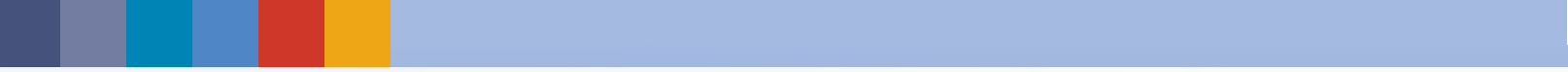


**NTT DATA**

Global IT Innovator

**ANNUAL REPORT 2014**

Fiscal Year Ended March 31, 2014



# Contents

<b>What is NTT DATA?</b>	2 What is NTT DATA?
	8 Consolidated Financial Highlights
<b>Management Message</b>	10 A Message from the President
	12 Interview with the President
	19 Interview with CFO
<b>Corporate Governance</b>	20 Directors, Corporate Auditors and Senior Vice Presidents
	22 Measures for Cutting Down Unprofitable Projects
	24 Company and Group Corporate Governance
<b>Special Feature</b>	25 Special Feature1 NTT Group: Delivering Collaborative Strength to the Texas Department of Transportation
	28 Special Feature2 NTT DATA's Shared-use Center Service Supports Local Financial Systems
<b>Review of Operations</b>	32 At a Glance
	34 Public & Financial IT Services Company
	35 Enterprise IT Services Company
	36 Solutions & Technologies Company
	37 Global Business Company
<b>Financial &amp; Others</b>	38 Financial Section
	56 Investor Information
	57 Corporate Data

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

- ▶ **Notice of Convocation of the 26th Ordinary General Meeting of Shareholders**  
[http://www.nttdata.com/global/en/investor/shareholders-meeting/pdf/2014/sh26\\_e.pdf](http://www.nttdata.com/global/en/investor/shareholders-meeting/pdf/2014/sh26_e.pdf)
- ▶ **CSR (corporate social responsibility)**  
<http://www.nttdata.com/global/en/csr/>

Note: With respect to the notation of fiscal years in the graphs and charts within this annual report, "2014" indicates the fiscal year ended March 31, 2014.

#### **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.



**Foreseeing the future,  
we create a new paradigm  
that is good for our society.**

**GLOBAL  
INNOVATOR**

## What is NTT DATA?

# I

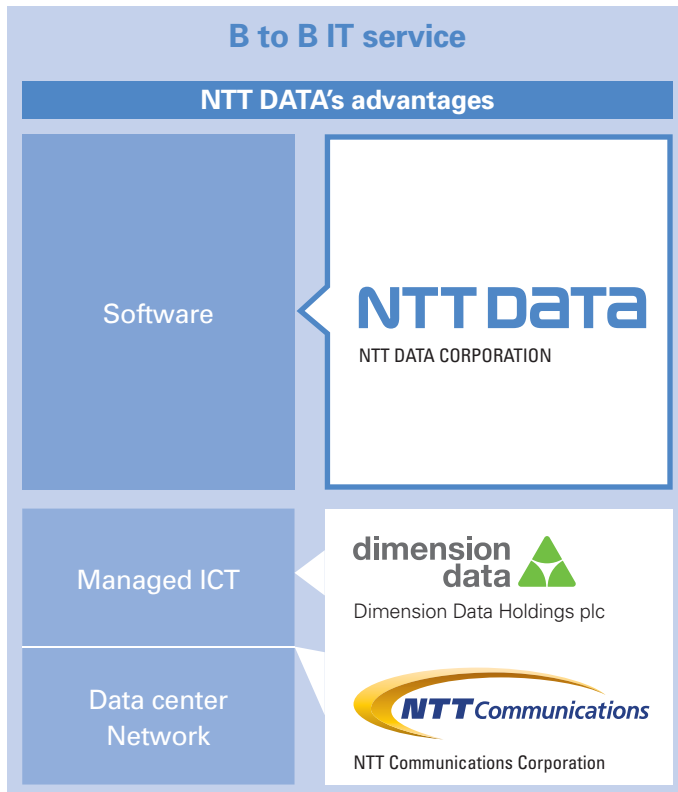
## Japan's foremost IT service company, spun off from NTT

NTT DATA was launched in 1967 by the DATA Communications Bureau of the government-owned NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION. NTT DATA is uniquely positioned in the NTT Group to handle the IT services business, and for nearly half a century has been contributing to the development of Japan's IT society.

### The NTT Group's sole company engaged in software production



- Planning management strategies for the NTT Group
- Encouraging fundamental R&D efforts





# What is NTT DATA?



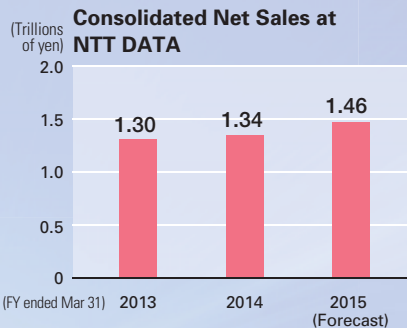
## II

## A leading presence in Japan and overseas

### NTT DATA's presence in the world

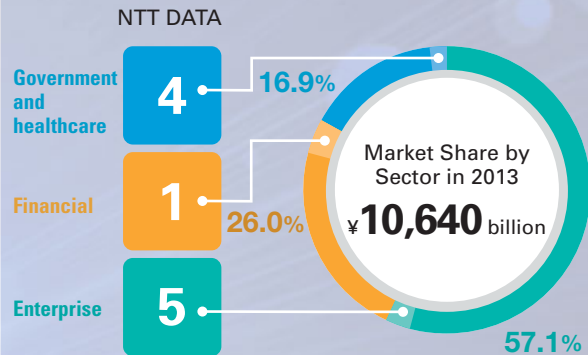
Sales at companies ranked in the **Global Top 5 IT service company:**

Above **¥1.5 trillion**



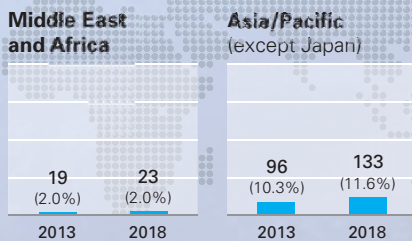
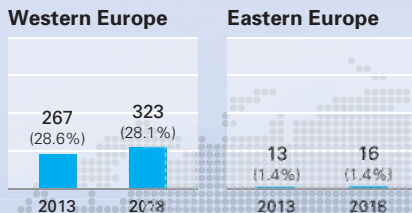
Note: Created based on NTT DATA's data.

### NTT DATA's presence in Japan

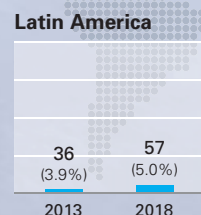
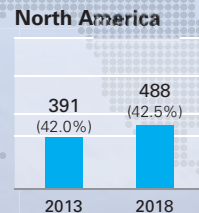
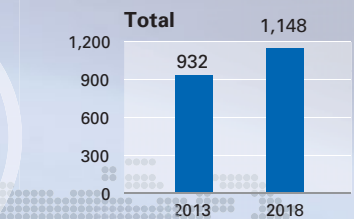
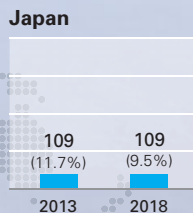


Source: Gartner "Market Share: IT Services, 2013," March 31, 2014  
 Government and healthcare: Government, Education, Healthcare  
 Financial: Banking & Securities, Insurance  
 Enterprise: Sales not included above  
 Note: Chart created by NTT DATA, based on Gartner data.

### IT Services Markets (\$ billion)



Overall IT Service Markets in 2013  
**\$932 billion**



Source: Gartner "Forecast: IT Services, Worldwide, 2012-2018, 2014 Update," June 13, 2014  
 Notes: 1. Chart created by NTT DATA, based on Gartner data.  
 2. Figures in parentheses represent percentages in the world total.

The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) data, research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

# III

## An increasingly diverse business portfolio

We are diversifying our business content and growing globally as we seek to transcend our status as Japan's largest SI-centered business model

### Public & Financial IT Service Segment

Having supported NTT DATA mainly in the fields of financial services and the public sector

▶ For the details, please see page 32 and 34.

#### Business Area

- Public administration
- Finance · Healthcare
- Settlement

### Enterprise IT Service Segment

Creating businesses in a wide range of fields

▶ For the details, please see page 32 and 35.

#### Business Area

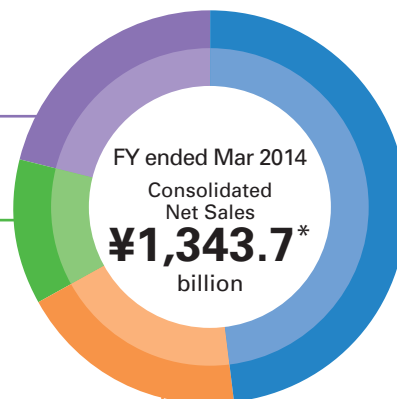
- Manufacturing
- Communications, broadcasting and utilities
- Retail, logistics and other services

¥314.5 billion

21.0%

¥179.1 billion

12.0%



¥721.6 billion

48.3%

¥279.3 billion

18.7%

\* Consolidated net sales includes "others" and "adjustments" and thus is not a simple aggregation of the net sales of each segment.

### Solutions & Technologies Segment

Providing the latest IT solutions

▶ For the details, please see page 32 and 36.

#### Business Area

- Platforms
- Services
- Solutions

### Global Business Segment

Advancing NTT DATA's global business

▶ For the details, please see page 32 and 37.

#### Regional Bases

- Americas · China
- EMEA · APAC

# What is NTT DATA?



## IV

## An ever-expanding business domain

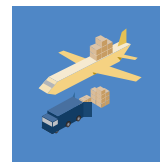
NTT DATA Group's Re-Marketing, which creates new markets sensitive to our changing world, continues to expand these business domains



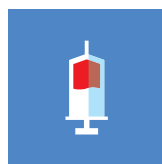
**Public Sector**  
Big data and cloud computing to support local communities



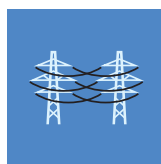
**Education**  
Technology for new learning environments



**Transportation and Logistics**  
Improving organizations and processes to take transportation and logistics forward



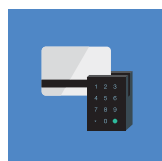
**Healthcare and Life Sciences**  
Activating databases for improved health-care services



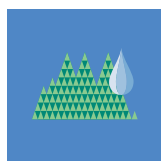
**Energy and Utilities**  
Generating dynamic environments while maintaining your competitive advantage



**Wholesale and Distribution**  
Services to support wholesale business evolutions



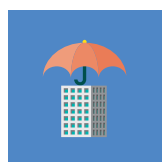
**Banking and Financial Services**  
Reliable and advanced systems are the foundation of client trust



**Natural Resources**  
Supply chain expertise to conquer new challenges



**Retail**  
Improving efficiency and stimulating online sales



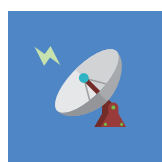
**Insurance**  
Expertise and creativity for leading insurance management systems



**Manufacturing**  
Greater efficiency for manufacturing process systems



**Service Providers**  
Capturing opportunities in the rapidly changing service industry



**Telecommunications**  
Communications to create new opportunities and client connections



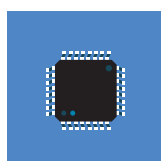
**Automotive**  
Technologies and systems driving the automotive industry



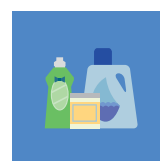
**Fundamental Technologies**  
Cloud computing to transform data into a powerful business resource



**Media and Entertainment**  
IT solutions for new media business creation



**Electronics and High Tech**  
Optimizing technical development, manufacture, and management operations

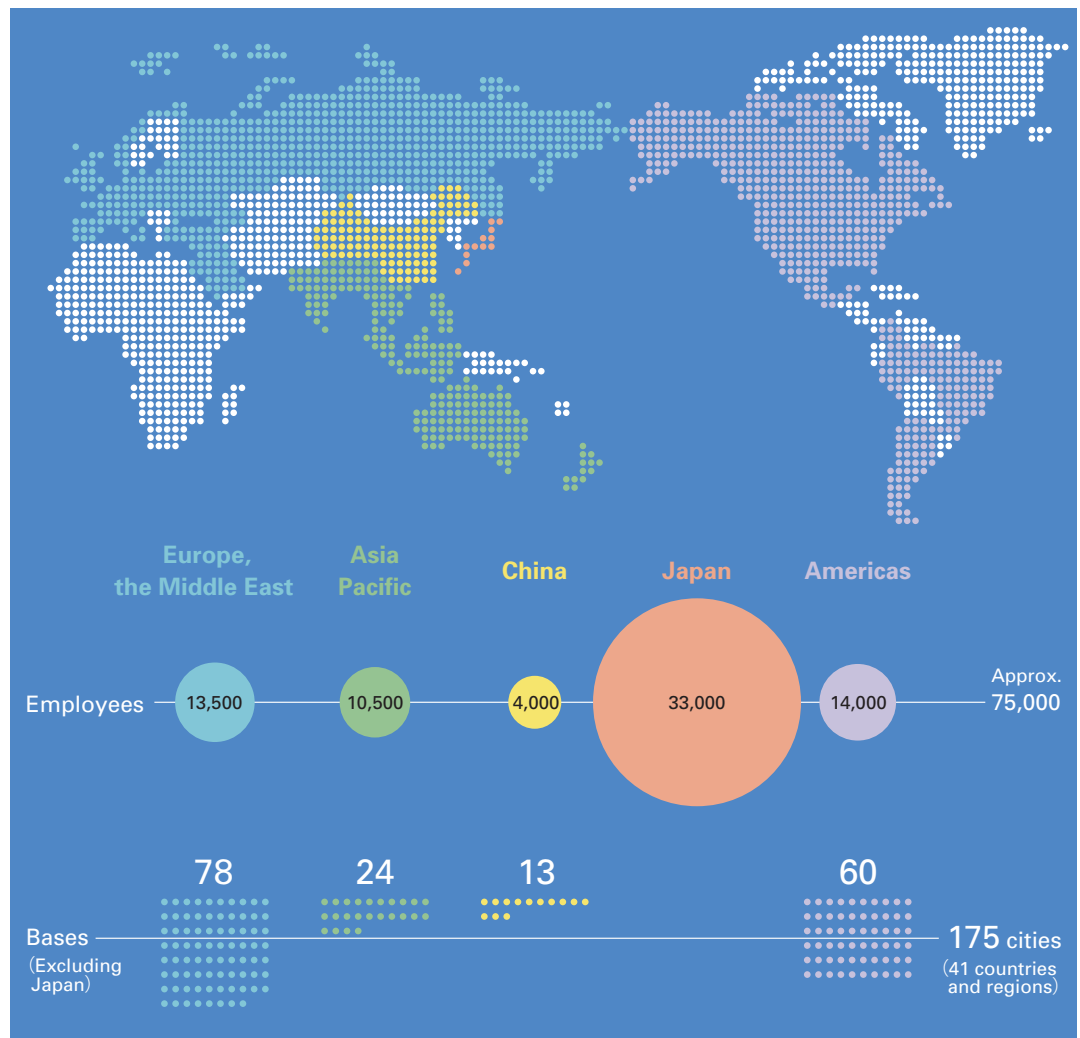


**Consumer Products**  
Online and mobile innovations for product development



# Worldwide operations

- Expand geographic coverage to support worldwide operations of global organizations
- Provide services optimized for the global stage using our worldwide network of offices
- Develop overseas and regional social infrastructure systems based on our extensive experience in Japan





# What is NTT DATA?



## VI

### Creating innovative models with clients based on ingenuity and foresight

NTT DATA Technology Foresight is an annual compilation of near-future trends for the information society, and technology trends that are based on surveys and discussions with experts and researchers. Integrating the insights of its research with management strategies, NTT DATA develops future technologies and helps create effective business models to address some of the world's paradigms. NTT DATA holds numerous private seminars to present and discuss its NTT DATA Technology Foresight and actively engages in proofs of concept to demonstrate feasibility to clients as a way to achieve service innovation.

NTT DATA Technology Foresight 2014 website is available to show you the information society trends and technology trends.

<http://www.nttdata.com/global/en/about/foresight/index.html>

#### NTT DATA Technology Foresight 2014

##### Information Society Trends

- 1 Power of the individual
- 2 Collaborative value creation
- 3 Knowledge society
- 4 Smarter society

##### Technology Trends

- 1 Natural extensions of human abilities
- 2 Modeling of human beings
- 3 Mobile-centric
- 4 Intelligent processing by artificial intelligence
- 5 Real-world sensing and analysis
- 6 Smart infrastructures
- 7 Next-generation web architecture
- 8 Environmentally adaptive IT systems
- 9 Defense in depth
- 10 Rapid design technologies

## Consolidated Financial Highlights

Years ended March 31

	2004	2005	2006
<b>For the Year:</b>			
Net Sales	¥ 846,705	¥ 854,153	¥ 907,281
Operating Income	59,725	39,288	46,866
Income before Income Taxes and Minority Interests	44,440	32,144	42,016
Net Income	26,956	20,110	28,190
New Orders Received	750,795	658,161	723,673
Capital Expenditures	148,922	110,820	112,145
Depreciation and Amortization/Loss on Disposal of Property and Equipment and Intangibles	169,133	164,532	158,361
Research and Development Expenses	15,349	16,542	17,306
Free Cash Flow	44,044	60,711	53,116

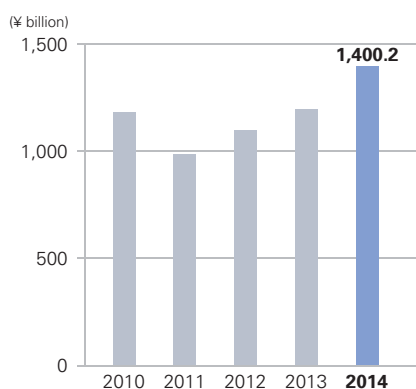
### At Year-End:

Total Assets	1,065,549	1,038,571	1,056,336
Total Equity	458,846	473,981	495,703
Interest-Bearing Debt	317,013	295,341	271,928
Number of Employees	17,389	18,720	21,308

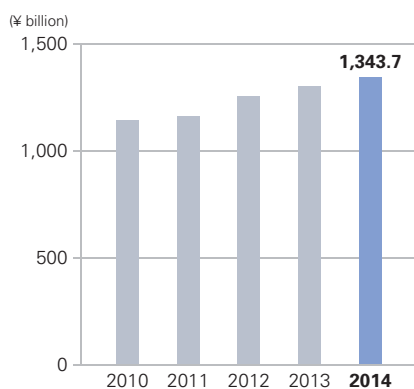
### Per Share:

Net Income	¥ 9,578	¥ 7,139	¥ 10,024
Cash Dividends	2,000	2,000	3,000

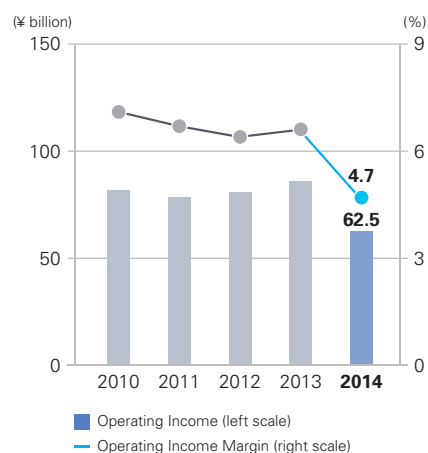
### New Orders Received



### Net Sales



### Operating Income and Operating Income Margin



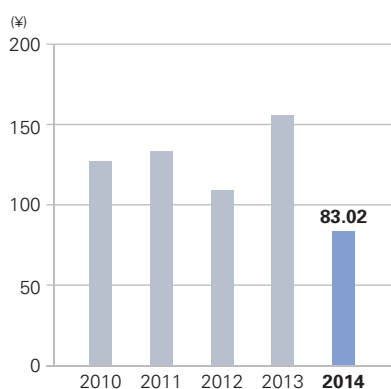
Note: With respect to the notation of fiscal years in the graphs and charts within this annual report, "2014" indicates the fiscal year ended March 31, 2014.

**The key performance indicators in the fiscal year ended March 2014**

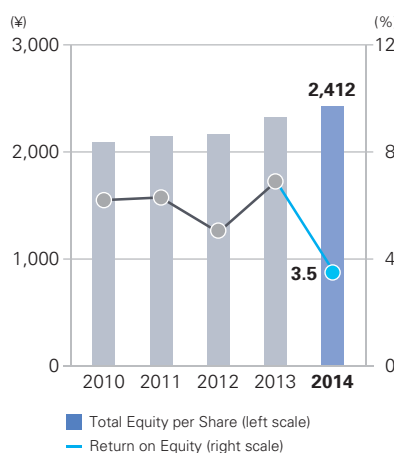
- New orders received were up 17.0% compared with the previous year, due to an increase in numbers of non-consolidated results and figures of existing subsidiaries largely in North America and Europe.
- Net sales rose 3.2% from the previous year due to increased sales in existing subsidiaries mainly in North America and an impact of fluctuations of foreign exchange rates despite a decrease in non-consolidated net sales.
- Operating income declined by 27.0% year on year because of unprofitable projects during the year.

								Millions of yen
2007	2008	2009	2010	2011	2012	2013	2014	
¥ 1,044,918	¥ 1,074,405	¥ 1,139,092	¥ 1,142,940	¥ 1,161,962	¥ 1,251,177	¥ 1,301,941	¥ 1,343,772	
90,250	95,911	98,546	81,689	78,306	80,416	85,696	62,583	
85,769	51,492	91,431	71,789	68,471	71,882	77,019	54,259	
50,637	30,454	48,360	35,662	37,313	30,446	43,517	23,287	
967,901	1,012,278	1,035,242	1,181,549	988,484	1,098,400	1,197,168	1,400,221	
139,564	176,826	180,068	162,570	139,069	133,965	122,113	147,725	
152,862	159,263	166,681	161,981	158,566	159,721	153,877	143,681	
11,307	10,749	10,090	11,389	10,742	13,507	12,105	12,831	
83,304	39,653	(6,902)	83,667	(56,468)	30,406	46,283	44,837	
1,087,346	1,193,827	1,275,091	1,279,256	1,468,617	1,474,894	1,524,309	1,689,940	
534,916	548,133	566,308	584,537	601,601	605,709	651,312	676,824	
246,330	241,204	304,735	272,299	404,292	371,673	369,907	405,677	
22,608	23,080	31,739	34,543	49,991	58,668	61,369	75,020	
								Yen
¥ 18,052	¥ 10,857	¥ 17,240	¥ 12,713	¥ 13,302	¥ 10,854	¥ 15,514	¥ 83.02*	
5,000	5,000	6,000	6,000	6,000	6,000	6,000	60*	

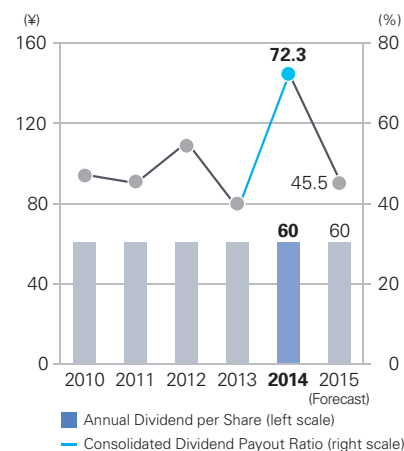
**Net Income per Share\***



**Total Equity per Share\* and Return on Equity (ROE)**



**Annual Dividend per Share\* and Consolidated Dividend Payout Ratio**



\* We implemented a 1:100 stock split with an effective date of October 1, 2013. Figures for the fiscal year ended March 2014 have been calculated on the assumption that this stock split was conducted at the beginning of the term. The figures for the previous years in the graphs have been also adjusted to reflect it.



## A Message from the President

We are critically assessing the performance results for the fiscal year ended March 2014 and will devote all our energy to achieving the goals of the Medium-Term Management Plan



On behalf of the NTT DATA Group, I would like to express our appreciation for your continued support.

The NTT DATA Group recorded increases in both new orders received and net sales in the fiscal year ended March 31, 2014, supported by steadily recovering IT investment in Japan and overseas. However, the emergence of several unprofitable projects during the term resulted in substantial declines in operating income and net income for the year. This outcome was due to inadequate assessments of the soundness of our project execution plans in businesses that involved new clients, development of new business applications, and new technologies. We view such underperformed cases should be focused with the highest priority and have taken steps to implement thorough risk management, including the establishment in the last summer of the Project Review Committee under the direct control of the president.

The end of the fiscal year on March 31, 2014 marks the midpoint of the Medium-Term Management Plan (from April 2012 to March 2016).

The plan's objectives are to make NTT DATA a Global Top 5 Player in IT services by raising net sales to over ¥1.5 trillion and to attain earnings per share (EPS) of ¥200.

We are making steady progress toward achieving the ¥1.5 trillion-or-over net sales target, while the ¥200 EPS target remains a challenge. During the remaining two years of the plan, needless to say on cutting down unprofitable projects, we will focus intently on increasing sales to raise gross profit, expanding the use of automated software development tools to reduce costs, lowering administrative expenses, and other measures to bring us closer to reaching our goal.

In addition, we have completed the Global 1st Stage as the global business, which we began developing in earnest a decade ago, is now capable of providing support to clients in nearly every region of the world. We now turn toward fulfilling the Global 2nd Stage objectives to establish the NTT DATA as a brand recognized by clients worldwide through our dedication to putting the needs of our clients first and ensuring that innovation and Japanese quality and to further expand business and fortify our earning power.

August 2014

**Toshio Iwamoto**  
President and Chief Executive Officer



## Interview with the President



**“We established the Project Review Committee and have begun cutting down unprofitable projects.”**

**Q**

**What is your assessment of the Group’s performance in the year ended March 2014?**

**A**

**We steadily raised both new orders received and net sales, supported by a favorable operating environment during the year. However, operating income and net income declined due to the emergence of several unprofitable projects.**

IT investment has been recovering in the past two to three years from the deep repercussions of the Lehman Shock, and the both current and near future operating environments are now favorable. This climate supported growth in new orders received and net sales in the year ended March 2014, and enabled us to achieve a 25th consecutive year of sales growth since the separation from NIPPON TELEGRAPH AND TELEPHONE CORPORATION.

Operating income and net income declined for the year, however, from the impact of six major unprofitable projects. We believe this result reflects inadequate assessments of the soundness of our project execution plans in businesses for new clients, development of new business applications, and projects using new technologies.



## Key Figures of the Fiscal Year ended March 31, 2014

(Billions of yen)

	FY ended March 31, 2013	FY ended March 31, 2014	Versus Previous Year	
			Year-on-Year	Rate of Change
<b>New Orders Received</b>	1,197.1	1,400.2	+203.0	+17.0%
<b>Net Sales</b>	1,301.9	1,343.7	+41.8	+3.2%
<b>Operating Income</b>	85.6	62.5	-23.1	-27.0%
<b>Segment Profit*</b>	77.0	54.2	-22.7	-29.6%
<b>Net Income</b>	43.5	23.2	-20.2	-46.5%

\* Segment Profit is income before income taxes.

We view such underperformed cases should be focused with the highest priority and last summer established the Project Review Committee as an independent body separated from the divisional companies. (Please see page 23 for further details.) The Project Review Committee is responsible for large projects that constitute new clients, new businesses, or new technology and oversees the projects from order to delivery after evaluating the adequacy of the projects execution plans.

**Q**

**Will more projects become unprofitable in the future?**

**A**

**We will make every effort for risk management to prevent projects from strongly impacting our performance, but we have to accept a certain level of risk to expand our business.**

We cannot completely prevent projects from turning unprofitable. Practically speaking, this is not only impossible, but it would block us from taking necessary challenges.

I should also mention that not all risk is bad, and we need to accept a certain amount of risk to pursue new challenging opportunities to drive growth.

Let me explain. We are currently engaged in about 20,000 projects of all sizes. Not one of those projects was entered into knowing that it would be a loss maker. As we pursue challenging prices and quite high technical levels, we cannot avoid some of the projects falling into unprofitability. Despite this virtual inevitability, we must prevent situations that could potentially have a strong impact on our performance. To this end, complex large projects will be under the supervision of the Project Review Committee as a way to provide thorough risk management.

I should also mention that not all risk is bad, and we need to accept a certain amount of risk to pursue new challenging opportunities to drive growth. We plan to limit the potential impact of such risk to less than 0.3% of net sales.

Q

**The year ended March 2014 marks the midpoint of the Medium-Term Management Plan. How much progress have you made so far?**

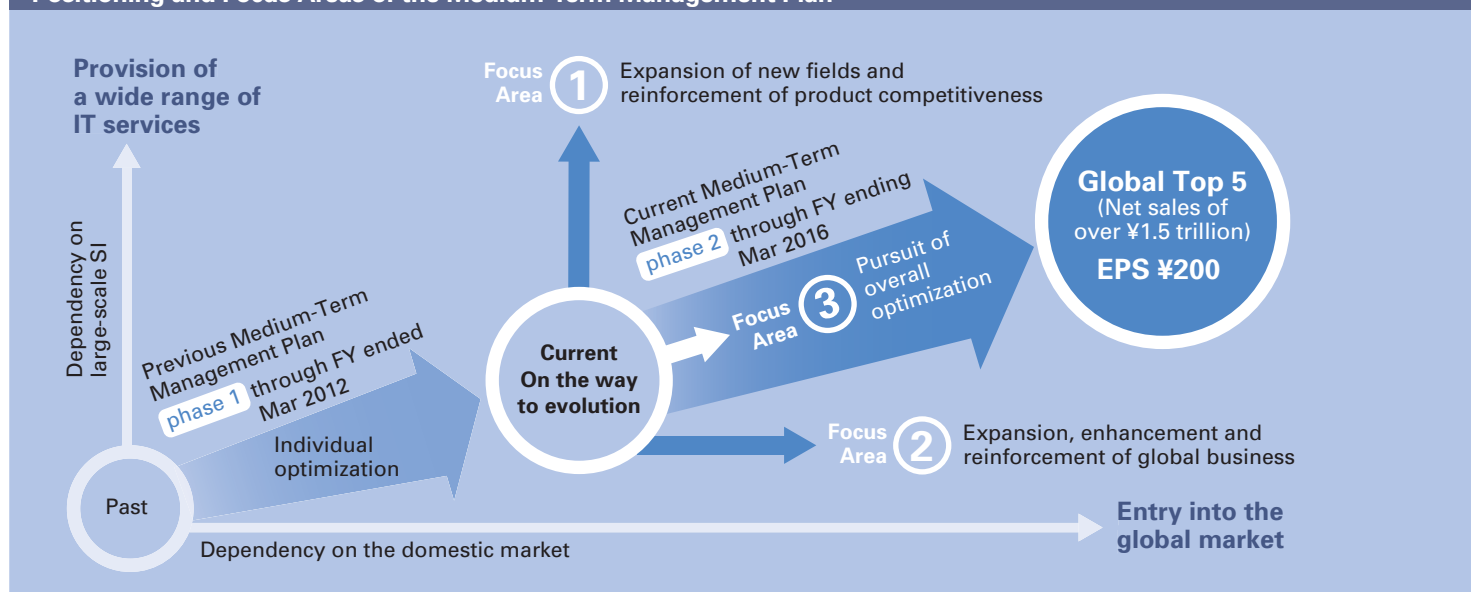
A

**We are well on our way to reaching the Global Top 5 level of net sales surpassing ¥1.5 trillion. Achieving ¥200\* EPS target may be difficult, but we will not give up.**

The Medium-Term Management Plan has two targets: net sales of over ¥1.5 trillion to raise the Company into the Global Top 5 in IT services and EPS of ¥200.

Net sales are currently on pace to surpass the target, as we project sales to reach ¥1,460 billion at the end of March 2015, the third year of the Medium-Term Management Plan.

### Positioning and Focus Areas of the Medium-Term Management Plan



Reaching the EPS target of ¥200 will be more difficult, as EPS stood at ¥83.02 at the end of March 2014 and we forecast EPS of ¥131.90 at the end of March 2015. We are making every effort to reach the target, and correspondingly, cutting down unprofitable projects is essential. Moreover, we will increase sales to raise gross profit, expand the use of automated software development tools to reduce costs, and work to lower administrative expenses.

\*NTT DATA executed a 100-for-1 stock split on October 1, 2013.



## How are you going to further develop the overseas business?

**A**

**We have fulfilled our Global 1st Stage objectives by increasing the number of bases and expanding the service coverage area. We will now work to accomplish the Global 2nd Stage objective to establish a global brand.**

We launched our first steps to seriously expand global operations 10 years ago with a strategy focused on M&A. Our overseas bases have steadily grown to encompass 42,000 employees in 175 cities over 41 countries and regions (excluding Japan.) What this means is we now have the ability to respond to client requests in nearly every region worldwide. The recent acquisition of everis, of Spain, was particularly important as we expanded our network coverage across significant areas of the vast markets in Latin America. With these efforts, we have fulfilled our objectives for the Global 1st Stage.

Furthermore, let me provide some background for the objectives we have set for the

<p>Focus Area <b>1</b></p> <p><b>Expansion of new fields and reinforcement of product competitiveness</b></p>	<ul style="list-style-type: none"> <li>• Providing more solutions to IT costs reduction, such as cloud computing and AMO</li> <li>• Seeking to sophisticate and diversify our services, including business analytics and core business BPO</li> <li>• Developing new businesses, such as M2M clouds and robotics; shifting resources to existing businesses with potential to grow and lift the market share</li> </ul>
<p>Focus Area <b>2</b></p> <p><b>Expansion, enhancement and reinforcement of global business</b></p>	<ul style="list-style-type: none"> <li>• Supporting clients' entries into the global market</li> <li>• Covering uncharted areas in overseas markets with growth potential</li> <li>• Sharing solutions using our expertise, such as SAP and telecoms, in Global One Team to enhance and reinforce global businesses</li> </ul>
<p>Focus Area <b>3</b></p> <p><b>Pursuit of overall optimization</b></p>	<ul style="list-style-type: none"> <li>• Making our worldwide businesses more standardized, efficient, and streamlined</li> <li>• Pursuing the merit of scale through reorganizing and consolidating group companies and organizations</li> <li>• Allocating resources based on business portfolios responded to the rapidly changing environment</li> </ul>



We want NTT DATA to stand out from other global businesses through our dedication to putting the needs of our clients first and ensuring that innovation and Japanese quality is at the heart of all we do.

Global 2nd Stage. On the global level, NTT DATA brand is still not yet well known. We must make NTT DATA into a company recognized by clients worldwide. We want NTT DATA to stand out from other global businesses through our dedication to putting the needs of our clients first and ensuring that innovation and Japanese quality is at the heart of all we do. Applying our clients-first approach, we work with clients to realize innovation in the pursuit of the superior quality, cost, and delivery that Japan is famous for.

Achieving global brand status takes time. Two or even more Medium-Term Management Plans may even be necessary. However, we believe we must make establishing a global brand a goal of the Global 2nd Stage to ensure we progress toward realizing continuing growth as a company. We believe the most essential elements are our unwavering practice of “client first” and establishing long-term relationships with clients.

We expect to achieve the plan’s goal of an overseas sales ratio of 25% (overseas sales exceeding ¥350 billion) in the current fiscal year. The ultimate goal of the Global 2nd Stage is an overseas sales ratio of 50%, while we will also further expand profits.

Q

**Thank you for explaining the focus on the overseas business. Meanwhile, the growth of the domestic business appears to be slowing. Do you think that no additional effort should be placed on the domestic market?**

A

**Just like the overseas market, we consider the domestic market to be important. We will use Re-Marketing to expand our market share.**

We are focusing efforts in the domestic market as much as we are overseas. The domestic IT market is said to be growing about 1% to 2% annually. The rate appears low compared to ones in overseas market, and we have already commanded large presence in the domestic financial and public sectors. However, we believe that our small market shares in the manufacturing, distribution, service, telecommunications, broadcasting, utilities, and other corporate fields give us much room for growth.

We are currently turning all our business domains into segmentations of advancing, protecting, and withdrawing to formulate more effective marketing activities. In doing this, we have to be careful not to fall into the “once bitten, twice shy” trap. Once a person gets deterred from entering into a domain, they feel big barriers rise up and entry is just impossible. But conditions are constantly changing, and new technologies that didn’t exist before are offering new solutions for re-entry. Attempts to enter new fields and create markets without preconceived notions are what we call Re-Marketing.

In addition, we anticipate quite a few upgrade/renewal projects for existing clients during the year as well as orders related to the government’s adoption of a personal identification number system\* for individuals. We believe that we can steadily regain a growth track in the domestic market.

\*The personal identification number system provides each citizen with a single number to facilitate personal information management.

**Q**

**Please provide an update on the progress in use of automated software development tools.**

**A**

**We are steadily increasing the number of applied cases. We plan to further facilitate the use to reduce costs.**

Automated software development makes computers carry out some of the system development processes, which were previously performed by human. Some projects achieved a 90% man-hours reduction in producing design documents from source code. Another projects dramatically reduced the number of slipping-through-bugs\* through automated checks of an enormous amount of design documents for large-scale systems. Automation tools are being used for development in increasing number of projects.

Although certain systems with mainframe environments or other conditions are not conducive to automated software development, we have decided to use the tools for all applicable systems. In the year ending March 2015, we are doubling the support force of our experts to facilitate the use and beginning their full-scale use for in-house development. In addition, we last year substantially enhanced the functions of our automated tools with the release of the TERASOLUNA Suite. This new suite is capable of seamlessly linking the functions for designing, programming, testing, and other development processes that had been provided separately. We are aiming to further broaden the use to reduce the cost percentage.

\*Undetected errors or bugs in former processes that later require going back to rewrite the code, hindering the progress of the schedule, and ultimately, negatively impact quality, cost, and delivery (QCD.) Automating checks of design documents enables the processes highly effective because it significantly cut down those rewriting labors compared to visual checks by human, while automated operation can detect inconsistencies among overall documents.

**Q**

**What is your forecast for the year ending March 2015, and what will be your main initiatives?**

**A**

**We forecast ongoing favorable business conditions and growth in both sales and profits. We will rigorously implement measures to secure profits as we seek to achieve the targets in the Medium-Term Management Plan.**

As in the previous fiscal year, we believe the favorable business environment will enable us to extend our streak of consecutive years of sales growth to 26 years. Although new orders received would decline slightly after the sharp rise in the previous fiscal year, we expect them to remain at a high level. We forecast substantial growth in operating income and net income.

Forecast for FY ending March 31, 2015			(Billions of yen, EPS: Yen)	
	FY ended March 31, 2014	FY ending March 31, 2015	Versus Previous Year	
			Year-on-Year	Rate of Change
<b>New Orders Received</b>	1,400.2	1,320.0	-80.2	-5.7%
<b>Net Sales</b>	1,343.7	1,460.0	+116.2	+8.6%
<b>Operating Income</b>	62.5	85.0	+22.4	+35.8%
<b>Segment Profit*</b>	54.2	75.0	+20.7	+38.2%
<b>Net Income</b>	23.2	37.0	+13.7	+58.9%
<b>EPS</b>	83.02	131.90	+48.88	+58.9%

\*Segment Profit is income before income taxes.

The year will be important for preparing to reach the performance targets set for the year ending March 2016, the final year of the Medium-Term Management Plan. That makes it all the more important that we implement measures to secure profits. As stated above, we will make every effort to implement the measures outlined in the Medium-Term Management Plan to cut down unprofitable projects, increase sales in Japan and overseas to raise gross profit, expand the use of automated software development tools to reduce costs, and lower administrative expenses. We will also seek to enable the overseas businesses, which continue to expand, to realize a profit after the amortization of goodwill so they can contribute to profits in the final year of the Medium-Term Management Plan.



## What is your message to shareholders and other investors?

**A**

**I would like to deepen our relationships of trust by backing our words with deeds.**

In line with our policy to maintain a stable level of dividend payments to shareholders, in the current fiscal year ending March 2015, we plan to declare an annual dividend of ¥60 per share, the same level as in the year under review.

Although what you expect of us may slightly differ according to your personal stance, which country or region you are from, I believe the most fundamental thing that our stakeholders commonly expect of us is to do what we say we will. I believe that by remaining true to our word, we can further deepen the relationship of trust we have with our stakeholders.

We appreciate and look forward to your continued understanding and support.



## Interview with CFO

### Hironobu Sagae

Director and Executive Vice President  
Head of Finance Departments;  
Responsible for financial management (CFO)



**Q Please describe the core element of the NTT DATA Group's financial strategy.**

**A** NTT DATA develops and operates information infrastructure that underpins our society, and these activities require large-scale upfront investments.

Procurement of capital under favorable conditions and in a flexible manner is an extremely important factor in providing for such investments. This represents a core element of our financial strategy.

At the same time, we endeavor to restrain increases in interest-bearing debt and generate stable cash flows so we can make business investments that generate income growth over the medium and long terms.

With these basic concepts in mind, we will continuously work to solidify our financial base while maintaining and strengthening stable cash flows.

**Q What are your thoughts on M&As in the context of your financial strategy?**

**A** Improving corporate value requires a commitment to sustained increases in free cash flows, and M&As are a key part of this process. Our policy is to actively pursue M&As as long as the candidate company's business strategies, philosophy, and corporate culture are in harmony with those of the Group.

Implementing an M&A requires meticulous screenings of potential candidates as an initiating process. My responsibility is to properly consider PMI and, deploying a diversity of indicators, to determine the most suitable acquisition price.

We also intend to pursue M&A activities within the scope of free cash flows.

Although we sometimes procure funds temporarily via interest-bearing debt, our basic policy is to not be reliant on additional funding over the medium term.

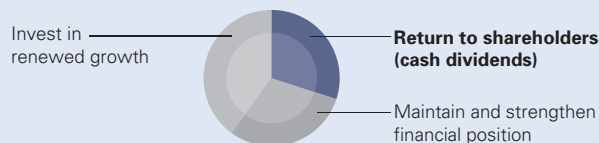
**Q Please describe your shareholder return policy and forecasts for the year ending March 2015.**

**A** We decide the amount of shareholder return according to the balance of cash income use. At present, the Group is striving to become a Global Top 5 company (with net sales of over ¥1.5 trillion) and achieve an EPS of ¥200 by the year ending March 2016, and to generate sustained growth thereafter. To this end, we will use our funds to invest in necessary businesses and to develop technologies. We believe that increasing corporate value under this policy will enable us to strengthen shareholder return over the long term.

In order to maintain and strengthen our financial foundation, our approach has been and will be to keep our interest-bearing debt under a certain level. With respect to shareholder return, we have decided to prioritize stable returns while monitoring business investment opportunities and our interest-bearing debt status. Based on this policy, we plan to pay annual cash dividends of ¥60 per share in the year ending March 2015.

We look forward to the understanding and support of shareholders.

**Uses of cash income**



**Annual cash dividends per share**

FY ended Mar 31, 2014	<b>¥60</b>
FY ending Mar 31, 2015	<b>¥60</b> (Forecast)

# Corporate Governance

## Directors, Corporate Auditors and Senior Vice Presidents

(As of July 1, 2014)

### Directors



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

- 2008 Director and Executive Vice President of NTT DATA
- 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 President and Chief Executive Officer of NTT DATA (present post)



**Representative Director and  
Senior Executive Vice President**  
**Satoshi Kurishima**

Company President, Solutions & Technologies Company; Responsible for information strategies (CIO), security strategies (CISO) and intellectual property strategies

- 2011 Director, Executive Vice President, and Company President, Solutions & Technologies Company of NTT DATA
- 2012 Representative Director, Executive Vice President, and Company President, Solutions & Technologies Company of NTT DATA
- 2014 Representative Director, Senior Executive Vice President, and Company President, Solutions & Technologies Company of NTT DATA (present post)



**Representative Director and  
Senior Executive Vice President**  
**Eiji Yamada**

Company President, Global Business Company; Responsible for corporate functions, risk management (CRO), corporate governance and corporate social responsibility

- 2011 Director, Executive Vice President, and Company President, Public & Financial IT Services Company of NTT DATA
- 2012 Representative Director, Senior Executive Vice President, and Company President, Public & Financial IT Services Company of NTT DATA
- 2013 Representative Director, Senior Executive Vice President, and Company President, Global Business Company of NTT DATA (present post)



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

Company President, Public & Financial IT Services Company

- 2011 Director, Senior Vice President, and Senior Executive Manager, Group Strategy Headquarters of NTT DATA
- 2012 Director, Executive 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 (present post)

**Director and  
Executive Vice President**  
**Yo Honma**

Company President, Enterprise IT Services Company

- 2012 Senior Vice President and Senior Executive Manager, Head of Third Enterprise Sector of NTT DATA
- 2013 Senior Vice President, Head of Third Enterprise Sector of NTT DATA
- 2014 Director and Executive Vice President, and Company President, Enterprise IT Services Company of NTT DATA (present post)  
Chief Executive Officer of Construction-ec.com Co., Ltd. (present post)

**Director and Executive Vice President**  
**Hironobu Sagae**

Head of Finance Departments; Responsible for financial management (CFO)

- 2011 Director, Senior Vice President, and Senior Executive Manager, Financial Department and Human Resources Department of NTT DATA
- 2012 Director, Senior Vice President, and Senior Executive Manager, Financial Department of NTT DATA
- 2014 Director, Executive Vice President, Head of Finance Departments of NTT DATA (present post)

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

Head of Group Strategy Headquarters

- 2013 Director, Senior Vice President, and Senior Executive Manager, Second Financial Sector, Head of Group Strategy Headquarters of NTT DATA
- 2014 Director, Executive Vice President, Head of Group Strategy Headquarters of NTT DATA (present post)

**Director**  
**Yoichiro Takaya**

Outside Director<sup>\*1</sup>

- 2008 Senior Manager, Strategic Business Development Division of NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
Director of 3Di, Inc.
- 2010 Director of NTT Prime Square Inc.
- 2012 Director of NTT DATA (present post)  
Director of NTT Knowledge Square Inc. (present post)  
Director of NTT Investment Partners, Inc. Deputy General Manager, New Business Promotion Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (present post)  
Director of NTT Resonant Inc. (present post)

**Director**  
**Yukio Okamoto**

Outside Director<sup>\*1</sup>, Independent Director<sup>\*3</sup>

- 1991 Representative Director, Okamoto Associates, Inc. (present post)
- 2000 Director, Mitsubishi Materials Corporation (present post)
- 2006 Corporate Auditor, Mitsubishi Motors Corporation
- 2008 Director, Nippon Yusen Kabushiki Kaisha (NYK LINE) (present post)
- 2014 Director of NTT DATA (present post)

## Corporate Auditors

### Standing Corporate Auditor

#### Hiroo Inoue

- 2006 Director and Executive Vice President; Senior Executive Manager, General Affairs Department and Internal Audit Department of NTT DATA
- 2007 Representative Director and Senior Executive Vice President of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
- 2009 President and Chief Executive Officer of NTT PC Communications Incorporated
- 2012 Standing Corporate Auditor of NTT DATA (present post)

### Standing Corporate Auditor

#### Yasuomi Hino

##### Outside Corporate Auditor\*2, Independent Director\*3

- 2006 Director-General for Policy Planning and Evaluation of Ministry of Land, Infrastructure, Transport and Tourism
- 2007 Standing Director of Federation of National Public Service Personnel Mutual Aid Associations
- 2009 Senior Director of Federation of National Public Service Personnel Mutual Aid Associations
- 2012 Standing Corporate Auditor of NTT DATA (present post)

### Standing Corporate Auditor

#### Yukio Ishijima

##### Outside Corporate Auditor\*2

- 2005 Head of General Affairs, NTT Communications 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 Corporate Auditor of NTT DATA (present post)

### Corporate Auditor

#### Rieko Sato

##### Outside Corporate Auditor\*2, Independent Director\*3

- 1998 Partner of Ishii Law Office (present post)
- 2004 Corporate Auditor of Ajinomoto Co., Inc. (present post)
- 2008 Corporate Auditor of GignoSystem Japan, Incorporated (present post)
- 2012 Corporate Auditor of NTT DATA (present post)

## Senior Vice Presidents

### Representative Director and Senior Executive Vice Presidents

#### Eiji Yamada

Company President, Global Business Company; Responsible for corporate functions, risk management (CRO), corporate governance and corporate social responsibility

#### Satoshi Kurishima

Company President, Solutions & Technologies Company; Responsible for information strategies (CIO), security strategies (CISO) and intellectual property strategies

### Representative Director and Executive Vice President

#### Masanori Shiina

Company President, Public & Financial IT Services Company

### Director and Executive Vice Presidents

#### Yo Honma

Company President, Enterprise IT Services Company

#### Hironobu Sagae

Head of Finance Departments; Responsible for financial management (CFO)

#### Eiji Ueki

Head of Group Strategy Headquarters

### Executive Vice Presidents

#### Kazuhiro Nishihata

Head of Global Business Sector

#### Toshio Iwai

Head of Public Sector

### Senior Vice Presidents

#### Isao Arai

Head of Fourth Enterprise Sector

#### Katsumasa Ishikawa

Head of First Enterprise Sector

#### Hiddenori Tsuzuki

Head of Second Enterprise Sector

#### Kazuhiro Sasada

Head of Business Solutions Sector

#### Eiji Kugimiya

Head of First Financial Sector

#### John McCain

Director and CEO, NTT DATA, Inc.

#### Tsuyoshi Kitani

Head of System Platforms Sector; Head of Research and Development Headquarters

#### Keiichiro Yanagi

Head of Second Financial Sector

#### Shigeki Yamaguchi

Head of Third Enterprise Sector

#### Masato Inaba

Chair, NTT DATA (China) Co., Ltd.; Chair, NTT DATA (China) INVESTMENT Co., Ltd

#### Hiroyuki Aoki

Head of Human Resources Department

#### Toshi Fujiwara

Head of Fourth Financial Sector

#### Sachihiko Okimura

Head of Third Financial Sector

#### Shunichi Takeuchi

Head of General Affairs Department

#### Tadashi Uhira

Director and Chair, NTT DATA EMEA Ltd.

\*1. Yoichiro Takaya and Yukio Okamoto satisfy the requirements of outside directors assigned in accordance with Corporate Law.

\*2. Yasuomi Hino, Yukio Ishijima, and Rieko Sato are outside corporate auditors assigned in accordance with Corporate Law.

\*3. NTT DATA has designated Yukio Okamoto, Yasuomi Hino, and Rieko Sato independent directors in accordance with the listing regulations of the Tokyo Stock Exchange on which its stocks are listed, and has notified this to the Tokyo Stock Exchange.



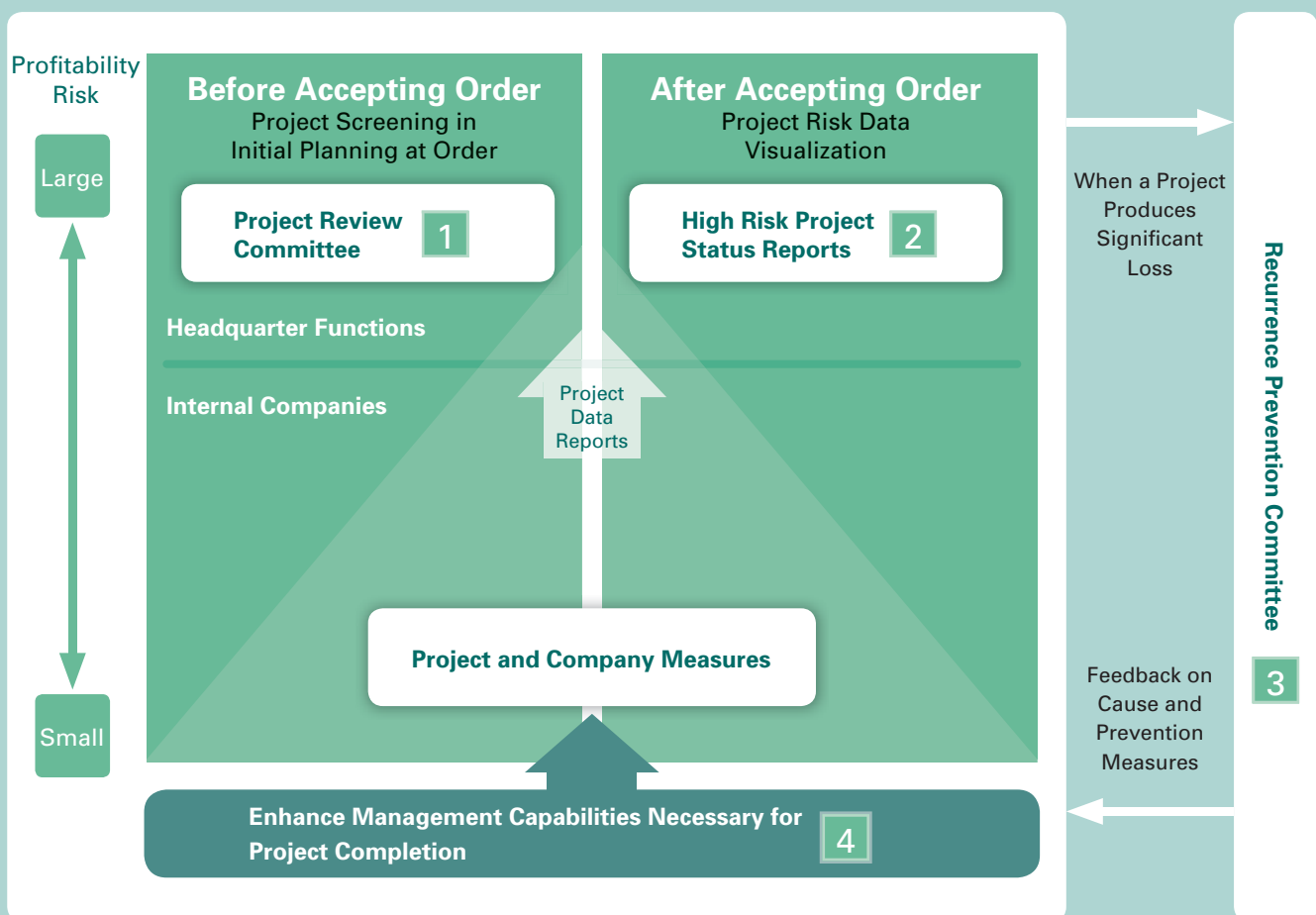
## Measures for Cutting Down Unprofitable Projects

### Overview of Unprofitable Project Control

The Company actively proposes projects to new clients, enters new business domains, integrates new technologies, and implements other measures to meet the diverse needs of clients and to continue the Company's growth. Restricting our operations only to business domains where we have experience and only using existing technologies would eventually lead to contraction of business. Conversely, projects with a high degree of newness have been carrying a higher-than-usual risk of falling into unprofitability for reasons that include higher than anticipated

costs due to divergence from original project estimates and issues that arise while administering the project.

The Company has mechanisms to manage profitability risk at the project, company, and corporate levels. In light of the negative impact unprofitable projects had on our results for the year ended March 2014, we determined it essential to limit the degree of potential impact from unprofitable projects and in October 2013 established the Project Review Committee to further strengthen our ability to control unprofitable projects.

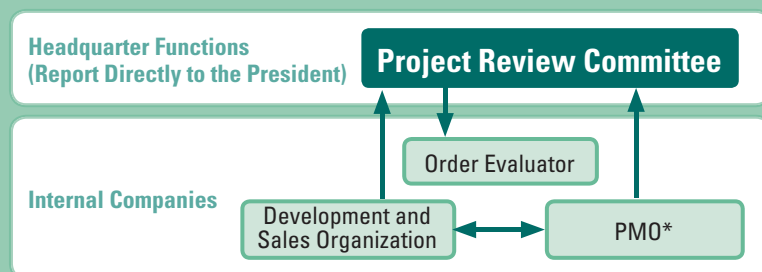


## Prevention Mechanisms

### 1

## Project Review Committee

The Company established the Project Review Committee in October 2013 to augment its profitability risk control structure and further enhance its effectiveness in controlling profitability risk. The committee, which reports directly to the president, screens large projects that have an aspect of newness in terms of the client, business content, or technology from the initial planning at order through ongoing assessments until project completion.



#### Order Evaluation

Determine the validity of the project execution plan for key projects by a committee with direct reporting to the President

- Project Review Committee evaluation of cost estimates, project structure, etc.
- Project Review Committee approval is one condition for order acceptance

#### Development

Project assessments by a committee with direct reporting to the President until client delivery (accurate understanding of the project status)

- Immediate addressing of issues based on the assessment results

\*Project Management Office: Department established exclusively to support project management.

### 2

## High Risk Project Status Reports

Highly problematic projects are regularly assessed for quality and progress and for risk and risk mitigation measures, so that data visualization of the project risk is communicated throughout the Company.

### 3

## Recurrence Prevention Committee

When a project produces significant losses, a third party is engaged to thoroughly ascertain and analyze the root cause of the loss, and preventive measures are formulated to prevent recurrence.

### 4

## Enhance Management Capabilities Necessary for Project Completion

The Company fosters flexible and applicable management capabilities for a project's specific circumstances through such measures as 1) assigning experienced experts, 2) providing case method training on unprofitable projects and 3) establishing rules for company standards and providing various internal administration tools.

## Company and Group Corporate Governance

### Basic Approach to Corporate Governance

NTT Data considers strengthening corporate governance to be of fundamental importance to maximizing corporate value and seeks to ensure management transparency and soundness and promote expeditious decision-making and business execution.

### Corporate Governance Structure

NTT Data is a company with a board of company auditors. The Company has determined that the Board of Corporate Auditors with outside standing corporate auditors is an effective system for management oversight and maintains the system with a board of company auditors. The Company has the following primary governing entities: the General Meeting of Shareholders, the Board of Directors, and the Board of Corporate Auditors. The Company also maintains a Corporate Management Committee to accelerate decision-making related to business execution.

#### • Board of Directors

The Board of Directors has nine members, including two outside directors (including one employee of the Company's parent company NIPPON TELEGRAPH AND TELEPHONE CORPORATION). The Board holds regular monthly meetings and additional meetings as necessary and is responsible for decision-making and supervision regarding legal issues, important management topics, and other issues.

#### • Board of Corporate Auditors

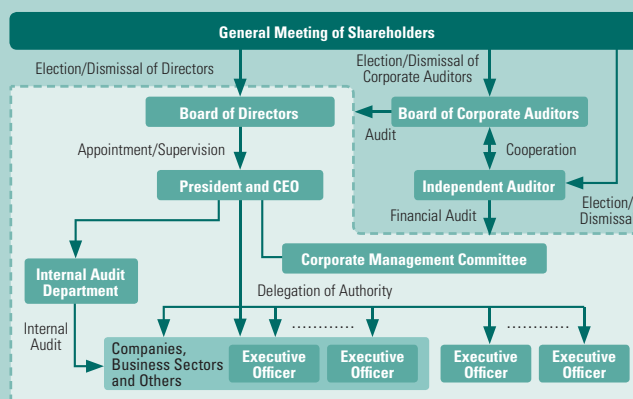
The Board of Corporate Auditors has four members, including three of outside auditors and one woman. In principle, the Board of Corporate Auditors meets monthly to decide audit policies, plans, methods, and other important matters concerning audits. Each corporate auditor attends important company meetings, such as meetings of the Board of Directors, and regularly audits business execution. The Corporate Auditors' Office provides full-time support for these activities.

#### • Corporate Management Committee

The Corporate Management Committee consists of the president, vice presidents, and the heads of other important relevant sections. In principle, the committee meets weekly to provide smooth and prompt decision-making and supervision concerning day-to-day operations.

The organizational chart in the upper right side plots the Company's business execution, management oversight, and internal controls.

During the fiscal year ended March 31, 2014, the Board of Directors and Board of Corporate Auditors held a total of 23 and 20 meetings, respectively. The Corporate Management Committee held a total of 42 meetings.



### Group Governance

For such priority categories as business planning, internal control, and compliance, NTT DATA's basic policy is to ensure appropriate business operations across the Group by instituting rules for consultation and reporting with each Group company. This policy puts into place a cooperative system through the establishment of a liaison department in NTT DATA that connects to each Group company. As a set of rules governing consultations and reporting between NTT DATA and Group companies, we have the Group Management Rules for domestic Group companies and the Group Authority Matrix for overseas Group companies. The aforementioned management policy and rules are required to apply also to companies newly entering the NTT DATA Group.

### Approaches toward overseas Group companies

In recent years, we have reinforced Group governance significantly to keep in line with rapid expansion of our overseas operations through M&A and the like. For example, we are setting up a regional integrated company in each of our four operating regions: the Americas, EMEA (Europe, Middle East, and Africa), APAC (Asia Pacific), and China as well as in the Business Solution Group. We have established a Nomination and Compensation Committee and an Audit Committee within the Board of Directors of each of those integrated companies. In this way, we are building a governance system that enables us to entrust regional integrated companies managing their businesses, and to ensure unified management as a group.





Special Feature

1

# NTT Group: Delivering Collaborative Strength to the Texas Department of Transportation

NTT DATA has been rapidly expanding its business in North America in recent years. The main driver of the growth has been the addition of six companies to the NTT DATA Group through strategic M&A and the regional integration and reorganization in North America. This has vastly expanded the range of services the Group is able to offer clients in various industries. The collaborations also extend outside the NTT DATA Group. This section introduces major projects NTT DATA is conducting in collaboration with the NTT Group.

In June 2013, NTT DATA entered into an agreement with the Texas Department of Transportation (TxDOT), which oversees the state's highway, rail, and aviation systems. NTT DATA will provide a comprehensive set of IT services, including application maintenance and development, user device support, service desk support, network and telecommunications systems support, and IT security.





### TxDOT: Administering some 200,000 miles\* of roads and streets

Located in the south central part of the United States, Texas is the second most populous and the second largest of the U.S. states, and is known for its vast expanses and majestic nature. The state has vibrant agricultural, mining, and manufacturing industries and is home to a multitude of high-tech firms.

Texas accounts for roughly 8% of all highway miles driven each year in the United States, and is a major transit region. As a result, Texas maintains a highly advanced highway system.

Serving such a vast network, TxDOT is the country's largest transportation authority with an annual budget for road construction and enhancement of about \$6 billion. TxDOT oversees some 200,000 total miles of roads and streets.

\*Measured as road length of all lanes.

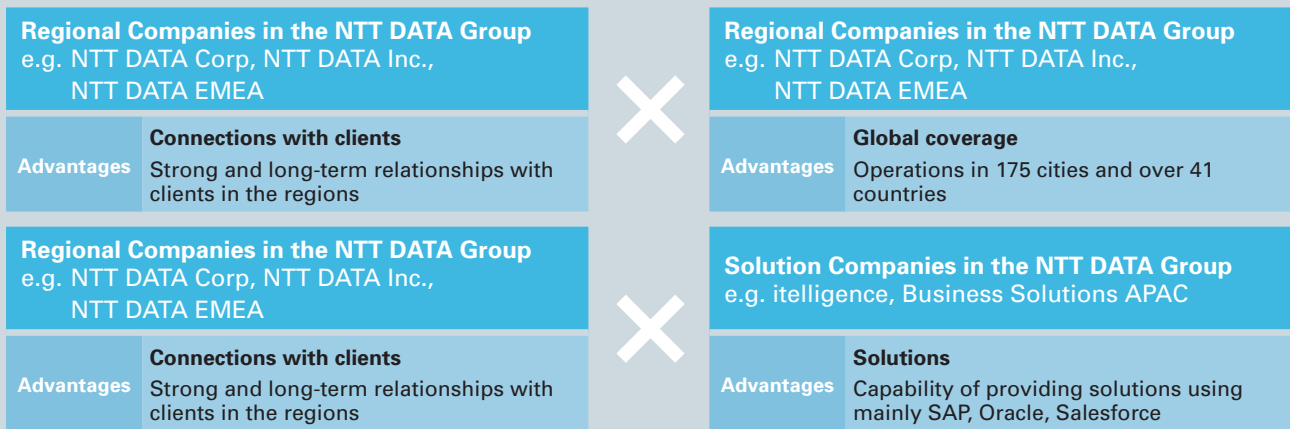
### Providing innovative IT services for the citizens of Texas

After establishing a vision to be a Best-in-Class state agency, TxDOT was seeking to transform its IT organization to one that is interconnected, dynamic, fast, agile, and reliable. To achieve this vision, TxDOT sought an IT partner who would share the risk and build in high standards of performance for mutual success.

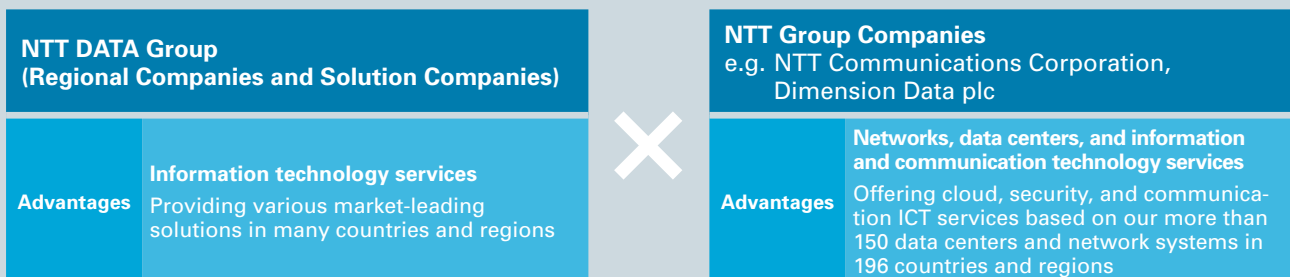
### Joining TxDOT, improving lives in Texas

TxDOT received numerous proposals from a variety of vendors, including well-known global IT companies, and ultimately chose NTT DATA. Among the reasons for choosing NTT DATA were our ability to provide the technology best suited to the agency's needs in the system operation and maintenance field, and our extensive

#### NTT DATA's Main Collaborations



#### The Case Involving TxDOT



Note: NTT DATA prepares other various collaboration arrangements to meet clients' needs.

experience operating large-scale public systems. TxDOT was impressed with our highly sophisticated technology, including our track record of using methods and tools to realize more efficient development and use of IT.

Our experience with numerous large-scale systems in Japan and other countries, and strong commendations from authorities in other states were also important to our being selected.

### Offering comprehensive NTT Group solutions

Yet another reason for being selected was our ability to provide a comprehensive set of solutions to the agency's clients through the NTT Group. NTT DATA will provide application maintenance and development, user device support, and service desk support; network and telecommunications services will be provided by the NTT Group's Dimension

Data. Managed security services will be provided by the NTT Group's Solutionary. The NTT Group will provide all IT services other than data center operations and WAN. The NTT Group won the agency's trust to provide such a wide scope of service because of its ability to manage the comprehensive task of creating a seamlessly coherent system.

The vendor selection for the project garnered much attention from the media and analysts in the United States and greatly enhanced the recognition and credibility of NTT and NTT DATA in the U.S. market. This is one example of the best practice generated by the synergies of the NTT Group.

### Building a global corporation

In addition to the partnership with TxDOT, NTT DATA is also partnering with Yum! Brands, Inc., a United States-based Fortune 500 corporation, operating licenses of Taco Bell, KFC, Pizza Hut, and other restaurants worldwide to provide the operation and maintenance of applications for finance, human resources, and general affairs, as well as business process outsourcing (BPO). For this project as well, we are collaborating with the NTT Group to provide cloud services, and are receiving very positive responses for integrating a next-generation approach to fulfilling client requirements with a balanced-shore strategy—leveraging an onshore center in North America, a near-shore center in Canada, and an offshore center in India.

NTT DATA is presently fortifying its business foundation in the North America market. In December 2013, NTT DATA made Optimal Solutions Integration, Inc., a wholly-owned subsidiary. Optimal was one of the largest firms in North America focused exclusively on SAP solutions and services. In February 2014, the India delivery unit achieved the highest level in both the CMMI\* models of development and services. NTT DATA will continue honing our expertise in North America, the epicenter of IT innovation, and establishing NTT DATA as a global brand and a consummate global corporation.

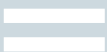
\*Model developed in 1999 at the CMMI Institute, Carnegie Mellon University, under the auspices of the U.S. Department of Defense, to represent the maturity of organizations that engage in system development. The India offshore base simultaneously achieved the highest Maturity Level 5 for CMMI for Development, Version 1.3 and CMMI for Services, Version 1.3. At the end of March 2014, NTT DATA was one of only nine companies worldwide that had achieved Maturity Level 5 for both development and services.



Capable of helping clients develop overseas businesses by leveraging our seamless support system worldwide



Offering one-stop services across the world by using best practices



As a member of the NTT Group, we provide full line-up of services seamlessly—from application software and business process outsourcing to information and communication technology services

Special Feature

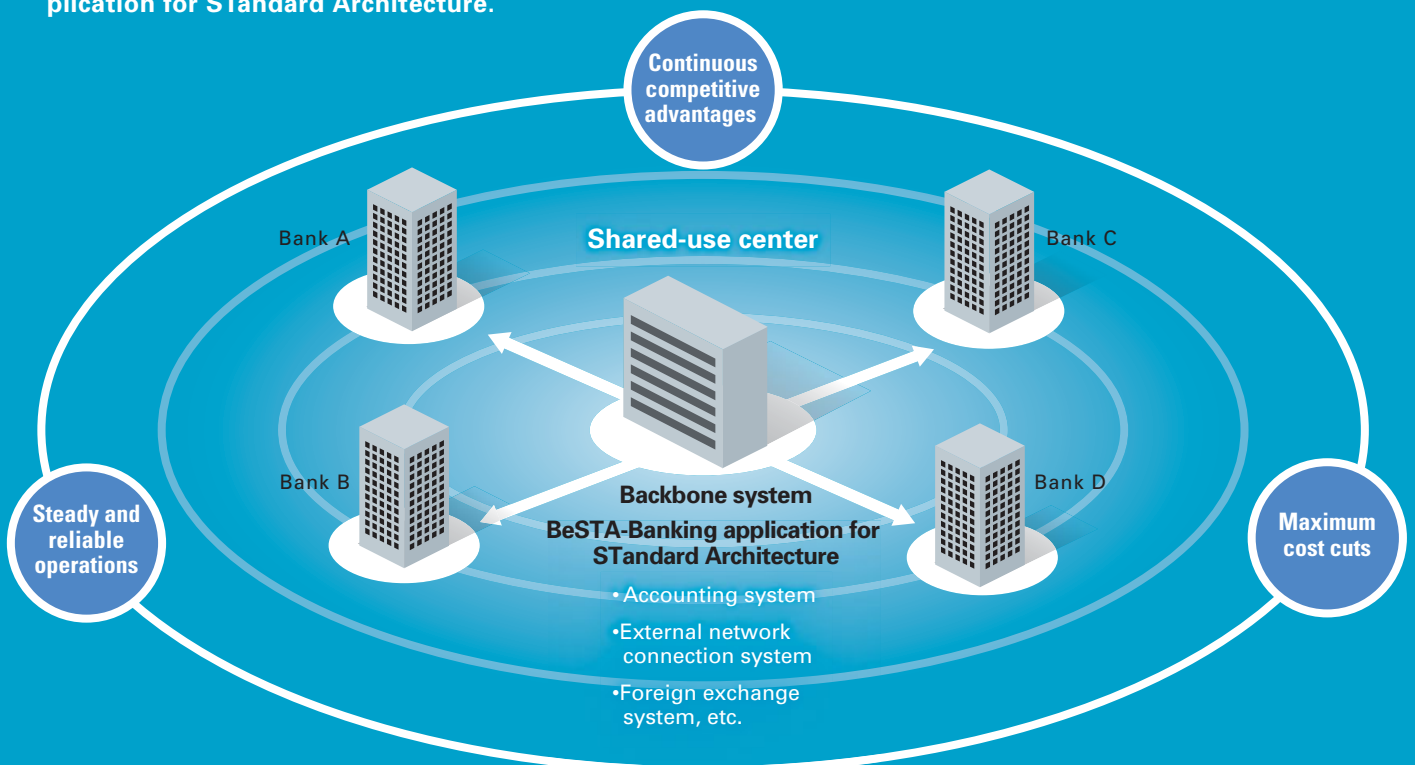
②

# NTT DATA's Shared-use Center Service Supports Local Financial Systems

This Special Feature introduces the shared-use center service business for financial institutions as one of our representing business architectures, created with NTT DATA's foresight.

A core feature in the business is the next-generation application, BeSTA-Banking application for Standard Architecture. This is a backbone application system, developed for shared use among financial institutions, and allows a single data center to provide services to multiple clients. NTT DATA applied its abundant expertise in the financial sector to development of this shared-use model to significantly reduce client costs and quickly provide advanced functions.

NTT DATA is operating several shared-use center businesses incorporating BeSTA-Banking application for Standard Architecture, which are well recognized due to the involved foresight. As a result, BeSTA-Banking application for Standard Architecture has gained the leading 30% share of the accounting systems sector of regional and second-tier regional banks. Today, 28 banks are using BeSTA-Banking application for Standard Architecture.





**“We seek to expand our share in Act Two.”**

**Shigeru Mitani**  
Head Second Banking Division, Second Financial Sector

**BeSTA-Banking application for STandard Architecture meets the demand of the time**

Shared-use systems are not a new business for NTT DATA. It was far back to the 1970s when NTT DATA started providing shared-use banking systems to trust banks. BeSTA-Banking application for STandard Architecture is the culmination of our experience and expertise accumulated since then.

We began to develop BeSTA-Banking application for STandard Architecture in 1998 to create the next-generation standard in banking applications. The global stagnation in the financial market at the time and increased urgency to consolidate operations among financial institutions led to a sudden focus on reducing IT costs.

A shared-use center using BeSTA-Banking application for STandard Architecture provides significant cost benefits to clients because multiple banks use one application operating on a single hardware system.

The Regional Bank Integrated Services Center, using BeSTA-Banking application for STandard Architecture for the first time, was tested with six regional bank clients at the start and launched the service in 2004.

**Banks increasingly rely on BeSTA-Banking application for STandard Architecture**

The number of participating banks has steadily grown since the service was launched. Fourteen banks currently use the Regional Bank Integrated Services Center and the number of banks using other service centers incorporating

BeSTA-Banking application for STandard Architecture is also growing. (Please see the chart on the next page.)

Nevertheless, the path to this point has not been an easy one. In fact, the initial development phase for BeSTA-Banking application for STandard Architecture was fraught with challenges. While most banking applications are developed based on a system of one bank, we decided to define specifications from scratch. We believed that the only way to attract banks to use our system was to create a highly versatile system that was easy for any bank to use. Specifically, BeSTA-Banking application for STandard Architecture is capable of upgrading functions to meet the needs of times, as it was designed from the beginning with consideration of flexibility and scalability, such as accessibility to multi-vendors and componentization of modules.

NTT DATA was the first IT provider to take the major responsibility for setting the specifications for shared centers, and we faced a series of tough challenges. However, once the system started operating, a virtuous cycle developed as one positive client response led to another and the number of banks participating in the Regional Bank Integrated Services Center grew.

The system’s ability for easy migration was another major factor in the growth in participating banks. Using a shared-use center usually requires a large-scale migration of the client’s systems, but we were able to gradually lower the hurdle for migration as our expertise grew with the addition of each new bank. Our operating capabilities were one more



factor contributing to our success. NTT DATA has wide-ranging experience providing services to the financial sector through systems including the Zengin System (Japanese Banks' Payment Clearing Network) for real-time fund transfers among all financial institutions in Japan, the ANSER Internet-based notification services for balance inquiries, payment, and transfer requests, and the CAFIS credit card settlement system; we have built relationships and trust with a large number of financial institutions; and we have shown our ability from the launch of the Integrated Systems Center Business to provide data backup centers with the highest standards in Japan that operates for 24 hours a day, 365 days a year. These have also become compelling reasons why we are the preferred supplier to our clients.

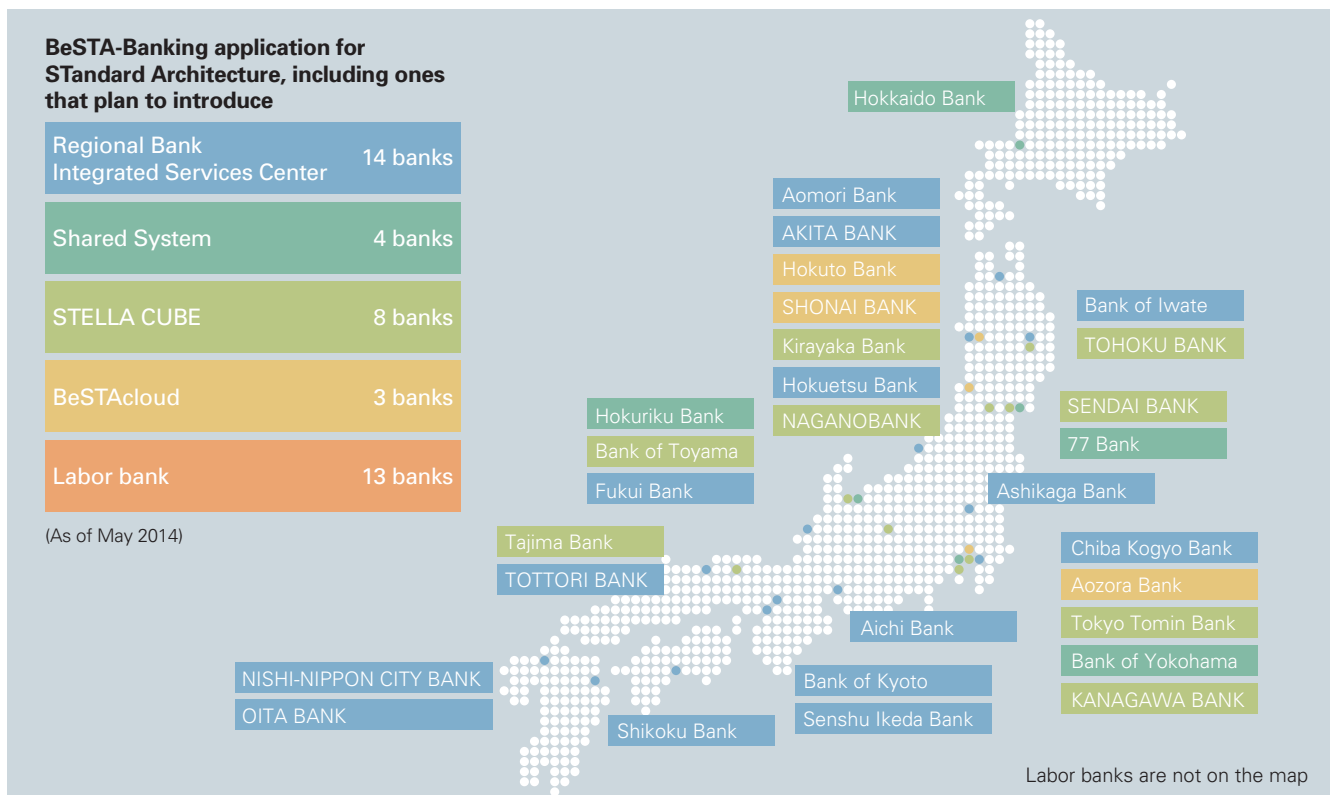
We currently provide shared centers for STELLA CUBE and Labor Bank, which use the same BeSTA-Banking application for STandard Architecture platform with the Regional Bank Integrated Services Center, and these centers are also being used by a number of clients. As we were able to nurture BeSTA-Banking application for STandard Architecture specialists, who accumulated expertise through the chal-

lenging work in developing the Integrated Services Centers, we can deploy these professionals in these new projects to play important roles as core members.

### Shared-use center business, Act Two

We call the current stage "Act Two" of the development of the shared-use center business. We name around 2000 Act One. About the period, various vendors started shared-use center businesses to meet growing demands to reduce IT costs, and clients decided whether to participate in these centers. We are now in Act Two, when more than 10 years has passed since the start of services and when clients began reevaluating the systems they have been used.

Shared-use business is an all-encompassing word that actually applies to a wide variety of operating schemes under different vendors. While our service uses a single set of hardware and software, others use multiple centers with offering a single package of software, or use separate servers for each client although the servers are located in a single center. These quasi-single setups, requiring customization for each client, are unable to provide cost benefits. In addition, if an



application is designed initially based on specifications for a single bank, it is possible that the single bank could influence whole operation for all the other participating banks.

These problems of other systems emphasize the foresight and sophistication in the business model we created a decade ago. The characteristics of our system include the thorough focus on cost reduction, the participant-neutral approach, and our operating expertise cultivated from extensive experience in the financial field. Even after starting the operation, our management structure allows participating banks to express their ideas and knowledge to accumulate various know-how at Regional Bank Integrated Services Center. We plan to leverage these competitive advantages to continually enhance the satisfaction of our existing clients and expand our market share during Act Two.

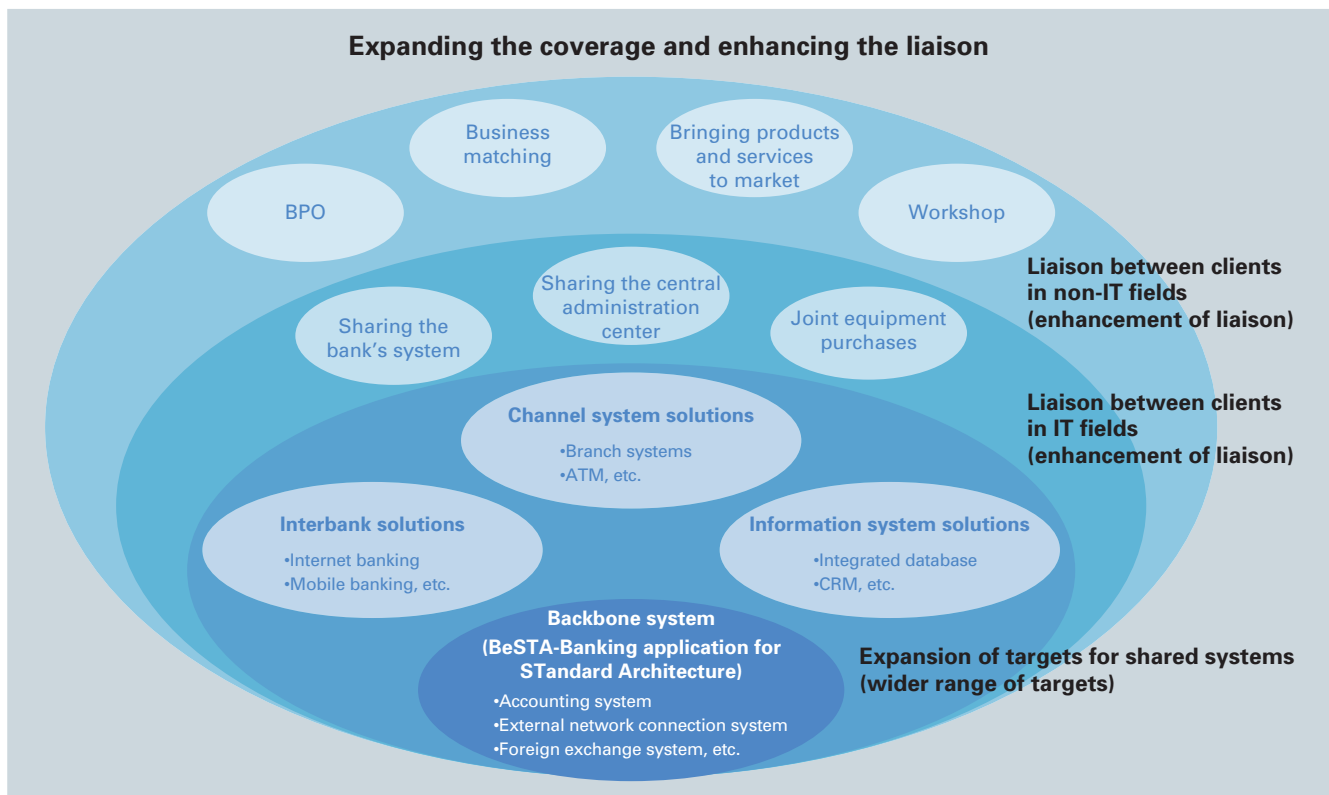
### Expanding the integrated services business

As another step forward, in March 2014, we launched the BeSTAcloud service as a scheme to reflect individual needs of our clients as much as possible. This service enables BeSTA-Banking application for STandard Architecture to be

customized for each bank (through logical partitioning of the application software on a hardware system), which enables clients to access the services without having to join a shared center community. Three banks have already contracted to use the BeSTAcloud service.

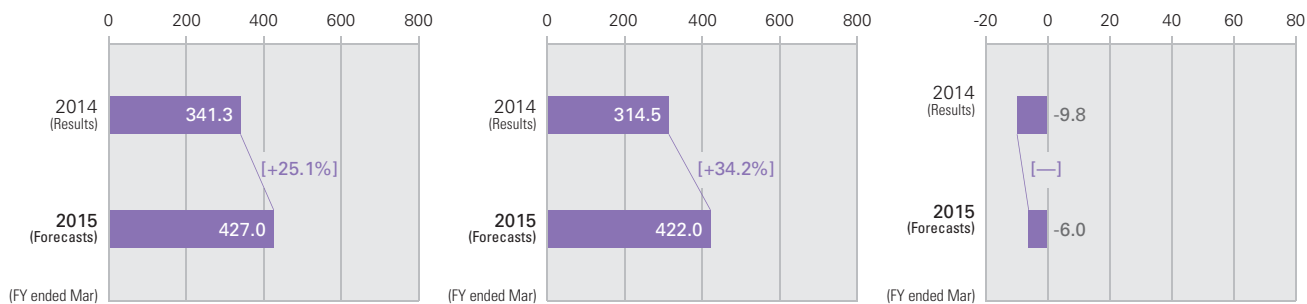
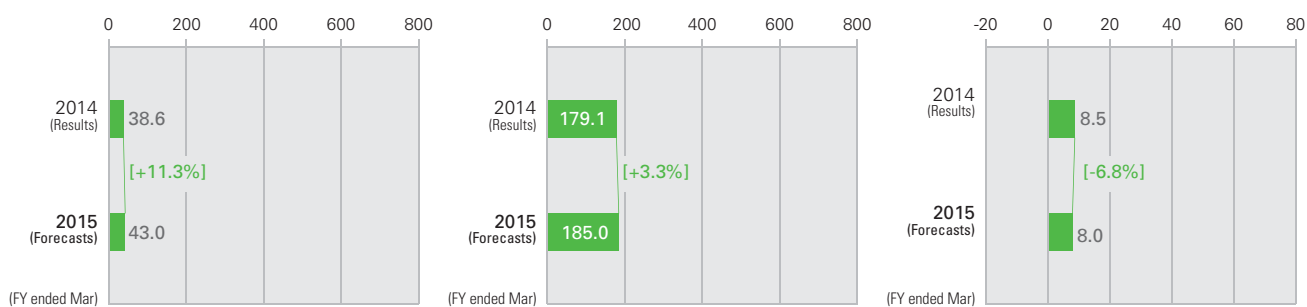
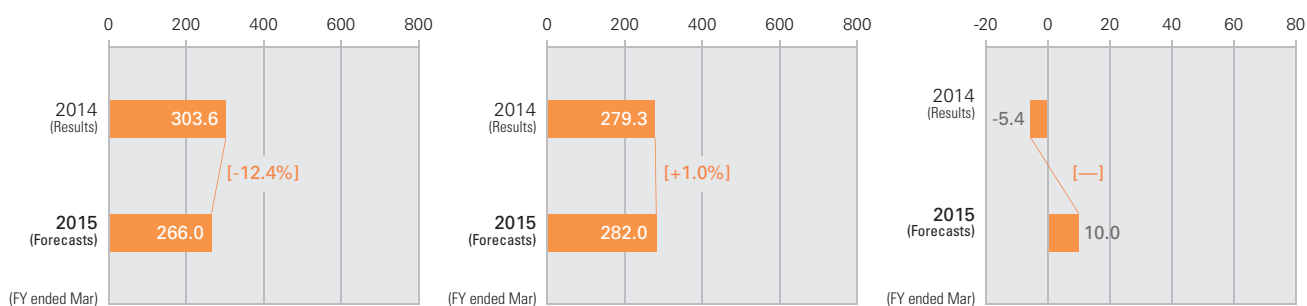
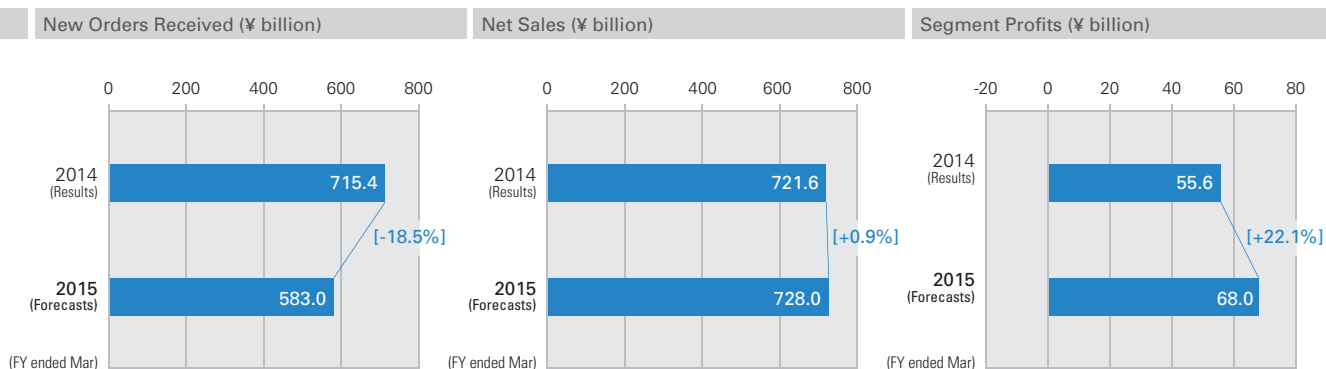
At the same time, we continue looking ahead to the future. We plan to further expand the scalability of the shared-use service systems over the existing connectivity to enhance liaison between clients in both IT and non-IT fields (see the diagram below). Moreover, we will raise the value of our shared-use centers via further improving BeSTA-Banking application for STandard Architecture solutions, mainly using BeSTA-Banking application for STandard Architecture as a core application. Our advances in those directions will enable us to provide even greater benefits to clients. We also aim to expand the business, providing easy-to-use environments through various schemes using BeSTA-Banking application for STandard Architecture for clients in business categories beyond regional and second-tier regional banks.

Note: ANSER, CAFIS, STELLA CUBE, and BeSTAcloud are currently offered only in Japan.



## At a Glance

Company	Business Area		Company Overview
<b>Public &amp; Financial IT Services Company</b>	Public Administration	Healthcare	<p>The business of the Public &amp; Financial IT Services (P&amp;F) Company primarily covers public organizations and financial institutions both in Japan and overseas, providing a wide range of high-value-added IT services that support social infrastructure in the public administration sector (central government agencies, overseas public organizations, and local government bodies), the healthcare sector (hospitals), and the financial sector (banks, insurance companies, securities firms, and consumer credit companies). In addition to providing systems specifically developed for each client, we offer large cross-industry settlements network systems and shared systems for financial institutions.</p>
	Finance	Settlement	
<b>Enterprise IT Services Company</b>	Manufacturing	Retail, Logistics and Other Services	<p>This company offers high-value-added IT services which support the business activities of our clients in a wide range of industries, including manufacturing, retail, logistics and other services, communications, broadcasting, and utilities. Working in collaboration with the NTT DATA Group companies in Japan and overseas, the Enterprise IT Services (E-IT) Company offers the best solutions which are high quality and cost effective, with short lead times to address clients' needs.</p>
	Communications, Broadcasting and Utilities		
<b>Solutions &amp; Technologies Company</b>	Platforms	Solutions	<p>This company focuses on platforms, solutions, and services, providing platforms and solutions that support the latest IT services. The Solutions &amp; Technologies (S&amp;T) Company delivers solutions and services to many clients indirectly through the P&amp;F Company and the E-IT Company and provides services directly. As the core of innovation of our business model which promotes the expansion of the services and software business, the S&amp;T Company has been actively focusing on new services including cloud-computing related services.</p>
	Services		
<b>Global Business Company</b>	Americas	EMEA	<p>This company provides high-value-added IT services in overseas markets. It formulates our global business strategies and manages the four regional operating companies in the Americas, EMEA, APAC and China as well as the Business Solutions Group. It also develops and expands businesses in new markets, and promotes collaboration across companies and operations outside Japan, including NTT group, to create synergies.</p>
	China	APAC	
	Solutions		



Note: New orders received apply to external clients only. Net sales and segment profits include inter-segment transactions. Segment profit is equivalent to income before income taxes. Financing costs and some common costs are not reflected in the figures for each company.



## Public & Financial IT Services Company

FY ended Mar 2014

Net Sales

¥721.6 billion  
(down 1.0% year-on-year)

Segment Profits

¥55.6 billion  
(down 12.7% year-on-year)

FY ending Mar 2015  
(forecasts)

Net Sales

¥728.0 billion  
(up 0.9% year-on-year)

Segment Profits

¥68.0 billion  
(up 22.1% year-on-year)



**We provide a wide range of high-value-added IT services that support social foundation.**

**Masanori Shiina**

Company President, Public & Financial IT Services Company

### Review for the Year Ended March 31, 2014

As one of the major initiatives during the year, we signed an initial agreement with the Vatican Apostolic Library on digitally archiving manuscripts for long time preservation, covering about three thousand manuscripts in four years as a part of the whole collection of 80 thousand manuscripts with 40 million pages. These were inherited from the time between the second century and the 20th century, kept in the Vatican Apostolic Library. Moreover, among exports of Japanese infrastructure solutions, in Vietnam, we launched the systems that leverage expertise on Japan's NACCS\*1 and CIS\*2. The systems allow Vietnam to improve the efficiency of administrative procedures in trade and customs clearance such as import/export declaration and port arrival/departure procedures. In addition, we received an order to develop a core banking system for the Central Bank of Myanmar. Furthermore, as becoming the first Japanese company to join the Asian Payment Network (APN), an organization that aims to build a common payment settlement platform in the Asia-Pacific region, in this fiscal year, we started consideration of launching Asian retail settlement operations, while collaborating with other APN member companies in the region.

As for financial performance, both net sales and the segment profit declined due to unprofitable projects, in addition to a decrease in net sales because of downsized large-scale systems on the non-consolidated basis. As a result, net sales in this segment totaled ¥721.6 billion, down 1.0% year on year, and the segment profit was ¥55.6 billion, down 12.7% from the previous year.

### Business Environment and Outlook

Although the local and national governments, financial institutions, and private companies are going to implement the Social Security and Tax Number System from January 2016 or later, we do not expect a large amount of order receipts on this system because of tough bidding conditions including costs. On another front, major banks' IT spending is likely to grow due to their global business development to support Japanese companies expanding overseas mainly in Asia.

For the year ending March 31, 2015, we project net sales of ¥728.0 billion, including ¥714.0 billion sales to external clients, up ¥6.3 billion year on year. Although we expect decline in integrated IT services for insurance, securities, and credit companies, sales rise in national government ministries, local governments, regional business and banks will lead to overall growth.

The segment profit will increase by ¥12.3 billion compared with the year ended March 31, 2014 to ¥68.0 billion, due to controls of unprofitable projects, a profit increase caused by a net sales rise, and a decrease in fixed asset impairment loss.

\*1. An electronic application system used by public and private organizations in administrative procedures for import/export declarations and port arrival/departure operations for ships and aircraft, as well as in private operations relating to import/export procedures. NACCS is currently offered only in Japan.

\*2. An information system through which all customs clearance records of imports/exports and information on importers/exporters are compiled centrally and used for customs screening. CIS is currently offered only in Japan.

## Enterprise IT Services Company

**We offer the best solutions to address client's various needs.**

**Yo Honma**

Company President, Enterprise IT Services Company



### Review for the Year Ended March 31, 2014

During the year, we participated in the development of the smart meter operation management system at Tokyo Electric Power Company, Incorporated (TEPCO) as a partner company (integrator). The system plans to control 27 million smart meters, which will be installed at all houses in the TEPCO's service area. In addition, the system will be used as an information management platform for various new services including the Electricity Consumption Visualization Service, which is now under consideration, following the deregulation of Japan's electric power market.

Since we started the Twitter Data Distribution Service, we have promoted social media use and its spread. We provide tweet data to news programs, analyze consumers' purchasing behaviors through tweet data, and collaborate with Oracle Corporation Japan for analyzing Big Data. Furthermore, we developed the Twitter Sentiment Index jointly with our subsidiary NTT DATA Mathematical Systems Inc. The system extracts stock market-related tweets and analyzes the relationship between quantified feelings of Twitter users and a stock index.

As for financial performance, both net sales and the segment profit declined due to unprofitable projects and a decreased profit stemmed from smaller-scaled system development for existing clients on the non-consolidated basis. Accordingly, net sales in this segment totaled ¥279.3 billion, down 7.2% year-on-year, and segment loss was ¥5.4 billion.

### Business Environment and Outlook

In the wake of the recovery of the domestic consumption, business confidence recovered gradually together with an increase in IT spending coming into view. However, the strength of the growth in IT investment needs to be watched carefully for a while on the back of the risks concerned over the deceleration of growth in emerging markets and rising prices of raw materials.

In the year ending March 31, 2015, we expect net sales of ¥282.0 billion, including ¥271.0 billion sales to external clients, up ¥2.6 billion compared with the year ended March 31, 2014. Despite a decrease in businesses for telecommunications, broadcasting and utility industries, businesses for manufacturing and distribution & services industries are likely to increase.

The segment profit will be ¥10.0 billion, an increase of ¥15.4 billion year on year, led by a profit increase due to a net sales rise, a decreased loss on restructuring of subsidiaries and affiliates, and controls of unprofitable projects.

FY ended Mar 2014

Net Sales  
**¥279.3** billion  
 (down **7.2%** year-on-year)

Segment Loss  
**¥5.4** billion  
 ( — )

FY ending Mar 2015  
 (forecasts)

Net Sales  
**¥282.0** billion  
 (up **1.0%** year-on-year)

Segment Profits  
**¥10.0** billion  
 ( — )

## Solutions & Technologies Company

FY ended Mar 2014

Net Sales

¥179.1 billion

(up 7.2% year-on-year)

Segment Profits

¥8.5 billion

(up 67.3% year-on-year)

FY ending Mar 2015  
(forecasts)

Net Sales

¥185.0 billion

(up 3.3% year-on-year)

Segment Profits

¥8.0 billion

(down 6.8% year-on-year)



**We offer platforms and solutions that support cutting-edge IT services.**

**Satoshi Kurishima**

Company President, Solutions & Technologies Company

### Review for the Year Ended March 31, 2014

Following the recent rapid penetration of smartphones and tablets, we launched the BIZXAAS CRM that enhanced smart device functions based on conventional SFA/CRM solutions. In addition to the improvement in smart device functions, the system became capable of providing a smart device terminal together with management software, as well as supporting operations and management.

In a Cloud Services Brokerage, we launched the Multiple Clouds Infrastructure Offering Service and Multiple Clouds Control Service. The former service aims to select an optimal cloud architecture for clients, while the latter provides an integrated control and administration service by combining multiple cloud computing systems. In addition, our open source software (OSS)\*<sup>3</sup> Hinemos\*<sup>4</sup> made it possible to create an integrated control infrastructure for elaborate administration of a multiple-cloud system environment.

In addition, as part of the effort toward global R&D enforcement, we established a base in Singapore with the aim of promoting research and development activities in the APAC region. In Indonesia, we commenced joint research with Institute of Technology Bandung on Smart Community. In China, we initiated joint research with the Institute of Software, Chinese Academy of Sciences in the fields of SNS and healthcare.

As for financial performance, both net sales and the segment profit increased due to an increase of system development on the non-consolidated basis, a rise in net sales of existing subsidiaries within our group, and the like. As a result, net sales in this segment totaled ¥179.1 billion, up 7.2% year-on-year, and the segment profit was ¥8.5 billion, up 67.3% from the previous year.

### Business Environment and Outlook

From a perspective of business continuity planning (BCP), demand for reliable network and data centers remains strong.

For the year ending March 31, 2015, we forecast net sales of ¥185.0 billion, including ¥68.0 billion sales to external clients, a ¥5.8 billion increase from the year ended March 31, 2014 led by growing demands for data centers and the like.

We expect that the segment profit will decline by ¥0.5 billion year on year to ¥8.0 billion, due to an increase of building-related expenses, despite a profit increase caused by a net sales increase.

\*3. Computer software with its source code made available to the public for free, so that anyone can change and redistribute the software.

\*4. This OSS manages and monitors operating conditions and the status of computing systems in an integrated manner to ensure stable operations. Hinemos is currently offered only in Japan.



## Global Business Company

**We provide high-value-added IT services in overseas markets.**

**Eiji Yamada**

Company President, Global Business Company



### Review for the Year Ended March 31, 2014

In collaboration with the NTT Group, our U.S. subsidiary NTT DATA, Inc. concluded major multi-year contracts over a wide range of operations and IT support services with several institutions: the transportation bureau Texas Department of Transportation and the dining-out company Yum! Brands, Inc. of KFC and Pizza Hut that operates throughout the world, to name a few. The services are currently under operation.

In addition, NTT DATA Global Delivery Services Limited, an Indian base of our U.S. subsidiary NTT DATA, Inc., achieved the highest Level 5 in both development and services of the CMMI (Capability Maturity Model Integration)\*5 version 1.3, a model representing the maturity of organizations that engage in system development.

As for financial performance, the segment loss rose due to an increase in loss on restructuring of subsidiaries and affiliates, although net sales expanded due to business growth at existing subsidiaries mainly in North America. Therefore, net sales in this segment totaled ¥314.5 billion, up 28.4% year-on-year, and segment loss was ¥9.8 billion.

### Business Environment and Outlook

While IT investment trends differ by region, growth remains robust mainly in the North America and Asia-Pacific regions, with strong expansion in IT outsourcing (ITO), Business Process Outsourcing (BPO), and SAP solutions.

For the year ending March 31, 2015, net sales are projected to increase by ¥107.4 billion from the year ended March 31, 2014 to ¥422.0 billion, including ¥406.0 billion sales to external clients, due to growth in overseas subsidiaries' net sales, M&As, and other factors.

The segment loss is expected to decline by ¥3.8 billion compared with the year ended March 31, 2014 to ¥6.0 billion, owing to profit increase due mainly to an increase in net sales and reduction in the loss on restructuring of subsidiaries and affiliates, despite an increase in amortization of goodwill and other expenses.

\*5. A model developed in 1999 at the CMMI Institute, Carnegie Mellon University, under the auspices of the U.S. Department of Defense, to represent the maturity of organizations that engage in system development. CMMI corresponds to maturity in stages while defining the features of the process that is effective to meet each degree of maturity. CMMI is used by many companies in the world as the de facto standard of reference models for process improvement.

FY ended Mar 2014

Net Sales  
¥**314.5** billion  
(up **28.4%** year-on-year)

Segment Loss  
¥**9.8** billion  
(—)

FY ending Mar 2015  
(forecasts)

Net Sales  
¥**422.0** billion  
(up **34.2%** year-on-year)

Segment Loss  
¥**6.0** billion  
(—)



# Financial & Others

## Contents

### 39 Financial Section

- 39 Consolidated Six-Year Summary
- 40 Management's Discussion and Analysis
- 49 Results and Forecasts of Consolidated Companies through M&As and Capital Alliance
- 50 Consolidated Balance Sheets
- 52 Consolidated Statements of Income and Comprehensive Income
- 53 Consolidated Statements of Shareholders' Equity
- 55 Consolidated Statements of Cash Flows

### 56 Investor Information

### 57 Corporate Data

Some of the financial information is now available at the following websites.  
Please visit these sites for detailed information.

Notes to the Consolidated Financial Statements	▶ 1	→	1. Annual Report Fiscal Year 2014 <a href="http://www.nttdata.com/global/en/investor/library/annual-reports/">http://www.nttdata.com/global/en/investor/library/annual-reports/</a>
Independent Auditor's Report	▶ 2	→	2. Notice of Convocation of the 26th Ordinary General Meeting of Shareholders <a href="http://www.nttdata.com/global/en/investor/shareholders-meeting/pdf/2014/sh26_e.pdf">http://www.nttdata.com/global/en/investor/shareholders-meeting/pdf/2014/sh26_e.pdf</a>
Non-Consolidated Six-Year Summary	▶ 3	→	
Non-Consolidated Balance Sheets	▶ 2	→	
Non-Consolidated Statements of Income	▶ 2	→	
Non-Consolidated Statements of Shareholders' Equity	▶ 2	→	3. Historical Financial Data <a href="http://www.nttdata.com/global/en/investor/library/historial-financial-data/">http://www.nttdata.com/global/en/investor/library/historial-financial-data/</a>

- Notes: 1. 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.
2. In this annual report, forward-looking statements include information preceded by, followed by, or that include the words "predicts," "expects," "anticipates," "could," "may," or similar expressions involving economic trends, intense 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.
3. In this annual report, with respect to the notation of fiscal years in the graphs and charts within this annual report, "2014" indicates the fiscal year ended March 31, 2014.

# Consolidated Six-Year Summary

NTT DATA CORPORATION AND SUBSIDIARIES  
Years ended March 31

	Millions of yen					
	2009	2010	2011	2012	2013	2014
<b>For the Year:</b>						
Net Sales	¥ 1,139,092	¥ 1,142,940	¥ 1,161,962	¥ 1,251,177	¥ 1,301,941	¥ 1,343,772
Public & Financial IT Services	—	769,482	767,289	727,864	728,885	721,698
Enterprise IT Services	—	338,702	353,333	275,836	301,107	279,340
Solutions & Technologies	—	153,870	163,064	160,225	167,082	179,131
Global Business	—	—	—	219,117	244,917	314,535
Others	—	(119,114)	(121,724)	(131,866)	(140,051)	(150,933)
System Integration	889,087	879,175	—	—	—	—
Network System Services	78,274	83,165	—	—	—	—
Others	266,219	276,333	—	—	—	—
Elimination or Corporate	(94,489)	(95,733)	—	—	—	—
Cost of Sales	861,942	870,589	882,329	941,881	980,524	1,031,213
Gross Profit	277,150	272,351	279,632	309,295	321,416	312,559
Selling, General and Administrative Expenses	178,603	190,662	201,326	228,878	235,720	249,975
Operating Income	98,546	81,689	78,306	80,416	85,696	62,583
Income before Income Taxes and Minority Interests	91,431	71,789	68,471	71,882	77,019	54,259
Net Income	48,360	35,662	37,313	30,446	43,517	23,287
New Orders Received	1,035,242	1,181,549	988,484	1,098,400	1,197,168	1,400,221
Capital Expenditures	180,068	162,570	139,069	133,965	122,113	147,725
Depreciation and Amortization/ Loss on Disposal of Property and Equipment and Intangibles	166,681	161,981	158,566	159,721	153,877	143,681
Research and Development Expenses	10,090	11,389	10,742	13,507	12,105	12,831
Free Cash Flow	(6,902)	83,667	(56,468)	30,406	46,283	44,837
EBITDA	256,526	234,888	229,352	228,405	230,096	206,984
<b>At Year-End:</b>						
Property and Equipment, at Cost	983,539	977,548	953,899	882,414	802,322	840,310
Less: Accumulated Depreciation	(598,702)	(599,918)	(604,874)	(560,392)	(505,152)	527,613
Long-Term Debt	280,267	227,288	379,479	373,689	323,352	524,488
Total Liabilities	683,087	664,089	838,299	835,143	840,102	980,121
Total Equity	566,308	584,537	601,601	605,709	651,312	676,824
Total Assets	1,275,091	1,279,256	1,468,617	1,474,894	1,524,309	1,689,940
Number of Employees	31,739	34,543	49,991	58,668	61,369	75,020
<b>Per Share:</b>						
	Yen					
Net Income	¥ 17,240	¥ 12,713	¥ 13,302	¥ 10,854	¥ 15,514	¥ 83*
Net Income (diluted)	17,227	—	—	—	—	—
Net Assets	201,892	208,391	214,474	215,939	232,196	2,413*
<b>Other Information:</b>						
Operating Income Margin (%)	8.7	7.1	6.7	6.4	6.6	4.7
Return on Sales (%)	4.2	3.1	3.2	2.4	3.3	1.7
Return on Equity (%)	8.7	6.2	6.3	5.0	6.9	3.5
Return on Assets (%)	3.9	2.8	2.7	2.1	2.9	1.4
EBITDA Margin (%)	22.5	20.6	19.7	18.3	17.7	15.4
Equity Ratio (%)	44.4	45.7	41.0	41.1	42.7	40.1

Notes: 1. Enterprise IT Services Company: Renamed from Global IT Service Company in April 2012.

2. The Global Business Segment was added to segment disclosure in the fiscal year ended March 31, 2013 to provide more detailed segment information. Figures for the fiscal year ended March 31, 2012 have been updated to reflect this change from those previously disclosed.

3. EBITDA refers to operating income before deducting depreciation and amortization/loss on disposal of tangibles and intangibles.

4. EBITDA margin refers to EBITDA divided by net sales.

5. From the fiscal year ended March 31, 2011, segment information is disclosed on the basis of the "management" approach. Segment information shown for the fiscal year ended March 31, 2010 has been restated to conform with the presentation of the fiscal year under review.

\*We implemented a 1:100 stock split with an effective date of October 1, 2013.

## Management's Discussion and Analysis

### Market Conditions in the Fiscal Year ended March 31, 2014

During the consolidated fiscal year ended March 31, 2014, Japan's economy moderately recovered with a continuous improvement in corporate profitability as well as a pick-up in capital investment. Its economy down the track is expected to maintain moderate growth despite consumers' buying binge ahead of a consumption tax hike and a likely subsequent decline in their spending after the hike. Nevertheless, the downturn in overseas economies represents a major factor that could serve to weaken the Japanese economy.

In the information services industry, the market indicated moderate recovery thanks to the promotion of IT investment to respond to various system renewal projects that had previously been suspended, as well as to the preparations for international expansion by financial institutions, manufacturing sector and distribution & services providers. Nonetheless, a need to subdue system maintenance and management costs as well as severe price competition will still remain.

### Management Initiatives

Under such circumstances, the NTT DATA Group formulated the Medium-term Management Plan for four years from the year ended March 31, 2013 to the year ending March 31, 2016, with the aim of "becoming a Global Top 5 player (over ¥1.5 trillion in net sales)" and "achieving an EPS of ¥200\*1" by evolving into a corporate group that can efficiently provide diverse IT services worldwide. In line with this plan, we are concentrating on the plan's primary strategies, namely "Expansion of New Fields and Reinforcement of Product Competitiveness," "Expansion, Enhancement and Reinforcement of Global Business" and "Pursuit of Overall Optimization." Examples of specific action taken are as follows.

#### • Expansion of new business fields and reinforcement of product competitiveness

We increased net sales whose growth rate exceeded the market growth rate by capturing opportunities to enter the market resulting from recent years' changes in the business environment and ICT, and also promoted Re-Marketing by creating an unprecedented market while predicting cli-

ents' needs in advance by making the best use of the latest technology.

Through the complete automation in development operation, we promoted innovation of product technology to achieve sophistication and speed in development, as well as strategic R&D by assessing important future technology in light of the direction of the information society.

#### • Expansion, enhancement, and reinforcement of global business

We turned the everis Group of Spain into a wholly-owned subsidiary of our group. The everis Group is an IT service provider, whose business is widely ranging from consulting, system integration, to outsourcing, mainly in Spain and Central and South America. Furthermore, NTT DATA, Inc., our U.S. subsidiary, has concluded a business combination with Optimal Solutions Integration, Inc. (NTT DATA Enterprise Services, Inc. was renamed from its Optimal Solutions Integration, Inc. on March 31, 2014), the major provider in North America focused exclusively on SAP solutions and services, and thereby the leading SAP provider has become a wholly owned subsidiary of our group.

#### • Pursuit of overall optimization

With the "Group Management Infrastructure," the internal system that we have developed for effective group management, we realize optimal placement of management resources.

Through effective usage of this system, we aim to speed up our business management, improve information accuracy for decision making, and exercise the group synergy effect.

Activities to promote "Diversity & Inclusion"\*2 that we were working on as our important management strategies won the Basic Achievement Award at the 2014J-Win Diversity Awards (Company Award) presented by the Japan Women's Innovative Network, a nonprofit organization.

\*1. EPS of ¥200

EPS was changed from ¥20,000 to ¥200 by the stock split (at a ratio of 1:100) effective on October 1, 2013.

\*2. Diversity & Inclusion (D&I)

D&I means to "accept diverse human resources and make use of their skills." D&I is an idea to demonstrate abilities and create new things through mutual understanding and respect, which will lead to the enhancement of competitiveness and sustainable growth of companies.

## Scope of Consolidation

NTT DATA has 263 subsidiaries, all of which are included within the scope of consolidation. Owing to new equity investments and the establishment of new subsidiaries, we welcomed 61 newly consolidated subsidiaries into the Group in the fiscal year ended March 31, 2014 under review. Due to mergers, transfers, and liquidations, 15 subsidiaries were excluded from the scope of consolidation. For a list of the main mergers, acquisitions, and capital alliances undertaken by NTT DATA, please refer to page 49.

### Consolidated Subsidiaries' Results

(Billions of yen)

	2010	2011	2012	2013	2014
Consolidated new orders received	1,181.5	988.4	1,098.4	1,197.1	<b>1,400.2</b>
Difference from non-consolidated figures	303.7	345.6	442.9	496.2	<b>610.8</b>
Consolidated net sales	1,142.9	1,161.9	1,251.1	1,301.9	<b>1,343.7</b>
Difference from non-consolidated figures	321.2	341.8	439.1	483.9	<b>560.9</b>

## Review of Operating Results for the Fiscal Year Ended March 31, 2014

### • New orders received and orders on hand

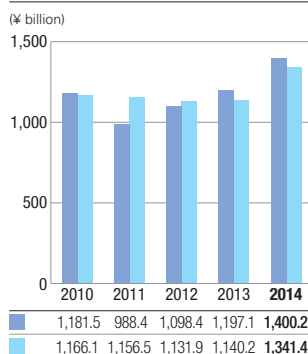
New orders received increased by ¥203,053 million, or 17.0% from the previous year, to ¥1,400,221 million. This was primarily attributable to an increase in orders received from large projects, along with an expansion in the scope of consolidated subsidiaries. Meanwhile, orders on hand as of March 31, 2014 totaled ¥1,341,433 million, up ¥201,137 million, or 17.6% from the previous year.

### • Net sales

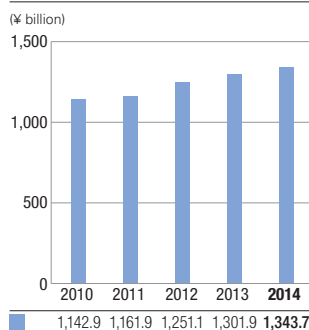
Net sales for the year under review totaled ¥1,343,772 million, up ¥41,831 million, or 3.2%, from the previous year. The increase stemmed mainly from higher sales of existing subsidiaries, especially in North America, as well as foreign exchange factors. This was despite a contraction in the scope of services for existing large-scale systems handled by the parent company.

### New Orders Received and Orders on Hand

■ New orders received  
■ Orders on hand

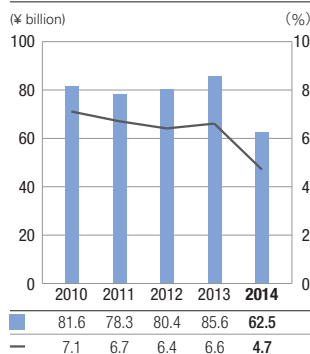


### Net Sales



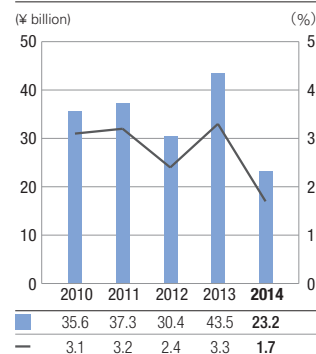
### Operating Income and Operating Income Margin

■ Operating income  
— Operating income margin



### Net Income and Return on Sales

■ Net income  
— Return on sales



### • Operating income

Cost of sales rose ¥50,688 million, or 5.2%, to ¥1,031,213 million, due mainly to unprofitable projects. The cost of sales ratio increased by 1.4 points from 75.3% to 76.7% for the same reason.

Selling, general and administrative (SG&A) expenses grew ¥14,255 million, or 6.0%, to ¥249,975 million, due mainly to an increase in amortization of goodwill.

As a result, operating income declined ¥23,112 million, or 27.0%, to ¥62,583 million.

### • Ordinary income

Non-operating expenses amounted to ¥430 million, down ¥3,395 million, or 88.7%, from the previous year due in part to an increase in foreign exchange gains from the depreciation of the yen.

As a result, ordinary income declined ¥19,717 million, or 24.1%, to ¥62,153 million.

### • Net income

Total extraordinary loss jumped ¥3,042 million, or 62.7%, to ¥7,893 million. This was due mainly to an increase in impairment loss of fixed assets and in loss on restructuring of subsidiaries and affiliates.

Total income taxes—representing the sum of current and deferred income taxes—decreased ¥2,868 million, or 9.0%

year on year, to ¥29,155 million.

As a result, net income declined ¥20,230 million, or 46.5%, to ¥23,287 million.

### • Related information

Each business segment is engaged in “Integrated IT Solutions,” which includes provision of services to clients in possession of NTT DATA equipment assets (including software); “Systems and Software Development,” which includes sales of systems and software developed according to client orders, as well as sales of information machines; “Consulting and Support,” encompassing subcontracting and service provision in areas outside of systems and software development; and other services.

### • Profit appropriation policy and dividends

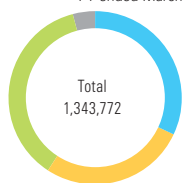
NTT DATA’s fundamental policy on the distribution of profit is to distribute profits appropriately while working to increase corporate value over the medium to long term by achieving sustained growth, doing so by such means as investing in new and other business activities and ensuring efficient management of business operations.

With regards to dividends, we intend to pay a stable dividend based on a comprehensive assessment of a balance with business investments and technology development toward a sustainable growth in the future, and with expen-

#### Information regarding Products and Services

Sales to external clients

(¥ million) FY ended March 31, 2014

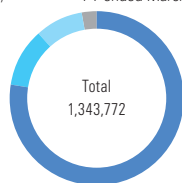


Integrated IT Solutions	429,749
Systems and Software Development	367,491
Consulting and Support	491,978
Others	54,553

#### Information for Each Region

Net sales

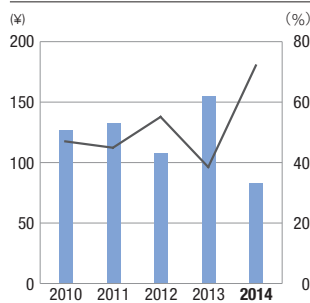
(¥ million) FY ended March 31, 2014



Japan	1,042,418
North America	145,609
Europe	121,837
Others	33,906

#### Net Income per Share<sup>\*1</sup> and Payout Ratio

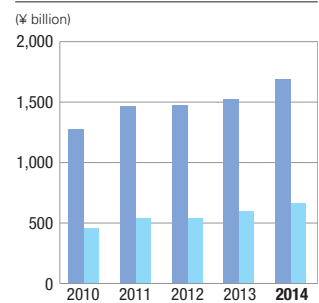
■ Net income per share  
— Payout ratio



Net income per share (¥)	127.1	133.0	108.5	155.1	83.0
Payout ratio (%)	47.2	45.1	55.3	38.7	72.3

#### Total Assets and Total Current Assets

■ Total assets  
■ Total current assets



Total assets (¥ billion)	1,279.2	1,468.6	1,474.8	1,524.3	1,689.9
Total current assets (¥ billion)	455.6	540.3	540.4	601.2	669.2



ditures for maintenance and reinforcement of financial strength, in light of consolidated operating results and financial position.

We will continue striving to maintain sustained, stable growth by replenishing internal reserves for investment in new businesses, investment in technological development, and capital spending.

For the year under review, the Company paid an interim dividend of ¥3,000 per share and has declared a year-end dividend of ¥30\*2.

## Current Assets and Sources and Policy

### • Financial policy

Under the NTT DATA's financial policy, as up to today, we will securely procure up-front expenditure funds for large development and operation projects of information infrastructures that support societies. The policy also emphasizes procuring active investment funds for mergers and acquisitions in both Japan and overseas on the basis of the Company's strategies. To meet the Company's such capital needs, we prioritize securing funds in favorable and flexible. We will suppress rise in interest-bearing debts and generate stable cash flows to maintain our abundant procurement capability as well as enhance our financial stability.

### • Total assets

At fiscal year-end, total assets amounted to ¥1,689,940 million, up ¥165,630 million, or 10.9%, from a year earlier. This was due mainly to an increase in goodwill accompanying a rise in number of consolidated subsidiaries.

### • Total liabilities

Total liabilities climbed ¥140,019 million, or 16.7%, to ¥980,121 million, due mainly to an increase in borrowings, as well as the posting of a net defined benefit liability pursuant to a revision of Accounting Standard for Retirement Benefits.

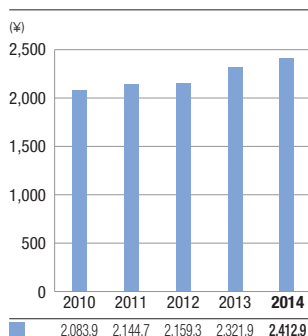
### • Net assets

Net assets rose ¥25,611 million, or 3.7%, to ¥709,818 million, due largely to an increase in retained earnings from the recording of net income, as well as a rise in foreign currency translation adjustments from depreciation of the yen.

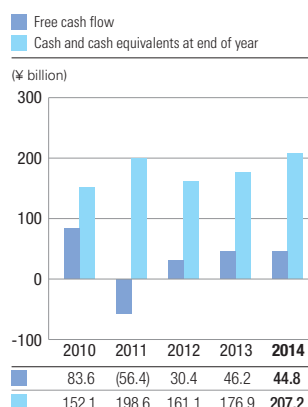
### • Cash flows

The NTT DATA Group has introduced a Group-wide cash management system that included 60 domestic subsidiaries as of March 31, 2014. By concentrating the Group's funds in the Company, and lending funds to each Group company when necessary, NTT DATA strives to improve capital efficiency and reduce interest expenses.

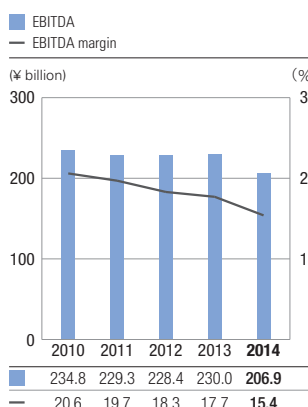
### Net Assets per Share\*1



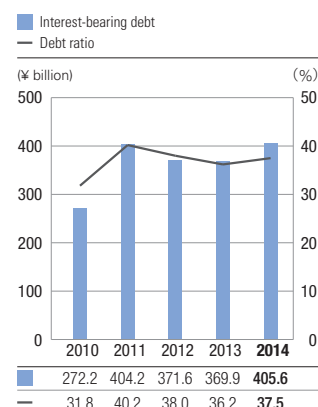
### Free Cash Flow and Cash and Cash Equivalents at End of Year



### EBITDA and EBITDA Margin



### Interest-bearing Debt and Debt Ratio



\*1. Figures for the fiscal year ended March 2014 have been calculated on the assumption that a 1:100 stock split was conducted at the beginning of the term. The figures for the previous years have been also adjusted to reflect it.

\*2. We implemented a 1:100 stock split with an effective date of October 1, 2013.

Cash and cash equivalents as of March 31, 2014 totaled ¥207,213 million, up ¥30,250 million from a year earlier.

Cash flow from operating, investing and financing activities, as well as their contributing factors were as follows:

Net cash from operating activities amounted to ¥234,524 million, up ¥73,196 million from the previous year. The rise resulted primarily from a steady progress in collection of notes and accounts receivables, as well as more advances received from the previous year.

Net cash used in investing activities totaled ¥189,687 million, up ¥74,642 million from the previous year. This mainly reflects an increase in outlays for the acquisition of consolidated subsidiaries, as well as growth in outlays for capital expenditures.

As a result, free cash flow amounted to ¥44,837 million, down ¥1,445 million from the previous year.

Net cash used in financing activities totaled ¥19,345 million, a ¥16,322 million decrease compared to the previous year. This primarily reflects large proceeds from short- and long-term loans payable.

## Key Management Indicators

### • EBITDA and EBITDA margin

In the year ended March 31, 2014, earnings before interest, taxes, depreciation and amortization (EBITDA) declined ¥23,112 million, or 10.0% year on year, to ¥206,984 million, due mainly to a decrease in operating income. The EBITDA margin declined 2.3 points, to 15.4%.

### • Debt ratio

Interest-bearing debt increased ¥35,770 million, or 9.7%, to ¥405,677 million. As a result, the debt ratio rose 1.3 points, to 37.5%.

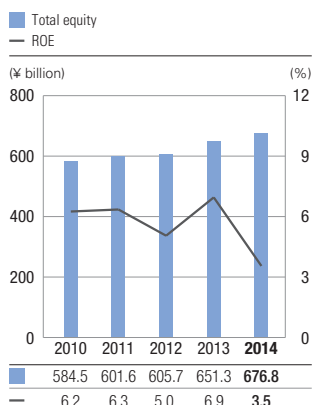
### • ROE and ROA

During the year under review, return on equity (ROE) declined 3.4 points year on year, to 3.5%. Return on assets (ROA) decreased 1.5 points, to 1.4%.

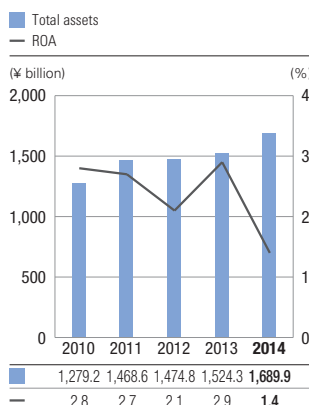
## Capital Expenditures

Capital expenditures for the year under review totaled ¥147,725 million. Of this amount, ¥116,227 million was allocated to Public & Financial IT Services, ¥6,911 million to Enterprise IT Services, ¥15,899 million to Solutions & Technologies, and ¥6,564 million to Global Business. Capital expenditures categorized as "other" amounted to ¥2,122 million, a figure that includes the investments of affiliates and subsidiaries that mainly support Head Office divisions.

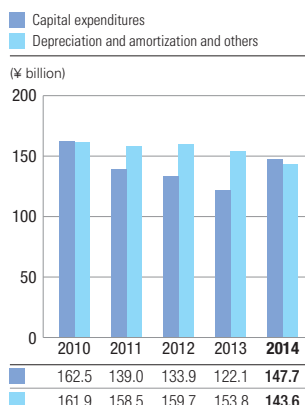
### Total Equity and ROE



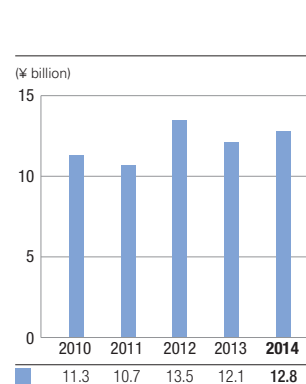
### Total Assets and ROA



### Capital Expenditures, and Depreciation, Amortization and Others



### Research and Development



## Research and Development

Seeking to achieve expansion of new business fields and reinforcement of product competitiveness—both of which are key objectives of its Medium-Term Management Plan—NTT DATA pursued technological development in the priority fields of “software engineering,” “advanced technology,” and “IT infrastructure technology” in the year under review.

In addition, we are engaged in ongoing basic R&D projects in alliance with NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT). We utilize the results of such projects by allocating resources specifically to our applied R&D themes.

Expenses related to R&D activities totaled ¥12,831 million in the year under review. Because the results of the Group’s R&D efforts are shared between the Public & Financial IT Services, the Enterprise IT Services, the Solutions & Technologies, and the Global Business, these expenses are not allocated along segment-specific lines.

## Remuneration

### • Remuneration for directors

Matters relating to remuneration and others for directors are determined at the Board of Directors’ meetings.

The remuneration of directors comprises monthly remuneration and bonuses. Monthly remuneration is paid on the basis of the significance of the position of each director and the scope of responsibility. Bonuses are provided after taking into account such factors as the Company’s business performance.

In addition, to provide further long-range incentives for improving performance over the medium and long terms, 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.

NTT DATA determines remuneration for corporate auditors on the basis of discussions with those auditors, and to ensure a high degree of independence, they are paid only a monthly remuneration that is not linked to business performance.

### Total Remuneration for Directors and Corporate Auditors

	Number of Persons	Base Remuneration	Directors’ Bonuses	Remuneration Amount
Directors (excluding outside directors)	8	¥274 million	¥54 million	¥328 million
Corporate Auditors (excluding outside corporate auditors)	1	¥ 30 million	—	¥ 30 million
Total	9	¥304 million	¥54 million	¥358 million

Notes: 1. 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 corporate auditors should be ¥150 million per annum.

2. In addition to the above, a bonus paid to one director for their concurrent service as an employee amounted to ¥4 million.

### Total Remuneration for Outside Corporate Officers

	Number of Persons	Base Remuneration
Total remuneration for external Corporate Officers	3	¥54 million

### • Remuneration paid to certified public accountants

NTT DATA and its subsidiaries paid remuneration to independent auditors KPMG AZSA & Co. (KPMG AZSA LLC) and its affiliates, based on audit contracts executed with said agency as follows:

### Total Remuneration for Certified Public Accountants

Type	Remuneration for Auditing and Attestation	Remuneration Based on Non-Audit Services
NTT DATA	¥366 million	¥39 million
Consolidated subsidiary	¥184 million	—
Total	¥550 million	¥39 million

Some of the Company’s foreign consolidated subsidiaries had their financial statements audited by member firms of the KPMG network, to which KPMG AZSA & Co. (KPMG AZSA LLC) belongs. Remuneration for these audit services totaled ¥395 million.

With regard to non-audit services, the Company remunerated KPMG AZSA LLC for guidance and advice on the basis

of International Financial Reporting Standards (IFRS), as well as for verification of internal control establishment and operating status based on JICPA Auditing and Assurance Practice Committee Practical Guideline No 86, "Assurance Reports on Controls at a Service Organization."

## Outlook for the Fiscal Year Ending March 31, 2015

### • Economic outlook and performance forecasts

While by and large corporations are likely to remain cautious about IT investments, we forecast that our group company's financial results will be affected by factors such as a net sales increase in overseas subsidiaries. Accordingly, we expect net sales to be ¥1,460,000 million, a growth compared with the year under review.

Operating income is expected to increase to ¥85,000 million from the year under review, resulting from a profit increase accompanying the net sales increase by the effects of the promotion of Re-Marketing and improvement of the cost ratio as well as a restraint of unprofitable projects.

### • Outlook for capital expenditures

In addition, due to factors such as a decrease in systems supplied to the central government and the relevant entities, and the like, we forecast capital investments in the year ending March 31, 2015 to be ¥140,000 million, a ¥7,700 million decline compared with the year under review.

### • Outlook for dividends

The annual dividend per share for the year ending March 31, 2015 is planned to total ¥60, and will be set considering all factors including the Company's consolidated performance, its financial condition, and the stability of dividends.

## Risk Factors and Management

The risks set out below may impact the NTT DATA Group's business results and financial condition (including share prices).

Forward-looking statements are based on the Company's estimation as of the end of the fiscal year under review.

### • Risk of downward price pressure

There is a tendency for IT investment to be restrained by clients as a result of factors such as the deterioration in business sentiment and in corporate earnings. This is giving rise to more severe demands with regard to cost and to stricter evaluation of the effect of IT investment, which are leading to the pressure for price reduction of the systems and services offered by the NTT DATA Group. This may impact the NTT DATA Group's business results and financial condition.

### • Risk relating to increasing intensity of competition

The NTT DATA Group's principal business domain is regarded as being a very potent growth field within the information service industry, and in consequence enterprises such as hardware vendors are shifting their business focus towards it. In addition, we are facing global competition from IT service companies in emerging economies that are achieving rapid economic growth, such as India and China. Since there is some uncertainty with respect to the outlook for market growth, the increasing intensity of competition caused by vigorous entry into the market by competitors may impact the NTT DATA Group's business results and financial condition.

### • Risk related to systemic changes in society

The NTT DATA Group's business may have been affected by wide range of factors, including social infrastructure, such as electric power and telecommunications, and by aspects of the legal system, such as taxes and various regulations. It is possible that these factors will be significantly changed by circumstances beyond our control and if such change occurs, it may impact the NTT DATA Group's business results and financial condition.



• **Risk relating to overseas business**

As part of its business strategy, the NTT DATA Group is undertaking business expansion in overseas markets, and overseas business is growing presence within the Group. The Group's overseas business is impacted by a diversity of factors, including trends such as those in the global economy and exchange rates, laws and regulations in such spheres as investment and competition, differences in commercial customs and practices, labor-management relations, and international politics. Should any risks relating to these factors materialize, they may impact the NTT DATA Group's business results and financial condition.

• **System failure risk**

Many of the systems and services provided by the NTT DATA Group constitute key parts of the social infrastructure, and thus any failures therein may, through such consequences as causing a deterioration of public confidence in the Group or of its brand image or the payment of compensation for damage caused, affect the NTT DATA Group's business results and financial condition.

• **System building risk**

In the Group's mainstay SI business it usually assumes full contractual responsibility at all stages from the receipt of orders through delivery to the completion of systems and their delivery to clients. Therefore, the NTT DATA Group's business results and financial condition may be adversely affected by factors such as the occurrence of cost overruns or compensation paid to our clients for losses caused by delivery delays that may arise as a result of differences from initial cost estimates or problems such as project management issues at the development stage.

• **Information security risk**

When conducting its business, the NTT DATA Group handles personal information and confidential information. In the event of the loss, leakage, etc., of that information, resultant factors such as a deterioration of public confidence in the NTT DATA Group or in its brand image or the payment of compensation for damage caused may affect the NTT DATA Group's business results and financial condition.

• **Compliance-related risk**

The NTT DATA Group has laid down the "Global Compliance Policy" to act as fundamental policy for sound business activities based on the Group's corporate ethics. It has also built a compliance promotion structure and implemented periodic educational activities to raise the awareness of officers and employees for the purpose of enhancing corporate ethics and ensuring legal compliance. However, there may be cases where a compliance-related risk cannot be prevented completely, and in the event of a legal violation, resultant factors, such as a deterioration of public confidence in the NTT DATA Group or in its brand image or the payment of compensation for damage, may adversely affect the NTT DATA Group's business results and financial condition.

• **Risk relating to the securing of personnel**

The NTT DATA Group's growth and profits are substantially impacted by its ability to secure and train high-quality personnel with the professional expertise to provide value to clients. In the event that high-quality personnel of this kind cannot be secured and trained as planned, this may impact the NTT DATA Group's business results and financial condition.

**• Risk relating to technical innovation**

In the information service industry to which the NTT DATA Group belongs, the technological environment could undergo disruptive change. The NTT DATA Group studies a multiplicity of technological trends in state-of-the-art, basic, and other technologies and engages in research and development, but in the event that it delays addressing faster-than-expected progress in innovative technologies, this may impact its business results and financial condition.

**• Risk relating to intellectual property rights**

With regard to intellectual property rights and other rights essential to the conduct of business by the NTT DATA Group, it is possible that the Group will not be granted licenses or authorization of other kinds by the owners of such rights, and in consequence the Group will become unable to provide specific technologies, products, or services. It is also possible that claims for damages will be made on the ground that business activities undertaken by the NTT DATA Group have infringed the intellectual property rights of other parties. In any such event, the NTT DATA Group's business results and financial condition may be impacted.

**• Influence of parent company**

NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), NTT DATA's parent company, is a principal shareholder with ownership of 54.2% of NTT DATA's voting stock as of March 31, 2014. NTT DATA carries out its operations independently of NTT and its other subsidiaries, but discusses important issues with NTT or reports to it. Against this backdrop of influence, NTT may act in ways that are in its own best interests but may not necessarily be in the interests of other shareholders of NTT DATA.

**• Risk relating to major disasters, vital infectious disease and the like**

The systems and services provided by the NTT DATA Group may constitute social infrastructure. In view of this the Group develops structures for ensuring business continuity in conformity with government guidelines and implements disaster-prevention training. Nevertheless, in the event of the occurrence of a major disaster or of a serious outbreak of a contagious disease or else it is possible that places of business or their systems or large numbers of employees will suffer damage or harm, and resultant factors such as a deterioration of public confidence in the NTT DATA Group or in its brand image or unavoidable reduction of income or major expenditure for repair costs may affect the NTT DATA Group's business results and financial condition.

# Results and Forecasts of Consolidated Companies through M&As and Capital Alliance

(Billions of Yen)

Business Domain	Partner	Name of Subsidiary	Proportion of Voting Rights (%)	Transfer/ Establishment	Net Sales	
					FY ended Mar 2014	FY ending Mar 2015 (Forecast)
<b>Information Subsidiary</b>						
Food/Bio-technology	Japan Tobacco	NTT DATA WAVE Corporation	80.1	Aug. 2002	<b>12.6</b>	11.5
Basic Material	Nippon Sheet Glass	NTT DATA BUSINESS BRAINS Corporation	70.0	Sept. 2003	<b>3.8</b>	3.8
Housing/Resin Processing	SEKISUI CHEMICAL	NTT DATA SEKISUI SYSTEMS Corporation	60.0	Jan. 2005	<b>8.7</b>	7.9
Travel	Kinki Nippon Tourist	NTT DATA TERANOS Corporation	51.0	Oct. 2006	<b>2.8</b>	3.0
Oil/Metal	JX Holdings	NTT DATA CCS Corporation	60.0	Apr. 2008	<b>12.3</b>	13.0
Embedded software	Panasonic Mobile Communications	NTT DATA MSE Corporation	60.0	Oct. 2008	<b>15.7</b>	15.4
<b>IT Services Companies</b>						
Auto/Electronics/CAD/CAM•PDM•ERP	—	NTT DATA ENGINEERING SYSTEMS Corporation	100.0	Mar. 2006	<b>9.2</b>	9.5
Financial (Foreign exchange settlement)	Getronics	NTT DATA Getronics Corporation	70.0	May 2007	<b>14.8</b>	14.9
SAP, etc.	The Japan Research Institute	JSOL Corporation	50.0	Jan. 2009	<b>28.6</b>	28.0
Financial (Capital Market)	—	XNET Corporation	51.0	Mar. 2009	<b>3.0</b>	3.1
Personnel package solution/ERP, etc.	—	NTT DATA ITECS Corporation	85.7	Aug. 2009	<b>1.1</b>	1.2
Telecom, etc.	—	NJK Corporation	51.2	Feb. 2010	<b>10.3</b>	11.8
Financial (Retail sales support)	—	NTT DATA ABIC Co., Ltd.	100.0	Feb. 2010	<b>1.8</b>	1.4
Local government, etc.	—	NTT DATA MCS Corporation	58.3	Apr. 2010	<b>2.0</b>	2.0
Financial (Insurance)	—	EMAS Co., Ltd.	88.7	Apr. 2011	<b>3.7</b>	3.4
Business Analytics	—	NTT DATA Mathematical Systems Inc.	100.0	Feb. 2012	<b>1.3</b>	1.3
Financial/Local Government	—	Japan Information Processing Service Co., Ltd.	80.0	Mar. 2012	<b>31.4</b>	31.2
Financial (BPO, consulting)	—	DACS Co., Ltd.	95.0	June 2013	<b>3.5</b> (9 months)	4.9
<b>Consulting Companies</b>						
Distribution/Food Service	—	NTT DATA SMIS Co., Ltd.	100.0	July 2005	<b>1.6</b>	1.8
Consulting	—	QUNIE Corporation	100.0	July 2009	<b>5.6</b>	6.0
<b>Global Players (Integrated companies)</b>						
Region/Business Domain	Name of Integrated Company			Transfer/ Establishment	Remarks	
Americas	NTT DATA, Inc.			Jan. 2012	—	
EMEA	NTT DATA EMEA Ltd.			Apr. 2012	—	
APAC	NTT DATA Asia Pacific			July 2012	—	
China	NTT DATA China			Feb. 2012	—	
SAP Solutions	NTT DATA Business Solutions (Brand name)			Nov. 2012	Started unification of the brand name	

Notes: 1. The corporate data appearing above and net sales figures (results and forecasts) are as of March 31, 2014.

2. Results (net sales) of subsidiaries are based on the figures stated in the respective companies' non-consolidated financial statements (their subsidiaries included).

# Consolidated Balance Sheets

NTT DATA CORPORATION AND SUBSIDIARIES  
As of March 31, 2013 and 2014

	Millions of yen	
	2013	2014
<b>ASSETS</b>		
Current assets		
Cash and deposits	¥ 152,504	¥ 180,430
Notes and accounts receivable—trade	313,600	344,221
Lease receivables and investment assets	17,617	19,166
Securities	2,000	2,000
Inventories	24,104	22,645
Deferred tax assets	16,016	27,518
Other	77,682	76,344
Allowance for doubtful accounts	(2,263)	(3,120)
Total current assets	601,261	669,206
Non-current assets		
Property, plant and equipment		
Data communication facilities	311,955	323,429
Accumulated depreciation	(223,252)	(230,773)
Data communication facilities, net	88,703	92,656
Buildings and structures	282,109	290,402
Accumulated depreciation	(187,069)	(195,927)
Buildings and structures, net	95,039	94,475
Machinery, equipment and vehicles	63,749	72,632
Accumulated depreciation	(46,688)	(53,158)
Machinery, equipment and vehicles, net	17,060	19,474
Tools, furniture and fixtures	55,125	53,756
Accumulated depreciation	(40,037)	(38,627)
Tools, furniture and fixtures, net	15,087	15,129
Land	50,047	50,209
Construction in progress	26,715	36,142
Other	12,619	13,736
Accumulated depreciation	(8,105)	(9,127)
Other, net	4,514	4,609
Total property, plant and equipment	297,169	312,697
Intangible assets		
Software	233,320	260,458
Software in progress	67,248	48,638
Goodwill	142,749	177,536
Other	53,533	75,543
Total intangible assets	496,852	562,177
Investments and other assets		
Investment securities	34,997	46,085
Net defined benefit asset	—	1,331
Deferred tax assets	56,317	61,239
Other	38,506	37,932
Allowance for doubtful accounts	(795)	(730)
Total investments and other assets	129,025	145,858
Total non-current assets	923,047	1,020,733
Total assets	¥ 1,524,309	¥ 1,689,940



	Millions of yen	
	2013	2014
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable—trade	¥ 92,206	¥ 97,837
Short-term loans payable	11,441	66,387
Current portion of long-term loans payable	21,463	1,950
Current portion of bonds	50,059	—
Income taxes payable	21,438	22,490
Advances received	109,890	151,781
Provision for loss on order received	2,034	4,609
Other	88,755	109,657
Total current liabilities	397,289	454,714
Non-current liabilities		
Bonds payable	225,039	250,040
Long-term loans payable	61,903	87,298
Deferred tax liabilities	17,530	20,952
Provision for retirement benefits	118,271	—
Net defined benefit liability	—	145,653
Provision for directors' retirement benefits	1,189	919
Other	18,878	20,543
Total non-current liabilities	442,812	525,407
Total liabilities	840,102	980,121
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	142,520	142,520
Capital surplus	139,300	139,300
Retained earnings	378,951	384,922
Total shareholders' equity	660,771	666,742
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,910	2,872
Deferred gains or losses on hedges	51	38
Foreign currency translation adjustment	3,058	35,056
Pension liability adjustments	(115)	—
Remeasurements of defined benefit plans	—	(10,224)
Other	(14,363)	(17,661)
Total accumulated other comprehensive income	(9,459)	10,081
Minority interests	32,894	32,993
Total net assets	684,207	709,818
Total liabilities and net assets	¥ 1,524,309	¥ 1,689,940

# Consolidated Statements of Income and Comprehensive Income

NTT DATA CORPORATION AND SUBSIDIARIES  
For the fiscal years ended March 31, 2013 and 2014

	Millions of yen	
	2013	2014
Net sales	¥ 1,301,941	¥ 1,343,772
Cost of sales	980,524	1,031,213
Gross profit	321,416	312,559
Selling, general and administrative expenses	235,720	249,975
Operating income	85,696	62,583
Non-operating income		
Interest income	504	527
Dividend income	988	1,043
Foreign exchange gains	2,416	4,679
Other	3,728	4,571
Total non-operating income	7,637	10,822
Non-operating expenses		
Interest expenses	5,546	5,245
Loss on retirement of non-current assets	1,914	691
Compensation for damage	261	3,509
Other	3,740	1,806
Total non-operating expenses	11,463	11,253
Ordinary income	81,870	62,153
Extraordinary losses		
Loss on restructuring of subsidiaries and affiliates	3,132	4,367
Impairment loss of noncurrent assets	1,718	3,525
Total extraordinary losses	4,851	7,893
Income before income taxes and minority interests	77,019	54,259
Income taxes—current	37,905	39,746
Income taxes—deferred	(5,881)	(10,591)
Total income taxes	32,024	29,155
Income before minority interests	44,994	25,103
Minority interests in income (loss)	1,477	1,816
Net income	43,517	23,287
Minority interests in income (loss)	1,477	1,816
Income before minority interests	44,994	25,103
Other comprehensive income		
Valuation difference on available-for-sale securities	2,275	867
Deferred gains or losses on hedges	190	(13)
Foreign currency translation adjustment	23,930	32,173
Pension liability adjustments	363	(453)
Share of other comprehensive income of entities accounted for using equity method	55	232
Other	(7,871)	(3,298)
Total other comprehensive income	18,943	29,508
Comprehensive income	63,937	54,612
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	62,355	52,482
Comprehensive income attributable to minority interests	1,582	2,130

# Consolidated Statements of Shareholders' Equity

NTT DATA CORPORATION AND SUBSIDIARIES  
For the fiscal years ended March 31, 2013 and 2014

	Millions of yen	
	2013	2014
Shareholders' equity		
Capital stock		
Balance at 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
Changes of items during period		
Total changes of items during period	—	—
Balance at end of current period	139,300	139,300
Retained earnings		
Balance at beginning of current period	352,186	378,951
Changes of items during period		
Dividends of surplus	(16,830)	(16,830)
Net income	43,517	23,287
Other	77	(485)
Total changes of items during period	26,764	5,971
Balance at end of current period	378,951	384,922
Total shareholders' equity		
Balance at beginning of current period	634,006	660,771
Changes of items during period		
Dividends of surplus	(16,830)	(16,830)
Net income	43,517	23,287
Other	77	(485)
Total changes of items during period	26,764	5,971
Balance at end of current period	660,771	666,742
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of current period	(140)	1,910
Changes of items during period		
Other	238	
Net Changes of items other than shareholders' equity	1,811	961
Total changes of items during the period	2,050	961
Balance at end of current period	1,910	2,872
Deferred gains or losses on hedges		
Balance at beginning of current period	(138)	51
Changes of items during period		
Net changes of items other than shareholders' equity	190	(13)
Total changes of items during period	190	(13)
Balance at end of current period	51	38
Foreign currency translation adjustment		
Balance at beginning of current period	(21,046)	3,058
Changes of items during period		
Net changes of items other than shareholders' equity	24,105	31,998
Total changes of items during period	24,105	31,998
Balance at end of current period	3,058	35,056
Pension liability adjustments		
Balance at beginning of current period	(478)	(115)
Changes of items during period		
Net changes of items other than shareholders' equity	363	115
Total changes of items during period	363	115
Balance at end of current period	(115)	—
Remeasurements of defined benefit plans		
Balance at beginning of current period	—	—
Changes of items during period		
Net changes of items other than shareholders' equity	—	(10,224)
Total changes of items during period	—	(10,224)
Balance at end of current period	—	(10,224)
Other		
Balance at beginning of current period	(6,492)	(14,363)
Changes of items during period		
Other	(316)	
Net changes of items other than shareholders' equity	(7,555)	(3,298)
Total changes of items during period	(7,871)	(3,298)
Balance at end of current period	(14,363)	(17,661)

	Millions of yen	
	2013	2014
Total accumulated other comprehensive income		
Balance at beginning of current period	(28,296)	(9,459)
Changes of items during period		
Other	(77)	
Net changes of items other than shareholders' equity	18,914	19,540
Total changes of items during period	18,837	19,540
Balance at end of current period	(9,459)	10,081
Minority interests		
Balance at beginning of current period	34,041	32,894
Changes of items during period		
Net changes of items other than shareholders' equity	(1,146)	99
Total changes of items during period	(1,146)	99
Balance at end of current period	32,894	32,993
Total net assets		
Balance at beginning of current period	639,750	684,207
Changes of items during period		
Dividends of surplus	(16,830)	(16,830)
Net income	43,517	23,287
Other	—	(485)
Net changes of items other than shareholders' equity	17,768	19,639
Total changes of items during period	44,456	25,611
Balance at end of current period	684,207	709,818

# Consolidated Statements of Cash Flows

NTT DATA CORPORATION AND SUBSIDIARIES  
For the fiscal years ended March 31, 2013 and 2014

	Millions of yen	
	2013	2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	¥ 77,019	¥ 54,259
Depreciation	140,055	138,002
Loss on retirement of non-current assets	13,821	5,678
Increase (decrease) in provision for retirement benefits	8,450	—
Increase (decrease) in net defined benefit liability	—	10,962
Interest expenses	5,546	5,245
Impairment loss of noncurrent assets	1,718	3,525
Decrease (increase) in notes and accounts receivable—trade	(29,720)	18,840
Decrease (increase) in inventories	1,977	1,690
Increase (decrease) in notes and accounts payable—trade	2,500	2,269
Increase (decrease) in advances received	(15,344)	39,942
Increase (decrease) in accrued consumption taxes	(2,918)	(2,904)
Other, net	(9,262)	(1,521)
Subtotal	193,845	275,992
Interest and dividend income received	1,492	1,571
Interest expenses paid	(5,478)	(5,382)
Income taxes (paid) refund	(28,531)	(37,656)
Net cash provided by (used in) operating activities	161,327	234,524
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(39,557)	(70,818)
Purchase of intangible assets	(77,186)	(79,851)
Purchase of investment securities	(870)	(9,181)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,317)	(36,974)
Net decrease (increase) in time deposits	4,606	2,087
Payments for transfer of business	(730)	—
Other, net	2,011	5,051
Net cash provided by (used in) investing activities	(115,044)	(189,687)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of bonds	24,900	24,905
Redemption of bonds	(253)	(50,060)
Proceeds from long-term loans payable	1,531	25,303
Repayments of long-term loans payable	(9,775)	(42,000)
Net increase (decrease) in commercial papers	(20,000)	—
Net increase (decrease) in short-term loans payable	(1,383)	43,769
Repayments of lease obligations	(2,667)	(2,507)
Cash dividends paid	(16,833)	(16,833)
Purchase of stock issuance from minority shareholders	(10,868)	(1,477)
Other, net	(318)	(443)
Net cash provided by (used in) financing activities	(35,667)	(19,345)
<b>Effect of exchange rate change on cash and cash equivalents</b>	5,236	4,757
<b>Net increase (decrease) in cash and cash equivalents</b>	15,852	30,250
<b>Cash and cash equivalents at beginning of period</b>	161,110	176,963
<b>Cash and cash equivalents at end of period</b>	176,963	207,213



# Investor Information

(As of March 31, 2014)

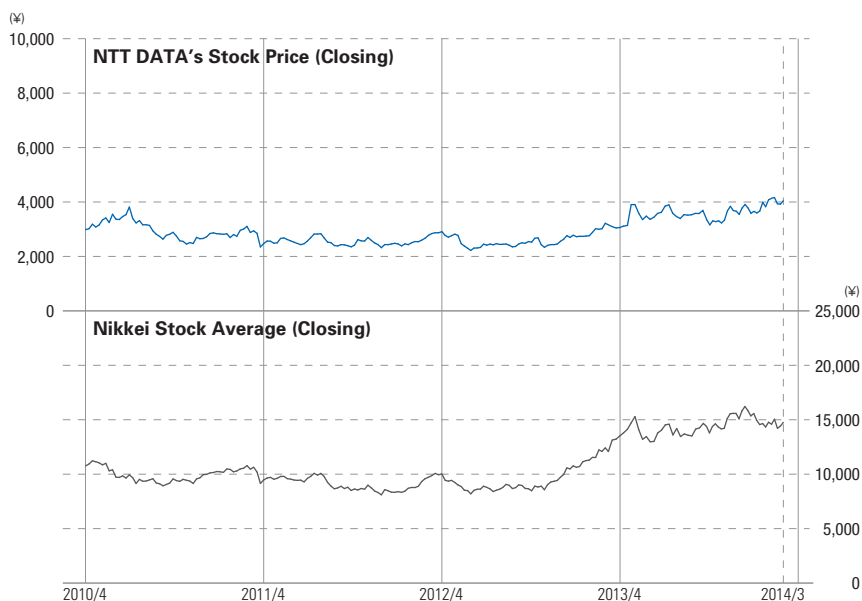
## Largest Shareholders

Name (The 10 largest shareholders)	Number of Shares Held of Shares in Issue	Percentage of Shares in Issue (%)
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	152,001,000	54.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,799,000	5.28
Japan Trustee Services Bank, Ltd. (Trust Account)	10,676,300	3.81
BNP PARIBAS SECURITIES (JAPAN) LIMITED	3,512,038	1.25
NTT DATA Employee Share-Holding Association	3,026,700	1.08
THE BANK OF NEW YORK MELLON SA/NV 10 (Standing agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	2,425,531	0.86
NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY (Standing agent: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	2,384,100	0.85
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	2,346,700	0.84
HSBC ASIA EQUITY FINANCE - JAPAN EQUITIES (TRADING) (Standing agent: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	2,190,411	0.78
STATE STREET BANK WEST CLIENT - TREATY (Standing agent: Mizuho Bank, Ltd.)	1,457,291	0.52

## Number of Shares Issued and Number of Shareholders

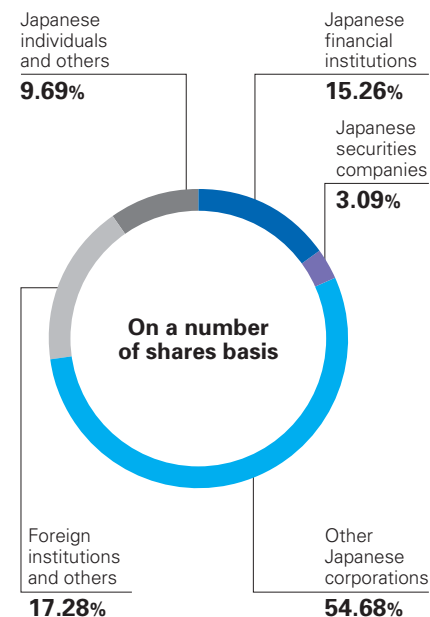
(1) Total Number of Authorized Shares	1,122,000,000
(2) Number of Shares Issued and Outstanding	280,500,000
(3) Number of Share Unit	100
(4) Number of Shareholders	92,177

## Stock Price Chart



Notes: 1. The Nikkei Stock Average is the average stock price of 225 companies listed on the First Section of the Tokyo Stock Exchange.  
 2. 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.

## Distribution of Ownership Among Shareholders



# Corporate Data

(As of March 31, 2014)

## 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

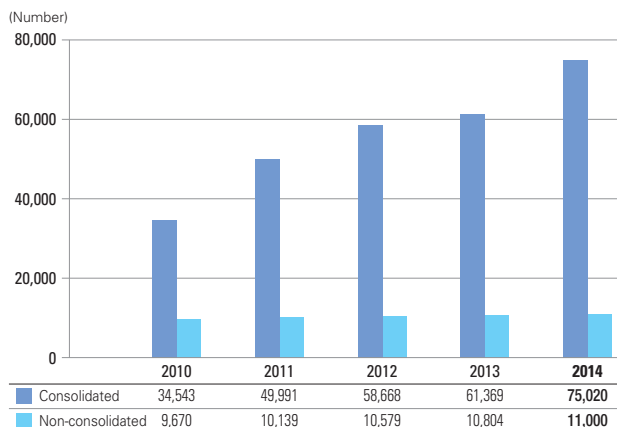
## Fiscal Year

April 1 of to March 31 of the following year

## Independent Auditors

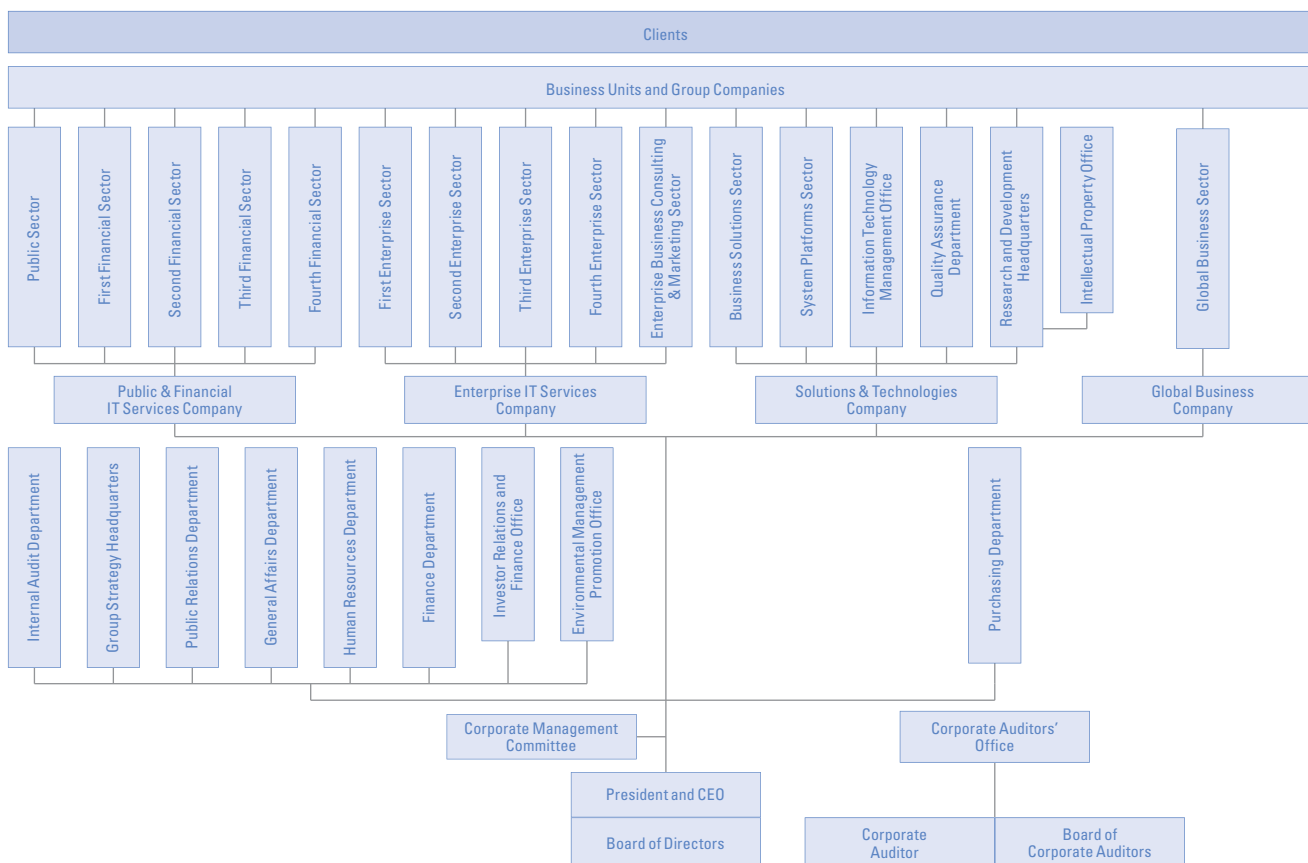
KPMG AZSA LLC

## 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.

## Organizational Structure (As of July 1, 2014)



NTT DATA provides information on its own website. Available through its WWW server, the URLs are:

- ▶ <http://www.nttdata.com/jp/ja/> (in Japanese)
- ▶ <http://www.nttdata.com/> (in English)

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**NTT DATA Corporation**

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