



NEWS RELEASE

No.2002-C-637
Nov 22, 2002

Asax ABS: R&I Assigns A

Rating and Investment Information, Inc. (R&I), has assigned the following rating:

INSTRUMENT NAME : Senior Trust Beneficiary Rights in
Asax Real-Estate-Secured Loan Receivables Series 1

ISSUE LIMIT: 3.0 billion yen

ORIGINATOR
/PRIMARY SERVICER: Asax Co., Ltd.

TRUSTEE: Orix Trust and Banking Corp.

MASTER SERVICER
/BACKUP SERVICER: Orix Asset Management & Loan Services Corp.

ARRANGER: Orix Corp.

BACKING ASSETS: Real estate secured Loan receivables held by Asax

TRUST EXECUTION DATE: Nov 21, 2002

TRUST EXPIRATION DATE: Nov 25, 2010

REDEMPTION METHOD: Monthly controlled amortization from Dec 2004 onward
(changes to a monthly pass-through following an early redemption event)

R&I RATING: _____ A

CREDIT ENHANCEMENT: Overcollateralization, excess spread, cash reserves

NOTE: The rating is an assessment of the probability of the total redemption of the senior principal by the trust expiration date and of the timely payment of dividends.

OUTLINE OF THE ISSUE:

- 1) The rating is a rating for Senior Trust Beneficiary Rights set up by Orix Trust and Banking Corp. (Orix Trust).
- 2) Asax Co., Ltd. (Asax), executes the transfer of the real-estate-secured loan receivables (the loan receivables) to Orix Trust on Nov 21, 2002. The transfer is perfected as against any third party by registration pursuant to the Law Prescribing Exceptions, etc., to the Civil Code Requirements for Setting Up Against a Third Party to an Assignment of Claims.
- 3) After Asax has made an additional entrustment to form the cash reserves, Orix Trust divides trust beneficiary rights into Senior Trust Beneficiary Rights, Seller Trust Beneficiary Rights, and Subordinated Trust Beneficiary Rights. Of these, the Senior Trust Beneficiary Rights are sold to investors.
- 4) As the primary servicer, Asax collects the loan receivables, reports the amount of the collected funds to Orix Trust and Orix Asset Management & Loan Services Corp. (OAMLS) on the 5th business day of each month, and remits the collected funds to Orix Trust on the 11th business day of each month.
- 5) During the 24 months after initial trust execution Asax may issue Senior Trust Beneficiary Rights up to a maximum amount of 3.0 billion yen by additionally entrusting loan receivables and cash reserves. Additional entrustment of loan receivables occurs during the revolving period until November 2004. During this period Orix Trust makes dividend payments on the trust beneficiary rights on each monthly trust calculation date.
- 6) During the amortization period from December 2004 onward, Orix Trust makes dividend and principal payments on the Senior Trust Beneficiary Rights on each monthly trust calculation date

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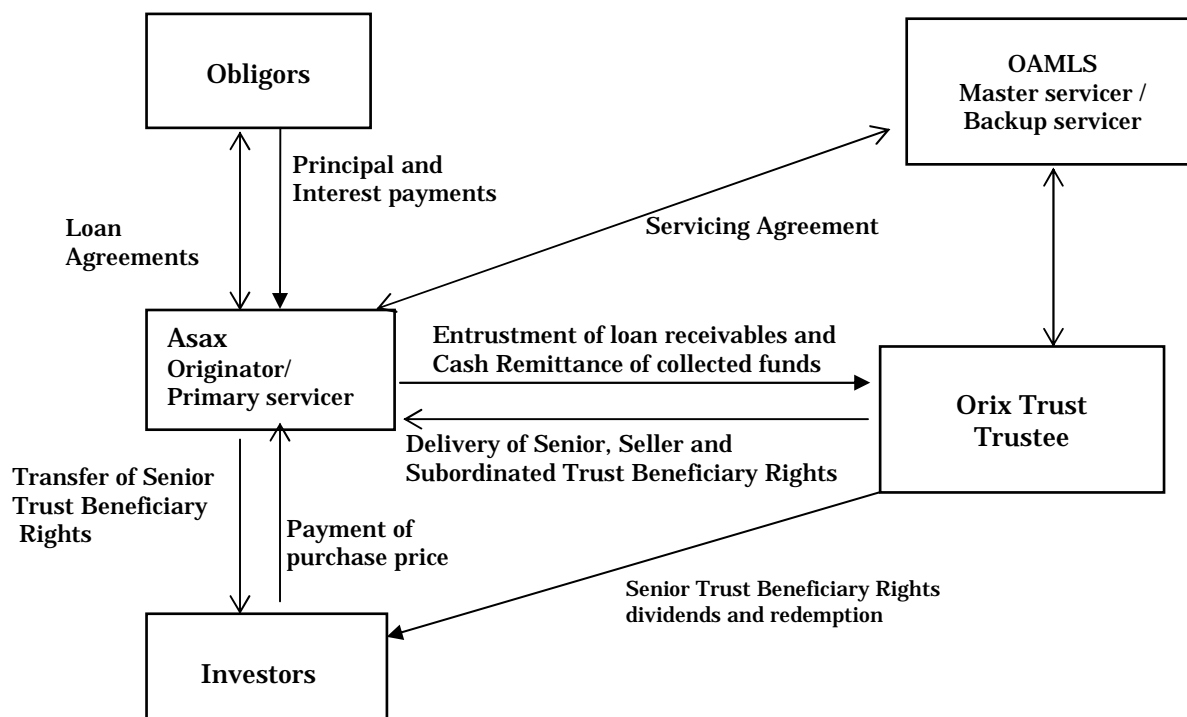
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and then redeems Subordinated Trust Beneficiary Rights to the extent that the amount of entrusted assets is kept at a level that is deemed appropriate and necessary. Provided that certain criteria are fulfilled, Orix Trust then makes dividend payments on the Subordinated Trust Beneficiary Rights after subtracting the amount of money required for cash reserves and so forth. Furthermore, following an early redemption event such as primary servicer bankruptcy, principal and dividend payments on the Subordinated Trust Beneficiary Rights are terminated, and the redemption of the Senior Trust Beneficiary Rights switches to a monthly pass-through that is funded by excess spread and funds obtained through the collection of loan principal.

MAJOR CHARACTERISTICS OF THE LOAN RECEIVABLES:

- They are real-estate-secured loan receivables.
- They are loan receivables pursuant to the Regulation of Money Lending Business Law (the Moneylending Law).
- The interest rates on the loans do not exceed the upper limit stipulated by the Acceptance of Contributions, Money Deposits and Interest Law.
- The obligors do not have any claims against Asax.
- They do not include receivables for which payment has not been made or non-performing loans (NPLs).
- The collateral properties consist of vacant lots and land and buildings for residential use (including, however, real estate used jointly as residences and business establishments).

<Structure Diagram>





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SUMMARY OF EVALUATION:

1) Overcollateralization and cash reserves are sufficient.

When setting the suitable amount for this scheme's overcollateralization, R&I performed a cash flow analysis based on data submitted by Asax (including rates for default, principal recovery, lending, and recovery from NPLs), with an appropriate stress test for the target rating of A. An analysis of the worst-case scenario based on the timing of any potential primary servicer bankruptcy confirms the certainty that dividends on the Senior Trust Beneficiary Rights will be paid on the trust calculation dates and that the entire principal amount will be redeemed by the trust expiration date.

In addition, reserves for expenditures in order to sustain the scheme through the trust expiration date (for example, senior dividends, trust fees, and the backup servicer's fee) are to be maintained in the form of cash reserves.

2) Recovery from the collateral is foreseeable.

In the event of the emergence of NPLs, those loan receivables will be delivered as is to Asax up to a specified amount, and the principal of the Subordinated Trust Beneficiary Rights will be reduced, with excess spread being used to make up for that amount. In the event of Asax's bankruptcy, the delivery of NPLs as is will be terminated. With respect to any subsequently emerging NPLs, though, recovery from the collateral of those loan receivables can be anticipated. It is R&I's conclusion that, even taking a decline in land prices into consideration, recovery from collateral would more than cover the redemption of the Senior Trust Beneficiary Rights.

3) Procedures in the event of the primary servicer's bankruptcy have been clearly stipulated.

At the time of the primary servicer's bankruptcy, the backup servicer, OAMLS, will conduct the collection of the loan receivables. Procedures for the transfer of collection duties to the backup servicer have been clearly stipulated. Furthermore, as the special servicer, OAMLS will carry out the collection of the NPLs that emerge after the replacement of the primary servicer.

4) The transfer of the loan receivables is a true sale.

Apart from certain conditions stipulated in the trust agreement, Asax has neither any right to demand a buy-back of the loan receivables nor any obligation to repurchase them. Additionally, excluding its authority and obligations as the primary servicer, Asax has no authority or control whatsoever over the entrusted and transferred loan receivables, so the transfer of the receivables can be considered a true sale.

KEY RATING CONSIDERATIONS:

1) Arrangements for reserving the registration of mortgage transfer

For this scheme, the registration of mortgage transfer on the occasion of the entrustment and transfer of the loan receivables has been reserved. But in an instance that is an event for the cancellation of reserving the right to make counterclaims, Orix Trust will carry out the registration of mortgage transfer concerned without obtaining Asax's consent. Additionally, in the event of Asax's bankruptcy, the following arrangements are to be implemented for the smooth transfer of the collateral property mortgage. In view of this, R&I has concluded that reserving the registration of mortgage transfer does not present any material adverse problems.

- Preparation of notarized documentation pertaining to the transfer of mortgage to Orix Trust
- Management by OAMLS of documentation required for the registration of mortgage transfer (including a gen'in shosho, a lender-issued document verifying the payment of a debt)

2) Arrangements for the provision to obligors of notices about the assignment of loans under Paragraph 2 of Article 24 of the Moneylending Law.

Under Paragraph 2 of Article 24 of the Moneylending Law, if a lender assigns a loan, the assignee must provide written notice to the borrower about the assignment of the loan. For this scheme, however, the provision of such notice to obligors is reserved until an instance that is an event for the cancellation of the right to make counterclaims. In view of the following ample countermeasures, R&I has concluded that reserving notice does not present any material adverse problems.

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- The purpose of this scheme is the securitization of loan receivables based on an entrustment and transfer procedure.
- Asax continues to conduct the collection of the loan receivables.
- Asax holds the Subordinated Trust Beneficiary Rights.
- The buyers of the Senior Trust Beneficiary Rights are specified from the outset, and Orix Trust will not transfer the loan receivables to undesirables.
- Conditions governing any change in the primary servicer and obligor arrangements are sufficiently determined from the outset.
- Ample consideration has been given to borrower protection, which is the objective of the Moneylending Law. From the point of view of its obligors, this scheme is deemed to be substantially similar to the assignment of collateral for loan receivables, for which assignment notice has not been required.

3) Arrangements pertaining to the risk of excess interest payment refund claims

Under the Moneylending Law, if certain conditions have been satisfied the maximum interest rate that can be charged for loans is 29.2%, which is the amount stipulated by the Acceptance of Contributions, Money Deposits and Interest Law. But the interest rates of this scheme's loan receivables are below the 15% interest rate limit that the Interest Rate Restriction Law stipulates for loans when the amount of the principal is 1.0 million yen or more, and there is little possibility that some obligors will claim a refund of excess interest. However, circumstances could possibly be such that the real annual interest rate, which includes such charges as late payments, charges for contract cancellation or breach of contract, and administrative fees, could exceed the interest rate limit.

In this scheme, to avoid any decrease in the projected cash flow because of refunding excess interest, Asax is required to buy back any loan for which a refund of excess interest has been claimed. Arrangements are also such that early redemption will be triggered when the cumulative amount of the full value of loan receivables for which refunds of excess interest have been claimed or that are covered by debt nullification declaratory judgments exceeds a specified level of Asax's equity capital. Additionally, a decrease in cash flow due to claims for excess interest refunds is highly unlikely, since the interest rate used in the analysis falls below the current level of lending rates.

4) The capability of the master servicer / backup servicer

A wholly owned subsidiary of Orix, OAMLS is a servicer that was established in April 1999 in accordance with the Law Concerning Special Measures for Servicing Business, which was brought into force in February of that year. As of Sep 30, 2002, OAMLS had capital of 500 million yen and 108 employees (including temporary staffers), and the approximate total value of the loans under its management was 42.3 billion yen for master servicing and 1,776.6 billion yen for special servicing.

As the master servicer for this scheme, OAMLS performs such duties as the verification of important documents, including the gen'in shosho document verifying the payment of a debt that is required for the registration of mortgage transfer the preparation of reports on the status of collection; and the production and distribution of servicer replacement notices. As the backup servicer, it also carries out such duties as the safekeeping of gen'in shosho documents and other important documents and, after the primary servicer's bankruptcy, the preparation of reports on the status of collection, the performance of the business of collection, and recovery from NPLs. OAMLS employees have abundant relevant experience, and the company also has a solid training program. Additionally, it has built up an extensive track record in the servicing business. In R&I's assessment, OAMLS therefore has sufficient capability to function as this scheme's master servicer and backup servicer.

5) The capability of the primary servicer

Established in 1969, Asax is a finance company that is headquartered in the Ginza district of Tokyo's Chuo Ward. Its outstanding loans total about 20.8 billion yen (as of Sep 30, 2002). The greater Tokyo metropolitan area forms the core of its present business base, which covers the

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Kanto, Shin'etsu, and Hokuriku regions. Asax primarily provides real-estate-secured loans to small and medium-sized enterprises. Collateral property's liquidity is a major condition for lending, and Asax's lending standard is 65% to 70% of a property's appraised value at current prices. Consequently, the company's degree of loan integrity is high, and its loan loss rate based on its actual performance for the past three years is an extremely low 0.15% to 0.25% (bad debt loss ÷ outstanding loans at year's end). Because the company's policy is to maintain a rock-solid balance sheet by keeping NPLs to a minimum and providing loans at low interest rates, its loan acceptance rate is approximately 10% of applications. Given Asax's credit management system and loan collection performance, R&I has concluded that the company has sufficient capability to function as this scheme's primary servicer.

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