

ORIX CORP
Form 6-K
May 10, 2010
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 OF

THE SECURITIES EXCHANGE Act of 1934

For the month of May, 2010.

ORIX Corporation

(Translation of Registrant's Name into English)

Mita NN Bldg., 4-1-23 Shiba, Minato-Ku,

Tokyo, JAPAN

(Address of Principal Executive Offices)

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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

Table of Contents

Table of Documents Filed

- | | Page |
|--|-------------|
| 1. <u>ORIX's Annual Consolidated Financial Results (April 1, 2009 – March 31, 2010) filed with the Tokyo Stock Exchange on Monday, May 10, 2010.</u> | |

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 10, 2010

ORIX Corporation

By /s/ Haruyuki Urata
Haruyuki Urata
Director
Deputy President & CFO
ORIX Corporation

Table of Contents

Consolidated Financial Results

April 1, 2009 March 31, 2010

May 10, 2010

In preparing its consolidated financial information, ORIX Corporation and its subsidiaries have complied with accounting principles generally accepted in the United States of America, except as modified to account for stock splits in accordance with the usual practice in Japan.

U.S. Dollar amounts have been calculated at Yen 93.04 to \$1.00, the approximate exchange rate prevailing at March 31, 2010.

These documents may contain forward-looking statements about expected future events and financial results that involve risks and uncertainties. Such statements are based on our current expectations and are subject to uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause such a difference include, but are not limited to, those described under "Risk Factors" in the Company's Form 20-F filed with the United States Securities and Exchange Commission.

The Company believes that it will be considered a "passive foreign investment company" for United States Federal income tax purpose in the year to which these consolidated financial results relate and for the foreseeable future by reason of the composition of its assets and the nature of its income. A U.S. holder of the shares or ADSs of the Company is therefore subject to special rules generally intended to eliminate any benefits from the deferral of U.S. Federal income tax that a holder could derive from investing in a foreign corporation that does not distribute all of its earnings on a current basis. Investors should consult their tax advisors with respect to such rules, which are summarized in the Company's annual report.

For further information please contact:

Investor Relations

ORIX Corporation

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Table of Contents

Material Contained in this Report

The Company's financial information for the fiscal year from April 1, 2009 to March 31, 2010 filed with the Tokyo Stock Exchange and also made public by way of a press release.

Table of Contents**Consolidated Financial Results from April 1, 2009 to March 31, 2010****(U.S. GAAP Financial Information for ORIX Corporation and its Subsidiaries)**

Corporate Name: ORIX Corporation
 Listed Exchanges: Tokyo Stock Exchange (Securities No. 8591)

Head Office: Osaka Securities Exchange
 New York Stock Exchange (Trading Symbol : IX)
 Tokyo JAPAN
 Tel: +81-3-5419-5042

(URL http://www.orix.co.jp/grp/ir_e/ir_index.htm)

1. Performance Highlights for the Years Ended March 31, 2010 and 2009**(1) Performance Highlights - Operating Results (Unaudited)**

(millions of yen) *1

| | Total Revenues | Year-on-Year Change | Operating Income | Year-on-Year Change | Income before Income Taxes*2 | Year-on-Year Change | Net Income Attributable to ORIX Corporation*3 | Year-on-Year Change |
|----------------|----------------|---------------------|------------------|---------------------|------------------------------|---------------------|---|---------------------|
| March 31, 2010 | 932,841 | (11.5)% | 29,571 | (44.6)% | 55,608 | 540.1% | 37,757 | 72.2% |
| March 31, 2009 | 1,053,521 | (7.2)% | 53,355 | (71.2)% | 8,687 | (96.5)% | 21,924 | (87.1)% |

| | Basic Earnings Per Share | Diluted Earnings Per Share | Return on Equity | Return on Assets*4 | Operating Margin*5 |
|----------------|--------------------------|----------------------------|------------------|--------------------|--------------------|
| March 31, 2010 | 370.52 | 315.91 | 3.1% | 0.7% | 3.2% |
| March 31, 2009 | 246.59 | 233.81 | 1.8% | 0.1% | 5.1% |

Equity in Net Income (Loss) of Affiliates was a net gain of ¥8,550 million for the fiscal year ended March 31, 2010 and a net loss of ¥42,937 million for the fiscal year ended March 31, 2009.

- *Note 1:** Unless otherwise stated, all amounts shown herein are in millions of Japanese yen or millions of U.S. dollars, except for Per Share amounts which are in single yen.
- *Note 2:** Income before Income Taxes as used throughout the report represents Income before Income Taxes and Discontinued Operations.
- *Note 3:** Pursuant to FASB Accounting Standards Codification 810-10-65-1 (Consolidation Noncontrolling Interests in Consolidated Financial Statements), Net income was reclassified into Net Income Attributable to ORIX Corporation, as of April 1, 2009.
- *Note 4:** This figure has been calculated using Income before Income Taxes in accordance with Tokyo Stock Exchange disclosure practice. The figure on following pages is calculated using Net Income Attributable to ORIX Corporation.
- *Note 5:** This figure has been calculated by dividing Operating Income by Total Revenues.

(2) Performance Highlights - Financial Position (Unaudited)

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| | Total Assets | Total Equity | Shareholders Equity | Shareholders Equity Ratio | Shareholders Equity Per Share |
|----------------|-----------------|-----------------|------------------------|------------------------------|----------------------------------|
| March 31, 2010 | 7,739,800 | 1,316,461 | 1,298,684 | 16.8% | 12,082.56 |
| March 31, 2009 | 8,369,736 | 1,185,597 | 1,167,530 | 13.9% | 13,059.59 |

(3) Performance Highlights - Cash Flows (Unaudited)

| | Cash Flows from Operating Activities | Cash Flows from Investing Activities | Cash Flows from Financing Activities | Cash and Cash Equivalents at End of Period |
|----------------|---|---|---|---|
| March 31, 2010 | 209,311 | 432,788 | (466,924) | 639,087 |
| March 31, 2009 | 308,779 | 171,183 | (334,587) | 459,969 |

2. Dividends for the Years Ended March 31, 2010 and 2009 (Unaudited)

| | Dividends Per Share | Total Dividends Paid | Dividend Payout Ratio (Consolidated base) | Dividends on Equity (Consolidated base) |
|----------------|---------------------|-------------------------|--|--|
| March 31, 2010 | 75.00 | 8,061 | 20.2% | 0.6% |
| March 31, 2009 | 70.00 | 6,261 | 28.4% | 0.5% |

3. Forecasts for the Year Ending March 31, 2011 (Unaudited)

| Fiscal Year | Total Revenues | Year-on-Year Change | Net Income Attributable to ORIX Corporation | Year-on-Year Change | Basic Earnings Per Share |
|----------------|----------------|------------------------|--|------------------------|-----------------------------|
| March 31, 2011 | 920,000 | (1.4)% | 57,000 | 51.0% | 530.31 |

4. Other Information

(1) Changes in Significant Consolidated Subsidiaries

Yes (x) No ()

Addition - None ()

Exclusion - One company (ORIX Credit Corporation)

(2) Changes in Accounting Principles, Procedures and Disclosures

1. Changes due to adoptions of new accounting standards

Yes (x) No ()

2. Other than those above

Yes () No (x)

For further details, see Significant Accounting Policies on page 18.

(3) Number of Outstanding Shares (Ordinary Shares)

1. The number of outstanding shares, including treasury stock, was 110,229,948 as of March 31, 2010, and 92,217,067 as of March 31, 2009.

2. The number of treasury stock was 2,745,701 as of March 31, 2010, and 2,816,847 as of March 31, 2009.

3. The average number of shares was 101,901,296 for the fiscal year ended March 31, 2010, and 88,909,717 for the fiscal year ended March 31, 2009.

Table of Contents**[Summary of Consolidated Financial Results]**

| | | Fiscal Year ended March 31, 2009 | Fiscal Year ended March 31, 2010 | Change | Year on Year Change |
|---|-------------------|--|---|-----------|---------------------------|
| Total Revenues | (millions of yen) | 1,053,521 | 932,841 | (120,680) | (11)% |
| Income before Income Taxes*1 | (millions of yen) | 8,687 | 55,608 | 46,921 | 540% |
| Net Income Attributable to ORIX Corporation | (millions of yen) | 21,924 | 37,757 | 15,833 | 72% |
| Earnings Per Share (Basic) | (yen) | 246.59 | 370.52 | 123.93 | 50% |
| (Diluted) | (yen) | 233.81 | 315.91 | 82.10 | 35% |
| ROE | (%) | 1.8 | 3.1 | 1.3 | |
| ROA | (%) | 0.25 | 0.47 | 0.22 | |

* Note 1: Income before income taxes refers to income before income taxes and discontinued operations. Net income attributable to ORIX Corporation is equivalent to net income, which had been used until the fiscal year ended March 31, 2009.

1. Analysis of Financial Highlights**1-1. Financial Highlights for the Fiscal Year Ended March 31, 2010****Economic Environment**

The global economy remains stagnant, with signs of recovery starting to be seen in each country at a different pace. Recovery in advanced economies is still largely dependent on governmental stimulus measures, while emerging markets, such as Asia including China, are showing a strong recovery. Europe has yet to see a recovery in the labor market and concerns remain, such as Greece's financial crisis.

In the United States, despite moderate recovery encouraged by increased consumer demand, continuing stagnation in the real estate market and high unemployment still require particular attention. The government is starting to phase out stimulus measures and is closely watching the economy for signs of underlying strength.

In Japan, the number of corporate bankruptcies is decreasing and the government announced in March 2010 that it had made an upward revision to the overall assessment of the nation's economy for the first time in eight months: signs that the economic stimulus measures have taken effect. Corporate profits are improving with increases in both export levels and industrial production. Signs of recovery are also visible in real estate transactions. On the other hand, risks such as advancing deflation and high unemployment continue to be present, raising concern that a full recovery will take additional time.

Overview of Business Performance (April 1, 2009 to March 31, 2010)

ORIX recorded ¥37,757 million in net income attributable to ORIX Corporation for the fiscal year ended March 31, 2010 supported by the beneficial effects of business and fundraising diversification, despite worldwide economic stagnation triggered by the global financial crisis. At the same time, de-leveraging continued and the balance sheet decreased significantly through the implementation of the policies Strengthening the Corporate Structure and Operational Realignment. Revenues decreased 11% to ¥932,841 million compared to ¥1,053,521 million during the previous fiscal year. However, income before income taxes increased more than 6 fold to ¥55,608 million compared to ¥8,687 million during the previous fiscal year.

Brokerage commissions and net gains (losses) on investment securities returned to profitability particularly due to improvements in the U.S. bond and equity markets in line with recovery of the domestic and international financial markets. However, revenues from direct financing leases and interest on loans and investment securities decreased compared to the previous fiscal year as a result of stringent selection of transactions and enhanced collections. In particular, interest on loans significantly decreased due to a reduction in real estate-related finance and the change in status of ORIX Credit Corporation from a consolidated subsidiary to an equity-method affiliate. Gains on sales of real estate under operating leases declined compared to the previous fiscal year as the Company held back on the sales of real estate under operating leases due to stagnation in the real estate market.

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Expenses for this fiscal year decreased compared to the previous fiscal year due to a decline in costs of real estate sales mainly resulting from a decrease in the number of condominiums sold, a decrease in interest expense resulting from a decrease in interest-bearing liabilities, and a decrease in selling, general and administrative expenses resulting from cost reduction programs.

Table of Contents

Losses were recorded for equity in net income (loss) of affiliates in the third quarter of the previous fiscal year due to the write-downs caused by losses stemming from the deteriorated financial conditions and decreases in share prices of equity-method affiliates in Japan. A loss was recorded in the first quarter of this fiscal year in connection with an affiliate filing for protection under the Corporate Rehabilitation Law. However, equity in net income (loss) of affiliates returned to profitability due to contributions from overseas equity-method affiliates, recording a profit of ¥8,550 million, up from a loss of ¥42,937 million during the previous fiscal year. Regarding gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net, gains on sales of subsidiaries were recorded due to a 51% stake of ORIX Credit Corporation being transferred to Sumitomo Mitsui Banking Corporation (SMBC) in July 2009 as well as a share exchange of 100% of ORIX Securities Corporation shares for a 22.5% stake in Monex Group, Inc. (Monex Group) in January 2010.

As a result of the foregoing, income before income taxes and discontinued operations recorded a more than 6 fold increase to ¥55,608 million compared to ¥8,687 million during the previous fiscal year, and net income attributable to ORIX Corporation increased 72% to ¥37,757 million from ¥21,924 million during the previous fiscal year.

Segment Information

Segment profits and losses (Note 2) for this fiscal year were as follows. The Corporate Financial Services, Maintenance Leasing, and Real Estate segments saw a decrease in profits compared to the previous fiscal year. The Investment Banking segment saw a decrease in losses, and the Retail and Overseas Business segments recorded increases in profits.

Note 2: The Company evaluates the performance of segments based on income before income taxes and discontinued operations, adjusted for results of discontinued operations and net income attributable to the noncontrolling interests before applicable tax effect. Tax expenses are not included in segment profits.

Segment information for this fiscal year is as follows:

Corporate Financial Services Segment

This segment is involved in lending, leasing, commission business for the sale of financial products, and environment-related businesses.

The economic environment surrounding SMEs, ORIX's main client base, remains severe. Although the number of corporate bankruptcies has decreased compared to the previous fiscal year, the trend has still hovered at a high rate. Given this condition, ORIX has restricted the number of new transactions and has focused on reducing assets, particularly loans to real estate companies. As a result, the average balances of investment in direct financing leases and installment loans decreased 25% year on year, while the decrease in revenues was 17% to ¥113,652 million compared to ¥137,712 million during the previous fiscal year.

Segment expenses decreased compared to the previous fiscal year resulting from a decline in interest expense, selling, general and administrative expenses, and provision for doubtful receivables and probable loan losses. However, this reduction did not completely offset the decrease in revenues. As for provision for doubtful receivables and probable loan losses, although the level of the amount remained high, new occurrences of non-performing assets have declined significantly since peaking in the third quarter of the previous fiscal year. As a result, the segment recorded a loss of ¥17,581 million compared to a loss of ¥10,451 million in the previous fiscal year.

Segment assets decreased 22% to ¥1,236,905 million compared to March 31, 2009 due to a decline in the balances of investment in direct financing leases and installment loans.

Maintenance Leasing Segment

This segment consists of automobile and rental operations. The automobile operations are comprised of automobile leasing, rentals and car sharing. The rental operations are comprised of leasing and rental of precision measuring equipment and IT-related equipment.

The automobile leasing business was faced with a sluggish secondary auto market in addition to weakened demand from a continued decrease in corporate spending on vehicles and broader cost reduction efforts. In the precision measuring and other equipment rental business, demand has decreased in line with declining capital expenditure due to the economic downturn.

Despite the severe operating environment, the Maintenance Leasing segment has maintained relatively stable revenues by capitalizing on ORIX's position as the industry-leader in terms of market share and by providing high value-added services. Segment revenues decreased 6% to

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¥222,952 million compared to ¥235,953 million during the previous fiscal year.

Table of Contents

Also, selling, general and administrative expenses were down as a result of internal cost reduction programs. However, the decrease in segment expenses was minimal due to increased depreciation expenses mainly caused by conservative residual value estimates, reflecting the sluggish secondary auto market. As a result, segment profits decreased 15% to ¥21,742 million compared to ¥25,621 million during the previous fiscal year.

Segment assets were down 13% to ¥561,462 million compared to March 31, 2009 due to a decrease in new transactions from weakening demand and the sales of low performing assets.

Real Estate Segment

This segment consists of development and rental of commercial real estate and office buildings, condominium development and sales, hotel, golf course, and training facility operation, senior housing development and management, REIT asset management, and real estate investment and advisory services.

In the office building and commercial real estate development and rental business, the segment has focused on attracting tenants by capitalizing on its leasing expertise and maintaining yields by increasing property values as average rents have continued to decrease. Gains on sales of real estate under operating leases decreased significantly as sales of rental properties under operating leases were held back compared to the previous fiscal year in the still-weak real estate market, although signs of market recovery are starting to emerge.

There is upward momentum in the condominium market as contract rates increased while inventory adjustment continued. However, profits from the condominium development business have decreased due to a decline in the total number of condominiums delivered to 1,530 units from 3,038 units in the previous fiscal year as a result of limiting new developments since the second half of 2007 due to weak demand. Furthermore, revenues and expenses from facilities management services declined as a result of the sale of 100% of ORIX Facilities Corporation shares to DAIKYO Incorporated in March 2009.

As a result, segment revenues decreased 30% to ¥189,530 million compared to ¥270,027 million in the previous fiscal year. Despite decreased segment expenses, segment profits decreased 81% to ¥9,413 million compared to ¥50,508 million during the previous fiscal year due to a significant decline in equity in net income (loss) of affiliates related to condominium development joint ventures in addition to the abovementioned drastic decrease in gains on sales of real estate under operating leases.

Segment assets declined 8% to ¥1,079,273 million compared to March 31, 2009 mainly resulting from the decrease in inventories related to the condominium development business.

Investment Banking Segment

This segment consists of real estate finance, commercial real estate asset securitization, loan servicing (asset recovery), principal investment, M&A advisory, and venture capital.

The non-recourse loan market in Japan saw a sudden tightening of liquidity resulting from the global financial crisis. Although there have been slight improvements in liquidity, the market has yet to make a full recovery as financial institutions maintain their conservative stance toward lending.

Under this operating environment, revenues from the real estate finance business decreased as a result of asset reductions and limited new transactions. Although gains on investment securities in the principal investment business improved, segment revenues decreased 5% to ¥89,560 million compared to ¥94,645 million in the previous fiscal year.

Segment expenses increased compared to the previous fiscal year in line with an increase in provision for doubtful receivables and probable loan losses mainly from non-recourse loans and the recognition of write-downs of securities. Despite a loss being recorded due to JOINT CORPORATION's filing for protection under the Corporate Rehabilitation Law, the amount of loss recorded for equity in net income (loss) of affiliates improved compared to the previous fiscal year when significant write-downs were recorded.

As a result, the segment recorded a loss of ¥11,960 million compared to a loss of ¥63,397 million in the previous fiscal year. Segment losses are steadily recovering from the bottom in the third quarter of the previous fiscal year.

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Segment assets decreased 12% to ¥1,166,722 million compared to March 31, 2009 due to a decrease in the balances of installment loans and investment in securities.

Furthermore, real estate collateral from non-recourse loans has been acquired in some cases in order to maximize collections by capitalizing on ORIX's real estate value chain, and the Company has been shifting toward a scheme where revenues and risks can be controlled independently.

Table of Contents

Retail Segment

This segment consists of the trust and banking business, the life insurance operations, and the card loan and the securities brokerage businesses operated by affiliates.

Deposits increased steadily in the trust and banking business as the domestic trend toward individual savings over investment continued. Even in the turbulent real estate market, there is still a strong demand for mortgages for rental condominiums for investment purposes, a main driver of the mortgage loan business. Also, trust and banking business profits increased compared to the previous fiscal year as a result of the trust and banking business steadily increasing its corporate loan balance under a strategy of strengthening its corporate finance operations.

In the life insurance business, sales performance has remained strong due to increased contracts for new products despite intensifying competition as the product lineup of high-demand third sector insurance (medical and cancer insurance) has diversified. In addition, life insurance related investment income has significantly improved compared to

the previous fiscal year due to market recovery.

Under the policy of Operational Realignment, both the card loan and securities brokerage businesses have entered into strategic alliances with influential partners. In the card loan business, a 51% stake of ORIX Credit Corporation was transferred to SMBC in July 2009 resulting in a gain on sale of a subsidiary. In the securities brokerage business, ORIX established a business alliance with Monex Group and concluded a share exchange with Monex Group in January 2010 pursuant to which shares of ORIX Securities were exchanged for shares of Monex Group and, as a result a gain on the sale of a subsidiary was recorded. Subsequent income for both businesses is recorded as equity in net income (loss) of affiliates.

Segment revenues decreased 15% to ¥155,917 million compared to ¥183,307 million in the previous fiscal year, due to

the change in status of the card loan and securities brokerage businesses as equity method affiliates. Segment expenses such as life insurance costs and provision for doubtful receivables and probable loan losses have also decreased. Segment profits more than tripled to ¥31,104 million compared to ¥9,573 million in the previous fiscal year due to

significant contributions from gains on sales of subsidiaries.

Segment assets increased 2% to ¥1,578,758 million compared to March 31, 2009 due to increased assets in the trust and banking and life insurance businesses, although the balance of installment loans from the card loan business decreased.

Overseas Business Segment

This segment consists of leasing, lending, investment in bonds, investment banking services, real estate-related operations, and ship- and aircraft-related operations in the United States, Asia, Oceania and Europe.

Despite a moderate economic recovery in the United States as demonstrated by improvement in the bond and equity markets, and to a lesser extent, recovery in consumer spending, the housing markets still face challenges and require continued observation. The Asian region, especially China, is showing a strong recovery.

Segment revenues were up 11% to ¥185,906 million compared to ¥167,635 million in the previous fiscal year. In the United States, net gains on investment securities and fee income from Houlihan Lokey increased. In Asia and Oceania, revenues from operating and direct financing leases decreased mainly as a result of stringent selection of new transactions in the first half of the fiscal year.

Segment expenses were flat year on year as decreases in interest expenses and costs of operating leases were offset by increases in provision for doubtful receivables and probable loan losses and selling, general and administrative expenses.

Segment profits increased 85% to ¥37,142 million compared to ¥20,066 million in the previous fiscal year due to the abovementioned factors in addition to profits recognized in the principal investment business in Asia and Oceania.

Segment assets decreased 9% to ¥860,815 million compared to March 31, 2009 as a result of decreased investment in direct financing leases and installment loans.

Table of Contents

1-2. Outlook and Forecast for the Fiscal Year Ending March 31, 2011

Signs of global economic recovery are starting to emerge supported by financial support measures and easing of monetary policy by countries worldwide. However, risks such as the outcome of proposed financial regulatory changes in the United States, increased fiscal uncertainty in Europe, revaluation of China's Renminbi and concerns about a rising interest rate due to the increased fiscal deficit in Japan persist. Based on the operating environments described above and management policies described further below, ORIX's forecast for the fiscal year ending March 31, 2011 is as follows:

ORIX forecasts total revenues of ¥920,000 million (down 1.4% year on year) for the fiscal year ending March 31, 2011

due to the effects of the change in status of the card loan and securities brokerage businesses to equity-method affiliates.

Net income attributable to ORIX Corporation of ¥57,000 million (up 51% year on year) is forecasted, aiming to achieve profitability in all segments. Segment profits forecasts are as follows:

The Corporate Financial Services segment is expected to return to profitability due to enhancing Finance + Services and an expanded corporate client base in addition to decreased provision for doubtful receivables and probable loan losses and selling, general and administrative expenses.

Maintenance Leasing segment profits are forecasted to increase year on year through an expanded service menu and enhanced group-wide cross functional collaboration, despite the severe operating environment with decreased demand

for corporate capital expenditure.

Real Estate segment profits are forecasted to be flat year on year through improved rental property yield and improved profitability of the housing-related business despite an environment where sales of large-scale properties should be held back.

The Investment Banking segment is expected to return to profitability through capitalizing on the servicer function and promoting investments and also due to the minimal risk of significant losses from major investments.

Retail segment profits are forecasted to decrease due to gains on sales of subsidiaries recognized during the fiscal year ended March 31, 2010. Excluding these gains, profits are forecasted to increase due to increased profits from the enhanced new product lineup of the life insurance business and expanded corporate loans by the trust and banking business. This segment is positioned as an important segment in a growth stage, aiming for further expansion.

U.S. operations will expand Finance + Services utilizing sophisticated expertise and also expand business operations through measures such as M&A. Profit in the Asia and Oceania region is forecasted to increase by embracing economic growth in the Asian region. As a result, the Overseas Business segment is forecasted to maintain a high-level of profit

as a whole.

Although forward-looking statements in this document such as forecasts are attributable to current information available to the Company as well as on reasonable assumptions, actual financial results may differ materially due to various factors. Therefore, readers are urged not to place undue reliance on these figures.

Various factors causing these figures to differ materially are discussed, but not limited to, those described under Risk

Factors in Form 20-F filed with the U.S. Securities and Exchange Commission.

2. Analysis of Financial Condition

2-1. Analysis of Assets, Liabilities, Shareholders' Equity and Cash Flows

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| | | Fiscal Year ended March 31, 2009 | Fiscal Year ended March 31, 2010 | Change | Year on Year Change |
|--------------------------------|-------------------|--|--|-----------|------------------------|
| Total Assets | (millions of yen) | 8,369,736 | 7,739,800 | (629,936) | (8)% |
| (Segment Assets) | | 7,232,671 | 6,483,935 | (748,736) | (10)% |
| Total Liabilities | (millions of yen) | 7,158,743 | 6,395,244 | (763,499) | (11)% |
| (Long- and Short-term Debt) | | 5,252,012 | 4,409,835 | (842,177) | (16)% |
| (Deposits) | | 667,627 | 853,269 | 185,642 | 28% |
| Shareholders' Equity | (millions of yen) | 1,167,530 | 1,298,684 | 131,154 | 11% |
| Shareholders' Equity Per Share | (yen) | 13,059.59 | 12,082.56 | (977.03) | (7)% |

Total assets decreased 8% to ¥7,739,800 million from ¥8,369,736 million on March 31, 2009. Investment in securities increased mainly in the Retail segment due to the purchase of bonds, but installment loans and investment in direct financing leases decreased due to the selection of new transactions and focus on collections. Furthermore, installment loans decreased as a result of the change in status of ORIX Credit Corporation and ORIX Securities Corporation from consolidated subsidiaries. In addition, investment in affiliates increased as a result of ORIX Credit Corporation and Monex Group becoming equity-method affiliates. Segment assets decreased 10% to ¥6,483,935 million compared to March 31, 2009.

Long- and short-term debt levels have decreased compared to March 31, 2009 as a result of continued reductions in interest-bearing liabilities. However, deposits have increased compared to March 31, 2009 in accordance with business expansion into corporate lending in the trust and banking business.

Shareholders' equity increased 11% to ¥1,298,684 million compared to March 31, 2009. The financial base was strengthened as a result of ¥83 billion of capital raised through the issuance of new shares in July 2009.

Table of Contents

Summary of Cash Flows

Cash and cash equivalents increased by ¥179,118 million to ¥639,087 million compared to March 31, 2009.

Cash flows from operating activities provided ¥209,311 million in this fiscal year, having provided ¥308,779 million in

the previous fiscal year, as a result of a decrease in new investment in for-sale real estate such as condominiums, an increase in trading securities, and an adjustment of net income such as depreciation and amortization, provision for doubtful receivables and probable loan losses and equity in net income (loss) of affiliates (excluding interest on loans), despite an increase in net income compared to the previous fiscal year.

Cash flows from investing activities provided ¥432,788 million in this fiscal year, having provided ¥171,183 million in

the previous fiscal year, due to decreases in purchases of lease equipment and installment loans made to customers, reflecting a policy of stringent selection of new transactions, and also due to return of investments in connection to the sales of subsidiaries, net of cash disposed.

Cash flows from financing activities used ¥466,924 million in this fiscal year, compared with ¥334,587 million used during the previous fiscal year, due to reduction of interest-bearing debt despite fundraising through the issuance of new shares, in line with the policy to enhance financial stability.

Cash balance has increased and cash management is stable resulting from operating and investing activities providing cash inflows.

2-2. Trend in Cash Flow-Related Performance Indicators

| | March 31, 2009 | March 31, 2010 |
|---|----------------|----------------|
| Shareholders' Equity Ratio | 13.9% | 16.8% |
| Shareholders' Equity Ratio based on Market Value | 3.4% | 11.5% |
| Interest-bearing Debt to Cash Flow Ratio | 19.2 | 25.1 |
| Interest Coverage Ratio | 3.0 times | 2.5 times |
| Shareholders' Equity Ratio: Shareholders' Equity/Total Assets | | |

Shareholders' Equity Ratio based on Market Value: Total Market Value of Listed Shares/Total Assets

Interest-bearing Debt to Cash Flow Ratio: Interest-bearing Debt/Cash Flow

Interest Coverage Ratio: Cash Flow/Interest Payments

Note 3: All figures have been calculated on a consolidated basis.

Note 4: Total Market Value of Listed Shares has been calculated based on the number of outstanding shares excluding treasury stock.

Note 5: Cash Flow refers to cash flows from operating activities.

Note 6: Interest-bearing Debt refers to short- and long-term debt and deposits listed on the consolidated balance sheets.

3. Profit Distribution Policy and Dividends for the Fiscal Year Ended March 31, 2010

ORIX believes that securing profits from its businesses primarily as retained earnings, and utilizing them for strengthening its base of operations and making investments for growth, assists in sustaining profit growth while maintaining financial stability, and leading to increased shareholder value.

Regarding dividends, ORIX responds to shareholder expectations through increasing shareholder value through mid-to long-term profit growth and steady distribution of profit.

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Regarding share buybacks, ORIX will take into account the adequate level of retained earnings and act flexibly and accordingly by considering the factors such as changes in the economic environment, trend in stock prices, and financial situation.

Given the policy outlined above and the current operating environment, the annual dividend will be 75 yen per share,

up from 70 yen in the previous year.

Dividend distribution is scheduled once a year as a year-end dividend.

Table of Contents

4. Risk Factors

With the announcement of our results for the fiscal year ended March 31, 2010, no additional items have arisen concerning Risk Factors found in our latest Form 20-F submitted to the U.S. Securities and Exchange Commission on June 26, 2009.

[Management Policies]

1. Management Basic Policy

The ORIX Group's corporate philosophy and management policy are shown below.

Corporate Philosophy

The ORIX Group is constantly anticipating market needs and working to contribute to society by developing leading financial services on global scale and striving to offer innovative products that create new value for customers.

Management Policy

The ORIX Group strives to meet the diverse needs of its customers and to deepen trust by constantly developing superior services.

The ORIX Group aims to strengthen its base of operations and achieve sustained growth by integrating the ORIX Group's resources to promote synergies amongst different units.

The ORIX Group makes efforts to maintain a corporate culture that encourages a sense of fulfillment and pride by developing personnel resources through corporate programs and promoting professional development.

The ORIX Group aims to attain stable medium- and long-term growth in shareholder value by implementing these initiatives.

2. Target Performance Indicators

ORIX Group's swift efforts to strengthen the financial base through reduction of assets and a capital increase during the global financial crisis resulted in a dramatic increase in stability with a shareholders' equity ratio of 16.8% as of March 31, 2010. ORIX is once again shifting its momentum toward continued future growth. In this context, ORIX Group will use the following performance indicators: Shareholders' equity ratio to indicate stability, ROE to indicate capital efficiency and net income attributable to ORIX Corporation to indicate profitability. For the foreseeable future, ORIX will strive to improve profitability while maintaining its current shareholders' equity ratio, and will aim to achieve the medium- to long-term target of around 10% ROE.

Three-year trends in performance indicators are as follows.

| | | March 31, 2008 | March 31, 2009 | March 31, 2010 |
|---|-------------------|-----------------------|-----------------------|-----------------------|
| Net Income Attributable to ORIX Corporation | (millions of yen) | 169,597 | 21,924 | 37,757 |
| ROE | (%) | 13.8 | 1.8 | 3.1 |
| Shareholders' Equity Ratio | (%) | 14.1 | 13.9 | 16.8 |

3. Medium- and Long-Term Corporate Management Strategies

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The ORIX Group believes that it is vital to respond to changes in the market environment with agility and flexibility. The ORIX Group consists of six business segments (Corporate Financial Services, Maintenance Leasing, Real Estate, Investment Banking, Retail and Overseas Business) that represent a wide range of businesses, and Group-wide risk is controlled through a diversified business portfolio. While domestic and international financial institutions were forced to record large losses due to the financial crisis, ORIX was able to secure profits through the complimentary nature of its diversified portfolio.

Also, from a funding standpoint, ORIX was able to weather the brunt of the financial crisis by maintaining a roughly 50:50 ratio of direct and indirect funding, through its solid relationships with over 200 domestic and international financial institutions and by actively issuing long-term bonds.

The ORIX Group will focus on the dual management strategy of From Finance to Finance +Services and Expanding Business in Asia and will realize stable operations and steady growth through further enhancement of financial stability and comprehensive risk management.

Table of Contents

The strategy for specific areas for business expansion and promotion is as follows.

From Finance to Finance + Services : After the occurrence of structural changes in finance business environment caused by the financial crisis, providing additional high value-added services has been deemed essential for pursuing increased profitability in the finance business. The ORIX Group is already providing Finance + Services through its automobile maintenance leasing service and loan servicing operations. ORIX aims to further enhance and expand current operations capitalizing on its accumulated client base, knowledge and expertise.

Expanding Business in Asia : As significant economic growth is observed in emerging countries, business expansion in Asia, especially China, is vital for company growth. ORIX Group will embrace growth in Asia by expanding operations capitalizing on local subsidiaries and partner networks in addition to leveraging a successful investment track record. ORIX will also further strengthen and enhance its existing operating platform in the deployment of this strategy. In addition, ORIX will create a new operating base by continually developing new products and services and making proposals valued by clients and society.

Overviews and strategies for the six segments are as follows.

| Segment | Business Overview | Business Strategies |
|----------------------------|--|--|
| Corporate Financial | Lending, leasing, commission business for the sale of financial products, and | Expand Finance + Services |
| Services Segment | environment-related businesses | Expand the customer base through strengthened cooperation with ORIX Auto and Rentec |
| Maintenance | Automobile leasing and rentals, car sharing, and precision measuring equipment and | Capitalize on expertise to exploit the needs of various industries and exploit new business opportunities |
| Leasing Segment | IT-related equipment rentals and leasing | Promote Group-wide cross functional collaboration, target further expansion |
| Real Estate Segment | Development and rentals of commercial real estate and office buildings, condominium development and sales, hotel, golf course, and training facility operation, senior housing development and management, REIT asset management, and real estate investment and advisory services | Venture into Asian market while actively promoting ORIX Auto's Comprehensive Auto Management Service and Rentec's IT Asset Management Service Capitalize on leasing expertise to make use of the distinctive small and diversified rental property portfolio to increase occupancy and yields Seek various exit strategies, promote asset turnover |
| Investment Banking Segment | Real estate finance, commercial real estate asset securitization, loan servicing (asset recovery), principal investment, M&A advisory, venture capital and securities brokerage | Aim to create new value by promoting large projects Capitalize on highly rated servicer function with large market share for CMBS-related profit opportunities and strengthen the corporate rehabilitation business |

Although selective, actively pursue equity investment

Table of Contents

| | | |
|---------------------------|--|---|
| Retail Segment | Life insurance, trust and banking services, and the card loan business and online securities brokerage operated by affiliates | Life Insurance: Expand business through development of distinctive third sector (medical and cancer insurance) products and enhanced agency network |
| | | Trust and Banking: Continue to expand corporate lending |
| Overseas Business Segment | Leasing, lending, investment in bonds, investment banking, real estate-related operations, and ship- and aircraft-related operations | U.S.: Expand Finance + Services based on accumulated expertise and aggressively expand operations, including future M&As |
| | | Asia: Embrace growth in Asia. Seek out high-profit initiatives, especially in the Chinese HQ in Dalian |

4. Corporate Challenges to be Addressed

The operating environment surrounding ORIX is dramatically changing in line with structural changes in society such as strong growth of emerging nations together with low growth of developed nations, contraction of the financial market, new financial regulations and global warming. It is vital for ORIX Group to continue to maintain and develop a business structure that flexibly and swiftly adapts to such a rapidly changing operating environment. Specifically, ORIX will adapt to the changing operating environment by taking the following steps.

1. Further advancement of risk management
 2. Pursue transactions that are both socially responsible and economically viable
 3. Create a fulfilling workplace
-
1. Further advancement of risk management: Further enhance the thorough and transparent monitoring and control of each business in accordance with its characteristics while diversifying the business based on Finance + Services and Expanding Business in Asia in line with the changing operating environment.
 2. Pursue transactions that are both socially responsible and economically viable: Pursue transactions that are socially responsible from a compliance and environmental standpoint while providing products and services that are valued by clients and improving ORIX Group profitability.
 3. Create a fulfilling workplace: Focus on ORIX's strengths as a global organization to create a fulfilling work environment for all employees regardless of nationality, age, gender, background or type of employment.

Table of Contents**(1) Condensed Consolidated Balance Sheets**

(As of March 31, 2009 and 2010)

(Unaudited)

| | (millions of yen, millions of US\$) | | |
|--|-------------------------------------|-------------------|--------------------------------------|
| | March 31, 2009 | March 31, 2010 | U.S. dollars March 31, 2010 |
| Assets | | | |
| Cash and Cash Equivalents | 459,969 | 639,087 | 6,869 |
| Restricted Cash | 128,056 | 77,486 | 833 |
| Time Deposits | 680 | 548 | 6 |
| Investment in Direct Financing Leases | 914,444 | 756,481 | 8,131 |
| Installment Loans | 3,304,101 | 2,464,251 | 26,486 |
| Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses | (158,544) | (157,523) | (1,693) |
| Investment in Operating Leases | 1,226,624 | 1,213,223 | 13,040 |
| Investment in Securities | 926,140 | 1,104,158 | 11,868 |
| Other Operating Assets | 189,560 | 186,396 | 2,003 |
| Investment in Affiliates | 264,695 | 409,711 | 4,404 |
| Other Receivables | 228,581 | 210,521 | 2,263 |
| Inventories | 197,960 | 153,256 | 1,647 |
| Prepaid Expenses | 34,571 | 45,420 | 488 |
| Office Facilities | 86,945 | 96,831 | 1,041 |
| Other Assets | 565,954 | 539,954 | 5,802 |
| Total Assets | 8,369,736 | 7,739,800 | 83,188 |
| Liabilities and Equity | | | |
| Short-Term Debt | 798,167 | 573,565 | 6,165 |
| Deposits | 667,627 | 853,269 | 9,171 |
| Trade Notes, Accounts Payable and Other Liabilities | 370,310 | 311,113 | 3,344 |
| Accrued Expenses | 96,662 | 101,917 | 1,095 |
| Policy Liabilities | 442,884 | 409,957 | 4,406 |
| Current and Deferred Income Taxes | 160,358 | 183,674 | 1,974 |
| Security Deposits | 168,890 | 125,479 | 1,349 |
| Long-Term Debt | 4,453,845 | 3,836,270 | 41,233 |
| Total Liabilities | 7,158,743 | 6,395,244 | 68,737 |
| Redeemable Noncontrolling Interests | 25,396 | 28,095 | 302 |
| Commitments and Contingent Liabilities | | | |
| Common Stock | 102,216 | 143,939 | 1,547 |
| Additional Paid-in Capital | 136,313 | 178,661 | 1,920 |
| Retained Earnings | 1,071,919 | 1,104,779 | 11,874 |
| Accumulated Other Comprehensive Income (Loss) | (92,384) | (79,459) | (854) |
| Treasury Stock, at Cost | (50,534) | (49,236) | (529) |

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| | | | |
|---|-----------|-----------|--------|
| Total ORIX Corporation Shareholders Equity | 1,167,530 | 1,298,684 | 13,958 |
| Noncontrolling Interests | 18,067 | 17,777 | 191 |
| Total Equity | 1,185,597 | 1,316,461 | 14,149 |
| Total Liabilities and Equity | 8,369,736 | 7,739,800 | 83,188 |

| | March 31, 2009 | March 31, 2010 | U.S. dollars March 31, 2010 |
|---|---------------------------|---------------------------|--|
| Accumulated Other Comprehensive Income (Loss) | | | |
| Net unrealized gains (losses) on investment in securities | (5,615) | 7,495 | 81 |
| Defined benefit pension plans | (16,221) | (9,092) | (98) |
| Foreign currency translation adjustments | (71,791) | (77,651) | (835) |
| Net unrealized gains (losses) on derivative instruments | 1,243 | (211) | (2) |
| | (92,384) | (79,459) | (854) |

Note 1: Pursuant to FASB Accounting Standards Codification 810-10-65-1 (Consolidation Noncontrolling Interests in Consolidated Financial Statements), noncontrolling interests, which were previously classified between liabilities and equity are included in equity, except for those noncontrolling interests which are redeemable, and prior period amounts have been reclassified.

Table of Contents**(2) Condensed Consolidated Statements of Income**

(For the Years Ended March 31, 2009 and 2010)

(Unaudited)

(millions of yen, millions of US\$)

| | Year ended March 31, 2009 | Period -over- period (%) | Year ended March 31, 2010 | Period -over- period (%) | U.S. dollars Year ended March 31, 2010 |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---|
| Total Revenues: | 1,053,521 | 93 | 932,841 | 89 | 10,026 |
| Direct financing leases | 63,349 | 81 | 50,115 | 79 | 539 |
| Operating leases | 285,384 | 100 | 277,217 | 97 | 2,980 |
| Interest on loans and investment securities | 196,164 | 87 | 135,167 | 69 | 1,453 |
| Brokerage commissions and net gains (losses) on investment securities | (12,330) | | 23,317 | | 251 |
| Life insurance premiums and related investment income | 117,751 | 92 | 115,598 | 98 | 1,242 |
| Real estate sales | 71,088 | 80 | 40,669 | 57 | 437 |
| Gains on sales of real estate under operating leases | 24,346 | 145 | 6,841 | 28 | 74 |
| Other operating revenues | 307,769 | 106 | 283,917 | 92 | 3,050 |
| Total Expenses: | 1,000,166 | 105 | 903,270 | 90 | 9,708 |
| Interest expense | 102,522 | 97 | 82,503 | 80 | 887 |
| Costs of operating leases | 194,216 | 107 | 192,678 | 99 | 2,071 |
| Life insurance costs | 105,899 | 94 | 92,348 | 87 | 993 |
| Costs of real estate sales | 79,058 | 98 | 46,757 | 59 | 503 |
| Other operating expenses | 185,121 | 107 | 162,839 | 88 | 1,750 |
| Selling, general and administrative expenses | 235,328 | 93 | 223,061 | 95 | 2,397 |
| Provision for doubtful receivables and probable loan losses | 77,027 | 232 | 71,532 | 93 | 769 |
| Write-downs of long-lived assets | 3,673 | 211 | 6,977 | 190 | 75 |
| Write-downs of securities | 18,631 | 225 | 23,637 | 127 | 254 |
| Foreign currency transaction loss (gain), net | (1,309) | | 938 | | 9 |
| Operating Income | 53,355 | 29 | 29,571 | 55 | 318 |
| Equity in Net Income (Loss) of Affiliates | (42,937) | | 8,550 | | 92 |
| Gains (Losses) on Sales of Subsidiaries and Affiliates and Liquidation Losses, Net | (1,731) | | 17,487 | | 188 |
| Income before Income Taxes and Discontinued Operations | 8,687 | 4 | 55,608 | 640 | 598 |
| Provision for Income Taxes | (2,675) | | 23,353 | | 251 |
| Income from Continuing Operations | 11,362 | 8 | 32,255 | 284 | 347 |
| Discontinued Operations: | | | | | |
| Income from discontinued operations, net | 21,231 | | 13,438 | | 144 |
| Provision for income taxes | (8,796) | | (4,756) | | (51) |

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| | | | | | |
|---|---------------|-----------|---------------|------------|------------|
| Discontinued operations, net of applicable tax effect | 12,435 | 52 | 8,682 | 70 | 93 |
| Net Income | 23,797 | 14 | 40,937 | 172 | 440 |
| Net Income Attributable to the Noncontrolling Interests | 1,175 | 60 | 704 | 60 | 8 |
| Net Income Attributable to the Redeemable Noncontrolling Interests | 698 | 36 | 2,476 | 355 | 26 |
| Net Income Attributable to ORIX Corporation | 21,924 | 13 | 37,757 | 172 | 406 |

Note 1: Pursuant to FASB Accounting Standards Codification 205-20 (Presentation of Financial Statements Discontinued Operations), the results of operations which meet the criteria for discontinued operations are reported as a separate component of income, and those related amounts that had been previously reported are reclassified.

Note 2: Pursuant to FASB Accounting Standards Codification 810-10-65-1 (Consolidation Noncontrolling Interests in Consolidated Financial Statements), presentation of condensed consolidated statements of income is reclassified. This statement's presentation and disclosure requirements are to be applied retrospectively.

Note 3: Expenses directly related to operation business in Real Estate segment, which had been included in Selling, General and Administrative Expenses in the previous fiscal years, were reclassified into Other Operating Expenses from this fiscal year. These amounts in the previous fiscal years had been reclassified retrospectively.

Table of Contents**(3) Condensed Consolidated Statements of Changes in Equity**

(For the Years Ended March 31, 2009 and 2010)

(Unaudited)

(millions of yen)

| | ORIX Corporation Shareholders | | | | | Total ORIX Corporation | | |
|---|-------------------------------|----------------------------|-------------------|---|----------------|------------------------|--------------------------|--------------|
| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Shareholders Equity | Noncontrolling Interests | Total Equity |
| Balance at March 31, 2008 | 102,107 | 135,159 | 1,083,439 | (19,295) | (33,493) | 1,267,917 | 17,229 | 1,285,146 |
| Contribution to subsidiaries | | | | | | | 2,162 | 2,162 |
| Transaction with noncontrolling interests | | | | | | | (1,426) | (1,426) |
| Comprehensive income (loss) | | | | | | | | |
| Net income | | | 21,924 | | | 21,924 | 1,175 | 23,099 |
| Other comprehensive income (loss) | | | | | | | | |
| Net change of unrealized gains (losses) on investment in securities | | | | (41,901) | | (41,901) | (5) | (41,906) |
| Net change of defined benefit pension plans | | | | (12,098) | | (12,098) | | (12,098) |
| Net change of foreign currency translation adjustments | | | | (17,989) | | (17,989) | (11) | (18,000) |
| Net change of unrealized gains (losses) on derivative instruments | | | | (1,101) | | (1,101) | | (1,101) |
| Total other comprehensive income (loss) | | | | | | (73,089) | (16) | (73,105) |
| Total comprehensive income (loss) | | | | | | (51,165) | 1,159 | (50,006) |
| Cash dividends | | | (23,529) | | | (23,529) | (1,057) | (24,586) |
| Exercise of stock options | 109 | 108 | | | | 217 | | 217 |
| Compensation cost of stock options | | 1,370 | | | | 1,370 | | 1,370 |
| Acquisition of treasury stock | | | | | (29,294) | (29,294) | | (29,294) |
| Disposal of treasury stock | | (533) | (9,915) | | 12,043 | 1,595 | | 1,595 |
| Other, net | | 209 | | | 210 | 419 | | 419 |
| Balance at March 31, 2009 | 102,216 | 136,313 | 1,071,919 | (92,384) | (50,534) | 1,167,530 | 18,067 | 1,185,597 |
| Issuance of common stock | 41,677 | 41,347 | | | | 83,024 | | 83,024 |

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| | | | | | | | | |
|---|---------|---------|-----------|----------|----------|-----------|---------|-----------|
| Contribution to subsidiaries | | | | | | | 2,473 | 2,473 |
| Transaction with noncontrolling interests | (32) | | (387) | | (419) | | 60 | (359) |
| Adjustments to apply Contracts in entity's own equity | | 1,758 | | | 1,758 | | | 1,758 |
| Comprehensive income (loss) | | | | | | | | |
| Net income | | | 37,757 | | 37,757 | | 704 | 38,461 |
| Other comprehensive income (loss) | | | | | | | | |
| Net change of unrealized gains (losses) on investment in securities | | | | 13,497 | 13,497 | | 2 | 13,499 |
| Net change of defined benefit pension plans | | | | 7,129 | 7,129 | | (4) | 7,125 |
| Net change of foreign currency translation adjustments | | | | (5,860) | (5,860) | | (1,002) | (6,862) |
| Net change of unrealized gains (losses) on derivative instruments | | | | (1,454) | (1,454) | | (6) | (1,460) |
| Total other comprehensive income (loss) | | | | | 13,312 | | (1,010) | 12,302 |
| Total comprehensive income (loss) | | | | | 51,069 | | (306) | 50,763 |
| Cash dividends | | | (6,261) | | (6,261) | | (2,517) | (8,778) |
| Conversion of convertible bond | 7 | 7 | | | 14 | | | 14 |
| Exercise of stock options | 39 | 38 | | | 77 | | | 77 |
| Compensation cost of stock options | | 611 | | | 611 | | | 611 |
| Acquisition of treasury stock | | | | | (3) | | (3) | (3) |
| Disposal of treasury stock | | | (531) | | 822 | | 291 | 291 |
| Other, net | 377 | 137 | | | 479 | | 993 | 993 |
| Balance at March 31, 2010 | 143,939 | 178,661 | 1,104,779 | (79,459) | (49,236) | 1,298,684 | 17,777 | 1,316,461 |

Table of Contents**(3) Condensed Consolidated Statements of Changes in Equity**

(For the Years Ended March 31, 2009 and 2010)

(Unaudited)

| | ORIX Corporation Shareholders | | | | | Total ORIX Corporation Shareholders | | (millions of US\$) | |
|---|-------------------------------|----------------------------|-------------------|---|----------------|-------------------------------------|--------------------------|--------------------|--|
| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Equity | Noncontrolling Interests | Total Equity | |
| Balance at March 31, 2009 | 1,099 | 1,465 | 11,521 | (993) | (543) | 12,549 | 194 | 12,743 | |
| Issuance of common stock | 448 | 444 | | | | 892 | | 892 | |
| Contribution to subsidiaries | | | | | | | 27 | 27 | |
| Transaction with noncontrolling interests | | (0) | | (4) | | (4) | 0 | (4) | |
| Adjustments to apply Contracts in entity's own equity | | | 19 | | | 19 | | 19 | |
| Comprehensive income (loss) | | | | | | | | | |
| Net income | | | 406 | | | 406 | 8 | 414 | |
| Other comprehensive income (loss) | | | | | | | | | |
| Net change of unrealized gains (losses) on investment in securities | | | | 145 | | 145 | 0 | 145 | |
| Net change of defined benefit pension plans | | | | 77 | | 77 | (0) | 77 | |
| Net change of foreign currency translation adjustments | | | | (63) | | (63) | (11) | (74) | |
| Net change of unrealized gains (losses) on derivative instruments | | | | (16) | | (16) | (0) | (16) | |
| Total other comprehensive income (loss) | | | | | | 143 | (11) | 132 | |
| Total comprehensive income (loss) | | | | | | 549 | (3) | 546 | |
| Cash dividends | | | (67) | | | (67) | (27) | (94) | |
| Conversion of convertible bond | 0 | 0 | | | | 0 | | 0 | |
| Exercise of stock options | 0 | 0 | | | | 0 | | 0 | |
| Compensation cost of stock options | | 7 | | | | 7 | | 7 | |
| Acquisition of treasury stock | | | | | (0) | (0) | | (0) | |
| Disposal of treasury stock | | | (6) | | 9 | 3 | | 3 | |
| Other, net | | 4 | 1 | | 5 | 10 | | 10 | |
| Balance at March 31, 2010 | 1,547 | 1,920 | 11,874 | (854) | (529) | 13,958 | 191 | 14,149 | |

Note 1: Changes in the redeemable noncontrolling interests are not included in the table.

Table of Contents**(4) Condensed Consolidated Statements of Cash Flows**

(For the Years Ended March 31, 2009 and 2010)

(Unaudited)

| | (millions of yen, millions of US\$) | | |
|--|-------------------------------------|---------------------------------|---|
| | Year ended March 31, 2009 | Year ended March 31, 2010 | U.S. dollars Year ended March 31, 2010 |
| Cash Flows from Operating Activities: | | | |
| Net income | 23,797 | 40,937 | 440 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 189,215 | 167,266 | 1,798 |
| Provision for doubtful receivables and probable loan losses | 77,027 | 71,532 | 769 |
| Decrease in policy liabilities | (43,495) | (32,927) | (354) |
| (Gains) losses from securitization transactions | 233 | (331) | (4) |
| Equity in net (income) loss of affiliates (excluding interest on loans) | 42,937 | (6,682) | (72) |
| (Gains) losses on sales of subsidiaries and affiliates and liquidation losses, net | 1,731 | (17,487) | (188) |
| Gains on sales of available-for-sale securities | (3,334) | (6,907) | (74) |
| Gains on sales of real estate under operating leases | (24,346) | (6,841) | (74) |
| Gains on sales of operating lease assets other than real estate | (11,426) | (7,552) | (81) |
| Write-downs of long-lived assets | 3,673 | 6,977 | 75 |
| Write-downs of securities | 18,631 | 23,637 | 254 |
| Decrease in restricted cash | 23,661 | 4,520 | 49 |
| Decrease in loans held for sale | 8,740 | 1,052 | 11 |
| Decrease (increase) in trading securities | 20,048 | (29,725) | (319) |
| Decrease in inventories | 9,332 | 39,061 | 420 |
| Decrease (increase) in other receivables | 54,931 | (518) | (6) |
| Decrease in trade notes, accounts payable and other liabilities | (36,185) | (35,011) | (376) |
| Other, net | (46,391) | (1,690) | (18) |
| Net cash provided by operating activities | 308,779 | 209,311 | 2,250 |
| Cash Flows from Investing Activities: | | | |
| Purchases of lease equipment | (857,126) | (389,413) | (4,185) |
| Principal payments received under direct financing leases | 431,984 | 352,316 | 3,787 |
| Net proceeds from securitization of lease receivables, loan receivables and securities | 30,859 | 28,305 | 304 |
| Installment loans made to customers | (1,038,625) | (589,814) | (6,339) |
| Principal collected on installment loans | 1,469,672 | 937,895 | 10,080 |
| Proceeds from sales of operating lease assets | 161,645 | 162,988 | 1,752 |
| Investment in affiliates, net | (17,919) | (28,256) | (304) |
| Proceeds from sales of investment in affiliates | 1,936 | 12,532 | 134 |
| Purchases of available-for-sale securities | (301,030) | (456,364) | (4,905) |
| Proceeds from sales of available-for-sale securities | 242,702 | 181,033 | 1,946 |
| Proceeds from redemption of available-for-sale securities | 128,669 | 162,292 | 1,744 |
| Purchases of held-to-maturity securities | | (43,748) | (470) |
| Purchases of other securities | (73,578) | (19,656) | (211) |
| Proceeds from sales of other securities | 36,378 | 26,034 | 280 |
| Purchases of other operating assets | (14,615) | (4,898) | (53) |
| Acquisitions of subsidiaries, net of cash acquired | (752) | (10,218) | (110) |
| Sales of subsidiaries, net of cash disposed | 28 | 123,613 | 1,329 |
| Other, net | (29,045) | (11,853) | (127) |

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| | | | |
|--|-------------|-------------|----------|
| Net cash provided by investing activities | 171,183 | 432,788 | 4,652 |
| Cash Flows from Financing Activities: | | | |
| Net decrease in debt with maturities of three months or less | (237,544) | (121,399) | (1,305) |
| Proceeds from debt with maturities longer than three months | 2,091,575 | 1,083,310 | 11,643 |
| Repayment of debt with maturities longer than three months | (2,343,124) | (1,678,649) | (18,042) |
| Net increase in deposits due to customers | 196,973 | 185,076 | 1,989 |
| Issuance of common stock | 217 | 83,101 | 893 |
| Dividends paid | (23,529) | (6,261) | (67) |
| Net increase (decrease) in call money | 9,900 | (13,400) | (144) |
| Acquisition of treasury stock | (29,294) | (3) | 0 |
| Other, net | 239 | 1,301 | 14 |
| Net cash used in financing activities | (334,587) | (466,924) | (5,019) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | (6,061) | 3,943 | 42 |
| Net increase in Cash and Cash Equivalents | 139,314 | 179,118 | 1,925 |
| Cash and Cash Equivalents at Beginning of Year | 320,655 | 459,969 | 4,944 |
| Cash and Cash Equivalents at End of Year | 459,969 | 639,087 | 6,869 |

Table of Contents**(5) Assumptions for Going Concern**

Not applicable.

(6) Segment Information (Unaudited)**1. Segment Information by Sector**

(millions of yen, millions of US\$)

| | Year Ended | | Year Ended | | U.S. dollars | | March 31, 2009 | March 31, 2010 | U.S. dollars March 31, 2010 |
|--|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|-------------------|-------------------|-----------------------------------|
| | March 31, 2009 | | March 31, 2010 | | Year Ended | | | | |
| | Segment Revenues | Segment Profits (Losses) | Segment Revenues | Segment Profits (Losses) | Segment Revenues | Segment Profits (Losses) | | | |
| Corporate Financial Services | 137,712 | (10,451) | 113,652 | (17,581) | 1,222 | (189) | 1,583,571 | 1,236,905 | 13,294 |
| Maintenance | | | | | | | | | |
| Leasing | 235,953 | 25,621 | 222,952 | 21,742 | 2,396 | 234 | 648,314 | 561,462 | 6,035 |
| Real Estate | 270,027 | 50,508 | 189,530 | 9,413 | 2,037 | 101 | 1,175,437 | 1,079,273 | 11,600 |
| Investment | | | | | | | | | |
| Banking | 94,645 | (63,397) | 89,560 | (11,960) | 963 | (129) | 1,321,491 | 1,166,722 | 12,540 |
| Retail | 183,307 | 9,573 | 155,917 | 31,104 | 1,676 | 334 | 1,554,006 | 1,578,758 | 16,969 |
| Overseas Business | 167,635 | 20,066 | 185,906 | 37,142 | 1,997 | 400 | 949,852 | 860,815 | 9,252 |
| Segment Total | 1,089,279 | 31,920 | 957,517 | 69,860 | 10,291 | 751 | 7,232,671 | 6,483,935 | 69,690 |
| Difference between Segment Total and Consolidated Amounts | (35,758) | (23,233) | (24,676) | (14,252) | (265) | (153) | 1,137,065 | 1,255,865 | 13,498 |
| Consolidated Amounts | 1,053,521 | 8,687 | 932,841 | 55,608 | 10,026 | 598 | 8,369,736 | 7,739,800 | 83,188 |

Note 1: The Company evaluates the performance of segments based on income before income taxes and discontinued operations, adjusted for results of discontinued operations and net income attributable to the noncontrolling interests before applicable tax effect. Tax expenses are not included in segment profits.

2. Geographic Information

(millions of yen, millions of US\$)

| | Year Ended March 31, 2009 | | | Consolidated Amounts |
|--|---------------------------|-----------|---------|--|
| | Japan | America*2 | Other*3 | |
| | | | | Difference between Geographic Total and Consolidated Amounts |

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| | | | | | |
|----------------------------|---------|--------|--------|----------|-----------|
| Total Revenues | 933,951 | 68,026 | 95,265 | (43,721) | 1,053,521 |
| Income before Income Taxes | 8,695 | 3,191 | 18,032 | (21,231) | 8,687 |

| | Year Ended March 31, 2010 | | | | Consolidated Amounts |
|----------------------------|---------------------------|-----------|---------|--|----------------------|
| | Japan | America*2 | Other*3 | Difference between Geographic Total and Consolidated Amounts | |
| Total Revenues | 784,537 | 96,879 | 81,919 | (30,494) | 932,841 |
| Income before Income Taxes | 33,180 | 18,743 | 17,123 | (13,438) | 55,608 |

| | U.S. dollars Year Ended March 31, 2010 | | | | Consolidated Amounts |
|----------------------------|---|-----------|---------|--|----------------------|
| | Japan | America*2 | Other*3 | Difference between Geographic Total and Consolidated Amounts | |
| Total Revenues | 8,432 | 1,041 | 880 | (327) | 10,026 |
| Income before Income Taxes | 357 | 201 | 184 | (144) | 598 |

Note 1: Results of discontinued operations are included in each amount attributed to each geographic area.

***Note 2:** Mainly United States

***Note 3:** Mainly Asia, Europe, Oceania and Middle East

3. Overseas Revenues

| | (millions of yen, millions of US\$) | | | | | | | | |
|--|-------------------------------------|---------|-----------|---------------------------|---------|---------|---|---------|--------|
| | Year Ended March 31, 2009 | | | Year Ended March 31, 2010 | | | U.S. dollars Year Ended March 31, 2010 | | |
| | America*2 | Other*3 | Total | America*2 | Other*3 | Total | America*2 | Other*3 | Total |
| Overseas Revenues | 75,534 | 92,751 | 168,285 | 92,080 | 94,565 | 186,645 | 990 | 1,016 | 2,006 |
| Consolidated Revenues | | | 1,053,521 | | | 932,841 | | | 10,026 |
| Percentage of the Overseas Revenues to Consolidated Revenues | 7.2% | 8.8% | 16.0% | 9.9% | 10.1% | 20.0% | 9.9% | 10.1% | 20.0% |

Note 1: Results of discontinued operations are not included in Overseas Revenues.

***Note 2:** Mainly United States

***Note 3:** Mainly Asia, Europe, Oceania and Middle East

Table of Contents**(7) Per Share Data**

(For the Year Ended March 31, 2009 and 2010)

(Unaudited)

| | March 31, 2009 | March 31, 2010 | U.S. dollars March 31, 2010 |
|---|-------------------------------------|-------------------|-----------------------------------|
| | (millions of yen, millions of US\$) | | |
| Income Attributable to ORIX Corporation from Continuing Operations | 9,567 | 28,865 | 310 |
| Effect of Dilutive Securities - Convertible Bond | 392 | 1,305 | 14 |
| Income from Continuing Operations for Diluted EPS Computation | 9,959 | 30,170 | 324 |
| | | | (thousands of shares) |
| Weighted-Average Shares | | 88,910 | 101,901 |
| Effect of Dilutive Securities - Convertible Bond | | 6,472 | 21,664 |
| Stock options | | 64 | 86 |
| Weighted-average Shares for Diluted EPS Computation | | 95,446 | 123,651 |
| | | | (yen, US\$) |
| Earnings Per Share for Income Attributable to ORIX Corporation from Continuing Operations | | | |
| Basic | 107.61 | 283.26 | 3.04 |
| Diluted | 104.35 | 244.00 | 2.62 |
| | | | (yen, US\$) |
| Shareholders' Equity Per Share | 13,059.59 | 12,082.56 | 129.86 |

Table of Contents

[Significant Accounting Policies]

(Application of New Accounting Standards)

Effective April 1, 2009, the Company and its subsidiaries adopted the FASB Accounting Standards Codification (ASC) 805 (Business Combinations), which is a replacement of FASB Statement No. 141 (revised 2007) (Business Combinations). This Codification requires the acquiring entity in a business combination to recognize the full fair value of assets acquired, liabilities assumed and noncontrolling interest in the transaction at the acquisition date (whether a full or partial acquisition) and requires expensing of acquisition-related transaction and restructuring costs among other things.

Effective April 1, 2009, the Company and its subsidiaries also adopted ASC 810-10-65-1 (Consolidation Noncontrolling Interests in Consolidated Financial Statements), which is a replacement of FASB Statement No. 160 (Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51). This Codification Section requires noncontrolling interests in subsidiaries to be classified as a separate component of equity. Under this Codification Section, increases and decreases in the parent's ownership interest that leave control intact are accounted for as equity transactions. On the other hand, in a transaction that results in the loss of control, the gain or loss recognized in income includes the realized gain or loss related to the portion of ownership interest sold and the gain or loss on the remeasurement to fair value of the interest retained. Pursuant to this Codification section, noncontrolling interests which were previously classified between liabilities and equity are included in equity, except for those noncontrolling interests which are redeemable, and presentation of condensed consolidated statements of income is reclassified. In the same way, the financial statements that had been previously reported are reclassified.

Effective April 1, 2009, the Company also adopted ASC 815-40 (Derivatives and Hedging Contracts in Entity's Own Equity), which is a replacement of EITF Issue No. 07-5, Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock. ASC 815-40 amends the existing guidance for determining whether a price adjustment mechanism included in an equity-linked financial instrument (or embedded feature) should be bifurcated. A certain convertible note issued by the Company meets the criteria of the Codification Section and needs to bifurcate its convertible rights as derivative. As a result of adoption, the Company made certain reclassification adjustments to retained earnings at the beginning of this fiscal year.

Effective for the interim period ended September 30, 2009, the Company and its subsidiaries also adopted ASC 105 (Generally Accepted Accounting Principles), which is a replacement of FASB No.168 (FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162). Except for rules and interpretive releases of the Securities and Exchange Commission (SEC) for SEC registrants, the Codification became the single source of authoritative U.S. generally accepted accounting principles. Under this Codification, all GAAP references were updated from conventional statements.