

CREDIT SAISON



Saint-Estèphe



Pommarid



Madiran



Pomerol



Cornas



Graves



Clot Saint Denis



Chinon



Clos-Vougeot



Bandol Rosé



Saint-Émilion



Corton



Morgon



Chambertin



Saint-Julien



Hermitage

Business Report

(From April 1, 2002, to March 31, 2003)

53rd Fiscal Term

Corporate Philosophy

We aim to increase corporate value through the pursuit of three objectives that form the corporate philosophy of the CREDIT SAISON Group-customer satisfaction, mutually profitable relationships with business partners, and being a creative and innovative company.

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TO OUR SHAREHOLDERS

I am pleased to provide details of Credit Saison's operations and performance for fiscal 2002 (53rd fiscal term), the year ended March 31, 2003.

During the year under review, a business slowdown again emerged in the second half although exports rallied against the backdrop of a recovery in the U.S. economy and despite clear signs of a gradual recovery early in the first half.

As a deflationary trend developed in Japan, consumer spending remained weak and a tendency toward its gradual deterioration was seen, reflecting the declining consumption among consumers mainly due to fears about the deteriorating employment and income environments.

Despite these harsh business conditions, the credit industry overall increased card transaction turnover. However, market conditions have become unpredictable because of a rise in serious social problems such as individual bankruptcies and card-related crimes.

In this environment, Credit Saison ("the Company" or "we") worked to rapidly and strategically introduce new products and services during the year to raise the number of cardholders and improve card transaction turnover. The SAISON Dream program, which allows customers to save points indefinitely, and the automatic card-issuing machine SAISON CARD MAKER were introduced in the market following a thorough review of our services from the customers' viewpoint.

With the credit card business having reached a mature stage, our strategic focus in the future will be on differentiating ourselves by developing card-centered products and services and obtaining users' loyalty by shifting our operations beyond the cash advance service. We will continue our efforts to become the industry leader by addressing these strategic issues.

We look forward to the continued support and understanding of our shareholders and card users.



June 2003
Hiroshi Rinno
President and CEO



Accord on the Restructuring Plan of THE SEIBU DEPARTMENT STORES, LTD. and Support for SAISON FUNDEX CORPORATION

Recently, SEIBU DEPARTMENT STORES prepared a restructuring plan in line with the Private Liquidation Guideline, and the plan was approved by the company's major creditors. Pursuant to the implementation of the plan, the Company decided to report a loss on the write-down of its shares in its financial statements through a careful review of the current market value of SEIBU DEPARTMENT STORES' shares owned by the Company. The Company also determined to forgive certain loans receivable due from SAISON FUNDEX CORPORATION and report a loss on the write-down of the shares of this subsidiary.

Moreover, looking at the critical situation of SAISON FUNDEX, which became insolvent with liabilities exceeding assets, the Company quickly provided financial support including acceptance of a capital increase and the offer of an accommodation loan.

As for the restructuring plan of SEIBU DEPARTMENT STORES and the aforementioned financial support to SAISON FUNDEX, the Company fully reviewed the grounds and propriety from the viewpoint of economic reasonableness. The Board of Directors finally approved the plan and the support above and adopted relevant resolutions based on the following reasons.

The Company's Board of Directors determined that

- 1) The restructuring plan for SEIBU DEPARTMENT STORES would be practical and reasonable;
- 2) Restructuring via private liquidation would be less damaging to the Company than legal liquidation for bankruptcy protection;
- 3) Future profitability would be enhanced via this plan in view of actual transactions with SEIBU DEPARTMENT STORES;
- 4) Customer trust in SAISON cards might be considerably damaged should SEIBU DEPARTMENT STORES undergo legal liquidation;
- 5) The future profitability of SAISON FUNDEX could be considerably improved by pursuing business possibilities in a new market in accordance with the newly formulated intermediate-term management plan.

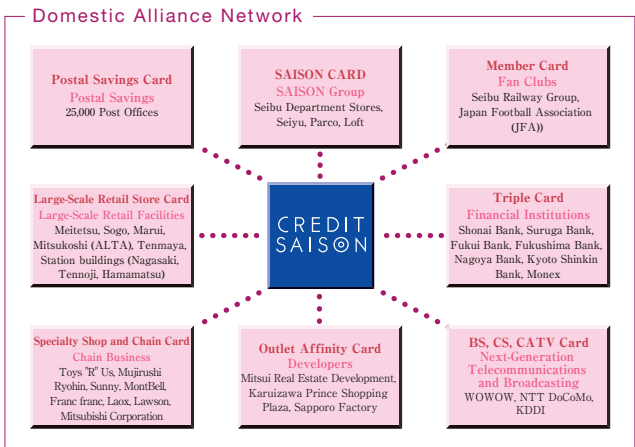
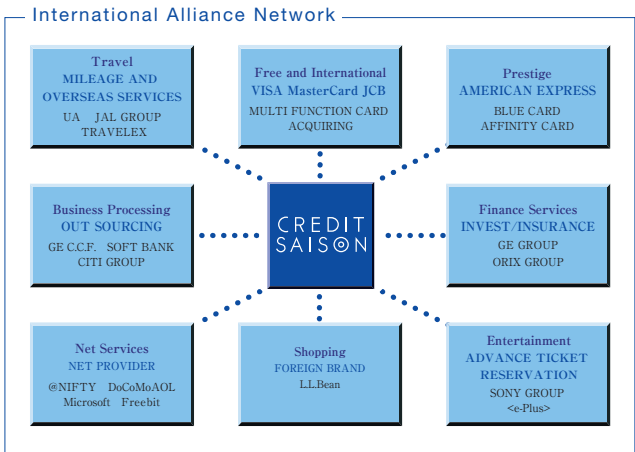
Write-down of SEIBU DEPARTMENT STORES' shares according to its restructuring plan	(Millions of yen)
Write-down of investment securities	¥31,996

Write-down of SAISON FUNDEX's shares and loss based on supporting activities	(Millions of yen)
Write-down of investment securities	¥3,016
Debt forgiveness	¥7,500
Financing	¥8,950



Credit Saison's Alliance Network

We are continuously committed to developing more convenient credit cards through active tie-ups with domestic and foreign companies to improve customer satisfaction among card users. The established alliance network is crucial to enhancing the strategic positioning of the Company.



TOPICS

Issued New Tie-up Cards with Mitsukoshi and Toys “R” Us

In October 2002, the Company issued a new tie-up card, “ALTA CARD,” in alliance with Mitsukoshi, Ltd., simultaneously with the opening of SAPPORO ALTA, which is operated by Mitsukoshi’s Specialty Shop Business Division.



ALTA CARD

In addition, the Company issued the “BABIES ‘R’ US SAISON CARD” as a second tie-up card with Toys “R” Us in April 2002. These new cards will take advantage of the SAISON brand, which is highly supported by our core customer base of young people, and our leading position in the credit card market, which helps us obtain new cardholders from among young customers who visit SAPPORO ALTA and BABIES “R” US.



BABIES “R” US SAISON CARD

SAISON CARD and SAISON GOLD CARD Converted to IC-Based Cards

In November 2002, the Company began issuing the new IC-formatted SAISON CARD and SAISON GOLD CARD to enable cardholders to feel safer and more satisfied when using SAISON cards for extended services.



SAISON CARD

In addition to raising the security level with the built-in IC, the Company endeavors to add value to SAISON cards by focusing on distribution linkages with the customer management system at retail shops and encouraging the accumulation of card points.



SAISON GOLD CARD

Started Innovative Customer Alliance with SEIBU DEPARTMENT STORE and SOGO!

In December 2002, the Company issued an integrated card, “CLUB ON SAISON CARD,” in which SAISON card functions are added to the SEIBU DEPARTMENT STORE’s CLUB ON Members System. A significant number of cardholders have been acquired and maintained by leveraging on the operating know-how of the “SOGO Millennium SAISON CARD,” a tie-up card with Sogo Co., Ltd. that was issued in 2001.



CLUB ON SAISON CARD

The Company now intends to create a strategic customer business model to build on its excellent client property of seven million members from the CLUB ON SAISON CARD and the SOGO Millennium SAISON CARD.



New Card “SAISON fourbeat”!

In February 2003, the Company issued a dedicated revolving credit card, “SAISON fourbeat.” This card features a flexible payment schedule that allows each cardholder to select the use modality and repayment method according to his/her desired lifestyle. The Company intends to further promote new product/service development as part of its proactive reforms to address potential customer needs in response to market demand, beyond the barriers of conventional business models.



SAISON fourbeat

Utility Charges Payable with a SAISON Card via an Alliance with Kansai Electric Power!

In March 2003, a new alliance with Kansai Electric Power Co., Inc., enabled SAISON cardholders to pay electric charges with a SAISON card. Another original service already available is the payment of mobile phone charges with SAISON cards. The Company will strive to extend more customer-oriented convenient services, including settlement services such as those for mobile phone charges, with easy-to-use and affordable SAISON cards.



Industry’s First Account Aggregation Service Started!

In March 2003, the Company started a new account management system, “SAISON PASS,” to allow cardholders

Automatic log-in to several web sites with only your ID!



IDひとつで、複数サイトに自動ログイン!

SAISONPASS

to collectively manage account information at several financial institutions—a first in the Japanese credit card industry. This service could encourage cardholders to use the SAISON card as their preferred card; furthermore, we intend to add various attractive functions such as the point check service that enables instant viewing of different web sites to get data such as accumulated points at department stores.

SAISON Dream Program with Indefinite Point Saving!

Credit Saison’s card point program, “SAISON Dream,” was launched last year.

The Company will continue to promote related services by actively responding to users’ voices to solidify the advantages of the SAISON cards.



**Nonconsolidated Balance Sheet** (As of March 31, 2003)

ASSETS		
Account item	Amount	Year-over-year increase/decrease
Current Assets	849,246	41,542
Cash and bank deposits	47,092	3,502
Accounts receivable—trade	474	54
Installment accounts receivable	796,849	40,452
Merchandise	1,791	-167
Supplies	489	-51
Prepaid expenses	908	-523
Deferred tax assets	9,405	3,417
Short-term loans	-	-9,998
Accounts receivable—other	15,060	5,721
Other	5,429	1,599
Allowance for doubtful accounts	(28,255)	-2,463
Fixed Assets	233,927	-13,204
Property and Equipment, at Cost	130,817	25,611
Equipment for lease	106,898	29,815
Buildings	12,352	-2,872
Vehicles and transportation equipment	0	-
Tools, furniture and fixtures	4,289	-2,091
Land	6,722	289
Construction in progress	553	471
Intangible Fixed Assets	7,539	736
Leasehold rights	971	0
Software	6,311	737
Other	256	-1
Investments and Other Assets	95,570	-39,552
Investment securities	36,127	-37,975
Investments in subsidiaries	5,599	-2,043
Other equity investments	788	-2
Long-term loans	28,252	3,252
Long-term loans to subsidiaries	7,515	-2,570
Long-term prepaid expenses	4,598	-805
Guarantee money deposited	6,970	-247
Deferred tax assets	5,389	1,024
Other	2,869	128
Allowance for doubtful accounts	(2,538)	-313
Deferred Charges	2,175	-829
Bond issue costs	75	-129
Development expenses	2,100	-700
Total Assets	1,085,348	27,508



(Millions of yen)

LIABILITIES		
Account item	Amount	Year-over-year increase/decrease
Current Liabilities	523,867	5,956
Notes payable—trade	1,675	-242
Accounts payable—trade	92,845	-22,946
Short-term loans	206,550	11,818
Current portion of long-term debt	7,732	-27,439
Bonds due redeemable within one year	40,000	30,000
Convertible bonds due redeemable within one year	-	-8,011
Commercial paper	144,000	29,000
Trade payables from assignment of obligations due redeemable within one year	5,929	-5,920
Accounts payable—other	654	-935
Accrued expenses	16,365	3,983
Income taxes payable	198	-3,444
Deposits received	2,350	-35
Income in advance	199	10
Accrued employees' bonuses	1,320	-96
Deferred installment income	3,428	166
Other	617	48
Long-Term Liabilities	324,307	27,868
Bonds	90,000	-40,000
Convertible bonds	7,445	-
Long-term debt	179,379	48,268
Trade payables from assignment of obligations	38,415	23,224
Accrued retirement allowances for employees	5,273	-3,407
Accrued retirement allowances for directors and statutory auditors	532	95
Allowance for losses on guarantee	879	308
Guarantee money received	1,813	15
Other	568	-636
Total Liabilities	848,174	33,825
SHAREHOLDERS' EQUITY		
Common stock	63,337	-
Capital surplus	66,748	-
Additional paid-in capital	66,748	-
Retained earnings	108,505	-
Legal reserve	3,020	-
Voluntary reserve	99,756	-
Reserve for advanced depreciation of fixed assets	301	-
General reserve	99,455	-
Unappropriated retained earnings at end of the year	5,729	-
[including net loss]	[(5,026)]	-
Unrealized gains on other securities	(1,396)	-
Treasury stock	(19)	-
Total Shareholders' Equity	237,174	-6,316
Total Liabilities and Shareholders' Equity	1,085,348	27,508

Notes:

1. The stated amounts below one million yen are discarded.
2. The year-over-year increase/decrease is recorded only for Total Shareholders' Equity because the method of presentation changed.



Nonconsolidated Statement of Income

(From April 1, 2002, to March 31, 2003)

(Millions of yen)

Account item	Amount		Rate of change
(Ordinary Profit-and-Loss Section)			
Ordinary profit and loss:			
Operating Revenue			
Comprehensive brokerage income		55,983	
Individual brokerage income		1,463	
Credit guarantee income		2,908	
Financing fees		85,682	
Operational agency income		8,452	
Leasing income			
Leasing sales	35,639		
Leasing cost of sales	31,473	4,165	
Income from merchandise sales			
Merchandise sales	9,445		
Merchandise cost of sales	8,543	902	
Other			
Other sales	7,392		
Other cost of sales	2,173	5,218	
Financial income		7,064	
Total		171,842	111.4
Operating Expenses			
Selling, general and administrative expenses		121,111	
Financial cost, net			
Interest expense	6,982		
Other financial expenses	625	7,607	
Total		128,718	114.0
Operating Income		43,123	104.5
Nonoperating income		1,724	
Nonoperating expenses		598	
Ordinary Income		44,250	107.5
(Special Profit-and-Loss Section)			
Special Gains			
Gain on sales of investment securities		39	
Gain on returned substitutive portion for the Japanese government welfare pension fund		3,974	4,014
Special Losses			
Loss on disposal of fixed assets		723	
Loss on write-down of investment securities	35,481		
Loss on write-down in stocks of subsidiaries	3,033		
Loss from support of a subsidiary	16,450		
Extraordinary depreciation	447	56,135	
Income before Income Taxes		7,871	-
Current		108	
Deferred	(2,953)	(2,845)	
Net Loss		5,026	-
Unappropriated retained earnings carried forward		10,755	
Unappropriated Retained Earnings at End of the Year		5,729	

Note: The stated amounts below one million yen are discarded.

OVERVIEW OF THE CREDIT SAISON GROUP (As of March 31, 2003)



Company name	Business
SAISON FUNDEX CORPORATION	Loan and mortgage securities
JPN Loan Servicing Co., Ltd.	Loan servicing
LAWSON CS Card, INC.*	Credit sales and financial services
Atrium Co., Ltd.	Real estate mobilization
House Planning Co., Ltd.	Real estate mobilization
Saison Direct Marketing Co., Ltd.	Mail-order sales
Vivre Co., Ltd.	Amusement industry
NOA Planning Co., Ltd.	Amusement industry
A&A Co., Ltd.	Amusement industry
Lilla Corporation	Amusement industry
United Vacations Japan Inc.	Travel business
Saison Information Systems Co., Ltd.*	Information processing services
Saison Automobile & Fire Insurance Co., Ltd.*	Non-life insurance

No mark = Consolidated subsidiary

*Affiliate accounted for by the equity method

Consolidated Balance Sheets (As of March 31, 2003)

ASSETS		
Account item	Amount	Year-over-year increase/ decrease
Current Assets	985,286	29,290
Cash and bank deposits	75,725	17,622
Installment accounts receivable	866,343	11,414
Other operating receivables	1,204	-581
Marketable securities	-	-6
Merchandise	31,488	4,011
Deferred tax assets	12,908	5,453
Short-term loans	28	-9,998
Other	28,673	4,152
Allowance for doubtful accounts	(31,084)	-2,776
Fixed Assets	293,228	-4,669
Property and Equipment, at Cost	145,814	26,743
Equipment for lease	106,407	30,320
Buildings	17,032	-2,439
Land	10,678	289
Construction in progress	1,019	896
Other	10,676	-2,323
Intangible Fixed Assets	8,376	1,168
Leasehold rights	1,243	0
Software	6,835	1,156
Other	297	11
Investments and Other Assets	139,037	-32,581
Investment securities	64,134	-52,389
Long-term loans	28,252	3,251
Guarantee money deposited	8,268	-37
Deferred tax assets	8,074	313
Other	34,901	17,698
Allowance for doubtful accounts	(4,593)	-1,418
Deferred Charges	2,307	-696
Bond issue costs	207	3
Development expenses	2,100	-700
Total Assets	1,280,822	23,923



(Millions of yen)

LIABILITIES		
Account item	Amount	Year-over-year increase/decrease
Current Liabilities	680,009	-11,051
Notes and accounts payable—trade	96,456	-23,125
Short-term loans	346,668	-3,679
Current portion of long-term debt	16,790	-29,285
Bonds due redeemable within one year	40,000	30,000
Convertible bonds due redeemable within one year	-	-8,011
Commercial paper	144,000	29,000
Trade payables from assignment of obligations due redeemable within one year	5,929	-5,920
Income taxes payable	434	-3,610
Accrued employees' bonuses	1,667	-65
Deferred installment income	3,428	166
Other	24,635	3,480
Long-Term Liabilities	363,905	42,706
Bonds	96,000	-34,000
Convertible bonds	7,445	-
Long-term debt	209,833	58,483
Trade payables from assignment of obligations	38,415	23,224
Accrued retirement allowances for employees	6,469	-3,297
Accrued retirement allowances for directors and statutory auditors	704	125
Allowance for losses on guarantee	879	308
Consolidation adjustment account	484	-127
Other	3,674	-2,009
Total Liabilities	1,043,915	31,655

MINORITY INTERESTS		
Minority interests	878	-1,166

SHAREHOLDERS' EQUITY		
Common stock	63,337	-
Additional paid-in capital	66,788	-
Retained earnings	107,686	-
Unrealized gains on other securities	(937)	-
Treasury stock	(845)	-
Total Shareholders' Equity	236,028	-6,565
Total Liabilities, Minority Interests and Shareholders' Equity	1,280,822	23,923

Notes:

1. The stated amounts below one million yen are discarded.
2. The year-over-year increase/decrease is recorded only for Total Shareholders' Equity because the method of presentation changed.



Consolidated Statements of Income

(From April 1, 2002, to March 31, 2003)

(Millions of yen)

Account item	Amount	Rate of change
(Ordinary Profit-and-Loss Section)		
Ordinary profit and loss:		
Operating Revenue		
Credit sales income	166,193	
Income from merchandise sales		
Merchandise sales	60,164	
Merchandise cost of sales	47,569	12,595
Travel and entertainment (T&E) businesses		
T&E sales	85,819	
T&E cost of sales	69,536	16,283
Other businesses		
Other sales	41,240	
Other cost of sales	33,269	7,971
Financial income	9,198	
Total	212,241	98.8
Operating Expenses		
Selling, general and administrative expenses	147,017	
Financial cost, net	12,810	
Total	159,827	103.0
Operating Income	52,414	87.8
Nonoperating income	2,174	
Nonoperating expenses	3,587	
Ordinary Income	51,001	85.4
(Special Profit-and-Loss Section)		
Special Gains		
Gain on sales of investment securities	40	
Gain on returned agency portion for the welfare pension fund	3,897	3,938
Special Losses		
Loss on disposition of fixed assets	3,164	
Loss on write-down of investment securities	42,616	
Loss from debt forgiveness	18,956	
Other	516	65,252
Income before Income Taxes	10,313	-
Current	588	
Deferred	(4,694)	(4,106)
Minority interests in loss of consolidated subsidiaries	180	
Net Loss	6,026	-

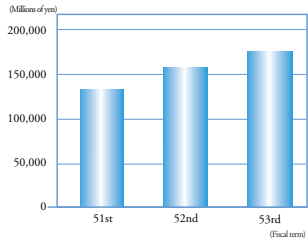
Note: The stated amounts below one million yen are discarded.



REVIEW OF OPERATIONS BY BUSINESS SEGMENT

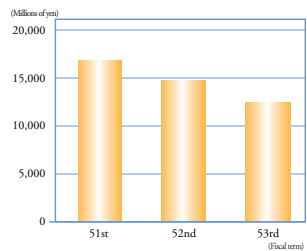
- **Credit sales and financial services**
This segment mainly consists of consumer credit, money-lending and loan servicing businesses. The core credit card business continued to perform well for the year under review. Both operating revenue and operating income improved year over year.

Operating revenue



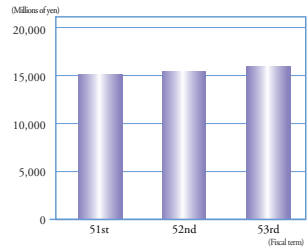
- **Merchandise sales business**
This segment mainly consists of real estate mobilization and mail-order sales businesses. During the year under review, both operating revenue and operating income decreased year over year, reflecting the sluggish business climate and the dissolution of New Seibu Motor Sales Co., Ltd.

Operating revenue



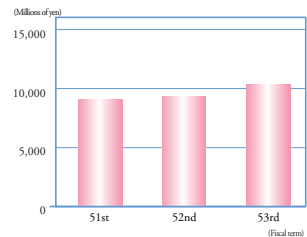
- **T&E businesses**
This segment mainly consists of travel and amusement businesses. Despite the negative effects of sluggish business conditions in the travel industry, both operating revenue and operating income improved year over year owing to the acquisition of two amusement corporations.

Operating revenue



- **Other businesses**
This segment mainly consists of leasing and real estate rental businesses. The mainstay vendor lease business (on an agent-alliance basis) performed well in the year under review. Both operating revenue and operating income improved year over year.

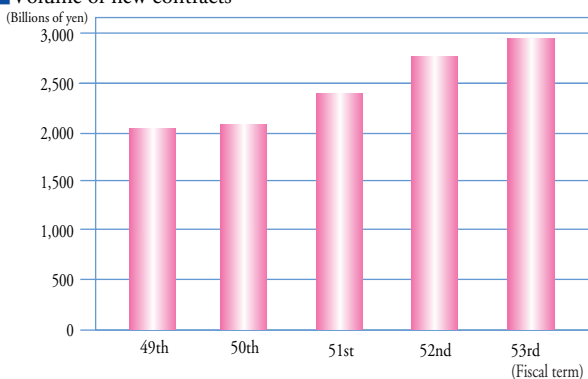
Operating revenue



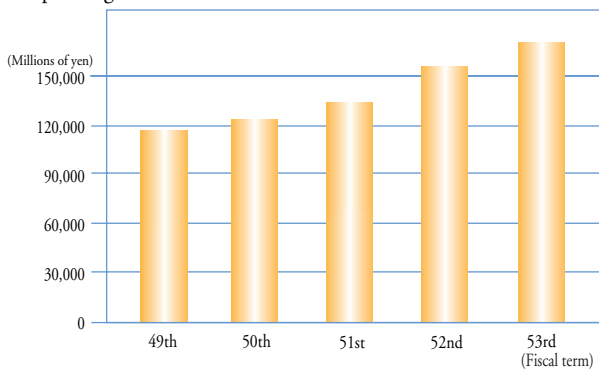


RESULTS OF OPERATIONS (NONCONSOLIDATED)

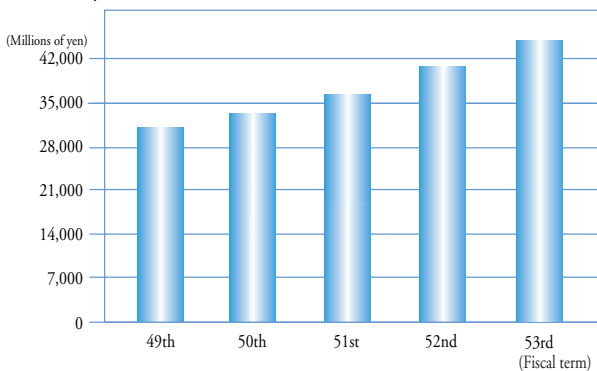
Volume of new contracts



Operating revenue

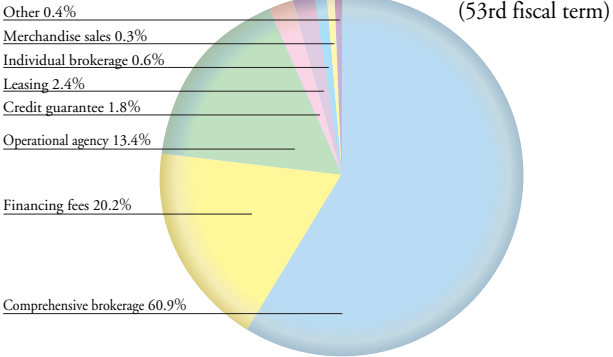


Ordinary income

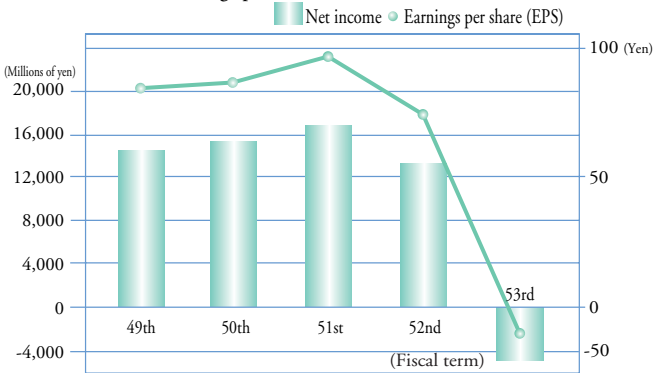




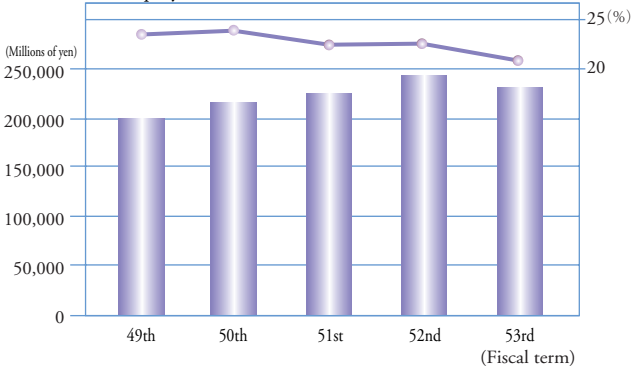
Departmental composition ratio on volume of new contracts



Net income and earnings per share (EPS)



Shareholders' equity and shareholders' equity ratio



CORPORATE DATA

(As of March 31, 2003)

- Trade Name: Credit Saison Co., Ltd. (in English)
- Founded: September 12, 1946
- Incorporated: May 1, 1951
- Paid-in Capital: ¥63,337,035,824
- Number of Employees: 1,633
- Business Purpose:
 - 1 Brokerage for installment purchases (credit sales using credit cards, etc.), financing, leasing, credit guarantee and insurance services
 - 2 General consultancy for moneymaking and investments
 - 3 Leasing and sales of real estate
 - 4 Sales with cash and credit cards for apparel, housewares, sundries, foodstuffs and other goods.
- Head Office:

52nd Floor, Sunshine 60 Building
 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku,
 Tokyo 170-6073, Japan
 TEL: (03) 3988-2111 (switchboard)
 Web site: www.saisoncard.co.jp
- Board of Directors and Statutory Auditors

President and CEO	Hiroshi Rinno (Representative Director)
Deputy President	Shiro Yanagihara (Representative Director)
Senior Managing Director	Teruyuki Maekawa (Representative Director)
Senior Managing Director	Atsushige Takahashi
Managing Director	Toshiharu Yamamoto
Managing Director	Hikomichi Sato
Managing Director	Terutaka Hasuda
Managing Director	Hideki Miyauchi
Executive Advisor and Director	Osamu Yanase
Director	Shigeru Yamada
Director	Shinji Hojo
Director	Kazufusa Inada
Director	Toshiyasu Suganuma
Director	Hidetoshi Suzuki
Director	Kenzo Tada
Director	Mitsuo Yokoyama
Director	Fumio Ikeda
Standing Statutory Auditor	Shigeru Suzuki
Standing Statutory Auditor	Akira Uno
Standing Statutory Auditor	Toshio Sakai
Statutory Auditor	Seikou Yoshimi

Information on “Hospitality Program for Shareholders”

Every year, we offer the following SAISON Dream points to our shareholders.

Every August, we offer SAISON Dream points as a gift to shareholders of Credit Saison who are SAISON cardholders as of March 31, according to the number of shares held by the respective shareholders.

* Several SAISON cards are not covered by the SAISON Dream point program.

Number of shares held	Gift points
100-less than 500 shares	500 points
500-less than 1,000 shares	1,000 points
1,000 shares or more	1,500 points

SAISON
Dream
SHOPPING ¥1,000=1POINT

SAISON Card Point Program

SAISON Dream with points available indefinitely

SAISON card points are available indefinitely and can be exchanged for desired items.

Inquiries on the Hospitality Program for Shareholders

General Affairs Section, General Affairs Division, Credit Saison Co., Ltd. ☎ 03-3988-2111

(Reception: 9 a.m.-5:45 p.m. weekdays; closed Saturdays, Sundays and holidays)

Shareholder Information

- 1 Closing of Accounts: March 31
- 2 Ordinary General Meeting of Shareholders: June
- 3 Record Date:
To determine shareholders who can exercise rights at an ordinary general meeting: March 31
To determine shareholders entitled to receive cash dividends: March 31
If necessary, another day can be designated with public notice.
- 4 Unit (tangen) stock of shares: 100
- 5 Transfer Agent:
Stock Transfer Agency Department
The Sumitomo Trust & Banking Co., Ltd.
5-33, Kitahama 4-chome, Chuo-ku, Osaka
Transfer Agent Branch:
Stock Transfer Agency Department
The Sumitomo Trust & Banking Co., Ltd.
4-4, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Mailing Address and Telephone Contact:
Stock Transfer Agency Department
The Sumitomo Trust & Banking Co., Ltd.
1-10, Nikko-cho, Fuchu, Tokyo 183-8701 Japan
(Request for an Address Change Form, etc.): ☎0120-175-417
(Other referrals): ☎0120-176-417
Web site: www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html
Agencies: The Sumitomo Trust & Banking Co., Ltd.;
Head office and all branches nationwide
- 6 Media for Public Notice: Nihon Keizai Shimbun (daily newspaper)
issued in the Metropolis of Tokyo



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