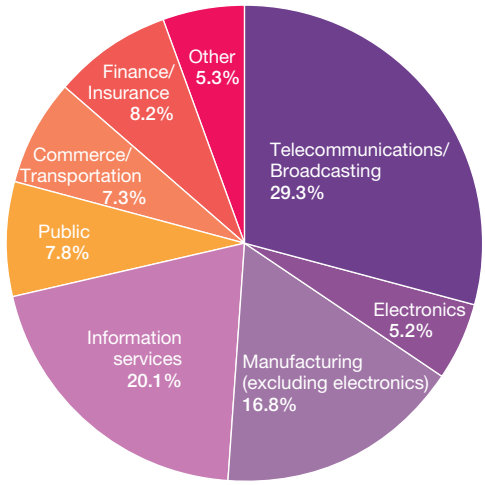
CTC Business Portfolio

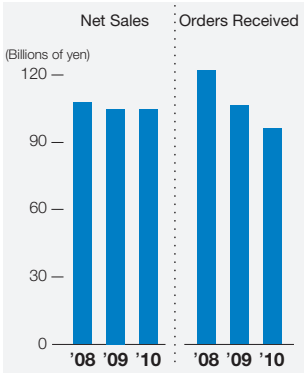
CTC is expanding its business activities based on a framework of seven business groups and one division in order to meet the needs of various customers. Accurately determining customer needs, each business group delivers optimal solutions for customers through a wide array of solution line-ups.

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



Telecommunication Systems Group

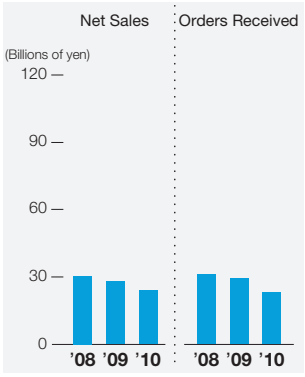
Net Sales and Orders Received by Group
(Years ended March 31)



Fiscal 2009 Overview of Business Performance

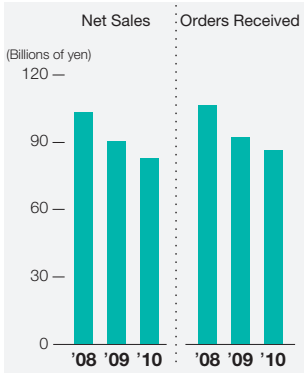
Despite being engaged in such growth segments as new technology investment projects, net sales and orders received fell year on year in the wake of subdued investments in major carriers.

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

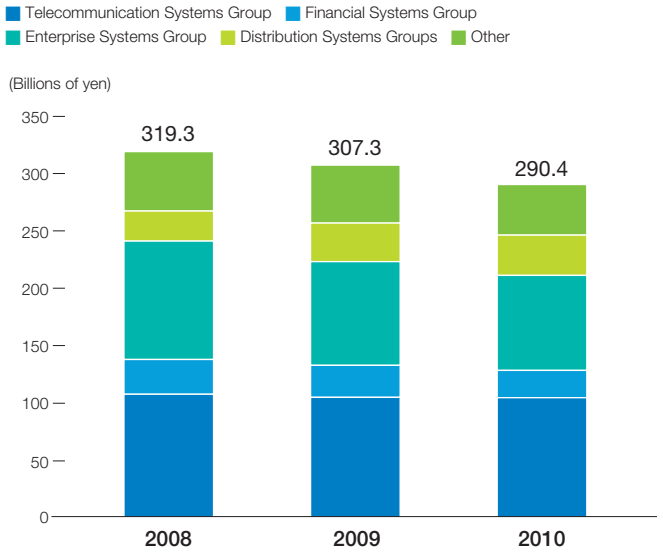


Although performance in the public utilities sector was favorable, net sales and orders received declined compared with the previous fiscal year. This was primarily due to decreases in product sales. Such sales were negatively impacted by curtailed investments in the manufacturing industry following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

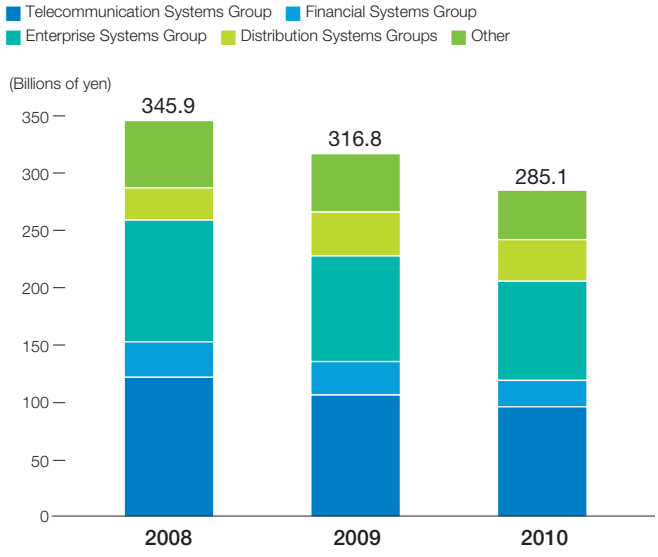
Business Range by Industry

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

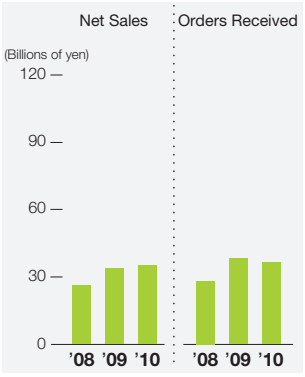
Net Sales by Group (Years ended March 31)



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

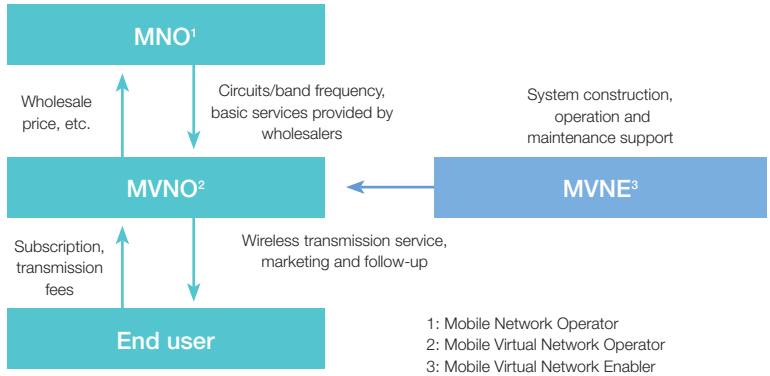
● Employees: 700 (approx.)

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.)

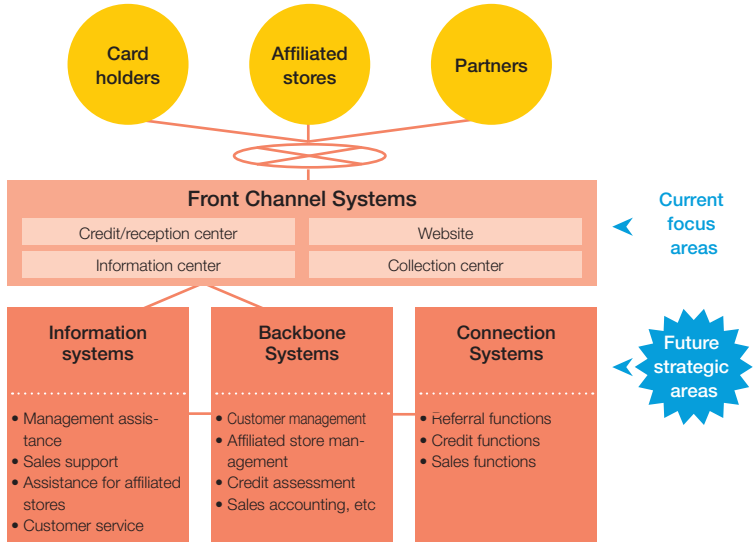
The Financial Systems Group proposes and develops business systems for the financial industry—which demands a high level of reliability and security—offering products and services that integrate new technical innovations into widely used industry technologies to provide the industry's best-quality technological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

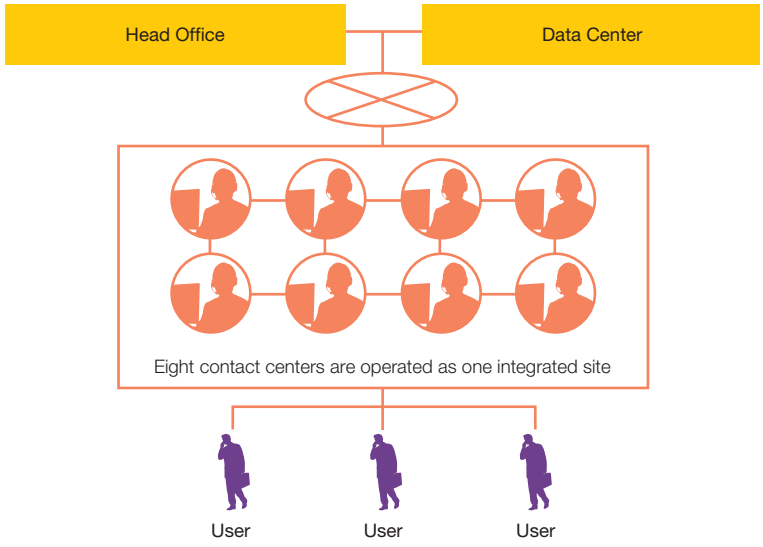
● Employees: 1,000 (approx.)

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.

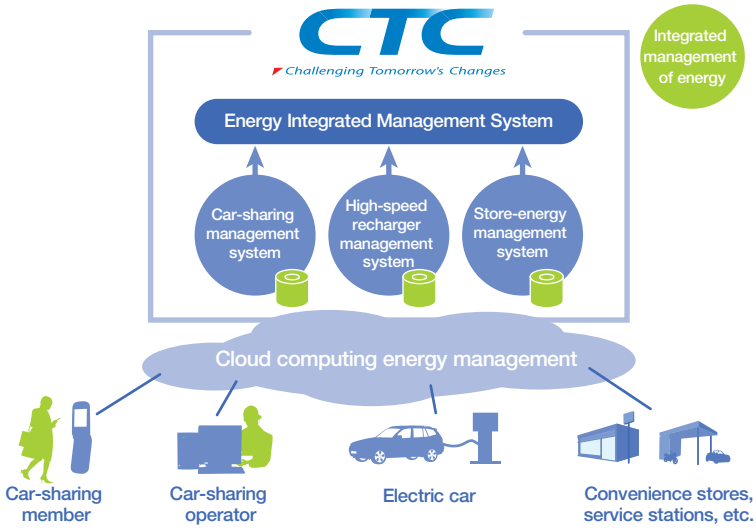
Science & Engineering Systems Division

● 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