Announcement of Operating Results for the Fiscal Year Ended March 31, 2013

May 1, 2013

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 a variety of factors, including changes in the economic environment.

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Overview of FY2012 Performance

Higher Revenues and Profits

◇Revenues grew mainly on business with mobile carriers and for postal services, and increased sharply year on year. With gross profit increasing in line with higher sales, all profit line items increased year on year.

◇Orders received, order backlog, gross profit, and net income were all record highs.

◇ In comparison to the initial earnings forecast (released on April 27, 2012), gross profit margin failed to meet expectations, but due to factors such as expansion of revenues, profit line items generally met the earnings forecast.

FY2012 Performance Highlights (Compared with FY2011)

CTC
Challenging Tomorrow's Changes

	FY2011 Actual		FY2012 Actual		YoY change	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Change (Billions of yen)	Change (%)
Net sales	297.7	—	322.4	—	+24.7	+8.3%
Gross profit	79.6	26.7%	83.2	25.8%	+3.6	+4.6%
SG&A expenses	(54.8)	—	(56.0)	—	(1.2)	+2.3%
Operating income	24.7	8.3%	27.1	8.4%	+2.3	+9.6%
Ordinary income	24.9	8.4%	27.3	8.5%	+2.3	+9.6%
Net income	13.3	4.5%	16.0	5.0%	+2.6	+20.2%
Orders received	302.4	—	372.0	—	+69.5	+23.0%
Backlog	136.6	—	186.2	—	+49.6	+36.3%

Major factors

[Net sales]
Growth from mobile carriers and postal services

[Gross profit]
Increased in line with higher net sales despite lower gross profit margin, which was mainly due to higher sales ratio of products and lower product margin

[SG&A expenses]
Increased due to higher personnel expenses (bonuses, etc.)

【Net income】
Increased sharply on rise in ordinary income, fall in corporate tax rate, and last year's reduction in deferred tax assets (870 million yen)

[Orders received]
Growth from mobile carriers and postal services

[Backlog]
Increased sharply mainly due to large-scale postal projects

Performance Highlights for FY2012 (vs. forecast)

	FY2012 Earnings Forecast		FY2012 Actual		vs. Forecast	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Change (Billions of yen)	Change (%)
Net sales	315.0	—	322.4	—	+7.4	102.4%
Gross profit	83.5	26.5%	83.2	25.8%	(0.2)	99.7%
SG&A expenses	(56.5)	—	(56.0)	—	+0.4	99.3%
Operating income	27.0	8.6%	27.1	8.4%	+0.1	100.7%
Ordinary income	27.0	8.6%	27.3	8.5%	+0.3	101.3%
Net income	16.0	5.1%	16.0	5.0%	+0.0	100.2%
Orders received	333.0	—	372.0	—	+39.0	111.7%
Backlog	154.6	—	186.2	—	+31.6	120.4%

Major factors

[Net sales]
Business with mobile carriers grew.

[Gross profit]
Roughly in line with earnings forecast due to higher net sales, despite lower-than-expected gross profit margin

[SG&A expenses]
Improved due to decrease in expenses

【Operating income】
【Ordinary income】
【Net income】
Generally as expected

[Orders received]
Increased sharply mainly due to growth in the mobile-carrier business and front-loading of postal project

【Backlog】
Increased sharply mainly due to large-scale postal projects

For Reference:
1st and 2nd Half Performance Highlights for FY2012 (YoY)

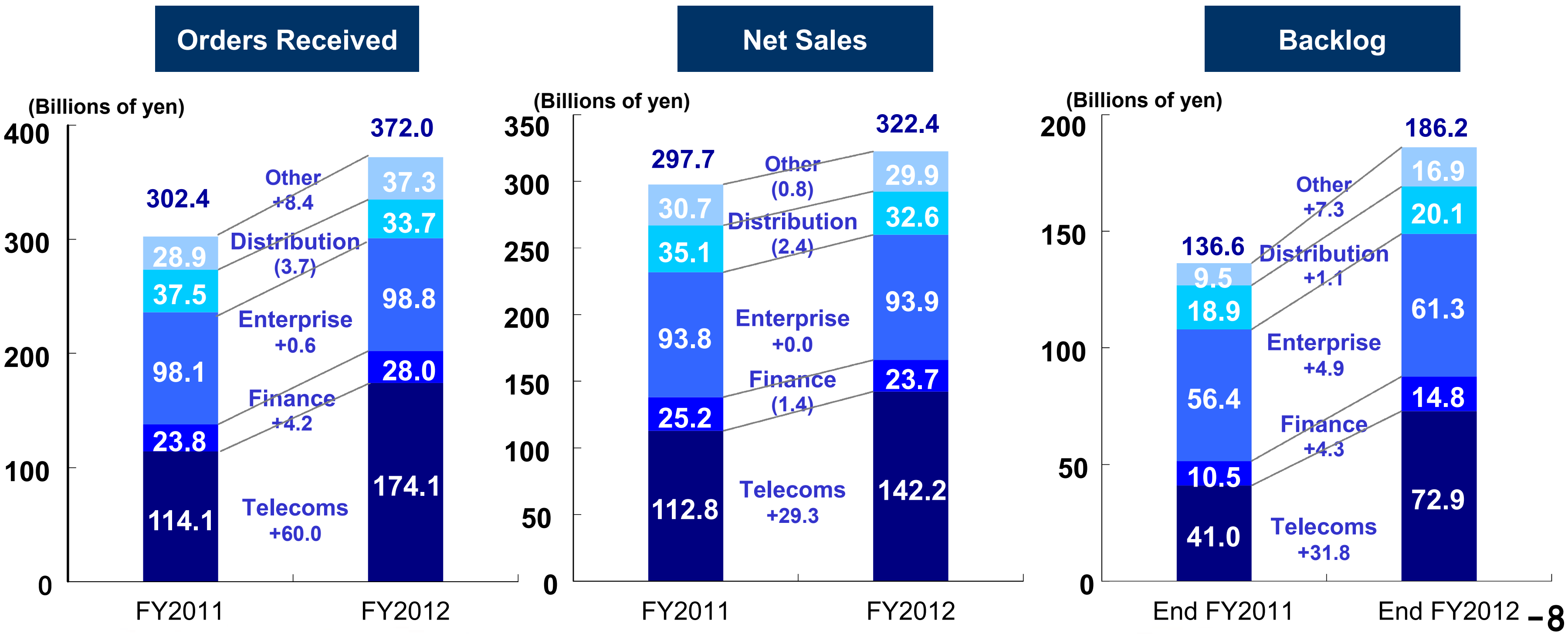
	1st Half FY2011 Actual		1st Half FY2012 Actual		YoY change	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Change (Billions of yen)	Change (%)
Net sales	130.4	—	146.3	—	+15.8	+12.2%
Gross profit	35.2	27.1%	37.7	25.8%	+2.4	+6.8%
SG&A expenses	(26.5)	—	(27.6)	—	(1.1)	+4.3%
Operating income	8.7	6.7%	10.0	6.9%	+1.2	+14.4%
Ordinary income	8.8	6.8%	10.0	6.9%	+1.2	+13.7%
Net income	4.9	3.8%	5.5	3.8%	+0.6	+12.4%
Orders received	142.0	—	194.2	—	+52.1	+36.7%
Backlog	143.5	—	184.5	—	+41.0	+28.6%

	2nd Half FY2011 Actual		2nd Half FY2012 Actual		YoY change	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Change (Billions of yen)	Change (%)
Net sales	167.3	—	176.1	—	+8.8	+5.3%
Gross profit	44.3	26.5%	45.5	25.9%	+1.2	+2.8%
SG&A expenses	(28.3)	—	(28.4)	—	(0.1)	+0.5%
Operating income	16.0	9.6%	17.1	9.7%	+1.1	+7.0%
Ordinary income	16.1	9.6%	17.2	9.8%	+1.1	+7.3%
Net income	8.3	5.0%	10.4	5.9%	+2.0	+24.8%
Orders received	160.4	—	177.8	—	+17.4	+10.9%
Backlog	136.6	—	186.2	—	+49.6	+36.3%

■ In H1 and H2, orders received, net sales, and all profit line items exceeded their year-ago levels.

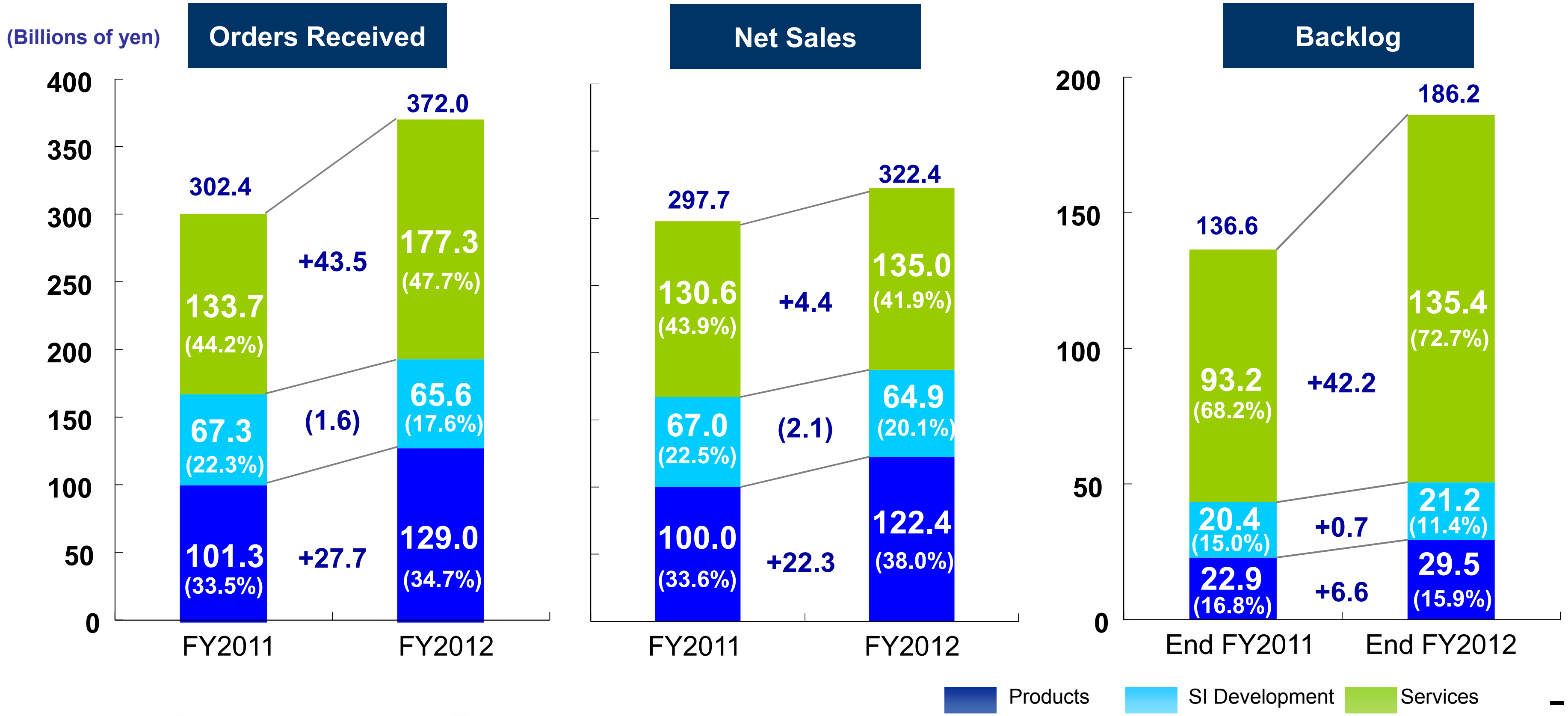
Performance by Business Group

- **Telecoms**: Orders received and net sales both increased mainly on growth in mobile-carrier network projects and postal shared-infrastructure projects.
- **Finance**: Orders received increased mainly on more development projects for megabanks, and net sales decreased mainly on completion of projects for credit card companies.
- **Enterprise**: Orders received and net sales were both roughly at year-ago levels.
- **Distribution**: Orders received and net sales both decreased on a fall in development projects for major clients in the distribution sector.

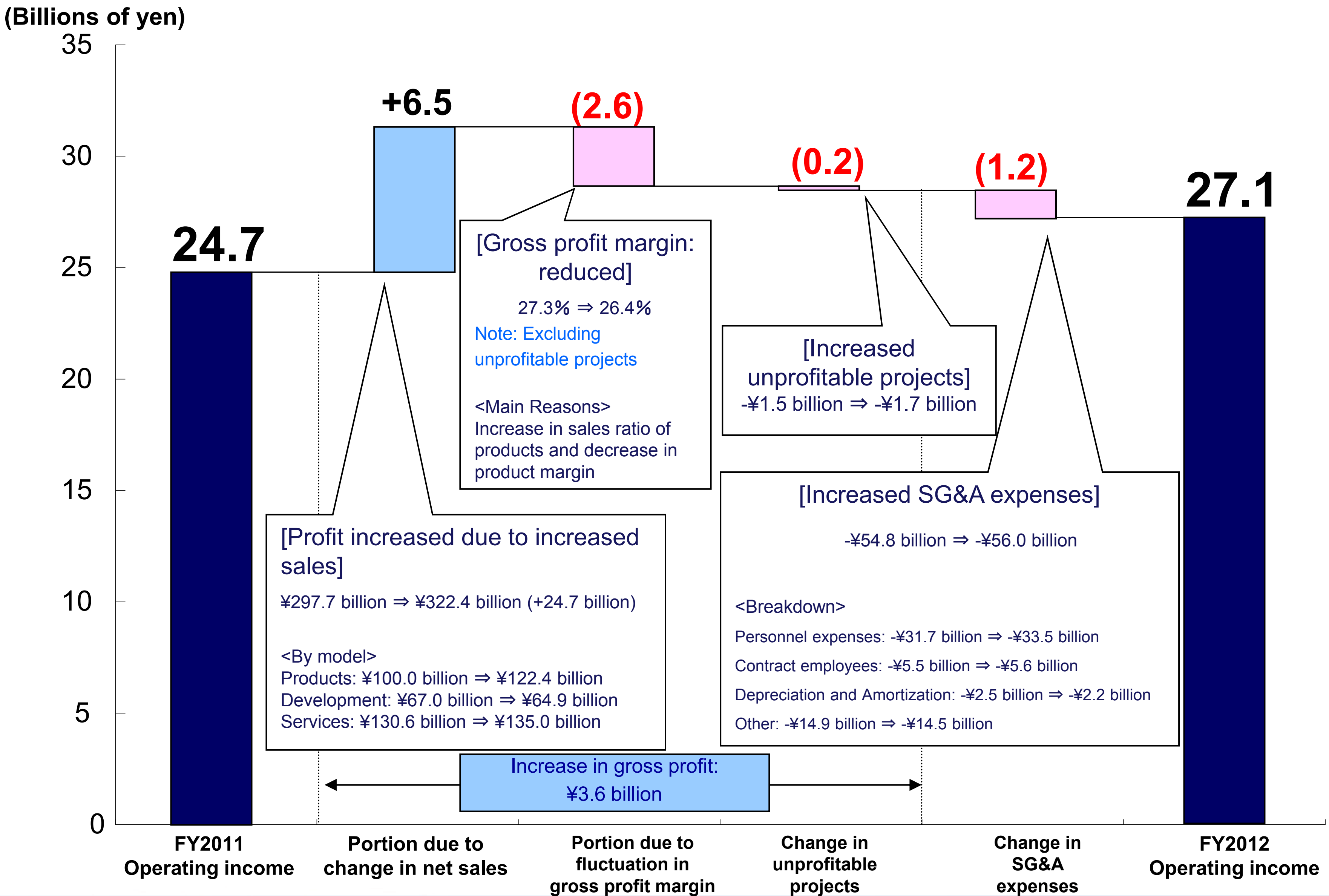


Performance by Business Model

- **Services**: Orders received and net sales both increased mainly on growth in postal maintenance-and-operation projects and growth in installation and construction services for mobile carriers.
- **SI Development**: Orders received and net sales both decreased on a fall in development projects for major clients in the distribution sector.
- **Products**: Orders received and net sales both increased on growth in network products for mobile carriers and in servers and storage for postal services.



Main Reasons for YoY Change in Operating Income



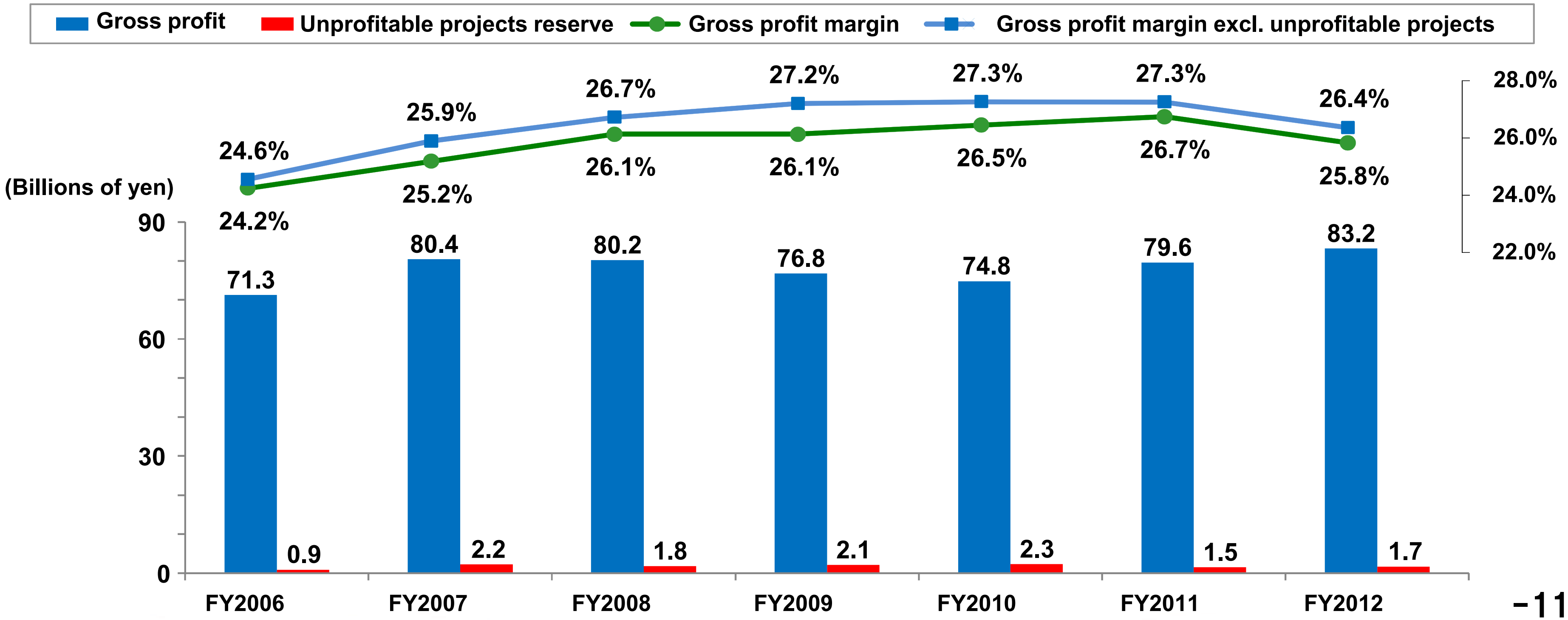
For Reference:
Gross Profit Margin and Unprofitable Projects

- Gross profit margin fell 0.9 points year on year to 25.8%.

  ⇒ Gross profit margin excluding unprofitable projects fell 0.9 points year on year to 26.4%. The main reasons were an increase in the percentage of sales accounted for by products, which are relatively low-margin, and a decrease in the profit margin of product sales.

- Unprofitable projects amounted to ¥1.7 billion (up 0.2 billion year on year).

  ⇒ If orders received for strategic reasons (¥0.5 billion) are excluded, then unprofitable projects decreased by ¥0.3 billion.



For Reference:

Non-operating and Extraordinary Items

(Billions of yen)

	FY2011 Actual Billions of yen	FY2012 Actual Billions of yen	YoY change Change (Billions of yen)	Major factors
Non-operating income	0.50	0.43	(0.07)	Equity in gains of associated companies (0.11) Foreign exchange gain +0.02 Dividend income +0.01
Non-operating expenses	(0.35)	(0.28)	+0.07	Interest expenses +0.03 Loss from investment in partnership +0.04
Total non-operating income	0.15	0.15	(0.00)	
Extraordinary gains	0.18	0.14	(0.03)	Gains on sales of investment securities (0.1) Compensation received +0.08
Extraordinary losses	(0.80)	(0.72)	+0.07	Loss on disposal of fixed assets +0.23 Loss on litigation (0.13)
Total extraordinary losses	(0.61)	(0.57)	+0.04	

For Reference:
Consolidated Balance Sheets and Cash Flows

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Consolidated balance sheets

(Billions of yen)

	End FY2011	End FY2012	Change
Current assets	200.1	205.9	+5.7
Fixed assets	52.5	64.1	+11.5
Total assets	252.7	270.0	+17.3
Current liabilities	77.9	86.6	+8.7
Long-term liabilities	15.9	17.4	+1.4
Total liabilities	93.8	104.0	+10.1
Total net assets	158.8	165.9	+7.1
Total liabilities and net assets	252.7	270.0	+17.3

[Breakdown of assets and liabilities] (YoY Change)

■ Current assets
- Notes and accounts receivable 66.8 [+6.6]
- Prepaid expenses 22.3 [+7.6]

■ Fixed assets
- Tangible fixed assets 34.7 [+5.8]
  ⇒ Main factor: Increase due to construction of new data-center wing
- Intangible fixed assets 11.8 [+3.4]
  ⇒ Main factor: Increase in goodwill due to acquisition of shares in overseas subsidiaries
- Investments and other assets 18.2 [+2.1]
  ⇒ Mainly due to increase in prepaid pension cost

■ Current liabilities
- Notes and accounts payable 26.4 [+2.3]
- Unearned income 20.2 [+2.7]
- Other current liabilities 17.6 [+3.5]

■ Fixed liabilities
- Long-term deferred tax liabilities 1.0 [+0.9]
- Long-term lease obligations 14.0 [+0.4]

■ Net assets
- Retained earnings 118.5 [+10.0]
- Treasury stock (10.3) [-5.0]

Consolidated cash flows

(Billions of yen)

	FY2011	FY2012	Change
Cash and cash equivalents at beginning of period	68.3	77.8	+9.5
Operating activities	21.2	9.6	(11.5)
Investing activities	(2.7)	(10.3)	(7.5)
Financial activities	(8.9)	(11.1)	(2.2)
Cash and cash equivalents at end of period	77.8	66.1	(11.7)
Free cash flow	18.4	(0.6)	(19.0)

■ Free cash flow (FCF)
- Free cash flow decreased year on year because of a decrease in cash flow from operating activities (increases in notes and accounts receivable and prepaid expenses) as well as an increase in expenditures in cash flow from investing activities.

[Major reasons for changes in cash flows]

(1) Cash flow from operating activities
- Trade receivables increased: [-4.3]
- Prepaid expenses increased [-7.6]

(2) Cash flow from investing activities
- Payments for acquisition of shares in subsidiaries [-5.0]

(3) Cash flow from financing activities
- Decreased income from sale and leaseback [-3.0]

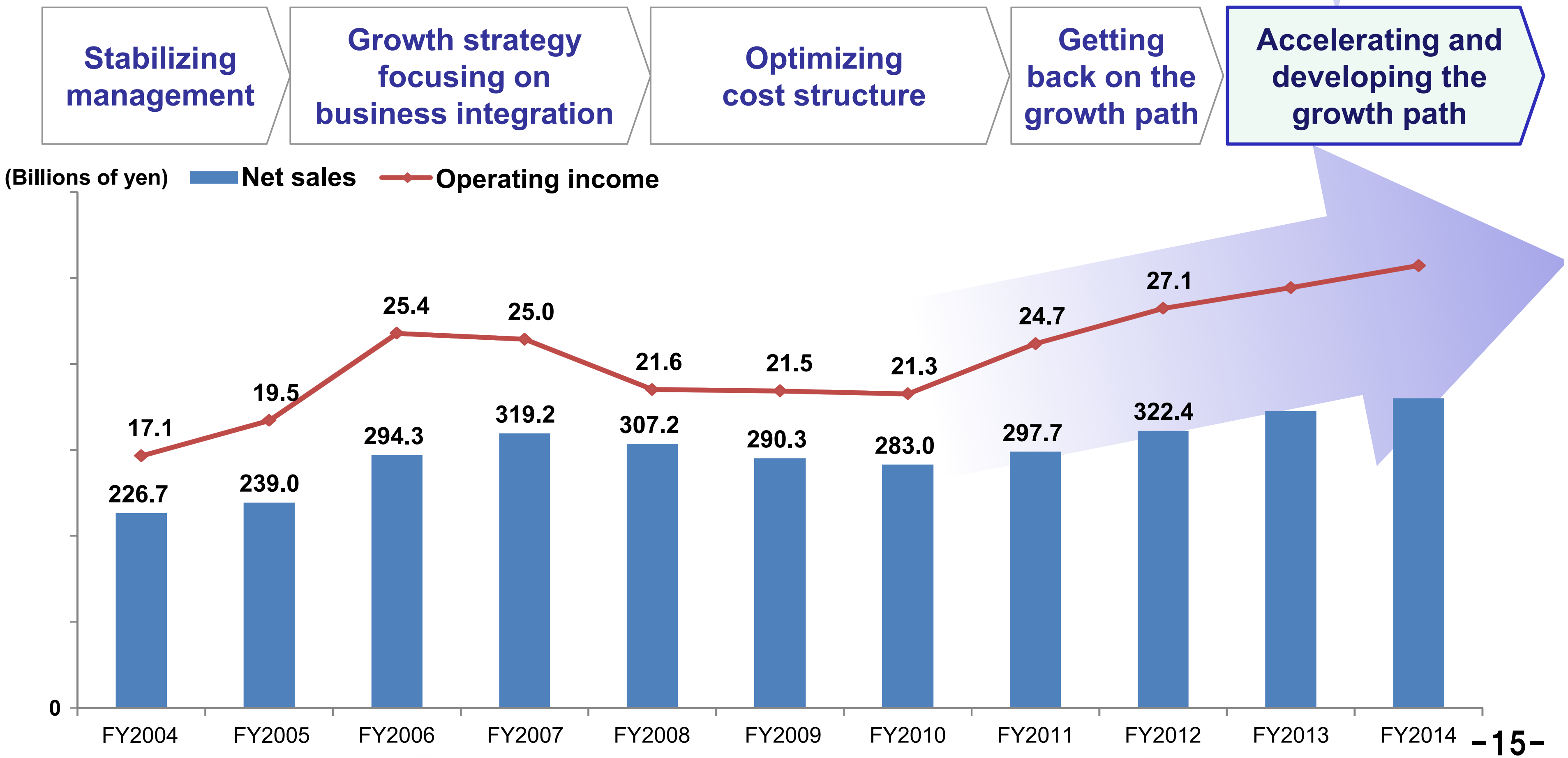
Ⅰ FY2012
Overview of Operating Results

Ⅱ FY2013—FY2014
Medium-term Management Plan

Ⅲ FY2013
Operating Results Forecast

Management for the future

How do we continue to grow?



The CTC Group's Business Environment

Macro-economic trends

The impact of factors such as economic instability in Europe and uncertainty in China demands attention, but domestic business confidence is recovering on rising expectations for the effectiveness of the Japanese government's economic policies.

Domestic IT industry trends

Domestic IT investment is expanding slowly mainly in the finance, public, and manufacturing sectors.

- Increased investment for system integrations in the financial industry
- Increased IT strategy promotion by the government, and increased IT system replacement demand in the public and public utility sectors
- Increased IT investment in line with improved earnings in, for example, the manufacturing industry and the securities industry
- Continued system investments in line with factors such as smartphone popularization and LTE service enhancements
- Increased demand for global IT support as clients accelerate their global expansions

Vision / Basic Management Policy

Vision

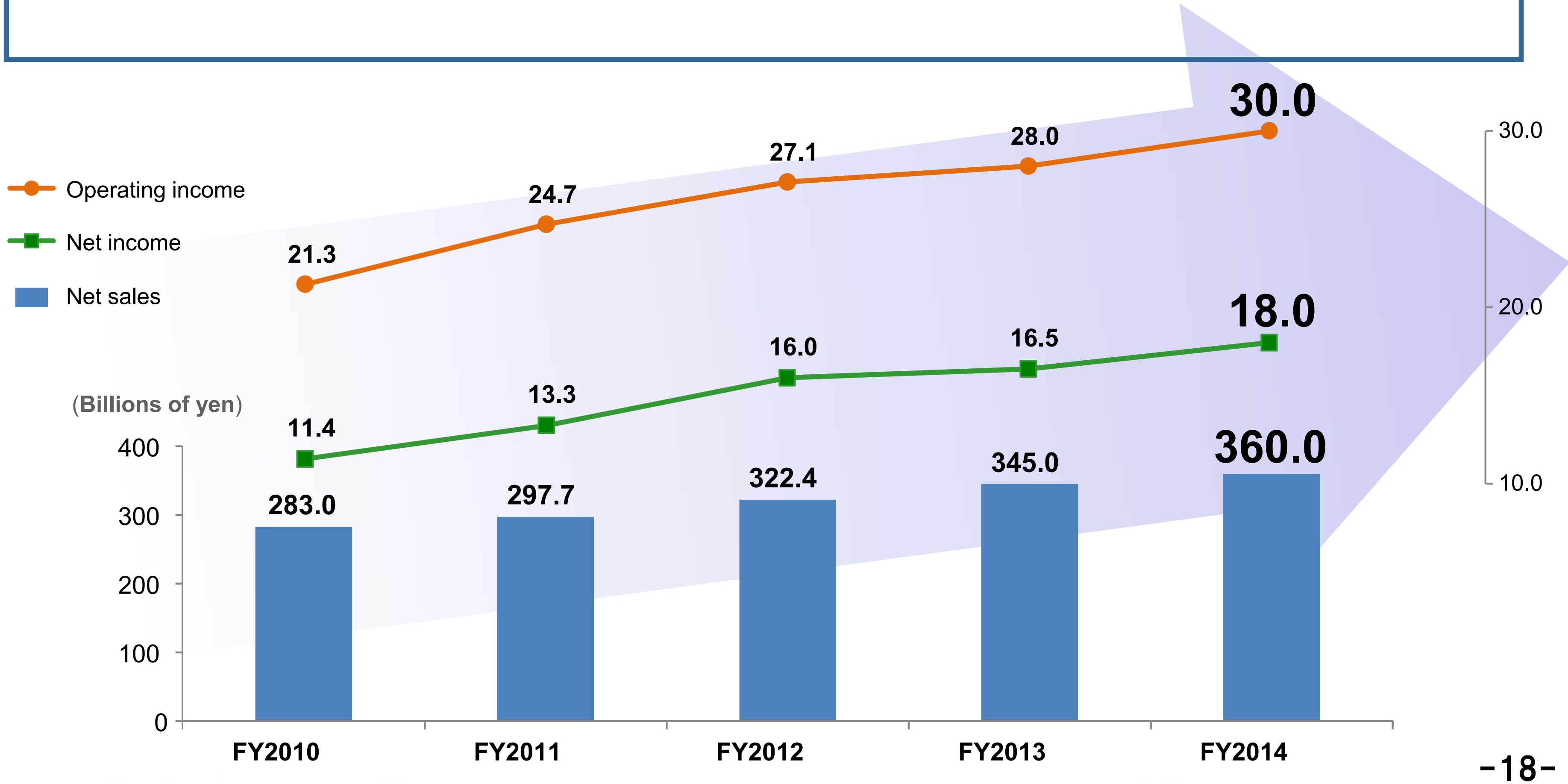
Take responsibility for evolution of the IT industry, as the industry's leading company

Basic Management Policy

1	"Reinforce our strengths," and "enter growth areas."
2	"Develop state-of-the-art and optimal technologies," and "roll out our in-house technologies in Asia."
3	"Aggressively address earnings model transformation," and "reinforce our business infrastructure."

[Medium-term Management Plan]
Quantitative Targets

Achieve sustainable growth, and record all-time highs for net sales and all profit line items.



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1-(1) Reinforce our strengths

■ Reinforcement in the telecom sector

- Resolutely maintain our existing network business, and make our prior strategic moves to acquire markets for the coming LTE- Advanced era
- Strengthen our business with ISPs and broadcasters by utilizing our capability to construct large-scale infrastructures
- Accelerate our service business through collaborative business with carriers and ISPs
- Advance into global business

■ Cultivate business with existing customers in the distribution sector

- Create synergies by fusing the strengths of our distribution business and EP business

Distribution Business Strengths		EP Business Strengths
Development and operations business	⇄ Horizontal expansion	Infrastructure construction business

1-(2) Enter growth areas

■ Expand business in the public and public utility sectors by utilizing our infrastructure construction capabilities

- Increase our efforts in the public, power, and rail sectors
- Improve our capability for large projects by flexibly shifting human resources

■ Increase profitability by focusing our company-wide comprehensive capabilities

- Gain and cultivate customers through collaborative business between our business groups

⇒ For example, collaborative business between our “science business,” “EP business,” and “Financial and Public business”
(Automobiles, manufacturing, public utilities, research institutes, etc.)

Supplementary Information:
Organizational Restructuring of Business Groups

Purpose of the organizational restructuring

(1) Reinforce our strengths

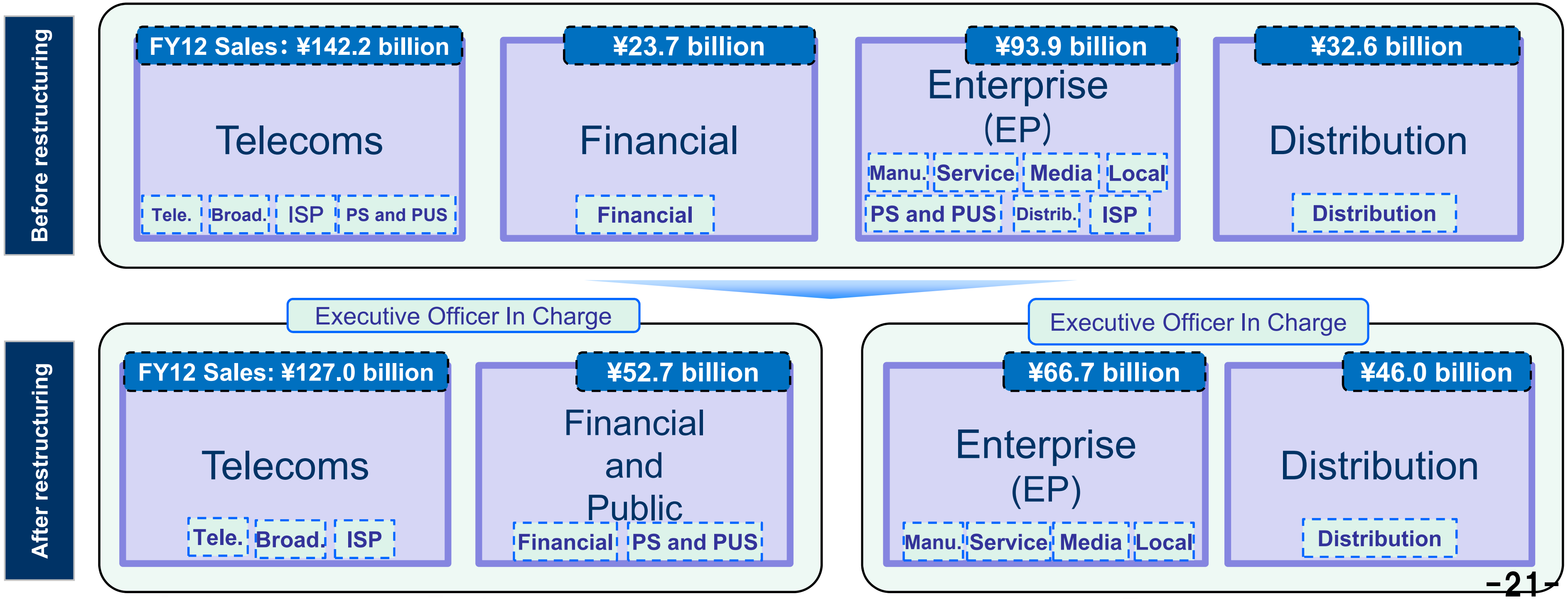
⇒ Consolidate our businesses related to telecom carriers, broadcasting, and ISPs, and thereby strengthen our network infrastructure business. (EP ⇒ Telecoms)

⇒ Consolidate our distribution market-related business on our distribution business, and strengthen our customer cultivation approach. (EP ⇒ Distribution)

(2) Enter growth areas

⇒ Consolidate our business with the public sector and the public utility sector, and increase our flexibility for handling large infrastructure projects. (Telecoms and EP ⇒ Financial and Public）

⇒ Expand the business fields of our financial infrastructure business. (Financial ⇒ Financial and Public)



2-(1) Develop state-of-the-art and optimal technologies

■ Discover state-of-the-art technologies/Strengthen our construction capabilities incorporating state-of-the-art technologies

- Strengthen our technology research, product discovery, and construction capabilities to support smooth construction and operations for IT resources (devices, H/W, S/W) that are becoming diversified
- Expand and develop the development methodology and framework for cloudization
- Strengthen our strategic partnerships with leading vendors

SDI **Software Defined Infrastructure**	**Big Data**	**Network Security**	**Cloud Application Framework**

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Challenging Tomorrow's Changes

2-(2) Roll out our in-house technologies in Asia

Incorporate overseas growth and achieve sustainable growth

⇒ Overseas total sales target: More than 10% of total sales (FY15)

■ Make a full-scale push into Asian markets by utilizing our company-wide comprehensive capabilities

- Deploy, in Asia, our strengths in infrastructure business and the telecoms sector
- Expand business with Japanese companies in the ASEAN region.
- Strengthen the management of our overseas subsidiaries

■ Strengthen our business bases in the ASEAN region

- Carry out additional business development and M&A examinations focused on ASEAN

For reference:

Our New Companies in Malaysia and Singapore

CTC
Challenging Tomorrow's Changes

CSC ESI Sdn. Bhd.

- Established in 1971
- Approx. 600 employees
- One of the top 5 IT vendors in Malaysia
- 24 bases in Malaysia

CSC Automated Pte. Ltd.

- Established in 1970
- Approx. 100 employees
- One of the top 20 IT vendors in Singapore
- 1 base in Singapore

From mid-May, the trade names are scheduled to be changed to CTC Global (under application).

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3-(1) Aggressively address earnings model transformation

Grow the earnings of our service business

- Expand operations and cloud services utilizing the new wing of our Yokohama data center.
  - ⇒ Establish a new infrastructure outsourcing business with ElasticCUVIC as its core
  - ⇒ Respond to cloudization needs by using TechnoCUVIC
- Work on state-of-the-art technologies aimed at strengthening our data-center service competitiveness
- Pursue competitiveness by revising our cost structure

3-(2) Reinforce our business infrastructure

■ Develop human resources

- Strengthen our development of engineers (revise the evaluation and certification system, and expand technical training)
- Respond to rapidly intensifying globalization
- Continue to promote diversity initiatives

■ Ensure thorough project and quality control

- Strengthen risk assessments to reduce unprofitable projects
- Strengthen quality control by developing a project control system

Ⅰ FY2012

Overview of Operating Results

Ⅱ FY2013—FY2014

Medium-term Management Plan

Ⅲ FY2013

Operating Results Forecast

FY13 Basic Management Policy/Focuses by Business Group

FY2013 Basic Policy	Make this a year in which, based on the basic policy in the Medium-term Management Plan, we strengthen our business base to raise it to the next higher level and achieve sustainable growth.
Business Group	**Focuses**
Telecoms	▶ Strengthen our network business in line with accelerating communications and increasing data traffic ▶ Take preparatory steps for making investments related to next-generation networks ▶ Expand our service business through collaboration with carriers and ISPs ▶ Enter global business in regions such as ASEAN
Financial & Public	▶ For megabanks, promote system-integration projects and international system-construction projects ▶ Receive more orders for large IT infrastructure projects in the public and public utility sectors ▶ Expand our IT infrastructure business with the financial sector ▶ Carry out global business expansion centering on the financial sector
Enterprise	▶ In line with increasing demand to upgrade existing systems, win projects related to virtualized integration ▶ Expand our service business by utilizing the new data-center wing and increasing sales of cloud services ▶ Promote global support projects in line with overseas expansions by our customers
Distribution	▶ Promote next-generation store system projects with convenience stores ▶ Develop large accounts with distribution customers through in-depth proposals and horizontal expansion ▶ Develop and expand our sales of cloud services to the distribution industry

FY2013 Consolidated Operating Results Forecasts

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Challenging Tomorrow's Changes

	FY2012 Actual		FY2013 Earnings Forecast		YoY change	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Change (Billions of yen)	Change (%)
Net sales	322.4	—	345.0	—	+22.5	+7.0%
Gross profit	83.2	25.8%	88.5	25.7%	+5.2	+6.3%
SG&A expenses	(56.0)	—	(60.5)	—	(4.4)	+7.8%
Operating income	27.1	8.4%	28.0	8.1%	+0.8	+3.0%
Ordinary income	27.3	8.5%	28.0	8.1%	+0.6	+2.4%
Net income	16.0	5.0%	16.5	4.8%	+0.4	+3.0%
Orders received	372.0	—	350.0	—	(22.0)	(5.9%)
Backlog	186.2	—	191.2	—	+5.0	+2.7%

Major factors

[Net sales]
Increase mainly on growth in Telecoms, Financial, and Enterprise and on sales contributions from overseas subsidiaries

[Gross profit]
Increase on higher net sales

[SG&A expenses]
Increases in SG&A of overseas subsidiaries, goodwill amortization expense, strategic investment cost, personnel expenses, etc.

[Orders Received]
Decrease on a downturn in projects for postal services, despite growth in Telecoms, Financial, and Enterprise as well as contributions from orders from overseas subsidiaries

For Reference:
1st and 2nd Half FY2013 Consolidated Operating Results Forecast

	1st Half FY2012 Actual		1st Half FY2013 Earnings Forecast		YoY change	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Change (Billions of yen)	Change (%)
Net sales	146.3	—	155.0	—	+8.6	+5.9%
Gross profit	37.7	25.8%	40.0	25.8%	+2.2	+6.1%
SG&A expenses	(27.6)	—	(29.9)	—	(2.2)	+8.1%
Operating income	10.0	6.9%	10.1	6.5%	+0	+0.5%
Ordinary income	10.0	6.9%	10.1	6.5%	+0	+0.6%
Net income	5.5	3.8%	5.6	3.6%	+0	+1.0%
Orders received	194.2	—	160.0	—	(34.2)	(17.6%)
Backlog	184.5	—	191.2	—	+6.6	+3.6%

	2nd Half FY2012 Actual		2nd Half FY2013 Earnings Forecast		YoY change	
	Billions of yen	Profit margin	Billions of yen	Profit margin	Change (Billions of yen)	Change (%)
Net sales	176.1	—	190.0	—	+13.8	+7.9%
Gross profit	45.5	25.9%	48.5	25.5%	+2.9	+6.4%
SG&A expenses	(28.4)	—	(30.6)	—	(2.1)	+7.6%
Operating income	17.1	9.7%	17.9	9.4%	+0.7	+4.5%
Ordinary income	17.2	9.8%	17.9	9.4%	+0.6	+3.5%
Net income	10.4	5.9%	10.9	5.7%	+0.4	+4.0%
Orders received	177.8	—	190.0	—	+12.1	+6.8%
Backlog	186.2	—	191.2	—	+5.0	+2.7%

For Reference:
Consolidated Balance Sheets and Cash Flows (Forecasts)

Challenging Tomorrow's Changes

■ Consolidated balance sheets

(Billions of yen)

	End FY2012	End FY2013	Change
Current assets	205.9	211.0	+5.1
Fixed assets	64.1	63.1	(0.9)
Total assets	270.0	274.2	+4.1
Current liabilities	86.6	85.2	(1.3)
Long-term liabilities	17.4	14.9	(2.4)
Total liabilities	104.0	100.2	(3.7)
Total net assets	165.9	173.9	+7.9
Total liabilities and net assets	270.0	274.2	+4.1

■ Consolidated cash flows

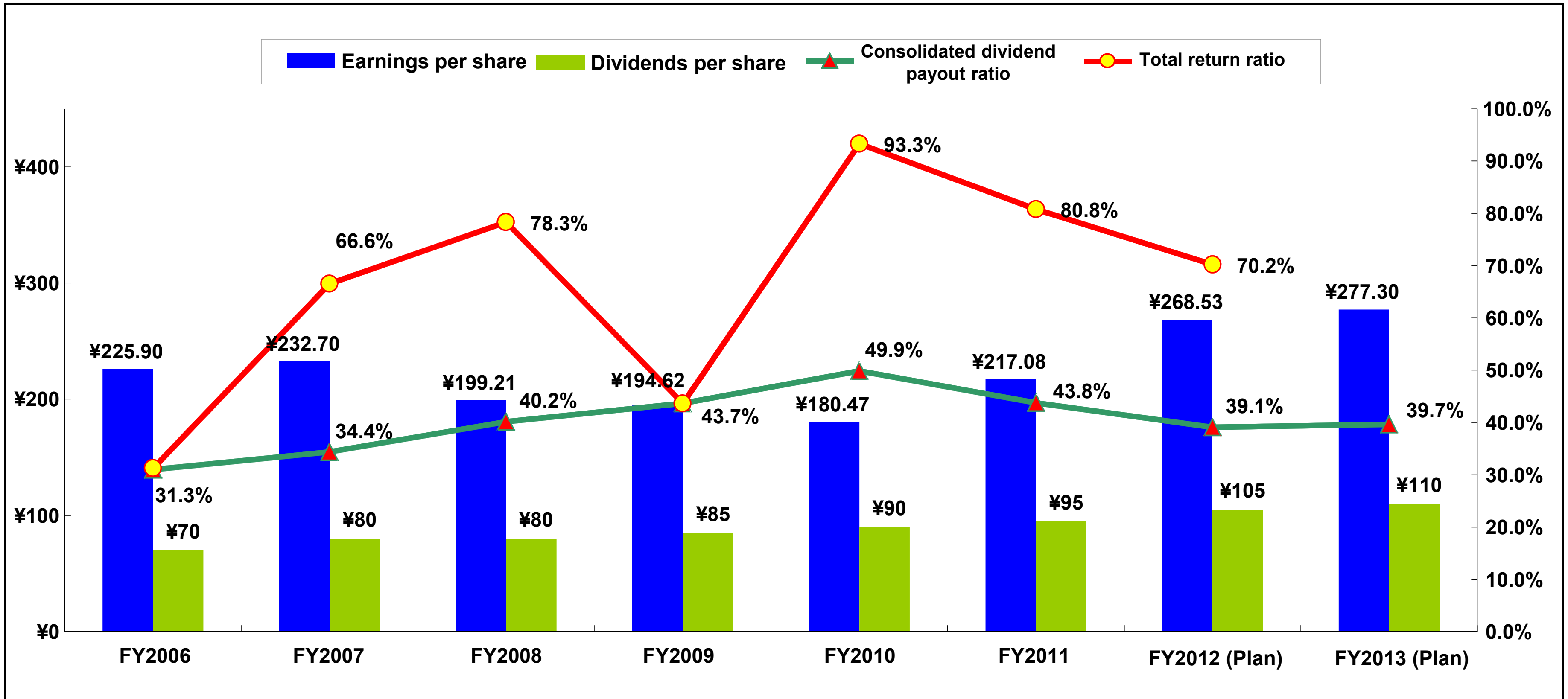
(Billions of yen)

	FY2012	FY2013	Change
Cash and cash equivalents at beginning of period	77.8	66.1	(11.7)
Operating activities	9.6	20.5	+10.8
Investing activities	(10.3)	(11.5)	(1.2)
Financial activities	(11.1)	(7.6)	+3.4
Cash and cash equivalents at end of period	66.1	67.5	+1.3
Free cash flow	(0.6)	8.9	+9.6

Shareholder Returns Plan

■ **Pay stable dividends linked to earnings (targeting a dividend payout ratio of 40%)**

⇒ FY2012: Planned a total annual dividend of ¥105
(a year-on-year increase of ¥10, with a dividend payout ratio of 39.1%)
⇒ FY2013: Planning a total annual dividend of ¥110
(a year-on-year increase of ¥5, with a dividend payout ratio of 39.7%)



*Total return ratio = (Stock buybacks + Total dividend payment) / Net income

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