

News Release Dated July 9, 2007

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Announcement Concerning Issuance of Stock Options via Stock Acquisition Rights to Employees

AOKI Holdings Inc. hereby serves notice that at a meeting held on July 9, 2007 the Board of Directors approved a resolution to grant stock options via stock acquisition rights to employees of AOKI Holdings pursuant to the provisions of Articles 236, 238 and 240 of the Company Law of Japan.

1. Reasons for granting stock acquisition rights as stock option

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

2. Persons qualified for the grant

200 employees of AOKI Holdings

3. Details of stock acquisition rights

(1) Number of stock acquisition rights to be issued
3,585

(2) Type and number of shares to be issued under stock acquisition rights

1) Type of shares: Common shares of AOKI Holdings, Inc.

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) 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.

Exercise price after adjustment = Exercise price before adjustment X 1 / ratio of gratis issue, split or consolidation

(4) Exercise period

July 10, 2009 through July 9, 2012

(5) 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 subsidiaries 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.
- 3) All other terms and conditions shall follow the resolutions of the Board of Directors.

(6) 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.

(7) 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 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 without compensation the stock acquisition rights of an optionee who loses the right to exercise the stock acquisition rights.

(8) Restrictions on transfer of stock acquisition rights

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

(9) Adjustment for fractional shares

Any fractions of less than one share shall be disregarded.

(10) Non-issuance of stock acquisition right certificate

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

(11) Amount to be paid for stock acquisition rights

The amount to be paid for each stock acquisition right shall be the amount which is equal to the product of the fair value of the option per share based on the terms and conditions on the date of allocation and calculated using the Black Scholes model and the number of shares per stock acquisition right.

(12) Date of allocation of stock acquisition rights

July 24, 2007

(13) Payment date for stock acquisition rights

July 24, 2007

(14) Issuance of stock acquisition rights due to merger, etc.

In the event of a merger through absorption in which the Company 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 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.

(15) Other items

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