

Management Interim Report FY2007



November 16, 2007
Credit Saison Co., Ltd.



AGENDA

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Changes to the Domestic Credit Card Market and Other Items

Interim FY2007 Highlights

◆ Non-consolidated ★ Consolidated

April–September

- ★ April: Shizugin Saison Card Co., Ltd. commenced business and issued the ALL-S card.
- ◆ Commenced a new CI promotion with the theme of "A contest of abilities," using a racehorse as the motif.
- ◆ May: Announced the new medium-term management plan (April 2007–March 2010).
- ★ May: Daiwa House Financial Co., Ltd. issued the Heart One Card, a Daiwa SAISON card.
- ★ May: JPN COLLECTION SERVICE Co., Ltd. (loan collection agency) made a two-for-one stock split.
- ◆ June: 《SAISON》 Card introduced a credit card payment facility for the sports promotion lottery "toto".
- ◆ June: Introduced credit card payment facilities for water charges in the 23 wards of Tokyo and for gas bills in Sendai.
- ◆ June–July: Lowered interest rates for all cash advances to 18% or less in order to comply with Japan's new Money Lending Business Control and Regulation Law.
- ◆ July: Credit Saison Co., Ltd. began to accept applications for the Yamakataya Card, issued in partnership with the Yamakataya Group.
- ◆ August: "Qubitous" was chosen as the name of the new joint processing company.
- ◆ September: Credit Saison issued the LPGA CLUB Card, a card for the official fan club of the Ladies Professional Golfers' Association (LPGA), in partnership with the LPGA.
- ◆ September: Commenced an alliance with Akita Bank in the credit guarantee business.

October—present

- ★ October: The total value of assets managed by Saison Asset Management Co., Ltd. surpassed ¥10.0 billion for the first time
- ◆ October: Combined the 《SAISON》 and UC points—UC Niko–Niko gift points can now be added to SAISON Permanent Points.*
(*Beginning from points used in August)
- ◆ October: Eikyu Fumetsu.com was offered to UC cardholders for the first time.
- ◆ October: Began accepting applications for the YM 《SAISON》 Card.
- ◆ October: Commenced an alliance with Yamanashi Chuo Bank in the credit guarantee business.
- ★ October: New entry into the Atrium rental guarantee service business.
- ◆ October: Issued the first SAISON NEXT Cards (the successor cards to postal cards).
- ◆ November: The new American Express® card were issued (WHITE & GOLD).
- ★ November: Saison Fundex Corporation lowered interest rates for all cash advances and loans to 18% or less.



Financial Overview of Interim FY2007

- ◆ **Operating Results**
- ◆ **Credit Risks** (delinquency, credit costs and interest return requests)
- ◆ **Financial Position**
- ◆ **Overview of Credit Card Business**

Operating Results

Figures in parentheses are year-on-year comparisons

Consolidated

Non-consolidated

Operating revenues	First half of FY2006	165.6 billion (130%)	131.8 billion (131%)
	First half of FY2007	177.3 billion (107%)	140.8 billion (107%)
Ordinary income	First half of FY2006	43.1 billion (123%)	29.3 billion (118%)
	First half of FY2007	32.9 billion (76%)	20.7 billion (71%)
Net income	First half of FY2006	△5.8 billion (-)	△6.2 billion (-)
	First half of FY2007	12.2 billion (-)	12.7 billion (-)

Results by Business Segment

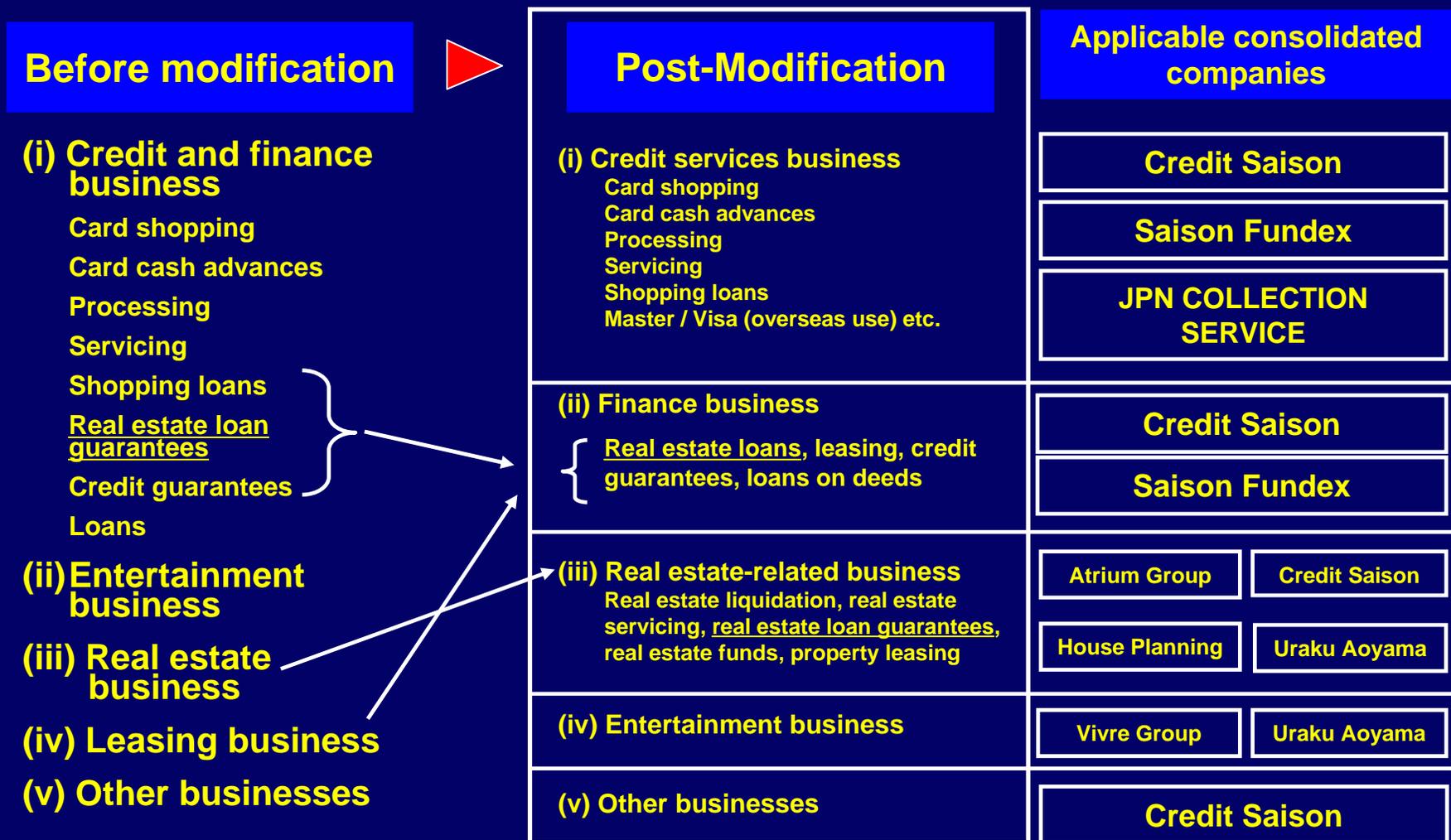
(Unit: ¥1 billion)

	Operating revenues			Operating income		
	First Half of FY2006	First Half of FY2007	Growth rate	First Half of FY2006	First Half of FY2007	Growth rate
Credit Services	125.6	130.3	3.8%	25.9	17.9	△31.0%
Finance	17.2	22.0	27.7%	5.7	4.8	△16.2%
Real Estate-related	15.1	20.7	37.2%	9.1	13.7	49.9%
Entertainment	9.4	7.3	△21.9%	1.3	△2.0	—
Others	0.6	0.8	29.8%	0.2	0.4	54.8%
Total	168.0	181.2	7.9%	42.6	35.0	△17.8%
Inter-Segments Transactions	(2.3)	(3.9)	—	(2.7)	(2.8)	—
Consolidated	165.6	177.3	7.1%	39.8	32.1	△19.4%

(Reference) Segment Modification

The non card-related credit and finance business and the leasing business are relabeled “finance business.”

The real estate business (excluding Atrium guarantees) becomes the “real estate-related business” (including Atrium guarantees)



Contribution to Consolidated Results-I

Group trends

(Unit: ¥1 billion)

	First Half of FY2006	First Half of FY2007	YoY	FY2007 (projected)	YoY
Operating revenues	165.6	177.3	107.1%	345.0	103.4%
Ordinary income	43.1	32.9	76.4%	56.0	69.9%
Net income	△5.8	12.2	—	23.0	155.2%
Per-share income(¥)	△32.90	68.02	—	127.8	—
Ratio of consolidated to non-consolidated net income	1.47	1.59	—	1.49	—
Shareholders' equity ratio	16.5%	15.8%	—	—	—

Contribution to Consolidated Results (ii)

Ordinary income: Difference between consolidated and non-consolidated figures

	Non-consolidated	Consolidated	Difference
Ordinary income	¥20.7 billion	¥32.9 billion	¥12.2 billion

Contribution to consolidated results

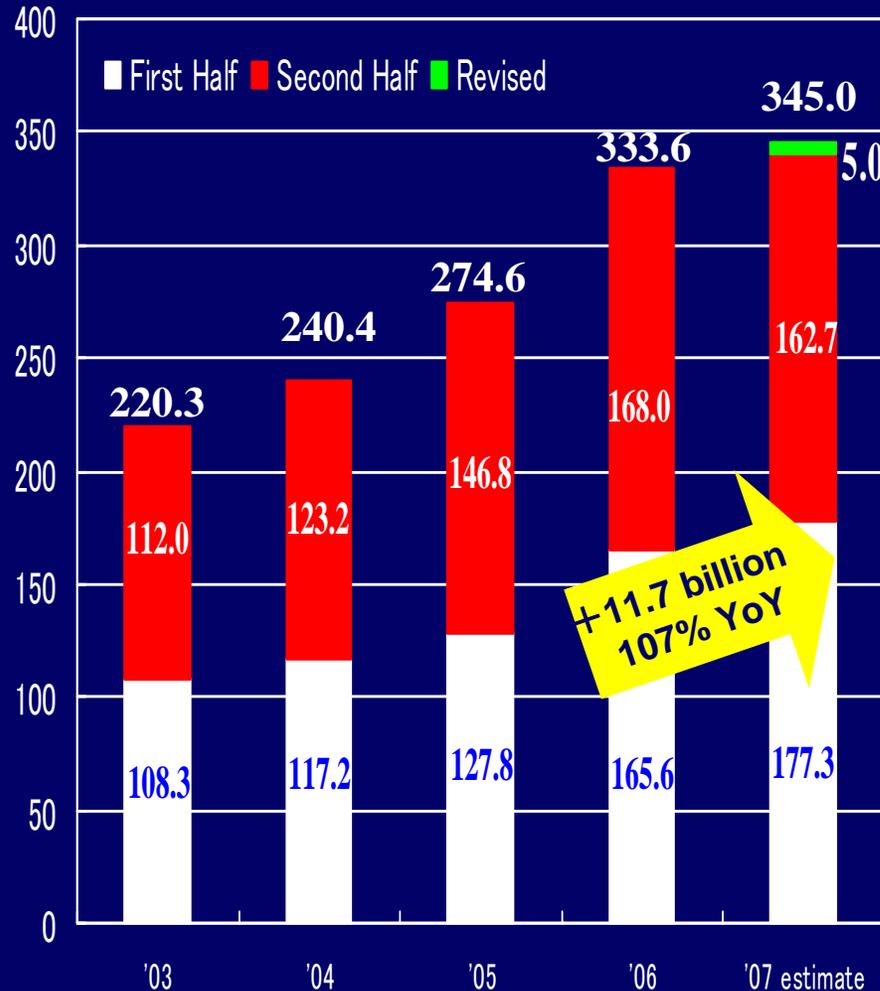
Major consolidated subsidiaries	Contribution to ordinary income
Atrium Group • Atrium Co., Ltd. (real estate loan guarantees, liquidation of real estate) • Atrium Servicing Co., Ltd. (servicing business) • AIC (liquidation of real estate) • AR Hotels Ginza (liquidation of real estate)	¥12.2 billion
Saison Fundex Group • Saison Fundex Corp. (loans) • House Planning Co., Ltd. (real estate)	¥1.3 billion
JPN COLLECTION SERVICE Co., Ltd. (loan collection agency) (servicing business)	¥700 million

Major equity-method affiliates	Contribution to ordinary income
Idemitsu Credit Co., Ltd. (credit card business)	¥360 million
Saison Automobile and Fire Insurance Co., Ltd. (non-life insurance)	¥270 million
Resona Card Co., Ltd. (credit card business)	¥110 million

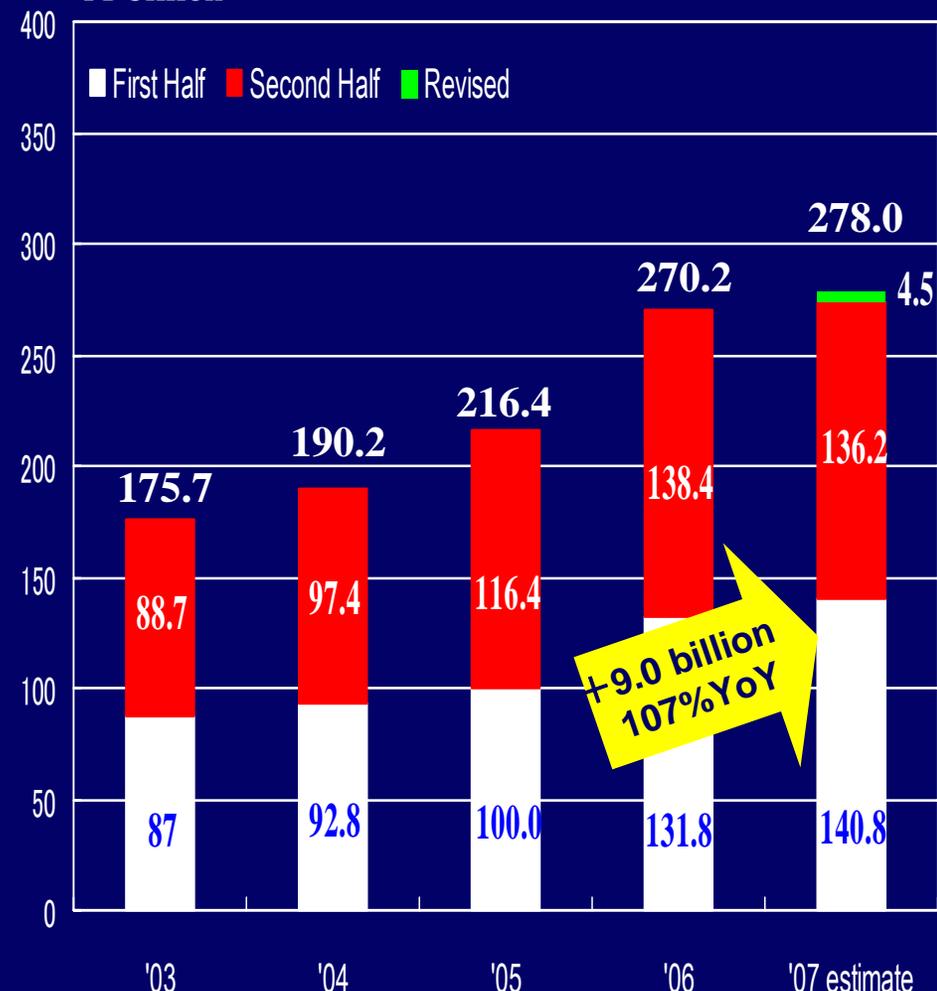
Operating Revenues (Consolidated/Non-consolidated)

Operating revenues were up on both consolidated and non-consolidated basis due to an expansion of the real-estate business.

¥1 billion **【Consolidated】**



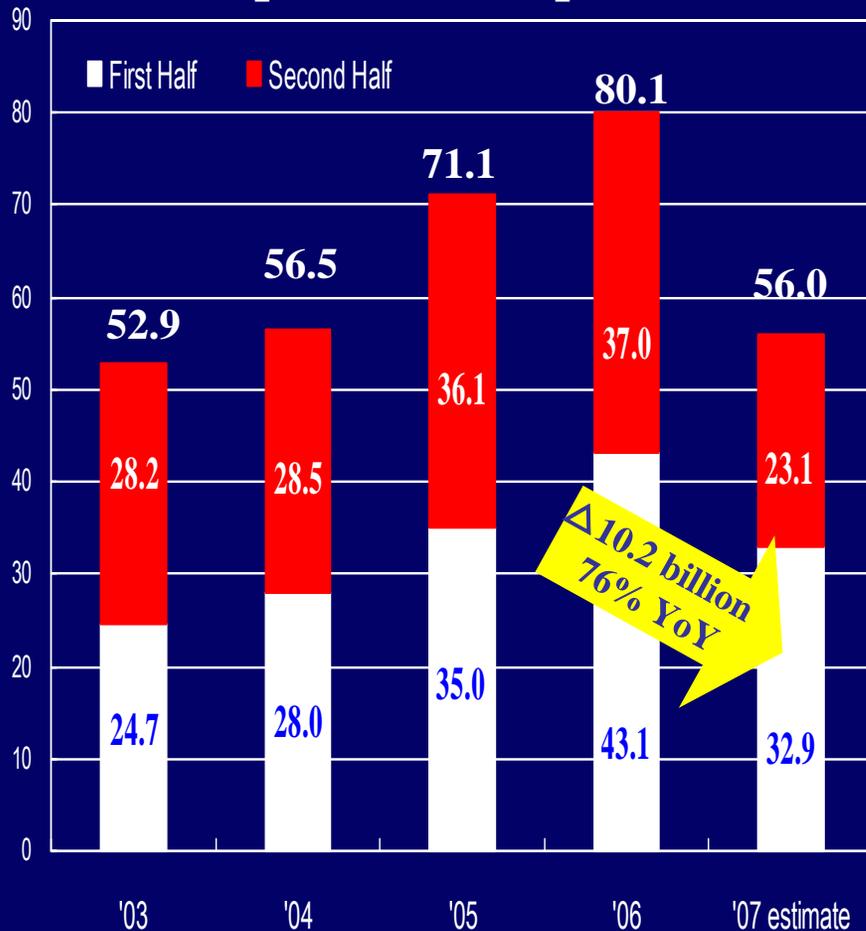
¥1 billion **【Non-consolidated】**



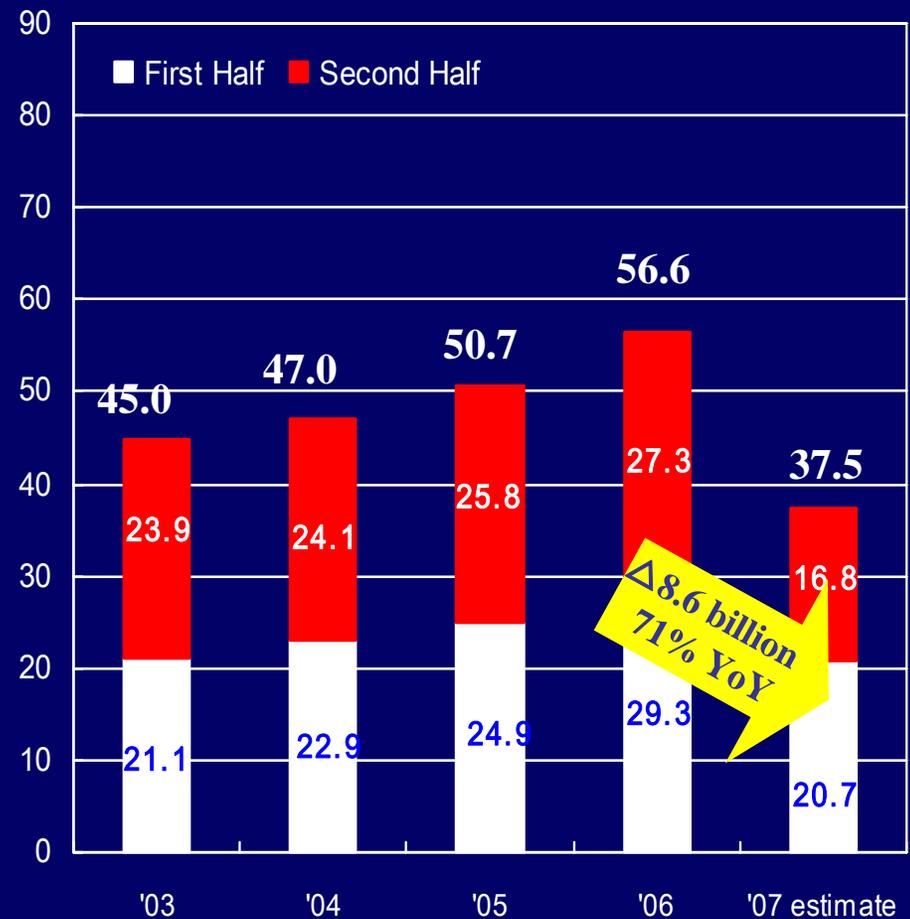
Ordinary Income (Consolidated/Non-consolidated)

Down due to increase of credit cost over contribution from steady real estate related businesses. Expected impact from lowering interest rate of cash advances below 18% in FY2007 estimate.

¥1 billion 【Consolidated】

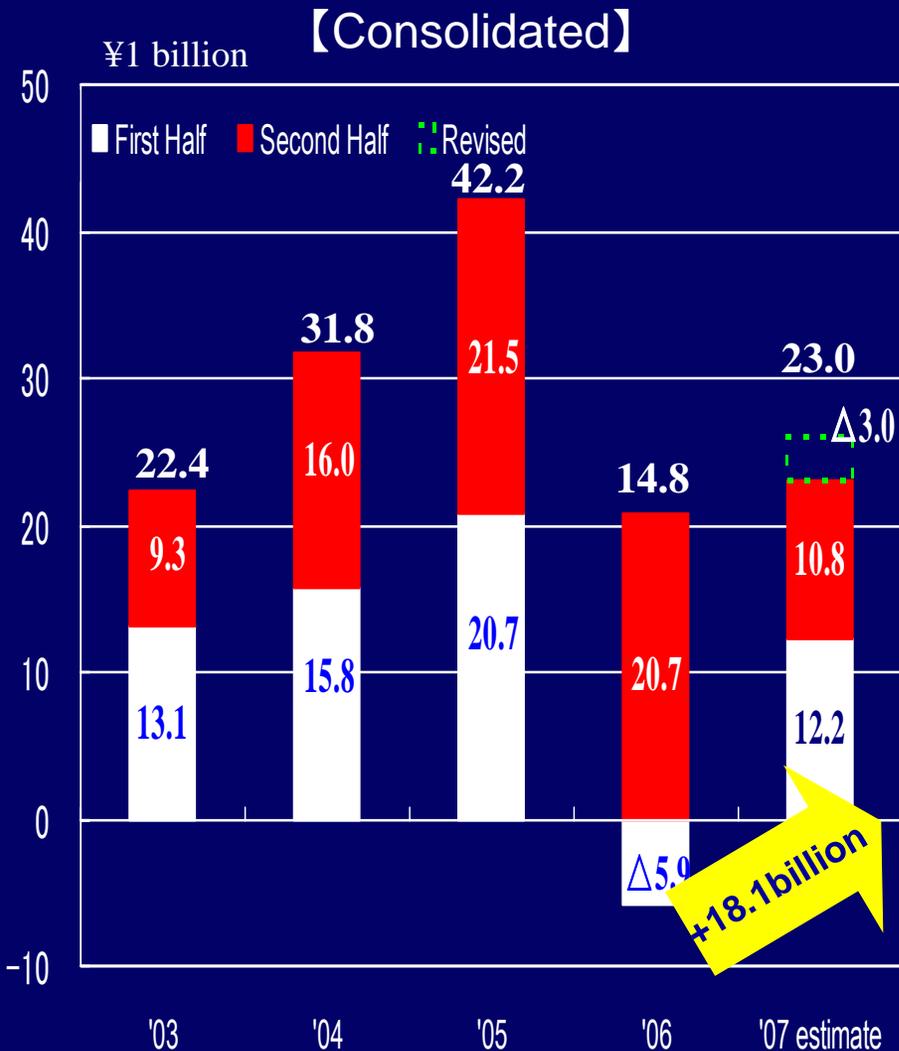


¥1 billion 【Non-consolidated】

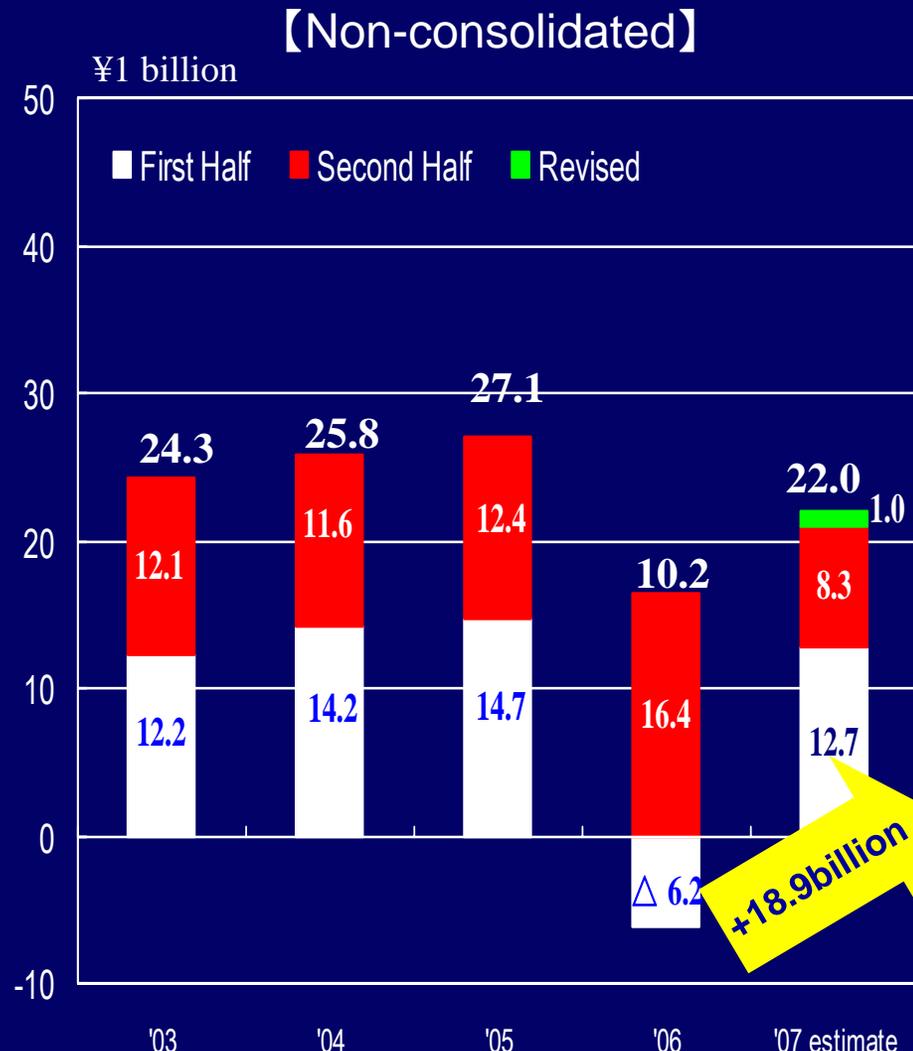


Net Income (Consolidated/Non-consolidated)

Accomplish growth in net income on both consolidated and non-consolidated basis



CORPORATE STRATEGY 2007



CREDIT SAISON CO., LTD.

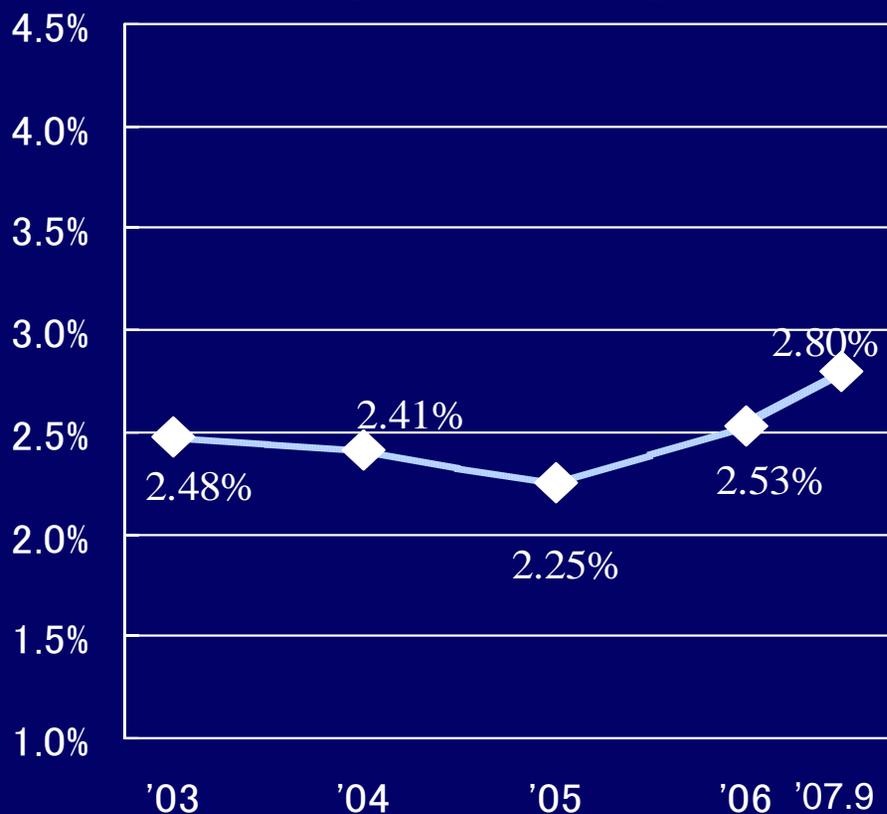
Credit Risk Trends- I

Delinquency rate stay at high level on both consolidated and non-consolidated basis due to increase in delinquency associated with interest return request

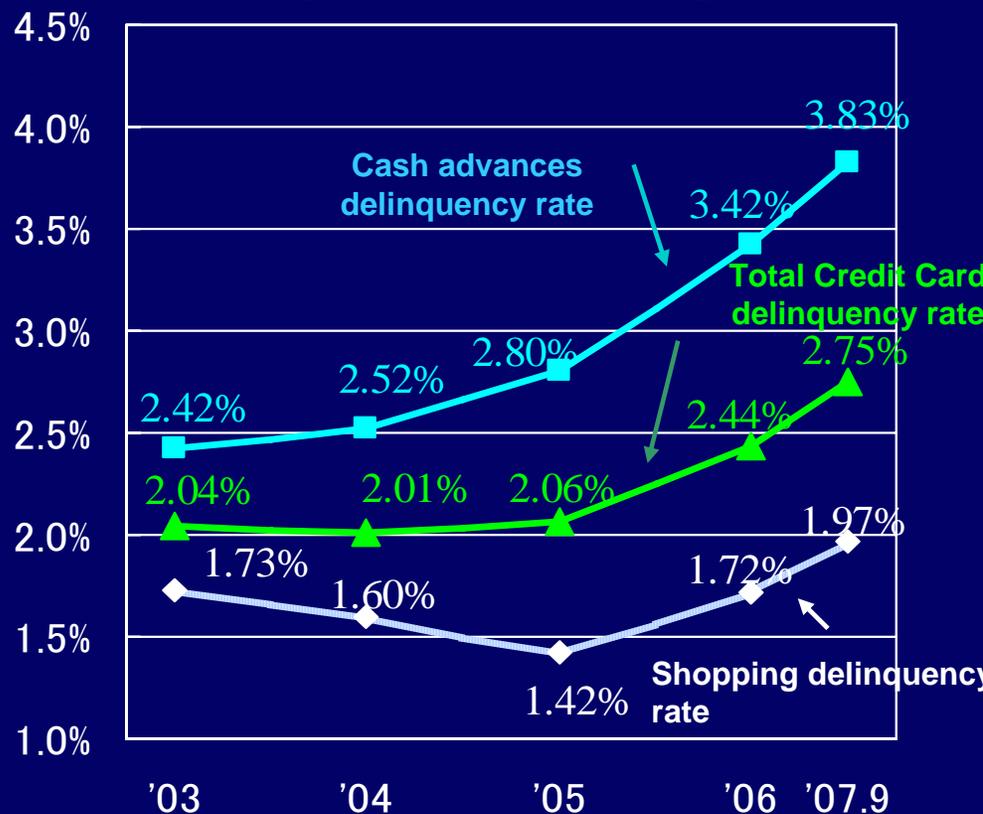
■ Delinquency of 90 days or more

*Delinquency rate: Percentage of total receivables past due 90 days or more

【Consolidated】



【Non-consolidated】

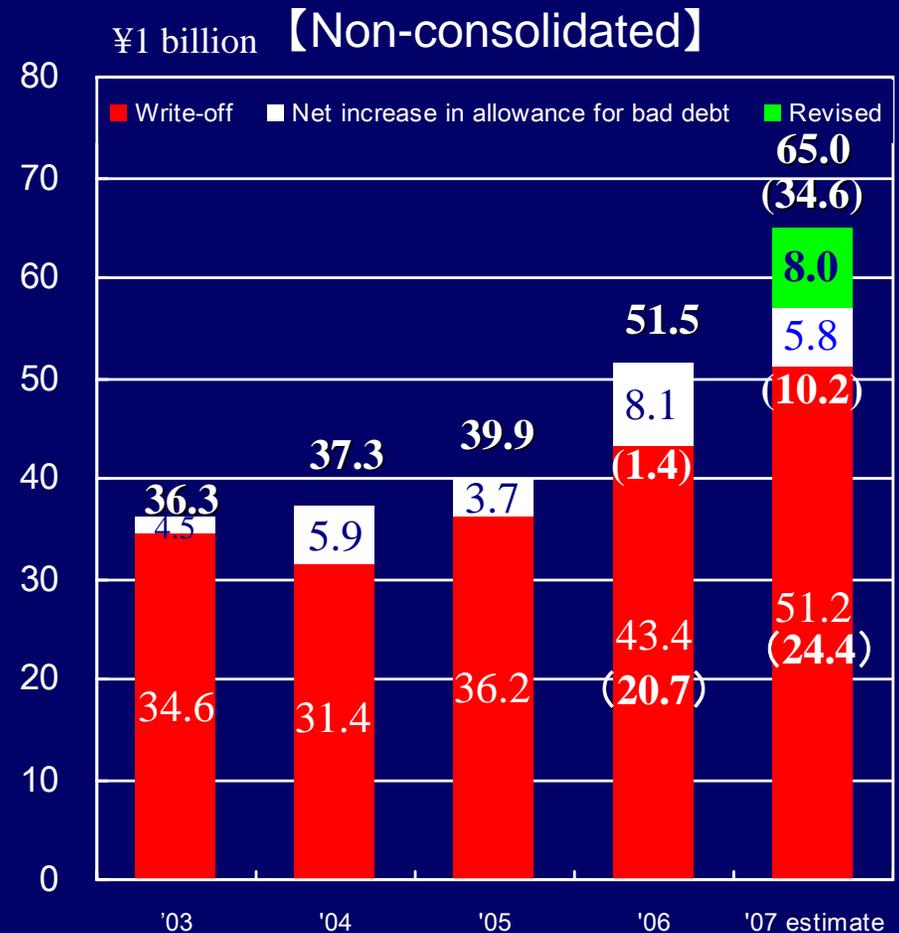
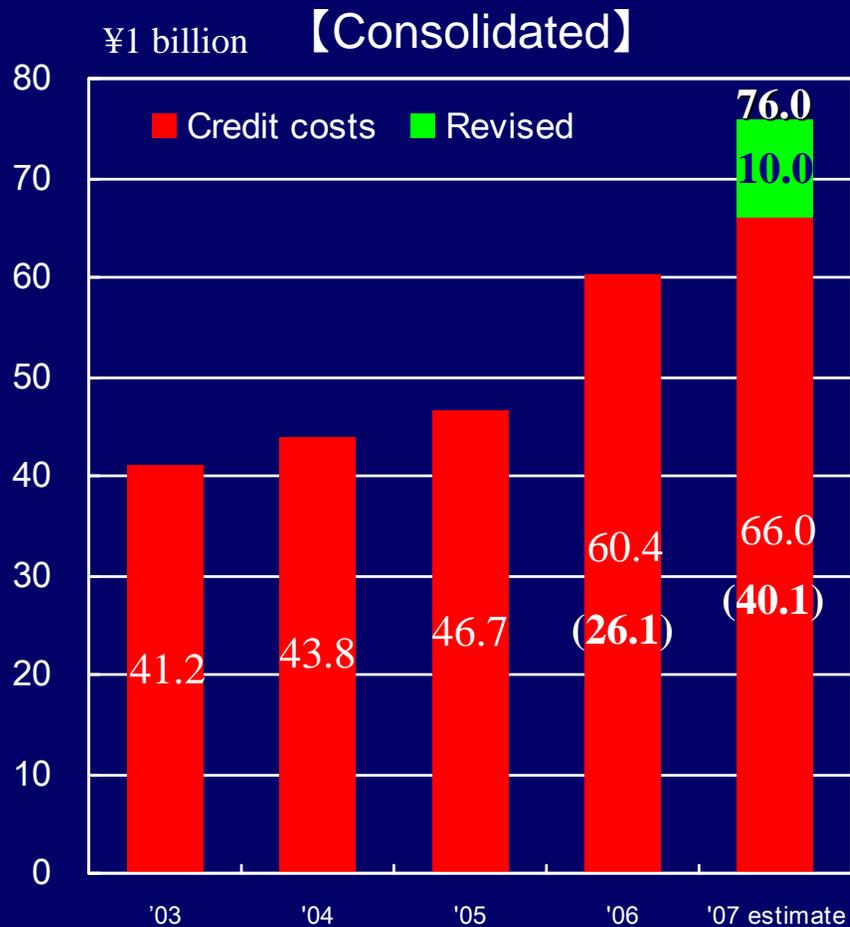


Credit Risk Trends- II

Additional allowance conservatively to meet an increase trend of interest return request

Credit costs

※Consolidated figures are aggregated delinquency costs



Allowance for Interest Repayment Losses: Calculation Method and Trends

Record a reasonable allowance that appropriately reflects the guidelines

Number of users of cash advances



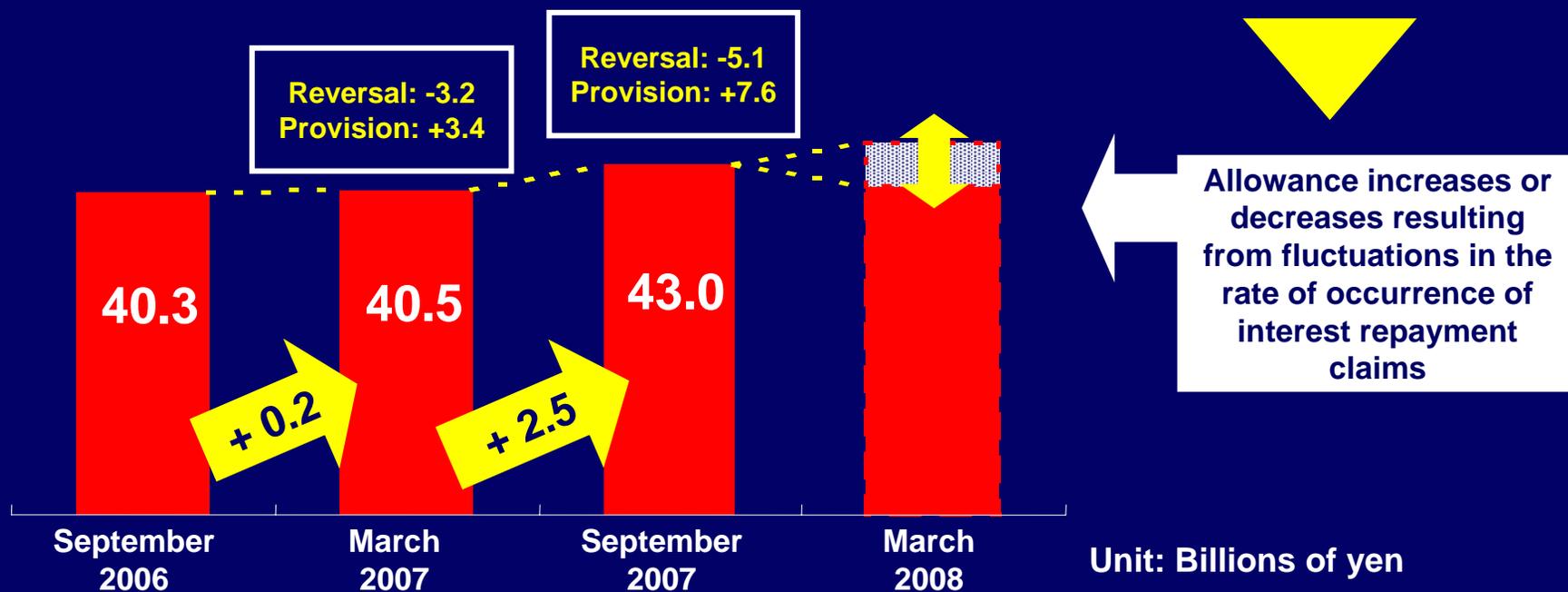
Rate of occurrence of interest repayment claims (assuming for five years)



Average unit cost of interest repayment claims

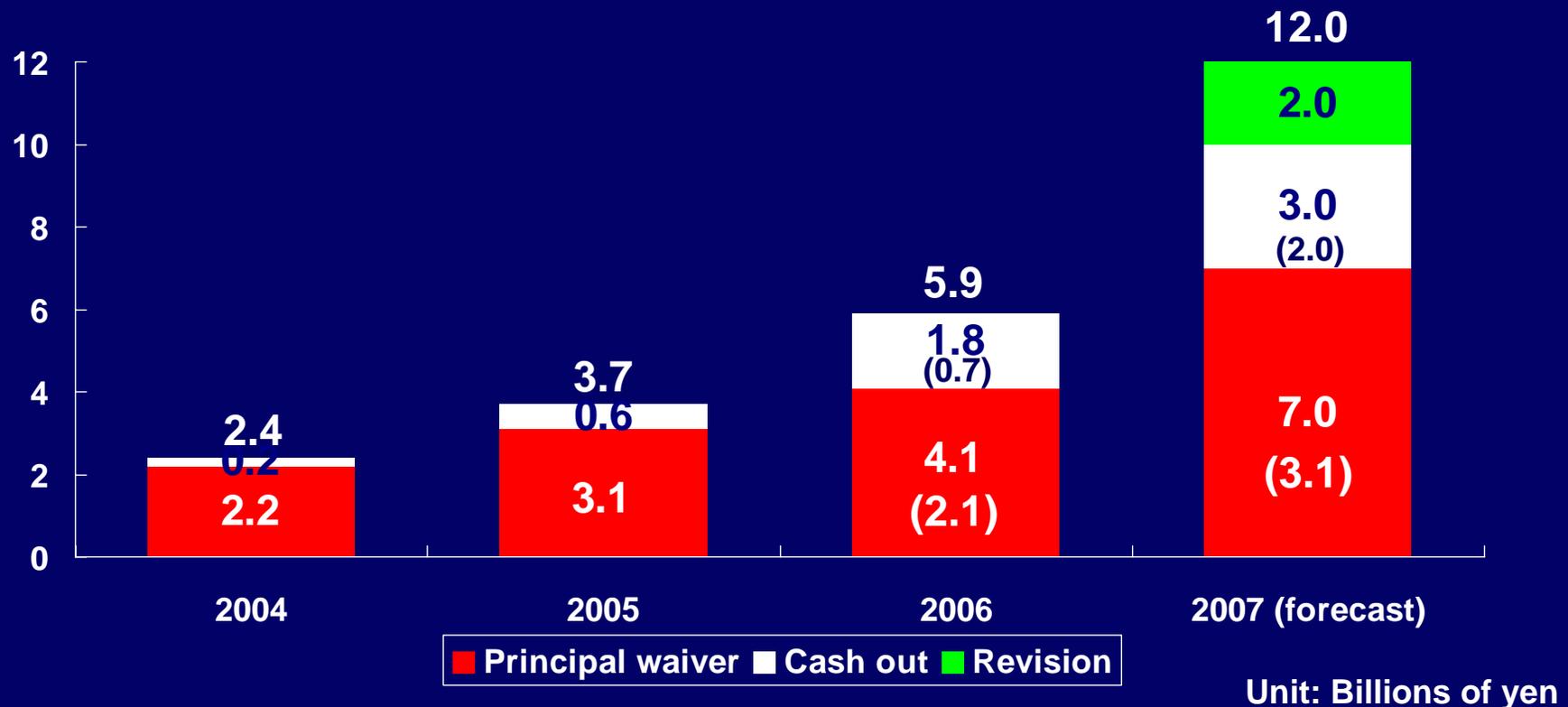


Correction factor based on most recent interest repayment claims, with forecasted claims added in



Trends in Costs of Interest Repayment Claims

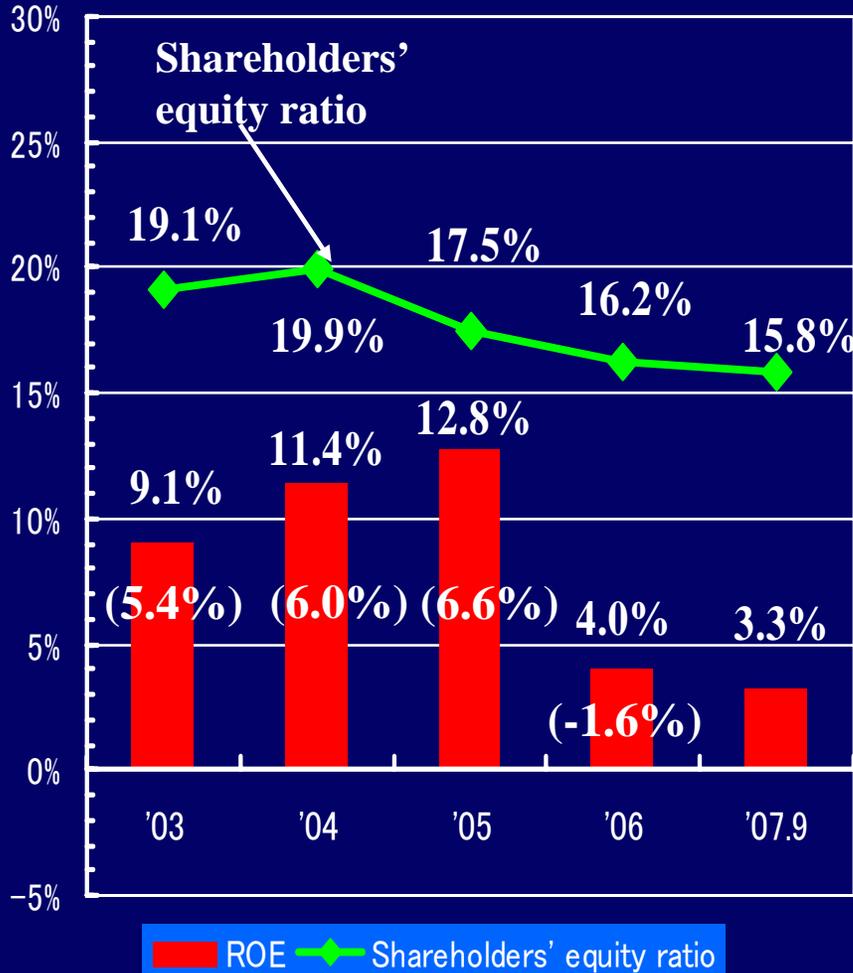
Although the number of interest repayment claims continues to increase, the rate of increase is slowing down and there are signs that the peak will be reached in the near future.



Shareholders' Equity Ratio & Return on Equity

Shareholders' Equity Ratio & Return on Equity

【Consolidated】



Rating
R&I A+ S&P A Fitch A

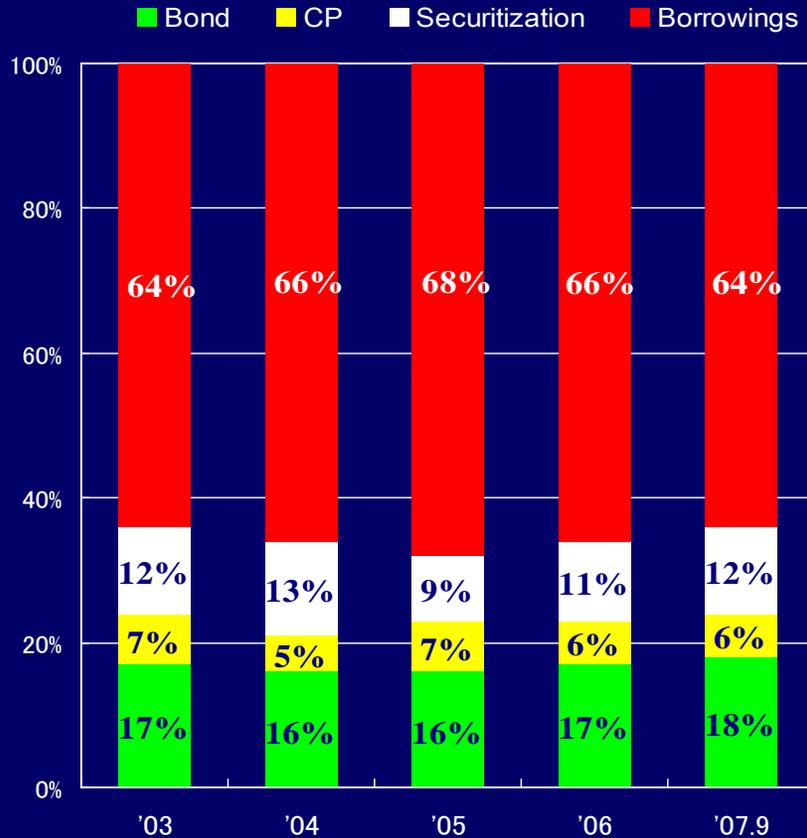
【Non-consolidated】



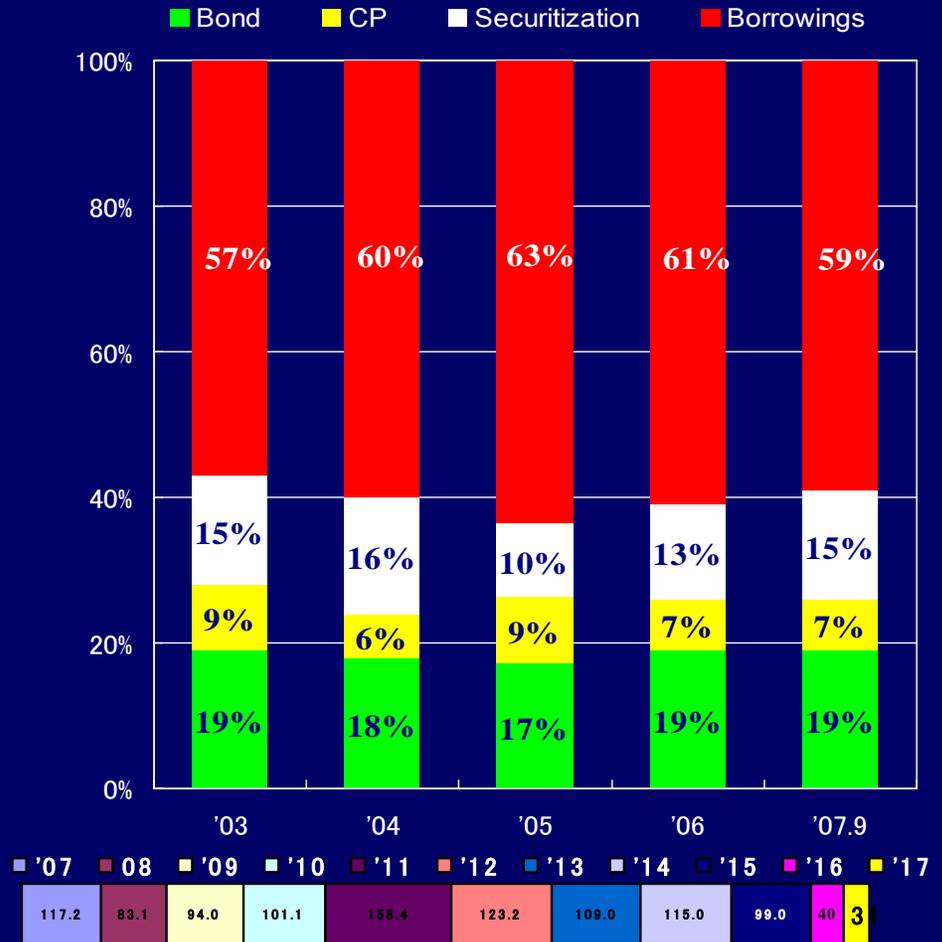


Fund Structure- I

Makeup of interest-bearing debt 【Consolidated】



【Non-consolidated】



Long-term debt payback/redemption

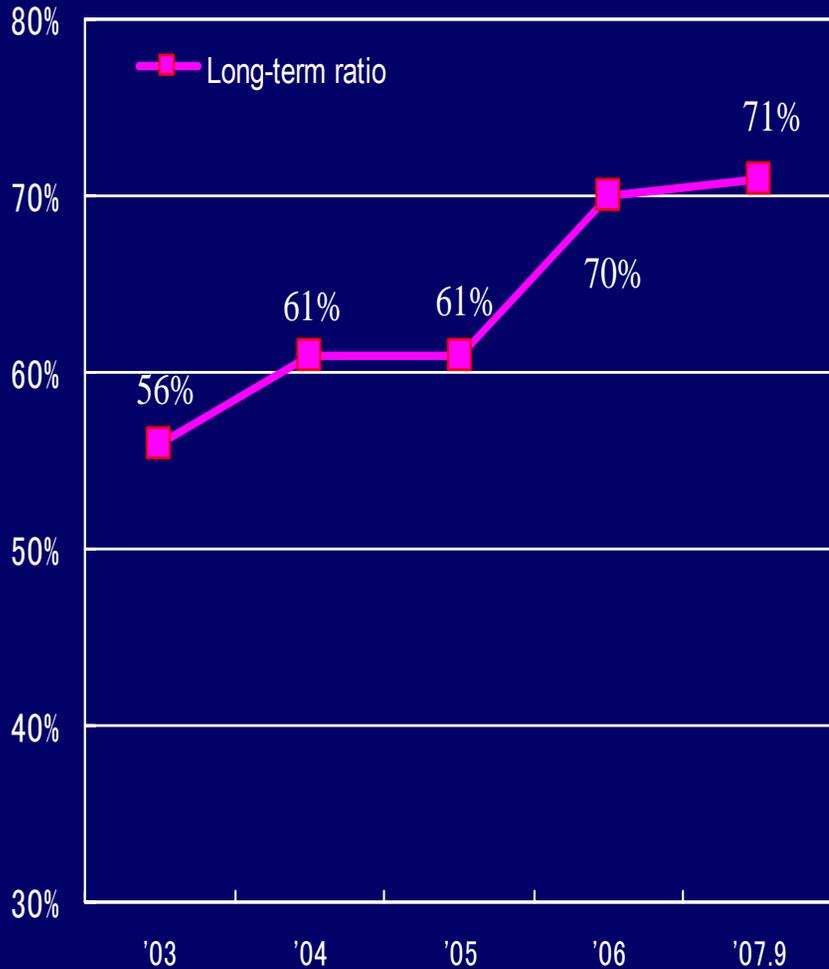
Balance of long-term debt as of September 30, 2007
(5-6 years on average) : 1,071.0 billion



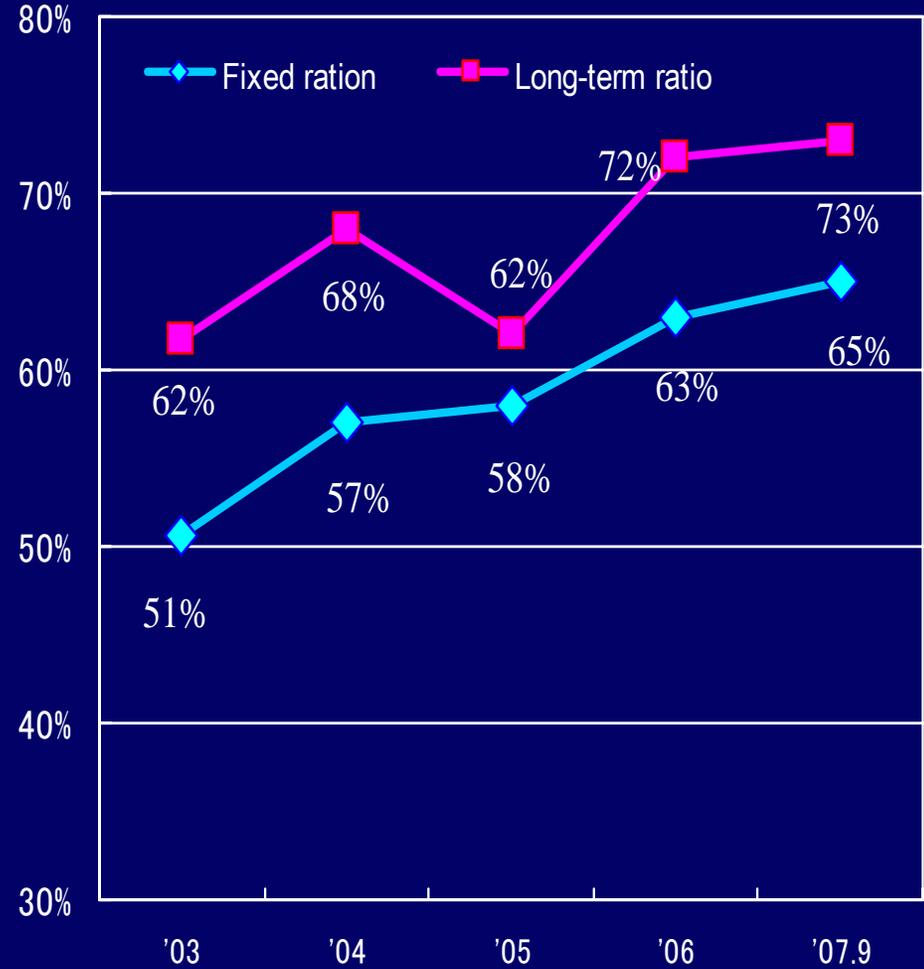
Fund Structure- II

■ Long-term ratio & fixed ratio

【Consolidated】



【Non-consolidated】



Funding Strategy

Implementation of funding adjusted for asset structure, profit structure and financial market environment

Handling of liquidity risk

- ◆ Diversification of funding sources
- ◆ Increase of number of lenders (regional banks, Shinren etc.)
- ◆ Getting investors (including overseas investors through foreign bonds)
- ◆ Lengthening of funding period (over 7 years)
- ◆ Design of proper repayment schedule

Interest rate risk control

- ◆ Duration control adjusted for the asset structure
- ◆ Hedge ratio control adjusted for the environment

Cost control

- ◆ Active disclosure (debt IR, etc.)
- ◆ Maintenance and improvement of ratings

Main indicators (Non-consolidated)

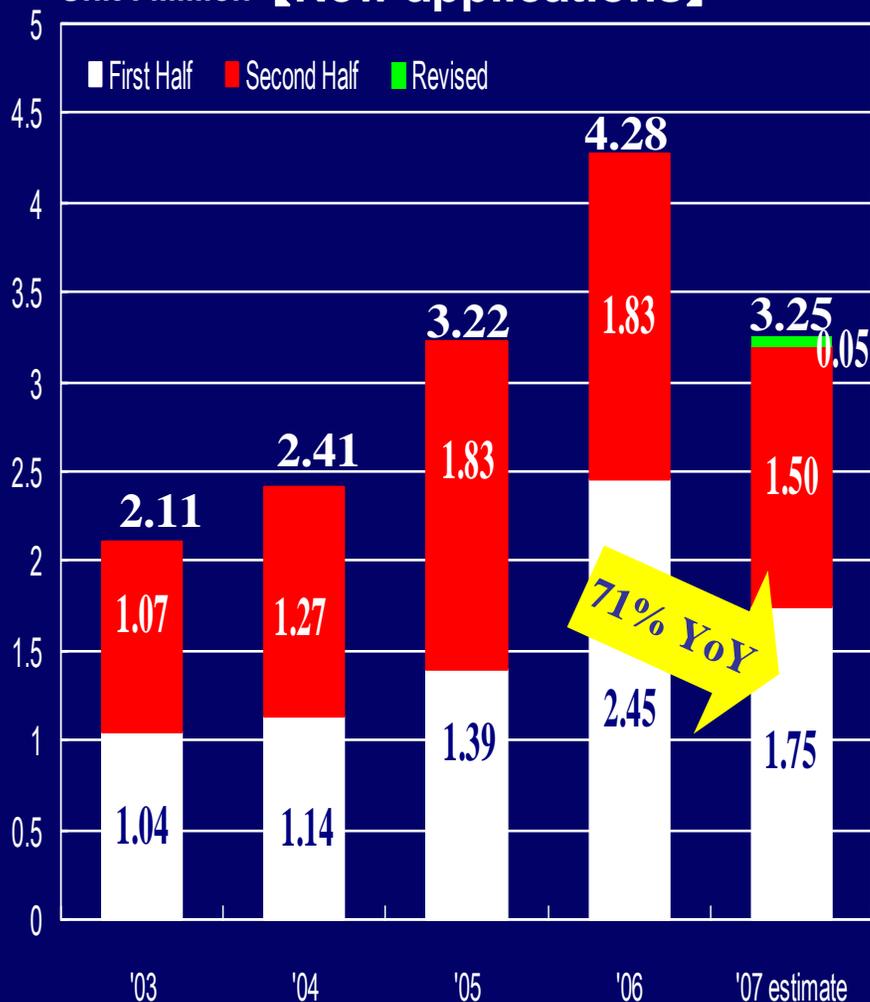
Figures in parentheses are year-on-year comparison

	FY2007 interim results		FY2007 targets
① New applications	1.75 million (71%)		3.25 million (76%)
② New cards issued	1.43 million (67%)		2.70 million (75%)
③ Total cardholders	25.63 million (106%, +0.72mil from YE2006)		26.20 million (105%, +1.29 million)
④ Active cardholders	12.85 million (106%, +0.36mil from YE2006)		13.10 million (105% +0.61million)
⑤ Transaction volume	2,248.1 billion (107%)		4,637.0 billion (108%)
(Card shopping)	1,820.2 billion (110%)		3,780.0 billion (110%)
(Cash advances)	427.9 billion (96%)		857.0 billion (98%)

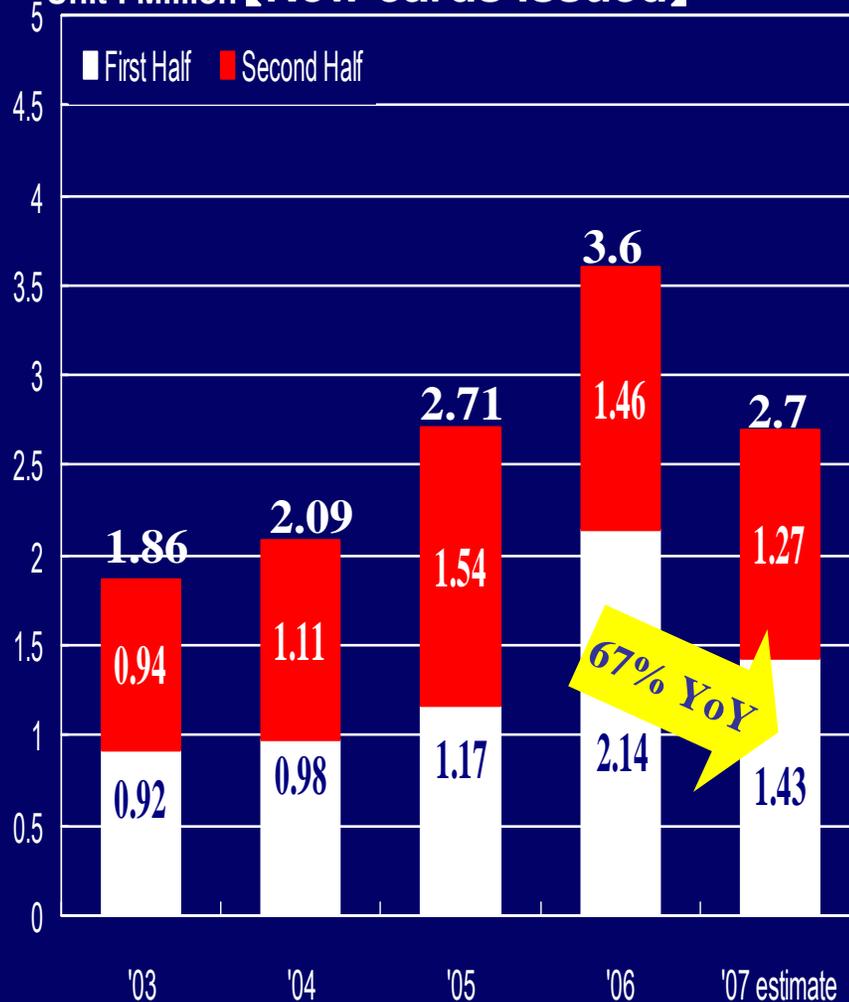
① New Card Applications & ② New Cards Issued

Emphasis on quality rather than quantity by acquiring new application of profitable cards

Unit : Million **【New applications】**



Unit : Million **【New cards issued】**

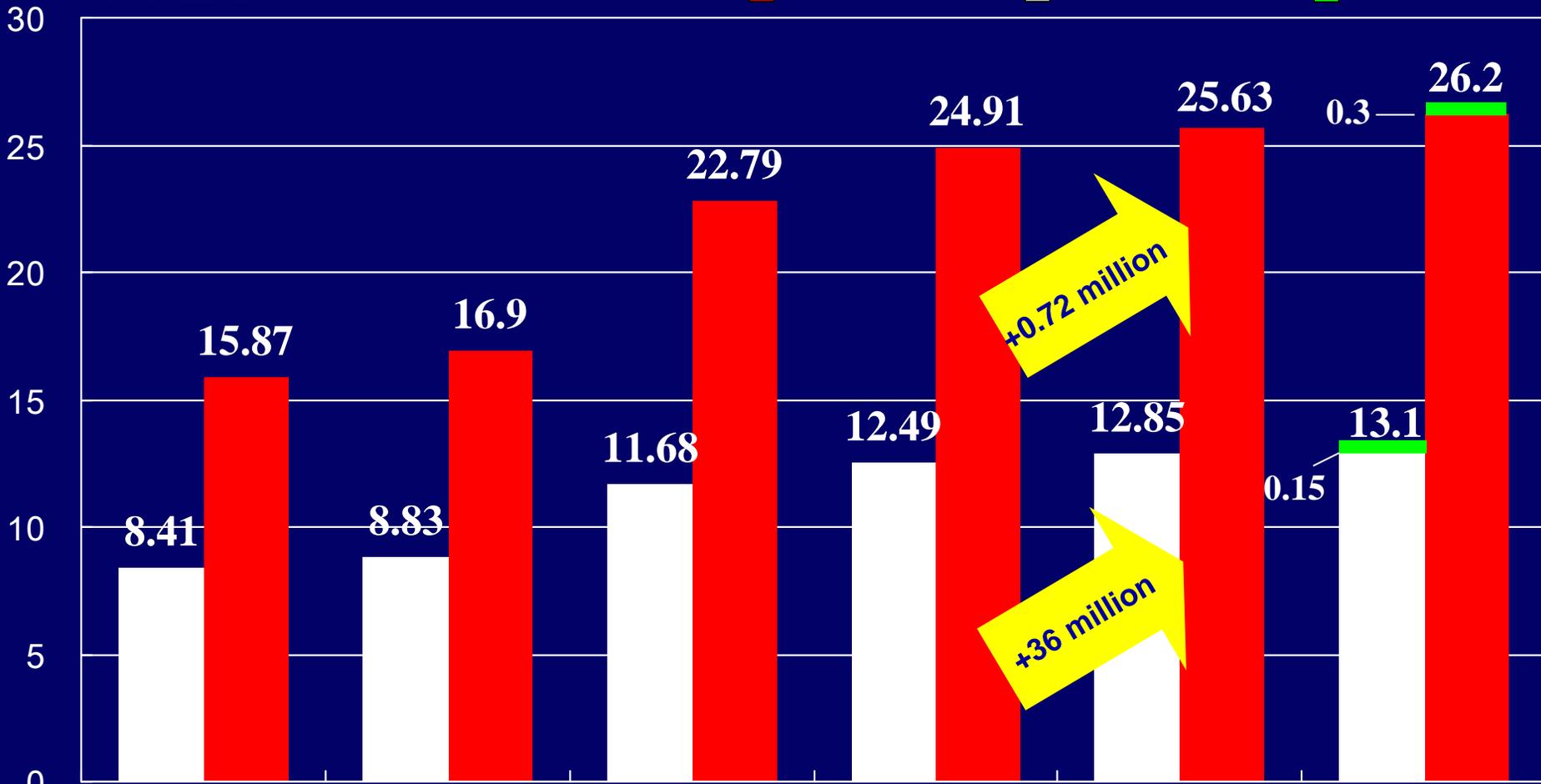


③ Total cardholders & ④ Active cardholders

Increasing total cardholders and active cardholders by acquiring prime customers

Unit : Million

■ Total cardholders ■ Active cardholders ■ Revised



⑤ Transaction Volume

Shopping: 10% increase due to growth of Travel & Entertainment and public utility bills settlement (+50% YoY)

Cash advances : 4% decrease with risk sensitive screening



Figures in parentheses are interim results

CREDIT SAISON CO., LTD.

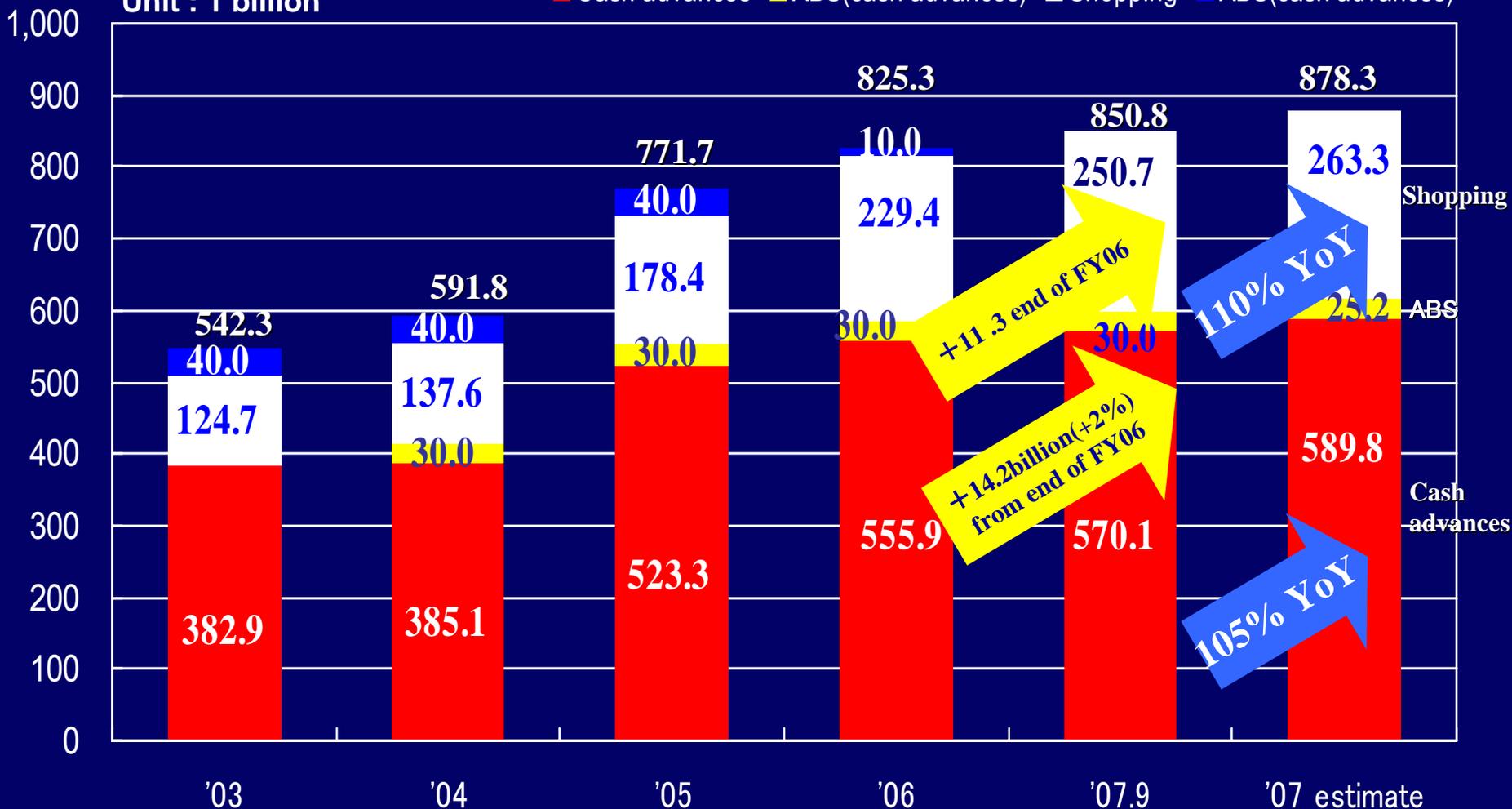
⑥ Credit Loans Outstanding

Shopping (revolving) : 5% increase in conjunction with volume transactions

Cash advances : 2% increase focusing on good quality customers

Unit : 1 billion

■ Cash advances
 ■ ABS(cash advances)
 ■ Shopping
 ■ ABS(cash advances)

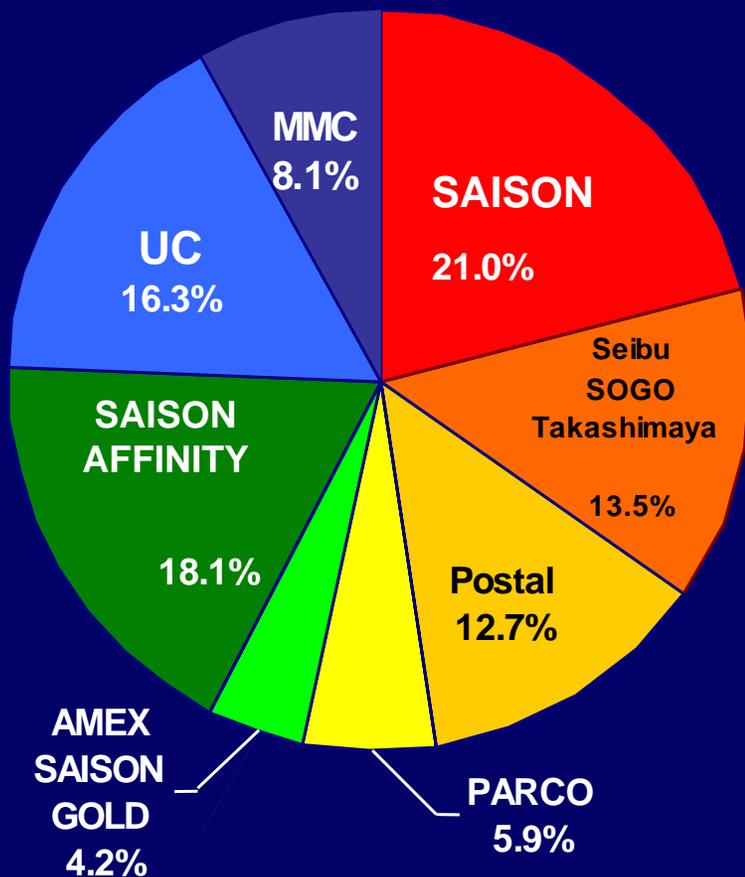


(Reference (i)) Share of Cards

The unit transaction cost of premium cards and the UC Card is high. The department store cards and MMC have increased their share of transactions. (Postal cards will be converted to SAISON NEXT Cards from the second half of the year.)

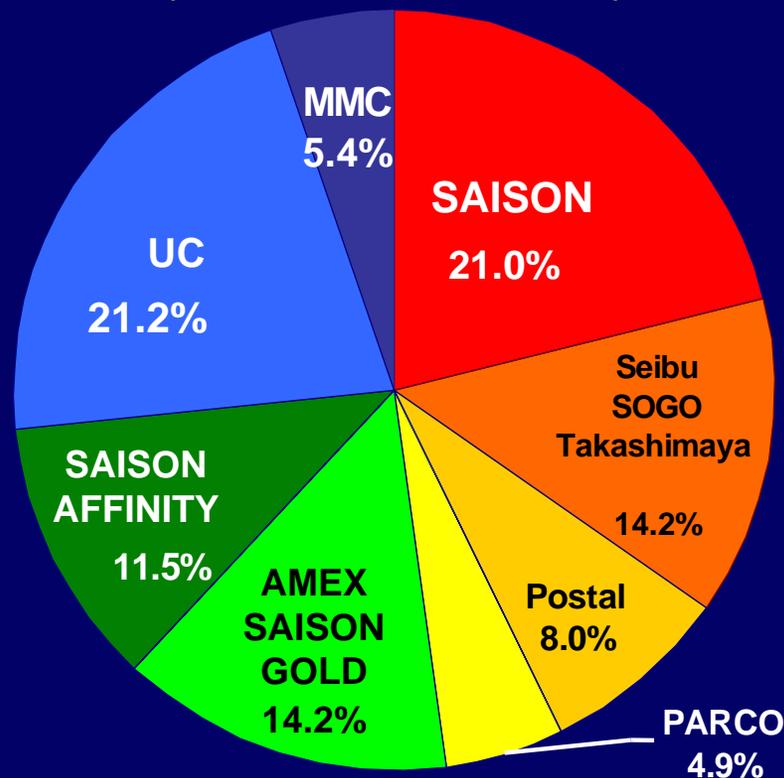
[Share of cardholders]

(Total members: 25,630,000)



[Share of volume of shopping transactions]

(Total volume: ¥1.8202 trillion)



• SAISON GOLD includes Affinity GOLD



Management Strategy

Approach to Achieving the Medium-term Targets

Creation of a non-bank financial institution with a powerful market presence

1. Create the No. 1 credit card group
2. Challenge ourselves to go beyond the card business into non-bank financial services
3. Consolidated ordinary income target for 2010 → ¥70.0 billion (non-consolidated: ¥45.0–¥50.0 billion)

**Revenue growth
and cost-cutting**
Not dwell on past successes, but
challenge ourselves to innovate

Annual impact of the interest rate
cap regulation:

- * Consolidated: ¥30.0 billion
- * Non-consolidated: ¥25.0 billion



Important policies

- ◆ Business streamlining and improvement and sales network restructuring
- ◆ Secure new revenue sources and cut costs by utilizing the Web
- ◆ Recombine our business portfolio—become a comprehensive non-bank financial services company

Compliance with the Amended Money Lending Business Control and Regulation Law

Lowering of interest rates for cash advances ➡ 18% or less for new and existing loans

- Credit Saison Co., Ltd. lowered interest rates for all loans to 18% or less from June–July.
- SAISON Fundex Corp. lowered interest rates for all loans to 18% or less from November 9.

[Balance ratio by interest rate band before the lowering of interest rates]



Against a total balance of consolidated cash advances and loans of approximately ¥750.0 billion, the impact on revenue is ¥4.0 billion in the first half and ¥14.0 billion in the second half.

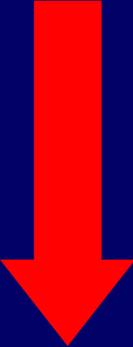
Management modification to comply with the new law (details on the next page)

- Minimum payment measures, revision of revolving table (abolition of long-term payment courses)
- Regarding written promulgation when concluding contracts (revolving): more detailed recording of information and thorough implementation
- Obtaining of proof of income, etc. when providing big loans (¥500,000 or more)

◆ **Necessary expenditure: This fiscal year approx. ¥1.0 billion**

Revolving table
Written promulgation
Proof of income

(Reference (i)) Specific Compliance Measures

Schedule	Major enforcement content	Compliance measures
<p>2nd enforcement phase</p> <p>December 20, 2007</p> 	<p>(i) Launch of New Moneylenders Associations (self-regulation)</p> <ul style="list-style-type: none"> Obtain written proof of income for loans over ¥500,000 or previous borrowing over ¥1,500,000 Minimum payment measures which stipulate repayment of ¥300,000 or less within 3 years and repayment of over ¥300,000 within 5 years <p>(ii) Related to Article 17 of the Money Lending Business Control and Regulation Law</p> <ul style="list-style-type: none"> Written issuance satisfying the requirements for every contract and loan (issuance through a one-off recording every month is possible with the client's agreement.) 	<ul style="list-style-type: none"> Obtain proof of income → Obtain from people who wish to borrow over ¥500,000 Modification of the cash advances revolving table Send in writing to the client every time they use cash advances Modification of card terms and conditions (monthly statement agreement clauses, etc.) → Modification of written issuance and the terms and conditions
<p>3rd enforcement phase</p> <p>June 20, 2009</p>	<ul style="list-style-type: none"> Specified Credit Information Agency System Establishment of loan officer qualification exam system 	<ul style="list-style-type: none"> Commence credit inquiries to the new agencies → Carry out inquiries according to usage
<p>4th enforcement phase</p> <p>December 20, 2009</p>	<ul style="list-style-type: none"> Lowering of interest rate cap Aggregate debt control (if loans with this company are over ¥500,000, or total loans with this and other companies are over ¥1,000,000, the client's PAYE tax form should be obtained.) Special rules on charges deemed to be interest (ATM fees, etc.) 	<ul style="list-style-type: none"> Completion of compliance with lower interest rates Compliance with aggregate debt control → Establish credit lines for each interest rate



Policies for Achieving the Medium-term Management Plan

- 1. Revision of the Profit Structure of the Credit Card Business**
- 2. Promotion of Strategic Alliances**
- 3. Restructuring of Processing Systems**
- 4. Increased Utilization of the Web**
- 5. Newly Issued Cards**
- 6. UC CARD Merger Progress**
- 7. New Revenue Sources**
- 8. Measures for Handling Rising Credit Costs**

1. Revision of the Profit Structure of the Credit Card Business

Shift to "volume + quality" by raising sales efficiency

Sales network restructuring

(i) Accept applications for highly profitable cards, raise the operational efficiency of offices and counters

- In June, we closed 25 Satellite Offices (currently there are 11 locations)
- In October, we withdrew 31 SAISON Counters and established 6 new counters (currently there are 148 in total)
- Review the installation of CDs, ATMs, automated card issuing machines (in the second half of the year, the number will be increased to approximately 50% of the total)

(ii) Cancel contracts or modify conditions for unprofitable affinity cards with low operational ratios and few transactions

- Cancel 10% of alliances and shift focus to the SAISON Card and UC Card
- Conduct negotiations regarding modifications to the economic conditions of continuing affinity cards

~~Unprofitable
Cards~~

◆ Cost-cutting benefits

→ FY2007 benefit: approx. ¥600 million, FY2008 and later: approx. ¥1.0 billion annually

◆ Positive impact on operating capacity

(initial operating capacity = ratio of operation in the three-month period after issuance)

→ Initial operating capacity: 42.9% (up 6.3% from the previous year) *Measured in August 2007

Shift to "volume + quality" by raising sales efficiency

Expansion of revolving loans

(i) Forecast the trends of target clients

- Utilize analyses of the industry environment and the results of data mining of clients who have a history of using revolving payment

(ii) Tie-ups with large member stores and alliance partners

- Plan campaigns with department stores, specialty stores and card alliance partners
- Shift from bonus payments to revolving payments

(iii) Directly approach the clients through maximal utilization of the SAISON Counters

- Promote the use of revolving payments and the Ribo Sengen service to clients who visit the stores

At the end of September 2007, the revolving balance was ¥250.5 billion (up 10.4% year on year) → Target set for the end of FY2008, over ¥300.0 billion (up 12.6% year on year)

2. Promotion of Strategic Alliances

Promotion of strategic alliances in flexible forms, such as the establishment of joint venture companies through joint equity participation with alliance partners, issuing of affinity cards, investment in the finance companies held by our alliance partners, M&A, etc.

Potential for future expansion of alliances

Joint venture companies, subsidiaries and affiliates

LAWSON CS Card Share: 30%	Takashimaya Credit Share: 33.4%	Daiwa House Financial Share: 40%	Yamada Financial Share: 34%
Idemitsu Credit Share: 50%	Resona Card Share: 22.4%	YM SAISON Share: 50%	Shizugin SAISON Card Share: 50%

Aim to be the **regional No. 1 card issuer** through third-party alliances with regional financial institutions and major regional retailers

Issue **major affinity cards** with leading companies in the manufacturing, distribution and transportation industries

FY2007 first half results of capital alliance partners

(Unit: Billions of yen)

	Applications	Total cardholders	Card transaction volume	Operating revenue	Ordinary income
Credit Saison Co., Ltd. Non-consolidated	1,750,000	25,630,000	2,248.1	148.7	20.7
LAWSON CS Card, Inc. 30.0% (Established 2/02)	70,000	1,710,000	41.9	4.5	0.04
Idemitsu Credit Co., Ltd. 50.0% (Investment 10/03)	160,000	2,500,000	288.0	10.4	1.8
Resona Card Co., Ltd. 22.4% (Investment 8/04)	160,000	2,520,000	217.6	13.9	0.5
Takashimaya Credit Co., Ltd. 33.4% (Investment 8/04)	220,000	1,180,000	142.2	6.5	0.3
Yamada Financial Co., Ltd. 34.0% (Established 6/06)	280,000	590,000	14.7	0.3	0.1
Total	2,640,000	34,130,000	2,952.5	184.3	23.4

Summary for capital alliance partners that commenced business in FY2007

Shizugin SAISON Card: Share 50%, applications 20,000

Daiwa House Financial: Share 40%, applications 30,000

YM SAISON: Share 50%, began accepting card applications on October 22

* The card transaction volume is the total of credit-card-related shopping services and cash advances.

* Card applications, total cardholders and card transaction volume include figures for Yamada Financial Co., Ltd. (the issuer of the "Yamada LABI Card" is Credit Saison Co., Ltd.)

3. Restructuring of Processing Systems

Low-cost operations lead to improved quality

Promotion of cost-cutting policies through cooperation with Qubitous

(established October 1, 2007)

(i) Streamline UC operations (Qubitous' top priority)

- Make UC operations low-cost operations by revising employee composition

(ii) Reduce costs through promotion of Web services, partial outsourcing, etc.

- Reduce simple but employee-intensive work as much as possible and promote outsourcing

(iii) Strengthen sales to achieve large-volume processing (get clients)

- Get new clients through joint sales with the Mizuho Financial Group, Inc.



We anticipate an annual reduction in operational costs of about 15–20% from 2008 onwards

Development of joint SAISON, UC and Orico systems

Joint macro design of core systems

- Fix the required conditions so that development can be commenced at any time

Phased development/release focused on purpose of use

- Expand external contact points, gather systems-related expertise and keep costs down

4. Increased Utilization of the Web

Improved service and profitability through Web utilization

Eikyu Fumetsu.com (online shopping mall)

SAISON Permanent Points can now be multiplied by up to 19 times at any time!

No. of member stores



Approx. 200

(on November 20, 2007 Rakuten became a member)

* Make stores in the nationwide e-shop rank among the top 300 member stores

Usage



Number of users: 120,000 a month in total

(Year ending September 2007)

Total sales: approx. ¥1.0 billion a month

New!



Mobile phone version of Eikyu Fumetsu.com: 25 stores opened (from July)

Increase in net members



SAISON: 1,400,000

UC: 820,000

(Results as of November 10, 2007)



FY2010 targets

Sales: ¥200.0 billion

Income: ¥5.0 billion

Increase in online card applicants and available benefits

Number of applicants

(Results for the first half of 2007)



110,000 (second half target 200,000) *6.3% of all new applicants (up 70% year on year)

Operating capacity

(Results for FY2006)



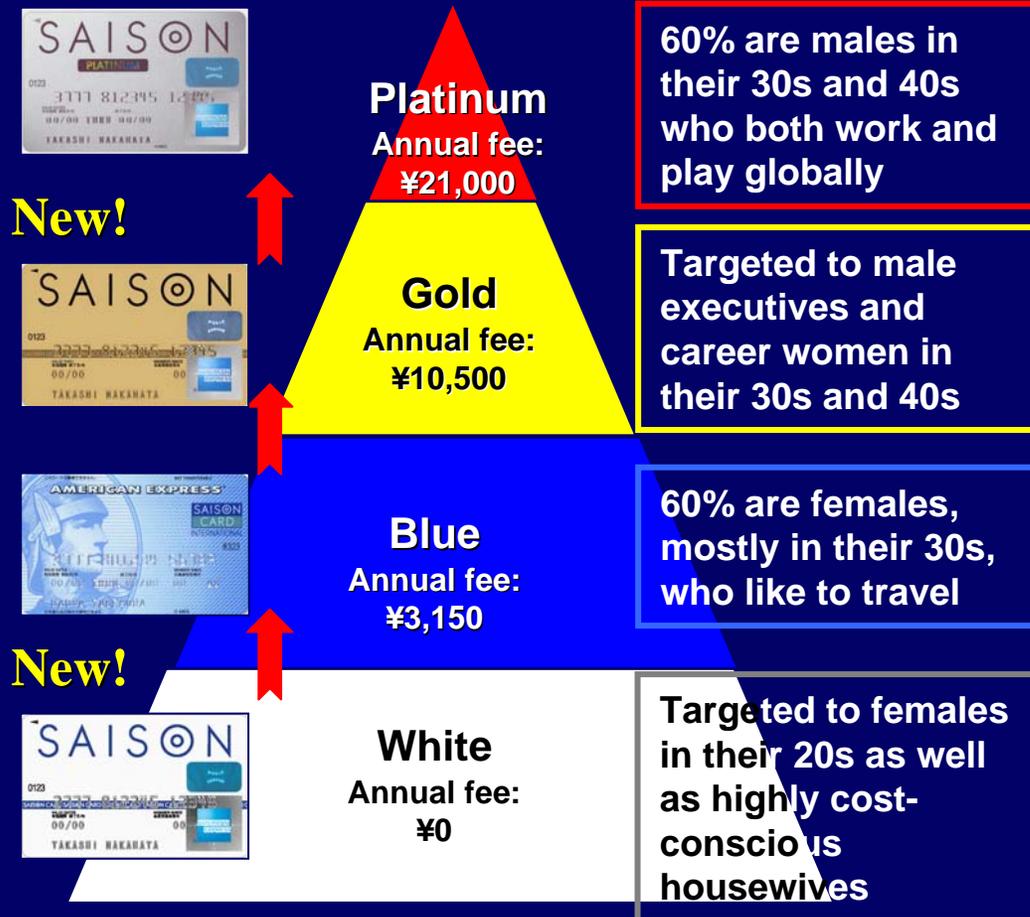
Annual operating capacity of online card applicants: 72% (average 51%)

Unit cost of shopping of online card applicants: ¥320,000 (average ¥260,000)

5. Newly Issued Cards

Systematization of premium cardholders (high-level clients)

(1) New AMEX affinity cards



Two new types of AMEX!

Annual fee: ¥10,500

Gold AMEX

Annual fee: ¥0

White AMEX

- We will provide services appropriate to the grade of the card and make it possible to upgrade smoothly.
- Card applications will be accepted at SAISON Counters inside Seiyu stores, etc., and also online from our web site, etc.

We are aiming to issue a total of 3 million cards and reach an annual transaction volume of ¥500.0 billion under the AMEX brand within five years.

(2) The SAISON NEXT Card: The strongest card in the industry

- Offered as successor cards to postal cards
- Issued to 1,600,000 active card members since the end of October
- Major features:



(i) Family perks

It is possible to add the SAISON Permanent Points of the whole family (twice the points for 3 months after signing up).

(ii) Shopping insurance

Online protection (insurance) is packaged with net shopping.

(iii) Annual fee: a perk

The annual fee for the AMEX GOLD is ¥0 in the next fiscal year, in accordance with annual use value.

* Existing postal cards can be used until their respective expiry dates.

(3) Other new affinity cards and new products

- We will continue to promote area card alliances.
- We are studying potential alliances with manufacturing, distribution and transportation companies and organizations.

6. UC CARD Merger Progress

UC Points to become SAISON Permanent Points

Integration of card usage points

Beginning with points used in August, UC Niko–Niko gift points will be SAISON Permanent Points!

(i) Increased range of cardholder benefits

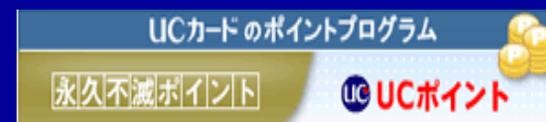
- Points will no longer expire at a set deadline.
- The customer can now continue to save up points until a product arrives that he or she would like to exchange points for, regardless of time.

(ii) Differentiation from other companies

- This is a core customer benefit of Credit Saison Co., Ltd. that will be difficult for other companies to match.

(iii) Promote the synergy benefits of the SAISON-UC CARD merger

- We will work toward a fusion of the two brands both in name and in reality.



Five companies from the UC CARD Group (150,000 cardholders) are participating.

First half results for major UC affinity cards

Existing cards

MMC: Currently opening up new markets focused on cards expected to remain active, and the cumulative total of issued cards has topped 2,000,000.

Yamada LABI: The opening up of new markets is going well, and initial operating capacity has increased due to the introduction of effective policies.

New affinity card

LPGA Club Card (September–present)

This Gold Card was issued in partnership with the fan club of The Ladies Professional Golfers' Association of Japan.



7. New Revenue Sources

New types of loan products and corporate products

New types of loans

- Begin issuing a loan card with fluctuating interest rates (planned for January)
- Begin offering affinity card loans · Joint efforts with the company with which the affinity card is issued (to begin during the current fiscal period)

Small business card (for the individual employers of existing cardholders)

- Begin issuing new cards based on new markets opened up through the Web (during the second half of the year) · We plan to issue 10,000 in the first fiscal year.

Corporate version of Eikyu Fumetsu.com

- Promote use by granting perks only to small business cardholders (planned for December)

New marketing business* through client base and Web utilization

* As with Eikyu Fumetsu.com, this is a fee business that does not entail fund procurement and management

With the growth in net members, new revenue sources become possible:

Advertising business

- Benefit from the current strong advertising proceeds of the Eikyu Fumetsu.com site

Research and marketing business

- Systematize monitoring of net members and provide research opportunities

Digital content business

- Operate a download service offering games, music, comics, animations, etc.

Revenue targets
FY2007: ¥150 million
FY2010: ¥1.0 billion

8. Measures for Handling Rising Credit Costs

Ensure sound loans by implementing thorough risk management

Initial credit: Stricter management standards

Thorough elimination of clients that tend toward excessive indebtedness and fraudulent applications

- Utilize information about the number of Tera Net cases and balance information
 - ▶ Improve the precision of credit checks
- Stronger initial personal identification and background checks
 - ▶ Prevent fraudulent applications



Mid-term credit: Flexible response to enable good quality loans

Early assessment of latent risk to provide credit by risk segment

- Provide the desired credit line to the low-risk segment
 - ▶ Contribution to revenue through increased use
- Lower credit line restrictions on the high-risk segment
 - ▶ Cost-cutting through loan risk reduction

Recovery: Early response and a shift to low-cost operations

Stronger recovery system linked to early identification of potentially risky loans

- Apply restrictions for persons that tend toward excessive indebtedness
 - ▶ Upon default, instant suspension and recovery
- Conduct a second credit check upon default
 - ▶ Strengthening of early recovery in each risk segment

By implementing the above policies, we expect to reduce annual credit costs by ¥3.0 billion.

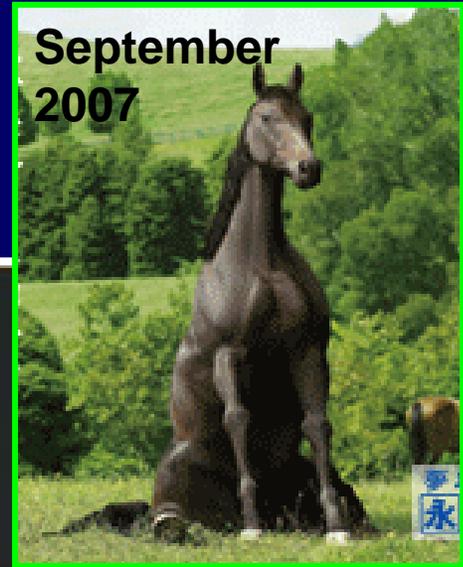
(Reference) Branding Strategy

Credit Saison Co., Ltd. considers credit cards to be a powerful brand communication tool and is aiming to increase card brand value by developing unique and impactful corporate identity promotions.

The FY2007 theme is “A contest of abilities” and the motif is a racehorse. To us, a racehorse galloping thunderously around a racecourse, bearing the hopes and dreams of people, is a fitting symbol for what we seek to become in the increasingly competitive non-bank industry.

Increasing consumer recognition of the SAISON brand

89.5%



89.2%



87.5%



85.7%



“Many Techniques, One Card”

Boost recognition through consistent unpredictability

Use No. 1 athletes to build image as the No. 1 credit card company

* The above recognition rates are commercial databank evaluation scores

(Reference) Performance and Evaluation of Saison Asset Management Co., Ltd.

Saison Asset Management Co., Ltd. commenced business on March 15 this year. Since then, it has achieved:

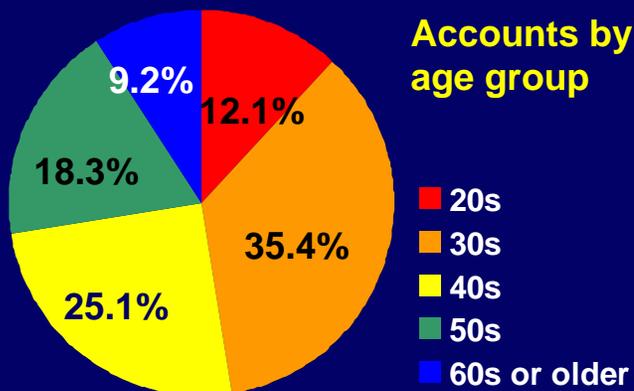
◆ In eight months, the **number of registered accounts has passed 17,000**, and **the total value of net assets has topped ¥11.0 billion**.

Aiming to **achieve a total value of net assets of ¥200.0 billion within five years**, SAISON Asset Management Co., Ltd. has made a strong start.

◆ **Seminars held by employees** are the main sales promotion activities. To date, **a total of approximately 100 seminars** have been held and many people have attended them.

◆ **85% of current customers are non-SAISON cardholders**, but the company aims to realize synergy benefits through **mutual sharing of customers with Credit Saison Co., Ltd.**

Total value of net assets and number of accounts



Funds Information

SAISON Vanguard Global Balance Fund

Net asset value: ¥10,218, total value of net assets: ¥9,464 million

Saison Asset Formation Achiever Fund

Net asset value: ¥9,114, total value of net assets ¥1,575 million

As of November 14, 2007

(Reference) Changes to the Domestic Credit Market

Mizuho FG




Credit Saison











Resona HD



Sumitomo Mitsui FG













Others












NTT DoCoMo





JR G









Mitsubishi UFJ FG



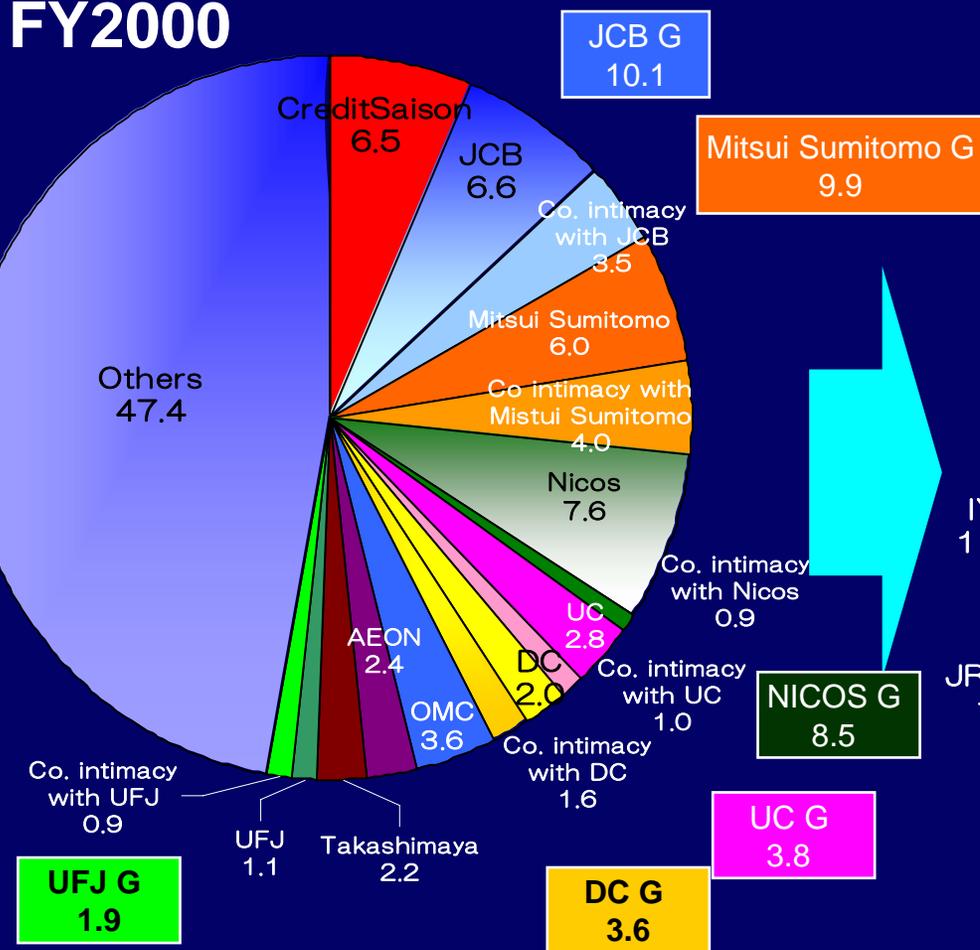




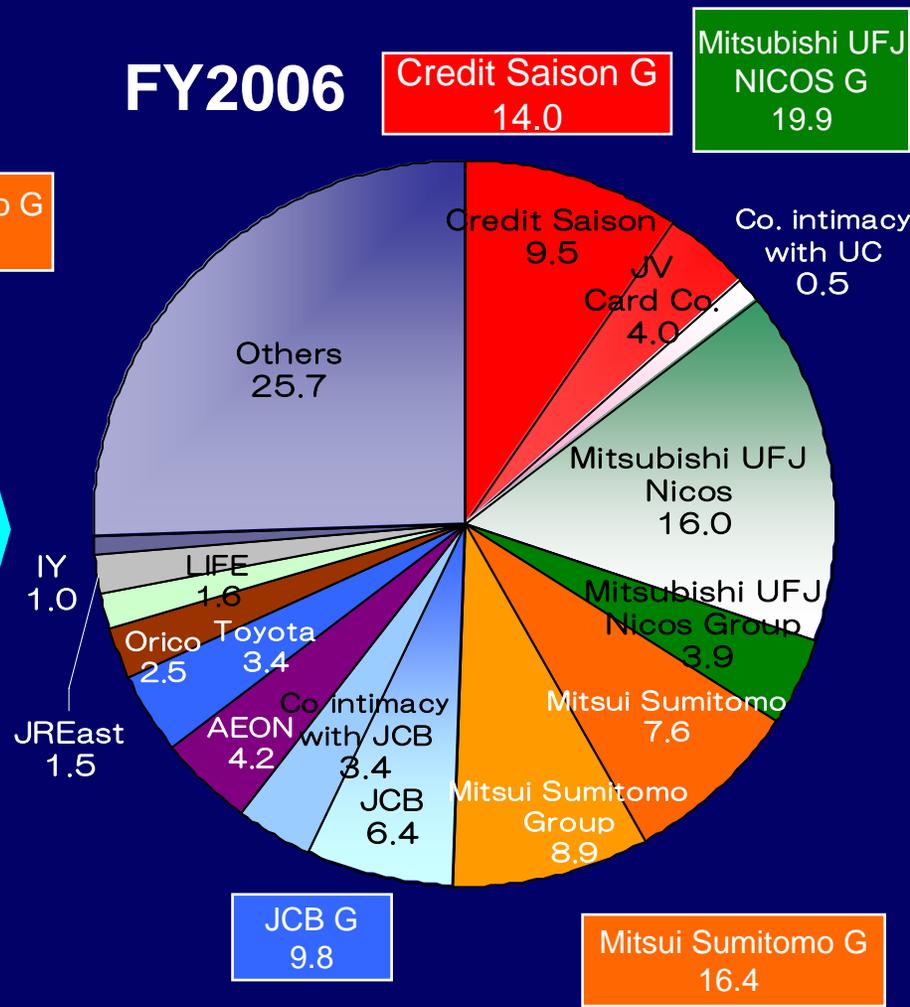



(Reference) Domestic Credit Card Industry Share of Shopping Transactions

FY2000



FY2006



- ※ Capital alliance partners: Combined totals of LAWSON CS Card, Idemitsu Credit Co., Ltd., Resona Card Co., Ltd. and Takashimaya Credit Co., Ltd.
- ※ Close partners: Companies, etc. using the brand (the "Group" includes all affiliated companies, capital alliance partners and close partners).
- ※ The figures of UFJ NICOS include data from its consolidated subsidiaries.
- ※ Calculated using our own estimates (combined total of card shopping and cash advances).

Transaction volume FY2006:
Approx. ¥36.2 trillion