

## JCR Affirmed AA+/Stable, Preliminary AA+ and J-1+ on NTT Data

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

### Rationale

- (1) NTT Data Corporation is the largest domestic information service provider, and has strength in providing information services in the government and public sector and financial services sector. The Company is a core company in the data communications business of the NTT Group. The rating on the Company reflects the creditworthiness of NTT and its position in the Group.
- (2) The domestic information services market has been under tough conditions due to a decline in IT investment by and a growing consciousness of cost reduction among IT users, as well as intensifying competition among service providers, since the Lehman Shock. Although some IT users are starting IT investment again, it will likely take some time before the market will fully recover. Even from a medium- to long-term viewpoint, the growth potential of the market is expected to shrink as IT has now spread throughout the country and IT demand has shifted overseas along with the globalization of domestic companies. In the meantime, despite tough competition in the overseas information services market, relatively high market growth is expected in North America and emerging countries. With an eye to take in overseas demand, the Company is actively engaging in M&A activities overseas.
- (3) Recently the Company has been seeing an upward trend in net sales as its M&A activities are expanding the scope of consolidation. On the other hand, an increase in revenue has hardly affected the operating profit positively. In fact, unprofitable projects and the weak performance of the subsidiaries in Europe, combined with the sluggish market environment in Japan and an increase in goodwill amortization burden, are restraining its growth. Going forward, JCR thinks that the key lies in whether the Company can increase its earnings power by implementing various measures mainly targeting overseas subsidiaries, including the integration and reorganization of group companies and utilization of offshore bases, and will thus keep an eye on the progress in and the effect of its efforts to that end.
- (4) Although interest-bearing debt is rising as a result of aggressive M&A activities, the Company nevertheless maintains the financial structure at a satisfactory level, as shown by the ratio of capital to total assets standing at 41.3% at the end of September 2011. The Company is aiming at becoming one of the top five global IT companies in terms of net sales, and therefore it will likely continue M&A activities overseas. However, given that its equity capital is expected to keep expanding through profit accumulation and that it maintains conservative financial policies, JCR thinks that the extent to which its financial structure will deteriorate will be limited under the current circumstances.

### Rating

Issuer: NTT Data Corporation (security code: 9613)

#### <Affirmation>

Senior debts: AA+

Outlook: Stable

Issues	Amount (bn)	Issue Date	Due Date	Coupon	Rating
bonds no.20	Y50	Apr. 22, 2008	June 20, 2013	1.10%	AA+
bonds no.21	Y50	Apr. 22, 2008	Mar. 20, 2018	1.60%	AA+
bonds no.22	Y30	Dec. 11, 2008	Dec. 20, 2018	1.78%	AA+
bonds no.23	Y20	Mar. 11, 2009	Mar. 20, 2019	1.65%	AA+
bonds no.24	Y40	Apr. 21, 2010	June 19, 2015	0.66%	AA+
bonds no.25	Y60	Apr. 21, 2010	Mar. 19, 2020	1.47%	AA+

Shelf Registration: preliminary AA+

Maximum: Y300 billion

Valid: two years effective from July 1, 2010

CP: J-1+

Maximum: Y150 billion



Outline of the method for the determination of the credit rating is posted as "Rating Methodology (Corporate)" on JCR's home page (<http://www.jcr.co.jp>). The rating methodology is subject to additions and changes. In such cases, however, these additions and changes are shown in chronological order. Please check the release date of this press release against that of the rating methodology (i.e., the date when such methodology became effective) and then refer to the rating methodology above.

## Japan Credit Rating Agency, Ltd.

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