

AIFUL Corporation

Press Release

April 26, 2013

AIFUL Announces Details on the Issuance of Stock Options to Employees

AIFUL Corporation (“AIFUL” or the “Company”) announced that at a meeting of its Board of Directors held today, the Company had resolved to issue stock acquisition rights. The issuance of stock acquisition rights will be undertaken without compensation to AIFUL and consolidated employees and is in accordance with articles 236, 238 and 240 of the Companies Act. Brief details are presented as follows.

- 1. Reason for the issuance of stock acquisition rights as stock options
The issuance of stock acquisition rights as stock options pursuant to the terms and conditions outlined as follows is to provide further incentive and boost employee morale toward improving the Company’s consolidated operating results and enhancing long-term shareholder value.
- 2. Terms and conditions applicable to the issuance of stock acquisition rights as stock options
 - (1) Name of the stock acquisition rights to be offered
AIFUL Corporation 5th Stock Acquisition Rights

- (2) The class and number of shares to be issued for the purpose of issuing stock acquisition rights
1,502,000 shares of AIFUL common stock
The class of shares to be issued for the purpose of issuing stock acquisition rights shall be shares of common stock. The number of shares to be issued or transferred upon the exercise of each stock acquisition right (the “Number of Granted Shares”) shall be 50 shares. However, in the event that the Company carries out a stock split (including the free distribution of shares of the Company’s common stock) or a reverse stock split after the date of stock acquisition right allocation (the “Allotment Date”), the Number of Granted Shares shall be adjusted according to the following formula.

$$\frac{\text{Number of granted shares after adjustment}}{\text{Number of granted shares before adjustment}} = \text{Number of granted shares before adjustment} \times \frac{\text{Stock split or reverse stock split ratio}}{\text{Number of granted shares before adjustment}}$$

In addition, the Number of Granted Shares shall be adjusted to an extent considered reasonable in the unavoidable event that an adjustment of the Number of Granted Shares is deemed by the Company as necessary after the Allotment Date.

Any fraction less than one (1) share resulting from this adjustment shall be rounded down.

- (3) The total number of stock acquisition rights
30,040 rights
The aforementioned number is the total number of stock acquisition rights that are expected to be allotted and, accordingly, in the event that there occurs a reduction in the total number of stock acquisition rights to be allotted due to a variety of factors including the number of applications for the subscription of stock acquisition rights falling below the deemed number, the total number of stock acquisitions rights shall be equal to the total number of stock acquisition rights that are actually allotted.

- (4) The number of stock acquisition rights allotted and the number of eligible persons

Number of eligible persons: (AIFUL and subsidiary employees excluding executive officer): 1,502

Number of stock acquisition rights allotted: 30,040

- (5) The amount of assets to be contributed upon exercise of stock acquisition rights

The amount of assets to be contributed upon exercise of each stock acquisition right shall be the amount obtained by multiplying the amount to be paid for each share to be issued or transferred upon exercise of said stock acquisition rights (the "Exercise Price") by the Number of Granted Shares.

The Exercise Price shall be the average of the closing prices of the Company's common stock in the regular trading thereof on the Tokyo Stock Exchange for each day (excluding days on which no trading is concluded) of the month preceding the month of the Allotment Date multiplied by a factor of 1.05. Any fraction less than one (1) yen resulting from this calculation shall be rounded up to the nearest yen. However, in the event this Exercise Price falls below the closing price of the Company's common stock as of the Allotment Date (in the event that there is no closing price on the Allotment Date, the closing price of the day immediately preceding the Allotment date shall apply), the Exercise Price shall be the closing price of the Company's common stock as of the Allotment Date.

In the event that the Company carries out a stock split or reverse stock split of its common stock after the Allotment Date, the Exercise Price shall be adjusted according to the following formula. Any fraction of less than one (1) yen resulting from this adjustment shall be rounded up to the nearest yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Stock split or reverse stock split ratio}}$$

Furthermore, in the event that, after the Allotment Date, the Company issues new shares of common stock or disposes of treasury stock at a price that is less than the market price (excluding cases due to sale of treasury stock in accordance with the provisions of Article 194 of the Company Law (Demand for Sale of Shares of Less than One Unit by Holder of Shares of Less than One Unit) and exercise of stock acquisition rights) the Exercise Price shall be adjusted according to the following formula. Any fraction of less than one (1) yen resulting from this adjustment shall be rounded up to the nearest yen. However, an adjustment to the Exercise Price shall not be made in the event of the Company issues new shares of common stock or disposes of treasury stock due to the exercise of stock acquisition rights.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of previously issued shares} + \frac{\text{Number of newly issued or disposed of shares} \times \text{Amount paid per share}}{\text{Value before the new issue or disposal of shares}}}{\text{Number of previously issued shares} + \text{Number of newly issued or disposed of shares}}$$

In the aforementioned formula, the number of previously issued shares is the total number of the Company's issued and outstanding shares excluding treasury stock related to common stock held by the Company.

- (6) The exercise period for stock acquisition rights

The exercise period shall be from May 1, 2015 to April 30, 2017.

- (7) Matters concerning the amount of capital and capital reserve increased due to the issuance of shares upon the exercise of stock acquisition rights
- (i) The amount of capital increased due to the issuance of shares upon the exercise of stock acquisition rights shall be one-half of the maximum amount on the increase in capital as calculated pursuant to Article 17, Paragraph 1 of the Company Accounting Ordinance. Any fraction of less than one (1) yen shall be rounded up to the nearest yen.
 - (ii) The amount of capital reserve increased due to the issuance of shares upon the exercise of stock acquisition rights shall be the maximum amount on the increase in capital provided in (i) preceding excluding the amount of increased capital stipulated in (i) preceding.
- (8) Restrictions on the acquisition of stock acquisition rights through transfer
The acquisition of stock acquisition rights through transfer shall require the approval of the Company's Board of Directors.
- (9) Amount to be paid for stock acquisition rights
No payment of money shall be required at the time of stock acquisition right allotment. The absence of any requirement relating to the payment of money shall not constitute advantageous issue.
- (10) Conditions for the exercise of stock acquisition rights
- (i) A stock acquisition rights holder must be a director or employee of AIFUL or an AIFUL subsidiary at the time the stock acquisition right is exercised. However, this does not apply in the case of mandatory retirement due to age.
 - (ii) The transfer of stock acquisition rights by inheritance is not recognized.
 - (iii) Other conditions relating to the exercise of stock acquisition rights shall be as prescribed in the Stock Acquisition Rights Allotment Agreement concluded between the Company and stock acquisition right allotment eligible parties.
- (11) Conditions for the acquisition of stock acquisition rights
- (i) If any of the proposals set forth in (a), (b), (c), (d) and (e) identified below is approved by a resolution of the General Meeting of Shareholders of the Company (or, if a resolution of the General Meeting of Shareholders is not required, is resolved by a resolution of the Company's Board of Directors), the Company may acquire stock acquisition rights without compensation on the date to be separately determined by the Company's Board of Directors.
 - (a) A proposal for the approval of a merger agreement under which the Company shall become a dissolving company
 - (b) A proposal for the approval of a split agreement or a split plan under which the Company shall be split
 - (c) A proposal for the approval of a share exchange or share transfer plan under which the Company shall become a wholly owned subsidiary
 - (d) A proposal for the approval of an amendment to the Company's Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of all shares to be issued by the Company shall require the approval of the Company
 - (e) A proposal for the approval of an amendment to the Company's Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of a class of shares to be issued or transferred upon the exercise of stock acquisition rights shall require the approval of the Company or that the Company may acquire all of such class of shares upon a resolution of a General Meeting of Shareholders of the Company
 - (ii) AIFUL may acquire stock acquisition rights without compensation in the event that stock

acquisition rights holders do not exercise their stock acquisition rights as a result of not fulfilling the conditions stipulated in (10) above or in the event stock acquisition rights holders waive their rights.

(12) Matters concerning the delivery of the stock acquisition rights in accordance with acts of structural reorganization

If AIFUL conducts a merger (limited to the case where the Company ceases to exist due to the merger), an absorption-type or incorporation-type company split (both, limited to the case where the Company is split), or a stock exchange or transfer (both, limited to the case where the Company becomes a wholly-owned subsidiary) (hereinafter collectively referred to as the “Acts of Structural Reorganization”), AIFUL shall, in each of the above cases, deliver the stock acquisition rights of any of the relevant companies listed in Article 236, (1), (viii), (a) to (e) of the Companies Act (hereinafter referred to as the “Reorganized Company”) to the stock acquisition rights holders remaining at the time immediately preceding the effective date of the relevant Act of Structural Reorganization (hereinafter referred to as the “Remaining Stock Acquisition Rights”) (the effective date of the relevant Act of Structural Reorganization shall mean, in the case of a merger, the date on which the merger becomes effective; in the case of a consolidation, the date of establishment of a newly-incorporated company through consolidation; in the case of an absorption-type company split, the date on which such absorption-type company split becomes effective; in the case of an incorporation-type company split, the date of establishment of a newly-incorporated company through such incorporation-type company split; in the case of a stock exchange, the date on which the stock exchange becomes effective; and in the case of a stock transfer, the date of establishment of a wholly owning parent company through the stock transfer; hereinafter the same shall apply).

However, the foregoing shall be on the condition that delivery of such stock acquisition rights by the Reorganized Company in accordance with each of the following items is stipulated in a merger agreement, a consolidation agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock exchange agreement or a stock transfer plan.

- (i) The number of sock acquisition rights of the Reorganized Company to be delivered
A number equal to the number of the Remaining Stock Acquisition Rights held by the stock acquisition rights holder shall be delivered to such holder.
- (ii) The class of shares of the Reorganized Company to be issued upon the exercise of stock acquisition rights
Shares of common stock of the Reorganized Company.
- (iii) The number of shares of the Reorganized Company to be issued upon the exercise of stock acquisition rights
To be determined in accordance with (2) above, taking into consideration the conditions, etc. of the Act of Structural Reorganization.
- (iv) The amount of assets to be contributed upon exercise of stock acquisition rights
To be determined in accordance with (5) above, taking into consideration the conditions, etc. of the Act of Structural Reorganization.
- (v) The exercise period for stock acquisition rights
From and including whichever is the later of the commencement date of the exercise period for stock acquisition rights as provided for in (6) above or the effective date of the Act of Structural Reorganization, to and including the expiry date of the exercise period for stock acquisition rights as provided for in (6) above.
- (vi) Matters concerning the amount of capital and capital reserve increased due to the issuance of shares upon the exercise of stock acquisition rights
To be determined in accordance with (7) above.
- (vii) Restrictions on the acquisition of stock acquisition rights through transfer
The acquisition of stock acquisition rights through transfer shall require the approval of the Board of Directors of the Reorganized Company.

- (viii) Conditions for the exercise of stock acquisition rights
To be determined in accordance with (10) above.
- (ix) Conditions for the acquisition of stock acquisition rights
To be determined in accordance with (11) above.

- (13) Handling of fractions less than one (1) share resulting from the exercise of stock acquisition rights
In the case where the number of shares to be delivered to stock acquisition rights holders who have exercised their rights includes any fraction less than one (1) share, such fraction shall be rounded down.

- (14) Date on which stock acquisition rights shall be allotted
May 27, 2013

- (15) Issuance of certificates for stock acquisition rights
No certificates shall be issued for stock acquisition rights.