Nomura Investment Forum 2007

December 5, 2007

Nomura Research Institute, Ltd.

Akihisa Fujinuma
President, CEO & COO
## Contents

1. NRI’s Business and the Positioning
2. Trends in Consolidated Performance
3. NRI’s Strengths
4. Toward Growth Over the Medium to Long Term
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Corporate Information

(Forerunner)
Research Department, Nomura Securities
Established 1965

Nomura Research Institute
Merged 1988

(Forerunner)
Computer Department, Nomura Securities
Established 1966

Nomura Computing Center

Corporate Data (As of September 30, 2007)
Nomura Research Institute, Ltd.
Headquarters: Chiyoda-ku, Tokyo
Capital: 18.6 billion yen
President: Akihisa Fujinuma
Number of employees: 5,653 (consolidated)

(FY3/2007 Financial Results)
Consolidated sales: JPY322.5 billion
Consolidated operating profit: JPY43.8 billion

(Corporate History)

1965 (April) Nomura Research Institute, Ltd. established.

1966 (January) Nomura Computing Center Co., Ltd. established
(Name changed to Nomura Computer Systems Co., Ltd. in December 1972)

1988 (January) Nomura Research Institute, Ltd. and Nomura Computer Systems Co., Ltd.,
merged under the name Nomura Research Institute, Ltd.

2001 (December) Listed on the 1st Section of the Tokyo Stock Exchange (Securities Code: 4307)
As a partner in its customers’ business and operational improvement, NRI offers the full range of solutions from information systems planning and design through development.

The NRI Group offers maintenance and operation of systems it has developed on consignment as well as systems owned by its customers.

These services allow multiple customers to utilize systems developed by NRI using the business knowledge, systems technology, and know-how accumulated over many years of operation.
Sales by Segment

- **Consulting Services**
  - Management consulting
  - System consulting

- **IT Solution Services**
  - Systems integration (SI) services: Planning, design and development of information systems
  - Outsourcing services: Systems maintenance, operation, and management
  - Shared-online systems services: Services that allows multiple customers to jointly use the same systems

FY3/2007 consolidated sales: JPY 322.5 billion

Consulting Services
JPY 29.8 billion (9.3%)

IT Solution Services
JPY 292.6 billion (90.7%)
Sales by Segment

FY3/2007 consolidated sales: JPY322.5 billion

Consulting Services
- Consulting
  - Management consulting
  - System consulting

IT Solution Services
- System Development & Application Sales
- System Management & Operation Services
- Outsourcing Services
- Shared-online systems service (Service Fee)
- Hardware, Software supplying from other vendors

Consulting Services:
- Consulting Services: JPY 29.8 billion (9.3%)

IT Solution Services:
- System Management & Operation Services: JPY 126.5 billion (39.3%)
- System Development & Application Sales: JPY 135.7 billion (42.1%)
- Product Sales: JPY 30.3 billion (9.4%)
Sales by Sector

- **Financial sector**
  Securities, insurances, banks, trust banks, asset managements, investment advisors, consumer finance

- **Distribution sector**
  Supermarkets, convenience stores, home centers, specialty volume retailers, wholesalers

- **Other private sector**
  Manufacturing and service industries

- **Public sector**
  Central government, local governments, Japan Post

FY3/2007 consolidated sales: JPY322.5 billion
Information Services Industry Environment: Scope of Market

- Japan’s information services industry is a US$83 billion market (third-largest in the world, with a 13.2% share of the world market).
- Investments in software by Japanese firms, is expanding. This trend is most noticeable at financial industry.

![Scope of the World IT Services Market by Region (2005)](chart1)

![Software investment in Japan](chart2)

Source: Bank of Japan, Short-term Economic Survey of Enterprise in Japan (Published Oct. 1, 2007)

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Information Services Industry Environment: Comparisons with Competitors (Japan)

Hardware Venders

- Fujitsu
- NEC
- Hitachi

System Integrators

Primary

- NRI, NTT Data, Accenture, IBM Business Consulting, etc...

Secondary

Third, Fourth,..
Information Services Industry Environment:
Comparisons with Competitors (Japan)

Sales - Operating Profit Margin Comparison (FY3/2007)

- **OBIC**
  - 20%

- **Operating Profit Margin**
  - 10%
  - 5%

- **About 200 firms**
  - Local Engineering Subsidiaries of Vendors
  - IT Subsidiaries of firms
  - etc

- **About 10 firms**
  - NSSOL
  - CSK
  - CTC
  - SCS
  - Hitachi Soft
  - Hitachi Information system
  - NEC Fielding
  - TIS

- **Sales**
  - JPY322.5 billion
  - Operating profit margin: 13.6%

- **Big5**
  - IBM Japan
  - NTT Data
  - HITACHI
  - FUJITSU
  - NEC

- **About 10 firms**
  - OBIC

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5. References
# Financial Results (FY3/04 - FY3/08E)

<table>
<thead>
<tr>
<th>(JPY million)</th>
<th>FY3/04</th>
<th>FY3/05</th>
<th>FY3/06</th>
<th>FY3/07</th>
<th>FY3/08(E)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sale</strong></td>
<td>238,067</td>
<td>252,963</td>
<td>285,585</td>
<td>322,531</td>
<td>355,000</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>28,022</td>
<td>30,159</td>
<td>36,469</td>
<td>43,897</td>
<td>55,000</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>18,269</td>
<td>16,303</td>
<td>22,518</td>
<td>27,019</td>
<td>35,000</td>
</tr>
<tr>
<td><strong>EPS (JPY)</strong> *Note2</td>
<td>79</td>
<td>72</td>
<td>103</td>
<td>132</td>
<td>171</td>
</tr>
<tr>
<td><strong>DPS (JPY)</strong> *Note2</td>
<td>8</td>
<td>20</td>
<td>28</td>
<td>36</td>
<td>48</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>326,799</td>
<td>317,341</td>
<td>311,786</td>
<td>371,458</td>
<td>-</td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td>229,331</td>
<td>231,766</td>
<td>209,301</td>
<td>216,232</td>
<td>-</td>
</tr>
</tbody>
</table>

| (%)                      |         |         |         |         |           |
| **Operating Profit Margin** | 11.8    | 11.9    | 12.8    | 13.6    | 15.5      |
| **ROE**                  | 8.8     | 7.1     | 10.2    | 12.7    | -         |
| **ROA**                  | 10.0    | 9.6     | 12.2    | 13.5    | -         |
| **Equity Ratio**         | 70.2    | 73.0    | 67.1    | 58.2    | -         |

| (Personnel)              |         |         |         |         |           |
| **Employee (Year ended)** | 4,791   | 4,848   | 5,013   | 5,303   | -         |

*Note1: Forecasts were announced on Oct. 25, 2007
*Note2: NRI split common stock into 1:5 on April 1, 2007.
## Highlights of Consolidated Results

<table>
<thead>
<tr>
<th></th>
<th>1H FY Mar. 2007</th>
<th>1H FY Mar. 2008</th>
<th>Difference</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>146,452</td>
<td>165,145</td>
<td>+18,693</td>
<td>+12.8%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>20,840</td>
<td>27,414</td>
<td>+6,574</td>
<td>+31.5%</td>
</tr>
<tr>
<td><strong>Operating Profit Margin</strong></td>
<td>14.2%</td>
<td>16.6%</td>
<td>+2.4P</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>13,486</td>
<td>18,337</td>
<td>+4,850</td>
<td>+36.0%</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td>JPY66.39</td>
<td>JPY90.05</td>
<td>+JPY23.66</td>
<td>+35.6%</td>
</tr>
<tr>
<td><strong>Dividends per share</strong></td>
<td>JPY14</td>
<td>JPY24</td>
<td>+JPY10</td>
<td></td>
</tr>
</tbody>
</table>

*Amount of less than JPY million were rounded down.

Note: Figures represent earnings and dividend per share expressed on 1:5 forward stock split basis.

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5. References
NRI’s Strengths

**Navigation & Solutions**
- Providing integrated services from the identification of customer problems through their resolution
- Advanced fusion of ‘Consulting’ and ‘Systems’

**Stable customer base - Partnership with trusted customers**
- Long term partnerships with Nomura Holdings, Seven & I Holdings and other firms
- Accumulation and use of systems know-how and business knowledge

**Business model utilizing own software or hardware asset**
- Provision of industrial infrastructure through shared-online systems services
- Investment in state-of-the-art computer center

**Depth in Human Resources**
- Use of various employees + domestic and Chinese associated companies
- Expansion of offshore development in China
NRI’s Strengths(1): Navigation & Solution

1. Projections of society and industry
2. Market research and business analysis
3. Proposals for business and public administration
4. Proposed solutions for execution of business innovation
5. Systems development and provision of solutions
6. Outsourcing and systems operations
7. Support for business execution

Supporting problem resolution and implementation

Identifying the problem

Navigation

Solution
NRI’s Strengths(2):
Stable customer base - Partnership with trusted customers

Recent efforts by companies

**Nomura Holdings**
- JPY100 trillion in deposited assets, 5 million accounts (medium-term target)
- Establish JOINVEST Securities Co.
- Infrastructure development
  - Call centers
  - Home trading
- Enhance face-to-face services
  - Nomura SMA
  - Branch expansion
  - ... etc.

**Seven & i Holdings**
- Independently issue e-money ‘nanaco’ (Plan to issue 10 million cards in first fiscal year)
- Group developed brand
- Start ‘Net-Supermarket’ business
- Expanding Seven Bank’s ATMs
- Expanding retail channels in US
  - ...etc.

Source: Various reports and companies’ Websites

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NRI’s Strengths(2):
Stable customer base- Partnership with trusted customers

Recent efforts by companies

Mitsubishi UFJ Financial Group
- Reinforcement of assets for deposit operations
- Development of consumer finance business
- Group affiliations in Internet financial service
- Strengthening of investment banking operations through affiliations with banks and securities companies, …etc.

Breakdown of Japan Post Group System

- Building up a foundation ensuring Group companies’ self-sufficiency as private companies
  - New product development, development of new business models
  - Installation of business infrastructure (operations, systems, etc.)
  - Creation of Group synergies through use of post offices, …etc.

Source: Various reports and companies’ Websites

Source: Prepared by NRI from an article in the August 11, 2005 issue of Nikkan Kogyo Shimbun. The yellow portions indicate projects that NRI was responsible for.

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NRI’s Strengths(3):
Business model utilizing own software or hardware asset

<table>
<thead>
<tr>
<th>Overview (As of December 2007)</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Computer Centers</strong></td>
<td>A new, state-of-the-art Tier 4 data center is built.</td>
</tr>
<tr>
<td></td>
<td>Total investment: Approximately JPY12.4 billion</td>
</tr>
<tr>
<td></td>
<td>The new data center will be the focus of NRI’s expansion of its BCP business</td>
</tr>
<tr>
<td><strong>Shared-online systems services (ASP-type), package software (software assets)</strong></td>
<td>‘TRADESTAR’, Internet trading system first operated in FY3/2008.</td>
</tr>
<tr>
<td></td>
<td>In the financial sector, extension of existing services, expansion of lineup, such as next generation the T-STAR and the BESTWAY.</td>
</tr>
<tr>
<td></td>
<td>New services outside the field of finance are under study.</td>
</tr>
</tbody>
</table>

New Computer Center (Oct.2007, final completion)

Note: This is a voluntary standard used primarily by European and US financial institutions, which rates data center facilities in terms of levels of redundant configuration. Tier 4 is the highest rating.

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NRI’S Strengths(4):
Depth in Human Resources -NRI’s employees + Partners(in Japan & China)

NRI Group ‘s employees

- New graduates
- Steady increase

Offshore development in China

- 7 regions 23 partners
- Full Year: 16.0-18.0 (E)
- Personnel: App. 3,500

Partner Companies in Japan

- Pursue e-Partner
- Utilize DevNet
- Strengthen relations with management of partnering companies
- e-Partners
- Basic contract companies
- Individual contract companies
- Personnel: App. 7,000

NRI Group ‘s employees

- Management Consultant
- Systems Consultant
- Application Engineer
- Technical Engineer
- Infrastructure Engineer …etc.

Personnel:
- App. 5,500

(ITT engineers are app. 4,000)

Consolidated employees(personnel)

FY3/02 FY3/03 FY3/04 FY3/05 FY3/06 FY3/07 FY3/08(E) FY3/09(E)

3,500 3,130 2,810 1,590 1,960 2,350 2,920 3,300

Full Year: 16.0-18.0 (E)

Steady increase

7 regions 23 partners

Personnel: App. 3,500

1H: 7.8
Toward Growth Over the Medium to Long Term

**Sources to Medium to Long Term growth**
- Expansion of independent businesses
- Development of non-financial business fields
- Making the most of existing customers & business

Note: Forecasts were announced on Oct. 25, 2007
Toward Growth Over the Medium to Long Term:
Reinforcing business model that has supported growth thus far

Further developing major customers
• Government offices, Japan Post-related customers, mega-banks, etc.

Structural changes based on far-reaching knowledge of major industry

Innovations in more industries
• Production, distribution and sales business
• Healthcare business
• Communication business
• Electricity industry •••

NRI’s business model Navigation & Solution

Making the most of existing customers & business
• Regulatory compliance (Financial Instruments and Securities Law, split between producer and retailer…)
• Stronger regulations (J-SOX, BCP…)
• New business (Internet banking, cards…)

Contributions to innovations of industry’s core companies

Expansion within industry to expand client base

Expansion of independent businesses
Development of non-financial business fields

To Asia and the world
• Expansion into China’s financial IT market
• Expansion of consulting business
• Adapting distribution business to global environment

Making the most of existing customers & business
Toward Growth Over the Medium to Long Term:
Vision 2015, targeting sustainable growth, is currently being formulated

- Expansion in independent businesses
  - Expansion in products for shared-online system service, etc.
- Development of non-financial business area
  - Cultivation of new clients, overseas expansion, etc.
- Making the most of existing customers & business
  - Expansion of existing businesses and services
  - Spread to existing customers
  - Further expansion of IT investment demand in financial industry, etc.

Image of consolidated sales growth

Current business structure
- Direct financing
- Other (including consulting)

Future business structure
- Direct financing
- Other (including consulting)

Sustainable growth

JPY322.6 billion

FY3/2007
FY3/2016
R&D projects

- Up-front investment in financial and non-financial fields, as well as China and the rest of Asia

Some of this fiscal year’s R&D themes:
- IT solutions for Financial ‘front business’
- IT solutions for communication-carrier companies
- Business to Electric power companies
- Credit-card-related business
- Solutions for operations in China
- Research into production management and testing support methods
- Technological assessment of the newest RFID platforms... etc.

Short term (1-2 years) | Medium-term (3-5 years) | Long-term (5 years -)

Divisions (On-site) R&D
- Financial, non-financial, China, other areas of Asia

Technological R&D
- Information technology, manufacturing technology

Business-related R&D
- Long-term business search R&D

Pure research
- Prediction of the future (Social navigation)
Toward Growth Over the Medium to Long Term:
Taking up the challenge of business in Asia for dramatic growth

**IT Solution Services**
- NRI's Offshore development base
- 23 partners in 7 regions

1998-
- Consulting services offered for Japanese companies on investment in China
- NRI Hong Kong established in 1976

1990-
- Offshore development in China started on trial basis
- Research into methods for offshore development in China
- ERP business developed in Hong Kong
- Chinese technician trainees accepted
  - NRI Hong Kong established in 1976

2001-
- Offshore development in China begins on full scale
- Systems development for Japanese companies entering Chinese markets
- Two Chinese partners selected as e-partners
  - Establishment of NRI Beijing in 2002

2007-
- Increase in offshore development for enhancement operations
- Start of “Tokyo On-Site Support”
- Expansion of SCM package

20xx-
- Joint research center set up with China's Tsinghua University
- Consultation services expanded for Japanese companies on investing in China
- Commission from Chinese government for consulting project
  - NRI Shanghai established in 2002

Consulting Services
- Target 1: Consulting for Japanese companies entering Chinese market and Chinese government
- Target 2: Consulting for local influential companies
- Target 3: SI for Chinese government and local companies

Before 1990
- Chinese trainees accepted (a total of more than 400)
- Research and analysis on social and economic trends in China

Before 1990
- Research and analysis on social and economic trends in China
- Network built between Development Research Center of Central People's Government of China and Asian think tanks

2001-
- Offshore development in China starts on trial basis
- Research into methods for offshore development in China
- ERP business developed in Hong Kong
- Chinese technician trainees accepted
  - NRI Hong Kong established in 1976
Priority Measures for FY March 2008

(1)-1 Complete and develop large-scale financial projects

(1)-2 Reinforce system consulting function

(1)-3 Tap into customers and businesses in areas other than finance

(2) Further production innovations

(3)-1 Human resources (hiring and training)

(3)-2 Re-construct internal information system

Business expansion:
Spread to customers

Sustained Growth

Firm up foundation ⇒ expand business

Reinforce navigation skills

Internal up-front investment

Clarification of growth areas

Develop structure to promote growth

Tap into customers and businesses in areas other than finance

Reinforce system consulting function

Complete and develop large-scale financial projects

Further production innovations

Firm up foundation ⇒ expand business

Reinforce navigation skills

Internal up-front investment

Clarification of growth areas

Develop structure to promote growth
### Forecast for FY March 2008 (consolidated)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>322.5</td>
<td>355.0</td>
<td>+32.4</td>
<td>+10.1%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>43.8</td>
<td>55.0</td>
<td>+11.1</td>
<td>+25.3%</td>
</tr>
<tr>
<td><strong>Operating Profit Margin</strong></td>
<td>13.6%</td>
<td>15.5%</td>
<td>+1.9P</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>27.0</td>
<td>35.0</td>
<td>+7.9</td>
<td>+29.5%</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td><strong>JPY132.95</strong></td>
<td><strong>JPY171.87</strong></td>
<td><strong>+JPY38.92</strong></td>
<td><strong>+29.3%</strong></td>
</tr>
</tbody>
</table>

Note: Figures represent earnings and dividend per share expressed on 1:5 forward stock split basis.
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.