

**Fiscal year ended March 2009**

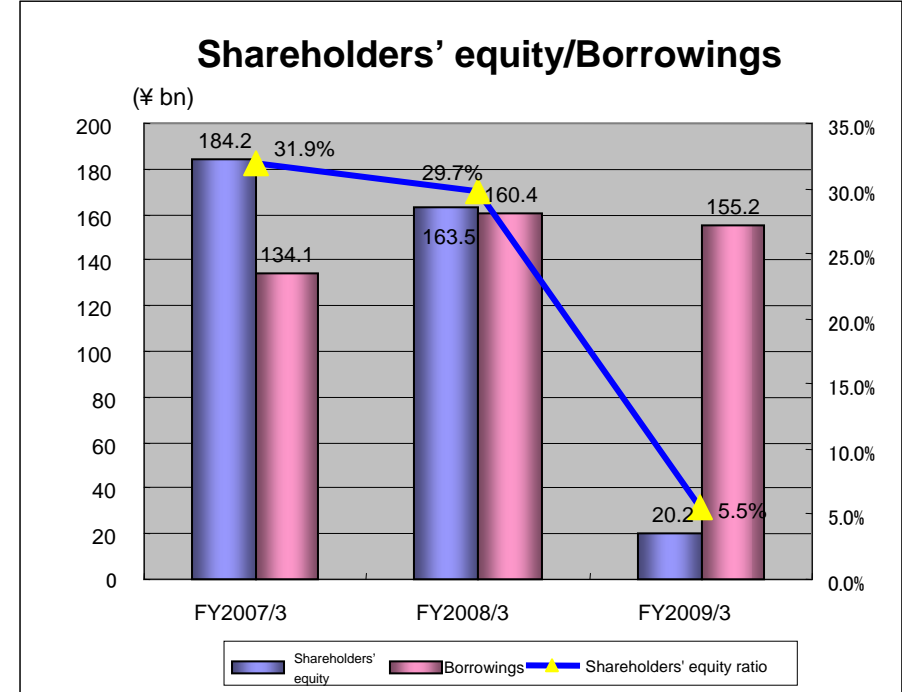
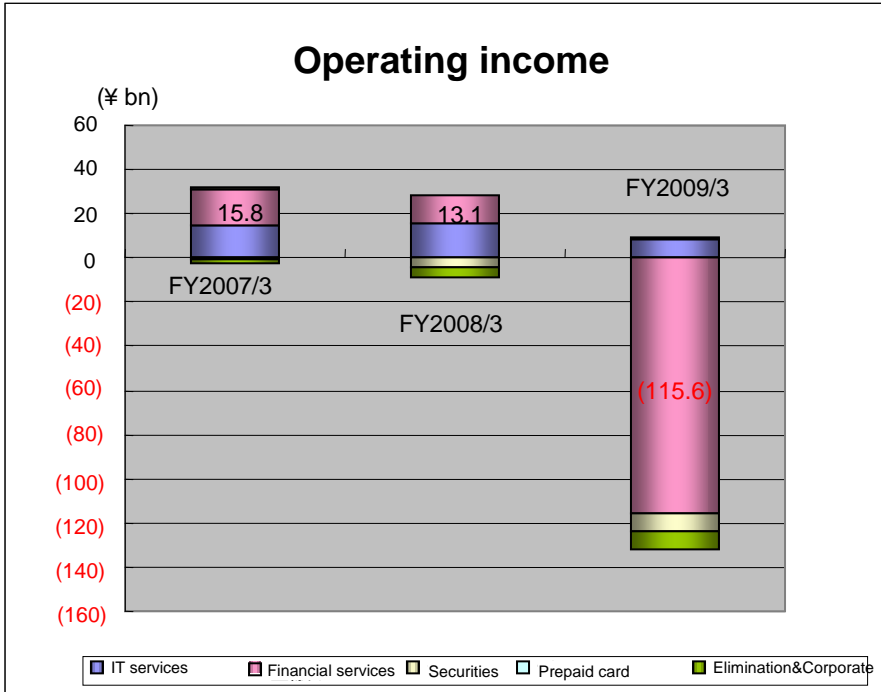
# **CSK Group revitalization**

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**May 18, 2009**

**CSK HOLDINGS CORPORATION**

# 1. Current situation



## ■ IT services business

- Market contraction on deterioration in economic conditions
- Poor performance in business services

⇒ **Lower revenue and profits in main businesses**

## ■ Financial services business

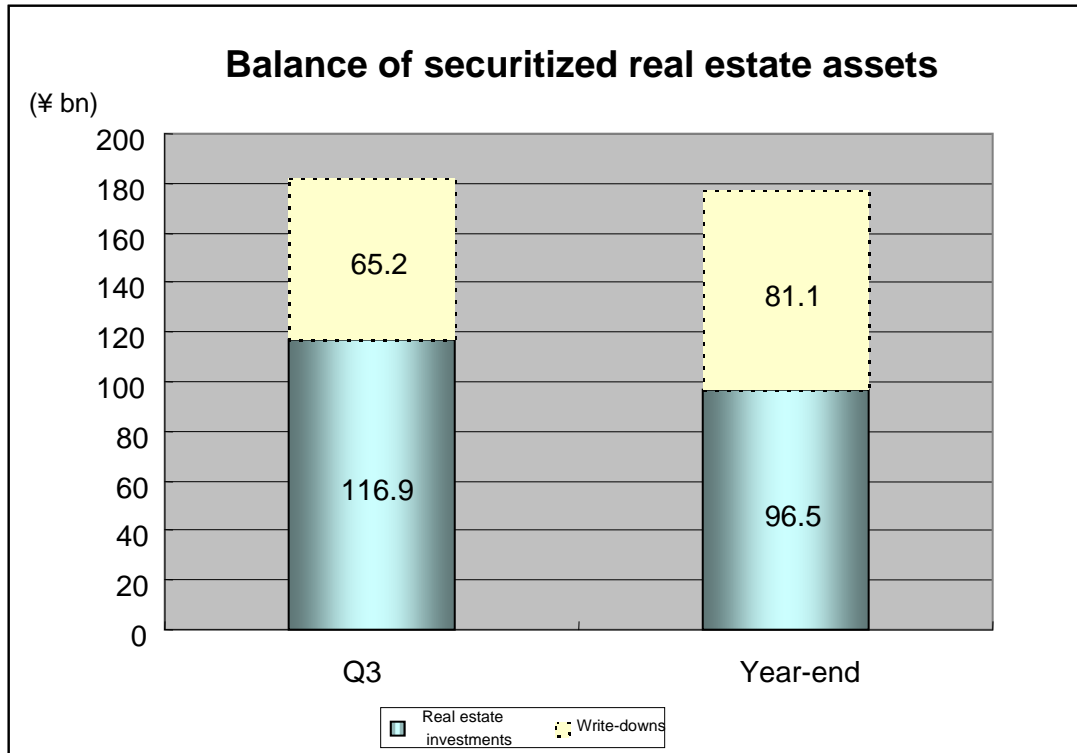
- Booked large write-downs due to substantial deterioration in real estate market conditions

## ■ Securities business

- Posted loss due to deterioration of market environment, but **returned to profitability on monthly basis**

## ■ Other (CSK-HD, etc.)

- Suspended plan to relocate to new headquarters
- Started Group-wide restructuring



### Reduced risk of additional losses

#### (1) Risk of realized losses on sales

Minimized risk of substantial losses on sales due to devaluation

#### (2) Risk of unrealized losses

Reviewed and considered appropriate valuations which are influenced by real estate market conditions

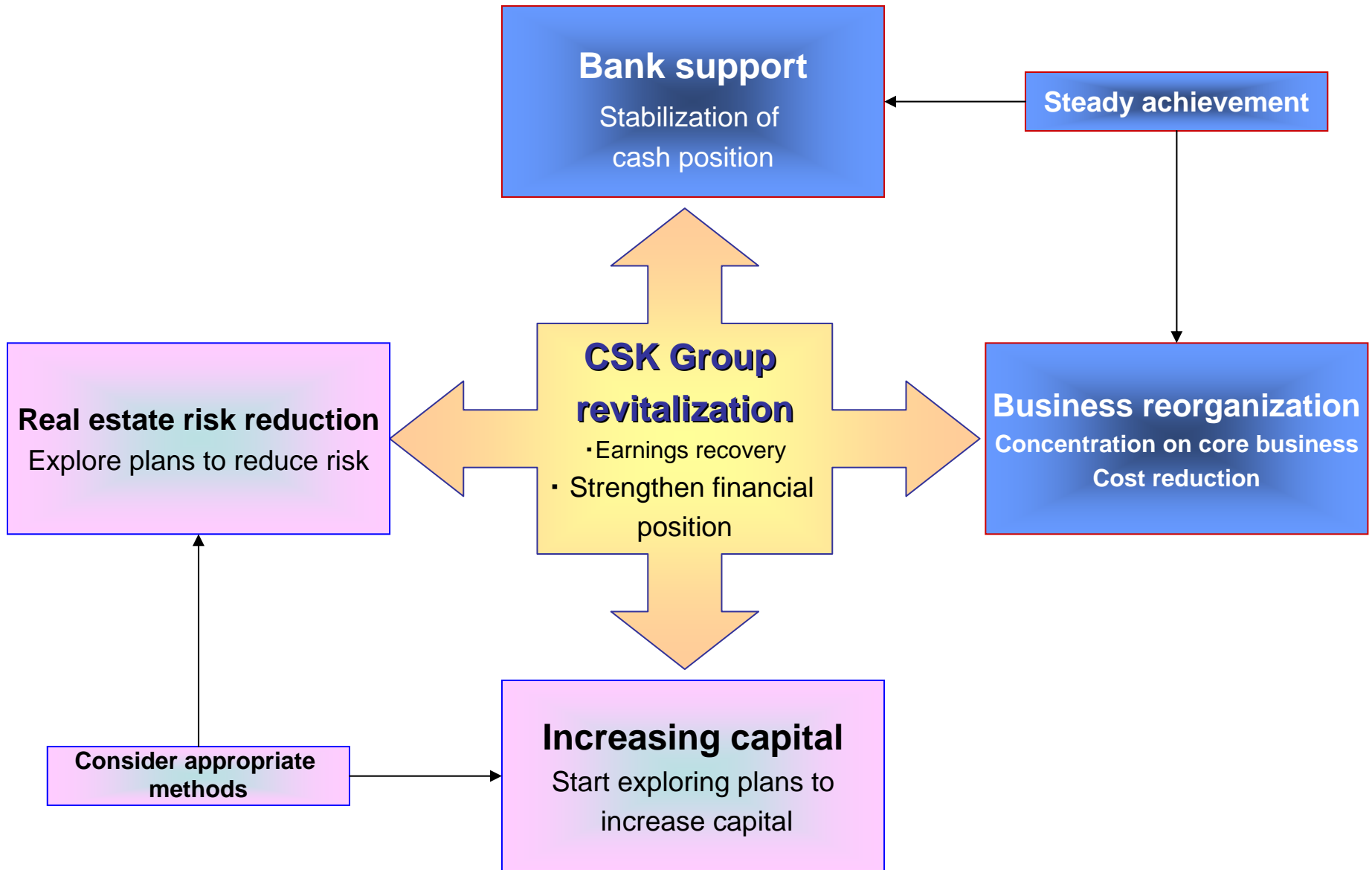
(1) Revalued real estate assets, in principle to net selling price or appraised value, at the end of FY2009/3 Q3 and year-end

- Assets negotiated for sale in Q3 but for which sale was delayed: Revalued from estimate net selling price to appraised value

(2) Reviewed real estate sales and management system, by contracting with external real estate experts

(3) Changed senior management at CSK FINANCE, which undertakes real estate securitization business

### 3. Issues to be resolved



### Reduce business risk

#### (1) Reduce risk in financial services business

Scale down business, sell off assets and businesses and freeze investment in real estate and other financial services business

#### (2) Strengthen financial position—Explore plans to increase capital, etc.

Maintain financial stability by increasing capital and using longer-term financing

### Business restructuring plan

#### (1) Concentrate on IT services business—Restructuring with nothing off-limits

Enhance earnings base by seeking to withdraw from underperforming businesses and those with little possibility for expansion  
(Also restructure IT services business with nothing off limits)

#### (2) Thorough cost reduction

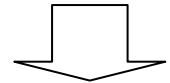
Thoroughly reduce excess costs and continuously review cost structure

### Develop corporate governance framework

- **Management Committee and Business Restructuring Project**
  - Establish Management Committee consisting of the presidents of main Group companies to ensure transparency and conduct appropriate decision-making
  - Launch the Business Restructuring Project to oversee business recovery initiatives, progress in restructuring, asset disposal, etc.

Operating income  
of ¥1.6 bn in  
FY2010/3

**Return to  
profitability**



Medium-term  
target  
Operating income  
of ¥10-12 bn  
in FY2012/3

## 5. FY2010/3 forecasts and cost reduction



- **Achieve return to profitability (at operating income level), by focusing on IT services business and reducing costs**

(millions of yen)

		FY2009/3	FY2010/3 (Forecast)		Breakdown			
		Result	Forecast	Variance		Review of business domains	Cost reduction Group companies initiatives	Achieving turnaround Environmental change
Operating revenue	IT services business	190,793	178,870	▲11,923	▲6.2%	▲1,903		▲10,020
	Prepaid card business	2,743	3,000	257	9.4%			257
	Elimination & Corporate	▲6,532	▲4,700	1,832	-			1,832
	<b>Total</b>	<b>187,005</b>	<b>177,170</b>	<b>▲9,835</b>	<b>▲5.3%</b>	<b>▲1,903</b>	<b>0</b>	<b>▲7,932</b>
Operating income	IT services business	8,785	12,930	4,145	47.2%	243	4,223	▲321
	Prepaid card business	183	70	▲113	▲61.7%		37	▲150
	Elimination & Corporate	▲8,556	▲7,800	756	▲8.8%	1,764	2,226	▲3,234
	<b>Total</b>	<b>413</b>	<b>5,200</b>	<b>4,787</b>	<b>-</b>	<b>2,007</b>	<b>6,486</b>	<b>▲3,706</b>
Securities business	Operating revenue	15,621	17,500	1,879	12.0%			
	Operating income	▲7,868	0	7,868	-			
Financial services business (ordinary)	Operating revenue	1,132	330	▲802	▲70.8%	▲802		0
	Operating income	▲1,850	▲600	1,250	-	1,250		0
Financial services business (extraordinary)	Operating revenue	2,341	0	▲2,341	▲100.0%			
	Operating income	▲113,761	▲3,000	110,761	-			
Total	Operating revenue	206,099	195,000	▲11,099	▲5.4%	▲2,705	0	▲7,932
	Operating income	▲123,066	1,600	124,666	-	3,257	6,486	▲3,706

Financial services business (extraordinary) : Real estate securitization business + losses on sale and write-downs of marketable securities

## 6. Cost reduction initiatives



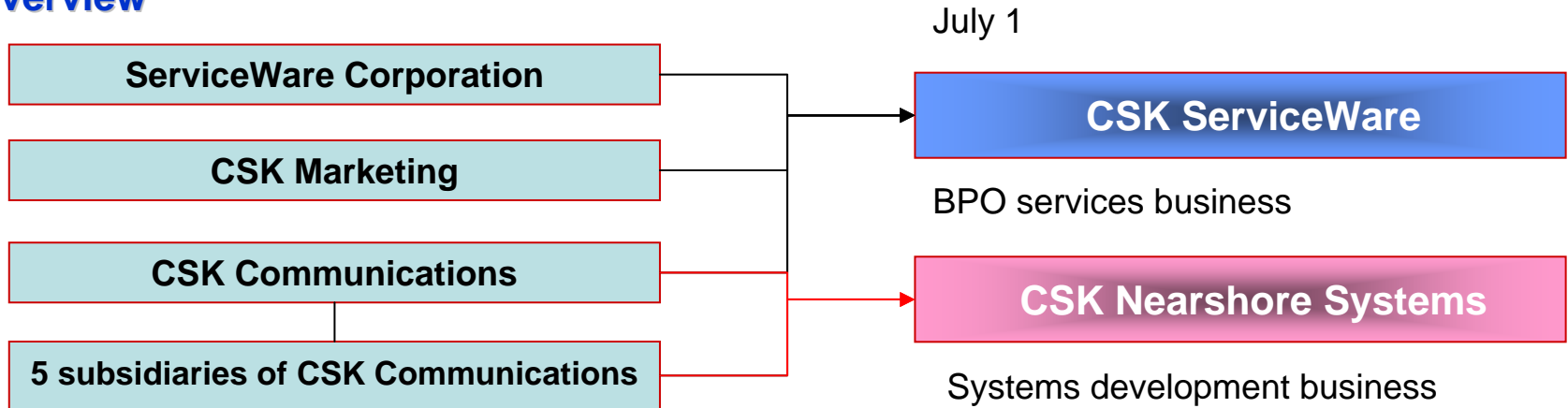
- Thorough overhaul focusing particularly on indirect costs

(100millions of yen)

Item		2010/3	Details
HR-related	Reduce corporate officer remuneration	6.0	10-50% cut in remuneration of directors, corporate auditors and executive officers
	Reduce personnel costs	20.3	5% cut in salaries of Group company managers Review of bonus levels
	Reduce business trip-related and other allowances	6.4	Review overtime rates, incentives of employee stock ownership plan , etc.
	Streamline corporate staff at head office	7.2	Reassign administrative staff to business divisions, reduce temp and contract staff, do not replace retired staff, etc.
		39.9	
Facility-related	Reduce facility investment and repair costs	1.2	
	Reduce facility operation costs	3.6	Review office administration processes and reduce subcontracting costs
	Reduce utilities costs	0.0	
	Consolidate offices and reduce rental costs	▲ 1.0	In the first year, costs will increase slightly due to expenses for recovery from current situation and consolidation of offices, but realize savings of ¥0.8 bn or
		3.8	
Other	Reduce internal systems investment	21.2	Reduce investment for development of a shared Group IT system
		21.2	
Total		64.9	

## Integrate BPO service business companies

### Overview



### Objective

- Aim to consolidate functions to meet customer needs for multiple, complex services
- Develop framework enabling prompt and appropriate decision-making in each area, as well as enhancement of expertise
- Improve efficiency by leveraging economies of scale





# 「ESTREX」 A system providing comprehensive securities services

## Current situation



Despite plans to recoup investment through ASP business, it will be difficult to turn profitable and expand the business within previously projected timeframe

## Future plans

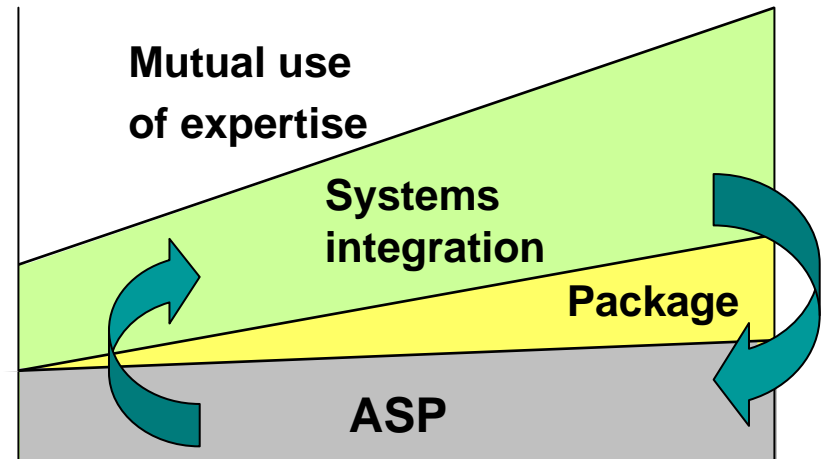
Explore and pursue new business models

Sell as package software

+

System integration services

Utilize module of ESTREX



Passage of time

## Securities business policy

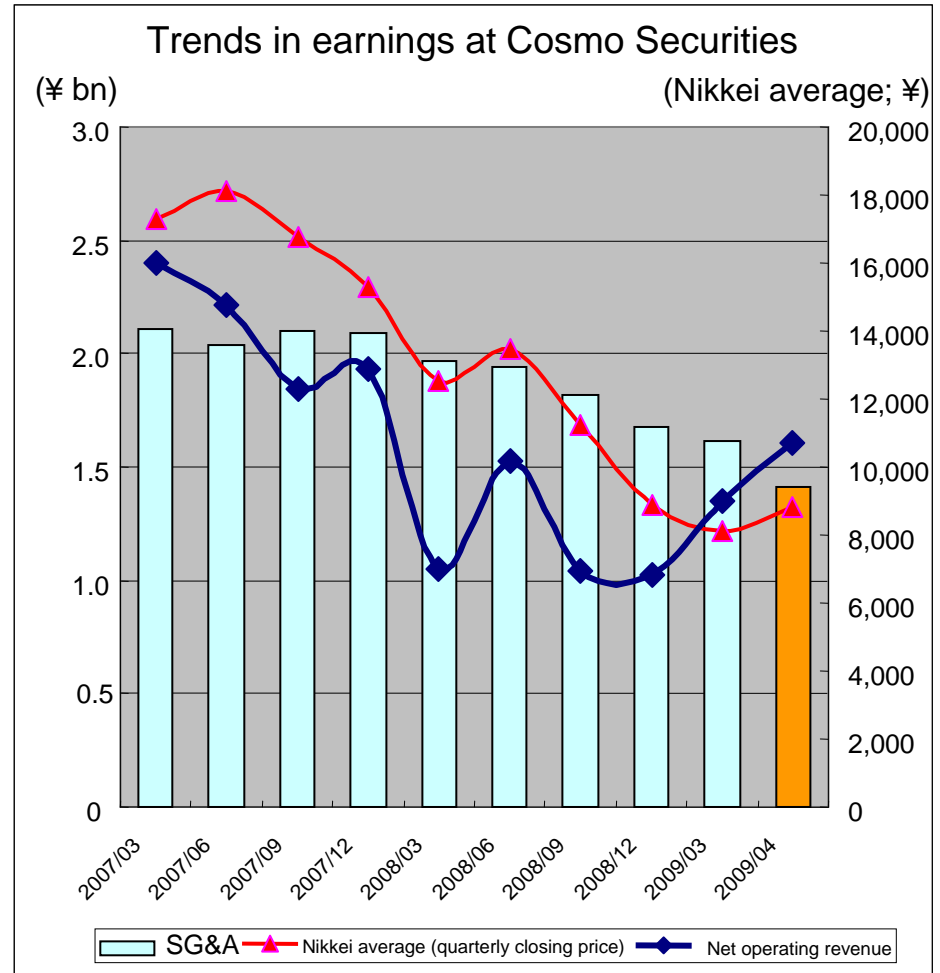
### (1) Earnings expansion plan

- (1) Ensure supply of products attuned to customer needs and the market environment (strengthen relationships with customers)
- (2) Step up supply of products and services to regional financial institutions

### (2) Thorough cost reduction

- (1) Change to retail-oriented structure
- (2) Optimize back and middle-office business through business process reengineering

- Improved ability to respond to market declines in FY2009/3 Q4
- Target profitability by further increasing earnings and reducing costs



**\*Operating income up ¥200 million in April, 2009**

# 9. New management system

