

Financial Results

3rd Quarter FY March 2006

Nomura Research Institute, Ltd.

January 27, 2006

Highlights of Consolidated Results (Apr.-Dec.)

(Unit:JPY million)

	3Q FY Mar. 2005 (Apr. - Dec.)	3Q FY Mar. 2006		
		(Apr.- Dec.)	Difference	YoY Change
Sales	180,621	199,340	+18,718	+10.4%
Operating Profit	20,118	24,778	+4,660	+23.2%
Operating Profit Margin	11.1%	12.4%	+1.3P	
Net Income	11,843	15,606	+3,763	+31.8%

* Amount of less than JPY million were rounded down.

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Highlights of Consolidated Results (Oct.-Dec.)

(Unit:JPY million)

	3Q FY Mar. 2005 (Oct. - Dec.)	3Q FY Mar. 2006		
		(Oct. - Dec.)	Difference	YoY Change
Sales	65,454	66,837	+1,383	+2.1%
Operating Profit	7,799	8,318	+519	+6.7%
Operating Profit Margin	11.9%	12.4%	+0.5P	
Net Income	4,960	5,235	+274	+5.5%

* Amount of less than JPY million were rounded down.

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P/L Highlight (Apr.-Dec.)

(Unit:JPY million)

	3Q FY Mar.2005 (Apr.-Dec.)	3Q FY Mar.2006 (Apr.-Dec.)	Diff.	YoY Change
Sales	180,621	199,340	+18,718	+10.4%
Cost of sales	136,832	149,010	+12,177	+8.9%
Subcontracting cost	52,013	62,594	+10,581	+20.3%
Gross Profit	43,788	50,329	+6,540	+14.9%
Gross Profit Margin	24.2%	25.2%	+1.0P	
SG&A	23,670	25,550	+1,880	+7.9%
Operating Profit	20,118	24,778	+4,660	+23.2%
Operating Profit Margin	11.1%	12.4%	+1.3P	

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P/L Highlight (Oct.-Dec.)

(Unit:JPY million)

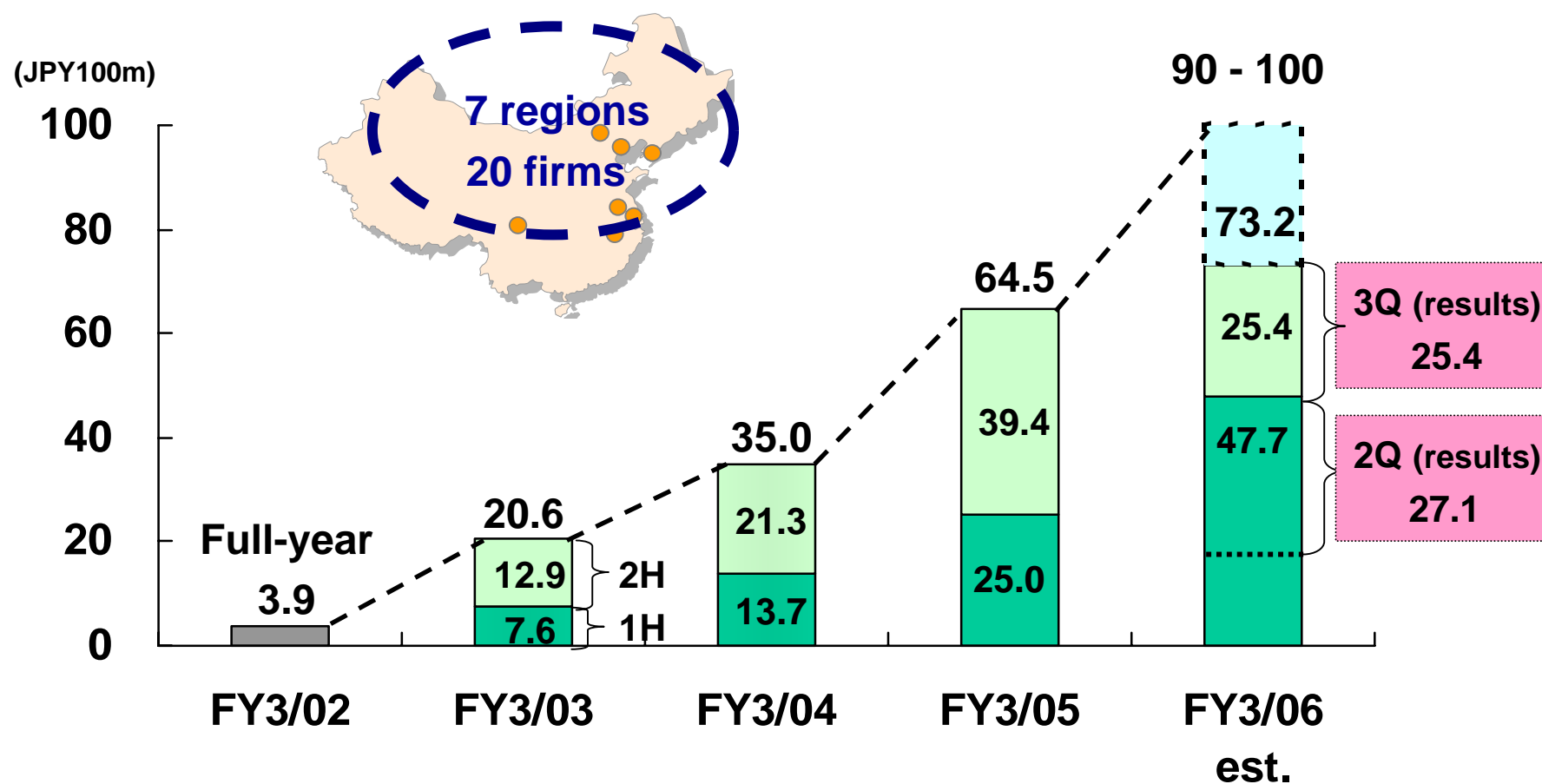
	3Q FY Mar.2005 (Oct.-Dec.)	3Q FY Mar.2006 (Oct.-Dec.)	Diff.	YoY Change
Sales	65,454	66,837	+1,383	+2.1%
Cost of sales	49,988	49,900	(87)	(0.2%)
Subcontracting costs	18,270	21,560	+3,289	+18.0%
Gross Profit	15,466	16,937	+1,470	+9.5%
Gross Profit Margin	23.6%	25.3%	+1.7P	
SG&A	7,666	8,618	+951	+12.4%
Operating Profit	7,799	8,318	+519	+6.7%
Operating Profit Margin	11.9%	12.4%	+0.5P	

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Offshore development in China

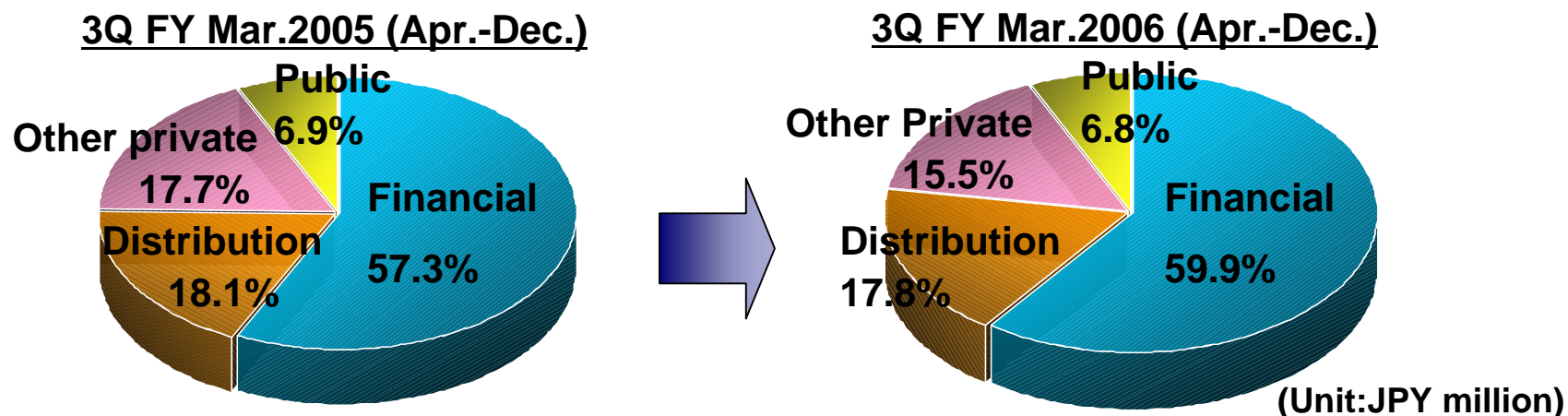
➤ Progress of subcontractors in China



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Sales by sector (Apr.-Dec.)

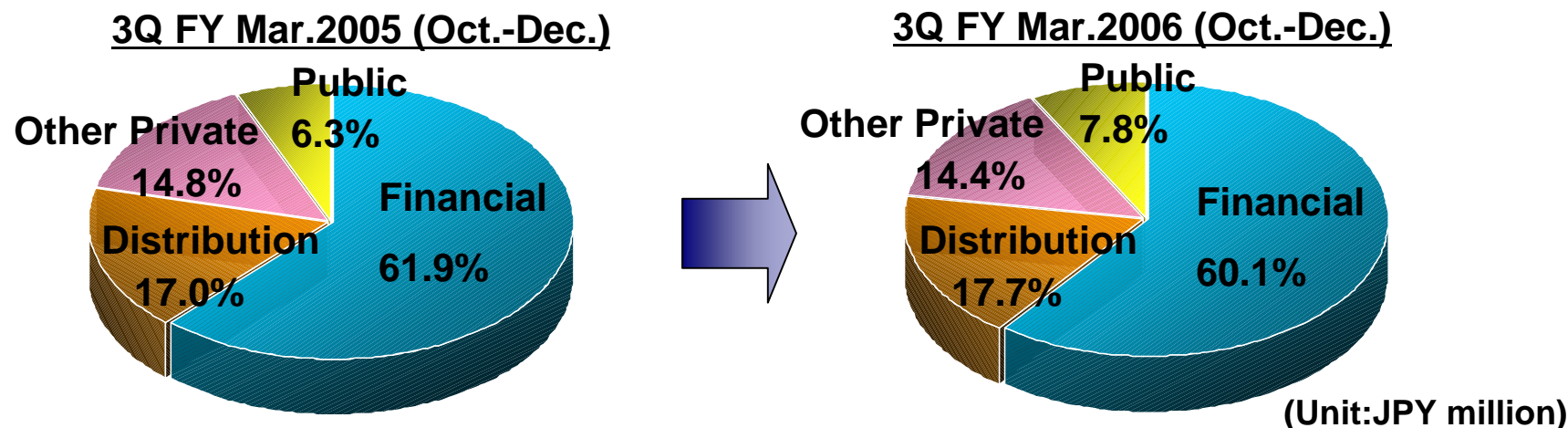


	3Q FY Mar.2005		3Q FY Mar.2006			
	(Apr.- Dec.)	Share	(Apr. – Dec.)	Share	Diff.	YoY Change
Financial sector	103,484	57.3%	119,486	59.9%	+16,001	+15.5%
Distribution sector	32,658	18.1%	35,473	17.8%	+2,815	+8.6%
Other private sector	31,963	17.7%	30,843	15.5%	(1,120)	(3.5%)
Public sector	12,514	6.9%	13,536	6.8%	+1,021	+8.2%
Total	180,621	100.0%	199,340	100.0%	+18,718	+10.4%
Nomura Securities Group	46,535	25.8%	55,944	28.1%	+9,408	+20.2%
SEVEN & i Group	23,006	12.7%	25,234	12.7%	+2,228	+9.7%

* Amount of less than JPY million were rounded down.

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Sales by sector (Oct.-Dec.)



	3Q FY Mar.2005		3Q FY Mar.2006			
	(Oct.- Dec.)	Share	(Oct. – Dec.)	Share	Diff.	YoY Change
Financial sector	40,542	61.9%	40,200	60.1%	(342)	(0.8%)
Distribution sector	11,103	17.0%	11,845	17.7%	+741	+6.7%
Other private sector	9,694	14.8%	9,611	14.4%	(82)	(0.9%)
Public sector	4,113	6.3%	5,180	7.8%	+1,066	+25.9%
Total	65,454	100.0%	66,837	100.0%	+1,383	+2.1%
Nomura Securities Group	17,651	27.0%	19,556	29.3%	+1,904	+10.8%
SEVEN & i Group	8,737	13.3%	8,226	12.3%	(510)	(5.8%)

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Sales by segment(Apr.-Dec.)

(Unit:JPY million)

		3Q FY Mar.2005 Total		3Q FY Mar.2006 Total			
		(Apr.-Dec.)	Share	(Apr.-Dec.)	Share	Diff.	YoY Change
	System Development & System Application Sales	62,343	34.5%	74,824	37.5%	+12,481	+20.0%
	System Management & Operations	71,941	39.8%	77,572	38.9%	+5,631	+7.8%
	Product Sales	17,378	9.6%	14,886	7.5%	(2,491)	(14.3%)
System Solution Services		151,663	84.0%	167,283	83.9%	+15,620	+10.3%
Consulting&Knowledge Services		28,958	16.0%	32,056	16.1%	+3,098	+10.7%
Total		180,621	100.0%	199,340	100.0%	+18,718	+10.4%

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Sales by segment(Oct.-Dec.)

(Unit:JPY million)

	3Q FY Mar.2005		3Q FY Mar.2006			
	(Oct.-Dec.)	Share	(Oct.-Dec.)	Share	Diff.	YoY Change
System Development & System Application Sales	25,012	38.2%	25,405	38.0%	+392	+1.6%
System Management & Operations	23,675	36.2%	26,397	39.5%	+2,722	+11.5%
Product Sales	6,964	10.6%	4,265	6.4%	(2,698)	(38.7%)
System Solution Services	55,652	85.0%	56,068	83.9%	+416	+0.7%
Consulting&Knowledge Services	9,802	15.0%	10,769	16.1%	+967	+9.9%
Total	65,454	100.0%	66,837	100.0%	+1,383	+2.1%

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Order Backlog(Outstanding)

(Unit:JPY million)

	At end of Dec.2004	At end of Dec.2005		
			Diff.	YoY Change
System Development & System Application Sales	18,087	16,981	(1,105)	(6.1%)
System Management & Operations	21,801	24,156	+2,355	+10.8%
Product Sales	-	1,052	+1,052	-
System Solution Services	39,888	42,191	+2,303	+5.8%
Consulting & Knowledge Services	8,005	9,539	+1,533	+19.2%
Total	47,893	51,730	+3,836	+8.0%

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Forecasts for FY Mar.2006

Highlights of Financial Results Forecasts

(Unit:JPY billion)

	FY Mar. 2005	FY Mar.2006		
	Results	Forecasts	Diff.	YoY Change
Sales	252.9	270.0	+17.0	+6.7%
Operating Profit	30.1	34.0	+3.8	+12.7%
Net Income	16.3	21.0	+4.6	+28.8%

(Note) Forecasts for FY Mar.2006 are as of Oct.14,2005.

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Cash Flow

(Unit:JPY million)

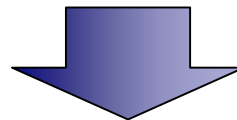
	3Q FY Mar.2005 (Apr.- Dec.)	3Q FY Mar.2006	
		(Apr.- Dec.)	Diff.
Operating activities	9,965	16,663	+6,697
Investing activities	(69,088)	32,075	+101,163
(A)Cash management purpose Investment	(57,274)	42,665	+99,940
Free Cash Flow	(59,122)	48,739	+107,861
Free Cash Flow except (A)	(1,847)	6,073	+7,920

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Share Buyback

- **Method** : TOB
- **Term** : Oct. 28,2005 - Nov. 17,2005
- **Price** : JPY11,000
- **Shares** : 4,320,000 shares
(9.6% of shares outstanding)
- **Total amount** : JPY47.5 billion



Revision of Dividend Forecasts

<< FY Mar.2006 Dividend Per Share >>

(Unit:JPY)

	Interim (Results)	Year-End	Annual
Dividend Forecasts as of Apr.27,2005	50.00	80.00	130.00
Dividend Forecasts as of Jan.27,2006	50.00	90.00	140.00
Dividend for previous year(Results)	20.00	80.00	100.00

(Dividend payout ratio estimates 28.1%.(based on revised financial results forecast of FY Mar.2006))

Plan of New Data Center

Hiyoshi Data Center **Yokohama Data Center**

Osaka Data Center



Planning fourth data center

- **Start in February ,2006 / Complete in June,2007 (schedule)**
- **Investment amount (est.) : JPY8.5billion (Land and Buildings)**
Use own fund

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

Securities

Mitsubishi UFJ Securities
 - System Integration due to merger -

- Integrated the wholesale business systems of Mitsubishi Securities and the retail business systems of UFJ Tsubasa Securities to prepare for the establishment of Mitsubishi UFJ Securities on October 1
- NRI previously provided system support to both companies

三菱UFJ証券が発足
 3年後にトップ2目指す
 10月1日開始の郵政民営化協議開始

大手証券との比較 (05年3月期)

	営業収益	預かり資産
野村 (位1位)	5,718	599,817
大和 (位2位)	4,143	425,515
日興 (位3位)	2,963	326,431
三菱UFJ (12社計)	2,407	82,334

（注）単位：億円。大和は大和証券SMBCと大和証券、日興は日興コーポリアル証券と日興と日興証券、三菱UFJは三菱証券とUFJ証券の単独営業額。

三菱UFJ証券は、郵政民営化に伴って10月1日に設立される。野村と日興の両社が、三菱UFJ証券の設立に協力している。三菱UFJ証券は、野村と日興の両社が、三菱UFJ証券の設立に協力している。三菱UFJ証券は、野村と日興の両社が、三菱UFJ証券の設立に協力している。

Japan Financial News,
 October 7, 2005

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JAPAN POST

- ### JAPAN POST
- Received order to develop and operate investment trusts sales system in April 2005
 - Rolled out services in October 2005
 - NRI has been providing banks with its BESTWAY package software for marketing investment trusts, and it has acquired a large share of this market

郵政公社の投信販売、「健全」「順調」なスタート

郵政民営化後をにらみ、今後の郵便貯金事業収益源の柱として位置付けられる郵政公社での投資信託の販売は、一〇月三日から始まった。その滞り出しの状況と、スタートまでのシステム開発など体制整備の軌跡をみる。

一〇月三日から全国五七五局（普通郵便五五二局、特定期二四局）で投信の販売が開始された。一四日までの九日間の販売状況は、口座開設件数五七二四件、購入件数八一四五件、販売額六一億九〇〇万円、事前（吉武洋一郎・投資信託部長）と低調な水準ではあるが、生田正治総裁は会見で「一つは、抜版に走るなどといったなかで、大変健全なスタートである」と評価した。販売担当者もコンプライアンスと説明責任を徹底させるために、慎重に動出したというところだ。

同社では販売網の見込みを、今年度一・二九億円、前年度取入一・八億円、三年後三五八八億円（同七九億円、五年後六

一六五億円、同一五七億円）と、三年目で黒字化、五年目まで累積赤字解消を図る方針。今後三年間をメドに取扱いを一五五〇弱まで増やす計画である。

日本郵政公社による投資信託販売が成立した昨年一月以降、同社は販売体制の整備を急ピッチ進めてきた。二五の重点取扱局へ配置し販売推進の中枢となる職員「投資アドバイザー（一五一名）」を社内公募により任命。「投資インストラクター」と呼ばれる民間金融機関での販売経験者（五九名）を派遣社員として採用、また約四七〇人に及ぶ販売担当者の研修も随時行ってきた。このような体制整備のなかでも、とりわけ「短期決戦」を強いられたのがシステム開発だ。

「まさにプロジェクトの重要だった」と、野村総合研究所（NRI）の二村博、BESTWAY事業部長は振り返る。総合評価方式において、投信販売システムの開発・運用（五年間の保守を含む）をNRIが一七億八〇〇万円で見事納めたのは今年四月一日。提示された仕様から判断して、「通常ならば一年半の開発期間が必要だった」（同氏）だったという。ただ、実際に大層の仕様が公表されたのは昨秋であり、NRIでは「絶対とれ、絶対動かせ、絶対トラブルなく」という経営陣からの推しのもと、すでにその時点から開発をスタートさせていた。

民間金融機関からの委託であれば、NRIのパッケージ商品「BESTWAY」をベースにしたシステム開発ですむところであるが、今回のプロジェクトでは、センターの構築、ソフトウェアがプレインストールされたPCを各取扱局へ導入、販売担当者に対する研修の実施なども一括してNRIが請け負った。プロジェクトのピーク時は約一〇〇人の人員を投入したという。

これはすでに今回の案件に注力した理由について、二村氏は「すでにメガバンク・信託銀行・地産銀行の七割で「BESTWAY」を利用していたので、これを積み上げてきた実績から、使命感に燃えて取り組んだ」と語る。ビジネス面での効果においては、「郵政とのリリース・オンライン深化により、さまざまなビジネスをつくりだしていくことができる」と強調する。「ファミリーバンク」を志向する経路は、民営化後、外資系やローソンの取扱いもターゲットに入れている。NRIが郵政公社との関係強化に向けた動きを察したとみる関係者は多い。

こうしたNRIの総力が発揮し、投資信託開始からシステム関係のトラブルは発生していない。郵政公社も「まったくゼロからシステムを導入した形なので想定外のトラブルが発生しないかと心配したが、順調なスタートでホッとしている」（郵便貯金事業本部投資信託部）とする。（本誌 小林智也）

Kinyu Zaisei Jijo,
October 31, 2005

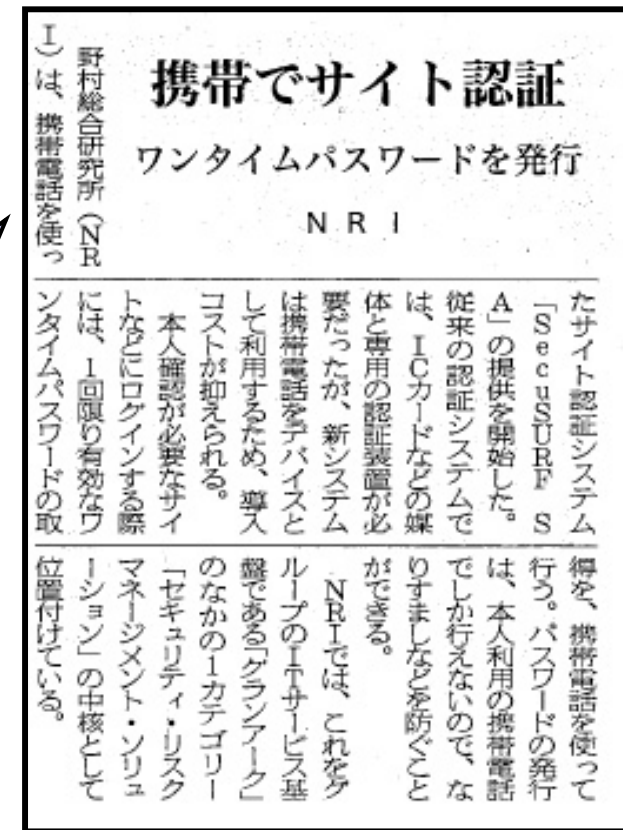
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Services

Mobile phone-based authentication

- ASP services -

- Providing features to enhance security to prevent internet spoofing
- Launched sales of SecuSURF SA, a personal authentication system in which a single-use password is sent via mobile phone without requiring specialized equipment
- Wide range of potential applications, including mobile banking



Information Industries and Markets News, November 21, 2005

Services

TRUE TELLER

- Feature enhancements -

- Enhanced the features for call center operators of the text mining system, TRUE TELLER
- Enabled efficient search of frequently asked questions and answers to find required information

Nikkei Sangyo Shimbun,
December 9, 2005