

Management Report

May 20, 2004



Credit Saison Co., Ltd.

In the following brief, the figures described in the business performance target or the like are projected data based on conclusions and suppositions according to the information currently available to us. The actual results of business performance may differ substantially from the projections described here due to the uncertainty of our conclusions and suppositions as well as variable factors such as future business operations or economic conditions.

AGENDA

Financial Results for FY 2003

- Indices Results for FY2003
- Aspects of Credit Risks
- Overview of the Consolidated Results
- Financial Summary

Management Strategy

- Future Strategy
- Business Strategy
- Fund Procurement and Personnel Affairs Strategy

Financial Results for FY2003

Highlights FY2003

Apr. 2004

> Basic agreement reached between Takashimaya and Credit Saison for a strategic tie-up of their card business
> Tie-up with Seibu Dome, payment by credit card for beer bought from refreshment vendors in the baseball stadium

Mar. 2004

> Formed a business tie-up with Orix Corporation in the automobile lease business for individuals.
> Changed the name of the points program from "Saison Dream" to "Saison Permanent Perdurable Points".

Feb. 2004

> Formed a capital and business tie-up with a card company affiliated with the Resona Bank.
> Started same-day issuance of Saison Cards at the Shinjuku-nishiguchi store of the Zero First, a group company of Marui Co., Ltd.

Jan. 2004

> Newly created Idemitsu Credit Co., Ltd. announced its new structure.

Nov. 2003

> Formed a tie-up with Hibiya Kadan Co., Ltd., improved the "Saison flower service" and opened a special website and reception desk for the flower service.

Oct. 2003

> Launched "Super Value Plus", a product based on a business tie-up with Sampo Japan Insurance Inc. and Saison Automobile and Fire Insurance Co., Ltd.
> Formed Idemitsu Credit Co., Ltd., a newly created joint venture between Idemitsu Kosan Co., Ltd. and Credit Saison Co., Ltd.

Sept. 2003

> Expanded preferential treatment for Saison Gold Card holders.
> Improved the rapid card issuance system "Saison Card Express".

Aug. 2003

> Credit Saison Co., Ltd. and Idemitsu Kosan Co., Ltd. agreed on a comprehensive tie-up.

Jul. 2003

> Published a new tour catalog "Saison Tabimonogatari-travel story".

Jun. 2003








> Agreed on a tie-up in the travel service business with JTB Corp.







May 2003

> Kansai Electric Power expanded its electricity bill credit card payment service.

Apr. 2003

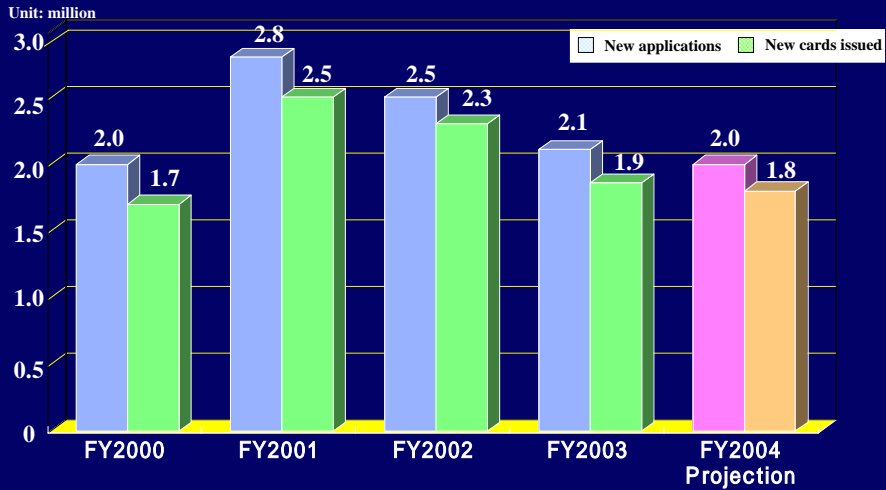
> Started the issuance of "Saison Babies" "us Card".

Indices FY2003 - (1)		
The figures in parentheses represent the difference compared with the previous year.		
	Results for FY2003	Target for FY2004
(1) New applications	2.11 million (85%) 	2.0 million
(2) New cards issued	1.86 million (82%) 	1.8 million
(3) Total number of cardmembers	15.87 million (0.97 million) 	16.7 million
(4) Number of active cardmembers	8.41 million (0.34 million) 	8.7 million
(5) Card transaction volume	¥2,408.6 billion (103%) 	¥2,643.0 billion
Card shopping	¥1,912.2 billion (106%) 	¥2,095.0 billion
Card cash advances	¥496.4 billion (93%) 	¥548.0 billion

Indices FY2003 - (2)			
The figures in parentheses represent the difference compared with the previous year.			
	Parent	Consolidated	
(6) Operating revenues	FY2003 results	¥175.7 billion (102%) 	¥220.3 billion (104%) 
	FY2004 target	¥189.0 billion (107%)	¥237.0 billion (107%)
(7) Ordinary income	FY2003 results	¥45.0 billion (102%) 	¥52.9 billion (104%) 
	FY2004 target	¥46.5 billion (103%)	¥55.5 billion (104%)
(8) Net income	FY2003 results	¥24.3 billion (-) 	¥22.4 billion (-) 
	FY2004 target	¥27.0 billion (111%)	¥31.5 billion (140%)

(1) New applications, and (2) New cards issued

Improving the quality of the service by maintaining 2 million newly developed cards.



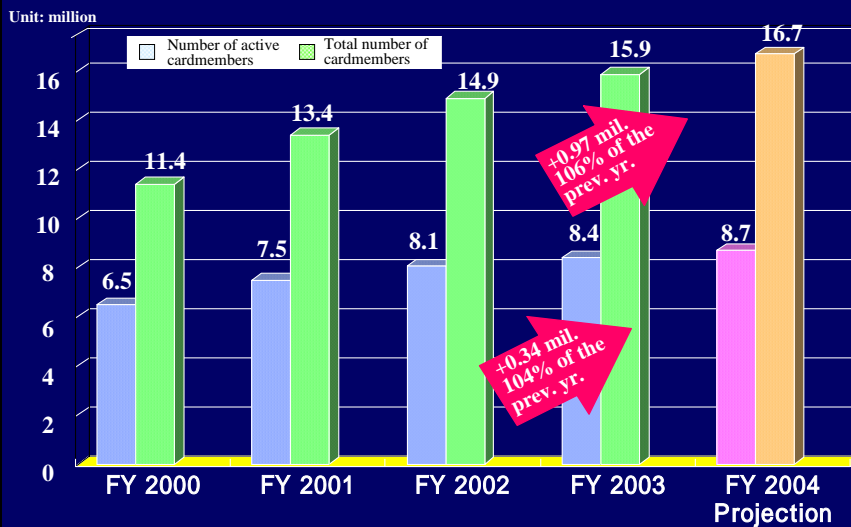
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4

(3) Total number of cardmembers, and (4) Number of active cardmembers

Aiming at a total of 16.7 million cardmembers and 8.7 million active cardmembers.



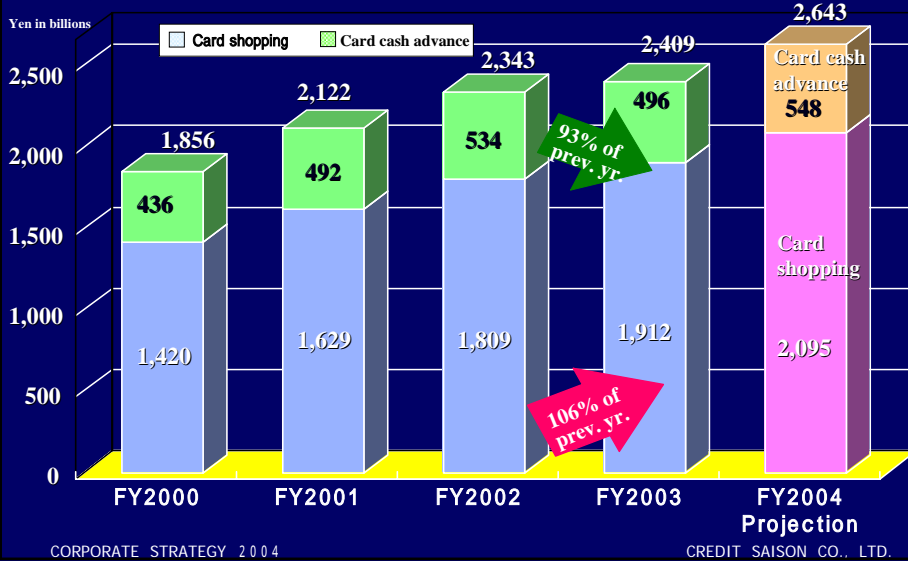
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5

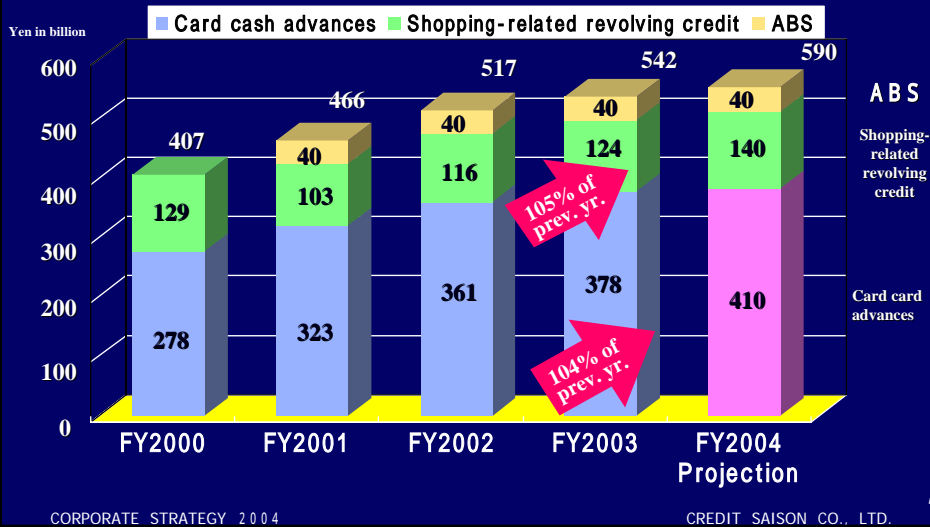
(5) Card transaction volume

Aiming at a double digit growth of card cash advance transactions as well as card shopping transactions together with continuing tightened credit management.



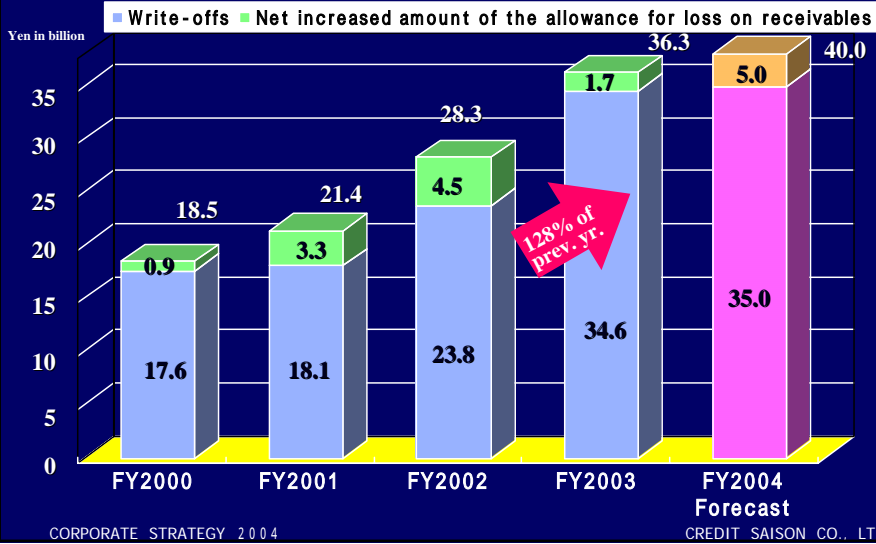
(6) Credit loan outstanding

With the emphasis on the balance between risk and profit, promotion of an increase in superior credit. (FY2004: Balance of shopping-related revolving credit +9.2%, Balance of card cash advance transactions +8.5%)



Progress in relation to the cost of uncollectible receivables

Although the absolute amount of uncollectible receivables has increased according to the rise in the ratio of the allowance for doubtful accounts (results of the past 3 years), the pace of the increase is expected to decline. (+10%)



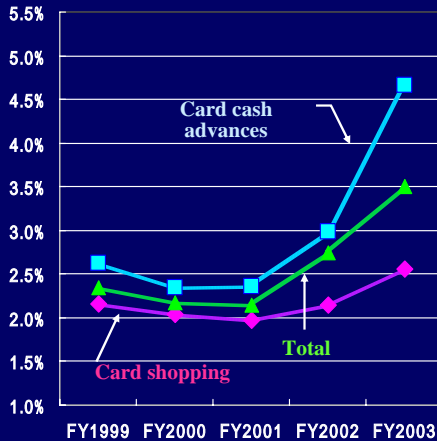
Progress in relation to delinquent and write-offs

- * The delinquency rate is the ratio of the portion of receivables overdue by more than 90 days to the total balance of receivables.
- * The written off rate is the ratio of the amount of written off receivables during the year to the balance of receivables at the end of the term.

State of delinquent receivables of more than 90 days

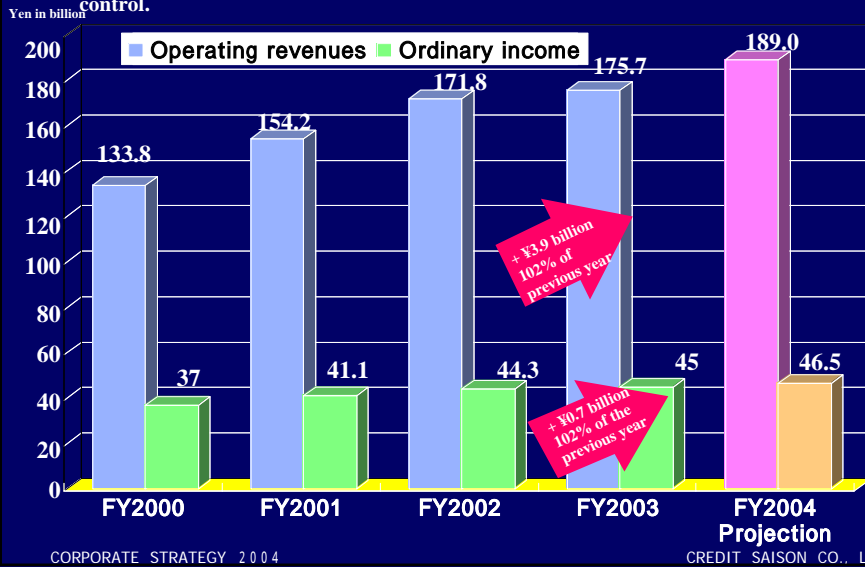


State of write offs



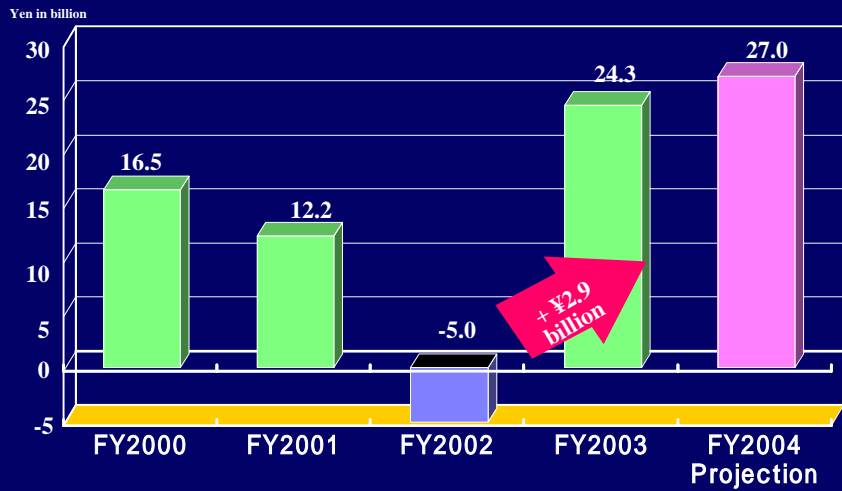
(7) Operating revenues, and (8) Ordinary income

Ensuring increases in FY2004 as well, both in sales and profits through an increase in operating revenues through growth in the card transaction volume and complete cost control.



(9) Net income for the current term

Although the target in FY2003 could not be achieved due to the early application of asset impairment accounting to fixed assets, aiming at an increase of ¥27 billion in profits for FY2004.



Summary of Consolidated Results

Consolidated Subsidiaries (FY2003)

(1) Saison Fundex	Loans and mortgage securities
(2) Atrium	Real estate
(3) Atrium Servicing	Credit collection agent
(4) Vivre	Amusement business
(5) NOA Planning	Amusement center development consulting
(6) House Planning	Real estate
(7) Saison Direct Marketing	Mail-order sales
(8) JPN Servicer	Credit collection agent
(9) A & A	Amusement business
(10) Health Park	Operation of membership clubs and real estate leasing

Affiliates-Equity method (FY 2003)

(1) Saison Automobile & Fire Insurance	P&C insurance
(2) Saison Info. Systems	Info. processing services
(3) LAWSON CS Card	Credit card

Consolidated Results

	End of FY2002	End of FY2003	Projection in FY2004
Ordinary income	¥51.0 billion	¥52.9 billion	¥55.5 billion
Net income for the current term	(¥6.0 billion)	¥22.4 billion	¥31.5 billion
Ratio of consolidated net income to parent-only net income	1.20	0.92	1.16
Consolidated capital adequacy ratio	18%	19%	-

Financial Summary

Shareholders' equity ratio

	FY1999	FY2000	FY2001	FY2002	FY2003
Non-consolidated	23.6	22.5	23.0	21.9	22.7
Consolidated	12.0	13.1	19.3	18.4	19.1

ROE (Return on equity)

	FY1999	FY2000	FY2001	FY2002	FY2003
Non-consolidated	6.8	7.3	5.2	(2.1)	9.8
Consolidated	8.5	6.2	7.8	(2.5)	9.1

ROA (Return on assets)

	FY1999	FY2000	FY2001	FY2002	FY2003
Non-consolidated	1.6	1.7	1.2	(0.5)	2.2
Consolidated	1.0	0.8	1.2	(0.5)	1.7

Management Strategy

CORPORATE STRATEGY 2004

CREDIT SAISON CO., LTD.

CONTENTS

I. Future Strategy

II. Business Strategy

III. Fund Procurement and Personnel Affairs Strategy

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I. Future Strategy

- [1] Reorganization of the credit card industry
- [2] Customer strategy
- [3] Tie-up strategy

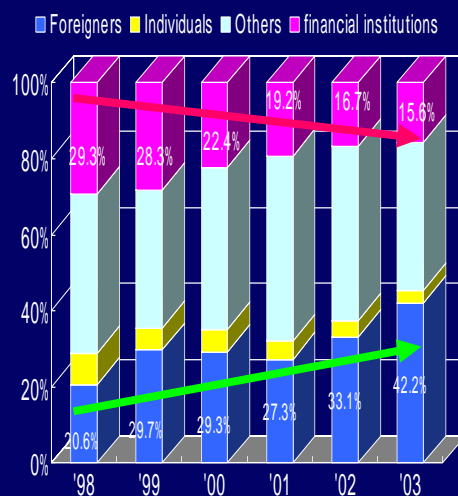
Ref. Composition of the shareholders

Companies with a higher foreign stockholding ratio

Company name	Mar. 2003	Mar. 2004
Credit Saison Co., Ltd.	33.2%	42.2%
Orix Corp.	39.3%	50.7%
Canon Inc.	46.1%	49.9%
HOYA Corp.	38.1%	50.5%
YAMADA-DENKI	40.3%	50.1%
Rohm	40.7%	(48.1%)
Fuji Photo Film	40.3%	(44.4%)
Shionogi & Co.	39.4%	(43.5%)
Tokyo Electron	30.6%	(41.1%)
Nitto Denko Corp.	26.6%	(41.1%)
Yamanouchi Pharm.	37.4%	(40.6%)

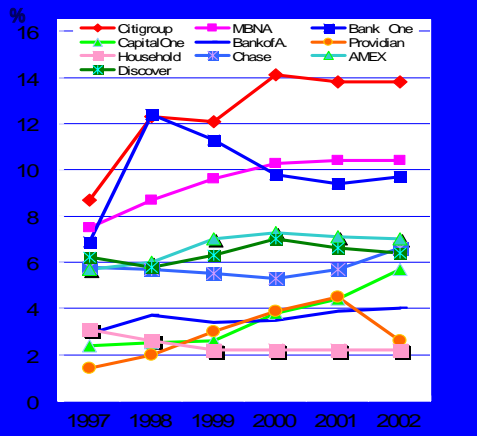
Source: Nihon Keizai Shimbun 11/27/2003, 4/21/2004, 5/7/2004
The figures in parentheses are for September 2003.

Trend in the composition of the shareholders of Credit Saison

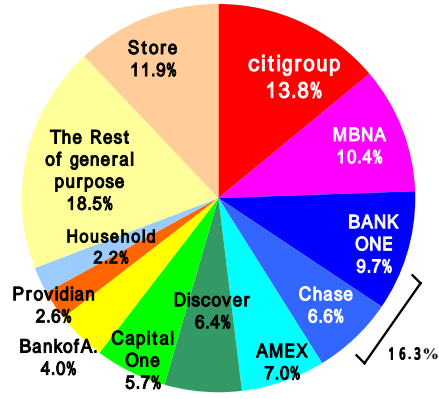


Reorganization of the credit card industry: (1) Share in the US

Trend in the share accounted for by the credit card industry for the top ten multipurpose credit cards according to their balance



Comparison of the share of the balance in the US credit industry (estimated figures for FY2002)



citigroup	MBNA	BANKONE	AMEX	CHASE	Discover	Capital One	Bank of America	PROVIDIAN	Household
13.8%	10.4%	9.7%	7.0%	6.6%	6.4%	5.7%	4.0%	2.6%	2.2%

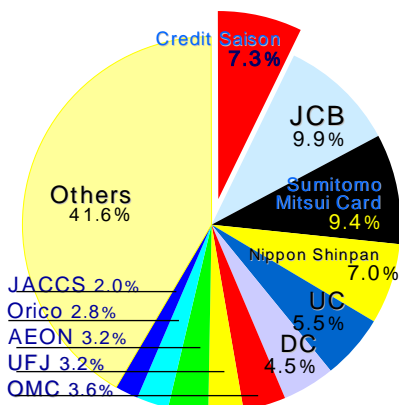
* Source: NISLON REP.678, 684, 705, 708, 726, 732, 751, 756, 772, 780, 797 (The figures for 1997 are calculated back from 1998 data for the previous year's level.)
 In the two graphs, the figures for the following companies are limited to the balances for the multipurpose credit cards: Citigroup, MBNA, Bank One, AMEX, Capital One, Chase, Discover, Bank of America, Providian, Household.

15

[1] Reorganization of the credit card industry: (2) Share in Japan

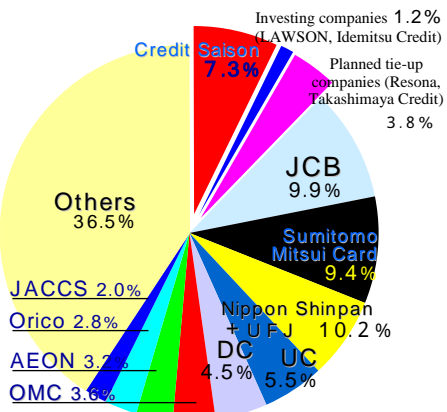
Our long-term target for market share is 30%.

Market share for the volume of card transactions on a single company basis in FY2002



Affiliated companies' market share of the volume of card transactions in FY2002

(LCS, Idemitsu, Resona, Takashimaya)



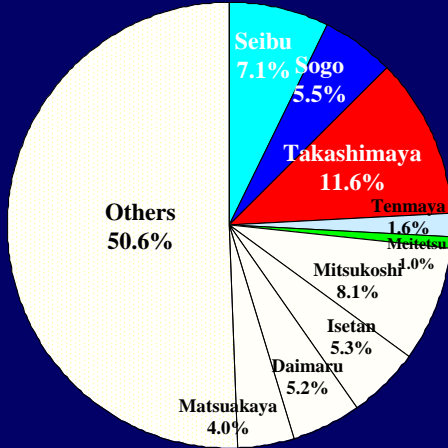
* Estimation from Consumer Credit Statistics in Japan (Japan Consumer Credit Industry Association)

16

[2] Customer strategy: (1) Organizing important customers

Acquired 27% of the department store network.

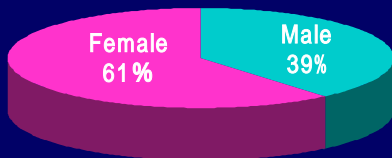
Market share for department stores in FY2002



[2] Customer strategy: (1) Organizing male customers

Aiming at acquiring active male customers in addition to strengthening the approach to young female customers.

Composition of Saison Card holders



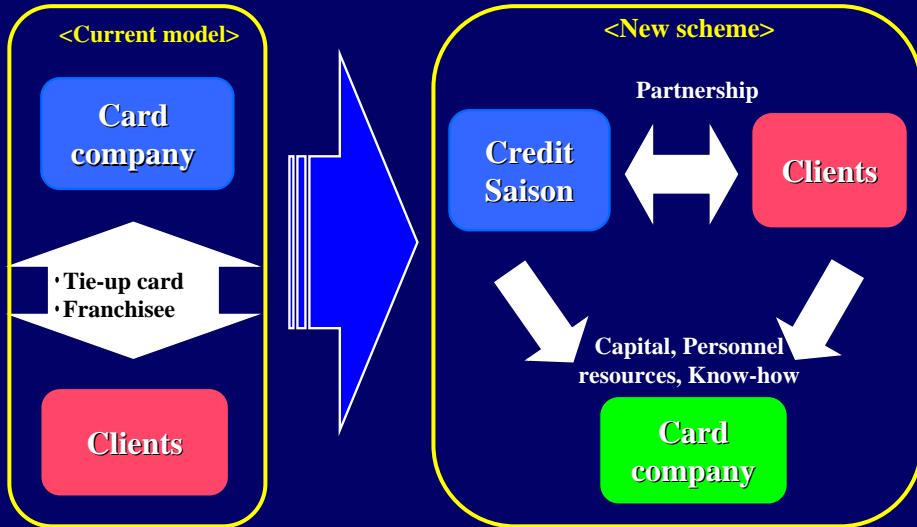
As of April 2004

Promotion of the acquisition of male customers

- Expanding application channels on the Internet
- SAISON CARD EXPRESS
- SAISON STATION
- Idemitsu Card
- ETC Card
- Resona Card
- LAWSON Card




[3] Tie-up strategy: (1) Proposal for a new tie-up scheme

Building a stronger partnership by offering capital, personnel resources and know-how.



[3] Tie-up strategy: (2) Expansion of the processing business

Building up one of the pillars of profits after card shopping and card cash advances through the expansion of the processing business.

LAWSON CS Card Convenience store network 7,600 stores		Number of cardholders: 1.0 mil. Investment ratio: 30%
Idemitsu Credit Filling station network 6,000 stations		Number of cardholders: 1.2 mil. Investment ratio: 50%
Resona card Number of manned offices 650 offices		Number of cardholders: 2.3 mil. Investment ratio: 10% Three card companies affiliated with Resona Bank will merge on July 1, 2004.

Comprehensive tie-ups in the card business, including investment and marketing support.

[3] Tie-up strategy: (2) Expansion of the processing business

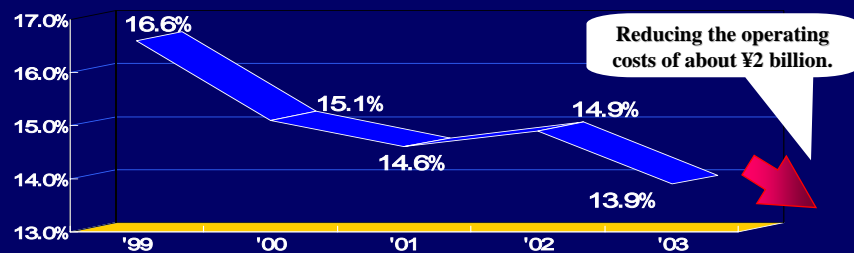
Improving the quality of the service through the construction of a new infrastructure center, and promoting cost reductions through complete streamlining.

Starting operations in spring 2005.

- High level ordinary profit ratio by installing an information system.
- Being entrusted with the business of other companies.



Infrastructure cost (Ratio of cost to profits)



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21

II . Business Strategy

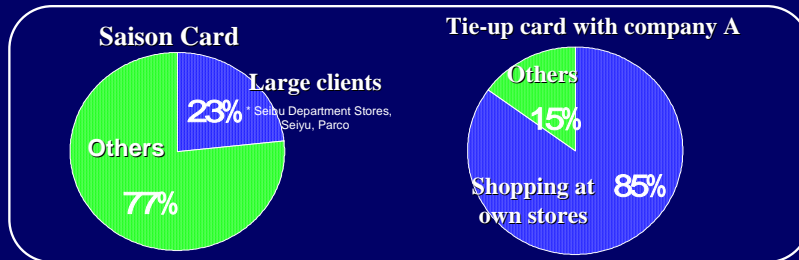
- [1] Measures to improve profitability
- [2] Measures to improve continuity
- [3] Measures to improve safety

CORPORATE STRATEGY 2004

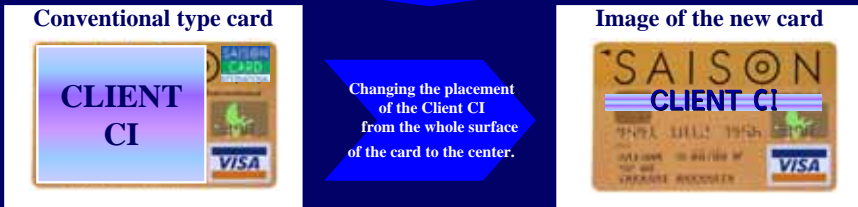
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[1] Measures to improve profitability: (1) Introduction of a newly designed card

Breaking the barrier of house cards through a multipurpose card strategy that meets customer needs.



Breaking the barrier

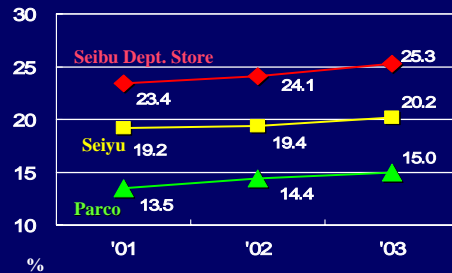


[1] Measures to improve profitability: (2) Enhancement of joint promotion

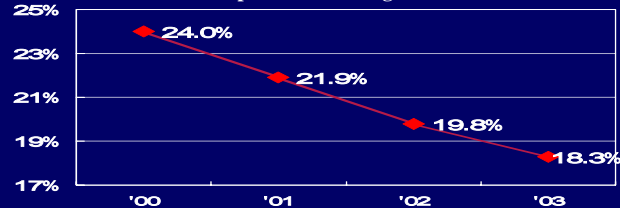
A powerful drive towards joint promotion with clients and promoting the greater usage of in-house cards.

- <Principal measures>
- "Yume Matsuri, or Dream Festival" with Seibu Department Stores
 - Wine cuisine for card holders with Prince Hotel
 - Marriage-related promotions with IHC
 - Triple points campaign with Idemitsu SS
 - Quadruple points for using the JTB tour desk
 - Promotion with a major mass merchandiser of home electronic appliances

Trend in the rate of card usage at large clients



<Reference> Trend in dependence on large clients



[2] Measures to improve continuity: (1) Diffusion of consecutive payments by card

Promotion of the diffusion of consecutive payments using cards by strengthening the cardholders' motivation to make Saison Card their principal card through the spread of the permanent perdurable point system, and offering constant payment opportunities for various charges such as public utilities, mobile phones, and accessory insurance products (Super Value Plus).

<Expanding the object of payments>

- Public utility services (Kansai Electric Power, Kyushu Gas)
- Hospitals
- Life insurance (AIG edison)
- Non-life insurance (Sompo Japan, Saison Automobile & Fire Insurance)
- Payment for ETC (Electronic Toll Collection)
- Mobile phones
- Internet service provider contracts
- Subscriptions to newspapers

Trend in the proportion of consecutive payments made by card in the original member stores



[2] Measures to improve continuity: (2) Permanent perdurable points

Effects and future development of permanent perdurable points

Tracing card use by light users

State of card use by the end of March 2003

Number of points	Unit amt. Of the account	Frequency of use
- 100	¥48,000	8
101 - 200	¥151,000	19
201 - 300	¥242,000	28

After 1 year

State of card use during one year by the end of March 2004

Unit amount of the account	Frequency of use
¥93,000 (+45,000)	13 (+5)
¥188,000 (+37,000)	23 (+4)
¥264,000 (+22,000)	31 (+3)

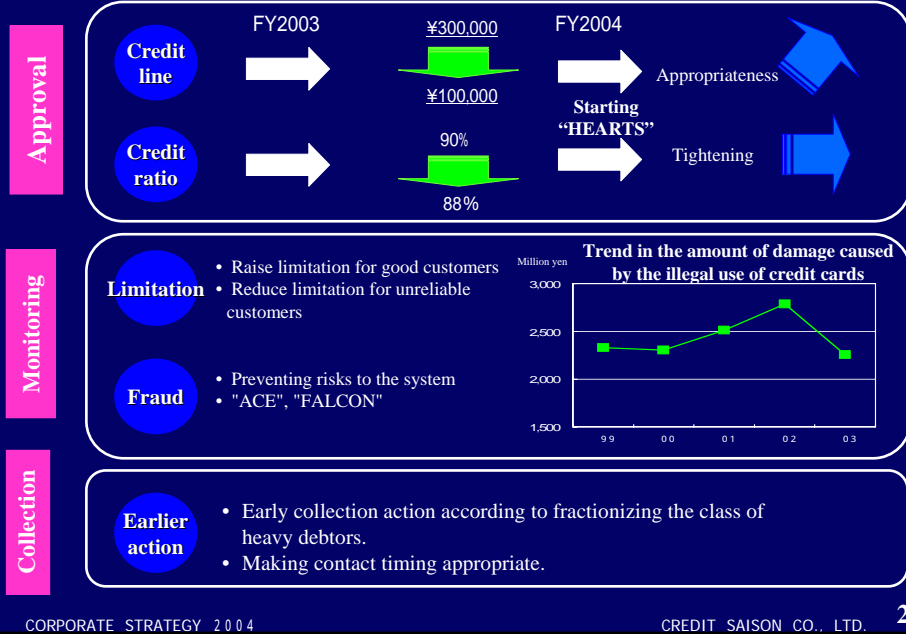
Steady diffusion of the point program to light users with less than 300 points.

FY2004

Making the permanent perdurable points system intelligible to anyone.

Promoting activation of the reasons for making an application for a card and inactive card holders

[3] Measures to improve safety: Handling risk management



III. Fund Procurement and Personnel Affairs Strategy

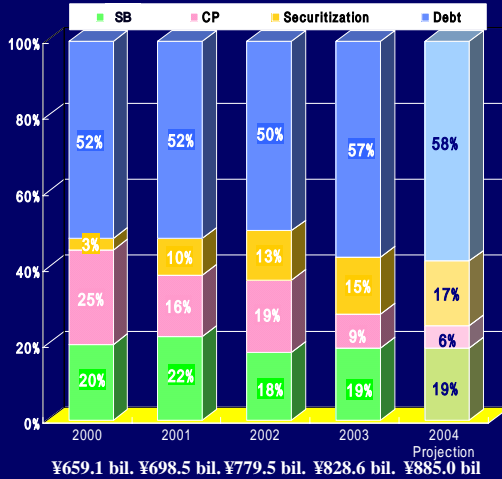
[1] Fund procurement strategy

[2] Personnel affairs strategy

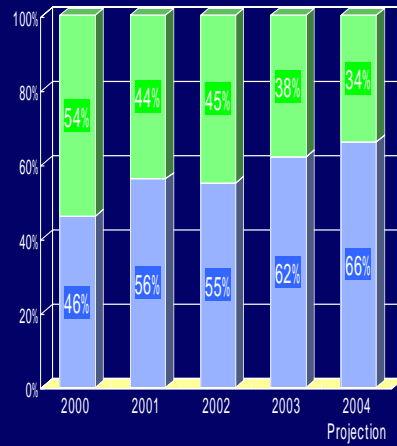
[1] Fund procurement strategy

Addressing a variety of measures, including the liquidation of credit, and building a stable basis for fund procurement that meets the market environment.

Composition of liabilities with interest



Trend in the ratio of long-term loans to short-term loans



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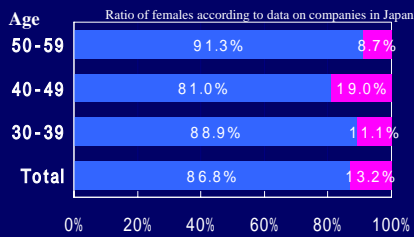
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27

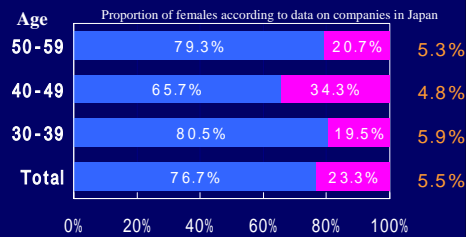
[2] Personnel affairs strategy

Evaluation system, Rotation, Promotion of women, Accelerated promotion

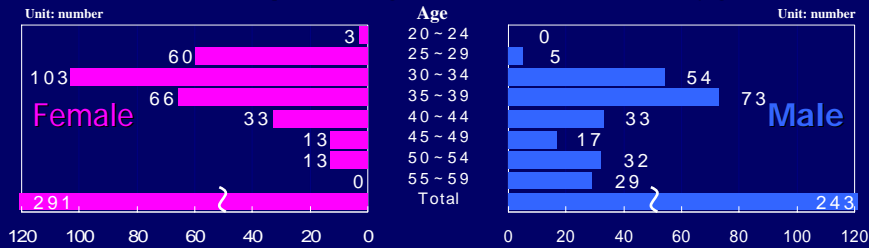
Ratio of males to females at the level of department manager



Ratio of males to females at the level of section manager



Distribution of the personnel ranking for the level of subsection chief and above by age



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28