



CSK announces measures to strengthen management practices and improve profitability

Tokyo, February 13, 2009 — CSK HOLDINGS CORPORATION (“CSK”) today announced that it would implement the measures outlined below to strengthen its management practices and improve profitability.

For some time, CSK Group’s growth strategy has been to transform into a service provider using its IT strengths, aiming to respond to the maturation of the IT services industry and ensure the Group’s further development.

We have hitherto been engaging in financial services-related business, such as real estate securitization business, with the objective of securing the funds required for upfront investment to achieve business transformation, and until the previous fiscal year we had been securing sufficient profits and using them to develop the necessary new growth foundations.

However, the recent rapid deterioration of the economic environment has directly impacted our financial services and securities businesses, with large losses recorded in both businesses in the current fiscal year.

Furthermore, in our IT services business, which has a stable earnings base, the impact of the economic recession caused by the global financial turmoil has extended to the results of Japanese corporations, and such corporations are now projected to reduce their IT investment budgets.

Based on such circumstances, CSK Group has reaffirmed that its growth strategy is to further pursue its transformation into a service provider by continuing to create new services using its IT strengths, returning to the origins of its plan to transform its business structure. The Group will therefore implement the measures outlined below, in order to strengthen its management practices and improve profitability.

1. Improvement of financial position

In our financial statements for the nine months ended December 31, 2008, we recorded large write-down losses from strict appraisal of our real estate investment holdings. Through this, we have ensured transparency in our balance sheet and reduced the risk of further such losses in the next fiscal year and beyond.

Going forward we intend to reduce our interest-bearing debt and quickly improve our financial position, by developing measures to increase free cash flow. These will include prompt disposal of asset holdings, focusing mainly on financial services-related assets, scaling down of investment, including the cancellation of our plan to relocate to a new headquarters, strengthening profitability in the IT services business and rigorously reducing overhead costs.

2. Future management policy

(1) Review of business domains

We have reaffirmed the importance of transforming into a service provider, and intend to focus on the IT services business.

In the financial services-related business, we believe that it will be difficult to achieve a recovery in business results in the current economic environment, and therefore intend to carry out a reorganization that will include the disposal of asset holdings, the sale of businesses, and a freeze on new investments.

In the securities business, we will place top priority on withdrawing from or reducing the scale of underperforming businesses, restructuring our organizational, personnel and sales systems, and shifting our resources from the wholesale to the retail sector, while also proceeding with further cost-cutting initiatives, aiming for a rapid return to profitability.

In the IT services business, we will reallocate our business resources in pursuit of the creation of new service provider-type services, while ensuring stable earnings from existing services, aiming to achieve growth.

Meanwhile, in this business we will also explore the possibility of withdrawing from or reducing the scale of underperforming businesses, businesses without significant synergies, businesses without significant future growth potential, and so forth.

(2) Review of Group management system

CSK HOLDINGS, which is responsible for the Group's head office functions, will strengthen its capabilities for supporting the Group's growth, while at the same time implementing a review of its functions and scale.

Furthermore, each Group company will change its systems in accordance with the selection and concentration of business activities, and review its head office divisions and management system.

3. Specific initiatives

CSK Group plans to implement the following measures in order to ensure stable earnings and establish the foundations for further earnings.

- Creating new services using IT strengths
Establishment of cross-organizational *strategic sales planning functions* and *business planning and promotion functions*, with the objective of identifying and creating new services that combine existing services, and creating new services from future perspectives.
- Strengthening and reorganizing business process outsourcing (BPO)
Strengthening sales capabilities, pursuing economy of scale by making full use of the Group's internal resources, and allocating business resources to priority areas.

- Enhancing profitability and productivity
Carrying out reviews of business systems, all business processes, application methods of regional operations, and so forth, at all Group companies.

4. Cost reduction

We have been carrying out Group-wide cost-cutting initiatives from the second half of the current fiscal year, and are expecting cost reductions of approximately ¥2 billion yen for the second half. For the next fiscal year, we intend to implement approximately ¥7 billion yen annually in strategic additional cost-cutting, which, combined with the cost reductions in the second half of this year, will mean projected annual cost reductions of approximately ¥10 billion.

- Office and facility-related costs Approx. ¥1 billion
Consolidation/decommission of offices and review of administration and operation costs.
- Personnel-related costs Approx. ¥3 billion
With regard to our personnel, the lifeline of our IT services business, while devoting every effort to maintaining employment, we will carry out the following measures:
 - Substantial review of remuneration for corporate officers for next fiscal year, based on the cuts in such remuneration for this fiscal year
 - Scaling back of hiring of new graduates and mid-career employment
 - Reallocation and optimization of personnel through improvement of business processes
 - Implementation of various other measures
- Review of various investments Approx. ¥3 billion
We have been proceeding with the development and improvement of a Group-wide information infrastructure, with the objectives of centralizing Group-wide management information, improving business processes, and so forth. However, from next fiscal year onward we will place a freeze on infrastructure development. Furthermore, we will implement cutbacks in R&D costs and others.
- Cost reductions at Group companies Approx. ¥3 billion

The impact of these measures on our results for the fiscal year ending March 31, 2010, will be explained at the time of the announcement, scheduled for May 2009, of our financial results for the fiscal year ending March 31, 2009.

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