

**AIFUL Corporation to Purchase Treasury Stock
for Introduction of Stock Option**

*— Purchase of treasury stock for transfer to directors and employees
based on Article 210-2 of the Commercial Code —*

KYOTO — AIFUL Corporation has announced the introduction of a stock option system employing the treasury stock method and the purchase of treasury stock in accordance with Article 210-2 of the Commercial Code, as resolved at a meeting of its Board of Directors held on April 28, 2001.

1. Reasons for Introduction of Stock Option

(1) The company aims to achieve long-term business objectives and build a system of cooperation that transcends business divisions by having employees share in the common goal of increasing corporate value.

(2) The company aims to increase motivation and morale for the improvement of business results by introducing a mechanism that allows the benefits of the increased share prices that result from efforts to improve business results to be shared by shareholders and employees.

2. Outline of Stock Option System

(1) Those eligible for treasury stock transfer (grant of stock option)

The 17 directors in office at the close of the company's Annual Meeting of Shareholders and 135 employees at the level of Deputy Manager or higher according to internal company regulations shall be eligible, for a total of 152 persons.

(2) Type of shares

AIFUL Corporation par value common stock

(3) Number of shares

	Number of shares granted	Total shares granted
Representative directors	5,000	10,000
Senior managing/managing directors	4,000	16,000
Directors	3,000	33,000
General managers (deputy)	2,000	58,000
Managers (deputy)	1,000	106,000
Total	-	223,000

In the event that the company carries out a stock split or reverse split on or after the date when rights are granted (hereinafter referred to as "date of grant of rights"), the number of shares granted shall be adjusted using the formula below. Fractions less than one share due to the adjustment shall be rounded down.

No. of shares granted after adjustment = no. of shares granted before adjustment x split or reverse split ratio

The adjustment in the number of shares granted outlined above shall only be applied to grants of shares that remain unexercised at the time in question.

(4) Transfer price for shares

The transfer price shall equal 103% of the monthly average (rounded up to the nearest ¥1) of daily (trading holidays excluded) closing prices in regular trading on the Tokyo Stock Exchange of AIFUL common stock for the month prior to the month in which the rights are granted. However, in the event that this amount is less than the closing price on the date of grant of rights (in the event that there is no closing price on the day in question, the closing price on the closest date, the same hereinafter), the transfer price shall be the closing price on the date of grant of rights.

In the event that the company carries out a stock split or reverse split on or after the date of grant of rights, the transfer price shall be adjusted using the formula below. Fractions less than one yen due to the adjustment shall be rounded down.

Transfer price after adjustment = transfer price before adjustment x (1 / split or reverse split ratio)

In addition, in the event that the company issues new shares below market price on or after the date of grant of rights (excludes exercise of options on conversion of convertible corporate bonds, stock warrants and stock purchase warrants based on the provision of Article 280-19 of the Commercial Code), the transfer price shall be adjusted using the formula below. Fractions of less than one yen shall be rounded up.

$$A = B \times (F + (C \times D / E) / (G + H))$$

Where:

A = Transfer price after adjustment

B = Transfer price before adjustment

C = Number of new shares issued

D = amount paid per share

E = market price

F = Number shares already issued

G = number of shares already issued

H = Number of new shares issued

(5) Term of exercise of rights

July 1, 2003 – June 30, 2006

(6) Conditions for exercise of rights

(a) A person eligible to be granted transfer rights must be a director or employee of AIFUL Corporation at the time of exercise of rights of the transfer.

(b) The transfer, pledge or other total disposal or succession of transfer rights shall not be recognized.

(c) Other conditions for exercise of rights shall be specified in the grant of rights agreement concluded between AIFUL Corporation and persons eligible for the grant of rights based on the resolutions of the Annual Meeting of Shareholders and the Board of Directors.

(d) In the event that the company merges with another company, conducts an exchange or transfer of shares, or carries out a corporate spin off, or in the event of other similar unavoidable circumstances that necessitate adjustments on or after the date of grant of rights, the company may, to the minimum necessary and within reasonable limits, adjust the number of shares granted, the transfer price and the term for exercise of rights, restrict the exercise rights, or render unexercised transfer rights null and void.

3. Details of Treasury Stock Purchase

(1) Type of shares

AIFUL par value common stock

(2) Total number of shares

Maximum of 223,000 shares (0.26% of all shares outstanding)

(3) Total value of shares

Maximum of ¥4.1 billion

Note: The details outlined above are conditional on the authorization of “Treasury stock purchase for transfer to AIFUL directors and employees” at AIFUL Corporation’s Annual Meeting of Shareholders to be held on June 27, 2001.

AIFUL Corporation

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Exchanges: TSE 1st Section; OSE 1st Section

Fiscal year: Ending March 31

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