
Financial Results

for 3rd Quarter fiscal year ended 31st March, 2009
and Financial Results Forecast for the year ending 31st March, 2009

January 29, 2009

Nomura Research Institute, Ltd.



Contents

1. Financial Results for 3rd Quarter FY March 2009

2. Financial Results Forecasts for FY March 2009

Highlights of Consolidated Results <3Q>

(Unit: JPY million)

	3Q FY Mar. 2008 (Oct.-Dec.)	3Q FY Mar. 2009 (Oct.-Dec.)	Diff.	YoY change
Sales	84,679	85,923	+1,244	+1.5%
Operating Profit	11,752	13,603	+1,851	+15.8%
Operating Profit Margin	13.9%	15.8%	+2.0P	
Net Income	7,129	7,419	+290	+4.1%

Highlights of Consolidated Results <3Q Total>

(Unit: JPY million)

	3Q FY Mar. 2008 Total(Apr.-Dec.)	3Q FY Mar. 2009 Total(Apr.-Dec.)	Diff.	YoY change
Sales	249,824	251,208	+1,384	+0.6%
Operating Profit	39,167	37,322	(1,844)	(4.7%)
Operating Profit Margin	15.7%	14.9%	(0.8P)	
Net Income	25,466	21,651	(3,814)	(15.0%)

Keys to the Consolidated Financial Results for 3Q FY2009

● Sales from the insurance sector and other sector covered lower sales from the securities sector

1. In light of the very difficult business environment, NRI shifted human resources to the insurance sector and other sector, which were expected to generate projects. As a result, NRI managed to keep sales steady (up 0.6% year-on-year).
2. System Management & Operation Services covered lower sales from System Development & System Application Sales.

● Continued emphasis on initiatives to control costs

1. NRI cut management costs wherever possible and conducted a close review of R&D with an emphasis on quality. As a result, selling, general and administration expenses fell year-on-year in 3Q.
2. Efforts to optimize subcontracting costs are beginning to yield results in System Management & Operation Services.

P/L Highlight <3Q Total>

(Unit: JPY million)

	3Q FY Mar. 2008 Total (Apr.-Dec.)	3Q FY Mar. 2009 Total (Apr.-Dec.)	Diff.	YoY change
Sales	249,824	251,208	+1,384	+0.6%
Cost of Sales	173,441	175,894	+2,453	+1.4%
Subcontracting Costs	87,352	90,266	+2,913	+3.3%
Gross Profit	76,383	75,314	(1,068)	(1.4%)
Gross Profit Margin	30.6%	30.0%	(0.6P)	
SG&A	37,215	37,991	+776	+2.1%
Operating Profit	39,167	37,322	(1,844)	(4.7%)
Operating Profit Margin	15.7%	14.9%	(0.8P)	

P/L Highlight <3Q Total> continued

(Unit: JPY million)

	3Q FY Mar. 2008 Total (Apr.-Dec.)	3Q FY Mar. 2009 Total (Apr.-Dec.)	Diff.	YoY change
Operating Profit	39,167	37,322	(1,844)	(4.7%)
Non-operating gain and loss	2,419	1,829	(589)	(24.4%)
Interest income	947	796	(151)	
Dividend income	1,238	1,029	(208)	
Other Income and expense	1,776	(1,390)	(3,167)	-
Gain on investment securities	1,771	-	(1,771)	
Loss on investment securities	-	(395)	(395)	
Loss on valuation of stocks of subsidiaries and affiliates	-	(642)	(642)	
Income taxes etc.	17,897	16,109	(1,787)	
Net Income	25,466	21,651	(3,814)	(15.0%)

Sales by Sector <3Q Total>

(Unit: JPY million)

	3Q FY Mar. 2008 Total (Apr.-Dec.)		3Q FY Mar. 2009 Total (Apr.-Dec.)		Share	Diff.	YoY change
Securities sector	109,959	44.0%	98,542	39.2%	(11,417)	(10.4%)	
Insurance sector	21,798	8.7%	34,920	13.9%	+13,122	+60.2%	
Banking sector	18,911	7.6%	18,968	7.6%	+56	+0.3%	
Other financial sector	19,930	8.0%	21,859	8.7%	+1,929	+9.7%	
Financial sector	170,599	68.3%	174,291	69.4%	+3,691	+2.2%	
Distribution sector	33,924	13.6%	32,518	12.9%	(1,406)	(4.1%)	
Other sector	45,299	18.1%	44,399	17.7%	(900)	(2.0%)	
Total	249,824	100.0%	251,208	100.0%	+1,384	+0.6%	
Nomura Holdings	73,198	29.3%	72,271	28.8%	(926)	(1.3%)	
SEVEN & i HOLDINGS	27,845	11.1%	28,625	11.4%	+780	+2.8%	

* Figures of Nomura Holdings and SEVEN & I Holdings, in principle, include sales to subsidiaries.

*Since Japan Post was privatized and split up in October 2007, data for the resulting companies is calculated based on the industry to which each belongs.

Sales by segment <3Q Total>

(Unit: JPY million)

	3Q FY Mar. 2008 Total (Apr.-Dec.)		3Q FY Mar. 2009 Total (Apr.-Dec.)		Diff.	YoY change
	Share		Share			
Consulting Services	21,441	8.6%	24,810	9.9%	+3,369	+15.7%
System Development & System Application Sales	111,338	44.6%	106,401	42.4%	(4,936)	(4.4%)
System Management & Operation Services	104,022	41.6%	111,298	44.3%	+7,275	+7.0%
Product Sales	13,021	5.2%	8,697	3.5%	(4,324)	(33.2%)
IT Solution Services	228,382	91.4%	226,397	90.1%	(1,985)	(0.9%)
Total	249,824	100.0%	251,208	100.0%	+1,384	+0.6%

Order Backlog (Outstanding)

(Unit: JPY million)

	At end of 3Q FY Mar.2008	At end of 3Q FY Mar.2009	Diff.	YoY change
Consulting Services	6,263	5,290	(973)	(15.5%)
System Development & System Application Sales	29,788	27,324	(2,464)	(8.3%)
System Management & Operation Services	32,260	35,659	+3,398	+10.5%
IT Solution Services	62,049	62,984	+934	+1.5%
Total	68,313	68,274	(38)	(0.1%)
Order backlog in the current FY	58,818	63,869	+5,051	+8.6%

1. Financial Results for 3rd Quarter FY March 2009

2. Financial Results Forecasts for FY March 2009

Keys to Revised Forecasts for FY Mar. 2009 Consolidated Results

- **NRI expects stances on IT investment to deteriorate further for a prolonged period in the financial sector, particularly in the securities sector.**

- **NRI is seeing companies in the sector change the plan, such as narrowing the scope and extending the project period, for new development projects in particular.**

- **NRI will continue its cost-control activities to achieve profits.**

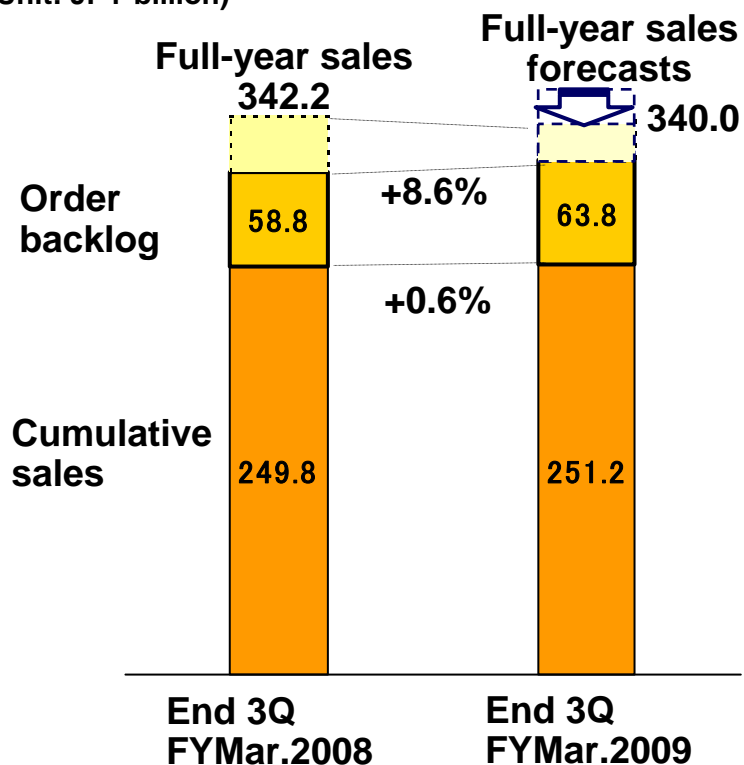
- **NRI will strive to control management costs and subcontracting costs to limit the extent of profit declines.**

Progress in Sales and Consolidated Order Backlog

- Results have been generally in line with forecasts through 3Q, but the orders environment is increasingly harsh in 4Q.

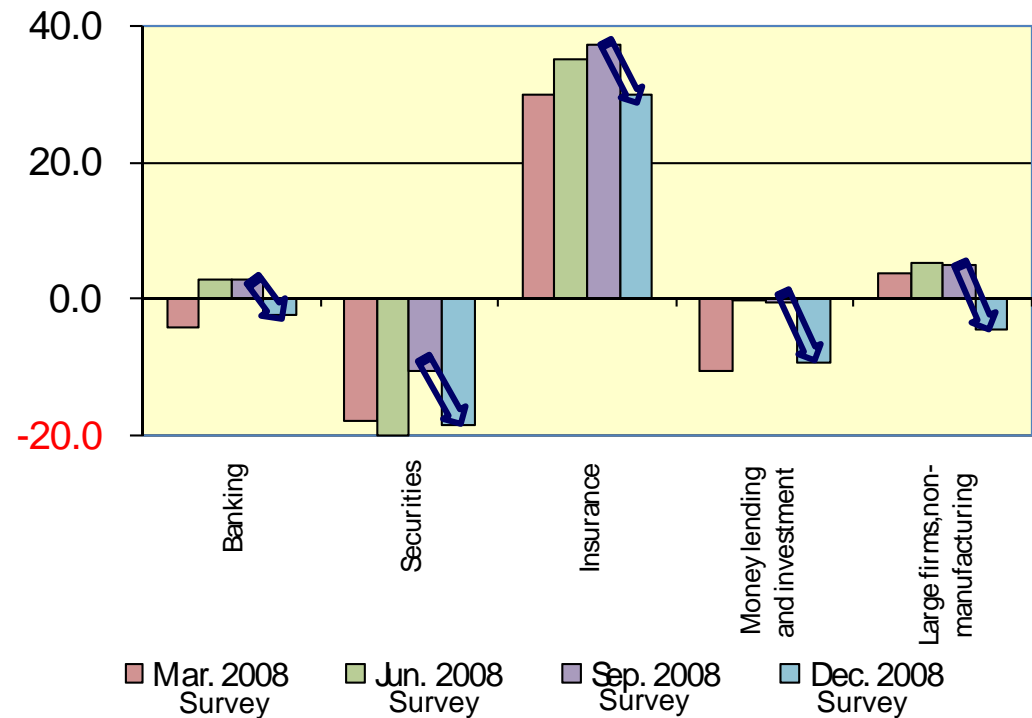
Cumulative sales + orders backlog (for current fiscal year)

(Unit: JPY billion)



Fluctuations in FY Mar. 2009 Software Investment (planned)

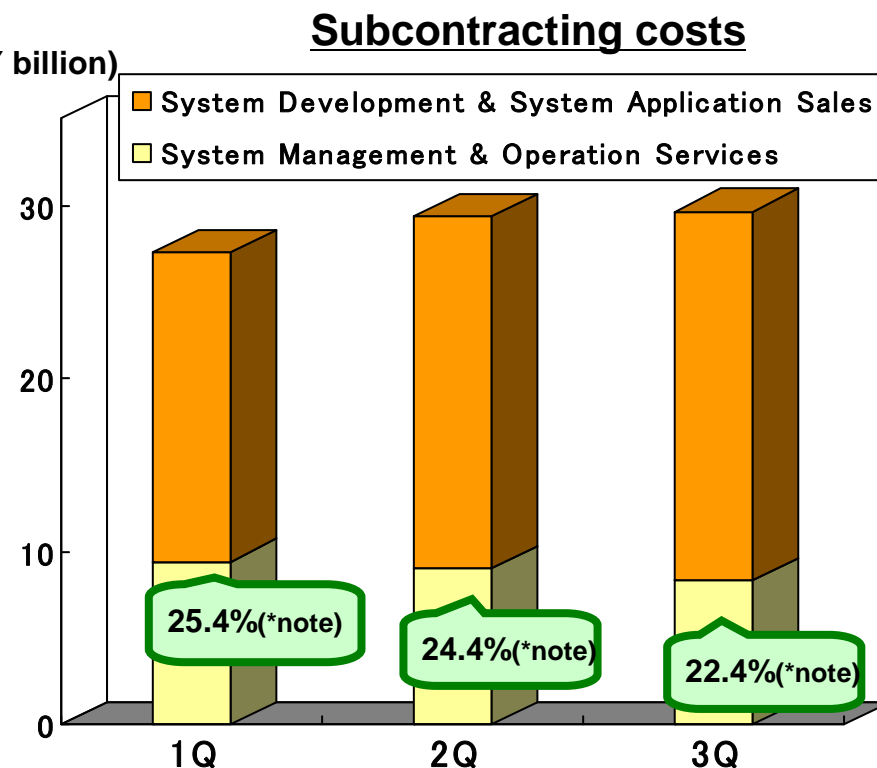
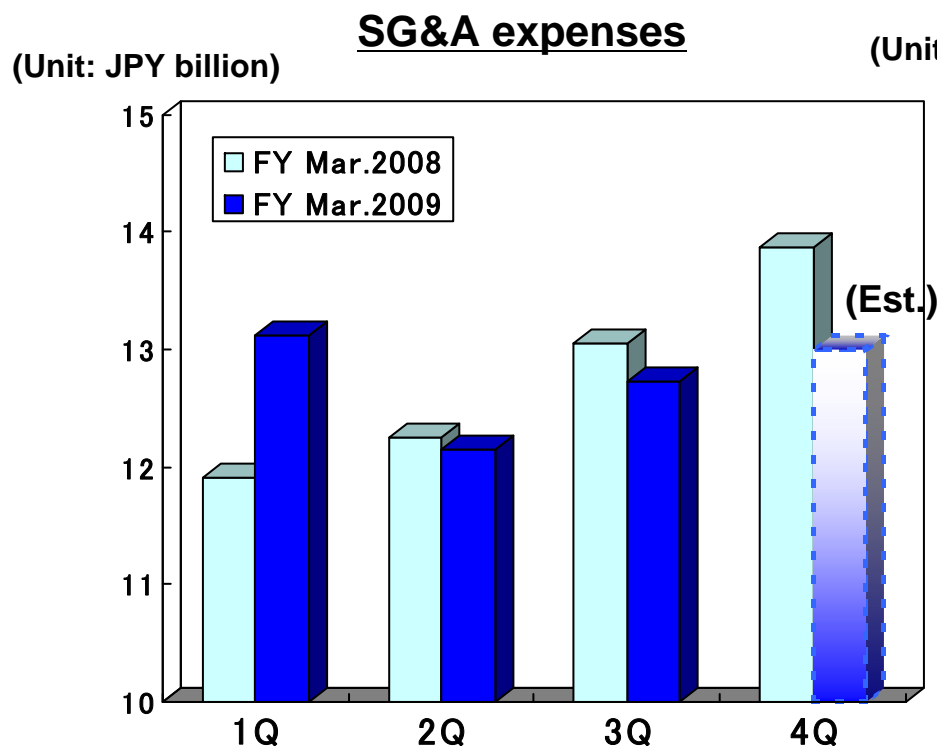
(YoY change, %)



Source: BoJ Tankan Survey, NRI

Cost-control Initiatives and Outlook

- **Initiatives to control SG&A expenses are beginning to yield results; these efforts will be continued and reinforced.**
 - R&D will be scrutinized while controlling quality.
 - Although there have been improvements in operations, NRI will strive for greater control over subcontracting costs.



Note: the ratio of subcontracting costs to sales of System Management & Operation Services .

Forecast for FY Mar.2009 (consolidated)

(Unit: JPY billion)

	FY Mar. 2008 (Results)	FY Mar. 2009 (Forecasts as of Jan.29,2009)-(A)	YoY		FY Mar. 2009 (Forecasts as of Oct.24,2008)-(B)	(A)-(B)
	Amount	Amount	Diff.	Change	Amount	Diff.
Sales	342.2	340.0	(2.2)	(0.7%)	350.0	(10.0)
Operating Profit	52.6	48.0	(4.6)	(8.9%)	48.0	-
Operating Profit Margin	15.4%	14.1%	(1.3P)	-	13.7%	+0.4P
Net Income	28.1	28.5	+0.3	+1.2%	28.5	-
Earnings per share	JPY138.52	JPY145.77	+JPY7.26	+5.2%	JPY145.40	+JPY0.37

Quarterly results and Full year forecasts

- In 4Q, we expect decreasing efficiency by working on new projects, focusing on sales activity, and decreasing operating rate due to the environmental deterioration.

(Unit: JPY billion)

		1Q	2Q	3Q	4Q	Total
FY Mar.2006	Sales	60.6	71.8	66.8	86.2	285.5
	Operating Profit	6.2	10.1	8.3	11.6	36.4
	OPM	10.3%	14.2%	12.4%	13.6%	12.8%
FY Mar.2007	Sales	68.3	78.0	75.9	100.1	322.5
	Operating Profit	8.2	12.6	12.1	10.9	43.8
	OPM	12.0%	16.2%	15.9%	10.9%	13.6%
FY Mar.2008	Sales	77.4	87.6	84.6	92.4	342.2
	Operating Profit	10.7	16.6	11.7	13.4	52.6
	OPM	13.9%	19.0%	13.9%	14.6%	15.4%
FY Mar.2009	Sales	79.4	85.7	85.9	88.7	340.0
	Operating Profit	9.8	13.8	13.6	10.6	48.0
	OPM	12.4%	16.2%	15.8%	12.0%	14.1%

FY March 2009 Financial Result Forecasts

(Unit: JPY billion)

	FY Mar.2008 (Results)	FY Mar. 2009 (Forecasts as of Jan.29,2009) -(A)	YoY		FY Mar. 2009 (Forecasts as of Oct.24,2008) -(B)	(A)-(B)
	Amount	Amount	Diff.	Change	Amount	Diff.
Securities sector	152.1	130.0	(22.1)	(14.6%)	136.0	(6.0)
Insurance sector	30.8	50.0	+19.1	+62.1%	48.0	+2.0
Banking sector	25.4	26.0	+0.5	+2.1%	27.0	(1.0)
Other financial sector	27.4	29.0	+1.5	+5.5%	31.0	(2.0)
Financial sector	235.9	235.0	(0.9)	(0.4%)	242.0	(7.0)
Distribution sector	44.5	43.0	(1.5)	(3.5%)	44.0	(1.0)
Other sector	61.7	62.0	+0.2	+0.4%	64.0	(2.0)
Total	342.2	340.0	(2.2)	(0.7%)	350.0	(10.0)

FY March 2008 Financial Result Forecasts

(Unit: JPY billion)

	FY Mar.2008 (Results)	FY Mar.2009 (Forecasts as of Jan.29, 2009) -(A)	YoY		FY Mar.2009 (Forecasts as of Oct.24, 2008) -(B)	(A)-(B)
	Amount	Amount	Diff.	Change	Amount	Diff.
Consulting Services	30.3	33.0	+2.6	+8.8%	35.0	(2.0)
System Development & System Application Sales	150.1	145.0	(5.1)	(3.4%)	148.0	(3.0)
System Management & Operation Services	140.8	149.0	+8.1	+5.8%	150.0	(1.0)
Product Sales	20.9	13.0	(7.9)	(37.8%)	17.0	(4.0)
IT Solution Services	311.9	307.0	(4.9)	(1.6%)	315.0	(8.0)
Total	342.2	340.0	(2.2)	(0.7%)	350.0	(10.0)

NRI's View on Industry Trends for NRI and Medium-term Outlook

- In the short term, clients are very motivated to restrain IT investment, which will hurt NRI business environment.
- Despite the current emphasis on defense, clients have offensive needs as well.

Cuts in system costs (including outsourcing)
 Redevelopment of core systems ...

Client's Business fields	Short-term outlook (FY08-FY09)	Medium-term outlook
Securities	× negative	○ positive
Insurance	○ positive	△ neutral
Banking	△ neutral	○ positive
Other finance	△ neutral	○ positive
Distribution	△ neutral	△ neutral
Other sector	○ positive	○ positive

This document contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company.

Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.

The Company does not undertake to revise forward-looking statements to reflect future events or circumstances.

References

- 1. Financial results for 3rd Quarter FY March 2009**
- 2. Recent activities**
- 3. Projects**
- 4. Others**

Highlights of Consolidated Results <3Q>

(Unit: JPY million)

	3Q FY Mar. 2008 (Oct.-Dec.)	3Q FY Mar. 2009 (Oct.-Dec.)	Diff.	YoY change
Sales	84,679	85,923	+1,244	+1.5%
Operating Profit	11,752	13,603	+1,851	+15.8%
Operating Profit Margin	13.9%	15.8%	+2.0P	
Net Income	7,129	7,419	+290	+4.1%

P/L Highlight <3Q>

(Unit: JPY million)

	3Q FY Mar. 2008 (Oct.-Dec.)	3Q FY Mar. 2009 (Oct.-Dec.)	Diff.	YoY change
Sales	84,679	85,923	+1,244	+1.5%
Cost of Sales	59,875	59,592	(283)	(0.5%)
Subcontracting Costs	29,734	31,075	+1,340	+4.5%
Gross Profit	24,803	26,331	+1,527	+6.2%
Gross Profit Margin	29.3%	30.6%	+1.4P	
SG&A	13,050	12,727	(323)	(2.5%)
Operating Profit	11,752	13,603	+1,851	+15.8%
Operating profit margin	13.9%	15.8%	+2.0P	

P/L Highlight <3Q> continued

(Unit: JPY million)

	3Q FY Mar. 2008 (Oct.-Dec.)	3Q FY Mar. 2009 (Oct.-Dec.)	Diff.	YoY change
Operating Profit	11,752	13,603	+1,851	+15.8%
Non-operating gain and loss	491	475	(16)	(3.3%)
Interest income	330	252	(78)	
Dividend income	150	166	+15	
Other Income and expense	393	(945)	(1,338)	
Gain on investment securities	399	-	(399)	
Loss on investment securities	-	(303)	(303)	
Loss on valuation of stocks of subsidiaries and affiliates	-	(642)	(642)	
Income taxes etc.	5,508	5,713	+205	
Net Income	7,129	7,419	+290	+4.1%

Sales by Sector <3Q>

(Unit: JPY million)

	3Q FY Mar. 2008 (Oct.-Dec.)	Share	3Q FY Mar. 2009 (Oct.-Dec.)	Share	Diff.	YoY change
Securities sector	35,951	42.5%	31,644	36.8%	(4,306)	(12.0%)
Insurance sector	9,453	11.2%	13,708	16.0%	+4,255	+45.0%
Banking sector	7,181	8.5%	6,842	8.0%	(339)	(4.7%)
Other financial sector	7,071	8.4%	7,242	8.4%	+170	+2.4%
Financial sector	59,658	70.5%	59,437	69.2%	(220)	(0.4%)
Distribution sector	11,275	13.3%	10,887	12.7%	(388)	(3.4%)
Other sector	13,744	16.2%	15,598	18.2%	+1,853	+13.5%
Total	84,679	100.0%	85,923	100.0%	+1,244	+1.5%
Nomura Holdings	24,106	28.5%	23,237	27.0%	(868)	(3.6%)
SEVEN & i HOLDINGS	9,622	11.4%	9,711	11.3%	+89	+0.9%

* Figures of Nomura Holdings and SEVEN & I Holdings, in principle, include sales to subsidiaries.

Sales by segment <3Q>

(Unit: JPY million)

	3Q FY Mar. 2008 (Oct.-Dec.)	Share	3Q FY Mar. 2009 (Oct.-Dec.)	Share	Diff.	YoY change
Consulting Services	7,662	9.0%	8,104	9.4%	+441	+5.8%
System Development & System Application Sales	37,300	44.0%	37,591	43.7%	+290	+0.8%
System Management & Operation Services	34,962	41.3%	37,208	43.3%	+2,245	+6.4%
Product Sales	4,753	5.6%	3,019	3.5%	(1,733)	(36.5%)
IT Solution Services	77,016	91.0%	77,819	90.6%	+802	+1.0%
Total	84,679	100.0%	85,923	100.0%	+1,244	+1.5%

3Q FY2009 Activities

Development of administrative accounting system for Seven Bank

■NRI has developed an administrative accounting system for Seven Bank, an environment to consolidate the collection and management of ATM processing data and identify and analyze profit/loss conditions at each business. This enables Seven Bank to ascertain the revenue structure and cost structure for various entry points, such as ATMs, affiliates, bases, businesses, products, and customers. This, in turn, is useful in devising strategies to logically allocate resources based on data analysis.

■NRI plans to capitalize on the expertise it built up in this project to support financial institutions in developing their own administrative accounting systems.

Nikkei Business Daily, December 20, 2008

3Q FY2009 Activities

IT General Control Proxy

- NRI launched LINKBITS on November 20, 2008. LINKBITS supports IT general control for companies' information system divisions. Acting as a proxy, this service uses a network to access a system's actual environment and carry out control practices for these operations remotely.
- NRI focuses its proxy service, which covers operational processes for program changes and services for ID and access management, in NRI facilities that offer its services, and provides its customers with information on control conditions. This reduces costs for IT general control.

野村総合研究所（NRI）は業務遂行に必要なITインフラ管理（IT全般統制）支援サービスの提供を始めた。ネットワークを通じ、システムの本番環境へのアクセスと本稼働に関する統制業務を遠隔で代行する。コンサルティングだけでなく、遠隔代行まで手がけるIT全般統制関連サービスは国内初という。価格は初期導入費用を除き、月額105万円から。09年3月末までに3億円の売り上げを目指す。

新サービス「リンクビット」は主に、プログラム変更に関する本稼働プロセスとID・アクセス管理のサービスをNRIのサービス提供施設で集中的に代行し、統制状況を顧客に提供する。IT全般統制関連コストの低減につながる。

IT全般統制
関連サービス
NRI

Nikkan Kogyo Shimbun, November 26, 2008

3Q FY2009 Activities

ID management solution UNI-ID

- NRI developed a system that issues ID information for Internet service users so that managing companies can jointly administer ID authentication. Sales were launched on November 5, 2008.
- This system greatly reduces the work involved in managing multiple IDs for users. It also alleviates the burden of maintaining and managing personal information for the companies issuing IDs.
- This service can be provided as an ASP service or a development service which would include consulting, depending on the needs of the client.

NRI
ID情報を複数企業間で共有
管理ソリューション発売

野村総合研究所（NRI）は、インターネット上でのサービスの利用者に対し、マイテンティティ情報（ID情報）を発行し、管理する企業間でIDの認証と相互運用をできるようにするシステムを開発し、5日から販売を始めた。

ID情報を複数の企業間で安全に共有できるようにする仕組みで、利用者が行わざるを得なかった複数のID管理の負担を大幅に軽減する。ID発行企業にとっても、個人情報維持管理の負担が軽減できる。

採用した技術は、昨今普及が進むOpenIDやSAML、LDAP、マクティティディレクトリなどの

既存の認証規格にも対応。そのため、シングルサインオンをはじめ、企業内外での連携にも活用が可能だ。

サービスは、事業者の要求に合わせてASP（ソフトの時間貸し）サービスや、コンサルティングを含む構築サービスとして販売をしていく。

Denpa Shimbun, November 6, 2008

3Q FY2009 Activities

Development of single sign-on environment using OSS

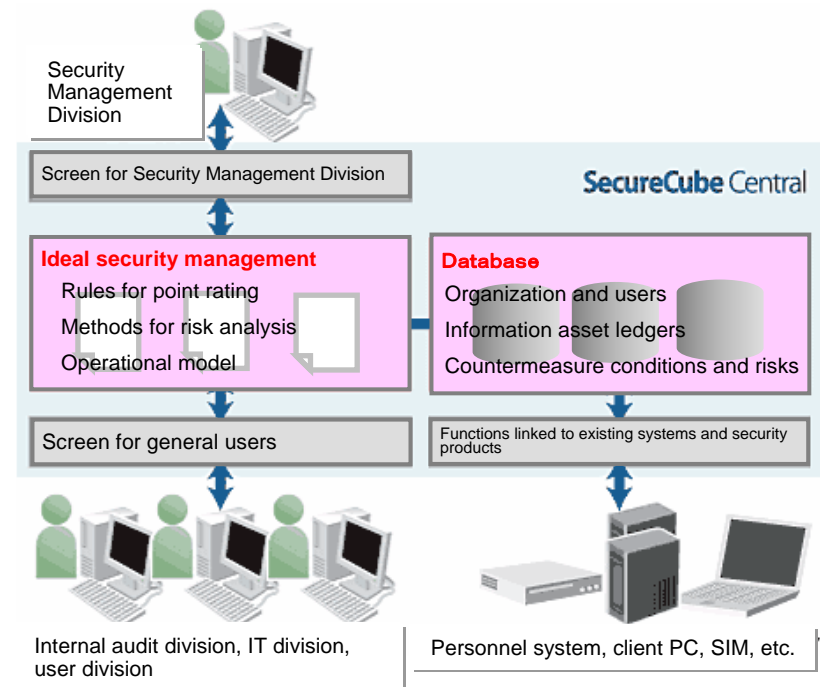
- NRI has begun offering OpenSSO, a development service for a single sign-on system using open source software (OSS) and enabling users to utilize multiple systems with a single authentication.
- This service can cut operating costs in roughly half over five years compared to the licensing fees incurred with conventional software.
- By integrating NRI's Uni-ID with OpenSSO, single sign-on can be used between companies, as well as within a single company.
- NRI aims to introduce this system to about 50 companies over the next three years.

Nikkei Business Daily, December 12, 2008

3Q FY2009 Activities

Improvement and increased efficiency of information security management

- NRI Secure Technologies began marketing its SecureCube Central on December 4, 2008. This service is based on the new concept of improving and raising the efficiency of internal security management operations.
- The software has a function whereby security and risks can be rated by entering information on current security measures, such as the company's computer settings and employee education.
- The software is offered as a general-purpose package, as well as a combination of consulting and installation SI.



Nikkei Business Daily, December 8, 2008

3Q FY2009 Activities

Reorganization of group companies

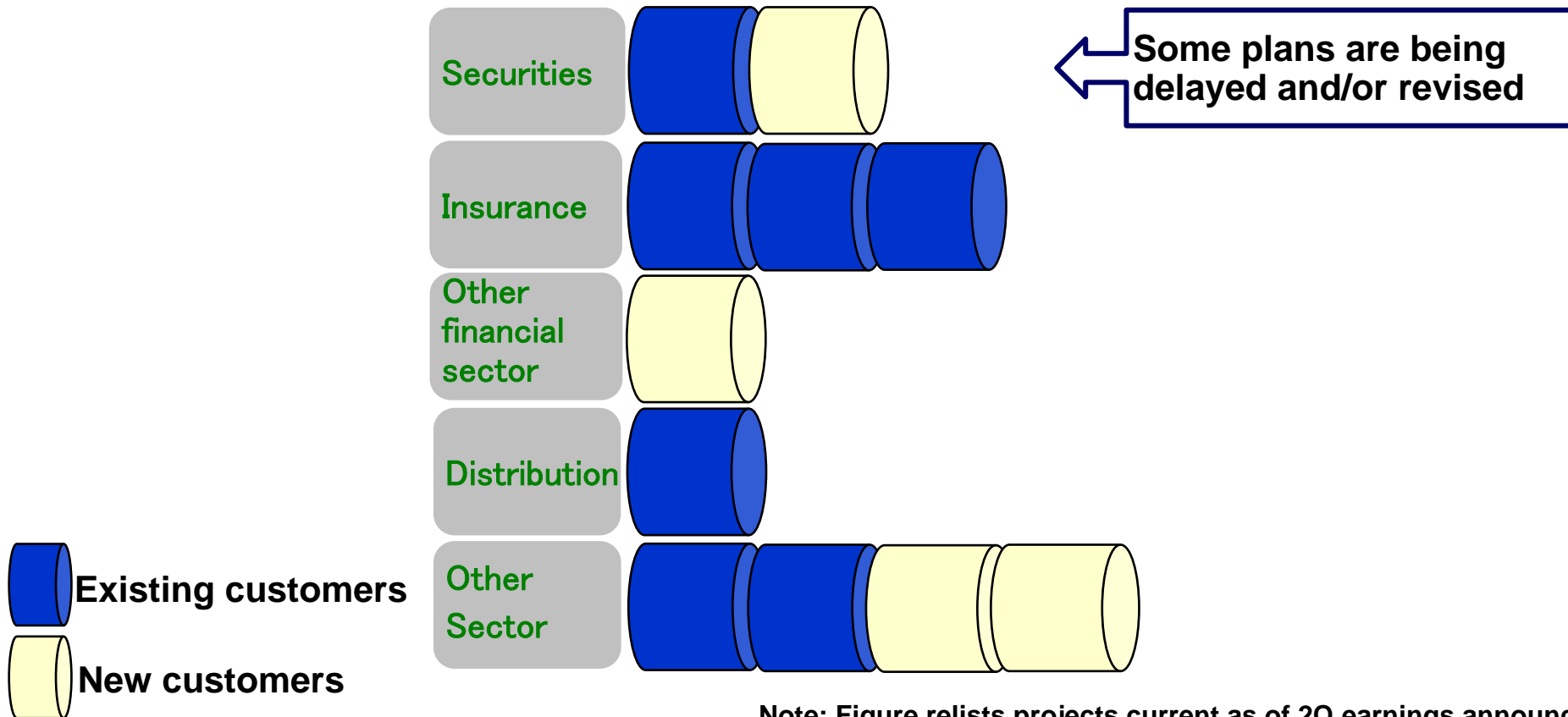
- The NRI Group has announced that it will reorganize by selling two subsidiaries and merging subsidiaries.
- NRI plans to transfer all of its shares in NRI Learning Network, which provides IT and management training, to Canon Marketing Japan, and all shares in InsTechno, which develops systems for the insurance sector, to Toho System Science in April 2009.
- In addition, NRI Network Communications, which develops systems using Internet technology, and NRI WEBrandia, which provides marketing support, will be merged, effective April 1, 2009.

Nihon Keizai Shimbun, December 15, 2008

Major System Development Projects

➤ NRI is seeing companies in the sector change their plans, such as narrowing the scope and extending the project period, for new development projects in particular.

<Orders Forecast for Large Projects in 2H FYMar.2009>



Note: Figure relists projects current as of 2Q earnings announcement .

Example of a project

- Daybreak/PL is services providing access to designated credit bureaus complying with revisions in the Money Lending Business Control Law and the Installment Sales Act.
- NRI plans to launch this service in June 2009.



Aoyama Capital Co., Ltd.



Orient Corporation



JCB Co., Ltd.



Promise Co., Ltd.



LIFE CO.,LTD.

*in order of Japanese syllabary

Five other companies have informally decided to adopt *Daybreak/PL*

Others - Supplementary explanation

■ FY March 2009 Consolidated Earnings Model

- Sales of JPY340.0 billion and operating profit of JPY48.0 billion

(Unit: JPY billion)

	FY Mar.2008 (Results)	FY Mar.2009 (Forecasts as of Jan.29,2009)	YoY		FY Mar.2009 (Forecasts as of Oct.24,2008)
			Diff.	Change	
Sales	342.2	340.0	(2.2)	(0.7%)	350.0
Cost of Sales	238.5	241.0	+2.4	+1.0%	250.0
Personnel	52.8	55.0	+2.1	+4.1%	57.0
Subcontracting Costs	118.5	124.0	+5.4	+4.6%	125.0
Depreciation	15.2	20.0	+4.7	+31.4%	20.0
Gross Profit	103.7	99.0	(4.7)	(4.6%)	100.0
Gross Profit Margin	30.3%	29.1%	(1.2P)		28.6%
SG&A	51.0	51.0	(0)	(0.2%)	52.0
Operating Profit	52.6	48.0	(4.6)	(8.9%)	48.0
Operating Profit Margin	15.4%	14.1%	(1.3P)		13.7%

Note: Figures are consolidated estimates for preparing this earnings model.

Others - Branding Activities

Forum



New Year Forum 2009 Osaka(January 22, 2009)
Tokyo (January 27,2009)



Attended Nomura Investment Forum 2008
(December 1, 2008)

Publications



Published by Toyo keizai Inc.