

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

Tokyo (December 25 , 2008) – 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,
January First Half Issue, 5 years**

		January First Half Issue	December Second Half Issue
Interest-Bearing Debenture	Coupon	0.40% per annum	0.40% per annum
Interest-Compounded Debenture	Average Yield	0.404% Semiannually compounded interest of 0.40%	0.404% Semiannually compounded interest of 0.40%

● Sales Period

From Monday December 29 , 2008 to Friday January 9 , 2009

**2. Discount Aozora Debenture: January First Half Issue, 1 year
Discount debentures**

		January First Half Issue	December Second Half Issue
Discount rate		0.27% per annum	0.27% per annum
Yield to maturity	Before tax	0.280% per annum	0.280% per annum
	After tax	0.230% per annum	0.230% per annum
Issue Price on the last day of the sales period			
	Before tax	¥9,972 per ¥10,000	¥9,973 per ¥10,000
	After tax	¥9,977 per ¥10,000	¥9,977 per ¥10,000

Discount debentures (safe custody only)

		January First Half Issue	December Second Half Issue
Discount rate		0.25% per annum	0.25% per annum
Yield to maturity	Before tax	0.260% per annum	0.260% per annum
	After tax	0.220% per annum	0.220% per annum
Issue Price on the last day of the sales period			
	Before tax	¥9,974 per ¥10,000	¥9,975 per ¥10,000
	After tax	¥9,978 per ¥10,000	¥9,979 per ¥10,000

● Sales Period

From Monday December 29 , 2008 to Friday January 9 , 2009