

## Results for the Fiscal Year Ended February 20, 2010

Statements contained in this report with respect to the Company's management strategies, business policies and results forecasts are forward-looking statements about the future performance of the Company, which are based on the assumptions and beliefs in light of the information currently available. These forward-looking statements involve various uncertain factors including known and unknown risks such as economic trends, industry competition, market demand, exchange rates, tax and other systems that may cause the Company's actual results, performance or achievements to differ materially from the expectations expressed herein.



## Operating Data



- Having recorded extraordinary loss of ¥16 billion including allowance for possible credit losses in the 1st half, we managed to achieve consolidated net profit.
- Non-consolidated operating revenues were flat year on year after transaction volume started to recover in the 3rd quarter.

(Billions of yen)

Consolidated	Actual Results	Year-on-Year Change	Forecast	Differences
Transaction volume	2,993.3	97%	3,075.0	- 81.6
Operating revenues	172.4	98%	176.1	- 3.6
Operating income	20.5	77%	22.0	- 1.4
Ordinary income	20.4	76%	21.5	- 1.0
Net income	0.19	-	0.6	- 0.4
Non-Consolidated	Actual Results	Year-on-Year Change	Forecast	Differences
Transaction volume	2,701.6	99%	2,743.0	- 41.3
Operating revenues	117.3	100%	117.5	- 0.1
Operating income	9.1	65%	9.6	- 0.4
Ordinary income	10.9	67%	11.4	- 0.4
Net income	- 2.6	-	- 2.9	+ 0.2

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## Operating Data (Trend by Quarter)



- Operating income continued increasing quarter on quarter and increased operating income on increased operating revenues year on year was achieved on both consolidated and non-consolidated bases.

(Billions of yen)

Consolidated	1Q		2Q		3Q		4Q	
	Results	YoY	Results	YoY	Results	YoY	Results	YoY
Transaction volume	717.5	99%	733.6	96%	736.8	95%	805.2	99%
Operating revenues	41.6	96%	43.2	95%	42.3	97%	45.1	103%
Operating income	4.0	57%	4.6	56%	5.0	72%	6.7	162%
Operating margin	9.8%		10.7%		12.0%		15.0%	

Non-consolidated	1Q		2Q		3Q		4Q	
	Results	YoY	Results	YoY	Results	YoY	Results	YoY
Transaction volume	646.7	102%	662.1	98%	666.9	96%	725.8	99%
Operating revenues	28.0	98%	29.2	98%	28.8	100%	31.1	104%
Operating income	1.3	34%	1.7	37%	2.0	56%	3.9	243%
Operating margin	5.0%		6.0%		7.1%		12.5%	

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## Financial Data



- Stricter credit control caused operating loans receivables to decline by ¥24.9 billion.
- A steady increase in the credit card shopping transaction volume raised installment sales receivables, leading to a ¥22.5 billion rise in total finance receivables.

(Billions of yen)

\* Including securitized receivables

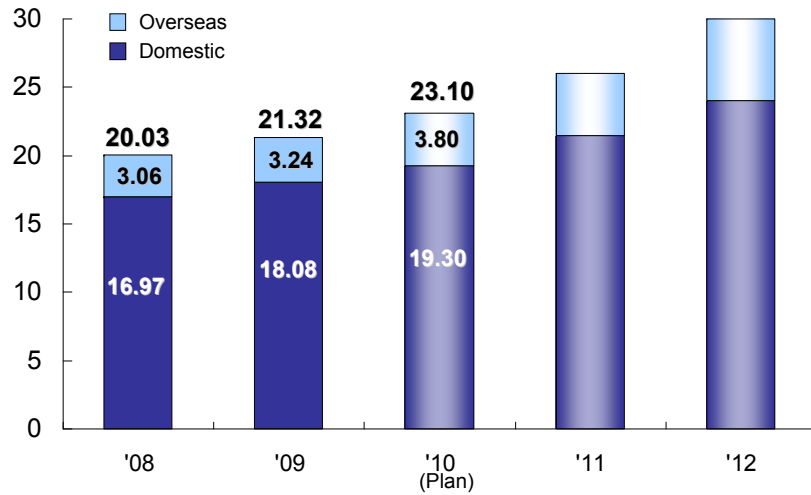
	Consolidated		Non-Consolidated	
	Actual Results	Change over the Year	Actual Results	Change over the Year
Operating loans receivables	476.6	- 24.9	361.9	- 22.0
Installment sales receivables	443.2	+ 47.5	370.6	+ 41.4
Total finance receivables	919.9	+ 22.5	732.5	+ 19.4

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## Number of Effective Cardholders (Consolidated)

■ The numbers of consolidated and non-consolidated effective cardholders increased to 21.32 million (up 1.29 m over the year) and 18.08 million (up 1.11 m), respectively.

(Millions of cardholders)

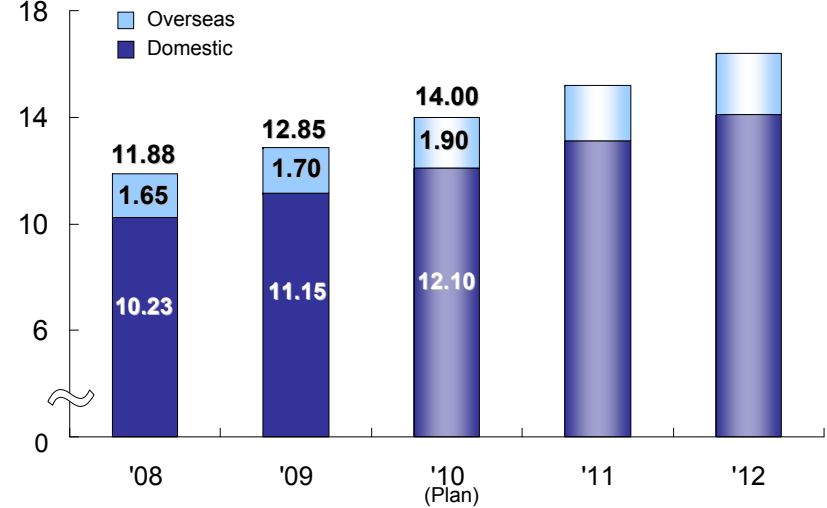


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## Number of Active Cardholders (Consolidated)

■ The numbers of consolidated and non-consolidated active cardholders increased to 12.85 million (up 0.97 m over the year) and 11.15 million (up 0.92 m), respectively.

(Millions of cardholders)

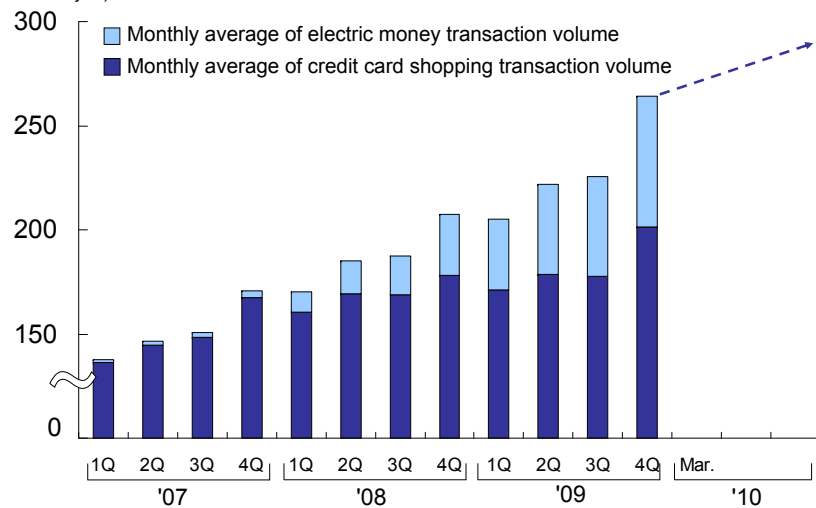


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## Shopping Settlement Volume

■ The 4th quarter saw a steady increase in the monthly average of the shopping settlement volume, consisting of the credit card shopping and electronic money transaction volumes.

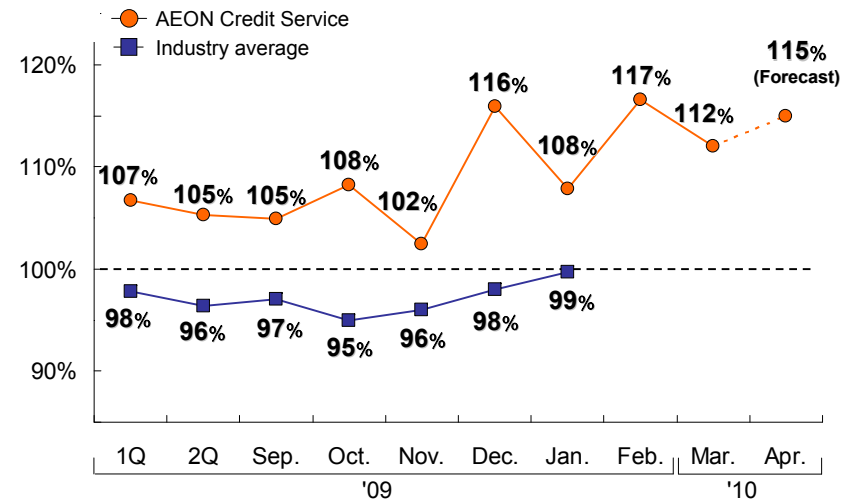
(Billions of yen)



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## Growth in Credit Card Shopping Transaction Volume (Non-Consolidated)

■ With the numbers of effective and active cardholders on the rise, the growth in the credit card shopping volume has been consistently above the industry average.



\*Source of the industry average: Ministry of Economy, Trade and Industry

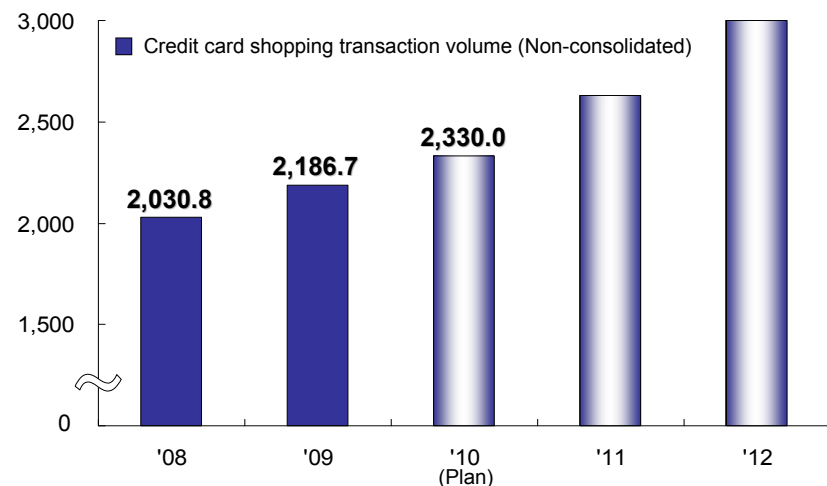
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## Credit Card Shopping Transaction Volume (Non-Consolidated)

AEON CREDIT SERVICE CO., LTD.

- Steadily increased to ¥2,186.7 billion (108% YoY change).
- Expected to increase to ¥2,330.0 billion (107% YoY change).

(Billions of yen)

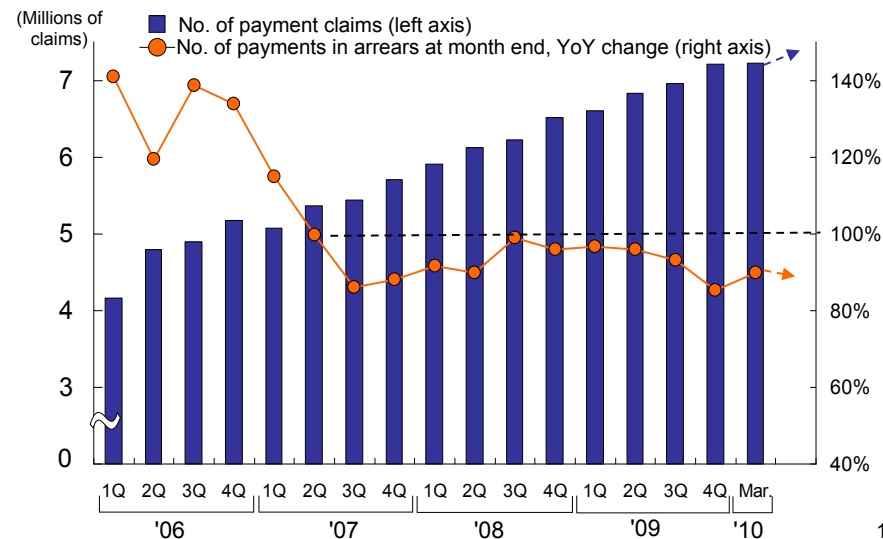


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## Numbers of Payment Claim Issuances and Payments in Arrears at Month End

AEON CREDIT SERVICE CO., LTD.

- Stricter initial credit control lowered the number of payments in arrears at the month end from the year-earlier level.

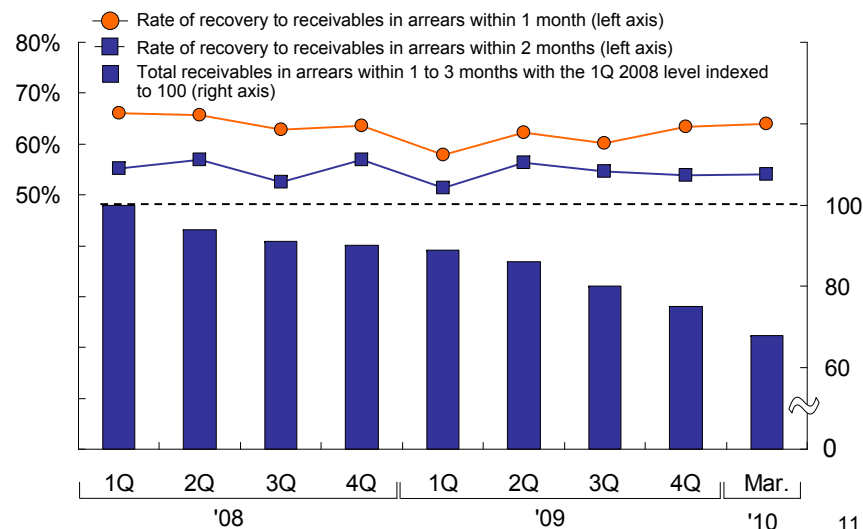


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## Rate of Recovery to Receivables in Arrears and Total Receivables in Arrears

AEON CREDIT SERVICE CO., LTD.

- The stable rate of recovery to receivables in arrears has made the total receivables in arrears falling.



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## Allowance for Possible Credit Losses

AEON CREDIT SERVICE CO., LTD.

- Allowance for possible credit losses balance at the end of the year increased to ¥47.7 billion (up ¥2.1 billion over the year).

(Billions of yen)

	FY2008	FY2009		FY2009
Allowance for possible credit losses balance, beginning of year	42.6	45.6	Allowance for personal bankruptcies	All losses written off
Provision for possible credit losses	24.7	24.0	Receivables in arrears over three months and subject to special attention	40.6
Write-off of credit losses	21.7	21.9	General allowance for possible credit losses	7.1
Allowance for possible credit losses balance, end of year	45.6	47.7	Total	47.7
Allowance ratio, end of year	6.4%	6.5%		
*Actual costs related to credit losses	46.4	45.9		
Year-on-Year Change	101.1%	98.9%		

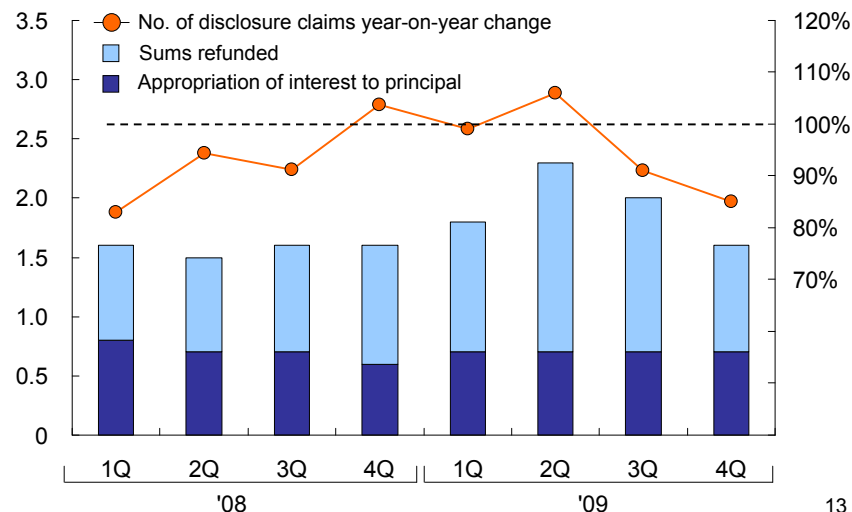
\*Actual costs related to credit losses = Provision for possible credit losses + Write-off of credit losses

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## Number of disclosure claims for excess interest repayment and amount of excess interest repayment made

- The number of disclosure claims for excess interest repayment has been on the decline since the 3rd quarter.

(Billions of yen)



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## Allowance for Losses on Excess Interest Repayment

- Allowance for losses on excess interest repayment increased to ¥22.8 billion (up ¥10.9 billion over the year).

(Billions of yen)

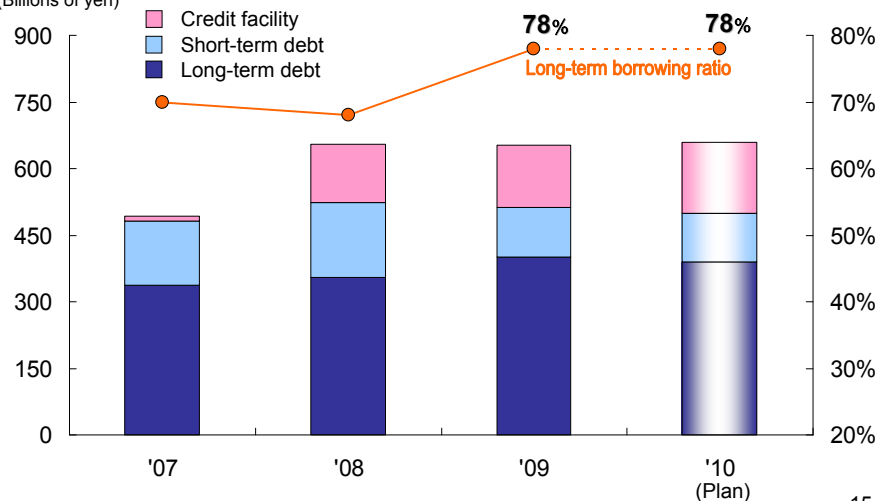
	FY2008	FY2009
Allowance for losses on excess interest repayment balance, beginning of year	8.5	11.9
Provision for allowance for losses on excess interest repayment	9.7	18.5
Amount of excess interest repayment made (Sums refunded and appropriation of interest to principal)	- 6.3	- 7.7
	1H 3.1	2H 3.2
	1H 4.1	2H 3.6
Allowance for losses on excess interest repayment balance, end of year	11.9	22.8
No. of years covered by allowance for the amount of excess interest repayment made	1.8 years	Approx. 3 years

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## Fund Procurement

- The long-term borrowing ratio rose to 78% (up 10% YoY).
- We have secured liquidity on hand with the renewed credit facility of ¥200 billion.

(Billions of yen)



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## State of System Reinforcement

- Developing systems available for the settlement businesses, the fee businesses, marketing and the overseas operations

Legend: ■ Already developed, ■ Under development

	FY2009	FY2010 (Plan)
	Dealing with legal changes	New businesses
		Handling volume expansion
Settlement system	<ul style="list-style-type: none"> <li>Providing web billing services</li> <li>WAON supporting online settlement</li> </ul>	<ul style="list-style-type: none"> <li>Worldwide authorization system</li> <li>Tripling WAON system structure</li> </ul>
Operational system	<ul style="list-style-type: none"> <li>Complying with the New Money Lending Business Law</li> <li>Complying with the New Installment Sales Law</li> </ul>	<ul style="list-style-type: none"> <li>Contact center system</li> </ul>
Information system	<ul style="list-style-type: none"> <li>Integrated customer system</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive financial portal site</li> </ul>

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# FY 2010 Major Targets of Implementation

## I. Reinforce the Settlement Businesses

1. Developing New Customer Bases
2. Making Efforts to Improve the Card Usage Ratio
3. Reinforcing the Electronic Money Business

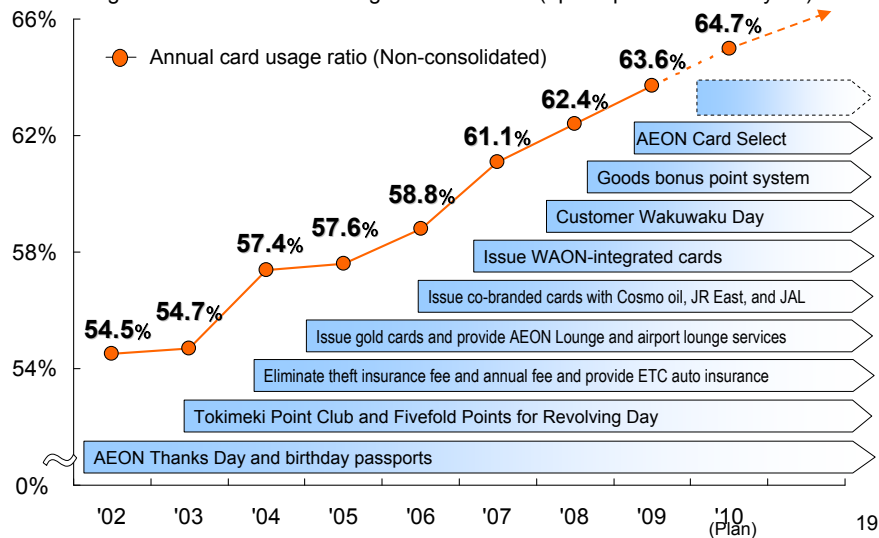
## 1. Developing New Customer Bases

- Develop new customer bases through intensified sign-up efforts for credit cards with high usage ratios such as AEON Card Select.

	Annual card usage ratio	Male ratio	Metropolitan ratio
 [AEON Card Select]	75%	35%	25%
 [COSMO THE CARD Opus]	80%	62%	28%
 [AEON JMB Card]	79%	44%	30%
 AEON Suica Card	78%	43%	65%

## 2. Making Efforts to Improve the Card Usage Ratio

- We plan to increase the number of active card holders to 12.10 million (up 0.95 m over the year) by introducing new privileges and services.
- The target for the annual card usage ratio is 64.7% (up 1.1 points over the year).

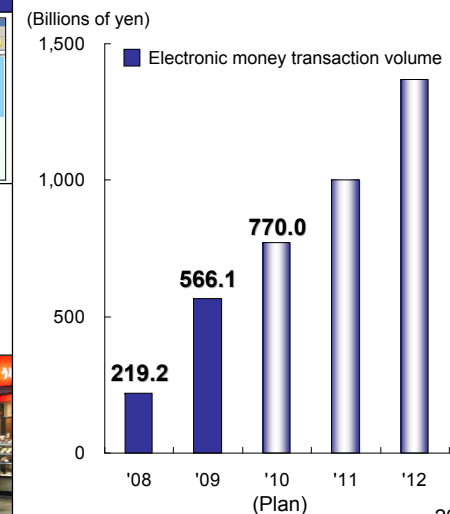


## 3. Reinforcing the Electronic Money Business

- Develop affiliated merchants focusing on online settlement, vendor machines and local communities and shopping streets.

### FY2010 targets of implementation

Introduce online settlement	
Vendor machines	
Local communities and shopping streets	

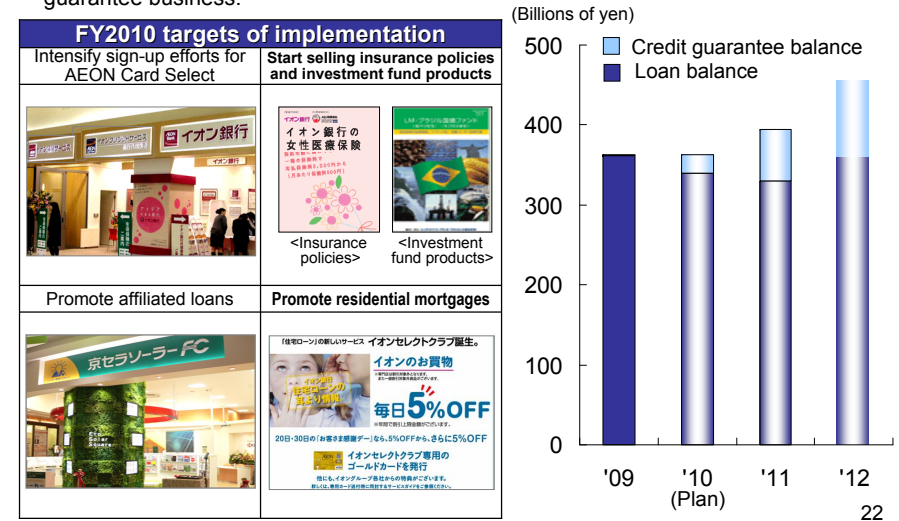


## II. Expand the Fee Businesses

1. Promoting the Bank Agency and Credit Guarantee Businesses
2. Expanding the Processing Business
3. Reinforcing the Internet Business
4. Expanding the Insurance Agency Business
5. Reinforcing the Servicer Business

## 1. Promoting the Bank Agency and Credit Guarantee Businesses

- Shift focus from branches and offices to in-store branches and pursue a dominant strategy targeting Tokyo, Nagoya and Osaka.
- Promote sales of insurance policies and investment fund products as well as the credit guarantee business.



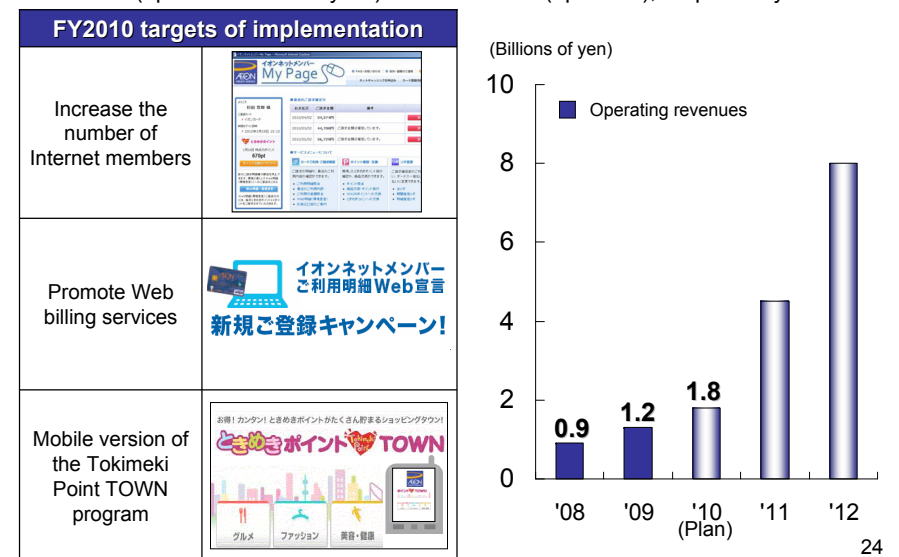
## 2. Expanding the Processing Business

- We have set up the second processing center, establishing the operational platform.

	FY2009	FY2010 (Plan)	FY2011
Processing	Account opening operations	Commissioned by other financial institutions	
	Initial credit control	Commissioned by external companies	
	Data input operations	Data analysis	Commissioned by external companies
Call center	Servicing bank customers	Open 2nd customer center	Commissioned by external companies
	Electronic money call center operations	Open 2nd call center	Open international help desks
Card issuance	Issuing magnetic cards, gift cards, WAON and cash cards	Commissioned by external companies	
	Handling volume expansion	Develop a capacity for issuing 10 million cards per annum	

## 3. Reinforcing the Internet Business

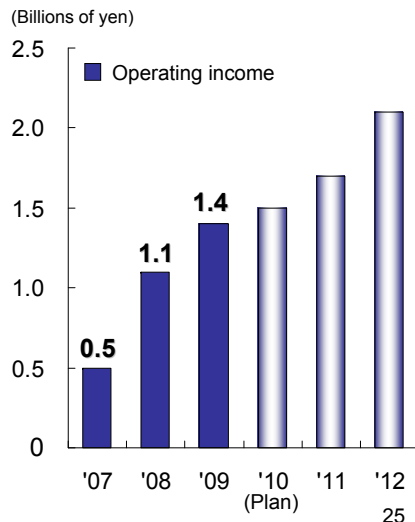
- We plan to increase the numbers of Internet members and web billing members to 4 million (up 1.9 m over the year) and 0.8 million (up 0.5 m), respectively.



## 4. Expanding the Insurance Agency Business


- Reinforce sales of insurance policies through insurance shops and the online shop.

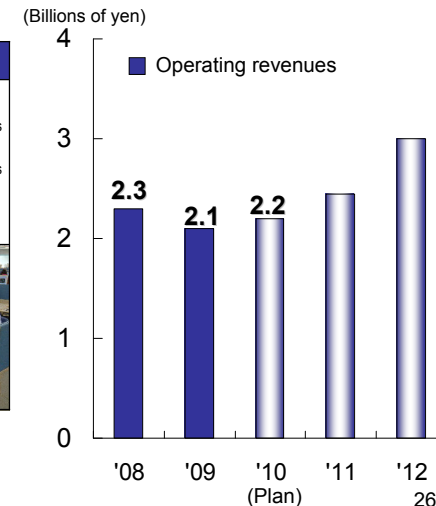
FY2010 targets of implementation	
Open new insurance shops 50 shops → 60 shops	
Reinforce online sales	
Develop private-branded insurance products	



## 5. Reinforcing the Servicer Business

- After reviewing the services in accordance with the operational guideline, operating revenues declined in FY2009.
- In FY2010, we plan to strengthen the initial receivables recovery business as well as the collection agency business especially for utility charges.

FY2010 targets of implementation	
Collection agency business	<ul style="list-style-type: none"> <li>Power companies: 5 ⇒ 10 companies</li> <li>Gas companies: 7 ⇒ 10 companies</li> <li>National pension plan: 20 ⇒ 40 areas</li> </ul>
Expand customers of initial receivables recovery services	

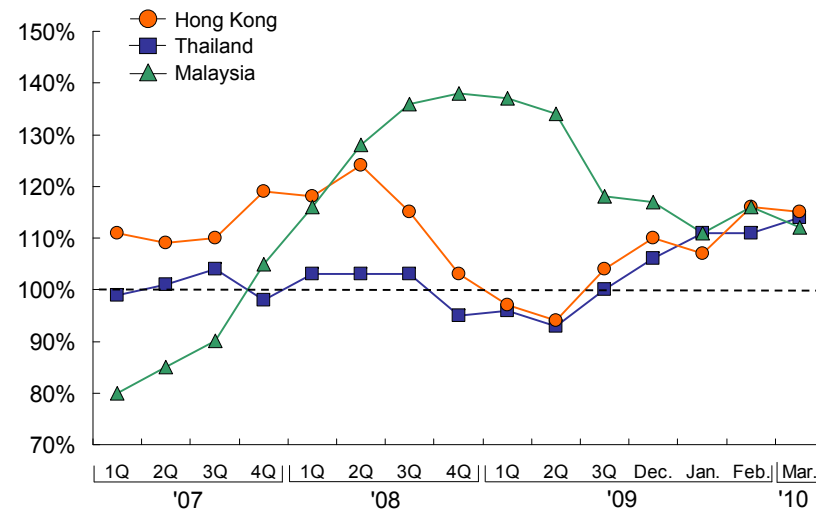


## III. Reinforcing Overseas Operations

- State of the Three Countries with Public Affiliated Companies
- China
- Taiwan
- Indonesia
- Vietnam

### 1. State of the Three Countries with Public Affiliated Companies (Credit Card Shopping Transaction Volume)

- Since the 4th quarter, the credit card shopping transaction volume has been rapidly recovering with joint plans with affiliated merchants enhanced.



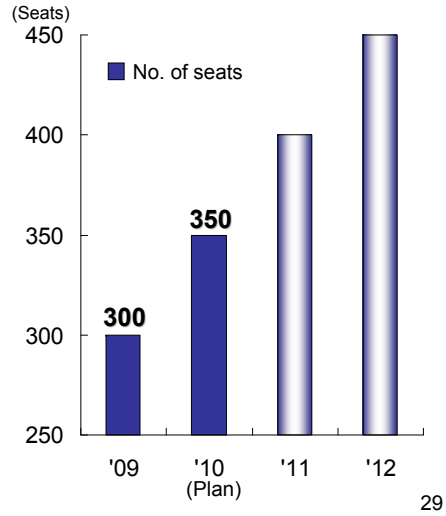
\* Calculated with the monthly average for January and February

## 2. China (Shenzhen)

- The orders for the receivables recovery services from local financial agencies has increased.



<Call center in Shenzhen>



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## 3. Taiwan

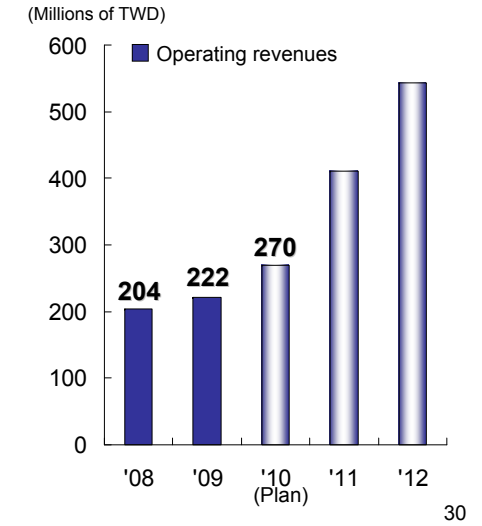
- We plan to issue a new co-branded card with Global Mall, a large shopping mall.



Partner: Global Mall



Affiliated shop of SAMPO, a major home appliance manufacturer



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## 4. Indonesia

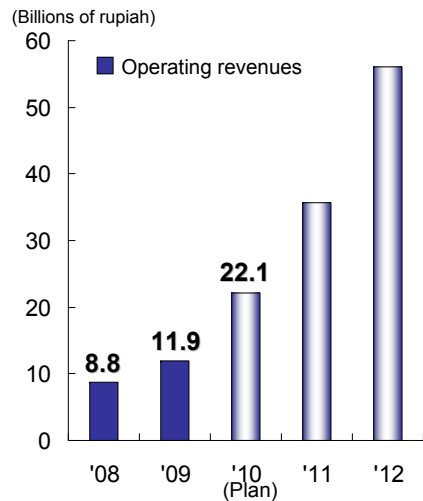
- Last November, a profit on a single month basis was achieved.
- The number of affiliated merchants increased to 1,640 (up 310 over the year). We plan to achieve a profit on a single year basis.



Giant, a hyper market



Home appliance retail store



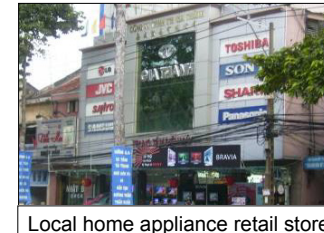
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## 5. Vietnam

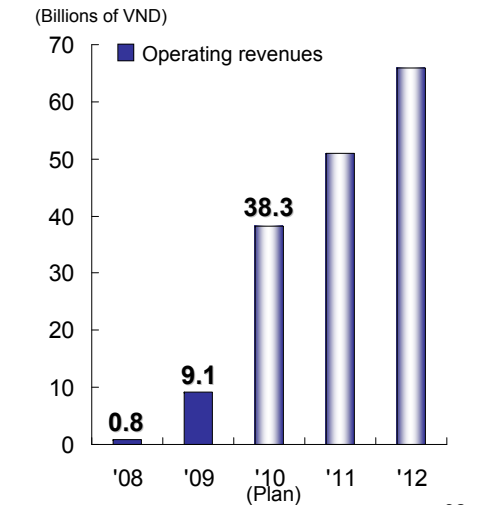
- The number of affiliated merchants increased to 400 (up 210 over the year). We plan to achieve a profit on a single year basis.



Reception desk



Local home appliance retail store



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# Forecast of Results for FY2010

(Billions of yen)

	Consolidated		Non-Consolidated	
	Forecast	YoY Change	Forecast	YoY Change
<b>Transaction volume</b>	3,100.0	104%	2,800.0	104%
<b>Operating revenues</b>	173.0	100%	117.8	100%
<b>Operating income</b>	23.0	112%	11.5	126%
<b>Ordinary income</b>	22.5	110%	13.5	124%
<b>Net income</b>	9.5	-	7.5	-

	Interim period	Term end	Full term
FY2009 dividend	¥15	¥25 (Plan)	¥40 (Plan)
FY2010 dividend (Forecast)	¥15	¥25	¥40