



Global IT Innovator
—
NTT DATA GROUP

Next Leap in Innovation

ANNUAL REPORT 2008 / Fiscal Year Ended March 31, 2008



NTT DATA CORPORATION

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Cautionary Statement Regarding Forward-Looking Statements

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

Note: With respect to the notation of fiscal years in the graphs and charts within this annual report, "08" and "2008" indicate the fiscal year ended March 31, 2008.

Shift in Focus from Quantity to Quality

Effecting Genuine Change

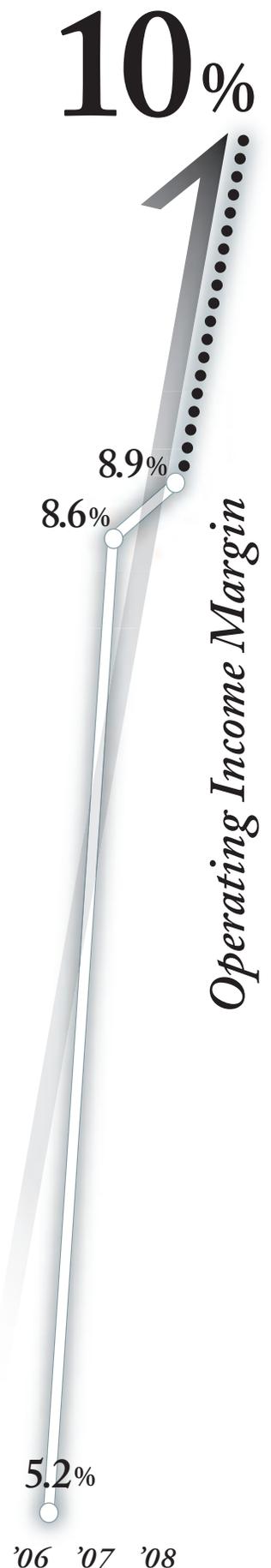
Next Leap in Innovation

When NTT DATA started 20 years ago, in 1988, we thought long and hard about how to describe the business that we were involved in. We selected “System Integrator,” a term not well known at the time, to signify the path we should follow.

After our “First Founding,” marked by the birth of the DATA Communications Bureau in Nippon Telegraph and Telephone Public Corporation in 1967, this “Second Founding” was an enormous transformation for us.

Today, the role customers ask us to play exceeds the meaning of this term and has entered a new realm.

To bring about further innovation for these customers, and for society as a whole, we are undergoing a rebirth, in this, our “Third Founding.”



NTT DATA in Miniature

>> NTT DATA's Strengths

NTT DATA is Japan's biggest system integrator, specializing in public infrastructure and other large systems.

NTT DATA is aiming to be No. 1 in customer satisfaction, bringing customers innovation through Information Technology (IT).

<h3 style="margin: 0;">Neutrality</h3> <ul style="list-style-type: none"> Build social infrastructure and shared systems for industry, leveraging our impartiality Multi-vendor technology without hardware restrictions 	<h3 style="margin: 0;">Technologies & Trust</h3> <ul style="list-style-type: none"> Proven record in ultra-large-scale systems, including national government projects Technological expertise honed by experience in system construction Outstanding financial stability compared with industry peers 	<h3 style="margin: 0;">Foresight</h3> <ul style="list-style-type: none"> Ability to create new IT-driven business models from experience in diverse industries (Expand business as an IT Partner) A vigorous R&D program
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>> Actual Examples

Social infrastructure (large-scale systems for central government agencies)

Nationwide infrastructure (*Zengin* data telecommunications system for banks)

Cross-industry infrastructure (integrated ATM network system), etc.

World's largest mission-critical client server systems
(NTT DoCoMo i-mode gateway system), etc.

Settlement networks for the payment of public utility fees, taxes and other bills (Multi-Payment Network)

Comprehensive settlement network (ANSER, CAFIS), etc.

>> Business Structure

Segment	% of Sales	Description of Business	Companies Doing Similar Types of Business	Types of Services	NTT DATA's Strengths	
System Integration	71%	Strategic Planning	<ul style="list-style-type: none"> EDS CSC Accenture IBM Global Services Unisys 	Data Communications Service	System Development Service	<ul style="list-style-type: none"> Construction capabilities of systems that form infrastructure for society and standard systems shared within industry, based on NTT Group's neutrality Experience with large-scale projects, including government projects As a main contractor, ability to manage projects with various vendors Construction capabilities of multi-vendor systems that can accommodate any hardware brand Provision of services from consulting to operation and maintenance
		Systems Planning				
		Systems Design and Installation				
		Systems Maintenance and Facility Management				
Network System Services	6%	Network Systems for Settlement	(Settlement)	Service Provider	<ul style="list-style-type: none"> Dominant position in business development in the area of network systems for payment settlement, such as ANSER and CAFIS Development of services, including ASP, security, data center, and other businesses 	
		IDC/ASP, etc.	(IDC/ASP)			• AOL
Others	23%	Consulting	<ul style="list-style-type: none"> Accenture KPMG IBM BCS 	System Consulting Service	<ul style="list-style-type: none"> System construction and system consulting capabilities based on IT strategic planning know-how 	
		Systems Maintenance and Facility Management		System Support Service	<ul style="list-style-type: none"> Operation and maintenance know-how accumulated by providing large-scale systems Over 220 support bases nationwide 	
				IT Partner Business	<ul style="list-style-type: none"> Ability to create new business models using IT Ability to forge partnerships with client companies 	

* % of Sales: As of FY ended March 2008

>> History of Innovation

FIRST FOUNDING	SECOND FOUNDING
<p>1967 DATA Communications Bureau established within Nippon Telegraph and Telephone Public Corporation</p> <p>1981 Mainframe ultra-large-scale computer DIPS-11 Model 45 developed</p> <p>1985 Nippon Telegraph and Telephone Corporation (NTT) incorporated as a private company Data Communications Bureau reorganized into Data Communications Division</p>	<p>1988 NTT DATA Communications Systems Corporation spun off into a separate company from NTT</p> <p>1990 Authorized as a System Integrator</p> <p>1992 Headquarters relocated to Toyosu, Koto-ku, Tokyo Acquired M.I.S.I. Co., Ltd. of the United States</p> <p>1993 Received the Deming Application Prize for 1993</p> <p>1995 Listed on the Second Section of the Tokyo Stock Exchange</p> <p>1996 Listed on the First Section of the Tokyo Stock Exchange</p>

>> Medium-term Management Policy (FY Ended March 31, 2008 to FY Ending March 31, 2010)

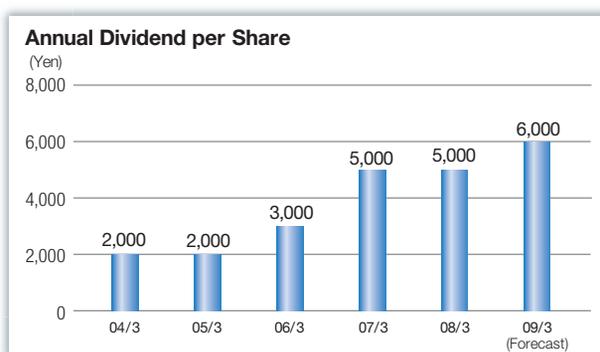
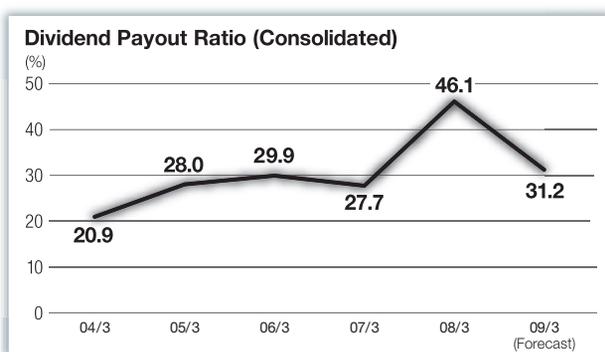
Medium-term Management Policy



Medium-term Management Goals



>> Returns to Shareholders



THIRD FOUNDING

- 1998** Changed name to NTT DATA Corporation
Obtained ISO 9001 certification
- 1999** Obtained ISO 14001 certification
- 2001** First Japanese company to obtain BS 7799 certification, an international information security standard
- 2005** The Revere Group, Ltd. became a subsidiary
- 2007** Achieved consolidated net sales of ¥1 trillion
Started of new three-year Medium-term Management Policy

- 2008** itelligence AG of Germany became a subsidiary
20th anniversary of establishment

Consolidated Financial Highlights

April 2000

U.S. branch became locally incorporated company; holding company established; provide support to global Japanese corporations

Years ended March 31	1998	1999	2000	2001
For the Year:				
Net Sales	¥676,581	¥ 710,152	¥ 725,348	¥ 801,045
Operating Income	54,197	56,833	50,738	58,778
Income (Loss) before Income Taxes	34,275	37,747	(29,177)	46,083
Net Income (Loss)	15,612	16,313	(18,114)	24,452
New Orders Received	—	—	714,882	779,418
Capital Expenditures	—	—	210,375	163,655
Depreciation and Amortization/Loss on Disposal of Property and Equipment and Intangibles	—	—	152,836	151,927
Research and Development Expenses	15,874	14,042	22,684	17,957
Free Cash Flow	—	—	(23,763)	17,702
At Year-End:				
Total Assets	900,693	1,002,805	1,071,653	1,086,437
Total Equity	205,799	369,244	363,758	388,537
Interest-Bearing Debt	502,797	431,612	451,859	430,380
Per Share:				
Net Income (Loss)	¥ 6,119	¥ 5,859	¥ (6,499)	¥ 8,680
Cash Dividends	10,000	1,000	1,000	1,000
Number of Employees	—	—	10,500	12,843
	1998	1999	2000	2001

Note: Yen amounts are translated into U.S. dollars, solely for convenience, at the prevailing exchange rate on March 31, 2008, of ¥100=U.S.\$1.

April 2002

Launched “Public Administration,” “Financial” and “Industrial” Business Unit System as a result of structural reforms

August 2002

Established NTT DATA WAVE CORPORATION, after which M&A strategy went into full swing

Results and Forecast of Consolidated Companies through M&As (¥ billion, Company)

Year ended March 31 of each fiscal year	2004	2005	2006	2007	2008
Contribution to consolidated net sales	310	390	560	780	971
Number of consolidated companies	4	4	10	12	15

July 2003

Created a stronger framework for promoting the middle-market system integration business and system maintenance and operation business as a result of structural reforms

June 2005

Introduced an Executive Officer System, scaling back the number of directors to no more than 10

November 2005

The Revere Group, Ltd., a U.S.-based system integration firm, became a consolidated subsidiary

Overseas Sales

(¥ billion)

Year ended March 31 of each fiscal year	2005	2006	2007	2008
Net Sales	55	95	156	183

		Millions of yen					Thousands of U.S. dollars	
	2002	2003	2004	2005	2006	2007	2008	2008
	¥ 801,967	¥ 832,109	¥ 846,706	¥ 854,154	¥ 907,281	¥1,044,918	¥1,074,405	\$10,744,050
	59,446	61,544	59,725	39,288	46,867	90,250	95,912	959,120
	47,163	50,933	44,441	32,144	42,016	85,769	51,493	514,930
	26,410	28,562	26,956	20,110	28,191	50,637	30,455	304,550
	845,400	843,571	750,796	658,161	723,674	967,901	1,012,278	10,122,780
	170,577	171,017	148,923	110,821	112,146	139,565	176,826	1,768,260
	153,115	158,523	165,281	161,942	153,303	144,267	150,375	1,503,750
	19,074	18,224	15,350	16,542	17,307	11,307	10,749	107,490
	(1,776)	67,180	44,044	60,712	53,116	83,305	39,653	396,530
	1,113,777	1,118,401	1,065,549	1,038,571	1,056,337	1,087,347	1,193,827	11,938,270
	412,966	435,715	458,846	473,982	495,703	534,917	548,134	5,481,340
	426,819	370,703	317,013	295,341	271,928	246,330	241,204	2,412,040
	¥ 9,382	¥ 10,152	¥ 9,578	¥ 7,139	¥ 10,024	¥ 18,053	¥ 10,857	\$ 108.57
	1,000	2,000	2,000	2,000	3,000	5,000	5,000	50.00
	14,651	15,971	17,389	18,720	21,308	22,608	23,080	—
	2002	2003	2004	2005	2006	2007	2008	2008

May 2004

Announced Mid-term Management Plan (from FY05 to FY07)

Medium-term Management Plan Target (¥ billion)

Fiscal 2007	Target
Consolidated New Orders Received	900
Consolidated Net Sales	1,000
Consolidated Operating Income	75
ROE	8%
Free Cash Flow	10

May 2007

Announced Medium-term Management Policy (from FY08 to FY10)



President and
Chief Executive Officer

Toru Yamashita

Effecting Genuine Change

Quest for Quality

NTT DATA has been shifting its focus from quantity to quality to become a “Leading-edge Innovator” that ranks the highest in customer satisfaction. In my first year at the helm, I concentrated on achieving our Medium-term Management Goals of “Maintaining upward trends in sales and profit” and an “Aim for an operating income margin of 10% in fiscal 2010,” by relating the direction of future change at NTT DATA to the old Japanese parable of the lesson of the “Three Arrows” (where one arrow may easily be broken but not three bundled together) and also “Five Innovative Changes.” I then spread the word and imbued these key management concepts among all of our employees, and they now clearly see the need for change and the direction in which we are moving as a group. The foundations for change have been laid.

In fiscal 2008, the fiscal year ended March 31, 2008, consolidated net sales rose 2.8% to ¥1,074.4 billion, while operating income increased 6.3% to ¥95.9 billion for an operating income margin of 8.9%, a 0.3 percentage point improvement over the previous fiscal year. Net income totaled ¥30.4 billion, a decline of 39.9% on account of extraordinary losses due to an initiative to revise our personnel transfer program for sending employees to NTT DATA Group (the “Group”) companies. Nevertheless, management maintained an annual dividend of ¥5,000 per share for fiscal 2008.

NTT DATA celebrated its 20th anniversary in 2008. Our roots can be traced back more than 40 years to the dawning of the IT era in 1967, when the DATA Communications Bureau was formed within Nippon Telegraph Telephone Public Corporation. This was our “First Founding,” to be followed by a “Second Founding” in 1988 when we were spun off from NTT into an independent systems integrator, NTT DATA Corporation. NTT DATA has never posted a loss since becoming independent in 1988, and net sales have grown from less than ¥300 billion to more than ¥1 trillion today. We could not have accomplished this remarkable growth without the unwavering support of our customers and shareholders, and for that we are sincerely grateful.

With change in its “genes” after pulling off these two previous transformations, NTT DATA is heading toward its “Third Founding.” I hope our stakeholders are as excited as we are about the substantial opportunities awaiting us as we undertake these endeavors.

July 2008

A handwritten signature in black ink that reads "Toru Yamashita". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.

What changes are in store for NTT DATA?

Q1

Frankly, how do you feel your first year went as president?

A During the past year, we worked to create a mechanism that spurs change by impressing upon our employees the need for change and the direction we need to follow in order to become a “Leading-edge Innovator.”

Generally speaking, it is difficult for change to seep through-out an organization with just words from the president. Moreover, NTT DATA’s business cycle varies in that it develops systems after an order is received and projects finish on delivery of the systems. Many projects take more than two years to complete. These factors tend to insulate our employees from feeling a sense of urgency when the business environment changes dramatically.

At every opportunity, I have communicated the need for change to our employees over the past year. To be a “Leading-edge Innovator” on the global stage, we must transform our operations from a cost-intensive and labor-intensive business, centered on systems integration, into a value-added/knowledge-intensive business that provides services and expertise to customers through IT. Our “Three Arrows” and “Five Innovative Changes” are the management initiatives that will drive this transformation. I believe that this message of change has permeated the organization beyond expectation and laid the foundation for effecting change.

“Three Arrows”



“Five Innovative Changes”

Making Change Happen

Innovative Change #1: A Thoroughly Customer-Oriented Business

From “Expected Quality” to “Inspired Quality”

- ◆ Marketing that proposes ideas for change to customers
- ◆ Development structure that delivers high-quality systems quickly

Innovative Change #2: Total Optimization

Changing scale into strength

- ◆ Reinforce in-group cooperation
- ◆ Standardize development methodologies
- ◆ Introduce centralized purchasing
- ◆ Evaluate contributions to the team and Company as a whole

Innovative Change #3: Promote Visualization

Improve transparency from the customers’ perspective
Improve organizational learning capacity
Improve productivity

Innovative Change #4: Advance Globalization

Support customers’ management from the global viewpoint
Utilize world’s best practices and expertise
Proactively engage the best resources around the world

Innovative Change #5: Work-style Innovation

Switch from labor-intensive industry to knowledge-intensive industry
Aim for No. 1 in employee satisfaction in the industry as well as No. 1 in customer satisfaction

Q2

What specifically are the “Three Arrows”?

The “Three Arrows” is a management concept for expanding the scope of NTT DATA’s businesses, from its core competence in systems integration into services and software to meet diversifying customer needs. NTT DATA aims to help its customers’ change via the “Three Arrows.”

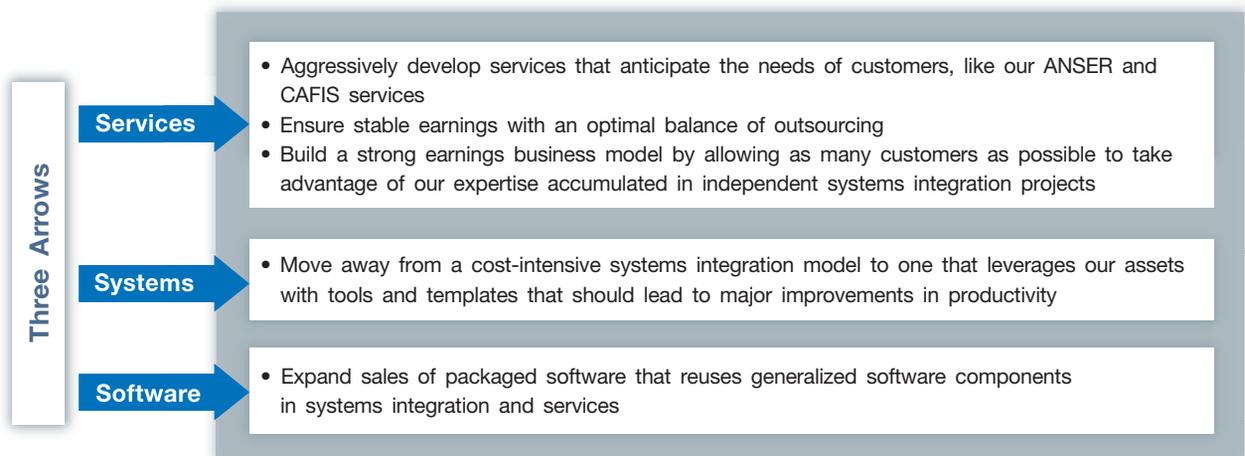
The first “Arrow” is services, where traditionally a number of customers share access to our own information systems, such as the ANSER and CAFIS services. In the future, NTT DATA aims to deploy prepared service solutions that anticipate customer needs, as well as providing shared access to systems that have traditionally been installed for each customer. The services business, which includes consulting, currently represents about 20% of net sales, and we aim to expand this ratio to around 30% in five or six years.

The next “Arrow” is systems integration, which entails developing systems tailored to a customer’s business specifications and needs. We are moving away from a cost-intensive business model

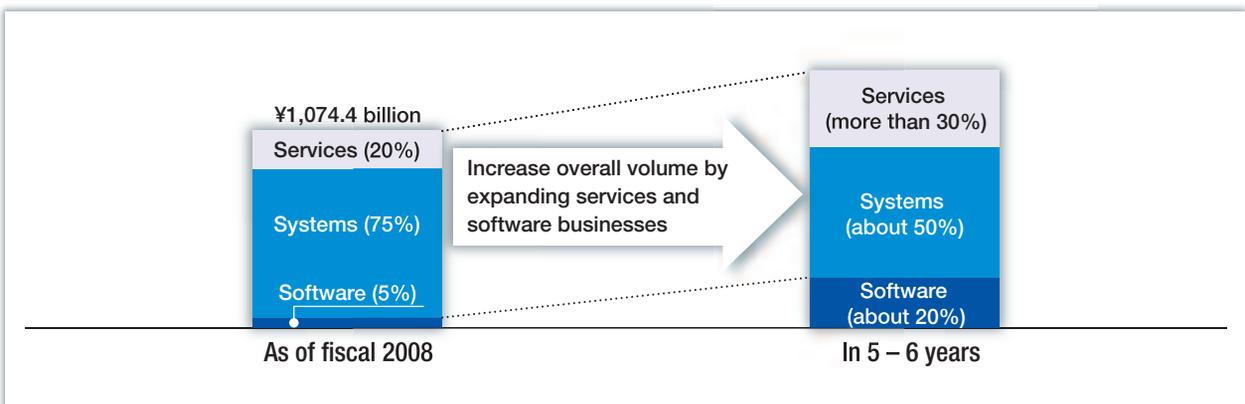
by turning our extensive development know-how and other valuable assets into tools and templates that should dramatically improve productivity.

In software, the final “Arrow,” we are redeploying as components the general-purpose programs we have written over the years as a systems integrator. As seen in our banking application BeSTA, for example, we are working to expand sales of packaged software that incorporates our know-how of sophisticated business processes. NTT DATA INTRAMART CORPORATION, which was listed on the Mothers market of the Tokyo Stock Exchange in 2007, is a leading example of the success of our software strategy, as well as the packaged risk management software we have created for the financial sector. However, software still only accounts for about 5% of consolidated net sales. Through these and other initiatives, we aim to increase this ratio of software sales, including embedded software and open source software (OSS), to approximately 20% in five to six years.

“Three Arrows”



Net Sales



Q3

Aren't you concerned that employees will be unable to work toward specific goals since the current Medium-term Management Goals do not have a net sales target?

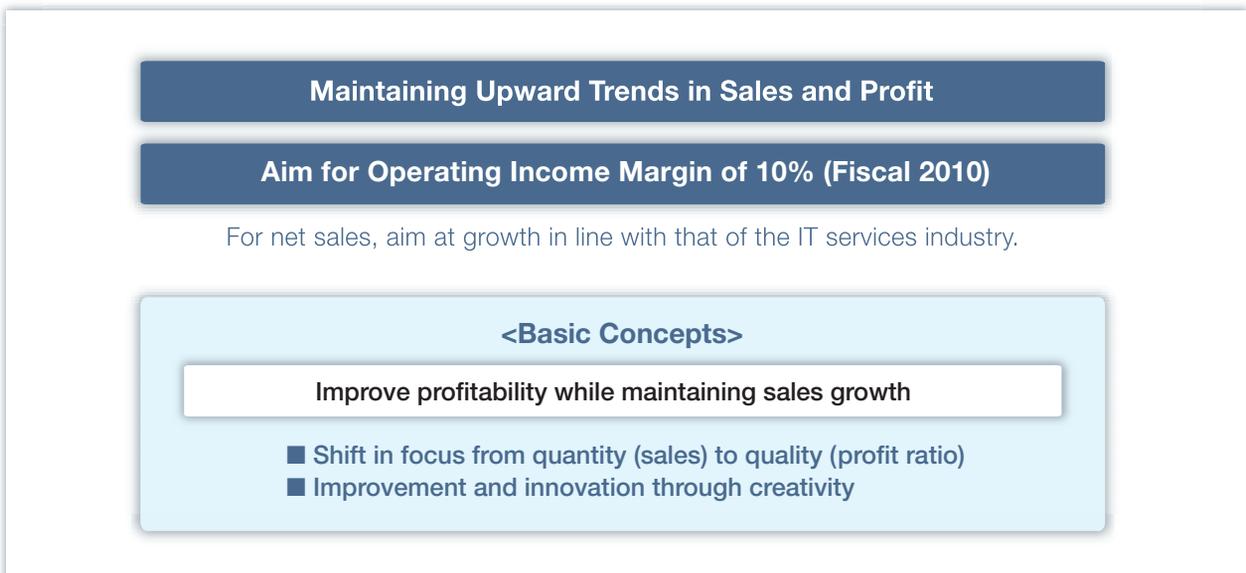
Indeed, our previous Medium-term Management Plan had the clear growth target of achieving ¥1 trillion in net sales. In contrast, we now aim to improve the quality of our business performance. Since our systems integration business has been labor and cost intensive, an increase in work volume (sales) does not necessarily translate directly into profit growth unless there are improvements in productivity. This limitation on growth is largely due to the cost-intensive nature of the systems integration business model, where a project's costs are defined by a unit labor cost and the

number of employees and thus work hours that are required to complete a project. We are focusing intently on this business model, and there is no way around this limitation other than changing the model. We deliberately removed sales targets from the current Medium-term Management Goals in order to clarify this stance and enhance employee awareness of our efforts to shift from quantity (sales) to quality (profit ratio) and reassess how work is done—in other words, to pose the question “how do we generate more value and provide it to customers.”

Medium-term Management Policy



Medium-term Management Goals



What approach is necessary to enact change?

Q4

What is your style of leadership in instituting change?

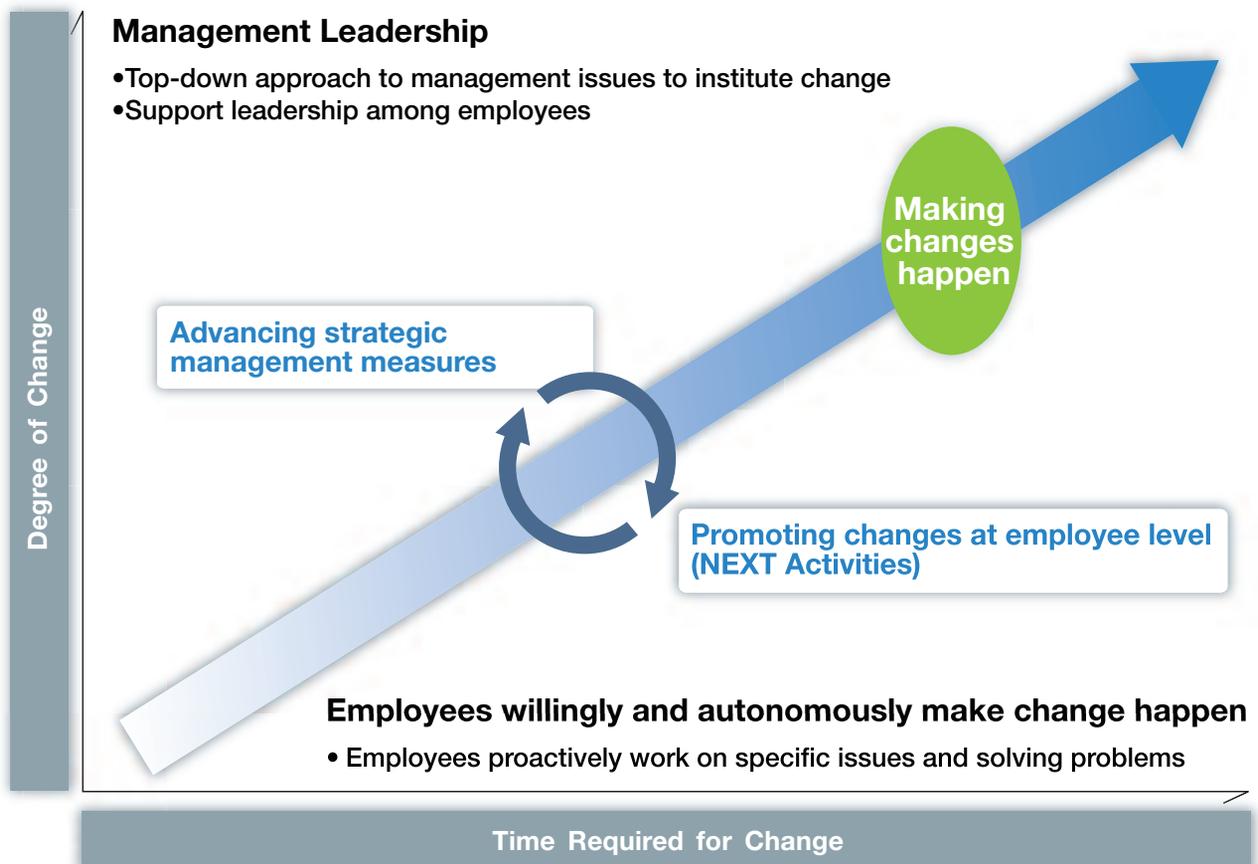


A

Ever since I was the Senior Executive Manager at the Corporate Strategy Planning Headquarters, a balanced combination of top-down and bottom-up styles of management have struck me as necessary.

I cannot overstate how important our employees are. Productivity is affected by how proactive employees are when participating in a project, causing different outcomes. For this reason, I believe a bottom-up approach to management is essential for encouraging employees to take action on their own initiative. We have promoted “NEXT Activities” as our bottom-up approach to encouraging employees to willingly and autonomously embrace change. Meanwhile, we have also taken a top-down approach to change that would affect our corporate culture, such as through basic management policies.

Collaboration Between Management and Employees to Create Change



Source: Page 151 of *Managing Corporate Change*, written by Kazuo Ichijo and NTT DATA

Q5

What was the catalyst that sparked this change in business models?

A What are NTT DATA's strengths? Asked this question, without a doubt, most of our employees would answer "our ability to create large-scale systems." However, in our customer satisfaction survey conducted in 2007, we learned that many of our customers' expectations extend beyond this ability.

A little more than one-half of our customers responded that they view NTT DATA as a Business Partner or an IT Partner that helps them innovate their operations or transform their business models. On the other hand, only 23% of our customers said that

they viewed us as a system integrator. The level of satisfaction felt by customers that see us as a Business or IT Partner was higher than those customers who view us as a system integrator or system vendor. For the past two decades, we have proudly thought of ourselves as a system integrator that excels at building large-scale systems, so the feedback from this survey was really a surprise.

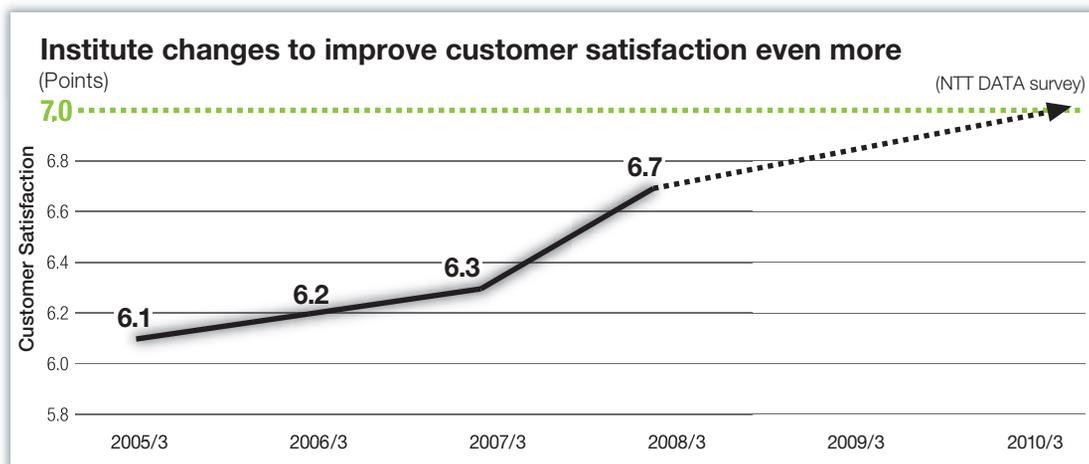
In order to meet our customers' expectations as their Partner, we must institute our own changes that include our business model. The centerpiece of these changes is the "Three Arrows" that I described earlier.

NTT DATA as Seen by the Customer

Slightly over half of our customers view NTT DATA as a "Partner"		
Business Partner	A partner that supports customer innovation and works with customers to achieve new businesses and services	22%
IT Partner	A partner that works with customers to uncover new problems and solves them with IT	29%
System Integrator	Provides optimal systems and services to solve problems uncovered by customers (a business associate that you can immediately consult with)	23%
System Vendor	Provides hardware and software to address customer system and service needs (a business associate that you can call on just as you do with other vendors)	17%

Note: The remaining 9% either had no reply or had multiple selections.

Trend in Customer Satisfaction



Note: Very satisfied = 10, normal satisfaction = 5, dissatisfaction = 0

Remaining issues and future outlook

Q6

How much progress do you think NTT DATA has made toward becoming a “Global IT Innovator”?

A “Global IT Innovator” originated in 2005 as a corporate vision for where NTT DATA should be in ten years. Right now I think we are between the second stage and the third stage (out of ten stages). In terms of globalization, as of March 31, 2008, NTT DATA has more than doubled its number of global locations, to 57 cities in 21 countries, from a year ago. We expect overseas net sales to reach ¥60 billion

in fiscal 2009, which is 10 times higher than what we envisioned in 2005. While this robust pace of growth shows how far we have come, we think we have just set out on the path toward becoming a truly Global IT Innovator. Our customers’ globalization has been accelerating, and NTT DATA must increase the pace of its own globalization, so we continue to consider M&A with overseas systems integrators with expertise in certain fields.

Q7

In vying with other IT service vendors around the world, NTT DATA must have first-class profit margins and reinvest earnings. Currently, the cost of sales ratio does not look to be improving rapidly. What can you say on this point?

A In fiscal 2008, the cost of sales ratio worsened as a result of recording allowance for contract losses on orders received and other factors. If unprofitable projects had not emerged, I think we would have seen a considerable year-on-year improvement in the operating income margin, so we regret that. Unprofitable projects often have potential problems arise at the very early stage when the order was received. We will therefore work to prevent future occurrences of unprofitable projects through better quotation techniques, stricter risk management of processes prior to taking on orders, and more careful management of projects as they progress.

Aiming to lower the cost-to-sales ratio, we are looking into off-shore development and aim to switch from a framework that optimizes costs for individual projects and business divisions to one that emphasizes total optimization to leverage economies of scale. More specifically, we are unifying all of our development methodologies and platforms, introducing company-wide project management tools, utilizing strategic group purchasing, and pooling development resources. From the medium- and long-term perspectives, we are researching measures that will enable dramatic improvements, such as the automatic generation of software code and the automation of testing.

Details of Medium-term Management Targets

	Fiscal 2007 Results		Fiscal 2010 Targets	Specific Measures
Cost to Sales Ratio	75.3%	-0.3P ➔	75.0%	Enhance productivity by aiming to standardize work processes, such as unifying systems development methodologies and platforms
SG&A Expense Ratio	16.1%	-1.1P ➔	15.0%	Reduce overhead costs for the Group by concentrating on-site support functions at Group companies and by reviewing business processes
Operating Income Margin	8.6%	+1.4P ➔	10.0%	

Q8

Are there any changes with regard to work-styles?

A Our “Work-style Innovation” initiative calls for a switch from labor-intensive styles of working to knowledge-intensive work-styles. We are transforming our operations, which are cost intensive based on the number of work hours, into value-added businesses that center on the value of knowledge, kind of services provided to customers and levels of quality. Customers value the benefits of the systems

and services we provide over the costs, and they appreciate the high level of expertise and skills of our employees, rather than the long work hours, and this increases the motivation of our employees. For NTT DATA, improving corporate value goes hand-in-hand with switching from labor-intensive to knowledge-intensive work-styles.

Q9

How will NTT DATA reinvent itself along with its “Third Founding”?

A Becoming the best IT service vendor in the world requires us to draw up our own methodologies and share knowledge and skills globally. We will develop our operations globally as the “NTT DATA WAY.”

Rather than being an entirely new concept, the “NTT DATA WAY” is derived from the “Employee Creed” and “Group Vision” that have persisted since our founding, as well as the “Group Action Guidelines” that describe standards for decision-making and the code of conduct for employees. The “NTT DATA WAY” reflects the essence of five elements from these fundamental guides, as explained below.

1. “Do your best for the customer,” our customer-first policy

All companies expound on the fact that the customer always comes first, but our perception of “customer first” extends as far as our customers’ customers, the final consumer, in order to realize a more abundant and pleasant society.

2. Emphasize quality

NTT DATA’s systems are often referred to as social infrastructure that, if interrupted, would have a significant impact on society and economic activity. Our attitude of accepting no compromises on system quality is a tradition that has carried on since our founding.

3. Unified Group management that values autonomy and independence

NTT DATA has strong themes of autonomy and independence in management as professionals carry out their work in highly professional mindsets and with cutting-edge technology. At the Group level, individual Group companies cooperate by bringing together their highly developed specialized products and services to provide the finest services and systems to our customers.

4. Teamwork

Teamwork at NTT DATA extends beyond projects and organizations to cross-sectional collaborative relationships. We have been introducing innovative programs that encourage teamwork contributions, such as “THANK YOU POINTS,” and collaboration across organizations.

5. Human resource development

Our most important social mission is to foster employee development. We assist our employees in reaching their full potential through education and training programs, as well as daily on-the-job training. Rather than simply training a professional, we aim to nurture our employees as people that are exemplary members of society through respect for individuals, human rights and social responsibility.

Q10

What are your thoughts on shareholder returns?

A We aim for a consolidated dividend payout ratio of about 30%, while taking into consideration consolidated earnings trends and our overall financial

health. We plan to keep a stable dividend payment but also take care to ensure that sufficient earnings are retained for long-term business development.



Source of Growth: 01

Globally Standardized Platforms, Seeking the “NTT DATA WAY”

To sharpen our competitive edge, we are promoting innovation in the development process. Instead of our traditional approach of individual (team) optimization, we are pursuing total optimization by standardizing development processes and management methods.

We also will carry out “visualization” from both the customer and NTT DATA viewpoints and increase customer satisfaction and employees’ sense of achievement.

Senior Executive Vice President and Representative Director
Senior Executive Manager, SI Competency Headquarters
CIO, in charge of Information Strategy
CISO, in charge of Security Strategies, In charge of Systems Quality Assurance

Akinobu Shigeki

Innovation:

Undertaking Development Process Innovation to Strengthen Competitiveness

NTT DATA possesses a depth of human resources, experience and know-how accumulated over a 40-year span, including from the time it was part of NTT, as well as highly proficient system development and management skills acquired at that time. In large-scale development and multi-vendor compatibility, system integrators—our competitors—have been struggling to survive and are catching up. However, today, with the construction of complex structures combining multiple systems, there are times when mastery of system technology alone is not enough, and accumulated knowledge of society as a whole—in addition to technology—is called for. Development process innovation represents a critical leap forward in NTT DATA’s competitive strengths from this standpoint. In the area of development process standardization—one of the Company’s initiatives—in fiscal 2008, NTT DATA consolidated the individual optimization processes, which formerly had been pursued by each team, into a standardized process for the Company as a whole. Having completed the standardization of the development processes, in fiscal 2009, we will further broaden the scope and also take steps to standardize the service provisioning process, which will grow in value in the coming years.

Another initiative is the development of PM Workbench, a tool for managing organization and project process quality, costs, progress and risk in cooperation with other in-house departments. In April 2008, PM Workbench 4.0 was released, and after six months of trial operation by the pilot team, based on their analysis and review, PM Workbench will see application throughout the Company in fiscal 2009.

The fruits of these innovations have benefited our customers as shorter R&D lead times and higher quality, and they have also produced cost-reduction merits for NTT DATA. Because development process innovation makes it easier to deal with offshore development, we expect those cost benefits to appear from fiscal 2009 and after.



- Will become second nature if used:
- Administrative measures and essential processes implemented
 - Accumulate/gather frontline data with no reporting
 - Role-based project status and performance are directly observed, improvements planned and a framework actualized

Performance:

In a Spirit of Challenge, Maintaining Development Efficiency and Lowering Risks

Reflecting upon 2008, we see that NTT DATA recorded an allowance for contract losses on orders received. Based on past examples, unprofitable projects are likely to occur when they involve industries in which we have little knowledge and technological expertise and in businesses in which we have no experience. However, because we have no needless fear of failure in future plans for expansion, it is essential that we take action after fully realizing the potential for failure. If we perceive signs of failure, we can counteract it beforehand, and even if it occurs, we can minimize losses. Therefore, we heightened our monitoring level for extremely new projects. Even for the percentage of completion method, which is to be applied in April 2009, we will promote the “visualization” of development processes and continue to take positive action.

Challenge:

To Innovate at a Higher Level in the Remaining Period of the Medium-term Management Plan

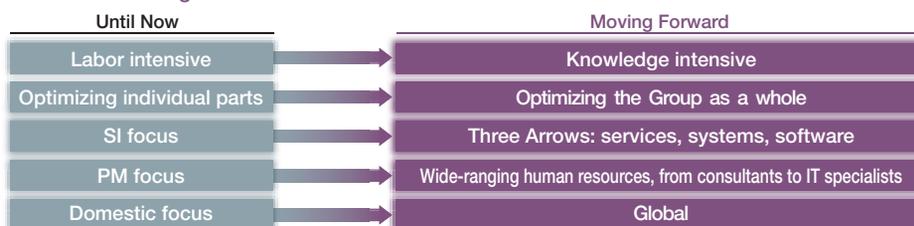
The Group management perspective is essential in considering the future development system. This is because, with remarkable growth in recent years, Group companies now have twice as many employees as NTT DATA. One method for pursuing synergies under these circumstances is to spread development process standardization and optimization to each Group company. Already, we have instituted and enacted a standardized “GPS (NTT DATA Group policy for security)” for information security.

Also of importance, in my view, and as in the “NTT DATA WAY” is that the approach of providing a system of best practices from not only a domestic, but also a global perspective, fosters a sense of belonging.

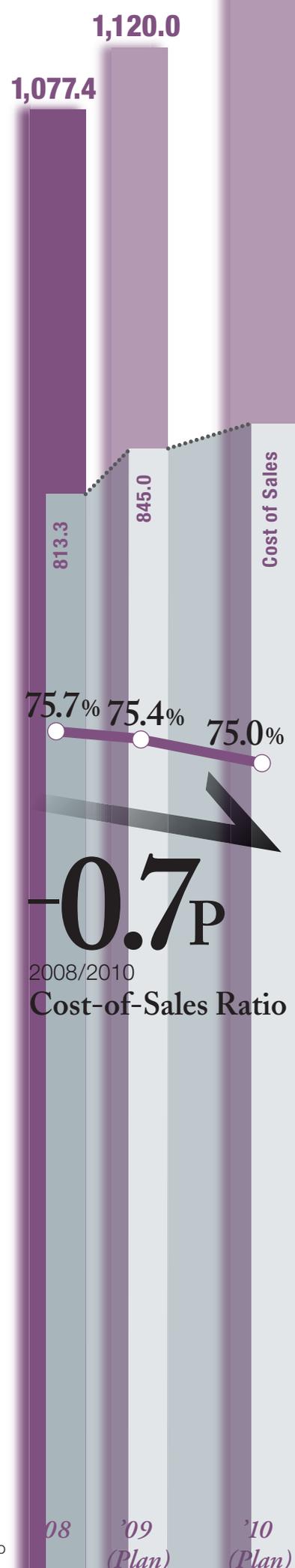
Moreover, with changing customer system requirements will come a change in the type of human resources that are needed. Customers do not want to possess their own systems. They want only the benefits of using systems. Therefore, in terms of human resources, there will be a continuing need for people who are capable of solving the problem “How will computers benefit society?” In other words, there will be a need for someone who not only understands systems, but who also has insights into society.

I firmly believe that developing human resources of this nature will contribute to customer satisfaction.

NTT DATA Paradigm Shift



(%, ¥ billion)
 ■ Net Sales
 ■ Cost of Sales
 ○ Cost-of-Sales Ratio

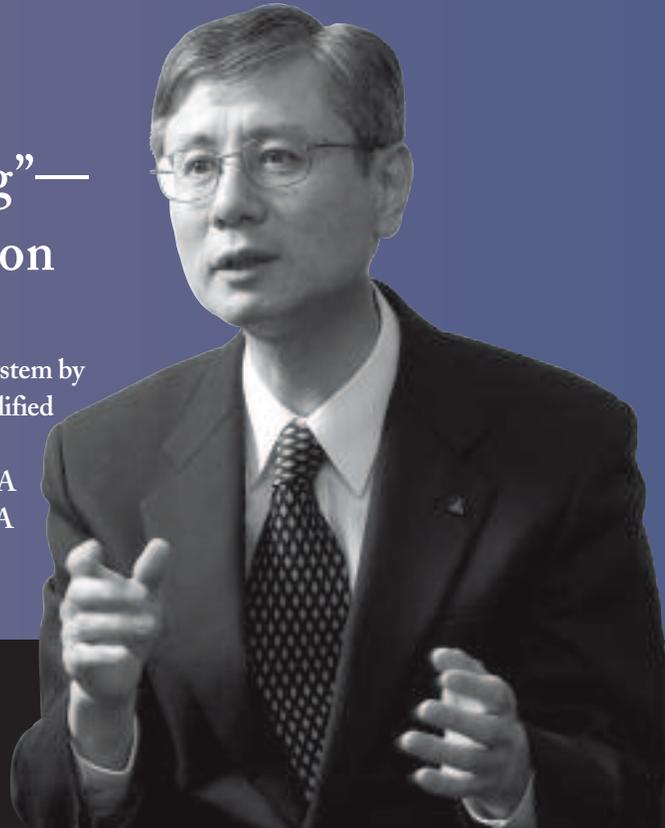


Source of Growth: 02

Beginning our “Third Founding”— Actively Promoting Globalization

In response to the vigorous international expansion of Japanese corporations, NTT DATA is constructing a seamless support system by deploying its management resources so that it puts the most qualified resources in positions that are most suited to them.

Providing global best practices and new insights, NTT DATA aims to become a Global IT Innovator and build an NTT DATA brand that is recognized worldwide.



Senior Executive Vice President and Representative Director
Corporate Strategy, Human Resources, Global Business,
Chief Sales and Marketing Officer
Takashi Enomoto

Innovation:

Globalization- NTT DATA's Greatest Challenge

The one issue that most clearly demonstrates the challenge facing NTT DATA is the 1.5% figure representing our overseas sales ratio.

In the previous Medium-term Management Plan that ended in March 2007, we improved our earnings structure, which had been largely dependent on the Public Administration and Financial sectors. As a result of a concerted effort to develop the Industrial sector—the largest market for us in Japan—we achieved a balanced earnings structure in fiscal 2007, with earnings in the Public Administration, Financial and Industrial sectors being essentially equal. At that time, we were filled with a sense of crisis. That is, if we were to expand business further in the Industrial sector, then it would be essential to have a system that effectively addresses the ongoing globalization of our customers. If we did not overcome this issue, then NTT DATA would have an extremely limited future. Conversely, if we were to seriously respond to overseas needs and gain know-how and insight, this would definitely be useful in the development of corporate sales in Japan.

Overseas Network (As of March 31, 2008)



Region	European region	Asian region	North American region
Main reasons for obtaining resources	<ul style="list-style-type: none"> Support Japanese multinationals Support local firms 	<ul style="list-style-type: none"> Support Japanese multinationals Offshore development bases 	<ul style="list-style-type: none"> Support Japanese multinationals Support local firms
Bases	29 cities	11 cities	17 cities
Employees	994	928	707

		European region	Asian region	North American region
Main reasons for obtaining resources	Organic growth	○	◎	○
	M&A	◎	○	◎

Based on this, we formulated the current Medium-term Management Plan, which strongly spells out our "Global" ambitions. Our acquisition of the Revere Group, Ltd. of the United States in October 2005 marked the starting point of the plan.

Holding the Revere Group management team's business strategy in high regard, NTT DATA provided the company with a customer base and financial backing, and, as a result, the Revere Group achieved a major turnaround in performance. In August 2007, Tryarc L.L.C was acquired. It is a California-based company, and its operations have been expanded further through integration with the Revere Group. The subsequent acquisition of German-based itelligence AG in January 2008 marked NTT DATA's first attempt at a takeover, and it was a resounding success. With NTT Communications holding 10% of itelligence AG's shares, not only NTT DATA, but NTT Group companies are partnering and clearly demonstrating a positive approach to global business growth. From that point of view, the itelligence AG acquisition is extremely important to NTT DATA's future international business expansion.

Performance:

Actively Expanding Geographical Coverage

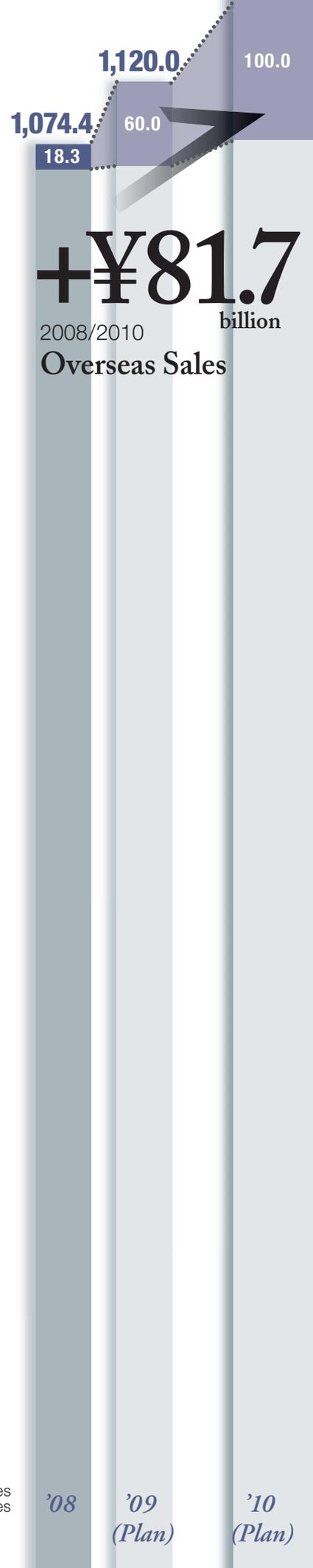
As of March 31, 2008, NTT DATA's global base network comprised 2,600 employees in 21 countries and 57 cities, representing a 200% increase in countries, a more than 200% increase in operational bases and a 300% increase in employees compared with the year before. However, the personnel system at each base of operation is still inadequate to enable a meticulous response to customer demands. Therefore, we will expand future geographical coverage and focus our efforts on the qualitative and quantitative improvement of overseas resources.

Challenge:

Seeking the "NTT DATA WAY"

In promoting NTT DATA's overseas expansion, we will emphasize our solution capabilities centered on SAP to Japanese multinational customers by leveraging our bases of operation in Japan, the United States and Europe. NTT DATA will work steadily toward achieving its target of ¥100.0 billion in overseas sales in the fiscal year ending March 31, 2010 by creating Group synergies between M.I.S.I. Co., Ltd., its expanding U.S. IT staffing company, the Revere Group, with strengths in Oracle and Microsoft ERP software, and itelligence AG, a certified SAP global partner from Germany.

Another important implication of pursuing globalization is the stimulating effect it has on our traditional style of business innovation. NTT DATA's objective in promoting globalization is not merely to seek out overseas sales and profit sources, but to create synergies that only NTT DATA, which competes globally, can achieve, and to construct a mechanism for sharing those benefits. Once achieved, we can then offer global best practices to our customers. NTT DATA believes that it can enhance its competitive position by developing a system that globally distributes its software assets, along with the know-how it has developed through project management technology, development methods, standardized system platforms and system development capabilities. Holding these lofty goals, and creating its "NTT DATA WAY" by collaborating with overseas Group companies, the Company seeks to evolve into a business enterprise that is a true "Global IT Innovator" competing in global markets.



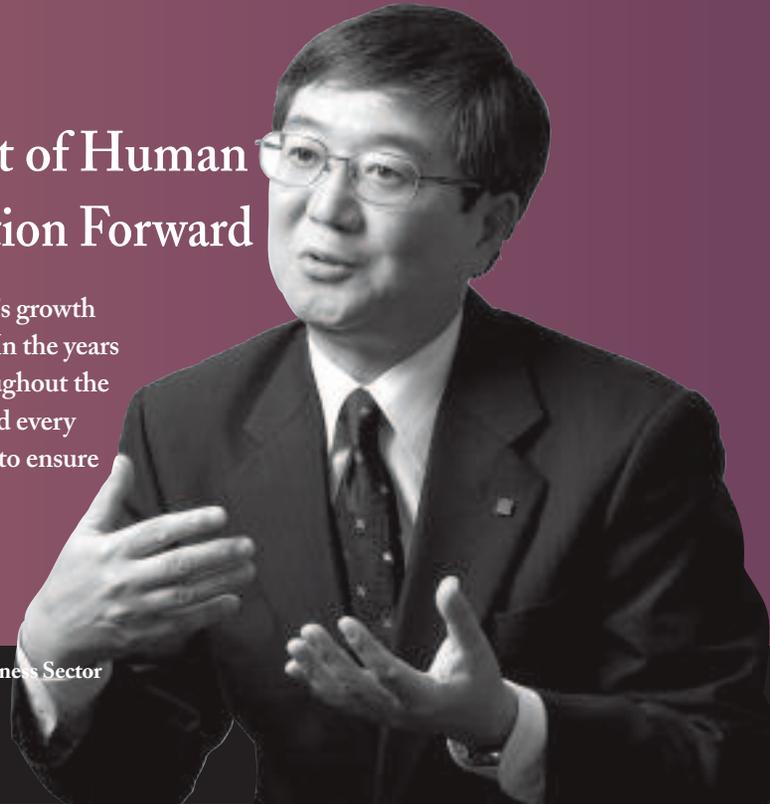
Source of Growth: 03

Accelerate the Development of Human Resources that Drive Innovation Forward

Our human resource system, which links NTT DATA's growth with employee growth, is achieving significant results. In the years ahead, we will entrench the "NTT DATA WAY" throughout the Group, fully bring out the skills and abilities of each and every employee, and continuously improve these capabilities to ensure that they are properly valued.

Senior Vice President, Senior Executive Manager, Financial Business Sector
(formerly Senior Vice President, Senior Executive Manager,
Group Strategy Headquarters and Personnel Department)

Eiji Yamada



Innovation:

Unique Certification and Development System Launched

At NTT DATA, training is conducted based on "Professional CDP (Career Development Program)." This is a certification system that defines 10 types of career-oriented individuals that the NTT DATA Group is seeking to develop, classified by four levels, from associates to principals, and qualifies each employee's ability (knowledge/experience/skill) from past performance, interviews and other factors. This certification system was introduced in July 2003. Based on the realization that our existing definition of human resources had been inadequate in the area of task performance, we decided to start over, from the beginning. Initially, we began with an in-house certification system for project managers (PMs), and, while basing it on the "IT Skill Standard" announced by the Ministry of Economy, Trade and Industry in December 2003, we added our own perspective and developed a framework for a human resource strategy the following year. After that, while we expanded the types of human resources, the system more or less reached its current state in 2006. In the beginning, we suffered through trials and errors, but we came to realize that in the intervening two years, our understanding of this system for certifying NTT DATA Group employees from the same perspective had rapidly deepened.

In "Professional CDP," because we primarily certify a person's operational capability and not simply their knowledge level, we are proud of the fact that our certification carries more weight than an official certification test. Accordingly, we assume, even at the entry level of associate, that an engineer is capable of playing an active frontline role. From 2006, we introduced "CDP Basic," which establishes an employee development system for those who have been in the Company for up to five years. What we stress in particular here is the concept of "employees with an understanding of manufacturing capabilities." We are excited about rapidly developing employees who are pragmatic and have a real hands-on knowledge of system development, and then putting them through programs, irrespective of whether they are engineering or sales people.

In 2008, NTT DATA hired 670 new college graduates. However, looking over the Group, we find companies that have been affected by the decreasing number of job candidates in the IT industry. Therefore I think that we need to more extensively sell what is uniquely special about the NTT DATA Group.

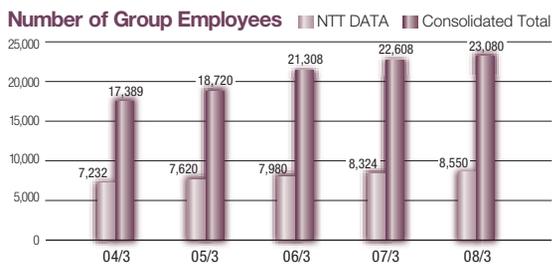
Our policy moving forward is to consistently hire approximately 500–600 employees each year (on a non-consolidated basis), irrespective of business conditions. In parallel, we are hiring 150–200 mid-career candidates each year as well.

Performance:

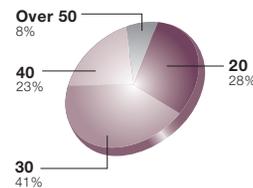
Rapidly Changing Employee Composition

As of March 31, 2008, the number of employees at the NTT Data Group stood at 23,080 on a consolidated basis, and 8,550 on a non-consolidated basis. In recent years, the ratio of Group company employees has rapidly increased. With the majority of employees at the parent firm being baby boomers and young adults, the small number of employees in the 45-year-and-up age bracket became an issue in terms of employee composition. However, as baby boomer employees reach retirement age, the average employee age has dropped to 36, and young adults now make up the majority of the workforce. The ratio of employees by job type roughly breaks down as follows: engineering 70%; sales 20%; and administration 10%.

A recent trend that we see is a drastic increase in the number of female employees in the NTT DATA parent firm, who now occupy nearly 30% of new college recruits. Based on the recognition that a workplace that is friendly to female workers is a workplace that is friendly to all workers, we set up the "Diversity Promotion Office" within the personnel department and are taking steps to promote diversity.



Breakdown of Employees by Age
(As of March 31, 2008)



Challenge:

Employees that Facilitate Business Breakthroughs

Employee composition by sector is equally divided among the Public Administration, Financial and Industrial sectors.

Because of its extensive experience in constructing many large-scale systems, NTT DATA's work environment is very supportive of project manager growth. However, moving forward, as we expand business and fortify our sales staff to expand the service business, an area that we are now refocusing on, it is vital that we increase the number of business consultants and development-related business specialists. We must also increase the number of engineering specialists who create the frameworks for entire systems.

Since there is an increasing customer need for quality personnel, the development of professional human resources is, needless to say, an urgent task. To facilitate business breakthroughs, we are increasing the number of employees with professional CDP certification to 4,000–5,000.

In the years ahead, there is no doubt that the number of Group companies, including those overseas, will continue to grow. Therefore, we must establish our corporate culture—the "NTT DATA WAY"—and focus on developing employees who are capable of facilitating business breakthroughs.

Professional CDP Employee Types

Employee types	Functions sought
Project Manager	Employees who can smoothly manage projects as system development project managers
IT Architect	Employees who can lead the technical side of projects
IT Specialist	Employees who can, based on the architecture, design, implement and troubleshoot in order to achieve the desired functionality and performance
Application Specialist	Employees who possess customer-related business know-how needed for systemization and who demonstrate an ability to add high value through effective and efficient application development
Business Consultant	Employees who can reconstruct business processes to optimize the customers' business, propose solutions and solve customer business problems using information technology
IT Service Manager	Employees who, responsible for operation maintenance management, can smoothly manage operation maintenance work and design and propose services and obtain consensus and compliance for those services
Customer Sales	Employees who can increase our customer share and expand business by building close relationships with specific customers and devising strategies for optimized solutions that match those customers' needs
Product Sales	Employees who can put together optimized solutions for markets and customers and increase the value of solutions for markets and customers
Business Developer	Employees who can develop and commercialize new business while collaborating with internal stakeholders
R&D Specialist	Employees who can contribute to increasing corporate value through R&D aimed at new services and project commercialization that leads to ongoing business contributions
Staff	Employees who can formulate business strategies as the strategy-related staff of directors and senior executive managers at the executive level

Note: Employee types are those currently required. NTT DATA may establish new employee types depending on business conditions.

■ Number of Employees with Professional CDP Certification

2,600

+1,900

2008/2010

Number of Employees with Professional CDP certification

3,600

4,500

'08

'09
(Plan)

'10
(Plan)



AKINOBU SHIGEKI TORU YAMASHITA TAKASHI ENOMOTO

**President and
Chief Executive Officer**

TORU YAMASHITA

**Senior Executive Vice Presidents
and Representative Directors**

AKINOBU SHIGEKI

Senior Executive Manager,
SI Competency Headquarters
CIO, in charge of information strategy
CISO, in charge of security strategies
In charge of systems quality assurance

TAKASHI ENOMOTO

Senior Executive Manager,
Global Business Sector
CSO, in charge of sales management
CRO, in charge of risk management
In charge of corporate governance
In charge of Corporate Section

**Executive Vice Presidents
and Directors**

MITSUO MURAMATSU

In charge of Public Administration Sector
Senior Executive Manager,
First Public Administration Systems Sector

TOSHIO IWAMOTO

In charge of Financial Sector

KAZUYUKI ARATA

In charge of Industrial Sector
Senior Executive Manager,
Manufacturing Business Sector

**Senior Vice President
and Director**

NAOTO SHIOTSUKA

Senior Executive Manager,
Finance Department
CFO, in charge of financial management

Counselor and Director

TOMOKAZU HAMAGUCHI

Director

TOSHIKI NAKAYAMA

**Standing Corporate
Auditors**

MOTOTANE MIYAZAKI

SATOSHI SHIMBO

YASUHIRO KADOWAKI

Corporate Auditor

AKIRA WAKAYAMA

Notes: Mr. Toshiaki Nakayama satisfies the requirements of outside directors assigned in accordance with Corporate Law.

Mr. Mototane Miyazaki, Mr. Satoshi Shimbo and Mr. Yasuhiro Kadoaki are outside corporate auditors assigned in accordance with Corporate Law.

President and Chief Executive Officer

TORU YAMASHITA

Senior Executive Vice Presidents and Representative Directors

AKINOBU SHIGEKI

Senior Executive Manager,
SI Competency Headquarters
CIO, in charge of information strategy
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Senior Executive Manager,
Manufacturing Business Sector

Senior Vice President and Director

NAOTO SHIOTSUKA

Senior Executive Manager,
Finance Department
CFO, in charge of financial management

Senior Executive Vice President

HIDEKI TERANISHI

In charge of intellectual property strategies
In charge of CSR

Executive Vice Presidents

SHINICHI YAMADA

Senior Executive Manager,
System Platforms Sector
Senior Executive Manager,
Research and Development Headquarters
CTO, in charge of technology management

HIROSHIGE YANAGIE

In charge of Internal Audits

Senior Vice Presidents

FUMIHARU HANYUDA

Senior Executive Manager,
Enterprise Systems Sector

HITOKAZU TANABE

Senior Executive Manager,
Retail & Service Business Sector

SATOSHI KURISHIMA

Senior Executive Manager,
Financial Systems Sector

EIJI YAMADA

Senior Executive Manager,
Financial Business Sector

KOICHI NISHIDA

Senior Executive Manager,
Regional Banking Systems Sector

YOSHINORI HAGINO

Senior Executive Manager,
Postal Service Systems Sector

MASANORI SHIINA

Senior Executive Manager,
Community Banking Systems Sector

HISAMITSU HOSHI

Senior Executive Manager,
Healthcare Systems Sector

YASUSHI SASAKI

President and Chief Executive Officer,
NTT DATA Kansai Corporation

MASASHI SOGO

Senior Executive Manager,
General Affairs Department

YUJI KAWASHIMA

Senior Executive Manager,
Second Public Administration Systems Sector

mitsutaka NAKAMURA

President and Chief Executive Officer,
NTT DATA Tokai Corporation

FUMIO KANDA

Senior Executive Manager,
Business Solutions Sector

Basic Approach to Corporate Governance

NTT DATA views corporate governance as the “the system and process for ensuring transparency, efficiency and rationality in management,” and is taking stronger corporate governance measures that include the establishment of a Board of Corporate Auditors, the creation of a Corporate Management Committee, and formulating Internal Control Systems. To maximize corporate value, the Company is working hard to strengthen corporate governance.

While taking in recent trends as well as the views and opinions of a wide range of people from outside the Company, NTT DATA has set an objective of further increasing corporate value through stronger management by forging a more efficient and transparent management system as it continuously works to fortify corporate governance.

Roles of Each Corporate Entity

NTT DATA has a corporate governance structure centered on a Board of Corporate Auditors. The Company has three primary governing entities, namely the General Meeting of Shareholders, the Board of Directors, and the Board of Corporate Auditors. In addition, NTT DATA has a Corporate Management Committee to speed decision-making on matters related to business execution.

With the goal of introducing a broader management perspective, one of the nine members that make up the Board of Directors is an outside director. Moreover, the Board of Corporate Auditors is comprised of four corporate auditors, three of whom are outside corporate auditors. All outside corporate auditors are standing corporate auditors. In the fiscal year ended March 31, 2008, the Board of Directors was composed of nine directors and four corporate auditors, which means that 30% of the members of the Board of Directors consist of auditors who audit Board discussions.

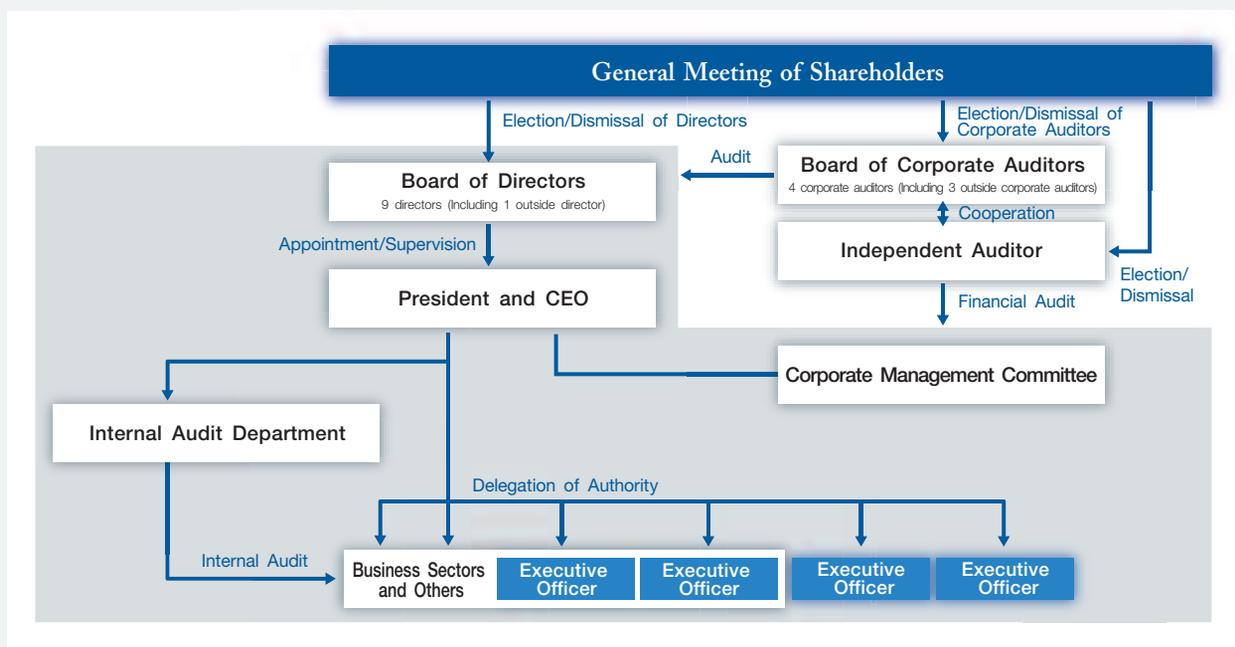
Board of Directors:

The Board has nine members, including one outside director (an employee of the parent company, Nippon Telegraph and Telephone Corporation [“NTT”]). The Board holds regular meetings once a month and additional special meetings as necessary and is responsible for decision-making and supervision regarding important matters related to management and regarding issues mandated by law.

Board of Corporate Auditors:

The Board of Corporate Auditors has four members, three of whom are outside corporate auditors. The Board meets once a month, in principle, to decide on audit policies, plans, methods and various other important matters concerning audits.

The chart below outlines NTT DATA’s framework for business execution as well as systems for management supervision and internal control.



Each corporate auditor attends important meetings, such as meetings of the Board of Directors, and regularly audits business execution. The Corporate Auditors' Office, a dedicated organization, has been established to support these activities.

Corporate Management Committee:

The Corporate Management Committee consists of the president, vice presidents and the heads of other relevant important sections. This Committee meets once a week, in principle, to supervise and decide on matters concerning day-to-day operations in a rapid and efficient manner.

During the fiscal year ended March 31, 2008, the Board of Directors and Board of Corporate Auditors held a total of 22 and 27 meetings, respectively. The Corporate Management Committee held a total of 43 meetings.

Executive Officer System

NTT DATA has appointed executive officers responsible for the execution of business operations so that the Board of Directors can concentrate on decision-making concerning important matters and supervise business execution. By delegating significant executive authority from directors to executive officers, NTT DATA aims to accelerate decision-making and speed up management processes.

Remuneration for Directors

The Board of Directors determines the remuneration of directors and other matters.

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

Furthermore, to provide further long-range incentives for improving performance over the medium and long terms, a certain amount of monthly remuneration at or above a prescribed level is contributed for the purchase of the Company's own shares through the NTT DATA Directors' Share-holding Association. The association holds all of the shares purchased during the terms of directors.

(Please see page 57 for details on the total amount of remuneration for directors in fiscal 2008.)

Relationship with Parent Company

NTT, NTT DATA's parent company, is a principal shareholder of the Company, with ownership of 54.2% of its voting shares.

In addition, one employee of NTT has been appointed as an outside director of NTT DATA. In light of the fact that the Board of Directors currently has a total of nine members and other factors, the Company believes that the appointment of the outside director from NTT does not hinder independent decision-making by management at NTT DATA.

NTT DATA discusses and reports important issues to NTT. However, NTT and NTT DATA maintain close cooperation while sufficiently respecting one another's autonomy and independence in the course of daily business operations, as part of efforts to enhance operating results in pursuit of sustained growth and development.

Disclosure

NTT DATA has formulated a Disclosure Policy based on its Disclosure Guidelines. In line with its fundamental approach, this policy states that NTT DATA provides timely and fair disclosure to deepen understanding of the Company among a diverse array of stakeholders, including shareholders and other investors, so as to ensure the proper valuation of NTT DATA.

More specifically, at every quarterly earnings announcement, NTT DATA holds a presentation to explain its operating results and forecasts in detail to various stakeholders. In addition, NTT DATA holds small meetings and one-on-one sessions with investors and analysts resident in Japan and overseas.

Efforts are also directed at constantly improving NTT DATA's investor relations website. Presentation handouts, news releases and other information are posted on this website in a timely manner and presented in a clear format.

NTT DATA's investor relations website:

<http://www.nttdata.co.jp/en/investor/index.html> (English)

<http://www.nttdata.co.jp/corporate/ir/index.html> (Japanese)

Activities of Corporate Auditors

Corporate Auditor Activities

- Attend key meetings including Board of Directors' meetings
- Attend briefings on the status of directors' performance of duties
- Review important decision-making documents
- Conduct on-site audits of key business offices and subsidiaries

Corporate Auditor Participation in Board of Directors' and Board of Corporate Auditors' Meetings in FY2008

	Board of Directors' Meetings	Board of Corporate Auditors' Meetings
Internal corporate auditor (standing)	21 out of 22 meetings	27 out of 27 meetings
Outside corporate auditor (standing)	22 out of 22 meetings	27 out of 27 meetings
Outside corporate auditor (standing)*	17 out of 17 meetings	16 out of 16 meetings
Outside corporate auditor (non-standing)	21 out of 22 meetings	27 out of 27 meetings

* Appointed on July 1, 2007. The above table shows the attendance of each corporate auditor at meetings of the Board of Directors and Board of Corporate Auditors relative to the total number of such meetings where attendance was relevant.

Message from Outside Corporate Auditor



Standing Corporate Auditor Mototane Miyazaki

The Role of Corporate Auditors

Today, companies are being increasingly called on to fulfill their social responsibilities as public social institutions. For companies to retain their competitiveness and increase their long-term value, they must ensure the soundness of management and gain the trust of society. The prevention of illegal misconduct is a company's bare minimum responsibility, and a precondition for gaining societal trust.

To that end, it is essential that the corporate governance system monitor and supervise directors who perform management duties from a position that is independent of those duties.

As an independent body with a mandate from shareholders, corporate auditors are responsible for monitoring and supervising (auditing) director performance, and as professionals that play a part in NTT DATA's corporate governance system, corporate auditors are keenly aware of the importance of their role and believe that they must fulfill their duties in order to enhance the effectiveness of governance.

Requirement for Outside Corporate Auditors

As an outside corporate auditor, I believe that it is important to carry out my duties based on an awareness that we have an important obligation to express objective opinions as auditors—from a neutral point of view. Therefore, outside corporate auditors endeavor to put frank questions to directors and the Board. NTT DATA has a very open corporate culture, and many members of senior management are genuinely interested in listening to independent opinions from people outside the organization. I believe that this management stance is highly effective and important as far as corporate governance is concerned.

Corporate Auditor Cooperation

Corporate auditors conduct audits based on fundamental audit policies established by the Board of Corporate Auditors. Each corporate auditor reports on a timely basis important items confirmed during the course of audits, as well as the audit results, to the Board of Corporate Auditors, and necessary and suitable exchanges of information take place among the corporate auditors.

During the fiscal year ended March 31, 2008, the Board of Corporate Auditors convened a total of 27 times to discuss resolutions based on accurate audit reports from corporate auditors and engaged in spirited debate.

In addition, a Coordinating Committee, to which all corporate auditors belong, is convened as appropriate, and any information gaps between standing and non-standing corporate auditors are addressed, as we seek to achieve sufficient communication and cooperation among corporate auditors.

Furthermore, the corporate auditors hold meetings with Internal Audit Department and accounting auditors on a regularly scheduled basis and as needed, and audit reports are received from each. At the same time, necessary exchanges of information and views are conducted, and we do everything possible to carry out effective, high-quality audits by improving cooperation between the internal audit divisions and accounting auditors.

Potential for Corporate Governance Improvements

The Board of Corporate Auditors established a basic audit policy for the fiscal year ended March 31, 2008, which states that "In order to maintain and improve the corporate value of the NTT DATA Group, it is the corporate auditors' duty to shareholders to audit the state of internal control system maintenance and operation of the Medium-term Management Policy." We have been conducting audits based on this policy.

To ensure the reliability of financial reports as well as compliance, we must establish an internal control system that is appropriately maintained and operated and that functions effectively. The auditing of such a system is an important and effective means of ensuring effective corporate governance.

The Medium-term Management Policy contains initiatives to strengthen the marketing capabilities and SI competitiveness, but these initiatives also serve, at the same time, to raise management efficiency and strengthen risk management. Accordingly, the auditing of the state of progress in achieving the Medium-term Management Policy initiatives is no different than auditing the state of internal control maintenance and operation and is considered an important auditing objective.

The corporate auditors do not believe that NTT DATA faced any significant corporate governance issues in the fiscal year ended March 31, 2008. Nevertheless, even if our evaluation were to say that the internal control system is effectively maintained and operated, it may prove to be inadequate in the future, depending on changes in the business environment and other factors. To ensure effective corporate governance in the years ahead, I believe that the state in which the internal control system is maintained and operated should be subject to continuous audits, and ideas and suggestions for improvements should, when necessary, be given to directors.

Compliance

Internal Control

NTT DATA's fundamental policy on establishing internal control systems is to implement various measures to ensure fair and transparent business operations in an efficient manner, taking into account not only compliance with laws, regulations, and the Articles of Incorporation, but also risks associated with business activities.

As the chief executive officer, the president of NTT DATA is responsible for the creation and management of internal control systems.

Aiming to strengthen internal auditing functions, and from a stand-point independent of business execution, the Internal Audit Department has been established to audit the business activities of various sectors and other sections to ensure compliance with laws and regulations, the Articles of Incorporation, and internal rules, as well as corporate management policies and plans. By offering concrete advice and recommendations, the internal Audit Department will strive to ensure sound operations throughout the Company.

As a subsidiary of NTT, a New York Stock Exchange-listed company, NTT DATA has become subject to the U.S. Sarbanes-Oxley Act from the fiscal year ended March 31, 2007. NTT DATA is taking steps to ensure reliable financial reporting. Furthermore, in consideration of compliance with the Financial Instruments and Exchange Law internal Control reporting system, which will take effect on March 31, 2009, NTT DATA is establishing the NTT DATA Group Internal Control Promotion Committee whose purpose is to strengthen and promote internal control systems throughout the Group.

Compliance Promotion System

With the goal of becoming a company that has the confidence of its stakeholders, in 1998, NTT DATA established the NTT DATA Group Code of Ethics, a basic policy for the conduct of sound business by firmly entrenching corporate ethics. In order to spread corporate ethics throughout the Group, in 2002, NTT DATA established the Business Transaction Ethics Committee and Employee Conduct Ethics Committee.

In addition, with the General Affairs Department taking the lead, NTT DATA is working to strengthen legal compliance and improve corporate ethics by implementing educational activities to foster an awareness of compliance among directors and employees and simultaneously strengthen internal systems. This is implemented through lectures at training sessions for new employees and new management at every level and compliance-related educational training specific to the business of each Group company.

In the fiscal year ended March 31, 2008, the Company reaffirmed the importance of internal control systems and its policies and perspectives on these issues by participating as a Group, along with all NTT Data and Group employees, in internal control training offered via internet-based testing (IBT). The training included study of Subcontracting Law, to raise awareness of fair business practices, and training on optimizing outsourcing agreements from the standpoint of eliminating improper subcontracting practices.

In April 2003, the Company took steps toward sounder business

management by establishing a "Whistleblower Line" as an internal reporting system for all Group employees and other personnel to discuss and report on noncompliance with laws and corporate ethics as well as suspected noncompliance and to prevent the occurrence of risk.

Risk Management System

To gain an accurate understanding of the various risks associated with business activities and to minimize their impact on operations in the event that such risks materialize, as well as to minimize the frequency of their occurrence, NTT DATA has appointed a Chief Risk Officer (CRO) responsible for overseeing and promoting risk management from a company-wide perspective. To assist the CRO, a risk management promotion framework has been set up to promote risk management so that the risk management system functions efficiently and effectively. Furthermore, the Company has appointed risk management promotion officers to each of its divisions and Group companies so that each division is able to proactively and independently respond to various risks.

All principal division managers and risk management promotion officers will continuously monitor and supervise the implementation status of risk management. Matters of particular importance will be continuously monitored and supervised by committees established to address specific issues. Through regular reporting to the Board of Directors, Board of Corporate Auditors and Corporate Management Committee, and feedback to management, management of risk can be collectively promoted by the entire the Group.

NTT DATA's risk management system responds to business and management risks from a company-wide perspective by prioritizing risks according to their frequency of occurrence and resulting impact. The frequency of achieving priority risk targets and progress checks on efforts will be fed back to management.

In the fiscal year ended March 31, 2008, NTT DATA published the first edition of the information security report, which highlights the Group's outward efforts and policies toward safeguarding Group information the first issuance of an information security report as a domestic System Integrator.

NTT DATA also undertakes continuous efforts to control export management-related risks. Pursuant to the Foreign Exchange and Foreign Trade Law, the Company must at times obtain Japanese Minister of Economy, Trade and Industry approval when supplying exported goods and technology. Violation of this law could subject the Company not only to penalties and fines, but also to a three-year government-sanctioned ban on exports, the suspension of competitive bidding from customers, and result in a loss of confidence in the Company.

To that end, the Company has established Export Management Guidelines and is reducing risks associated with overseas expansion by defining and operating an export management system and internal screening procedures when exporting and is working to reduce risks associated with overseas expansion.

(Please see page 58 for details on the implementation of risk management related to principal risks.)

Organizational Reform

Organizational Reform in the Area of Enterprises

The Enterprise Business Consulting & Marketing Sector will be established to promote corporate innovation with our customers by expanding our consulting services.

To optimize our efforts in the area of enterprises, the Manufacturing & Retail Industry Business Sector, the Enterprise Business Sector, and the Enterprise Systems Sector will be restructured into the following: The Manufacturing Business Sector, which will target the manufacturing industry, the Retail & Service Business Sector, which will focus on the retail and service industries, and the Enterprise Systems Sector, which will develop mission-critical systems for the telecom and other industries. Through this, we will heighten the synergy between our technology and business know-how and provide even higher added value to customers by strengthening our ability to respond to the needs of global corporations.

Measures to Expand Our Service Business

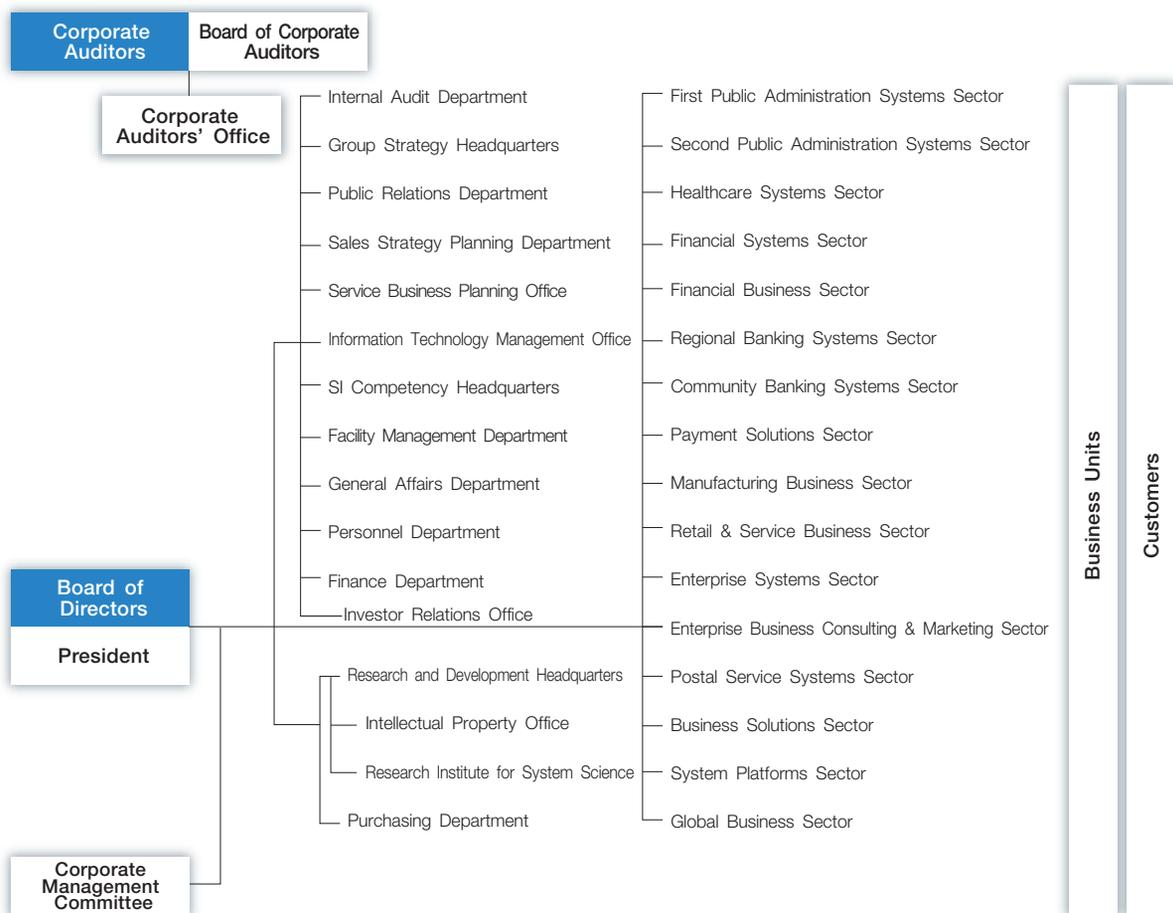
To promote the launch of new service businesses and the development of cross-industry services, we will establish the Service Business Planning Office at our Head Office.

The Business Innovation Sector has been in charge of new business development to date. With greater, more full-fledged efforts focused on the expansion of business, we will work toward further business growth by transferring the operations overseen by this sector to sectors where better synergy can be expected. With the transfer of the above functions and businesses, the Business Innovation Sector will be dissolved.

Restructuring of the Framework for Promoting Global Business

To further expand our global business, we will establish the Global Business Sector. This Sector will play a central role in the promotion of international business throughout the company by pooling NTT DATA's experience and expertise in international business.

Organization Chart (As of July 1, 2008)



Society and NTT DATA

Since its founding in 1988, NTT DATA has fulfilled its role as a leading company in Japan's IT industry in developing and providing a wide range of information systems, centered on social infrastructure systems supporting Japan's economy and society. We have continued to pursue new innovations and schemes that underpin the development of high-quality information systems, enabling us to offer a variety of solutions to our diverse customer base that includes government bodies and corporate enterprises.

IT plays an increasingly important role in all facets of our daily lives and is indispensable in our daily economic and social activities. Furthermore, Japan will need to rely more and more on IT solutions going forward to tackle the various problems facing its society, including a falling birth rate and aging population, rising healthcare and welfare costs, the constant need for emergency response and crisis management, revitalizing local communications and eliminating information disparities.

Amidst this backdrop, at NTT DATA we are committed to fulfilling our Corporate Social Responsibility (CSR) and will redouble our efforts to achieve sustained growth with our customers and society at large, utilizing our core IT businesses.

NTT DATA CSR Activities

At NTT DATA, we feel it is the responsibility of the entire group to fulfill our social duties, contributing to social development and to our continued business growth, while ensuring sound and transparent management. Below we touch on some of the initiatives we are pursuing to fulfill these responsibilities and to continue winning the trust and support of our stakeholders.

- (1) As a leading provider of systems that contribute to individuals' daily lives and support the infrastructure of Japan's economy and society, we are always committed to delivering reliable systems and services.
- (2) We will continue to work towards the development of a more prosperous, harmonious, safer, more secure society, using IT to create new value for our customers and society as a whole.
- (3) NTT DATA takes very seriously its role as a leading company in Japan's IT industry. As such, we will continue to pour our efforts into initiatives aimed at spurring further growth and development for our customers and for the industry as a whole, working in close cooperation with our customers and other stakeholders to promote further innovations in IT investment, cultivate new IT human resource talent, raise the IT industry's overall development capabilities, and lead the way in addressing the many problems facing modern society.

At NTT DATA, we will continue to highlight our business activities and successes. We will listen carefully to our stakeholders and will strive to implement business strategies that give full weight to the voices of those stakeholders, further driving our ongoing commitment to constantly meet—and exceed—the expectations of society.

Achieving Our Corporate Vision

Across our many businesses and activities, we at NTT DATA aspire to be a company that excites and inspires the lives of our customers. We strive to gain the admiration of our employees and our families and to earn the respect of society at large. We remain committed to ensuring that strong lines of communications remain open between management and all parties we interact with—from our customers and employees, to our business partners and stakeholders, as well as the communities we work in.

Our Social Responsibilities

At NTT DATA, we understand that with the steady expansion in scale and breadth of our business products and services comes increased responsibilities to our stakeholders. As such, NTT DATA must focus not just on the companies that are our direct customers; we need to fulfill our responsibilities to the end users—the actual individuals interacting with our products and services. As information systems grow increasingly large and complex, recent large-scale systems malfunctions and related problems have had a significant impact on society as a whole, making systems reliability and stability all the more important. This is particularly true for an industry leader like NTT DATA, which provides social infrastructure services in nearly every field imaginable.

NTT DATA has thus implemented a range of initiatives aimed at standardizing the systems development process. We have also established a quality assurance system that encompasses the entire company. In 2006, we launched our development process transparency guidelines to ensure a more transparent development process. Systems development can sometimes be a mysterious "black box" to outsiders, but these guidelines play a vital role in promoting more visibility to the entire process by clearly explaining every step of the systems development process with the customer, from overall systems specifications and quality to progress management. Going forward, we will continue to encourage greater "visualization" for the systems development process, while also working closely and aggressively with the Ministry of Economy, Trade, and Industry and industry companies on the development of new rules for coming to terms beforehand with customers on quality levels and expectations with responsibility as a leading company in the industry (for example, regarding recovery times following system troubles).

Work-style Innovation

NTT DATA's core strengths in large-scale systems development are due not only to the hard work of each individual employee—they depend on fully harnessing the capabilities of the entire organization. We are dedicated to drawing out the full capabilities of our employees and creating a culture of free, open dialogue among a diverse range of human resources to maximize the NTT DATA Group's full potential. To this end, we have implemented a number of employee satisfaction surveys that help in the development of a variety of initiatives aimed at ensuring a better work-life balance for our employees. With the goal of achieving a more diverse work environment, NTT DATA has adopted a new employee-proposed telecommuting (work-at-home) system as one means of striking a balance between the personal and work lives of employees while keeping them motivated and fulfilled in their careers.

Started on a trial basis in July 2006, NTT DATA has been providing employees with greater self-autonomy and self-supervision, which has led to a number of positive benefits as witnessed by such employee comments as "commuting has become less of a burden" and "communication with the family has improved." In addition, more than 66% of employees participating in the trial stated, "work productivity and efficiency has improved." Based on the success of the trials, the telecommuting system was officially adopted on a full-scale, company-wide basis from February 2008, with all workers eligible to work from home up to eight times a month in principle.

From fiscal year 2005, we launched "NEXT Activities," where each department proactively discusses and implements new proposals and

initiatives. We also launched an “Internal Social Networking Service” to help break down communications barriers within the company. These are just some of the ways NTT DATA is promoting a bottom-up approach to revitalizing the Company.

We will continue our pursuit of work-style innovation, redoubling our efforts at improving our corporate culture and maximizing the talents of our workers. In this way, we will increase the value of NTT DATA to our employees and to the IT industry overall.

Improving Management Quality

At NTT DATA, we understand that strong management is vital to realizing sustained growth, and we further recognize that our unwavering commitment to compliance and corporate governance is at the heart of maintaining a strong, transparent management. Through our daily business activities we operate under a range of contracts and agreements with a vast array of business partners, including our customers, business partners and sub-contractors. Society demands that we maintain fair and proper relationships with all stakeholders, and the need for greater neutrality and transparency will only increase going forward. At NTT DATA, we remain committed to meeting the high demands of society by further strengthening our stance on corporate governance and internal control systems based on the NTT DATA Group Code of Ethics and Action Guidelines.

Responsibilities as a Corporate Citizen

NTT DATA fulfills its responsibilities as a good corporate citizen by participating in a wide range of activities that promote the development of social contribution and environmental protection activities.

Contributing to Society

In order to promote the healthy development of society and fulfill our corporate social responsibilities, we at NTT DATA are actively involved in a wide variety of welfare, environmental, and cultural activities with strong participation from our employees.

● Public Welfare Services

Love for the Community on “NTT DATA Valentines” is a long-standing Valentine’s Day tradition. Confectionery made by the disadvantaged at welfare centers are sold throughout our company at a price that includes a donation to those centers. The confectionery is also offered to shareholders at our annual shareholders’ meetings.

● Community Services



Summer Vacation IT Experience for Children

Our children represent the future of our IT society. At NTT DATA, our Summer Vacation IT Experience for Children gives elementary school students on summer vacation a chance to experience first hand our

latest information technology systems to get them excited about the possibilities of the future of IT. We also help local communities and citizens to better understand IT technology and be more comfortable with it through our participation in the Toyosu Festa program, which gives junior high school students a chance to experience IT in real-life job situations.

● International Programs

Every year around Christmas time, NTT DATA holds a charity auction using an in-house auction website via its intranet, with items for sale contributed by employees. Contributions from the auction are donated to volunteer organizations aimed at helping underprivileged children around the world. NTT DATA is also active in the Japan Overseas Cooperation Volunteers (JOCV) and other volunteer activities and projects.

● Protecting the Environment

NTT DATA regularly holds an Environmental Photo Contest aimed at drawing attention to the natural environment around us. NTT DATA contributes a matching donation to environmental protection non-profit organizations in proportion to the number of contest participants. NTT DATA also sponsors the “Think Daily” webpage of the Think the Earth project, which is designed to stimulate debate on environmental issues.

● Support for Culture and the Arts

NTT DATA sponsors the “NTT DATA Concert of Concerts,” a popular annual classic music concert, where members of the public are invited by application to attend free of charge.

● Emergency Response and Assistance

Following the Niigata Chuetsu-oki Earthquake in July 2007, NTT DATA worked with Niigata Prefecture to collect donations and contributed to relief efforts to help citizens affected by the disaster.

Niigata Chuetsu-oki Earthquake ¥5,000,000

Environment Preservation Activities

At NTT DATA, we take our responsibility towards realizing a more prosperous, harmonious society very seriously. To this end, we are active in three core environment preservation activities.

● ISO 14001 Certification

Since establishing a Company-wide environmental management framework in 1999, NTT DATA has obtained ISO 14001 certification for the entire Company, in conjunction with conducting related activities. As of March 31, 2008, all organizations at NTT DATA, as well as 25 Group companies, have acquired ISO 14001 certification, with one additional company expected to be certified in fiscal 2009. These activities will be extended to other NTT DATA group companies.

● Raising our Presence

To increase our visibility in the environmental field, NTT DATA has steadily expanded the content of its annual environmental reports since 2000, issuing CSR reports from 2006.

● Cultivating Environmental Awareness among Employees

To foster greater awareness of environmental issues among employees, the NTT DATA Group conducts a variety of events, including online learning courses. Another program solicits original *senryu* (humorous, satirical Japanese poems) on environmental themes for publication in an annual calendar.

The NTT DATA Group is also an active participant in the Team Minus 6% initiative, a national movement aimed at promoting the prevention of global warming.

Further, NTT DATA has implemented the following three environmental protection programs through its business activities.



Annual CSR Report
(in Japanese only)
<http://www.nttdata.co.jp/corporate/csr/report/index.html>

● Environmentally responsible systems development

Encourage the greater use of the *Kankyo Shiro* tool, which enables the quantitative evaluation and environmental impact assessment before and after the introduction of information systems.

● Green purchasing and environmentally responsible system construction and design

NTT DATA has increased the number of items procured through this program, while regularly conducting evaluations of suppliers' environmental approaches and products.

● Resource & energy conservation and recycling

In addition to implementing measures aimed at conserving resources and energy, NTT DATA also promotes the reuse of supplies, recycling, and the reduction of waste.

Along with these energy and resource conservation initiatives, the NTT DATA Group also remains committed to providing products and services that contribute to solutions and information systems that address the environmental issues facing our planet.

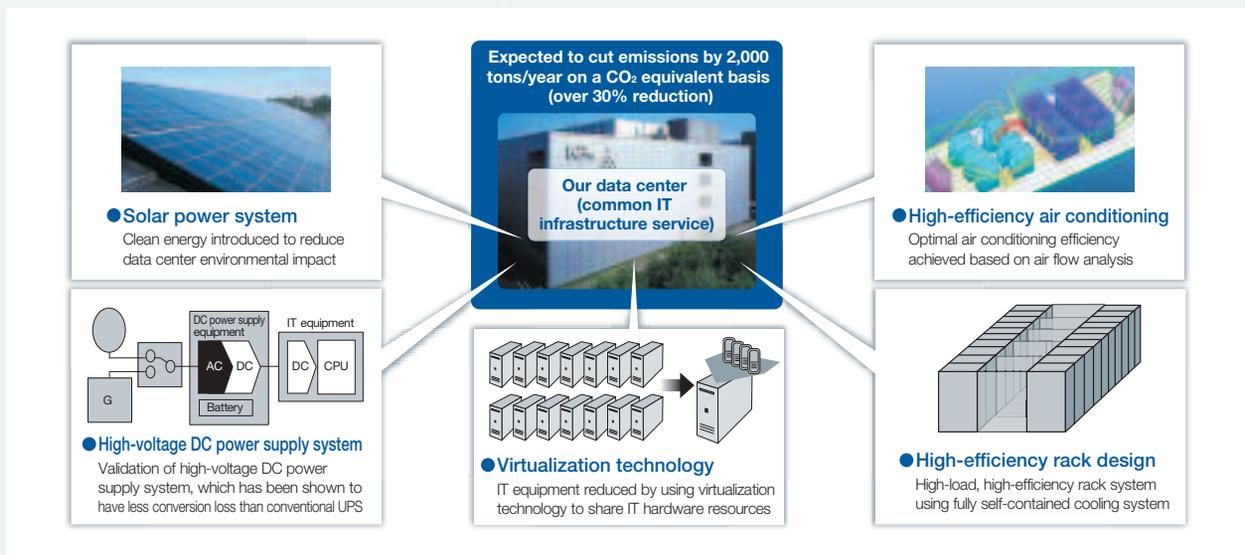
For example, we launched our "Green Data Center[®]" service in January 2008. This comprehensive set of service solutions promotes more efficient, energy-saving operations at data centers, which face the growing need to combat rising heat output and growing electric power consumption.

In cooperation with the "Green Data Center[®]" project, NTT DATA EX TECHNO Corporation is carrying out advanced energy conservation research on data center energy supply systems utilizing high-voltage direct electrical current technology.

The internet-based environmental information service, "Ecology Express[®]" project, sponsored by NTT DATA offers daily updates on a variety of socially responsible management and investment activities.

The NTT DATA Institute of Management Consulting, Inc. provides a range of consulting services aimed at helping companies solve the myriad social and environmental problems facing businesses. In this way, the NTT DATA Group continues to contribute to the development of low-carbon energy solutions and the promotion of a recycling-oriented society.

"Green Data Center[®]" Initiatives for Reducing Environmental Impact



Review of Operations by Sector

● Public Administration Sector

	Net Sales	YoY Change
2008/3 Results	¥300.5 billion	-12.7%
2009/3 Forecast	¥244.0 billion	-18.8%

	New Orders Received	YoY Change
2008/3 Results	¥286.1 billion	-13.6%
2009/3 Forecast	¥146.0 billion	-49.0%

Business Environment:

Trending flat, or slightly lower

Continued decline in the central government IT budget, but expectations for upturn in safety/security and healthcare-related IT spending

Focus points

Maintaining stable earnings base by steadily securing large orders for system replacement
"Selection and Focus" strategy in targeting new markets for IT-related demand

● Financial Sector

	Net Sales	YoY Change
2008/3 Results	¥421.0 billion	+29.7%
2009/3 Forecast	¥462.0 billion	+9.7%

	New Orders Received	YoY Change
2008/3 Results	¥401.4 billion	+38.9%
2009/3 Forecast	¥452.0 billion	+12.6%

Business Environment:

Trending slightly higher, or flat

Expect continued robust demand for strategic investment and investment in rationalization and labor-saving initiatives, but overall outlook remains unclear due to lingering instability in financial markets

Focus Points

Continue expanding backbone systems and peripheral businesses, especially shared system business
Implement new initiatives aimed at expanding business scope

● Industrial Sector

	Net Sales	YoY Change
2008/3 Results	¥324.8 billion	-6.7%
2009/3 Forecast	¥366.0 billion	+12.7%

	New Orders Received	YoY Change
2008/3 Results	¥298.5 billion	-6.2%
2009/3 Forecast	¥353.0 billion	+18.3%

Business Environment:

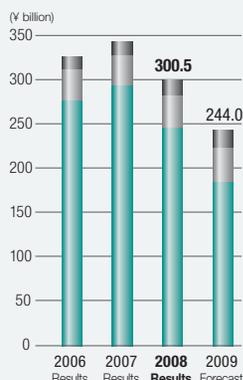
Trending slightly higher

IT-related investment varies with business category and scale

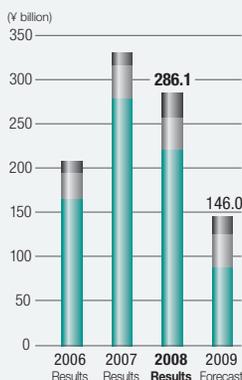
Focus Points

Continued emphasis on IT Partner business
Expand consulting and solutions business via Group alliances

Net Sales



New Orders Received



* Figures for 2008 and beyond based on client re-categorization according to client type

Net Sales

(Billions of Yen)

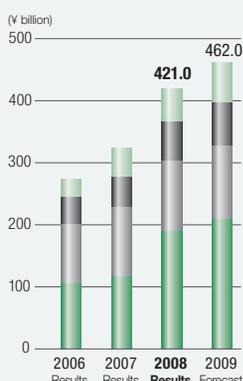
	2006 Results	2007 Results	2008 Results	2009 Forecast
National Government-related	276.4	294.2	246.7	185.0
Local Government-related	35.5	33.4	35.5	38.0
Healthcare, Welfare and Others	14.5	16.4	18.2	21.0
Total	326.5	344.2	300.5	244.0

New Orders Received

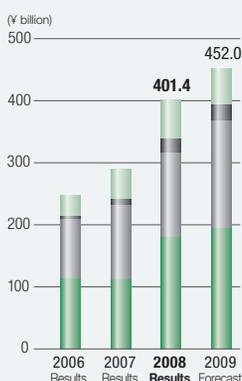
(Billions of Yen)

	2006 Results	2007 Results	2008 Results	2009 Forecast
National Government-related	165.6	279.3	221.4	89.0
Local Government-related	29.2	37.1	35.6	37.0
Healthcare, Welfare and Others	13.8	14.6	28.9	20.0
Total	208.6	331.1	286.1	146.0

Net Sales



New Orders Received



* Figures for 2008 and beyond based on client re-categorization according to client type.

Net Sales

(Billions of Yen)

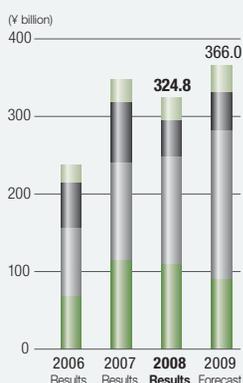
	2006 Results	2007 Results	2008 Results	2009 Forecast
Individual Systems	106.3	118.1	190.8	209.0
Shared Systems	95.7	111.3	112.3	119.0
Payment-related Systems	43.1	48.6	63.0	70.0
Financial Systems for Securities, Life/Non-life Insurers and Others	29.3	46.4	54.7	64.0
Total	274.5	324.5	421.0	462.0

New Orders Received

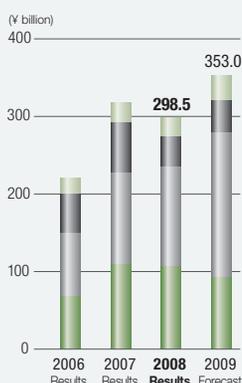
(Billions of Yen)

	2006 Results	2007 Results	2008 Results	2009 Forecast
Individual Systems	113.7	110.8	179.6	194.0
Shared Systems	94.6	120.3	135.8	174.0
Payment-related Systems	5.9	10.5	22.4	26.0
Financial Systems for Securities, Life/Non-life Insurers and Others	32.7	47.2	63.4	58.0
Total	247.0	288.9	401.4	452.0

Net Sales



New Orders Received



Net Sales

(Billions of Yen)

	2006 Results	2007 Results	2008 Results	2009 Forecast
Telecoms	68.2	114.2	109.4	90.0
Manufacturing and Distribution	87.8	125.8	139.0	192.0
Services, Media, Transport and Construction	57.7	78.5	45.9	49.0
Others	24.4	29.6	30.4	35.0
Total	238.2	348.2	324.8	366.0

New Orders Received

(Billions of Yen)

	2006 Results	2007 Results	2008 Results	2009 Forecast
Telecoms	68.3	109.0	107.2	92.0
Manufacturing and Distribution	80.5	117.9	127.2	187.0
Services, Media, Transport and Construction	51.3	64.5	39.3	42.0
Others	20.1	26.6	24.6	32.0
Total	220.3	318.2	298.5	353.0

● Public Administration Sector



Executive Vice President & Director
In charge of Public Administration Sector
Senior Executive Manager
First Public Administration Systems Sector

Mitsuo Muramatsu

NTT DATA's public administration business is steadily advancing system development related to the new services being rolled out as part of the Japanese government's ongoing optimization plan. However, the central government continues to cut back on IT budget spending. This has resulted in increasingly tough procurement competition, and NTT DATA will need to upgrade its business structure to maintain its competitiveness.

To this end, we are moving away from our former customer-based approach (which focused on the client's core industry), towards a domain-based approach, which focuses on the project's social information system field, or domain. At the heart of this innovative approach is our "Three Arrows" strategy, which aims to bolster our businesses in Services, Systems, and Software, centered on our strengths in traditional systems integration and data communications services.

NTT DATA will continue to leverage its wealth of expertise in large-scale, mission-critical systems development and management, developed over many years, to deliver platform-based services that can be utilized by both the private and public sectors, either jointly or via business partnerships.

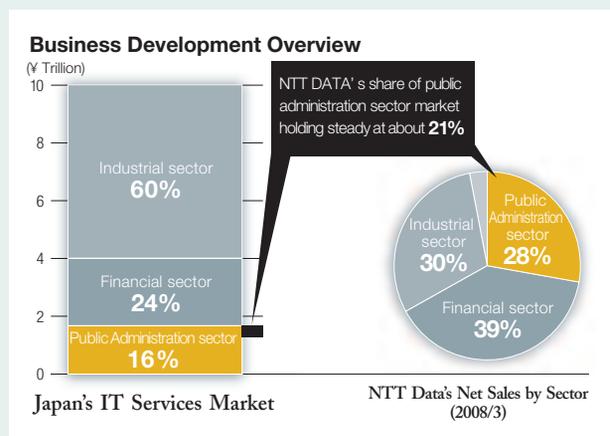
In tandem with this new business domain-centric strategy, we have restructured our project risk management and technology support approach towards a project cross-sectional approach instead of the client-specific approach utilized earlier. In this way, we aim to further strengthen our risk management capabilities while enhancing flexibility in project development.

NTT DATA has positioned the healthcare industry as a key company-wide growth engine. Healthcare and medical insurance reform is stimulating new demand in a range of areas, and we will continue to aggressively target this new demand in businesses such as online reimbursement systems and the government's new healthcare program, which calls for specified diagnosis, treatment, and health guidance to patients at risk of metabolic syndrome-related illnesses.

NTT DATA is transforming its pillars of earnings from a traditional cost-cumulative systems integration/data communications service model towards a model that will better enable it to offer high-quality, platform-based services capable of being used by both the public and private sectors, either jointly or via business partnerships.

Public Administration Sector: Business Conditions Summary

In 2007, Japan's IT services market was worth ¥10,296.7 billion. Of this, about ¥1.6 trillion, or 16%, was accounted for by Japanese government spending on IT projects (data by Gartner Japan). According to the Cabinet Office's IT Strategic Headquarters, the government's IT investment budget for fiscal 2008 is ¥1,216.8 billion, underscoring the steady decline in government IT spending since fiscal 2003.



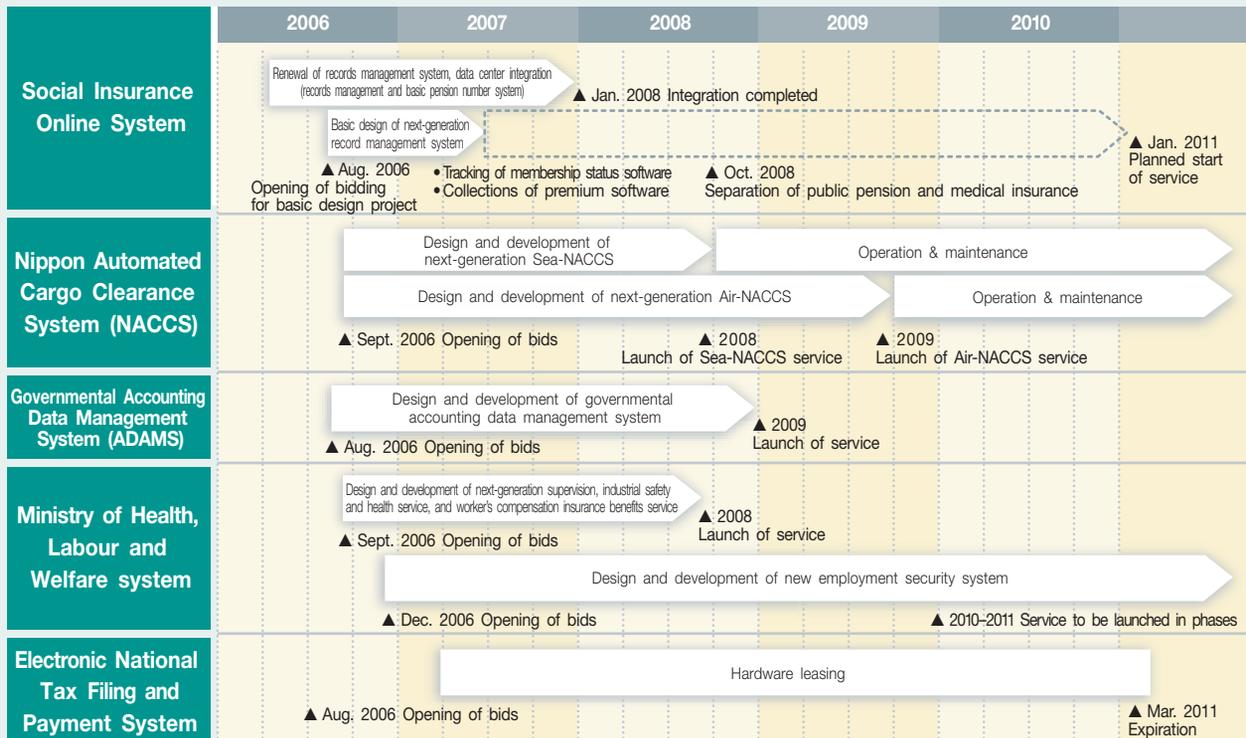
Business Outlook

We expect **Japan's government** to continue cutting back or even freezing the spending on IT projects through fiscal year 2008, ending March 31, 2009. Even so, IT reform remains a critical platform for the government, and we can still expect steady growth in investment related to the implementation of optimization plans and the New IT Reform Strategy, as well as in a number of fields such as public administration services, healthcare, and education, as detailed in the government's IT Policy Package and Priority Policy Program 2007 blueprints.

Turning to **local municipal governments**, the outlook is for continued downsizing in backbone operation systems, but demand should remain brisk for IT consulting services, shared outsourcing services, and IT-based business efficiency improvements, in part due to a latent labor shortage related to the so-called "2007 problem"—the start of mass retirements by Japan's baby-boomer generation.

In **healthcare**, where the government continues to push ahead with healthcare system and medical insurance reform, the outlook is for continued growth in demand for businesses such as online reimbursement systems and the government's new health care program calling for specified diagnosis, treatment, and health guidance to patients at risk of metabolic syndrome-related illnesses. There are also expectations for steady expansion in IT spending aimed at linking regional healthcare providers as part of Japan's electronic health records (EHR) initiative. The further spread of online medical billing processing will have the largest impact on stimulating further demand for IT services.

Major Optimization-related Systems Schedule



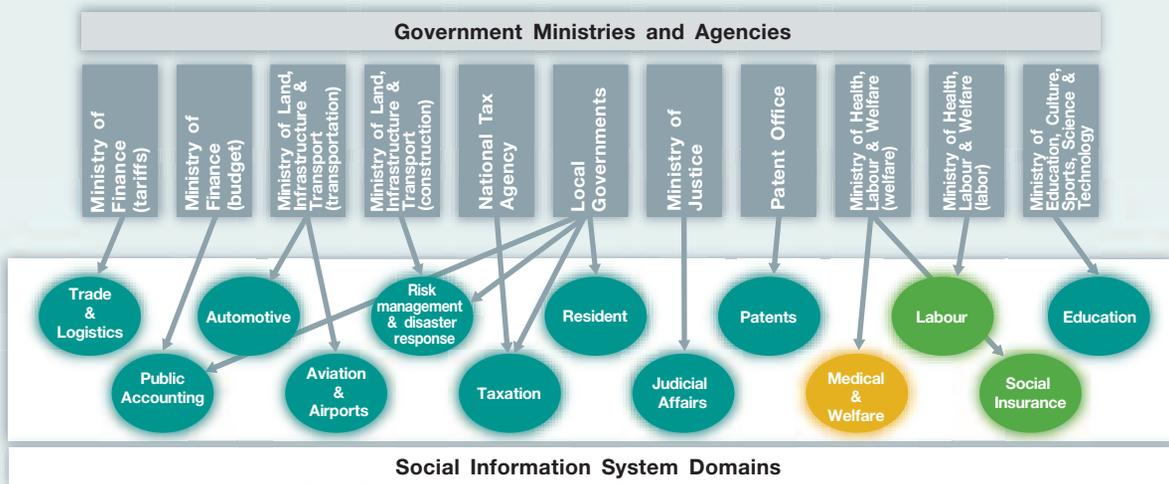
Major Orders for Optimization Plans

System	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Projected orders for fiscal year ending March 31, 2009 and beyond
Social Insurance Online System	<ul style="list-style-type: none"> Software orders (basic design) > Tracking of membership status software > Collections of premium software 	<ul style="list-style-type: none"> Won terminal facilities operative management service order Won terminal facilities hardware order Won LAN system novation order 	<ul style="list-style-type: none"> Detailed design software Hardware Operation and maintenance
Nippon Automated Cargo Clearance System (NACCS)	<ul style="list-style-type: none"> Won package order for software, hardware, operation and maintenance 	<ul style="list-style-type: none"> Won package order for software, hardware, operation and maintenance ■ Added next-generation NACCS functionality ■ Government ministry common portal software development, hardware leasing 	—
Customs Intelligence Database System (CIS)	<ul style="list-style-type: none"> Won software upgrade order 	<ul style="list-style-type: none"> Won order for development of integrated terminal software 	—
Governmental Accounting Data Management System (ADAMS)	<ul style="list-style-type: none"> Won package order for software development 	<ul style="list-style-type: none"> Won hardware lease order 	<ul style="list-style-type: none"> Operation and maintenance
Ministry of Health, Labour and Welfare System	<ul style="list-style-type: none"> Won software development order > Supervision, industrial safety, and health service system > Workers' compensation insurance benefits system > New employment security system 	—	<ul style="list-style-type: none"> New Employment Security System (tentative name) Hardware and operation
Electronic National Tax Filing and Payment System	<ul style="list-style-type: none"> Won hardware lease order 	<ul style="list-style-type: none"> Won software order (additional functions) 	

New Initiatives for the Public Administration Sector: Domain-based Approach and “Three Arrows”

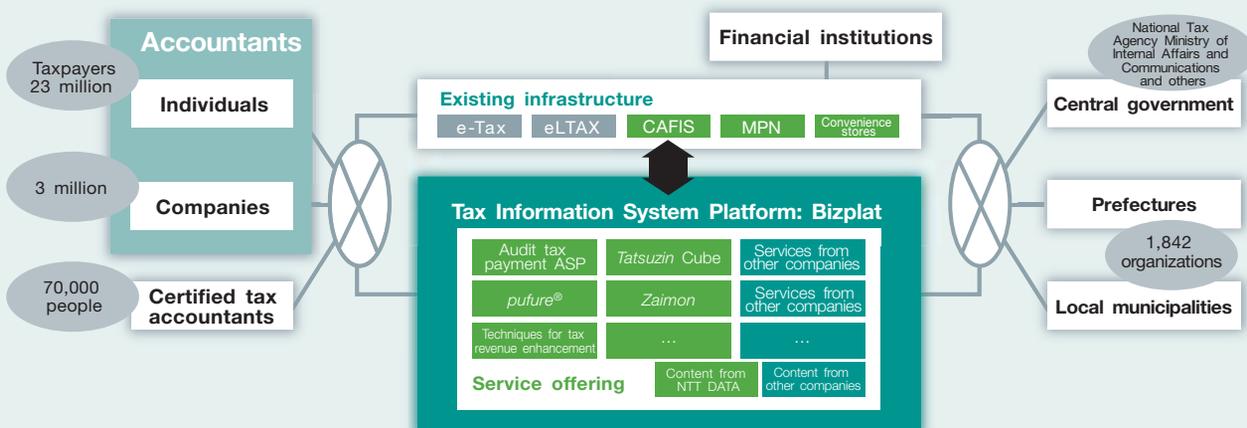
At the Public Administration sector, we have outlined 11 social information system “domains,” including resident information, taxation, and medical & welfare. Further, we have established domain managers that oversee domains outside the operating division framework. In this way, information is shared across each domain. This new domain-based approach is at the center of our strategy for developing joint local government and national government business.

We have implemented this new domain-based approach at the organizational level as well, by integrating operating divisions that previously focused separately on national government and local government projects. Previously, our local government-related business targeted local municipalities with populations of 500,000 people or more, but we have now expanded this to include municipalities with populations of 300,000 or more. We are working to generate greater synergies between the nine Group companies that primarily handle regional public administration-related projects.



Bizplat: Tax Information System Platform

At NTT Data, we are developing a shared tax-related information system that can be jointly used by both the National Tax Agency and local municipal tax authorities. The new shared tax system will take advantage of NTT Data’s vast experience and expertise in developing the online tax return filing and payment system for the national government (e-Tax), as well as for local governments (eLTAX). The new system will be compatible with third-party products to ensure optimum connectivity for a range of stakeholders, providing each user with necessary access and services via SaaS (Software as a Service) solutions.



Social Insurance Online System

Number of insured persons: 70.38 million
Number of pension benefit recipients: 52.68 million (As of March 31, 2007)

System Overview

A system for online processing of notifications and inquiries, as well as record-keeping and other tasks aimed at optimizing and improving the efficiency of administrative processes for the social insurance system (national pension fund, employees pension fund, seamen's insurance, government health insurance)

Medical Institution Receipt Data Verification Support System

Number of medical institutions: 700
Number of marketing agencies: 23 (As of March 31, 2007)

System Overview

A system for improving the efficiency and accuracy of receipts verification procedures by automatically verifying electronic receipts used to apply for medical fee reimbursements at medical institutions

Nippon Automated Cargo Clearance System (NACCS)

System Overview

NACCS provides online connections between customs offices and related companies and government bodies involved in international cargo operations and assists users in their work-related legal processing and companies in their use of information, enabling faster, more efficient processing of international cargo operations.

Governmental Accounting Data Management System (ADAMS)

System Overview

This system, designed for the efficient and effective implementation of national budget-related accounting procedures and operations, provides online connections for the Bank of Japan, the Board of Audit of Japan, and various government agency systems.

● Financial Sector



Executive Vice President & Director
In charge of Financial Sector

Toshio Iwamoto

The outlook for IT-related capital spending by financial institutions is increasingly unclear in the wake of last year's subprime loan crisis and financial systems instability. We still expect, however, that financial institutions will continue to invest in rationalization and labor conservation strategies aimed at maintaining competitive advantages over rivals. With backbone systems increasingly commoditized, we have seen a clear shift in focus at many financial institutions towards trimming the investment costs of backbone systems while boosting investment in services-related systems. In addition, with the implementation last year of the new Financial Instruments and Exchange Law and the complete liberalization of bank sales of insurance products, financial firms will need to continue investing in increasingly sophisticated risk management and compliance systems.

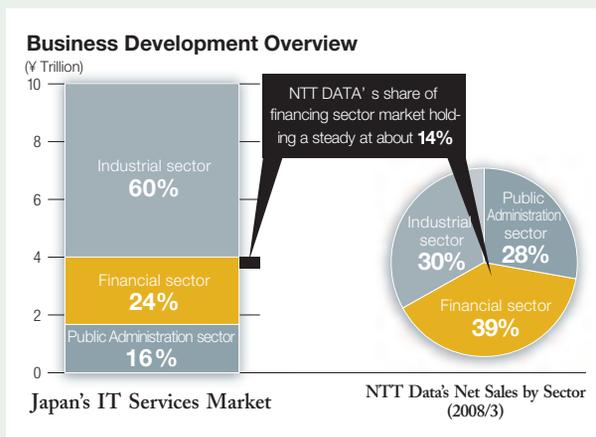
NTT DATA continues to build on its formidable strengths in shared-use backbone system technologies vital to ensuring that our clients can achieve greater management efficiencies. We are also striving to expand peripheral businesses that can enhance our customer's management strategies, and we continue to press ahead with expanding our presence in such business fields as credit settlement services and other socially beneficial areas.

Against this backdrop, we have very high expectations for NTT DATA Getronics Corporation, formed via a strategic partnership with Getronics N.V. (Netherlands). NTT DATA Getronics Corporation will play a critical role as we expand our foreign-exchange settlements and anti-money-laundering solutions businesses.

At NTT DATA, we will continue to focus our energies on helping our clients improve overall operational efficiency and achieve their strategic goals by expanding our shared-use systems business, adapting to new technologies and the ongoing effects of deregulation, and rolling out new business solutions, such as credit settlement services.

Financial Sector: Business Conditions Summary

Japan's information technology services market was worth some ¥10,296.7 billion in fiscal 2007, ended March 31, 2008. Of this, investment spending by financial institutions is estimated to have accounted for about ¥2.4 trillion, or 23.7%, of the total market worth (data by Gartner Japan).



Business Outlook

Systems-related investment spending by **Japan's major financial institutions** related to the megabank mergers and industry realignment has gradually peaked out. While we continue to see steady demand in fields where investments are expected to bear fruit relatively quickly, corporations appear to be somewhat reluctant to invest in businesses where the earnings outlook is less clear, underscoring the somewhat cautious mood at many financial-sector companies. Overall, financial-sector IT spending is still on the rise, but the outlook remains unclear, reflecting the lingering subprime crisis and the turmoil in the financial markets. We thus note the risk of weaker demand for strategic investment initiatives if the impact of the subprime crisis extends into 2009 and beyond, hurting corporate investment sentiment and squeezing credit.

While we have seen more and more moves towards industry realignment among **Japan's regional banks**, the key focus going forward will likely be on joint project development as companies prioritize cost-cutting efforts. With the emergence of the newly privatized Japan Post Bank, coupled with the major city banks and the regional banks moving into each others' business areas, we have seen a steady rise in demand for strategic investments in new products and services offered jointly by two or more banks. In addition, banks face an ever-changing regulatory environment, as evidenced by the implementation last year of the Financial Instruments and Exchange Law and the Privacy Protection Act, as well as the adaptation of the Basel II capital adequacy framework. Banks are thus starting to invest in information infrastructure systems aimed at meeting the increasingly tough compliance and risk management standards.

The earnings outlook for **securities companies** is increasingly grim, reflecting the global credit crunch and a sharp downturn in Japanese share prices. Japan's securities companies are under

intense pressure to cut costs. Most IT spending by securities companies is centered on projects related to operational digitalization, risk management, etc. Overall, we do not expect to see any significant new IT projects among Japan's securities companies.

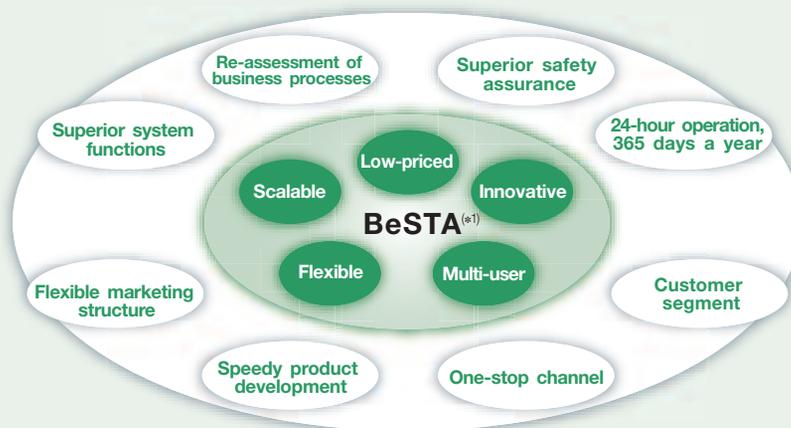
Turning to **life insurance** companies, the earnings outlook for the core insurance business has been considerably worse than it was in late 2007. Sector firms face sluggish premium revenue growth and decreasing unrealized gains on equity holdings due to the prolonged stock market slump. These factors are beginning to weigh on IT spending in the non-life insurance industry. However, life insurance companies continue to invest in new systems in the wake of the unpaid claims scandal. Further, we expect to see an upturn in demand for product differentiation projects or other investments aimed at bolstering company-wide value, since many companies were forced to push back such projects while they prioritized addressing the unpaid claims problem.

BeSTA: A Next-Generation, Shared Backbone System for Banking

The foundation of our strength in shared backbone systems is BeSTA (Banking application Engine for STandard Architecture), the standard for next-generation banking applications.

BeSTA has a proven track-record of non-stop, 24-hours-a-day operation at NTT DATA's Banking Center for Regional Banks, and it is highly regarded for its innovative features and superior reliability. We will continue to expand the number of banks participating in the BeSTA system while at the same time capturing new business outside the banking sector and developing new strategic partnerships. Future plans include the development of a BeSTA-based, next-generation shared system for the three banks and the development of new centers for shared backbone systems.

BeSTA's Superior Features



Increase in Number of Participating Banks: The number of banking institutions participating in BeSTA increased from 14 (at the end of March 2007) to 22 (as of April 2008).

Scale Expansion: We continue to expand BeSTA to include peripheral businesses such as marketing branch systems and Internet banking.

Increase in Strategic Partnerships: We continue to capture new strategic business targeting participating banks' non-IT products and marketing operations.



(*1) BeSTA (NTT DATA next-generation, standard banking application): Banking application developed by NTT DATA for shared use by multiple banks and that can be extended beyond core banking operations

(*2) 13 banks are now participating in the NTT DATA Banking Center for Regional Banks: Aomori Bank, Akita Bank, Shonai Bank, Bank of Iwate, Ashikaga Bank, Chiba Kogyo Bank, Hokuetsu Bank, Fukui Bank, Bank of Kyoto, Bank of Ikeda, Shikoku Bank, Nishi-Nippon City Bank, Aichi Bank

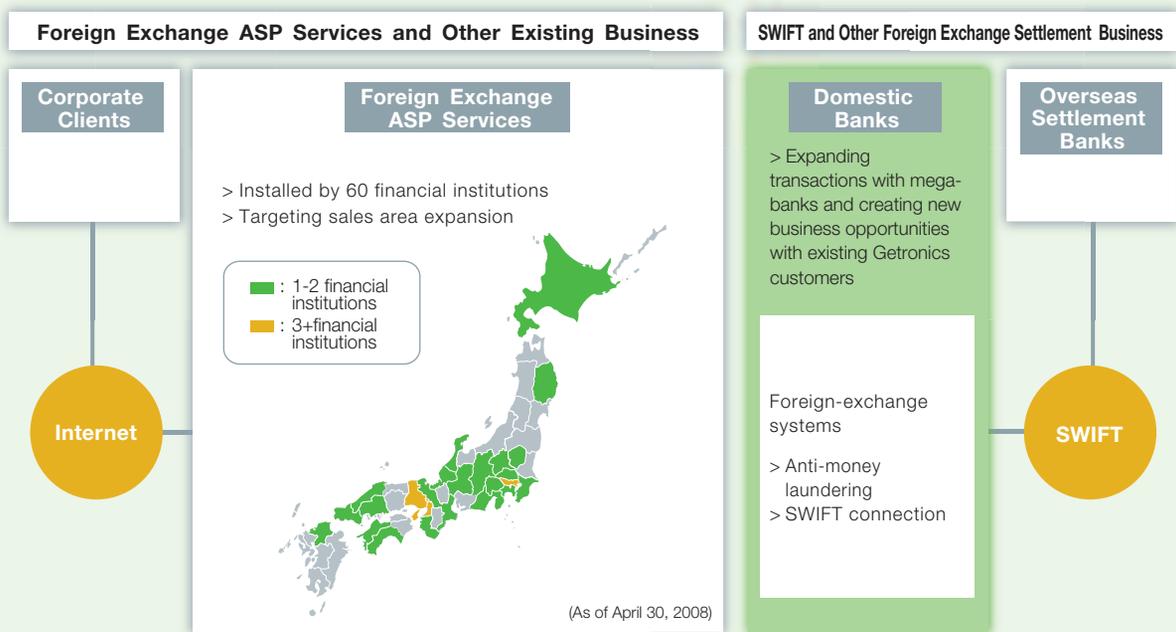
(*3) Shared system for three banks: Bank of Yokohama, Hokuriku Bank and Hokkaido Bank

(*4) Six banks to join new shared center: Kanagawa Bank, Tajima Bank, Tokyo Tomin Bank, Tohoku Bank, Toyama Bank, Nagano Bank

Expanding Our Foreign Exchange Settlements Business

One of the key challenges facing NTT DATA in our drive to further expand our financial sector business was building on our expertise in foreign-exchange settlements operations. NTT DATA GETRONICS (*1) represents a major step forward towards this goal. NTT DATA GETRONICS will play a significant role as we expand our existing businesses, such as foreign-exchange ASP services and build on our foreign-exchange settlements business using the SWIFT (*2) international banking settlement and data transmission network. The acquisition also opens up new business opportunities for us to offer our products and services to Getronics Japan's existing customers, such as the megabanks.

Expansion of Foreign Exchange Settlement System



(*1) 1) NTT DATA GETRONICS, formerly Getronics Japan; acquired from Getronics N.V.; 2) Total shareholders' equity of ¥830 million; 3) NTT DATA GETRONICS officially established on May 9, 2007; 4) Total 450 employees

(*2) SWIFT (Society for Worldwide Interbank Financial Telecommunication): A member-owned cooperative handling the development of a communications platform to promote greater efficiency and automation in international banking transactions. Established in May 1973 and headquartered in Belgium. Japan joined SWIFT in March 1982; as of the end of December 2006, the system covered approximately 8,100 financial institutions in 207 countries, including 261 financial institutions from Japan.

The Zengin Data Telecommunications System

1,499 participating financial institutions, with an average volume of over five million transactions per business day

System overview

An online system for processing domestic fund transfers between financial institutions

Integrated ATM Switching Service

Approximately 140 financial institutions* are connected to the service, including financial institutions that are members of various subscribing groups and certain non-member financial institutions that subscribe to the service on an individual basis.

* Number of credit associations, credit unions, and other financial institutions based on the number of system centers. The system handles approximately 70 million transactions per month

System overview

Provides fund settlement services, such as transmission of transaction amounts and online services required to relay mutual transaction telegrams (cash payment, balance inquiries, and account holder information) between financial institutions' ATMs (automated teller machines) and CDs (cash dispensers).

ANSER

Used by over 500 financial institutions throughout Japan. Monthly traffic exceeds 70 million calls, and the system continues to enjoy steady growth in traffic numbers (particularly among customers of financial institutions).

System overview

ANSER handles financial business-related operations such as notifications (including deposits and balance inquiries) and fund transfers and remittances for customers

CAFIS

One of Japan's largest network systems for credit card transactions in terms of both the number of participating companies and transaction volume, which exceeds 200 million calls per month

System overview

CAFIS is an online system connecting a broad range of credit card companies to each other and to affiliates, including financial institutions and retail stores.

Insurance Enterprises Common Gateway

Used by 49 life and non-life insurance companies, covering over 14,500 agencies and financial institutions

System overview

Web-based network infrastructure based on standardized specifications for connecting insurance agencies, insurance companies, and ASP companies

● Industrial Sector



Executive Vice President & Director,
In charge of Industrial Sector
Senior Executive Manager, Manufacturing Business Sector

Kazuyuki Arata

Japanese companies face increasingly difficult business conditions, with soaring crude oil prices and the yen's continued appreciation. Amidst this severe business environment, we remain under increasingly intense pressure to offer the IT solutions that underpin our clients' business and make them faster and cheaper. At the same time, we strive to build partnerships with our clients so that we can help them achieve their restructuring goals from an IT perspective.

We are promoting the following initiatives so that we can grow into a true IT partner for our customers:

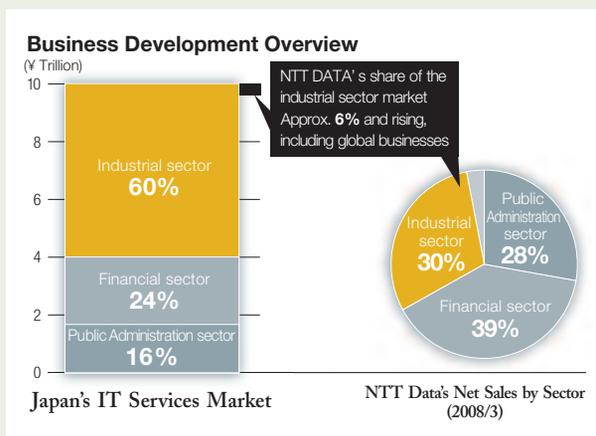
- We are expanding our global support network to offer fully integrated, worldwide IT support to Japanese companies that operate around the world.
- Our high-value-added consulting business helps our clients achieve their IT transformation goals.
- We continue to expand and organize our solutions business to help lower costs and shorten lead times for our clients.
- IT partner business modeled on equity-based business alliances with our corporate clients will contribute to further business development.

To help our clients realize these aspirations, we will strive to harness the collective strengths of the NTT DATA Group, in continued pursuit of our goal of being No. 1. in Customer Satisfaction.

To help meet the diverse IT needs of our corporate customers amidst a rapidly changing business climate, NTT DATA continues to pursue ongoing innovations in its global businesses, consulting and solutions services, with the goal of becoming a true IT Partner for our clients.

Industrial Sector: Business Conditions Summary

For the fiscal year ending March 31, 2008, Japan's IT services market was worth some ¥10,296.8 billion, of which ¥6.2 trillion, or 60.3%, was accounted for by the industrial sector (data by Gartner Japan).



Business Outlook

The downturn in domestic economic conditions will likely result in greater variance in IT spending depending on company, industry and size. Overall, however, we expect steady, if modest, growth to continue from here on.

We remain committed to harnessing the maximum capabilities of the NTT DATA Group to expand our global market presence and fully develop our consulting and services businesses.

In the **telecommunications** industry, demand for large-scale systems development has peaked, yet we still expect steady demand for new NGN (Next Generation Network) services.

In **manufacturing**, the rapid appreciation of the yen has resulted in a spate of media reports on company efforts to reduce costs, and this has been a boon for IT outsourcing demand. In backbone systems, Supply Chain Management (SCM) installation/upgrade demand remains robust, with companies still aggressively optimizing their global supply chains.

In **logistics and services**, weakening consumer spending and rising commodity prices have forced companies to take a more cautious stance on IT investment. Nevertheless, the logistics sector is in the midst of realignment, and this is beginning to spur demand for product information systems and other data warehouse systems development.

We are also seeing steady demand for upgrades to B2C sales systems, coupled with emerging demand for core cross-industry systems, including the transportation and logistics industries, such as point services systems linked to the credit card industry.

Full-fledged Global Business Development and Ongoing Realization of Group Synergies

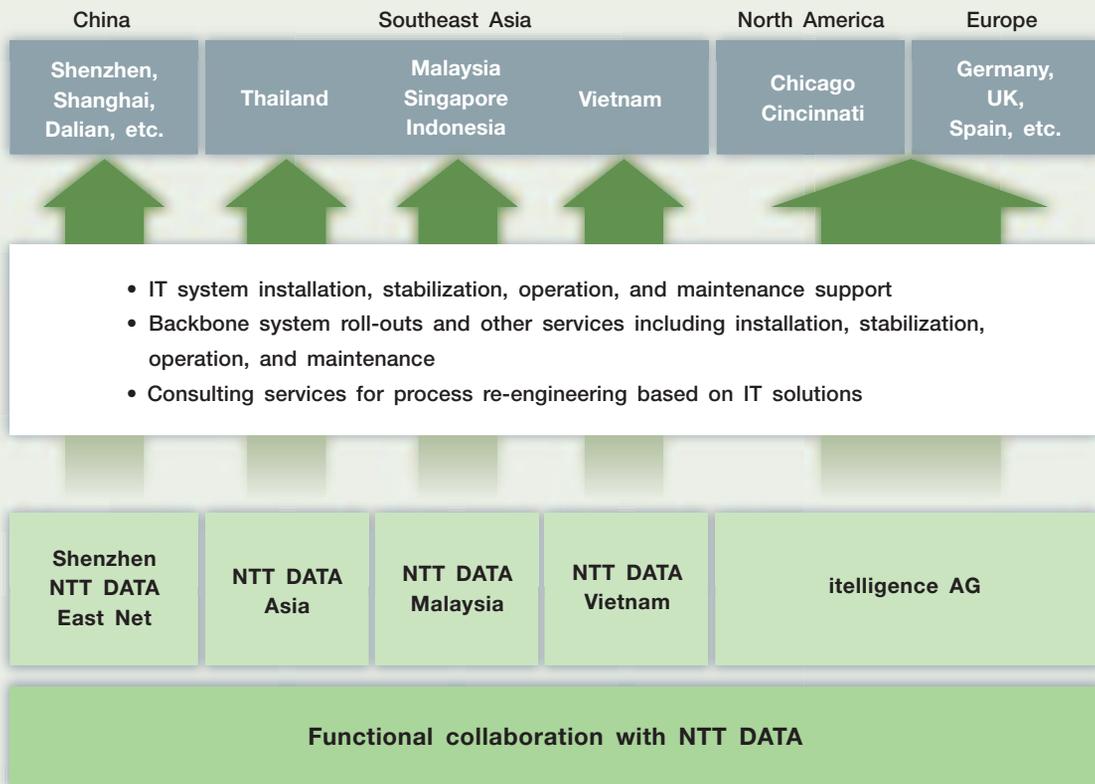
The NTT DATA Group vision is to be a "Global IT Innovator." To realize these aspirations, we have augmented our global network with core service operations in the three major regions of North America, Europe, and China/Southeast Asia. In this way, we are redoubling our efforts to expand our global businesses to better enable us to offer complete IT support services to our Japanese corporate clients with worldwide operations.

In Asia, we have established new bases for operations in China, Thailand, Malaysia and Vietnam. These new offices are a core base for our offshore development efforts and will also handle a wide range of business, from backbone systems development to systems operation and maintenance, backed by our core strengths in global SCM development expertise and project management. To further expand and strengthen our lineup of services, we are collaborating closely with our global NTT Group subsidiaries to provide our clients with an enhanced range of services, from communications infrastructure to applications.

In North America and Europe, we have established new IT services support functions to handle ERP development and other needs of our global Japanese corporate clients.

Looking ahead, we will continue to take aggressive steps, such as forming capital tie-ups with prominent local companies, to establish a global services platform and maximize Group synergies.

Overseas Bases for Global Japanese Companies



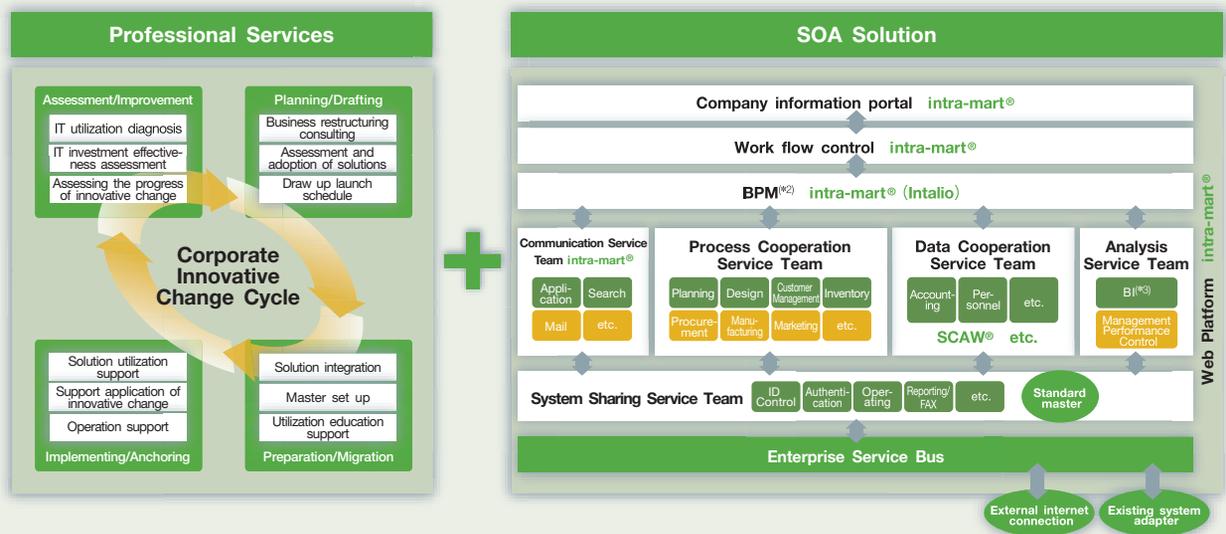
Offering Higher Value-added Consulting Services

For many companies, improving overall operational efficiency is the highest priority behind IT investment. At NTT DATA, our responsibility to our clients extends beyond our role as a systems vendor or systems integrator—we are increasingly called on to work with our clients as a true business partner to help them realize their transformation goals. Our high-quality consulting services are increasingly in demand, and to this end, we are strategically revamping our consulting business by harnessing the strengths of NTT DATA Business Consulting and Zacatii Consulting to better enable us to offer our clients the solutions they need to realize change.

Strengthening Our Solutions Business—Next Generation Enterprise Solution Sweet bizf™ (Biz Integral)

Amidst a slowing economy, our corporate customers face a rapidly changing business environment. As such, our customers require us to provide high-quality IT solutions with faster deliveries and at lower cost. To meet these needs, we are channeling the full strength and expertise of the NTT DATA Group toward supplying a variety of solutions capable of responding to a wide range of customer requirements. Furthermore, we will meet customer needs by providing business innovation consulting that supports the corporate innovation change cycle along with professional services introducing new solutions and their use.

Professional Service + SOA^(*) Solutions = bizf™ (Biz Integral)



(*1) SOA (Service Oriented Architecture): A system architecture that quickly responds to changes in the business environment

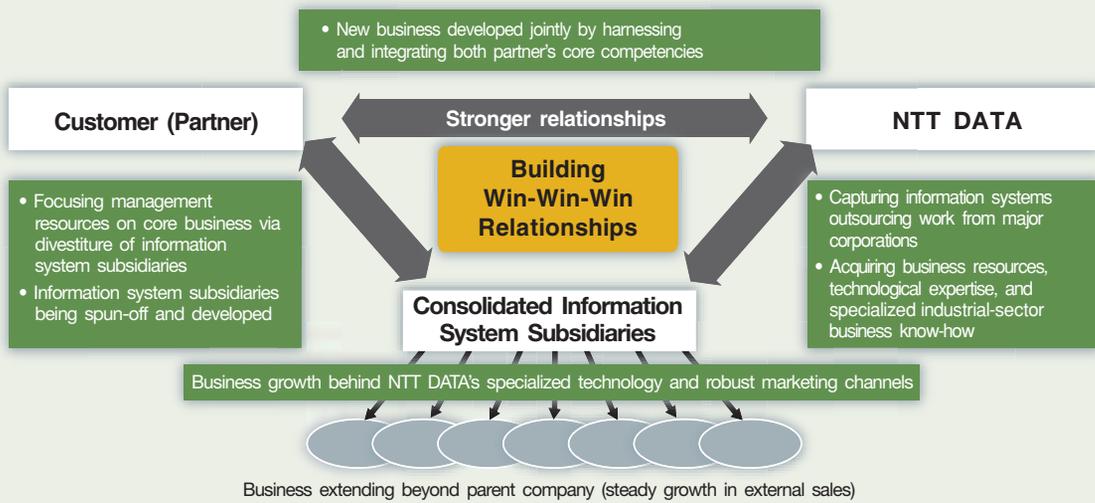
(*2) BPM (Business Process Management): A technology for integrating, controlling and automating multiple business processes and systems and optimizing the entire business flow

(*3) BI (Business Intelligence): Consolidates, analyzes and organizes large volumes of information accumulated by companies, improves productivity, and puts these to use in management

Steady Growth in IT Partnership Business Based on Equity-based Alliances

One of the key challenges for our corporate clients is ensuring that information systems subsidiaries are making the best use of IT-based human resources and are continuing to develop new employee talent to ensure that management is constantly in the best position to make the swift decisions needed to cope with the rapidly changing business environment and ever-changing IT landscape.

At NTT DATA, we remain committed to expanding our IT Partner business, modeled on equity-based alliances, to reinforce our capabilities in human resource education and development at information systems subsidiaries, further enabling us to offer stronger IT function support to our clients.



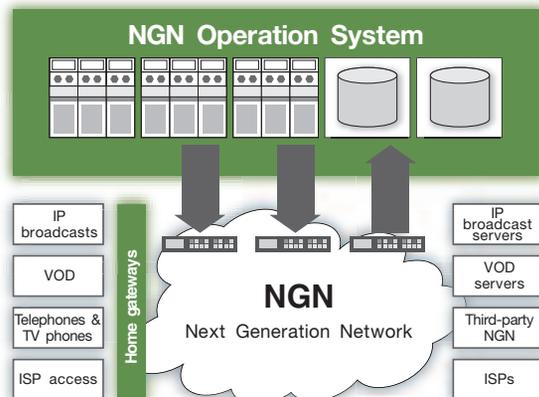
Change in number of consolidated subsidiaries related to IT Partner business (Industrial sector)

	2005/3	2006/3	2007/3	2008/3
Number of consolidated subsidiaries	5	8	10	10

NGN (Next Generation Network) Business

The NTT Group was the first company in the world to launch commercial NGN services in March 2008. As a core member of the NTT Group, we are playing a vital role in the development of the Group's NGN initiative in our NGN Operation System development business.

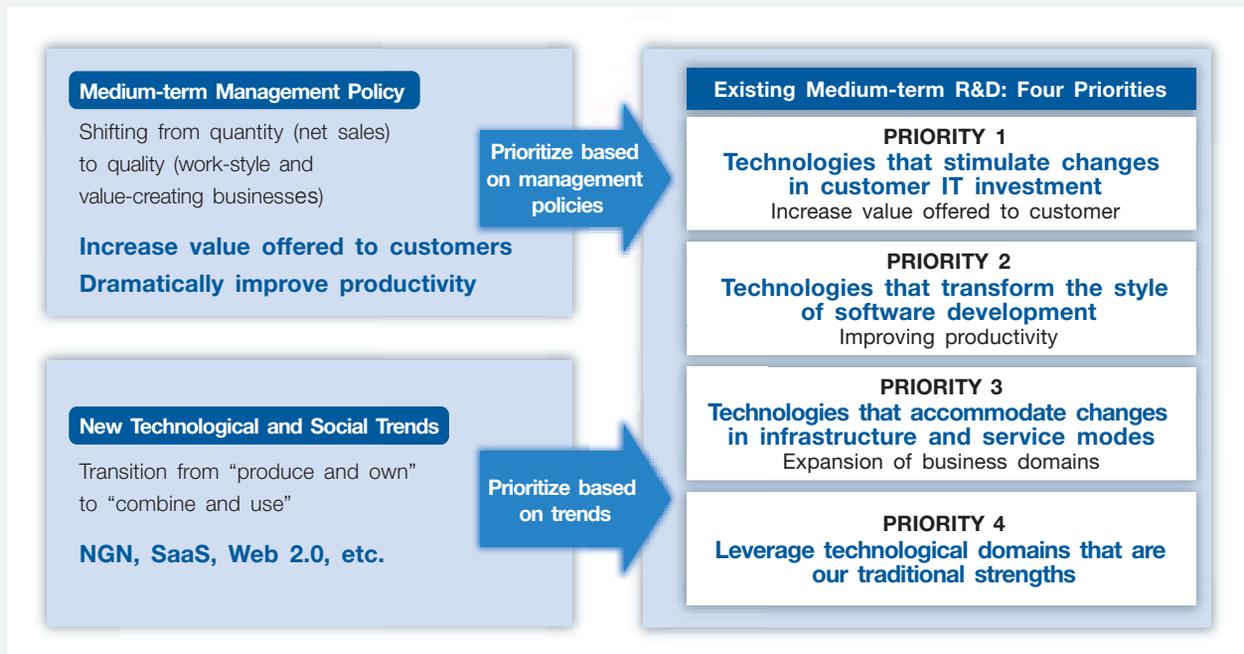
The NGN Operation System business, which was launched in March 2008, is a mission-critical backbone system capable of operating 24-hours-a-day, 365 days a year, covering a subscriber base of over 20 million fiber optic network connections. Modeled on the SOA concept and utilizing ESP/BPM technologies, the system provides solid support for high-value-added NGN services by enabling the timely, flexible, and cost-effective management and allocation of network resources.



Research and Development

At NTT DATA, the focus of R&D is on promoting technological development that is directly connected to business. Technologies invented independently at the Company's Research and Development Headquarters are actively introduced into businesses, and we attempt to commercialize them ourselves. Through collaboration with NTT, we apply fundamental R&D themes and develop solutions that customers can use. In its Medium-term Management Plan, NTT DATA has prioritized the following four R&D themes under a policy of shifting from quantity (net sales) to quality (work-style and value-creating businesses).

Medium-term R&D Theme Priorities



The aim of Priority 1 is to increase the value offered to customers, which we are doing by solving management issues through data analysis and high-end upstream consulting. The aim of Priority 2 is improving productivity, which we are doing by formulating integrated development methodologies. The aims of priorities 3 and 4 are to expand business domains and value creation and build technological strengths that steadily contribute to business.

Of these priorities, the most important one is "technologies that transform the style of software development" with the goal of transforming the development process. In October 2007, we restructured the R&D organization of software engineering and boosted the number of personnel working at the Center for Applied Software Engineering of the R&D Headquarters from 40 to 100. At the Center for Applied Software Engineering, we are taking on seven priority initiatives: 1. Formulation of integrated development methodology for the entire

Company; 2. Development of an integrated project management environment; 3. Maintenance, upgrade and expansion of framework and development environments; 4. Improvement of test processes; 5. Requirement engineering; 6. Practical software engineering education program; and 7. Making development process "visualization."

Software Engineering Activities

Efforts are underway to systematize R&D results based on the formulation of integrated development methodology for the entire Company.

As an industry program, together with nine other systems integration vendors, NTT DATA took part in the activities of the "Study Group on Customer Views on Specification Requirements Based on a Practical Approach." With the goal of building a consensus between customers on system development specifica-

tions, the group formulated and published “Customer View Guidelines” (including sections on displays, system-specific behavior and data models), which summarizes user-friendly methods for writing instructions (fixes and tricks) for external design specifications.

In addition, NTT DATA began creating an open source software version of “TERASOLUNA® Framework,” an application development platform based on “TERASOLUNA®,” a solution that amalgamates NTT DATA know-how in system development, and published a compendium of the “TERASOLUNA® Development Process.”

Based on the “Leading IT Specialist Development Program” of Japan’s Ministry of Education, Culture, Sports, Science and Technology (MEXT), the Company held an ongoing lecture series through a partnership with a university for the development of highly skilled IT professionals and published “Learning Software Development by Practical Example,” a practical software engineering textbook.

Activities Related to Business Intelligence

NTT DATA advanced R&D in technologies for analyzing large volumes of information accumulated by companies, public-sector organizations and other bodies. NTT DATA focused on integrated analysis frameworks that assist in the enhancement of client operations and the creation of new business by analyzing data assets within corporate information systems. Here, we verified the effectiveness of future forecast frameworks, for which there is a growing need, and developed more sophisticated analytic logic.

In addition, NTT DATA undertook the development of information search platforms designed to rapidly yet precisely gather and search large volumes of data from the Internet and documents. To that end, we developed a document review component that uses text processing technology and verified its applicability in such document review-related tasks as insurance claims and contract referral.

Initiatives Related to Integration Architecture

With an eye toward expanding the service integration business through NGN (Next Generation Network) and SaaS (Software as a Service), NTT DATA developed a service provision platform that automates data center operation and increases reliability.

NTT DATA also developed a risk analysis tool that helps elicit security requirements in the contract agreement process and created security system development methodologies for maintaining and securing system security at each stage of the development process.

Consulting/Advisory Activities for Society

As one of its efforts aimed at shaping IT-related markets through policy recommendations, NTT DATA worked on the computerization of the medical and public welfare fields. The role of ICT (Information and Communication Technology) is shifting from the maintenance of infrastructure to corporate innovation. In the midst of an expanding knowledge-based society, NTT DATA focused on three trends in the areas of operation structure, work environment and economy and life: 1) developing and expanding knowledge-based operations; 2) establishing open work environments; and 3) expanding metropolitan areas and maintaining balance, and recommended approaches to a sustainable society. NTT DATA also encouraged change in people’s decision-making and actions by having them differentiate between information and intelligence and made recommendations to bring about more effective disaster-prevention measures.

Initiatives Related to Platform Development

With the goal of strengthening technological domains in which we are already strong, NTT DATA prevented the leakage of information through the use of diskless PCs and achieved greater efficiency in terminal operation management. Meanwhile, NTT DATA validated a network boot thin-client technology with high system availability and the ability to operate data-intensive 3D-CAD applications. It also tested and confirmed the usefulness of this technology in large-scale client environments of several hundred customers.

Developing Open Source Software

The Open Source Software Development Center (OSDC) is an organization dedicated to augmenting development and support systems for infrastructure to develop systems based on Open Source Software (OSS). The center promoted the application of Prossione®, an entirely OSS-based platform for low-end to mid-range systems. It also experimented with and validated the software’s failure analysis and operation maintenance functions and its high-availability platform.

In addition, NTT DATA launched the “NTT DATA Group Open Source Square” website and introduced numerous OSS-related products including PostgresForest®, TERASOLUNA® Framework, AJAX Framework Muscat™, Hinemos®, an operations management monitoring software tool, and TOMOYO® Linux, which provides a secure Linux environment.

Intellectual Property

The NTT Data Group positions intellectual property as a key management resource. Through proper management of intellectual property, NTT DATA aims to improve the competitiveness of its products and services in the marketplace, while promoting activities that gain greater customer trust in and use of these products and services.

Approach to Intellectual Property Management

The objective of intellectual property management at NTT DATA is to secure more flexibility in developing businesses while differentiating products and services so that the Company can establish a competitive edge in its markets. This is accomplished by securing intellectual property rights that contribute to business activities.

Other important themes include avoiding the infringement of other companies' intellectual property rights and securely manag-

ing and protecting intellectual property and critical trade secrets gathered from customers and business partners in the course of business.

We believe these steady and persistent efforts help us to enhance corporate value.

Intellectual Property Activities

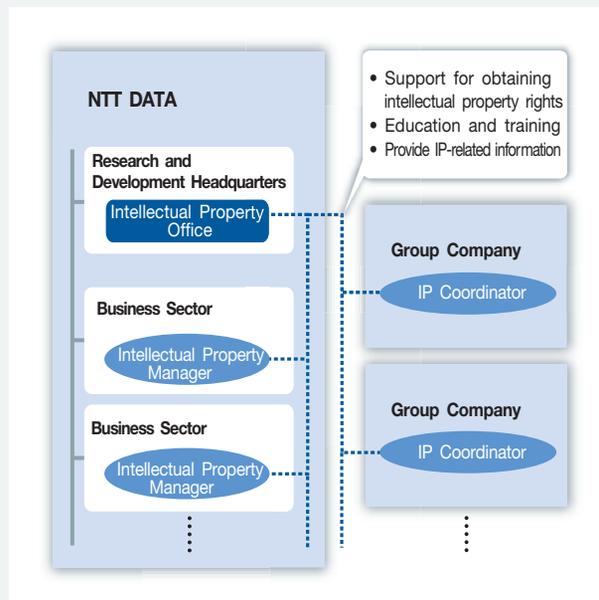


Promotion Framework for Intellectual Property

The Intellectual Property Office has been established at NTT DATA as a unit dedicated to the promotion of intellectual property. We have also assigned intellectual property managers to major business units and intellectual property (IP) coordinators to each NTT DATA Group company. Under this framework, NTT DATA carries out various IP-related consulting services and provides information on how to leverage intellectual property in business.

On top of these efforts, the Intellectual Property Office collaborates with related internal sections, including the Compliance Promotion Section of the General Affairs Department and outside professionals and has set up a system to respond swiftly and appropriately to intellectual property-related risks.

System of Collaboration between Internal Business Sectors and Group Companies



Intellectual Property at NTT DATA

<Patents>

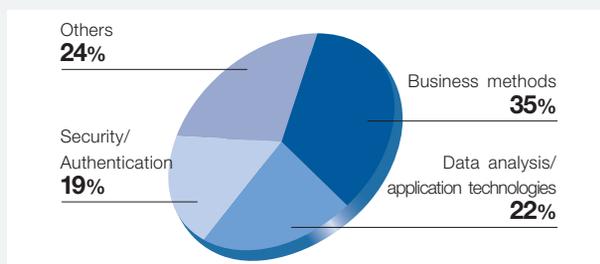
Many of the patents filed in fiscal 2008 by NTT DATA were for technologies envisioned for use in proprietary services or for use several years from now. The chart below shows a breakdown of patents filed by NTT DATA in fiscal 2008 by type of technology. Patents were filed for technologies to enable proprietary services in individual sectors and for technological development in R&D departments, but the majority of these patents were filed for business methods, data analysis and application technologies.

NTT DATA carefully selects patents for filing after sufficiently researching prior art documents.

With respect to securing patent rights, NTT DATA gives top priority to filing patents to establish a competitive advantage and differentiate its products and services in the marketplace. At the same time it closely monitors the status of internally developed systems, as well as industry and company peer trends. As of March 31, 2008, NTT DATA held roughly 400 patents in Japan.

Compensation paid to employee inventors when patents are enforced includes a component commensurate to the contribution of the patent to business, without limit. Through this system, we hope to further motivate employees to create inventions that contribute to Company business.

Patents Filed in Fiscal 2008 by Type of Technology



<Trademarks>

To further enhance its brand value, NTT DATA obtains trademark rights legitimately, while preventing trademark infringement by third parties and the dilution of the value of its trademarks. As of March 31, 2008, NTT DATA held approximately 1,100 trademark rights in Japan.

Intellectual Property Management

<Obtain and Manage Intellectual Property>

With respect to policies on obtaining and managing intellectual property, NTT DATA formulates and adheres to handling rules and guidelines. Efforts to reflect these policies in day-to-day operations, such as the inclusion of intellectual property-related requirements into internal development standards, are also being taken.

Not only does NTT DATA manage intellectual property rights, it also manages internal information on a diverse range of other R&D themes and industry knowledge. We hope to apply this information across our organization to upgrade various systems and reduce development costs. Knowledge-sharing systems, such as an environment for sharing solutions-related information on our intranet, have been constructed to achieve these goals.

Besides the aforementioned intellectual property activities, intellectual property created by NTT, the holding company of the NTT Group, is also applied to further upgrade the core competencies of NTT DATA.

<Reduce Risks>

As a means of preventing the infringement of intellectual property rights held by other companies, a verification function for checking whether patents held by other companies have been infringed was built into the risk assessment system at the time of its construction. Company-wide Web training programs on intellectual property, including perspectives on the prevention of intellectual property rights infringement, are also held to increase knowledge and awareness of this issue throughout NTT DATA.

Furthermore, NTT DATA maintains a stringent risk management system to securely manage the trade secrets of customers and prevent the outflow of expertise and other intellectual property from the Company. Measures include the formulation of an Information Security Policy, implementation of assessments, and inclusion of these principles into the NTT DATA Group Code of Ethics.

Intellectual Property Management Cycle



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Consolidated Six-Year Summary

NTT DATA CORPORATION AND SUBSIDIARIES
Years ended March 31

	Millions of yen						Thousands of U.S. dollars	
	2003	2004	2005	2006	2007	2008	2008	
For the Year:								
Net Sales	¥ 832,109	¥ 846,706	¥ 854,154	¥ 907,281	¥1,044,918	¥1,074,405	\$10,744,050	
System Integration	671,256	685,454	689,847	720,078	830,777	834,972	8,349,720	
Network System Services	60,262	57,794	56,612	62,158	69,083	75,503	755,030	
Others	173,883	177,721	186,502	210,797	236,564	269,401	2,694,010	
Elimination or Corporate	(73,292)	(74,263)	(78,807)	(85,752)	(91,506)	(105,471)	(1,054,710)	
Cost of Sales	622,072	637,911	648,396	682,224	786,327	813,343	8,133,430	
Operating Income	61,544	59,725	39,288	46,867	90,250	95,912	959,120	
Income before Income Taxes	50,933	44,441	32,144	42,016	85,769	51,493	514,930	
Net Income	28,562	26,956	20,110	28,191	50,637	30,455	304,550	
New Orders Received	843,571	750,796	658,161	723,674	967,901	1,012,278	10,122,780	
Capital Expenditures	171,017	148,923	110,821	112,146	139,565	176,826	1,768,260	
Depreciation and Amortization/ Loss on Disposal of Tangibles and Intangibles	158,523	165,281	161,942	153,303	144,267	150,375	1,503,750	
Research and Development Expenses	18,224	15,350	16,542	17,307	11,307	10,749	107,490	
Free Cash Flow	67,180	44,044	60,712	53,116	83,305	39,653	396,530	
EBITDA	220,067	225,006	201,230	200,170	234,517	246,287	2,462,870	
At Year-End:								
Property and Equipment, at Cost	1,008,791	813,868	819,984	820,609	886,663	966,741	9,667,410	
Less: Accumulated Depreciation	(607,447)	(468,534)	(498,095)	(513,193)	(547,048)	(589,931)	(5,899,310)	
Long-Term Debt	313,860	271,920	235,845	200,656	185,785	142,637	1,426,370	
Total Liabilities	679,872	600,318	557,092	550,727	540,745	630,847	6,308,470	
Total Equity	435,715	458,846	473,982	495,703	534,917	548,134	5,481,340	
Total Assets	1,118,401	1,065,549	1,038,571	1,056,337	1,087,347	1,193,827	11,938,270	
	Yen						U.S. dollars	
	2003	2004	2005	2006	2007	2008	2008	
Per Share:								
Net Income	¥ 10,152	¥ 9,578	¥ 7,139	¥ 10,024	¥ 18,053	¥ 10,857	\$ 108.57	
Net Assets	155,304	163,550	168,947	176,695	190,701	195,413	1,954.13	
Other Information:								
Operating Income Margin (%)	7.4	7.1	4.6	5.2	8.6	8.9	—	
Return on Sales (%)	3.4	3.2	2.4	3.1	4.8	2.8	—	
Return on Equity (%)	6.7	6.0	4.3	5.8	9.8	5.6	—	
Return on Assets (%)	2.6	2.5	1.9	2.7	4.7	2.6	—	
EBITDA Margin (%)	26.4	26.6	23.6	22.1	22.4	22.9	—	
Equity Ratio (%)	39.0	43.1	45.6	46.9	49.2	45.9	—	
Number of Employees	15,971	17,389	18,720	21,308	22,608	23,080	—	

- Notes: 1. EBITDA refers to operating income before deducting depreciation and amortization/loss on disposal of property and equipment and intangibles.
2. Net income per share and shareholders' equity per share will be calculated in accordance with "Accounting Standard for Net Income per Share" (Corporate Accounting Standard No. 2 and ASB Guidance No. 4) and adjusted in accordance with this change.
3. EBITDA margin refers to EBITDA divided by net sales.
4. Yen amounts are translated into U.S. dollars, solely for convenience, at the prevailing exchange rate on March 31, 2008, of ¥100=U.S.\$1.

Management's Discussion and Analysis

MARKET CONDITIONS IN FISCAL 2008, ENDED MARCH 31, 2008

During the period under review, the Japanese economy generally achieved modest expansion, driven by factors such as increased capital investment powered by a high level of corporate earnings. From the second half, however, there was mounting uncertainty about the future outlook, fanned by factors such as the deceleration of the U.S. economy and sluggish market conditions sparked by the subprime mortgage crisis and rises in crude-oil prices.

In the information service industry, despite customers' persistently strong emphasis on return on investment, there has been an increase in corporate investments in software by financial institutions and the manufacturing industry. Factors behind this include demand for the building of mission-critical systems, chiefly by financial institutions, and investment in compliance-related systems. On the downside, the increased demand has led to a shortage of engineers, with the result that securing a stable supply of human resources remains a problem.

IMPLEMENTATION OF MANAGEMENT INITIATIVES

Amid these circumstances the NTT DATA Group has been pursuing its goal of becoming a "Leading-edge Innovator" by shifting focus from quantity (net sales) to quality (work-style and value-creating businesses) in order to become a corporate group that is No. 1 in customer satisfaction. To that end, under our Medium-term Management Policy we have focused on innovation in sales and marketing processes, innovation in development processes, the promotion of efficient group management, the improvement of the business portfolio, emphasis on growth engines, and human resources development.

Innovation in sales and marketing processes

As a part of this initiative, the Sales Strategy Planning Office was upgraded to the Sales Strategy Planning Department, and the Department played a core role in implementing policies to strengthen marketing capabilities throughout the Company. Specifically, to increase customer satisfaction, all divisions formulated and implemented an improvement plan for each customer. In addition, stronger steps were taken in the training of sales personnel, and a structure for educating young sales people was developed, while the development of mid-level sales staff was enhanced by holding a "sales summit" at which personnel of this level from throughout the Company shared opinions and discussed sales strengths and other issues.

Innovation in development processes

As part of the efforts to achieve innovation in development processes, the organization for research and development concerned with software engineering has been reorganized, boosting the strength of the Center for Applied Software Engineering by expanding its staff from 40 to more than 100. In order to progress with the systemization of research and development results as a company-wide integrated development methodology, particular attention has been devoted to the improvement of testing processes and requirements engineering¹. In addition, the Forum for Client-Oriented Software Requirements Specification Based on Practitioners' Approach has been

formed by nine SI vendors. With regard to system specifications, this group is studying customer-friendly ways to describe and agree on Software Requirements Specifications. Its achievement has been the release of the Client-Oriented Software Requirements Specification Guideline²—Part 1: Screens; Part 2: System behavior; and Part 3: Data models.

Promotion of efficient Group management

With the aim of creating a truly competitive corporate group by fostering increased self-reliance by all Group companies, enhancing Group management, and ensuring the achievement of individual companies' missions, the personnel-secondment program has been revised. In this way, the roles of personnel seconded from NTT DATA to Group companies have been clarified, and staff members have also been transferred to the Group companies to which they have been assigned. We also implemented an enhanced outplacement support program, owing to the fact that change in the social environment has given rise to a greater variety of career plans and employment needs, and employees' values are becoming more diverse.

Improvement of the business portfolio

In pursuit of increasing Group profitability, it was decided to dissolve five consolidated subsidiaries: e-bossjapan, Inc., NIPPON RISK MANAGEMENT CORPORATION, City Channel Co., Ltd., Xpiral Corporation, and NTT DATA COMMUNITY PRODUCE CORPORATION. We will continue our efforts to enhance profitability further by reviewing businesses with low profits with the aim of withdrawing from certain business activities and shifting human and physical resources into businesses with high profitability.

Emphasis on growth engines

With regard to growth engines, since the healthcare business segment has been identified as a promising growth area, we have established the new Healthcare Systems Sector for the purpose of strengthening our business and contributing to the development of social infrastructure in this field. Specifically, we commenced the provision of the Health Data Bank, an ASP service offering sale and secure management of large-scale medical-examination data, to the Japan Anti-Tuberculosis Association, and we launched sales of Kaikei Hakase, a next-generation accounting system for medical practices that can cope flexibly with reforms in the healthcare system. In addition, NTT DATA formed an alliance with DATATRAK International, Inc. to develop support services for the use of information technology in clinical trials, a market that is projected to grow. DATATRAK International is a worldwide technology company providing IT solutions to support clinical trials carried out by the pharmaceutical industry. With respect to that company's eClinical solutions, we have begun sales as a licensed reseller for the Japanese market and launched consulting services for their introduction, along with building and operating services. In addition, in the sphere of embedded software, we have established an organization for the promotion of related business in the industrial sector and are taking steps to expand business in the mobile-phone equipment manufacturing, automotive, and other manufacturing industries.

Human resources development

Efforts in the sphere of human resource development have included the expansion of certification under the Professional Career Development Program (CDP)³ and its institution as a fixed feature of the Company. Specifically, with this expansion, project managers, technical specialists, and marketing personnel have been certified as professionals able to deploy a high level of expertise for both planning and implementation. In addition, CDP Basic⁴ has been introduced as a means of nurturing young staff. Educational courses based on this scheme's training structure were inaugurated for new employees joining the Company in the current fiscal year.

Furthermore, as part of the strengthening of our operating structure, we have newly established the Postal Service System Sector in response to the privatization of Japan Post, creating a structure that will enable us to contribute to the various reforms of postal services by building an effective social infrastructure. In addition, the Third Public Administration Systems Sector and the Fourth Public Administration Systems Sector will be merged into the First Public Administration Systems Sector, positioning us to promote consistent strategic planning and management of operations from the national to the local government level.

Through these efforts the Company conducted vigorous marketing activities to win orders for new systems and inaugurate services, and it also undertook efficient system development. At the same time the Company continued to strive to provide stable services for systems already supplied to customers.

Notes: 1. Requirements engineering

The improvement of upstream processes for the purpose of winning orders and reducing rework by raising design quality

2. Client-Oriented Software Requirements Specification Guideline

In order to prevent misunderstanding between clients and developers (vendors), and also omissions from specifications, these Guidelines are compendiums, in the form of tips, of methods for expressing and confirming items in project books and related materials and of reviewing methods and itemizing them by product in external design processes.

3. Professional Career Development Program (CDP)

This is a certification system that defines the types of employee the NTT DATA Group is seeking, categorizes them at specific levels, and certifies each employee's expertise and level based on their knowledge, experience, and competence. Employees come to recognize their own levels objectively and to gain experience and grow through work and training oriented towards their career paths. The Program is expected to link corporate development with the employee's personal development.

4. CDP Basic

An educational scheme for young employees that enables them to acquire the minimum knowledge required in their first five years in the Company through structured training to complement their job experience.

SCOPE OF CONSOLIDATION

In fiscal 2008, the NTT DATA Group included all 135 of its subsidiaries into its scope of consolidation. Owing to new equity investments and the establishment of new subsidiaries, the Group included 42 new consolidated subsidiaries, such as itelligence AG. In addition, owing to the liquidation of subsidiaries, three subsidiaries, such as e-bossjapan, Inc. were excluded from the scope of consolidation.

Consolidated Subsidiaries' Results

(¥ billion)

	2004	2005	2006	2007	2008
New orders received	750.8	658.2	723.7	967.9	1,012.3
Difference from non-consolidated figures	100.5	114.3	146.6	190.4	224.8
Net sales	846.7	854.2	907.3	1,044.9	1,074.4
Difference from non-consolidated figures	96.0	115.9	149.7	188.6	214.6

REVIEW OF OPERATING RESULTS IN FISCAL 2008

New Orders Received and Order Backlog

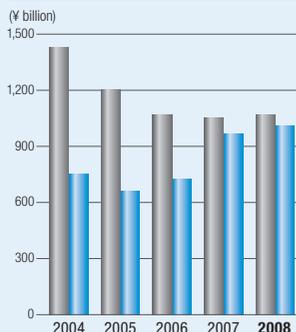
In fiscal 2008, new orders received climbed ¥44.4 billion to ¥1,012.3 billion, a 4.6% increase compared with the previous fiscal year and crossing the ¥1,000 billion mark. This was mainly attributable to the robust orders received from the financial sector. Consolidated subsidiaries also recorded growth in their results. The order backlog at the end of fiscal 2008 was ¥1,066.5 billion, an increase of ¥15.8 billion, or 1.5%, from the end of the previous fiscal year.

Net Sales

Net sales rose ¥29.5 billion, or 2.8%, year on year to ¥1,074.4 billion. This was largely due to the expansion of the scope of consolidated subsidiaries, as well as the business growth at existing subsidiaries through M&A. The Public Administration, Financial, Industrial and Others sectors contributed to net sales by 28%, 39%, 30% and 3%, respectively.

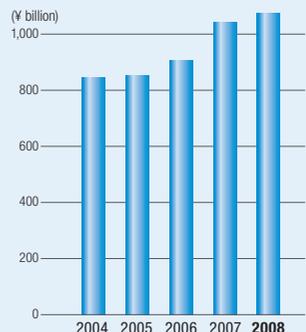
New Orders Received and Order Backlog

	2004	2005	2006	2007	2008
New orders received	750.8	658.2	723.7	967.9	1,012.3
Order backlog	1,428.0	1,202.2	1,069.6	1,050.7	1,066.5



Net Sales

	2004	2005	2006	2007	2008
Net sales	846.7	854.2	907.3	1,044.9	1,074.4



Overview by Sector

Public Administration Sector

In the Public Administration Sector, NTT DATA won orders from the Ministry of Finance for the lease of machinery for the governmental accounting data management system. We also won orders for the development, rent, maintenance, operation and technical support of the Next Nippon Automated Cargo Clearance System (Next NACCS) Port Sub System at the Nippon Automated Cargo Clearance System Operations Organization. In addition, we renovated the Social Insurance Agency's record-keeping system and brought it into operation.

With regard to the pension records problem, a countermeasures headquarters was set up not only in the public administration sector, but across the entire company. The NTT DATA Group is harnessing its comprehensive corporate strength to cooperate fully on this issue, making maximum use of its experience and know-how and implementing measures such as the development of a record inquiry program for computer systems.

In spite of these developments, net sales in this sector declined ¥43.7 billion, or 12.7%, to ¥300.6 billion year on year, while orders received were down ¥45.1 billion, or 13.6%, to ¥286.1 billion.

Financial Sector

In the Financial Sector, the adoption of BeSTA (Banking application engine for STandard Architecture) was expanded by the addition of the Akita Bank, Ltd. to our customers for the NTT DATA Regional Bank Integrated Services Center, a center for shared utilization by financial institutions. NTT DATA also reached a basic agreement on the creation of a new shared data center with six banks (Kanagawa Bank, Ltd., Tajima Bank, Ltd., Tokyo Tomin Bank, Ltd., Tohoku Bank, Ltd., Toyama Bank, Ltd., and Nagano Bank, Ltd.) to which it currently provides its STAR-ACE shared outsourcing center. Other progress in expanding the range of business operations in this field included the supply, for AEON Co., Ltd.'s WAON e-money service, of a server system for its e-money center, terminal software, and e-money chargers, and also the inauguration of the VALUX service to provide a network platform to enable linkage with content services for companies of various kinds. We provided

another high-value-added service by supplying an IP telephone system to the Dai-ichi Mutual Life Insurance Company, further enhancing convenience for that company and the efficiency of its business processes.

Owing to these efforts, net sales in this sector increased ¥96.5 billion, or 29.7%, to ¥421.1 billion. However, orders received jumped ¥112.5 billion, or 38.9%, to ¥401.4 billion due to the abovementioned factors.

Industrial Sector

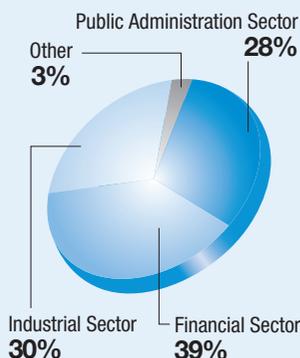
In the Industrial Sector, we assumed management control of Nippon Mining Holdings, Inc.'s information-system subsidiary, Central Computer Services Co., Ltd., and reestablished it as NTT DATA CCS CORPORATION. This will enable us to establish a competitive advantage in the industrial sector by making use of that company's system-development track record in the electronics and automotive industries and the embedded-software field.

We also established and started operations at NTT DATA Asia Company Limited, NTT DATA Malaysia Sdn. Bhd. and NTT DATA Vietnam Company Limited in Thailand, Malaysia and Vietnam respectively, with the objective of enhancing our IT support structure for subsidiaries of global companies—primarily Japanese—operating in Asia. This will both bolster our support capacity in the Asian region and enhance collaboration with other NTT Group companies in the area, positioning us as a top provider of high-quality IT services ranging from communications infrastructure to applications.

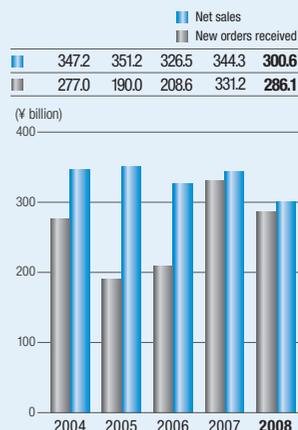
In China we established Shenzhen NTT DATA East Net Co., Ltd. by acquiring shares in Shenzhen East Net Co., Ltd. from its parent company, BlueNet Co., Ltd. We aim to develop our business in China through collaboration between this new company and the existing NTT DATA Group subsidiaries and affiliates in China. In addition, we added the capability to accommodate "Edy" into our Multi-Settlement System, making it possible for the first time in Japan to make settlements through three types of e-money—"Suica," "Edy" and "iD"—on a single reader/writer. On June 7, 2007, our subsidiary NTT DATA INTRAMART CORPORATION was listed on the Mothers market of the Tokyo Stock Exchange.

Net Sales by Sector

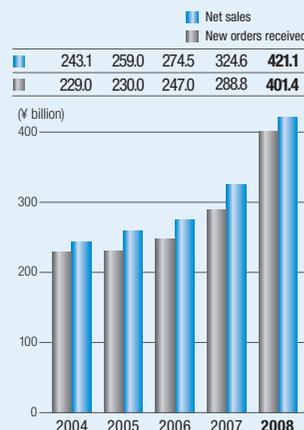
(Fiscal 2008)



Public Administration Sector



Financial Sector



Industrial Sector



During the fiscal year under review, net sales in this sector declined ¥23.5 billion, or 6.7% year on year, to ¥324.9 billion. Orders received also decreased ¥19.7 billion, or 6.2%, to ¥298.5 billion.

In addition to the above, NTT DATA assumed management control of VERTEX SOFTWARE PRIVATE LIMITED, an Indian company that provides offshore development services to companies in Japan and the United States and is very proficient in the handling of Japanese business. This acquisition formed part of our efforts to strengthen our offshore development structure at a global level. Also, to further promote the development of international operations, we assumed management control of itelligence AG, a global SAP partner. With these moves we have established, in Europe and North America, a structure to cater to the SAP requirements of Japanese companies operating globally. By transferring a portion of this company's shares to NTT Communications Corporation, we will endeavor to collaborate within the NTT Group and strengthen our capacity to offer total ICT (Information and Communication Technology) solutions to global customers, particularly European companies.

Net Sales and Operating Income by Segment

System Integration

The System Integration (SI) Business develops, sells, leases and services data communications equipment systems tailored to the specific needs of customers. Sales rose as a result of factors such as increased sales of individual systems to the financial sector and the expanded number of consolidated subsidiaries. However, operating income fell, owing to the statement of allowance for contract losses on orders received.

As a result, net sales in this segment edged up ¥4.2 billion, or 0.5%, year on year to ¥835.0 billion, while operating income decreased ¥2.0 billion, or 2.1%, to ¥90.3 billion. The operating income ratio edged down 0.3 of a percentage point from the previous fiscal year to 10.8%.

Network System Services

The Network System Services Business provides services such as information provision, data processing, and other services matched to market needs, using various computer networks, including the

Internet. Both sales and operating income grew in response to brisk sales of multi-store networks and CAFIS systems.

As a result, net sales rose ¥6.4 billion, or 9.3%, to ¥75.5 billion. Operating income surged ¥1.4 billion, or 35.2%, to ¥5.3 billion. The operating income ratio improved 1.4 percentage points to 7.0%.

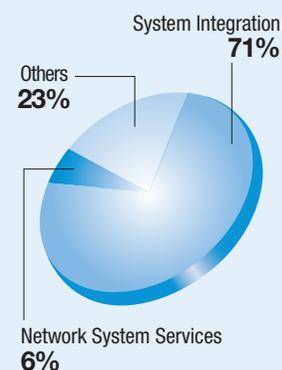
Others

NTT DATA's Other Business researches and evaluates customer management issues, makes plans and proposals for optimization of data communications systems, and provides services that include maintenance and facility management. Both sales and operating income increased, mainly due to growth in system maintenance and operation services.

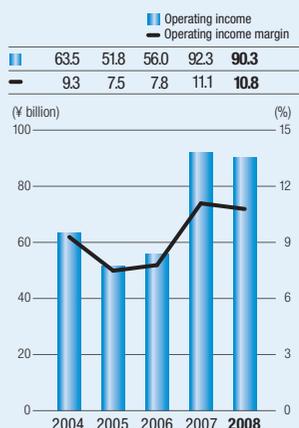
Accordingly, net sales climbed ¥32.8 billion, or 13.9%, from the previous fiscal year to ¥269.4 billion. Operating income jumped ¥7.9 billion, or 61.7%, to ¥20.8 billion. The operating income ratio improved 2.3 percentage points year on year to 7.7%.

Net Sales by Segment

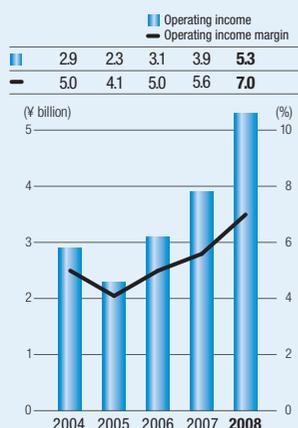
(Fiscal 2008)



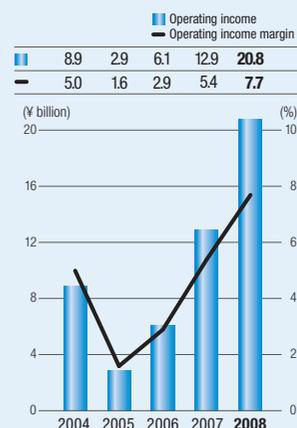
System Integration



Network System Services



Others



Operating Expenses and Operating Income

The cost of sales rose ¥27.0 billion, or 3.4%, to ¥813.3 billion in fiscal 2008. This was mainly attributable to the recording of sales increase and allowance for contract losses, which lowered the cost of the sales ratio to 75.7%, up 0.4 of a percentage point from the previous fiscal year. Selling, general and administrative (SG&A) expenses declined ¥3.2 billion, or 1.9%, to ¥165.1 billion. The SG&A ratio improved by 0.7 of a percentage point to 15.4%, owing to the reduction of administrative expenses, despite an increase in the number of consolidated subsidiaries.

As a result, operating income grew ¥5.7 billion, or 6.3%, to ¥95.9 billion. The operating income ratio improved 0.3 of a percentage point to 8.9%.

Non-Operating Income (Expenses), Income before Income Taxes and Net Income

Net non-operating expenses were ¥1.6 billion, an improvement of ¥2.9 billion compared with the previous fiscal year. This was due to a ¥2.5 billion decrease in non-operating expenses. Income before income taxes dropped ¥34.3 billion, or 40.0%, to ¥51.5 billion, reflecting costs related to the revision of employee seconding policies, etc. of ¥40.8 billion and impacts including the application of the Accounting Standards for Lease Contracts of ¥19.3 billion.

Net income fell ¥20.2 billion, or 39.9%, to ¥30.5 billion. The return on sales was 2.8%, a decline of 2.0 percentage points year on year.

Net income per share stood at ¥10,857.33, a decrease of ¥7,195.18, or 39.9%, from the previous fiscal year.

Basic Policy on Distribution of Profit

NTT DATA's fundamental policy on the distribution of profit is to distribute profit appropriately, while working to increase corporate value by enhancing its earnings power and financial position through the efficient management of business operations.

With regard to dividends, we intend to pay a stable dividend based on a comprehensive assessment of consolidated operating results, financial position, and other factors, using a consolidated dividend payout ratio of 30% as the yardstick, while at the same time building up the internal reserves necessary for long-term financial growth.

We will continue to strive to maintain sustained, stable

growth by building up internal reserves for investment in new businesses as well as investment in technology development and capital investment.

The distribution of profit for the period is as follows. The Company paid an interim dividend of ¥2,500 per share, and a year-end dividend of ¥2,500 per share. Therefore, the dividend per share for the full year was ¥5,000 in total.

LIQUIDITY AND SOURCES OF FUNDS

Financial Policy

NTT DATA's financial policy is to reliably provide funds to continuously finance investments in systems used to provide data telecommunication services and to finance substantial investments made to promote the Company's M&A strategies both in Japan and overseas. Maintaining a sound financial position is critical to NTT DATA, since its business models require substantial funds. Through continuous improvements in operating cash flows, reductions in the debt ratio, and securing surplus procurement capacity, NTT DATA is able to procure funds in a flexible manner to seize investment opportunities.

With the aim of contributing to stable fund procurement with a low interest rate, NTT DATA acquired credit ratings for its bonds and commercial paper (CP) from two Japanese rating companies. The Company has ample alternative sources of liquidity (cash and cash equivalents) by maintaining CP issuing authority of ¥150.0 billion.

Credit Ratings

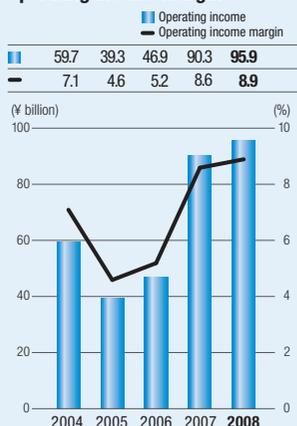
Credit Rating Agency	Long-term (unsecured bond) rating	Short-term (CP) rating
Rating and Investment Information, Inc.	AA+	a-1+
Japan Credit Rating Agency, Ltd.	AA+	J-1+

Liquidity

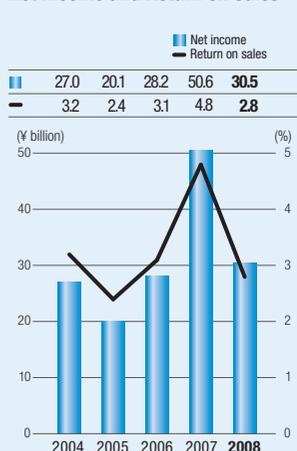
During the fiscal year under review, total current assets rose ¥50.9 billion, or 13.9%, to ¥418.1 billion compared with the previous fiscal year.

This was attributable to an increase in notes receivable and accounts receivable on the back of sales expansion.

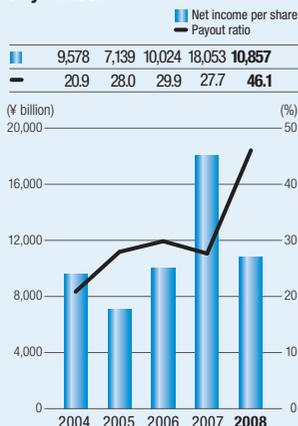
Operating Income and Operating Income Margin



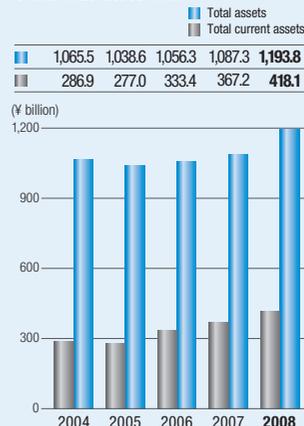
Net Income and Return on Sales



Net Income per Share and Payout Ratio



Total Assets and Total Current Assets



Tangible/Intangible Fixed Assets

Tangible fixed assets totaled ¥376.8 billion, up ¥37.2 billion, or 11.0%, from a year earlier. This reflected an increase in capital expenditures and recording of lease assets due to the application of the Accounting Standards for Lease Contracts. Intangible fixed assets rose ¥35.2 billion, or 13.4%, year on year to ¥297.8 billion.

Investments and Other Assets

Investments and other assets for fiscal 2008 declined ¥16.9 billion, or 14.3%, to ¥101.1 billion.

Liabilities

In fiscal 2008, liabilities totaled ¥630.8 billion, up ¥90.1 billion, or 16.7%, compared with the previous fiscal year. Principal factors behind this are the recording of accounts payable—other due to the revision of the Company’s employee seconding policy as well as obligation under capital leases.

Equity

Total equity rose ¥13.2 billion, or 2.5%, to ¥548.1 billion due to an increase in retained earnings. The equity ratio, however, fell 3.3 percentage points to 45.9%, reflecting the increase in total assets, topping that in equity.

Net assets per share amounted ¥195,413.06, up ¥4,711.91, or 2.5%, year on year.

Cash Flows

The NTT DATA Group is actively promoting greater management of the balance sheet to improve its ability to generate cash flows. In order to do so, NTT DATA has introduced a Group-wide cash management system, which now includes 67 domestic subsidiaries as of the end of fiscal 2008. By concentrating the Group’s funds into the Company and lending it to each Group company as necessary, NTT DATA strives to improve the efficiency of fund operations and reduce interest expenses.

Cash and cash equivalents (hereafter “Fund”) at the end of fiscal 2008 edged up 0.1 billion year on year to ¥112.9 billion. Cash flows from operating, investing and financing activities as well as their contributing factors were as follows.

Net cash provided by operating activities was ¥224.6 billion, up ¥9.7 billion from a year earlier. This was due in large part to the impact from the application of the Accounting Standards for

Lease Contracts.

Net cash used in investing activities totaled ¥185.0 billion, up ¥53.4 billion year on year. This mainly reflected an increase in capital investment and consolidated subsidiaries.

As a result, NTT DATA recorded positive free cash flows of ¥39.7 billion, down ¥43.7 billion from the previous fiscal year.

Net cash used in financing activities stood at ¥38.7 billion due to net increase in CP.

KEY MANAGEMENT INDICATORS

EBITDA and EBITDA Margin

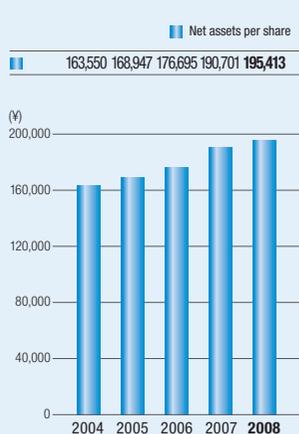
During the fiscal year under review, EBITDA increased ¥11.8 billion, or 5.0%, to ¥246.3 billion due to an increase in operating income, as well as depreciation and amortization, reflecting increased capital expenditures. The EBITDA margin edged up 0.5 of a percentage point to 22.9%.

Debt Ratio

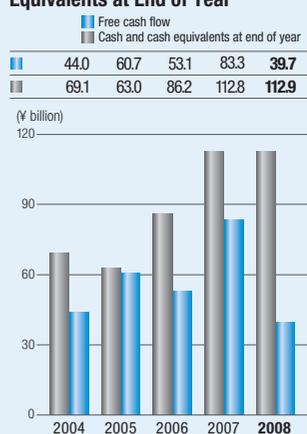
Interest-bearing debt fell ¥5.1 billion, or 2.1%, to ¥241.2 billion. As a result, the debt ratio improved 0.9 of a percentage point from the previous fiscal year to 30.6%.

Direct financing represented 70.0% of total interest-bearing debt at the end of fiscal 2008, an increase of 3.0 percentage points from a year earlier.

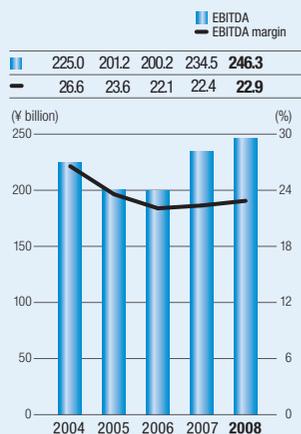
Net Assets per Share



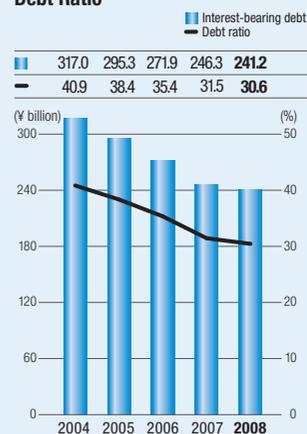
Free Cash Flow and Cash and Cash Equivalents at End of Year



EBITDA and EBITDA Margin



Interest-bearing Debt and Debt Ratio



ROE and ROA

In fiscal 2008, ROE decreased 4.2 percentage points year on year to 5.6%, while ROA declined 2.1 percentage points to 2.6%.

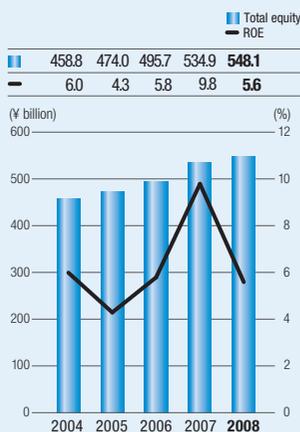
CAPITAL EXPENDITURES

Capital expenditures in fiscal 2008 grew ¥37.3 billion, or 26.7%, to ¥176.8 billion, reflecting the increased capital expenditures for systems in financial sector.

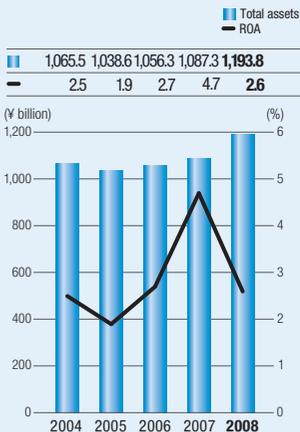
RESEARCH AND DEVELOPMENT

In fiscal 2008, R&D expenses totaled ¥10.7 billion, down ¥0.6 billion, or 4.9% year on year. Aiming to achieve its goal of becoming No. 1 in customer satisfaction as enshrined in its Medium-term Management Policy, NTT DATA vigorously engaged in business activities in the fields of software engineering, business intelligence, integration architecture, consulting and advisory activities for society, fundamental technologies and open source operations management software package. Principal achievements include the enhancement of software productivity; data analysis technology to improve business efficiencies by screening enormous quantities of data accumulated in a company; methodology to optimize IT investment to solve managerial issues; and building architecture to realize safer and more flexible information systems. Through collaboration with NTT in R&D, NTT DATA incorporates joint accomplishments that relate to fundamental R&D themes into its own R&D program, concentrating its resources on applied R&D themes.

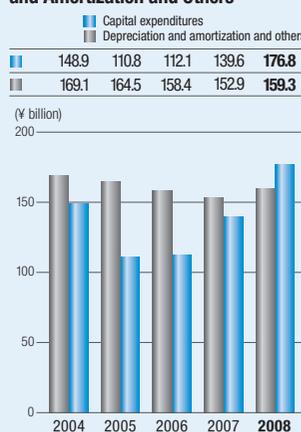
Total Equity and ROE



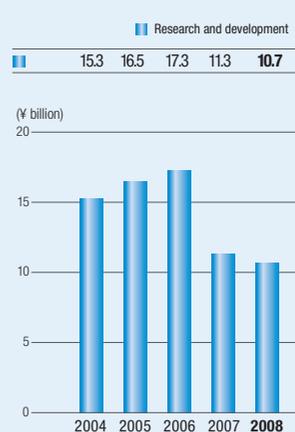
Total Assets and ROA



Capital Expenditures and Depreciation and Amortization and Others



Research and Development



IT PARTNER BUSINESS

NTT DATA is pressing ahead with the IT Partner Business, leveraging M&As. Recently, NTT DATA vigorously expanded this business, which has been centered on traditional acquisitions of information system subsidiaries, to include acquisitions of IT service firms, consulting companies and overseas companies.

The contribution to total consolidated net sales of ¥1,074.4 billion of subsidiaries acquired through M&A in fiscal 2008 was ¥97.1 billion.

(¥ billion)

Business Domain	Partners	Transfer/ Establishment	Investment Ratio (%)	March 31, 2008	March 31, 2009 (Forecasts)
Information Systems Subsidiary					
Foods/Biotechnology	Japan Tobacco Inc.	August 2002	80.1	13.4	12.0
Consumer Electronics	SANYO Electric Co., Ltd.	January 2003	50.0	19.4	19.6
Basic Materials	Nippon Sheet Glass Co., Ltd.	September 2003	70.0	5.9	5.3
Fabrication	Seiko Instruments Inc.	December 2003	60.0	5.3	5.4
Housing/Plasticization	Sekisui Chemical Co., Ltd.	January 2005	60.0	8.6	8.7
Finance	NTT FINANCE CORPORATION	July 2006	66.7	3.0	4.0
Travel	Kinki Nippon Tourist Co., Ltd.	October 2006	51.0	3.6	4.4
Oil/Minerals	NIPPON MINING HOLDINGS, INC.	April 2008	60.0	—	14.0
IT Service Company					
Automobile/Electronics	—	March 2006	100.0	15.1	14.7
Finance (foreign exchange settlement)	Getronics N.V.	May 2007	70.0	11.7	17.1
Consulting Company					
Distribution/Food Service	The Seiyu, Ltd.	July 2005	86.4	2.0	2.4
Upstream Consulting	Capgemini	August 2005	95.0	3.0	3.4
Global Player					
ERP, etc.	—	November 2005	60.2	7.6	7.8
Support Japanese Company, etc.	—	July 2007	51.0	0.1	0.3
Offshore	—	November 2007	68.7	0.4	1.3
SAP, etc.	NTT Communications	January 2008	77.2	—	33.5

REMUNERATION

Remuneration for Directors and Corporate Auditors

Matters relating to remuneration for directors and corporate auditors are determined at the Board of Directors' meetings.

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

In addition, to provide further long-range incentives for improving performance over the medium and long term, a certain amount of monthly remuneration at or above a prescribed level is contributed for the purchase of the Company's own shares through the NTT DATA Directors' Share-holding Association. The association holds all of the shares purchased during the term of directors.

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

Total Amount of Remuneration for Directors and Corporate Auditors

	Number of persons	Amount of remuneration
Directors	8	¥296 million
Corporate auditors	4	¥92 million
Total	12	¥388 million

Notes: 1. At the 18th annual general meeting of shareholders on June 22, 2006, it was resolved that the maximum amount of remuneration for directors should be ¥580 million per annum and that the maximum amount of remuneration for corporate auditors should be ¥150 million per annum.

2. The amount of remuneration includes directors' bonuses of ¥59 million relating to fiscal 2008.

3. In addition to the above, bonuses paid to directors for their service as employees amounted to ¥4 million.

Total Amount of Remuneration for Outside Corporate Officers

	Number of persons	Total amount of remuneration
Outside corporate officers	3	¥62 million

Remuneration for the Independent Auditor

NTT DATA and its subsidiaries paid remuneration to independent auditors Azusa Audit Corporation and its affiliates, based on audit contracts concluded with this agency, as follows. Remuneration paid based on operations stipulated by Article 2, Clause 1 of the Certified Public Accountant Law was ¥369 million, and remuneration paid for tax-related services was ¥6 million.

Remuneration based on operations stipulated by Article 2, Clause 1 of the Certified Public Accountant Law involved audits of the financial statements of NTT DATA and its subsidiaries. In addition, remuneration paid for services other than those mentioned above included fees for tax-related services, such as the preparation of tax returns and tax consulting. Other remuneration was paid for services such as audits of information systems.

OUTLOOK FOR FISCAL 2009

Business Environment

During the current fiscal year, the Japanese economy is expected show gradual expansion, owing to increased capital expenditures on the back of high corporate earnings. Despite the favorable condition, the Japanese economy faces increasing uncertainty from the second half of fiscal 2008. This is attributable to the decelerating U.S. economy against the backdrop of the subprime mortgage crisis, stagnant market conditions and escalating crude oil prices.

In the information services industry, mild growth in corporate IT investment is expected on the back of worsened business confidence. However, healthy market growth is anticipated over the medium and long term, reflecting corporate demand for system investment, which remained strong, in pursuit of maintaining competitiveness and preparing to meet legislative requirements.

Under such circumstances, the NTT DATA Group will make continuing efforts to become a leading-edge innovator. With this in mind, the Group will strive to shift from quantity to quality and achieve its goal of becoming No. 1 in customer satisfaction. In this light, the Group pursues the key objectives of the Medium-term Management Policy, including transforming marketing activities, reforming development processes, promoting Group-wide management efficiency, reviewing businesses with low profitability, optimizing growth engines, and developing human resources. At the same time, the Group will strive to ensure the stable development of business activities and increase its corporate value.

Outlook for Capital Expenditures

Plans call for capital expenditures in fiscal 2009 to decrease ¥16.8 billion to ¥160.0 billion, reflecting shrinking investment in systems for central government ministries and agencies in the public administration sector.

Outlook for Dividends

In light of its consolidated operating results, financial position and dividend payout ratio, NTT DATA plans to pay an annual dividend for fiscal 2009 of ¥6,000 per common share, up ¥1,000 from the previous fiscal year.

Earnings Forecasts

In fiscal 2009, NTT DATA is targeting net sales of ¥1,120.0 billion and operating income of ¥105.0 billion, an increase in both revenue and earnings compared with fiscal 2008. By segment, the Company expects net sales of ¥857.0 billion and operating income of ¥97.0 billion in the System Integration business, owing to the increase in the number of consolidated subsidiaries. In the Network System Services business, we anticipate net sales of ¥77.0 billion and operating income of ¥6.0 billion on the back of brisk sales of our mainstay products including ANSER and CAFIS. In the others business, we expect net sales of ¥282.0 billion and operating income of ¥23.0 billion, reflecting the ongoing increase in maintenance and operation services.

RISK FACTORS AND MANAGEMENT

Risks that could affect the NTT DATA Group's business results and financial condition, including its share prices and related risk management are outlined as follows. Forward-looking statements are based on the Company's estimation as of the end of fiscal 2008.

Risk of downward price pressure

There are signs that corporate IT investment, which has been restricted, is now recovering along with the improvement in corporate earnings. Nevertheless, customers are making increasingly severe demands regarding costs, and they require very stringent evaluations of the impact of IT investments. The market environment whereby declines in hardware prices are making software prices seem relatively high may lead to declines in the sales prices of systems and services provided by the NTT DATA Group. This may impact the NTT DATA Group's business results and financial condition.

Risk relating to increasing intensity of competition

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

Risk relating to the optimization plan for services/systems at central government ministries and agencies

National government ministries and agencies' optimization plans indicate the possibility of achieving cost reductions by optimizing their services and systems, and steps such as the introduction of competitive bidding are also planned. These developments are giving rise to increasingly intense competition, and thus they may impact the NTT DATA Group's business results and financial condition.

System failure risk

Many of the systems and services provided by the NTT DATA Group constitute key parts of the social infrastructure, and thus the failure of these systems can exert a significant impact on society. The results of such a failure, such as a deterioration of public confidence in the Company or in its brand image or the payment of compensation for damage caused, may affect the NTT DATA Group's business results and financial condition.

System building risk

The NTT DATA Group's mainstay SI business usually assumes full contractual responsibility at all stages—from the receipt of orders to delivery—for the building of systems and their delivery to clients. Therefore, the NTT DATA Group's business results and financial condition may be affected by factors such as the occurrence of cost overruns and losses caused by delivery delays, which may arise from differences from initial estimates or problems such as project management issues at the development stage.

Information security risk

When conducting its business, the NTT DATA Group handles corporate clients' marketing and customer information accumulated and stored in their information processing systems. In the event of the loss, destruction, leakage, etc., of that information as a result of cyberterrorism or some cause attributable to the NTT DATA Group, resultant factors such as a deterioration of public confidence in the NTT DATA Group or in its brand image or the payment of compensation for damage caused may affect the NTT DATA Group's business results and financial condition.

Risk relating to the securing of personnel

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

Risk relating to technical innovation

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

Risk relating to intellectual property rights

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

Influence of parent company

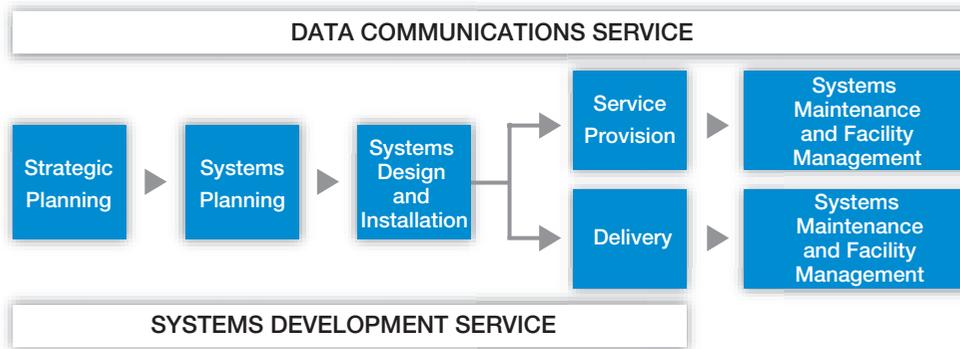
Nippon Telegraph and Telephone Corporation ("NTT"), NTT DATA's parent company, is a principal shareholder, with ownership of 54.2% of NTT DATA's voting stock as of March 31, 2008. NTT DATA carries out its operations independently of NTT and its other subsidiaries but discusses important issues with NTT or reports to it. Against this backdrop of influence, NTT may act in ways that are in its own best interests but may not necessarily be in the interests of other shareholders of NTT DATA.

STRUCTURE OF NTT DATA'S SI BUSINESS

Data Communications Service and Systems Development Service

NTT DATA offers two varieties of service in its SI Business: the Data Communications Service and the Systems Development Service.

In the Data Communications Service, NTT DATA retains ownership of the assets involved while developing systems and providing management and maintenance services for a client who pays a fee for their use. In this way, the client can avoid the burden of a substantial commitment of funds. For NTT DATA, there is a fairly large capital investment necessary in the initial stages, but once an order has been received it represents a stable revenue source for the length of time that the client uses the services. On the other hand, the Systems Development Service mainly involves packaged software sales and the provision of systems construction serviced for corporate clients. The Systems Development Service follows the same workflow as the Data Communications Service. The major differences between the two services are in the type of contract and the payment method, as shown in the table below.



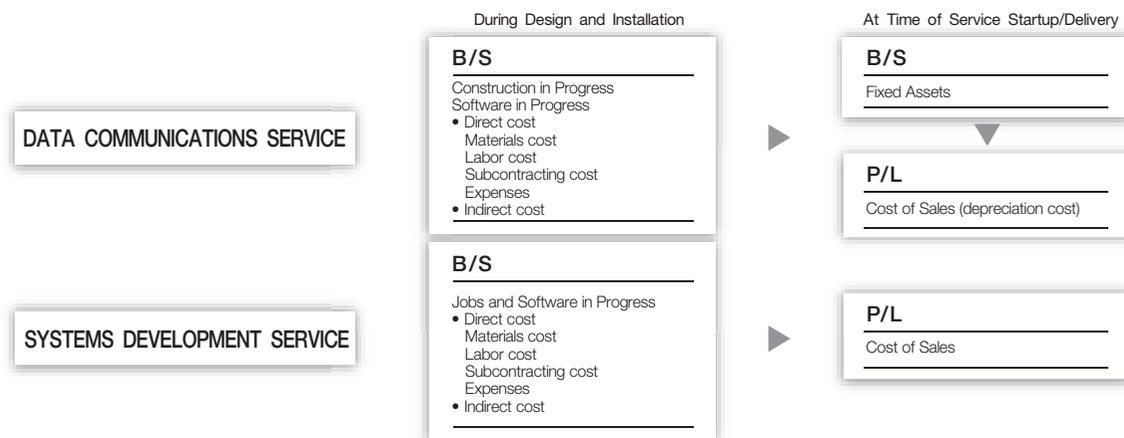
The Major Differences Between Data Communications Service and Systems Development Service

Data Communications Service	Systems Development Service	Individual Contract
Type of Contract	Stipulated Contract	Individual Contract
Ownership of Assets	The Company	Client
Payment Method	Monthly Fees	Lump-sum Payment

Selection of Data Communications Service or Systems Development Service

The decision whether to choose the Data Communications Service or Systems Development Service is up to the client.

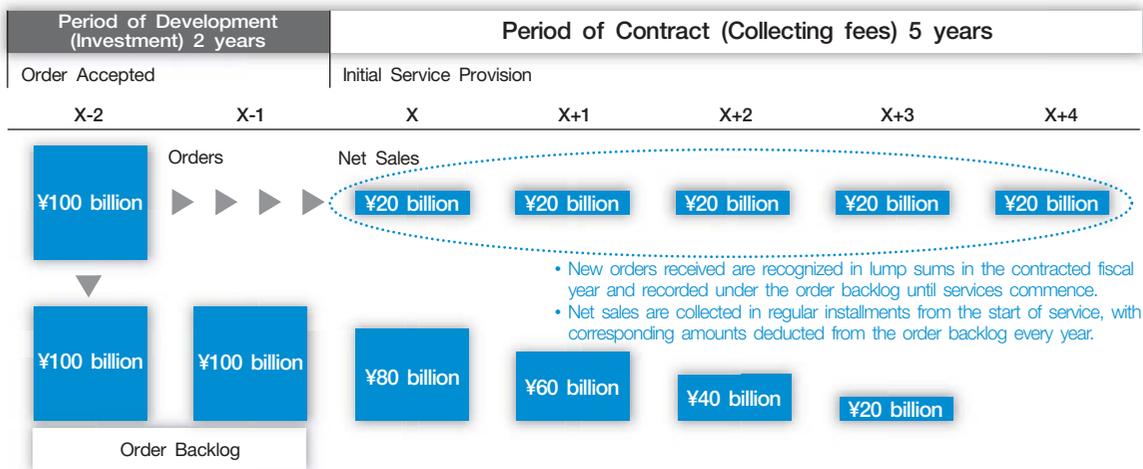
Cost Flow for Data Communications Service and Systems Development Service



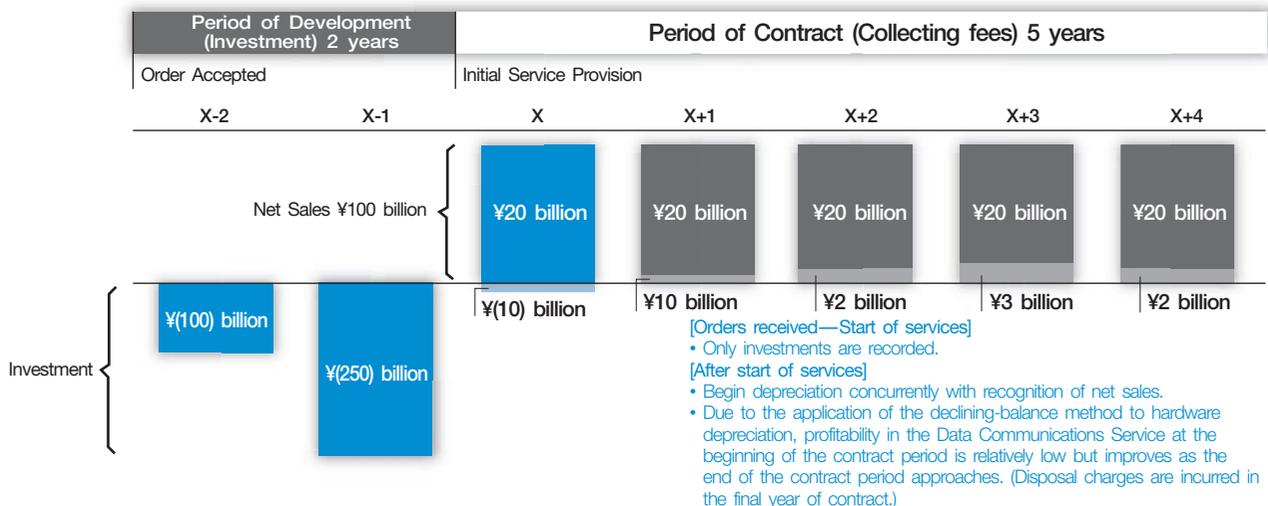
Depreciation/Amortization of Fixed Assets

	Hardware	Software
Depreciation/Amortization Method	Declining-balance basis (over the statutory useful life)	Straight-line basis (over the term of the contract)

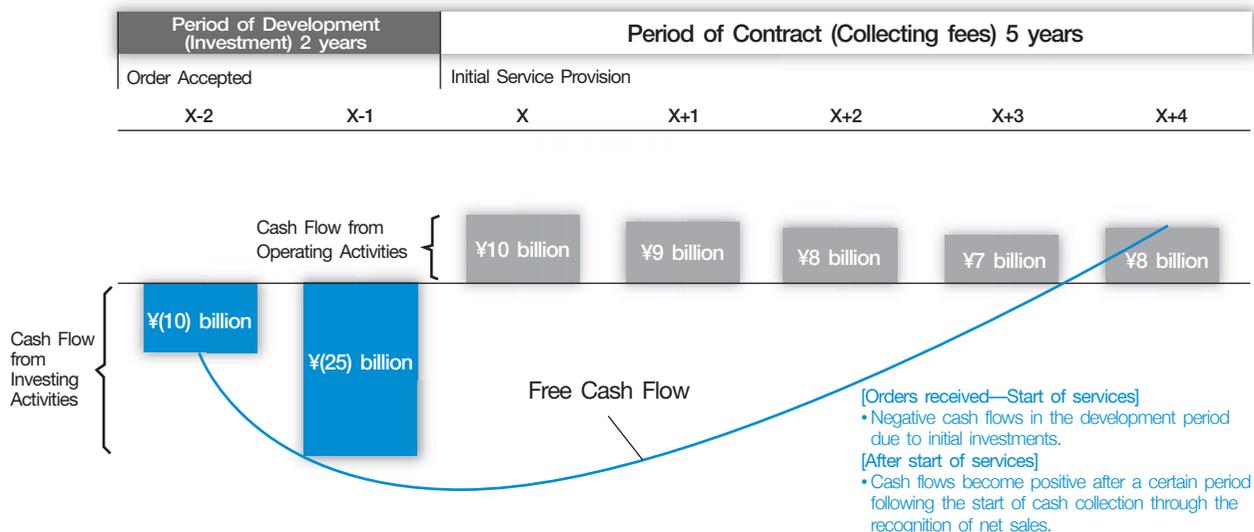
Orders, Net Sales, and Order Backlog in Data Communications Service (Model)



Net Sales and Net Income in Data Communications Service (Model)



Cash Flow in Data Communications Service (Model)



Consolidated Balance Sheets

NTT DATA CORPORATION AND SUBSIDIARIES
As of March 31, 2007 and 2008

	Millions of yen		Thousands of U.S.dollars (Note 3)
	2007	2008	2008
ASSETS			
Current Assets:			
Cash in hand and at banks (Note 9)	¥ 112,778	¥ 112,900	\$ 1,129,000
Accounts receivable (Note 20)	185,662	206,655	2,066,550
Less: allowance for doubtful accounts	(532)	(1,203)	(12,030)
	185,130	205,452	2,054,520
Inventories	29,370	42,072	420,720
Deferred income taxes (Note 10)	11,220	15,154	151,540
Other current assets	28,748	42,569	425,690
Total current assets	367,246	418,147	4,181,470
Investments and Advances:			
Investments in securities (Note 11)	21,557	20,154	201,540
Investments in affiliates	2,450	2,724	27,240
Other investments	28,330	27,518	275,180
Total investments and advances	52,337	50,396	503,960
Property and Equipment, at Cost (Notes 4 and 20):			
	886,663	966,741	9,667,410
Less: accumulated depreciation	(547,048)	(589,931)	(5,899,310)
Total property and equipment	339,615	376,810	3,768,100
Intangible Assets:			
Software	217,218	215,221	2,152,210
Software in progress	37,173	54,406	544,060
Goodwill	5,194	22,018	220,180
Other (Note 5)	2,923	6,112	61,120
Total intangible assets	262,508	297,757	2,977,570
Deferred Income Taxes (Note 10)	65,641	50,717	507,170
Total Assets	¥1,087,347	¥1,193,827	\$11,938,270

Note: Accounting Standard for Financial Instruments and Tentative Measures on Accounting for Deferred Assets Effective from the fiscal year ended March 31, 2007, NTT DATA adopted "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan, August 11, 2006, Corporate Accounting Standard No.10) and "Tentative Measures on Accounting for Deferred Assets" (Accounting Standards Board of Japan, August 11, 2006, Practical Solutions No. 19). Consequently, for the consolidated fiscal year ended March 31, 2007, NTT DATA has deducted "discount on bonds" of ¥16 million from "Long-Term Debt" and "Current portion of long-term debt."

The accompanying notes are an integral part of the statements.

	Millions of yen		Thousands of U.S.dollars (Note 3)
	2007	2008	2008
LIABILITIES			
Current Liabilities:			
Short-term borrowings (Note 6)	¥ 17,270	¥ 14,472	\$ 144,720
Commercial paper (Note 6)	—	45,000	450,000
Current portion of long-term debt (Note 6)	49,601	81,507	815,070
Accounts payable	111,401	203,398	2,033,980
Income taxes payable	20,675	5,128	51,280
Other current liabilities (Notes 2 [14])	36,854	73,636	736,360
Total current liabilities	235,801	423,141	4,231,410
Long-Term Debt (Notes 6 and 20)	185,785	142,637	1,426,370
Provision for Retirement Benefits (Notes 2 [15] and 13)	119,159	65,069	650,690
Total liabilities	540,745	630,847	6,308,470
Commitments and Contingent Liabilities (Note 19)			
NET ASSETS			
Shareholders' Equity:			
Common stock			
Authorized — 11,220,000 shares in 2007 and 2008			
Issued — 2,805,000 shares in 2007 and 2008	142,520	142,520	1,425,200
Additional paid-in capital	139,300	139,300	1,393,000
Retained earnings (Note 14)	251,612	266,513	2,665,130
Total shareholders' equity	533,432	548,333	5,483,330
Valuation, Translation Adjustments and Others:			
Unrealized gains on available-for-sale securities, net of tax	1,727	861	8,610
Foreign currency translation adjustments	(242)	(1,060)	(10,600)
Total valuation, translation adjustments and others	1,485	(199)	(1,990)
Minority Interests in Consolidated Subsidiaries	11,685	14,846	148,460
Total net assets	546,602	562,980	5,629,800
Total Liabilities and Net Assets	¥1,087,347	¥1,193,827	\$11,938,270

Note: In the consolidated fiscal year ended March 31, 2008, an allowance for contract losses of ¥4,739 million (\$47,390 thousand) is included in "Other current liabilities."

Consolidated Statements of Income

NTT DATA CORPORATION AND SUBSIDIARIES
For the years ended March 31, 2006, 2007 and 2008

	Millions of yen			Thousands of U.S.dollars (Note 3)
	2006	2007	2008	2008
Net Sales (Note 15)	¥907,281	¥1,044,918	¥1,074,405	\$10,744,050
Cost of Sales	682,224	786,327	813,343	8,133,430
Gross profit	225,057	258,591	261,062	2,610,620
Selling, General and Administrative Expenses (Note 8)	178,190	168,341	165,150	1,651,500
Operating income	46,867	90,250	95,912	959,120
Non-Operating Income (Expenses):				
Interest and dividend income	378	603	1,124	11,240
Interest expenses	(3,745)	(3,640)	(3,539)	(35,390)
Gains on sales of investments in securities	355	108	518	5,180
Equity in earnings of affiliated companies	—	463	458	4,580
Equity in losses of affiliated companies	(481)	—	—	—
Insurance income	908	1,016	1,217	12,170
Gain on investment in limited liability partnerships	629	880	347	3,470
Loss on disposal of fixed assets	(948)	(1,676)	(1,471)	(14,710)
Loss on impairment of securities	(1,659)	(1,164)	(287)	(2,870)
Return of the substitutional portion of the NTT Welfare Pension Fund	—	—	19,291	192,910
Related expenses associated with the revision of employee seconding policies (Note 2 [15])	—	—	(40,800)	(408,000)
Effect from adoption of lease accounting standards (Note 7)	—	—	(19,319)	(193,190)
Lump-sum amortization of goodwill	—	—	(2,022)	(20,220)
Others, net	(288)	(1,071)	64	640
	(4,851)	(4,481)	44,419	444,190
Income before income taxes	42,016	85,769	51,493	514,930
Income Taxes:				
Current	23,546	33,453	7,781	77,810
Deferred	(10,852)	603	12,205	122,050
	12,694	34,056	19,986	199,860
Income before minority interest	29,322	51,713	31,507	315,070
Minority Interests in Net Income of Consolidated Subsidiaries	1,131	1,076	1,052	10,520
Net Income	¥ 28,191	¥ 50,637	¥ 30,455	\$ 304,550
		Yen		U.S.dollars
Per Share (Note 18):				
Net income	¥10,024	¥18,053	¥10,857	\$108.57
Cash dividends	3,000	5,000	5,000	50.00

Notes: 1. Accounting standards for bonuses to directors and corporate auditors

Effective from the fiscal year ended March 31, 2007, NTT DATA has adopted "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan, November 29, 2005, Corporate Accounting Standard No. 4)

For the consolidated fiscal year ended March 31, 2007, this change resulted in a ¥48 million decrease in operating income and income before income taxes.

2. Partial Change of Revenue Recognition

Previously, in its System Integration business segment sales, NTT DATA had recognized revenue from individual services provided under contracts entailing multiple services. However, from April 1, 2007, after reviewing accounting practices following the application of "Practical Handling of Accounting for Revenue from Software Transactions" (Practical Solutions No. 17, issued by the ASB on March 30, 2006), for contracts entailing multiple software-related services in which such services are recognized as being organically integrated, revenues from such services are recognized based on overall performance, rather than that of individual services, over the service period. As a result, operating income and income before income taxes were ¥5,321 million (\$53,210 thousand) less than they would have been using the previous method.

3. Related expenses associated with the revision of employee seconding policies, which are recorded as non-operating expenses, included lump-sum employment transfer payments and lump-sum retirement benefit payments resulting from employee transfers to Group companies for those employees wanting to transfer from among those seconded from NTT DATA to Group companies and an enhancement policy for those transferred in response to the diversification of employment needs.

The accompanying notes are an integral part of the statements.

Consolidated Statements of Changes in Net Assets

NTT DATA CORPORATION AND SUBSIDIARIES
For the years ended March 31, 2006, 2007 and 2008

	Millions of yen									
	Shareholders' equity					Valuation, translation adjustments and others				
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings (Note 14)	Total	Unrealized gains on available for-sale securities, net of tax	Foreign currency translation adjustments	Total	Minority interests in consolidated subsidiaries	Total net assets
Balance as of March 31, 2005	2,805,000	¥142,520	¥139,300	¥191,248	¥473,068	¥1,389	¥(475)	¥914	¥7,497	¥481,479
Increase in retained earnings due to exclusion of affiliates accounted for by the equity method	—	—	—	72	72	—	—	—	—	72
Net income for the year ended March 31, 2006	—	—	—	28,191	28,191	—	—	—	—	28,191
Cash dividends	—	—	—	(7,013)	(7,013)	—	—	—	—	(7,013)
Bonuses to directors and corporate auditors	—	—	—	(108)	(108)	—	—	—	—	(108)
Decrease in retained earnings due to increase in consolidated subsidiaries	—	—	—	(609)	(609)	—	—	—	—	(609)
Net change during the year	—	—	—	—	—	1,007	181	1,188	2,410	3,598
Balance as of March 31, 2006	2,805,000	¥142,520	¥139,300	¥211,781	¥493,601	¥2,396	¥(294)	¥2,102	¥9,907	¥505,610
Increase in retained earnings due to the exclusion of consolidated subsidiaries from the scope of consolidation	—	—	—	41	41	—	—	—	—	41
Net income for the year ended March 31, 2007	—	—	—	50,637	50,637	—	—	—	—	50,637
Cash dividends	—	—	—	(9,818)	(9,818)	—	—	—	—	(9,818)
Bonuses to directors and corporate auditors	—	—	—	(82)	(82)	—	—	—	—	(82)
Decrease in retained earnings due to increase in consolidated subsidiaries	—	—	—	(947)	(947)	—	—	—	—	(947)
Net change during the year	—	—	—	—	—	(669)	52	(617)	1,778	1,161
Balance as of March 31, 2007	2,805,000	¥142,520	¥139,300	¥251,612	¥533,432	¥1,727	¥(242)	¥1,485	¥11,685	¥546,602
Net income for the year ended March 31, 2008	—	—	—	30,455	30,455	—	—	—	—	30,455
Cash dividends	—	—	—	(15,428)	(15,428)	—	—	—	—	(15,428)
Decrease in retained earnings due to increase in equity method affiliates	—	—	—	(126)	(126)	—	—	—	—	(126)
Net change during the year	—	—	—	—	—	(866)	(818)	(1,684)	3,161	1,477
Balance as of March 31, 2008	2,805,000	¥142,520	¥139,300	¥266,513	¥548,333	¥ 861	¥(1,060)	¥ (199)	¥14,846	¥562,980

	Thousands of U.S. dollars (Note 3)									
	Shareholders' equity					Valuation, translation adjustments and others				
	Common stock	Additional paid-in capital	Retained earnings (Note 14)	Total	Unrealized gains on available for-sale securities, net of tax	Foreign currency translation adjustments	Total	Minority interests in consolidated subsidiaries	Total net assets	
Balance as of March 31, 2007	\$1,425,200	\$1,393,000	\$2,516,120	\$5,334,320	\$17,270	\$(2,420)	\$14,850	\$116,850	\$5,466,020	
Net income for the year ended March 31, 2008	—	—	304,550	304,550	—	—	—	—	304,550	
Cash dividends	—	—	(154,280)	(154,280)	—	—	—	—	(154,280)	
Decrease in retained earnings due to increase in equity method affiliates	—	—	(1,260)	(1,260)	—	—	—	—	(1,260)	
Net change during the year	—	—	—	—	(8,660)	(8,180)	(16,840)	31,610	14,770	
Balance as of March 31, 2008	\$1,425,200	\$1,393,000	\$2,665,130	\$5,483,330	\$ 8,610	\$(10,600)	\$(1,990)	\$148,460	\$5,629,800	

The accompanying notes are an integral part of the statements.

Consolidated Statements of Cash Flows

NTT DATA CORPORATION AND SUBSIDIARIES
For the years ended March 31, 2006, 2007 and 2008

	Millions of yen			Thousands of U.S.dollars (Note 3)
	2006	2007	2008	2008
Cash Flows from Operating Activities:				
Income before income taxes	¥ 42,016	¥ 85,769	¥ 51,493	\$ 514,930
Depreciation	65,766	59,762	75,356	753,560
Amortization	76,140	74,113	72,329	723,290
Loss on disposal of property and equipment	6,547	4,418	9,326	93,260
Loss on disposal of intangible assets	9,908	14,569	2,253	22,530
Increase/(decrease) in provision for retirement benefit	2,265	(2,328)	(21,908)	(219,080)
Gains on sales of investments in securities	(355)	(108)	(518)	(5,180)
Loss on impairment of securities	1,659	1,164	287	2,870
Interest expenses	3,745	3,640	3,539	35,390
Effect from adoption of lease accounting standards	—	—	19,319	193,190
Related expenses associated with the revision of employee seconding policies	—	—	40,773	407,730
(Increase)/decrease in accounts receivable	(12,779)	(19,853)	(9,642)	(96,420)
(Increase)/decrease in inventories	(15,062)	18,812	(12,301)	(123,010)
Increase/(decrease) in accounts payable	9,665	175	1,967	19,670
Increase/(decrease) in accrued consumption taxes	1,010	3,406	(4,900)	(49,000)
Others, net	5,397	3,439	35,214	352,140
Subtotal	195,922	246,978	262,587	2,625,870
Interest and dividends received	378	602	1,125	11,250
Interest paid	(3,746)	(3,752)	(3,629)	(36,290)
Income taxes paid	(17,361)	(28,885)	(35,434)	(354,340)
Net cash provided by operating activities	175,193	214,943	224,649	2,246,490
Cash Flows from Investing Activities:				
Payments for acquisition of property and equipment	(67,383)	(74,017)	(79,041)	(790,410)
Payments for acquisition of intangible assets	(53,701)	(60,141)	(87,623)	(876,230)
Proceeds from sales of property and equipment	11,707	493	189	1,890
Payments for acquisition of securities	(1,027)	(1,759)	(539)	(5,390)
Proceeds from sales of securities	1,034	1,819	818	8,180
Payments for acquisition of newly consolidated subsidiaries (Note 3)	(11,379)	(53)	(21,745)	(217,450)
Proceeds from acquisition of newly consolidated subsidiaries (Note 3)	152	1,001	—	—
Others, net	(1,480)	1,019	2,945	29,450
Net cash used in investing activities	(122,077)	(131,638)	(184,996)	(1,849,960)
Cash Flows from Financing Activities:				
Redemption of bonds at maturity	—	(30,082)	(42,070)	(420,700)
Increase in long-term borrowings	—	13,818	15	150
Repayments of long-term borrowings	(8,241)	(4,657)	(7,537)	(75,370)
Increase/(decrease) in commercial paper, net	(15,000)	(15,000)	45,000	450,000
Increase/(decrease) in short-term borrowings, net	(1,171)	(11,712)	(2,798)	(27,980)
Repayments of lease obligations	—	—	(16,309)	(163,090)
Cash dividends	(7,017)	(9,821)	(15,422)	(154,220)
Cash dividends to minority shareholders	(120)	(188)	(207)	(2,070)
Proceeds from minority shareholders' payments	198	209	740	7,400
Payments for acquisition of subsidiary's stock from minority shareholders	(7)	—	(119)	(1,190)
Net cash used in financing activities	(31,358)	(57,433)	(38,707)	(387,070)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	199	58	(819)	(8,190)
Net Increase/(Decrease) in Cash and Cash Equivalents	21,957	25,930	127	1,270
Cash and Cash Equivalents at Beginning of Year	63,049	86,243	112,784	1,127,840
Cash and Cash Equivalents at Additional Consolidated Subsidiaries at Beginning of Year	1,237	611	—	—
Cash and Cash Equivalents at End of Year (Note 3)	¥ 86,243	¥ 112,784	¥ 112,911	\$ 1,129,110
(Reference)				
Free Cash Flow	¥ 53,116	¥ 83,305	¥ 39,653	\$ 396,530

The accompanying notes are an integral part of the statements.

Notes to the Consolidated Financial Statements

NTT DATA CORPORATION AND SUBSIDIARIES

1. BASIS OF PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The accompanying consolidated financial statements of NTT DATA CORPORATION (the “Company” or “NTT DATA”) and its subsidiaries have been prepared in conformity with accounting principles and practices generally accepted in Japan. The accounts of the Company and its consolidated subsidiaries are maintained in accordance with the provisions set forth in the Japanese Corporate Law, the Financial Instruments and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Accounting Standards.

The accompanying consolidated financial statements of the Company and its subsidiaries are essentially the translation of those included in the financial statements filed with the Japanese Ministry of Finance as required by the provisions of the Financial Instruments and Exchange Law.

Accordingly, the information disclosed in the accompanying consolidated financial statements is derived from the original text and the scope and nature of the information is limited to that disclosed therein. However, certain reclassification or summaries of accounts has been made to present the consolidated financial statements in a form which is more familiar to foreign readers.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) SCOPE OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company and all of the 135 subsidiaries (together, referred to as the “Companies”) at March 31, 2008 (96 subsidiaries in 2007). The names of major consolidated subsidiaries are listed in Major Subsidiaries and Affiliates.

In the fiscal year ended March 31, 2008, NTT DATA added 42 subsidiaries to its scope of consolidation, including new investments and newly established companies.

The major subsidiaries newly consolidated are listed below:

itelligence AG

Furthermore, three consolidated subsidiaries were excluded from the scope of consolidation mainly due to liquidating consolidated subsidiaries.

The major consolidated subsidiaries excluded from the scope of consolidation were as follows:

e-boss japan, Inc.

The fiscal years of one domestic subsidiary and 40 foreign subsidiaries end on December 31.

Regarding these subsidiaries, in the preparation of the consolidated financial statements, the financial statements of each consolidated subsidiary at the date of its closing accounts are used, and any significant subsequent transactions for the period from January 1 to March 31 were reflected in the result of operations.

The fiscal year of one domestic subsidiary ends on September 30.

This subsidiary prepares its financial statements by provisionally closing accounts on March 31.

(2) EQUITY METHOD OF ACCOUNTING FOR INVESTMENTS IN AFFILIATES

The Company accounts for all 23 affiliated companies, including, NTT MEDIACROSS, Inc., using the equity method.

From the fiscal period ended March 31, 2008 the Company began using equity method to account for 22 affiliates previously not included in equity-method accounting to promote stronger Group management.

Among equity-method affiliates, for those with settlement dates that differ from the consolidated settlement date the financial statements as of those affiliates’ respective business year-ends have been used.

(3) ELIMINATION AND COMBINATION

For the purposes of preparing the consolidated financial statements of the Companies, all significant intercompany transactions, account balances and unrealized profits among the Companies have been entirely eliminated, and the portion applicable to minority interests is charged or credited to "Minority Interests in Consolidated Subsidiaries."

(4) AMORTIZATION OF GOODWILL

Goodwill arising from the consolidation process is amortized on a straight-line basis over five years in principle, except minor goodwill which is charged to profit or expenses as incurred.

(5) REVALUATION OF ASSETS AND LIABILITIES OF THE SUBSIDIARIES

The share portion of the assets and liabilities of the subsidiaries is marked to fair value as of the share acquisition each time.

(6) FINANCIAL INSTRUMENTS

1) Derivatives

All derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as "hedging instruments."

2) Securities

Securities held by the Companies are classified into two categories:

Held-to-maturity debt securities, that the Companies intend to hold to maturity, are stated at cost after accounting for premium or discount on acquisition, which are amortized over the period to maturity.

Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in shareholders' equity at a net-of-tax amount.

Other securities for which market quotations are unavailable are stated at cost determined by the moving-average method.

3) Hedge Accounting

Gains or losses arising from changes in the fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Company are principally currency swaps, currency options, interest rate swaps, interest rate options and forward exchange contracts. The related hedged items are trade accounts receivable and payable, long-term bank loans, and debt securities issued by the Company.

The Company has a policy of utilizing the above hedging instruments in order to reduce the Company's exposure to the risk of adverse fluctuations in foreign currency exchange rates and interest rates. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Company evaluates the effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from commencement of the hedges.

The Company verifies the efficiency of hedges at every quarter year-end, regarding the hedged assets or liabilities and derivative transactions. If the condition of notional amount, interest rate and contract period is same, the Company omitted the verification of efficiency by hedge.

(7) INVENTORIES

Work in process is stated at cost, which is determined on an individual project basis.

Supplies are valued at cost, which is principally determined by the first-in, first-out method.

(8) PROPERTY AND EQUIPMENT (EXCLUDING LEASED ASSETS)

Depreciation is computed by the declining-balance method, at rates based on the estimated useful lives of assets. However, depreciation of buildings (except for fixtures) acquired after April 1, 1998 is computed by the straight-line method.

The range of useful lives is principally 6 years for "Data communication facilities," from 13 to 50 years for "Buildings and structures," from 6 to 15 years for "Machinery and equipment, vehicles" and from 4 to 10 years for "Furniture, fixtures and tools."

For the Company and its domestic subsidiaries, the difference between 5% of the acquisition price and the memorandum price in the consolidated fiscal year following the fiscal year in which 5% of the acquisition price was reached in accordance with corporate income tax revisions is amortized on a straight-line basis over five years and is recorded inclusive of depreciation expenses. As a result, operating income and income before income taxes were each decreased ¥796 million (\$7,960 thousand) compared with the previous method.

The impact this had on segment data is disclosed in the corresponding location of this report.

(9) INTANGIBLE ASSETS (EXCLUDING LEASED ASSETS)

Amortization of intangible assets, except for software, is computed by the straight-line method.

The range of useful lives is principally from 5 to 20 years.

Amortization of software is based on the following:

1) Software developed for sale

The amortization costs of software developed for external sale are computed as the higher of: (a) the amount based on sales in the year, as a proportion of total estimated sales over a not more than three-year sales period, or (b) the amount computed on a straight-line basis over the remaining sales period in which the software can be sold by the Company.

2) Software developed for internal use

Software for internal use is amortized on a straight-line basis over its estimated useful life, not exceeding five years.

However, software which is exclusively developed for the purpose of tailor-made Data Communications Services to clients under specific contracts is amortized on a straight-line basis over the relevant contract period.

(10) LEASED ASSETS

NTT DATA applies the same depreciation and amortization methods to fixed assets owned by the Company as it does to leased assets under finance lease contracts in which ownership of the leased assets is to be transferred.

Among finance lease contracts other than those in which the ownership of the leased assets is to be transferred, tangible leased assets are depreciated over the term of the lease based on the declining-balance method and calculated as 10% of the residual value using the coefficient of 10/9.

The straight-line method is used for intangible leased assets.

(11) DEFERRED CHARGES

Bond issue expenses are charged to expenses as incurred.

(12) INCOME TAXES

The income taxes of the Companies mainly consist of corporate income taxes, local inhabitants taxes and enterprise taxes.

Income taxes were determined using the asset and liability approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements.

(13) ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts is principally provided, in amounts considered to be appropriate, based upon the Companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(14) ALLOWANCE FOR CONTRACT LOSSES

Because there is a high likelihood of losses among orders on hand as of March 31, 2008, NTT DATA has made a provision against future losses on order contracts, recording an amount based on a reasonable estimate of loss in excess of the balance of work in progress.

Amid changes to sales and development processes under the new Medium-term Management policy and reflecting changes in the order environment, from the consolidated fiscal year ended March 31, 2008, the estimate of future losses has become increasingly important due to system development and other factors. Therefore, such estimate in excess of the balance of work in process is recorded as an allowance for contract losses.

As a result, compared with the previous method, operating income and income before income taxes each decreased ¥4,739 million (\$47,390 thousand). The impact this had on segment data is disclosed in the corresponding location of this report.

(15) PROVISION FOR RETIREMENT BENEFITS

In order to provide for employees' retirement benefits, the Company accrues the liability as of the end of the fiscal year in an amount calculated based on the estimated projected benefit obligation and plan assets at the end of the fiscal year. As regards consolidated subsidiaries except for several subsidiaries, a "simple approach" is adopted: the accrued retirement benefits are recorded based on the amount that would be payable in the case that all employees retire voluntarily as at the end of the fiscal year. The unrecognized transition is amortized on a straight-line method over 15 years, and unrecognized actuarial differences are amortized using the straight-line method over the average remaining service period of employees from the next year in which they arise.

Unrecognized prior service costs are amortized using the straight-line method over the average remaining service period of employees of each fiscal year in which they arise.

On 1st September, 2003, under the Law concerning Defined-Benefit Corporate Pension Plans, NTT Welfare Pension Fund received approval from the Minister of the Health, Labour and Welfare for exemption from the future pension benefit obligations to disburse NTT Welfare Pension Fund covering the substitutional portion. On July 1, 2007 NTT DATA received permission to return the former substitutional portion, and on February 26, 2008 these assets were returned to the government.

As a result, in the fiscal year ended March 31, 2008, ¥19,291 million (\$192,910 thousand) was accounted for as non-operating income.

(16) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with original maturities of three months or less and which represent a minor risk of fluctuations in value.

3. UNITED STATES DOLLAR AMOUNTS

The Companies maintain their accounting records in yen. The dollar amounts included in the financial statements and notes thereto represent the arithmetical results of translating yen to dollars at a rate of ¥100=U.S.\$1. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be readily converted, realized or settled in dollars at ¥100=U.S.\$1 or at any other rate.

4. PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2007 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2007	2008	2008
Data communication facilities	¥ 462,950	¥ 450,188	\$ 4,501,880
Buildings and structures	248,476	255,709	2,557,090
Machinery and equipment, vehicles	44,932	51,812	518,120
Furniture, fixtures and tools	41,725	44,555	445,550
Land	48,770	48,790	487,900
Leased assets	—	84,418	844,180
Construction in progress	39,810	31,269	312,690
	886,663	966,741	9,667,410
Less: accumulated depreciation	(547,048)	(589,931)	(5,899,310)
	¥ 339,615	¥ 376,810	\$ 3,768,100

5. INTANGIBLE ASSETS

Leased assets included in intangible assets.

Leased assets included in intangible assets were ¥2,976 million (\$29,760 thousand) as of March 31, 2008.

6. SHORT-TERM AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S.dollars
	2007	2008	2008
Short-term borrowings	¥17,270	¥14,472	\$144,720

Short-term borrowings bore interest at a weighted-average rate of 0.8% as of March 31, 2007 and 1.1% as of March 31 2008.

Commercial paper as of March 31, 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S.dollars
	2007	2008	2008
Commercial paper	—	¥45,000	\$450,000

Commercial paper bore interest at a weighted-average rate of 0.7% as of March 31, 2008.

Long-term debt as of March 31, 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S.dollars
	2007	2008	2008
Long-term borrowings from banks and other financial institutions	¥ 64,006	¥ 58,499	\$ 584,990
Lease obligations ^{(*)1}	—	36,747	367,470
3.10% yen bonds due February 26, 2008 ^{(*)2}	2,000	—	—
3.30% yen bonds due February 26, 2010 ^{(*)2}	3,000	3,000	30,000
1.86% yen bonds due October 2, 2008	30,000	30,000	300,000
1.72% yen bonds due December 22, 2008	30,000	30,000	300,000
1.88% yen bonds due June 21, 2010	29,993	29,995	299,950
1.44% yen bonds due June 20, 2011	29,991	29,993	299,930
0.60% yen bonds due June 20, 2007	40,000	—	—
0.50%–0.56% yen bonds due September 28, 2007 to March 31, 2008 ^{(*)3}	70	—	—
7.0% Euro-denominated unsecured convertible bond ^{(*)4}	—	245	2,450
Others	6,326	5,665	56,650
	235,386	224,144	2,241,440
Less: portion due within one year	(49,601)	(81,507)	(815,070)
	¥185,785	¥142,637	\$1,426,370

(*)1 Because total leased assets have low importance, a method that does not deduct the interest equivalent is used.

(*)2 Interest is to be paid in U.S. dollars. Fixed annual interest payments in U.S. dollars are \$24,899.59 per ¥100 million for 3.10% yen bonds due 2008 and \$26,634.38 per ¥100 million for 3.30% yen bonds due 2010. In addition, the interest rates after the currency swap are 2.57% for 3.10% yen bonds due 2008 and 2.75% for 3.30% yen bonds due 2010.

(*)3 The interest rate of 0.50% represents a variable interest rate, which is computed by adding 0.15% to the yen TIBOR (Tokyo Inter-Bank Offer Rate), after taking into account interest swaps.

(*)4 Terms of the Euro-denominated unsecured convertible bonds are as follows. Conversion claim period: June 3, 2005 to November 28, 2009; Issued stock: itelligence AG common stock; Conversion price: 2.6 Euros per share.

Long-term borrowings from banks and other financial institutions bore interest at annual rates ranging from 0.98% to 6.00% as of March 31, 2007 and at annual rates ranging from 0.98% to 9.25% as of March 31, 2008.

A breakdown of long-term borrowings from banks and other financial institutions outstanding as of March 31, 2008, classified by annual maturity during the next five years, is as follows:

Due the years ended March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥ 8,164	\$ 81,640
2010	8,033	80,330
2011	17,849	178,490
2012	23,401	234,010
2013	330	3,300
Thereafter	722	7,220
	¥58,499	\$584,990

The scheduled repayments of future 5-year lease obligations as of March 31, 2008 are as follows.

Due the years ended March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥13,343	\$133,430
2010	11,350	113,500
2011	7,691	76,910
2012	3,391	33,910
2013	786	7,860
Thereafter	186	1,860
	¥36,747	\$367,470

7. LEASES

From the consolidated fiscal year beginning April 1, 2007, companies have been able to apply Accounting Standards for Lease Contracts (Corporate Accounting Standard No. 13, issued by the Business Accounting Council, First Session, on June 17, 1993 and revised on March 30, 2007), and Application Guidelines for Accounting Standards for Lease Contracts (Corporate Accounting Standards Application Guidelines No. 16, issued by the Accounting Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised on March 30, 2007). NTT DATA has been applying said accounting standards and application guidelines since the fiscal year ended March 31, 2008. Based on the foregoing, operating income decreased ¥2,937 million (\$29,370 thousand) and income before income taxes decreased ¥16,387 million (\$163,870 thousand) in the fiscal year ended, March 31, 2008.

The impact this had on segment data is disclosed in the corresponding location of this report. In the fiscal year ended March 31, 2007, all finance lease contracts other than those in which the ownership of the leased assets is to be transferred to lessees are accounted for by a method similar to the operating lease method.

Assumed data as to the acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets (data communication facilities and other), including the portion of interest thereon, are as follows:

Millions of yen	
2007	
Acquisition cost:	
Data communication facilities	¥ 73,339
Buildings and structures	323
Machinery and equipment, vehicles	312
Furniture, fixtures and tools	16,854
Software	2,930
	93,758
Accumulated depreciation	(49,065)
Net book value	¥ 44,693
Depreciation*	¥ 17,539

*Depreciation is based on the straight-line method over the lease term of the leased assets, assuming no residual value.

Lease expenses on finance lease contracts without ownership transfer for the years ended March 31, 2006 and 2007 are as follows:

Millions of yen		
	2006	2007
Lease expenses	¥19,554	¥17,539

The amount of outstanding future lease payments due March 31, 2007, including the portion of interest thereon, is as follows:

Millions of yen	
2007	
Future lease payments:	
Within one year	¥14,447
Over one year	30,246
	¥44,693

Operating lease contract

The amount of outstanding future lease payments due March 31, 2007 and 2008, including the portion of interest thereon, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Future lease payments:			
Within one year	¥179	¥ 626	\$ 6,260
Over one year	623	2,564	25,640
	¥802	¥3,190	\$31,900

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended March 31, 2006, 2007 and 2008 comprised the following:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Employees' salaries, wages and other payroll costs	¥ 56,812	¥ 57,707	¥ 57,156	\$ 571,560
Severance and pension costs	7,209	2,975	4,132	41,320
Subcontractor expenses	40,115	32,945	32,807	328,070
Research and development expense	17,307	11,307	10,749	107,490
Other	56,747	63,407	60,306	603,060
	¥178,190	¥168,341	¥165,150	\$1,651,500

9. CASH FLOW INFORMATION

Reconciliation of "Cash and cash equivalents" to the amounts disclosed on the balance sheets as of March 31, 2006, 2007 and 2008 is as follows:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Cash in hand and at banks	¥86,243	¥112,778	¥112,900	\$1,129,000
Short-term investments (current assets and others) with maturity or redemption dates within three months of acquisition date	—	6	11	110
Cash and cash equivalents	¥86,243	¥112,784	¥112,911	\$1,129,110

Summary information of newly consolidated subsidiaries as of March 31, 2006, 2007 and 2008 is as follows:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Current assets	¥ 7,037	¥ 94	¥ 18,041	\$ 180,410
Property and equipment	4,762	25	7,298	72,980
Goodwill	6,591	43	20,806	208,060
Current liabilities	(4,047)	(82)	(13,545)	(135,450)
Long-term debt	(2,088)	—	(2,716)	(27,160)
Minority interests	(334)	—	(2,253)	(22,530)
Acquisition costs of newly consolidated subsidiaries	11,921	80	27,631	276,310
Cash and cash equivalents	(542)	(27)	(5,886)	(58,860)
Net: payments for acquisition of newly consolidated subsidiaries	¥11,379	¥ 53	¥ 21,745	\$ 217,450

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Current assets	¥ 725	¥ 3,407	—	—
Property and equipment	70	1,123	—	—
Goodwill	—	274	—	—
Current liabilities	(373)	(1,705)	—	—
Long-term debt	(204)	(301)	—	—
Minority interests	(30)	(1,307)	—	—
Acquisition costs of newly consolidated subsidiaries	188	1,491	—	—
Cash and cash equivalents	(340)	(2,492)	—	—
Net: proceeds from acquisition of newly consolidated subsidiaries	¥(152)	¥(1,001)	—	—

10. INCOME TAXES

The Companies are subject to several tax rates based on income, which, in the aggregate, resulted in a statutory tax rate of approximately 40.69%.

The significant components of deferred tax assets and liabilities as of March 31, 2007 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Deferred tax assets:			
Provision for retirement benefits	¥46,552	¥26,490	\$264,900
Depreciation	17,631	21,177	211,770
Loss on write-down of inventories	1,302	2,164	21,640
Loss carry forwards	5,731	6,455	64,550
Other	15,468	17,461	174,610
Total	86,684	73,747	737,470
Less: valuation allowance	(6,965)	(4,995)	(49,950)
Total deferred tax assets	79,719	68,752	687,520
Deferred tax liabilities:			
Special tax-purpose reserve	(826)	(466)	(4,660)
Other	(2,032)	(2,415)	(24,150)
Total deferred tax liabilities	(2,858)	(2,881)	(28,810)
Deferred tax assets, net	¥76,861	¥65,871	\$658,710

The reconciliation between the statutory tax rate and effective income tax rate for the years ended March 31, 2006, 2007 and 2008 is as follows:

	Percent		
	2006	2007	2008
Statutory tax rate:	40.69%	40.69%	40.69%
Increase (reduction) in taxes resulting from:			
Non-deductible expenses	1.04	0.86	1.33
Non-taxable dividends received	(0.26)	(0.16)	(0.41)
Inhabitants tax per capita	0.55	0.31	0.54
Tax deductions from tax standards for promotion of IT investment	(9.40)	(4.53)	—
Tax deductions from tax standards for research and development expenses	(3.76)	(0.96)	(1.44)
Tax deductions from tax standards for promotion of strengthening information base investment	—	(0.07)	(0.19)
Increase/decrease in valuation reserve amount	0.20	2.65	(0.46)
Other	1.15	0.92	(1.25)
Effective income tax rate	30.21%	39.71%	38.81%

11. MARKET VALUE INFORMATION OF INVESTMENTS IN SECURITIES

Information regarding marketable securities classified as other securities as of March 31, 2007 is as follows:

(1) OTHER SECURITIES FOR WHICH MARKET QUOTATIONS ARE AVAILABLE

	Millions of yen		
	2007		
	Acquisition cost	Book value	Unrealized gain (loss)
Securities (These types of securities consist of those for which the book value exceeds the acquisition cost.)	¥2,624	¥5,720	¥3,096
Securities (These types of securities consist of those for which the book value is less than the acquisition cost.)	851	673	(178)
Total	¥3,475	¥6,393	¥2,918

(2) OTHER SECURITIES SOLD FOR THE YEAR ENDED MARCH 31, 2007

	Millions of yen
	2007
Securities:	
Sales amount	¥2,112
Total amount of gain on sale of other securities	106
Total amount of loss on sale of other securities	(393)

(3) MAJOR COMPONENTS OF SECURITIES FOR WHICH MARKET QUOTATIONS ARE UNAVAILABLE

	Millions of yen
	2007
Other securities:	
Unlisted securities (excluding over-the-counter securities)	¥15,164

Information regarding marketable securities classified as other securities as of March 31, 2008 is as follows:

(1) OTHER SECURITIES FOR WHICH MARKET QUOTATIONS ARE AVAILABLE

	Millions of yen			Thousands of U.S. dollars		
	2008			2008		
	Acquisition cost	Book value	Unrealized gain (loss)	Acquisition cost	Book value	Unrealized gain (loss)
Securities (These types of securities consist of those for which the book value exceeds the acquisition cost.)	¥1,893	¥3,946	¥2,053	\$18,930	\$36,460	\$20,530
Securities (These types of securities consist of those for which the book value is less than the acquisition cost.)	1,736	1,349	(387)	17,360	113,490	(3,870)
Total	¥3,629	¥5,295	¥1,666	\$36,290	\$52,950	\$16,660

(2) OTHER SECURITIES SOLD FOR THE YEAR ENDED MARCH 31, 2008

	Millions of yen	Thousands of U.S. dollars
	2008	2008
Securities:		
Sales amount	¥131	\$1,310
Total amount of gain on sale of other securities	82	820
Total amount of loss on sale of other securities	(34)	(340)

(3) MAJOR COMPONENTS OF SECURITIES FOR WHICH MARKET QUOTATIONS ARE UNAVAILABLE

	Millions of yen	Thousands of U.S. dollars
	2008	2008
Other securities:		
Unlisted securities (excluding over-the-counter securities)	¥14,859	\$148,590

12. INFORMATION ON DERIVATIVES

The Company uses derivative financial instruments, which comprise principally foreign forward exchange contracts and interest rate and currency swap agreements, to reduce its exposure to market risks from fluctuations in foreign currency exchange and interest rates. The Company does not hold or issue financial instruments for trading purposes.

Although the Company may be exposed to losses in the event of nonperformance by counterparties or interest and currency fluctuations, it does not anticipate significant losses on these arrangements.

Consolidated subsidiaries discuss derivative transactions with NTT DATA prior to implementing such transactions.

There were no derivative financial instruments except for financial instruments which applied for hedge accounting as at March 31, 2006, 2007 and 2008.

13. PENSION AND SEVERANCE PLANS

(1) GENERAL INFORMATION ON THE PENSION PLAN

The Companies have a funded pension plan that mainly comprises three types of plan (Corporate Pension Plans, Contracted Corporate Pension Plans and Lump-sum Severance Payment Plans).

58 subsidiaries are members of the NTT Welfare Pension Fund as of March 31, 2007, while 59 subsidiaries are members of it as of March 31, 2008.

Seven subsidiaries adopted the Contracted Corporate Pension Plans as of March 31, 2007 and 2008.

(2) BENEFIT OBLIGATION

	2007	Millions of yen	Thousands of U.S. dollars
		2008	2008
Benefit obligation	¥(227,079)	¥(170,680)	\$(1,706,800)
Plan assets	131,057	109,653	1,096,530
Benefit obligation in excess of plan assets	(96,022)	(61,027)	(610,270)
Unrecognized transition obligation	(3,187)	(2,315)	(23,150)
Unrecognized net actuarial loss	(4,688)	6,371	63,710
Unrecognized prior service costs	(15,082)	(7,968)	(79,680)
Net amount recognized	(118,979)	(64,939)	(649,390)
Prepaid pension costs	180	130	1,300
Provision for retirement benefits	¥(119,159)	¥ (65,069)	\$(650,690)

Notes: 1. On July 1, 2007, under the Law concerning Defined-Benefit Corporate Pension Plans, the NTT Welfare Pension Fund received approval to return to the government the former substitutional portion for companies submitting consolidated financial reports and some consolidated subsidiaries. On February 26, 2008, these assets were returned to the government, so the substitutional portion is not included in the Welfare Pension Plan.

2. Due to a revision of the Employee Pension Fund Insurance Law on March 2000, the Company revised its regulation raising the benefit age under its Welfare Pension Plan for the year ended March 31, 2002. In March 2003, the Company also introduced a "points" system whereby a specified amount is contributed to an employee's pension account every year based on individual performance. Furthermore, due to the revision of the corporate pension plan, including the deduction of the basic rate of pay in December 2003, pension benefit obligations decreased and unrecognized prior service costs (the amount of obligation reduction) rose.

3. The assumed benefit obligation, distribution to Contracted Corporate Pension Plans made by consolidated subsidiaries adopting the "simple approach," is included in "benefit obligation."

(3) SEVERANCE AND PENSION COST

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Service costs	¥10,089	¥ 9,366	¥ 10,650	\$ 106,500
Interest costs	4,890	5,235	4,997	49,970
Expected return on plan assets	(2,499)	(3,130)	(3,131)	(31,310)
Amortization of transition obligation	(398)	(398)	(470)	(4,700)
Amortization of net actuarial loss	1,365	23	360	3,600
Amortization of prior service costs	(1,537)	(1,537)	(1,146)	(11,460)
Income (expenses) arising from the return of the substitutional portion of the Welfare Pension Fund	—	—	(19,291)	(192,910)
Amortization due to mass retirements	—	—	3,060	30,600
Net periodic benefit costs	¥11,910	¥ 9,559	¥ (4,971)	\$ (49,710)

Notes: 1. Employee contributions to the Welfare Pension Fund and Corporate Pension Plans are deducted from service costs.

2. All retirement benefit expenses of consolidated subsidiaries using the simple approach are recorded under service costs.

3. With respect to the difference between the decrease in provision for retirement benefits and the lump-sum payments, and the elimination of unrecognized prior service costs following a substantial decrease in pension benefit obligations, related expenses associated with the review of employee seconding policies were recorded as non-operating expenses.

4. In addition to the aforementioned severance and pension costs, ¥35,797 million (\$357,970 thousand) was recorded as non-operating expenses, including lump-sum employment transfer payments and related expenses associated with the revision of employee seconding policies.

(4) ASSUMPTIONS USED IN THE ACCOUNTING FOR THE BENEFIT PLAN

Assumptions used in the accounting for the benefit plan are as follows:

	2007	2008
Allocation method for the projected benefit obligation	Straight-line method	Straight-line method
Discount rate	2.50%	2.50%
Expected rate of return on plan assets	2.50%	2.50%
Amortization of prior service cost	Unrecognized prior service costs are amortized using the straight-line method over the average remaining service period of employees in each fiscal year in which they arise.	Unrecognized prior service costs are amortized using the straight-line method over the average remaining service period of employees in each fiscal year in which they arise.
Amortization of unrecognized actuarial loss	Unrecognized actuarial differences are amortized using the straight-line method over the average remaining service period of employees from the year following that in which they arise.	Unrecognized actuarial differences are amortized using the straight-line method over the average remaining service period of employees from the year following that in which they arise.
Amortization of net transition obligation	Straight-line method for 15 years	Straight-line method for 15 years

14. RETAINED EARNINGS

The Japanese Corporate Law provides that an amount equal to 10% of cash dividends and other distributions from retained earnings paid by NTT DATA and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25% of their respective stated capital. The Japanese Corporate Law also provides that to the extent that the sum of the additional paid-in capital and the legal reserve exceeds 25% of the stated capital, the amount of the excess (if any) is available for appropriations for dividend by resolution of the shareholders. Cash dividends and appropriations to the legal reserve charged to retained earnings for the years ended March 31, 2008, 2007 and 2006 represent dividends paid out during those years and the related appropriations to the legal reserve. The accompanying consolidated financial statements do not include any provision for the dividend proposed by the General Meeting of Shareholders of ¥2,500 (\$25.00) per share aggregating ¥7,013 million (\$70,130 thousand) in respect of the year ended March 31, 2008.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Japanese Corporate Law.

15. SEGMENT INFORMATION

(1) BUSINESS SEGMENT

Millions of yen						
For the year ended March 31, 2006	System Integration	Network System Services	Others	Total	Elimination or corporate	Consolidated
I Net sales and operating income (expenses)						
Net sales:						
(1) External customers	¥677,487	¥58,912	¥170,882	¥ 907,281	¥ —	¥ 907,281
(2) Intersegment or transfer	42,591	3,246	39,915	85,752	(85,752)	—
Total	¥720,078	¥62,158	¥210,797	¥ 993,033	¥ (85,752)	¥ 907,281
Operating expenses	¥664,103	¥59,061	¥204,693	¥ 927,857	¥ (67,443)	¥ 860,414
Operating income	¥ 55,975	¥ 3,097	¥ 6,104	¥ 65,176	¥ (18,309)	¥ 46,867
II Total assets, depreciation and capital expenditures						
Total assets	¥682,076	¥40,272	¥170,812	¥ 893,160	¥163,177	¥1,056,337
Depreciation	¥119,203	¥ 7,406	¥ 11,646	¥ 138,255	¥ 521	¥ 138,776
Capital expenditures	¥ 85,337	¥12,319	¥ 14,420	¥ 112,076	¥ 70	¥ 112,146

Millions of yen						
For the year ended March 31, 2007	System Integration	Network System Services	Others	Total	Elimination or corporate	Consolidated
I Net sales and operating income (expenses)						
Net sales:						
(1) External customers	¥786,066	¥65,178	¥193,674	¥1,044,918	¥ —	¥1,044,918
(2) Intersegment or transfer	44,711	3,905	42,890	91,506	(91,506)	¥ —
Total	¥830,777	¥69,083	¥236,564	¥1,136,424	¥ (91,506)	¥1,044,918
Operating expenses	¥738,501	¥65,182	¥223,703	¥1,027,386	¥ (72,718)	¥ 954,668
Operating income	¥ 92,276	¥ 3,901	¥ 12,861	¥ 109,038	¥ (18,788)	¥ 90,250
II Total assets, depreciation and capital expenditures						
Total assets	¥662,285	¥46,601	¥183,196	¥ 892,082	¥195,265	¥1,087,347
Depreciation	¥109,544	¥ 8,140	¥ 9,006	¥ 126,690	¥ 540	¥ 127,230
Capital expenditures	¥114,391	¥ 9,595	¥ 15,554	¥ 139,540	¥ 25	¥ 139,565

Millions of yen						
For the year ended March 31, 2008	System Integration	Network System Services	Others	Total	Elimination or corporate	Consolidated
I Net sales and operating income (expenses)						
Net sales:						
(1) External customers	¥786,653	¥70,883	¥216,869	¥1,074,405	¥ —	¥1,074,405
(2) Intersegment or transfer	48,319	4,620	52,532	105,471	(105,471)	—
Total	¥834,972	¥75,503	¥269,401	¥1,179,876	¥(105,471)	¥1,074,405
Operating expenses	¥744,677	¥70,230	¥248,605	¥1,063,512	¥ (85,019)	¥ 978,493
Operating income	¥ 90,295	¥ 5,273	¥ 20,796	¥ 116,364	¥ (20,452)	¥ 95,912
II Total assets, depreciation and capital expenditures						
Total assets	¥764,503	¥50,598	¥194,914	¥1,010,015	¥ 183,812	¥1,193,827
Depreciation	¥122,143	¥ 8,979	¥ 8,384	¥ 139,506	¥ 548	¥ 140,054
Capital expenditures	¥148,946	¥11,345	¥ 16,466	¥ 176,757	¥ 69	¥ 176,826

Thousands of U.S dollars

For the year ended March 31, 2008	System Integration	Network System Services	Others	Total	Elimination or corporate	Consolidated
I Net sales and operating income (expenses)						
Net sales:						
(1) External customers	\$7,866,530	\$708,830	\$2,168,690	\$10,744,050	\$ —	\$10,744,050
(2) Intersegment or transfer	483,190	46,200	525,320	1,054,710	(1,054,710)	—
Total	\$8,349,720	\$755,030	\$2,694,010	\$11,798,760	\$(1,054,710)	\$10,744,050
Operating expenses	\$7,446,770	\$702,300	\$2,486,050	\$10,635,120	\$(850,190)	\$9,784,930
Operating income	\$902,950	\$52,730	\$207,960	\$1,163,640	\$(204,520)	\$959,120
II Total assets, depreciation and capital expenditures						
Total assets	\$7,645,030	\$505,980	\$1,949,140	\$10,100,150	\$1,838,120	\$11,193,270
Depreciation	\$1,221,430	\$89,790	\$83,840	\$1,395,060	\$5,480	\$1,400,540
Capital expenditures	\$1,489,460	\$113,450	\$164,660	\$1,767,570	\$690	\$1,768,260

Notes: 1. Classification of business is based on the types of services provided and the similarity of related markets and relevant assets.

2. The major products of each business type are as follows:

Business Type	Major Products
System Integration	In response to customers' unique needs, to develop data communications systems, sell and lease such systems and provide system integration and other related services
Network System Services	In accordance with market needs, to provide a variety of information as well as data-processing and other services based on the Internet and other computer networks
Others	To research, identify and evaluate customers' management issues, plan and propose strategic plans for data communications systems, perform maintenance and facility management and provide other related services

3. Unallocated operating expenses, included in "Elimination or corporate," amounted to ¥18,854 million, ¥17,852 million and ¥18,978 million (\$189,780 thousand) for the years ended March 31, 2006, 2007 and 2008, respectively. Such expenses primarily occurred in the administrative section of the General Affairs Department of the Company.

4. Corporate assets, included in "Elimination or corporate," amounted to ¥163,177 million, ¥195,265 million and ¥183,812 million (\$1,838,120 thousand) for the years ended March 31, 2006, 2007 and 2008, respectively. Such assets include temporary cash investments (cash in hand and at banks) and assets in the administrative division of the Company.

5. Accounting Changes

1) Accounting Standards for Lease Contracts

From the consolidated fiscal year ended March 31, 2008, NTT DATA and its consolidated subsidiaries have been applying Accounting Standards for Lease Contracts (Corporate Accounting Standard No. 13, issued by the Business Accounting Council, First Session, on June 17, 1993 and revised on March 30, 2007, and Application Guidelines for Accounting Standards for Lease Contracts (Corporate Accounting Standards Application Guidelines No. 16, issued by the Accounting Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised on March 30, 2007).

As a result of these changes, compared with the previous method, operating income in the consolidated fiscal year ended March 31, 2008 increased ¥2,873 million (\$28,730 thousand) in the System Integration Business, decreased ¥27 million (\$270 thousand) in the Network System Services Business and increased ¥98 million (\$980 thousand) in the Others Business. Net assets increased ¥17,042 million (\$170,420 thousand) in the System Integration Business, increased ¥269 million (\$2,690 thousand) in the Network System Services Business and increased ¥2,162 million (\$21,620 thousand) in the Others Business. Depreciation increased ¥12,104 million (\$121,040 thousand) in the System Integration Business, increased ¥128 million (\$1,280 thousand) in the Network System Services Business and increased ¥736 million (\$7,360 thousand) in the Others Business.

2) Method of Depreciation of Property and Equipment

From the consolidated fiscal year ended the year after the consolidated fiscal year in which 5% of acquisition costs have been reached, in line with revisions to the Corporate Income Tax Law, NTT Data and its consolidated subsidiaries have amortized the differential between 5% of the acquisition price and the memorandum price over five years and recorded it in depreciation expenses.

As a result, compared to the previous accounting method, operating income in the consolidated fiscal year ended March 31, 2008 increased ¥367 million (\$3,670 thousand) in the System Integration Business, ¥267 million (\$2,670 thousand) in the Network System Services Business and decreased ¥146 million (\$1,460 thousand) in the Others Business, and depreciation expenses increased the same amount in each segment.

3) Allowance for Contract Losses

The Company is promoting marketing and development process innovation under the new Medium-term Management policy at NTT DATA and other areas due to changes in the order environment. Therefore, such estimate in excess of the balance of work in progress is recorded as an allowance for contract losses. As a result, compared with the previous method, operating income for the consolidated fiscal year ended March 31, 2008 in the System Integration Business decreased ¥4,739 million (\$47,390 thousand).

(2) GEOGRAPHIC INFORMATION

The information is not required to be disclosed because the amounts of net sales and assets in Japan exceeded 90% of the amount of combined net sales for the years ended March 31, 2006, 2007 and 2008 and the assets of all segments as at that date.

(3) OVERSEAS SALES

This information is not required to be disclosed because net overseas sales represent less than 10% of consolidated net sales for the years ended March 31, 2006, 2007 and 2008.

16. RELATED PARTY TRANSACTIONS

Related party transactions for the year ended March 31, 2006 are as follows:

Directors and Principal Individual Shareholders, etc.	2006	
Type	Officer	Officer
Name of the related party	Tomokazu Hamaguchi	Tomokazu Hamaguchi
Type of business	President and Chief Executive Officer Chairman of Japan Electronic Payment Promotion Organization	President and Chief Executive Officer Chairman of Japan Electronic Payment Promotion Organization
Equity ownership percentage	(owned) direct 0.0%	(owned) direct 0.0%
Relation		
Additional posts held by the directors	—	—
Operating relation	—	—
Nature of transaction	Building rental income and other business income	Payment of annual fees
Transaction amount	¥28 million	¥4 million
Account	—	—
Balance at year-end	—	—

Directors and Principal Individual Shareholders, etc.	2006	
Type	Officer	Officer
Name of the related party	Naoshi Nakamura	Naoshi Nakamura
Type of business	Advisor Chairman of Consortium for Software Engineering	Advisor Chairman of Consortium for Software Engineering
Equity ownership percentage	(owned) direct 0.0%	(owned) direct 0.0%
Relation		
Additional posts held by the directors	—	—
Operating relation	—	—
Nature of transaction	System consulting service income	Payment of annual fees
Transaction amount	¥14 million	¥2 million
Account	—	—
Balance at year-end	—	—

Directors and Principal Individual Shareholders, etc.	2006	
Type	Officer	Officer
Name of the related party	Toru Yamashita	Toru Yamashita
Type of business	Senior Executive Vice President & Representative Director Chairman of Consortium for Software Engineering	Senior Executive Vice President & Representative Director Chairman of Consortium for Software Engineering
Equity ownership percentage	(owned) direct 0.0%	(owned) direct 0.0%
Relation		
Additional posts held by the directors	—	—
Operating relation	—	—
Nature of transaction	System consulting service income	Payment of annual fees
Transaction amount	¥106 million	¥0 million
Account	—	—
Balance at year-end	—	—

Group Companies	2006
Type	Subsidiary of parent company
Name of the related party	NTT BUSINESS ASSOCIE Co., Ltd.
Address	Chiyoda-ku, Tokyo
Common stock	¥7,750 million
Type of business	Real estate-related and outsourcing business
Equity ownership percentage	—
Relation	
Additional posts held by the directors	—
Operating relation	Funds settlement for inter-company transactions among NTT Group companies
Nature of transaction	Funds settlement for inter-company transactions among NTT Group companies
Transaction amount	¥60,699 million
Account	Accounts due
Balance at year-end	¥10,029 million

Related party transactions for the year ended March 31, 2007 are as follows:

Directors and Principal Individual Shareholders, etc.	2007	
Type	Officer	Officer
Name of the related party	Tomokazu Hamaguchi	Tomokazu Hamaguchi
Type of business	President and Chief Executive Officer Chairman of Japan Electronic Payment Promotion Organization	President and Chief Executive Officer Chairman of Japan Electronic Payment Promotion Organization
Equity ownership percentage	(owned) direct 0.0%	(owned) direct 0.0%
Relation		
Additional posts held by the directors	—	—
Operating relation	—	—
Nature of transaction	Building rental income and other business income	Payment of annual fees
Transaction amount	¥28 million	¥3 million
Account	—	—
Balance at year-end	—	—

Directors and Principal Individual Shareholders, etc.	2007	
Type	Officer	Officer
Name of the related party	Tomokazu Hamaguchi	Toru Yamashita
Type of business	President and Chief Executive Officer Chairman of NPO Nippon Environment Club	Senior Executive Vice President & Representative Director Chairman of Consortium for Software Engineering
Equity ownership percentage	(owned) direct 0.0%	(owned) direct 0.0%
Relation		
Additional posts held by the directors	—	—
Operating relation	—	—
Nature of transaction	Payment of annual fees	System consulting service income
Transaction amount	¥1 million	¥119 million
Account	—	—
Balance at year-end	—	—

Directors and Principal Individual Shareholders, etc.		2007
Type	Officer	
Name of the related party	Toru Yamashita	
Type of business	Senior Executive Vice President & Representative Director Chairman of Consortium for Software Engineering	
Equity ownership percentage	(owned) direct 0.0%	
Relation		
Additional posts held by the directors	—	
Operating relation	—	
Nature of transaction	Payment of annual fees	
Transaction amount	¥3 million	
Account	—	
Balance at year-end	—	

Group Companies		2007	
Type	Subsidiary of parent company	Subsidiary of parent company	
Name of the related party	NTT BUSINESS ASSOCIE Co., Ltd.	NTT DoCoMo, Inc.	
Address	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	
Common stock	¥7,750 million	¥949,680 million	
Type of business	Real estate-related and Outsourcing business	Mobile telecommunications business	
Equity ownership percentage	—	—	
Relation			
Additional posts held by the directors	—		
Operating relation	Funds settlement for inter-company Transactions among NTT Group Companies	Development of data transfer system	
Nature of transaction	Funds settlement for inter-company Transactions among NTT Group Companies	System Integration Service Fee	
Transaction amount	¥41,632 million	¥70,277 million	
Account	Accounts due	Accounts receivable	
Balance at year-end	¥16,793 million	¥9,795 million	

Group Companies		2007
Type	Subsidiary of parent company	
Name of the related party	NTT FINANCE Co., Ltd.	
Address	Minato-ku, Tokyo	
Common stock	¥6,774 million	
Type of business	General leasing business	
Equity ownership percentage	(owned) direct 4.5% (non-owned) direct 0.0%	
Relation		
Additional posts held by the directors	One concurrent appointee	
Operating relation	Cash deposits	
Nature of transaction	Cash deposits and interest income from cash deposits	
Transaction amount	¥16,486 million	
Account	Other current assets	
Balance at year-end	¥6 million	

Related party transactions for the year ended March 31, 2008 are as follows:

Directors and Principal Individual Shareholders, etc.	2008	
Type	Officer	Officer
Name of the related party	Toru Yamashita	Toru Yamashita
Type of business	President and Chief Executive Officer Chairman of Japan Electronic Payment Promotion Organization	President and Chief Executive Officer Chairman of Consortium for Software Engineering
Equity ownership percentage	(owned) direct 0.0%	(owned) direct 0.0%
Relation		
Additional posts held by the directors	—	—
Operating relation	—	—
Nature of transaction	Building rental income and other business income	Payment of annual fees
Transaction amount	¥21 million (\$210 thousand)	¥2 million (\$20 thousand)
Account	—	—
Balance at year-end	—	—

Directors and Principal Individual Shareholders, etc.	2008	
Type	Officer	Officer
Name of the related party	Tomokazu Hamaguchi	Tomokazu Hamaguchi
Type of business	Counselor and Director Former Chairman of Japan Electronic Payment Promotion Organization	Counselor and Director Former Chairman of Japan Electronic Payment Promotion Organization
Equity ownership percentage	(owned) direct 0.0%	(owned) direct 0.0%
Relation		
Additional posts held by the directors	—	—
Operating relation	—	—
Nature of transaction	Building rental income and other business income	Payment of annual fees
Transaction amount	¥7 million (\$70 thousand)	¥3 million (\$30 thousand)
Account	—	—
Balance at year-end	—	—

Directors and Principal Individual Shareholders, etc.	2008	
Type	Officer	Officer
Name of the related party	Tomokazu Hamaguchi	Tomokazu Hamaguchi
Type of business	Counselor and Director Chairman of Japan Information Technology Service industry Association	Counselor and Director Chairman of Japan Information Technology Services Industry Association
Equity ownership percentage	(owned) direct 0.0%	(owned) direct 0.0%
Relation		
Additional posts held by the directors	—	—
Operating relation	—	—
Nature of transaction	Payment of annual fees	Income from writing and other
Transaction amount	¥4 million (\$40 thousand)	¥0 million (\$0 thousand)
Account	—	—
Balance at year-end	—	—

Directors and Principal Individual Shareholders, etc.	2008
Type	Officer
Name of the related party	Tomokazu Hamaguchi
Type of business	Director and Advisor NPO Nippon Environment Club
Equity ownership percentage	(owned) direct 0.0%
Relation	
Additional posts held by the directors	—
Operating relation	—
Nature of transaction	Payment of annual fees
Transaction amount	¥1 million (\$10 thousand)
Account	—
Balance at year-end	—

Group Companies	2008	
Type	Subsidiary of parent company	Subsidiary of parent company
Name of the related party	NTT BUSINESS ASSOCIE Co., Ltd.	NTT FINANCE Co., Ltd.
Address	Minato-ku, Tokyo	Minato-ku, Tokyo
Common stock	¥7,750 million (\$77,500 thousand)	¥6,774 million (\$67,740 thousand)
Type of business	Real estate-related and Outsourcing business	General leasing business
Equity ownership percentage	—	(owned) direct 4.5% (non-owned) direct 0.0%
Relation		
Additional posts held by the directors	—	—
Operating relation	Funds settlement for inter-company Transactions among NTT Group Companies	Cash deposits
Nature of transaction	Funds settlement for inter-company Transactions among NTT Group Companies	Cash deposits and interest income from cash deposits
Transaction amount	¥44,179 million (\$441,790 thousand)	34,614 million (\$346,140 thousand)
Account	Accounts due	Other current assets
Balance at year-end	¥16,381 million (\$163,810 thousand)	¥11 million (\$110 thousand)

Notes: 1. The Company's management believes that all transactions with related parties as described in the preceding table were in accordance with terms and conditions decided on a market-determined basis.

2. Transaction amounts for cash deposits represent average deposit balances.

17. BUSINESS COMBINATION

(1) The name and business description of the acquired company, the primary reason for the business combination, the legal form of combination and the percentage of voting rights acquired.

- 1) Name of the acquired company
itelligence AG
- 2) Business Description
SAP-related consulting business, system integration and software development business, licensing business, outsourcing services, etc.
- 3) Primary reason for business combination
In response to demand from Japanese multinationals for SAP, NTT DATA has established a system of support in Europe and North America. Furthermore, a capital alliance was reached, reflecting the ease with which itelligence AG is able to expand business in the Asian market.
- 4) Date of business combination
December 31, 2007 (deemed acquisition date)
- 5) Legal form
Stock acquisition (tender offer through German-based NTT DATA Europe GmbH & Co. KG, a wholly owned subsidiary)
- 6) Percentage of stock acquired
77.2%

(2) Earnings period for acquired company included in the consolidated financial statement

The balance sheet as of December 31, 2007 has been included in the scope of consolidation because the difference between settlement dates does not exceed three months.

(3) Cost of acquired company and breakdown

Price of acquisition	itelligence AG stock	¥18,614 million	(\$186,140 thousand)
Direct expenses for acquisition	Due diligence and advisory expense	¥434 million	(\$4,340 thousand)
Acquisition cost		¥19,048 million	(\$190,480 thousand)

(4) Value of goodwill generated

- 1) Value of goodwill generated
¥15,748 million (\$157,480 thousand)
- 2) Source factors
Generated by reasonably estimating expected future excess earnings capacity based on the future business expansion of itelligence AG

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

Assets		Liabilities	
Current assets	¥12,243 million (\$122,430 thousand)	Current liabilities	¥8,712 million (\$87,120 thousand)
Property and equipment	¥5,771 million (\$57,710 thousand)	Long-term debt	¥2,318 million (\$23,180 thousand)

(6) Allocation of acquisition costs

Allocation of acquisition costs had not been completed as of the fiscal year ended March 31, 2008. Accordingly, the residual amount was accounted for provisionally based on reasonable information available as of the fiscal year ended March 31, 2008.

18. NET INCOME PER SHARE

The basic and diluted net income per share ("EPS") amounts are the same as those amounts previously described as net income per share.

19. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments and contingent liabilities for the fiscal year ended March 31, 2007 are as follows:

Credit guarantees associated with leasing fees pursuant to building lease agreements were as follows:

Quality Technology Services Jersey City, LLC ¥1,929 million

Contingent liabilities related to underwriting contracts for fulfillment of bonds obligations were as follows:

8th issue of unsecured ordinary yen bonds is ¥30,000 million

14th issue of unsecured ordinary yen bonds is ¥30,000 million

The Company has entered into underwriting contracts with financial institutions under which the counterparty agrees to fulfill bond obligations that satisfy the transitional provisions of Accounting Standards for Financial Instruments.

Commitments and contingent liabilities for the fiscal year ended March 31, 2008 are as follows:

Credit guarantees associated with leasing fees pursuant to building lease agreements were as follows:

Quality Technology Services Jersey City, LLC ¥1,287 million (\$12,870 thousand)

Contingent liabilities related to underwriting contracts for fulfillment of bond obligations were as follows:

8th issue of unsecured ordinary yen bonds is ¥30,000 million (\$300,000 thousand)

14th issue of unsecured ordinary yen bonds is ¥30,000 million (\$300,000 thousand)

The Company has entered into underwriting contracts with financial institutions under which the counterparty agrees to fulfill bond obligations that satisfy the transitional provisions of Accounting Standards for Financial Instruments.

20. ASSETS PLEDGED AS COLLATERAL

The Companies' assets were pledged as collateral for long-term borrowings from banks as of March 31, 2007.

Assets pledged as collateral are as follows:

Accounts receivable	¥402 million
Buildings and structures	¥19,819 million
Machinery and equipment	¥133 million
Tools, furniture and fixtures	¥344 million

Assets pledged as collateral for the following liabilities:

Long-term debt	¥5,468 million
Special-purpose company long-term debt (includes portion due within one year)	¥31,619 million

The Companies' assets were pledged as collateral for long-term borrowings from banks as of March 31, 2008.

Assets pledged as collateral are as follows:

Accounts receivable	¥868 million	(\$8,680 thousand)
Buildings and structures	¥19,654million	(\$196,540 thousand)
Machinery and equipment	¥896 million	(\$8,960 thousand)
Tools, furniture and fixtures	¥278 million	(\$2,780 thousand)
Land	¥16 million	(\$160 thousand)
Construction in progress	¥39 million	(\$390 thousand)
Software	¥92 million	(\$920 thousand)

Assets pledged as collateral for the following liabilities:

Long-term debt	¥6,504 million	(\$65,040 thousand)
Special-purpose company long-term debt (includes portion due within one year)	¥25,163 million	(\$251,630 thousand)

21. SUBSEQUENT EVENTS

ISSUANCE OF UNSECURED BONDS

The following bonds based on a resolution of the Board of Directors meeting held on March 28, 2008.

Issue	20th domestic issue of unsecured bonds	21st domestic issue of unsecured bonds
Date of issue	April 22, 2008	April 22, 2008
Total issue	¥50,000 million (\$500,000 thousand)	¥50,000 million (\$500,000 thousand)
Issue price	¥99.97 for face value of ¥100	¥99.93 for face value of ¥100
Interest rate	1.10% annually	1.60% annually
Maturity	June 20, 2013	March 20, 2018
Collateral	Unsecured/Unguaranteed	Unsecured/Unguaranteed
Use	Funds for repayment of bonds/commercial paper	Funds for repayment of bonds/commercial paper

APPROPRIATION OF RETAINED EARNINGS

Dividends applicable to the fiscal year ended March 31, 2008 whose effective payment date falls in the subsequent fiscal year are shown below. A proposal on the appropriation of retained earnings was approved at the General Meeting of Shareholders held on June 20, 2008.

		Millions of yen	Thousands of U.S. dollars
Cash dividends (¥2,500 per share)		¥7,013	\$70,130
Classes of stocks	Common stock		
Original source capital of dividends	Retained earnings		
Date of record	March 31, 2008		
Effective date	June 23, 2008		

Independent Auditors' Report



To the Shareholders and Board of Directors

NTT DATA CORPORATION:

We have audited the accompanying consolidated balance sheets of NTT DATA CORPORATION and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits. The consolidated financial statements of NTT DATA CORPORATION and consolidated subsidiaries with respect to the year ended March 31, 2006 were audited by other auditors whose report, dated June 22, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NTT DATA CORPORATION and subsidiaries as of March 31, 2008 and 2007 and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:

(1) As discussed in Note 7 to the consolidated financial statements, effective for the year ended March 31, 2008, NTT DATA Corporation has applied accounting standards and application guidelines for lease contracts (revised on March 30, 2007).

(2) As discussed in Note 21 to the consolidated financial statements, NTT DATA CORPORATION has issued 20th and 21st unsecured bonds on April 22, 2008.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for the convenience of the reader. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan

June 20, 2008

Non-Consolidated Six-Year Summary

NTT DATA CORPORATION
Years ended March 31

	Millions of yen						Thousands of U.S. dollars	
	2003	2004	2005	2006	2007	2008	2008	
For the Year:								
Net Sales	¥ 780,652	¥ 750,703	¥ 738,241	¥ 757,586	¥ 856,341	¥ 859,756	\$ 8,597,560	
System Integration	611,315	576,537	555,233	560,735	638,089	614,050	6,140,500	
Network System Services	54,315	54,272	53,140	55,253	61,070	66,477	664,770	
Others	115,022	119,894	129,868	141,598	157,182	179,229	1,792,290	
Cost of Sales	592,802	574,347	568,637	580,523	651,680	662,630	6,626,300	
Operating Income	57,297	51,178	30,289	36,477	81,137	79,278	792,780	
Income before Income Taxes	44,359	35,403	24,154	34,162	74,473	35,899	358,990	
Net Income	24,075	23,220	17,486	25,314	46,287	22,204	222,040	
New Orders Received	789,347	650,302	543,903	577,056	777,458	787,455	7,874,550	
Capital Expenditures	172,948	148,902	110,336	108,365	127,756	170,509	1,705,090	
Research and Development Expenses	18,439	15,291	16,342	16,975	11,140	10,170	101,700	
At Year-End:								
Property and Equipment, at Cost	1,002,184	805,755	799,811	796,662	834,909	889,933	8,899,330	
Less: Accumulated Depreciation	(603,071)	(463,170)	(490,819)	(502,083)	(528,695)	(553,118)	(5,531,180)	
Long-Term Debt	311,887	267,316	207,399	177,259	135,330	93,605	936,050	
Total Liabilities	666,961	588,378	507,509	494,803	465,815	543,727	5,437,270	
Total Equity	427,696	445,985	458,533	477,775	513,510	519,464	5,194,640	
Total Assets	1,094,657	1,034,363	966,042	972,578	979,325	1,063,191	10,631,910	
Per Share:								
Net Income	¥ 8,552	¥ 8,246	¥ 6,204	¥ 8,999	¥ 16,502	¥ 7,916	\$79.16	
Net Assets	152,445	158,965	163,440	170,304	183,070	185,192	18.52	
Cash Dividends	2,000	2,000	2,000	3,000	5,000	5,000	50.00	
Other Information:								
Operating Income Margin (%)	7.3	6.8	4.1	4.8	9.5	9.2	—	
Return on Sales (%)	3.1	3.1	2.4	3.3	5.4	2.6	—	
Return on Equity (%)	5.8	5.3	3.9	5.4	9.3	4.3	—	
Return on Assets (%)	2.2	2.2	1.7	2.6	4.7	2.1	—	
Payout Ratio (%)	23.4	24.3	32.2	33.3	30.3	63.2	—	
Dividends on Equity (%)	1.3	1.3	1.2	1.8	2.7	2.7	—	
Number of Employees	7,550	7,232	7,620	7,980	8,324	8,550	—	
Number of Shares Issued	2,805,000	2,805,000	2,805,000	2,805,000	2,805,000	2,805,000	—	

Notes: 1. Net sales by operation type were as follows:

	Millions of yen						Thousands of U.S. dollars	
	2003	2004	2005	2006	2007	2008	2008	
Data Communications Service	¥392,702	¥390,274	¥385,076	¥342,853	¥357,659	¥332,568	\$3,325,680	
Systems Development Service	254,997	221,988	187,748	220,136	269,492	259,131	2,591,310	
Other Services	132,953	138,441	165,417	194,597	229,190	268,057	2,680,570	

2. Net income per share and shareholders' equity per share will be calculated in accordance with "Accounting Standard for Net Income per Share" (Corporate Accounting Standard No. 2 and ASB Guidance No. 4) and adjusted in accordance with this change.

3. Yen amounts are translated into U.S. dollars, solely for convenience, at the prevailing exchange rate on March 31, 2008, of ¥100=U.S.\$1.

Non-Consolidated Balance Sheets

NTT DATA CORPORATION
As of March 31, 2007 and 2008

	Millions of yen		Thousands of U.S.dollars
	2007	2008	2008
ASSETS			
Current Assets:			
Cash in hand and at banks	¥ 100,912	¥ 92,138	\$ 921,380
Accounts receivable:			
External clients	142,897	148,377	1,483,770
“NTT”	—	—	—
Subsidiaries and affiliates	2,524	5,514	55,140
	145,421	153,891	1,538,910
Less: allowance for doubtful accounts	(394)	(488)	(4,880)
	145,027	153,403	1,534,030
Other receivables	24,085	37,604	376,040
Work in progress	18,594	29,044	290,440
Supplies	1,395	1,843	18,430
Prepaid expenses	6,090	7,283	72,830
Deferred income taxes	6,440	9,718	97,180
Other current assets	10,346	9,088	90,880
Total current assets	312,889	340,121	3,401,210
Investments and Advances:			
Investments in securities	21,238	19,783	197,830
Investments in subsidiaries and affiliates	33,185	35,799	357,990
Other investments	7,932	29,156	291,560
Total investments and advances	62,355	84,738	847,380
Property and Equipment, at Cost:			
	834,909	889,933	8,899,330
Less: accumulated depreciation	(528,695)	(553,118)	(5,531,180)
Total property and equipment	306,213	336,815	3,368,150
Intangible Assets:			
Software	182,834	186,141	1,861,410
Software in progress	36,664	53,323	533,230
Other	2,268	3,815	38,150
Total intangible assets	221,766	243,279	2,432,790
Fixed Leasehold Deposits	20,643	18,559	185,590
Deferred Income Taxes	55,459	39,679	396,790
Total Assets	¥ 979,325	¥1,063,191	\$10,631,910

Note: Yen amounts are translated into U.S. dollars, solely for convenience, at the prevailing exchange rate on March 31, 2008, ¥100 = U.S.\$1.

	Millions of yen		Thousands of U.S.dollars
	2007	2008	2008
LIABILITIES			
Current Liabilities:			
Short-term borrowings	¥ 16,100	¥ 14,450	\$ 144,500
Commercial paper	—	45,000	450,000
Current portion of long-term debt	41,999	60,000	600,000
Accounts payable:			
Suppliers	56,413	67,743	677,430
Subsidiaries and affiliates	24,975	26,142	261,420
Other	18,768	93,476	934,760
	100,156	187,361	1,873,610
Income taxes payable	16,465	—	—
Accrued expenses	7,489	7,256	72,560
Advances received	5,679	35,708	357,080
Other current liabilities	38,179	50,309	503,090
Total current liabilities	226,067	400,084	4,000,840
Long-Term Debt	135,330	93,605	936,050
Provision for Retirement Benefits	104,418	50,038	500,380
Total liabilities	465,815	543,727	5,437,270
Commitments and Contingent Liabilities			
NET ASSETS			
Shareholders' Equity:			
Common stock			
Authorized — 11,220,000 shares in 2007 and 2008			
Issued — 2,805,000 shares in 2007 and 2008	142,520	142,520	1,425,200
Additional paid-in capital	139,300	139,300	1,393,000
Retained earnings			
Legal reserve	2,288	2,288	22,880
Special tax-purpose reserve	1,186	667	6,670
Special tax-purpose reserve for specified data communication equipment	23	—	—
Special tax-purpose reserve for R&D facilities	54	25	250
General reserve	173,000	203,000	2,030,000
Retained earnings carried forward	53,426	30,774	307,740
	229,977	236,754	2,367,540
Total shareholders' equity	511,797	518,574	5,185,740
Valuation, Translation Adjustments and Others:			
Unrealized gains on available-for-sale securities, net of tax	1,713	890	8,900
Total net assets	513,510	519,464	5,194,640
Total Liabilities and Net Assets	¥979,325	¥1,063,191	\$10,631,910

Non-Consolidated Statements of Income

NTT DATA CORPORATION
For the years ended March 31, 2006, 2007 and 2008

	Millions of yen			Thousands of U.S.dollars
	2006	2007	2008	2008
Net Sales	¥757,586	¥ 856,341	¥859,756	\$8,597,560
Cost of Sales	580,523	651,680	662,630	6,626,300
Gross profit	177,063	204,661	197,126	1,971,260
Selling, General and Administrative Expenses	140,586	123,524	117,848	1,178,480
Operating income	36,477	81,137	79,278	792,780
Non-Operating Income (Expenses):				
Interest income	68	310	572	5,720
Interest expenses	(3,025)	(2,998)	(2,749)	(27,490)
Gains on sales of securities	117	116	552	5,520
Insurance income	883	940	1,181	11,810
Distribution of gain from SPE	2,094	1,560	1,407	14,070
Gain on investment in limited liability partnerships	629	880	347	3,470
Loss on disposal of fixed assets	(810)	(1,474)	(909)	(9,090)
Loss on impairment of investments in securities	(1,494)	(706)	(269)	(2,690)
Loss on impairment of investments in affiliates	(926)	(5,397)	(3,755)	(37,550)
Return of the substitutional portion of the NTT Welfare Pension Fund	—	—	16,714	167,140
Effect from adoption of lease accounting standards	—	—	(16,155)	(161,550)
Related expenses associated with the revision of employee seconding policies	—	—	(40,463)	(404,630)
Others, net	149	105	148	1,480
	(2,315)	(6,664)	(43,379)	(433,790)
Income before income taxes	34,162	74,473	35,899	358,990
Income Taxes:				
Current	17,662	27,543	629	6,290
Deferred	(8,814)	643	13,066	130,660
	8,848	28,186	13,695	136,950
Net income	¥ 25,314	¥ 46,287	¥ 22,204	\$ 222,040
		Yen		U.S.dollars
Per Share:				
Net income	¥8,999	¥16,502	¥7,916	\$79.16
Cash dividends	3,000	5,000	5,000	50.00

Note: Yen amounts are translated into U.S. dollars, solely for convenience, at the prevailing exchange rate on March 31, 2008, ¥100 = U.S.\$1.

Non-Consolidated Statements of Changes in Net Assets

NTT DATA CORPORATION
For the years ended March 31, 2006, 2007 and 2008

Millions of yen

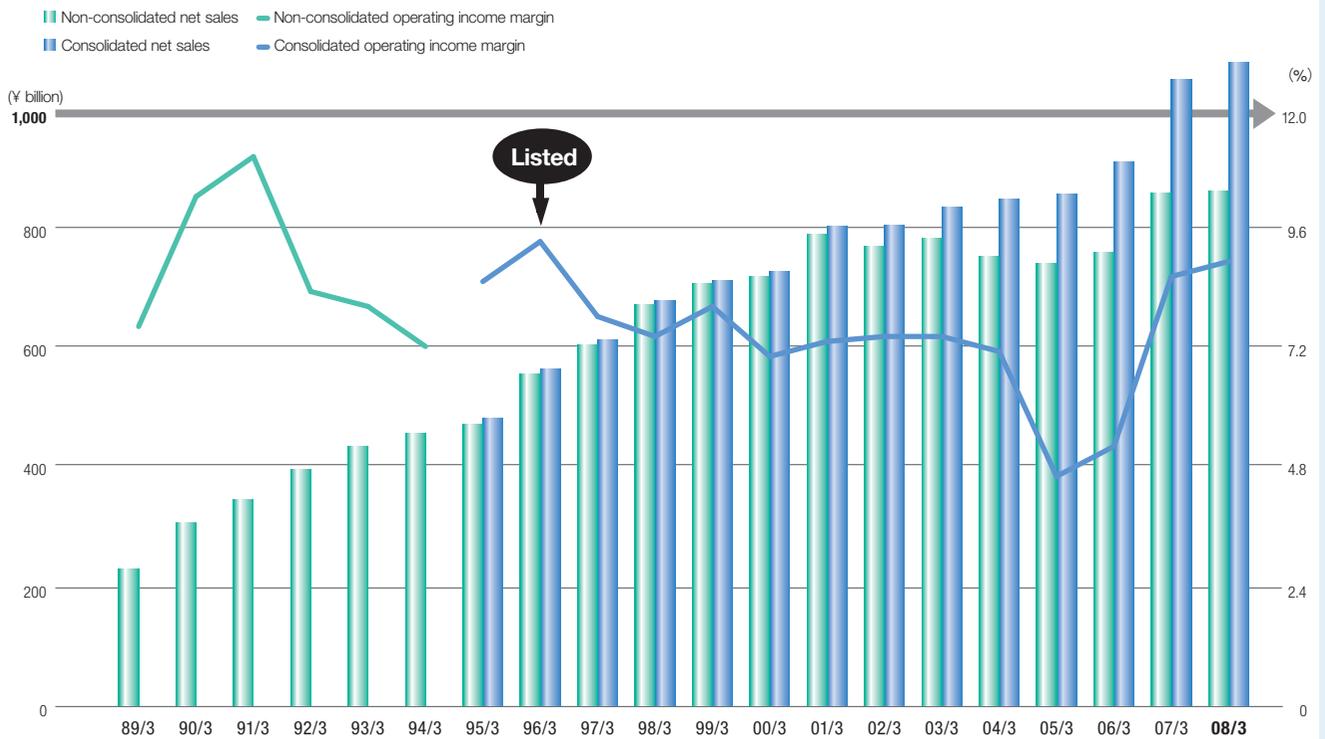
	Shareholders' equity										Valuation, translation adjustments and others	
	Number of shares issued	Common stock	Additional paid-in capital	Legal reserve	Special tax-purpose reserve	Special tax-purpose reserve for specified communication equipment	Special tax-purpose reserve for R&D facilities	General reserve	Unappropriated retained earnings	Total	Unrealized gains on available-for-sale securities, net of tax	Total net assets
Balance as of March 31, 2005	2,805,000	¥142,520	¥139,300	¥2,288	¥ 4,091	¥ 184	¥ 44	¥148,000	¥ 20,756	¥457,183	¥1,350	¥458,533
Net income for the year ended March 31, 2006	—	—	—	—	—	—	—	—	25,314	25,314	—	25,314
Cash dividends	—	—	—	—	—	—	—	—	(7,012)	(7,012)	—	(7,012)
Bonuses to directors and corporate auditors	—	—	—	—	—	—	—	—	(84)	(84)	—	(84)
Transfer from special tax-purpose reserve	—	—	—	—	(1,311)	—	—	—	1,311	—	—	—
Transfer from special tax-purpose reserve for specified communication equipment	—	—	—	—	—	(53)	—	—	53	—	—	—
Transfer to special tax-purpose reserve for R&D facilities	—	—	—	—	—	—	38	—	(38)	—	—	—
Transfer to general reserve	—	—	—	—	—	—	—	13,000	(13,000)	—	—	—
Net change during the year	—	—	—	—	—	—	—	—	—	—	1,024	1,024
Balance as of March 31, 2006	2,805,000	¥142,520	¥139,300	¥2,288	¥ 2,780	¥ 131	¥ 82	¥161,000	¥ 27,300	¥475,401	¥2,374	¥477,775
Net income for the year ended March 31, 2007	—	—	—	—	—	—	—	—	46,287	46,287	—	46,287
Cash dividends	—	—	—	—	—	—	—	—	(9,818)	(9,818)	—	(9,818)
Bonuses to directors and corporate auditors	—	—	—	—	—	—	—	—	(73)	(73)	—	(73)
Transfer from special tax-purpose reserve	—	—	—	—	(1,594)	—	—	—	1,594	—	—	—
Transfer from special tax-purpose reserve for specified communication equipment	—	—	—	—	—	(108)	—	—	108	—	—	—
Transfer to special tax-purpose reserve for R&D facilities	—	—	—	—	—	—	(28)	—	28	—	—	—
Transfer to general reserve	—	—	—	—	—	—	—	12,000	(12,000)	—	—	—
Net change during the year	—	—	—	—	—	—	—	—	—	—	(661)	(661)
Balance as of March 31, 2007	2,805,000	¥142,520	¥139,300	¥2,288	¥ 1,186	¥ 23	¥ 54	¥173,000	¥ 53,426	¥511,797	¥1,713	¥513,510
Net income for the year ended March 31, 2008	—	—	—	—	—	—	—	—	22,204	22,204	—	22,204
Cash dividends	—	—	—	—	—	—	—	—	(15,428)	(15,428)	—	(15,428)
Transfer from special tax-purpose reserve	—	—	—	—	(519)	—	—	—	519	—	—	—
Transfer from special tax-purpose reserve for specified communication equipment	—	—	—	—	—	(23)	—	—	23	—	—	—
Transfer to special tax-purpose reserve for R&D facilities	—	—	—	—	—	—	(29)	—	29	—	—	—
Transfer to general reserve	—	—	—	—	—	—	—	30,000	(30,000)	—	—	—
Net change during the year	—	—	—	—	—	—	—	—	—	—	(823)	(823)
Balance as of March 31, 2008	2,805,000	¥142,520	¥139,300	¥2,288	¥ 667	—	¥ 25	¥203,000	¥ 30,774	¥518,574	¥ 890	¥519,462

Thousands of U.S. dollars

	Shareholders' equity										Valuation, translation adjustments and others	
	Common stock	Additional paid-in capital	Legal reserve	Special tax-purpose reserve	Special tax-purpose reserve for specified communication equipment	Special tax-purpose reserve for R&D facilities	General reserve	Unappropriated retained earnings	Total	Unrealized gains on available-for-sale securities, net of tax	Total net assets	
Balance as of March 31, 2007	\$1,425,200	\$1,393,000	\$22,880	\$11,860	\$230	\$ 540	\$1,730,000	\$ 534,260	\$5,117,970	\$17,130	\$5,135,100	
Net income for the year ended March 31, 2008	—	—	—	—	—	—	—	222,040	222,040	—	222,040	
Cash dividends	—	—	—	—	—	—	—	(154,280)	(154,280)	—	(154,280)	
Transfer from special tax-purpose reserve	—	—	—	(5,190)	—	—	—	5,190	—	—	—	
Transfer from special tax-purpose reserve for specified communication equipment	—	—	—	—	(230)	—	—	230	—	—	—	
Transfer to special tax-purpose reserve for R&D facilities	—	—	—	—	—	(290)	—	290	—	—	—	
Transfer to general reserve	—	—	—	—	—	—	300,000	(300,000)	—	—	—	
Net change during the year	—	—	—	—	—	—	—	—	—	(8,230)	(8,230)	
Balance as of March 31, 2008	\$1,425,200	\$1,393,000	\$22,880	\$ 6,670	—	\$ 250	\$2,030,000	\$ 307,740	\$5,185,740	\$ 8,900	\$5,194,640	

Note: Yen amounts are translated into U.S. dollars, solely for convenience, at the prevailing exchange rate on March 31, 2008, ¥100=U.S.\$1.

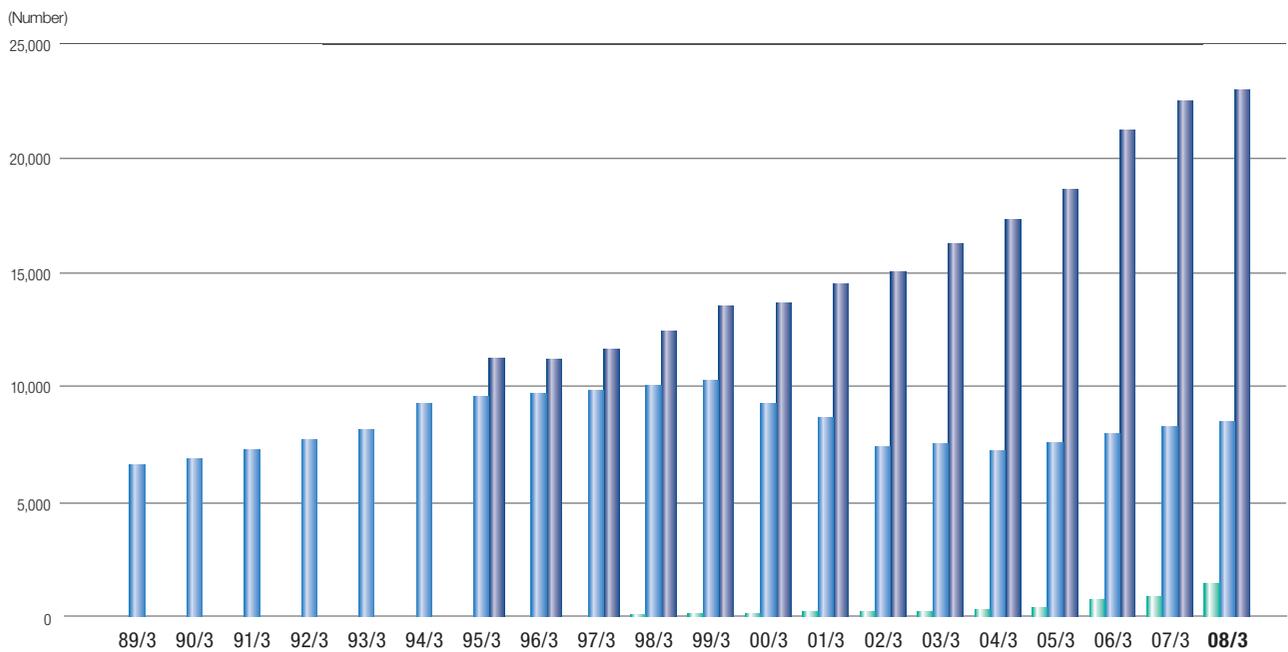
Change in Net Sales and Operating Income Margin Over 20 Years



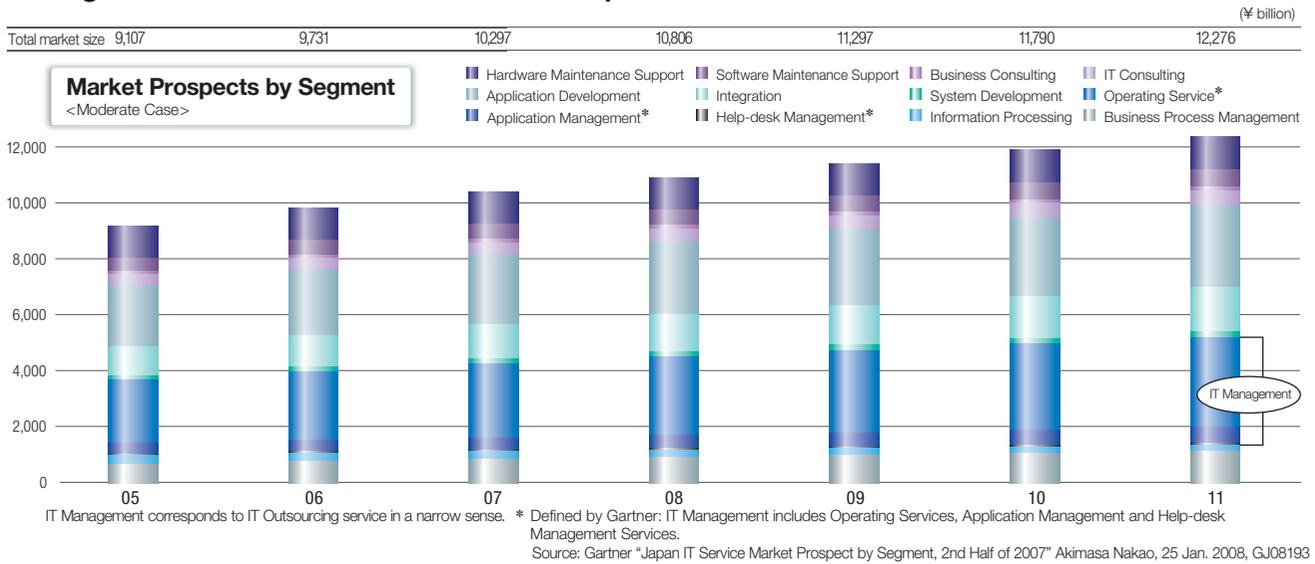
Number of Employees

■ Non-consolidated ■ Consolidated ■ Overseas

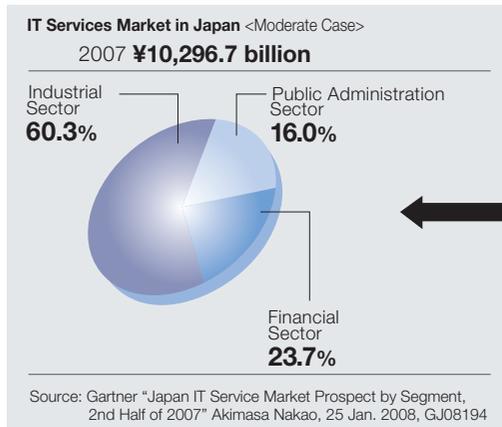
Number of Group Employees: Approximately 23,100 (As of 2008/3)



Change in Size of IT Service Market in Japan

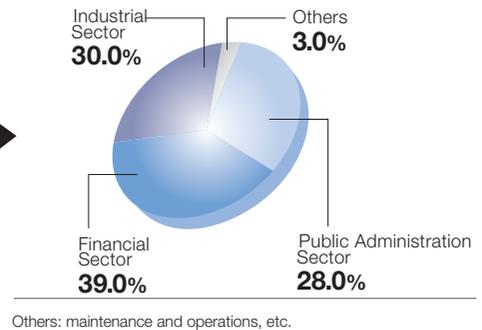


Size of IT Services Market by Sectors

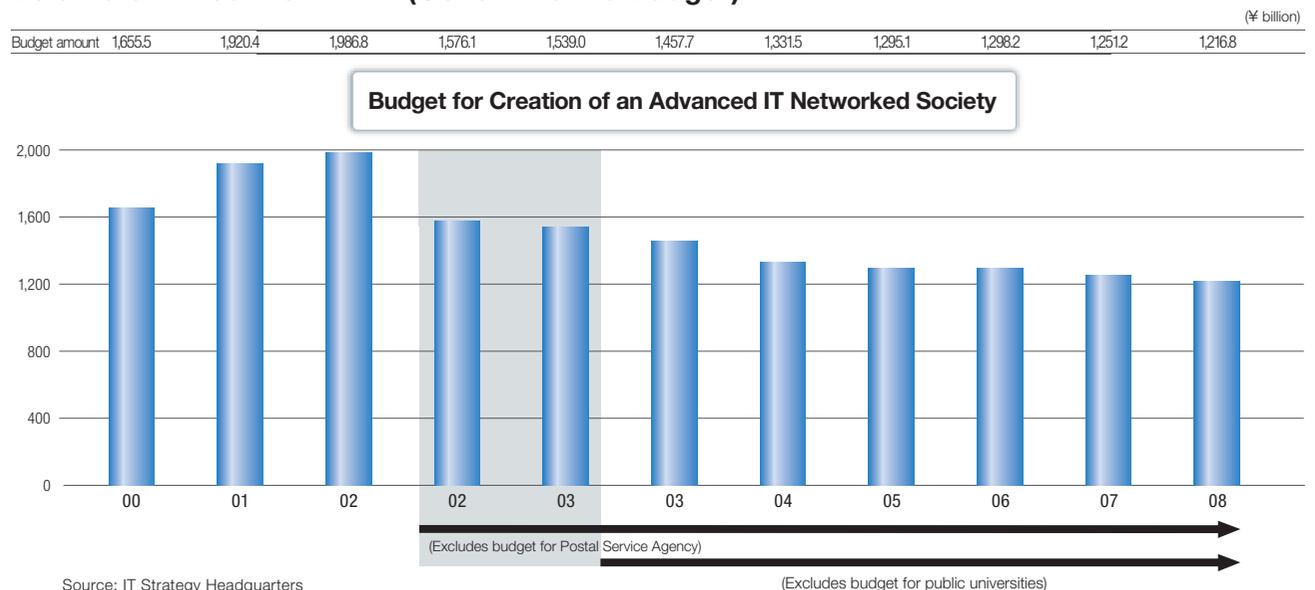


NTT DATA's Consolidated Net Sales

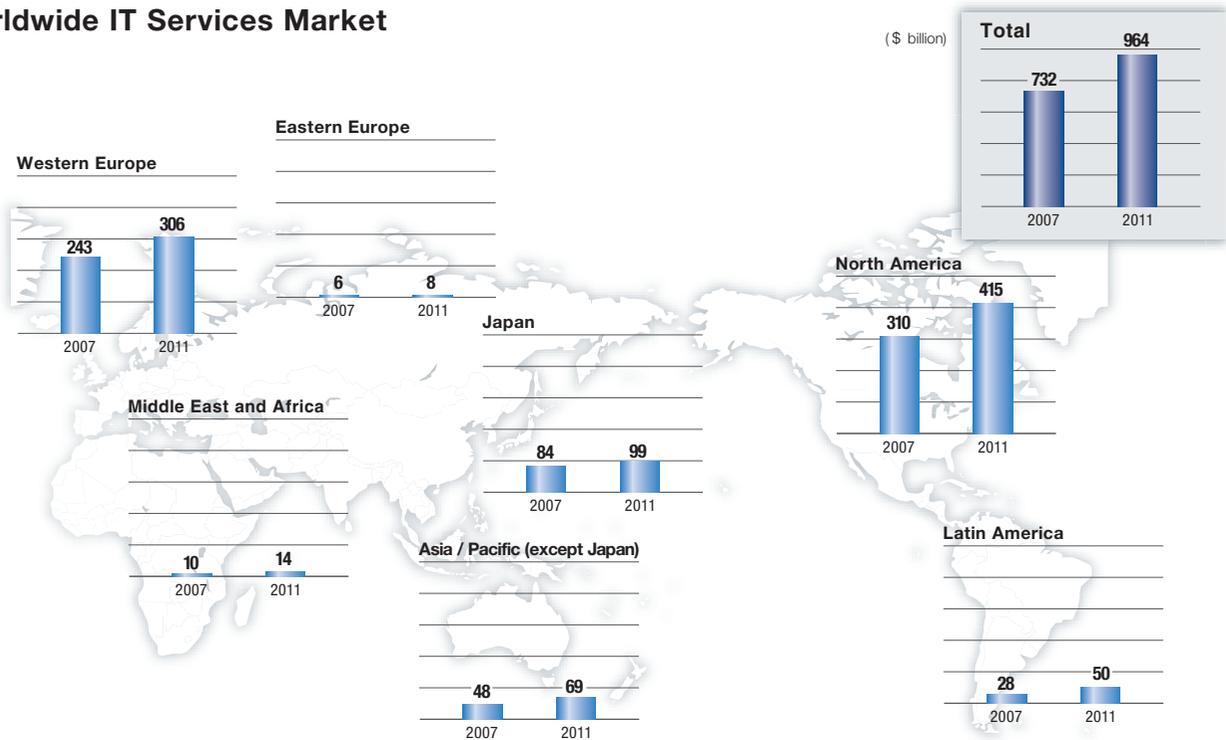
FY ended March 31, 2008 **¥1,074.4 billion**



Volume of Investment in IT (Government's Budget)



Worldwide IT Services Market



Source: Gartner "Japan IT Service Market Prospect by Segment, 2nd Half of 2007" Akimasa Nakao, 25 Jan. 2008, GJ08189

Rankings of World's IT Service Vendors

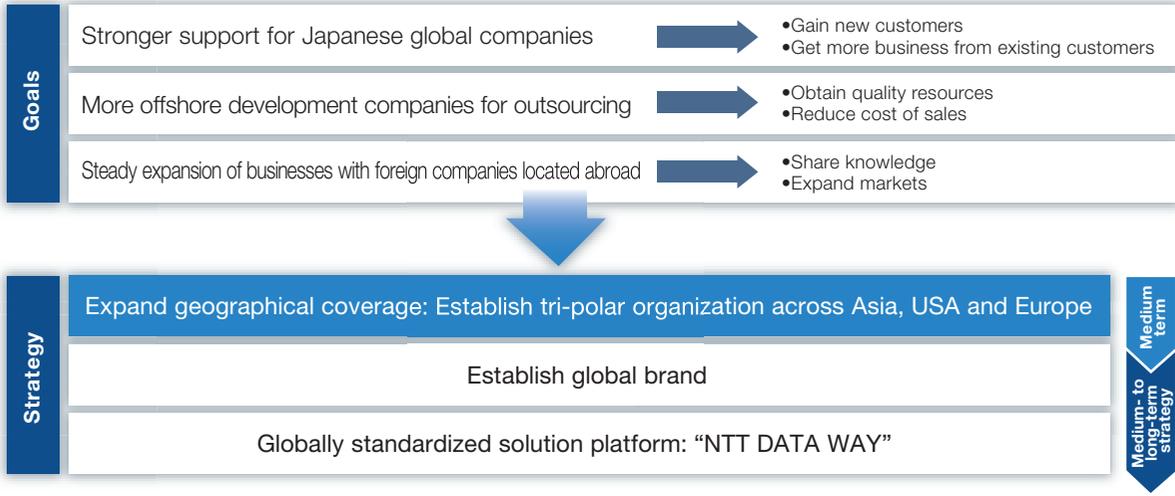
Worldwide IT Service Vendors' Revenue Rankings, 2006

(\$ million)

Ranking	Vendor	2005	2006	Growth Ratio (2005-2006)
1	IBM	47,407	48,247	1.8%
2	EDS	19,857	21,268	7.1%
3	Fujitsu	17,811	17,919	0.6%
4	Accenture	15,989	17,231	7.8%
5	Hewlett-Packard	16,104	16,442	2.1%
6	Computer Sciences Corporation (CSC)	14,559	14,636	0.5%
7	Lockheed Martin	9,971	10,875	9.1%
8	Capgemini	8,555	9,663	13.0%
9	Automatic Data Processing, Inc	8,498	9,428	10.9%
10	Northrop Grumman	8,570	8,908	3.9%
...				
15	NTT Data	7,529	7,970	5.9%

Source: Gartner "Dataquest Alert: IT Services Market Share Rankings Update, Worldwide, 2006" Chiaki Morikawa, 18 Sept. 2007, GJ08195

Global Strategy Looking Ahead



In carrying out the current Medium-term Management Policy, the emphasis is on expanding geographical coverage.

Acquisition of U.S. IT Vendor Tryarc by Local Group Company Revere

Overview

The Revere Group, Ltd., a U.S.-based NTT DATA Group company, acquired the entire business of U.S. IT vendor Tryarc L.L.C (agreement concluded August 1, 2007).

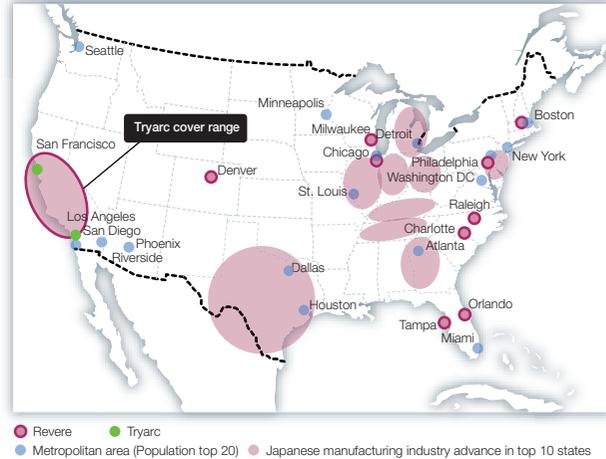
Aims

- **Upgrade and expand business bases**
Upgrade and expand business bases on U.S. West Coast (Los Angeles, San Francisco), where many Japanese firms are located, and improve customer support
- **Improve and expand solutions**
Offer customers optimal solutions chosen from Tryarc's strengths in ERP (SAP, Business Objects) and Revere's expertise in Oracle and Microsoft platforms, among others
- **Broaden customer base**
Generate synergies in manufacturing and healthcare industries

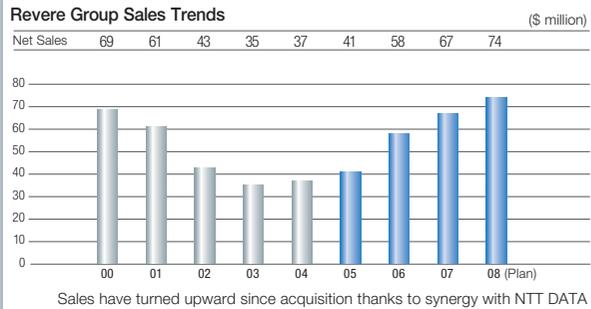
(Reference) Profile of Revere

Name: The Revere Group, Limited
Established: 1991
Capital: \$14.0 million
Shareholders: NTT DATA INTERNATIONAL L.L.C. 60%
 Revere employees, etc. 40%
Employees: 354 (As of Mar. 31, 2008)
Net Sales: \$66.5 million (¥7.6 billion) for FY ended March 2008
 \$74.2 million (¥7.8 billion) forecast for FY ending March 2009

Revere Bases and Distribution of Japanese Manufacturing Industry



Revere Group Sales Trends



Capital Tie-up with itelligence AG Enhances Global IT Support Framework

Profile of itelligence

Name: itelligence AG (Bielefeld, Germany)
Established: 2000
Capital: €23 million (approx. ¥3.7 billion)
Shareholders: NTT DATA EUROPE GmbH & Co. KG: 77.2%, NTT Communications: 10.2%, Herbert Vogel (CEO): 4.7%
Employees: Approximately 1,220 (as of March 31, 2008)
Net Sales: €190.9 million for FY ended March 2008
 €209.3 million (¥33.5 billion) forecast for FY ending March 2009

The German-based itelligence is among the world's leading providers of full-service solutions in the SAP environment.

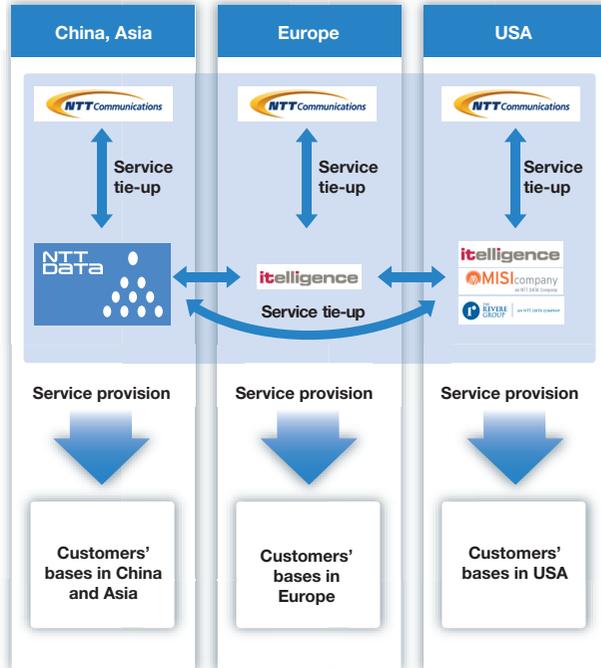
Aim of Acquisition

- Instantly build a framework to meet needs of Japan's global corporations for SAP support in Europe and North America.

Procedure

- Group company NTT DATA EUROPE contracted to make a friendly takeover bid (TOB) for itelligence AG (Oct. 23, 2007)
- Nov. 13 to Dec. 13, 2007: Initial TOB
TOB succeeds with acquisition of approximately 76% of shares
- Dec. 20, 2007 to Jan. 2, 2008: Additional shares acquired
Acquisition of approximately 87% of shares in total
- Feb. 2008, sold to NTT Communications approximately 10% of outstanding shares, with the aim of creating synergy and expanding opportunities in global business

Global IT support services provided through tie-ups with NTT DATA bases in China, Asia, Europe and USA



Acquired Management Rights of India's Vertex Software, Expanding Offshore Development Framework

Profile of Vertex

Name: Vertex Software Pvt. Ltd. (Pune, India)
Established: 1996
Capital: 14.21 million INR (approx. ¥41 million)
Shareholders: NTT DATA: 68.7%
 Vertex management: 31.3%
Employees: 219 (As of March 31, 2008)
Business Field: Software development for Japan and the U.S.
Net Sales: 146.4 million INR (¥0.4 billion) for FY ended March 2008
 430.1 million INR (¥1.3 billion) forecast for FY ending March 2009

Aims

- Expand offshore development orders
Boost personnel resources
Raise productivity and quality
- Distribute offshore country risk
Avoid too much concentration in China
- Gain more offshore knowledge and deploy it in India and the West

Build global offshore development framework

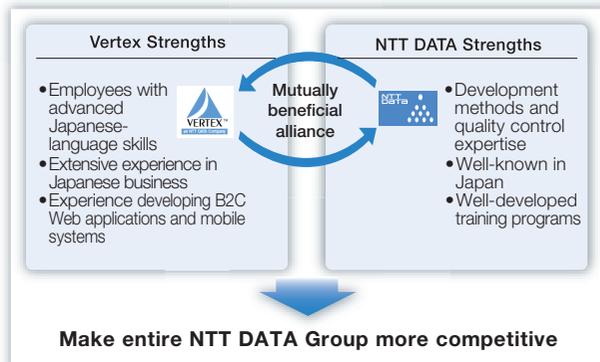
Outlook

- Establish a target of ¥10 billion for offshore outsourcing as well as a development framework consisting of 2,000 people, including project managers, over the next three years
- In the next three years, expand the share of India in our offshore outsourcing spending as well as offshore personnel to 10% or more, and continue expanding thereafter

Our main offshore development areas



Each company's strengths and synergy effect

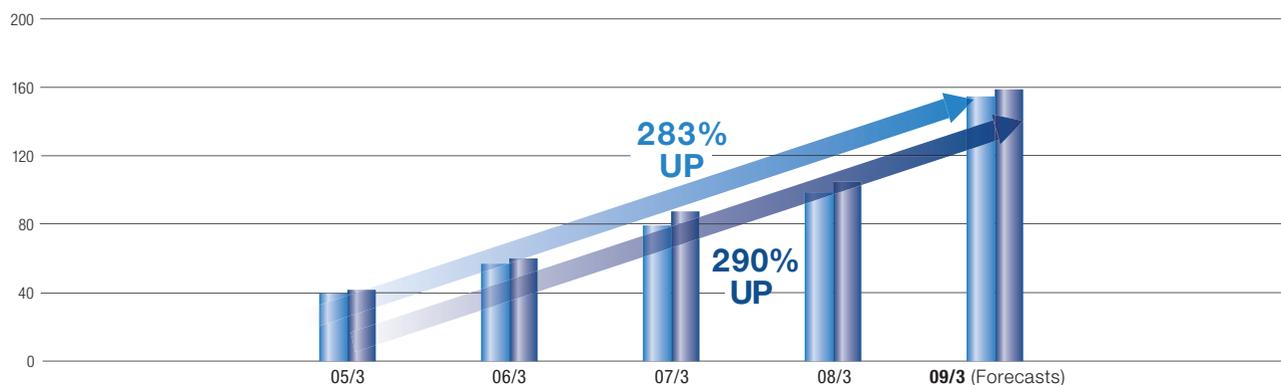


Trend in M&A Subsidiaries (IT Partnerships, etc.)

(¥ billion)

■ Contribution to consolidated net sales	39	56	78	97	152
■ Net Sales	41	59	86	103	157

Consolidated Financial Results and Forecasts



Number of consolidated companies

4 10 12 15 17

Results and Forecasts of Consolidated Companies through M&As

(¥ billion)

Business Domain	Partners	Name of Subsidiary	Investment Ratio (%)	Transfer/ Establishment	Consolidated Net Sales of Subsidiaries	
					08/3	09/3 (Plan)
Information Systems Subsidiary						
Foods/Biotechnology	Japan Tobacco Inc.	NTT DATA WAVE CORPORATION	80.1	August 2002	13.4	12.0
Consumer Electronics	SANYO Electric Co., Ltd.	NTT DATA SANYO SYSTEM CORPORATION	50.0	January 2003	19.4	19.6
Basic Material	Nippon Sheet Glass Co., Ltd.	NTT DATA BUSINESS BRAINS CORPORATION	70.0	September 2003	5.9	5.3
Fabrication	Seiko Instruments Inc.	NTT DATA ITEC CORPORATION	60.0	December 2003	5.3	5.4
Housing/Plasticization	Sekisui Chemical Co., Ltd.	NTT DATA SEKISUI SYSTEMS CORPORATION	60.0	January 2005	8.6	8.7
Finance	NTT FINANCE CORPORATION	NTT DATA FINANCE SOLUTION CORPORATION	66.7	July 2006	3.0	4.0
Travel	Kinki Nippon Tourist Co., Ltd.	NTT DATA TERANOS CORPORATION	51.0	October 2006	3.6	4.4
Oil/Minerals	NIPPON MINING HOLDINGS, INC.	NTT DATA CCS CORPORATION	60.0	April 2008	—	14.0
IT Service Company						
Automobile/Electronics		NTT DATA ENGINEERING SYSTEMS CORPORATION	100.0	March 2006	15.1	14.7
Finance (foreign exchange settlement)	Getronics N.V.	NTT DATA Getronics Corporation	70.0	May 2007	11.7	17.1
Consulting Company						
Distribution/Food Service	The Seiyu, Ltd.	NTT DATA SMIS CO., LTD.*	86.4	July 2005	2.0	2.4
Upstream Consulting	Capgemini	Zacatii Consulting, Inc.	95.0	August 2005	3.0	3.4
Global Player						
ERP, etc.	—	The Revere Group, Ltd.	60.2	November 2005	7.6	7.8
Support Japanese Company, etc.	—	Shenzhen NTT DATA East Net Co., Ltd.	51.0	July 2007	0.1	0.3
Offshore	—	Vertex Software Pvt. Ltd.	68.7	November 2007	0.4	1.3
SAP, etc.	NTT Communications	itelligence AG	77.2	January 2008	—	33.5

*On April 1, 2008, the Corporate name of NTT DATA SMIS CO., LTD. was changed from SMIS Co., LTD.

Major Subsidiaries and Affiliates

As of March 31, 2008, the Company had 135 subsidiaries and 23 affiliates. The following table provides information relating to the Company's principal consolidated subsidiaries and affiliates.

Name	Issued Share Capital as of March 31, 2008 (Millions of Yen)	Percentage of Voting Shares Held (%)	Principal Business
Consolidated Subsidiaries			
NTT DATA HOKKAIDO CORPORATION	100	100.0	Systems design, development and sales
NTT DATA TOHOKU CORPORATION	100	100.0	Systems design, development and sales
NTT DATA SHINETSU CORPORATION	100	100.0	Systems design, development and sales
NTT DATA TOKAI CORPORATION	200	99.9	Systems design, development and sales
NTT DATA HOKURIKU CORPORATION	100	100.0	Systems design, development and sales
NTT DATA KANSAI CORPORATION	400	99.7	Systems design, development and sales
NTT DATA CHUGOKU CORPORATION	100	100.0	Systems design, development and sales
NTT DATA SHIKOKU CORPORATION	100	100.0	Systems design, development and sales
NTT DATA KYUSHU CORPORATION	100	100.0	Systems design, development and sales
NTT DATA SYSTEMS CORPORATION	800	75.0	Systems sales
NTT DATA SYSTEM TECHNOLOGIES INC.	200	75.0	Systems design and development
NTT DATA SYSTEM SERVICE CORPORATION	70	65.0	Systems design and development
NTT DATA TECHNOLOGY CORPORATION	100	100.0	Systems design and development
NTT DATA CREATION CORPORATION	100	80.0	Systems design and development
NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, INC.	450	100.0	Consulting
NTT DATA MANAGEMENT SERVICE CORPORATION	100	100.0	General affairs outsourcing services
NTT DATA FINANCIAL CORPORATION	200	74.0	Financial information services
NTT DATA TOKYO SMS CORPORATION	100	100.0	Systems operation
NTT DATA CUSTOMER SERVICE CORPORATION	2,000	100.0	Systems operation and support
NTT DATA SOLUTION CORPORATION	100	100.0	Systems design and development
NTT DATA Net's CORPORATION	100	100.0	Systems design and development
NTT DATA INTELLILINK CORPORATION	100	100.0	Systems design and development
NTT DATA SCIENCE CORPORATION	138	67.5	Systems design and development
NTT DATA SECURITY CORPORATION	300	100.0	Security services
NTT DATA INTRAMART CORPORATION	516	52.1	Package software sales
NTT DATA INTERNATIONAL L.L.C.	\$48,862 thousand	100.0	Marketing and sales
M.I.S.I. Co., Ltd.	\$5,668 thousand	100.0 (100.0)	Staffing and agency Systems design and development
The Revere Group, Limited	\$13,954 thousand	60.2 (60.2)	Consulting Systems design and development
NTT DATA FIT CORPORATION	100	100.0	Systems design and development
NTT DATA FORCE CORPORATION	285	100.0	Systems design and development
NTT DATA UNIVERSITY CORPORATION	100	100.0	Education and training services

Name	Issued Share Capital as of March 31, 2008 (Millions of Yen)	Percentage of Voting Shares Held (%)	Principal Business
NTT DATA 3C CORPORATION	100	70.0 (10.0)	Contact center business
SOLID Exchange Corporation	490	64.3	Content supply services
NTT DATA WAVE CORPORATION	100	80.1	Systems design and development
NTT DATA SANYO SYSTEM CORPORATION	586	50.0	Systems design and development
NTT DATA AURA CORPORATION	100	100.0 (100.0)	Software development and support
Nihon Card Processing Co., Ltd.	2,675	71.5	Various services related to credit card operations
NTT DATA FRONTIER CORPORATION	280	56.9	Systems design and development
NTT DATA BUSINESS BRAINS CORPORATION	70	70.0	Systems design and development
NTT DATA ITEC CORPORATION	90	60.0	Software development and support
NTT DATA SOFIA CORPORATION	80	95.0	Systems design and development
NTT DATA BUSINESS CONSULTING CORPORATION	95	100.0	Consulting
NTT DATA QUICK CORPORATION	100	100.0	Systems design and development
NTT DATA SEKISUI SYSTEMS CORPORATION	100	60.0	Systems design and development
NTT DATA BELL SCM SOLUTIONS CORPORATION	100	51.0	Systems design and development
SMIS CO., LTD.	94	86.4	Systems design and development
Zacatii Consulting, Inc.	94	95.0	Consulting
NTT DATA ENGINEERING SYSTEMS CORPORATION	1,691	100.0	Systems design, development and sales
MAINTEC COMPANY LIMITED	100	100.0 (100.0)	Systems operation and support
NTT DATA FINANCE SOLUTION CORPORATION	300	66.7	Systems development and operation
NTT DATA TERANOS CORPORATION	100	51.0	Systems design and development
Beijing NTT DATA System Integration Co., Ltd. ^(*)	27,522 thousand yuan	100.0	Systems design and development
NTT DATA Getronics Corporation ^(*) (*)	831	70.0	Systems design and development
NTT DATA EUROPE GmbH & Co. KG ^(*) (*)	€117,830 thousand	100.0 (5.0)	Responsible for European business subsidiaries
Intelligence AG ^(*) (*)	€23,995 thousand	77.2 (77.2)	Consulting Systems design and development
Other 80 Companies			
(EQUITY METHOD AFFILIATES)			
23 Companies			

Notes: 1. On April 1, 2008, the corporate name of SMIS CO., LTD. was changed to NTT DATA SMIS CO., LTD.

2. NTT DATA EUROPE GmbH & Co. KG is a special purpose company of NTT DATA Corporation.

3. Figures in parentheses under the percentage of voting shares held represent inclusive percentages of indirectly held shares.

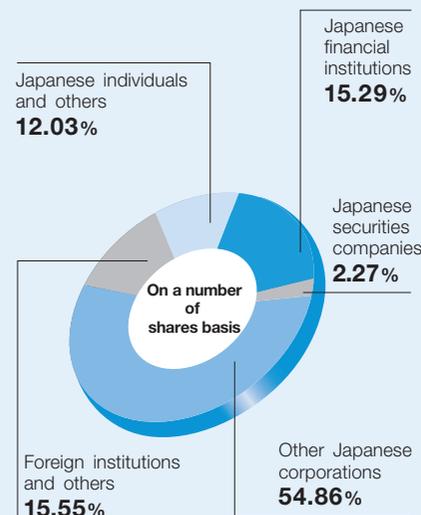
4. The company indicated with (*) became a material subsidiary in the fiscal year ended 31st March, 2008.

5. Shares and others of the company indicated with (**) were acquired by NTT DATA in the fiscal year ended 31st March, 2008.

LARGEST SHAREHOLDERS

Name (The 10 largest shareholders)	Number of Shares Held of Shares in Issue	Percentage of Shares in Issue (%)
Nippon Telegraph and Telephone Corporation	1,520,010	54.18
Japan Trustee Services Bank, Ltd., Trust Account	126,982	4.53
The Master Trust Bank of Japan, Ltd., Trust Account	118,953	4.24
BNP PARIBAS Securities (Japan) Limited	34,302	1.22
Deutsche Securities Inc.	32,093	1.14
Trust & Custody Services Bank, Ltd., Securities Investment Trust Account	27,707	0.99
Société Générale Securities (North Pacific) Limited, Tokyo Branch	23,771	0.85
NTT DATA Employee Share-holding Association	17,076	0.61
Investors Bank and Trust Company (West)- Pension Fund Clients	16,635	0.59
Japan Trustee Services Bank, Ltd., Trust Account 4	16,235	0.58

DISTRIBUTION OF OWNERSHIP AMONG SHAREHOLDERS

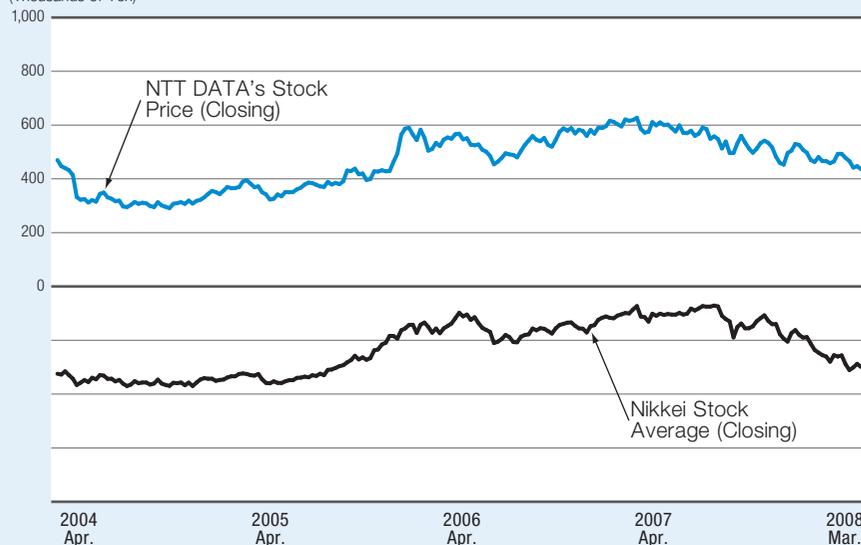


NUMBER OF SHARES ISSUED AND NUMBER OF SHAREHOLDERS

(1) Total Number of Authorized Shares	11,220,000
(2) Number of Shares Issued and Outstanding	2,805,00
(3) Number of Shareholders	128,640

STOCK PRICE CHART

NTT DATA's Stock Price (Closing)
(Thousands of Yen)



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

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Telephone: +81-3-5546-8202

DATE OF ESTABLISHMENT:

May 23, 1988

COMMON STOCK:

¥142,520 million

FISCAL YEAR:

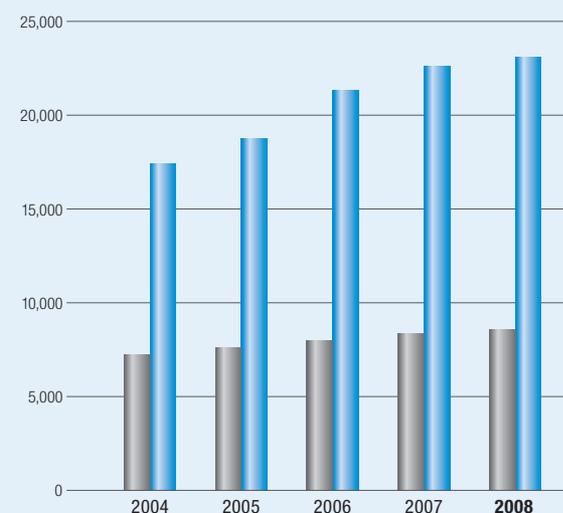
April 1 of to March 31 of the following year

INDEPENDENT AUDITORS:

KPMG AZSA & Co.

NUMBER OF EMPLOYEES AT FISCAL YEAR-END

	2004	2005	2006	2007	2008
■ Consolidated	17,389	18,720	21,308	22,608	23,080
■ Non-Consolidated	7,232	7,620	7,980	8,324	8,550



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

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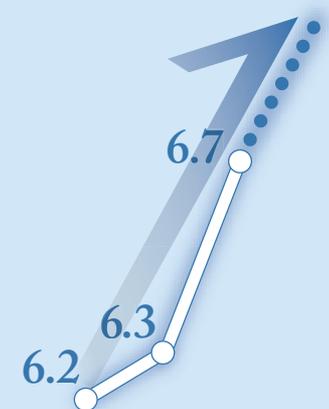
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itelligence AG
Königsbreede 1, 33605 Bielefeld, Germany
Telephone: +49 (0)5 21/9 14 48-0
Facsimile: +49 (0)5 21/9 14 45-100

7.0
Points



Customer Satisfaction No. 1

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

(in Japanese) <http://www.nttdata.co.jp/>
(in English) <http://www.nttdata.co.jp/en/index.html>

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Global IT Innovator

NTT DATA GROUP



NTT
Data



NTT DATA CORPORATION

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