Hang In There, Japan!—Charity Match to Assist Great East Japan Earthquake Recovery August 19, 2011
Nadeshiko Japan (Japan Women's National Soccer Team) vs. Nadeshiko (Japan Women's) League XI ©J.LEAGUE PHOTOS INC.

ANNUAL REPORT 2011

CREDIT SAISON CO., LTD.

Breaking the dominance of the cash market to be the No. 1 company in the cashless settlement market

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.

TO OUR STAKEHOLDERS

The Japanese credit industry is currently experiencing a challenging business environment due to various regulatory changes, including the revision of the Money-Lending Business Control and Regulation Law, and the Installment Sales Law. In the face of these challenges, Credit Saison is harnessing its customer base of 35.7 million people, network of alliances spanning a wealth of industries, and innovative products and services, and combining these advantages to create a unique and powerful strategy called "Collaborative Management." By executing this strategy, we are determined to become No. 1 in the cashless settlement market.

We would like to express our heartfelt sympathy to all those affected by the Great East Japan Earthquake, and our hopes for the earliest possible recovery of the disaster-stricken areas.

Working with customers, we were able to raise about ¥600 million in financial donations for the disaster appeal. We would like to thank our customers for their generosity.

The dominance of the cash market remains unbroken in Japan. Although the share of total consumption settled by credit card in Japan continues to increase each year, to about 11% currently, cash payment is still strongly entrenched and accounts for some 60% of consumption. The credit card industry faces a structural slump with poor medium-term prospects for profits, which have been depressed by the impact of stricter regulations in the Money-Lending Business Control and Regulation Law and the Installment Sales Law. We recognize that business model reform is essential to create the additional growth required to overcome these difficult sector conditions.

Credit Saison has grown into one of the Japan's largest credit card companies with a customer base of 35.7 million people by pursuing an independent course of business expansion relatively free of capital affiliations. Collaborative alliances to leverage the size of our customer base—our greatest asset—form the core of our business strategy for fiscal 2011 and beyond, which we refer to as "Collaborative Management." This collaborative approach entails building high-quality networks across traditional industry lines to develop innovative services such as our Eikyufumetsu Points program. Besides credit card operations, we also aim to build a wide range of non-bank financial services, including leases, credit guarantee and long-term fixed-rate mortgage loans such as "Flat 35." Collaborating with strategic partners that have settlement capabilities also helps us marshal the resources of the Credit Saison Group to seize growth opportunities by making the most of the expertise that we have cultivated over many years. We see important medium-to-long-term growth opportunities through our alliance with American Express®, which is developing our credit card services portfolio by creating a status card channel; second, development of fast-growth online shopping businesses such as Eikyufumetsu.com; and, third, joint ventures with the Seven & i Group. Our goal is to become Japan's leader in cashless settlement with a 30% share of the card shopping market.

We are promoting business model reforms to employees as the Group's "rebirth." We aim to meet the expectations of stakeholders by maximizing corporate value through this new growth trajectory for Credit Saison.

September 2011

Hiroshi Rinno, President and CEO

THE STRENGTHS OF CREDIT SAISON

In the credit card industry, it's no exaggeration to say that many of the new services we have come to take for granted in Japan were pioneered by Credit Saison. The source of innovation for these new services has always been our desire to create customer satisfaction as a leading-edge service company. Amid harsher conditions in the Japanese credit industry due to the December 2006 revisions to the legislation governing money-lending businesses, Credit Saison has continued to focus on providing innovative and differentiated services for customers and business partners. Moreover, Credit Saison promotes its business by collaborating with leading companies in their fields. We provide our partners with retail credit card know-how which helps to enhance their customer services and expand their sales. Combining the experience and wisdom of our partners with our own generates exciting chemical reactions. It produces the kind of innovation that has made Credit Saison the credit industry leader.

Using Neutrality as Advantage in Collaborative Management

Innovative Services Pioneered by Credit Saison

- 1982: First cards issued with no annual fee
- 1982: Instant credit screening and card issuance
- 1991: Introduced OCR-processed card applications
- 1992: Signature-less settlement introduced
- 1997: Cards issued with 4 international brands
- 2002: Eikyufumetsu Points (Points that never expire) program started
- 2006: The Eikyufumetsu.com online shopping mall opened
- 2010: Cards issued with new American Express centurion design

Environment conservation Supporting sports and cultural activities

Environment: Akagi Nature Park
Sports: Japan Football Association
Culture: José Carreras

Group Management Partners

Real estate　Cash advances
Loans　Servicing and temporary staffing
Systems　Processing　Entertainment

Grow to be the No. 1 company in the cashless settlement market

Internet Business Partners

EC Sites　Auctions　Videos/music
Marketing research
Coupons　Compare & search sites
Games　Health

Credit Card Joint Ventures

Idemitsu Kosan Co., Ltd.
Resona Holdings, Inc.
Takashimaya Company, Limited
Shizuoka Bank, Ltd.
Daiwa House Industry Co., Ltd.
Yamada Denki Co., Ltd.
Seven & i Group

Card Issuing Partners

Department stores　Supermarkets and specialty retailers
Developers　Consumer electronics stores
Convenience stores　Financial institutions
Corporations, telecommunications, broadcasting
Airlines, railways, automakers　Travel　Sports
Environment, culture　Education　Beauty

SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

As of and for the years ended March 31

	2011	2010	2009	2008	2007	2006	2011
						Millions of yen	Thousands of U.S. dollars (Note 6)
CONSOLIDATED							
For the year:							
Operating revenues (Note 1)	¥ 285,713	¥ 306,856	¥ 327,089	¥ 345,587	¥ 333,683	¥ 274,666	$ 3,436,112
Selling, general and administrative expenses	235,759	246,306	268,658	265,494	242,149	193,126	2,835,338
Financial cost	22,577	24,377	23,883	22,902	16,333	11,965	271,523
Operating income	27,377	36,173	34,548	57,191	75,201	69,575	329,251
Net income (loss)	12,830	18,680	(55,514)	26,756	14,822	42,220	154,294
At year-end:							
Total equity (Note 2)	¥ 347,916	¥ 341,405	¥ 320,594	¥ 418,661	¥ 399,828	¥ 377,127	$ 4,184,197
Total assets	2,231,247	2,374,130	2,407,064	2,450,637	2,299,607	2,062,612	26,833,997
Interest-bearing debt (Note 3)	1,657,832	1,776,827	1,893,017	1,854,057	1,608,307	1,480,380	19,937,847
Per share data (in yen and U.S. dollars):							
Net income (loss) per share	¥ 69.86	¥ 102.48	¥ (308.25)	¥ 148.78	¥ 82.79	¥ 237.29	$ 0.84
Equity per share	1,879.98	1,845.82	1,766.95	2,147.04	2,077.69	2,013.85	22.61
Key financial ratios (%):							
Return on shareholders' equity (ROE)	3.8	5.7	—	7.1	4.0	12.8	
Return on assets (ROA)	0.6	0.8	—	1.1	0.7	2.4	
Shareholders' equity ratio	15.5	14.3	13.2	15.8	16.2	17.5	
NON-CONSOLIDATED							
For the year:							
Operating revenues (Note 1)	¥ 239,657	¥ 257,925	¥ 270,901	¥ 277,741	¥ 270,275	¥ 216,453	$ 2,882,224
Selling, general and administrative expenses	194,194	205,042	220,709	223,816	204,765	156,887	2,335,477
Financial cost	19,977	22,221	21,531	20,322	14,067	9,700	240,255
Operating income	25,484	30,661	28,661	33,603	51,442	49,886	306,492
Net income (loss)	7,596	16,138	(44,973)	24,579	10,221	27,131	91,358
At year-end:							
Total equity (Note 2)	¥ 320,303	¥ 319,712	¥ 304,231	¥ 361,520	¥ 349,754	¥ 341,423	$ 3,852,117
Total assets	2,097,773	2,200,460	2,220,792	2,066,514	1,962,996	1,761,666	25,228,786
Interest-bearing debt (Note 3)	1,571,610	1,645,207	1,748,246	1,554,630	1,350,134	1,239,043	18,900,912
Per share data (in yen and U.S. dollars) (Note 2):							
Net income (loss) per share	¥ 41.34	¥ 88.40	¥ (249.40)	¥ 136.51	¥ 57.03	¥ 152.21	$ 0.49
Equity per share	1,743.50	1,738.31	1,686.70	2,006.89	1,945.22	1,904.13	20.96
Dividends per share	30.00	30.00	30.00	28.00	28.00	26.00	0.36
Key financial ratios (%):							
Return on equity (ROE)	2.4	5.2	—	7.0	3.0	8.5	
Return on assets (ROA)	0.4	0.7	—	1.2	0.6	1.8	
Equity ratio	15.3	14.5	13.7	17.5	17.8	19.4	
NON-CONSOLIDATED							
Transaction Volume:							
Card shopping	¥3,953,411	¥3,844,671	¥3,891,076	¥3,758,545	¥3,433,872	¥2,527,808	$47,545,539
Cash advances (Note 4)	371,403	604,348	765,385	836,623	—	—	4,466,674
Shopping loans	4,286	5,617	5,785	6,092	5,693	6,952	51,545
Guarantees	73,375	85,637	107,532	103,303	85,431	62,097	882,450
Specialty loans	36,514	43,768	326,170	279,970	1,058,335	739,038	439,134
Agency services (Note 5)	1,362,275	1,310,420	1,347,261	1,269,579	809,992	747,998	16,383,354
Leases	92,709	100,893	100,272	88,273	87,488	90,011	1,114,972
Others	18,608	17,764	16,692	16,187	10,700	9,794	223,788
Total volume of new contracts	¥5,912,587	¥6,013,118	¥6,560,174	¥6,358,573	¥5,491,515	¥4,183,698	$71,107,480

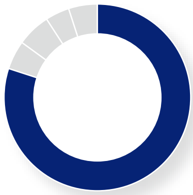
Notes: 1. Operating revenues do not include consumption taxes.
2. Effective from the year ended March 31, 2007, the Company adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Implementation Guidance on Accounting Standard for Presentation of 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 2006 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 ¥83.15 = U.S.$1, the approximate exchange rate on March 31, 2011, for the convenience of the reader.

BUSINESS PORTFOLIO

CREDIT SERVICE SEGMENT

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

BREAKDOWN OF OPERATING REVENUES 80%



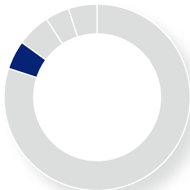
This segment consists of the credit card-related, servicing (loan collection agency) and other businesses. We have two brands, SAISON and UC, and our combined customer base, including processing agency service customers, reached 35.7 million as of March 31, 2011.

MAIN COMPANIES
- Qubitous Co., Ltd.
- SAISON FUNDEX CORPORATION
- JPN Holdings Co., Ltd.

LEASE SEGMENT

Lease
Rental

BREAKDOWN OF OPERATING REVENUES 5%

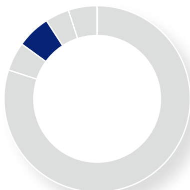


Operations in this segment include handling vendor leases for office equipment, mainly targeting SME clients. We are focused on reinforcing ties with existing partners while also expanding the business with new vendor companies.

FINANCE SEGMENT

Credit Guarantee Business
Loans collateralized by real estate properties

BREAKDOWN OF OPERATING REVENUES 6%



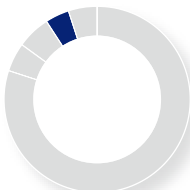
Activities in this segment include the credit guarantee business, and the finance business. In the credit guarantee business, we are working closely with 265 separate financial institutions in providing a range of products, with a particular focus on unsecured free-loans to individual customers, and sole business proprietors. In the finance-related business, transaction volumes are increasing for "Flat 35" long-term fixed-rate mortgage loans (the receivable of which is acquired and securitized by Japan Housing Finance Agency).

MAIN COMPANIES
- SAISON FUNDEX CORPORATION

REAL ESTATE RELATED SEGMENT

Real Estate Liquidation Business
Special Servicing Business
Real Estate Leasing Business

BREAKDOWN OF OPERATING REVENUES 4%



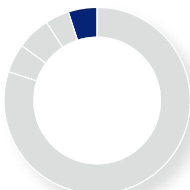
Our activities in this segment are divided between the real estate and real estate leasing businesses. In line with our plan for rebuilding the Atrium Group's business, we are reducing assets at the same time as developing specialized businesses for the liquidation and servicing sectors.

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

ENTERTAINMENT SEGMENT

Amusement Business

BREAKDOWN OF OPERATING REVENUES 5%



Activities in this segment include the amusement business. Our initiatives for creating sound, safe and enjoyable amusement facilities that are welcomed by communities have resulted in stable earnings in this segment.

MAIN COMPANIES
- Concerto Inc.

Further information about major group companies → See page 56

Results for Fiscal 2010

The credit industry experienced a severe business environment in the fiscal year ended March 31, 2011. Amid continued economic sluggishness, the employment and wage environments failed to recover, while the yen appreciation, high resources prices, and then the Great East Japan Earthquake created a drag on the economy which slowed recovery momentum. The strengthening of the Money-Lending Business Control and Regulation Law and other regulations added to the industry's challenges.

In this environment, in our core credit card business, we had 2.57 million new card applications to increase our total number of cardmembers to 28.34 million. We promoted an increase in active cardmembers, which expanded the active customer base by 370,000 to 14.7 million cardmembers. We strengthened our alliance with American Express and took other measures to prioritize the expansion of the Saison American Express Card, which enjoys a high brand status and usage rate.

In credit card-related shopping services, transaction volume grew 2.8% over the previous year as usage frequency continued to increase. Credit card usage continues to become more prevalent in daily shopping and payments as more people use their cards for settling running accounts such as public utilities, mobile phone fees, and Internet shopping. Usage scope has also increased, including for medical and tax payments.

In cash advances, the balance of cash advances declined 25.0% compared to the previous year. Cash advance transaction volume fell due mainly to the full enactment of the Money-Lending Business Control and Regulation Law in June 2010, which included provisions restricting total loans per individual, and the weak economy, which dented demand for cash advances.

We continued to diversify sources of revenue outside the core credit card business, with healthy expansion in our lease and rental business, our "Flat 35" long-term, fixed-rate mortgage loan in our finance-related business, and the credit guarantee business, which guarantees loans to customers through tie-ups with financial institutions.

In terms of costs, we increased the provision for loss on interest repayment by ¥11.0 billion to cover potential losses from the failure of large consumer credit companies and the impact of the Great East Japan Earthquake. Overall, however, the credit portfolio improved and costs of uncollected receivables remained within estimates, as a result of a decline in new claims handled by lawyers and the strengthening of our credit management. We also bolstered our business structure by using IT to improve efficiency, through such measures as promoting Web-based usage statements and reviewing outsourcing contracts, while also raising awareness of cost-benefits in carrying out initiatives.

As a result, our operating revenues declined 6.9% compared to the previous year to ¥285.7 billion, primarily as a result of the decline in profits from cash advances, while our ordinary income declined 13.7% to ¥33.7 billion. Moreover, our net income declined 31.3% year on year to ¥12.8 billion due to a conservative approach to expensing the impact of the Great East Japan Earthquake, for which we booked a loss of ¥9.9 billion.

RESULTS BY BUSINESS SEGMENT

(Billions of yen)

	Operating revenues		Operating income (loss)	
	2011	% change	2011	% change
Credit Service	**230.8**	92.3	**15.9**	62.3
Lease	**14.4**	114.9	**5.0**	236.7
Finance	**15.5**	92.6	**6.7**	135.6
Real Estate Related	**12.3**	82.0	**(2.1)**	–
Entertainment	**13.9**	95.2	**1.7**	100.4
Total	**287.1**	92.9	**27.3**	75.3
Inter-segment transactions	**(1.4)**	–	**0.0**	–
Consolidated	**285.7**	93.1	**27.3**	75.7

(Year ended March 31)

KEY INDICATORS (NON-CONSOLIDATED)

Figures in parentheses are year-on-year comparisons.

	2011	% change
New applications (millions)	**2.57**	84.3
New cards issued (millions)	**2.12**	81.9
Total cardmembers (millions)	**28.34 (+0.05)**	100.2
Active cardmembers (millions)	**14.70 (+0.37)**	102.6
Transaction volume (¥ billion)	**4,324.8**	97.2
Card shopping (¥ billion)	**3,953.4**	102.8
Cash advances (¥ billion)	**371.4**	61.5

(Year ended March 31)

Medium-Term Management Strategy

We have established "Collaborative Management" as our medium-term management strategy. The entire company is striving to execute the strategy.

One of the advantages of Credit Saison is its highly independent position in the finance industry, as we are not a part of any of the major Japanese banking groups. This independence has enabled us to create a rich network of alliances with leading companies in such diverse industries as retail, including department stores, supermarkets, consumer electronics chains, and convenience stores, along with financial institutions, corporate and industry associations, Internet and IT companies, telecommunications carriers, transport firms, and service providers. In addition, we have successfully diversified our business to ensure stable flow of revenues over the long term, using strategic investments to bolster the lease and rental, credit guarantee, finance, insurance, Internet and other non-card businesses.

Over the decades, Credit Saison has fostered an overwhelming number of alliance partners, a richly diversified business domain, the Eikyufumetsu.com point program, a lineup of four distinct American Express brand credit cards, and a host of other unique products and services that set us apart from the competition in the credit industry. Add to this the processing and agency services for the Saison Card and UC Card, and we boast an unrivaled customer base of 35.7 million people. We are prepared to fully leverage these strategic advantages in our fight with the competition, unifying the company around the goal of expanding revenues over the medium term.

By tenaciously promoting "Collaborative Management," we will strive to become No. 1 in the cashless settlement market.

Using Neutrality as Advantage in Collaborative Management

Development of Saison American Express Card channel
Companies with affluent customer base

Strategic Investment Partners
Investment banks, securities companies

Finance Business Partners
Retailers offering lease service contracts
Credit guarantee service providers
Affiliated "Flat 35" mortgage lenders

Settlement Platform Partners
Mobile phone
Prepaid card
E-money
Settlement services

Service Partners
Mileage services
Insurance
T&E services
Asset management

SAISON CARD INTERNATIONAL / UC

Grow to be the No. 1 company in the cashless settlement market

Environment conservation Supporting sports and cultural activities
Environment: Akagi Nature Park
Sports: Japan Football Association
Culture: José Carreras

Group Management Partners
Real estate
Cash advances Loans
Servicing and temporary staffing
Systems Processing
Entertainment

Internet Business Partners
EC Sites Auctions
Videos/music
Marketing research Coupons
Compare & search sites
Games Health

Card Issuing Partners
Department stores Supermarkets and specialty retailers Developers
Consumer electronics stores
Convenience stores
Financial institutions Corporations, telecommunications, broadcasting
Airlines, railways, automakers
Travel Sports Environment, culture Education Beauty

Credit Card Joint Ventures
Idemitsu Kosan Co., Ltd.
Resona Holdings, Inc.
Takashimaya Company, Limited
Shizuoka Bank, Ltd.
Daiwa House Industry Co., Ltd.
Yamada Denki Co., Ltd.
Seven & i Group

AMERICAN EXPRESS · VISA · MasterCard · JCB · UnionPay 银联

Saison American Express® Card
Innovation in the Card Business

In 1997, we launched the Saison American Express Card, which added new brand status to the familiar Saison Card. Since then, we have expanded the lineup with a Platinum Card in 2005 and a Gold Card in 2007.

In June 2010, we strengthened our alliance with American Express by renewing the lineup with four innovative Saison American Express Cards featuring the well-known American Express Centurion image: the Platinum, Gold, Blue, and Pearl Cards.

Customers in the higher income bracket, baby-boomer customers just starting retired life, and women active in society present a need for cards that offer genuine status and service a cut above the rest. To meet this need, we have focused on sales of our Saison American Express Cards that offer a unique combination of status and service (a balance between the levels of service and the annual fees). With this initiative, we are aiming to both spark new innovation in the market and raise customer satisfaction.

Credit Saison will expand channels for the American Express® Card by collaborating with companies whose customer base is highly compatible with the card. One of the unique features of the American Express Card is that usage rates among cardholders is typically higher than other cards. Since annual transaction volume for shopping is typically four times higher than other cards, a significant increase in the number of cardholders can be expected to produce a leap in transaction volume. Our target is to expand transaction volume for American Express brand cards to ¥1 trillion in five years. In addition, we will strive to increase these cards' share of our shopping transaction volume from the current level of 8% of our overall transaction volume to 30% in the future.

Innovative Lineup of High Level Services and Outstanding Points Programs

SAISON PLATINUM AMERICAN EXPRESS® CARD | Annual fees 21,000 yen (incl. tax)

SAISON GOLD AMERICAN EXPRESS® CARD | Annual fees 10,500 yen (incl. tax)

SAISON BLUE AMERICAN EXPRESS® CARD | Annual fees 3,150 yen (incl. tax)

SAISON PEARL AMERICAN EXPRESS® CARD | Annual fees 1,050 yen (incl. tax)

Combining the Internet and Our Customer Base
Transformation from a Credit Card Company to an Internet Company

The Internet is another strategic pillar of Credit Saison's credit card business, as we aim to leverage the Internet and IT to both expand revenues and promote efficiency throughout our operations.

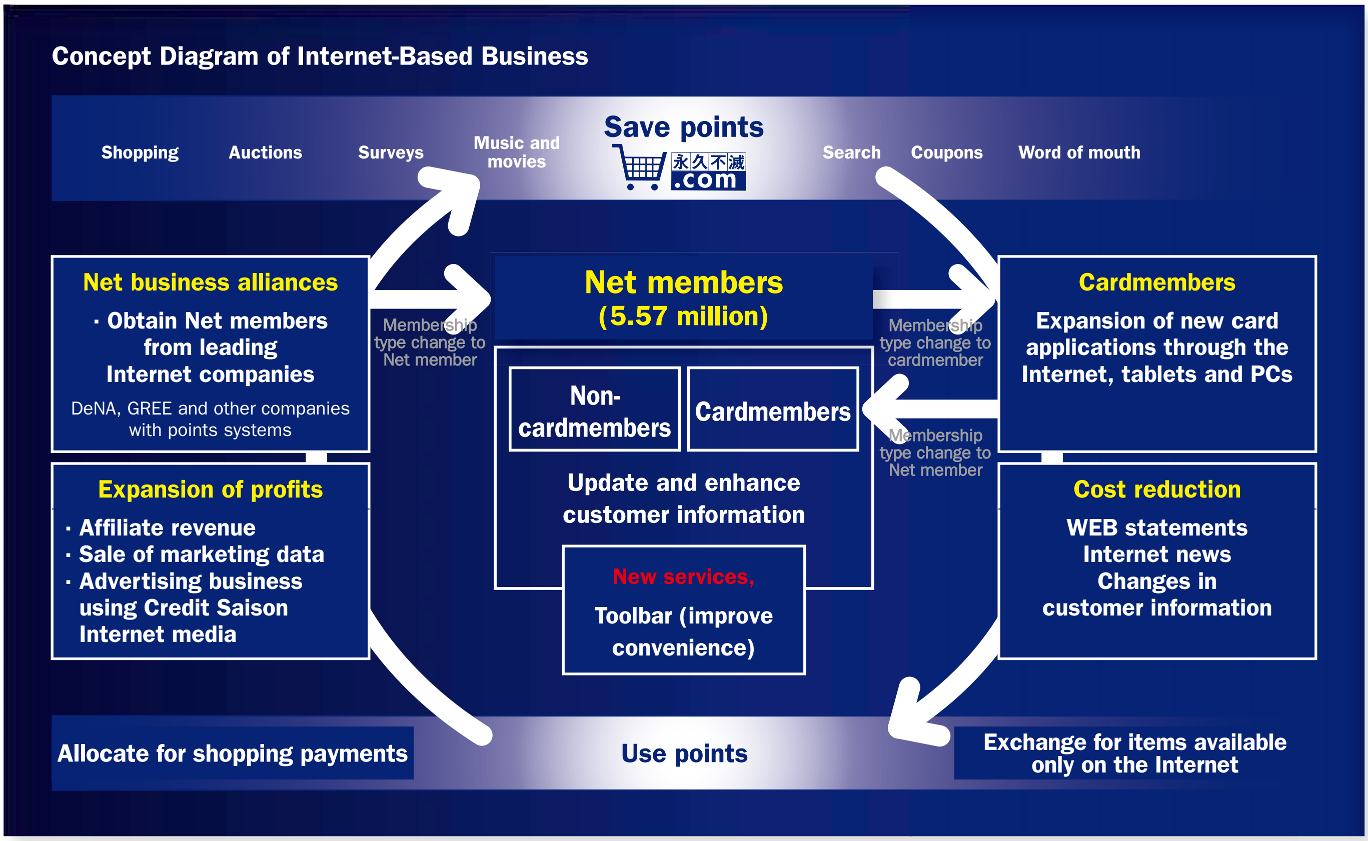
The Internet marketplace is expected to continue to grow by leaps and bounds into the future, and we are actively promoting the expansion of our Internet members to take advantage of the opportunities. At the end of March 2011, the number of members of our Internet site was 5.57 million, an increase of 1.31 million compared to the end of the previous year. We are operating the Eikyufumetsu.com site by capitalizing on our customer base of 28 million people and the unique Eikyufumetsu point service with no expiration. In September 2010, we eliminated the cardholder restriction for using Eikyufumetsu.com point services, thereby allowing anyone over the age of 16 to make use of them. This has opened the way for new alliances with leading Internet businesses like DeNA Co., Ltd., GREE, Inc., and CyberAgent, Inc., which will support the growth of our Internet business.

We provide an Eikyufumetsu.com toolbar, "Eikyufumetsu Plus" to enhance the convenience of Internet users. We have also complemented our Internet shopping with various other new services generated through alliances with coupon site Groupon Japan Inc., the brand goods buying and overseas auction site netprice.com, and the dining reservation service Gurunavi, Inc.

We have also introduced point exchange services which enable customers to make effective use of their accumulated Eikyufumetsu Points. Customers can exchange points for shopping vouchers, limited-edition items available only to Internet members, and more.

Credit Saison will continue to take on the challenge of building innovative Internet-based businesses. Specifically, we will target marketing businesses which analyze and sell the latest in accumulated marketing data on customer attributes, behavior, and buying histories along with advertising businesses which leverage Internet media data on what Internet members frequently view such as their online credit card usage statements.

By executing our current initiatives and broadening our business with new challenges, we will aim to establish fee-based Internet business models which support enhanced efficiency and higher revenues. These initiatives will move us beyond our traditional credit card business and transform Credit Saison into a company geared for the Internet age.



Finance Related Business
Diversification of Revenue Sources

Long-term fixed-rate mortgage loan "Flat 35"

Our Flat 35 long-term, fixed-rate mortgage loan business expanded strongly during fiscal 2010 thanks to special incentives we offered to credit card members and a sense of trust and security instilled through our card business experience, along with a 1-point interest rate reduction offered through a government stimulus program. The number of new loans in fiscal 2010 grew 3.5 times to 1,957, while the loan balance surged about four times to ¥55.3 billion. In fiscal 2011, we plan to sign up 3,500 new mortgage loan customers by strengthening relations with alliance partners and adding an agent model to the marketing mix.

Credit Guarantees

Credit Saison has expanded its credit guarantee business by collaborating closely with financial institutions to build up a portfolio of strongly performing loans, with a focus on unsecured free-loans to individual customers. Regional banks and credit unions are currently active in offering non-collateral loans to sole proprietorships, and going forward we will expand our guarantee services for non-collateral loans tailored to the viability of such customers by leveraging our loan review capabilities and strong relations with financial institutions.

New Initiatives

Seven & i Group

Based on the comprehensive alliance with Seven Financial Service Co., Ltd. and Sogo & Seibu Co., Ltd., the Millennium Card and Club On Card Saison operations were spun off and transferred to a newly established joint venture, Seven CS Card Service Co., Ltd., on April 1, 2011. This move enables Credit Saison to provide its customers with a range of attractive services from Seven & i Group companies.

Working in collaboration with Seven Card Service Co., Ltd., the new joint venture will offer an integrated package of card-related services, including electronic money and a shared points program. By playing a role in Seven & i Group customer marketing, the joint venture aims with Seven Card Service to generate shopping transactions in excess of ¥2 trillion from a total membership base of at least 10 million.

As part of our efforts to enhance customer services, from July 2011, customers using our credit cards at nationwide Seven Eleven convenience stores and Ito Yokado department stores and supermarkets have been able to register for a new service to receive "nanaco" points in addition to the usual Eikyufumetsu points.

Alliance Strategy with Seven & i Group

Affiliated card operations spun off into Seven CS Card Service JV on April 1, 2011

Credit Saison

SAISON CARD INTERNATIONAL
Credit Saison Co., Ltd.

Pursue new growth opportunities in credit card business

Upgraded services for Sogo & Seibu cardmembers

1. Issuance of Sogo & Seibu affiliated cards transferred to JV
2. Development of Seven & i Group card operations
3. Strategic collaboration

Seven & i Group

SEVEN & i HOLDINGS

Creation of new business model merging finance and retail

Assists marketing initiatives by Group retail firms

Targets: Together with Seven Card Service, generate aggregate shopping transactions of ¥2 trillion from membership base of at least 10 million

From July 2011, a new service will enable customers using a Saison Card or UC Card at any Seven-Eleven Japan or Ito Yokado store to gain "nanaco" points for those purchases.

New Settlement Methods

Prepaid card

Credit Saison is striving to become No. 1 in Japan's cashless settlement market. To do this, we will add prepaid settlement, money transfer and other services to complement our credit card and financial services businesses, with the ultimate goal of becoming a "Comprehensive Settlement Solutions Company."

In August 2010, in collaboration with Visa Worldwide, we began issuing the Uniqlo Online Gift Card, which represents Japan's first prepaid card using the Visa processing service. Also, in May 2011, Credit Saison became the first credit card company in Japan to be registered as a fund transfer agent, and with this new status, we began in August 2011 to issue the NEO Money international prepaid card targeting tourists, business travelers, exchange students and others traveling out of Japan.

Alliance with China UnionPay (CUP)

In August 2011, Credit Saison concluded an alliance with China UnionPay and began signing up affiliated stores to accept CUP cards. The CUP card brand has grown fast, with global settlement of some ¥139 trillion. Working in partnership with Mizuho Bank, Ltd. and UC Card Co., Ltd., Credit Saison aims over the next three years to build a network of 50,000 affiliated stores across Japan that accept CUP cards to generate an additional revenue stream from card commissions.

During fiscal 2011, Credit Saison plans to begin issuing prepaid cards that Japanese travelers can use at overseas CUP member stores in China and other countries. Future plans also call for issuance of CUP-branded credit cards.

Return of Profits to Shareholders

Credit Saison has a basic policy of continuing to provide a stable return of profits to shareholders over the long term. Though regulatory change has significantly impacted our revenues and we continue to experience a challenging business environment, we have enhanced efficiency through structural reforms to maintain our profit level and built a stronger foundation to support future growth. In view of this, we will continue to pay a dividend of ¥30 per share for fiscal 2011. We also plan to pay ¥30 per share for fiscal 2012.

Environmental Protection and Social Contribution Activities

Addressing Environmental Issues

Credit Saison is working to reduce paper consumption and increase the use of recycled materials in its credit card operations. This includes using eco-friendly materials for the statements and other printed materials sent to customers, and encouraging customers to use electronic statements or Internet-based services.

As part of in-house initiatives to help combat global warming, Credit Saison has promoted the Japanese government's "Cool Biz" program as well as measures to save electricity, reduce paper usage and ensure complete recycling of waste throughout office operations.

Supporting Social Contribution Activities Through Card Usage

Our customers can participate in social contribution activities with their cards. For example, points earned through cards use can be used to make donations to charities, including the World Terakoya Movement of the National Federation of UNESCO Associations in Japan, guide dog training by the Japan Guide Dog Association, and activities to support protection and education of children by the Japan Committee for UNICEF.

Activities for Passing Nature's Bounty on to the Next Generation

赤城自然園
Akagi Nature Park

In 2009 Credit Saison bought and became the operator of Akagi Nature Park, an expansive forest preserve of about 120 hectares on the southwest foothills of Mount Akagi in Gunma Prefecture. The park is a reclaimed forest that was once a man-made secondary growth of haphazardly planted pine. The forest was reclaimed over the course of more than 20 years, taking pains to select flora for restoring the primal beauty of nature. Restoration took place under a policy of establishing a nurturing environment for flowers to grow, rather than planting a garden. 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.

The park operated for 152 days and attracted about 24,000 visitors in the first year under Credit Saison's management in fiscal 2010. Through various programs including guided tours of the grounds and nature observation events, we offered park visitors the opportunity to appreciate the wonder of nature and the importance of environmental conservation.

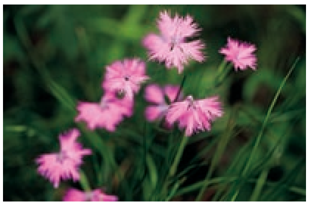
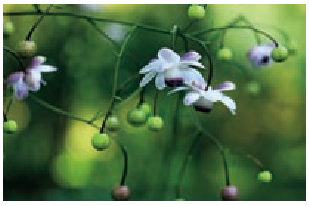
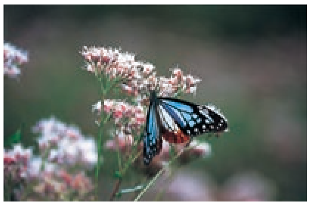
Credit Saison operates Akagi Nature Park in the hope of providing children a chance to visit and enjoy the wonder of nature firsthand; an increasingly rare opportunity in today's modern world. We hope that through this we can contribute in a small way to passing on the abundant natural treasures of Japan to future generations. With the help of other companies who support our efforts, we look to continue our patronage of this activity on a long-term basis.

Akagi Nature Park Profile

Area: About 120 hectares, of which about 60 hectares is open to the public.
Elevation: 600 to 700m

Plants and Animals found in Akagi Nature Park

Animals: 1,810 species of insects, 77 species of birds and 15 species of mammals.
Plants: 152 species of trees and 510 species of grasses

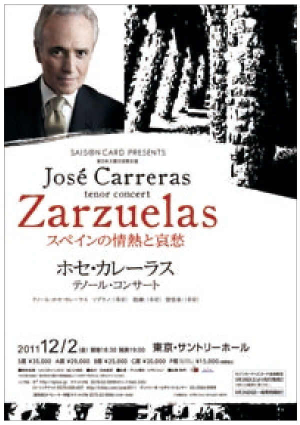





The following companies support our activities to preserve nature at Akagi Nature Park.
(As of August 31, 2011)

Support of Sports and Cultural Activities

Credit Saison is also passionately involved in social contribution through its support of sports and cultural activities. In sports, we have been a supporting company and corporate sponsor of the various Japanese national soccer teams, including the Nadeshiko Japan Women's National Team, who made history by winning the 2011 Women's World Cup in July, and the Samurai Blue Men's National Team.

In cultural activities, we are a corporate sponsor of the musical career of José Carreras, an opera singer and one of The Three Tenors famous throughout the world, as well as a corporate endorser of and donor to the José Carreras Leukemia Foundation.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our vision is to become a leading-edge service company. Under a framework in which we regard our customers, business partners, employees and society at large as our stakeholders, we aim to fulfill our social responsibilities deemed vital to our management philosophy by providing returns to our shareholders through activities that satisfy customers, 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, which has since been certified for renewal twice, as a mark of its effort to maintain and enhance the protection level of 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 exceeding customer expectations in attention to detail 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 enable female employees to continue working after marriage and childbirth, as well as more flexibility for employees caring for older relatives. We also actively re-employ retirees.

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. 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 statutory auditors, three being from outside the company and 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.

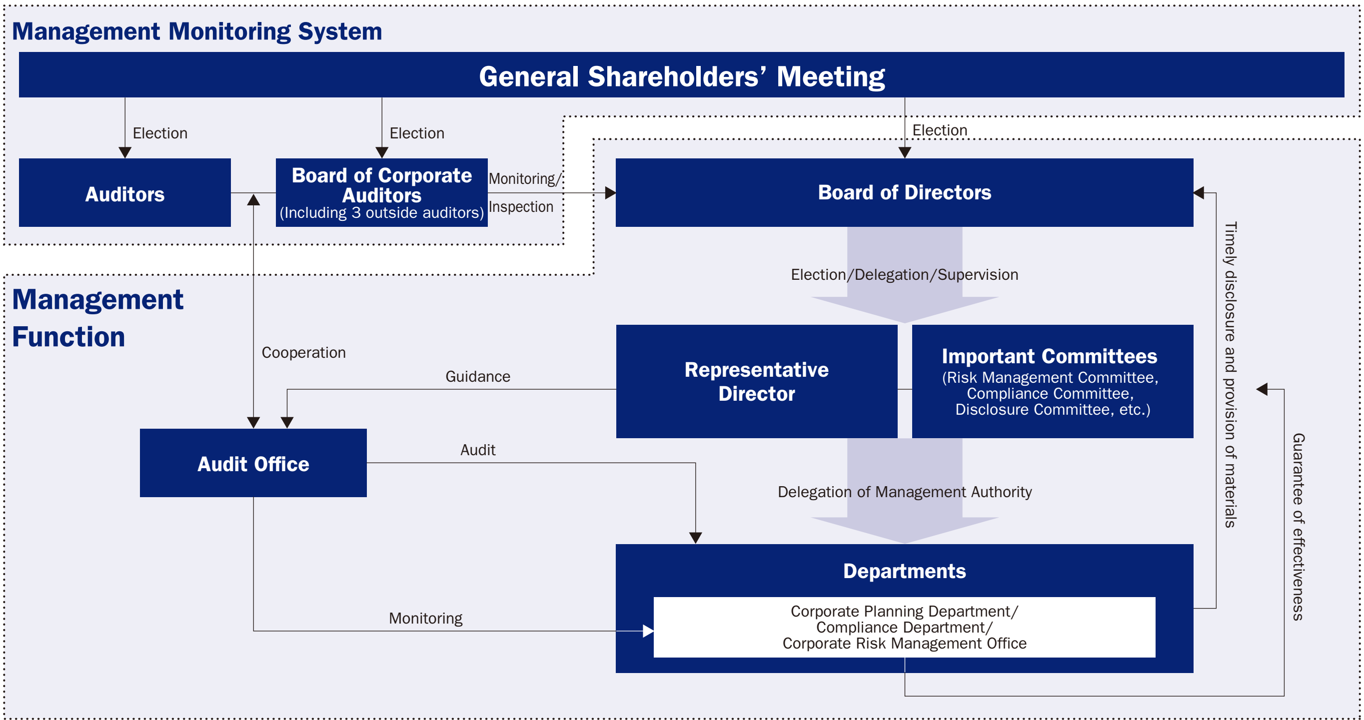
To assist the statutory auditors in their duties, the Company has established the Auditors' Secretariat, which retains independence from the operating divisions (members serve concurrently in the Internal Control Division).

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 of the Corporate Planning Department as the 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.

Corporate Governance Structure



Remuneration for Directors and Statutory Auditors

To clarify their responsibility for business execution and results and increase the independence of statutory auditors, 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 2010 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)	413	324	88	14
Statutory auditors (Excluding outside statutory auditors)	–	–	–	–
Outside executives	59	59	–	5

Notes 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, 2011 the Company had 13 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: ¥109 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 on 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 in 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 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.

In addition, our compliance officers and compliance coordinators also play a role in controlling the Company's administrative risks.

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 the Corporate Risk Management Office of the Corporate Planning Department, 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 Group Strategy Office of 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, mainly through the Crisis Management Committee.

Proactive Disclosure of Information

The Company proactively discloses financial information through management reports, 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, 2011)

Hiroshi Rinno

President and CEO

Head of Audit Office and Credit Card Division

Teruyuki Maekawa

Executive Vice President

Head of Public Relations Office, Treasury & Account Dept., General Affairs Dept., Human Resources Dept. and System Planning Dept.

Naoki Takahashi

Senior Managing Director

Head of Corporate Planning Dept., Strategic Investment Dept. and Internet Business Division

Haruhisa Kaneko

Managing Director

Head of Overseas Development Dept. and Sales Development Division

Takayoshi Yamaji

Managing Director

Head of Customer Satisfaction Promotion Office and Credit Division
General Manager, Credit Division

Hiroshi Yamamoto

Managing Director

Head of Compliance Dept. and Finance Division
General Manager, Finance Division

Junji Kakusho

Director

General Manager, Business Planning Dept. and Internet Business Division

Masahiro Yamashita

Director

General Manager, Credit Card Division

Kazuhiro Hirase

Director

T&E/Service Business Dept. and Leasing & Rental Business Dept.

Sadamu Shimizu

Director

General Manager, Sales Development Division

Akihiro Matsuda

Director

Card Finance Dept.

Teruhisa Aoyama

Director

General Manager, Treasury & Account Dept.

Yoshihisa Yamamoto

Director

General Manager, System Planning Dept.

Tatsunari Okamoto

Director

Retail Business Dept. No. 1, Retail Business Dept. No. 2 and Financial & Corporate Business Dept.

Masaru Sakurai

Standing Auditor (External)

Yoshitaka Murakami

Standing Auditor (External)

Atsushi Toki

Auditor (External)

Yoshiro Yamamoto

Auditor

I. THE CREDIT SAISON GROUP

The Credit Saison Group has five business segments: Credit Service, Lease, Finance, Real Estate related and Entertainment. The Credit Service Segment is the Credit Saison Group's most important segment, and generated approximately 80% of total operating revenues in fiscal 2010.

The Credit Saison Group's operating revenues consist primarily of fees from affiliated stores generated via credit card and interest and fees from customers generated via revolving credit, 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.

II. ANALYSIS OF INCOME STATEMENTS

1. Market Environment

In fiscal 2010, the Japanese economy showed signs of an upturn in business conditions, buoyed by economic stimulus measures taken by the government of Japan. However, the outlook is highly uncertain due to the yen's appreciation and weak stock markets, as well as a downturn in economic activity caused by the impact of the Great East Japan Earthquake that struck on March 11, 2011.

In the non-banking sector, many consumer finance and credit card business companies have lost commercial viability due to the tightening of regulations. Many of these companies have had no choice but to either join Japan's megabanks or delist their shares. Publicly listed companies in the non-banking sector are also finding it difficult to survive.

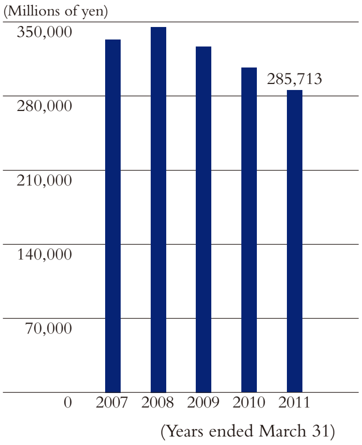
2. Operating Revenues

In fiscal 2010, operating revenues declined by 6.9% year on year to ¥285,713 million. During the fiscal year, the Credit Service Segment, our core segment, worked to increase shopping transaction volume by strengthening its alliance strategy. Measures included upgrading and expanding premium cards, which offer prospects for high utilization and high spending per transaction, and issuing a new affiliated card with the Wal-mart Group. The Company also worked to expand and strengthen its earnings structure. These efforts included opening the Company's Web-based shopping point site Eikyufumetsu.com to all Internet users 16 years or older. This site features "Eikyufumetsu Points," a point program allowing customers to economically save shopping points which have no expiry date. At the same time, the Company worked to boost affiliate revenue by increasing Net members through mutual exchange of customers with prominent online companies. However, cash advance revenues decreased, primarily due to the impact of total lending restrictions (caps on total borrowings from moneylenders at 1/3 of annual income). Consequently, overall operating revenues in the Credit Service Segment decreased year on year. In the Lease Segment, overall operating revenues increased, mainly due to the positive impact of the adoption of new lease accounting standards, but were partly offset by a drop in business volume as companies curtailed capital investment. Meanwhile, in the Finance Segment, overall operating revenues decreased due to a decline in the balance of real estate loans, despite higher revenues mainly from Flat 35 long-term, fixed-rate mortgage loans (the receivables of which are acquired and securitized by Japan Housing Finance Agency). In the Real Estate Related Segment and Entertainment Segment, operating revenues declined because of a drop in net sales.

3. Operating Expenses and Operating Income

The Credit Saison Group controlled advertising and personnel expenses in fiscal 2010 by implementing cost cutting measures with a priority on improving efficiency. As a result, selling, general and administrative (SG&A) expenses contracted by ¥10,547 million, or 4.3%, to ¥235,759 million. This reflected declines in major SG&A expenses: the provision for point programs was ¥13,729 million, down ¥148 million, or 1.1%, year on year; advertising expenses decreased ¥1,694 million, or 10.4% year on year, to ¥14,557 million; fees paid were down ¥1,852 million, or 3.7% year on year, to ¥47,564 million; and personnel expenses declined ¥2,342 million, or 5.2% year on year, to ¥42,767 million. The Company reduced credit costs by striving for better management of receivables. The decrease in these costs also reflected a decline in the number of claims handled by lawyers and other proxies, compared with an increase in such claims in the previous year. Financial cost decreased ¥1,800 million, or 7.4% year on year, to ¥22,577 million, on account of a reduction in interest-bearing debt. Overall, operating income for fiscal 2010 decreased by ¥8,796 million, or 24.3%, from the previous fiscal year to

TOTAL OPERATING REVENUES



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

(Millions of yen)

	2011	2010	% change
Cost of uncollectible receivables	66,217	67,379	(1.7)
Included in the above:			
Allowance for losses on accounts receivable	44,115	53,784	(18.0)
Losses on accounts receivable	5	0	5,980.9
Provision for losses on interest repayment	18,445	9,109	102.5
Allowance for losses on guarantees	3,651	4,486	(18.6)
SG&A expenses excluding cost of uncollectible receivables	169,540	178,925	(5.2)
Included in the above:			
Advertising expenses	14,557	16,251	(10.4)
Provision for point program	13,729	13,877	(1.1)
Personnel expenses	42,767	45,109	(5.2)
Fees paid	47,564	49,416	(3.7)
Total SG&A expenses	235,759	246,306	(4.3)

(Years ended March 31)

¥27,377 million. Additionally, the Company sharply reduced communication costs by increasing the number of Net members who are able to check their usage statements at any time over the Internet. The Company is encouraging members to switch to these statements as a means of conserving the environment and offering better customer convenience.

4. Non-Operating Revenues and Expenses and Net Income

Non-operating revenues increased 50.2% year on year to ¥6,948 million, while non-operating expenses increased 163.4% from the previous fiscal year to ¥12,868 million. The main factor behind the changes was the Company's recording of equity in earnings of equity-method affiliated companies of ¥2,010 million and this mainly reflected an extraordinary loss of ¥9,986 million incurred due to the impact of the Great East Japan Earthquake, which struck on March 11, 2011. As a result of the above, the Credit Saison Group posted net income of ¥12,830 million.

III. POLICY FOR RETURN TO SHAREHOLDERS

To raise shareholder value, Credit Saison places high importance on initiatives to reinforce our corporate structure 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.

1. Dividend per Share

Based on its dividend policy, Credit Saison allocated annual dividends of ¥30 per share in fiscal 2010.

IV. REVIEW OF OPERATIONS BY SEGMENT

1. 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 2010 declined by 7.7% year on year to ¥230,873 million, while segment operating income decreased by 37.7% to ¥15,973 million.

1) 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. However, the full enforcement in Japan of the Money-Lending Business Control and Regulation Law and revisions to the Installment Sales Law have shrunk the cash advance services market and have driven up various costs to comply 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 strengthen its earnings structure by expanding its issuance of high-status premium cards and bolstering its alliance strategy, as well as expanding its presence in the payment settlement domain and strengthening efforts to build up Internet businesses. Efforts were also focused on improving business efficiency, such as by reducing credit risks, and revising our cost structure based on a cost-benefit analysis.

The total number of cardmembers as of March 31, 2011 increased by 0.2% from the previous fiscal year-end to 28.34 million, adding a total of 2.12 million new cardmembers.

The card shopping transaction volume amounted to ¥3,953.4 billion, a year-on-year increase of 2.8%, while the shopping-related revolving credit balance advanced by 0.6% to ¥299.9 billion. The number of active cardmembers also increased, up by 2.6% to 14.70 million. On the other hand, cash advances on cards decreased by 25.0% to ¥447.6 billion.

■ Key Initiatives in the Credit Card Shopping Business During Fiscal 2010

Alliance Network Expansion

One of our priority strategies is to focus on premium cards offering prospects for high utilization and high spending per transaction. Accordingly, we continued to strengthen cardmember enrollment activities for Saison American Express® Card, which features a lineup of four high-status premium cards.

Furthermore, Credit Saison formed a new alliance with Walmart Japan Holdings LLC. and Seiyu LLC. to issue the Walmart Card SAISON American Express® Card, which provides "1% discounts everyday, anytime" at Seiyu and certain other stores nationwide. We strove to increase transaction amounts and revenues by making this the first credit card of

OPERATING REVENUES AND OPERATING INCOME BY SEGMENT

(Millions of yen)

	Operating Revenues			Operating Income (Loss)		
	2011	2010	% growth	2011	2010	% growth
Credit Service	230,873	250,175	(7.7)	15,973	25,627	(37.7)
Lease	14,451	12,574	14.9	5,038	2,128	136.7
Finance	15,580	16,829	(7.4)	6,796	5,011	35.6
Real Estate Related	12,322	15,021	(18.0)	(2,182)	1,825	–
Entertainment	13,940	14,648	(4.8)	1,737	1,730	0.4
Total	287,166	309,247	(7.1)	27,362	36,321	(24.7)
Eliminations or corporate	(1,453)	(2,391)	–	15	(148)	–
Consolidated	285,713	306,856	(6.9)	27,377	36,173	(24.3)

Note: Operating revenues and operating income of each segment include intersegment operating revenues. (Years ended March 31) new cardmembers. Elsewhere, in an initiative to expand the payment settlement domain, Credit Saison developed a new cardless B2B bill payment agency service offering a complete online application process. Through a business alliance with Yahoo Japan Corporation, we began providing this new payment settlement services to businesses participating in Yahoo! Japan Shopping and Yahoo! Japan Auction.

Furthermore, Credit Saison entered the prepaid card business with the issuance of the UNIQLO Online Gift Card, a house gift card that can be used at Internet shopping sites UNIQLO/g.u. Online Stores.

Enhancement of Internet Strategies

The total number of Net members reached 5.57 million as of March 31, 2011, a 30.7% year-on-year increase. The number of members registered to view Web-based usage statements, which enable users to easily check their usage statements at any time over the Internet, was 2.33 million, an increase of 164.8% year on year.

Credit Saison operates Eikyufumetsu.com, an online shopping mall, using two powerful tools at our disposal: our more than 28.0 million membership base and the non-expiring Eikyufumetsu Points. In the approximately four and a half years since its opening, this online mall has grown to have 580 tenants and around ¥3.5 billion in monthly sales, and set a daily sales record of about ¥160 million. Furthermore, from fiscal 2010, Eikyufumetsu.com services were made available to all Internet users aged 16 or over, including those who do not have a SAISON Card or UC Card, who may now register as Net members.

In addition, Credit Saison worked to increase Net members through the mutual exchange of customers with prominent online companies such as DeNA Co., Ltd. and GREE, Inc., which have large customer bases and strong brands. Credit Saison also worked to create new revenue streams by adding various services to Eikyufumetsu.com. Examples include enabling customers to accumulate shopping points when using group coupon purchasing services, as well as when using brand merchandise trade-in services and making successful bids or purchases through overseas auctions.

Going forward, we remain determined to reinforce our initiatives in new Internet businesses. We intend to grow fee businesses based on commissions from a variety of Internet-based services into major revenue sources, while reducing costs through the use of the Internet.

Ensuring Credit Risk Management

Although the growth trend previously observed in the number of receivables intervened for by third parties, including attorneys and certified judicial scriveners, had diminished in fiscal 2010, interest repayment claims have remained at high levels.

In addition, Credit Saison will flexibly address payment consultations and other needs of cardmembers personally affected by the Great East Japan Earthquake. We also believe it is essential to closely monitor the impact of disruptions in economic activity in our exposure to credit risk.

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 made a comprehensive agreement with SEVEN & i FINANCIAL GROUP CO., LTD. (currently Seven Financial Service Co., Ltd.) and Sogo & Seibu Co., Ltd. Under the agreement, Credit Saison has spun off its affinity card business with Sogo & Seibu to Seven CS Card Service Co., Ltd., which was established on September 17, 2010.

After the split from Credit Saison, the affinity card business will provide customers with the Seven & i Group's attractive services, in addition to existing card operations. Furthermore, as a result of a merger with Seven Card Service Co., Ltd., the card business will be expanded to cover the entire Seven & i Group. The expansion in business size should enable Credit Saison to formulate medium- to long-term growth strategies not only for expanding the earnings of the joint venture, but also for increasing Credit Saison's processing fees, referring customers to the Seven & i Group, and developing new services.

Furthermore, Credit Saison has commenced field trials of settlement services using Near Field Communication (NFC), a next-generation non-contact IC technology, together with KDDI CORPORATION, SOFTBANK MOBILE Corp. and other partners. In these field trials, NFC-equipped mobile phones will be used to download MasterCard® PayPass™ and make payments through mobile phones over readers set up at MasterCard-affiliated merchants in Japan, South Korea and Europe. This is the world's first example of a field trial of mobile settlement services spanning multiple countries.

Going forward, Credit Saison will continue to innovate in response to changes in the operating environment through these sorts of large-scale alliances and new business initiatives utilizing mobile phones, with the aim of becoming the industry No. 1.

2) Servicing (Loan Collection Agency) Business

JPN Holdings Co., Ltd., which is mainly involved in contract-based servicing of small unsecured loans, entered the nursing school business by acquiring in November 2010 the shares of KINDER NURSERY Co., Ltd. which operates 27 private-sector nursing schools.

In fiscal 2010, JPN Holdings' operating revenues decreased year on year, despite the addition of net sales of humanplus Corporation and KINDER NURSERY which were integrated into JPN Holdings. This decrease was mainly due to the negative impact of revised business conditions with customers in the servicing business.

2. Lease Segment

According to statistics issued by the Japan Leasing Association, overall lease contract volume for the entire leasing industry in fiscal 2010 (preliminary figure) was ¥4,546.2 billion (down 7.5% year on year). Credit Saison recorded lease contract volume of ¥90.1 billion for fiscal 2010, down 10.2% year on year, mainly due to the curtailment of capital investment by companies. However, for fiscal 2010, operating revenues rose 14.9% year on year to ¥14,451 million, and operating income increased 136.7% year on year to ¥5,038 million. This was mainly the result of the Company's continuing efforts to strengthen ties and revise business conditions with existing customers and increase the number of partner merchants. Other factors included a reduction in the cost of uncollectible receivables through efforts to enhance the soundness of receivables as well as the positive impact of the adoption of new accounting standards for leases.

In the rental business, transaction volume was ¥2.5 billion, up 496.5% year on year. This increase primarily reflected efforts to strengthen agency channels and increase B2B2C rental transactions, in addition to higher sales of digital terrestrial TV sets in response to surging demand ahead of changes in the Japanese government's eco-point program effective November 2010.

3. Finance Segment

The Finance Segment consists of the credit guarantee business and other finance-related businesses. In fiscal 2010, the Company posted higher revenues from the "Flat 35" long-term, fixed interest rate mortgage loan service (the receivables of which are acquired and securitized by the Japan Housing Finance Agency), which is one of the Company's finance-related businesses. However, the balance of loans, including real estate loans, decreased. In the credit guarantee business, the cost of uncollectible receivables decreased as the Company focused on improving the quality of receivables. As a result of the foregoing, operating revenues were ¥15,580 million, down 7.4% year on year, while operating income was ¥6,796 million, up 35.6% from the previous year.

1) 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, in fiscal 2010 we endeavored to increase our transaction volume by entering into a total of 49 new alliances with regional financial institutions, expanding the network to a total of 265 financial institutions, an increase of 47 institutions from fiscal 2009. However, the gross guarantee balance before recording an allowance for losses on guarantees decreased by 8.1% from the previous fiscal year to ¥157.3 billion.

2) Other Finance-Related Business

Credit Saison engages in financing collateralized by real estate properties with individuals and corporations.

In March 2009, 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). This mortgage loan service was popular because of the special benefits offered to card members and the accumulated sense of trust and security among customers built over the years by our credit card business. As a result, in fiscal 2010 our Flat 35 service made 1,957 loans with a total balance of ¥55.3 billion. Since the launch of the Flat 35 service, Credit Saison has extended a total of 2,507 loans with a total balance of ¥69.2 billion.

Furthermore, in July 2010, Credit Saison began offering the Flat 35 Tsunagi (Bridge) Loan, which provides funds for borrowers to use before they receive Flat 35 funds, for purposes such as down payments for land acquisitions, as well as payments for the start of construction or construction in progress.

In fiscal 2010, the total balance of receivables in the other-finance related business was ¥79.8 billion, an increase of 9.6% from the previous year.

4. Real Estate Related Segment

The Real Estate Related Segment consists of the real estate business, real estate leasing business and other businesses. Credit Saison generated steady revenues from the real estate leasing business; however, real estate sales declined in the real estate business. As a result, in fiscal 2010 operating revenues of the segment decreased 18.0% year on year to ¥12,322 million. Credit Saison recorded an operating loss of ¥2,182 million in this segment.

5. Entertainment Segment

This segment consists of the amusement business and other operations. In this segment, Credit Saison worked to create sound, safe and enjoyable facilities that have the support of their communities, while striving to increase administrative efficiency. As a result, although operating revenues of the segment decreased by 4.8% year on year to ¥13,940 million, operating income increased by 0.4% year on year to ¥1,737 million.

V. LIQUIDITY AND FINANCIAL POSITION

1. 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 ¥113,400 million and lease obligations of ¥5,500 million) totaled ¥1,657.8 billion as of March 31, 2011. Of this total, bank loans, corporate bonds, commercial paper, and asset-backed securities accounted for 65.1%, 15.4%, 6.6%, and 12.9%, 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 straight 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 Service Segment accounted for 68.8%. Their annual average turnover was more than three times, helping Credit Saison maintain a high level of liquidity.

2. Cash Flows

Net Cash Provided by Operating Activities

Net cash provided by operating activities amounted to ¥152,063 million, compared with ¥99,135 million in the previous fiscal year.

The main cash inflow was a decrease in trade receivables of ¥198,048 million, consisting mainly of installment accounts receivable. The main cash outflow was a decrease in notes and accounts payable of ¥35,691 million.

Net Cash Used in Investing Activities

Net cash used in investing activities amounted to ¥35,269 million, compared with ¥14,043 million in the previous fiscal year.

The main cash outflow was ¥37,272 million in payments for purchases of property and equipment, and other assets, primarily related to the development of a next-generation information system.

Net Cash Used in Financing Activities

Net cash used in financing activities amounted to ¥117,420 million, compared with ¥80,243 million in the previous fiscal year.

The main cash outflows were payments of payables under securitized account receivables and lease investment assets of ¥54,962 million and a decrease in short-term debts of ¥48,895 million.

As a result of the above, cash and cash equivalents at the end of fiscal 2010 amounted to ¥72,527 million, mainly reflecting a decrease of ¥661 million in cash and cash equivalents from the previous fiscal year-end, partly offset by an increase in cash and cash equivalents of newly consolidated subsidiaries of ¥57 million.

3. Assets, Liabilities and Equity

Total assets at the end of fiscal 2010 decreased by ¥142,883 million from a year earlier, to ¥2,231,247 million. The contraction in assets can be primarily attributed to a decline in cash advance balances because of amendments to the Money-Lending Business Control and Regulation Law.

Total liabilities as of the end of fiscal 2010 stood at ¥1,883,331 million, a decrease of ¥149,394 million from a year earlier. This decrease included a decline in interest-bearing debt of ¥118,995 million, mainly reflecting the repayment of loans to financial institutions and the redemption of securitized receivables.

Total equity rose by ¥6,511 million from a year earlier to ¥347,916 million at the end of fiscal 2010. This increase included an increase of ¥6,392 million in retained earnings.

VI. CREDIT RISKS

Of total receivables (i.e. the balance calculated by adding up the balance of installment accounts receivable and lease investment assets with the balance of contingent liabilities), receivables overdue by more than 90 days amounted to ¥169,770 million, a decrease of 23.6% year on year. The balance of the allowance for uncollectible receivables (current assets) as of March 31, 2011 was ¥118,625 million, a 2.3% year-on-year decrease. Consequently, the ratio of the allowance to the receivables overdue for more than 90 days increased to 175.8% from 156.2% at the previous fiscal year-end.

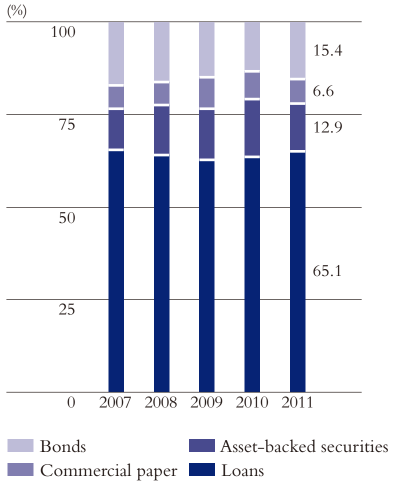
COMPARISON OF DELINQUENT RECEIVABLES AND THE ALLOWANCE FOR RECEIVABLES

(Millions of yen)

	2011	2010	% change
(1) Receivables	1,981,604	2,199,237	(9.9)
(2) Receivables overdue by more than 90 days	169,770	222,273	(23.6)
(3) Collateralized portion included in (2)	102,311	144,517	(29.2)
(4) Allowance for losses on receivables included in current assets	118,625	121,458	(2.3)
Receivables overdue by more than 90 days as a percentage of receivables [(2) ÷ (1)]	8.6%	10.1%	–
Ratio of allowance of losses on receivables to receivables overdue by more than 90 days [(4) ÷ ((2) – (3))]	175.8%	156.2%	–
(Reference) Receivables overdue by more than 90 days excluding collateralized portion as a percentage of receivables [((2) – (3)) ÷ (1)]	3.4%	3.5%	–

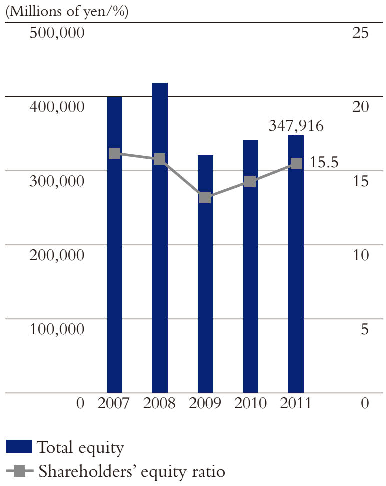
(Years ended March 31)

COMPOSITION OF INTEREST-BEARING DEBT



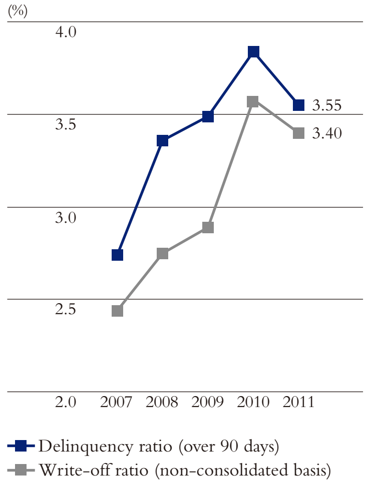
(Years ended March 31)

TOTAL EQUITY AND SHAREHOLDERS' EQUITY RATIO



(Years ended March 31)

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



(Years ended March 31)

CHANGES IN THE ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

(Millions of yen)

	2011	2010	% change
Allowance for losses on receivables at the beginning of the year	126,496	121,886	3.8
Increase	55,936	60,062	(6.9)
Decrease	58,838	55,451	6.1
Allowance for losses on receivables at the end of the year	123,594	126,496	(2.3)
(Reference) Losses on receivables	5	0	5,980.9

(Years ended March 31)

Note: The increase in the fiscal year ended March 31, 2011 includes a provision of ¥8,156 million to the allowance for uncollectible receivables recorded in response to the Great East Japan Earthquake of March 11, 2011.

VII. 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, 2011.

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 some 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, if an incident such as leakage or illegal use of this information were to occur, the Group may be subject to administrative guidance, orders, or fines for violation of business process regulations under the Private Information Protection Law. 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 future amendments to these laws, or changes or tightening of their interpretation, or new legal restrictions, 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. Inventories and 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 result in 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 result in 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.

VIII. OUTLOOK FOR THE FISCAL YEAR ENDING MARCH 31, 2012

The business environment for the Credit Saison Group in the fiscal year ending March 31, 2012 is defined by a highly uncertain outlook with respect to economic activity, business conditions and other factors, mainly on account of the tremendous impact that the Great East Japan Earthquake has had on Japan as a whole. In the credit card sector, the Group should continue to face challenging conditions, including changes in the earnings structure of the Group's business due to revisions to the Money-Lending Business Control and Regulation Law and the Installment Sales Law.

In response to these conditions, Credit Saison will take bold action in the following key areas to lay future business foundations that will drive sustainable growth.

- Achieve top-line revenue growth centered on the card business through initiatives to compete successfully with the cash payment services market
- Expand fee-based businesses by enhancing Internet businesses and develop the marketing business utilizing customer bases
- Diversify revenue sources by strengthening the leases and finance businesses
- Improve the quality of loan receivables by enhancing credit control and collection systems and develop lean operations by transforming the cost structure
- Rebuild the Group business portfolio by strengthening corporate governance

Based on the activities described above, Credit Saison's forecasts for its consolidated results for the period ending March 31, 2012 are operating revenues of ¥261.0 billion, operating income of ¥24.5 billion and net income of ¥17.0 billion. In its non-consolidated results, Credit Saison expects operating revenues of ¥216.0 billion, operating income of ¥20.5 billion and net income of ¥13.0 billion.

CONSOLIDATED BALANCE SHEETS

Credit Saison Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	2011	2010	2011
Current Assets:			
Cash and deposits (Note 11)	¥ 64,112	¥ 64,232	$ 771,035
Receivables and lease investment assets:			
Accounts receivable—installment (Notes 4, 6 and 11)	1,491,108	1,688,748	17,932,751
Lease investment assets (Notes 5, 6, 10 and 11)	219,895	214,232	2,644,558
Short-term loans receivable (Note 11)	10,144	14,301	122,001
Less: Allowance for doubtful accounts	(118,626)	(121,458)	(1,426,649)
	1,602,521	1,795,823	19,272,661
Operational investment securities (Notes 11 and 12)	7,219	227	86,824
Securities (Notes 11 and 12)	5,982	298	71,944
Inventories (Note 7)	243,849	221,606	2,932,635
Deferred tax assets (Note 14)	23,558	24,376	283,320
Prepaid expenses and other current assets (Note 24)	25,800	25,680	310,278
Total current assets	1,973,041	2,132,242	23,728,697
Property and Equipment, at Cost:			
Lease assets (Note 10)	7,072	3,971	85,052
Buildings and improvements	41,932	40,999	504,298
Fixtures and equipment	27,768	29,846	333,949
Total	76,772	74,816	923,299
Less: Accumulated depreciation	(42,083)	(38,849)	(506,104)
Net property and equipment	34,689	35,967	417,195
Land	24,237	24,545	291,480
Construction in progress	644	85	7,741
Total property and equipment	59,570	60,597	716,416
Investments and Other Assets:			
Investment securities (Notes 11 and 12)	40,241	43,982	483,952
Investments in unconsolidated subsidiaries and affiliated companies (Note 11)	29,390	26,818	353,454
Long-term loans receivable (Note 11)	15,166	15,334	182,394
Intangible assets	76,633	57,695	921,621
Lease deposits	6,225	6,671	74,859
Deferred tax assets (Note 14)	32,454	31,255	390,307
Others	3,496	4,574	42,057
Less: Allowance for doubtful accounts	(4,969)	(5,038)	(59,760)
Total investments and other assets	198,636	181,291	2,388,884
Total assets	¥2,231,247	¥2,374,130	$26,833,997

The accompanying notes are an integral part of these statements.

LIABILITIES AND EQUITY	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 2) 2011
Current Liabilities:			
Notes and accounts payable (Notes 11 and 24)	¥ 171,066	¥ 206,656	$ 2,057,314
Short-term loans (Notes 9 and 11)	248,029	296,923	2,982,910
Current portion of long-term debt (Notes 6, 9 and 11)	200,036	134,641	2,405,725
Commercial paper (Notes 9 and 11)	110,000	133,000	1,322,910
Current portion of long-term lease obligations (Notes 9 and 11)	1,599	915	19,226
Accrued income taxes	1,536	10,975	18,469
Unearned income	6,148	6,253	73,943
Accrued employees' bonuses	2,018	2,234	24,264
Accrued directors' bonuses	89	93	1,069
Allowance for losses on interest repayments	19,612	16,317	235,863
Allowance for losses on collecting gift tickets	192	187	2,306
Accrued expenses and other current liabilities	37,341	38,383	449,100
Total current liabilities	797,666	846,577	9,593,099
Long-Term Liabilities:			
Long-term debt (Notes 6, 9 and 11)	980,840	1,084,459	11,796,036
Long-term lease obligations (Notes 9 and 11)	3,929	2,890	47,251
Accrued pension and severance costs (Note 13)	2,179	3,253	26,211
Accrued retirement benefits to directors and corporate auditors	74	109	884
Allowance for losses on guarantees	5,464	4,486	65,713
Allowance for losses on warranty for defects	19	59	229
Allowance for losses on point program	65,880	61,238	792,303
Allowance for losses on interest repayments	15,569	19,278	187,245
Asset retirement obligations	835	–	10,040
Negative goodwill	706	1,049	8,485
Others (Note 14)	10,170	9,327	122,304
Total long-term liabilities	1,085,665	1,186,148	13,056,701
Commitments and Contingent Liabilities (Notes 8 and 18)			
Equity (Note 20):			
Common stock	75,929	75,929	913,161
Capital surplus	84,838	84,861	1,020,304
Stock acquisition rights	0	0	0
Retained earnings	185,629	179,237	2,232,457
Less: Treasury stock, at cost	(6,114)	(6,106)	(73,535)
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities	6,570	6,812	79,008
Deferred loss on derivatives under hedge accounting	(1,623)	(1,762)	(19,511)
Total	345,229	338,971	4,151,884
Minority interests	2,687	2,434	32,313
Total equity	347,916	341,405	4,184,197
Total liabilities and equity	¥2,231,247	¥2,374,130	$26,833,997

CONSOLIDATED STATEMENTS OF INCOME

Credit Saison Co., Ltd. and Consolidated Subsidiaries
For the Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2011	2010	2011
Operating Revenues (Note 16):			
Income from the credit service business	¥ 229,536	¥248,323	$2,760,508
Income from the lease business	14,437	12,572	173,629
Income from the finance business	15,261	15,955	183,539
Income from the real estate related business	12,118	14,073	145,732
Income from the entertainment business	13,928	14,638	167,493
Financial income	433	1,295	5,211
Total operating revenues	285,713	306,856	3,436,112
Operating Expenses:			
Selling, general and administrative expenses	235,759	246,306	2,835,338
Financial cost	22,577	24,377	271,523
Total operating expenses	258,336	270,683	3,106,861
Operating Income	27,377	36,173	329,251
Non-Operating Revenues:			
Gain on sales of property and equipment and intangible assets	189	–	2,275
Gain on sales of investment securities	–	59	–
Gain on redemptions of investment securities	–	46	–
Gain on changes in equity interest	–	297	–
Dividend income	2,190	985	26,333
Equity in earnings of equity method-affiliated companies	2,010	598	24,171
Other	2,559	2,641	30,781
Total non-operating revenues	6,948	4,626	83,560
Non-Operating Expenses			
Loss on devaluation of investment securities	551	827	6,626
Impairment loss	156	265	1,879
Loss on business restructuring of subsidiaries	–	394	–
Provision of allowance for doubtful accounts	–	1,500	–
Loss on changes in equity interest	–	0	–
Loss on adjustment for changes of accounting standard for asset retirement obligations (Note 3 (X))	1,177	–	14,156
Losses from a natural disaster (Note 15)	9,986	–	120,102
Other	998	1,899	11,995
Total non-operating expenses	12,868	4,885	154,758
Non-Operating Expenses, net	(5,920)	(259)	(71,198)
Income before Income Taxes and Minority Interests	21,457	35,914	258,053
Income Taxes (Note 14):			
Current	7,988	12,392	96,068
Deferred	365	4,636	4,388
Net Income before Minority Interests	13,104	18,886	157,597
Minority interest in net income	274	206	3,303
Net Income	¥ 12,830	¥ 18,680	$ 154,294

	Yen		U.S. dollars (Note 2)
Per Share Data (Notes 3 (U) and 22)	2011	2010	2011
Equity	¥1,879.98	¥1,845.82	$22.610
Net income, basic	69.86	102.48	0.840
Net income, diluted	69.41	102.30	0.835
Cash dividends	30.00	30.00	0.361

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Credit Saison Co., Ltd. and Consolidated Subsidiaries
For the Year ended March 31, 2011

	Millions of yen	Thousands of U.S. dollars (Note 2)
	2011	2011
Net Income before Minority Interests	¥13,104	$157,597
Other Comprehensive Income (loss) (Note 19)		
Unrealized loss on available-for-sale securities	(1,193)	(14,350)
Deferred gain on derivatives under hedge accounting	108	1,299
Share of other comprehensive income in affiliated companies	985	11,848
Total other comprehensive loss	(100)	(1,203)
Comprehensive Income (Note 19)	¥13,004	$156,394
Comprehensive income attributable to (Note 19):		
Owners of the parent	¥12,730	$153,096
Minority interests	274	3,298

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, 2011 and 2010

Millions of yen

	Issued number of shares of common stock (thousands)	Common stock	Capital surplus	Stock acquisi-tion rights	Retained earnings	Treasury stock	Accumulated other comprehensive income: Net unrealized gain on available-for-sale securities	Accumulated other comprehensive income: Deferred loss on deriva-tives under hedge accounting	Total	Minority interests	Total equity
Balance at April 1, 2009	181,885	¥75,929	¥81,573	¥0	¥165,291	¥(6,098)	¥2,842	¥(1,236)	¥318,301	¥2,293	¥320,594
Increase by share exchanges	3,560		3,164			(5)			3,159		3,159
Cash dividends					(5,406)				(5,406)		(5,406)
Net income for the year ended March 31, 2010					18,680				18,680		18,680
Increase in treasury stock						(12)			(12)		(12)
Decrease in treasury stock			124			9			133		133
Change of scope of equity method					672				672		672
Net changes in the year							3,970	(526)	3,444	141	3,585
Balance at March 31, 2010	185,445	¥75,929	¥84,861	¥0	¥179,237	¥(6,106)	¥6,812	¥(1,762)	¥338,971	¥2,434	¥341,405
Change of scope of consolidation					(774)				(774)		(774)
Cash dividends					(5,511)				(5,511)		(5,511)
Net income for the year ended March 31, 2011					12,830				12,830		12,830
Increase in treasury stock						(3)			(3)		(3)
Decrease in treasury stock			(1)			1			0		0
Adjustment of retained earnings due to adoption of PITF No. 24 (Note 3 (w))					(153)				(153)		(153)
Acquisition of treasury stock from consolidated subsidiary			(22)			(6)			(28)		(28)
Net changes in the year							(242)	139	(103)	253	150
Balance at March 31, 2011	185,445	¥75,929	¥84,838	¥0	¥185,629	¥(6,114)	¥6,570	¥(1,623)	¥345,229	¥2,687	¥347,916

Thousands of U.S. dollars (Note 2)

	Issued number of shares of common stock (thousands)	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income: Net unrealized gain on available-for-sale securities	Accumulated other comprehensive income: Deferred loss on derivatives under hedge accounting	Total	Minority interests	Total equity
Balance at March 31, 2010	185,445	$913,161	$1,020,574	$0	$2,155,587	$(73,431)	$81,927	$(21,201)	$4,076,617	$29,276	$4,105,893
Change of scope of consolidation					(9,305)				(9,305)		(9,305)
Cash dividends					(66,285)				(66,285)		(66,285)
Net income for the year ended March 31, 2011					154,294				154,294		154,294
Increase in treasury stock						(38)			(38)		(38)
Decrease in treasury stock			(7)			12			5		5
Adjustment of retained earnings due to adoption of PITF No. 24 (Note 3 (w))					(1,834)				(1,834)		(1,834)
Acquisition of treasury stock from consolidated subsidiary			(263)			(78)			(341)		(341)
Net changes in the year							(2,919)	1,690	(1,229)	3,037	1,808
Balance at March 31, 2011	185,445	$913,161	$1,020,304	$0	$2,232,457	$(73,535)	$79,008	$(19,511)	$4,151,884	$32,313	$4,184,197

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, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2011	2010	2011
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 21,457	¥ 35,914	$ 258,053
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Income taxes refunded	–	6,202	–
Income taxes paid	(16,867)	(7,074)	(202,852)
Depreciation and amortization	15,568	16,826	187,226
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,177	–	14,156
Losses from a natural disaster	9,986	–	120,102
Loss on business restructuring of subsidiaries	–	394	–
Increase (decrease) in allowance for doubtful accounts	(11,059)	4,608	(133,003)
Increase (decrease) in accrued pension and severance costs	(1,073)	15	(12,910)
Increase in allowance for losses on point program	4,642	7,700	55,827
Decrease in allowance for losses on interest repayments	(414)	(9,089)	(4,982)
Decrease in allowance for other reserves	(735)	(111)	(8,837)
Interest and dividends income	(2,602)	(1,451)	(31,289)
Interest expenses	21,485	23,115	258,383
Equity in earnings of equity method-affiliated companies	(2,010)	(598)	(24,171)
Foreign currency exchange (gain) loss	38	(4)	460
Loss on sales of investment securities	139	34	1,671
Loss on devaluation of investment securities	551	827	6,626
Net gain on changes in equity interest	–	(297)	–
Impairment loss	156	265	1,879
Loss on disposal of property and equipment, and other assets	898	875	10,796
(Increase) decrease in operational investment securities	(6,860)	986	(82,496)
Decrease in trade receivables	198,048	40,275	2,381,813
Increase in lease investment assets	(5,662)	(18,478)	(68,100)
Increase in inventories	(22,213)	(7,258)	(267,143)
Decrease in other assets	1,066	28,739	12,815
Interest and dividends received	2,952	1,875	35,502
Interest paid	(21,804)	(23,435)	(262,228)
Increase (decrease) in notes and accounts payable	(35,691)	1,280	(429,236)
Increase (decrease) in other liabilities	940	(2,848)	11,308
Other—net	(50)	(152)	(592)
Net Cash Provided by Operating Activities	152,063	99,135	1,828,778
Cash Flows from Investing Activities:			
Payments into time deposits	(500)	–	(6,013)
Payments for purchases of investment securities	(1,063)	(337)	(12,790)
Proceeds from sales or redemption of investment securities (Note 21(C))	1,176	11,744	14,144
Proceeds from purchases of investments in subsidiaries resulting in change in scope of consolidation (Note 21(D))	69	546	824
Payments for purchases of property and equipment, and other assets	(37,272)	(25,866)	(448,256)
Proceeds from sales of property and equipment, and other assets	2,701	112	32,483
Payments for short-term and long-term loans	(1,318)	(1,837)	(15,851)
Proceeds from short-term and long-term loans	167	34	2,014
Decrease in other assets	771	1,561	9,283
Net Cash Used in Investing Activities	(35,269)	(14,043)	(424,162)
Cash Flows from Financing Activities:			
Decrease in short-term debts	(48,895)	(101,269)	(588,022)
Decrease in commercial paper	(23,000)	(27,000)	(276,609)
Proceeds from long-term debts	106,000	158,529	1,274,805
Repayments of long-term debts	(109,037)	(129,473)	(1,311,323)
Proceeds from issuance of bonds	44,770	–	538,423
Repayment of bonds	(25,225)	(45,225)	(303,367)
Proceeds from securitized account receivables and lease investment assets	–	79,500	–
Payments of payables under securitized account receivables and lease investment assets	(54,962)	(9,388)	(661,003)
Repayments of lease obligations	(1,529)	(569)	(18,393)
Proceeds from minority shareholders	–	0	–
Proceeds from sales of treasury stock	0	133	4
Purchases of treasury stock	(3)	(12)	(38)
Cash dividends paid	(5,511)	(5,406)	(66,283)
Cash dividends paid to minorities	(28)	(63)	(340)
Net Cash Used in Financing Activities	(117,420)	(80,243)	(1,412,146)
Translation loss on Cash and Cash Equivalents	(35)	(0)	(425)
Increase (Decrease) in Cash and Cash Equivalents	(661)	4,849	(7,955)
Cash and Cash Equivalents at the Beginning of Year	73,131	68,282	879,505
Increase in Cash and Cash Equivalents of Newly Consolidated Subsidiaries	57	–	691
Cash and Cash Equivalents at the End of Year (Note 21(A))	¥ 72,527	¥ 73,131	$ 872,241

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, 2011 and 2010

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 ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a "consolidated statements of income and comprehensive income" is required from the fiscal year ended March 31, 2011, and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 19. In addition, "income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

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 2010 consolidated financial statements to conform to the classifications used in 2011.

2. U.S. DOLLAR AMOUNTS

Japanese yen amounts have been translated into U.S. dollars at the rate of ¥83.15=US$1, the approximate exchange rate on March 31, 2011, 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, 2011, the consolidated financial statements include the accounts of the Company and its eighteen (fourteen for 2010) significant subsidiaries.

(New)
ARS, LLC.
PAM·J Inc.
Hayabusa Trust Co., Ltd.
KINDER NURSERY Co., Ltd.

(In the current fiscal year, ARS, LLC. and PAM·J Inc., which increased in their significance, Hayabusa Trust Co., Ltd., which was newly established, and KINDER NURSERY Co., Ltd., whose shares the consolidated subsidiary acquired, 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.

Investments in seven (seven for 2010) significant affiliates are accounted for by the equity method.

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.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of 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 principally by the specific identification method, or net selling value. But supplies are stated at cost determined by the latest purchase cost method.

(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 income 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 reported at amortized cost.

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 unrealized gains or losses on these securities are reported as accumulated other comprehensive income in equity at a net-of-tax amount other than the amounts related to 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 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 interest rate swaps. The related hedged items are 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 income, 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 was 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 were deemed to transfer ownership of the leased property to the lessee were 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 continue to be accounted for as operating lease transactions with certain "as if capitalized" information disclosed in the notes to the lessee's financial statements.

(lessor)

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were treated as sales. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and that all finance leases that are not deemed 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 interest 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.

(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' past credit 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 the 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 constant 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 be refunded 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 obligations and the fair value of pension plan assets at the end of the fiscal year.

Unrecognized 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.

(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.

Consolidated subsidiaries with such plans accrued retirement benefits in an amount 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 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 cardholders with credit card points, which can be exchanged for various commodities and services. Allowance for losses on a point program is provided based on estimated usage of card points outstanding at the 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 for 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 payments are received.

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

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income.

Deferred 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 stock options at the beginning of the year (or at the time of issuance).

Cash dividends per share presented in the accompanying consolidated statements of income 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) UNIFICATION OF ACCOUNTING POLICIES APPLIED TO ASSOCIATED COMPANIES FOR THE EQUITY METHOD

In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments" and ASBJ Practical Issues Task Force (PITF) No. 24, "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method". The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine the adjustments. This standard was applicable to the equity method of accounting for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010. The effect of this change was to decrease retained earnings at the beginning of the year by ¥153 million ($1,834 thousand). The impact on earnings, furthermore, was minimal.

(X) ASSET RETIREMENT OBLIGATIONS

In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Companies applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥101 million ($1,210 thousand) and income before income taxes and minority interests by ¥1,278 million ($15,366 thousand), respectively.

4. ACCOUNTS RECEIVABLE—INSTALLMENT

As of March 31, 2011 and 2010, 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
	2011	2010	2011
Liquidating receivables:			
Single-payment card shopping, etc.	¥112,000	¥118,000	$1,346,963
Trust beneficiary rights and other receivables include:			
Single-payment card shopping, etc.	12,744	13,119	153,259
Acquisition from operational transaction	2	32	23

5. LEASE INVESTMENT ASSETS

As of March 31, 2011 and 2010, 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
	2011	2010	2011
Liquidating receivables	¥1,400	¥ 6,000	$16,837
Trust beneficiary rights	6,881	12,030	82,759

6. PLEDGED ASSETS

As of March 31, 2011 and 2010, pledged assets and liabilities related to pledged assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Pledged assets:			
Accounts receivable—installment	¥47,500	¥ 87,500	$571,257
Lease investment assets	46,669	61,631	561,261
Liabilities related to pledged assets:			
Current portion of long-term debt	15,851	13,221	190,631
Long term debt	78,318	135,910	941,887

7. INVENTORIES

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Receivable by purchase	¥ 12,738	¥ 15,409	$ 153,192
Real estate for sale	229,997	204,800	2,766,046
Other	1,114	1,397	13,397
Total	¥243,849	¥221,606	$2,932,635

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
	2011	2010	2011
Total loan limits	¥5,710,496	¥6,623,538	$68,677,038
Loan executions	443,428	584,560	5,332,866
	¥5,267,068	¥6,038,978	$63,344,172

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

(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, 2011 and 2010 was as follows.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Total loan limits	¥125,000	¥125,000	$1,503,307
Loan executions	–	–	–
	¥125,000	¥125,000	$1,503,307

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 0.81% and 1.00% as of March 31, 2011 and 2010, respectively.

Commercial paper is issued by the Companies, with an average interest rate of 0.14% and 0.16% as of March 31, 2011 and 2010, respectively.

Long-term debt and lease obligations as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Average 1.47% (2011) and 1.54% (2010) unsecured loans from banks, insurance companies and other financial institutions, due in installments through 2021	¥ 830,595	¥ 833,632	$ 9,989,117
0.47% to 2.41% (2011) and 0.60% to 2.41% (2010) bonds, due in installments through 2017	256,112	236,338	3,080,126
Lease obligations*[1]	5,528	3,804	66,477
Average 1.39% (2011) and 1.07% (2010) payables on under-securitized loans*[2]	94,169	149,131	1,132,518
Subtotal	1,186,404	1,222,905	14,268,238
Less: Current portion	(201,635)	(135,556)	(2,424,951)
	¥ 984,769	¥1,087,349	$11,843,287

*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, 2011 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥201,635	$2,424,951
2013	248,525	2,988,878
2014	184,339	2,216,944
2015	218,881	2,632,360
2016 and thereafter	333,024	4,005,105

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 accounts 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, 2011 and 2010 is as follows:

Pro forma capitalization of leased items

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Building:			
Acquisition cost	¥ 157	¥ 285	$ 1,882
Accumulated depreciation	(111)	(194)	(1,332)
Net leased property value	46	91	550
Other (fixtures and equipment):			
Acquisition cost	487	1,265	5,860
Accumulated depreciation	(377)	(969)	(4,532)
Net leased property value	110	296	1,328
Total:			
Acquisition cost	644	1,550	7,742
Accumulated depreciation	(488)	(1,163)	(5,864)
Net leased property value	¥ 156	¥ 387	$ 1,878

Obligations under finance leases

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year	¥113	¥238	$1,359
Due after one year	67	194	800
Total	¥180	¥432	$2,159

Allowance for impairment loss on leased property of ¥1 million ($22 thousand) as of March 31, 2011 and ¥3 million as of March 31, 2010 is not included in the obligations under finance leases.

Lease payments, depreciation equivalent and interest equivalent

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Lease payments	¥217	¥398	$2,604
Reversal of allowance for impairment loss on leased property	1	4	12
Depreciation equivalent	189	362	2,271
Interest payable equivalent	8	18	97
Impairment loss	–	1	–

Depreciation equivalent is computed by the straight-line method over its lease term determined by its useful life, 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, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Gross lease receivables	¥252,134	¥249,354	$3,032,273
Residual value	–	–	–
Unearned interest income	(32,239)	(35,122)	(387,715)
Lease investment assets	¥219,895	¥214,232	$2,644,558

ii. Collection schedule for the amount of lease payments related to lease investment assets after March 31, 2011 and 2010

	Millions of yen				Thousands of U.S. dollars	
	2011		2010		2011	
	Lease investment assets	Gross lease receivables	Lease investment assets	Gross lease receivables	Lease investment assets	Gross lease receivables
Due within one year	¥ 56,081	¥ 68,574	¥ 52,427	¥ 64,859	$ 674,448	$ 824,707
Due within two years and after one year	52,434	61,652	50,103	59,969	630,599	741,457
Due within three years and after two years	45,419	51,339	43,864	50,764	546,235	617,421
Due within four years and after three years	34,668	37,718	34,312	38,230	416,939	453,609
Due within five years and after four years	21,095	22,287	21,693	23,256	253,695	268,032
Due after five years	10,198	10,563	11,833	12,277	122,642	127,047
Total	¥219,895	¥252,133	¥214,232	¥249,355	$2,644,558	$3,032,273

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 interest is allocated over the lease term based on the straight-line method.

As a result, Income before income taxes and minority interests as of March 31, 2011 was increased by ¥2,687 million (US$32,310 thousand) more than it would have been if the revised accounting standard had been retroactively adopted starting from the lease transaction commencement dates.

(C) OPERATING LEASES

i. Lessee

The minimum rental commitments under noncancellable operating leases at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Due within one year	¥1,591	¥2,440	$19,128
Due after one year	399	2,025	4,806
Total	¥1,990	¥4,465	$23,934

ii. Lessor

The minimum rental commitments under noncancellable operating leases at March 31, 2011 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Due within one year	¥ 87	$1,042
Due after one year	41	495
Total	¥128	$1,537

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 Companies engage in the credit service business; lease business; finance business including guarantees and loans businesses; real estate related business; and entertainment business. To conduct such businesses, the Companies, by observing the market circumstances and adjusts the balance of long-term and short-term debts, seek finance through indirect financing such as bank loans and through direct financing such as issuance of corporate bonds and commercial paper and securitized receivables. Through such activities, the Companies hold financial assets and financial liabilities that are mostly accompanied by interest rate risk, and the Company conducts asset and liability management (ALM) to prevent disadvantageous effects from such interest rate risk. As part of its ALM, the Company also conducts derivative transactions that leverage interest rate swaps, etc.

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

The financial assets held by the Companies are mainly accounts receivable—installments from credit card members, and the Companies are 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 service business and credit card repayments by members according to the contract depend on changes of business circumstances including the economic environment surrounding said business (employment environment in the fallout of the economic recession, household disposable income and personal consumption).

Also, (operational) investment securities are mainly stocks, bonds, investment trusts and partnership investments. Such securities are held for the purpose of either trading 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 Companies are exposed to liquidity risks relating to interest-bearing debts such as loans, corporate bonds and commercial paper whereby it may be unable to execute payments of such liabilities on the payment dates in cases, for example, where the Companies are unable to use the market under certain circumstances such as a greater-than-expected fluctuation in financial condition or a downgrading of the Companies' credit rating. Furthermore, the Companies also borrow funds by variable interest loans, and although they are exposed to interest fluctuation risks, those risks are partly mitigated by conducting interest swap transactions.

Among the derivative transactions conducted by the Companies 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 based on the cumulative total of cash flow fluctuation and determined to actually 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 Companies manage their credit risk in accordance with the Companies 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 rates

The Companies manage interest rate fluctuation risks by applying 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 Treasury & Account 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 variable risk, the Companies apply ALM to this also.

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 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 are also monitored through relevant departments.

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

Derivatives

The Treasury & Account 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.

Quantitative information regarding market risk

The main financial instruments of the Companies exposed to interest rate risk as the main risk are accounts receivable—installment, short-term loans, long-term debts, corporate bonds, securitized receivables, and interest rate swap transactions.

The Companies estimate the impact of a reasonable fluctuation in interest rate on profit and loss a year or so from the end of an accounting period for the purpose of quantitative analysis in managing its variable risk on interest rates. In estimating this impact, the financial assets and financial liabilities subject to the analysis are grouped into subsets of fixed-interest assets and liabilities and variable-interest assets and liabilities. The Companies then calculate the net estimated impact of interest rate fluctuation on variable-interest assets and variable-interest liabilities as the interest rate gap.

As of March 31, 2011, the Companies calculated that their income before income taxes and minority interests would decrease ¥44 million ($532 thousand) if the benchmark interest rate rose 1 basis point (0.01 percentage point), and increase ¥44 million ($532 thousand) if this interest rate fell 1 basis point. The impact was calculated holding risk variables other than the interest rate constant, and in the absence of correlations between the other risk variables and interest rate. Fluctuations in interest rates greater than those reasonably estimated may result in an impact larger than the aforementioned calculations.

iii. Liquidity risk management

The Companies manage their liquidity risk by applying 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 OTHERS

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 conditions are adopted. Accordingly, if different assumptions and preconditions are adopted, the calculated amount may also be different. Moreover, with regard to contractual value or the national principal amount that relate to derivative transactions in Note 17 the amount itself does not reflect market risk related to the derivative transaction.

FAIR VALUE OF FINANCIAL INSTRUMENTS AND OTHERS

The following presents the amount presented in the consolidated balance sheet for the years ended March 31, 2011 and 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				
	2011				
	Carrying amount	Allowance for doubtful accounts	Total	Fair value	Difference
Cash and deposits	¥ 64,112	¥ –	¥ 64,112	¥ 64,112	¥ –
Accounts receivable—installment	1,491,108	(103,807)	1,387,301	1,452,058	64,757
Lease investment assets	219,895	(13,527)	206,368	219,894	13,526
Short-term loans receivable	10,144	(483)	9,661	9,661	–
Operational investment securities	865	–	865	865	–
Securities	982	–	982	982	–
Investment securities	30,104	–	30,104	30,104	–
Investments in unconsolidated subsidiaries and affiliated companies	5,722	–	5,722	9,333	3,611
Long-term loans receivable	15,166	(4,426)	10,740	10,740	–

	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
Short-term loans receivable	14,301	(324)	13,977	13,977	–
Securities	298	–	298	298	–
Investment securities	33,376	–	33,376	33,376	–
Investments in unconsolidated subsidiaries and affiliated companies	5,572	–	5,572	4,856	(716)
Long-term loans receivable	15,334	(4,333)	11,001	11,001	–

	Thousands of U.S. dollars				
	2011				
	Carrying amount	Allowance for doubtful accounts	Total	Fair value	Difference
Cash and deposits	$ 771,035	$ –	$ 771,035	$ 771,035	$ –
Accounts receivable—installment	17,932,751	(1,248,439)	16,684,312	17,463,112	778,800
Lease investment assets	2,644,558	(162,685)	2,481,873	2,644,540	162,667
Short-term loans receivable	122,001	(5,810)	116,191	116,191	–
Operational investment securities	10,400	–	10,400	10,400	–
Securities	11,812	–	11,812	11,812	–
Investment securities	362,039	–	362,039	362,039	–
Investments in unconsolidated subsidiaries and affiliated companies	68,818	–	68,818	112,246	43,428
Long-term loans receivable	182,394	(53,232)	129,162	129,162	–

(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 be the fair value. The fair value of accounts receivables—installment with fixed interest rate is determined by discounting the cash flow related to the financial assets reflecting 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, this amount is deemed to be the fair value.

Because the fair value of a part of accounts receivables—installment is assumed to approximate the carrying value from reasons such as the estimated repayment period 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 reflect future interest repayments.

(C) LEASE INVESTMENT ASSETS

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

(D) OPERATIONAL INVESTMENT SECURITIES, SECURITIES, INVESTMENT SECURITIES AND INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES

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 cannot be reliably determined are indicated in the table below and are not included in fair value disclosure.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
	Carrying amount	Carrying amount	Carrying amount
Unlisted stocks	¥10,485	¥ 9,984	$126,096
Investments in unconsolidated subsidiaries and affiliated companies	23,668	21,246	284,636
Unlisted debentures	2,800	–	33,674
Other	8,206	849	98,699

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 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		
	2011			2010			2011		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Notes and accounts payable	¥171,066	¥171,066	¥ –	¥206,656	¥206,656	¥ –	$2,057,314	$2,057,314	$ –
Short-term loans	248,029	248,029	–	296,923	296,923	–	2,982,910	2,982,910	–
Commercial paper	110,000	110,000	–	133,000	133,000	–	1,322,910	1,322,910	–
Long-term debt:									
Long-term loans payable	830,595	837,532	(6,937)	833,632	831,475	2,157	9,989,117	10,072,549	(83,432)
Bonds	256,112	259,713	(3,601)	236,338	231,249	5,089	3,080,126	3,123,422	(43,296)
Long-term loans payable on under-securitized loans	94,169	94,800	(631)	149,131	149,874	(743)	1,132,518	1,140,107	(7,589)
Lease obligations	5,528	5,528	–	3,804	3,804	–	66,477	66,477	–
Guarantee contracts	–	6,508	6,508	–	8,259	8,259	–	78,264	78,264

(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 at the variable interest rate reflects the market interest rate, long-term loans payable at the variable interest rate is 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 a variable interest rate is not affected by changes in the Companies' credit worthiness, the items are valued at changes in the market interest rate. The fair value of long-term loans payable on under-securitized loans with a 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 approximate the carrying values, the carrying value is deemed to be the fair value.

(F) GUARANTEE CONTRACTS

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

As of March 31, 2011 the guarantee contract amount of contingent liabilities is ¥157,791 million (US$1,897,668 thousand) and the amount that was recorded as allowance for losses on guarantees in the consolidated balance sheet was ¥5,464 million (US$65,713 thousand).

Note: Maturity analysis for financial assets and securities with contractual maturities subsequent to March 31, 2011 is as follows:

	Millions of yen					
	2011					
Year ending March 31	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	¥ 64,112	¥ –	¥ –	¥ –	¥ –	¥ –
Accounts receivable—installment	965,453	231,983	55,767	14,598	8,069	29,142
Lease investment assets	54,685	51,433	44,788	34,335	20,962	10,169
Short-term loans receivable	10,144	–	–	–	–	–
Investment securities						
Available-for-sale securities with contractual maturities	5,982	500	–	1,700	600	969
Long-term loans receivable	18	18	18	18	18	147

	Thousands of U.S. dollars					
	2011					
Year ending March 31	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	$ 771,035	$ –	$ –	$ –	$ –	$ –
Accounts receivable—installment	11,610,985	2,789,928	670,685	175,557	97,041	350,480
Lease investment assets	657,667	618,551	538,637	412,934	252,094	122,302
Short-term loans receivable	122,001	–	–	–	–	–
Investment securities						
Available-for-sale securities with contractual maturities	71,944	6,013	–	20,445	7,216	11,652
Long-term loans receivable	216	216	216	216	216	1,767

The amount of ¥204,549 million (US$2,459,996 thousand) estimated uncollectible is not included. Please see Note. 9 for annual maturities of long term debt.

12. AVAILABLE-FOR-SALE SECURITIES

(A) As of March 31, 2011 and 2010 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		
	2011			2010			2011		
	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference
Balance sheet amount exceeding acquisition cost:									
Equity shares	¥18,526	¥26,311	¥ 7,785	¥18,147	¥27,461	¥9,314	$222,798	$316,425	$ 93,627
Bonds									
Corporate	–	–	–	47	47	–	–	–	–
Other	958	993	35	1,162	1,249	87	11,525	11,943	418
Subtotal	19,484	27,304	7,820	19,356	28,757	9,401	234,323	328,368	94,045
Balance sheet amount not exceeding acquisition cost:									
Equity shares	4,893	3,554	(1,339)	4,624	3,883	(741)	58,846	42,741	(16,105)
Bonds									
Corporate	147	104	(43)	100	78	(22)	1,766	1,252	(514)
Other	900	865	(35)	–	–	–	10,824	10,400	(424)
Other	154	124	(30)	983	956	(27)	1,853	1,490	(363)
Subtotal	6,094	4,647	(1,447)	5,707	4,917	(790)	73,289	55,883	(17,406)
Total	¥25,578	¥31,951	¥ 6,373	¥25,063	¥33,674	¥8,611	$307,612	$384,251	$ 76,639

(B) Proceeds from sales of available-for-sale securities for the years ended March 31, 2011 and 2010 were ¥1,672 million (US$20,107 thousand) and ¥76 million, respectively.

Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥2 million (US$18 thousand) and ¥100 million (US$1,200 thousand), respectively, for the year ended March 31, 2011 and ¥59 million and ¥1 million, respectively, for the year ended March 31, 2010.

(C) As of March 31, 2011, 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
	2011	2011
Due in one year or less	¥5,982	$ 71,944
Due in one to five years	2,800	33,674
Due in five to ten years	–	–
Due after ten years	969	11,651
Total	¥9,751	$117,269

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, 2011 and 2010 are calculated below:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Projected benefit obligation	¥(10,260)	¥(10,628)	$(123,398)
Fair value of plan assets	7,035	6,667	84,612
Funded status	(3,225)	(3,961)	(38,786)
Unrecognized actuarial differences	3,013	3,289	36,230
Unrecognized prior service costs	(1,967)	(2,581)	(23,655)
Accrued pension and severance costs	¥ (2,179)	¥ (3,253)	$ (26,211)

(B) RETIREMENT BENEFIT EXPENSES

Retirement benefit expenses for the years ended March 31, 2011 and 2010 are stated below:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Service costs	¥ 490	¥ 513	$ 5,896
Interest costs	212	217	2,556
Expected return on plan assets	(268)	(151)	(3,227)
Actuarial differences recognized as expenses	838	907	10,073
Prior service costs recognized as expenses	(613)	(623)	(7,376)
Other*	319	323	3,845
Retirement benefit expenses	¥ 978	¥1,186	$11,767

* 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:

	2011	2010
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	4.0%	2.5%
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

The Company and consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2011 and 2010.

(A) EFFECTIVE TAX RATE

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

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

A difference of 5% or less between the effective income tax rate of the Companies and the statutory tax rate has been omitted from the 2011 column above.

(B) DEFERRED TAX ASSETS AND LIABILITIES

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets:			
Inventories	¥ 16,807	¥ 18,463	$ 202,129
Accumulated impairment loss	2,077	2,130	24,984
Accumulated depreciation expense	1,476	1,762	17,750
Asset retirement obligations	601	–	7,231
Operational investment securities	–	6,414	–
Investment securities	3,416	3,597	41,086
Allowance for doubtful accounts	28,504	29,758	342,805
Allowance for losses on interest repayments	14,319	14,487	172,205
Accrued expenses	313	481	3,768
Accrued enterprise taxes	157	923	1,883
Accrued pension and severance costs	1,069	1,393	12,852
Allowance for losses on point program	26,813	24,924	322,467
Allowance for losses on guarantees	2,223	1,826	26,735
Other allowance	965	1,108	11,604
Long-term unearned revenue	228	311	2,745
Tax loss carryforwards	19,473	9,421	234,188
Unrealized loss on available-for-sale securities	43	6	522
Deferred loss on derivatives under hedge accounting	1,104	1,178	13,274
Other	4,172	2,238	50,172
Subtotal	123,760	120,420	1,488,400
Less valuation allowance	(61,325)	(60,049)	(737,531)
Total deferred tax assets	62,435	60,371	750,869
Deferred tax liabilities:			
Capital gains deferred for tax purposes	(212)	(212)	(2,545)
Unrealized gain on available-for-sale securities	(2,682)	(2,418)	(32,253)
Deferred gain on derivatives under hedge accounting	–	(0)	–
Adjustment account of retirement debt	(162)	(429)	(1,954)
Adjustment account of debt	(407)	(266)	(4,896)
Other	(2,962)	(1,419)	(35,625)
Total deferred tax liabilities	(6,425)	(4,744)	(77,273)
Net deferred tax assets	¥ 56,010	¥ 55,627	$ 673,596

Net deferred tax assets are presented on the consolidated balance sheets as of March 31, 2011 and 2010 as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Current assets	¥23,558	¥24,376	$283,320
Investment and other assets	32,454	31,255	390,307
Current liabilities—other	–	–	–
Long-term liabilities—other	2	4	30

15. LOSSES FROM A NATURAL DISASTER

Losses from a natural disaster recorded as a result of the Great East Japan Earthquake in March 2011 consisted of the following:

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Provision for allowance for doubtful accounts	¥8,156	$ 98,093
Provision for allowance for losses on guarantees	1,417	17,042
Restoration costs	401	4,817
Other	12	150
Total	¥9,986	$120,102

16. OPERATING REVENUES

Operating revenues for the years ended March 31, 2011 and 2010 comprised of the following revenues and expenses:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Income from the credit service business	¥229,536	¥248,323	$2,760,508
Income from the lease business	14,437	12,572	173,629
Income from the finance business	15,261	15,955	183,539
Real estate related business:			
Sales	44,469	61,176	534,802
Costs of sales	32,351	47,103	389,070
Income from the real estate related business	12,118	14,073	145,732
Entertainment business:			
Sales	79,674	83,522	958,185
Costs of sales	65,746	68,884	790,692
Income from the entertainment business	13,928	14,638	167,493
Financial income	433	1,295	5,211
Total operating revenues	¥285,713	¥306,856	$3,436,112

17. DERIVATIVES

(A) As of March 31, 2011 and 2010, non-hedged derivative transactions were summarized below:

i. Interest rate transactions

Millions of yen

	2011			2010		
	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	¥25,500	¥13,500	¥(241)	¥4,000	¥4,000	¥(10)
Total	¥25,500	¥13,500	¥(241)	¥4,000	¥4,000	¥(10)

Thousands of U.S. dollars

	2011		
	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	$306,675	$162,357	$(2,899)
Total	$306,675	$162,357	$(2,899)

Note: Fair value is measured at prices and through other information presented by financial institutions with which the Companies has concluded derivatives agreements.

ii. Other

	Millions of yen					
	2011			2010		
	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	¥(31)	¥3,000	¥3,000	¥662
Total	¥3,000	¥3,000	¥(31)	¥3,000	¥3,000	¥662

	Thousands of U.S. dollars		
	2011		
	Contractual value or notional principal amount		Unrealized profit (loss)
	Total	Over 1 year	
Over-the-counter credit derivatives:			
Selling of protection	$36,079	$36,079	$(368)
Total	$36,079	$36,079	$(368)

Note: Fair value is measured at prices and through other information presented by financial institutions with which the Companies have concluded derivatives agreements.

(B) As of March 31, 2011 and 2010, hedged derivative transactions were summarized below:

		Millions of yen					
		2011			2010		
		Contractual value or notional principal amount			Contractual value or notional principal amount		
	Mainly hedged objects	Total	Over 1 year	Fair value	Total	Over 1 year	Fair value
Interest rate swaps recognized in general rule:							
Floating-rate receipt/ fixed-rate payment	Long-term debt	¥136,716	¥122,026	¥ (2,712)	¥186,585	¥132,580	¥ (3,084)
Interest rate swaps recognized in specific rule:							
Floating-rate receipt/ fixed-rate payment	Long-term debt	365,881	312,041	(9,120)	369,483	355,359	(9,891)
Fixed-rate receipt/ floating-rate payment	Long-term debt	10,000	10,000	36	10,000	10,000	3
Total		¥512,597	¥444,067	¥(11,796)	¥566,068	¥497,939	¥(12,972)

		Thousands of U.S. dollars		
		2011		
		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	$1,644,209	$1,467,541	$ (32,614)
Interest rate swaps recognized in specific rule:				
Floating-rate receipt/ fixed-rate payment	Long-term debt	4,400,252	3,752,747	(109,687)
Fixed-rate receipt/ floating-rate payment	Long-term debt	120,265	120,265	434
Total		$6,164,726	$5,340,553	$(141,867)

Note: Fair value is measured at prices and through other information presented by financial institutions with which the Companies have concluded derivatives agreements.

18. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2011, the Companies were contingently liable as credit guarantors for customers borrowing from our alliance banks amounting to ¥152,327 million (U.S.$1,831,955 thousand).

19. COMPREHENSIVE INCOME

Other comprehensive income (loss) for the year ended March 31, 2010 consisted of the following:

	Millions of yen
	2010
Other comprehensive income (loss):	
Unrealized gain on available-for-sale securities	¥2,115
Deferred loss on derivatives under hedge accounting	(546)
Share of other comprehensive income in affiliated companies	1,990
Total other comprehensive income	¥3,559

Total comprehensive income for the year ended March 31, 2010 comprised the following:

	Millions of yen
	2010
Total comprehensive income attributable to:	
Owners of the parent	¥22,239
Minority interests	205
Total comprehensive income	¥22,444

20. 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, 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 that was charged upon the payment of such dividends until the total of the 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 185,444,772 shares as of March 31, 2011 and 185,444,772 shares as of March 31, 2010 were issued.

Type and number of shares issued and treasury stock

	Thousands of shares	
	Issued shares (Common stock)	Treasury stock (Common stock)
Balance at April 1, 2009	181,885	1,743
Number of shares increase	3,560*1	177*2
Number of shares decrease	–	118*3
Balance at March 31, 2010	185,445	1,802
Number of shares increase	–	8*4
Number of shares decrease	–	0*5
Balance at March 31, 2011	185,445	1,810

Notes: 1. Increase in number of issued shares
Issuance of new shares by share exchanges: 3,560 thousand shares
2. 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
3. Detail 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
4. Increase in treasury stock
Acquisition from consolidated subsidiary: 6 thousand shares
Acquisition of any number of shares less than a full trading unit: 2 thousand shares
5. Detail of decrease
Sales of any number of shares less than a full trading unit: Less than a thousand shares

(C) STOCK OPTION PLANS

The Company has the following option plans for directors, corporate auditors, officers, employers and corporate counselors of the Companies as of March 31, 2011, 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 acquisition rights may be exercised within two years after that.
In the event a granted person retires voluntarily or dies, stock acquisition right will be canceled.
2. Transfer of stock option
Transfer of stock option to a third party needs the approval of the Board of Directors' Meeting.

(D) DIVIDEND

i. Dividend payment

Resolution	Type of share	Total amount: Million of yen	Total amount: Thousands of U.S. dollars	Dividend per share: Yen	Dividend per share: U.S. dollars	Record date	Effective date
General Meeting of Shareholders on June 25, 2010	Common stock	¥5,511	$66,283	¥30.00	$0.361	March 31, 2010	June 28, 2010

ii. For dividend payments with an effective date in the year ended March 31, 2011, the record date occurred in the year ended March 31, 2010

Expected Resolution	Type of share	Source of payment	Total amount: Million of yen	Total amount: Thousands of U.S. dollars	Dividend per share: Yen	Dividend per share: U.S. dollars	Record date	Effective date
General Meeting of Shareholders on June 21, 2011	Common stock	Retained earnings	¥5,511	$66,283	¥30.00	$0.361	March 31, 2011	June 22, 2011

21. CASH FLOW INFORMATION

(A) The balances of cash and cash equivalents as of March 31,2011 and 2010 are reconciled with the respective consolidated balance sheet items as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Consolidated balance sheet:			
Cash and deposits	¥64,112	¥64,232	$771,035
Securities	5,000	–	60,132
Short-term loans	3,999	8,999	48,099
Time deposits with a maturity of over 3 months of the data of acquisition	(500)	0	(6,013)
Segregated trustee deposits	(84)	(100)	(1,012)
Cash and cash equivalents at end of year	¥72,527	¥73,131	$872,241

(B) Non-cash investing and financing activities as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Assets and liabilities to finance leases recorded at the current fiscal year	¥3,243	¥3,307	$39,003
Increase in capital surplus by share exchanges	–	3,164	–

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

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Proceeds from sales of investment securities	¥ 104	¥11,712	$ 1,249
Proceeds from redemption of investment securities	1,042	11	12,533
Proceeds from distribution of limited liability partnerships and other similar partnerships or return of capital	30	21	362
Total proceeds from sales or redemption of investment securities	¥1,176	¥11,744	$14,144

(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.

	Millions of yen
Value Balance Silent Partnership operated by Value Balance Inc.	2010
Current assets	¥ 17,680
Noncurrent assets	136
Current liabilities	(899)
Long-term liabilities	(14,273)
Negative goodwill	(69)
Equity in purchase	(800)
Total	1,775
Cash and cash equivalents	(2,319)
Net increase in purchase	¥ 544

22. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2011 and 2010 is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
For the year ended March 31, 2011:	Net income	Weighted average shares	EPS	
Basic EPS				
Net income available to common shareholders	¥12,830	183,636	¥69.86	$0.840
Effect of dilutive securities				
Securities issued by a consolidated subsidiary	(84)			
Diluted EPS				
Net income for computation	12,746	183,636	69.41	0.835

	Millions of yen	Thousands of shares	Yen	U.S. dollars
For the year ended March 31, 2010	Net income	Weighted average shares	EPS	
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

23. SEGMENT INFORMATION

For the years ended March 31, 2011 and 2010

In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

(A) DESCRIPTION OF REPORTABLE SEGMENTS

The Companies' reportable segments are those for which separate financial information is available and regular evaluations by the Board of Directors meeting are being performed in order to decide how resources are allocated among the Companies.

The Companies conduct business activities directly with customers based on the services they segment by market and target customer. Accordingly, Credit Service Business, Lease Business, Finance Business, Real Estate Related Business and Entertainment Business comprise the Companies' reporting segments.

The Credit Service Business segment consists of the Companies' core credit card business and various peripheral businesses closely linked with the credit card business.

The Lease Business segment consists mainly of the leasing of office equipment and other assets.

The Finance Business segment consists of the credit guarantee business and other finance-related businesses.

The Real Estate Related Business segment consists of the real estate business, real estate lease business and other businesses.

The Entertainment Business segment consists of amusement businesses mainly indoor recreation facilities.

(B) METHODS OF MEASUREMENT FOR THE AMOUNTS OF OPERATING REVENUES, PROFIT (LOSS), ASSETS, AND OTHER ITEMS FOR EACH REPORTABLE SEGMENT

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies."

(C) Information about operating revenues, profit (loss), assets, and other items is as follows:

Millions of yen

Year ended March 31, 2011 Reportable segment	Operating revenues: Outside customers	Operating revenues: Inter segment	Total	Segment profit (loss)	Segment assets	Depreciation	Financial cost	Credit cost	Investment in equity method-affiliated companies	Increase in property, plant and equipment and intangible assets
Credit service	¥229,925	¥ 948	¥230,873	¥15,973	¥1,493,232	¥11,575	¥13,953	¥56,577	¥24,785	¥31,261
Lease	14,437	14	14,451	5,038	241,474	226	2,957	3,569	–	300
Finance	15,305	275	15,580	6,796	121,795	255	1,220	4,108	–	133
Real Estate related	12,118	204	12,322	(2,182)	365,522	787	4,679	1,976	–	2,797
Entertainment	13,928	12	13,940	1,737	20,097	2,978	44	–	–	3,576
Total	285,713	1,453	287,166	27,362	2,242,120	15,821	22,853	66,230	24,785	38,067
Reconciliations	–	(1,453)	(1,453)	15	(10,873)	(4)	(276)	(12)	–	–
Consolidated	¥285,713	¥ –	¥285,713	¥27,377	¥2,231,247	¥15,817	¥22,577	¥66,218	¥24,785	¥38,067

Millions of yen

Year ended March 31, 2010 Reportable segment	Operating revenues: Outside customers	Operating revenues: Inter segment	Total	Segment profit	Segment assets	Depreciation	Financial cost	Credit cost	Investment in equity method-affiliated companies	Increase in property, plant and equipment and intangible assets
Credit service	¥249,243	¥ 932	¥250,175	¥25,627	¥1,652,535	¥13,077	¥14,350	¥57,520	¥22,291	¥28,478
Lease	12,572	2	12,574	2,128	227,654	214	3,271	5,005	–	84
Finance	16,330	498	16,829	5,011	106,971	335	1,936	5,701	–	168
Real Estate related	14,073	948	15,021	1,825	380,172	521	5,064	(787)	–	13,569
Entertainment	14,638	11	14,648	1,730	18,610	2,996	53	–	–	3,229
Total	306,856	2,391	309,247	36,321	2,385,942	17,143	24,674	67,439	22,291	45,528
Reconciliations	–	(2,391)	(2,391)	(148)	(11,812)	(3)	(297)	(59)	–	–
Consolidated	¥306,856	¥ –	¥306,856	¥36,173	¥2,374,130	¥17,140	¥24,377	¥67,380	¥22,291	¥45,528

Thousands of U.S. dollars

Year ended March 31, 2011 Reportable segment	Operating revenues Outside customers	Inter segment	Total	Segment profit (loss)	Segment assets	Depreciation	Financial cost	Credit cost	Investment in equity method-affiliated companies	Increase in property, plant and equipment and intangible assets
Credit service	$2,765,187	$ 11,396	$2,776,583	$192,096	$17,958,288	$139,203	$167,802	$680,418	$298,081	$375,957
Lease	173,629	164	173,793	60,586	2,904,075	2,718	35,562	42,921	–	3,608
Finance	184,071	3,313	187,384	81,735	1,464,765	3,071	14,670	49,403	–	1,604
Real Estate related	145,732	2,459	148,191	(26,241)	4,395,935	9,468	56,273	23,769	–	33,644
Entertainment	167,493	148	167,641	20,891	241,698	35,811	529	0	–	43,000
Total	3,436,112	17,480	3,453,592	329,067	26,964,761	190,271	274,836	796,511	298,081	457,813
Reconciliations	–	(17,480)	(17,480)	184	(130,764)	(44)	(3,313)	(145)	–	–
Consolidated	$3,436,112	$ –	$3,436,112	$329,251	$26,833,997	$190,227	$271,523	$796,366	$298,081	$457,813

RELATED INFORMATION

(A) INFORMATION ABOUT PRODUCTS AND SERVICES

Years ended March 31, 2011 and 2010 is as follows:

The Company omitted this disclosure because the information is similar to the information disclosed under the segment information.

(B) INFORMATION ABOUT GEOGRAPHIC REGION

i. Operating Revenues

Years ended March 31, 2011 and 2010 is as follows:

The Company omitted this disclosure because operating revenues to external customers within Japan account for more than 90% of operating revenues reported in the consolidated statements of income.

ii. Tangible Property and Equipment

The Company omitted this disclosure because property and equipment within Japan account for more than 90% of the property and equipment reported in the consolidated balance sheets.

(C) INFORMATION ABOUT MAJOR CUSTOMER

Years ended March 31, 2011 and 2010 is as follows:

The Company omitted this disclosure because no operating revenues to any specific external customer represents 10% or more of operating revenues reported in the consolidated statements of income.

INFORMATION REGARDING IMPAIRMENT LOSS ON PROPERTY AND EQUIPMENT

Years ended March 31, 2011 and 2010 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
	Loss on impairment	Loss on impairment	Loss on impairment
Credit service	¥ –	¥ –	$ –
Lease	–	–	–
Finance	–	–	–
Real Estate related	88	29	1,056
Entertainment	68	236	823
Total	156	265	1,879
Reconciliations	–	–	–
Consolidated	¥156	¥265	$1,879

INFORMATION REGARDING AMORTIZATION OF GOODWILL AND UNAMORTIZED BALANCE OF GOODWILL

Years ended March 31, 2011 and 2010 is as follows:

There was no significant amortization of goodwill or unamortized balance of goodwill.

INFORMATION REGARDING GAINS ARISING FROM NEGATIVE GOODWILL

Years ended March 31, 2011 and 2010 is as follows:

There were no significant gains from negative goodwill.

For the year ended March 31, 2010

BUSINESS SEGMENTS

Segment information by business segment for the year ended March 31, 2010 is as follows:

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
	Millions of yen								
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	–	–
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

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
Non-allocatable operating expenses	¥ 4,606
Corporate assets	142,190

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.

24. RELATED PARTY DISCLOSURES

Transactions and balances of the Company with its affiliated company, UC Card Co., Ltd., for the years ended March 31, 2011 and 2010 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Transactions:			
Volume of new contracts	¥1,102,062	¥1,142,412	$13,253,899
Balances:			
Accounts payable	58,599	72,018	704,738
Prepaid expenses and other assets (other receivable)	6,750	6,754	81,179

Transaction terms and decision-making policy for the transaction terms
1. Transaction amounts exclude consumption tax, among others.
2. Commissions in the recovery of accounts receivable—installment and from member store liquidations are determined based on market prices and other factors.

25. SUBSEQUENT EVENT

At the Board of Directors meeting held on December 22, 2010, the Company resolved to implement an absorption-type company split of the Company's affinity card business (the "card business") to Seven CS Card Service Co., Ltd. ("Seven CS Card"), a wholly owned subsidiary of the Company, effective April 1, 2011, based on a comprehensive business partnership contract with Seven Financial Service Co., Ltd. ("Seven Financial Service") and Sogo & Seibu Co., Ltd. ("Sogo & Seibu") on September 10, 2010. The Company has issued the affinity card with Sogo & Seibu.

Furthermore, on April 1, 2011, the Company transferred 51% of shares in Seven CS card to Seven Financial Service.

(A) PURPOSE OF THE COMPANY SPLIT

The Company decided to do this split after considering the many benefits that will result from the new business, including the ability to offer existing holders of Sogo & Seibu affinity cards access to all of the attractive services provided by Seven Financial Service.

In addition, the business integration with IY Card Service Co., Ltd. and Seven CS Card, which has been tentatively scheduled for March 2013, will dramatically expand the scale of the business compared with its present level, and allow the Company to develop a strategy for growth over the medium- to long-term, including increased processing revenues and other income from Seven CS Card.

(B) EFFECTIVE DATE OF COMPANY SPLIT

April 1, 2011

(C) TYPE OF SPLIT

Part of the Company was split for absorption by Seven CS Card as the succeeding company.

(D) DETAILS OF ALLOTMENTS WITH REGARD TO THE SPLIT

i. Allotment of stock

Upon execution of this absorption-type company split, the succeeding company issued one new share of common stock, which was allotted to the Company.

As a result, the Company came to own a total of 1,000 shares in the succeeding company.

Of those shares, 510 shares were transferred to Seven Financial Service effective April 1, 2011 in accordance with a stock transfer contract concluded with Seven Financial Service on September 10, 2010.

ii. Payment of cash

The succeeding company made interest payments at a rate of 0.8% per year on the amount that was calculated based on the net assets transferred from the Company in the split and deducted ¥22.0 billion (total equity of the succeeding company), prorated for the actual number of days from the day after April 1, 2011 (including such date) until the payment date (counting such date) of the split.

(E) DETAILS OF THE NUMBER AND VALUE OF SHARES IN THE SUCCEEDING COMPANY THAT THE COMPANY TRANSFERRED, AND THE COMPANY'S REMAINING SHARES AFTER THE TRANSFER.

Number of shares transferred: 510 shares

Value of the shares transferred: ¥18,360 million ($220,806 thousand)

Company's remaining shares after the transfer (shareholding ratio): 490 shares (49%)

(F) RIGHTS AND OBLIGATIONS TAKEN OVER BY THE SUCCEEDING COMPANY

The succeeding company took over the assets, liabilities and contractual status of the affinity credit card business from the Company. Excluded were obligations arising out of unlawful actions or regulatory infringements on or before April 1, 2011 (including the obligation to refund excess interest payments—received on cash advances and other loans).

(G) DETAILS OF THE ASSETS AND LIABILITIES ACQUIRED BY THE SUCCEEDING COMPANY

Year ended March 31 , 2011	Millions of yen	Thousands of U.S. dollars
Current Assets	¥158,288	$1,903,643
Non Current Assets	49	588
Total Assets	¥158,337	$1,904,231
Current Liabilities	¥ 742	$ 8,927
Long-term Liabilities	–	–
Total Liabilities	¥ 742	$ 8,927

(H) OUTLINE OF THE ACCOUNTING TREATMENT IMPLEMENTED

This transaction was accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations issued by the Business Accounting Council in Japan and Guidance on Accounting Standard for Business Combinations, and Accounting Standard for Business Divestitures issued by the ASBJ.

(I) OUTLINE OF THE SUCCEEDING COMPANY

(As of March 31, 2011)

Name	Seven CS Card Service Co., Ltd.
Representative	Toshiharu Yamamoto, Representative Director and President
Address	8-8 Nibancho, Chiyoda-ku, Tokyo
Establishment date	September 17, 2010
Business activities	Credit card issuance and related activities
Fiscal year-end	End of February
Employee headcount	464 employees
Total assets	¥382 million
Total liabilities	¥255 million
Capital	¥100 million
Total shares issued	999 shares
Composition and equity ratio of major shareholders	Credit Saison Co., Ltd. 100%

Deloitte.

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Japan

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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, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of 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, 2011 and 2010, 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.

As discussed in Note 3(X) to the consolidated financial statements, effective April 1, 2010, the consolidated financial statements have been prepared in accordance with the new accounting standard for asset retirement obligations.

As discussed in Note 25 to the consolidated financial statements, the Company implemented an absorption-type company split and transferred shares in Seven CS Card Service Co., Ltd. to Seven Financial Service Co., Ltd. on April 1, 2011.

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

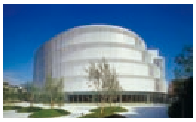
June 21, 2011

Member of
Deloitte Touche Tohmatsu Limited

Year	Month	Event
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 nationwide 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.	Developed an international credit card with no membership fees through a tie-up with Visa and 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 Eikyufumetsu Points, or SAISON Permanent Points in English). Started "Saison Eikyufumetsu Points" ("Saison Permanent Points" in English.) 永久不滅ポイント Became top credit card issuer in Japan.
2003	Jan.	Begins using SAISON CARD EXPRESS for speedy online card issuance.
	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 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 Eikyufumetsu.com online shopping mall is opened.

永久不滅.com

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%.

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.

2008

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

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.

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

2010

Mar. Basic agreement reached on comprehensive business alliance with SEVEN & i FINANCIAL GROUP CO., LTD.
(2011 Feb. Sogo & Seibu Card business is split off into a new joint venture.)

Jun. Strengthened alliance with AMERICAN EXPRESS®.

Aug. Issued first prepaid card for domestic use in conjunction with Visa.

Sep. Eikyufumetsu.com services opened up to all customers aged 16 or over.

Sep. Formed partnership with Walmart Japan Holdings G.K., and began to accept applications for Walmart Card SAISON.

2011

Jul. Issued the NEO Money international prepaid card targeting Japanese residents traveling outside Japan.

Aug. Tie-up with China UnionPay for affiliated store operations in Japan.

CARD TIE-UPS/DONATIONS USING POINTS

Credit Saison has expanded its affinity card range across wide-ranging sectors. With a card-member base of 28.3 million (35.7 million including cardmembers of affiliates), it issues more than 200 affinity cards under the SAISON and UC brands.

STANDARD

SAISON CARD International

Gold Card SAISON

SAISON Platinum
American Express® Card

SAISON Gold
American Express® Card

UC Card

UC Card Gold

SAISON Blue
American Express® Card

SAISON Pearl
American Express® Card

MONEY CARD (Loan Card)

MONEY CARD GOLD (Loan Card)

SHOPPING

Seiyu G.K.
Walmart Japan Holdings G.K.

PARCO CO., LTD.

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

THE PRINTEMPS GINZA CO., LTD

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

Mitsui Fudosan Co., Ltd.

Takashimaya Company, Limited

Takashimaya Company, Limited

Sogo & Seibu Co., Ltd.

Sogo & Seibu Co., Ltd.

LAWSON, INC.
Japan Airlines Co., Ltd.

Ryohin Keikaku Co., Ltd.

THE LOFT CO., LTD.

Daiwa House Financial Co., Ltd.

FINANCIAL INSTITUTIONS

Mizuho Bank, Ltd.

Mizuho Bank, Ltd.

KDDI CORPORATION

Resona Card Co., Ltd.

Shizugin Saison Card Co., Ltd.

Yamaguchi Financial Group, Inc.

TRAVEL & ENTERTAINMENT

SOFTBANK MOBILE Corp.

Jupiter Telecommunications Co., Ltd.

Kyushu Railway Company

Tokyo Metro Co., Ltd.

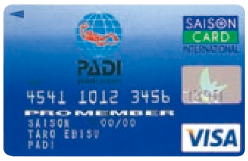
United Air Lines, Inc.

Nishi-Nippon Railroad Co., Ltd.

SEIBU HOLDINGS INC.

TOHO CINEMAS LTD.

Japan Football Association



PADI

AUTOMOTIVE

IDEMITSU CREDIT CO., LTD.

Japan Automobile Federation

YANASE & CO., LTD.

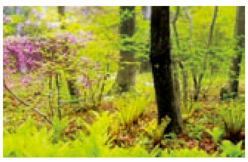
DONATIONS USING POINTS

Great East Japan Earthquake Charity

東日本大震災
義援金
日本赤十字社

Donations can also be made to the four prefectures of northeastern Japan

Akagi Nature Park



Japan Football Association

A portion of points exchanged for posters or T-shirts are donated to the Nadeshiko Support Fund for the Japan Women's Soccer Team

SUPPORTING COMPANY

MAJOR GROUP COMPANIES

(As of March 31, 2011)

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.

Saison Fundex Group

■ **Personal/Business/Mortgage loans, guarantee business**

Under SAISON's Loan Hyakusen brand, Saison Fundex offers card loan products, such as the Cash Reserve Loan and VIP loans (for both individuals and businesses), as well as the contract-type loan products Lifestyle Support Loans and Real Estate Mortgage Loans. Development in the credit guarantee business through business cooperation with various financial institutions will cover loans collateralized by real estate properties. The company also provides project loans to companies that operate real estate businesses. In this business, it focuses on providing reliable products that meet wide-ranging funding requirements. Going forward, the company intends to further improve the quality of its services to better meet these 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 true customer satisfaction.

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.

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.

JPN Holdings Group

■ **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, including collection of loan claims, research services and back-up services.

■ **Temporary staffing business**

The JPN Holdings Group provides total solutions centered on collection services. Through its temporary staffing services, it helps to improve the operational efficiency and performance of client operations and collection divisions, especially financial institutions and non-banks.

■ **Telemarketing business**

Various telemarketing, processing agency and outsourcing businesses through the operation of the company's call centers.

■ **Childcare business**

Comprehensive school education services with three departments: "Child" (nursery school), "Academy" (kindergarten) and "Junior" (afterschool program). The goal is to provide childcare services that meet a diverse spectrum of needs by combining the academic and physical education of kindergarten-age and older children with daycare services that safely look after children for extended hours.

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, 2011)

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: 3,970 Non-consolidated: 2,265
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

Credit Saison Co., Ltd.

Credit Saison is engaged in various social contribution activities,
such as sponsorship of Japan's national soccer team, as well as environmental
protection activities through operation of the Akagi Nature Park.

CREDIT SAISON CO., LTD.

52F Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6073, Japan
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