
Earnings Release Conference & Growth Strategies

1st half of Fiscal Year Ending March 2005

“Expectation” for growth changes into “confidence” to growth



ACOM CO., LTD.

<http://ir.acom.co.jp/english/>

Conference Schedule

November 2, 2004

Title	Presenter (Approx. Duration)	Page No.
Financial Results	Yoshinori Matsubara General Manager of Corporate Planning Dept. (5 min.)	3 -
Financial Outlook for FY 2004	the same as above (5 min.)	14 -
Growth Strategies	Shigeyoshi Kinoshita (35min.) President & CEO	16 -
Questions & Answer Session	(25 min.)	

The figures contained in this presentation with respect to ACOM's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of ACOM which are based on management's assumptions and belief in light of the information currently available to it and involve risks and uncertainties and actual results may differ from those in the forward-looking statements as a results of various facts. Potential risks and uncertainties include, without limitation, general economic conditions in ACOM's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the level of interest rates paid on the ACOM's debt and legal limits on interest rates charged by ACOM.

Financial Results and Outlook for FY 2004

Yoshinori Matsubara
General Manager of
Corporate Planning Department

Change in the First Half

◆ Exclusion of a Consolidated Subsidiary and an Affiliate

- ➔ Acom Economic Research Institute, Inc. (Consolidated Subsidiary): Merged into ACOM RENTAL CO., LTD. (as of April 1, 2004)
- ➔ ASCOT CO., LTD. (Equity-method Affiliate): ACOM sold all holding shares (as of April 19, 2004)

◆ Accounting Policy

- ➔ Accounting for the impairment of fixed assets: Application at early stage

ACOM CO., LTD.	167 millions of yen
ACOM ESTATE CO., LTD.	110 millions of yen
JLA INCORPORATED	178 millions of yen
Total	456 millions of yen

◆ Pro Forma Standard Taxation

- ➔ 492 millions of yen: “Other operating expenses” includes value-added taxes and taxes on capital

◆ State of Business Group (Statement of Interim Financial Results, p3)

- ➔ Addition of other related company (Ratios to total right to vote: 15.1%)
 - Mitsubishi Tokyo Financial Group, Inc.
 - The Mitsubishi Trust and Banking Corporation
 - Mitsubishi Securities Co., Ltd.

Key Points in the First Half

1. Change in Trend of Business Results

“Decline in income and profit” to “Same level of income and sharp increase in profit”

2. Change in Trend of Bad Debts Disposition

“Addition of allowance for bad debts” to “Decrease in allowance for bad debts”

3. Change in Trend in Receivables Outstanding

The tendency of shrinking loan volume for consumer finance industry has been settled

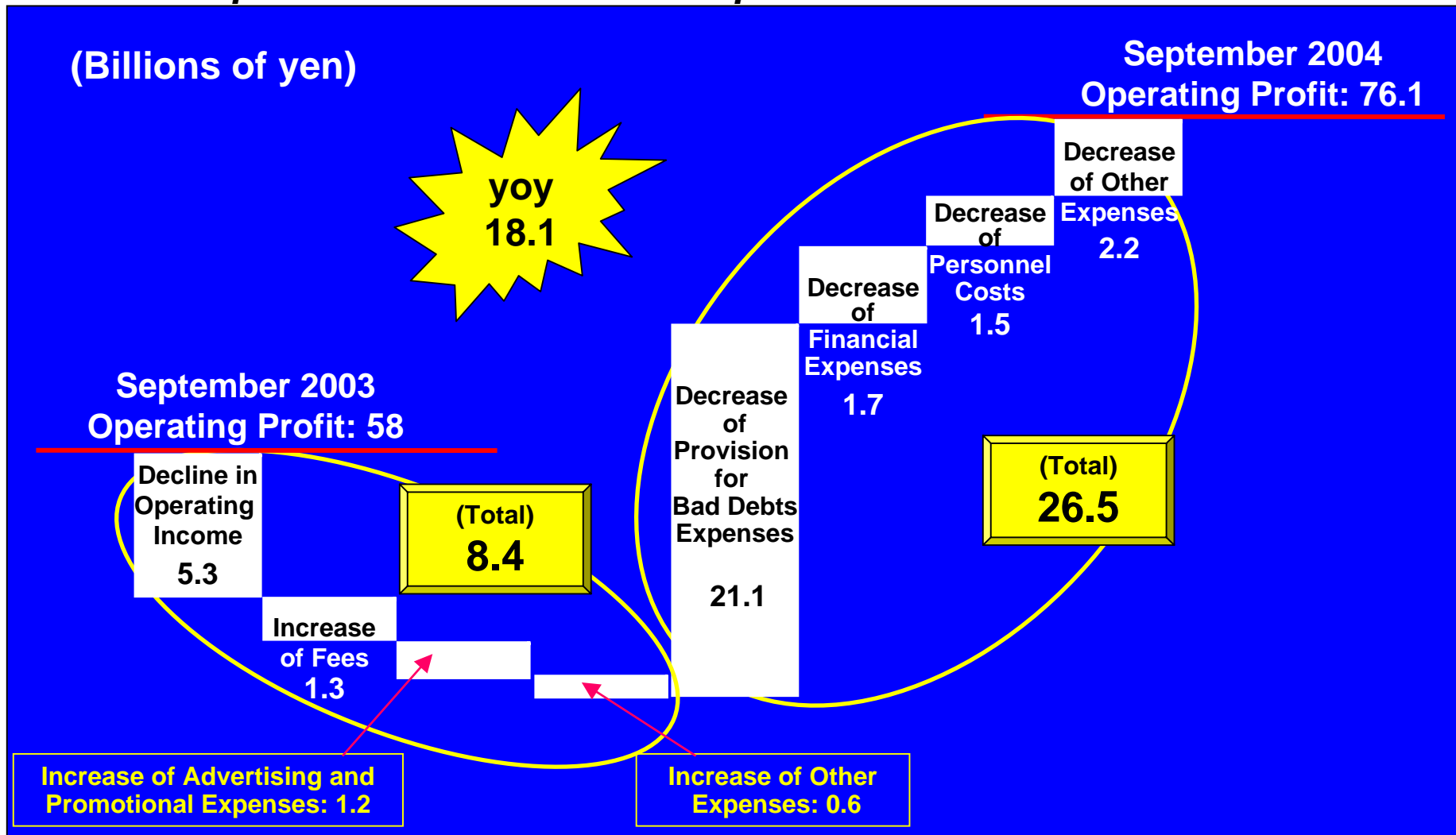
(Continuous expansion of peripheral financial services)

Highlights of Financial Results

	Consolidated			Non-consolidated		
	Actual	Change yoy	Change to Forecasted	Actual	Change yoy	Change to Forecasted
	Millions of yen	%	%	Millions of yen	%	%
◆ Operating Income	216,650	-1.0	2.2	202,207	-2.6	1.0
◆ Operating Profit	78,645	30.4	22.3	76,104	31.2	22.0
◆ Income Before Extraordinary Items	77,839	30.7	23.0	76,750	30.0	21.8
◆ Net Income	44,606	35.5	22.2	45,115	34.0	21.3
◆ EPS (Yen)	283.32	55.69	-	286.55	53.77	-
◆ ROE (%)	11.7	1.6pp	-	11.8	1.5pp	-

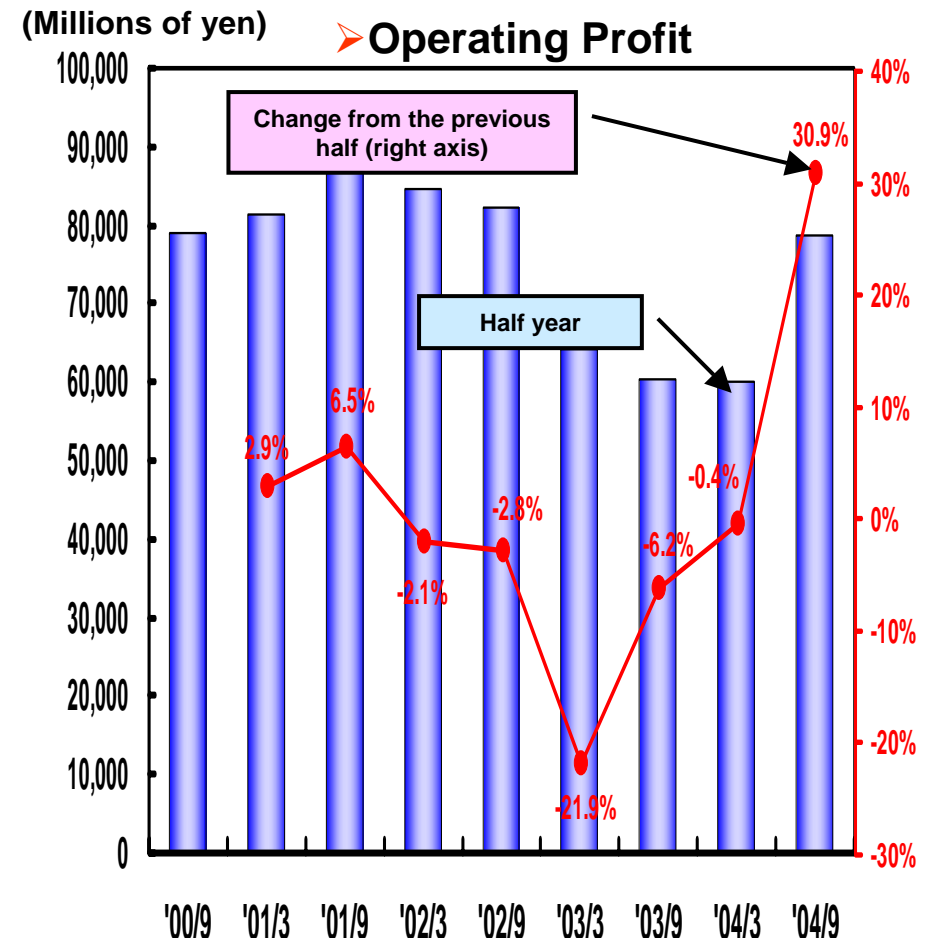
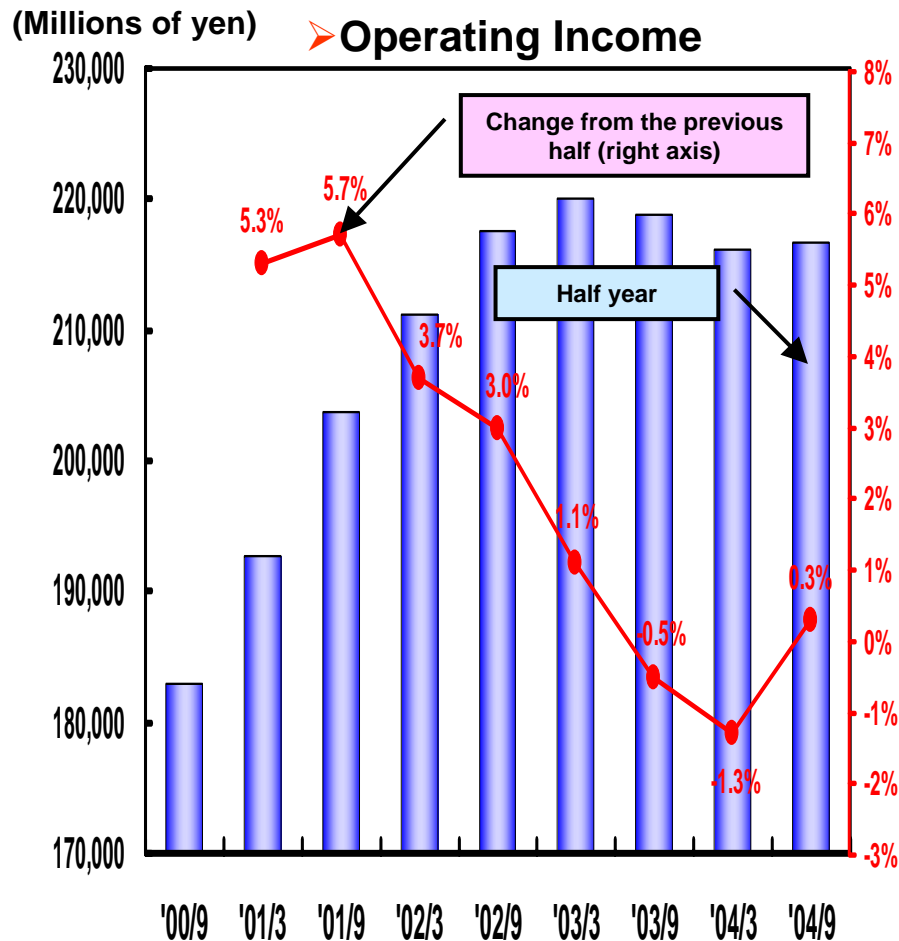
Analysis of Profit Increase (Non-consolidated)

- ◆ Major Cause: Decrease of Provision for Bad Debts Expenses & Full Implementation of Low-cost Operation



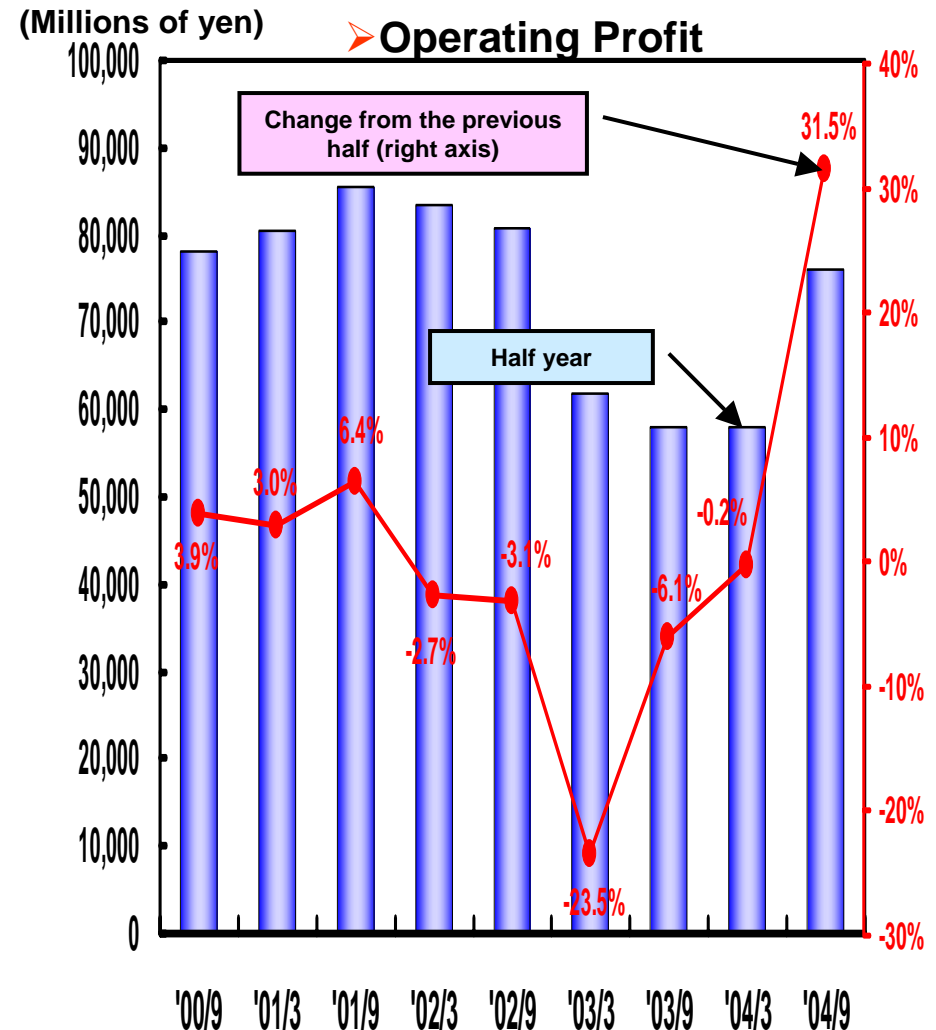
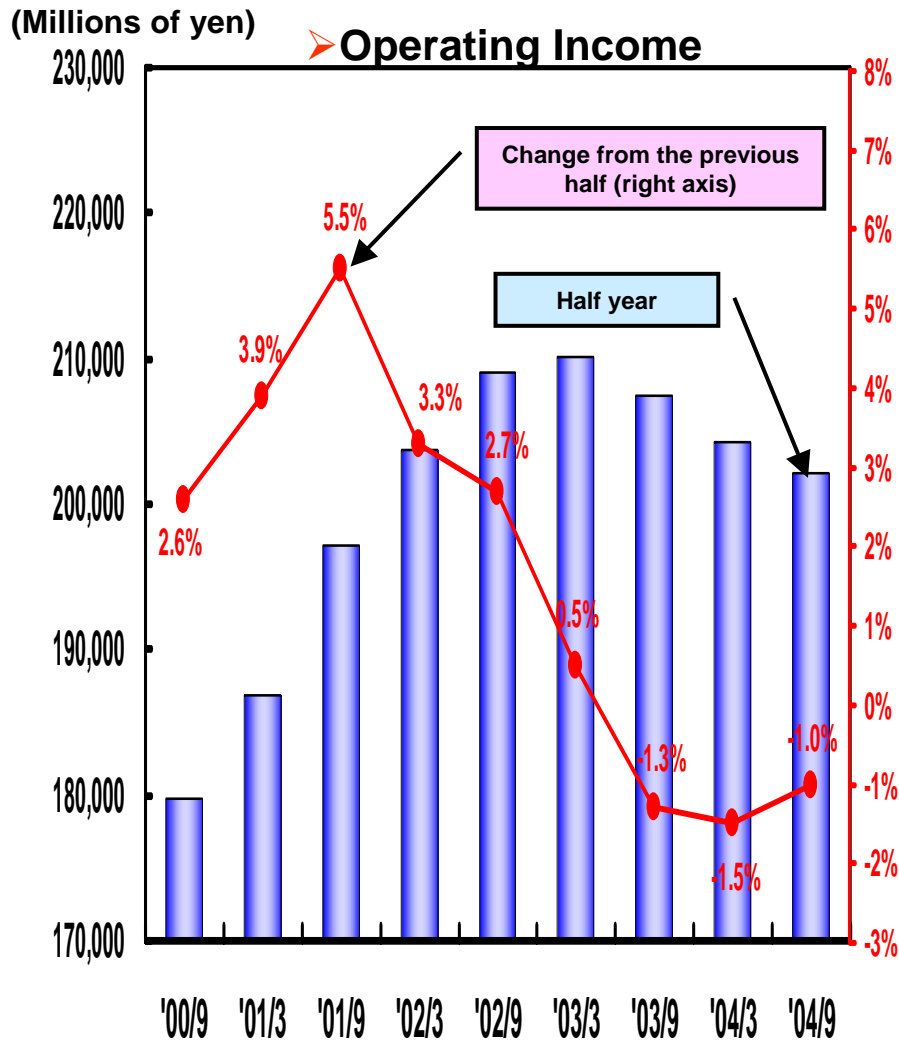
Change in Trend of Business Results DATA BOOK:Page 3

- ◆ Consolidated Operating Profit: Decline to Increase
- ◆ Consolidated Operating Income: Turned into Plus Compared to Previous Half



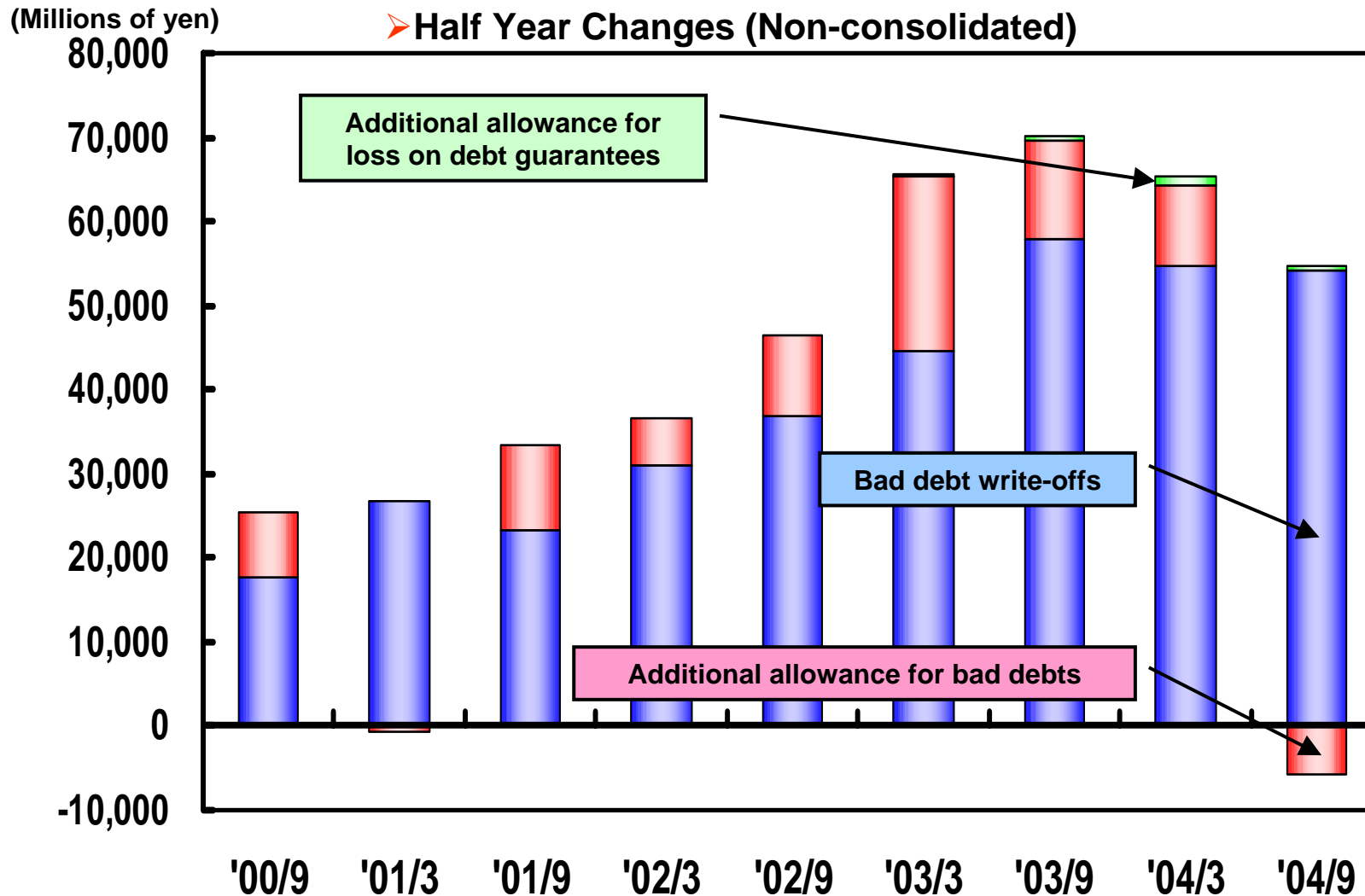
Change in Trend of Business Results DATA BOOK:Page 5

◆ Non-consolidated Operating Income & Operating Profit



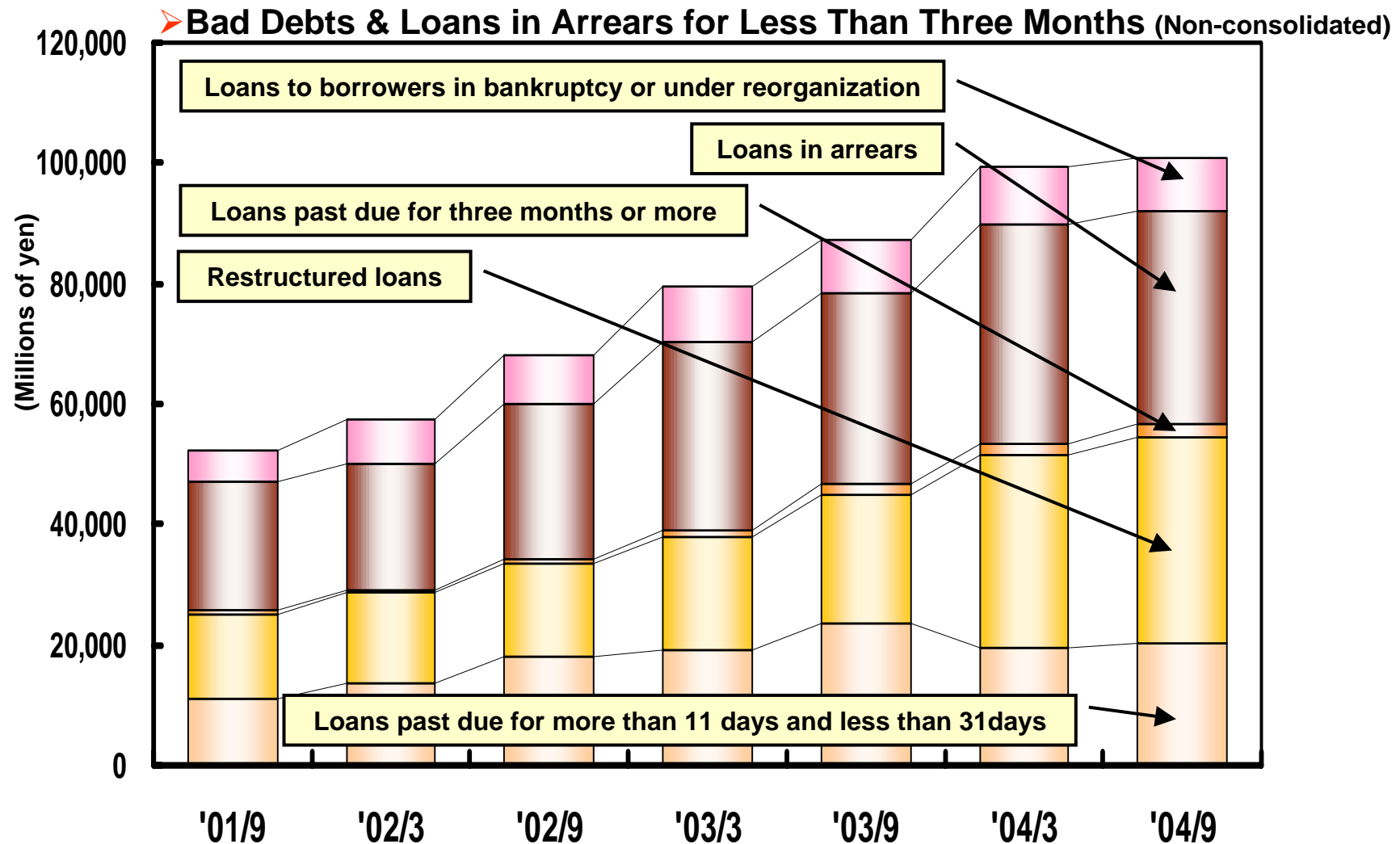
Change in Trend of Bad Debts Disposition D.B.:Page 7

- ◆ “Addition to Allowance for Bad Debts” to “Reduction of Allowance for Bad Debts”



Change in Trend of Bad Debts Disposition 1

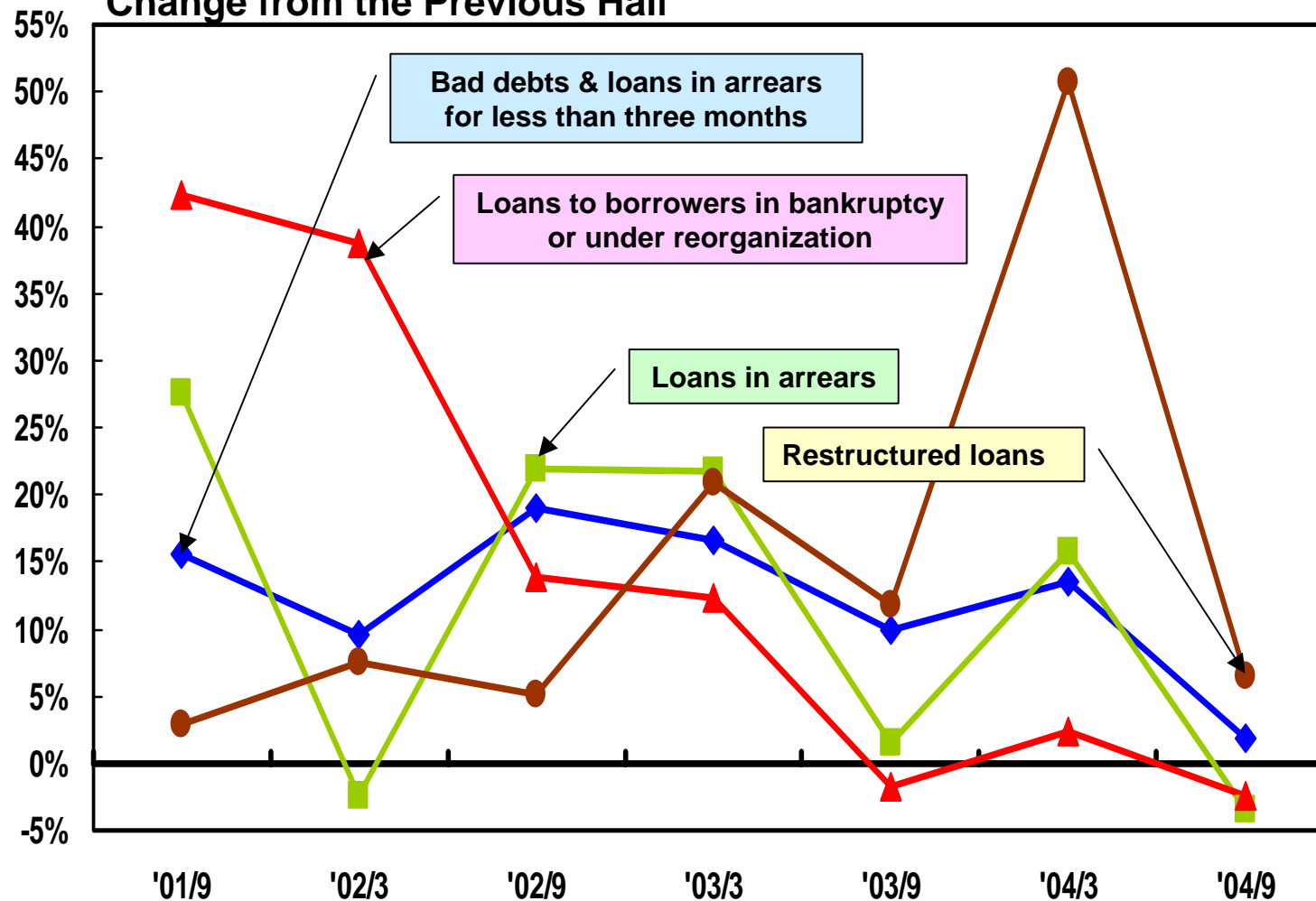
◆ Success of “Asset Quality Improvement Strategy” D.B.:Page 13



Change in Trend of Bad Debts Disposition 2

◆ Success of “Asset Quality Improvement Strategy” D.B.:Page 13

➤ Bad Debts & Loans in Arrears for Less Than Three Months (Non-consolidated)
Change from the Previous Half

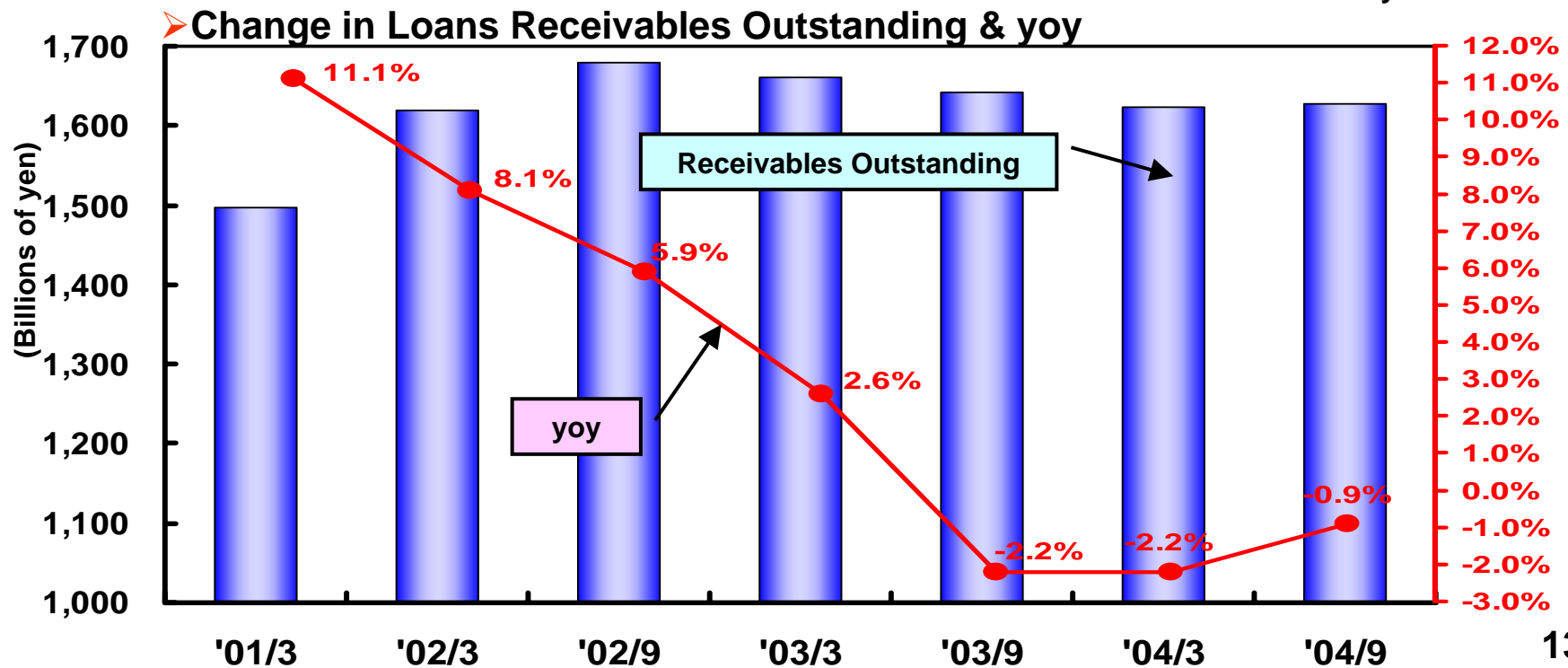


Change in Trend in Receivables Outstanding

Receivables Outstanding of Peripheral Financial Service

	9/2004	yoy
Credit Card	48,973 M	9.2%
Loan Servicing	7,256M	173.3%
Installment Sales	145,927M	-32.0%

Note: M = Millions of yen



Outlook for the Fiscal Year Ending March 2005

(Millions of yen)	Consolidated		Non-consolidated	
	Revised Outlook	Original Outlook at the Beginning of the FY	Revised Outlook	Original Outlook at the Beginning of the FY
◆ Operating Income	428,700	421,000	398,700	396,700
◆ Operating Profit	138,200	129,100	133,000	124,600
◆ Income Before Extraordinary Items	137,000	127,600	134,400	126,000
◆ Net Income	78,300	73,500	78,700	74,300

Assumption on the Outlook (Non-consolidated)

① Outlook for Long-term Prime Rate 2.0%

② Average Nominal Interest Rate 1.63%

③ Average Loan Yield 22.92%
(Unsecured Consumers Loans 23.36%)

④ Financial Expenses 22,200M

⑤ Provision for Bad Debts 104,200M

⑥ Other Operating Expenses 139,283M

Note: M = Millions of yen

Growth Strategies

Shigeyoshi Kinoshita
President & Chief Executive Officer

Dividends

◆ 90 yen of Annual Cash Dividends per Share is Scheduled

- Basic policy on ACOM's profit distribution
 - ➡ Intending to pay dividends on a consistent basis, taking into consideration the economic and financial situation, trends of the industry sector, and ACOM's performance.
 - ➡ **Interim:45yen (increased by 5 yen per share)**
 - ➡ **Year-end:45yen**

Recognition of Macroeconomic Environment

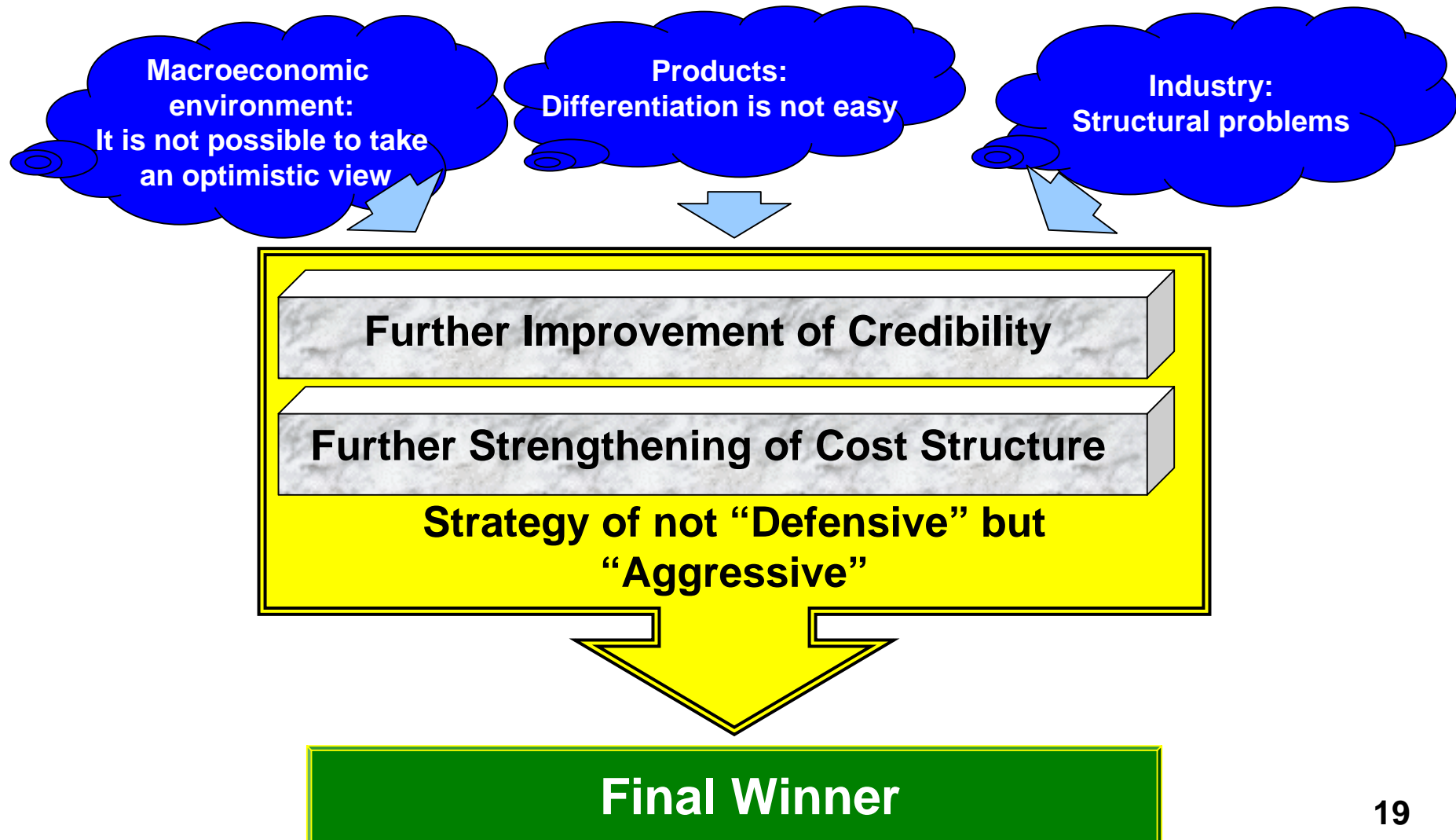
- **Macroeconomic situation has been, as a whole, improving more than the expectation. However, it is not possible to take an optimistic view at the way of extension.**

◆ *Aiming to Become a Winning Company by Further Strengthening Management Constitution*

- **Consumer Finance Industry faces three problems;**
 - 1. Changes in the customer segment - decrease in population, increase in part-time temporary workers**
 - 2. Regulatory change - increased demand to meet social standards**
 - 3. Structural change in the industry - intensified competition due to the collapse of the entry barrier**

Growth Strategy for Loan & Installment Sales Finance Business

◆ Carrying out the Strategy of “Further Strengthening Management Constitution”



Asset Quality (Loan Business)

◆ Continuing “Asset Quality Improvement”

For this fiscal year, it is ACOM’s basic policy to pursue the “Asset Quality” rather than run after the loan volume in viewpoint

- **Strengthening of “Credit Management” including “Further Segmentation”**
- **Strengthening support to customers and consulting**

➤ **Aggressive approach towards preferential customers**

Pursuing the Completion of “Asset Quality Improvement”

Asset Quality (Installment Sales Finance Business)

◆ Continuing “Asset Quality Improvement”

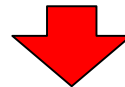
Depression of macroeconomic environment

- Reviewing the contracts with participating stores
- Depression of participating stores' sales

Decrease in the volume of installment sales finance

Installment Receivables: -35% yoy (09/2004:Non-consolidated)

- Acquisition of new participating stores targeting mainly large-scale retailers
- Cross-selling installment sales finance service to credit cardholders

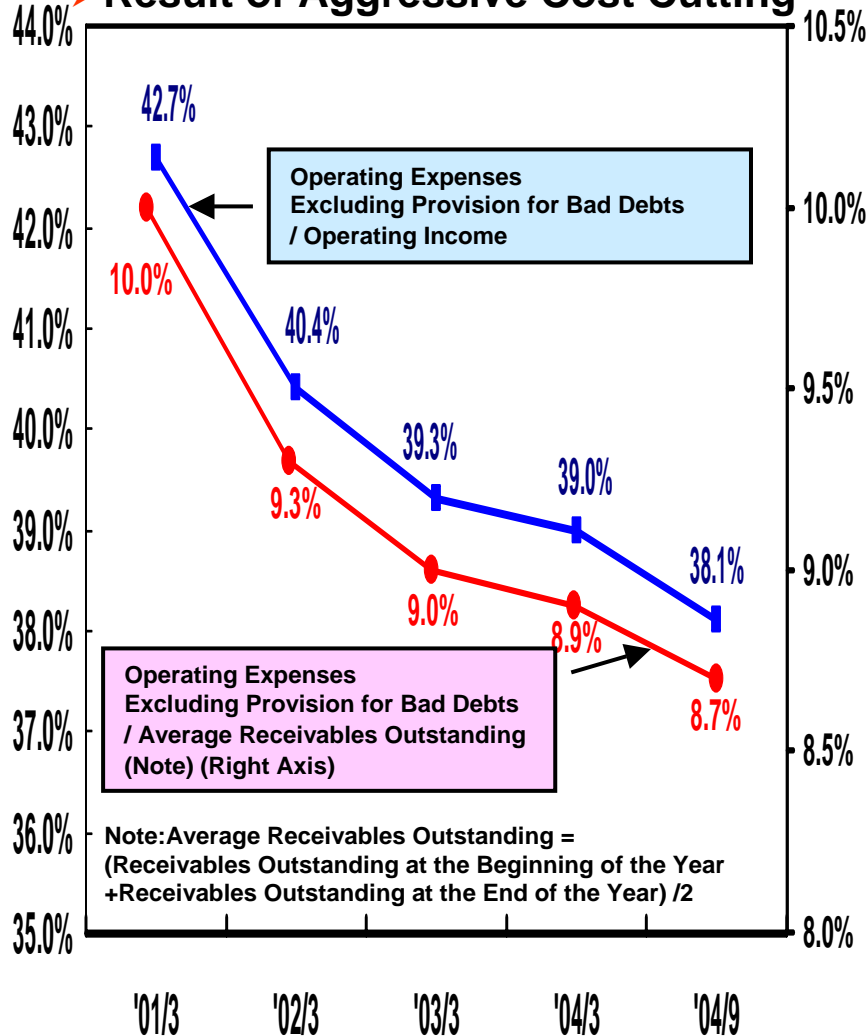


The improvement of the asset quality is continuously aimed to increase high quality receivables outstanding of installment sales finance business in the future

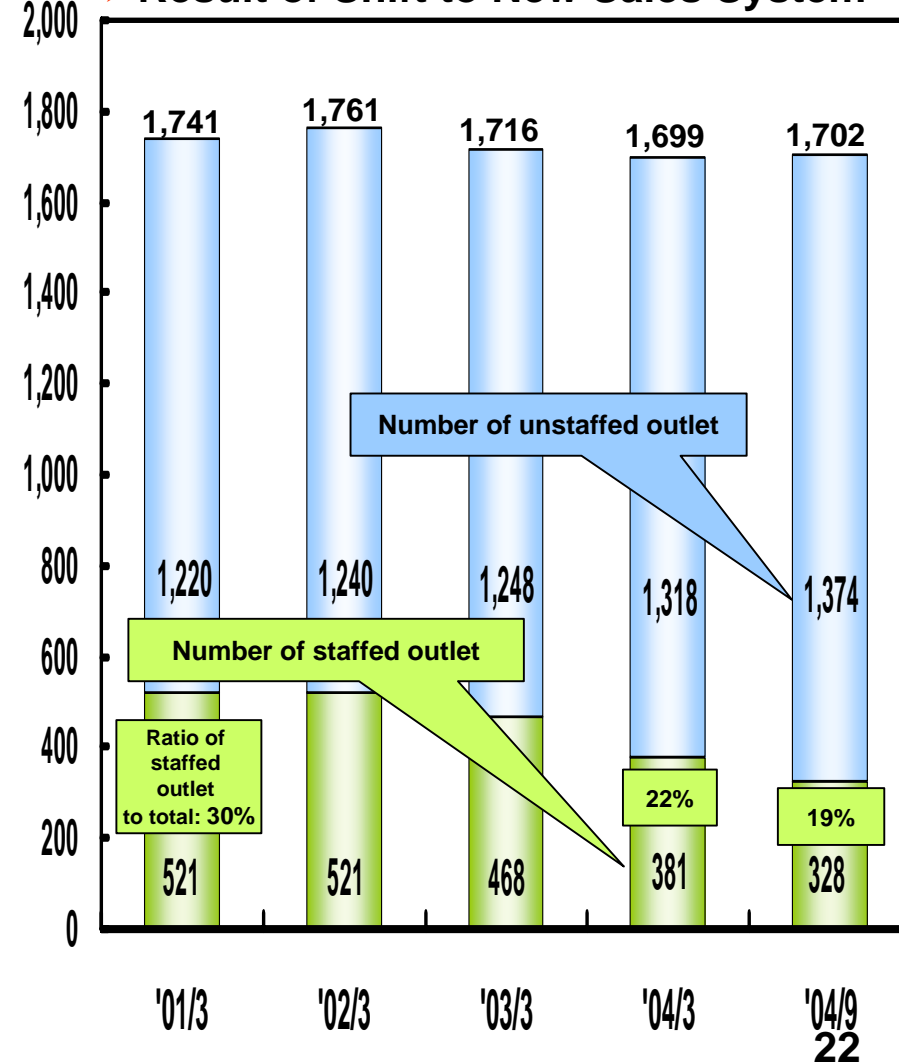
Progress of Low Cost Operation 1

◆ Further Improvement of Business Performance

➤ Result of Aggressive Cost Cutting

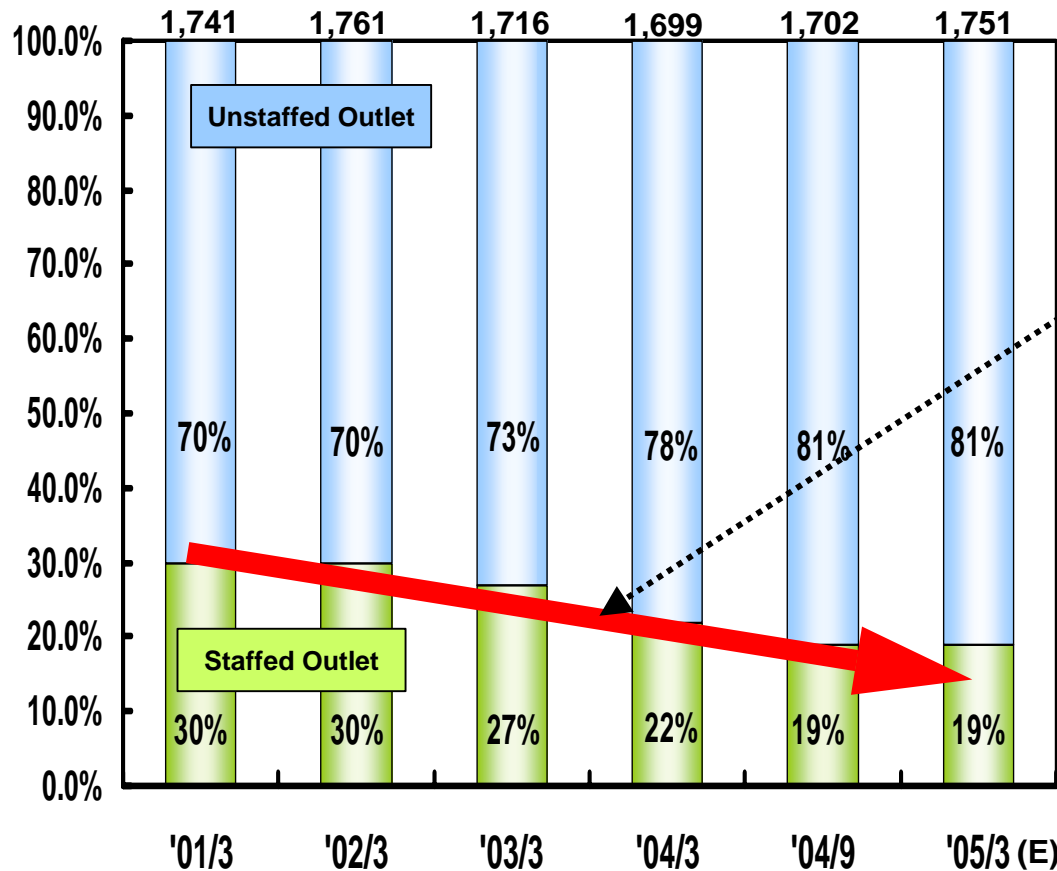


➤ Result of Shift to New Sales System



Progress of Low Cost Operation 2

◆ Restructuring of Outlet Network



Review of staffed outlets

Based on thorough test-marketing research

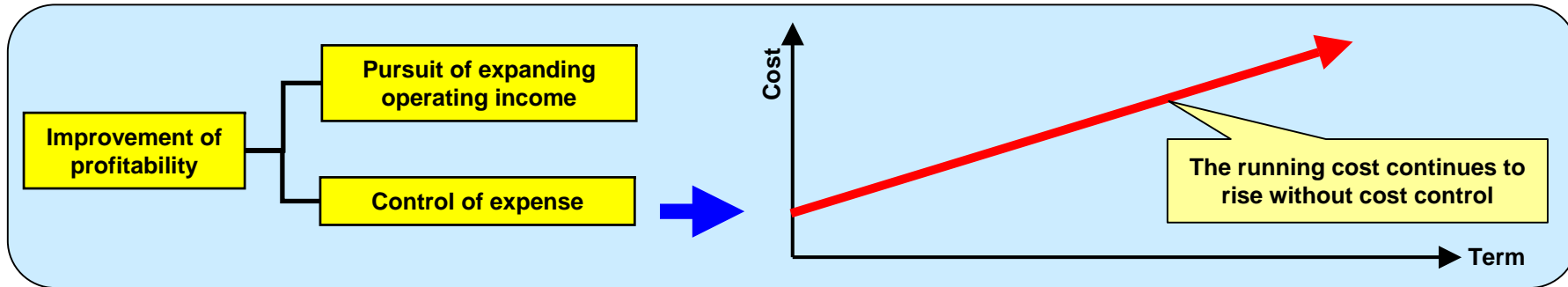
Collection and analysis of various data

Discussing the restructuring of future outlet network in the 2nd half of the current fiscal year

- Regarding the Restructuring of Outlet Network:
 - Top priority is the convenience for customers
 - Cost efficiency improvement alone is not the purpose of shifting staffed outlets to unstaffed outlets

Progress of Low Cost Operation 3

◆ Idea of Cost Reduction

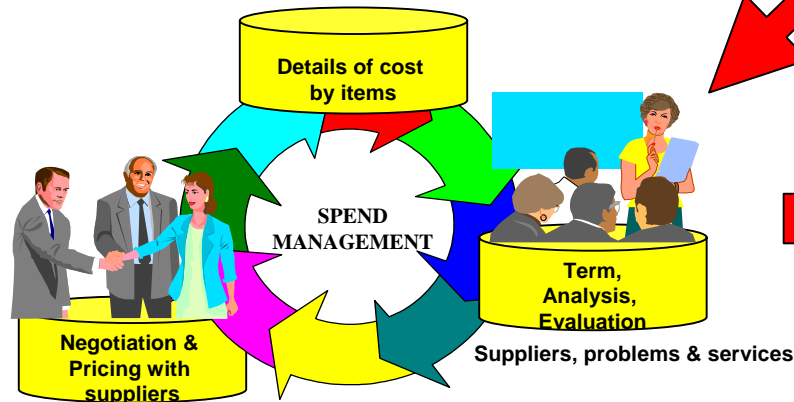


- Thorough efficiency improvement of back-office operation
- Review of Job flow
- Full Implementation of IT

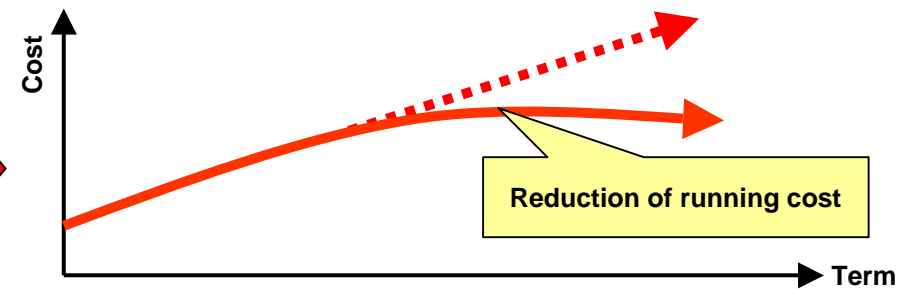


- Reduction in purchase price
 - "Analyzing human behavior of purchasing"
 - Cooperating with suppliers
- "Spend management"**
Reduction of running cost

Purchase of equipment etc. & Contract of maintenance etc.



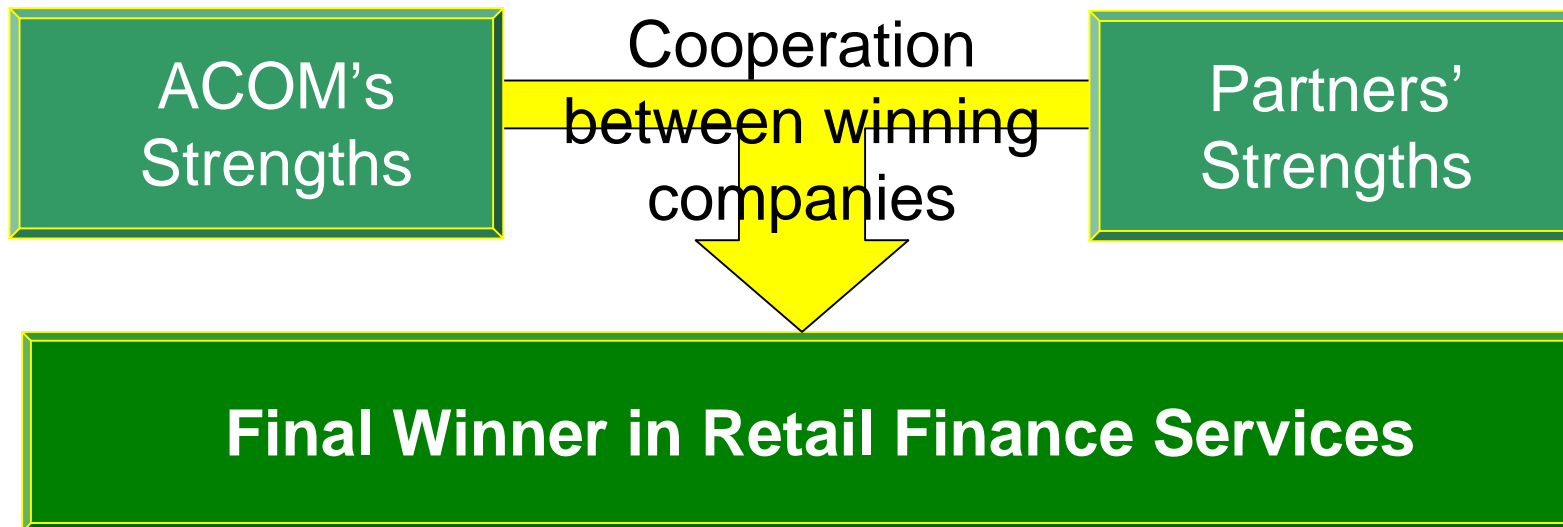
Price negotiation based on data etc.



Growth Strategy for Peripheral Financial Services

- ◆ ***“Aggressive Strategy” Equivalents to Strengthening of “Credit Screening Competence” & “Credit Management Competence”***

➤ Accelerating WIN-WIN growth model between winning companies



Peripheral Financial Services: Expanding Performance

◆ Growth Engine

➤ Peripheral Financial Services

✧ Total of Credit Card, Guarantee, Loan Servicing Businesses:

- ⇒ Operating income increased by threefold (from 3/2002 to 3/2004)
- ⇒ Operating income in the first half of the current FY increased by 77% yoy

1. Credit Card Business

- Expanding tie-ups with winning partners holding customer-drawing power, such as retailers
 - ⇒ Number of partnership: 33 corporation and 33 types of card (as of 9/2004)

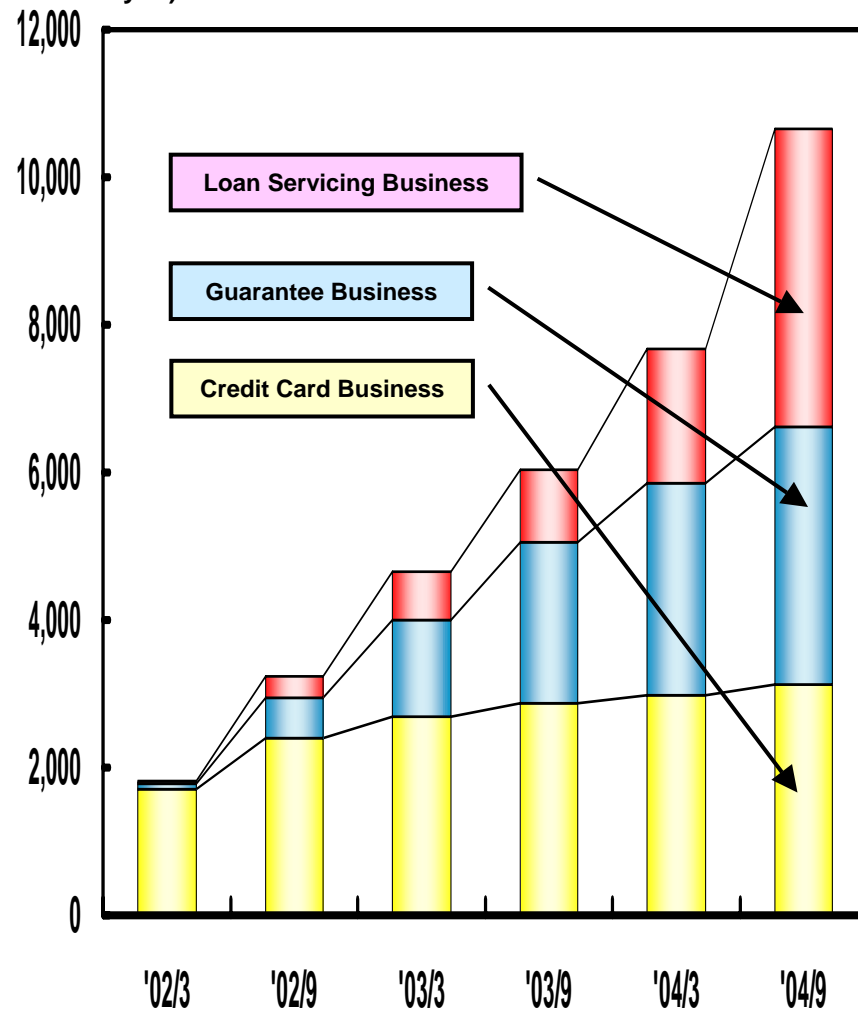
2. Guarantee Business

- Expanding tie-ups with first tier regional banks
 - ⇒ Tie-up: 10 banks & 1 corporation (as of 9/2004)
 - ⇒ Tie-up outlook:
 - ◆ The 2nd half of FY2004: 3 to 5 banks
 - ◆ From next FY onward: Expecting about 5 banks per annum

3. Loan Servicing Business

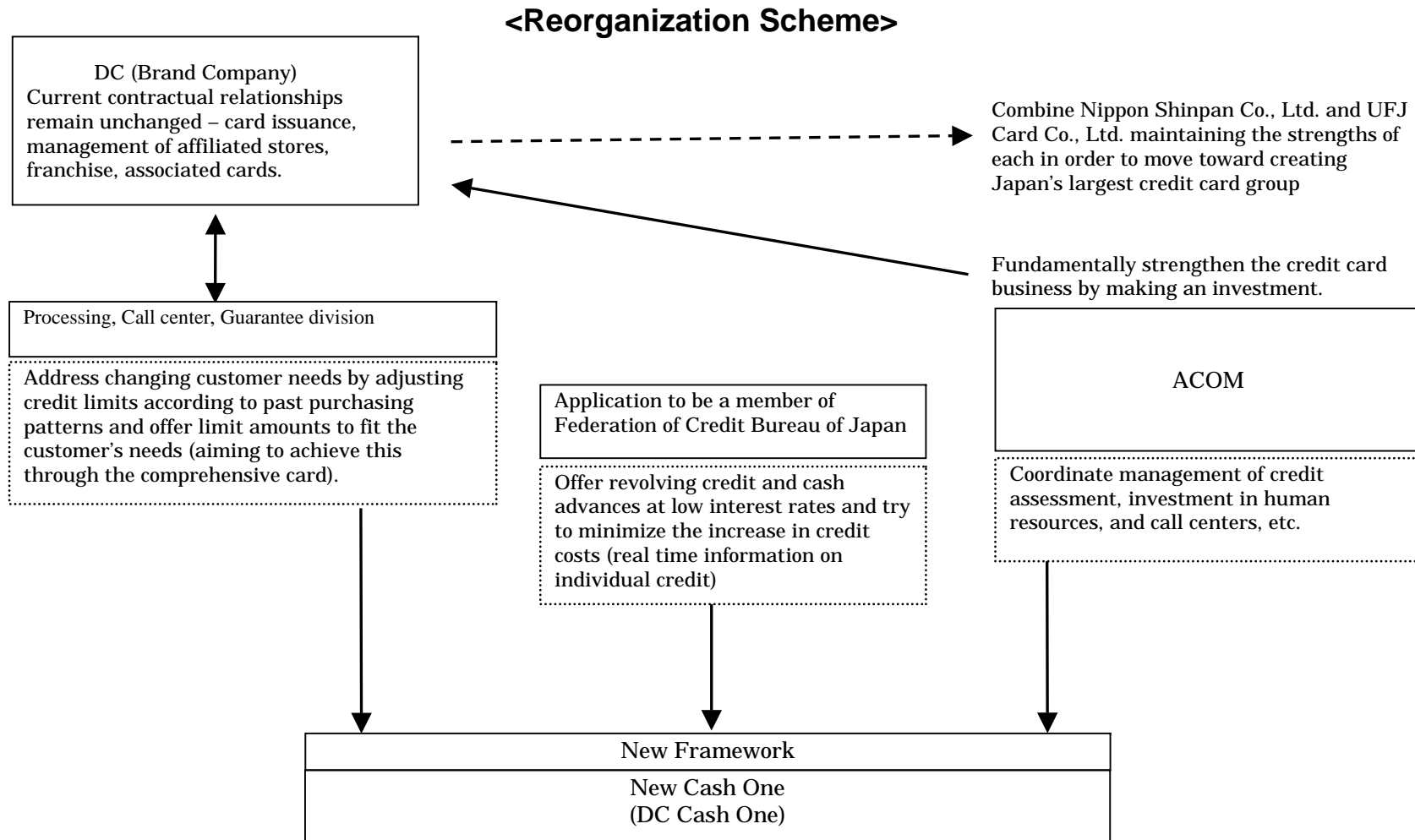
- Expanding business by tie-ups with corporations & serving fields
 - ⇒ Operating income in the first half of the current FY increased by 300% yoy
 - ⇒ Expecting high growth rate in the future

(Millions of yen)



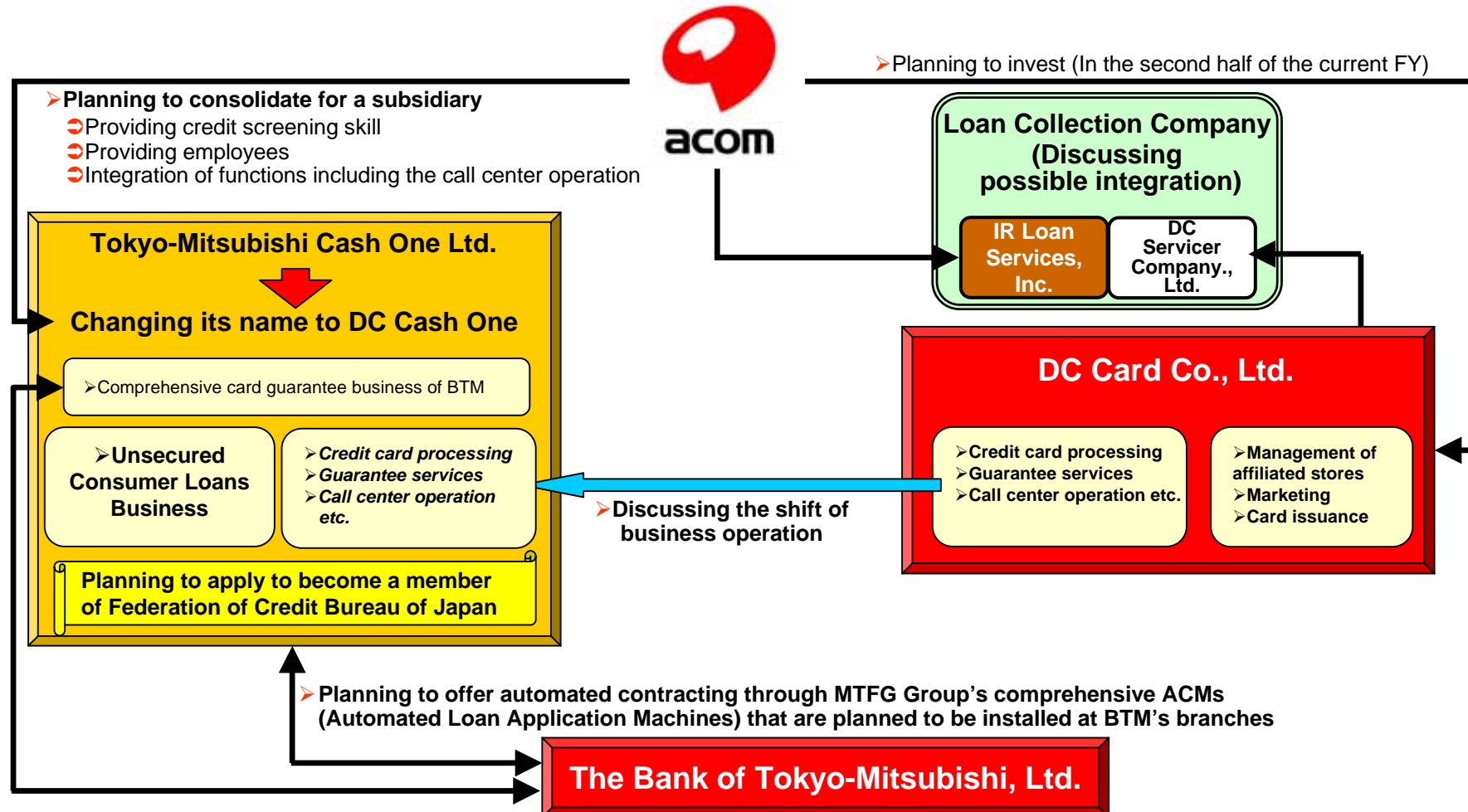
Peripheral Financial Services: Accelerated Growth

◆ “Expectation” for Growth Changes into “Confidence” to Growth

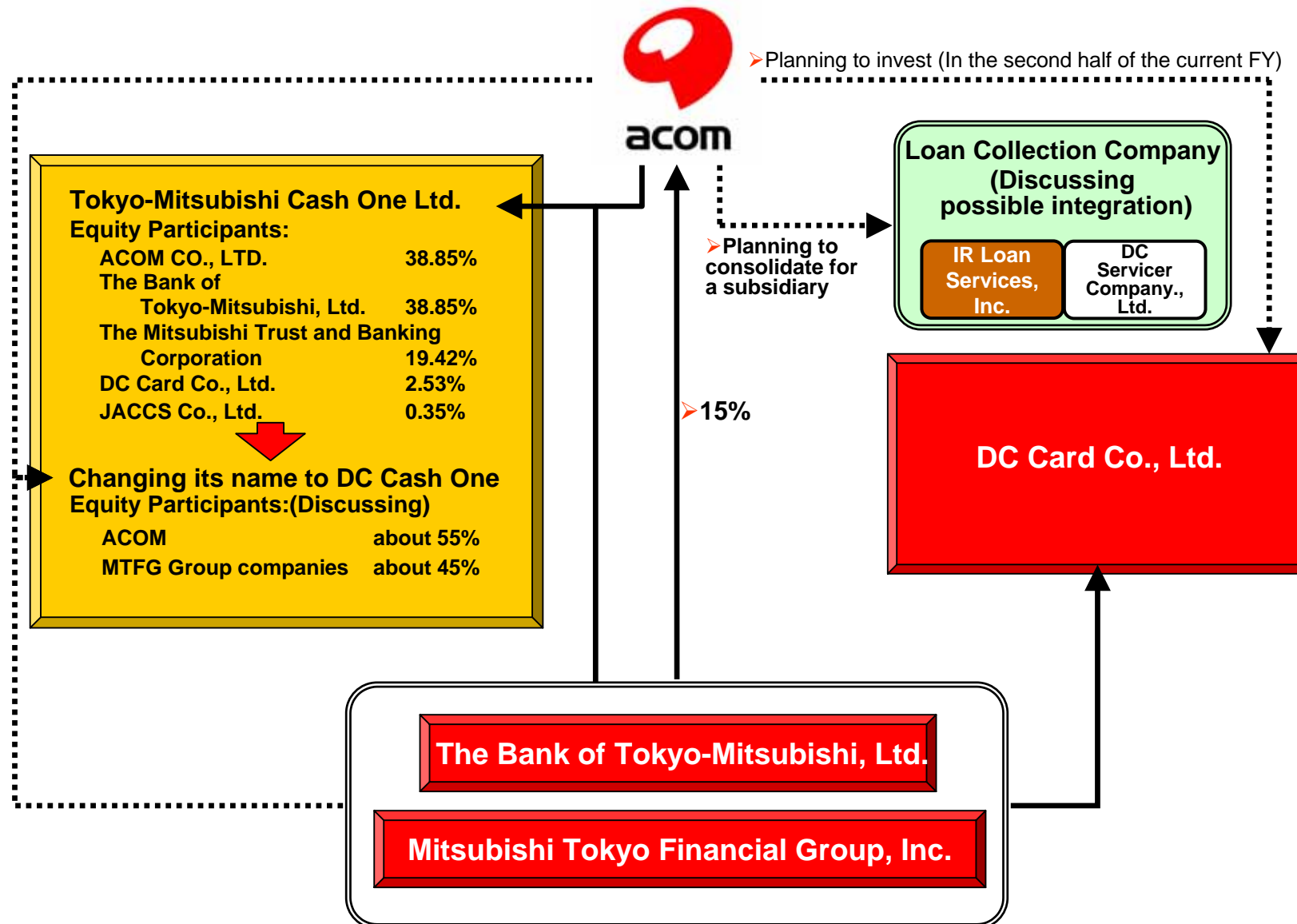


Alliance Scheme with MTFG: Business Diagram (scheduled)

- ◆ **Strengthening the Consumer Finance Business of Both Groups, ACOM Group and MTFG Group, by Combining the Strengths of ACOM and DC CARD**



Alliance Scheme with MTFG: Capital Diagram (scheduled)



Alliance Scheme with MTFG: ACOM Group Benefits

◆ Constructing New system to Boost Profit

➤ ACOM (Expanding Guarantee Business Operation)

1. ACOM is entrusted with guarantee business operations of new unsecured loan products, which BTM will provide for its customer seeking an unsecured loan (starting from the next fiscal year onward)
2. ACOM is entrusted with guarantee business for BTM's closely related regional banks etc. (This was not included in a business scheme announced on October 29, 2004)

➤ DC Cash One (Expanding Revenue Sources & Profitable in Early Stage)

3. DC Cash One is entrusted with comprehensive card guarantee business of BTM
4. DC Cash One is entrusted with DC Card's credit card processing and guarantee services (scheduled)
5. Increasing unsecured loans receivables from the effect of installation of MTFG Group's comprehensive ACMs etc.

➤ Loan Servicing Business (Further Expansion of Business Base)

6. Aiming further optimization of operations and maximization of profits by the integration of IR Loan Services, Inc. and DC Servicer Company., Ltd.

Alliance Scheme with MTFG: Scheduling

➤ Tie-up Business Outline

➤ Commencement date (scheduled)

ACOM

1. Guarantee business of BTM's new unsecured loan products	Next FY onward
2. Guarantee business for BTM's closely related regional banks (This was not included in a business scheme announced on October 29, 2004)	Current FY: 3 to 5 banks Next FY onward: about 5 banks per annum

DC Cash One

3. Comprehensive card guarantee business of BTM	In the 2nd half of the current FY
4. DC Card's credit card processing and guarantee services	In the 1st half of next FY
5. Increasing unsecured loans receivables from the effect of installation of MTFG Group's comprehensive ACMs etc.	Next FY onward

Loan Servicing Business

6. Aiming further optimization of operations and maximization of profits by the integration of IR Loan Services, Inc. and DC Servicer Company., Ltd.	Discussing
------------------------------------------------------------------------------------------------------------------------------------------------------	------------

Alliance Scheme with MTFG: Expected Growth

◆ **Future Image of Loan Receivables & Guarantee Business Balances: 500 to 600 billions of yen (in upcoming three years)**

➤ **Tie-up Business Outline**

➤ (to FY Ending March 2008)

ACOM

1. Guarantee business of BTM's new unsecured loan products	100 to 200 billions of yen
2. Guarantee business for BTM's closely related regional banks (This was not included in a business scheme announced on October 29, 2004)	50 to 100 billions of yen

DC Cash One

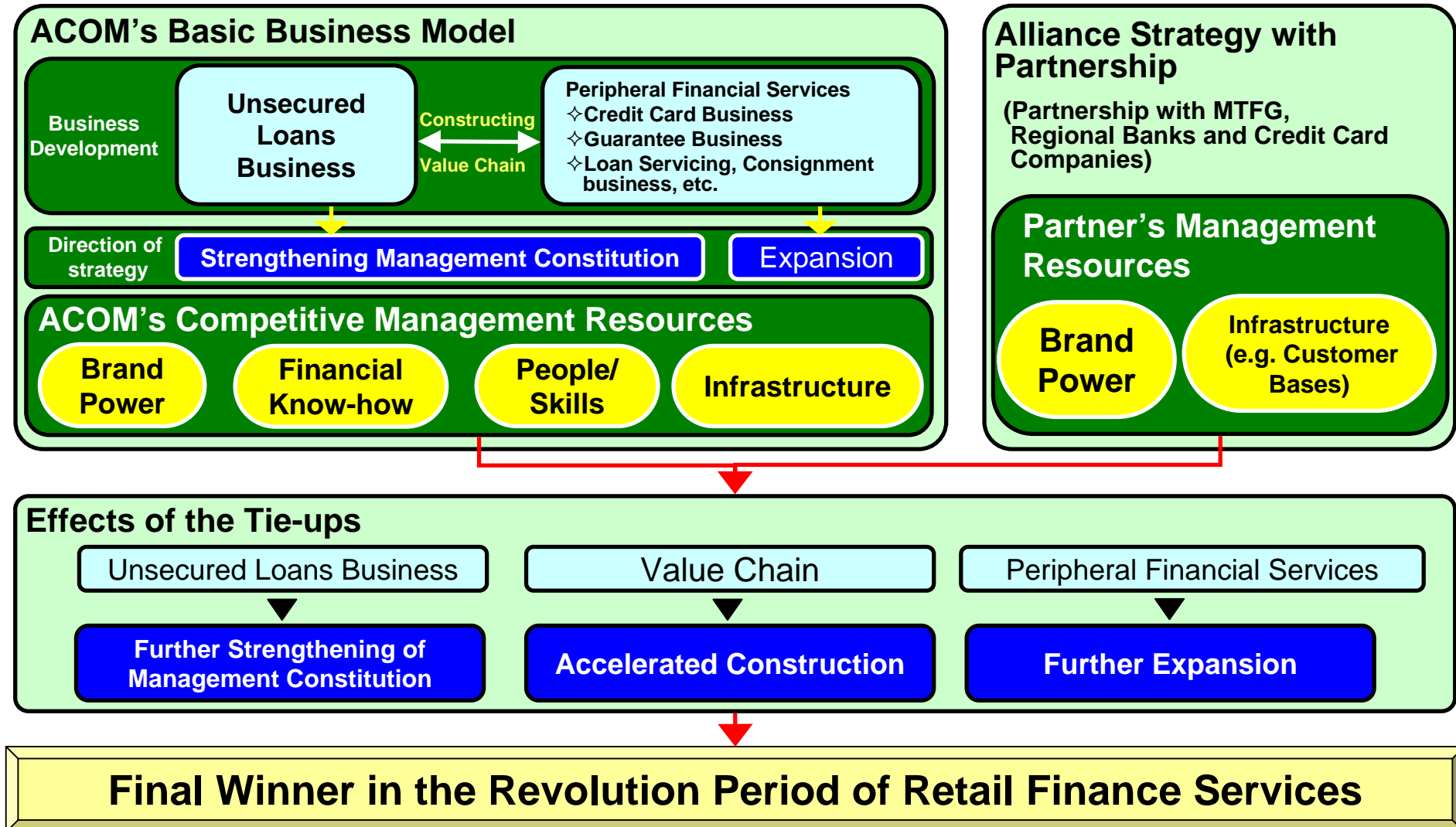
3. Comprehensive card guarantee business of BTM	about 300 billions of yen
4. DC Card's credit card processing and guarantee services	-
5. Increasing unsecured loans receivables from the effect of installation of MTFG Group's comprehensive ACMs etc.	Over 100 billions of yen

Loan Servicing Business

6. Aiming further optimization of operations and maximization of profits by the integration of IR Loan Services, Inc. and DC Servicer Company., Ltd.	-
------------------------------------------------------------------------------------------------------------------------------------------------------	---

Ever-progressing ACOM's Business Model

◆ Aiming to be a Winner in the Retail Financial Industry



Questions & Answer

Reference

- ◆ **For further information and questions regarding this presentation, please contact:**

**Investor Relations Office
Tel: +81-3-3270-3423
email: ir@acom.co.jp**

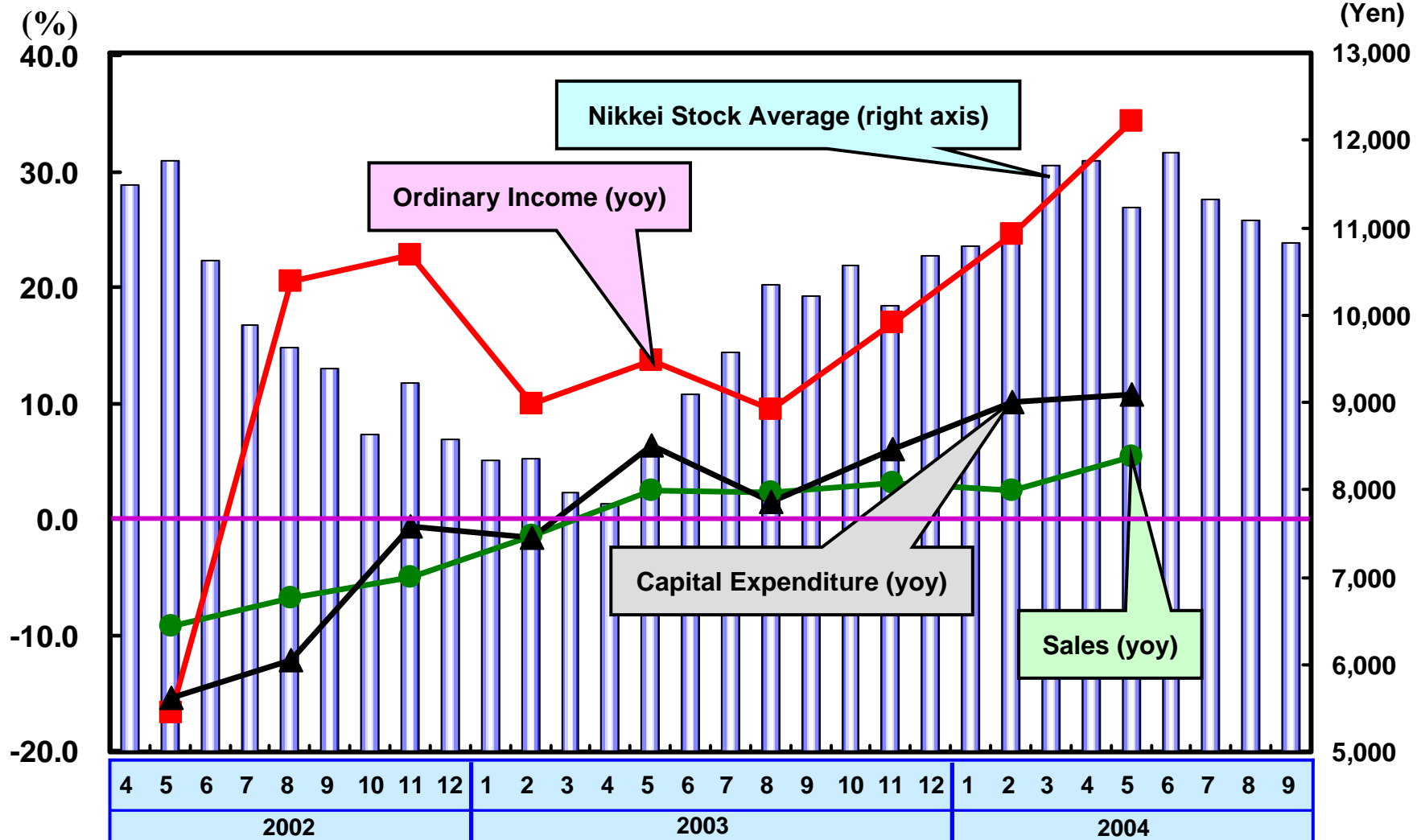
- ◆ **For updated company information, please refer to our website:**

<http://ir.acom.co.jp/english/>

Appendix

Business Environment

◆ Recovery Tendency of Company Profits



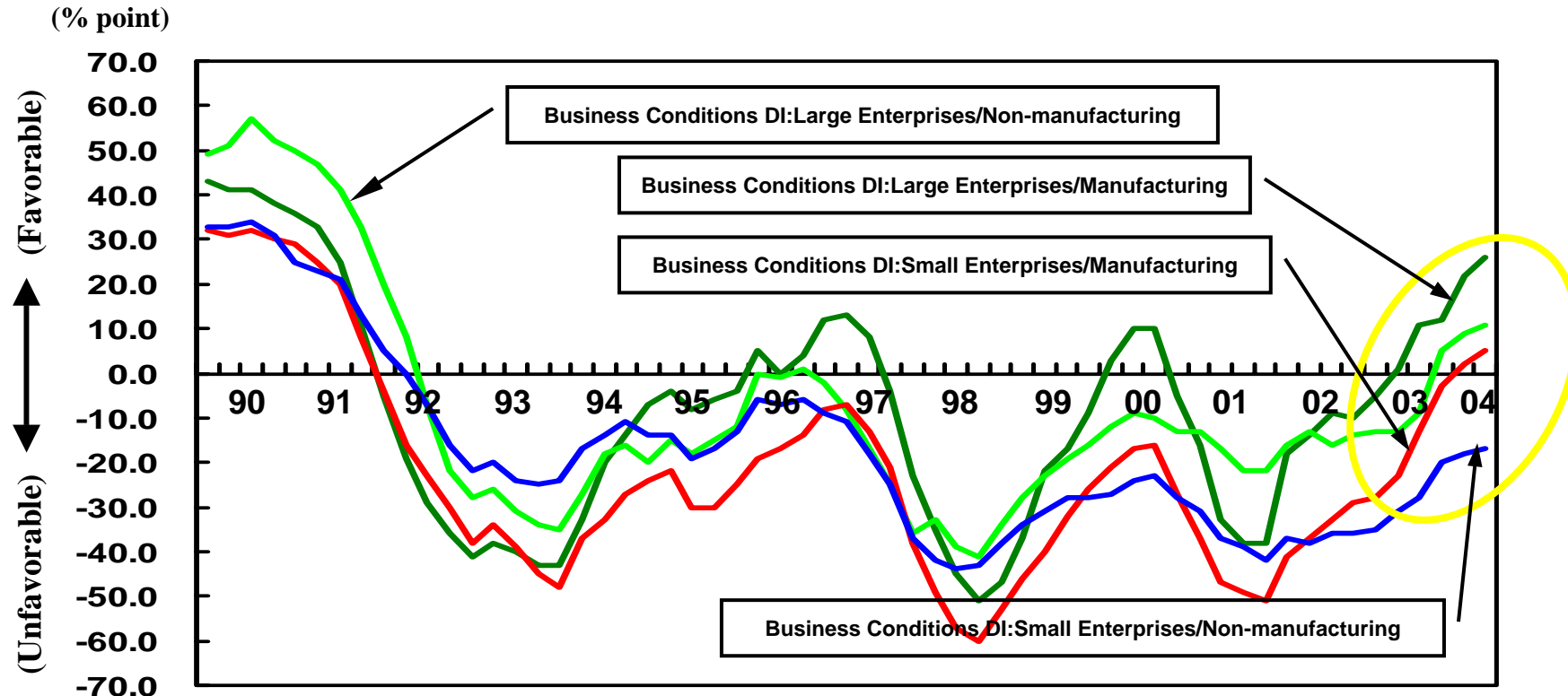
Note1.: The figures of sales, capital expenditure and ordinary income indicate quarterly based year on year percentage point.

Note2.: Capital expenditure includes the software

Source: Ministry of Finance Japan

Business Environment

◆ Change of the TANKAN Survey (Quarterly)



Estimated Ordinary Income for FY2004

“Large Enterprises/Manufacturing” → +18.0%(yoy) “Large Enterprises/Non-manufacturing” → +9.2% (yoy)

Industrial Business Conditions as of September 2004 (Large Enterprises)

“Retailing” : March:+3, June:-4, September:-5

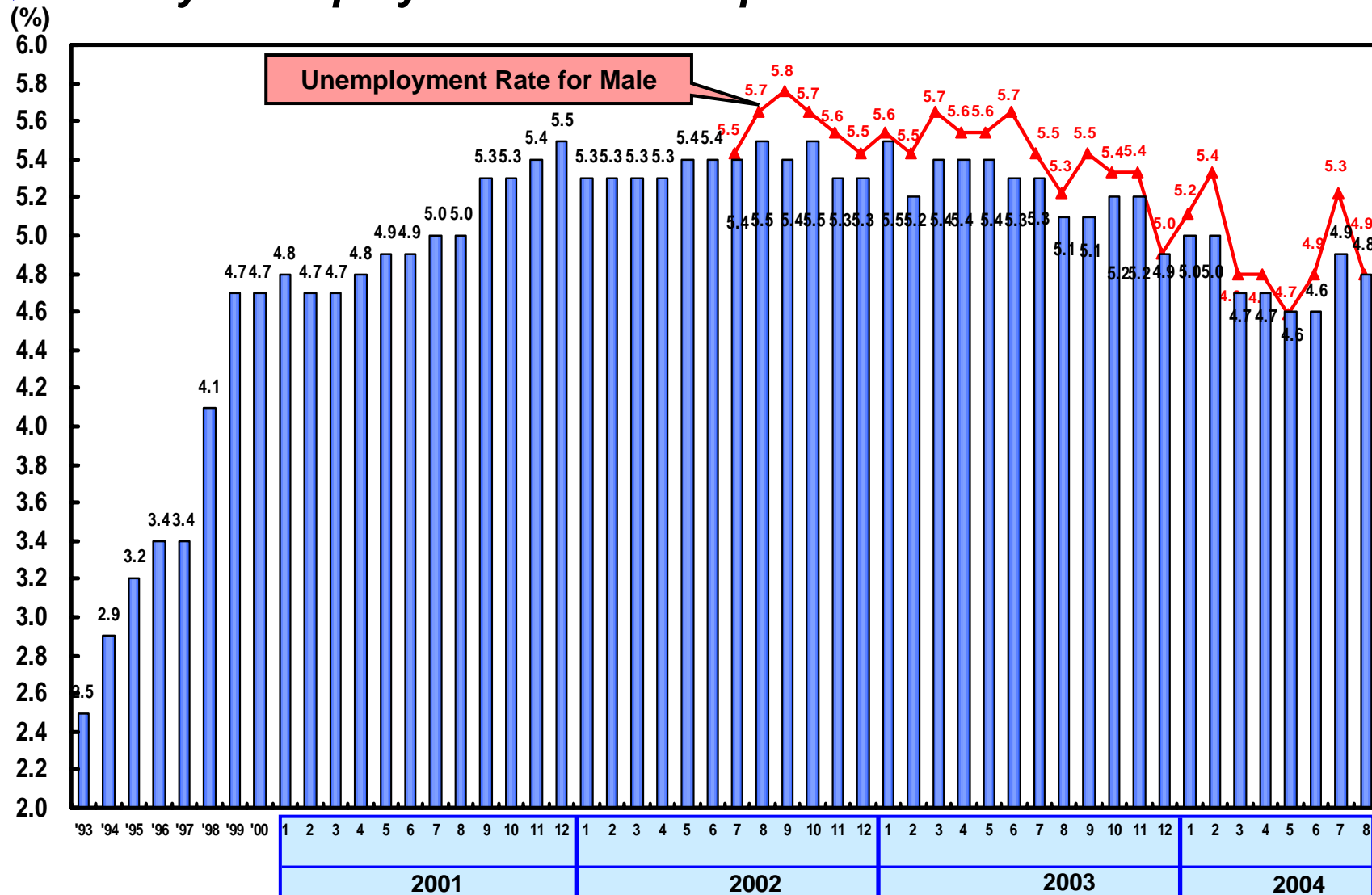
“Restaurants & Accommodations” : March:-25, June:+4, September:+7

“Transportation” : March:0, June:+10, September:+7

The extension of the economic recovery to the domestic demand is uneven by industry

Business Environment

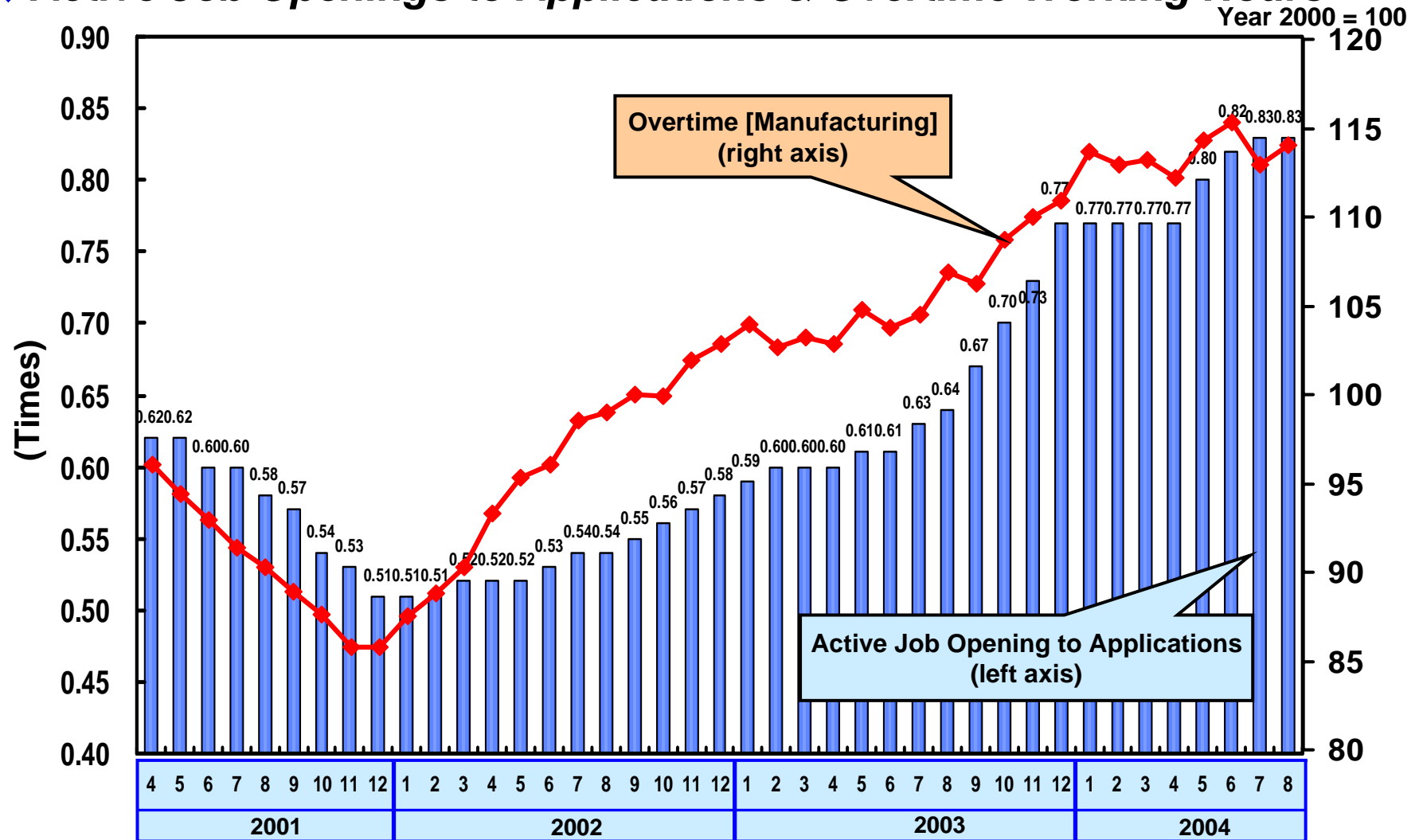
◆ Monthly Unemployment Rate in Japan



Source: Statistics Bureau (Seasonally Adjusted)

Business Environment

◆ Active Job Openings to Applications & Overtime Working Hours



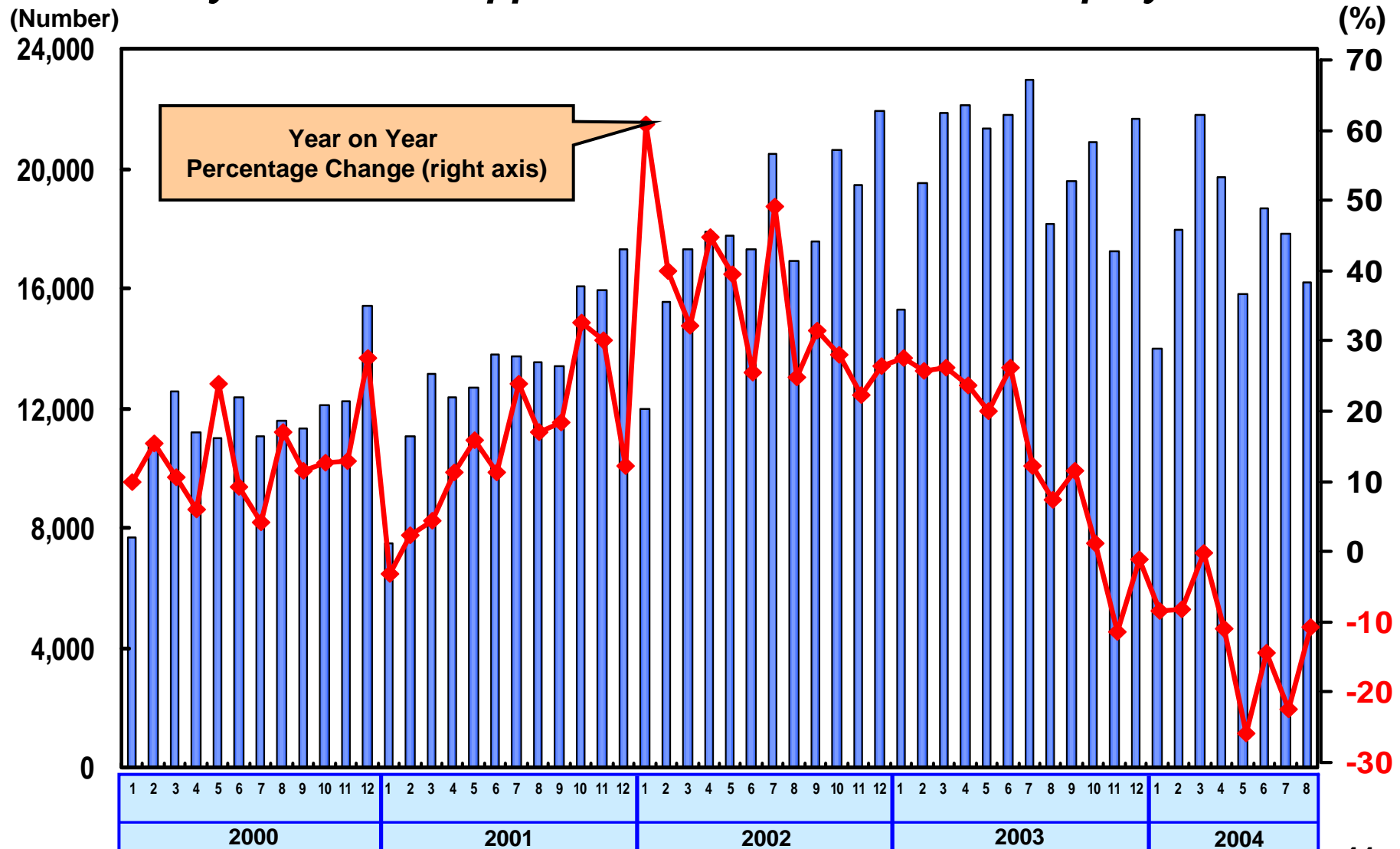
Source: Ministry of Health, Labour and Welfare [Monthly Labour Survey]

Note:1 . Overtime is non-scheduled working hours

Note:2. Seasonally Adjusted

Business Environment

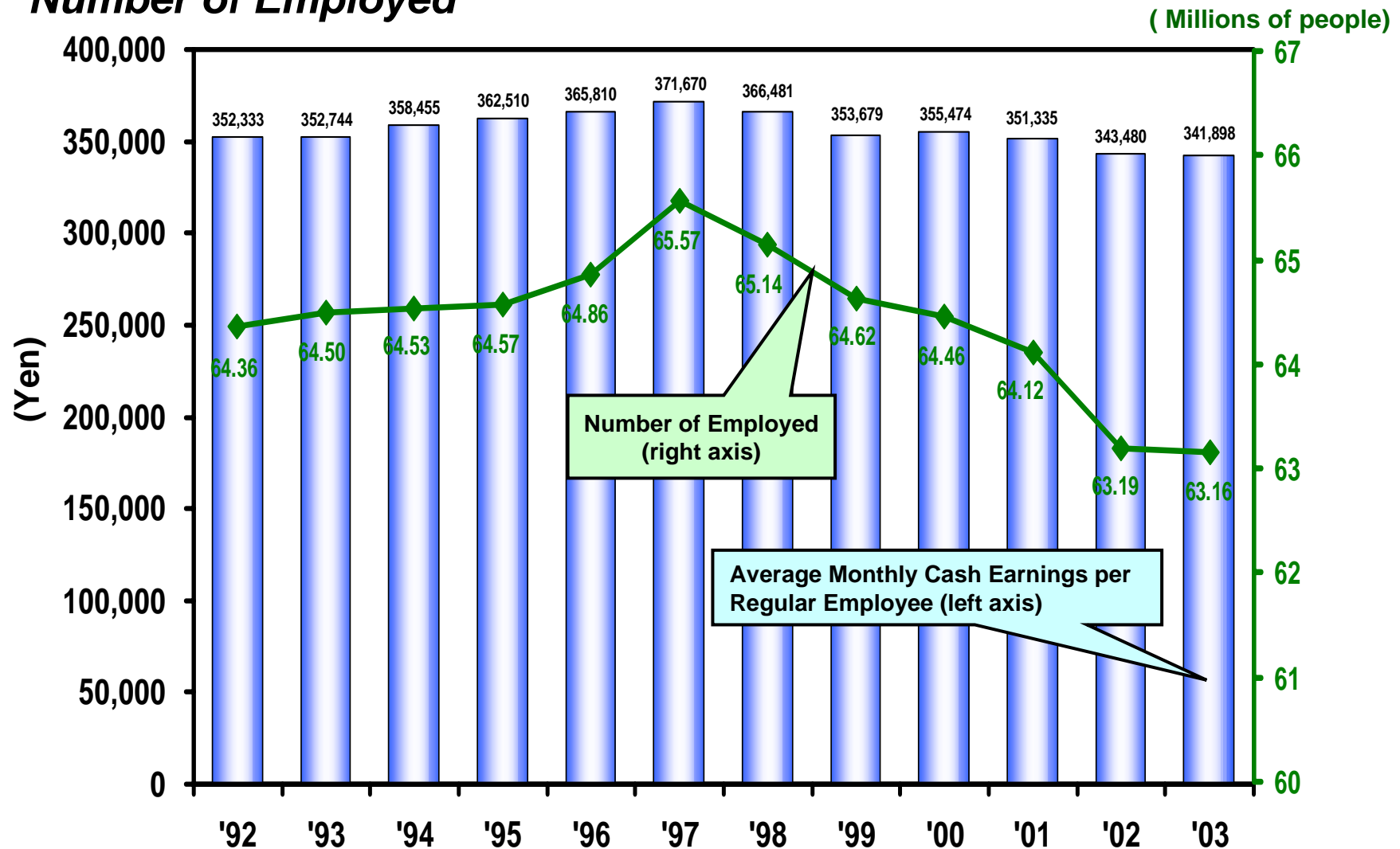
◆ Monthly Number of Application for Personal Bankruptcy



Source: Supreme Court

Business Environment

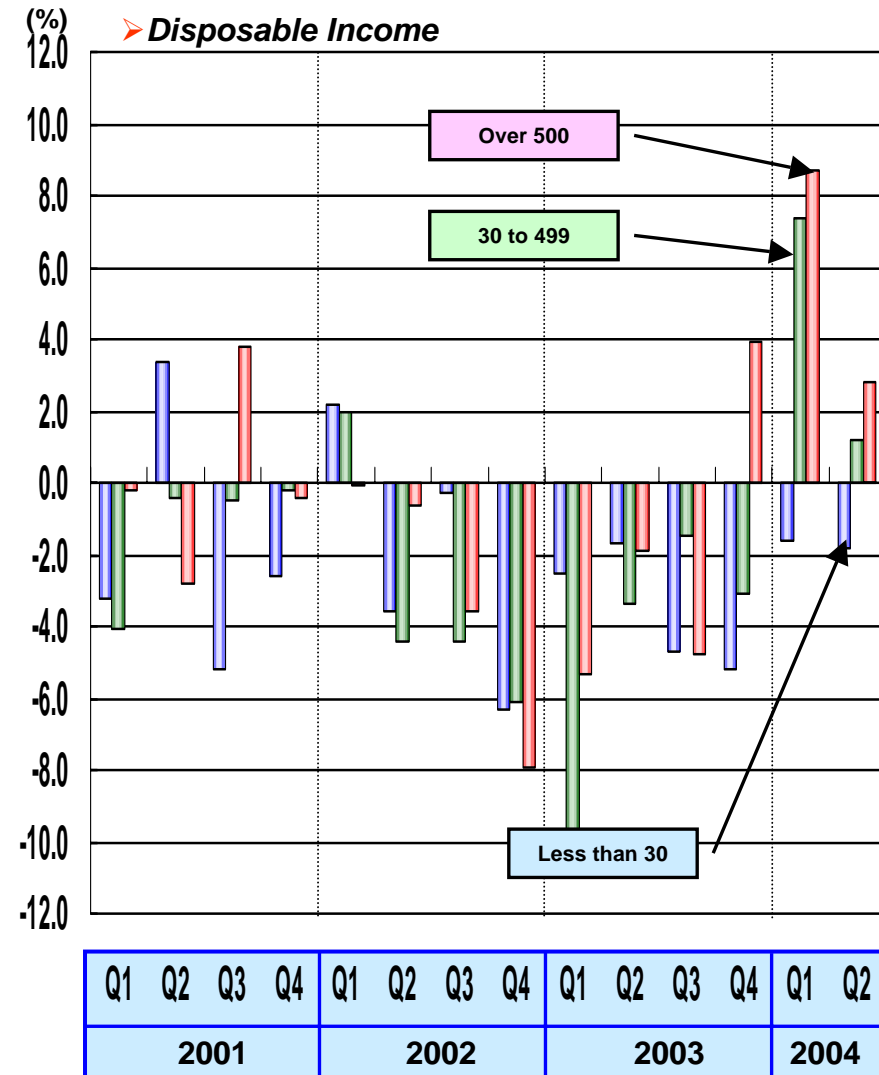
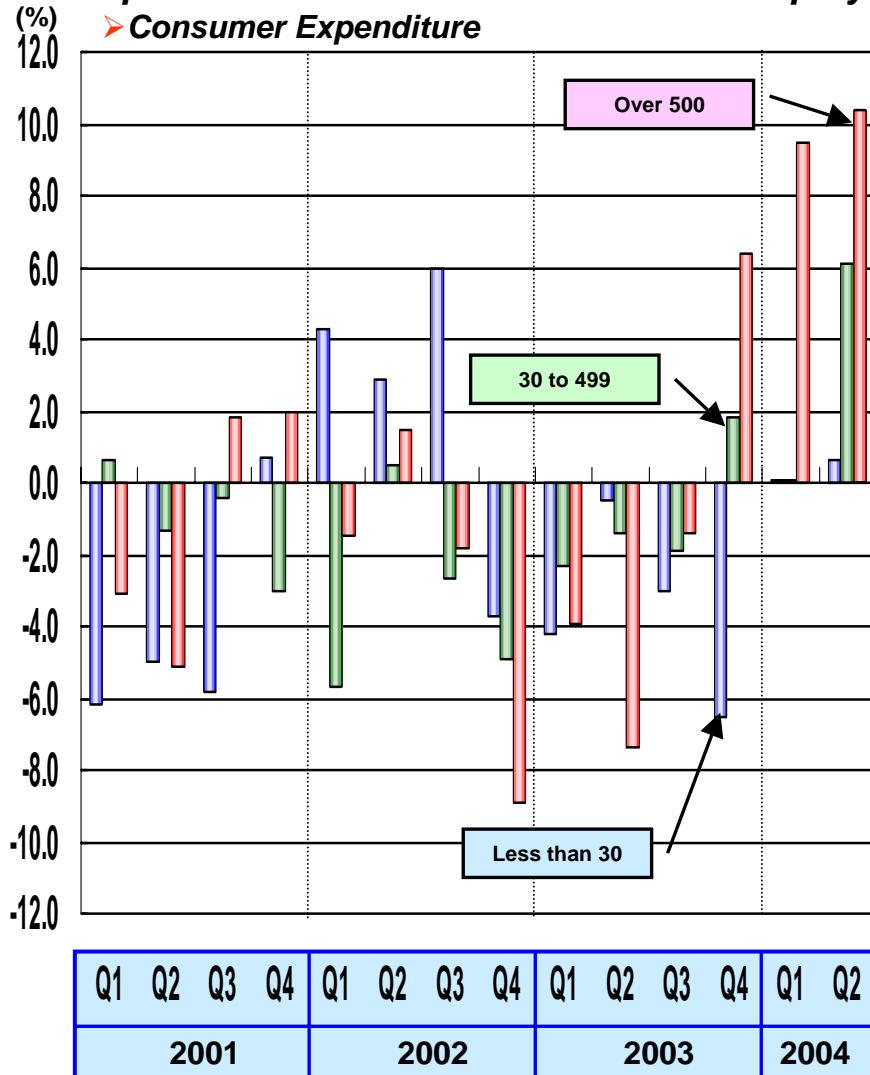
◆ Average Monthly Cash Earnings per Regular Employee & Number of Employed



Source: Ministry of Health, Labour and Welfare

Business Environment

◆ Consumer Expenditure & Disposable Income per Household by Size of Persons Engaged in the Enterprise in Which Household Head is Employed



Source: Statistics Bureau (Survey of Household Economy)