

ORIX CORP
Form 6-K
January 31, 2011
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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 January, 2011.

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

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Table of Documents Filed

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| 1. <u>ORIX's Third Quarter Consolidated Financial Results (April 1, 2010 – December 31, 2010) filed with the Tokyo Stock Exchange on Monday, January 31, 2011.</u> | |

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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.

ORIX Corporation

Date: January 31, 2011

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

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Consolidated Financial Results

April 1, 2010 December 31, 2010

January 31, 2011

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 81.49 to \$1.00, the approximate exchange rate prevailing at December 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 annual report on 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

Mita NN Bldg., 4-1-23 Shiba, Minato-ku, Tokyo 108-0014

JAPAN

Tel: +81-3-5419-5042 Fax: +81-3-5419-5901

E-mail: gregory_melchior@orix.co.jp

Table of Contents**Consolidated Financial Results from April 1, 2010 to December 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)
Osaka Securities Exchange
New York Stock Exchange (Trading Symbol : IX)
Head Office: Tokyo JAPAN
Tel: +81-3-5419-5042
(URL http://www.orix.co.jp/grp/ir_e/ir_index.htm)

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

(millions of yen)*1

| | Total Revenues | Year-on-Year Change | Operating Income | Year-on-Year Change | Income before Year-on-Year Income Taxes*2 | | Net Income Attributable to ORIX Corporation | |
|-------------------|----------------|---------------------|------------------|---------------------|---|--------|---|--------|
| | | | | | Change | Change | Change | Change |
| December 31, 2010 | 706,186 | 3.8% | 63,767 | 115.1% | 74,567 | 107.7% | 50,798 | 85.2% |
| December 31, 2009 | 680,587 | (12.2%) | 29,648 | (42.0%) | 35,894 | 156.0% | 27,433 | 105.9% |

| | Basic Earnings Per Share | Diluted Earnings Per Share |
|-------------------|--------------------------|----------------------------|
| December 31, 2010 | 472.60 | 398.51 |
| December 31, 2009 | 273.70 | 233.26 |

***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.

(2) Performance Highlights - Financial Position (Unaudited)

| | Total Assets | Total Equity | Shareholders Equity | Shareholders Equity Ratio | Shareholders Equity Per Share |
|-------------------|--------------|--------------|---------------------|---------------------------|-------------------------------|
| December 31, 2010 | 8,529,358 | 1,316,964 | 1,295,765 | 15.2% | 12,054.84 |
| March 31, 2010 | 7,739,800 | 1,316,461 | 1,298,684 | 16.8% | 12,082.56 |

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

| | Dividends Per Share |
|----------------|---------------------|
| March 31, 2010 | 75.00 |

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 | 0.0% | 67,000 | 77.5% | 623.33 |

4. Other Information

(1) Changes in Significant Consolidated Subsidiaries

Yes () No (x)

Addition - None ()

Exclusion - None ()

(2) Adoption of Simplified Accounting Method

Yes () No (x)

(3) 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 *Others* on page 7.

(4) Number of Outstanding Shares (Ordinary Shares)

1. The number of outstanding shares, including treasury stock, was 110,234,024 as of December 31, 2010, and 110,229,948 as of March 31, 2010.

2. The number of treasury stock was 2,744,826 as of December 31, 2010, and 2,745,701 as of March 31, 2010.

3. The average number of shares was 107,486,555 for the nine months ended December 31, 2010, and 100,228,619 for the nine months ended December 31, 2009.

Table of Contents**1. Qualitative Summary of Consolidated Financial Results****(1) Analysis of Financial Highlights****Financial Results for the Fiscal Period Ended December 31, 2010**

| | | Fiscal period ended December 31, 2009 | Fiscal period ended December 31, 2010 | Change | Year on Year Change |
|---|-------------------|---|---|--------|---------------------------|
| Total Revenues | (millions of yen) | 680,587 | 706,186 | 25,599 | 4% |
| Income before Income Taxes | (millions of yen) | 35,894 | 74,567 | 38,673 | 108% |
| Net Income Attributable to ORIX Corporation | (millions of yen) | 27,433 | 50,798 | 23,365 | 85% |
| Earnings Per Share (Basic) | (yen) | 273.70 | 472.60 | 198.90 | 73% |
| (Diluted) | (yen) | 233.26 | 398.51 | 165.25 | 71% |
| ROE (Annualized) | (%) | 3.0 | 5.2 | 2.2 | |
| ROA (Annualized) | (%) | 0.45 | 0.83 | 0.38 | |

Economic Environment

The global economy is in the process of a moderate recovery. However, recovery is occurring at different speeds in different countries. Developing economies continue to expand steadily. Conversely, proactive monetary easing continues in advanced economies and stock prices are rising, but economic improvement is lackluster.

The U.S. economy is making a mild recovery as a result of quantitative easing and tax reductions. Corporate performance is recovering and consumer spending is improving, despite housing investment remaining low and real economic recovery still a ways away.

Emerging economies in the Asian region continue to experience stable growth. Especially in China, both domestic and overseas demand is increasing. Inflation is a concern, and the fundamental monetary policy has changed from moderately accommodative to moderate, and the policy priority has shifted to controlling inflation.

The Japanese economy continues to tread water. Unemployment continues to hover at a high rate and, with stimulus measures such as eco-car subsidies having ended, consumption is also decreasing. However, with bright signs such as continuing recovery of corporate performance and increased production, economic downturn has been avoided.

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

Revenues for the nine-month period ended December 31, 2010 (hereinafter the third consolidated period) increased 4% to ¥706,186 million compared to ¥680,587 million during the same period of the previous fiscal year. The application of new accounting standards starting in this fiscal year relating to the consolidation of variable interest entities (VIEs) (see page 7) has resulted in an increase of VIEs subject to consolidation, and accordingly, an increase in interest on loans and investment securities compared to the same period of the previous fiscal year. Meanwhile, real estate sales decreased compared to the same period of the previous fiscal year due to fewer units delivered in the condominium business.

Expenses were flat year on year at ¥642,419 million for the third consolidated period. Interest expense increased compared to the same period of the previous fiscal year in line with the application of the above-mentioned new accounting standards related to VIEs. However, compared to the same period of the previous fiscal year, provision for doubtful receivables and probable loan losses significantly decreased. Also, costs of real estate sales decreased due to the above-mentioned decrease in the number of condominiums delivered, and selling, general and administrative expenses decreased as a result of the deconsolidation of ORIX Credit Corporation and ORIX Securities Corporation.

Equity in net income (loss) of affiliates significantly increased to ¥9,237 million for the third consolidated period mainly due to contributions from equity-method affiliates in the Asian region, compared to a loss recorded during the same period of the previous fiscal year resulting from an affiliate filing for protection under the Corporate Rehabilitation Law. Gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net, decreased due to the absence of a gain on the sale of ORIX Credit Corporation that was recorded in the same period of the previous fiscal year.

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As a result of the foregoing, income before income taxes and discontinued operations increased 108% to ¥74,567 million compared to ¥35,894 million during the same period of the previous fiscal year, and net income attributable to ORIX Corporation rose 85% to ¥50,798 million from ¥27,433 million during the same period of the previous fiscal year.

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Segment Information

All segments maintained profitability during the third consolidated period. In addition, with the exception of the Real Estate segment, profits increased for all segments compared to the same period of the previous fiscal year.

Beginning this fiscal year, the Company changed the way it measures its segment assets and segment revenues related to certain VIEs which are consolidated in accordance with the above-mentioned new accounting standards as a result of the Company's management changing its internal performance assessment measures to manage its segments.

In addition, in line with a change of management classification, Internet Research Institute, Inc. and ORIX's Information and Communication Technology Department, which were previously included in the Corporate Financial Services segment, have been included in the Investment Banking segment and the Maintenance Leasing segment, respectively, since the first consolidated period. In addition, the real estate finance business, previously included in the Investment Banking segment, has been included in the Real Estate segment beginning in the third consolidated period.

Due to these changes, the reclassified figures are shown for the third consolidated period and the fiscal year ended March 31, 2010 (See page 12, Segment Information).

Segment information for the third consolidated period 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.

Segment revenues increased 4% to ¥76,561 million compared to ¥73,596 million during the same period of the previous fiscal year. This is due to increased investment in direct financing leases resulting from the purchase of Sun Telephone Co., Ltd.'s leasing receivables and the purchase of Tsukuba Lease Co., Ltd. and increased revenues from the environmental business, which were partially offset by a decrease in installment loan revenues in line with a decrease in the average balance of installment loans as a result of restrictions on new loan executions implemented during the previous fiscal year.

Segment expenses decreased compared to the same period of the previous fiscal year, resulting from a significant decrease in provisions for doubtful receivables and probable loan losses. As a result of restrictions on new transactions and stricter collateral requirements, the new occurrence of non-performing loans has been decreasing since the fourth consolidated period of the fiscal year ended March 31, 2009. In addition, provisions for doubtful receivables and probable loan losses have decreased due to the effects of economic recovery as corporate earnings improve.

As a result, segment profits were ¥8,778 million compared to a loss of ¥11,813 million during the same period of the previous fiscal year.

Segment assets decreased 11% to ¥1,044,672 million compared to March 31, 2010, due to a decline in the balance of installment loans offsetting an increase in investment in direct financing leases from the purchase of leasing receivables mentioned above, and new, small-sized leasing transactions.

Maintenance Leasing Segment

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

Despite the absence of a full-fledged recovery of domestic capital expenditure and the otherwise bleak business environment outlook, the Maintenance Leasing segment revenues have remained stable through the provision of high value-added services while responding to such demands as corporations' needs to reduce costs.

Segment revenues remained robust at ¥169,512 million compared to ¥169,980 million during the same period of the previous fiscal year due to solid revenues from the sales of used automobiles and automobile maintenance despite decreases in the average balance of investment in direct finance and operating leases compared to the same period of the previous fiscal year.

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Segment expenses decreased compared to the same period of the previous fiscal year, due to a decrease in depreciation expense as a result of a year on year decrease in the average balance of operating lease assets and a decrease in interest expense.

As a result, segment profits increased 16% to ¥20,831 million compared to ¥17,924 million during the same period of the previous fiscal year.

Segment assets increased 2% to ¥524,978 million compared to March 31, 2010 due to an increase in operating lease assets.

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Real Estate Segment

This segment consists of 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, real estate investment and advisory services, and real estate finance.

The real estate finance business, which was previously included in the Investment Banking segment, has been transferred to the Real Estate segment beginning in the third consolidated period to consolidate management with the Real Estate Headquarters for improved operational efficiency.

The condominium market has been on a recovery trend with the contract completion rate surpassing the key benchmark of 70% in both the Tokyo Metropolitan and Kinki areas despite a decrease in the monthly number of units supplied in the Kinki area. The number of condominiums delivered decreased to 568 units during the third consolidated period from 1,098 units during the same period of the previous fiscal year due to restrictions on new developments implemented prior to the Lehman Shock.

In the office building market, the vacancy rate for large buildings in urban areas has remained flat and the decline in rental rates is slowing. However, it cannot be said that the market is at the bottom as there are no signs of improved demand. However, the inflow of funds to the real estate market is improving, and sales of leased real estate are slowly increasing. Under this environment, the real estate investment business is pursuing a policy of turning over assets while carefully monitoring the market and making appropriate asset sales based on real demand.

The real estate operating business consists of various facilities such as hotels, Japanese inns, golf courses and training facilities, and has stable revenues.

Segment revenues decreased 13% to ¥142,769 million compared to ¥163,526 million during the same period of the previous fiscal year due to a decrease in the number of condominiums delivered, a decrease in the average balance of installment loans and investment in securities (including specified bonds) and the absence of a gain on the sale of a large building that was recorded during the same period of the previous fiscal year, despite an increase in operating lease revenues resulting from a focus on leasing. Although segment expenses similarly declined, segment profits decreased 68% to ¥3,508 million compared to ¥11,118 million during the same period of the previous fiscal year.

Segment assets decreased 6% to ¥1,584,903 million compared to March 31, 2010 due to decreases in real estate under operating leases, installment loans and investment in securities (including specified bonds).

As a result of the above-mentioned transfer in the third consolidated period, ¥522,597 million in segment assets and a segment loss of ¥675 million from the real estate finance business have been included in this segment.

Investment Banking Segment

This segment consists of loan servicing (asset recovery), principal investment, M&A advisory, venture capital and securities brokerage.

There are signs of domestic economic recovery and there is activity in the cross-border merger and acquisition marketplace. Additionally, investment in non-performing loans needs to be addressed according to the changes in domestic and international financial regulations.

Segment revenues increased 3% to ¥49,347 million compared to ¥48,046 million during the same period of the previous fiscal year, due to an increase in installment loan revenues from the loan servicing (asset recovery) business.

Regarding segment expenses, selling, general and administrative expenses decreased compared to the same period of the previous fiscal year due to the effects of the sale of an affiliate during the previous fiscal year offsetting an increase in write-downs of securities.

Equity in net income (loss) of affiliates recorded a profit during the third consolidated period, whereas a loss was recorded during the first consolidated period of the previous fiscal year due to an affiliate filing for protection under the Corporate Rehabilitation Law.

In addition to the foregoing, a gain on the sale of a subsidiary was recorded from the sale of QB Net Co., Ltd., resulting in a segment profit of ¥10,885 million compared to a loss of ¥16,699 million during the same period of the previous fiscal year.

Segment assets remained flat at ¥476,715 million compared to March 31, 2010.

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Retail Segment

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

In the life insurance business, insurance-related investment income remained robust and insurance-related gains are also showing favorable growth due to an increase in contracts for new products.

Installment loans at the trust and banking business increased, surpassing ¥1 trillion, and both revenues and profits are increasing. Also, Internet-based deposits are increasing steadily.

Segment revenues and expenses from the card loan and online securities brokerage business are recognized as segment profits under equity in net income (loss) of affiliates due to the share transfer and share exchange of the card loan and online securities brokerage businesses, respectively, during the previous fiscal year. Furthermore, a gain on the sale of a subsidiary was recognized for the card loan business during the second consolidated period of the previous fiscal year.

As a result, segment revenues decreased 6% to ¥109,538 million compared to ¥116,702 million during the same period of the previous fiscal year. However, segment profits increased 6% to ¥21,067 million compared to ¥19,942 million during the same period of the previous fiscal year due to decreased segment expenses, mainly from lower selling, general and administrative expenses and a decline in provision for doubtful receivables and probable loan losses.

Segment assets increased 5% to ¥1,657,021 million compared to March 31, 2010 as a result of an increase in investment securities and an increase in installment loans in the trust and banking business.

Overseas Business Segment

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

In the U.S. there have been signs of economic recovery despite causes for concern such as a stagnant housing market and high unemployment. Conversely, high growth in the Asian region is expected to continue.

Segment revenues decreased 5% to ¥128,655 million compared to ¥135,446 million during the same period of the previous fiscal year due to decreases in gains on investment securities and revenues from operating and direct financing leases offsetting gains recorded for the sales of municipal bonds and Red Capital Group loans in the U.S.

Regarding segment expenses, cost of operating leases, interest expense, as well as provisions for doubtful receivables and probable loan losses and write-downs of securities in the U.S. decreased. As a result, segment profits increased 7% to ¥31,037 million compared to ¥28,925 million during the same period of the previous fiscal year.

Despite the effect of the appreciated yen, segment assets increased 7% to ¥921,278 million compared to March 31, 2010 due to increase in investment securities from the purchase of municipal bonds in the U.S., aircraft operating lease assets and private equity investments centered on Asian countries.

Table of Contents**(2) Qualitative Information Regarding Consolidated Financial Condition****Financial Condition**

| | | Fiscal Period Ended December 31, 2010 | Fiscal Year Ended March 31, 2010 | Change | Year on Year Change |
|---------------------------------|-------------------|---|---|----------|------------------------------|
| Total Assets | (millions of yen) | 8,529,358 | 7,739,800 | 789,558 | 10% |
| (Segment Assets) | | 6,209,567 | 6,284,275 | (74,708) | (1%) |
| Total Liabilities | (millions of yen) | 7,190,348 | 6,395,244 | 795,104 | 12% |
| (Long- and Short-term Debt) | | 5,064,555 | 4,409,835 | 654,720 | 15% |
| (Deposits) | | 1,025,393 | 853,269 | 172,124 | 20% |
| Shareholders' Equity* | (millions of yen) | 1,295,765 | 1,298,684 | (2,919) | (0%) |
| Shareholders' Equity Per Share* | (yen) | 12,054.84 | 12,082.56 | (27.72) | (0%) |

Note: Shareholders' Equity refers to ORIX Corporation Shareholders' Equity.

Total assets increased 10% to ¥8,529,358 million compared to ¥7,739,800 million on March 31, 2010. Primarily due to the application of new accounting standards in this fiscal year relating to the consolidation of VIEs (see page 7), which significantly increased the amount of installment loans and investment in direct financing leases as compared to March 31, 2010. Segment assets decreased 1% to ¥6,209,567 million compared to March 31, 2010.

Regarding liabilities, the application of the new accounting standards relating to VIEs resulted in an increase in long-term debt compared to March 31, 2010. Furthermore, deposits have increased in accordance with business expansion into corporate lending in the trust and banking business.

Shareholders' equity was flat compared to March 31, 2010 at ¥1,295,765 million.

Summary of Cash Flows

Cash and cash equivalents decreased by ¥30,735 million to ¥608,352 million compared to March 31, 2010.

Cash flows from operating activities provided ¥101,914 million during the third consolidated period, having provided ¥99,049 million during the same period of the previous fiscal year, resulting from an increase in quarterly net income compared to the same period of the previous fiscal year, an increase in trade notes, accounts payable and other liabilities, in addition to the 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).

Cash flows from investing activities provided ¥171,218 million during the third consolidated period, having provided ¥396,220 million during the same period of the previous fiscal year, due to an increase in purchases of lease equipment resulting from the purchase of leasing receivables and a decrease in sales of subsidiaries, net of cash disposed.

Cash flows from financing activities used ¥294,373 million during the third consolidated period, having used ¥276,376 million during the same period of the previous fiscal year, due to a decrease in the amount of funding raised due to the absence of a new stock issuance during the same period of the previous fiscal year.

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(3) Qualitative Information Regarding Forecasts for Consolidated Financial Results

Financial Highlights for the Fiscal Year Ending March 31, 2011

The forecast of net income attributable to ORIX Corporation for the fiscal year ended March 31, 2011 is expected to exceed the initial fiscal year forecast of ¥57 billion (up 51% year on year) by approximately ¥10 billion chiefly due to the increased pace of recovery in the Corporate Financial Services segment and strong performance in the Overseas Business segment.

Profitability in all segments is forecasted, with segment profits forecasts 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 increase year on year through improved rental property yield and improved profitability of the housing-related business.

The Investment Banking segment is expected to return to profitability through capitalizing on the servicer function and promoting 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 assumptions deemed rational, 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 the Form 20-F submitted to the U.S. Securities and Exchange Commission.

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4. Others

(1) Changes in Significant Consolidated Subsidiaries

There is no corresponding item.

(2) Adoption of Simplified Accounting Method

There is no corresponding item.

(3) Changes in Accounting Principles, Procedures and Disclosures

Effective April 1, 2010, the Company and its subsidiaries adopted FASB Statement No. 166 (Accounting for Transfers of Financial Assets an amendment of FASB Statement No.140), which was codified by Accounting Standards Update 2009-16 (ASC860 (Transfers and Servicing)). This Update eliminates the concept of a qualifying special-purpose entity and therefore also eliminates the exception to ASC 810-10 (Consolidation-Variable Interest Entities) that formerly applied to variable interest entities deemed to be qualifying special-purpose entities. This Update also modifies the financial-components approach used in ASC 860 and limits the circumstances in which a transferor derecognizes a portion or component of a financial asset.

Effective April 1, 2010, the Company and its subsidiaries adopted FASB Statement No. 167 (Amendment of FASB Interpretation No.46(R)), which was codified by Accounting Standards Update 2009-17 (ASC810 (Consolidation)). This Update eliminates the exception to applying FIN 46(R) (ASC 810-10) with respect to variable interest entities deemed to be qualifying special-purpose entities and requires an enterprise to perform qualitative analysis to identify the primary beneficiary. An enterprise that has both of the following characteristics is considered to be primary beneficiary and must consolidate a variable interest entity:

The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance; and
The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity.

Additionally, this Update requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity.

The effect of the Updates on the Company and its subsidiaries' financial conditions at the initial adoption date is an increase of ¥1,147 billion in total assets, an increase of ¥1,169 billion in total liabilities and a decrease of ¥22 billion in retained earnings, net of tax, respectively, in the consolidated balance sheets.

Although our total assets and liabilities are expected to increase through the consolidation of the VIEs described above, the net cash flow and economic effects of our investments in these entities have not changed. In addition, the creditors of the liabilities of the consolidated VIEs have no recourse to other assets of the Company and its subsidiaries.

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

(As of December 31, 2010 and March 31, 2010)

(Unaudited)

| | (millions of yen, millions of US\$) | | |
|--|-------------------------------------|-------------------|---|
| | December 31, 2010 | March 31, 2010 | U.S. dollars December 31, 2010 |
| Assets | | | |
| Cash and Cash Equivalents | 608,352 | 639,087 | 7,465 |
| Restricted Cash | 118,467 | 77,486 | 1,454 |
| Time Deposits | 1,987 | 548 | 24 |
| Investment in Direct Financing Leases | 844,972 | 756,481 | 10,369 |
| Installment Loans | 3,078,909 | 2,464,251 | 37,783 |
| Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses | (165,708) | (157,523) | (2,033) |
| Investment in Operating Leases | 1,234,967 | 1,213,223 | 15,155 |
| Investment in Securities | 1,125,650 | 1,104,158 | 13,813 |
| Other Operating Assets | 237,340 | 186,396 | 2,913 |
| Investment in Affiliates | 396,689 | 409,711 | 4,868 |
| Other Receivables | 200,813 | 210,521 | 2,464 |
| Inventories | 141,842 | 153,256 | 1,741 |
| Prepaid Expenses | 49,003 | 45,420 | 601 |
| Office Facilities | 103,331 | 96,831 | 1,268 |
| Other Assets | 552,744 | 539,954 | 6,783 |
| Total Assets | 8,529,358 | 7,739,800 | 104,668 |
| Liabilities and Equity | | | |
| Short-Term Debt | 483,205 | 573,565 | 5,930 |
| Deposits | 1,025,393 | 853,269 | 12,583 |
| Trade Notes, Accounts Payable and Other Liabilities | 305,810 | 311,113 | 3,753 |
| Accrued Expenses | 106,908 | 101,917 | 1,312 |
| Policy Liabilities | 395,971 | 409,957 | 4,859 |
| Current and Deferred Income Taxes | 166,678 | 183,674 | 2,045 |
| Security Deposits | 125,033 | 125,479 | 1,534 |
| Long-Term Debt | 4,581,350 | 3,836,270 | 56,220 |
| Total Liabilities | 7,190,348 | 6,395,244 | 88,236 |
| Redeemable Noncontrolling Interests | 22,046 | 28,095 | 271 |
| Commitments and Contingent Liabilities | | | |
| Common Stock | 143,953 | 143,939 | 1,767 |
| Additional Paid-in Capital | 179,154 | 178,661 | 2,198 |
| Retained Earnings | 1,124,573 | 1,104,779 | 13,800 |
| Accumulated Other Comprehensive Income (Loss) | (102,696) | (79,459) | (1,260) |
| Treasury Stock, at Cost | (49,219) | (49,236) | (604) |

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|---|-----------|-----------|---------|
| ORIX Corporation Shareholders Equity | 1,295,765 | 1,298,684 | 15,901 |
| Noncontrolling Interests | 21,199 | 17,777 | 260 |
| Total Equity | 1,316,964 | 1,316,461 | 16,161 |
| Total Liabilities and Equity | 8,529,358 | 7,739,800 | 104,668 |

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Table of Contents**Note 1:**

| | December 31, 2010 | March 31, 2010 | U.S. dollars December 31, 2010 |
|---|----------------------------------|---------------------------|---|
| Accumulated Other Comprehensive Income (Loss) | | | |
| Net unrealized gains on investment in securities | 9,245 | 7,495 | 113 |
| Defined benefit pension plans | (8,942) | (9,092) | (110) |
| Foreign currency translation adjustments | (102,645) | (77,651) | (1,260) |
| Net unrealized gains (losses) on derivative instruments | (354) | (211) | (3) |
| | (102,696) | (79,459) | (1,260) |

Note 2:

Accounting Standards Update 2009-17 (ASC810-10 (Consolidation)) has been adopted since April 1, 2010. Pursuant to ASU 2009-17, the assets of consolidated variable interested entities (VIEs) that can be used only to settle obligations of those VIEs and the liabilities of consolidated VIEs for which do not have recourse to the general credit of the Company and its subsidiaries are below.

| | December 31, 2010 | U.S. dollars December 31, 2010 |
|---|------------------------------|---|
| Assets | | |
| Cash and Cash Equivalents | 13,205 | 162 |
| Investment in Direct Financing Leases | 245,524 | 3,013 |
| Installment Loans (Net of Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses) | 872,737 | 10,710 |
| Investment in Operating Leases | 187,875 | 2,305 |
| Investment in Securities | 28,437 | 349 |
| Investment in Affiliates | 16,759 | 206 |
| Others | 123,608 | 1,517 |
| | 1,488,145 | 18,262 |
| Liabilities | | |
| Short-Term Debt | 2,141 | 26 |
| Trade Notes, Accounts Payable and Other Liabilities | 12,275 | 151 |
| Policy Liabilities | 7,208 | 88 |
| Long-Term Debt | 1,180,303 | 14,484 |
| Others | 8,594 | 106 |
| | 1,210,521 | 14,855 |

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

(For the Nine Months Ended December 31, 2009 and 2010)

(Unaudited)

| | (millions of yen, millions of US\$) | | | | |
|---|---|-----------------------------------|---|-----------------------------------|---|
| | Nine Months ended December 31, 2009 | Period -over- period (%) | Nine Months ended December 31, 2010 | Period -over- period (%) | U.S. dollars Nine Months ended December 31, 2010 |
| Total Revenues : | 680,587 | 88 | 706,186 | 104 | 8,666 |
| Direct financing leases | 37,694 | 76 | 38,188 | 101 | 469 |
| Operating leases | 205,658 | 97 | 212,074 | 103 | 2,602 |
| Interest on loans and investment securities | 102,967 | 67 | 127,680 | 124 | 1,567 |
| Brokerage commissions and net gains on investment securities | 12,315 | | 14,014 | 114 | 172 |
| Life insurance premiums and related investment income | 83,965 | 95 | 86,393 | 103 | 1,060 |
| Real estate sales | 35,613 | 76 | 23,426 | 66 | 287 |
| Gains on sales of real estate under operating leases | 2,310 | 12 | 1,945 | 84 | 24 |
| Other operating revenues | 200,065 | 93 | 202,466 | 101 | 2,485 |
| Total Expenses : | 650,939 | 90 | 642,419 | 99 | 7,883 |
| Interest expense | 62,876 | 80 | 94,057 | 150 | 1,154 |
| Costs of operating leases | 143,640 | 99 | 141,445 | 98 | 1,736 |
| Life insurance costs | 67,183 | 87 | 65,649 | 98 | 806 |
| Costs of real estate sales | 34,872 | 65 | 25,768 | 74 | 316 |
| Other operating expenses | 111,681 | 86 | 120,075 | 108 | 1,473 |
| Selling, general and administrative expenses | 166,795 | 94 | 153,059 | 92 | 1,878 |
| Provision for doubtful receivables and probable loan losses | 48,813 | 97 | 18,898 | 39 | 232 |
| Write-downs of long-lived assets | 3,464 | 217 | 5,586 | 161 | 69 |
| Write-downs of securities | 10,279 | 98 | 18,015 | 175 | 221 |
| Foreign currency transaction loss (gain), net | 1,336 | | (133) | | (2) |
| Operating Income | 29,648 | 58 | 63,767 | 215 | 783 |
| Equity in Net Income of Affiliates | 177 | | 9,237 | | 113 |
| Gains on Sales of Subsidiaries and Affiliates and Liquidation Losses, Net | 6,069 | | 1,563 | 26 | 19 |
| Income before Income Taxes and Discontinued Operations | 35,894 | 256 | 74,567 | 208 | 915 |
| Provision for Income Taxes | 14,898 | 129 | 28,497 | 191 | 350 |
| Income from Continuing Operations | 20,996 | 857 | 46,070 | 219 | 565 |

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| | | | | | |
|---|---------------|------------|---------------|------------|------------|
| Discontinued Operations: | | | | | |
| Income from discontinued operations, net | 13,700 | | 11,190 | | 137 |
| Provision for income taxes | (4,855) | | (4,676) | | (57) |
| Discontinued operations, net of applicable tax effect | 8,845 | 74 | 6,514 | 74 | 80 |
| Net Income | 29,841 | 206 | 52,584 | 176 | 645 |
| Net Income Attributable to the Noncontrolling Interests | 566 | 61 | 185 | 33 | 2 |
| Net Income Attributable to the Redeemable Noncontrolling Interests | 1,842 | 881 | 1,601 | 87 | 20 |
| Net Income Attributable to ORIX Corporation | 27,433 | 206 | 50,798 | 185 | 623 |

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.

Table of Contents**(3) Condensed Consolidated Statements of Cash Flows**

(For the Nine Months Ended December 31, 2009 and 2010)

(Unaudited)

| | (millions of yen, millions of US\$) | | |
|--|--|--|--|
| | Nine Months ended December 31, 2009 | Nine Months ended December 31, 2010 | U.S. dollars Nine Months ended December 31, 2010 |
| Cash Flows from Operating Activities: | | | |
| Net income | 29,841 | 52,584 | 645 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 126,945 | 126,181 | 1,548 |
| Provision for doubtful receivables and probable loan losses | 48,813 | 18,898 | 232 |
| Decrease in policy liabilities | (33,403) | (13,986) | (172) |
| Equity in net (income) loss of affiliates (excluding interest on loans) | 1,027 | (7,622) | (94) |
| Gains on sales of subsidiaries and affiliates and liquidation losses, net | (6,069) | (1,563) | (19) |
| Gains on sales of available-for-sale securities | (5,128) | (4,876) | (60) |
| Gains on sales of real estate under operating leases | (2,310) | (1,945) | (24) |
| Gains on sales of operating lease assets other than real estate | (5,632) | (7,300) | (90) |
| Write-downs of long-lived assets | 3,464 | 5,586 | 69 |
| Write-downs of securities | 10,279 | 18,015 | 221 |
| Decrease (Increase) in restricted cash | 931 | (8,601) | (106) |
| Increase in trading securities | (29,363) | (34,354) | (422) |
| Decrease (Increase) in inventories | 24,866 | (1,850) | (23) |
| Decrease (Increase) in other receivables | (1,223) | 6,400 | 80 |
| Decrease in trade notes, accounts payable and other liabilities | (58,750) | (13,589) | (166) |
| Other, net | (5,239) | (30,064) | (368) |
| Net cash provided by operating activities | 99,049 | 101,914 | 1,251 |
| Cash Flows from Investing Activities: | | | |
| Purchases of lease equipment | (276,722) | (412,727) | (5,065) |
| Principal payments received under direct financing leases | 257,496 | 284,104 | 3,486 |
| Net proceeds from securitization of lease receivables, loan receivables and securities | 18,183 | | |
| Installment loans made to customers | (445,595) | (529,732) | (6,501) |
| Principal collected on installment loans | 703,797 | 819,086 | 10,051 |
| Proceeds from sales of operating lease assets | 90,951 | 108,763 | 1,335 |
| Investment in affiliates, net | (11,044) | 12,707 | 156 |
| Proceeds from sales of investment in affiliates | 12,530 | 1,283 | 16 |
| Purchases of available-for-sale securities | (286,432) | (584,736) | (7,176) |
| Proceeds from sales of available-for-sale securities | 143,984 | 266,074 | 3,265 |
| Proceeds from redemption of available-for-sale securities | 101,671 | 247,404 | 3,036 |
| Purchases of held-to-maturity securities | (43,748) | | |
| Purchases of other securities | (10,384) | (27,965) | (343) |
| Proceeds from sales of other securities | 19,646 | 18,883 | 232 |
| Purchases of other operating assets | (3,234) | (9,546) | (117) |
| Acquisitions of subsidiaries, net of cash acquired | (10,218) | (21,545) | (264) |
| Sales of subsidiaries, net of cash disposed | 126,721 | 9,107 | 112 |
| Other, net | 8,618 | (9,942) | (122) |

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| | | | |
|--|-------------|-------------|----------|
| Net cash provided by investing activities | 396,220 | 171,218 | 2,101 |
| Cash Flows from Financing Activities: | | | |
| Net decrease in debt with maturities of three months or less | (54,548) | (53,915) | (662) |
| Proceeds from debt with maturities longer than three months | 734,902 | 1,128,316 | 13,846 |
| Repayment of debt with maturities longer than three months | (1,195,556) | (1,469,807) | (18,037) |
| Net increase in deposits due to customers | 139,477 | 126,241 | 1,549 |
| Issuance of common stock | 83,024 | 22 | 0 |
| Cash dividends paid to ORIX Corporation shareholders | (6,261) | (8,061) | (99) |
| Cash dividends paid to redeemable noncontrolling interests | | (5,961) | (73) |
| Net increase (decrease) in call money | 21,600 | (8,000) | (98) |
| Other, net | 986 | (3,208) | (38) |
| Net cash used in financing activities | (276,376) | (294,373) | (3,612) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | 1,932 | (9,494) | (118) |
| Net increase (decrease) in Cash and Cash Equivalents | 220,825 | (30,735) | (378) |
| Cash and Cash Equivalents at Beginning of Year | 459,969 | 639,087 | 7,843 |
| Cash and Cash Equivalents at End of Period | 680,794 | 608,352 | 7,465 |

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Table of Contents**(4) Assumptions for Going Concern**

Not applicable.

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

(millions of yen, millions of US\$)

| | Nine Months | | Nine Months | | U.S. dollars | | March 31, 2010 | December 31, 2010 | U.S. dollars December 31, 2010 |
|---|-------------------------|-----------------------------|-------------------------|--------------------|-------------------------|--------------------|-------------------|----------------------|---|
| | ended December 31, 2009 | | ended December 31, 2010 | | ended December 31, 2010 | | | | |
| | Segment Revenues | Segment Profits (Losses) | Segment Revenues | Segment Profits | Segment Revenues | Segment Profits | | | |
| Corporate Financial Services | 73,596 | (11,813) | 76,561 | 8,778 | 940 | 108 | 1,178,879 | 1,044,672 | 12,820 |
| Maintenance Leasing | 169,980 | 17,924 | 169,512 | 20,831 | 2,080 | 256 | 515,716 | 524,978 | 6,442 |
| Real Estate | 163,526 | 11,118 | 142,769 | 3,508 | 1,752 | 43 | 1,677,402 | 1,584,903 | 19,449 |
| Investment Banking | 48,046 | (16,699) | 49,347 | 10,885 | 606 | 134 | 472,705 | 476,715 | 5,850 |
| Retail | 116,702 | 19,942 | 109,538 | 21,067 | 1,344 | 259 | 1,578,758 | 1,657,021 | 20,334 |
| Overseas Business | 135,446 | 28,925 | 128,655 | 31,037 | 1,579 | 381 | 860,815 | 921,278 | 11,305 |
| Segment Total | 707,296 | 49,397 | 676,382 | 96,106 | 8,301 | 1,181 | 6,284,275 | 6,209,567 | 76,200 |
| Difference between Segment Total and Consolidated Amounts | (26,709) | (13,503) | 29,804 | (21,539) | 365 | (266) | 1,455,525 | 2,319,791 | 28,468 |
| Consolidated Amounts | 680,587 | 35,894 | 706,186 | 74,567 | 8,666 | 915 | 7,739,800 | 8,529,358 | 104,668 |

Note 1: The Company evaluates the performance for the segments based on profit or loss before income taxes and discontinued operations, adjusted for results of discontinued operations and net income attributable to the noncontrolling interests before applicable tax effect.

Note 2: From April 1, 2010, the Company changed the measure of segments related to certain variable interest entities (VIEs) which are consolidated in accordance with ASC 810-10 (Consolidations) since the Company's management changed its internal performance assessment measures to manage its segments. For those consolidated VIEs used, VIEs for securitization, for which the VIE's assets can be used only to settle related obligations of those VIEs and the creditors (or beneficial interest holders) do not have recourse to other assets of the Company or its subsidiaries, segment assets are measured based on an amount of the Company and its subsidiaries net investments in the VIEs, which is also different from the amount of total assets of the VIEs, and accordingly, segment revenues are measured at a net amount representing the revenues earned on the net investments in the VIEs.

From April 1, 2010, in line with a change of management classification, Internet Research Institute, Inc. and ORIX's Information and Communication Technology Department, which were previously included in the Corporate Financial Services segment, have been included in the Investment Banking segment and the Maintenance Leasing segment, respectively. In addition, from October 1, 2010, in line with a change of management classification, Real estate finance, which was previously included in the Investment Banking segment, have been included in the Real Estate segment.

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Due to these changes, the reclassified figures are shown for the nine months ended December 31, 2009 and as of March 31, 2010.

2. Geographic Information

(millions of yen, millions of US\$)

| Nine Months ended December 31, 2019 | | | | | |
|-------------------------------------|---------|-----------|---------|-------------|--------------|
| Difference between | | | | | |
| Geographic | | | | | |
| Total and | | | | | |
| | Japan | America*2 | Other*3 | Consolidate | Consolidated |
| | | | | Amounts | Amounts |
| Total Revenues | 584,763 | 70,507 | 60,388 | (35,071) | 680,587 |
| Income before Income Taxes | 21,200 | 12,674 | 15,720 | (13,700) | 35,894 |

| Nine Months ended December 31, 2010 | | | | | |
|-------------------------------------|---------|-----------|---------|-------------|--------------|
| Difference between | | | | | |
| Geographic | | | | | |
| Total and | | | | | |
| | Japan | America*2 | Other*3 | Consolidate | Consolidated |
| | | | | Amounts | Amounts |
| Total Revenues | 557,031 | 103,462 | 59,280 | (13,587) | 706,186 |
| Income before Income Taxes | 54,720 | 13,903 | 17,134 | (11,190) | 74,567 |

| U.S. dollars | | | | | |
|-------------------------------------|-------|-----------|---------|-------------|--------------|
| Nine Months ended December 31, 2010 | | | | | |
| Difference between | | | | | |
| Geographic | | | | | |
| Total and | | | | | |
| | Japan | America*2 | Other*3 | Consolidate | Consolidated |
| | | | | Amounts | Amounts |
| Total Revenues | 6,836 | 1,270 | 727 | (167) | 8,666 |
| Income before Income Taxes | 671 | 171 | 210 | (138) | 914 |

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

(6) Significant Changes in Shareholders Equity

There is no corresponding item.