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# **Financial Results**

for the year ended 31<sup>st</sup> March, 2010  
and Financial Results Forecast for the year ending 31<sup>st</sup> March, 2011

April 28, 2010

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Tadashi Shimamoto,  
President, CEO&COO



# Contents

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**1. Message from the New President**

**2. Financial Results for FY March 2010**

**3. Financial Results Forecasts for FY March 2011**

**4. Priority Measures for Medium to Long-term Growth**

# Introduction of New President's Leadership Career

- **Main achievements: Business entry into new industrial sectors and cross-sector activities in fields such as infrastructure and technology.**

**1976- Joined Nomura Computers System and worked in technology development operations**

- **Developed online systems for securities companies**
- **Promoted network development and VAN business**

**1989- Participated in launch of industrial systems business**

- **Joint project with consulting division**
- **Client development in industrial sector and SI promotion**

**1998- Advanced Information Technology Division, followed by joint position in IT Infrastructure Solution Division**

- **Promoted technology strategy and developed infrastructure solutions**
- **Responsible for Japan Post's PNET Project**
- **Involved in establishing Vision 2015**

**2008- Supervising of business divisions**

# Mission: Third Founding

First founding (Establishment of Nomura Research Institute in 1965 and establishment of Nomura Computer Systems in 1966): Era of **coexistence**

Nomura Research Institute and Nomura Computer Systems

Second founding (Merger of two companies in 1988): Era of **symbiosis**

Navigation

+

Solutions

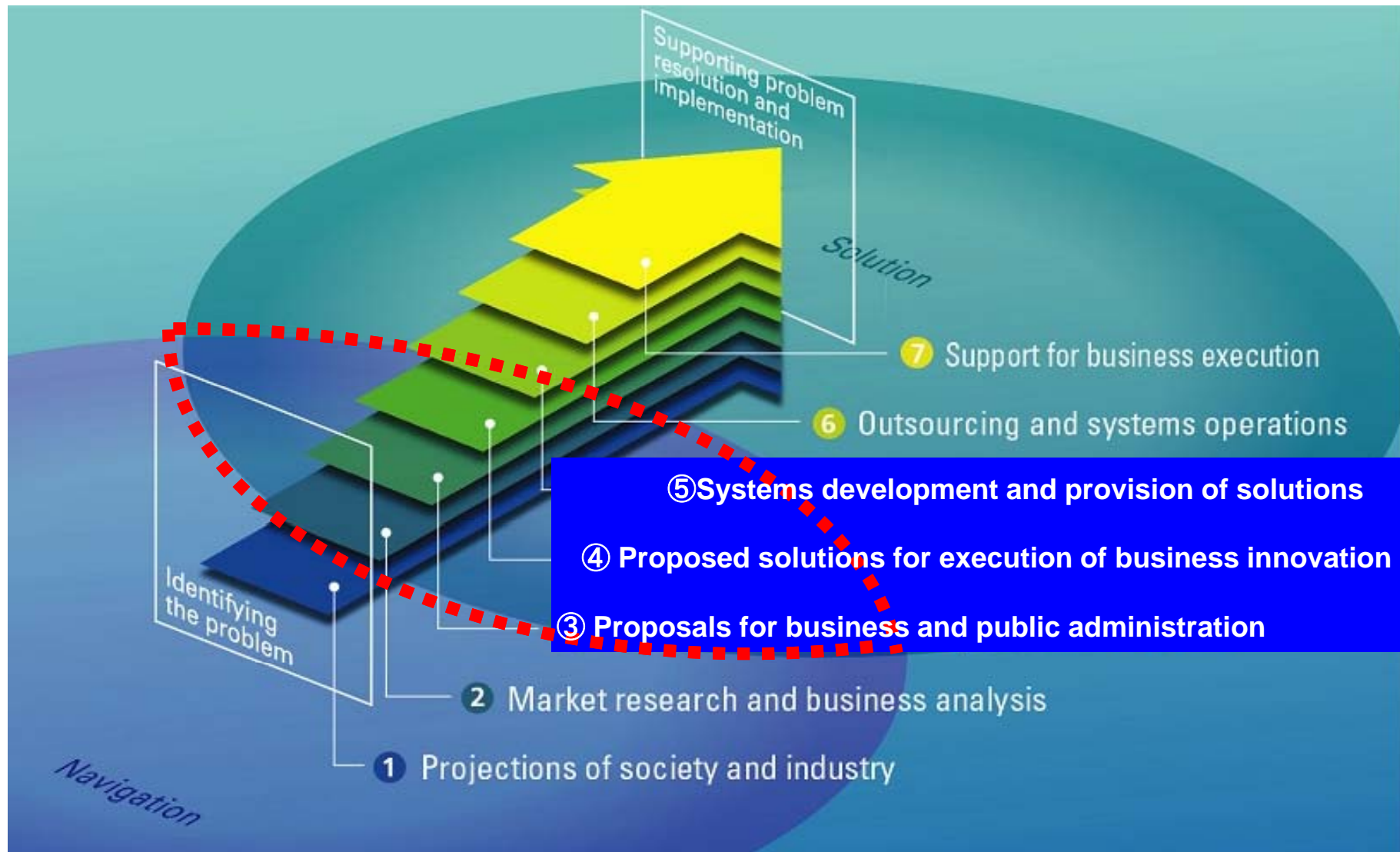
**Third Founding** (2010~): Era of **co-creation**

Navigation

×

Solutions

# Navigation ✗ Solutions



# Business strategy in Vision 2015

## Greater advancement of services in financial sector

- Expansion of new-generation business platforms that cut across industries and markets

## Expansion into industry-related sectors

- Attract clients that lead their industries and expand sphere of industries and operations in which NRI excels

## Strengthen and expand business in China and Asia

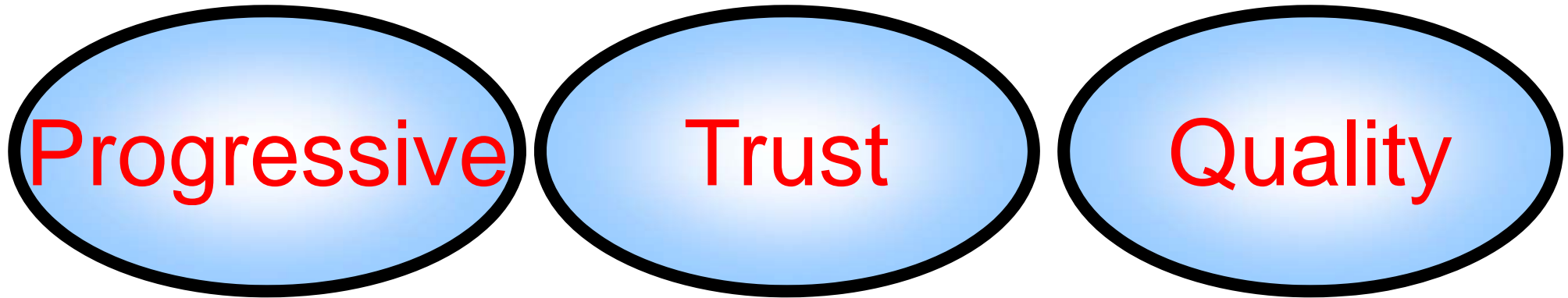
- Second NRI in China and Asia

## Production innovation and human resource development



# Management Philosophy

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## Mutual Respect

- When talented individuals recognize each other's strengths and stimulate each other, we can create strengths on an entirely new plane.

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**3. Financial Results Forecasts for FY March 2011**

**4. Priority Measures for Medium to Long-term Growth**



# Highlights of Consolidated Results

## ■ YoY

(Unit: JPY million)

	FY Mar.2009	FY Mar.2010	Difference	YoY Change
Sales	341,279	338,629	(2,649)	(0.8%)
Operating Profit	49,713	40,077	(9,636)	(19.4%)
Operating Profit Margin	14.6%	11.8%	(2.7P)	
Net Income	24,513	21,856	(2,657)	(10.8%)
Earnings per share	¥125.54	¥112.32	(¥13.22)	(10.5%)
Dividends per share	¥52.00	¥52.00	-	-

# Comparison to Forecasts(1)

(Unit: JPY billion)

	FY Mar.2009	FY Mar.2010		
	Results	Forecasts*	Results	Diff.
Sales	341.2	340.0	338.6	(1.3)
Operating Profit	49.7	44.0	40.0	(3.9)
Operating Profit Margin	14.6%	12.9%	11.8%	(1.1P)
Net Income	24.5	24.5	21.8	(2.6)

Note: Forecasts were announced on October 23, 2009

# Comparison to Forecasts(2)

(Unit: JPY billion)

Sales by Sector	FY Mar. 2009	FY Mar.2010		
	Results	Forecasts*	Results	Diff.
Securities sector	132.4	123.0	123.3	+0.3
Insurance sector	50.1	58.0	56.9	(1.0)
Banking sector	25.6	29.0	30.1	+1.1
Other financial sector	28.6	24.0	24.3	+0.3
Financial sector	236.9	234.0	234.7	+0.7
Distribution sector	42.9	44.0	43.5	(0.4)
Other sector	61.4	62.0	60.3	(1.6)
Total	341.2	340.0	338.6	(1.3)
Sales by Segment	Results	Forecasts*	Results	Diff.
	Results	Forecasts*	Results	Diff.
Consulting Services	32.8	28.0	28.8	+0.8
System Development & System Application Sales	144.2	130.0	126.8	(3.1)
System Management & Operation Services	148.9	169.0	167.0	(1.9)
Product Sales	15.1	13.0	15.9	+2.9
IT Solution Services	308.4	312.0	309.7	(2.2)
Total	341.2	340.0	338.6	(1.3)

Note: Forecasts were announced on October 23, 2009

# Key Factors in Consolidated Financial Results for FY March 2010

- **Customers continue rigorous cost-cutting throughout fiscal period**  
**Lower sales from IT solutions and consulting services for the securities sector and other financial sector were offset by sales from IT solutions for the insurance sector and banking sector, keeping sales nearly steady.**
  1. In a difficult environment, NRI shifted human resources to the insurance sector, which was expected to order projects, and sales remained basically flat (down only 0.8% from the previous year).
  2. System Management & Operation Services compensated for lower sales in System Development & System Application Sales and Consulting Services.
- **Operating income was down due to higher personnel costs and depreciation costs as well as higher costs resulting from new client acquisition and the launch of new businesses**
  1. Higher personnel costs and depreciation costs as a result of increase in personnel and capital expenditure to achieve medium- and long-term growth
  2. Higher costs resulting from new client acquisition and the launch of new businesses
  3. Income from Consulting Service deteriorated in harsh business environment
  4. Lower valuation of software assets due to conservative review of potential incomes
  5. New office opened in Yokohama; temporarily higher SG&A expenses resulting from office move (extraordinary loss was also posted)
  6. At the same time, we focused on optimizing subcontracting costs, achieving results in both System Development & System Application Sales and System Management & Operation Services

# Sales by sector

(Unit:JPY million)

	FY Mar.2009	Share	FY Mar.2010	Share	Diff.	YoY Change
Securities sector	132,460	38.8%	123,362	36.4%	(9,098)	(6.9%)
Insurance sector	50,161	14.7%	56,910	16.8%	+6,748	+13.5%
Banking sector	25,672	7.5%	30,139	8.9%	+4,466	+17.4%
Other financial sector	28,621	8.4%	24,348	7.2%	(4,272)	(14.9%)
Financial sector	236,915	69.4%	234,760	69.3%	(2,155)	(0.9%)
Distribution sector	42,925	12.6%	43,524	12.9%	+599	+1.4%
Other sector	61,438	18.0%	60,344	17.8%	(1,094)	(1.8%)
Total	341,279	100.0%	338,629	100.0%	(2,649)	(0.8%)
Nomura Holdings	97,240	28.5%	86,335	25.5%	(10,905)	(11.2%)
Seven & i Holdings	38,183	11.2%	40,599	12.0%	+2,416	+6.3%

\*Figures of Nomura Holdings and Seven & i Holdings, in principle, include sales to subsidiaries.

\*Amount of less than JPY million were rounded down.

# Sales by segment

(Unit:JPY million)

	FY Mar.2009	Share	FY Mar.2010	Share	Diff.	YoY Change
<b>Consulting Services</b>	<b>32,866</b>	<b>9.6%</b>	<b>28,883</b>	<b>8.5%</b>	<b>(3,982)</b>	<b>(12.1%)</b>
System Development & System Application Sales	144,249	42.3%	126,821	37.5%	(17,428)	(12.1%)
System Management & Operation Services	148,985	43.7%	167,010	49.3%	+18,024	+12.1%
Product Sales	15,178	4.4%	15,914	4.7%	+736	+4.9%
<b>IT Solution Services</b>	<b>308,413</b>	<b>90.4%</b>	<b>309,746</b>	<b>91.5%</b>	<b>+1,332</b>	<b>+0.4%</b>
<b>Total</b>	<b>341,279</b>	<b>100.0%</b>	<b>338,629</b>	<b>100.0%</b>	<b>(2,649)</b>	<b>(0.8%)</b>

# P/L Highlight

(Unit:JPY million)

	FY Mar.2009	FY Mar.2010	Diff.	YoY Change
<b>Sales</b>	<b>341,279</b>	<b>338,629</b>	<b>(2,649)</b>	<b>(0.8%)</b>
<b>Cost of Sales</b>	<b>240,854</b>	<b>245,641</b>	<b>+4,787</b>	<b>+2.0%</b>
<b>Subcontracting Costs</b>	<b>121,446</b>	<b>109,825</b>	<b>(11,621)</b>	<b>(9.6%)</b>
<b>Gross Profit</b>	<b>100,425</b>	<b>92,988</b>	<b>(7,436)</b>	<b>(7.4%)</b>
<b>Gross Profit Margin</b>	<b>29.4%</b>	<b>27.5%</b>	<b>(2.0P)</b>	
<b>SG&amp;A</b>	<b>50,711</b>	<b>52,911</b>	<b>+2,199</b>	<b>+4.3%</b>
<b>Operating Profit</b>	<b>49,713</b>	<b>40,077</b>	<b>(9,636)</b>	<b>(19.4%)</b>
<b>Operating Profit Margin</b>	<b>14.6%</b>	<b>11.8%</b>	<b>(2.7P)</b>	
<b>Non-operating gain and loss</b>	<b>2,017</b>	<b>870</b>	<b>(1,147)</b>	<b>(56.9%)</b>
<b>Interest income</b>	<b>943</b>	<b>365</b>	<b>(578)</b>	
<b>Dividend income</b>	<b>1,043</b>	<b>1,036</b>	<b>(6)</b>	
<b>Equity in losses of affiliates</b>	<b>-</b>	<b>(564)</b>	<b>(564)</b>	

# P/L Highlight continued

(Unit:JPY million)

	FY Mar.2009	FY Mar.2010	Diff.	YoY Change
<b>Other Income</b>	<b>625</b>	<b>195</b>	<b>(430)</b>	
Gain on sales of investment securities	372	195	(177)	
Gain on sales of shares of related companies	252	-	(252)	
<b>Other Expense</b>	<b>8,175</b>	<b>3,814</b>	<b>(4,361)</b>	
Impairment loss on software	3,050	-	(3,050)	
Loss on valuation of investment securities	3,758	1,036	(2,722)	
Loss on valuation of stocks of subsidiaries and affiliates	876	-	(876)	
Office relocation cost	-	2,777	+2,777	
<b>Income taxes etc.</b>	<b>19,668</b>	<b>15,476</b>	<b>(4,192)</b>	
<b>Net Income</b>	<b>24,513</b>	<b>21,856</b>	<b>(2,657)</b>	<b>(10.8%)</b>



# Cash Flow

(Unit:JPY million)

	FY Mar.2009	FY Mar.2010	Diff.
Cash and cash equivalents at beginning of year	75,524	28,228	(47,296)
Operating activities	46,180	58,060	+11,879
Investing activities	(70,994)	(16,175)	+54,819
(Except Cash management purpose)	(74,058)	(28,184)	+45,874
Free Cash Flow	(24,813)	41,885	+66,698
(Except Cash management purpose)	(27,877)	29,876	+57,753
Financing activities	(22,414)	(10,348)	+12,065
(Purchase/Proceed from sales of treasury stock)	(11,797)	(0)	+11,796
Cash and cash equivalents at end of year	28,228	59,775	+31,547

# Order Backlog (Outstanding)

(Unit:JPY million)

	At end of Mar.2009	At end of Mar.2010	Diff.	YoY Change
<b>Consulting Services</b>	<b>3,211</b>	<b>2,543</b>	<b>(667)</b>	<b>(20.8%)</b>
System Development & System Application Sales	36,369	37,911	+1,541	+4.2%
System Management & Operation Services	136,440	142,305	+5,864	+4.3%
<b>IT Solution Services</b>	<b>172,810</b>	<b>180,216</b>	<b>+7,406</b>	<b>+4.3%</b>
<b>Total</b>	<b>176,021</b>	<b>182,759</b>	<b>+6,738</b>	<b>+3.8%</b>
<b>Order backlog in the next FY</b>	<b>175,576</b>	<b>182,634</b>	<b>+7,058</b>	<b>+4.0%</b>

Note: Sales estimates for the following fiscal period made at the end of each consolidated fiscal period are recorded as the order amount for services for which NRI receives ongoing fees.

Note: Amount of less than JPY million were rounded down.

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**1. Message from the New President**

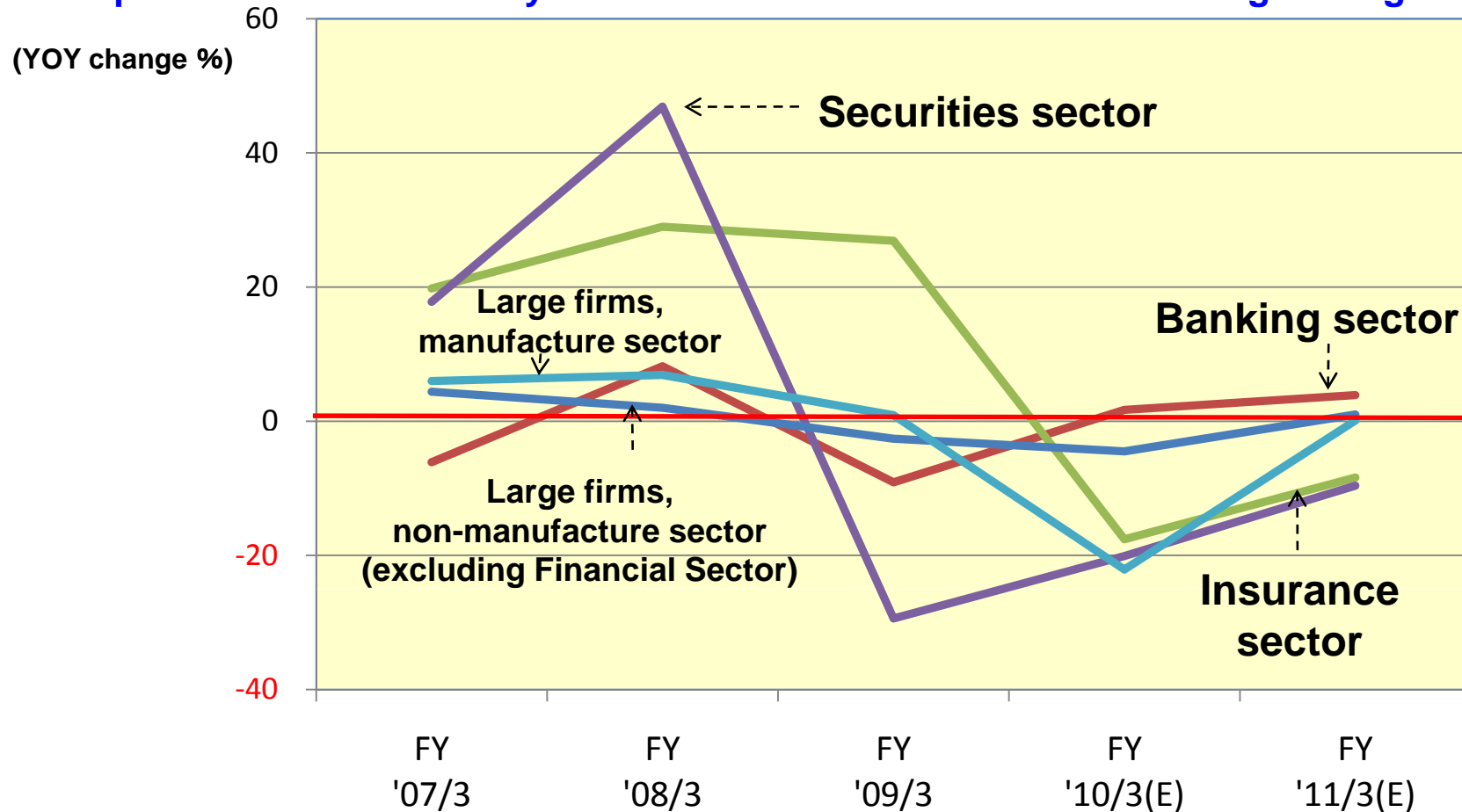
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**3. Financial Results Forecasts for FY March 2011**

**4. Priority Measures for Medium to Long-term Growth**

# Assessment of Operating Environment

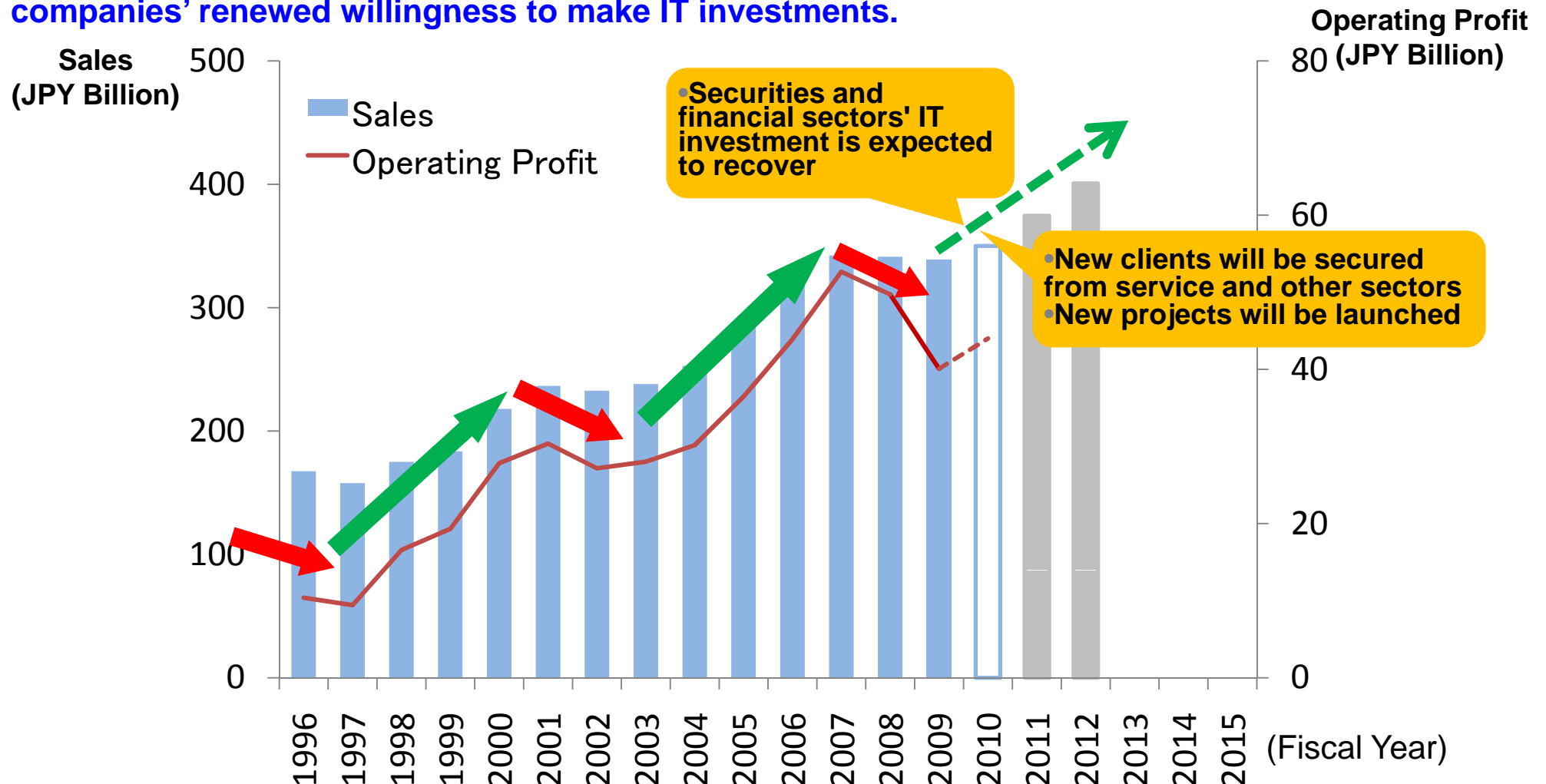
- The BoJ Tankan Survey reported that, although the extent of the decline in software investment (plans) will improve, the market will still shrink.
- At the same time, there are signs of improvement in current economic sentiment. Expectations of a recovery in IT investment sentiment are also heightening.



Source: BoJ Tankan Survey (March, 2010)

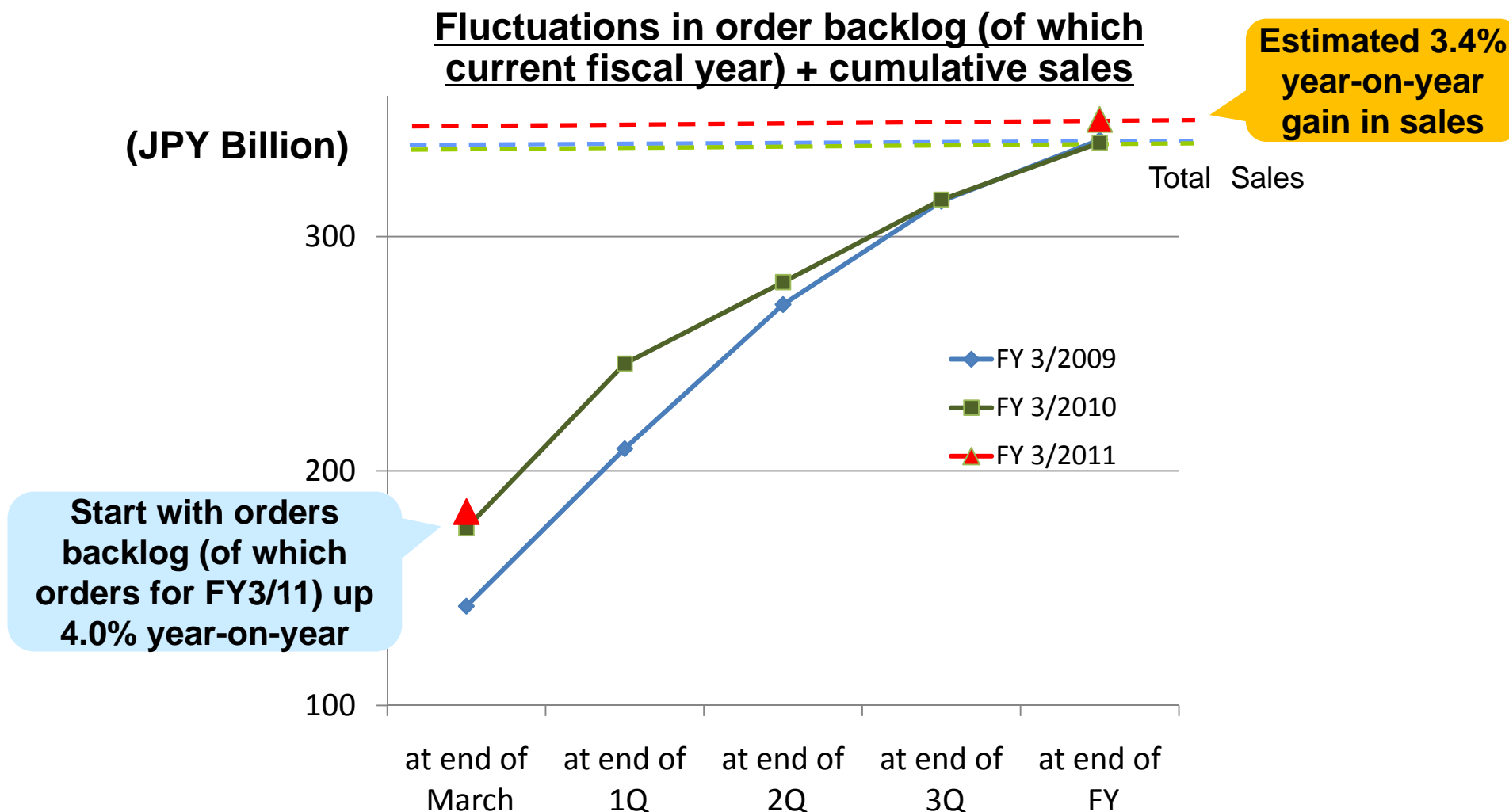
# NRI Will Move to a Course of Growth in Current FY

- Sales have been flat for the two years since FY2007 due to the sharp economic deterioration.
- NRI will focus on returning to a course of growth by acquiring new clients and tapping into companies' renewed willingness to make IT investments.



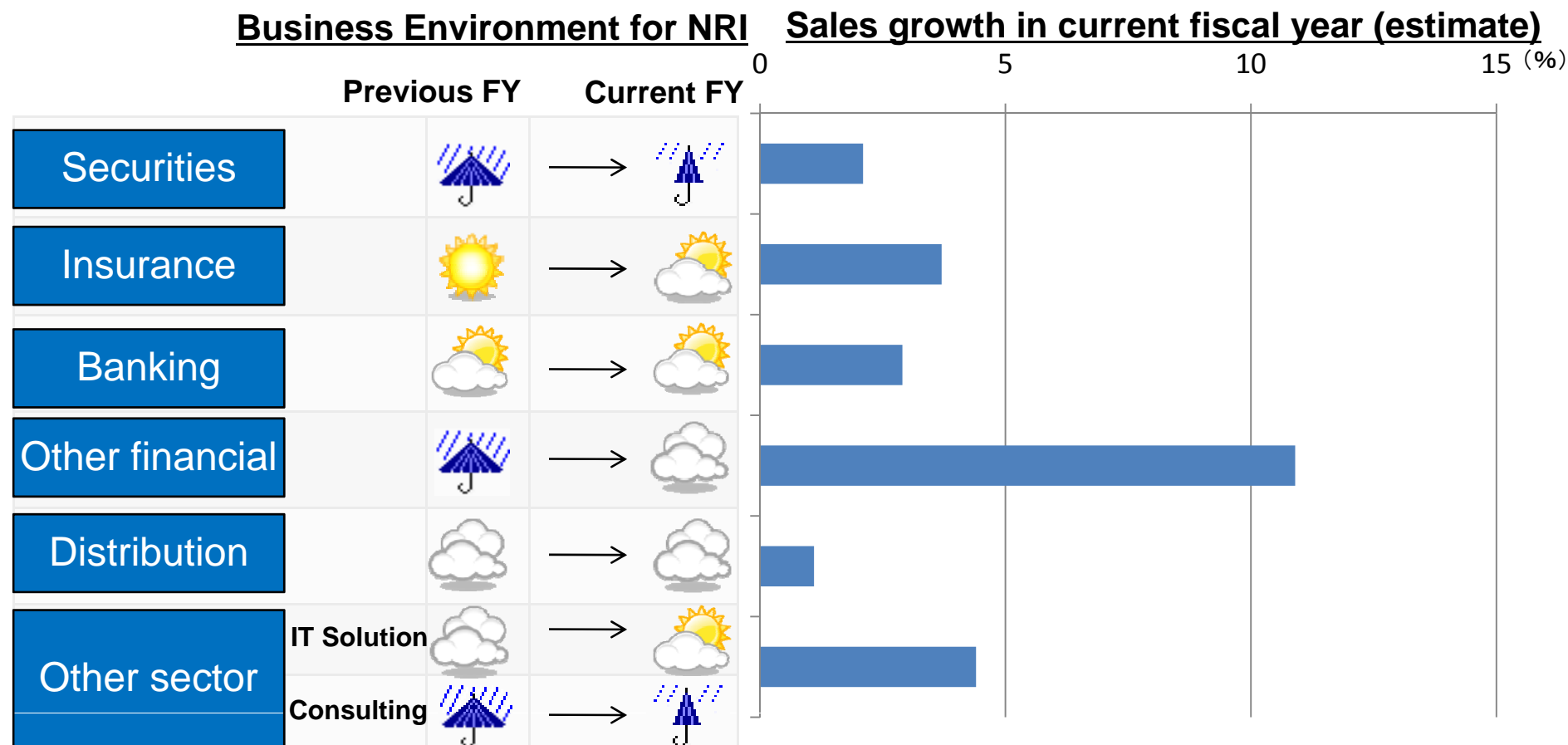
# Sales+Consolidated Order Backlog

➤ **Start from 4.0% year-on-year gain in orders backlog in FY3/2011**



# Top-line expansion

- Further focus on attracting new clients in the manufacturing sector and service sector
- Starting in the second half, a recovery in the financial service sector's willingness to make IT investments will further bolster performance



# Expansion in Top Line

## ~ Main Strategies for Each Sector

➤ Tailored approaches to industry needs and individual client needs, and to attracting clients in new sectors

<b>Securities</b>	<ul style="list-style-type: none"><li>- Strengthen partnerships with key clients and systematically address obsolescence</li><li>- Resume response to projects that have been postponed as clients' investment sentiment improves</li></ul>
<b>Insurance</b>	<ul style="list-style-type: none"><li>- Strengthen relationships with existing key clients and improve quality and productivity</li><li>- Be proactive to capture on developments in industry reorganization</li></ul>
<b>Banking</b>	<ul style="list-style-type: none"><li>- Continue and expand banking-related businesses (over-the-counter sales of investment trusts, Internet banking, etc.)</li><li>- Respond to expansion in client businesses (strengthen services, etc.)</li></ul>
<b>Other finance</b>	<ul style="list-style-type: none"><li>- Expand new clients for asset management-type ASP and encourage shift to new version</li><li>- Promote BPO business</li></ul>
<b>Distribution</b>	<ul style="list-style-type: none"><li>- Attract clients' investment demand (overseas expansion, response to equipment obsolescence, etc.)</li></ul>
<b>Other sector</b>	<ul style="list-style-type: none"><li>- Attract new clients and new projects (manufacturing, telecommunications, healthcare, etc.)</li></ul>



# Keys for Consolidated Financial Results Forecasts for FY March 2011

- **Focus on acquiring and launching system development projects for new clients. In addition, NRI aims for sales and income gains with a solid response to the recovery in IT investment in 2H, primarily in the financial services sector**

- Higher sales with the acquisition of system development projects from new clients
- NRI forecasts a recovery from 2H for the securities sector and other financial sector, which had curbed IT investment

- **Focus on cost control**

- Continue to optimize subcontracting costs, as in FY3/10
- Examine necessity of SG&A costs

- **Continue activities preparing for medium to long term growth**

- Promote activities for medium- to long-term growth, such as new business development, R&D, and employee hiring and education
- Further reinforce marketing activities to attract new clients

# Forecasts for FY March 2011 (1)

(Unit: JPY billion)

	<b>FY Mar.2010 (Results)</b>	<b>FY Mar. 2011 (Forecasts)</b>	<b>Diff.</b>	<b>YoY Change</b>
<b>Sales</b>	<b>338.6</b>	<b>350.0</b>	<b>+11.3</b>	<b>+3.4%</b>
<b>Operating Profit</b>	<b>40.0</b>	<b>44.0</b>	<b>+3.9</b>	<b>+9.8%</b>
<b>Operating Profit Margin</b>	<b>11.8%</b>	<b>12.6%</b>	<b>+0.7P</b>	
<b>Net Income</b>	<b>21.8</b>	<b>26.0</b>	<b>+4.1</b>	<b>+19.0%</b>
<b>Earnings per share</b>	<b>¥112.32</b>	<b>¥133.59</b>	<b>+¥21.27</b>	<b>+18.9%</b>
<b>Dividends per share</b>	<b>¥52.00</b>	<b>¥52.00</b>	<b>-</b>	<b>-</b>
<b>Dividend Payout Ratio</b>	<b>46.3%</b>	<b>38.9%</b>	<b>(7.4P)</b>	

# Forecasts for FY March 2011 (2)

(Unit: JPY billion)

【1H】	FY Mar.2010			
	1H(Results)	FY Mar.2011 1H(Forecasts)	Diff.	YoY Change
Sales	166.8	165.0	(1.8)	(1.1%)
Operating Profit	22.0	20.0	(2.0)	(9.5%)
Operating Profit Margin	13.2%	12.1%	(1.1P)	
Net Income	11.9	12.0	+0.0	+0.2%
【2H】	FY Mar.2010			
	2H(Results)	FY Mar.2011 2H(Forecasts)	Diff.	YoY Change
Sales	171.7	185.0	+13.2	+7.7%
Operating Profit	17.9	24.0	+6.0	+33.4%
Operating Profit Margin	10.5%	13.0%	+2.5P	
Net Income	9.8	14.0	+4.1	+41.8%

# Forecasts by sector for FY March 2011 (1)

(Unit: JPY billion)

	FY Mar.2010 (Results)	Share	FY Mar.2011 (Forecasts)	Share	Diff.	YoY Change
Securities sector	123.3	36.4%	126.0	36.0%	+2.6	+2.1%
Insurance sector	56.9	16.8%	59.0	16.9%	+2.0	+3.7%
Banking sector	30.1	8.9%	31.0	8.9%	+0.8	+2.9%
Other financial sector	24.3	7.2%	27.0	7.7%	+2.6	+10.9%
Financial sector	234.7	69.3%	243.0	69.4%	+8.2	+3.5%
Distribution sector	43.5	12.9%	44.0	12.6%	+0.4	+1.1%
Other sector	60.3	17.8%	63.0	18.0%	+2.6	+4.4%
Total	338.6	100.0%	350.0	100.0%	+11.3	+3.4%

# Forecasts by sector for FY March 2011 (2)

(Unit: JPY billion)

【1H】	FY Mar.2010 1H(Results)			Share	FY Mar.2011 1H(Forecasts)		Share	Diff.	YoY Change
		Securities sector	61.8	37.1%	60.5	36.7%	(1.3)	(2.2%)	
		Insurance sector	27.4	16.4%	27.5	16.7%	+0.0	+0.3%	
		Banking sector	14.4	8.6%	15.0	9.1%	+0.5	+4.1%	
		Other financial sector	11.8	7.1%	12.0	7.3%	+0.1	+1.2%	
	Financial sector		115.5	69.3%	115.0	69.7%	(0.5)	(0.5%)	
	Distribution sector		21.9	13.1%	21.5	13.0%	(0.4)	(1.9%)	
	Other sector		29.3	17.6%	28.5	17.3%	(0.8)	(3.0%)	
	Total		166.8	100.0%	165.0	100.0%	(1.8)	(1.1%)	
【2H】	FY Mar.2010 2H(Results)			Share	FY Mar.2011 2H(Forecasts)		Share	Diff.	YoY Change
		Securities sector	61.4	35.8%	65.5	35.4%	+4.0	+6.5%	
		Insurance sector	29.4	17.2%	31.5	17.0%	+2.0	+6.8%	
		Banking sector	15.7	9.2%	16.0	8.6%	+0.2	+1.7%	
		Other financial sector	12.4	7.3%	15.0	8.1%	+2.5	+20.1%	
	Financial sector		119.1	69.4%	128.0	69.2%	+8.8	+7.4%	
	Distribution sector		21.6	12.6%	22.5	12.2%	+0.8	+4.2%	
	Other sector		30.9	18.0%	34.5	18.6%	+3.5	+11.4%	
	Total		171.7	100.0%	185.0	100.0%	+13.2	+7.7%	

# Forecasts by segment for FY March 2011 (1)

(Unit: JPY billion)

	FY Mar.2010 (Results)	Share	FY Mar.2011 (Forecasts)	Share	Diff.	YoY Change
<b>Consulting Services</b>	<b>28.8</b>	<b>8.5%</b>	<b>30.0</b>	<b>8.6%</b>	<b>+1.1</b>	<b>+3.9%</b>
System Development & System Application Sales	126.8	37.5%	133.0	38.0%	+6.1	+4.9%
System Management & Operation Services	167.0	49.3%	171.0	48.9%	+3.9	+2.4%
Product Sales	15.9	4.7%	16.0	4.6%	+0.0	+0.5%
<b>IT Solution Services</b>	<b>309.7</b>	<b>91.5%</b>	<b>320.0</b>	<b>91.4%</b>	<b>+10.2</b>	<b>+3.3%</b>
<b>Total</b>	<b>338.6</b>	<b>100%</b>	<b>350.0</b>	<b>100.0%</b>	<b>+11.3</b>	<b>+3.4%</b>

# Forecasts by segment for FY March 2011 (2)

(Unit: JPY billion)

【1H】						
	FY Mar.2010 1H(Results)	Share	FY Mar.2011 1H(Forecasts)	Share	Diff.	YoY Change
	<b>Consulting Services</b>	13.5	8.1%	14.0	8.5%	+0.4 +3.0%
	System Development & System Application Sales	63.6	38.2%	61.0	37.0%	(2.6) (4.2%)
	System Management & Operation Services	83.6	50.1%	84.0	50.9%	+0.3 +0.4%
	Product Sales	5.9	3.6%	6.0	3.6%	+0.0 +1.2%
	<b>IT Solution Services</b>	153.2	91.9%	151.0	91.5%	(2.2) (1.5%)
	<b>Total</b>	166.8	100.0%	165.0	100.0%	(1.8) (1.1%)
【2H】						
	FY Mar.2010 2H(Results)	Share	FY Mar.2011 2H(Forecasts)	Share	Diff.	YoY Change
	<b>Consulting Services</b>	15.2	8.9%	16.0	8.6%	+0.7 +4.7%
	System Development & System Application Sales	63.1	36.8%	72.0	38.9%	+8.8 +14.1%
	System Management & Operation Services	83.3	48.5%	87.0	47.0%	+3.6 +4.4%
	Product Sales	9.9	5.8%	10.0	5.4%	+0.0 +0.2%
	<b>IT Solution Services</b>	156.4	91.1%	169.0	91.4%	+12.5 +8.0%
	<b>Total</b>	171.7	100.0%	185.0	100.0%	+13.2 +7.7%

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**4. Priority Measures for Medium to Long-term Growth**



# Priority Measures for Medium to Long-term Growth

## Five strengths to reinforce

Proposal skills

Marketing skills

Business creation skills

Quality provision capacity

Human resource  
development skills

## **Toward business expansion**

Strengthening navigation function

Business development:  
Expansion of services cutting across industries and  
markets, primarily in financial sector

New customer acquisition:  
Acquire new clients in industrial sector through prime  
account activities and other

Reinforce Asia and global systems

## **Creating mechanisms that support growth**

Enhance quality and productivity

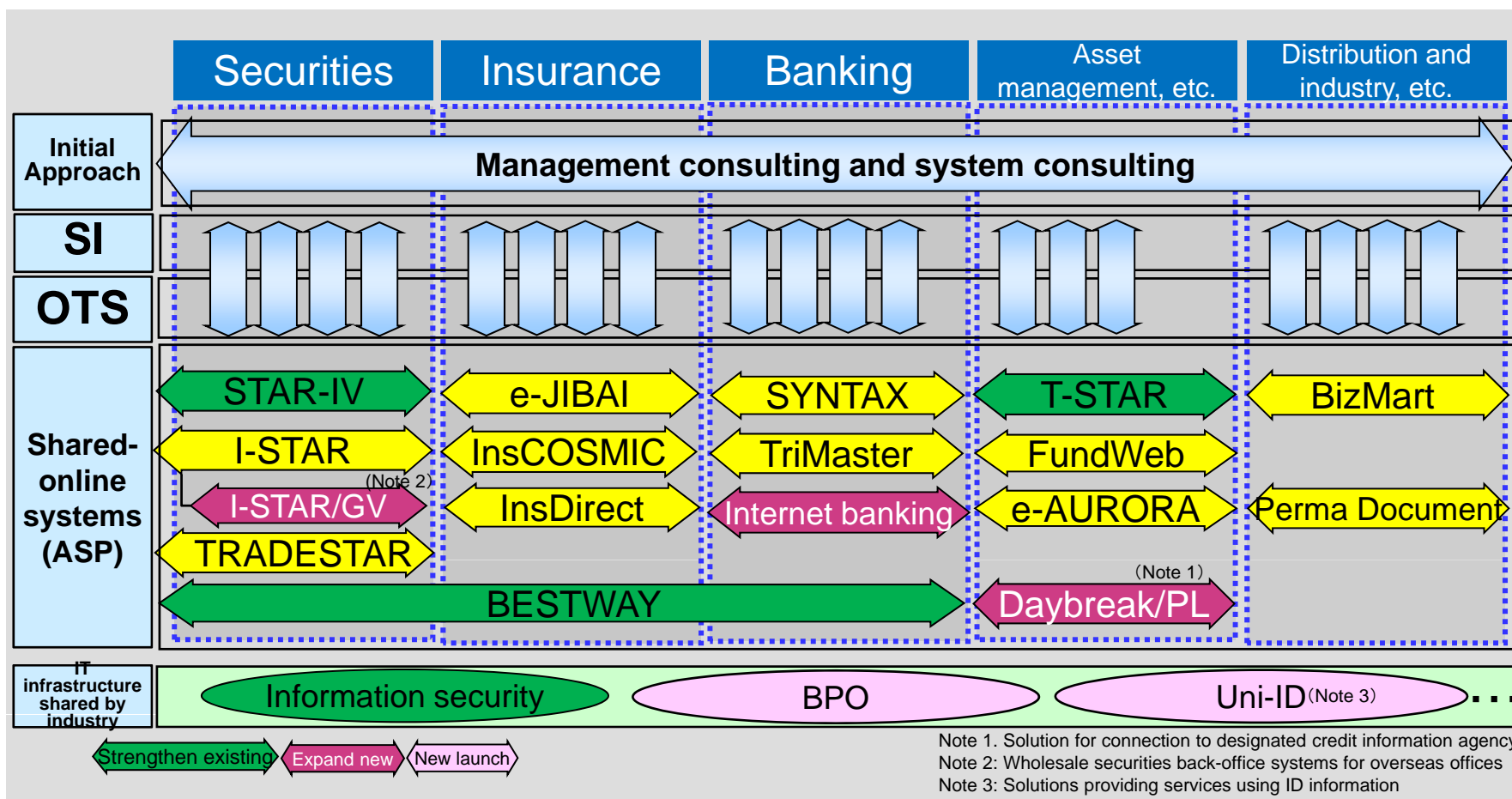
Augment human resource  
development and training system

# Reinforcing the Navigation Function

- **Center for Strategic Management and Innovation (new)**
  - Reinforce proposal function, and serve as intermediary between the private sector and government, in order to differentiate the NRI image
  - Collaborate with Consulting Division to lead business expansion
  
- **Center for Financial Markets and Technology Research (new)**
  - Study and conduct research in the financial sector while collaborating with business divisions, and provide external proposals
    - Ex. Hold financial market panel as a forum for discussing policy on the financial markets

# Business Development (Strengthen Existing Businesses, Develop New Businesses)

- Expand existing business platform business and develop new services cutting across industries and markets, primarily in finance-related sectors



# New Client Development

- **Aim for establishment of long-term relationship management and unveiling of large-scale solutions business, primarily in manufacturing-related sectors**

- **Prime account activities**

- **Address clients' strategic/operational/IT issues holistically through collaboration among Consulting, System Consulting and Solutions Divisions, and make large-scale IT proposals as a set to accompany management and business reforms**

## Prime account activities

Navigation

- **Identifying management and business issues**



Solutions

- **Identifying IT issues**

- **Comprehensive understanding of strategic/operational/IT issues**

- **Make large-scale IT proposals as a set to accompany management and business reforms**

# Full Implementation of Asia and Global System

## ■ Reinforce overseas business, primarily in China

- Expand overseas, utilizing NRI's strengths in Japan

### <1>Expand consulting business

- Shanghai, Seoul, Taipei, Manila, Moscow

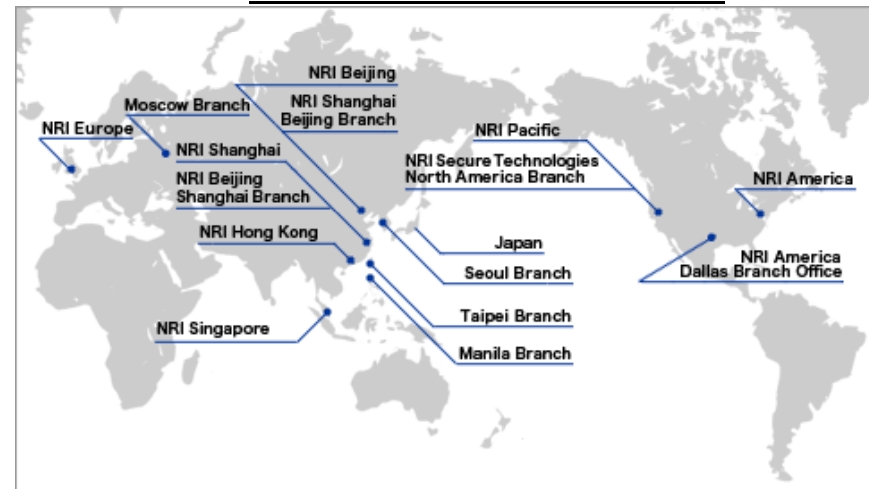
### <2>Reinforce China's system business

- NRI Beijing
  - Full-scale start of hiring and training  
⇒22 engineers hired in 2009  
About 25 to be hired in 2010
  - Customer support  
Expand systems business for Seven & i
  - New business development on Chinese mainland
- Shanghai:
  - Joint venture with Mitsubishi Corporation (iVision)

### <3> Global support for customers

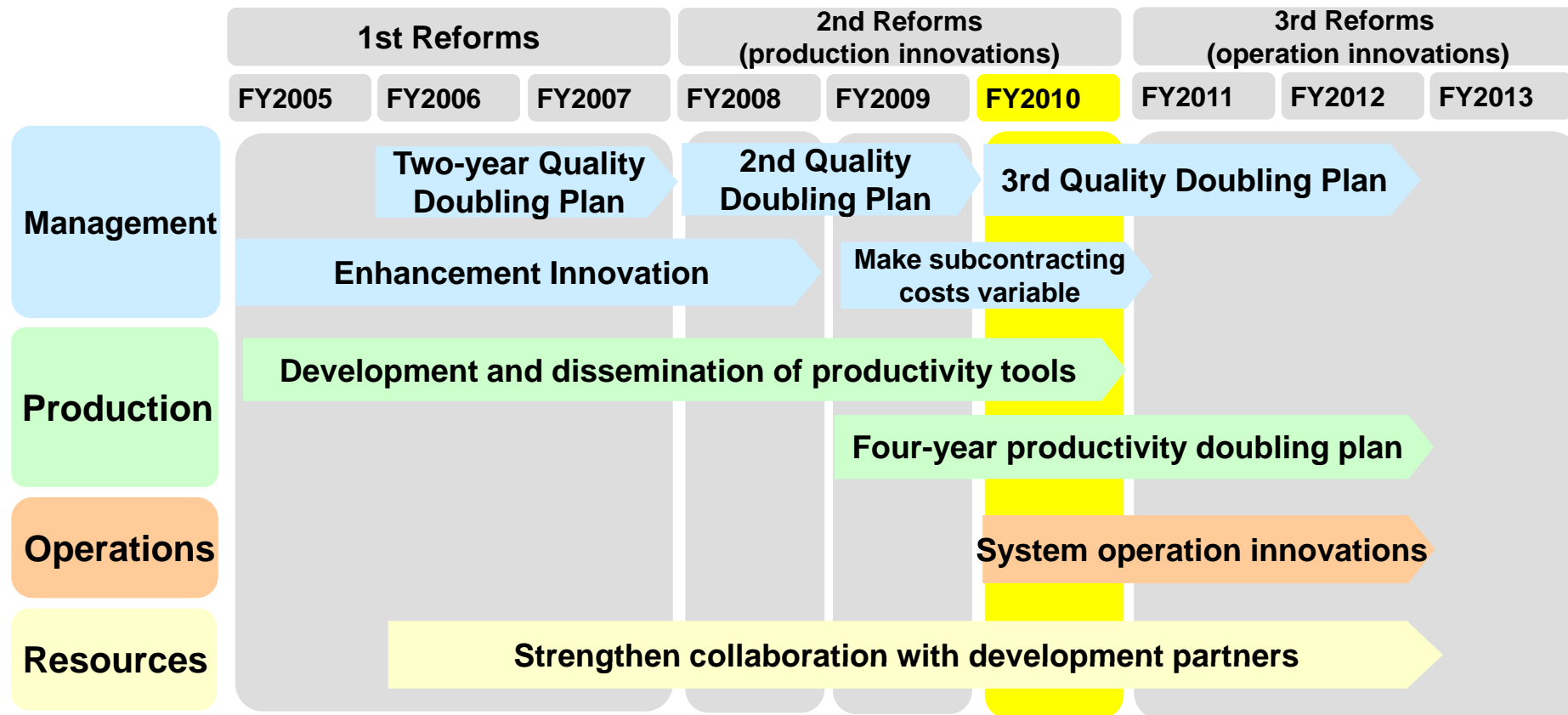
- Seven & i –related businesses
  - US (Dallas)
  - China (Beijing, Chengdu, etc.)
  - Indonesia
- Manufacturing-related businesses
  - ERP for Japanese companies

#### NRI's overseas offices



# Enhancing Quality and Productivity

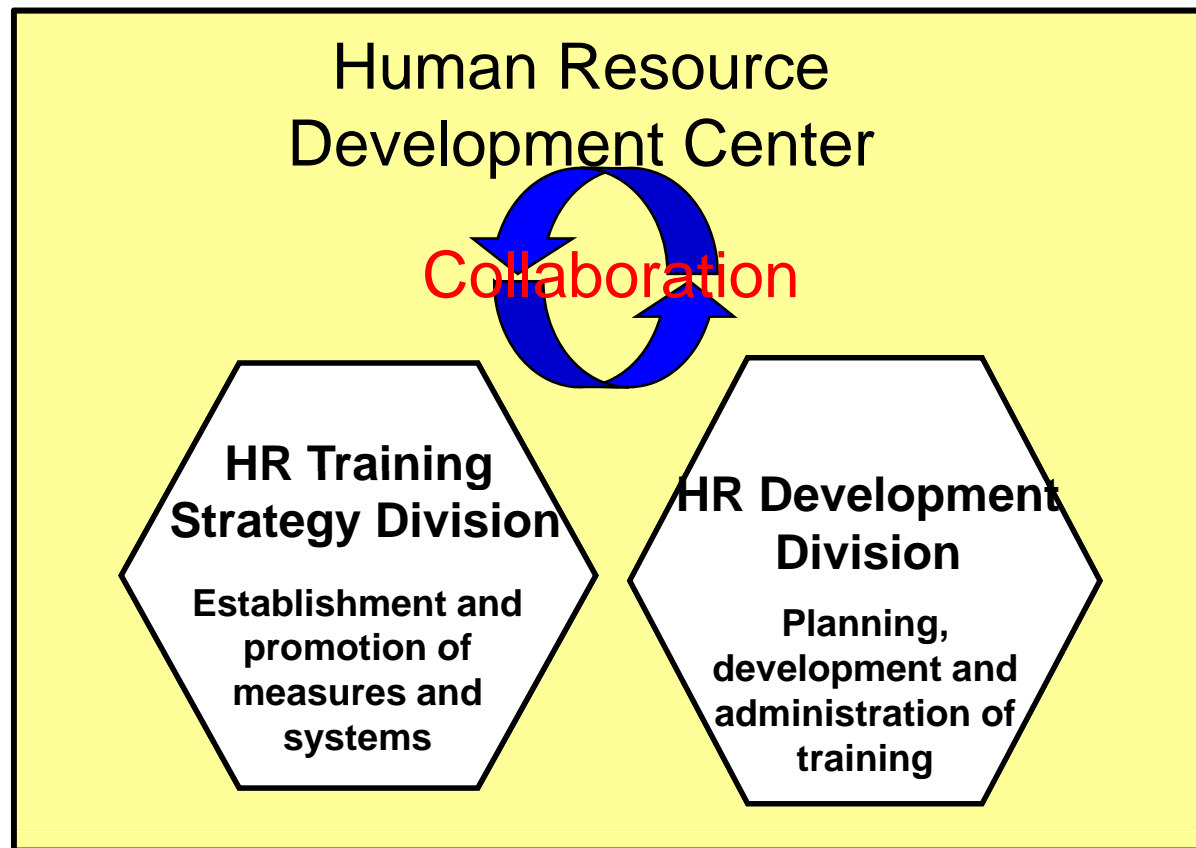
- Continue and expand initiatives to improve quality (promote the 3rd Quality Doubling Plan)
- Promote use of tools and guidelines and enhance productivity through company-wide mobilization



# Augment Human Resource Development and Training System

## ■ Human Resource Development Center (new)

- Development of mechanisms for strategic training and development of core personnel that will lead the next generation



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*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

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- 1. Consolidated Financial Results for 4Q**
- 2. Other Financial Result-related Data**
- 3. Recent Activities (excerpts from articles in magazines, newspapers, etc.)**
- 4. Example of projects**
- 5. Other**

## 1. Consolidated Financial Results for 4Q

### Highlights of Consolidated Results <4Q>

(Unit: JPY million)

	4Q FY Mar. 2009 (Jan.-Mar.)	4Q FY Mar. 2010 (Jan.-Mar.)	Diff.	YoY Change
Sales	90,071	86,474	(3,596)	(4.0%)
Operating Profit	12,391	7,321	(5,069)	(40.9%)
Operating Profit Margin	13.8%	8.5%	(5.3P)	
Net Income	2,861	3,206	+344	+12.1%

## 1. Consolidated Financial Results for 4Q

### Sales by Sector <4Q>

(Unit: JPY million)

	4Q FY Mar. 2009 (Jan.-Mar.)	Share	4Q FY Mar. 2010 (Jan.-Mar.)	Share	Diff.	YoY change
Securities sector	33,917	37.7%	30,336	35.1%	(3,581)	(10.6%)
Insurance sector	15,241	16.9%	15,330	17.7%	+89	+0.6%
Banking sector	6,703	7.4%	8,030	9.3%	+1,326	+19.8%
Other financial sector	6,761	7.5%	6,409	7.4%	(351)	(5.2%)
Financial sector	62,624	69.5%	60,106	69.5%	(2,517)	(4.0%)
Distribution sector	10,407	11.6%	10,765	12.4%	+357	+3.4%
Other sector	17,039	18.9%	15,602	18.0%	(1,436)	(8.4%)
Total	90,071	100.0%	86,474	100.0%	(3,596)	(4.0%)
Nomura Holdings	24,969	27.7%	20,731	24.0%	(4,238)	(17.0%)
SEVEN & i HOLDINGS	9,557	10.6%	9,670	11.2%	+112	+1.2%

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

# 1. Consolidated Financial Results for 4Q

## Sales by segment <4Q>

(Unit: JPY million)

	4Q FY Mar. 2009 (Jan.-Mar.)	Share	4Q FY Mar. 2010 (Jan.-Mar.)	Share	Diff.	YoY change
<b>Consulting Services</b>	<b>8,055</b>	<b>8.9%</b>	<b>7,394</b>	<b>8.6%</b>	<b>(661)</b>	<b>(8.2%)</b>
System Development & System Application Sales	37,847	42.0%	31,042	35.9%	(6,805)	(18.0%)
System Management & Operation Services	37,687	41.8%	42,693	49.4%	+5,006	+13.3%
Product Sales	6,480	7.2%	5,344	6.2%	(1,135)	(17.5%)
<b>IT Solution Services</b>	<b>82,015</b>	<b>91.1%</b>	<b>79,080</b>	<b>91.4%</b>	<b>(2,935)</b>	<b>(3.6%)</b>
<b>Total</b>	<b>90,071</b>	<b>100.0%</b>	<b>86,474</b>	<b>100.0%</b>	<b>(3,596)</b>	<b>(4.0%)</b>

# 1. Consolidated Financial Results for 4Q

## P/L Highlight <4Q>

(Unit: JPY million)

	4Q FY Mar. 2009 (Jan.-Mar.)	4Q FY Mar. 2010 (Jan.-Mar.)	Diff.	YoY change
<b>Sales</b>	<b>90,071</b>	<b>86,474</b>	<b>(3,596)</b>	<b>(4.0%)</b>
<b>Cost of Sales</b>	<b>64,960</b>	<b>65,727</b>	<b>+766</b>	<b>+1.2%</b>
<b>Subcontracting Costs</b>	<b>31,179</b>	<b>26,991</b>	<b>(4,188)</b>	<b>(13.4%)</b>
<b>Gross Profit</b>	<b>25,111</b>	<b>20,747</b>	<b>(4,363)</b>	<b>(17.4%)</b>
<b>Gross Profit Margin</b>	<b>27.9%</b>	<b>24.0%</b>	<b>(3.9P)</b>	
<b>SG&amp;A</b>	<b>12,719</b>	<b>13,425</b>	<b>+706</b>	<b>+5.6%</b>
<b>Operating Profit</b>	<b>12,391</b>	<b>7,321</b>	<b>(5,069)</b>	<b>(40.9%)</b>
<b>Operating profit margin</b>	<b>13.8%</b>	<b>8.5%</b>	<b>(5.3P)</b>	

# 1. Consolidated Financial Results for 4Q

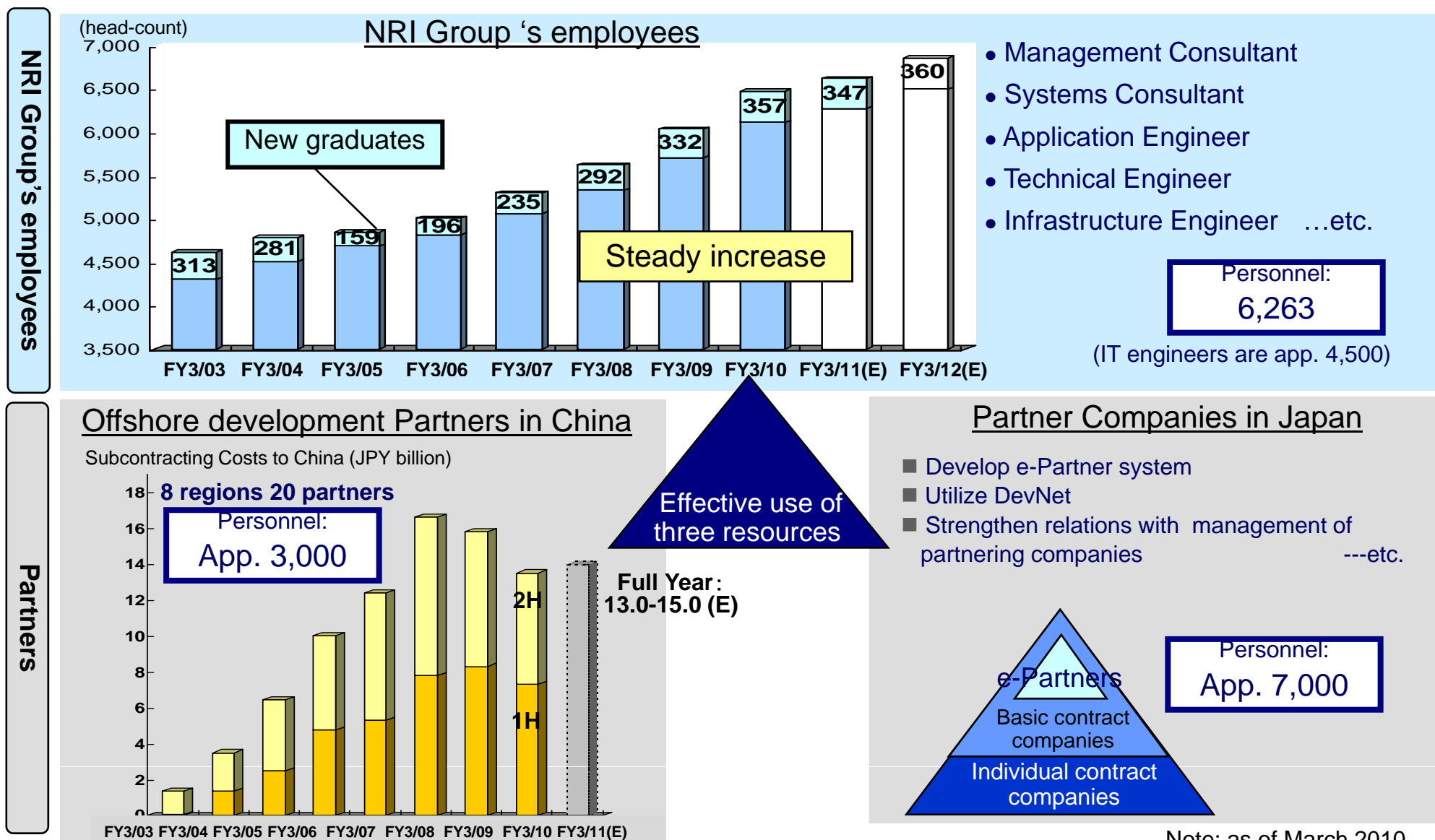
## P/L Highlight <4Q> continued

(Unit: JPY million)

	4Q FY Mar. 2009 (Jan.-Mar.)	4Q FY Mar. 2010 (Jan.-Mar.)	Diff.	YoY change
<b>Operating Profit</b>	<b>12,391</b>	<b>7,321</b>	<b>(5,069)</b>	<b>(40.9%)</b>
<b>Non-operating gain and loss</b>	<b>188</b>	<b>205</b>	<b>+17</b>	<b>+9.3%</b>
Dividend income	146	79	(66)	
Loss on venture capital	(49)	9	+58	
<b>Other Income and expense</b>	<b>(6,159)</b>	<b>(2,757)</b>	<b>+3,401</b>	
Impairment loss on software	(3,050)	-	+3,050	
Loss on valuation of investment securities	(3,362)	44	+3,407	
Office relocation cost	-	(2,777)	(2,777)	
<b>Income taxes etc.</b>	<b>3,558</b>	<b>1,560</b>	<b>(1,997)</b>	
<b>Net Income</b>	<b>2,861</b>	<b>3,206</b>	<b>+344</b>	<b>+12.1%</b>

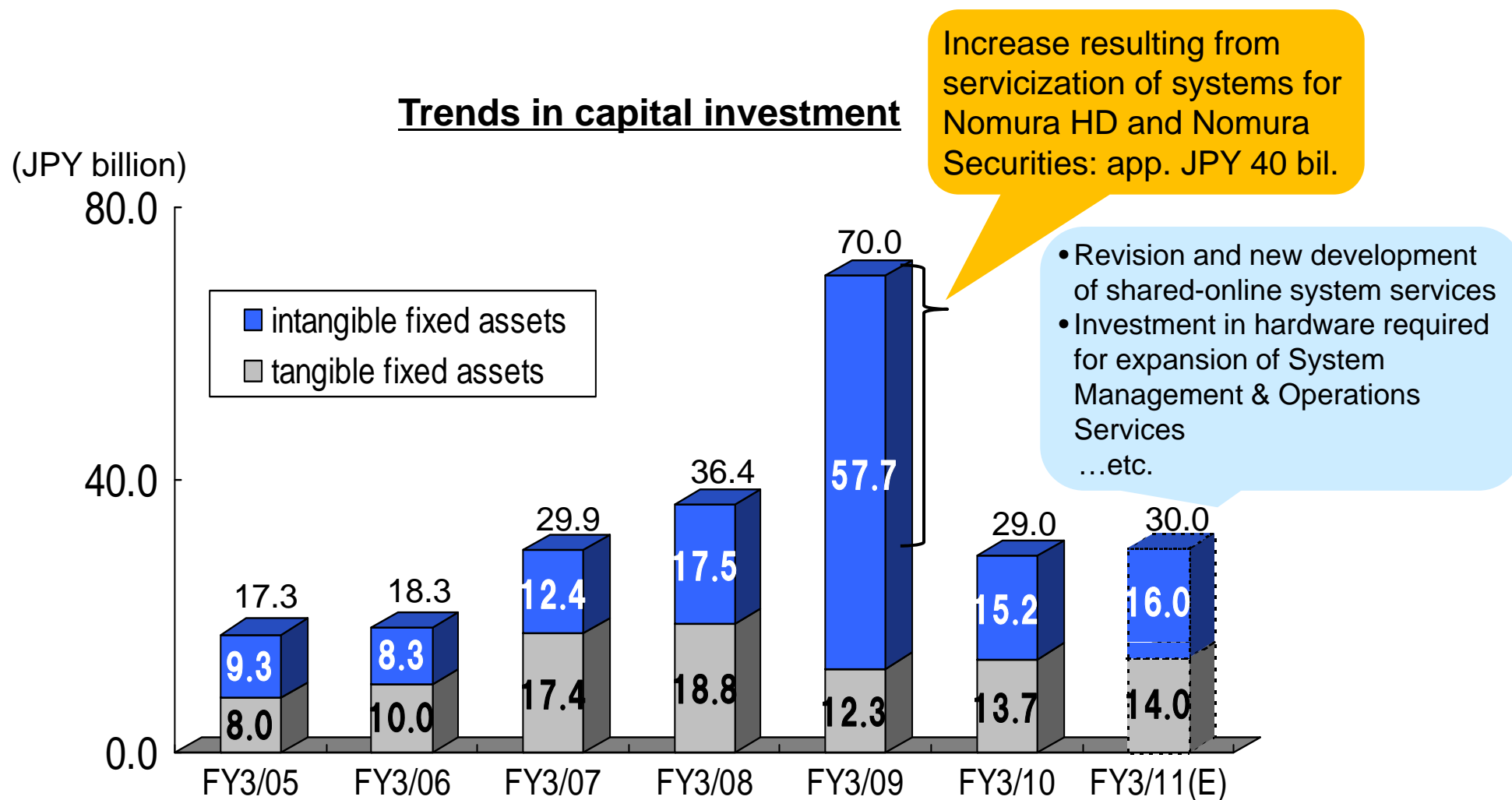
## 2. Other Financial Result-related Data

### Depth in Human Resources -NRI's employees + Partners(in Japan & China)



## 2. Other Financial Result-related Data

### Capital Investments





## 2. Other Financial Result-related Data

### New Data Center

#### ➤ Construction site for new data center selected

##### Overview of new data center (fifth center)

Overview of planned construction site for new data center

- Location: Tama City, Tokyo
- Site area: 19,496.3m<sup>2</sup> (5,897.63 tsubo)
- Tentative completion date: FYMar.2013



Note: The picture represents the image at this point and will differ from the actual building.

Use of new data center

- Base for expanding outsourcing business
- Core base for crowd services

Distinctive characteristics of facility:

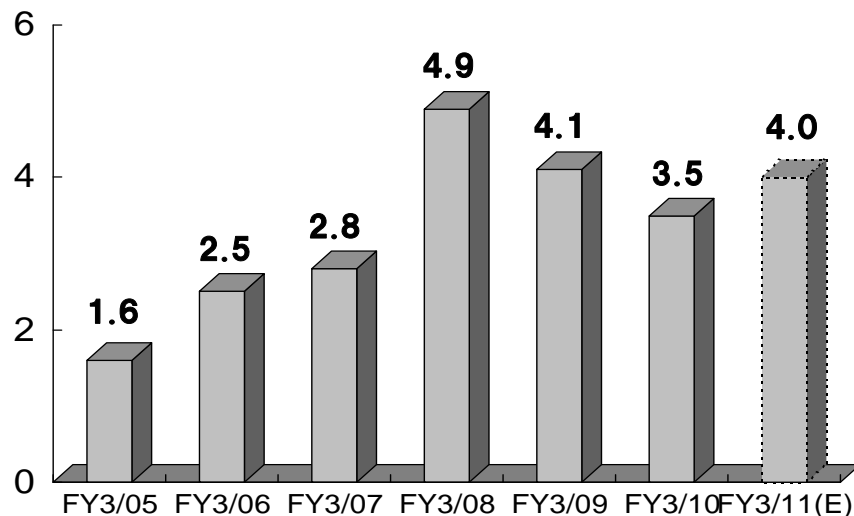
- Environmental aspects: The facility will use natural energy and adopt technology that conserves resources and has high energy efficiency.
- Safety: Adopts cutting-edge security equipment
- Reliability: Multiplexed, highly expandable power system, etc.

## 2. Other Earnings-Related Materials

### R&D

#### ➤ Focus on growth areas and continue R&D

(JPY billion)



#### Some R&D topics for FY3/11

- Research on domestic and international financial markets
- Research and study of banking, BPO, etc.
- Studies with the aim of expanding business in China
- Research to commercialize digital identity (DI)
- Cloud computing
- Studies for various types of navigation at the Center for Strategic Management and Innovation, etc.
- ...etc.

**Short term(1–2 years)**

**Medium and long term 3 years –**

**Divisions  
(On-site) R&D**

**Business-related R&D**

**Financial, Manufacturing·Asia, Consulting·Public, etc.**

**Technological R&D Information Technology, Manufacturing Technology**

**Pure research Prediction of the future (social navigation)**

### 3. Recent Activities

#### Resona Bank adopts T-STAR/RX

- NRI has begun providing Resona Bank with T-STAR/RX, which supports back-office operations for the investment advisory businesses of asset management companies (investment trust advisory companies, trust banks, banks, life insurance companies, etc.).
- By adopting T-STAR/RX, Resona Bank standardizes and improves the efficiency of investment advisory operations (management of executed trades, balance assessment management, market information management, trust verification management, fixed-format document output). Moreover, by using NRI's shared center server, work and costs resulting from increased system resources are reduced, and the system is also ready to secure a high level of fault tolerance, disaster resistance, and a backup system in an emergency. This is expected to enhance the quality of trustee services for investment advisory operations.

Kinyu Keizai Shimbun,  
February 15, 2010

## 投資顧問業務を標準化

### りそな銀がシステム導入

りそな銀行は、野村総合研究所が提供する投資顧問業務を標準化できる。オペレーションコストの削減や緊急時のバックアップ導入した。「T-STAR/RX」と呼ばれるもので、約定管理取引や残高評価管理、市場情報管理、信託照合管理、定型スキームの多様化に対応できる。また今年1月に発売したグローバル投資パフォーマンス基準への対応、年金資金における私募投信運用の拡大、運用債委託にかかる運用状況の交換などの提供を野村総研は順次提供していく。

### 3. Recent Activities

## Development of Internet Banking Services

- NRI will progressively begin offering joint-use (ASP type) Internet banking services for financial institutions in FY2011.
- This system will capitalize on the expertise that NRI has built up thus far in development support for Internet banking systems. In addition to providing full banking services including wire transfers, bank transfers, term and foreign currency-denominated deposits, and the purchase of investment trusts, the system will also be compatible with electronic record monetary claims for corporate clients.
- NRI is aiming to form affiliations with about 10 banks over the next three years.



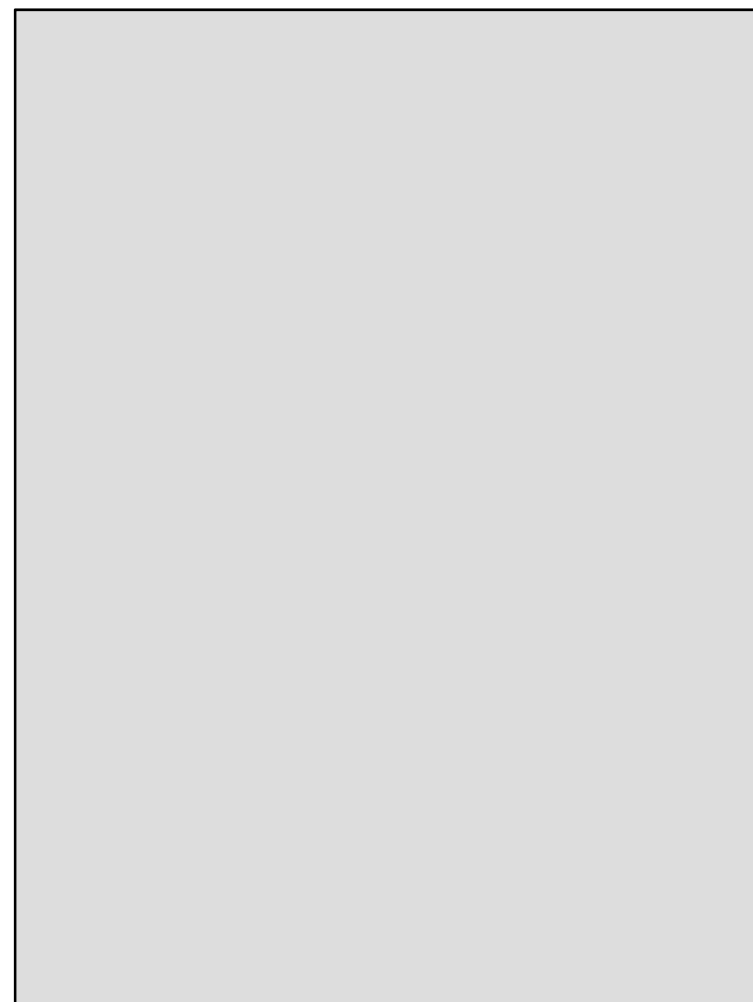
*Japan Financial News, March 26, 2010*

### 3. Recent Activities

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#### Chugin Securities to adopt NRI systems

- Chugoku Bank has announced its intention to significantly increase the number of accounts at its securities subsidiary, Tsuyama Securities (name to be changed to Chugin Securities on May 6, 2010), from the current 7,000 to 30,000 within three years. The securities company will adopt NRI's systems as it begins non-face-to-face operations such as Internet banking.



Regional economy page of the April 16,  
2010 edition of *Nihon Keizai Shimbun*



### 3. Recent Activities

#### Cost reductions for infrastructure development

- NRI launched vPLAT on February 9, 2010. By patterning and standardizing know how in system infrastructure method design, this solution succeeds in drastically reducing infrastructure development costs.
- vPLAT compiles standard design patterns shared by many applications for critical operations and is offered as a standard guideline that “visualizes” these patterns. In addition, system infrastructure that is built based on this design are provided together with virtual appliances and standardized expertise.
- By using vPLAT, a company’s system development manager can not only speed up the time it takes to build system infrastructure and lower the costs involved, but can also achieve the optimum system infrastructure for the company.

## 基盤構築コスト削減

### 設計方式のパターン化で

N R I

野村総合研究所（NRI）は、ミドルウェアの選定や負荷分散などシステム基盤方式設計のパターン化による基盤構築のコストを削減するシステム「vPLAT」の提供を開始した。多くの基幹系業務アプリケーションに共通する標準的な設計パターンをまとめたもので、標準ガイドラインとして「見える化」して提供すると共に、その設計に基づいて構築したシステム基盤を仮想アプリケーションや標準ソフトウェアと併せて提供する。システム開発担当者は、サーバーに仮想アプリケーションとして容易に構築することが可能となり、システム基盤構築の迅速化や低コスト化が図れる。

vPLATの仮想アプリケーションは、アプリケーションのテスト環境にシミュレーション・サーバー機能に加え、通常の個別サーバーとして構築される認証サーバー機能や標準生成サーバー機能も含めて方式設計・構築されており、稼働検証のための書では、オンライン問合せが可能となる。

これらの22のアプリケーション処理パターンに沿って、Webアプリケーション・フレームワークで実装したアプリケーション・テンプレートやサンプル類を提供し、標準設計パターンに則ったアプリケーション設計・開発工数の削減が図れるようにした。

また、vPLATの仮想化技術の活用で、高い運用性・コスト抑制が行える。仮想化ソフトでサーバーを容易に追加・削除することが可能になり、本番やテスト環境の構築が容易になるほか、複数のシステムを1台のきょうに集約することで、ハードを削減できる。仮想化ソフトが機種の新機などに伴うハードの差異を吸収するので、アプリケーションの長期運用も可能になる。

そのほか、自社システムのクラウド環境への移行に備えた段階投資が行える。

価格は、サーバー単位での年間利用料形式で1サーバーが4コア20CPUの場合年間480万円から。

Information Industries and Market News,  
February 22, 2010

## 4. Examples of Projects

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### Resona Bank, Limited.

Adoption of T-STAR/RX, a system for discretionary investment management businesses

## 5. Others - Supplementary explanation

### ■ FY March 2011 Consolidated Earnings Model

- Sales of JPY350.0 billion and operating profit of JPY44.0 billion

(Unit:JPY billion)

	FY Mar.2009 (Results)	FY Mar.2010 (Results)	FY Mar. 2011 (Forecasts)*	YoY	
				Difference	Change
Sales	341.2	338.6	350.0	+11.3	+3.4%
Cost of Sales	240.8	245.6	251.0	+5.3	+2.2%
Personnel	54.3	52.9	58.0	+5.0	+9.6%
Subcontracting Costs	121.4	109.8	114.0	+4.1	+3.8%
Depreciation	19.7	29.3	30.0	+0.6	+2.3%
Gross Profit	100.4	92.9	99.0	+6.0	+6.5%
Gross Profit Margin	29.4%	27.5%	28.3%	+0.8P	
SG&A	50.7	52.9	55.0	+2.0	+3.9%
Operating Profit	49.7	40.0	44.0	+3.9	+9.8%
Operating Profit Margin	14.6%	11.8%	12.6%	+0.7P	

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



## 5. Others ~ Communications

Press conference for  
appointment of new president



Press conference held on  
appointment of new president on  
March 12, 2010

Forums and other events



February 26, 2010  
IT and New Society Design Forum 2010  
Jointly held by NRI and NTT Data



Promotion of research collaboration with  
China's government-affiliated think tank,  
China Center for International Educational  
Exchange (CCIEE) in March 2010

## Publications

~Continuous contributions!~



Books published since February 2010