Note: This document is the English translation of Dai 26kai teiji kabunushisokai shoshu gotsuchi ni saishite no internet kaiji jouhou *(Internet Disclosure of the Notice of Convocation of the 26th Ordinary General Meeting of Shareholders) and is provided solely for reference purposes. In the event of any inconsistency between the Japanese version and any English translation of it, the Japanese version will govern.*

To Our Shareholders

INTERNET DISCLOSURE OF THE NOTICE OF CONVOCATION OF THE 26TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

May 29, 2014
NTT DATA CORPORATION

Notes to Consolidated Financial Statements
(Basic requirements for preparation of consolidated financial statements)
1. Scope of consolidation
All of the 263 subsidiaries are consolidated.

The names of principal consolidated subsidiaries are NTT DATA, Inc., NTT DATA EMEA Ltd., itelligence AG, and NTT DATA Customer Service Corporation.

Due to new investments, 61 subsidiaries including Everis Participaciones, S.L. and Optimal Solutions Integration Holdings, Inc. are newly included as consolidated subsidiaries from the consolidated fiscal year ended March 31, 2014.

As a result of merger and liquidation 15 consolidated subsidiaries were excluded from the consolidation.

2. Application of equity method
The equity method applied to all of the 35 affiliated companies, including KIRIN BUSINESS SYSTEM COMPANY, LIMITED.

Associated with the acquisition of shares and other reasons, 18 companies became included in the scope of equity method accounting and associated with the transfer of shares, one company became excluded from the scope of equity method accounting.

3. Fiscal year, etc., of consolidated subsidiaries
Of the consolidated subsidiaries, 143 consolidated subsidiaries close the books on December 31.

In the preparation of the consolidated financial statements, among the consolidated subsidiaries with a fiscal year-end of December 31, 49 subsidiaries use financial statements based on the provisional closing of accounts effected as of the date of the consolidated accounts, while the other companies use financial statements as of their actual most recent fiscal year-ends.

However, for any significant transactions taking place between that date and the consolidated closing date, necessary adjustments are made in preparing the consolidated financial statements.

For companies to which the equity method applies, but which close their books on dates different from the consolidated closing date, the financial statements for each such company's fiscal year are used.

4. Accounting policies
(1) Valuation standard and method for significant assets
(i) Securities
Held-to-maturity securities are accounted for by the amortized cost method. Other securities are accounted for as follows:
a) Securities with fair market value
Stated at fair market value based on the quoted market price as of the year-end closing date (any valuation differences are included in the net assets in full, and the cost of securities sold is computed by the moving-average method).

b) Securities without fair market value
Stated at cost determined by the moving-average method.
(ii) Inventories
Work in process is stated at cost using the specific cost method (balance sheet values being calculated by the book value reduction method based on decreased profitability).

Stored goods are stated at cost mainly using the first-in first-out method (balance sheet values being calculated by the book value reduction method based on decreased profitability).

(2) Depreciation method of significant depreciable assets
(i) Tangible fixed assets (excluding lease assets)
The declining balance method is mainly adopted (except for any buildings [excluding annexed structures of buildings] acquired as after April 1, 1998, to which the straight-line method applied).

(ii) Intangible fixed assets (excluding lease assets)

For intangible fixed assets (excluding software), the straight-line method is adopted.

The depreciation method applied to software is as follows:

a) Software for sale in market

For software for sale in market, the amortization amount based on the expected sales revenue for the expected sales period (within three years) and the amount equally allocated over the remaining sales period during which such sale is possible are compared and the larger of such amounts is recorded.

b) Software for internal use

Software for internal use is amortized by the straight-line method over the expected available period (within five years).

However, among software for provision of services, any software for data communication services based on a contract with a specific customer is amortized equally for the fees payment period under such contract.

(iii) Lease assets

a) Lease assets by ownership transfer finance lease transaction

The same depreciation method that applies to the fixed assets owned by NTT DATA is adopted.

b) Lease assets by ownership non-transfer finance lease transaction

As to tangible lease assets, the method of multiplying an amount equal to the depreciation cost calculated by the declining balance method, assuming that the lease term is its useful life and the residual value is 10%, by 9/10 is adopted.

The straight-line method is adopted for intangible lease assets.

(3) Accounting standard for significant allowances

(i) Allowance for doubtful accounts

In providing for expected losses from bad debts, estimated uncollectible amounts are accrued, for general claims, on the basis of past bad debts rates and for specific claims including doubtful accounts, on the basis of their collectability.

(ii) Allowance for loss on contracts

In providing for future loss on contracts, with regard to orders in process at the end of the fiscal year which may incur a loss and for which it is possible to reasonably estimate the amount of loss, the estimated amount of loss is appropriated as an allowance for loss on contracts which is then stated after being offset against the corresponding work in process.

(iii) Allowance for directors' and corporate auditors' retirement benefits

Some of the consolidated subsidiaries record allowance for the payment of retirement benefits to the directors and corporate auditors of an amount payable at year-end based on their respective internal regulations.

(4) Standards for stating important income and expense items

(i) Standard for stating earnings from and cost of completed works

As of the reporting period, works for which the outcome of the progress made by the end of the reporting period is deemed certain are subject to the percentage-of-completion method (with the percentage of completion estimated on a cost-to-cost basis), and other works are subject to the completed-contract method.

(ii) Standard for stating income and expense of finance leases

Net sales and cost of sales are recognized upon receipt of lease payments.

(5) Significant hedge accounting method

Carry over hedge accounting is adopted.

For foreign currency receivables or payables with an exchange contract, allocation procedure is adopted.

Special procedure for interest-rate swaps is adopted for any interest rate swaps subject to such special procedure.

(6) Accounting standard for net defined benefit liability

Regarding net defined benefit liability, in providing for payments of employees' retirement benefits, NTT DATA included an amount deducting pension assets from retirement benefit obligations based on the projected amount as of the consolidated fiscal year-end. Moreover, for consolidated subsidiaries excluding some, the simplified method applied to such calculation.

The difference due to changes in the accounting standards of NTT DATA is amortized over 15 years using the straight-line method (deducted from retirement benefit expenses).

Actuarial differences are mainly due to be booked as expenses from the following fiscal year as incurred using the straight-line method based on the average remaining service years of the employees when incurred in each consolidated fiscal year.

Prior service cost is mainly to be booked as expenses using the straight-line method based on the average remaining service years of the employees when incurred in each consolidated fiscal year.

Unrecognized actuarial differences, unrecognized prior service cost and unamortized difference due to changes in the accounting standards have been recorded under remeasurements of defined benefit plans under accumulated other comprehensive income in net assets upon adjustment of tax effects.

(7) Accounting for consumption taxes

With regard to accounting for consumption taxes, amounts are shown exclusive of such taxes.

5. Notes to changes in accounting policy

(1) Application of the accounting standard for retirement benefits

NTT DATA has adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; "the Accounting Standard for Retirement Benefits") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Implementation Guidance No.25, May 17, 2012; "the Guidance on Accounting Standard for Retirement Benefits") from the end of the current consolidated fiscal year (excluding the stipulations of Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits). Accordingly, a method in which the value of pension assets excluded from retirement benefit obligations is recorded as net defined benefit liability has been adopted, and accordingly unrecognized actuarial differences, unrecognized prior service cost and unamortized difference due to changes in the accounting standards have been recorded as net defined benefit liability.

In accordance with transitional treatment as stipulated in Article 37 of the Accounting Standard for Retirement Benefits for the application of accounting standards for retirement benefits, the impact resulting from the change has been recorded under remeasurements of defined benefit plans under accumulated other comprehensive income at the end of the current consolidated fiscal year.

As a result, accumulated other comprehensive income at the end of the current consolidated fiscal year decreased by 9,654 million yen.

(Change in method of presentation)

1. Consolidated Balance Sheet

"Lease assets, net", which was separately recorded as property and equipment in the previous consolidated fiscal year, was included in "other property and equipment" from the consolidated fiscal year ended March 31, 2014 due to a decrease in importance of the amount. The amount of "lease assets, net" included in "other property and equipment" under property and equipment in the previous consolidated fiscal year was 4,514 million yen.

"Lease assets", which was separately recorded as intangible assets in the previous consolidated fiscal year, was included in "other intangible assets" from the consolidated fiscal year ended March 31, 2014 due to a decrease in importance of the amount. The amount of "lease assets" included in "other intangible assets" under intangible assets in the previous consolidated fiscal year was 252 million yen.

"Obligation under capital leases", "accounts payable-other" and "asset retirement obligations", which were separately recorded as current liabilities in the previous consolidated fiscal year, were included in "other current liabilities" from the consolidated fiscal year ended March 31, 2014 due to a decrease in importance of the amounts. The amounts of "obligation under capital leases", "accounts payable-other" and "asset retirement obligations" included in "other current liabilities" under current liabilities in the previous consolidated fiscal year were 2,849 million yen, 20,588 million yen and 227 million yen, respectively.

"Obligation under capital leases" and "asset retirement obligations", which were separately recorded as non-current liabilities in the previous consolidated fiscal year, were included in "other non-current liabilities" from the consolidated fiscal year ended March 31, 2014 due to a decrease in importance of the amounts. The amounts of "obligation under capital leases" and "asset retirement obligations" included in "other non-current liabilities" under non-current liabilities in the previous consolidated fiscal year were 5,607 million yen and 1,439 million yen, respectively.

"Pension liability adjustments", which was separately recorded as accumulated other comprehensive income in the previous consolidated fiscal year, was included in "remeasurements of defined benefit plans" as a result of the application of the accounting standard for retirement benefits. The amount of "pension liability adjustments" in the previous consolidated fiscal year was negative 115 million yen.

2. Consolidated statement of income

"Debt appraisal profit", which was separately recorded in non-operating income in the previous consolidated fiscal year, was included in "other non-operating income" from the consolidated fiscal year ended March 31, 2014 due to a decrease in importance of the amount. The amount of "debt appraisal profit" included in "other non-operating income" under non-operating income in the previous consolidated fiscal year was 436 million yen.

(Notes to the Consolidated Balance Sheet)

1. Breakdown of inventories

Merchandise and manufactured goods	¥1,532 million
Work in process	¥19,100 million
Raw materials and supplies	¥2,011 million

2. Assets offered as security and liabilities related to security

(1) Assets offered as security

Cash on hand and at banks	¥173 million
Notes receivable and accounts receivable	¥16 million
Lease receivables and investment assets	¥1,660 million
Buildings and structures	¥13,807 million
Machinery, equipment and vehicles	¥449 million
Furniture, fixtures and tools	¥287 million
Land	¥14 million
Software	¥167 million
Investment in securities	¥270 million
Investment and other assets (Long-term loans receivable)	¥540 million
Total assets of certain subsidiaries (Tools, furniture and fixtures, etc.)	¥271 million

(2) Secured liabilities

Corporate bonds	¥100 million
Long-term debt (including those repayable within one year)	¥2,556 million

3. Accumulated depreciation of tangible fixed assets ¥527,613 million

4. Guarantee obligation

Performance warranties for system development/operation contracts (AU$45,000 thousand)

Bank Of America Corp. （Keane Australia Micropayment Consortium Pty Ltd）	¥ 4,283 million

5. Others

Minority shareholders in overseas consolidated subsidiaries have options to purchase holdings in those companies. The expected exercise value of those options is recognized as liabilities, and the book value of the minority interests relating to the said holdings is excluded from “Minority interests in consolidated subsidiaries” in the Net Assets section, and the remaining amount is stated in “Other accumulated other comprehensive income” in “Accumulated Other Comprehensive Income” in the Net Assets section.

6. Inventories relating to works contracts projected to make a loss have been offset by a corresponding amount (18,924 million yen) from the allowance for loss on contracts (all relating to work in process).

(Notes to the Consolidated Statement of Income)

1. Transfer to allowance for loss on contracts included in cost of sales ¥22,739 million

2. The principal categories and amounts of selling and general administrative expenses are as follows.

Employees' salaries and allowances	¥97,228 million
Retirement benefits expenses	¥6,536 million
Subcontractor expenses	¥31,600 million
Research and development expenses	¥12,831 million

3. It was found that the amount of investments in the assets used mainly in the Public & Financial segment would be unlikely to be recovered in the future due to declined profitability. Hence, the book value of the said assets was reduced to the recoverable value, and the reduction was booked as an impairment loss on non-current assets under extraordinary loss.

Impairment loss on non-current assets includes loss on software of 2,171 million yen and loss on development costs of software in progress of 1,255 million yen.

Assets of NTT DATA and the NTT DATA Group are grouped by units that function as systems, regarding such units as the smallest unit.

The recoverable amount of such asset groups was measured based on the use value using discount rates of mainly 5%.

4. Loss on restructuring of subsidiaries and affiliates booked as extraordinary loss is the cost for integrating and reorganizing group companies in the Global Business segment and the Enterprise IT Services segment, and its breakdown is as follows.

Restructuring expense for Group restructuring	¥3,879 million
Costs for outsourcing legal procedures, consulting services, etc. needed to reorganize group companies	¥452 million
Others	¥36 million
Total	¥4,367 million

(Notes to the Consolidated Statement of Shareholders' Equity)

1. Class and number of shares outstanding at the consolidated fiscal year-end
   Common stock 280,500,000 shares

   Note: As a result of the share split conducted on October 1, 2013 (one share was divided into 100 shares), the total number of shares issued increased by 277,695,000 shares.

2. Dividends

(1) Dividends Paid

Approval	Class of Shares	Total Amount of Dividends (¥ million)	Dividend per Share (¥)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 19, 2013	Common stock	8,415	3,000	March 31, 2013	June 20, 2013
The Board of Directors on October 31, 2013	Common stock	8,415	3,000	September 30, 2013	December 2, 2013

(2) Dividends whose record date is within the consolidated fiscal year ended March 31, 2014, but to be effective in the following consolidated fiscal year

It is planned that a proposal be submitted to the 26th Ordinary General Meeting of Shareholders scheduled for June 18, 2014 concerning dividends of common stock as follows:

(i)	Total amount of dividends	8,415 million yen
(ii)	Dividend source	Retained earnings
(iii)	Dividend per share	30 yen
(iv)	Record date	March 31, 2014
(v)	Effective date	June 19, 2014

(Notes Relating to Financial Instruments)

1. Matters relating to the status of financial instruments

(1) Policy for dealing with financial instruments

The NTT DATA Group uses highly stable financial assets in the management of its funds, and they are also used for NTT and the NTT DATA Group finance. External financing is conducted by means of bank borrowing and the issuance of corporate bonds and commercial paper. Derivatives are used for the purpose of avoiding the market risk of future fluctuations in exchange rates and interest rates; no derivatives transactions are conducted for trading purposes.

(2) Nature of financial instruments and related risk

Notes and accounts receivable are exposed to customer credit risk.

Investment securities are primarily shares related to business with corporate customers and relationships such as capital tie-ups, and are exposed to the risk of future fluctuations in market prices.

Most accounts payable are payable within one year.

The proceeds of short-term borrowings and commercial paper are used primarily for working capital. The proceeds of long-term borrowings and corporate bonds are used primarily to raise funds necessary for such purposes as capital investment, and the repayment or redemption dates thereof are a maximum of 16 years from the settlement dates.

Derivatives transactions are limited to forward foreign exchange contracts and currency swap agreements for making payments in foreign currencies, and interest-rate swap agreements to convert floating-rate debt to fixed-rate debt, for the purpose of avoiding the market risk of future fluctuations in exchange rates and interest rates.

(3) Structure for management of risk relating to financial instruments

i. Management of credit risk (risk of nonperformance by customers, etc.)

With regard to operating receivables, in accordance with internal rules for the management of receivables the persons responsible for credit-risk management within each Company and other unit within NTT DATA regularly monitor the status of recoverability from customers and manage settlement dates and balances, report quarterly to the Corporate Management Committee as to arrears of operating receivables, and endeavor to ensure that recovery is prompt and assured. The methods of credit management used at consolidated subsidiaries conform with those of NTT DATA.

The counterparties to derivatives transactions are financial institutions with high creditworthiness, and the risk of nonperformance of contracts by them is deemed to be negligible.

The maximum amount of credit risk at the consolidated account-settlement date for the reporting period is indicated by the amount of financial assets exposed to credit risk stated in the balance sheet.

ii. Management of market risk (risk of fluctuations in exchange rates and interest rates)

The basis of the NTT DATA Group’s management of foreign-currency-denominated assets and liabilities is the hedging of exchange risk through the holding of identical foreign currencies or linked foreign-currency-denominated liabilities, the use of foreign exchange contracts and currency swap and option transactions, and combinations of these. The basis of its management of floating-rate assets and liabilities is the hedging of interest-rate risk through the holding of liabilities linked with market interest rates, the use of interest-rate swaps and options transactions, and combinations of these.

Market risk associated with investment securities is managed by means of regular scrutiny of fair market value and the financial condition of the issuers of the securities.

Derivatives transactions are executed in accordance with internal risk-management rules and are managed centrally by the Company’s Finance Department.

When consolidated subsidiaries engage in derivatives transactions they do so after prior consultation with NTT DATA.

iii. Management of liquidity risk relating to external financing (risk of inability to make payment on due dates)

In the NTT DATA Group, the methods used to manage liquidity risk include the monthly preparation or updating of a cash budget by each company.

(4) Supplementary explanation of matters relating to fair market value of financial instruments

The fair market value of financial instruments comprises both an amount based on market price and, in the case of instruments for which market quotations are unavailable, an amount calculated rationally. Since the calculation of this amount incorporates variable factors, different premises are used, and in consequence the amount fluctuates.

2. Matters relating to methods of calculating fair market value of financial instruments and to securities and derivatives transactions

Amounts stated in the consolidated balance sheet, fair market values, and the differences between them at March 31, 2014 (fiscal year-end) are as set out below. Items for which it is deemed to be extremely difficult to identify fair market value are not included in the table (Please refer to Note 2).

(¥ million)

	Amounts in Consolidated Balance Sheet	Fair Market Value	Differences
(1) Cash on hand and at banks	180,430	180,430	—
(2) Notes receivable and accounts receivable	344,221	344,221	—
(3) Securities	2,000	2,000	—
(4) Investment securities	13,288	13,290	1
Total assets	539,940	539,941	1
(1) Accounts payable	97,837	97,837	—
(2) Short-term borrowings	66,387	66,387	—
(3) Current portion of long-term debt	1,950	1,950	—
(4) Accounts payable	30,473	30,473	—
(5) Income taxes payable	22,490	22,490	—
(6) Corporate bonds	250,040	261,634	11,593
(7) Long-term borrowings	87,298	91,728	4,429
Total liabilities	556,478	572,501	16,022
Derivatives transactions*	394	394	—

* Net claims and liabilities arising on derivatives transactions are stated as a single net amount.

Note 1: Methods of calculating fair market value of financial instruments

<u>Assets</u>

(1) Cash on hand and at banks, (2) Notes receivable and accounts receivable

Since these items are settled within a short period, fair market value is approximately equivalent to book value, and thus these items are stated at book value.

(3) Securities, (4) Investment securities

The fair market value of shares is deemed to be their stock exchange prices, and that of investment trusts is deemed to be the reference prices released publicly.

Since certificates of deposit are settled within a short period, fair market value is approximately equivalent to book value, and thus these are stated at book value.

<u>Liabilities</u>

(1) Accounts payable, (2) Short-term borrowings, (3) Current portion of long-term debt, (4) Accounts payable, (5) Income taxes payable

Since these items are settled within a short period, fair market value is approximately equivalent to book value, and thus these items are stated at book value.

(6) Corporate bonds
The fair market value of bonds for which market quotations are available is calculated based on market price, and that of bonds for which market quotations are unavailable is calculated from present value derived by discounting the aggregate amount of principal and interest at a discount rate that takes into account the remaining period to maturity of the relevant bonds.

(7) Long-term borrowings
The fair market value of long-term borrowings is calculated from present value derived by discounting the aggregate amount of principal and interest at a discount rate based on the assumption that the same amount has been newly borrowed.

Derivatives transactions
The amounts indicating fair market value are the values stated by the financial institutions involved in the transactions. Please refer to the “Notes to Derivatives transactions” for details of derivatives transactions.

Note 2: Market quotations are unavailable for unlisted securities (totaling 32,796 million yen in the balance sheet) and it is believed that considerable cost would be required to compile projections of cash flow. Accordingly, it is deemed to be extremely difficult to identify their fair market value and for this reason they are not included in “Other securities” under the assets item (4) “Investment securities” in the table.

Note 3: Amounts of monetary claims and securities with maturity dates due for redemption after the fiscal year-end

	1 year or less (¥million)	More than 1 year but less than 5 years (¥million)	More than 5 year but less than 10 years (¥million)	More than 10 years (¥million))
Cash on hand and at banks	180,430	—	—	—
Notes and accounts receivable	344,221	—	—	—
Securities and investment securities				
Negotiable certificates of deposit	2,000	—	—	—
Bonds held to maturity	—	402	1,132	100
Available-for-sale securities with maturity	—	98	—	649
Total	526,651	501	1,132	749

Note 4: Amounts of corporate bonds, long-term borrowings, and other interest-bearing liabilities due for repayment after the fiscal year-end

	1 year or less (¥million)	More than 1 year but less than 5 years (¥million)	More than 5 year but less than 10 years (¥million)	More than 10 years (¥million))
Short-term borrowings	66,387	—	—	—
Current portion of long-term debt	1,950	—	—	—
Corporate bonds	—	139,984	110,056	—
Long-term borrowings	—	34,093	29,618	23,587
Total	68,338	174,077	139,675	23,587

(Notes to Derivatives transactions)

1. Derivatives transactions not subject to hedge accounting

Currency-related

Category	Transaction type	Contract amounts (¥ million)	Contracts for over 1 year (¥ million)	Fair market value (¥ million)	Valuation gain/loss (¥ million)
Transactions other than market transactions	Foreign exchange contract				
	Euro selling/ Swiss franc buying	272	217	(30)	(30)
	Euro selling/ US dollar buying	617	540	(12)	(12)
	Euro selling/ Turkish lira buying	180	—	8	8
Total		1,069	758	(34)	(34)

Note: Fair market value is calculated on the basis of the values stated by the financial institutions involved in the transactions.

Interest rate-related

Category	Transaction type	Contract amounts (¥ million)	Contracts for over 1 year (¥ million)	Fair market value (¥ million)	Valuation gain/loss (¥ million)
Transactions other than market transactions	Interest rate swap transactions Receive-variable/ pay-fixed	183	183	2	—
Total		183	183	2	—

Note: Fair market value is calculated on the basis of the values stated by the financial institutions involved in the transactions.

2. Derivatives transactions subject to hedge accounting

Currency-related

Hedge accounting method	Transaction type	Main items hedged	Contract amounts (¥ million)	Contracts for over 1 year (¥ million)	Fair market value (¥ million)
Deferral method	Foreign exchange contract	Foreign-currency-denominated forecast transactions			
	US dollar selling/ Indian rupee buying		5,557	—	340
	Great Britain Pound selling / Indian rupee buying		359	—	28
Total			5,917	—	368

Note: Fair market value is calculated on the basis of the values stated by the financial institutions involved in the transactions.

Interest rate-related

Hedge accounting method	Transaction type	Main items hedged	Contract amounts (¥ million)	Contracts for over 1 year (¥ million)	Fair market value (¥ million)
Deferral method	Interest rate swap transactions Receive-variable/pay-fixed	Lease payments	653	—	57
Total			653	—	57

Note: Fair market value is calculated on the basis of the values stated by the financial institutions involved in the transactions.

(Notes relating to business combinations)

(Business combination by share acquisition)

1．NTT DATA, a company submitting consolidated financial statements, turned a U.S. company Optimal Solutions Integration Holdings, Inc. ("Optimal") into a consolidated subsidiary of NTT DATA through a merger with Orchid Merger Sub, Inc. ("Orchid"), a consolidated subsidiary of NTT DATA.

(1) Outline of business combination

i Name of acquired company

Optimal Solutions Integration Holdings, Inc.

ii Business description of acquired company

Establishment of strategies, consulting, evaluations, installments, customization and operation and maintenance relating to SAP products

iii Primary reason for business combination

NTT DATA will further reinforce its capability to provide SAP-related products such as SAP HANA, mobile and analytics in the North American market to meet clients' needs, and strengthen our capability to deal with larger transactions by improving the SAP-related system development structure including the structure of Optimal in India.

iv Date of business combination

December 31, 2013

v Legal form of business combination

Acquisition of shares (transfer of shares through Orchid, a wholly-owned subsidiary of NTT DATA (Note))

Note: Immediately after the stock acquisition, NTT DATA implemented a merger by making Optimal a surviving company and Orchid a non-surviving company.

vi Company name after combination

Optimal Solutions Integration Holdings, Inc.

(The company changed its name to NTT DATA Enterprise Services Holding, Inc. on March 28, 2014.)

vii Percentage of voting rights acquired

100.0%

(2) Earnings period of acquired company included in the consolidated financial statements

December 31, 2013 to March 31, 2014

(3) Acquisition cost of acquired company and breakdown

Optimal Solutions Integration Holdings, Inc. shares	13,410 million yen
Acquisition cost	13,410 million yen

(4) Value of goodwill generated, its source, and amortization method and term

i Value of goodwill generated

9,118 million yen

ii Source of goodwill

Arising from rational estimation of additional future earnings capacity expected to result from Optimal's future pursuit of business.

iii Amortization method and term

Amortized equally for a period of 17 years

(5) Amounts and breakdown of assets and liabilities as of the date of combination

Assets	
Current Assets	4,257 million yen
Fixed Assets	4,087 million yen
Liabilities	
Current Liabilities	3,011 million yen
Fixed Liabilities	1,041 million yen

(6) The allocation of the historical cost

The allocation of the historical cost was not completed at the end of the consolidated fiscal year ended March 31, 2014 and the cost is provisionally recognized based on reasonable information available at that point of time.

(7) Estimated impact on the consolidated financial statements for the reporting period on the assumption that the business combination had been completed on the first day of the reporting period.

Net Sales	13,025 million yen
Net income before taxes	718 million yen

(Method of estimate calculation)

The estimate reflects the difference between net sales and income (loss) calculated as if the corporate combination had been completed on the first day of the fiscal year and the net sales and income (loss) stated in NTT DATA's consolidated financial statements. The estimate has not been audited.

2. NTT DATA, a company submitting consolidated financial statements, assumed 100% shares issued of Everis Participaciones, S.L. of Spain ("everis"), and turned everis into a consolidated subsidiary of NTT DATA.

(1) Outline of business combination

i Name of acquired company

Everis Participaciones, S.L.

ii Business description of acquired company

Comprehensive IT services, mainly consulting, application development, system integration, outsourcing services

iii Primary reason for business combination

The business combination will enable NTT DATA to provide clients in Spain and Central and South America with comprehensive IT services including consulting and outsourcing services. In addition, through the utilization of nearshore and offshore bases held by everis, we strive to enhance price competitiveness and service quality in system integration and outsourcing services.

iv Date of business combination

January 1, 2014 (the deemed acquisition date)

v Legal form of business combination

Acquisition of shares

vi Company name after combination

Everis Participaciones, S.L.

vii Percentage of voting rights acquired

100.0%

(2) Earnings period of acquired company included in the consolidated financial statements

Only the balance sheets as of the date of combination were consolidated.

(3) Acquisition cost of acquired company and breakdown

Everis Participaciones, S.L. shares	21,786 million yen
Incidental expenses	517 million yen
Acquisition cost	22,304 million yen

4) Value of goodwill generated, its source, and amortization method and term

i Value of goodwill generated

16,122 million yen

ii Source of goodwill

Arising from rational estimation of additional future earnings capacity expected to result from everis' future pursuit of business.

iii Amortization method and term

Amortized equally for a period where the effect appears. Moreover, the amortization term will be decided based on the results of the allocation of the historical cost.

(5) Amounts and breakdown of assets and liabilities as of the date of combination

Assets	
Current Assets	32,904 million yen
Fixed Assets	31,993 million yen
Liabilities	
Current Liabilities	46,765 million yen
Fixed Liabilities	9,806 million yen

(6) Description of conditional acquisition prices stipulated in the business combination agreement and the accounting policy after the consolidated fiscal year ended March 31, 2014

i Description of conditional acquisition prices

NTT DATA will additionally pay conditional acquisition prices according to the achievement of a specific milestone after the business combination.

ii Accounting policy after the consolidated fiscal year ended March 31, 2014

If any additional payment of acquisition prices is incurred, NTT DATA will revise the acquisition cost by deeming that the payment was made upon acquisition of the company, and will revise the amount of goodwill and the amount of amortization of goodwill.

(7) Allocation of the historical cost

The allocation of the historical cost was not completed at the end of the consolidated fiscal year ended March 31, 2014 and the cost is provisionally recognized based on reasonable information available at that point of time.

(8) Estimated impact on the consolidated financial statements for the reporting period on the assumption that the business combination had been completed on the first day of the reporting period.

Net sales	78,116 million yen
Net loss before taxes	750 million yen

(Method of estimate calculation)

The estimate reflects net sales and income (loss) calculated as if the corporate combination had been completed on the first day of the fiscal year. The estimate has not been audited.

(Notes to Rental Real Estate)

NTT DATA and certain of its consolidated subsidiaries own office buildings (including land) for rent in metropolitan Tokyo and other regions.

Profit from rental of these properties during the fiscal year ended March 31, 2014, totaled 196 million yen. (Rental income has principally been included in net sales, and rental expenses in cost of sales.)

The amount stated for this rental real estate in the consolidated balance sheet, the amount of increase/decrease during in the reporting period, and the fair market value are set out below.

(¥ million)

Amounts in Consolidated Balance Sheet			Fair Market Value at Year-End
Balance at beginning of year	Increase/Decrease	Balance at end of year	
28,003	(638)	27,365	40,971

Notes:
1. The amount stated in the consolidated balance sheet represents acquisition cost less cumulative depreciation.
2. The amount of increase/decrease is accounted for mainly by depreciation (767 million yen).
3. The fair market value at the end of the reporting period is mainly an amount (including amounts adjusted with the use of indexes, etc.) calculated by NTT DATA on the basis of the Real Estate Appraisal Standards.

(Notes to the Per-Share Information)

1. Net asset per share 2,412.92 yen
2. Net income per share 83.02 yen

Note: Net asset per share and net income per share were calculated, respectively, by assuming that the share split conducted in the consolidated fiscal year ended March 31, 2014 was conducted at the beginning of the consolidated fiscal year ended March 31, 2014.

Notes to Non-Consolidated Financial Statements

(Important matters concerning accounting policies)

1. Valuation standard and method for securities

Held-to-maturity securities are accounted for by the amortized cost method.

Shares in subsidiaries and affiliated companies are stated at cost determined by the moving-average method.

Other securities are accounted for as follows:

(1) Securities with fair market value

Stated at fair market value based on the quoted market price as of the fiscal year-end closing date (any valuation differences are included in the net assets in full, and cost of securities sold is computed by the moving-average method).

(2) Securities without fair market value

Stated at cost determined by the moving-average method.

2. Valuation standard and method for inventories

Work in process is stated at cost using the specific cost method (balance sheet values being calculated by the book value reduction method based on decreased profitability).

Stored goods are stated at cost using the first-in first-out method (balance sheet values being calculated by the book value reduction method based on decreased profitability).

3. Depreciation method of fixed assets

(1) Tangible fixed assets (excluding lease assets)

Mainly the declining balance method is applied (except for any buildings [excluding annexed structures of buildings] acquired after April 1, 1998, for which the straight-line method is adopted).

(2) Intangible fixed assets (excluding lease assets)

For intangible fixed assets (excluding software), the straight-line method is adopted.

The depreciation method applied to software is as follows:

(i) Software for sale in market

For software for sale in market, the amortization amount based on the expected sales revenue for the expected sales period (within three years) and the amount equally allocated over the remaining sales period during which such sale is possible are compared and the larger of such amounts is recorded.

(ii) Software for internal use

Software for internal use is amortized by the straight-line method over the expected available period (within five years).

However, among software for provision of services, any software for data communication services based on a contract with a specific customer is amortized equally for the fee payment period under such contract.

(3) Lease assets

(i) Tangible lease assets

As to the lease assets by ownership non-transfer finance lease transaction, the method of multiplying an amount equal to the depreciation cost calculated by the declining balance method, assuming that the lease term is its useful life and the residual value is 10%, by 9/10 is adopted.

(ii) Intangible lease assets

The straight-line method is adopted.

4. Accounting standard for allowances

(1) Allowance for doubtful accounts

In providing for expected losses from bad debts, estimated uncollectible amounts are accrued, for general claims, on the basis of past bad debts rates and for specific claims including doubtful accounts, on the basis of their collectability.

(2) Allowance for loss on contracts

In providing for future loss on contracts, an estimated amount that exceeds the outstanding amount of work in process as to the orders, among the orders in process at the end of the fiscal year, which may incur a loss, and for which it is possible to reasonably estimate the amount of loss, is recorded.

(3) Allowance for employees' retirement benefits

In providing for payments of employees' retirement benefits, an amount estimated as of the fiscal year-end based on the projected retirement benefit obligations and related pension assets of the fiscal year-end is recorded.

The difference due to changes in the accounting standards is amortized over 15 years using the straight-line method (deducted from retirement benefits expenses).

Actuarial differences are to be booked as expenses from the following fiscal year as incurred using the straight-line method based on the average remaining service years of the employees when incurred in each fiscal year.

Prior service cost is mainly to be booked as expenses using the straight-line method based on the average remaining service years of the employees when incurred in each fiscal year.

5. Standards for stating important income and expense items

(1) Standard for stating earnings from and cost of completed works

As of the reporting period, works for which the outcome of the progress made by the end of the reporting period is deemed certain are subject to the percentage-of-completion method (with the percentage of completion estimated on a cost-to-cost basis), and other works are subject to the completed-contract method.

(2) Standard for stating income and expense of finance leases

Net sales and cost of sales are recognized upon receipt of lease payments.

6. Hedge accounting method

Carryover hedge accounting is adopted.

For foreign currency receivables or payables with an exchange contract, allocation procedure is adopted.

Special procedure for interest-rate swaps is adopted for any interest rate swaps subject to such special procedure.

7. Accounting for consumption taxes

With regard to accounting for consumption taxes, amounts are shown exclusive of such taxes.

8. Accounting method concerning retirement benefits

In accounting documents, the treatment of unrecognized actuarial differences, unrecognized prior service cost and unamortized difference due to changes in the accounting standards under the Non-Consolidated Balance Sheet is different from that in consolidated accounting documents. In the Non-Consolidated Balance Sheet, the amount of pension assets excluded from the adjustments of unrecognized actuarial differences, unrecognized prior service cost and unamortized difference due to changes in the accounting standards has been recorded under the provision for retirement benefits.

(Change in method of presentation)

1. Non-Consolidated Balance Sheet

"Accounts due", "advance payments-trade", "short-term loans receivable from subsidiaries and affiliates" and "deposits paid", which were separately recorded as current assets in the previous fiscal year, were included in "other current assets" in the fiscal year ended March 31, 2014 due to a decrease in importance. The amounts of "accounts due", "advance payments-trade", "short-term loans receivable from subsidiaries and affiliates" and "deposits paid", which were included in "other current assets" under current assets in the previous fiscal year, were 14,270 million yen, 101 million yen, 39,359 million yen and 30,000 million yen, respectively.

"Investments in capital", "investments in capital of subsidiaries and affiliates", "long-term loans receivable from subsidiaries and affiliates", "claims provable in bankruptcy, claims provable in rehabilitation and other" and "long-term prepaid expenses", which were separately recorded as investments and other assets in the previous fiscal year, were included in "other assets" from the fiscal year ended March 31, 2014 due to a decrease in importance. The amounts of "investments in capital", "investments in capital of subsidiaries and affiliates", "long-term loans receivable from subsidiaries and affiliates", "claims provable in bankruptcy, claims provable in rehabilitation and other" and "long-term prepaid expenses", which were included in "other assets" under investments and other assets in the previous fiscal year, were 2,194 million yen, 363 million yen, 18,933 million yen, 197 million yen and 6,656 million yen, respectively.

"Accrued consumption taxes", which was separately recorded in current liabilities in the previous fiscal year, was included in "other current liabilities" from the fiscal year ended March 31, 2014 due to a decrease in importance. The amount of "accrued consumption taxes", which was included in "other current liabilities" under current liabilities in the previous fiscal year, was 2,093 million yen.

"Long-term loans payable to subsidiaries and affiliates", which was separately recorded as non-current liabilities in the previous fiscal year, was included in "other non-current liabilities" from the fiscal year ended March 31, 2014 due to a decrease in importance. The amount of "long-term loans payable to subsidiaries and affiliates", which was included in "other non-current liabilities" under non-current liabilities in the previous fiscal year, was 13,138 million yen.

2. Non-Consolidated Statements of Income

"Loss on valuation of investment securities", which was separately recorded as non-operating expenses in the previous fiscal year, was included in "other non-operating expenses" from the fiscal year ended March 31, 2014 due to a decrease in importance of the amount. The amount of "loss on valuation of investment securities", which was included in "other non-operating expenses" under non-operating expenses in the previous fiscal year, was 227 million yen.

(Notes to the Balance Sheet)

1. Breakdown of inventories

Merchandise	¥743 million
Work in process	¥10,769 million
Supplies	¥607 million

2. Assets offered as security and liabilities related to security

(1) Assets offered as security

Investments securities	¥270 million
Stocks of subsidiaries and affiliates	¥75 million
Other current assets, current assets (short-term loans receivable from subsidiaries and affiliates)	¥2 million
Long-term loans receivable	¥540 million
Other assets, investments and other assets (long-term loans receivable from subsidiaries and affiliates)	¥52 million

(2) Secured liabilities

Long-term borrowings of subsidiaries (including those repayable within one year)	¥1,770 million

3. Accumulated depreciation of tangible fixed assets ¥475,372 million

4. Guarantee obligation

Performance warranties for system development/operation contracts

(AU$45,000,000)

Bank of America Corp.

（NTT DATA Victorian Ticketing System Pty Ltd） ¥ 4,283 million

5. Monetary claims/liabilities against affiliated companies

Short-term monetary claims	¥65,875 million
Long-term monetary claims	¥50,895 million
Short-term monetary liabilities	¥104,981 million
Long-term monetary liabilities	¥11,463 million

6. Inventories relating to works contracts projected to make a loss have been offset by a corresponding amount (17,923 million yen) from the allowance for loss on contracts (all relating to work in process).

(Notes to the Income Statement)

1. Transaction with affiliated companies

Net sales	¥58,514 million
Cost of sales	¥245,638 million
Selling and general administrative expenses	¥28,576 million
Non-trade transactions	¥12,186 million

2. Transfer to allowance for loss on contracts included in cost of sales ¥21,056 million

3. It was found that the amount of investments in the assets used mainly in the Public & Financial segment would be unlikely to be recovered in the future due to declined profitability. Hence, the book value of the said assets was reduced to the recoverable value, and the reduction was booked as an impairment loss on non-current assets under extraordinary loss.

Impairment loss on non-current assets includes loss on software of 1,663 million yen and loss on development costs of software in progress of 1,255 million yen.

Assets of NTT DATA and the NTT DATA Group are grouped by units that function as systems, regarding such units as the smallest unit.

The recoverable amount of such asset groups was measured based on the use value using discount rates of 5%.

4. Loss on restructuring of subsidiaries and affiliates booked as extraordinary loss is mainly the expense for integrating and reorganizing group companies in the Enterprise IT Services segment. This includes the restructuring cost resulting from restructuring of Group companies and other costs.

(Notes to Tax Effect Accounting)

1. Breakdown of deferred income taxes and liabilities by major cause

Deferred income taxes	
Allowance for employees' retirement benefits	¥23,005 million
Depreciation in excess of limit	¥12,598 million
Adjustment to the percentage-of-completion method	¥5,890 million
Long-term borrowings（Repurchase of noncurrent assets）	¥4,682 million
Others	¥18,182 million
Deferred income taxes – subtotal	¥64,360 million
Valuation allowance	¥(7,278) million
Total deferred income taxes	¥57,081 million
Deferred tax liabilities	
Fixed assets（Repurchase of noncurrent assets）	¥(7,992) million
Difference on book value of affiliates' shares by restructuring	¥(3,966) million
Reserve for reduction entry	¥(223) million
Others	¥(2,673) million
Total deferred tax liabilities	¥(14,855) million
Net deferred income taxes	¥42,226 million

Note 1: "Adjustment to the percentage-of-completion method" (10 million yen in the previous fiscal year), which was included in "others" under deferred income taxes in the previous fiscal year, was separately recorded from the fiscal year ended March 31, 2014 due to an increase in importance of the amount.

Note 2: "Fixed assets (repurchase of noncurrent assets)" (5,289 million yen in the previous fiscal year) and "tangible fixed assets (asset retirement obligations)" (159 million yen in the previous fiscal year), which were separately recorded in the previous fiscal year, were included in "non-current assets" together with other amounts of non-current assets that should be recognized for tax purpose from the fiscal year ended March 31, 2014 due to a decrease in importance to separately record the amounts.

2. Breakdown of major items that caused differences between the statutory effective tax rate and the income tax and other burden rate after tax effect accounting

Statutory effective tax rate	38.01%
(Adjustments)	
Entertainment and other expenses that are permanently nondeductible	0.61%
Dividends income	(5.61)%
Per-capita inhabitance tax	0.17%
Tax credit by R&D tax reduction	(1.39)%
Tax rate change due to tax revision, etc.	2.79%
Others	(0.21)%
Income tax and other burden rate after tax effect accounting	34.37%

(Notes to Related-Party Transactions)

Directors and Principal Individual Shareholders, etc.

Attribute	Name of the related party	Address	Common stock (¥ million)	Type of business	% of voting rights, etc., held (owned)	Relationship between the related parties		Transaction details	Transaction amount (¥ million)	Account item	Year-end balance (¥ million)
						Additional posts held by the directors	Operating relation				
Officer	Toshio Iwamoto	—	—	President and Chief Executive Officer Chairman of Japan Electronic Payment Promotion Organization	(owned) Direct 0.0%	—	—	Building rental income and other business income	34	—	—
								Payment of annual fees	2		
Officer	Satoshi Kurishima	—	—	Director Chairman of Japan Electronic Payment Promotion Organization	(owned) Direct 0.0%	—	—	Payment of annual fees	1	—	—

Notes: 1. Transaction amounts do not include consumption taxes.

2. Terms and conditions of the transactions above and the determination policies for such conditions are the same as those for other business partners.

Affiliated companies, etc.

Attribute	Company name	% of voting rights, etc., held (owned)	Relationship between the related parties	Transaction details	Transaction amount (¥ million)	Account item	Year-end balance (¥ million)
Affiliated company	Everis Participaciones, S.L.	(Held) Direct 100.0 (Owned) Direct 0.0	Entering into contract of term loan	Lending of funds	18,105 (129,000 thousand euro)	Other current assets, current assets (short-term loans receivable from subsidiaries and affiliates)	18,267 (129,000 thousand euro)
Affiliated company	NTT DATA International Services, Inc.	(Held) Indirect 100.0 (Owned) Direct 0.0	Entering into contract of term loan	Lending of funds	30,570 (300,000 thousand US dollars)	Other assets, investments and other assets (long-term loans receivable from subsidiaries and affiliates)	30,876 (300,000 thousand US dollars)

Note: 1. With regard to the lending of funds, interest rates are determined rationally by taking market interest rates into consideration. No collateral is obtained.

Group companies, etc.

Attribute	Company name	% of voting rights, etc., held (owned)	Relationship between the related parties	Transaction details	Transaction amount (¥ million)	Account item	Year-end balance (¥ million)
Subsidiary of parent company	NTT Finance Corporation	(Held) Direct 3.1 (Owned) Direct 0.0	Transactions among NTT Group companies	Transactions among NTT Group Companies	35,938	Other current assets, current assets (accounts due)	8,788
			Fund deposit, etc.	Fund deposit (Note 3)	38,309	Other current assets, current assets (deposits paid)	30,000
				Interest revenue accompanying the fund deposit	21		

Notes: 1. Transaction amounts do not include consumption taxes, but amounts of the year-end balance include them.
2. Terms and conditions of the transactions above and the determination policies for such conditions are the same as those for other business partners.
3. The transaction amount of the fund deposit is the average balance of the money deposited.

(Notes to the per-share information)

1. Net asset per share ¥2,331.54
2. Net income per share ¥119.95

Note: NTT DATA conducted the share split for each common share at a ratio of 1:100 on October 1, 2013. Per-share information was calculated based on the assumption that the share split was conducted at the beginning of the fiscal year ended March 31, 2014.

[Reference] Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	26th FY (2013/4/1–2014/3/31)	25th FY (2012/4/1–2013/3/31)
Net Sales	1,343,772	1,301,941
Cost of Sales	1,031,213	980,524
Gross Profit	312,559	321,416
Selling, General and Administrative Expenses	249,975	235,720
Operating Income	62,583	85,696
Non-Operating Income	10,822	7,637
Non-Operating Expenses	11,253	11,463
Ordinary Income	62,153	81,870
Extraordinary loss	7,893	4,851
Income before Income Taxes	54,259	77,019
Income taxes-current	39,746	37,905
Income taxes-deferred	(10,591)	(5,881)
Total Income Taxes	29,155	32,024
Income before minority interests	25,103	44,994
Minority Interests in income/(loss)	1,816	1,477
Net Income	23,287	43,517
Minority Interests in income/(loss)	1,816	1,477
Income before minority interests	25,103	44,994
Other comprehensive income		
Valuation difference on available-for-sale securities	867	2,275
Deferred gains and losses on hedges	(13)	190
Translation adjustments	32,173	23,930
Pension liability adjustments	(453)	363
Share of other comprehensive income of associates accounted for using equity method	232	55
Other comprehensive income	(3,298)	(7,871)
Total Other comprehensive income	29,508	18,943
Comprehensive income	54,612	63,937
(Break down)		
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	52,482	62,355
Comprehensive income attributable to minority interests	2,130	1,582

Note: Amounts less than one million yen are rounded down.

[Reference] Consolidated Cash Flow Statement

(Unit: ¥ million)

	26th FY (2013/4/1–2014/3/31)	25th FY (2012/4/1–2013/3/31)
Cash Flows from Operating Activities		
Income before income taxes	54,259	77,019
Depreciation and amortization	138,002	140,055
Loss on retirement of non-current assets	5,678	13,821
Increase/(decrease) in provision for retirement benefits	—	8,450
Increase/(decrease) in net defined benefit liability	10,962	—
Interest expenses	5,245	5,546
Impairment loss of noncurrent assets	3,525	1,718
(Increase)/decrease in accounts receivable	18,840	(29,720)
(Increase)/decrease in inventories	1,690	1,977
Increase/(decrease) in accounts payable	2,269	2,500
Increase/(decrease) in advances received	39,942	(15,344)
Increase/(decrease) in accrued consumption taxes	(2,904)	(2,918)
Others, net	(1,521)	(9,262)
Sub Total	275,992	193,845
Interest and dividends received	1,571	1,492
Interest paid	(5,382)	(5,478)
Income taxes (paid)/reimbursed	(37,656)	(28,531)
Net cash provided by operating activities	234,524	161,327
Cash Flows from Investing Activities		
Payments for acquisition of property and equipment	(70,818)	(39,557)
Payments for acquisition of intangible assets	(79,851)	(77,186)
Payments for acquisition of securities	(9,181)	(870)
Payments for investments in subsidiaries resulting in change in scope of consolidation	(36,974)	(3,317)
Decrease/(Increase) in time deposits, net	2,087	4,606
Payments for transfer of business	—	(730)
Others, net	5,051	2,011
Net cash used in investing activities	(189,687)	(115,044)

Note: Amounts less than one million yen are rounded down.

	26th FY (2013/4/1–2014/3/31)	25th FY (2012/4/1–2013/3/31)
Cash Flows from Financing Activities		
Proceeds from issuance of bonds	24,905	24,900
Redemption of bonds at maturity	(50,060)	(253)
Proceeds from long-term debt	25,303	1,531
Repayments of long-term borrowings	(42,000)	(9,775)
Increase/(decrease) in commercial paper, net	—	(20,000)
Increase/(decrease) in short-term borrowings, net	43,769	(1,383)
Repayment of obligation under capital leases	(2,507)	(2,667)
Cash dividends	(16,833)	(16,833)
Payments for stock acquisition from minority shareholders	(1,477)	(10,868)
Others, net	(443)	(318)
Net cash used in financing activities	(19,345)	(35,667)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4,757	5,236
Net Increase/(Decrease) in Cash and Cash Equivalents	30,250	15,852
Cash and Cash Equivalents at Beginning of Year	176,963	161,110
Increase in cash and cash equivalents from newly consolidated subsidiary	—	—
Cash and Cash Equivalents at End of Year	207,213	176,963

Note: Amounts less than one million yen are rounded down.