

Information regarding CSR, R&D, and corporate governance, along with detailed financial data of the NTT DATA Group, is available at the following websites:

▶ [CSR \(Corporate Social Responsibility\)](http://www.nttdata.com/global/en/csr/)  
<http://www.nttdata.com/global/en/csr/>



▶ [NTT DATA Technology Foresight](http://www.nttdata.com/global/en/insights/foresight/)  
<http://www.nttdata.com/global/en/insights/foresight/>



▶ [Investor Relations](http://www.nttdata.com/global/en/investor/index.html)  
<http://www.nttdata.com/global/en/investor/index.html>



■ [Corporate Governance Report](http://www.nttdata.com/global/en/investor/library/cg-report/index.html)  
<http://www.nttdata.com/global/en/investor/library/cg-report/index.html>  
■ [Notice of Convocation of the 28th Ordinary General Meeting of Shareholders](http://www.nttdata.com/global/en/investor/shareholders-meeting/pdf/2016/web28_e.pdf)  
[http://www.nttdata.com/global/en/investor/shareholders-meeting/pdf/2016/web28\\_e.pdf](http://www.nttdata.com/global/en/investor/shareholders-meeting/pdf/2016/web28_e.pdf)

**NTT DATA Corporation**

Toyosu Center Bldg., 3-3, Toyosu 3-chome,  
Koto-ku, Tokyo 135-6033, Japan  
Telephone: +81-3-5546-8202  
URL: <http://www.nttdata.com/>

NTT DATA CORPORATION ANNUAL REPORT 2016

# Global IT Innovator



# Our Way

## The NTT DATA Group's Mission

### Mission Statement

Portrays NTT DATA's mission and reason for existence while serving as a foundation for management

**NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society.**

### Employee Creed

Sets forth policies and action guideline to which all of our employees should adhere

1. We will do our utmost to serve our customers.
2. We will meet the challenges of our work with an active and positive spirit.
3. We will create a vital and vibrant company.

Criteria that guides our daily actions with regard to ethics, laws, regulations, etc.

## Global Compliance Policy\*

### Principles

- Comply with all relevant laws and regulations of the jurisdictions where we do business, including international laws, and act in accordance with good integrity.
- Be aware of our corporate social responsibility, and perform fair and transparent business activities.

**Clients First**  
**Foresight**  
**Teamwork**

## Pursuing Our Mission in a Changing Business Environment

### Group Vision

Indicates where NTT DATA aims to be in 10 years

## Global IT Innovator

**We realize the dreams of our clients around the world through long-term relationships.**

**We develop evolving ecosystems with our clients through leading-edge technologies.**

**We enhance our creativity by respecting diversity.**

### Values

Expresses what is most important for the realization of our Group Vision



For details on "Our Way," please visit our website.  
<http://www.nttdata.com/global/en/about/corporate/mission/index.html>

\* For details on our Global Compliance Policy, please visit our website.  
<http://www.nttdata.com/global/en/about/corporate/mission/policy.html>

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The names of other companies, products, services, etc., are the trade names, trademarks, or registered trademarks of the companies concerned.

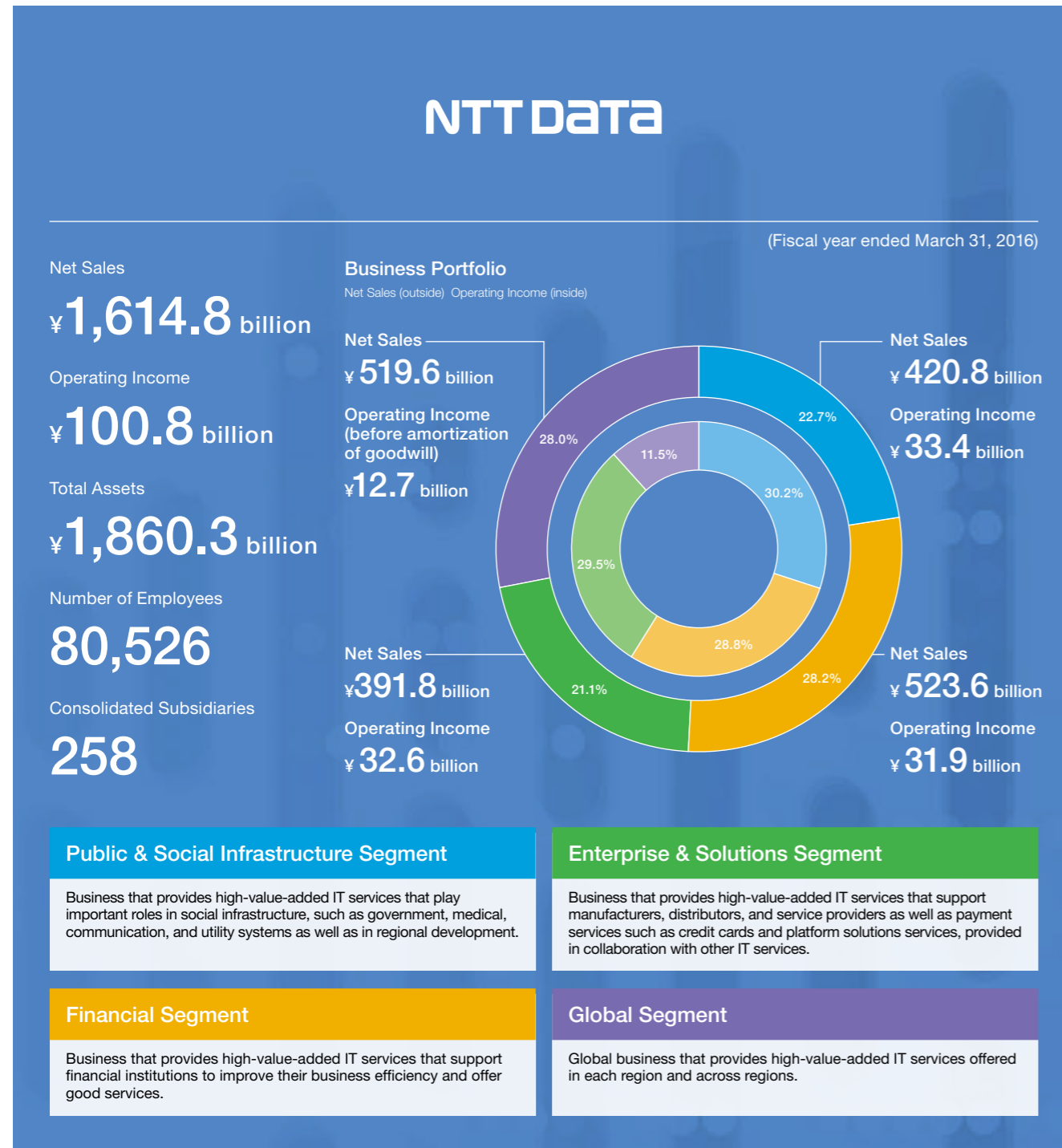
### Cautionary Statement Regarding Forward-Looking Statements

This annual report contains forward-looking statements concerning the NTT DATA Group's future plans, strategies, and performance. These forward-looking statements are not historical facts; rather, they represent assumptions and beliefs based on economic, financial, and competitive data currently available. Forward-looking statements include information preceded by, followed by, or that include the words "predicts," "expects," "anticipates," "could," "may," or similar expressions. Furthermore, they are subject to a number of risks and uncertainties that, without limitation, relate to economic conditions, fierce competition in the information service industry, client demand, tax rules, regulations, and other factors. Readers of this annual report are cautioned not to place undue reliance on these forward-looking statements. The NTT DATA Group therefore wishes to caution readers that actual results may differ materially.

# Our Businesses

## The NTT DATA Group, a Provider of IT Services

As leading specialist provider of IT services, the NTT DATA Group offers high-value-added IT services in a wide range of business fields.



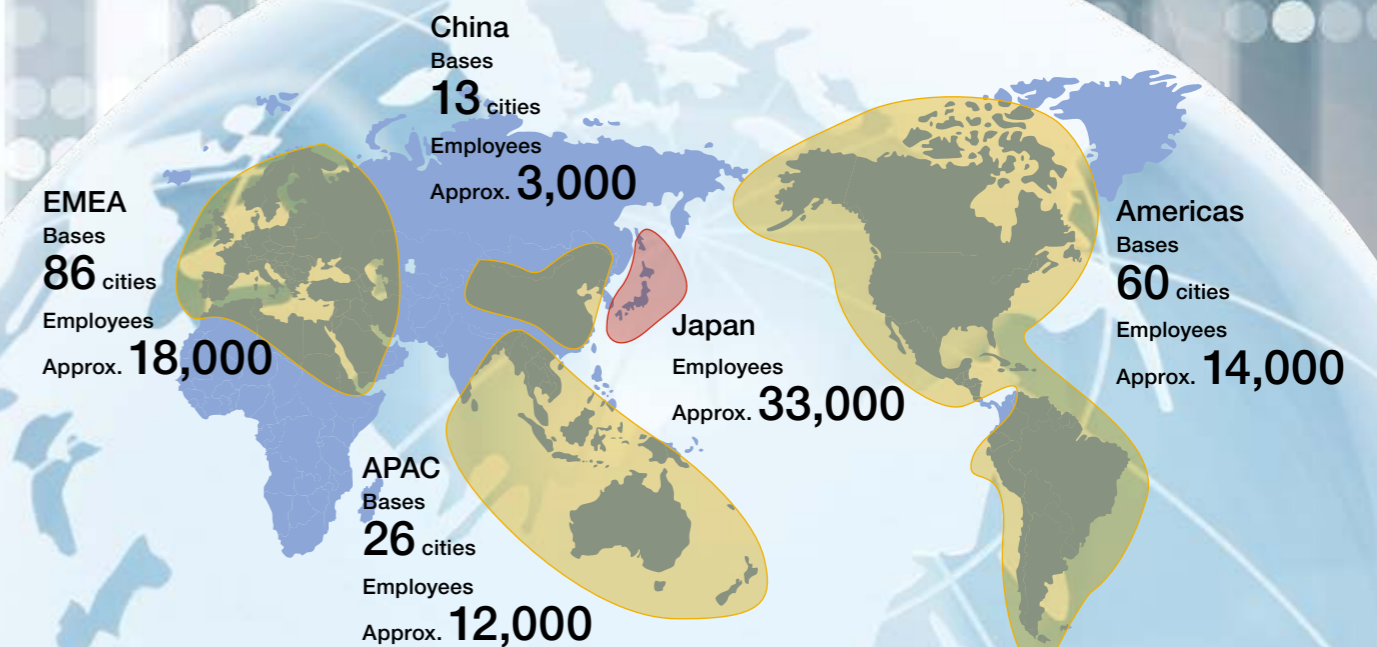
## A Growing Range of Business Fields

We are expanding our fields of business on a foundation of customer relations and technological capabilities.



## Increasing Geographic Coverage (As of March 31, 2016)

The NTT DATA Group, comprising an organization that encompasses 185 cities in 45 countries and regions and some 80,000 people, is reinforcing its ability to provide support for global companies.



# Our Strengths

## The Three Strengths We Have Honed

### The Values at the Origin of Our Strengths

#### Clients First

First, and above all else, we place the needs of our clients. We work continuously to understand your business and we strive to resolve every concern to your satisfaction. We feel responsibility to ensure your success and we let this obligation set the direction of our work and guide our actions.

#### Foresight

We never settle for the status quo. Instead, with speed and foresight, we anticipate challenges that lay ahead. We consider the future of IT as well as the future of your business, work to enhance our ability to picture the future, and with our ecosystems, adapt to the changing business environment. In this way, we help you to meet your goals and create a brighter future for society.

#### Teamwork

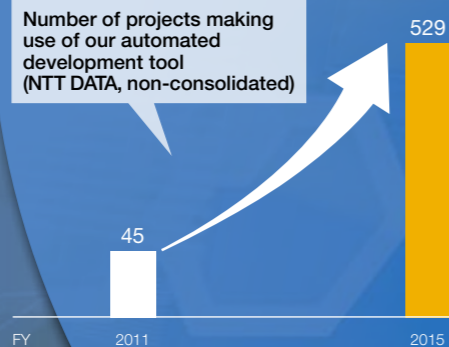
We put great importance on enabling our employees to achieve their best through their work with each other. We believe that when a diverse group of individuals brings their unique world views together, shares their wisdom, and works toward a common goal, the results are extraordinary and far beyond what can be achieved by any one person.

### Strength

## Applied Innovation

Companies today have an increasing sense of urgency to effectively respond to constant change in their markets amidst growing competitive pressures. With a dedicated focus on applied innovation, NTT DATA offers clients proven technologies, business processes, and tools infused with industry insights. In today's continually disruptive business environment, NTT DATA invests in global innovation that helps clients quickly harness the disruptors with cutting-edge solutions that drive growth.

### By Making Every Effort to Automate Software Development, Achieving Dramatic Increases in Productivity



FY

45

2011

529

2015

### Strength

## Committed to Delivering Excellence

We have taken part in a number of large-scale system developments to date, such as national projects. We also provide optimal services from a client-first perspective. Our track record of long-term, stable service provision has enabled us to build up a solid client base—a hallmark of our reliability.



### Verification of Reliability

In 1993, we won the Deming Prize\*, becoming the first company in the information services industry to earn this award for augmenting performance through quality control.

\* The top-ranking award for total quality management (TQM)

### Social Infrastructure Support

We support social infrastructure on an ongoing basis, as is demonstrated by our extensive record of system configuration in the Public and Social Infrastructure and Financial sectors. In 2004, we launched an integrated ATM switching service that enabled financial institutions to use each other's ATMs without the need for dedicated systems.



## Specific Strengths

Leading-edge technologies obtained through NTT's R&D activities

A solid client base cultivated over a long period (long-term relationships)

Ongoing service provision over the full lifecycle

A track record in the configuration of large-scale, mission-critical systems, such as for national projects

A robust financial base

As a multi-vendor, provision of the world's best services and products

Production technology innovation efforts, such as the automation of software development

Sophisticated development and operation methods that are globally consistent, along with highly specialized human resources to implement them (project management capabilities)

Understanding of clients' business, application expertise

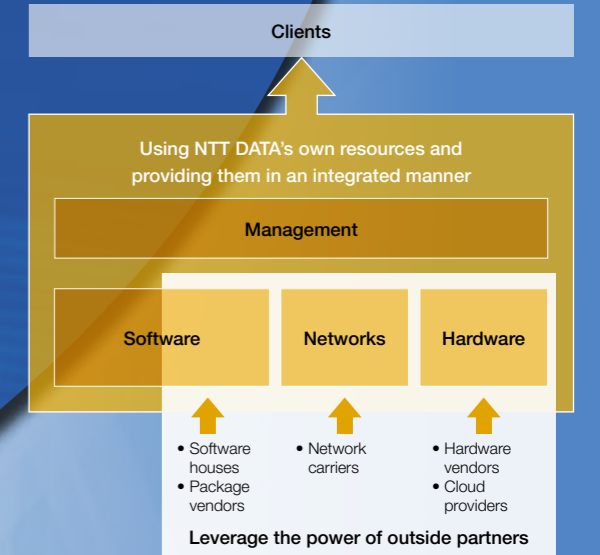
Creation of services through open innovation initiatives, such as "NTT DATA Technology Foresight," our vision for the future, and "Toyosu-no-Minato-kara"

### Strength

## Technology Agnostic

Being a multi-vendor that is not reliant on specific hardware and software products allows us to maintain our flexibility. At the same time, our pursuit of advanced IT technologies enables us to provide the IT services best suited to our clients.

### Using Proprietary Resources and Leveraging the Power of Outside Partners



# Our Growth Model

A Business Model Targeting Sustained Earnings Growth

<p><b>Human Resources and Organizational Capabilities</b></p> <p>Employees working overseas Employees</p> <p><b>50%</b> or more More than <b>80,000</b></p> <p>Worldwide off-shore and near-shore development personnel SAP consultants</p> <p>More than <b>20,000</b> More than <b>9,000</b></p>	<p><b>Client Base</b></p> <p>Number of clients with annual sales of ¥5.0 billion or more (Japan) or US\$50 million or more (outside Japan)</p> <p><b>50</b></p>
<p><b>Business Infrastructure</b></p> <p>Number of countries and regions in which we have offices</p> <p><b>45</b></p>	<p><b>Technology</b></p> <p>Leading the big data era as a Hadoop developer company</p> <p><b>4<sup>th</sup></b> worldwide</p> <p>Evaluation report published by HfS Research of the United States HfS Blueprint 2016<sup>2</sup>: Success Factors Services</p> <p><b>Highest ranking</b></p> <p>Obtained "Winner's Circle" rating</p> <p><sup>2</sup>. Application Testing Services</p> <p><b>NTT Group the first Japanese company to receive award</b></p> <p>Received the OpenStack Superuser Award from the OpenStack Foundation</p> <p>Cloud professional services vendor assessment report by IDC, of the United States</p> <p>Assessed as <b>a top-level "leader"</b> in IDC MarketScape: Worldwide Cloud Professional Services 2016 Vendor Assessment</p>
<p><b>Partners</b></p> <p>Global Services Partnership concluded with SAP SE</p> <p>Number of companies certified under the business partner system<sup>1</sup></p> <p><b>NTT DATA Group the first Asian company to be an SAP service partner</b></p> <p><b>148</b></p> <p><sup>1</sup>. A certification system NTT DATA employs to build positive relationships with external suppliers</p>	<p><b>Brand (Product Quality)</b></p> <p>Global IT service ranking (Net sales) CMMI certification</p> <p><b>10<sup>th</sup></b> <b>Level 5</b> (the highest level)</p>
<p><b>Financial Base</b></p> <p>Japan Credit Rating Agency, Ltd. (JCR) Rating and Investment Information, Inc. (R&amp;I)</p> <p><b>AA+</b> <b>AA</b></p>	<p><b>NTT DATA's Management Resources</b></p>

**Achievable through Our Three Strengths**

- ▶ In addition to our own sophisticated solutions, we incorporate a wide range of products and technologies from around the world to make proposals and configure the systems that are best for our clients.
- ▶ We provide high-quality services on a steady basis that respond to market and client changes.
- ▶ We utilize IT to co-create new business models with our clients.
- ▶ We bring together the numerous vendors necessary to provide social infrastructure systems and achieve business developments across the industry.
- ▶ We invest proactively, based on financial soundness.
- ▶ We strive to move away from the labor-intensive industry model.

Mission Statement

NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society.

Contributing to Client Value Creation and Becoming a Business Partner for Our Clients through the Provision of IT Services



## Differentiating the Company through Three Strengths

While maintaining and enhancing our management resources over the long term and by combining our strengths, NTT DATA provides IT services that contribute to client value creation.

We have acquired the ability to respond to changes in the environment and client needs, based on a corporate culture that puts clients first and by providing the services that are optimal for our clients on a sustained, long-term basis.

Because this corporate culture is firmly entrenched among numerous human resources, the Company is highly durable but at the same time difficult to emulate.

# The Strategy Logic Map

To help readers understand the logic of our growth strategies (the new Medium-Term Management Plan of “NTT DATA: ASCEND—Rise and grow our global brand”), we have taken an integrated approach to explain the external environment that forms the basis for strategic formulation, the strengths and management resources that are the structural elements of our business model, and the connection between our financial and capital strategies and our growth strategies.

## Medium-Term Management Plan and the Environment in Which the Company Operates

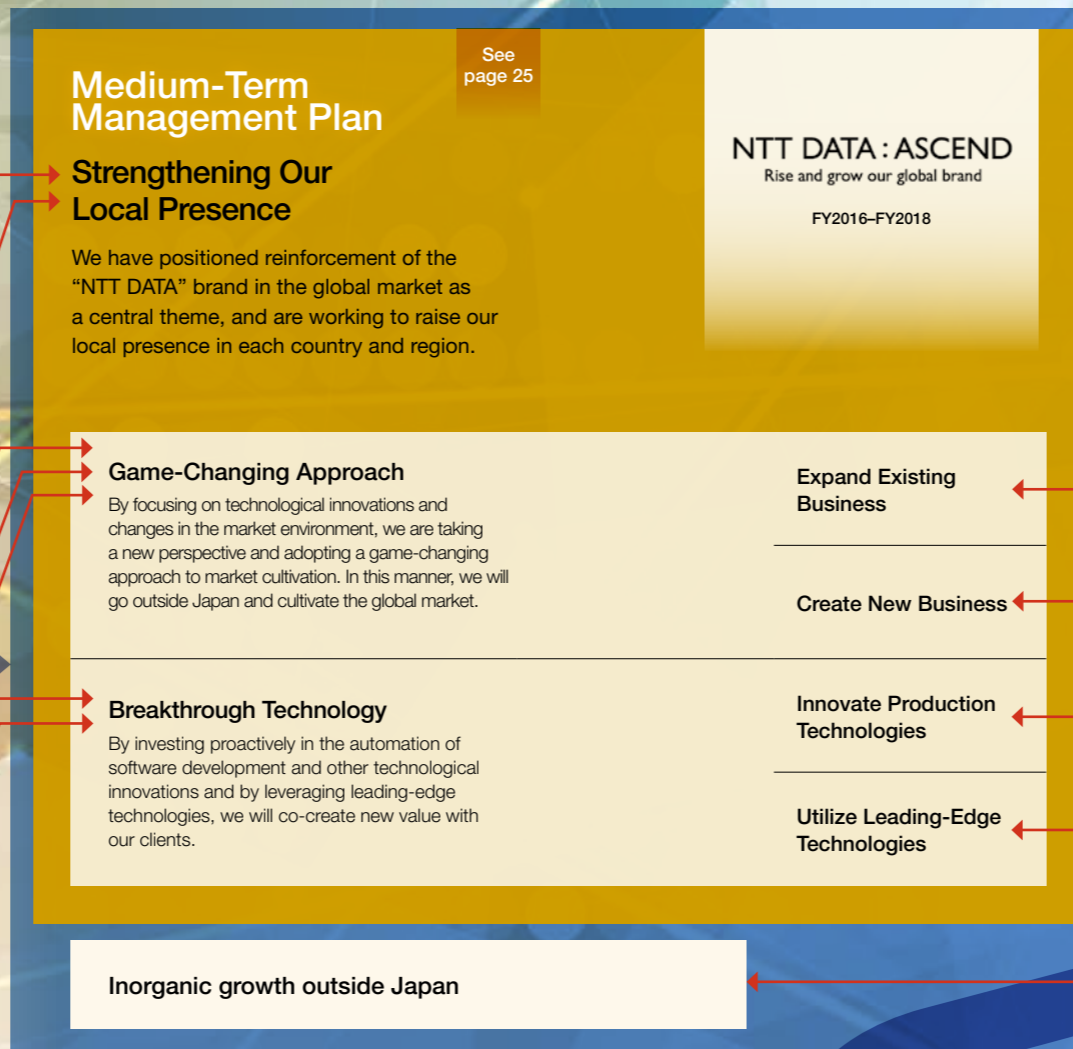
We took the following environmental factors into account as background for formulating our Medium-Term Management Plan.

Environment in Which the Company Operates	Necessary Company Initiatives
The expanding global IT market and our presence	<ul style="list-style-type: none"> <li>The rate of growth in the global IT market is forecast to exceed that of the Japanese market. Accordingly, we need to promote a global strategy rather than relying on Japanese domestic business.</li> <li>To increase the number of opportunities to pitch on large-scale projects that will create added value at a global level, we need to raise our level of recognition in key regions around the world.</li> </ul>
Growing level of uncertainty in society and the IT sector	<ul style="list-style-type: none"> <li>The external environment is uncertain, but by expanding our business portfolio we will be able to respond to a variety of client needs and stabilize our operating performance.</li> </ul>
Rising tendency for companies to take a proactive approach to IT	<ul style="list-style-type: none"> <li>Leveraging leading-edge technologies will augment the need for transformation within client businesses themselves.</li> <li>Customized applications are growing more important, so we need the developmental capabilities to respond to this change.</li> </ul>
Increasingly stringent competitive environment (India, emergence of vendors formed by former consultants, encroachment by companies from other industries)	<ul style="list-style-type: none"> <li>We need to provide high-value-added business by accumulating and sharing expertise globally.</li> <li>Automating development should enable us to move away from a labor-intensive development model, and we need to reinforce our cost competitiveness by creating a global delivery system.</li> </ul>

## Medium-Term Management Plan and Financial and Capital Strategies

NTT DATA is implementing financial and capital strategies in accordance with its growth strategies (the new Medium-Term Management Plan).

- ▶ Investment profitability management of business investments necessary for sustainable growth going forward
- ▶ Appropriate maintenance and management of the Company's financial foundation, with the debt-to-equity (D/E) ratio as an important indicator
- ▶ Stable dividend payments



## Medium-Term Management Plan and Strengths

See page 4

We will pursue our Medium-Term Management Plan by combining our three strengths.

- Make high-value-added proposals that leverage the client operational expertise gained from a strong client base
- Make use of our deep industry understanding to make proposals that cut across sectors

**Committed to Delivering Excellence**

- Engage in M&As with a robust financial base

Connectivity

- Combine various strengths, such as a solid client base, the ability to elicit the issues and needs of society and our clients, and leading-edge technologies

**Technology Agnostic**

- Offer automation technologies, circulate development knowledge globally, and make platforms cloud-compliant

**Applied Innovation**

- Generate services by combining leading-edge technologies with open innovation initiatives

## Medium-Term Management Plan and Management Resources

See page 42

By pursuing our Medium-Term Management Plan, we will reinforce our management resources.

Management Resources (Effects and Successes of Efforts under the Medium-Term Management Strategy)	
A Focused Expansion of Overseas Management Resources	
<b>Client Base</b>	<ul style="list-style-type: none"> <li>• Increase global accounts (multinational companies as clients)</li> <li>• Create long-term relationships with local accounts</li> </ul>
<b>Human Resources and Organizational Capabilities</b>	<ul style="list-style-type: none"> <li>• Retaining and developing a variety of high-level, professional human resources Aiming to increase the number of diverse and sophisticated human resources to drive global business, our game-changing approach, and technological innovation.</li> </ul>
<b>Brand</b>	<ul style="list-style-type: none"> <li>• Establish a global brand</li> <li>Rank in the top 10 in major countries and regions</li> <li>Be recognized as a business partner to client companies</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• Improve competitiveness through development knowledge sharing on a global level</li> <li>• Create new businesses using cutting-edge technologies</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>• Maintain and strengthen partnerships with cloud vendors, software vendors, hardware vendors, and other companies to enhance our resources and solutions</li> </ul>
<b>Finances</b>	<ul style="list-style-type: none"> <li>• Increase our source of funds to invest by boosting earnings</li> <li>• Maintain an AA credit rating</li> </ul>



## Pursuing Growth as a Global Brand on Our Way to Becoming a Global IT Innovator

Having delivered the targets set out under our previous Medium-Term Management Plan, and reached the Global 1<sup>st</sup> Stage, we are now establishing ourselves as a global brand and moving boldly forward to become a Global IT Innovator.

**Toshio Iwamoto**

President and  
Chief Executive Officer

### ▶ Becoming a Global IT Innovator through a Path of “Discontinuous Innovation”

IT advances at a mind-boggling pace, fueled by three key technologies: CPUs, data storage, and networks. The exponential growth of these technologies has caused a paradigm shift that is nothing short of “discontinuous innovation.” The NTT DATA Group has always pursued discontinuous innovation.

In 1988, the year in which we split from NTT and became independent, we had net sales of slightly more than ¥220 billion, and depended mostly on Japanese domestic business. In the fiscal year ended March 31, 2016, net sales exceeded ¥1.6 trillion. Our overseas sales ratio has reached roughly 30%, and our operations now span 185 cities across 45 countries and regions around the globe. Rather than being content with past growth trajectories, I attribute this expansion to our tireless efforts to transform ourselves in our pursuit of discontinuous innovation.

Our turning point came in the early 2000s. At the time, candid discussions about NTT DATA’s future were taking place internally.

Given Japan’s demographic challenges of a population decline and an aging society combined with a falling birthrate, there was no doubt that the domestic IT market would shrink. Also, room for further growth was limited in the domestic financial and public sectors, where we already held a top market share. IT markets outside Japan, on the other hand, were projected to grow substantially. We felt a sense of crisis, as we could not expect sustainable growth with our domestic business alone, so we resolved to quickly globalize.

Our vision of becoming a Global IT Innovator is built on leveraging leading-edge technologies to transform IT, helping clients to transform business models while also transforming ourselves. We will continue to take actions based on this thinking.

#### Group Vision and Values

##### Group Vision

Indicates where NTT DATA aims to be in 10 years

## Global IT Innovator

We realize the dreams of our clients around the world through long-term relationships.

We develop evolving ecosystems with our clients through leading-edge technologies.

We enhance our creativity by respecting diversity.

##### Values

Expresses what is most important for the realization of our Group Vision

**Clients First**

**Foresight**

**Teamwork**

## Becoming a Company that Can Provide Diverse IT Services Worldwide

NTT DATA started to globalize itself because leading Japanese companies in the manufacturing and other sectors already had operations overseas and needed support worldwide—not just in Japan. We, on the other hand, could not serve such clients at that time as we had few overseas operations except for some offshore development centers in China and other locations. Therefore, we needed to expand our geographic coverage, with a focus on M&A activities first. We decided to choose target companies based on three criteria: an excellent customer base, the ability to generate synergies and contribute to the Group's profitability, and affinity in terms of corporate culture.

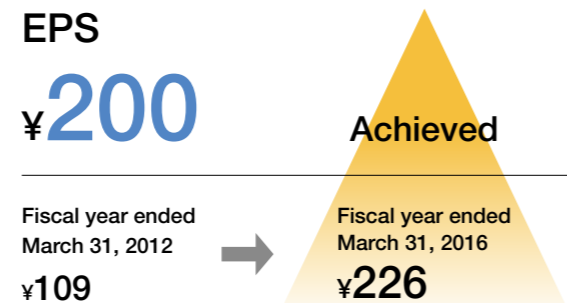
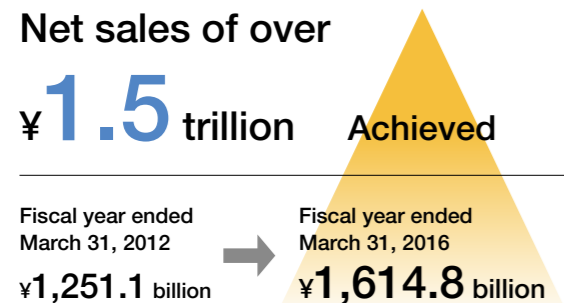
Starting with the 2005 acquisition of U.S. system integrator The Revere Group, we acquired itelligence in 2008, a company that had strong SAP capabilities, and also welcomed into our Group Cirquent, an IT subsidiary of the BMW Group, thereby laying the groundwork for us to provide services in Europe and the United States. In 2010, we completed our acquisition of Intelligroup, a U.S. company that had a lineup of ERP tools and vertical-specific solutions. We also invested approximately ¥100 billion in purchasing IT services firm Keane. We have continued with our M&A strategy to increase our global coverage and build up our customer base. As a result, our overseas operations

generated ¥200 billion in the fiscal year ended March 31, 2012, exceeding our initial figure by more than 20 times, while the number of Group companies outside Japan increased to 138.

At that stage, we needed to eliminate geographical overlaps in the diverse bases we had acquired to enhance further synergies. To that end, in the fiscal year ended March 31, 2013, we reorganized and consolidated our overseas Group companies, unifying brands under the NTT DATA brand in order to create brand recognition and made our foray into the global market.

We launched our "One NTT DATA" structure under our previous Medium-Term Management Plan, the four-year plan covering the period up to the fiscal year ended March 31, 2016. This plan set out numerical targets of at least ¥1.5 trillion in net sales, earnings per share (EPS) of ¥200, and an overseas sales ratio of 25% based on a policy to transform ourselves from the largest system integration-oriented corporation in Japan to a company capable of efficiently providing diverse IT services worldwide. To achieve these goals, we concentrated on three focus areas: expansion of new fields and the reinforcement of product competitiveness through a game-changing approach and strategic R&D; expansion, enhancement, and reinforcement of global business; and the pursuit of overall optimization.

### Targets Set Under the Previous Medium-Term Management Plan Achieved



## Expansion into New Business Fields and the Reinforcement of Product Competitiveness through a Game-Changing Approach and Strategic R&D

Sometimes when you encounter difficulties breaking into a market, you can carry those negative perceptions forward. However, as time passes and conditions change, you are able to look at the market afresh and find a path to enter new business fields. We call this a "game-changing approach." Based on this philosophy, we focused on increasing our share in existing markets and accessing new fields. A particular area of focus was an enterprise sector in which our share remains small but in which we can expect significant growth.

Our game-changing initiatives started to yield visible results. During the period of our previous Medium-Term Management Plan, we achieved a 1.6-fold increase of the number of clients with annual sales of ¥10 billion and over, steadily expanding our customer base. In the enterprise sector, in particular, we succeeded in entering new markets by taking advantage of deregulation and technological advances. Examples include winning

a project to manage operations of smart meters by identifying opportunities just as the electricity retail market was deregulated. Another example was the launch of "omni7," an e-commerce (EC) site integrating various channels for the Seven & i Group.

In strategic R&D, we continue to invest in technologies to automate software development in order to improve delivery time, quality, and cost. The TERASOLUNA Suite, a set of our automated software development tools, has enabled the seamless automation of processes from a phase before defining requirements through to designing, coding, and testing phases. We set an internal rule to use this suite for all applicable projects in Japan from the fiscal year ended March 31, 2016, allowing us to reduce time to deliver, while assuring quality. Going forward, we will continuously promote this to innovate how we work in the IT services sector, as this is considered a labor-intensive industry.

## Global Business Expansion through "One NTT DATA"

Even after introducing the One NTT DATA framework, the NTT DATA Group continued to further expand its geographic coverage through proactive M&As. Through the 2013 acquisition of the everis Group, we established a business foundation in Spain and Central and South America. The acquisition in 2015 of the Carlisle & Gallagher Consulting Group, which has strength in upstream consulting to financial institutions, greatly augmented our capabilities in North America.

This growth in global coverage led to a steady increase in orders. Our impressive track record with projects for the National Diet Library in Japan and advanced technologies such as our digital archive service AMLAD\* (Advanced Museum Library Archives Deposit) were highly valued, and contributed to us winning an order to digitally archive the Vatican Apostolic Library in 2014. This was followed by a win of the digital archive project for Spain's National Heritage, which is a state institution

responsible for conserving the legacy of the Spanish Crown, creating a virtuous circle of a successful order leading to another.

In 2015, we were selected by a global automobile manufacturer and concluded a multi-year contract to operate and maintain an ERP system that consolidates ordering and stock management, while undertaking the development of additional systems as a strategic business partner. The deciding factor in winning this project was our ability to secure SAP professionals for multiple IT support locations across the globe deployed by the client. In other words, a broader geographic coverage contributed to winning this project. Every example of this sort was a result of the One NTT DATA framework, enabling us to beat out a lot of eminent global IT players and win clients that we had not even been given a chance to present to before.

\* AMLAD is currently offered only in Japan.



## All Targets Set Out under the Previous Medium-Term Management Plan Achieved, Yet Challenges Remain

In addition to the “Expansion of New Fields and Reinforcement of Product Competitiveness” and “Expansion, Enhancement, and Reinforcement of Global Business,” we addressed the third focus area, “Pursuit of Overall Optimization,” through the standardization and consolidation of Group back-office functions. This effort succeeded in reducing administrative costs by ¥10 billion compared with the fiscal year ended March 31, 2012. As a result of our steady efforts in these focus areas, we increased our performance against all measures including new orders received, net sales, and profit figures for the fiscal year ended March 31, 2016, the final year of the previous plan, and achieved our targets of net sales of over ¥1.5 trillion and EPS of ¥200. Net sales exceeded ¥1.6 trillion, marking growth for the 27th consecutive year since we became independent, and our overseas sales ratio rose to 32.2% (overseas sales of ¥519.6 billion) with EPS reaching ¥226.

Nonetheless, certain issues remained. One issue was unprofitable projects. In the fiscal year ended March 31, 2014, the impact of unprofitable projects on operating income exceeded ¥30 billion. To prevent unprofitable projects, we established the Project Review Committee, which reports directly to the

president and screens projects worth ¥2 billion or more involving new clients, technologies, or business sectors. The Committee functioned effectively, but unprofitable projects still totaled more than ¥15 billion in each of the fiscal years ended March 31, 2015 and 2016. Given this situation, we will work harder to reduce unprofitable projects by broadening screening criteria.

Another important management issue is to increase the profitability of our global business. During the fiscal year ended March 31, 2016, operating margin before the amortization of goodwill remained at 2.4% in the Global Segment, lower than that of our domestic business. Market structures and business models differ from one to another, so while some countries are capable of securing profitability on par with that of Japan, others will find it difficult to do so. However, as a whole, I believe we need to raise our operating margin before the amortization of goodwill to at least 5%. The key to achieving this is to focus on raising our brand recognition.



## Enhancing Our Local Presence

To some extent, we have achieved an increased geographic coverage to provide services, but in reality our sales ranking remains low in many countries. We are within the top 10 in Spain, Italy, and Germany, but we are ranked 40th in the United States—whose IT services market is four times the size of Japan’s—illustrating that brand recognition of the NTT DATA Group is still low.

Going forward, we will look to increase our business by serving multinational companies, as represented by those listed in the Fortune Global 500. We will make efforts to be recognized by these companies as their business partner and win more large-size, high-value-added projects in order to bolster the profitability of our overseas business. We need to become one of the top 10 in sales in each market, so that we will be recognized by the world’s top CEOs, CIOs, and CTOs. Accordingly, in addition to organic growth in individual regions, I believe we will need to continue a certain level of M&A activity in North America and Europe.

Increasing the Company’s brand recognition means more than just being “known.” Our brand starts to be noticed only when clients see our services as being of value. IT services markets differ significantly by country and region. In Japan, for example, a client tends to procure some 70–80% of IT engineers from IT services providers, while around 70–80% of IT engineers are internal, client-side people in the United States. For this reason, the whole comprehensive services from upstream to maintenance are commonly provided by IT vendors in Japan, whereas in the United States IT vendors tend to provide only some portion of services in the form of, for example, IT outsourcing or BPO. As you can see, the things clients value are completely different, suggesting that simply applying best practices in Japan does not lead to success elsewhere. We will need to build an optimal business model to win more customer loyalty in each country by harnessing synergies generated across our resources around the globe and enhancing our capability to provide services.

## New Medium-Term Management Plan: Toward the Global 2<sup>nd</sup> Stage

Having reached the Global 1<sup>st</sup> Stage, we will now move on to the Global 2<sup>nd</sup> Stage of building our global brand. Based on the issues I mentioned earlier, strengthening our local presence plays a core part of our strategy. We have named this strategy “NTT DATA: ASCEND—Rise and grow our global brand.” As it suggests, it is our intention to increase our brand value and transform NTT DATA into a global brand in order to drive further growth.

Our first core strategy is to take a game-changing approach. Capitalizing on dramatic changes happening in the global market, we will roll out this approach outside Japan, despite its focus to date being mainly on the domestic market. As to the existing markets, we aim to build the best business model suitable for each market based on three dimensions: “countries / areas,” “business domains/sectors,” and “solutions.”

Meanwhile, we will further step up our efforts to innovate production technologies and spark new ideas and technologies. We will continue to aggressively invest in automated software development to innovate production technologies. At the same time, we will apply these technologies more widely to our projects to differentiate ourselves by improving productivity, delivery time, and costs. Furthermore, we will promote automated technologies not only in Japan but also in the global market. We will also accelerate creating new markets from a global perspective by leveraging emerging technology trends such as virtual reality (VR), the Internet of Things (IoT), artificial intelligence (AI), and robotics. For creative ideas coming from clients, who are the

experts of their businesses, we will share leading-edge technologies around the world in order to co-create new mechanisms and businesses. This “co-creation” is the very reason why we publish NTT DATA Technology Foresight, in which we are able to share the emerging societal and IT trends that we anticipate in the near future. Through such initiatives, we aspire to continually create new markets.

While focusing on growth, we will stay mindful about the AA rating given by credit rating institutions, as we expect to close a large-scale overseas deal in the future, and make efforts to ensure sound financial ground by controlling our debt-to-equity (D/E) ratio.

diversity is the wellspring of innovation. By sharing these three values among our employees across the globe, we will work together throughout the Group to achieve corporate transformation.

We are living in an era in which no business can survive unless it cares for society and the environment. Ever since the

foundation of NTT DATA, we have made progress by instilling the corporate philosophy in our management strategies as well as embedding it in every business activity, with a sense that the Company works for the public benefit.

## Sustained Development Ingrained in Our Corporate Philosophy

The IT industry has often been described as a highly uncertain market with a rapid rate of technological innovation, and now IT is driving innovation in every business domain and sector. This implies that not only the IT services market but other industries also face a competitive landscape with a high degree of uncertainty, making it hard to predict what the market will look like even in a few years' time.

As we pursue our path into this unpredictable future, our corporate philosophy serves as a clear and universal guideline for us to achieve sustainable development with clients.

For example, around 30 years ago we began providing the “CAFIS” service. This service offered greater benefits for society by integrating the individual credit card readers that had been required for settling payment with each card-issuing company into a single unit. We have used IT to create a number of other infrastructures that were required in society as well, such as “Integrated ATM,” which inter-connects ATMs and enables the use of cash cards at other banks, and the “ANSER” automation service for financial institutions. These developments have been essential to realizing our Mission Statement, that “NTT DATA uses information technology to create new paradigms and

values, which help contribute to a more affluent and harmonious society.” Inherent in the phrase “help contribute to a more affluent and harmonious society” is our basic stance that we will not use our technologies for work that disturbs the harmony of society. No matter how much society changes, our responsibility is to create what makes the world a better place in each era using the leading-edge technologies of the day. Therein lies the path to continuous corporate development.

To help our employees internalize this corporate philosophy—along with our Group Vision as a Global IT Innovator—in 2013 we defined “One Way” as our underlying philosophy. It identifies the core values that we live by to fulfill our Group Vision. The first value, “Clients First,” aims to create innovation through collaboration by building long-term relationships with our clients. The second value is “Foresight,” meaning that amid dramatic technological innovation we always keep our eyes firmly on the technologies of the future and anticipate how we should help clients shape business models to adapt to this changing business environment. “Teamwork” describes our belief that when every employee achieves individual aspiration, it will lead to a collective force for NTT DATA's development. We are also convinced that

## Taking On the Challenge of “Discontinuous Innovation” Anew

In IT, innovation is relentless. Its exponential growth has made “digital” a byword of the times, but “digital” and “analog” are not antonyms. Digital is the fusion of SMACS (social, mobile, big data analytics, cloud, and security) and IoT. We are in an age where all manner of devices are equipped with network functionality and move autonomously, and where business model transformation is breaking down boundaries in a variety of industries. The emergence of Fintech is a perfect example.

Major paradigm shifts such as these create a host of opportunities in the IT business, but could also stop growth for players that might be swallowed up by dramatic change.

Going forward, every industry is likely to undergo significant structural change. In the process, the value people expect from

IT will continue to transition from what it used to be. The recent trend of growing preemptive IT spending “to transform business and create new business models” is one such signal.

In this digital age, innovation cannot happen without the power of IT. Creating new business models for clients does mean that we build applications that enable such models.

The NTT DATA Group has the competencies to create applications and business models for clients. By leveraging this strength, we will differentiate ourselves from our competitors throughout the world, taking on the challenge of a new type of “discontinuous innovation.”



# Toward the Global 2<sup>nd</sup> Stage

NTT DATA launched initiatives focused on the Global 2<sup>nd</sup> Stage based on the new Medium-Term Management Plan “NTT DATA: ASCEND—Rise and grow our global brand” (from the fiscal years ending March 31, 2017 to 2019). After reviewing achievements under the previous Medium-Term Management Plan (from the fiscal years ended March 31, 2013 to 2016), including issues that must be overcome, the direction of the new strategy will be explained. [▶For details on the Global 2<sup>nd</sup> Stage, please see page 25.](#)



## Global 2<sup>nd</sup> Stage

### Global IT Innovator

### IT Partner Strategy

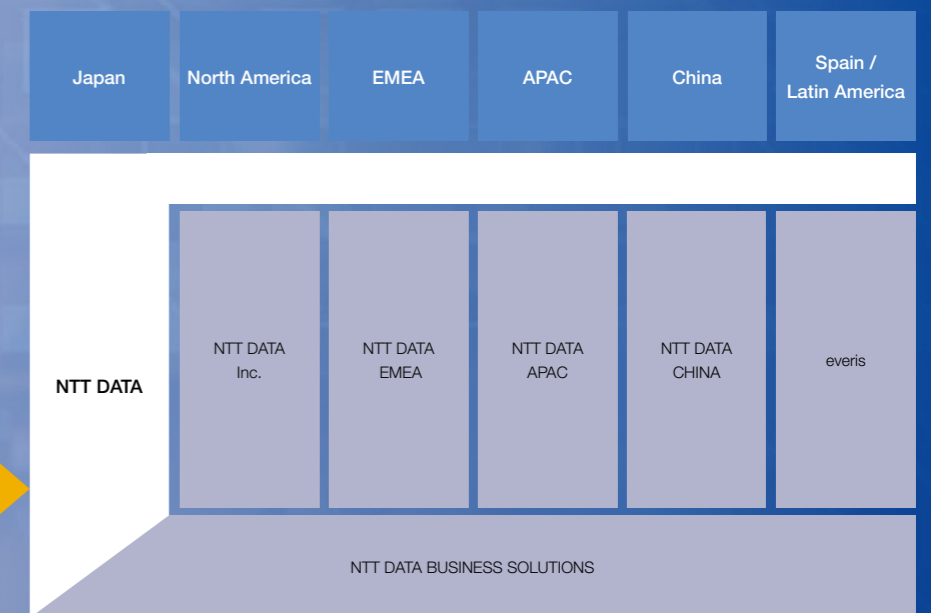
- NTT DATA (non-consolidated) net sales
- Domestic Group companies net sales
- Overseas Group companies net sales



### Establishing the “One NTT DATA” Structure

With the aim of strengthening the “NTT DATA” brand presence overseas, in 2011 we began integrating and restructuring overseas Group companies and integrating brands, establishing the “One NTT DATA” structure and promoting the previous Medium-Term Management Plan.

#### “One NTT DATA” Structure



# Previous Medium-Term Management Plan Achievements

In terms of net sales, the ¥1.5 trillion target was achieved one year earlier than planned in the fiscal year ended March 31, 2015, and in the fiscal year ended March 31, 2016 net sales surpassed ¥1.6 trillion. In the fiscal year ended March 31, 2016, EPS grew to ¥226, meeting the plan's target. We were also able to surpass the targets for overseas sales and overseas sales ratio. The following is an explanation of measures within focus areas that were the driving force behind the achievement of all established targets.

## » Strategy Overview of the Previous Medium-Term Management Plan (from the fiscal years ended March 31, 2013 to 2016)

In 2005, in an aim to transition its business structure from a company dependent on large-scale system integration and the Japanese market to a company providing a variety of IT services to the global market, NTT DATA made a major change in strategic direction toward global business. In the previous Medium-Term Management Plan (from the fiscal years ended March 31, 2013 to 2016), three focus areas were defined: Expansion of new fields and reinforcement of product competitiveness; expansion, enhancement, and reinforcement of global business; and pursuit of overall optimization. Targets were established aiming for net sales of over ¥1.5 trillion and EPS of ¥200.



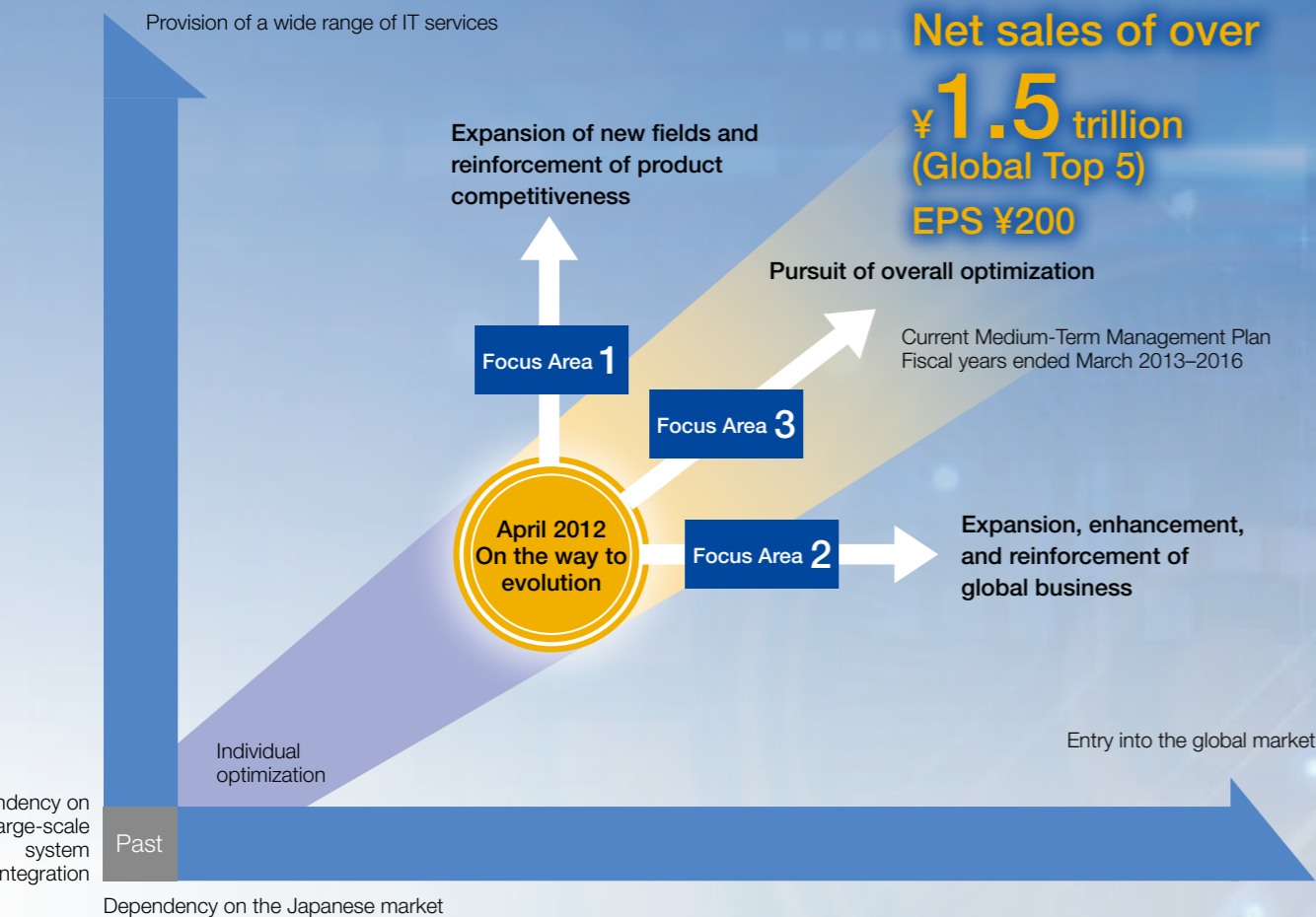
Net sales of over  
**¥1.5 trillion**

Fiscal year ended March 31, 2012  
**¥1,251.1 billion** → Fiscal year ended March 31, 2016  
**¥1,614.8 billion**



EPS  
**¥200**

Fiscal year ended March 31, 2012  
**¥109** → Fiscal year ended March 31, 2016  
**¥226**



## Focus Area 1 Expansion of New Fields and Reinforcement of Product Competitiveness

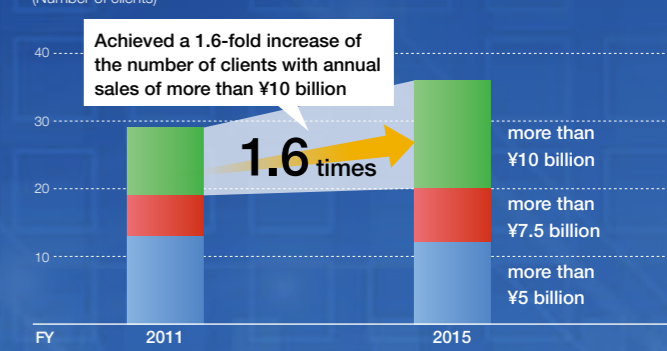
Increase Share in Existing Markets, Successfully Enter New Business Fields

### » Solid Game-Changing Initiatives Results

Game-changing initiatives, which involve viewing markets from new angles and discovering strategic openings, is positioned as a pillar of market cultivation. In existing markets, the number of customers representing annual net sales of ¥5.0 billion or more on a non-consolidated basis has expanded steadily during the plan period. In particular, customers representing ¥10 billion or more have increased 1.6 times. Even in electric power, retail, and other industries in the enterprise sector where NTT DATA has a low presence, game-changing initiatives capture changes in the management environment and realizes the creation of new markets.

### Number of Clients in Japan with Annual Sales of More than ¥5 Billion (NTT DATA, non-consolidated)

(Number of clients)

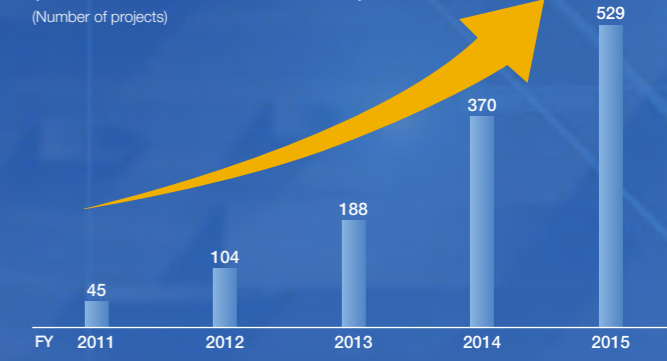


### » Comprehensive Automation of Software Development

NTT DATA is promoting the application of the TERASOLUNA Suite, an automation tool, to integrate a series of software development phases, including current systems analysis, design, coding, and testing. Going forward, amid anticipation of dramatic increases in the amount of software and rising needs for shorter development periods and lower costs, we are prioritizing strategic R&D to achieve differentiation through the establishment of improved productivity and quality assurance. In the fiscal year ended March 31, 2016, as a result of promoting the application of this tool to all applicable projects, the number of applications exceeded 500 projects.

### Number of Projects Using Major Automation Tools (NTT DATA, non-consolidated)

(Number of projects)



## Medium-to-Long Term Management Strategy

Toward the Global 2<sup>nd</sup> Stage

# Focus Area 2 Expansion, Enhancement, and Reinforcement of Global Business

Realized Expansions that Exceed Targets

### » Establish Footing for Global 2<sup>nd</sup> Stage through Expanded Coverage

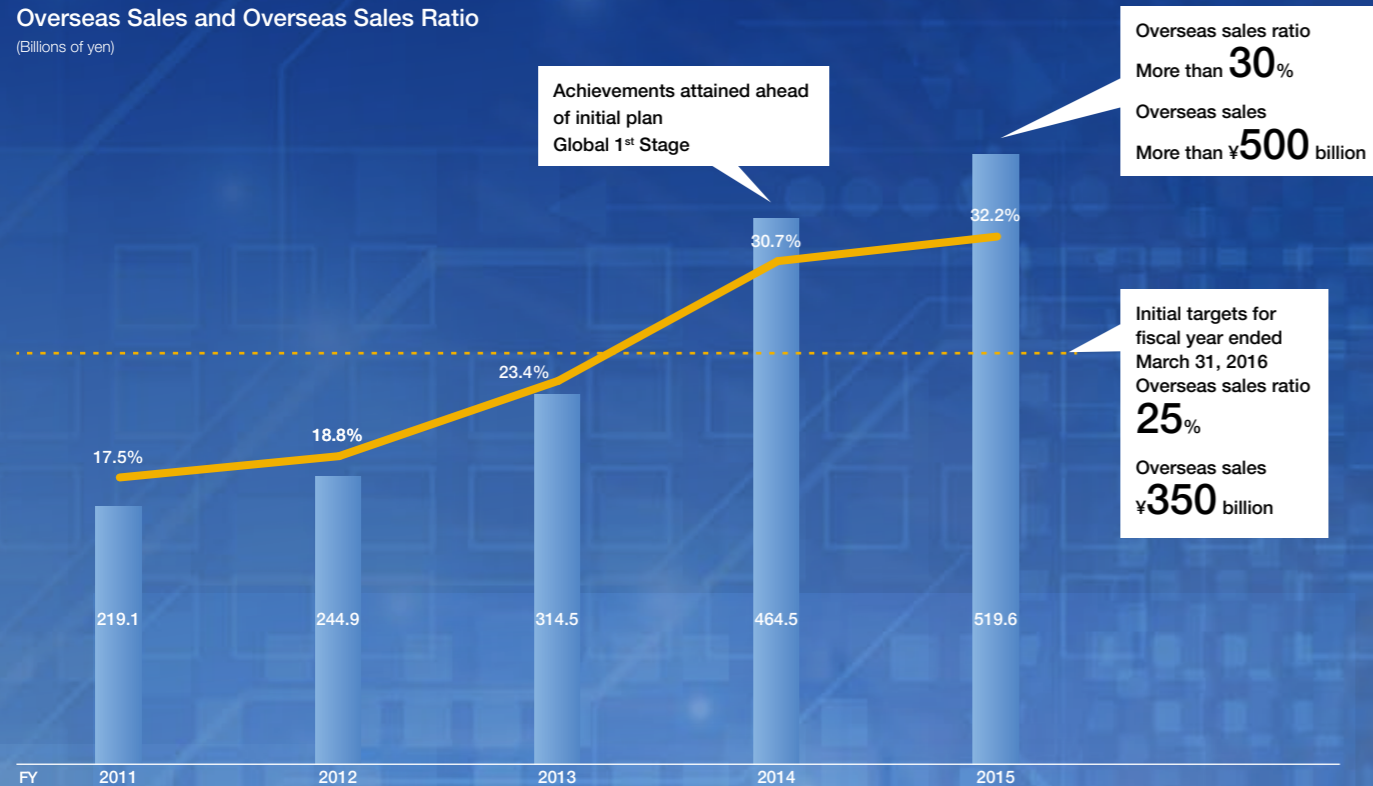
We expanded the structure of global coverage to 45 countries and regions, 185 cities, and more than 80,000 employees and established a structure providing seamless services in Japan and overseas. At the same time, we also permeated the market with the NTT DATA brand and promoted Group-wide "Global One Team" activities to provide a high level of shared services worldwide.

In Europe and the United States, we are focusing efforts on expanding share through enhanced capabilities and are succeeding in large-scale project orders held by global IT vendors.

The overseas sales ratio target of 25% (overseas sales of ¥350.0 billion) was achieved in the fiscal year ended March 31, 2015, and expanded to 30% (overseas sales of ¥500.0 billion) in the fiscal year ended March 31, 2016, enabling the attainment of solid results even in quantitative terms.

#### Overseas Sales and Overseas Sales Ratio

(Billions of yen)



## Global Coverage Expansion

Geographical coverage expanded to 45 countries and regions and 185 cities  
Established a structure of approximately 80,000 employees throughout the entire NTT DATA Group

### » Results of Expanded Coverage and Enhanced Capabilities



Digital Archive Project

© Biblioteca Apostolica Vaticana



Global Automobile Manufacturers

#### Global Development Leveraging Achievements and Expertise Gained in Japan

After successfully creating multiple digital archive systems in Japan, NTT DATA participated in projects to create digital archives for the Vatican Apostolic Library in March 2014 and, in collaboration with everis, for the the Royal Library of Spain in 2016.

##### Order Points

- › Created a digital archive system for the National Diet Library in Japan
- › Digital archive service AMLAD
- › Structure for the provision of detailed service through cooperation between bases in Japan and Italy
- › Proposed solutions supporting business sustainability

#### Maintenance and Operation of ERP Systems and Additional System Development

We concluded multi-year agreements as a strategic partner for global automobile manufacturers for the maintenance and operation of ERP systems consolidating orders and inventory management, as well as for the development of additional systems.

##### Order Points

- › Sufficient ability to provide SAP technicians for client-company global IT bases
- › NTT DATA Deutschland (formerly Cirquent, BMW's information system subsidiary) automobile industry achievements and expertise

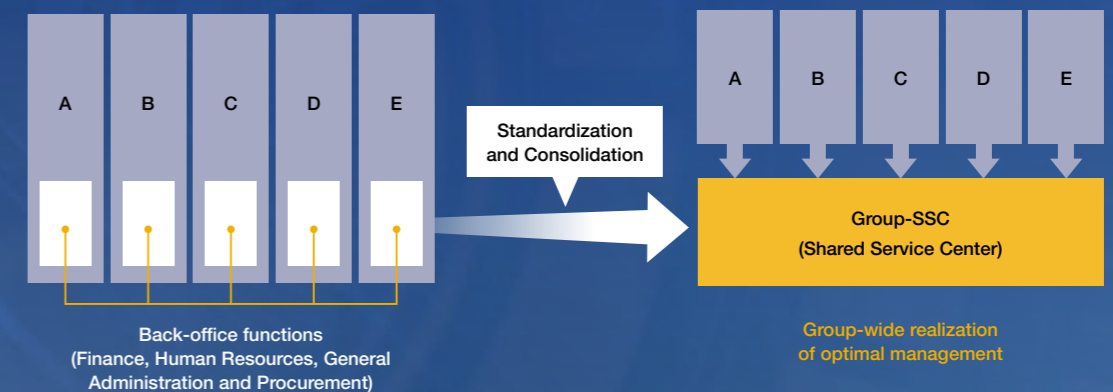
## Focus Area 3 Pursuit of Overall Optimization

Met Our Target of Reducing Administrative Expenses

### » Optimize Back-Office Functions by Introducing Group-SSC and Other Programs

Group Shared Service Centers (Group-SSC) were introduced and Finance, Human Resources, General Administration, and Procurement were consolidated and standardized to realize back-office function efficiency enabling the initial FY2011 target reduction of administrative expenses of over ¥10.0 billion. Going forward, we will continue these initiatives.

#### Optimized Back-Office Functions by Introducing Group-SSC and Other Programs



## Medium-to-Long Term Management Strategy

Toward the Global 2<sup>nd</sup> Stage

### Key Issues to Address in the New Medium-Term Management Strategy

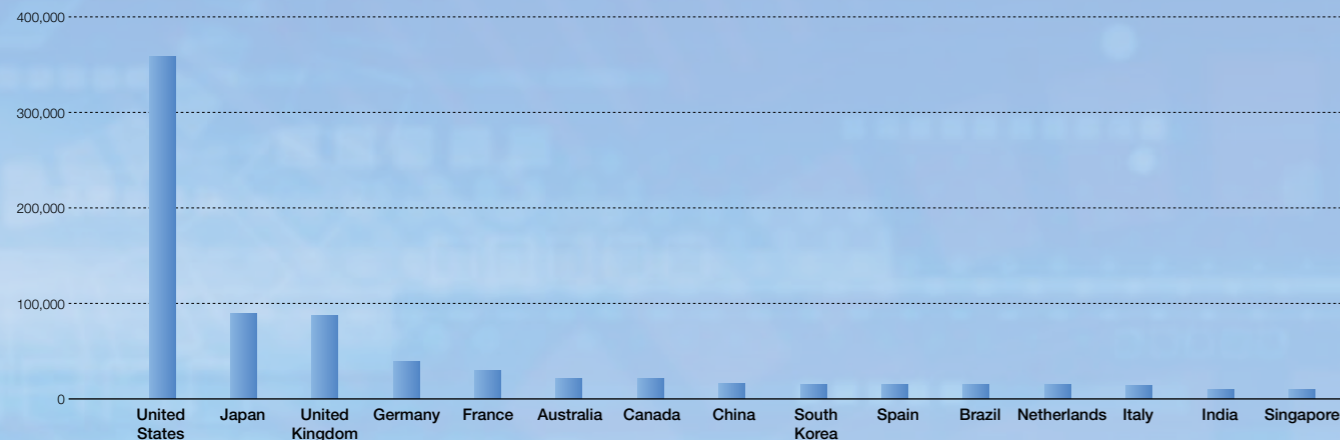
#### 1 Enhancing Our Local Presence

To achieve global growth going forward, we need to have the opportunity to pitch our services to numerous clients. However, our sales ranking is low in many regions outside Japan. Notably, we rank around 40th in the U.S. IT market, which is the largest in the world

and about four times the size of the Japanese market. We will need to enhance our presence in major markets other than Japanese market to increase our chances to make proposals.

#### Scale of the IT Services Market and NTT DATA's Ranking by Country (2015 End-User Spending)

(US\$ millions)



Ranking of NTT DATA within Top 10

Gartner "Market Share: IT Services, 2015" 06 April 2016

Chart created by NTT DATA based on Gartner research

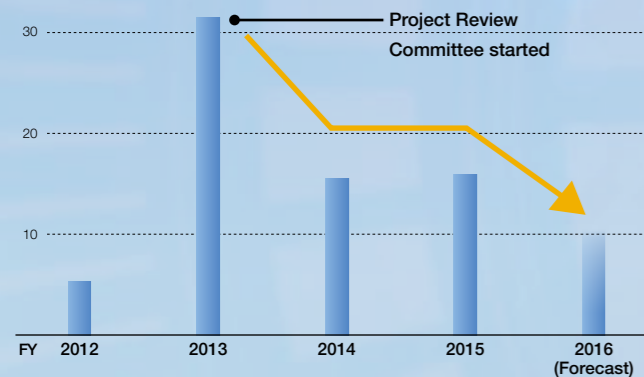
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#### 2 Enhanced Control of Unprofitable Projects

Established in October 2013, the Project Review Committee has made efforts to control unprofitable projects. Although these efforts have been successful to some degree, we continue to recognize this as an important management issue.

#### Impact on Profits by Unprofitable Projects

(Billions of yen)

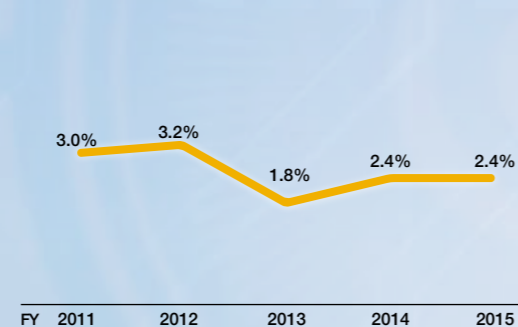


#### 3 Further Improving Profitability Overseas

In the fiscal year ended March 31, 2016, despite posting operating income in the Global Business after the amortization of goodwill, the operating income margin before amortizing goodwill remained at a low level in the 2% range. We recognize improved profitability as an important management issue.

#### Overseas Operating Income Margin (Before Amortization of Goodwill)

(%)

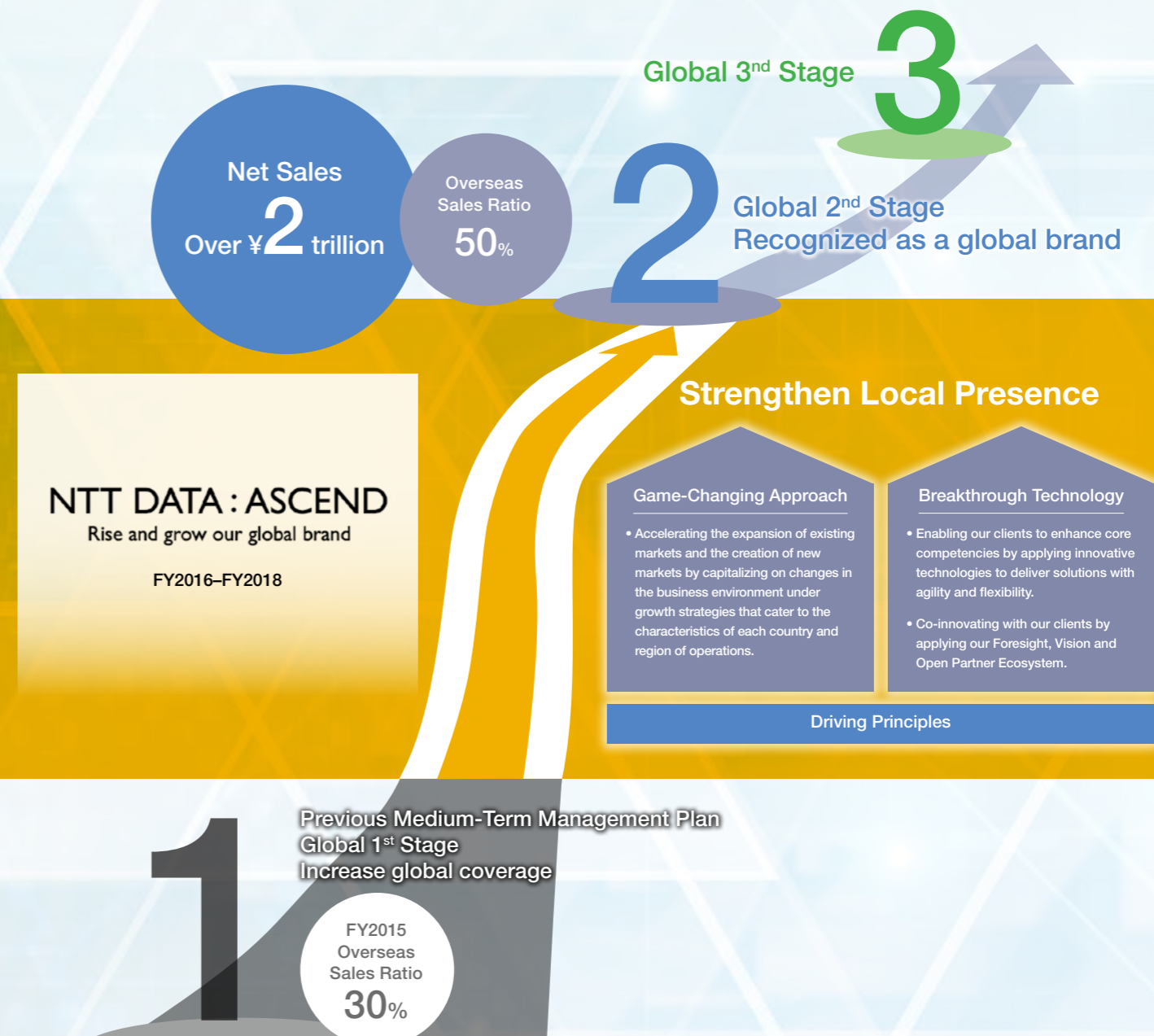


## Medium-to-Long Term Management Strategy

Toward the Global 2<sup>nd</sup> Stage

# New Medium-Term Management Plan Outline

Under the previous Medium-Term Management Plan, the Group established a global business foundation. However, the Group's presence continues to be relatively low in markets around the world, excluding certain regions such as Japan. In addition, the wave of digitization has been surging following rapid technological development, giving rise to heightened needs for business expansion through the strategic use of IT as well as for new business creation. Taking into account such circumstances, the Group has formulated a new Medium-Term Management Plan that covers the period from the fiscal year ending March 31, 2017, to the fiscal year ending March 31, 2019. By pursuing business growth in countries and regions around the world and boosting its local presence, the Group will work to establish NTT DATA as a global brand and improve its brand value.



## New Medium-Term Management Plan Approach

The new Medium-Term Management Plan is focused on two global strategies: Game-Changing Approach and Breakthrough Technology. Engaging in this shared strategy, to achieve Global 2<sup>nd</sup> Stage goals we aim to create global synergies between domestic and overseas businesses.

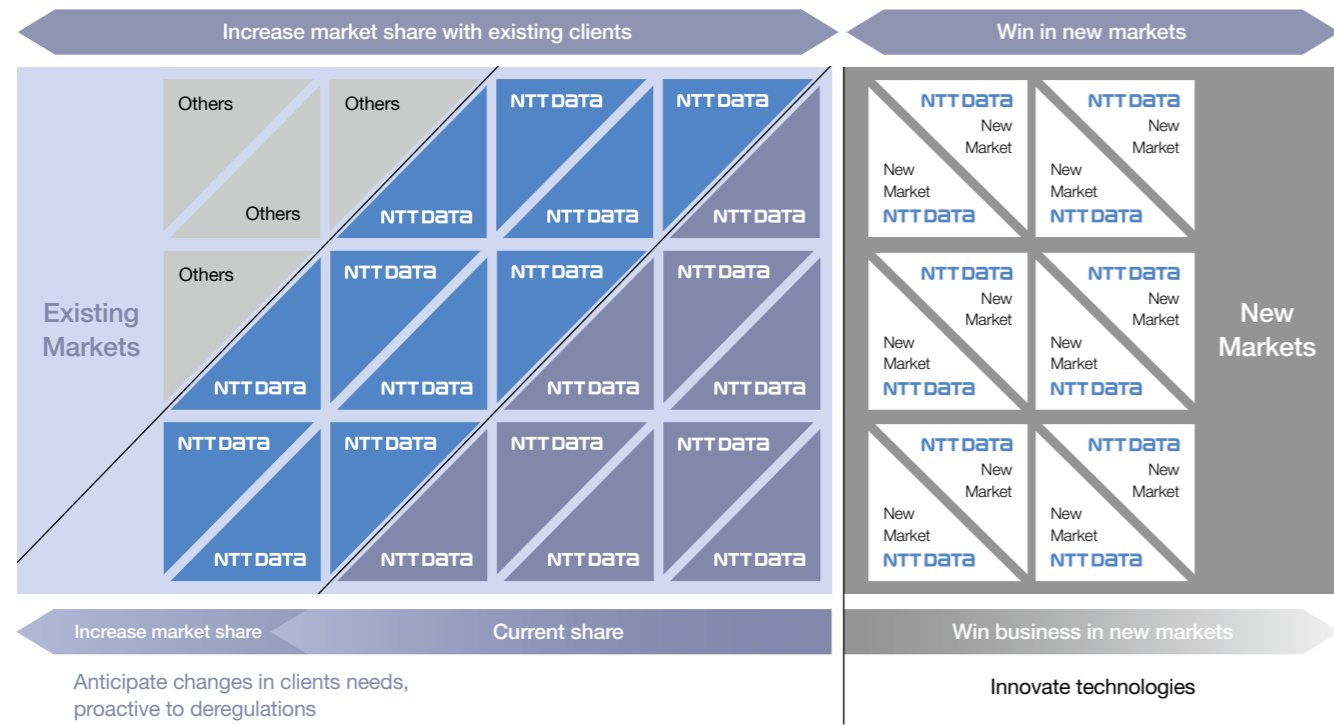
Global Strategy (1)

### Game-Changing Approach

- Viewing global environmental upheaval as a good opportunity, we aim to expand share in each region and accelerate new market creation
- Leverage enhanced global coordination to enter countries, regions, business domains, and sectors that up to now were impenetrable

With regard to our "Game-Changing Approach," in which we work to capture market trends and technological innovations, expand the market share in existing markets, and create new markets that anticipate customer needs, we have made steady progress in such areas as our entry into the electricity market, the construction of our omnichannel system, and the expansion of our digital archive business.

Going forward, assessing the continued acceleration of market trends and technological innovation as business opportunities, we will continue to work to grow our market share in existing markets and accelerate the creation of new markets in accordance with the market environments in countries and regions around the world, in addition to strengthening our local presence. Furthermore, we will work to leverage our global coverage and take full advantage of Group synergies in order to expand the solutions and services that we provide, promote the improvement of our ability to undertake global projects, and increase our competitive strength around the world.



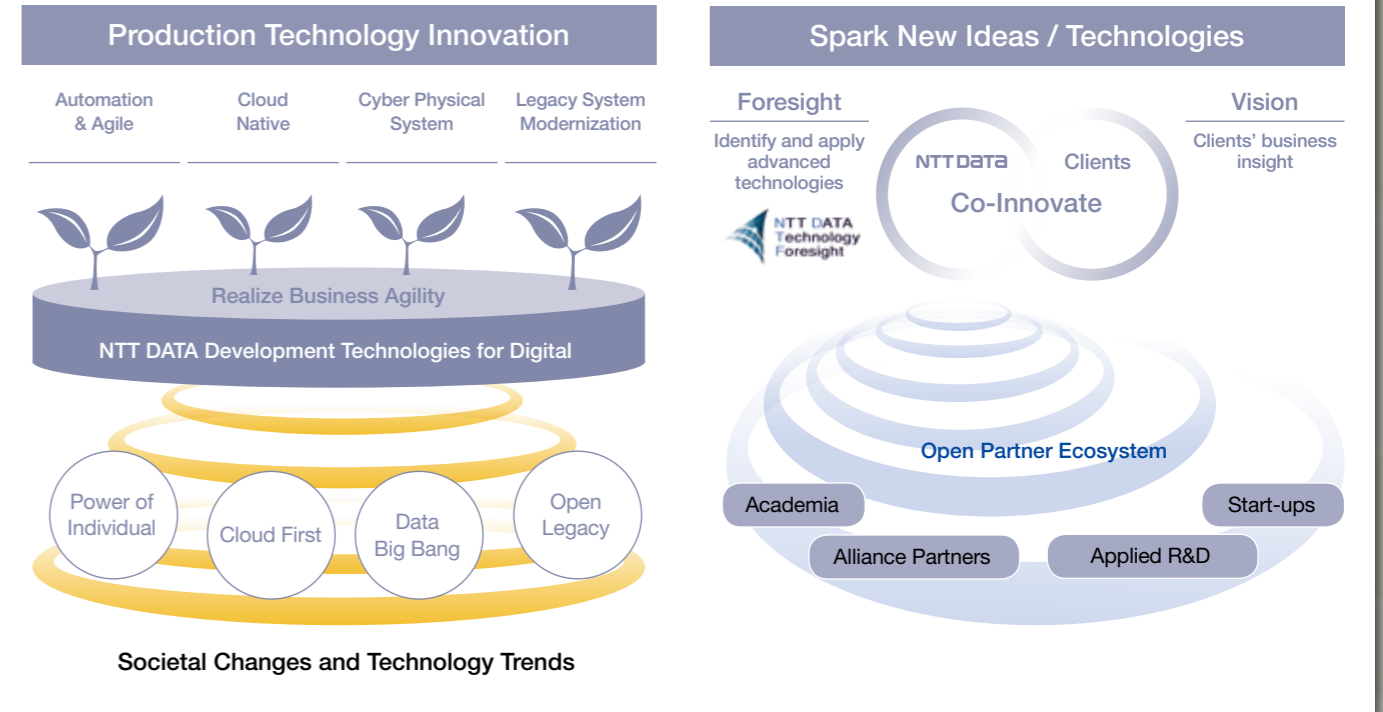
Global Strategy (2)

### Breakthrough Technology

- Innovate technologies to provide IT solutions with agility and flexibility
- Leverage cutting-edge technologies and collaborate with clients

In order to promptly and flexibly provide the services and solutions that are crucial to the competitiveness of our customers, who are facing tough changes in the business environments in which they operate, we will push ahead with further innovation in production technology, combining the production technologies that we have developed to date with new production technologies that respond to the needs of the digital society.

Also, so that we can respond to our clients' growing need to be able to utilize IT strategically, by reinforcing our technological prowess in the digital area through ensuring that we have the right people in the right places globally, and through alliance with partners that possess advanced technological prowess, we will always incorporate advanced technologies and achieve its application into business through co-innovating with our clients, thereby creating new structures and value that have not been seen before.



**Japan**  
Stable Growth

- Implement game-changing approaches to regrow our business
- Take thorough control of unprofitable projects
- Secure profits required for growth investment by sharpening competitive edges

**Outside Japan**  
Grow Revenue and Profitability

- Inorganic growth
- Implement game-changing approaches and improve profitability by increasing our share and scope of services

**Global Synergy**

- Innovate production technology / Spark new ideas and technologies
- Global Accounts / Global Delivery / Global Offering / Global Talents

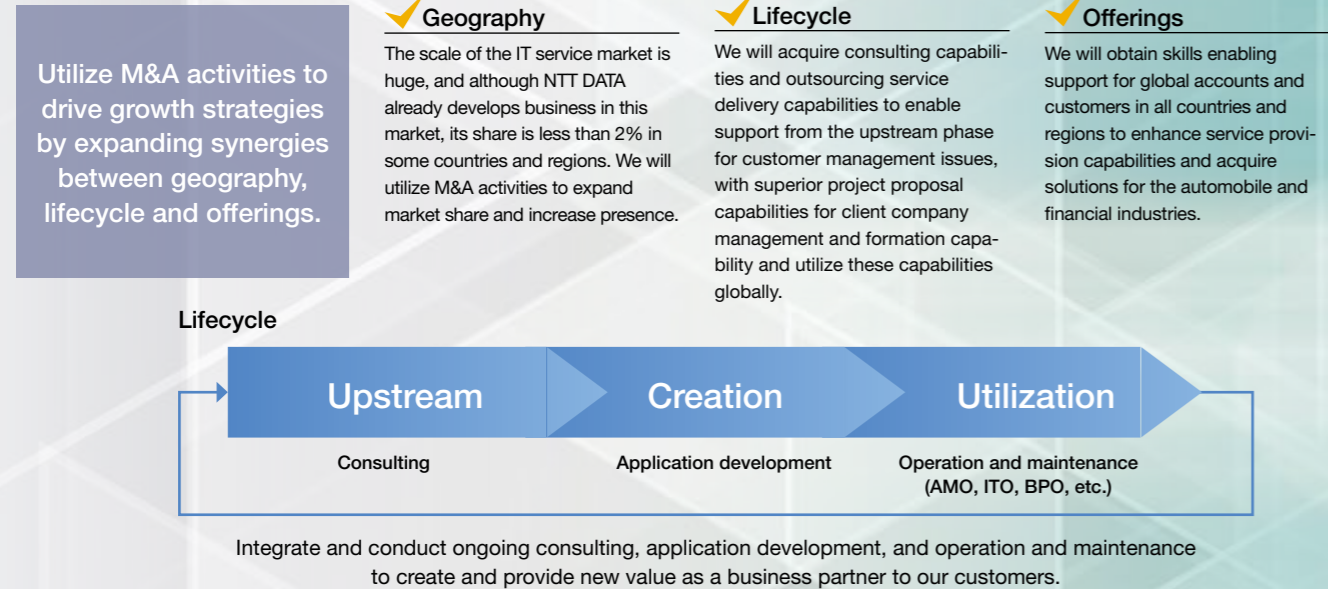
## NTT DATA M&A Strategies

### »» To Enhancing Our Local Presence Please see page 24.

Increasing our sales ranking in the market for IT services in key countries around the world and moving into the top 10 or top 20 should raise our level of recognition. This move would increase our visibility, providing us with more opportunities to pitch our services to the CEOs and CIOs of Fortune Global 500 companies.

### »» Global M&A Strategy

M&A represents one important means of achieving global growth going forward. We will engage in M&A activities based on the following M&A strategy.



## FY2018 Financial Objectives

The new medium-term management plan outlines our intent of establishing a global brand, under the central theme of strengthening our local presence in each country and region around the world. Specifically, we aim to be recognized as a business partner by the top management of multinational companies and numerous other customers. To this end, we need to raise our sales ranking within the IT services industry in each country and region of operations. We have set “consolidated net sales of over ¥2 trillion” as our target indicator for realizing these higher sales rankings.

To achieve sustainable growth over the long term, we will need to come to grips with breakthrough technology, and this is a core strategy of our medium-term management plan. Investment is essential to executing this strategy. In addition, to strengthen our local presence, we will need to invest proactively in promising M&A opportunities. We have set the operating income targets necessary to serve as the source of this investment.

# NTT DATA : ASCEND

Rise and grow our global brand

FY2016–FY2018

NTT DATA FY2018 Financial Objectives

Net Sales

Over ¥ **2** trillion

Operating Income

**+50** %\*

\* Compared to FY2015 (After adjustment for incremental investments in new fields)

### »» About NTT DATA Services

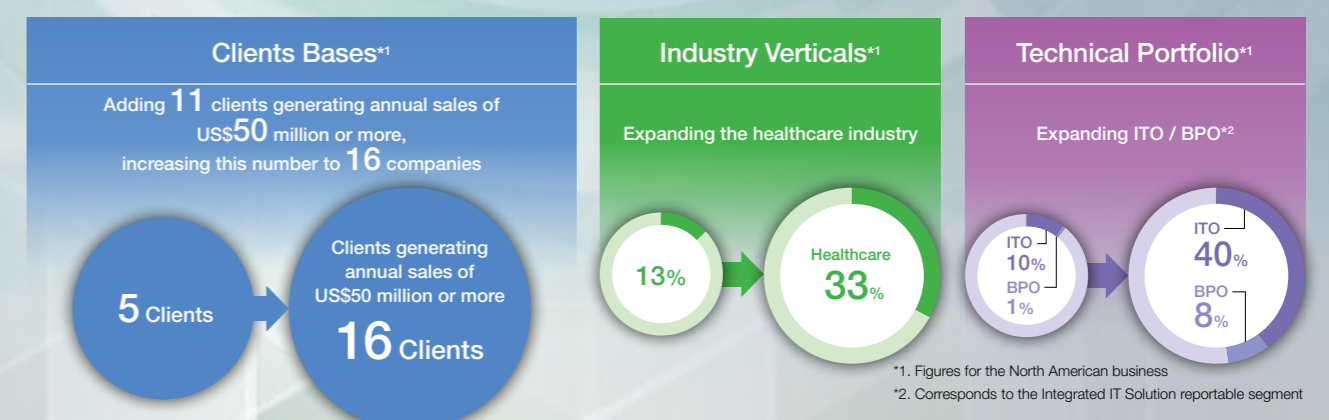
The NTT DATA Group has acquired Dell Systems Corporation, which it converted to a subsidiary, and IT service-related assets, changing the name of the entity to NTT DATA Services. Concentrating on North America, NTT DATA Services will provide cloud, application-related, and BPO services. The company has a robust client base, mainly in the healthcare, manufacturing, and service sectors, and including financial institutions and federal governments. In particular, the company has earned a strong reputation for the industry-specific digital solutions and BPO services it provides in the healthcare industry, notably to healthcare institutions and health insurers.

Through NTT DATA Services, the NTT DATA Group expects to expand its business in various sectors, mainly in North America. At the same time, we aim to reinforce our services leveraging leading-edge technologies in the areas of cloud and BPO services.

#### Benefits for NTT DATA Group

- ✓ Increasing our local presence in North America
- ✓ Expanding our Industry & Technical Portfolios

#### Benefits for NTT DATA in North America





## Interview with the CFO

NTT DATA will make the business investments necessary for sustainable growth going forward, while appropriately maintaining and managing a solid financial foundation to create a stable information infrastructure supporting society, finance, and the economy.

**Masanori Shiina**

Representative Director and Senior Executive Vice President  
Responsible for Corporate Strategy, Finance (CFO), Investor Relations and Risk Management (CRO)



### Q1 What are the pillars and basic approach to the NTT DATA Group's financial and capital strategy?

Based on our mission statement of "NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society," NTT DATA contributes to the development and operation of large-scale systems supporting society, finance, and the economy. To achieve this, it is critical we maintain a solid financial foundation, which is linked to enhancing corporate value over the medium to long term.

The development and operation of information infrastructure supporting society requires large-scale upfront investments. To procure

investment capital, securing funds in a flexible manner and under favorable conditions is an extremely important financial mission and one of the pillars of our financial strategy.

In addition to ensuring stable cash flows, our basic approach is to reinvest to achieve medium- to long-term profit growth. Also, we attempt to reduce shareholders' equity costs by promoting understanding of the Company through timely and appropriate stock market disclosures and two-way dialogues.

### Q2 How do you approach your financial foundation and investments, including M&As?

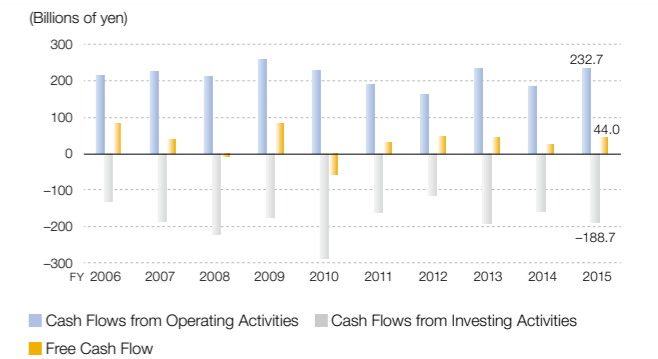
Our approach is based on the premise of ongoing free cash flow growth to enhance corporate value. M&As is one means of achieving this goal, and in keeping with the Group's business strategy. If a company is highly compatible with our philosophy and culture, our policy going forward will be to proactively engage in M&As.

In terms of executing M&As, we think the upstream process of carefully selecting investees is extremely important. Sufficient consideration of post-merger integration (PMI) and valuation through due diligence using a variety of indicators is one of my critical missions.

In terms of M&A capital, one option is to procure funds through temporary interest-bearing debt, but our basic policy is to execute M&As within the limits of free cash flow. In particular, we consider the debt-to-equity (D/E) ratio to be an important indicator for management in terms of whether or not the financial base can be properly maintained. If the D/E ratio rises substantially due to M&As

or other activities, management will place a priority on realizing a healthier balance sheet.

#### Cash Flow Trend



### Q3 What do you consider important indicators when investing for growth?

The prevailing view is that return on invested capital is an important indicator for achieving corporate management efficiency. In the past, we were mindful of return on invested capital, and during the period when a significant portion of our business involved investments backed by order contracts, we were highly focused on the return rate on sales. While we continue to place ongoing emphasis on business based on order contracts, going forward we will place increasing importance on growth through additional M&As and further

expansion in service businesses, and thus both the return rate on sales and return on invested capital will become critical indicators. Regarding M&As and service businesses, we have always attempted to make decisions with an awareness of return on invested capital for each individual project as well as managing planning and performance. Going forward, we will continue to review management enhancements pertaining to return on invested capital.

### Q4 What is your policy with regard to shareholder returns?

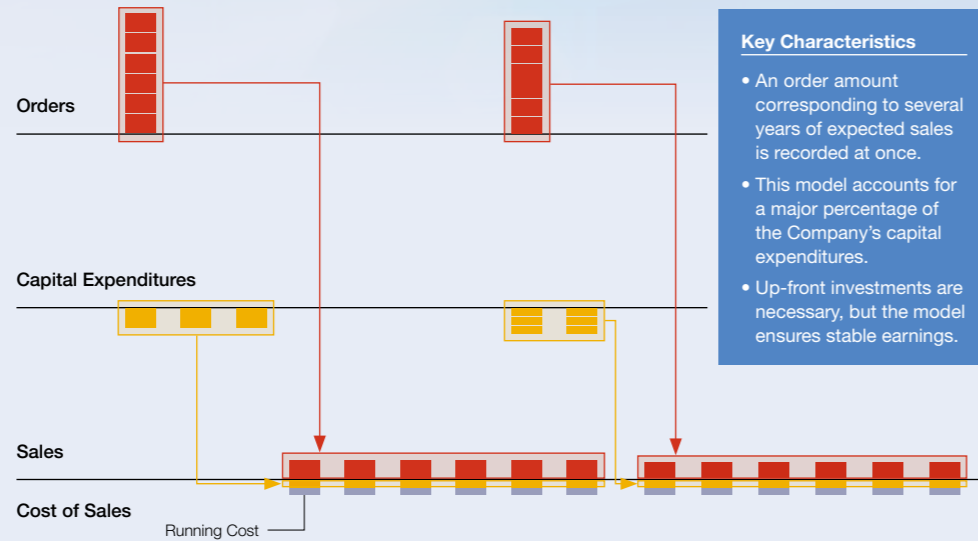
At present, we consider the Company to be in a growth phase, so we will allocate cash for the necessary business investment and technological development to achieve sustainable growth going forward. We believe enhancements to corporate value provided by returns on business investments are a substantive shareholder return. In addition to this investment perspective, we determine and stably provide dividends with overall consideration for maintaining and strengthening our financial structure.

#### Annual Dividends per Share / Net Income Attributable to Owners of Parent



### Full Outsourcing

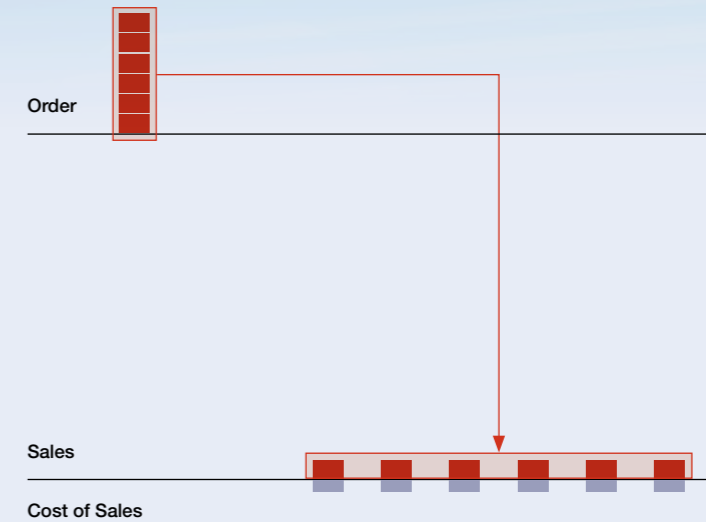
- ▶ In this model, after receiving an order from a client, the Company makes capital expenditures (held as an asset) and covers all needs throughout the client system's lifecycle, from requirement definitions to maintenance and management, and generates sales over multiple years.
- ▶ This model primarily targets Japanese central government offices and financial institutions.



- Key Characteristics**
- An order amount corresponding to several years of expected sales is recorded at once.
  - This model accounts for a major percentage of the Company's capital expenditures.
  - Up-front investments are necessary, but the model ensures stable earnings.

### AMO Application Management Outsourcing ITO Information Technology Outsourcing BPO Business Process Outsourcing

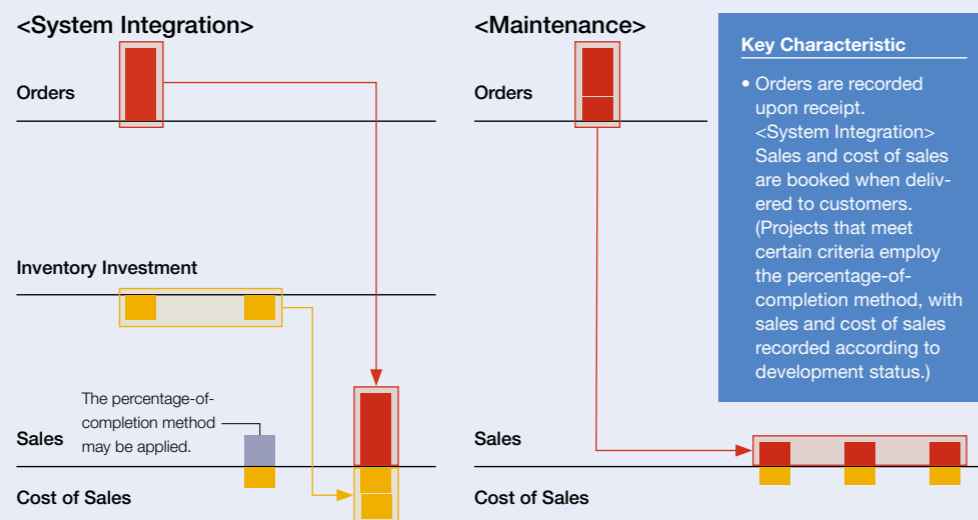
- ▶ AMO: An outsourcing service in which the Company operates and provides maintenance on a client's custom applications
- ▶ ITO: A one-stop maintenance and management service
- ▶ BPO: An outsourcing service in which a client company outsources certain operations to achieve operational efficiency



- Key Characteristics**
- The Company chiefly employs this service model at its North American and European locations.
  - Multi-year agreements are common.

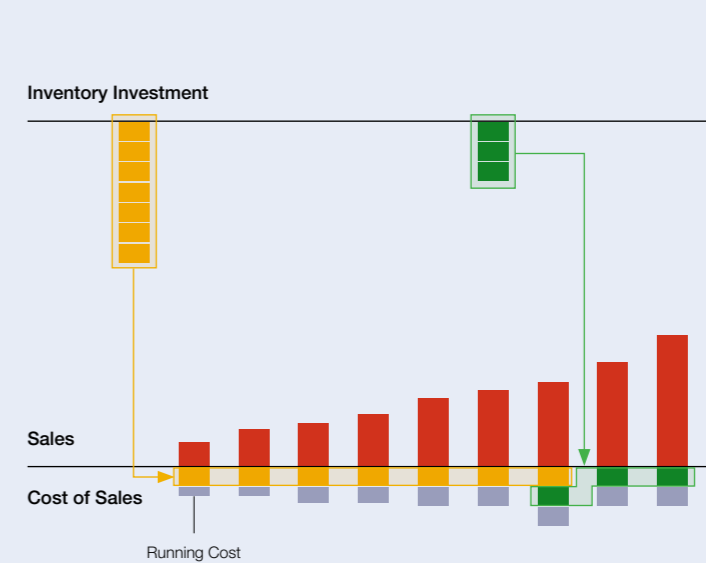
### System Development (System Integration)

- ▶ Under this model, NTT DATA handles the planning, design, and development of a client's information systems, delivering these systems to the client.
- ▶ After the systems are delivered, we handle the operation and maintenance of customer systems.



### Plan-Based Services

- ▶ In this model, the Company makes capital expenditures, which it holds as assets, providing services in the expectation of offering them to multiple clients. The Company records services fees as sales when clients use the services.
- ▶ This model is mainly used for Japanese financial institutions.



- Key Characteristics**
- This model requires up-front investment. Although cost of sales does not vary greatly after service provision begins, sales fluctuate depending on client usage.
  - Our future-based model enables the use of our ANSER and CAFIS services in collaboration with regional banks, and various types of package software are available.

# Financial and Capital Strategy Consolidated Financial Highlights

NTT DATA Corporation and Subsidiaries

Fiscal year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>For the Year:</b>											
New Orders Received	¥ 723,673	¥ 967,901	¥1,012,278	¥1,035,242	¥1,181,549	¥ 988,484	¥1,098,400	¥1,197,168	¥1,400,221	¥1,429,117	<b>¥1,662,662</b>
Net Sales	907,281	1,044,918	1,074,405	1,139,092	1,142,940	1,161,962	1,251,177	1,301,941	1,343,772	1,511,812	<b>1,614,897</b>
Cost of Sales	682,224	786,327	813,343	861,942	870,589	882,329	941,881	980,524	1,031,213	1,147,302	<b>1,216,795</b>
Gross Profit	225,056	258,590	261,061	277,150	272,351	279,632	309,295	321,416	312,559	364,509	<b>398,101</b>
Selling, General and Administrative Expenses	178,189	168,340	165,149	178,603	190,662	201,326	228,878	235,720	249,975	280,495	<b>297,216</b>
Operating Income	46,866	90,250	95,911	98,546	81,689	78,306	80,416	85,696	62,583	84,013	<b>100,885</b>
Income before Income Taxes	42,016	85,769	51,492	91,431	71,789	68,471	71,882	77,019	54,259	73,995	<b>107,789</b>
Net Income Attributable to Owners of Parent	28,190	50,637	30,454	48,360	35,662	37,313	30,446	43,517	23,287	32,144	<b>63,373</b>
Capital Expenditures	112,145	139,564	176,826	180,068	162,570	139,069	133,965	122,113	147,725	140,900	<b>134,028</b>
Depreciation and Amortization / Loss on Disposal of Property and Equipment and Intangibles	158,361	152,862	159,263	166,681	161,981	158,566	159,721	153,877	143,681	158,567	<b>155,212</b>
Research and Development Expenses	17,306	11,307	10,749	10,090	11,389	10,742	13,507	12,105	12,831	12,911	<b>12,410</b>
Free Cash Flow	53,116	83,304	39,653	(6,902)	83,667	(56,468)	30,406	46,283	44,837	26,742	<b>44,020</b>
EBITDA	200,170	234,517	246,287	256,526	234,888	229,352	228,405	230,096	201,364	240,603	<b>255,672</b>
<b>At Year-End:</b>											
Total Assets	1,056,336	1,087,346	1,193,827	1,275,091	1,279,256	1,468,617	1,474,894	1,524,309	1,689,940	1,822,837	<b>¥1,860,319</b>
Total Equity	495,703	534,916	548,133	566,308	584,537	601,601	605,709	651,312	676,824	773,493	<b>740,908</b>
Interest-Bearing Debt	271,928	246,330	241,204	304,735	272,299	404,292	371,673	369,907	405,677	439,131	<b>400,387</b>
Number of Employees (People)	21,308	22,608	23,080	31,739	34,543	49,991	58,668	61,369	75,020	76,642	<b>80,526</b>
Number of Shares Issued (Thousand)	280,500	280,500	280,500	280,500	280,500	280,500	280,500	280,500	280,500*	280,500	<b>280,500</b>
<b>Per Share:</b>											
Net Income Attributable to Owners of Parent	¥100.24	¥180.52	¥108.57	¥172.40	¥127.13	¥133.02	¥108.54	¥155.14	¥83.02*	¥114.60	<b>¥225.93</b>
Annual Dividends	30	50	50	60	60	60	60	60	60*	60	<b>70</b>
<b>Other Information:</b>											
Operating Income Margin	5.2	8.6	8.9	8.7	7.1	6.7	6.4	6.6	4.7	5.6	<b>6.2</b>
Return on Sales	3.1	4.8	2.8	4.2	3.1	3.2	2.4	3.3	1.7	2.1	<b>3.9</b>
Return on Equity (ROE)	5.8	9.8	5.6	8.7	6.2	6.3	5.0	6.9	3.5	4.4	<b>8.4</b>
Return on Assets (ROA)	2.7	4.7	2.7	3.9	2.8	2.7	2.1	2.9	1.4	1.8	<b>3.4</b>
EBITDA Margin	22.1	22.4	22.9	22.5	20.6	19.7	18.3	17.7	15.0	15.9	<b>15.8</b>
Equity Ratio	46.9	49.2	45.9	44.4	45.7	41.0	41.1	42.7	40.1	42.4	<b>39.8</b>
D/E Ratio (Times)	0.55	0.46	0.51	0.59	0.49	0.69	0.63	0.58	0.61	0.58	<b>0.55</b>
Payout Ratio	29.9	27.7	46.1	34.8	47.2	45.1	55.3	38.7	72.3	52.4	<b>31.0</b>
Ratio of Women in New-Graduate Hires	21.3	26.8	28.9	24.9	27.6	29.2	34.6	31.7	29.7	30.9	<b>32.7</b>
Ratio of Female Managers (People)	—	—	50	55	57	67	80	96	106	112	<b>120</b>

## Key performance indicators (KPIs) in the fiscal year ended March 31, 2016

**New Orders Received**  
¥1,662.6 billion (Up ¥233.5 billion, or 16.3%)

**New Orders Received by Segment**

(Millions of yen)

FY	2014	2015	YOY
Public & Social Infrastructure	355,060	<b>401,121</b>	+13.0%
Financial	363,762	<b>520,982</b>	+43.2%
Enterprise & Solutions	216,238	<b>220,985</b>	+2.2%
Global	479,461	<b>502,757</b>	+4.9%

**Net Sales**  
¥1,614.8 billion (Up ¥103.0 billion, or 6.8%)

**Net Sales by Segment**

(Millions of yen)

FY	2014	2015	YOY
Public & Social Infrastructure	408,786	<b>420,813</b>	+2.9%
Financial	496,221	<b>523,687</b>	+5.5%
Enterprise & Solutions	366,165	<b>391,826</b>	+7.0%
Global	464,508	<b>519,604</b>	+11.9%

**Operating Income**  
¥100.8 billion (Up ¥16.8 billion, or 20.1%)

**Operating Income by Segment**

(Millions of yen)

FY	2014	2015	YOY
Public & Social Infrastructure	40,418	<b>33,441</b>	-17.3%
Financial	20,550	<b>31,996</b>	+55.7%
Enterprise & Solutions	24,602	<b>32,653</b>	+32.7%
Global (Before amortization of goodwill)	11,314	<b>12,711</b>	+12.3%

Overseas Sales Ratio	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Overseas Sales Ratio	1.0%	1.5%	1.7%	5.3%	6.1%	8.7%	17.5%	18.8%	23.4%	30.7%	32.2%

Progress of Global Business

Global 1<sup>st</sup> Stage

Global 2<sup>nd</sup> Stage

■ : Principal in indicators under the Medium-Term Management Plan.

1. EBITDA = Operating income + Depreciation and amortization + Loss on disposal of tangibles and intangibles

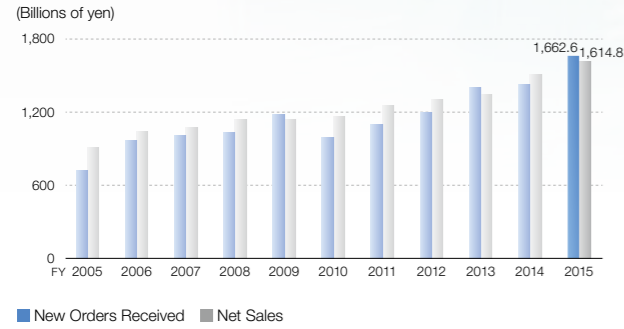
2. EBITDA margin = EBITDA ÷ Net sales

3. The number of female managers is presented on a non-consolidated basis.

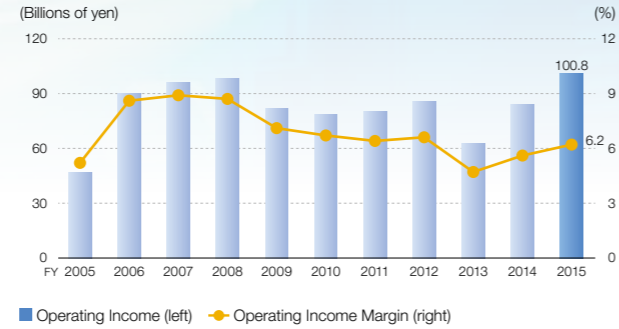
\* A 1:100 stock split was implemented with an effective date of October 1, 2013. Figures for fiscal years ended on or after March 31, 2013, are calculated as if the stock split had been conducted previously. Figures for the fiscal year ended March 31, 2014, are calculated as if the stock split had been conducted at the beginning of the fiscal year.

# Financial and Capital Strategy

## New Orders Received / Net Sales



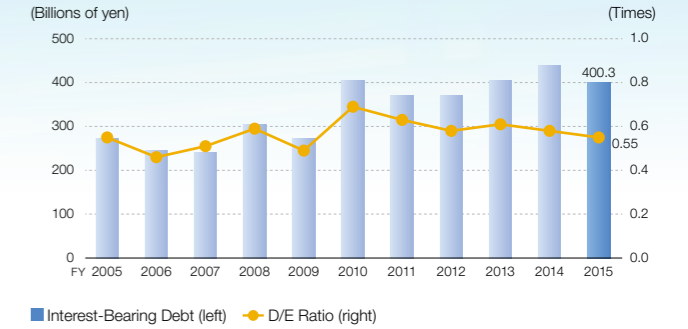
## Operating Income / Operating Income Margin



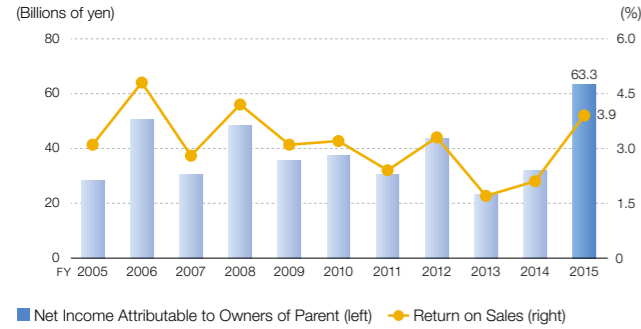
## Total Equity / Equity Ratio



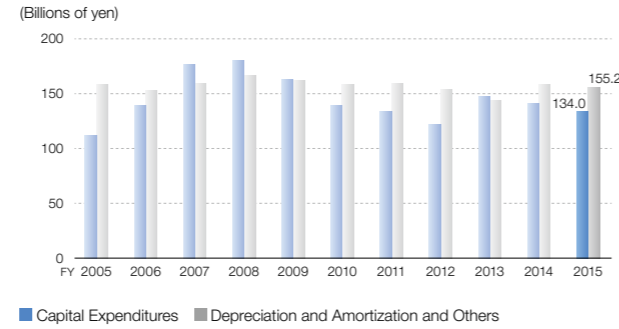
## Interest-Bearing Debt / D/E Ratio



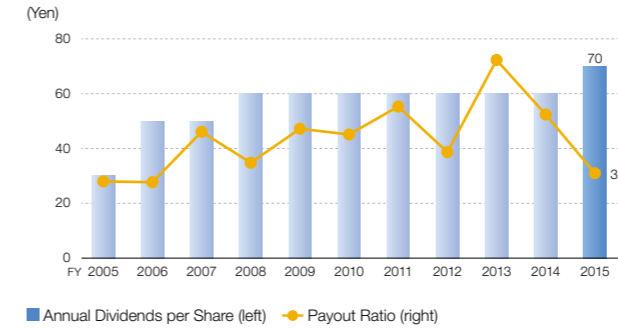
## Net Income Attributable to Owners of Parent / Return on Sales



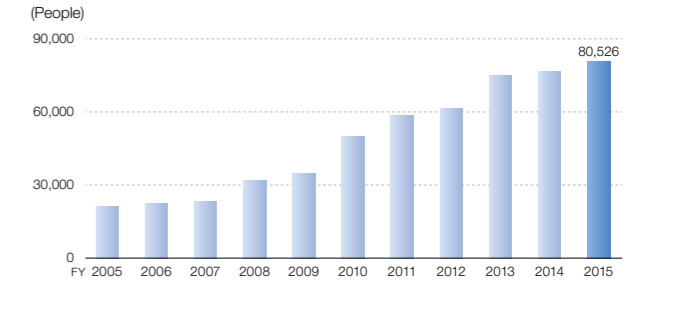
## Capital Expenditures / Depreciation and Amortization and Others



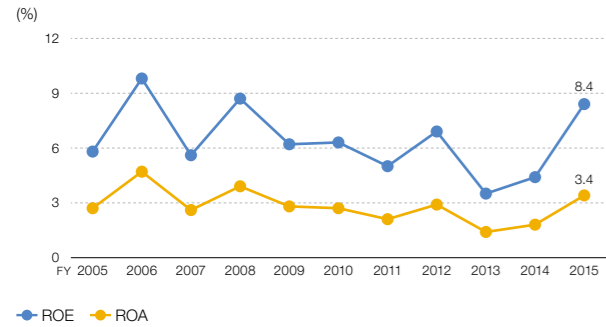
## Annual Dividends per Share / Payout Ratio



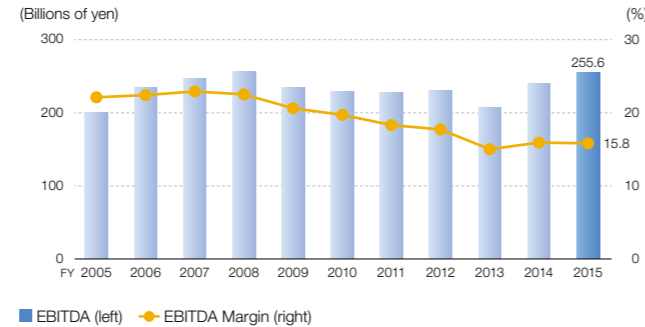
## Number of Employees



## Return on Equity (ROE) / Return on Assets (ROA)



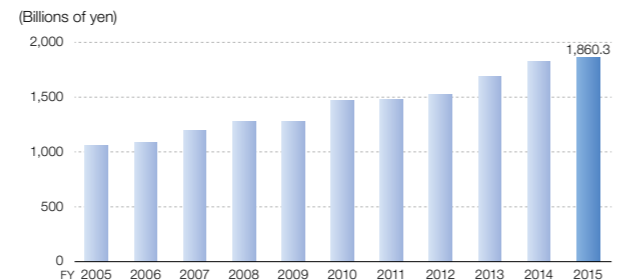
## EBITDA / EBITDA Margin



## Free Cash Flow

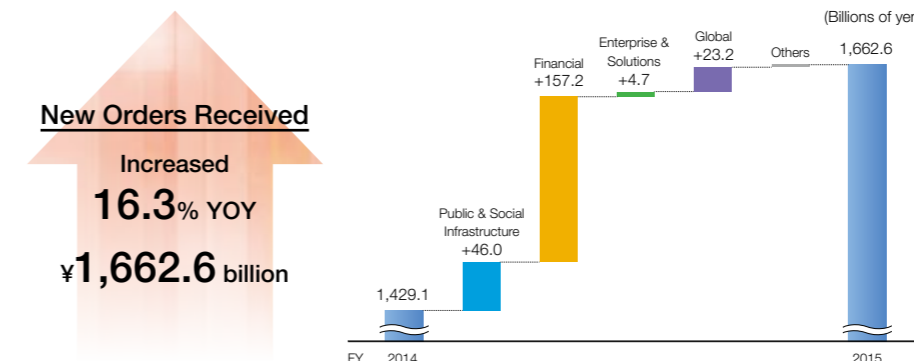


## Total Assets



# Consolidated Financial Results Reporting and Analysis

## New Orders Received Analysis

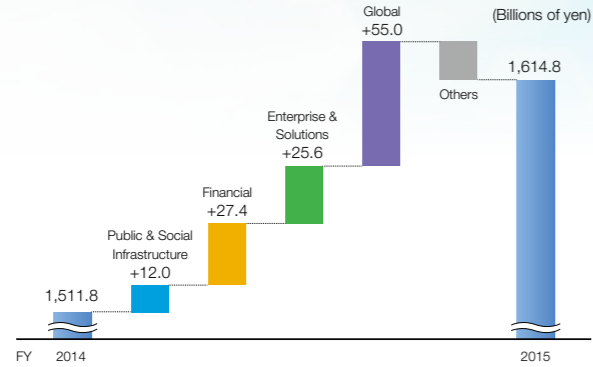


New orders received were higher across all segments than in the previous fiscal year, increasing ¥233.5 billion. The Financial Segment grew substantially due to the receipt of orders for large-scale projects for banks and cooperative financial institutions. The Public & Social Infrastructure Segment increased mainly due to the receipt of orders for large-scale projects for the national government and scale expansion in the utilities industry business. The Global Segment increased on the receipt of new orders for projects in Europe and the consolidation of Carlisle & Gallagher Consulting Group, Inc.\*1, despite a decrease in existing businesses in North America.

\*1. On April 14, 2016, the Carlisle & Gallagher Consulting Group, Inc. corporate name was changed to NTT DATA Consulting, Inc.

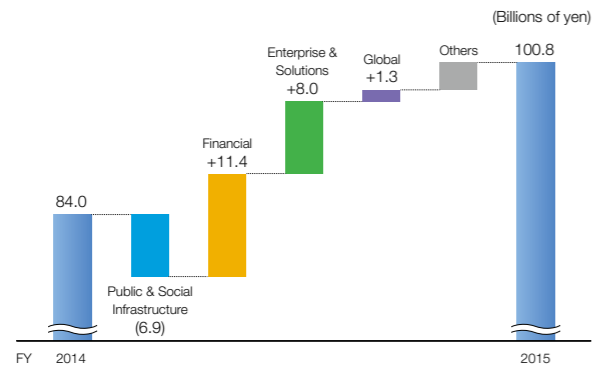
Consolidated Statements of Income Analysis

**Net Sales**  
Increased  
**6.8% YOY**  
**¥1,614.8 billion**



Net sales were higher across all segments than in the previous fiscal year, increasing ¥103.0 billion. The Global Segment increased on the receipt of new orders for projects in Europe and the consolidation of Carlisle & Gallagher Consulting Group in North America. The Financial Segment drove sales growth with the receipt of orders for large-scale projects for banks. The Enterprise & Solutions Segment increased on Omni-Channel projects for the retail and logistics industry and the expansion of business in the manufacturing industry. In the Public & Social Infrastructure Segment, although the scale of existing business for the national government and telecom industry contracted, sales increased on the expansion of business for electricity and other utility industries.

**Operating Income**  
Increased  
**20.1% YOY**  
**¥100.8 billion**



Operating income increased ¥16.8 billion compared to the previous fiscal year. In the Financial Segment, increased sales led to higher income, and the reduction of unprofitable projects had an impact. In the Enterprise & Solutions Segment, solid sales led to higher income. Although the decrease in goodwill led to higher income in the Global Segment, this was due to a partial impairment of goodwill. In the Public & Social Infrastructure Segment, although sales grew, income declined due to an increase in unprofitable projects and the impact of downsizing in line with the renewal of existing large-scale projects.

Cash Flow Analysis

**Free Cash Flow**  
Increased  
**¥17.2 billion YOY**  
**¥44.0 billion**

In the fiscal year ended March 31, 2016, cash flows from operating activities included revenue of ¥232.7 billion due to income before income taxes of ¥107.7 billion, income of ¥147.9 billion from depreciation costs, a non-cash expenditure, and income taxes paid of ¥31.8 billion. Free cash flow totaled a surplus of ¥44.0 billion, with cash flows from investing activities of ¥188.7 billion, mainly facility investments of ¥125.3 billion and ¥28.3 billion for the acquisition of stock in a subsidiary. Interest-bearing liabilities of ¥40.4 billion were discharged and ¥16.8 billion was paid in cash dividends, funded mainly by the aforementioned free cash flow.

Balance Sheet Analysis

**Total Assets**  
Increased  
**¥37.4 billion YOY**  
**¥1,860.3 billion**

Total assets increased ¥37.4 billion compared to the end of the previous fiscal year, to ¥1,860.3 billion, due to business expansion, the addition of new consolidated subsidiaries, and the generation of free cash flow. Liabilities increased ¥70.0 billion compared to the end of the previous fiscal year, to ¥1,086.6 billion. Although interest-bearing liabilities shrank due to free cash flow, retirement benefit liabilities increased due to an actuarial decrease in the discount rate for retirement benefits. At the same time, although profits surpassed the earnings forecast, net assets decreased ¥32.5 billion compared to the end of the previous fiscal year, to ¥773.6 billion. This was due to the aforementioned decrease in cumulative adjustments for retirement benefits, a decrease in foreign currency translation adjustment due to the stronger yen, and other factors.

Note: Interest-bearing liabilities in the calculation of the D/E ratio include loans payable, bonds payable, and lease obligations under liabilities on the consolidated balance sheet.

As a result, the D/E ratio declined from 0.58 at the end of the previous fiscal year, to 0.55.

Major Initiatives in the Fiscal Year Ended March 31, 2016

Public & Social Infrastructure

Launching Provision of IoT Platform "ANYSENSE"



NTT DATA launched provision of the IoT\*1 platform "ANYSENSE," enabling IoT systems to be introduced at reduced development costs in a shorter period of time. METAWATER Co., Ltd., was decided on as the first user to adopt this platform for monitoring services targeting water and wastewater suppliers. Incorporating monitoring application development expertise and the latest big data analysis technologies accumulated up to now, we provide ANYSENSE IoT total solutions for social infrastructure. Going forward, we plan on providing this platform to the utility and private manufacturing industries.

\*1. Internet of Things. In the same way people exchange information and perform activities on the Internet, "things" (electronic devices) connected to the Internet also share information, provide beneficial information, and even operate without human assistance. The Internet of Everything (IoE) concept was developed based on IoT and involves not only the connection of things to the internet but also people, data, and everything else.

Enterprise & Solutions

Playing a Central Role in Seven & i Group Omni-Channelization



In response to omni-channelization by the Seven & i Group, which is aligning brick-and-mortar stores, EC websites, and other sales channels to eliminate barriers between convenience stores, supermarkets, and department stores, NTT DATA played a central role as a member of "Team IT" comprising leading vendors from various technical fields. We were involved from the planning stage as the overall project promotion team in the establishment of "omni7," the Seven & i Group's all-encompassing EC website. We contributed to the grand opening of this website by collaborating with other vendors and a variety of stakeholders to provide total support, from upstream concepts to operational design and system execution.

Financial

Participating in the ICT System Improvement Project for the Central Bank of Myanmar



NTT DATA and NTT DATA Myanmar Co., Ltd., our subsidiary in Myanmar, participated in the ICT system improvement project for the Central Bank of Myanmar, led by Japan International Cooperation Agency (JICA) as a free-aid cooperation program. During this project, we contributed to the commencement of operations of a government bond and fund settlement system, which connects 38 commercial banks, including foreign banks, operating in the country. In terms of system development, software production technologies developed by NTT DATA, including automated creation technologies for program sources, were adopted for use throughout the entire project. The adoption of these technologies facilitated the provision of a high-quality system with a short delivery period. Our participation in this project paved the way for the development of mission-critical\*2 systems in Myanmar.

In the future, we aim to expand our IT infrastructure improvement business in Myanmar and other countries utilizing achievements and expertise obtained during this project.

\*2. Refers to critical systems essential for business execution and services in which interruptions due to failure or malfunctions are not permissible.

Global

NTT DATA Wins Digital Archive Project for Spain's National Heritage



NTT DATA and its Spanish subsidiary, everis Group, received an order from Patrimonio Nacional, a state institution responsible for conserving the legacy of the Spanish Crown, for the creation of a digital archive for the valuable manuscripts, jewels, and related content managed separately by the Royal Library of Spain and other institutions. The everis Group, which is based in Spain and conducts business in Europe and Latin America, has a strong track record in the provision of numerous solutions including document management. NTT DATA also has a track record of accomplishments and expertise pertaining to digital archiving, including use of its AMLAD (Advanced Museum Library Archives Deposit) for Japanese libraries and the Vatican Apostolic Library. The synergy created by the combination of these accomplishments and expertise was a factor in the receipt of this order. The Group will continue working together to promote global business expansion going forward.

## Public & Social Infrastructure

Fiscal year ended March 31, 2016

Net Sales

¥420.8 billion (up 2.9% YOY) ↑

Operating Income

¥33.4 billion (down 17.3% YOY) ↓

### ► Performance in the Fiscal Year Ended March 31, 2016

Net sales amounted to ¥420.8 billion, up 2.9% compared to the previous fiscal year, due to the growth of business scale mainly in the utilities industry, despite a reduction in existing business for the national government and telecom industries. Operating income was ¥33.4 billion, down 17.3% compared to the previous fiscal year, mainly due to downsizing of existing large-scale projects and the occurrence of unprofitable projects, despite the impact of increased sales.

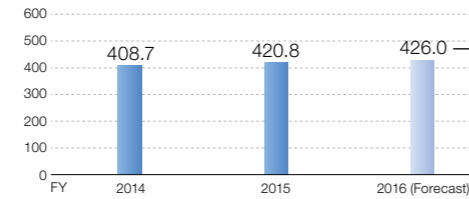
### ► Forecast for the Fiscal Year Ending March 31, 2017

We aim to expand business through projects related to the Social Security and Tax Number (personal number) system, new IoT-related business, and the creation of overseas projects leveraging accomplishments and expertise accumulated by Group domestic business. We will also respond to market changes in line with regulatory changes in the utilities industry (electric power/gas system reforms).

Net sales are expected to be ¥426.0 billion (¥354.0 billion in sales to outside clients), a ¥5.1 billion increase compared to this fiscal year. We anticipate operating income of ¥38.0 billion, a ¥4.5 billion increase compared to this fiscal year.

### Net Sales

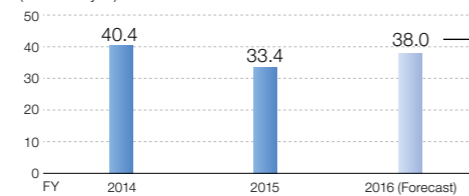
(Billions of yen)



Expected to increase due to the expanded scale of national government business despite the shrinking scale of business for the utilities industry

### Operating Income

(Billions of yen)



Slated to rise due to a reduction in unprofitable projects, etc.

## Enterprise & Solutions

Fiscal year ended March 31, 2016

Net Sales

¥391.8 billion (up 7.0% YOY) ↑

Operating Income

¥32.6 billion (up 32.7% YOY) ↑

### ► Performance in the Fiscal Year Ended March 31, 2016

Net sales were ¥391.8 billion, an increase of 7.0% compared to the previous fiscal year, mainly due to the expansion of business for the retail, logistics, and manufacturing industries. Operating income totaled ¥32.6 billion, up 32.7% compared to the previous fiscal year, mainly due to the growth of sales.

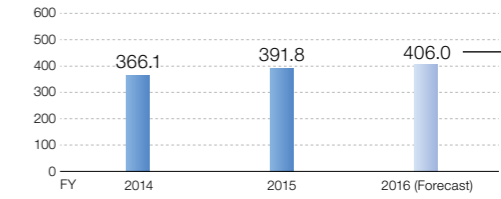
### ► Forecast for the Fiscal Year Ending March 31, 2017

Retailers, distributors, service providers, and manufacturers are actively engaged in IT investment in response to changes in the value chain driven by digitization and further global development. To meet needs in these industries, NTT DATA intends to transform from an IT partner into a business partner by building on and combining its strengths in the Enterprise & Solutions segment to provide total service support.

Net sales are anticipated to be ¥406.0 billion (¥290.0 billion in sales to outside clients), a ¥14.1 billion increase compared to this fiscal year. We forecast operating income of ¥32.0 billion, a ¥0.6 billion decrease compared to this fiscal year.

### Net Sales

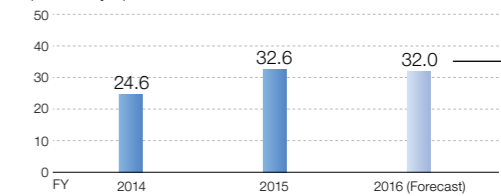
(Billions of yen)



Slated to increase due to the expansion of business for the retail, logistics, and manufacturing industries

### Operating Income

(Billions of yen)



Expected to decrease due to changes in depreciation methods despite an increase in sales

## Financial

Fiscal year ended March 31, 2016

Net Sales

¥523.6 billion (up 5.5% YOY) ↑

Operating Income

¥31.9 billion (up 55.7% YOY) ↑

### ► Performance in the Fiscal Year Ended March 31, 2016

Net sales were ¥523.6 billion, an increase of 5.5% compared to the previous fiscal year, due to the expansion of new and existing business for banks. Operating income amounted to ¥31.9 billion, up 55.7% compared to the previous fiscal year, mainly due to the impact of increased sales and reduction of unprofitable projects.

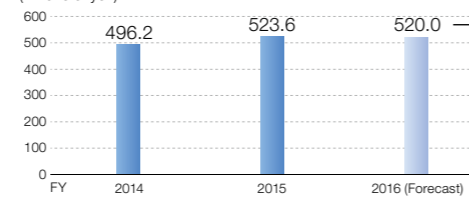
### ► Forecast for the Fiscal Year Ending March 31, 2017

We will aim for growth by expanding businesses amid changes in the client environment, which include increasing needs for sophisticated settlement systems in domestic and overseas markets, the emergence of new services coinciding with deregulation, the changing structure of new services integrating banks and securities services, and the accelerated overseas advance of major financial institutions.

Net sales are forecast to be ¥520.0 billion (¥466.0 billion in sales to outside clients), a ¥3.6 billion decrease compared to this fiscal year. We expect operating income to be ¥38.0 billion, a ¥6.0 billion increase compared to this fiscal year.

### Net Sales

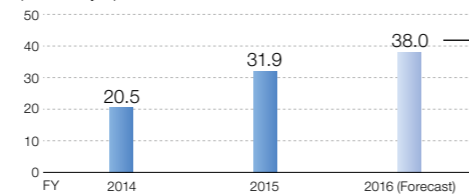
(Billions of yen)



Expected to remain at the same level as in the previous fiscal year due to the expansion of business for banks, insurance, securities, and credit corporations despite a reactionary decline in large-scale projects for banks in the previous fiscal year

### Operating Income

(Billions of yen)



Slated to increase due to a decrease in unprofitable projects and changes in the depreciation method

## Global

Fiscal year ended March 31, 2016

Net Sales

¥519.6 billion (up 11.9% YOY) ↑

Operating Income (before amortization of goodwill)

¥12.7 billion (up 12.3% YOY) ↑

### ► Performance in the Fiscal Year Ended March 31, 2016

Net sales came to ¥519.6 billion, a rise of 11.9% compared to the previous fiscal year, due to expanded sales in Europe and the consolidation of a new subsidiary in North America. Operating income before the amortization of goodwill was ¥12.7 billion, owing to a growth of sales.

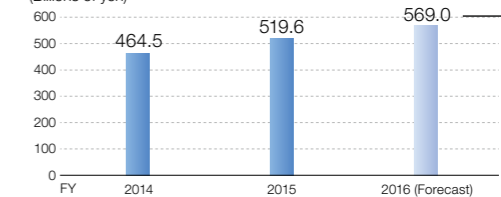
### ► Forecast for the Fiscal Year Ending March 31, 2017

As we approach the Global 2<sup>nd</sup> Stage, we will continue to expand business by growing existing business and engaging in M&As as we boost competitiveness to heighten our presence in each region and business domain. We also aim to strengthen profitability by attempting to globally link the businesses of each Group company and focus the resources and strengths of each to create a source of enhanced competitiveness.

Despite the negative impact of exchange rates, due to the acquisition of the Dell Services business in North America we forecast net sales of ¥569.0 billion (¥554.0 billion in sales to outside clients), a ¥49.3 billion increase compared to this fiscal year. We expect operating income to be ¥17.0 billion, a ¥4.2 billion increase compared to this fiscal year.

### Net Sales

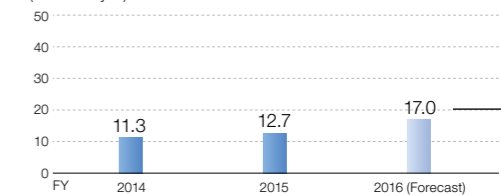
(Billions of yen)



Expected to increase due to the acquisition of the Dell Services business and expansion of business in North America and Europe, despite the impact from a decrease due to foreign exchange rates

### Operating Income


(Billions of yen)



Slated to increase due to the improvement of sales growth and profitability

# Client Base


Considering “Clients First” an important value, NTT DATA conducts initiatives to maintain and strengthen its client base as one of the Company’s most important management resources.



### Aims for the Medium-Term Management Plan Period

- Increase global accounts (multinational companies as clients)
- Create long-term relationships with local accounts

Increase the number of multinational companies as clients to improve local presence and aim to create strong relationships of trust over the long term with customers in each local base.



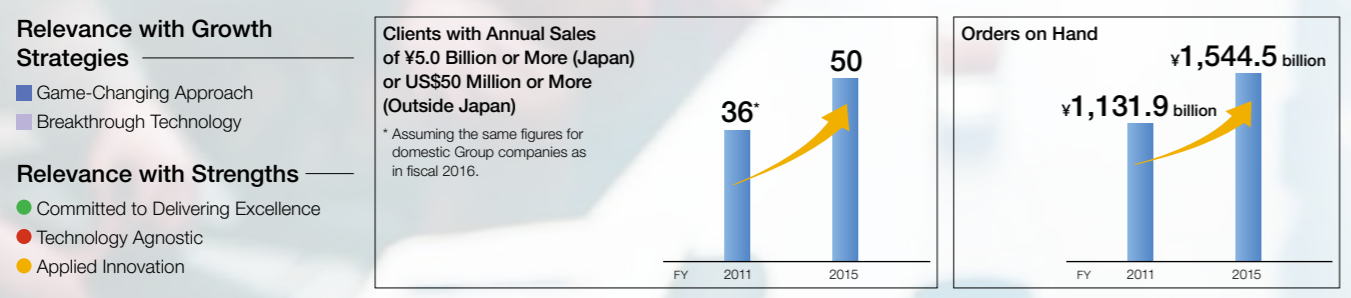
### The Indicators\*

Clients with annual sales of ¥5.0 billion or more (Japan) or US\$50 million or more (outside Japan)

# 50

\* As of March 31, 2016

Reasons for positioning as important management resources	Strong ties to growth strategies	Ties to strengths
<p><b>1</b> NTT DATA’s solid customer base enables it to develop close, long-term relationships with customers and provide IT services carefully tailored to meet their diverse needs and the problems they face. In this way, the Company fulfills its mission of being a business partner that collaborates in the creation of business.</p>	■ ■	● ● ●
<p><b>2</b> Establish a solid client foundation over the long term, accumulating expertise and technologies related to customers and industries to create new business and become the source that leads to the successful cultivation of new markets.</p>	■	● ●
<p><b>3</b> Expand the number of customers with whom we have strong relationships over the long term, enabling support for the various needs of customers and the stabilization of earnings.</p>	■ ■	● ●



## Specific Initiatives

### ► Organizational Composition Based on Industry

NTT DATA’s organizational composition varies by industry to meet a variety of needs and to acquire knowledge and expertise related to customer companies and industries.

Going forward, amid anticipated rapid industry changes and advances in IT technologies, to meet an increasingly diverse range of customer and societal expectations there is a demand for collaborations across businesses and expedited decision-making like never before. For this reason, in July 2015 NTT DATA implemented organizational changes replacing the “Company System” with a structure having four business segments and 11 business sectors.

These structural changes combine the organization in charge of the enterprise sector and the organization in charge of payment solutions into one business segment. We will attempt to enhance services for enterprises and customers through the addition of multiple currency payment and duty-free services based on the long-term provision of CAFIS, INFOX, and other payment infrastructures representative of Japan up to now.

### ► System Construction Achievements Supporting Social Infrastructure

NTT DATA offers services comprising the infrastructure supporting society, finance, and the economy.

For example, integrated ATM switching services realize linked transactions between major banks and regional banks, providing the only service in Japan able to support transactions among regional financial institutions with individual alliances across business categories, online banks and for shares held by financial institutions, services that have been provided since 2004.

In this way, NTT DATA builds strong relationships with numerous customers over the long term.

### ► Open Innovation Assistance Program

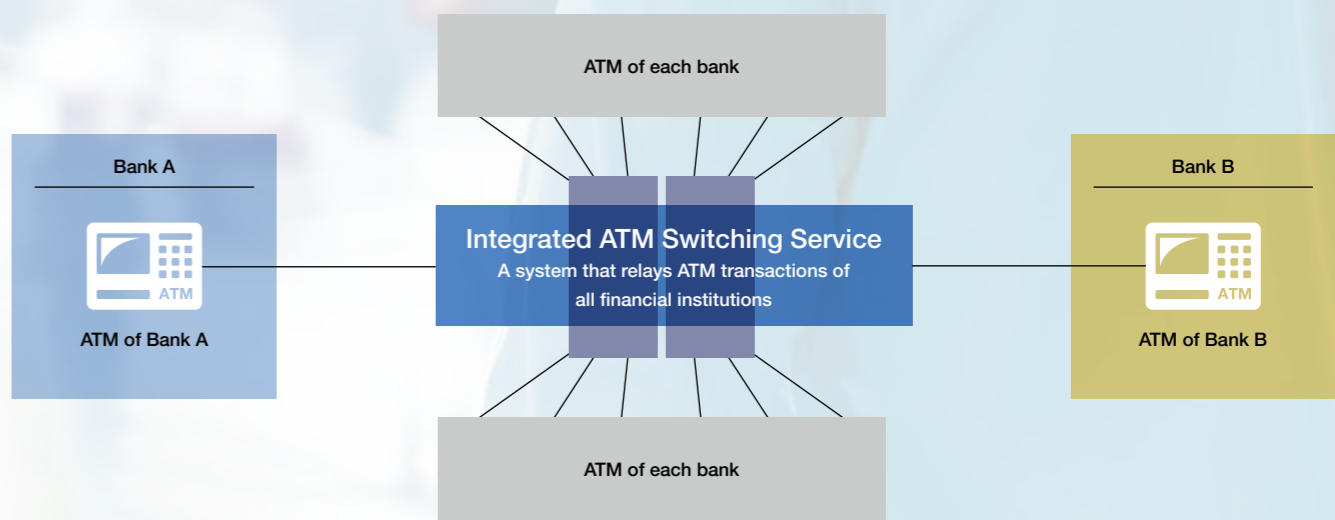
NTT DATA is proactively promoting open innovation initiatives including “Toyosu-no-Minato-kara” and NTT DATA Technology Foresight using Co-Creation Workshops.

In July 2015, we launched the Digital Corporate Accelerate Program, which provides support for companies working on new business incubation with startup ventures. This program facilitates the prompt realization of new businesses by connecting client companies with the world’s leading venture capital firms within the execution of their business strategy. This enables the establishment of new businesses with higher feasibility by supporting the creation of business models leveraging NTT DATA Group know-how and business expertise. The first user of this service was Mizuho Bank, which aimed to create new businesses using Fintech. We are rolling out this service to financial institutions in response to growing Fintech-related demand. As we meet diverse needs across a wide range of industries and sectors, a number of case studies have emerged. With DCAP Ideation<sup>\*1</sup>, we meet demand for ideathons and hackathons for business startups. We have also added DCAP POC to support POC<sup>\*2</sup> work at venture companies. Through our service menu, we are fostering business creation through comprehensive open innovation, helping to move the bar from “zero” (ideas) to “one” (concrete commercialization).

In this way, NTT DATA aims to build more solid relationships as a business partner to customers through initiatives that provide services concentrating on world-class advanced technologies and resources.


\*1. People from various fields gathering to hold group discussions and other communications on specific themes, honing ideas over a short period of time  
\*2. Proof of concept: A forward-looking trial to test the validity of new concepts, theories and principles

### Integrated ATM Switching Service



# Human Resources and Organizational Capabilities

NTT DATA leverages teamwork, one of its Values, bringing together the capabilities of individuals to engage in initiatives that maintain and enhance human resources and organizational capabilities, which is positioned as an important management resource, to provide customers with high value as professionals.



NTT DATA : ASCEND  
Rise and grow our global brand

**Aims for the Medium-Term Management Plan Period**

**Retaining and developing a variety of high-level, professional human resources**

Aiming to increase the number of diverse and sophisticated human resources to drive global business, our game-changing approach, and technological innovation.

Employees working overseas

**50% or more**

Employees

**More than 80,000**

SAP consultants

**More than 9,000**

Worldwide off-shore and near-shore development personnel

**More than 20,000**

\* As of March 31, 2016

Reasons for positioning as important management resources		Strong ties to growth strategies	Ties to strengths
1	Highly professional human resources endowed with project management capabilities able to realize the provision of flexible services are essential for meeting changing customer needs using world-class advanced development and operational methods.	■ ■	● ●
2	Diverse and talented human resources are indispensable for ongoing innovation and grasping customer needs and technological trends in the IT industry, remarkable for its technological advancements.	■	● ●
3	Bases and human resources in multiple countries and regions facilitate worldwide customer support and enables differentiation.	■	●
4	Customer business know-how and application expertise gained through long-term relationships accumulated among people and organizations.	■	● ● ●
5	People and organizations realize ongoing value creation through a shared corporate philosophy and values.		● ● ●

**Relevance with Growth Strategies**

■ Game-Changing Approach ■ Breakthrough Technology

**Relevance with Strengths**

● Committed to Delivering Excellence ● Technology Agnostic ● Applied Innovation

## Specific Initiatives

### ► Securing Diverse Human Resources through a Wide Range of Employment Channels

NTT DATA employment activities place an emphasis on individual aptitude, motivation, and ability without regard to education, age, gender or nationality. In terms of new graduates, we offer internships and a wide range of other opportunities and work with more than 100 schools to provide a variety of employment routes for those with experience. In Japan, each year we hire non-Japanese staff from about 10 different countries. In countries and regions outside Japan, we maintain strong relationships with universities and utilize social media to recruit human resources conforming to the labor markets in each country.

### ► Developing Human Resources Able to Thrive in the Global Marketplace

To develop industry-ready global human resources, we provide international business exchange opportunities by strengthening ties among the human resource departments of our four regional structures overseas, as well as their counterparts at Business Solutions and everis, centering on the Head Office in Japan. The Global Leadership Program, a discussion forum for executive trainees from around the world, has been attended by a total of 170 employees; joint training in Europe and Japan has been attended by a total of 201 employees; and Japan APAC China joint training targeting next-generation global leaders has been attended by a total of 75 employees. We also provide opportunities for employees to engage in international work-related exchanges.

### ► Professional Career Development

The NTT DATA Group introduced the Professional Career Development Program (CDP), its proprietary human resource development program aimed at producing and developing professional human resources with a high degree of specialization who are able to adapt to changes and support sustainable growth. We support autonomous employee career development by presenting an ideal employee image and facilitating paths to growth. We define 10 types and four levels of human resources and certify those employees with sufficient knowledge, experience, and skills. In the fiscal year ended March 31, 2016, 1,600 employees were certified, bringing the cumulative number of certified employees to more than 11,600 people. Monitoring is conducted to increase certification numbers and enhance certification levels, which is linked to appropriate skills development management.

### ► Promoting the Active Participation of a Variety of Human Resources

Diversity management is essential for the corporate response to diversifying social needs and sustainable growth through innovative creation. NTT DATA recognizes diversity and inclusion as a management strategy for global competitiveness and aims to create new corporate value centered on utilizing diverse human

resources and reforming working styles. Since fiscal 2013, we have focused efforts on advancing women in the workplace and optimizing overall work hours through innovative workstyles with the aim of realizing a workplace environment enabling each and every employee to actively participate.

In accordance with the passage of the Act to Advance Women's Success in Their Working Life, NTT DATA formulated and announced the General Enterprise Action Plan (April 1, 2016–March 31, 2021), stipulating initiatives toward the ongoing and assured achievement of these objectives.

### Quantitative Targets

Target 1	Continue to aim for a female employment rate of over 30% by the end of fiscal 2020
Target 2	Overall hours worked by the end of fiscal 2018 Aim for average hours worked per employee of 1,890 per year
Target 3	Aim for 200 or more female managers by the end of fiscal 2020
Target 4	Aim for 10 or more female senior managers (directors, organizational heads, etc.) by the end of fiscal 2020

### ► Ensuring High Levels of Engagement by Professional Human Resources

NTT DATA develops diverse, highly professional human resources who contribute to value creation through long-term relationships with customers, its game-changing approach, and technological innovations, ensuring high motivation and engagement through significant business contributions by individual employees. Moreover, we conduct employee satisfaction questionnaires in Japan and engagement surveys overseas.

Reference:  
NTT DATA attrition rate (Fiscal 2015): 2.4% (NTT DATA non-consolidated)  
Attrition rate by industry: Telecommunications industry: 11.3%, All industries: 15.5%

(Source: 2014 Survey on Employment Trends; Ministry of Health, Labour and Welfare)

### ► Initiatives to Inculcate Group Vision

To realize the Group vision, the NTT DATA Group strives to share the principles expressed in its cherished Values. Specifically, these initiatives involve Values Week, held every year in May to commemorate our founding, during which events are held to conduct dialogues about values. In 2015, approximately 10,000 employees in over 60 cities in nearly 20 countries participated.



# Brand

To establish a global brand, which is the goal of the Global 2<sup>nd</sup> Stage, NTT DATA will increase its business presence in each region and engage in efforts to cultivate an integrated corporate image and increase awareness to maintain and advance its brand as an important management resource.

**NTT DATA : ASCEND**  
Rise and grow our global brand

**Aims for the Medium-Term Management Plan Period**

**Establish a global brand**

- Rank in the top 10 in major countries and regions
- Be recognized as a business partner to client companies

**The Indicators\*1**

Global IT service ranking (Net sales)

**10<sup>th</sup>**

CMMI certification\*2

**Level 5**  
(the highest level)

\*1. As of March 31, 2016  
 \*2. Capability Maturity Model Integration (CMMI): A model created by the CMMI Institute of Carnegie Mellon University with the assistance of the U.S. State Department that expresses the level of maturity of organizations undertaking system development. The model utilizes a five-point scale with Level 5 as the highest level. In addition to expressing degree of maturity by scaled levels, CMMI defines the characteristics of effective processes that satisfy each degree of maturity. CMMI is utilized by numerous corporations throughout the world as the de facto standard reference model for conducting process improvements.

Reasons for positioning as important management resources	Strong ties to growth strategies	Ties to strengths
1 Strong brand power through increased awareness and the provision of high added value is essential to increase local presence overseas, a core theme of the Medium-Term Management Plan.	■ ■ ■	● ● ●
2 To further enhance presence, we must expand awareness of NTT DATA as an innovative corporation.	■ ■ ■	● ●
3 In addition to business characteristics such as providing IT services with intangible value and building systems to support social infrastructure, reputation and confidence are important from the clients' perspective.	■	●
4 The loss of social trust will affect all business operations, including economic losses and talent acquisition.		●

**Relevance with Growth Strategies**

- Game-Changing Approach
- Breakthrough Technology

**Relevance with Strengths**

- Committed to Delivering Excellence
- Technology Agnostic
- Applied Innovation

## Specific Initiatives

### ▶ Conducting Business Aimed at Realizing Our Mission Statement

Based on our mission statement of using information technology to create new paradigms and values which help contribute to a more affluent and harmonious society, the execution of business activities aimed at the creation and stable, ongoing operation of systems supporting society are the wellspring of the NTT DATA brand.

### ▶ Initiatives Aimed at Increasing Awareness

NTT DATA will focus efforts on global public relations activities to improve brand power, the key to acquiring business with multinational corporate clients.

**Vatican Apostolic Library**

© Biblioteca Apostolica Vaticana

Due to its global presence, the Vatican Apostolic Library digital archive project received news coverage in multiple languages which had a major publicity effect leading to awareness of the NTT DATA brand.

**The British Open Golf Championship**

The Open Championship is one of the four major championships in professional golf, having the longest history and oldest tradition. Since 2013, NTT DATA has officially sponsored the tournament as a patron. We attempt to increase NTT DATA brand awareness in global markets through sponsorship of this international and prestigious sporting event.

**Indianapolis 500**

Since 2013, NTT DATA has sponsored the prestigious U.S. Chip Ganassi Racing Teams as they compete in the Indianapolis 500, a giant sporting event with a storied history, which is part of the Triple Crown of Motorsport and has extremely high visibility in the North American region. From 2014, in addition to the Indianapolis 500, NTT DATA has participated in the entire IndyCar Series (18 races) in an attempt to expand brand awareness and improve its corporate image.

**Business with Social Significance**

In April 2014, NTT launched a project involving the digital archiving of the entirety of historical handwritten manuscripts in the Vatican Apostolic Library to realize the legacy of an everlasting culture and leave to posterity approximately 80,000 volumes with some 40 million pages.

With digital archiving, NTT DATA will prevent the deterioration and loss of documents, taking advantage of a system for once again utilizing the valuable documents hidden within the organization to provide the world with new value.

**Providing New Value through Data Utilization**

The installation of the NTT DATA Wall, which visualizes in real-time a variety of data generated at The Open Championship and embodies the drama hidden behind the data, enables the provision of a new spectator style using IT for golf fans in the gallery and around the world. Through the use of data, these initiatives aim to realize a new style of sports spectating, giving rise to a heretofore unknown level of excitement.

**Verification Tests Using Technological Capabilities**

NTT DATA also supports Chip Ganassi Racing Teams with IT technologies. From the 2015 season, we have employed wearable functional material "hitoe" technology facilitating the continuous measurement of biometric information, which enables the acquisition, analysis, and use of a driver's biometric information during the race. Also, based on the technologies and knowledge gained through these initiatives, we aim to develop new solutions utilizing biometric information applicable to the sports industry overall in 2020. Furthermore, we will deploy these biometric information acquisition and analysis technologies in other areas to promote the creation of services centered on the use of biometric information.

# Technology

Regarding “Foresight” as a value, NTT DATA considers business know-how, advanced development and operational methods, and various research results accumulated through client relationships over many years that we consider “technologies” to be an important management resource that we strive to maintain and enhance.



### Aims for the Medium-Term Management Plan Period

- Improve competitiveness through development knowledge sharing on a global level
- Create new businesses using cutting-edge technologies

NTT DATA will acquire a competitive edge through the accumulation and distribution of development knowledge throughout the world to improve productivity and create new systems and businesses with clients using cutting-edge technologies.

### The Indicators

Leading the big data era as a Hadoop developer company  
**4th** worldwide

Evaluation report published by HfS Research of the United States HfS Blueprint 2016\*1:  
Success Factors Services  
**Highest ranking**  
Obtained “Winner’s Circle” rating

**NTT Group the first Japanese company to receive award**  
OpenStack Superuser Award from the OpenStack Foundation

Cloud professional services vendor assessment report by IDC\*2, of the United States  
Assessed as **a top-level “leader”**  
in IDC MarketScape: Worldwide Cloud Professional Services 2016 Vendor Assessment

\*1. Application Testing Services  
\*2. IDC MarketScape Worldwide Cloud Professional Services 2016 Vendor Assessment

Reasons for positioning as important management resources	Strong ties to growth strategies	Ties to strengths
1 The foundation for proposing optimized solutions to clients	■ ■	● ●
2 Technology trends, analysis and future outlook (NTT DATA Technology Foresight) representative of innovation management promotes the co-creation of business with clients and enhances our competitive edge.	■	●
3 Enhance NTT DATA competitiveness through ownership and use of intellectual properties.		●
4 Production technology innovations that shorten delivery times enable us to break free from labor-intensive industries, and heighten competitiveness.	■	●

### Relevance with Growth Strategies

■ Game-Changing Approach ■ Breakthrough Technology

### Relevance with Strengths

● Committed to Delivering Excellence ● Technology Agnostic ● Applied Innovation

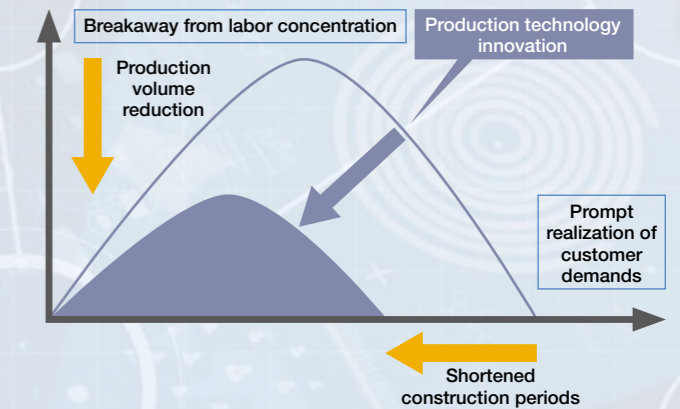
### Specific Initiatives

#### ► Automation and Standardization of Software Development

NTT DATA has engaged in realizing high-quality and short-term development through the automation of software development. This had been one aspect of our competitive advantage, but in recent years our competitors are also promoting initiatives aimed at software development automation. Given these conditions, we have engaged in expanding the number of development processes able to be automated and increased the number of development projects where automation can be applied.

We have also standardized development processes throughout the world and engage in enhancing competitiveness through development knowledge sharing on a global level and are focusing efforts on further production technology innovation.

### Production Technology Innovation

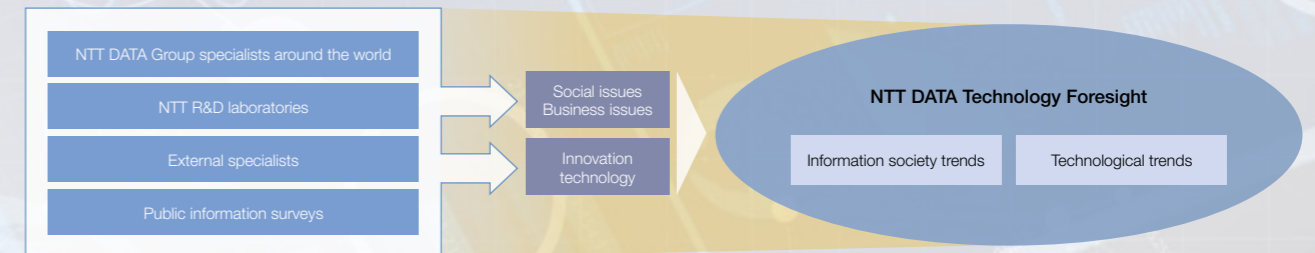


#### ► Creating New Businesses Together with Clients, Deriving and Unveiling Near-Future Technology Trends

As one method of determining research themes that need to be addressed over the medium to long term, NTT DATA anticipates future changes from a variety of perspectives and derives near-future information society trends and technological trends, published as NTT DATA Technology Foresight. The utilization of NTT DATA Technology Foresight as a guideline indicating trend information for the focused promotion of advanced technological developments necessary for future society is a critical element enabling the continued proposal and provision of attractive systems for clients. In fiscal 2015, artificial intelligence (AI), such as robots able to communicate, significantly increased in importance and visibility among other technological trends. To enhance initiatives in this area, we established a unit dedicated to AI technology.

NTT DATA Technology Foresight proactively releases information through external lectures and private seminars for clients to widen the scope of its application. Through these activities, we are promoting our technological capabilities and advancement, as well as enhancing our corporate brand and client loyalty. In fiscal 2015, we dramatically increased the level of activities conducted by our Co-Creation Workshops, which aim to create new business ideas with clients by utilizing NTT DATA Technology Foresight. Thanks to these efforts, we are already receiving orders for new projects.

### NTT DATA Technology Foresight Formulation Process



#### ► Use of NTT Group Technological Development Results

NTT R&D, based on a mission statement of contributing to society, industry, and academic development through the creation of world-leading technologies, with approximately 2,500 researchers engaged in a wide variety of research, from basic research to R&D supporting business development. NTT DATA uses the results of these R&D efforts to promote business. For example, the research results from joint experiments conducted by NTT DATA, NTT, and Vstone Co., Ltd., were used to conduct joint verification tests aimed at realizing “client service support” with the “Sota” communication robot using sensors and a cloud robotics platform for the Resona Bank’s Toyosu Branch (Seven Days Plaza Toyosu).

These joint verification tests verified the potential for using communication robots in actual branch duties, including guidance from the ATM section to the teller window, detection of customers using high-sensitivity sensors, and other customer support.

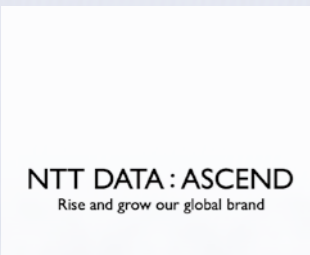
Through this initiative, we aim to commercialize client services performed by communication robots in fiscal 2016. To realize this objective, we will accumulate expertise on utilizing these robots through verification tests to extend the range of operations supporting client services to include client guidance, product introductions, and support for customer response operations.



“Sota” communication robot

# Partners

Based on its “Clients First” values, NTT DATA positions relationships with partners as an important management resource that it strives to maintain and enhance, as partners supply NTT DATA with services, products, and research results that enable it to provide its clients with optimal services.



NTT DATA : ASCEND  
Rise and grow our global brand

### Aims for the Medium-Term Management Plan Period

- Maintain and strengthen partnerships with cloud vendors, software vendors, hardware vendors, and other companies to enhance our resources and solutions

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### The Indicators\*

Global Services Partnership concluded with SAP SE

**NTT DATA Group the first Asian company to be an SAP service partner**

Number of companies certified under the business partner system

# 148

\* As of March 31, 2016

## Specific Initiatives

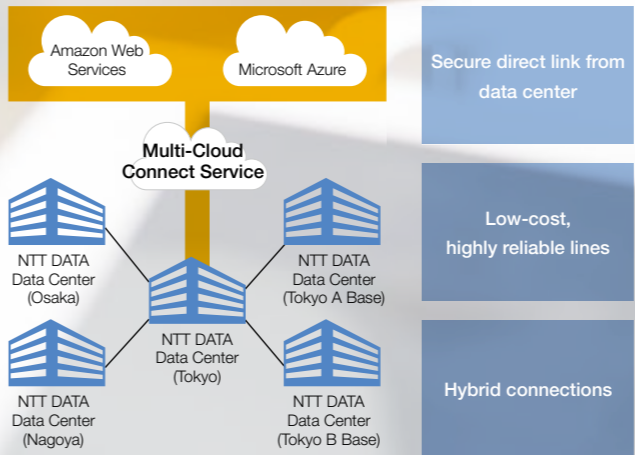
### ▶ Collaborations with Global IT Companies

NTT DATA is engaging in partnerships with global IT companies and promoting the provision of IT services leveraging mutual strengths. As one example, in February 2016 we launched the Multi-Cloud Connect service using a dedicated line to directly link Amazon Web Services (AWS) and Microsoft Azure to NTT DATA's data centers. Going forward, we will attempt to enhance our cloud services in response to anticipated growth in hybrid cloud and multi-cloud needs as this technology continues to spread.

### ▶ Supply Chain Management (Business Partner System)

NTT DATA conducts spending analyses related to outsourced transactions to accurately ascertain and manage its supply chain. Regarding outsourced software, the business partner system was established to evaluate management conditions from a variety of angles, with excellent companies being accredited as business partner or associate partner companies. This is linked to enhanced supply chain competitiveness by contributing to the retention of human resources and enhanced productivity and quality within NTT DATA development projects.

### Multi-Cloud Connect Service



### ▶ Global Collaborations with the NTT Group

Collaborations with the NTT Group enables us to acquire orders from North America, Europe, and Asia. With regard to telephony-related business in particular, Dimension Data's strength in the construction and operation of in-house LAN systems, NTT Communications' strength in data center services and network services in each country, and NTT DATA's strength in application businesses facilitate complementary relationships. NTT Group collaborations lead to proposals with high added value.

### Collaborative Order Projects in the Fiscal Year Ended March 31, 2016

Areas	Collaborations	Projects	Client industries
North America	Dimension Data	SaaS business analytics services	Manufacturing industry
Europe	Dimension Data	Comprehensive data center solutions	Manufacturing industry
Southeast Asia	NTT Communications	IT support services related to employee payroll and equipment	Financial industry

Reasons for positioning as important management resources	Strong ties to growth strategies	Ties to strengths
1 Based on the “Clients First” concept, we must incorporate a wide range of excellent products and technologies from global partners to realize the provision of optimal services to clients.	■ ■	● ●
2 To provide flexible and advanced services in line with client needs, we must collaborate when necessary with global IT companies.	■ ■	● ●
3 Positive relationships with partners enable us to realize effective cost management and the creation of stable and flexible delivery structures.		● ●

**Relevance with Growth Strategies**

■ Game-Changing Approach ■ Breakthrough Technology

**Relevance with Strengths**

● Committed to Delivering Excellence ● Technology Agnostic ● Applied Innovation

# Corporate Governance

## Directors, Audit & Supervisory Board Members, and Senior Vice Presidents

(As of July 1, 2016)



### Directors

**1 Representative Director, President and Chief Executive Officer**  
**Toshio Iwamoto**

1976 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2009 Representative Director, Senior Executive Vice President and Company President, Public & Financial IT Services Company of NTT DATA  
2011 Representative Director and Senior Executive Vice President of NTT DATA  
2012 Representative Director, President and Chief Executive Officer of NTT DATA (present post)

**2 Representative Director and Senior Executive Vice President**  
**Masanori Shiina**

Responsible for Corporate Strategy, Finance (CFO), Investor Relations, and Risk Management (CRO)  
1979 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2011 Director, Senior Vice President, and Senior Executive Manager, Group Strategy Headquarters of NTT DATA  
2013 Director, Executive Vice President and Company President, Public & Financial IT Services Company of NTT DATA  
2014 Representative Director, Executive Vice President and Company President, Public & Financial IT Services Company of NTT DATA  
2015 Representative Director and Senior Executive Vice President of NTT DATA (present post)

**3 Representative Director and Senior Executive Vice President**  
**Yo Honma**

Responsible for Enterprise & Solutions Segment  
1980 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2013 Senior Vice President, Head of Third Enterprise Sector of NTT DATA  
2014 Director, Executive Vice President, and Company President, Enterprise IT Services Company of NTT DATA  
2016 Representative Director and Senior Executive Vice President of NTT DATA (present post)

**4 Representative Director and Executive Vice President**  
**Eiji Ueki**

Responsible for Technology Strategy (CTO), Information Security (CISO), and Financial Segment  
1981 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2013 Director, Senior Vice President and Senior Executive Manager, Second Financial Sector of NTT DATA  
2014 Director, Senior Vice President, and Senior Executive Manager, Group Strategy Headquarters of NTT DATA  
2014 Director, Executive Vice President, and Senior Executive Manager, Group Strategy Headquarters of NTT DATA  
2016 Representative Director and Executive Vice President of NTT DATA (present post)

**5 Director and Executive Vice President**  
**Kazuhiro Nishihata**

Responsible for Global Segment  
1981 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2012 Executive Vice President and Senior Executive Manager, Global Business Sector of NTT DATA  
2013 Executive Vice President, Head of Global Business Sector of NTT DATA  
2015 Director and Executive Vice President of NTT DATA (present post)

**6 Director and Executive Vice President**  
**Tsuyoshi Kitani**

Head of Technology and Innovation General Headquarters  
Head of System Engineering Headquarters  
1983 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2014 Senior Vice President, concurrently serving as Head of System Platforms Sector and Head of Research and Development Headquarters of NTT DATA  
2015 Executive Vice President concurrently serving as Head of Technology and Innovation General Headquarters and Head of System Platforms Sectors of NTT DATA  
2016 Director and Executive Vice President concurrently serving as Head of Technology and Innovation General Headquarters and Head of System Engineering Headquarters of NTT DATA (present post)

**7 Director and Executive Vice President**  
**Keiichiro Yanagi**

Head of General Affairs Department  
Head of Human Resources Department  
1984 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2009 President and Representative Director of NTT DATA Getronics Corporation  
2012 Head of General Affairs Department of NTT DATA  
2013 Senior Vice President, Head of Second Financial Sector of NTT DATA  
2016 Director and Executive Vice President, Head of General Affairs Department and Human Resources Department of NTT DATA (present post)

**8 Director and Executive Vice President**  
**Hiroyuki Aoki**

Responsible for Public & Social Infrastructure Segment  
1984 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2004 Head of the First Technical Sector, System Technical Business Unit, Business Development Headquarters of NTT DATA  
2007 Head of Group Strategy Headquarters of NTT DATA  
2009 Deputy Head of Manufacturing Business Sector of NTT DATA  
2012 President and Representative Director of NTT DATA KYUSHU CORPORATION  
2014 Senior Vice President, Head of Human Resources Department of NTT DATA  
2016 Director and Executive Vice President of NTT DATA (present post)

**9 Director**  
**Yukio Okamoto**

Outside Director<sup>\*1</sup>, Independent Director<sup>\*3</sup>  
1968 Joined the Ministry of Foreign Affairs  
1991 Representative Director, Okamoto Associates, Inc. (present post)  
2000 Director, Mitsubishi Materials Corporation (present post)  
2008 Director, Nippon Yusen Kabushiki Kaisha (NYK LINE) (present post)  
2014 Director of NTT DATA (present post)

**10 Director**  
**Hiromasa Takaoka**

Director  
1988 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
2011 Director of Human Resources of NTT, Communications Corporation Member of the Board of NTT Human Solutions Corporation  
2013 Vice President of HR, General Affairs Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (present post)  
2015 Director of NTT DATA (present post)

**11 Director**  
**Eiji Hirano**

Outside Director<sup>\*1</sup>, Independent Director<sup>\*3</sup>  
1973 Joined Bank of Japan  
2014 Special Advisor of Toyota Financial Services Corporation  
2015 Vice Chairman, Director and Representative Executive Officer of MetLife, Inc. (present post)  
Director of RIKEN CORPORATION (present post)  
2016 Advisor of Toyota Financial Services Corporation (present post)  
Director of NTT DATA (present post)



### Audit & Supervisory Board Members

**Standing Audit & Supervisory Board Member**  
**Yukio Ishijima**

Outside Audit & Supervisory Board Member<sup>\*2</sup>, Independent Director<sup>\*3</sup>  
1976 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2006 Senior Vice President and Head of Planning and General Affairs, NTT Business Associe Co., Ltd.  
2009 Representative Director and Executive Vice President, NIPPON CAR SOLUTIONS CO., LTD.  
2014 Standing Audit & Supervisory Board Member of NTT DATA (present post)

**Standing Audit & Supervisory Board Member**  
**Tetsuro Yamaguchi**

Outside Audit & Supervisory Board Member<sup>\*2</sup>  
1979 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
2010 Director of Global Strategy Department, Global Business Division of NTT Communications Corporation  
2011 Dimension Data Holdings plc, Director of the Board, Group Executive: Joint Business Development  
2015 Standing Audit & Supervisory Board Member of NTT DATA (present post)

**Standing Audit & Supervisory Board Member**  
**Akio Nakamura**

Outside Audit & Supervisory Board Member<sup>\*2</sup>, Independent Director<sup>\*3</sup>  
1978 Joined the Ministry of Finance  
2013 Registered as an attorney at law, TANABE & PARTNERS, Special Partner (present post)  
2015 Director of Century Tokyo Leasing Corporation (present post)  
2016 Standing Audit & Supervisory Board Member of NTT DATA (present post)

**Audit & Supervisory Board Member**  
**Rieko Sato**

Outside Audit & Supervisory Board Member<sup>\*2</sup>, Independent Director<sup>\*3</sup>  
1984 Registered as an attorney at law (present post)  
1998 Partner of Ishii Law Office (present post)  
2004 Corporate Auditor of Ajinomoto Co., Inc.  
2008 Corporate Auditor of GignoSystem Japan, Incorporated (present post)  
2012 Audit & Supervisory Board Member of NTT DATA (present post)  
2015 Director of the Dai-ichi Life Insurance Co., Ltd., (present post)

### Executive Vice President

**Shigeki Yamaguchi**

Head of IT Services & Payments Services Sector

### Senior Vice Presidents

**John McCain**

Chief Executive Officer of NTT DATA, Inc.

**Masato Inaba**

Chair of the Board, NTT DATA (CHINA) Co., Ltd.  
Chair of the Board, NTT DATA (CHINA) INVESTMENT Co., Ltd.

**Tooshi Fujiwara**

Head of First Financial Sector

**Sachihiko Okimura**

Head of Third Financial Sector

**Shunichi Takeuchi**

Head of Telecom & Utility Business Sector

**Tadashi Uhira**

Chair of the Board, NTT DATA EMEA LTD.

**Katsumi Iijima**

Head of Public Sector 2

**Koji Ito**

Head of Global Business Sector

**Hisashi Matsunaga**

Head of Group Strategy Headquarters

**Motonobu Isoya**

Head of Manufacturing IT Innovation Sector

**Shinichiro Miyake**

Head of Fourth Financial Sector

**Takashi Nakamura**

Head of Finance Department

**Shinichi Usui**

Head of Public Sector 1

**Tetsu Sato**

President and CEO of NTT DATA ASIA PACIFIC PTE. LTE.

**Yutaka Sasaki**

Head of Business Solutions Sector

**Masanori Suzuki**

Head of Second Financial Sector

\*1. Yukio Okamoto and Eiji Hirano are outside directors pursuant to Article 2, Paragraph 15 of the Companies Act.

\*2. Yukio Ishijima, Tetsuro Yamaguchi, Akio Nakamura, and Rieko Sato are outside Audit & Supervisory Board members pursuant to Article 2, Paragraph 16 of the Companies Act.

\*3. NTT DATA has designated Yukio Okamoto, Eiji Hirano, Yukio Ishijima, Akio Nakamura, and Rieko Sato as independent directors in accordance with the listing regulations of the Tokyo Stock Exchange and notified it.



For details on our efforts, please see Corporate Governance Report.  
<http://www.nttdata.com/global/en/investor/library/cg-report/index.html>

# FAQ

For convenience, the questions most frequently received from shareholders have been collected and compiled as a FAQ.

Question 1

**What is NTT DATA's position on strategic shareholdings?**

- ✓ With respect to shareholdings whose aim is for other than net investment purposes, shares in customer and business partner companies are held to enable the maintenance of relationships over the medium to long term, expand business, and create synergies. If holding shares in the issuing company results in the enhancement of NTT DATA corporate value and is thought to be linked to shareholder and investor profit, we will pursue this shareholding policy.
- ✓ Equity investments (as of March 31, 2016) held for other than net investment purposes recorded on the consolidated balance sheets amounted to ¥65,263 million, of which two issues were in excess of ¥1,000 million.
- ✓ Regarding the execution of voting rights related to strategic shareholdings, comprehensive evaluations are made in terms of whether the decision will lead to the issuing company's sustainable growth and enhanced corporate value over the medium to long term. We consider this to be linked to NTT DATA's enhanced corporate value and shareholder and investor medium- to long-term profit.

Question 2

**How is director remuneration tied to medium- to long-term performance?**

- ✓ From the perspective of reflecting medium- to long-term performance in director (excluding outside directors) remuneration, a certain amount of monthly remuneration at or above a prescribed level is contributed for the purchase of the Company's own shares through the NTT DATA Directors' Share-Holding Association. The association holds all shares purchased during the term of the directors.

Question 3

**How is the Board of Directors evaluated?**

- ✓ Each quarter, auditing of the director business duty execution status is conducted within the business duty execution status report, and discussion meetings that outside directors, Audit & Supervisory Board members, and representative directors attend are held to heighten the efficacy of the Board of Directors as well as implementation initiatives (detailed explanations beforehand to outside directors, and explanation of NTT DATA terminology) aimed at invigorating discussions at Board of Directors' meetings. Additionally, on the advice of a third party we plan to conduct a survey targeting all Board of Directors' members in the fiscal year ending March 31, 2017 in an effort to promote and further enhance verification and improvements related to efficacy of the Board of Directors.

Question 4

**How does NTT DATA protect the interests of minority shareholders?**

- ✓ With respect to the relationship with our parent company NTT, we promote cooperation while fully respecting each other's independence and autonomy. In terms of transactions with NTT, our basic policy is to conduct business appropriately in line with laws and regulations.
- ✓ When transacting with NTT and NTT Group companies, we are cognizant of maximizing minority shareholder interests. Specifically, we confirm that transaction details are reasonable and proper. After prior review, including third-party opinions solicited by our Legal Affairs Department, as necessary, we grant approval based on Authority Rules. Moreover, in the event of a sales-related transaction, its conditions and decision-making methods are the same as those used with other business partners.

Question 5

**What efforts does NTT DATA engage in to strengthen its governance structure?**

- ✓ In the fiscal year ending March 31, 2017, we increased the number of outside directors from one to two to strengthen our management monitoring function.
- ✓ Audit & Supervisory Board members, all of whom are outside members, participate in Board of Directors and other important meetings. Independent from the executive officers, these members contribute to executive officers' effectiveness from the perspective of compliance with laws, regulations, and the Articles of Incorporation.

## Messages from Independent Directors



**Yukio Okamoto**  
Independent Director

- 1968 Joined the Ministry of Foreign Affairs
- 1991 Resigned from the Ministry of Foreign Affairs  
Representative Director, Okamoto Associates, Inc. (present post)
- 1996 Special Advisor to the Prime Minister
- 2000 Director, Mitsubishi Materials Corporation (present post)
- 2003 Special Advisor to the Prime Minister
- 2006 Auditor, Mitsubishi Motors Corporation
- 2008 Director, Nippon Yusen Kabushiki Kaisha (NYK LINE) (present post)
- 2014 Director of NTT DATA (present post)

### Efficacy of NTT DATA's Board of Directors

What is really surprising about the Company's Board of Directors' meetings is not just the depth of discussions, but how very lively they are. All participants openly and frankly critique other directors' areas of responsibility, which I think facilitates a broader discussion. Discussions are thorough and conducted from a variety of angles. In this way, projects in each business unit undergo multilayered checks and assessments. Although discussions are always grounded in the perspective of stakeholder interests, we also pay sufficient attention to minority shareholder interests.

Discussions not only focus on management numbers but also take a long-term perspective. In discussions encompassing predicted changes in business conditions and international marketing changes, if evaluated from a governance point of view as Board of Directors, I feel the discussions would be nearly ideal.

As projects discussed at Board of Directors' meetings have already passed through the Corporate Management Committee, I find it commendable that the Board conducts further and more in-depth discussions.

At present, there are two independent directors, for whom detailed briefings are conducted before Board of Directors' meetings within a structure enabling sufficient understanding of discussions. Management makes every effort to listen to the opinions of independent directors. The IT business is a sector in which surrounding conditions and technologies change at a rapid pace. I respect NTT DATA's Board of Directors for always being at the ready to capture changes in surrounding conditions and its speedy response.



**Eiji Hirano**  
Independent Director

- 1973 Joined Bank of Japan
- 2006 Resigned from Bank of Japan  
Vice President and Director of Toyota Financial Services Corporation
- 2014 Special Advisor of Toyota Financial Services Corporation  
Vice Chairman and Director of MetLife, Inc.
- 2015 Vice Chairman, Director and Representative Executive Officer of MetLife, Inc. (present post)  
Director of RIKEN CORPORATION (present post)
- 2016 Advisor of Toyota Financial Services Corporation (present post)  
Director of NTT DATA (present post)

### Global Governance Challenges

The NTT DATA Group identified the future vision of the Group as a Global IT Innovator. The effort in recent years to aggressively expand overseas through M&As is truly eye-opening. As a newly appointed director, I am quite sympathetic to the intention of engaging in global competition.

That being said, creating synergy as a global group and integrating an entire organization is no easy task. Each market has different characteristics, thus it takes creativity to be compatible with markets and develop business. At the same time, if each company takes a different approach, there is no longer any meaning to establishing a global Group.

The point is, striking a balance between global and local is a critical issue. After retiring from the Bank of Japan, and having been involved with supervising all overseas business from the perspective of a head

office director at the Toyota Financial Services Group, which develops financial services in 35 countries, at present I am a director and vice chairman at MetLife Japan, representing the largest life insurance company in the United States. In other words, while my position at Toyota Financial Services Group focused on local control and management, my position at MetLife is as a member of local management controlled by a U.S.-based headquarters.

What these two experiences have taught me is, although governance modalities and structures may differ, regardless of the organization, the most important factor is relationships of trust between people. It is not an exaggeration to say the NTT DATA Group's history as a global Group has only just begun. I will leverage my experiences to the best of my ability to help develop NTT DATA into a truly global group.

## Corporate Governance Overview of Corporate Governance

### Basic Views

The NTT DATA Group aims to establish a business structure that produces stable profits through continuous growth by carrying out its mission to create new paradigms and values with information technology for a more affluent and harmonious society, and also by forecasting future trends to swiftly and accurately respond to the changing market environment, customer needs, and cutting-edge technology trends.

Under this management philosophy, the NTT DATA Group is currently focusing on its core strategies of “Game-Changing Approach” and “Breakthrough Technology.” This is in line with the “NTT DATA: ASCEND—Rise and grow our global brand” basic principle, which was set up for the improvement of brand value as a global brand by formulating the Medium-Term Management Plan for the period from the fiscal year ending March 31, 2017, through the fiscal year ending March 31, 2019, in pursuit of business growth worldwide while raising its local presence and realizing global synergy.

The NTT DATA Group will play an active role in overcoming various issues that face society through the appropriate provision of various information services by the Group’s officers and employees based on common sense, as well as in complying with laws and contracts at home and abroad and in respecting international standards including those of human rights.

Under these concepts, NTT DATA is working on the following basic policies in accordance with the purpose of each principle of Japan’s Corporate Governance Code to ensure that corporate governance will effectively function to (1) ensure transparency and soundness in business management, (2) achieve appropriate and swift decision-making and business execution, and (3) implement compliance thoroughly. The purpose of following these basic policies is to meet the various expectations of stakeholders, including shareholders, investors, clients, business partners, and employees, and to maximize corporate value.

#### (1) Ensuring transparency and soundness in business management

NTT DATA strives to disclose information in a just, fair, and timely manner in accordance with the Disclosure Policy, based on Disclosure Guidelines. Such disclosure is important in that it enables the market to appraise NTT DATA appropriately. For this reason, NTT DATA holds a meeting to explain financial results announced quarterly, and often holds other meetings for domestic and international investors and analysts, in order to ensure transparency in business management. To reinforce the function of supervising and auditing fairness in business execution, NTT DATA places outside directors and outside Audit & Supervisory Board members to supervise and audit the Board of Directors and the Audit & Supervisory Board and to ensure soundness in its business management. NTT DATA also pays attention to maximizing the profit of its shareholders when transacting business with NIPPON TELEGRAPH AND TELEPHONE CORPORATION (hereinafter referred to as “NTT”), the parent company of NTT DATA, and companies in the NTT Group.

#### (2) Achieving appropriate and swift decision-making and business execution

Decision-making at NTT DATA is carried out under the supervision of the Board of Directors in accordance with Authority Rules, which stipulate the responsibilities and authority of the president and CEO, senior executive vice presidents, directors in charge of business segments, and organizational heads. For smooth and swift decision-making and supervision in its business operations, NTT DATA has established the Corporate Management Committee, which is made up

of the president and CEO, senior executive vice presidents, directors in charge of business segments, and organizational heads of important sections, and conducts discussions in advance for effective deliberations about the items to be resolved at Board of Directors’ meetings. In addition, NTT DATA pursues appropriate and swift decision-making and business execution by placing senior vice presidents in charge of business execution. Directors delegate most of the authority relating to business execution to these senior vice presidents, with each section or group executing business operations independently and responsibly in accordance with Organizational Regulations.

#### (3) Implementing compliance thoroughly

NTT DATA is determined to operate its business in accordance with high ethical standards as well as compliance by employing a Global Compliance Policy targeting all officers and employees of the NTT DATA Group to clarify its basic policies and specific behavior guidelines relating to corporate ethics. To make such business operations effective, NTT DATA considers it necessary to implement a continuous educational campaign to promote the awareness of ethics and compliance. Therefore, it holds training sessions on compliance for employees and conducts employee attitude surveys. Aiming for more openness in its corporate culture, NTT DATA established the “Whistle Line,” a Groupwide internal and external contact point that accepts any declaration regarding compliance breaches, anonymous or named. NTT DATA ensures that anyone reporting to the “Whistle Line” is not unfavorably treated because of their declaration.

#### Reasons for Selecting the Current Corporate Governance Structure

NTT DATA has adopted this system because it deemed that auditing conducted by outside and other Audit & Supervisory Board members provides effective management oversight.

Outside directors are nominated to strengthen the monitoring function to ensure fair business execution.

The two current outside directors are expected to incorporate a management perspective from a wide range of viewpoints leveraging their experience.

Outside directors supervise business management through mutual coordination with Audit & Supervisory Board members and the Internal Audit Department, making proposals when necessary and receiving reports on audit planning and results from Audit & Supervisory Board members along with the Internal Audit Department.

#### Business Execution

The Company has the following primary governing entities: the General Meeting of Shareholders, the Board of Directors, and the Audit & Supervisory Board. Also, the Company has established the Corporate Management Committee to accelerate decision-making related to business execution.

NTT DATA decision-making is based on Authority Rules defining the responsibilities and authority of the president and CEO, vice presidents, directors in charge of business segments, and organizational heads under the supervision of the Board of Directors. Furthermore, each operational process is executed in accordance with Organization Rules defining the jurisdiction of each organization.

The Board of Directors has 11 members, including two outside directors, and holds regular monthly meetings and additional meetings as necessary. In the fiscal year ended March 31, 2016, the Board met 21 times to engage in decision-making and supervision regarding legal

issues, important Company and Group management matters, and other issues.

The Corporate Management Committee comprises the president and CEO, vice presidents, directors in charge of business segments, and organizational heads of important sections. In principle, the committee convenes weekly to provide smooth, prompt decision-making and supervision in relation to operational management. One Audit & Supervisory Board member also attends committee meetings to enhance decision-making transparency.

#### Auditing and Supervision

NTT DATA is a Company with an Audit & Supervisory Board. The Audit & Supervisory Board comprises four outside Audit & Supervisory Board members, one of whom is a woman. In the fiscal year ended March 31, 2016, the Audit & Supervisory Board met 19 times and also regularly exchanges opinions with the president and CEO and conducts discussions related to management conditions with Group company presidents to ascertain the actual status of business execution by directors, offering advice when necessary. There are no personal relationships having potential conflicts of interest with general shareholders, nor any capital or business relationships between NTT DATA and outside Audit & Supervisory Board members. Each Audit & Supervisory Board member attends important Company meetings, such as meetings of the Board of Directors, and regularly audits director business execution. Furthermore, NTT DATA established the Internal Audit Department as an internal audit division conducting internal audits independently from business execution. Audit & Supervisory Board members conduct hearings and exchange information pertaining to internal auditing results from the Internal Audit Department. Audit & Supervisory Board members also conduct audits in conjunction with Group Company Audit & Supervisory Board members.

The Office for Audit & Supervisory Board Members was established as an organization supporting Audit & Supervisory Board members (including outside Audit & Supervisory Board members).

Regarding financial auditing, NTT DATA recognizes the importance of efficient auditing and maintaining and improving auditing quality, thus Audit & Supervisory Board members make an effort to strengthen the auditing system through close coordination with independent auditors to regularly plan auditing and exchange information on auditing results.

The certified public accountants who conduct NTT DATA’s financial auditing are Mr. Kensuke Sodekawa, Mr. Yasuyuki Morimoto, and Mr. Hirotaka Nakata of KPMG AZSA LLC. Financial auditing is assisted by an additional 13 certified public accountants and 23 other individuals.

#### Nomination and Appointment Director Candidate Appointment Policy

To enhance overall Group corporate value, director candidates are appointed from among personnel who possess a broad outlook and range of experiences, management skills, excellent leadership, management sense, and motivation that will contribute to the Group’s total development. The Board of Directors is composed with consideration for a balance and diversity of specialization in a scale proportional to business activities.

Moreover, from the perspective of strengthening supervisory functions for business execution, in principle, NTT DATA appoints multiple individuals to serve as outside directors who do not represent potential conflicts of interest with general shareholders.

#### Audit & Supervisory Board Member Candidate Appointment Policy

NTT DATA appoints candidates for Audit & Supervisory Board members who have the capability to conduct audits based on specialized experience and insight.

From the perspective of fairly auditing director business execution, NTT DATA appoints outside Audit & Supervisory Board members who do not present potential conflicts of interest with general shareholders. In accordance with Japan’s Companies Act, NTT DATA ensures that outside Audit & Supervisory Board members make up half or more of the Audit & Supervisory Board.

#### Appointment Procedures

Regarding appointment procedures for director candidates, candidate nominations are explained to the parent company and independent outside directors before a Board of Directors’ meeting. After receiving pertinent advice, the Board of Directors makes resolutions and the matter is submitted to the General Meeting of Shareholders. Regarding appointment procedures for Audit & Supervisory Board member candidates, the appointment of Audit & Supervisory Board member candidates proposed by the Board of Directors based on the nomination policy for Audit & Supervisory Board member candidates is deliberated by the Audit & Supervisory Board, comprising a majority of outside Audit & Supervisory Board members. After approval, the matter is decided by the Board of Directors and submitted to the General Meeting of Shareholders.

#### Independent Evaluation Standards

In addition to the independent evaluation standards defined by the Tokyo Stock Exchange, NTT DATA appoints as independent directors outside directors who meet the following conditions.

- Individuals are judged to be independent if none of the following categories apply to them in any of the past three fiscal years:
- (1) A person involved in operation of a business partner with which transactions exceed the threshold set by the Company\*<sup>1</sup>,
- (2) A person involved in operation of a money lender from which borrowings exceed the threshold set by the Company\*<sup>2</sup>,
- (3) A consultant, accountant, lawyer or other individual providing professional services that has received monetary payments or other financial assets of equal to or more than ¥10 million from the Company in any of the past three fiscal years that are separate from the compensation paid for services as a member of the Board or Audit & Supervisory Board member,
- (4) A person involved in operating an organization that has received donations exceeding the threshold set by the Company\*<sup>3</sup>.

Even in the event that any of the items 1 through 4 above apply to an individual, they may be appointed as an independent member of the Board of Directors or Audit & Supervisory Board if it is determined that they effectively have the necessary level of independence from the Company. In this case, an explanation of the reason behind this decision will be disclosed.

\*1. A “business partner with which transactions exceed the threshold set by the Company” is defined as an entity with which the total amount of transactions with the Company in any of the past three fiscal years has been equal to or more than 2% of the total operating revenues of the Company during the respective fiscal year.

\*2. A “money lender from which borrowings exceed the threshold set by the Company” is defined as an entity from which the total amount of borrowings on a non-consolidated basis in any of the past three fiscal years has been equal to or more than 2% of the Company’s non-consolidated total assets during the respective fiscal year.

\*3. An “organization that has received donations exceeding the threshold set by the Company” is defined as an entity that has received donations from the Company and its major subsidiaries in any of the past three fiscal years exceeding ¥10 million or 2% of the total income of the entity, whichever is larger, during the respective fiscal year.

▶ Remuneration

Remuneration of Directors

The remuneration of directors and other related matters are decided at Board of Directors' meetings.

The remuneration for directors (excluding outside directors) is composed of monthly remuneration and bonuses.

Monthly remuneration is paid based on the significance and the scope of responsibility of each director's position. Bonuses are provided after taking into account such factors as the Company's business performance.

In addition, to provide incentives for improving performance over the medium to long term, a certain amount of monthly remuneration at or above a prescribed level is contributed for the purchase of the Company's own shares through the NTT DATA Directors' Share-Holding Association. The association holds all of the shares purchased during the term of directors. Furthermore, to ensure a high degree of independence, outside directors are paid only monthly remuneration that is not linked to business performance. After explaining the policy for decisions on remuneration to its parent company and outside directors who are independent directors and receiving appropriate guidance, the Board of Directors decides on the remuneration of directors and other related matters within the amount approved by a resolution of the General Meeting of Shareholders.

Total Remuneration of Directors and Audit & Supervisory Board Members

(Fiscal year ended March 31, 2016)

Executive Classification	Number of People	Basic Remuneration	Directors' Bonuses	Remuneration Amount
Directors (excluding outside directors)	9	¥272 million	¥70 million	¥343 million
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board members)	1	¥7 million	—	¥7 million
Total	10	¥280 million	¥70 million	¥350 million

Total Remuneration of Outside Corporate Officers

(Fiscal year ended March 31, 2016)

	Number of People	Basic Remuneration
Total remuneration of outside corporate officers	5	¥101 million

Notes: 1. Total remuneration of directors and Audit & Supervisory Board members includes the remuneration of one director and one Audit & Supervisory Board member who retired as of the end of the 27th Ordinary General Meeting of Shareholders, held on June 17, 2015.  
 2. At the 18th Ordinary General Meeting of Shareholders, held on June 22, 2006, it was determined that the maximum amount of remuneration for directors should be ¥580 million per annum, and that the maximum amount of remuneration for Audit & Supervisory Board members should be ¥150 million per annum.  
 3. Regarding total remuneration for outside directors, in addition to the above, individuals who were directors at a subsidiary of our parent company (not including NTT DATA) before being appointed as an NTT DATA outside director received remuneration of ¥9 million as a director of said company (converted to yen based on the exchange rate average for the fiscal year ended March 31, 2016).

▶ Internal Control

Maintaining and Continuously Strengthening Internal Control Systems

NTT DATA builds and maintains internal control systems in accordance with a basic policy of always considering risks arising from business activities and taking various types of measures to realize efficient implementation of equitable, transparent business activities.

Furthermore, twice a year the Company convenes meetings of the Internal Control Advancement Committee, which is tasked with assessing the effectiveness of internal control systems and managing and furthering overall internal control.

In addition, NTT DATA actively conducts internal audits that focus on a range of different risks. Given continued global business expansion going forward, the Company will maintain efforts to strengthen the Group's overall internal control capabilities by further advancing efforts to establish global internal audit capabilities while introducing efficient methods of auditing.

Implementation Status of Internal Audits

NTT DATA's Internal Audit Department conducts audits from a stand-point independent from operational divisions.

In the fiscal year ended March 31, 2016, the Company audited in-house organizations and 10 domestic Group companies and 10 overseas Group companies. This audit primarily focused on risks specific to the Company. These risks include bid rigging, dumping, and other corruption risks as well as overall information security. Also, the Company monitored the internal auditing activities of 24 Group companies. In addition, to expand and improve internal auditing of the Group as a whole, 83 domestic and overseas Group companies conducted autonomous inspections based on unified audit items. In terms of new initiatives, we have also introduced a monitoring indicator system to detect for indications of fraud before it occurs. Specifically, with respect to data from various internal information systems, we are promoting the expanded function of fraud detection systems utilizing CAAT tools for analysis. NTT DATA has already begun operation of these systems and is considering expanding them to domestic and overseas Group companies.

Going forward, the Company aims to realize coordination with the internal audit divisions of domestic and overseas Group companies and to advance measures to establish a global internal auditing system while increasing the quality and quantity of internal audits.

Transactions with Related Parties

Direct transactions between NTT DATA and individual NTT DATA directors, as well as transactions with organizations or other companies represented by NTT DATA directors, defined as conflict of interest transactions under the Companies Act, must obtain prior approval in accordance with the Board of Directors' Rules. Board of Directors' approval involves inspection by the Legal Affairs Department to confirm that the terms and conditions of the transaction are in line with standard terms and conditions and that the transaction is valid and economically reasonable. After approval, the status of said transaction is regularly reported to the Board of Directors.

With regard to transactions between NTT DATA and its parent company, the rationality and validity of the transaction is confirmed, and when necessary, the Legal Affairs Department conforms reviews with reference to third-party expert opinions and based on Authority Rules before approval is granted.

▶ Group Governance

Strengthening Group Governance by Establishing a Liaison Department for Group Companies

For important matters such as business planning, internal control, and compliance, NTT DATA's basic policy is to ensure appropriate business operations throughout the Group by instituting rules for consultation and reporting within each Group company. Based on this policy, the Company has established a cooperative system through the establishment of a liaison department in NTT DATA that connects to each Group company.

Particularly in recent years, Group governance has been reinforced in response to the rapid expansion of overseas operations through M&A activities and other measures. Specifically, the Company is establishing a system centered around five operating regions—North America, EMEA (Europe, the Middle East, and Africa), APAC (Asia-Pacific), China, and Spain and Latin America—as well as business solutions. NTT DATA has instituted rules for consultation and reporting between the Company and Group companies in relation to important matters such as business plans, large-scale projects, internal control, and compliance.

Furthermore, NTT DATA is building a governance system that enables the unified management of the Group while delegating responsibility for business management to each regional integrated company. As part of this initiative, NTT DATA is establishing nomination and compensation committees and audit committees within regional integrated companies' boards of directors. Meanwhile, the Group is establishing a system that facilitates the appropriate and timely sharing of information about risks and other important matters of concern by building a comprehensive internal control system that includes overseas organizations.

In Japan, in the fiscal year ended March 31, 2014, NTT DATA increased management efficiency by beginning renewal of the common accounting system that domestic Group companies use. In the fiscal year ended March 31, 2015, NTT DATA extended introduction of the system, which encompasses approximately 70 major domestic Group companies. As a result, most domestic Group companies use a common accounting system. This enables centralized management of

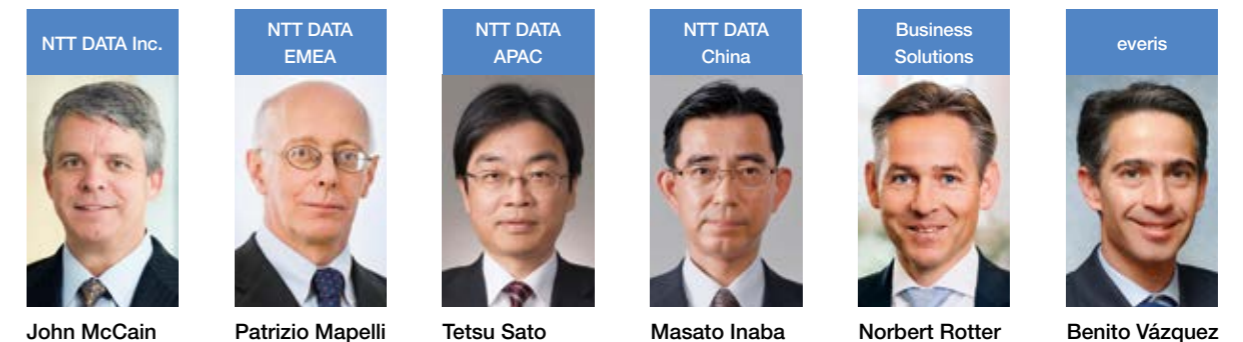
accounting information and the securing of internal control. Furthermore, the use of this system significantly reduces maintenance and operational burdens.

Moreover, aiming to increase the efficiency of Group management, NTT DATA introduced an in-house Group Management Infrastructure system that visualizes Group companies' management information (in the financial and personnel fields) to domestic Group companies. Through this new system, NTT DATA aims to optimize management resource allocation to reflect project characteristics, expedite business management, enhance the precision of information used for decision-making, and realize Group synergies.

Ensuring Robust Group Governance Based on Group Management Policies and Group Management Rules

To optimize the Group as a whole, the NTT DATA Group established Group Management Policies to define the basic approach to Group management. Furthermore, with respect to consultation and reporting between NTT DATA and Group companies, Group Management Rules have been established for domestic Group companies and a Group Authority Matrix has been established for overseas Group companies. The rules and matrix are used in combination with Group Management Policies to realize robust management of Group governance.

CEO Members of the NTT DATA Group



# Risk Management

## Policy

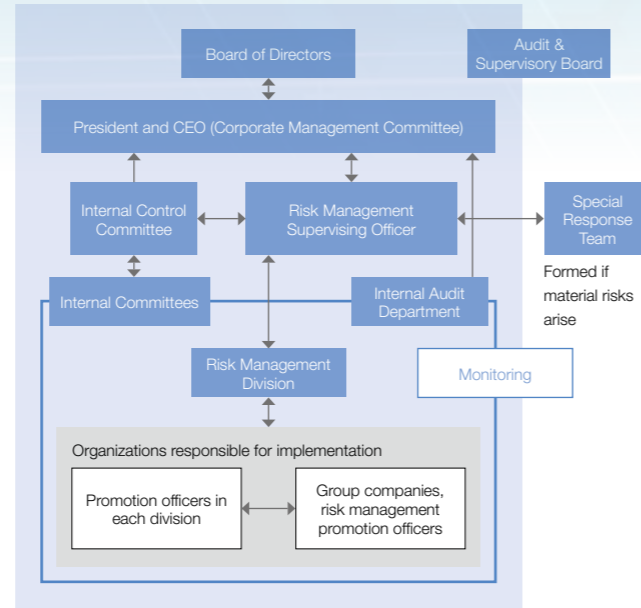
The NTT DATA Group seeks to ascertain all risks associated with business activities to minimize the frequency of occurrence of these risks and limit their impact on operations should they materialize. To facilitate this effort, in 2002 we appointed an officer in charge of supervising and promoting risk management from a Companywide perspective.

In addition, risk management promotion officers were appointed to the Risk Management Division as well as other divisions and Group companies to enable them to respond proactively and independently to various risks.

NTT DATA defines material risks, and reviews progress toward addressing these and achieving related targets, with the results of such reviews being reflected in various measures.

The Internal Control Committee convenes twice a year to discuss measures pertaining to the reduction of risks and evaluate their effectiveness. The results of these evaluations are reported to the Corporate Management Committee as well as the Board of Directors.

Since the NTT DATA Group provides various services worldwide to a wide range of clients and industries, each business unit has its own unique business environment. Therefore, the Board of Directors decided to delegate considerable power to sector heads. This measure allows proper understanding of and prompt responses to risks relating to client relationships and market environments.



## Global-Control Risks

Global-control risks with the potential to impact the entire Group are identified by the Internal Control Committee by incorporating input from outside specialists and adopting a broad perspective that encompasses factors such as changes in social trends.

In 2016, we will continue selecting the same risks as in the previous fiscal year as a medium- to long-term effort spearheaded by NTT DATA's Head Office to strengthen our response to auditing deficiencies and the auditing of alliances, among other initiatives.

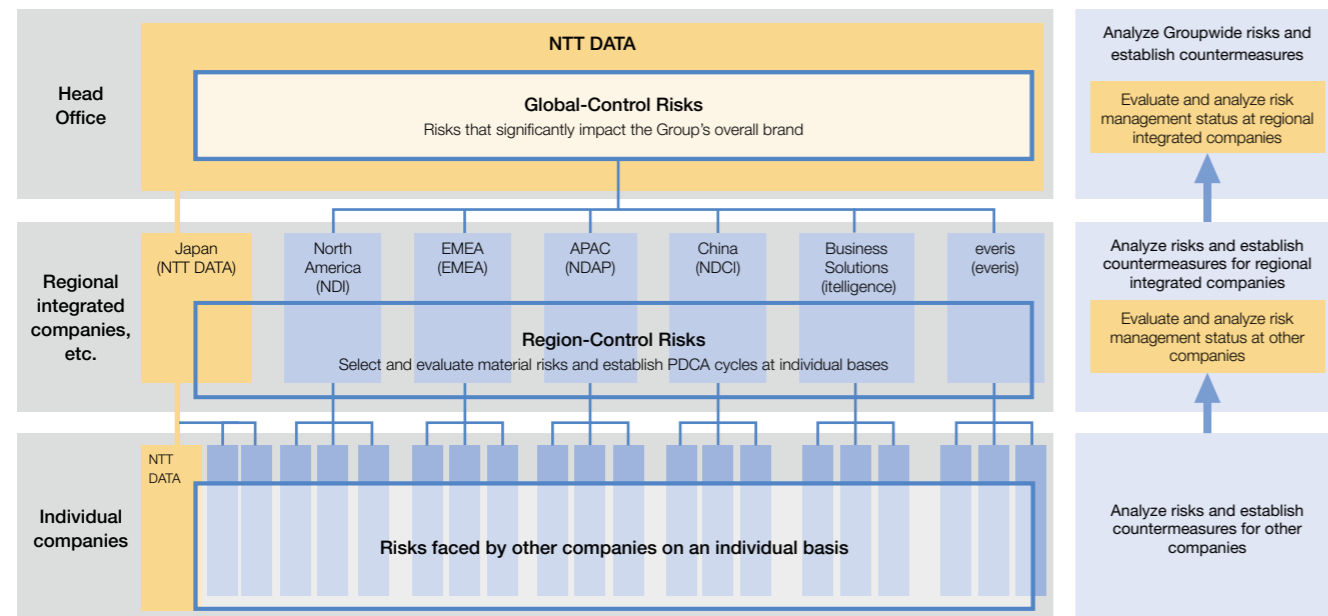
Material risks	Major improvements, etc.	Initiatives
Information leakage (personal / confidential information) Cyber-attacks	<ul style="list-style-type: none"> <li>Continue enhancing countermeasures for ever-increasing security risks</li> <li>Strengthen preparedness for advanced cyber-attacks focused on public institutions</li> </ul>	<ul style="list-style-type: none"> <li>Promote Companywide security measures (targeted attack emails, etc.), conduct cyber-attack response drills, review response to malware mass infection, and provide shared infrastructure for security</li> <li>Expand security personnel training / qualifications</li> </ul>
Accounting fraud (including window dressing)	<ul style="list-style-type: none"> <li>Expand global unified auditing, connect to risk indication auditing</li> </ul>	<ul style="list-style-type: none"> <li>Review and implement global unified auditing items</li> <li>Implement full-scale risk indication auditing, deploy in Group companies</li> <li>Promote introduction of unified rules related to accounting, check mechanisms and operations</li> <li>Stimulate awareness through training</li> </ul>
Bribery	<ul style="list-style-type: none"> <li>Continue strengthening compliance education</li> </ul>	<ul style="list-style-type: none"> <li>Conduct training related to overseas bribery regulations</li> <li>Organize approach related to handling of gifts, etc.</li> </ul>

## Management Structure

NTT DATA identifies risks that may impact its Head Office, regional integrated companies, etc., and other companies on an individual basis, and formulates countermeasures accordingly. High-level divisions effectively manage the measures in place at organizations under their jurisdiction by analyzing and evaluating their implementation status. Groupwide measure implementation status is analyzed, evaluated, and

monitored by the Risk Management Division. In addition, risks determined to have the potential to impact the entire Group are defined as "global-control risks," and are managed on a Groupwide basis. In this manner, the Company is practicing stringent and comprehensive risk management.

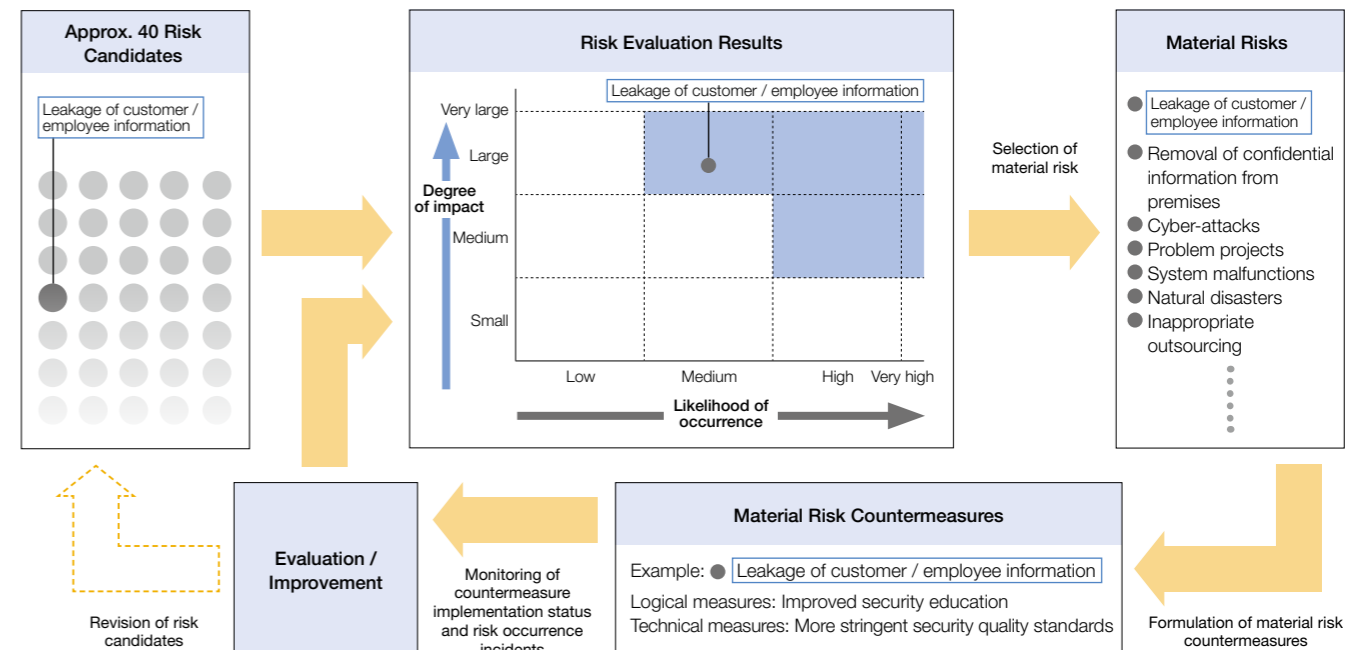
## Risk Management Categories



## Region-Control Risks

Region-control risks managed independently by regional integrated companies define material risks based on approximately 40 risk candidate items in each region that are evaluated and improved in light of material risk countermeasure implementation and risk occurrence status.

### <Process of Selecting Region-Control Risk>





## Risk Management Information Security



This section introduces basic approaches and characteristic initiatives taken from our Information Security Report 2016. For details on our efforts in this area, please see Information Security Report 2016. <http://www.nttdata.com/global/en/csr/security/index.html>

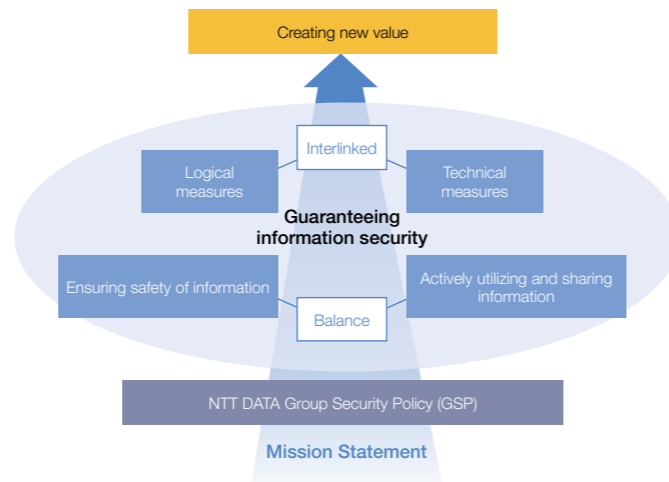
Negligence with respect to cyber-attacks and other information security response issues can increase the direct damage to businesses and seriously impact society. The NTT DATA Group focuses efforts on information security in accordance with information security policies.

### Basic Approach Regarding Information Security

The Information Security Policy was established in 1998 as guidance for appropriately handling information assets and protecting information security, and the Personal Information Protection Policy was formulated in 2001. These policies were revised and improved in response to information technology progress and societal changes. Group companies also formulated information security policies based on the NTT DATA Group Security Policy (GSP) in an effort to ensure the secure distribution of information throughout the entire Group.

The objectives of the GSP, ensuring safety of information and actively utilizing and sharing information, are essential as a partner that supports customers' efforts to create new businesses. To realize these objectives, we are promoting initiatives including logical measures covering the formulation of rules and provision of training and educational activities related to information security, and technical measures to prevent information leaks as well as the introduction of thin-client PCs.

### Safe Groupwide Application of Knowledge



### Ensuring the Security of Commercial Systems

NTT DATA thoroughly engages in enhancing its ability to respond to cyber-attacks on information systems, including unauthorized access via the Internet, internal intrusions by means of malware (so-called targeted attacks), and internal fraud. Specifically, we promote (1) building appropriate security measures starting from the development stage, (2) conducting periodic vulnerability checks (security diagnosis) for

operating systems, (3) strengthening our framework for promptly responding to detected critical vulnerabilities, and (4) ensuring sound operational management of important information. In addition, we strive to provide systems that can be used safely and securely by promptly sharing information on the latest security technology trends and vulnerability information.

### Initiatives Focused on the Future of Information Security

By quickly anticipating the future of information security, NTT DATA strives to create well-balanced systems that make people's lives more convenient while ensuring safety through efforts to automate cybersecurity measures and develop network technologies for Internet of Things (IoT) autonomous self-protection.

2020 will be a watershed year for the world of information security. The physical plane of people and devices will merge with cyberspace, thus NTT DATA is committed to developing new technologies in view of this novel concept of protecting every aspect of such an environment. Among the myriad of new technologies, the key to the future of

information security is artificial intelligence (AI). AI will play a central role, not only in security information and event management (SIEM) and IoT self-protecting network technology but also in security technologies related to automatic vehicle operation and inter-company global cooperation on threat intelligence. We are also engaged in research and development focused on the medium to long term, including interlinking with AI to protect against the leakage of information by automated responses, the utilization of wearable terminals, reliable authentication, and the improvement of forensic technologies.

### Information Security Management System

The Information Security Committee ascertains the Companywide status of information security activities and areas requiring improvement and formulates necessary initiatives. In addition, NTTDATA-CERT was established as a specialized organization for preventing information security incidents<sup>\*1</sup> and responding to any incidents that might occur. NTT DATA also joined the Nippon CSIRT Association as well as Forum of Incident Response and Security Teams (FIRST)<sup>\*2</sup>, a global computer security incident response team (CSIRT)<sup>\*3</sup> community. Through our participation in these organizations, we are collecting a wide range of information on security trends, which we then utilize to improve security. The information security governance structure comprises three levels of information security steering organizations located at the Head Office, regional integrated companies, and other companies on an individual basis to ensure thorough global information security governance. The information security steering organizations at each level cooperate closely to maintain and develop information security policies, monitor information security measures, respond to emergencies, and engage in preventive measure activities to prevent incidents.

\*1. The term information security incidents refers to the actualization of security threats related to information management and system operation, such as computer virus infection, unauthorized access and information leakage.

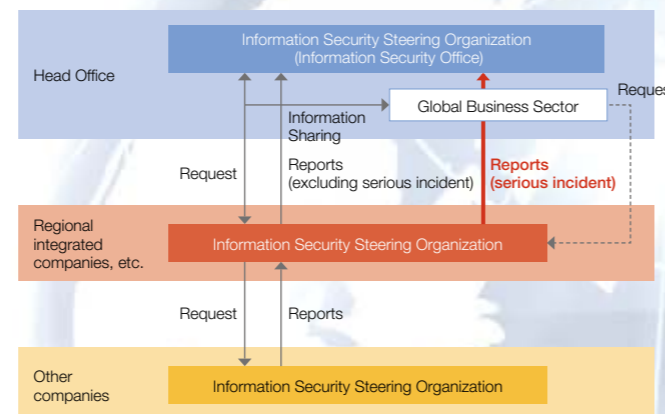
\*2. FIRST is a global community consisting of approximately 350 CSIRTs from government agencies, educational institutions, companies and other organizations.

\*3. A CSIRT is an incident response team comprised of security specialists. These teams collect and analyze information on security incidents, security-related technologies and vulnerabilities, and conduct activities including implementing effective countermeasures and training.

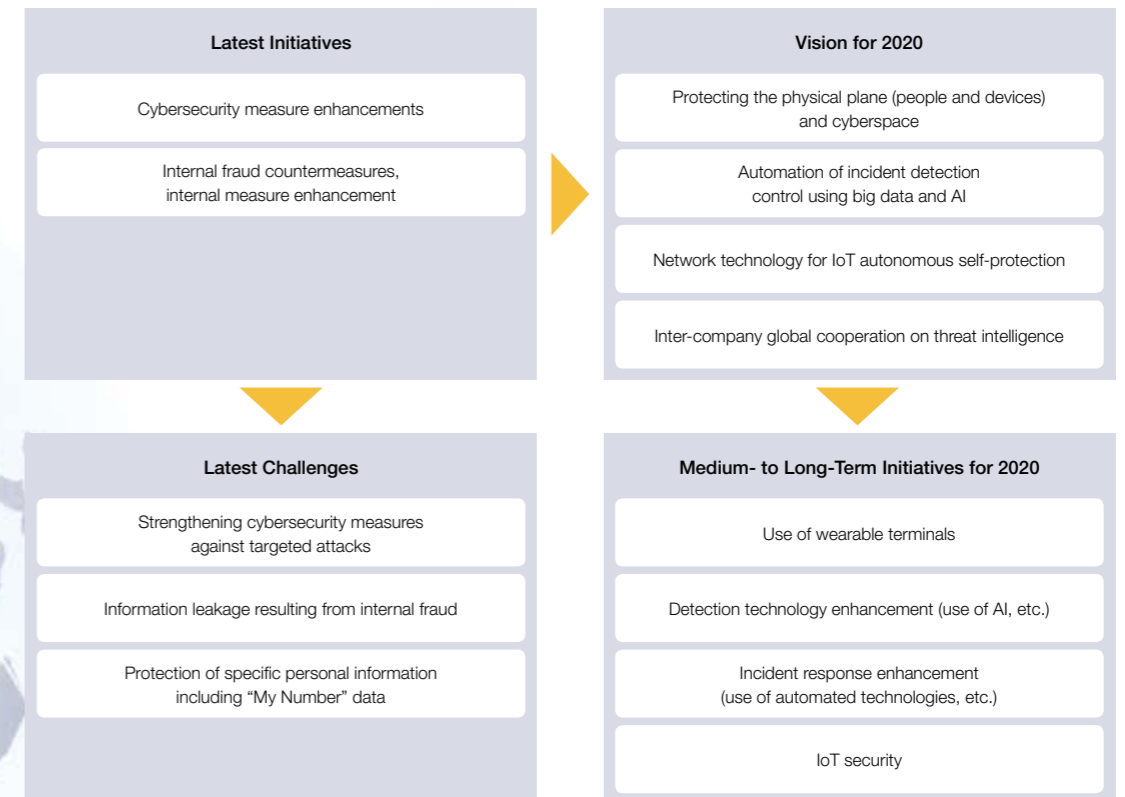
### Global Information Security Governance Points

- Created a structure to promote the establishment of three levels of information security steering organizations located in the Head Office, regional integrated companies, and other companies on an individual basis
- Close cooperation among information security steering organizations
- Head Office conducts quarterly monitoring of control status at integrated companies

### Structure of Information Security Governance



### Future Aspects of Information Security



## Financial Information

### Consolidated Balance Sheets

NTT DATA Corporation and Subsidiaries  
As of March 31, 2015 and 2016

	(Millions of yen)	
	2015	2016
<b>Assets</b>		
Current assets		
Cash and deposits	¥ 160,108	¥ 148,495
Notes and accounts receivable-trade	366,678	403,146
Lease receivables and investment assets	16,983	14,477
Securities	6,533	26,000
Inventories	32,539	26,676
Deferred tax assets	36,730	39,382
Deposits paid	96,015	121,646
Other	59,364	65,490
Allowance for doubtful accounts	(2,679)	(2,614)
<b>Total current assets</b>	<b>772,275</b>	<b>842,701</b>
Non-current assets		
Property, plant and equipment		
Data communication facilities	300,657	303,414
Accumulated depreciation	(206,875)	(213,911)
Data communication facilities, net	93,782	89,503
Buildings and structures	280,411	284,454
Accumulated depreciation	(188,085)	(194,564)
Buildings and structures, net	92,326	89,890
Machinery, equipment and vehicles	68,063	73,022
Accumulated depreciation	(49,910)	(54,002)
Machinery, equipment and vehicles, net	18,152	19,019
Tools, furniture and fixtures	55,778	55,377
Accumulated depreciation	(38,408)	(38,381)
Tools, furniture and fixtures, net	17,369	16,995
Land	59,193	60,576
Construction in progress	26,500	21,548
Other	16,585	13,544
Accumulated depreciation	(10,995)	(8,502)
Other, net	5,589	5,041
<b>Total property, plant and equipment</b>	<b>312,914</b>	<b>302,575</b>
Intangible assets		
Software	251,673	250,668
Software in progress	52,086	48,295
Goodwill	179,540	168,879
Other	72,297	67,494
<b>Total intangible assets</b>	<b>555,598</b>	<b>535,337</b>
Investments and other assets		
Investment securities	111,623	83,599
Net defined benefit asset	2,282	1,508
Deferred tax assets	26,318	44,735
Other	42,503	50,531
Allowance for doubtful accounts	(677)	(669)
<b>Total investments and other assets</b>	<b>182,049</b>	<b>179,704</b>
<b>Total non-current assets</b>	<b>1,050,561</b>	<b>1,017,618</b>
<b>Total assets</b>	<b>¥1,822,837</b>	<b>¥1,860,319</b>

	(Millions of yen)	
	2015	2016
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	¥ 103,970	¥ 121,688
Short-term loans payable	48,887	51,627
Current portion of long-term loans payable	732	29,245
Current portion of bonds	39,999	—
Income taxes payable	14,942	33,158
Advances received	140,634	167,738
Provision for loss on order received	3,093	5,356
Other	127,294	128,442
<b>Total current liabilities</b>	<b>479,554</b>	<b>537,258</b>
Non-current liabilities		
Bonds payable	210,052	210,062
Long-term loans payable	139,459	109,451
Deferred tax liabilities	30,303	23,327
Net defined benefit liability	136,313	185,992
Provision for directors' retirement benefits	901	934
Other	20,047	19,621
<b>Total non-current liabilities</b>	<b>537,077</b>	<b>549,390</b>
<b>Total liabilities</b>	<b>1,016,631</b>	<b>1,086,648</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	142,520	142,520
Capital surplus	139,300	139,295
Retained earnings	408,293	452,458
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>690,113</b>	<b>734,273</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,792	32,522
Deferred gains or losses on hedges	656	(7,527)
Foreign currency translation adjustment	62,615	36,552
Remeasurements of defined benefit plans	(10,095)	(38,805)
Other	(16,587)	(16,107)
<b>Total accumulated other comprehensive income</b>	<b>83,380</b>	<b>6,635</b>
Non-controlling interests	32,711	32,762
<b>Total net assets</b>	<b>806,205</b>	<b>773,670</b>
<b>Total liabilities and net assets</b>	<b>¥1,822,837</b>	<b>¥1,860,319</b>

## Financial Information

### Consolidated Statements of Income and Comprehensive Income

NTT DATA Corporation and Subsidiaries

For the fiscal years ended March 31, 2015 and 2016

	(Millions of yen)	
	2015	2016
Net sales	¥1,511,812	¥1,614,897
Cost of sales	1,147,302	1,216,795
Gross profit	364,509	398,101
Selling, general and administrative expenses	280,495	297,216
Operating income	84,013	100,885
Non-operating income		
Interest income	951	1,256
Dividend income	1,190	1,785
Insurance income	912	2,125
Foreign exchange gains	129	—
Other	3,661	2,677
Total non-operating income	6,845	7,844
Non-operating expenses		
Interest expenses	5,782	5,492
Foreign exchange losses	—	1,576
Loss on retirement of non-current assets	1,761	523
Compensation for damage	1,062	299
Other	4,343	2,679
Total non-operating expenses	12,950	10,571
Ordinary income	77,909	98,158
Extraordinary income		
Gain on sales of investment securities	—	15,237
Total extraordinary income	—	15,237
Extraordinary losses		
Impairment loss of goodwill	—	3,986
Impairment loss of non-current assets	2,244	1,620
Loss on restructuring of subsidiaries and affiliates	1,668	—
Total extraordinary losses	3,913	5,607
Income before income taxes	73,995	107,789
Income taxes - current	34,992	46,925
Income taxes - deferred	5,423	(4,570)
Total income taxes	40,416	42,354
Net income	33,579	65,434
Net income attributable to		
Net income attributable to owners of parent	32,144	63,373
Net income (loss) attributable to non-controlling interests	1,434	2,061
Other comprehensive income		
Valuation difference on available-for-sale securities	43,989	(14,349)
Deferred gains or losses on hedges	617	(8,186)
Foreign currency translation adjustment	27,243	(25,975)
Remeasurements of defined benefit plans, net of tax	334	(29,872)
Share of other comprehensive income (loss) of entities accounted for using equity method	311	(208)
Other	1,074	480
Total other comprehensive income (loss)	73,571	(78,110)
Comprehensive income (loss)	107,151	(12,676)
Comprehensive income (loss) attributable to		
Comprehensive income (loss) attributable to owners of parent	105,443	(13,371)
Comprehensive income attributable to non-controlling interests	¥ 1,707	¥ 695

## Financial Information

### Consolidated Statements of Cash Flows

NTT DATA Corporation and Subsidiaries

For the fiscal years ended March 31, 2015 and 2016

	(Millions of yen)	
	2015	2016
<b>Cash flows from operating activities</b>		
Income before income taxes	¥ 73,995	¥ 107,789
Depreciation	146,896	147,961
Loss on retirement of non-current assets	11,670	7,250
Increase (decrease) in net defined benefit liability	8,706	8,292
Interest expenses	5,782	5,492
Impairment loss of non-current assets	2,244	1,620
Decrease (increase) in notes and accounts receivable-trade	(15,467)	(43,052)
Decrease (increase) in inventories	(9,889)	5,373
Increase (decrease) in notes and accounts payable-trade	6,359	9,574
Increase (decrease) in advances received	(11,113)	27,954
Increase (decrease) in accrued consumption taxes	17,143	(11,123)
Other, net	(8,270)	(205)
Subtotal	228,057	266,928
Interest and dividend income received	2,141	3,175
Interest expenses paid	(5,592)	(5,544)
Income taxes (paid) refunded	(40,726)	(31,808)
Net cash provided by (used in) operating activities	183,880	232,751
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(62,922)	(47,440)
Purchase of intangible assets	(82,155)	(77,922)
Proceeds from sales of investment securities	787	23,014
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,663)	(28,351)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	139	308
Net decrease (increase) in time deposits	(1,921)	(294)
Payment into short-term deposit paid	—	(50,000)
Other, net	(7,400)	(8,043)
Net cash provided by (used in) investing activities	(157,137)	(188,730)
<b>Cash flows from financing activities</b>		
Redemption of bonds	—	(40,000)
Proceeds from long-term loans payable	58,595	523
Repayments of long-term loans payable	(2,965)	(595)
Net increase (decrease) in short-term loans payable	(17,226)	1,198
Repayments of lease obligations	(1,760)	(1,625)
Cash dividends paid	(16,837)	(16,834)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,385)	(461)
Other, net	(1,122)	(385)
Net cash provided by (used in) financing activities	17,296	(58,179)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(409)	(3,131)
<b>Net increase (decrease) in cash and cash equivalents</b>	43,630	(17,290)
<b>Cash and cash equivalents at beginning of period</b>	207,213	250,843
<b>Cash and cash equivalents at end of period</b>	¥ 250,843	¥ 233,553

## Financial Information

### Consolidated Statements of Shareholders' Equity

NTT DATA Corporation and Subsidiaries

For the fiscal years ended March 31, 2015 and 2016

	(Millions of yen)	
	2015	2016
Shareholders' equity		
Capital stock		
Balance at a beginning of current period	¥142,520	¥142,520
Changes of items during period		
Total changes of items during the period	—	—
Balance at end of current period	142,520	142,520
Capital surplus		
Balance at beginning of current period	139,300	139,300
Restated balance		
Other	—	(4)
Total changes of items during period	—	(4)
Balance at end of current period	139,300	139,295
Retained earnings		
Balance at beginning of current period	384,922	408,293
Cumulative effects of changes in accounting policies	8,272	—
Restated balance	393,195	408,293
Changes of items during period		
Dividends of surplus	(16,830)	(16,829)
Net income attributable to owners of parent	32,144	63,373
Change in scope of consolidation	(211)	(2,115)
Other	(5)	(263)
Total changes of items during period	15,097	44,164
Balance at end of current period	408,293	452,458
Treasury shares		
Balance at beginning of current period	—	(0)
Changes of items during period		
Purchase of treasury shares	(0)	—
Total changes of items during period	(0)	—
Balance at end of current period	(0)	(0)
Total shareholders' equity		
Balance at beginning of current period	666,742	690,113
Cumulative effects of changes in accounting policies	8,272	—
Restated balance	675,015	690,113
Changes of items during period		
Dividends of surplus	(16,830)	(16,829)
Net income attributable to owners of parent	32,144	63,373
Purchase of treasury shares	(0)	—
Change in scope of consolidation	(211)	(2,115)
Other	(5)	(267)
Total changes of items during period	15,097	44,160
Balance at end of current period	690,113	734,273
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of current period	2,872	46,792
Changes of items during period		
Net changes of items other than shareholders' equity	43,920	(14,269)
Total changes of items during the period	43,920	(14,269)
Balance at end of current period	46,792	32,522
Deferred gains or losses on hedges		
Balance at beginning of current period	38	656
Changes of items during period		
Net changes of items other than shareholders' equity	617	(8,183)
Total changes of items during period	617	(8,183)
Balance at end of current period	¥ 656	¥ (7,527)

	(Millions of yen)	
	2015	2016
Foreign currency translation adjustment		
Balance at beginning of current period	¥ 35,056	¥ 62,615
Changes of items during period		
Net changes of items other than shareholders' equity	27,558	(26,062)
Total changes of items during period	27,558	(26,062)
Balance at end of current period	62,615	36,552
Remeasurements of defined benefit plans		
Balance at beginning of current period	(10,224)	(10,095)
Changes of items during period		
Net changes of items other than shareholders' equity	128	(28,709)
Total changes of items during period	128	(28,709)
Balance at end of current period	(10,095)	(38,805)
Other		
Balance at beginning of current period	(17,661)	(16,587)
Changes of items during period		
Net changes of items other than shareholders' equity	1,074	480
Total changes of items during period	1,074	480
Balance at end of current period	(16,587)	(16,107)
Total accumulated other comprehensive income		
Balance at beginning of current period	10,081	83,380
Changes of items during period		
Net changes of items other than shareholders' equity	73,298	(76,745)
Total changes of items during period	73,298	(76,745)
Balance at end of current period	83,380	6,635
Non-controlling interests		
Balance at beginning of current period	32,993	32,711
Changes of items during period		
Net changes of items other than shareholders' equity	(282)	50
Total changes of items during period	(282)	50
Balance at end of current period	32,711	32,762
Total net assets		
Balance at beginning of current period	709,818	806,205
Cumulative effects of changes in accounting policies	8,272	—
Restated balance	718,091	806,205
Changes of items during period		
Dividends of surplus	(16,830)	(16,829)
Net income attributable to owners of parent	32,144	63,373
Purchase of treasury shares	(0)	—
Change in scope of consolidation	(211)	(2,115)
Other	(5)	(267)
Net changes of items other than shareholders' equity	73,016	(76,694)
Total changes of items during period	88,114	(32,534)
Balance at end of current period	¥806,205	¥773,670

# Company and Stock Information

## Head Office

Toyosu Center Bldg., 3-3, Toyosu 3-chome,  
Koto-ku, Tokyo 135-6033, Japan  
Telephone: +81-3-5546-8202

## Date of Establishment

May 23, 1988

## Common Stock

¥142,520 million

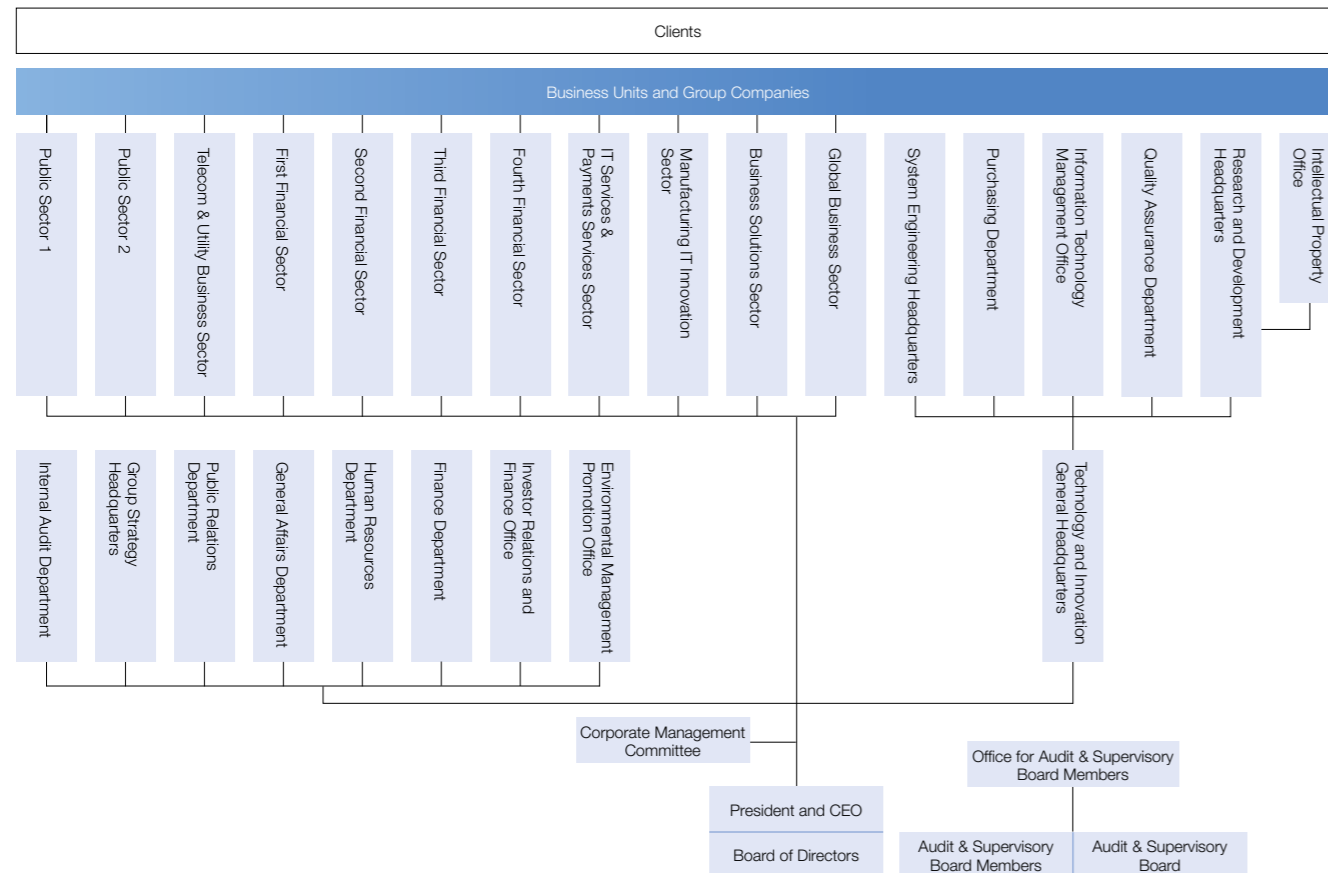
## Fiscal Year

April 1 to March 31 of the following year

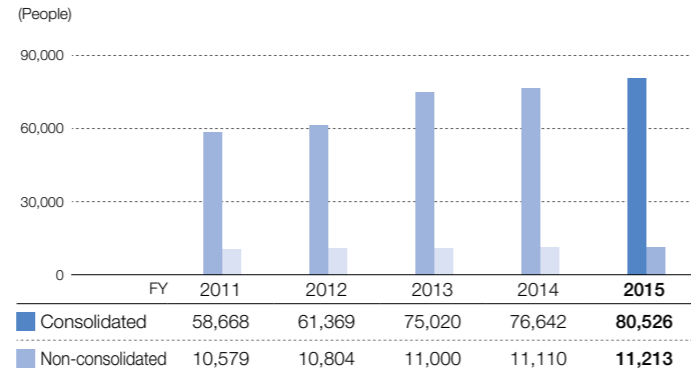
## Independent Auditors

KPMG AZSA LLC

## Organizational Structure (As of July 1, 2016)



## Number of Employees at Fiscal Year-End



Note: Employees seconded from NTT DATA to other companies are not included, but employees seconded to NTT DATA are included in the number of employees.

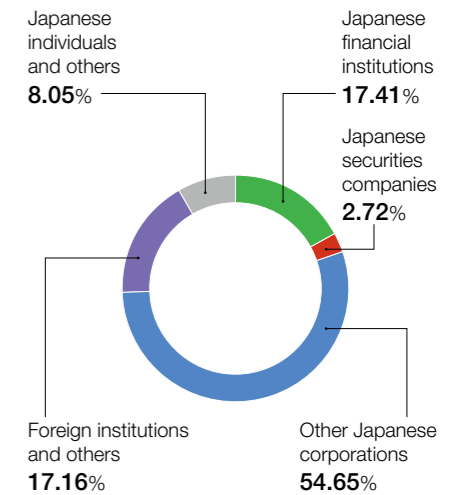
## Number of Shares Issued and Number of Shareholders

Total Number of Shares Authorized to be Issued by the Company	1,122,000,000 shares
Total Number of Shares Issued	280,500,000 shares
Number of Share Units	100 shares
Number of Shareholders	78,828 persons

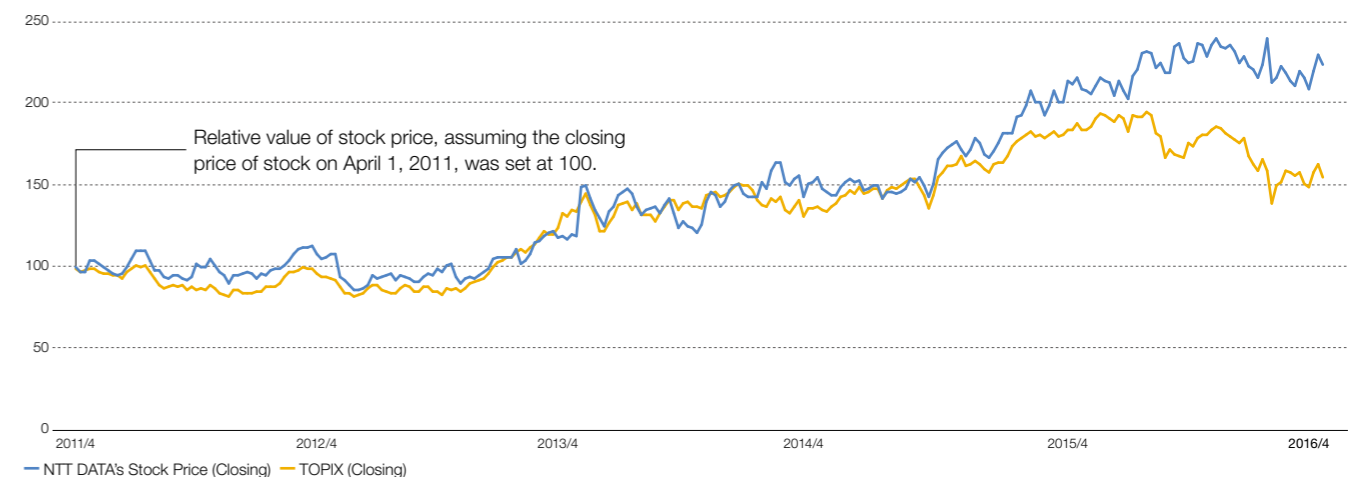
## Principal Shareholders

Name	Number of Shares Held	Ratio of Shareholding (%)
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	152,001,000	54.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,284,000	6.52
Japan Trustee Services Bank, Ltd. (Trust Account)	11,968,400	4.27
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	3,177,100	1.13
STATE STREET BANK AND TRUST COMPANY 505001 (Standing agent: Mizuho Bank, Ltd.)	2,824,515	1.01
NTT DATA Employee Share-Holding Association	2,824,200	1.01
BNP PARIBAS SECURITIES (JAPAN) LIMITED	2,388,400	0.85
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing agent: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	2,382,500	0.85
Goldman Sachs Japan Co., Ltd.	1,951,200	0.70
THE BANK OF NEW YORK MELLON SA/NV 10 (Standing agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1,872,984	0.67

## Distribution of Ownership Among Shareholders



## Stock Price Chart



\* We implemented a 1:100 stock split with an effective date of October 1, 2013. Figures for the previous period have been calculated on the assumption that this stock split was conducted.

## Third-Party Evaluations (As of March 2016)

NTT DATA receives evaluations from research organizations in Japan and overseas.

