



NEWS RELEASE

No.2003-C-022
Jan 20, 2003

Kyodo Leasing No-5 ABS: R&I Assigns AAA

Rating and Investment Information, Inc. (R&I), has assigned the following preliminary rating. It should be noted that this preliminary rating was generated on the basis of information current as of January 20. At the time of setting up the trust and making the transfer of Senior Trust Beneficial Rights to investors, R&I will conduct a final review of various points, including the content of agreements entered into, and issue its formal rating.

INSTRUMENT NAME:	Senior Trust Beneficial Rights in Kyodo Leasing Co.,Ltd.(No.5)
AMOUNT:	10.0 billion yen
ORIGINATOR & SERVICER:	Kyodo Leasing Co., Ltd.
TRUSTEE:	The Mitsubishi Trust and Banking Corp.
BACKUP SERVICER:	Diamond Lease Co., Ltd.
BACKING ASSETS:	Lease receivables held by Kyodo Leasing
TRUST EXECUTION DATE:	Jan 28, 2003
TRUST EXPIRATION DATE:	Feb 29, 2008
REDEMPTION METHOD:	Senior Trust Beneficial Rights Nos. 1-35 (total amount: 6.67 billion yen): Lump-sum redemption of each number on the last day of every month from March 2003 to January 2006 No. 36 (3.33 billion yen): Fixed-amount redemption on the last day of every month from February 2006 to February 2008
	Following an early redemption event, redemption changes to a monthly sequential pass-through. In sequence from the tranche with the closest redemption date.
R&I RATING:	AAA (preliminary)
CREDIT ENHANCEMENT:	Overcollateralization; cash reserve
NOTE:	The preliminary 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 dividend until redemption.

OUTLINE OF THE ISSUE:

- 1) The preliminary rating is for Senior Trust Beneficial Rights set up by The Mitsubishi Trust and Banking Corp. (Mitsubishi Trust).
- 2) Kyodo Leasing Co., Ltd. (Kyodo Leasing) transfers lease receivables on January 28, 2003, based on a trust agreement. 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. Additional entrustment, in the form of an initial entrustment of cash (the scheme's cash reserve), is made on January 31.
- 3) Mitsubishi Trust divides the trust beneficial rights into senior and subordinated portions. Kyodo Leasing sells the Senior Trust Beneficial Rights to investors through Mitsubishi Trust.
- 4) As the servicer, Kyodo Leasing performs the business of the collection of the lease receivables from the obligors. Kyodo Leasing reports each month's collection position to Mitsubishi Trust on the 20th of the next month. The collected funds are then remitted to Mitsubishi Trust on the end of

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that month in line with the report.

5) Starting in March 2003, after Mitsubishi Trust has made dividends and principal payments on the Senior Trust Beneficial Rights at the end of every month, it then makes dividend and principal payments on the Subordinated Trust Beneficial Rights, provided that certain conditions have been met, using funds that remain after subtracting any necessary sum.

6) Following the commencement of early redemption due to servicer bankruptcy or some other event, dividend and principal payments on the Subordinated Trust Beneficial Right are terminated, and the redemption method for all Senior Trust Beneficial Rights changes to a monthly sequential pass-through. In sequence from the tranche with the closest redemption date.

SUMMARY OF EVALUATION:

1) Credit enhancement and liquidity enhancement

As credit enhancement against the possibility of non-payment of claims, there is Subordinated Trust Beneficial Right with an approximate value of 1.26 billion yen (excluding the cash reserve) against principle consisting of lease receivables valued at approximately 11.26 billion yen. Furthermore, there is also a cash reserve that will be maintained at an appropriate level to ensure the availability of funds to sustain the scheme during the term.

Kyodo Leasing's historical data on non-payment and so forth in the past indicate a favorable performance. When setting the suitable level of credit enhancement for this issue, a cash flow analysis was carried out by implementing a stress test on the basis of figures obtained from these data. An analysis of the worst-case scenario based on the timing of any potential servicer bankruptcy confirms the certainty of the timely payment of dividend on the Senior Trust Beneficial Rights and of the redemption of the entire principal amount by the trust expiration date.

2) Servicer and backup servicer

Kyodo Leasing, a major leasing company in Japan, has total assets of 682.9 billion yen and lease assets of 591.3 billion yen (at the end of September 2002). In R&I's assessment it has sufficient capacity to perform its functions as servicer.

At the time of the servicer's bankruptcy, the backup servicer, Diamond Lease Co., Ltd., will conduct the collection of lease receivables. Procedures for the transfer of collection duties to the backup servicer have been clearly stipulated. If necessary, Mitsubishi Trust will perform interim servicing duties itself until the backup servicer commences collection duties.

3) True sale transfer

Apart from certain conditions stated in the trust agreement, Kyodo Leasing has no right to demand that the trustee repurchase the lease receivables and has no repurchase obligation. Moreover, excluding its rights and obligations as the servicer, Kyodo Leasing has no right against or any control over the entrusted and transferred lease receivables, so the transfer of the receivables qualifies as a true sale.

MAJOR CHARACTERISTICS OF THE POOL:

- a) The receivables are specified claims as defined under Item 1 of Paragraph 1 of Article 2 of the Law Regarding Regulation of Business Concerning Specified Claims, etc.
- b) There have been no failed payments, and payments have not been overdue.
- c) Leases to any given obligor amount to no more than 1% of the total of transferred lease claims.
- d) There are 1,189 obligors and 3,048 leases.
- e) There are more than 36 and less than 60 months outstanding on the lease receivables.