



Company Presentation for
the Second Quarter of the Fiscal Year ending March 31, 2014

October 31, 2013
NTT DATA Corporation

This English text is a translation of
the Japanese original. The Japanese
Original is authoritative.

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**Cautionary Statement
Regarding Forward-looking Statements**

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1. Results for the Second Quarter of Fiscal Year Ending March 31, 2014

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First, let me start with the second quarter performance.

Please turn to page 4.

【Billions of yen (except EPS)】

	2014/3 2nd. Quarter YTD Results (Apr.-Sep.)	YoY		2014/3 2nd. Quarter Results (Jul.-Sep.)	YoY	
New Orders Received	818.1	+ 138.3 + 20.4%	➔	300.9	+ 54.1 + 22.0%	➔
Net Sales	613.0	+ 8.1 + 1.4%	➔	318.8	+ 8.0 + 2.6%	➔
Operating Income	2.6	- 27.5 - 91.3%	➔	(2.4)	- 19.2 - %	➔
Segment Profit (*1)	(0.2)	- 25.2 - %	➔	(6.3)	- 19.3 - %	➔
Net Income	(3.7)	- 17.1 - %	➔	(6.0)	- 12.4 - %	➔
EPS (yen) (*2)	(13.40)	- 61.31 - %	➔	(21.42)	- 44.30 - %	➔

(*1) Segment Profit is income before income taxes.

(*2) Effective October 1, 2013, a 100-to-one stock split was implemented. Above figures represent the result of a calculation using a total number of shares outstanding after the stock split.

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First, I will explain the highlights of results for the second quarter.

New orders received recorded a significant year-on-year increase of 138.3 billion yen.

And net sales grow 8.1 billion yen, while profits fell significantly to below the level of the previous year due mainly to domestic unprofitable businesses.

I will explain about the reasons for those changes by business segment.

Please turn to page 5.

P&F and E-IT : Increased due to a growth in orders receipt of existing large scale systems, etc. on a non-consolidated basis.
 S&T : Increased due to a growth in order receipt by the existing subsidiaries, etc.
 GB : Increased reflecting the expanded orders receipt mainly in North America and Europe and the impact of foreign exchanges, etc.

	2014/3 2nd. Quarter YTD Results (Apr.-Sep.)	YoY		2014/3 2nd. Quarter Results (Jul.-Sep.)	YoY	
Public & Financial IT Services (P&F)	440.0	+ 33.4 + 8.2%	➔	146.9	+ 14.1 + 10.6%	➔
Enterprise IT Services (EIT)	175.5	+ 24.7 + 16.4%	➔	64.0	+ 3.7 + 6.3%	➔
Solutions & Technologies (S&T)	25.1	+ 3.4 + 15.8%	➔	6.9	+ 0.1 + 2.2%	➔
Global Business (GB)	176.9	+ 76.7 + 76.6%	➔	82.5	+ 35.9 + 77.0%	➔
Consolidated values	818.1	+ 138.3 + 20.4%	➔	300.9	+ 54.1 + 22.0%	➔

[Billions of yen]

(*) Consolidated values include "Other/Elimination," which means that the such values does not correspond to the sum total of each segment.

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As to new orders received, all business categories continued to surpass the level of the previous fiscal year following the first quarter.

In the P&F (Public & Financial IT services) segment, new orders received increased 33.4 billion yen due to a growth in order receipts of existing large-scale systems, etc. on a non-consolidated basis

Also in the E-IT (Enterprise IT services) segment, new orders received increased by 24.7 billion yen.

In the S&T (Solutions & Technologies) segment, order receipt by the existing subsidiaries, etc. contributed to an increase of 3.4 billion yen.

The GB (Global Business) segment showed a particularly remarkable growth. The positive factors include the impact of foreign exchange corresponding to approximately 34.0 billion yen, but new orders received increased also mainly in North America and Europe on a local currency basis.

Next, please have a look at page 6.

P&F : Decreased due to contractions of existing large scale systems and other factors on a non-consolidated basis, etc.
 E-IT : Decreased due to contractions of system software development for the existing customers on a non-consolidated basis, etc.
 S&T : Increased reflecting a growth in system software development on a non-consolidated basis and revenue growth by the existing subsidiaries from the Group.
 GB : Increased due to a revenue growth mainly in North America and the impact of foreign exchange.

	2014/3 2nd. Quarter Results (Apr.-Sep.)	YoY		2014/3 2nd. Quarter Results (Jul.-Sep.)	YoY	
Public & Financial IT Services (P&F)	323.7	- 10.5 - 3.2%	↓	164.4	- 5.5 - 3.2%	↓
Enterprise IT Services (EIT)	127.0	- 14.7 - 10.4%	↓	70.2	- 3.4 - 4.7 %	↓
Solutions & Technologies (S&T)	85.0	+ 5.7 + 7.2%	↑	45.0	+ 3.7 + 9.2%	↑
Global Business (GB)	148.2	+ 32.8 + 28.5%	↑	75.1	+ 17.3 + 30.1%	↑
Consolidated values	613.0	+ 8.1 + 1.4%	↑	318.8	+ 8.0 + 2.6%	↑

(*) Figures by segment include inter-company transactions.

(*) Consolidated values include "Other/Elimination," which means that the such values does not correspond to the sum total of each segment.

Net sales in the GB and S&T segments grew in contrast to the E-IT and P&F segments that recorded decreases.

The GB segment achieved a growth in sales mainly in North America in addition to the impact of foreign exchange of approximately 28.0 billion yen.

In the S&T segment, net sales rose 5.7 billion yen on the back of the expansion of demand for Big Data.

In the P&F and E-IT segments, net sales dropped as a result of reduced scales of the existing systems, despite some positive factors in the new businesses.

Now let's go on to page 7.

P&F : Decreased due to the impact of unprofitable businesses despite offsetting negative impacts of contracted sales of the existing large scale systems by new businesses on a non-consolidated basis.
 E-IT : Decreased due to negative impacts of unprofitable businesses together with contracted sales on a non-consolidated basis.
 S&T : Increased reflecting a revenue growth, etc. on a non-consolidated basis.
 GB : Decreased due to a boost in the amortization of goodwill resulting from the impact of foreign exchange as well as an increased cost of offshore developments reflecting the appreciation of the renminbi.

	2014/3 2nd. Quarter YTD Results (Apr.-Sep.)	YoY		2014/3 2nd. Quarter Results (Jul.-Sep.)	YoY	
Public & Financial IT Services (P&F)	10.5	- 12.8 - 54.8%	↓	0.8	- 11.4 - 92.8%	↓
Enterprise IT Services (EIT)	(9.1)	- 14.1 - %	↓	(4.2)	- 7.5 - %	↓
Solutions & Technologies (S&T)	2.1	+ 0.3 + 16.4%	↑	1.0	- 0.2 - 19.7%	↓
Global Business (GB)	(2.3)	- 1.5 - 191.3%	↓	(1.3)	- 0.8 - 216.4%	↓
	【3.1】	【- 0.3】		【1.4】	【- 0.3】	
Consolidated values	2.6	- 27.5 - 91.3%	↓	(2.4)	- 19.2 - %	↓

(*) Figures by segment include inter-company transactions and allocated expenses of the entire company.
 (*) Figures in the bracket under "Global Business Segment" represent operating income after reversal of amortization of goodwill.
 (*) Consolidated values include "Other/Elimination," which means that the such values does not correspond to the sum total of each segment.

Operating income recorded a significant fall. Despite the achievement of a growth by the S&T segment, other segments suffered decreases, particularly in the P&F and E-IT segments in which unprofitable businesses emerged.

As to the unprofitable businesses, I would like to explain in detail later on, but we ended up a loss of approximately 25.0 billion yen as a whole.

The decrease in operating income of the P&F and E-IT segments is also attributable to contracted sales.

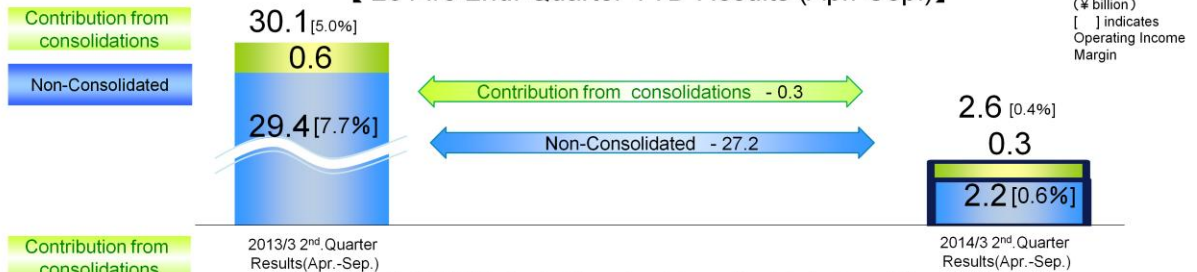
As to the GB segment, operating income decreased by 1.5 billion yen due to a boost in the amortization of goodwill resulting from the impact of foreign exchange as well as an increased cost of offshore developments reflecting the appreciation of the renminbi.

To date, we have explained that the impact of foreign exchange is not a material factor of profits, but the fluctuation in the renminbi has been significant since the beginning of this year. Therefore, the impact of foreign exchange has become an issue we cannot ignore any more in our Group companies in China engaging in offshore developments for Japan.

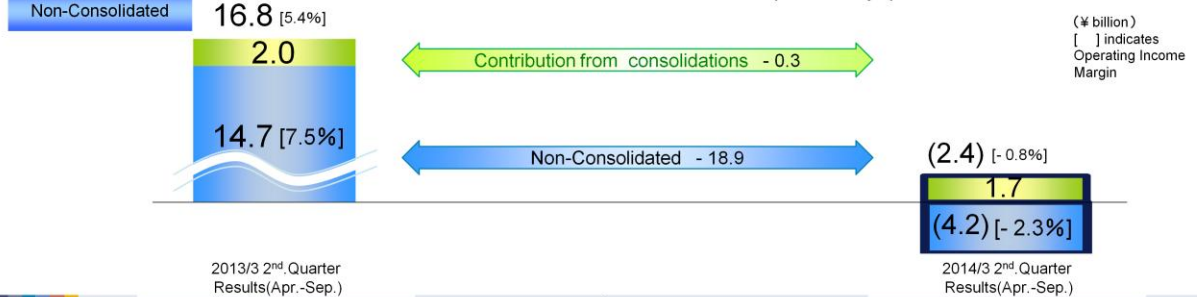
Next, please turn to page 8.

Non-consolidated operating income decreased due to a contracted sales of the existing large scale systems and the negative impacts of unprofitable businesses. Amount of difference between consolidated operating income and non-consolidated operating income shrank due to an increase in amortization of goodwill due to the impact of foreign exchange, etc.

【 2014/3 2nd. Quarter YTD Results (Apr.-Sep.)】



【 2014/3 2nd. Quarter Results (Jul.-Sep.)】



This page illustrates operating income on consolidated and non-consolidated basis.

Major part of the negative factors in this term under review occurred in NTT DATA Corporation on a non-consolidated basis.

Operating income by the Group companies decreased 0.3 billion yen due to an increase in amortization of goodwill reflecting the impact of foreign exchange, but if the amortization of goodwill is excluded, operating income increased.

Next, please look at page 9.

Each segment had an impact of increase/decrease mainly in operating income.

(Billions of yen)

	2014/3 2nd. Quarter Results (Apr.-Sep.)	YoY		2014/3 2nd. Quarter Results (Jul.-Sep.)	YoY	
Public & Financial IT Services (P&F)	8.8	- 14.8 - 62.7%	↓	(1.4)	- 13.8 - %	↓
Enterprise IT Services (EIT)	(9.6)	- 14.5 - %	↓	(5.2)	- 7.9 - %	↓
Solutions & Technologies (S&T)	2.1	+ 0.3 + 22.8%	↑	1.0	- 0.2 - 18.1%	↓
Global Business (GB)	(3.8)	- 0.7 - 25.4%	↓	(2.1)	+ 0.0 + 2.9%	↑
Consolidated values	(0.2)	- 25.2 - %	↓	(6.3)	- 19.3 - %	↓

(*Segment Profit is income before income taxes.

(* Figures by segment include inter-company transactions and allocated expenses of the entire company.

(*Consolidated values include "Other/Elimination," which means that the such values does not correspond to the sum total of each segment.

This page shows segment profits, or income before income taxes.

The segment profits had direct impact of the contracted operating income, and in particular, the P&F and E-IT segments recorded significant decreases.

Those are the explanations of our business performance for the second quarter.



2. Revisions to the Full-year Forecasts of Business Performance for Fiscal Year ending March 31, 2014

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Now, I would like to explain about the outline of the revision to the forecasts for the full-year business performance.

Please turn to page 11.

(Billions of yen [except EPS and %])

	FY ended 2013 / 3 Full-year Results (1)	FY ending 2014/3 Initial Forecasts (2)	FY ending 2014/3 Revised Forecasts (3)	YoY (3) - (1)	Versus Initial Forecasts (3) - (2)
New Orders Received	1,197.1	1,220.0	1,300.0	+ 102.8 + 8.6%	+ 80.0 + 6.6%
Net Sales	1,301.9	1,330.0	1,330.0	+ 28.0 + 2.2%	- -
Operating Income	85.6	90.0	60.0	- 25.6 - 30.0%	- 30.0 - 33.3%
	Operating Income Margin	6.6%	6.8%	4.5%	- 2.1P - 2.3P
Segment Profit (*1)	77.0	80.0	47.0	- 30.0 - 39.0%	- 33.0 - 41.3%
Net Income	43.5	45.0	23.0	- 20.5 - 47.1%	- 22.0 - 48.9%
EPS(yen) (*2)	155.14	160.43	82.00	- 73.14 - 47.1%	- 78.43 - 48.9%

(*1) Segment Profit is income before income taxes.

(*2) Although 100-for-1 stock split is scheduled on October 1, 2013 as effective date, figures on this slide are calculated based on the total number of shares issued and outstanding prior to the stock split.

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We have formulated the forecasts for the full-year business performance from the beginning reflecting the aforementioned second-quarter results.

As for the new orders received, we have revised upward with additional 80.0 billion yen, to 1,300 billion yen, based on the robust performance in the second quarter.

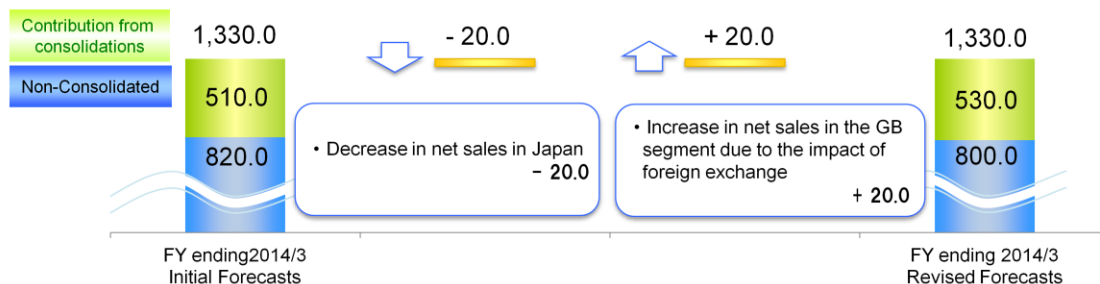
On the other hand, with respect to profits, we anticipate that it will be very difficult to achieve the forecasts announced at the beginning of the current fiscal year, although we will exert our utmost efforts for cost cutting to offset the significant decrease in profits we suffered in the second quarter.

Therefore, we regret the downward revisions to the forecasts as illustrated in this page.

I will explain the details of the reasons for the downward revisions on the next page.

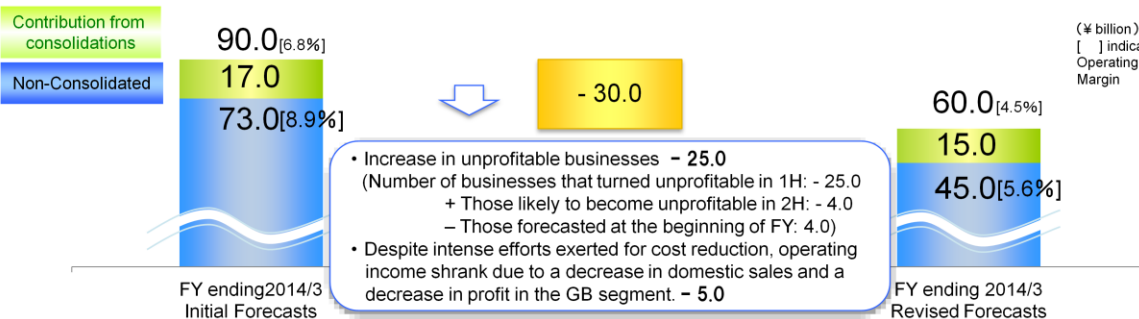
[Variable Factors of Forecasts for the Operating Results: Net Sales]

(Billions of yen)



[Variable Factors of Forecasts for the Operating Results: Operating Income]

(¥ billion)
[] indicates Operating Income Margin



First of all, we do not revise the total amount of net sales, but we changed the breakdown.

The P&F and E-IT segments recorded contracted sales in the second half, and we anticipate it will be difficult again to achieve the level forecasted at beginning of the fiscal year on a full-year basis. Thus, we expect that the domestic net sales will be 20.0 billion yen short of the forecasts.

On the other hand, we expect that overseas sales will increase by 20.0 billion yen due to the impact of foreign exchange.

With respect to operating income, we have revised downward to the forecasts by 25.0 billion yen due to an increase in unprofitable businesses, and by 5.0 billion yen due to a rise in cost arising from the appreciation of the renminbi.

We have included in the revised forecasts the additional costs for the unprofitable businesses as much as we can assume.

Next, please move onto page 13.

Amount of Orders Received: Comparison with Forecast at Beginning of Fiscal Year

P&F : Increased reflecting a growth in orders receipt from public and financial sectors on a consolidated basis.
 E-IT : Almost the same level as forecasted at beginning of fiscal year.
 S&T : Increased due to a growth in orders receipt on a non-consolidated basis.
 GB : Increased due to a growth in orders receipt by the existing subsidiaries and the impact of foreign exchange, etc.

(Billions of yen)

	FY ending 2014/3 Initial Forecasts		FY ending 2014/3 Revised Forecasts	Versus Initial Forecasts (amount)	Versus Initial Forecasts (%)
Public & Financial IT Services (P&F)	631.0	➔	679.0	+ 48.0	+ 7.6%
Enterprise IT Services (EIT)	285.0	➔	285.0	-	-
Solutions & Technologies (S&T)	36.0	➔	39.0	+ 3.0	+ 8.3%
Global Business (GB)	266.0	➔	296.0	+ 30.0	+ 11.3%
Consolidated values	1,220.0	➔	1,300.0	+ 80.0	+ 6.6%

(*) Consolidated values include "Other/Elimination," which means that the such values does not correspond to the sum total of each segment.

This page shows the amount or orders received by business segment.

Although the positive impact of foreign exchange of 20.0 billion yen is included in the GB segment, we have made upward revisions to the three segments except for E-IT.

Next, please turn to page 14.

P&F : Decreased due to a forecast for difficulty of completely offsetting the decrease in sales of the existing large scale systems on a non-consolidated basis.
 E-IT : Decreased reflecting the deteriorating environment for orders receipt from the telecommunication industry.
 S&T : Increased due to an expansion of scale on a non-consolidated basis.
 GB : Increased due to the impact of foreign exchange, etc.

(Billions of yen)

	FY ending 2014/3 Initial Forecasts		FY ending 2014/3 Revised Forecasts	Versus Initial Forecasts (amount)	Versus Initial Forecasts (%)
Public & Financial IT Services (P&F)	730.0	➡	723.0	- 7.0	- 1.0%
Enterprise IT Services (EIT)	304.0	➡	288.0	- 16.0	- 5.3%
Solutions & Technologies (S&T)	175.0	➡	178.0	+ 3.0	+ 1.7%
Global Business (GB)	270.0	➡	290.0	+ 20.0	+ 7.4%
Consolidated values	1,330.0	➡	1,330.0	-	-

(*)Figures by segment include inter-company transactions.

(*)Consolidated values include "Other/Elimination," which means that the such values does not correspond to the sum total of each segment.

This illustrates net sales by business segment.

In the P&F segment, we had expected a decrease in net sales of the existing large scale systems at beginning of the fiscal year, and that such decrease would be offset by sales of new businesses. However, considering the present status of backlog of orders and its timing toward the fiscal year-end, it is difficult to offset the full amount of decrease. Therefore, we have made a downward revision of 7.0 billion yen to the forecast.

As to the E-IT segment, although we had assumed the harsh business environment in the telecommunication industry at beginning of the fiscal year, we have revised downward the forecasts by 16.0 billion yen due to more-than-expected deteriorating environment for order receipt.

Meanwhile, we have made upward revisions to the forecasts of the S&T and GB segments, leaving the full-year forecasts of all segments combined at the same level of the forecasts at beginning of the fiscal year.

Next, please turn to page 15.

Operating Income: Comparison with Forecasts at Beginning of Fiscal Year

P&F and E-IT : Decreased due to the impacts of unprofitable businesses and a fall in gross margin resulting from a shrink of net sales.
 S&T : Increased reflecting a growth in sales, etc.
 GB : Decreased due to an increase in offshore development costs, etc. in line with the appreciation of the renminbi.

(Billions of yen)

	FY ending 2014/3 Initial Forecasts		FY ending 2014/3 Revised Forecasts	Versus Initial Forecasts (amount)	Versus Initial Forecasts (%)
Public & Financial IT Services (P&F)	67.0	➔	52.5	- 14.5	- 21.6%
Enterprise IT Services (EIT)	14.0	➔	1.0	- 13.0	- 92.9%
Solutions & Technologies (S&T)	8.0	➔	8.5	+ 0.5	+ 6.3%
Global Business (GB)	0.0 【10.0】	➔	(2.0) 【9.0】	- 2.0 【- 1.0】	- 【- 10.0%】
Consolidated values	90.0	➔	60.0	- 30.0	- 33.3%

(*) Figures by segment include inter-company transactions and allocated expenses of the entire company.
 (*) Figures in the bracket under "Global Business Segment" represent operating income after reversal of amortization of goodwill.
 (*) Consolidated values include "Other/Elimination," which means that the such values does not correspond to the sum total of each segment.

This page shows operating income by business segment.

Although we made utmost efforts to cut costs across the Group companies, we regret to be forced to revise significantly downward the forecasts for the P&F and E-IT segments due to decreases in gross margin, etc. reflecting the unprofitable businesses and contracted sales.

In the GB segment, it is likely that the impact of foreign exchange as seen in business performance for the second quarter will also emerge by the end of the current fiscal year. Therefore, we are forced to make a downward revision to the full-year forecasts by 2.0 billion yen.

Please note that the numbers in the parentheses is the results after excluding amortization of goodwill, which is one of the practices conducted only in Japanese accounting standard.

Next, please turn to page 16.

Increase/decrease in all business segments due mainly to the revisions to the forecasts for operating income.

(Billions of yen)

	FY ending 2014/3 Initial Forecasts		FY ending 2014/3 Revised Forecasts	Versus Initial Forecasts (amount)	Versus Initial Forecasts (%)
Public & Financial IT Services (P&F)	67.0	➔	50.0	- 17.0	- 25.4%
Enterprise IT Services (EIT)	14.0	➔	0.0	- 14.0	- 100.0%
Solutions & Technologies (S&T)	6.5	➔	7.5	+ 1.0	+ 15.4%
Global Business (GB)	(3.0)	➔	(5.0)	- 2.0	- 66.7%
Consolidated values	80.0	➔	47.0	- 33.0	- 41.3%

(*)Segment Profit is income before income taxes.

(*) Figures by segment include inter-company transactions and allocated expenses of the entire company.

(*)Consolidated values include "Other/Elimination," which means that the such values does not correspond to the sum total of each segment.

Forecasts for profits by business segment have also been revised for almost the same reasons as in operating income.

This wraps up my explanation about figures. Now, with respect to the unprofitable businesses that led to the significantly downward revisions this time, I am going to explain the cause of the losses and the countermeasures we implemented to prevent the losses from increasing further, together with preventive measures toward future.

Please look at page 18.



3. Measures to Control Unprofitable Businesses

Current Status of Unprofitable Businesses and Prospects for Future

- Six main unprofitable businesses were found on a non-consolidated basis.
- The main factor of businesses turning unprofitable was insufficient assessment of validness concerning the implementation plan for the new businesses.
- Thoroughgoing measures were implemented for strict observance of delivery time and secured quality to avoid any inconvenience for customers.

	Customer	Characteristics of Business	Causes of unprofitable business	Process flow in which the problem was uncovered	Measures implemented	Prospects
Public & financial	1	Financial Institutions	New technologies & new businesses	Started under a development plan and cost calculations, of which assessment of technical challenges and constraints, and development factors were inadequate.	In the testing process, quality problems such as insufficient inspections of current functions were found.	Early resolution of the quality problems by replacement of PM and significant increase in the number of expert technicians and operation experts.
	2					
Enterprise IT services	3	Utility company	New technologies	Started with an expectation of excessive productivity, and a system and cost calculations insufficient of operation experts.	In the testing process, etc., quality problems such as insufficient refinement of external specifications were detected.	Early fixing of the external specifications and early resolution of quality problems by replacing PM and drastic reinforcement of the implementation systems.
	4					
	5	Manu-facturing company	New businesses & new technologies			• Quality problems in the two projects are to be resolved through our efforts to fix the external specifications.
	6					

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First of all, let me explain about current status of unprofitable businesses and prospects for future.

There were six main unprofitable businesses on a non-consolidated basis in the P&F and E-IT segments. All of them belong to our new technologies and new businesses category.

Four businesses in the E-IT segment had been unprofitable already in the first quarter, whereas two businesses in the P&F segment turned unprofitable in the second quarter.

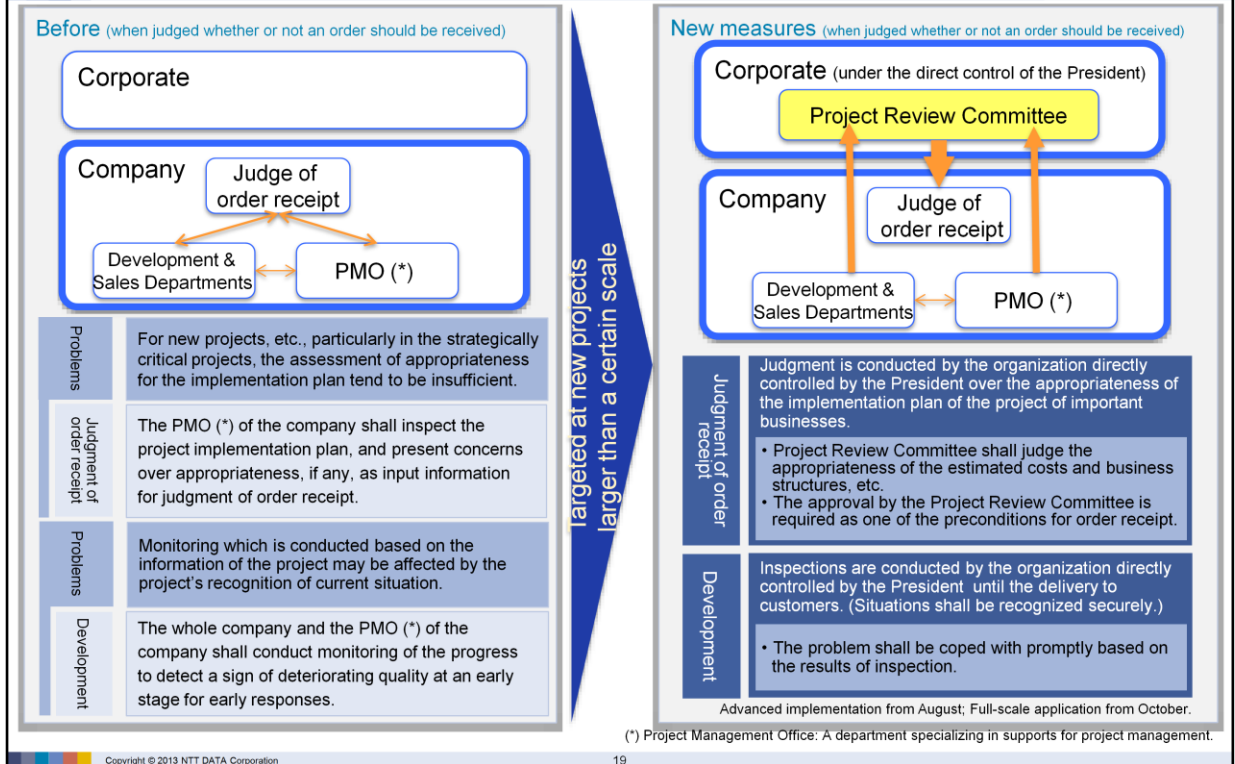
While the respective causes of loss in each business varied on specific levels, our investigations and analyses revealed that each assessment of validness concerning the implementation plan formulated after order receipt was insufficient.

For example, inadequate assessment of factors requiring development and insufficient cost calculations based on excessive productivity caused significant deviations from the initial plans in the second half of the process of works.

In all these six businesses, we implemented drastic approaches by replacing project managers, and significantly increasing the number of expert technicians with the aim of properly maintaining the system quality, holding down losses to a level as low as possible to avoid any inconvenience for customers.

As a result, we have reflected all losses expected for the current fiscal year on the revised forecasts as two projects have already been delivered to customers in the E-IT segment, and problems of two other projects are to be resolved.

Let me now explain about our efforts to prevent new unprofitable businesses from occurring in the future, on page 19.



To date, the Company has conducted inspections and provision of advice by project management assistance organizations assigned for each company, and monitoring across the entire companies to prevent unprofitable businesses from occurring. We believe that those measures were successful in cutting losses generated in the previous fiscal year, etc.

However, I must admit that such a huge amount of losses surfaced in the second quarter because these measures were not completely linked to securing the appropriateness of the implementation plan of the projects.

The reason for such problem is found in important projects of a company in which order receipt is the priority, and ensuring the appropriateness of the plan becomes insufficient, or the escalation is sometimes delayed due to the sense of responsibility of project managers to complete the project at any cost as the basis of monitoring is in the project reporting.

Considering these problems, we have already introduced a system to resolve problems at an early stage in new businesses of more than a certain scale by establishing a new organization under the direct control of the President, in which the appropriateness of the project implementation plan is judged and on-site inspection is conducted in the development period.

Under this system, an order receipt would not be permissible if the Corporate judges that the plan is inadequate, and drastic measures can be implemented during the development period despite the project manager's assertion to continue, if the Corporate determines that there is a problem.

We believe that as a result of introducing this system, several high-risk businesses will not be conducted simultaneously like the aforementioned businesses.

To achieve the targets of the Medium-term Management Plan, it is critical to prevent unprofitable businesses from being continued under this system. To this end, we will exert our utmost efforts to produce good results.

As to dividends for shareholders, we leave the initial forecast unchanged.

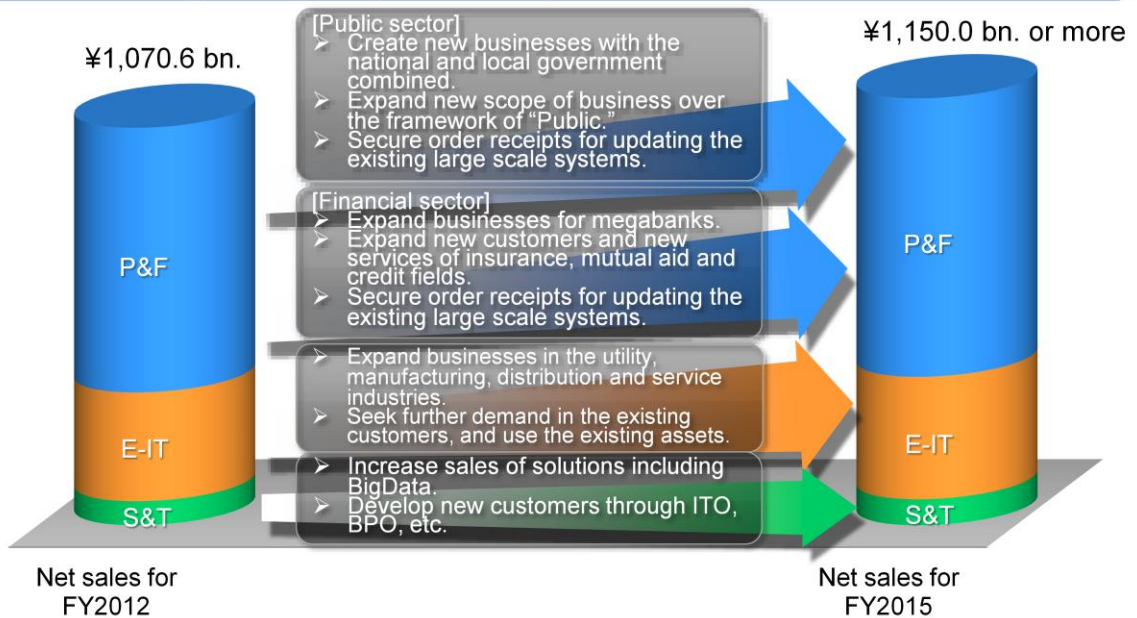


4. Measures toward the Achievement of the Targets Set in the Medium-term Management Plan

Those are the most recent business status and our measures against the pressing issues.

Lastly, let me explain about our measures toward the achievement of targets for the Medium-term Management Plan, “Global Top 5” and “EPS: 200 yen” based on those business performance.

- For the domestic businesses, we will continue to expand our businesses by promoting specific strategies for the respective segments under the Medium-term Management Plan including “Remarketing” and “Strategic R&D.”



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First, please look at net sales. As you can see in the business performance for the second quarter, the growth of new order receipts has been extremely robust.

This growth is attributable not only to the recent economic status, as a matter of course, but also to the effects of our measures promoted in our Medium-term Management Plan such as “Remarketing” and “Strategic R&D.”

The page shows the strategies by business segment toward the growth in domestic sales.

For example, in the P&F segments, we will further accelerate our materializing progress such as creating new businesses in the Public segment, overseas development of technologies proven in Japan, and foray into mission-critical system of mega-banks in the Financial segment while securing order receipts for renewal of the existing large-scale systems.

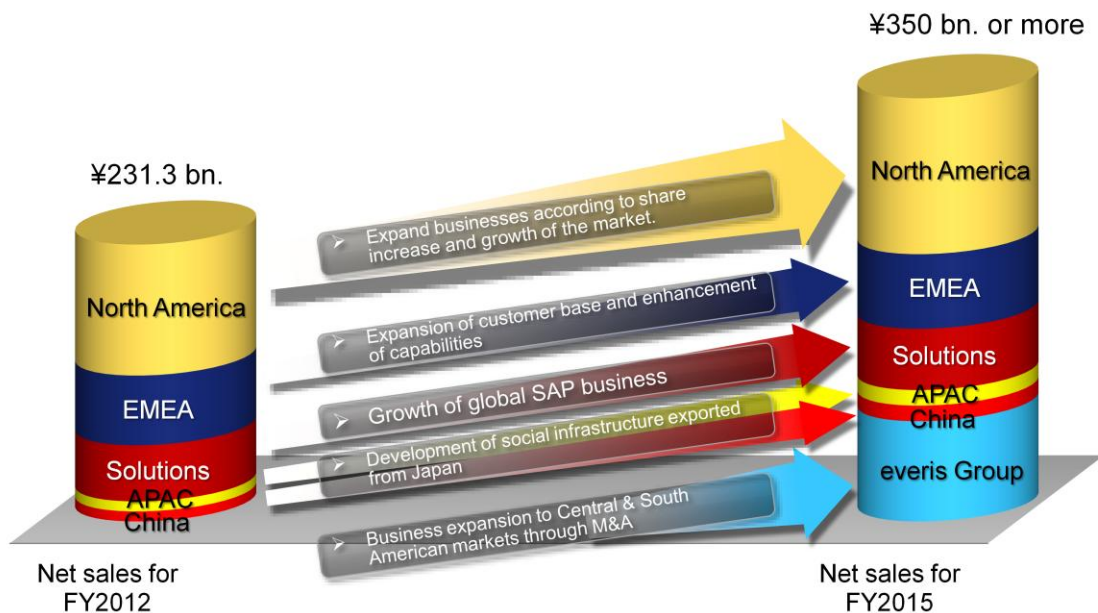
In the E-IT segment, we have already proceeded with development of several major customers and new services by focusing our targets using the existing relationships and existing assets.

Furthermore, in the S&T segment, demands for Big Data and network-related services are particularly strong. Therefore, we are proceeding with the strategies to expand sales of solutions such as Big Data, and to develop new customers in the P&F and E-IT segments based on the competitive solutions like ITO and BPO.

Some of these strategies have been put into practice already in specific manners, contributing to receipt of new orders.

Needless to say, we should not allow any unprofitable businesses to emerge from these new orders received. Based on thoroughgoing implementation of the aforementioned measures, we will attain both the expansion of net sales and earnings growth at the same time.

- For overseas businesses, we will continue to expand businesses by promoting our strategies at global levels, and making each operation implement their strategies under the respective business environment.



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Next, I would like to explain about overseas business development.

Firstly, let me explain about the acquisition of everis Group that we have simultaneously announced today.

The Company aims to become the Global Top 5 while expanding the global business bases. The acquisition of everis allows us to obtain the bases for service provision, particularly in Spain and Central and South America where we had no proper business bases.

Also, we expect that the NTT DATA Group will strengthen the cost competitiveness and improve its service quality by obtaining the offshore and nearshore development bases of the everis Group.

While the present net sales are slightly short of 80.0 billion yen, and we look forward to further business expansion in the markets with high growth potentials.

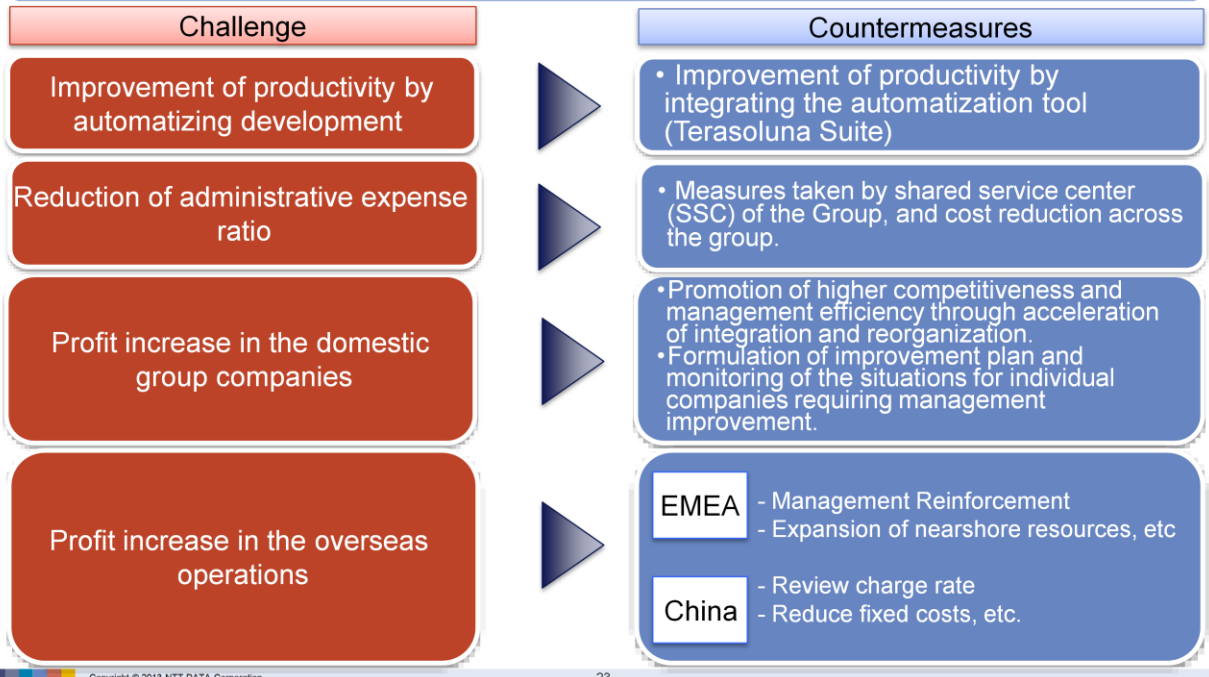
Furthermore, the existing Group companies have been implementing their sales growth strategies according to their respective environment in addition to enhancing offering on a global basis, strengthening accounts and cultivating human resources.

Although businesses in the EMEA region has been facing difficulties recently, we believe that the growth of business is highly likely by implementing strategies such as deepening the relationship with customers in cooperation with companies in other regions, or enhancing competitive edge in price and quality under the nearshore development.

And in North America, our business has great growth potentials as observed in the second quarter in which we received new orders of large-scale outsourcing business from Yum! Brands, Inc. that operates Kentucky Fried Chicken and Pizza Hut. We expect further possibilities of growth in North American markets.

With respect to profits, the contribution of the new M&A transaction, in particular, is limited, dragged by the burden of amortization of goodwill, but we are hopeful about its potentials towards the achievement of the EPS target.

■ To increase profits, we have implemented various measures including the improvement of productivity by automating development, profit increase in the domestic and overseas group companies, and reduction of administrative expense ratio.



Now, I would like to explain about our efforts to raise profit margin.

First, we are thoroughly focusing on the improvement of productivity by automatizing development, which is one of our priority fields in the Medium-term Management Plan. Moreover, we have steadily delivered strong track records towards the applicable project target for the current fiscal year, thus significantly shortening the development period. In the future, we will expand our achievements not only in Japan but also to our overseas bases.

With regard to administrative expenses, we have introduced shared service center (SSC) as I explained earlier, and implemented other measures to further reduce costs.

In the domestic Group companies, reorganization is under way for the companies with low profitability through consolidation or restructuring, whereas in the overseas Group companies, more in-depth measures are being taken relating to the management structure and fixed costs for the companies in the EMEA region and China, where the latest performance faced difficulties in terms of profits.

■ New measures for controlling unprofitable businesses shall be implemented thoroughly, and the measures listed in the Medium-term Management Plan shall be conducted more aggressively to achieve the target of FY 2015, “Global Top 5” and “EPS: 200 yen” by promoting the measures to improve profits as well.



As I explained earlier, we are firmly determined to go forward to our fixed target of 200 yen for EPS in the fiscal year ending March 2016 by promoting the control of unprofitable businesses, expansion of businesses and improving profitability.

We understand and regret that our business performance for the second quarter was severe consequence, which may have caused concerns among our stakeholders. We take these problems seriously, and will exert our utmost efforts to bring the robust order receipts steadily to net sales and profits by implementing appropriate measures. Therefore, we sincerely look forward to your understanding and support.

■ Main topics for the current second quarter in the respective priority fields of the Medium-term Management Plan are as follows:



Lastly, this slide shows the whole picture of the main topics for the second quarter.

For more details, please refer to the Appendices.

This wraps up my presentation.

Thank you for your kind attention.



5. Appendices

Overview of Consolidated Earnings and New Orders Received for the 2nd Quarter of FY Ending March 31, 2014

NTT DATA

(Billions of yen [except Operating Income Margin and %])

	2014/3 2nd. Quarter	YoY	2014/3 2nd. Quarter	YoY	2014/3
	YTD Results (Apr.-Sept.)	(%)	YTD Results (Apr.-Sept.)	(%)	Full-Year Forecasts
New Orders Received	818.1	20.4	300.9	+22.0	1,300.0
Orders on Hand	1,391.0	9.5			1,208.0
Net Sales	613.0	1.4	318.8	+2.6	1,330.0
Cost of Sales	488.1	6.3	260.8	+10.0	1,029.0
Gross Profit	124.8	-14.1	57.9	-21.2	301.0
SG&A Expenses	122.1	6.0	60.4	+6.5	241.0
Selling Expenses	56.6	8.6	27.7	+7.8	111.0
R&D Expenses	5.9	-2.1	3.0	+6.8	13.0
Other Administrative Expenses	59.6	4.6	29.5	+5.3	117.0
Operating Income	2.6	-91.3	(2.4)	-	60.0
Operating Income Margin	0.4	-4.6	-0.8	-	4.5
Ordinary Income	1.3	-95.0	(4.8)	-	49.0
Special Gains and Losses	(1.5)	12.5	(1.5)	+12.5	(2.0)
Income before Income Taxes	(0.2)	-	(6.3)	-	47.0
Income Taxes and Others	3.5	-69.4	(0.3)	-	24.0
Net Income	(3.7)	-	(6.0)	-	23.0
Capital Expenditures	72.2	34.6	45.1	+41.5	148.0
Depreciation and Amortization/Loss on Disposal of Property and Equipment and Intangibles	69.6	-5.9	33.7	-3.9	147.0

Note: Income Taxes and Others include Income, Residential and Enterprise Taxes, Adjustment to Income Taxes and Minority Interests.

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(Unit: ¥ Billions / %)

	2013/3 2nd. Quarter Results (Apr.-Sept.)	2014/3 2nd. Quarter Results (Apr.-Sept.)	2014/3 Full-Year Forecasts
Public & Financial IT Services	326.6	315.6	707.0
Enterprise IT Services	138.4	123.7	278.0
Solutions & Technologies	29.8	32.1	68.0
Global Business	108.9	140.9	275.0

Consolidated New Orders Received by Customer Sector and Service (to Japanese Customers Outside the NTT DATA Group)

NTT DATA

(Unit: ¥ Billions)

		2013/3 2nd. Quarter YTD Results (Apr.-Sept.)	2014/3 2nd. Quarter YTD Results (Apr.-Sept.)	2014/3 Full-Year Forecasts
Public & Financial IT Services				
(Main item)	Central Government and Related Agencies, Overseas Public Institutions, etc.	87.0	139.9	221.0
	Local Government and Community-based Business	59.7	61.8	105.0
	Healthcare	9.4	9.0	16.0
	Banks	117.4	103.5	149.0
	Cooperative Financial Institutions	69.2	64.0	78.0
	Insurance, Security and Credit Corporations	48.8	50.7	96.0
	Settlement Services	13.1	9.3	13.0
Enterprise IT Services				
(Main item)	Communication, Broadcasting and Utility Industry	69.2	58.8	114.0
	Manufacturing Industry	49.9	68.3	104.0
	Retail, Logistics and Other Service Industry	23.1	26.9	42.0
Solutions & Technologies				
(Main item)	Network Services	0.9	1.4	2.0
	Data Center Services	13.2	13.8	17.0

Note1: Net Sales and New Orders Received of Solutions & Technologies Company does not include orders taken via other companies.

Consolidated Net Sales by Customer Sector and Service

(to Japanese Customers Outside the NTT DATA Group)

NTT DATA

(Unit: ¥ Billions)

		2013/3 2nd. Quarter YTD Results (Apr.-Sept.)	2014/3 2nd. Quarter YTD Results (Apr.-Sept.)	2014/3 Full-Year Forecasts
Public & Financial IT Services				
(Main item)	Central Government and Related Agencies, Overseas Public Institutions, etc.	60.8	58.2	139.0
	Local Government and Community-based Business	36.3	36.8	102.0
	Healthcare	9.0	6.5	18.0
	Banks	85.0	79.9	159.0
	Cooperative Financial Institutions	43.0	43.5	100.0
	Insurance, Security and Credit Corporations	54.2	49.1	104.0
	Settlement Services	36.8	40.0	85.0
Enterprise IT Services				
(Main item)	Communication, Broadcasting and Utility Industry	67.8	48.9	122.0
	Manufacturing Industry	43.1	44.7	95.0
	Retail, Logistics and Other Service Industry	20.7	21.8	45.0
Solutions & Technologies				
(Main item)	Network Services	10.3	10.9	22.0
	Data Center Services	14.2	15.1	32.0
Integrated IT Solution		214.8	211.8	420.0
System & Software Development		156.2	148.6	376.0
Consulting & Support		208.6	225.6	476.0
Others		25.0	26.8	58.0
Net Sales by Products and Services Total		604.8	613.0	1,330.0

Note1: Net Sales and New Orders Received of Solutions & Technologies Company does not include orders taken via other companies.

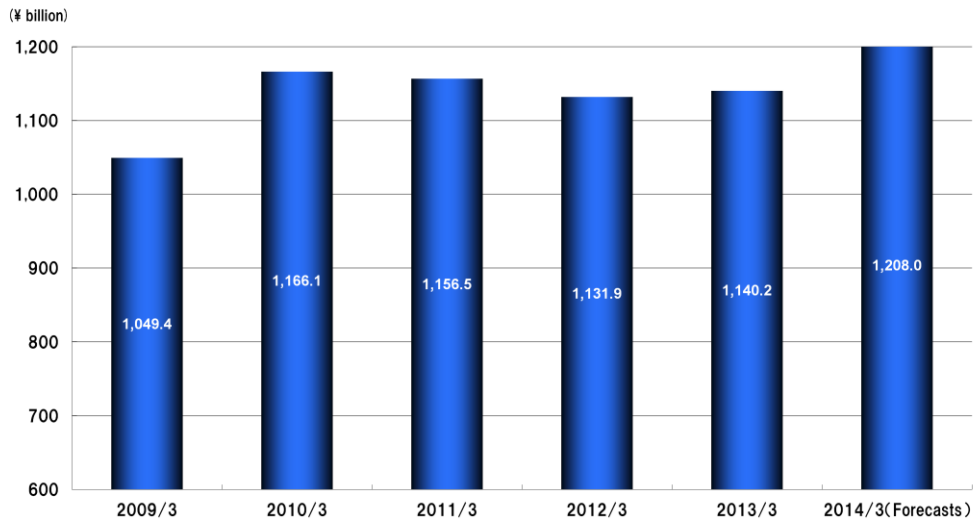
Non-Consolidated Earnings and New Orders Received

NTT DATA

(Unit: ¥ Billions)

	2013/3 2nd. Quarter YTD Results (Apr.-Sept.)	2014/3 2nd. Quarter YTD Results (Apr.-Sept.)	2014/3 Full-Year Forecasts
New Orders Received	439.2	496.1	737.0
Orders on Hand	1,044.5	1,096.1	947.0
Net Sales	381.2	361.6	800.0
Cost of Sales	293.8	302.7	640.0
Gross Profit	87.4	58.8	160.0
SG&A Expenses	57.9	56.6	115.0
Selling Expenses	26.0	25.7	53.0
R&D Expenses	5.6	4.8	11.0
Other Administrative Expenses	26.3	25.9	51.0
Operating Income	29.4	2.2	45.0
Operating Income Margin	7.7	0.6	5.6
Ordinary Income	29.3	9.0	46.0
Special Gains and Losses	-	(1.3)	(1.0)
Income before Income Taxes	29.3	7.7	45.0
Income Taxes and Others	9.3	0.1	15.0
Net Income	19.9	7.6	30.0
Capital Expenditures	47.1	63.4	139.0
Depreciation and Amortization/Loss on Disposal of Property and Equipment and Intangibles	64.5	59.4	122.0

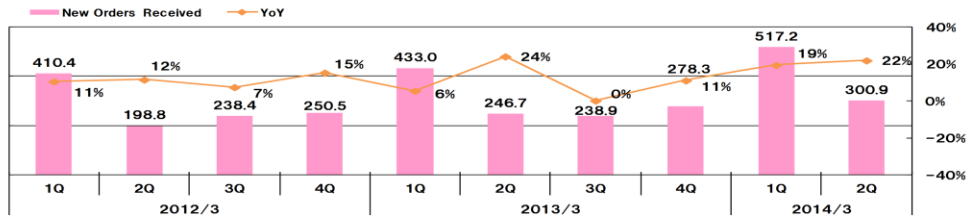
Note: Income Taxes and Others include Income, Residential and Enterprise Taxes, Adjustment to Income Taxes.



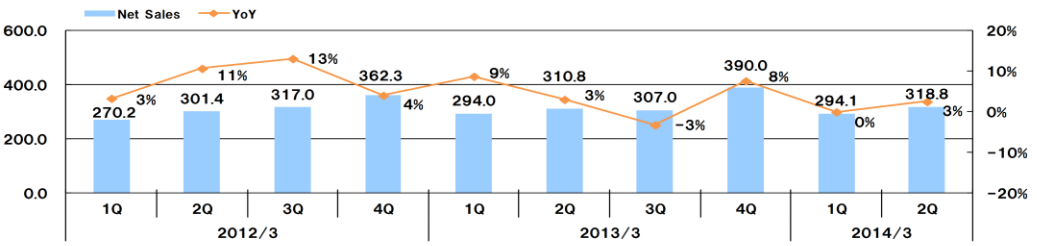
Trends in Quarter (Consolidated)

■ New Orders Received

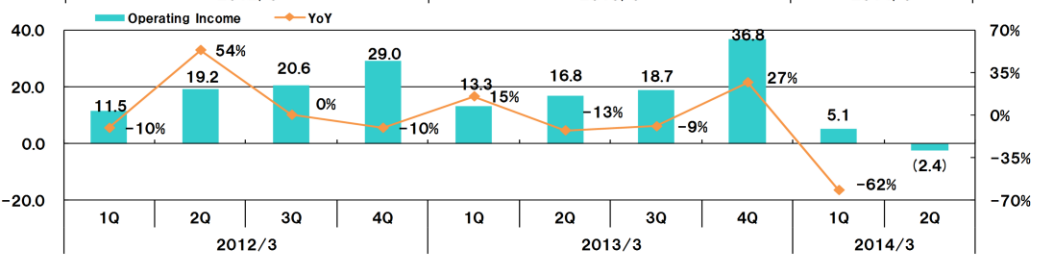
(Unit: ¥ Billions)



■ Net Sales



■ Operating Income



- The social security and tax number system was set forth under relevant laws in May 2013, and the introduction of the system is in the works by relevant Ministries and Agencies.
- On the back of the major banks' global business development for supporting the overseas expansion of the Japanese companies mainly in Asia, a growth in IT spending is expected.

Public & Financial IT Services

National Government	<ul style="list-style-type: none"> • The social security and tax number system was set forth under relevant laws in May 2013, and the introduction of the system is in the works by relevant Ministries and Agencies. • A declaration of "Becoming the World's Leading IT Society" was formulated in June 2013, to proceed with efforts towards the realization of society in which the world's leading IT will be used by 2020. Consequently, the impact of IT investments can be expected.
Local Government and Community-based Business	<ul style="list-style-type: none"> • Amid overall belt-tightening, cost-cutting demand is increasingly for bidding, etc. while there are moves toward use of shares system as a way to reduce IT outlay. • Interest has been growing in safety and security area, especially disaster prevention systems and smart community area.
Healthcare	<ul style="list-style-type: none"> • The growth strategies and regulatory reform implementation plan formulated by the government designate the health and medical fields as key areas, and the relevant ministries and agencies are preparing the budgets. • Furthermore, based on the discussion of the National Council on Social Security System Reform, it is anticipated that movements toward legislation and the impact on IT spending by the relevant organizations will be reinforced.
Major Banks	<ul style="list-style-type: none"> • A sign of an increase in IT spending has been observed. • A certain level of needs are anticipated for the fields in which streamlining of the existing operations and the effects of cost reduction can be expected. • It is expected that the trend of major banks' global development for supporting the overseas expansion of the Japanese companies centering in Asia will bring an increased IT spending.
Regional Banks	<ul style="list-style-type: none"> • Despite signs of a recovery from a stagnant state in the overall category, cost-cutting demands remain strong, along with ongoing trend toward shared system use and outsourcing. • Demand is likely to increase for shared systems for strategic purposes (customer information management, etc.) to differentiate themselves from competitors.
Cooperative Financial Institutions	<ul style="list-style-type: none"> • Despite an upward trend in domestic economy including regional economies, operating environment remains severe and a full-blown growth in IT spending is not expected. • Minimum necessary spending is seen to meet legal requirement and for projects contributing to the improvement of cost efficiency.
Insurance, Security and Credit Corporations, etc.	<ul style="list-style-type: none"> • [Insurance]: Although the current IT spending is sluggish across the industry, we expect that IT spending related to new channels, new products, streamlining of administrative works, etc. will increase. • [Securities]: While the outlook of the global financial market is uncertain, the domestic market has been booming. Further IT spending is expected as there have been changes in investment stance as a result of system reforms among other measures. • [Credit]: Search for new businesses after the Money Lending Business Act continues. Focuses are placed on multi-functional electronic terminals, reinforcement of franchised outlets, points, etc.

While there has been anticipation towards an increase in capital expenditure on the back of promising business sentiment mainly among large enterprises, it is still unclear if such sentiment will lead to an expansion of the domestic IT spending as some companies remain cautious about spending.

Enterprise IT Services

<p>Communication, Broadcasting and Utility Industry</p>	<ul style="list-style-type: none"> • In the telecom industry, while IT spending to respond to an increase in data traffic in line with the rapid expansion of smartphone usage has run its course, IT spending for new services can be expected to remain strong. Meanwhile, in the existing service field, there has been further cost-cutting demand as a result of the intensified market competition. • In the utilities industry, movements towards efficient energy usage (introduction of smart meters) and system changes (separation of electrical power generation from power distribution and transmission), etc. are expected to prompt an increase in IT spending.
<p>Manufacturing Industry</p>	<ul style="list-style-type: none"> • In spite of gradual improvement of earnings mainly among large companies, strong demand persists for the curtailment of IT spending. • Amid increasing globalization of Japanese companies, there have been increasing demands for global solution delivery.
<p>Retail, Logistics and Other Service Industry</p>	<ul style="list-style-type: none"> • Strong demands have remained for IT spending aimed at boosting sales through new marketing methods such as sales promotion activities connecting the Internet and brick-and-mortar stores. • Reflecting strong appetite of overseas business expansion (especially in the APAC region) by Japanese companies, demands for overseas IT spending have come into view.

From a perspective of BCP, demand for reliable network and data centers remains strong.

Solutions & Technologies

<p>Network</p>	<ul style="list-style-type: none"> • Demand for financial institutions remains steady. Demand for corporate customers is also on an upward trend in the introduction of wireless LAN, etc. Demand for NW is also expected to grow on the back of global business expansion by the Japanese companies. • Needs are expected in association with redundant systems from the Business Continuity Plan (BCP) and shift from wired WAN/LAN to wireless systems. Furthermore, additional investments in networks can be expected from the growth in the unified communication area including video conferencing.
<p>Data Center Services</p>	<p>From a BCP perspective, we have continued to receive inquiries from customers about setting up data centers and BCP offices with quake-resistant or seismically isolated structure, in-house power generators, and a fault recovery environment. In addition, demand remains strong for energy-saving services resulting from the power shortage issue as well as global data centers and related support services in line with the globalization of business operations by our customers.</p>

Global Business	North America	The overall U.S. economy remains solid as observed in the robust employment statistics as well as in IT services. Meanwhile, close attention should be paid the impacts of the federal sequester measures and the partial shutdown of governmental organizations, etc. , which continues to be unclear.
	EMEA	The GDP growth rate after the economic slump from 2012 through the 1st half of 2013 recovered slightly, and is expected to turn positive gradually in the 2nd half of 2013. By country, the GDP of the United Kingdom and Germany is likely to recover little by little. The Italian GDP is anticipated to continue a downward trend in the 2nd half of FY 2013, and to level out in FY 2014. Pressures on IT cost-cuts and price reduction will persist as customers remain cautious about IT spending in all industry sectors.
	China	In the Chinese economy, despite the slowdown of exports, the domestic markets maintains vigorous purchasing activities of the public. The Chinese government accepts the stable growth. Some experts do not believe that shadow banking issue will significantly affect the entire Chinese economy.
	APAC	Overall market conditions in APAC remain robust. In the market in its high-growth period (i.e. GDP per capita: from USD3,000 to less than USD15,000), there is buoyant demand for IT services including sales and leasing of hardware from financial institutions. In the market in its stabilized period (i.e. GDP per capita: USD15,000 or more) on the other hand, there is significant demand for application development and outsourcing services.
	Solutions	In the SME (small and medium-sized enterprises) market, SAP solutions and outsourcing businesses have shown strong growth although customers' stance toward IT spending vary depending on regions and industries. Expansion of new markets is also expected in the HANA (high-speed database), BI/BA (business intelligence/business analytics) analytics, mobile technology and cloud-computing fields.

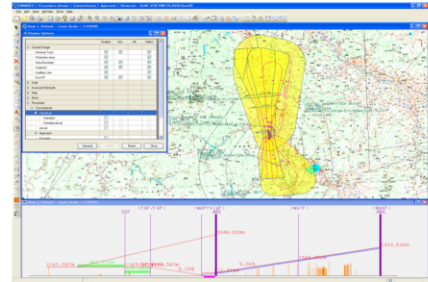
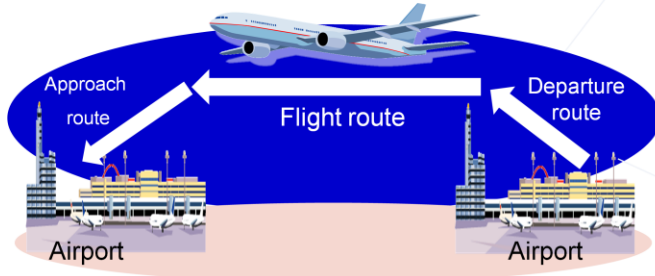
“PANADES” flight route design system to be introduced in Laos and Myanmar.

- Laos: Received order from Japan International Cooperation Agency (JICA); introduction decided in July 2013
- Myanmar: Received order from Japan International Cooperation Agency (JICA); introduction decided in September 2013

The fifth foreign country that decided the introduction, following Thailand, Indonesia and Vietnam.

PANADES

A software package product for designing airline flight routes based on international standards, aimed at global markets



Features

- Equipped with functionality for automatically processing most complex calculations in flight route design
- Automatically creates flight zones from minimal parameters

Advantages

- Shortens flight route design time
- Achieves high-quality, reliable design results
- Improves flight route safety

- In the "NTT Data Regional Bank Integrated Services Center," the provision of services for Oita Bank started in May 2013. In the same month, "STELLA CUBE®" started services to Sendai Bank.
- Aozora Bank decided in July 2013 to use "BeSTAcoud®."
- Further cost advantage is pursued by the joint development between the Regional Bank Integrated Services Center, the joint database center (Bank of Yokohama, Hokuohoku Financial Group, 77 Bank), "STELLA CUBE®" and "BeSTAcoud®."

BeSTA※

NTT DATA Regional Bank Integrated Services Center (15 banks)

- Oita Bank began using in May, 2013
- Nishi-Nippon City Bank began using in Jan.2013

In service

Shared System (4 banks)

- A basic agreement among four banks was concluded with regard to the participation by 77 Bank in May 2012
- Following the Bank of Yokohama, used by Hokuriku Bank and Hokkaido Bank starting May 2011

In service

STELLA CUBE (8 banks)

- Sendai Bank and Tohoku Bank began using in May, 2013
- A basic agreement with Kirayaka Bank was concluded in July 2012
- Service provided to 7 banks, 1 more intending to join

In service

BeSTAcoud

- Use by Aozora Bank was decided in July 2013.
- A basic agreement with FIDEA Holdings (Shonai Bank and Hokuto Bank was concluded on the use of the system in March 2012.

In progress

NTT DATA has won contracts that account for an approximate 30% share of regional banks and second-tier regional banks, the largest for core systems in the industry.

Aozora Bank decided to use BeSTAcoud® as the first non-regional bank.

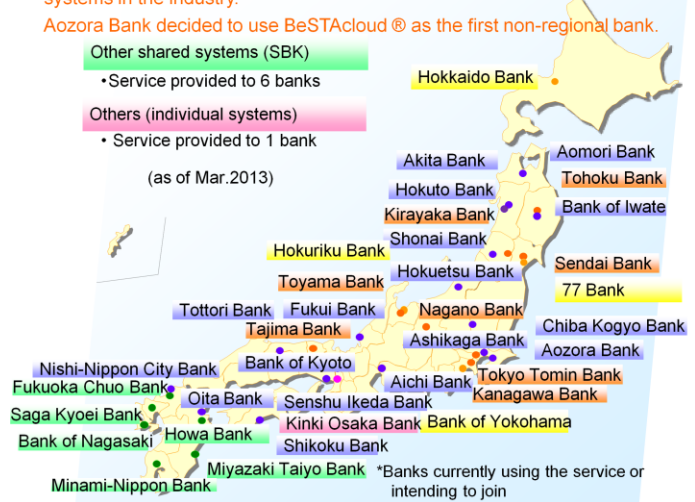
Other shared systems (SBK)

- Service provided to 6 banks

Others (individual systems)

- Service provided to 1 bank

(as of Mar.2013)

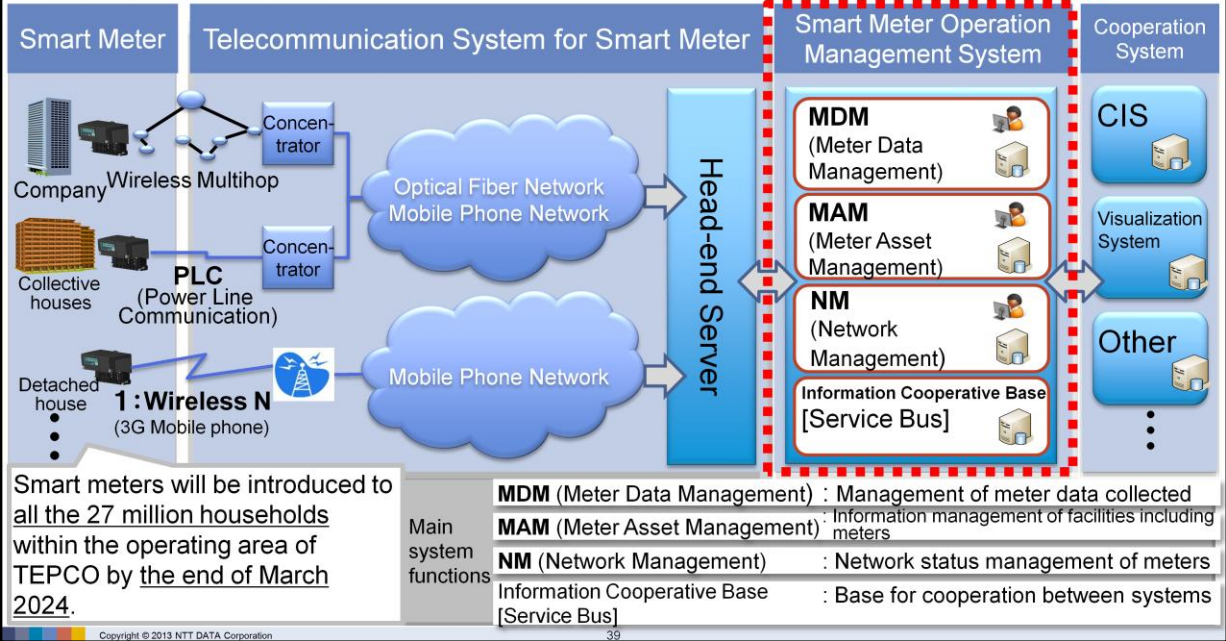


* BeSTA (Banking application Engine for Standard Architecture)
A banking application developed by NTT DATA applicable to various banks across banking business categories.

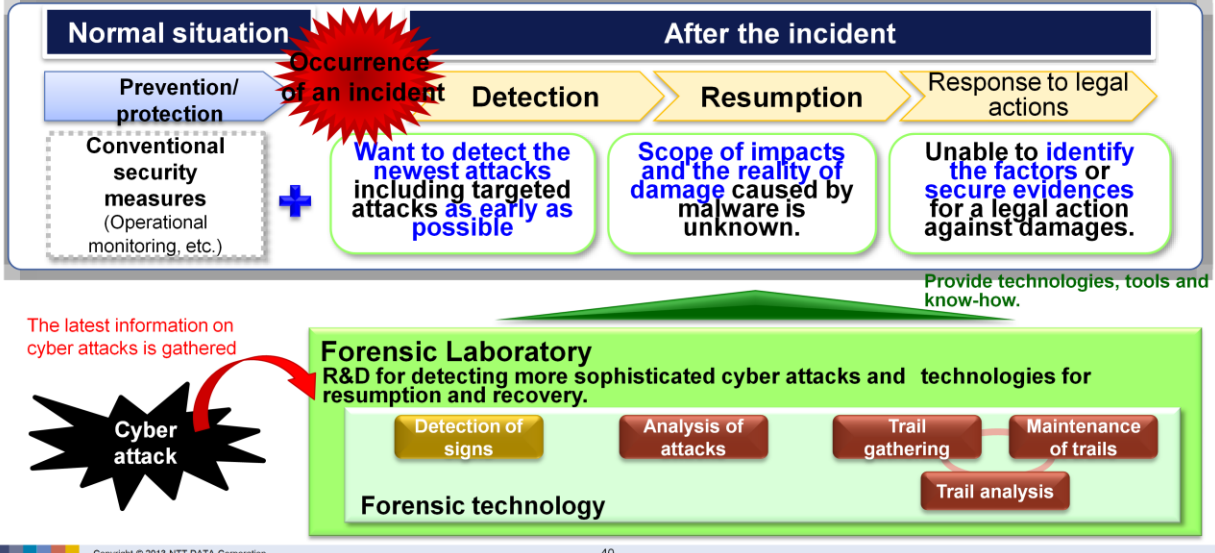
As a business partner (integrator), we completed the basic investigation, and are now designing the basics for the construction of TEPCO* 's smart meter operation management system.

* Tokyo Electric Power Company, Incorporated

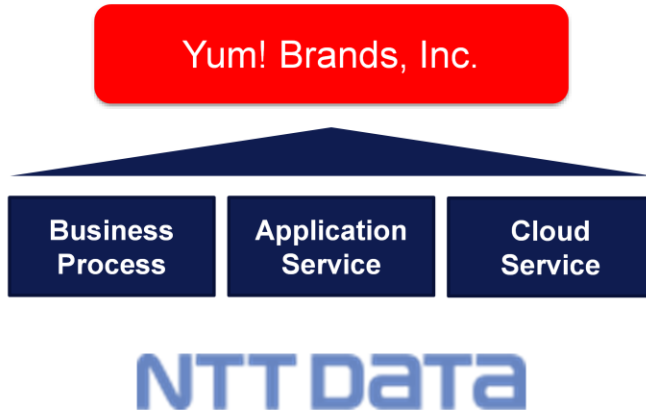
NTT Data's Scope of Development



- We have established "Forensic Laboratory," an organization specializing in advanced R&D of the digital forensic field.
- We will develop technologies and tools with the aims of realizing and enhancing swift "detection" of highly sophisticated cyber attacks, which conventional security measures centering on "prevention and protection" cannot block, and "resumption and recovery."
- We will promote on a global basis our integrated security services ranging from operational monitoring to response to incidents.
- Work in collaboration with NTT Innovation Institute, Inc., an NTT Group's North American R&D center.



NTT Data, Inc., a U.S. subsidiary, has established a service delivery center in the U.S., in which BPO^(Note 1) and ITO^(Note2) of work process and information systems are provided to customers. Outsourcing services of information system relating to finance, general affairs, personnel, etc. are provided to Yum! Brands, Inc., a global fast food restaurant operator of KFC, Pizza Hut, etc.



- Outsourcing services of applications, cloud, business processes for financing, administration, personnel and salary management, etc.
- A delivery center was established in Louisville, Ky.

[Future development]

- By closely collaborating among the NTT Group companies, we will support the global development of Yum! Brands, Inc.

Notes 1. BPO (Business Process Outsourcing): An outsourcing service of part of customer's businesses to realize efficient and flexible operations.

2. ITO (Information Technology Outsourcing): An outsourcing service of customer's information system operations to realize IT infrastructures that are highly flexible and capable of swiftly responding to changes.

◇ Outline of everis

- Company name: everis Group
- Outline of business: Consulting services, application development, SI, maintenance and operation, and integrated IT services mainly in outsourcing businesses such as AMO/BPO.
- Establishment: 1996
- Location of the head office: Madrid in Spain
- Capital stock: Approx. € 6 thousand (Approx. 780,000 yen) (as of March 31, 2013)
- Number of employees: About 10,625 (as of March 31, 2013)
- Characteristics: - Main customers are major banks, major insurance companies, major telecommunication companies, government organizations, utility companies, major global manufacturers, etc. in Spain and Central and South America (See Information of business bases). Provides a wide range of IT services to both public and private sectors.
- everis has CMMI Level 5-certified nearshore and offshore High Performance Centers in three locations in Spain and three locations in South America (Brazil, Chile and Argentina), organizing systems to develop and conduct maintenance of high quality and inexpensive applications, and provide various outsourcing services.

◇ Objectives

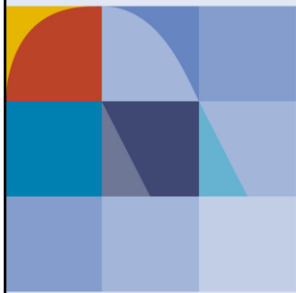
- Through the foray into the Spanish market, and obtaining high-growth business bases in the main countries of Central and South America, we aim to enhance our capabilities of providing services in the said areas, and presence of the Group.
- General IT service provision capabilities will be enhanced from upstream to downstream by obtaining an IT service provider with a strength in consulting services.
- By using the nearshore and offshore development centers of everis, price competitiveness and service quality will be improved with respect to software development, SI and various outsourcing services.
- Use by NTT Group companies of high performance centers located mainly in Central and South America.

<Status of Main High Performance Centers>



<Net Sales and Total Assets> (Million euro)

FY ended March 2013	
Net sales	591
Total assets	324



NTT DATA

Global IT Innovator

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