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Announcement Concerning Stock Option Compensation Amounts and Conditions for Directors and Auditors, and the Issuance of Stock Options via Stock Acquisition Rights

AOKI Holdings Inc. hereby serves notice that at a meeting held on May 27, 2008 the Board of Directors approved a resolution to submit a proposal to the 32nd Annual General Meeting of Shareholders scheduled for June 20, 2008 to delegate decision-making authority to the Board of Directors regarding stock option compensation amounts and conditions for directors and auditors, and solicitation conditions for granting stock options via stock acquisition rights pursuant to the provisions of Articles 236, 238 and 239 of the Company Law of Japan.

I. Stock option compensation amounts for directors and auditors

Shareholders at the 20th Annual General Meeting of Shareholders held June 27, 1996 approved a resolution to provide compensation to directors of 30 million yen or less per month (not inclusive of the manager portion of salaries for directors who also serve as managers), and shareholders at the 30th Annual General Meeting of Shareholders held June 23, 2006 approved a resolution to provide compensation to auditors of 3 million yen or less per month. A resolution to revise compensation for directors to 450 million yen or less per year, and compensation for auditors to 60 million yen or less per year, will be proposed to shareholders at the 32nd Annual General Meeting of Shareholders scheduled for June 20, 2008. Separately, in order to raise the morale of directors and auditors and heighten their motivation to improve the Company's business performance, another resolution will be proposed to provide stock option compensation (via stock acquisition rights) of 50 million yen or less per year for directors, and 7 million yen or less per year for auditors, as described below in Section II.

Compensation amounts are calculated based on the Black-Scholes Model, a generally accepted options pricing model. AOKI Holdings has 10 directors and 3 auditors.

Director compensation amounts are not inclusive of the manager portion of salaries for directors who also serve as managers.

II. Details of stock acquisition rights

1. Reason for elimination of need to pay cash in offering stock acquisition rights

Stock options are to be granted at preferential terms to directors and auditors of AOKI Holdings, to raise their motivation and morale for the improvement of the business performance.

2. Outline of issuance of stock acquisition rights

(1) Persons qualified for the grant

Directors and auditors of AOKI Holdings

(2) Number of shares to be issued under stock acquisition rights

1) Number of shares per stock acquisition right: 100 shares

2) In the event of gratis issue of shares, stock split or consolidation, the number of shares per stock acquisition right shall be adjusted according to the following formula.

Number of shares after adjustment = Number of shares before adjustment X Ratio of gratis issue, split or consolidation

(3) Number of stock acquisition rights to be issued

Up to 900

(4) Amount to be paid for stock acquisition rights

Gratis. (Payment of cash shall not be required for the stock acquisition rights)

(5) Value of the assets to be invested upon exercise of stock acquisition rights

1) The value of the assets to be invested upon the exercise of stock acquisition rights shall be the amount obtained by multiplying the number of shares issued due to the exercise of one stock acquisition right by the value of assets to be invested ("exercise price"). The exercise price shall be the amount which is equal to the product of the average of closing prices of the Company's common stock in regular trading on the Tokyo Stock Exchange in the month preceding the month in which the stock acquisition rights are issued ("issue date", excluding days on which there is no such closing price) and 1.025; fractions less than one yen are to be rounded up. However, if the closing price (if there is no closing price, the most recent closing price prior to this date) of the Company's common stock in regular transactions on the Tokyo Stock Exchange on the day preceding the issue date is lower than the closing price on the issue date, the closing price on the issue date shall apply.

2) In the event of gratis issue of shares, stock split or consolidation, the exercise price shall be adjusted according to the following formula; fractions less than one yen are to be rounded up.

Payment amount after adjustment = Payment amount before adjustment X 1 / ratio of gratis issue, split or consolidation

(6) Exercise period

July 1, 2010 through June 30, 2013

(7) Conditions of exercise

1) Of the persons granted the stock acquisition rights ("optionee") must also hold the position of directors, auditors and employees of AOKI Holdings and its affiliates at the time of exercise of the stock acquisition rights. Directors and auditors who have retired due to expiration of their term of office, and employees who have retired due to attainment of retirement age may exercise the stock acquisition rights within three months from the date of their retirement.

2) The exercise of the stock acquisition rights by the heir of an optionee shall not be recognized.

(8) Increase in capital and capital reserves in the case that shares are issued from the exercise of stock acquisition rights

In accordance with the provisions of Article 40, Paragraph 1 of the Corporate Accounting Standards, the amount credited in the stated capital of the issue price shall be equal to the amount of the exercise price multiplied by 0.5, and any fraction less than one yen as a result of this calculation shall be rounded up to the nearest yen. The remainder shall be credited to the capital reserve.

(9) Reasons for acquisition of stock acquisition rights

1) Subject to the approval of the shareholders' meeting, AOKI Holdings shall be entitled to acquire without compensation the stock acquisition rights on a day separately determined by the Board of Directors, in the event of a merger agreement in which AOKI Holdings is the entity to be liquidated or in the event of an exchange of stock or stock transfer through which AOKI Holdings becomes a wholly owned subsidiary of another entity.

2) AOKI Holdings shall be entitled to acquire on a day separately determined by the Board of Directors without compensation the stock acquisition rights of an optionee who loses the right to exercise the stock acquisition rights.

(10) Restrictions on transfer of stock acquisition rights

Any transfer of stock acquisition rights shall be subject to the approval of the Board of Directors.

(11) Treatment of stock acquisition rights at the corporate reorganization

In the event of a merger through absorption in which AOKI Holdings is dissolved, absorption in which the Company is spun off, company split for the establishment of a new entity, or exchange or transfer of stock approved at a Annual General Meeting of Shareholders and the Board of Directors, the stock acquisition rights shall be substituted with the stock acquisition rights of the surviving company. The issuance of such stock acquisition rights shall follow the provisions of the respective merger agreements.

(12) Adjustment for fractional shares

Any fractions of less than one share shall be disregarded.

(13) Non-issuance of stock acquisition right certificate

The Company shall not issue certificates for the stock acquisition rights.

(14) Other items

Other items concerning stock acquisition rights are to be determined by the Board of Directors.