

Global IT Innovator



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

Cautionary Statement Regarding Forward-Looking Statements

This annual report contains forward-looking statements concerning the NTT DATA Group's future plans, strategies, and performance. These forward-looking statements are not historical facts; rather, they represent assumptions and beliefs based on economic, financial, and competitive data currently available. Forward-looking statements include information preceded by, followed by, or that include the words "predicts," "expects," "anticipates," "could," "may," or similar expressions.

Furthermore, they are subject to a number of risks and uncertainties that, without limitation, relate to economic conditions, fierce competition in the information service industry, client demand, tax rules, regulations, and other factors. Readers of this annual report are cautioned not to place undue reliance on these forward-looking statements. The NTT DATA Group therefore wishes to caution readers that actual results may differ materially.

Our Way

The NTT DATA Group's Mission

Mission Statement

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

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

Employee Creed

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

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

Pursuing Our Mission in a Changing Business Environment

Group Vision

Indicates where NTT DATA aims to be in 10 years

Values

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

Global IT Innovator

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

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

We enhance our creativity by respecting diversity.

Clients First

Foresight

Teamwork

Criteria that Guides Our Daily Actions with Regard to Ethics, Laws, Regulations, etc.

Global Compliance Policy*

* For details on our Global Compliance Policy, please visit our website.
<https://www.nttdata.com/global/en/about-us/our-way/global-compliance-policy>

Principles

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



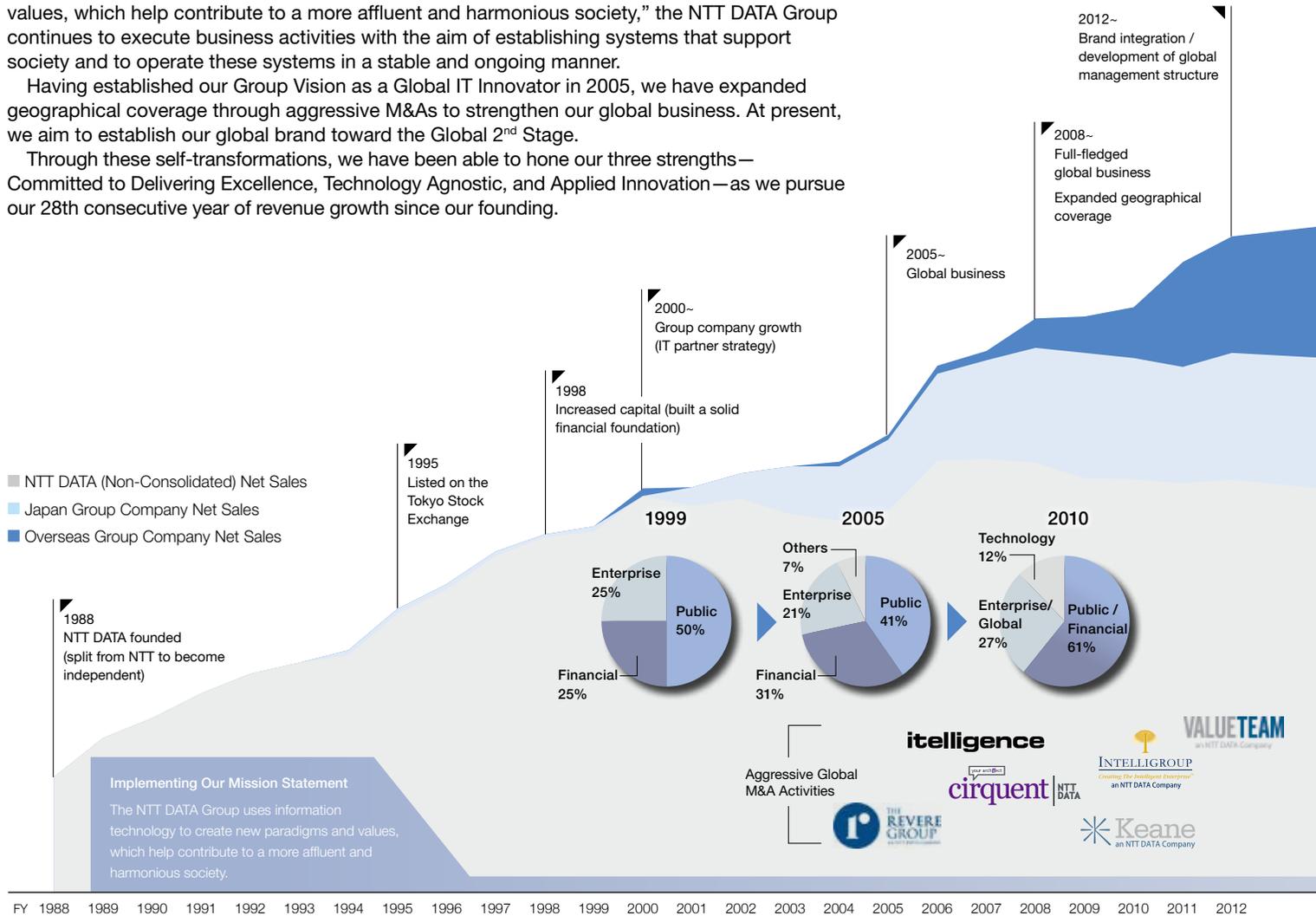
For details on "Our Way," please visit our website.
<https://www.nttdata.com/global/en/about-us/our-way>

Value Creation and History of Self-Transformations

Based on our mission statement of “using information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society,” the NTT DATA Group continues to execute business activities with the aim of establishing systems that support society and to operate these systems in a stable and ongoing manner.

Having established our Group Vision as a Global IT Innovator in 2005, we have expanded geographical coverage through aggressive M&As to strengthen our global business. At present, we aim to establish our global brand toward the Global 2nd Stage.

Through these self-transformations, we have been able to hone our three strengths—Committed to Delivering Excellence, Technology Agnostic, and Applied Innovation—as we pursue our 28th consecutive year of revenue growth since our founding.



Values (Cherished Principles) and Significance

Clients First

Values

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

Significance in Practice

Using the best management resources within and outside the Company, our pursuit of developing optimal IT service offerings for clients leads to the securing of stable earnings and long-term technological developments.

Foresight

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

When developing large-scale projects requiring long periods of time in the IT industry, where technology advances rapidly, we must accurately predict future long-term technology trends.

Teamwork

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

In addition to achieving innovation through the utilization of human resources having a diverse set of values, we also engage in teamwork to provide optimal solutions in collaboration with a wide range of partners.

2016~
New growth
Discontinuous
innovation

2017
Present

Global 1st Stage

Overseas sales ratio

30%

Global 2nd Stage

Our aim
Overseas sales ratio

50%

Global 3rd Stage

Our aim
Sales ratio

Japan & APAC

40%

North America

30%

EMEA & LATAM

30%

FY2016

Increased Global Coverage

Expanded geographical coverage to 185 cities in 45 countries and regions

NTT DATA Group employed approximately 80,000 people

(At present, 110,000 people in 51 countries and regions)

FY2018

Recognized Global Brand

Aiming to establish a global brand targeting an overseas sales ratio of 50% and consolidated net sales in excess of ¥2 trillion

Around FY2025

Trusted Global Innovator

Aiming to become a company trusted by clients worldwide with Global Top 5 status

P.26

everis

The former Dell Services

an NTT DATA Company

Carlisle & Gallagher
Consulting Group

optimal

2013 2014 2015 2016 **2017** 2018

Accumulated Strengths

Committed to Delivering Excellence

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

Technology Agnostic

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

Applied Innovation

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

2

Leverage our strengths to create new business models with clients

3

Resolve social issues through the provision of value to clients

Enhanced corporate value

Client Issues

Rational and efficient operational processes
Global development
Response to increasingly sophisticated economic activities

Clients

Public sector
Energy and utilities
Telecommunications
Healthcare
Banking and financial services
Insurance
Manufacturing
Retail
Wholesale and distribution
Service industry
Transportation and logistics
Education
Media

Realization of smart communities

Creation of new products and services

Reliable and convenient infrastructure development

Lower electric power and energy consumption

Lower paper consumption

Provision of high-quality medical services

Support for workstyle innovations

Client needs analysis

Ensuring cybersecurity

Social Issues

Realizing a social foundation with convenience, safety, and reliability

Creating sustainable cities and regions

Lowering environmental burdens

Developing infrastructure to prevent disasters and respond to natural disasters

Ensuring stable and efficient energy provision

Realizing societies of health and longevity

Realizing a Rich and Harmonious Society

NTT DATA Value Creation

With the aim of realizing our mission statement, “NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society,” we have honed our three strengths—Committed to Delivering Excellence, Technology Agnostic, and Applied Innovation—by executing business activities that include the creation and stable, ongoing operation of systems supporting society. While combining sophisticated management resources with strengths in this process, we will continue to provide value to society through the resolution of client issues and the provision of IT services contributing to client value creation.

Mission Statement

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

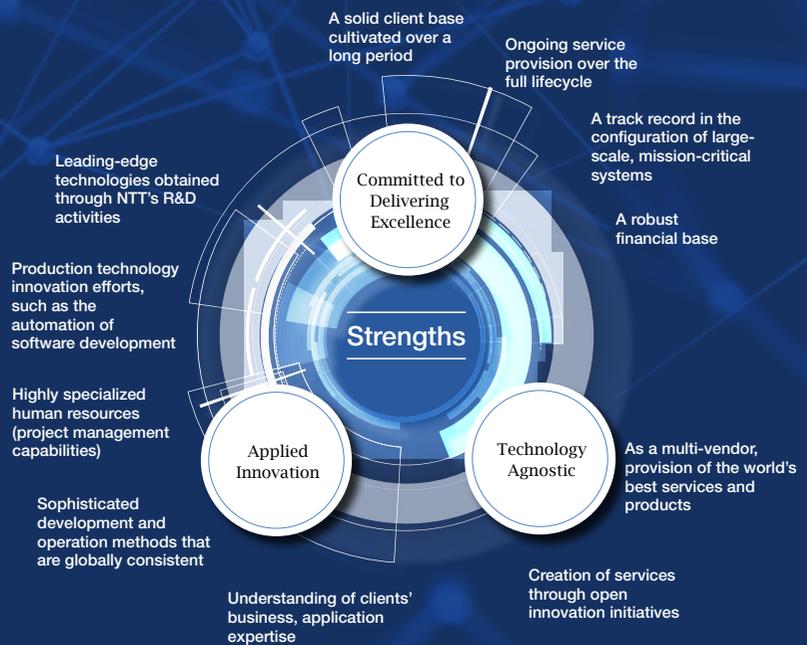
Values

Clients First
Foresight
Teamwork



1

Hone strengths through initiatives based on our mission statement



Achievable through Our Three Strengths

In addition to our own sophisticated solutions, we incorporate a wide range of products and technologies from around the world to make proposals and configure the systems that are best for our clients.

We provide high-quality services on a steady basis that respond to market and client changes.

We utilize IT to co-create new business models with our clients.

We bring together the numerous vendors necessary to provide social infrastructure systems and achieve business developments across the industry.

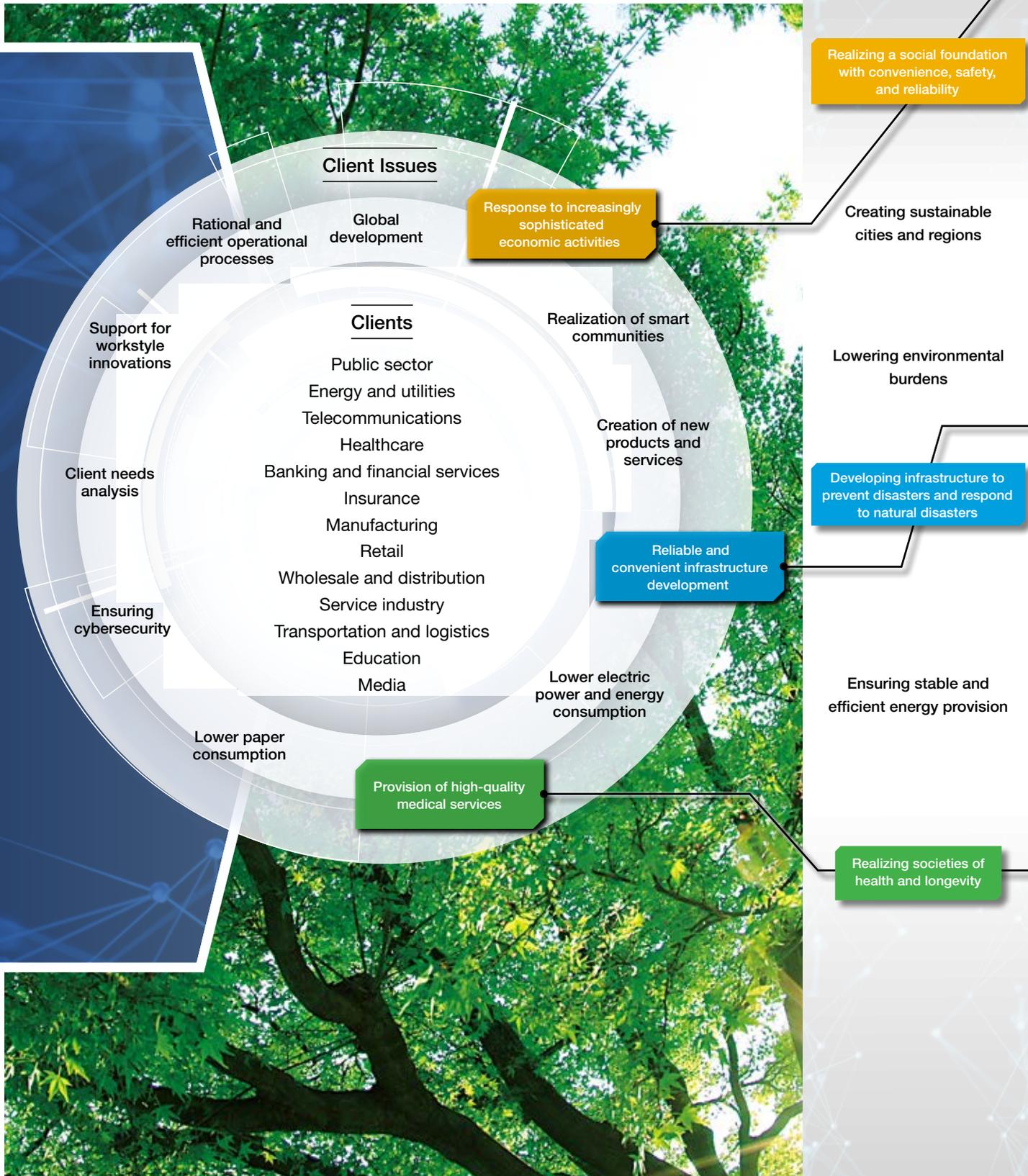
We invest proactively, based on financial soundness.

We strive to move away from the labor intensive industry model.

As a Business Partner

NTT DATA realizes business innovations with clients leveraging our unique strengths based on long-term relationships of trust with clients.

Social Issues



Example 1

CAFIS: Japan's Largest Comprehensive Credit Card Settlement Service

The Credit and Finance Information System (CAFIS) is a comprehensive credit card settlement service that relays credit card information and other online transactions between credit card companies, financial institutions, and participating retailers.

In the past, credit card settlements were processed using paper receipts. With the introduction of CAFIS, participating retailers became able to smoothly process all transactions using a single terminal rather than separate terminals for each credit card company. Since this service was launched in 1984, credit card payments have spread rapidly. For more than 30 years, this system has continued to respond to modern demands, providing support as social infrastructure with the introduction of online payments, support for global payments, and cloud services.

CAFIS: CAFIS is a registered trademark of NTT DATA Corporation, and is used with its service only in JAPAN.



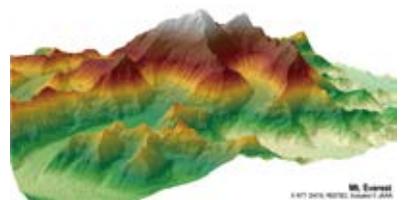
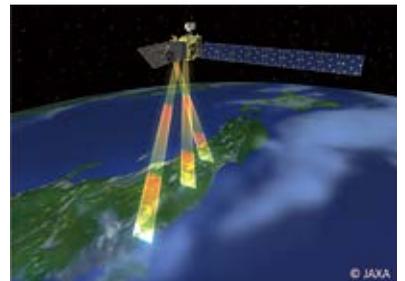
Example 2

The World's Highest Precision "AW3D Global Digital 3D Map"

"AW3D global digital 3D map" uses satellite images to create the world's first digital 3D map displaying global topography at a resolution and accuracy of five meters.

Information on height has become necessary in developing and other countries for the planning and design of infrastructure improvement and disaster prevention measures, exploration of mining areas, and measures to prevent the spread of infectious diseases in the health sector. The demand for digital 3D maps providing information on height is increasing and utilization is expanding in a wide variety of sectors across more than 70 countries. Going forward, we will expand the use of global geospatial information, create markets, promote related industries, and contribute to the development of society.

AW3D: AW3D is a registered trademark of NTT DATA Corporation in Japan, the United States, and the EU.



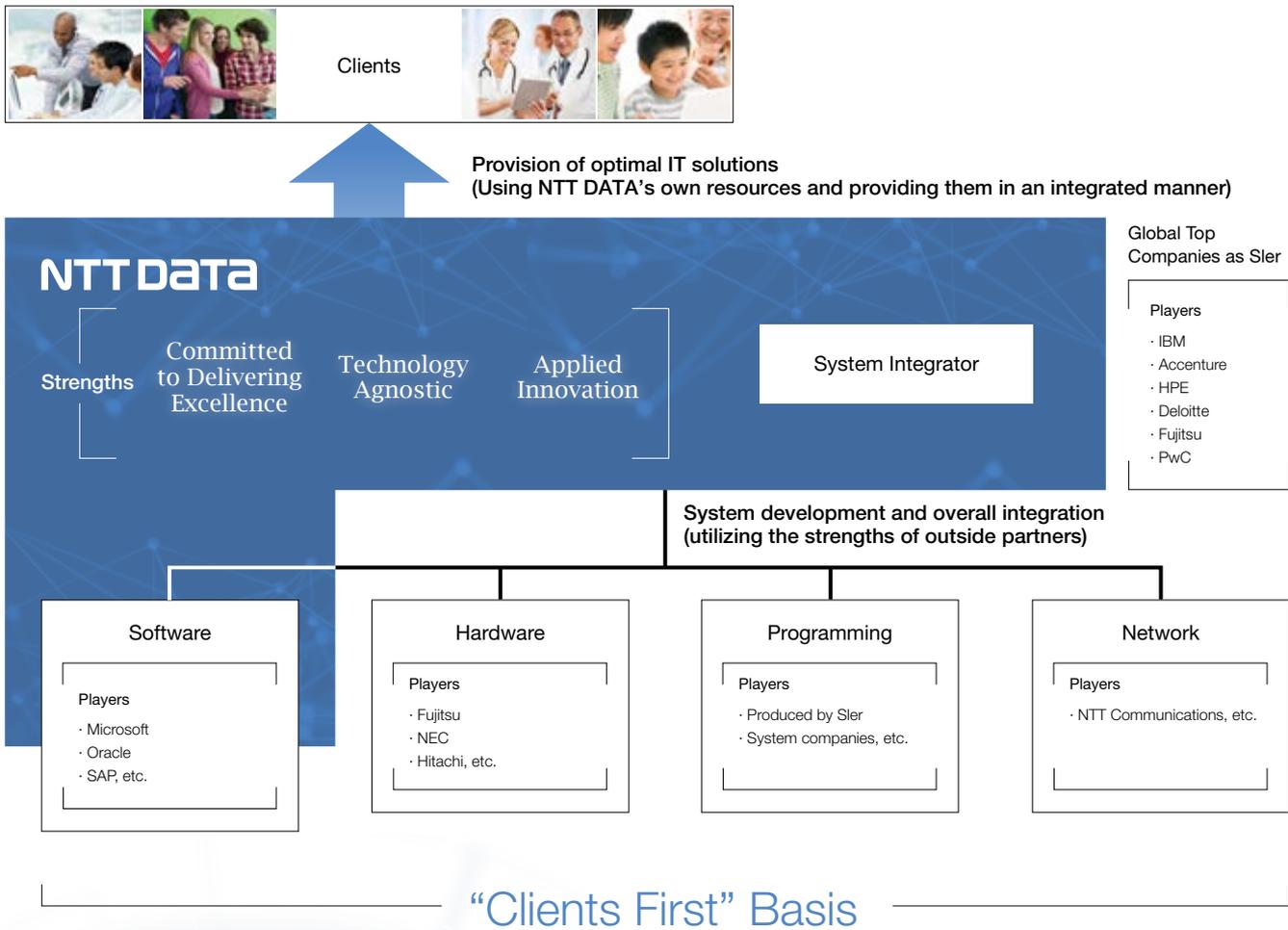
Example 3

Smart Alert Solution: Medical Data Analysis Solution Using AI

In hospital intensive care units (ICU), doctors and nurses spend a significant amount of time trying to understand a tremendous amount of data pertaining to patients. The Smart Alert Solution offers the integrated management of patient vital data as a solution supporting prompt medical intervention and quick patient recovery using AI to predict complications before they occur. Going forward, after demonstration testing at a hospital in Spain with our Spain subsidiary the everis Group, this solution will be commercialized during fiscal 2017 and deployed to hospitals worldwide.



NTT DATA Positioning and Strengths



Mutual Enhancement of the Company's Strengths and Long-Term Relationships

To practice initiatives based on our mission statement, we value long-term relationships to earn client trust over the long term with the aim of sustainably expanding earnings.

Reasons Why Long-Term Relationships Are Important

Strengths

Committed to Delivering Excellence

Applied Innovation

Technology Agnostic

Deepen synergies between strengths and long-term relationships

Long-Term Relationships

Keyword Client Satisfaction

Since we do not belong to a specific corporate group that handles hardware and software, there are few restrictions, which enables us to build optimal systems for clients. We are able to quickly incorporate the latest trends.

Keyword Stability

Long-term relationships with clients lead to stable earnings over the long term, enabling investment from a long-term perspective.

Keyword Added Value

We are able to make unique, high-added-value proposals enabling the precise ascertainment of needs due to the accumulation of knowledge regarding client operations through the creation of long-term relationships.

Keyword Horizontal Deployment

The horizontal deployment of operational knowledge accumulated through long-term transactions with specific clients enables us to efficiently develop other clients, other industries, and global markets.

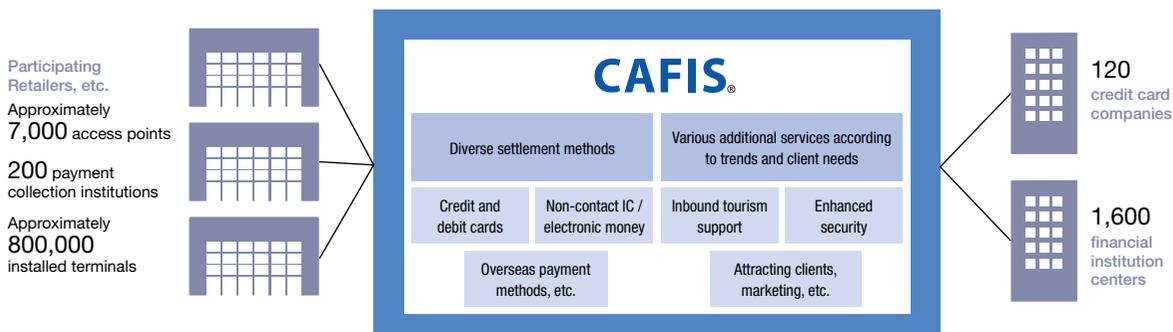
Examples of Leveraging Long-Term Relationships

Plan-Based Services Provision Model

Anticipating the use of services by multiple clients, we create projects and systems that are provided as services (⊗ P.12 Financial Models of Principal Businesses). This is also a model with high investment risk in general, as it requires the financial capability to conduct capital investment.

Through long-term transactions with participating retailers, credit card companies, and financial institutions, NTT DATA becomes familiar with client services and the business environment surrounding clients. Being able to anticipate needs lowers investment risks and enables us to create new business models that continue to provide services meeting client needs.

Example of Plan-Based Services Provision Model: CAFIS—Long-Term Relationships Lower Investment Risks



CAFIS: CAFIS is a registered trademark of NTT DATA Corporation, and is used with its service only in JAPAN.

NTT DATA Achievements and Growth Efforts



* Gartner "Market Share: IT Services, 2016" 19 April 2017
 Financials = Banking & Securities, Insurance, Banking and securities = Banking & Securities, Insurance = Insurance
 Based on vendor revenue in 2016 IT service market
 The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

Our Current State and Vision for the Future

Current State (FY2016)

NTT DATA Group
 Net Sales
¥1,732.4 billion
 Operating Income
 (w/o Goodwill Amortization)
¥134.3 billion
 Operating Income
¥117.1 billion
 Total Assets
¥2,234.8 billion
 Employees
111,664 people
 Consolidated Subsidiaries
302 companies

Public & Social Infrastructure Segment



Business that provides high-value-added IT services that play important roles in social infrastructure, such as government, medical, communication, and utility systems as well as in regional development.

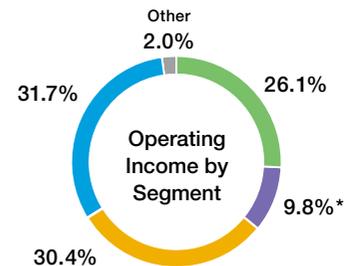
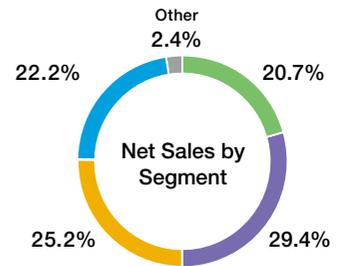
Net Sales
¥455.4 billion
 Operating Income
¥44.1 billion

Financial Segment



Business that provides high-value-added IT services that support financial institutions to improve their business efficiency and offer good services.

Net Sales
¥518.0 billion
 Operating Income
¥42.3 billion



* w/o Goodwill Amortization

Current State (FY2016)

Human Resources and Organizational Capabilities

Employees working overseas: Approximately **70%**
 Employees: More than **110,000**
 Worldwide offshore and near-shore development personnel: More than **30,000**
 SAP consultants: More than **10,000**

NTT DATA's Management Resources

Business Infrastructure

Number of countries and regions in which we have offices
51

Brand (Product Quality)

Global IT service ranking (Net sales)

9th

CMMI certification

Level 5
 (the highest level)

Financial Base

Japan Credit Rating Agency, Ltd. (JCR)

AA+

Rating and Investment Information, Inc. (R&I)

AA

Partners

Global Services Partnership concluded with SAP SE
NTT DATA Group the first Asian company to be an SAP service partner

Number of companies certified under the business partner system*

146

* A certification system NTT DATA employs to build positive relationships with external suppliers

Technology

Leading the big data era as a Hadoop developer company

4th worldwide

SAP AWARD OF EXCELLENCE 2017 Special Award

(NTT DATA Global Solutions)



Enterprise & Solutions Segment
 Business that provides high-value-added IT services that support manufacturers, distributors, and service providers as well as payment services such as credit cards and platform solutions services, provided in collaboration with other IT services.

Net Sales
¥425.6 billion
Operating Income
¥36.3 billion



Global Segment
 Global business that provides high-value-added IT services offered in each region and across regions.

Net Sales
¥603.3 billion
Operating Income
 (Before Amortization of Goodwill)
¥13.6 billion

Vision (FY2018)

Medium-Term Management Plan
NTT DATA : ASCEND
 Rise and grow our global brand
 FY2016–FY2018

NTT DATA FY2018 Financial Objectives

Net Sales
Over ¥2 trillion
Operating Income
+50%*

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

Maintain and enhance management resources to promote growth strategies

Vision

Client Base

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

62

NTT Group Received the OpenStack Superuser Award from the OpenStack Foundation

IDC MarketScape for Worldwide Omni-Channel Engagement IT Implementation Services 2017

Leader

IDC MarketScape: Worldwide Cloud Professional Services 2016 Vendor Assessment

Leader

Client Base



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

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



Human Resources and Organizational Capabilities



- Retain and develop a variety of high-level, professional human resources

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



Technology



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

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



Brand



- Establish a global brand

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



Partners



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



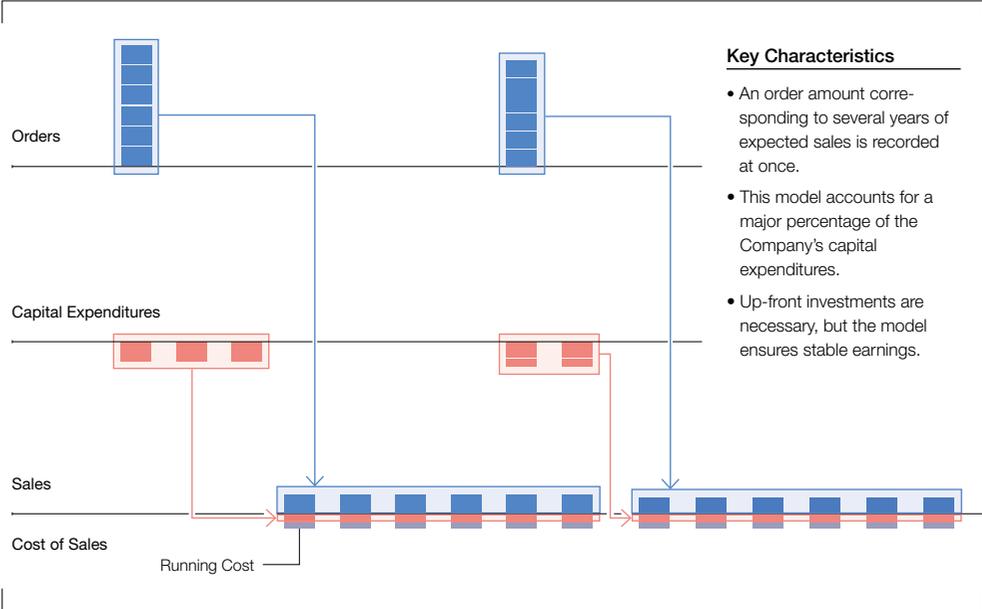
Reasons why these management resources are important



Financial Models of Principal Businesses

Full Outsourcing

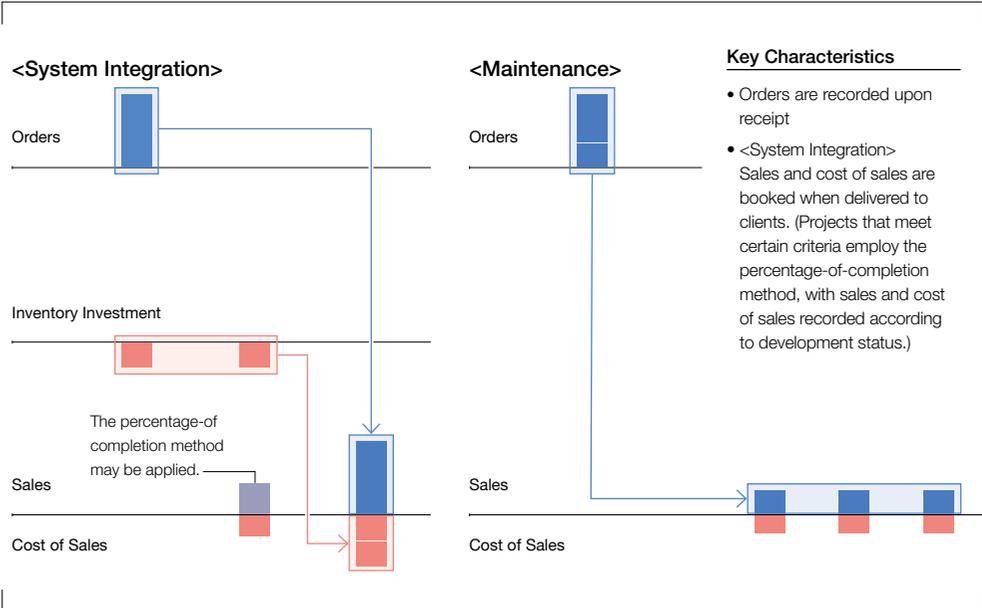
- In this model, after receiving an order from a client, the Company makes capital expenditures (held as an asset) and covers all needs throughout the client system's lifecycle, from requirement definitions to maintenance and management, and generates sales over multiple years.
- This model primarily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



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

System Development (System Integration)

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



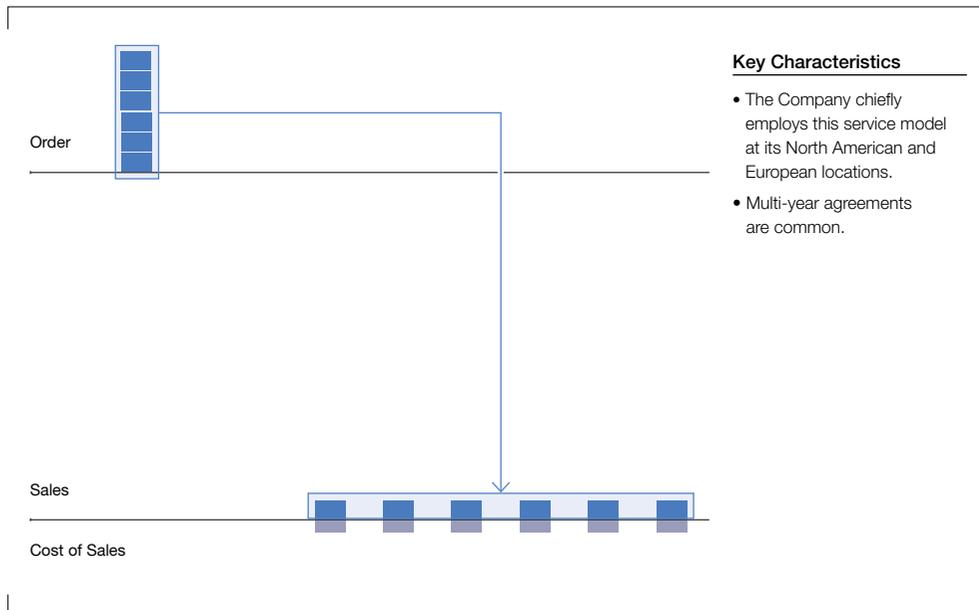
- Key Characteristics**
- Orders are recorded upon receipt
 - <System Integration> Sales and cost of sales are booked when delivered to clients. (Projects that meet certain criteria employ the percentage-of-completion method, with sales and cost of sales recorded according to development status.)

AMO Application Management Outsourcing

ITO Information Technology Outsourcing

BPO Business Process Outsourcing

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

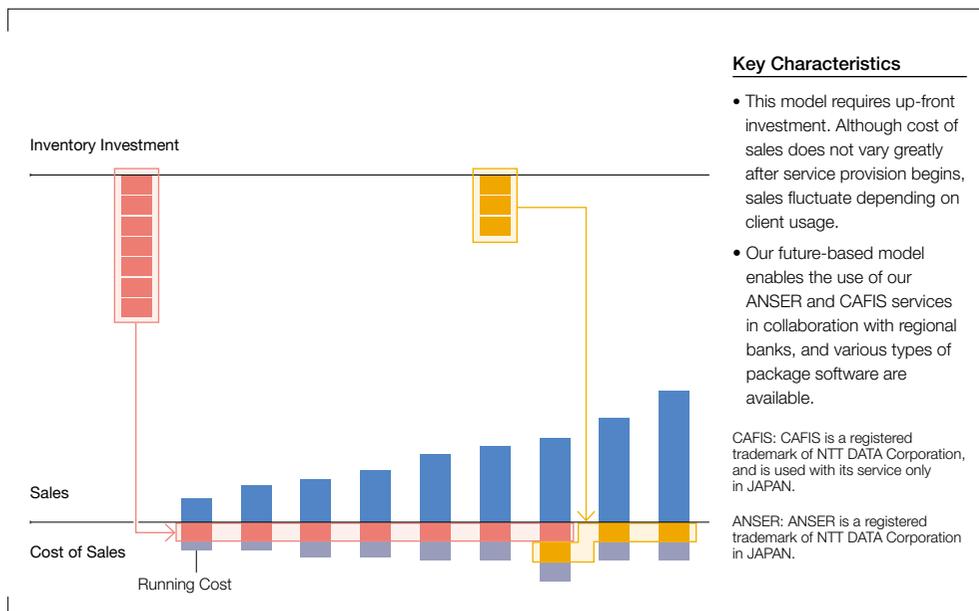


Key Characteristics

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

Plan-Based Services

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



Key Characteristics

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

CAFIS: CAFIS is a registered trademark of NTT DATA Corporation, and is used with its service only in JAPAN.

ANSER: ANSER is a registered trademark of NTT DATA Corporation in JAPAN.

Consolidated Financial Highlights

NTT DATA Corporation and Subsidiaries

Fiscal year	2006	2007	2008	2009	2010	2011
For the Year						
New Orders Received	¥ 967,901	¥1,012,278	¥1,035,242	¥1,181,549	¥ 988,484	¥1,098,400
Net Sales	1,044,918	1,074,405	1,139,092	1,142,940	1,161,962	1,251,177
Cost of Sales	786,327	813,343	861,942	870,589	882,329	941,881
Gross Profit	258,590	261,061	277,150	272,351	279,632	309,295
Selling, General and Administrative Expenses	168,340	165,149	178,603	190,662	201,326	228,878
Operating Income (w/o Goodwill Amortization)	—	—	101,550	85,918	82,260	87,502
Operating Income	90,250	95,911	98,546	81,689	78,306	80,416
Income before Income Taxes	85,769	51,492	91,431	71,789	68,471	71,882
Net Income Attributable to Owners of Parent (w/o Goodwill Amortization)	—	—	51,365	39,892	41,266	37,531
Net Income Attributable to Owners of Parent	50,637	30,454	48,360	35,662	37,313	30,446
Capital Expenditures	139,564	176,826	180,068	162,570	139,069	133,965
Depreciation and Amortization / Loss on Disposal of Property and Equipment and Intangibles	152,862	159,263	166,681	161,981	158,566	159,721
Research and Development Expenses	11,307	10,749	10,090	11,389	10,742	13,507
Free Cash Flow	83,304	39,653	(6,902)	83,667	(56,468)	30,406
EBITDA*1	—	—	270,375	251,176	242,651	248,527
At Year-End:						
Total Assets	1,087,346	1,193,827	1,275,091	1,279,256	1,468,617	1,474,894
Total Equity	534,916	548,133	566,308	584,537	601,601	605,709
Interest-Bearing Debt	246,330	241,204	304,735	272,299	404,292	371,673
Number of Employees (People)	22,608	23,080	31,739	34,543	49,991	58,668
Number of Shares Issued*2 (Thousands)	1,402,500	1,402,500	1,402,500	1,402,500	1,402,500	1,402,500
Per Share:						
Net Income Attributable to Owners of Parent*2, 3	¥ —	¥ —	¥38.15	¥30.78	¥30.73	¥27.69
Annual Dividends*2	10	10	12	12	12	12
Other Information:						
Overseas Sales Ratio	1.5	1.7	5.3	6.1	8.7	17.5
Operating Income Margin*3	—	—	9.1	7.8	7.2	7.1
Return on Sales*3	—	—	4.7	3.8	3.7	3.1
Return on Equity (ROE)*3	—	—	9.5	7.4	7.1	6.2
Return on Assets (ROA)*3	—	—	4.3	3.4	3.1	2.6
EBITDA Margin*1, 4	—	—	23.7	22.0	20.9	19.9
Equity Ratio	49.2	45.9	44.4	45.7	41.0	41.1
D/E Ratio (Times)	0.46	0.51	0.59	0.49	0.69	0.63
Payout Ratio	27.7	46.1	34.8	47.2	45.1	55.3
Cash Flow Dividend Payout*5	—	—	41.9	39.5	26.9	26.1
Ratio of Women in New-Graduate Hires*6	26.8	28.9	24.9	27.6	29.2	34.6
Number of Female Managers*7 (People)	—	50	55	57	67	80

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

*1 EBITDA = Operating income + Depreciation + Loss on retirement of fixed assets + Goodwill amortization and Others

*2 A 1:5 stock split was implemented with an effective date of July 1, 2017. Figures for fiscal 2016 and before, are calculated as if the stock split had been conducted previously.

*3 Figures shown are adjusted for goodwill amortization, etc.

*4 EBITDA margin = EBITDA / Net sales

*5 Cash Flow Dividend Payout = Total dividends / (Net income attributable to owners of parent + Depreciation + Loss on retirement of fixed assets + Goodwill amortization - Capital expenditures).

*6 The number of women among new-graduate hires is presented on a non-consolidated basis.

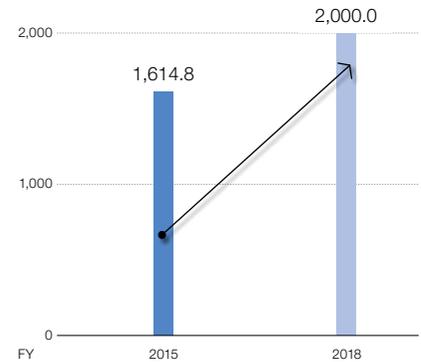
*7 The number of female managers is presented on a non-consolidated basis.

Medium-Term Management Plan
FY2018 Financial Objectives

2012	2013	2014	2015	2016
(Millions of yen)				
¥1,197,168	¥1,400,221	¥1,429,117	¥1,662,662	¥1,781,565
1,301,941	1,343,772	1,511,812	1,614,897	1,732,473
980,524	1,031,213	1,147,302	1,216,795	1,293,600
321,416	312,559	364,509	398,101	438,872
235,720	249,975	280,495	297,216	321,763
96,492	75,235	98,513	112,963	134,343
85,696	62,583	84,013	100,885	117,109
77,019	54,259	73,995	107,789	105,332
54,314	35,939	46,644	75,452	82,921
43,517	23,287	32,144	63,373	65,686
122,113	147,725	140,900	134,028	158,140
153,877	143,681	158,567	155,212	160,010
12,105	12,831	12,911	12,410	12,359
46,283	44,837	26,742	44,020	(189,801)
250,369	220,274	257,355	272,162	297,199
1,524,309	1,689,940	1,822,837	1,860,319	2,234,809
651,312	676,824	773,493	740,908	798,701
369,907	405,677	439,131	400,387	645,311
61,369	75,020	76,642	80,526	111,664
1,402,500	1,402,500	1,402,500	1,402,500	1,402,500
(Yen)				
¥38.73	¥26.59	¥33.45	¥56.64	¥61.15
12	12	12	14	15
(%)				
18.8	23.4	30.7	32.2	34.8
7.4	5.7	6.5	7.2	7.9
4.2	2.8	3.1	4.9	5.0
8.2	5.3	6.0	9.6	9.9
3.5	2.3	2.6	4.1	4.0
19.2	16.4	17.0	16.9	17.2
42.7	40.1	42.4	39.8	35.7
0.58	0.61	0.58	0.55	0.81
38.7	72.3	52.4	31.0	32.0
19.6	50.6	26.1	19.5	24.0
31.7	29.7	30.9	32.7	34.4
96	106	112	120	135

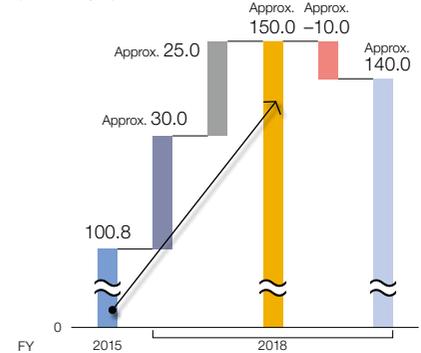
1 Net Sales

Over ¥2 trillion
(Billions of yen)



2 Operating Income*

+50% (Compared to FY2015)
(Billions of yen)



- Operating Income
- Solid Sales Lead to Higher Income
- Impact of Non-Amortized Goodwill Due to Introduction of IFRS
- Operating income after adjustments* (before additional investments in new areas)
- Incremental Investments in New Fields
- Operating Income

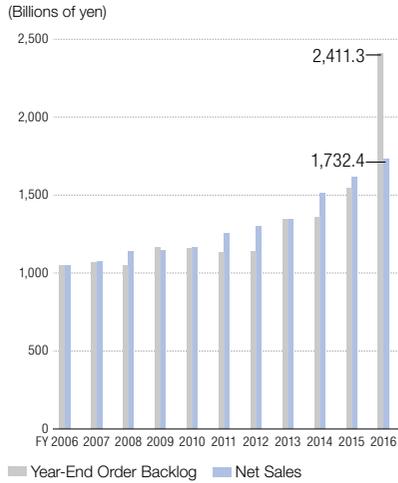
* After adjustment for incremental investments in new fields

Consolidated Financial Highlights

NTT DATA Corporation and Subsidiaries

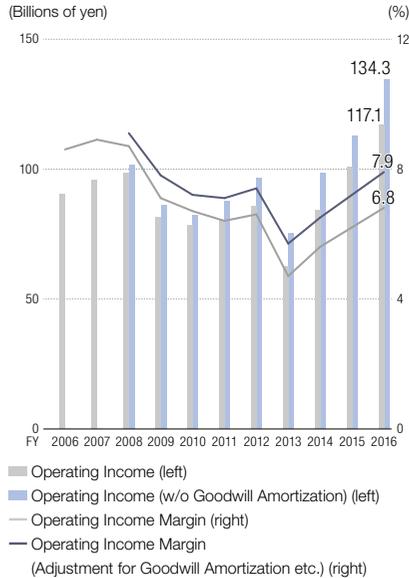
Order Backlog / Net Sales

The acquisition of the former Dell Services, which has a comparatively high ratio of recurring business, as well as solid orders for renewal projects in Japan, led to an order backlog exceeding ¥2 trillion.



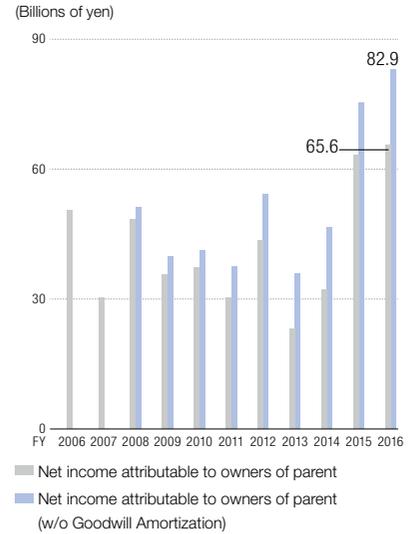
Operating Income / Operating Income Margin

Higher sales and the reduction of unprofitable projects in Japan led to higher operating income. With the exception of one-off advisory expenses associated with the acquisition of the former Dell Services, profitability improved outside Japan due to the contribution of profits from this acquisition.



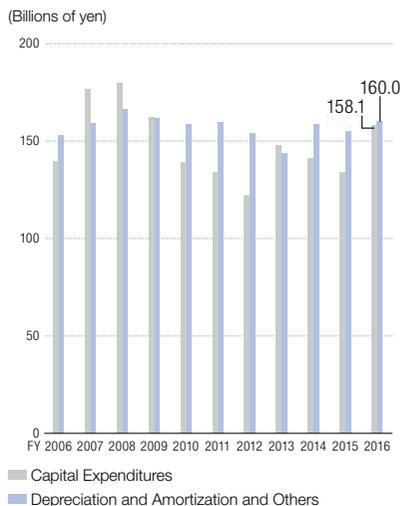
Net Income Attributable to Owners of Parent

Profits grew due to a robust increase in operating income.



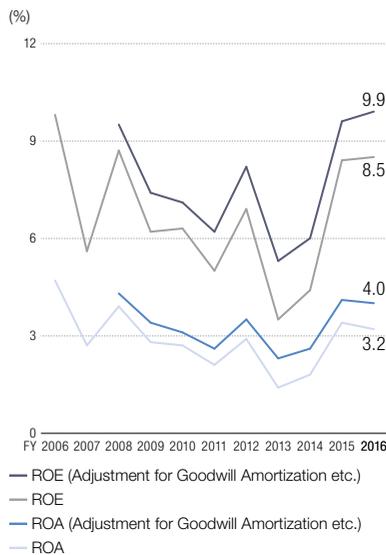
Capital Expenditures / Depreciation and Amortization and Others

Capital expenditures and depreciation increased in line with the expansion of business in Japan and the acquisition of the former Dell Services.



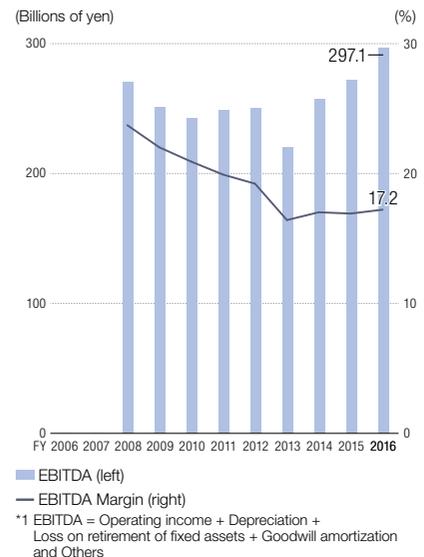
Return on Equity (ROE) / Return on Assets (ROA)

ROE rose to 8.5%, mainly due to increased operating income. For reference, ROE after adjustment for goodwill amortization was 9.9%.



EBITDA*1 / EBITDA Margin

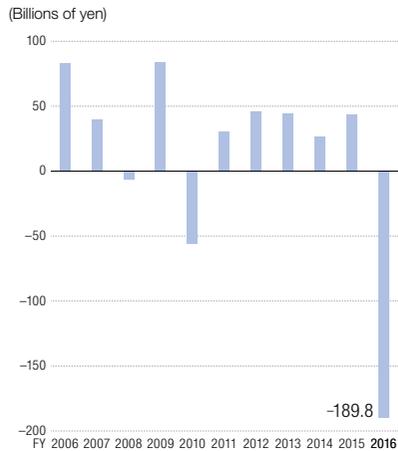
Growth in operating income also made EBITDA rise to nearly ¥300.0 billion. Since fiscal 2014, this has been on a solid upward trend.



*1 EBITDA = Operating income + Depreciation + Loss on retirement of fixed assets + Goodwill amortization and Others

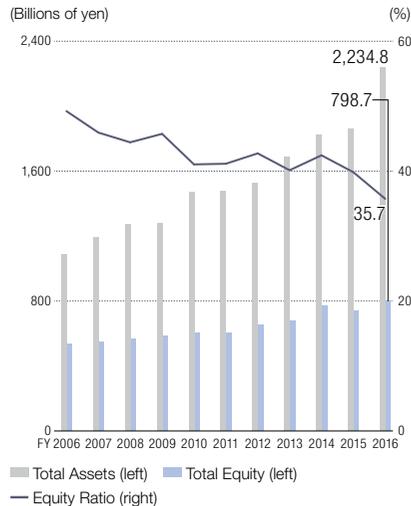
Free Cash Flow

Cash flows from operating activities increased steadily. Cash flows used in investing activities increased due to the acquisition of the former Dell Services, resulting in a negative free cash flow.



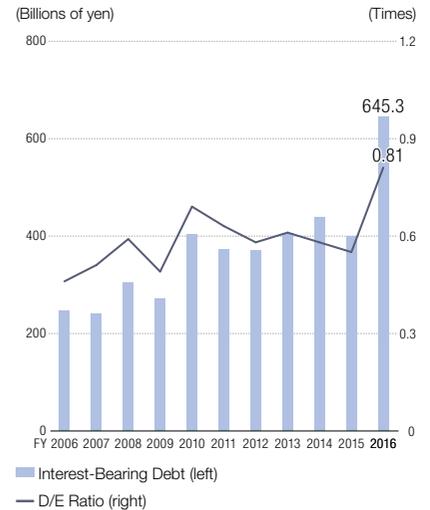
Total Assets / Total Equity / Equity Ratio

Total assets increased approximately ¥370.0 billion compared to the previous fiscal year, mainly due to the acquisition of the former Dell Services.



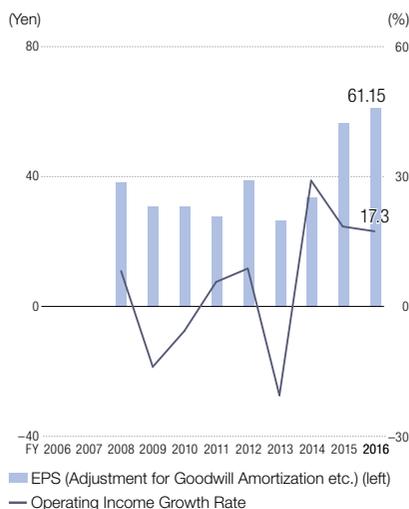
Interest-Bearing Debt / D/E Ratio

The D/E ratio temporarily rose to 0.81 due to fund procurement in line with the acquisition of the former Dell Services.



EPS*²/ Operating Income Growth Rate (Adjustment for Goodwill Amortization, etc.)

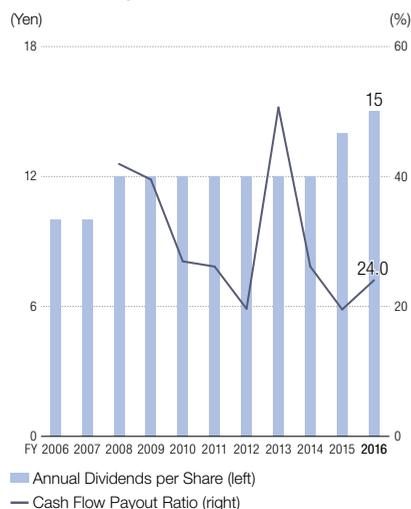
The upward trend continued after achieving EPS of ¥40 (after stock split), the management target established in the previous Medium-Term Management Plan (FY2015).



*2 Regarding EPS, please see note (*2) on P.14.

Annual Dividends per Share*³ / Cash Flow Payout Ratio

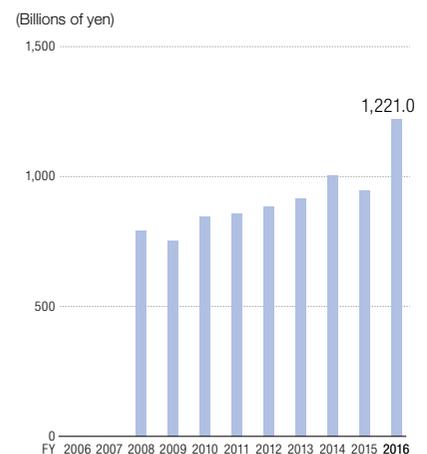
Based on performance trends and financial conditions, we pay stable dividends taking into account the overall balance between expenditures including investments on business and dividends. In terms of our shareholder returns policy, we focus on maintaining the consolidated cash flow payout ratio over a medium- to long-term span.



*3 For details on annual dividends per share, please see note (*2) on P.14.

Invested Capital

Recognizing that we are in a revenue growth stage based on medium- to long-term strategies, we will continue to increase business investments to achieve sustainable growth going forward.





We Will Further Drive Our Efforts to Build a Globally Recognized Brand to Become a Global IT Innovator.

Having made significant strides toward the Global 2nd Stage, we will now focus on the next stage while continuing to move steadily toward becoming a Global IT Innovator.

Toshio Iwamoto
President and
Chief Executive Officer

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



“Our history is a story of consistently instilling our corporate philosophy and tirelessly transforming ourselves.”

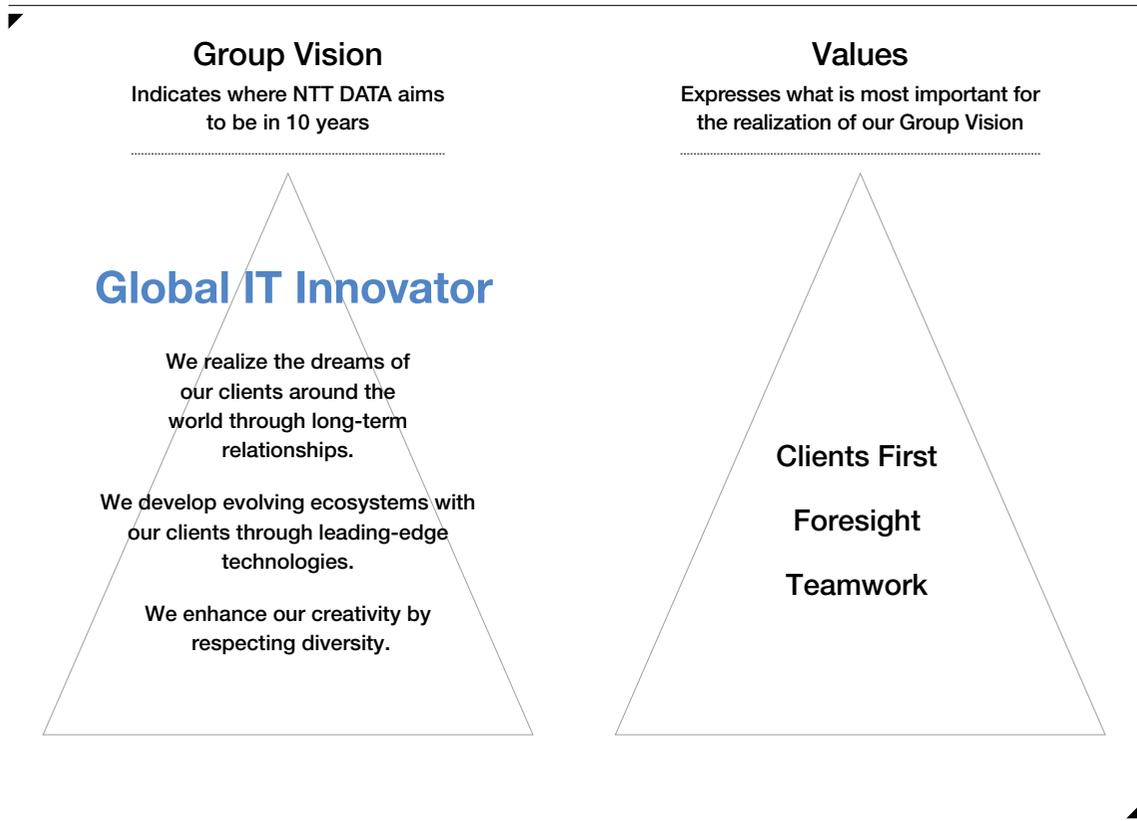
Established in 1967 by NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION (currently NTT) as a data communication headquarters, NTT DATA split off to become an independent company in 1988. Since then, we have engaged in building numerous super large-scale systems. We have provided various services that are commonly used as part of people’s everyday lives. From the CAFIS comprehensive card payment network system offering total solutions for credit card, debit cards, and other cashless payment, and an integrated ATM switching service enabling interconnection of ATMs, to ANSER, an automated service for financial transactions, these are just a few of countless examples of how NTT DATA has contributed to making society more convenient and secure. We have consistently practiced our mission statement as our universal mission that was set out when the Company was launched: “NTT DATA uses information

technology to create new paradigms and values, which help contribute to a more affluent and harmonious society.”

This is what we have maintained. At the same time, we have also substantially changed our business structure. Starting with net sales of just over ¥220 billion in our inaugural year, sales have continued to grow for 28 consecutive years, reaching over ¥1.7 trillion in fiscal 2016. It has been a little over 10 years since we ventured out into global markets to transform our domestic-oriented business structure. While sales outside Japan accounted for a mere 1% then, they are now expected to exceed 40% in fiscal 2017. We are moving steadily toward becoming the Global IT Innovator envisioned as the Group Vision that we laid out in 2013.

CAFIS: CAFIS is a registered trademark of NTT DATA Corporation, and is used with its service only in JAPAN.
ANSER: ANSER is a registered trademark of NTT DATA Corporation in JAPAN.

Group Vision and Values



Increasing Local Presence

“The major agenda we need to tackle next is our brand.”

In the previous Medium-Term Management Plan (April 2012–March 2016), we achieved our goal to increase our overseas sales ratio to 30%, reaching the Global 1st Stage; thus, our journey toward the Global 2nd Stage has begun since the fiscal 2016. Our vision for the Global 2nd Stage is to generate over ¥2 trillion in net sales and grow our overseas sales ratio to 50%.

Our key challenge back in 2005 was to increase geographic coverage, since we had little overseas operations to support Japanese businesses operating in global markets. As we have increased our global coverage to encompass 210 cities across 51 countries and regions, the next agenda before us is our brand.

With substantial market share, we have established a solid position in the Japanese market. Meanwhile, brand recognition of NTT DATA in global markets is far from being high. If we failed to win a project because of a lack of capabilities based on our

proposals, that would be acceptable. However, in some cases, we are not even given the opportunities to make proposals. We must do whatever is necessary to break free from this situation. We must further increase our local presence, breaking into the top 10 in terms of net sales with a 2% or more market share in major markets, so that multinational companies ranked in the Fortune Global 500 will give us the opportunity to submit proposals.

Having identified these challenges, we formulated the current Medium-Term Management Plan “NTT DATA: ASCEND—Rise and grow our global brand,” and set out a key strategy to increase our local presence by promoting a game-changing approach and breakthrough technology. This plan targets consolidated net sales to exceed ¥2 trillion and adjusted operating income, excluding investments in new domains, to increase by 50% compared with fiscal 2015.

Game-Changing Approach

“Making progress in penetrating deeper into existing markets and winning in new markets through a game-changing approach”

Our game-changing approach is an initiative to capture emerging needs in existing markets by anticipating changing market environment and technological trends. One example is to capitalize on changes in market demands and technological innovations to go back to a client again which a competitor holds an advantageous position with. While further enhancing our initiatives with this approach, which to date has yielded numerous achievements in Japan, we will step up efforts in penetrating deeper into existing markets and winning new markets in the global market.

As part of our initiative to penetrate further into existing markets, our efforts came to fruition in fiscal 2016 in the financial sector, a major backbone. We boast the biggest market share in shared-type core banking systems for financial institutions in Japan—mainly regional banks and second regional banks—and have successfully won six more users. Overseas, we won long-term agreements for large-scale projects, including a contract to

operate a smartcard ticketing system for Public Transport Victoria in the state of Victoria, Australia, and a business process outsourcing (BPO) agreement with a major bank in Spain.

In terms of initiatives to create new markets, as I will explain in detail later, our most significant achievement was the acquisition of the former Dell Services, which enables us to establish a solid foothold in the healthcare sector in North America. This fiscal year was also an inaugural year for full-scale collaborations with the NTT Group in the Internet of Things (IoT) space, which is expected to grow going forward. In our alliance with FANUC Corporation, while collaborating with NTT LABORATORIES, we will make contributions in application development by leveraging technologies to collect, store, and analyze data. Another example of winning new markets is our joint investment to establish a new company, to be based on the existing IT subsidiary of Mitsubishi Heavy Industries, Ltd.

“Integrating our next-generation development methodologies and tools”

In recent years, clients have been spending more on IT to leverage IoT, artificial intelligence (AI), and other new technologies, and we have been more aggressive in strategic R&D investment to meet such needs.

One of the key pillars is to innovate production technologies. Through ongoing investments in automated software development and other technologies, we aim to differentiate ourselves by improving productivity, time to deliver, and costs.

As we have implemented various development methodologies and tools for projects in Japan, starting with the TERASOLUNA Suite in the early 2000s, our operating companies outside Japan have used their own unique methodologies and tools. We have spent over three years to integrate them and completed the integration of our next-generation development methodologies and tools globally in May 2017. This has enabled us to leverage our human resources around the world more effectively, based on standardized definitions of terms and work descriptions, and

to further promote collaboration across the Group, such as knowledge sharing on system development. As part of this initiative, we have also migrated various development environments into the cloud to establish an integrated development cloud. We expect this will help reduce time to develop.

The second pillar is to leverage cutting-edge technologies. As technological innovations progress at a phenomenal speed, we do not believe that launching new initiatives on our own is sufficient. In addition to proof of concept (PoC) with clients, NTT DATA has been promoting a scheme where it serves as an innovation hub for amassing knowledge and collaborates with universities and research institutions around the world. Since 2014, we have held the Open Innovation Business Contest in an effort to create innovative businesses through collaboration among clients, NTT DATA, and start-ups. Last year, contests took place in 10 cities across nine countries.

Know-How in Post-Merger Integration Amassed through Experience

“It wasn’t all perfect from the very beginning. That’s why we were able to learn lessons over the course of time.”

In M&As, which have been the most effective approach for us to develop global business, our basic principle has been to acquire a business using free cash flow available on hand. In selecting target companies, we examine whether such companies can be a profit contributor for the Group through synergies, for instance, based on their solid customer base and whether corporate cultural affinity exists.

Our post-merger integration (PMI) process was not perfect from the very beginning. We have had many tough times, especially in EMEA. In March 2013, when restructuring and integrating regional Group companies, we initially pursued an idea in the direction to manage as an industry-based organization. However, this plan did not work out as expected due to significant differences in laws, tax systems, and workstyles in each country. We ultimately decided to have NTT DATA EMEA as an integrated country-based organization. I believe that this approach to delegate to local management and staff who better understand local laws and cultures in each respective country

has worked successfully in resolving personnel matters and improving profitability. Although we did not get a perfect score in the early days, I believe life experience has enabled us to build up know-how in PMI.

In Europe, the German-based company intelligence is performing well. Our Spanish subsidiary, the everis Group, has doubled its operating income in the last three years, while the North American operation has also maintained its good performance. Capital return in our M&A deals abroad has steadily improved as indicated by ROI, which has been on an upward trend since fiscal 2014. In retrospect, I realize that we came across excellent companies and great leadership teams at the opportune time, which has led to such solid progress in globalizing our business through M&As.

We were also presented with a major opportunity in fiscal 2016—the acquisition of the former Dell Services, which provides the cloud, application-related and BPO services, mainly in North America.

A Significant Step Forward toward the Global 2nd Stage with Acquisition of the Former Dell Services

“Increased order backlog adds further stability to run business, which greatly matters”

Immediately after the completion of acquiring the former Dell Services on November 2, 2016 (local time in the United States), the company changed its logo and brand to NTT DATA and has operated business as NTT DATA Services. As of April 1, 2017, it was integrated with NTT DATA, Inc., and the integration of the North American operations was complete. This integration has brought about a wide array of significant results as we aim to achieve our vision.

First, our healthcare business has expanded. The former Dell Services generated approximately ¥300.0 billion, around ¥150.0 billion of which came from business in the healthcare industry, mainly healthcare payers and payees, and this business was highly regarded by clients. This integration immediately increased our healthcare business from roughly 13% to 33% in net sales in North America. In addition to shaping a balanced business portfolio, it has enabled us to gain capabilities in the healthcare market, where substantial growth is expected. By solution, the ITO ratio has risen from 10% to 40% and the BPO ratio from 1% to 8%. Both services are expected to secure stable earnings over the long term.

Acquisition of the business, which has a large scale of recurring business, increased our order backlog by over ¥800 billion

versus the end of the previous fiscal year, making our total order backlog approximately ¥2.4 trillion as of the end of fiscal 2016. The increased orders on hand greatly matters from the standpoint of business stability. As stable cash flow can be expected, it allows us to make medium-to-long-term investments including R&D spending.

The biggest benefit from this integration is an increased presence. The number of large accounts with annual spend (our net sales) of US\$50 million or more has increased from five to 16 clients, raising our share in the United States. As a result, we now see the targeted 2% market share as an attainable goal. Dell's highly regarded brand has also helped NTT DATA boost its brand recognition.

We took very cautious steps, as the deal was our largest acquisition ever. We not only considered how to arrange financing to pay for the acquisition, assessing the post-deal financial position (⊕P.30 Financial and Capital Strategy), but also conducted risk analyses from various aspects, such as the risks of losing people and clients and how smoothly approval procedures would take in each country and region. We made decisions based on a thorough study of what actions should be taken when potential risks become reality.

“We have started to picture the next stage.”

Earnings results of fiscal 2016, the first year of our new medium-term management plan, were strong, outperforming the previous fiscal year across all measures including new orders received, net sales, and operating income. Our overseas sales ratio grew to reach 34.8% and our local presence increased in eight countries including the United States, Germany, Italy, and China.

Net sales in fiscal 2017, is expected to exceed ¥2 trillion as we consolidate a full-year earnings result of NTT DATA Services, however the figure also includes other temporary benefits such

as adjustment of the fiscal year of our overseas subsidiaries.

Therefore, we do not think we have gained an ability to generate over ¥2 trillion yet in real terms. We will continue to explore M&A opportunities while making efforts to augment our ability to exceed ¥2 trillion in fiscal 2018.

With the acquisition of the former Dell Services, the Global 2nd Stage is coming within range and now we are drawing the path toward the next stage, the Global 3rd Stage, which we are targeting sometime around fiscal 2025.

“We want to earn the trust of clients throughout the world as a business partner.”

How you leverage data is said to be the key to driving business. In this context, data is a treasure trove of information. I consider there are three layers of information including the data layer.

The first one is the data itself. Data is a record of facts occurring right before our eyes. Data contains various meanings, but data itself has no meaning. Data can be turned into information that carries certain meanings, if extracted based on the specific criteria, and then the information is elevated into a layer of intelligence that is a source for decision-making. Filters in each layer elevating data to these higher levels were formerly part of tacit human knowledge, including thoughts, feelings, and experiences, but dramatic changes are taking place here.

Since the rise of the term “big data” around the year 2000, data volume in the world has explosively increased. Now that the digital age has arrived, when the impact of IoT and AI is added to social, mobile, big data analytics, cloud, and security (SMACS) technologies, IoT as a filter is capable of extracting information from big data and AI as another filter of elevating it to the intelligence layer. In other words, we are seeing the advent of a world

where data can be elevated autonomously through three layers without human intervention.

Neither NTT DATA nor its clients can precisely predict changes that may happen in this new world. However, one thing is certain: whatever the sector may be, clients need to leverage IT to dramatically transform their business models. IT spending to drive business growth is on a steady rise, rather than IT spending to save costs. In the Global 3rd Stage, NTT DATA aims to become a Trusted Global Innovator where we serve clients as a business partner to help them achieve business innovation by connecting the wealth of clients ideas with cutting-edge technologies around the world with which we can demonstrate our strength.

It would be impossible to predict how society works or what kind of competitive landscape we exist eight years from now. However, we are not planning to become a copycat of any IT players present in today’s global market. We want to demonstrate “Japan Quality,” our unique value that no other Western or Indian company can offer, and to win a strong presence in global markets.

Differentiation via “Japan Quality”

“We believe our ‘Clients First’ approach will become a compelling differentiator.”

We are not confined to our own solutions. If it works best for our clients, we work with other companies to provide the best solution. We put clients first, not just our own interest first. Such heritage is part of our DNA and is a part of our strength, “Japan Quality.” This differentiates us from our peers in global markets.

While leveraging excellent solutions available at other companies, we will focus on “applications.” Whatever technological trends may be eight years from now, what clients need is not technology itself but rather solutions that help them to operate their core businesses more efficiently and to develop new

services. When developing an entirely new business model, applications that were previously unavailable will be required. Thus, expertise and insights on client businesses that we have built over long-term, trusting relationships represent a strong competitive advantage.

Tech “connoisseur” is essential for clients to differentiate themselves from others. We will further refine our strength in identifying best technologies for our clients from all over the world and help them innovate their businesses. Part of this effort involves collaborations with start-ups and NTT DATA Technology Foresight

Message from the CEO

that we publish regularly, which predicts near-term trends in information society and technology. We believe our capability of innovating production technologies over the past 20 years and our advantage of leveraging world-class NTT R&D assets and foresight will also become strengths.

In the Global 3rd Stage around fiscal 2025, we aspire to be further recognized in global markets as a trusted brand and to build long-term relationships with clients by serving multinational companies through cross-border collaboration across the NTT DATA Group. We aim to double large accounts from the current

level to exceed 100 or more with annual IT spend (net sales) of ¥5 billion or more and become a first-tier IT services company ranked among the Global Top 5. We want to build a well-balanced regional business portfolio where the three regions of Japan and APAC, North America, and EMEA and Latin America have nearly equal weight, while steadily gaining global market growth. In the future, when sales outside Japan further increase, we plan to shift to a three-region structure based on Japan and APAC, North America, and EMEA and Latin America while enhancing global governance.

Toward Greater Corporate Value

“We are making strides in establishing structures for sustainable growth with the aim of helping society to become more affluent and harmonious.”

Today, businesses are required to address societal issues from the global perspective as set forth under the United Nation Development Programme’s Sustainable Development Goals (SDGs) and other schemes. The idea behind SDGs is consistent with our journey built on our mission statement. Going forward, while enhancing our efforts, we will continually endeavor to contribute to resolving global societal issues through our business.

Furthermore, we promote sharing our mission statement, Group Vision, and Values (ⓈP.19 reference) with all of our employees, including those overseas, so that the NTT DATA Group can grow sustainably. One such initiative includes Values Week, which takes place in May every year to provide an opportunity for colleagues around the world to discuss these Values. We believe that the NTT DATA Group will become truly more powerful if over 110,000 colleagues, including members who joined through M&As, share a common philosophy and values. Such a mindset is integral and should be continuously shared going forward.

We are also taking solid steps to build structures for ensuring sustainability from an organizational perspective. For example,

as to reducing total work hours, an ongoing challenge faced by the IT industry, we are aiming to make annual total work hours to be 1,890 hours on average per employee by the end of fiscal 2018. To this end, we are encouraging colleagues to work flexibly through telecommuting and by providing secure environments to access internal servers while working outside the offices. Advances in innovating production technology could further accelerate workstyle reform. As we have an abundance of managerial human resources with a deep understanding of our mission statement, we foresee no problems in ensuring our management strategies are executed continuously.

The strength of “Japan Quality” has been built over the past 50 years through all the initiatives taken based on our mission statement in Japan, and it underpins our mindset and corporate attitude. This approach may not necessarily yield results over the short term, but I am confident it is the right direction in order to sustainably increase corporate value over the long run. The NTT DATA Group will continue to help society become more affluent and harmonious by enhancing corporate value.





NTT DATA's Growth Strategy

Here, we explain progress on the Medium-Term Management Plan and NTT DATA's vision for the Global 3rd Stage, both of which are aimed at sustainably enhancing corporate value.

Medium-Term Management Plan “NTT DATA: ASCEND —Rise and Grow Our Global Brand” Overview and Progress

Medium-Term Management Plan Overview

During the previous Medium-Term Management Plan, the Group established the Global 1st Stage and achieved expanded global coverage, but our ranking in many regions around the globe remained low. To be recognized by multinational corporations as a business partner, we must be within the top rank in net sales in the IT services industry of each country and region. Under the

current Medium-Term Management Plan (fiscal 2016–2018), we are enhancing our local presence and targeting consolidated net sales of over ¥2 trillion and a 50% or higher increase in adjusted operating income (compared to fiscal 2015). We are executing the global strategies of “Game-Changing Approach” and “Breakthrough Technology.”

NTT DATA : ASCEND

Rise and grow our global brand

FY2016–FY2018

NTT DATA FY2018 Financial Objectives

Net Sales

Over **¥2 trillion**

Operating Income

+50%*

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

- Viewing changes in the business environment and technological innovations in the global market as opportunities, we will accelerate the creation of new markets and expand our market share in each region. We will also engage in global cooperation to expand our provision of solutions and services while promoting improved global project support capabilities to move into areas where we have never operated in the past.

Game-Changing Approach

Outside Japan

Grow Revenue and Profitability

- Inorganic growth (North America, EMEA, and others)
- Implement game-changing approaches and improve profitability by increasing our share and scope of services

Japan

Stable Growth

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

Global Synergy

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

Sound Financial Ground

(Managing ROI and D/E ratio, stable payout of dividends)

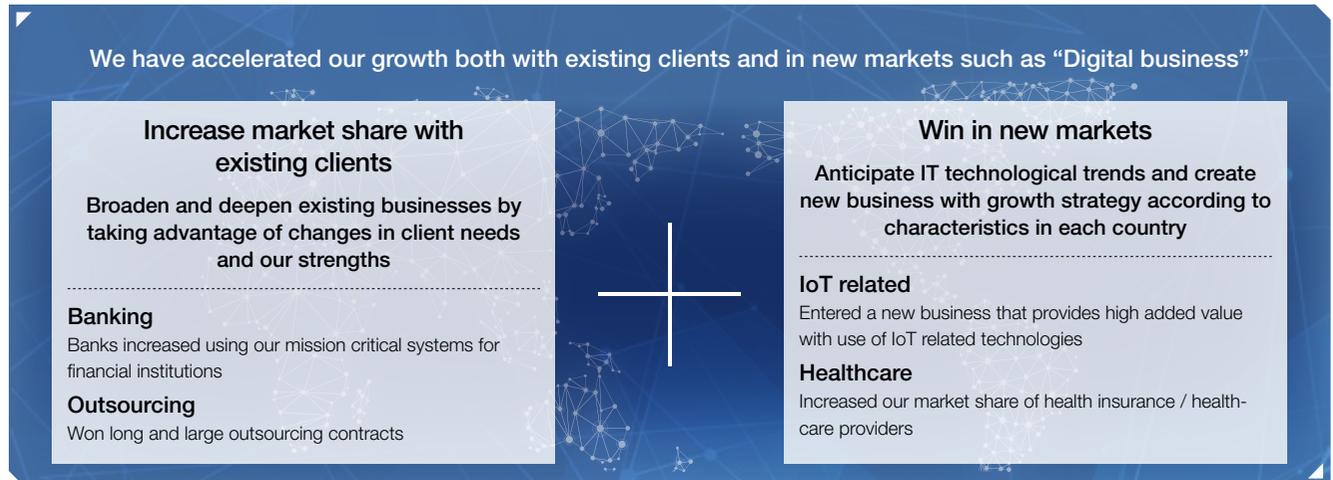
- Quickly and flexibly provide services and systems comprising the core of client competitiveness through production technology innovations
- Create new mechanisms and businesses with clients utilizing cutting-edge technologies by enhancing technological capabilities in the digital domain and engaging in business alliances with other companies that possess strong technological capabilities

Breakthrough Technology

Game-Changing Approach

In fiscal 2016, our game-changing approach resulted in further market expansion. In existing markets, we expanded our banking and outsourcing businesses by leveraging our strengths and transitioned efforts toward “digital” (the fusion of social, mobile, big data analytics, cloud, security, and IT).

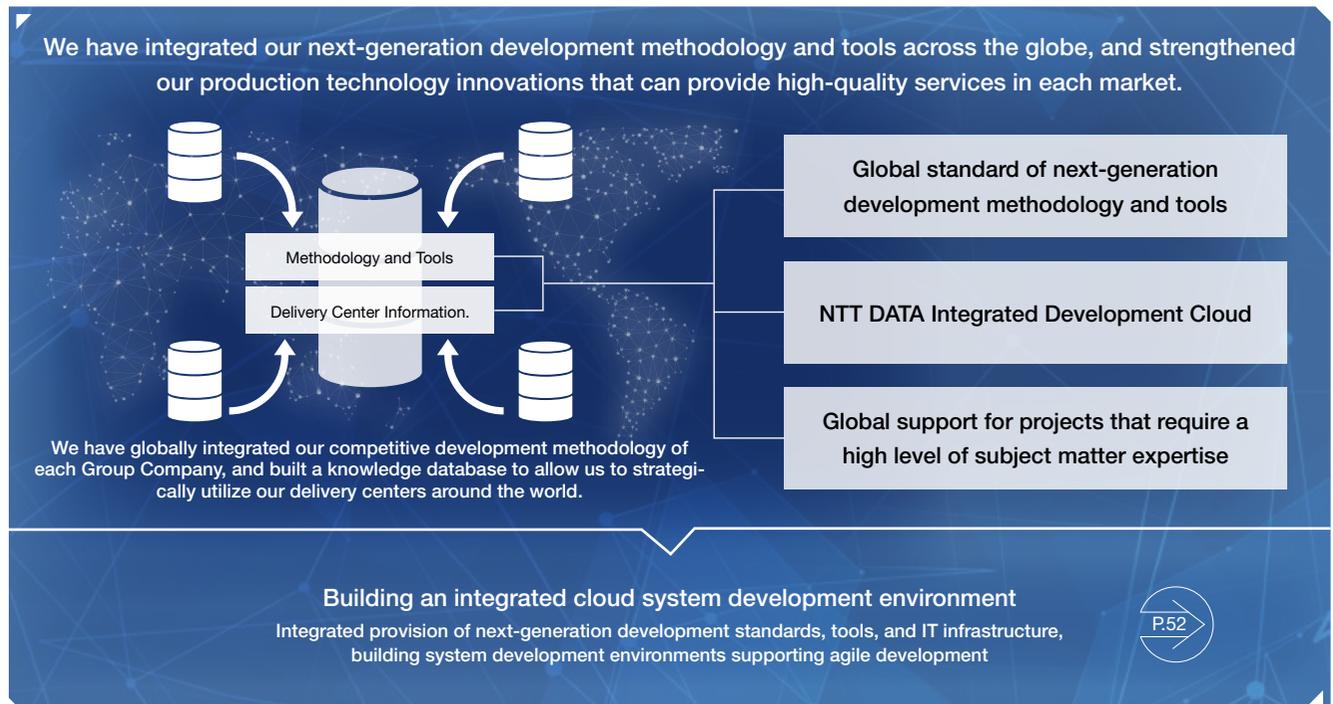
As for new markets, in light of the accelerating trend toward digital businesses in recent years, efforts toward new business creation utilizing cutting-edge technologies and alliance strategies through collaborations with partner companies resulted in business expansion in new markets.



Breakthrough Technology

Ⓧ Globally integrating next-generation development methodology and tools

Utilizing the NTT DATA knowledge database, we are able to provide high-quality services at the same level across the globe.



Ⓞ NTT DATA Global Innovation Hub

Building platforms to accelerate the creation of innovation globally has enabled NTT DATA to provide clients with new added value using cutting-edge technologies.

We have developed a scheme to create global innovation by promoting PoCs* with our clients, expanding solutions horizontally, and collaborating with research institutions.

Functions of Innovation Hub		
Promote PoCs with clients	Expand competitive solutions globally	Collaborate with world-class research institutions
Innovation Platform (Knowledge sharing, Foster innovation creation culture, Deliver cutting-edge technologies)		

Ⓞ Open Innovation Business Contest

We held an open innovation business contest, part of “Toyosu no Minato kara” (“From the Port of Toyosu”), in 10 cities throughout the world. Going forward, we will continue initiatives with clients and various venture firms to accelerate innovation aimed at creating new businesses.

We held the business contest globally to help create innovation business by forming triple-win business alliance among startups, NTT DATA Group and our clients.

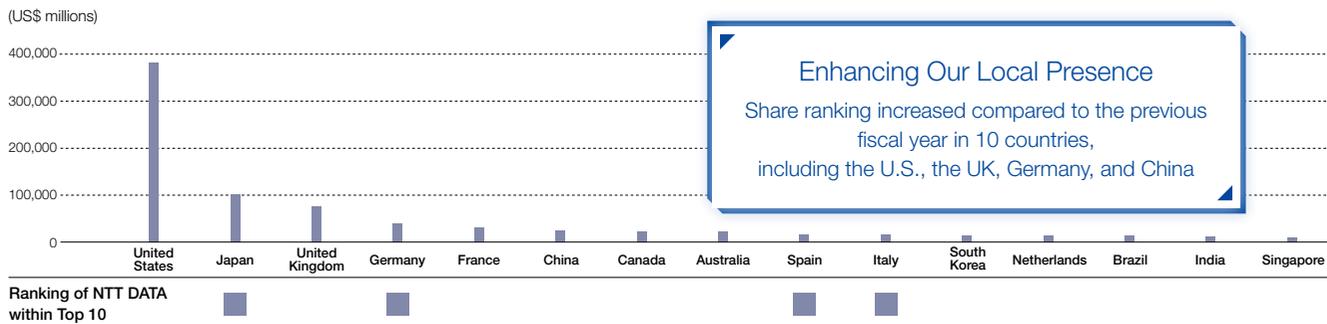
[Overview]	[Major themes]
Applications : 204 from 21 countries Pitch contests : 10 cities	FinTech, IoT, Digital Archives, big data, blockchain, AI, cyber security, virtual / augmented reality, or robotics, etc.

Medium-Term Management Plan Results and Issues

Ⓞ Enhancing Our Local Presence

To achieve global growth going forward, we need to have the opportunity to pitch our services to a variety of clients. However, our sales rankings in regions outside Japan have yet to reach the higher ranks. Notably, we rank around 36th in the U.S. IT services market, which is the largest in the world and about four times the size of the Japanese market. We will need to enhance our presence in major markets other than the Japanese market to increase our chances to make proposals.

Scale of the IT Services Market and NTT DATA's Ranking by Country (2016 End-User Spending)



Gartner "Market Share: IT Services, 2016" 19 April 2017
Chart created by NTT DATA based on Gartner research

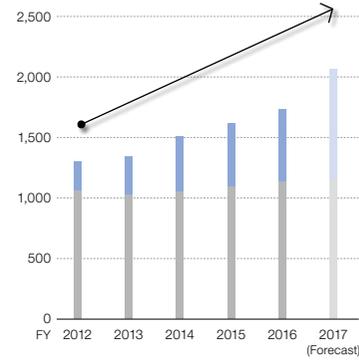
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⊕ Further Improving Profitability Globally

In the Global Segment during fiscal 2015, despite operating income moving into the black (w/ goodwill amortization), the operating income margin (w/o goodwill amortization) remained at a low level, in the 2% range. We recognize improved profitability as an important management issue.

Domestic / Overseas Sales

(Billions of yen)



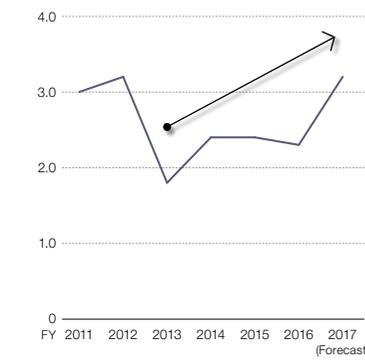
■ Net Sales (Domestic) ■ Net Sales (Overseas)

The consolidated impact of large-scale M&As is expected to result in net sales over ¥2 trillion in fiscal 2017.

We will further expand business globally and aim for sustainable growth.

Overseas Operating Income Margin (w/o Goodwill Amortization)

(%)



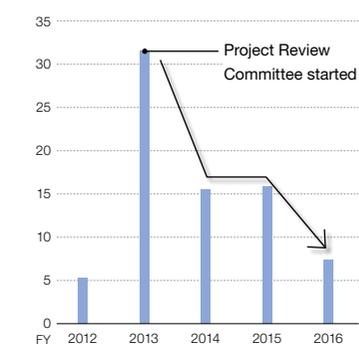
Improving profitability overseas is an issue

⊕ Further Reduction of Unprofitable Projects

In October 2013, we established the Project Review Committee in an effort to reduce unprofitable projects. As we take on the challenge of new projects, as long as the consolidated sales ratio is between 0.3%–0.5%, we believe that we can control risk. In fiscal 2016, we were able to maintain control under this target level, and going forward we will continue to recognize this as an important management issue.

Impact on Profits by Unprofitable Projects

(Billions of yen)



Prevention Mechanisms

1. Establish Project Review Committee

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

2. High Risk Project Status Reports

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

3. Recurrence Prevention Committee

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

4. Enhance Management Capabilities Necessary for Project Completion

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

Financial and Capital Strategy

Financial and Capital Strategy Basic Policies

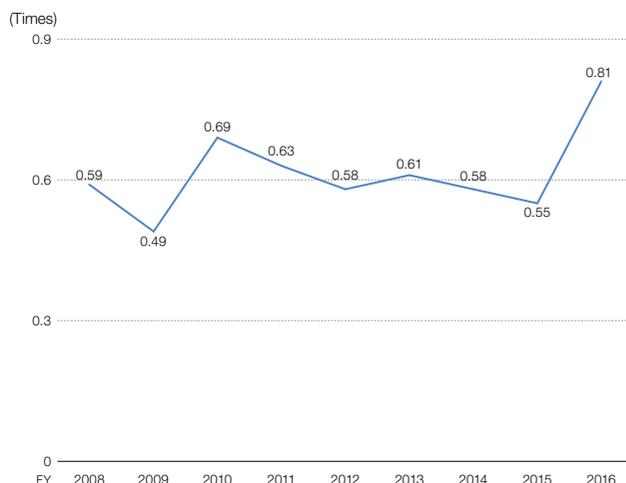
Regarding the use of cash, our policy is to first set aside cash for business investment realizing profit growth over the medium to long term. Regarding M&As, although we may temporarily raise funds through interest-bearing debt, in principle, we execute M&As within the limits of free cash flow.

Furthermore, while we believe the sustainable expansion of corporate value through the steady execution of mid- to long-term strategy is itself a substantive return to shareholders from a long-term perspective, it is our policy to also increase dividends over the medium to long term.

Regarding the health of our financial base, as a Company tasked with developing and operating large-scale systems supporting society, finance, and the economy, we believe it is crucial to keep a robust financial base to maintain a stable business and realize enhanced corporate value over the medium to long term. The development and operation of information infrastructure supporting society requires large-scale up-front investments. To this end, ensuring funding with favorable conditions, flexibility, and reliability is an important mission from a financial perspective,

thus we regard the debt-to-equity (D/E) ratio as an important indicator and maintain a close watch on the soundness of our financial base.

D/E Ratio Trend



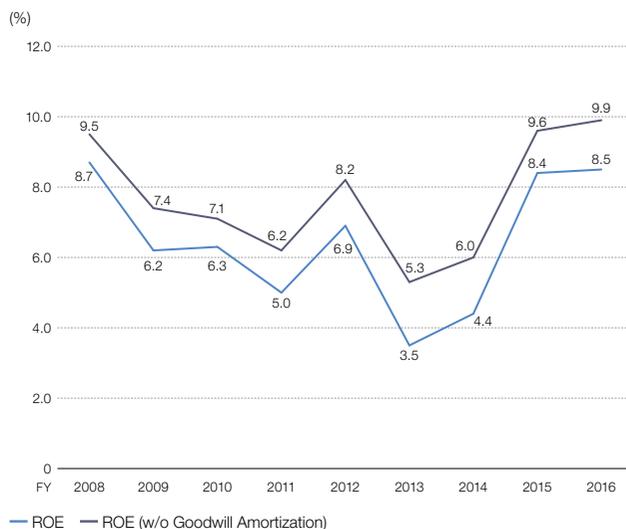
Improving Capital Efficiency

In terms of return on equity (ROE), our policy is to maintain a level that exceeds shareholders' equity costs over the medium to long term. In fiscal 2016, ROE was 8.5% and ROE before amortization of goodwill was 9.9%. We recognize that the Company is in a revenue growth stage based on medium- to long-term strategies. Thus, rather than constricting capital equivalent to the denominator of ROE, our basic policy aims to improve capital efficiency via pursuing profit growth corresponding to the numerator by proactively setting aside funds for business investment and technological development.

We will attempt to ensure profit required for continued investment and shareholder returns by engaging in profitability improvements through enhanced presence (net sales) in global markets including Japan and improved management efficiency in each country. Under the current Medium-Term Management Plan (fiscal 2016–2018), our financial numerical targets include consolidated net sales of over ¥2 trillion and adjusted operating income, excluding investments in new domains, 50% or higher compared with fiscal 2015. In terms of profitability, we strive to curtail unprofitable projects, increase the profitability of overseas businesses, improve productivity through production technology innovations, and thoroughly monitor performance with regard to M&A transactions. Through these initiatives, we believe we can improve capital efficiency by targeting operating margins of 10%

or higher in Japan. Overseas, we aim to improve the EBITA margin of the actual value of overseas bases excluding expenses required for M&A and other transactions and head office expenses to a level of about 7%, which is an improvement of 2% compared to fiscal 2015.

ROE Trend



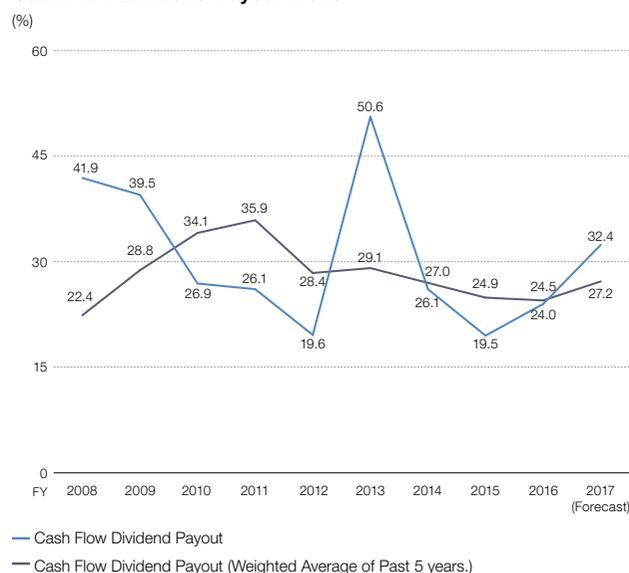
Shareholder Returns Policy

We implement stable dividends in light of overall consideration for business trends and financial conditions on a consolidated basis. Such consideration includes achieving a balance among business investments, technological developments aimed at sustainable growth in the future, and the maintenance and strengthening of our financial structure and dividend payments. Moreover, when determining the dividend amount, we place an emphasis on maintaining the medium- to long-term consolidated cash flow dividend payout ratio*.

Going forward, in the event of changes to the balances between the scale of free cash flow and investment for inorganic growth, we will also consider changes to the shareholder return balance.

* Consolidated cash flow payout ratio = Total dividends / (Net income attributable to owners of parent + Depreciation + Loss on retirement of fixed assets + Goodwill amortization, etc. - Capital expenditures).

Cash Flow Dividend Payout Trend



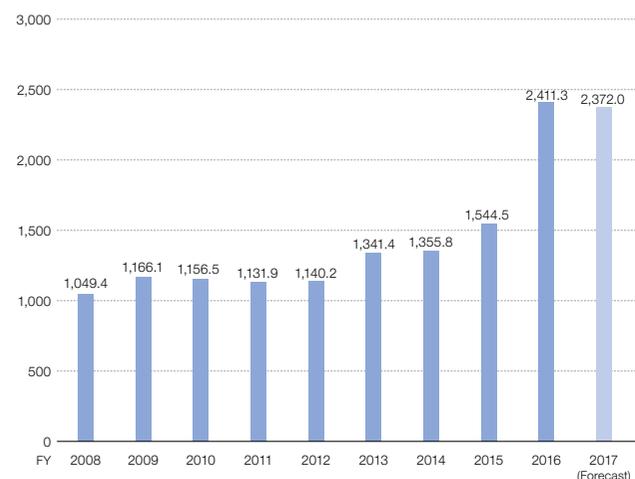
Outlook for Financial Situation and Free Cash Flow in Line with the Acquisition of the Former Dell Services

In accordance with the acquisition of the former Dell Services, funds were procured via long-term and short-term borrowings, resulting in a substantial increase in interest-bearing liabilities. Given that the resultant D/E ratio level of 0.81 remains within an appropriate range, we have maintained our ratings (AA (R&I), AA+ (JCR)). While maintaining an awareness of the credit rating, in the event that the D/E ratio rises due to M&As or other activities, we will engage in management activities giving priority to realizing a healthier balance sheet.

In fiscal 2016, free cash flow was a deficit of ¥189.8 billion due to payments in line with the acquisition of the former Dell Services. In fiscal 2017, free cash flow is projected to be ¥60.0 billion. Due to the increase in backlog of the former Dell Services, which has a large share of recurring business, we anticipate the surplus will remain as long as we do not engage in large-scale M&As or other investments in the future.

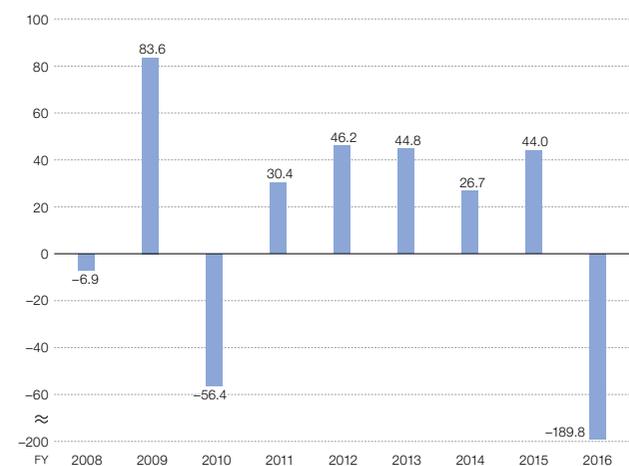
Order Backlog Trend

(Billions of yen)



Free Cash Flow Trend

(Billions of yen)



M&A Strategy Aimed at Becoming a Global IT Innovator

Enhancing Our Local Presence

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

Global M&A Strategy

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

Utilize M&A activities to drive growth strategies by expanding synergies between geography, lifecycle, and offerings.

Geography

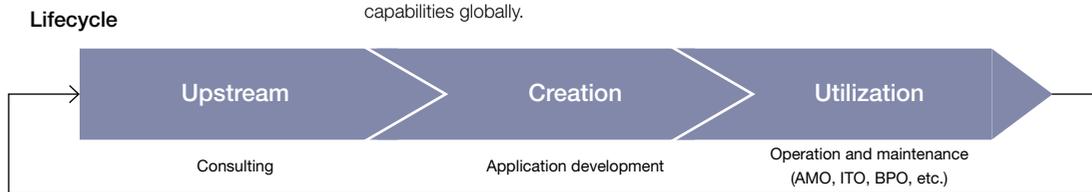
The scale of the IT services market is huge, and although NTT DATA already develops business in this market, its share is less than 2% in some countries and regions. We will utilize M&A activities to expand market share and increase presence.

Lifecycle

We will acquire consulting capabilities and outsourcing service delivery capabilities to enable support from the upstream phase for client management issues, with superior project proposal capabilities for client company management and formation capability and utilize these capabilities globally.

Offerings

We will obtain skills enabling support for global accounts and clients in all countries and regions to enhance service provision capabilities and acquire solutions for the automobile and financial industries.

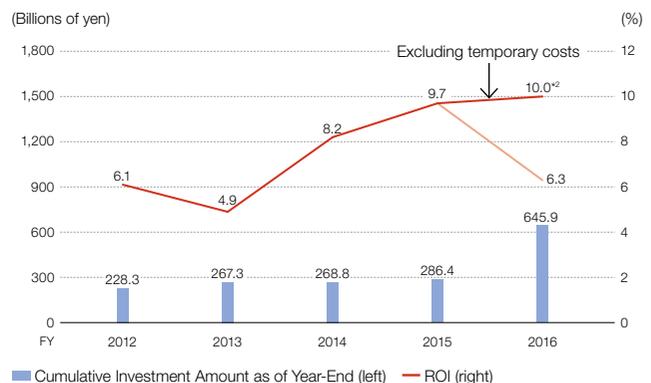


Integrate and conduct ongoing consulting, application development, and operation and maintenance to create and provide new value as a business partner to our clients.

Improving Investment Efficiency

With regard to M&A projects, we strive to conduct monitoring through ROI by investment project and improve profitability. ROI for overseas M&A total investment amounts by fiscal year has been on an upward trend since fiscal 2014. In fiscal 2016, ROI was 10.0% excluding temporary costs (acquisition-related expenses, etc.). In addition to increasing local presence, we will continue efforts aimed at improving investment efficiency by focusing on improving profitability and thereby leading to offshore and nearshore activities and other activities.

ROI*1 Trend



*1 ROI (overseas Group companies) = (Income before income taxes + Depreciation + Loss on retirement of non-current assets) × (1 - Effective tax rate) / Investment amount (Accumulated amount at end of the previous accounting period)

*2 The impact of gains on the acquisition of the former Dell Services in North America is excluded from ROI for the fiscal 2016.

Increasing Corporate Value through the “Values and Attitude”

Benito Vázquez
Chief Executive Officer, everis

Benito Vázquez was appointed CEO of everis in 2004. He graduated UPM ETSIT with a degree as a telecommunications engineer, and began his career working at Telefonica R&D before moving on to SITRE. In 1992, he joined Andersen Consulting, where he was manager of the Technology Division, overseeing projects in the banking, insurance and public sectors. In 1996, he co-founded DMR Consulting, which currently has become everis.



Q What business benefits has everis gained as a result of its acquisition by NTT DATA?

A It has been more than three years since we joined the NTT DATA Group, and we believe that our goals have been met, without a doubt. NTT DATA respects our business model and corporate culture as well as our way of doing business.

NTT DATA also provides us with the financial capabilities necessary to go after big deals with global clients. One example of this is our long-term business process outsourcing (BPO) contract with Banco Sabadell, one of Spain’s largest banks, which required strong financial capabilities in order to maximize efficiencies and

secure savings facilitated by the contract. NTT DATA offers its strong reputation as a Japanese company and is highly respected by our clients, thanks to its demonstrated IT capabilities, commitment, innovation, and myriad other assets. At the same time, we are working to assert our own unique value as we aim to leverage the synergies that exist with all NTT DATA and NTT Group companies. In conclusion, we are very proud and immensely satisfied to be part of this great family that is NTT DATA.

Q Do you think that the NTT DATA Group can be successful on a global level?

A Yes, undoubtedly. There are many solid reasons that clearly support this affirmation. Let me explain some of them:

- The NTT DATA culture is not intrusive. On the contrary, NTT DATA respects the culture of its subsidiaries outside of Japan, not to mention other countries and their cultures, which is truly unique. This is essential and indeed necessary to achieving global success.
- NTT DATA’s values are universal and can be applied to any country. These values are complementary to the values of other

companies in other countries, and enrich a company’s business capabilities.

- NTT DATA combines healthy ambition with genuine humility; both of which are critical to truly achieving global success.
- NTT DATA has at least the same level of resources (IT, R&D, financial and other assets, and capabilities) as the best companies in the market. As such, there is no reason not to succeed.
- Japanese trust, quality, and commitment—particularly those of NTT DATA—are highly valued by our clients.

Q NTT DATA’s values include Clients First, Foresight, and Teamwork. Please tell us about the corporate culture and corporate values of everis. What values do you find that our two companies share?

A We, at everis, believe that companies achieve success when they are “not worse than the best” (this is a continuous process in which you have to be very humble and work very hard), and this success becomes sustainable when the company is different. In the case of everis, we strongly believe that we are “not worse than the best” (part of this, of course, is due in large part to NTT DATA’s assets, capabilities, and competitive advantage), and what differentiates everis is based on our values and attitude, which in essence include:

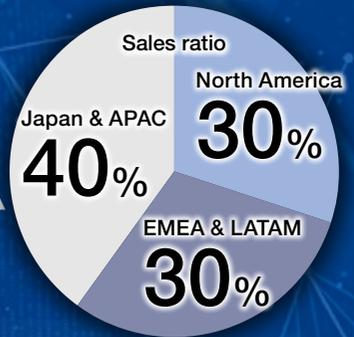
- Transparency (say and share what you think)
- Consistency (do what you say)
- Responsible freedom
- Demanding generosity
- Entrepreneurship & innovative attitude and spirit
- Positive attitude, creativity, and passion

These values are clearly complementary with NTT DATA’s values of Clients First, Foresight, and Teamwork. Thus, thanks to the combination of both sets of values we are undoubtedly stronger.

Corporate Image We Envision at the Global 3rd Stage —A Trusted Global Innovator

3

Global 3rd Stage (Around FY2025)
Trusted Global Innovator
Aspire to Global Top 5 Status



2

Global 2nd Stage (FY2018)
Recognized Global Brand

NTT DATA : ASCEND
Rise and grow our global brand



Net sales of over
¥2 trillion



1

Global 1st Stage (FY2016)
Increased Global Coverage

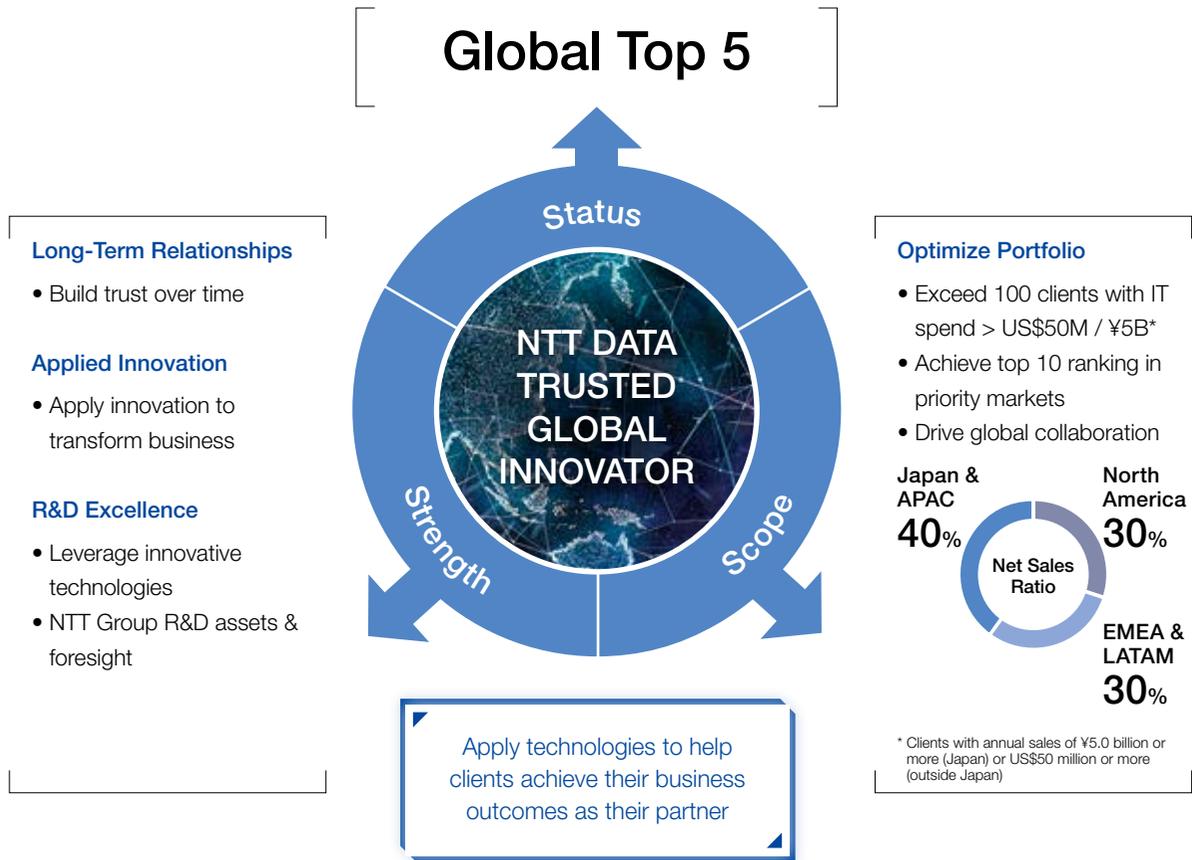


Setting Our Sights on the Global 3rd Stage

Having begun promotion of globalization in the fiscal 2005, NTT DATA established the Global 1st Stage with the achievement of an overseas sales ratio exceeding 30% in fiscal 2015. Under the current Medium-Term Management Plan (fiscal 2016–2018) having the strategic theme “NTT DATA: ASCEND—Rise and grow our global brand,” we aim to achieve the Global 2nd Stage by promoting initiatives targeting net sales of over ¥2 trillion and an overseas sales ratio of 50% to establish our brand globally.

Our acquisition of the former Dell Services and unification of the North American business were significant steps toward the Global 2nd Stage. We then formulated and announced the Global 3rd Stage, which aims to transform the Company into a Trusted Global Innovator by around fiscal 2025.

⊙ **Trusted Global Innovator**



The Image of Trusted Global Innovator and Leveraging Strengths

For NTT DATA, a Trusted Global Innovator is a business partner that combines the latest technologies with client ideas to realize client business innovations.

To achieve this goal, NTT DATA will leverage its three intrinsic strengths: “Long-term relationships” of trust based on a deep

understanding of clients’ businesses, “Applied innovation” that realizes business innovations along with our clients by using cutting-edge technologies and knowledge of clients’ businesses and industries, and “R&D excellence” that comprises the foundation of the NTT Group’s overall R&D capabilities.

Global 3rd Stage Positioning and Business Portfolio Goals

In the Global 3rd Stage, NTT DATA aims to become a Trusted Global Innovator around fiscal 2025 by leveraging its intrinsic strengths and by penetration of its trusted brand in global markets. We will realize the creation of long-term relationships with clients by providing one-of-a-kind value while offering cross-regional services to multinational corporations and engaging in global collaborations. We aim to achieve top 10 net sales in each major country and rank among the top 5 in net sales worldwide by expanding the number of clients generating annual net sales of

more than ¥5.0 billion from approximately 60 companies in fiscal 2015, to more than 100.

Compared with the scale of the global IT services market, sales in Japan still comprises a large percentage of NTT DATA’s business portfolio. We aim for a global business portfolio composition divided nearly equally into thirds to achieve sustainable and stable growth while efficiently incorporating global market growth.

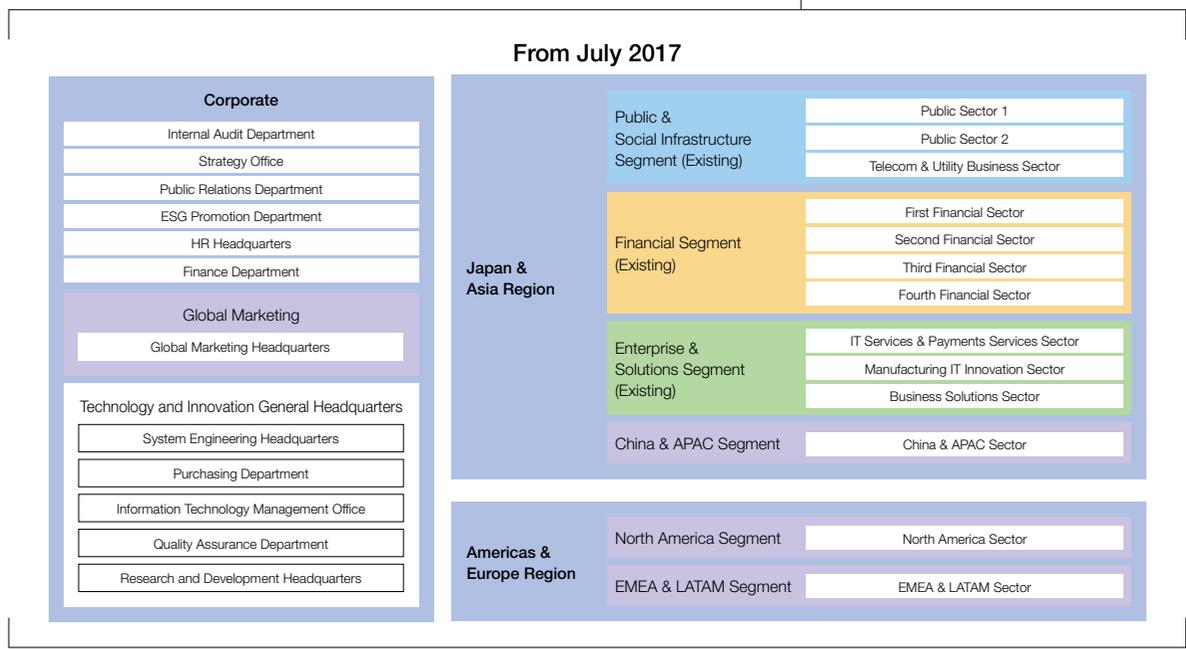
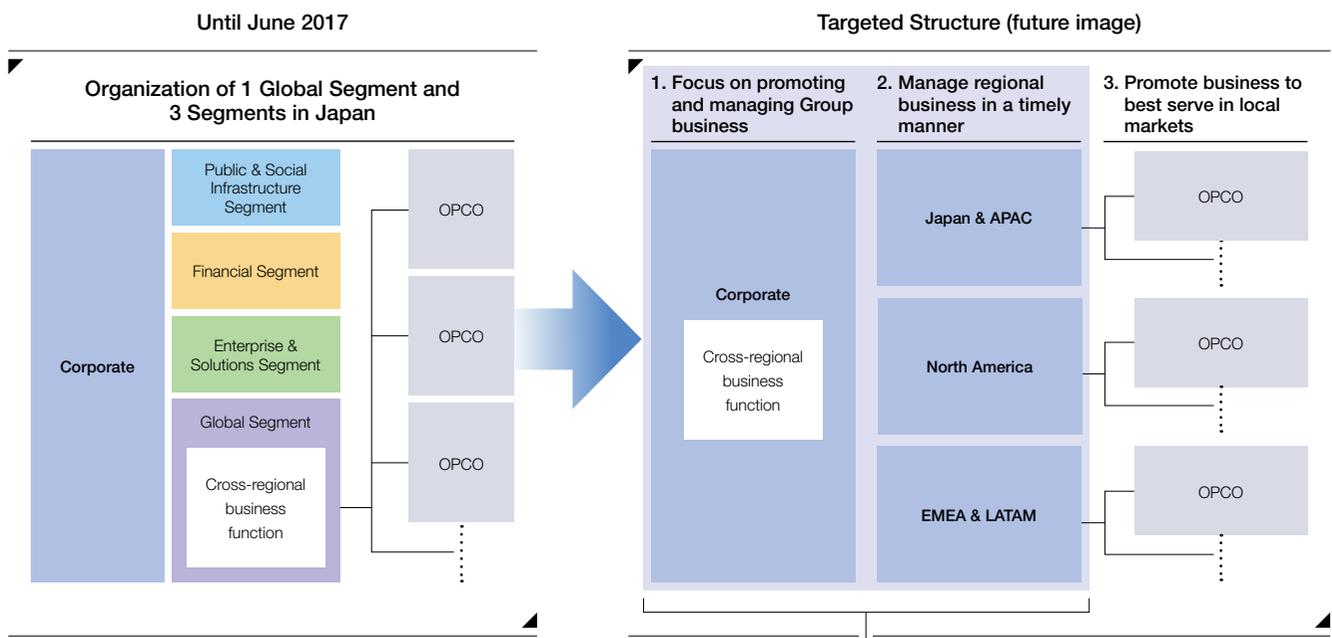
Outline of Organizational Structure to Achieve the Global 3rd Stage

Up to June 2017, our business promotion structure comprised four business segments, of which three were in the Japanese market. In the future, we plan to further expand our global business and switch to a global trilateral framework of markets that share similar characteristics with similar sizes comprising

“Japan & APAC,” “North America,” and “EMEA & LATAM.” As a result, we will realize swift and optimal region management. Furthermore, we will also give corporate divisions a global cross-regional business function and develop global delivery and shared services across the globe.

Changes in Organizational Structure to Realize the Global 3rd Stage

We will redesign organizational structure to promote and manage our expanding global business optimally.



NTT DATA Services CEO Interview

Enhancing Our Local Presence through Teamwork

Q Please tell us about your strategy for improving our “local presence” in North America.

A NTT DATA Services continues to strengthen our presence and competitiveness in North America and globally to support domestic business as well as business for global clients. We are doing this by expanding our business and technology portfolio through organic growth, strategic acquisitions, partnerships, and brand awareness activities that reinforce our position as a top 10 global business and IT services provider, as well as fortify our brand for the long term.

Our recent acquisitions have broadened our scale in multiple key industries while adding a number of marquee clients to our portfolio. For example, with the integration of the former Dell Services in November 2016, we expanded our consulting capabilities and doubled our presence in North America, enhancing our base in healthcare, financial services, public sector, manufacturing, and commercial industries. We also added expertise and tremendous scale in infrastructure, cloud, digital services, and business process outsourcing.



John McCain

Senior Vice President, NTT DATA Corporation
Chief Executive Officer, NTT DATA Services

John has more than 30 years of experience in the IT services industry. Before joining NTT DATA, he was president and CEO of Keane, Inc. and served as CEO of Capgemini North America. Prior to that, he was senior vice president and general manager of HP Services. Earlier in his career, John spent 16 years at Electronic Data Systems (EDS) and was eventually named president of EDS' E.Solutions.

Moving forward, we will continue to focus on the key industries and technologies where we can deliver the insights, solutions and outcomes that help our clients around the globe adapt to changing market dynamics to drive their businesses forward.

Q What are the benefits of the Company's acquisitions, and of being part of NTT DATA?

A NTT DATA takes a thoughtful and strategic approach to M&A activities, acquiring companies with complementary cultures and values in addition to accretive capabilities and reach. Three prime examples of successful acquisitions in North America are Keane, Inc., Carlisle & Gallagher Consulting Group (C&G) and the former Dell Services. With Keane in 2010, NTT DATA expanded our North American footprint and global delivery expertise, while Keane's clients and employees benefited from the parent company's brand, resources and investments in innovation. With C&G in 2015, we added consulting expertise in financial services with some of the largest banks in North America while extending the C&G team's scale and reach. And with the former Dell Services in 2016, we further grew our scale and strengthened our execution and delivery, once again with a culturally-diverse team built on shared values (Clients First, Foresight, and Teamwork).

Third parties have endorsed our approach and results: The Association for Corporate Growth and “D CEO” magazine recognized the former Dell Services acquisition as “Deal of the Year” in 2017. In addition, “Consulting” magazine said our integration of C&G was “by all measures an unbridled success” and named us one of the top 10 best consulting firms to work for in 2016.

Being part of NTT DATA lets us provide clients the scale and delivery power of a top 10 global IT services provider, with a local team offering detailed attention and client service. We leverage a myriad of resources—from financial support, management know-how, and R&D innovations to a network of more than 110,000 professionals in over 50 countries and regions and 240 data centers. With these exceptional resources, we can accelerate innovation and investments in key areas, including automation, digital, cloud, security, modernization, and industry solutions, while establishing one of the industry's most differentiated and comprehensive services portfolios.

Efforts to Resolve Client Issues (FY2016)

In fiscal 2016, NTT DATA made efforts to resolve various client issues based on its “Game-Changing Approach” and “Breakthrough Technology” as global strategy defined in the Medium-Term Management Plan.

Global Strategy Game-Changing Approach



Public & Social Infrastructure Segment

Introduction of Air Traffic Controller Training Simulator in Tajikistan

NTT DATA received an order for air traffic controller training simulator “airpalette 3D Simulator” to be used in the Project for Enhancement of Air Navigation Services in Tajikistan, led by Japan International Cooperation Agency (JICA). [As this product reduces labor required for training and enables efficient air traffic controller training with high-precision graphics and AI technology that can automatically reproduce the behavior of multiple aircraft, it will contribute to the development and enhancement of the skills of Tajikistan’s air traffic controllers.](#)

airpalette: airpalette is a registered trademark of NTT DATA Corporation in Japan, the United States, and the EU.



Public & Social Infrastructure Segment

Expanding Sales Channels for the “AW3D Global Digital 3D Map” to Global Markets

⌚ P.40

AW3D: AW3D is a registered trademark of NTT DATA Corporation in Japan, the United States, and the EU.

Financial Segment

Expanded the Number of Banks Using Our Core System for Financial Institutions Based on “BeSTA”

⌚ P.41

BeSTA: BeSTA is a registered trademark of NTT DATA Corporation in JAPAN.

Financial Segment



Launch of BeSTA FinTech Lab

[Connecting venture companies and regional banks, the BeSTA FinTech Lab was launched as a mechanism to conduct activities for the creation of new financial services through open innovation.](#) Going forward, the Lab will create business ideas, verify these ideas by trial and error, and use them to generate new services. It is also planning to provide more attractive opportunities based on participating bank requests and will enhance cooperation with regional banks.

BeSTA: BeSTA is a registered trademark of NTT DATA Corporation in JAPAN.

Enterprise & Solutions Segment



Digital Business Initiatives

⌚ P.42

Enterprise & Solutions Segment

Master Agreement on Specific Considerations Regarding the Capital Alliance with Mitsubishi Heavy Industries

NTT DATA and Mitsubishi Heavy Industries, Ltd. (MHI), concluded a master agreement including a capital alliance in the field of information systems. Amid the acceleration of digitization and globalization in the manufacturing industry, NTT DATA will establish a long-term partnership with the MHI Group, [leveraging NTT DATA’s rich experience and extensive know-how in network services and system integration to contribute to advancing MHI Group IT services and strengthening global response capabilities.](#)

Note: In July 2017, we entered into a share transfer agreement and shareholder arrangement in line with a master agreement regarding the establishment of a new company derived from wholly owned MHI subsidiary MHI Information Systems Co., Ltd., as the parent company.

Client Issues



Global Strategy Breakthrough Technology

Global Segment

Launching of New Structure under NTT DATA Services

Through our U.S. subsidiary NTT DATA International L.L.C., and other companies we completed our acquisition of the former Dell Services, which has a strong business base and major clients including health insurance and medical institutions, manufacturing industries, service industries, financial institutions, and the U.S. federal government. The company has gained a strong reputation especially for its industry-specific digital solutions for the healthcare industry and the provision of BPO services. The new structure (NTT DATA Services) was launched, integrating our existing North American organization in April 2017 in the aim of the further growth.

Global Segment

Order Received for Operation of “myki” Smartcard Ticketing System

⊕ P.43



Global Segment



BPO Contract with Banco Sabadell (Spain)

NTT DATA commenced a major 12-year outsourcing contract with Banco Sabadell, a leading Spanish bank. [BPO outsourcing attempts to visualize and rationalize client operations will contribute to cost reductions and operational improvements.](#) Robotic process automation (RPA) technology will be used to further accelerate the conversion of everis Group knowledge into operations aimed at further increasing client business growth.



New Mechanism for Utilization of Advanced Technologies

NTT DATA has focused efforts on the technology themes of AI, IoT, and advanced IT infrastructure technologies (e.g., blockchain) and prioritized investments in applicable research topics and PoCs for clients. As a means of discerning research topics over the medium to long term, we attempt to ascertain changes in the future from four perspectives— politics, economy, society, and technology—in order to identify upcoming information society and technology trends within the next three years. We formulate and publish this information as NTT DATA Technology Foresight.



Completion of Trade Finance Blockchain Application Demonstrations

NTT DATA completed demonstrations of blockchain technology applications launched in December 2016 for insurance policies in the area of ocean freight marine insurance. Going forward, we will plan and review cross-industry consortiums inviting a wide range of trade officials in Japan and overseas to apply blockchain technologies to insurance policies as well as the trade industry overall.



Launched a Proof of Concept (PoC) Test of Medical Data-Analysis Solution by Using AI Technology

In collaboration with Spanish medical facilities, NTT DATA developed the Smart Alert Solution for predicting risks of complications in ICUs. We plan to commercialize this product during fiscal 2017 and to deploy this solution to multiple countries.

⊕ P.53



Initiatives in the Connected Car Sector

The NTT DATA Group is engaged in creating new businesses and services with clients ahead of the arrival of the age of the connected car through its extensive experience in establishing common infrastructure in various industries, advanced technological capabilities, and strong alliances with the NTT Group.



Open Innovation Business Contest

NTT DATA is engaged in realizing open innovation through an open innovation business contest, part of “Toyosu no Minato kara” (“From the Port of Toyosu”). We are creating innovative and sustainable businesses that utilize cutting-edge technology and in cooperation with global venture companies, major corporate clients in various business categories of the Company, and the NTT Group.

Business Overview by Segment

Public & Social Infrastructure Segment

Providing high-value-added IT services that play important roles in social infrastructure, such as government, healthcare, communication, and utility systems as well as in community revitalization

NTT DATA's rank among IT service vendors in the government and healthcare markets: **3rd***

* Gartner "Market Share: IT Services, 2016" 19 April 2017
Government and healthcare = Government, Education, Healthcare Provider, based on vendor revenue in 2016 IT service market
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Hiroyuki Aoki
Director and Executive Vice President
Responsible for Public & Social Infrastructure Segment

Business Environment

	Threats	Opportunities
Government Ministries	<ul style="list-style-type: none"> Government requires information system cost-reduction 	<ul style="list-style-type: none"> Business opportunities expected to increase in pursuit of realizing and succeeding as the world's highest-level IT utilization society using IoT, AI, etc. Launched trial operation of "My Number" (Individual Number) system in July 2017, moving toward start of full-fledged information linkage
Local Governments	<ul style="list-style-type: none"> Budget-tightening trends, increased cost-reduction requirements, intensified competition 	<ul style="list-style-type: none"> Increased business opportunities thanks to the promotion of regional revitalization through the utilization of IT Launched trial operation of "My Number" system in July 2017, moving toward start of full-fledged information linkage
Healthcare	<ul style="list-style-type: none"> Assumed that careful consideration is required for the utilization of medical information in companies 	<ul style="list-style-type: none"> Further acceleration of ICT implementation in the healthcare and other sectors and utilization of medical information Expanded application of AI in healthcare and other sectors
Telecom and Utilities	<ul style="list-style-type: none"> Intensified competition in the telecom industry and requirements for further cost reductions in existing IT investment domains 	<ul style="list-style-type: none"> Expected IT investment in the utilities industry for various purposes, such as helping to reduce costs by improving operational efficiency, ensuring compliance with various regulations, and enhancing the safety of facilities Investments in new services in the telecom industry

Performance in Fiscal 2016

Net sales were ¥455.4 billion (8.2% increase compared to the previous fiscal year) due to the expansion of businesses for government ministries and so on, despite a decrease in businesses for the utilities industry.

Operating income was ¥44.1 billion (32.1% increase compared to the previous fiscal year) due mainly to sales growth and a decrease in unprofitable projects.

Strategy for Fiscal 2017

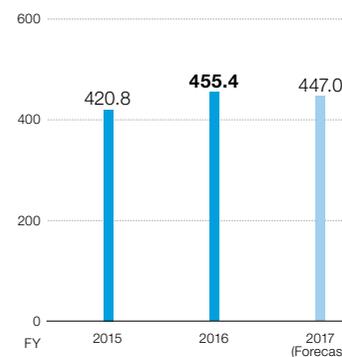
We aim to grow our business through the following methods: receiving renewal orders for core businesses from governments and infrastructure companies, creating new domestic and overseas businesses by utilizing the results and know-how that our group has cultivated, and responding to new businesses including those utilizing "My Number" and concerning IoT and the change in the utilities industry system (power and gas system reform).

Forecast for Fiscal 2017

Net sales are expected to be ¥447.0 billion (¥370.0 billion sales to outside clients) which is a ¥8.4 billion decrease compared to fiscal 2016, and the operating income is expected to be ¥45.0 billion which is an ¥8.0 billion increase compared to fiscal 2016.

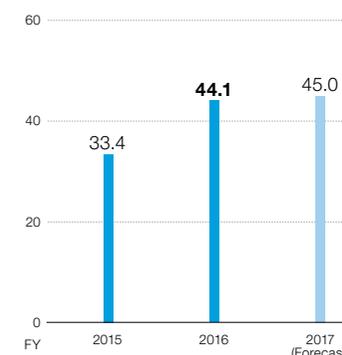
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Game-Changing Approach

Expanding Sales Channels for the "AW3D Global Digital 3D Map" to Global Markets

The "AW3D global digital 3D map," provided by NTT DATA and the Remote Sensing Technology Center of Japan (RESTEC), utilizes satellite images offering the highest accuracy in the world. NTT DATA concluded a sales distribution contract with DigitalGlobe, a leading U.S. company specializing in commercial satellite images, with the aim of further expanding sales channels to global markets.

AW3D: AW3D is a registered trademark of NTT DATA Corporation in Japan, the United States, and the EU.



Financial Segment

Providing high-value-added IT services that support financial institution operational efficiency and services

NTT DATA's rank among IT service vendors in the financial market:

1st*

* Gartner "Market Share: IT Services, 2016" 19 April 2017

Financial= Banking & Securities, Insurance, based on vendor revenue in 2016 IT service market

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Tooshi Fujiwara
Director and Executive Vice President
Responsible for Financial Segment

Business Environment

	Threats	Opportunities
Major Banks and Regional Banks	<ul style="list-style-type: none"> IT investment may decline due to expense reductions 	<ul style="list-style-type: none"> Rising needs for the provision of services using FinTech and other new technologies Active IT investment in line with management integration and regulatory changes
Insurance	<ul style="list-style-type: none"> Difficulties in managing returns and reduction in existing insurance products, due to negative interest rate policies 	<ul style="list-style-type: none"> IT investment aimed at cultivating new client contact points, acquiring and utilizing client information
Securities	<ul style="list-style-type: none"> Impact from global markets in line with future overseas political conditions 	<ul style="list-style-type: none"> Response to regulatory changes and investment appetite for asset formation in retail segment
Credit	—	<ul style="list-style-type: none"> Cost-reduction projects, IT investment in topline improvement measures
Cooperative Financial Institutions	<ul style="list-style-type: none"> Curtailed IT investment due to challenging management environment 	<ul style="list-style-type: none"> Investment in IT strategic domains
Financial Infrastructure and Financial Networks	—	<ul style="list-style-type: none"> Increased needs for advanced settlement IT investment aimed at 24-hour, 365-days-a-year support

Performance in Fiscal 2016

Net sales were ¥518.0 billion (1.1% decrease compared to the previous fiscal year) due to a reactionary decline in large-scale projects in the previous fiscal year despite the expansion of businesses for banks.

Operating income was ¥42.3 billion (32.5% increase compared to the previous fiscal year) due to a decrease in unprofitable projects, and the improvement in cost rate mainly attributable to a decrease in depreciation and amortization.

Strategy for Fiscal 2017

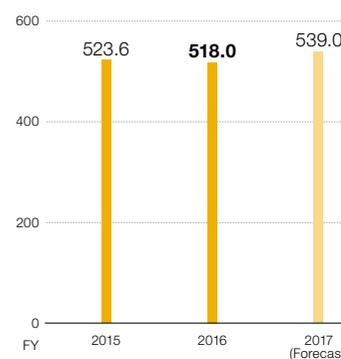
We aim to grow by expanding businesses with the background of our clients' environmental changes such as increased needs for advanced settlement systems in domestic and overseas markets, creating new services at the timing of technological innovations and easing of regulation, new change in services for integrated services for banks and securities companies, and accelerated overseas advancement by major financial institutions.

Forecast for Fiscal 2017

Net sales are projected to be ¥539.0 billion (¥479.0 billion sales to outside clients) which is a ¥20.9 billion increase compared to fiscal 2016, and operating income is expected to amount to ¥44.0 billion, which is a ¥1.6 billion increase compared to fiscal 2016.

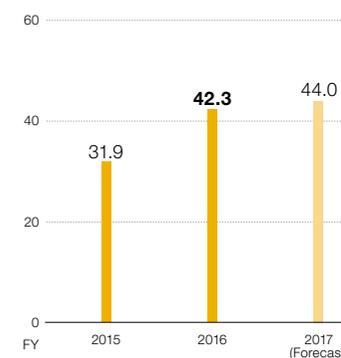
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Game-Changing Approach

Expanded the Number of Banks Using Our Core System for Financial Institutions Based on "BeSTA"

We expanded the number of banks using our core system for financial institutions, mainly regional banks and second-tier banks, based on NTT DATA's standard banking application "BeSTA." This system meets conditions required for the business strategies of participating banks, including future potential, progressiveness, expandability, and flexibility, and has a strong reputation for NTT DATA's achievements in core system operation. Going forward, we will expand and upgrade BeSTA-based advanced functionality and offer optimal solutions to a wide range of financial institutions as we further promote the expansion of this system to other banks. We also collaborate with venture companies and regional banks in utilizing the BeSTA FinTech Lab with the aim of creating new financial-related services and accelerating open innovation efforts.



BeSTA: BeSTA is a registered trademark of NTT DATA Corporation in JAPAN.

Enterprise & Solutions Segment

Providing high-value-added IT services that support business activities in the manufacturing, logistics and retail, and service industries as well as credit card and other payment services and platform solutions linked to each industry's IT services



Shigeki Yamaguchi
Director and Executive Vice President
Responsible for Enterprise & Solutions Segment

NTT DATA's rank among IT service vendors in the enterprise market: **4th***

* Gartner "Market Share: IT Services, 2016" 19 April 2017
Enterprise = Transportation, Utilities, Wholesale Trade, Communications, Media & Services, Manufacturing & Natural Resources, Retail, based on vendor revenue in 2016 IT service market
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Business Environment

	Threats	Opportunities
Retail, Logistics, Payment, and Other Service Industry	<ul style="list-style-type: none"> Loss of NTT DATA market share due to rapid changes in logistics and retail business models Entry of new players such as Apple in the settlement market 	<ul style="list-style-type: none"> IT investment demand aimed at expanding sales through enhanced client contact points using "digital" Expanded settlement methods and need for inbound tourism support functionality
Manufacturing Industry	<ul style="list-style-type: none"> Reduced IT investment due to worsening management environment in line with intensified global competition 	<ul style="list-style-type: none"> Core system, ERP reconstruction, corporate group integration needs Comprehensive supply chain visualization, rationalization, and sophistication aimed at enhancing global competitiveness IT investment in digital domains using IoT and AI
Network Services, Data Center Services, Cloud Services, and Digital Services	<ul style="list-style-type: none"> Network commoditization Intensified competition among cloud providers 	<ul style="list-style-type: none"> Demands for global base linking networks Expanding hybrid / multi-cloud needs Business innovations demanding use of "digital"

Performance in Fiscal 2016

Net sales were ¥425.6 billion (8.6% increase compared to the previous fiscal year) mainly due to the expansion of businesses especially for the manufacturing industry and digital-related businesses.

Operating income came to ¥36.3 billion (11.4% increase compared to the previous fiscal year) due mainly to the growth in sales.

Strategy for Fiscal 2017

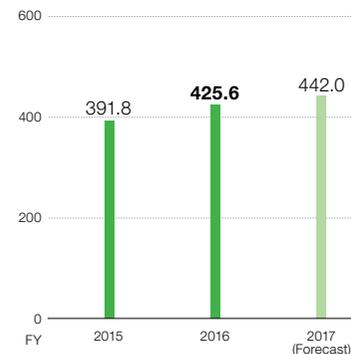
We aim for business expansion as a business partner that works with clients such as retailers, distributors, service providers, and manufacturers that are actively promoting IT investment in response to the changes in value chains brought about by digitization and global development. We are addressing those problems by utilizing our advantages in the areas of enterprise and solutions that correspond to these clients' needs.

Forecast for Fiscal 2017

Net sales are expected to total ¥442.0 billion (¥313.0 billion in sales to outside clients) which is a ¥16.3 billion increase compared to fiscal 2016, and operating income is projected to be ¥37.0 billion, which is a ¥0.6 billion increase compared to fiscal 2016.

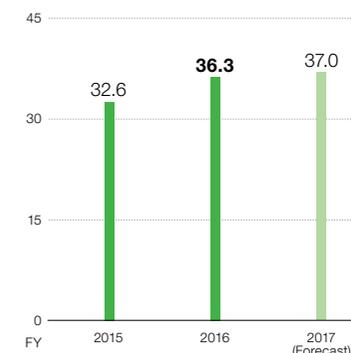
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Game-Changing Approach

Digital Business Initiatives

NTT DATA promotes the provision of various services and technological support as a business partner to its clients who are taking on the challenge of new initiatives using digital technologies.

• Collaboration with FANUC in the Smart Factory Sector

NTT DATA participated as an application developer of the FIELD system* open platform to help realize the smart manufacturing facilities promoted by FANUC Corporation. NTT DATA leverages its abundance of data analysis technologies and expertise in a wide range of businesses to support open innovations for clients using the FIELD system.

* The FIELD system is an IoT platform for the manufacturing industry jointly developed by Cisco Systems (U.S.), Rockwell Automation (U.S.), Preferred Networks (Japan), and the NTT Group.

• Collaboration Agreement with Toyota in the Connected Car Sector

The Toyota Motor Corporation and the NTT Group began collaborating on technological development, verification, and standardization in the connected car sector. In the future, we intend to cultivate the IoT platform development business based on the technologies and knowledge obtained through this collaboration.

Global Segment

Providing high-value-added IT services globally in overseas regions and on a cross-regional basis

Among the 10 largest IT service markets by country, NTT DATA market share is within the top 10 in: **3 countries** (Germany, Spain, and Italy except Japan)*

* Gartner "Market Share: IT Services, 2016" 19 April 2017
Based on vendor revenue in 2016 IT service market

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Kazuhiro Nishihata
Representative Director and
Senior Executive Vice President
Responsible for Global Segment

Business Environment

	Threats	Opportunities
Americas	<ul style="list-style-type: none"> Subdued corporate investment sentiment due to fiscal policy issues and other future uncertainties in the United States Lackluster economic recovery in Latin America 	<ul style="list-style-type: none"> Investment in digital business, intelligent automation, service optimizations, and innovations Sustained appetite for IT investment contributing to operational standardization, rationalization, and cost reductions
EMEA	<ul style="list-style-type: none"> Worsening corporate sentiment in line with future uncertainties related to Brexit 	<ul style="list-style-type: none"> Gradual economic recovery of mainly domestic demand Solid performance in IT services markets
Asia-Oceania	<ul style="list-style-type: none"> Regulatory tightening regulations in China 	<ul style="list-style-type: none"> Growing demand for IT services in response to conditions in each country, including AI, IoT, and other advanced technologies in developed countries, innovative services using IT in advanced ASEAN nations, and digital-related investments in China

Performance in Fiscal 2016

Net sales were ¥603.3 billion (16.1% increase compared to the previous fiscal year) due to the acquisition of the former Dell Services in North America, and the unification of accounting periods of European subsidiaries and the expansion of businesses, etc., despite the impact of a decrease due to foreign exchange.

Operating income without goodwill amortization totaled ¥13.6 billion (7.5% increase compared to the previous fiscal year) due to contribution by the former Dell Services acquisition to the increase in profit as well as the improvement of profitability of European subsidiaries, despite the advisory expenses associated with the acquisition of the former Dell Services and others in North America. Operating loss was ¥3.3 billion (no comparison with the previous fiscal year).

Strategy for Fiscal 2017

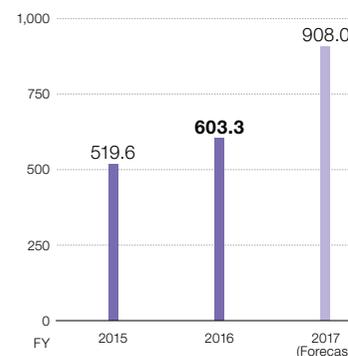
We aim to further improve of our local presence by globally cooperating with our Group companies including the newly joined former Dell Services, and also by improving the service provision capability especially in new areas such as in digital industries, and gathering each of our Group companies' strength and resource, with the promotion of M&A strategies.

Forecast for Fiscal 2017

Net sales are expected to amount ¥908.0 billion (¥891.0 billion in sales to outside clients), which is ¥304.6 billion sales increase compared to fiscal 2016. Operating income without goodwill amortization is expected to be ¥29.0 billion which is a ¥15.3 billion increase compared to fiscal 2016, and operating income is projected to be ¥5.0 billion, which is an ¥8.3 billion increase compared to fiscal 2016.

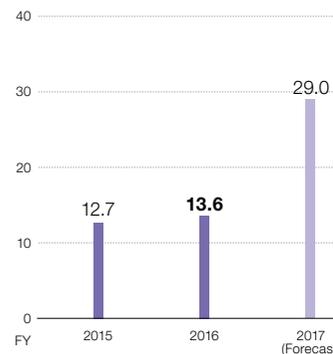
Net Sales

(Billions of yen)



Operating Income (w/o Goodwill Amortization)

(Billions of yen)



Game-Changing Approach

Order Received for Operation of "myki" Smartcard Ticketing System

U.S. subsidiary NTT DATA, Inc., (now NTT DATA Services) concluded an agreement with the Government of Victoria in Australia and Public Transport Victoria, under which it will operate the myki smartcard ticketing system for seven years, with services launched in January 2017.



Management Resources

In addition to a sound financial foundation, the competitive strength and sustainability of the NTT DATA business model is supported by a variety of non-financial capital accumulated over many years. We aim to sustainably enhance corporate value by maintaining and enhancing these management resources while promoting growth strategies.

Important Management Resources for Value Creation

Financial Capital Enhancement

▷ P.30 Financial and Capital Strategy



Realization of Synergistic Enhancement



Non-Financial Capital Enhancement

Reasons for positioning as important management resources

Client Base



1 NTT DATA's solid client base enables it to develop close, long-term relationships with clients and provide IT services carefully tailored to meet their diverse needs and the problems they face. In this way, the Company fulfills its mission of being a business partner that collaborates in the creation of business.

2 Establish a solid client foundation over the long term, accumulating expertise and technologies related to clients and industries to create new business and become the source that leads to the successful cultivation of new markets.

3 Expand the number of clients with whom we have strong relationships over the long term, enabling support for the various needs of clients and the stabilization of earnings.

Partners



1 Based on the "Clients First" concept, we must incorporate a wide range of excellent products and technologies from global partners to realize the provision of optimal services to clients.

2 To provide flexible and advanced services in line with client needs, we must collaborate when necessary with global IT companies.

3 Positive relationships with partners enable us to realize effective cost management and the creation of stable and flexible delivery structures.

Human Resources and Organizational Capabilities



1 Highly professional human resources endowed with project management capabilities able to realize the provision of flexible services are essential for meeting changing client needs using world-class advanced development and operational methods.

2 Diverse and talented human resources are indispensable for ongoing innovation and grasping client needs and technological trends in the IT industry, remarkable for its technological advancements.

3 Bases and human resources in multiple countries and regions facilitate worldwide client support and enables differentiation.

4 Client business know-how and application expertise gained through long-term relationships accumulated among people and organizations.

5 People and organizations realize ongoing value creation through a shared corporate philosophy and values.

Technology



1 The foundation for proposing optimized solutions to clients

2 Technology trends, analysis, and future outlook (NTT DATA Technology Foresight) representative of innovation management promotes the co-creation of business with clients and enhances our competitive edge.

3 Enhance NTT DATA competitiveness through ownership and use of intellectual properties.

4 Production technology innovations that shorten delivery times enable us to break free from labor-intensive industries, and heighten competitiveness.

Brand



1 Strong brand power through increased awareness and the provision of high added value is essential to increase local presence overseas, a core theme of the Medium-Term Management Plan.

2 To further enhance presence, we must expand awareness of NTT DATA as an innovative corporation.

3 In addition to business characteristics such as providing IT services with intangible value and building systems to support social infrastructure, reputation and confidence are important from the clients' perspective.

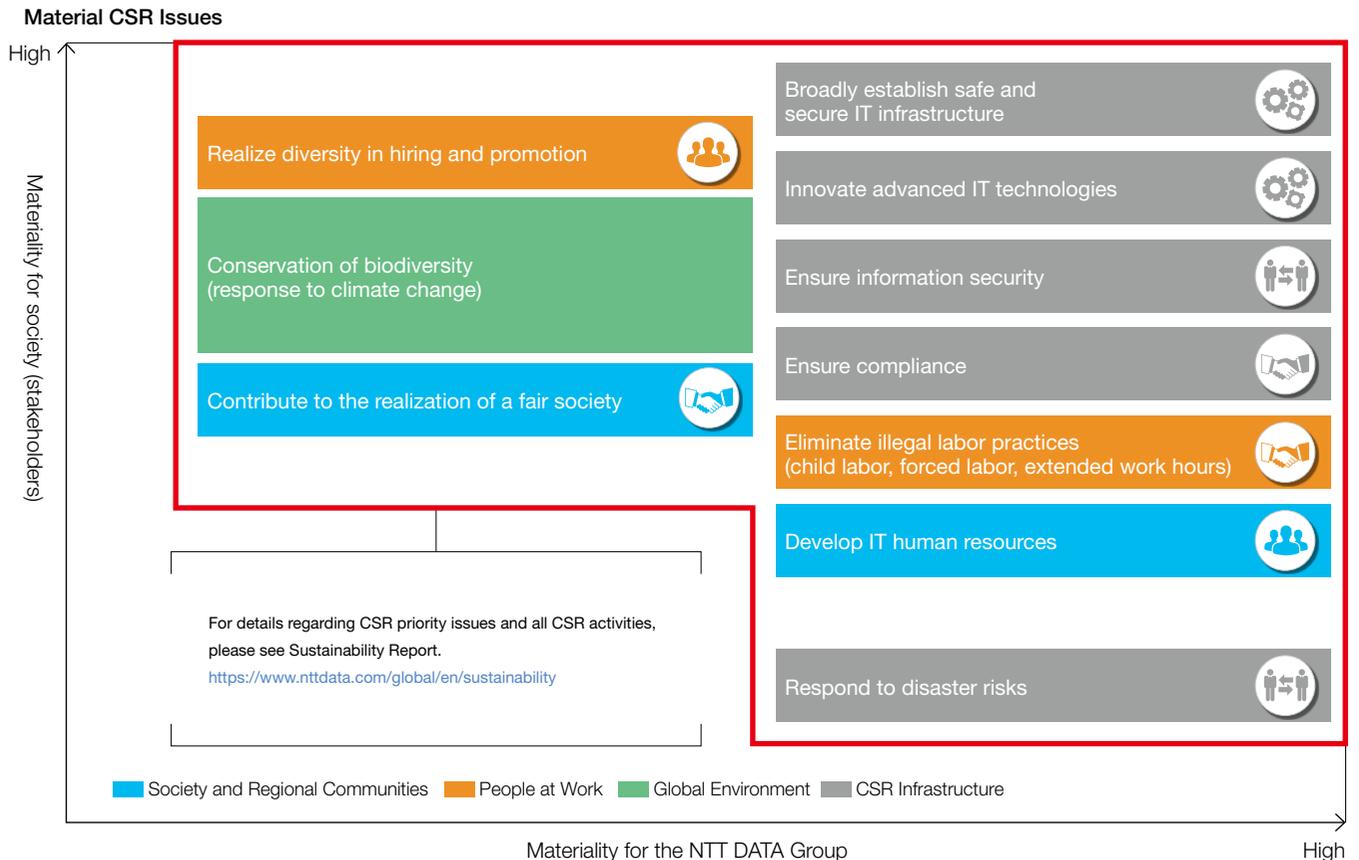
4 The loss of social trust will affect all business operations, including economic losses and talent acquisition.

Regarding the ideal state of management resources, see [P.11](#)



Relationship between CSR Priority Issues (Materiality) / SDG Objectives and Management Resources

To enhance the efficacy of activities in line with the NTT DATA Group's core CSR themes of "Society and Regional Communities," "People at Work," and "the Global Environment," we identify priority issues that should be focused on in line with the importance analysis process based on the Global Reporting Initiative (GRI) Guidelines. Efforts aimed at resolving CSR priority issues support the long-term sustainable improvement of corporate value through the enhancement of management resources.



The NTT DATA Group's CSR activities are related to several of the 17 Sustainable Development Goals (SDGs). We will contribute to the SDGs through "business activities in line with the three core CSR themes and CSR priority issues."

Material CSR Challenges	Main SDGs
Paradigms for society and regional communities	9 (Quality Infrastructure), 11 (Sustainable Cities and Communities), 17 (Partnerships for the Goals)
Paradigms for people at work	5 (Gender Equality), 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities)
Paradigms for the global environment	7 (Affordable and Clean Energy), 13 (Climate Action), 15 (Life on Land)
Foundation supporting CSR	9 (Quality Infrastructure), 11 (Sustainable Cities and Communities), 17 (Partnerships for the Goals)

Third-Party Evaluation (As of September 2017)

NTT DATA is evaluated by domestic and overseas research agencies. Going forward, we will continue efforts to enhance our disclosure of ESG-related information.





Client Base

For NTT DATA, in addition to enhancing business stability and accumulating industry knowledge, we emphasize long-term relationships with clients. We will deepen our connection to clients in global markets by pursuing a “Clients First” policy.

Clients with Annual Sales of ¥5.0 Billion or More (Japan) or US\$50 Million or More (Outside Japan)

FY2011
36



FY2016
62

Orders Backlog

FY2011

¥1,131.9 billion



FY2016

¥2,411.3 billion

Policies for Strengthening Management Resources

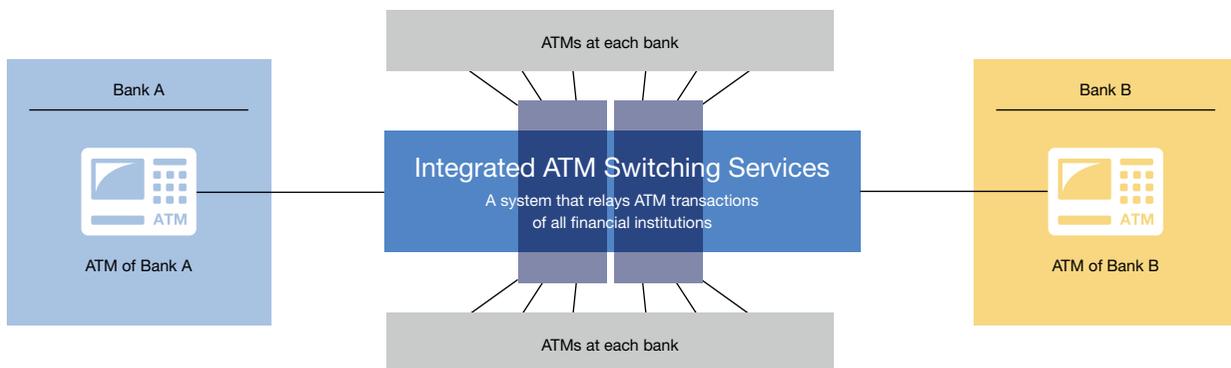
System Construction Achievements Supporting Social Infrastructure

NTT DATA offers services comprising the infrastructure supporting society, finance, and the economy. For example, integrated ATM switching services realize linked transactions between major banks and regional banks, providing the only service in Japan able to support transactions among regional financial institutions with individual alliances across business categories, online banks, financial institutions operating under holding companies, services that have been provided since 2004. Through

these system construction achievements, NTT DATA builds strong relationships with numerous customers over the long term, which is our strength.

In addition, through our social infrastructure support business, we provide a variety of value to both clients and society. Our integrated ATM switching services for financial institutions enable card-holding bank customers to use these cards to withdraw cash at nearly all ATMs in Japan, from Hokkaido to Okinawa.

Integrated ATM Switching Services



Creating New Businesses with Clients through Open Innovation

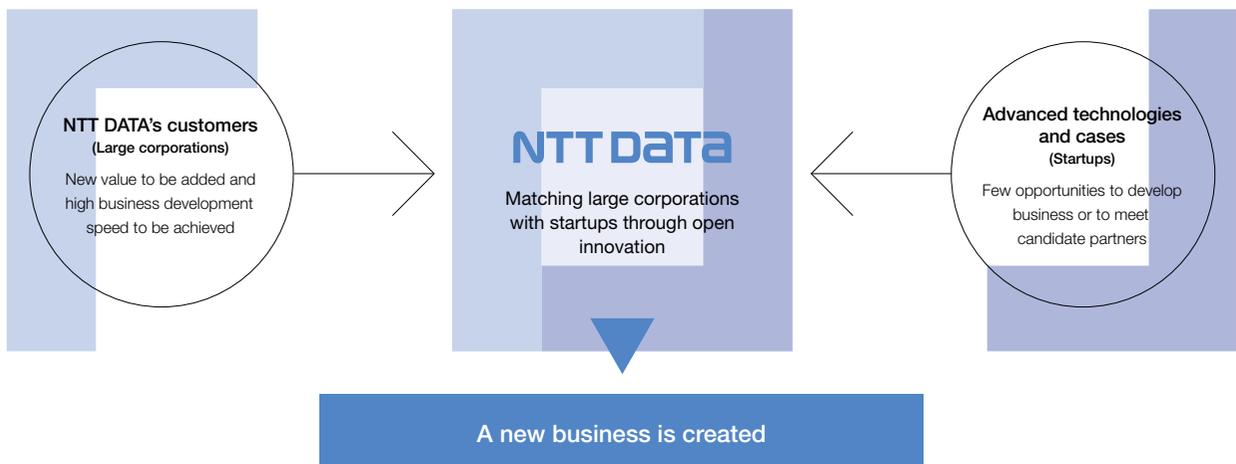
In the “*Toyosu no Minato kara*” (“From the Port of Toyosu”) open innovation program, since 2013, we have worked to combine leading-edge technologies and business models at a global level with client businesses. In this way, we are creating new businesses that are win-win-win: for clients, venture companies, and ourselves.

By promoting open innovation, we are accumulating unique resources and expertise, including a global network of business contests in 15 of the world’s cities, a community of more than

4,000 forum participants, and an in-house working group comprising 700 people.

Leveraging these resources, we support individual clients’ efforts to create new businesses through our digital corporate acceleration program, or “DCAP.” In such ways, we are working to create business that change the world through open innovation with clients as their business partners.

Concept Map



Organizational Composition Based on Industry

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

On July 1, 2017, we transferred the Global Accounts (global client company support) function within the Global Business Sector and the offering of shared solutions and other global

cross-functionality to the newly established Global Marketing Division as a Head Office organization. This transition to a Head Office organization creates an entity able to provide smooth global cross-functionality not only overseas but also for the entire NTT DATA Group in Japan, while strengthening our structure. We will further promote regional alliances at the global level.



Human Resources and Organizational Capabilities

In the IT industry, remarkable for its technological advancements, diverse and talented human resources are indispensable for ongoing innovation and ascertaining client needs and technological trends. We aim to increase the number of diverse and sophisticated human resources to drive global business, our game-changing approach, and technological innovation.

Employees

More than **110,000**

SAP consultants

More than **10,000**

Worldwide offshore and near-shore development personnel

More than **30,000**

Policies for Strengthening Management Resources

Employment

Ongoing Retention of Talented Human Resources

In our hiring practices, we prioritize aptitude, motivation, and ability over academic record, age, gender, and nationality. In recent years, we have proactively implemented hackathons and other events to attract technical-minded human resources. To become a Global IT Innovator, we hire foreign students from approximately 10 different countries in Japan each year, while building strong relationships with universities, utilizing social

media, and engaging in other efforts in countries and regions outside Japan to recruit human resources using methods appropriate for the labor markets in each country. As we provide work environments that enable the maximization of skills as well as development and other training programs, we are positioned among the top IT companies ranked according to popular places to work.

Development

Selected for the Good Career Company Awards

NTT DATA human resource development establishes a career plan tailored to individual employee specifications, facilitating the development of a diverse array of human resources through various development programs. In recognition of these efforts, we received the Good Career Company Awards 2016 Grand Prize from the Minister of Health, Labour and Welfare.



Good Career Company Awards
2016 ceremony

Provision of Various Development Programs Supporting Employee Skills Development

NTT DATA offers business training to facilitate business skill improvement and technical training to boost specialized expertise, with employees free to select courses attuned to their position and job assignment when needed.

We attempt to improve skills through mentoring and certification ratings by highly professional employees across the organization according to development plans from an organizational perspective and the professionalism of individual employees.

Developing Professional Human Resources

NTT DATA introduced the Professional Career Development Program (CDP), a proprietary human resource development program that in fiscal 2016 certified 1,900 employees in accordance with 10 types and four levels of human resources. This program has certified a cumulative total of more than 12,800 employees. We monitor the increase in certification numbers and certification level improvements, which is linked to appropriate skills development management.

We also promote innovative human resource development through activities including open innovation business creation and diverse professional human resource development that includes cutting-edge AI and IoT domains.

In addition to training approximately 4,000 security professionals throughout the NTT DATA Group, we develop a large number of sharp human resources in a variety of domains.

The Diversity of Sharp Human Resources in the NTT DATA Group

- NTT DATA Mathematical Systems:
Data analysis / mathematical professionals
(includes development of AI and IoT algorithms)
- NTT DATA Intellink Corporation:
Advanced professional services in the system platform area
- NTT DATA Global Solutions:
Global SAP integration

Human Resources Able to Actively Participate in Global Markets

To develop industry-ready global human resources, we provide opportunities for international business exchanges targeting employees, from management to younger employees, as well as opportunities to improve global business skills. A cumulative total of 190 employees have participated in the Global Leadership Program, a discussion forum for executive trainees from around the world. A total of 270 employees have participated in joint training in Europe and Japan, and a total of 85 employees have participated in Japan-APAC-China joint training targeting next-generation global leaders. We also provide a variety of growth opportunities, including the Readiness Drive program for inculcating global response capabilities targeting young employees who want to take on the challenges of international business.



Global Leadership Program

Diversity

NTT DATA recognizes diversity and inclusion as a management strategy for global competitiveness and promotes active participation by diverse human resources and workstyle innovations. Since fiscal 2012, we have focused efforts on promoting active participation by women and optimizing overall work hours through innovative workstyles. In accordance with the passage of the Act on Promotion of Women's Participation and Advancement in the Workplace, NTT DATA formulated and announced the General Enterprise Action Plan (April 1, 2016–March 31, 2021), and is engaged in the achievement of these objectives.

Women's Initiative

At the May 2017 Global Summit of Women held in Japan, the Managing Director and CFO from NTT DATA Germany gave a speech. As this summit was an opportunity for female leaders from NTT DATA Group companies throughout the world to gather together, we held The 1st Global Meeting of Women's Initiative @ NTT DATA, a workshop promoting the active participation of women.

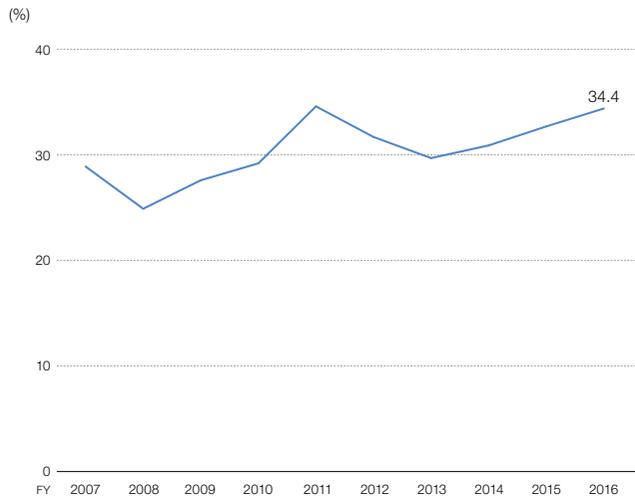
Initiatives Related to LGBT and Gender Minorities

Our Global Compliance Policy stipulates that we "respect human rights and will not discriminate based on gender, nationality, belief, or religion." NTT DATA continually implements human rights awareness and other activities while also promoting initiatives including the development of system administration and training for staff in personnel, general affairs, and recruiting. In recognition of these efforts, we received a Silver ranking in Pride Index 2016, Japan's only rating index administered by private organization work with Pride.

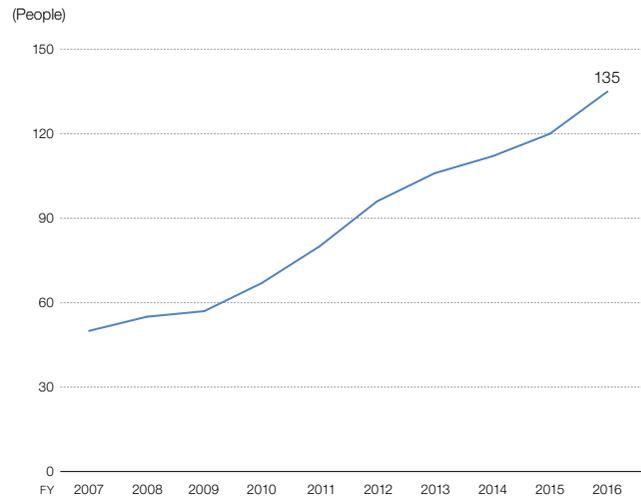
Quantitative Diversity Targets

- Target 1** Continue to aim for a female employment rate of over 30% by the end of fiscal 2020
 - ▶ Maintained at more than 30% over the last 10 years ⊙P.50
- Target 2** Overall hours worked by the end of fiscal 2018
Aim for average hours worked per employee of 1,890 hours per year
 - ▶ The initiative, which has been promoted since 2013, already reduced the average hours worked per employee to 1,910 hours in fiscal 2016 ⊙P.50
- Target 3** Aim for 200 or more female managers by the end of fiscal 2020
 - ▶ Added 19 female managers compared to the previous year, for a total of 143 female managers ⊙P.50
(Applicable number of enrolled managers, but excludes Target 4 employees)
- Target 4** Aim for 10 or more female senior managers (Directors, organizational heads, etc.) by the end of fiscal 2020
 - ▶ Currently, there are seven female senior managers

Ratio of Women Among New-Graduate Hires



Number of Female Managers



Efforts toward Workstyle Innovations

Approach to Workstyle Innovations

The reduction of long working hours has been an issue in the IT industry for many years. NTT DATA is engaged in workstyle innovations based on the idea that, in order to maintain sustainable growth, diverse human resources demonstrate more flexible, richer inventiveness and dynamism when working within a limited time frame, thus we must provide working environments that create new value and innovation.

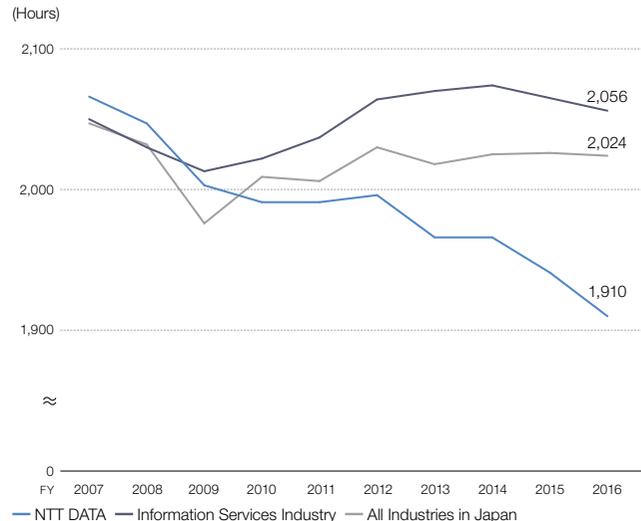
Results from Reduction of Total Working Hours

As a result of long-term ongoing efforts, we achieved reductions from 2,066 hours worked per employee in fiscal 2007 to 1,910 hours worked per employee in fiscal 2016. This level is far below the average for Japanese companies in other industries as well as IT, where working hours tend to be long.

Initiatives to Reduce Total Working Hours

Since fiscal 2013, we have thoroughly managed working hours by recording computer log on and log off times, setting reduction targets as key performance indicators (KPIs) for total working hours by all employees including management, and promoted other measures at each workplace. In addition to incorporating the degree of achievement of these objectives in a portion of organizational evaluations, management personnel including senior management make ongoing commitments and we promote Companywide initiatives to eliminate total working hours through the mutual sharing of ingenuity in the workplace and other stimulating activities.

Trends in Annual Working Hours per Employee



Source: Proprietary data / Japan Information Technology Services Industry Association basic statistical survey report / Ministry of Health, Labour and Welfare Monthly Labour Statistical Survey

Paid Vacation Utilization Rate

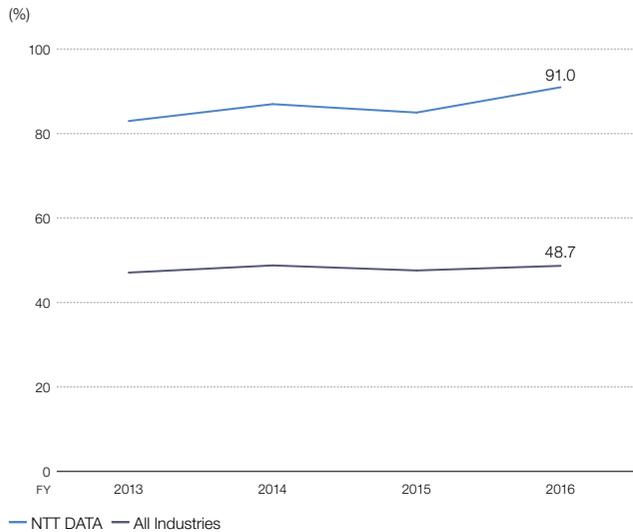
To promote a work-life balance among employees, NTT DATA encourages employees to take advantage of its refreshment leave*1 and anniversary leave*2 systems. As a company participating in the Ministry of Land, Infrastructure, Transport and Tourism's Positive Off initiative, NTT DATA conducts initiatives encouraging all employees, including management, to plan and take vacations during summer breaks and year-end holidays, and use the refreshment leave system. We also designate certain office floors

off limits for a day in each organization and encourage flexible workstyles with time off, common spaces, and telework.

*1 Refreshment leave: When a work milestone is achieved, employees can take more than five consecutive days of vacation by combining leave days with national holidays.

*2 Anniversary leave: Employees decide their own anniversary date and plan to take vacations every year on this anniversary.

Paid Vacation Utilization Rate



Source: Proprietary data / Ministry of Health, Labour and Welfare

Promoting Flexible Workstyles

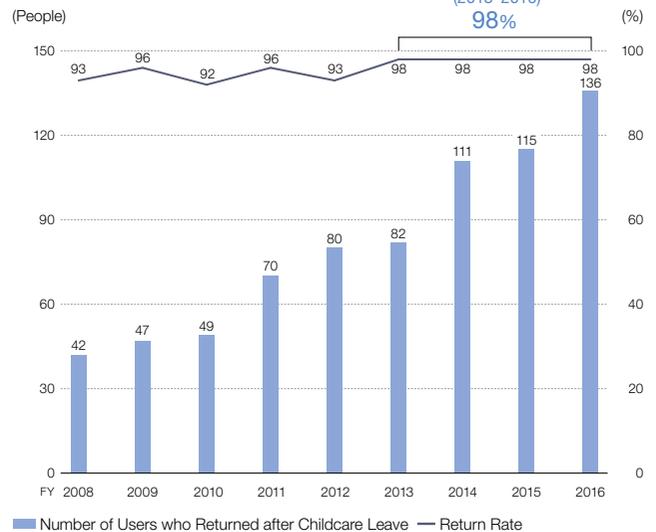
Telework was introduced as one specific workstyle aimed at achieving workstyle innovation that is utilized by approximately 70% of employees. In 2016, in recognition of our introduction and utilization of telework, NTT DATA was selected as one of the Top 100 Telework Pioneers by the Ministry of Internal Affairs and Communications. In addition, infrastructure environments such as discretionary work and flextime systems, teleconferencing, and voice conference are provided to pursue a flexible way of working that is not dependent on time and place. NTT DATA Integrated Development Cloud, which stores operational system development environments in the cloud, offers shortened delivery times and other efficiencies, as well as contributes to the flexible workstyle of development personnel by enabling development work to be conducted via telework.

- During FY2017 Telework Day (July 24, 2017), 80% of all employees participated in telework activities. (In addition to 3,000 teleworkers, includes those who commuted at different times to avoid crowds as well as those on paid vacation.)

Enhancing Childcare and Nursing Care Systems

To help employees balance childbearing and rearing, nursing care, and work responsibilities with less worry, the NTT DATA Group is enhancing its leave systems while increasing employee understanding and improving the workplace environment, making these systems easier to use. Our Childcare System includes Egg Garden™, an in-house daycare facility. These and other proactive efforts earned the Company a Ministry of Health, Labour and Welfare Kurumin Next-Generation Certification Mark in 2008. In August 2015, we received a new Kurumin Mark. Regarding our Nursing Care System, since 2011 we have enabled employees to use remote nursing care support services provided by the NPO Umi wo Koeru Care no Te to directly support employees engaged in nursing care.

Childcare Leave Users / Return Rate



Organizational Capabilities

Embodiment of Values

Initiatives to Inculcate Our Group Vision

The NTT DATA Group strives to share the values that express the principles we cherish to realize our Group Vision. Specifically, these efforts include Values Week, held annually in May to commemorate our founding, and other events that facilitate discussions pertaining to our values. In fiscal 2016, about 13,000 employees from over 60 cities in approximately 20 countries and regions participated in these activities.



Technology

Recognizing that foresight is a value provided by NTT DATA, we strive to maintain and enhance technologies that are important management resources, including operational know-how accumulated over long-term client relationships, advanced development and operating methods, and a variety of research results.

Leading the big data era as a Hadoop developer company

4th worldwide

NTT Group Received the OpenStack Superuser Award from the OpenStack Foundation

Policies for Strengthening Management Resources

Global Methodology and Integrated Development Cloud

Global Integration of Group Development Methodologies

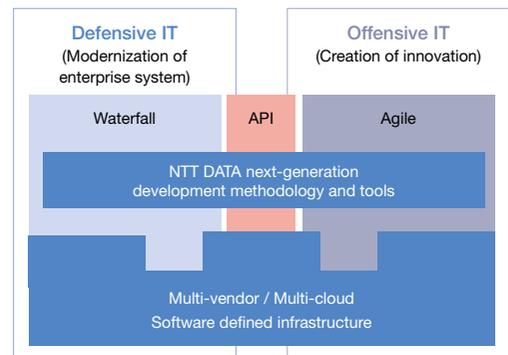
In recent years, we are seeing an increasing number of projects where the systems are developed at multiple global bases, especially among clients who have expanded their business globally. For this reason, the Group has integrated its system development methodologies used in Japan and at overseas Group companies, as well as its project management methodologies, in all countries throughout the world. As a result, this enables the provision of services at a consistently high standard and the execution of projects using the same concepts and terminology without conflict at each Group company around the world. In addition, this will enable the effective use of human resources and development knowledge, which we believe will lead to further realization of global synergies.

Group Development Environment Integration with the Integrated Development Cloud

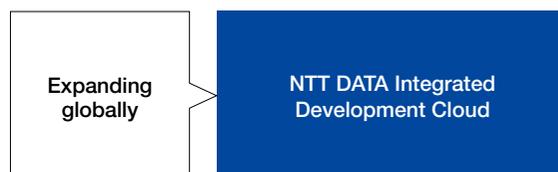
In addition to “defensive IT” that makes existing business and operational processes more efficient, there is a demand for the support of “offensive IT” that creates new businesses utilizing new technologies including FinTech, SNS, AI, and IoT and the seamless linkage between both. To meet these needs, NTT DATA integrated its waterfall and agile models of development in a compatible system development environment in the cloud with the April 2017 launch of the integrated development cloud. As a

result, we will use this integrated development cloud to improve reusability by utilizing our IT asset API, including further improvements to development productivity and agility, as well as globally strengthening system development governance, such as security and auditing, leading to the creation of global synergies through deployment to overseas subsidiaries.

Global Methodology and Integrated Development Cloud



Available to domestic Group companies



NTT DATA Technology Foresight

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

NTT DATA conducts surveys and research on various trends, focusing on the near-future information society trends and technology trends that are expected to have a substantial influence on client businesses over the medium to long term. The findings of these activities are compiled in the NTT DATA Technology Foresight report, which is released annually. The trends described in these reports are incorporated into management strategies and utilized to co-create businesses together with clients.

We analyze political, economic, social, and technological trends and also engage in wide-ranging information collection activities and discussions that extend to NTT DATA Group companies as well as NTT R&D laboratories in Japan and overseas. These activities include interviews with external specialists in various fields. Through these activities, we have identified 60 core issues warranting particular attention in social and business fields as well as 154 groundbreaking technologies that are evolving and spreading with remarkable speed. Extrapolating from these, we have identified four information society trends and eight technology trends that we report on.

Embodiment of Values

NTT DATA Technology Trend Example Related to Precision Life Science Smart Alert Solution Using AI to Prevent Complications in Intensive Care Units

In collaboration with Virgen del Rocío University Hospital, the largest hospital in Spain, we developed a Smart Alert Solution for the intensive care unit (ICU). This solution aims to prevent complications by enabling early medical intervention. AI is used to analyze patient vital data in real-time and predict complications up to two hours before they occur. Going forward, we are also planning verification in countries other than Spain. This solution will be commercialized during fiscal 2017 and deployed from Spain, South America, and North America to hospitals in countries around the world.



NTT DATA Technology Trend Example Related to IT Infrastructure and Diversification and Services Development of Technology to Alleviate Traffic Congestion Using AI

We developed technology alleviating traffic congestion that combines camera image processing technologies and large-scale traffic simulations to predict traffic congestion and control traffic signals. Verification testing was conducted in Guiyang City, China. AI is used to optimize traffic signal settings based on traffic conditions recreated through simulations using images from traffic management cameras placed at intersections. Traffic flows at test locations improved by an average of 7% and by as much as 26%. We also confirmed an average 6.7% improvement in traffic throughput. Going forward, we will test the commercial viability of traffic alleviation simulations contributing to the realization of smart cities throughout the world.



Utilizing the R&D Accomplishments of NTT Laboratories

Based on the idea that NTT R&D will contribute to the development of society, industry, and academia by creating world-leading technologies, approximately 2,500 researchers are engaged in a wide variety of research, from basic research to

R&D, in support of business development by operating companies. NTT DATA uses the accomplishments of these leading-edge R&D efforts to create businesses.

Embodiment of Values

Resolving Social Issues Using a Cloud Robotics Platform Equipped with NTT Group AI Technology corevo

Going forward, Japan is expected to experience a shortage of nursing caregivers and an increase in home nursing care. To resolve these social issues, NTT DATA and EnviroLife Research Institute Co., Ltd., began verification testing of a communication robot for homebound seniors in May 2017. This verification testing used a cloud robotics platform equipped with NTT Group AI technology corevo and Vstone Co., Ltd., communication robot Sota to provide interactive services using a robot. We are examining the impact promoting conversations with seniors has on lifestyle improvement.

Going forward, we will promote product development using communication robots to improve senior lifestyles and alleviate burdens on other family members and nursing care staff and intend to commercialize this product during fiscal 2017.

corevo: corevo is a registered trademark of NIPPON TELEGRAPH AND TELEPHONE CORPORATION in Japan and the EU.
Sota: Sota is a trademark of Vstone Co., Ltd., in Japan.





Brand

The NTT DATA brand is an extremely critical management resource that enables the acquisition of new business opportunities in global markets and increases profitability. Based on our corporate philosophy, we attempt to enhance brand power through the creation and stable operation of highly reliable systems that support social infrastructure while achieving results in global markets.

Global IT service ranking (Net sales)

9th

CMMI certification*

Level 5
(the highest level)

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

Policies for Strengthening Management Resources

Toward the Establishment of a Global Brand

Under the current Medium-Term Management Plan (fiscal 2016–2018), we are promoting initiatives aimed at establishing a global brand centered on the goal of increasing our local presence (☉ P. 25 Strategy). In fiscal 2016, we realized a greater presence in eight countries including the United States, Germany, Italy, and China. In particular, in the United States, which is the world's largest market, with the acquisition of the former Dell Services we made significant progress towards our target of a 2% share in each market. In addition to M&As and accumulated achievements through business activities, we are making an effort to promote our brand from a variety of angles, such as participation in the IndyCar Series including the Indianapolis 500, as well as sponsorship of The British Open Golf Championship and other events.



Embodiment of Values

Participation at CeBIT 2017, an IT Business Trade Fair on a Global Scale

NTT Group companies collaborated to present the NTT Group booth at CeBIT 2017, the world's largest exhibition dedicated to the IT business, which was held in Hanover, Germany. Our booth was visited by Japan Prime Minister Shinzo Abe and Germany Chancellor Angela Merkel.

In addition to displaying a variety of products utilizing cutting-edge technologies, including the "Sota" communication robot and "AW3D global digital 3D map," President Iwamoto gave the keynote address at the CeBIT Global Conference.

Sota: Sota is a trademark of Vstone Co., Ltd., in Japan.
AW3D: AW3D is a registered trademark of NTT DATA Corporation in Japan, the United States, and the EU.





Partners

At NTT DATA, we pursue “Clients First” as one of our values, and strive to emphasize and deepen relationships with partners providing services, products, and research results supporting our provision of optimal services to clients.

Number of companies certified under the business partner system

146*

* As of March 31, 2017

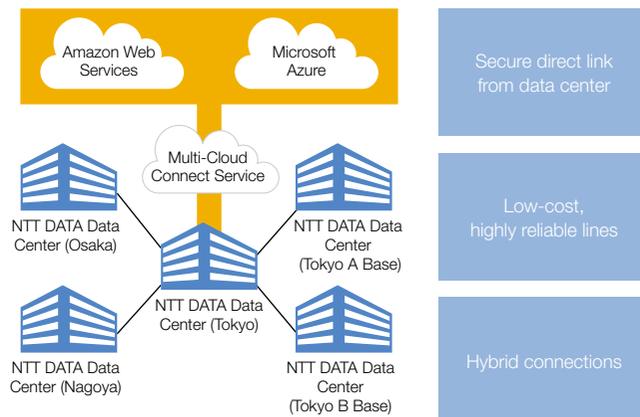
Global Services Partnership concluded with SAP SE
NTT DATA Group the first Asian company to be an SAP service partner

Policies for Strengthening Management Resources

Collaborations with Global IT Companies

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

Multi-Cloud Connect Service



Supply Chain Management (Business Partner System)

Responding to Human Resource Shortages and Contributing to Improved Competitiveness

NTT DATA conducts spending analyses related to outsourced transactions to accurately ascertain and manage its supply chain. Regarding outsourced software, the business partner system was established to evaluate management conditions from a variety of angles, with excellent companies being accredited as business partner or associate partner companies. NTT DATA conducts mutual evaluations and interviews with major business partners to improve the quality of software development as well as prevent

various contractual problems by deepening mutual understanding with key suppliers in software outsourcing. To forge sound relationships with its business partner (BP) companies, NTT DATA holds Core BP and BP Presidents' Meetings, in which people in the top position at companies participate. The development of favorable relationships with BP companies has also contributed to securing human resources and improving productivity and quality at BP companies, which in turn has led to raising the competitiveness of the supply chain as a whole.

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

(As of July 1, 2017)



Directors

1 Representative Director,
President and Chief Executive Officer

Toshio Iwamoto

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

2 Representative Director and
Senior Executive Vice President

Yo Honma

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

3 Representative Director and
Senior Executive Vice President

Eiji Ueki

- Responsible for Corporate Strategy, Human Resource Management, Finance (CFO), Investor Relations, Risk Management (CRO), Public Relations, Technology Strategy (CTO) and, Information Security (CISO)
- 1981 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
- 2013 Director, Senior Vice President and Senior Executive Manager, Second Financial Sector of NTT DATA
Director, Senior Vice President, and Senior Executive Manager, Group Strategy Headquarters of NTT DATA
- 2014 Director, Executive Vice President, and Senior Executive Manager, Group Strategy Headquarters of NTT DATA
- 2016 Representative Director and Executive Vice President of NTT DATA
- 2017 Representative Director and Senior Executive Vice President of NTT DATA (present post)

4 Representative Director and
Senior Executive Vice President

Kazuhiro Nishihata

- Responsible for Global Marketing, Americas & Europe Region, North America Segment, EMEA & LATAM Segment
- 1981 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
- 2006 President and Representative Director of NTT EUROPE LTD.
- 2015 Director, Executive Vice President, and Company President, Global Business Company of NTT DATA
- 2017 Representative Director and Senior Executive Vice President of NTT DATA (present post)

5 Director and Executive Vice President

Tsuyoshi Kitani

Head of Technology and Innovation General Headquarters

- 1983 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
- 2015 Executive Vice President, concurrently serving as Head of Technology and Innovation General Headquarters and Head of System Platforms Sectors of NTT DATA
- 2016 Director and Executive Vice President, concurrently serving as Head of Technology and Innovation General Headquarters and Head of System Engineering Headquarters of NTT DATA
- 2017 Director and Executive Vice President, concurrently serving as Head of Technology and Innovation General Headquarters of NTT DATA (present post)

6 Director and Executive Vice President

Keiichiro Yanagi

Head of HR Headquarters and ESG Promotion Department

- 1984 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
- 2009 President and Representative Director of NTT DATA Getronics Corporation
- 2013 Senior Vice President, Head of Second Financial Sector of NTT DATA
- 2016 Director and Executive Vice President, Head of General Affairs Department and Human Resources Department of NTT DATA
- 2017 Director and Executive Vice President, Head of HR Headquarters and ESG Promotion Department (present post)

7 Director and Executive Vice President

Hiroyuki Aoki

Responsible for Public & Social Infrastructure Segment

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

8 Director and Executive Vice President

Shigeki Yamaguchi

Responsible for Enterprise & Solutions Segment, China & APAC Segment

- 1984 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
- 2014 Senior Vice President, Head of Third Enterprise Sector of NTT DATA and Representative Director of NTT DATA SMS CO., LTD.
- 2015 Senior Vice President, Head of IT Services & Payments Services Sector of NTT DATA
- 2016 Executive Vice President, Head of IT Services & Payments Services Sector of NTT DATA
- 2017 Director and Executive Vice President of NTT DATA (present post)

9 Director and Executive Vice President

Tooshi Fujiwara

Responsible for Financial Segment

- 1985 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION
- 2014 Senior Vice President, Deputy Head of First Financial Sector
Senior Vice President, Head of Fourth Financial Sector
- 2015 Senior Vice President, Head of First Financial Sector
- 2017 Director and Executive Vice President of NTT DATA (present post)

10 Director

Yukio Okamoto

Outside Director*¹, Independent Director*³

- 1968 Joined the Ministry of Foreign Affairs
- 1991 Representative Director of Okamoto Associates, Inc. (present post)
- 2000 Director of Mitsubishi Materials Corporation (present post)
- 2008 Director of Nippon Yusen Kabushiki Kaisha (NYK LINE) (present post)
- 2014 Director of NTT DATA (present post)

11 Director

Eiji Hirano

Outside Director*¹, Independent Director*³

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

12 Director

Takashi Ebihara

- 1990 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION
- 2014 Executive Manager, Corporate Strategy Planning Department, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
- 2016 Vice President of Business Process Strategy Section, Technology Planning Department, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (present post)
- 2017 Director of NTT DATA (present post)



Audit & Supervisory Board Members

Standing Audit &
Supervisory Board Member

Yukio Ishijima

Outside Audit & Supervisory Board
Member*², Independent Director*³

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

Standing Audit &
Supervisory Board Member

Tetsuro Yamaguchi

Outside Audit & Supervisory Board
Member*²

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

Standing Audit &
Supervisory Board Member

Akio Nakamura

Outside Audit & Supervisory Board
Member*², Independent Director*³

1978 Joined the Ministry of Finance
2013 Registered as an attorney at law,
TANABE & PARTNERS, Special Partner
(present post)
2015 Director of Century Tokyo Leasing
Corporation (now Tokyo Century
Corporation)
2016 Standing Audit & Supervisory Board
Member of NTT DATA (present post)

Audit & Supervisory Board Member

Rieko Sato

Outside Audit & Supervisory Board
Member*², Independent Director*³

1984 Registered as an attorney at law
(present post)
1998 Partner of Ishii Law Office (present post)
2008 Corporate Auditor of GignoSystem
Japan, Incorporated (present post)
2012 Audit & Supervisory Board Member of
NTT DATA (present post)
2016 Director (audit and supervisory committee
member) of Dai-ichi Life Holdings, Inc.
(present post)

Executive Vice President

Sachihiko Okimura

Head of Third Financial Sector

Senior Vice Presidents

John McCain

Chief Executive Officer of
NTT DATA Services

Shunichi Takeuchi

Head of Telecom & Utility Business Sector

Tadashi Uhira

Head of China & APAC Sector
Chair of the Board,
NTT DATA (CHINA) Co., Ltd.
Chair of the Board,
NTT DATA (CHINA) INVESTMENT Co., Ltd.
Chair of the Board,
NTT DATA Asia Pacific Pte. Ltd.

Koji Ito

Head of North America Sector
Head of EMEA & LATAM Sector

Hisashi Matsunaga

Head of First Financial Sector

Motonobu Isoya

Head of Manufacturing IT Innovation
Sector

Shinichiro Miyake

Head of Fourth Financial Sector

Takashi Nakamura

Head of Finance Department

Shinichi Usui

Head of Public Sector 1

Tetsu Sato

President and CEO of NTT DATA Asia
Pacific Pte. Ltd.

Yutaka Sasaki

Head of Business Solutions Sector

Masanori Suzuki

Head of Second Financial Sector

Ken Tsuchihashi

Chair of the Board, NTT DATA EMEA LTD.

Hidenori Chihara

Head of Public Sector 2

Isao Arima

Head of IT Services &
Payments Services Sector

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

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

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

Messages from Independent Directors

Yukio Okamoto
Independent Director

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



Eiji Hirano
Independent Director

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



To Further Advance Globalization

The NTT DATA Group has entered an age in which we aim to earn half our profits from overseas, thus we need to carefully consider how the overall Group will integrate itself into the international community and what form that interface will take. Our market share in those countries where we have business is the result of these initiatives. As there are many excellent overseas subsidiaries in our Group and partner companies, on top of ensuring they understand our vision here in Tokyo, we must respect their independence and freedom to the fullest extent possible. However, considering the growth potential of markets, the Head Office must have a strategy for the allocation of management resources in each location. To this end, I think it would be desirable to establish a research group at the Head Office with a strong specialization in each region.

With regard to corporate governance, I think it is not enough just to simply view governance as a compliance behavior. Instead, we must see the direction of justice and ethics developing in society beyond the law and have the willness to incorporate it into our corporate philosophy.

Toward the Sustainable Growth of the NTT DATA Group

Under the banner of “Trusted Global Innovator,” the NTT DATA Group is taking on the challenge for further growth. I think this is a wonderful goal conveying strength of will. To realize this ambition, though, it is crucial to never forget that we must overcome numerous obstacles.

The founder of Microsoft, Bill Gates, famously said, “Microsoft is forever.” He then added, “In this industry, forever means five years.” His words imply the recognition that changes in IT and its applicable fields occur at an unimaginable speed.

The nature of the phenomenon known as the Fourth Industrial Revolution currently under way is said to be the arrival of a full-fledged information society. In fact, taking the smartphone as an example, we cannot help but feel that our lives are changing at a blistering pace.

Amid significant changes throughout the world, the biggest risk for the NTT DATA Group is that we ourselves do not change. As a “Trusted Global Innovator,” it is rather necessary that we have the determination to change ourselves while maintaining a flexible and courageous approach to everything we do.

FAQ

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

Question 1

What is NTT DATA's position on strategic shareholdings?

- ✔ With respect to shareholdings whose aim is for other than net investment purposes, shares in customer and business partner companies are held to enable the maintenance of relationships over the medium to long term, expand business, and create synergies. If holding shares in the issuing company results in the enhancement of NTT DATA corporate value and is thought to be linked to shareholder and investor profit, we will pursue this shareholding policy.
- ✔ Equity investments (as of March 31, 2017) held for other than net investment purposes recorded on the consolidated balance sheets amounted to ¥72,907 million, of which three issues were in excess of ¥1,000 million.
- ✔ Regarding the execution of voting rights related to strategic shareholdings, comprehensive evaluations are made in terms of whether the decision will lead to the issuing company's sustainable growth and enhanced corporate value over the medium to long term. We consider this to be linked to NTT DATA's enhanced corporate value and shareholder and investor medium- to long-term profit.

Question 2

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

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

Question 3

How is the Board of Directors evaluated?

- ✔ Self-assessments and analyses have been conducted since fiscal 2016 pertaining to the efficacy of the Board of Directors, with the aim of improving the function of the Board and enhancing corporate value. As a result, generally positive assessments have been received regarding Board of Director composition and management, which we recognize as ensuring the efficacy of the Board overall. At the same time, in light of the clarification of issues to be addressed in the future, including opinions expected to further enhance strategic discussions, we have decided to take measures such as increasing the weight of strategic discussions at the Board of Directors going forward.

Question 4

How does NTT DATA protect the interests of minority shareholders?

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

Question 5

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

- ✔ In fiscal 2016, we increased the number of outside directors from one to two to strengthen our management monitoring function.
- ✔ Audit & Supervisory Board members, all of whom are outside members, participate in Board of Directors and other important meetings. Independent from the executive officers, these members contribute to executive officers' effectiveness from the perspective of compliance with laws, regulations, and the Articles of Incorporation.



For details on our efforts, please see the Corporate Governance.
<https://www.nttdata.com/global/en/investors/corporate-governance>

Corporate Governance

Basic Policy

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

Under this management philosophy, the NTT DATA Group has set the Medium-Term Management Plan from Fiscal 2016 to Fiscal 2018, pursued business growth in regions around the world, had key principles, NTT DATA: ASCEND Rise and grow our global brand to enhance our brand value as a global brand by strengthening our local presence and using global synergy effects, and carried out the global strategy: “Game-Changing Approach” and “Breakthrough Technology.”

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

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

(1) Ensuring Transparency and Soundness in Business Management

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

CORPORATION (hereinafter referred to as “NTT”), the parent company of NTT DATA, and the companies in the NTT Group.

(2) Achievement of Appropriate and Swift Decision Making and Business Execution

Decision making at NTT DATA is carried out under the supervision of the Board of Directors in accordance with “Authority Rules,” which stipulate the responsibility and authority of the President and CEO, the Senior Executive Vice President, the Officers in charge of each segment and the Heads of each Section or Group. For smooth and swift decision making and supervision in its business operations, NTT DATA has established the “Corporate Management Committee,” which is made up of the President and CEO, the Senior Executive Vice President, Officers in charge of each segment and other Heads of important Section or Group, and has prior discussions at such “Corporate Management Committee” for effective deliberations about the items to be resolved at the Board of Directors. In addition, NTT DATA pursues appropriate and swift decision making and business execution by placing Senior Vice Presidents in charge of business execution, assigning most of the authority relating to business execution to such Senior Vice Presidents from directors, with each Section or Group executing business operations independently and responsibly in accordance with the “Organizational Regulations.”

(3) Thorough Implementation of Compliance

NTT DATA is determined to operate its business in accordance with high ethical standards as well as compliance by setting up “Global Compliance Policy,” targeted at all officers and employees of NTT DATA Group, in order to clarify its basic policy and specific behavior guidelines relating to corporate ethics. To make such business operation effective, NTT DATA considers it necessary to implement a continuous educational campaign to promote the awareness of such ethics and compliance. Therefore, it has been holding training sessions on compliance targeted at employees and conducting employees’ attitude surveys. Aiming for more openness in its corporate culture, NTT DATA has placed reception desks for “the Whistle Line,” which is cross-sectional in the Group, as an internal and external point to receive any declaration, whether anonymous or named. NTT DATA ensures that any declarer to the reception desk through “the Whistle Line” is not unfavorably treated because of his or her declaration.

Corporate Governance

Group Governance

Strengthening Group Governance by Establishing a Liaison Department for Group Companies

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

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

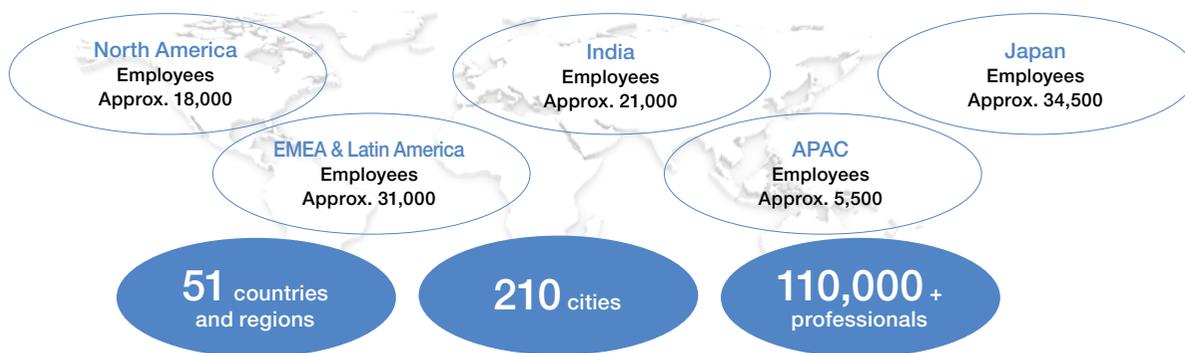
Furthermore, NTT DATA is building a governance system that enables the unified management of the Group while delegating responsibility for business management to each regional integrated company. As part of this initiative, NTT DATA is establishing nomination and compensation committees and audit committees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

In Japan, in fiscal 2013, NTT DATA increased management efficiency by beginning renewal of the common accounting system that domestic Group companies use. In fiscal 2014, NTT DATA extended introduction of the system, which encompasses approximately 70 major domestic Group companies. As a result, most domestic Group companies use a common accounting system. This enables centralized management of accounting information and the securing of internal control. Furthermore, the use of this system significantly reduces maintenance and operational burdens.

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

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

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



Strengthen collaboration among Group companies, enhance Group governance

NTT DATA Services	NTT DATA EMEA	NTT DATA APAC	NTT DATA China	everis	Business Solutions
					
John McCain	Patrizio Mapelli	Tetsu Sato	Tadashi Uhira	Benito Vázquez	Norbert Rotter
North America	EMEA & Latin America	China & APAC		EMEA & Latin America	

Risk Management

Policy

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

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

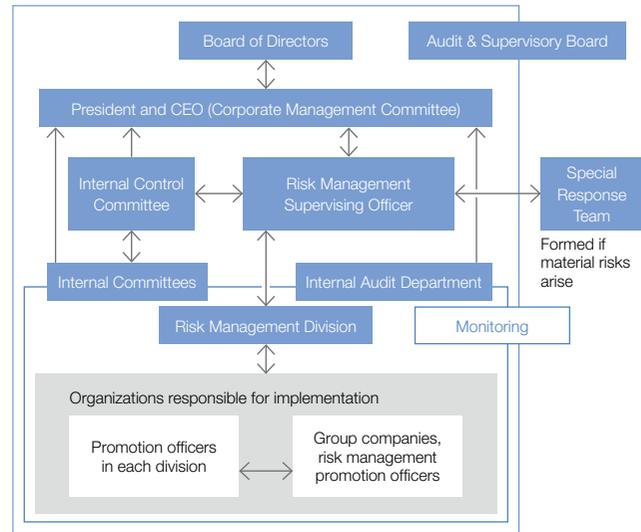
NTT DATA defines material risks, and reviews progress toward addressing these and achieving related targets, with the results of such reviews being reflected in various measures.

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

Since the NTT DATA Group provides various services worldwide to a wide range of clients and industries, each business unit has its own unique business environment. Therefore, the

Board of Directors decided to delegate considerable power to sector heads. This measure allows proper understanding of and prompt responses to risks relating to client relationships and market environments.

Risk Management Structure



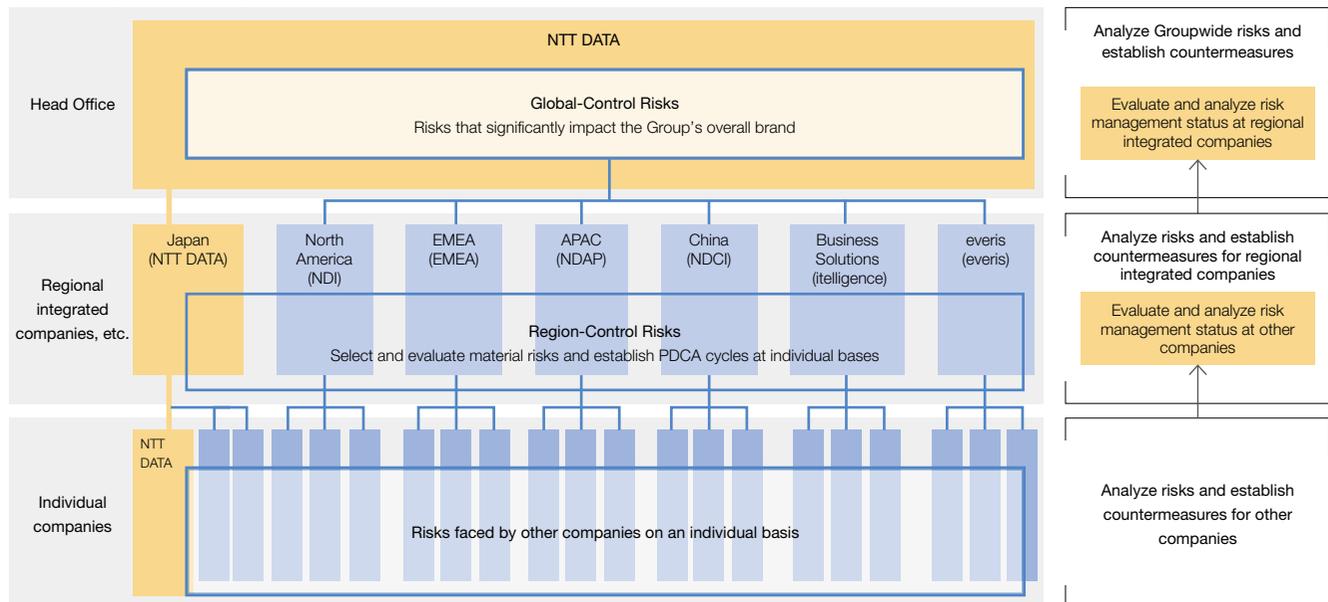
Risk Management Methods

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

the potential to impact the entire Group are defined as “global-control risks,” and are managed on a Groupwide basis. In this manner, the Company is practicing stringent and comprehensive risk management.

Region-control risks are positioned as key risks for regional integrated companies that are evaluated and improved in light of material risk countermeasure implementation and risk occurrence status.

Risk Management Categories



Global-Control Risks

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

In 2016, we continued selecting the same risks as in the previous fiscal year as a medium- to long-term effort spearheaded by NTT DATA's Head Office.

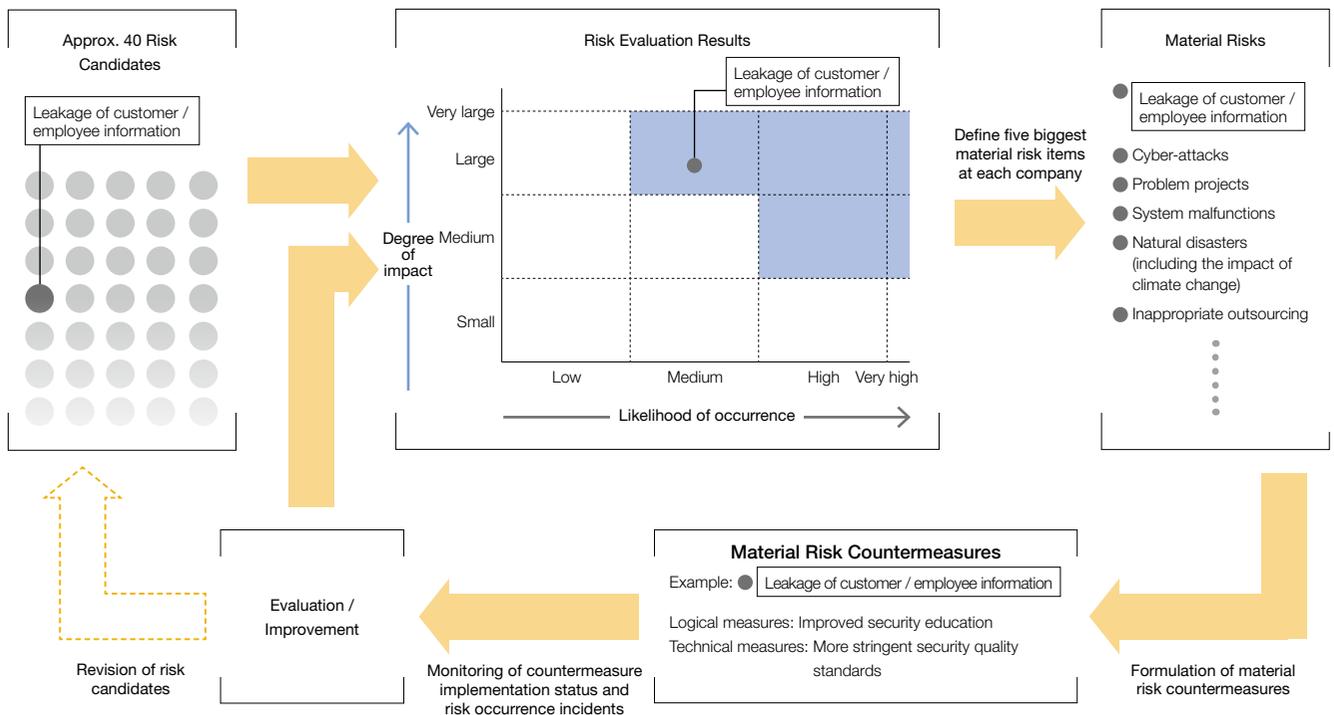
NTT DATA Global-Control Risks

Material Risks	Major Improvements, etc.	Initiatives
Information leakage (personal / confidential information) Cyber-attacks	<ul style="list-style-type: none"> Continue enhancing countermeasures for ever-increasing security risks Strengthen preparedness for advanced cyber-attacks focused on public institutions 	<ul style="list-style-type: none"> Promote Companywide security measures (targeted attack emails, etc.), conduct cyber-attack response drills, review response to malware mass infection, and provide shared infrastructure for security Expand security personnel training / qualifications
Accounting fraud (including window dressing)	<ul style="list-style-type: none"> Expand global unified auditing, connect to risk indication auditing 	<ul style="list-style-type: none"> Review and consider global integrated audit items Conduct full-scale risk indication auditing, consider deployment at Group companies including overseas Stimulate awareness through training
Bribery	<ul style="list-style-type: none"> Continue strengthening compliance education 	<ul style="list-style-type: none"> Conduct training regarding bribery Create global compliance policy guide

Region-Control Risks

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

Region-Control Risks Establishment Process Image



Risk Management

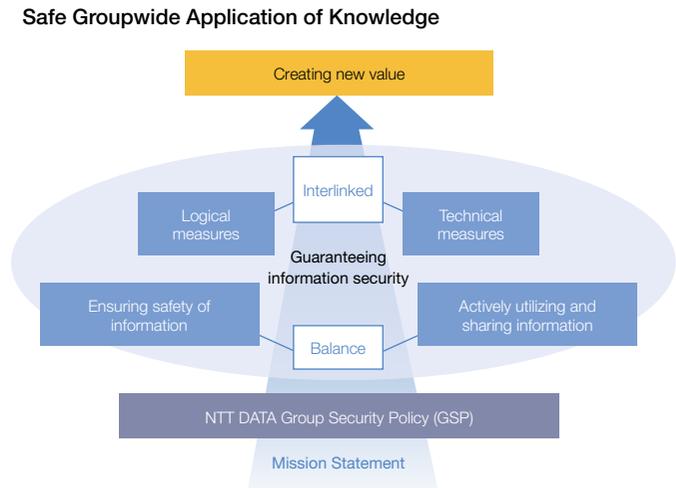
Information Security

In recent years, there has been an increasing number of cyber-attacks on information systems, including unauthorized access via the Internet and internal penetration using malware, referred to as a targeted attack. The NTT DATA Group focuses efforts on information security measures in accordance with information security policies to continue being a trusted partner for our clients.

Basic Approach Regarding Information Security

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

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



Information Security Management System

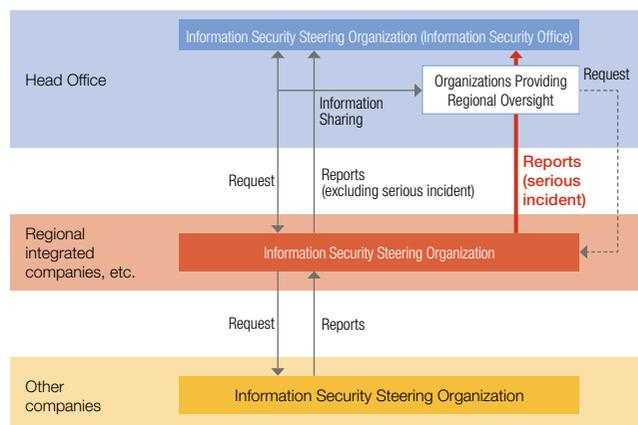
The Information Security Committee ascertains the Companywide status of information security activities and areas requiring improvement and formulates necessary initiatives. In addition, NTTDATA-CERT was established as a specialized organization for preventing information security incidents*1 and responding to any incidents that might occur. NTT DATA also joined the Nippon CSIRT Association as well as Forum of Incident Response and Security Teams (FIRST)*2, which is a global computer security incident response team (CSIRT)*3 community. Through our participation in these organizations, we are collecting a wide range of information on security trends, which we then utilize to improve security.

The information security governance structure comprises three levels of information security steering organizations located at the Head Office, regional integrated companies, and other companies on an individual basis to ensure thorough global information security governance. The information security steering organizations at each level cooperate closely to maintain and develop information security policies, monitor information security measures, respond to emergencies, and engage in preventive measure activities to prevent incidents.

Global Information Security Governance Points

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

Structure of Information Security Governance



*1 The term information security incidents refers to the actualization events that pose security threats to information management and system operation, such as computer malware infection, unauthorized access, and information leakage.
 *2 FIRST is a global community consisting of approximately 380 CSIRTs from government agencies, educational institutions, companies, and other organizations.
 *3 A CSIRT is an incident response team comprised of security specialists. These teams collect and analyze information on security incidents, security-related technologies, and vulnerabilities, and conduct activities including implementing effective countermeasures and training.



NTT DATA regularly issues information security reports that summarize the status of information security approaches and initiatives. We also explain medium- to long-term risks and initiatives focused on the future in this report. For details on these initiatives, please see NTT DATA Information Security Report 2016: <https://www.nttdata.com/global/en/sustainability>

Initiatives Aimed at Strengthening NTT DATA Information Security

Promulgation of Information Security Training and Educational Activities

Every year, information security and personal information protection training IBT is conducted for all employees. We also conduct initiatives aimed at enhancing employee understanding, such as requiring that all questions are answered 100% correctly as a condition for completing the training.

In addition, we conduct trainings multiple times each year to confirm that all employees are able to correctly identify and respond to targeted and distributed email attacks.



Development of In-House IT Platforms for Reducing Risks

NTT DATA is developing in-house IT platforms in response to the following risks:



Development of In-House IT Platforms for Reducing Risks

Thin-client "BIZXAAS Office" DaaS	Provides cloud services for employee PC environment. Prevents information leaks from PC side, realizes energy-efficient offices.
Mobile Platform "MERMaides"	Ensures safe business domains within mobile devices, offering strong protection of information by encrypting operational applications and data stored on devices.
"NOSIDE" quarantine system	This quarantine system inspects devices that access the Internet and prevents information leaks on the Internet due to cyber-attacks and malware targeting vulnerabilities.
Information distribution infrastructure "ETRAPOT"	System for the secure forwarding of large files among NTT DATA, NTT DATA Group companies, and related clients.

Initiatives Aimed at Strengthening NTT DATA Group Information Security

To prepare against possible security risks, the NTT DATA Group formulates and promulgates necessary rules at global level, promoting security training and awareness activities as well as the development of IT platforms.

Policy Development and Promulgation

We formulated the GSP and promote the inculcation of this policy at Group companies worldwide. In particular, we developed and promulgate "Security Measure Standards Related to Internet-connected Environments" with the intention of preventing information leaks from cyber-attacks via the Internet and malware infections.

Promulgation of Information Security Education and Awareness Activities at Global Level

We issue a multilingual information security handbook in six languages: Japanese, English, Chinese, Vietnamese, Portuguese, and Spanish (information security IBT is issued in three languages: Japanese, English, and Chinese).

IT Platform Development

We conduct initiatives in an attempt to raise the level of security throughout the entire Group, including the joint development and operation of IT platforms for safely connecting to the Internet.

Initiatives Aimed at Strengthening Client Information Security

Ensuring the Security of Commercial Systems

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

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

Financial Information

Consolidated Balance Sheets

NTT DATA Corporation and Subsidiaries
As of end of FY2015 (March 31, 2016) and end of FY2016 (March 31, 2017)

(Millions of yen)

Fiscal year	2015	2016
Assets		
Current assets		
Cash and deposits	¥ 148,495	¥ 212,459
Notes and accounts receivable-trade	403,146	458,767
Lease receivables and investment assets	14,477	21,731
Securities	26,000	4,302
Inventories	26,676	31,211
Deferred tax assets	39,382	33,601
Deposits paid	121,646	55,808
Other	65,490	79,635
Allowance for doubtful accounts	(2,614)	(3,740)
Total current assets	842,701	893,778
Non-current assets		
Property, plant and equipment		
Data communication facilities	303,414	311,013
Accumulated depreciation	(213,911)	(221,253)
Data communication facilities, net	89,503	89,760
Buildings and structures	284,454	317,875
Accumulated depreciation	(194,564)	(202,879)
Buildings and structures, net	89,890	114,995
Machinery, equipment and vehicles	73,022	91,106
Accumulated depreciation	(54,002)	(60,072)
Machinery, equipment and vehicles, net	19,019	31,034
Tools, furniture and fixtures	55,377	56,783
Accumulated depreciation	(38,381)	(40,116)
Tools, furniture and fixtures, net	16,995	16,666
Land	60,576	63,835
Construction in progress	21,548	35,609
Other	13,544	10,231
Accumulated depreciation	(8,502)	(5,273)
Other, net	5,041	4,957
Total property, plant and equipment	302,575	356,860
Intangible assets		
Software	250,668	240,304
Software in progress	48,295	61,168
Goodwill	168,879	315,261
Other	67,494	160,549
Total intangible assets	535,337	777,283
Investments and other assets		
Investment securities	83,599	86,834
Net defined benefit asset	1,508	5,603
Deferred tax assets	44,735	60,802
Other	50,531	54,419
Allowance for doubtful accounts	(669)	(772)
Total investments and other assets	179,704	206,887
Total non-current assets	1,017,618	1,341,031
Total assets	¥1,860,319	¥2,234,809

(Millions of yen)

Fiscal year	2015	2016
Liabilities		
Current liabilities		
Accounts payable–trade	¥ 121,688	¥ 138,453
Short-term loans payable	51,627	213,160
Current portion of long-term loans payable	29,245	53,461
Current portion of bonds	—	49,996
Income taxes payable	33,158	35,916
Advances received	167,738	182,021
Provision for loss on order received	5,356	3,452
Other	128,442	156,472
Total current liabilities	537,258	832,934
Non-current liabilities		
Bonds payable	210,062	160,075
Long-term loans payable	109,451	168,618
Deferred tax liabilities	23,327	30,367
Net defined benefit liability	185,992	186,788
Provision for directors' retirement benefits	934	876
Other	19,621	24,880
Total non-current liabilities	549,390	571,605
Total liabilities	1,086,648	1,404,540
Net assets		
Shareholders' equity		
Capital stock	142,520	142,520
Capital surplus	139,295	141,048
Retained earnings	452,458	497,922
Treasury shares	(0)	(0)
Total shareholders' equity	734,273	781,490
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,522	39,881
Deferred gains or losses on hedges	(7,527)	(155)
Foreign currency translation adjustment	36,552	23,889
Remeasurements of defined benefit plans	(38,805)	(30,083)
Other	(16,107)	(16,320)
Total accumulated other comprehensive income	6,635	17,211
Non-controlling interests	32,762	31,567
Total net assets	773,670	830,268
Total liabilities and net assets	¥1,860,319	¥2,234,809

Consolidated Statements of Income and Comprehensive Income

NTT DATA Corporation and Subsidiaries
 FY2015 (FY ended March 31, 2016) and FY2016 (FY ended March 31, 2017)

(Millions of yen)

Fiscal year	2015	2016
Net sales	¥1,614,897	¥1,732,473
Cost of sales	1,216,795	1,293,600
Gross profit	398,101	438,872
Selling, general and administrative expenses	297,216	321,763
Operating income	100,885	117,109
Non-operating income		
Interest income	1,256	1,507
Dividend income	1,785	1,565
Insurance income	2,125	1,014
Other	2,677	3,454
Total non-operating income	7,844	7,542
Non-operating expenses		
Interest expenses	5,492	5,372
Foreign exchange losses	1,576	1,415
Other	3,502	4,870
Total non-operating expenses	10,571	11,658
Ordinary income	98,158	112,993
Extraordinary income		
Gain on sales of investment securities	15,237	15,605
Gain on transfer of affiliates business	—	2,720
Total extraordinary income	15,237	18,325
Extraordinary losses		
Acquisition expenses	—	12,301
Loss on restructuring of subsidiaries and affiliates	—	9,260
Impairment loss of goodwill	3,986	2,844
Impairment loss of non-current assets	1,620	1,579
Total extraordinary losses	5,607	25,986
Income before income taxes	107,789	105,332
Income taxes - current	46,925	52,525
Income taxes - deferred	(4,570)	(15,705)
Total income taxes	42,354	36,820
Net income	65,434	68,512
Net income attributable to		
Net income attributable to owners of parent	63,373	65,686
Net income attributable to non-controlling interests	2,061	2,825
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,349)	7,323
Deferred gains or losses on hedges	(8,186)	7,373
Foreign currency translation adjustment	(25,975)	(12,525)
Remeasurements of defined benefit plans, net of tax	(29,872)	8,769
Share of other comprehensive income (loss) of entities accounted for using equity method	(208)	(243)
Other	480	(213)
Total other comprehensive income (loss)	(78,110)	10,485
Comprehensive income (loss)	(12,676)	78,997
Comprehensive income (loss) attributable to		
Comprehensive income (loss) attributable to owners of parent	(13,371)	76,135
Comprehensive income attributable to non-controlling interests	¥ 695	¥ 2,862

Financial Information

Consolidated Statements of Cash Flows

NTT DATA Corporation and Subsidiaries
 FY2015 (FY ended March 31, 2016) and FY2016 (FY ended March 31, 2017)

(Millions of yen)

Fiscal year	2015	2016
Cash flows from operating activities		
Income before income taxes	¥ 107,789	¥ 105,332
Depreciation	147,961	154,542
Loss on retirement of non-current assets	7,250	5,467
Increase (decrease) in net defined benefit liability	8,292	21,801
Interest expenses	5,492	5,372
Impairment loss of non-current assets	1,620	1,579
Decrease (increase) in notes and accounts receivable-trade	(43,052)	(9,032)
Decrease (increase) in inventories	5,373	(4,497)
Increase (decrease) in notes and accounts payable-trade	9,574	16,609
Increase (decrease) in advances received	27,954	14,908
Increase (decrease) in accrued consumption taxes	(11,123)	2,355
Other, net	(205)	(5,445)
Subtotal	266,928	308,995
Interest and dividend income received	3,175	3,131
Interest expenses paid	(5,544)	(5,377)
Income taxes (paid) refunded	(31,808)	(68,197)
Net cash provided by (used in) operating activities	232,751	238,552
Cash flows from investing activities		
Purchase of property, plant and equipment	(47,440)	(67,141)
Purchase of intangible assets	(77,922)	(90,939)
Proceeds from sales of investment securities	23,014	22,036
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(28,351)	(6,930)
Purchase of equity interests of subsidiaries resulting in change in scope of consolidation	—	(348,431)
Net decrease (increase) in time deposits	(294)	1,402
Net decrease (increase) in short-term deposits paid	(50,000)	50,000
Other, net	(7,735)	11,650
Net cash provided by (used in) investing activities	(188,730)	(428,354)
Cash flows from financing activities		
Redemption of bonds	(40,000)	—
Proceeds from long-term loans payable	523	115,512
Repayments of long-term loans payable	(595)	(29,331)
Net increase (decrease) in short-term loans payable	1,198	163,145
Repayments of lease obligations	(1,625)	(3,129)
Cash dividends paid	(16,834)	(21,037)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(461)	(5,180)
Other, net	(385)	2,097
Net cash provided by (used in) financing activities	(58,179)	222,076
Effect of exchange rate change on cash and cash equivalents	(3,131)	(5,789)
Net increase (decrease) in cash and cash equivalents	(17,290)	26,485
Cash and cash equivalents at beginning of period	250,843	233,553
Cash and cash equivalents at end of period	¥ 233,553	¥ 260,038

Consolidated Statements of Shareholders' Equity

NTT DATA Corporation and Subsidiaries
 FY2015 (FY ended March 31, 2016) and FY2016 (FY ended March 31, 2017)

(Millions of yen)

FY2015	Shareholders' equity				
	Capital stock	Capital Surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	¥142,520	¥139,300	¥408,293	¥ (0)	¥690,113
Cumulative effects of changes in accounting policies					—
Restated balance	142,520	139,300	408,293	(0)	690,113
Changes of items during period					
Dividends of surplus			(16,829)		(16,829)
Net income attributable to owners of parent			63,373		63,373
Change in scope of consolidation			(2,115)		(2,115)
Net changes in owning subsidiaries' stocks					—
Other		(4)	(263)		(267)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(4)	44,164	—	44,160
Balance at end of current period	¥142,520	¥139,295	¥452,458	¥ (0)	¥734,273

(Millions of yen)

FY2015	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Other	Total accumulated other comprehensive income		
Balance at beginning of current period	¥ 46,792	¥ 656	¥ 62,615	¥(10,095)	¥(16,587)	¥ 83,380	¥32,711	¥806,205
Cumulative effects of changes in accounting policies								—
Restated balance	46,792	656	62,615	(10,095)	(16,587)	83,380	32,711	806,205
Changes of items during period								
Dividends of surplus								(16,829)
Net income attributable to owners of parent								63,373
Change in scope of consolidation								(2,115)
Net changes in owning subsidiaries' stocks								—
Other								(267)
Net changes of items other than shareholders' equity	(14,269)	(8,183)	(26,062)	(28,709)	480	(76,745)	50	(76,694)
Total changes of items during period	(14,269)	(8,183)	(26,062)	(28,709)	480	(76,745)	50	(32,534)
Balance at end of current period	¥ 32,522	¥(7,527)	¥ 36,552	¥(38,805)	¥(16,107)	¥ 6,635	¥32,762	¥773,670

(Millions of yen)

FY2016	Shareholders' equity				
	Capital stock	Capital Surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	¥142,520	¥139,295	¥452,458	¥ (0)	¥734,273
Cumulative effects of changes in accounting policies			387		387
Restated balance	142,520	139,295	452,845	(0)	734,660
Changes of items during period					
Dividends of surplus			(21,037)		(21,037)
Net income attributable to owners of parent			65,686		65,686
Change in scope of consolidation					—
Net changes in owning subsidiaries' stocks		1,753			1,753
Other		(0)	427		426
Net changes of items other than shareholders' equity					
Total changes of items during period	—	1,752	45,076	—	46,829
Balance at end of current period	¥142,520	¥141,048	¥497,922	¥ (0)	¥781,490

(Millions of yen)

FY2016	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Other	Total accumulated other comprehensive income		
Balance at beginning of current period	¥32,522	¥(7,527)	¥ 36,552	¥(38,805)	¥(16,107)	¥ 6,635	¥32,762	¥773,670
Cumulative effects of changes in accounting policies								387
Restated balance	32,522	(7,527)	36,552	(38,805)	(16,107)	6,635	32,762	774,058
Changes of items during period								
Dividends of surplus								(21,037)
Net income attributable to owners of parent								65,686
Change in scope of consolidation								—
Net changes in owning subsidiaries' stocks								1,753
Other								426
Net changes of items other than shareholders' equity	7,359	7,371	(12,662)	8,721	(213)	10,575	(1,194)	9,381
Total changes of items during period	7,359	7,371	(12,662)	8,721	(213)	10,575	(1,194)	56,210
Balance at end of current period	¥39,881	¥ (155)	¥ 23,889	¥(30,083)	¥(16,320)	¥17,211	¥31,567	¥830,268

Company and Stock Information (As of March 31, 2017)

Company Name

NTT DATA Corporation

Head Office

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

Date of Establishment

May 23, 1988

Common Stock

¥142,520 million

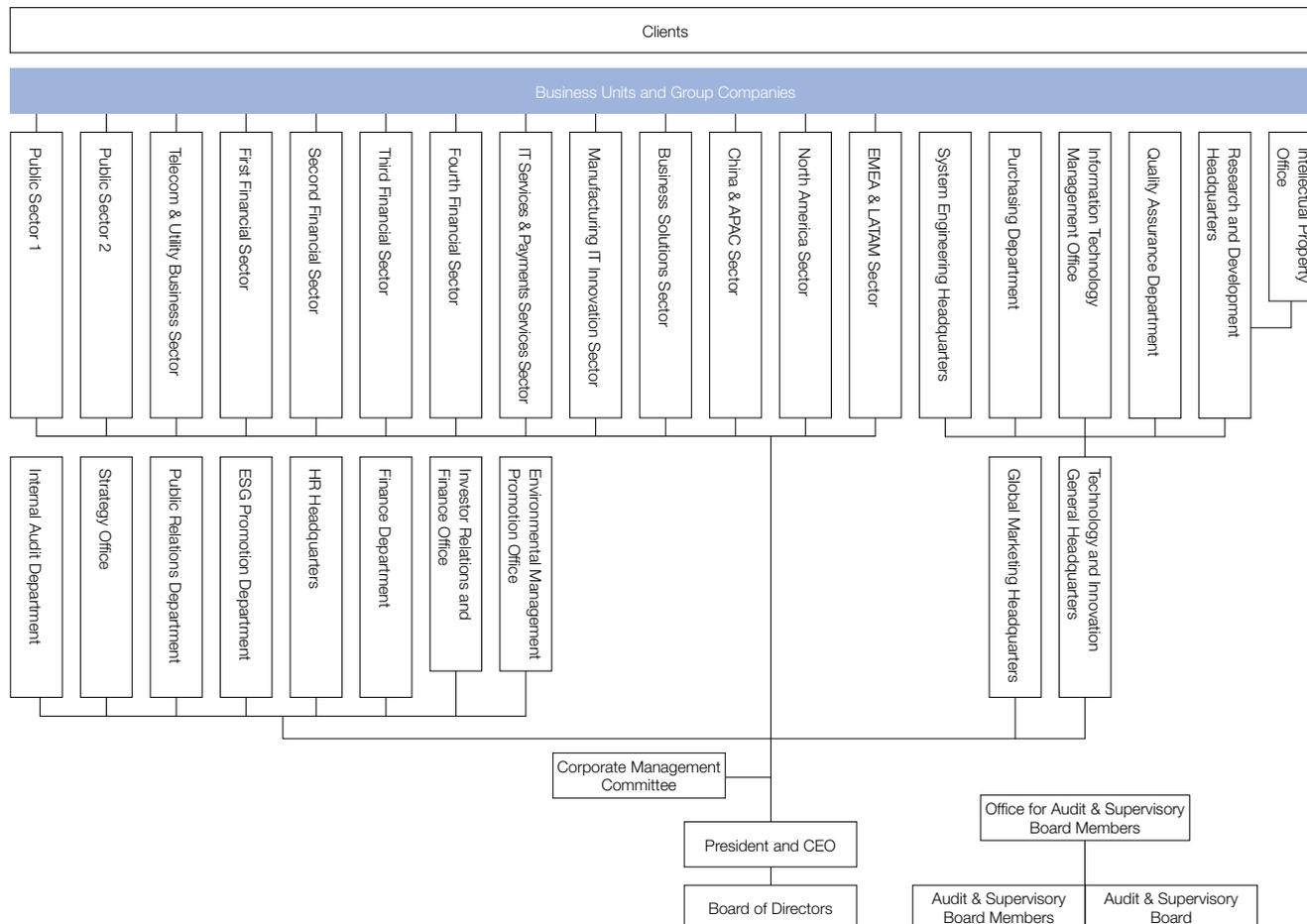
Fiscal Year

April 1 to March 31 of the following year

Independent Auditors

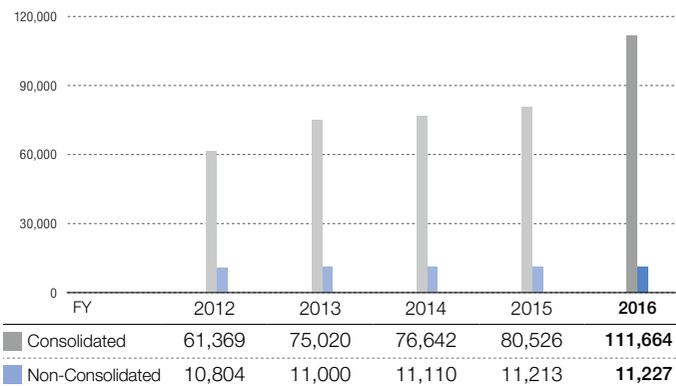
KPMG AZSA LLC

Organizational Structure (As of July 1, 2017)



Number of Employees at Fiscal Year-End

(People)



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

Number of Shares Issued and Number of Shareholders

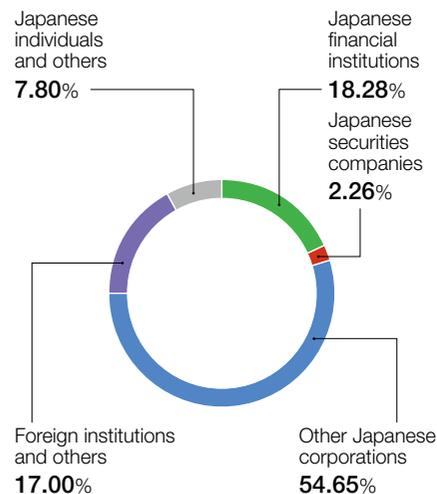
Total Number of Shares Authorized to be Issued by the Company	1,122,000,000 shares (5,610,000,000 shares)*
Total Number of Shares Issued	280,500,000 shares (1,402,500,000 shares)*
Number of Share Units	100 shares (100 shares)*
Number of Shareholders	74,455 people

Note: A 5-for-1 stock split was conducted on July 1, 2017, thus numbers in parenthesis indicate figures after the stock split.

Principal Shareholders

Name	Number of Shares Held	Ratio of Shareholding (%)
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	152,001,000	54.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	21,240,800	7.57
Japan Trustee Services Bank, Ltd. (Trust Account)	11,577,600	4.13
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	3,436,900	1.23
NTT DATA Employee Share-Holding Association	2,871,500	1.02
Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,240,600	0.80
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing agent: Mizuho Bank, Ltd.)	2,222,791	0.79
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing agent: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	2,206,100	0.79
Goldman Sachs Japan Co., Ltd.	2,000,000	0.71
Japan Trustee Services Bank, Ltd. (Trust Account 7)	1,777,800	0.63

Distribution of Ownership Among Shareholders



Stock Price Chart



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

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

▶ [Sustainability](#)

<https://www.nttdata.com/global/en/sustainability>



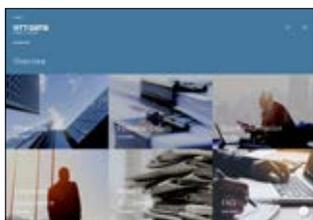
▶ [NTT DATA Technology Foresight](#)

<https://www.nttdata.com/global/en/foresight>



▶ [Investor Relations](#)

<https://www.nttdata.com/global/en/investors>



■ [Corporate Governance](#)

<https://www.nttdata.com/global/en/investors/corporate-governance>

■ [Annual Report and some other financial information](#)

<https://www.nttdata.com/global/en/investors/financials?year=2017&tab=Annual-Report>

NTT DATA Corporation

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