

Announcement of Operating Results for the Fiscal Year Ended March 31, 2010

April 30, 2010

ITOCHU Techno-Solutions Corporation

These materials contain forward-looking statements about the future performance of CTC, based on management's assumptions and beliefs in light of information currently available to it, and involve certain risks and uncertainties. Actual results may differ from projected performance, owing to variety of factors, including changes in the economic environment.

I. Overview of Operating Results for FY2009

II. Management Policies for FY2010

III. Operating Results Forecast for FY2010

I. Overview of Operating Results for FY2009

Overview of FY2009 Performance

Revenues and profits declined,
but we outperformed forecasts for all profit line items

- Operating income maintained largely on par with the previous year on the back of improved gross profit margin and reduced SG&A expenses
- Business model changes were on track as both gross profit margin and operating income margin improved year on year
- Investment gradually recovered in the second half, and orders received rose in the fourth quarter versus the year-earlier period

FY2009 Performance Highlights

(Compared with FY2008)



Revenues and profits declined, but we maintained operating income largely on par with FY2008 by reducing SG&A expenses

	FY2009 Actual		FY2008 Actual		YoY change	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Billions of yen	Percent change
Net sales	290.3	—	307.2	—	(16.8)	-5.5%
Gross profit	76.8	26.5%	80.2	26.1%	(3.4)	-4.3%
SG&A expenses	(55.2)	—	(58.5)	—	+3.3	-5.7%
Operating income	21.5	7.4%	21.6	7.1%	(0.1)	-0.5%
Ordinary income	21.6	7.4%	22.0	7.2%	(0.3)	-1.8%
Net income	12.4	4.3%	12.9	4.2%	(0.4)	-3.7%
Orders received	285.1	—	316.7	—	(31.6)	-10.0%
Backlog	129.6	—	134.9	—	(5.2)	-3.9%

Major factors

[Net sales]

Product sales declined due to investment cutbacks by financial and manufacturing companies

[Gross profit]

While profits declined due to lower net sales, gross profit margin improved as service business increased

[SG&A expenses]

SG&A expenses decreased as we optimized staff outsourcing expenses and cut overheads across the board

[Orders received]

Orders received declined due to non-recurrence of large-scale projects and sluggish demand for products

[Backlog]

Large-scale development projects declined

Performance Highlights for FY2009

(Compared with November 12 Forecast)



Although net sales were slightly lower than forecast, we outperformed forecasts for all profit line items

	FY2009 Actual		FY2009 Forecast of Nov. 12		Actual vs. Forecast	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Billions of yen	Percent achieved
Net sales	290.3	—	292.0	—	(1.6)	99.4%
Gross profit	76.8	26.5%	76.8	26.3%	+0.0	100.1%
SG&A expenses	(55.2)	—	(55.8)	—	+0.5	99.1%
Operating income	21.5	7.4%	21.0	7.2%	+0.5	102.7%
Ordinary income	21.6	7.4%	21.0	7.2%	+0.6	103.0%
Net income	12.4	4.3%	12.0	4.1%	+0.4	103.8%
Orders received	285.1	—	296.0	—	(10.8)	96.3%
Backlog	129.6	—	138.9	—	(9.2)	93.3%

Major factors

[Net sales]

Net sales fell slightly short of forecast due to postponing of projects in the financial sector and other factors

[SG&A expenses]

SG&A expenses declined due to reductions in personnel expenses and overheads

[Orders received]

Orders received declined due to reduced demand from and postponing of projects in the distribution and financial sectors

For Reference: 1st and 2nd Half Performance Highlights for FY2009 (Compared with FY2008)



	1 st half FY2009		1 st half FY2008		YoY change	
	Actual		Actual		Billions of yen	Percent change
	Billions of yen	Profit margin	Billions of yen	Profit margin		
Net sales	131.0	—	131.6	—	(0.5)	-0.4%
Gross profit	33.2	25.4%	32.6	24.8%	+0.5	+1.7%
SG&A expenses	(27.8)	—	(29.8)	—	+1.9	-6.6%
Operating income	5.3	4.1%	2.8	2.1%	+2.5	+90.6%
Ordinary income	5.2	4.0%	3.1	2.4%	+2.1	+68.0%
Net income	2.6	2.0%	1.3	1.0%	+1.3	+100.3%
Orders received	123.3	—	157.7	—	(34.4)	-21.8%
Backlog	127.3	—	151.6	—	(24.3)	-16.0%

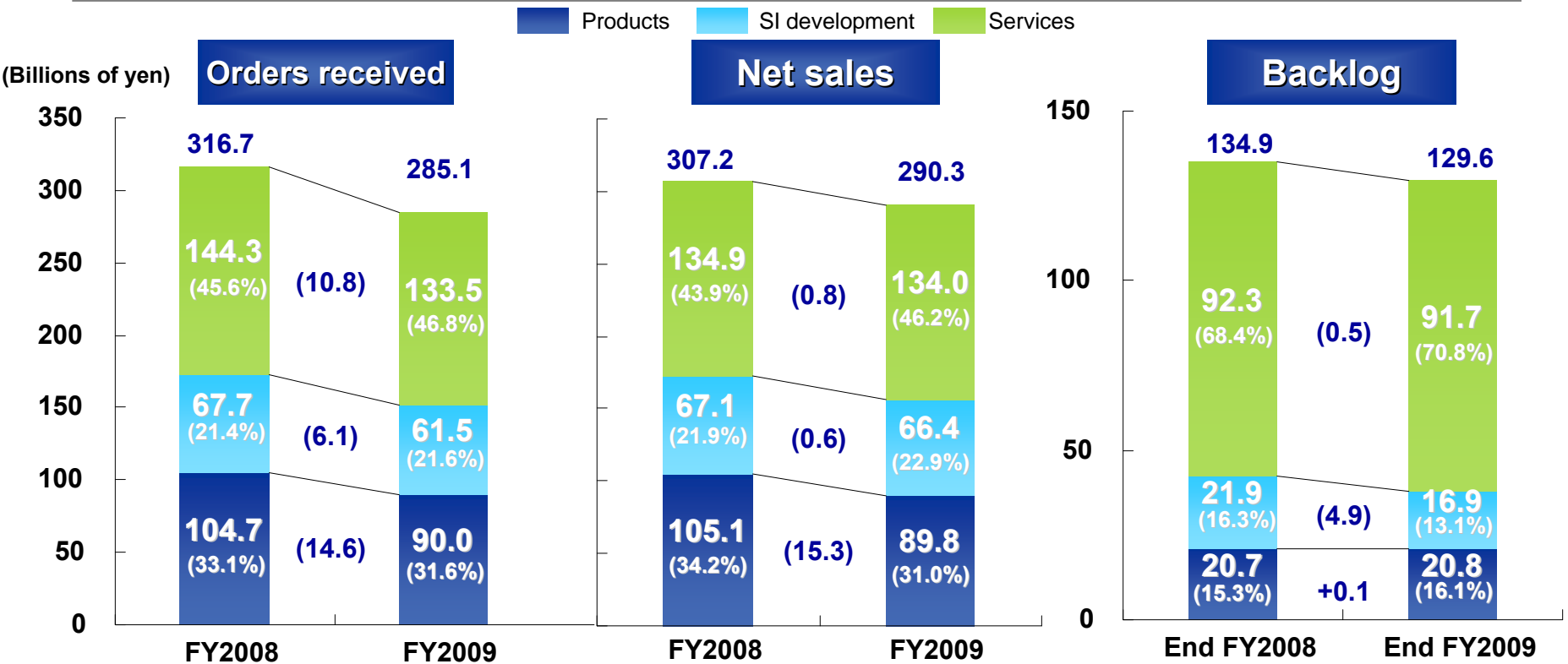
	2 nd half FY2009		2 nd half FY2008		YoY change	
	Actual		Actual		Billions of yen	Percent change
	Billions of yen	Profit margin	Billions of yen	Profit margin		
Net sales	159.3	—	175.6	—	(16.2)	-9.3%
Gross profit	43.5	27.4%	47.6	27.1%	(4.0)	-8.4%
SG&A expenses	(27.3)	—	(28.7)	—	+1.3	-4.7%
Operating income	16.2	10.2%	18.8	10.8%	(2.6)	-14.1%
Ordinary income	16.4	10.3%	18.9	10.8%	(2.5)	-13.3%
Net income	9.7	6.1%	11.6	6.6%	(1.8)	-15.6%
Orders received	161.7	—	158.9	—	+2.7	+1.7%
Backlog	129.6	—	134.9	—	(5.2)	-3.9%

Performance by Business Model

[Orders received]

- Services: Orders received decreased due to non-recurrence of large-scale projects for the public sector and a fall in new maintenance and installation work
- SI development: Orders received decreased due to the impact of investment cutbacks in the distribution and financial sectors
- Products: Impacted by investment cutbacks in the financial and manufacturing sectors

[Net sales] Despite a substantial decline in product sales, services and SI development sales were largely unchanged year on year

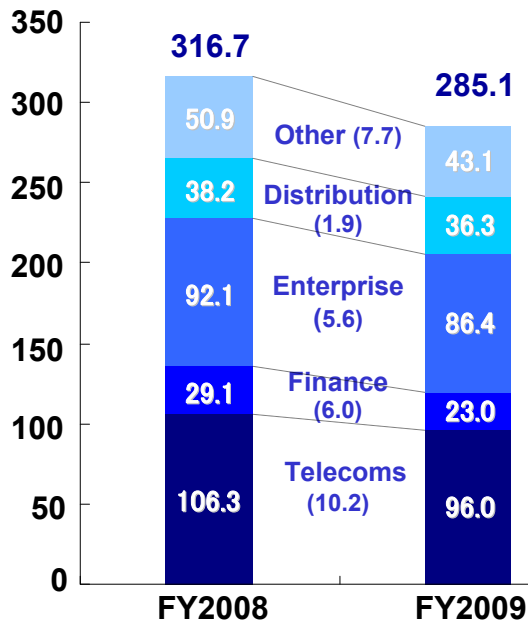


Performance by Business Group

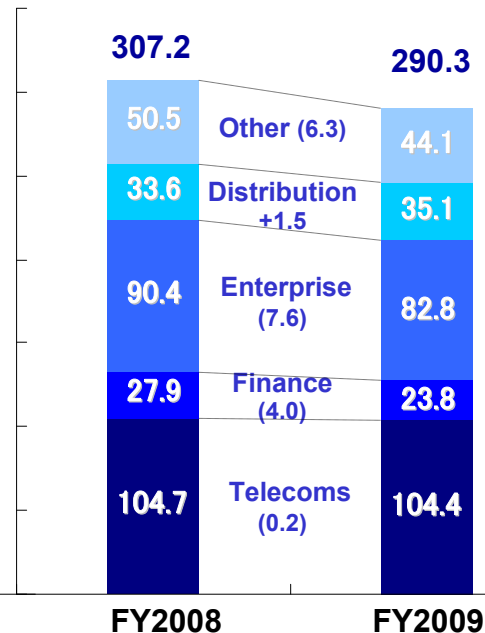
- Telecoms: Net sales maintained largely on par with the previous fiscal year despite investment cutbacks by a major telecommunications carrier
- Finance: Orders received and net sales decline due to investment cutbacks by credit card companies and securities and foreign-owned firms
- Enterprise: Orders received and net sales declined as product sales fell in response to investment cutbacks in manufacturing and other sectors
- Distribution: Favorable progress on projects for major customers, including a trading house and an energy wholesaler

(Billions of yen)

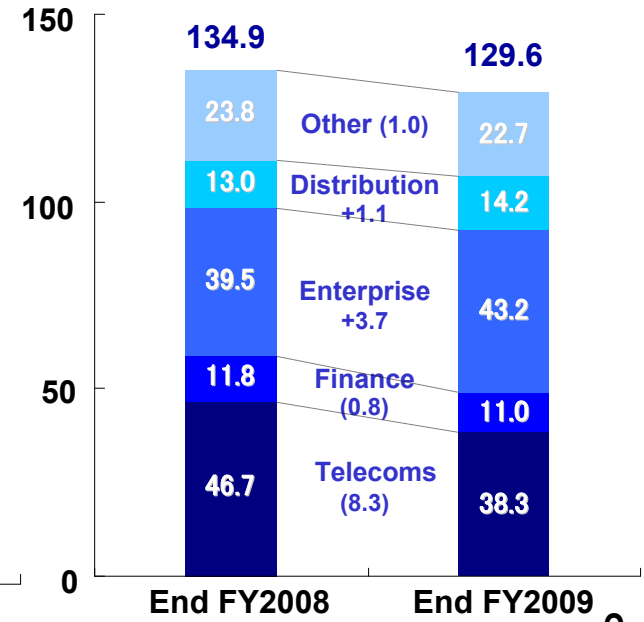
Orders received



Net sales

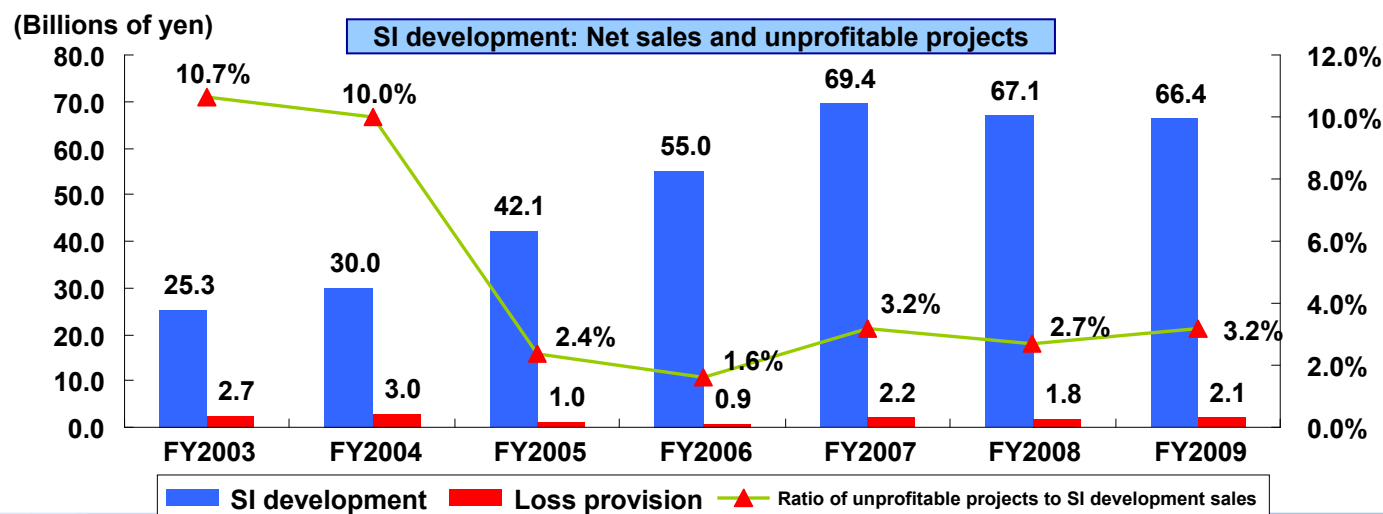
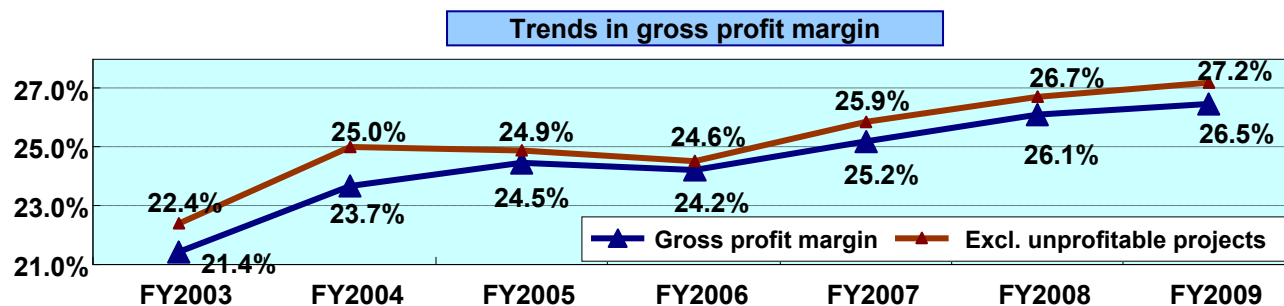


Backlog



Trends in Profit Margin and Unprofitable Projects

- Gross profit margin improved for a third consecutive year, reaching a **record high** in FY2009.
- ➔ Smooth progress in business model changes resulted in improved gross profit margin
- Unprofitable projects increased vs. FY2008 (-¥1.8 billion ➔ -¥2.1 billion)
- ➔ Bolstering project management is an ongoing issue



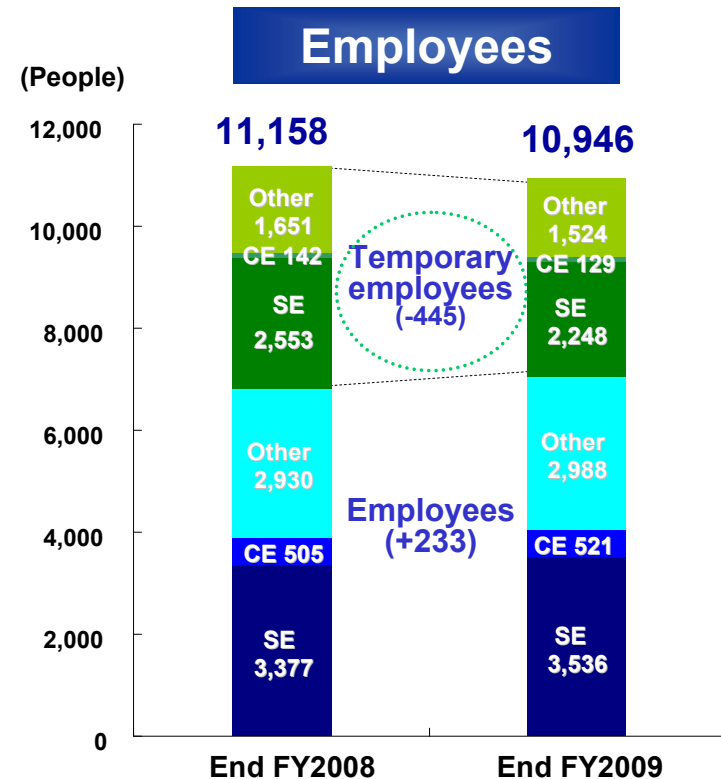
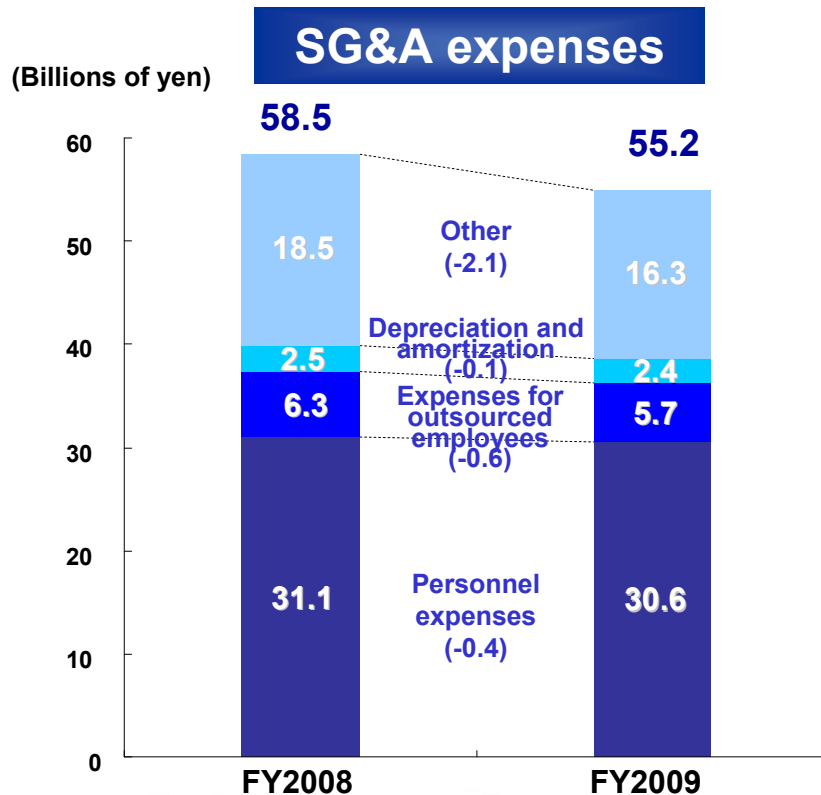
Reasons for Changes in SG&A

YoY decrease of ¥3.3 billion due to across-the-board reductions in overheads and optimization of staff outsourcing expenses

◆ ¥0.4 billion reduction in personnel expenses → Employee headcount was up, but we reduced expenses by boosting system engineer utilization etc.

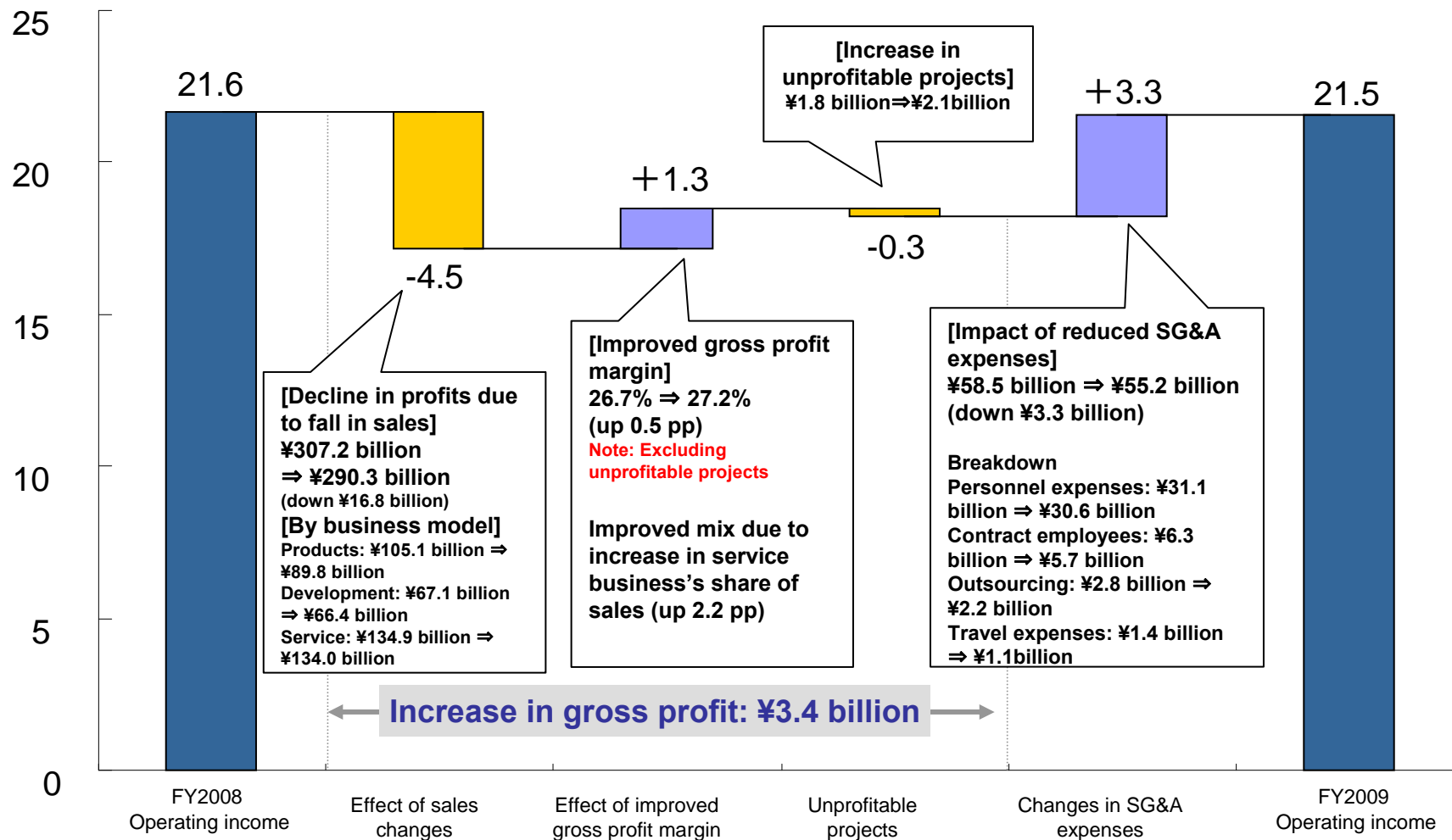
◆ ¥0.6 billion reduction in contract employee expenses → Expenses down due to reduction in temp staff headcount

◆ ¥2.2 billion reduction in depreciation, amortization and other expenses → Reduced internal system building expenses and overheads



Main Reasons for Changes in Operating Income (Year on Year)

(Billions of yen)



For Reference: Non-Operating and Extraordinary Items



(Billions of yen)

	FY2009	YoY change		Major factors
	Actual	FY2008	Change	
	Billions of yen	Billions of yen	Billions of yen	
Non-operating income	0.53	0.82	(0.29)	Interest income (0.28) Dividend income (0.07)
Non-operating expenses	(0.48)	(0.48)	+0.00	Interest expense (primarily interest on leases) (0.08) Loss on investment in limited partnership +0.06
Total non-operating income	0.05	0.33	(0.28)	
Extraordinary gains	0.31	0.45	(0.14)	Gain on sales of investment securities (0.04) Reversal of allowance for doubtful accounts (0.09)
Extraordinary losses	(0.74)	(0.97)	+0.23	Loss on write-down of investments in securities +0.29 Loss on retirement of fixed assets (0.13) Loss on sale of investments in securities +0.11 Provision for after-market costs +0.06 Compensation for damages (0.11)
Total extraordinary losses	(0.43)	(0.51)	+0.08	

For Reference: Consolidated Cash Flows and Balance Sheets

Consolidated cash flows

(Billions of yen)

	FY2008	FY2009	YoY change
Cash and cash equivalents at beginning of period	70.9	57.2	(13.7)
Operating activities	11.2	25.2	+13.9
Investing activities	(13.8)	(1.3)	+12.4
Financing activities	(11.1)	(7.2)	+3.9
Cash and cash equivalents at end of period	57.2	73.8	+16.5
Free cash flow	(2.5)	23.8	+26.3

Free Cash Flow (FCF)

- Cash flow from investing activities improved as cash flow from operating activities rose due to decreases in accounts receivable, inventories, and payments for acquisition of data center assets and other tangible fixed assets. As a result, FCF was up versus the previous fiscal year.

[Major reasons for changes in cash flow]

(1) Cash flow from operating activities	
- Decrease in accounts receivable	+7.1
- Decrease in inventories	+7.5
(2) Cash flow from investing activities	
- Decrease in payments for acquisition of tangible fixed assets	+11.7
- Proceeds from redemption of long-term deposits	+2.0
(3) Cash flow from financing activities	
- Decline in payments for stock buybacks	+4.9

Consolidated balance sheets

	End of FY2008	End of FY2009	YoY change
Current assets	173.4	181.6	+8.2
Fixed assets	54.0	51.6	(2.4)
Total assets	227.4	233.2	+5.7
Current liabilities	72.6	69.6	(2.9)
Long-term liabilities	7.0	8.4	+1.4
Total liabilities	79.6	78.1	(1.5)
Total net assets	147.7	155.1	+7.3
Total liabilities and net assets	227.4	233.2	+5.7

[Breakdown of assets and liabilities] (brackets [] denote YoY changes)

■ Current assets	
Cash and cash equivalents	35.9 [-5.4]
Notes and accounts receivable	58.3 [-6.4]
Securities (primarily CDs)	37.9 [+32.0]
Deposits	1.0 [-11.9]
■ Fixed assets	
Tangible fixed assets	29.7 [-1.9]
Intangible fixed assets	5.9 [+0.1]
Investments and other assets	15.9 [-0.6]
■ Current liabilities	
Trade notes and accounts payable	25.0 [-1.2]
Unearned income	15.6 [-1.1]
■ Long-term liabilities	
Long-term lease obligations	7.7 [+1.5]
■ Total equity	
Retained earnings	101.0 [+2.9]
Treasury stock	-1.3 [+4.4]

Fourth Quarter Highlights

Although revenues and profits declined year on year, orders received and SG&A expenses provided positive signs

Orders received

- First year-on-year quarterly increase in eight quarters
- Product orders received are recovering
 - Telecom: up ¥4.6 billion, Enterprise: up ¥1.5 billion
 - Year-on-year rise in orders from vendors such as HP, Sun, CISCO, and EMC

SG&A expenses

- Further reduced personnel expenses and overheads
 - Reduced expenses by an additional ¥0.4 billion vs. the third quarter

II. Management Policies for FY2010

Medium- to Long-term Business Environment

Changes in the economic and social environment

- ◇ Continued uncertain outlook for the domestic economy and IT market

Changes in customer needs

- ◇ Shift toward strategic IT investments
- ◇ Increasing need to meet globalization requirements
- ◇ Increasing demand for IT companies that can provide one-stop shopping

The paradigm shift in the business environment is an opportunity for substantial growth
Formulate a medium-term growth strategy to enhance the group's comprehensive capabilities

Competitors and vendors

- ◇ Vertical integration of overseas IT companies leading to oligopoly
- ◇ Japanese IT industry consolidation and restructuring
- ◇ Impact of low-cost offshore vendors on Japanese IT vendors

Technology trends

- ◇ Widespread use of cloud computing

The CTC of the Future

(Qualitative Goals: Medium-term Management Vision)



- ◇ Become a comprehensive IT service provider that offers one-stopping to meet customers' needs as a prime contractor
- ◇ Lead the market by constantly developing cutting-edge technologies and creating high-value-added services and new business models
- ◇ Continue growing based on a unique business model, and consistently draw market attention as the industry leader

Three Basic Approaches to Our Medium-term Growth Strategy

Build a new business model of CTC within the next three years

Invest strategically in growth fields

Focus on business domains with high growth potential

Enhance CTC's unique ability to create value-added

Create new high-value-added businesses

Improve the group's comprehensive capabilities

Bolster ability to provide one-stop services

Medium- to Long-term Growth Drivers

Infrastructure business

- ✓ Aim to be the overwhelming leader by bolstering our customer base and capabilities in infrastructure construction and maintenance

SI /
Business applications

- ✓ Utilize proven experience in building strong relationships with customers to earn ¥100 billion in sales

Operations /
Outsourcing services

- ✓ Make system operations and outsourcing a major source of revenue in the aim of becoming a comprehensive IT service provider

Cloud computing

- ✓ Become a leader in the cloud computing era with strengths in IT infrastructure and data centers

Vendor alliances

- ✓ Expand business by enhancing strategic alliances with top U.S. vendors which vertical integration is ongoing

New growth areas
(new markets and related fields)

- ✓ Build an earnings platform for the future by opening up new IT-based business domains and related fields

Overseas expansion

- ✓ Open up new growth areas by enhancing capability to meet existing domestic customers' needs in overseas locations

External growth

- ✓ Aim to achieve medium-term growth targets as early as possible by strengthening functions and expanding business domains

The CTC of the Future

(Quantitative Goals: Medium-term Performance Targets)



Consolidated Targets for FY2012

Net Sales	¥360 billion	<u>Margin</u>
Gross Profit	¥95 billion	26.4%
Operating Income	¥30 billion	8.3%

Designating FY2010 as a year for building foundations for medium-term growth strategies, lay the groundwork for realizing our growth strategy

1

Boost revenues and improve earnings power

*Expand the infrastructure SI business and cloud computing business
Ramp up earnings power in the maintenance and operation services business
Enhance earnings power in SI development and business applications*

2

Invest for medium- to long-term growth

Invest in the cloud computing business; invest to generate medium-term growth

3

Bolster management foundations and earnings quality

Pursue medium-term growth strategy by appropriately training and developing personnel, strengthening management infrastructure, minimizing unprofitable projects, and reducing total cost

Key Business Themes for FY2010

(1) Cloud Computing Business

(2) Data Centers

(3) Energy and Environmental Business

(4) Overseas Expansion

1- (1) CTC's Cloud Computing Business

Increase focus on cloud business, a future IT growth area

Cloud business initiatives

Private
Clouds

Infrastructure business with virtualization and integration as its core

- Bolster consulting capabilities (SOIDEAL)
- Strengthen cloud operation services (RePlavail)
- Develop human resources through Cloud Academy

Enhance services offered through CTC data centers

- Expand CTC's original services
- Bolster in-house cloud infrastructure (TechnoCUVIC)
 - Boost competitiveness by developing automation tools

Establish a new internal organizational unit to spearhead the cloud business

Public
Clouds

Business development areas

Product sales

SI
development

System maintenance
and operations
Services

Data centers

1-(2) Comprehensive Service Lineup



Private Clouds

Offer various services under the RePlatform brand to support private cloud building

SI development

Utilize abundant expertise in virtualization to support customers adopting cloud computing

Hands-on, inspections
CCV

Consulting services
SOIDEAL

Virtualization, integration solutions
VM Pool
DB Pool

Product sales

Offer the latest international products for private cloud formation

Cloud backbone package
Vblock (VCE)

HP BladeSystem
Matrix

Latest blade server
Cisco UCS
etc.

Maintenance and operations

Support operation of private cloud environment by customers using virtualization and integration
Integrated system operation services

RePlayail

Public Clouds

Provide CTC's original services and tie-up with domestic and foreign cloud vendors

CTC's proprietary cloud service

[SaaS line-up]

High-security corporate e-mail services

SecurePremium

Integrated document management system

EIManager

Ledger printing service

ePromo *

Virtual desktop service

DaaS *

[IaaS/PaaS line-up]

TechnoCUVIC

Mobile asset management system

MAMS *

Content management system for municipalities

Municipal CMS *

e-mail for educational purposes

A-Cloud *

Revised energy law-compliant service

ecoFORTE *

TechnoCUVIC Pro

etc.

Services in collaboration with vendors

Sales support / CRM

Salesforce CRM

Communications, collaboration

Google Apps *

HR, accounting ERP

Works (HR, accounting) *

etc.

*New services launched in FY09 -25-

1-(3) CTC's Strengths in Cloud Business



Infrastructure-building capabilities

Harness core cloud business technologies (virtualization, integration, networks, automation, etc.) and alliances with overseas vendors to derive maximum benefit from CTC's infrastructure-building capabilities, which are No. 1 among Japanese system integrators

Major recent cloud business examples

Financial: Comprehensive financial platform

Home builders: Business process system

Airline industry: Mission critical Web-based system

Educational: Campus information system

Customer base

Develop and offer SaaS services using accumulated industry and business know-how and a customer base covering a broad range of industries

Group's comprehensive capabilities

Provide one-stop shopping for comprehensive IT services, from data centers to cloud technology, operations, and maintenance services

→ Coordinate with group companies to offer total support

CTC, CTCT, CRS, CTC SO, CRF, and FCC

2. Data Center Construction Plans

Construct a one-stop, multi-service facility to enable CTC to cater to the full range of outsourcing requirements and provide value-added cloud services



Cloud computing-compatible data center slated to be operational by April 2012

Features of the new center

Floor area of ~10,000 m²

Skeleton/on-demand construction method

Around 1,000–1,200 racks

Highly energy efficiency

3. Initiatives in Energy and Environmental Business

Execute pioneering initiatives using telecommunication technologies in the promising smart grid market and develop environmentally friendly businesses

Energy

- Start sales of remote energy management system
- Participate smart-grid validation projects including:
 - Validation of Japan-U.S. smart grid in the U.S.
 - Joint validation of low-carbon transport system
 - Validation of electric-vehicle recharging services at gas stations . . . etc.

Environment

As Green Grid member, promote the creation of environmentally friendly data centers

Offer various IT-related green solutions, including ITFM (design, construction and renovation services for office and data center facilities), TechnoCUVIC (cloud services), and infrastructure integration solutions based on virtualization.

4. Overseas Initiatives

- 
1. Respond to global expansion by customers
 2. Promote offshore development
 3. Establish overseas locations

III. Operating Results Forecast for FY2010

FY2010 Consolidated Operating Results Forecast



	FY2010 Forecast		FY2009 Actual		YoY change	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Billions of yen	Percent change
Net sales	300.0	—	290.3	—	+9.6	+3.3%
Gross profit	78.5	26.2%	76.8	26.5%	+1.6	+2.2%
SG&A expenses	(56.0)	—	(55.2)	—	(0.7)	+1.3%
Operating income	22.5	7.5%	21.5	7.4%	+0.9	+4.3%
Ordinary income	22.5	7.5%	21.6	7.4%	+0.8	+4.0%
Net income	12.5	4.2%	12.4	4.3%	+0.0	+0.3%
Orders received	300.0	—	285.1	—	+14.8	+5.2%
Backlog	129.6	—	129.6	—	+0.0	+0.0%

1st and 2nd Half FY2010 Consolidated Operating Results Forecast



	1 st half FY2010 Forecast		1 st half FY2009 Actual		YoY change	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Billions of yen	Percent change
Net sales	132.0	—	131.0	—	+0.9	+0.7%
Gross profit	33.6	25.5%	33.2	25.4%	+0.3	+1.1%
SG&A expenses	(28.1)	—	(27.8)	—	(0.2)	+0.7%
Operating income	5.5	4.2%	5.3	4.1%	+0.1	+2.8%
Ordinary income	5.5	4.2%	5.2	4.0%	+0.2	+5.4%
Net income	2.5	1.9%	2.6	2.0%	(0.1)	-6.6%
Orders received	133.0	—	123.3	—	+9.6	+7.8%
Backlog	130.6	—	127.3	—	+3.3	+2.6%

	2 nd half FY2010 Forecast		2 nd half FY2009 Actual		YoY change	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Billions of yen	Percent change
Net sales	168.0	—	159.3	—	+8.6	+5.4%
Gross profit	44.9	26.7%	43.5	27.4%	+1.3	+3.0%
SG&A expenses	(27.9)	—	(27.3)	—	(0.5)	+1.9%
Operating income	17.0	10.1%	16.2	10.2%	+0.7	+4.8%
Ordinary income	17.0	10.1%	16.4	10.3%	+0.5	+3.6%
Net income	10.0	6.0%	9.7	6.1%	+0.2	+2.2%
Orders received	167.0	—	161.7	—	+5.2	+3.3%
Backlog	129.6	—	129.6	—	+0.0	+0.0%

For Reference: Consolidated Cash Flow and Balance Sheet Forecasts



Consolidated cash flows

(Billions of yen)

	FY2009	FY2010	YoY change
Cash and cash equivalents at beginning of period	57.2	73.8	+16.5
Operating activities	25.2	18.8	(6.4)
Investing activities	(1.3)	(4.8)	(3.4)
Financing activities	(7.2)	(7.9)	(0.6)
Cash and cash equivalents at end of period	73.8	79.9	+6.0

Free cash flow	23.8	14.0	(9.8)
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Consolidated balance sheets

	End of FY2009	End of FY2010	YoY change
Current assets	181.6	190.3	+8.6
Fixed assets	51.6	50.0	(1.6)
Total assets	233.2	240.3	+7.0
Current liabilities	69.6	70.7	+1.0
Long-term liabilities	8.4	7.8	(0.6)
Total liabilities	78.1	78.5	+0.3
Total net assets	155.1	161.9	+6.7
Total liabilities and net assets	233.2	240.3	+7.0

Concept Behind New Segments

Coinciding with the adoption of new segment reporting standards FY2010, CTC will group its operations into two segments. Operations will be segmented by organizational unit based on management approach.

◇ Overview of Segments

(1) Solutions Business Segment

In this segment, CTC will offer comprehensive SI solutions to its own diverse customer base in the aim of acquiring new business and maximizing earnings

Organizational units: Telecom, Financial, Enterprise, Distribution 1, Distribution 2, Science, CTCLS, CTCSP, NAI, PDC

(2) Services Business Segment

In this segment, CTC will aim to maximize earnings through various measures to boost efficiency. The segment's function will be to acquire new service business, primarily in data centers and system operations and maintenance, and collaborate on service/product proposals with units in other segments

Organizational units: DC, SSG, CTCT, CRS, CRF, CTCSSO, FCC

■ Outside of reported segments

Organizational units: Cross Function Group (excl. partner distribution center), Administration Group, other organizational units

*CTC intends to announced quantitative targets, along with prior-year results, at the end of May

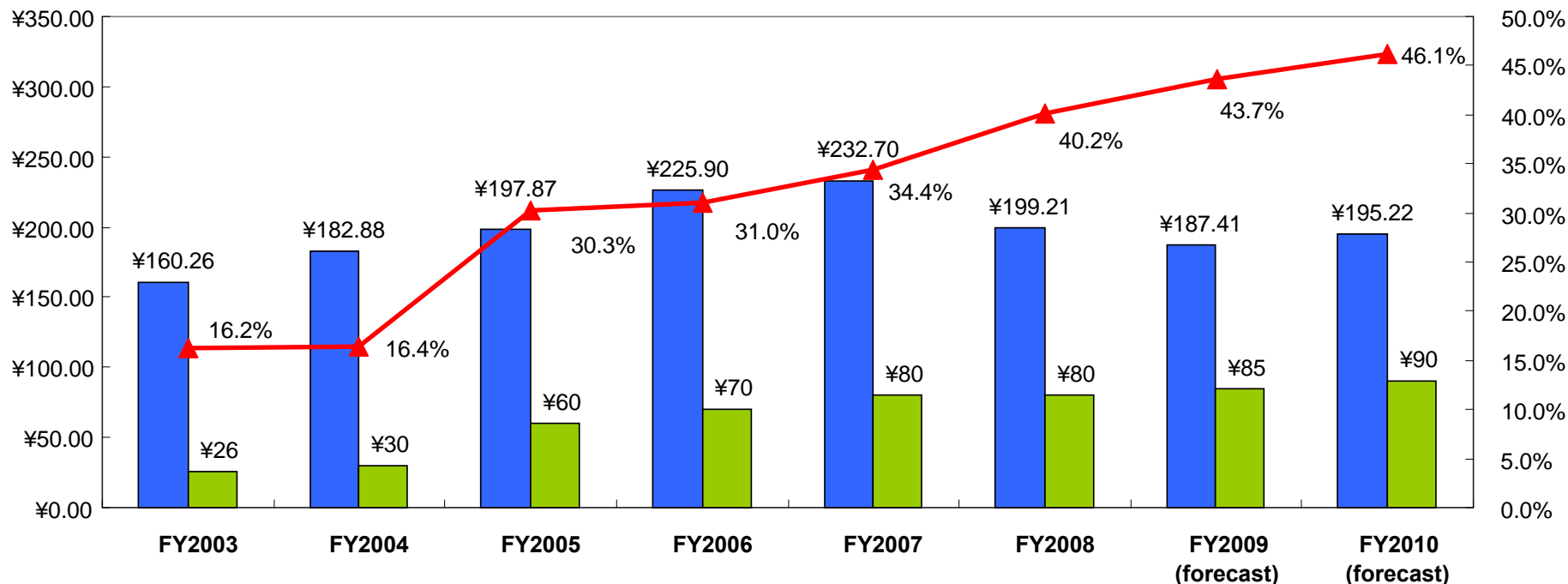
FY2010 Shareholder Return Forecast

Dividend increased to reward shareholders

Revised FY2009 year-end dividend forecast: ¥40 → ¥45 (annual dividend of ¥85)

Annual dividend forecast for FY2010: ¥90

■ Earnings per share
 ■ Dividends per share
 ▲ Consolidated dividend payout ratio



CTC

Challenging Tomorrow's Changes