Note: This document is the English translation of Dai 28kai teiji kabunushisokai shoshu gotsuchi ni saishite no internet kaiji jouhou *(Internet Disclosure of the Notice of Convocation of the 28th Ordinary General Meeting of Shareholders) and is provided solely for reference purposes. In the event of any inconsistency between the Japanese version and any English translation of it, the Japanese version will govern.*

To Our Shareholders

INTERNET DISCLOSURE OF THE NOTICE OF CONVOCATION OF THE 28TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

June 2, 2016
NTT DATA CORPORATION

Notes to Consolidated Financial Statements

(Important Basic Matters for Preparation of Consolidated Financial Statements)

1. Matters related to the scope of consolidation

All of our 258 subsidiaries are included in the scope of consolidation.

Major consolidated subsidiaries are NTT DATA, Inc., EVERIS PARTICIPACIONES, S.L.U., itelligence AG, NTT DATA EMEA LTD., etc.

In addition, due to new investments as well as the establishment of new companies, from the current consolidated fiscal year, 19 companies are newly added to the consolidated subsidiaries.

Also due to the merger of subsidiaries and a decrease in ownership by transfer and liquidation of subsidiaries, 14 companies are excluded from the scope of consolidation.

Major newly added consolidated subsidiaries are as follows:

Carlisle & Gallagher Consulting Group, Inc.

(It changed its name to NTT DATA Consulting, Inc. on April 14, 2016).

2. Matters related to application of the equity method

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

In addition, due to the establishment of a company, the equity method is extensively applied to 1 company; and due to a decrease in ownership by transfer of a company, the equity method is extensively applied to 1 company that was a consolidated subsidiary.

Also due to transfer of share, 3 companies are excluded from the scope to which the equity method is applied.

3. Matters related to the fiscal year of the consolidated subsidiaries

Among consolidated subsidiaries, the account closing date of 144 companies is December 31st.

When preparing for consolidated financial statements, among the companies whose account closing date is December 31st, for 46 companies, financial statements based on the temporary account closing implemented on the consolidated account closing date are used, and for other companies, financial statements as of the account closing date are used. However, for important transactions occurring between the account closing date and the consolidated account closing date, necessary adjustments have been made for the purpose of consolidation.

Also among the companies to which the equity method is applied, for those companies whose account closing date is different from the consolidated accounting closing date, the financial statements based on each company's fiscal year are used.

4. Matters related to accounting standards

(1) Basis and method of valuation of important assets

1) Securities

Held-to-maturity debt securities:

Amortized cost method is used

Other securities:

a. Those with fair market value:

The market value method on the market value, etc. at the end of the fiscal year is used (the valuation difference is recognized directly as net assets in full and the cost of securities sold is computed using the moving average method).

b. Those without fair market value:

The cost method based on the moving average method is used.

2) Inventories

Work in process: At cost based on the specific identification method (the balance sheet amount is computed at the lowered book values reflecting a potential decline).

Stores: Principally at cost based on the first in first out method (the balance sheet amount is computed at the lowered book values reflecting a potential decline).

(2) Method of depreciation of important depreciable assets

1) Property, plant and equipment (excluding lease assets)

Mainly the declining balance method is employed (however, the buildings [excluding fixtures] acquired on and after the 1st day of April 1998 are depreciated by the straight-line method).

2) Intangible fixed assets (excluding lease assets)

The straight-line method is employed for intangible fixed assets (excluding software).

The depreciation methods for software are as follows:

a. Marketable software: Comparing the depreciated amount based on the estimated sales revenue over the estimated sales period (within 3 years) and an equal distribution amount based on the length of the remaining period available for sale, the larger one is presented.

b. Software for internal use: Depreciated using the straight-line method based on its estimated usable period in the Company (within 5 years).

However, among software for service provision purposes, for data communication service software based on a contract with specific customers, the equal installment method is used over the contracted fee payment period.

3) Lease assets

a. Lease assets related to ownership-transfer finance lease transactions

The same depreciation method that is applied to self-owned fixed assets is employed.

b. Lease assets related to finance lease transactions without the transfer of ownership:

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

As for intangible lease assets, the straight-line method is used.

(3) Valuation basis for significant allowances

1) Allowance for doubtful receivables

In order to provide for possible losses due to the uncollectibility of general account receivables, such an allowance is calculated based on historical collection losses. There is an allowance for specific account receivables such as doubtful accounts receivables, a case by case review for collectability is conducted and an estimation of the uncollectible amount is booked.

2) Allowance for losses on contracts

In order to provide for possible future losses related to contracts of orders on hand at the end of the current consolidated fiscal year, those with a high probability of generating losses and where it is possible to reasonably estimate the amount of such losses, the estimate amount of losses to be incurred in the future is provided as an allowance for losses on contracts and presented by offsetting with corresponding work in process.

3) Allowance for retirement benefits for directors

Some consolidated subsidiaries book the necessary amount for a year-end payment based on their internal rules to appropriate the payment for retirement benefits for their directors.

(4) Valuation basis for significant revenue and expenses

1) Valuation basis for contract revenue and the cost of completed work

The percentage-of-completion method has been applied for construction work for which the completion of a certain percentage of the entire work by the date of current consolidated fiscal year end is clearly recognizable (the percentage of completion is estimated by the cost proportion method) and the completed-contract method has been applied for other contracts.

2) Valuation basis for revenues and expenses related to finance lease transactions

Revenues and expenses related to finance lease transactions are accounted for by a method in which sales and the cost of sales are booked when lease expenses are received.

(5) Method of important hedge accounting

Deferred hedge accounting is employed.

However, with the regard to foreign currency monetary receivables and payables with forward exchange contracts, designated hedge accounting ("furiate-shori") is employed.

Also among the interest-rate swap transactions, for the transactions that meet the requirements for exceptional accounting ("tokurei-shori"), exceptional accounting is employed.

(6) Accounting policy for retirement benefits

In order to provide for retirement benefits for employees, the Company books the retirement benefits obligations based on the estimated amount at the end of the current consolidated fiscal year by deducting pension assets from the estimated retirement benefits. Also for consolidated subsidiaries, except for some companies, the simplified method is applied.

1) Period allocation of projected retirement benefits to be incurred

In calculating the retirement benefit obligations, the method based on the benefit formula is used to allocate the projected retirement benefits to the years of service up to the end of the consolidated fiscal year under review.

2) The recognition method for actuarial differences, and prior service cost

The actuarial gains and losses are mainly recognized in the expenses of a proportionally divided amount calculated by the straight-line method over a period of the average remaining service years of employees at the time of recognition of each consolidated fiscal year, commencing with the year following their fiscal year.

The prior service cost is mainly recognized in expenses by the straight-line method over the average remaining service years of employees at the time of recognition of each consolidated fiscal year.

Unrecognized actuarial differences and unrecognized prior service costs are adjusted for tax effects, and then presented as the re-measurements of retirement benefits of other accumulated comprehensive income under net assets.

(7) Accounting for consumption tax, etc.

Consumption tax, etc. are accounted for by the tax-excluded method.

(Changes in Accounting Policy)

"Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Accounting Standard- ASBJ Statement No.21 dated September 13, 2013; hereinafter referred to as "Accounting Standard for Business Combinations"), "Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan (ASBJ) Accounting Standard- ASBJ Statement No.22 dated September 13, 2013, hereinafter referred to as "Accounting Standard for Consolidated Financial Statements") and "Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan (ASBJ) Accounting Standard- ASBJ Statement No.7 dated September 13, 2013, hereinafter referred to as "Accounting Standard for Business Divestitures") , etc. have been adopted since the current consolidated fiscal year. The accounting method is changed to those in which the difference in the Company's equity for the subsidiaries, over which the Company's control continues, occurred due to changes of the Company's equity amount, is presented as additional paid-in capital, as well as cost for the consolidated fiscal year when the acquisition cost occurred. Also, for the business combination that will be held after the beginning of the current fiscal year, it will be changed to a method that the revision of allocation of acquisition cost by determining provisional accounting process will be reflected on the consolidated financial statement for the consolidated fiscal year to which the business combination belongs. In addition, the manner of presentation of current net profit, etc. and of minor shareholders to non-controlling shareholders are changed. In order to reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year are restated.

The Accounting Standard for Business Combinations and other standards are applied in accordance with transitional treatment as stipulated in Item 58-2 (4) of the Accounting Standard for Business Combinations, Item 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Item 57-4(4) of the Accounting Standard for Business Divestitures, and are applied from the beginning of the consolidated fiscal year under review and onwards.

Effects on the operating profit, the current profit and the current net profit before tax, etc. for the current consolidated fiscal year as well as on the additional paid-in capital at the end of the current consolidated fiscal year are minor.

(Changes in the Manner of Presentation)

1. Balance Sheet

   The account item "Deposits", which was included in "Other" of the Current Assets for the previous consolidated fiscal year, has become significant in its amount and is therefore classified and reported separately from the current consolidated fiscal year.

   In addition, 155,379 million yen presented as "Other" of Current Assets for the previous fiscal year has been restated as "Deposits", 96,015 million and "Other", 59,364 million.

2. Statement of Income

   The account item "Insurance Receivables", which was included in "Other" of the Non-Operating Income for the previous consolidated fiscal year, has become significant in its amount and is therefore classified and reported separately from the current consolidated fiscal year.

   In addition, 4,573 million yen presented as "Other" of Non-Operating Income for the previous fiscal year has been restated as "Insurance Receivables", 912 million and "Other", 3,661 million.

(Additional information)

(Acquisition of Dell Systems Corporation, etc. by the NTT DATA Group and transfer of IT service related businesses)

NTT DATA, a company submitting consolidated financial statements, agreed on March 28 2016 with Dell Inc. to acquire Dell Services Unit through its subsidiary, NTT DATA International L.L.C. (President & CEO: John McCain, Address: NY, U.S., controlling operating subsidiaries in the North America, Capital: $1,649 million).

Dell Services Unit include 3 companies of Dell Systems Corporation (President: Suresh Vaswani, Address: Plano, TX, U.S.), Dell Technology & Solutions Limited (Director: Janet Wright, Address: Ireland), and Dell Services Pte. Ltd. (Director: Janet Wright, Address: Singapore) as well as IT service related businesses of Dell Group mainly in North America. For the 3 companies, NTT DATA will acquire 100% of the issued shares from Dell Inc. (the parent company of the 3 companies).

1. Overview of Business Combination

(1) Names of the acquired companies

Dell Systems Corporation

Dell Technology & Solutions Limited

Dell Services Pte., Ltd.

(2) Name of the company related to the business transfer

Dell Inc.

(3) Business contents of the acquired companies and contents of the acquired business

IT outsourcing, BPO, application development/management, etc.

(4) Reasons for the business combination

Dell Services Unit provides cloud service, application-related service and BPO service, having a firm base for healthcare, manufacturing, service, financial industries and government as major clients mainly in North America. They particularly gain high evaluation by providing industry-specialized digital solutions and BPO service for the healthcare industry including medical institutions and health insurance companies. NTT DATA, through this acquisition of Dell Services Unit, will aim to expand our business in every industry mainly in North America, as well as enforcing services utilizing the latest technology in cloud service and BPO service.

(5) Legal form of the business combination

Share acquisition and business transfer

(6) Acquired ratio of the voting rights

Dell Systems Corporation	100%
Dell Technology & Solutions Limited	100%
Dell Services Pte. Ltd.	100%

2. Acquisition cost of the acquired company and business

Acquisition cost: 3,055 million US dollars (estimated amount)

(Notes to the Consolidated Balance Sheet)

1. The breakdown of inventories

Merchandise and manufactured goods	2,086million yen
Work in process	21,825million yen
Raw materials and supplies	2,764million yen

2. Assets offered as security and liabilities related to security

(1) Assets offered as security

Cash on hand and at banks	31million yen
Notes receivable and accounts receivable	16million yen
Lease receivables and investment assets	1,505million yen
Buildings and structures	12,586million yen
Machinery, equipment and vehicles	38million yen
Furniture, fixtures and tools	77million yen
Land	38million yen
Software	0million yen
Investment securities	270million yen
Investment and other assets (Long-term loans receivables)	540million yen
Total assets of certain subsidiaries (Cash and deposits, etc.)	242million yen

(2) Secured liabilities

Corporate bonds	100million yen
Long-term debt (including those repayable within one year)	1,914million yen

3. Accumulated depreciation of tangible fixed assets 509,362million yen

4. Guarantee obligation

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

Bank of America Corp. 3,880million yen

（NTT DATA Victorian Ticketing System Pty Ltd）

5. Other

For stock purchase options for minority interests in foreign consolidated subsidiaries possessed by non-controlling shareholders of such subsidiaries, anticipated exercise prices are recognized as a debt, and at the same time, the book values of the non-controlling interest for such interests are deducted from “Non-controlling interests” under net assets and the remaining amount is presented in “Other” in accumulated other comprehensive income under net assets.

6. In inventories related to construction contracts for which potential losses are expected, the amount is presented by offsetting with the corresponding allowance for losses on contracts, 12,401 million yen (all of them are an allowance for losses on contracts related to work in process).

(Notes to the Consolidated Statement of Income)

1. Transfer to allowance for loss on contracts included in cost of sales — 16,978million yen

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

Employees' salaries and allowances	113,675million yen
Retirement benefits expenses	10,038million yen
Subcontractor expenses	39,320million yen
Research and development expenses	12,410million yen

3. As for impairment losses of fixed assets under extraordinary losses, mainly due to the significant deterioration of the profitability of the assets used by the Public & Social Infrastructure Segment, the Company can no longer expect to collect the invested amounts, so the Company decided to apply impairment accounting and reduced the book values of such assets to the future collectible level and the reduced amount is presented.

   Breakdowns of impairment losses of fixed assets are 742 million yen for software in progress, 597 million yen for software, etc.

   The asset grouping for NTT DATA and the NTT DATA Group was made mainly based on a minimum unit that can be united and functions as a system.

   Also, the collectible amounts of the asset group are calculated based on the values in use, and the discount rate used for such calculation is mainly 5%.

4. Loss due to impairment of goodwill presented as extraordinary loss is as follows:

   For a part of the group companies in the Global Segment, we had presented their goodwill of the acquired business based on its excess earning power. However, as the earning expected at the beginning cannot be expected, the said deducted amount of the book value is presented in the extraordinary loss as the impairment loss. Also, the collectible amounts of the asset group including goodwill are calculated based on values in use, and the discount rate used for such calculation is 10%.

   The goodwill grouping in NTT DATA and the NTT DATA Group was made based on a business of the Company and the Company Group as a minimum unit.

(Notes to the Consolidated Statement of Shareholders' Equity)

1. Class and number of shares outstanding at the consolidated fiscal year-end

   Common stock — 280,500,000 shares

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

   Common stock — 99 shares

3. Dividends

(1) Dividends Paid

Approval	Class of Shares	Total Amount of Dividends (¥ million)	Dividend per Share (¥)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 17, 2015	Common stock	8,414	30	March 31, 2015	June 18,2015
The Board of Directors on October 29, 2015	Common stock	8,414	30	September 30, 2015	December 1, 2015

(2) Dividends whose record date is within the consolidated fiscal year ended March 31, 2016, but to be effective in the following consolidated fiscal year.

Approval	Class of Shares	Dividend Source	Total Amount of Dividends (¥ million)	Dividend per Share (¥)	Record Date	Effective Date
Ordinary General Meeting of Shareholders scheduled for June 22, 2016	Common stock	Retained earnings	11,219	40	March 31, 2016	June 23, 2016

(Notes related to Financial Instruments)

1. Matters related to the status of financial instruments

(1) Policy for handling financial instruments

For fund management, the NTT DATA Group uses highly safe monetary assets and they are also used for NTT and the NTT DATA Group finance. The necessary funds for running the business are procured by bank loans and the issuance of corporate bonds as well as commercial papers. Derivatives are used to hedge the fluctuation risks of future market prices (foreign exchange rates and interest rates)(market risk) and the Group does not engage in derivatives for the purpose of speculative trading.

(2) Components and risks of financial instruments

Trade receivables, i.e., notes and accounts receivables, are exposed to customers' credit risk.

Investment securities are mostly corporate shares related to services or capital participation, etc. with customers and are exposed to market price fluctuation risk.

Most trade payables, i.e., accounts payable, are due within one year.

The main purpose of short-term loans is to procure the necessary operating funds. The main purpose of long-term loans and corporate bonds is to procure the necessary funds, etc. for capital investment and the maturity dates are for a maximum of 14 years from the closing date.

The derivative transactions are limited to forward exchange contracts and currency swap transactions, which are aimed at hedging the fluctuation risks of future market prices (foreign exchange rates and interest rates) (market risk) for the payments of foreign currency payments, etc., and interest rate swap transactions, which is aimed at converting variable rate debts into fixed rate debts.

(3) Financial instrument-related risk control structure

1) Credit risk control (risk related to customers' default of contracts)

In the Company, with regard to trade receivables, the person in charge of the trade receivables of each sector, etc., conducts regular monitoring of the collection status of individual customers to manage due dates as well as credit balance in accordance with credit management rules, etc., and at the same time, delays in trade receivables are reported to the Corporate Management Committee on a quarterly basis so that early and secured collections can be achieved. Consolidated subsidiaries also conduct credit risk control using similar methods to those of the Company.

When using derivatives, the Company conducts transactions only with highly rated financial institutions and we believe that there is little default risk (credit risk) of the counterparties.

The greatest credit risk amount as of the date of current consolidated account closing is presented in the balance sheet values of the financial assets that are exposed to credit risks.

2) Management of market risks (exchange and interest rate fluctuation risk)

With regard to foreign currency denominated assets and liabilities, the NTT DATA Group basically hedges foreign exchange risk by possessing foreign currency liability in the same currency or other currency that links with the currency in question, making forward exchange contracts, currency swap transactions, currency option transactions, or combinations of them. With regard to variable rate assets and liabilities, the Company basically hedges interest rate risk by possessing liabilities that are linked to the market interest rate, interest rate swap transactions, interest rate option transactions, or combinations of them.

With regard to investment securities, their market risk is managed by grasping their fair market value and checking the financial position of the issuers regularly.

Derivatives are used in accordance with risk control rules and the Finance Department of the Company centrally manages them.

The use of derivatives by consolidated subsidiaries is subject to prior discussion with the Company.

3) Fund procurement related liquidity risk management (risk of being unable to pay on the due date)

The NTT DATA Group manages liquidity risks by certain means, for example, individual group companies formulate and update monthly funding plans.

(4) Supplementary explanation on items related to fair market values of financial instruments

Amounts recorded as the fair market values of financial instruments include values based on the market prices, and when there are no market prices, reasonably calculated values are included. Since variable factors are included in such calculations, sometimes the values fluctuate when different assumptions are applied.

2. Matters related to methods of calculating fair market values of financial instruments, and securities and derivatives transactions

The amounts recognized on the consolidated balance sheet, fair market values and corresponding differences at the end of the current consolidated fiscal year are listed below. Items for which identifying the fair market values has been deemed extremely difficult are not included in the table below. (See (Note 2)).

(Unit: ¥ million)

	Amounts in Consolidated Balance Sheet	Fair Market Value	Differences
(1) Cash on hand and at banks	148,495	148,495	—
(2) Notes receivable and accounts receivable	403,146	403,146	—
(3) Securities	26,000	26,000	—
(4) Deposits (*2)	121,646	121,646	—
(5) Investment securities	69,424	69,447	23
Total assets	768,713	768,736	23
(1) Accounts payable	121,688	121,688	—
(2) Short-term borrowings	51,627	51,627	—
(3) Current portion of long-term debt	29,245	29,245	—
(4) Current portion of bonds	—	—	—
(5) Income taxes payable	33,158	33,158	—
(6) Corporate bonds	210,062	220,116	10,054
(7) Long-term borrowings	109,451	116,933	7,482
Total liabilities	555,234	572,770	17,536
Derivatives transactions (*1)	(1,570)	(1,570)	—

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

(*2) The account item “Deposits” has become significant in its amount and is therefore classified and reported separately from the current consolidated fiscal year.

(Note 1) Calculation method for the fair market value of financial instruments

Assets

(1) Cash on hand and at banks, (2) Notes receivables and accounts receivable, and (4) Deposits

Because these are settled in the short term, the fair market value is almost equal to the book values. Therefore, the book values have been adopted.

(3) Securities and (5) Investment securities

For the fair market values of these securities, stock exchange prices are used for shares and published base prices are used for investment funds.

Also since negotiable deposits are settled in the short term, the fair market value is almost equal to the book values. Therefore, the book values have been adopted.

Liabilities

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

Because these are settled in the short term, the fair market value is almost equal to the book values. Therefore, the book values have been adopted.

(6) Corporate bonds

The fair market value of corporate bonds issued by the Company is based on the market prices, and when there are no market prices, it is based on the current value that is calculated by discounting the total of principal and interests using an interest rate that reflects the corporate bond's remaining period.

(7) Long-term borrowings

The fair market value of long-term borrowings is based on the current value calculated by discounting the total of principal and interest using an interest rate that is reasonably estimated, should a similar new borrowing be made.

Derivatives transactions

The fair market value of derivatives is based on the values presented by the financial institutions with which the Company has transactions. For details of the derivative transactions, see "Notes to Derivatives transactions."

(Note 2) Unlisted shares (amount presented in the consolidated balance sheet, 14,174 million yen) have no fair value and are deemed to require excessive cost to calculate their future cash flow. Therefore, identifying their fair market value is deemed extremely difficult and they are not included in "Assets (5) Investment securities".

(Note 3) Scheduled redemption amount of monetary receivables and securities with maturity dates after the consolidated fiscal year end date

	1 year or less (¥ million)	More than 1 year but not more than 5 years (¥ million)	More than 5 years but not more than 10 years (¥ million)	More than 10 years (¥ million)
Cash on hand and at banks	148,495	—	—	—
Notes and accounts receivable	403,146	—	—	—
Deposits	121,646	—	—	—
Securities and investment securities				
Negotiable certificate of deposit	26,000	—	—	—
Bonds held to maturity	—	715	2,729	100
Available-for-sale securities with maturity	—	99	—	73
Total	699,288	814	2,729	173

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

	1 year or less (¥ million)	More than 1 year but not more than 5 years (¥ million)	More than 5 years but not more than 10 years (¥ million)	More than 10 years (¥ million)
Short-term borrowings	51,627	—	—	—
Current portion of long-term debt	29,245			
Current portion of bonds	—			
Corporate bonds		159,978	50,083	—
Long-term borrowings		85,316	22,770	1,364
Total	80,873	245,294	72,854	1,364

(Notes to Derivatives transactions)

1. Derivatives transactions not subject to hedge accounting

Currency-related

Category	Transaction type	Contract amounts (¥ million)	Contracts for over 1 year (¥ million)	Fair market value (¥ million)	Valuation gain/loss (¥ million)
Transactions other than market transactions	Foreign exchange contract				
	Euro selling/ Swiss franc buying	164	109	(31)	(31)
	Euro selling/US dollar buying	507	422	(99)	(99)
	Euro selling/ Great Britain pound buying	129	—	1	1
	Great Britain pound selling/Japanese yen buying	2,081	—	11	11
	Euro selling/ Japanese yen buying	10,837	—	31	31
	AU dollar selling/Japanese yen buying	686	—	2	2
	Japanese yen selling/Chinese yuan buying	1,660	—	188	188
)Market transactions	Foreign exchange contract				
	Brazilian real selling/Euro buying	1,083	—	24	24
	Columbian peso selling/ Euro buying	790	—	(3)	(3)
	Great Britain pound selling/Euro buying	140	—	3	3
	US dollar selling/Euro buying	322	—	(0)	(0)
	Chilean peso selling/Euro buying	191	—	1	1
	Peruvian nuevo sol selling/ Euro buying	246	—	2	2
Total		18,840	532	132	132

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

2. Derivatives transactions subject to hedge accounting

Currency-related

Hedging accounting method	Transaction type	Main items hedged	Contact amounts (¥ million)	Contacts for over 1 year (¥ million)	Fair market value (¥ million)
Deferral method	Foreign exchange contract	Foreign-currency-denominated forecast transactions			
	US dollar selling/Indian rupee buying		10,818	—	208
	Great Britain pound selling/Indian rupee buying		145	—	15
	Order to buy Chinese yuan		12,500	5,750	(416)
Currency swap allocation procedure	Currency swap contract US dollar receiving/Euro paying	Long-term borrowings	54,654	54,654	8,879
	Japanese yen receiving/Euro paying		3,888	—	45
Foreign exchange allocation procedure	Foreign exchange contract Order to buy US dollars	Foreign-currency-denominated forecast transactions	352,061	—	(10,434)
Total			434,068	60,404	(1,702)

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

(Notes related to business combinations)

(Acquisition of Carlisle & Gallagher Consulting Group, Inc.)

The Company, a company submitting consolidated financial statements, acquired 100% outstanding stocks of Carlisle & Gallagher Consulting Group, Inc. (President & CEO: Bob Gallagher, Address: Charlotte, NC, U.S., hereinafter referred to as CG), a financial IT consulting company in the U.S., on July 23 2015 (the U.S. time) through NTT DATA, Inc., the Company's business company in North America, and made it a consolidated subsidiary.

1. Overview of the business combination

(1) Name of the acquired company

Carlisle & Gallagher Consulting Group, Inc.

(2) Business contents of the acquired company

Business and system consulting for major financial institutions, system development, business process design/improvement/implementation services

(3) Scale of business

Consolidated sales amount	136.4 million U.S. dollars
Consolidated total assets	38.5 million U.S. dollars
Capital	0.5 million U.S. dollars

(4) Reasons for the business combination

By this acquisition of CG, NTT DATA, Inc. will be able to further develop its services into an area that requires industry-specific knowledge such as banking, asset management/operation by utilizing the CG's professional consulting abilities in the financial field in addition to the Company's wide variety of services and technology.

(5) Business combination date

July 23, 2015 (U.S. time)

(6) Legal form of the business combination

Acquisition of shares in consideration for cash

(7) Name of the company after the combination

Carlisle & Gallagher Consulting Group, Inc.

(The company changed its name to NTT DATA Consulting, Inc. on April 14, 2016.)

(8) Acquired ratio of the voting rights

100.0%

(9) Basis for determination of the acquiring company

The Company has acquired the shares in consideration for cash.

(10) Number of shares acquired.

100,000

(11) Overview of the counterparty for the acquisition of shares

Tom Carlisle, Bob Gallagher, Alex Dickey, etc.

2. The acquired company's record period that is included in the consolidated quarterly statements of income and comprehensive income related to the consolidated quarterly accounting period

From July 23, 2015 to March 31, 2016

3. Breakdowns of types of the acquisition cost and the consideration of the acquired company

Cash	25,462 million yen
Acquisition cost	25,462 million yen

4. Contents and the amount of major costs related to the acquisition

Advisory fee, etc. 489 million yen

5. Amount of goodwill occurred, reasons of occurrence, method and period of amortization

(1) Amount of goodwill occurred 17,437 million yen (an estimation)

The amount of goodwill is provisionally calculated due to the incompletion of realization of recognizable assets and liabilities and calculation of fair market values as of the date of the business combination, and therefore, the allocation of the acquisition cost.

(2) Reasons of occurrence

It occurred on the basis of reasonable estimation of future excess earning power expected from the business development by CG.

(3) Method and period of amortization

Equal-installment depreciation over 20 years

6. Received assets and liabilities on the date of business combination and the major breakdowns

Assets	
Current assets	4,423 million yen
Fixed assets	1,788 million yen
Liabilities	
Current liabilities	3,598 million yen
Fixed liabilities	49 million yen

7. Allocation of acquisition cost

The provisional accounting process is adopted based on reasonable available information at the fiscal year-end due to the incompletion of realization of recognizable assets and liabilities and calculation of fair market values at the end of the current consolidated fiscal year, and therefore, the allocation of the acquisition cost.

8. Estimated amount and the method of calculation of the effect on the consolidated statement of income for the current consolidated fiscal year, should the business combination be completed on the start day of the consolidated fiscal year.

Estimated amount	
Sales	5,298 million yen
Net profit before tax, etc.	(26)million yen

(Calculation method of the estimated amount)

The estimated amount of the effect is the difference between the sales amount, profit and loss calculated on the supposition that the business combination was completed on the start day of the consolidated fiscal year and the sales amount, profit and loss on the Company’s consolidated financial statements. The audit certification is not received for this estimated amount.

(Notes to Rental Real Estate)

The Company and some of our consolidated subsidiaries hold office buildings (including land) for rent in Tokyo and other areas.

Leasing and gain or loss on sales related to the real estate for lease assets in the current consolidated fiscal year was 216 million yen (mainly leasing profit and expenses are recorded in net sales and cost of goods sold, respectively).

The amount of the real estate for lease assets recorded in the consolidated balance sheet, the amount of change during the period, and market values are as follows:

(Unit: million yen)

Amount recorded in the consolidated balance sheet			Market value at the end of the period
Beginning balance	Change during the period	Ending balance	
26,801	1,043	27,844	60,679

(Note 1) Amount recorded in the consolidated balance sheet refers to an amount with the amount of accumulated depreciation deducted from the acquisition cost.

(Note 2) Change during the period mainly includes the increase in the rate of rent (1,515 million yen).

(Note 3) Market value at the end of the period mainly includes the amount calculated by the Company based on "The Real Estate Appraisal Standards" (also including the amount calculated and adjusted by the Company using indexes).

(Notes to the Per-Share Information)

1. Net assets per share 2,641.39 yen
2. Net income per share 225.93 yen

Notes to Non-Consolidated Financial Statements

(Matters related to important accounting policy)

1. Basis and method of valuation of securities

   Held-to-maturity debt bonds: amortized cost method is used

   Shares of subsidiaries and affiliates: the cost method based on the moving average method is used

   Other securities:

(1) Those with fair market value:

The market value method based on the market value, etc. at the end of the fiscal year is used (valuation difference is recognized directly as net assets in full and the cost of securities sold is computed using the moving average method).

(2) Those without fair market value:

The cost method based on the moving average method is used.

2. Basis and method of valuation of inventories

   Work in process: At cost based on the specific identification method (the balance sheet amount is computed at the lowered book values reflecting a potential decline)

   Stores: At cost based on the first in first out method (the balance sheet amount is computed at the lowered book values reflecting a potential decline)

3. Method of depreciation of fixed assets

(1) Property, plant and equipment (excluding lease assets)

Mainly the declining balance method is employed. However, the buildings (excluding fixtures) acquired on and after the 1st day of April 1998 are depreciated by the straight-line method.

(2) Intangible fixed assets (excluding lease assets)

The straight-line method is employed for intangible assets (excluding software).

The depreciation methods for software are as follows:

1) Marketable software:

Comparing the depreciated amount based on the estimated sales revenue over the estimated sales period (within 3 years) and an equal distribution amount based on the length of the remaining period available for sale, the larger one is presented.

2) Software for internal use:

Depreciated using the straight-line method based on its estimated usable period in the Company (within 5 years).

However, among software for service provision purposes, for data communication service software based on a contract with specific customers, the equal installment method is used over the contracted fee payment period.

(3) Lease assets

1) Tangible lease assets

For the leased assets related to finance lease transactions without the transfer of ownership, the method of multiplying an amount equal to the depreciation cost calculated by the declining balance method, assuming that the lease term is its useful life and the residual value is 10%, by 9/10 is employed.

2) Intangible lease assets

The straight-line method is used.

4. Valuation basis for significant allowances

(1) Allowance for doubtful receivables

In order to provide for possible losses due to the uncollectibility of general account receivables, such an allowance is calculated based on historical collection losses. There is an allowance for specific account receivables such as doubtful accounts receivables, a case by case review for collectability is conducted and an estimation of the uncollectible amount is booked.

(2) Allowance for losses on contracts

In order to provide for possible future losses related to contracts of orders on hand at the end of the current fiscal year, those with a high probability of generating losses and where it is possible to reasonably estimate the amount of such losses, the estimated amount of losses to be incurred in the future is provided as an allowance for losses on contracts and presented by offsetting with corresponding work in process.

(3) Allowance for retirement benefits

The Company books the necessary amount for a year-end payment based on the estimated amount of retirement benefit obligations and the pension assets at the end of the current fiscal year to appropriate the payment for retirement benefit for our employees.

1) Period allocation of projected retirement benefits to be incurred

In calculating the retirement benefit obligations, the method based on the benefit formula is used to allocate the projected retirement benefits to the years of service up to the end of the fiscal year under review.

2) The recognition method for actuarial differences, and prior service cost

The actuarial gains and losses are mainly recognized in the expenses of a proportionally divided amount calculated by the straight-line method over a period of the average remaining service years of employees at the time of recognition of each fiscal year, commencing with the year following their fiscal year.

The prior service cost is mainly recognized in expenses by the straight-line method over the average remaining service years of employees at the time of recognition of each fiscal year.

5. Valuation basis for significant revenues and expenses

(1) Valuation basis for contract revenue and the cost of completed work

The percentage-of-completion method has been applied for construction work for which the completion of a certain percentage of the entire work by the date of current consolidated fiscal year end is clearly recognizable (the percentage of completion is estimated by the cost proportion method) and the completed-contract method has been applied for other contracts.

(2) Valuation basis for revenues and expenses related to finance lease transactions

Revenues and expenses related to finance lease transactions are accounted for by a method in which sales and the cost of sales are booked when lease expenses are received.

6. Method of hedge accounting

Deferred hedge accounting is employed.

However, with regard to foreign currency monetary receivables and payables with forward exchange contracts,designated hedge accounting (“furiate-shori”) is employed.

Also, among the interest-rate swap transactions, for the transactions that meet the requirements for exceptional accounting (“tokurei-shori”), exceptional accounting is employed.

7. Accounting for consumption tax, etc.

Consumption tax, etc. are accounted for by the tax-excluded method.

8. Accounting method related to retirement benefits

In the financial statements, unrecognized actuarial gains and losses and unprocessed amount of unrecognized prior services cost in the balance sheet are processed differently from the consolidated financial statements. In the non-consolidated balance sheet, the amount for which unrecognized actuarial gains and losses and unprocessed amount of unrecognized prior services cost is added or deducted from the retirement benefit obligations, and the amount of pension asset is deducted, is presented as the allowance for retirement benefit.

(Changes in the accounting policy)

Not applicable.

(Changes in the Manner of Presentation)

1. Balance Sheet

The account item "Deposits", which was included in "Other" of the Current Assets for the previous fiscal year, has become significant in its amount and is therefore classified and reported separately from the current fiscal year. In addition, 132,443 million yen as "Other" of Current Assets for the previous fiscal year has been restated as "Deposits", 96,015 million yen, and "Other", 36,428 million yen. Also, the account item "Long-term loan for the related companies", which was included in "Other" of the Investment and Other Assets for the previous fiscal year, has become significant in its amount and is therefore classified and reported separately from the current fiscal year. In addition, 97,155 million yen as "Other" of the Investment and Other Assets for the previous fiscal year has been restated as "Long-term loans for the related companies", 84,389 million yen and "Other", 12,766 million yen.

2. Statement of Income

The account item "Insurance Receivables", which was included in "Other" of the Non-Operating Income for the previous fiscal year, has become significant in its amount and is therefore classified and reported separately from the current fiscal year. In addition, 3,715 million yen presented as "Other" of Non-Operating Income for the previous fiscal year has been restated as "Insurance Receivables", 868 million yen and "Other", 2,846 million yen. Also, the account item "Foreign currency transaction loss" and "Loss from securities revaluation", which was included in "Other" of the Non-Operating Income for the previous fiscal year, has become significant in its amount and is therefore classified and reported separately from the current fiscal year. In addition, 2,092 million yen presented as "Other" of Non-Operating Income for the previous fiscal year has been restated as "Foreign currency transaction loss", 305 million yen, "Loss from securities revaluation", 715 million yen and "Other", 1,071 million yen.

(Notes to the Balance Sheet)

1. Breakdowns of inventories

Merchandise	1,575million yen
Work in process	11,418million yen
Supplies	1,256million yen

2. Assets offered as security and liabilities related to security

(1) Assets offered as security

Investment securities	270million yen
Stocks of subsidiaries and affiliates	75million yen
Other current, current assets (short-term loans receivable from subsidiaries and affiliates)	2million yen
Long-term loans receivable	540million yen
Long-term loans receivable from subsidiaries and affiliates	46million yen

(2) Secured liabilities

Long-term borrowings of subsidiaries (including those repayable within one year)	1,447million yen

3. Accumulated depreciation of tangible fixed assets 452,623million yen

4. Guarantee obligation

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

Bank of America Corp. (NTT DATA Victorian Ticketing System Pty Ltd)	3,880million yen

5. Monetary claims/liabilities against affiliated companies (excluding those presented separately)

Short-term monetary claims	68,443million yen
Short-term monetary liabilities	109,595million yen
Long-term monetary liabilities	8,123million yen

6. In inventories related to construction for which potential losses are expected, the amount is presented by offsetting with the corresponding allowance for losses on contracts (12,083 million yen [all of them are an allowance for losses on contracts related to work in process]).

(Notes to the Income Statement)

1. Transaction with subsidiaries and affiliated companies

Net sales	14,171million yen
Purchases	221,613million yen
Selling, general and administrative expenses	28,306million yen
Non-trade transactions	6,918million yen

2. Transfer to allowance for loss on contracts included in cost of sales 15,965million yen

3. As for impairment losses of fixed assets under extraordinary losses, mainly due to the significant deterioration of the profitability of the assets used by the Public & Social Infrastructure Segment, the Company can no longer expect to collect the invested amounts, so the Company decided to apply impairment accounting and reduced the book values of such assets to the future collectible level and the reduced amount is presented.
Breakdowns of impairment losses of fixed assets are 580 million yen for software, 224 million yen for data communication facility.
The asset grouping was made mainly based on a minimum unit that can be united and functions as a system.
Also, the collectible amounts of the asset group are calculated based on values in use, and the discount rate used for such calculation is 5%.

(Notes to the Statement of Shareholders' Equity)

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

(Notes to Tax Effect Accounting)

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

Deferred income taxes	
Provision for retirement benefits	19,600million yen
Accounts receivable	13,830million yen
Depreciation in excess of limit	7,966million yen
Long-term borrowings (Repurchase of noncurrent assets)	3,018million yen
Adjustment to the percentage-of- completion method	3,224million yen
Others	18,558million yen
Deferred income taxes – subtotal	66,198million yen
Valuation allowance	(6,781)million yen
Total deferred income taxes	59,416million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(14,142)million yen
Fixed assets	(15,100)million yen
Difference on book value of affiliates’ shares by restructuring	(3,400)million yen
Reserve for reduction entry	(103)million yen
Others	(2,041)million yen
Total deferred tax liabilities	(34,787)million yen
Net deferred income taxes	24,628million yen

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

Statutory effective tax rate	33.06%
(Adjustments)	
Entertainment and other expenses that are permanently nondeductible	0.25%
Dividends income	-1.38%
Per-capita inhabitant tax	0.09%
Tax credit by R&D tax reduction	-2.14%
Valuation allowance increase/(decrease)	0.07%
Tax rate change due to tax revision, etc.	1.97%
Others	-0.90%
Income tax and other burden rates after tax effect accounting	31.02%

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

Following the passage on March 29, 2016 of the “Act for Partial Revision of the Income Tax Act, etc.” and the “Act for Partial Revision of the Local Taxation Acts and other Acts”, the statutory effective tax rates used for the calculation of deferred income taxes and deferred tax liabilities for the current fiscal year (limited to those eliminated on and after April 1, 2016) have been changed from 32.34% of the previous fiscal year to 30.86% for those expected to be collected or paid during the period from April 1, 2016 to March 31, 2018 and to 30.62% for those expected to be collected or paid after April 1, 2018.

Consequently, the amount of deferred income taxes (with the amount of deferred tax liabilities deducted) decreased by 1,152 million yen, while the amounts of income taxes adjustment and valuation difference on available-for-sale securities that were recorded in the current fiscal year increased by 1,839 million yen and 686 million yen, respectively.

(Notes to Related-Party Transactions)

Directors and Principal Individual Shareholders, etc.

Attribute	Name of the related party	Address	Common stock (¥ million)	Type of business	% of voting rights, etc., held (owned)	Relationship between the related parties		Transaction details	Transaction amount (¥ million)	Account items	Year-end balance (¥ million)
						Additional posts held by the directors	Operating relation				
Officer	Toshio Iwamoto	—	—	President and Chief Executive Officer of NTT DATA Corporation Chairman of the Japan Electronic Payment Promotion Organization	(owned) Direct 0.0	—	—	Business rental income and other business income	28	—	—
								Payment of annual fees	2	—	—
				President and Chief Executive Officer of NTT DATA Corporation Chairman, Private Finance Initiative / Public Private Partnership(PFI/PPP)	(owned) Direct 0.0			Payment of annual fees	0	—	—
Officer	Satoshi Kurishima	—	—	Senior Executive Vice President of NTT DATA Corporation Chairman of the Japan Data Management Consortium	(owned) Direct 0.0	—	—	Payment of annual fees	0	—	—

(Note) 1. Transaction amounts do not include consumption taxes, etc.

2. Terms and conditions of the transaction above and the determination policies for such conditions are the same as those for other business partners.
3. Mr. Toshio Iwamoto resigned from the chairman position of Private Finance Initiative / Public Private Partnership (PFI/PPP) in July 2015, and the content above is related to term of office in the current fiscal year.

Affiliated companies, etc.

Attribute	Company name	% of voting rights, etc., held(owned)	Relationship between the related parties	Transaction details	Transaction amount (¥ million)	Account item	Year-end balance (¥ million)
Affiliated company	NTT DATA, Inc.	(Held) Indirect 100.0 (Owned) Direct 0.0	Entering into contract of term loan	Lending of funds	16,533 (140 million US Dollars))	Other current assets, current assets (short-term loans receivable from subsidiaries and affiliates)	34,933 (310 million US Dollars)
				Repayment of funds	9,643 (80million US Dollars)		
	EVERIS PARTICIPACIONES, S.L.U.	(Held) Indirect 100.0 (Owned) Direct 0.0	Entering into contract of term loan	Lending of funds	—	Long-term loans receivable from subsidiaries and affiliates	16.456 (129million Euros)

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

Group companies, etc.

Attribute	Company name	% of voting rights, etc., held (owned)	Relationship between the related parties	Transaction details	Transaction amount (¥ million)	Account item	Year-end balance (¥ million)
Subsidiary of parent company	NTT Finance Corporation	(Held) Direct 3.1 (Owned) Direct 0.0	Transactions among NTT Group companies	Transactions among NTT Group companies	39,284	Accounts due	8,992
			Fund deposit, etc.	Fund deposit	57,846	Deposits paid	121,646
				Interest revenue accompanying the fund deposit	40		

(Note) 1. Transaction amounts do not include consumption taxes, but amounts of the year-end balance include them.

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

(Notes to the per-share information)

1. Net asset per share 2,689.04 yen
2. Net income per share 229.16 yen

[Reference] Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	28th FY (2015/4/1–2016/3/31)	27th FY (2014/4/1–2015/3/31)
Net Sales	1,614,897	1,511,812
Cost of Sales	1,216,795	1,147,302
Gross Profit	398,101	364,509
Selling, General and Administrative Expenses	297,216	280,495
Operating Income	100,885	84,013
Non-Operating Income	7,844	6,845
Non-Operating Expenses	10,571	12,950
Ordinary Income	98,158	77,909
Extraordinary income	15,237	—
Extraordinary loss	5,607	3,913
Income before Income Taxes	107,789	73,995
Income taxes-current	46,925	34,992
Income taxes-deferred	(4,570)	5,423
Total Income Taxes	42,354	40,416
Net Income	65,434	33,579
Net income (loss) attributable to non-controlling interests	2,061	1,434
Net income attributable to owners of parent	63,373	32,144
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,349)	43,989
Deferred gains and losses on hedges	(8,186)	617
Translation adjustments	(25,975)	27,243
Remeasurements of defined benefit plans, net of tax	(29,872)	334
Share of other comprehensive income of associates accounted for using equity method	(208)	311
Other comprehensive income	480	1,074
Total Other comprehensive income	(78,110)	73,571
Comprehensive income	(12,676)	107,151
(Break down)		
Comprehensive income attributable to owners of the parent	(13,371)	105,443
Comprehensive income attributable to non-controlling interests	695	1,707

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

[Reference] Consolidated Statements of Cash Flow

(Unit: ¥ million)

	28th FY (2015/4/1–2016/3/31)	27th FY (2014/4/1–2015/3/31)
Cash Flows from Operating Activities		
Income before income taxes	107,789	73,995
Depreciation and amortization	147,961	146,896
Loss on retirement of non-current assets	7,250	11,670
Increase/(decrease) in net defined benefit liability	8,292	8,706
Interest expenses	5,492	5,782
Impairment loss of noncurrent assets	1,620	2,244
(Increase)/decrease in accounts receivable	(43,052)	(15,467)
(Increase)/decrease in inventories	5,373	(9,889)
Increase/(decrease) in accounts payable	9,574	6,359
Increase/(decrease) in advances received	27,954	(11,113)
Increase/(decrease) in accrued consumption taxes	(11,123)	17,143
Others, net	(205)	(8,270)
Sub Total	**266,928**	**228,057**
Interest and dividends received	3,175	2,141
Interest paid	(5,544)	(5,592)
Income taxes (paid)/reimbursed	(31,808)	(40,726)
Net cash provided by operating activities	**232,751**	**183,880**
Cash Flows from Investing Activities		
Payments for acquisition of property and equipment	(47,440)	(62,922)
Payments for acquisition of intangible assets	(77,922)	(82,155)
Proceeds from sales of investment securities	23,014	787
Payments for investments in subsidiaries resulting in change in scope of consolidation	(28,351)	(3,663)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	308	139
Net Decrease/(Increase) in time deposits, net	(294)	(1,921)
Payment into short-term deposit paid	(50,000)	—
Others, net	(8,043)	(7,400)
Net cash used in investing activities	**(188,730)**	**(157,137)**

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

	28th FY (2015/4/1–2016/3/31)	27th FY (2014/4/1–2015/3/31)
Cash Flows from Financing Activities		
Redemption of bonds at maturity	(40,000)	—
Proceeds from long-term debt	523	58,595
Repayments of long-term borrowings	(595)	(2,965)
Increase/(decrease) in short-term borrowings, net	1,198	(17,226)
Repayment of obligation under capital leases	(1,625)	(1,760)
Cash dividends	(16,834)	(16,837)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(461)	(1,385)
Others, net	(385)	(1,122)
Net cash used in financing activities	**(58,179)**	**17,296**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(3,131)**	**(409)**
Net Increase/(Decrease) in Cash and Cash Equivalents	**(17,290)**	**43,630**
Cash and Cash Equivalents at Beginning of Year	**250,843**	**207,213**
Cash and Cash Equivalents at End of Year	**233,553**	**250,843**

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