Annual Report 2010

For the year ended March 31, 2010

ITOCHU Techno-Solutions Corporation

Challenging Tomorrow's Changes

CTC is a brand name of ITOCHU Techno-Solutions Corporation and comes from its corporate philosophy: "Challenging Tomorrow's Changes." Beyond its cogent reading of global changes, CTC also embraces the concept of working to trigger such positive changes. CTC continues to pursue strategies to realize new growth in the IT services industry, which is undergoing major changes itself. We welcome your interest in our future activities, which will continue to be the driver for innovative changes.

Contents

Cautionary Notes Concerning Recorded Monetary Sums

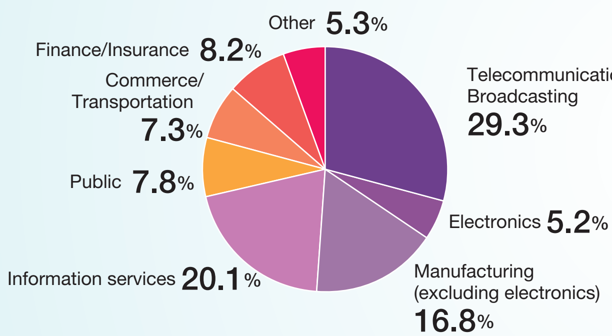
Recorded monetary sums are rounded to the nearest whole number in accordance with U.S. standards.

Cautionary Notes Concerning Forward-Looking Statements

Statements made in this annual report with respect to CTC's plans, strategies and beliefs, and other statements that are not historical facts, are 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.

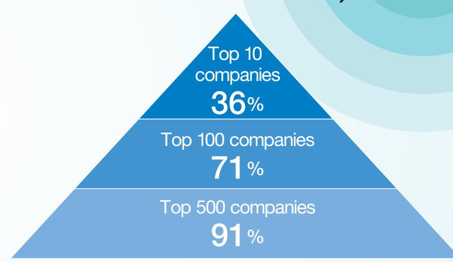
Broad-Ranging, Industry-Leading Client Base

>> Net sales composition by industry: ¥290.4 billion
(Year ended March 31, 2010)



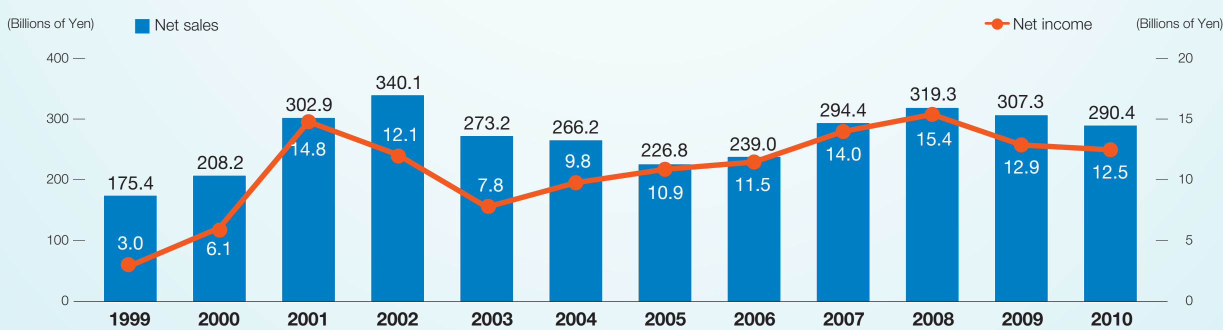
>> Sales composition of top customers
(Year ended March 31, 2010)

Total number of customers: approximately 7,000 companies

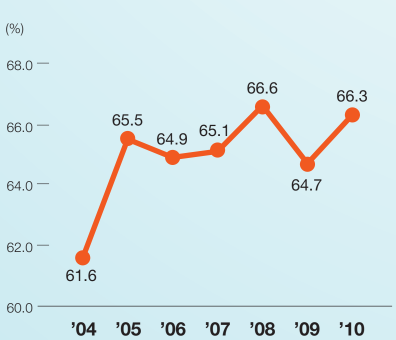


Strong Financial Position

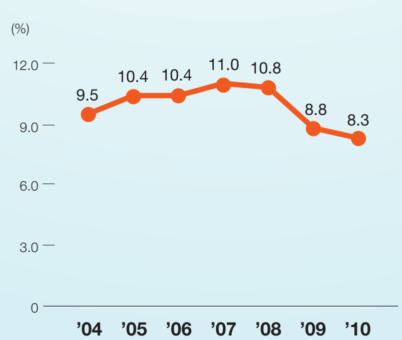
>> Trends in net sales and net income (Years ended March 31)



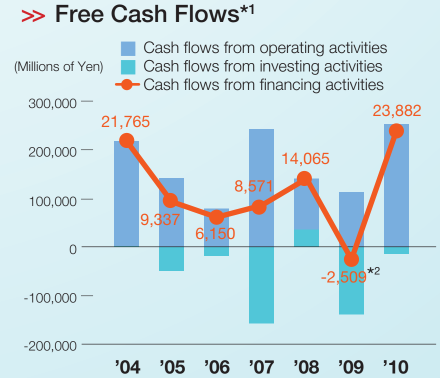
>> Equity Ratio



>> Return on Equity



>> Free Cash Flows*1



*1 Free cash flows = Cash flows from operating activities + Cash flows from investing activities

*2 Year ended March 31, 2009: The drop in free cash flows was due to an increase in cash used in the acquisition of property and equipment for data centers.

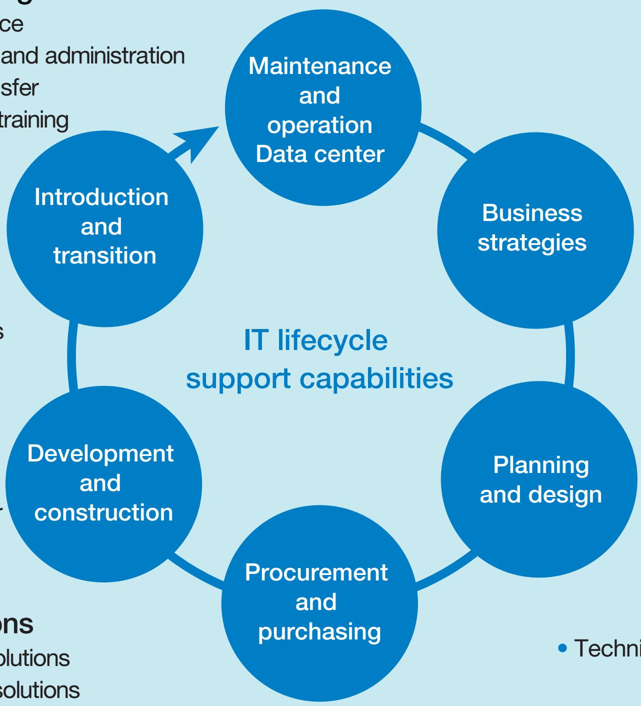
Total Solution Provider

» CTC's business model

Outsourcing Solutions
- Maintenance
- Operation and administration
- Office transfer
- Technical training

- Maintenance and support branches (approximately 100 locations nationwide)
- Data centers (five locations nationwide)

Consultation
- Business consulting
- IT consulting

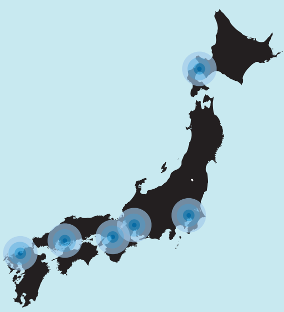


- Osaki Development Center

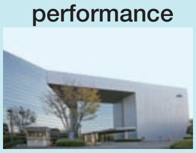
- Technical Solutions Center

SI Solutions
- Industry solutions
- Business solutions
- IT Solutions (including databases, storage, networks and security)

» Maintenance bases: providing 24/7 maintenance



» Data centers: boasting over 20 years of operating performance



Yokohama-West

Yokohama-East

Kobe

Otemachi

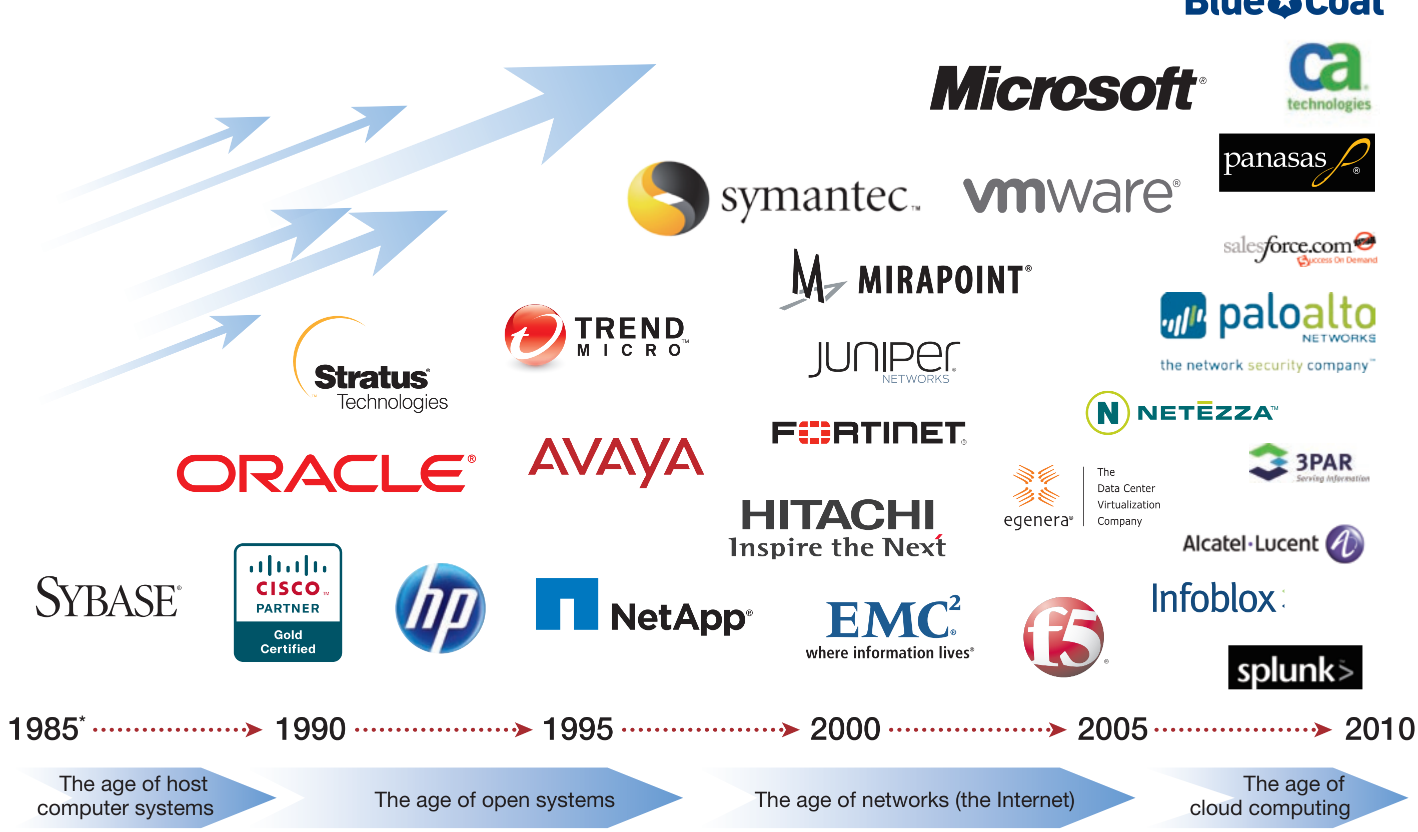
Shibuya

Mejirozaka

Total floor space	
Yokohama	(East) (West) 21,414m²+21,593m²
Kobe	18,898m²
Otemachi	4,376m²
Shibuya	1,693m²
Mejirozaka	5,846m²

Multi-Vendor & Open-System Solution Provider

>> History of CTC's Vendor Alliances



* CTC began selling Sun Microsystems' products in 1984 (Sun Microsystems was acquired by Oracle Corporation in 2010).

>> The Performance of Multi-Vendors

Vendor Partnerships

Avaya	Platinum Partner
Cisco Systems	Gold Partner Received the Global Award 2010
EMC	EMC Velocity Signature Partner (No. 1 Unit Sales at CLARiX CX series in Japan)
Hewlett-Packard	Hewlett-Packard Premier Enterprise Business Partner (No.1 vendor in Japan) Awarded HP BladeSystem Partner Award's "Partner of the Year" for three consecutive years

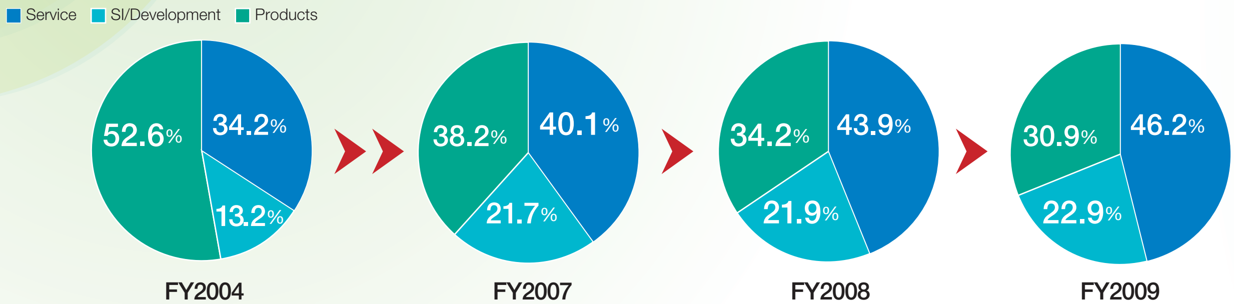
HITACHI	Business Partner (No. 1 vendor in Japan of Hitachi Storage Solutions) Received the JP1 Technical Award for five consecutive years
Mircrosoft	Gold Certified Partner Large Account Reseller (LAR)
NetApp	Star Partner (No. 1 vendor in Japan)
Oracle	Oracle Platinum Partner Received Oracle Award 2010, Sun Partner of the Year
Symantec	Symantec Platinum Partner

CTC's Strengths

CTC has developed an unparalleled position as an IT service company that possesses unique business models composed of three well-balanced business domains: service, SI/development and products. In addition, the SI/development and service domains have progressed steadily in recent years.

The following strengths developed by CTC constitute a dynamic, driving force for CTC's sustainable growth.

>> Business model changes in terms of sales composition



01 *Total Solution Provider*

CTC provides optimal services throughout all phases of IT lifecycles as a solution provider that combines a comprehensive array of strengths. These capabilities extend from front-line backbone systems development and open systems large-scale infrastructure construction to outsourcing services employing data center operations.

Moreover, CTC aims to meet customer needs with one-stop services as a prime contractor. To this end, CTC intends to make detailed proposals that consider what types of functions and performance will be necessary in the future, in accordance with business growth, and offer in-depth support for ever-changing customer businesses.

02 *Multi-Vendor & Open-System Solution Provider*

CTC's performance and experience in the IT service industry is supported by global partnerships with vendor companies. With strong faith in its potential in the IT industry since its establishment, CTC has focused on the early development of relationships with leading IT companies overseas and the ongoing strengthening of these relationships. Establishing partnerships with Sun Microsystems in 1984 and Cisco Systems and Oracle in 1992, CTC has developed open-system markets in Japan and achieved solid growth.

Presently, CTC is able to grasp leading trends in IT and utilizes these in its business operations through the relationships it has forged with these leading IT companies. CTC provides timely, "best solutions" that flexibly respond to a wide array of industries and in all technical fields by mobilizing the numerous product lineups of its vendor partners, as well as system construction expertise and technological capabilities cultivated by the Company.

03 Broad-Ranging, Industry-Leading Client Base

Through the challenge of finding solutions to various business-related problems, CTC has accumulated system development capabilities and full solution-provision capacities that are compatible with all industrial segments. In these accomplishments, CTC has gathered an extremely high level of expertise, specializing in the telecom, distribution, finance, retailing and manufacturing industries. At the same time, CTC is fully cultivating its capacity to respond to customers in various industries. CTC's customer base is distributed across a wide array of industries, and it has acquired customers that are among the leading companies in each industry. As a result, CTC's strength lies in the virtuous circle derived from such experience and expertise, which it then uses in developing abundant solution lineups.

04 Strong Financial Position

When information systems play an important role in customer management foundations, it is a given that their choice of IT service companies is exacting. Moreover, if the stance towards customer IT assets shifts from ownership to usage, the business continuity of IT service companies has a significant effect on their customers. Against this backdrop, IT service companies are coming under scrutiny not only about their IT service-related capabilities, including technological strengths and quality, but also about the stability and reliability of their business foundations. CTC has built a robust management and financial foundation by constantly and vigorously carrying out sound business operations. These qualities are certain to allow CTC to display its major strengths within the ever-changing IT service industry.

CTC is strengthening its development, verification, operation and maintenance capabilities groupwide in order to provide optimal systems throughout every phase of IT lifecycles.

Development Capabilities:
Osaki Development Center
Serving as a base that supports CTC's development capabilities, Osaki Development Center supports the provision of detailed solutions while engaging in timely communications with sales supervisors.

Operation Capabilities:
Data centers
Boasting a high level of safety and reliability based on acquiring ISMS*1 certification, conforming to FISC*2 standards, CTC's five data centers operate 24/7 to provide onsite responses to customer systems.

Verification Capabilities:
Technical Solution Center
Equipping open-system resources, verification of items ranging from individual products to multi-vendor environments are undertaken in cooperation with vendor partner companies at CTC's multiple verification facilities.

Maintenance Capabilities:
Maintenance Bases
With approximately 100 locations nationwide, CTC maintenance bases offer rapid and uniform maintenance services 24/7.

*1 ISMS: Information Security Management System
*2 FISC: Financial Industry Information Systems

Amid significant changes taking place in the operating environment, CTC positioned fiscal 2009 as a year of "change" by prioritizing initiatives to innovate its business models.

Yoichi Okuda
President & CEO

The environment in which the information service industry operates continued to be very difficult during fiscal 2009. How would you rate this 12-month period?

CTC positioned fiscal 2009 as a year of "change" by implementing key initiatives to accelerate changes in its business models. CTC has strengthened its provision of one-stop services to display its total solution capabilities. To this end, CTC focused on bolstering its SI/development and services businesses, while possessing a product sales capacity that has been one of the Company's strengths since its inception. Therefore, CTC has improved its profitability by expanding the sales composition of its service business, which features relatively high profitability.

Unfortunately, our business performance in fiscal 2009 experienced decreased revenues and earnings in the wake of investment-reduction trends among customers. However, CTC's gross profit margin stood at 26.5%—the highest since being listed—and the Company came closer to creating a robust business structure due to its aforementioned business-model change and cost-reduction efforts. At the same time, we are fully prepared to steadily carry out strategic moves in response to such new trends in the IT industry as cloud computing, green IT and smart grid. Overall, fiscal 2009 was a year in which CTC prepared for the expected full-fledged recovery in IT investment.

What are the key points of CTC's three-year medium-term management plan ending in fiscal 2012?

The recent information service industry was characterized primarily by the progressive vertical integration of IT companies in the United States, the emergence of offshore IT outsourcing companies, and ongoing curbs in IT investments among customers in light of the current economic recession. At the same time, various paradigm shifts arose that included an increased interest in investments that lead to system efficiency and cost reductions as well as other strategic investments. CTC formulated medium-term growth strategies based on an understanding that these paradigm shifts taking place in the operating environment provide opportunities for significant growth.

Looking forward, CTC intends to strengthen its presence in the business partnerships it has with its customers, rather than just maintaining IT partnerships. Consequently, we are confronted with the urgent task of establishing a business-promotion foundation able to rapidly respond to ongoing changes in the operating environment. More specifically, CTC will focus its efforts on realizing the objectives outlined below by investing strategically in growth areas, by reinforcing its unique, high-value-added capabilities and by improving the Group's comprehensive strengths. By increasing top line revenues while improving profitability, we aim to reach ¥360.0 billion in net sales and ¥30.0 billion in operating income in fiscal 2012.

Eight medium-term growth drivers are necessary in order to realize our abovementioned management growth strategies. To this end, we will focus on such areas as: the infrastructure business, in which we aim to become the undisputed leader; SI/business applications, with the target of becoming the SI/development industry's top-class seller by raising sales to ¥100.0 billion; operation/outsourcing services that utilize the Group's comprehensive strengths; and the growing cloud computing field. Through these efforts, we will achieve steady growth in the medium term.

Commencing in fiscal 2010, CTC will undertake the following key measures through its medium-term management plan: increasing top line revenues and profitability; undertaking medium- and long-term investments; and improving its management foundation and profitability.

What are your thoughts regarding the keyword for 2010: "growth"?

The CTC Group established the keyword "growth," which incorporates the concept of increasing its business depth and establishing 2010 as a year to move to the next stage. I believe that we have reached the point where we are ready to implement various measures to achieve growth in the near future.

Measures vital for realizing growth lie in the following areas: investing in the future; displaying capabilities as a comprehensive IT service provider and increasing top line revenues. Specifically, we will invest in the

The CTC of the Future (Qualitative: Medium-Term Management Vision)

- Become a comprehensive IT service provider that is able to respond to customer needs with one-stop services as a prime contractor
- Become a company that drives the market by constantly incorporating advanced technology and independently creating high-value-added services and business models
- Become an industry-leading company that continues to grow and constantly attracts market attention through its unique business models

Quantitative Targets for Fiscal 2012

	Fiscal 2009 Consolidated Results		Fiscal 2012 Consolidated Targets	
Net sales	¥290.4 billion		¥360.0 billion	
Gross profit	¥76.8 billion	Gross profit ratio 26.5%	¥95.0 billion	Gross profit ratio 26.4%
Operating income	¥21.6 billion	Operating income ratio 7.4%	¥30.0 billion	Operating income ratio 8.3%

Eight Growth Drivers

Infrastructure Business	Aim to be the overwhelming IT industry 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
Operation/Outsourcing	Make system operations and outsourcing a major source of revenue with the aim of becoming a comprehensive IT service provider
Cloud Computing Business	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 are undergoing vertical integration
New Growth Areas	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 our 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

cloud computing business and other areas where market growth is expected, while actively investing in personnel, the source of our business growth. In addition, CTC will dramatically demonstrate its market presence as a comprehensive IT service provider able to offer a wide array of services, from consulting to system design, development, operation and maintenance support. We are also aiming to improve the following three business areas—service, SI/development and product sales—while promoting the establishment of a stable earnings foundation. At the same time, we will actively provide full outsourcing services. Amid stagnation in IT markets, increasing top line revenues is a challenge that must be achieved in order to grow, so CTC will aim to capture market attention as an Industry leader through an increase of top line revenue. Thus, fiscal 2010 will be an important year for making the preparations necessary to initiate future growth.

In light of major trends in the IT market, what do you think will drive CTC's growth in the future?

Smart grid and green IT are drawing attention due to a heightened awareness of environmental issues. In addition, with the economic recession forcing customer businesses to curb investment, their needs are shifting from ownership to usage. In particular, I believe that the cloud computing business should be made into a future growth driver for CTC in order to respond to changes taking place in the IT business environment. From three years ago, ahead of other companies, CTC advanced the virtualization/integration businesses that today form the backbone of cloud computing operations.

CTC also possesses the ability to provide various cloud computing-related products and services. This ability is centered on the Company's IT-infrastructure strengths—which enable the Company to respond to multiple vendors—and its data centers, which maintain the leading amount of computing floor space in Japan. We are also taking steps to augment CTC's internal structure through such measures as establishing the Cloud Computing Business Department in order to function as an organization specializing in this business. Utilizing these characteristics while further strengthening the areas of service, SI/development and product sales will bring out CTC's advantages in the cloud computing business. As a leading company in the cloud computing era, I believe that the above actions will further raise CTC's market presence.

What challenges must CTC overcome in terms of undertaking future growth?

We acknowledge that reducing unprofitable projects, improving competitiveness by taking advantage of offshore businesses, reducing costs and bolstering information security are key challenges. I think that CTC can take steps to eliminate unprofitable projects by strengthening risk management related to SI/development projects and by promoting development standardization. We also aim to bolster competitiveness in the IT market and further increase profitability through the reinforcement of offshore activities and thorough cost reductions.

Furthermore, securing safety and reliability of IT assets both inside and outside the Company is a matter of critical importance for an IT services company. CTC will develop and operate an information security management system (ISMS) that integrates data security management and personal information protection systems. Consequently, by raising the level of information security, we will fulfill our function and responsibilities as an IT service company that plays a key role in the "IT society."

Please give us your thoughts on personnel, the source of CTC's growth?

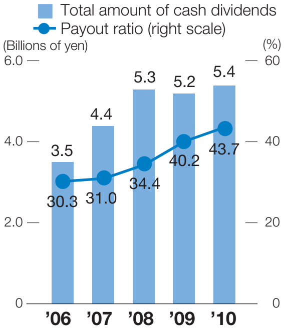
CTC's corporate culture fosters the accumulation of expertise—which flexibly incorporates technologies and products—and the cultivation of individual strengths. Operating in the rapidly changing IT service industry, CTC requires individuals that are willing to take on new challenges rather than being satisfied with their current level of knowledge and experience. We are presently implementing measures to prepare for overseas expansion that include language training and the hiring of foreign staff. We also certify employees with special skills as "super engineers," who, in turn, play a vital role in many facets of the Company's business operations.

What is CTC's policy concerning dividends?

CTC recognizes that returning profits to shareholders as an important management issue. In line with this principle, it is the Company's fundamental policy to make every effort to secure stable dividend payments and constantly improve dividend levels, while optimizing the balance between business performance, internal reserves and the actual amount distributed to shareholders.

In accordance with company policy, the fiscal 2009 year-end dividend increased ¥5 to ¥85 per share, owing to the constant support of our shareholders.

Shifts in the Total Amount of Cash Dividends and the Payout Ratio
(Years ended March 31)



In conclusion, please express your thoughts to CTC's stakeholders.

Despite observations that economic conditions are gradually improving, uncertainty persists in the IT service industry. However, CTC is aiming to be a leading company in the IT services industry by fully preparing for a full-fledged recovery in this industry, undertaking anticipatory investments, displaying its comprehensive strengths and working to realize an increase in top-line revenues. Please expect CTC to provide inspiring innovations in its future activities.

Yoichi Okuda
President & CEO

What is cloud computing?

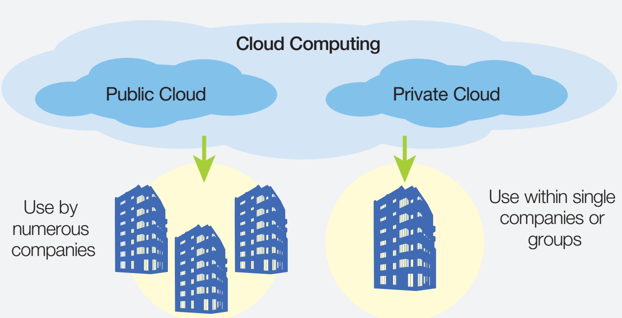
The cloud computing business is one of CTC's growth drivers. Cloud computing is a new form of IT utilization in which users can easily employ systems on an as-needed basis (including servers, storage and applications) set up in advance through networks. Cloud computing has given rise to a significant shift in the IT services industry, from ownership to usage. According to specialized IT survey companies, the domestic cloud computing service market will enter a full-fledged growth period based on a significant projected increase in the rate of average annual growth of 35.6% extending to 2014.*

Cloud computing is classified into "public cloud"—in which various companies share cloud computing services offered by service providers—and "private cloud"—in which the use of services is limited to those within companies and among group companies. Moreover, cloud computing services involve SaaS, which provides business application services that include CRM and email; PaaS, a service that offers such platforms as development environments; and IaaS, a service that provides computer resources including CPUs.

In the cloud computing era, companies will have greater IT-utilization options, be able to launch systems more rapidly and undertake optimal investments by making use of advanced systems, rather than owning their own computers.

*Source: IDC Japan press release: Announcement of Domestic Cloud Computing Service Market Projections (April 2010)

Usage of Cloud Computing Services



Users are able to use cloud computing without realizing it

(All items that comprise systems, including servers, storage and applications, are included within clouds, so it is unnecessary for users to be aware of this.)

CTC's Cloud Computing Initiatives

Masanori Tanaka
General Manager, Cloud Computing Business Department

CTC has been leading other companies in promoting the virtualization/integration business, while providing various public cloud computing services, for the past three years. The Cloud Computing Business Department was established during the current fiscal year to further focus on the cloud computing area.

General Manager Tanaka of the Cloud Computing Business Department explains CTC's future cloud computing strategies.

How do you gain an understanding of market trends and the potential of cloud computing?

Cloud computing, which leads to increased business speed and lower costs, is understood to be one market, and it is expected to experience a high rate of growth due to the key role it will play in the IT strategies of all companies in the future. Although many customers were still at the survey and research stage until recently, they will likely shift to employing this technology from the current fiscal year onward. Therefore, I believe that the necessity of cloud computing will become increasingly important in the public cloud and private cloud areas.

Merits of Introducing Cloud Computing Systems

Conventional Systems	Cloud Computing Systems
Each system addition increases the number of computers	**Not owning assets leads to choices**
Adapting to peak usage causes significant wastage	**Use only the necessary portion as needed**
Setting up new systems is time consuming	**Set up can be done immediately**
Minimal progress made in IT cost reductions	**Effective optimization of IT investments**

What strengths can CTC bring to bear in this market? In particular, in what areas is it making progress in differentiating itself from other companies?

I believe that the source of CTC's competitiveness as a system integrator in the cloud computing business is found in its unmatched infrastructure construction capabilities that have pioneered its virtualization technology; its five data centers, which are among the largest in Japan; and its system operation expertise. In addition, another way CTC differentiates itself is through strong alliances with leading overseas vendors that play a role in driving IT markets.

With new cloud computing-related technologies, products and services continually being introduced to the market, I am proud to know that there are very few IT service companies like CTC, which is capable of providing one-stop solutions through its backbone infrastructure technologies, development and operations knowhow, as well as at data centers.

CTC Cloud Computing Business Strengths

Infrastructure Construction Capabilities	Maximizes the use of its superior infrastructure construction capabilities for the backbone technologies of cloud computing business
Multiple Vendors	Provides advanced technologies and services that utilize strong alliances with leading overseas vendors that drive cloud computing markets
Customer Base	Expands cloud computing services for a vast, multi-industry customer base, through accumulated business and operational knowhow
Japanese and Overseas Service Partners	Offers an enhanced service lineup through its collaborations with Japanese and overseas partners to provide advanced cloud computing services
The Group's Comprehensive Strengths	Provides total, one-stop IT services, from data center operations to cloud computing-related technologies and maintenance/operation services

Specifically, what types of cloud computing services does CTC offer?

In the private cloud computing area, CTC offers various services based on a concept referred to as *RePlatform*. This includes *SOIDEAL* consulting services—which support customer companies in all areas of private cloud computing, from construction review to specific policy formulation—and *RePlavail,* which offers operation support services.

In the public cloud computing area, CTC offers original cloud computing services. These services include: *TechnoCUVIC,* a virtualization hosting service that provides IT infrastructure in the form of cloud computing based on CTC data centers; *SecurePremium,* a cloud email service that offers advanced security and a multitude of functions at reduced costs; *MAMS* (mobile asset management service) that optimizes administrative work by performing visualization functions of such mobile platform assets as vehicles; and the *ePromo* invoice output service. In addition to these services, CTC provides system integration accompanying the introduction of such important cloud vendor services as Google and Salesforce.com.

What initiatives will CTC promote to increase its performance?

Realizing that the need for private cloud computing has been increasing since the previous fiscal year, CTC further strengthened its consulting services, beginning with *SOIDEAL.* CTC also took steps to upgrade its service provision structure by accelerating the training of personnel to promote the cloud computing business. We are undertaking measures that anticipate customer needs, recognizing menu services to support efficient private cloud computing operations will be an important area in the future.

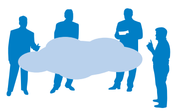
CTC is augmenting its public cloud computing service lineups. The Company is also strengthening the competitiveness of *TechnoCUVIC,* which forms the foundation of its services, and in turn, is utilizing this as a basis for launching other original services. CTC is also planning to reinforce its service lineups in the form of collaborative models by allowing partner companies to use *TechnoCUVIC.*

In the medium term, we believe that customers' IT environment will shift to private and public cloud computing, as well as to that of a hybrid computing environment that also utilizes outsourcing services. Consequently, CTC will take companywide steps with the aim of becoming a business partner capable of providing one-stop solutions as a prime contractor in the cloud era.

Cloud Era Hybrid Computing

	Ownership IT	Usage IT
Sharing IT	Private Cloud	Public Cloud
	Hybrid Computing	
Ownership of IT	Conventional IT Systems (Silo-type system)	Outsourcing

Examples of CTC's Cloud Computing



CTC has accumulated many achievements in the cloud computing area. This section introduces CTC's cloud computing service lineups and examples of private cloud building, as well as public cloud building using other companies' services.

CTC's Main Private Cloud/Public Cloud Services

Private Cloud

Expand each service that supports the construction of private cloud computing through the *RePlatform* brand

Development/SI

Support the introduction of cloud computing services through abundant virtualization expertise

CCV	Hands on/verification
SOIDEAL	Consulting services
VM Pool	Server virtualization/integration solutions
DB Pool	DB virtualization/integration solutions

Product Sales

Provide advanced overseas products composed of private cloud services

VCE Vblock	Basic cloud package
HP BladeSystem Matrix	Basic cloud package
Cisco UCS	New-type blade server

Maintenance/Operation

Support the operation of virtualized/integrated private cloud environments

RePlavail	Integrated operation service

Public Cloud

In addition to its original services, CTC is collaborating with Japanese and overseas cloud computing vendors

CTC's original cloud services

SaaS Lineup

SecurePremium	Email service for companies
EIManager	Comprehensive document-management system
ePromo	Invoice output service
DaaS	Virtual desktop service
MAMS	Management system for transport vehicles
Municipal CMS	Content management systems for municipalities
A-Cloud	Email services for educational institutions
ecoFORTE	Services that address revisions to the Law Concerning the Rational Use of Energy

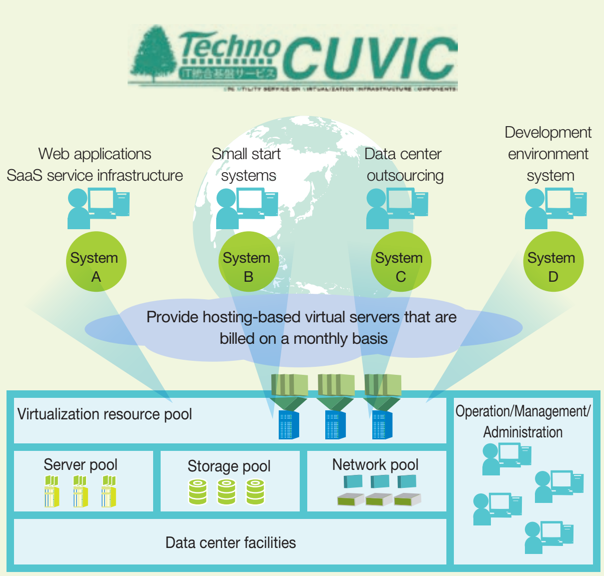
IaaS/PaaS Lineup

TechnoCUVIC	IT integrated backbone service
TechnoCUVIC Pro	Construction/operation administration services

Vendor Collaboration Services

Salesforce CRM	Sales support/CRM
Google Apps	Communication/collaboration

TechnoCUVIC IT Integrated Backbone Service



TechnoCUVIC is a public cloud computing service offered by CTC. This service provides integrated server and storage based on virtualization technology via networks. Commencing services that are ahead of the competition in April 2008, customers from over 50 companies are already using *TechnoCUVIC.*

As *TechnoCUVIC* enables the system to expand speedily and flexibly, *TechnoCUVIC* is optimal for customers who begin small, such as venture companies, but wish to extend their systems to meet future business growth, as well as for operating websites that experience rapid usage fluctuation depending on the time period. Examples of this include promotional campaigns for new products and ticket reservations. In addition, it is possible to begin using such services as quickly as in five business days.

A wide variety of services can be prepared to meet customer needs, including *TechnoCUVIC Pro,* which upgrades the OS and operates various types of routine operations for customers.

Private Cloud Computing:
Shizuoka University's Core Internal Information System Is Based Completely on Cloud Computing

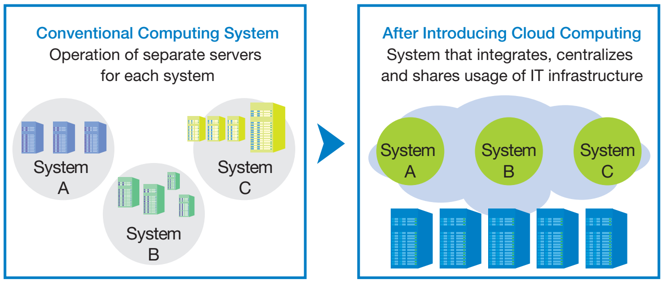
CTC lent its support in converting Shizuoka University's internal information system, used by approximately 13,000 students and faculty members, to a cloud computing-based system. This conversion involved relocating all equipment—including servers and supercomputers centered on such core functions as email, authentication, thin client control, personnel, salary, accounting, academic affairs and remote internet access—to off-campus data centers. By contrast, websites, SNS, blogs and other applications use public cloud computing services. Moreover, 1,100 of the 7,000 computers located on campus were replaced with thin client systems. Cloud storage systems have also been prepared that enable the transfer of data stored on the hard disks of faculty computers. Consequently, this configuration provides an environment that allows faculty members to access data after retirement or job transfer. Through this service, Shizuoka University aims to reduce power consumption by over 90% and lower IT investment costs by over 80%, compared with conventional systems, by 2013. This will be accomplished by completely converting the university's core information system to cloud computing.

Shizuoka University's campus

Private Cloud Computing:
Constructing Virtualization/Integration Infrastructure for Daiwa House Industry Co., Ltd.

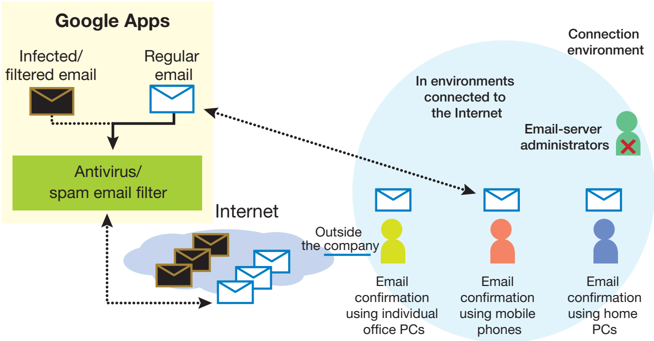
CTC constructed IT infrastructure for Daiwa House Industry's business promotion system in a private cloud computing environment. This large-scale system is used by approximately 20,000 people companywide and contains various functions. These include marketing functions in such areas as sales and property management; technical functions, including component and construction functions; follow-up functions such as periodic inspection and records management; and companywide functions such as portals and scheduling. Consequently, this system supports various operations, from production and sales to follow-up and back-office functions.

In order to reduce system loads that increase daily and with an eye on enabling the use of this system by all group companies in the future, Daiwa House Industry selected a private cloud computing system, which is able to use resources only when necessary, as its business promotion system's IT infrastructure. Based on technical capabilities obtained through many construction achievements, CTC built a private cloud computing environment capable of adapting to the needs of Daiwa House Industry in less than two and one-half months. CTC will actively support all IT strategies for the Daiwa House Industry Group.



Public Cloud Computing:
TOPTOUR CORPORATION's Internal Sales System

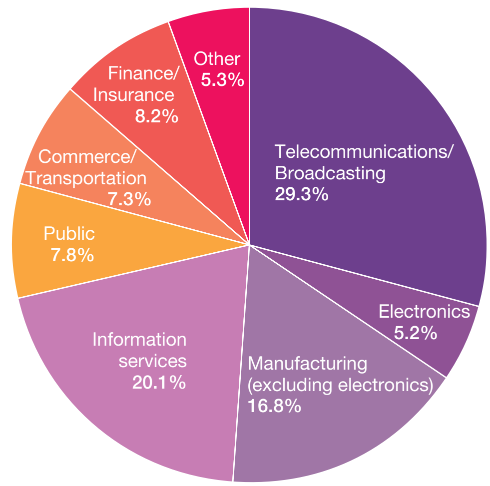
CTC introduced Google Apps, a cloud service provided by Google for TOPTOUR CORPORATION. Until then, TOPTOUR had constructed and operated their sales management system (including E-mail and groupware) on their own. CTC renovated its system based on this cloud service to enhance the mobility and efficiency of public sales activities, raise the quality of services for their customers, and reduce the total IT costs. Using Google Apps, it is easy to migrate existing data and enhance functions. It also enables you to get access from mobile devices. With the renovated system, TOPTOUR was able to provide smartphones for all sales representatives. They are planning to add some new functions such as sharing movies and document files in the future.



CTC Business Portfolio

CTC is expanding its business activities based on a framework of seven business groups and one division in order to meet the needs of various customers. Accurately determining customer needs, each business group delivers optimal solutions for customers through a wide array of solution line-ups.

Net Sales Composition by Industry (Year ended March 31, 2010)



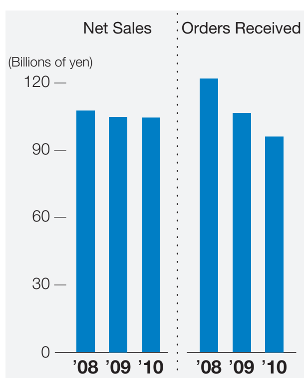
Telecommunication Systems Group

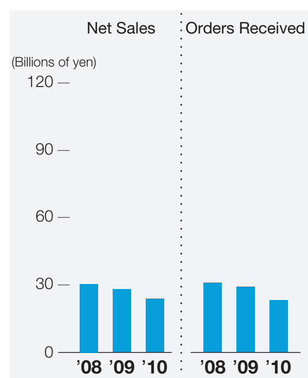
Financial Systems Group

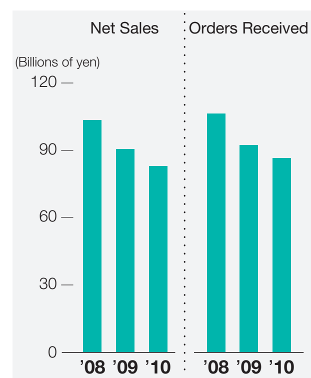
Enterprise Systems Group

Net Sales and Orders Received by Group

(Years ended March 31)







Fiscal 2009 Overview of Business Performance

Telecommunication Systems Group: Despite being engaged in such growth segments as new technology investment projects, net sales and orders received fell year on year in the wake of subdued investments in major carriers.

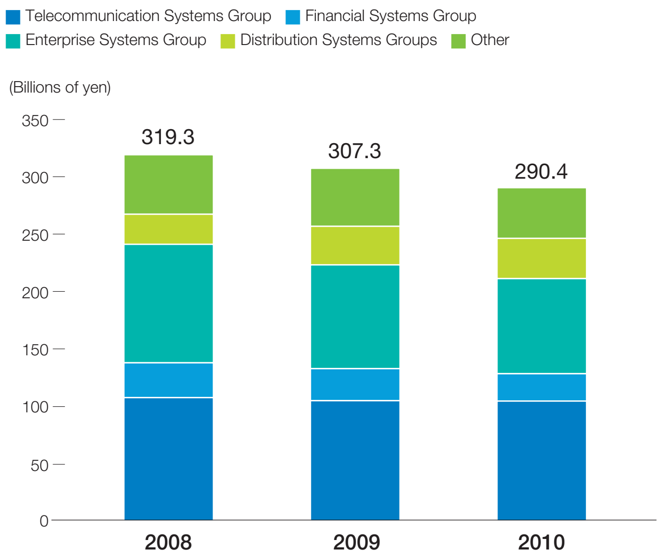
Financial Systems Group: Net sales and orders received dropped year on year due to the impact of curbed investments by financial institutions overall, in spite of strong performance among credit card and other related businesses.

Enterprise Systems Group: Although performance in the public utilities sector was favorable, net sales and orders received declined compared with the previous fiscal year. This was primarily due to decreases in product sales. Such sales were negatively impacted by curtailed investments in the manufacturing industry following the onset of the current recession.

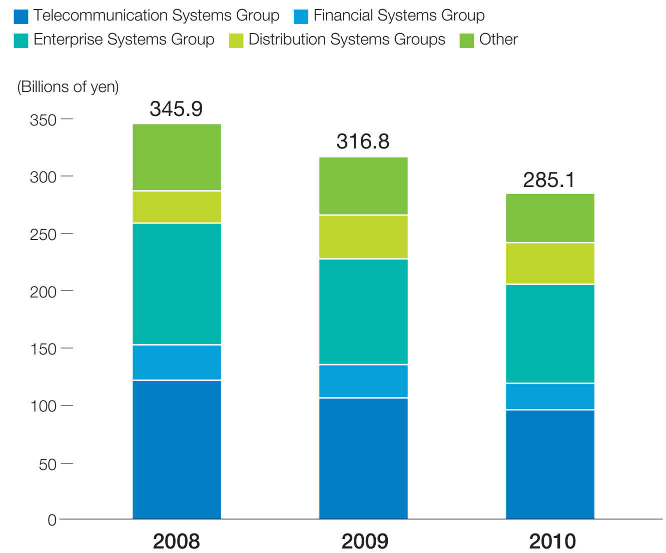
Business Range by Industry

Business Range by Industry	Telecommunication Systems Group	Financial Systems Group	Enterprise Systems Group
Telecommunications/Broadcasting	●		
Electronics			●
Manufacturing (excluding electronics)			●
Information services	●		●
Public	●		●
Commerce/Transportation			●
Finance/Insurance		●	

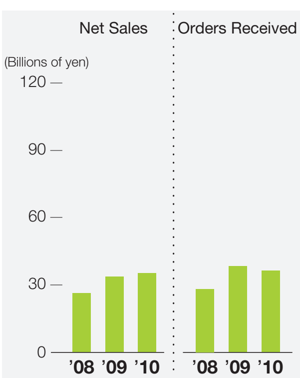
Net Sales by Group (Years ended March 31)



Order Received by Group (Years ended March 31)



Distribution Systems Group No.1 Distribution Systems Group No. 2

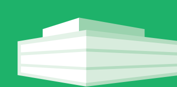


Despite a decrease orders received, net sales rose year on year owing mainly to steady progress made in projects involving main customers.

Science & Engineering Systems Division

In fiscal 2009, the Division strengthened its smart grid-related initiatives, including joint demonstration projects to realize a low carbon transportation system that utilizes wind power-generation support services and clean energy.

Data Center Group



Although co-location decreased in fiscal 2009, the demand for such outsourcing services as *TechnoCUVIC* increased.

IT Support Services Group

Despite hardware maintenance services remaining on par with the previous year, transport and installment operations decreased in fiscal 2009.

Net sales and orders received for the Science & Engineering Systems Division, Data Center Group and IT Support Services Group are disclosed under “Other,” and are not displayed separately.

Telecommunication Systems Group

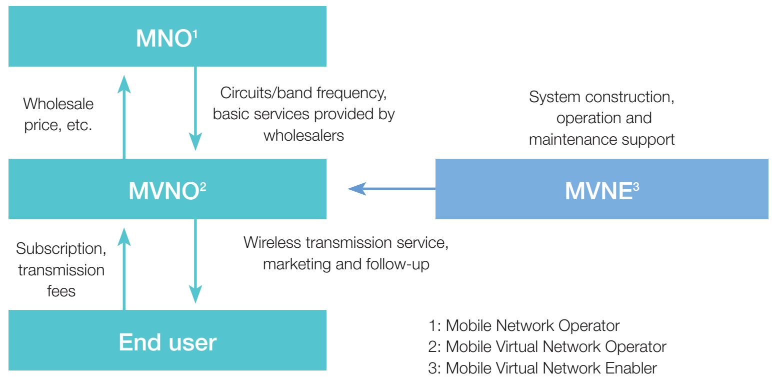
● Employees: 700 (approx.)

The Telecommunication Systems Group is engaged in business primarily with such telecommunications carriers and related companies as the NTT Group, the KDDI Group and the Softbank Group. The Telecommunication Systems Group proposes and constructs systems based on network and server technologies, accumulated over many years, which are the core of the Internet. The Group meets the demands for the development of highly complex, mission-critical systems, including large-scale networks and databases, high-volume transaction systems and load-balanced processing. Specifically, the Group's strengths lie in adopting and customizing advanced overseas technologies and offering them to customers. These technologies are used in such next-generation network-related businesses as cloud networking, NGN and WiMAX.

Recently, the Group has actively been promoting businesses primarily in the home-networking, energy management and mobile broadcasting service fields. It is also involved in providing solutions that streamline distribution by utilizing GPS information.

Focusing on MVNO Support Businesses

MVNO and MVNE



The Telecommunication Systems Group, which focuses on constructing systems that utilize next-generation IP networks and next-generation wireless technology, promotes a wide array of businesses in addition to mobile multimedia broadcasting.

One such business is the MVNE business, which supports businesses that include system construction and data center operation for MVNOs intending to provide original communication services with telecommunications equipment leased from carriers.

MVNO are businesses that undertake telephone services through mobile phones and other terminals as well as data communications through the use of data cards and built-in modules.

CTC announced in May 2009 its capital and business alliance with Inphonix Inc., an MVNO engaged in mobile phone services. Inphonix provides such items as Yomiuri Giants and Hanshin Tigers (Japanese professional baseball teams) mobile phone services that target baseball fans, and JAL Mile Phones services, which grant a high rate of return for the JAL Mileage Bank travel rewards program. CTC provided such services as constructing an online subscription site, establishing a website, and operating and supervising related systems at its data centers. CTC also actively expands its business activities for data-communication MVNO businesses by utilizing the experience and expertise in building large-scale network systems that it has accumulated to date.

Financial Systems Group

- Employees: 350 (approx.)

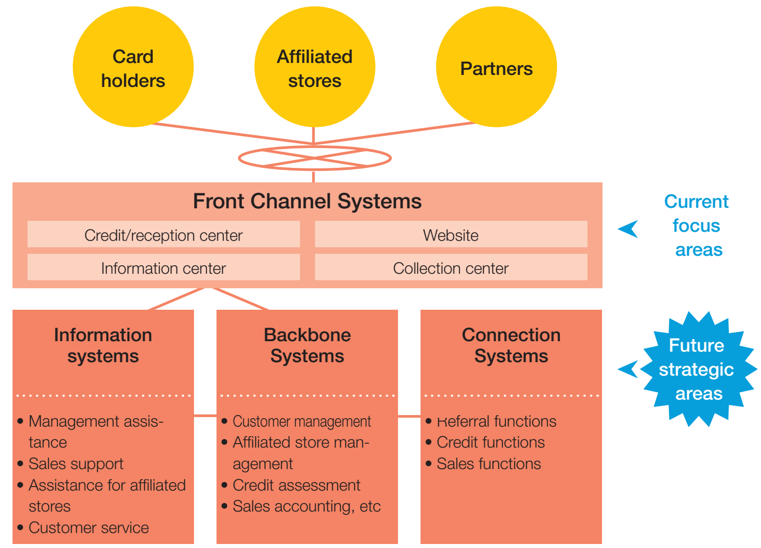
The Financial Systems Group proposes and develops business systems for the financial industry—which demands a high level of reliability and security—offering products and services that integrate new technical innovations into widely used industry technologies to provide the industry's best-quality technological services.

Amid intensifying global competition among financial institutions, such institutions strive to maintain management stability and enhance customer services. Especially in terms of IT investment, financial institutions execute cost-reduction activities to invest efficiently and fortify sturdy management foundations to streamline business operations.

Responding to such needs, the Group takes steps to comprehend the IT service environment through the use of IT supply chains that adapt to business changes and meet user demand. Based on the concept referred to as "Financial SOIT," the Group develops applications and provides "private cloud" environments and "hybrid cloud" environments that respond to business needs in an optimal and timely manner.

Focus on Credit Card and Consumer Credit Industry Segments as a New Core Business

Outline of the Credit Company System



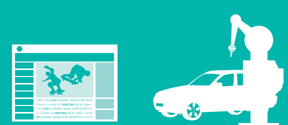
The Financial Systems Group has accumulated numerous accomplishments in system development for major banks, securities companies and the insurance industry. In recent years, CTC has also focused on developing systems for the credit card and consumer credit industries based on its financial-related knowhow and specialized knowledge cultivated over many years, as well as its expertise in open-system technology.

For example, CTC built Japan's biggest large-scale IP contact center, featuring a total of 3,000 operation booths throughout Japan, for a major credit card company. Composed primarily of IP phones and IP-PBX switches made by US-based Avaya, these contact centers provide uniform management of phone calls, emails and web inquires from card members, thereby enabling efficient processing. Being Avaya's No. 1 partner in Japan, CTC boasts a record of achievement in the construction of numerous contact centers. During the current construction project as well, CTC built contact centers in a short period of time by taking advantage of its advanced expertise.

Furthermore, CTC builds a specialized member-portal site for a major credit services company to provide the latest news and campaign information. This portal site is designed to improve the level of satisfaction among card members by providing various one-stop services that verify changes in member information and payment status, as it makes the transition to revolving payments.

Looking ahead, CTC will take steps to further strengthen the front-channel system development while providing systems and services that contribute to improved profitability and management efficiency for customer businesses.

Enterprise Systems Group



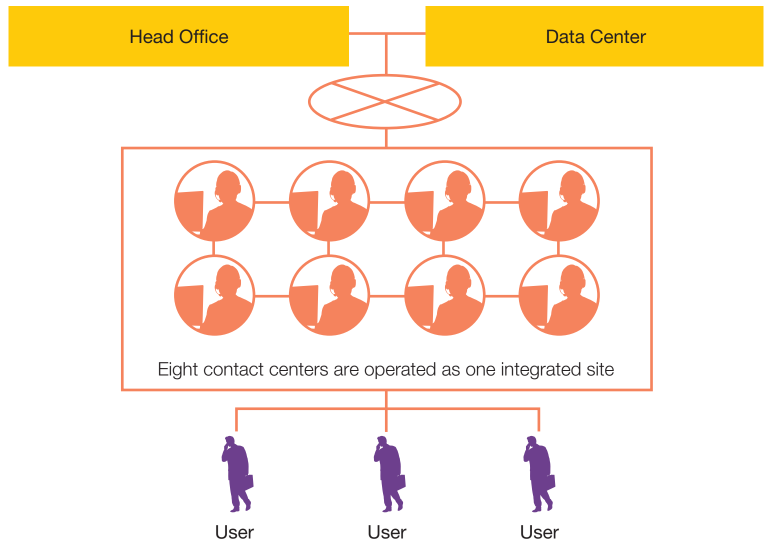
● Employees: 1,000 (approx.)

The Enterprise Systems Group provides high-value-added solutions to a wide range of customers spanning nearly 2,000 organizations in fields that include manufacturing, distribution, transportation, services, government, academia and the cyber business. These solutions extend from specialized and sophisticated services, such as business strategy proposals and consulting, to infrastructure construction, system development and operation and maintenance services. In response to growing security, as well as convenience, productivity and other office environment issues, the Group offers its capabilities in the construction of information infrastructure, particularly with regard to the introduction of thin client systems and ID management systems. It also provides content management solutions that utilize experience and expertise acquired by CTC, along with CRM/DWH solutions. The Group is focusing on large-scale infrastructure integration utilizing virtualization technology, and such technologies as MDM*1—which make business design, procurement, sales and support more efficient—and RIA*2—which enables compatibility between the high operability of web applications and easy management.

*1. MDM=Master Data Management
*2. RIA=Rich Internet Application

Constructing Moshi Moshi Hotline Contact Centers

Moshi Moshi Hotline's New Operational Structure



Becoming fully operational in April 2010, CTC designed and constructed a 1,400-operation booth contact center for the major call center provider Moshi Moshi Hotline, Inc. (MHL), linking eight contact bases through its IP network.

Prior to this development, MHL operated each contact base separately. Because operations at contact centers fluctuate, CTC built a structure that is capable of operating as single center by utilizing circuits from idle bases efficiently. To enable this modification, CTC utilized Cisco Unified Contact Center Enterprise's solution services and VoIP audio recording products for the abovementioned contact centers. CTC began operating and maintenance of the system after this structure was introduced.

From the acceptance of orders to service launch, the new system reduces the amount of time required to undertake call center operations from one week to one day, at the very shortest. This reduction has enabled MHL to immediately respond to recalls and other urgent matters as well as momentary surges in calls. In addition, the head office controls operational efficiency through the adjustment of operation booths in real time.

With the construction of large-scale contact centers as a strongpoint, CTC has accumulated many accomplishments to date in the construction of numerous contact-center systems. Looking ahead, CTC plans to strengthen businesses related to developing large-scale, high-quality contact centers.

Distribution Systems Groups No. 1 and No. 2

● Employees: No. 1 450 (approx.)
No. 2 270 (approx.)

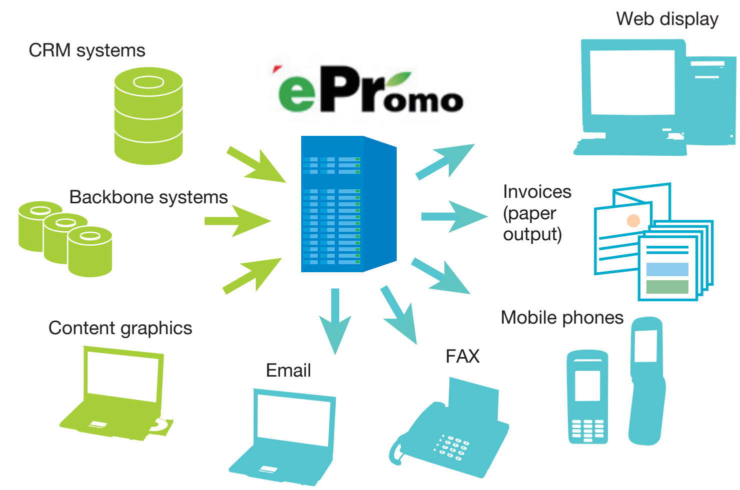
Distribution Systems Group No. 1 and No. 2 provide a total service to such customers as general trading companies, convenience stores, food product companies, and wholesale and service industries. These total services for such information systems—the core of operations—as store, backbone and warehouse/distribution systems extend over the entire IT lifecycle, from consulting, procurement, development and launch, to operation and maintenance support.

With business models becoming progressively diversified in recent years and amid increasing competition among companies, the significant impact that information systems have on corporate management is increasing daily.

To meet customer needs, the Groups have commenced the cloud computing service, *ePromo*—an invoice output service compatible with *TransPromo,* a system that prints out and sends by mail monthly invoices and statements and combines transaction and promotional information—to simultaneously realize one-to-one marketing and invoice-management cost reductions. Such initiatives are in response to the management issues, cost reduction and “green IT.” Giving first priority to the improvement of customer satisfaction, the Groups will flexibly meet customer needs by strengthening their cloud computing services, offshore development, outsourcing and support of customers’ overseas businesses.

Commencing Cloud Computing Services for Invoice Management

Highly Efficient Management of Numerous Invoices



CTC is steadily launching new services in its efforts to promote the cloud computing business.

Utilizing software that automatically generates invoice-management documentation—developed by Pitney Bowes Software, a subsidiary of the major U.S. developer of mail processing systems, Pitney Bowes—CTC began providing the unique cloud computing service, *ePromo,* in January 2010. Utilizing customer information, *ePromo* is a service that increases the effectiveness of information delivery through the automatic production of invoices, statements and other forms, along with the provision of requested information, in easy-to-read forms to customers by means of the Internet, email and direct mail. At the same time, the use of open spaces in forms as promotional tools enables effective one-to-one marketing, which includes inserting advertising that targets specific customers. All forms issued by ePromo can be displayed on websites as web-based forms. This conserves paper and thereby contributes to society in the area of the environment.

Beginning with the credit card industry, companies that handle large volumes of forms incur numerous costs in areas that include the shipping of paper, printed materials and mail, the storage of specialized forms, production of advertising and the operation of call centers. Through the use of the cloud computing service, *ePromo,* it is possible to reduce costs to a maximum of 75% compared with conventional services, by shifting to web-based statements.

Providing *ePromo* services through its data centers, CTC is actively expanding operations not only for the credit card industry, but also for all companies that handle large volumes of forms in industries that include insurance, mail-order sales, distribution, outsourced salary calculation and service-station operators.

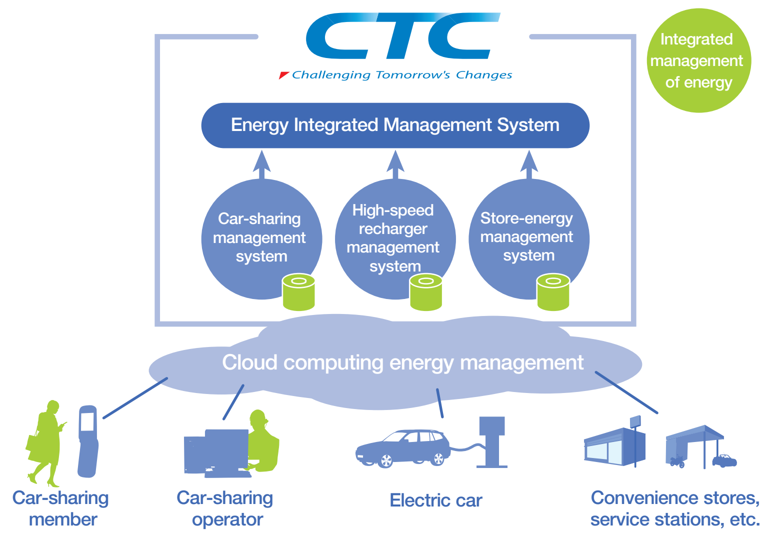
Science & Engineering Systems Division

● Employees: 200 (approx.)

For public- and private-sector research institutions and large manufacturers, the Science & Engineering Systems Division provides advanced, specialized, high-value-added services and solutions that are based on computational science. For the construction industry, it provides such solutions as soil and rock analysis, seismic analysis and bridge structure analysis. The Division also offers consulting, systems development and operation services for joint operation and management and demand forecasts between existing energy sources, as well as for renewable energy sources such as wind and solar power. In the manufacturing field as well, as a pioneer in CAE technology, it provides total solutions that cover everything from various types of application software to technical support and consulting services. In October 2009, CTC strengthened its efforts, becoming the first company in Japan to initiate a SaaS type service providing information (primarily for construction operators) that combines weather information, which it had already been providing for many years, and emergency earthquake alerts.

Smart Grid Initiatives: Aiming to Achieve Environmentally Friendly Social Foundations

Supporting Integrated Management of Energy

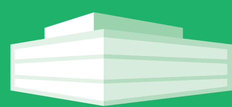


Future energy demand and environmental concerns (including fossil fuel depletion and the reduction of CO_2) have become major international problems. Against this backdrop, smart grid has attracted considerable attention from the electric power industry. Smart grid is the key for improving electric power transmission efficiency by rebuilding existing power grids and power management systems, as well as maintaining stable power supply by utilizing such renewable energy as solar and wind power.

CTC participates in various joint demonstration projects in the smart grid area. One example of this is the Joint Demonstration Project on Low Carbon Transportation System Using Clean Energy, which is being undertaken in Tsukuba City. This project involves expanded empirical experiments undertaken mainly by Itochu Corporation, in which solar power generation equipment is installed at convenience stores and gas stations. Such equipment is intended to be utilized primarily by official vehicles and car-sharing services that use electric vehicles, as well as for store lighting. Consequently, this project validates numerous business models in multiple ways. Such business models include the charge/discharge management of automotive and stationary lithium ion batteries; renewable energy used by retail stores; and verification of next-generation retail outlets that provide electric-vehicle battery rechargers. Through this project, CTC is taking a leading role in the development and operation of various systems that include those that provide integrated management of energy use. In addition, CTC is involved in numerous plans to validate the use of smart grids being implemented both in Japan and overseas.

Utilizing the expertise gained from these empirical experiments, CTC will focus on a wide array of businesses in the areas of developing systems that enable optimized management of future energy demand and building a foundation for an environmentally friendly and abundant society.

Data Center Group



● Employees: 200 (approx.)

Headed by Yokohama Computer Center (YCC), which was established in 1987, the Data Center Group provides various outsourcing services from its five data centers located throughout Japan: Kobe Computer Center (KCC), Otemachi Internet Data Center (OiDC), Shibuya Data Center (SDC) and the environmentally friendly Mejirozaka Data Center (MDC), which opened in 2008.

Taking advantage of the diverse locations of data centers, the Group offers total services for every phase of the IT lifecycle through collaboration with each business group and subsidiary company, efforts that have been carried out for over 20 years.

Having garnered favorable ratings for its advanced technical capabilities, the Group conducts business with customers in over 200 companies, from large corporations to innovative venture companies. In addition to outsourcing services currently being offered, the Group has established hybrid data centers that are already providing cloud computing services to over 50 companies.

Five data centers located nationwide provide various services

IT Support Services Group

● Employees: 300 (approx.)

The IT Support Services Group is a specialized organization that plans and manages various services, namely constructing, maintaining and operating multivendor systems. The Group provides various IT services 24/7 from its service centers in approximately 100 locations nationwide. These services are provided in cooperation with each business group, CTC Group companies, CTC Technology Corporation and CTC System Operations Corporation. In addition to offering onsite maintenance/operation, remote monitoring and help desk-related services, CTC focuses on the development of new services based on collaboration with advanced IT vendors and expertise accumulated over many years. CTC strives to develop services that meet sophisticated and complex needs. Such needs include: *RePlavail* maintenance and operation services for integrated IT infrastructure, based on such virtualization technology as large-scale cloud computing service infrastructure, and *IT Facility Management* (*ITFM*), which combines advanced office IT (IP telephones, thin client systems and security recognition) with office layout and design expertise.

Remote Operation Center that functions as management base for each type of service

Basic Stance on Corporate Governance

The CTC Group's basic stance on corporate governance is grounded in the overarching philosophy of "Challenging Tomorrow's Changes." This represents the execution of a clear mission and accepting the ongoing challenge of achieving our vision founded on a firm sense of values. In this way, we at CTC endeavor to implement our philosophy of changing society for the better through business activities. It is based on this corporate philosophy that we are further enhancing management transparency and fairness and striving to reinforce corporate governance.

To insure the enhancement of its corporate governance, CTC retains an independent director and an independent corporate auditor, who have no inherent conflict of interest with regular shareholders.

Corporate Governance System and Structure

The Board of Directors, which consists of 12 members, including one outside director, convened meetings on a total of 19 occasions during the previous fiscal year. The Board of Directors makes decisions on important management-related issues and supervises the execution of duties by directors in accordance with various laws, the Company's Articles of Incorporation, General Meeting of Shareholders' resolutions, Board of Directors' regulations, CTC's corporate philosophy and the Group Code of Conduct. Directors participate in decision-making related to the Company's execution of business operations based on their established role on the Board of Directors.

The Board of Corporate Auditors is composed of four members, three of whom are appointed from outside the Group. In the previous fiscal year, the Board of Corporate Auditors met on 15 occasions. Within the limits of their legal authority, Corporate Auditors cooperate with the Audit Division and Independent Auditor and audit the execution of duties by directors for appropriateness.

Furthermore, CTC has adopted an executive officer system. This system is intended to delegate authority and responsibility for businesses in specific fields and encourage quick decision-making. Executive officers perform their duties within a defined scope of authority and in accordance with the instructions of the representative director. Directors responsible for the execution of specific duties hold the concurrent position of executive officer.

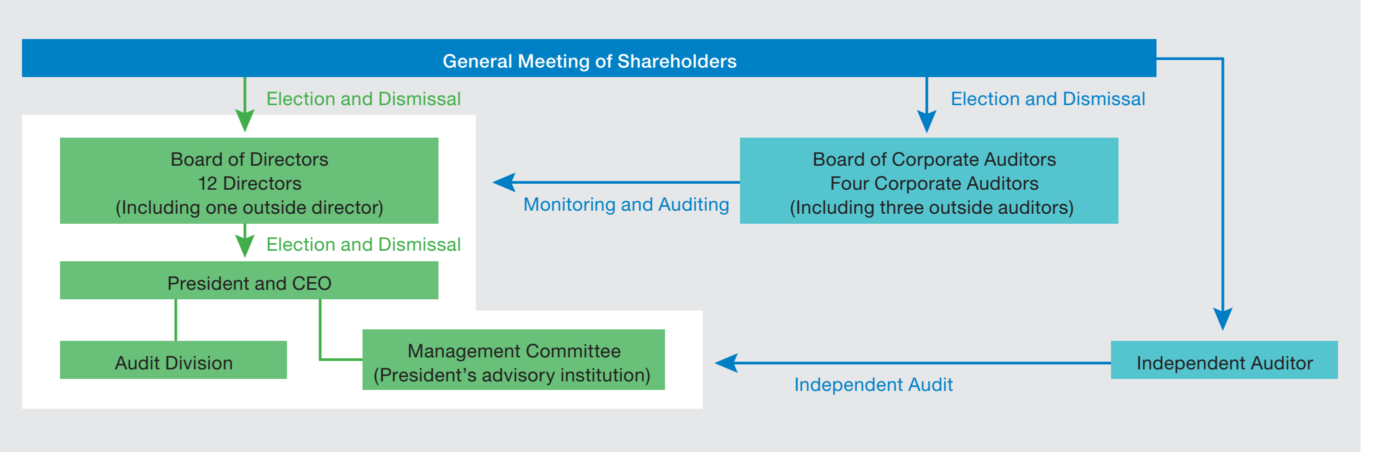
Maintaining the Internal Control System

In order to ensure appropriate financial reporting, CTC maintains accounting, sales/purchasing-management and other internal regulations, clarifies the division and responsibilities of duties and takes steps to enhance internal controls by undertaking control and monitoring functions within its business processes. At the same time, the chief financial officer, Audit Division and Internal Control Committee provide guidance regarding supervision and improvement of internal control operations, enabling the Company to enhance systems that ensure appropriate financial reporting.

Regarding compliance, the actions of directors and employees follow CTC's corporate philosophy and the Group Code of Conduct. In addition, CTC shall have absolutely no contact with groups or individuals whose actions have a negative impact on social order, safety and business soundness. CTC appoints a chief compliance officer and has established the CSR Committee and departments that control matters pertaining to compliance. Furthermore, CTC works to enhance its compliance structure through the following measures: establishing compliance regulations and the CTC Group Compliance Program; appointing compliance managers in each department; implementing compliance education and training; drafting guidebooks on the law; maintaining an internal information provision system; and operating a document acquisition system for all directors and employees that comply with the Group Code of Conduct.

Turning to CTC's risk management system, CTC recognizes risk management as an important management issue. In order to respond to various risks in areas that include CSR/compliance, information security, disasters, foreign currency rates and other markets, credit, investment and technology, the CTC Group undertakes risk management in the following manner. CTC has established various types of internal committees, including the CSR Committee, and principal control divisions. Along with this, CTC determines various types of management regulations, business continuity plans, investment standards and limits on credit risks while maintaining reporting, monitoring and other necessary risk management systems and management methods.

Corporate Governance System



CSR Policy

The Society That the CTC Group Aims for and Our Role

The CTC Group is a group of companies supporting and improving the information infrastructure systems that serve society.

Up to this point, we have been contributing to the establishment and development of an information society by providing customers with technology products and services.

From now on, we will assiduously strive to understand how the information society of the future will be formed and, through communication with various stakeholders, including customers, we will work to develop information infrastructure systems to better contribute to this future with the intention of creating a society where all people can enjoy the benefits of IT.

In this way, passing on a sustainable society to the next generation through the power of IT is the corporate social responsibility of the CTC Group.

Stakeholder Relations

In the course of pursuing their business activities, companies establish and maintain relationships with various stakeholders. As part of its efforts to contribute to the creation of a sustainable society, the CTC Group works to maintain and develop good relationships with its stakeholders. The environment can be considered an important stakeholder as well. We are proactively working to "do whatever it takes" to address such worldwide issues as global warming, the depletion of resources and the destruction of eco-systems.

Efforts for the Reliable Promotion of CSR

The CTC Group launched a CSR Project Team comprised of each business group and major subsidiary company's planning and administration manager as a CSR Promotion Manager. CSR promotion managers control the implementation of action plans and conduct discussions about CSR promotion at monthly CSR Project Meetings. Each activity is reported to the CSR Committee on a regular basis and reviewed at CSR Committee meetings.

Each business group and subsidiary company has established a specific CSR Action Plan in accordance with its business description and strives to enhance its CSR activities by following a plan-do-check-action (PDCA) cycle. Action Plans mainly target the reduction of environmental burden created in the business operation process as well as the achievement of CSR objectives at each business group and subsidiary company.

Our Stance and Issues Related to the Environment

The use of IT reduces the unproductive movement of people and things by increasing efficiency, thus enabling the reduction of environmental burden in society as a whole. The CTC Group will work to improve the global environment through its business activities by using systems and offering solutions in areas including virtualization and cloud computing that reduce environmental burdens.

Data centers consume large quantities of electric power. As CTC safely and securely supports customer IT systems, our data centers promote "green IT" by undertaking efficient operations and installing energy-saving equipment.

Environmental Management System

We established the Environmental Management System based on an environmental policy that complies with our corporate philosophy. Important environmental concerns are discussed at CSR Committee meetings, and matters that have been decided upon are put into practice mainly by the environmental control manager, along with environmental managers and eco-leaders at each business group and subsidiary company, who act as facilitators.

Presently, 15 offices and centers have acquired the ISO14001 certification, and as more offices and centers gradually attain such certification, CTC will raise the quality of its environmental improvement actions.

Approach to Local Communities

Beginning with participation in the local community, the CTC Group actively promotes activities that contribute to society, based on social-contribution policies that conform to CTC's corporate philosophy.

For example, we participated in the "Walk the World" charity event to help eliminate starvation; conducted Mt. Fuji beautification activities as part of the MOTTAINAI campaign, which contributes to the preservation of forests and biodiversity; and performed cleaning activities at Lake Biwa, which is located in the Kansai area. These and other activities increase the opportunities for the active participation of our employees.

Furthermore, we continue to offer support to NPOs such as the Family House, which provides accommodations for seriously ill children and their families, as well as the Guide Dog & Service Dogs Association of Japan, which nurtures these care-providing animals.

Measures for Information Security and the Protection of Personal Information

The CTC Group has developed and is operating information security and personal information management systems that conform to JIS Q27001: 2006 and JIS Q15001: 2006.

CTC and CTC Group companies have permanently installed the CSR Committee, upon which information management structures are maintained and augmented. CTC also promotes internal education, training and other actions with the aim of improving employee awareness of information security.

Overview of CTC's Internal Organizational Structure

1. The CSR Committee meets every quarter, and it conducts a companywide management review.
2. A complaint and advice reception counter related to personal information has been permanently installed.
3. A manager and assistant manager are appointed as information security leaders to oversee the maintenance and management of security at each department and office.

Six-Year Consolidated Financial Summary

ITOCHU Techno-Solutions Corporation and Subsidiaries

Billions of Yen

	2005	2006	2007	2008	2009	**2010**
For the Years Ended March 31:						
Net sales	¥ 226.8	¥ 239.0	¥ 294.4	¥ 319.3	¥ 307.3	**¥ 290.4**
Gross profit	53.7	58.5	71.4	80.4	80.3	**76.8**
Selling, general and administrative expenses	36.6	39.0	45.9	55.4	58.6	**55.3**
Operating income	17.1	19.5	25.5	25.0	21.7	**21.6**
Income before income taxes and minority interests	19.2	20.0	24.0	25.3	21.5	**21.2**
Net income	10.9	11.5	14.0	15.4	12.9	**12.5**
As of March 31:						
Total assets	160.8	178.1	214.9	218.1	227.5	**233.2**
Total equity	105.3	115.7	140.5	145.7	147.8	**155.1**
Cash Flows:						
Cash flows from operating activities	14.2	7.9	24.3	10.5	11.3	**25.3**
Cash flows from investing activities	(4.9)	(1.8)	(15.7)	3.6	(13.8)	**(1.4)**
Cash flows from financing activities	(10.2)	(3.3)	(3.9)	(10.1)	(11.1)	**(7.2)**
Financial Ratios:						
Gross profit margin (%)	23.7%	24.5%	24.2%	25.2%	26.1%	**26.5%**
Operating income margin (%)	7.5	8.2	8.7	7.8	7.1	**7.4**
Equity ratio (%)	65.5	64.9	65.1	66.6	64.7	**66.3**
Return on equity (ROE) (%)*1	10.4	10.4	11.0	10.8	8.8	**8.3**
Return on assets (ROA) (%)*2	6.6	6.8	7.1	7.1	5.8	**5.4**

Yen

	2005	2006	2007	2008	2009	**2010**
Per Share Data:						
Basic net income	¥ 182.88	¥ 197.87	¥ 225.90	¥ 232.70	¥ 199.21	**¥ 194.62**
Shareholders' equity	1,819.34	2,007.88	2,093.52	2,207.44	2,299.63	**2,415.65**
Cash dividends applicable to the year	30.00	60.00	70.00	80.00	80.00	**85.00**

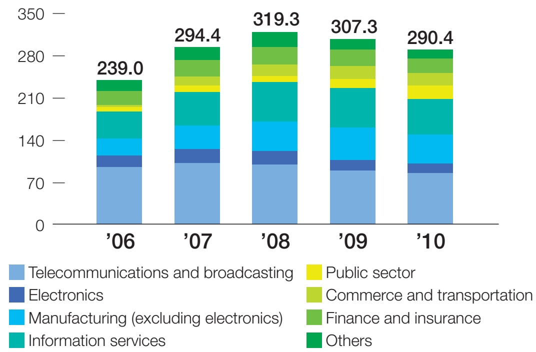
Note: Owing to the October 1, 2006, merger with the former CRC Solutions Corp., pre-merger figures are based on those of former ITOCHU TECHNO SCIENCE Corporation.

*1 ROE = Net income / Average total shareholders' equity (which is based on total shareholders' equity at the beginning and end of the year) x100.

*2 ROA = Net income / Average total assets (which is based on total assets at the beginning and end of the year) x100.

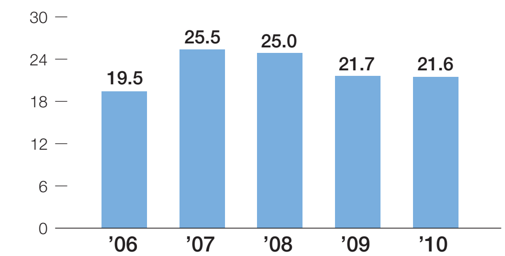
Net Sales

(Billions of Yen)



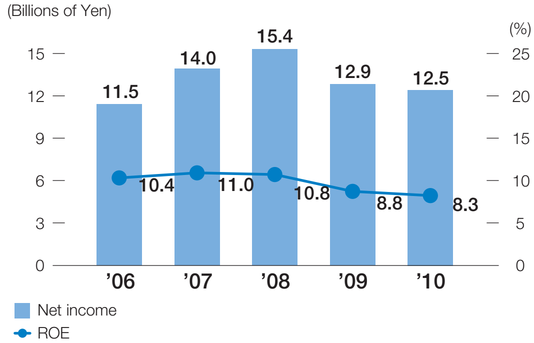
Operating Income

(Billions of Yen)



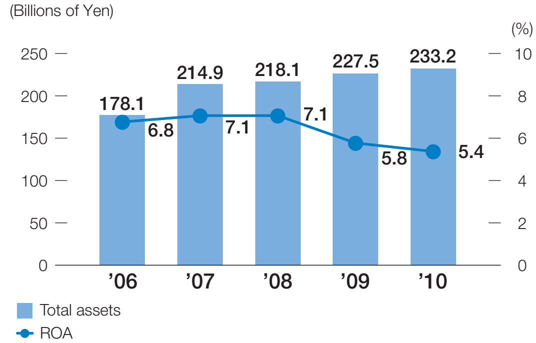
Net Income and Return on Equity (ROE)

(Billions of Yen)



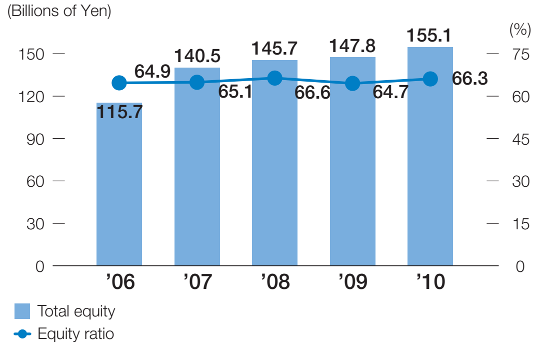
Total Assets and Return on Assets (ROA)

(Billions of Yen)



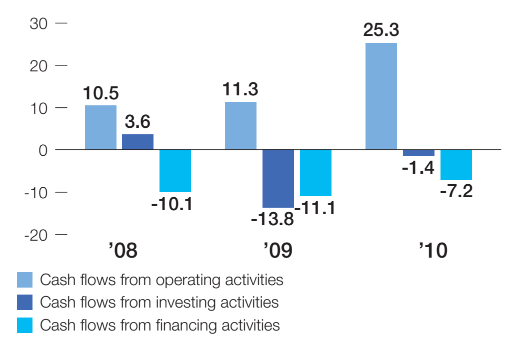
Total Equity and Equity Ratio

(Billions of Yen)



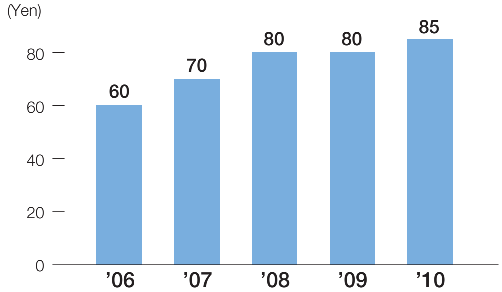
Cash Flows

(Billions of Yen)



Cash Dividends per Share

(Yen)



(Years ended March 31)

Consolidated Business Performance

In fiscal 2009, ended March 31, 2010, CTC focused its efforts on providing services in the wake of heightened demand for cloud computing services among customers and with an eye on upward trends in demand in outsourcing businesses centered on CTC data centers—which reduce the operational burdens of customers. CTC provides *TechnoCUVIC Pro*, which is a new virtualization-infrastructure construction and operation management service for virtualization/integration that is designed to optimize systems. In addition to commencing the provision of integrated operation service, *RePlavail*, CTC has opened technology verification facilities that are jointly operated with overseas vendors. CTC is also taking steps to expand cloud computing services in the form of usage-service applications known as SaaS (software as a service). SaaS cloud computing services include management systems for transport vehicles, content management systems used by municipalities, and invoice output service.

In the telecommunication industry, CTC concentrated on acquiring businesses that construct next-generation IP networks (NGN)/next-generation wireless technology (WiMAX) and networking businesses related to new transmission standards (LTE). In the finance industry, CTC focused on projects for building market-related systems and contact centers for large financial institutions as well as integrated storage systems. As for the distribution industry, CTC worked on developing backbone and store-management systems for the retail industry and general trading companies. In the public-sector businesses, CTC promoted the development of IP networks for power utilities and implemented projects related to shared-use systems used by the central government.

As a result, consolidated net sales in fiscal 2009 declined 5.5% compared with the previous fiscal year, to ¥290.4 billion. This was attributable to sluggish sales for servers and other hardware products in the wake of investment restraints caused by declining corporate performance.

Gross profit on sales decreased ¥3.4 billion, or 4.3%, to ¥76.8 billion mainly due to a fall in earnings on the back of decreased net sales. Despite a drop in the product sales business, contributions made primarily by the service business enabled the gross profit margin to improve 0.4 of a percentage point, from 26.1% to 26.5%, which is a the highest level to date.

Selling, general and administrative expenses decreased ¥3.3 billion, or 5.7%, to ¥55.3 billion, owing to overall cost reductions and steps taken to optimize the use of outside personnel. This occurred despite higher costs resulting from an increase in the number of employees, especially new college graduates. The ratio of selling, general and administrative expenses to net sales improved 0.1 of a percentage point, from 19.1% to 19.0%. Consequently, operating income dipped only 0.5% to ¥21.6 billion, remaining at nearly the same level as the previous fiscal year. The operating income ratio improved 0.3 of a percentage point, from 7.1% to 7.4%.

As for other income (expenses), despite improvements stemming a fall in loss on revaluation of investment securities, income before income taxes and minority interests decreased ¥0.3 billion, or 1.5%, to ¥21.2 billion. This was primarily attributable to a decline in interest received.

Total income taxes (corporate taxes, inhabitants' taxes and adjustments for corporate and other taxes) climbed ¥0.2 billion from the previous fiscal year, or 1.8%, to ¥8.6 billion. Minority interests in net income totaled ¥0.1 billion, a rise of ¥10 million, or 11.1%, compared with the previous fiscal year. As a result, net income declined ¥0.5 billion, or 3.7%, to ¥12.5 billion.

By business segment, net sales in the System segment dropped 7.0% year-on-year to ¥217.8 billion, due mainly to decreased product sales, and operating income slipped 5.0% to ¥9.7 billion. In the Support segment, while sales dipped 0.6% to ¥72.6 billion, CTC's maintenance/operation and data center services were stable. At the same time, operating income fell 5.2% to ¥23.3 billion year on year due to a decrease primarily in equipment installation services, which normally enjoy a relatively high level of profitability.

Financial Position

As of March 31, 2010, consolidated total assets amounted to ¥233.2 billion, an increase of ¥5.8 billion, or 2.5%, from the end of the previous fiscal year.

Total current assets were ¥181.6 billion, an increase of ¥8.2 billion, or 4.7%, year on year. This was primarily attributable to a ¥32.0 billion rise in securities that offset decreases in cash and cash equivalents, trade notes and accounts receivable and money deposits of 5.5 billion, ¥6.5 billion and ¥12.0 billion, respectively.

Total non-current assets—the sum of net property and equipment and total investments and other assets—amounted to ¥51.6 billion, a drop of ¥2.4 billion, or 4.5%. This was mainly due to a ¥1.9 billion decrease in property and equipment.

Total liabilities stood at ¥78.1 billion, a decrease of ¥1.6 billion, or 2.0% year on year. This was primarily due to an ¥1.2 billion fall in trade notes and accounts payable.

Total equity was ¥155.1 billion, an increase of ¥7.3 billion, or 5.0%, year on year. This was primarily caused by a ¥7.3 billion increase in shareholders' equity resulting from a rise in retained earnings on the back of favorable efforts to ensure profits. In addition, the equity ratio improved 1.6 percentage points, from 64.7% to 66.3%.

Cash Flows

Cash and cash equivalents as of March 31, 2010 increased ¥16.6 billion from the previous fiscal year to ¥73.8 billion.

Net cash provided by operating activities totaled ¥25.3 billion. Despite the allocation of ¥9.6 billion in cash for the payment of total income taxes, major components were inflows that include ¥21.2 billion in income before income taxes and minority interests, a net balance of ¥5.2 billion resulting from an increase in trade receivables and a decrease in trade payables, and a ¥4.7 billion decline in inventories. Compared with the previous fiscal year, net cash provided by operating activities jumped ¥14.0 billion. Despite a ¥0.3 billion drop in income before income taxes and minority interests, major factors contributing to this change included a net balance of ¥8.6 billion resulting from a rise in trade receivables and a fall in trade payables, and a ¥7.5 billion cash inflow from a decrease of inventories.

Net cash used in investing activities amounted to ¥1.4 billion. Despite providing cash of ¥2.0 billion from reimbursements on time deposits, this amount was primarily due to purchases of property and equipment and intangible assets totaling ¥1.8 billion and ¥1.7 billion, respectively. Compared with the previous fiscal year, net cash used in investing activities decreased ¥12.4 billion due mainly to a drop of ¥11.8 billion used in the purchase of property and equipment.

Net cash used in financing activities amounted to ¥7.2 billion. Major components included dividend payments totaling ¥5.1 billion and the repayment of long-term lease obligations amounting to ¥2.0 billion. Compared with the previous fiscal year, net cash used in financing activities fell ¥3.9 billion primarily because of a ¥5.0 billion fall in repurchases of treasury stock, which occurred in spite of a repayment of long-term lease obligations totaling ¥1.1 billion.

Return to Shareholders

The CTC Group recognizes returning profits to shareholders as a preeminent management issue. In line with its principle of increasing dividend levels, the Company works to secure stable dividend payments and stresses the return of profits in line with business performance, while carefully considering the balance of internal reserves and the actual amount distributed to shareholders. The Company shall, in principle, pay out interim and year-end dividends every year. Year-end dividends are subject to resolutions made by the General Meeting of Shareholders, while interim dividends are subject to resolutions made by the Board of Directors.

For the fiscal year under review, the Company resolved to pay out a full-year cash dividend of ¥85 per share of common stock, of which ¥40 was paid out as an interim dividend, with due consideration given to its financial position and business performance. Year-end dividend payments increased to ¥45 per share. As a result, the consolidated payout ratio improved from 40.2% in the previous fiscal year to 43.7%.

Consolidated Balance Sheets

ITOCHU Techno-Solutions Corporation and Subsidiaries
March 31, 2009 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2009	**2010**	**2010**
CURRENT ASSETS:			
Cash and cash equivalents (Notes 13 and 16)	¥ 57,238	**¥ 73,833**	**$ 793,562**
Short-term investments (Note 3)	3,192	**1,138**	**12,229**
Receivables:			
Trade (Note 13)	64,791	**58,301**	**626,620**
Associated companies	82	**87**	**940**
Other (Note 12)	3,660	**7,621**	**81,915**
Allowance for doubtful receivables	(16)	**(10)**	**(111)**
Inventories (Note 5)	24,232	**19,497**	**209,558**
Deferred tax assets (Note 10)	7,060	**7,876**	**84,649**
Prepaid expenses and other current assets	13,166	**13,285**	**142,784**
Total current assets	173,405	**181,628**	**1,952,146**
PROPERTY AND EQUIPMENT:			
Land (Note 16)	6,391	**6,437**	**69,182**
Buildings and structures (Note 16)	20,955	**22,182**	**238,411**
Furniture and fixtures (Note 16)	7,908	**8,046**	**86,477**
Lease assets	7,133	**7,631**	**82,025**
Total	42,387	**44,296**	**476,095**
Accumulated depreciation	(10,700)	**(14,554)**	**(156,422)**
Net property and equipment	31,687	**29,742**	**319,673**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 13)	3,424	**3,600**	**38,692**
Investments in and advances to associated companies	932	**991**	**10,653**
Software (Note 6)	5,319	**5,574**	**59,911**
Leasehold deposits	7,193	**7,044**	**75,712**
Prepaid pension cost (Note 7)	2,202	**1,474**	**15,845**
Deferred tax assets (Note 10)	1,563	**1,563**	**16,798**
Other assets (Note 6)	1,731	**1,614**	**17,344**
Total investments and other assets	22,364	**21,860**	**234,955**
TOTAL	¥227,456	**¥233,230**	**$2,506,774**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2009	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2010
CURRENT LIABILITIES:			
Current portion of long-term lease obligations (Notes 12 and 13)	¥ 2,340	¥ 3,191	$ 34,297
Payables:			
Trade (Notes 13 and 16)	26,163	24,984	268,534
Associated companies	99	48	515
Other	7,224	7,844	84,306
Income taxes payable (Note 13)	7,305	7,183	77,198
Accrued expenses	6,262	6,508	69,954
Unearned income	16,871	15,685	168,589
Other current liabilities	6,344	4,188	45,010
Total current liabilities	72,608	69,631	748,403
LONG-TERM LIABILITIES:			
Long-term lease obligations (Notes 12 and 13)	6,214	7,771	83,526
Liability for retirement benefits (Note 7)	294	308	3,305
Deferred tax liabilities (Note 10)	82	42	455
Other long-term liabilities	489	359	3,862
Total long-term liabilities	7,079	8,480	91,148
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 12, 14 and 15)			
EQUITY (Notes 8 and 18):			
Common stock—authorized, 246,000,000 shares; issued, 66,000,000 shares in 2009 and 64,500,000 shares in 2010	21,764	21,764	233,916
Capital surplus	33,076	33,076	355,503
Retained earnings	98,132	101,040	1,085,985
Net unrealized gain on available-for-sale securities	175	236	2,534
Deferred (loss) gain on derivatives under hedge accounting	(2)	5	49
Foreign currency translation adjustments	(94)	(60)	(648)
Treasury stock—at cost, 1,970,165 shares in 2009 and 470,399 shares in 2010	(5,806)	(1,387)	(14,903)
Total	147,245	154,674	1,662,436
Minority interests	524	445	4,787
Total equity	147,769	155,119	1,667,223
TOTAL	¥227,456	¥233,230	$2,506,774

Consolidated Statements of Income

ITOCHU Techno-Solutions Corporation and Subsidiaries
Years Ended March 31, 2009 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2010	2010
NET SALES (Note 16)	¥307,254	**¥290,391**	**$3,121,148**
COST OF SALES (Notes 7, 12 and 16)	226,970	**213,544**	**2,295,190**
Gross profit	80,284	**76,847**	**825,958**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7, 11 and 12)	58,596	**55,277**	**594,123**
Operating income	21,688	**21,570**	**231,835**
OTHER INCOME (EXPENSES):			
Interest and dividend—net	406	**26**	**283**
Equity in losses of limited partnership	(301)	**(241)**	**(2,589)**
Equity in earnings of associated companies	71	**63**	**678**
Gain on sales of investment securities—net	248	**281**	**3,026**
Loss on write-down of investment securities	(347)	**(55)**	**(586)**
Other—net	(255)	**(447)**	**(4,821)**
Other expenses—net	(178)	**(373)**	**(4,009)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	21,510	**21,197**	**227,826**
INCOME TAXES (Note 10):			
Current	9,261	**9,610**	**103,290**
Deferred	(778)	**(975)**	**(10,475)**
Total income taxes	8,483	**8,635**	**92,815**
MINORITY INTERESTS IN NET INCOME	91	**101**	**1,075**
NET INCOME	¥ 12,936	**¥ 12,461**	**$ 133,936**

	Yen		U.S. Dollars
	2009	2010	2010
PER SHARE OF COMMON STOCK (Notes 2.q and 17):			
Basic net income	¥199.21	**¥194.62**	**$2.09**
Cash dividends applicable to the year	80.00	**85.00**	**0.91**

Diluted net income per share for the year ended March 31, 2009 and 2010 is not disclosed because it is anti-dilutive.
See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

ITOCHU Techno-Solutions Corporation and Subsidiaries
Years Ended March 31, 2009 and 2010

	Thousands	Millions of Yen									
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Net Unrealized Gain on Available-for-sale Securities	Deferred (Loss) Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2008	65,765	¥21,764	¥33,076	¥ 94,100	¥768	¥ (7)	¥ (1)	¥ (4,527)	¥145,173	¥539	¥145,712
Net income				12,936					12,936		12,936
Appropriations—Cash dividends, ¥80.00 per share				(5,232)					(5,232)		(5,232)
Repurchase of treasury stock	(1,743)							(4,973)	(4,973)		(4,973)
Sale of treasury stock	8			(7)				29	22		22
Cancellation of 1,000,000 shares of treasury stock				(3,665)				3,665			
Net change in the year					(593)	5	(93)		(681)	(15)	(696)
BALANCE, MARCH 31, 2009	64,030	¥21,764	¥33,076	¥ 98,132	¥175	¥ (2)	¥(94)	¥(5,806)	¥147,245	¥524	¥147,769
Net income				12,461					12,461		12,461
Appropriations—Cash dividends, ¥80.00 per share				(5,122)					(5,122)		(5,122)
Repurchase of treasury stock								(1)	(1)		(1)
Cancellation of 1,500,000 shares of treasury stock				(4,420)				4,420			
Change in scope of consolidation				10					10		10
Change in scope of equity method accounting				(21)					(21)		(21)
Net change in the year					61	7	34		102	(79)	23
BALANCE, MARCH 31, 2010	64,030	¥21,764	¥33,076	¥101,040	¥236	¥ 5	¥(60)	¥(1,387)	¥154,674	¥445	¥155,119

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Net Unrealized Gain on Available-for-sale Securities	Deferred (Loss) Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2009	$233,916	$355,503	$1,054,734	$1,882	$(19)	$(1,012)	$(62,409)	$1,582,595	$5,635	$1,588,230
Net income			133,936					133,936		133,936
Appropriations—Cash dividends, $0.86 per share			(55,055)					(55,055)		(55,055)
Repurchase of treasury stock							(6)	(6)		(6)
Cancellation of 1,500,000 shares of treasury stock			(47,512)				47,512			
Change in scope of consolidation			107					107		107
Change in scope of equity method accounting			(225)					(225)		(225)
Net change in the year				652	68	364		1,084	(848)	236
BALANCE, MARCH 31, 2010	$233,916	$355,503	$1,085,985	$2,534	$49	$(648)	$(14,903)	$1,662,436	$4,787	$1,667,223

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

ITOCHU Techno-Solutions Corporation and Subsidiaries
Years Ended March 31, 2009 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2010	2010
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥21,510	¥21,197	$227,826
Adjustments for:			
Income taxes—paid	(9,767)	(9,566)	(102,812)
Depreciation and amortization	4,542	5,999	64,478
(Reversal) provision of allowance for doubtful receivables	(96)	3	35
(Reversal) provision of accrued bonuses to employees	(799)	247	2,654
Reversal of accrued bonuses to directors and corporate auditors	(35)	(3)	(28)
Provision for accrued retirement benefits to employees	28	28	298
Equity in loss of limited partnership	301	241	2,589
Gain on sales of investment securities—net	(248)	(281)	(3,026)
Loss on write-down of investment securities	347	55	586
Equity in earnings of associated companies	(71)	(63)	(678)
Changes in assets and liabilities:			
(Increase) decrease in receivables—trade	(873)	6,490	69,760
(Increase) decrease in inventories	(2,798)	4,725	50,783
Increase in other current assets	(3,944)	(3,547)	(38,128)
Decrease in payables—trade	(2,565)	(1,178)	(12,664)
Increase in other current liabilities	5,392	450	4,842
Other—net	374	464	4,994
Total adjustments	(10,212)	4,064	43,683
Net cash provided by operating activities	11,298	25,261	271,509
INVESTING ACTIVITIES:			
Withdrawal of long-term deposits	—	2,000	21,496
Purchases of property and equipment	(13,544)	(1,794)	(19,282)
Purchases of intangible assets	(912)	(1,673)	(17,986)
Purchases of investment securities	(573)	(356)	(3,832)
Proceeds from sales of investment securities	910	278	2,987
Proceeds from sales of investment in subsidiaries resulting in change in scope of consolidation	—	104	1,117
Decrease (increase) in deposits other than cash equivalents	322	(2)	(19)
Other—net	(10)	64	693
Net cash used in investing activities	(13,807)	(1,379)	(14,826)
FINANCING ACTIVITIES:			
Repayment of long-term lease obligations	(922)	(2,021)	(21,725)
Proceeds from sales of treasury stock	22	—	—
Repurchases of treasury stock	(4,981)	(1)	(6)
Dividends paid	(5,230)	(5,123)	(55,065)
Dividends paid to minority in a subsidiary	(26)	(58)	(621)
Net cash used in financing activities	(11,137)	(7,203)	(77,417)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(93)	(27)	(288)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(13,739)	16,652	178,978
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	70,977	57,238	615,200
DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM EXCLUSION OF SUBSIDIARIES FROM CONSOLIDATION	—	(57)	(616)
CASH AND CASH EQUIVALENTS, END OF YEAR	¥57,238	¥73,833	$793,562

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

ITOCHU Techno-Solutions Corporation and Subsidiaries
Years Ended March 31, 2009 and 2010

01. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 financial statements to conform to the classifications used in 2010.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which ITOCHU Techno-Solutions Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.04 to $1, the rate of exchange as of March 31, 2010. Such translations should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

02. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2010 include the accounts of the Company and its 10 (12 in 2009) subsidiaries (together, the "Group").

Those companies over which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in 4 (4 in 2009) associated companies are accounted for by the equity method. Investments in the remaining associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificate of deposits and commercial paper, all of which mature or become due within three months of the date of acquisition.

c. Inventories—Inventories are stated at the lower of cost, determined by the moving-average method for merchandise and by the specific identification method for work in process, or net selling value.

Supplies for maintenance service are carried at cost less accumulated amortization, which is calculated by the straight-line method over 5 years of the estimated useful lives.

d. Investment Securities—Investment securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined by the moving-average cost method.

Non-marketable securities are stated at cost determined by the moving-average method.

Investments in limited partnership are accounted for by the equity method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. Property and Equipment—Property and equipment are stated at cost. Depreciation of property and equipment is computed by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to property and equipment of the datacenter business, buildings acquired after April 1, 1998 (excluding facilities incidental to buildings) and lease assets. The range of useful lives is from 15 to 41 years for buildings and structures, and from 5 to 15 years for furniture and fixtures. The useful lives for lease assets are the terms of the respective leases.

f. Intangible Assets—Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method. Amortization of software for use is calculated by the straight-line method over 5 years of the estimated useful lives while the amortization of software for sales is calculated based on the expected sales quantities (or amortized over 3 years if the calculated amounts is greater than above method).

g. Long-lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. Retirement and Pension Plans—For employee retirement and pension plans, the Company and certain subsidiaries participate in the "ITOCHU Group Kosei-Nenkin Kikin," which is a defined benefit, contributory pension fund, and also have a cash-balance type of defined benefit, non-contributory pension fund or unfunded benefit plans.

The liability for employees' retirement benefits is provided at the amount based on the projected benefit obligation and plan assets at the balance sheet date. An actuarial adjustment is charged to income by the straight-line method over the following 10 years (which are within the average remaining years of service of the employees). Unrecognized prior service cost is charged to income by the straight-line method over the 10 years (which are within the average remaining years of service of the employees).

Retirement allowances for directors and corporate auditors are recorded to state the liability at the amount that would be required if all directors and corporate auditors retired at each balance sheet date. Pursuant to the approval at the annual general meeting of the Company's shareholders held on June 22, 2006, the Company decided to terminate the retirement benefits plan for directors and corporate auditors. The accrued retirement benefits to directors and corporate auditors will be paid at their retirement and are included in other long-term liabilities.

i. Research and Development Costs—Research and development costs are charged to income as incurred.

j. Leases—In March 2007, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

k. Bonuses to Directors and Corporate Auditors—Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

l. Construction Contracts—In December 2007, the ASBJ issued ASBJ Statement No. 15 "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18 "Guidance on Accounting Standard for Construction Contracts." Under the previous Japanese GAAP, either the completed-contract method or the percentage-of-completion method was permitted to account for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009. The Company applied the new accounting standard effective April 1, 2009. The effect of this change was to increase net sales by ¥3,045 million ($32,730 thousand), and operating income and income before income taxes and minority interests by ¥557 million ($5,987 thousand), respectively, for the year ended March 31, 2010.

m. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

n. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

o. Foreign Currency Financial Statements—The balance sheet accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate.

p. Derivatives and Hedging Activities—The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange risks. The Group does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the consolidated statements of income. If derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until the maturity of the hedged transactions.

Foreign currency forward contracts are utilized to hedge foreign currency exposures in procurement of merchandise from overseas suppliers. Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

q. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed in 2009 and 2010 because it is anti-dilutive.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

r. New Accounting Pronouncements

Business Combination—In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows:

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business

combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard requires the research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired in the business combination is capitalized as an intangible asset.

(3) The current accounting standard requires a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations—In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No. 21 “Guidance on Accounting Standard for Asset Retirement Obligations.” Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Accounting Changes and Error Corrections—In December 2009, ASBJ issued ASBJ Statement No. 24 “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24 “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under this standard and guidance are as follows:

(1) Changes in accounting policies

When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of prior period errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures—In March 2008, the ASBJ revised ASBJ Statement No. 17 “Accounting Standard for Segment Information Disclosures” and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

03. SHORT-TERM INVESTMENTS

Short-term investments as of March 31, 2009 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2010**	**2010**
Time deposits	¥2,185	**¥ 127**	**$ 1,366**
Deposits other than cash equivalents	1,007	**1,011**	**10,863**
Total	¥3,192	**¥1,138**	**$12,229**

04. INVESTMENT SECURITIES

Investment securities as of March 31, 2009 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2010**	**2010**
Non-current:			
Marketable equity securities	¥1,265	**¥1,437**	**$15,441**
Non-marketable equity securities	1,221	**1,215**	**13,062**
Investment in limited partnership	938	**923**	**9,920**
Other	—	**25**	**269**
Total	¥3,424	**¥3,600**	**$38,692**

The carrying amounts and aggregate fair values of investment securities as of March 31, 2009 and 2010 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2009				
Securities classified as available-for-sale equity securities	¥1,072	¥299	¥106	¥1,265
March 31, 2010				
Securities classified as available-for-sale equity securities and other	**¥1,088**	**¥425**	**¥51**	**¥1,462**

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2010				
Securities classified as available-for-sale equity securities and other	**$11,695**	**$4,569**	**$554**	**$15,710**

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 were as follows: The similar information for 2010 is disclosed in Note 13.

	Carrying Amount
	Millions of Yen
March 31, 2009	
Available-for-sale:	
Equity securities	¥1,221
Investment in limited partnership	938
Total	¥2,159

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009 and 2010 were ¥910 million and ¥293 million ($3,157 thousand), respectively. Gross realized gains on these sales for the years ended March 31, 2009 and 2010, were ¥360 million and ¥281 million ($3,026 thousand), respectively. Gross realized losses on these sales for the years ended March 31, 2009 and 2010, were ¥112 million and zero, respectively.

05. INVENTORIES

Inventories as of March 31, 2009 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	**2010**	**2010**
Merchandise	¥10,632	**¥ 8,177**	**$ 87,883**
Work in process	8,249	**5,065**	**54,444**
Supplies for maintenance service	5,351	**6,255**	**67,231**
Total	¥24,232	**¥19,497**	**$209,558**

06. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2009 and 2010. As a result, the Group recognized an impairment loss of ¥29 million as other expense for idle telephone rights and software for 2009 and ¥27 million ($288 thousand) as other expense for idle telephone rights for 2010, respectively. The recoverable amount of these impaired assets was measured at net selling prices at disposition.

07. RETIREMENT AND PENSION PLANS

The Group has severance payment plans for employees.

As noted in the significant accounting policy, the Company and certain consolidated subsidiaries have defined benefit plans; the Group contributory pension fund, a cash-balance type of defined benefit, non-contributory pension fund and unfunded benefit plans. In addition, a certain subsidiary also has defined contribution pension plans. Employees who retire upon reaching the mandatory age of retirement or by death are entitled to larger benefits. Benefits determined by the retirement rule are paid primarily from the Group pension fund with the rest paid by either the cash-balance pension plan, the Company or certain consolidated subsidiaries.

The liability for employees' retirement benefits as of March 31, 2009 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2010	2010
Projected benefit obligation	¥ 11,234	¥12,023	$129,226
Fair value of plan assets	(9,409)	(10,488)	(112,726)
Unrecognized actuarial loss	(5,427)	(4,172)	(44,840)
Unrecognized prior service cost	1,688	1,461	15,699
Prepaid pension cost	2,202	1,474	15,845
Net liability	¥ 288	¥ 298	$ 3,204

The components of net periodic retirement benefit costs for the years ended March 31, 2009 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2010	2010
Service cost	¥ 723	¥ 750	$ 8,062
Interest cost	207	219	2,353
Expected return on plan assets	(291)	(233)	(2,509)
Recognized actuarial loss	531	701	7,538
Recognized prior service cost	(252)	(227)	(2,444)
Premium of defined benefit, contributory pension fund	1,443	1,461	15,705
Other	694	722	7,764
Net periodic benefit costs	¥3,055	¥3,393	$36,469

Assumptions used for actuarial computation for the years ended March 31, 2009 and 2010 were set forth as follows:

	2009	2010
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.5%	2.5%
Recognition period of actuarial gain/loss	10 years	10 years
Amortization period of prior service cost	10 years	10 years

08. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights, are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

09. STOCK OPTIONS

Stock options have been approved at the shareholders meetings as an additional benefit for certain directors or officers and key employees. The outstanding stock options granted were as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2004 Stock Option	7 directors 2 corporate auditors 9 officers 44 employees 10 directors of subsidiaries 1 corporate auditor of subsidiary 4 employees of subsidiaries	11,842 shares	2004.8.02	¥2,700 ($29)	From October 1, 2006 to July 31, 2008
2005 Stock Option	7 directors 1 corporate auditor 7 officers 45 employees 8 directors of subsidiaries 1 corporate auditor of subsidiary 4 officers of subsidiaries 3 employees of subsidiaries	19,282 shares	2005.8.01	¥3,220 ($35)	From October 1, 2006 to July 31, 2009

The stock option activity was as follows:

	2004 Stock Option	2005 Stock Option
Year Ended March 31, 2009		
Non-vested:		
March 31, 2008—outstanding		
Granted		
Canceled		
Vested		
March 31, 2009—outstanding		
Vested:		
March 31, 2008—outstanding	10,664	17,236
Vested		
Exercised	6,634	992
Canceled	4,030	186
March 31, 2009—outstanding		16,058
Exercise price	¥2,700	¥3,220
Average stock price at exercise	¥3,680	¥3,630
Fair value price at grant date		
Year Ended March 31, 2010		
Non-vested:		
March 31, 2009—outstanding		
Granted		
Canceled		
Vested		
March 31, 2010—outstanding		
Vested:		
March 31, 2009—outstanding		**16,058**
Vested		
Exercised		
Canceled		**16,058**
March 31, 2010—outstanding		
Exercise price		**¥3,220**
		($35)
Average stock price at exercise		
Fair value price at grant date		

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 41% for the years ended March 31, 2009 and 2010.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2009 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2010	2010
Current:			
Deferred tax assets:			
Loss on write-down of inventories	¥ 3,473	¥4,232	$45,489
Accrued bonuses to employees	2,364	2,465	26,494
Accrued enterprise taxes	668	621	6,672
Accrued other expenses	507	508	5,457
Other	420	413	4,435
Less valuation allowance	(362)	(357)	(3,833)
Total	7,070	7,882	84,714
Charges to offset against deferred tax liabilities	(10)	(6)	(65)
Net deferred tax assets—current	¥ 7,060	¥7,876	$84,649
Deferred tax liabilities:			
Consolidation adjustment of allowance for doubtful accounts	¥ 10	¥ 6	$ 65
Charges to offset against deferred tax assets	(10)	(6)	(65)
Net deferred tax liabilities—current	¥ —	¥ —	$ —
Non-current:			
Deferred tax assets:			
Loss on write-down of investment securities	¥ 590	¥ 550	$ 5,913
Tax loss carryforwards	79	65	700
Depreciation	1,604	1,271	13,653
Equity in losses of limited partnership	211	129	1,390
Accrued retirement benefits	200	200	2,150
Unrealized gain of tangible assets	350	355	3,815
Other	142	150	1,606
Less valuation allowance	(734)	(430)	(4,620)
Total	2,442	2,290	24,607
Charges to offset against deferred tax liabilities	(879)	(727)	(7,809)
Net deferred tax assets—non-current	¥ 1,563	¥1,563	$16,798
Deferred tax liabilities:			
Net unrealized gain on available-for-sale securities	¥ 21	¥ 136	$ 1,458
Long-term prepaid pension expenses	903	605	6,499
Other	37	28	307
Charges to offset against deferred tax assets	(879)	(727)	(7,809)
Net deferred tax liabilities—non-current	¥ 82	¥ 42	$ 455

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate for the year ended March 31, 2009 and 2010 was excluded, because the differences were not more than 5% of the normal effective statutory tax rate.

As of March 31, 2010, certain subsidiaries have tax loss carryforwards aggregating approximately ¥159 million ($1,706 thousand) which are available for offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
After 2016	¥159	$1,706
Total	¥159	$1,706

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥493 million and ¥582 million ($6,259 thousand) for the years ended March 31, 2009 and 2010, respectively.

12. LEASES

The Group leases certain machinery, computer equipment, office space and other assets.

Total rental expenses including lease payments for the years ended March 31, 2009 and 2010 were ¥13,646 million and ¥12,682 million ($136,306 thousand), respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2010		2010	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Due within one year	¥ 3,191	¥3,028	$ 34,297	$32,541
Due after one year	7,771	4,202	83,526	45,168
Total	¥10,962	¥7,230	$117,823	$77,709

Pro forma Information of Leased Property Whose Lease Inception Was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied the ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen							
	2009				2010			
	Buildings and Structures	Furniture and Fixtures	Software	Total	Buildings and Structures	Furniture and Fixtures	Software	Total
Acquisition cost	¥4,476	¥6,034	¥1,034	¥11,544	¥2,846	¥4,398	¥819	¥8,063
Accumulated depreciation	2,781	3,302	531	6,614	1,682	2,863	523	5,068
Net leased property	¥1,695	¥2,732	¥ 503	¥ 4,930	¥1,164	¥1,535	¥296	¥2,995

	Thousands of U.S. Dollars			
	2010			
	Buildings and Structures	Furniture and Fixtures	Software	Total
Acquisition cost	$30,588	$47,275	$8,800	$86,663
Accumulated depreciation	18,081	30,776	5,615	54,472
Net leased property	$12,507	$16,499	$3,185	$32,191

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2010	2010
Due within one year	¥1,988	¥1,440	$15,477
Due after one year	3,252	1,789	19,229
Total	¥5,240	¥3,229	$34,706

Depreciation expense, interest expense and other information under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2010	2010
Depreciation expense	¥2,689	¥1,944	$20,896
Interest expense	232	153	1,641
Total	¥2,921	¥2,097	$22,537
Lease payments	¥2,955	¥2,153	$23,145
Reversal of allowance for impairment loss on leased property	32	—	—

Depreciation expense and interest expense, which were not reflected in the accompanying consolidated statements of income, were computed by the straight-line method and the interest method, respectively.

The net investments in lease included in receivables—other as of March 31, 2009 and 2010 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2010	2010
Gross lease receivables	¥2,140	¥6,893	$74,089
Unearned interest income	220	751	8,071
Investments in lease	¥1,920	¥6,142	$66,018

Maturities of lease receivables for finance leases that deem to transfer ownership of the leased property to the lessee are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥1,253	$13,471
2012	1,242	13,351
2013	1,097	11,792
2014	1,036	11,140
2015	993	10,667
2016 and thereafter	1,272	13,668
Total	¥6,893	$74,089

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group Policy for Financial Instruments

Cash surpluses, if any, are invested in low risk financial assets. The Group does not rely on financial institutions for capital expenditures, excluding certain lease contracts, and operational funds. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables such as trade notes, trade accounts and investments in lease are exposed to customer credit risk. Marketable securities, mainly certificates of deposit, are exposed to issuer credit risk. Investment securities, mainly equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are hedged by foreign currency forward contracts. Lease obligations are related to finance lease transactions for leases or rentals of product to customer.

Foreign currency forward contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of payables. Please see Note 14 for more details about derivatives.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department, and by a credit control department which is independent from the business department, to identify the default risk of customers in an early stage.

The internal guidelines for marketable securities transactions which prescribe the authority and the limit for each transaction by the corporate treasury department have been approved at management committee held on a semiannual basis. The transaction data has been reported to the management committee held on a quarterly basis.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by foreign currency forward contracts. In addition, when foreign currency trade payables are expected from forecasted transaction, foreign currency forward contracts may be used. Foreign currency forward contracts are executed in accordance with the Group's internal guidelines, which define the authority level and amount at which the foreign currency forward contracts can be executed.

Investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk based on an analysis of its cash flow received from its each department. The Group has created a cash pool that centralizes the Group's funds to provide efficient and stable management of funds.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. Also please see Note 14 for the detail of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 73,833	¥ 73,833	
Receivables—trade	58,301	58,301	
Investments in lease (included in receivables—other)	6,142	6,187	¥ 45
Investment securities	1,462	1,462	
Others	206	206	
Total	¥139,944	¥139,989	¥ 45
Payables—trade	¥ 24,984	¥ 24,984	
Lease obligations	10,962	11,021	¥(59)
Income taxes payable	7,183	7,183	
Others	48	48	
Total	¥ 43,177	¥ 43,236	¥(59)
Derivatives—To which hedge accounting is applied	¥8	¥8	
Total	¥8	¥8	

	Thousands of U.S. Dollars		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 793,562	$ 793,562	
Receivables—trade	626,620	626,620	
Investments in lease (included in receivables—other)	66,018	66,501	$ 483
Investment securities	15,710	15,710	
Others	2,218	2,218	
Total	$1,504,128	$1,504,611	$ 483
Payables—trade	$ 268,534	$ 268,534	
Lease obligations	117,823	118,457	$(634)
Income taxes payable	77,198	77,198	
Others	514	514	
Total	$ 464,069	$ 464,703	$(634)
Derivatives—To which hedge accounting is applied	$83	$83	
Total	$83	$83	

Cash and Cash Equivalents

The carrying values of cash approximate fair value because of their short maturities. The fair values of marketable securities are measured at the quoted price obtained from the financial institution for certain debt instruments.

Investment Securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for equity instruments. The information of the fair value for the investment securities by classification is included in Note 4.

Receivables, Payables and Income Taxes Payable

The carrying values of receivables, payables and income taxes payable approximate fair value because of their short maturities.

Lease Obligations

Lease obligations are measured at fair value using the discounted cash flow of the expected lease payments. The discounted rate is the interest rate assumed when the lease is contracted.

Derivatives

The information of the fair value for derivatives is included in Note 14.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying Amount	
March 31, 2010	Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market	¥2,206	$23,716
Investment in limited partnership	923	9,920
Total	¥3,129	$33,636

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
March 31, 2010	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥73,833			
Receivables—trade	58,301			
Investments in lease (included in receivables—other)	1,031	¥3,876	¥1,235	
Investment securities—Available-for-sale securities with contractual maturities		25		
Others	206			
Total	¥133,371	¥3,901	¥1,235	

	Thousands of U.S. Dollars			
March 31, 2010	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$ 793,562			
Receivables—trade	626,620			
Investments in lease (included in receivables—other)	11,084	$41,663	$13,271	
Investment securities—Available-for-sale securities with contractual maturities		269		
Others	2,218			
Total	$1,433,484	$41,932	$13,271	

Please see Note 12 for obligations under finance leases.

14. DERIVATIVES

The Group enters into derivative financial instruments (“derivatives”), including foreign currency forward contracts to hedge foreign exchange risk associated with certain assets, liabilities and firm commitments of ordinary purchase transactions denominated in foreign currencies.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within its business. Accordingly, foreign currency risk in these derivatives is basically offset by opposite movements in the value of hedged assets, liabilities or firm commitments of ordinary purchase transactions.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

As noted in Note 13, the Group applied ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

Derivative Transactions to Which Hedge Accounting Was Applied at March 31, 2010

		Millions of Yen		
March 31, 2010	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	¥ 721		
Selling U.K.£	Receivables	2		
Selling U.S.$	Receivables (forecasted)	511		¥(18)
Selling U.K.£	Receivables (forecasted)	2		
Selling S.$	Receivables (forecasted)	7		
Buying U.S.$	Payables	3,204		
Buying €	Payables	28		
Buying U.K.£	Payables	12		
Buying U.S.$	Payables (forecasted)	1,029		27
Buying €	Payables (forecasted)	17		
Buying U.K.£	Payables (forecasted)	10		(1)

March 31, 2010	Hedged Item	Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	$ 7,750		
Selling U.K.£	Receivables	18		
Selling U.S.$	Receivables (forecasted)	5,490		$(191)
Selling U.K.£	Receivables (forecasted)	18		
Selling S.$	Receivables (forecasted)	73		
Buying U.S.$	Payables	34,438		(4)
Buying €	Payables	306		
Buying U.K.£	Payables	134		
Buying U.S.$	Payables (forecasted)	11,062		286
Buying €	Payables (forecasted)	180		
Buying U.K.£	Payables (forecasted)	108		(8)

The fair values of derivatives such as foreign currency forward contracts which qualify for hedge accounting and whose corresponding hedged items are measured at such contracted amounts are not shown in the above table. The fair value of such foreign currency forward contracts is included in the fair values of hedged items in Note 13.

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

15. CONTINGENT LIABILITIES

As of March 31, 2010, the Group is contingently liable for guarantees of borrowings by the Group's employees amounting to ¥266 million ($2,858 thousand).

16. RELATED PARTY TRANSACTIONS

Transactions of the Company with associated companies for the years ended March 31, 2009 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2010	2010
Sales	¥504	¥268	$2,882
Purchases	471	443	4,761

Transactions of the Company with the parent company, ITOCHU Corporation, for the years ended March 31, 2009 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2010	2010
Purchases	¥47,535	¥34,503	$370,844
Purchases of property and equipment	8,269	—	—

The balances due to or from the parent company, ITOCHU Corporation, as of March 31, 2009 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2010	2010
Deposits (included in cash and cash equivalents)	¥12,000		
Payables—trade	4,640	¥4,543	$48,825

17. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2009 and 2010 was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-average Shares	EPS	
Year Ended March 31, 2009				
Basic EPS—Net income available to common shareholders	¥12,936	64,939	¥199.21	
Year Ended March 31, 2010				
Basic EPS—Net income available to common shareholders	**¥12,461**	**64,029**	**¥194.62**	**$2.09**

Diluted net income per share for the year ended March 31, 2009 and 2010 is not disclosed because it is anti-dilutive.

18. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriations of retained earnings as of March 31, 2010 were approved at the Company's shareholders meeting held on June 22, 2010:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥45.00 ($0.48) per share	¥2,881	$30,969

In addition to the cash dividends described above, the Company paid interim cash dividends of ¥2,561 million ($27,528 thousand, ¥40.00 ($0.43) per share) on December 4, 2009 to shareholders of record as of September 30, 2009, based on a resolution by the Board of Directors.

19. SEGMENT INFORMATION

The Group operates in the following business segments:

"System" consists of IT consulting service, infrastructure construction service, computer-network system sales, software development, maintenance service of software, etc.

"Support" consists of maintenance service of computer-network system, service of datacenter, etc.

Information about business segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2009 and 2010 was as follows:

(1) Business Segments

a. Sales and Operating Income

	Millions of Yen							
	2009				**2010**			
	System	Support	Eliminations/ Corporate	Consolidated	System	Support	Eliminations/ Corporate	Consolidated
Sales to customers	¥243,227	¥73,027		¥307,254	**¥217,799**	**¥72,592**		**¥290,391**
Intersegment sales	384	19,918	¥(20,302)	—	**556**	**16,232**	**¥(16,788)**	**—**
Total sales	234,611	92,945	(20,302)	307,254	**218,355**	**88,824**	**(16,788)**	**290,391**
Operating expenses	224,457	68,333	(7,224)	285,566	**208,704**	**65,501**	**(5,384)**	**268,821**
Operating income	¥ 10,154	¥24,612	¥(13,078)	¥ 21,688	**¥ 9,651**	**¥23,323**	**¥(11,404)**	**¥ 21,570**

	Thousands of U.S. Dollars			
	2010			
	System	Support	Eliminations/ Corporate	Consolidated
Sales to customers	**$2,340,918**	**$780,230**		**$3,121,148**
Intersegment sales	**5,974**	**174,462**	**$(180,436)**	**—**
Total sales	**2,346,892**	**954,692**	**(180,436)**	**3,121,148**
Operating expenses	**2,243,162**	**704,012**	**(57,861)**	**2,889,313**
Operating income	**$ 103,730**	**$250,680**	**$(122,575)**	**$ 231,835**

b. Total Assets, Depreciation, Impairment Loss and Capital Expenditures

	Millions of Yen							
	2009				**2010**			
	System	Support	Eliminations/ Corporate	Consolidated	System	Support	Eliminations/ Corporate	Consolidated
Total assets	¥91,099	¥53,712	¥82,645	¥227,456	**¥82,840**	**¥50,695**	**¥99,695**	**¥233,230**
Depreciation	534	1,703	2,305	4,542	**472**	**3,229**	**2,298**	**5,999**
Impairment loss	10	5	14	29		**3**	**24**	**27**
Capital expenditures	998	20,086	416	21,500	**1,014**	**2,300**	**1,208**	**4,522**

	Thousands of U.S. Dollars			
	2010			
	System	Support	Eliminations/ Corporate	Consolidated
Total assets	**$890,370**	**$544,872**	**$1,071,532**	**$2,506,774**
Depreciation	**5,072**	**34,707**	**24,699**	**64,478**
Impairment loss	**1**	**26**	**261**	**288**
Capital expenditures	**10,902**	**24,717**	**12,983**	**48,602**

Notes: 1. Corporate operating expenses consist primarily of administrative expenses of the Company, which were not allocated to business segments. Corporate operating expenses for the years ended March 31, 2009 and 2010 were ¥14,860 million and ¥12,905 million ($138,709 thousand), respectively.

2. Corporate assets consist primarily of cash and cash equivalents, investment securities and administrative assets of the Company. Corporate assets as of March 31, 2009 and 2010 were ¥88,960 million and ¥103,205 million ($1,109,249 thousand), respectively.

(2) Geographical Segments and Sales to Foreign Customers

Geographical segment information was not presented since aggregate sales and assets of the Company and its domestic subsidiaries were more than 90% of the consolidated net sales and assets for the years ended March 31, 2009 and 2010

Sales to foreign customers were not presented since sales to foreign customers were less than 10% of the consolidated sales for the years ended March 31, 2009 and 2010.

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
ITOCHU Techno-Solutions Corporation:

We have audited the accompanying consolidated balance sheets of ITOCHU Techno-Solutions Corporation (the "Company") and subsidiaries as of March 31, 2009 and 2010, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ITOCHU Techno-Solutions Corporation and subsidiaries as of March 31, 2009 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2.l to the consolidated financial statements, the Company applied the new accounting standard for construction contracts effective April 1, 2009.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 22, 2010

Board of Directors

As of June 22, 2010

Directors and Auditors

President & CEO	Yoichi Okuda	
Director	Tohru Nakano	*1
Director	Shigeki Nishiyama	*1
Director	Kyoji Ohnishi	*2
Director	Yoshinori Warashina	*2
Director	Yasuo Kanematsu	*2
Director	Shinichiro Sakuraba	*3
Director	Masaaki Matsuzawa	*3
Director	Akira Saitoh	*3
Director	Takatoshi Matsumoto	
Director	Takahiro Susaki	
Director	Tomohito Arai	
Corporate Auditor	Masao Kasama	
Corporate Auditor	Hiroshi Shibata	
Corporate Auditor	Kosuke Hayashi	
Corporate Auditor	Masahiko Ena	

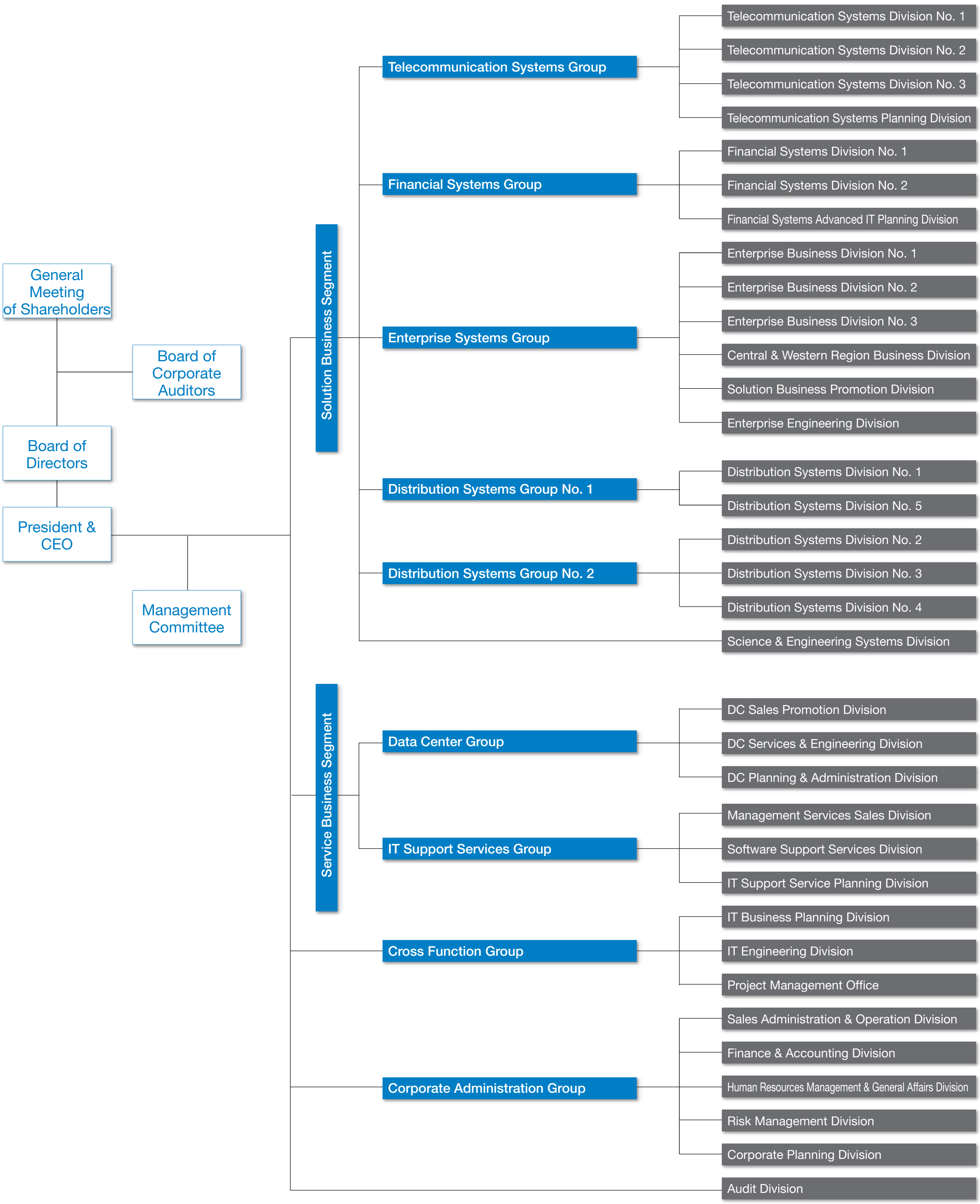
*1 Executive Vice President
*2 Senior Managing Officer
*3 Managing Executive Officer

Executive Officers

Managing Executive Officer	Yoichi Okugi
Managing Executive Officer	Shigemitsu Takatori
Managing Executive Officer	Takahiro Tani
Managing Executive Officer	Shuji Ikeda
Executive Officer	Tadataka Okubo
Executive Officer	Yoshimichi Miura
Executive Officer	Katsuyuki Shirota
Executive Officer	Ryouji Yokoyama
Executive Officer	Yasuhiko Terada
Executive Officer	Yasuhide Masanishi
Executive Officer	Hiroaki Okamatsu
Executive Officer	Seiji Suzuki
Executive Officer	Hisashi Eda
Executive Officer	Nobuyuki Nambu
Executive Officer	Eiji Haraguchi
Executive Officer	Kazunobu Moriyama
Executive Officer	Mitsuaki Kato
Executive Officer	Hiroyuki Tamura
Executive Officer	Hiroshi Iimuro
Executive Officer	Tomohiko Sumi
Executive Officer	Toshiyuki Awai
Executive Officer	Takanori Minatohara
Executive Officer	Masanobu Yugami

Corporate Organization

As of April 1, 2010



Corporate Data

Company Name

ITOCHU Techno-Solutions Corporation (CTC*)

*CTC= Challenging Tomorrow's Changes (Core principle)

Head Office

Kasumigaseki Bldg., 3-2-5, Kasumigaseki, Chiyoda-ku,

Tokyo 100-6080, Japan

Phone: +81-3-6203-5000

URL: http://www.ctc-g.co.jp/

Established

April 1, 1972

Paid-in Capital

¥21,763 million

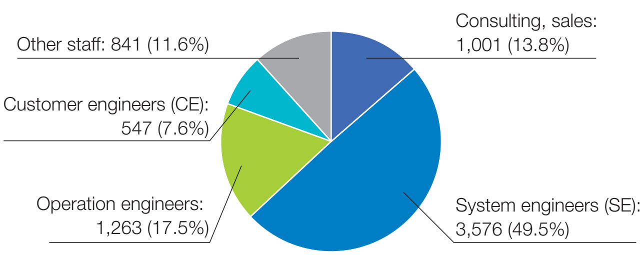
Business Lines

Sales, maintenance and support of computers and network systems; commissioned software development; information processing services; information services related to science and engineering; support; other.

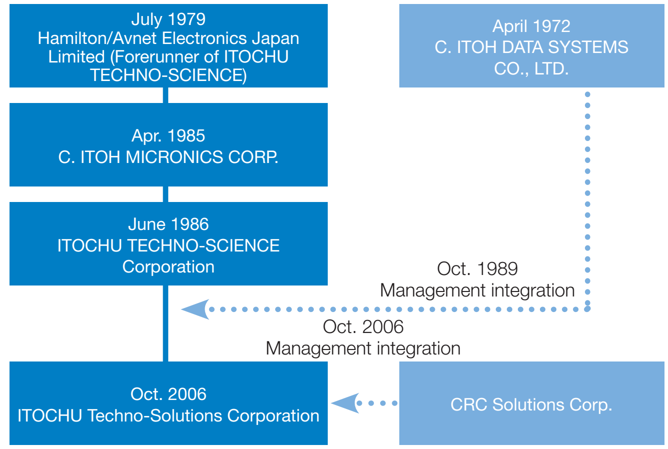
Number of Employees

7,228 (CTC Group Total, as of April 1, 2010)

Composition of CTC Employees



Company History (Apr. 1972 – Oct. 2006)



Company History (Oct. 2006–Apr. 2010)

2006 October	• ITOCHU TECHNO-SCIENCE Corporation and CRC Solutions Corp. merged to form ITOCHU Techno-Solutions Corporation.
2007 January	• Established the Osaki Development Center in Osaki, Shinagawa-ku, Tokyo
2008 July	• Established CTC SYSTEM OPERATIONS Corporation as a consolidated subsidiary
October	• Established the Mejirozaka Data Center in Bunkyo-ku, Tokyo
2010 April	• Established a company for employment promotion of handicapped persons, Hinari Corporation

CTC Group Companies

Consolidated Subsidiaries

Company	Paid-in Capital	Main Business Activities
CTC TECHNOLOGY CORPORATION	¥ 450 million	Maintenance and system management services, support services on system and network, system construction services, IT-related training
CRC Systems Corp.	¥ 200 million	Telecommunications and broadcasting operation services, software development services, solution services, centering on system operations management services
CTCSP CORPORATION	¥ 200 million	Sales of network and security-related equipment, storage devices and packaged software, and provision of related services
CTC LABORATORY SYSTEMS CORPORATION	¥ 300 million	Hardware for the pharmaceutical, chemical and food product industries, software sales and support, agency for fee-based services
CTC SYSTEM OPERATIONS Corporation	¥ 100 million	System operation services
CRC Facilities Corp.	¥ 100 million	Building facility operations management activities for computer centers (Yokohama, Kobe, Otemachi, Shibuya, Mejirozaka)
CTC BUSINESS SERVICE CORPORATION	¥ 100 million	Various business functions (human resources, administration) entrusted by CTC Group companies, as well as planning, producing and maintaining web content, and planning and producing advertising materials
First Contact Corporation	¥ 50 million	Contact center operations, helpdesk services, IT training, planning and implementation of IT training
Asahi Business Solutions Corp.	¥ 110 million	Overall system development, maintenance, operation and IT consulting

One other company (overseas)

Associated Companies Accounted for by the Equity Method

Company	Paid-in Capital	Main Business Activities
ITOCHU Technology Ventures, Inc.	¥ 100 million	Operation of investment funds for venture companies
IHI Scube Co., Ltd.	¥ 260 million	System development

Two other companies (one in Japan, one overseas)

Stock Information

As of March 31, 2010

Common Stock

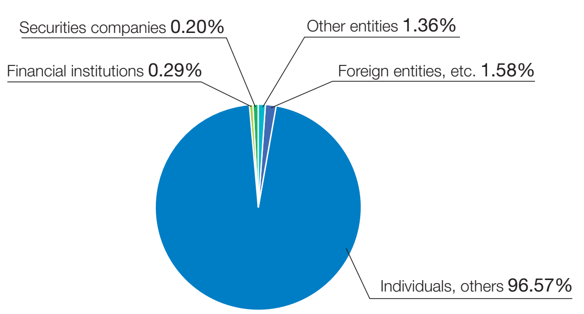
Authorized	246,000,000 shares
Issued (As of June 30, 2009)	64,500,000 shares
Number of Shareholders	19,347

Major Shareholders

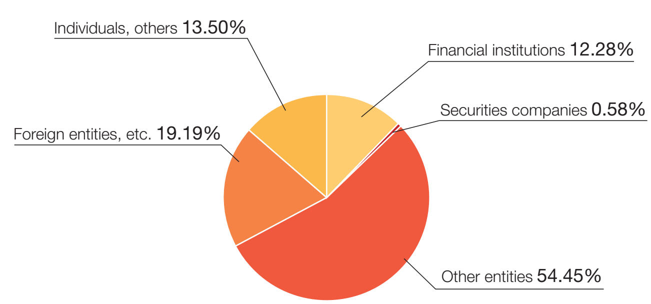
	Number of Shares	(%)
1. ITOCHU Corporation	33,665,400	52.19
2. CBNY-ORBIS SICAV	1,926,600	2.99
3. Japan Trustee Services Bank, Ltd. (Trust Account)	1,514,500	2.35
4. The Master Trust Bank of Japan, Ltd. (Trust Account)	1,297,100	2.01
5. SSB Client Omnibus OM04	1,093,300	1.70
6. CTC Employee Shareholding Association	959,068	1.49
7. Japan Trustee Services Bank, Ltd. (Trust Account 4)	852,200	1.32
8. Japan Trustee Services Bank, Ltd. (Trust Account 9)	782,300	1.21
9. The Chase Manhattan Bank NA London SL Omnibus Account	508,406	0.79
10. CREDIT SUISSE SEC (EUROPE) LTD PB SEC INT NON-TR CLT	424,400	0.66

Note: Additionally, as of June 30, 2010 the Company holds 470,399 shares of treasury stock.

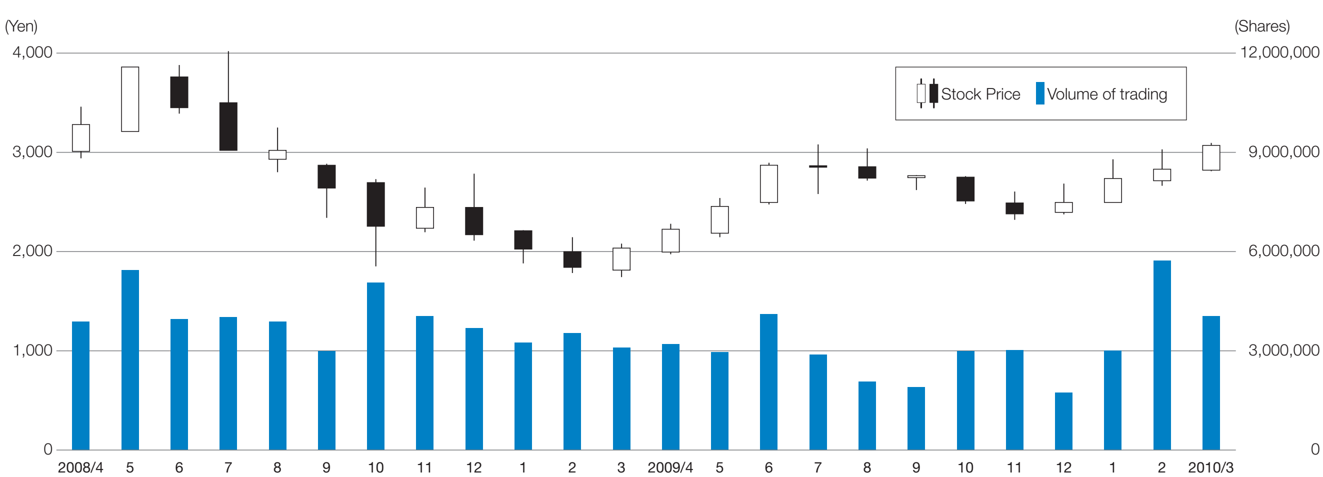
Breakdown by Number of Owners



Ownership by Percentage Shareholding



Stock Prices / Trading Volume Trends



Challenging Tomorrow's Changes

ITOCHU Techno-Solutions Corporation

http://www.ctc-g.co.jp/

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