

Results for the Fiscal Year Ended February 20, 2006



AEON CREDIT SERVICE CO., LTD.

まいにち
A E O N
C A R D

Consolidated Operating Data For the Fiscal Year Ended February 20, 2006

Twelve Consecutive Annual Increases in Revenue and Income since Listing

(Billions of Yen)

	Actual Results	Year-on-Year Change (%)	Difference between Forecast and Actual Results
Transaction volume	¥ 2,183.0	16%	¥ 8.0
Operating revenues	144.7	18%	2.7
Revenue from credit card shopping	31.7	24%	-
Revenue from cash advances	86.4	15%	-
Operating income	40.2	15%	0.2
Ordinary income	40.1	14%	0.1
Net income	21.2	14%	0.2
Net income per share (Yen)	¥ 405.22	¥ 49.12	-

Number of Cardholders by Country

Number of cardholders increased steadily in each country, rising to 16.1 million.

Country	Cardholders (Millions)	Net Increase
Japan	13.7	+ 8.0
Thailand	1.4	+ 0.8
Hong Kong	0.9	+ 0.8
Taiwan	0.1	+ 0.4
Malaysia	0.03	+ 0.3
Total	16.1	+ 1.0

Ordinary Income

Domestic and overseas consolidated subsidiaries recorded firm increases in ordinary income.

(Billions of Yen)	Ordinary Income	Net Increase
Japan	¥ 32.7	+ 12%
Thailand/ Hong Kong	6.8	+ 24%
Malaysia	0.5	+ 66%
NCS Kosan	0.6	+ 17%
ACS Credit Management	0.3	+ 30%

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Consolidated Financial Data

(Billions of Yen)

	Fiscal Year Ended February 20, 2005	Fiscal Year Ended February 20, 2006	Increase/Decrease
Total assets (including securitized receivables)	¥ 562.0 (¥ 634.4)	¥ 689.3 (¥ 766.6)	¥ 127.2 (¥ 132.2)
Installment sales receivables (including securitized receivables)	158.0 (209.8)	197.0 (258.0)	39.0 (48.2)
Operating loans receivables (including securitized receivables)	355.0 (375.5)	439.3 (459.7)	84.3 (84.1)
Total shareholders' equity	117.4	138.6	21.2
Shareholders' equity ratio	20.9%	20.1%	- 0.8%
Shareholders' equity per share	2,244.93	2,650.32	+ 405.39

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Consolidated Cash Flows

(Billions of Yen)

	Fiscal Year Ended February 20, 2005	Fiscal Year Ended February 20, 2006
Cash and cash equivalents, beginning of year	¥15.9	¥ 16.6
Net cash used in operating activities*	(68.6)	(59.6)
Increase in finance receivables	(105.8)	(122.8)
Income before income taxes and minority interests	34.8	38.6
Net cash used in investing activities	(5.8)	(7.7)
Net cash provided by financing activities	75.2	66.9
Cash and cash equivalents, end of year	16.6	16.4
Net increase (decrease) in cash and cash equivalents	0.7	(0.1)

*Reasons for recording net cash used in operating activities

- 1) A ¥12.7 billion increase in notes and accounts receivable reflecting efforts since the fiscal year ended February 20, 2005 to boost transaction volume and accelerate processing of transactions through affiliated merchant payment sites
- 2) A delay in the repayment of ¥5.0 billion in cash dispenser (CD) cash advances, owing to the bank holiday on

February 20, 2005

Non-Consolidated Operating Data For the Fiscal Year Ended February 20, 2006

(Billions of Yen)

	Actual Results	Year-on-Year Change (%)	Difference between Forecast and Actual Results
Transaction volume	¥ 1,949.6	15%	¥ 9.6
Operating revenues	109.7	16%	2.1
Revenue from credit card shopping	27.3	23%	-
Revenue from cash advances	75.4	16%	-
Operating income	32.0	12%	0
Ordinary income	32.7	12%	0.02
Net income	19.0	13%	0.05
Net income per share (Yen)	363.24	+ 40.99	-

Transaction Volume/Operating Revenues

- The number of active cardholders increased to 7.7 million. This was attributable to improvements to cardholder point programs and tie-ups with affiliated merchants that register cardholder details to enable automatic card payments.
- Transaction volume per active cardholder increased from ¥207,000 to ¥229,000, a solid improvement.
- The number of Gold Card and Electronic Toll Card (ETC) cardholders rose to 330,000 and 600,000, respectively.
- Revenue from credit card shopping gained 23%, owing to steady growth of revolving/multiple payment credit receivables.

Operating Costs

- Operating costs mainly reflected improvements to Tokimeki Point programs; investments in IT systems; and concerted marketing activities, which included an extended TV commercial campaign, to promote our brand.

Ordinary Income

- Ordinary income rose for the twelfth consecutive year since listing.

Non-Consolidated Financial Data For the Fiscal Year Ended February 20, 2006

(Billions of Yen)

	Fiscal Year Ended February 20, 2005	Fiscal Year Ended February 20, 2006	Increase/Decrease
Total assets (including securitized receivables)	¥ 458.7 (506.7)	544.2 (600.2)	85.4 (93.5)
Installment sales receivables (including securitized receivables)	117.1 (158.4)	148.8 (198.8)	31.6 (40.3)
Operating loans receivables (including securitized receivables)	298.0 (308.0)	349.9 (359.9)	51.8 (51.8)
Total shareholders' equity	106.3	123.5	17.2
Shareholders' equity ratio	23.2%	22.7%	- 0.5%
Shareholders' equity per share (Yen)	2,031.89	2,360.82	+ 328.93

Dividends

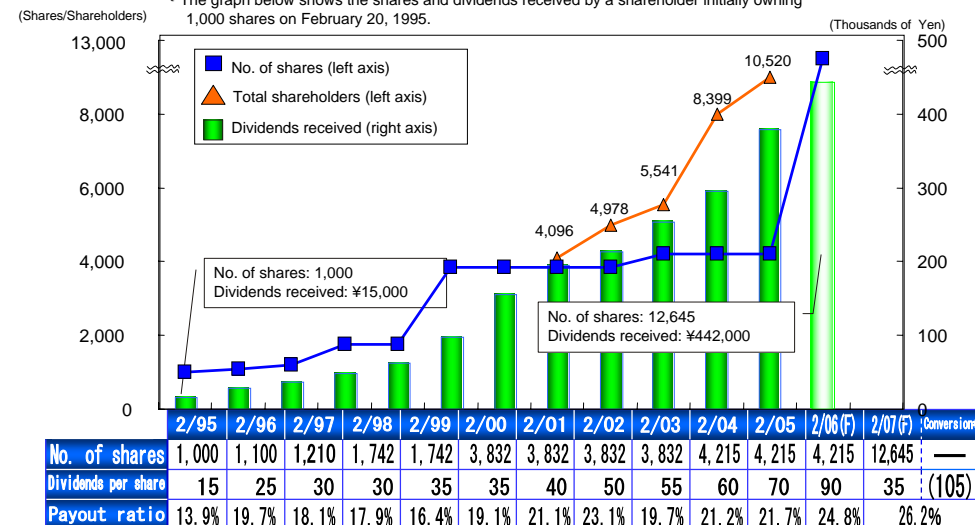
(Yen)

	Fiscal Year Ended Feb. 20, 2005	Fiscal Year Ended Feb. 20, 2006	Fiscal Year Ending Feb. 20, 2007	Value of Dividends without Stock Split
Interim dividend	¥ 30	¥ 35	¥ 15	(¥ 45)
Year-end dividend	40	55 (Forecast)	20	(¥ 60)
Full-term dividend	70	90 (Forecast)	35	(¥ 105)
Payout ratio	21.7%	24.8%	26.2%	

Note: For purposes of comparison, figures in parentheses indicate what the dividend per share would have been without the 3-for-1 stock split on February 21, 2006.

Stock Splits and Dividends Received

- A 3-for-1 stock split was implemented on February 21, 2006.
- The graph below shows the shares and dividends received by a shareholder initially owning 1,000 shares on February 20, 1995.



* Figures in parentheses indicate what the dividend per share would be without the 3-for-1 stock split on February 21, 2006.

Market Capitalization

- The market capitalization of AEON Credit Service has increased 17 times since listing.
- Over the last 10 years, we have achieved the ninth highest rate of increase for market capitalization among listed companies in Japan.



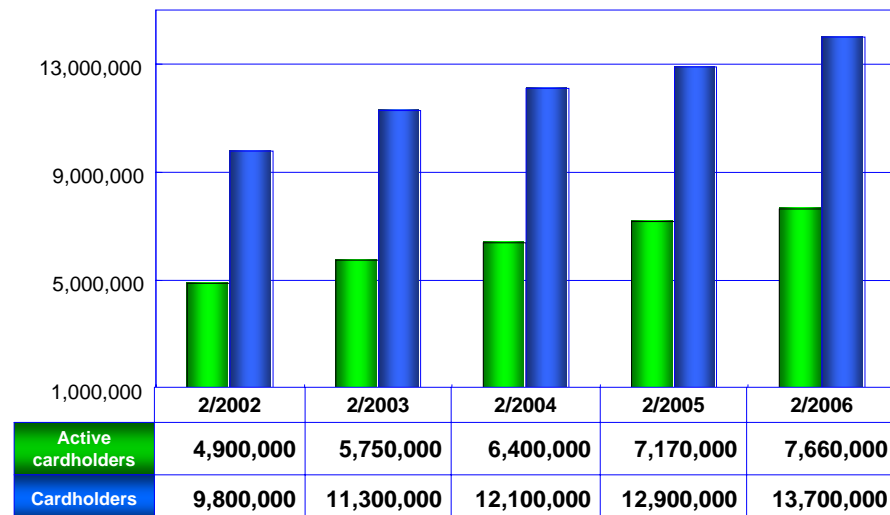
Note: The rankings appeared in a report in the March 6, 2006 issue of *Nikkei Business*, comparing rates of increase for market capitalization between January 31, 1996 and January 31, 2006.

Total Cardholders (On a worldwide consolidated basis)

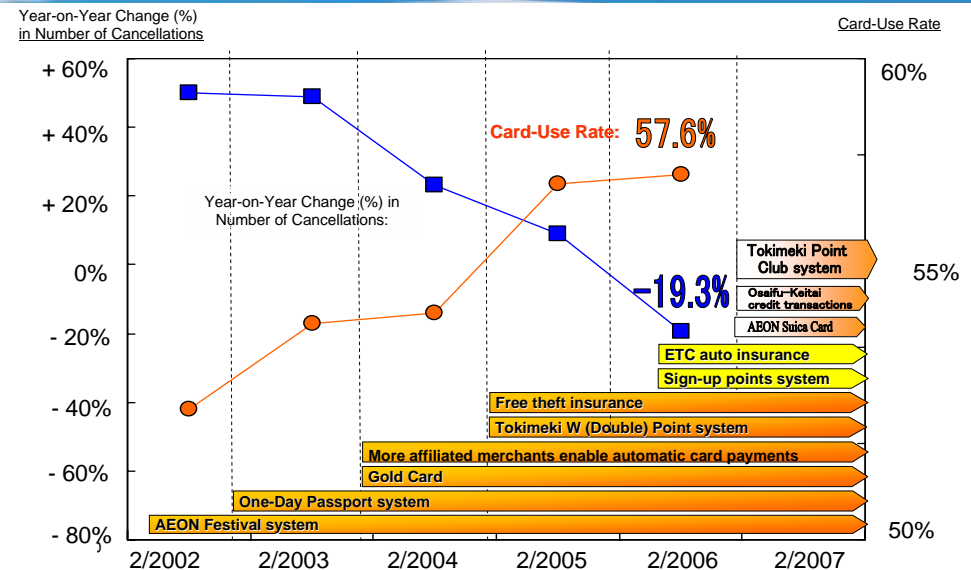
	No. of Cardholders	Net Increase
Japan	13,700,000	+ 800,000
Thailand	1,400,000	+ 80,000
Hong Kong	870,000	+ 80,000
Taiwan	100,000	+ 40,000
Malaysia	30,000	+ 30,000
Total	16,100,000	+ 1,030,000

Number of Cardholders and Active Cardholders

- We achieved 1,670,000 new sign-ups, contributing to a net increase in cardholders of 800,000, and a net increase in active cardholders of 490,000.

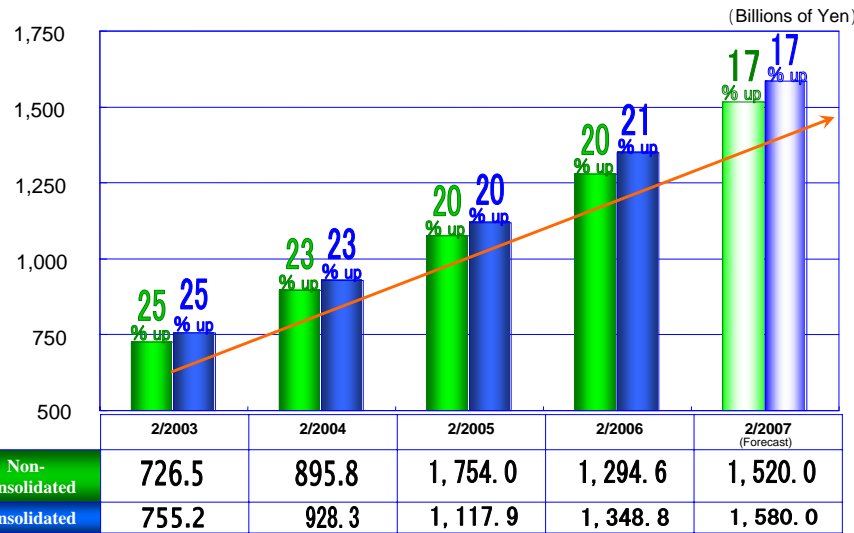


Annual Card-Use Rates and Card Cancellations



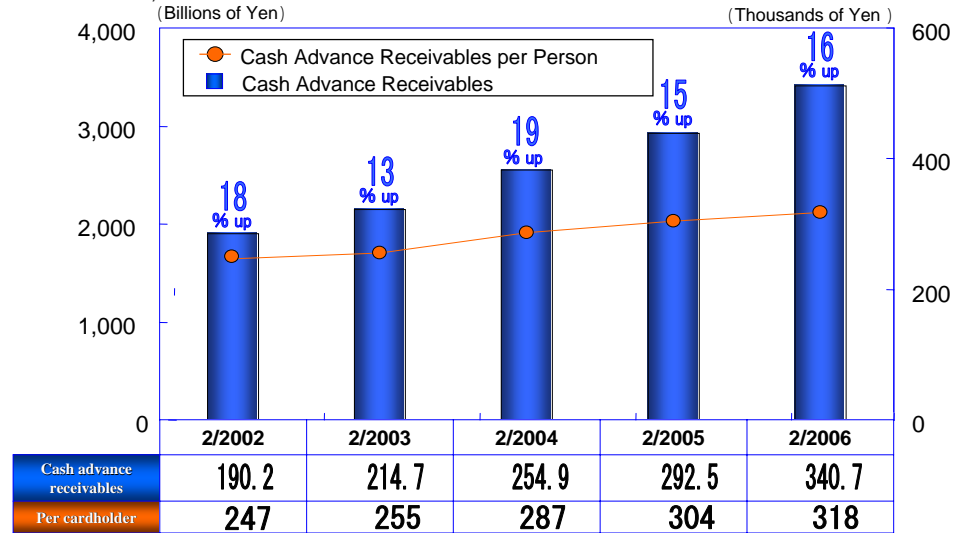
Credit Card Shopping Transaction Volume

• Four Consecutive Years of Growth Rates Exceeding 20%



Cash Advance Receivables

• The number of cardholders using cash advance services increased by approximately 80,000 in the year ended Feb. 20, 2006.



Note: Cash advance receivables include securitized receivables. Cash advance receivables per cardholder is based on information available as of February 20, 2006.

Allowance for Possible Credit Losses

Allowance for Possible Credit Losses (Billions of Yen)

	FY Ended Feb. 20, 2005	FY Ended Feb. 20, 2006
Balance, beginning of year	10.5	16.2
Provision for allowance for possible credit losses	18.6	19.9
Write-off of credit losses	13.0	13.5
Balance, end of year	16.2	22.6
Percentage of total finance receivables	3.47%	4.05%

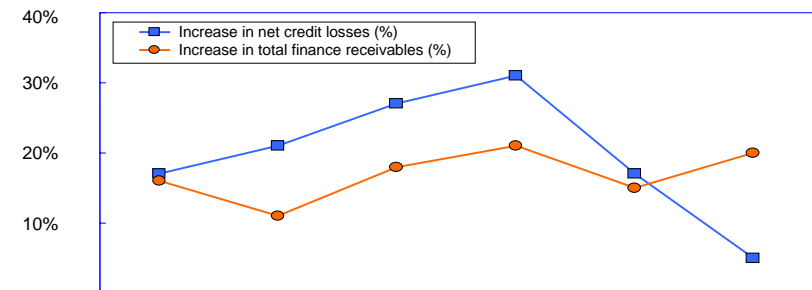
Breakdown of Allowance for Possible Credit Losses

	FY Ended Feb. 20, 2006
Personal bankruptcies	All losses already written off
Loans over three months in arrears and unpaid loans negotiated by lawyers	16.2
General allowance for possible credit losses	6.4
Total	22.6

Note: In the fiscal year ended February 20, 2006, we repaid a total of ¥220 million to cardholders deemed to have paid excessive interest.

Net Credit Losses

• The rate of increase for total finance receivables has exceeded that of net credit losses. The graph shows the reverse trends of both items.



	2/2001	2/2002	2/2003	2/2004	2/2005	2/2006
Increase in net credit losses	17%	21%	27%	31%	17%	5%
Increase in total finance receivables*	16%	11%	18%	21%	15%	20%

*Finance receivables include securitized receivables.

Bonds Issuance

As a precaution against interest rate hikes, we issued ¥20.0 billion of seven-year unsecured straight bonds in the first half of the fiscal year ended February 20, 2006, and ¥10.0 billion of such bonds in the second half.

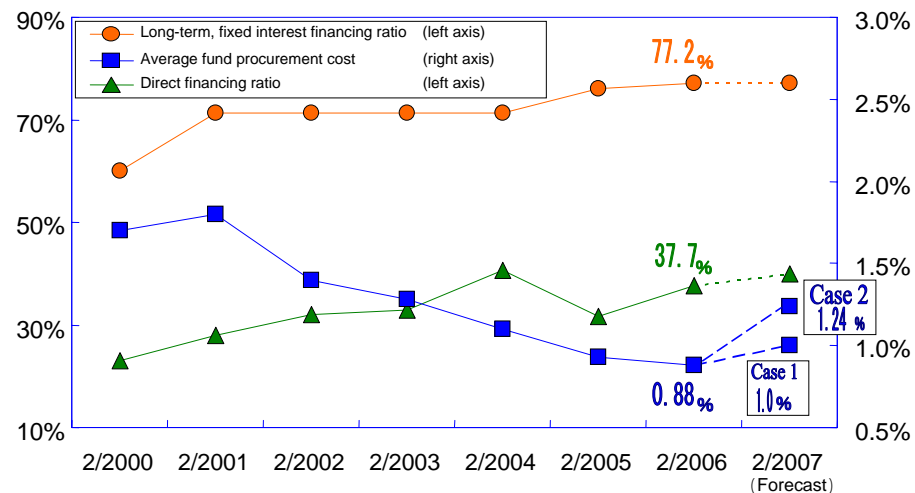
(Billions of Yen)	First Half	Second Half	Full Term	Accumulated Total	As a % of Total Borrowings
FY ended Feb. 20, 2005	10.0	-	10.0	60.0	17.6%
FY ended Feb. 20, 2006	20.0	10.0	30.0	90.0	22.2%
FY ending Feb. 20, 2007 (Forecast)	20.0	30.0	50.0	140.0	26.6%

Bonds issued during the fiscal year ended February 20, 2006

(Billions of Yen)	Amount	Date	Term	Coupon	Spread included in Coupon
Sixth issue	20.0	May 2005	7 years	1.08%	0.15%
Seventh issue	10.0	February 2006	7 years	1.55%	0.15%

Fund Procurement

Long-term, fixed interest financing ratio reached 77%.

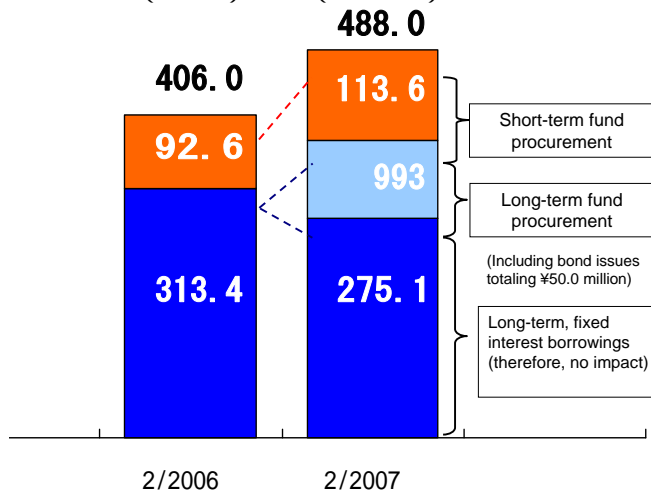


Impact of Interest Rate Fluctuations

Financing Costs

¥ 3.8 billion (Actual)

¥ 4.8 billion (Forecast)



Impact of Interest Rate Hikes

Case 1)

Short-term interest rates: 0.3%
Long-term interest rates: 2.0%

Average interest paid on procured funds = 1.0%

Cost = ¥590 million

Case 2)

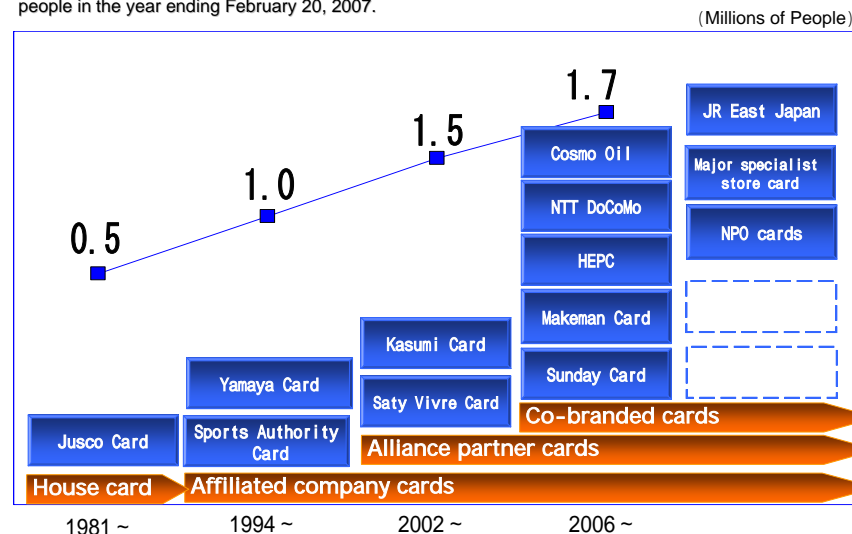
Short-term interest rates: 0.7%
Long-term interest rates: 3.0%

Average interest paid on procured funds = 1.24%

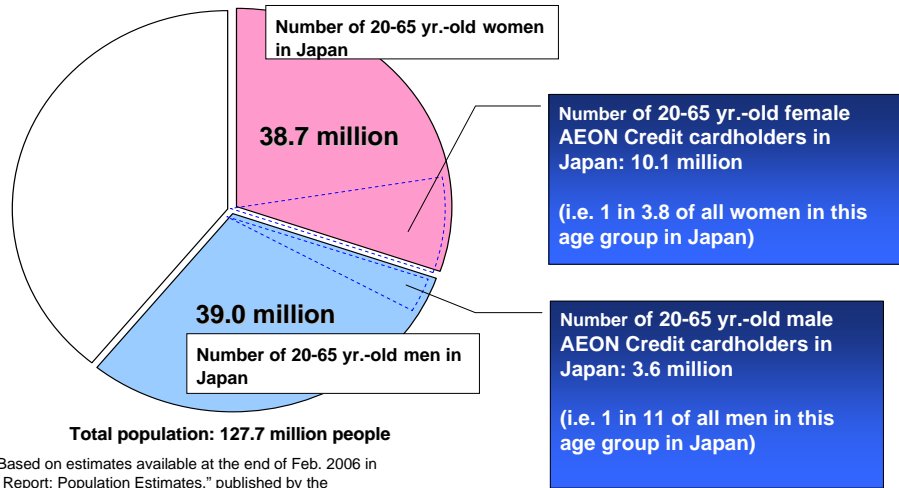
Cost = ¥1,780 million

Development of Co-Branded Cards

We increased new sign-ups by developing co-branded cards with Cosmo Oil, NTT DoCoMo and Hanshin Expressway Public Corporation (HEPC). We aim to issue cards to 1.7 million people in the year ending February 20, 2007.



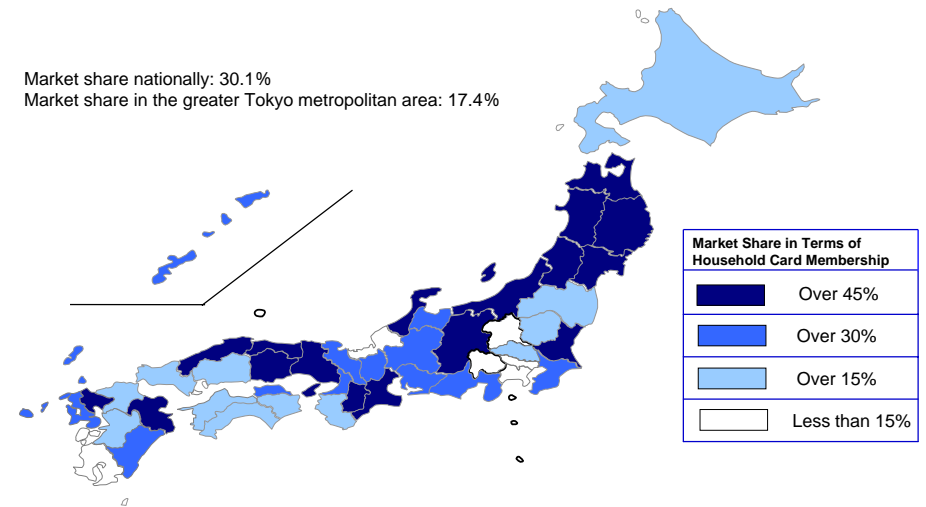
Develop Cards that Appeal to Women



Sign up More Cardholders in the Greater Tokyo Metropolitan Area

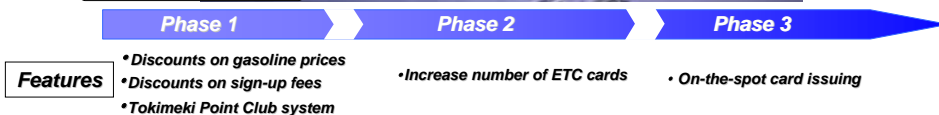
Share of the market in each district in terms of household card membership

Market share nationally: 30.1%
Market share in the greater Tokyo metropolitan area: 17.4%



Cosmo the Card Opus

- Issued from June 2006
- Approximately 4,500 locations nationwide



AEON Suica Card

- Issued from January 2007



AEON Card
Female Cardholders: 74%
Male Cardholders: 26%

View Suica Card*
Female Cardholders: 26%
Male Cardholders: 74%

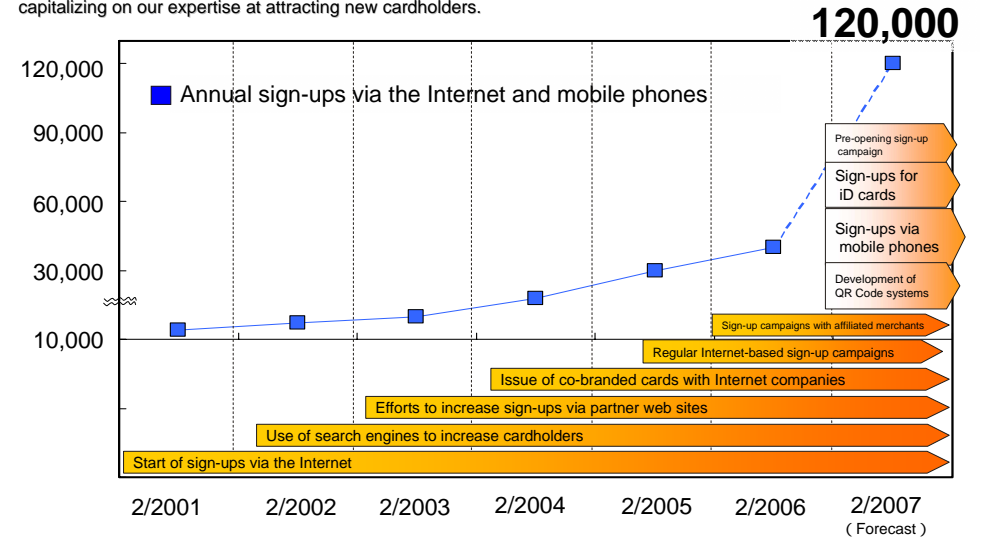
*View Suica Card percentages are for December 2005.

Develop New Ways to Sign up Cardholders

Current Areas	New Areas	
Shopping Centers   Supermarkets	Pharmacies   Convenience Stores	Train Stations   Gas Stations
Extended period Sign up at store counter	Time spent in store	Short period Sign-up methods suitable for vendors with limited space, where customers do not remain long

Sign-ups via Internet and Mobile Phones

We are targeting 120,000 annual sign-ups via the Internet and mobile phones—a goal we plan to achieve by capitalizing on our expertise at attracting new cardholders.



Revamp Card Issuing Processes



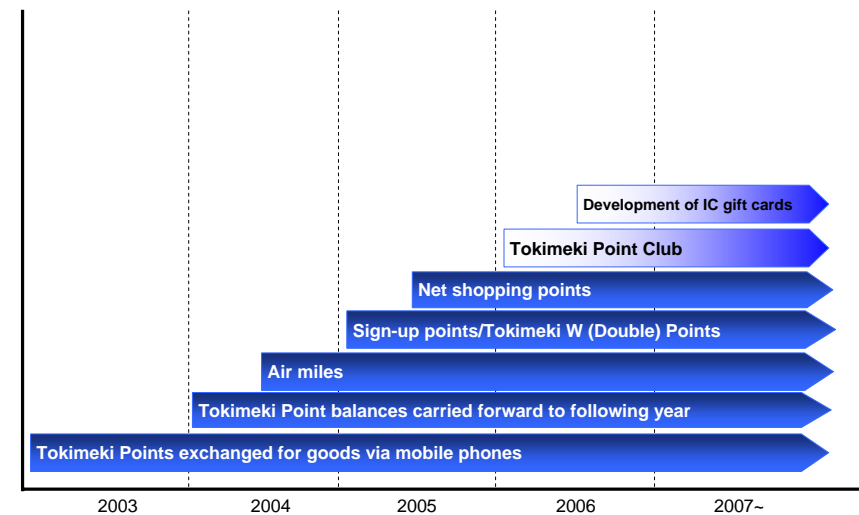
Electronic input and transmission of card applicant's information

2,000 terminals that allow applicants to designate bank accounts for card debits

Increased automation of credit checks

➔ Even shorter card issuing periods

Enhance the Tokimeki Point Program



Increase Demand by Developing New Areas for Credit Card Use

	Target Areas
2004	Mobile phone bills, ETC charges
2005	Electricity and gas bills, newspaper subscriptions, medical fees
2006	Water bills, JR train passes, parking lot charges, national pension and health insurance payments
2007	Taxes and fines

Increase ETC Card and Gold Card Cardholders

ETC Card



- Step up cooperation with Cosmo Oil and HEPC
- Intensify efforts to sign up cardholders via the Internet and mobile phones
- Increase the number of on-the-spot issuing sites for ETC Cards (from 21 to 100)
- Develop on-the-spot issuing capabilities in large service areas, where there is a high potential for sign-ups

Target: 1 million cardholders

Gold Card

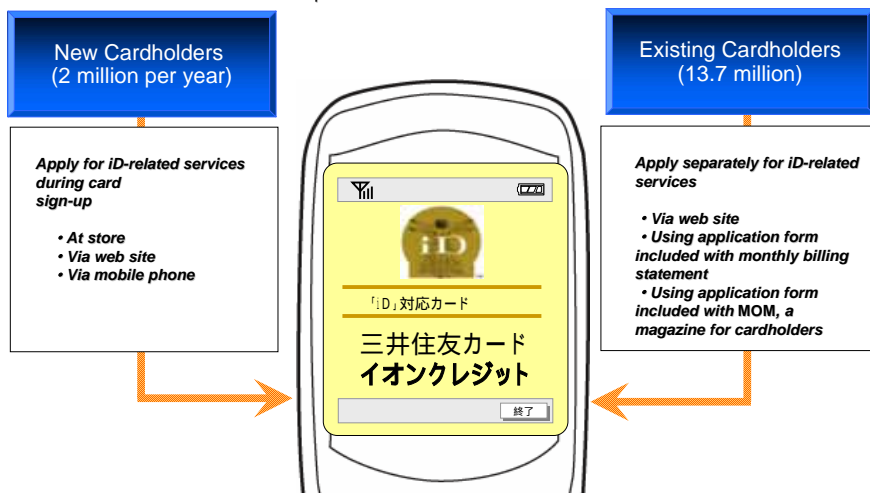


- Establish World Desk branches throughout Asia
- Increase the number of AEON Lounges
- Increase the number of affiliated merchants that register details of cardholders whose annual card transactions are over ¥700,000
- Implement cross-selling campaigns targeting cardholders who use their cards frequently

Target: 500,000 cardholders

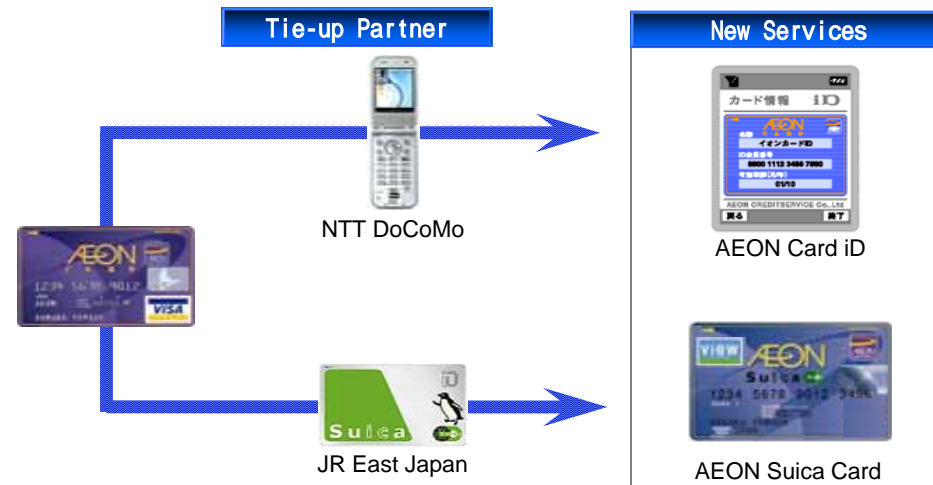
Respond to the Development of iD—a Credit Card Payment Platform for Mobile Phones

- From July 2006, we will provide credit services to users of iD, NTT DoCoMo's electronic payment platform that enables credit card transactions via mobile phones.



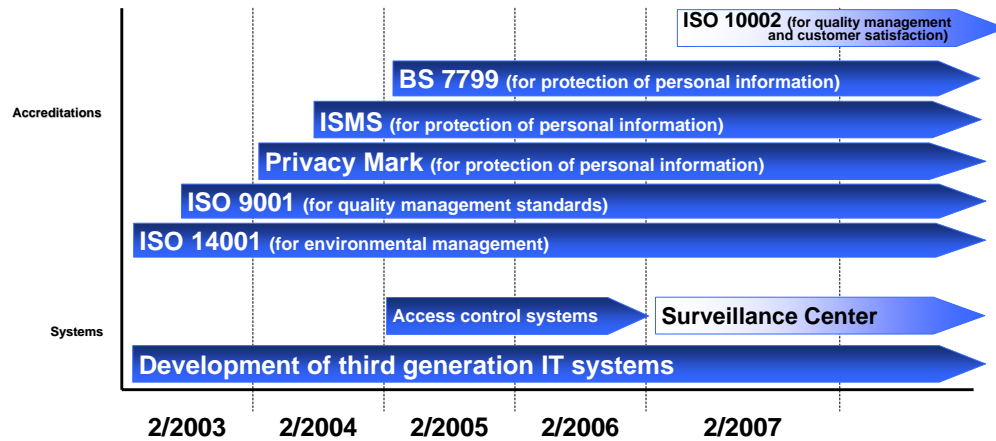
Respond to Demand for Small Payment Services

- Our goal is to improve card-carrying rates by developing a broader range of settlement methods that meet cardholder needs.

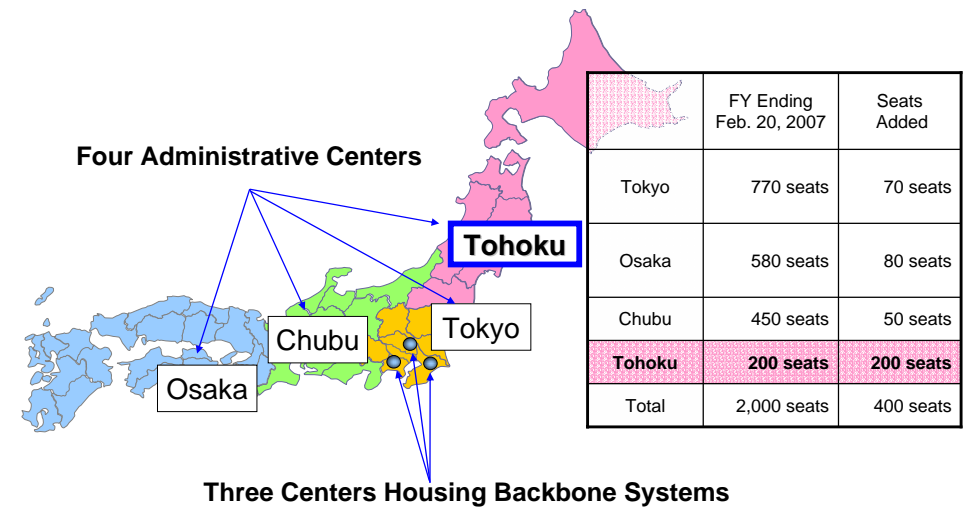


Enhance Our CSR System

- Invest in such "invisible assets" as security, safety and reliability



Reinforce the Disaster Recovery System



NCS Kosan (Insurance Agency)

- Outline of operations in the fiscal year ended February 20, 2006

(Billions of Yen)

	Actual Results	YoY Change (%)
Operating revenues	¥ 1.07	3%
Ordinary income	¥ 0.62	17%

- Provided new products to cardholders
- Opened telemarketing center
- Became first in the industry to receive Privacy Mark accreditation

- Key goals for the fiscal year ending February 20, 2007

(Billions of Yen)

	Targets	YoY Change (%)
Operating revenues	¥ 1.26	17%
Ordinary income	¥ 0.7	13%

- Promote insurance sales utilizing cardholder purchasing information
- Encourage potential policyholders to sign up for insurance via mobile phones

ACS Credit Management (Servicer Business)

- Outline of operations in the fiscal year ended February 20, 2006

(Billions of Yen)

	Actual Results	YoY Change (%)
Operating revenues	¥ 1.27	30%
Ordinary income	¥ 0.39	30%

- Became the first company to be approved by the government for the collection of pension and national insurance contributions
- Doubled the number of contact center seats to 200
- Received Privacy Mark accreditation

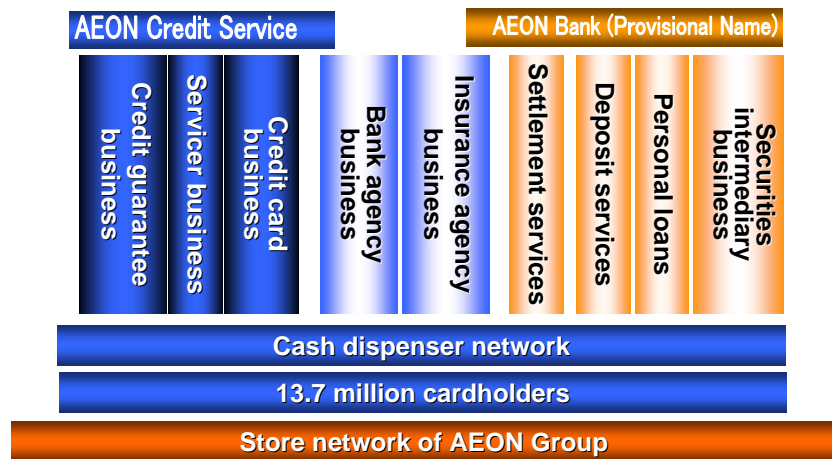
- Key goals for the fiscal year ending February 20, 2007

(Billions of Yen)

	Targets	YoY Change (%)
Operating revenues	¥ 1.83	44%
Ordinary income	¥ 0.55	40%

- Collect a greater volume of payments to the government
- Double the number of contact center seats to 400
- Prepare for IPO

Develop New Financial Services Businesses



Operations in Malaysia

Outline of operations in the fiscal year ended February 20, 2006

(Billions of Yen)

	Actual Results	YoY Change (%)
Operating revenues	¥ 2.45	62%
Ordinary income	¥ 0.57	66%



30,000 sign-ups

Became the first non-bank to issue credit cards

Note: Exchange rate: 1 ringgit = ¥29.57

Key goals for the fiscal year ending February 20, 2007

(Billions of Yen)

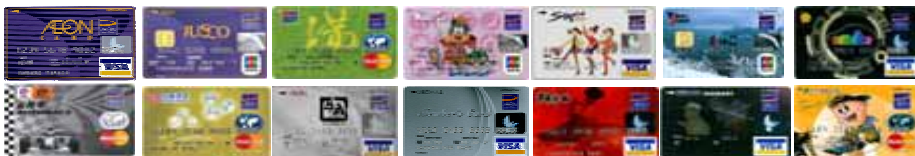
	Targets	YoY Change (%)
Operating revenues	¥ 4.35	78%
Ordinary income	¥ 0.76	34%

- Raise the number of cardholders to 200,000
- Establish 30 branches in Malaysia
- Prepare for the opening of 3 administrative centers
- Prepare for IPO

Operations in Taiwan

Outline of operations in the fiscal year ended February 20, 2006

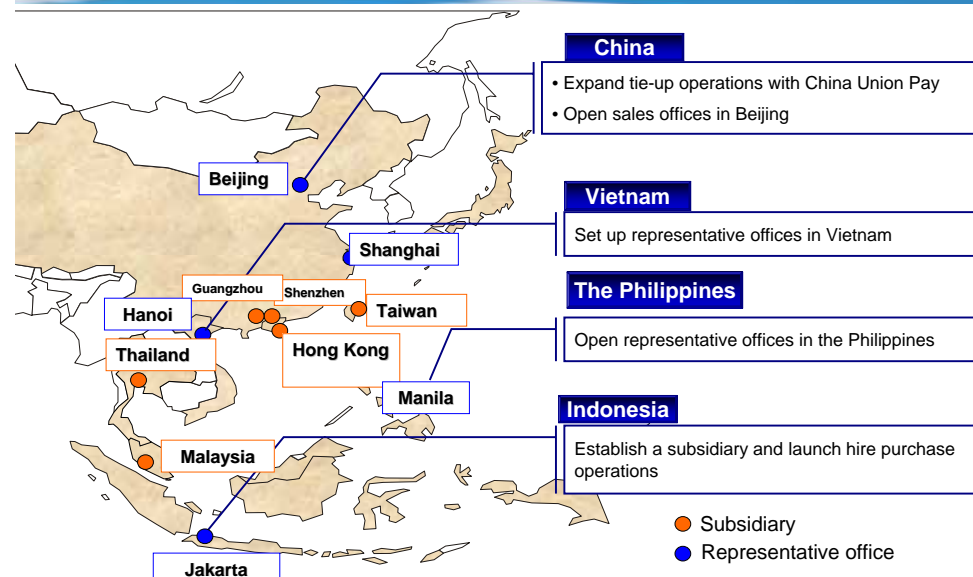
- Developed 3 new co-branded cards, bringing the total of such cards to 17
- Raised the number of cardholders to 100,000
- Opened sales offices in Kaohsiung



Key goals for the fiscal year ending February 20, 2007

- Raise the number of cardholders to 230,000 through the development of new co-branded cards
- Return to profitability in terms of yearly results

Expand into New Regions



Results Forecasts for the Fiscal Year Ending February 20, 2007

(Billions of Yen)

	Consolidated	YoY Change (%)	Non-Consolidated	YoY Change (%)
Transaction volume	2,480.0	14%	2,200.0	13%
Operating revenues	162.0	12%	123.0	12%
Operating income	44.5	11%	35.3	10%
Ordinary income	44.5	11%	36.2	11%
Net income	23.8	12%	21.0	10%
Net income per share (Yen)	151.25	—	133.47	—
Net income per share without stock split (Yen)	453.75	48.53	400.41	37.17