in the market may reduce the availability of observable data. Under such circumstances, financial instruments may be reclassified into a lower level in the fair value hierarchy.

Significant judgments used in determining the classification of financial instruments include the nature of the market in which the product would be traded, the underlying risks, the type and liquidity of market data inputs and the nature of observed transactions for similar instruments.

Where valuation models include the use of parameters which are less observable or unobservable in the market, significant management judgment is used in establishing fair value. The valuations for Level 3 financial instruments, therefore, involve a greater degree of judgment than those valuations for Level 1 or Level 2 financial instruments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Certain criteria management use to determine whether a market is active or inactive include the number of transactions, the frequency that pricing is updated by other market participants, the variability of price quotations amongst other market participants, and the amount of publicly available information.

The following tables in this note that relate to the prior fiscal year are prepared in accordance with the disclosure requirements in effect prior to certain amendments to ASC 820 that Nomura adopted during the year ended March 31, 2010.

The following tables present information about Nomura s financial assets and financial liabilities measured at fair value on a recurring basis as of March 31, 2009 and 2010, respectively within the fair value hierarchy.

	Billions of yen March 31, 2009				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting(1)	Balance as of March 31, 2009
Assets:					
Trading assets and private equity investments(2)					
Equities (including private equity)(3)	¥ 271	¥ 592	¥ 606	¥	¥ 1,469
Debt securities and loans	6,007	1,401	793		8,201
Investment trust funds and other	19	35	6		60
Derivatives	638	15,581	1,691	(15,967)	1,943
Loans and receivables(5)	0	8	4		12
Other assets	285	54	50		389
Total	¥ 7,220	¥ 17,671	¥ 3,150	¥ (15,967)	¥ 12,074
Liabilities:					
Trading liabilities					
Equities	¥ 413	¥ 117	¥ 1	¥	¥ 531
Debt securities	2,355	250	0		2,605
Investment trust funds and other	1				1
Derivatives	722	15,192	1,424	(15,724)	1,614
Short-term borrowings(6)(7)	9	28	8		45
Payables and deposits(8)		0	(1)		(1)
Long-term borrowings(6)(7)(9)	39	485	(81)		443
Other liabilities		1			1
Total	¥ 3,539	¥ 16,073	¥ 1,351	¥ (15,724)	¥ 5,239

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Billions of yen March 31, 2010				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting[1]	Balance as of March 31, 2010
Assets:					
Trading assets and private equity investments[2]					
Equities[3]	¥ 830	¥ 1,068	¥ 164	¥	¥ 2,062
Private equity[3]	1	0	325		326
Japanese government securities	2,650				2,650
Japanese agency and municipal securities	104	2	0		106
Foreign government, agency and municipal securities	3,075	1,040	22		4,137
Bank and corporate debt securities and loans for trading purpose	165	1,599	131		1,895
Commercial mortgage-backed securities (CMBS)		110	27		137
Residential mortgage-backed securities (RMBS)	0	1,015	4		1,019
Mortgage and other mortgage-backed securities		47	117		164
Collateralized debt obligations (CDO)	1	32	43		76
Investment trust funds and other	29	53	10		92
Total cash instruments	6,855	4,966	843		12,664
Derivatives:					
Equity contracts	851	659	62		1,572
Interest rate contracts[4]	3	11,655	134		11,792
Credit contracts	0	1,782	305		2,087
Foreign exchange contracts		701	14		715
Commodity contracts	6	24	2		32
Other contracts	0	154	34		188
Netting				(14,350)	(14,350)
Total derivatives	860	14,975	551	(14,350)	2,036
Sub Total	¥ 7,715	¥ 19,941	¥ 1,394	¥ (14,350)	¥ 14,700
Loans and receivables[5]	8	674	10		692
Other assets	383	26	38		447
Total	¥ 8,106	¥ 20,641	¥ 1,442	¥ (14,350)	¥ 15,839
Liabilities:					
Trading liabilities					
Equities	¥ 1,366	¥ 196	¥ 0	¥	¥ 1,562
Japanese government securities	1,616				1,616
Foreign government, agency and municipal securities	2,334	426			2,760
Bank and corporate debt securities		257	0		257
Residential mortgage-backed securities (RMBS)		2			2

Total cash instruments	5,316	881	0		6,197
Derivatives:					
Equity contracts	941	790	29		1,760
Interest rate contracts(4)	3	11,519	155		11,677
Credit contracts	0	1,660	324		1,984
Foreign exchange contracts		765	16		781
Commodity contracts	5	25	2		32
Other contracts	0	223	44		267
Netting				(14,341)	(14,341)
Total derivatives	949	14,982	570	(14,341)	2,160
Sub Total	¥ 6,265	¥ 15,863	¥ 570	¥ (14,341)	¥ 8,357
Short-term borrowings(6)(7)		101	9		110
Payables and deposits(8)		0	(0)		(0)
Long-term borrowings(6)(7)(9)	91	1,521	(127)		1,485
Other liabilities	3	3			6
Total	¥ 6,359	¥ 17,488	¥ 452	¥ (14,341)	¥ 9,958

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Translation into billions of U.S. dollars March 31, 2010				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting[1]	Balance as of March 31, 2010
Assets:					
Trading assets and private equity investments[2]					
Equities[3]	$ 8.89	$ 11.43	$ 1.76	$	$ 22.08
Private equity[3]	0.01	0.00	3.48		3.49
Japanese government securities	28.37				28.37
Japanese agency and municipal securities	1.11	0.02	0.00		1.13
Foreign government, agency and municipal securities	32.92	11.13	0.24		44.29
Bank and corporate debt securities and loans for trading purpose	1.77	17.12	1.40		20.29
Commercial mortgage-backed securities (CMBS)		1.18	0.29		1.47
Residential mortgage-backed securities (RMBS)	0.00	10.87	0.04		10.91
Mortgage and other mortgage-backed securities		0.51	1.25		1.76
Collateralized debt obligations (CDO)	0.01	0.34	0.46		0.81
Investment trust funds and other	0.31	0.57	0.11		0.99
Total cash instruments	73.39	53.17	9.03		135.59
Derivatives:					
Equity contracts	9.11	7.06	0.66		16.83
Interest rate contracts[4]	0.03	124.79	1.43		126.25
Credit contracts	0.00	19.08	3.27		22.35
Foreign exchange contracts		7.51	0.15		7.66
Commodity contracts	0.06	0.26	0.02		0.34
Other contracts	0.00	1.65	0.36		2.01
Netting				(153.64)	(153.64)
Total derivatives	9.20	160.35	5.89	(153.64)	21.80
Sub Total	$ 82.59	$ 213.52	$ 14.92	$ (153.64)	$ 157.39
Loans and receivables[5]	0.09	7.21	0.11		7.41
Other assets	4.10	0.28	0.41		4.79
Total	$ 86.78	$ 221.01	$ 15.44	$ (153.64)	$ 169.59
Liabilities:					
Trading liabilities					
Equities	$ 14.61	$ 2.11	$ 0.00	$	$ 16.72
Japanese government securities	17.30				17.30
Foreign government, agency and municipal securities	25.00	4.56			29.56
Bank and corporate debt securities		2.75	0.00		2.75
Residential mortgage-backed securities (RMBS)		0.02			0.02

Total cash instruments	56.91	9.44	0.00		66.35
Derivatives:					
Equity contracts	10.07	8.46	0.31		18.84
Interest rate contracts(4)	0.03	123.33	1.66		125.02
Credit contracts	0.00	17.77	3.47		21.24
Foreign exchange contracts		8.19	0.17		8.36
Commodity contracts	0.05	0.27	0.02		0.34
Other contracts	0.00	2.39	0.47		2.86
Netting				(153.54)	(153.54)
Total derivatives	10.15	160.41	6.10	(153.54)	23.12
Sub Total	$ 67.06	$ 169.85	$ 6.10	$ (153.54)	$ 89.47
Short-term borrowings(6)(7)		1.08	0.10		1.18
Payables and deposits(8)		0.00	(0.00)		(0.00)
Long-term borrowings(6)(7)(9)	0.99	16.28	(1.37)		15.90
Other liabilities	0.03	0.03			0.06
Total	$ 68.08	$ 187.24	$ 4.83	$ (153.54)	$ 106.61

(1) Represents the amount offset under counterparty netting of derivative assets and liabilities as well as cash collateral netting against net derivatives.
(2) Includes investments in certain funds measured at fair value on the basis of NAV per share as a practical expedient.
(3) Includes equity investments that would have been accounted for under the equity method had Nomura not chosen to apply the fair value option.
(4) Includes contracts which have both interest rate and foreign exchange underlyings.
(5) Includes loans for which Nomura elected the fair value option.
(6) Includes structured notes for which Nomura elected the fair value option.
(7) Includes embedded derivatives bifurcated from issued structured notes. If unrealized gain is greater than unrealized loss, borrowings are reduced by the excess amount.
(8) Includes embedded derivatives bifurcated from the deposits received at banks. If unrealized gain is greater than unrealized loss, deposits are reduced by the excess amount.
(9) Includes liabilities recognised from secured financing transactions that are accounted for as financing rather than sales. Nomura elected the fair value option for these liabilities.

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Valuation methodology by major class of financial asset and financial liability

The valuation methodology used by Nomura to estimate fair value for major classes of financial assets and financial liabilities, together with the significant inputs which determine classification in the fair value hierarchy, is as follows:

Equities Equities include direct holdings of both listed and unlisted equity securities, and fund investments. Listed equity securities are valued using quoted prices for identical securities from active markets where available. These valuations should be in line with market practice and therefore can be based upon bid/offer prices as applicable or mid-market prices. Nomura determines whether the market is active depending on the sufficiency and frequency of trading of the security. Where these securities are classified in Level 1 of the fair value hierarchy, no valuation adjustments are made to fair value, even if Nomura has a large block holding and the block could not be disposed of in its entirety at the quoted price. Listed equities traded in inactive markets are valued using the exchange price as adjusted to reflect liquidity and bid offer spreads and are classified in Level 2. Unlisted equity securities are valued using the same methodology as private equity investments described below and are usually classified as Level 3 because of the management judgment involved. As a practical expedient, fund investments are generally valued using net asset value per share (NAV per share) where available. Publicly-traded mutual funds which are valued using a daily NAV per share are classified as Level 1. Investments in funds where Nomura has the ability to redeem its investment with the investee at NAV per share on the balance sheet date or within the near term are classified as Level 2. Investments in funds where Nomura does not have the ability to redeem in the near term or does not know when it can redeem are classified as Level 3.

Private equity The valuation of unlisted private equity investments requires significant management judgment because the investments, by their nature, have little or no price transparency. Private equity investments are initially carried at cost as an approximation of fair value. Adjustments to carrying value are made if there is third-party evidence of a change in value. Adjustments are also made, in the absence of third-party transactions, if it is determined that the expected exit price of the investment is different from the carrying value. In reaching that determination, Nomura primarily uses either its own internal valuation models based on projected future cash flows to be generated from the underlying investment, discounted at a weighted average cost of capital or comparable market multiple valuations such as EV/EBITDA (Enterprise Value/EBITDA), PE Ratio (Price/Earnings Ratio), Price/Embedded Value Ratio and other multiples based on relationships between numbers reported in the financial statements and the price of comparable companies. Where possible these valuations are compared with the operating cash flows and financial performance of the companies or properties relative to budgets or projections, price/earnings data for similar quoted companies, trends within sectors and/or regions and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. Private equity investments are generally classified as Level 3.

Government, state, municipal and agency securities Japanese and other G7 government securities are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources. These securities are traded in active markets and therefore are classified within Level 1 of the fair value hierarchy. Non-G7 government securities, agency securities and municipal securities are valued using similar pricing sources but are generally classified as Level 2 as they trade in markets that are not considered to be active. Certain Non-G7 securities may be classified as Level 1 because they trade in active markets and there is sufficient information from a liquid exchange or multiple sources to classify them as Level 1. Certain securities may be classified as Level 3 because they trade infrequently and there is not sufficient information.

Corporate debt securities The valuation of corporate debt securities is primarily through internal models which take their inputs using available market information such as price quotes and recent market transactions of identical or similar debt, yield curves, asset swap spreads and credit default spreads. Most corporate debt securities are classified in Level 2 because the modeling inputs are usually observable. Certain corporate debt securities may be classified as Level 1 because they trade in active markets where there is sufficient information from a liquid exchange or multiple sources and they are valued using an unadjusted quote for an identical instrument. Certain securities may be classified as Level 3 because they trade infrequently and there is insufficient information from comparable securities to class them as Level 2.

Commercial mortgage-backed securities (CMBS) and residential mortgage-backed securities (RMBS) The fair value of CMBS and RMBS are estimated using quoted market prices, recent market transactions or by reference to a comparable market index. CMBS and RMBS securities are classified as Level 2 if all significant inputs are observable. For certain asset classes, no direct pricing sources or comparable indices are available and valuation is based on a combination of indices. These securities are classified as Level 3.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Mortgage and other mortgage-backed securities The fair value of other mortgage backed securities is estimated using quoted market prices, recent market transactions or by reference to a comparable market index. Where all significant inputs are observable, the securities will be classified as Level 2. For certain securities, no direct pricing sources or comparable securities or indices may be available. These securities are classified as Level 3.

Collateralized debt obligations (CDO) CDOs are valued using internal models where quoted market prices do not exist. Key inputs used by the model include market spread data for each credit rating, prepayment speeds, recovery rates and default probabilities. Since some of these inputs are unobservable, certain CDOs are classified as Level 3.

Investment trust funds and other Investment trust funds are generally valued using NAV per share. Publicly-traded funds which are valued using a daily NAV per share are classified as Level 1. For funds that are not publicly-traded where this does not apply but Nomura has the ability to redeem its investment with the investee at NAV per share on the balance sheet date or within the near term the investments are classified as Level 2. Investments where Nomura does not have the ability to redeem in the near term or does not know when it can redeem are classified as Level 3.

Derivatives Exchange-traded derivatives are usually valued using unadjusted quoted market prices and are therefore classified as Level 1. Where exchange-traded derivatives are not valued at the exchange price due to timing differences, these are classified as Level 2. Over-the-counter (OTC) derivatives are valued using internal models using market transactions and other market evidence whenever possible, including market-based inputs to models, model calibration to market clearing transactions, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Valuation techniques include simple discounted expected cash flow techniques, Black-Scholes and Monte Carlo simulations. For OTC derivatives that trade in liquid markets, such as plain vanilla forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgment. OTC derivatives are classified within Level 2 of the fair value hierarchy when all of the significant inputs can be corroborated to market evidence. Derivatives that are valued using models with significant unobservable inputs such as correlation, long-dated volatility, credit curves or other unobservable inputs are classified within Level 3. Examples of derivatives classified as Level 3 by Nomura include exotic interest rate derivatives, exotic foreign exchange derivatives, exotic equity derivatives, exotic derivatives including a combination of interest rate, foreign exchange and equity risks and certain other transactions including long-dated or exotic credit derivatives. Valuation adjustments are recorded to model valuations which do not calibrate to market and consider all factors that would impact fair value including bid offer, liquidity and credit risk; both with regards to counterparty credit risk on derivative assets and Nomura s own creditworthiness on derivative liabilities.

Loans The valuation of loans and loan commitments is also performed primarily through internal models using similar inputs to corporate debt securities as quoted prices are usually not available. Where there are no significant inputs which are unobservable, loans are classified as Level 2. Certain loans, however, may be classified as Level 3 because they are traded infrequently and there is not sufficient information from comparable securities to classify them as Level 2.

Short-term and long-term borrowings (Structured notes) Structured notes are debt securities issued by Nomura which contain embedded features that alter the return to the investor from simply receiving a fixed or floating rate of interest to a return that depends upon some other variable such as an equity or equity index, commodity product, foreign exchange rate, credit rating of a third party or more complex interest rate. The fair value of structured notes is estimated using a quoted price in an active market for the identical liability if available, and where not available, using mixture of valuation techniques that use the quoted price of the identical liability when traded as an asset, quoted prices for similar liabilities, similar liabilities when traded as assets, and also the amount at the measurement date that Nomura would pay to transfer the identical liability or would receive if the identical liability is entered at the measurement date. The fair value of structured notes includes an adjustment to reflect Nomura s own creditworthiness. This adjustment can differ depending on the market in which the structured note is issued and traded. Structured notes are generally classified in Level 2 of the fair value hierarchy as unobservable inputs are not significant. Where the unobservable inputs are significant, they will be classified in Level 3.

Secured financing transactions Liability recognized from secured financing transactions are recognized when a transfer of a financial asset does not meet the criteria for sales accounting and therefore the transaction is accounted for as a secured borrowing. This liability is valued using the same methodology that is applied to the transferred financial instruments which remain on the consolidated balance sheets and is therefore classified in the same level in the fair value hierarchy as the transferred financial asset. These liabilities do not provide general recourse to Nomura and therefore no adjustment is made to reflect Nomura s own creditworthiness.

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Level 3 financial assets and financial liabilities

Level 3 financial assets and financial liabilities consist of instruments whose valuations are significantly dependent on inputs which are unobservable in the market. Financial instruments are categorized in accordance with their lowest level significant input. As a result, a financial instrument valued using a combination of Level 1, Level 2 and Level 3 inputs would be classified in Level 3 in its entirety, if its value is significantly affected by at least one significant unobservable input.

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 instruments 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 parameters.

The following tables present the gains and losses as well as increases and decreases of assets and liabilities measured at fair value on a recurring basis which Nomura classified as Level 3 for the year ended March 31, 2009 and 2010, respectively. These tables are prepared by the accumulation of quarterly information.

	Billions of yen Year ended March 31, 2009								
		Unrealized and realized gains/losses							
	Balance as of April 1, 2008	Net gain (loss) on trading	Gain (loss) on operating investments and others[1]	Gain (loss) on private equity investments	Interest and dividends / Interest expense	Total unrealized and realized gains / (losses)	Purchases (issuances)/ sales (redemption), and settlement[2]	Net transfers in / (out of) Level 3[3]	Balance as of March 31, 2009
Assets:									
Trading assets and private equity investments									
Equities (including private equity)	¥ 802	¥ (113)	¥	¥ (53)	¥ (0)	¥ (166)	¥ (31)	¥ 1	¥ 606
Debt securities and loans	783	(163)			2	(161)	26	145	793
Investment trust funds and other	21	(1)				(1)	(15)	1	6
Derivatives, net	121	43				43	(85)	188	267
Loans and receivables	4	(1)				(1)	2	(1)	4
Other assets	59	(0)	2	0	(0)	2	(11)	(0)	50
Total	¥ 1,790	¥ (235)	¥ 2	¥ (53)	¥ 2	¥ (284)	¥ (114)	¥ 334	¥ 1,726
Liabilities:									
Trading liabilities									

Equities	¥ 1	¥ 1	¥	¥	¥	¥ 1	¥ 1	¥ 0	¥ 1
Debt securities		(0)				(0)	0	(0)	0
Short-term borrowings	15	5				5	14	(16)	8
Payables and deposits		(0)				(0)	(1)	(0)	(1)
Long-term borrowings	(59)	245				245	165	58	(81)
Total	¥ (43)	¥ 251	¥	¥	¥	¥ 251	¥ 179	¥ 42	¥ (73)

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Billions of yen Year ended March 31, 2010								
		Unrealized and realized gains/losses							
	Balance as of April 1, 2009	Net gain (loss) on trading	Gain (loss) on investments in equity securities and other[1]	Gain (loss) on private equity investments	Interest and dividends / Interest expense	Total unrealized and realized gains /(losses)	Purchases (issuances) / sales (redemption), and settlement[2]	Net transfers in / (out of) Level 3[3]	Balance as of March 31, 2010
Assets:									
Trading assets and private equity investments									
Equities	¥ 284	¥ (13)	¥	¥	¥ (1)	¥ (14)	¥ (31)	¥ (75)	¥ 164
Private equity	322			10		10	(7)		325
Japanese agency and municipal securities	0	0				0	0		0
Foreign government, agency and municipal securities	34	3				3	(11)	(4)	22
Bank and corporate debt securities and loans for trading purpose	485	0			0	0	(176)	(178)	131
Commercial mortgage-backed securities (CMBS)	12	(13)				(13)	83	(55)	27
Residential mortgage-backed securities (RMBS)	12	(0)				(0)	(10)	2	4
Mortgage and other mortgage backed securities	234	9				9	(126)	0	117
Collateralized debt obligations (CDO)	17	2				2	24	(0)	43
Investment trust funds and other	5	0				0	4	1	10
Total cash instruments	1,405	(12)		10	(1)	(3)	(250)	(309)	843
Derivatives, net:									
Equity contracts	9	7				7	19	(2)	33
Interest rate contracts[4]	69	(61)				(61)	(30)	1	(21)
Credit contracts	187	(112)				(112)	(45)	(49)	(19)
Foreign exchange contracts	1	2				2	(6)	1	(2)
Commodity contracts	10	(5)				(5)	(6)	1	(0)
Other contracts	(9)	(1)				(1)	8	(8)	(10)
Total derivatives, net	267	(170)				(170)	(60)	(56)	(19)
Sub Total	¥ 1,672	¥ (182)	¥	¥ 10	¥ (1)	¥ (173)	¥ (310)	¥ (365)	¥ 824

Loans and receivables	4	1				1	(0)	5	10
Other assets	50	(1)	(1)			(2)	(10)	(0)	38
Total	¥ 1,726	¥ (182)	¥ (1)	¥ 10	¥ (1)	¥ (174)	¥ (320)	¥ (360)	¥ 872
Liabilities:									
Trading liabilities									
Equities	¥ 1	¥ 0	¥	¥	¥	¥ 0	¥ (0)	¥ (1)	¥ 0
Bank and corporate debt securities	(0)	(0)				(0)	(0)	(0)	(0)
Sub Total	¥ 1	¥ 0	¥	¥	¥	¥ 0	¥ (0)	¥ (1)	¥ 0
Short-term borrowings	8	7				7	11	(3)	9
Payables and deposits	(1)	(1)				(1)	(0)	(0)	(0)
Long-term borrowings	(81)	52				52	149	(143)	(127)
Total	¥ (73)	¥ 58	¥	¥	¥	¥ 58	¥ 160	¥ (147)	¥ (118)

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Translation into billions of U.S. dollars Year ended March 31, 2010								
		Unrealized and realized gains/losses							
	Balance as of April 1, 2009	Net gain (loss) on trading	Gain (loss) on investments in equity securities and other[1]	Gain (loss) on private equity investments	Interest and dividends / Interest expense	Total unrealized and realized gains / (losses)	Purchases (issuances) / sales (redemption), and settlement[2]	Net transfers in / (out of) Level 3[3]	Balance as of March 31, 2010
Assets:									
Trading assets and private equity investments									
Equities	$ 3.04	$ (0.14)	$	$	$ (0.01)	$ (0.15)	$ (0.33)	$ (0.80)	$ 1.76
Private equity	3.45			0.10		0.10	(0.07)		3.48
Japanese agency and municipal securities	0.00	0.00				0.00	0.00		0.00
Foreign government, agency and municipal securities	0.36	0.03				0.03	(0.11)	(0.04)	0.24
Bank and corporate debt securities and loans for trading purpose	5.19	0.00			0.00	0.00	(1.88)	(1.91)	1.40
Commercial mortgage-backed securities (CMBS)	0.13	(0.14)				(0.14)	0.89	(0.59)	0.29
Residential mortgage-backed securities (RMBS)	0.13	(0.00)				(0.00)	(0.11)	0.02	0.04
Mortgage and other mortgage backed securities	2.51	0.10				0.10	(1.36)	0.00	1.25
Collateralized debt obligations (CDO)	0.18	0.02				0.02	0.26	(0.00)	0.46
Investment trust funds and other	0.05	0.00				0.00	0.04	0.02	0.11
Total cash instruments	15.04	(0.13)		0.10	(0.01)	(0.04)	(2.67)	(3.30)	9.03
Derivatives, net:									
Equity contracts	0.10	0.07				0.07	0.20	(0.02)	0.35
Interest rate contracts[4]	0.73	(0.65)				(0.65)	(0.32)	0.01	(0.23)
Credit contracts	2.00	(1.20)				(1.20)	(0.48)	(0.52)	(0.20)
Foreign exchange contracts	0.02	0.02				0.02	(0.07)	0.01	(0.02)
Commodity contracts	0.11	(0.05)				(0.05)	(0.07)	0.01	(0.00)
Other contracts	(0.10)	(0.01)				(0.01)	0.09	(0.09)	(0.11)
Total derivatives, net	2.86	(1.82)				(1.82)	(0.65)	(0.60)	(0.21)
Sub Total	$ 17.90	$ (1.95)	$	$ 0.10	$ (0.01)	$ (1.86)	$ (3.32)	$ (3.90)	$ 8.82
Loans and receivables	0.05	0.01				0.01	(0.00)	0.05	0.11

Other assets	0.54	(0.01)	(0.01)			(0.02)	(0.11)	(0.00)	0.41
Total	$ 18.49	$ (1.95)	$ (0.01)	$ 0.10	$ (0.01)	$ (1.87)	$ (3.43)	$ (3.85)	$ 9.34
Liabilities:									
Trading liabilities									
Equities	$ 0.01	$ 0.00	$	$	$	$ 0.00	$ (0.00)	$ (0.01)	$ 0.00
Bank and corporate debt securities	(0.00)	(0.00)				(0.00)	(0.00)	(0.00)	(0.00)
Sub Total	$ 0.01	$ 0.00	$	$	$	$ 0.00	$ (0.00)	$ (0.01)	$ 0.00
Short-term borrowings	0.09	0.07				0.07	0.11	(0.03)	0.10
Payables and deposits	(0.01)	(0.01)				(0.01)	(0.00)	(0.00)	(0.00)
Long-term borrowings	(0.87)	0.56				0.56	1.59	(1.53)	(1.37)
Total	$ (0.78)	$ 0.62	$	$	$	$ 0.62	$ 1.70	$ (1.57)	$ (1.27)

(1) Includes gains and losses recorded in *Revenue Other* and *Non-interest expenses Other* in the consolidated statements of operations.

(2) Includes the effect of foreign exchange movements.

(3) If assets and liabilities move from Level 3 to another Level or move 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 the quarter during which the movement occurs. Therefore if assets and liabilities move from another Level to Level 3 all gains/(losses) during the quarter are included in the table and if assets and liabilities move from Level 3 to another Level all gains/(losses) during the quarter are excluded from the table.

(4) Includes contracts which have both interest rate and foreign exchange underlyings.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Significant transfers between levels during the year

Nomura presumes that the transfer of the assets and liabilities from one level to another level, occurs at the beginning of each quarter. The following significant transfers between levels in the fair value hierarchy were made during the year ended March 31, 2010:

Transfers between Level 1 and Level 2

There were no significant transfers between Level 1 and Level 2.

Transfers between Level 2 and Level 3

Trading assets and private equity investments Equities Approximately ¥61 billion ($0.65 billion) were transferred from Level 3 to Level 2 due to the amendments to ASC 820 required by ASU 2009-12.

Trading assets and private equity investments Bank and corporate debt securities and loans for trading purpose Approximately ¥82 billion ($0.88 billion) was transferred from Level 3 to Level 2 due to the amendment of ASC 820 required by ASU 2009-12. Approximately ¥55 billion ($0.59 billion) was transferred from Level 3 to Level 2 as certain market parameters became observable.

Trading assets and private equity investments Commercial mortgage-backed securities Approximately ¥54 billion ($0.58 billion) was transferred from Level 3 to Level 2 as external prices became observable.

Derivatives, net Interest rate contracts of approximately ¥53 billion ($0.57 billion) were transferred from Level 3 to Level 2. These reclassifications were due to that the lowest level of significant inputs to value the derivative moving from Level 3 to Level 2. Credit rate contracts of approximately ¥42 billion ($0.45 billion) were transferred from Level 3 to Level 2 as underlying credit inputs became more transparent. Interest rate contracts of approximately ¥53 billion ($0.57 billion) were transferred from Level 2 to Level 3. These reclassifications were due to that the lowest level of significant inputs to value the derivative moving from Level 2 to Level 3. Losses due to Interest rate contracts from the transfer from Level 2 to Level 3 were ¥5 billion ($0.05 billion) which were recognized in the quarter when the transfer from Level 2 to Level 3 occurred.

Long-term borrowings Structured notes of approximately ¥154 billion ($1.65 billion) were transferred from Level 3 to Level 2 as underlying reference assets of the notes became observable.

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables present the amounts of unrealized gains or (losses) for the year ended March 31, 2009 and 2010, respectively, relating to those assets and liabilities which Nomura classified as Level 3 within the fair value hierarchy and that were held by Nomura at the respective balance sheet date:

	Billions of yen Year ended March 31, 2009				
	Net gain (loss) on trading	Gain (loss) on investments in equity securities and others[1]	Gain (loss) on private equity investments	Interest and dividends / Interest expense	Total unrealized gains / (losses)
Assets:					
Trading assets and private equity investments					
Equities (including private equity)	¥ 4	¥	¥ (85)	¥ (0)	¥ (81)
Debt securities and loans	(135)				(135)
Investment trust funds and other	(1)				(1)
Derivatives, net	64				64
Loans and receivables	(5)				(5)
Other assets	(1)	4	0		3
Total	¥ (74)	¥ 4	¥ (85)	¥ (0)	¥ (155)
Liabilities:					
Trading liabilities					
Equities	¥ 0	¥	¥	¥	¥ 0
Debt securities	0				0
Short-term borrowings	2				2
Payables and deposits	0				0
Long-term borrowings	140				140
Total	¥ 142	¥	¥	¥	¥ 142

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NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Billions of yen Year ended March 31, 2010				
	Net gain (loss) on trading	Gain (loss) on investments in equity securities and other[1]	Gain (loss) on private equity investments	Interest and dividends / Interest expense	Total unrealized gains /(losses)
Assets:					
Trading assets and private equity investments					
Equities	¥ 2	¥	¥	¥ (1)	¥ 1
Private equity			4		4
Japanese agency and municipal securities	0				0
Foreign government, agency and municipal securities	(2)				(2)
Bank and corporate debt securities and loans for trading purpose	37				37
Commercial mortgage-backed securities (CMBS)	2				2
Residential mortgage-backed securities (RMBS)	(0)				(0)
Mortgage and other mortgage backed securities	(7)				(7)
Collateralized debt obligations (CDO)	3				3
Investment trust funds and other	1				1
Total cash instruments	36		4	(1)	39
Derivatives, net:					
Equity contracts	39				39
Interest rate contracts[2]	7				7
Credit contracts	(64)				(64)
Foreign exchange contracts	0				0
Commodity contracts	(0)				(0)
Other contracts	(8)				(8)
Total derivatives, net	(26)				