

March 6, 2006

AIFUL Confirms Details on Issuance of Stock Options

KYOTO — AIFUL Corporation announced that it has confirmed the details on the issuance of stock options at a meeting of its Board of Directors held today concerning the stock option issuance that was approved at the company's Annual General Meeting of Shareholders held on June 24, 2005. Details are below.

1. Reason for issuing stock options

AIFUL will issue stock options for the purpose of increasing motivation to improve earnings of the AIFUL Group and to raise morale.

2. Overview of stock option issuance

(1) Date of stock option issuance

March 14, 2006 (planned)

(2) Stock option recipients

32 directors of AIFUL and its subsidiaries (excludes those on secondment), and 453 department and section managers from among the employees of AIFUL and its subsidiaries based on the regulations at each company, for a total of 485 recipients.

(3) Type and number of shares for stock options

374,400 shares of AIFUL common stock

(4) Number of stock options to be issued

7,488 stock options (50 shares of common stock for each stock option)

(5) Stock option issue price and calculation basis

No charge

(6) Amount to be paid when exercising stock options

AIFUL shall determine the amount on the date of issuance of the stock options.

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 in regular trading 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 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 formula below 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.

$$\text{Adjusted amount paid} = \text{Pre-adjustment amount paid} \times \frac{1}{\text{Split or reverse split ratio}}$$

AIFUL may also adjust the amount paid (rounded up to the nearest ¥1) based on the formula below 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 warrants and stock options and exercising subscription rights pursuant to the Commercial Code prior to revision.)

$$\text{Adjusted amount paid} = \text{Pre-adjustment amount paid} \times \frac{\text{Shares outstanding} + \frac{\text{Newly issued shares} \times \text{Amount paid per share}}{\text{Market value before new share issuance}}}{\text{Shares outstanding} + \text{Newly issued shares}}$$

(7) Amount of issue price to be transferred to capital in the event of the issuance of shares due to the exercise of the stock options

The amount of the issue price to be incorporated in capital shall be one half of the relevant issue price, and the amount to be incorporated in capital shall be rounded up when fractions of less than ¥1 result from the calculations.

(8) Period for exercising stock options

July 1, 2007 to June 30, 2010.

(9) Conditions for exercising stock options

a) A stock option recipient must be a director or employee of AIFUL or an AIFUL subsidiary when exercising stock options. However, in the event of retirement due to the expiry of a person's term in office, mandatory retirement due to a person's age, or for another justifiable reason, AIFUL's Board of Directors may deem the retention of stock options to be appropriate.

b) Pledging or otherwise disposing of stock options is not allowed.

c) The number of stock options initially allocated to a stock option recipient shall not change in the event of change in the person's position due to reasons such as promotion, demotion, secondment, or resumption of regular position.

d) Other conditions are as stipulated in the Stock Option Grant Agreement.

(10) Reasons and conditions for cancelling stock options

a) AIFUL may cancel stock options without compensation in the event of the approval of a merger agreement in which AIFUL ceases to exist, or the approval by the General Meeting of Shareholders of a proposal to authorize an agreement for an exchange of shares and of a proposal to authorize transfer of shares that would make AIFUL a wholly owned subsidiary.

b) AIFUL may cancel stock options without compensation in the event that, prior to exercising their stock options, stock option recipients become unable to exercise their stock options as a result of not fulfilling the conditions stipulated in (9).

(11) Stock option transfer restrictions

The transfer of stock options requires the approval of AIFUL's Board of Directors.

Reference

(1) Date of Board of Directors resolution for proposal to General Meeting of Shareholders: May 18, 2005

(2) Date of resolution of General Meeting of Shareholders: June 24, 2005

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