

This financial report is composed of two parts. The first part is an abridged translation of "Kessan Tanshin (earnings report)" for the quarterly period ended 31st December, 2008, which includes the summary and the qualitative information sections. The second part is the "Quarterly Consolidated Financial Statements," which are basically prepared based on the "Kessan Tanshin (earnings report)" but applied for some items a different presentation methods.



MEMBERSHIP
29th January, 2009

Consolidated Financial Results For the Quarterly Period Ended 31st December, 2008

Company name: Nomura Research Institute, Ltd.
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 4307
 URL: <http://www.nri.co.jp/>
 Representative: Akihisa Fujinuma, Chairman and President, Representative Director, CEO & COO
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 Scheduled date to file Quarterly Report: 30th January, 2009

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the quarterly period ended 31st December, 2008 (from 1st April, 2008 to 31st December, 2008)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

| Quarterly period ended | Sales | | Operating profit | | Ordinary profit | | Net income | |
|------------------------|-----------------|------|------------------|------|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 31st December, 2008 | 251,208 | – | 37,322 | – | 39,152 | – | 21,651 | – |
| 31st December, 2007 | 249,824 | 12.3 | 39,167 | 18.9 | 41,586 | 19.1 | 25,466 | 21.8 |

| Quarterly period ended | Net income per share – basic | Net income per share – diluted |
|------------------------|---------------------------------|-----------------------------------|
| | Yen | Yen |
| 31st December, 2008 | 110.75 | 104.36 |
| 31st December, 2007 | 125.02 | 117.95 |

*1. Due to the commencement of the adoption of "Accounting Standard for Quarterly Financial Reporting" from the current fiscal year, "year-on-year changes" of the current fiscal year are omitted.

2. Please refer to the section of "Quarterly Consolidated Statements of Income (Unaudited)" on page 3 of "Quarterly Consolidated Financial Statements for the quarterly period ended 31st December, 2008" of "[Qualitative Information and Financial Statements]" and "8. Per Share Data" on pages 12 through 15 of "Quarterly Consolidated Financial Statements for the quarterly period ended 31st December, 2008" of "[Qualitative Information and Financial Statements]" for the consolidated operating results for the quarterly period ended 31st December, 2008 (from 1st October, 2008 to 31st December, 2008).

(2) Consolidated financial position

| As of | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| 31st December, 2008 | 345,882 | 203,914 | 58.7 | 1,044.32 |
| 31st March, 2008 | 362,447 | 207,363 | 57.0 | 1,038.68 |

Reference: Equity As of 31st December, 2008: ¥203,140 million As of 31st March, 2008: ¥206,755 million

2. Cash dividends

| Record date | Cash dividends per share | | | | |
|---|--------------------------|----------------|---------------|-----------------|--------|
| | First quarter | Second quarter | Third quarter | Fiscal year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended 31st March, 2008 | – | 24.00 | – | 26.00 | 50.00 |
| Fiscal year ending 31st March, 2009 | – | 26.00 | – | – | – |
| Fiscal year ending 31st March, 2009 (Forecasts) | – | – | – | 26.00 | 52.00 |

Note: Revisions to the forecasts of cash dividends in the current quarter: None

3. Forecasts of financial results for the fiscal year ending 31st March, 2009 (from 1st April, 2008 to 31st March, 2009)

(Percentages indicate year-on-year changes.)

| | Sales | | Operating profit | | Ordinary profit | | Net income | | Net income per share |
|-------------------------------------|-----------------|-------|------------------|-------|-----------------|-------|-----------------|-----|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending 31st March, 2009 | 340,000 | (0.7) | 48,000 | (8.9) | 50,000 | (9.9) | 28,500 | 1.2 | 145.77 |

Note: Revisions to the forecasts of financial results in the current quarter: Yes

4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of simplified accounting and specific accounting in preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements (changes described in the section of “Accounting Change” of “1. Description of Business, Basis of Presentation, Change in Scope of Application of Consolidation, Changes in Scope of Application of Equity Method, and Accounting Change”)
 - a. Changes due to revisions to accounting standards and other regulations: Yes
 - b. Changes due to other reasons: Yes
- (4) Number of shares in issue (common stock)
 - a. Total number of shares in issue at the end of the period (including treasury stock)

| | |
|---------------------------|--------------------|
| As of 31st December, 2008 | 225,000,000 shares |
| As of 31st March, 2008 | 225,000,000 shares |
 - b. Number of shares of treasury stock at the end of the period

| | |
|---------------------------|-------------------|
| As of 31st December, 2008 | 30,480,960 shares |
| As of 31st March, 2008 | 25,944,292 shares |
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | |
|--|--------------------|
| Quarterly period ended 31st December, 2008 | 195,509,511 shares |
| Quarterly period ended 31st December, 2007 | 203,698,187 shares |

* Proper use of forecasts of financial results, and other special matters

1. These materials contain amendments to the forecasts of financial results for the full year. The forecasts are based on information available to management at the present time. As such, actual sales and profits may differ from this forecast due to uncertain factors or changes in business operations. Also, cash dividends per share (fiscal year-end) are based on the current business environment and forecasts of financial results. Please refer to the section of “3. Qualitative information regarding the forecasts of financial results” of “[Qualitative Information and Financial Statements]” on page 6 for the suppositions that form the assumptions for the forecasts of financial results and cautions concerning the use thereof. Please also refer to the “Revisions to Forecasts of Financial Results for the Fiscal Year Ending March 31, 2009” announced today.
2. Commencing with the current fiscal year, the quarterly consolidated financial statements conform to the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). They are also prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

[Qualitative Information and Financial Statements]

Because the current fiscal year is the first year of the adoption of the quarterly reporting system, a reference value of the corresponding period of the previous fiscal year is used for the year-on-year analysis in “1. Qualitative information regarding consolidated operating results” and “2. Qualitative information regarding consolidated financial position.”

1. Qualitative information regarding consolidated operating results

In the third quarter (from 1st October, 2008 to 31st December, 2008), it became increasingly obvious that the global economy was slowing down due to the impact of the financial crisis gripping North America and Europe. Deterioration in the economy was apparent from substantial decreases in private sector earnings and production, declines in capital investment and exports and other factors. Also, in the information services industry a clear trend could be seen particularly in the securities sector of a diminished interest in information system investment.

Operating in such an environment, Nomura Research Institute and its consolidated subsidiaries (“the NRI Group”) proceeded with efforts to respond to the changing business environment through such efforts as shifting human resources to target customers of the insurance sector and other sector, and focusing on cost structural reform to revise subcontracting costs and slash expenses. In addition to this, the NRI Group grappled with the tasks of improving production—by strengthening project management and implementing initiatives to reduce system failure—and strengthening business in Asia.

As a result of these activities, sales for the NRI Group for the third quarter were ¥85,923 million (up 1.5% from the same period of the previous fiscal year), thereby managing to achieve a level on par with the same period of the previous fiscal year. In addition to suppressing an increase in cost of sales by reducing subcontracting costs related to system management and operation, the NRI Group reduced selling, general and administrative expenses such as business subcontracting costs associated with indirect operations, and posted operating profit of ¥13,603 million (up 15.8%) and ordinary profit of ¥14,079 million (up 15.0%). Net income was ¥7,419 million (up 4.1%), limited by the impact of extraordinary loss arising from the fall in the market value of shares held by the NRI Group.

Segment information

The business results by segment are as follows.

Consulting Services

System consulting projects for the financial sector and other sector increased but management consulting projects declined as a result of the sudden economic downturn. The consulting services segment posted sales (sales to external customers) of ¥8,104 million (up 5.8% from the same period of the previous fiscal year) and operating profit was ¥829 million (down 20.0%).

IT Solution Services

The sales trends for each type of service are as follows. In system development and system application sales, projects for the securities sector fell but projects for the insurance sector increased. As a result, sales from system development and system application sales stayed on par with the same period of the previous fiscal year at ¥37,591 million (up 0.8% from the same period of the previous fiscal year). In system management and operation services, multi-user system services performed strongly in the financial sector and outsourcing services remained firm for the distribution sector. Sales from system management and operation services were ¥37,208 million (up 6.4%). In product sales, there was a decrease in system development projects accompanying equipment installation and sales from product sales was ¥3,019 million (down 36.5%). In the area of cost, in addition to reducing subcontracting costs by making system management and operation more efficient, the NRI Group reduced selling, general and administrative expenses in the areas of R&D expenses and system auditing costs.

As a result, sales from IT solution services was ¥77,819 million (up 1.0%) and operating profit was ¥12,773 million (up 19.2%).

2. Qualitative information regarding consolidated financial position

Analysis of financial position

At the end of the third quarter (31st December, 2008), current assets were ¥149,403 million (down 21.7% from the end of the previous fiscal year), noncurrent assets were ¥196,479 million (up 14.5%), current liabilities were ¥62,812 million (down 16.0%), noncurrent liabilities were ¥79,155 million (down 1.4%), net assets were ¥203,914 (down 1.7%) and total assets were ¥345,882 million (down 4.6%).

The main changes from the previous fiscal year are as follows.

Although accrued income increased, accounts receivable decreased and, as a result, accounts receivable and other receivables decreased. There were decreases in income taxes payable and provision for bonuses, which accompanied the payment of income taxes and bonuses. In addition, there was a decrease in accounts payable and accrued amount payable related to the capital investment of the previous fiscal year.

As a result of commencing medium-term management for part of the NRI Group's investments in fund management securities, short-term investment securities decreased while investment securities increased.

Due to the fall in the market price of shares held by the NRI Group, unrealized gain on other securities decreased and translation adjustments decreased because of the continually strengthening yen.

In the first quarter, the NRI Group acquired treasury stock as part of flexible capital policy to improve capital efficiency and respond to the changing business environment.

Cash flow position

Net cash provided by operating activities in the third quarter was ¥10,100 million (¥11,600 million used in the same period of the previous fiscal year). The major contributing factors are as follows. Income before income taxes was ¥13,133 million (up 3.9% from the same period of the previous fiscal year), depreciation and amortization amounted to ¥5,555 million (up 29.7%), accounts receivable and other receivables and accounts payable was ¥3,261 million (negative ¥14,032 million in the same period of the previous fiscal year), and income taxes paid totaled ¥11,029 million (down 0.8% from the same period of the previous fiscal year).

Net cash used in investment activities was ¥6,465 million (up 41.3%). The major contributing factors were the acquisition of property and equipment such as data center equipment and the acquisition of software associated with the development of multi-user systems.

Net cash used in financing activities was ¥5,143 million (up 13.6%) due to the payment of cash dividends.

As a result of the above, cash and cash equivalents at the end of the third quarter was ¥58,843 million (down 34.1% from the same period of the previous fiscal year).

Summary of the consolidated statements of cash flows for the third quarter

| | Third quarter of previous fiscal year | Third quarter of current fiscal year | Year-on- year analysis |
|---|---|--|------------------------------|
| | (millions of yen) | (millions of yen) | (%) |
| Net cash provided by (used in) operating activities | (11,600) | 10,100 | – |
| of which : Income before income taxes | 12,637 | 13,133 | 3.9 |
| Depreciation and amortization | 4,283 | 5,555 | 29.7 |
| Accounts receivable and other receivables and accounts payable | (14,032) | 3,261 | – |
| Income taxes paid | (11,122) | (11,029) | (0.8) |
| Net cash provided by (used in) investment activities | (4,576) | (6,465) | 41.3 |
| Net cash provided by (used in) financing activities | (4,527) | (5,143) | 13.6 |
| Effect of exchange rate changes on cash and cash equivalents | (38) | (400) | 946.2 |
| Net increase (decrease) in cash and cash equivalents | (20,742) | (1,909) | (90.8) |
| Cash and cash equivalents at beginning of period | 110,062 | 60,753 | (44.8) |
| Cash and cash equivalents at end of period | 89,319 | 58,843 | (34.1) |

3. Qualitative information regarding forecasts of financial results

The economy has deteriorated rapidly amidst heightened concerns that the global financial crisis will become increasingly severe and the global economy will slide into a full-blown recession. This has diminished interest in investing in information systems in the financial sector, and particularly the securities sector.

In this harsh environment, the NRI Group has endeavored to increase sales by shifting its human resources to projects for the insurance sector and other sector, but the decline in demand from the securities sector in particular has been steeper than anticipated. These conditions will make it difficult to achieve the previous sales forecast, and the NRI Group has accordingly revised its previous forecast downward by 10 billion yen. The NRI Group will continue its efforts to meet its previous forecast for operating profit by continuing to reform its cost structure such as more efficient system operations in its system management and operation services and cuts to other management costs.

Forecasts of financial results for the fiscal year ending 31st March, 2009 (millions of yen, %)

| | Current fiscal year | | Change | | Previous fiscal year (actual result) | Change | |
|--------------------------------|---------------------|------------------|----------|-------|--------------------------------------|----------|-------|
| | Previous forecast | Revised forecast | Amount | Rate | | Amount | Rate |
| Sales | 350,000 | 340,000 | (10,000) | (2.9) | 342,289 | (2,289) | (0.7) |
| Consulting services | 35,000 | 33,000 | (2,000) | (5.7) | 30,333 | 2,666 | 8.8 |
| IT solution services | 315,000 | 307,000 | (8,000) | (2.5) | 311,955 | (4,955) | (1.6) |
| Operating profit | 48,000 | 48,000 | — | — | 52,664 | (4,664) | (8.9) |
| Ordinary profit | 50,000 | 50,000 | — | — | 55,517 | (5,517) | (9.9) |
| Net income | 28,500 | 28,500 | — | — | 28,157 | 342 | 1.2 |
| Cash dividends per share | 52.00 yen | 52.00 yen | — | — | 50.00 yen | 2.00 yen | 4.0 |
| Second quarter (actual result) | 26.00 yen | 26.00 yen | — | — | 24.00 yen | 2.00 yen | 8.3 |
| Fiscal year-end | 26.00 yen | 26.00 yen | — | — | 26.00 yen | — | — |

(Reference) (millions of yen, %)

| | Current fiscal year | | Change | | Previous fiscal year (actual result) | Change | |
|-------------------------------|---------------------|------------------|---------|--------|--------------------------------------|---------|--------|
| | Previous forecast | Revised forecast | Amount | Rate | | Amount | Rate |
| Capital investment | 33,500 | 32,000 | (1,500) | (4.5) | 36,438 | (4,438) | (12.2) |
| Depreciation and amortization | 22,000 | 22,000 | — | — | 16,517 | 5,482 | 33.2 |
| R&D expenses | 5,200 | 4,500 | (700) | (13.5) | 4,915 | (415) | (8.5) |

The forecasts are based on information available to management at the present time. As such, actual sales and profits may differ from this forecast due to uncertain factors or changes in business operations. Also, cash dividends per share (fiscal year-end) are based on the current business environment and forecasts of financial results.

Quarterly Consolidated Financial Statements

Nomura Research Institute, Ltd.

For the Quarterly Period Ended 31st December, 2008 (Unaudited)

(Millions of yen and thousands of U.S.dollars, with fractional amounts rounded off, unless otherwise noted)

Nomura Research Institute, Ltd.

Quarterly Consolidated Financial Statements

For the quarterly period ended 31st December, 2008

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Nomura Research Institute, Ltd.

Quarterly Consolidated Balance Sheets

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|---|--------------------------------|-----------------------------|---|
| | 31st December, 2008 | 31st March, 2008 | 31st December, 2008 |
| | (Unaudited) | | (Unaudited) |
| Assets | | | |
| Current assets: | | | |
| Cash and bank deposits (<i>Note 7</i>) | ¥ 15,742 | ¥ 17,710 | \$ 172,913 |
| Accounts receivable and other receivables | 73,564 | 79,423 | 808,040 |
| Short-term investment securities (<i>Notes 4 and 7</i>) | 48,659 | 84,988 | 534,479 |
| Inventories | 1,376 | 160 | 15,114 |
| Deferred income taxes | 6,860 | 6,837 | 75,351 |
| Other current assets | 3,280 | 1,874 | 36,030 |
| Allowance for doubtful accounts | (78) | (82) | (857) |
| Total current assets | 149,403 | 190,910 | 1,641,070 |
| Property and equipment: | | | |
| Land | 11,292 | 11,292 | 124,033 |
| Buildings, net | 29,082 | 29,929 | 319,442 |
| Machinery and equipment, net | 17,111 | 17,032 | 187,950 |
| Leased assets, net | 183 | – | 2,011 |
| Property and equipment, net | 57,668 | 58,253 | 633,436 |
| Software and other intangibles | 38,578 | 30,258 | 423,748 |
| Investment securities (<i>Note 4</i>) | 62,391 | 46,683 | 685,314 |
| Investments in affiliates (<i>Note 4</i>) | 1,998 | 2,026 | 21,946 |
| Deferred income taxes | 14,118 | 13,116 | 155,075 |
| Long-term loans receivable | 7,454 | 7,372 | 81,876 |
| Investment in leased assets | 884 | – | 9,710 |
| Other assets | 13,505 | 13,831 | 148,341 |
| Allowance for doubtful accounts | (116) | (1) | (1,274) |
| Total assets | <u>¥345,883</u> | <u>¥362,448</u> | <u>\$3,799,242</u> |

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|--|--------------------------------|-----------------------------|---|
| | 31st December, 2008 | 31st March, 2008 | 31st December, 2008 |
| | (Unaudited) | | (Unaudited) |
| Liabilities and net assets | | | |
| Current liabilities: | | | |
| Accounts payable | ¥ 31,810 | ¥ 33,431 | \$ 349,407 |
| Lease obligations | 752 | – | 8,260 |
| Accrued expenses | 11,691 | 16,629 | 128,416 |
| Income taxes payable | 5,981 | 12,526 | 65,696 |
| Other current liabilities | 12,579 | 12,193 | 138,170 |
| Total current liabilities | 62,813 | 74,779 | 689,949 |
| Convertible bonds | 49,997 | 49,997 | 549,176 |
| Lease obligations | 532 | – | 5,844 |
| Long-term accrued expenses | 2,946 | 4,512 | 32,359 |
| Deferred income taxes | 4 | 5 | 44 |
| Allowance for employees' retirement benefits | 25,677 | 25,791 | 282,041 |
| Net assets (<i>Notes 6 and 8</i>): | | | |
| Shareholders' equity: | | | |
| Common stock | 18,600 | 18,600 | 204,306 |
| Additional paid-in capital | 14,966 | 14,884 | 164,389 |
| Retained earnings | 237,200 | 225,780 | 2,605,448 |
| Treasury stock, at cost | (72,772) | (61,161) | (799,341) |
| Total shareholders' equity | 197,994 | 198,103 | 2,174,802 |
| Valuation and translation adjustments: | | | |
| Unrealized gain on other securities (<i>Note 4</i>) | 8,012 | 9,650 | 88,005 |
| Translation adjustments | (2,865) | (997) | (31,469) |
| Total valuation and translation adjustments | 5,147 | 8,653 | 56,536 |
| Share subscription rights (<i>Note 6</i>) | 773 | 608 | 8,491 |
| Total net assets | 203,914 | 207,364 | 2,239,829 |
| Total liabilities and net assets | ¥345,883 | ¥362,448 | \$3,799,242 |

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Income (Unaudited)

| | <i>Millions of yen</i> | | | | <i>Thousands of U.S. dollars (Note 3)</i> | |
|---|--|-------------|---|-------------|---|--------------------------------|
| | Three months ended 31st December, | | Nine months ended 31st December, | | Three months ended | Nine months ended |
| | 2008 | 2007 | 2008 | 2007 | 31st December, 2008 | 31st December, 2008 |
| Sales | ¥85,924 | ¥84,679 | ¥251,209 | ¥249,824 | \$943,805 | \$2,759,326 |
| Cost of sales | 59,593 | 59,876 | 175,895 | 173,441 | 654,580 | 1,932,063 |
| Gross profit | 26,331 | 24,803 | 75,314 | 76,383 | 289,225 | 827,263 |
| Selling, general and administrative expenses (Notes 9 and 10) | 12,727 | 13,051 | 37,992 | 37,216 | 139,796 | 417,311 |
| Operating profit | 13,604 | 11,752 | 37,322 | 39,167 | 149,429 | 409,952 |
| Other income (expenses): | | | | | | |
| Interest and dividend income | 405 | 476 | 1,761 | 2,288 | 4,449 | 19,343 |
| Equity in earnings of affiliates | 103 | 32 | 167 | 105 | 1,131 | 1,834 |
| Interest expense | (3) | – | (10) | – | (33) | (110) |
| Gain (loss) on investment securities | (303) | 400 | (396) | 1,771 | (3,328) | (4,350) |
| Loss on investment affiliates | (643) | – | (643) | – | (7,063) | (7,063) |
| Impact of applying lease accounting standards | – | – | (352) | – | – | (3,866) |
| Other, net | (30) | (23) | (88) | 32 | (330) | (966) |
| | (471) | 885 | 439 | 4,196 | (5,174) | 4,822 |
| Income before income taxes | 13,133 | 12,637 | 37,761 | 43,363 | 144,255 | 414,774 |
| Provision for income taxes (Note 2) | 5,714 | 5,508 | 16,109 | 17,897 | 62,763 | 176,944 |
| Net income (Note 8) | ¥ 7,419 | ¥ 7,129 | ¥ 21,652 | ¥ 25,466 | \$ 81,492 | \$ 237,830 |

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Changes in Net Assets (Unaudited)

Millions of yen

| | Shareholders' equity | | | | Valuation and translation adjustments | | | | | |
|--|----------------------|----------------------------|-------------------|-------------------------|---------------------------------------|-------------------------------------|-------------------------|---|---------------------------|------------------|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock, at cost | Total shareholders' equity | Unrealized gain on other securities | Translation adjustments | Total valuation and translation adjustments | Share subscription rights | Total net assets |
| Balance at 31st March, 2008 | ¥18,600 | ¥14,884 | ¥225,780 | ¥(61,161) | ¥198,103 | ¥ 9,650 | ¥(997) | ¥ 8,653 | ¥608 | ¥207,364 |
| Purchases of treasury stock | - | - | - | (11,871) | (11,871) | - | - | - | - | (11,871) |
| Disposition of treasury stock | - | - | - | 260 | 260 | - | - | - | - | 260 |
| Net income | - | - | 21,652 | - | 21,652 | - | - | - | - | 21,652 |
| Cash dividends paid | - | - | (10,232) | - | (10,232) | - | - | - | - | (10,232) |
| Gain on disposition of treasury stock | - | 82 | - | - | 82 | - | - | - | - | 82 |
| Net changes other than in shareholders' equity | - | - | - | - | - | (1,638) | (1,868) | (3,506) | 165 | (3,341) |
| Balance at 31st December, 2008 | ¥18,600 | ¥14,966 | ¥237,200 | ¥(72,772) | ¥197,994 | ¥ 8,012 | ¥(2,865) | ¥ 5,147 | ¥773 | ¥203,914 |

Millions of yen

| | Shareholders' equity | | | | Valuation and translation adjustments | | | | | |
|--|----------------------|----------------------------|-------------------|-------------------------|---------------------------------------|-------------------------------------|-------------------------|---|---------------------------|------------------|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock, at cost | Total shareholders' equity | Unrealized gain on other securities | Translation adjustments | Total valuation and translation adjustments | Share subscription rights | Total net assets |
| Balance at 31st March, 2007 | ¥18,600 | ¥14,800 | ¥206,990 | ¥(47,157) | ¥193,233 | ¥22,194 | ¥499 | ¥22,693 | ¥307 | ¥216,233 |
| Purchases of treasury stock | - | - | - | (1) | (1) | - | - | - | - | (1) |
| Disposition of treasury stock | - | - | - | 703 | 703 | - | - | - | - | 703 |
| Net income | - | - | 25,466 | - | 25,466 | - | - | - | - | 25,466 |
| Cash dividends paid | - | - | (9,367) | - | (9,367) | - | - | - | - | (9,367) |
| Gain on disposition of treasury stock | - | 55 | - | - | 55 | - | - | - | - | 55 |
| Net changes other than in shareholders' equity | - | - | - | - | - | (10,668) | (231) | (10,899) | 203 | (10,696) |
| Balance at 31st December, 2007 | ¥18,600 | ¥14,855 | ¥223,089 | ¥(46,455) | ¥210,089 | ¥11,526 | ¥268 | ¥11,794 | ¥510 | ¥222,393 |

Thousands of U.S. dollars (Note 3)

| | Shareholders' equity | | | | Valuation and translation adjustments | | | | | |
|--|----------------------|----------------------------|-------------------|-------------------------|---------------------------------------|-------------------------------------|-------------------------|---|---------------------------|------------------|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock, at cost | Total shareholders' equity | Unrealized gain on other securities | Translation adjustments | Total valuation and translation adjustments | Share subscription rights | Total net assets |
| Balance at 31st March, 2008 | \$204,306 | \$163,489 | \$2,480,009 | \$(671,804) | \$2,176,000 | \$105,997 | \$(10,951) | \$ 95,046 | \$6,678 | \$2,277,724 |
| Purchases of treasury stock | - | - | - | (130,393) | (130,393) | - | - | - | - | (130,393) |
| Disposition of treasury stock | - | - | - | 2,856 | 2,856 | - | - | - | - | 2,856 |
| Net income | - | - | 237,830 | - | 237,830 | - | - | - | - | 237,830 |
| Cash dividends paid | - | - | (112,391) | - | (112,391) | - | - | - | - | (112,391) |
| Gain on disposition of treasury stock | - | 900 | - | - | 900 | - | - | - | - | 900 |
| Net changes other than in shareholders' equity | - | - | - | - | - | (17,992) | (20,518) | (38,510) | 1,813 | (36,697) |
| Balance at 31st December, 2008 | \$204,306 | 164,389 | \$2,605,448 | \$(799,341) | \$2,174,802 | \$ 88,005 | \$(31,469) | \$ 56,536 | \$8,491 | \$2,239,829 |

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Cash Flows (Unaudited)

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|---|---|-------------|---|
| | Nine months ended 31st December, | | Nine months ended 31st December, |
| | 2008 | 2007 | 2008 |
| Cash flows from operating activities | | | |
| Income before income taxes | ¥ 37,761 | ¥ 43,363 | \$ 414,774 |
| Adjustments to reconcile income before income taxes to net cash provided by operating activities: | | | |
| Depreciation and amortization | 15,082 | 11,352 | 165,663 |
| Interest and dividend income | (1,761) | (2,288) | (19,343) |
| Interest expense | 10 | – | 110 |
| Loss (gain) on investment securities | 396 | (1,771) | 4,350 |
| Loss on investments in affiliates | 643 | – | 7,063 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable and other receivables, net of advance payments received | 7,308 | 5,533 | 80,272 |
| Allowance for doubtful accounts | 111 | (8) | 1,219 |
| Accounts payable | (3,173) | (8,033) | (34,853) |
| Inventories | (1,216) | (693) | (13,357) |
| Allowance for employees' retirement benefits and welfare pension plan | (114) | (42) | (1,252) |
| Impact of applying lease accounting standards | 352 | – | 3,866 |
| Other | (3,629) | (6,089) | (39,861) |
| Subtotal | 51,770 | 41,324 | 568,651 |
| Interest and dividends received | 1,730 | 2,175 | 19,003 |
| Interest paid | (10) | – | (110) |
| Income taxes paid | (22,129) | (23,924) | (243,069) |
| Net cash provided by operating activities | 31,361 | 19,575 | 344,475 |
| Cash flows from investing activities | | | |
| Payments for time deposits | (3,890) | (8,080) | (42,728) |
| Proceeds from time deposits | 4,094 | 7,471 | 44,969 |
| Increase in short-term investment securities | (7,973) | (30,905) | (87,577) |
| Proceeds from sales and redemption of short-term investment securities | 28,000 | 22,000 | 307,557 |
| Acquisition of property and equipment | (11,144) | (18,053) | (122,408) |
| Proceeds from sales of property and equipment | – | 7 | – |
| Increase in software and other intangibles | (15,051) | (12,938) | (165,323) |
| Increase in investment securities | (18,956) | (8) | (208,216) |
| Proceeds from sales and redemption of investment securities | 148 | 3,121 | 1,626 |
| Increase in investments in affiliates | (614) | – | (6,744) |
| Other | 25 | 95 | 274 |
| Net cash used in investing activities | (25,361) | (37,290) | (278,570) |
| Cash flows from financing activities | | | |
| Repayment of obligation under finance leases | (310) | – | (3,406) |
| Proceeds from sales of treasury stock | 73 | 561 | 802 |
| Purchases of treasury stock | (11,871) | (1) | (130,393) |
| Cash dividends paid | (10,220) | (9,202) | (112,258) |
| Net cash used in financing activities | (22,328) | (8,642) | (245,255) |
| Effect of exchange rate changes on cash and cash equivalents | (354) | (177) | (3,888) |
| Net decrease in cash and cash equivalents | (16,682) | (26,534) | (183,238) |
| Cash and cash equivalents at beginning of period | 75,525 | 115,854 | 829,580 |
| Cash and cash equivalents at end of period (Note 7) | ¥ 58,843 | ¥ 89,320 | \$ 646,342 |

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Notes to Quarterly Consolidated Financial Statements

31st December, 2008

1. Description of Business, Basis of Presentation, Change in Scope of Consolidation and Application of Equity Method, and Accounting Change

Description of Business

Nomura Research Institute, Ltd. (the “Company”) is a leading provider in Japan of IT solutions services and consulting services. IT solutions services include the development, installation, operation and management of computer systems and networks, asset management analyses, and information services and sales of related products. Consulting services include conducting research on macroeconomic trends, providing management consulting advice, and rendering system consulting services and information services. Information on the Company’s operations by segment is included in Note 13.

Basis of Presentation

The accompanying quarterly consolidated financial statements of the Company and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law.

In addition, the notes to the quarterly consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain reclassifications have been made to present the accompanying quarterly consolidated financial statements in a format which is familiar to readers outside Japan.

Change in Scope of Consolidation and Application of Equity Method

MC NRI Global Solutions Inc., a newly established affiliated company during the quarterly period ended 30th June, 2008, is included in the scope of application of the equity method.

At the board of directors meeting on 12th December, 2008, the Company entered into two definitive agreements to sell all the shares of its wholly-owned subsidiary, NRI Learning Network, Ltd., to Canon Marketing Japan Inc. and all the shares of a second wholly-owned subsidiary, Insurance System & Technology, Ltd., to TOHO SYSTEM SCIENCE CO., LTD. These sales will be completed on 1st April, 2009.

1. Description of Business, Basis of Presentation, Change in Scope of Consolidation and Application of Equity Method, and Accounting Change (continued)

In addition, NRI Network Communications, Ltd. and NRI WEBrandia, Ltd., both wholly-owned subsidiaries, agreed to merge at the meetings of their respective boards of directors held on 12th December, 2008. This merger will be effective on 1st April, 2009.

Accounting Change

Effective the first quarter ended 30th June, 2008 the “Accounting Standard for Measurement of Inventories” (Accounting Standards Board of Japan (ASBJ) Statement No. 9) has been applied, and now inventories are stated at cost, based on the identified cost method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability. Previously, inventories were stated at cost, based on the identified cost method. The effects of adopting the new standard were immaterial.

Effective the first quarter ended 30th June, 2008, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18) has been applied. The effects of adopting the new standard were nil.

Effective 1st April, 2008, the Company has early adopted the new accounting standard “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16), originally issued by the Business Accounting Deliberation Council on 17th June, 1993 and by the Japanese Institute of Certified Public Accountants on 18th January, 1994, respectively, and both revised by the ASBJ on 30th March, 2007. Prior to adoption of the standard, the Company and its domestic consolidated subsidiaries accounted for finance lease transactions that do not transfer ownership as operating leases. Subsequent to the adoption of the standard, all finance leases are capitalized as assets.

For the finance lease assets which do not transfer ownership, depreciation expenses is recognized based on the declining balance method over the lease period.

As a result of this accounting change, operating profit for the nine months ended 31st December, 2008 increased by ¥144 million (\$1,582 thousand) and income before income taxes decreased by ¥217 million (\$2,384 thousand) from the corresponding amounts which would have been recorded under the previous method.

The effects of adopting the new standard to the segment information are discussed in the applicable section of the notes to the quarterly consolidated financial statements.

2. Specific Accounting Policy Adopted in Preparing Quarterly Consolidated Financial Statements

Calculation of Tax Expense

At the end of each interim period, the Company makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year. Tax expenses for interim periods are computed multiplying income before income taxes by the aforementioned estimated annual effective tax rate for the annual period. Deferred income taxes are included in a provision for income taxes in the quarterly consolidated statements of income.

3. U.S. Dollar Amounts

The Company maintains its books of account in yen. The U.S. dollar amounts included in the accompanying quarterly consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into dollars at ¥91.04 = U.S.\$1.00, the rate of exchange prevailing on 31st December, 2008. The U.S. dollar amounts are included solely for the convenience of the reader and the translation is not intended to imply that the assets and liabilities which originated in yen have been or could be readily converted, realized or settled in U.S. dollars at the above or any other rate.

4. Investments

The Company did not hold any trading securities or held-to-maturity securities with determinable market value at 31st December, 2008 or at 31st March, 2008.

The following is a summary of the market value information concerning other securities included in short-term investment securities, investment securities and investments in affiliates at 31st December, 2008 and at 31st March, 2008:

Marketable Securities Classified As Other Securities

| | <i>Millions of yen</i> | | | | | |
|----------------------------|-----------------------------|----------------------------|-----------------------------------|-----------------------------|----------------------------|-----------------------------------|
| | 31st December, 2008 | | | 31st March, 2008 | | |
| | Acquisition cost | Carrying amount | Unrealized gain (loss) | Acquisition cost | Carrying amount | Unrealized gain (loss) |
| | (Unaudited) | | | | | |
| Equity securities | ¥14,067 | ¥27,933 | ¥13,866 | ¥13,294 | ¥29,638 | ¥16,344 |
| Debt securities: | | | | | | |
| Government debt securities | 2,001 | 2,002 | 1 | 7,992 | 7,992 | - |
| Corporate debt securities | 19,021 | 18,837 | (184) | 5,000 | 4,946 | (54) |
| | 21,022 | 20,839 | (183) | 12,992 | 12,938 | (54) |
| Other | 817 | 708 | (109) | 1,047 | 1,039 | (8) |
| Total | <u>¥35,906</u> | <u>¥49,480</u> | <u>¥13,574</u> | <u>¥27,333</u> | <u>¥43,615</u> | <u>¥16,282</u> |

| | <i>Thousands of U.S. dollars</i> | | |
|----------------------------|----------------------------------|----------------------------|-----------------------------------|
| | 31st December, 2008 | | |
| | Acquisition cost | Carrying amount | Unrealized gain (loss) |
| | (Unaudited) | | |
| Equity securities | \$154,514 | \$306,821 | \$152,307 |
| Debt securities: | | | |
| Government debt securities | 21,979 | 21,990 | 11 |
| Corporate debt securities | 208,930 | 206,909 | (2,021) |
| | 230,909 | 228,899 | (2,010) |
| Other | 8,975 | 7,777 | (1,198) |
| Total | <u>\$394,398</u> | <u>\$543,497</u> | <u>\$149,099</u> |

4. Investments (continued)

Loss on devaluation of marketable securities classified as other securities as a result of a permanent decline in value for the nine months ended 31st December, 2008 and the year ended 31st March, 2008 was ¥1,025 million (\$11,259 thousand) and ¥589 million, respectively. If the fair value of marketable securities classified as other securities declines significantly, such securities are written down to their respective fair value thus establishing a new cost basis and the amount of each write-down is charged to income as an impairment loss unless its fair value is deemed to be recoverable. The Company has established a policy for the recognition of impairment losses under the following conditions:

- i) All securities whose fair value has declined by more than 50%, and
- ii) Securities whose fair value has declined by more than 30% but less than 50% and for which a recovery to fair value is not deemed probable.

Investment partnerships, which are valued at market value derived from their components, were included in other.

5. Derivatives

The Company and its consolidated subsidiaries had no open derivatives positions at 31st December, 2008 or 31st March, 2008.

6. Net Assets

The Corporation Law of Japan provides that an amount equal to at least 10% of the amount to be disbursed as distributions of capital surplus and retained earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock account. The legal reserve and the additional paid-in capital account are available for appropriation by resolution of the shareholders. In accordance with the Corporation Law, the Company provides a legal reserve which is included in retained earnings. This reserve amounted to ¥570 million (\$6,261 thousand) and ¥570 million at 31st December, 2008 and 31st March, 2008, respectively.

The total number and periodic changes in the number of shares in issue and the total number and periodic changes in the number of shares of treasury stock for the nine months ended 31st December, 2008 and for the year ended 31st March, 2008 are summarized as follows:

| | 31st December, 2008 | | 31st March, 2008 | |
|---|---------------------|-------------------|--------------------|-------------------|
| | Shares in issue | Treasury stock | Shares in issue | Treasury stock |
| | (Unaudited) | | | |
| Number of shares at beginning of period | 225,000,000 | 25,944,292 | 45,000,000 | 4,291,620 |
| Increase in number of shares | – | 4,646,168 | 180,000,000 | 22,106,382 |
| Decrease in number of shares | – | 109,500 | – | 453,710 |
| Number of shares at the end of period | <u>225,000,000</u> | <u>30,480,960</u> | <u>225,000,000</u> | <u>25,944,292</u> |

* The increase of 4,646,168 shares of treasury stock was due to stock repurchases from the open market, which resulted in an increase of 4,645,700 shares, and purchases of odd-lot shares.

The decrease of 109,500 shares of treasury stock was due to the exercise of stock options.

6. Net Assets (continued)

Share subscription rights recorded in the accompanying quarterly consolidated balance sheets at 31st December, 2008 and 31st March, 2008 relate to the Company's stock option plans described in Note 12.

The following appropriation of retained earnings applicable to the year ended 31st March, 2008 was approved at a meeting of the Board of Directors held on 13th May, 2008 and went into effect on 2nd June, 2008:

| | <i>Millions of yen</i> | <i>Thousands of U.S. dollars</i> |
|--|----------------------------|--------------------------------------|
| Cash dividends approved on 13th May, 2008 (¥26.00 = U.S.\$0.29 per share) | ¥5,175 | \$56,844 |

The following appropriation of retained earnings applicable to the six months ended 30th September, 2008 was approved at a meeting of the Board of Directors held on 24th October, 2008 and went into effect on 28th November, 2008:

| | <i>Millions of yen</i> | <i>Thousands of U.S. dollars</i> |
|--|----------------------------|--------------------------------------|
| Cash dividends approved on 24th October, 2008 (¥26.00 = U.S.\$0.29 per share) | ¥5,057 | \$55,547 |

Unrealized gain on other securities was not available for the payment of cash dividends.

7. Cash and Cash Equivalents

A reconciliation between cash and bank deposits in the accompanying quarterly consolidated balance sheets and cash and cash equivalents in the accompanying quarterly consolidated statements of cash flows at 31st December, 2008 and 2007 is as follows:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars</i> |
|--|------------------------|-------------|--------------------------------------|
| | 31st December, | | 31st December, |
| | 2008 | 2007 | 2008 |
| | (Unaudited) | | (Unaudited) |
| Cash and bank deposits | ¥15,742 | ¥18,645 | \$172,913 |
| Short-term investment securities | 48,659 | 97,718 | 534,479 |
| Time deposits with maturities of more than three months when deposited | (5,558) | (8,080) | (61,050) |
| Bonds and other investments maturing in more than three months from the acquisition date | — | (18,963) | — |
| Cash and cash equivalents | ¥58,843 | ¥89,320 | \$646,342 |

8. Per Share Data

Per share data is summarized as follows:

| | <i>Yen</i> | | <i>U.S. dollars</i> |
|--|--|-------------|--|
| | Three months ended 31st December, | | Three months ended 31st December, |
| | 2008 | 2007 | 2008 |
| | (Unaudited) | | (Unaudited) |

Earnings per share – basic
Earnings per share – diluted

| | | |
|--------|--------|--------|
| ¥38.14 | ¥34.98 | \$0.42 |
| 35.93 | 33.00 | 0.39 |

| | <i>Yen</i> | | <i>U.S. dollars</i> |
|--|---|-------------|---|
| | Nine months ended 31st December, | | Nine months ended 31st December, |
| | 2008 | 2007 | 2008 |
| | (Unaudited) | | (Unaudited) |

Earnings per share – basic
Earnings per share – diluted

| | | |
|---------|---------|--------|
| ¥110.75 | ¥125.02 | \$1.22 |
| 104.36 | 117.95 | 1.15 |

| | <i>Yen</i> | | <i>U.S. dollars</i> |
|--|--------------------------------|-----------------------------|--------------------------------|
| | 31st December, 2008 | 31st March, 2008 | 31st December, 2008 |
| | (Unaudited) | | (Unaudited) |

Net assets per share

| | | |
|-----------|-----------|---------|
| ¥1,044.32 | ¥1,038.68 | \$11.47 |
|-----------|-----------|---------|

The computation of earnings and net assets per share is based on the weighted-average number of shares of common stock outstanding during each period and the number of shares of common stock outstanding at each balance sheet date, respectively.

8. Per Share Data (continued)

The computation of earnings per share and diluted earnings per share for the three months and nine months ended 31st December, 2008 and 2007 is as follows:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars</i> |
|---|---|--------------------|---|
| | Three months ended 31st December, 2008 | 2007 | Three months ended 31st December, 2008 |
| | (Unaudited) | | (Unaudited) |
| Numerator: | | | |
| Earnings | ¥7,419 | ¥7,129 | \$81,492 |
| Earnings not available to common shareholders | – | – | – |
| Earnings available to common shareholders | <u>¥7,419</u> | <u>¥7,129</u> | <u>\$81,492</u> |
| Denominator: | | | |
| Weighted-average number of shares of common stock outstanding – basic | 194,513,419 | 203,814,703 | 194,513,419 |
| Potentially dilutive shares of common stock | 11,968,958 | 12,225,248 | 11,968,958 |
| Weighted-average number of shares of common stock outstanding – diluted | <u>206,482,377</u> | <u>216,039,951</u> | <u>206,482,377</u> |
| | | | |
| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars</i> |
| | Nine months ended 31st December, 2008 | 2007 | Nine months ended 31st December, 2008 |
| | (Unaudited) | | (Unaudited) |
| Numerator: | | | |
| Earnings | ¥21,652 | ¥25,466 | \$237,830 |
| Earnings not available to common shareholders | – | – | – |
| Earnings available to common shareholders | <u>¥21,652</u> | <u>¥25,466</u> | <u>\$237,830</u> |
| Denominator: | | | |
| Weighted-average number of shares of common stock outstanding – basic | 195,509,511 | 203,698,187 | 195,509,511 |
| Potentially dilutive shares of common stock | 11,967,367 | 12,209,689 | 11,967,367 |
| Weighted-average number of shares of common stock outstanding – diluted | <u>207,476,878</u> | <u>215,907,876</u> | <u>207,476,878</u> |

8. Per Share Data (continued)

The following potentially issuable shares of common stock would have an antidilutive effect, and thus have not been included in the diluted earnings per share calculation for the three months and nine months ended 31st December, 2008:

| | <i>Yen</i> | | <i>U.S. dollars</i> | |
|--|---|--|---|--|
| | Three months ended 31st December, 2008 | Nine months ended 31st December, 2008 | Three months ended 31st December, 2008 | Nine months ended 31st December, 2008 |
| | (Unaudited) | | (Unaudited) | |
| a) Share subscription rights to 78 units issued on 24th June, 2004: | | | | |
| Number of shares reserved for new shares issuable upon exercise of share subscription rights | 39,000 | 39,000 | 39,000 | 39,000 |
| Exercise price per share | ¥ 2,284 | ¥ 2,284 | \$25.09 | \$25.09 |
| Average share price for the exercise period | ¥1,715.20 | ¥2,208.00 | \$18.84 | \$24.25 |
| b) Share subscription rights to 449 units issued on 1st July, 2005: | | | | |
| Number of shares reserved for new shares issuable upon exercise of share subscription rights | 224,500 | 224,500 | 224,500 | 224,500 |
| Exercise price per share | ¥ 2,319 | ¥ 2,319 | \$25.47 | \$25.47 |
| Average share price for the exercise period | ¥1,715.20 | ¥2,208.00 | \$18.84 | \$24.25 |
| c) Share subscription rights to 800 units issued on 11th September, 2006: | | | | |
| Number of shares reserved for new shares issuable upon exercise of share subscription rights | 392,500 | 392,500 | 392,500 | 392,500 |
| Exercise price per share | ¥ 3,282 | ¥ 3,282 | \$36.05 | \$36.05 |
| Average share price for the exercise period | ¥1,715.20 | ¥2,208.00 | \$18.84 | \$24.25 |
| d) Share subscription rights to 4,150 units issued on 10th July, 2007: | | | | |
| Number of shares reserved for new shares issuable upon exercise of share subscription rights | 415,000 | 415,000 | 415,000 | 415,000 |
| Exercise price per share | ¥ 3,680 | ¥ 3,680 | \$40.42 | \$40.42 |
| Average share price for the exercise period | ¥1,715.20 | ¥2,208.00 | \$18.84 | \$24.25 |

8. Per Share Data (continued)

| | <i>Yen</i> | | <i>U.S. dollars</i> | |
|--|---|--|---|--|
| | Three months ended 31st December, 2008 | Nine months ended 31st December, 2008 | Three months ended 31st December, 2008 | Nine months ended 31st December, 2008 |
| | (Unaudited) | | (Unaudited) | |
| e) Share subscription rights to 4,175 units issued on 8th July, 2008: | | | | |
| Number of shares reserved for new shares issuable upon exercise of share subscription rights | 417,500 | 417,500 | 417,500 | 417,500 |
| Exercise price per share | ¥ 2,650 | ¥ 2,650 | \$29.11 | \$29.11 |
| Average share price for the exercise period | ¥1,715.20 | ¥2,021.71 | \$18.84 | \$22.21 |

The computation of net assets per share at 31st December, 2008 and 31st March, 2008 is summarized as follows:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars</i> |
|--|----------------------------|-------------------------|----------------------------------|
| | 31st December, 2008 | 31st March, 2008 | 31st December, 2008 |
| | (Unaudited) | | (Unaudited) |
| Numerator: | | | |
| Net assets | ¥203,914 | ¥207,364 | \$2,239,829 |
| Stock subscription rights | (773) | (608) | (8,491) |
| Net assets attributable to common stock | ¥203,141 | ¥206,756 | \$2,231,338 |
| Denominator: | | | |
| Number of shares of common stock outstanding | 194,519,040 | 199,055,708 | 194,519,040 |

9. Selling, General and Administrative Expenses

The details of selling, general and administrative expenses for the three months and nine months ended 31st December, 2008 and 2007 are summarized as follows:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars</i> |
|---------------------|--|----------------|--------------------------------------|
| | | | Three months ended |
| | Three months ended 31st December, | | 31st December, |
| | 2008 | 2007 | 2008 |
| | (Unaudited) | | (Unaudited) |
| Personnel expenses | ¥6,629 | ¥ 6,290 | \$72,814 |
| Rent | 1,103 | 1,103 | 12,116 |
| Subcontractor costs | 1,938 | 2,590 | 21,287 |
| Other | 3,057 | 3,068 | 33,579 |
| Total | <u>¥12,727</u> | <u>¥13,051</u> | <u>\$139,796</u> |

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars</i> |
|---------------------|---|----------------|--------------------------------------|
| | | | Nine months ended |
| | Nine months ended 31st December, | | 31st December, |
| | 2008 | 2007 | 2008 |
| | (Unaudited) | | (Unaudited) |
| Personnel expenses | ¥19,541 | ¥18,612 | \$214,642 |
| Rent | 3,300 | 3,214 | 36,248 |
| Subcontractor costs | 6,077 | 6,506 | 66,751 |
| Other | 9,074 | 8,884 | 99,670 |
| Total | <u>¥37,992</u> | <u>¥37,216</u> | <u>\$417,311</u> |

10. Research and Development Costs

Research and development expenses included in selling, general and administrative expenses for the three months and nine months ended 31st December, 2008 and 2007 are summarized as follows:

| <i>Millions of yen</i> | | | | <i>Thousands of U.S. dollars</i> | |
|--|-------------|---|-------------|--|---|
| Three months ended 31st December, | | Nine months ended 31st December, | | Three months ended 31st December, | Nine months ended 31st December, |
| 2008 | 2007 | 2008 | 2007 | 2008 | 2008 |
| (Unaudited) | | (Unaudited) | | (Unaudited) | |
| ¥1,113 | ¥1,391 | ¥2,961 | ¥3,453 | \$12,225 | \$32,524 |

11. Contingent Liabilities

There were no material contingent liabilities at 31st December, 2008 and 31st March, 2008.

12. Stock Option Plans

The Company issued the following share subscription rights for the purchase of new shares of common stock in accordance with the former Commercial Code of Japan or the Corporation Law of Japan.

For stock options issued on and after 1st May, 2006, compensation costs are valued based on the fair value of the stock options and recognized in the consolidated statements of income in accordance with “Accounting Standard for Share-based Payments” (ASBJ Statement No. 8) and “Guidance on Accounting Standard for Share-based Payments” (ASBJ Guidance No. 11).

For the three months and nine months ended 31st December, 2008 and 2007, the Company recognized and allocated share-based compensation cost as follows:

| | <i>Millions of yen</i> | | | | <i>Thousands of U.S. dollars</i> | |
|--|--|-------------|---|-------------|--|---|
| | Three months ended 31st December, | | Nine months ended 31st December, | | Three months ended 31st December, | Nine months ended 31st December, |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2008 |
| | (Unaudited) | | (Unaudited) | | (Unaudited) | |
| Cost of sales | ¥ 70 | ¥ 74 | ¥210 | ¥203 | \$ 769 | \$2,307 |
| Selling, general and administrative expenses | 76 | 75 | 224 | 198 | 835 | 2,460 |
| | ¥146 | ¥149 | ¥434 | ¥401 | \$1,604 | \$4,767 |

12. Stock Option Plans (continued)

No stock options were granted in the three months ended 31st December, 2008.

13. Segment Information

Business segments

Business segment information was presented under the following two categories:

- the consulting services business, which includes research services, management consulting services and system consulting services.
- the IT solutions services business, which includes developing and managing computer systems, selling software packages, selling computer equipment and related products, and support services relating to the asset management business.

Business segment information of the Company and its consolidated subsidiaries for the three months and nine months ended 31st December, 2008 and 2007 is summarized as follows:

| <i>Millions of yen</i> | | | | | |
|---|----------------------------|------------------------------|--------------|-----------------------------------|---------------------|
| Three months ended 31st December, 2008 | | | | | |
| | Consulting services | IT solutions services | Total | Eliminations and corporate | Consolidated |
| | | | (Unaudited) | | |
| Sales and operating profit: | | | | | |
| Sales to external customers | ¥8,105 | ¥77,819 | ¥85,924 | ¥ – | ¥85,924 |
| Intersegment sales or transfers | 104 | 205 | 309 | (309) | – |
| Total sales | 8,209 | 78,024 | 86,233 | (309) | 85,924 |
| Operating expenses | 7,379 | 65,250 | 72,629 | (309) | 72,320 |
| Operating profit | ¥ 830 | ¥12,774 | ¥13,604 | ¥ – | ¥13,604 |

| <i>Millions of yen</i> | | | | | |
|---|----------------------------|------------------------------|--------------|-----------------------------------|---------------------|
| Three months ended 31st December, 2007 | | | | | |
| | Consulting services | IT solutions services | Total | Eliminations and corporate | Consolidated |
| | | | (Unaudited) | | |
| Sales and operating profit: | | | | | |
| Sales to external customers | ¥7,662 | ¥77,017 | ¥84,679 | ¥ – | ¥84,679 |
| Intersegment sales or transfers | 115 | 215 | 330 | (330) | – |
| Total sales | 7,777 | 77,232 | 85,009 | (330) | 84,679 |
| Operating expenses | 6,739 | 66,518 | 73,257 | (330) | 72,927 |
| Operating profit | ¥1,038 | ¥10,714 | ¥11,752 | ¥ – | ¥11,752 |

13. Segment Information (continued)

Business segments (continued)

Millions of yen

| Nine months ended 31st December, 2008 | | | | |
|--|------------------------------|--------------|-----------------------------------|---------------------|
| Consulting services | IT solutions services | Total | Eliminations and corporate | Consolidated |
| (Unaudited) | | | | |
| Sales and operating profit: | | | | |
| Sales to external customers | ¥24,811 | ¥226,398 | ¥251,209 | ¥251,209 |
| Intersegment sales or transfers | 340 | 662 | 1,002 | – |
| Total sales | 25,151 | 227,060 | 252,211 | 251,209 |
| Operating expenses | 21,823 | 193,066 | 214,889 | 213,887 |
| Operating profit | ¥ 3,328 | ¥ 33,994 | ¥ 37,322 | ¥ 37,322 |

Millions of yen

| Nine months ended 31st December, 2007 | | | | |
|--|------------------------------|--------------|-----------------------------------|---------------------|
| Consulting services | IT solutions services | Total | Eliminations and corporate | Consolidated |
| (Unaudited) | | | | |
| Sales and operating profit: | | | | |
| Sales to external customers | ¥21,441 | ¥228,383 | ¥249,824 | ¥249,824 |
| Intersegment sales or transfers | 282 | 695 | 977 | – |
| Total sales | 21,723 | 229,078 | 250,801 | 249,824 |
| Operating expenses | 19,259 | 192,375 | 211,634 | 210,657 |
| Operating profit | ¥ 2,464 | ¥ 36,703 | ¥ 39,167 | ¥ 39,167 |

Thousands of U.S. dollars

| Three months ended 31st December, 2008 | | | | |
|---|------------------------------|--------------|-----------------------------------|---------------------|
| Consulting services | IT solutions services | Total | Eliminations and corporate | Consolidated |
| (Unaudited) | | | | |
| Sales and operating profit: | | | | |
| Sales to external customers | \$89,027 | \$854,778 | \$943,805 | \$943,805 |
| Intersegment sales or transfers | 1,142 | 2,252 | 3,394 | – |
| Total sales | 90,169 | 857,030 | 947,199 | 943,805 |
| Operating expenses | 81,052 | 716,718 | 797,770 | 794,376 |
| Operating profit | \$ 9,117 | \$140,312 | \$149,429 | \$149,429 |

13. Segment Information (continued)

Business segments (continued)

Thousands of U.S. dollars

| Nine months ended 31st December, 2008 | | | | | |
|--|--------------------------------|----------------------------------|--------------|---|---------------------|
| | Consulting services | IT solutions services | Total | Eliminations and corporate | Consolidated |
| | | | (Unaudited) | | |
| Sales and operating profit: | | | | | |
| Sales to external customers | \$272,529 | \$2,486,797 | \$2,759,326 | \$ – | \$2,759,326 |
| Intersegment sales or transfers | 3,734 | 7,272 | 11,006 | (11,006) | – |
| Total sales | 276,263 | 2,494,069 | 2,770,332 | (11,006) | 2,759,326 |
| Operating expenses | 239,708 | 2,120,672 | 2,360,380 | (11,006) | 2,349,374 |
| Operating profit | \$ 36,555 | \$ 373,397 | \$ 409,952 | \$ – | \$ 409,952 |

Effective 1st April, 2008, the Company and its domestic consolidated subsidiaries adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16), originally issued by the Business Accounting Deliberation Council on 17th June, 1993 and by the Japanese Institute of Certified Public Accountants on 18th January, 1994, respectively, and both revised by the ASBJ on 30th March, 2007. As a result of this change, operating expenses in the IT solutions services segment for the nine months ended 31st December, 2008 increased by ¥144 million (\$1,582 thousand) and operating profit decreased by the same amount compared with the corresponding amount which would have been recorded under the previous method. The effects on the consulting services segment were immaterial.

Geographical Segments

Because sales and assets in the domestic segment constituted more than 90% of total sales and assets for the three months and nine months ended 31st December, 2008 and 2007, geographical segment information has not been presented.

Overseas Sales

Because overseas sales constituted less than 10% of consolidated sales for the three months and nine months ended 31st December, 2008 and 2007, no disclosure of overseas sales has been made.

14. Business Combinations

Not applicable.

15. Subsequent Events

Not applicable.

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN JAPANESE AND U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The accompanying quarterly consolidated financial statements of the Company have been prepared in conformity with Japanese GAAP, which differs from U.S. GAAP in certain material respects. Such differences are discussed below and address only those differences related to the quarterly consolidated financial statements. In addition, no attempt has been made to identify disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements.

The significant differences between Japanese GAAP and U.S. GAAP which would affect the determination of consolidated net income and shareholders' equity of the Company are set out below:

1. Leases Capitalized as Assets

Under Japanese GAAP prior to adoption of a new accounting standard effective on 1st April, 2008, finance leases where ownership is not deemed to be transferred from the lessor to the lessee, the lessee may choose not to capitalize lease expenses and may account for the lease in a manner similar to that applicable to operating leases. The Company's policy before adoption of the new standard was to account for finance leases in a manner similar to operating leases. However, subsequent to the adoption of the new standard, all finance leases were required to be capitalized. Restatement of comparative prior year financial information upon adoption of the new standard is not required.

U.S. GAAP requires that leases which transfer essentially all the risks and rewards of ownership of the leased assets from the lessor to the lessee to be capitalized.

2. Compensated Absences

Under Japanese GAAP, there is no specific accounting standard for compensated absences, and this liability is not generally recognized in Japan.

Under U.S. GAAP, an employer accrues the liability for employees' compensation for future absences if certain conditions are met.

[Appendix]

SUBSIDIARIES AND AFFILIATES

The Company conducts its business together with its subsidiaries and affiliates (being companies over which the Company holds significant influence with respect to its finances, operations or businesses).

At 31th December, 2008, the Company had 16 subsidiaries, all of which were consolidated subsidiaries.

At the same date, the Company had 2 affiliates, all of which were accounted for by the equity method in the Company's financial statements.

The following table sets forth information on the Company's direct and indirect subsidiaries and affiliates as of 31th December, 2008.

| Name | Country | Main Business |
|---|----------------|--|
| Subsidiaries | | |
| NRI Network Communications, Ltd. | Japan | Software development and sales, mainly in the Kansai area |
| NRI Learning Network, Ltd. | Japan | Training related to information and telecommunications systems |
| NRI SecureTechnologies, Ltd. | Japan | Network security services |
| NRI Cyber Patent, Ltd. | Japan | Provide patent and other intellectual property information to subscribers |
| NRI WEBrandia, Ltd. | Japan | Web Site development and management |
| NRI Workplace Services, Ltd. | Japan | Office and real estate management |
| NRI Data i Tech, Ltd. | Japan | Maintaining systems equipment of Nomura Holdings and its subsidiaries and affiliates |
| NRI Social Information System Services, Ltd. | Japan | Software development and sales |
| Insurance System & Technology, Ltd. | Japan | Software development for non-life insurance industry |
| UBIQLINK, Ltd. | Japan | Provide direction navigate services to consumer |
| Nomura Research Institute America, Inc. | USA | Research and development and operation of information management systems in the U.S. |
| Nomura Research Institute Europe Limited | England | Research and development and operation of information management systems in Europe |
| Nomura Research Institute Beijing Limited | China | Development and operation of information management systems in China |
| Nomura Research Institute Shanghai Limited | China | Consulting in China |
| Nomura Research Institute Hong Kong Limited | China | Research and development and operation of information management systems in Asia |
| Nomura Research Institute (Singapore) Private Limited | Singapore | Research and development and operation of information management systems in Asia |

| Name | Country | Main Business |
|------------------------------------|----------------|--|
| Affiliate | | |
| Nippon Clearing Services Co., Ltd. | Japan | Back-office services for mid-tier securities companies |
| MC NRI GLOBAL SOLUTIONS, INC. | Japan | Holding Company, holding the shares of system development firm in China. |

*Significant changes to consolidated subsidiaries and affiliates during the period: None