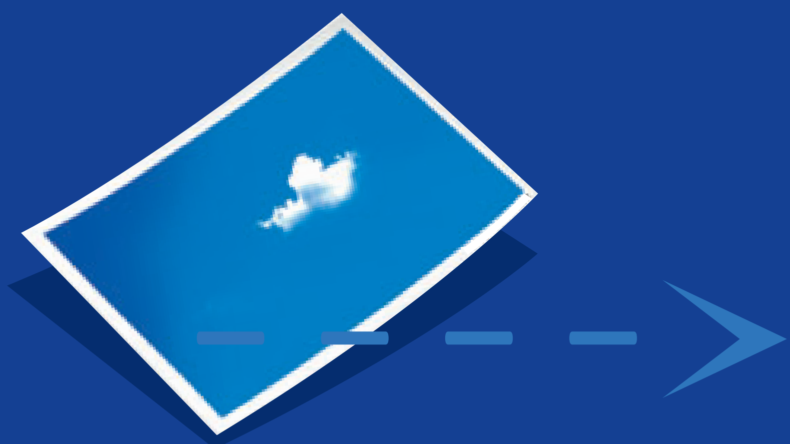
What's



CREDIT SAISON Co., Ltd.   Annual Report 2004

NEXT?

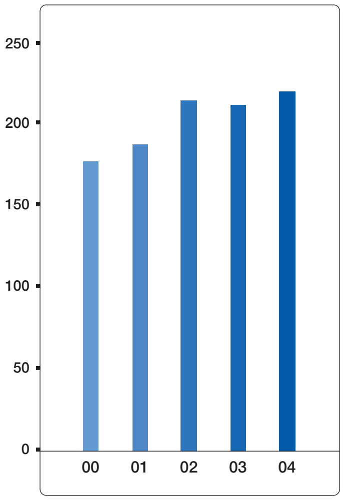
Financial Highlights

CREDIT SAISON CO., LTD. and Consolidated Subsidiaries
As of and for the years ended March 31

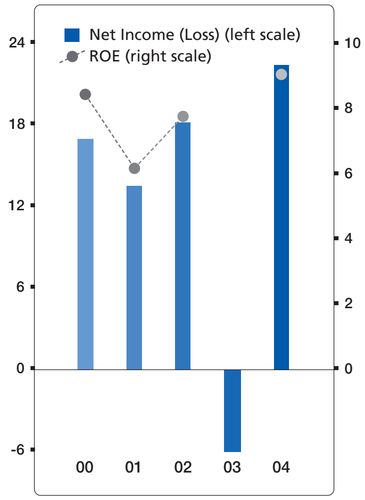
	Millions of yen			% change	Thousands of U.S. dollars (Note 3)
	2004	2003	2002	**2004**/2003	**2004**
Consolidated:					
Operating revenues (Note 1)	**¥ 220,332**	¥ 212,242	¥ 214,838	**3.8**	**$ 2,085,883**
Selling, general and administrative expenses	**156,502**	147,018	141,795	**6.5**	**1,481,602**
Financial cost	**9,825**	12,810	13,370	**(23.3)**	**93,014**
Operating income	**54,005**	52,414	59,673	**3.0**	**511,267**
Net income (loss)	**22,420**	(6,027)	18,225	**—**	**212,247**
Total shareholders' equity (Note 2)	**258,253**	236,028	242,594	**9.4**	**2,444,887**
Total assets	**1,352,710**	1,280,823	1,256,899	**5.6**	**12,806,114**
Return on shareholders' equity (ROE) (%)	**9.1**	—	7.8		
Return on assets (ROA) (%)	**1.7**	—	1.2		
Shareholders' equity ratio (%)	**19.1**	18.4	19.3		
Per share data (in yen and U.S dollars) (Note 2):					
Net income (loss) per share	**130.55**	(36.57)	108.56	**—**	**1.24**
Shareholders' equity per share	**1,519.13**	1,380.26	1,436.58	**10.1**	**14.38**
Credit Card Business Data (Non-consolidated):					
Card transaction volume	**¥2,408,698**	¥2,342,865	¥2,121,607	**2.8**	**$22,803,162**
Credit-card-related shopping services	**1,912,210**	1,808,624	1,629,199	**5.7**	**18,102,906**
Cash advances	**496,488**	534,241	492,408	**(7.1)**	**4,700,256**
Total cardholders (Millions)	**15.87**	14.90	13.40	**6.4**	
Active cardholders (Millions)	**8.41**	8.07	7.50	**4.2**	
New cardholders (Millions)	**1.86**	2.30	2.50	**(19.1)**	

Notes: 1. "Operating revenues" does not include consumption taxes.
2. Treasury stock is deducted from capital. In addition, treasury stock is subtracted from the total number of shares outstanding in computing per share data.
3. Japanese yen amounts have been translated into U.S. dollars at the rate of ¥105.63=U.S.$1, the approximate exchange rate on March 31, 2004, for the convenience of the reader.

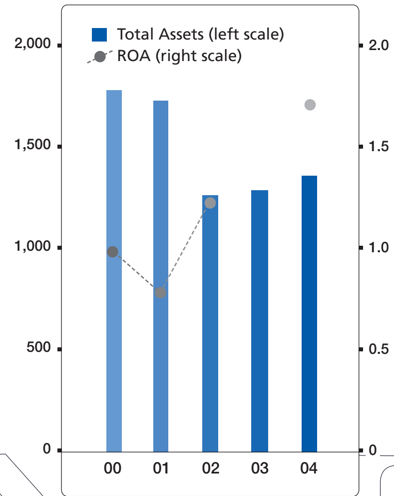
Operating Revenues
(Billions of yen)



Net Income (Loss) and ROE
(Billions of yen / %)



Total Assets and ROA
(Billions of yen / %)



Note: As a result of non-operating losses due to its agreement to a rehabilitation plan for The Seibu Department Stores, Ltd., which entailed a loss on revaluation of investment securities, the Company recorded a net loss of ¥6,027 million for the year ended March 31, 2003, and ROE and ROA for that year are not presented.

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.

Credit Saison is using two growth strategies to work toward new breakthroughs.

CONTENTS

How Have We Been Doing?

Credit Saison's growth up to now, and what lies ahead

Credit Saison is aiming to become the number-one company in the credit card business by establishing ideas for a new era in the card business as a leading-edge service provider.

With 15.87 million cardholders and approximately 80 alliance partners as of March 31, 2004, Credit Saison has gained a position at the top level among domestic credit card companies.

Credit Saison Group companies share a common philosophy of pursing customer satisfaction, creating mutual benefits with business partners, and building a creative, innovative company. By instilling these concepts and putting them into practice, Credit Saison seeks to be the number-one company in the credit business.

- Saison American Express Card issued through an affiliation with AMERICAN EXPRESS®.

- Began issuing Saison JCB International Card in cooperation with JCB Co., Ltd.

- Started the affinity card business.

- Began issuing Saison Visa Card and Saison MasterCard.

- Began issuing credit cards that incorporate bank cash card functions.

- Began a program of bonus points that never expire (SAISON Permanent Points).
- Introduced SAISON CARD MAKER, a speedy, automatic card issuing machine.

- Began issuing the Saison Four Beat Card, a customer-oriented new concept card.
- Began "SAISONPASS" account aggregation service for SAISON CARD holders.

What's NEXT?

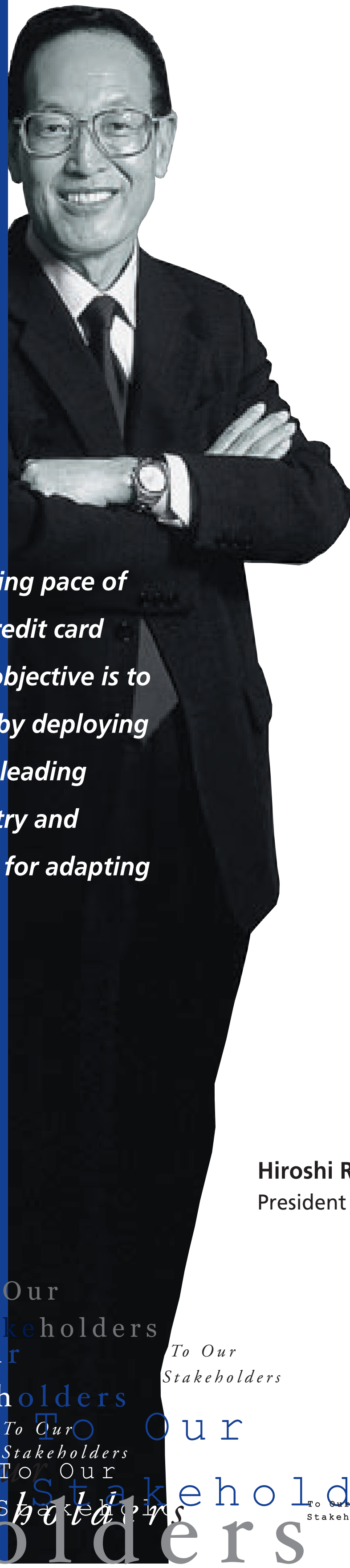
What's NEXT?

What's NEXT?

What's NEXT?

What's NEXT?

To Our Stakeholders



Credit Saison views the accelerating pace of reorganization in the Japanese credit card industry as an opportunity. Our objective is to further increase corporate value by deploying our competitive advantages as a leading company in the credit card industry and developing innovative strategies for adapting to market change.

Hiroshi Rinno
President and CEO

To Our Stakeholders

➤ Performance during the Year to March 2004

A corporate culture that is intensely focused on customer satisfaction and a strategic emphasis on earnings, sustainability and reliability resulted in increased revenue and earnings.

In fiscal 2003, the year ended March 31, 2004, total operating revenues increased 3.8 percent year-on-year to ¥220.3 billion, driven by firm growth in our core credit card business and strong performance in our leasing business. We steadily expanded our revenue base, with new credit card applicants totaling 2.1 million during the past fiscal year. Moreover, as of March 31, 2004, total cardholders increased 970 thousand from a year earlier to 15.87 million, and active cardholders increased 340 thousand from a year earlier to 8.41 million. Operating income increased 3.0 percent year-on-year to ¥54.0 billion, as Credit Saison offset a 32.3 percent year-on-year increase in allowance for losses on receivables and guarantees to ¥41.2 billion by reducing other operating expenses. Credit Saison recorded a loss on impairment of fixed assets totaling ¥7.6 billion due to the early application of new impairment accounting standards. Absent charges in the previous fiscal year in connection with the rehabilitation of Seibu Department Stores, Ltd., however, income before income taxes and minority interest totaled ¥40.5 billion, compared to a loss of ¥10.3 billion for the previous fiscal year. Net income recovered as well, totaling ¥22.4 billion compared to a net loss of ¥6.0 billion for the previous fiscal year.

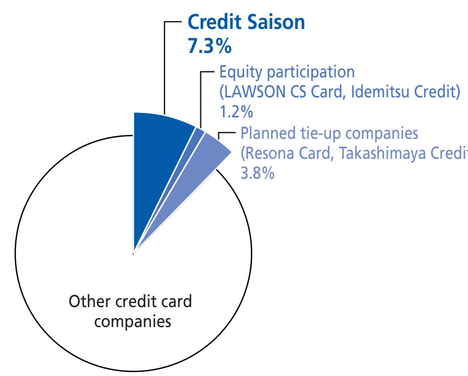
➤ Operating Environment in the Credit Card Industry

The credit card industry is undergoing a wave of reorganization. Credit Saison is working to further expand market share by employing its innovative ideas and expertise that other companies cannot match.

The pace of reorganization in Japan's credit card industry has gained momentum, as exemplified by the scheduled large-scale merger of UFJ Card Co., Ltd. and Nippon Shinpan Co., Ltd. With more than 500 participants in Japan's credit card industry in segments including banking, consumer credit, retail and manufacturing, this wave of reorganization is projected to intensify further. In this environment, Credit Saison is aiming to rapidly raise its market share from the current 7 percent level to the 15 percent level, and ultimately to 30 percent, by accelerating its strategy of alliances and acquisitions.

Credit Saison's superiority will become even more clear as the pace of industry reorganization accelerates. This is because Credit Saison has its roots in the retail credit industry and developed its services from a customer-centric perspective. As a result, Credit Saison has unique expertise in stimulating customers to use its credit cards. Credit Saison stays in touch with customers through numerous channels, ranging from SAISON Counters in approximately 160 locations nationwide to the telephone and the Internet. We constantly listen to our customers, and our flexibility in developing products and services is a strength. Unlike credit card companies affiliated with banks or consumer credit companies, Credit Saison

Credit Card Transactions by Volume (Fiscal 2002)



Credit Saison is accelerating its strategy of alliances and acquisitions to reach its long-term market share target of 30 percent.

Card Transaction Volume and Total Number of Cardholders

	2004	2003	2002	2001	2000
Card transaction volume (Billions of yen)	**2,408.6**	2,342.8	2,121.6	1,855.7	1,617.2
Total cardholders (Millions)	**15.87**	14.90	13.40	11.40	10.00

does not charge annual credit card fees, yet we are consistently more profitable than such competitors. This is compelling evidence of the value of our approach.

Factors such as reduced spending among consumers have blunted growth in the current credit card industry, yet we see solid potential for expansion. Credit card use accounts for only about 8 percent of personal consumption in Japan, which is no more than one-third the level in the United States, a leader in credit card use. Moreover, the scope of credit card usage is expanding from shopping to paying for cellular phone bills, communications, travel, utility bills, medical costs and other expenses. With Japan's credit card industry continuing to undergo major changes, Credit Saison is working to expand market share by providing innovative products and services that leave conventional assumptions and practices far behind.

➤ Two Growth Strategies

Credit Saison is using two growth strategies to work toward new breakthroughs.

Credit Saison aims to be a leading-edge service provider. We are promoting two growth strategies as avenues to future growth.

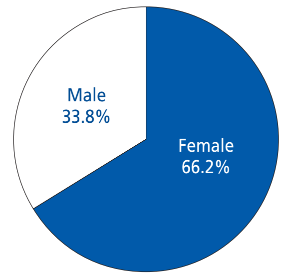
The first strategy aims to generate steady growth by maximizing the expertise and brand strength Credit Saison has created to date. Relentlessly pursuing customer satisfaction requires Credit Saison to toss out conventional industry paradigms. Credit Saison charges no annual fee for its credit cards, a completely different approach than relying on annual fees to generate earnings as other credit card companies do. The SAISON Permanent Point ("*Eikyufumetsu Point*") bonus point program has eliminated expiration dates. These kinds of breakthrough programs are the result of Credit Saison's embrace of constant innovation and forward thinking that are not restrained by conventional business models.

Our second growth strategy entails aggressively developing strategic alliances to which we contribute capital, people and expertise as a means of generating further growth. Deploying our abilities in marketing and credit administration, we have concluded such alliances with approximately 80 companies to date. In the past, these alliances primarily entailed card issuance and the provision of new services. Today, however, we are promoting alliances in which the capital, people and expertise we provide builds an even stronger partnership in jointly issuing credit cards to our alliance partners' customers. Progress in the reorganization of the credit card industry is creating excellent opportunities, and we believe that the timing is perfect to begin transforming these opportunities into dramatic future growth. This kind of strategic alliance is based on linking improvement in our alliance partners' corporate value to improvement in the corporate value of the Credit Saison Group. We concluded one such alliance with Takashimaya Co., Ltd. in April 2004. In tandem with prior alliances with The Seibu Department Stores, Ltd. and Sogo Co., Ltd., this gives Credit Saison strategic alliances with three of Japan's five largest department store companies, thus enabling us to expand opportunities to reach attractive customers. Looking forward, Credit Saison will work to expand market share by adding partnerships with companies in a wide array of industries to our alliances with firms in the retail business.

Moreover, we expect these strategic alliances to support our processing business, in which we provide commissioned credit card administration for our alliance partners' credit card operations. This processing business will form the core of our fee business, which will be a new source of earnings for Credit Saison. Building on relationships with Lawson, Inc. and Mitsubishi Corporation initiated in 2000, during fiscal 2003 we concluded agreements with Idemitsu Kosan Co., Ltd. and Resona Holdings, Inc. under which we provide commissioned credit card administration for their group credit card companies' operations. We expect

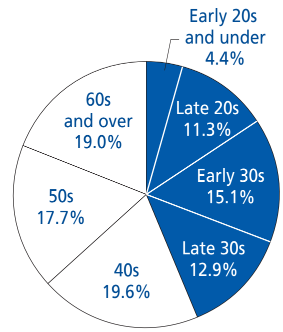
Composition of Cardholders by Gender

(As of March 31, 2004)

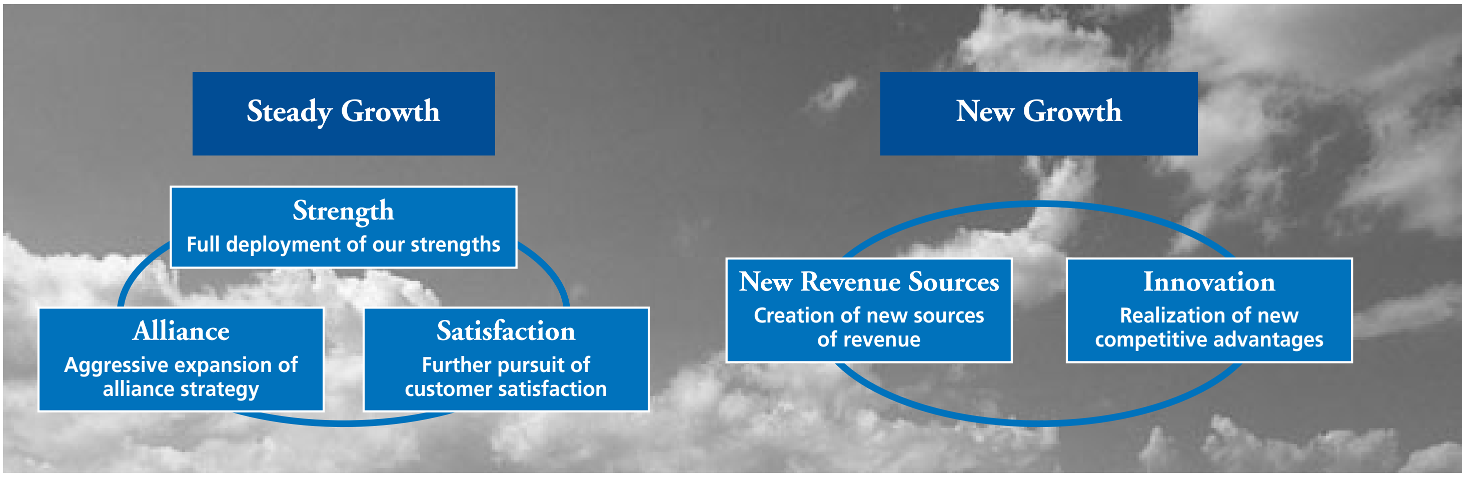


Composition of Cardholders by Age

(As of March 31, 2004)



Credit Saison's Two Growth Strategies



these alliances to contribute several billion yen to earnings in the current fiscal year. Looking ahead, we will further expand fee businesses to complement our credit card shopping and cash advance operations in building a well-balanced earnings structure that generates dramatic growth.

➤ Achieving Sustainable Growth

Based on its original, innovative corporate culture, Credit Saison will use its personnel as a core management resource in aiming for profitable growth.

In addition to proactively recruiting women and young people, Credit Saison has introduced an innovative personnel system that emphasizes and deploys the capabilities of individuals. This system includes allowing newly hired employees that have just graduated from college to propose their initial salary level, and promoting part-time employees. Approximately 20 percent of Credit Saison's department managers in their 30s are women, compared to an average of 6 percent for all Japanese companies. Moreover, we have energetically introduced other systems, such as internal interdepartmental projects and the opportunity for individual employees to propose ideas to management.

As a manager, I have been intent on creating an open, frank and innovative corporate culture in which age and gender are irrelevant. Encouraging employees to improve themselves through friendly rivalry is a critical asset in competing successfully, and the dynamic driving Credit Saison's progress.

Credit Saison will fully utilize its human and other resources in working to create mutually beneficial relationships with cardholders and alliance partners as the means to increase corporate value. This is intimately related to shareholder returns. Credit Saison will continue to devote itself to becoming a leading-edge service provider that creates new value for all of its stakeholders.

June 29, 2004

Hiroshi Rinno
President and CEO

Five Questions for Credit Saison

Q1

How has Credit Saison achieved such remarkable growth to date?

Credit Saison's brand power has been built on personalized relationships with individual customers.

Harumi Okada
Branch Manager, Tokyo Branch
Sales Division

Credit Saison has constantly pursued customer satisfaction, drawing on strengths including marketing and credit administration capabilities to achieve growth unmatched in our industry.

A Powerful Customer Base

Total cardholders as of March 31, 2004 increased 970 thousand from a year earlier to 15.87 million and active cardholders increased 340 thousand to 8.41 million, demonstrating our continued solid progress. The SAISON CARD's characteristics reflect its origins in the retail industry, and Credit Saison has acquired the overwhelming support of customer segments that lead in consumption. For example, 66 percent of cardholders are women, and by age, 44 percent of cardholders are in their 20s or 30s.

Credit Saison's excellence in customer relationship management (CRM) has been key to its efforts to strengthen its relationships in these customer segments. Detailed analysis of customer information including historical card use helps us achieve our goal of creating additional customer satisfaction and maintaining and expanding the number of loyal customers.

Building Unshakeable Brand Strength

Credit Saison is a strong, powerfully positioned brand. Young female customers and customers in many other segments have praised the SAISON CARD for its originality, numerous functions and differentiating services. Moreover, since 2001 we have been strengthening our brand image through original advertising. Advertising in 2003 used the theme of wine to highlight the appeal of the SAISON CARD's diverse, international functionality.

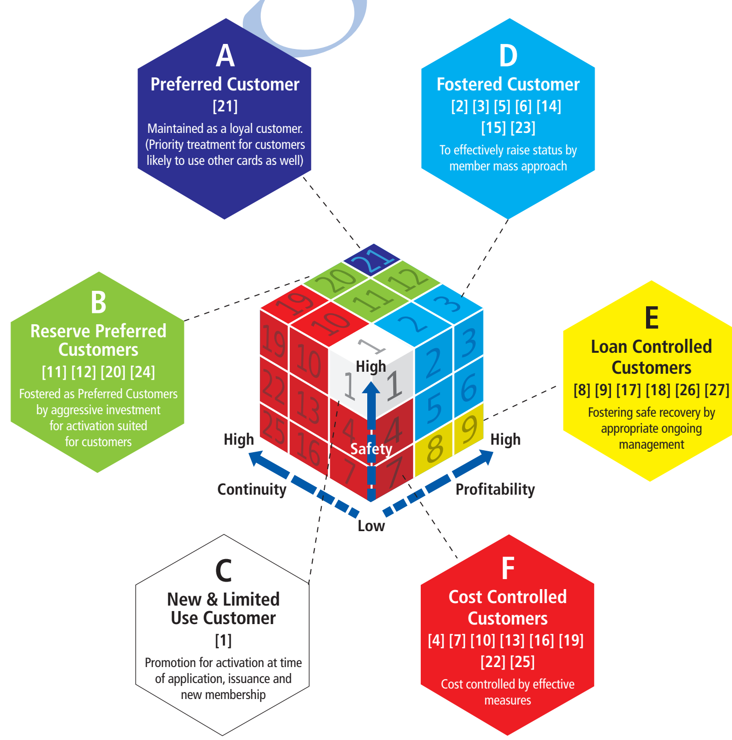
During the current fiscal year we will introduce a new affinity card design with the SAISON logo on the front. This will enhance the SAISON CARD identity, while making a complete departure from the image of affinity cards as our partners' in-house cards, thus strengthening their image as versatile cards that customers can use in a wide variety of situations.

Outstanding Credit Administration Expertise

Concentrating on responding to changes in the credit market, such as the highest level of personal bankruptcies in history, Credit Saison is strengthening its credit risk management system. From April 2004, we introduced the new HEART system to make initial lending more stringent and rational. HEART shifts our perspective from processing large quantities of data to credit quality in controlling total risk, from initial lending to collection administration. This change in emphasis offers greater flexibility in operations to respond to changes in the business environment. In addition, Credit Saison has stringent systems in place for dealing with credit card fraud that encompasses ACE, an authorization-monitoring system, and Falcon, a software package for detecting credit card fraud.

Credit Saison's credit card processing systems and know-how have received wide acclaim in a variety of industries. Our commissioned operations business has been expanding each year, and strategic alliances will support further expansion. We also expect the start of full-scale operation of the new Credit Center slated for April 2005 to further raise the quality and efficiency of operations management.

CUSTOMER CUBE™



Customer Cube™, Credit Saison's original CRM model, comprehensively evaluates each customer according to profitability, continuity and safety based on historical card use and other data. It serves as a basis for developing up-to-date marketing tailored to various buyer segments.

Q2

How does Credit Saison benefit from aggressively promoting its alliance strategy?

Credit Saison's alliance strategy is an important business scheme that creates corporate value.

Shinji Yasuda
Manager, Credit Card Dept.
Sales Division

Building a network through alliances allows us to not only acquire loyal customers, but also to energize card use by providing the outstanding services of alliance partners to Saison cardholders.

Building a Network through Aggressive Development of the Alliance Strategy

During fiscal 2003, Credit Saison continued to promote expansion in its network of alliances. New card issuance agreements with 10 companies raised the total of Credit Saison's alliance partners to approximately 80 companies. Credit Saison is aggressively promoting alliances with large-scale stores, outlet malls and other retailers because they are a robust platform for acquiring new cardholders. Adding to our network of relationships with department stores that hold dominant positions, Credit Saison complemented alliances with The Seibu Department Stores, Ltd. and Sogo Co., Ltd. by concluding an alliance with Takashimaya Co., Ltd., the leader of Japan's department store industry, in April 2004. Our alliances now cover department stores with a combined share of approximately 27 percent of their industry. Looking forward, we will promote the addition of attractive customers to our franchise as a pillar of our customer strategy.

In addition to the above measures, Credit Saison concluded comprehensive alliances with Idemitsu Kosan Co., Ltd. and Resona Holdings, Inc. covering their credit card operations. These alliances include investment in their affiliates and marketing support. As a result of these alliances, Credit Saison issued new cards and also acquired important new bases for promoting card use. As a result of aggressively implementing our alliance strategy to build our network of relationships, Credit Saison has achieved dramatic channel expansion to approximately 45,000 locations nationwide.

Jointly Developing Unique Products and Services Creates Mutual Benefit

While strengthening its network of alliances, Credit Saison is working to differentiate itself from competitors on the basis of excellence by constantly developing new products and services. Financial and insurance-related services are an area of strength. Credit Saison provides financial products and services including banking services, on-line trading and all types of insurance through business alliances with partners including ORIX Trust and Banking Corporation, MONEX, Inc., AIG Edison Life Insurance Co., Ltd., Sompo Japan Insurance Inc., and Saison Automobile and Fire Insurance Co., Ltd. In October 2003, we launched an optional service for the SAISON CARD, Super Value Plus, which provides insurance for injuries in the course of everyday life and leisure, property theft and other events for a monthly premium of ¥300. This breakthrough insurance product has received an enthusiastic response from our cardholders. In addition, in March 2004 we began offering the Saison My Car Lease, which is an automobile lease product we created for individuals through an alliance formed with ORIX Corporation.

Credit Saison will continue to offer unique, value-added services through alliances with strong, distinctive companies.

Card Alliance Partners at a Glance

Type of Business		Major Alliance Partners (Store Names)
Financial institutions		Japan Post, Shonai Bank, Suruga Bank, Bank of Nagoya, Fukui Bank, Kyoto Shinkin Bank, Fukushima Bank, Monex, etc.
Commerce	Large retail stores	Sogo, Seibu Dept. Stores, Seiyu, Takashimaya, Meitetsu Dept. Store, Marui, Mitsukoshi, Tenmaya, Sunny, Nagasakiya, Station buildings (Nagasaki, Kagoshima, Tennoji, Hamamatsu), etc.
	Chain stores and outlets	Mujirushi Ryohin, Loft, Parco, Toys "R" Us, Franc franc, LaOX, Mitsui Outlet Park, Karuizawa Prince Shopping Plaza, etc.
	Convenience stores	Lawson/Mitsubishi Corp.
Service and gas stations		Idemitsu Group (Service and LP gas stations)

Five Questions
for Credit Saison

Q3

What are Credit Saison's core strategies for achieving steady growth in the future?

In structuring our credit business, we are always thinking about how to improve customer satisfaction.

Daisaku Ohno
Manager, Credit Administration Dept.
Operations Division

Customer satisfaction is the most important issue in achieving steady growth. We will continue to pursue customer satisfaction with the goal of expanding transaction volume and the number of cardholders.

Credit Saison's Decision to Introduce SAISON Permanent Points

The pursuit of customer satisfaction often requires Credit Saison to defy conventional industry assumptions. Unlike other credit card companies, which rely on annual credit card fees to support earnings, Credit Saison issues cards with no annual fee. We have also initiated SAISON Permanent Points (*"Eikyufumetsu Point"*), which never expire. The introduction of this revolutionary program was a result of Credit Saison's commitment to forward thinking and innovation, unconstrained by conventional business models. Customers can collect SAISON Permanent Points for as long as they choose and exchange them for the items they want at any time. This program has attracted customer interest, and is a motivation to become a cardholder that is also linked to active card use.

Credit Saison is also working to expand opportunities for card use. The scope of credit card use is expanding from shopping to paying for cellular phone bills, communications, travel, electronic toll collection, utility bills, medical costs and other expenses. Moreover, from April 2004 customers have been able to use credit cards for purchasing beer from vendors and other purposes at Seibu Stadium. Wherever customers use their cards, they receive SAISON Permanent Points. This initiative is therefore a strength is working to make Saison our cardholders' main card.

Using Infrastructure and Marketing Capabilities to Strengthen Customer Relationships

Credit Saison has created SAISON Counters staffed by more than 1,000 specialists at approximately 160 locations in key cities throughout Japan. SAISON Counters initiate new cardholder relationships and also have the important function of collecting direct feedback on customer requests and needs, which Credit Saison uses in developing new services.

Credit Saison has also worked to differentiate itself by creating rapid card issuance systems that can issue a card in 30 minutes. This capability has become a significant strength. We have installed SAISON STATION information terminals that can rapidly issue cards at major SAISON Counters nationwide. Moreover, in addition to SAISON Counters and SAISON CARD MAKER automated card issuance machines, customers can now obtain their credit cards from the Shinjuku West Exit Store of Zero First Co., Ltd., a Marui Group company. We have also significantly expanded the varieties of cards that can be issued rapidly in working to enhance our services.

Credit Saison's infrastructure for satisfying customers will be a key means of achieving steady growth in the future.

Satisfaction

Satisfaction
Satisfaction
Satisfaction

Five Questions for Credit Saison

Q4

How does Credit Saison plan to leverage its position as a leading company in the credit card industry for future growth?

To achieve further growth, we are deploying Credit Saison's comprehensive strengths to create a new business model.

Teruhisa Aoyama
Manager, Treasury & Comptroller Dept.
Management Division

We aim to aggressively develop strategic alliances to which we contribute capital, people and expertise as a source of future growth in order to be a strong, successful company in the twenty-first century.

Expansion of the Processing Business into a Key Fee Business

Credit Saison is using its existing business infrastructure to create new sources of earnings that mitigate the risk of interest rate fluctuations. We are concentrating on the processing business as it allows us to maximize our use of the expertise we have acquired over many years.

Under the comprehensive alliances we concluded with Idemitsu Kosan and Resona Holdings during fiscal 2003, Credit Saison will provide commissioned processing services to Idemitsu Credit Co., Ltd. and Resona Card Co., Ltd. These services will cover all aspects of the credit card businesses, from evaluating creditworthiness prior to initial lending to extending credit and collection administration. These alliances build on the large-scale commissioned administration agreement we concluded for credit cards issued by LAWSON CS Card, Inc. in 2002.

The processing business adds stability to Credit Saison's earnings base and will continue to grow. We expect this business area to expand substantially in the future. Credit Saison will work to further expand its fee businesses, with the aim of generating dramatic growth by creating a profit structure balanced among the credit card shopping, cash advance and fee businesses.

Construction of New Credit Center to Improve Service Quality and Efficiency

Credit Saison is now constructing a new Credit Center, which will accommodate 2,000 operators. Our objective is to raise service quality and reduce the cost of handling 600,000 to 700,000 customer calls each month while also supporting further smooth expansion in the processing business.

The Credit Center is projected to begin full-scale operations in April 2005. It will place all employees handling phone calls from customers in one location, which will enable Credit Saison to efficiently provide excellent service. In addition, the Credit Center will include training facilities for thorough operator education.

Credit Saison also recognizes that thorough and appropriate management of customer information is a critical task. The Credit Center's security system has multiple access levels according to application, and employs a full complement of safety measures based on integrated circuit (IC) card administration.

New Revenue Source

New Revenue Source
New Revenue Source
New Revenue Source

Fee Businesses

Field	Strategies and Services	Main Alliance Partners
Processing	• Outsourcing certain administrative processes as well as general credit card businesses such as initial screening, card issuance, billing and payment • Client support services such as creation of customer databases, data analysis, ongoing credit management and risk management	LAWSON CS Card, Inc. Idemitsu Credit Co., Ltd. Resona Card Co., Ltd. AIC CARD SERVICES, INC.
Fee Business	• Sending a variety of information to customers using credit cards as a communication tool • Building the fee business and offering differentiated merchandise and service information to approximately 16 million cardholders	Saison Automobile and Fire Insurance Co., Ltd. AIG Edison Life Insurance Company Sompo Japan Insurance Inc.
Direct Marketing	**Data Mining (Direct Mail Service)** • Promoting active business by providing customers with useful information sent by clients	Clients

Five Questions for Credit Saison

Q5

What are the critical issues in being a leading-edge service provider?

Credit Saison looks for highly motivated people who can think flexibly.

Masako Takeda
Manager, Human Resources Dept.
Administration Division
Marketing Dept., Sales Division

An innovative corporate culture and measures that energize employees will support Credit Saison's unique strategies for creating new markets and customers through business alliances.

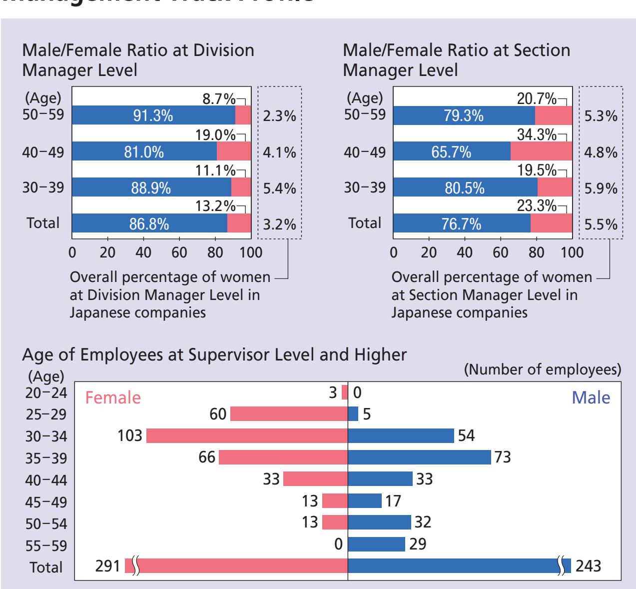
A Sense of Urgency Drives Innovation to Improve Our Competitive Advantages

Credit Saison believes that a healthy sense of urgency and a strong competitive spirit are essential to energizing its organization. Customer trust and support form a crucial base for operations. To further strengthen this base, Credit Saison must constantly differentiate itself from competitors through means including consistently maintaining a sense of urgency in creating new customer services, strengthening its network of alliances and issuing new cards.

Credit Saison aims to have an open, frank and innovative corporate culture, and employs a merit-based personnel evaluation system. Seniority and gender make no difference. Employees who succeed at highly challenging jobs receive compensation commensurate with their achievements. Moreover, both managers and rank-and-file employees are included in a voluntary system of competitive job rotation that serves to nurture motivated employees.

Credit Saison has innovative personnel strategies in place that emphasize the deployment of the individual capabilities of employees. These include interdepartmental projects and the opportunity for individual employees to propose ideas to management, and we continue to develop dynamic measures for maintaining an organization that is consistently vital.

Management Track Profile



(As of March 31, 2004)

People Are a Critical Resource for Credit Saison

Credit Saison consistently works to raise employee motivation, regardless of full-time, part-time or contract employment status. In September 2003, we introduced a new monthly compensation system covering approximately 600 hourly employees at SAISON Counters nationwide. Our objective in introducing this new system was to shift compensation standards from an hourly basis to a performance basis. At the same time, we revised our mechanisms for job assignment and recruiting. The new system has resulted in workplaces where employees can develop their own capabilities and gain experience regardless of terms of employment, which has created a spirit of unity between full-time and contract employees.

Credit Saison also has a high ratio of women in middle management positions. The branch managers at two of the twelve branches nationwide that manage SAISON Counters and client sales are women.

Card Tie-Ups

Credit Saison goes beyond the framework of equity ties by actively seeking card alliances with various companies that are unique in their industries. To date, we have formed alliances with approximately 80 companies.

In card alliances, our aim is not simply to gain more cardholders, but rather to build a relationship in which both partners benefit and that contributes to our alliance partner's business development.

We are also expanding the processing business as a core revenue source. Our focus is on consignment of general credit card business operations, including applicant screening, card issuance, billing and payment.

Shopping

Sogo Co., Ltd.

The Seibu Department Stores, Ltd.

Takashimaya Co., Ltd.

Mitsui Fudosan Co., Ltd.

Meitetsu Department Store Co., Ltd./Kanazawa Meitetsu Marukoshi Department Store

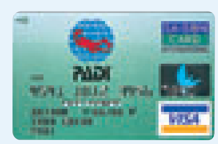
L.L. Bean, Inc.

Travel & Entertainment

Mori Kanko Trust Co., Ltd.

United Airlines, Inc.

SEIBU LIONS, Inc.



PADI, Inc.

Financial Institutions

JAPAN POST

MONEX, Inc.

Internet and Communications

NTT DoCoMo, Inc.

eAccess Ltd.

Automotive

Mazda Motor Corporation

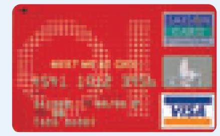
Japan Automobile Federation


Parco Co., Ltd.


The Loft Co., Ltd.


Ryohin Keikaku Co., Ltd.


Toys“R”Us-Japan, Ltd.


MARUI Co., Ltd.

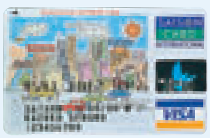

BALS Corporation


LaOX Co., Ltd.


Mitsukoshi, Ltd.


Kokudo Co., Ltd.

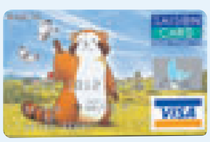

Nagasaki Terminal Building Co., Ltd.

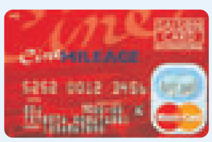

Senshukai General Service Co., Ltd.

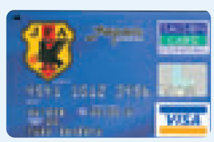

POWER’S Co., Ltd.


YEBISU GARDEN PLACE Co., Ltd.


Katakura Industries Co., Ltd.

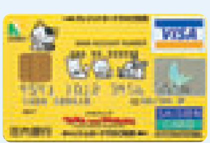

NIPPON ANIMATION Co., Ltd.


TOHO Cinemas Ltd.


Japan Football Association


Yama-Kei Publishers Co., Ltd.


ThirdAgeStyle Corporation


The Shonai Bank, Ltd.


The Bank of Nagoya, Ltd.


The Kyoto Shinkin Bank

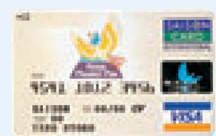

NIFTY Corporation


WOWOW Inc.


Japan Highway Public Corporation

Social Contribution


Japan Leukaemia Research Fund


Fund for Great Hanshin Earthquake

Processing Business


AIC CARD SERVICES, INC.


LAWSON CS Card, Inc.


Idemitsu Credit Co., Ltd.

Board of Directors and Statutory Auditors

(As of July 31, 2004)

1 2 3 4 5 6 7 8 9 10

President and CEO

Hiroshi Rinno* 10

Executive Vice President

Shiro Yanagihara* 9
General Manager of Strategy Headquarters
In charge of Audit Office

Senior Managing Directors

Teruyuki Maekawa* 11
General Manager of Sales Division
In charge of Public Relations Office

Atsushige Takahashi 8
General Manager of Business Headquarters

Managing Directors

Toshiharu Yamamoto 12
General Manager of Operations Headquarters

Terutaka Hasuda 7
General Manager of Sales Headquarters

Hiromichi Sato 13
In charge of Credit Guarantee Business Division and Loan Division

Hidetoshi Suzuki 6
In charge of Card Division, Sales Planning Division and Finance Division

Kazufusa Inada 14
General Manager of Administration Division
In charge of Takashimaya Card Dept.

Corporate Governance

Credit Saison realizes that strengthening supervisory functions to increase transparency in management and achieve business objectives is extremely important. The Company is taking various measures aimed at enhancing corporate governance.

Organizational Details and Internal Control System

The Board of Directors consists of sixteen members who set basic policies for the Company's business execution and supervise directors' execution of their duties.

Credit Saison applies the auditor system with a board of auditors consisting of four statutory auditors. In accordance with the auditing policies and division of duties decided by the Board of Auditors, each auditor conducts rigorous audits by methods including attending meetings of the Board of Directors and other important meetings, listening to reports on business from directors and others, reviewing documents containing important decisions, and examining the condition of the Company's business operations and assets.

Credit Saison also appoints one outside director and three outside auditors to reinforce management check functions. They conduct supervision and audits with an objective view of the Company's management.

In addition, the internal Audit Office conducts audits of compliance, risk management, internal control systems, governance and other matters in the organizational operations and business activities of Credit Saison and its group companies, and makes evaluations and recommendations based on these audits.

Credit Saison will continue to consider the most suitable management structure, taking into consideration factors including international trends and Commercial Code revisions concerning corporate governance.

Directors

Shinji Hojo 5
In charge of Related Business Division

Toshiyasu Suganuma 15
In charge of Finance & Accounting Division and Lease Business Division

Kenzo Tada 4
General Manager of East-Japan Business Division

Hisayuki Kurata 16
General Manager of General Affairs Division

Akira Kuramitsu 17
General Manager of Credit Guarantee Business Division
In charge of Screening Division

Takayoshi Yamaji 3
General Manager of West-Japan Business Division

Yoshiro Yamamoto** 18

Standing Statutory Auditors

Toshio Sakai 2

Isamu Sato** 19

Junichi Yamamoto** 1

Statutory Auditor

Atsushi Toki** 20

* Representative Director
** Outside director or auditor

Promotion of Highly Transparent Business

Credit Saison has internal rules for corporate governance in the six areas of personnel, crisis management, document management, personal information management, work rules, and insider trading management. As leakage of personal information is becoming an issue of public concern, Credit Saison has supplemented its information management rules by devising and implementing a privacy policy in March 2002 for the control of personal information.

In addition, approximately one-third of Credit Saison's employees have received the highest certification from the Japan Consumer Credit Industry Association for handling personal information. All employees fully recognize the importance of protecting personal information as managers and handlers of such information, and Credit Saison is working to increase their awareness and skills in this regard.

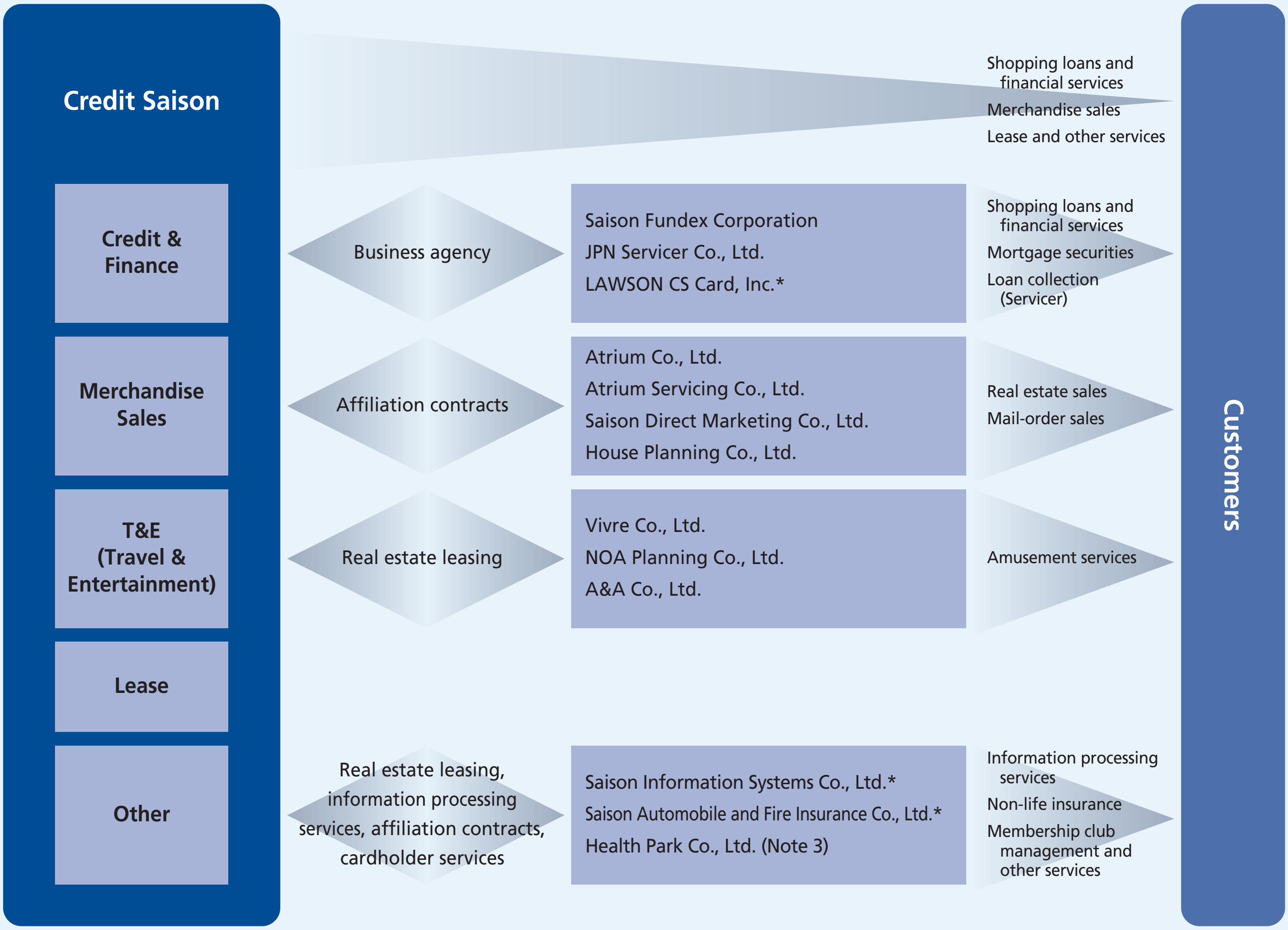
Promoting Compliance Awareness among Employees

Credit Saison has established the Compliance Committee to ensure legal compliance, fairness and ethical conduct in its corporate activities. A representative director (the executive vice president) serves as the committee chairman. The committee convenes several times each year, and its secretariat meets more than 20 times annually, to carry out initiatives such as drawing up a code of ethics and standards of conduct, and creating a unit to promote compliance. The committee also produces and distributes a compliance handbook for employees and contract employees.

A compliance consultation desk has been set up in the company, and inquiries are also accepted through telephone and fax hotlines, a company intranet, a special Internet address and postal mail. In addition, the General Affairs Division sponsors compliance training with outside guest lecturers for executives, which include directors and division managers, as well as for general employees. Employees in charge of compliance are assigned to each division and conduct training programs at the division's initiative.

Major Group Companies

(As of March 31, 2004)



Performance of Major Group Companies

(As of and for the year ended March 31, 2004) (Millions of yen)

Company name	Equity ownership (Note 2) (%)		Total assets	Operating revenues	Business
Saison Fundex Corporation	100.0	(100.0)	128,681	14,876	Loans and mortgage securities
JPN Servicer Co., Ltd.	90.8	(90.8)	1,709	3,107	Servicer (loan collection)
LAWSON CS Card, Inc.*	30.0	(30.0)	15,546	2,550	Credit and financial services
Atrium Co., Ltd.	56.7	(100.0)	64,817	7,867	Real estate transactions
Atrium Servicing Co., Ltd.	0	(100.0)	10,776	1,554	Servicer (loan collection)
Saison Direct Marketing Co., Ltd.	67.3	(100.0)	2,235	4,076	Mail-order sales
House Planning Co., Ltd.	0	(100.0)	4,052	168	Real estate transactions
Vivre Co., Ltd.	35.3	(95.1)	23,230	14,884	Amusement services
NOA Planning Co., Ltd.	78.5	(100.0)	7,886	2,573	Consultancy
A&A Co., Ltd.	0	(100.0)	1,124	537	Amusement services
Saison Information Systems Co., Ltd.*	46.8	(46.8)	14,093	4,829	Information processing services
Saison Automobile and Fire Insurance Co., Ltd.*	19.4	(36.2)	29,845	20,703	Non-life insurance
Health Park Co., Ltd. (Note 3)	100.0	(100.0)	22,531	2,986	Membership club management / Real estate rental

Notes: 1. * indicates affiliates accounted for by the equity method.
2. Figures in parentheses include indirect ownership.
3. Health Park Co., Ltd. changed its corporate name to Uraku Aoyama Co., Ltd. in August 2004.

Financial Section

NEXT

CONTENTS

Management's Discussion and Analysis

Six-year Summary of Selected Financial Data

As of and for the years ended March 31

	Millions of yen						Thousands of U.S. dollars (Note 5)
	2004	2003	2002	2001	2000	1999	**2004**
CONSOLIDATED (Note 1)							
For the year:							
Operating revenues (Note 2)	**¥ 220,332**	¥ 212,242	¥ 214,838	¥ 188,061	¥ 177,603		**$ 2,085,883**
Selling, general and administrative expenses	**156,502**	147,018	141,795	128,187	123,074		**1,481,602**
Financial cost	**9,825**	12,810	13,370	15,747	14,918		**93,014**
Operating income	**54,005**	52,414	59,673	44,125	39,610		**511,267**
Net income (loss)	**22,420**	(6,027)	18,225	13,548	16,995		**212,247**
At year-end:							
Total shareholders' equity (Note 3)	**¥ 258,253**	¥ 236,028	¥ 242,594	¥ 225,947	¥ 212,933		**$ 2,444,887**
Total assets	**1,352,710**	1,280,823	1,256,899	1,719,109	1,769,690		**12,806,114**
Interest-bearing debt (Note 4)	**1,011,563**	965,082	885,270	833,076	876,708		**9,576,474**
Per share data (in yen and U.S. dollars) (Note 3)**:**							
Net income (loss) per share	**¥ 130.55**	¥ (36.57)	¥ 108.56	¥ 81.04	¥ 102.81		**$ 1.24**
Shareholders' equity per share	**1,519.13**	1,380.26	1,436.58	1,351.19	1,274.06		**14.38**
Key financial ratios (%):							
Return on shareholders' equity (ROE)	**9.1**	—	7.8	6.2	8.5		
Return on assets (ROA)	**1.7**	—	1.2	0.8	1.0		
Shareholders' equity ratio	**19.1**	18.4	19.3	13.1	12.0		
NON-CONSOLIDATED (Note 1)							
For the year:							
Operating revenues (Note 2)	**¥ 175,725**	¥ 171,842	¥ 154,204	¥ 133,776	¥ 126,030	¥ 116,892	**$ 1,663,590**
Selling, general and administrative expenses	**123,746**	121,111	105,554	87,371	83,119	74,354	**1,171,504**
Financial cost	**7,154**	7,607	7,401	8,604	9,347	10,899	**67,727**
Operating income	**44,824**	43,123	41,247	37,800	33,563	31,638	**424,349**
Net income (loss)	**24,396**	(5,026)	12,285	16,521	14,275	14,106	**230,957**
At year-end:							
Total shareholders' equity (Note 3)	**¥ 261,792**	¥ 237,174	¥ 243,491	¥ 232,392	¥ 220,284	¥ 200,255	**$ 2,478,387**
Total assets	**1,155,776**	1,085,348	1,057,840	1,031,360	931,518	851,610	**10,941,740**
Interest-bearing debt (Note 4)	**828,638**	779,450	698,509	659,097	603,599	551,251	**7,844,722**
Per share data (in yen and U.S. dollars) (Note 3)**:**							
Net income (loss) per share	**¥ 142.00**	¥ (30.34)	¥ 72.50	¥ 97.49	¥ 85.21	¥ 84.45	**$ 1.34**
Shareholders' equity per share	**1,536.51**	1,383.04	1,436.80	1,371.30	1,299.85	1,198.09	**14.55**
Dividends per share	**18.00**	18.00	18.00	18.00	18.00	18.00	**0.17**
Key financial ratios (%):							
Return on shareholders' equity (ROE)	**9.8**	—	5.2	7.3	6.8	7.3	
Return on assets (ROA)	**2.2**	—	1.2	1.7	1.6	1.7	
Shareholders' equity ratio	**22.7**	21.9	23.0	22.5	23.6	23.5	
TRANSACTION VOLUME: NON-CONSOLIDATED							
Credit-card-related shopping services	**¥1,912,210**	¥1,808,624	¥1,629,199	¥1,420,243	¥1,278,719	¥1,126,165	**$18,102,906**
Shopping loans	**13,367**	17,369	19,267	20,771	24,256	29,749	**126,545**
Guarantees	**31,683**	53,433	56,316	14,646	25,628	31,870	**299,943**
Cash advances and specialty loans	**555,984**	600,447	555,131	500,645	414,660	395,685	**5,263,505**
Agency services	**328,119**	398,724	400,025	401,084	400,495	388,578	**3,106,305**
Leases	**73,665**	71,960	51,788	35,192	23,919	21,743	**697,387**
Merchandise sales	**2,763**	9,445	9,281	11,677	13,729	21,189	**26,157**
Others	**6,604**	9,788	9,426	8,914	8,331	7,572	**62,520**
Total volume of new contracts	**2,924,399**	2,969,794	2,730,437	2,413,174	2,189,740	2,022,553	**27,685,307**

Notes: 1. The Company started presenting consolidated financial statements from the year ended March 31, 2000.
2. "Operating revenues" does not include consumption taxes.
3. Treasury stock is deducted from capital. In addition, treasury stock is subtracted from the total number of shares outstanding in computing per share data.
4. "Interest-bearing debt" includes asset-backed securities.
5. Japanese yen amounts have been translated into U.S. dollars at the rate of ¥105.63=U.S.$1, the approximate exchange rate on March 31, 2004, for the convenience of the reader.

The Credit Saison Group generates operating revenues in five segments: Credit and Finance, Merchandise Sales, T&E (Travel and Entertainment), Lease and Other. Credit and Finance is the largest of these segments. It consists primarily of the consumer credit businesses of credit cards and loans to individuals, and accounted for approximately 80 percent of operating revenues in the year ended March 31, 2004. The Credit Saison Group began reporting Lease as a separate segment beginning with the year ended March 31, 2004 because of its increasing importance in consolidated results.

Operating revenues consist primarily of fees from affiliated stores generated by credit card and installment purchases, and customer fees generated by revolving accounts, card cash advance transactions and various loans.

Operating expenses consist primarily of advertising expenses, losses on accounts receivable, personnel expenses, fees and financial costs. Advertising and personnel expenses represent a significant percentage of operating expenses. These costs are directly related to acquiring new cardholders to generate future revenue growth.

Changes in the Scope of Consolidation

During the year ended March 31, 2004, the Credit Saison Group added two companies to the scope of consolidation — Health Park Co., Ltd. and Atrium Servicing Co., Ltd. — and removed two companies, bringing the number of consolidated subsidiaries to 10. Health Park Co., Ltd. was created as a separate company on April 1, 2003. Credit Saison Co., Ltd. transferred the assets and liabilities associated with its real estate leasing business to the new company. Atrium Servicing Co., Ltd. is a servicing agent that specializes in buying non-performing mortgage-backed loans and buildings used to collateralize loans, adding value to these assets and then selling them. A special meeting of shareholders on May 15, 2003 resolved to dissolve United Vacations Japan Inc., which operated in the travel business. The liquidation was completed as of March 31, 2004. In addition, Vivre Co., Ltd. merged with Lira Corporation on March 31, 2004.

Analysis of Income Statements

During the year ended March 31, 2004, although mild deflationary conditions continued, the decline in personal income halted, and the employment situation and consumer sentiment rallied. Amid these conditions, signs of recovery in personal consumption became apparent from the third quarter, reflecting the improvement in employment conditions and consumer attitudes. On the other hand, in the credit card industry, the Credit Saison Group's core area of business, the reorganization of the retail financial services industry began in earnest and contributed to a challenging competitive environment.

Operating revenues increased 3.8 percent year-on-year to ¥220,332 million. Operating income increased 3.0 percent year-on-year to ¥54,005 million. As a result, net income totaled ¥22,420 million, compared to a net loss of ¥6,027 million for the previous fiscal year.

Operating Revenues

Operating revenues increased 3.8 percent, or ¥8,090 million, compared with the previous fiscal year to ¥220,332 million. Expansion in operating revenues centered on the consumer credit businesses of credit cards and loans to individuals in the Credit and Finance segment. Operating revenues also increased in the Lease and Other segments.

Total Operating Revenues (Millions of yen)

Operating Income and Expenses

Operating expenses increased 4.1 percent, or ¥6,499 million, compared with the previous fiscal year to ¥166,327 million. The primary factor was an increase in the cost of uncollectible receivables included in selling, general and administrative (SG&A) expenses, which reflected growth in credit card installment accounts receivable and the impact of the historically high level of personal bankruptcies in Japan.

SG&A expenses other than cost of uncollectible receivables decreased 0.5 percent year-on-year to ¥115,294 million. Programs to reduce costs, including advertising expenses, compensated for a loss on disposal of amusement facilities in the T&E segment totaling ¥1,865 million that the Credit Saison Group recorded as part of operating expenses rather than as a loss.

Breakdown of Selling, General and Administrative (SG&A) Expenses (Millions of yen / %)

Years ended March 31	2004	2003	% change
Cost of uncollectible receivables	¥ 41,207	¥ 31,137	32.3%
Included in above:			
Allowance for losses on accounts receivable	32,176	27,649	16.4
Losses on accounts receivable	8,096	2,608	210.4
Allowance for losses on guarantees	934	879	6.3
SG&A expenses excluding cost of uncollectible receivables	115,295	115,881	(0.5)
Included in above:			
Advertising expenses	21,726	23,343	(6.9)
Personnel expenses	31,563	31,788	(0.7)
Fees paid	24,123	24,960	(3.3)
Total SG&A expenses	¥156,502	¥147,018	6.5%

Financial cost decreased 23.3 percent year on year to ¥9,825 million. While the balance of interest-bearing debt increased, the Credit Saison Group worked to reduce fund procurement costs by lowering the interest rate on funds raised by subsidiaries.

As a result, operating income for the year ended March 31, 2004 increased 3.0 percent, or ¥1,591 million, compared to the previous fiscal year to ¥54,005 million.

Non-Operating Expenses and Net Income

Non-operating loss decreased to ¥13,496 million from ¥62,728 million for the previous fiscal year. Non-operating revenues decreased 67.4

percent year-on-year to ¥1,992 million because the Credit Saison Group reduced proceeds from sales of investment securities. Non-operating expenses decreased 77.5 percent year-on-year to ¥15,488 million, due largely to substantial decreases in loss on evaluation of investment securities and in other non-operating expenses, both primarily in connection with the rehabilitation of The Seibu Department Stores, Ltd. The Credit Saison Group, however, implemented new impairment accounting standards during the past fiscal year, which resulted in impairment loss of property and equipment, other assets totaling ¥7,570 million.

Income before income taxes totaled ¥40,509 million, compared to a loss before income taxes totaling ¥10,314 million for the previous fiscal year. Provision for income taxes increased to ¥18,022 million from ¥4,107 million for the previous fiscal year. Consequently, net income totaled ¥22,420 million, compared to a net loss of ¥6,027 million for the previous fiscal year. Net income per share totaled ¥130.55.

Shareholder Returns Policy

Dividend Policy

The Credit Saison Group considers strengthening its corporate structure and working to achieve sustainable growth in its businesses to be critical to increasing shareholder value. The Credit Saison Group's fundamental policy regarding distribution of profits is to secure sufficient internal capital resources for the above purposes while providing appropriate, stable and sustainable dividends to shareholders.

Dividends per Share

Based on the above dividend policy, cash dividends totaled ¥18.00 per share for the year ended March 31, 2004, unchanged from the previous fiscal year. In addition, the Credit Saison Group distributed SAISON Permanent Points to shareholders who are SAISON CARD cardholders in proportion to the number of shares held.

Review of Operations by Segment

Credit & Finance

This segment consists of the credit, lending and servicing (credit collection) businesses. Segment operating revenues increased 3.5 percent year-on-year to ¥182,005 million. Segment operating income increased 4.6 percent year-on-year to ¥46,800 million.

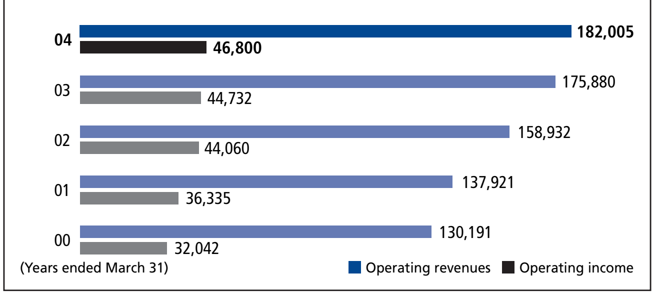
1. Credit Card Business

In the core credit card business, the Credit Saison Group continued to further promote its aim of being thoroughly customer oriented, which is the foundation of its corporate activities. The Credit Saison Group also emphasized improving the quality of its businesses as represented by profitability, sustainability and safety in managing operations. The soundness of receivables and receivable risk management remained a core focus. The Credit Saison Group revised standards for credit evaluation and outstanding receivables, and undertook collection according to the characteristics of specific receivables. Additionally, the Credit Saison Group categorized receivables according to their status in making accurate and sufficient provisions to the allowance for losses on receivables.

As a result, the Credit Saison Group issued 1.86 million new cards during the past fiscal year. As of March 31, 2004, the number of cardholders increased 970 thousand compared to a year earlier to 15.87 million. The number of active cardholders, defined as customers who use their cards at least once per year, increased 340 thousand to 8.41 million.

In addition, card shopping transaction volume increased 5.7 percent year-on-year to ¥1,912.2 billion. Cash advance transaction volume decreased 6.6 percent year-on-year to ¥539.3 billion due to more stringent credit controls. The volume of shopping-related revolving credit contracts increased 5.3 percent year-on-year to ¥164.7 billion. The Credit Saison Group liquidated ¥40.0 billion of these contracts, resulting in a balance of revolving credit contracts receivable totaling ¥124.7 billion as of March 31, 2004. Cash advance and Cash Plus Loan receivables totaled ¥377.6 billion, an increase of 4.6 percent from a year earlier.

Operating Revenues and Operating Income from Credit Sales and Financial Services (Millions of yen)



Operating Revenues and Operating Income by Segment (Millions of yen)

	Operating Revenues			Operating Income		
	2004	2003	% change	**2004**	2003	% change
Credit & Finance	**¥182,005**	¥175,880	3.5%	**¥46,800**	¥44,732	4.6%
Merchandise Sales	**12,355**	12,624	(2.1)	**1,574**	1,340	17.5
T&E	**16,196**	16,292	(0.6)	**1,014**	3,602	(71.8)
Lease	**5,610**	4,166	34.7	**1,930**	1,123	71.9
Other	**7,821**	6,359	23.0	**5,831**	5,315	9.7
Total	**223,987**	215,321	4.0	**57,149**	56,112	1.8
Eliminations or corporate	**(3,655)**	(3,079)	—	**(3,144)**	(3,698)	—
Consolidated	**¥220,332**	¥212,242	3.8%	**¥54,005**	¥52,414	3.0%

Key Initiatives in the Credit Card Business during the Fiscal Year Ended March 31, 2004

Alliance Network Expansion and Acquisition of Cardholders

◆ **Alliance Network Expansion**
The Credit Saison Group added 10 companies as alliance partners during the past fiscal year, bringing the total number of alliance partners to 76 companies.

◆ **Brand Awareness and Diffusion**
The third generation of advertisements featuring a wine motif that expresses the diverse, international functions of the SAISON CARD ran during the fiscal year.

◆ **Measures to Stimulate Card Usage**
We changed the name of our point program that allows customers to collect points that never expire and use them whenever they want from SAISON Dream to SAISON Permanent Points (*"Eikyufumetsu Point"*). We also substantially changed the selection of items customers can obtain by redeeming points. In connection with this initiative, we placed further stress on presenting the message "SAISON CARD: Use It Forever" to stimulate card use.

◆ **Alliance with JTB Corp.**
We concluded an alliance with JTB Corp. and created a new tour catalog, *Saison Tabimonogatari*, to add further to the travel services we offer to cardholders.

Strengthening Our Business Foundation

◆ **Building a System for Rapidly Issuing the SAISON CARD**
The Credit Saison Group installed SAISON STATION information terminals that permit rapid application and issuance of cards at key SAISON Counters nationwide. In addition to SAISON Counters and SAISON CARD MAKER automated card issuing machines, we increased the number of locations at which people can obtain cards by starting to issue the SAISON CARD at the Shinjuku Station West Exit store of Zero First Co., Ltd., a group company of Marui Co., Ltd. In addition, we enhanced service by significantly expanding the types of cards that can be issued rapidly.

◆ **IT Network Implementation and Expansion**
The Credit Saison Group invested in the transition to a front-end processor (FEP) that connects to an external network operated jointly by four large credit card companies, the introduction of a new credit evaluation system, and higher speed and bandwidth for the network linking operating locations.

◆ **Enhancing Customer Management Systems**
To handle expansion in the credit business, the Credit Saison Group revised its customer management system to strengthen scalability, flexibility and efficiency.

New Developments and Initiatives

◆ **Comprehensive Alliance with the Card Division of Idemitsu Kosan Co., Ltd.**
The Credit Saison Group took a 50 percent equity stake in Idemitsu Credit Co., Ltd., a joint venture established on October 1, 2003. The Credit Saison Group has been commissioned to handle the card administration operations, which represents a new source of earnings in the fee business. The Credit Saison Group will provide its know-how and make full use of the linkage with Idemitsu Kosan's 6,000 service stations nationwide to expand the number of cardholders and stimulate card use.

◆ **Strategic Capital and Operating Alliance with Resona Holdings, Inc.**
The Credit Saison Group and Resona Holdings moved to further strengthen the credit card operations of both companies by concluding a strategic capital and operating alliance. The Resona Group holding company will merge its three credit card companies, and the Credit Saison Group plans to take an equity stake in the new company that will result from the merger. The Credit Saison Group will jointly develop the cards the new company will issue, and has been commissioned to handle its card administration operations, which will contribute to expansion in fee business.

2. Card Loan Business

The Credit Saison Group provides card loans through the C-Plan Card and Cash Reserve Card dedicated loan cards. The number of loan cards issued increased 10.3 percent year-on-year to 170 thousand, and the balance of card loans receivable increased 17.7 percent year-on-year to ¥53,925 million.

3. Other Consumer Loans

In addition to card loans, the Credit Saison Group provides a variety of unsecured consumer loans. These include the Member's Loan for SAISON CARD cardholders. Other consumer loans receivable increased 24.4 percent year-on-year to ¥49,386 million.

4. Credit Guarantee Business

The Credit Saison Group uses close relationships spanning sales and administration in alliances with financial institutions to concentrate on acquiring quality contracts. Credit guarantee transaction volume, however, decreased 40.7 percent year-on-year to ¥31.7 billion due to the challenging business environment.

5. Servicer (Credit Collection) Business

Licensed by the Minister of Justice, the Credit Saison Group provides commissioned collection services for a broad spectrum of debt receivables ranging from those in initial delinquency to those that have been written off. This business has been expanding steadily, and the Credit Saison Group has been working to raise the efficiency of credit collection operations in ways such as installing a new credit collection administration system to maintain a high collection rate.

Merchandise Sales

This segment principally comprises real estate distribution and mail-order sales operations. Segment operating revenues decreased 2.1 percent year-on-year to ¥12,355 million as a result of higher prices for real estate purchased and reduced sales in the mail-order sales business. Segment operating income increased 17.5 percent year-on-year to ¥1,574 million as a result of efforts to reduce costs and the addition of subsidiary Atrium Servicing Co., Ltd. to the scope of consolidation.

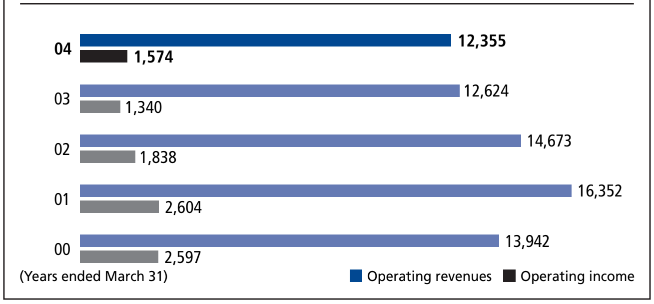
1. Real Estate Distribution Business

The Credit Saison Group renovates real estate assets acquired at auction, and adds value to them in other ways such as providing a five-year warranty against defects. We also specialize in the servicing business, which entails acquiring nonperforming loans collateralized by real estate and real estate that collateralized such loans, adding value to them and then selling them. The Credit Saison Group also focuses on building and marketing properties in central Tokyo, where the property turnover rate is high.

2. Mail-Order Sales Business

The Credit Saison Group issued new catalogs eight times during the fiscal year and enhanced programs for promoting sales to SAISON CARD cardholders while also working to improve the profit structure of this business by reducing expenses. Sales decreased year-on-year, however, because intense price competition reduced unit sales prices.

Operating Revenues and Operating Income from Merchandise Sales (Millions of yen)



T&E

This segment comprises the travel business and the amusement business. Segment operating revenues decreased 0.6 percent year-on-year to ¥16,196 million, and segment operating income decreased 71.8 percent year-on-year to ¥1,014 million. During the fiscal year ended March 31, 2004, the Credit Saison Group dissolved the subsidiary that handled the travel business, United Vacations Japan Inc., and incurred increased expenses in the amusement business for the construction of new facilities. In addition, the Credit Saison Group reclassified loss on disposal of amusement facilities as part of operating expenses rather than as a loss.

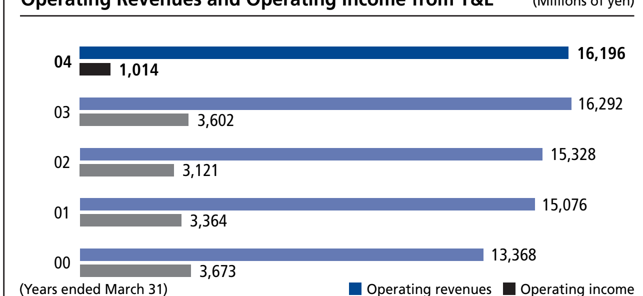
1. Travel Business

A special meeting of shareholders on May 15, 2003 resolved to dissolve United Vacations Japan Inc. Dissolution was completed as of March 31, 2004.

2. Amusement Business

The amusement industry is moving toward larger, higher-grade facilities and competition is intensifying. In this challenging environment, the Credit Saison Group promoted cost reductions and worked to create sound, safe and comfortable amusement facilities that meet local needs.

Operating Revenues and Operating Income from T&E (Millions of yen)



Lease

The Credit Saison Group began reporting Lease as a separate segment beginning with the year ended March 31, 2004 because of its increasing importance in consolidated results. Lease operations were formerly included in the Other segment.

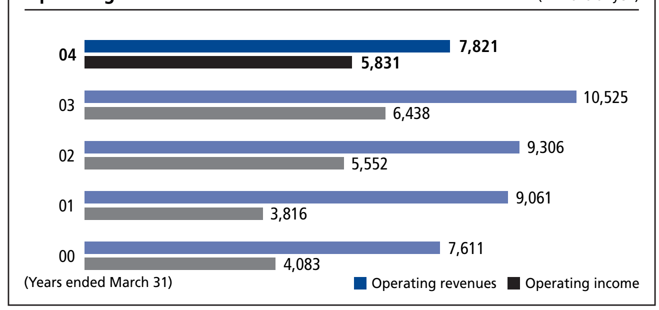
While the overall leasing market continued to contract during the past fiscal year, lease transaction volume increased 2.4 percent year-on-year to a record ¥73.6 billion. Segment operating revenues increased 34.7 percent year-on-year to ¥5,610 million, and segment operating income increased 71.9 percent year-on-year to ¥1,930 million. Amid the increasing popularity of mobile communications and broadband, the Credit Saison Group emphasized small-ticket vendor leases, particularly in the communication and business equipment sectors.

Other

This segment includes real estate leasing and other operations. The Credit Saison Group continued to achieve performance gains in this segment. Segment operating revenues increased 23.0 percent year-on-year to ¥7,821 million, and segment operating income increased 9.7 percent year-on-year to ¥5,831 million.

In the real estate leasing business, Health Park Co., Ltd. was established as a separate company on April 1, 2003. Credit Saison Co., Ltd. transferred the assets and liabilities associated with the real estate leasing business to the new company in working to create a more efficient management structure for the real estate leasing business.

Operating Revenues and Operating Income from Other Businesses (Millions of yen)



Note: The Lease segment is reported separately from the Other segment starting from the year ended March 31, 2004. As a result, operating revenues and operating income in the Other segment for the year decreased ¥5,610 million and ¥1,930 million, respectively.

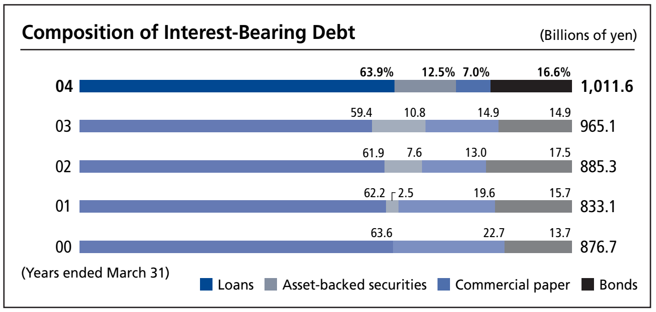
* The Credit Saison Group does not present geographic segment information because no consolidated subsidiaries or branches are located outside Japan.

Liquidity and Financial Position

Fund Procurement and Liquidity Management

The Credit Saison Group emphasizes low cost and stability in procuring funds, and works to diversify fund procurement methods. The Group primarily procures funds from banks, farming- and forestry-related financial institutions, life insurance companies and non-life insurance companies. In addition, the Credit Saison Group procures funds indirectly through syndicated loans and committed lines of credit. The Group also procures funds directly by issuing corporate bonds, including private offerings, convertible bonds and commercial paper (CP), and also liquidates card shopping receivables and lease receivables.

As of March 31, 2004, interest-bearing debt, including ¥90.0 billion in asset-backed securities accounted for as off-balance-sheet transactions, totaled ¥1,011,563 million. Of this total, loans accounted for 63.9 percent, bonds accounted for 16.6 percent, CP accounted for 7.0 percent, and asset-backed securities accounted for 12.5 percent.



While continuing to maintain relationships with existing lenders, the Credit Saison Group is working to lower refinancing risk and reduce costs in ways such as initiating relationships with new lenders to diversify funding sources. In addition, the Credit Saison Group is also reducing liquidity risk and lowering costs by employing new direct fund procurement methods other than bonds and CP. These methods include liquidating receivables, an approach that is not influenced by the Group's financial condition.

Credit Saison Co., Ltd. has obtained credit ratings to support smooth fund procurement. Rating and Investment Information, Inc., a Japanese credit rating agency, maintains an A+ credit rating on Credit Saison's unsecured corporate bonds, and a credit rating of a-1 on Credit Saison's domestic CP.

Receivables, primarily associated with the credit card business, account for 68.2 percent of the Credit Saison Group's assets. With an average annual receivables turnover rate of 3 times, the Credit Saison Group maintains a high level of liquidity.

Cash Flow

As of March 31, 2004, cash and cash equivalents decreased ¥2,934 million from a year earlier to ¥73,421 million. During the year ended March 31, 2004, the subsidiaries Health Park Co., Ltd. and Atrium Servicing Co., Ltd. were added to the scope of consolidation in light of the increased materiality of these companies to overall Group results. This increased cash and cash equivalents by ¥630 million.

Net Cash Provided by Operating Activities

Net cash provided by operating activities increased 337.1 percent year-on-year to ¥55,046 million. The Credit Saison Group's solid performance resulted in income before income taxes of ¥40,509 million, which was supplemented by ¥30.0 billion in cash from the liquidation of card shopping single-payment receivables. Depreciation and amortization totaled ¥37,501 million. Increase in trade receivables resulting from growth in transaction volume in the credit card business reduced net cash provided by operations by ¥88,980 million.

Net Cash used in Investing Activities

Net cash used in investing activities increased 3.8 percent year-on-year to ¥68,703 million. Payments for purchases of property and equipment and other assets used cash totaling ¥74,047 million. Proceeds from sales of investment securities, including foreign bonds held by subsidiaries, generated cash totaling ¥22,618 million.

Net Cash Provided by Financing Activities

Net cash provided by financing activities decreased 82.4 percent year-on-year to ¥10,814 million. As a result of the Credit Saison Group's emphasis on stable medium- and long-term fund procurement, proceeds from long-term debts totaled ¥68,795 million and proceeds from issuance of bonds totaled ¥64,724 million. Decrease in commercial paper used cash totaling ¥73,000 million, and repayment of bonds used cash totaling ¥40,200 million.

Assets, Liabilities and Shareholders' Equity

As of March 31, 2004, total assets increased ¥71,887 million, or 5.6 percent, from a year earlier to ¥1,352,710 million.

Current assets increased ¥54,989 million, or 5.6 percent, from a year earlier to ¥1,040,275 million, primarily due to an increase in trade receivables resulting from the increase in credit card transaction volume. The Credit Saison Group liquidated ¥50.0 billion in card shopping single-payment receivables and ¥40.0 billion in revolving credit receivables, which moved them off the balance sheet.

Property and equipment increased ¥16,897 million, or 11.6 percent, from a year earlier to ¥162,711 million. The primary factor was an increase of ¥20,928 in lease assets compared to the previous fiscal year-end.

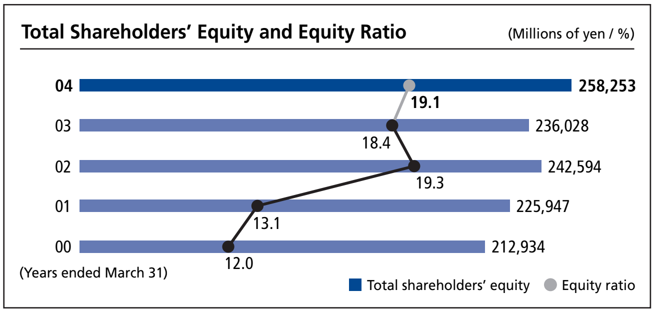
As of March 31, 2004, total liabilities increased ¥50,110, or 4.8 percent, from a year earlier to ¥1,094,026 million.

Current liabilities decreased ¥22,598 million, or 3.3 percent, from a year earlier to ¥657,411 million. The Credit Saison Group moved to reduce interest rate risk and redemption risk by reducing commercial paper by ¥73,000 million compared to the previous fiscal year-end.

Long-term liabilities increased ¥72,708 million, or 20.0 percent, from a year earlier to ¥436,615 million. Long-term debt increased ¥68,932 million, or 19.6 percent, from a year earlier to ¥420,626 million.

As a result, interest-bearing debt on the balance sheet increased ¥16,482 million, or 1.8 percent, from a year earlier to ¥921,563 million. Including ¥90.0 billion in asset-backed securities accounted for as off-balance-sheet transactions, interest-bearing debt totaled ¥1,011,563 million.

Shareholders' equity increased ¥22,225 million, or 9.4 percent, from a year earlier to ¥258,253 million. The ratio of shareholders' equity to total assets increased to 19.1 percent from 18.4 percent a year earlier. Return on average total shareholders' equity (ROE) was 9.1 percent.



Credit Risk

Trade receivables overdue by more than 90 days increased 18.3 percent compared to a year earlier to ¥33,277 million. The allowance for losses on receivables increased 11.4 percent from a year earlier to ¥34,612 million. Consequently, the ratio of allowance for losses on receivables to receivables overdue by more than 90 days (excluding the collateralized portion) included in current assets was 111.5 percent, compared to 115.0 percent at the previous fiscal year-end.

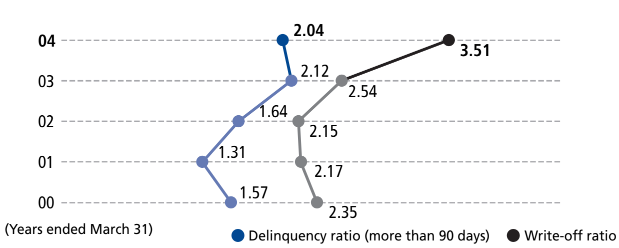
Comparison of Overdue Receivables and Allowance for Losses on Receivables to Receivables (Millions of yen / %)

As of March 31	2004	2003	% change
(1) Receivables	**¥1,249,508**	¥1,146,356	9.0%
(2) Receivables overdue by more than 90 days	**33,277**	28,139	18.3
(3) Collateralized portion included in (2)	**2,237**	1,100	103.3
(4) Allowance for losses on receivables included in current assets	**34,612**	31,084	11.4
(5) Receivables overdue by more than 90 days as a percentage of receivables [(2) ÷ (1)]	**2.7%**	2.5%	—
Ratio of allowance of losses on receivables to receivables overdue by more than 90 days [(4) ÷ ((2) – (3))]	**111.5%**	115.0%	—
(Reference) Receivables overdue by more than 90 days excluding collateralized portion as a percentage of receivables [((2) – (3)) ÷ (1)]	**2.5%**	2.4%	—

Overview of Allowance for Losses on Receivables (Millions of yen / %)

As of March 31	2004	2003	% change
Allowance for losses on receivables at the beginning of the year	**¥35,677**	¥31,482	13.3%
Increase	**33,478**	28,220	18.6
Decrease (Reversal)	**29,909**	24,025	24.5
Allowance for losses on receivables at the end of the year	**39,246**	35,677	10.0
(Reference) Losses on receivables	**8,096**	2,608	210.4

Delinquency Ratio (More than 90 Days) and Write-off Ratio: Non-consolidated (%)



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, 2004.

1. Operating Conditions

Results and financial position in the Credit Saison Group's primary Credit and Finance business 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 and credit guarantees, and therefore have the potential to negatively impact Group operating revenues and cost of uncollectable receivables. Recently, an increasing number of individuals have assumed substantial loan and credit card obligations from multiple financial institutions. This problematic economic situation also has the potential to affect Group results.

The mail-order business within the Merchandise Sales segment is subject to the same economic conditions described above, which have the potential to negatively impact operating revenues and other results as well as financial position.

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

2. Changes in Cost of Fund Procurement

Changes in financial conditions and 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 the maximum interest rates and fees as prescribed by the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits (the Capital Subscription Law) and other regulations, which may mandate that the Credit Saison Group operate below the maximum allowable limits; 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

Japan's financial system has undergone substantial deregulation in recent years, which has resulted in full-scale restructuring of the retail financial services industry. Large mergers in the credit card industry and other events have caused competition to intensify. The results and financial position of the Credit Saison Group may be negatively impacted if the Group is unable to maintain its competitive position in this environment.

4. Unfavorable Performance among Primary Alliance Partners

In the credit card business, the Credit Saison Group has agreements including affinity card 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 approximately 70 percent of new cardholders through the outlets of alliance partners in the retailing industry. Reduced ability to attract customers or lower sales among these companies has the potential to negatively impact the Credit Saison Group's operating revenues.

In addition, the Credit Saison Group has capital relationships with a number of its alliance partners. Unfavorable performance among such alliance partners has the potential to incur impairment losses on investment securities in the Credit Saison Group's portfolio.

5. System Operation Problems

The Credit Saison Group relies heavily on computer systems and communication networks in numerous aspects of its main businesses, including the credit card 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 cardholders and others, and implements appropriate controls throughout the Group. However, incidents such as leakage or illegal use of this information 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, the Capital Subscription Law and other laws. Amendments to or changes in the interpretation of these laws in the future would have the potential to negatively impact the Credit Saison Group's operations, 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.

Recently, regulatory changes have had a material impact on the Credit Saison Group's performance. Issues include, but are not limited to, amendments to the Civil Rehabilitation Law, the Practicing Attorney Law and the Judicial Scrivener Law as well as changes in small-claims receivership proceedings resulting from revisions to bankruptcy proceedings. Amendments to related statutes and proceedings have increased the options available for restructuring debt, and are directly related to increased losses on receivables in the credit and financial industries. In addition, the number of cases has been increasing in which debtors paying a rate of interest in excess of the upper limit specified by the Interest Rate Restriction Law file claims seeking recovery of excessive profit from lenders. While this trend has not had a material impact on the operations of the Credit Saison Group, increased ease of access to legal recourse may exert a material impact in the future. A related phenomenon is the increasing number of attorneys that is resulting from reform of the legal system, and this may have a material impact of the Credit Saison Group's performance in the future.

8. Impairment Loss of Property and Equipment and Revaluation Losses

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

9. Retirement Benefit Obligations

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

Outlook for the Year Ending March 31, 2005

The Credit Saison Group is working to increase the services it provides to support various customer lifestyles, and is stimulating customer card use by energetically promoting innovation based on a thorough commitment to customer satisfaction. The Group is also developing strategies for adapting to market changes in working to increase corporate and shareholder value.

Based on the above, the Credit Saison Group's consolidated performance objectives for the year ending March 31, 2005 are operating revenues of ¥237.0 billion, operating income of ¥58.0 billion and net income of ¥31.5 billion. Credit Saison Co. Ltd.'s non-consolidated performance objectives for the year ending March 31, 2005 are operating revenues of ¥189.0 billion, operating income of ¥46.5 billion and net income of ¥27.0 billion.

Consolidated Balance Sheets

CREDIT SAISON CO., LTD. and Consolidated Subsidiaries
As of March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2004	2003	2004
ASSETS			
Current Assets:			
Cash and deposits	**¥ 73,421**	¥ 75,725	**$ 695,081**
Receivables:			
Notes and installment accounts receivable (Note 4)	**922,262**	867,548	**8,731,060**
Short-term loans	**10,519**	28	**99,580**
Less: Allowance for losses on receivables	**(34,613)**	(31,085)	**(327,679)**
	898,168	836,491	**8,502,961**
Inventories	**37,765**	31,489	**357,524**
Deferred income taxes (Note 10)	**15,613**	12,908	**147,805**
Prepaid expenses and other current assets	**15,308**	28,673	**144,920**
Total current assets	**1,040,275**	985,286	**9,848,291**
Property and Equipment, at Cost:			
Equipment for lease (Note 7)	**199,361**	165,796	**1,887,356**
Buildings and improvements	**33,767**	30,778	**319,670**
Fixtures and equipment	**25,896**	25,184	**245,158**
	259,024	221,758	**2,452,184**
Less: Accumulated depreciation	**(103,344)**	(86,622)	**(978,358)**
	155,680	135,136	**1,473,826**
Land	**7,031**	10,678	**66,560**
Total property and equipment	**162,711**	145,814	**1,540,386**
Investments and Other Assets:			
Investment securities (Note 8)	**68,469**	64,135	**648,192**
Long-term loans	**36,987**	28,252	**350,159**
Lease deposits	**8,915**	8,269	**84,399**
Deferred income taxes (Note 10)	**7,808**	8,074	**73,916**
Other	**32,179**	45,586	**304,643**
Less: Allowance for losses on receivables	**(4,634)**	(4,593)	**(43,872)**
Total investments and other assets	**149,724**	149,723	**1,417,437**
Total assets	**¥1,352,710**	¥1,280,823	**$12,806,114**

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2004	2003	**2004**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term loans (Note 6)	**¥ 377,293**	¥ 346,668	**$ 3,571,834**
Current portion of long-term debt (Note 6)	**52,644**	62,719	**498,385**
Commercial paper	**71,000**	144,000	**672,158**
Notes and accounts payable	**94,228**	96,456	**892,060**
Accrued taxes on income	**23,530**	434	**222,757**
Unearned income	**3,446**	3,429	**32,624**
Allowance for bonuses	**1,734**	1,667	**16,411**
Deferred income taxes (Note 10)	**—**	1	**—**
Accrued expenses and other current liabilities	**33,536**	24,635	**317,484**
Total current liabilities	**657,411**	680,009	**6,223,713**
Long-Term Liabilities:			
Long-term debt (Note 6)	**420,626**	351,694	**3,982,069**
Accrued pension and severance costs (Note 9)	**7,399**	6,470	**70,044**
Accrued retirement benefits to directors and statutory auditors	**645**	704	**6,105**
Allowance for losses on guarantees	**934**	879	**8,842**
Allowance for losses on warranty of defects	**33**	—	**308**
Consolidated adjustments	**746**	485	**7,058**
Other	**6,232**	3,675	**59,010**
Total long-term liabilities	**436,615**	363,907	**4,133,436**
Minority Interests in Consolidated Subsidiaries	**431**	879	**4,078**
Commitments and Contingent Liabilities (Note 14)			
Shareholders' Equity:			
Common stock	**63,668**	63,337	**602,743**
Additional paid-in capital	**67,134**	66,788	**635,556**
Retained earnings	**126,719**	107,687	**1,199,652**
Unrealized gains (losses) on other securities	**4,686**	(938)	**44,362**
	262,207	236,874	**2,482,313**
Less: Treasury stock, at cost	**(3,954)**	(846)	**(37,426)**
Total shareholders' equity	**258,253**	236,028	**2,444,887**
Total liabilities and shareholders' equity	**¥1,352,710**	¥1,280,823	**$12,806,114**

Consolidated Statements of Income

CREDIT SAISON CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2004, 2003 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2004	2003	2002	**2004**
Operating Revenues (Note 12):				
Financing and administration fees	**¥174,963**	¥166,193	¥151,753	**$1,656,380**
Income from merchandise sales	**12,333**	12,595	14,555	**116,754**
Income from insurance business	**—**	—	20,599	**—**
Income from T&E business	**16,188**	16,283	15,319	**153,250**
Income from lease business	**5,526**	4,104	3,413	**52,313**
Other income	**4,751**	3,868	3,122	**44,980**
Financial income	**6,571**	9,199	6,077	**62,206**
Total operating revenues	**220,332**	212,242	214,838	**2,085,883**
Operating Expenses:				
Selling, general and administrative expenses	**156,502**	147,018	141,795	**1,481,602**
Financial cost	**9,825**	12,810	13,370	**93,014**
Total operating expenses	**166,327**	159,828	155,165	**1,574,616**
Operating Income	**54,005**	52,414	59,673	**511,267**
Non-Operating Revenues	**1,992**	6,112	2,076	**18,859**
Non-Operating Expenses:				
Loss on evaluation of investment securities	**999**	42,616	5,331	**9,462**
Impairment loss of property and equipment, other assets (Note 11)	**7,570**	—	—	**71,660**
Other	**6,919**	26,224	24,811	**65,502**
Total non-operating expenses	**15,488**	68,840	30,142	**146,624**
Non-Operating Income (Loss)	**(13,496)**	(62,728)	(28,066)	**(127,765)**
Income (Loss) before Income Taxes	**40,509**	(10,314)	31,607	**383,502**
Provision for income taxes (Note 10)	**(18,022)**	(4,107)	12,286	**(170,616)**
Income (Loss) before Minority Interests	**22,487**	(6,207)	19,321	**212,886**
Minority interests in income (loss) of consolidated subsidiaries	**67**	(180)	1,096	**639**
Net Income (Loss)	**¥ 22,420**	¥ (6,027)	¥ 18,225	**$ 212,247**

	Yen			U.S. dollars (Note 2)
	2004	2003	2002	**2004**
Per Share Data				
Net assets	**¥1,519.13**	¥1,380.26	¥1,436.58	**$14.382**
Net income (loss), primary	**130.55**	(36.57)	108.56	**1.236**
Net income, fully diluted	**127.79**	—	104.29	**1.210**
Dividends	**18.00**	18.00	18.00	**0.170**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

CREDIT SAISON CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2004, 2003 and 2002

	Millions of yen				
	Number of shares of common stock issued (thousands)	Common stock	Additional paid-in capital	Retained earnings	Unrealized gains (losses) on other securities
Balance at March 31, 2001	169,469	¥61,303	¥64,717	¥101,206	¥ 2,432
Net income for the year ended March 31, 2002	—	—	—	18,225	—
Increase resulting from exclusion of subsidiaries from the scope of consolidation	—	—	—	650	—
Cash dividends	—	—	—	(3,010)	—
Directors' and statutory auditors' bonuses	—	—	—	(136)	—
Accumulated changes in fair value	—	—	—	—	(1,886)
Balance at March 31, 2002	169,469	61,303	64,717	116,935	546
Net loss for the year ended March 31, 2003	—	—	—	(6,027)	—
Cash dividends	—	—	—	(3,041)	—
Directors' and statutory auditors' bonuses	—	—	—	(145)	—
Decrease resulting from inclusion of subsidiaries in the scope of consolidation	—	—	—	(34)	—
Decrease resulting from inclusion of affiliated companies accounted for by the equity method	—	—	—	(1)	—
Gain on sale of treasury stock	—	—	40	—	—
Conversion of convertible bonds	1,941	2,034	2,031	—	—
Accumulated changes in fair value	—	—	—	—	(1,484)
Balance at March 31, 2003	171,410	63,337	66,788	107,687	(938)
Net income for the year ended March 31, 2004	**—**	**—**	**—**	**22,420**	**—**
Cash dividends	**—**	**—**	**—**	**(3,076)**	**—**
Directors' and statutory auditors' bonuses	**—**	**—**	**—**	**(160)**	**—**
Decrease resulting from inclusion of subsidiaries in the scope of consolidation	**—**	**—**	**—**	**(152)**	**—**
Gain on sale of treasury stock	**—**	**—**	**16**	**—**	**—**
Conversion of convertible bonds	**315**	**331**	**330**	**—**	**—**
Accumulated changes in fair value	**—**	**—**	**—**	**—**	**5,624**
Balance at March 31, 2004	**171,725**	**¥63,668**	**¥67,134**	**¥126,719**	**¥ 4,686**

	Thousands of U.S. dollars (Note 2)				
	Number of shares of common stock issued (thousands)	Common stock	Additional paid-in capital	Retained earnings	Unrealized gains (losses) on other securities
Balance at March 31, 2003	171,410	$599,612	$632,285	$1,019,474	$ (8,876)
Net income for the year ended March 31, 2004	**—**	**—**	**—**	**212,247**	**—**
Cash dividends	**—**	**—**	**—**	**(29,116)**	**—**
Directors' and statutory auditors' bonuses	**—**	**—**	**—**	**(1,516)**	**—**
Decrease resulting from inclusion of subsidiaries in the scope of consolidation	**—**	**—**	**—**	**(1,437)**	**—**
Gain on sale of treasury stock	**—**	**—**	**144**	**—**	**—**
Conversion of convertible bonds	**315**	**3,131**	**3,127**	**—**	**—**
Accumulated changes in fair value	**—**	**—**	**—**	**—**	**53,238**
Balance at March 31, 2004	**171,725**	**$602,743**	**$635,556**	**$1,199,652**	**$44,362**

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, 2004, 2003 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2004	2003	2002	**2004**
Cash Flows from Operating Activities:				
Income (loss) before income taxes	**¥ 40,509**	¥(10,314)	¥ 31,607	**$ 383,502**
Adjustments to reconcile income (loss) before income taxes to net cash provided by (used in) operating activities:				
Depreciation and amortization	**37,501**	31,285	27,485	**355,023**
Allowance for losses on accounts receivable	**3,510**	4,078	854	**33,229**
Accrued pension and severance costs	**929**	(3,302)	1,422	**8,798**
Allowance for other reserves	**43**	337	338	**410**
Interest and dividends receivable	**(5,978)**	(6,377)	(2,600)	**(56,599)**
Interest expenses	**9,892**	11,102	11,854	**93,650**
Equity in earnings (losses) of affiliated companies	**1,069**	2,360	(175)	**10,115**
Foreign currency exchange (gain) loss	**(22)**	2,042	(2,681)	**(207)**
Realized (gain) loss on investment securities	**92**	(107)	(7,119)	**871**
Unrealized loss on investment securities	**999**	42,617	5,531	**9,462**
Impairment loss of property and equipment, other assets	**7,570**	—	—	**71,660**
Loss on disposal of property and equipment, other assets	**13,920**	9,862	12,654	**131,784**
Changes in operating assets and liabilities:				
(Increase) decrease in trade receivables	**(88,980)**	(48,480)	(55,617)	**(842,374)**
Proceeds from liquidation of trade receivables	**30,000**	20,000	40,000	**284,010**
(Increase) decrease in inventories	**(6,065)**	(3,986)	(2,654)	**(57,417)**
(Increase) decrease in other assets	**10,945**	(8,519)	(4,647)	**103,616**
Increase (decrease) in payables	**(2,305)**	(22,968)	16,049	**(21,824)**
Increase (decrease) in other liabilities	**6,738**	2,167	(32,175)	**63,789**
Directors' and statutory auditors' bonuses	**(163)**	(149)	(138)	**(1,545)**
Subtotal	**60,204**	21,648	39,988	**569,953**
Interest and dividends received	**5,962**	6,378	2,787	**56,439**
Interest paid	**(10,026)**	(11,120)	(11,752)	**(94,914)**
Income taxes paid	**(1,094)**	(4,313)	(17,464)	**(10,359)**
Net Cash Provided by (Used in) Operating Activities	**55,046**	12,593	13,559	**521,119**
Cash Flows from Investing Activities:				
Payments for purchases of investment securities	**(7,965)**	(5,470)	(391,778)	**(75,406)**
Proceeds from sales of investment securities	**22,618**	10,913	416,002	**214,124**
Payments for purchases of property and equipment, other assets	**(74,047)**	(72,076)	(54,805)	**(700,999)**
Proceeds from sales of property and equipment, other assets	**1,937**	3,235	2,113	**18,338**
Payments for short-term and long-term loans	**(9,761)**	(3,252)	—	**(92,410)**
Proceeds from short-term and long-term loans	**679**	—	—	**6,429**
Proceeds from the purchase of securities of a newly consolidated subsidiary	**—**	63	—	**—**
(Increase) decrease in other assets	**(2,164)**	413	(5,630)	**(20,490)**
Net Cash Provided by (Used in) Investing Activities	**(68,703)**	(66,174)	(34,098)	**(650,414)**
Cash Flows from Financing Activities:				
Increase (decrease) in short-term loans	**30,764**	(3,069)	12,824	**291,242**
Increase (decrease) in commercial paper	**(73,000)**	29,000	(48,000)	**(691,092)**
Proceeds from long-term debts	**68,795**	77,187	58,939	**651,283**
Repayment of long-term debts	**(26,059)**	(47,989)	(43,863)	**(246,705)**
Proceeds from issuance of bonds	**64,724**	5,801	39,774	**612,738**
Repayment of bonds	**(40,200)**	(13,945)	(15,000)	**(380,574)**
Proceeds from issuance of payables under securitized lease receivables	**—**	33,000	21,580	**—**
Repayment of payables under securitized lease receivables	**(8,217)**	(15,696)	(15,753)	**(77,793)**
Proceeds from minority shareholders	**62**	—	—	**589**
Proceeds from sales of treasury stock	**110**	180	4,550	**1,042**
Purchases of treasury stock	**(3,089)**	(16)	(101)	**(29,240)**
Cash dividends paid	**(3,076)**	(3,040)	(3,010)	**(29,116)**
Cash dividends paid to minorities	**—**	(4)	(16)	**—**
Net Cash Provided by (Used in) Financing Activities	**10,814**	61,409	11,924	**102,374**
Translation Gain (Loss) on Cash and Cash Equivalents	**(91)**	(131)	(26)	**(855)**
Increase (Decrease) in Cash and Cash Equivalents	**(2,934)**	7,697	(8,641)	**(27,776)**
Cash and Cash Equivalents at the Beginning of Year	**75,725**	67,742	175,555	**716,893**
Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from the Scope of Consolidation	**—**	—	(99,172)	**—**
Increase in Cash and Cash Equivalents Resulting from Addition of Subsidiaries to the Scope of Consolidation	**630**	286	—	**5,964**
Cash and Cash Equivalents at the End of Year	**¥ 73,421**	¥ 75,725	¥ 67,742	**$ 695,081**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

CREDIT SAISON CO., LTD. and Consolidated Subsidiaries

1. BASIS OF PREPARATION OF 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 (the "Companies") in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan and Financial Statement Regulations (ordinances promulgated by the Ministry of Finance), which are different from International Accounting Standards in certain respects as to application and disclosure requirements.

Certain items presented in the consolidated financial statements filed with the Ministry of Finance have been reclassified in these accounts for the convenience of readers outside Japan. The consolidated financial statements are not intended to present the consolidated financial positions, results of operation and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. U.S. DOLLAR AMOUNTS

Japanese yen amounts have been translated into U.S. dollars at the rate of ¥105.63=U.S.$1, the approximate exchange rate on March 31, 2004, 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 this or any other rate.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation and accounting for investments in affiliated companies

As at March 31, 2004, the consolidated financial statements include the accounts of the Company and its ten (ten for 2003) material subsidiaries. Effective from the beginning of the year ended March 31, 2004, Atrium Servicing Co., Ltd. and Health Park Co., Ltd. have been included in the scope of consolidation in light of the increased materiality to the overall group results of these companies. United Vacations Japan Inc., previously consolidated, has been excluded from the scope of consolidation at the year-end as this company has now been liquidated. Lira Corporation, previously consolidated, has been excluded due to its merger with consolidated subsidiary Vivre Co., Ltd.

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

The investments in three (three for 2003) material 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 effect on the consolidated financial statements of the Companies.

The full portion of the assets and liabilities of the consolidated subsidiaries is marked to fair value as of the acquisition of control, and any differences between net assets at fair value and the investment amounts are recognized as goodwill (consolidated adjustments), which is amortized equally over five years on a straight-line basis.

(b) Financial instruments

The Company and its consolidated subsidiaries adopted Japanese accounting standards for financial instruments.

i. Derivatives

All derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as "hedging instruments" (see iii. Hedge accounting).

ii. Securities

Securities held by the Company and its consolidated subsidiaries are classified into four categories:

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

Held-to-maturity debt securities that the Company and its consolidated subsidiaries intend to hold to maturity are stated at cost after accounting for premiums or discounts on acquisition, which are amortized over the period to maturity.

Investments of the Company 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 "other securities." Other securities that have market prices are stated at fair value, and the cumulative change in fair value is not credited or charged to income, but net unrealized gains or losses on these securities are reported as a separate item in shareholders' equity at a net-of-tax amount.

Other securities that do not have market prices are stated at cost using the moving-average method, except as stated in the paragraph below.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written

down to fair value, and the resulting loss is included in net profit or loss for the period.
All other securities are presented as "non-current."

iii. Hedge accounting

The derivatives designed as hedging instruments by the Company are principally interest rate swaps and currency swaps. The related hedged items are bank loans and debt securities issued by the Company.

The Company has a policy to utilize the above hedging instruments to reduce the Company's exposure to the risk of interest rate fluctuation and foreign currency exchange rate fluctuation. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

Interest rate swap contracts are used as a hedge and meet certain hedging requirements. The amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The Company evaluates the effectiveness of its hedging activities by reference to the accumulated gain or loss on the hedging instruments and the related hedged items from the commencement of the hedges.

(c) Inventories

Merchandise is stated at cost determined principally by the specific identification method.
Supplies are stated at cost determined principally by the latest purchase cost method.

(d) Depreciation of property and equipment

Depreciation of property and equipment is computed principally by the straight-line method over the estimated useful lives of the assets, except for equipment for lease, which is depreciated over the lease term.

Buildings on leased land subject to limited-term lease agreements for business purposes are required to be demolished and the land required to be returned as vacant lots upon the expiration of terms under the lease agreements. Accordingly, effective from the year ended March 31, 2003, the Company changed the useful life of said buildings from that prescribed by the tax laws of Japan to that prescribed by the said agreements. As a result, depreciation expenses for the year ended March 31, 2003, increased by the ¥523 million, resulting in a decrease of ¥75 million in operating income and an increase ¥523 million in a loss before income taxes, as compared with the amounts in which a loss would have been reported if the same useful lives had been applied consistently. Resultant effects on segment information are described in the relevant sections of this report.

(e) Leased properties

Finance leases are accounted for as operating leases, except where the lease is deemed to transfer ownership of the leased property to the lessee at the end of lease term.

(f) Allowance for losses on accounts receivables

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

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

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

(g) Allowance for losses on guarantees

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 Company's loss experience to the balance of guarantees outstanding at each year-end.

(h) Allowance for losses on warranty of defects

Allowance for losses on warranty of defects is provided for the potential repair costs on sold real estate (detached houses and store-combined houses) due to the Companies' warranty of defects. The allowance is provided at the amount estimated based on the past experience of repair costs.

(j) Allowance for bonuses

The Company records the amount that it expects to pay for employee bonuses for the year in the allowance for bonuses.

(k) Accrued pension and severance costs

The Companies have funded contributory pension plans which provide for a lump-sum payment or pension payments for life after the age of 60, at the option of retiring employees with at least 20 years of participation in the plan. Those employees retiring with more than 5 years but less than 20 years of participation are entitled to a lump-sum payment.

Unfunded past service cost and actuarial differences of the plans are being amortized over a period of nine to eleven years for the fiscal years ended March 31, 2004 and 2003 (four to eleven years for the fiscal year ended March 31, 2002), within the average remaining service period at the time of occurrence. Amortization of unfunded past service cost and amortization of actuarial differences start from occurrence and from the following fiscal year, respectively.

(l) Accrued retirement benefits to directors and statutory auditors

Directors and statutory auditors customarily receive lump-sum payments upon termination of services, subject to shareholders' approval.

The Companies provide for retirement allowances in an amount equal to the total benefits calculated based on the unfunded retirement plan for the directors and statutory auditors.

(m) Income taxes

The Company adopted deferred tax accounting in conformity with Japanese accounting standards. As required by the standards, deferred tax assets and liabilities are recorded based on the temporary differences between the financial statements and the tax bases of assets and liabilities.

(n) Appropriation of retained earnings

Cash dividends and bonuses to directors and statutory auditors are recorded in the financial year that a proposed appropriation of retained earnings is approved by the General Meeting of Shareholders of the Company.

(o) Changes in presentation of loss on disposal of property and equipment, other assets

Formerly, loss on disposal of casino machines held by the consolidated subsidiary operating T&E business was included in non-operating expenses in the consolidated statements of income. Considering recent frequent occurrence of replacement of the machines, the loss is included in selling, general and administrative expenses in the consolidated statements of income, effective from the year ended March 31, 2004. As a result, operating income decreased by ¥1,865 million (US$17,658 thousand) for the year ended March 31, 2004, but had no effect on income before income taxes.

(p) Impairment loss of property and equipment, other assets

Effective from the year ended March 31, 2004, the Companies adopted "Accounting Standard for Impairment of Fixed Assets." The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate material change in the carrying amount of an asset. Impairment loss on property and equipment and other assets amounted to ¥7,570 million (US$71,660 thousand) for the year ended March 31, 2004 and was recorded as a non-operating expense.

(q) Treasury stock and reversal of capital and legal reserves

Effective from the year ended March 31, 2003, the Companies adopted the Statement of Financial Accounting Standard No. 1, "Accounting for Treasury Stock and Reversal of Capital and Legal Reserves," issued by the Accounting Standards Board of Japan. However, the effect on net losses for the year of adopting this new statement was immaterial.

In accordance with the revisions to the regulations concerning consolidated financial statements, shareholders' equity and the consolidated statements of shareholders' equity for the 2003 and 2004 consolidated financial years were prepared pursuant to the revised regulations. As a result, the portion corresponding to the parent company's interest (422,047 shares, ¥636 million) of the treasury stock held by subsidiaries (537,640 shares, ¥810 million), which was deducted from shareholders' equity in the 2002 consolidated financial year, is included in treasury stock and deducted from shareholders' equity, and the portion corresponding to minority shareholders' interest (115,593 shares, ¥174 million) of the same is deducted from minority shareholders' interest, both from 2003.

The portion corresponding to the reporting company's interest (90,453 shares, ¥189 million) of its stock held by the companies accounted for by the equity method (190,950 shares, ¥401 million at the end of 2003) is included in treasury stock and deducted from shareholders' equity.

(r) Net income per share

Effective from the year ended March 31, 2003, the Company adopted the Statement of Financial Accounting Standard No. 2, "Earnings per Share," issued by the Accounting Standards Board of Japan. Prior to adopting the new statement, net income (loss) per share was calculated based on the net income (loss) shown on the consolidated statements of income. The net income (loss) per share calculation, therefore, excluded bonuses to directors and statutory auditors, since under the Japanese Commercial Code, these were recognized as an appropriation of retained earnings in the consolidated statements of shareholders' equity, rather than as expenses in the consolidated statements of income. However, the new statement requires that net income (loss) should be adjusted by deducting bonuses paid to directors and statutory auditors as well as the payment of dividends to shareholders of preferred stocks to be recognized as an appropriation of retained earnings, from net income shown in the consolidated statements of income, and the calculation of net income (loss) per share be made on that adjusted net income (loss) basis. Net loss per share for the year ended March 31, 2003, calculated using the previous method and under the new statement is ¥36.65 and ¥36.57, respectively.

(s) Supplementary cash flow information

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 low risk of fluctuation in value that are scheduled to mature within three months from acquisition.

The balances of cash and cash equivalents as of March 31, 2004, 2003 and 2002 are reconciled with the respective consolidated balance sheets as follows:

	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	**2004**
Consolidated balance sheet:				
Cash and deposits	**¥73,421**	¥75,725	¥58,103	**$695,081**
Short-term loans	**—**	—	9,999	**—**
Less: Time deposits with maturities exceeding three months	**—**	—	(10)	**—**
Money in trusts managed by each customer	**—**	—	(350)	**—**
Cash and cash equivalents at end of year	**¥73,421**	¥75,725	¥67,742	**$695,081**

The following table shows the assets and liabilities at the time of commencement of consolidation of companies newly consolidated through the purchase of shares and the relationship between the acquisition cost of the shares and the proceeds from acquisition of the shares.

	Millions of yen
Share acquisition:	
Lira Corporation (as of February 28, 2002)	
Current assets	¥ 150
Fixed assets	133
Consolidated reconciliation	(14)
Current liabilities	(235)
Fixed liabilities	(4)
Acquisition cost of Lira Corporation's share	30
Cash and cash equivalents of Lira Corporation	93
Proceeds from acquisition of Lira Corporation's share	¥ 63

The main items of assets and liabilities of subsidiaries excluded from the scope of consolidation in the year ended March 31, 2002 through share exchange or transfer are as follows:

	Millions of yen
Share exchange:	
Saison Securities Co., Ltd. (as of March 31, 2001):	
Current assets	¥ 9,837
Fixed assets	260
Total assets	10,097
Current liabilities	8,323
Fixed liabilities	9
Total liabilities	¥ 8,332
Share transfer:	
Saison Life Insurance Co., Ltd. (as of March 31, 2002):	
Total assets	¥487,442
Total liabilities	¥477,520

	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	**2004**
Non-cash financing activities are as follows:				
Conversion of convertible bonds				
Common stock increased due to conversion of convertible bonds	**¥ 331**	¥2,034	—	**$ 3,131**
Additional paid-in capital increased due to conversion of convertible bonds	**330**	2,032	—	**3,127**
Convertible bonds decreased due to conversion	**661**	4,066	—	**6,258**
Acquisition of investment securities by debt to equity swaps	**¥9,772**	¥ —	—	**$92,512**

(t) Reclassification

Certain reclassifications of previously reported figures have been made to conform with the current classification.

4. NOTES AND INSTALLMENT ACCOUNTS RECEIVABLE

The Companies sold a portion of the single-payment card-shopping receivables of installment receivables and received a part of the total proceeds, amounting to ¥50,000 million (US$473,350 thousand) and ¥20,000 million in years ended March 31, 2004 and 2003, respectively.

The outstanding balance of notes and installment accounts receivable includes receivables generated from such liquidation of the operating receivables, amounting to ¥93,628 million (US$886,374 thousand) and ¥100,847 million as of March 31, 2004 and 2003, respectively.

In the year ended March 31, 2002, the Company placed in trust some revolving receivables of ¥51,662 million from card shopping included in notes and installment accounts receivable. The Company has sold ¥40,000 million of the trust beneficiary rights to First Saison Card Funding, a special-purpose company.

The outstanding balance of notes and installment accounts receivable includes trust beneficiary rights generated from such liquidation, amounting to ¥15,267 million (US$144,536 thousand) and ¥11,182 million as of March 31, 2004 and 2003, respectively.

5. LOAN COMMITMENTS

The Company and its consolidated subsidiaries 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
	2004	2003	**2004**
Total loan limits	**¥5,474,846**	¥5,055,413	**$51,830,409**
Loan executions	**439,215**	408,037	**4,158,057**
	¥5,035,631	¥4,647,376	**$47,672,352**

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.

6. 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 0.76% as of March 31, 2004.

Long-term debt as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Average 1.55% mortgage or secured loans from banks, insurance companies and other financial institutions, due in installments through 2012	**¥269,359**	¥226,623	**$2,550,023**
0.60% domestic convertible bonds, due on March 31, 2005	**6,784**	7,445	**64,224**
0.42% to 2.175% bonds, due in installments through 2013	**161,000**	136,000	**1,524,188**
Average 0.62% payables on under-securitized lease receivables*	**36,127**	44,345	**342,019**
Subtotal	**473,270**	414,413	**4,480,454**
Less: Current portion	**(52,644)**	(62,719)	**(498,385)**
	¥420,626	¥351,694	**$3,982,069**

*Payables on under-securitized lease receivables are incurred under the regulation for securitization of specific credit.

The aggregate annual maturities of long-term debt subsequent to March 31, 2004 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2005	¥ 52,644	$ 498,385
2006	96,454	913,130
2007	76,206	721,442
2008	88,791	840,585
2009 and thereafter	¥159,175	$1,506,912

The following is a summary of the terms of convertible bonds as of March 31, 2004:

	0.60% domestic convertible bonds due 2005
Exercise price per share	**¥2,094.8** **US$19.83**
Number of shares of common stock issuable as of March 31, 2004	**3,238,495**

The exercise prices are subject to adjustments for subsequent stock splits and shares issued at less than market value to be made in the future.

As is customary in Japan, short- and long-term bank loans are made under general agreements which 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 that bank. To date, the Companies have not received any such requests from their banks.

7. LEASE TRANSACTIONS

(a) Finance leases (lessee)

Finance leases as of March 31, 2004 and 2003 and for the years then ended are summarized as follows:

i. Pro forma capitalization of leased items

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Buildings:			
Acquisition cost	**¥ 1,576**	¥1,560	**$ 14,918**
Accumulated depreciation	**(511)**	(346)	**(4,838)**
Net book value	**1,065**	1,214	**10,080**
Software:			
Acquisition cost	**98**	98	**933**
Accumulated depreciation	**(36)**	(16)	**(342)**
Net book value	**62**	82	**591**
Other (fixtures and equipment):			
Acquisition cost	**2,611**	2,280	**24,719**
Accumulated depreciation	**(839)**	(564)	**(7,946)**
Net book value	**1,772**	1,716	**16,773**
Total:			
Acquisition cost	**4,285**	3,938	**40,570**
Accumulated depreciation	**(1,386)**	(926)	**(13,126)**
Net book value	**¥ 2,899**	¥3,012	**$ 27,444**

ii. Minimum future lease payments

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Due within one year	**¥ 825**	¥ 941	**$ 7,813**
Due after one year	**2,146**	2,120	**20,314**
Total	**¥2,971**	¥3,061	**$28,127**

iii. Lease payments, depreciation equivalent and interest equivalent

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Lease payments	**¥1,057**	¥985	**$10,003**
Depreciation equivalent	**981**	927	**9,289**
Interest equivalent	**94**	104	**891**

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.

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

(b) Equipment for lease (lessor)

Equipment for lease as of March 31, 2004 and 2003 and for the years then ended is summarized as follows:

i. Acquisition cost and accumulated depreciation

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Equipment:			
Acquisition cost	**¥199,361**	¥165,796	**$1,887,356**
Accumulated depreciation	**(72,026)**	(59,389)	**(681,871)**
Net book value	**127,335**	106,407	**1,205,485**
Software:			
Acquisition cost	**2,445**	811	**23,142**
Accumulated depreciation	**(570)**	(408)	**(5,393)**
Net book value	**1,875**	403	**17,749**
Total:			
Acquisition cost	**201,806**	166,607	**1,910,498**
Accumulated depreciation	**(72,596)**	(59,797)	**(687,264)**
Net book value	**¥129,210**	¥106,810	**$1,223,234**

ii. Minimum future lease revenue

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Due within one year	**¥ 29,281**	¥ 23,834	**$ 277,203**
Due after one year	**105,345**	86,816	**997,303**
Total	**¥134,626**	¥110,650	**$1,274,506**

The above amounts include lease obligations which were sold under the Regulation for Securitization of Specific Credit.

iii. Lease revenue, depreciation equivalent and interest equivalent

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Lease revenue	**¥34,315**	¥27,519	**$324,863**
Depreciation equivalent	**28,668**	23,219	**271,399**
Interest equivalent	**7,279**	5,835	**68,910**

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

(c) Operating leases (lessee)

Minimum future lease payments as of March 31, 2004 and 2003 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Due within one year	**¥325**	¥260	**$3,070**
Due after one year	**258**	112	**2,446**
Total	**¥583**	¥372	**$5,516**

8. OTHER SECURITIES

As of March 31, 2004 and 2003 acquisition cost amounts on the consolidated balance sheets of other securities that have market prices are summarized below:

	Millions of yen						Thousands of U.S. dollars		
	2004			2003			2004		
	Acquisition cost	Balance sheet amount	Difference	Acquisition cost	Balance sheet amount	Difference	Acquisition cost	Balance sheet amount	Difference
Balance sheet amount exceeding acquisition cost:									
Equity shares	**¥ 5,777**	**¥14,605**	**¥8,828**	¥ 547	¥ 1,570	¥ 1,023	**$ 54,684**	**$138,263**	**$ 83,579**
Bonds									
Corporate	**—**	**—**	**—**	18,431	19,780	1,349	**—**	**—**	**—**
Other	**21**	**23**	**2**	—	—	—	**203**	**217**	**14**
Subtotal	**5,798**	**14,628**	**8,830**	18,978	21,350	2,372	**54,887**	**138,480**	**83,593**
Balance sheet amount not exceeding acquisition cost:									
Equity shares	**8,704**	**8,361**	**(343)**	11,267	7,775	(3,492)	**82,403**	**79,156**	**(3,247)**
Bonds									
Corporate	**31**	**28**	**(3)**	—	—	—	**292**	**261**	**(31)**
Other	**4,954**	**4,172**	**(782)**	4,407	3,913	(494)	**46,900**	**39,500**	**(7,400)**
Subtotal	**13,689**	**12,561**	**(1,128)**	15,674	11,688	(3,986)	**129,595**	**118,917**	**(10,678)**
Total	**¥19,487**	**¥27,189**	**¥7,702**	¥34,652	¥33,038	¥(1,614)	**$184,482**	**$257,397**	**$ 72,915**

9. RETIREMENT BENEFIT PLANS

On April 23, 2002, the Company and certain consolidated subsidiaries obtained governmental approval of exemption from the obligation for benefits related to future employee service under the substitutional portion of the Saison Group Employees' welfare pension fund from the Ministry of Health, Labour and Welfare. As permitted by Article 47-2 of "Practical Guidelines on Accounting for Postretirement Benefits (Interim Report)" issued by the JICPA, the Company adopted the transitional treatment of separation of the substitutional portion. This allows that the elimination of the substitutional portion of the benefit obligation and related assets transferred to the Japanese government is recorded on the date of the approval. As a result, a one-off profit resulting from the separation of the substitutional portion of the Saison Group Employees' welfare pension fund amounting to ¥3,898 million was recognized in the year ended March 31, 2003. The fair value of the plan assets assumed to be transferred to the Japanese government was ¥9,632 million as at March 31, 2003.

Upon governmental approval of exemption from the obligation for benefits related to past employee service under the substitutional portion of the Saison Group Employees' welfare pension fund on October 1, 2003, the funded contributory pension plan was transformed to the defined benefit corporation pension plan under the Defined Benefit Corporate Pension Law.

In the year ended March 31, 2004, prior service obligation was incurred due to a change in the method of payment of basic retirement benefits as a result of the change from a contributory trusteed employee pension plan to a defined benefit corporate pension plan.

(a) Accrued pension and severance costs

Accrued pension and severance costs as of March 31, 2004 and 2003 are as calculated below:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Retirement benefit obligations	**¥(16,006)**	¥(18,162)	**$(151,525)**
Plan assets	**5,004**	5,778	**47,372**
Funded status	**(11,002)**	(12,384)	**(104,153)**
Unrecognized actuarial differences	**5,400**	6,091	**51,124**
Unrecognized prior service obligations	**(1,797)**	(177)	**(17,015)**
Accrued pension and severance costs	**(7,399)**	(6,470)	**(70,044)**

(b) Retirement benefit expenses

Retirement benefit expenses for the year ended March 31, 2004, 2003 and 2002 are as stated below:

	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	2004
Service costs	¥ 965	¥ 915	¥1,669	$ 9,142
Interest costs	362	371	1,223	3,425
Expected return on plan assets	(86)	(169)	(848)	(818)
Actuarial difference recognized as expense	678	486	758	6,418
Prior service obligations recognized as expenses	(119)	(21)	(38)	(1,129)
Retirement benefit expenses	1,800	1,582	2,764	17,038
Gains on reimbursement of substitutional portions of welfare pension fund	—	(3,898)	—	—
Total	¥1,800	¥(2,316)	¥2,764	$17,038

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

	2004	2003	2002
Discount rate	2.0%	2.0%	2.0%
Expected return on plan assets	1.5%	2.0%	3.5%
Period of recognition of prior service obligation	9–11 years evenly	9–11 years evenly	4–11 years evenly
Period of recognition of actuarial differences	9–11 years evenly	9–11 years evenly	4–11 years evenly

10. DEFERRED TAX ASSETS AND LIABILITIES

(a) Effective tax rate

The effective income tax rates of the Companies differ from the statutory tax rates for the years ended March 31, 2004, 2003 and 2002 for the following reasons:

	2004	2003	2002
Statutory tax rate	42.05%	42.05%	42.05%
Reconciliation:			
Expenses not deductible for tax purposes	0.22	(1.02)	0.35
Non-taxable dividend income	(1.17)	0.06	(0.03)
Inhabitants taxes per capita	0.34	(1.36)	0.50
Amortization of consolidated reconciliation	(0.19)	0.54	1.76
Equity in net earnings (losses) of affiliated companies	1.11	(9.62)	(0.23)
Loss on investments in affiliated companies	—	12.37	—
Increase of evaluation allowance	1.30	1.22	2.35
Adjustment for sales of consolidated subsidiaries	—	—	(5.29)
Reduction of deferred tax assets resulting from tax rate revision	1.33	(3.03)	—
Other	(0.50)	(1.39)	(2.59)
Effective tax rate	44.49%	39.82%	38.87%

(b) Deferred income taxes

Deferred income taxes as of March 31, 2004 and 2003 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	**2004**
Deferred tax assets:			
Investment securities	**¥ 171**	¥ 3,610	**$ 1,615**
Inventories	**360**	254	**3,412**
Accumulated impairment losses of property and equipment, other assets	**3,081**	—	**29,166**
Allowance for losses on receivables	**5,774**	4,770	**54,665**
Accrued expenses	**6,063**	3,395	**57,396**
Accrued enterprise taxes	**2,155**	62	**20,402**
Accrued pension and severance costs	**2,987**	2,579	**28,276**
Other allowance	**1,334**	1,199	**12,625**
Tax loss carryforwards	**4,041**	4,255	**38,261**
Unrealized losses on other securities	**293**	997	**2,773**
Other	**1,333**	1,054	**12,622**
Subtotal	**27,592**	22,175	**261,213**
Less evaluation allowance	**(517)**	(56)	**(4,893)**
Total deferred tax assets	**27,075**	22,119	**256,320**
Deferred tax liabilities:			
Accrued refundable enterprise taxes	**—**	(492)	**—**
Capital gains deferred for tax purposes	**(212)**	(219)	**(2,004)**
Unrealized gains on other securities	**(3,418)**	(362)	**(32,362)**
Other	**(47)**	(65)	**(441)**
Total deferred tax liabilities	**(3,677)**	(1,138)	**(34,807)**
Net deferred tax assets	**¥23,398**	¥20,981	**$221,513**

On March 31, 2003, the Japanese National Diet approved various changes to the calculation of the statutory local enterprise tax, effective April 1, 2004. As a result of this amendment, for years commencing April 1, 2004, income tax rate for enterprise taxes will be reduced as a result of introducing the assessment by estimation on the basis of the size of business.

In the year ended March 31, 2003, the tax rate to be applied to deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities, that were expected to reverse in the year beginning April 1, 2004 or later was revised. This resulted in a reduction in deferred tax assets at March 31, 2003 of ¥350 million, compared with the assets that would have been recognized if a conventional tax rate had been fully applied to all temporary differences. Net loss for year ended March 31, 2003 also increased by ¥312 million as a result of these changes in statutory local enterprise tax regulations.

For calculation of deferred income tax assets and liabilities as of March 31, 2004, the Company and its consolidated subsidiaries used the revised tax rate.The effect of the change was to decrease deferred tax assets, net of deferred tax liabilities, by ¥565 million (US$5,347 thousand) and to increase provision for deferred income taxes and unrealized gains on other securities by ¥539 million (US$5,098 thousand) and ¥26 million (US$249 thousand), respectively.

11. IMPAIRMENT LOSS OF PROPERTY AND EQUIPMENT, OTHER ASSETS

The Companies wrote down the book value of real estate for lease, real estate beneficiary rights, and non-operating properties. Moreover, the Companies wrote down the book value of operating facilities and amusement facilities from which operating income had deteriorated and was not expected to recover in the short term.

The Companies recorded impairment losses for the following assets:

Asset	Balance Sheet Item	Location
Real estate for lease	Land, Buildings	Tokyo
Interests in real estate trusts	Investments and other assets	Osaka
Operating facilities	Buildings, Other (Fixtures, furniture, other)	Tokyo
Certain amusement facilities	Buildings, Other (Fixtures, furniture, other)	Kanto region
Idle assets	Land, Buildings, Other	Tokyo

Accumulated impairment losses were subtracted directly from individual assets. Impairment loss of property and equipment, other assets recognized for the year ended March 31, 2004 are as follows:

	Millions of yen	Thousands of U.S. dollars
Property and equipment:		
Buildings and improvements	**¥3,125**	**$29,578**
Land	**2,114**	**20,015**
Other (fixtures and equipment, other assets)	**601**	**5,691**
Investment and other assets:		
Other	**1,730**	**16,376**
Total	**¥7,570**	**$71,660**

Regarding real estate for rent, real estate beneficiary rights, managing facilities and non-operating properties, the recoverable amount is measured at the net selling price, which is principally determined by real estate appraisers or other independent third parties.

Regarding a part of amusement facilities, the recoverable amount is measured at value in use, which is the present value of net cash flows discounted at 5.0 percent.

The assets of the Companies are grouped by the operation unit that is able to control income efficiently. Real estate for rent and non-operating properties are grouped by physical unit, and managing facilities and amusement facilities are grouped by facility unit.

12. OPERATING REVENUES

Operating revenues for the years ended March 31, 2004, 2003 and 2002 comprised the following revenues and expenses:

	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	**2004**
Financing and administration fees	**¥174,963**	¥166,193	¥151,753	**$1,656,380**
Merchandise sales:				
Net sales	**59,622**	60,165	65,509	**564,440**
Cost of sales	**47,289**	47,570	50,954	**447,686**
Income from merchandise sales	**12,333**	12,595	14,555	**116,754**
Insurance business:				
Revenues	**—**	—	108,551	**—**
Costs and expenses	**—**	—	87,952	**—**
Income from insurance business	**—**	—	20,599	**—**
T&E business:				
Net sales	**94,502**	85,819	78,791	**894,651**
Costs and expenses	**78,314**	69,536	63,472	**741,401**
Income from T&E business	**16,188**	16,283	15,319	**153,250**
Lease business:				
Net sales	**46,332**	35,179	26,613	**438,619**
Cost of sales	**40,806**	31,076	23,200	**386,306**
Lease income	**5,526**	4,103	3,413	**52,313**
Other business:				
Net sales	**8,378**	6,062	5,360	**79,316**
Cost of sales	**3,627**	2,193	2,238	**34,336**
Other income	**4,751**	3,869	3,122	**44,980**
Financial income	**6,571**	9,199	6,077	**62,206**
Total operating revenues	**¥220,332**	¥212,242	¥214,838	**$2,085,883**

13. DERIVATIVES

Contractual values or notional principal amounts and unrealized profits (losses) on derivative transactions as of March 31, 2004 and 2003 are summarized below:

(a) Interest rate transactions

	Millions of yen					
	2004			2003		
	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	**¥49,315**	**¥27,315**	**¥(1,117)**	¥47,813	¥47,113	¥(1,848)
Fixed-rate receipt/Floating-rate payment	**3,000**	**—**	**40**	3,000	3,000	165
Total	**¥52,315**	**¥27,315**	**¥(1,077)**	¥50,813	¥50,113	¥(1,683)

	Thousands of U.S. dollars		
	2004		
	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	**$466,865**	**$258,591**	**$(10,577)**
Fixed-rate receipt/Floating-rate payment	**28,401**	**—**	**383**
Total	**$495,266**	**$258,591**	**$(10,194)**

Notes: 1. Fair value is calculated based on prices and other information presented by financial and other institutions with which the Company has concluded derivatives agreements.
2. Hedged derivatives transactions are excluded.

(b) Foreign exchange transactions

	Millions of yen					
	2004			2003		
	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	
Currency swaps:						
Yen received/U.S. dollars paid	**¥1,199**	**¥ —**	**¥141**	¥11,905	¥11,905	¥(512)
Total	**¥1,199**	**¥ —**	**¥141**	¥11,905	¥11,905	¥(512)

	Thousands of U.S. dollars		
	2004		
	Contractual value or notional principal amount		Unrealized profit (loss)
	Total	Over 1 year	
Currency swaps:			
Yen received/U.S. dollars paid	**$11,351**	**$ —**	**$1,338**
Total	**$11,351**	**$ —**	**$1,338**

Notes: 1. Fair value at year-end is calculated based on prices and other information presented by financial and other institutions with which the Company has concluded derivatives agreements.
2. Foreign exchange forward contracts created for foreign currency denominated monetary assets and liabilities, from which yen amounts are excluded and shown in the consolidated balance sheets, are excluded from the scope of above disclosure.
3. Hedged derivatives transactions are excluded.

14. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2004, the Companies were contingently liable as credit guarantee for customers borrowing from the alliance banks and Lawson CS Card Inc., amounting to ¥82,381 million (US$779,900 thousand) and ¥3,990 million (US$37,773 thousand), respectively.

15. SEGMENT INFORMATION

(a) Business segments

Segment information by business segment for the years ended March 31, 2004, 2003 and 2002 is as follows:

	Millions of yen								
	Operating revenues								
Year ended March 31, 2004	Outside customers	Inter-segment	Total	Operating expenses	Operating income	Assets	Depreciation	Impairment loss	Capital expenditures
Credit & Finance	**¥181,534**	**¥ 471**	**¥182,005**	**¥135,205**	**¥46,800**	**¥1,002,827**	**¥ 3,468**	**¥3,879**	**¥ 6,345**
Merchandise Sales	**12,333**	**22**	**12,355**	**10,781**	**1,574**	**73,875**	**109**	**—**	**274**
T&E	**16,188**	**8**	**16,196**	**15,182**	**1,014**	**26,280**	**2,699**	**536**	**5,734**
Lease	**5,526**	**84**	**5,610**	**3,680**	**1,930**	**134,738**	**29,468**	**—**	**61,810**
Other	**4,751**	**3,070**	**7,821**	**1,990**	**5,831**	**22,958**	**792**	**3,155**	**492**
Total	**220,332**	**3,655**	**223,987**	**166,838**	**57,149**	**1,260,678**	**36,536**	**7,570**	**74,655**
Eliminations or corporate	**—**	**(3,655)**	**(3,655)**	**(511)**	**(3,144)**	**92,032**	**144**	**—**	**137**
Consolidated	**¥220,332**	**¥ —**	**¥220,332**	**¥166,327**	**¥54,005**	**¥1,352,710**	**¥36,680**	**¥7,570**	**¥74,792**

	Thousands of U.S. dollars								
	Operating revenues								
Year ended March 31, 2004	Outside customers	Inter-segment	Total	Operating expenses	Operating income	Assets	Depreciation	Impairment loss	Capital expenditures
Credit & Finance	**$1,718,586**	**$ 4,462**	**$1,723,048**	**$1,279,988**	**$443,060**	**$ 9,493,774**	**$ 32,832**	**$36,720**	**$ 60,069**
Merchandise Sales	**116,754**	**212**	**116,966**	**102,065**	**14,901**	**699,375**	**1,031**	**—**	**2,595**
T&E	**153,250**	**75**	**153,325**	**143,729**	**9,596**	**248,791**	**25,556**	**5,069**	**54,286**
Lease	**52,313**	**791**	**53,104**	**34,841**	**18,263**	**1,275,562**	**278,970**	**—**	**585,156**
Other	**44,980**	**29,060**	**74,040**	**18,835**	**55,205**	**217,342**	**7,501**	**29,871**	**4,653**
Total	**2,085,883**	**34,600**	**2,120,483**	**1,579,458**	**541,025**	**11,934,844**	**345,890**	**71,660**	**706,759**
Eliminations or corporate	**—**	**(34,600)**	**(34,600)**	**(4,842)**	**(29,758)**	**871,270**	**1,360**	**—**	**1,294**
Consolidated	**$2,085,883**	**$ —**	**$2,085,883**	**$1,574,616**	**$511,267**	**$12,806,114**	**$347,250**	**$71,660**	**$708,053**

	Millions of yen							
	Operating revenues							
Year ended March 31, 2003	Outside customers	Inter-segment	Total	Operating expenses	Operating income	Assets	Depreciation	Capital expenditures
Credit & Finance	¥175,392	¥ 488	¥175,880	¥131,148	¥44,732	¥ 999,811	¥ 3,536	¥ 5,251
Merchandise Sales	12,595	29	12,624	11,284	1,340	53,885	144	147
T&E	16,283	9	16,292	12,690	3,602	23,482	1,853	4,898
Lease	4,104	62	4,166	3,043	1,123	111,586	23,804	60,528
Other	3,868	2,491	6,359	1,044	5,315	23,869	1,075	165
Total	212,242	3,079	215,321	159,209	56,112	1,212,633	30,412	70,989
Eliminations or corporate	—	(3,079)	(3,079)	619	(3,698)	68,190	109	14
Consolidated	¥212,242	¥ —	¥212,242	¥159,828	¥52,414	¥1,280,823	¥30,521	¥71,003

	Millions of yen							
	Operating revenues							
Year ended March 31, 2002	Outside customers	Inter-segment	Total	Operating expenses	Operating income	Assets	Depreciation	Capital expenditures
Credit & Finance	¥157,830	¥1,102	¥158,932	¥114,872	¥44,060	¥ 967,329	¥ 3,890	¥ 5,929
Merchandise Sales	14,555	118	14,673	12,835	1,838	51,168	179	271
Insurance	20,599	52	20,651	11,000	9,651	—	383	—
T&E	15,319	9	15,328	12,207	3,121	22,392	1,746	4,511
Lease	3,413	93	3,506	2,599	907	80,630	18,310	43,589
Other	3,122	2,678	5,800	1,155	4,645	18,895	615	365
Total	214,838	4,052	218,890	154,668	64,222	1,140,414	25,123	54,665
Eliminations or corporate	—	(4,052)	(4,052)	497	(4,549)	116,484	128	345
Consolidated	¥214,838	¥ —	¥214,838	¥155,165	¥59,673	¥1,256,898	¥25,251	¥55,010

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 & finance: Shopping loans and finance
   (b) Merchandise sales: Sales of real estate, mail-order sales, sales of automobiles and retail sales at department stores
   (c) Insurance: Life insurance (2002)
   (d) T&E: Travel and entertainment
   (e) Lease: Equipment leasing
   (f) Other: Real estate leasing

3. Significant components of "Eliminations or corporate" are as follows:

	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	2004
Non-allocable operating expenses	¥ 2,560	¥ 3,351	¥ 4,154	$ 24,240
Corporate assets	109,987	90,465	137,918	1,041,251

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.

4. Change in presentation of loss on disposal of properties:
   As described in Note 3 (o), formerly the loss on disposal of casino machines held by the consolidated subsidiary operating T&E business was included in non-operating expenses in the consolidated statements of income. Considering recent frequent occurrence of replacement of the machines, the loss is included in selling, general and administrative expenses in the consolidated statements of income, effective from the year ended March 31, 2004. This change caused operating income of T&E business to decrease by ¥1,865 million (US$17,658 thousand) for the year ended March 31, 2004.

5. Accounting standards for impairment of fixed assets
   As described in 'Note 3 (p) Impairment loss of property and equipment, other assets,' the Companies adopted "Accounting Standard for Impairment of Fixed Assets" effective from the year ended March 31, 2004. The effect of the adoption was to recognize impairment losses on the credit and finance business, T&E business and other business, amounting to ¥3,879 million (US$36,720 thousand), ¥536 million (US$5,069 thousand) and ¥3,155 million (US$29,871 thousand), respectively. Operating assets of these business decreased by ¥3,879 million (US$36,720 thousand), ¥503 million (US$ 4,762thousand) and ¥3,155 million (US$29,871 thousand), respectively.

6. Change in useful life of property and equipment
   As detailed above in the "Significant Accounting Policies" section, buildings on leased land subject to limited-term lease agreements for business purposes are required to be demolished and the land required to be returned as vacant lots upon the expiration of terms under the lease agreements. Accordingly, effective from the year ended March 31, 2003, the Company changed the useful lives of said buildings from that prescribed by the tax laws of Japan to that prescribed by said agreements. As a result, operating expenses for other business in the year ended March 31, 2003 increased by ¥75million, resulting in a decrease of the same amount in operating income.

7. As a result of the transfer to GE Edison Life Insurance Co., Ltd. of the shares of Saison Life Insurance Co., Ltd. (insurance business) effected in the year ended March 31, 2002, the life insurance business segment has been eliminated.

(b) Geographic information

The Company is not required to prepare information for geographic segment since no consolidated subsidiaries or branches are located outside Japan.

(c) Overseas sales

The Company is not required to prepare information for overseas sales since the aggregated amounts of overseas sales of the Companies are not material (less than 10% of consolidated sales).

Report of Independent Accountants

To the Board of Directors and Shareholders of
CREDIT SAISON CO., LTD.

We have audited the accompanying consolidated balance sheets of CREDIT SAISON CO., LTD. and its consolidated subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the three years in the period ended March 31,2004, 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 its consolidated subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the three years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 3, the consolidated subsidiary operating T&E business changed the classification of loss on disposal of casino machines from non-operating expenses to selling, general and administrative expenses in the consolidated statements of income, effective from the year ended March 31, 2004.

As described in Note 3, CREDIT SAISON CO., LTD. and its consolidated subsidiaries have adopted the new Japanese accounting standards for impairment of fixed assets from the year ended March 31, 2004.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 2 to the accompanying consolidated financial statements.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers

Tokyo, Japan
June 29, 2004

Corporate History

1951
May — The Company was established as a retailer specializing in installment sales

1976
Mar. — Seibu Department Stores and the Company established a shareholding relationship and developed a consumer credit system for the Saison Group

1980
Aug. — The Company name was changed from Midoriya Department Stores to Seibu Credit Co., Ltd.

1983
Mar. — The name of Seibu Card was changed to SAISON CARD

1988
July — Reached agreements with VISA and MasterCard and began issuing Saison Visa Card and Saison MasterCard

1989
Oct. — The Company name was changed to Credit Saison Co., Ltd.

1991
Jan. — Started the affinity card business

1995
June — Began issuing Saison JCB International Card in cooperation with JCB Co., Ltd.

1997
Oct. — Saison American Express Card issued through an affiliation with AMERICAN EXPRESS®

1999
Mar. — Started Saison Postal Savings Global Service, with a card offering credit, debit, and cashing functions in Japan and overseas

Sept. — Began issuing combined credit/cash cards with regional banks

2000
July — Started the ORIX/Credit Saison Banking Service in cooperation with ORIX Trust & Banking Corporation

Aug. — Started Net Answer, a web site for cardholders

Nov. — Overseas travel services expanded through an alliance with U.K. travel and financial service company Travelex (Thomas Cook G&FS)

2001
Apr. — Began issuing Akai Card Saison in cooperation with MARUI Co., Ltd.

May — Began issuing Sogo Millennium Card Saison in cooperation with Sogo Co., Ltd.

June — Began issuing MONEX Saison Card in cooperation with MONEX, Inc.

Oct. — Began issuing Saison Toys "R" Us Card in cooperation with Toys "R" Us-Japan, Ltd.

Nov. — Concluded a supporting company contract for the Japan national soccer team

Dec. — Began issuing Saison Loft Card in cooperation with The Loft Co., Ltd.

2002
Jan. — Reached agreement to establish LAWSON CS Card, Inc., jointly with LAWSON, Inc., and Mitsubishi Corporation

Feb. — Started new membership service "SAISON Dream" (currently "*Eikyufumetsu Point*," or "SAISON Permanent Points" in English)

Mar. — Introduced SAISON CARD MAKER, a speedy, automatic card issuing machine

Apr. — Began issuing JAPAN Card Saison, officially approved by the Japan Football Association

May — Formed business alliance with Saison Automobile and Fire Insurance Co., Ltd. and The Yasuda Fire & Marine Insurance Co., Ltd. (currently Sompo Japan Insurance Inc.)

Aug. — Began issuing Saison DoCoMo Card in cooperation with NTT DoCoMo, Inc.

Sept. — Began issuing Saison Japanese Postal Savings Check Card, which allows users to set their own usage limits

Oct. — Saison Life Insurance Co., Ltd., merged with GE Edison Life Insurance Co., Ltd.

Nov. — Began using IC chips for three brands (VISA, MasterCard, and JCB) for newly issued SAISON CARDs and Gold SAISON CARDs

Dec. — Began issuing Saison Club On Card in cooperation with The Seibu Department Stores, Ltd.

2003
Feb. — Began issuing Saison Four Beat Card

Mar. — Began "SAISONPASS" account aggregation service for Saison Card holders

May — Began electricity bill credit card payment service for Kansai Electric Power Co., Inc.

July — Began publishing tour catalog, *Saison Tabimonogatari*, in cooperation with JTB Corp.

Aug. — Began issuing Mazda m'zPLUS Card Saison in cooperation with Mazda Motor Corporation

Aug. — Reached agreement on a comprehensive alliance with the card division of Idemitsu Kosan Co., Ltd.

Sept. — Start of SAISON STATION

Sept. — Began issuing Super Value Plus, a product exclusively for cardholders, through a business alliance among Credit Saison, Saison Automobile and Fire Insurance Co., Ltd. and Sompo Japan Insurance Inc.

Sept. — Began issuing the Cinemileage Card Saison through an alliance with Toho Cinemas

Oct. — Established Idemitsu Credit Co., Ltd., a joint venture in which Credit Saison holds a 50 percent share, to handle the credit card business of the Idemitsu Group.

Nov. — Acquired priority negotiation rights for alliances with card companies in the Resona Group

Dec. — Enhanced Gold SAISON CARD preferred services

2004
Feb. — Decided to form a strategic equity and business tie-up with Resona Holdings, Inc.

Feb. — Expanded locations of SAISON CARD Express for speedy online card issuance. Began same-day card issuance at Marui Group's Zero First stores

Mar. — Formed alliance with JR Kyushu Group Kagoshima Terminal Building Co., Ltd. and began issuing AMU CLUB Card SAISON

Mar. — Formed business alliance with ORIX Corporation in automobile leasing business for individuals

Apr. — Formed alliance with Seibu Dome enabling card payment to beer vendors at baseball stadium

Apr. — Reached basic agreement with Takashimaya Co., Ltd. on strategic alliance in card business

June — Launched SAISON Housing Information, a Web-based real estate information service

Corporate Information

(As of March 31, 2004)

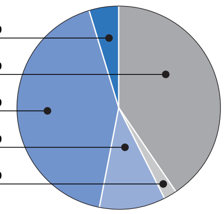
CREDIT SAISON Co., Ltd.

Head Office:	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:	¥63,668 million
Number of Employees:	Consolidated: 2,364 Non-consolidated: 1,568
Closing of Accounts:	March 31
Stock Listing:	Tokyo Stock Exchange, First Section
Ticker No.:	8253
Independent Auditor:	ChuoAoyama PricewaterhouseCoopers
Transfer Agent:	The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Department 1-1-4, Marunouchi, Chiyoda-ku, Tokyo
Common Stock Authorized:	300,000 thousand shares
Common Stock Outstanding:	171,725 thousand shares

Number of Shareholders: 6,068

Composition of Shareholders:

Individuals and Others 4.72%
Financial Institutions 40.50%
Foreign Investors 42.22%
Other Corporations 10.49%
Securities Companies 2.07%



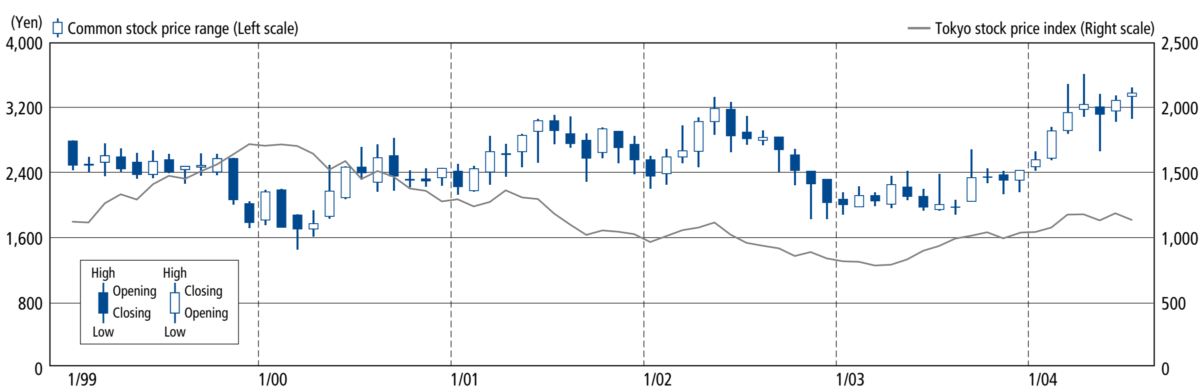
Major Shareholders:

Name	Number of Shares (Thousands)	Percentage of Ownership (%)
The Master Trust Bank of Japan, Ltd. (trust account)	13,857	8.07
Japan Trustee Services Bank, Ltd. (trust account)	12,412	7.23
The Seibu Department Stores, Ltd.	11,600	6.75
Mizuho Corporate Bank, Ltd.	8,175	4.76
State Street Bank and Trust Company	5,969	3.48
OM04 SSB Client Omnibus	4,495	2.62
Mizuho Bank, Ltd.	4,478	2.61
The Nomura Trust & Banking Co., Ltd. (mutual fund account)	3,492	2.03
Mellon Bank Treaty Clients Omnibus	3,067	1.79
Morgan Stanley & Co. International Ltd.	2,844	1.66

Note: During the year under review, the following companies filed reports of major shareholdings, stating that they held shares as below. We were not able to confirm the numbers of shares that these companies actually held in their own names as of the close of the term; thus, they are not included in the above list of major shareholders.

Name	Number of Shares (Thousands)	Percentage of Ownership (%)
Nomura Asset Management Co., Ltd.	12,000	6.99
Fidelity Investments Japan Ltd.	6,577	3.83

Monthly Stock Price Range:



Yearly High and Low Prices:

(Yen)

	2000	2001	2002	2003	2004
High	2,820	3,100	3,320	2,680	3,600
Low	1,450	2,125	1,821	1,881	2,420

Note: Stock prices for 2004 are for the period from January 1 to July 31.

SAISON CARD INTERNATIONAL

CREDIT SAISON CO., LTD.
Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-chome,
Toshima-ku, Tokyo 170-6073, Japan
Telephone: 81-3-3988-2111
www.saisoncard.co.jp

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