



Management Report

(Interm FY2005)

November 22, 2005

Credit Saison Co., Ltd.



AGENDA

Overview of Business for First Half of FY 2005

- . Overview of Business
- . Explanation of Revisions
to Perforation Estimates

Management Strategy for FY 2005

The figures contained in this document, which describe the outlook of business etc, are projected calculations based on conclusions and suppositions according to the information currently available to us. Future actual business results may differ substantially from the projections described here due to the inherent uncertainty of such conclusions and suppositions, as well as variable factors such as future business operations and/or economic conditions.



Half-Year Financial Report for FY 2005



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Financial Report for FY 2005

. Overview of Business

1 . Highlights

2 . Operating Results

3 . Credit Risk Trends

4 . Financial Indices

5 . Main Indices (Non-Consolidated)

1 . Highlights of First Half of FY 2005

Non-consolidated Consolidated

First and Second Quarter

Start of operation at new credit center “Ubiquitous”
Started issuing “Mizuho Mileage Club Card SAISON” through alliance with Mizuho Financial Group
Started new “Prince Card” through alliance with PRINCE HOTELS, INC.
Capital and business alliance with Mitsubishi Corporation. Transferred direct marketing business of Saison Direct Marketing
Alliance with Tokyo Electric Power Company: card payment of electricity bills from September
Co-development of “Auto Insurance” with Saison Automobile and Fire Insurance JPN Service Co., Ltd., encouragement of national pension premium payment by telephone, commissioned by Niigata Social Insurance Bureau
Started “SAISON Wedding Story” web-based wedding information service
Started new TV commercial, “Disdain” (The Giant Swing) in Paris and London

Third Quarter

Started the SAISON Platinum American Express Card
Formed alliance with Sumitomo Trust & Banking to launch term deposits with SAISON Permanent Points
Began offering call loans with securities as collateral
Started issuing “Chojo-SAISON Credit Card” through the tie-up with Bank of China JPN Servicer Co. Ltd. municipal tax formal notice by telephone, etc., commissioned by Sakai City government, Osaka prefecture
Merger with UC CARD Co. Ltd. in January



2 . Business Results

()=YOY

Consolidated

Non-Consolidated

Operating revenues

First Half of
FY 2004

¥117.2 billion (108%)

First Half of
FY 2005

¥127.8 billion (109%)

¥92.8 billion (107%)

¥100.0 billion (108%)

Ordinary income

First Half of
FY 2004

¥28.0 billion (113%)

First Half of
FY 2005

¥35.0 billion (125%)

¥22.9 billion (109%)

¥24.9 billion (109%)

Net income

First Half of
FY 2004

¥15.8 billion (121%)

First Half of
FY 2005

¥20.7 billion (130%)

¥14.2 billion (116%)

¥14.7 billion (103%)

Results by Business Segment

Units: Billion yen %

	Operating revenues			Operating income		
	First Half of FY 2004	First Half of FY 2005	YOY	First Half of FY 2004	First Half of FY 2005	YOY
Credit & Finance	95.3	104.7	9.9%	23.5	27.7	17.8%
Entertainment	8.2	8.8	7.5%	0.5	1.2	113.9%
Real estate	7.2	8.4	16.3%	3.6	3.9	9.1%
Lease	3.3	3.8	15.1%	1.5	1.5	2.5%
Others	3.9	2.6	34.3%	2.1	1.3	37.7%
Total	118.0	128.3	8.8%	31.2	35.6	14.1%
Intercorp transactions	(0.7)	(0.6)	-	(1.6)	(2.0)	-
Consolidated	117.2	127.8	9.0%	29.6	33.6	13.6%

Contribution to Consolidated Results

Consolidated Trends

(Units: Billion yen; times)

	First Half of FY 2004	First Half of FY 2005	FY 2005 (target)
Ordinary income	28.0	35.0	64.0
Net income	15.8	20.7	22.0
Ratio of consolidated to non-consolidated net income (times)	1.12	1.41	1.47
Shareholders' equity ratio	19.6%	20.0%	-

Ordinary income: Consolidated/Non-consolidated difference

(Units: Billion yen)

	Consolidated	Non-Consolidated	Consolidated-Non-Consolidated
Ordinary income	35.0	24.9	10.1

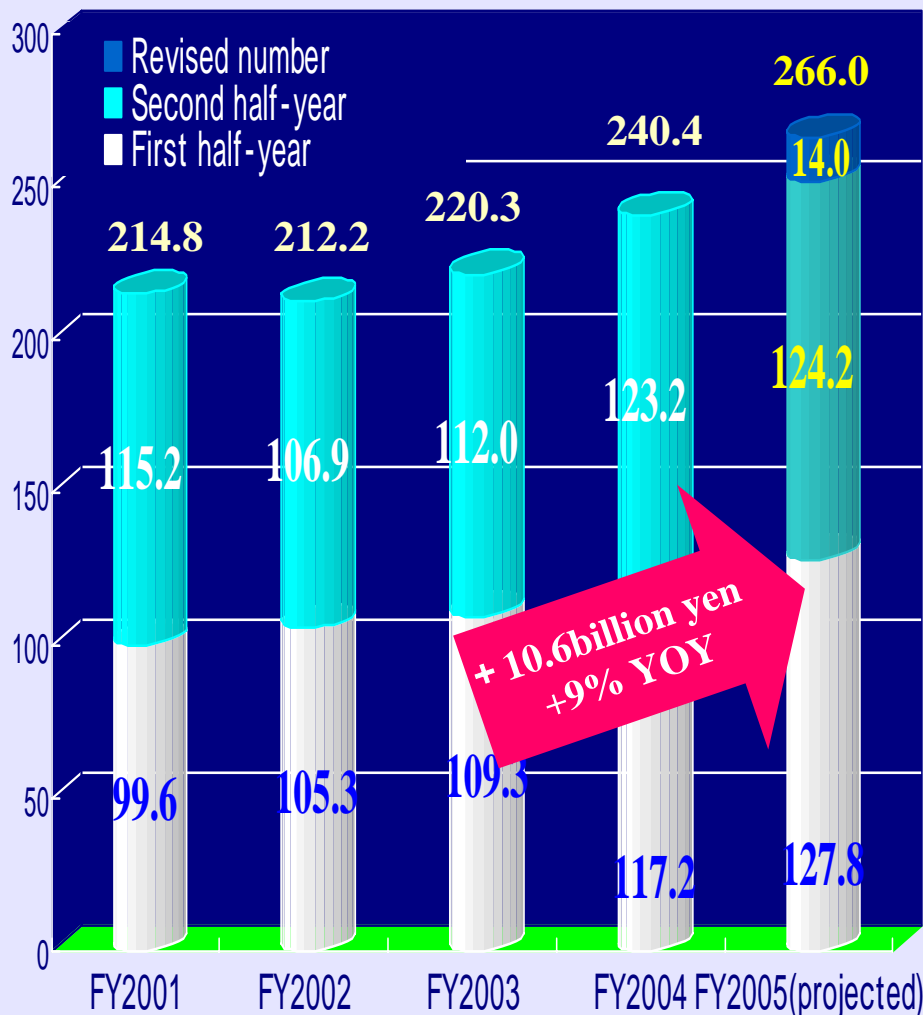
Contribution to Consolidated Results

Main consolidated subsidiaries	Contribution to ordinary income
Saison Funded G · Saison Funded (loans & mortgage securities) · House Planning (real estate)	¥3.4 billion
Atrium G · Atrium (real estate) · Atrium Servicing (credit collection agency)	¥4.0 billion
Vivre G · Vivre (amusement business) · NOA Planning (consulting) · A & A (amusement business)	¥1.1 billion
Main equity-method affiliates	Contribution to ordinary income
UC Card (credit card business)	¥ 1.1 billion
Saison Information Systems (Information processing service)	¥ 0.2 billion

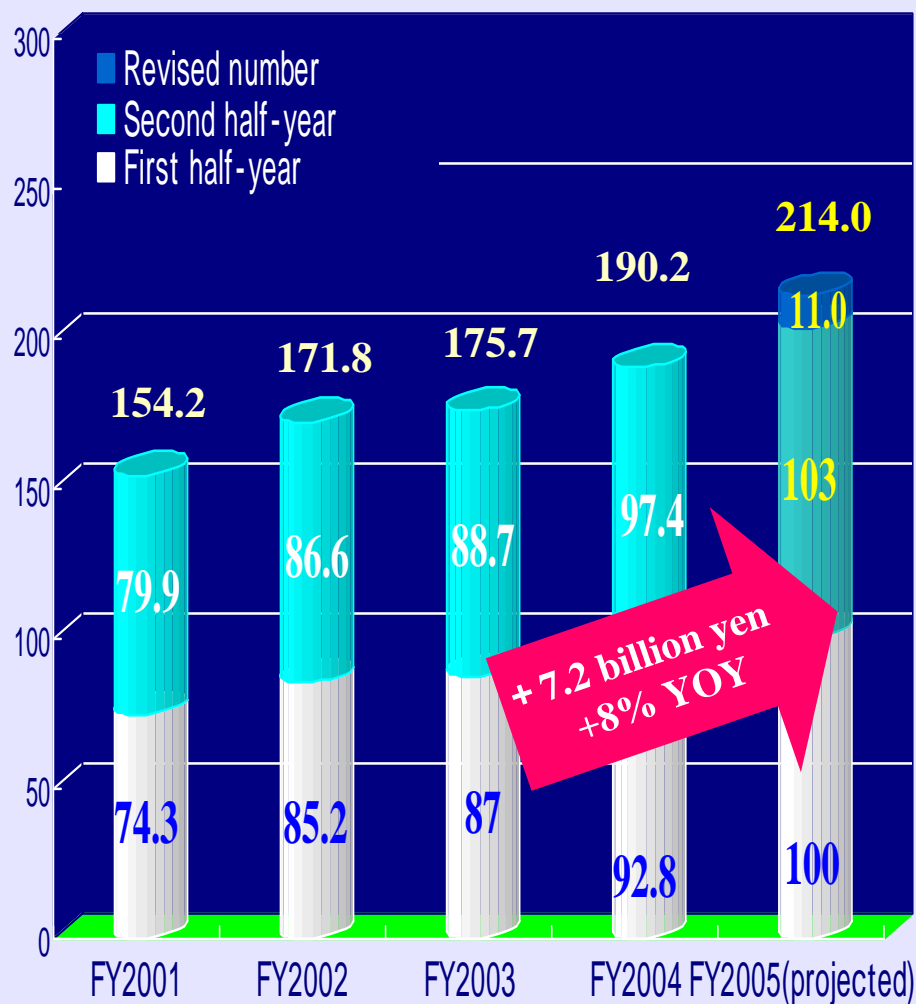
Operating Revenues (Consolidated/Non-Consolidated)

With strong performance in every segment, consolidated operating revenue came in at ¥3.8 billion higher than initial targets.

Unit: Billion yen **【 Consolidated 】**



Unit: Billion yen **【 Non-Consolidated 】**



Ordinary Income (Consolidated/Non-Consolidated)

Surpassed initial targets by ¥7.0 billion (consolidated) and ¥2.0 billion (non-consolidated) as a result of effect from parent-company cost-cutting and strong performance at consolidated subsidiaries, including companies accounted for by equity method



CORPORATE STRATEGY 2005

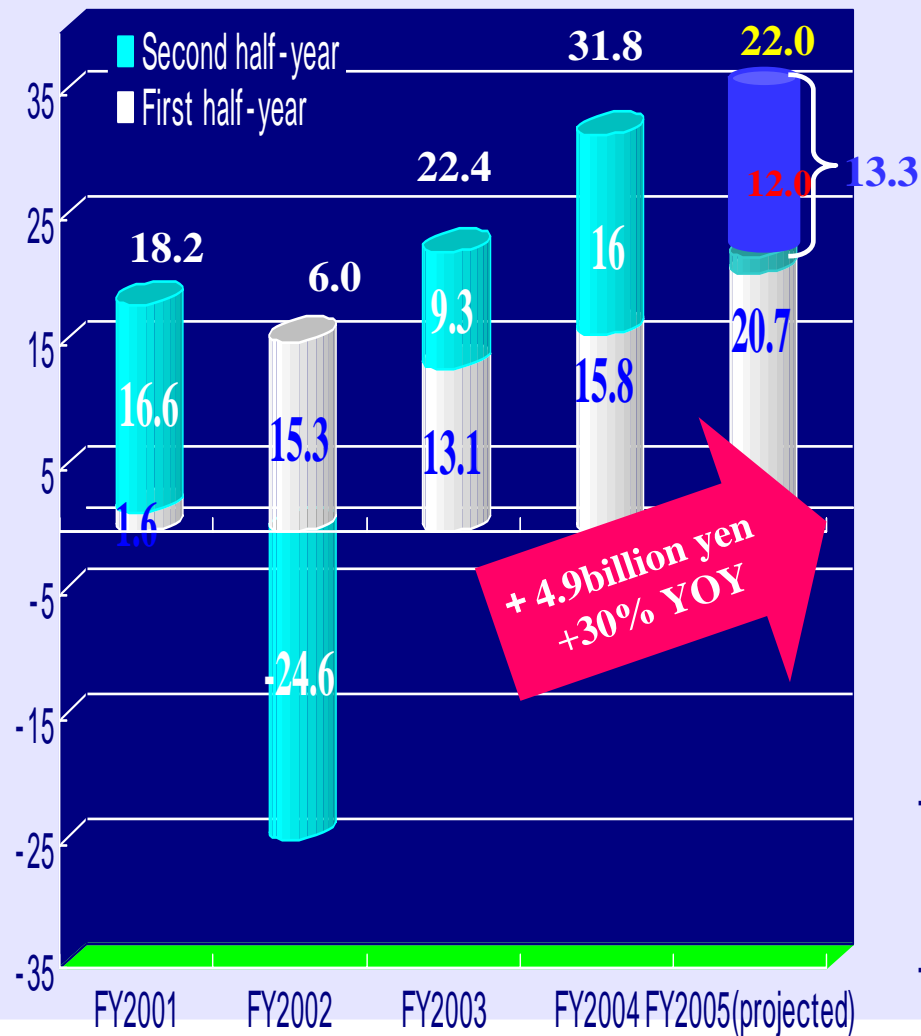


CREDIT SAISON CO., LTD.

Net income (Consolidated/Non-Consolidated)

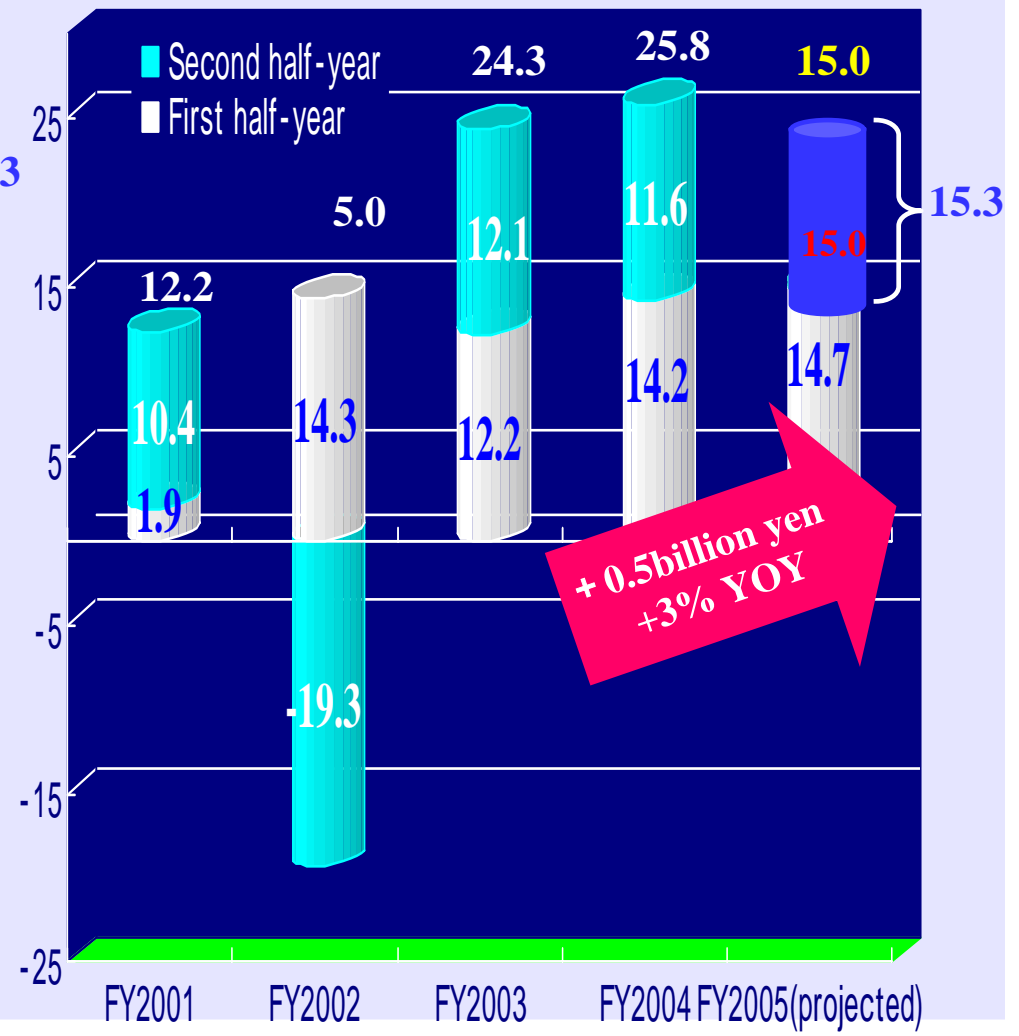
Surpassed initial targets by ¥4.7 billion (consolidated)
and ¥1.0 billion (non-consolidated)

Unit: Billion yen **【 Consolidated 】**



CORPORATE STRATEGY 2005

Unit: Billion yen **【 Non-Consolidated 】**



CREDIT SAISON CO., LTD.



3 . Credit Risk Trends

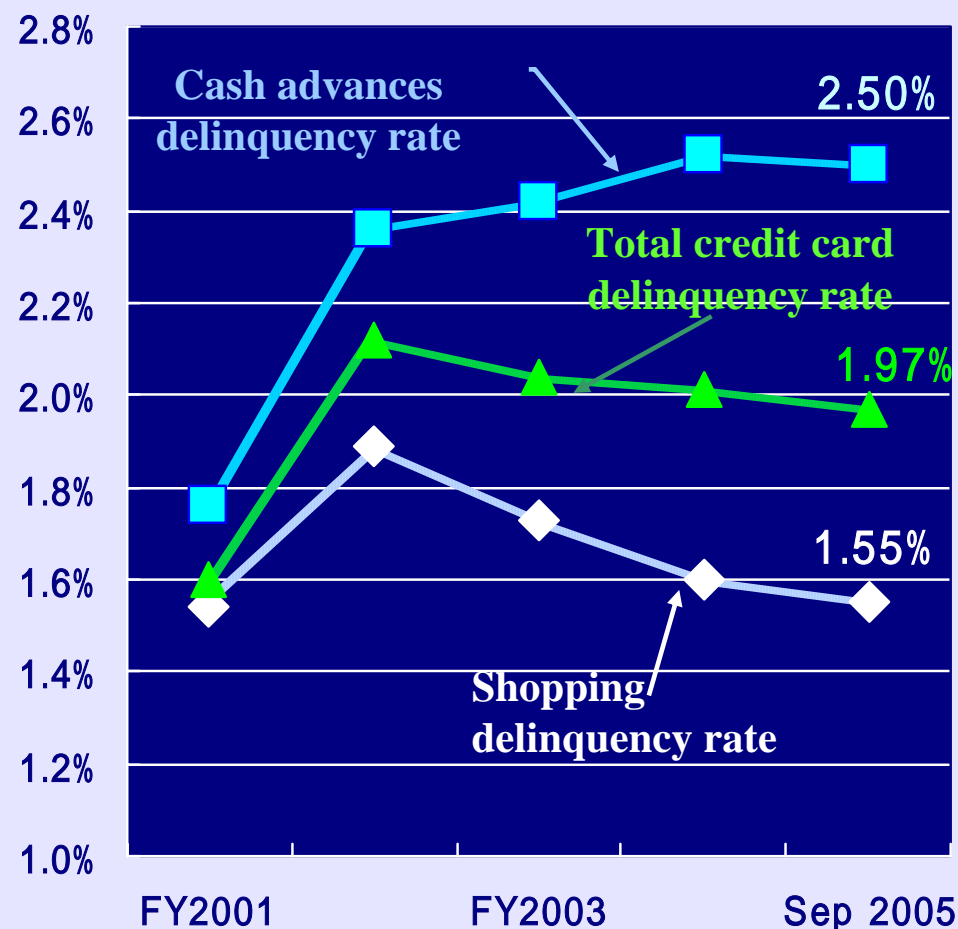
The trend has cooled down in delinquent receivables of over 90 days.

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

【 Consolidated 】



【 Non-Consolidated 】



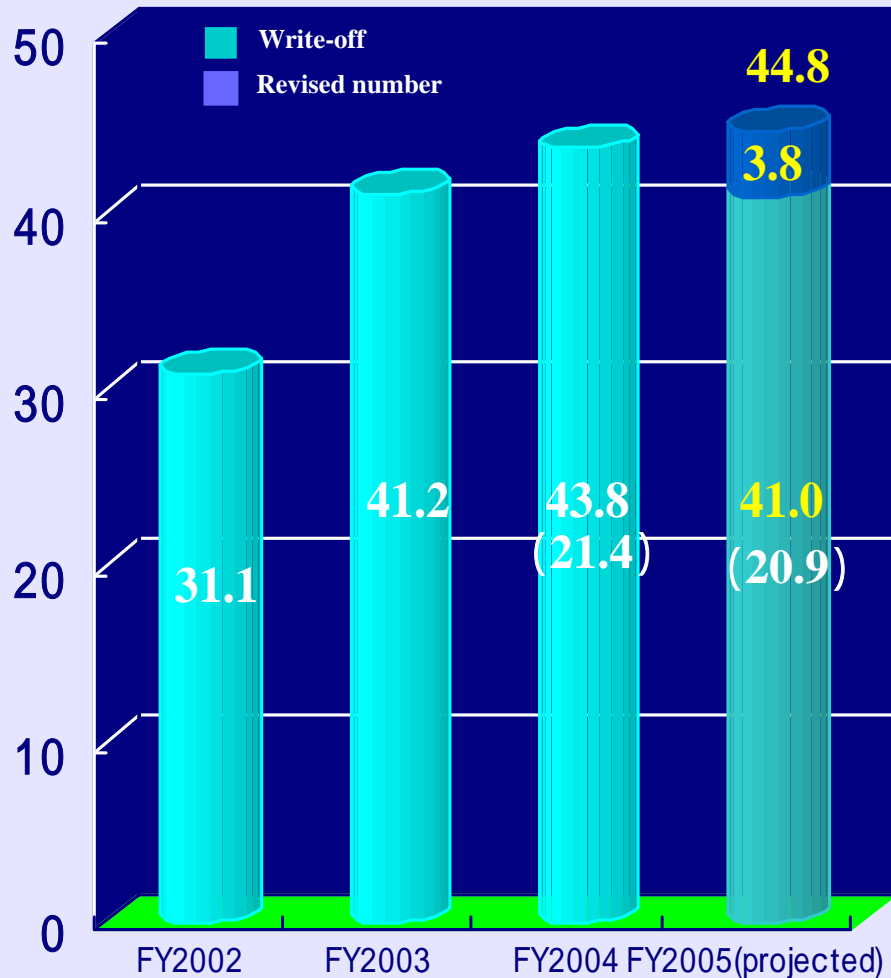
Credit Risk Trends

Credit Costs

【 Consolidated 】

Billion yen

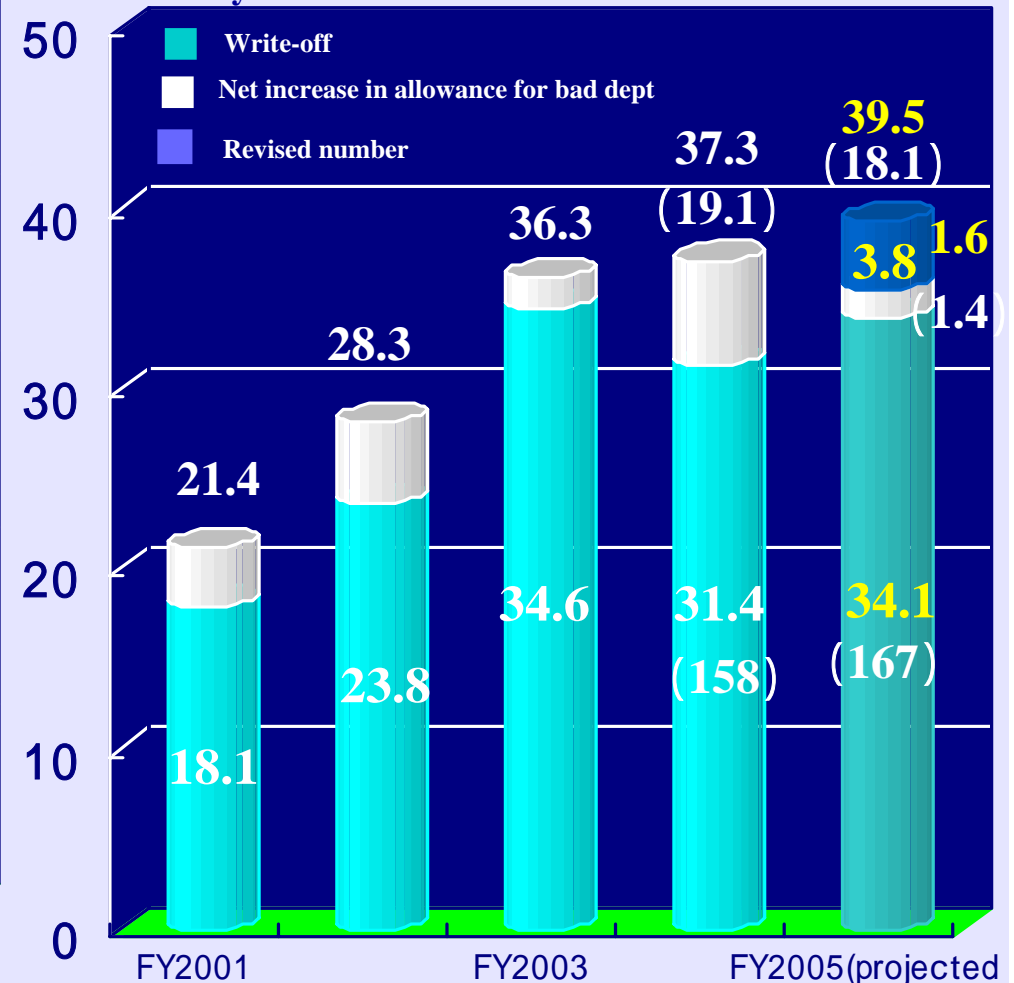
Consolidated figures are aggregate delinquency costs.



() First half year

【 Non-Consolidated 】

Billion yen



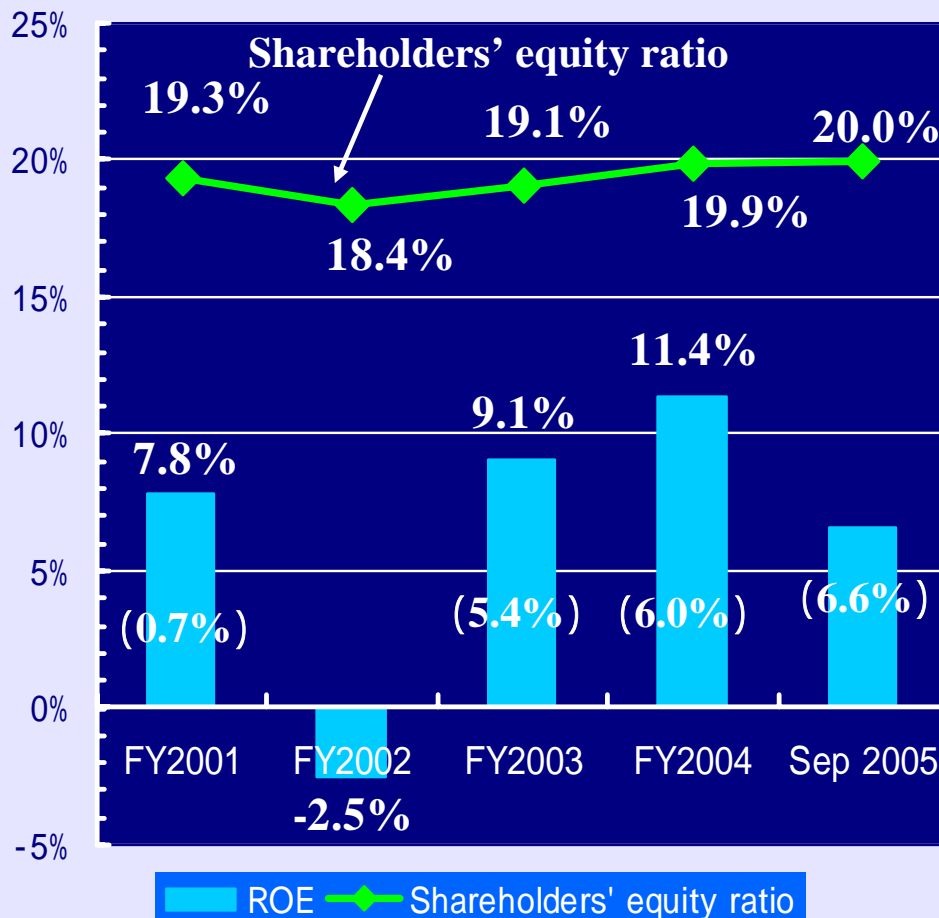
4 . Financial Indices

- ◆ **Stability** Shareholders' equity ratio steady
- ◆ **Profitability** Reached medium-term target of 10% consolidated ROE

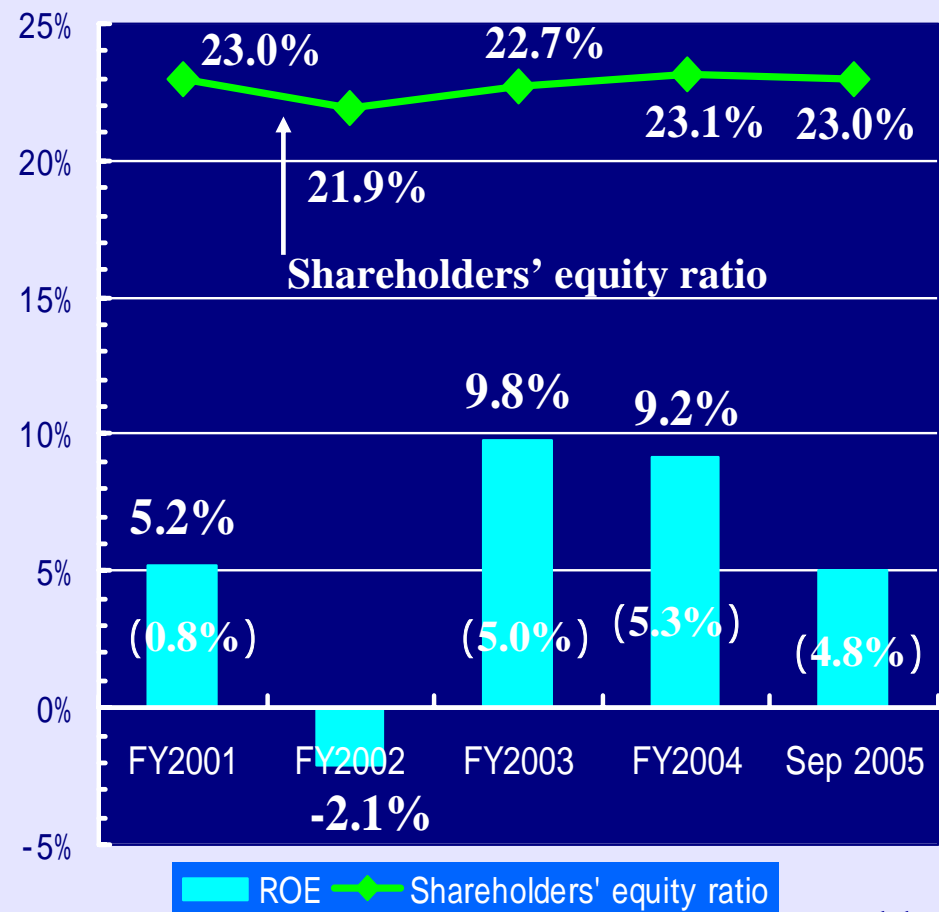
Ratings
R&I A⁺
S&P A⁻

() First half year

【 Consolidated 】



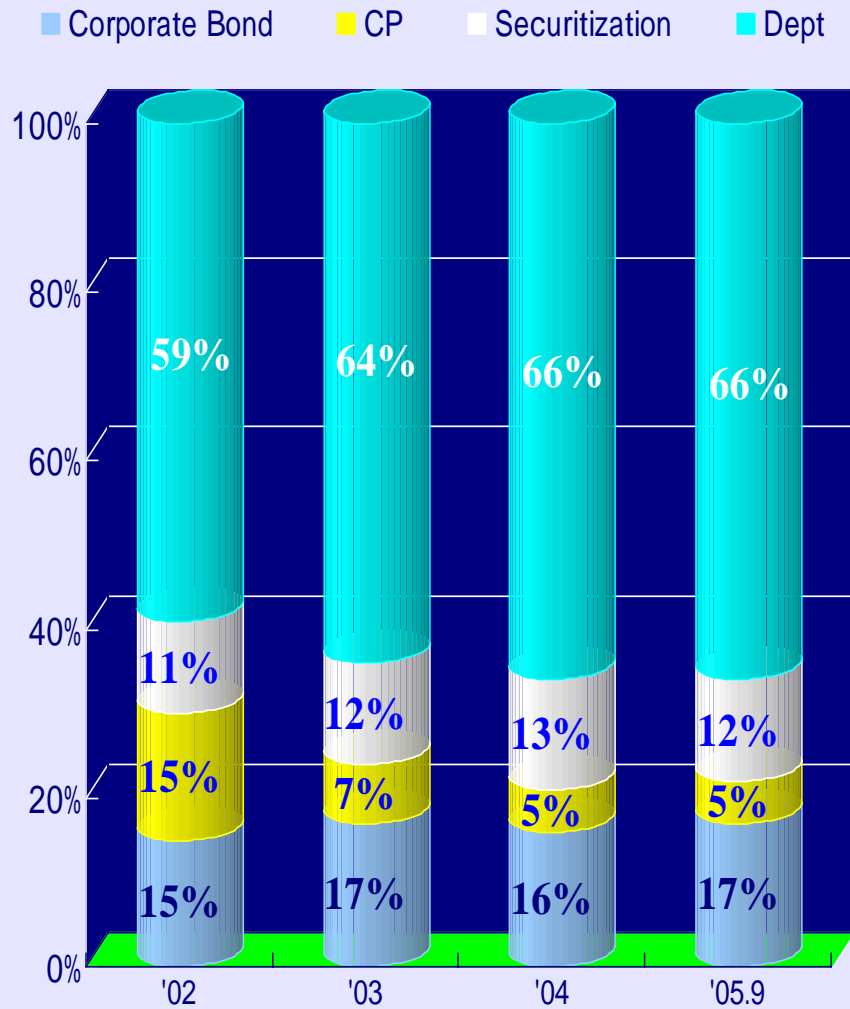
【 Non-Consolidated 】



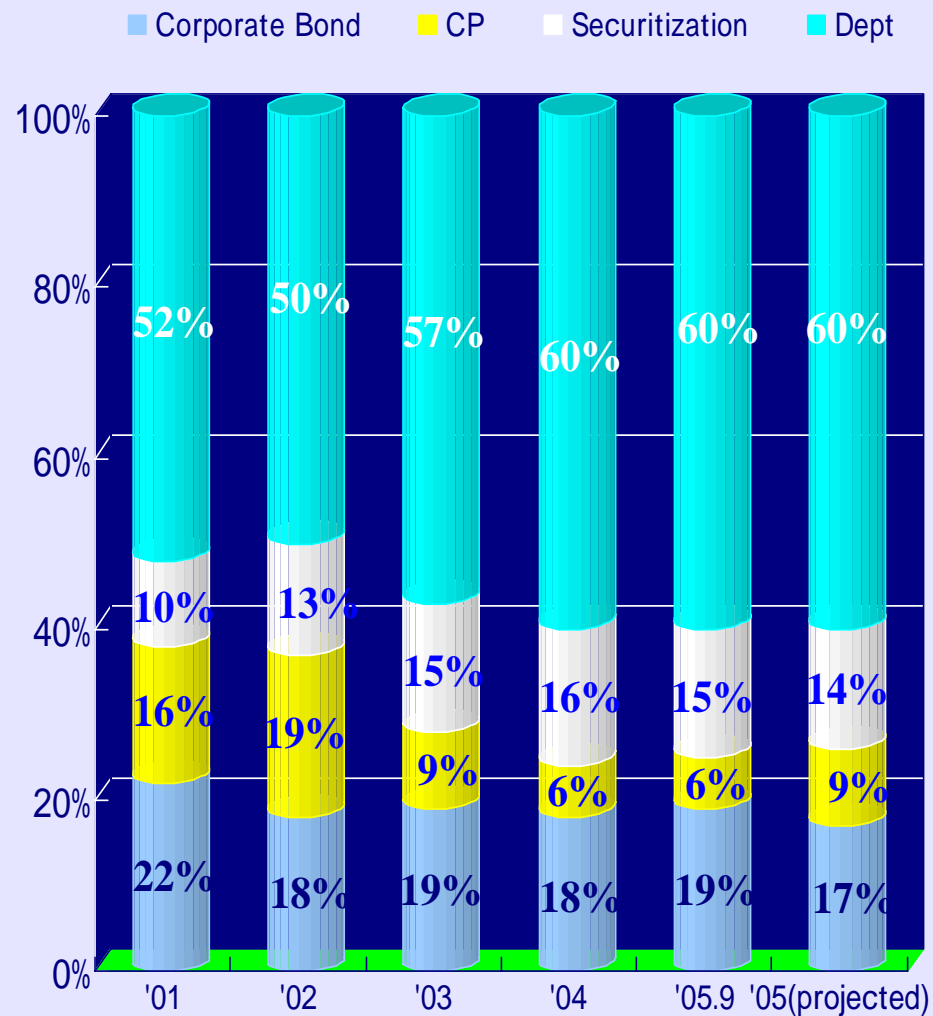


Funding Structure

【 Consolidated 】

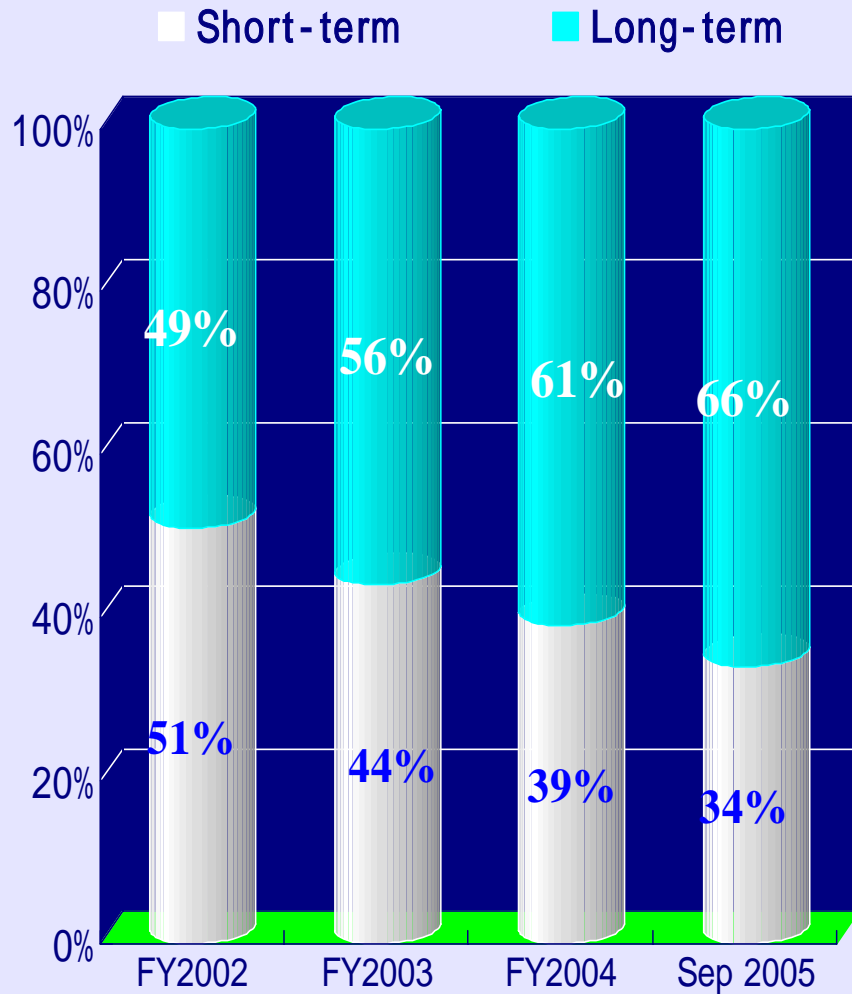


【 Non-Consolidated 】

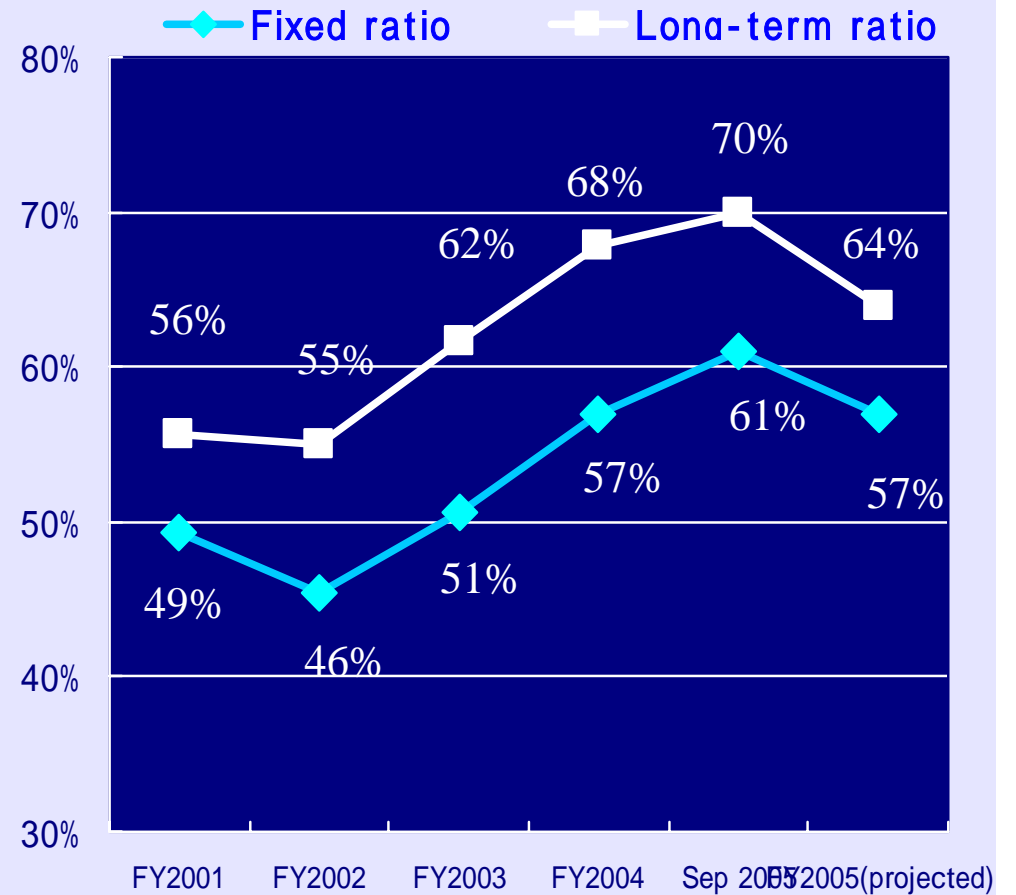


Funding Structure

【 Consolidated 】



【 Non-Consolidated 】



5 . Main Indices for First Half of FY 2005

() = Y O Y

New applications 1.39 million (122%) 

New cards issued 1.17 million (120%) 

Total card members 17.50 million (107%) +600,000 from end of previous period 

Active card members 9.15 million (107%) +320,000 from end of previous period 

Transaction volume ¥1,385.4 billion (111%) 

Card shopping ¥1,112.8 billion (112%) 

Card Cash advances ¥272.6 billion (105%) 

New applications

Exceeded plan, reflecting positive trends in new credit card applications, including new affinity cards

Units: Million



New cards issued

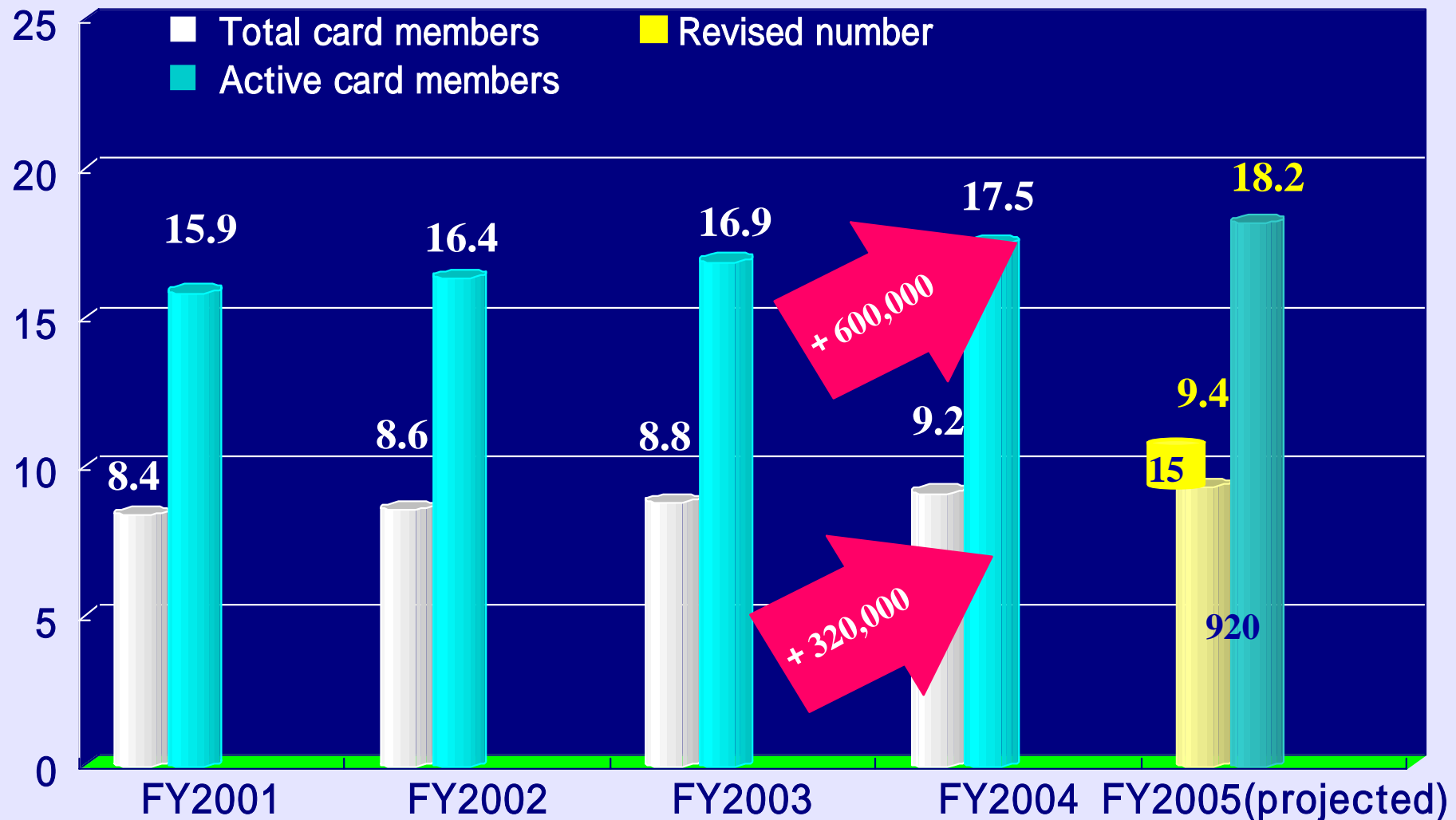
Nearly in line with plan, reflecting steady new card applications.



Total card members & Active card members

Increase in activity at start of period and expansion of ongoing payment of utility bills, etc., helped to boost number of active cardholders

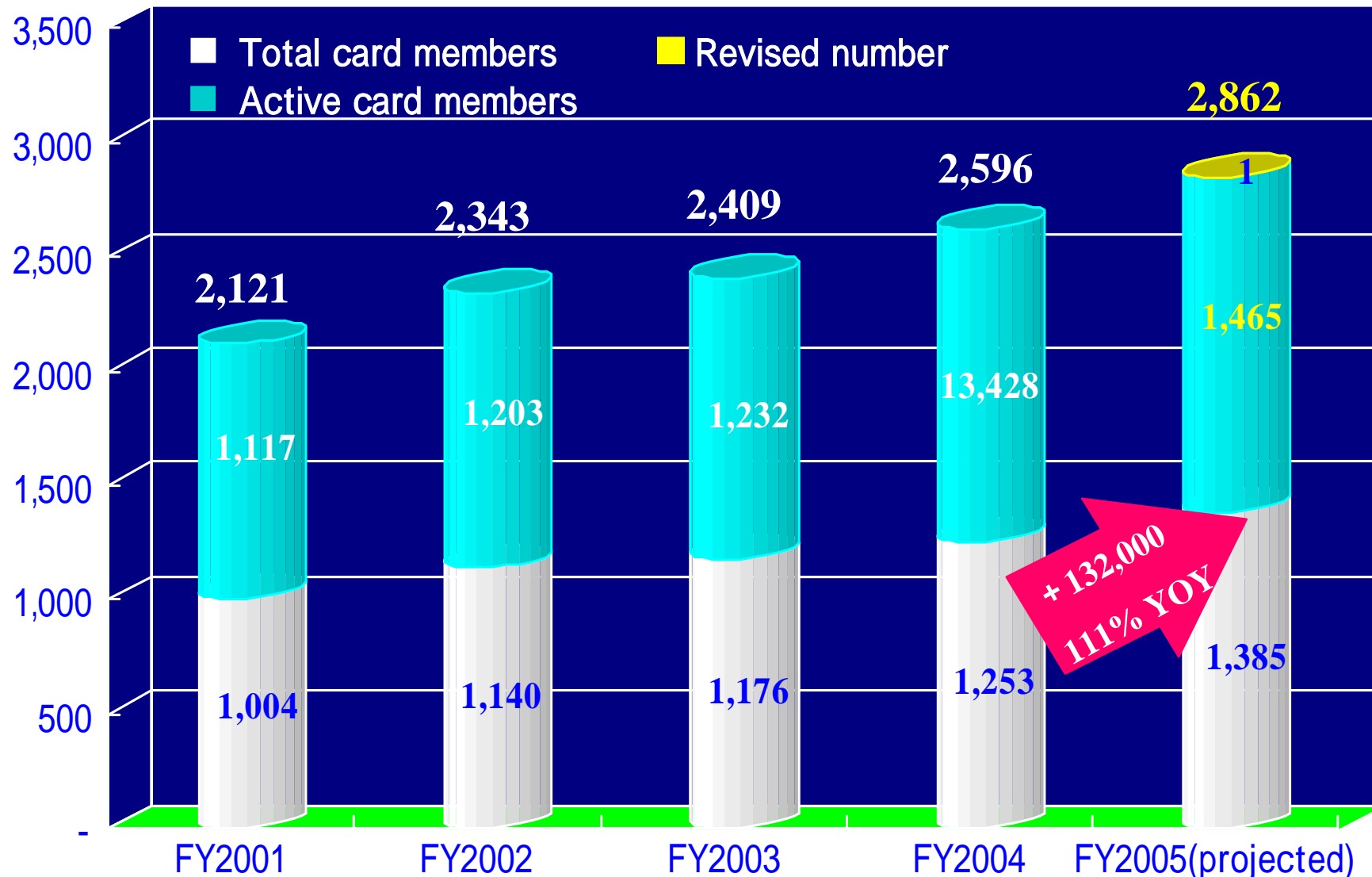
Units: Million



Transaction volume

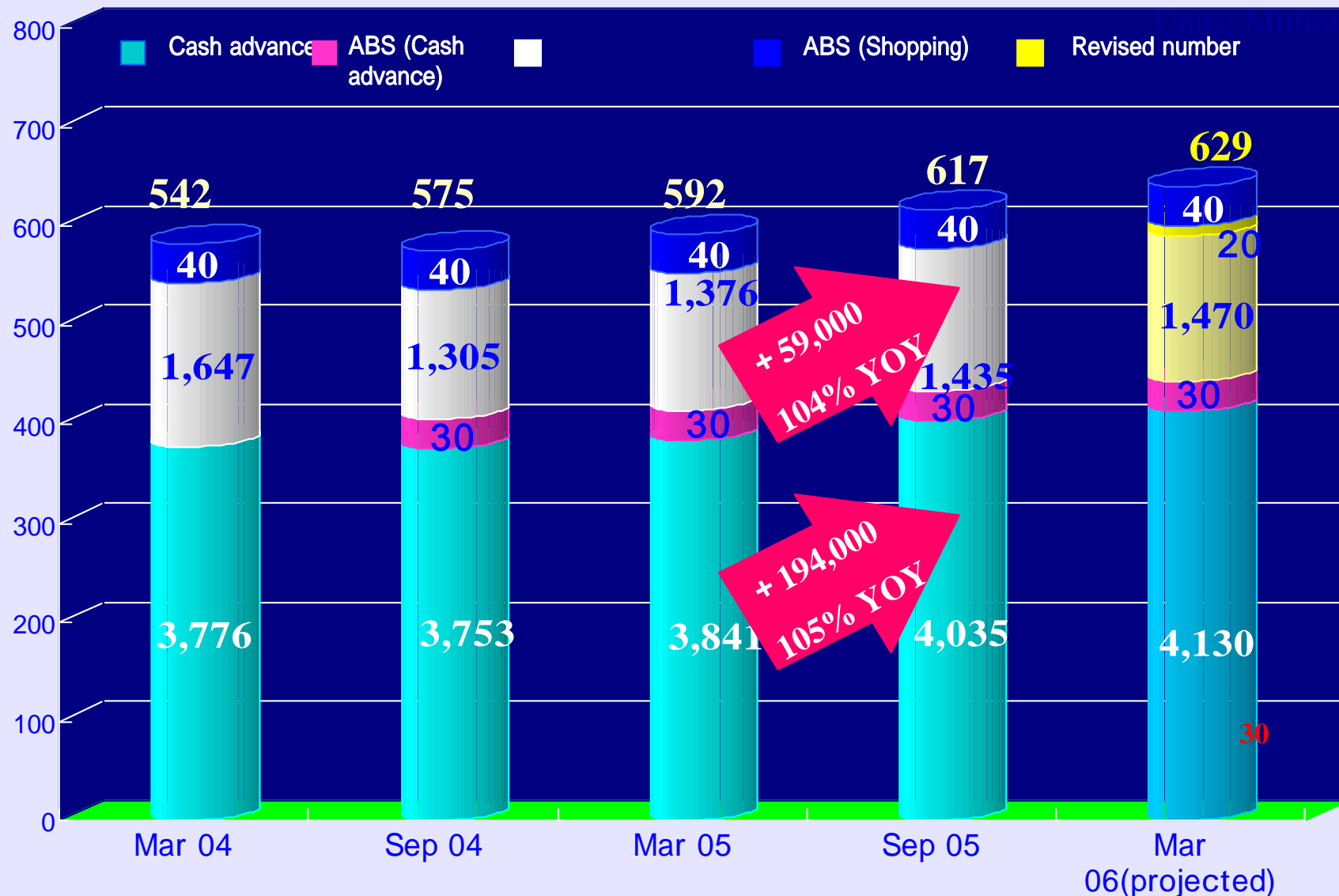
Target for fiscal year revised upward by ¥12.0 billion due to improved external environment and marketing efforts

Units: Million



Credit loan outstanding

Minor adjustment in full-year target due to adjustment of card transaction volume



Explanation of Revisions to Performance Estimates

Explanation of Revisions to Performance Estimates

Units: Million

		Previous forecast	Revised forecast	Amount of change	Reason for the Revision of the Performance Forecasts
Consolidated	Operating revenues	252	266	14	<ul style="list-style-type: none"> three-month contribution of UC CARD Subsidiary firm resulted of satisfactory
	Ordinary income	60	64	40	<ul style="list-style-type: none"> Subsidiary firm resulted of satisfactory Equity in income of affiliates
	Net income	34	22	12	<ul style="list-style-type: none"> Trade repay ouch CARD Subsidiary firm resulted of satisfactory
Non-Consolidated	Operating revenues	203	214	11	<ul style="list-style-type: none"> three-month contribution of UC CARD
	Ordinary income	50	50	-	
	Net income	30	15	15	<ul style="list-style-type: none"> Trade repay of UC CARD Loss on reorganization of consolidated subsidiary



Management Strategies FY 2005





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Management Strategies FY 2005

1. Using Alliances to Stimulate the Card Business

2. New Growth Drivers




3. The Group's Full Power and Future Initiatives

1. Using Alliances to Stimulate the Card Business

Stimulating Effects of Affinity Cards



Specific results of “Three-in-One” structure

- Promotion in conjunction with opening of “Shinsaibashi Sogo” (Osaka)
 - Achieved brand image penetration in local area
 - Acquired many new cardholders 25,000 new card applications before store opening
New applications increased 60% YOY
- Enhancement of alliance with Takashimaya
 - Increased use of SAISON Card 40% YOY increase in SAISON card use at Takashimaya
(one of the top 10 cards used in large-scale affiliate stores)
- Reinforcement of “Outbound approach”
 - Promoted activity for new card members with “Thanks Call”
4% increase in shopping transactions within first three months

1. Using Alliances to Stimulate the Card Business

Becoming No. 1 Card to Activate Card Use

Recurring payment use (as of Sept. 2005)

- Number of cardholders using card for recurring payments (utility fees, mobile phone bills, newspaper subscriptions, cardholders' insurance premiums)

Recurring payment users: 1,320,000 members (+ members 45% YOY)

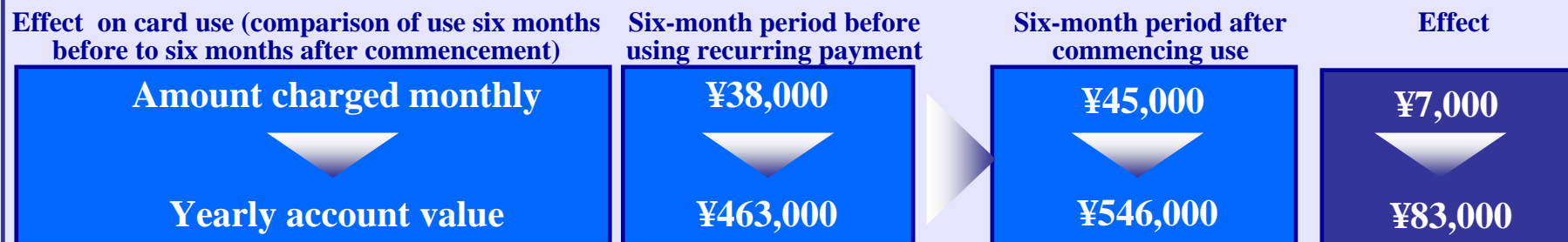
Usage ratio (proportion of active cardholders): 14% (+ members 4% YOY)

- Use of credit card to pay mobile phone bills

Number of users: approx. 800,000 members

Usage rate (proportion of active cardholders): approx. 9%

Phone companies: NTT DoCoMo, KDDI, Tu-ka Cellular, au, Vodafone, WILLCOM



Note: Figures exclude charges for mobile phone use.

1. Using Alliances to Stimulate the Card Business

Alliance-based Growth Strategy

Appeal to wealthy customers



new "Prince Card"

Alliance with hotel industry's top-class Prince Hotels:
Reinforced highly loyal customer base



SAISON Platinum
American Express Card

Strengthening T&E services to offer higher status:
Acquired new premium card users

Appeal to male customers



「K - 1 SAISON Card」

Tie-up with K-1, leading sport of the martial arts boom,
to appeal to highly entertainment-oriented segment
Attracted male sports fans

1. Using Alliances to Stimulate the Card Business

Alliance-based Growth Strategy

Business alliances

➤ Measures to raise added value of credit cards



Commenced sale of term deposits with SAISON Permanent Points: “SAISON Sumishin Money Club”

Developed automobile insurance exclusively for cardholders: “Auto Insurance”

Increased number of locations offering securities brokerage services

Overseas alliances

➤ Issuance of “Chojo-SAISON Credit Card”

First approach to issuing cards in the expanding Chinese market

Formed alliance with Bank of China, targeting Japanese expatriates in Shanghai

Issued credit card that permits transactions in yuan



2. New Growth Drivers

Joint Card with Mizuho Bank

Use of MMC Card SAISON

Customer segment

	MMC	Saison Total
Male	65%	33%
Female	35%	67%

Analysis of cards issued May-September

Shopping activity

Usage through September for cards issued in May

	MMC	Other financial cards
Active ratio within first three month	36%	27%
Account value	97,000 yen	66,000 yen

Promotion development

- 1st Step Begin acceptance of applications for people opening new accounts at branches
- 2nd Step Start of in-branch service for customers with Mizuho Bank customers
(Pilot project at 30 branches)

(Future development)

- 3rd Step Expand in-branch development to 100 stores nationwide
 - Enhance ability to secure new customers
 - Introduction of newly designed card face Raise card usage
 - Introduction of AMEX brand Secure T&E and wealthy customers

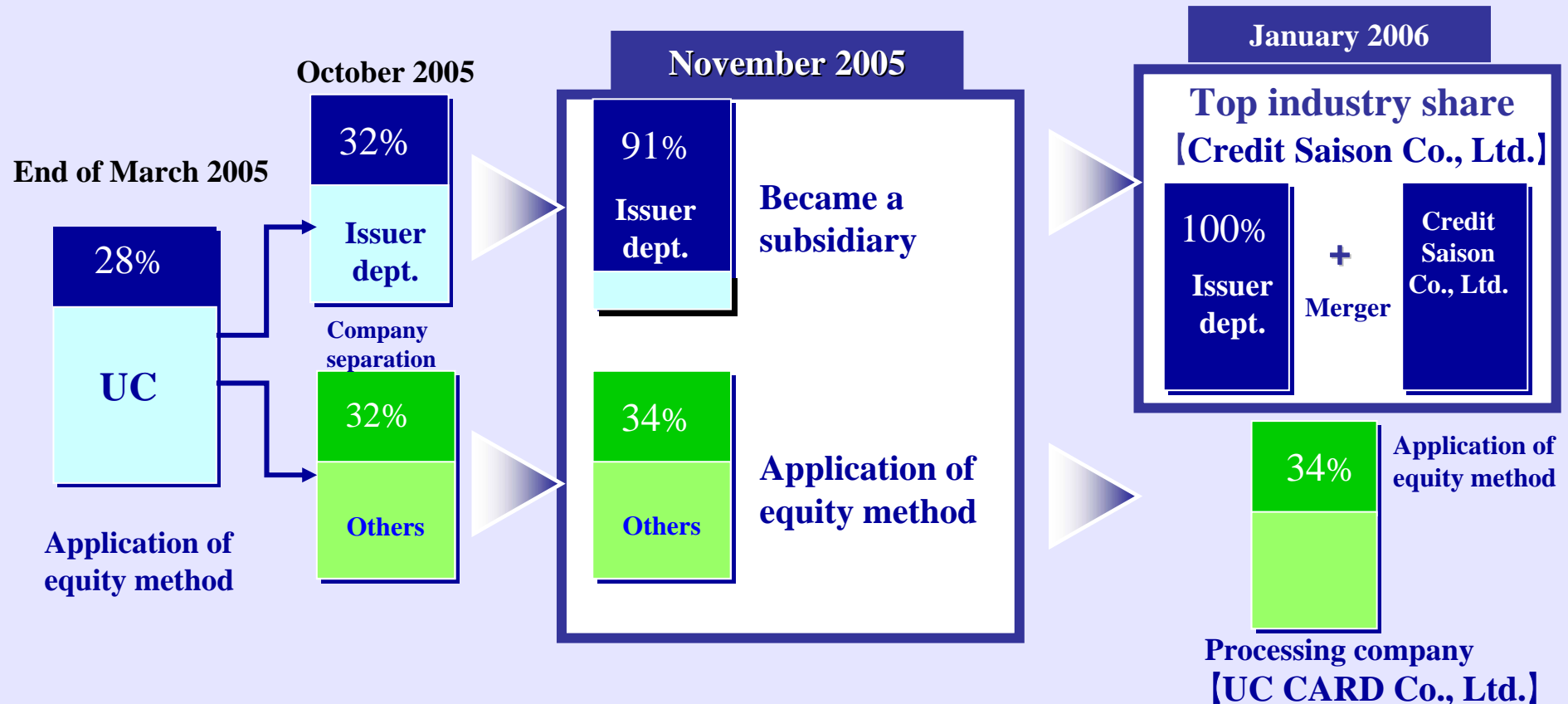


Newly issued cards

2. New Growth Drivers

Merger with UC Card

We will leverage economies of scale to conduct aggressive sales and rapid business development, as we aim to capture the top industry share with support from customers.



2. New Growth Drivers

Effect of Merger with UC CARD Co., Ltd.

Unit: Billion yen

		Credit Saison business	UC Card business	Total	Comment
Balance Sheet (Note 1)	Receivables	(Note 3) 1,125	253	1,378	Simple calculation
	Total assets	1,384	253.4	1,637.4	Simple calculation
	Interest-bearing debt	1,022	182	1,204	Simple calculation
Profit and Loss (Note 2)	Operating revenues	203	43	214	3-month contribution (11 billion yen) from January-March
	Ordinary income	50	3.5	50	Merger-related expenses factored in
	Net income	30	-	16	Effect of 24 billion yen amortization of goodwill (-14 billion yen) factored in

Notes: 1 = Balance Sheet: Figures at time of company separation in October 2005

2 = Profit and Loss: Projected figures for year ending March 2006 (includes 3-month contribution of UC Card results for January-March)

3 = Includes securitization

	Credit Saison business	UC Card business	Merged figures	
Total cardholders (Million)	17.5 (18.2)	4.1 (4.4)	21.6	(22.6)
Shopping-related credit card transaction volume (Billion yen)	1,112.8 (2,320)	374.6 (750)	-	* (2,506)
Cash advance transaction volume (Billion yen)	272.5 (542)	160.1 (320)	-	* (615)

Parentheses indicate target for full fiscal year

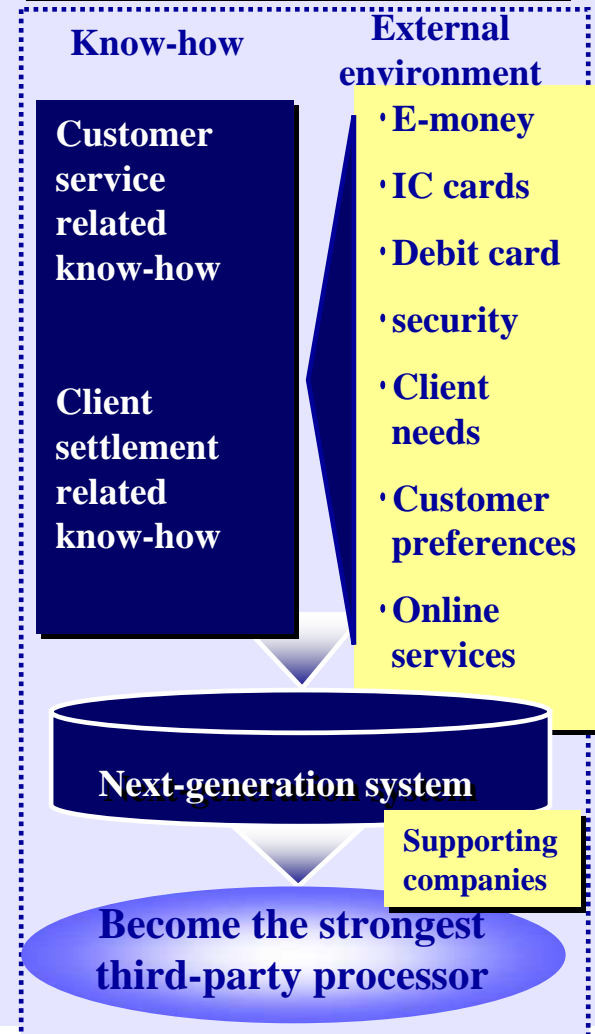
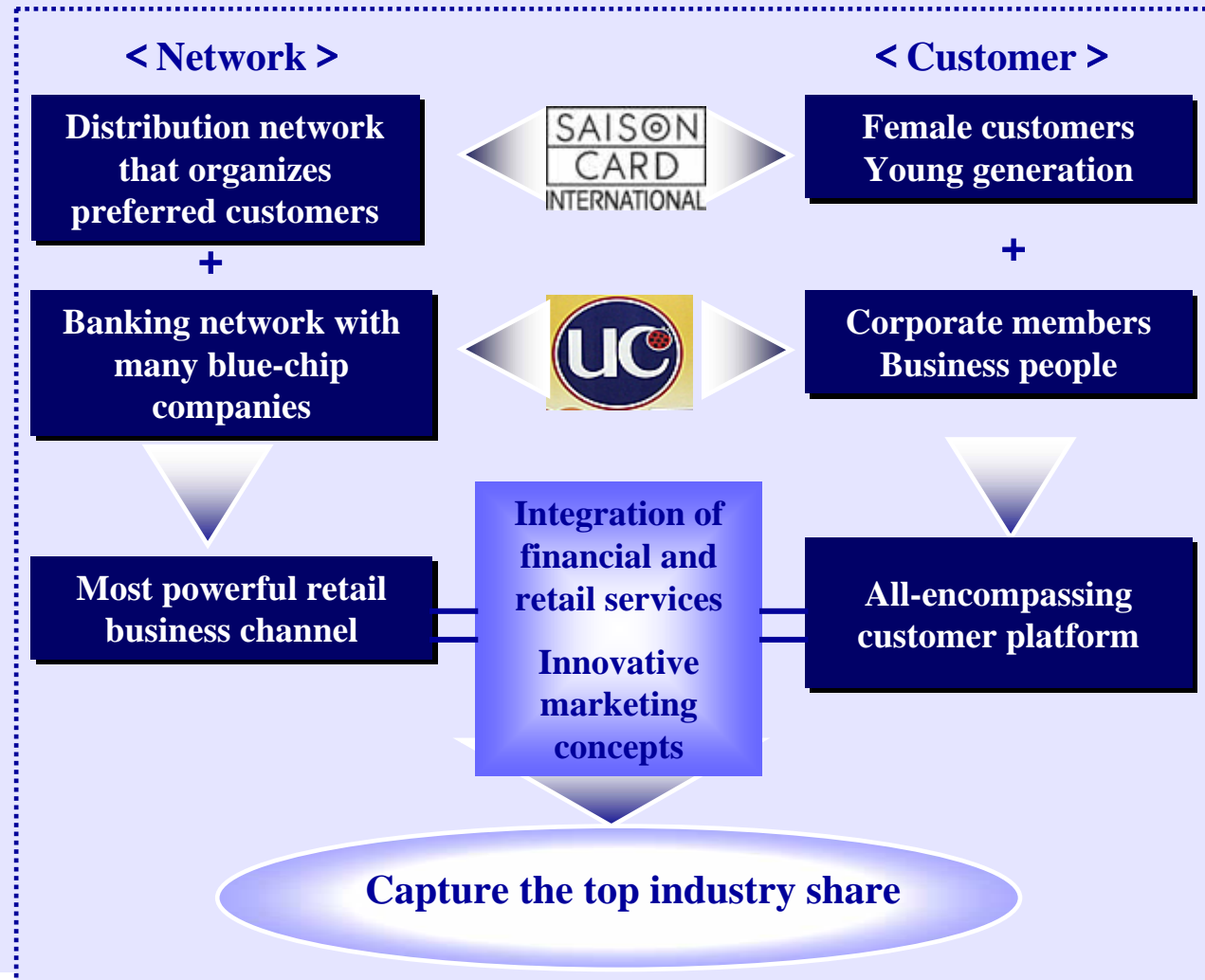
* Full-year transaction volume target includes January-March portion

2. New Growth Drivers

Aiming to be the No. 1 Card Company

Marketing

Operations



3. The Group's Full Power and Future Initiatives

Strengthening Finance-Related Businesses

While strengthening existing businesses in response to market needs, we will promote diversification of our revenue base by leveraging our know-how.

Progress and targets of businesses

Business Sector	September 2005 Actual	Target Figures
Leasing Business	Transaction volume 46.2 billion yen (Vendor lease share 6%)	Vendor lease share : 10%
Credit Guarantee Business	Balance 83.3 billion yen (+ 4.9 billion yen from end of the preceding term)	FY 2007 balance : 100 billion yen
Real Estate Lending Business	Balance 76 billion yen (+ 33 billion yen from end of the preceding term)	FY 2009 balance : 200 billion yen
Consumer Finance Business	Balance 93.3 billion yen (+ 9.5 billion yen from end of the preceding term)	FY 2007 balance : 120 billion yen

- New Product Lineup -

Began offering call loans with securities as collateral
Introduction of medium-sized loans

Saison Fundex

3. The Group's Full Power and Future Initiatives

Asset Value Enhancement Business (Use of people, equipment, know-how and other assets on hand)

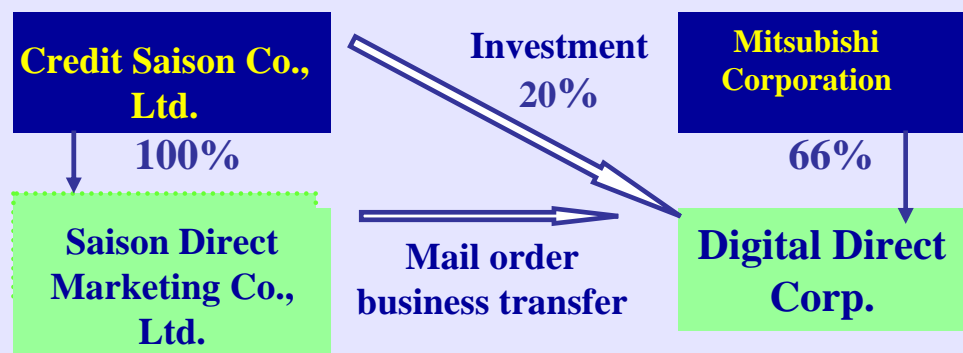
In addition to promoting business reinforcement through alliances and M & As, we will build growth strategies in the business areas of each company, including the use of IPOs.

Progress of each company

Unit: Billion yen

	Initial Target		Revised Target		Future Initiatives
	Operating revenues	Ordinary income	Operating revenues	Ordinary income	
Atrium Co., Ltd.	11	2.8	12.9	4.5	Explore new growth strategies, including consideration of IPO
Vivre Co., Ltd.	17	1.3	17.2	1.8	Promote reinforcement of urban stores
JPN Servicer Co., Ltd.	4.3	0.8	4.7	0.9	Expand vision in new business areas such as market testing

Restructuring of direct marketing business



Conducts cross-media commerce business through television, Internet and other consumer sales channels for SAISON cardholders as well as general consumers

3. The Group's Full Power and Future Initiatives

Joint Venture Alliance Businesses Turn Profitable

Joint venture companies on track to contribute to consolidated profits as income in equity of affiliated companies

	Lawson CS Card, Inc.	Idemitsu Credit Co., Ltd.
Investment ratio	30%	50%
Total cardholders	2 million	2 million (including 1 million for My do Plus card)
Transaction volume target	27.6 billion yen (58 billion yen)	264.9 billion yen (554 billion yen)
Operating revenues (Million yen)	3,428 (6,900)	6,806 (15,000)
Ordinary income (Million yen)	15 (360)	427 (1,400)
Net income (Million yen)	14 (360)	468 (1,000)

Parentheses indicate fiscal year target

Equity in income of affiliates (Million yen)	370 (Previous fiscal year) 5 (Interim period)	1,500 (Previous fiscal year) 60 (Interim period)
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