

AIFUL to Issue Stock Options

KYOTO — AIFUL Corporation announced today that at a meeting held today its Board of Directors confirmed the issuance of stock options as outlined below. The Annual General Meeting of Shareholders held June 25, 2004 passed a resolution to issue stock options.

1. Reason for stock option issuance

AIFUL will issue stock options to assist in increasing AIFUL's earnings by enhancing motivation and morale among AIFUL directors and employees.

2. Overview of stock option issuance

(1) Stock option issuance date
November 17, 2004 (tentative)

(2) Stock option recipients
Stock options will be issued to a total of 452 directors and employees. This includes 25 directors employed at AIFUL and AIFUL subsidiaries (excluding directors on loan) and 427 department and division managers in accordance with company regulations.

(3) Type and number of shares for stock options
Type of stock: AIFUL common stock
Number of shares: 231,600 shares

(4) Number of stock options to be issued
4,632 stock options (a total of 50 shares for each stock option)

(5) Stock options issue price and calculation basis
No charge.

(6) Amount paid when exercising stock options (exercise price)
This will be determined on the stock option issuance date.
The amount paid per stock option shall equal the number of shares for one stock option as stipulated in (4), multiplied by the amount paid per share, determined as follows.

The amount paid per share shall equal 103% of the monthly average (rounded up to the nearest ¥1) of daily (trading holidays excluded) closing prices of AIFUL common stock on the Tokyo Stock Exchange during the month prior to the month in which the stock options are issued. However, should this be less than the closing price on the issue date

(the nearest day with a closing price in the event that there is no closing price on the issue date), then the amount paid per share shall equal the closing price on the issue date.

Following the stock option issuance, the amount paid may be adjusted based on the following formula in the event that AIFUL implements a stock split or reverse stock split. Should the adjustment result in a fraction of ¥1, the figure shall be rounded up.

Adjusted amount paid = pre-adjustment amount paid x (1/split or reverse split ratio)

AIFUL may also adjust the amount paid (rounded up to the nearest ¥1) based on the following formula in the event that new shares are issued or treasury stock retired for a price less than current market value (except in the cases of exercising stock options and exercising subscription rights pursuant to the Commercial Code prior to its revision).

Adjusted amount paid = Preadjustment amount paid × Shares outstanding + [(Newly issued shares x Amount paid per share) / (Market value before new share issuance)] / Shares outstanding
+ Newly issued shares

(7) Amount of new stock issuance value not included in capital

The amount of the new stock issuance value not included in capital will be set at half of the issuance value. Should the calculation result in a fraction of ¥1, the amount not included shall be rounded up.

(8) Period for exercising stock options

July 1, 2006 to June 30, 2009

AIFUL Corporation

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Stock code: 8515

Exchanges: TSE 1st Section; OSE 1st Section

Fiscal year: Ending March 31

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