

Revitalizing CSK Group

February 10, 2010

CSK HOLDINGS CORPORATION

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Representative Director and President

- 1. Basic revitalization policy** (summary of points covered in 1H presentation on November 12, 2009)
- 2. Issues facing the Group and our initiatives**
- 3. Restore profitability**
- 4. Restore growth potential**
- 5. Earnings forecasts for year to March 2010**
- 6. Medium-term quantitative targets**
- 7. Revitalization planning road map**
(Reference) Revitalization initiatives in 2009 and 2010

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1. Basic revitalization policy

■ CSK Group's Vision

We intend to become a corporate group that provides customers with critical, highly optimized services that are constantly aligned with their needs, with the aim of achieving sustainable growth and development.

- FY2010/3: Return to profitability at operating profit level
- FY2011/3: Transform to structure that enables stable profits
- Medium-term: Secure operating profits of ¥10-15 billion

■ Toward a stronger CSK brand

Restore trust

Take steps to rebuild trust in CSK Group lost in the management crisis

Restore profitability

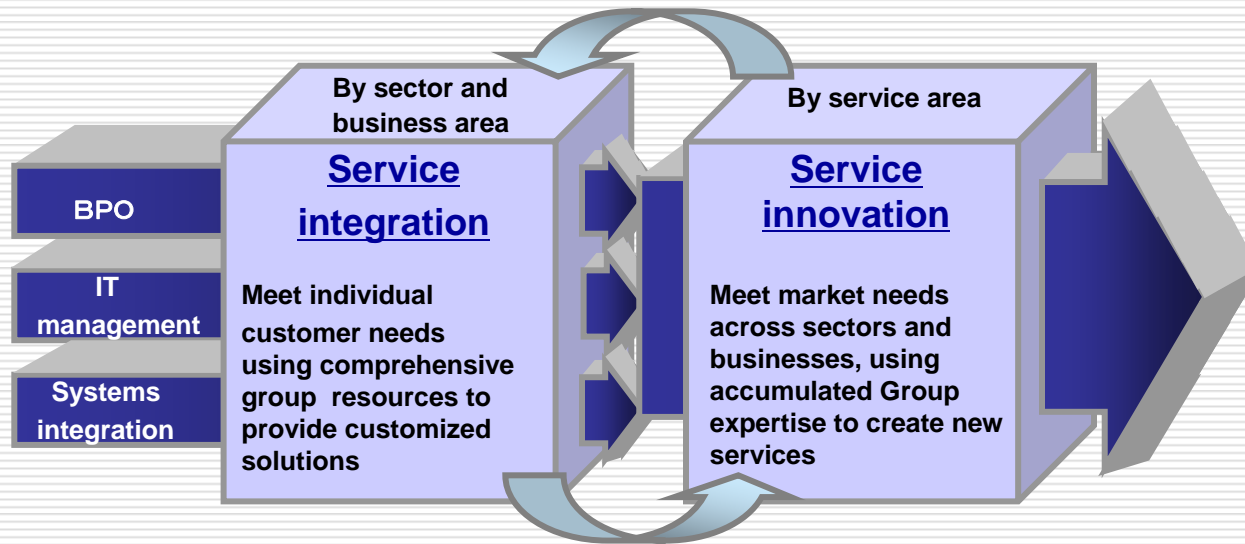
Target operating income margin of 7%

Restore growth potential

Target a sales growth rate of 5%

1. Basic revitalization policy

■ Services provided by CSK Group



BPO

Provide contact center and other BPO services, with CSK ServiceWare playing a central role

IT management

Provide data center and systems management services, mainly through CSK-IT MANAGEMENT

Systems integration

Provide systems development and integration, consulting and ASP services, led by CSK SYSTEMS

■ Basic business policy

Enhance competitiveness and differentiation of each business area

- Position systems integration, IT management and BPO as our three core businesses
- Achieve sustainable growth by enhancing the competitiveness and differentiation of each business area

Pursue Group cooperation and collaboration

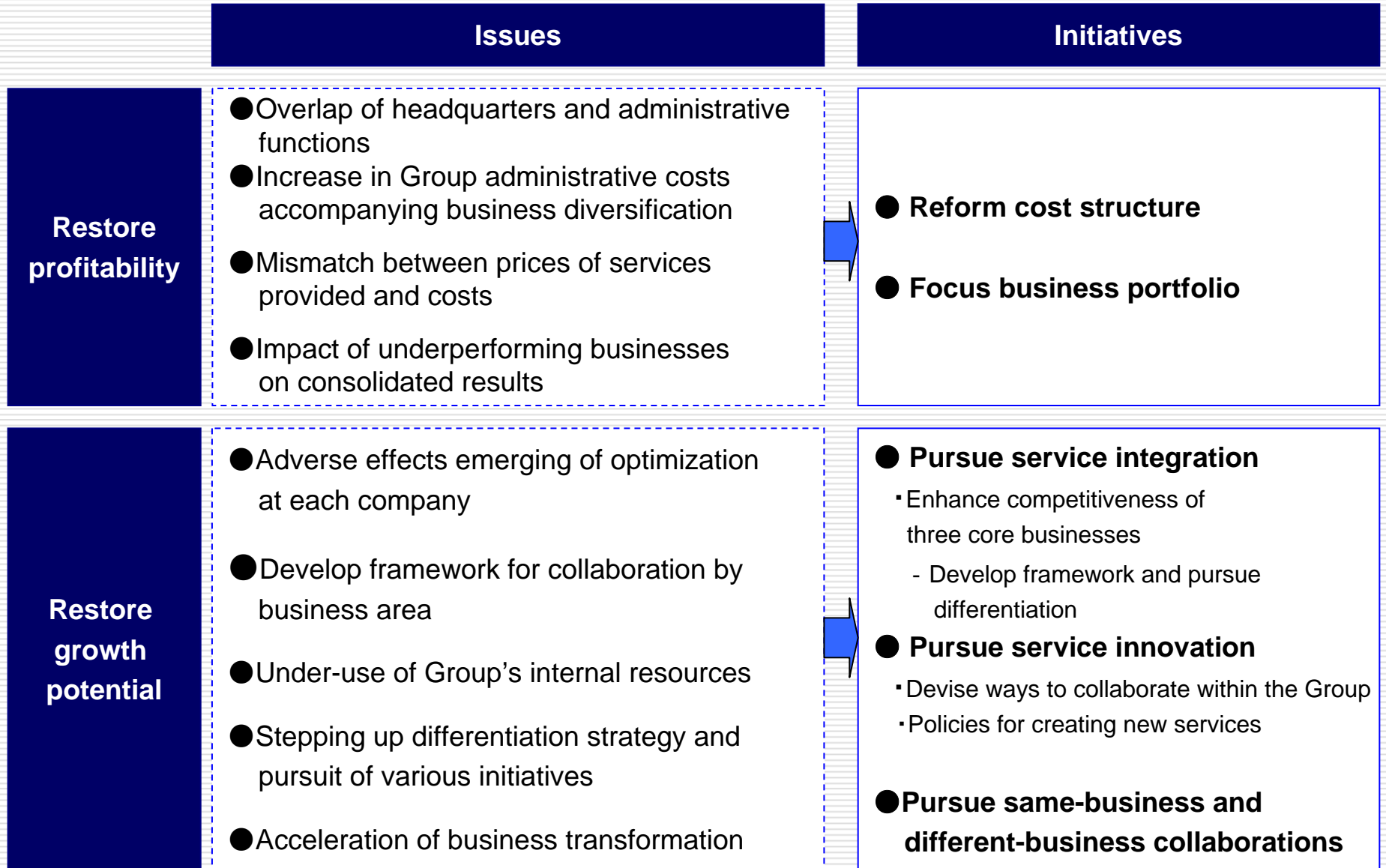
- Carry out Group-wide sales and marketing and cross-selling of services

Create No.1 services

- Create No.1 new services focusing particularly on our three core businesses

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2. Issues facing our Group and our initiatives



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3. Restore profitability

■ Main measures to reform cost structure

Early retirement program

- Aiming to improve organizational efficiency and optimize workforce size by seeking 500 applicants for early retirement. In addition, not hiring any new graduates from the March 2011 graduate pool

Review of headquarters administrative functions

- Streamline administrative functions by eliminating overlap in functions and businesses
 - ⇒ Reorganize the functions of CSK HOLDINGS, CSK ADMINISTRATION SERVICE and each Group company
(Reduce next fiscal year's combined SG&A expenses in the IT services business and at Quo Card and administrative costs at CSK HOLDINGS and CSK ADMINISTRATION SERVICE by 10% compared to this fiscal year)
 - ⇒ Reduce headquarters administrative costs by merging Group companies
 - CSK ServiceWare: Merger of 8 Group companies on July 1, 2009
 - CSK SYSTEMS: Merger of 3 Group companies planned for April 1, 2010

Integration/closure of offices and operations

- Reduce operating costs and improve business efficiency by consolidating/integrating operations
 - ⇒ Reduce next fiscal year's office expenses by ¥0.8 billion compared to this fiscal year

Review of internal IT systems

- Put on hold development of new internal IT system and review operating costs
 - ⇒ Reduce next year's information system costs by ¥1.2 billion compared to this fiscal year

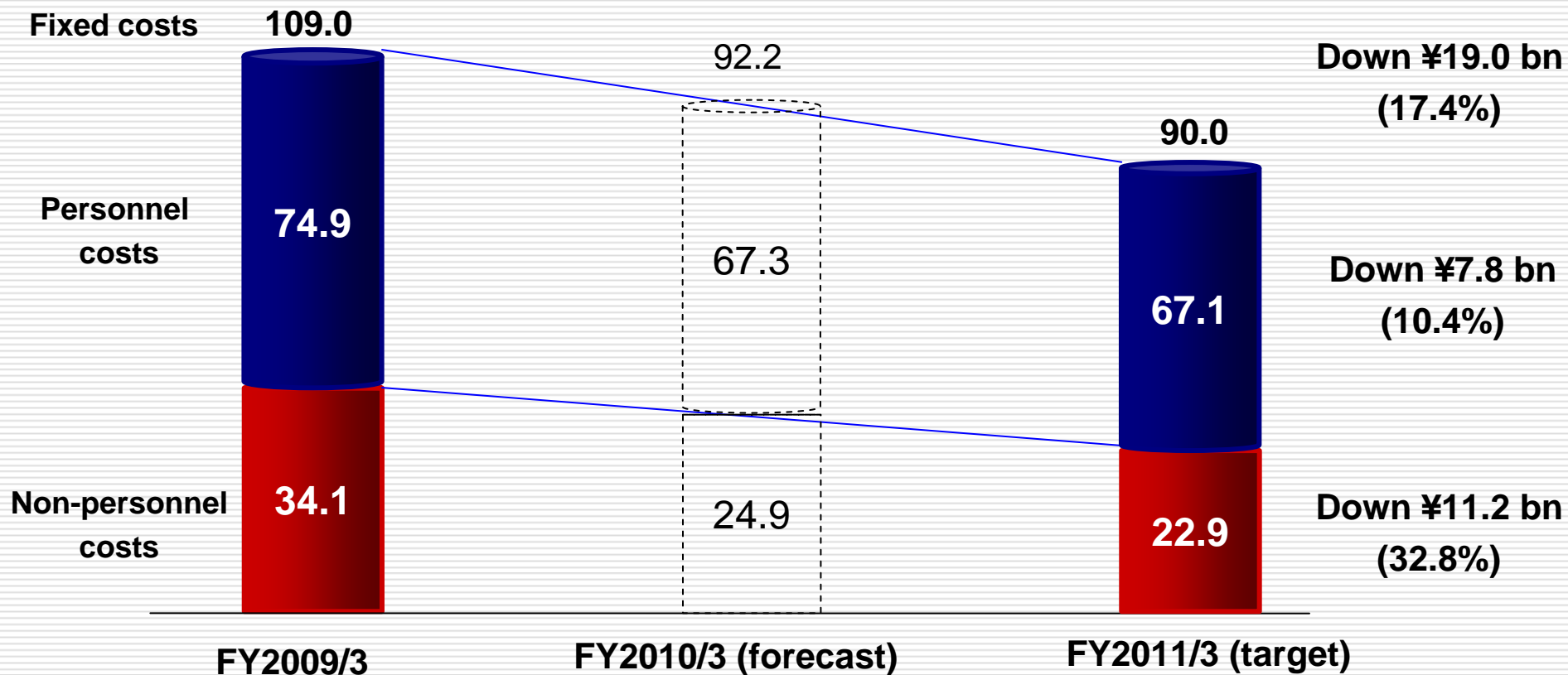
■ Cost reduction

FY2011/3 fixed costs projected to be down ¥19.0 bn from FY2009/3

IT services business and Quo Card and CSK HOLDINGS

(¥bn)

(Compared to FY2009/3)



■ Business selectivity and focus

Withdrawing from/selling the following non-core/underperforming businesses

Company name	Main business	Outcome
Plaza Capital Management	<ul style="list-style-type: none"> ▪ Asset management business ▪ Commodity investment advisory business 	Sale to Capital Partners Securities (on October 16, 2009)
ISAO	<ul style="list-style-type: none"> ▪ Network solutions business ▪ Application services business ▪ Mobile services planning and operation ▪ Network game operation business 	Sale to Toyota Tsusho (on April 1, 2010)
CSK-IS	<ul style="list-style-type: none"> ▪ Investment business 	<ul style="list-style-type: none"> ▪ Complete withdrawal from these businesses ▪ Currently disposing of remaining assets
CSK PRINCIPALS	<ul style="list-style-type: none"> ▪ Investment business 	

*We continue to explore the possibility of withdrawing from/selling other financial services businesses/underperforming businesses.

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4. Restore growth potential

■ Pursue service integration (focus on three business areas)

Business Services

Technology Services

BPO business

- CSK ServiceWare
- VeriServe
(listed on TSE 1st section)
- CSK SYSTEMS (DALIAN)

Sales: ¥29 bn

Innovation (new areas)

- CSK PRESCENDO
- QUO CARD*1

Sales: ¥5.5 bn

IT management business

- CSK-IT MANAGEMENT
- CSI SOLUTIONS
- CSK SYSTEM MANAGEMENT

Sales: ¥36.5 bn

Systems integration business

- CSK SYTEMS
- JIEC
(listed on TSE 2nd section)
- CSK WinTechnology
- HOKKAIDO CSK
- FUKUOKA CSK
- CSK Nearshore Systems
- CSK SYSTEMS (SHANGHAI)
- CSK Securities Service*2

Sales: ¥91.5 bn

Merger of 8 BPO companies
⇒ Merged into CSK ServiceWare
(July 1, 2009)

Merger of CSK ServiceWare
and Business Extension
(April 1, 2010)

Group priority areas
↓
Focused allocation
of resources

Merger of CSK SYSTEMS,
CSK SYSTEMS NISHINIHON
and CSK SYSTEMS CHUBU
(April 1, 2010)

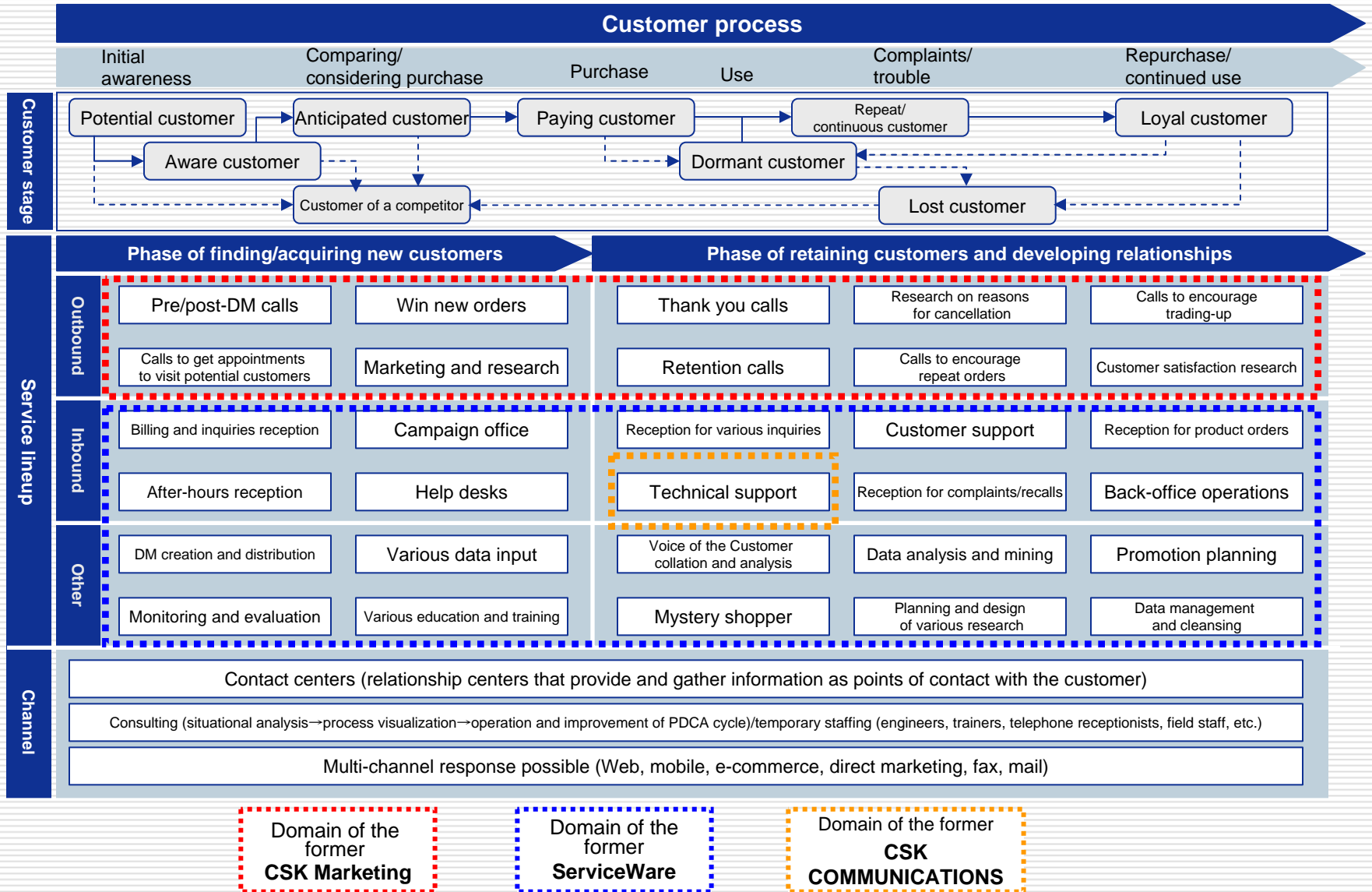
*1 Current business area is Prepaid Card Business

*2 Current business area is Business Services

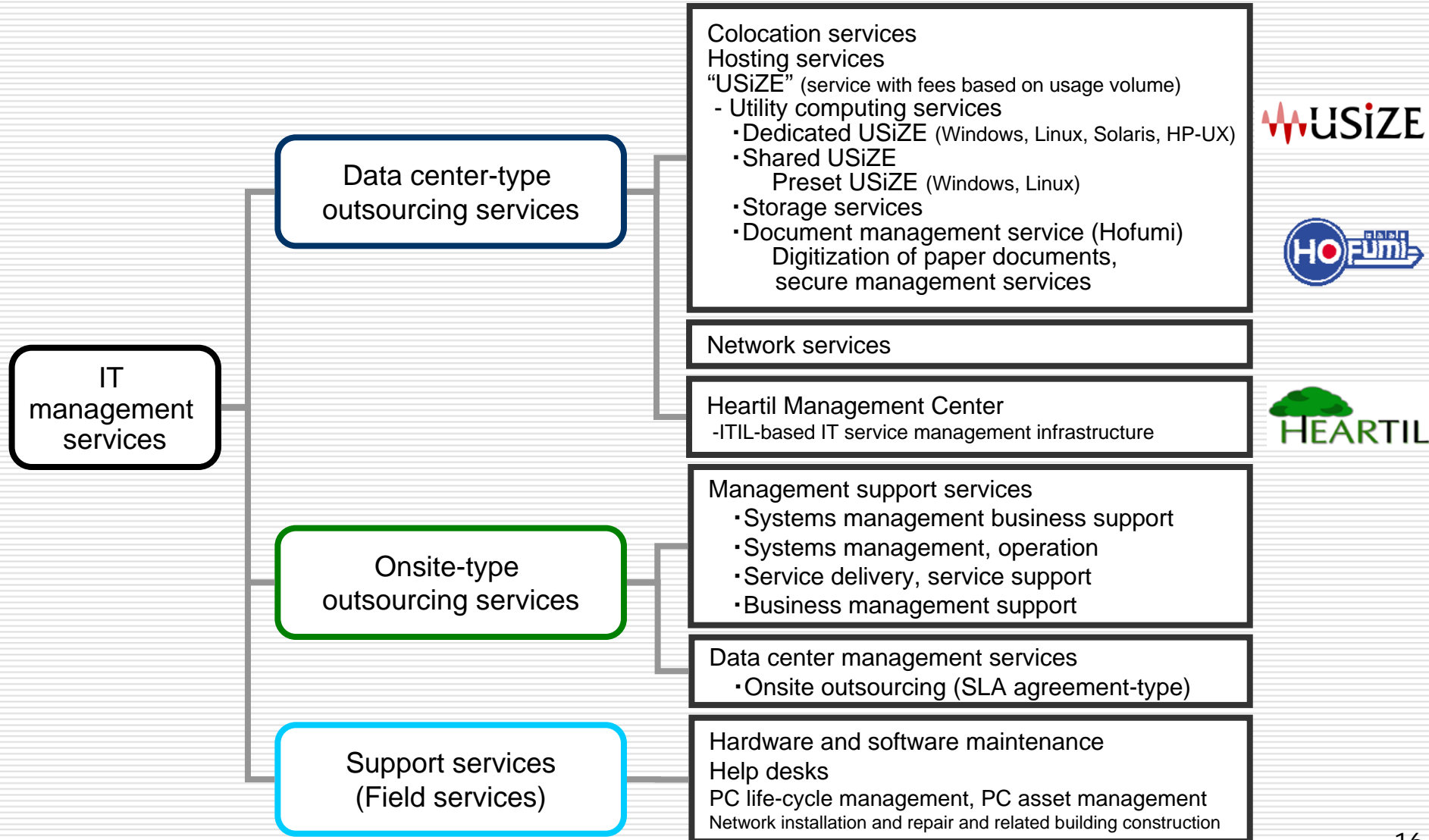
■ Business policy for three business area

		Policy for next fiscal year	Medium-term policy
Business Services	BPO business	<ul style="list-style-type: none"> • Promote the full lineup of services available following the merger <ul style="list-style-type: none"> - Expand sales through Group and other sales channels - Core areas (businesses) <ul style="list-style-type: none"> Sales support, reception, orders, promotions 	<ul style="list-style-type: none"> • Create new added value in the support services business <ul style="list-style-type: none"> - Acquire customer liaison business all along the consumer value chain - Develop management methods that improve client earnings - Use Group IT infrastructure and resources for metrics/measurement, operation and management
	Innovation	<ul style="list-style-type: none"> • Focused allocation of resources • Lay the groundwork for creating new services 	<ul style="list-style-type: none"> • Create numerous new services
Technology Services	IT management business	<ul style="list-style-type: none"> • Strengthen ties with customers through service managers • Expand business by providing private cloud infrastructure and peripheral services • Provide outsourcing services that can be used by multiple customers 	<ul style="list-style-type: none"> • Commercialize and enhance branding of services • Develop hybrid cloud services • Enhance (improve standardization and efficiency of) data center business • Pioneer collaborative data center business targeting overseas markets
	Systems integration business	<ul style="list-style-type: none"> • Develop strategies and approach by customer sector and size • Improve our share of business with each customer with awareness of how different business areas are linked • Establish an efficient development process 	<ul style="list-style-type: none"> • Pioneer markets in which we can aim to be No. 1 • Ensure more active reuse of production technologies and expertise • Promote use of offshoring and nearshoring

■ BPO business: Overview of full-line services of CSK ServiceWare



IT management business: Overview of CSK-IT MANAGEMENT services



■ IT management business: Green IT initiatives at Chiba e-service data center

Pursuing the following Green-It initiatives at our Chiba e-service data center

In response to increasing calls for data centers to pursue green IT, our Chiba e-service data center has been quick off the mark in **energy saving** and **reducing CO2 emissions**

● Main environmental initiatives

- FY2005: Established a **segmentalized air-conditioning schedule** by season, time and room
- FY2006: Started strict regime of **turning off unnecessary lights** and **using the stairs**, as well as the **CoolBiz program** targeting reduced use of air conditioners
- FY2007: Set goal of **PUE of 1.5 or less**—PUE at time was 1.71
- FY2008: Added a **new high-efficiency cooling machine**. Switched to energy-saving power supply units **Heat insulation** for air-conditioning room. Shifted to **individual air-conditioning** for conference rooms and waiting room

As a result, we have managed to keep down our PUE, an indicator of data center power consumption efficiency:

Average 1.54 (as of Sept. 2009)

*PUE is a quantitative indicator of power usage effectiveness developed by IT industry consortium the Green Grid as a joint industry initiative to improve power usage effectiveness at data centers. The closer the PUE is to 1, the more effective the power usage is.

Data centers with bad PUE have figures of 3.0 or more.
The standard level is PUE of around 2.3-2.5.
A good level is PUE of 2.0 or less.
Many next-generation data centers aim for PUE of 1.7 or less.

$$\text{PUE} = \frac{\text{Total power used by facility}}{\text{Power used by computing equipment}}$$

(Power usage effectiveness)



Key point: Our data centers are operated in line with global evaluation standards, including from an environmental perspective

■ Pursuit of service innovation

Start of Business Innovation Program

- New project with presidents of each Group company tasked with responsibility for pursuing joint, Group-wide innovation initiatives

Theme	First year (to March 31, 2010)	Second year	Third year
Sales and marketing	<ul style="list-style-type: none"> ▪ Overhaul various marketing functions and systems ▪ Make management more transparent from a customer perspective (consolidated basis) 	<ul style="list-style-type: none"> ▪ Group strategic alliances with top vendors 	
Service development	<ul style="list-style-type: none"> ▪ Establish Group service menu ▪ Establish new business development functions, processes and systems 	<ul style="list-style-type: none"> ▪ Create management and administration system for new business ▪ Create PDCA and evaluation mechanisms for service quality 	<ul style="list-style-type: none"> ▪ Enhance industry/business-specific consulting
On-sites services	<ul style="list-style-type: none"> ▪ Overhaul processes for cooperation between headquarters and on-sites ▪ Establish system in which service managers take responsibility for providing value to customers 	<ul style="list-style-type: none"> ▪ Develop next-generation on premise pilot model 	<ul style="list-style-type: none"> ▪ Group-wide rollout of next-generation on premise
Technology	<ul style="list-style-type: none"> ▪ Develop framework for implementing technology strategy ▪ Clearly determine the issues for improving development productivity and our response measures 	<ul style="list-style-type: none"> ▪ Develop usage-based service provision infrastructure ▪ Foster technological capabilities for usage-based services 	<ul style="list-style-type: none"> ▪ Develop system for encouraging re-use of assets ▪ Develop system for fostering business skills

Establishment of new organizational units

- New Global Business Promotion Office in CSK HOLDINGS
- New Service Innovation Promotion Division in CSK SYSTEMS

■ Pursuit of alliances with companies in same and different industries

Business alliance with Sumisho Computer Systems

- Established an alliance task force and 11 areas for collaboration

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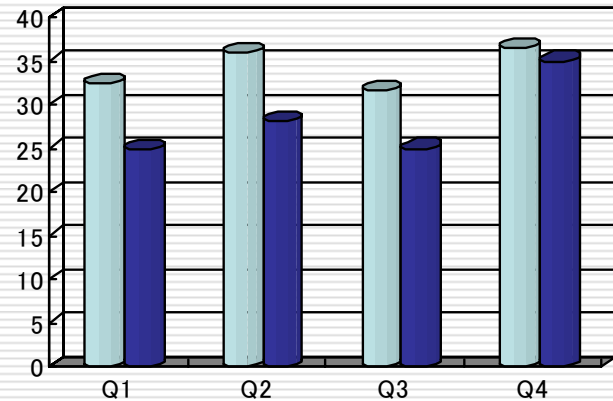
5. Earnings forecasts for year to March 2010

■ Trends in quarterly sales and operating income (YoY comparison)

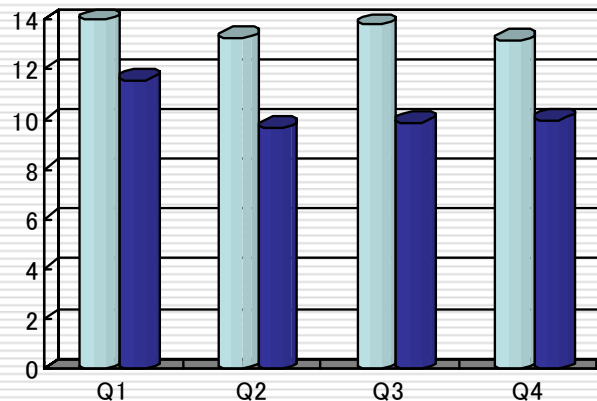
- Secure profits by pursuing short-term cost reduction measures to counteract falling sales (forecasting YoY increase in operating income in IT Services (total))
- Aim to transform to a structure that generates stable profits from next fiscal year onward, by reforming our cost structure

FY2009/3
FY2010/3

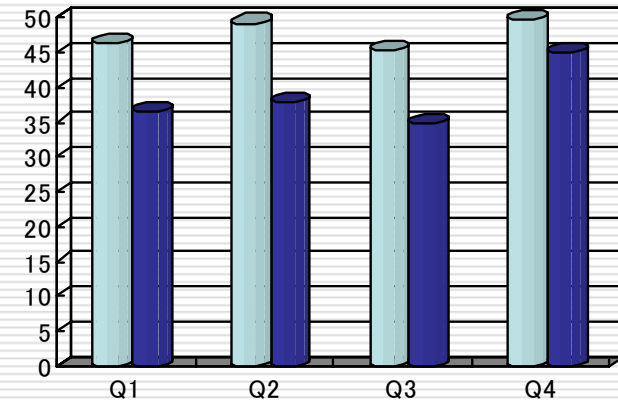
(¥bn) **Technology Services**
Sales



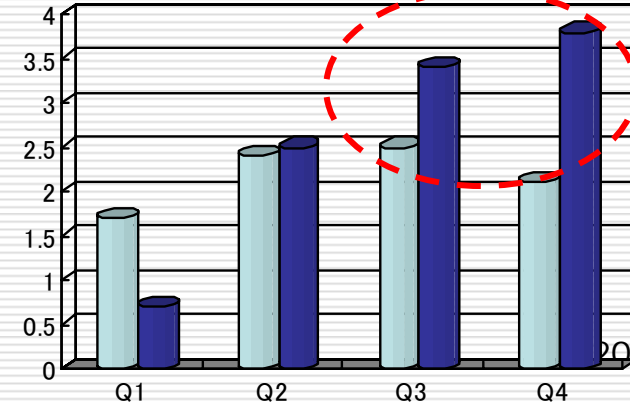
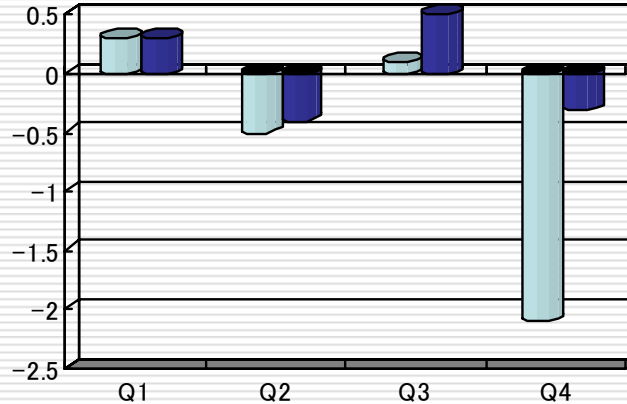
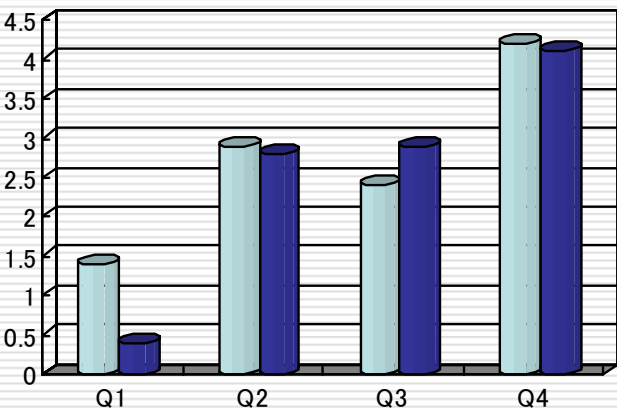
Business Services



IT Services (total)

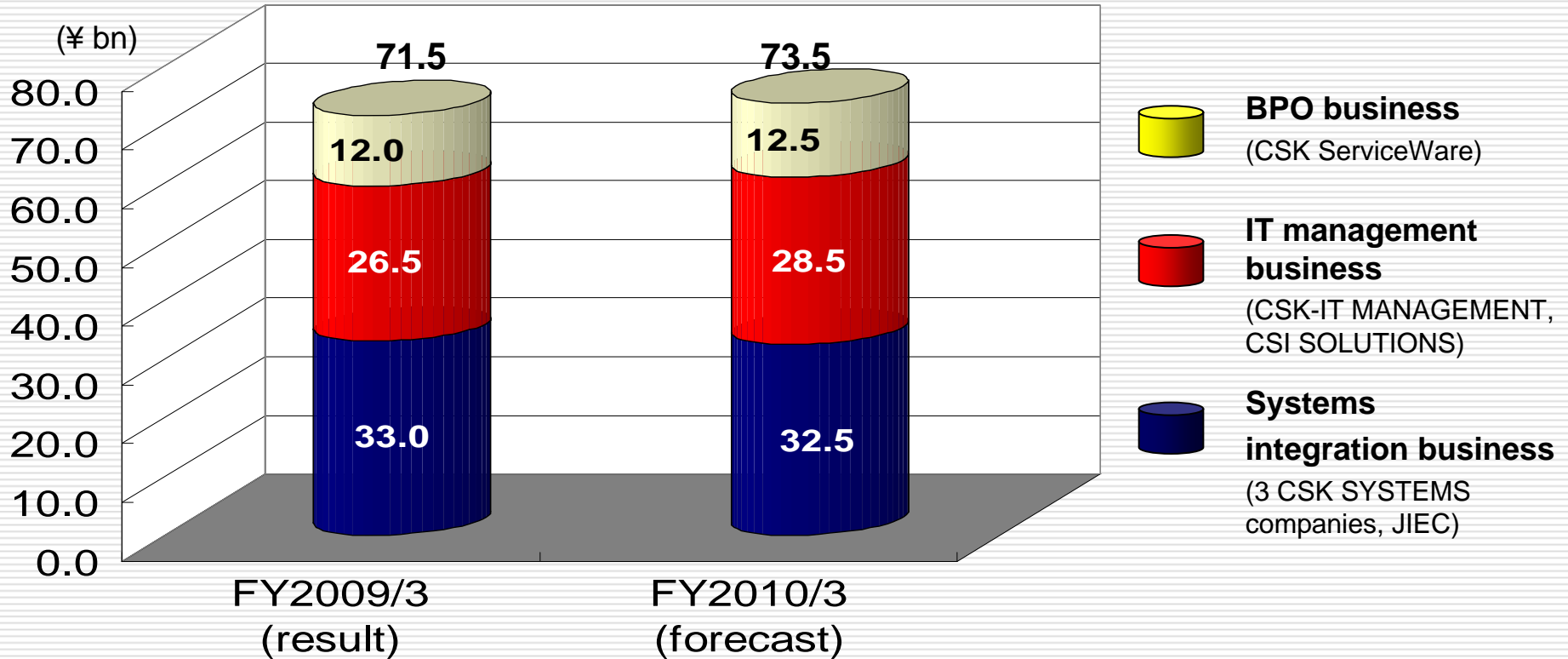


Operating income



■ Year-end backlog of orders balance

-Projecting a slight YoY increase in the year-end order balance in the year to March 2010



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6. Medium-term quantitative targets

■ Medium-term quantitative targets

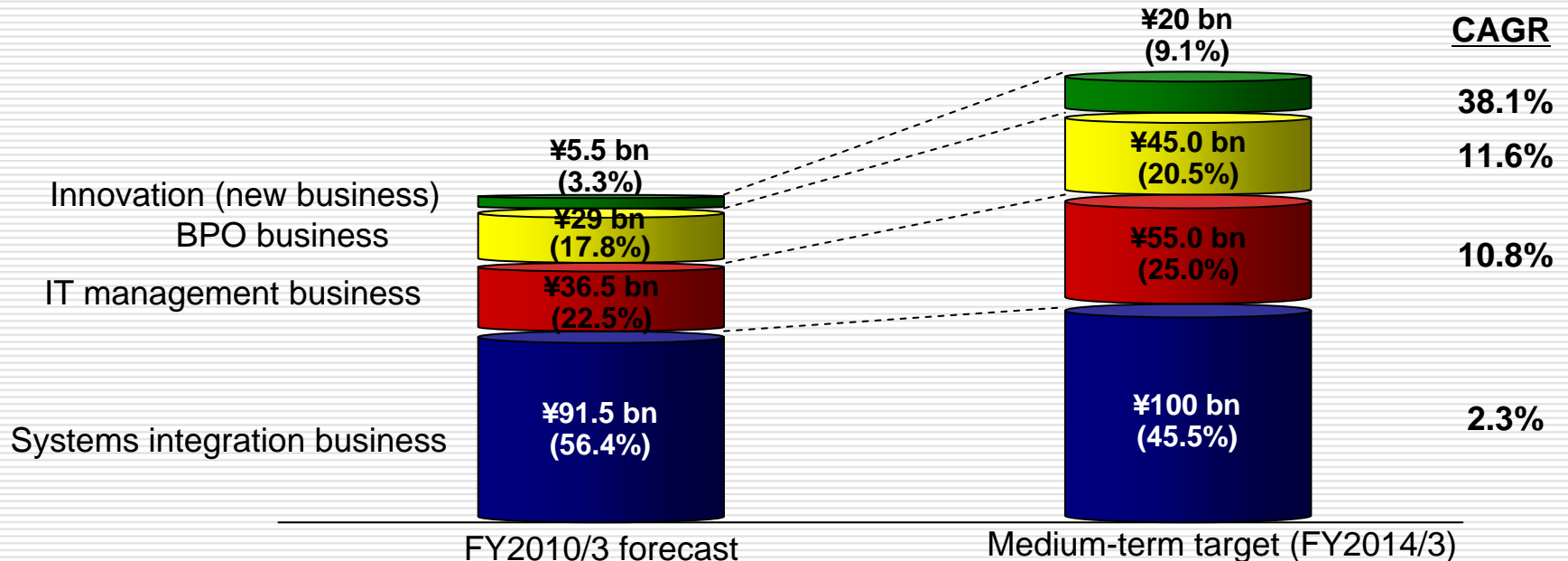
(Total, after consolidated adjustment, of IT services + Quo Card + CSK HOLDINGS)

	FY2010/3 forecast		Medium-term target (FY2014/3)
Sales	¥152 bn	➔ (4 years later)	¥200 bn
Operating income	¥5 bn		¥15.5 bn
Operating margin	3.3%		7.8%

■ Medium-term sales targets by business

- Targeting growth of more than 10% in the IT management business and BPO business
- Aiming for ¥20 bn in the innovation segment

*Figures are before consolidated adjustment



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7. Revitalization planning roadmap

2009/9	2009/10	2009/11	2009/12	2010/1	2010/2	2010/3	2010/4
<p>Reduce financial risk</p> <p>Reduce risk in financial services business</p> <ul style="list-style-type: none"> • Sell real estate securitization business • Withdraw from other financial service businesses <p>Stabilize financial position:</p> <ul style="list-style-type: none"> • ¥30 bn DES with financial institutions • Long-term refinance of ¥50 bn short-term loans • ¥16 bn capital increase from ACA 							
<p>Strengthen governance system</p> <p>Establish executive officer meeting</p> <ul style="list-style-type: none"> • Rapid decision-making • Strong management monitoring <p>Establish Corporate Turnaround</p> <ul style="list-style-type: none"> • Revitalization planning 							
<p>Formulation of revitalization plans to 2009/11</p> <ul style="list-style-type: none"> • Basic revitalization policy • Management policy, business policy • 3/2010 initiatives • Group restructuring options 			<p>to 2009/12</p> <ul style="list-style-type: none"> • Outline mid-term plan • Plan for FY3/2011 • Revise Group management system (announcing 2/2010) 		<p>to 2010/3</p> <ul style="list-style-type: none"> • Group company mid-term business plans • Group company 3/2011 business plans • Individual strategic plans (announcing 5/2010) 		<p>Start of new year to achieve revitalization plans</p>

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