

February 26, 2014

Press Release

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CTC Announces Company Demerger (Simple Absorption-Type Demerger)

ITOCHU Techno-Solutions Corporation (headquartered in Chiyoda-ku, Tokyo; Satoshi Kikuchi, President & CEO; hereinafter “CTC”) announces that, at a meeting of the Board of Directors held on February 26, 2014, CTC passed a resolution to conduct a company demerger (absorption-type demerger) in which the Company will be the demerging company and its wholly owned subsidiary, CTC Technology Corporation (headquartered in Chiyoda-ku, Tokyo; Kazunobu Moriyama, President and Representative Director; hereinafter “CTCT”) will be the successor company.

Since this company demerger is a company demerger by which CTC’s wholly owned subsidiary succeeds to a business division, certain disclosure items and details have been omitted in this announcement. Details are as follows:

1. Purpose of the company demerger

The CTC Group has made the strengthening of its service-type business as one of its growth strategies and it will now integrate its hardware maintenance delivery capability into CTCT, which is in charge of IT systems operation and maintenance services within the Group, with the aim of further increasing the quality and efficiency of the services it provides.

2. Outline of the company demerger

(1) Schedule of the company demerger

| | |
|---|-------------------------|
| Board of Directors meeting to approve the demerger agreement: | February 26, 2014 |
| Execution of the demerger agreement: | February 26, 2014 |
| Shareholders’ meeting to approve the demerger agreement: | Not held |
| Effective date of the demerger: | April 1, 2014 (planned) |

The company demerger will be conducted without obtaining the approval of CTC’s shareholders’ meeting for the demerger agreement pursuant to the provisions on a simple demerger set forth in Article 784, Paragraph 3 of the Companies Act. As for CTCT, the same situation applies pursuant to the provisions on a short form demerger set forth in Article 796, Paragraph 1 of the Companies Act.

(2) Method of the company demerger

An absorption-type demerger in which CTC will be the demerging company and CTCT will be the succeeding company.

(3) Details of allotment related to the company demerger

Since CTCT is CTC’s wholly owned subsidiary, CTCT will make no allotment of shares or other property to CTC upon the absorption-type demerger.

(4) Action to be taken at the company demerger with regard to stock acquisition rights and convertible bonds

Not applicable.

(5) Increase or decrease of capital stock upon the company demerger

There will be no change in the capital stock as a result of the company demerger.

(6) Rights and obligations to be succeeded to by the successor company
CTCT will succeed to assets, liabilities and rights and obligations related to the business from CTC as a result of the company demerger.

(7) Expectation of the performance of obligations
Obligations of CTC and CTCT that will become due on or after the effective date of the company demerger are expected to be duly performed.

3. Outline of the parties involved in the company demerger

| | Demerging company | Successor company |
|---|--|---|
| (1) Trade Name | ITOCHU Techno-Solutions Corporation | CTC Technology Corporation |
| (2) Location of Head Office | 3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo | 1-5, Fujimi 1-chome, Chiyoda-ku, Tokyo |
| (3) Name and Title of Representative | Satoshi Kikuchi, President & CEO | Jiro Waragai, President and Representative Director |
| (4) Description of Business | Sales, maintenance and support of computers and network systems; commissioned software development; information processing services; information services related to science and engineering; support; other | Maintenance, operation and monitoring services; various support services for systems and networks; construction of networks and facilities; IT-related training |
| (5) Capital Stock | 21,763 million yen | 450 million yen |
| (6) Date of Establishment | July 11, 1979 | April 6, 1990 |
| (7) Number of Shares Issued(as of February 26, 2014) | 60,000,000 shares | 2,000 shares |
| (8) Fiscal Year-end | March | March |
| (9) Number of Employees | (Consolidated) 7,828 (as of April 1, 2013) | (Non-consolidated)1,118 (as of April 1, 2013) |
| (10)Major Shareholders and Shareholding Ratio(as of September 30, 2013) | <ol style="list-style-type: none"> 1. ITOCHU Corporation 53.86% 2. Japan Trustee Services Bank, Ltd. (Trust Account) 2.94% 3. The Master Trust Bank of Japan, Ltd. (Trust Account) 2.11% 4. CTC Employee Shareholding Association 1.76% 5. Evergreen 1.11% 6. Additionally, CTC holds 4.80% of its own treasury stock. | ITOCHU Techno-Solutions Corporation 100% |
| (11)Financial position and operating results for the previous fiscal year | Year ended March 31, 2013 (Consolidated) | Year ended March 31, 2013 (Non-consolidated) |
| Net assets | 165,980 | 11,689 |
| Total assets | 270,025 | 18,035 |
| Net assets per share (yen) | 2,766.93 | 5,844,946.31 |
| Net sales | 322,475 | 27,962 |
| Operating income | 27,187 | 6,276 |
| Ordinary income | 27,340 | 6,320 |
| Net income | 16,025 | 3,886 |
| Net income per share | 268.53 | 1,943,192.39 |

(Unit: Million yen unless otherwise specified)

4. Outline of the business division to be transferred

(1) Details of the business division to be transferred

Business related to the logistics and quality management of maintenance parts and materials

(2) Business performance of the business division to be transferred

Business performance is not stated as the business segment to be transferred provides services to CTC.

(3) Items and book value of assets and liabilities to be transferred (as of December 31, 2013)

(Unit: Millions yen)

| Assets | | Liabilities | |
|-------------------|------------|------------------------|------------|
| Item | Book value | Item | Book value |
| Current assets | 9,000 | Current liabilities | - |
| Noncurrent assets | - | Noncurrent liabilities | - |
| Total | 9,000 | Total | - |

Note: Other items that may be transferred besides the foregoing are currently being carefully examined and will be announced as soon as a final decision is made.

5. Status after the company demerger

| | Demerging company |
|--------------------------------------|--|
| (1) Trade Name | ITOCHU Techno-Solutions Corporation |
| (2) Location of Head Office | 3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo |
| (3) Name and Title of Representative | Satoshi Kikuchi, President & CEO |
| (4) Description of Business | Sales, maintenance and support of computers and network systems; custom software development; information processing services; information services related to science and engineering; support; other |
| (5) Capital Stock | 21,763 million yen |
| (6) Fiscal Year-end | March |

| | Succeeding company |
|--------------------------------------|---|
| (1) Trade Name | CTC Technology Corporation |
| (2) Location of Head Office | 1-5, Fujimi 1-chome, Chiyoda-ku, Tokyo |
| (3) Name and Title of Representative | Kazunobu Moriyama, President and Representative Director (*) |
| (4) Description of Business | Maintenance, operation and monitoring services; various support services for systems and networks; construction of networks and facilities; IT-related training |
| (5) Capital Stock | 450 million yen |
| (6) Fiscal Year-end | March |

* Its announcement was made on February 24, 2014

6. Future Outlook

As the company demerger is an absorption-type demerger with a wholly owned subsidiary, the impact on CTC's consolidated operating results will be insignificant.

(Reference) Consolidated earnings forecast for the current fiscal year (announced October 16, 2013) and consolidated results for the previous fiscal year

(Unit: Millions yen)

| | Consolidated Net Sales | Consolidated Operating Income | Consolidated Ordinary Income | Consolidated Net Income |
|--|------------------------|-------------------------------|------------------------------|-------------------------|
| Earnings Forecast (Year ending March 31, 2014) | 350,000 | 25,000 | 25,200 | 15,000 |
| Previous Year's Result | 322,475 | 27,187 | 27,340 | 16,025 |