
Financial Results

for 3rd Quarter fiscal year ending 31st March, 2010

January 28, 2010

Nomura Research Institute, Ltd.



Highlights of Consolidated Results <3Q Total>

(Unit: JPY million)

	3Q FY Mar. 2009 Total (Apr.-Dec.)	3Q FY Mar. 2010 Total (Apr.-Dec.)	Diff.	YoY change
Sales	251,208	252,155	+946	+0.4%
Operating Profit	37,322	32,755	(4,566)	(12.2%)
Operating Profit Margin	14.9%	13.0%	(1.9P)	
Net Income	21,651	18,649	(3,001)	(13.9%)

Key Factors in Consolidated Financial Results for Q3 FYMar.2010

● Q3 cumulative consolidated sales are within forecasts

1. There is still no sign of a recovery in sentiment on IT investment in the securities industry. In this harsh environment, NRI achieved higher sales from the insurance industry and banking industry, keeping sales steady (up 0.4% YoY).
2. The decline in sales from Consulting Service and System Development & System Application Sales is offset by higher sales from System Management & Operation Services and Product Sales.

● Steady progress in optimizing subcontracting costs; operating profit also in line with forecasts

1. NRI has worked to optimize subcontracting costs, and has made steady progress in reducing subcontracting costs in System Development & System Application Sales as well as System Management & Operation Services.
2. At the same time, other costs have been rising not only due to sluggish sales in System Development & System Application Sales, but also due to higher costs for expansion of businesses in new fields and the partial front-loading of costs to open new offices.

P/L Highlight <3Q Total>

(Unit: JPY million)

	3Q FY Mar. 2009 Total (Apr.-Dec.)	3Q FY Mar. 2010 Total (Apr.-Dec.)	Diff.	YoY change
Sales	251,208	252,155	+946	+0.4%
Cost of Sales	175,894	179,914	+4,020	+2.3%
Subcontracting Costs	90,266	82,833	(7,433)	(8.2%)
Gross Profit	75,314	72,240	(3,073)	(4.1%)
Gross Profit Margin	30.0%	28.6%	(1.3P)	
SG&A	37,991	39,485	+1,493	+3.9%
Operating Profit	37,322	32,755	(4,566)	(12.2%)
Operating Profit Margin	14.9%	13.0%	(1.9P)	

P/L Highlight <3Q Total> continued

(Unit: JPY million)

	3Q FY Mar. 2009 Total (Apr.-Dec.)	3Q FY Mar. 2010 Total (Apr.-Dec.)	Diff.	YoY change
Operating Profit	37,322	32,755	(4,566)	(12.2%)
Non-operating gain and loss	1,829	664	(1,165)	
Dividend income	796	285	(511)	
Equity in losses of affiliates	-	(553)	(553)	
Other Income and expense	(1,390)	(861)	+529	
Gain on investment securities	-	195	+195	
Loss on valuation of investment securities	(395)	(1,081)	(685)	
Loss on valuation of stocks of subsidiaries and affiliates	(642)	-	+642	
Impact of applying lease accounting standards	(351)	-	+351	
Income taxes etc.	16,109	13,915	(2,194)	
Net Income	21,651	18,649	(3,001)	(13.9%)

Sales by Sector <3Q Total>

(Unit: JPY million)

	3Q FY Mar. 2009 Total (Apr.-Dec.)	Share	3Q FY Mar. 2010 Total (Apr.-Dec.)	Share	Diff.	YoY change
Securities sector	98,542	39.2%	93,025	36.9%	(5,516)	(5.6%)
Insurance sector	34,920	13.9%	41,580	16.5%	+6,659	+19.1%
Banking sector	18,968	7.6%	22,109	8.8%	+3,140	+16.6%
Other financial sector	21,859	8.7%	17,938	7.1%	(3,921)	(17.9%)
Financial sector	174,291	69.4%	174,653	69.3%	+362	+0.2%
Distribution sector	32,518	12.9%	32,759	13.0%	+241	+0.7%
Other sector	44,399	17.7%	44,741	17.7%	+342	+0.8%
Total	251,208	100.0%	252,155	100.0%	+946	+0.4%
Nomura Holdings	72,271	28.8%	65,604	26.0%	(6,666)	(9.2%)
SEVEN & i HOLDINGS	28,625	11.4%	30,929	12.3%	+2,303	+8.0%

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

Sales by segment <3Q Total>

(Unit: JPY million)

	3Q FY Mar. 2009 Total(Apr.-Dec.)	Share	3Q FY Mar. 2010 Total (Apr.-Dec.)	Share	Diff.	YoY change
Consulting Services	24,810	9.9%	21,489	8.5%	(3,321)	(13.4%)
System Development & System Application Sales	106,401	42.4%	95,778	38.0%	(10,622)	(10.0%)
System Management & Operation Services	111,298	44.3%	124,316	49.3%	+13,018	+11.7%
Product Sales	8,697	3.5%	10,569	4.2%	+1,872	+21.5%
IT Solution Services	226,397	90.1%	230,665	91.5%	+4,267	+1.9%
Total	251,208	100.0%	252,155	100.0%	+946	+0.4%

Order Backlog (Outstanding)

(Unit: JPY million)

	At end of 3Q FY Mar.2009	At end of 3Q FY Mar.2010	Diff.	YoY Change
Consulting Services	5,290	4,955	(334)	(6.3%)
System Development & System Application Sales	27,324	26,039	(1,284)	(4.7%)
System Management & Operation Services	35,659	39,418	3,758	10.5%
IT Solution Services	62,984	65,457	2,473	3.9%
Total	68,274	70,413	2,138	3.1%
Order backlog in the current FY	63,869	63,584	(285)	(0.4%)

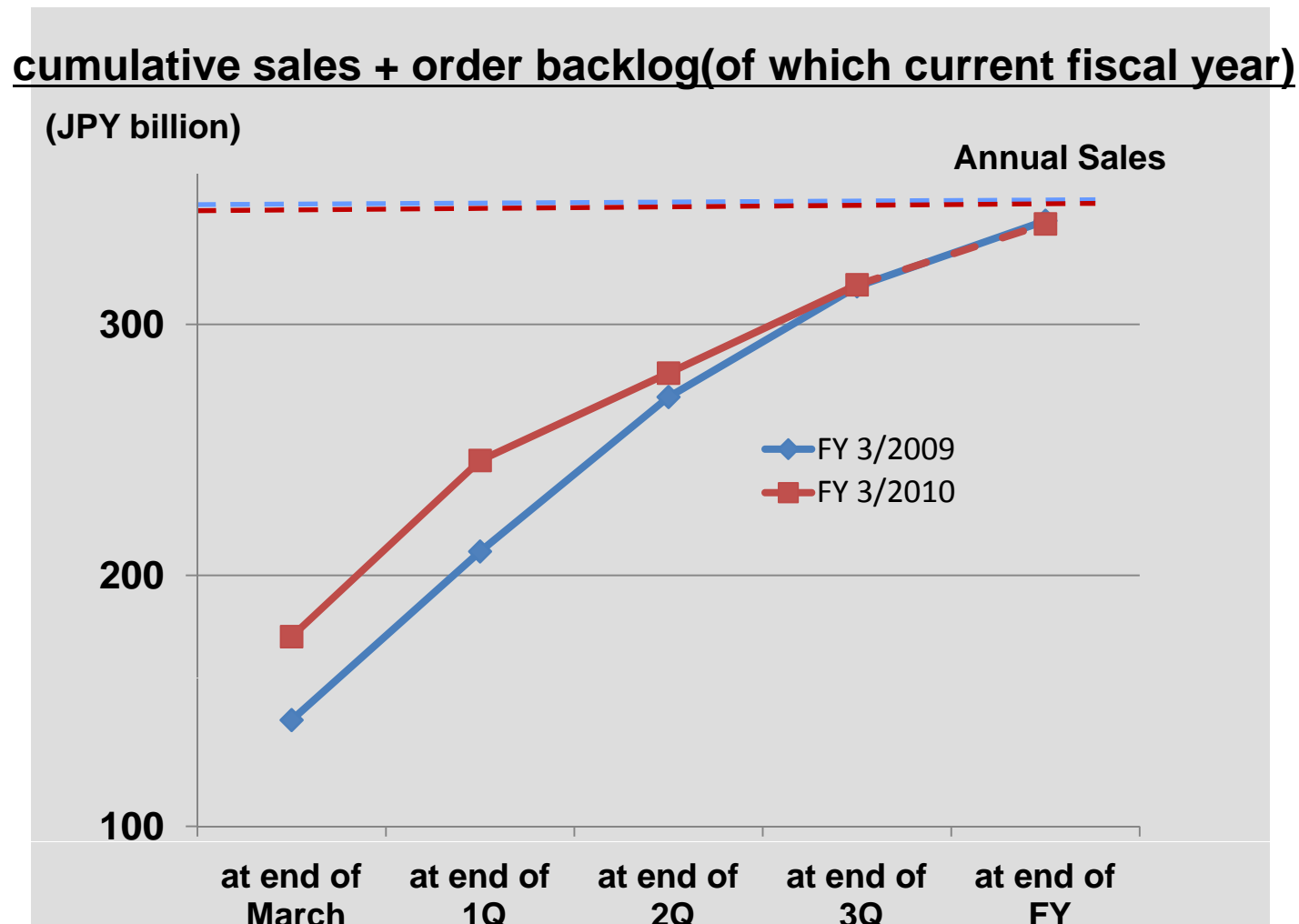
Consolidated Statements of Cash Flows

(Unit: JPY million)

	3Q FY Mar. 2009 Total (Apr.-Dec.)	3Q FY Mar. 2010 Total (Apr.-Dec.)
Cash and cash equivalents at beginning of period	75,524	28,228
Operating activities	31,360	45,281
Investing activities	(25,361)	(12,242)
(Except Cash management purpose investment)	(28,573)	(22,316)
Free Cash Flow	5,999	33,039
(Except Cash management purpose investment)	2,787	22,965
Financing activities	(22,328)	(10,297)
Cash and cash equivalents at end of period	58,843	50,870
Cash and cash equivalents + Cash Management purpose investment	81,411	63,967

Progress With Sales + Consolidated Order Backlog

➤ The order environment remains difficult



Example of New project

➤ **NRI to begin providing SMBC Friend Securities with STAR-IV services in January 2010**

■ **Reasons for selecting STAR-IV:**

Track record among users, ability to adjust to system changes, expandability of functional services, high quality management, etc.

(from an NRI news release dated January 18, 2010)



SMBCフレンド証券

SMBC Friend Securities, Co. Ltd.

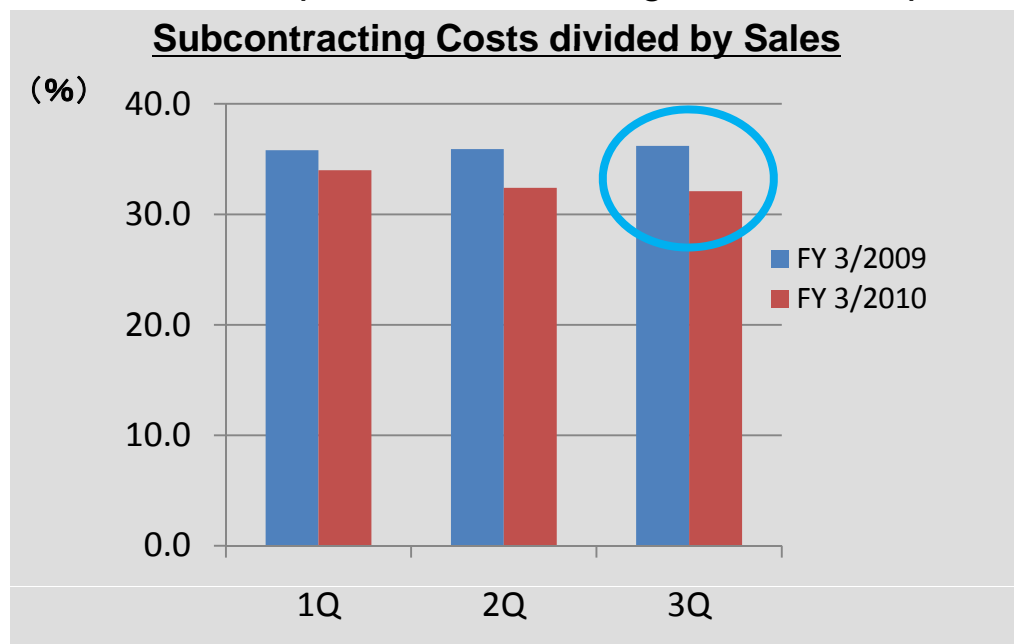
adopting "STAR-IV" in core systems

Note: STAR-IV is a shared-online system that supports back office operations for retail securities companies.

Cost optimization

➤ Steady progress in optimizing subcontracting costs, but other factors are pushing up costs

- NRI has worked to optimize subcontracting costs, and has made steady progress in reducing subcontracting costs in System Development & System Application Sales as well as System Management & Operation Services.
- At the same time, other costs have been rising not only due to sluggish sales in System Development & System Application Sales, but also due to higher costs for expansion of businesses in new fields and the partial front-loading of costs to open new offices.



Capital Investments

➤ **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:** 19,496.3m² (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.

- **The previous internal system will be completely renewed, and a new operational process management system will be launched. This will support further enhancement of project management quality.**

- 野村総研



NRI

13

Yokohama Minato Center

- **Completed on December 16, 2009; opening scheduled for February 2010**

Overview of Yokohama Minato Center

- Building to be used: Yokohama Daiya Building, Floors 10-30
- Area: 31,982m²
- Opening date: February 2010
- Operations: Primarily financial and insurance systems

NRI's main offices

Expansion to five centers:

- Marunouchi Center
- Kiba Center
- Yokohama Center
- Yokohama Minato Center
- Osaka Center



Changes in Representative Directors and Appointment of New President

- Representative Director, Corporate Executive Vice President Tadashi Shimamoto was appointed as the new president, Representative director, CEO&COO, effective April 1, 2010.
- Chairman and President , Representative director, CEO&COO Akihisa Fujinuma will be chairman, director, effective April 1, 2010.



Tadashi Shimamoto

Date of birth: February 8, 1954

Born in Wakayama prefecture

**Graduate of Engineering Department of
Kyoto University**

	Career
April 1976	Joined the Company
June 2001	Director; Division Manager of Advanced Information Technology Division
April 2002	Corporate Vice President; Division Manager of Advanced Information Technology Division
April 2004	Corporate Senior Vice President; Division Manager of Advanced Information Technology Division; Deputy Division Manager of Center for Knowledge Exchange & Creation
April 2008	Corporate Executive Vice President in charge of Supervising of Business Divisions
June 2008	Representative Director, Corporate Executive Vice President in charge of Supervising of Business Divisions
April 2009	Representative Director, Corporate Executive Vice President in charge of Supervising of Business Divisions, Marketing & Business Planning and Retail & Industrial Systems; Division Manager of Center for Innovation Systems Research for Management
October 2009	Representative Director, Corporate Executive Vice President in charge of Supervising of Business Divisions, Marketing & Business Planning and Retail & Industrial Systems

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 2010**
- 2. NRI's New Internal Information System**
- 3. Recent activities**
- 4. Others**

Highlights of Consolidated Results <3Q>

(Unit: JPY million)

	3Q FY Mar. 2009 (Oct.-Dec.)	3Q FY Mar. 2010 (Oct.-Dec.)	Diff.	YoY change
Sales	85,923	85,272	(650)	(0.8%)
Operating Profit	13,603	10,664	(2,938)	(21.6%)
Operating Profit Margin	15.8%	12.5%	(3.3P)	
Net Income	7,419	6,670	(749)	(10.1%)

P/L Highlight <3Q>

(Unit: JPY million)

	3Q FY Mar. 2009 (Oct.-Dec.)	3Q FY Mar. 2010 (Oct.-Dec.)	Diff.	YoY change
Sales	85,923	85,272	(650)	(0.8%)
Cost of Sales	59,592	61,409	+1,817	+3.0%
Subcontracting Costs	31,075	27,404	(3,670)	(11.8%)
Gross Profit	26,331	23,863	(2,467)	(9.4%)
Gross Profit Margin	30.6%	28.0%	(2.7P)	
SG&A	12,727	13,198	+470	+3.7%
Operating Profit	13,603	10,664	(2,938)	(21.6%)
Operating profit margin	15.8%	12.5%	(3.3P)	

P/L Highlight <3Q> continued

	(Unit: JPY million)			
	3Q FY Mar. 2009 (Oct.-Dec.)	3Q FY Mar. 2010 (Oct.-Dec.)	Diff.	YoY change
Operating Profit	13,603	10,664	(2,938)	(21.6%)
Non-operating gain and loss	475	387	(87)	
Dividend income	252	86	(165)	
Other Income and expense	(945)	7	+953	
Gain on investment securities	-	191	+191	
Loss on valuation of investment securities	(303)	(188)	+114	
Equity in losses of affiliates	(642)	-	+642	
Income taxes etc.	5,713	4,390	(1,322)	
Net Income	7,419	6,670	(749)	(10.1%)

Sales by Sector <3Q>

(Unit: JPY million)

	3Q FY Mar. 2009 (Oct.-Dec.)	Share	3Q FY Mar. 2010 (Oct.-Dec.)	Share	Diff.	YoY change
Securities sector	31,644	36.8%	31,150	36.5%	(494)	(1.6%)
Insurance sector	13,708	16.0%	14,152	16.6%	+443	+3.2%
Banking sector	6,842	8.0%	7,700	9.0%	+858	+12.5%
Other financial sector	7,242	8.4%	6,077	7.1%	(1,164)	(16.1%)
Financial sector	59,437	69.2%	59,081	69.3%	(356)	(0.6%)
Distribution sector	10,887	12.7%	10,837	12.7%	(49)	(0.5%)
Other sector	15,598	18.2%	15,353	18.0%	(244)	(1.6%)
Total	85,923	100.0%	85,272	100.0%	(650)	(0.8%)
Nomura Holdings	23,237	27.0%	20,852	24.5%	(2,384)	(10.3%)
SEVEN & i HOLDINGS	9,711	11.3%	9,829	11.5%	+117	+1.2%

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

Sales by segment <3Q>

(Unit: JPY million)

	3Q FY Mar. 2009 (Oct.-Dec.)	Share	3Q FY Mar. 2010 (Oct.-Dec.)	Share	Diff.	YoY change
Consulting Services	8,104	9.4%	7,892	9.3%	(211)	(2.6%)
System Development & System Application Sales	37,591	43.7%	32,081	37.6%	(5,509)	(14.7%)
System Management & Operation Services	37,208	43.3%	40,660	47.7%	+3,451	+9.3%
Product Sales	3,019	3.5%	4,638	5.4%	+1,619	+53.6%
IT Solution Services	77,819	90.6%	77,380	90.7%	(438)	(0.6%)
Total	85,923	100.0%	85,272	100.0%	(650)	(0.8%)

NRI's New Internal Information System:

Anticipated Effects of System Adoption

- Significant progress in making earnings, projects and individuals' activities visible from varied perspectives

Merits for management

- Identify conditions (progress, revenue and spending, etc.) of all projects in the company from various perspectives in real time.
- Various information can be compiled and analyzed by project, division and client, and used in resource management.
- Troubled projects can be identified quickly through alarm information from various viewpoints.

Merits for division managers and division staff

- Necessary information can be accessed when needed, and analyzed from a range of viewpoints.
- Pipeline for commissioned projects can be ascertained and transitioned, making it possible to form project outlook.
- Procedures can be monitored and PDCA for internal control can be utilized.

Merits for project managers

- Enables procedures and evaluations in line with work flow (integrated process management, integration with work flow).
- Management by deal and project without being tied to accounting unit.
- Management information on project can be ascertained by work progress, not just revenue and expenditures
- Information on past procedures and management information can be accumulated, and used when planning similar projects.
- Enables budget and result management and future simulations, making it possible to respond with precision.

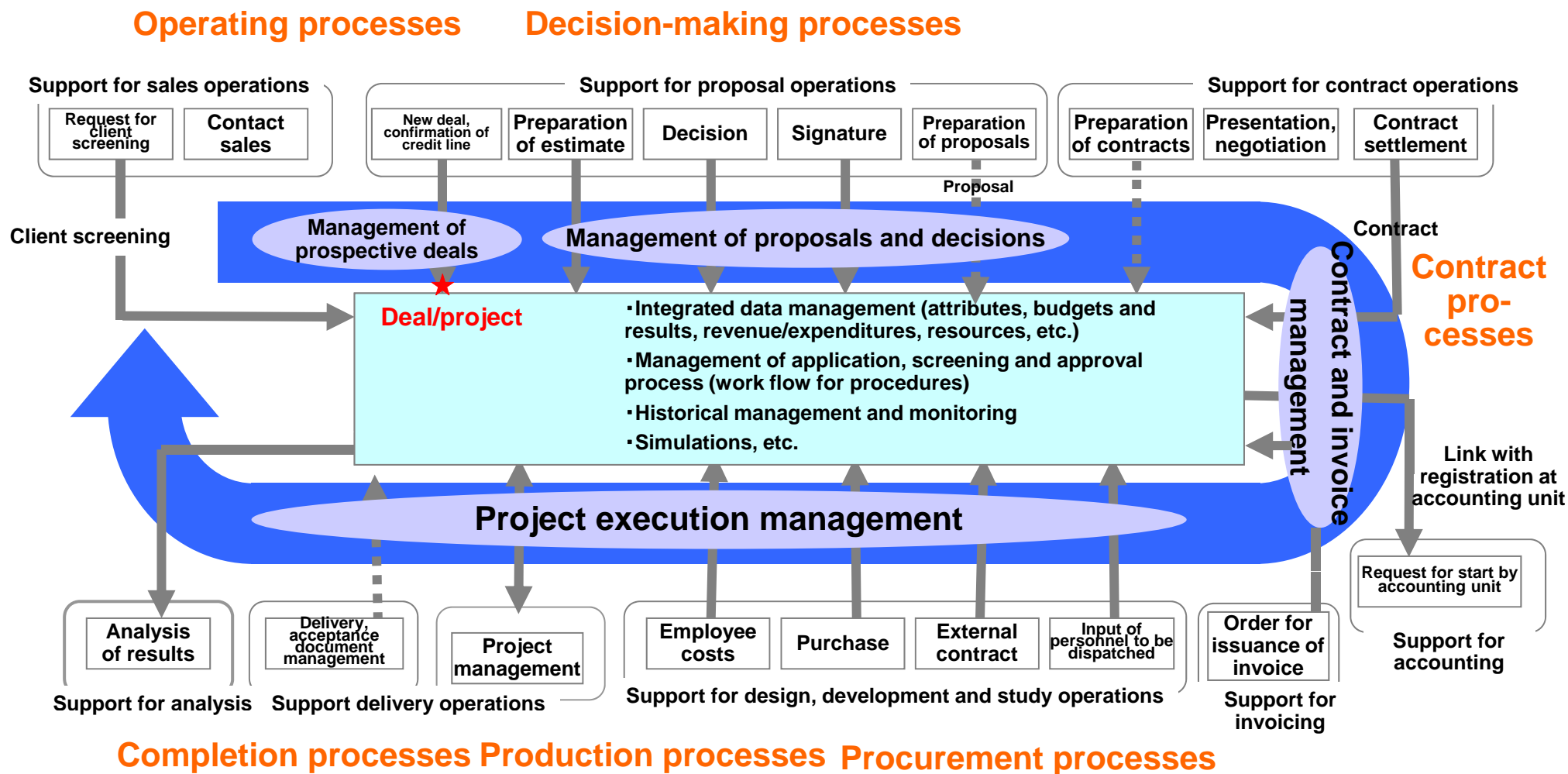
Merits for project members

- Eliminates double and triple input so that entries are completed with one input.
- By entry of progress information, no need to depend on a specific person for information, better information sharing.
- Members can pursue work by deal and project without worrying about the accounting unit.

By making operations visible,
the system will help build
“a company that practices cutting-edge project management”
in the IT service industry,
both in name and reality.

NRI's New Internal Information System: Image of new businesses with the new system

- Integrated management and visibility of operating processes; conjunction with data and shift to work flow approach



3Q FY Mar.2010 Activities

Service Providing Access to Account Information

- On October 26, 2009, Seven Bank and NRI will begin offering “Minna-no-Koza Kanri (Account Management for Everyone),” a service that enables users to manage their account information for multiple financial institutions on the Internet.
- NRI's aggregation service InterCollage will be used to provide and manage this service.

口座情報を一括管理
複数銀行からポイントまで

セブン銀行と野村総合研究所（NRI）は、複数銀行ほか複数の銀行に預けているお金の残高や取引履歴などの情報をインターネットで管理できる無料サービス「みんなの口座管理」の提供を開始した。

セブン銀行は、みんなの口座管理は、セブン銀行ほか複数の銀行に預けているお金の残高や取引履歴などの情報をインターネットで管理できる。登録している金融機関のサイトには、1つの口座管理できる画面でまとめて管理できる。

また、クレジットカードの利用明細をはじめ、証券会社で所有している株式銘柄の時価、ポイントやマイレージ、電子マネーの残高、公共料金、インターネットショッピングサイトなどの情報も管理できる。

システム開発はNRIが実施した。サービスも同社のASPサービスを活用し、同社データベースにおいて24時間365日体制の監視のもとで運用を行う。

Information Industries and Market News,
November 2, 2009

3Q FY Mar.2010 Activities

Collaboration in IT service business

- NRI has agreed to work with Synchron Japan Corporation, the Japanese office of Synchron International AB, a system development company based in Sweden, to offer a global operations integration service.
- Using Synchron's products, NRI plans to begin offering a service that provides integrated management of procurement, production, sales and inventory using enterprise resource planning (ERP) systems in early 2010. The system will be aimed at the manufacturing industry, which faces the issue of global operations integration.

**NRIとシンクロン・ジャパン
ITサービスで協業**

野村総合研究所（NRI）は15日、海外事業を展開する製造業を対象にしたITサービス事業でシンクロン・ジャパン（東京都港区）と協業すると発表した。シンクロン製品を用い、海外拠点や企業をまたぐ調達、生産、販売、在庫などの業務を一元管理し、それらの情報を可視化できるシステムの構築（SI）サービスを2010年1月をめどに始める。NRIは協業を機に、製造業向け事業拡大につなげる。提供を始める「グローバル業務統合サービス」は、NRIの統合業務パッケージ（ERP）関連サービスやサプライチェーン・マネジメント（SCM）のノウハウと、シンクロンの「業務統合基盤ソフトウェア」を連携させて提供する。価格や売り上げ目標は未定。取引先や販売店などが使う基幹システムの種類を問わず、利用企業は自社システムにデータを反映させられる。

Nikkan Kogyo Shimbun, December 16, 2009

3Q FY Mar.2010 Activities

Society for Promotion of BPO formed

- Together with NTT Communications, Wanbishi Archives and InfoDeliver, all three of which are involved in the BPO service industry, NRI has established a Society for Promotion of BPO. NRI served as the organizer.
- This study group primarily provides information to companies using BPO, holds seminars, shares information on establishing an environment for BPO service companies, and conducts joint reviews.
- These activities will enhance the competitiveness of companies utilizing BPO, and raise the quality of BPO service companies, compliance response and contract management skills.

4 NRIなど 社 BPO推進で研究会

野村総合研究所（NRI）、NTTコミュニケーションズ（NTTコム）、NTTデータ（NTTデータ）など4社は2日、BPO（業務委託）サービスの活用普及・発展を目的とした「BPO推進研究会」を立ち上げたことを発表した。BPOを活用する

る企業への情報提供に加え、BPOサービス事業者側に対するサービス管理環境の整備に関する情報共有・共同検討を進める。BPO活用による企業競争力やサービス品質の向上などに つなげる。研究会には事務局となる

るNRIのほか、NTTコム、ワンビシアーク（東京港区）、インフォデリバ（同）が参加、2010年から本格的に活動する。他のBPOサービス事業者にも参加を呼びかけ、欧米に比べてBPO活用に対する

意識が低い日本企業での戦略的な活用の促進を目指す。具体的には、セミナーを通じて、国内外のBPO活用による業務改革事例や導入効果などの情報を企業に提供するほか、運営拠点の視察を実施する。また、BPOサービス事業者同士の意見交換の場も設ける。

Nikkan Kogyo Shimbun, December 3, 2009

3Q FY Mar.2010 Activities

Ubiquitous trial project

- **Nomura Research Institute Shanghai Limited (NRI Shanghai), one of NRI's China subsidiaries, is participating in a standardization committee promoting the Internet of Things (IOT), which is billed as China's new ICT strategy for 2010 onwards, after its approval by the State Council (November 2009). NRI Shanghai is the first Japanese company to participate in this committee.**
- **Wuxi city in Jiangsu province has been designated as the first model city for IOT. The Chinese government plans to designate additional model cities in the future in each region.**

Nihon Keizai Shimbun, December 16, 2009

3Q FY Mar.2010 Activities

Advice for companies on cutting costs at headquarters

- In February 2010, NRI will launch a service advising companies on how to cut costs at headquarters in affiliation with US consulting firm The Hackett Group.
- Using a database on headquarters operations at US and European companies developed by The Hackett Group, this service will objectively compare the operational efficiency of Japanese companies' headquarters and cost conditions to US and European companies of a similar size and same industry. The client company's issues will be identified in each operation, and the client will be advised on ways to optimize costs.
- This is the first consulting service in Japan that utilizes The Hackett Group's database, and NRI targets sales of 400-500 million yen within five years.

Nihon Keizai Shimbun, January 14, 2010

3Q FY Mar.2010 Activities

Initiatives to revitalize IT service industry

- NRI will begin an initiative to revitalize the IT service industry in collaboration with NTT Data.
- As the first step, “IT and New Society Design Forum 2010” will be held in February 26, 2010. This forum will give a presentation on the new social vision achieved by advanced use of IT and the optimum IT service industries to support this society, and will also provide advice on the qualities needed in the IT personnel that will realize these goals.
- NRI plans to consider promoting initiatives such as education and training on IT and human resource development in order to make the IT service industry more attractive.



ITと新社会デザインフォーラム 2010
日本が変わる。ITが創る。

Nikkei Business Daily, December 9, 2009

「ITと新社会デザインフォーラム 2010」概要

- ◆開催日時 2010年2月26日(金) 13:30-16:45 (開場 12:30)
- ◆開催会場 品川インターシティホール
- ◆参加費 無料

プログラム [詳細を見る▶](#)

提
言

「ITと変貌する社会インフラ」

株式会社野村総合研究所 三浦 智康

「新たなIT人材像とITサービス産業の変革を目指して」

株式会社NTTデータ経営研究所 三谷 隆一郎

対
談

「ITサービス産業の未来に向けて」

株式会社NTTデータ 代表取締役社長 山下 徹
株式会社野村総合研究所 代表取締役会長兼社長 藤沼 彰久
モデレーター 福島 敦子氏 (キャスター・エッセイスト)

Others - Branding Activities

Forum



New Year Forum 2010 Osaka(Jan. 21, 2009)
Tokyo (Jan. 22, 2009)



Attended Nomura Investment Forum 2009
(December 3, 4, 2009)



Briefing for Individual Investors
Tokyo(Dec. 15, 2009)

Publications



Nikkei Business Publications

Toyo Keizai



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