



IT Holdings

- **Information Meeting Materials for the Fiscal Year ended March 31, 2012**
- **Second Medium-term Management Plan**

May 10, 2012

IT Holdings Corporation

Copyright © 2012 IT Holdings Corporation

Fiscal 2012 Financial Highlights

Fiscal 2013 Performance Forecasts

Second Medium-term Management Plan

Fiscal 2012 Financial Highlights



IT Holdings

- Path ahead was uncertain, obscured by impact of Great East Japan Earthquake as well as by slowdown in global economy, triggered by debt crisis in Europe, and exchange rate fluctuations.
- In this business environment, Company achieved year-on-year increases in net sales and income, with exception of net income. Notably, net sales and operating income also exceeded expectations.
- Drop in net income reflects extraordinary loss of about ¥7.8 billion (mainly, about ¥4.4 billion on introduction of special career-change support program—essentially, an early retirement program—and about ¥3.0 billion on Group’s office relocation and centralization) due to implementation of structural reforms aimed at jumpstarting a performance recovery in fiscal 2013.
- Plan year-end dividend of ¥18 per share.

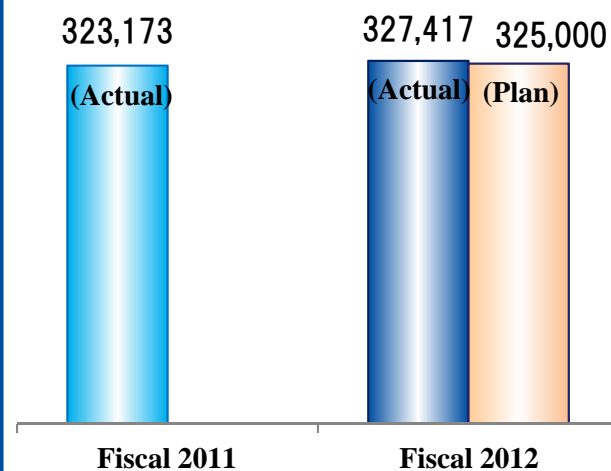
(Millions of yen)

<Net sales>

YOY change : + ¥4,244 million(+1.3%)

Differences from original estimates:

+2,417 million(+0.7%)

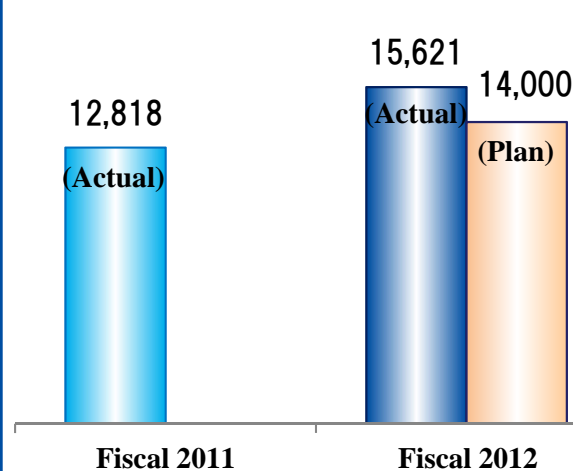


<Operating income>

YOY change: +¥2,803 million(+21.9%)

Differences from original estimates:

+¥1,621 million (+11.6%)

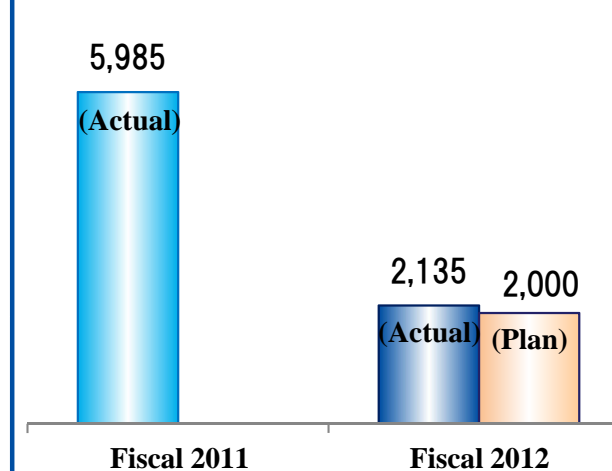


<Net income>

YOY change: - ¥3,850 million(-64.3%)

Differences from original estimates:

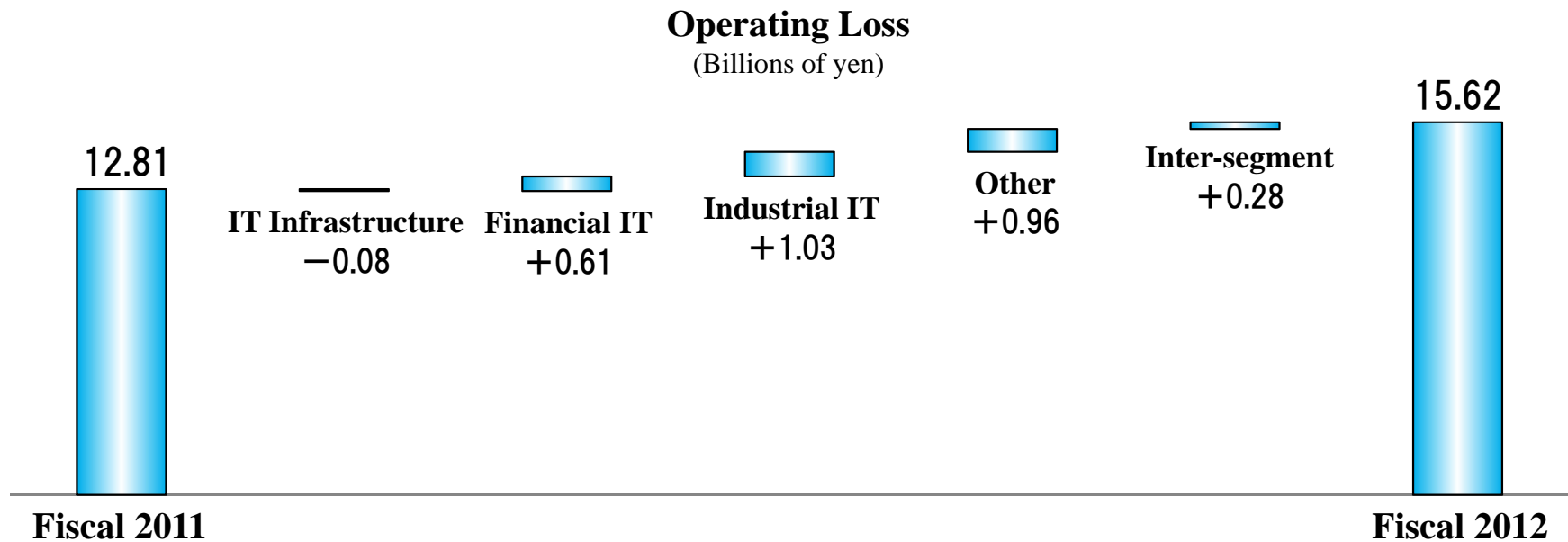
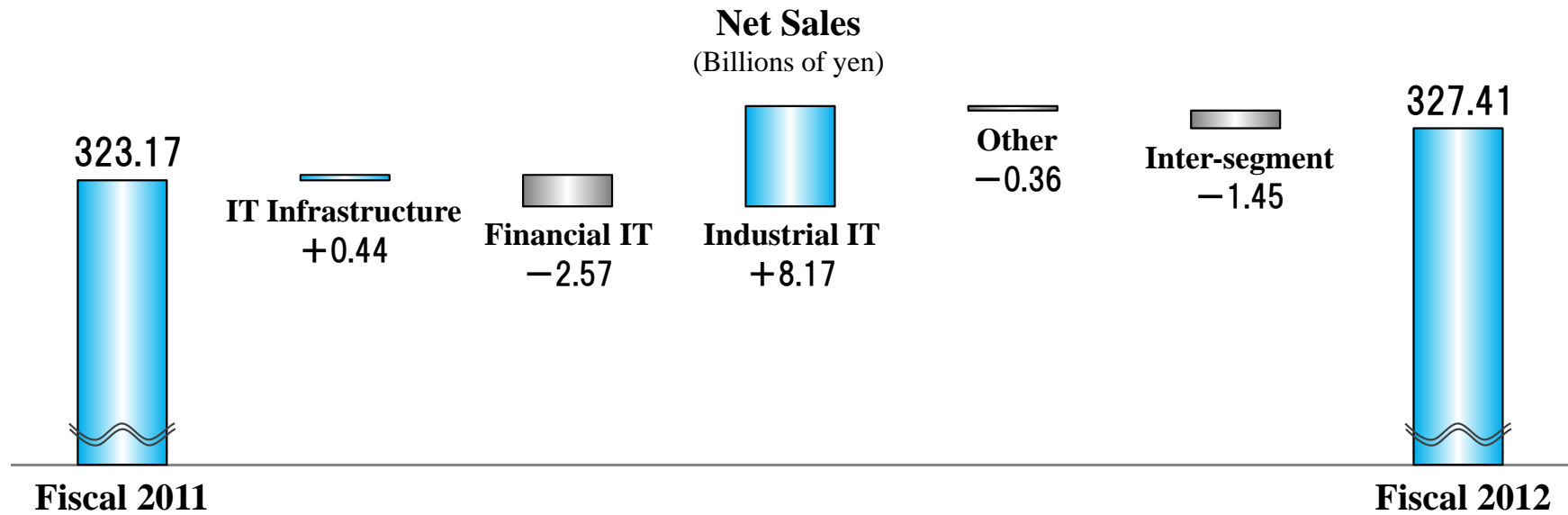
+¥135 million (+6.8%)



* Estimates are amounts announced on November 2, 2011.

Fiscal 2012 Net Sales and Operating Income Analysis

(YOY Comparison)

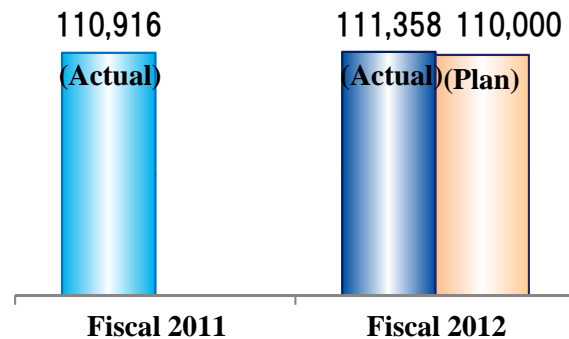


Fiscal 2012: Sales and Income for Key Segments

IT Infrastructure Services

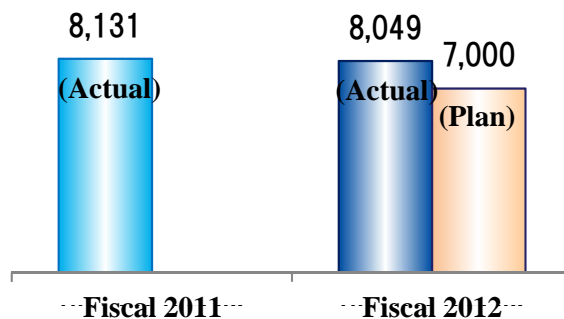
Net Sales

Up 0.4% year-on-year and 1.2% better than expected. Benefited from higher business continuity planning (BCP) and disaster recovery (DR)-related demand, but struggled for business process outsourcing (BPO) contracts and encountered fewer business opportunities from some financial sector clients.



Operating Income

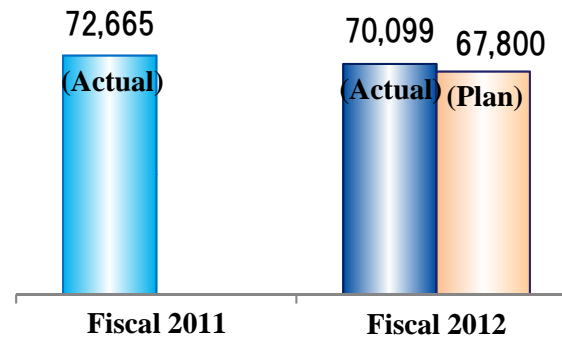
Down 1.0% year-on-year but 15.0% better than expected. Cost-cutting efforts offset upfront investment at GDC Gotenyama, keeping results fairly stable.



Financial IT Services

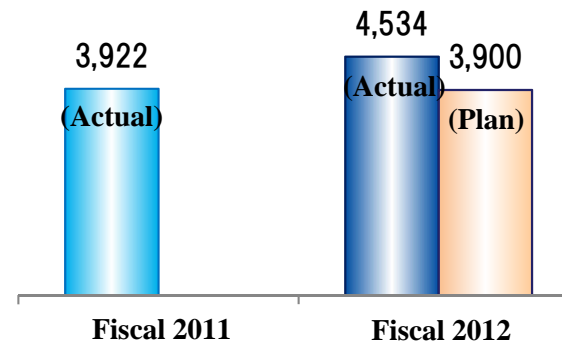
Net Sales

Down 3.5% year-on-year but 3.4% better than expected. Sales down year-on-year, mainly reflecting efforts by clients in credit card sector to curb investment and the fact that projects for major insurers peaked.



Operating Income

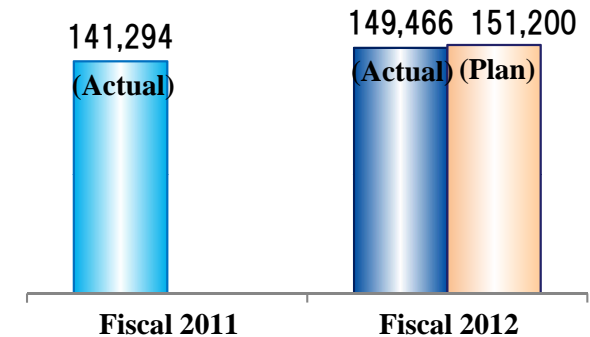
Up 15.6% year-on-year and 16.3% better than expected. Cost-cutting efforts offset the impact of lower sales, pushing results above target and higher than in fiscal 2011.



Industrial IT Services

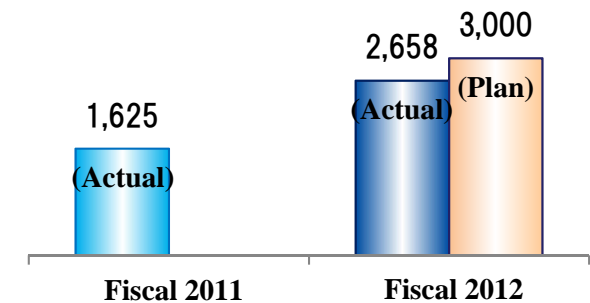
Net Sales

Up 5.8% year-on-year but 1.1% less than expected. Saw dramatic improvement, thanks to favorable order activity for small and mid-sized projects and the addition of large projects for principal clients.



Operating Income

Up 63.6% year-on-year but 11.4% less than expected. Increased income, thanks to higher sales, as well as fewer unprofitable projects and a reduction in costs helped boost operating income year-on-year.



* Estimates are amounts announced on November 2, 2011. Segment sales include intersegment sales.

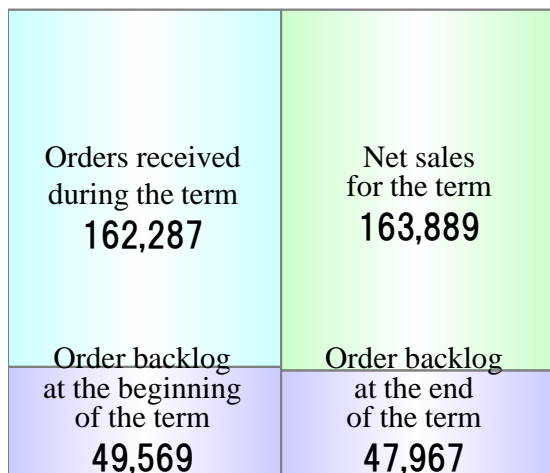
Fiscal 2012: Order Status

(Millions of yen)

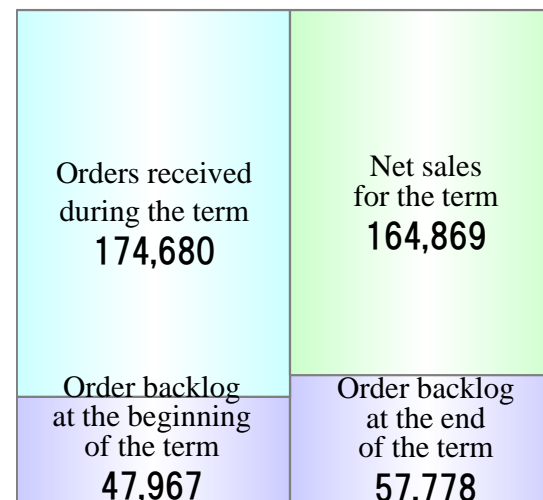


Built up number of small and mid-sized projects for industrial-sector clients, leading to huge increases in both order volume and backlog.

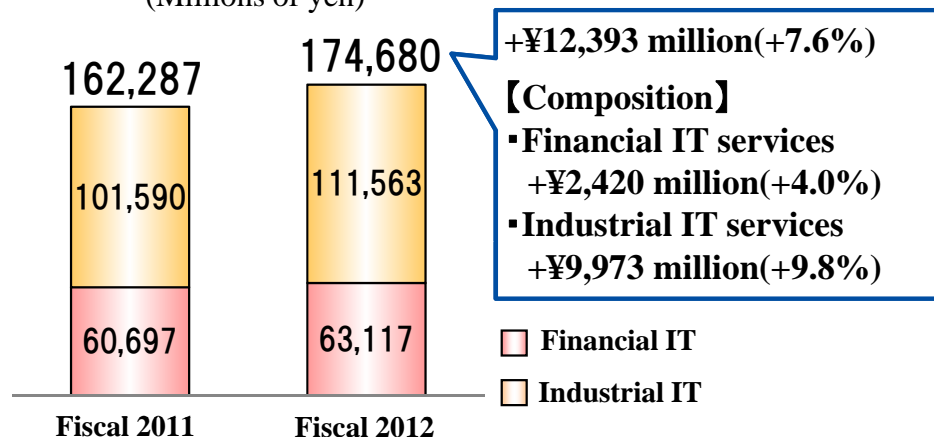
Fiscal 2011
(Millions of yen)



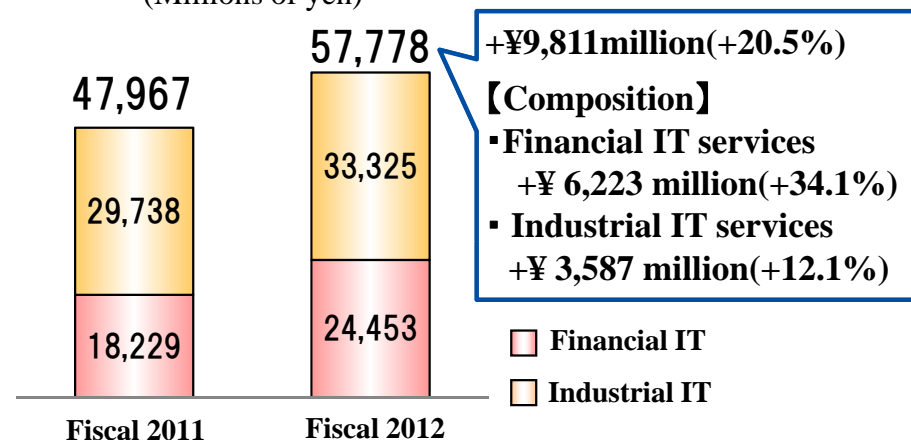
Fiscal 2012
(Millions of yen)



Orders received during the term
(Millions of yen)



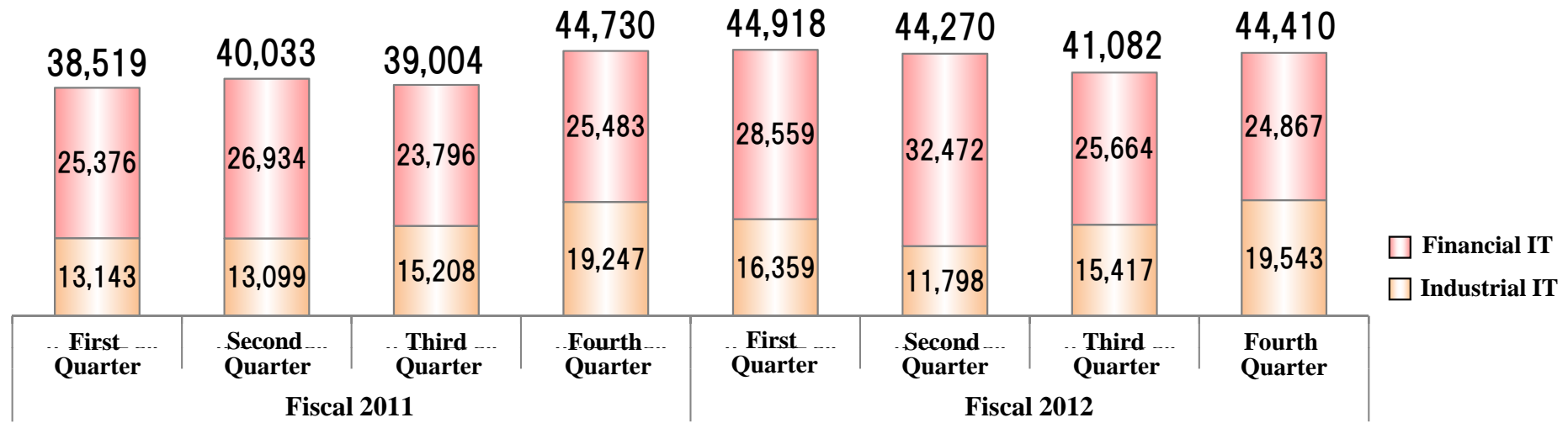
Order backlog at the end of the term
(Millions of yen)



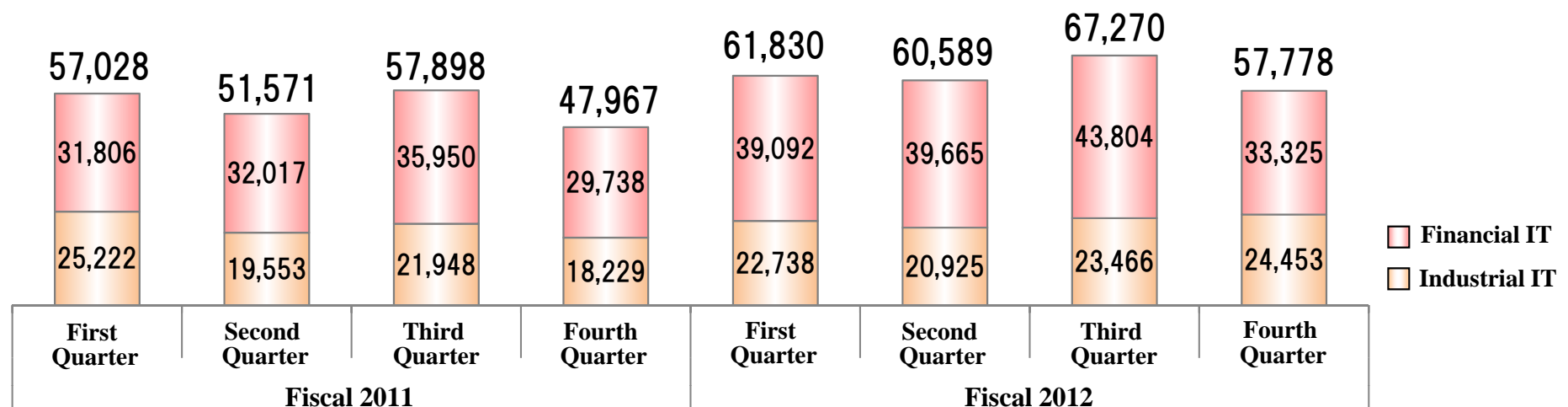
* Order volume and backlog at end of fiscal year and net sales apply to Software Development only.

Quarterly Order Status

Orders received during the term (Millions of yen)



Order backlog at the end of the term (Millions of yen)



Quarterly order volume, end-of-quarter backlog and quarterly net sales apply to Software Development only.

Fiscal 2012 Financial Highlights

Fiscal 2013 Performance Forecasts

Second Medium-term Management Plan

Understanding the External Environment

IT investment trends among our clients indicate a return to positive growth albeit at a gradual pace.

IT Infrastructure Services

- Lots of inquiries for data center services as clients seek to deal with restrictions on electricity consumption and secure alternate sites vital to BCP to ensure little or no disruption to business activities in times of disaster.
- Sales are increasing with capture of overseas communication-based demand.



Financial IT Services

- IT investment by credit card companies is rebounding thanks to a recovery in business results. In addition, demand is up for such services as new settlement solutions geared to mobile applications.
- Overall, IT investment should expand, buoyed by megabanks and the integration of insurance companies.



Industrial IT Services

- Trends in the public sector and among electrical equipment makers are uncertain, but IT investment, particularly for enterprise resource planning (ERP), should remain steady, especially among manufacturers, paralleling a shift in production to locations overseas. Demand for global support will also continue.
- Demand for call center solutions is expanding as providers seek to enhance their services.
- IT investment could increase if the national government's plan to introduce a common number program—the “My Number” program—to simplify social security and tax services is approved in public sectors.

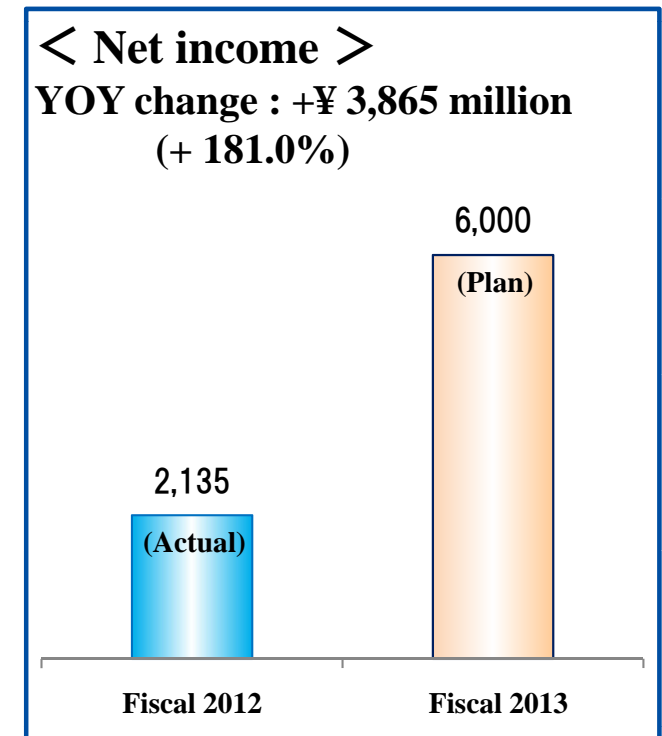
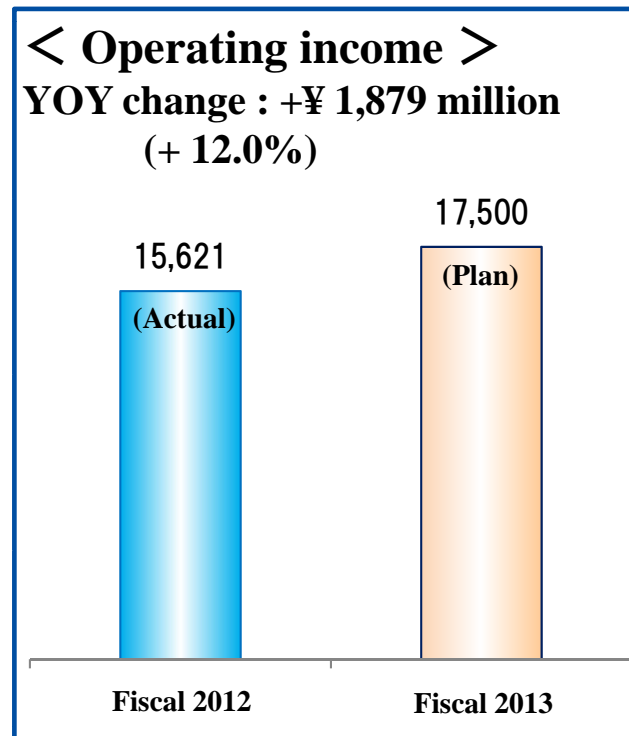
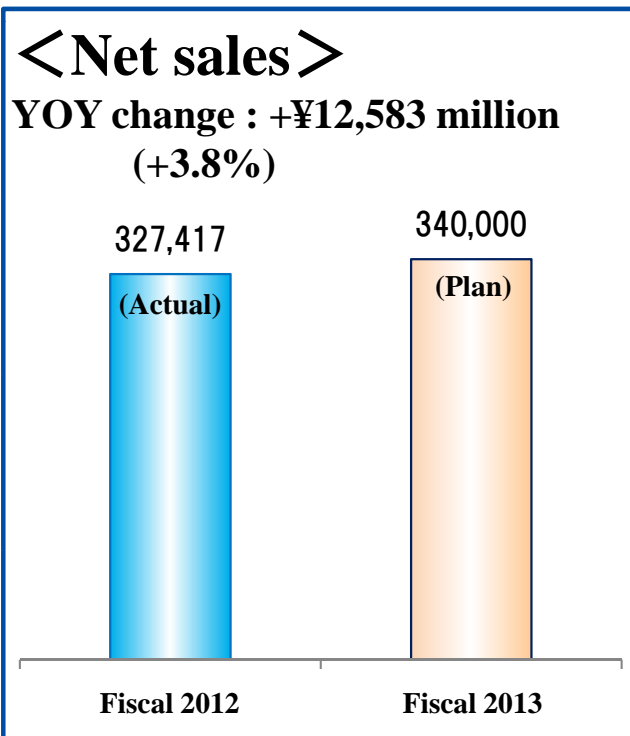


* These trends may differ from general industry trends since management's assumptions also take into consideration the status of IT investment by clients of the ITHD Group.

Fiscal 2013: Performance Forecasts

- First year of Second Medium-term Management Plan. Will steer Group along steady performance-recovery path.
- Top-line emphasis should lead to ¥12.5 billion increase in net sales. Anticipate increase in large projects for principal clients in manufacturing industry and further expansion in demand from industrial sectors. Accumulated order backlog at the end of fiscal 2012 will provide stable source of revenue.
- Despite successful structural reforms executed in fiscal 2012, profits will probably remain flat, owing to the impact of such expenses as upfront investments and higher electricity rates.
- While taking into account the need to apply internal reserves toward upfront investments, management is looking to raise the dividend ¥3, to ¥21 per share, comprising a ¥7 interim dividend and a ¥14 year-end dividend, for a payout ratio of 30.7%.

(Millions of yen)

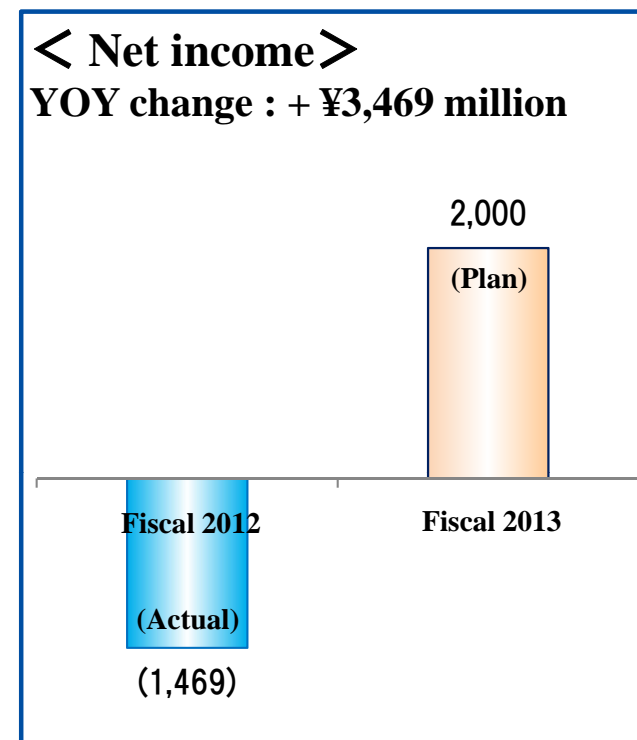
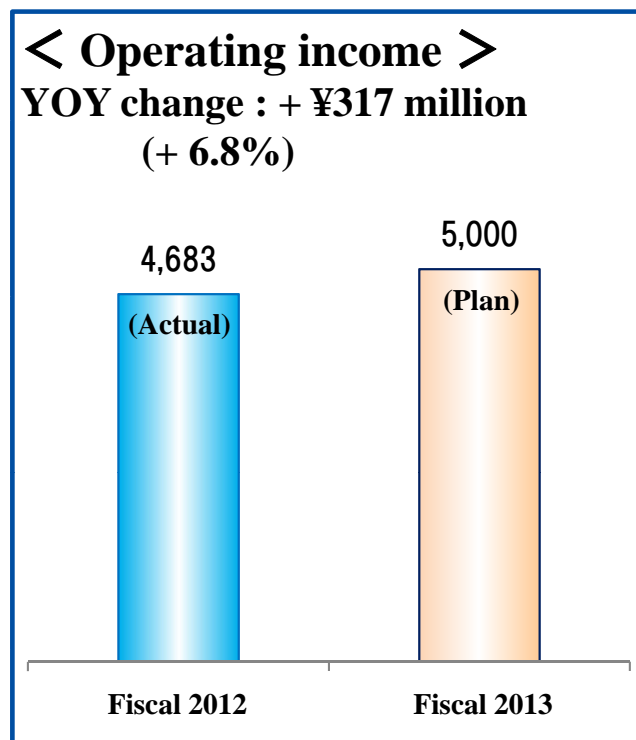
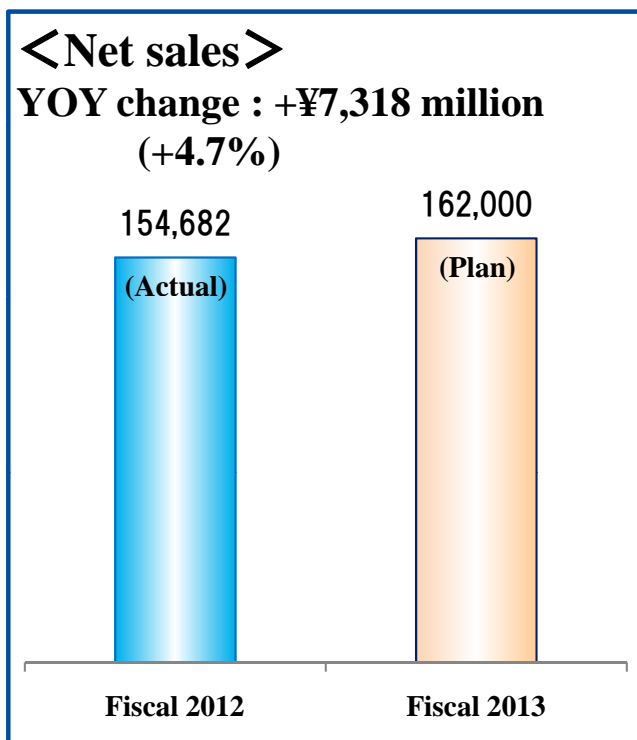


Fiscal 2013 First-Two Quarters: Performance Forecasts

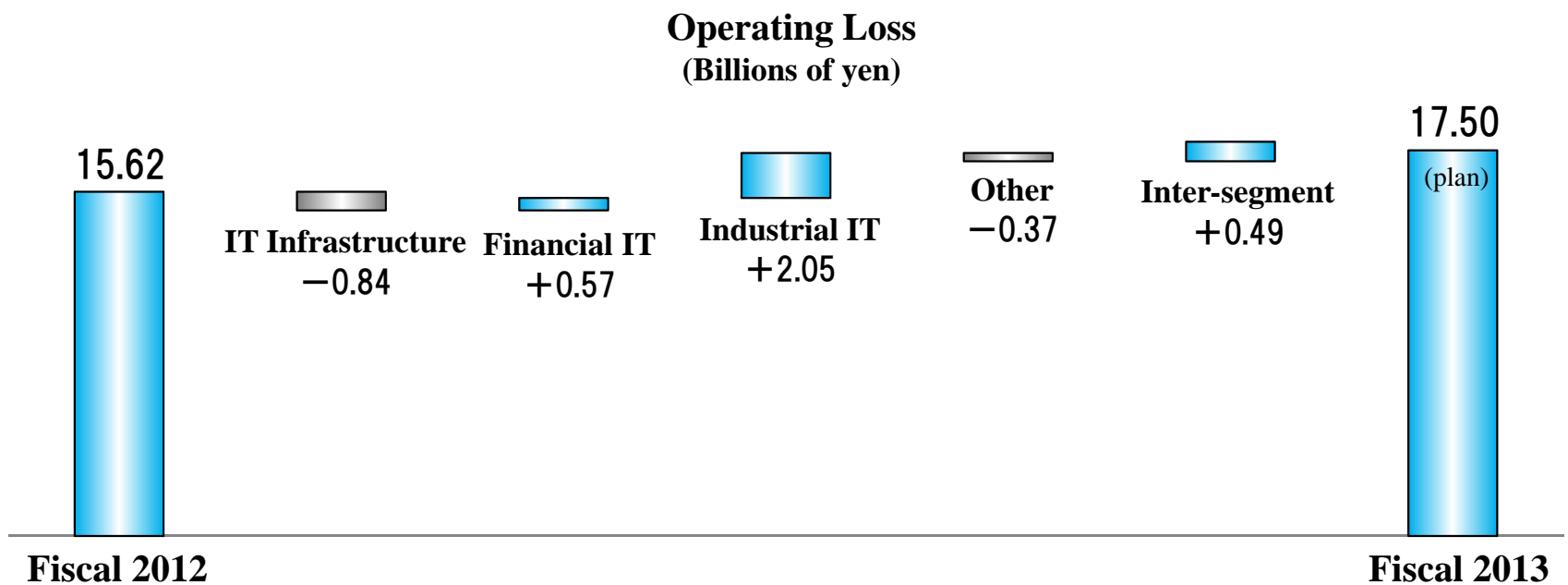
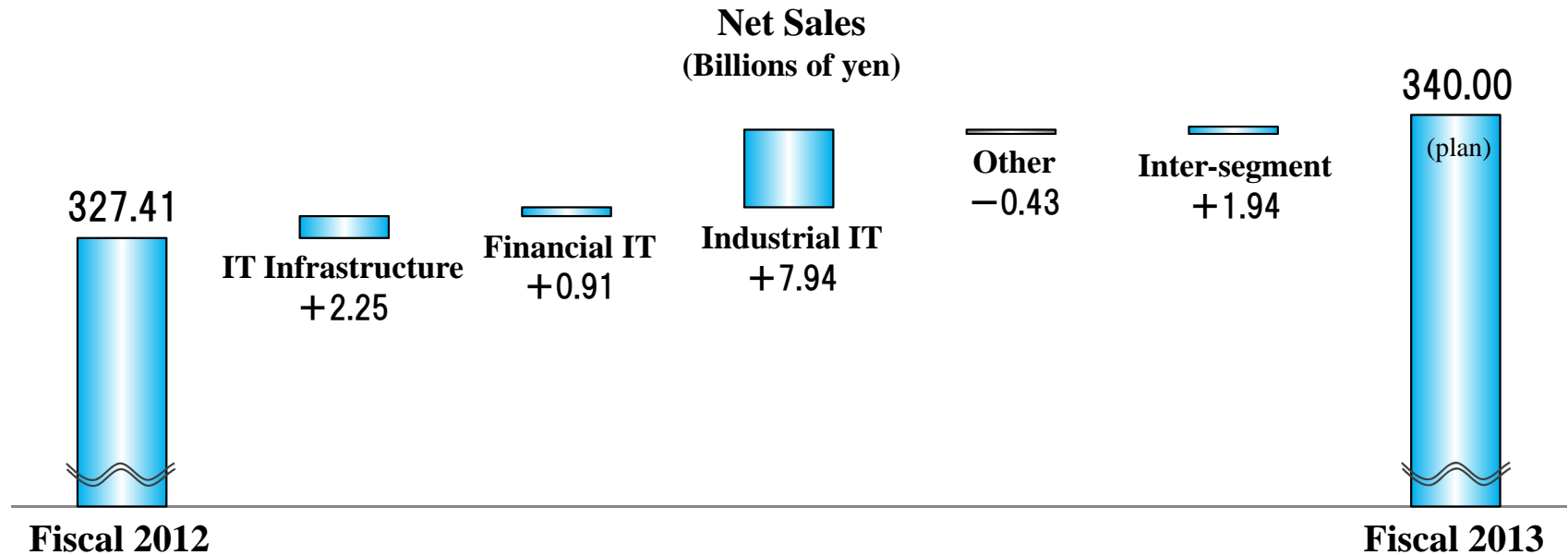


IT Holdings

(Millions of yen)



Fiscal 2013 Net Sales and Operating Income Analysis (Forecasts)



Fiscal 2013: Anticipated Key Segment Performances

(Millions of yen)



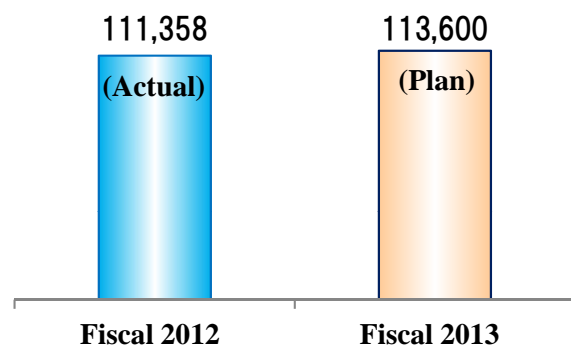
IT Holdings

IT Infrastructure Services

Net Sales

Up 2.0% year-on-year.

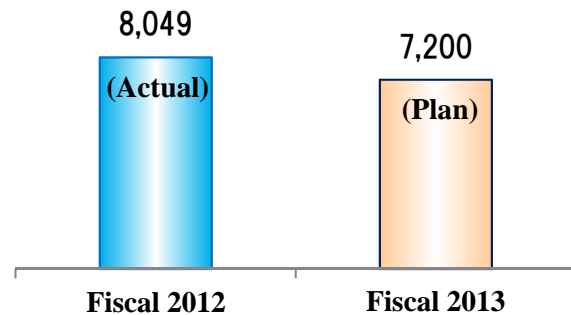
Heightened demand for BCP services and disaster recovery responses, in particular, should boost service-utilization rate at GDC Gotenyama, which will buoy revenues.



Operating Income

Down 10.5% year-on-year.

Operating income will benefit from improved service-utilization rate at GDC Gotenyama, but impact of higher electricity rates will probably lead to a drop in income for the year.

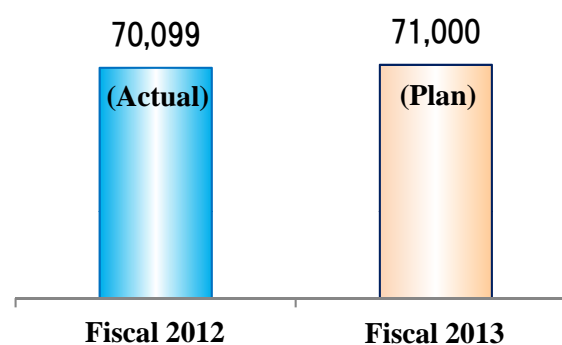


Financial IT Services

Net Sales

Up 1.3% year-on-year.

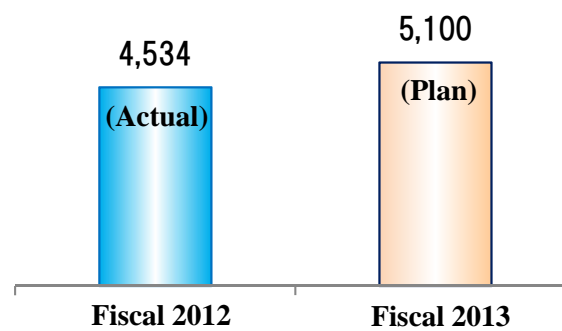
Revenues should grow, thanks to rallying demand from credit card companies.



Operating Income

Up 12.5% year-on-year.

Operating income should rise, owing to positive impact of rallying demand from credit card companies on operating rates.

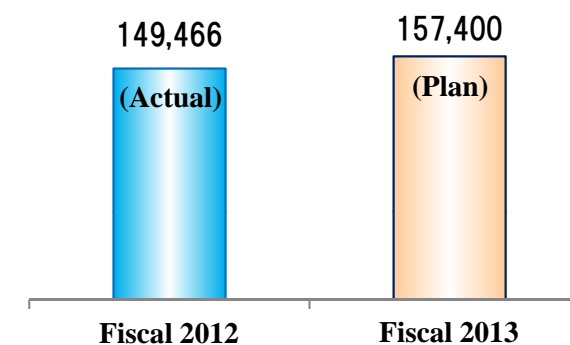


Industrial IT Services

Net Sales

Up 5.3% year-on-year.

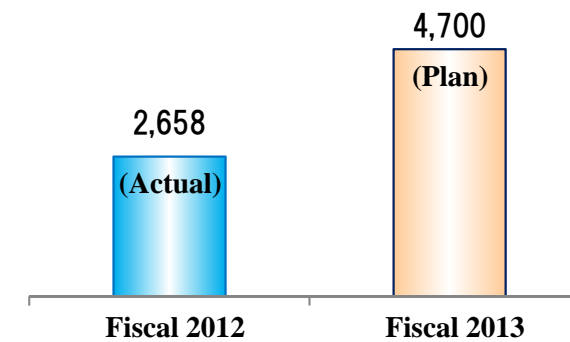
Revenues should increase, reflecting an increase in large projects for principal clients as well as further expansion in demand from industrial sectors.



Operating Income

Up 76.8% year-on-year.

Expect operating income to soar, mainly because of higher revenues.



* Estimates are amounts announced on November 2, 2011. Segment sales include intersegment sales.

Fiscal 2013: ITHD Group Management Direction



In fiscal 2013, the first year of the Second Medium-term Management Plan, the Group will prioritize the following objectives.

Basic Concepts in the Second Medium-term Management Plan	ITHD Group Management Direction for Fiscal 2013
Top-Line Emphasis	<p>Make this fiscal year the time for a full-fledged V-shaped recovery and strive to expand net sales.</p> <ul style="list-style-type: none"> • Strengthen hold on executives at client companies to rebuild the client base. • Emphasize approaches toward previously untapped growth companies and growth fields. • Revamp marketing activities. • Apply new strategies in the corporate arsenal to promote a paradigm shift in system engineering.
as One Company	<p>Cultivate a stronger sense of unity to optimize Group capabilities.</p> <ul style="list-style-type: none"> • Consider additional consolidation of corporate functions as a way to take the positive impact of office integration to an even higher level. • Complete next-stage Group business management systems ⇒ Activation in April 2013 (first group of companies).
Enterprising and Bold	<p>Execute business transformation. Take steps to turn business activities into marketable services and take those services worldwide.</p> <ul style="list-style-type: none"> • Enhance marketing capabilities to expand market-launching services. • Accelerate globalization, with focus on ASEAN region. ⇒ Get businesses going in Thailand and Singapore (local representative offices) • Establish investment committee. • Establish ITHD College ⇒ Cultivate core personnel, global personnel and personnel who can promote business.

Fiscal 2012 Financial Highlights

Fiscal 2013 Performance Forecasts

Second Medium-term Management Plan

Looking Back at First Medium-term Management Plan

“IT Evolution 2011”

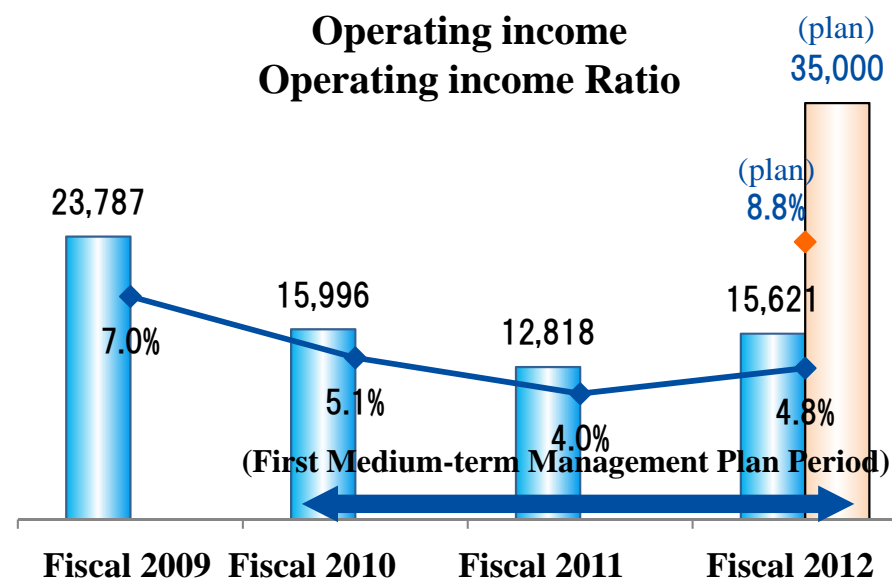
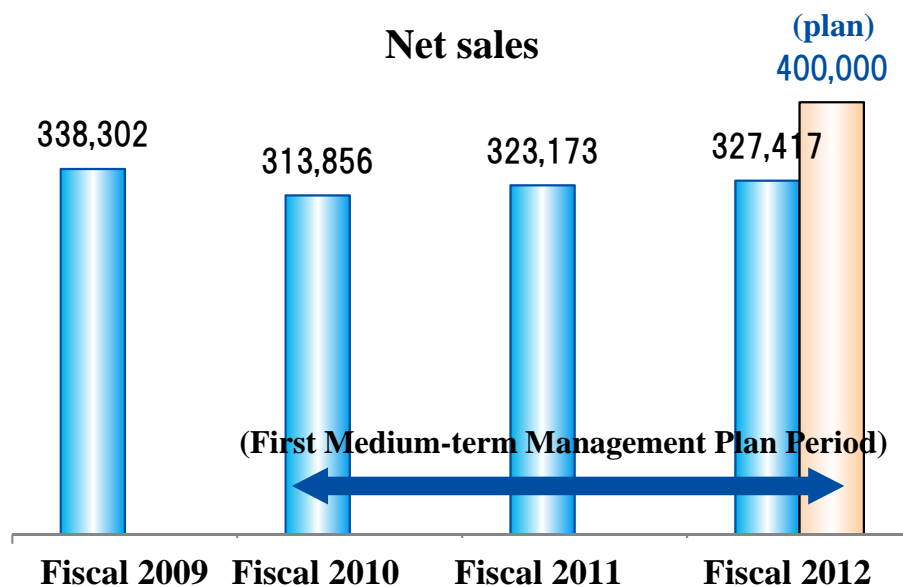


IT Holdings

Since its establishment in April 2008, ITHD has capitalized on internal opportunities while coping with external challenges. While expanding business content by bringing SORUN Corporation under the ITHD Group umbrella, the Company has posted sluggish consolidated results, mainly due to the dramatically performance-eroding effect of such events as the Lehman shock, yen appreciation and natural disasters. Consequently, the Group fell significantly short of the targets set by the Company in the first medium-term management plan “IT Evolution 2011”.

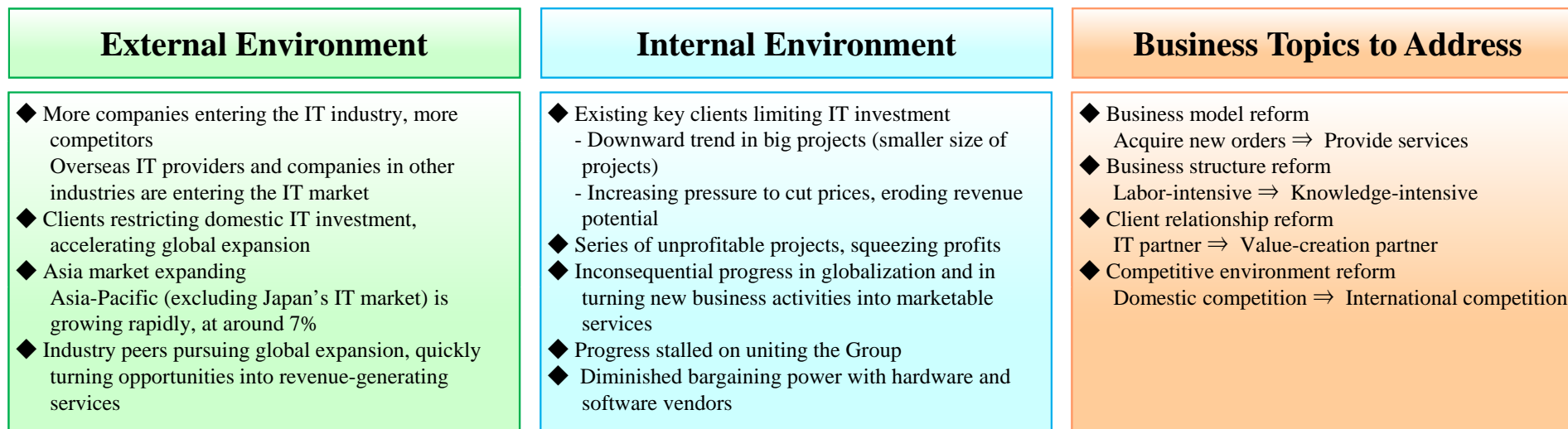
Key Concerns

1. Low consolidated net sales growth
2. Core clients limiting IT investment
3. Poor external evaluation and weakened brand power
4. Inefficient business investments (company basis)
5. Redundant corporate functions
6. Deteriorating Group governance capabilities



*Performance results achieved by SORUN, which became a consolidated subsidiary of ITHD in December 2009 and later merged with TIS, are reflected in ITHD results from the fourth quarter of fiscal 2010, ended March 2010.

Desired Corporate Group Image



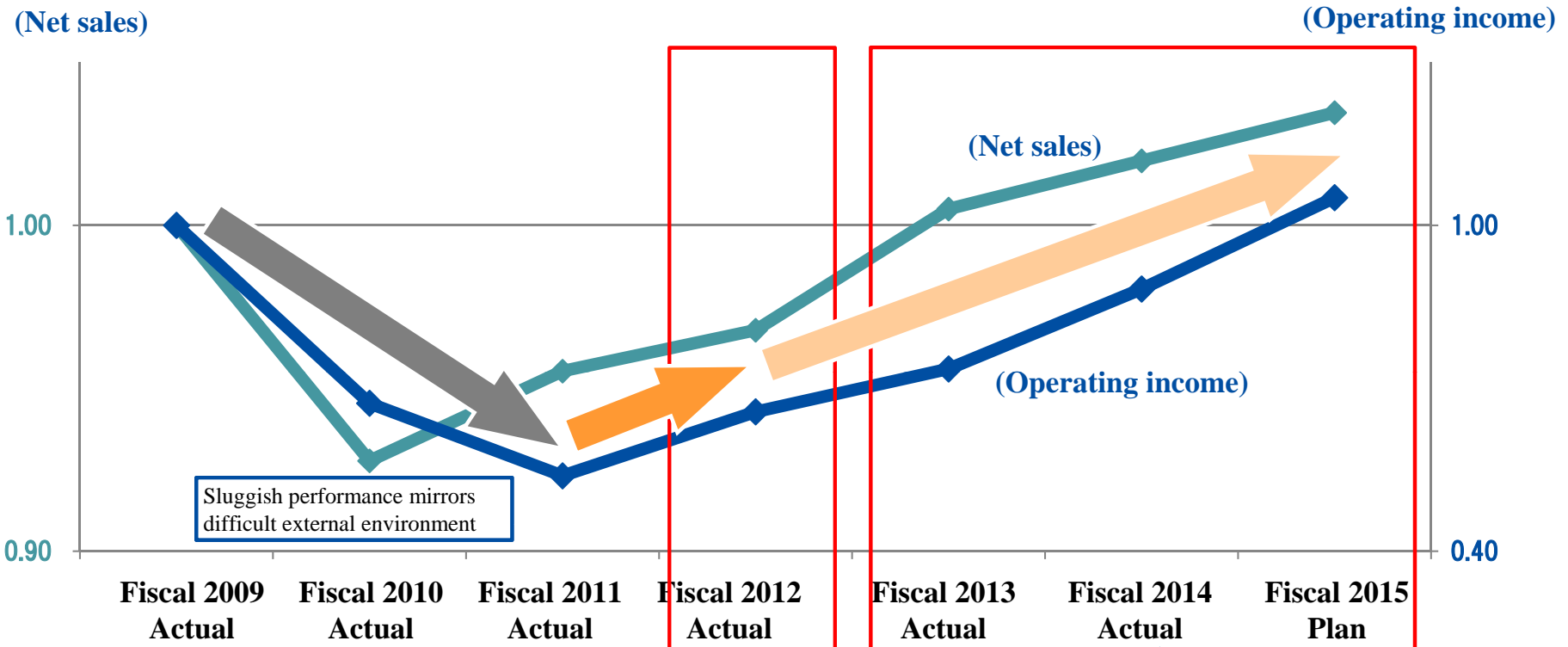
Bold reforms are inescapable necessity

- Even in a difficult economic environment, growth is possible with enterprising efforts in promising fields. ITHD Group is unable to rid itself of conventional business style.
- Group cannot fully demonstrate overall capabilities under a “corporate consortium” optimized to each subsidiary under the Group umbrella. A blueprint for totally revamping operations is urgently needed for the Group to demonstrate truly comprehensive capabilities.

Desired Corporate Group Image
Corporate IT group achieving reforms as a unified organization

Placement of the Second Medium-term Management Plan

Below, net sales and operating income are indexed against fiscal 2009 results, denoted as 1.0.



Fiscal 2012

Implemented drastic structural reforms to facilitate medium- to long-term growth. Built resilient business structure.

- Made progress on realigning Group formation, kicked off by merger of SORUN and UFIT into TIS Inc.
- Executed relocation/concentration of Group offices into the Tokyo area.
- Introduced special career-change support program to underpin corporate restructuring at TIS.

Fiscal 2013 through Fiscal 2015 (Second Medium-term Management Plan)

Seek transformation guided by three basic concepts: **“Top-Line Emphasis”, “as One Company” and “Bold and Enterprising”**. Anticipate full-fledged V-shaped recovery and return to growth.

Slogan

Taking on Transformation — Brave Steps 2014 —

Basic Concepts

Top-Line Emphasis

The IT market has shown signs of shrinking over the past few years. Nonetheless, we have endeavored to expand business with sales in mind. We will prioritize a commitment to growth—that is, to achieve higher revenues—at all costs.

as One Company

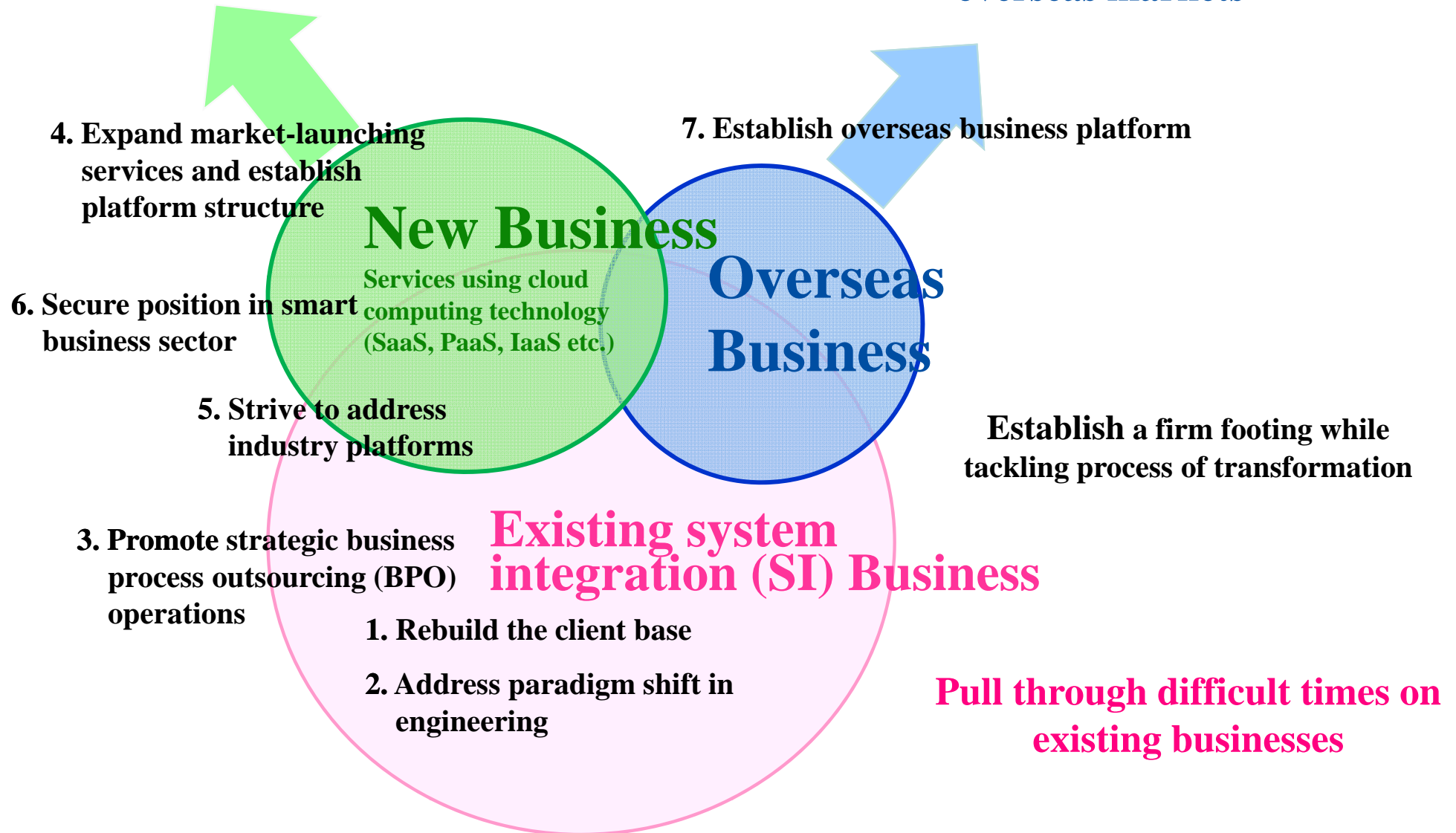
To enhance investment capabilities and promote robust business expansion, we will cultivate a group atmosphere that evokes a sense of unity and build a corporate collective centered on ITHD and acting as one company.

Enterprising and Bold

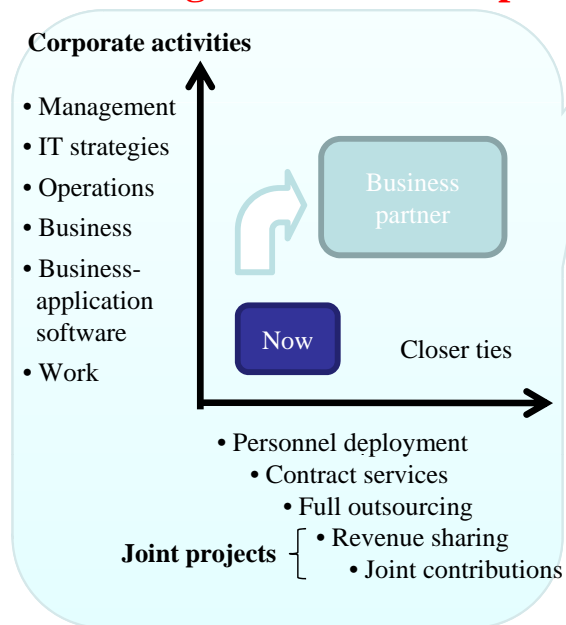
Dealing with paradigm shifts, such as globalization and the evolution of services, is not possible without an enterprising and bold resolve to take risks. We will be conscious of challenges as we pursue business activities.

Market creation through differentiated services

Secure independent position in overseas markets



Evolving role as business partner



1. From contract service provider to business partner
2. Focused approach into growth fields
3. New types of business solutions

Dramatic improvement in marketing capabilities

- Enhance proposal capabilities
- Capture and utilize industry sector knowledge
- Hone ability to build bonds of trust
- Broaden appeal to decision-making executives

Brisk entry into sectors with growth potential

Growth industries

- Communications
- Construction and civil engineering
- Games

- Environment/energy
- Smart cities

- Tourism
- Restaurants
- Agriculture and fishing

Growth sectors

Areas of untapped demand for IT

Try out new client-capture models emphasizing advantages and unexpected benefits to clients

Examples:

- Company-wide information system BPO model
- Agile development and presentation model
- Multi-client solution industry platform model

Activities of Principal Subsidiaries

■ TIS

Utilize new solutions for settlement and ERP (from SAP and Oracle) and build pillars of business comparable to that of services for clients in the credit card sector.

Promote business expansion in the ASEAN region and around the world from the hub in Singapore.

■ INTEC

Strengthen currently held platform foundation, including F³ (F cube) and platforms related to consumer goods, and emphasis industry platform creation and a shift toward service-style business models.

Headline Example 1: Using Technologies, Developing New Services



High-level voice communication combining the Internet and voice over phone systems (equipment and networks).

Established technology by fusing know-how accumulated within the Group. Promoting services to clients in various fields.



Marketing / Gauge Impact of Advertising

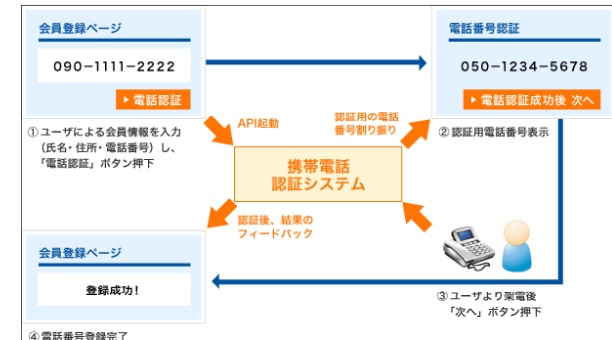
Call Notes is an SaaS-type incoming call management service.

Visualizes response to advertising by tracking incoming calls.
Applications include Hot Pepper Gourmet, a cuisine-focused site operated by RECRUIT Co., Ltd.

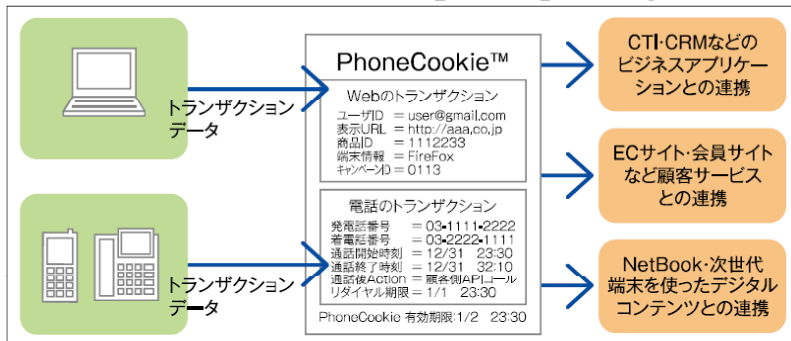
Promotional Push

Call Crayons enhances corporate connection to customers.
Service shows exactly where the caller is.
Subscribers include Rakuten Travel, Inc.

Outline of Mobile Phone Identification Service



Outline of PhoneCookie (patent pending)



Improved Transaction Reliability

Began mobile phone identification service

Creates secure identification step utilizing personal phone number.
Utilizes Call Crayons' PhoneCookie (patent pending) technology
Shopping site Bidders, operated by DeNA Co., Ltd., is an advance user of the service.

Headline Example 2: Solution Development Good for Overseas Applications

➤ AToMsQube—Cloud-oriented production-control system

Technology and know-how accumulated through system development for major clients

Design principles allowing for global development

- Provided in cloud form
- Early completion of localized Chinese version

Manufacturers need to install and/or upgrade production-control systems paralleling expanded production in such growth markets as China



AToMsQube

Promoting sales while enhancing structure, including better features and connectivity between providers and other software. Receiving more inquiries from interested companies in Asia, particularly China, as well as the ASEAN region.

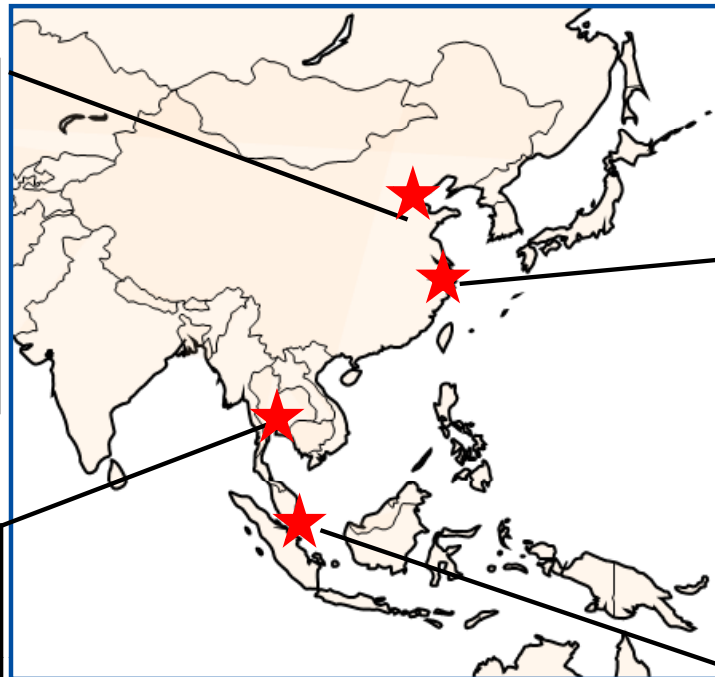
- **Actual applications: About 50 systems in use or in the process of being introduced**
⇒ **Mainly manufacturers in China (Komatsu-affiliated factories, general customers)**
- **Target: Total of 100 orders in China by March 31, 2013**

Headline Example 3: Accelerating Global Expansion

		China	ASEAN
Overseas sales	Overseas expansion by Japanese companies	<ul style="list-style-type: none"> ▪ TISI (Shanghai) ▪ INTEC ▪ Qualica / Qualica (Shanghai) 	<ul style="list-style-type: none"> ▪ TISI (Singapore) ▪ INTEC Thai
	Local market Reinforced sector	<ul style="list-style-type: none"> ▪ Tianjin TIS Hi-tech ▪ Qualica / Qualica (Shanghai) 	<ul style="list-style-type: none"> ▪ TIS Ho Chi Minh representative office
Overseas sales	Offshore BPO New sector	<ul style="list-style-type: none"> ▪ Tianjin TIS Hi-tech—AGREX 	<ul style="list-style-type: none"> ▪ INTEC Thai—AGREX
	Offshore development	Used and promoted groupwide	

March 2012
Tianjin TIS Hi-tech Information System Service Co., Ltd.

- Macromill China, Inc., adopts PaaS/IaaS-style cloud service “xiang yun.”
- Business alliance with ChinaCache International Holdings Ltd, a leading provider of content delivery network (CDN) services in China.



Official names of the companies listed in the table above.

- INTEC Thai: INTEC SYSTEMS BANGKOK CO., LTD.
- Qualica (Shanghai): Qualica (Shanghai) Inc.
- TISI (Shanghai): TISI (Shanghai) Co., Ltd.
- TISI (Singapore): TISI (Singapore) Pte. Ltd.
- Tianjin TIS Hi-tech: Tianjin TIS Hi-tech Information System Service Co., Ltd.

April 2011
Qualica (Shanghai) Inc.
Strengthened structure to enhance business capabilities and results in China.

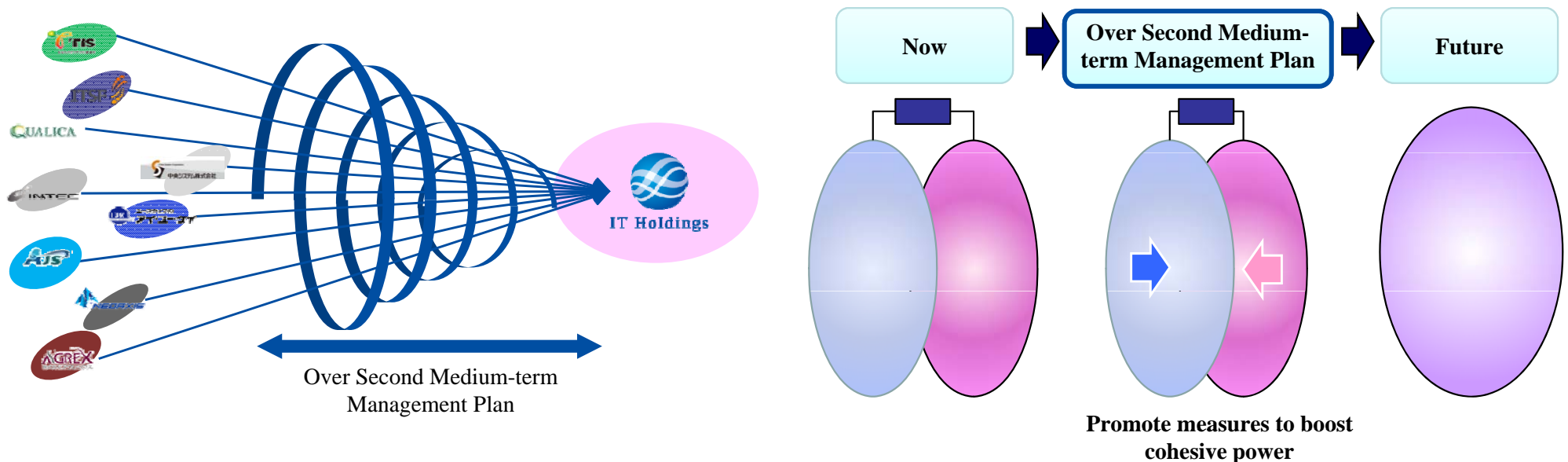
February 2012
INTEC SYSTEMS BANGKOK CO., LTD.
Local representative office established in Thailand.

January 2012
TISI (Singapore) Pte. Ltd.
Local representative office established in Singapore.

Second Medium-term Management Plan: Management Structure Supporting Growth

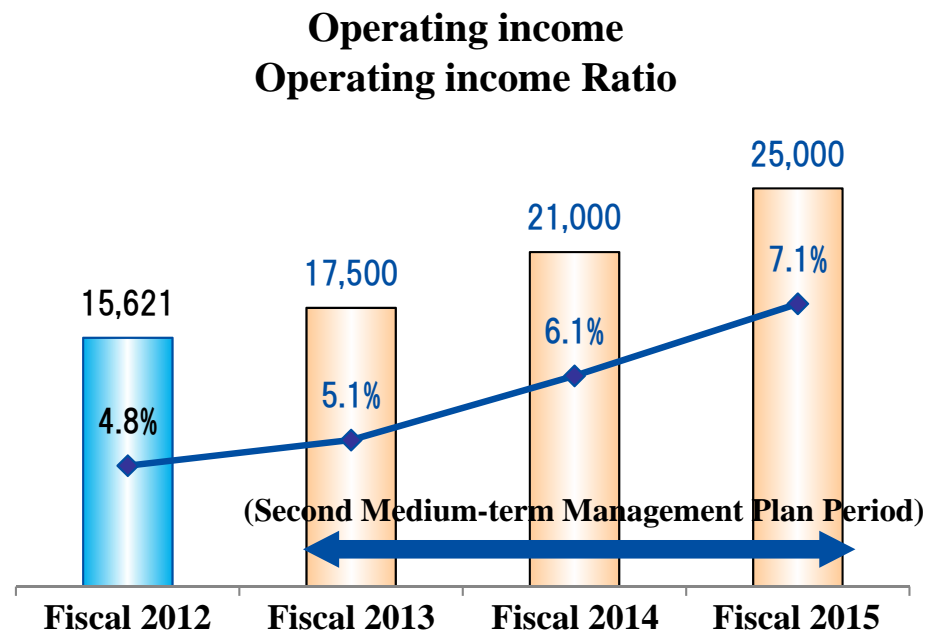
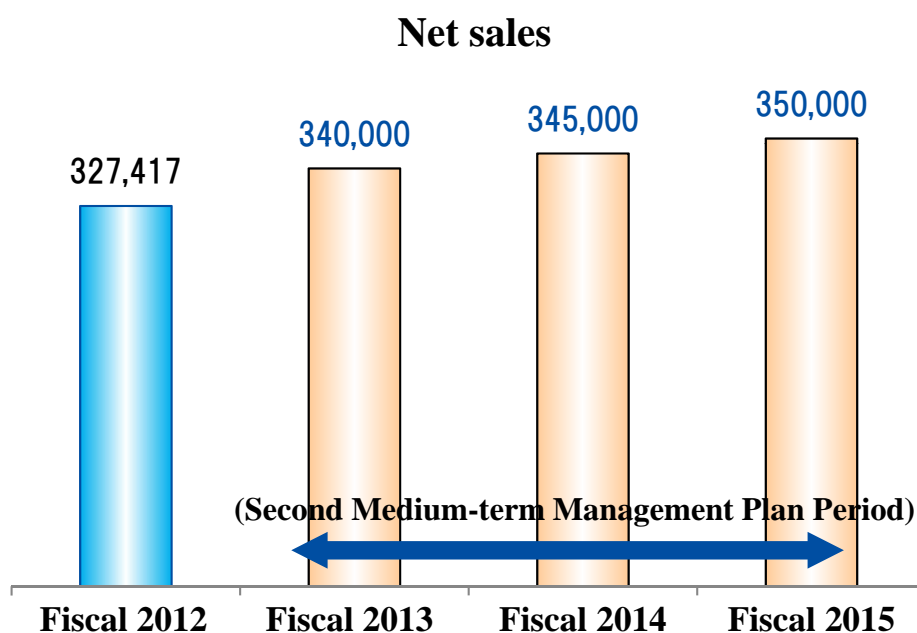
Group Management Basic Strategies and Business Themes

1. Promote Group Formation
 - Build structure that spotlights core businesses and growth segments.
2. Cultivate shared groupwide spirit
 - Establish ITHD College.
3. Lay solid financial foundation to facilitate upfront investment activity
 - Adopt consolidated tax and unified cash management system.
4. Streamline and centralize corporate functions
 - Expand the range and improve the quality of shared operations.
5. Reinforce product brands and corporate image
 - Make the names of services consistent.



Second Medium-term Management Plan: Major Numerical Targets

- Net sales: **¥350 billion**
- Operating income: **¥25 billion**
- Operating income to sales: **Above 7%**
- Return-on-equity: **7.5%**
- Credit rating: **Sustain A rating**



Policy to actively pursue growth-oriented new business investment, including globalization and the development of marketable services.

⇒ Assume limit around ¥20 billion over the next three years.



IT Holdings

Cautionary Statements

- In these materials, ITHD is abbreviated ITHD.
- All statements described in these materials are based on information available to management regarding the ITHD Group—that is, ITHD and the subsidiaries under its umbrella—as of the presentation date and certain assumptions deemed reasonable at this time. No intent is implied of promise by the Company to achieve such forward-looking statements. Indeed, various factors may cause future results to be substantially different from the assumptions presented in these materials.