

January 30, 2009

## Consolidated Financial Summary

(for the nine months ended December 31, 2008)

Company's name: **Mizuho Securities Co., Ltd. ("the Company")**  
 (URL <http://www.mizuho-sc.com/>)

Representative: **Keisuke Yokoo, President**

For inquiry: **Kiyokata Somekawa, Managing Director,**  
**Head of Risk Management and Finance Group** Phone: (Country Code 81) 3- 5208-2030

### 1. Business performance for the nine months ended December 31, 2008 (April 1, 2008 through December 31, 2008)

- (note) a. All amounts have been rounded down to the nearest one million yen  
 b. The percentage in the column of operating revenues, net operating revenues, operating profits, ordinary income and net profits indicate percentage of change compared to the same period in the previous year.

#### (1) Consolidated operating results

	Operating revenues		Net operating revenues		Operating profits		Ordinary income	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
Nine months ended December 31, 2008	254,147	( - )	79,936	( - )	-8,354	( - )	-6,790	( - )
Nine months ended December 31, 2007	347,267	( -25.1 )	-115,541	( - )	-218,640	( - )	-220,698	( - )

	Net profits		Net profits per share		Diluted net profits per share	
	mil.yen	%	yen		yen	
Nine months ended December 31, 2008	-16,172	( - )	-2,419	. 25	-	-
Nine months ended December 31, 2007	-196,709	( - )	-52,045	. 80	-	-

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	mil. yen		mil. yen		%		yen	
As of December 31, 2008	19,940,530		273,204		1.4		40,807 . 68	
As of March 31, 2008	21,122,253		331,031		1.6		49,437 . 93	

(note) Net assets As of December 31, 2008 272,799 mil. yen As of March 31, 2008 330,492 mil. yen

### 2. Dividend condition

	Dividend per share				
	As of Jun. 30	As of Sep. 30	As of Dec. 31	As of Mar. 31	Total Dividends (Annual)
Year ended March 31, 2008	yen - . -	yen 0 . 00	yen - . -	yen 0 . 00	yen 0 . 00
Year ending March 31, 2009	- . -	0 . 00	- . -		Not yet determined

### 3. Others

- (1) Change in significant subsidiaries during the period **None**
- (2) Use of simplified accounting method and special accounting treatment specific to quarterly consolidated financial statements **Yes**  
 (Note) Refer to page 10 "Application of simplified accounting method and special accounting treatment for quarterly consolidated financial statements" for details.
- (3) Change in accounting principle, procedure and presentation preparing the quarterly consolidated financial statements  
 (noted in "Change in the basis of consolidated financial statements")
- a. Change due to revision of accounting standards: **Yes**
- b. Other changes: **Yes**
- (Note) Refer to page 10 "Change in the basis of consolidated financial statements" for details.

#### (4) Number of shares issued and outstanding (Common stock)

- a. Number of shares issued and outstanding (incl. treasury stock) As of December 31, 2008 6,685,000 shares As of March 31, 2008 6,685,000 shares
- b. Number of treasury stock As of December 31, 2008 - shares As of March 31, 2008 - shares
- c. Weighted average number of shares issued and outstanding during the period Nine months to December 31, 2008 6,685,000 shares Nine months to December 31, 2007 3,779,545 shares

#### Other notes:

1. The company applied from this fiscal year "Accounting Standard for quarterly financial statements" (ASBJ Statement No. 12) and "Implementation Guidance for accounting standards for quarterly financial statements" (ASBJ Guidance No. 14).
2. The Company's quarterly financial statements are prepared in accordance with the "Regulation for Terminology, Forms and Preparation of Quarterly Consolidated Financial Statements" (Ministry of Finance (MoF) Ordinance No.64, 2007).

## Summary of nonconsolidated business performance

## 1. Business performance for the nine months ended December 31, 2008 (April 1, 2008 through December 31, 2008)

(note) The percentage in the column of operating revenues, net operating revenues, operating profits, ordinary income and net profits indicate percentage of change compared to the same period in the previous year.

## (1) Nonconsolidated operating results

	Operating revenues		Net operating revenues		Operating profits		Ordinary income	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
Nine months ended December 31, 2008	89,896	( - )	55,297	( - )	3,614	( - )	7,901	( - )
Nine months ended December 31, 2007	84,455	( -13.5 )	53,377	( -36.6 )	-6,604	( - )	-783	( - )

	Net profits		Net profits per share		Diluted net profits per share	
	mil. yen	%	yen		yen	
Nine months ended December 31, 2008	4,263	( - )	637	.77	-	.-
Nine months ended December 31, 2007	-174,754	( - )	-46,236	.85	-	.-

## (2) Nonconsolidated financial position

	mil. yen				
	Total assets	Net assets	Equity ratio	Net assets per share	Capital adequacy ratio
	mil. yen	mil. yen	%	yen	%
As of December 31, 2008	9,979,889	328,808	3.3	49,186 .00	263.7
As of March 31, 2008	12,695,032	326,151	2.6	48,788 .55	266.9

(Note) Net Assets As of December 31, 2008 328,808 mil. yen As of March 31, 2008 326,151 mil. yen

## Other notes:

1. The company applied from this fiscal year "Accounting Standard for quarterly financial statements" (ASBJ Statement No. 12) and "Implementation Guidance for accounting standards for quarterly financial statements" (ASBJ Guidance No. 14).
2. The Company's quarterly financial statements are prepared in accordance with the "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements" (Ministry of Finance (MoF) Ordinance No.63, 2007).

## [Overview of group structure]

The core business areas of the Company and its group are securities and investment banking business, such as debt and equity securities, M&A, structured finance. The Company serves its customer base which includes corporate clients, financial institutions and public sector organizations, by offering high-quality, value-added financial products and services which meet wide variety of customers' needs.

The Company has presence in major financial centers in the UK, Switzerland, the United States and Hong Kong through its subsidiaries, which enables the Company to provide globally its services and products such as equities and underwriting.

Name of Companies	Location	Capital	Major Operations	Ownership Percentage
<b>(Parent Companies)</b>				
Mizuho Financial Group, Inc.	Chiyoda-ku, Tokyo	mil. Yen 1,540,965	Financial holding company	-
Mizuho Corporate Bank, Ltd.	Chiyoda-ku, Tokyo	mil. Yen 1,070,965	Commercial banking	-
<b>(Consolidated Subsidiaries)</b>				
Mizuho Securities Asia Limited	Hong Kong, People's Republic of China	mil. HK\$ 330	Securities	100.00%
Japan Investor Relations and Investor Support, Inc.	Chiyoda-ku, Tokyo	mil. Yen 100	Consulting services and information providing services	97.00%
The Bridgeford Group, Inc.	New York, USA	US\$ 1,000,000	M&A business	100.00%
Mizuho Bank (Switzerland) Ltd	Zurich, Switzerland	mil. SFR 53	Commercial banking and fiduciary services	100.00%
Mizuho International plc	London, UK	mil. £ 2,426	Securities and commercial banking	100.00%
Mizuho Securities USA Inc.	New York, USA	US\$ 231,300	Securities	100.00%
Basic Capital Management, Limited	Chiyoda-ku, Tokyo	mil. Yen 100	Financial services	100.00%
Mizuho Investment Consulting (Shanghai) Co., Ltd.	Shanghai, People's Republic of China	mil. CNY 10	Consulting services	100.00%
Industrial Decisions, Inc.	Shinagawa-ku, Tokyo	mil. Yen 40	Consulting services	50.00%
Mizuho Securities Shinko Principal Investment Co., Ltd.	Chiyoda-ku, Tokyo	mil. Yen 3,500	Investment services	98.49%
<b>(Affiliates)</b>				
Mobile Internet Capital Inc.	Minato-ku, Tokyo	mil. Yen 100	Venture capital	30.00%
Japan Industrial Partners Inc.	Chiyoda-ku, Tokyo	mil. Yen 100	Financial services	25.00%
Energy & Environment Investment, Inc.	Shinagawa-ku, Tokyo	mil. Yen 100	Financial services	50.00%

(Note) Mizuho Securities Shinko Principal Investment Co., Ltd. increased its capital from 1,000 million yen to 3,500 million yen through new share issuance to the Company in July, 2008. As a result, the Company's holding in MSPI's voting rights increased from 90% to 98.49%.

Consolidated Balance Sheets(As of December 31, 2008)

(Unit: Millions of Yen)

Descriptions	As of December 31, 2008	As of March 31, 2008
Assets		
Current assets	19,853,630	21,038,371
Cash and deposits	137,011	148,286
Cash segregated as deposits	51,515	16,915
Securities	58,028	7,967
Trading assets	7,010,066	8,531,592
Trading securities and others	5,973,612	7,850,567
Operating loan assets	38,047	40,279
Derivatives transactions	998,406	640,746
Operating investment securities	73,925	74,157
Operating loan receivables	2,040	2,012
Margin transaction assets	1,539	4,177
Loans secured by securities	11,737,421	11,423,819
Payments for subscription	496	820
Guarantee deposits	428,490	274,601
Securities: fail to deliver	240,521	413,407
Variation margin paid	44,450	58,051
Short-term loans receivable	2,897	2,076
Accrued income	38,759	48,807
Short-term deferred tax assets	8,055	11,900
Others	18,453	19,830
Allowance for doubtful accounts	(43)	(55)
Fixed assets	86,899	83,882
Tangible fixed assets	12,176	14,822
Buildings	4,708	5,762
Furniture and fixtures	7,467	9,060
Intangible fixed assets	14,146	14,223
Software	14,087	14,163
Others	58	60
Investments	60,577	54,836
Investment securities	17,832	22,664
Other equity investments	214	591
Long-term guarantee deposits	7,103	6,441
Long-term prepaid expenses	1,127	1,397
Long-term deferred tax assets	25,040	20,472
Others	10,908	3,269
Allowance for doubtful accounts	(1,650)	-
Total assets	19,940,530	21,122,253

(Unit: Millions of yen)

Descriptions	As of December 31, 2008	As of March 31, 2008
<b>Liabilities</b>		
Current liabilities	18,621,783	19,713,733
Trading liabilities	4,060,168	4,845,986
Trading securities and others	2,981,002	4,034,648
Derivative transactions	1,079,165	811,338
Payable - unsettled trades	486,604	206,352
Margin transaction liabilities	2,533	7,771
Borrowings secured by securities	10,431,679	10,697,060
Deposits received	15,241	20,525
Cash collateral received from customers	248,339	202,727
Securities: fails to receive	271,787	436,170
Short-term borrowings	2,609,120	2,830,083
Commercial paper	253,500	287,900
Short-term bonds and notes	172,791	104,472
Accrued expenses	31,456	46,783
Income taxes payable	3,859	1,128
Reserve for bonuses	16,292	21,345
Short-term deferred tax liabilities	35	6
Others	18,372	5,420
Fixed liabilities	1,044,125	1,075,460
Bonds and notes	529,257	597,701
Long-term borrowings	508,116	469,287
Deferred tax liabilities	22	641
Reserve for retirement benefits	5,994	7,315
Reserve for retirement benefits for directors, operating officers and corporate auditors	652	468
Others	82	46
Statutory reserves	1,416	2,027
Financial Instruments Business liability reserve	1,416	-
Securities transaction liability reserve	-	1,922
Futures transaction liability reserve	-	104
<b>Total liabilities</b>	<b>19,667,325</b>	<b>20,791,222</b>
<b>Net Assets</b>		
Shareholders' equity	344,623	360,796
Common stock	250,000	395,146
Capital surplus	75,742	325,288
Retained earnings	18,881	(359,638)
Revaluation / translation difference	(71,823)	(30,303)
Unrealized gains on other securities, net of taxes	(448)	1,185
Foreign currency translation adjustments	(71,375)	(31,489)
Minority interests	404	538
<b>Total net assets</b>	<b>273,204</b>	<b>331,031</b>
<b>Total liabilities, minority interests and net assets</b>	<b>19,940,530</b>	<b>21,122,253</b>

Consolidated Statements of Operations  
(for the nine months ended December 31, 2008)

(Unit: Millions of Yen)

Descriptions	Nine months ended December 31, 2008
Operating Revenues	254,147
Commission	38,410
Trading profit	9,966
Net gains (losses) on operating investment securities	(3,515)
Interest and dividend income	209,286
Interest expense	174,211
Net operating revenues	79,936
Selling, general and administrative expenses	88,291
Commissions and other transaction-related expenses	16,238
Compensation and benefits	43,621
Occupancy	12,189
Data processing and office supplies	3,740
Depreciation	6,141
Amortization of goodwill	23
Taxes and dues other than income taxes	1,497
Others	4,838
Operating losses	8,354
Non-operating revenues	2,366
Non-operating expenses	802
Equity in loss of affiliated companies	30
Others	772
Ordinary losses	6,790
Non-ordinary profits	2,321
Non-ordinary losses	3,552
Losses before income taxes and minority interests in net losses	8,020
Income taxes - current	7,830
Income taxes - deferred	409
Minority interests in net income (losses)	(87)
Net losses	16,172

(Note)

Consolidated Statements of Operations

(for the nine months ended December 31, 2007)

(Unit: Millions of Yen)

Descriptions	Nine months ended December 31, 2007
Operating revenues	347,267
Commission	51,136
Trading losses	(190,985)
Net gains on operating investment securities	3,147
Interest and dividend income	483,968
Interest expense	462,808
Net operating losses	115,541
Selling, general and administrative expenses	103,099
Commissions and other transaction-related expenses	20,363
Compensation and benefits	53,393
Occupancy	13,171
Data processing and office supplies	5,823
Depreciation	5,612
Amortization of goodwill	45
Taxes and dues other than income taxes	1,369
Others	3,320
Operating losses	218,640
Non-operating revenues	2,297
Equity in profit of affiliated companies	572
Others	1,725
Non-operating expenses	4,354
Ordinary losses	220,698
Non-ordinary profits	20,071
Non-ordinary losses	6,990
Losses before income taxes and minority interests in net income	207,617
Income taxes - current	3,585
Income taxes - deferred	(14,497)
Minority interests in net income	4
Net losses	196,709

**Note to consolidated financial statements**

The Company's quarterly consolidated financial statements are prepared in accordance with the "Regulation for Terminology, Forms and Preparation of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No.64, 2007) (the "Regulations"), as well as with the "Cabinet Office Ordinance Concerning Financial Instruments Business" (Cabinet Office Ordinance No.52, 2007), "Uniform Accounting Standards of Securities Companies" (approved by the board of directors of Japan Securities Dealers Association, November 14, 1974), and the "Cabinet Office Ordinance Concerning Financial Accounting and Reporting for Special Finance Company" (Prime Minister's Office and MoF Ordinance No. 32, 1999), subject to the provisions of Article 61 and Article 82 of the Regulations.

**Basis of consolidated financial statements**

## 1. Scope of consolidation

Number of consolidated subsidiaries: 22

## Name of major subsidiaries

Mizuho Securities Asia Limited  
 Japan Investor Relations and Investor Support, Inc.  
 The Bridgeford Group, Inc.  
 Mizuho Bank (Switzerland) Ltd  
 Mizuho International plc  
 Mizuho Securities USA Inc.  
 Basic Capital Management, Limited  
 Mizuho Investment Consulting (Shanghai) Co., Ltd.  
 Industrial Decisions, Inc.  
 Mizuho Securities Shinko Principal Investment Co., Ltd.

## 2. Application of equity method

Number of affiliates accounted for under equity method: 8

## Name of major affiliates

Mobile Internet Capital Inc.  
 Japan Industrial Partners Inc.  
 Energy & Environment Investment, Inc.

## 3. Year ends of subsidiaries

Our subsidiaries have coterminous March 31 year end with the Company, except for Mizuho Investment Consulting (Shanghai) Co., Ltd. and other four subsidiaries, who have December 31 year end. Except for one company, September 30 financial statements are used for these subsidiaries with non-conterminous year end, with necessary adjustments made for the effect of significant transactions or events, if any, that occurred between the reporting date of the subsidiaries and that of the Company.

## 4. Accounting policies

## (1) Valuation of trading account securities and derivatives

The Company and its subsidiaries, through its trading activities, intend to contribute to the market for their liquidity and price discovery process.

The Company holds trading positions for the purpose of : 1) responding to counterparties' needs to invest or hedge risk, and 2) gaining profit or mitigating loss due to fluctuations of market prices and differences of prices in various markets.

Securities, derivative transactions, and assets or liabilities in trading account are recorded at fair value.

## (2) Valuation of non-trading securities

Non-trading securities are valued as follows:

- A. Other securities with market value  
Recorded at market value. Difference between the cost, using the moving average method, and market value is recorded as net unrealized gains (or losses) on other securities, net of taxes in net assets on the balance sheet.
- B. Other securities without market value  
Recorded at cost using moving average method.
- C. Investment in Investment Associations (Treated as securities by Article 2(2) of Securities and Exchange Law)  
Initially recorded at cost and subsequently adjusted to reflect the Company's share of the net profit or loss of the partnership based on the latest financial reports available.



(3) Depreciation method of significant assets

A. Tangible fixed assets

The Company and its domestic subsidiaries apply the declining-balance method except for buildings (excluding leasehold improvement) acquired after March 31, 1998, for which the straight-line method is used.

Overseas subsidiaries mainly apply the straight-line method.

B. Intangible fixed assets

The straight-line method is primarily applied.

The amortization period of software for internal use (2-10 years) is determined based on estimated internal useful lives.

(4) Deferred assets

Bond issuance cost is charged to income when incurred.

(5) Accounting policies for reserves

A. Allowance for doubtful accounts

The Company provides the allowance for possible losses on doubtful accounts. For performing assets, allowance is calculated based on the past loss experience. For non-performing assets, it is based on the management's assessment of recoverability of the assets, and amount expected to be non-recoverable is provided for.

B. Reserve for bonuses

Reserve is provided for bonus payments to employees and corporate officers at the amount accrued at the end of the period, based on the estimated future payments and service periods.

C. Reserve for retirement benefits

Reserve for retirement benefits is provided for future retirement benefits to employees and corporate officers based on actuarial retirement benefits and plan assets at end of year.

Prior service cost is charged to income in the period which the cost is recognized.

Net actuarial gains or losses are recognized as income or expenses from the following fiscal year under the straight-line method over a certain term within the average remaining service period of the current employees.

D. Reserve for retirement benefits for directors, operating officers and corporate auditors

Reserve for retirement benefits for directors, operating officers and corporate auditors is provided for future retirement benefits for them at the amount accrued at the end of the period, based on prescribed calculation method.

(6) Accounting for hedging transactions

Borrowings in foreign currency entered into to hedge exchange risk of foreign currency denominated operating investment securities are accounted for under fair value hedge accounting.

Interest rate swaps to hedge interest rate rise of borrowings are, when they qualify for exceptional treatment, accounted for under exceptional method as permitted under Japanese GAAP.

(7) Other significant accounting policies

Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

5. Valuation of assets and liabilities of subsidiaries acquired

All assets and liabilities of consolidated subsidiaries are valued at fair value and included in the consolidated financial statements when acquired.

**Application of simplified accounting method and special accounting treatments for quarterly consolidated financial statements**

(Simplified accounting method for quarterly financial statements)

1. Depreciation method

Depreciation for tangible fixed assets under declining-balance method is calculated on a pro rata basis.

2. Tax computation

Corporation tax due is calculated on the same basis with annual financial statements . Only material items are included in calculating additions to/deductions from taxable income, and tax deductible items.

(Special accounting treatments for quarterly financial statements)

None

**Change in the basis of quarterly consolidated financial statements**

1. Basis for quarterly financial statements

The company applied from this fiscal year "Accounting Standard for quarterly financial statements"(ASBJ Statement No. 12) and "Implementation Guidance for accounting standards for quarterly financial statements" (ASBJ Guidance No. 14). The effect on the consolidated financial statement is immaterial.

2. Lease transactions

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

The company applied from this fiscal year "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and "the Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No. 16), which is applicable to the fiscal period commencing on or after April 1, 2009, but early adoption is allowed.

Depreciation of assets under financing leases other than those for which the ownership of the leased property transfers to the lessee is calculated on declining-balance method over the period equal to lease period with the residual value of nil.

Impact of change on such lease transactions commenced before adoption of this new rule is accounted for as non-ordinary profits or losses, and is not material.

3. Reserves under statutory requirements

With the introduction of Financial Instruments and Exchange Act, reserves previously provided for under "Securities transaction liability reserve" and "Futures transaction liability reserve" are now provided under "Financial Instruments Business liability reserve". This resulted in reduction of net losses for the quarter by 113 million yen.

4. Interest expenses on subordinated debt

Interest expenses on subordinated debts are previously reported as non-operating expenses . In order to reflect changes in the use of funds, they are now reported as interest expense.

Operating losses would have been smaller by 3,326 million yen if we had accounted it for as we have done previously. There is no impact on ordinary losses and net losses for the period.

**Notes**

(Notes on going concern)

None

(Notes on material changes in Shareholders' equity)

On June 30, 2008, the Company reduced its common stock by 145,146 million yen, additional paid-in capital by 325,288 million yen and Legal earned reserve by 870 million yen to cover deficit in unappropriated retained earnings. As of December 31, 2008, the Company's common stock is 250,000 million yen, its additional paid-in capital is 75,742 million yen and Legal earned reserve is 18,881 million yen.

**Consolidated Financial Data**  
(for the nine months ended December 31, 2008)

## I. Commission Income

## (1) Breakdown by categories

(Unit: Millions of yen)

	Nine months ended December 31, 2007	Nine months ended December 31, 2008	Period-to-period comparison(%)	Year ended March 31, 2008
Brokerage commission	17,015	11,461	67.4%	20,039
(Stocks)	( 11,316 )	( 6,936 )	( 61.3% )	( 13,326 )
(Bonds)	( 5,689 )	( 4,521 )	( 79.5% )	( 6,701 )
Commission from underwriting, selling, and professional investors solicitation for sales	13,183	10,789	81.8%	16,345
(Stocks)	( 4,412 )	( 3,705 )	( 84.0% )	( 4,790 )
(Bonds)	( 8,206 )	( 6,877 )	( 83.8% )	( 10,651 )
Commission from subscription, distribution, and professional investors solicitation for sales	1,065	365	34.3%	2,134
(Stocks)	( 420 )	( - )	( - )	( 855 )
(Bonds)	( 125 )	( 7 )	( 5.6% )	( 371 )
(Investment trusts)	( 434 )	( 76 )	( 17.6% )	( 500 )
Other commissions received	19,872	15,794	79.5%	36,722
Total	51,136	38,410	75.1%	75,241

## (2) Breakdown by products

(Unit: Millions of yen)

	Nine months ended December 31, 2007	Nine months ended December 31, 2008	Period-to-period comparison(%)	Year ended March 31, 2008
Stocks	16,287	10,758	66.1%	19,591
Bonds	16,002	11,892	74.3%	20,197
Investment trusts	3,020	1,824	60.4%	4,959
Others	15,825	13,935	88.1%	30,492
Total	51,136	38,410	75.1%	75,241

## 2. Trading profit / loss

(Unit: Millions of yen)

	Nine months ended December 31, 2007	Nine months ended December 31, 2008	Period-to-period comparison(%)	Year ended March 31, 2008
Stocks	1,436	(16,417)	-	(16,077)
Bonds, Foreign exchange and Others	(192,421)	26,383	-	(397,182)
Total	(190,985)	9,966	-	(413,259)

(Reference Data)

Quarterly Trends in Consolidated Statements of Operations

(Unit: Millions of yen)

Description	Three months ended Dec. 31, 2007	Three months ended Mar. 31, 2008	Three months ended Jun. 30, 2008	Three months ended Sep. 30, 2008	Three months ended Dec. 31, 2008
Operating Revenues	4,465	(123,590)	110,503	96,689	46,953
Commissions	16,108	24,105	14,196	13,921	10,292
Trading profits (losses)	(174,992)	(222,274)	2,258	(6,272)	13,980
Net gains (losses) on operating investment securities	(887)	241	1,589	(3,323)	(1,780)
Interest and dividend income	164,237	74,337	92,459	92,364	24,461
Interest Expense	156,265	57,436	82,022	79,418	12,770
Net operating revenues (losses)	(151,799)	(181,026)	28,481	17,271	34,183
Selling, general and administrative expenses	34,315	30,626	31,844	31,147	25,299
Commissions and other transaction-related expenses	4,908	7,209	5,924	7,012	3,302
Compensation and benefits	18,944	11,404	15,720	12,894	15,006
Occupancy	4,626	4,609	4,531	4,084	3,573
Data processing and office supplies	1,843	2,054	1,445	1,641	652
Depreciation	2,159	2,059	2,272	2,036	1,832
Amortization of goodwill	15	7	-	23	-
Taxes and dues other than income taxes	507	725	390	520	586
Others	1,311	2,557	1,557	2,934	345
Operating profits (losses)	(186,115)	(211,652)	(3,363)	(13,876)	8,884
Non-operating Revenues	625	729	362	598	1,406
Equity in profit of affiliated companies	185	(181)	32	(32)	-
Others	439	910	330	630	1,406
Non-operating expenses	1,781	2,051	4	708	89
Equity in losses of affiliated companies	-	-	-	25	4
Others	1,781	2,051	4	682	85
Ordinary profits (losses)	(187,272)	(212,974)	(3,004)	(13,986)	10,201
Non-ordinary profits	18,358	(190)	1,208	1,221	(108)
Non-ordinary losses	771	6,169	3,059	244	247
Profits (losses) before income taxes and minority interests in net profits (losses)	(169,685)	(219,334)	(4,856)	(13,010)	9,845
Income taxes - current	1,502	1,215	1,090	1,995	4,745
Income taxes - deferred	(1,543)	1,453	1,906	(2,971)	1,474
Minority interests in net income (losses)	3	(43)	(49)	(25)	(12)
Net profits (losses)	(169,647)	(221,960)	(7,802)	(12,007)	3,638

## Reference

**Nonconsolidated Balance Sheets**  
(As of December 31, 2008)

(Unit: Millions of yen)

Descriptions	As of December 31, 2008	As of March 31, 2008
<b>Assets</b>		
<b>Current assets</b>	9,728,628	12,476,240
Cash and deposits	51,607	39,462
Cash segregated as deposits	51,515	16,915
<b>Trading assets</b>	5,649,228	7,543,860
Trading securities and others	4,769,450	7,002,202
Loan assets	38,047	40,279
Derivative transactions	841,730	501,379
Operating investment securities	24,107	33,433
Operating loan receivables	0	2,012
Margin transaction assets	362	1,974
Loans secured by securities	3,615,187	4,657,424
Payments for subscription	496	820
Guarantee deposits	207,653	99,606
Variation margin paid	-	8,644
Short-term loans	102,539	27,915
Accrued income	13,832	22,460
Tax refundable	877	5,949
Short-term deferred tax assets	7,511	11,497
Others	3,711	4,267
Allowance for doubtful accounts	(1)	(4)
<b>Fixed assets</b>	251,261	218,791
Tangible fixed assets	9,155	10,435
Buildings	2,747	2,846
Furniture and fixtures	6,408	7,588
Intangible fixed assets	13,096	12,370
Software	13,049	12,320
Others	47	49
Investments and other assets	229,008	195,986
Investment securities	4,585	7,260
Investment in affiliates	169,434	148,781
Long-term loan to affiliates	19,851	8,970
Long-term guarantee deposits	6,812	6,197
Long-term prepaid expenses	1,127	1,397
Long-term deferred tax assets	25,866	22,018
Others	2,501	1,361
Allowance for doubtful accounts	(1,169)	(0)
<b>Total assets</b>	<b>9,979,889</b>	<b>12,695,032</b>

(Unit: Millions of yen)

Descriptions	As of December 31, 2008	As of March 31, 2008
<b>Liabilities</b>		
Current liabilities	8,895,250	11,561,216
Trading liabilities	3,408,378	4,155,816
Trading securities and others	2,614,829	3,655,375
Derivative transactions	793,548	500,440
Payable - unsettled trades	128,773	197,253
Margin transaction liabilities	2,533	7,771
Borrowings secured by securities	2,357,820	4,118,380
Deposits received	10,160	14,974
Cash collateral received from customers	91,133	34,789
Securities: fails to receive	-	6
Variation margin received	1,208	-
Short-term borrowings	2,500,093	2,658,236
Commercial paper	253,500	287,900
Short-term bonds and notes	122,300	65,700
Advance receipt	51	11
Accrued expenses	16,140	16,698
Reserve for bonuses	2,906	3,243
Others	249	433
Fixed liabilities	754,413	805,636
Bonds and notes	248,700	331,100
Long-term borrowings	246,979	244,878
Long-term borrowings from affiliates	252,000	222,000
Reserve for retirement benefits	5,994	7,189
Reserve for retirement benefits for directors, operating officers and corporate auditors	651	468
Others	89	-
Statutory reserves	1,416	2,027
Financial Instruments Business liability reserve	1,416	-
Securities transaction liability reserve	-	1,922
Futures transaction liability reserve	-	104
<b>Total liabilities</b>	<b>9,651,081</b>	<b>12,368,880</b>
<b>Net Assets</b>		
Shareholders' equity	330,005	325,742
Common stock	250,000	395,146
Capital surplus	75,742	325,288
Additional paid-in capital	-	325,288
Other capital surplus	75,742	-
Retained earnings	4,263	(394,692)
Legal earned reserve	-	870
Voluntary reserve	4,263	(395,562)
Other reserve	-	1,500
Unappropriated retained earnings	4,263	(397,062)
Revaluation/translation difference	(1,197)	409
Net unrealized gains on other securities, net of taxes	(1,197)	409
<b>Total net assets</b>	<b>328,808</b>	<b>326,151</b>
<b>Total liabilities and net assets</b>	<b>9,979,889</b>	<b>12,695,032</b>

Nonconsolidated Statements of Operations  
(for the nine months ended December 31, 2008)

(Unit: Millions of yen)

Descriptions	Nine months ended December 31, 2008
Operating Revenues	89,896
Commissions	30,299
Trading profits	19,020
Net gains (losses) on operating investment securities	(976)
Interest and dividend income	41,553
Interest expenses	34,599
Net operating revenues	55,297
Selling, general and administrative expenses	51,682
Commissions and other transaction-related expenses	10,465
Compensation and benefits	19,165
Occupancy	10,652
Data processing and office supplies	2,492
Depreciation	4,946
Taxes and dues other than income taxes	1,376
Others	2,582
Operating losses	3,614
Non-operating revenues	4,315
Non-operating expenses	28
Ordinary income	7,901
Non-ordinary profits	1,383
Non-ordinary losses	3,531
Profits before income taxes	5,753
Income taxes - current	237
Income taxes - deferred	1,252
Net profits	4,263

Nonconsolidated Statements of Operations(for the nine months ended December 31, 2007)

(Unit: Millions of yen)

Descriptions	Nine months ended December 31, 2007
Operating revenues	84,455
Commissions	41,739
Trading profits	3,103
Net gains on operating investment securities	3,405
Interest and dividend income	36,206
Interest expenses	31,077
Net operating revenues	53,377
Selling, general and administrative expenses	59,982
Commissions and other transaction-related expenses	17,112
Compensation and benefits	21,007
Occupancy	10,925
Data processing and office supplies	4,161
Depreciation	3,745
Amortization of goodwill	45
Taxes and dues other than income taxes	1,315
Others	1,668
Operating losses	6,604
Non-operating revenues	9,864
Non-operating expenses	4,043
Ordinary income	783
Non-ordinary profits	18,368
Non-ordinary losses	192,027
Profits before income taxes	174,442
Income taxes - current	1,094
Income taxes - deferred	(782)
Net profits	174,754



**Notes to nonconsolidated balance sheets**

1. Accumulated depreciation of tangible fixed assets	<u>As of Dec. 31, 2008</u>	<u>(Unit: millions of yen)</u> <u>As of Mar. 31, 2008</u>
	10,978	9,266
2. Subordinated debt		
Bonds, notes, long-term and short-term borrowings, and long-term borrowings from affiliates include Subordinated debts provided in Article 176 of "Cabinet Office Ordinance Concerning Financial Instruments Business " (Cabinet Office Ordinance No.52, 2007), and the amounts are as follows.		
	<u>As of Dec. 31, 2008</u>	<u>(Unit: millions of yen)</u> <u>As of Mar. 31, 2008</u>
Subordinated bonds (Bonds and notes)	40,000	40,000
Subordinated borrowings (Long-term and Short-term borrowings, Long-term borrowings from affiliates)	266,000	236,000
3. Loan balance as per "Money Lending Business Law" (Law 32, 1983)	<u>As of Dec. 31, 2008</u>	<u>(Unit: millions of yen)</u> <u>As of Mar. 31, 2008</u>
	3,022	2,028

**Notes to nonconsolidated statements of operations**

1. Net profits per share	<u>(Unit: yen)</u> <u>Nine months ended</u> <u>Dec. 31, 2008</u>
	637.77
2. Details of non-ordinary profits / losses	<u>(Unit: millions of yen)</u> <u>Nine months ended</u> <u>Dec. 31, 2008</u>
Non-ordinary profits	<u>Dec. 31, 2008</u>
Gain from sales of investment securities	606
Release of Financial Instruments Business liability reserve	611
Compensation received for early termination of office lease	161
Other	4
Non-ordinary losses	<u>Nine months ended</u> <u>Dec. 31, 2008</u>
Loss on sale or disposal of fixed assets	146
Loss on sale of leased assets	40
Loss on sale of investment securities	0
Valuation loss on golf membership	10
Merger-related expenses	1,449
Early retirement plan benefit	1,883

**Nonconsolidated Financial Data**  
**(for the nine months ended December 31, 2008)**

## 1. Commission Income

## (1) Breakdown by categories

(Unit: Millions of yen)

	Nine months ended December 31, 2007	Nine months ended December 31, 2008	Period-to-period comparison(%)	Year ended March 31, 2008
Brokerage commission	4,889	3,486	71.3%	6,274
(Stocks)	( 4,515 )	( 3,320 )	( 73.5% )	( 5,823 )
(Bonds)	( 356 )	( 157 )	( 44.2% )	( 431 )
Commission from underwriting, selling, and professional investors	11,869	9,032	76.1%	14,725
(Stocks)	( 4,242 )	( 3,208 )	( 75.6% )	( 4,537 )
(Bonds)	( 7,064 )	( 5,618 )	( 79.5% )	( 9,284 )
Commission from subscription, distribution, and professional investors solicitation for sales	1,065	365	34.3%	2,145
(Stocks)	( 420 )	( - )	( - )	( 866 )
(Bonds)	( 125 )	( 7 )	( 5.6% )	( 371 )
(Investment trusts)	( 434 )	( 76 )	( 17.6% )	( 500 )
Other commissions received	23,915	17,414	72.8%	36,668
<b>Total</b>	<b>41,739</b>	<b>30,299</b>	<b>72.6%</b>	<b>59,813</b>

## (2) Breakdown by products

(Unit: Millions of yen)

	Nine months ended December 31, 2007	Nine months ended December 31, 2008	Period-to-period comparison(%)	Year ended March 31, 2008
Stocks	11,391	7,990	70.1%	13,976
Bonds	13,937	9,194	66.0%	18,108
Investment trusts	3,027	1,829	60.4%	4,968
Others	13,382	11,285	84.3%	22,759
<b>Total</b>	<b>41,739</b>	<b>30,299</b>	<b>72.6%</b>	<b>59,813</b>

## 2. Trading profit / loss

(Unit: Millions of yen)

	Nine months ended December 31, 2007	Nine months ended December 31, 2008	Period-to-period comparison(%)	Year ended March 31, 2008
Stocks	4,556	(18,760)	-	(12,362)
Bonds	(7,254)	42,692	-	(26,813)
Others	5,801	(4,911)	-	12,783
(of which Foreign exchange)	( 5,358 )	( 3,042 )	( - )	( 13,737 )
<b>Total</b>	<b>3,103</b>	<b>19,020</b>	<b>612.9%</b>	<b>(26,393)</b>

## 3. Capital adequacy ratio

(Unit : Millions of yen)

		Nine months ended December 31, 2007	Nine months ended December 31, 2008	Year ended March 31, 2008	
Basic capital	(A)	337,960	328,808	325,742	
Supplementary Capital	Unrealized gains on other securities, net of taxes	-	-	409	
	Statutory reserves	2,027	1,416	2,027	
	Allowance for doubtful accounts	12	1	4	
	Long-term subordinated debt	128,000	161,000	153,000	
	Short-term subordinated debt	100,000	132,941	123,000	
	Total	(B)	230,039	295,360	278,441
Deduction: Disallowed assets	(C)	224,181	262,337	228,333	
Capital after deductior	(A) + (B) - (C)	(D)	343,818	361,830	375,849
Amount of risks	Market risk	111,874	78,051	90,833	
	Counterparty risk	15,109	31,470	21,171	
	Basic risk	27,390	27,669	28,802	
	Total	(E)	154,373	137,191	140,808
Capital adequacy ratio	(D)/(E)		222.7%	263.7%	266.9%

(note) 1. Market risk is calculated with internal market risk model.

2. Details of long-term and short-term subordinated debts are as below:

(Unit : Millions of yen)

	Date of issue/borrowing	Maturity/Due date	Amount	Short/Long	Notes
Subordinated bonds	March 19, 2004	March 19, 2009	40,000	Short-term	Lump sum
Subordinated borrowings	March 19, 2004	March 19, 2009	11,000	Short-term	Final payment
	March 29, 2005	April 20, 2015	20,000	Long-term	Lump sum
	May 30, 2006	May 30, 2016	10,000	Long-term	Lump sum
	May 30, 2006	March 31, 2010	5,000	Short-term	Installment
		March 31, 2011	5,000		
		March 31, 2012	5,000	3,000	Long-term
		March 31, 2013	15,000	3,000	Short-term
			12,000	Long-term	
	September 28, 2006	September 28, 2010	5,000	Short-term	Installment
		September 28, 2011	5,000		
		September 28, 2012	5,000	3,000	Long-term
		September 28, 2013	15,000	3,000	Short-term
			12,000	Long-term	
	January 31, 2007	January 31, 2011	5,000	Short-term	Installment
		January 31, 2012	5,000		
		January 31, 2013	5,000	1,000	Long-term
		January 31, 2014	15,000	4,000	
	July 20, 2007	July 20, 2011	5,000	Short-term	Installment
		July 20, 2012	5,000		
		July 20, 2013	5,000	1,000	Long-term
July 20, 2014		35,000	4,000	Final payment	
March 28, 2008	April 28, 2013	10,000	2,000	Short-term	Installment
	April 28, 2014	10,000	8,000	Long-term	
	April 28, 2015	10,000			
March 28, 2008	February 28, 2012	10,000	Short-term	Installment	
	February 28, 2013	15,000		Final payment	
September 30, 2008	September 30, 2014	15,000	Long-term	Lump sum	
September 30, 2008	September 30, 2012	15,000	Short-term	Lump sum	
Long-term subordinated debts total			161,000		
Short-term subordinated debts total			145,000	(Amount of provision limit 132,941)	

Quarterly Trends in Nonconsolidated States of Operations

(Unit: Millions of yen)

Descriptions	Three months ended Dec. 31, 2007	Three months ended Mar. 31, 2008	Three months ended Jun. 30, 2008	Three months ended Sep. 30, 2008	Three months ended Dec. 31, 2008
Operating Revenues	26,718	9,460	33,739	24,003	32,154
Commission	12,227	18,074	9,427	11,239	9,632
Trading profits (losses)	1,022	(29,496)	10,977	(2,631)	10,673
Net gains (losses) on operating investment securities	(843)	2,220	474	(742)	(709)
Interest and dividend income	14,311	18,662	12,858	16,137	12,557
Interest expense	12,297	13,122	11,595	11,358	11,645
Net operating revenues (losses)	14,420	(3,661)	22,143	12,644	20,508
Selling, general and administrative expenses	19,172	19,986	18,125	17,412	16,144
Commissions and other transaction- related expenses	4,838	4,544	3,504	3,642	3,319
Compensation and benefits	6,791	7,006	7,290	5,571	6,303
Occupancy	3,923	4,197	3,888	3,557	3,206
Data processing and office supplies	1,166	1,244	785	1,069	637
Depreciation	1,474	1,740	1,729	1,543	1,673
Amortization of goodwill	15	15	-	-	-
Taxes and dues other than income taxes	482	697	360	466	549
Others	480	541	567	1,561	453
Operating profits (losses)	(4,751)	(23,648)	4,018	(4,767)	4,363
Non-operating revenues	306	923	3,582	309	423
Non-operating expenses	1,812	2,125	1	6	20
Ordinary income (losses)	(6,258)	(24,850)	7,599	(4,464)	4,766
Non-ordinary profits	18,362	83	1,210	162	10
Non-ordinary losses	191,379	247,047	3,055	238	238
Profits (losses) before income taxes	(179,275)	(271,813)	5,755	(4,540)	4,539
Income taxes - current	771	(116)	29	206	1
Income taxes - deferred	(1,619)	(8,591)	2,359	(2,795)	1,688
Net profits (losses)	(178,427)	(263,106)	3,366	(1,951)	2,848

## [Reference] Breakdown of securitization products

### 1. Foreign currency denominated securitization products

(JPY Bn, round figures)

	Balances as of Mar. 31, 2008	Marks (%) as of Mar. 31, 2008	Balances as of Dec. 31, 2008	Marks (%) as of Dec. 31, 2008	Realized Gains/Losses for 3Q FY2008 (Apr.1-Dec.31, 2008)
	(Fair Value)	(=Fair Value/ Face Value)	(Fair Value)	(=Fair Value/ Face Value)	
1 Foreign currency denominated securitization products	105	22	*1 40	14	-9
2 ABSCDOs, CDOs	50	18	7	3	-6
3 CDOs backed by RMBS	24	10	*2 7	3	-6
4 Hedged by CDS with a non-investment grade financial guarantor	*3 11	*3 17	*3 -	*3 -	*3 -
5 CDOs except above	*4,5 26	*5 83	*5 -	*5 -	*5 0
6 CDOs backed by claims against corporations	16	92	-	-	-
7 Hedged by CDS with a non-investment grade financial guarantor	*3 -	*3 -	*3 -	*3 -	*3 -
8 CDOs backed by CMBS	0	8	-	-	0
9 RMBS	53	27	1	2	-1
10 RMBS backed by US subprime mortgage loans	15	31	0	3	-0
11 RMBS except above (RMBS backed by mid-prime loans, prime loans and others)	*6 38	*6 26	*6 1	*6 2	*6 -1
12 RMBS backed by mid-prime loans (Alt-A)	19	26	0	2	-
13 ABS, CLOs and others	2	67	32	82	-2
14 CLOs	*5 2	*5 73	*5 24	*5 84	*5 -2
15 CMBS	0	43	0	41	-0
16 SIV-related	-	-	*7 8	79	-0

\*1 The change in balance from Mar. 31, 2008 (approximately JPY -65 billion) included approximately JPY 10 billion decrease in balance due to foreign exchange translation impact primarily caused by appreciation of Japanese yen against the US dollar.

\*2 The proportion of US subprime mortgage loan-related assets to the total underlying assets was approximately 10%. Approximately 50% of the balance (fair value) consisted of Super Senior tranche.

\*3 CDO exposures hedged by CDS with a non-investment grade<sup>†</sup> US financial guarantor (monoline), net of allowances. (The hedging transaction was terminated in Aug. 2008.)

† based on external ratings as of Mar. 31, 2008

\*4 The entire balance consisted of securitization products backed by original assets (non-securitized assets).

\*5 Re-classified the securitization products, which had been categorized in line 5 in the above table as of Mar. 31, 2008, to line 14 after a review of the definition of each category since our first quarter disclosure.

\*6 Excluded US government-owned corporation bonds and government-sponsored enterprise bonds (please see “2. Other information” below for the balances of those bonds).

\*7 Obtained senior bonds issued by a SIV, in settlement of CDS transactions where such bonds were treated as collateral. These CDS transactions were related to CDO structuring business.

### (Reference) Credit Default Swaps related to securitization products (as of Dec. 31, 2008)

- The notional amount of credit default swaps (CDS<sup>†1</sup>) referring to securitization products at Mizuho Securities was approximately JPY 330 billion (JPY 366 billion as of Mar. 31, 2008), and the fair value of the relevant reference assets (securitization products) was approximately JPY 233 billion (JPY 302 billion as of Mar. 31, 2008). NPV, or the estimated amount claimable for the settlement of the CDS, was approximately JPY 78 billion, which was the difference between the notional amount and the fair value (excluding approximately JPY 18 billion<sup>†2</sup> that had already been received in cash from a CDS protection seller). The net estimated amount claimable for the settlement of the CDS after deducting reserves for counterparty risks was approximately JPY 62 billion. (The above included CDS contracts with a US monoline (external ratings as of Dec. 31, 2008: AA<sup>†3</sup>), of which the notional amount was approximately JPY 75 billion and the fair value of the relevant reference assets was approximately JPY 61 billion.)

†1 Excluded CDS shown in line 4 and 7 of the above table

†2 Translated the relevant amount of cash in foreign currency at the exchange rate in effect at the end of December, 2008

†3 Based on the lowest external ratings as of Dec. 31, 2008

- The majority of the above CDS contracts were with counterparties with external ratings of “AA” range or higher (as of Dec. 31, 2008), and the relevant reference assets were securitization products backed mainly by claims against corporations.

(The figures below are rounded to JPY 1 Bn)

## 2. Other information

### ➤ **US government-owned corporation (Ginnie Mae) bonds and GSE (government-sponsored enterprises: Fannie Mae, Freddie Mac) bonds**

#### Securities Subsidiaries (Trading Account)

- The total balance of RMBS, which were issued or guaranteed by the US government-owned corporation or GSE, was minimal.
- Approximately JPY 395 billion of the corporate bonds issued by Fannie Mae and Freddie Mac was held for the purpose of, among other things, market-making activities in the US, and all the bonds were subject to mark-to-market accounting so that there were no unrealized losses (the recorded gains/losses for the nine months ended Dec. 31, 2008 were minimal).

There was no holding of stocks of these entities.