

A photograph of a forest with tall, thin trees and a dense undergrowth of green ferns. A dark green horizontal bar is overlaid across the middle of the image, containing white text.

# **Management Report FY2009**

**May 18, 2010**



# AGENDA

◆	<b>FY2009 Highlights</b>	<b>...</b>	<b>1</b>
◆	<b>FY2009 Financial Report</b>	<b>...</b>	<b>2</b>
◆	<b>FY2009 Management Strategy</b>	<b>...</b>	<b>15</b>
◆	<b>Prospects for the Card Market</b>	<b>...</b>	<b>34</b>
◆	<b>CSR</b>	<b>...</b>	<b>40</b>

This report contains forward-looking statements that reflect our plans and expectation. These forward-looking statements are not guarantees of future performance and known and unknown risks, uncertainties and other factors that may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

# Main Topics of the 2009 Fiscal Year

- ◇ Start of applications for “Mitsui Shopping Park Saison Card”, a card that can be used in Mitsui Fudosan LaLaport and 13 facilities of management (April)
- ◇ Digital terrestrial broadcasting: start of service of returns equivalent to Eco-Points supplied by the Government by "Complete Five-year Rental Pack" (August)
- ★ Delisting of Atrium ~ transformation of Atrium into a 100% owned subsidiary of Credit Saison by exchange of shares (August)
- ◇ Expansion of the service previously targeted only for internet card holders of Saison to include also @you internet card holders of UC card (October)
- ◇ Start of applications for premium cards for certified public accountants, that is, CPA Saison Platinum, Business, American, and Express Cards (October)
- ◇ Affiliation with JR Kyushu, issue of a common card for the whole of JR Kyushu Group "JQ CARD" (October)
- ◇ Renewal of products in commemoration of the 1 million subscriptions mark for exclusive card members small sum compensation service "SuperValuePlus" (October)
- ◇ Cooperation with Yamada Denki and ALL NIPPON AIRWAYS (ANA), and issue of 'Yamada LABI ANA Mileage Club Card Saison' (November)
- ★ JPN Holdings : A subsidiary, Cosmo Support, by absorption-type split took over a part of the enterprise of humanplus, Inc. (February)
- ◇ Reached a basic agreement on comprehensive business alliance with Seven & I Holdings (March)

Items marked with ★ are  
concerning associated companies

- 1. Financial Results**
- 2. Results by Business Segment**
- 3. Contributions by Consolidated Companies**
- 4. Main Indices (Non-Consolidated)**
- 5. Credit Risk Trends / Trends in Interest Repayment**
- 6. Effects of the Full-scale Enforcement of Money Lending Business Law**
- 7. Financial Indices**
- 8. Dividends**



# 1. Operating Results

(¥ billion)

Consolidated		FY2008	YoY (%)	FY2009	YoY (%)	FY2010 (Estimate)	YoY (%)
	Operating revenues	327.0	94.6	306.8	93.8	288.0	93.9
	Ordinary income	30.9	53.3	39.1	126.3	21.0	53.7
	Net income	(55.5)	—	18.6	—	9.0	48.2
	Earnings per share (¥)	(30.8)	—	10.2	—	4.9	48.0

Non-consolidated	Operating revenues	270.9	97.5	257.9	95.2	244.0	94.6
	Ordinary income	32.2	88.1	33.7	104.9	18.0	53.3
	Net income	(44.9)	—	16.1	—	6.5	40.3

## 2.Results by Business Segment

(¥ billion)

	Operating revenues			Operating income (loss)		
	FY2007	FY2008	YoY (%)	FY2007	FY2008	YoY (%)
Credit Service	254.7	245.1	(3.8%)	25.6	27.7	7.9%
Finance	46.7	32.3	(30.7%)	10.5	8.1	(23.1%)
Real Estate-related	18.5	15.0	(19.0%)	0.6	1.8	198.0%
Entertainment	15.5	14.6	(5.7%)	1.6	1.7	4.7%
Others	1.9	2.0	7.0%	1.3	1.5	14.8%
Total	337.4	309.2	(8.4%)	39.8	40.9	2.7
Inter-segment Transactions	(10.3)	(2.3)	—	(5.2)	(4.7)	—
Consolidated	327.0	306.8	(6.2%)	34.5	36.1	4.7

# 3. Contribution to Consolidated Results

Ordinary income: Difference between consolidated and non-consolidated figures

	Non-consolidated	Consolidated	Difference
<b>Ordinary income</b>	¥33.7 billion	¥39.1billion	¥5.4 billion

Contribution to consolidated results

Major consolidated subsidiaries	Contribution to ordinary income
<b>Atrium Group</b> ・Atrium Co., Ltd.(liquidation of real estate) ・Atrium Servicing Co., Ltd. (servicing business) ・AIC (liquidation of real estate)	¥0.1 billion
<b>Saison Fundex Group</b> ・Saison Fundex Corp. (loans) ・House Planning Co., Ltd. (real estate)	¥0.2 billion
<b>Concerto Inc.</b> (entertainment business)	¥2.4 billion
<b>JPN Holdings Co., Ltd.</b> (servicing business)	¥0.7 billion

Major equity-method affiliates	Contribution to ordinary income
<b>Saison Information Systems Co., Ltd.</b> (information processing)	¥480 million
<b>Resona Card Co., Ltd.</b> (credit card business)	¥370 million
<b>Idemitsu Credit Co., Ltd.</b> (credit card business)	¥360 million
<b>UC Card Co., Ltd.</b> (credit card business)	¥110 million

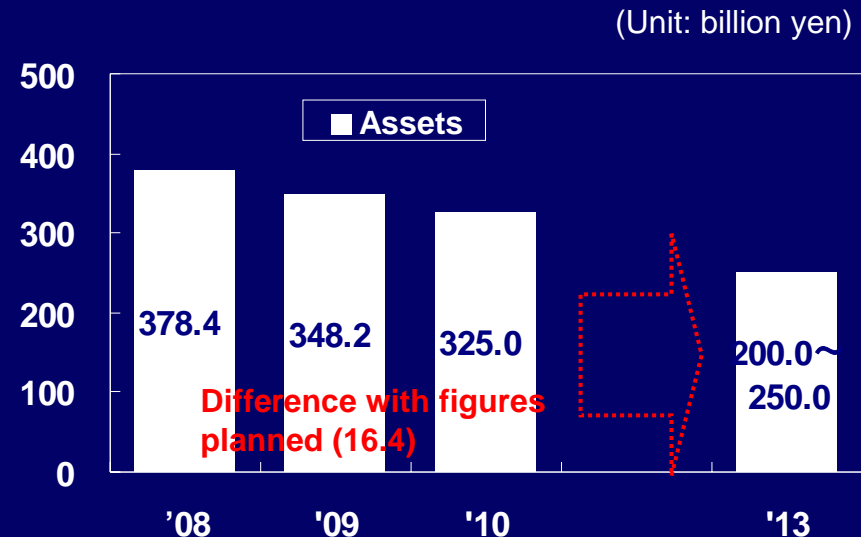
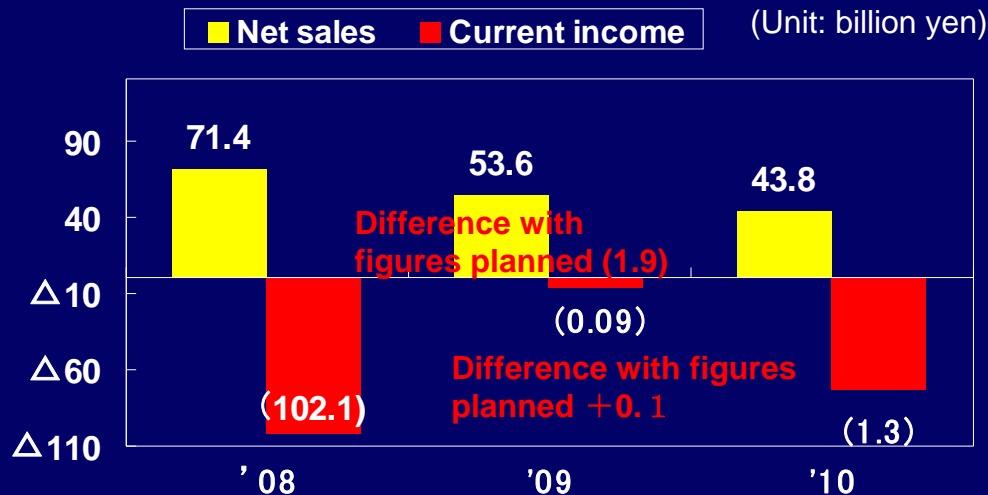
# (Reference) Progress of Atrium Reorganization Plan

The first year of the reorganization plan is progressing as planned

## ■ Measures implemented in the last FY

- Financial assistance ~ assumption of debts with exemption from responsibility, DES, making subsidiaries 100% owned by exchange of shares
- Specialization in real estate liquidation business and bad loan collection business
- Complete reform of the management system
- Reduction of staff by means of voluntary retirement from 650 to 340 people; personal expenses are down to 2.8 billion yen ( 35%) of the expenses before reduction)

## ■ Results of operating performance and assets reduction/plan for and







## 4. Main Indicators (Non-consolidated)

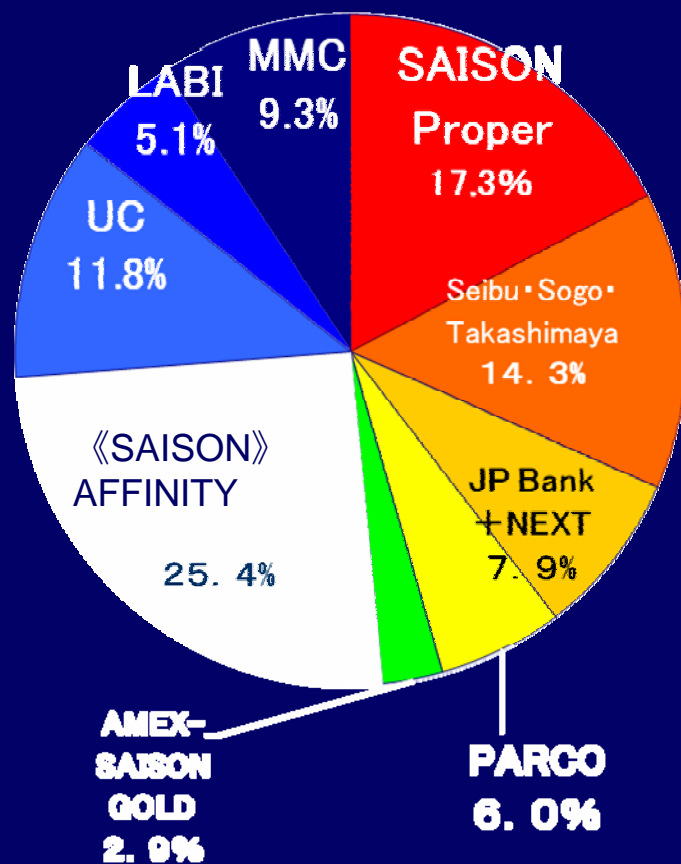
	FY2008		FY2009		FY2010		
		YoY (%)		YoY (%)	(Estimate)	YoY (%)	
New applications (millions)	2.93	86.7	3.05	104.1	3.0	98.4	
New card issued (millions)	2.52	88.7	2.59	102.9	2.5	96.5	
Total cardholders (millions)	27.57 [+1.56]	106.0	28.29 [+0.72]	102.6	28.70 [(0.41)]	101.5	
Active cardholders (millions)	13.91 [+0.69]	105.2	14.33 [+0.42]	103.0	14.8 [+0.47]	103.3	
Transaction volume (¥ billion)		4,656.3	101.3	4,449.0	95.5	4,442.0	99.8
	Card shopping	3,891.0	103.5	3,844.6	98.8	3,960.0	103.0
	Cash advances	765.3	91.5	604.3	79.0	482.0	79.8

Figures in parentheses are year-on-year comparisons.

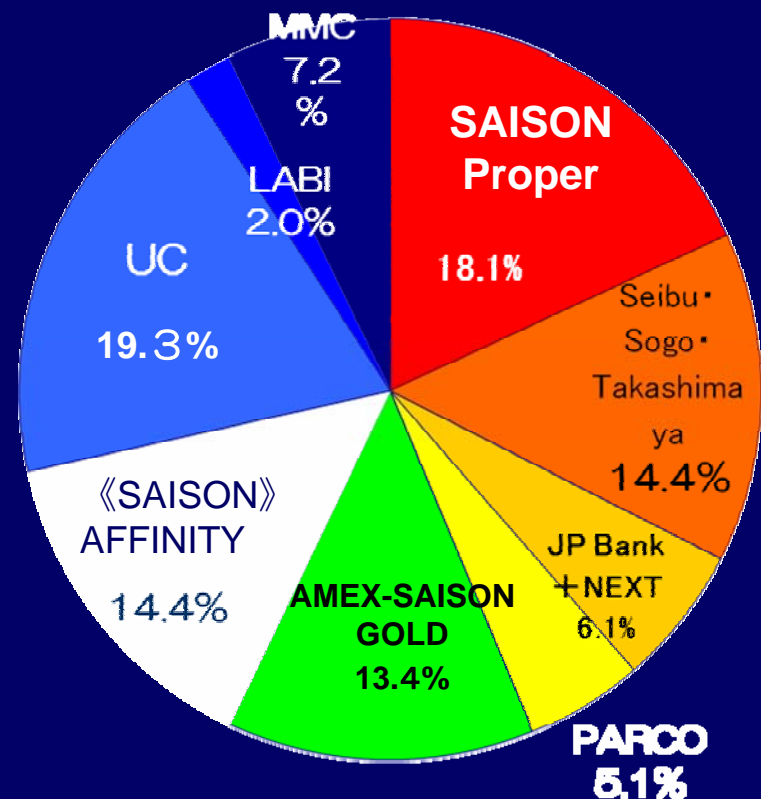
# (Reference) Share of Cards

The transaction volume per card for premium cards is 5.1 times that of the other cards.

【Share of Total Cardholders】  
(total: 26,98million)



【Share of Shopping Transaction Volume】  
(total: ¥3,805billion)



※SAISON GOLD includes affiliate GOLD.



# 5.Credit Risk

(%)

	Delinquency of over 90 days		Write-off rate	
		Y-o-Y		Y-o-Y
Consolidated	3.54	+0.65	3.20	+0.23
Credit Card	3.58	+0.69	3.84	+0.35
Card Shopping	2.53	+0.43	2.10	+0.15
Cash advances	5.39	+1.27	6.80	+0.99

※Delinquency rate: Percentage of total receivables 90days or more past due date

※Write off rate : Percentage of total receivables written off during the term

(¥ billion)

	Consolidated		Non-consolidated	
		Y-o-Y		Y-o-Y
Credit Cost	67.3	(9.8)	61.4	(4.3)
Interest Repayment Cost	9.1	(5.7)	8.6	(5.0)
Allowance for doubtful accounts	126.4	+4.6	86.0	(49.9)
Provision for loss on interest repayment	35.5	(9.0)	32.3	(7.4)

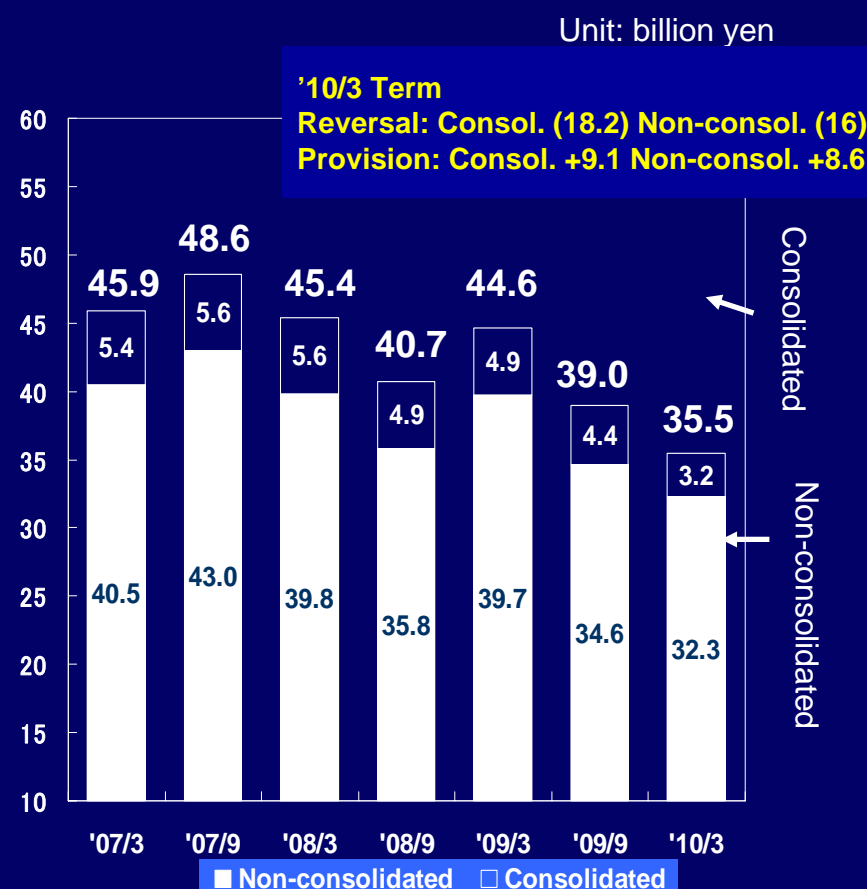
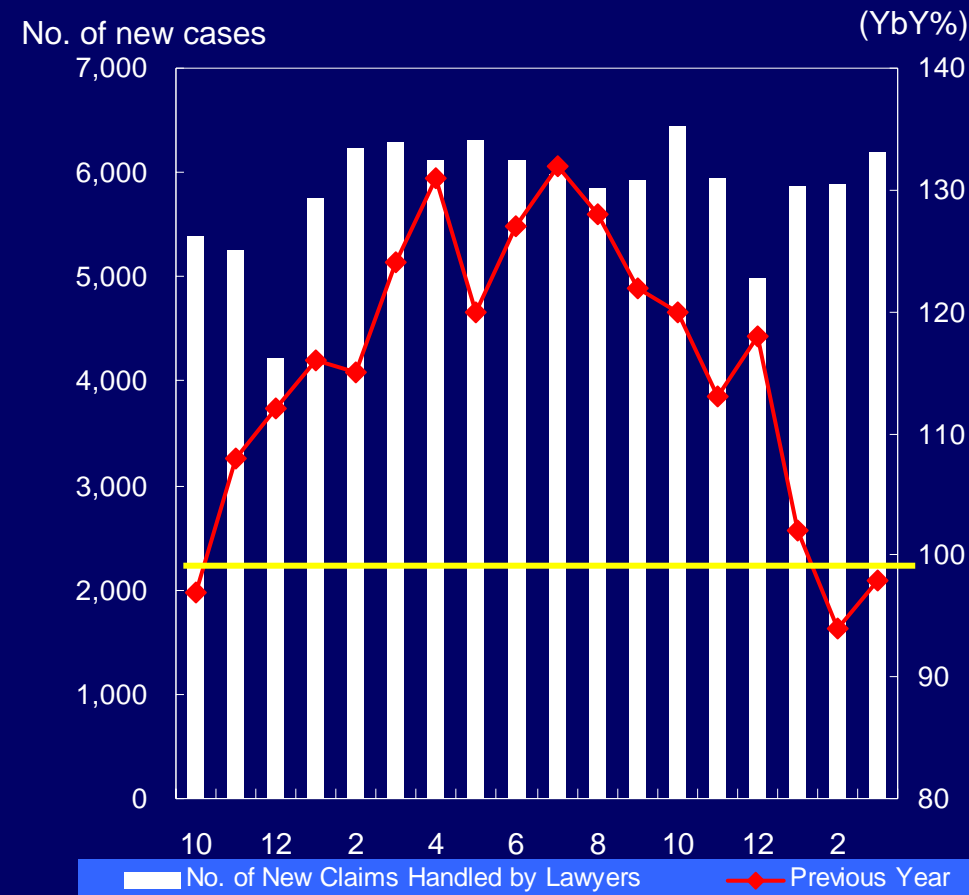
# 5. Trends in Loss on Interest Repayments

New occurrences remain high, but become lower than in the previous year

A temporary increase due to the effect of regulations imposed by Money Lending Business Law is expected

An asset added to the provision for loss on interest repayment at the end of the term of about 4 billion yen

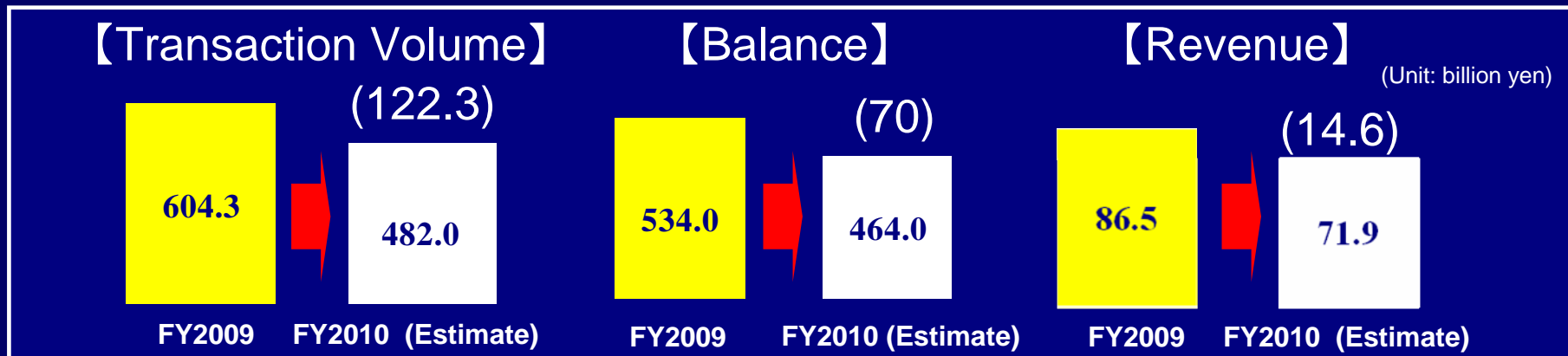
## ■ Trends in new interest repayment of claims handled by lawyers ■ Changes in the provision for loss on interest repayment



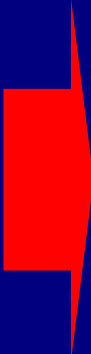
## 6. Effects of Full Enforcement of Money Lending Business Law

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

■ Cash advance transaction volume, balance, and profits decrease due to market reduction and total lending restriction



■ Based on the estimation that bad debts shall rapidly increase for a short term due to the tightening of regulations, an additional provision was added in the end of the previous term

(Unit: billion yen)		FY2009			FY2010 (Estimate)	Difference
Credit Cost		61.4			65	+3.6
Interest Repayment Cost		Initial estimate 4.4 + Term end provision added 4.2	8.6		4.6	(4.0)

# 6.Financial Indices

(¥ billion)

	Consolidated		Non-consolidated	
		Y-o-Y		Y-o-Y
Shareholders' equity	338.9	+20.6	319.7	+15.4
Total Assets	2,374	(32.9)	2,200.4	(20.3)
Shareholders' equity ratio	14.3%	+1.1%	14.5%	+0.8%
※1 ROE	7.1%	+1.8%	6.5%	+0.7%
※2 ROA	1.6%	+0.3%	1.5%	±0%

※1 ROE is calculated to assume that return is based on ordinary income (excluding extraordinary income/loss) with corporate tax deducted at the rate of 40%.

※2 ROA is calculated that ordinary income is divided by total asset.



## 7.Dividends

### Dividends

	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b> (Estimate)
<b>Dividend per share</b>	<b>¥30</b>	<b>¥30</b>	<b>¥30</b>
<b>Total cash dividend</b>	<b>¥5.4 billion</b>	<b>¥5.5 billion</b>	<b>¥5.5 billion</b>
<b>Payout ratio</b> (consolidated)	<b>—</b>	<b>29.3%</b>	<b>61.2%</b>



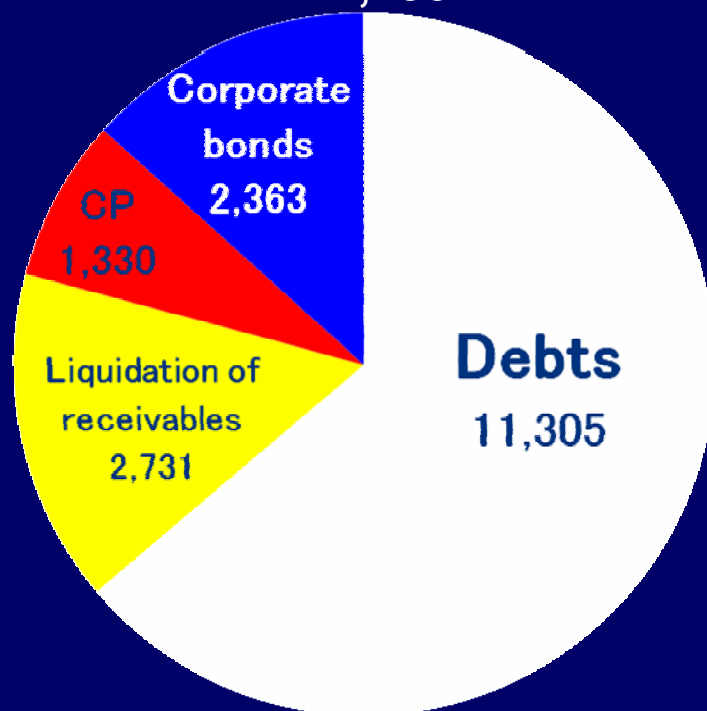
# (Reference) Fund Structure

(Unit: billion yen)

【Consolidated】

Total Balance:

**17,730**



Long Term Ratio : 76%

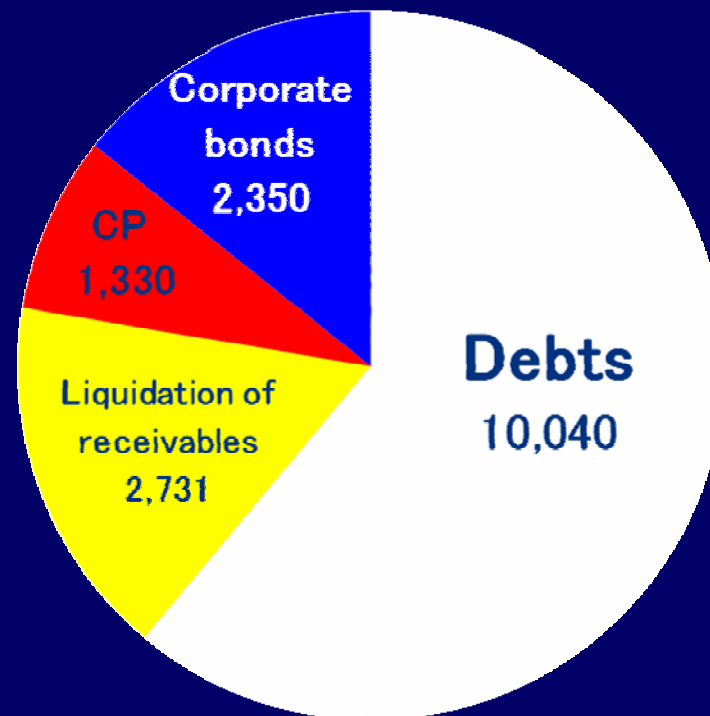
【 Rating 】

**R&I A<sup>+</sup>**

【Non-consolidated】

Total Balance:

**16,452**



Long Term Ratio : 78% Fixed Ratio : 67%

Balance of Bonds payable and Long-term loans payable: 1,001,700 million yen  
Average time to maturity: 3.5 years





# **Business strategy**

- I . Changes in business environment and their impact on our company in particular and the industry in general**
- II . Change of consumption environment**
- III. Business strategy of Credit Saison Group**
- IV. Important measures for the 2010 fiscal year**

# I . Business Environment Change and its Impact on our Company and the Industry in General

## ■ Change of external environment

- The worst days of the global monetary crisis are over, and the concerns of economic double bottom have lessened.
- In Japan, as it is still taking time to improve the employment conditions and shake away the deflation, and personal consumption is getting cooler and cooler, there is a switch of individual spending from Mono (materials) to Koto (actions), as well as a shift from “real” spending to spending on the Internet

## ■ Our business environment

- The profitability of card business significantly declined on the one hand due to the tightening of regulations of Money Lending Business Law, Installment Sales Law, etc., and on the other due to the fact that the loan loss costs and overpayment return costs are still stuck at high levels
- The amounts charged on credit cards have declined due to deflation; shopping transaction volume is low due to sluggish sales in general and closures of department stores and GMS, which are our main clients
- Downsizing among competitors, which are affiliating with banks, merging, and conducting business contractions one after another. Financial situation is very severe, and the curtailments in card and loan industry are advancing.



Against the background of the tightening regulations and the depression in personal consumption, while the structural reform of credit card business and the development of the Internet society are advancing,

we need to aim for **a Leading Edge Service Company**  
by utilization of our customer base

# Chart (1) Structural Change of Consumption Market

Trends of final consumption expenditure of domestic households by consumption item

(Unit: trillion yen)

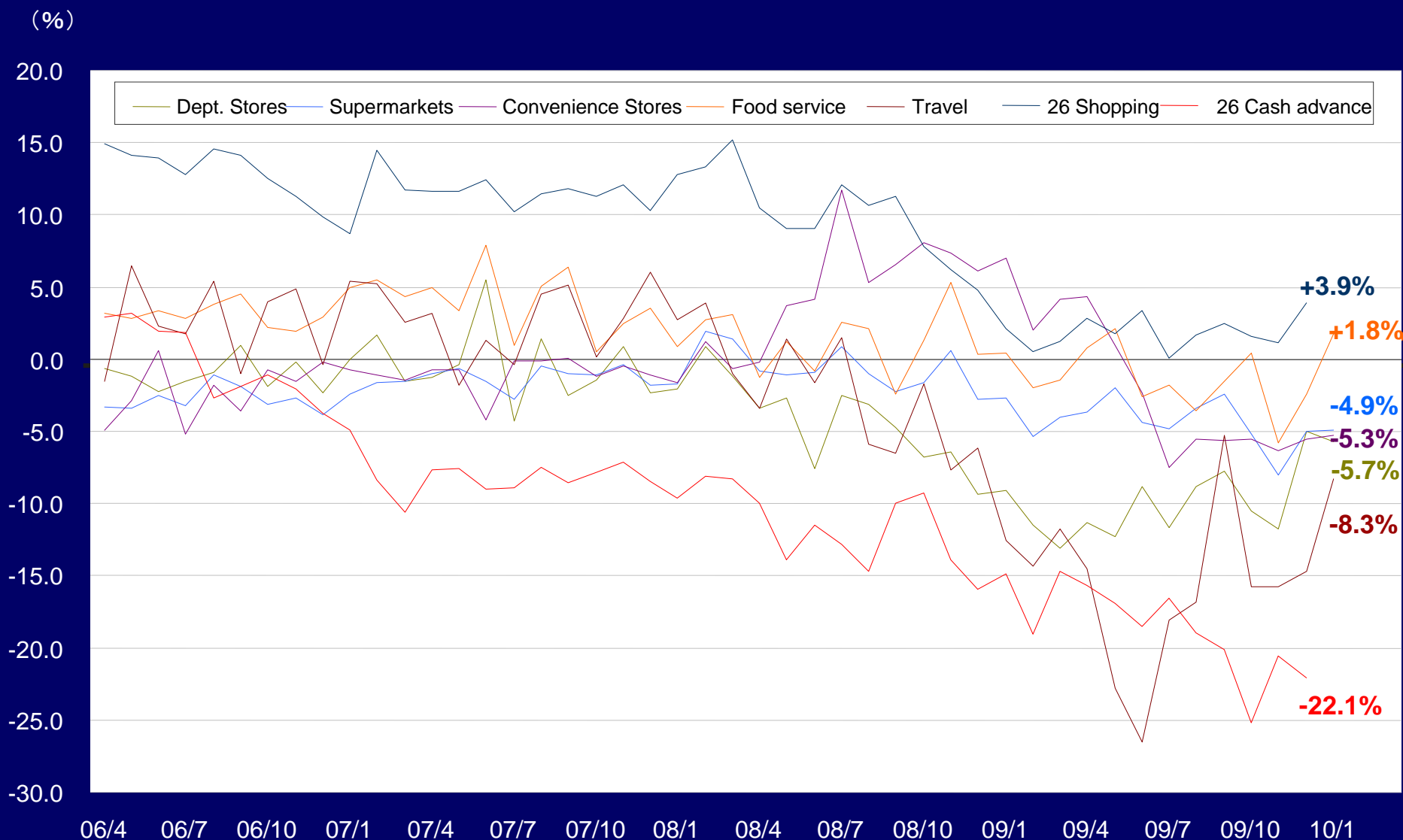
		The object of expenditure	FY1998		FY2008	Comparing with 10 years ago
The best	1st place	Amusement, leisure, and culture	27.7		58	209.3%
	2nd place	Communication	5.7		10.5	183.6%
	3rd place	Health and medicine	9.3		12.7	136.0%
	4th place	Housing, electricity, gas, and water service	61.6		74.1	120.2%
	5th place	Furniture, home appliances, and homemaking service	12.3		14.7	119.5%
The worst	1st place	Clothing and footwear	15.2		10	65.7%
	2nd place	Alcoholic beverages and tobacco	9.6		7.8	81.1%
	3rd place	Education	6.2		5.8	94.6%
	4th place	Other	31.3		30.1	96.0%
	5th place	Food and nonalcoholic drinks	43.1		41.6	96.7%
Domestic final consumption expenditure of households (real)			271.3		315.9	116.4%
The amount of credit card shopping credit accommodation (Share in final consumption expenditure of households)			19 7.0%		42.4 13.4%	223.2% +6.4P

## Chart (2) Trends in Net-sales of Internet-order Sales and Retail-trade

(Unit: trillion yen)

Industry	2004	2005	2006	2007	2008	2009	04→ 2009 YoY
Internet-order sales	2.8	3.6	3.8	4.9	6.2	6.5	228.3%
(YoY)		125%	106.1%	129.3%	126.1%	105.6%	-
Department stores	7.8	7.8	7.7	7.7	7.3	6.5	83.6%
(YoY)		99.5%	99.1%	99.2%	95.8%	89.2%	-
Supermarkets	14.2	14.1	14	13.9	13.2	12.8	90.0%
(YoY)		99.5%	98.9%	99.7%	95.0%	96.7%	-
Convenience stores	7.1	7.2	7.2	7.3	7.8	7.9	110.9%
(YoY)		101.3%	100.7%	101.3%	106.7%	100.6%	-

# Chart (3) Trends of Related Industries and Card Transaction Volume (comparison with corresponding months of last year, %)



※For department stores, supermarkets, and convenience stores January performance is given for already established shops; for food service January performance is given for all shops

※For travel, January performance is given; for 26-company shopping and 26-company cash advance December performance is given.

# Chart (4) Changes in Individual Spending Habits

■ April, 2009 - March, 2010 Affiliated Store by Industry YoY% Transaction Volume (SAISON brand)

Rank	Transaction Number		Transaction Value		Transaction Volume	
1	ETC	136.1%	Communication	107.5%	Communication	113.9%
2	Medical	118.8%	Home Electronics	100.8%	Education	111.8%
3	Furniture	113.5%	Education	99.4%	Medical	109.6%
4	Education	112.5%	Lodging	96.5%	ETC	108.5%
5	Leisure	111.7%	Sport	95.8%	Public Funds/insurance	106.0%
6	Public Funds/insurance	111.0%	Public Funds/insurance	95.5%	Leisure	104.7%
7	Mail orders	108.5%	Mail orders	94.6%	Mail orders	102.6%
8	Shopping centers	107.2%	Leisure	93.7%	Furniture	101.5%
9	Clothing	106.2%	Dining	93.3%	Home Electronics	99.0%
10	Communication	106.0%	Car Supplies	92.6%	※ Sport: fitness clubs, golf etc. ※ Leisure: theme parks, movie theaters, tickets, etc. ※ Car Supplies: Includes electronic toll collection equipment.	
11	Travel	105.5%	Medical	92.3%		
12	Sport	102.9%	Department stores	92.0%		
13	Car Supplies	99.4%	Supermarkets	90.8%		
14	Department stores	98.8%	Shopping centers	90.2%		
15	Supermarkets	98.6%	Clothing	88.9%		

### III. Credit Saison Group Business Strategy

#### Achievement of the Structural Reform and of the Innovations

<b>(1) Branch Network</b>	<ul style="list-style-type: none"><li>(1) Business with corporations (corporate cards, lease and rental)</li><li>(2) Agent functions (cultivation of affiliated stores)</li><li>(3) Area marketing (expansion in allied shop numbers)</li></ul>
<b>(2) Saison Counters</b>	<ul style="list-style-type: none"><li>(1) The partners are given the initiative of house card new application</li><li>(2) Card change / recruitment of net members</li><li>(3) Insurance sales, personal lease of housecleaning, etc.</li></ul>
<b>(3) Application of New Cards</b>	<ul style="list-style-type: none"><li>(1) Expansion into the Internet (400,000 cards issued)</li><li>(2) Introduction of Tablet PC (experimental start with Fukuoka PARCO)</li><li>(3) Strengthen the mobile business (LABI shop mobile: 210,000 cards issued)</li></ul>
<b>(4) Internet-based business</b>	<ul style="list-style-type: none"><li>(1) Rakuten, Yahoo!, Amazon, Seven</li><li>(2) Functional diversification of collaboration with Internet-based companies</li><li>(3) Mutual use of each other's members with highly competitive net company</li></ul>
<b>(5) Card Functions</b>	<ul style="list-style-type: none"><li>(1) Promotion of combination of original card + affiliated house card</li><li>(2) Cash advance/ loan functional specialization</li><li>(3) Merge of debit and prepaid cards, development of gift cards</li></ul>

**(6) Competitive advantages**

- (1) Multi-functionalization of eikyufumetsu.com
- (2) Generalization of discount system
- (3) Card brand image establishment

**(7) Shift into multi financial business**

- (1) Reform and expansion of credit guarantee business
- (2) Innovation of mortgage-backed lending business/ flat 35
- (3) Creation of strategy investment business

**(8) Billings**

- (1) Abridgment of mailing of written claims and card news
- (2) Internalization of settlement network
- (3) Internalization of credit transfer work

**(9) Collection**

- (1) Adoption of NET-ATM payments
- (2) Revision of economic requirements for convenience store payment
- (3) Entrusted businesses other than credit card business

**(10) System development**

- (1) The system of joint base (three-company joint investment)
- (2) Reduction of processing cost
- (3) Elimination of paper

**CSR (Environmental Philanthropy)**

- (1) Preparation of organization for management of Akagi Nature Park
- (2) Soliciting of point contribution to Akagi Nature Park
- (3) Collaboration with the region





## **IV. FY2010 Priority Policies**

- 1. Measures for Expanding the Profitability of the Card Business**
- 2. Measures for Expanding the Profitability of the Financial Business**
- 3. Corporate Social Responsibility (environmental philanthropy)**

# 1. Measures for Expanding the Profitability of the Card Business (1)

Card expansion and development aimed at achieving a stable number of cards (3 million) and a raise in expansion performance

## ■ Strengthening of expansion and development of important products

- Selection of the products for expansion strengthening according to card profitability
- Making new and already existing affiliated credit cards attached to the main ones (house cards tied to proper cards)
- Strengthening of expansion and development of AMEX card

## ■ Cost control through a structural reform

- Increase in efficiency of the subscription related operations by adoption of tablet PCs
  - development is due to start in June, initially focusing on Mitsui and PARCO, after conducting a validation experiment in Fukuoka PARCO (March).
    - (Effect 1) Reduction of the amount of work by abridgment of input of subscription details into terminals
    - (Effect 2) Reduction of the amount of work by abridgment of management and sending of application forms (paper)
- Increase in efficiency of the subscription-related work by strengthening of Web development
  - Raise of internet application share by 8% as compared with the present

# 1. Measures for Expanding the Profitability of the Card Business (2)

## Affiliation strategy (1) "Comprehensive business alliance with Seven & I Holdings"

### ■ Details of the basic agreement (concrete details are under discussion by the both companies and are to be concluded around summer of this year)

- Making the SOGO- and Seibu- affiliate card issuer enterprise joint  
Division of affiliated credit card enterprise, and establishment of a joint corporation  
(equity-position: Seven & I: 51; Saison: 49)
- Development of credit card business at Seven & I Holdings  
Business integration with IY Card Service (goal is to conclude it before March, 2013)
- Strategic cooperation  
Mutual exchange of clients by marketing cooperation utilizing the Internet, etc.



Seven & I Holdings

By utilizing a broad customer base with the biggest circulation in the industry and wide points of contact with customers, **cultivating credit card business as a core of financial services.**

**Acquiring membership at  
10 million people scale**

("SOGO and Seibu: 3 millions" + "IY card: 3 millions" over)



Credit Saison (CS)

**Presence expansion in the credit card industry** utilizing the know-how of credit card business, such as marketing and processing

# 1. Measures for Expanding the Profitability of the Card Business (3)

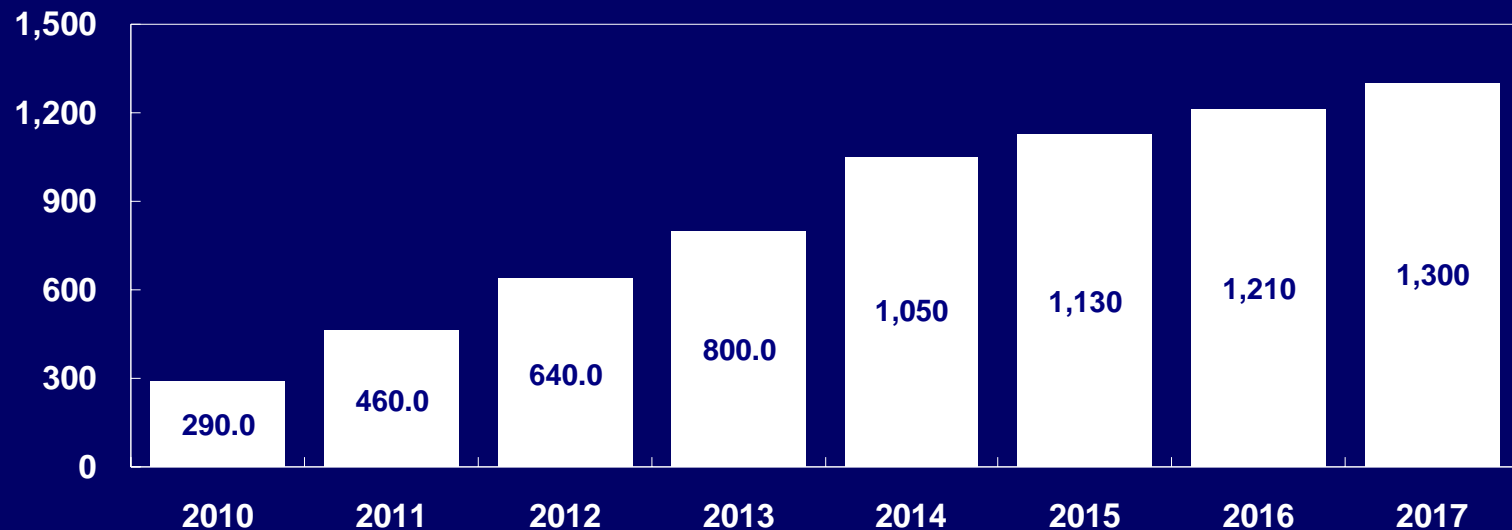
## Affiliation strategy (2) Development of a joint policy 'New AMEX Deal'

### ■ Massive expansion of transaction volume utilizing AMEX Brand

- A strong marketing program with the 'AMEX' Brand
- Setting up a differentiation strategy uniting the brand image (status) of AMEX and Saison
- Establishment of an overwhelming market share as No1 AMEX affiliate in Japan, and enhancement of the brand image

(Unit: billion yen)

AMEX Shopping transaction volume plan



■ Transaction volume

# 1. Measures for Expanding the Profitability of the Card Business (4)

**Measures aimed at entering the growing industries, providing services (Not selling goods): shift from Mono (goods) to Koto (services)**

## ■Area strategy

- Industry-traversing campaign starting from the metropolitan areas such as Ikebukuro, including major cities and districts (mail orders, home electronics, new lifestyles, etc.)
- Development of policies to send customers to areas by tie-ups with prefectures (Oita Prefecture, Gunma Prefecture, etc.)

## ■Strategy for increasing transactions of services

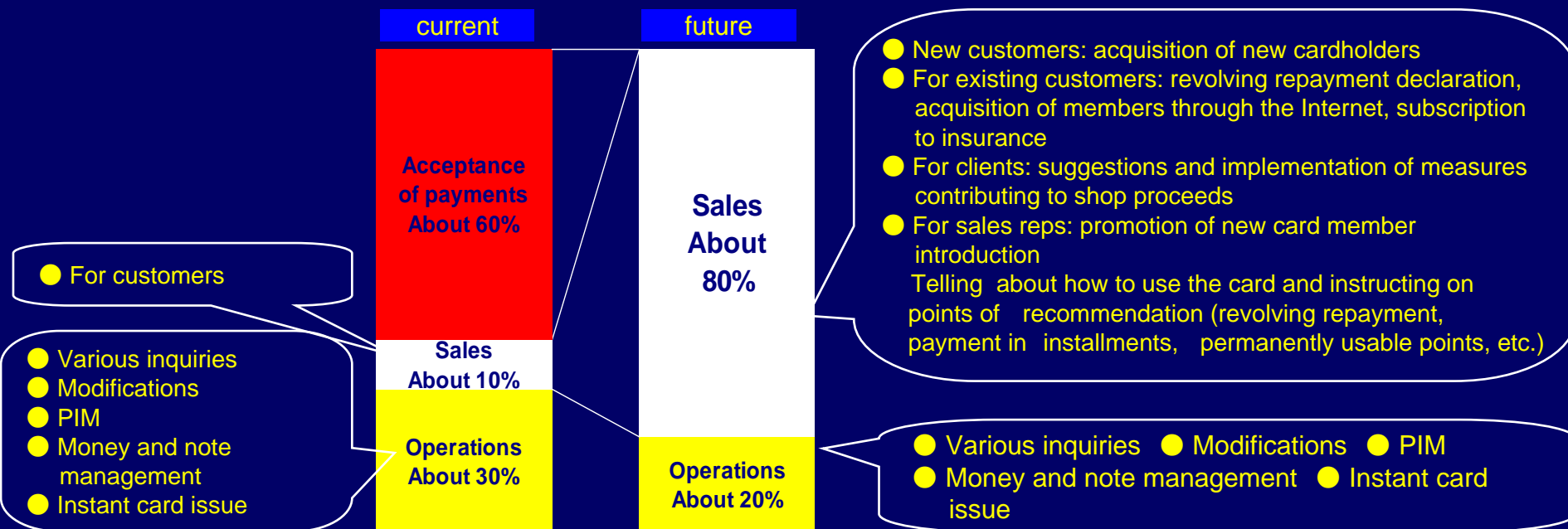
- Answering the needs of the environment, in which the flow of consumption has shifted from things to actions.
- Construction of a Total Service Business and strengthening of the ties with affiliated shops in such areas as childcare, nursing, house renovation, pet grooming, cosmetics, ceremonial occasions, parties, etc.
- Expansion and development of new gift card market by fusion of prepaid and debit services

# 1. Measures for Expanding the Profitability of the Card Business (5)

## Business structure reform of Saison counters, aiming at strengthening points of contact with customers

### ■ Abandoning acceptance of payments at the counters, strengthening points of contact and sales

- Raising the efficiency of payment procedures and of the expanding menu appearing at the time of payment by installation of new style ATMs (340 units)
- Expanding points of contact with customers and strengthening customer services as a leading edge service company



# 1. Measures for Expanding the Profitability of the Card Business (6)

Reform of card business profit structure and new business infrastructure construction by further development of the number of internet card holders

## ①Expansion of the number of internet card holders by cooperation with the leading edge service company

- Allowing non-card members use the services related to eikyufumetsu.com (= lifting restrictions from internet card holders)

## ②Low-cost operation utilizing the Internet

- Curtailment of various expenditures by WEB expansion, WEB details, and WEB magazines

## ③Fee business by utilization of 28,5million card member base

- Creation of fee profits (contingency fee, advertisements, contents, research, auction, personal communication, etc.)

### Business results in FY2009

- Internet card holders: 4,26million
- WEB details: 900,000
- Eikyufumetsu.com transaction volume: ¥ 27 billion (135%YoY)
- Contribution profit: ¥1.2 billion



### FY2010 plan

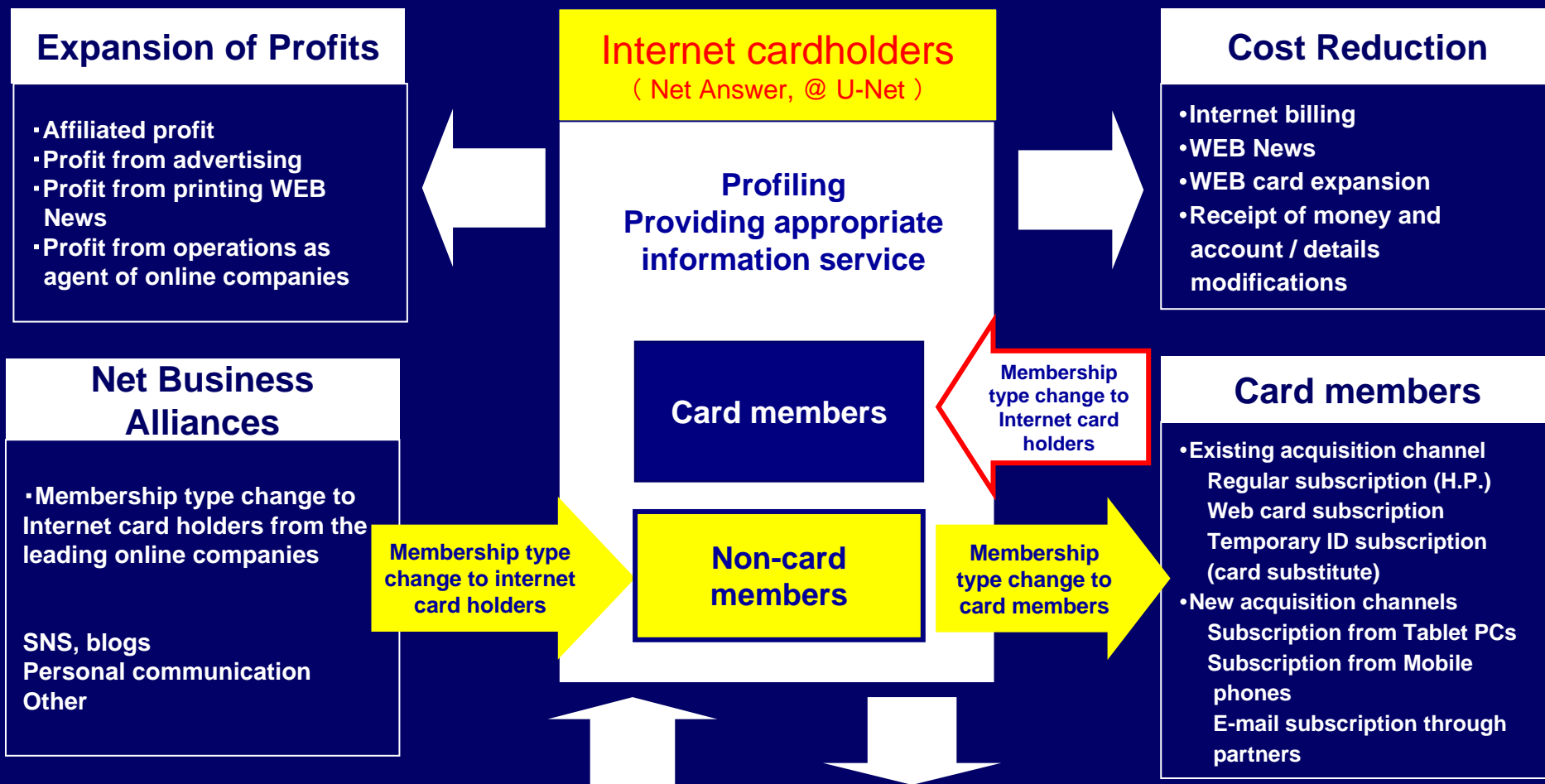
- Internet card holders: 6,5million
- WEB details: 4 million
- Eikyufumetsu.com transaction volume: ¥ 54 billion (200% YoY)
- Contribution profit : ¥ 3.5 billion



### FY2012 target

- Internet card holders: 10 million
- WEB details: 6 million
- Eikyufumetsu.com transaction volume: ¥120 billion
- Contribution profit: ¥7 billion

# [Reference] Schematic of Internet Business



eikyufumetsu.com —Site integration of services related to eikyufumetsu—





# 1. Measures for Expanding the Profitability of the Card Business (7)

**Cost control: "7 billion yen cost reduction through structural reform of the enterprise"**

## ■ Bills cost (▲ reduction of ¥ 2 billion )

- Web details expansion, promotion of postcard-type detailed statements, 25g weight saving for letters, etc.

## ■ Expansion related cost (▲ reduction of ¥ 1.2 billion)

- Selection of new denominations for expansion, revision of requirements for affiliation, abolition of receipts of money at the counters, etc.

## ■ Enhance efficiency of processing (▲ reduction of ¥ 1.3 billion )

- Improvements of various duties, reduction of EDP expenses

## ■ Point expenses (▲ reduction of ¥ 0.5 billion)

- Promotion of exchange, unit price reduction

## ■ General cost reduction (▲ reduction of ¥ 2 billion)

- Tightening of cost effectiveness, foreign news unit price negotiation, other costs reduction

## 2. Measures for Expanding the Profitability of the Financial Business (1)

### Lease & rental business “Massive expansion of rental business”

#### ■ Rental business ・・・ Rental transaction volume: 585% compared with last year

- Expansions into the not yet cultivated industry of home electronics rental (future demand for digital terrestrial broadcasting) → (medical facilities, homes for the aged, nursing homes, weekly and monthly apartments, etc.)
- Development of ECO related products centering on those in demand due to Law concerning the Rational Use of Energy (LED, electrically assisted bicycles, etc.)
- New development of personal rental enterprises

#### ■ Lease business ・・・ Lease transaction volume: 101.3% compared with last year

- Raising the market share by improvements in profitability by revisal of economic requirements, etc., and new affiliations (Strengthening sales to companies affiliated with manufacturers, such as Canon S&S)
- Utilizing our know-how of mass-processing of small orders in order to advance into the yet uncultivated markets (medical care, etc., kitchen appliances, etc.)

## 2. Measures for Expanding the Profitability of the Financial Business (2)

### Loan business " Strengthening of Profits by Expansion of flat 35"

#### ■Expansion of flat 35

- New implementation target for FY2010: 2,000 subscriptions (+1,500 subscriptions YoY)
- Focusing our operating energy on achieving 80% ratio of clients received from partners.
- Utilization of Japan Association of Home Suppliers
- Promotion of new house offers
- New product release of "flat Tsunagi" (Bridge Loan)

### Credit guarantee enterprise "Strengthening of profits by risk control"

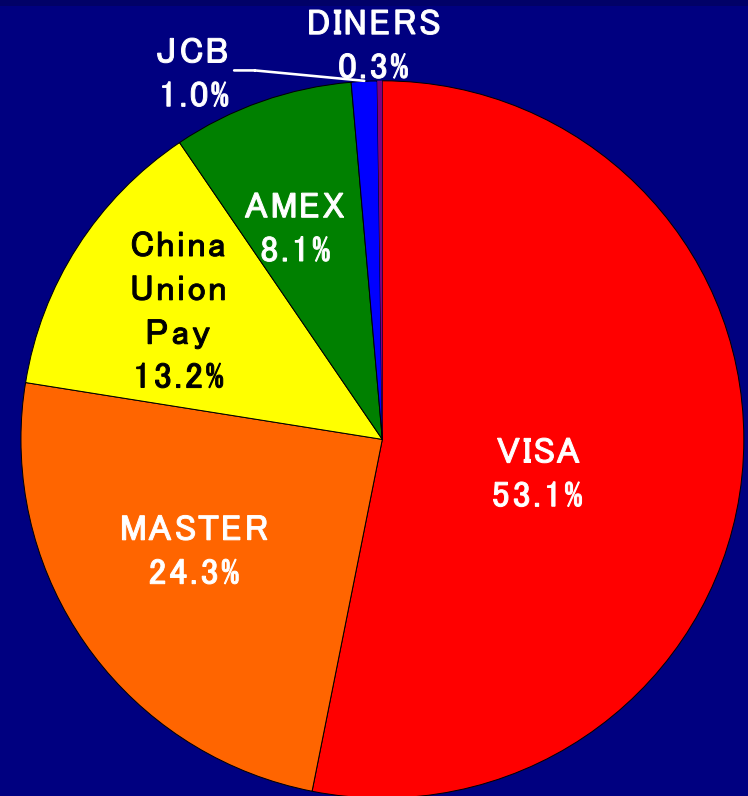
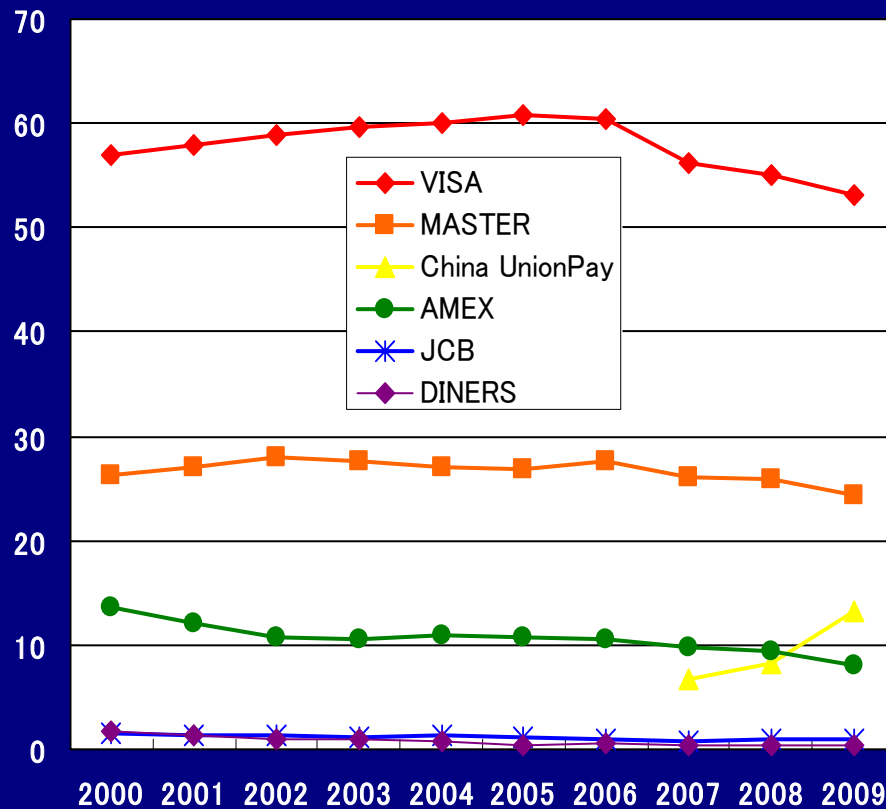
#### ■Enhancement of quality of guarantees outstanding

- End of FY 2009: Guarantee partners number: 218 financial institutions;  
Guarantees outstanding: ¥172 billion
- FY 2010 New guarantee partners: 30 financial institutions
- Promoting new affiliation with low risk financial institutions, which are either locally rooted or of P.R. development type
- Formulation of new screening criteria of judgment based on classification of partners by combining agency shouldering rate and the local characteristics

# 1. Share of the Global Market by Brand

■ Changes in transaction volume share for each  
% international brand

<2008 shares of global transaction volume>

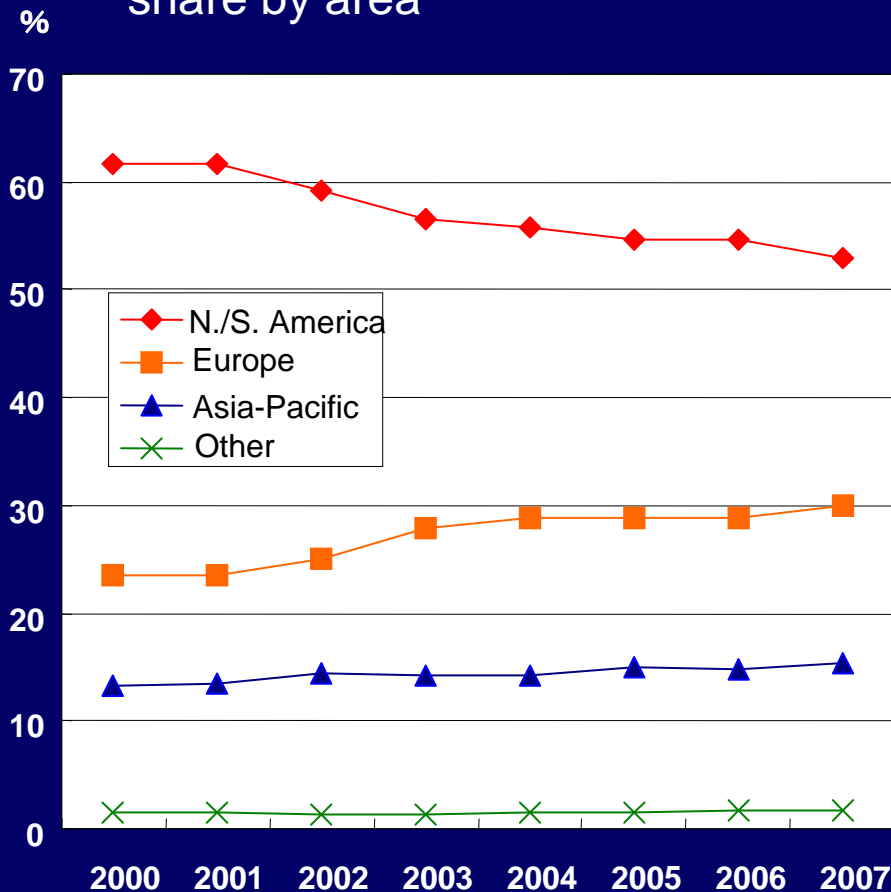


\* Source: Nilson Report

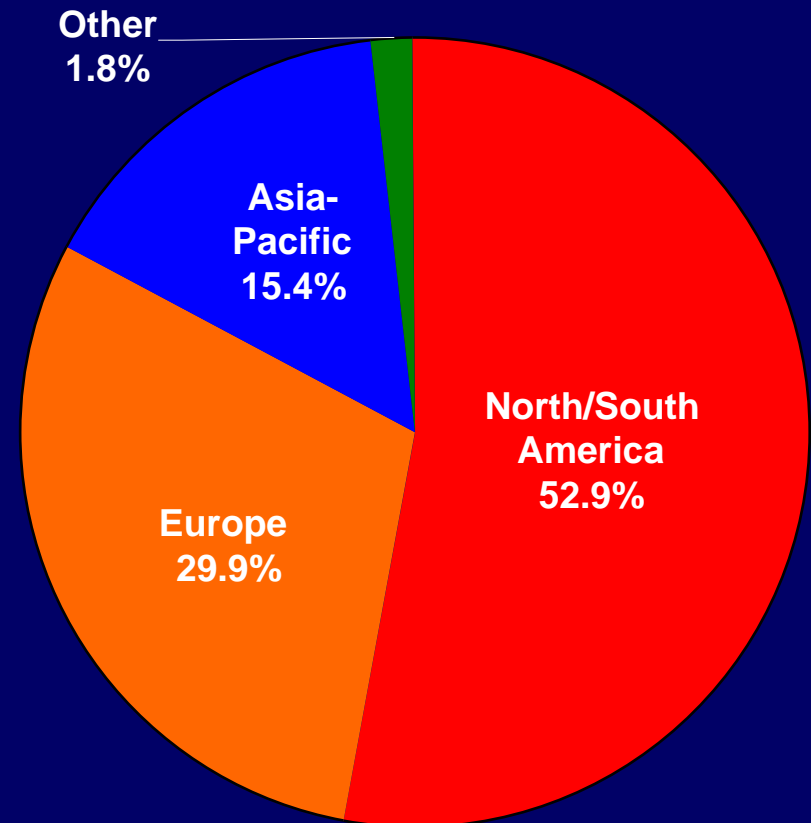
\* Visa and MasterCard shares show the total of credit and debit transactions. All other shares show credit only.

## 2. Share and Growth Potential by Area

■ Changes in transaction volume share by area



<2008 transaction volume shares by area>



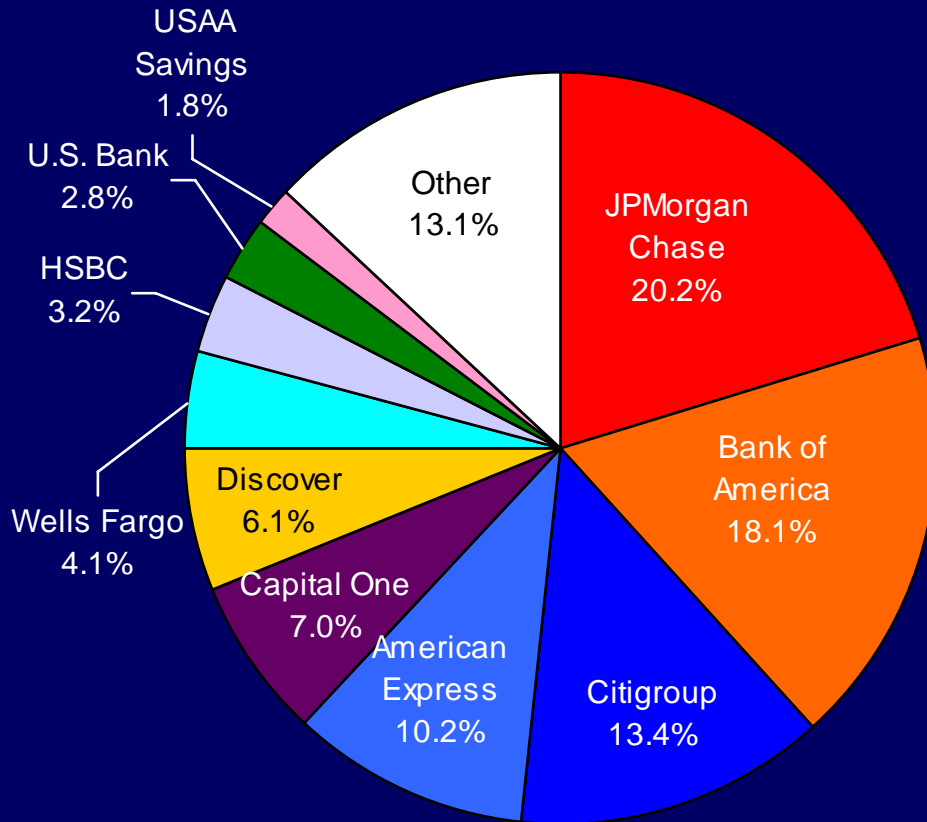
\* Source: Nilson Report

\* Shares for international brands show the total of credit and debit transactions.

# 3. Changes in U.S. Market Share

**JPMorgan Chase, which purchased Washington Mutual, holds the top share, and further concentration is continuing. Citi and Amex were hurt by the financial crisis and both their balance and share dropped.**

■ Loan balance share by issuer



■ Ranks by cards issued (10,000s cards)

Rank	Issuer name	Number of cards
1	JPMorgan Chase	9,380
2	Citigroup	7,960
3	Bank of America	5,770
4	Discover	4,430
5	American Express	4,270

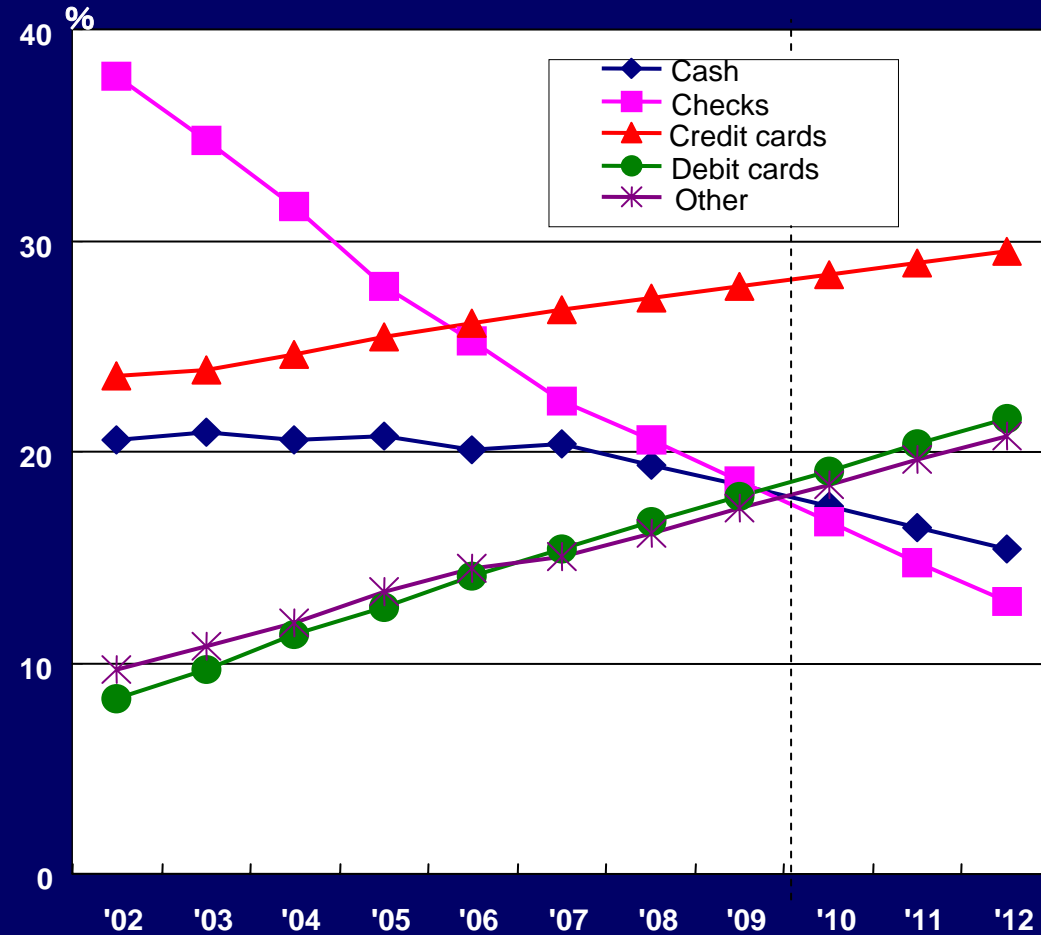
■ Rank by shopping transaction volume (\$100s million dollars)

Rank	Issuer name	Transaction volume
1	American Express	4,099
2	JPMorgan Chase	3,244
3	Bank of America	2,268
4	Citigroup	1,885
5	Discover	935

- Source: Nilson Report (2008 results for general-purpose cards, with some estimates)

# 4. Changes in U.S. settlement method and forecast

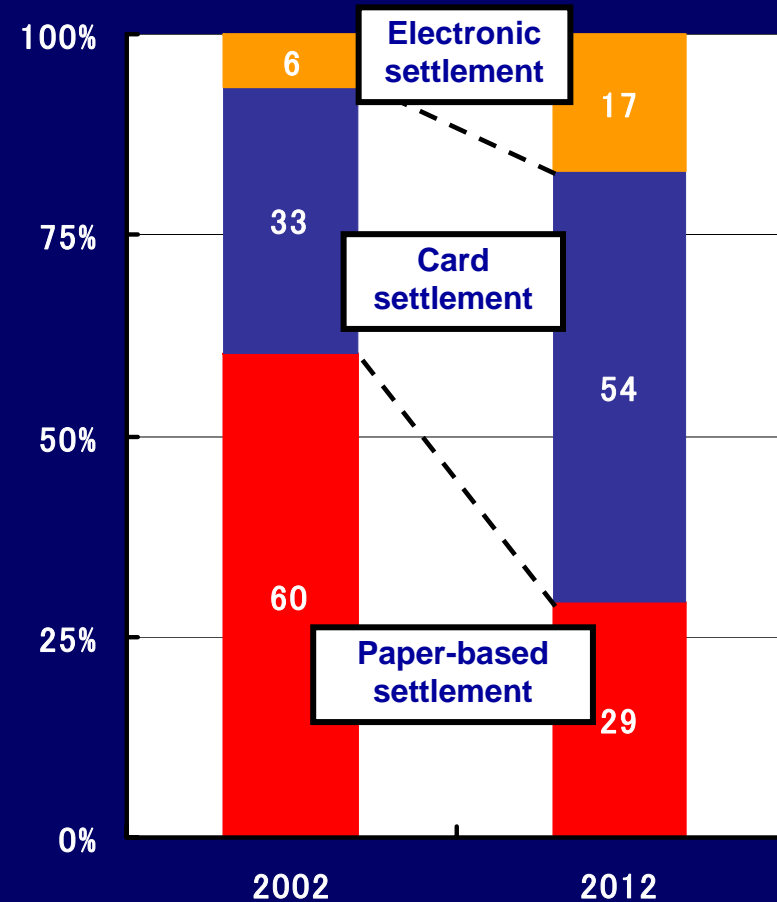
■ Changes in shares of major methods of settlement in household consumption



[2008 results]

Cash	Checks	Credit cards	Debit cards	Other
20.9%	20.5%	26.3%	17.0%	15.4%

[Trend development 2002 - 2012]



\* Electronic settlement: Account withdrawal/transfer, etc.

\* Card settlement: Credit, debit, pre-paid, etc.

\* Paper-based settlement: Cash, checks, postal money order, travelers' check, etc.

Source: Nilson Report (Figures from 2008 and later are forecasts.)

# (5) Reorganization of the Domestic Credit Card Industry

**Mizuho FG**




**Credit Saison**










**Resona HD**



**ゆうちょ銀行**  
Japan Post Bank



**Sumitomo Mitsui FG**









**NTT DoCoMo**




**Rakuten**



**JR Group**










**Mitsubishi UFJ FG**









**Others**









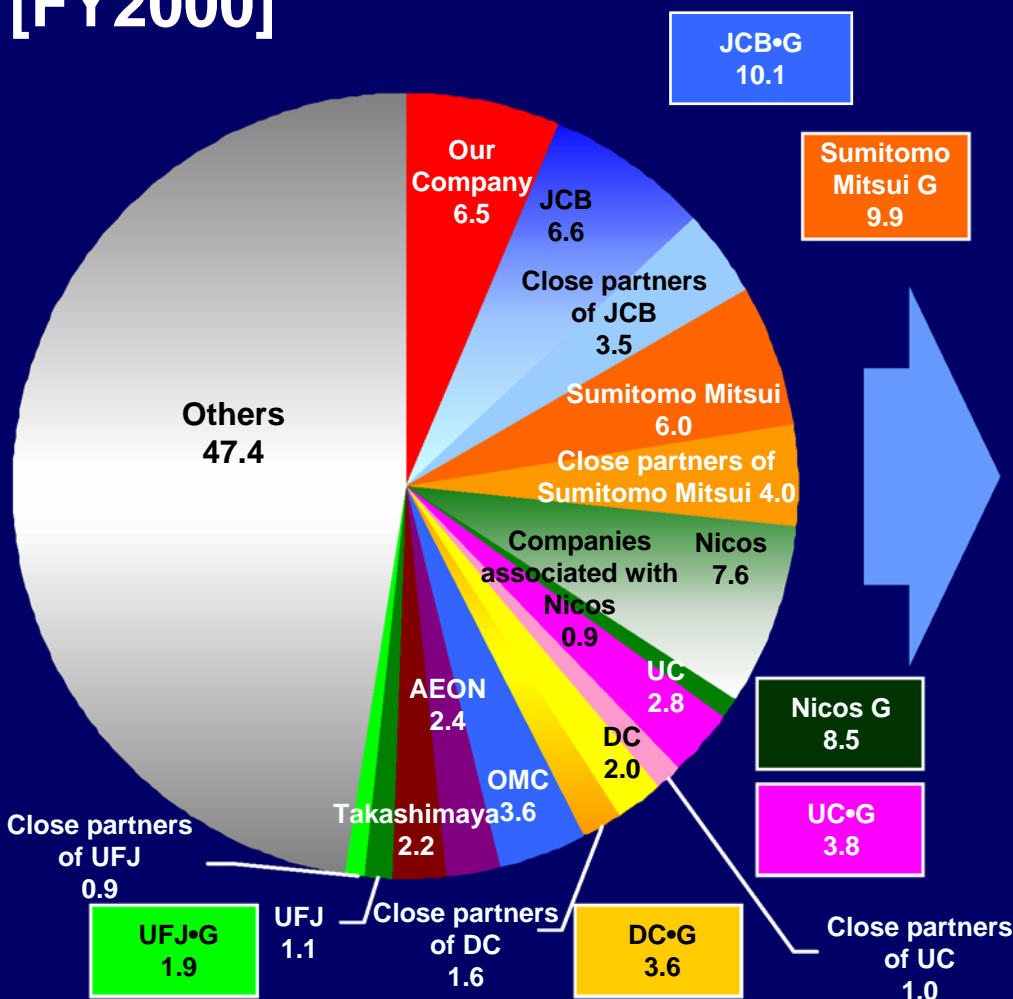




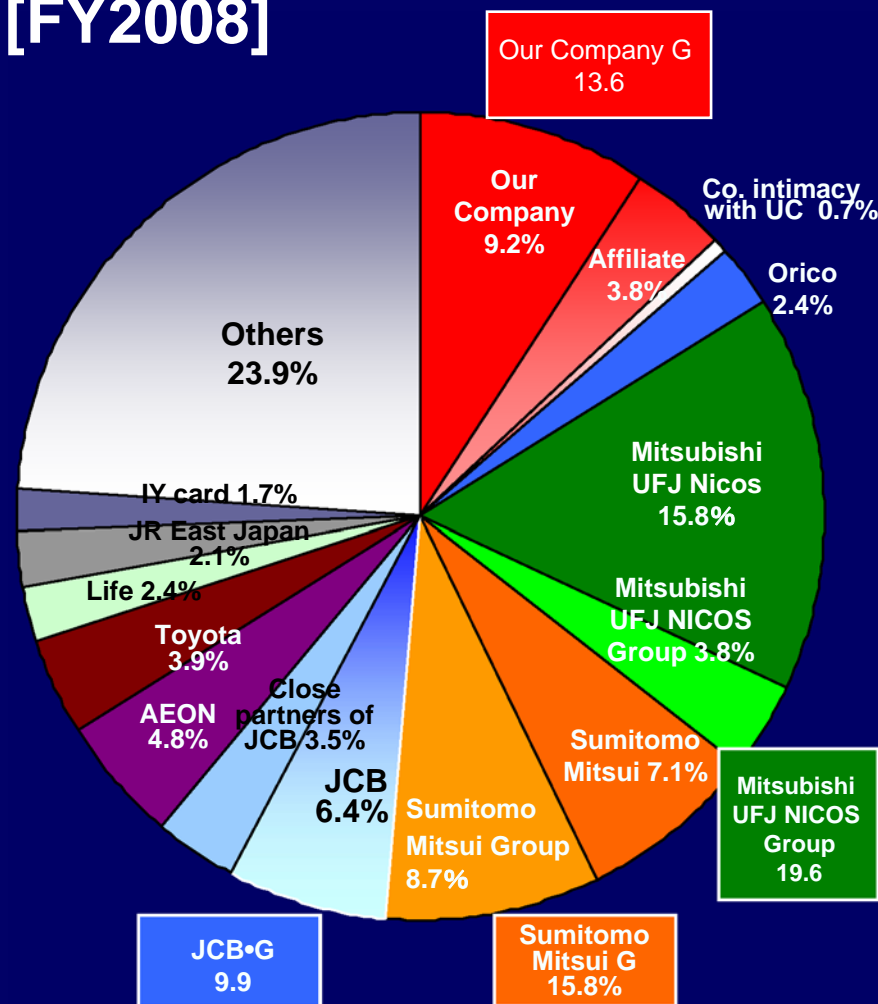



# (6) Changes in the Domestic Market Share (Shopping Transaction Volume)

[FY2000]



[FY2008]



**Transaction volume in  
FY2008  
: About ¥ 42,4 trillion**

※ Co. Intimacy with companies, etc. using the brand (the "Group" includes all affiliated companies, capital alliance partners, and close partners).

※ The figures for UFJ NICOS include data from its consolidated subsidiaries.

※ Calculated using our own estimates.

### 3. Corporate Social Responsibility (Environmental Philanthropy) ~Introduction of Akagi Nature Park



赤城自然園

Akagi Nature Park

#### ●Features

“Not growing flowers, but helping them grow by improving the environment surrounding them”

**In the park carefully maintained on the base of this principle, there is one of the best alpine-rose gardens in the whole Orient, many beautifully reared flowers such as narcissus, and also many wild flowers blooming in their natural state.**

**In the vast land reaching 120ha in size, where one can experience nature in its natural state, almost all of the types of plants and insects inhabiting the area of North Kanto can be observed in a state very close to nature.**

By providing a chance to get close to the woodland nature, the park offers adults a place to heal from the stress of the urban life, and a chance to observe and learn about nature for children, our hope for the future.

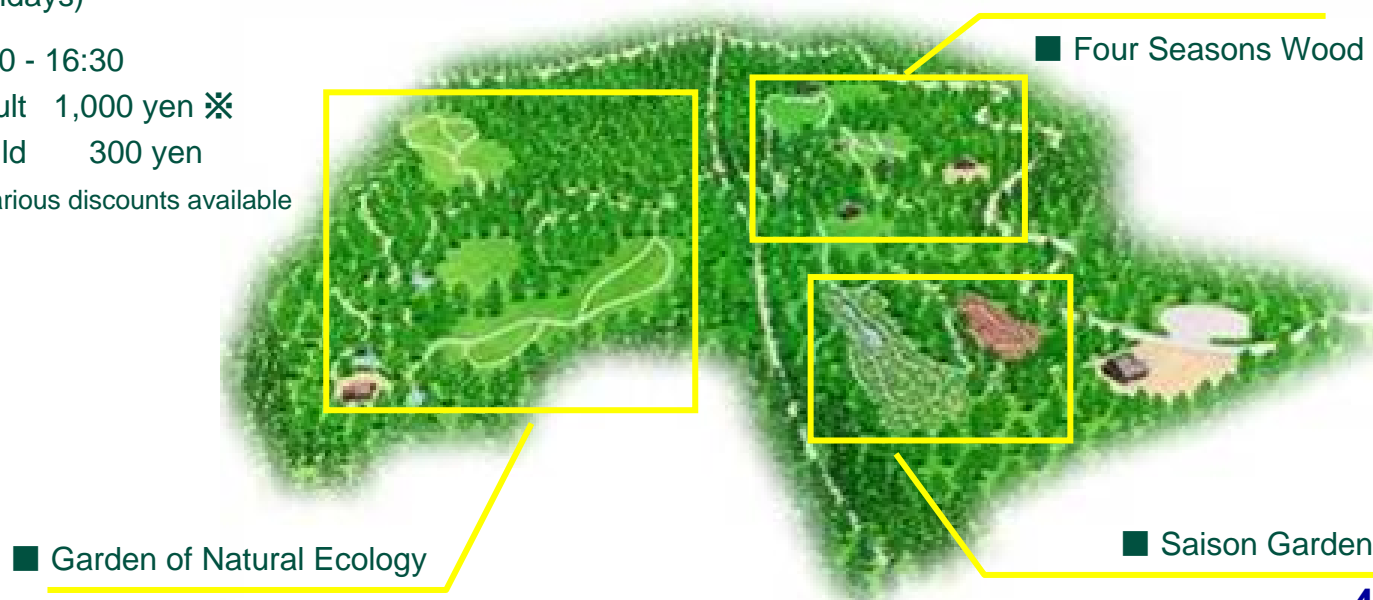
# (1) Information on Akagi Nature Park

## ● Basic information

Address:	892, Akagi-cho, Minami-Akagi-san, Shibukawa-shi, Gunma-ken
Area size:	Approximately 120ha
Altitude and location	600-700m above the sea level; the west side of Mt. Akagi
Access:	20 minutes by taxi from Shibukawa Station of JR Joetsu Line or 10 minutes by car from Akagi Exit on the Kan'etsu National Expressway

## ● Operation schedule

- Open days: About 150 days per year (April to November; Friday, Saturday, Sunday, Monday, and public holidays)
- Open hours: 9:30 - 16:30
- Admission fee: Adult 1,000 yen ※  
Child 300 yen  
※Various discounts available





## (2) The four seasons of Akagi Nature Park

### ● Animals and plants existing in Akagi Nature Park

1,810 species of animals and insects, 77 species of birds, 15 species of mammals

Plants: 152 species of trees and 510 species of grass

*Spring*



*Summer*



*Autumn*



*Winter*



### (3) Management structure

**Official sponsors:**

※As of May 14, 2010



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Akagi Nature Park



We are proud to support the environmental preservation activities at Akagi Nature Park.

