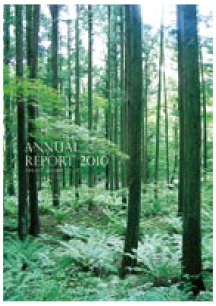
ANNUAL REPORT 2010

CREDIT SAISON CO.,LTD.

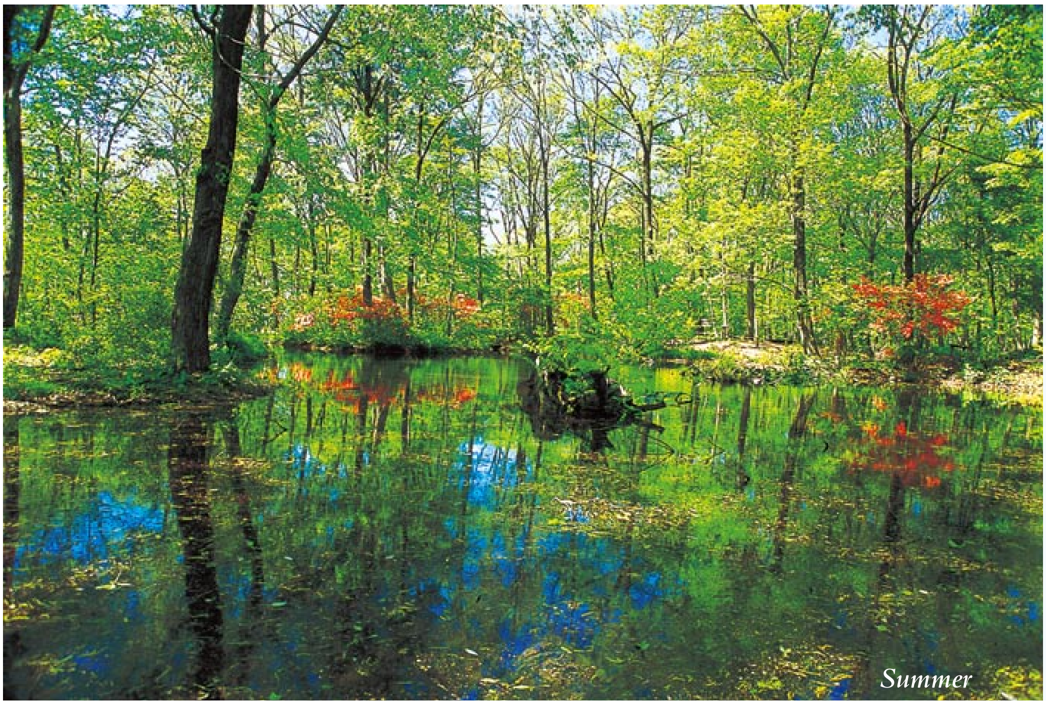
Photo : Akagi Nature Park

CREDIT SAISON WILL CONTINUE TO INNOVATE, AIMING TO BE THE TOP CARD ISSUER

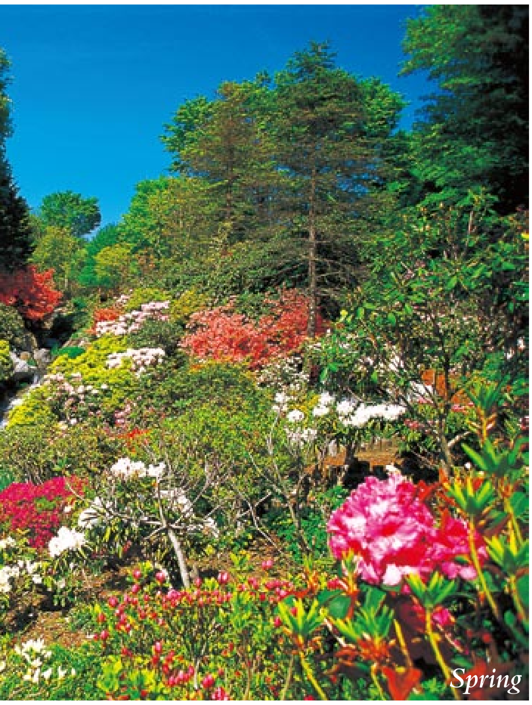


ON THE COVER
In April 2010 we reopened and began operation of Akagi Nature Park on the western foothills of Mt. Akagi as part of our CSR effort. This year's cover shows some of the stunning natural forest and flowers that we are working to protect in the park. See pages 12-13.


Winter


Summer

Photos are of scenes representing each of the four seasons at Akagi Nature Park



CONTENTS

FORWARD-LOOKING STATEMENTS

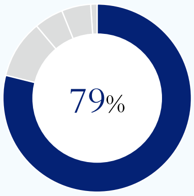
This annual report contains discussions including management plans, projections, strategies and estimates that are not historical facts. Projections of future performance are based on management extrapolations from current data, but actual future performance may differ materially from projections.

BUSINESS PORTFOLIO

CREDIT SERVICE SEGMENT

Credit Card Shopping Business
Cash Advance Business
Processing Agency Business
Servicing Business

BREAKDOWN OF OPERATING REVENUES



This segment consists of the credit card-related, servicing (loan collection agency) and other businesses. We have two brands, SAISON and UC, and our combined customer base, including processing agency service customers, reached 35.7 million as of March 31, 2010.

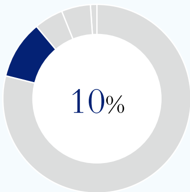
MAIN COMPANIES

- JPN Holdings Co., Ltd.
- Qubitous Co., Ltd.

FINANCE SEGMENT

Credit Guarantee Business
Lease & Rental Business
Loan Business

BREAKDOWN OF OPERATING REVENUES



Activities in this segment include the credit guarantee business, the lease and rental business and various loan businesses. In the credit guarantee business, we are working closely with partner financial institutions to secure quality transactions. We added rental services to our existing lease business under a tie-up with Yamada Denki Co., Ltd.

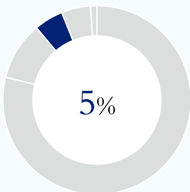
MAIN COMPANIES

- SAISON FUNDEX CORPORATION

REAL ESTATE RELATED SEGMENT

Real Estate Liquidation Business
Servicing Business
Real Estate Leasing Business

BREAKDOWN OF OPERATING REVENUES



Our main activities in this segment are real estate liquidation, real estate servicing business and real estate leasing. Since fiscal 2009, we are responding to dramatic changes in the real estate market by implementing a plan to rebuild the Atrium Group's business.

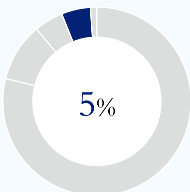
MAIN COMPANIES

- Atrium Co., Ltd.
- House Planning Co., Ltd.

ENTERTAINMENT SEGMENT

Amusement Business

BREAKDOWN OF OPERATING REVENUES



Activities in this segment include the amusement business. Our goals are to create sound, safe and enjoyable amusement facilities that will be welcomed by communities, and to expand sales and income by improving efficiency and cost-benefit performance.

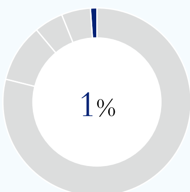
MAIN COMPANIES

- Concerto Inc.

OTHER SEGMENT

Information Processing Services
Insurance
Others

BREAKDOWN OF OPERATING REVENUES



Other activities include information processing services and the insurance agency business.

MAIN COMPANIES

- Saison Information Systems Co., Ltd.

Further information about main companies → See page 56

SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

As of and for the years ended March 31

					(Millions of yen)		Thousands of U.S. dollars (Note 6)
	2010	2009	2008	2007	2006	2005	2010
CONSOLIDATED							
For the year:							
Operating revenues (Note 1)	¥ 306,856	¥ 327,089	¥ 345,587	¥ 333,683	¥ 274,666	¥ 240,385	$ 3,298,105
Selling, general and administrative expenses	246,306	268,658	265,494	242,149	193,126	172,024	2,647,305
Financial cost	24,377	23,883	22,902	16,333	11,965	9,771	262,007
Operating income	36,173	34,548	57,191	75,201	69,575	58,590	388,793
Net income (loss)	18,680	(55,514)	26,756	14,822	42,220	31,818	200,774
At year-end:							
Total equity (Note 2)	¥ 341,405	¥ 320,594	¥ 418,661	¥ 399,828	¥ 377,127	¥ 301,310	$ 3,669,443
Total assets	2,374,130	2,407,064	2,450,637	2,299,607	2,062,612	1,512,949	25,517,302
Interest-bearing debt (Note 3)	1,776,827	1,893,017	1,854,057	1,608,307	1,480,380	1,146,928	19,097,453
Per share data (in yen and U.S. dollars):							
Net income (loss) per share	¥ 102.48	¥ (308.25)	¥ 148.78	¥ 82.79	¥ 237.29	¥ 185.00	$ 1.10
Equity per share	1,845.82	1,766.95	2,147.04	2,077.69	2,013.85	1,721.35	19.84
Key financial ratios (%):							
Return on shareholders' equity (ROE)	5.7	—	7.1	4.0	12.8	11.4	
Return on assets (ROA)	0.8	—	1.1	0.7	2.4	2.2	
Shareholders' equity ratio	14.3	13.2	15.8	16.2	17.5	19.9	
NON-CONSOLIDATED							
For the year:							
Operating revenues (Note 1)	¥ 257,925	¥ 270,901	¥ 277,741	¥ 270,275	¥ 216,453	¥ 190,248	$ 2,772,195
Selling, general and administrative expenses	205,042	220,709	223,816	204,765	156,887	135,403	2,203,805
Financial cost	22,221	21,531	20,322	14,067	9,700	8,186	238,833
Operating income	30,661	28,661	33,603	51,442	49,886	46,659	329,546
Net income (loss)	16,138	(44,973)	24,579	10,221	27,131	25,798	173,452
At year-end:							
Total equity (Note 2)	¥ 319,712	¥ 304,231	¥ 361,520	¥ 349,754	¥ 341,423	¥ 298,502	$ 3,436,285
Total assets	2,200,460	2,220,792	2,066,514	1,962,996	1,761,666	1,290,067	23,650,688
Interest-bearing debt (Note 3)	1,645,207	1,748,246	1,554,630	1,350,134	1,239,043	948,561	17,682,792
Per share data (in yen and U.S. dollars) (Note 2):							
Net income (loss) per share	¥ 88.40	¥ (249.40)	¥ 136.51	¥ 57.03	¥ 152.21	¥ 149.78	$ 0.95
Equity per share	1,738.31	1,686.70	2,006.89	1,945.22	1,904.13	1,703.39	18.68
Dividends per share	30.00	30.00	28.00	28.00	26.00	20.00	0.32
Key financial ratios (%):							
Return on equity (ROE)	5.2	—	7.0	3.0	8.5	9.2	
Return on assets (ROA)	0.7	—	1.2	0.6	1.8	2.1	
Equity ratio	14.5	13.7	17.5	17.8	19.4	23.1	
NON-CONSOLIDATED							
Transaction Volume:							
Card shopping	¥3,844,671	¥3,891,076	¥3,758,545	¥3,433,872	¥2,527,808	¥2,078,117	$41,322,775
Cash advances (Note 4)	604,348	765,385	836,623	—	—	—	6,495,572
Shopping loans	5,617	5,785	6,092	5,693	6,952	9,440	60,372
Guarantees	85,637	107,532	103,303	85,431	62,097	36,179	920,432
Specialty loans	43,768	326,170	279,970	1,058,335	739,038	592,359	470,421
Agency services (Note 5)	1,310,420	1,347,261	1,269,579	809,992	747,998	576,270	14,084,480
Leases	100,893	100,272	88,273	87,488	90,011	82,999	1,084,405
Others	17,764	16,692	16,187	10,700	9,794	8,317	190,929
Total volume of new contracts	¥6,013,118	¥6,560,174	¥6,358,573	¥5,491,515	¥4,183,698	¥3,383,681	$64,629,385

Notes: 1. Operating revenues do not include consumption taxes.
2. Effective from the year ended March 31, 2007, the Company adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).
3. Interest-bearing debt includes asset-backed securities.
4. Transaction volumes for cash advances for 2005 to 2007 are included under specialty loans.
5. Agency services shows transactions handled on behalf of other companies' cards.
6. Japanese yen amounts have been translated into U.S. dollars at the rate of ¥93.04 = U.S.$1, the approximate exchange rate on March 31, 2010, for the convenience of the reader.

RESPONDING TO CHANGES IN THE BUSINESS ENVIRONMENT AND REALIZING STRUCTURAL REFORMS AND INNOVATION

Amidst significant changes in the environment for the credit card business, including economic conditions, consumer spending trends and regulatory requirements, Credit Saison will work to further activate its customer base, and build new business models by strengthening links with partner companies. In doing so, we aim to evolve into a leading-edge service company.

As a company that developed mainly through credit card operations, Credit Saison's motto has been to approach issues from the standpoint of both customers and partners and respond to their needs. In this way we have continually improved our front-line marketing capabilities and introduced numerous service innovations, including cards with no annual fees and signature-free payments.

Another innovative service that has been particularly popular with customers is Eikyu Fumetsu Points, a point program with points that never expire so that customers can exchange their points for the products and services that they truly want. While capitalizing on our unique strengths, we have also expanded strategic alliances with a diverse group of leading companies unencumbered by business group affiliations. Today, despite being a late starter in the industry, the customer base for our two card brands, SAISON Card and UC Card, together with our processing agency business has grown to 35.7 million as of March 31, 2010, making us one of Japan's biggest credit card companies.

The credit card industry today is seeing wider use of credit cards for payment of public utility bills and online shopping payments, and card use is becoming a more integral part of everyday life. At the same time, however, we are in a very harsh environment. Deterioration in employment and personal incomes is driving consumers to protect their living standards while spending less and to adopt a frugal mindset, resulting in lackluster personal consumption. Meanwhile, tightening of the Money-Lending Business Control and Regulation Law and Installment Sales Law has reduced our revenues. Moreover, we are seeing persistently high claims for repayment of interest and a rise in costs associated with uncollectible receivables.

In this environment we recognize that our urgent task is to respond quickly and fully by rebuilding our business model. We have returned our focus to the source of our business–generating customers centered on the card business, and are reforming the structure of

HIROSHI RINNO
President and CEO

our business by reviewing and rebuilding the framework for our operations.

In the Credit Service segment we continue to emphasize profitability while playing on our strength in marketing, bolstering our customer base by issuing around 2.5 million new cards every year. Part of this effort involves strengthening our alliance with American Express, leveraging their high status value in an effort to acquire premium customers.

The Internet is another area where I would like Credit Saison to focus on building new businesses. To this end I want the entire Company to work on utilizing the Internet and expanding the number of Internet members, thereby expanding sales at our online shopping mall Eikyu Fumetsu.com even further, and paving the way for a new Internet business that combines cardmembers and Internet services.

Moreover, in the Finance segment, in addition to our credit guarantee business, lease and rental business, in our loan businesses, our "Flat 35" long-term fixed-rate mortgage loans, which we started to offer in 2009, are growing strongly. We will leverage synergies with our credit card business and control our risks while working to diversify our revenue sources.

Going forward, we will continue to create new markets by responding to customer needs and providing innovative and high-value-added services. We are certain that this will maximize earnings for the Group and its partner companies.

We expect that the current severe environment may continue for another 2–3 years, but we intend to do our utmost to overcome this, and quickly put ourselves on a new growth track, so that our market valuation will fulfill the expectations of our shareholders.

August 2010
HIROSHI RINNO, President and CEO

WE WILL EXECUTE STRATEGIES THAT MESH WITH CHANGES IN THE BUSINESS ENVIRONMENT, SUCH AS TIGHTER REGULATIONS

Q How would you assess overall results and segment performance in fiscal 2009, the year ended March 31, 2010?

A Revenues declined due to the impact of the recession and regulatory tightening, but income exceeded our plans thanks to expense reductions.

In fiscal 2009, there was some recovery in the economy for the first time since the global financial crisis, but the employment and income trends showed little improvement, and the environment remained severe, with a protracted slump in personal consumption and a deflationary trend.

The nonbank industry in which Credit Saison operates continued to experience a harsh business environment, with the Money-Lending Business Control and Regulation Law and persistently high levels of claims for interest repayments. We met this challenge by strengthening the competitiveness of our credit card business, bolstering new revenue bases utilizing the Internet and diversifying revenue sources by promoting the finance business.

In our core credit service business, we concluded alliances with large retailers and transportation providers, and expanded our high status premium credit cards. At the same time, we strengthened our Internet strategy, capturing results-based compensation from online shopping malls and promoting Web-based usage statements. However, segment revenues declined overall, led by falling revenues for shopping and for cash advances. Shopping revenues declined because of a slump in personal consumption as consumers sought to protect their living standards while spending less, and cash advances fell as the market contracted due to the Money-Lending Business Control and Regulation Law.

In the finance business, revenues in our credit guarantee business and lease and rental business grew strongly, but revenues in our real estate financing business declined because of our withdrawal from the real estate loan guarantee business. In our real estate related business, we sold a number of mostly small properties in line with the rehabilitation plan for our subsidiary Atrium Co., Ltd., but revenues were lower than the previous fiscal year.

As a result of the above, our consolidated operating results for fiscal 2009 included operating revenues of ¥306.8 billion (down 6.2% year on year), but by making our business processes more efficient to speed our change to a new business structure, and by strengthening our credit and collection systems to curb the loss of uncollectible receivables, operating income rose to ¥36.1 billion (up 4.7% year on year), and ordinary income rose to ¥39.1 billion (up 26.3% year on year), to yield net income of ¥18.6 billion.

RESULTS BY BUSINESS SEGMENT

(Billions of yen)

	Operating revenues			Operating Income		
	2010	2009	% change	2010	2009	% change
Credit Service	245.1	254.7	(3.8)	27.7	25.6	7.9
Finance	32.3	46.7	(30.7)	8.1	10.5	(23.1)
Real Estate Related	15.0	18.5	(19.0)	1.8	0.6	198.0
Entertainment	14.6	15.5	(5.7)	1.7	1.6	4.7
Other	2.0	1.9	7.0	1.5	1.3	14.8
Total	309.2	337.4	(8.4)	40.9	39.8	2.7
Inter-segment transactions	(2.3)	(10.3)	—	(4.7)	(5.2)	—
Consolidated	306.8	327.0	(6.2)	36.1	34.5	4.7

(Years ended March 31)

Q Please tell us about the trends in the core credit card shopping business in fiscal 2009.

A We expanded our customer base through efficient development with a focus on profitability.

In fiscal 2009, we issued 2.59 million new cards. The increase in cardmembers, led by the Mizuho Mileage Club Card and Yamada LABI Card, issued in partnership with Yamada Financial Co., Ltd., brought the total cardmember base to 28.29 million, and 35.7 million including our processing agency business. Credit card usage by cardmembers has increased by more than 10% due to the increase in new cardmembers and expanded scope of usage for cards. However, transaction volume was lower than the previous year as a fall in spending per transaction outweighed the increase in usage, due to the effects of deflation and the shift in consumption from high-priced products to low-priced products.

We also leveraged our strengths to continue expanding our network of alliances, mainly with retailers, transportation providers, and others who make up a part of the social infrastructure. Specifically, we formed an alliance with Mitsui Fudosan Co., Ltd. and LaLaport Management Co., Ltd., issuing the Mitsui Shopping Park Card Saison, which can be used at all Mitsui Shopping Park facilities operated by the two companies. We also teamed up with Yamada Denki Co., Ltd., Yamada Financial Co., Ltd., and All Nippon Airways Co., Ltd., to issue the Yamada LABI ANA Mileage Club Card Saison American Express® Card, a collaboration first for the retail electronics and airline industries. In a further example, in an alliance with Kyushu Railway Company, we issued the JQ CARD Saison that can be used throughout the JR Kyushu group.

We also positioned expansion of high-grade cards from which we can expect high utilization and spending per transaction as a key strategy. We therefore strengthened our premium card marketing activities, effectively utilizing the wide-ranging services and international brand power of American Express to expand the number of cardmembers and transaction volume in this area.

KEY INDICATORS (NON-CONSOLIDATED)

Figures in parentheses are year-on-year comparisons.

	2009		2010		2011	
		% change		% change	(Estimate)	% change
New applications (millions)	2.93	(13.3)	3.05	4.1	3.00	(1.6)
New cards issued (millions)	2.52	(11.3)	2.59	2.9	2.50	(3.5)
Total cardmembers (millions)	27.57 (+1.56)	6.0	28.29 (+0.72)	2.6	28.70 (+0.41)	1.5
Active cardmembers (millions)	13.91 (+0.69)	5.2	14.33 (+0.42)	3.0	14.80 (+0.47)	3.3
Transaction volume (¥ billion)	4,656.3	1.3	4,449.0	(4.5)	4,442.0	(0.2)
Card shopping (¥ billion)	3,891.0	3.5	3,844.6	(1.2)	3,960.0	3.0
Cash advances (¥ billion)	765.3	(8.5)	604.3	(21.0)	482.0	(20.2)

(Years ended March 31)

Q What sort of impact will regulatory changes have on Credit Saison, such as full enforcement of the Money-Lending Business Control and Regulation Law and revisions to the Installment Sales Law?

A We expect cash advance balances to decrease and costs of uncollectible receivables to increase in fiscal 2010, the current period, due to the impact of the Money-Lending Business Control and Regulation Law.

The Money-Lending Business Control and Regulation Law came completely into force on June 18, 2010. The law sets an upper limit on interest rates of 20% and introduces a cap on total borrowings from moneylenders of 1/3 of annual income.

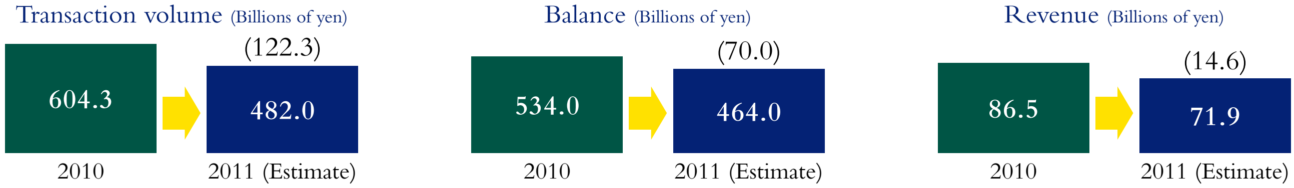
Credit Saison lowered its upper limit on interest rates on cash advances, including existing balances, ahead of its competitors in July 2007, so the impact of lower interest rates has already been absorbed, but in fiscal 2010, the overall market is contracting due to the cap on total borrowings, and we will see the impact of not being able to extend new loans to cardmembers whose borrowings exceed 1/3 of their annual income. The monetary impact is difficult to predict because the degree and timing of the credit crunch fluctuates. However, to increase management transparency we have calculated the extent of the impact that can be estimated at this time. We estimate a decrease in cash advance balances of approximately ¥70 billion and a revenue decrease of approximately ¥14.6 billion in fiscal 2010. Meanwhile, increases in interest repayment claims and loan losses are also forecast, so we expect uncollectible receivables costs to increase by approximately ¥3.6 billion from the previous year to ¥65 billion. Taking these effects into account, we are forecasting fiscal 2010 operating revenues of ¥288.0 billion (down 6.1% year on year), ordinary income of ¥21.0 billion (down 46.3% year on year), and net income of ¥9.0 billion (down 51.8% year on year).

Although we forecast declines in revenues and income for fiscal 2010, we intend to get ourselves back onto a growth track by carrying out measures in response to changes in the business environment. Specifically, we will return our focus to the source of our business—generating customers—and to reforming the structure of our credit card business. We will also work to reduce costs relating to uncollectable receivables by bolstering in-progress management and credit collection.

EFFECTS OF FULL ENFORCEMENT OF MONEY-LENDING BUSINESS CONTROL AND REGULATION LAW

A trial calculation of the effects of full-scale enforcement of the Money-Lending Business Control and Regulation Law that can be estimated at the present stage

Decrease in cash advance transaction volume, balance, and revenue due to market contraction and total lending restriction



Based on the estimation that uncollectible receivables will rapidly increase in the short term due to the tightening of regulations, an additional provision was added at the end of the previous term

(Billions of yen)

	2010		2011 (Estimate)	Difference
Uncollectible receivables cost		61.4	65.0	+3.6
Interest repayment cost	Initial estimate 4.4 + Term-end provision added 4.2	8.6	4.6	(4.0)

(Years ended March 31)

Q Please tell us about the key measures that Credit Saison will take to overcome the harsh business environment and progress to a new stage.

A We will realize innovations and make structural reforms to surpass our competition.

STRENGTHENED ALLIANCE WITH AMERICAN EXPRESS

Credit Saison partnered with American Express in 1997, to issue the Saison American Express® Card, and added the Platinum Card from 2005 and the Gold Card from 2007, steadily increasing the number of cardmembers. Based on this track record, we issued a premium lineup of four types of Saison American Express Cards bearing American Express's well known Roman centurion emblem to standardize the design and broaden services.

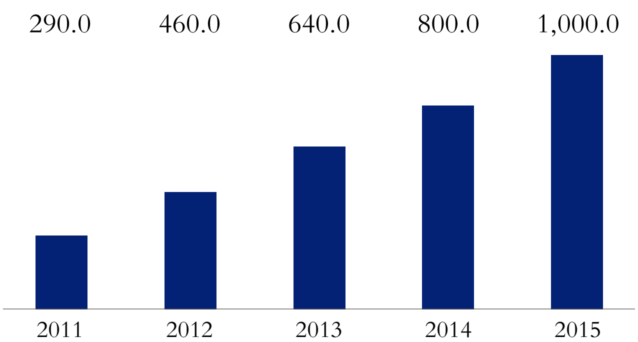
The Japanese credit card market in recent years has seen diminished awareness of premium cards, such as Gold Cards, and dumping of annual fees and lower levels of service are becoming common.

However, there are many people, such as the baby-boomer generation facing retirement and women active in society, who seek credit cards with both status and service characteristics in the form of a balance between annual fees and services. We aim to respond to such needs with new innovations in Japanese premium cards.

Our strategy is to combine the original attractions of Saison cards with the sense of high status afforded by American Express into a new brand image of "sophisticated," "fashionable," and "smart," and to provide a fuller range of options for customers to freely select their preferred rank of service to suit their lifestyles and business scenarios. By touting these features, along with strengthened services in line with annual fees, we aim to dramatically expand American Express-brand card issuance to 5 million cardmembers and transaction volume to ¥1 trillion by 2015, five years from now.

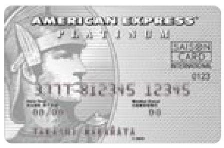
ESTIMATED SALES FIGURES (Billions of yen)

■ Shopping transaction volume



(Years ended March 31)

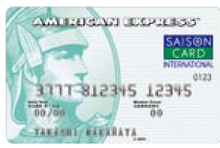
AMERICAN EXPRESS CARD LINEUP



Saison Platinum
American Express® Card

Saison Gold
American Express® Card

Saison Blue
American Express® Card



Saison Pearl
American Express® Card

STRENGTHENING THE INTERNET BUSINESS

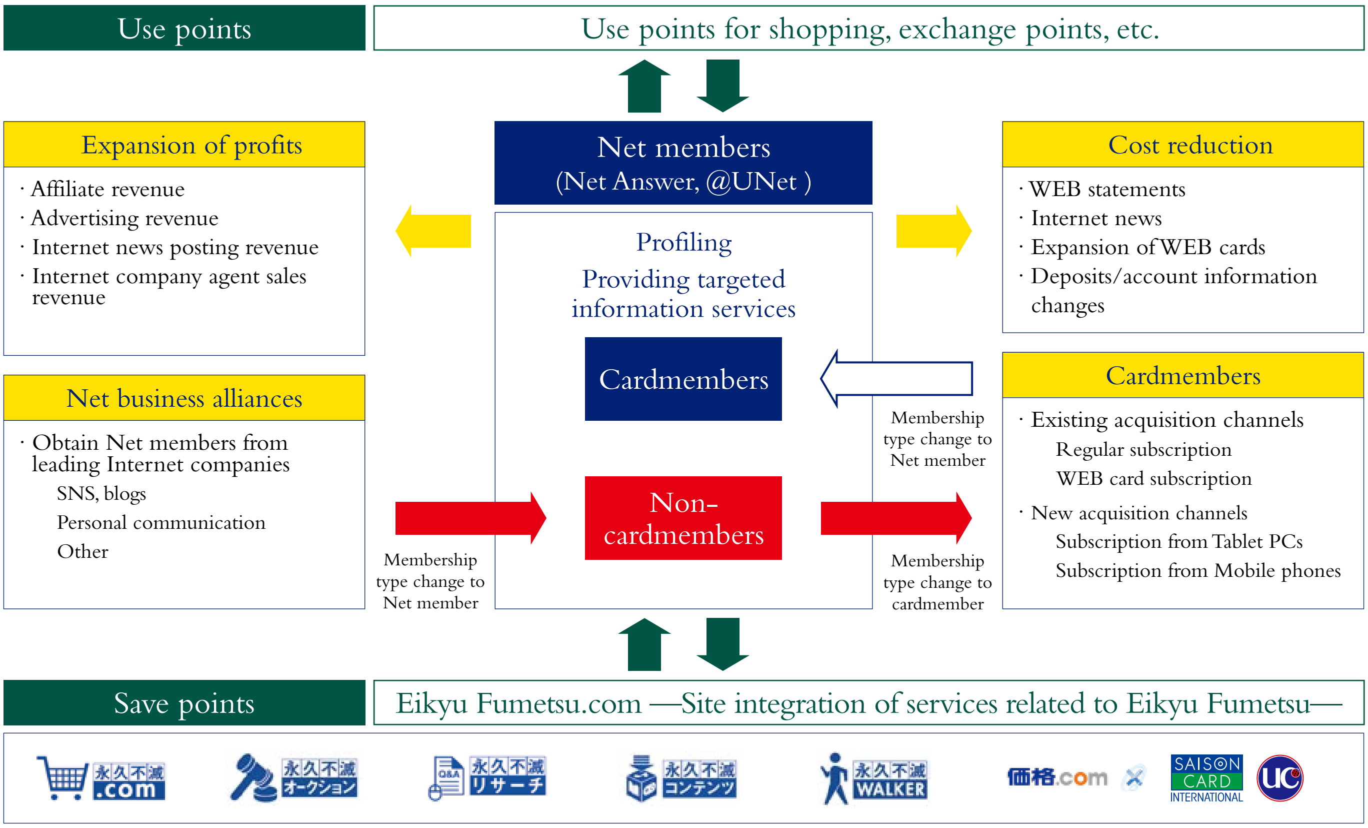
The online shopping market recorded sales of ¥6.5 trillion in 2009, expanding 2.2 times from five years ago and exceeding the size of the department store market. In response to such changes in market structure, we view strengthening the Internet business as a pillar of our overall strategy.

Our online shopping mall Eikyu Fumetsu.com, which started in 2006, has been supported by many users because they can collect between 2 and 20 times the number of Eikyu Fumetsu Points compared to regular shopping. As a result of this popularity, fiscal 2009 transaction volume expanded to ¥27 billion.

The Internet market is expected to grow markedly. To further incorporate this market in our business we are enhancing convenience for our Net members, for example by standardizing Eikyu Fumetsu-related service websites, and strengthening services, including allowing Eikyu Fumetsu Points to be used for monthly shopping payments. Furthermore, by forming alliances with leading Internet companies and opening up Eikyu Fumetsu.com services to customers without credit cards, we aim to increase our Net membership base from 4.56 million at the end of June 2010 to 10 million in three years, and transaction volume from ¥27 billion to ¥120 billion.

In the Internet business, we can expect not only commission revenue from member stores for credit card settlements, but also affiliate and advertising revenues. Looking ahead, by expanding the medium of Net membership, mainly through Eikyu Fumetsu Points, and enhancing its value, we will build a base for generating new fee-based businesses, going beyond the traditional scope of credit card companies to transform ourselves into a company that can powerfully leverage the Internet.

CONCEPT DIAGRAM OF INTERNET-BASED BUSINESS



FINANCE BUSINESS

The finance business consists of the credit guarantee business, the lease and rental business, and various loan businesses.

We are utilizing the credit knowhow accumulated in our credit business to guarantee unsecured loans extended by these financial institutions to their customers. The number of partner financial institutions using our credit guarantee services numbered 218 and our balance of credit guarantees stood at ¥171.1 billion as of the end of March 2010. We will continue to increase the number of partners, mainly among shinkin banks (financial cooperatives), carefully controlling risk and accumulating quality credits. In the lease and rental business, we will raise our market share in vendor leases to small and medium-sized enterprises, and develop the business around capturing corporate rental demand, especially for digital terrestrial-related and energy-saving products. In our various loan businesses, there has been considerable customer support for the Japan Housing Finance Agency's "Flat 35" long-term fixed-rate mortgage loan, which we started handling in 2009, and we aim to handle 2,000 loans (up 263% from the previous year) in fiscal 2010.

Q What are your thoughts on enhancing shareholder value and shareholder returns?

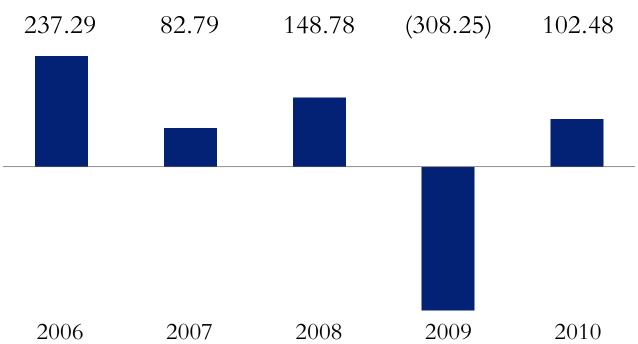
A We will follow our dividend policy of continuing stable dividends.

Our basic policy on shareholder returns emphasizes long-term stability. We are working under that policy to maximize corporate value.

Although we are facing a harsh business environment with stagnant personal consumption and tougher regulations, such as the Money-Lending Business Control and Regulation Law, we will restructure our business to achieve greater efficiency and focus on bolstering our business base to enable sustained growth. This should prevent shareholder returns from being affected dramatically by transient external factors, such as sudden shifts in the market environment.

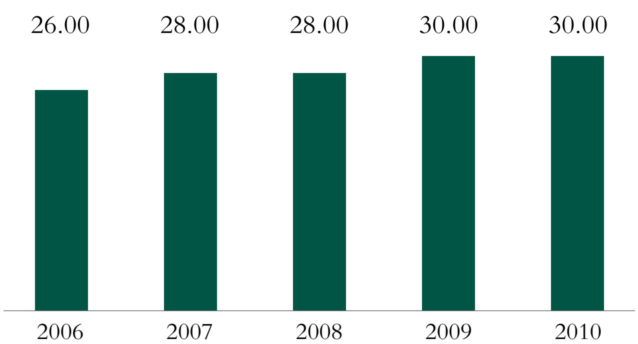
Profit levels will fall significantly in fiscal 2010, but since we believe that earnings can recover in the future due to the growth potential of the credit card business and efforts to streamline our business, we will leave our annual dividend unchanged at ¥30 per share based on our dividend policy of continuing stable dividends.

EARNINGS (LOSS) PER SHARE (Yen)



(Years ended March 31)

DIVIDENDS PER SHARE (Yen)



(Years ended March 31)

Q Please tell us about Credit Saison's CSR activities.

A Through our operation of Akagi Nature Park, we provide a place for children to encounter the wonder of nature. At the same time, we are passing on a piece of the rich natural heritage of Japan to future generations.

In December 2009 we acquired Akagi Nature Park, which is situated on Mt. Akagi in Gunma Prefecture. We took over operation of the park, which opened in April 2010. Spread across the western foothills of Mt. Akagi, this park is 120 hectares of forest that provides a place for experiencing nature on a grand scale. Previously the park had been carelessly planted with pine trees, but we have been replacing these since 1982, in a 28-year effort to restore the original natural beauty of the place. Today the park is home to a variety of insects, animals, wild flowers and trees, including rare plants. It is a great place to encounter the beauty of Japan's four seasons firsthand.

Our approach to creating the park is to help plants and trees to grow by providing the right environment—rather than to try and grow flowers. The park therefore not only has one of the largest rhododendron gardens in Asia, and beautifully tended narcissus flowers, but a stunning wealth of wild flowers blooming in their natural state.

Inside the park, visitors can experience nature just as it is, and view most of the varieties of plants and insects native to the northern Kanto region in conditions that are close to the wild.

Credit Saison operates the park in the hope of providing children a chance to visit and enjoy the wonder of nature firsthand; an increasingly rare opportunity in today's modern world. We hope that through this we can contribute in a small way to passing on the abundant natural treasures of Japan to future generations.

We believe that there is value in being able to sustain corporate activities to contribute to society over a long period. With the help of other companies who support our efforts in this area, we will continue our patronage of Akagi Nature Park on a long-term basis.

赤城自然園 Akagi Nature Park

Akagi Nature Park Profile

Area: About 120 hectares, of which about 60 hectares is open to the public

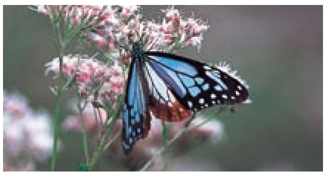
Altitude: 600 to 700m

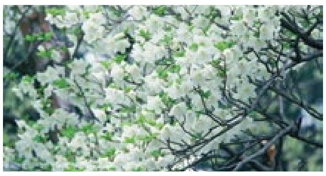
Site: The western foothills of Mt. Akagi

Plants and Animals Found in Akagi Nature Park

Animals: 1,810 species of insects, 77 species of birds, 15 species of mammals

Plants: 152 species of trees, 510 species of grasses






Akagi Nature Park is broadly divided into three areas.

Garden of Natural Ecology

Featuring a Quercus wood, a butterfly field, a stag beetle forest, whirligig beetle pool, a dragonfly pond, a wild field and an insect house, this area offers a chance to encounter the workings of nature by observing the activities of living things.

Four Seasons Wood

This area features a forest playground, a rest area, a green space and other places that offer relaxation and healing, as well as play and other experiences.

Saison Garden

This area includes an azalea mound with red and white azaleas, a rhododendron garden and rhododendron valley, and many other seasonal plants and flowers to enjoy.

The following companies support our activities to preserve nature at Akagi Nature Park.

(As of July 31, 2010)

IBM, Ameba, American Express, e+ イープラス, AIGエジソン, NTT Data 株式会社NTTデータ, Kyodo Printing Co., Ltd., CTC, Saison Information Systems Co., Ltd., DNP 大日本印刷, PADI, PARCO, 光通信グループ, FUJITSU, MIZUHO みずほ銀行, YAMADA, 株式会社良品計画

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our vision is to become a leading-edge service company, and we regard our customers, business partners, employees and society at large as our stakeholders. We aim to fulfill our social responsibilities by providing returns to our shareholders through activities that satisfy customers, are based on mutual respect for our interests and those of our business partners, and instill shared ideals and goals in our employees. We will also build a reputation for reliability by adapting flexibly to a changing business environment, and by ensuring regulatory compliance in all business activities.

THE CREDIT SAISON APPROACH TO CSR

Our concept of CSR is not limited simply to regulatory compliance and the creation of profit. We believe that CSR also means responding to the needs of citizens, communities and society, and developing business methods and activities that meet and surpass these needs. This concept guides our CSR activities, which are based on three perspectives:

(1) Activities that are essential to our corporate survival and the interests of our customers, employees, shareholders and stakeholders

Our corporate mission is to conduct our business activities in a sound, appropriate and timely manner. This requires continual effort to improve management transparency and strengthen the systems used to monitor the achievement of management targets.

(2) Activities that contribute to society and the fulfillment of our responsibilities through our core business activities in the areas of credit cards and financing

In addition to being convenient, credit cards drive economic activity as extremely effective tools for settlements. Our priority is to prevent excessive use leading to heavy indebtedness, while ensuring that credit cards help to enrich the lives of our customers and contribute to economic development. As a finance company, we are entrusted with personal credit information. We carefully manage this information in accordance with the Private Information Protection Law, and use it to prevent excessive indebtedness through the prudent provision of credit and appropriate monitoring after credit is provided.

■ Appropriate management of personal information

We manage personal information in accordance with laws, regulations and other requirements, including guidelines and industry rules. We have established internal corporate rules, and give our employees training in ethics. Our efforts to raise awareness of information management include the use of the "private information manager" qualification established by the Japan Consumer Credit Industry Association. This qualification is now basically compulsory for employees who handle personal information. Security measures have also been strengthened, with the use of leased lines, limited access authorization, encryption, and restricted access to data terminals. Since May 2006, Credit Saison has been authorized to use the Privacy Mark, a certification given to businesses with appropriate systems for handling personal information.

■ Preventing excessive indebtedness

We recognize the risks of credit, and strive to prevent excessive borrowing by monitoring borrowers' credit status after loans have been issued. Assistance for customers includes changes to contract terms and repayment amounts.

(3) Activities that contribute to society in ways that are unique to Credit Saison

Tens of thousands of people, including our employees and their families, depend on the Credit Saison Group. We recognize our responsibilities as an employer, and work constructively to resolve any employment issues. As a distribution sector credit card company, we aim to use our business activities to provide services and contribute to society.

■ Resolving employment issues

Credit Saison aims to provide amenable working environments for all employees, regardless of age or gender. We have made several workplace improvements in response to changes caused by Japan's falling birthrate and aging population. These include systems to help female employees continue working after marriage and childbirth, and more flexibility for employees caring for older relatives. We also actively re-employ retirees.

ENVIRONMENTAL PROTECTION AND CSR ACTIVITIES

Our customers can participate in social contribution activities with their cards. For example, points earned through card use can be used to make donations to charities, including the World Heritage Programme and World Terakoya Movement of the National Federation of UNESCO Organizations in Japan, the environmental activities of the Forest Culture Association, and guide dog training by the Japan Guide Dog Association.

Since fiscal 2010 we have added another contribution to environmental protection in the form of Akagi Nature Park, a 120 hectare forest spread across the western foothills of Mt. Akagi in Gunma Prefecture.

At Akagi Nature Park we have prepared educational programs including guided tours and natural observation classes in the park and we also run programs to protect the environment in the nature park and coexist with the local community. Our goal is to provide a place where people can experience the wonder of nature.

CORPORATE GOVERNANCE

The Credit Saison Group is expanding and strengthening its business infrastructure to support its role as a leading-edge service company with the credit card business as its core segment. We recognize that, along with the achievement of business objectives, the reinforcement of corporate governance is vital for obtaining the understanding and support of all our stakeholders—our customers, business partners, employees and society. To increase management transparency and strengthen management supervision functions, the Company is developing internal control systems and strengthening compliance.

CORPORATE GOVERNANCE SYSTEM

The Board of Directors consists of 14 directors, including one outside director. It decides important management matters and supervises the directors' performance.

To ensure that business is conducted properly and soundly and to strengthen corporate governance, the Board has acted to develop effective internal control systems and establish and maintain a framework to ensure Group-wide compliance with laws, regulations and the Articles of Incorporation. To ensure that directors perform their duties appropriately, the Board operates in accordance with the Board of Directors Regulations. Moreover, each director performs his or her duties in accordance with the Corporate Law, and properly manages the divisions under his or her control in accordance with the Organizational and Segregation of Duties Regulations to ensure that business activities are executed appropriately and efficiently.

Directors serve a one-year term of office. This policy allows us to build a flexible management structure capable of adapting to a changing business environment, while also requiring management to earn the confidence of shareholders every year.

The Company has introduced a statutory auditor system. The Board of Corporate Auditors consists of four outside statutory auditors, two being independent executives who are not likely to have a conflict of interest with general shareholders. The statutory auditors conduct rigorous audits by attending Board of Directors meetings and other important meetings, reading important resolution documents, and examining the conduct of business and the state of the Company's assets.

The Board of Corporate Auditors also audits the effectiveness and functioning of internal control systems and strives to ensure the early detection of problems and improvement of accuracy.

To assist the statutory auditors in their duties, the Company has established the Auditors' Secretariat, which retains independence from the operating divisions (members serve concurrently in the Internal Control Division).

The Company plans and implements compliance measures including education and awareness-raising activities, and engages in risk management. To that end, the Company has established the Compliance Department as a dedicated department to ensure the observance of laws, regulations and corporate ethics, the Corporate Risk Management Office as a dedicated risk management department and the Compliance Committee and Risk Management Committee as dedicated organizations to ensure compliance and risk management.

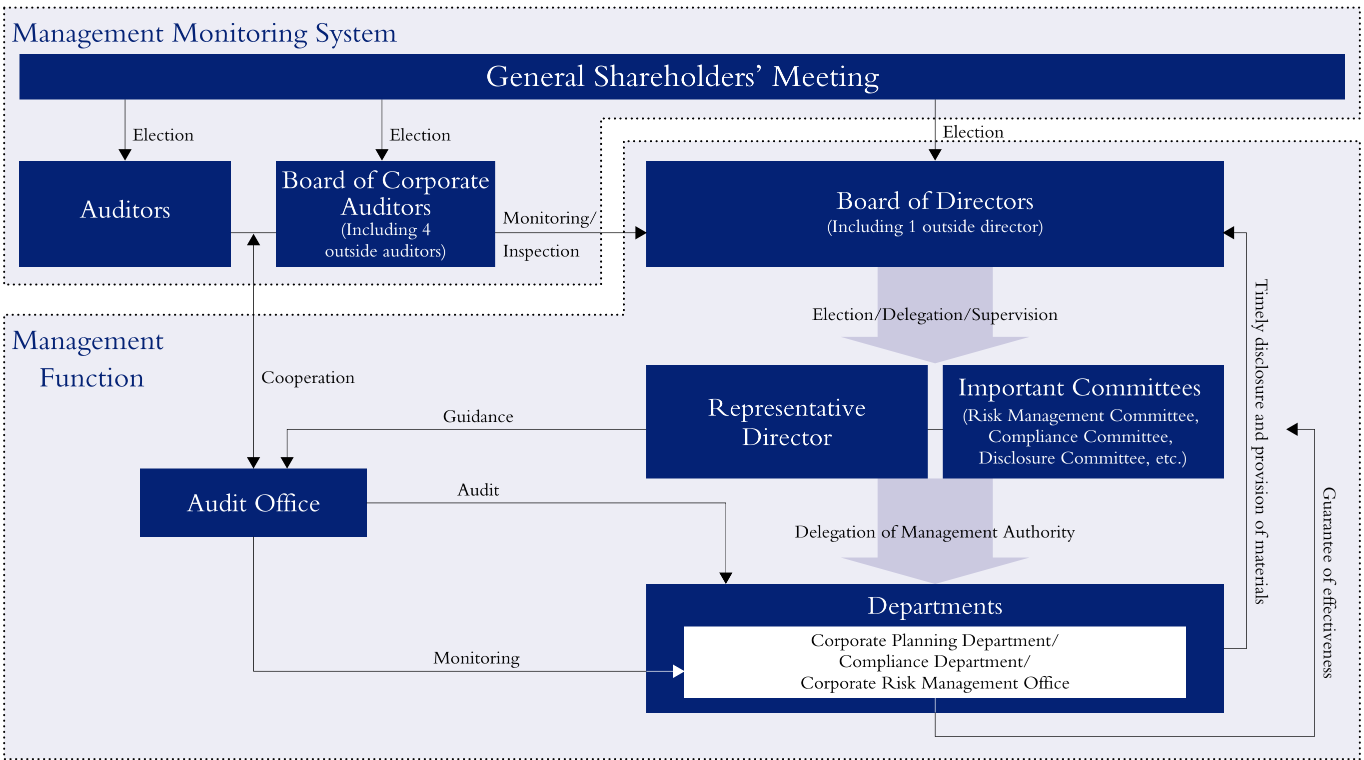
The Internal Audit Office audits compliance, risk management, internal control systems and corporate governance in the organizational operations and business activities of Credit Saison and its affiliates, and makes evaluations and recommendations based on the results.

We will continue to expand information sharing among Group companies and strengthen our Group management systems, and to study approaches to management that meet the needs of the Credit Saison Group and contribute to the improvement of consolidated value.

REMUNERATION FOR DIRECTORS AND STATUTORY AUDITORS

To clarify their responsibility for business execution and results and

CORPORATE GOVERNANCE STRUCTURE



increase the independence of statutory auditors and outside directors, the Company has eliminated the previous retirement bonus system and unified compensation for the performance of duties, including directors' bonuses, and worked to increase awareness of the importance of business performance.

Remuneration, etc., paid to directors and statutory auditors in fiscal 2009 is as follows:

DETAILS OF REMUNERATION FOR DIRECTORS

Position	Total remuneration amount (Millions of yen)	Total amount of remuneration by type (Millions of yen)		Number of persons
		Basic remuneration	Bonuses	
Directors (Excluding outside directors)	398	305	92	15
Statutory auditors (Excluding outside statutory auditors)	1	1	–	1
Outside executives	58	58	–	5

Note 1. Remuneration paid to directors does not include the employee salary amount in the case of employees who serve concurrently as directors.
2. As of March 31, 2010 the Company had 11 directors and 4 statutory auditors.

REMUNERATION FOR INDEPENDENT AUDITORS

Remuneration based on duties performed pursuant to Article 2, Paragraph 1 of the Certified Public Accountants Law: ¥116 million
Other remuneration: ¥0 million

OVERVIEW OF INTERNAL CONTROL SYSTEMS

As per the Corporate Law, the Board of Directors has set basic policies for directors to build a system that ensures compliance with laws, regulations and the Articles of Incorporation and the adequacy and efficiency of its business. These policies are based the philosophy of: "Always realize profitable growth and maximize the satisfaction of customers and other stakeholders by pursuing innovative ideas and strategies."

With regard to internal control over financial reporting, (known as "J-SOX"), our efforts centered around the Corporate Risk Management Office, through which we coordinate the development of internal control systems by the Company, and by companies included the consolidation. Independent monitoring is carried out by specialist staff from the Internal Audit Office. On this basis, we are able to report to the authorities that our internal control systems are working effectively.

In building our internal control systems we aim to build highly efficient and effective systems that will help to maximize the benefits for our stakeholders by maintaining appropriate business processes while increasing business results and strengthening earnings.

RIGOROUS IMPLEMENTATION AND ENHANCEMENT OF COMPLIANCE

Based on this reinforcement of corporate governance and internal controls, the Compliance Committee and Compliance Department are taking the lead in ensuring compliance with laws and regulations, and fairness and morality in business activities.

A Senior Managing Director chairs the Compliance Committee, which reports to the Board of Directors. To discuss compliance-related matters, the Committee convenes several times a year.

To ensure familiarity and observance with Company rules, regulations and ethics, we have published these standards and guidelines in Our Compliance, a pamphlet distributed to regular and contract employees.

The Company is working to prevent misconduct and scandals by publicizing its compliance consultation desk. The consultation desk strives to create a user-friendly environment by maintaining systems inside and outside the Company for accepting inquiries, including dedicated addresses on the Company intranet and the Internet. When a report is received, the Compliance Department cooperates closely with an attorney and aims to quickly resolve the matter, reports to the Compliance Committee, and then takes action to prevent reoccurrence.

In addition, the Compliance Department invites outside lecturers to conduct compliance training for executives, and training for senior management including division managers. The Company appoints compliance officers and compliance coordinators in each division, and the divisions take the initiative in conducting compliance training in cooperation with the Compliance Department.

To raise awareness, we have announced that compliance specialists and staff are also empowered as J-SOX specialists and staff.

SECURITY AND RELIABILITY OF INFORMATION SYSTEMS

As the use of IT grows, maintaining the security and stability of information systems is becoming increasingly important to ensure that customers can rely on the Company's credit cards.

Here, we have implemented countermeasures against system disruptions, which may be caused by a wide variety of factors, including natural disasters, accidents or computer viruses, and higher systems efficiency was achieved by centralizing clerical work. Credit Saison will continue efforts to keep its systems secure, reliable and efficient.

RISK MANAGEMENT

To prevent and appropriately respond to risk, the Company has formulated Risk Management Regulations and Regulations Concerning Management of Risk of Loss and, through the Risk Management Committee and Corporate Risk Management Office, works to prevent risks from materializing and to minimize the effect on the Company when risks become apparent. To this end the Company conducts periodic internal education and training for people working with the Risk Management Regulations, Regulations Concerning Management of Risk of Loss and Crisis Management Regulations, and the Board of Directors periodically examines the regulations and issues revisions and improvements. In this way the Company strives to maintain its risk management systems.

We maintain control over factors within the Credit Saison Group that have the potential to create serious risks by monitoring the operations of Group companies under the Affiliated Company Regulations, which are administered primarily by the Corporate Planning Department. Our risk management systems are further enhanced through information-sharing with the management organizations of Group companies.

Moreover, in the event that a risk occurs, the Company works to respond swiftly based on the Crisis Management Regulations, through the Crisis Management Committee which is chaired by the Executive Vice President and Representative Director.

PROACTIVE DISCLOSURE OF INFORMATION

The Company proactively discloses business information through results briefings, investment conferences, IR meetings and other events, and strives to ensure highly transparent management by posting financial result summaries, IR activities and other information on its website.
URL for corporate and IR information:
http://corporate.saisoncard.co.jp/en

BOARD OF DIRECTORS AND AUDITORS

(As of June 30, 2010)

Hiroshi Rinno
President and CEO

Head of Audit Office and Credit Card Division

Teruyuki Maekawa
Executive Vice President and Representative Director

Head of Public Relations Office, Treasury Dept., General Affairs Dept. and Sales Development Division

Toshiharu Yamamoto
Senior Managing Director and Representative Director

Head of Human Resources Dept., Compliance Dept., System Planning Dept. and Credit Division

Naoki Takahashi
Senior Managing Director

Head of Corporate Planning Dept., Business Management Dept., Strategic Investment Dept., Corporate Risk Management Office and Finance Division

Hidetoshi Suzuki
Managing Director

Head of Customer Satisfactions Promotion Office, Overseas Development Dept. and Internet Business Division

Haruhisa Kaneko
Managing Director

General Manager, Credit Card Division/Saison Card Dept., Sogo & Seibu Card Dept., UC & LABI Card Dept., Gold & AMEX Card Dept. and Takashimaya Card Dept.

Takayoshi Yamaji
Director

General Manager, Credit Division

Hiroshi Yamamoto
Director

General Manager, Finance Division

Junji Kakusho
Director

General Manager, Internet Business Division

Masahiro Yamashita
Director

Marketing Dept., Business Planning Dept., Solution Dept. No. 2

Kazuhiro Hirase
Director

Mizuho-Alliance Development Dept., Leasing & Rental Business Dept., Solution Dept. No. 1

Sadamu Shimizu
Director

General Manager, Sales Development Division

Akihiro Matsuda
Director

Financial Products Dept., Card Finance Dept., Loan Center

Yoshiro Yamamoto
Director (External)

Hiroshi Tomizawa
Standing Auditor (External)

Masaru Sakurai
Standing Auditor (External)

Kotaro Matsumoto
Standing Auditor (External)

Atsushi Toki
Auditor (External)

THE CREDIT SAISON GROUP

The Credit Saison Group has five business segments: Credit Service, Finance, Real Estate Related, Entertainment and Other. The Credit Service Segment is the Credit Saison Group's most important segment, and generated approximately 80% of total operating revenues in fiscal 2009.

The Credit Saison Group's operating revenues consists primarily of fees from affiliated stores generated via credit card and installment purchases, and customer fees generated via revolving account payments, cash advances, specialty loans and other transactions. Both of these are earned in our mainstay Credit Service Segment.

Operating expenses mainly comprise advertising expenses, point redemption costs, costs of uncollectible receivables, personnel expenses, fees and financial costs.

CHANGES IN THE SCOPE OF CONSOLIDATION

In fiscal 2009, ending March 31, 2010, the Credit Saison Group had fourteen consolidated subsidiaries, compared with eleven in the previous fiscal year. The number of affiliated companies accounted for by the equity method decreased from eight to seven in the year under review. With regard to consolidated subsidiaries, from fiscal 2009, the Credit Saison Group included JPN Holdings Co., Ltd. in consolidation as a result of the transfer of shares. On the other hand, Cosmo Support Co., Ltd. and the silent partnership that operates Value Balance Ltd. were included in the consolidation as a result of acquisition of their shares. However, Saison Automobile and Fire Insurance Co., Ltd. was no longer accounted for by the equity method in the fiscal year under review because it no longer qualified as an affiliate due to the dilution of the Credit Saison Group's holdings by a third-party allotment of shares conducted during the fiscal year.

ANALYSIS OF INCOME STATEMENTS

Market Environment

In fiscal 2009, the Japanese economy continued to face harsh conditions in the aftermath of the global financial crisis, despite signs of a recovery supported by a resurgence of external demand and economic stimulus measures taken by the government of Japan to bolster the economy. Despite these positive factors, labor conditions and personal incomes did not improve and domestic demand, which depends mainly on personal consumption and private sector capital investment, was weak as deflation continued its hold on the economy.

The non-banking sector to which the Credit Saison Group belongs also continued to face a difficult business climate against the backdrop of amendments to the Money-Lending Business Control and Regulation Law and the Installment Sales Act and persistently high levels of claims for interest repayments.

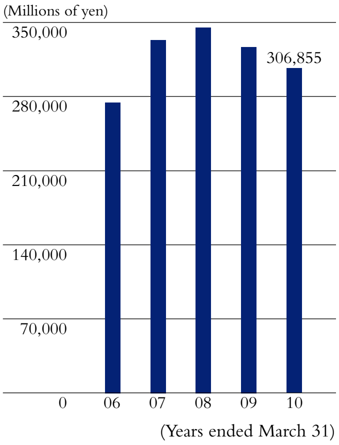
Operating Revenues

In fiscal 2009, operating revenues declined by ¥20,233 million, or 6.2%, year on year to ¥306,855 million. During the fiscal year, the Credit Service Segment, our core segment, implemented various measures to improve its earnings structure. The segment strengthened efforts to collect shopping revolving loan payments, revised its commission rates, and enhanced its sales activities, such as capturing results-based compensation from online shopping malls. In addition, the segment used its Internet infrastructure to promote delivery of usage statements on the Internet. Despite these efforts, under the impact of the contraction in the cash advance market due to the Money-Lending Business Control and Regulation Law and other factors, cash advance revenues declined, as did overall revenues of the Credit Service Segment. While the Finance Segment posted solid growth in the operating revenues of the credit guarantee business and the lease and rental business, its real estate loans business stopped making any new guaranteed real estate loans, resulting in an overall decrease in operating revenues of the segment. The Real Estate Segment also recorded a drop in operating revenue because of its exit from the real estate loan guarantee market.

Operating Expenses and Operating Income

The Credit Saison Group controlled advertising and personnel expenses in fiscal 2009 by implementing cost cutting measures with a priority on improving efficiency. As a result, selling, general and administrative (SG&A) expenses contracted by ¥22,352 million, or 8.3%, from a year earlier to ¥246,305 million. Although provision for allowance for losses on card point programs rose to ¥13,877 million (up ¥519 million, or 3.9%, year on year), other major SG&A expenses declined; advertising expenses decreased by ¥2,459 million, or 13.1%, to ¥16,251 million; fees paid were down ¥3,491 million, or 6.6%, year on year to ¥49,416 million; and personnel expenses declined ¥2,201 million, or 4.7%, year on year to ¥45,109 million. Financial costs rose ¥494 million, or 2.1%, year on year, to ¥24,377 million because of the Group's further progress with its shift to long-term, fixed interest rate funds through borrowing from financial institutions.

TOTAL OPERATING REVENUES



BREAKDOWN OF SELLING, GENERAL AND ADMINISTRATIVE (SG&A) EXPENSES

(Millions of yen)

	2010	2009	% change
Cost of uncollectible receivables	67,379	77,204	(12.7)
Included in the above:			
Allowance for losses on accounts receivable	53,784	57,580	(6.6)
Losses on accounts receivable	0	277	–
Provision for losses on interest repayment	9,109	14,821	(38.5)
Allowance for losses on guarantees	4,486	4,525	(0.9)
SG&A expenses excluding cost of uncollectible receivables	178,925	191,455	(6.5)
Included in the above:			
Advertising expenses	16,251	18,711	(13.1)
Provision for point program	13,877	13,357	3.9
Personnel expenses	45,109	47,311	(4.7)
Fees paid	49,416	52,907	(6.6)
Total SG&A expenses	246,305	268,658	(8.3)

(Years ended March 31)

As a result, operating income for fiscal 2009 increased by ¥1,624 million, or 4.7%, from the previous fiscal year to ¥36,173 million. Although the cost of uncollectible receivables declined compared with fiscal 2008, receivables in which third parties, including attorneys and certified judicial scriveners, etc., had intervened on customers' behalf remained at a high level. The Credit Saison Group plans to control these risks through such measures as revising its initial credit screening standards based on its overall risk exposure and strengthening its checks on excessive borrowing by customers using external credit information.

Non-Operating Revenue and Expenses and Net Income

Non-operating revenues increased by ¥1,070 million, or 34.0%, year on year, to ¥4,216 million, while non-operating expenses declined by ¥5,457 million, or 81.0%, from the previous fiscal year, to ¥1,282 million. The main factor behind the changes was the Company's recording equity in earnings of equity-method affiliated companies of ¥598 million, after recording an equity in losses of equity-method affiliated companies of ¥1,066 million in the previous fiscal year. As a result of the above, the Credit Saison Group posted net income of ¥18,680 million for fiscal 2009.

POLICY FOR RETURN TO SHAREHOLDERS

To raise shareholder value, Credit Saison places high importance on initiatives to reinforce our corporate culture and to continuously expand our businesses. Our fundamental policy for shareholder returns calls for steady enlargement of internal reserves to realize the initiatives described above, while delivering appropriate, stable and continuous dividend payments to our shareholders.

Dividend per Share

Based on its dividend policy, Credit Saison allocated annual dividends of ¥30 per share in fiscal 2009.

Other than cash dividend payments, shareholders who also hold credit cards issued by Credit Saison are granted "Eikyu Fumetsu Points," which have no expiry date and can be exchanged for items of choice at any time on Eikyu Fumetsu.com. The number of points granted depends on the number of shares owned.

REVIEW OF OPERATIONS BY SEGMENT

Credit Service Segment

This segment consists of the credit card shopping business, servicing (loan collection agency) business and other businesses. Segment operating revenues for fiscal 2009 declined by ¥9,604 million, or 3.8%, year on year, to ¥245,119 million, while segment operating income increased by ¥2,035 million, or 7.9%, to ¥27,715 million.

(i) Credit Card Shopping Business

In the credit card sector, credit card usage has continued to grow because of the increased use of credit cards in people's daily lives for small-amount settlements and settlement of public utility bills and hospital and medical clinic bills and because of the expansion in the online shopping and digital content markets. Nevertheless, the growth pace of the card shopping business has slowed under the impact of such factors as the stagnation in personal consumption and economic deflation. Moreover, the revision in the Money-Lending Business Control and Regulation Law has shrunk the cash advance services market and caused a wave of increased IT system development costs to achieve compatibility with the revised law. Therefore, it is expected that the business environment will continue to be challenging for all companies in this business sector.

In this business climate, Credit Saison endeavored to increase its alliances with such card issuers as large-scale retailers in Japan and public transport companies and expand its issuance of high-status premium cards. We also implemented various measures to improve business efficiency. We increased our Internet membership, strengthened our efforts to build up our online shopping mall and other Internet business, worked to reduce credit risks, and revised our cost structure based on a cost-benefit analysis of our expenses.

The total number of cardmembers as of March 31, 2010 increased by 2.6% from the previous fiscal year-end to 28.29 million, adding a total of 2.59 million new cardmembers.

The card shopping transaction volume amounted to ¥3,844.6 billion, a year-on-year decrease of 1.2%, while the shopping-related revolving credit balance advanced by 1.1% to ¥298.2 billion. The number of active cardmembers also increased, up by 3.0% to 14.33 million. On the other hand, cash advances on cards decreased by 10.3% to ¥596.7 billion.

Key Initiatives in the Credit Card Shopping Business During Fiscal 2009

• Alliance Network Expansion

In the fiscal year under review, Credit Saison continued to expand its alliance network with retail companies, public transport companies, and other issuers, taking full advantage of its corporate strengths.

Examples of new issues include an alliance with Mitsui Fudosan Co., Ltd., and LaLaport Management Co., Ltd., which collectively operate the Mitsui Shopping Park Card business, to issue Mitsui Shopping Park Card Saison, which is accepted at all Mitsui Shopping Park facilities. Others include the Yamada LABI ANA Mileage Club Card Saison American

OPERATING REVENUES AND OPERATING INCOME BY SEGMENT

(Millions of yen)

	Operating Revenues			Operating Income		
	2010	2009	% growth	2010	2009	% growth
Credit Service	245,119	254,724	(3.8)	27,715	25,679	7.9
Finance	32,382	46,732	(30.7)	8,112	10,546	(23.1)
Real Estate Related	15,021	18,550	(19.0)	1,825	612	198.0
Entertainment	14,648	15,537	(5.7)	1,729	1,652	4.7
Other	2,074	1,939	7.0	1,544	1,345	14.8
Total	309,247	337,484	(8.4)	40,927	39,836	2.7
Eliminations or corporate	(2,391)	(10,395)	–	(4,753)	(5,288)	–
Consolidated	306,855	327,089	(6.2)	36,173	34,548	4.7

Note: Operating revenues and operating income of each segment include intersegment operating revenues. (Years ended March 31)

Express® Card, the first business tie-up between the consumer electronics retailer and an airline, issued in alliance with Yamada Denki Co., Ltd., Yamada Financial Co., Ltd., and All Nippon Airways Co., Ltd., as well as the JQ CARD Saison, a JR Kyushu Group card issued in alliance with the Kyushu Railway Company.

One of our priority strategies during the fiscal year for expanding cards with high utilization and high spending per transaction was to effectively utilize the wide-ranging services and international brand power of American Express to strengthen our premium credit card marketing activities with the goal of expanding card membership and transaction amounts.

• Enhancement of Internet Strategies

The total number of Net members, including SAISON Card Internet members (Net Answer members) and UC Card Internet members (@UNet members) reached 4.26 million as of March 31, 2010, a 30.8% year-on-year increase.

Credit Saison operates Eikyu Fumetsu.com, an online shopping mall, using two powerful tools at our disposal: our more than 28.0 million membership base and the non-expiring Eikyu Fumetsu Points. In the approximately three and a half years since its opening, this online mall has grown to have 480 tenants and ¥3.0 billion in monthly sales, and set a daily sales record of about ¥130 million.

During the fiscal year, we also utilized our Internet and IT technologies to broaden our contact with customers and boost operating efficiency. Among the measures introduced were 24-hour easily accessible Web-based usage statements and electronic credit card applications using tablet computers with touch panels.

We are determined to reinforce our initiatives in new Internet businesses, such as Eikyu Fumetsu Auctions, Eikyu Fumetsu Research, and Eikyu Fumetsu Contents, in order to grow fee businesses based on commissions from online shops and digital contents distribution companies into major revenue sources.

• Ensuring Credit Risk Management

Although interest refund claims and receivables intervened for by third parties, including attorneys and certified judicial scriveners, remained at high levels, the growth trend previously observed had diminished in fiscal 2009.

We will continue to focus on improving the quality of receivables by establishing measures to limit our risk exposure. Specifically, we will employ excessive borrowing management and strengthen our servicing system. In addition, we will maintain thorough credit control that balances returns and risks through appropriate offers of credit.

New Developments and Future Initiatives

Credit Saison has concluded an agreement with SEVEN & i FINANCIAL GROUP CO., LTD., to begin detailed talks on a comprehensive business alliance. By combining the processing and marketing knowhow developed by Credit Saison in the credit card business with the broad customer base of the Seven & i Group, one of the largest retailers in Japan, Credit Saison plans to increase the satisfaction of its cardmembers and eventually establish a credit card company with membership on the scale of 10 million cardmembers that will offer growth opportunities for both partners.

(ii) Servicing (Loan Collection Agency) Business

Affected by the amendments of the Money-Lending Business Control and Regulation Law and Installment Sales Act , the business environment of our major customers, the non-banking sector, has continued to deteriorate, in turn significantly affecting the servicing industry.

In this business climate, JPN COLLECTION SERVICE CO., LTD., the main business of which is loan guarantee services for small loans, has undergone reorganization to reform its business model. It established JPN Holdings Co., Ltd., as a pure holding company (no business operations) through a share transfer scheme. The holding company then absorbed JPN Collection Service's subsidiary, Cosmo Support Co., Ltd., a temporary staffing company, through a merger. With these actions, JPN Collection Services has reformed its business structure and expanded its business domain.

For the consolidated accounted period under review, Credit Saison posted a gain on merger with Cosmo Support Co., Ltd., despite the impact of a revision of the economic requirements for the customers of its core agency services business.

Finance Segment

This segment consists of the credit guarantee business, the lease and rental business and the loan business. In fiscal 2009, the earnings of the credit guarantee business and the lease business remained strong, and the newly launched long-term fixed interest rate mortgage loan service, Flat 35 (the receivable of which is acquired and securitized by Japan Housing Finance Agency), also contributed to earnings growth. On the other hand, because the real estate loans business stopped making any new guaranteed real estate loans, segment operating revenues dropped to ¥32,382 million, a 30.7% year-on-year decline. Similarly, segment operating income decreased by 23.1% from the previous fiscal year to ¥8,112 million.

(i) Credit Guarantee Business

Credit Saison focused on obtaining high-quality items by utilizing its close business relationships with affiliated financial institutions in both sales and management, particularly in the guarantee business for unsecured free-loans to individual customers.

In addition, we endeavored to increase our transaction volume by entering into a total of 33 new alliances with regional financial institutions, expanding the network to a total of 218 financial institutions, an increase of 25 institutions from fiscal 2008. However, the gross guarantee balance before recording an allowance for losses on guarantees decreased by 3.2% from the previous fiscal year to ¥171.1 billion.

(ii) Lease & Rental Business

Credit Saison provides a variety of unsecured consumer loans, such as Member's Loans for cardmembers. At fiscal year end, the balance of other consumer loan receivables stood at ¥25.7 billion, down by 25.7% from a year earlier.

(iii) Loan Business

Credit Saison engages in financing collateralized by real estate properties with individuals and corporations. In addition, we started to offer a long-term fixed-rate mortgage loan called Flat 35 (the receivable of which is acquired and securitized by Japan Housing Finance Agency) in March 2009. This mortgage loan service was popular because of the special benefits offered card members and the accumulated sense of trust and security among customers built over the years by our credit card business. As a result, our Flat 35 service made 550 loans with a total balance of ¥13.8 billion in its first year of operations. Because we ceased making new guaranteed loans to Atrium Co., Ltd., the balance of loans decreased by 60.0% year on year to ¥42.4 billion.

(iv) Lease Business

As of March 2010, based on statistics provided by the Japan Leasing Association, the overall lease contract volume for the industry has declined year on year for 34 consecutive months, reflecting weakened capital investment by corporations. Nevertheless, Credit Saison increased its lease contract volume by 0.6% from the previous fiscal year to ¥100.8 billion due to efforts to enhance our relationships with existing business partners and to steadily obtain new affiliated stores.

Real Estate Related Segment

This segment consists of the real estate and incidental businesses, the real estate leasing business, and others. During the fiscal year, Credit Saison worked to stabilize the earnings of its real estate leasing business, while striving to improve asset efficiency in its real estate and incidental businesses by replacing and reducing assets. In contrast to the previous fiscal year, when a large amount of provisions for doubtful accounts were booked, operating revenues of the segment decreased by 19.0% year on year to ¥15,021 million, but operating income jumped 198.0% to ¥1,825 million.

The first year of restructuring of the business of Atrium Co., Ltd., went as planned. Although the direction of the real estate market continues to be uncertain, Credit Saison is committed to making steady progress with its restructuring plan.

Entertainment Segment

This segment consists of the amusement business and other operations. The effects of tightened regulations on game machines continued to affect the business environment in fiscal 2009. Under these circumstances, Credit Saison created sound, safe and enjoyable facilities that have the support of their communities, while also working to streamline its operations to raise cost efficiency. Although operating revenues of the segment declined by 5.7% year on year to ¥14,648 million, operating income rose 4.7% to ¥1,729 million.

Other Segment

This segment is comprised of the insurance agency business, information processing service business, non-life insurance business and others. Operating revenues of the segment grew by 7.0% year on year to ¥2,074 million, while operating income increased by 14.8% to ¥1,544 million.

LIQUIDITY AND FINANCIAL POSITION

Fund Procurement and Liquidity Management

Fund Procurement

The Credit Saison Group emphasizes stability and low cost in the procurement of funds, and is actively working to diversify fund procurement methods. Key procurement methods include negotiated transactions with banks, related financial institutions, life insurance companies and non-life insurance companies. In addition, the Group procures funds indirectly through syndicated loans and committed lines of credit, and directly by issuing commercial paper and by securitizing receivables. Consolidated interest-bearing debt (including debt incurred through off-balance sheet securitizations in the amount of ¥124,000 million and lease obligations of ¥3,800 million) totaled ¥1,776.8 billion as of March 31, 2010. Of this total, loans, bonds, commercial paper, and asset-backed securities accounted for 63.6%, 13.3%, 7.5%, and 15.6%, respectively.

With regard to indirect fund procurement, in an effort to mitigate refinance risks and reduce costs, Credit Saison is working to strengthen its relations with existing lenders. We also aim to diversify sources of procurement and examine new counterparties, targeting financial institutions with which we can expect long-term stable transactions. In terms of direct fund procurement, in an effort to mitigate liquidity risk and reduce costs, Credit Saison not only utilizes corporate bonds and commercial paper, but is also setting up new fund procurement schemes, including securitization of receivables that will be unaffected by the creditworthiness of Credit Saison.

To support smooth fund procurement from the capital market, Credit Saison has obtained credit ratings for the bonds it issues. We have been given an A+ rating for domestic unsecured corporate bonds, and an a-1 rating for domestic commercial paper by Rating and Investment Information, Inc. (R&I).

Liquidity Management

Of the total assets held by the Credit Saison Group, installment accounts receivable centered on the credit card business accounted for 71.1%. Their annual average turnover was more than three times, helping Credit Saison maintain a high level of liquidity.

Cash Flows

Net Cash Provided by Operating Activities

Net cash provided by operating activities amounted to ¥99,134 million, compared with net cash used of ¥69,669 million a year earlier. The major cash in-flow items comprised income before income taxes and minority interests of ¥35,914 million and a decrease in trade receivables of ¥40,274 million. The main cash out-flow item was a ¥18,477 million increase in lease investment assets.

Net Cash Used in Investing Activities

Net cash used in investing activities amounted to ¥14,042 million, compared with ¥10,799 million in the previous fiscal year. Major cash in-flow items included ¥11,744 million proceeds from sales or redemption of investment securities, while cash out-flow items included ¥25,865 million in payments for purchases of property and equipment and other assets, such as computer software.

Net Cash Used in Financing Activities

Net cash used in financing activities amounted to ¥80,243 million, compared with net cash provided of ¥54,653 million in fiscal 2008. The main components of cash flow were a cash in-flow of ¥79,500 million in proceeds from securitized account receivables, and cash out-flows of a net decrease in short-term debts of ¥101,269 million and a ¥45,225 million repayment of bonds.

As a result of the above, cash and cash equivalents at the end of fiscal 2009 increased by ¥4,849 million from the previous fiscal year end to ¥73,130 million.

Assets, Liabilities and Equity

Total assets at the end of fiscal 2009 decreased by 1.4% or ¥32,934 million year on year, to ¥2,374,129 million. The contraction in assets can be primarily attributed to a decline in card shopping transaction volume because of amendments to the Money-Lending Business Control and Regulation Law.

Finance leases that do not transfer ownership had been accounted for as operating leases until fiscal 2008. Effective from fiscal 2008, "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan (ASBJ) Statement No. 13, issued by the ASBJ on March 30, 2007, revising the previous accounting standard issued by the Business Accounting Council on June 17, 1993) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 issued by the ASBJ on March 30, 2007, revising the previous implementation guideline issued by the Japanese Institution of Certified Public Accountants on January 18, 1994) have been adopted, and in accordance with these new accounting standards, finance leases that do not transfer ownership are capitalized.

Current assets declined by ¥56,602 million, or 2.6%, year on year, to ¥2,132,241 million because of a ¥2,271 million decrease in operational investment securities.

Among fixed assets, buildings and improvements in property and equipment increased by a net amount of ¥22,415 million, land increased by ¥24,545 million, and others in intangible assets increased by ¥32,586 million. As of the end of fiscal 2009, total fixed assets amounted to ¥241,560 million, an increase of ¥23,761 million, or 10.9% year on year. A breakdown of this change shows that property and equipment increased by ¥12,678 million to ¥60,597 million; intangible assets expanded by ¥14,485 million to ¥57,694 million; and other investments and other assets decreased by ¥3,402 million to ¥123,268 million.

Total liabilities as of the end of fiscal 2009 stood at ¥2,032,724 million, a decrease of ¥53,744 million, or 2.6% year on year. The decline could mainly be attributed to a decrease in interest-bearing debt resulting from a reduction in short-term loans and other factors. Current liabilities fell by ¥125,658 million to ¥846,577 million, while long-term liabilities increased by ¥71,914 million to ¥1,186,147 million.

As a result, the balance of interest-bearing debt as of March 31, 2010 amounted to ¥1,776,827 million, a ¥117,038 million, or 6.2%, decrease from the previous fiscal year end. This balance includes securitized receivables of ¥124,000 million accounted for as off-balance sheet transactions and lease obligations of ¥3,800 million.

Total equity at the end of fiscal 2009 rose by 6.5% or ¥20,809 million year on year, to ¥341,405 million. The regulatory shareholders' equity ratio improved by 1.1 percentage points to 14.3%.

CREDIT RISKS

Of total receivables (i.e. the balance calculated by adding up the balance of installment accounts receivables and the balance of contingent liabilities related to the Finance business and the Real Estate Related business), receivables overdue by more than 90 days amounted to ¥222,273 million, an increase of 2.7% year on year. The balance of the allowance for uncollectible receivables (current assets) as of March 31, 2010 was ¥121,458 million, a 2.6% year-on-year increase. Consequently, the ratio of the allowance to the receivables overdue for more than 90 days declined to 156.2% from 180.3% at the previous fiscal year-end.

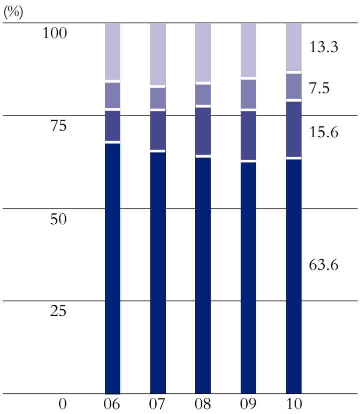
COMPARISON OF DELINQUENT RECEIVABLES AND THE ALLOWANCE FOR RECEIVABLES

(Millions of yen)

	2010	2009	% change
(1) Receivables	2,199,237	2,273,707	(3.3)
(2) Receivables overdue by more than 90 days	222,273	216,427	2.7
(3) Collateralized portion included in (2)	144,517	150,768	(4.1)
(4) Allowance for losses on receivables included in current assets	121,458	118,364	2.6
Receivables overdue by more than 90 days as a percentage of receivables [(2) ÷ (1)]	10.1%	9.5%	–
Ratio of allowance of losses on receivables to receivables overdue by more than 90 days [(4) ÷ ((2) – (3))]	156.2%	180.3%	–
(Reference) Receivables overdue by more than 90 days excluding collateralized portion as a percentage of receivables [((2) – (3)) ÷ (1)]	3.5%	2.9%	–

(Years ended March 31)

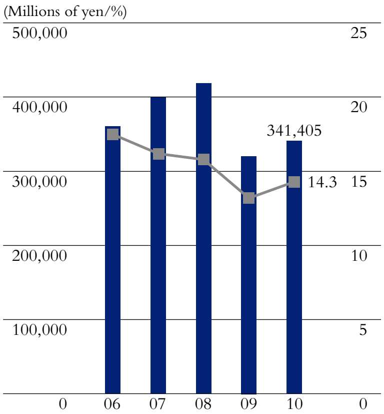
COMPOSITION OF INTEREST-BEARING DEBT



Bonds / Asset-backed securities / Commercial paper / Loans

(Years ended March 31)

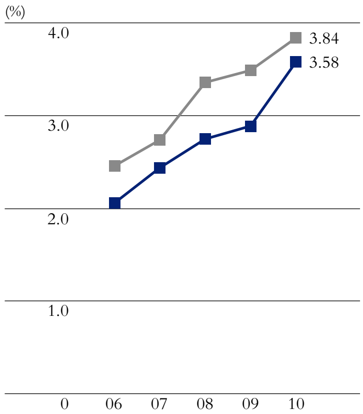
TOTAL EQUITY AND SHAREHOLDERS' EQUITY RATIO



Total equity / Shareholders' equity ratio

(Years ended March 31)

DELINQUENCY RATIO (OVER 90 DAYS) AND WRITE-OFF RATIO (NON-CONSOLIDATED BASIS)



Delinquency ratio (over 90 days) / Write-off ratio (non-consolidated basis)

(Years ended March 31)

CHANGES IN THE ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

(Millions of yen)

	2010	2009	% change
Allowance for losses on receivables at the beginning of the year	121,886	90,898	34.1
Increase	60,062	90,071	(33.3)
Decrease	55,451	59,084	(6.1)
Allowance for losses on receivables at the end of the year	126,496	121,886	3.8
(Reference) Losses on receivables	0	277	–

(Years ended March 31)

(Note) The increase in the year ended March 31, 2009 includes provision for allowance of doubtful accounts of ¥27,218 million following the restructuring of consolidated subsidiary Atrium Co., Ltd., while the decrease includes a gain on reversal of allowance for doubtful accounts of ¥2,192 million.

RISK INFORMATION

The following presents an overview of operating, accounting and other issues that exert or could exert a significant influence on investor decisions.

Forward-looking statements are Credit Saison Group estimates as of March 31, 2010.

1. Operating Conditions

Results and financial position in the Credit Saison Group's primary Credit Service, Finance and Real Estate Related businesses are subject to the influence of domestic economic conditions. Factors contingent upon economic conditions, including worsening of the employment environment, disposable household income or consumer spending, affect or may affect transaction volume and repayment in Group businesses including credit cards, loans, credit guarantees, and real estate mortgage loans, and therefore have the potential to negatively impact Group operating revenues and the cost of uncollectible receivables.

Small and medium-sized companies are the principal customer group of the Lease business. Factors contingent upon economic conditions, including contraction in capital expenditures and deteriorating corporate performance accompanying an economic recession, have the potential to negatively impact operating revenues, losses on uncollectible receivables and other results as well as financial position.

2. Changes in Cost of Funds

The Group utilizes interest rate swaps and other means as a hedge against rises in interest rates, in addition to issuing corporate bonds and borrowing from financial institutions to secure stable and fixed funding. Nevertheless, changes in financial conditions and reduction in the Credit Saison Group's credit rating may increase interest rates on funds the Group procures and have the potential to negatively impact operating revenues and other results as well as financial position. Changes in interest rates on loans and other instruments are impacted by a wide array of considerations. These include changes in the terms of customer contracts and interest rates applicable to other companies in the consumer credit business. The Credit Saison Group may be unable to price its products and services to reflect higher interest rates on the capital it procures, which would have the potential to reduce the Group's interest margin.

3. Competitive Environment

The financial system has undergone substantial deregulation in recent years, which has resulted in energetic restructuring of the retail financial services industry in Japan. Large mergers in the credit card industry, the entry of competitors from other industries and other events have caused competition to intensify. In this changing market, the results and financial position of the Credit Saison Group may be negatively impacted by the occurrence of events such as reduced profitability due to a decrease in fee rates from member stores or changes in the terms of transactions with business partners.

4. Unfavorable Performance Among Primary Alliance Partners

In the credit services business, the Credit Saison Group has agreements including affinity card issuance and member store contracts with numerous companies and organizations. Unfavorable performance among these alliance partners has the potential to negatively impact the Credit Saison Group's performance and financial position. For example, the Credit Saison Group acquires many of its new cardmembers through the outlets of alliance partners in the retailing industry. Reduced ability to attract customers or lower sales among these companies has the potential to negatively impact the Credit Saison Group's operating revenues. In addition, the Credit Saison Group has capital relationships with a number of its alliance partners. Unfavorable performance among such alliance partners has the potential to incur impairment losses on investment securities in the Credit Saison Group's portfolio.

5. System Operation Problems

The Credit Saison Group relies heavily on computer systems and communication networks in numerous aspects of its main businesses, including the Credit Service business. A number of situations could compromise the Credit Saison Group's sales capabilities, damage its credibility and cause other problems that would have the potential to negatively impact the Credit Saison Group's performance and financial position. These situations include Group and counterparty system inoperability resulting from temporary system overload due to factors such as system errors or spikes in access caused by Group or counterparty hardware or software problems; breakdown in communication networks resulting from factors including natural disasters and accidents; and illegal or inappropriate system operation.

6. Leakage of Personal Information and Other Issues

The Credit Saison Group maintains a large volume of personal information concerning its cardmembers and others, and implements appropriate controls throughout the Group. However, based on the Private Information Protection Law, incidents such as leakage or illegal use of this information are regulatory violations that could result in administrative guidance, orders or fines. This would damage the Credit Saison Group's credibility and cause other problems that would have the potential to negatively impact the Credit Saison Group's performance and financial position.

7. Regulatory Changes

The Credit Saison Group operates in accordance with current regulations and the risks that result from these regulations. The Group's businesses are subject to the Installment Sales Law, the Money-Lending Business Control and Regulation Law and other laws. Circumstances arising from amendments to or changes in the interpretation of these laws in the future would have the potential to negatively impact on the Credit Saison Group's operations, performance and financial position.

Moreover, a portion of interest that was higher than the interest rate ceiling set by the Interest Rate Restriction Law can be deemed invalid and may be subject to claims for reimbursement. Credit Saison is booking an allowance for losses on interest repayments in preparation for future claims for reimbursements of this type, but future regulatory revisions or regulatory trends that unexpectedly expanded such reimbursement claims would have the potential to negatively impact on the Credit Saison Group's performance and financial position.

The type, content and degree of potential regulatory revisions are difficult to predict, and the Credit Saison Group has no control over their potential impact on its operations.

8. Impairment Loss of Property and Equipment and Evaluation Losses

A material decline in the fair value of the Credit Saison Group's land and buildings, or a projected decline in operating income in businesses employing such assets that is not deemed to be temporary, will incur impairment losses that have the potential to negatively impact the Credit Saison Group's results and financial position. Moreover, a material decline in the fair value of investment securities and investments and loans to affiliates, or unfavorable performance among investees, has the potential to incur evaluation losses.

9. Retirement Benefit Obligations

A decrease in the fair value of the assets in the pension plans of the Credit Saison Group and changes in the actuarial assumptions used to calculate retirement benefit obligations have the potential to negatively impact the Credit Saison Group's results and financial position.

OUTLOOK FOR THE FISCAL YEAR ENDING MARCH 31, 2011

The business environment for the Credit Saison Group in the fiscal year ending March 31, 2011 is expected to remain harsh. The slump in consumer and corporate spending due to the economic recession sparked by the global financial crisis is likely to continue, and the earnings structure of our business will be changed by the impact of further claims for repayment of interest, full enforcement of the Money-Lending Business Control and Regulation Law and the revision to the Installment Sales Law.

In response to these severe business conditions, Credit Saison will take bold action in the following key areas to create platforms for new growth.

- Expand shopping revenues and transform the card business into a lean operation by promoting low-cost operations
- Expand fee-based businesses using the Internet and diversify revenue sources by strengthening the finance business
- Improve the quality of loan receivables through credit control that adapts to changes in laws and regulations and to the business environment
- Rebuild the Group business portfolio by strengthening corporate governance

Based on the activities described above, Credit Saison forecasts its consolidated results for the period ending March 31, 2011 to be operating revenues of ¥288.0 billion, operating income of ¥17.5 billion, and net income of ¥9.0 billion. In its non-consolidated results, Credit Saison expects operating revenues of ¥244.0 billion, operating income of ¥15.5 billion and net income of ¥6.5 billion.

CONSOLIDATED BALANCE SHEETS

Credit Saison Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2010 and 2009

ASSETS	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 2) 2010
Current Assets:			
Cash and deposits (Note 11)	¥ 64,232	¥ 67,367	$ 690,374
Receivables and lease investment assets:			
Accounts receivable—installment (Notes 4, 6 and 11)	1,688,748	1,729,043	18,150,772
Lease investment assets (Notes 5, 6, 10 and 11)	214,232	195,755	2,302,585
Short-term loans receivable (Note 11)	14,301	3,465	153,709
Less: Allowance for doubtful accounts	(121,458)	(118,365)	(1,305,444)
	1,795,823	1,809,898	19,301,622
Operational investment securities (Note 11)	227	2,499	2,445
Securities (Notes 11 and 12)	298	1,000	3,199
Inventories (Notes 6 and 7)	221,606	212,254	2,381,837
Deferred tax assets (Note 14)	24,376	24,574	261,992
Prepaid expenses and other current assets (Note 26)	25,680	71,252	276,002
Total current assets	2,132,242	2,188,844	22,917,471
Property and Equipment, at Cost:			
Lease assets (Note 10)	3,971	517	42,678
Buildings and improvements	40,999	36,881	440,664
Fixtures and equipment	29,846	29,047	320,783
Total	74,816	66,445	804,125
Less: Accumulated depreciation	(38,849)	(34,694)	(417,546)
Net property and equipment	35,967	31,751	386,579
Land	24,545	15,743	263,812
Construction in progress	85	425	915
Total property and equipment	60,597	47,919	651,306
Investments and Other Assets:			
Investment securities (Notes 11 and 12)	43,982	40,062	472,722
Investments in unconsolidated subsidiaries and affiliated companies (Note 11)	26,818	25,384	288,248
Long-term loans receivable (Notes 11 and 26)	15,334	15,368	164,806
Intangible assets	57,695	43,209	620,106
Lease deposits	6,671	7,386	71,699
Deferred tax assets (Note 14)	31,255	36,813	335,932
Others	4,574	5,601	49,162
Less: Allowance for doubtful accounts	(5,038)	(3,522)	(54,150)
Total investments and other assets	181,291	170,301	1,948,525
Total assets	¥2,374,130	¥2,407,064	$25,517,302

The accompanying notes are an integral part of these statements.

LIABILITIES AND EQUITY	Millions of yen 2010	2009	Thousands of U.S. dollars (Note 2) 2010
Current Liabilities:			
Notes and accounts payable (Notes 11 and 26)	¥ 206,656	¥ 205,375	$ 2,221,149
Short-term loans (Notes 9 and 11)	296,923	398,192	3,191,348
Current portion of long-term debt (Notes 6, 9 and 11)	134,641	139,751	1,447,135
Commercial paper (Notes 9 and 11)	133,000	160,000	1,429,493
Current portion of long-term lease obligations (Notes 9 and 11)	915	201	9,835
Accrued income taxes	10,975	1,900	117,959
Unearned income	6,253	6,276	67,208
Accrued employees' bonuses	2,234	2,289	24,015
Accrued directors' bonuses	93	72	998
Allowance for losses on interest repayments	16,317	15,647	175,379
Allowance for losses on collecting gift tickets	187	163	2,007
Accrued expenses and other current liabilities	38,383	42,370	412,541
Total current liabilities	846,577	972,236	9,099,067
Long-Term Liabilities:			
Long-term debt (Notes 6, 9 and 11)	1,084,459	1,011,975	11,655,833
Long-term lease obligations (Notes 9 and 11)	2,890	648	31,058
Accrued pension and severance costs (Note 13)	3,253	3,238	34,962
Accrued retirement benefits to directors and corporate auditors	109	143	1,167
Allowance for losses on guarantees	4,486	4,525	48,216
Allowance for losses on warranty for defects	59	86	634
Allowance for losses on point program	61,238	53,538	658,190
Allowance for losses on interest repayments	19,278	29,039	207,206
Negative goodwill	1,049	1,417	11,274
Others (Note 14)	9,327	9,625	100,252
Total long-term liabilities	1,186,148	1,114,234	12,748,792
Commitments and Contingent Liabilities (Notes 8 and 21)			
Equity (Note 22):			
Common stock	75,929	75,929	816,094
Capital surplus	84,861	81,573	912,089
Stock acquisition rights	0	0	0
Retained earnings	179,237	165,291	1,926,451
Net unrealized gain on available-for-sale securities	6,812	2,842	73,218
Deferred loss on derivatives under hedge accounting	(1,762)	(1,236)	(18,948)
Less: Treasury stock, at cost	(6,106)	(6,098)	(65,625)
Total	338,971	318,301	3,643,279
Minority interests	2,434	2,293	26,164
Total equity	341,405	320,594	3,669,443
Total liabilities and equity	¥2,374,130	¥2,407,064	$25,517,302

CONSOLIDATED STATEMENTS OF OPERATIONS

Credit Saison Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2009	2010
Operating Revenues (Note 19):			
Income from the credit service business	¥ 243,282	¥ 250,814	$2,614,810
Income from the finance business	31,507	40,545	338,642
Income from the real estate related business	14,073	13,000	151,261
Income from the entertainment business	14,638	15,521	157,324
Income from the other business	2,061	1,939	22,148
Financial income	1,295	5,270	13,920
Total operating revenues	306,856	327,089	3,298,105
Operating Expenses:			
Selling, general and administrative expenses	246,306	268,658	2,647,305
Financial cost	24,377	23,883	262,007
Total operating expenses	270,683	292,541	2,909,312
Operating Income	36,173	34,548	388,793
Non-Operating Revenues:			
Gain on sales of property and equipment and intangible assets	–	796	–
Gain on sales of investment securities (Note 15)	59	12,835	633
Gain on redemptions of investment securities	46	–	493
Gain on changes in equity interest	297	–	3,196
Equity in earnings of equity method-affiliated companies	598	–	6,430
Equity in earnings of limited liability partnerships and other similar partnerships	–	5	–
Gain on reversal of allowance for doubtful accounts	–	2,193	–
Gain on reversal of allowance for losses on business structural reforms	–	375	–
Other	3,626	3,362	38,968
Total non-operating revenues	4,626	19,566	49,720
Non-Operating Expenses:			
Loss on devaluation of investment securities	827	2,038	8,891
Impairment loss (Note 16)	265	776	2,847
Loss on business restructuring of subsidiaries (Note 17)	394	90,404	4,231
Provision of allowance for doubtful accounts (Note 18)	1,500	1,681	16,122
Equity in losses of equity method-affiliated companies	–	1,066	–
Loss on changes in equity interest	0	2	4
Loss on adjustment for changes of accounting standard for lease transactions	–	504	–
Other	1,899	6,793	20,412
Total non-operating expenses	4,885	103,264	52,507
Non-Operating Expenses, Net	(259)	(83,698)	(2,787)
Income (Loss) before Income Taxes and Minority Interests	35,914	(49,150)	386,006
Income Taxes (Note 14):			
Current	12,392	15,847	133,193
Deferred	4,636	15,622	49,829
Income (Loss) before Minority Interests	18,886	(80,619)	202,984
Minority interest in net income (loss)	206	(25,105)	2,210
Net Income (Loss)	¥ 18,680	¥ (55,514)	$ 200,774

	Yen		U.S. dollars (Note 2)
Per Share Data (Notes 3(U) and 24)	2010	2009	2010
Equity	¥1,845.82	¥1,766.95	$ 19.839
Net income (loss), basic	102.48	(308.25)	1.101
Net income, diluted	102.30	–	1.100
Cash dividends	30.00	30.00	0.322

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Credit Saison Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2010 and 2009

Millions of yen

	Issued number of shares of common stock (thousands)	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Net unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Treasury stock	Minority interests
Balance at March 31, 2008	181,652	¥75,685	¥81,331	¥ –	¥225,855	¥10,171	¥ (670)	¥(6,093)	¥ 32,382
Net loss for the year ended March 31, 2009					(55,514)				
Cash dividends					(5,040)				
Adjustment of retained earnings for newly consolidated subsidiaries					(10)				
Increase in treasury stock								(6)	
Decrease in treasury stock			(2)					3	
Exercise of stock options	233	244	244						
Purchase of shares of consolidated subsidiary								(2)	
Net changes in the year				0		(7,329)	(566)		(30,089)
Balance at March 31, 2009	181,885	¥75,929	¥81,573	¥ 0	¥165,291	¥ 2,842	¥(1,236)	¥(6,098)	¥ 2,293
Net income for the year ended March 31, 2010					18,680				
Cash dividends					(5,406)				
Increase by share exchanges	3,560		3,164					(5)	
Increase in treasury stock								(12)	
Decrease in treasury stock			124					9	
Change of scope of equity method					672				
Net changes in the year						3,970	(526)		141
Balance at March 31, 2010	185,445	¥75,929	¥84,861	¥ 0	¥179,237	¥ 6,812	¥(1,762)	¥(6,106)	¥ 2,434

Thousands of U.S. dollars (Note 2)

	Issued number of shares of common stock (thousands)	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Net unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Treasury stock	Minority interests
Balance at March 31, 2009	181,885	$816,094	$876,751	$0	$1,776,564	$30,550	$(13,287)	$(65,542)	$24,647
Net income for the year ended March 31, 2010					200,774				
Cash dividends					(58,109)				
Increase by share exchanges	3,560		34,008					(53)	
Increase in treasury stock								(129)	
Decrease in treasury stock			1,330					99	
Change of scope of equity method					7,222				
Net changes in the year						42,668	(5,661)		1,517
Balance at March 31, 2010	185,445	$816,094	$912,089	$0	$1,926,451	$73,218	$(18,948)	$(65,625)	$26,164

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Credit Saison Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2009	2010
Cash Flows from Operating Activities:			
Income (loss) before income taxes and minority interests	¥ 35,914	¥(49,150)	$ 386,006
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:			
Income taxes refunded	6,202	–	66,662
Income taxes paid	(7,074)	(33,270)	(76,032)
Depreciation and amortization	16,826	17,456	180,843
Loss on business restructuring of subsidiaries	394	90,404	4,231
Increase in allowance for doubtful accounts	4,608	14,044	49,527
Increase (decrease) in accrued pension and severance costs	15	(2,733)	159
Increase in allowance for losses on point program	7,700	8,064	82,760
Increase (decrease) in allowance for losses on interest repayments	(9,089)	(793)	(97,693)
Increase (decrease) in allowance for other reserves	(111)	168	(1,189)
Interest and dividends income	(1,451)	(6,257)	(15,592)
Interest expenses	23,115	23,748	248,443
Equity in loss (earnings) of equity method—affiliated companies	(598)	1,066	(6,430)
Equity in earnings of limited liability partnerships and other similar partnerships	–	(5)	–
Foreign currency exchange (gain) loss	(4)	(22)	(42)
(Gain) loss on sales of investment securities	34	(11,500)	361
Loss on devaluation of investment securities	827	2,038	8,891
Net (gain) loss on changes in equity interest	(297)	2	(3,192)
Impairment loss	265	776	2,847
Loss on disposal of property and equipment, and other assets	875	748	9,400
(Increase) decrease in operational investment securities	986	(16,828)	10,597
Decrease in trade receivables	40,275	28,393	432,874
Increase in lease investment assets	(18,478)	(42,771)	(198,601)
Increase in inventories	(7,258)	(32,749)	(78,015)
(Increase) decrease in other assets	28,739	(16,983)	308,892
Interest and dividends received	1,875	7,025	20,151
Interest paid	(23,435)	(23,624)	(251,280)
Increase (decrease) in notes and accounts payable	1,280	(11,403)	13,764
Decrease in other liabilities	(2,848)	(15,953)	(30,611)
Other—net	(152)	439	(1,626)
Net Cash Provided by (Used in) Operating Activities	99,135	(69,670)	1,066,105
Cash Flows from Investing Activities:			
Payments for purchases of investment securities	(337)	(3,564)	(3,621)
Proceeds from sales or redemption of investment securities (Note 23(C))	11,744	6,964	126,226
Payments for purchases of shares of consolidated subsidiaries	–	(273)	–
Payments for purchases of investments in subsidiaries resulting in change in scope of consolidation (Note 23(D))	–	(362)	–
Proceeds from purchases of investments in subsidiaries resulting in change in scope of consolidation (Note 23(D))	546	555	5,867
Payments for purchases of property and equipment, and other assets	(25,866)	(20,147)	(278,006)
Proceeds from sales of property and equipment, and other assets	112	5,121	1,209
Payments for short-term and long-term loans	(1,837)	(4,113)	(19,744)
Proceeds from short-term and long-term loans	34	2,176	369
(Increase) decrease in other assets	1,561	2,843	16,773
Net Cash Used in Investing Activities	(14,043)	(10,800)	(150,927)
Cash Flows from Financing Activities:			
Decrease in short-term debts	(101,269)	(53,429)	(1,088,446)
Increase (decrease) in commercial paper	(27,000)	46,000	(290,198)
Proceeds from long-term debts	158,529	90,735	1,703,880
Repayments of long-term debts	(129,473)	(81,774)	(1,391,582)
Proceeds from issuance of bonds	–	17,869	–
Repayment of bonds	(45,225)	(37,240)	(486,081)
Proceeds from securitized account receivables and lease investment assets	79,500	80,000	854,471
Payments of payables under securitized account receivables and lease investment assets	(9,388)	(981)	(100,902)
Repayments of lease obligations	(569)	(99)	(6,118)
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	–	0	–
Proceeds from issuance of new stock	–	489	–
Proceeds from minority shareholders	0	2	2
Proceeds from sales of treasury stock	133	1	1,430
Purchases of treasury stock	(12)	(6)	(129)
Cash dividends paid	(5,406)	(5,040)	(58,109)
Cash dividends paid to minorities	(63)	(1,874)	(678)
Net Cash Provided by Financing Activities	(80,243)	54,653	(862,460)
Translation Gain (Loss) on Cash and Cash Equivalents	(0)	29	(1)
Increase (Decrease) in Cash and Cash Equivalents	4,849	(25,788)	52,117
Cash and Cash Equivalents at the Beginning of Year	68,282	93,645	733,898
Increase in Cash and Cash Equivalents of Newly Consolidated Subsidiaries	–	425	–
Cash and Cash Equivalents at the End of Year (Note 23(A))	¥ 73,131	¥ 68,282	$ 786,015

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Credit Saison Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2010 and 2009

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Credit Saison Co., Ltd. (the "Company") and its consolidated subsidiaries (together, the "Companies") in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 consolidated financial statements to conform to the classifications used in 2010.

2. U.S. DOLLAR AMOUNTS

Japanese yen amounts have been translated into U.S. dollars at the rate of ¥93.04=US$1, the approximate exchange rate on March 31, 2010, for the convenience of the reader. These translations should not be construed as representations that Japanese yen amounts actually represent, have been or could be converted into U.S. dollars at that or any other rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF CONSOLIDATION AND ACCOUNTING FOR INVESTMENTS IN AFFILIATED COMPANIES

As at March 31, 2010, the consolidated financial statements include the accounts of the Company and its fourteen (eleven for 2009) significant subsidiaries.

(New)
JPN Holdings Co., Ltd.
Cosmo Support Company, Limited
Value Balance Silent Partnership operated by Value Balance Inc.
(In the current fiscal year, JPN Holdings Co., Ltd. which was established through a stock transfer, Cosmo Support Company, Limited whose shares the Company acquired, and the silent partnership operated by Value Balance Inc. were newly included as consolidated subsidiaries effective from the current fiscal year.)

All significant intercompany balances and transactions and unrealized profit among the Companies, if any, have been eliminated in consolidation. Unconsolidated subsidiaries would have no material effect on the consolidated financial statements of the Companies and have therefore been excluded from consolidation.

The investments in seven (eight for 2009) significant affiliates are accounted for by the equity method.

(Exclusion)
Saison Automobile and Fire Insurance Co., Ltd.
(Saison Automobile and Fire Insurance Co., Ltd. which was previously included among our affiliated companies accounted for by the equity method until the fiscal year ended March 31, 2009, is excluded from the scope of the equity method accounting as it no longer qualifies as an affiliate under the equity method following a capital increase through a third-party allocation of shares.)

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost, due to their immaterial effects on the consolidated financial statements of the Companies.

All assets and liabilities of consolidated subsidiaries are marked to fair value as of the acquisition of control, and any differences between equity at fair value and the investment amounts are recognized as goodwill, which is amortized on a straight-line basis over an effective period extending to within 20 years. However, if the amount is not material, it is charged to income when incurred.

(B) INVENTORIES

Inventories are stated at the lower of cost, determined by the specific identification method, on net selling value. Supplies are stated at the lower of cost, determined principally by the latest purchase cost method, on net selling value.

(C) FINANCIAL INSTRUMENTS

i. Derivatives

All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of operations except for derivatives that are designated as "hedging instruments" (see iii. Hedge accounting).

ii. Securities

Securities held by the Companies are classified into four categories:

Trading securities, which are held for the purpose of generating profits on short-term differences in prices, are measured at fair value, with changes in fair value included in profit or loss for the period in which they arise.

Held-to-maturity debt securities that the Companies intend to hold to maturity with such ability are stated at cost after accounting for premiums or discounts on acquisition, which are amortized over the period to maturity.

Investments in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for by the equity method. Exceptionally, investments in certain unconsolidated subsidiaries and affiliates are stated at cost.

Securities not included in the above categories are defined as "available-for-sale securities." Available-for-sale securities that have market prices are measured at fair value, and the cumulative change in fair value is not credited or charged to income, but net unrealized gains or losses on these securities are reported as a separate item in equity at a net-of-tax amount other than the amounts related gains or losses on embedded derivatives.

Available-for-sale securities that do not have market prices are stated at cost using the moving-average method. Equities of limited liability partnerships for investment business and of other similar partnerships (defined as "securities" by Article 2, Section 2 of the Financial Instruments and Exchange Act) are valued at the net equity equivalents based on the recently available financial statements of the partnership corresponding to the reporting dates of the financial statements defined by the partnership agreements.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or available-for-sale securities has declined significantly and such decline in of the value is not deemed temporary, those securities are written down to fair value, and the resulting loss is included in profit or loss for the period.

iii. Hedge accounting

Derivatives used as hedging instruments by the Companies are principally interest rate swaps. The related hedged items are securities, bank loans and bonds issued by the Companies.

The Companies use interest rate swaps to manage their exposure to fluctuations in interest rates. The Companies do not enter into derivatives for speculative purposes.

As per the accounting standard for derivative financial instruments, a) all derivatives except those which qualify for hedge accounting, are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of operations, and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income.

(D) PROPERTY AND EQUIPMENT

Depreciation of property and equipment is computed principally by the straight-line method over the estimated useful lives of the assets.

Lease assets are depreciated by the straight-line method over their lease term with zero residual value.

(E) LEASE

In March 2007, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008. The Companies applied the revised accounting standard effective April 1, 2008.

(lessee)

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

(lessor)

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as lease investment assets. In addition, the revised accounting standard permits the value of lease investment assets of leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to take over the appropriate book value (net of accumulated depreciation) of the leased property as of March 31, 2008, and after the adoption of the revised accounting standard, the aggregate amount equivalent to interests is allocated over the lease term based on the straight-line method.

(F) INTANGIBLE ASSETS

Intangible assets are amortized by the straight-line method over the useful lives. Intangible assets held for lease are depreciated by the straight-line method over the respective lease periods.

(G) LONG-LIVED ASSETS

The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(H) BOND ISSUE COSTS

Bond issue costs are amortized by the straight-line method over the bond term.

(I) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Receivables and lease investment assets are classified into four risk categories: bankrupt, doubtful, substandard and normal.

The Companies individually provide a specific reserve for bankrupt and doubtful receivables based on the fair value of any underlying collateral.

The Companies provide collectively a general reserve for substandard and normal receivables, applying a ratio determined based on the Companies' loan loss experience.

(J) ACCRUED EMPLOYEES' BONUSES
Accrued employees' bonuses are provided at the estimated amounts, which are to be paid for services rendered through the year.

(K) ACCRUED DIRECTORS' BONUSES
Accrued directors' bonuses are maintained at the amount accrued at the end of fiscal year, based on the estimated future payments and service period.

(L) ALLOWANCE FOR LOSSES ON COLLECTING GIFT TICKETS
Allowance for losses on collecting gift tickets, etc., issued by the Company takes into account its registration of collected tickets in order to prepare for the possible future use of those tickets that had been recorded as revenue after the passage of the period.

(M) ALLOWANCE FOR LOSSES ON INTEREST REPAYMENTS
Allowance for losses on interest repayments is provided at the estimated amount based on payment experience, required to refund upon customers' legal claims.

(N) ACCRUED PENSION AND SEVERANCE COSTS
Accrued pension and severance costs are provided for employees' retirement benefits based on the projected benefit obligation and the fair value of pension plan assets at the end of the fiscal year.

Unfunded past service costs and actuarial differences of the plans are amortized over a period of nine to eleven years, within the average remaining service period at the time of occurrence. Amortization of unfunded past service costs and amortization of actuarial differences start from occurrence and from the following fiscal year, respectively.

(Change of accounting policy)

The Companies have applied "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008). There was no impact from this change on income.

(O) ACCRUED RETIREMENT BENEFITS TO DIRECTORS AND CORPORATE AUDITORS
Directors and corporate auditors customarily receive lump-sum payments upon termination of services, subject to shareholders' approval.

Some consolidated subsidiaries accrued retirement benefits in an amount equal to the total benefits calculated based on the unfunded retirement plan for the directors and corporate auditors.

(P) ALLOWANCE FOR LOSSES ON GUARANTEES
An allowance for losses on guarantees is provided for potential losses arising from the Companies' guarantee obligations of customers' liabilities (personal loans to individuals from the banks with which the Companies have guarantee service arrangements).

The allowance is provided at an amount determined by applying the ratio of the Companies' loss experience to the balance of guarantees outstanding at each year-end.

(Q) ALLOWANCE FOR LOSSES ON WARRANTY FOR DEFECTS
Allowance for losses on warranty for defects is provided for the potential repair costs on sold real estate due to the Companies' warranty for defects. The allowance is provided at the amount estimated based on the past experience of repair costs.

(R) ALLOWANCE FOR LOSSES ON POINT PROGRAM
To stimulate card usage, the Company provides cardmembers with credit card points, which can be exchanged for various commodities and services. Allowance for losses on point program is provided based on estimated usage of card points outstanding at year-end and exchange experience.

(S) RECOGNITION OF OPERATING REVENUE
The operations of the Companies are mainly comprised of the following business areas, and the recognition of operating revenues differs from each business.

i. Credit card contracts and personal credit contracts for shopping

Fees for collection and administrative services to be received from the affiliated stores are recognized when customers purchase from the affiliated stores.

Fees from customers are recognized by the interest method or the sum-of-the-digits method.

ii. Loan contracts and guarantee contracts

Fees from customers under loan contracts or guarantee contracts are recognized by the interest method.

iii. Lease contracts

The aggregate amount equivalent to interests is allocated to each period.

(T) INCOME TAXES

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes.

(U) PER SHARE INFORMATION

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full exercise of the Companies' stock options at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years, including dividends to be paid after the end of the year.

(V) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand, demand deposits in banks and highly liquid, short-term investments with a low risk of fluctuation in value that are scheduled to mature within three months of acquisition.

(W) NEW ACCOUNTING PRONOUNCEMENTS

In December 2007, the ASBJ issued ASBJ Statement No.15 "Accounting Standard for Construction Contracts" and ASBJ Guidance No.18 "Guidance on Accounting Standard for Construction Contracts." Under the previous Japanese GAAP, either the completed-contract method or the percentage-of-completion method was permitted to account for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method. There was no impact from this change on income.

4. ACCOUNTS RECEIVABLE—INSTALLMENT

As of March 31, 2010 and 2009, liquidated receivables were as follows, and the following amounts of trust beneficiary rights and other receivables generated from liquidation or operational transactions were included in accounts receivable—installment.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Liquidating receivables:			
Single-payment card shopping, etc.	¥118,000	¥164,000	$1,268,272
Revolving card cashing	–	6,061	–
Trust beneficiary rights and other receivables include:			
Single-payment card shopping, etc.	13,119	195,689	141,001
Revolving card cashing	–	38,547	–
Acquisition from operational transaction	32	110	341

5. LEASE INVESTMENT ASSETS

As of March 31, 2010 and 2009, liquidated lease investment assets were as follows, and the following amounts of trust beneficiary rights were included in lease investment assets.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Liquidating receivables	¥ 6,000	¥13,100	$ 64,488
Trust beneficiary rights	12,030	26,994	129,297

6. PLEDGED ASSETS

As of March 31, 2010 and 2009, pledged assets and liabilities related to pledged assets were as follows.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Pledged assets:			
Accounts receivable—installment	¥ 87,500	¥ 40,000	$ 940,456
Lease investment assets	61,631	39,019	662,416
Inventories	–	24,000	–
Liabilities related to pledged assets:			
Current portion of long–term debt	13,221	3,430	142,100
Long term debt	135,910	85,589	1,460,772

7. INVENTORIES

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Receivable by purchase	¥ 15,409	¥ 21,142	$ 165,619
Real estate for sale	204,800	189,710	2,201,203
Other	1,397	1,402	15,015
Total	¥221,606	¥212,254	$2,381,837

8. LOAN COMMITMENTS

(A) LENDER

The Companies provide cashing and card loan services that supplement their credit card operations.

The unexercised loans contingent with the loan commitments in these businesses were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Total loan limits	¥6,623,538	¥9,041,581	$71,190,223
Loan executions	584,560	649,947	6,282,890
	¥6,038,978	¥8,391,634	$64,907,333

Most of the contracts for the above loan commitments were for cashing services supplementary to credit card services furnished to the Company's cardmembers, such that not all unexecuted loans will be exercised.

The above amounts include the commitments connected with the liquidated revolving receivables on card cashing.

(B) BORROWER

The Companies have concluded loan commitment contracts with 5 banks for efficient procurement of working capital.

The portion of the credit line that had not been exercised under these contracts as of March 31, 2010 and 2009 was as follows.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Total loan limits	¥125,000	¥155,000	$1,343,508
Loan executions	–	35,000	–
	¥125,000	¥120,000	$1,343,508

9. SHORT-TERM LOANS AND LONG-TERM DEBT

Short-term loans are represented principally by 30 to 365 day notes to banks, with an average interest rate of 1.00% as of March 31, 2010.

Commercial paper is issued by the Companies, with an average interest rate of 0.16% as of March 31, 2010.

Long-term debt and lease obligations as of March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Average 1.54 % unsecured loans from banks, insurance companies and other financial institutions, due in installments through 2018	¥ 833,632	¥791,144	$ 8,959,926
0.60% to 2.41% bonds, due in installments through 2017	236,338	281,563	2,540,171
Lease obligations*1	3,804	849	40,894
Average 1.07% payables on under securitized loans*2	149,131	79,019	1,602,872
Subtotal	1,222,905	1,152,575	13,143,863
Less: Current portion	(135,556)	(139,952)	(1,456,971)
	¥1,087,349	¥1,012,623	$11,686,892

*1 Because interest is included in lease obligations, presentation of the average interest rate is omitted.
*2 Payables under securitized lease receivables and loans result from liquidation.

The aggregate annual maturities of long-term debt subsequent to March 31, 2010 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2011	¥135,557	$1,456,971
2012	200,894	2,159,219
2013	263,850	2,835,883
2014	198,810	2,136,823
2015 and thereafter	423,794	4,554,967

As is customary in Japan, short-and long-term bank loans are made under general agreements that provide that additional security and guarantees for present and future indebtedness will be given upon request of the bank under certain circumstances, and that any collateral so furnished will be applicable to all indebtedness to the bank. To date, the Companies have not received any such requests from their banks.

10. LEASE TRANSACTIONS

(A) FINANCE LEASES THAT DO NOT TRANSFER OWNERSHIP (LESSEE)

i. Lease assets

Property and equipment—mainly servers and other equipment

Intangible assets—mainly software used in the credit service business

ii. Depreciation

Depreciation equivalent is computed by the straight-line method under the assumption that the lease term equals the useful life, and that there is no residual value.

iii. As discussed in Note 3(E), the Companies account for leases which existed at the transition date (March 31, 2008) and do not transfer ownership of the leased property to the lessee as operating lease transactions.

Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense, on an "as if capitalized" basis for the years ended March 31, 2010 and 2009 are as follows:

Pro forma capitalization of leased items

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Building:			
Acquisition cost	¥ 285	¥ 340	$ 3,066
Accumulated depreciation	(194)	(201)	(2,083)
Net book value	91	139	983
Other (fixtures and equipment):			
Acquisition cost	1,265	1,836	13,592
Accumulated depreciation	(969)	(1,201)	(10,411)
Net book value	296	635	3,181
Total:			
Acquisition cost	1,550	2,176	16,658
Accumulated depreciation	(1,163)	(1,402)	(12,494)
Net book value	¥ 387	¥ 774	$ 4,164

Minimum future lease payments

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Due within one year	¥238	¥387	$2,562
Due after one year	194	451	2,080
Total	¥432	¥838	$4,642

The impairment loss account for leased assets amounted to ¥3 million (US$37 thousand) and ¥6 million as of March 31, 2010 and 2009, respectively.

Lease payments, depreciation equivalent and interest equivalent

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Lease payments	¥398	¥593	$4,277
Reversal of impairment loss account for leased assets	4	6	40
Depreciation equivalent	362	599	3,889
Interest payable equivalent	18	31	194
Impairment loss	1	–	12

Depreciation equivalent is computed by the straight-line method over their lease term determined by their useful lives, with zero residual value.

Interest equivalent, which represents the aggregate lease payments less the acquisition cost equivalent, is allocated over the lease term based on the interest method.

(B) FINANCE LEASES THAT DO NOT TRANSFER OWNERSHIP (LESSOR)

i. Lease investment assets

Lease investment assets at March 31, 2010 and 2009, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Gross lease receivables	¥249,354	¥230,710	$2,680,079
Residual value	–	–	–
Unearned interest income	(35,122)	(34,955)	(377,494)
Total	¥214,232	195,755	$2,302,585

ii. Collection schedule for the amount of lease payments related to lease investment assets after March 31, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars	
	2010		2009	2010	
	Lease investment assets	Gross lease receivables	Lease investment assets	Lease investment assets	Gross lease receivables
Due within one year	¥ 52,427	¥ 64,859	¥ 47,610	$ 563,486	$ 697,104
Due within two years and after one year	50,103	59,969	45,174	538,513	644,549
Due within three years and after two years	43,864	50,764	40,491	471,458	545,611
Due within four years and after three years	34,312	38,230	31,525	368,790	410,903
Due within five years and after four years	21,693	23,256	19,915	233,156	249,960
Due after five years	11,833	12,277	11,040	127,182	131,952
Total	¥214,232	¥249,355	¥195,755	$2,302,585	$2,680,079

iii. The Companies account for the value of lease investment assets of leases which existed at the transition date (March 31, 2008) and do not transfer ownership of the leased property to the lessee to take over the appropriate book value (net of accumulated depreciation) of the leased property as of March 31, 2008, and after the adoption of the revised accounting standard, the aggregate amount equivalent to interests is allocated over the lease term based on the straight-line method.

As a result, Income before income taxes and minority interests was larger by ¥1,961 million (US$21,077 thousand) than it would have been if the revised accounting standard had been retroactively adopted starting from the lease transaction commencement dates.

(C) OPERATING LEASES (LESSEE)

Minimum future lease payments as of March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Due within one year	¥2,440	¥2,451	$26,227
Due after one year	2,025	4,309	21,770
Total	¥4,465	¥6,760	$47,997

11. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Companies applied the revised accounting standard and the new guidance effective March 31, 2010.

THE CONDITIONS OF FINANCIAL INSTRUMENTS
(A) POLICY FOR FINANCIAL INSTRUMENTS

The Credit Saison Group (the "Group") engages in credit service business; finance business including guarantees, loans and equipment leasing businesses; real estate related business; and entertainment business. To conduct such businesses, the Group, by observing the market circumstances and adjusting the balance of long-term and short-term debts, finances through indirect financing such as bank loans and through direct financing such as issuance of corporate bonds and commercial papers and securitization of financial assets. Through such activities, the Group holds financial assets and financial liabilities that are mostly accompanied by interest rate fluctuations, and the Company conducts asset and liability management (ALM) to prevent disadvantageous effects from such interest rate fluctuations. As part of ALM, the Company also conducts derivative transactions such as interest swaps.

(B) NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The financial assets held by the Group are mainly accounts receivable—installment from credit card members, and the Group is exposed to credit risk such as the potential deterioration of the member's repayment situation. As of the end of the current fiscal year, the accounts receivable—installment included a large component of receivables related to credit services business and credit cards members' repayments according to the contract depend on changes of business circumstances including the economic environment surrounding the said business (employment environment in the fallout of the economic recession, household disposable income, personal consumption).

Also, (operational) investment securities are mainly stocks, bonds, investment trusts and partnership investments. Such securities are held for the purpose of either pure investment or business promotion. Each of these securities is exposed to the issuer's credit risks, interest rate fluctuation risks and market price fluctuation risks.

The Group is exposed to liquidity risks relating to interest-bearing debts such as borrowings, corporate bonds and commercial papers whereby it may be unable to execute payments of such liabilities on the payment dates in cases, for example, where the Group is unable to use the market under certain environments such as a greater than expected fluctuation in financial condition or a downgrading of the Group's credit rating. Furthermore, the Group also finances through variable interest loans, and although it is exposed to interest fluctuation risks, these risks are partly mitigated by conducting interest swap transactions.

Among the derivative transactions conducted by the Group are interest swap transactions conducted as part of ALM. Using these interest swap transactions as the hedge instruments, the Company applies hedge accounting to interest fluctuation risk related to borrowings that are the hedged item. The hedge is assessed on the cumulative total of cash flow fluctuation and determined actually to have been highly effective throughout the financial reporting periods for which the hedge is designated.

In addition, the interest rate swaps which qualify for hedge accounting of long-term loans and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

(C) RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS

(i) Credit risk management

The Group manages its credit risk in accordance with the Company's credit risk management rules by ensuring the ongoing soundness of receivables and maintaining a system for credit risk management including credit limit, management of creditworthiness information, and internal ratings. The Company holds regular Board of Directors meetings in order to discuss and report matters relating to this credit risk management. (Operational) investment securities are managed by periodically ascertaining creditworthiness information and fair values at ALM committee meetings.

Also, with regard to long-term loans receivable, the relevant departments periodically monitor the credit risk of the obligors. With regard to counterparty risk of derivative transactions, in order to avoid credit risk arising from defaults on contractual obligations, the Company chooses Japanese and overseas banks and securities firms with high creditworthiness as the counterparty to contracts.

(ii) Market risk management

Management of fluctuation risk of interest rate

The Group manages interest rate fluctuation risks by ALM. The rules related to ALM state the details of risk management methods, procedures and so forth. Based on policies determined at the ALM committee meetings, the Board of Directors ascertains the status of implementation and discusses matters concerning future response at the meetings. As part of its regular routine, the Finance Department maintains an overall grasp of the interest rates and terms of financial assets and liabilities and conducts monitoring such as by interest rate gap analysis. When conducting interest rate swap derivative transactions for the purpose of hedging interest rate fluctuation risk, the Group also applies ALM.

Management of fair value fluctuation risk

With regard to financial investment products including (operational) investment securities, pursuant to ALM policy, in addition to examining each investment project before investment and establishing limit amounts for the investment, continuous monitoring is also conducted for the purpose of mitigating the price fluctuation risk. Moreover, with regard to stock held for the purpose of business promotion, including business and capital tie-ups, the market environment and the financial condition of the transaction counterparty is also monitored through relevant departments.

This information is periodically reported through the relevant departments to the ALM committee meetings and other meetings.

Derivative

The Finance Department executes derivative transactions in accordance with internal management regulations set by the Board of Directors, keeping within the scope of the overall transaction framework and hedge ratio approved beforehand by the Board of Directors. The status of the derivative transactions is reported to the Board of Directors on a quarterly basis.

The derivative transactions of consolidated subsidiaries are conducted in accordance with the internal management regulations that have been set by the respective company. During the term of the transactions, the subsidiary reports to the Company on a quarterly basis the status of hedges between the derivative transactions and corresponding assets or liabilities, the counterparty to contracts, the transaction amounts, the period remaining in the terms, and the transaction fair values.

(iii) Liquidity risk management

The Group manages its liquidity risk by ALM. In addition to ensuring fund management is conducted with appropriate timeliness, it ensures a multiplicity of fund procurement methods, secures commitment lines from multiple financial institutions and maintains a balance of long-term and short-term procurement that is adjusted to reflect the current market environment.

(D) SUPPLEMENTARY EXPLANATION RELATING TO FAIR VALUE OF FINANCIAL INSTRUMENTS AND OTHER

The fair value of financial instruments is either an amount based on market prices or, in the case of no market value, the value calculated based on rational grounds. In the case of the latter, established assumptions and preconditions are adopted. Accordingly, if different assumptions and preconditions are adopted, the calculated amount may also be different. Moreover, with regard to contract amounts, etc., that relate to derivative transactions in "Fair value of financial instruments and other," the amount itself does not reflect market risk related to the derivative transaction.

FAIR VALUE OF FINANCIAL INSTRUMENTS AND OTHER

The following presents the carrying amount presented in the consolidated balance sheet for the year ended March 31, 2010, the fair value, and the difference between the carrying amount and fair value. Immaterial amounts in the consolidated balance sheet have been omitted from disclosure.

ASSETS

Millions of yen

	2010				
	Carrying amount	Allowance for doubtful accounts	Total	Fair value	Difference
Cash and deposits	¥ 64,232	¥ –	¥ 64,232	¥ 64,232	¥ –
Accounts receivable—installment	1,688,748	(108,173)	1,580,575	1,655,668	75,093
Lease investment assets	214,232	(12,565)	201,667	217,703	16,036
Securities	298	–	298	298	–
Investment securities (other)	33,376	–	33,376	33,376	–
Investment securities (affiliated company)	5,572	–	5,572	4,856	(716)
Short-term loans receivable	14,301	(324)	13,977	13,977	–
Long-term loans receivable	15,334	(4,333)	11,001	11,001	–

	Thousands of U.S. dollars				
	2010				
	Carrying amount	Allowance for doubtful accounts	Total	Fair value	Difference
Cash and deposits	$ 690,374	$ –	$ 690,374	$ 690,374	$ –
Accounts receivable—installment	18,150,772	(1,162,655)	16,988,117	17,795,224	807,107
Lease investment assets	2,302,585	(135,050)	2,167,535	2,339,893	172,358
Securities	3,199	–	3,199	3,199	–
Investment securities (other)	358,729	–	358,729	358,729	–
Investment securities (affiliated company)	59,889	–	59,889	52,196	(7,693)
Short-term loans receivable	153,709	(3,487)	150,222	150,222	–
Long-term loans receivable	164,806	(46,572)	118,234	118,234	–

(A) CASH AND DEPOSITS

For deposits with no maturity, as fair value approximates the carrying value, the carrying value is deemed to be the fair value.

(B) ACCOUNTS RECEIVABLE—INSTALLMENT

Accounts receivable—installment items with variable interest rates have interest rates that reflect the market interest rate in the short term, and because the fair value approximates the carrying value, providing that the creditworthiness of the obligor does not significantly change after a loan is executed, the carrying value is deemed to the be the fair value. The fair value of accounts receivables—installment with fixed interest rate is determined by discounting the cash flow of the financial assets after deducting credit risk at the risk-free rate. With respect to doubtful claims, because the amount obtained by deducting the current estimated irrecoverable balance from the amount stated on the balance sheet as of the end of the current year is assumed to approximate the fair value, the carrying value is deemed to be the fair value.

A part of accounts receivables such as limited by the amount of pledged assets is not fixed for the repayment period, and due to that nature and the interest rate conditions, the carrying value is deemed to be the fair value.

Note that the fair value calculations stated above do not include future interest repayments.

(C) LEASE INVESTMENT ASSETS

The fair value of lease investment assets is determined by discounting the cash flows after deducting credit risk at the risk-free rate.

(D) OPERATIONAL INVESTMENT SECURITIES, SECURITIES, AND INVESTMENT SECURITIES

The fair value of listed stock depends on the listed price on the stock exchange, and the fair value of debentures depends on the price disclosed by the listed price on the stock exchange or the price made available by the transacting financial institutions. The fair value of investment trusts is based on a reference price that has been publicly released. Concerning the investments in investment limited partnerships or similar associations, the fair value of the association's assets shall be the fair value appraisal in cases where fair value appraisal of the association's assets is possible and the corresponding equity share of the aforesaid fair value shall be deemed to be the fair value of the investment in the association.

Financial instruments with no market price such as unlisted stocks whose fair values are deemed to be extremely difficult to determine are indicated in the table below and are not included in the fair value disclosure.

	Millions of yen	Thousands of U.S. dollars
	2010	2010
	Carrying amount	Carrying amount
Unlisted stocks	¥ 9,984	$107,308
Investments in unconsolidated subsidiaries and affiliated companies	21,246	228,349
Other	849	9,130

For notes concerning available-for-sale securities for each holding purpose, refer to "12. AVAILABLE-FOR-SALE SECURITIES."

(E) SHORT-TERM LOANS RECEIVABLE

Because short-term loans receivable will be settled within the short term, the fair value approximates the carrying value and the carrying value is deemed to be the fair value.

(F) LONG-TERM LOANS RECEIVABLE

Long-term loans receivable items with variable interest rates have interest rates that reflect the market interest rate in the short-term, and because the fair value approximates the carrying value, providing that the creditworthiness of the obligor does not significantly change after a loan is executed, the carrying value is deemed to the be the fair value. With respect to doubtful claims, because the amount obtained by deducting the current estimated irrecoverable balance from the amount stated on the balance sheet as of the end of the current year is assumed to approximate the fair value, this amount is deemed to be the fair value.

LIABILITIES

	Millions of yen			Thousands of U.S. dollars		
	2010			2010		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Notes and accounts payable	¥206,656	¥206,656	¥ –	$2,221,149	$2,221,149	$ –
Short-term loans	296,923	296,923	–	3,191,348	3,191,348	–
Commercial paper	133,000	133,000	–	1,429,493	1,429,493	–
Long-term debt:						
Long-term loans payable	833,632	831,475	2,157	8,959,926	8,936,741	23,185
Bonds	236,338	231,249	5,089	2,540,171	2,485,480	54,691
Long-term loans payable on under securitized loans	149,131	149,874	(743)	1,602,872	1,610,861	(7,989)
Lease obligations	3,804	3,804	–	40,894	40,894	–
Guarantee contracts	–	8,259	8,259	–	88,764	88,764

(A) NOTES AND ACCOUNTS PAYABLE, SHORT-TERM LOANS, AND COMMERCIAL PAPER

Because these items will be settled within the short term, the fair value approximates the carrying value and the carrying value is deemed to be the fair value.

(B) LONG-TERM LOANS PAYABLE

Because the rate of long-term loans payable with the variable interest rate reflects the market interest rate, the items are valued considering only the fluctuation of credit spreads. The fair value of long-term loans payable with fixed interest rate is determined by discounting the cash flow related to debt at the rate assumed for the same borrowing.

(C) BONDS

For corporate bonds issued by the Company as public-offering bonds, the fair value is decided by the market price (over-the-counter selling and buying reference statistics for public and corporate bonds decided by the Japan Securities Dealers Association). Private placement bonds issued by the Company are underwritten by the Company's major banks based on negotiated transactions, and the fair value of such items is calculated using the same method as for (B) long-term loans payable.

(D) LONG-TERM LOANS PAYABLE ON UNDER SECURITIZED LOANS

Because the rate of long-term loans payable on under securitized loans with the variable interest rate is not affected by changes in the Companies' creditworthiness, the items are valued at changes in the market interest rate. The fair value of long-term loans payable on under securitized loans with fixed interest rate is determined by discounting the cash flow related to debt at the rate assumed for the same borrowing.

(E) LEASE OBLIGATIONS

As the fair value of lease obligations approximates the carrying value, the carrying value is deemed to be the fair value.

(F) GUARANTEE CONTRACTS

The fair value of guarantee contracts is determined by discounting the net cash flow related to the contract at the risk-free rate.

As of March 31, 2010, the guarantee contract amount of contingent liabilities is ¥172,829 million (US$1,857,581 thousand) and the amount that is recorded as allowance for losses on guarantees in the consolidated balance sheet is ¥4,486 million (US$48,216 thousand).

Note: Maturity analysis for financial assets and securities with contractual maturities subsequent to March 31, 2010 are as follows:

	Millions of yen					
	2010					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and deposits	¥ 64,232	¥ –	¥ –	¥ –	¥ –	¥ –
Accounts receivable—installment	1,086,664	261,263	57,240	14,390	8,653	30,173
Lease investment assets	49,426	50,280	43,084	33,906	21,544	11,796
Short-term loans receivable	14,301	–	–	–	–	–
Investment securities						
Available-for-sale securities with contractual maturities	298	948	–	–	–	125
Long-term loans receivable	18	18	18	18	18	165

	Thousands of U.S. dollars					
	2010					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and deposits	$ 690,374	$ –	$ –	$ –	$ –	$ –
Accounts receivable—installment	11,679,538	2,808,076	615,216	154,665	93,005	324,305
Lease investment assets	531,239	540,413	463,074	364,423	231,551	126,780
Short-term loans receivable	153,709	–	–	–	–	–
Investment securities						
Available-for-sale securities with contractual maturities	3,199	10,185	–	–	–	1,340
Long-term loans receivable	193	193	193	193	193	1,772

The amount of ¥249,639 million (US$2,683,141 thousand) estimated uncollectible is not included.

12. AVAILABLE-FOR-SALE SECURITIES

(A)

As of March 31, 2010 and 2009 acquisition costs and carrying amounts on the consolidated balance sheets of available-for-sale securities that have market value are summarized below:

	Millions of yen						Thousands of U.S. dollars		
	2010			2009			2010		
	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference
Balance sheet amount exceeding acquisition cost:									
Equity shares	¥18,147	¥27,461	¥9,314	¥17,753	¥24,216	¥ 6,463	$195,048	$295,150	$100,102
Bonds									
Corporate	47	47	0	–	–	–	503	506	3
Other	1,162	1,249	87	1,098	1,158	60	12,485	13,428	943
Subtotal	19,356	28,757	9,401	18,851	25,374	6,523	208,036	309,084	101,048
Balance sheet amount not exceeding acquisition cost:									
Equity shares	4,624	3,883	(741)	5,022	4,229	(793)	49,699	41,731	(7,969)
Bonds									
Corporate	100	78	(22)	200	153	(47)	1,075	835	(240)
Other	983	956	(27)	1,692	971	(721)	10,566	10,278	(288)
Subtotal	5,707	4,917	(790)	6,914	5,353	(1,561)	61,340	52,844	(8,496)
Total	¥25,063	¥33,674	¥8,611	¥25,765	¥30,727	¥ 4,962	$269,376	$361,928	$92,552

(B)

Available-for-sale securities whose fair value cannot be readily determinable as of March 31, 2009 were as follows:
The similar information for 2010 is disclosed in Note 11.

	Millions of yen
	2009
Available-for-sale:	
Equity securities	¥ 8,490
Debt securities	2,111
Other	2,233
Total	¥12,834

(C)

Proceeds from sales of available-for-sale securities for the years ended March 31, 2010 and 2009 were ¥76 million (US$813 thousand) and ¥14,421 million, respectively.

Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥59 million (US$634 thousand) and ¥1 million (US$10 thousand), respectively for the year ended March 31, 2010 and ¥12,835 million and ¥1,305 million, respectively for the year ended March 31, 2009.

(D)
As of March 31, 2010, the carrying values of debt securities by contractual maturities for securities classified as available-for-sale securities were as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Due in one year or less	¥ 298	$ 3,199
Due in one to five years	947	10,185
Due in five to ten years	–	–
Due after ten years	125	1,340
Total	¥1,370	$14,724

13. RETIREMENT BENEFIT PLANS

The Company and some of its consolidated subsidiaries had defined benefit plans composed of a corporate pension plan and a lump-sum payment plan.

Effective October 1, 2004, the Company and certain of its consolidated subsidiaries changed the former defined benefit pension plans to cash balance plans. Moreover, as per the Defined Contribution Pension Plan Law, a certain portion of future benefits was shifted either to defined contribution plans or to prepaid retirement benefit payment plans at the employee's option.

(A) ACCRUED PENSION AND SEVERANCE COSTS

Accrued pension and severance costs as of March 31, 2010 and 2009 are calculated below:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Retirement benefit obligations	¥(10,628)	¥(10,835)	$(114,235)
Plan assets	6,667	6,105	71,660
Funded status	(3,961)	(4,730)	(42,575)
Unrecognized actuarial differences	3,289	4,743	35,346
Unrecognized prior service costs	(2,581)	(3,251)	(27,733)
Accrued pension and severance costs	¥ (3,253)	¥ (3,238)	$ (34,962)

(B) RETIREMENT BENEFIT EXPENSES

Retirement benefit expenses for the year ended March 31, 2010 and 2009 are stated below:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Service costs	¥ 513	¥ 541	$ 5,511
Interest costs	217	215	2,329
Expected return on plan assets	(151)	(168)	(1,623)
Actuarial differences recognized as expense	907	705	9,750
Prior service costs recognized as expenses	(623)	(625)	(6,694)
Other*	323	310	3,476
Retirement benefit expenses	¥1,186	¥ 978	$12,749

* Other represents payments to defined contribution pension fund, and other items.

The principal assumptions used in determining retirement benefit obligations and other components for the Companies' plans are stated below:

	2010	2009
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.5%	3.0%
Period of recognition of prior service costs	9-11 years evenly	9-11 years evenly
Period of recognition of actuarial differences	9-11 years evenly	9-11 years evenly

14. DEFERRED TAX ASSETS AND LIABILITIES

(A) EFFECTIVE TAX RATE

The effective income tax rate of the Companies differs from the statutory tax rates for the years ended March 31, 2010 and 2009, for the following reasons:

	2010	2009
Statutory tax rate	40.70 %	40.70 %
Reconciliation:		
Expenses not deductible for tax purposes	0.34	(0.55)
Non-taxable dividend income	(0.35)	–
Inhabitants taxes per capita	0.53	(0.37)
Amortization of negative goodwill	(0.47)	0.18
Equity in net earnings (losses) of affiliated companies	(0.68)	(0.88)
Increase (decease) of valuation allowance	9.79	(105.98)
Gains on changes in equity interest	(0.34)	–
Income tax credit	(0.02)	0.04
Other	(2.09)	2.83
Effective tax rate	47.41 %	(64.03)%

(B) DEFERRED TAX ASSETS

Deferred tax assets as of March 31, 2010 and 2009 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Inventories	¥ 18,463	¥ 24,343	$ 198,447
Amortization of goodwill	–	1,671	–
Accumulated impairment loss	2,130	4,118	22,898
Accumulated depreciation expense	1,762	1,383	18,934
Operational investment securities	6,414	6,241	68,942
Investment securities	3,597	2,776	38,658
Allowance for doubtful accounts	29,758	29,796	319,838
Allowance for losses on interest repayments	14,487	18,187	155,712
Accrued expenses	481	675	5,167
Accrued enterprise taxes	923	160	9,915
Accrued pension and severance costs	1,393	1,417	14,970
Allowance for losses on point program	24,924	21,790	267,882
Allowance for losses on guarantees	1,826	–	19,624
Other allowance	1,108	2,966	11,914
Long-term unearned revenue	311	488	3,343
Accumulated deficit carryforwards	9,421	612	101,256
Unrealized loss on available-for-sale securities	6	26	68
Deferred loss on derivatives under hedge accounting	1,178	818	12,663
Other	2,238	2,726	24,058
Subtotal	120,420	120,193	1,294,289
Less valuation allowance	(60,049)	(56,112)	(645,415)
Total deferred tax assets	60,371	64,081	648,874
Deferred tax liabilities:			
Capital gain deferred for tax purposes	(212)	(212)	(2,275)
Unrealized gain on available-for-sale securities	(2,418)	(1,371)	(25,989)
Deferred gain on derivatives under hedge accounting	(0)	(15)	(3)
Adjustment account of retirement debt	(429)	(478)	(4,612)
Adjustment account of debt	(266)	(369)	(2,854)
Other	(1,419)	(283)	(15,255)
Total deferred tax liabilities	(4,744)	(2,728)	(50,988)
Net deferred tax assets	¥ 55,627	¥ 61,353	$ 597,886

Net deferred tax assets are presented on the consolidated balance sheets as of March 31, 2010 and 2009 as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current assets	¥24,376	¥24,574	$261,992
Investment and other assets	31,255	36,813	335,932
Current liabilities—other	–	–	–
Long-term liabilities—other	4	35	38

15. GAIN ON SALES OF INVESTMENT SECURITIES

For the year ended March 31, 2009, gain on sales of investment securities included profit of ¥11,383 million from sales of shares of Visa Inc. shares.

16. IMPAIRMENT LOSS

For the year ended March 31, 2010, the Companies recorded impairment loss amounting to ¥265 million (US$2,847 thousand). Due to its insignificance in amount, the details are omitted.

For the year ended March 31, 2009, the Companies wrote down the book value of amusement facilities in change for use, operating facilities and real estate for lease from which operating income had deteriorated and was not expected to recover in the short term.

The Companies recorded impairment losses for the year on the following assets:

March 31,2009

Asset	Description	Location
Certain amusement facilities	Buildings, Other (Fixtures, equipment, other)	Kanto region
Operating facilities	Buildings, Other (Fixtures, equipment, other), Software	Kanto
Real estate for lease	Buildings	Tohoku

Accumulated impairment losses were subtracted directly from individual assets. Impairment loss recognized for the year ended March 31, 2009 was as follows:

	Millions of yen
	2009
Property and equipment:	
Buildings and improvements	¥566
Other (Fixtures and equipment, other)	210
Investments and other assets:	
Intangible assets	0
Lease deposits	–
Total	¥776

Regarding certain amusement facilities, operating facilities and real estate for lease, the recoverable amount is measured at value in use, and the discount rate used for computation of the present value of future cash flow is 4.0%.

The assets of the Companies are grouped by the operating unit that is able to control income efficiently. However, real estate for lease and idle assets are grouped by the physical unit, and operating facilities and amusement facilities are grouped by site.

17. LOSS ON BUSINESS RESTRUCTURING OF SUBSIDIARIES

For the year ended March 31, 2010, the Companies recorded a loss on business restructuring of subsidiaries amounting to ¥394 million (US$4,231 thousand). Due to its insignificant in amount, the details are omitted.

In connection with the business withdrawal of subsidiaries, a loss on business restructuring was recorded for the fiscal year ended March 31, 2009. The following is a breakdown of the loss on business restructuring:

	Millions of yen
	2009
Loss on valuation of inventories	¥45,529
Provision for losses on doubtful account	27,218
Loss on valuation of operational investment securities	15,300
Loss on valuation of investment securities	258
Impairment loss	47
Other	2,052
Total	¥90,404

18. PROVISION OF ALLOWANCE FOR DOUBTFUL ACCOUNTS

Provision of allowance for doubtful accounts in non-operating expenses for the fiscal year ended March 31, 2009 included a provision for a loan to Mr. Tsuyoki Takahashi, the former representative director of the Company's consolidated subsidiary, Atrium Co., Ltd.

This provision amounted to ¥1,661 million and was based on an estimated credit loss calculated as the loan balance outstanding minus the estimated disposal value of the collateral pledged for the loan. The outstanding loan to Mr. Takahashi as of March 31, 2009 was ¥1,980 million. The loan has been applied to the payment of personal income tax and inhabitant tax incurred through execution of stock options, and expenses for stock option execution. Mr. Takahashi resigned from his position as representative director on the day of the 30th general shareholders' meeting of Atrium Co., Ltd., May 28, 2009.

19. OPERATING REVENUES

Operating revenues for the years ended March 31, 2010 and 2009 were comprised of the following revenues and expenses:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Income from the credit service business	¥243,282	¥250,814	$2,614,810
Income from the finance business	31,507	40,545	338,642
Real estate related business:			
Sales	61,176	66,048	657,530
Costs of sales	47,103	53,048	506,269
Income from the real estate related business	14,073	13,000	151,261
Entertainment business:			
Sales	83,522	92,373	897,692
Cost of sales	68,884	76,852	740,368
Income from the entertainment business	14,638	15,521	157,324
Other business:			
Sales	2,061	1,939	22,148
Cost of sales	–	–	–
Income from the other business	2,061	1,939	22,148
Financial income	1,295	5,270	13,920
Total operating revenues	¥306,856	¥327,089	$3,298,105

20. DERIVATIVES

(A)

As of March 31, 2010 and 2009, non-hedged derivative transactions were summarized below:

(i) Interest rate transactions

Millions of yen

	2010			2009		
	Contractual value or notional principal amount		Unrealized profit (loss)	Contractual value or notional principal amount		Unrealized profit (loss)
	Total	Over 1 year		Total	Over 1 year	
Over-the-counter interest rate swaps:						
Floating-rate receipt/fixed-rate payment	¥4,000	¥4,000	¥(10)	¥4,000	¥4,000	¥(152)
Total	¥4,000	¥4,000	¥(10)	¥4,000	¥4,000	¥(152)

Thousands of U.S. dollars

	2010		
	Contractual value or notional principal amount		Unrealized profit (loss)
	Total	Over 1 year	
Over-the-counter interest rate swaps:			
Floating-rate receipt/fixed-rate payment	$42,992	$42,992	$(108)
Total	$42,992	$42,992	$(108)

Note: Fair value is calculated based on prices and other information presented by financial and other institutions with which the Companies have concluded derivatives agreements.

(ii) Foreign exchange transactions

	Millions of yen		
	2009		
	Contractual value or notional principal amount		Unrealized profit (loss)
	Total	Over 1 year	
Over-the-counter foreign currency forward contracts:			
Purchase-rate (US$)	¥1,171	¥–	¥(8)
Total	¥1,171	¥–	¥(8)

Notes: 1. Fair value is calculated based on prices and other information presented by financial and other institutions with which the Companies have concluded derivatives agreements.
2. Where foreign currency forward contracts have been applied to foreign currency receivables and/or payables to finalize their yen-denominated settlement amounts, and those receivables and/or payables have been stated in the consolidated balance sheets at the said yen-denominated settlement amounts, such foreign currency forward contracts are excluded.

(iii) Other

	Millions of yen					
	2010			2009		
	Contractual value or notional principal amount		Unrealized profit (loss)	Contractual value or notional principal amount		Unrealized profit (loss)
	Total	Over 1 year		Total	Over 1 year	
Over-the-counter credit derivatives:						
Selling of protection	¥3,000	¥3,000	¥662	¥3,000	¥3,000	¥(680)
Total	¥3,000	¥3,000	¥662	¥3,000	¥3,000	¥(680)

	Thousands of U.S. dollars		
	2010		
	Contractual value or notional principal amount		Unrealized profit (loss)
	Total	Over 1 year	
Over-the-counter credit derivatives:			
Selling of protection	$32,244	$32,244	$7,120
Total	$32,244	$32,244	$7,120

Note: Fair value is calculated based on prices and other information presented by financial and other institutions with which the Companies have concluded derivatives agreements.

(B)

As of March 31, 2010, hedged derivative transactions were summarized below:

		Millions of yen		
		2010		
		Contractual value or notional principal amount		
	Mainly hedged objects	Total	Over 1 year	Fair value
Interest rate swaps recognized in general rule:				
Floating-rate receipt/fixed-rate payment	long-term debt	¥186,585	¥132,580	¥ (3,084)
Interest rate swaps recognized in specific rule:				
Floating-rate receipt/fixed-rate payment	long-term debt	369,483	355,359	(9,891)
Fixed-rate receipt/floating-rate payment	long-term debt	10,000	10,000	3
Total		¥566,068	¥497,939	¥(12,972)

Note: Fair value is calculated based on prices and other information presented by financial and other institutions with which the Companies have concluded derivatives agreements.

		Thousands of U.S. dollars		
		2010		
		Contractual value or notional principal amount		
	Mainly hedged objects	Total	Over 1 year	Fair value
Interest rate swaps recognized in general rule:				
Floating-rate receipt/fixed-rate payment	long-term debt	$2,005,428	$1,424,979	$(33,146)
Interest rate swaps recognized in specific rule:				
Floating-rate receipt/fixed-rate payment	long-term debt	3,971,227	3,819,421	(106,316)
Fixed-rate receipt/floating-rate payment	long-term debt	107,481	107,481	37
Total		$6,084,136	$5,351,881	$(139,425)

21. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2010, the Companies were contingently liable as credit guarantors for customers borrowing from our alliance banks, amounting to ¥168,343 million (US$1,809,365 thousand).

22. EQUITY

(A) EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

i. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

ii. Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

iii. Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

(B) COMMON STOCK

The Company has 300,000,000 authorized shares of which 181,444,772 shares as of March 31, 2010 and 181,884,725 shares as of March 31, 2009 were issued.

Type and number of shares issued and treasury stock

(Thousands of shares)

	Issued shares (Common stock)	Treasury stock (Common stock)
Balance at March 31, 2008	181,652	1,739
Number of shares increase	233*1	4*2
Number of shares decrease	–	0*3
Balance at March 31, 2009	181,885	1,743
Number of shares increase	3,560*4	177*5
Number of shares decrease	–	118*6
Balance at March 31, 2010	185,445	1,802

Notes: 1. Increase in number of issued shares
Number of stock acquisition rights issued: 233 thousand shares
2. Increase in treasury stock
Changes in equity interest to consolidated subsidiaries: 1 thousand shares
Acquisition of any number of shares less than a full trading unit: 3 thousand shares
3. Detail of decrease
Sales of any number of shares less than a full trading unit: Less than a thousand shares
4. Increase in number of issued shares
Issuance of new shares by share exchanges: 3,560 thousand shares
5. Increase in treasury stock
Acquisition of fractional shares by share exchanges: Less than a thousand shares
Acquisition of treasury stock by consolidated subsidiaries because of share exchanges: 167 thousand shares
Acquisition of any number of shares less than a full trading unit: 9 thousand shares
6. Details of decrease
Sales of treasury stock acquired by consolidated subsidiaries because of share exchanges: 117 thousand shares
Sales of any number of shares less than a full trading unit: 1 thousand shares

(C) STOCK OPTION PLANS

i. The Company has the following option plans for directors, corporate auditors, officers, employers and corporate counselors of the Companies as of March 31, 2010, which were approved at the General Shareholders' meetings

Date of approval	Number of stock acquisition rights unexercised	Type and number of targeted shares	Exercise price	Effective period	Issue price	Per share addition to common stock
June 25, 2005	14,903	Common stock 1,490,300 shares	¥3,740 per share	June 30, 2007 to June 29, 2010	¥3,740	¥1,870

Notes: 1. Conditions of execution
In the event a granted person retires or resigns under the regulations, stock acquisitions rights may be exercised within two years after that. In the event a granted person retires voluntarily or dies, stock acquisition rights will be canceled.
2. Transfer of stock option
Transfer of stock option to a third party needs approval at the Board of Directors' meeting.

ii. Stock options for certain subsidiaries

Date of approval	Number of stock acquisition rights unexercised	Type and number of targeted shares	Exercise price	Effective period	Issue price
September 13, 2004	–	Common stock –	¥259 per share	September 14, 2006 to September 13, 2009	¥259

(D) DIVIDEND

i. Dividend payment

Resolution	Type of share	Total amount (Million of yen)	Thousands of U.S. dollars	Dividend per share	Thousands of U.S. dollars	Record date	Effective date
General Meeting of Shareholders on June 26, 2009	Common stock	5,406	58,109	30.00	0.322	March 31, 2009	June 29, 2009

ii. For dividend payments with an effective date in the year ended March 31, 2010, the record date occurred in the year ended March 31,2009

Expected resolution	Type of share	Source of payment	Total amount (Million of yen)	Thousands of U.S. dollars	Dividend per share	Thousands of U.S. dollars	Record date	Effective date
General Meeting of Shareholders on June 25, 2010	Common stock	Retained earnings	5,511	59,238	30.00	0.322	March 31, 2010	June 28, 2010

23. CASH FLOWS INFORMATION

(A)
The balances of cash and cash equivalents as of March 31, 2010 and 2009 are reconciled with the respective consolidated balance sheet items as follows:

	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars 2010
Consolidated balance sheet:			
Cash and deposits	¥64,232	¥67,367	$690,374
Securities	–	1,000	–
Short-term loans	8,999	–	96,723
Segregated trustee deposits	(100)	(85)	(1,082)
Cash and cash equivalents at end of year	¥73,131	¥68,282	$786,015

(B)
Non-cash investing and financing activities as of March 31, 2010 are as follows:

	Millions of yen 2010	Thousands of U.S. dollars 2010
Assets and liabilities to finance leases recorded at March 31, 2010	¥3,307	$35,544
Increase in capital surplus by share exchanges	3,164	34,008

(C) DESCRIPTION OF PROCEEDS FROM SALES OR REDEMPTION OF INVESTMENT SECURITIES

	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars 2010
Proceeds from sales of investment securities	¥11,712	¥3,036	$125,877
Proceeds from redemption of investment securities	11	3,920	122
Proceeds from distribution of limited liability partnerships and other similar partnerships or return of capital	21	8	227
Total proceeds from sales or redemption of investment securities	¥11,744	¥6,964	$126,226

(D) BREAKDOWN OF MAJOR ASSETS AND LIABILITIES OF SUBSIDIARIES NEWLY ADDED TO THE CONSOLIDATION THROUGH SHARE ACQUISITION

The following is a breakdown of assets and liabilities of newly consolidated subsidiaries at the time of the first consolidation, acquisition costs of these subsidiaries, and net revenues from or net payments for acquisitions.

(2010)

Value Balance Silent Partnership operated by Value Balance Inc.	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 17,680	$ 190,022
Noncurrent assets	136	1,461
Current liabilities	(899)	(9,658)
Long-term liabilities	(14,273)	(153,410)
Negative goodwill	(69)	(742)
Equity in purchase	(800)	(8,598)
Total	1,775	19,075
Cash and cash equivalents	(2,319)	(24,924)
Net increase in purchase	¥ 544	$ 5,849

(2009)

Qubitous Co., Ltd	Millions of yen
Current assets	¥ 10,361
Noncurrent assets	15,799
Current liabilities	(25,009)
Long-term liabilities	(647)
Negative goodwill	(2)
Minority interests	(247)
Total	255
Cash and cash equivalents	(810)
Net increase in purchase	¥ 555

LAWSON CS CARD, Inc.	Millions of yen
Current assets	¥ 47,717
Noncurrent assets	440
Goodwill	244
Current liabilities	(47,474)
Long-term liabilities	(76)
Equity in purchase	(182)
Total	669
Cash and cash equivalents	(307)
Net decrease in purchase	¥ (362)

24. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share (“EPS”) for the year ended March 31, 2010 is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted average shares	EPS	
For the year ended March 31, 2010:				
Basic EPS				
Net income available to common shareholders	¥18,680	182,271	¥102.48	$1.101
Effect of dilutive securities				
Securities issued by a consolidated subsidiary	(33)			
Diluted EPS				
Net income for computation	18,647	182,271	102.30	1.100

Diluted net income per share for 2009 is not disclosed because of the Companies’ net loss position.

25. SEGMENT INFORMATION

(A) BUSINESS SEGMENTS

Segment information by business segment for the years ended March 31, 2010 and 2009 was as follows:

Millions of yen

	Operating revenues								
Year ended March 31, 2010	Outside customers	Inter segment	Total	Operating expenses	Operating income	Assets	Depreciation	Loss on impairment	Capital expenditures
Credit service	¥244,188	¥ 932	¥245,120	¥217,405	¥27,715	¥1,503,255	¥12,837	¥ –	¥28,102
Finance	31,882	500	32,382	24,270	8,112	341,352	439	–	220
Real estate related	14,073	948	15,021	13,197	1,824	379,181	517	29	13,569
Entertainment	14,638	11	14,649	12,919	1,730	18,358	2,996	236	3,229
Other	2,075	–	2,075	530	1,545	1,606	15	–	0
Total	306,856	2,391	309,247	268,321	40,926	2,243,752	16,804	265	45,120
Eliminations or corporate	–	(2,391)	(2,391)	2,362	(4,753)	130,378	336	–	408
Consolidated	¥306,856	¥ –	¥306,856	¥270,683	¥36,173	¥2,374,130	¥17,140	¥265	¥45,528

Thousands of U.S. dollars

Year ended March 31, 2010	Operating revenues: Outside customers	Operating revenues: Inter segment	Operating revenues: Total	Operating expenses	Operating income	Assets	Depreciation	Loss on impairment	Capital expenditures
Credit service	$2,624,549	$ 10,016	$2,634,565	$2,336,678	$297,887	$16,157,081	$137,976	$ –	$302,041
Finance	342,672	5,375	348,047	260,853	87,194	3,668,875	4,714	–	2,368
Real estate related	151,261	10,192	161,453	141,837	19,616	4,075,458	5,558	311	145,839
Entertainment	157,324	119	157,443	138,853	18,590	197,317	32,204	2,536	34,708
Other	22,299	–	22,299	5,700	16,599	17,264	162	–	0
Total	3,298,105	25,702	3,323,807	2,883,921	439,886	24,115,995	180,614	2,847	484,956
Eliminations or corporate	–	(25,702)	(25,702)	25,391	(51,093)	1,401,307	3,605	–	4,382
Consolidated	$3,298,105	$ –	$3,298,105	$2,909,312	$388,793	$25,517,302	$184,219	$2,847	$489,338

Millions of yen

Year ended March 31, 2009	Operating revenues: Outside customers	Operating revenues: Inter segment	Operating revenues: Total	Operating expenses	Operating income	Assets	Depreciation	Loss on impairment	Capital expenditures
Credit service	¥254,147	¥ 578	¥254,725	¥229,044	¥25,679	¥1,504,110	¥13,197	¥ –	¥23,172
Finance	42,482	4,251	46,733	36,185	10,548	412,928	352	–	331
Real estate related	13,000	5,550	18,550	17,938	613	338,613	515	62	186
Entertainment	15,521	17	15,538	13,886	1,652	19,493	3,178	761	2,447
Other	1,939	–	1,939	594	1,345	517	2	–	18
Total	327,089	10,396	337,485	297,647	39,837	2,275,661	17,244	823	26,154
Eliminations or corporate	–	(10,396)	(10,396)	(5,106)	(5,289)	131,403	253	–	(4,403)
Consolidated	¥327,089	¥ –	¥327,089	¥292,541	¥34,548	¥2,407,064	¥17,497	¥823	¥21,751

Notes: 1. Business segments are defined in consideration of the operations of the Companies.
2. Significant operations of each segment are as summarized below.
(a) Credit service: credit cards and collection of receivables
(b) Finance: guarantees, loans and equipment leasing
(c) Real estate related: real estate and rental
(d) Entertainment: amusement
(e) Other: Insurance agency business
3. Significant components of eliminations or corporate are as follows:

	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars 2010
Non-allocable operating expenses	¥ 4,606	¥ 5,075	$ 49,504
Corporate assets	142,190	157,503	1,528,267

Non-allocable operating expenses include administrative expenses incurred by the Management Control Department of the Company.
Corporate assets include surplus funds, long-term investments (investment securities) and assets used by the Management Control Department of the Company.

26. RELATED PARTY DISCLOSURES

(A)

Transactions and balances of the Company with its affiliated company, UC Card Co., Ltd. for the years ended March 31, 2010 and 2009 were as follows:

	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars 2010
Transactions:			
Volume of new contracts	¥1,142,412	¥1,211,980	$12,278,715
Balances:			
Accounts payable	72,018	69,124	774,050
Prepaid expenses and other assets (other receivable)	6,754	7,769	72,592

(B)
Transactions and balances of the Companies with a director of the Company's consolidated subsidiaries for the years ended March 31, 2009 were as follows:

	Millions of yen
	2009
Transactions:	
Amount of loan	¥1,987
Amount of interest received	35
Balances:	
Long-term loans receivable	1,980
Prepaid expenses and other assets (other receivable)	28

The Companies recorded provision of allowance for doubtful accounts that amounted to ¥1,661 million for long-term loans receivable, and this provision was based on an estimated credit loss calculated as the loan balance outstanding minus the estimated disposal value of the collateral pledged for the loan. The loan has been applied to the payment of personal income tax and inhabitant tax incurred through execution of stock options, and expenses for stock option execution.

Mr. Takahashi resigned from his position as Representative Director and President on the day of the 30th general shareholders' meeting of Atrium Co., Ltd., May 28, 2009.

27. BUSINESS COMBINATION (PURCHASE METHOD)

(2009)
At the Board of Directors' meeting held on February 20, 2008, the Company resolved to spin off its credit card processing operations to Qubitous Co., Ltd. via a physical absorption-type demerger effective from April 1, 2008 (the "demerger"), in accordance with a business integration and realignment agreement with Mizuho Bank, Ltd. and UC Card Co., Ltd. concluded on May 17, 2007. In addition, at the Board of Directors' meeting held on March 26, 2008, the Company resolved to acquire 51% of shares in Qubitous Co., Ltd. to bring this company into the consolidation following the completion of the spin-off. Based on these resolutions, the following demerger took effect on April 1, 2008.

(A) DETAILS OF THE DEMERGER

i. Name and business of the acquired company
Qubitous Co., Ltd.
Credit card processing business
ii. Major purpose of the demerger
In accordance with the business integration and realignment agreement with Mizuho Bank, Ltd. and UC Card Co., Ltd. concluded on May 17, 2007, the Company spun off its credit card processing operations to Qubitous Co., Ltd. via a demerger effective from April 1, 2008. After completing the spin-off, the Company acquired 51% of shares in Qubitous Co., Ltd. Qubitous Co., Ltd. will develop its operations as one of the Company's subsidiaries in the credit card processing business, with the aim of becoming an "integrated processing service company" capable of not only credit card-related services but also a wide range of other settlement services.
iii. Date of the demerger
April 1, 2008
iv. Legal form of the demerger
Acquisition of shares
v. Ratio of acquired voting rights
51.00%

(B) PERIOD DURING WHICH THE ACQUIRED COMPANY'S BUSINESS RESULTS WERE INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

From April 1, 2008 to March 31, 2009

(C) ACQUISITION COSTS AND BREAKDOWN OF COSTS

The cost of the acquisition of Qubitous Co., Ltd. was ¥255 million, equal to the value of 510 shares of Qubitous Co., Ltd. common stock.

(D) TRANSFER RATIO BY SHARE TYPE AND ITS CALCULATION METHOD, AND NUMBER OF SHARES ISSUED AND THEIR APPRAISAL VALUE

Not applicable

(E) AMOUNT OF GOODWILL GENERATED, AND ITS SOURCES, AMORTIZATION METHOD AND PERIOD

Details are not disclosed as the amount of goodwill was immaterial.

(F) THE PRO-FORMA AMOUNT OF THE EFFECT ON THE CONSOLIDATED STATEMENT OF INCOME FOR THE FISCAL YEAR ENDED MARCH 31, 2009, FOLLOWING THE COMPLETION OF THE DEMERGER AT THE BEGINNING OF SAID FISCAL YEAR

Not applicable

28. ADDITIONAL INFOMATION

(2009)

The Board of Directors meeting held on March 25, 2009, approved the implementation of a proposal for the Company to support the restructuring of Atrium Co., Ltd. ("Atrium") ("Restructuring Support"). The Restructuring Support comprises (i) financial support (the "Financial Support"), through which Atrium's interest-bearing debt will be consolidated through the assumption by the Company of debt owed by Atrium to financial institutions and other relevant transactions (the "Debt Assumption"), and Atrium will issue new shares to the Company by means of a third party allocation of new shares through a debt equity swap (the "Capital Increase"), and (ii) a share exchange (the "Share Exchange"), through which Atrium will become a wholly-owned subsidiary of the Company. Pursuant to such resolutions, the Company and Atrium also entered into an agreement in connection with the Debt Assumption and a basic agreement pertaining to the Restructuring Support (the "Basic Agreement").

(A) PURPOSE AND BACKGROUND

Atrium has determined that the biggest cause of the decline of its business results is that it concentrated too much on large-scale development projects. Atrium resolved to withdraw from the real estate loan guarantees and the strategic investment business, and instead concentrate its resources on the liquidation of real estate business and the servicing business.

In accordance with this decision, Atrium recorded non-operating expenses of ¥91,063 million in its consolidated financial statements for the fiscal year ended February 28, 2009, and fell into excess liabilities of ¥54,399 million. As a result, it was noted in Atrium's consolidated financial statements that there were material doubts as to the company's status as a going concern. Considering these circumstances, the Company determined that restructuring Atrium's business operations would secure the corporate value of the Credit Saison Group and be in the best interest of the shareholders of both the Company and Atrium.

(B) NAME OF THE COUNTERPART OF THE AGREEMENTS REGARDING BUSINESS RESTRUCTURING SUPPORT

Atrium Co., Ltd.

(C) DATE OF EXECUTION OF THE AGREEMENTS

March 25, 2009

(D) SUMMARY OF THE AGREEMENTS

i. Debt assumption and consolidated loan

On March 31, 2009, the Company assumed Atrium borrowings other than those from the Company, as well as corporate bonds, subordinated corporate bonds and subordinated loans (¥90,684 million in total), and Atrium's interest rate swap agreement (¥54,887 million) in the notional principal.

Atrium then assumed liability for reimbursing the Company for the principal, interest, late charges and all other charges incurred in connection with repaying the assumed debts described above, and became liable to repay the consolidated loan to the Company, in respect of the money needed to fulfill such repayment liability.

ii. New share issuance through a third-party allocation

Pursuant to the Basic Agreement, the first new share issuance through a third-party allocation (the "First Capital Increase") was carried out on April 10, 2009. Because the First Capital Increase was conducted through a debt equity swap, in which the partial amount of the loan that Atrium owes to the Company pursuant to the loan agreement dated March 25, 2009 served as payment in kind, Atrium did not receive any proceeds. Instead, Atrium's interest-bearing debt was reduced by approximately ¥11,091 million.

In connection with the issuance of new shares to the Company by Atrium by means of a third party allocation of new shares of Atrium to the Company (the "Second Capital Increase"), an amendment to Atrium's Articles of Incorporation was approved at Atrium's 30th Ordinary General Meeting of Shareholders held on May 28, 2009. The approved amendment stipulates that the maximum number of shares authorized to be issued shall be increased to 575,248,800 shares, thereby satisfying the condition for the Second Capital Increase. Accordingly, the Company paid the consideration to Atrium in the form of payment in kind (a debt equity swap) on June 1, 2009, and the procedures necessary to conduct the Second Capital Increase have been completed. Because the Second Capital Increase was conducted through a debt equity swap, in which the partial amount of the loan that Atrium owes to the Company pursuant to the loan agreement dated March 25, 2009 served as payment in kind, Atrium did not receive any proceeds. Instead, Atrium's interest-bearing debt was reduced by approximately ¥48,300 million.

By the First and Second Capital Increases, Atrium's excess liabilities have been eliminated.

iii. Share exchange

The Basic Agreement provides that the Company shall allocate and deliver 0.13 shares of common stock of the Company for one share of common stock of Atrium. It also provides that Atrium shall be a wholly owned subsidiary of the Company as of August 1, 2009, when the said share exchange becomes effective. The Company and Atrium resolved to conduct, and subsequently entered into an agreement concerning, the Share Exchange at their Boards of Directors meeting held on June 17, 2009.

Deloitte.

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Fax:+81 (3) 3457 1694
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Credit Saison Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Credit Saison Co., Ltd. and consolidated subsidiaries (the "Company") as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Credit Saison Co., Ltd. and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 25, 2010

Member of
Deloitte Touche Tohmatsu

CORPORATE HISTORY

1951
May The Company is established as a retailer specializing in installment sales.

1968
Jun. The Company is listed on the First Section of the Tokyo Stock Exchange.

1976
Mar. The Seibu Department Stores, Ltd. and the Company establish a shareholding relationship and develop a consumer credit system for the Saison Group.

1980
Aug. The Company's name is changed from Midoriya Department Stores to Seibu Credit Co., Ltd.

1982
Aug. Credit Saison begins to build a nation-wide network of Saison Counters to process Seibu Card issues, and to install automated cash dispensers.

1983
Mar. The name Seibu Card is changed to SAISON CARD.

1988
Jul. Credit Saison reaches agreements with VISA and MasterCard and issues SAISON Visa Card and SAISON MasterCard.

1989
Oct. The Company's name is changed to Credit Saison Co., Ltd.

1991
Jan. The affinity card business is started.

Total transaction volume surpasses ¥1 trillion.

1992
Apr. Credit Saison begins to issue Saison Postal Savings Cards, the first cards in Japan to support signature-less transactions (in Seiyu food outlets).

Total number of cardmembers surpasses 10 million.

1995
Jun. SAISON JCB CARD is issued in cooperation with JCB Co., Ltd.

1997
Oct. SAISON American Express® Card is issued through an affiliation with AMERICAN EXPRESS®.

1999
Sep. Issues 2 combined credit/cash cards with regional banks, Shonai SAISON cards and Suruga SAISON card.

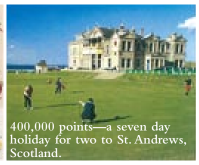
Total transaction volume surpasses ¥2 trillion.

2000
Aug. Net Answer, a web site for cardmembers, is started.

2001
Mar. Nominated for inclusion in the Nikkei Stock Average (Nikkei 225).

Nov. A supporting company contract for the Japan national soccer team is concluded.

2002
Feb. Transfers shares of Saison Life Insurance Co., Ltd. to GE Edison Life Insurance Co., Ltd. (currently AIG Edison Life Insurance Company). New membership point service SAISON Dream is started (currently Eikyu Fumetsu Points, or SAISON Permanent Points in English).


400,000 points—a seven day holiday for two to St. Andrews, Scotland.

2003
Jan. Begins using SAISON CARD EXPRESS for speedy online card issuance.

Mar. A special benefit plan for shareholders is introduced.

Aug. An agreement is reached on a comprehensive alliance with the card division of Idemitsu Kosan Co., Ltd. (Idemitsu Card mydoplus is issued in April 2004.)

Sep. Super Value Plus, an insurance product exclusively for cardmembers, is issued through a business alliance between Credit Saison, Saison Automobile and Fire Insurance Co., Ltd. and Sompo Japan Insurance Inc.

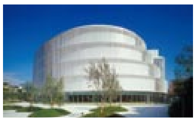
2004
Feb. A decision is made to form a strategic equity and business tie-up with Resona Holdings, Inc. (Resona Card+S (Resona Card SAISON) is issued in October 2004.)

Apr. A basic agreement is reached with Takashimaya Company, Limited on a strategic alliance in the credit card business. (TAKASHIMAYA SAISON Card is issued in September 2004.)

Aug. A basic agreement on forming a strategic alliance in the credit card business is concluded with the Mizuho Financial Group, Inc., Mizuho Bank, Ltd. and UC CARD Co., Ltd.

2005

Apr. The new credit center Ubiquitous starts operation.



Mizuho Mileage Club Card SAISON is issued.

Oct. SAISON Platinum American Express Card is issued.

Dec. Credit Saison acquires an additional shares of Resona Card Co., Ltd., making this company an equity-method affiliate.

2006

Jan. Credit Saison merges with UC Card Co., Ltd. (card issuance business).
Total number of cardmembers surpasses 20 million.

Mar. A new loan product, SAISON Card Loan, is issued.

Jun. A comprehensive alliance is formed with Yamada Denki Co., Ltd. in the credit card business. (Yamada LABI Card launched in July of the same year.)

Jul. Agrees to form a business alliance with The Shizuoka Bank, Ltd. (Shizugin Saison Card Co., Ltd. is established in October 2006 and the ALL-S Card is issued in April 2007.)

Oct. The Eikyu Fumetsu.com online shopping mall is opened.
JPN COLLECTION SERVICE CO., LTD. is listed on the Hercules Section of the Osaka Securities Exchange.

Nov. A shareholder agreement is signed with Daiwa House Industry Co., Ltd. and a joint venture is established. (Heart One Card is issued in May 2007.)

Total transaction volume surpasses ¥5 trillion (non-consolidated)

2007

Mar. Saison Asset Management Co., Ltd. launches its own investment trusts.
Reached agreement for comprehensive alliance with Yamaguchi Financial Group, Inc. (YM Saison Card issued in October 2007)

Jun./Jul. The maximum interest rate for cash advances is reduced to 18%.

Jul. Mizuho Mileage Club Card SAISON reaches 2 million cards issued.

Oct. Establishment of Qubitous Co., Ltd., the industry's first comprehensive processing service specialist.
(Qubitous is made a consolidated subsidiary in April 2008.)
Integration of SAISON and UC point services (application of SAISON Permanent Points to the UC Card point system).
Issuance of the SAISON NEXT Card, successor to the Postal Savings Card.

Nov. Issuance of the SAISON American Express Gold Card and the first American Express cards with no annual fee to be issued in Japan; both cards issued in alliance with American Express®.

2008

Jun. Launch of the rental business (commencement of home appliance rental in an alliance with Yamada Denki Co., Ltd.).

Jul. Total number of cardmembers of Yamada LABI Card surpasses 1 million.

Sep. Absorption by merger of LAWSON CS Card, Inc.

Oct. Launch of the new credit operation center "Kansai Ubiquitous."

2009

Apr. Began to accept applications for Mitsui Shopping Park Card Saison.

Aug. Atrium Co., Ltd. becomes a 100% subsidiary via a share exchange.

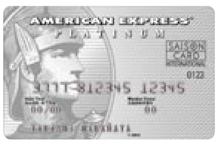
Oct. Affiliation with Kyushu Railway Company, issue of a common card for the whole of JR Kyushu Group "JQ CARD Saison"

Nov. Cooperation with Yamada Denki Co., Ltd. and All Nippon Airways Co., Ltd. (ANA), and issue of 'Yamada LABI ANA Mileage Club Card Saison American Express Card'

2010

Mar. Basic agreement reached on comprehensive business alliance with SEVEN & i FINANCIAL GROUP CO., LTD.

Jun. Strengthened alliance with AMERICAN EXPRESS®



CARD TIE-UPS

Credit Saison has expanded its affinity card range across wide-ranging sectors. With a cardmember base of 28.2 million (35.7 million including cardmembers of affiliates), it issues more than 200 affinity cards under the SAISON and UC brands.

STANDARD

SAISON Platinum
American Express® Card

SAISON Gold
American Express® Card

SAISON Blue
American Express® Card

SAISON Pearl
American Express® Card

SAISON CARD International

Gold Card SAISON

UC Card

UC Card Gold

MONEY CARD (Loan Card)

MONEY CARD GOLD (Loan Card)

SHOPPING

Sogo & Seibu Co., Ltd.

Sogo & Seibu Co., Ltd.

Takashimaya Company, Limited

Takashimaya Company, Limited

PARCO CO., LTD.

Yamada Denki Co., Ltd.
All Nippon Airways Co., Ltd.

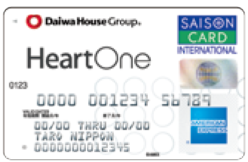
Mitsui Fudosan Co., Ltd.
LaLaport Management Co., Ltd.

Mitsui Fudosan Co., Ltd.

Ryohin Keikaku Co., Ltd.

THE LOFT CO., LTD.

LAWSON, INC.



Daiwa House Financial Co., Ltd.

MARUHIRO DEPARTMENT STORE CO., LTD.

SAKURANO DEPARTMENT-STORE CO., LTD.

FINANCIAL INSTITUTIONS

Mizuho Bank, Ltd.

Mizuho Bank, Ltd.

Resona Card Co., Ltd.

Shizugin Saison Card Co., Ltd.

Yamaguchi Financial Group, Inc.

KDDI CORPORATION

TRAVEL & ENTERTAINMENT

SEIBU HOLDINGS INC.

SOFTBANK MOBILE Corp.

United Air Lines, Inc.

Japan Football Association

Nishi-Nippon Railroad Co., Ltd.

TOHO CINEMAS LTD.

Kyushu Railway Company

LPGA CLUB

PADI

WOWOW INC.

AUTOMOTIVE

IDEMITSU CREDIT CO., LTD.

Honda Motor Co., Ltd.

Mazda Motor Corporation

Japan Automobile Federation

YANASE & CO., LTD.

SOCIAL CONTRIBUTION AND OTHERS

World Wide Fund for Nature Japan

TOKYO GAS Co., Ltd.

MAJOR GROUP COMPANIES

(As of March 31, 2010)

Qubitous Co., Ltd.

■ Processing business

Qubitous provides processing services in the areas of credit card application screening, monitoring, call center operation, and other processing operations, with a focus on credit services. The company engages in contracted processing for more than 80 client companies, primarily for Saison brand and UC brand credit cards.

The company will seek active expansion of its contracted processing business with the aim of being the no. 1 comprehensive processing company in both quality and quantity by providing high-quality services and attaining cost leadership.

Saison Fundex Group

■ Personal loans and mortgage loans

Under SAISON's Loan Hyakusen brand, Saison Fundex offers card loan products, such as the Cash Reserve Loan and VIP loans for prime borrowers, as well as the contract type loan products Lifestyle Support Loans and Real Estate Mortgage Loans. The company also provides project loans to companies that operate real estate businesses. In this business, it focuses on project content and meets wide-ranging funding requirements.

■ Real estate development and construction

Our goal is to supply comfortable, reliable and safe residential properties, especially detached houses, on high-quality land.

Going forward, we aim to supply housing and other properties that give even greater customer satisfaction.

JPN Holdings Group

JPN Holdings Co., Ltd. is a pure holding company for two business companies: JPN COLLECTION SERVICE CO., LTD., which is involved in the servicing business, and the temporary staffing company humanplus Corporation.

■ Servicing business

Powerful infrastructure in the form of a large-scale call center gives the JPN Holdings Group an important advantage in this business area. The company provides services meeting a wide range of needs, from the management and recovery of small, unsecured receivables to the purchase of receivables from financial institutions and non-banks. The JPN Holdings Group also provides services to local authorities and other government sector organizations, including temporary staffing, research services and back-up services.

■ Temporary staffing business

The JPN Holdings Group provides total solutions relating to collection services. Through its temporary staffing services, it helps to improve the recovery performance of its clients, especially financial institutions and non-banks.

Atrium Group

■ Real estate liquidation and servicing business

We will rapidly and flexibly implement a package of radical business restructuring measures that will take the Atrium Group back to its original structure as a specialist in two core activities: short-term, high-turnover real estate liquidation for small and medium-sized properties, and the special servicing business. We will also further refine and enhance the knowledge and skills that the Atrium Group has developed through its involvement in the real estate business.

Atrium produces value by regenerating real estate assets. We aim to build customer confidence and support by focusing on customer satisfaction and implementing effective compliance and corporate governance.

Concerto Inc.

■ Amusement business

Concerto aims to create optimal amusement spaces for the enjoyment of its customers and has established 26 pachinko parlors in eastern Japan. As an organization with strong regional links, it contributes to local communities by combining spacious facilities with fine-tuned services.

■ Real estate rental business

Concerto lets nine commercial buildings, especially its "The Prime" properties in Shibuya and other central Tokyo locations. It is working to develop new properties and expand its leasing business under a concept that calls for utilization and development of properties that enhance local communities.

■ Membership club management

The concept for Concerto's uraku AOYAMA membership club is to provide "the ultimate in hospitality." With facilities that include a fitness gym, restaurant, guest rooms and banquet halls, this luxurious complex provides superb service and the ideal environment in which to enjoy the benefits of club membership.

Saison Information Systems Co., Ltd.

■ Information processing services

Saison Information Systems engages in systems construction and operation grounded in a wealth of business process expertise developed in fields such as finance and distribution. The company also actively engages in payroll outsourcing and communications middleware based on HULFT technology. It aims to be a company that enjoys the complete trust of customers by providing a one-stop service for everything from systems construction to outsourcing and package products.

CORPORATE INFORMATION

(As of March 31, 2010)

CREDIT SAISON CO.,LTD.

Head Office:	52F Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6073, Japan Telephone: 81-3-3988-2111 www.saisoncard.co.jp
Incorporated:	May 1, 1951
Paid-in Capital:	¥75,929 million
Number of Employees:	Consolidated: 3,647 Non-consolidated: 2,234
Closing of Accounts:	March 31
Stock Listing:	Tokyo Stock Exchange, First Section
Ticker No.:	8253
Independent Auditor:	Deloitte Touche Tohmatsu LLC
Transfer Agent:	The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Department
Common Stock Authorized:	300,000 thousand shares
Common Stock Outstanding:	185,444 thousand shares

SAISON CARD INTERNATIONAL
Credit Saison Co., Ltd.

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Printed in Japan