Note: This document is the English translation of Dai 27kai teiji kabunushisokai shoshu gotsuchi ni saishite no internet kaiji jouhou *(Internet Disclosure of the Notice of Convocation of the 27th 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 27TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

May 28, 2015
NTT DATA CORPORATION

Notes to Consolidated Financial Statements

(Basic requirements for preparation of consolidated financial statements)

1. Scope of consolidation

All of the 253 subsidiaries are consolidated.

The names of the principal consolidated subsidiaries are NTT DATA, Inc., NTT DATA EMEA LTD., itelligence AG, and NTT DATA CUSTOMER SERVICE CORPORATION.

Due to new investments and establishments, seven subsidiaries are newly included as consolidated subsidiaries from the consolidated fiscal year ended March 31, 2015.

As a result of merger, assignment and liquidation 17 consolidated subsidiaries were excluded from the consolidation.

2. Application of equity method

The equity method applied to all of the 36 affiliated companies, including KIRIN BUSINESS SYSTEM COMPANY, LIMITED.

Associated with the acquisition of shares and other reasons, 4 companies became included in the scope of equity method accounting and associated with the transfer of shares, 3 companies became excluded from the scope of equity method accounting.

3. Fiscal year, etc., of consolidated subsidiaries

Of the consolidated subsidiaries, 140 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, 47 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 methods for retirement benefits

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.

(i)Period attribution method of estimated retirement benefits

In calculation of retirement benefit liabilities, the period attribution method of estimated retirement benefits to the current consolidated fiscal year-end is based upon the benefit formula standard.

(ii) Booking methods as expenses for the difference due to changes in the accounting standards, actuarial differences and prior service cost

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.

(Changes in accounting policy)

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 (Revised ASBJ Implementation Guidance No.25, March 26, 2015; "the Guidance on Accounting Standard for Retirement Benefits") for the stipulations of Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits from the current consolidated fiscal year. Accordingly, the period attribution method of estimated retirement benefits was changed from the straight-line attribution standard to the benefit formula standard. The calculation method of discount rates was also changed.

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 of calculation method of net retirement benefit liability and service cost has been considered in retained earnings at the beginning of the current consolidated fiscal year.

As a result, net retirement benefit liability and deferred income taxes decreased 13,677 million yen and 4,891 million yen respectively, and retained earnings increased 8,272 million yen at the beginning of the current consolidated fiscal year.

Impacts were minor upon operating income, ordinary income and net income before income taxes in the current consolidated fiscal year.

(Notes to the Consolidated Balance Sheet)

1. Breakdown of inventories

Merchandise and manufactured goods	¥1,781 million
Work in process	¥28,612 million
Raw materials and supplies	¥2,145 million

2. Assets offered as security and liabilities related to security

(1) Assets offered as security

Cash on hand and at banks	¥58 million
Notes receivable and accounts receivable	¥17 million
Lease receivables and investment assets	¥1,550 million
Buildings and structures	¥12,967 million
Machinery, equipment and vehicles	¥48 million
Furniture, fixtures and tools	¥136 million
Land	¥13 million
Software	¥0 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.)	¥267 million

(2) Secured liabilities

Corporate bonds	¥100 million
Long-term debt (including those repayable within one year)	¥1,754 million

3. Accumulated depreciation of tangible fixed assets ¥494,275 million

4. Guarantee obligation

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

Bank of America Corp.
(NTT DATA Victorian Ticketing System Pty Ltd) ¥ 4,147 million

5. Amount of lending by loans for consumption contained in investment securities ¥3,643 million

6. 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.

7. Inventories relating to works contracts projected to make a loss have been offset by a corresponding amount (11,767 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 ¥8,155 million

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

Employees' salaries and allowances	¥106,498 million
Retirement benefits expenses	¥5,531 million
Subcontractor expenses	¥35,674 million
Research and development expenses	¥12,911 million

3. It was found that the amount of investments in the assets commonly used by the whole of NTT DATA would be unlikely to be recovered in the future due to declined cost reduction effects. 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 1,753 million yen and loss on development costs of software in progress of 293 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.

Its breakdown is as follows:

Restructuring expense for Group restructuring	¥1,075 million
Costs for outsourcing legal procedures, consulting services, etc. needed to reorganize group companies	¥197 million
Others	¥395 million
Total	¥1,668 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

2. Class and number of treasury stock at the consolidated fiscal year-end
   Common stock 99 shares

3. 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 18, 2014	Common stock	8,415	30	March 31, 2014	June 19, 2014
The Board of Directors on October 30, 2014	Common stock	8,415	30	September 30, 2014	December 1, 2014

(2) Dividends whose record date is within the consolidated fiscal year ended March 31, 2015, but to be effective in the following consolidated fiscal year

Approval	Class of Shares	Dividend source	Total Amount of Dividends (¥ million)	Dividend per Share (¥)	Record Date	Effective Date
Ordinary General Meeting of Shareholders scheduled for June 17, 2015	Common stock	Retained earnings	8,414	30	March 31, 2015	June 18, 2015

(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 15 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 recognized in the consolidated balance sheet, market values, and the differences between them at the end of the current consolidated fiscal year are as shown below. Items for which it is deemed to be extremely difficult to identify fair market value are not included in the table below (Please refer to Note 2).

(Unit: ¥ million)

	Amounts in Consolidated Balance Sheet	Fair Market Value	Differences
(1) Cash on hand and at banks	160,108	160,108	—
(2) Notes receivable and accounts receivable	366,678	366,678	—
(3) Securities	6,533	6,533	—
(4) Investment securities	96,341	96,344	3
Total assets	629,661	629,665	3
(1) Accounts payable	103,970	103,970	—
(2) Short-term borrowings	48,887	48,887	—
(3) Current portion of long-term debt	732	732	—
(4) Current portion of bonds	39,999	39,999	—
(5) Income taxes payable	14,942	14,942	—
(6) Corporate bonds	210,052	221,145	11,092
(7) Long-term borrowings	139,459	145,725	6,265
Total liabilities	558,044	575,402	17,358
Derivatives transactions*	12,705	12,705	—

* Net claims and liabilities arising on derivatives transactions are stated as a single net amount. If the total is negative figure, the amount is shown in brackets.

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) Current portion of bonds, (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 15,281 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 not more than 5 years (¥ million)	More than 5 year but not more than 10 years (¥ million)	More than 10 years (¥ million)
Cash on hand and at banks	160,108	—	—	—
Notes and accounts receivable	366,678	—	—	—
Securities and investment securities				
Negotiable certificates of deposit	6,533	—	—	—
Bonds held to maturity	100	409	1,225	104
Available-for-sale securities with maturity	—	98	—	188
Total	533,420	508	1,225	292

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 not more than 5 years (¥ million)	More than 5 year but not more than 10 years (¥ million)	More than 10 years (¥ million)
Short-term borrowings	48,887	—	—	—
Current portion of long-term debt	732	—	—	—
Current portion of bonds	39,999	—	—	—
Corporate bonds	—	159,971	50,080	—
Long-term borrowings	—	86,254	29,736	23,467
Total	89,619	246,226	79,817	23,467

(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	233	175	(50)	(50)
	Euro selling/ US dollar buying	631	541	(156)	(156)
	Euro selling/ Great Britain pound buying	267	142	(20)	(20)
	Great Britain pound selling/ Japanese yen buying	2,292	—	(0)	(0)
	Euro selling/ Japanese yen buying	7,153	—	(1)	(1)
	AU dollar selling/ Japanese yen buying	448	—	(0)	(0)
	Japanese yen selling/ Chinese yuan buying	1,560	—	195	195
Market transactions	Foreign exchange contract Japanese yen selling/ Chinese yuan buying	180	—	1	1
Total		12,766	859	(31)	(31)

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	185	68	1	1
Total		185	68	1	1

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 US dollar selling/ Indian rupee buying Great Britain pound selling/ Indian rupee buying	Foreign currency-denominated forecast transactions	9,741 160	— —	180 14
Currency swap allocation procedure	Currency swap contract US dollar receiving/ Euro paying Japanese yen receiving / Euro paying	Long term borrowing	58,330 3,888	53,083 3,888	11,462 (37)
Foreign exchange allocation procedure	Foreign exchange contract Order to buy Chinese yuan	Foreign currency-denominated forecast transactions	8,399	1,659	1,261
Total			80,521	58,631	12,881

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

Stock-related

Hedge accounting method	Transaction type	Main items hedged	Contract amounts (¥ million)	Contracts for over 1 year (¥ million)	Fair market value (¥ million)
Deferral method	Forward dealing	Investment securities	3,498	—	(145)
Total			3,498	—	(145)

Note: Fair market value is calculated on the basis of the closing price at major stock exchanges involved in the transactions.

(Notes relating to business combinations)

(Business combination by share acquisition)

1. With regard to NTT DATA Enterprise Services Holding, Inc. (the company name of which was changed from Optimal Solutions Integration Holdings, Inc. as of March 28, 2014), a consolidated subsidiary, the allocation of the historical cost had not been completed at the end of the foregoing consolidated fiscal year. It was, however, completed in the current consolidated fiscal year ended March 31, 2015, with 30 million US dollars (3,235 million yen) for intangible assets and 11 million US dollars (1,188 million yen) for deferred tax liability.

2. With regard to EVERIS PARTICIPACIONES, S.L.U., a consolidated subsidiary, the allocation of the historical cost had not been completed at the end of the foregoing consolidated fiscal year. It was, however, completed in the current consolidated fiscal year ended March 31, 2015, with 136 million Euro (19,777 million yen) for intangible assets and 41 million Euro (6,036 million yen) for deferred tax liability.

(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 current consolidated fiscal year amounted to 185 million yen (mainly, rental revenue and rental expense were recorded as sales and cost of sales, respectively).

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

(Unit: ¥ million)

Amounts in Consolidated Balance Sheet			Fair Market Value at Year-End
Balance at beginning of year	Increase/Decrease	Balance at end of year	
27,365	(564)	26,801	51,097

Notes: 1. The amount stated in the consolidated balance sheet represents acquisition cost less accumulated depreciation.

2. The amount of increase/decrease is accounted for mainly by depreciation 778 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 2,757.55 yen
2. Net income per share 114.60 yen

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 5 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) Provision for 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.

(i)Period attribution method of estimated retirement benefits

In calculation of retirement benefit liabilities, the period attribution method of estimated retirement benefits to the current consolidated fiscal year-end is based upon the benefit formula standard.

(ii) Booking methods as expenses for the difference due to changes in the accounting standards, actuarial differences, and prior service cost

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.

(Changes in accounting policy)

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 (Revised ASBJ Implementation Guidance No.25, March 26, 2015; “the Guidance on Accounting Standard for Retirement Benefits”) for the stipulations of Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits from the current fiscal year. Accordingly, the period attribution method of estimated retirement benefits was changed from the straight-line attribution standard to the benefit formula standard. The calculation method of discount rates was also changed.

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 of calculation method of net retirement benefit liability and service cost has been considered in retained earnings at the beginning of the current fiscal year.

As a result, provision for retirement benefits and deferred income taxes decreased 8,436 million yen and 3,006 million yen respectively, and retained earnings increased 5,429 million yen at the beginning of the current fiscal year.

Impacts were minor upon operating income, ordinary income and net income before income taxes and minority interests for the current fiscal year.

(Notes to the Balance Sheet)

1. Breakdown of inventories

Merchandise	¥758 million
Work in process	¥19,193 million
Supplies	¥807 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)	¥49 million

(2) Secured liabilities

Long-term borrowings of subsidiaries (including those repayable within one year)	¥1,583 million

3. Accumulated depreciation of tangible fixed assets ¥440,701 million

4. Guarantee obligation

Performance warranties for system development/operation contracts

(AU$45,000 thousand)

Bank of America Corp.
(NTT DATA Victorian Ticketing System Pty Ltd) ¥ 4,147 million

5. Amount of lending by loans for consumption contained in investment securities ¥3,643 million

6. Monetary claims/liabilities against affiliated companies

Short-term monetary claims	¥38,250 million
Long-term monetary claims	¥84,389 million
Short-term monetary liabilities	¥116,635 million
Long-term monetary liabilities	¥9,779 million

7. Inventories relating to works contracts projected to make a loss have been offset by a corresponding amount (11,521 million yen) from the allowance for loss on contracts (all relating to work in process).

(Notes to the Income Statement)

1. Transaction with subsidiaries and affiliated companies

Net sales	¥52,987 million
Cost of sales	¥250,669 million
Selling, general and administrative expenses	¥30,184 million
Non-trade transactions	¥10,044 million

2. Transfer to allowance for loss on contracts included in cost of sales ¥7,156 million

3. It was found that the amount of investments in the assets commonly used by the whole of NTT DATA would be unlikely to be recovered in the future due to declined cost reduction effects. 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 from software of 1,735 million yen and loss from tools, furniture and equipment of 55 million yen.

Assets of NTT DATA 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 percent.

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

(Notes to the Statement of Shareholders' Equity)

1. Class and number of treasury stock at the current fiscal year-end

Common stock	99 shares

(Notes to Tax Effect Accounting)

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

Deferred income taxes	
Provision for retirement benefits	¥19,341 million
Accounts receivable	¥16,854 million
Depreciation in excess of limit	¥10,507 million
Long-term borrowings (Repurchase of noncurrent assets)	¥3,722 million
Adjustment to the percentage-of-completion method	¥2,918 million
Others	¥13,134 million
Deferred income taxes – subtotal	¥66,479 million
Valuation allowance	¥(7,176) million
Total deferred income taxes	¥59,302 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥(22,057) million
Fixed assets（Repurchase of noncurrent assets）	¥(17,722) million
Difference on book value of affiliates' shares by restructuring	¥(3,599) million
Reserve for reduction entry	¥(134) million
Others	¥(2,557) million
Total deferred tax liabilities	¥(46,071) million
Net deferred income taxes	¥13,231 million

Note 1: "Accounts receivable" (3,761 million yen in the previous fiscal year), which was included in "others" under the deferred income taxes in the same fiscal year was separately recorded from the current fiscal year ended March 31, 2015, due to an increase in importance of the amount.

Note 2: "Valuation difference on available-for-sale securities" ((1,411) million yen in the previous fiscal year), which was included in "others" under the deferred tax liabilities in the same fiscal year was separately recorded from the current fiscal year, due to an increase in importance of the amount.

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	35.64%
(Adjustments)	
Entertainment and other expenses that are permanently nondeductible	0.47%
Dividends income	(3.71)%
Per-capita inhabitance tax	0.13%
Tax credit by R&D tax reduction	(2.71)%
Valuation allowance increase/(decrease)	0.38%
Tax rate change due to tax revision, etc.	5.04%
Others	0.52%
Income tax and other burden rate after tax effect accounting	35.76%

3. Modification of deferred income taxes and liabilities due to changes of the income tax rate

In accordance with the "Act for Partial Amendments to the Income Tax Act, etc." (Act No.9 of 2015) that was promulgated on March 31, 2015, the statutory tax rate used for the calculation of the deferred income taxes and liabilities in the current fiscal year (however, limited to those to be eliminated on and after April 1, 2015) was changed. The statutory tax rate was changed from 35.64% for the previous fiscal year to 33.10% against those expected to be recovered or repaid between April 1, 2015 to March 31, 2016, and to 32.34% against those to be recovered or repaid on and after April 1, 2016.

As a result, the amount of deferred income taxes (the amount deducted the amount of deferred tax liabilities) was decreased 1,046 million yen. Income taxes-deferred and valuation difference on available-for-sale securities, booked in the current fiscal year, increased 3,279 million yen and 2,232 million yen, respectively.

(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 of NTT DATA CORPORATION Chairman of Japan Electronic Payment Promotion Organization	(owned) Direct 0.0%	—	—	Building rental income and other business income	28	—	—
								Payment of annual fees	2	—	—

Notes: 1. Transaction amounts do not include consumption taxes, etc..
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	NTT DATA, Inc.	(Held) Indirect 100.0 (Owned) Direct 0.0	Entering into contract of term loan	Repayment of funds	6,026 (50,000 Thousand US dollars)	Other assets, investments and other assets (long-term loans receivable from subsidiaries and affiliates)	30,067 (250,000 Thousand US dollars)
Affiliated company	EVERIS PARTICIPACIONES, S.L.U.	(Held) Indirect 100.0 (Owned) Direct 0.0	Entering into contract of term loan	Lending of funds	17,829 (129,000 thousand Euro)	Other assets, investments and other assets (long-term loans receivable from subsidiaries and affiliates)	16,822 (129,000 thousand Euro)
				Repayment of funds	17,829 (129,000 thousand Euro)	Other current assets, current assets (short-term loans receivable from subsidiaries and affiliates)	—

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	36,843	Other current assets, current assets (accounts due)	11,621
			Fund deposit, etc.	Fund deposit (Note 3)	32,143	Other current assets, current assets (deposits paid)	96,015
				Interest revenue accompanying the fund deposit	10		

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 ¥2,595.14
2. Net income per share ¥148.93

[Reference] Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	27th FY (2014/4/1–2015/3/31)	26th FY (2013/4/1–2014/3/31)
Net Sales	1,511,812	1,343,772
Cost of Sales	1,147,302	1,031,213
Gross Profit	364,509	312,559
Selling, General and Administrative Expenses	280,495	249,975
Operating Income	84,013	62,583
Non-Operating Income	6,845	10,822
Non-Operating Expenses	12,950	11,253
Ordinary Income	77,909	62,153
Extraordinary loss	3,913	7,893
Income before Income Taxes	73,995	54,259
Income taxes-current	34,992	39,746
Income taxes-deferred	5,423	(10,591)
Total Income Taxes	40,416	29,155
Income before minority interests	33,579	25,103
Minority Interests in income/(loss)	1,434	1,816
Net Income	32,144	23,287
Minority Interests in income/(loss)	1,434	1,816
Income before minority interests	33,579	25,103
Other comprehensive income		
Valuation difference on available-for-sale securities	43,989	867
Deferred gains and losses on hedges	617	(13)
Translation adjustments	27,243	32,173
Remeasurements of defined benefit plans, net of tax	334	(453)
Share of other comprehensive income of associates accounted for using equity method	311	232
Other comprehensive income	1,074	(3,298)
Total Other comprehensive income	73,571	29,508
Comprehensive income	107,151	54,612
(Break down)		
Comprehensive income attributable to owners of the parent	105,443	52,482
Comprehensive income attributable to minority interests	1,707	2,130

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

[Reference] Consolidated Statements of Cash Flow

(Unit: ¥ million)

	27th FY (2014/4/1–2015/3/31)	26th FY (2013/4/1–2014/3/31)
Cash Flows from Operating Activities		
Income before income taxes	73,995	54,259
Depreciation and amortization	146,896	138,002
Loss on retirement of non-current assets	11,670	5,678
Increase/(decrease) in net defined benefit liability	8,706	10,962
Interest expenses	5,782	5,245
Impairment loss of noncurrent assets	2,244	3,525
(Increase)/decrease in accounts receivable	(15,467)	18,840
(Increase)/decrease in inventories	(9,889)	1,690
Increase/(decrease) in accounts payable	6,359	2,269
Increase/(decrease) in advances received	(11,113)	39,942
Increase/(decrease) in accrued consumption taxes	17,143	(2,904)
Others, net	(8,270)	(1,521)
Sub Total	228,057	275,992
Interest and dividends received	2,141	1,571
Interest paid	(5,592)	(5,382)
Income taxes (paid)/reimbursed	(40,726)	(37,656)
Net cash provided by operating activities	183,880	234,524
Cash Flows from Investing Activities		
Payments for acquisition of property and equipment	(62,922)	(70,818)
Payments for acquisition of intangible assets	(82,155)	(79,851)
Payments for acquisition of securities	(3,782)	(9,181)
Payments for investments in subsidiaries resulting in change in scope of consolidation	(3,663)	(36,974)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	191	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(18)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	139	—
Net Decrease/(Increase) in time deposits, net	(1,921)	2,087
Others, net	(3,003)	5,051
Net cash used in investing activities	(157,137)	(189,687)

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

	27th FY (2014/4/1–2015/3/31)	26th FY (2013/4/1–2014/3/31)
Cash Flows from Financing Activities		
Proceeds from issuance of bonds	—	24,905
Redemption of bonds at maturity	—	(50,060)
Proceeds from long-term debt	58,595	25,303
Repayments of long-term borrowings	(2,965)	(42,000)
Increase/(decrease) in short-term borrowings, net	(17,226)	43,769
Repayment of obligation under capital leases	(1,760)	(2,507)
Cash dividends	(16,837)	(16,833)
Payments for stock acquisition from minority shareholders	(1,385)	(1,477)
Others, net	(1,122)	(443)
Net cash used in financing activities	17,296	(19,345)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(409)	4,757
Net Increase/(Decrease) in Cash and Cash Equivalents	43,630	30,250
Cash and Cash Equivalents at Beginning of Year	207,213	176,963
Cash and Cash Equivalents at End of Year	250,843	207,213

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