May 17, 2007
Credit Saison Co., Ltd.
Public Relations Office

Credit Saison Co., Ltd. (8253) Announcement of Financial Results for the Fiscal Year Ended March 31, 2007

Non-consolidated ordinary income increased by 12% year on year to ¥56.6 billion, revenue and earnings increased for the 24th consecutive year

Consolidated ordinary income increased by 13% year on year to ¥80.1 billion, record-high increase in new credit cards (4.28 million cards, a year-on-year increase of 33%)

In consolidated financial results for the fiscal year ended March 31, 2007 (fiscal 2006) for Credit Saison Co., Ltd. (the "Company"), the mainstay consumer credit business recorded a year-on-year increase of more than 35% in card transaction volume due to the impact of the merger with UC CARD and other factors. Earnings also increased sharply in the real estate business. As a result, operating revenue increased by 21.5% year on year to ¥333.6 billion.

As a result of reinforced cost control, increases in advertising expenses attendant on active advertising and promotion, fees paid, and other operating expenses were held to within the planned level. Operating income increased by 8.1% to ¥75.2 billion while ordinary income rose by 12.7% to ¥80.1 billion.

Total extraordinary losses were ¥52.4 billion, due to factors including a review of the allowance for loss on interest repayment conducted at the interim period. The review was carried out in accordance with guidelines issued by the Japanese Institute of Certified Public Accountants. Consolidated net income decreased by 64.9% year on year to ¥14.8 billion.

For the fiscal year ending March 31, 2008 (fiscal 2007), the Company forecasts operating revenue of ¥340.0 billion, ordinary income or ¥56.0 billion, and net income of ¥26.0 billion.

Non-consolidated Results

・As a result of intensive media advertising during the first half of the term and favorable development of the major cards of alliance partners, notably the new Yamada LABI card and the Softbank card, The number of new credit card applicants rose sharply from the previous year to 4.28 million—a record high. Total cardholders rose by 2.12 million year on year to 24.91 million. The number of active cardholders rose by 0.81 million to 12.49 million, an increase that contributed significantly to a rise in card transaction volume.

・Card shopping transaction volume increased by 35.8% year on year to ¥3,433.8 billion. Factors behind this result include a higher number of active cardholders, credit card settlement of recurring public utility payments and increased use of credit cards for small-sum payments such as electronic toll collection (ETC), public transport fares and convenience store purchases. Cashing volume rose by 39.8% to ¥865.1 billion and the year-end balance, including securitized receivables, increased by 5.0% to ¥579.9 billion.

・ With respect to costs, overall selling, general, and administrative expenses rose due to several factors. These include strategic brand promotion spending aimed at new cardholder acquisition, increases in fees paid accompanying an increase in card issuance, higher communication and travel expenses, an increase in point costs attendant on a higher volume of new contracts, and higher credit loss costs in connection with the repayment of excessive interest charges.

・ The Company recorded an extraordinary loss of ¥41.7 billion, including an allowance for loss on interest repayment.

・ As a result of the above developments, the Company's non-consolidated operating revenue increased by 24.9% year on year to ¥270.2 billion, while ordinary income increased by 11.6％ to ¥56.6 billion. Non-consolidated net income decreased by 62.3% to ¥10.2 billion.

Medium-term Management Plan

Although the Company announced a five-year medium-term management plan in May 2006, the last year's drastic changes in the business environment of the credit and finance industry prompted the Company to establish a revised three-year medium-term management plan this year.

The new management plan aims at fully absorbing the impact on revenue and earnings brought about by the reduction in the maximum allowable interest rate, and thereby rapidly return the Company to the fiscal 2006 profit level.

I. Medium-term management vision: creation of a non-bank financial institution with powerful market presence

In addition to aiming to become the No. 1 credit card group, Credit Saison will review its level of dependence on its mainstay business and, to diversify business risk, engage in non-bank businesses that extend beyond the scope of the credit card business.

II. Medium-term numerical targets

The medium-term targets are consolidated ordinary income of ¥70.0 billion and non-consolidated ordinary income in the range of ¥45.0 to ¥50.0 billion in the fiscal year ending March 31, 2010.

III. Outline of a plan for achieving the medium-term targets

1) Restructuring of the sales network 2) Cost reductions through Web utilization 3) Review of the business portfolio 4) Acquisition of new revenue sources through Web utilization 5) Human resource development that makes greater use of each employee's unique capabilities.

High-Priority Measures for Fiscal 2007

To achieve the medium-term management targets, the Company will bring about a recovery in business performance by implementing the following measures aligned with the watchwords "Continuous pursuit of strategic alliances," "Web utilization," and "Business model restructuring."

I. Continuous pursuit of strategic alliances and management reinforcement at the Group credit card companies

1) The Company will continue to actively pursue various types of alliances with business

partners from a number of industries, notably regional banks and major retailers.

2) The Company will support the business expansion of existing consolidated subsidiaries and equity-method affiliates and put the companies launched during the previous fiscal year on a growth trajectory.

II. Reform of sales methods and the sales network

3) The Company will implement a substantial reform of its sales methods by making greater use of Internet resources. This will enable the Company to sharply change course, from pursuing volume expansion to placing emphasis on high-quality volume expansion, and thereby adopt new methods for broadening its customer base.

III. Reinforcement of the Web business

4) The Company will pursue revenue expansion by utilizing online shopping malls and by expanding the user base for Internet-based services.

5) The Company will engage full-scale in fee businesses (marketing businesses and research businesses) and financial services targeting users of Internet-based services.

IV. Joint processing company start-up

6) The new company will aim to begin operation in October and transfer its data registration operations during the current fiscal year.

7) The Company will extensively recruit clients from the credit card industry with the aim of reducing costs by 10% to 20% at the time of start-up of the next-generation system.

V. Reinforcement of cashing and loan service functions

8) The Company will reduce the effective annual interest rate for cashing service charges to 18% or less in July (partial implementation in June).

9) The Company will begin to offer market interest rate-linked loan products in the second half.

VI. Launch of new businesses and engagement in multiple financial businesses

10) The Company will launch a finance business targeting independent business proprietors.

11) The Company will promote its real estate business and leasing business.

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