

**Aozora Bank announces the terms of Aozora Debentures
and of the Discount Aozora Debentures, 1 & 5 year(s)**

Tokyo (May 26, 2004) – Aozora Bank, Ltd. (“Aozora Bank”) announced the terms of Aozora Debentures and of Discount Aozora Debentures as follows, in view of recent economic and financial conditions:

**1. Aozora Debentures for the public sales,
June First Half Issue, 5 years**

		June First Half Issue	May Second Half Issue
Interest-Bearing Debenture	Coupon	0.10% per annum	0.10% per annum
Interest-Compounded Debenture	Average Yield	0.102% Semiannually compounded interest of 0.10%	0.102% Semiannually compounded interest of 0.10%

- Sales Period

From **Friday, May 28, 2004** to **Friday, June 11, 2004**

**2. Discount Aozora Debentures, June First Half Issue, 1 year
Discount debentures**

		June First Half Issue	May Second Half Issue
Discount rate		0.05% per annum	0.05% per annum
Yield to maturity	Before tax	0.060% per annum	0.060% per annum
	After tax	0.050% per annum	0.050% per annum
Issue Price on the last day of the sales period			
	Before tax	¥9,995 per ¥10,000	¥9,994 per ¥10,000
	After tax	¥9,995 per ¥10,000	¥9,995 per ¥10,000

Discount debentures (safe custody only)

		June	May
		First Half Issue	Second Half Issue
Discount rate		0.03% per annum	0.03% per annum
Yield to maturity	Before tax	0.040% per annum	0.040% per annum
	After tax	0.040% per annum	0.040% per annum
Issue Price on the last day of the sales period			
	Before tax	¥9,997 per ¥10,000	¥9,996 per ¥10,000
	After tax	¥9,997 per ¥10,000	¥9,996 per ¥10,000

- Sales Period

From **Friday, May 28, 2004** to **Friday, June 11, 2004**