

ORIX CORP  
Form 6-K  
February 09, 2006  
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# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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## FORM 6-K

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### REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 OF  
THE SECURITIES EXCHANGE Act of 1934

For the month of February, 2006.

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## ORIX Corporation

(Translation of Registrant's Name into English)

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

Tokyo, 108-0014, 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.)

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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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| 1. <u>ORIX's Third Quarter Consolidated Financial Results (April 1, 2005 - December 31, 2005) filed with the Tokyo Stock Exchange on Tuesday, February 7, 2006.</u> | <u>3</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: February 8, 2006

By /s/ Shunsuke Takeda

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Shunsuke Takeda  
Director  
Vice Chairman and CFO  
ORIX Corporation

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**Consolidated Financial Results**

**April 1, 2005    December 31, 2005**

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February 7, 2006

*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 118.07 to \$1.00, the approximate exchange rate prevailing at December 31, 2005.*

*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:**

**Corporate Communications**

**ORIX Corporation**

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

**JAPAN**

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**Table of Contents****Consolidated Financial Results from April 1, 2005 to December 31, 2005**

(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: +81-3-5419-5102  
(URL [http://www.orix.co.jp/grp/ir\\_e/ir\\_index.htm](http://www.orix.co.jp/grp/ir_e/ir_index.htm))

**1. Performance Highlights for the Nine Months Ended December 31, 2005 and 2004, and the Year Ended March 31, 2005****(1) Performance Highlights - Operating Results (Unaudited)**

|                   | (millions of JPY)*1 |                        |                             |                                 |                                 |                        |
|-------------------|---------------------|------------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
|                   | Total<br>Revenues   | Year-on-Year<br>Change | Operating<br>Income         | Year-on-Year<br>Change          | Income before<br>Income Taxes*2 | Year-on-Year<br>Change |
| December 31, 2005 | 658,802             | 5.8%                   | 168,348                     | 84.8%                           | 192,023                         | 70.7%                  |
| December 31, 2004 | 622,714             | 17.3%                  | 91,116                      | 33.4%                           | 112,466                         | 36.5%                  |
| March 31, 2005    | 900,034             |                        | 128,942                     |                                 | 152,332                         |                        |
|                   | Net Income          | Year-on-Year<br>Change | Basic Earnings<br>Per Share | Diluted Earnings<br>Per Share*3 |                                 |                        |
| December 31, 2005 | 126,097             | 86.2%                  | 1,434.39                    | 1,359.01                        |                                 |                        |
| December 31, 2004 | 67,718              | 47.6%                  | 808.27                      | 743.17                          |                                 |                        |
| March 31, 2005    | 91,496              |                        | 1,087.82                    | 1,002.18                        |                                 |                        |

1. Equity in Net Income of Affiliates was a net gain of JPY 20,716 million for the nine months ended December 31, 2005, a net gain of JPY 17,803 million for the nine months ended December 31, 2004 and a net gain of JPY 20,043 million for the year ended March 31, 2005.

2. The average number of shares was 87,909,798 for the nine months ended December 31, 2005, 83,781,217 for the nine months ended December 31, 2004 and 84,110,243 for the year ended March 31, 2005.

3. Adoption of simplified accounting method Yes ( x ) No ( )

4. Changes in Accounting Principles Yes ( ) No ( x ) (except for adoptions of new accounting principles)

5. Changes in Numbers of Consolidated Subsidiaries and Affiliates Yes ( x ) No ( )

Additions: Consolidated Subsidiaries 7, Affiliates 5

Deletions: Consolidated Subsidiaries 14, Affiliates 7

\*Note 1:

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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 Discontinued Operations and Income Taxes.

**\*Note 3:** Diluted earnings per share reflects application of accounting for the effect of contingently convertible instruments set forth in EITF Issue No.04-8.

### (2) Performance Highlights - Financial Position (Unaudited)

|                   | <u>Total Assets</u> | <u>Shareholders<br/>Equity</u> | <u>Shareholders<br/>Equity Ratio</u> | <u>Shareholders<br/>Equity Per Share</u> |
|-------------------|---------------------|--------------------------------|--------------------------------------|--|
| December 31, 2005 | 6,686,456           | 898,828                        | 13.4%                                | 10,099.03                                |
| December 31, 2004 | 5,873,033           | 641,332                        | 10.9%                                | 7,642.86                                 |
| March 31, 2005    | 6,068,953           | 727,333                        | 12.0%                                | 8,322.96                                 |

1. The number of outstanding shares was 89,001,424 as of December 31, 2005, 83,912,548 as of December 31, 2004 and 87,388,706 as of March 31, 2005.

### (3) Performance Highlights - Cash Flows (Unaudited)

|                   | <u>Cash Flows<br/>from Operating Activities</u> | <u>Cash Flows<br/>from Investing Activities</u> | <u>Cash Flows<br/>from Financing Activities</u> | <u>Cash and Cash Equivalents<br/>at End of Period</u> |
|-------------------|---|---|---|---|
| December 31, 2005 | 140,718   | (466,715)                                       | 315,286   | 135,931   |
| December 31, 2004 | 73,554  | (334,182)                                       | 188,573   | 80,129  |
| March 31, 2005    | 126,467   | (408,004)                                       | 274,343   | 145,380   |

### 2. Forecasts for the Year Ending March 31, 2006 (Unaudited)

| <u>Fiscal Year</u> | <u>Total Revenues</u> | <u>Income before Income Taxes</u> | <u>Net Income</u> |
|--------------------|-----------------------|-----------------------------------|-------------------|
| March 31, 2006     | 900,000               | 245,000                           | 155,000           |

**Note :** Basic Earnings Per Share is forecasted to be JPY 1,741.55.

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## Summary of Consolidated Financial Results

**1. Nine Months Ended December 31, 2005****Financial Highlights**

|                                       |  |
|---------------------------------------|--|
| <b>Income before Income Taxes*</b>    | <b>192,023 million yen (Up 71% year on year)</b> |
| <b>Net Income</b>                     | <b>126,097 million yen (Up 86% year on year)</b> |
| <b>Earnings Per Share (Basic)</b>     | <b>1,434.39 yen (Up 77% year on year)</b>        |
| <b>Earnings Per Share (Diluted)</b>   | <b>1,359.01 yen (Up 83% year on year)</b>        |
| <b>Shareholders' Equity Per Share</b> | <b>10,099.03 yen (Up 21% on March 31, 2005)</b>  |
| <b>ROE (Annualized)</b>               | <b>20.7% (December 31, 2004: 15.0%)</b>          |
| <b>ROA (Annualized)</b>               | <b>2.64% (December 31, 2004: 1.57%)</b>          |

\* Income before income taxes refers to income before discontinued operations and income taxes.

**Revenues: 658,802 million yen (Up 6% year on year)**

Revenues increased 6% to 658,802 million yen in the first nine months of this fiscal year compared with the same period of the previous fiscal year. Although real estate sales decreased year on year, revenues from direct financing leases, operating leases, interest on loans and investment securities, brokerage commissions and net gains on investment securities, life insurance premiums and related investment income, gains on sales of real estate under operating leases, and other operating revenues were up compared to the same period of the previous fiscal year.

Furthermore, transportation revenues, which were recorded in the previous fiscal year, are recorded as equity in net income of affiliates during this fiscal year as shown in (Note 1) on page 2.

Revenues from direct financing leases increased 11% to 92,264 million yen compared to the same period of the previous fiscal year. In Japan, revenues from direct financing leases performed steadily overall and were up 10% year on year. Revenues from direct financing leases were up due to the larger contribution from the securitization of direct financing leases compared to the same period of the previous fiscal year and the operations of ORIX Kitakanto Corporation, which entered the ORIX Group during the previous fiscal year. Overseas, revenues were up 13% year on year. Although The Americas segment showed signs of improvement, revenues were lower as a result of a lower average balance of operating assets compared to the same period of the previous fiscal year, while the expansion of the leasing operations in the Asia, Oceania and Europe segment resulted in the higher overall revenues.

Revenues from operating leases increased 14% to 150,396 million yen compared to the same period of the previous fiscal year. In Japan, although revenues from the precision measuring and other equipment rental operations were down year on year, there was an increase in automobile and real estate operating leases that contributed to a 10% increase year on year. Overseas, revenues were up 26% year on year due to the expansion of automobile operating leases in the Asia, Oceania and Europe segment.



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Revenues from interest on loans and investment securities increased 20% to 117,987 million yen compared to the same period of the previous fiscal year. In Japan, interest on loans and investment securities increased 18% year on year. The increase in revenues was due mainly to an expansion of revenues associated with loans to corporate customers, including non-recourse loans, and the loan servicing operations. Overseas, revenues were up 26% year on year, due to the contribution from loans to corporate customers in The Americas segment.

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Revenues from brokerage commissions and net gains on investment securities increased 37% to 28,200 million yen compared to the same period of the previous fiscal year. Brokerage commissions were up 91% year on year due to an increase in the level of trading volume on the stock market in Japan. Net gains on investment securities were up 27% year on year due to the sale of securities mainly associated with our venture capital operations and corporate rehabilitation fund investments in Japan and securities investments in The Americas segment.

Life insurance premiums and related investment income were up 1% year on year to 98,175 million yen. Life insurance premiums were flat year on year, while life insurance related investment income increased year on year.

Real estate sales decreased 22% year on year to 53,459 million yen. Although revenues associated with the sales of residential condominiums to buyers increased compared to the same period of the previous fiscal year, there was no sale of office buildings and other real estate developments in the first nine months of this fiscal year that was recorded in the same period of the previous fiscal year. Furthermore, residential condominiums developed through certain joint ventures were accounted for by the equity method, and are included as a net of revenues and selling costs in equity in net income of affiliates. The revenues from the aforementioned joint ventures were 1,656 million yen.

Gains on sales of real estate under operating leases were up almost nine-fold year on year to 9,433 million yen due to the increase in sales of rental purpose office buildings and other real estate.

Other operating revenues increased 33% year on year to 108,888 million yen due to the increase in revenues associated with companies in which we invested as part of our corporate rehabilitation business in the previous fiscal year that contributed from the beginning of this fiscal year and increase in revenues associated with our integrated facilities management operations.

(Note 1)

Transportation revenues and costs of transportation revenues associated with the operations of Footwork Express Co., Ltd. in which we invested as part of our corporate rehabilitation business, were included in the same period of the previous fiscal year based on a three-month lag basis as permitted under U.S. GAAP. However, ORIX's share in Footwork Express Co., Ltd. was reduced in December 2004 due to an increase in capital whereby the substantive participating rights of a minority shareholder were increased. As a result, ORIX no longer has a controlling financial interest in the company and accounted for this company as an equity method affiliate at the end of the fiscal year ended March 31, 2005. ORIX has started recording its proportionate share of net income or loss of the company by the equity method from the beginning of the fiscal year ending March 31, 2006 instead of recording transportation revenues and costs of transportation revenues.

**Expenses: 490,454 million yen (Down 8% year on year)**

Expenses were down 8% to 490,454 million yen compared with the same period of the previous fiscal year. Although interest expense, costs of operating leases, other operating expenses, and selling, general and administrative expenses increased, life insurance costs, costs of real estate sales, provision for doubtful receivables and probable loan losses, write-downs of long-lived assets, and write-downs of securities were down year on year. For details on costs of transportation revenues, please see (Note 1) shown above.

Interest expense was up 14% year on year to 46,242 million yen. In Japan, interest expense increased due to the higher average debt levels, and interest expense also increased overseas due to the higher interest rates despite the lower average debt levels.

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Costs of operating leases were up 11% year on year to 101,281 million yen accompanying the increase in revenues from operating leases.

Life insurance costs decreased 5% year on year to 82,976 million yen due mainly to lower insurance payments.

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Costs of real estate sales were down 26% year on year to 46,013 million yen accompanying the decrease in real estate sales. Furthermore, 5,230 million yen in selling costs associated with residential condominiums developed through certain joint ventures were accounted for by the equity method.

Other operating expenses were up 35% year on year to 66,307 million yen accompanying the increase in other operating revenues.

Selling, general and administrative expenses were up 5% year on year to 132,310 million yen. Although there were no expenses associated with Footwork Express Co., Ltd., which became an equity method affiliate ((Note 1) on page 2), an increase in costs, which were included from the beginning of this fiscal year, associated with an increase in the number of consolidated companies in the previous fiscal year and expansion of business scope led to the higher expenses.

Despite an increase in operating assets, provision for doubtful receivables and probable loan losses was down 56% year on year to 11,987 million yen due to a lower level of non-performing assets.

Write-downs of long-lived assets were down year on year to 521 million yen.

Write-downs of securities were down 3% year on year to 3,878 million yen as we recorded write-downs associated mainly with equity investments made by our venture capital operations in Japan.

## **Net Income: 126,097 million yen (Up 86% year on year)**

Operating income was up 85% year on year to 168,348 million yen.

Equity in net income of affiliates was up 16% to 20,716 million yen compared to the same period of the previous fiscal year due to the steady performance of equity method affiliates in both Japan and overseas. Included in equity in net income of affiliates are earnings on investments in operating companies accounted for by the equity method and earnings on investments in residential condominiums developed through certain joint ventures, which are also accounted for by the equity method. The equity in net income of affiliates associated with residential condominium joint ventures was a loss of 3,574 million yen, which is primarily attributable to the upfront recognition of advertising expenses, associated with some large-scale residential condominium development projects, preceding the revenue recognition of completed sales upon title transfer to buyers.

Gains on sales of subsidiaries and affiliates and liquidation loss were down 17% year on year to 2,959 million yen.

Income before discontinued operations and income taxes increased 71% year on year to 192,023 million yen.

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Discontinued operations, net of applicable tax effect (Note 2) were up 150% year on year to 13,221 million yen.

As a result, net income increased 86% year on year to 126,097 million yen.

(Note 2)

Subsidiaries, businesses, and real estate under operating leases that have been sold or that are to be disposed for which there is no significant continuing involvement, are reclassified to discontinued operations. Income and expenses generated by such subsidiaries, businesses, and real estate under operating leases are retroactively reclassified.

### **Operating Assets: 5,611,344 million yen (Up 9% on March 31, 2005)**

Operating assets were up 9% on March 31, 2005 to 5,611,344 million yen as all operating asset categories were up.

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### **Segment Information ( Segment Profits refer to income before income taxes)**

Segment profits were up year on year for the Corporate Financial Services, Automobile Operations, Real Estate-Related Finance, Real Estate, Life Insurance, Other, The Americas, and Asia, Oceania and Europe segments, while the Rental Operations segment was lower compared to same period of the previous fiscal year.

The results of the reported segments from April 1, 2005 reflect the revised operating structure following the reorganization of the Company. Accordingly, the real estate-related equity investment operations and the REIT asset management operations, which had been included in the Real Estate-Related Finance segment, were included in the Real Estate segment from the first quarter of this fiscal year (Please refer to (Note 1) on page 14 of the Segment Information).

### **Operations in Japan**

#### **Corporate Financial Services Segment:**

Segment revenues were up 22% year on year to 74,671 million yen due to the expansion of loans to corporate customers, an increase in contribution from direct financing leases compared to the same period of the previous fiscal year, and due to the recognition of gains from securitization.

Segment profits increased 35% to 38,445 million yen compared to 28,556 million yen in the same period of the previous fiscal year due to the increase in segment revenues and the lower provision for doubtful receivables and probable loan losses as a result of the lower level of non-performing assets.

Segment assets increased 9% on March 31, 2005 to 1,639,685 million yen due to an increase in loans to corporate customers despite the lower level of direct financing leases as a result of securitization.

#### **Automobile Operations Segment:**

Segment revenues increased 9% year on year to 72,706 million yen. Although the automobile rental operations were lower compared to the same period of the previous fiscal year, the automobile leasing operations expanded.

Segment profits increased 14% to 18,590 million yen in line with the increase in segment revenues compared to 16,247 million yen in the same period of the previous fiscal year.

Segment assets increased 12% on March 31, 2005 to 504,276 million yen due to the expansion of the automobile leasing operations.

**Rental Operations Segment:**

Segment revenues were down 3% year on year to 49,178 million yen as the precision measuring and other equipment rental operations had fewer orders from electronics and communications equipment manufacturers despite an increase in revenues from transactions being accounted for as direct financing leases.

Segment profits decreased 10% to 6,612 million yen compared to 7,314 million yen in the same period of the previous fiscal year. Although gains on investment securities were recorded, the reduction in segment revenues resulted in the lower profits.

Segment assets were up 2% on March 31, 2005 to 120,962 million yen.

**Real Estate-Related Finance Segment:**

Segment revenues increased 10% year on year to 51,333 million yen due to the expansion of revenues associated with corporate loans, including non-recourse loans, the loan servicing operations, and gains on investment securities.

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Segment profits increased 96% to 26,770 million yen compared to 13,664 million yen in the same period of the previous fiscal year due to the increase in segment revenues and reduction in non-performing assets, which resulted in a lower provision for doubtful receivables and probable loan losses.

Segment assets increased 7% on March 31, 2005 to 1,027,610 million yen due mainly to the increase in corporate loans.

### **Real Estate Segment:**

Segment revenues increased 17% year on year to 146,845 million yen. Lower real estate sales were recorded as there were no revenues associated with the sale of real estate developments, such as office buildings, in the first nine months of this fiscal year that were recorded in the same period of the previous fiscal year despite an increase in revenues associated with the sales of residential condominiums. On the other hand, the increase in gains associated with sales of real estate under operating leases and revenues associated with our integrated facilities management operations led to the higher segment revenues.

Segment profits increased 40% to 26,011 million yen compared to 18,623 million yen in the same period of the previous fiscal year due to the increase in gains associated with the sales of real estate under operating leases, despite the recognition of advertising expenses that were incurred preceding the revenue recognition of completed sales for residential condominiums upon title transfer to buyers.

Segment assets increased 11% on March 31, 2005 to 556,675 million yen due to the purchase of some rental purpose real estate despite the reclassification of some assets to office facilities upon a change in their use.

### **Life Insurance Segment:**

Segment revenues were up 1% year on year to 97,650 million yen. Although life insurance premiums were flat year on year, life insurance related investment income increased year on year.

Segment profits increased 79% year on year to 10,324 million yen compared to 5,765 million yen in the same period of the previous fiscal year due mainly to the lower insurance payments.

Segment assets were down 8% on March 31, 2005 to 523,272 million yen due to a reclassification of some assets as a result of a change in their use to office facilities and a decrease in the investment portfolio associated with the maturity of some endowment insurance policies.

### **Other Segment:**

Segment revenues decreased 23% year on year to 78,539 million yen. Although there were contributions to revenues from companies that we invested in the previous fiscal year, as part of our corporate rehabilitation business, and from the securities operations and gains on investment securities, revenues from the card loan operations were flat year on year and the change in the accounting treatment of transportation revenues to equity in net income of affiliates, as previously described on the (Note 1) on page 2, led to the lower revenues.



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Segment profits increased 86% to 30,268 million yen compared to 16,286 million yen in the same period of the previous fiscal year due to the aforementioned contributing factors to segment revenues and the lower provision for doubtful receivables and probable loan losses associated with the card loan operations.

Segment assets were up 34% on March 31, 2005 to 654,042 million yen. The increase in segment assets was due to a change in the cardholder membership agreement at the card loan operations whereby the balance of certain card loans that were previously accounted for as off-balance sheet assets no longer meet the requirements for such accounting treatment and were accounted for as on-balance sheet assets from the third quarter of this fiscal year and due to the increase in loans related to margin trading at the securities brokerage.

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### **Overseas Operations**

#### **The Americas Segment:**

Segment revenues were up 27% year on year to 46,625 million yen. Although there was a decrease in revenues associated with direct financing leases and operating leases, revenues from interest on loans to corporate customers and sales on real estate increased year on year. In addition, there was also a contribution from the gain on the sale of the primary and master servicing business.

Segment profits more than doubled to 27,591 million yen compared to 12,207 million yen in the same period of the previous fiscal year due to the increase in segment revenues and reductions in the provision for doubtful receivables and probable loan losses and selling, general and administrative expenses.

Segment assets were up 7% on March 31, 2005 to 431,659 million yen. Although there was a withdrawal from an investment in an affiliate accompanying its termination, segment assets were up due to the increase in loans to corporate customers and the effect of a depreciation of the yen against the dollar.

#### **Asia, Oceania and Europe Segment:**

Segment revenues were up 25% year on year to 67,476 million yen due to the steady performance of automobile and machine equipment leasing and increase in revenues from the ship-related operations.

Segment profits increased 55% to 27,100 million yen compared to 17,517 million yen in the same period of the previous fiscal year due to an increase in segment revenues as described above, the steady performance of equity in net income of affiliates, and the contribution from the gain on the sale of an affiliate.

Segment assets were up 12% on March 31, 2005 to 559,701 million yen due mainly to the increase in direct financing leases and the depreciation of the yen against the dollar.

## **2. Summary of Cash Flows (Nine Months Ended December 31, 2005)**

Cash and cash equivalents decreased by 9,449 million yen to 135,931 million yen compared to March 31, 2005.

Cash flows from operating activities provided 140,718 million yen in the first nine months of this fiscal year and provided 73,554 million yen in the same period of the previous fiscal year due primarily to inflows associated with the increase in net income.

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Cash flows from investing activities used 466,715 million yen in the first nine months of this fiscal year compared to 334,182 million yen in the same period of the previous fiscal year. Outflows exceeded inflows as the purchases of lease equipment exceeded the sum of principal payments received under direct financing leases and proceeds from sales of operating lease assets, and installment loans made to customers exceeded principal collected on installment loans.

Cash flows from financing activities provided 315,286 million yen in the first nine months of this fiscal year compared to 188,573 million yen in the same period of the previous fiscal year, due to the increase in debt accompanying the increase in operating assets.

### **3. Summary of Third Quarter (Three Months Ended December 31, 2005)**

In the third quarter revenues increased 9,539 million yen year on year. Revenues from direct financing leases were up compared to the third quarter of the previous fiscal year due to the increase in the average balance of direct financing leases and the contribution from gains on securitization. Revenues from operating leases and interest on loans and investment securities were up due to the increase in the average balance of the associated operating assets compared with the third quarter of the previous fiscal year. Brokerage commissions and net gains on investment securities were up due to the increase in brokerage commissions despite the decrease in net gains on investment securities. Life insurance premiums and related investment income were down compared to the same period of the previous fiscal year due to the lower life insurance related investment income although life insurance premiums were flat year on year. Real estate sales decreased year on year as sales of office buildings recorded in the third quarter of the previous fiscal year were absent in the current period. Losses on sales of real estate under operating leases, associated with office buildings that are not accounted for under discontinued operations were recorded. Other operating revenues were up year on year due mainly to the contribution to revenues associated with companies in which we invested as part of our corporate rehabilitation business from the fourth quarter of the previous fiscal year.

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On the other hand, expenses were down 8,727 million yen compared to the third quarter of the previous fiscal year. Interest expense increased year on year as a result of the increase in the average balance of operating assets. Costs of operating leases were up year on year in line with the increase in revenues from operating leases. Life insurance costs were down compared with the same period of the previous fiscal year due mainly to the lower insurance payments. Costs of real estate sales decreased in line with the lower real estate sales. Other operating expenses increased in line with the increase in associated revenues in the third quarter of this fiscal year. Selling, general and administrative expenses were up year on year despite the change in accounting for Footwork Express Co., Ltd. (please refer to (Note 1) on page 2 for details) which went from being accounted for as a consolidated company to an equity method affiliate, as there was an increase in costs associated with the increase in the number of consolidated companies from the fourth quarter of the previous fiscal year and due to the expansion of business scope. The provision for doubtful receivables and probable loan losses was down compared to the third quarter of the previous fiscal year due to a lower level of non-performing assets. There were no write-downs of long-lived assets in the third quarter of this fiscal year and write-downs of securities were down year on year.

This resulted in an increase in operating income by 18,266 million yen to 53,177 million yen compared with the third quarter of the previous fiscal year.

Equity in net income of affiliates was down year on year due to the lower contribution from an equity method affiliate in The Americas segment that performed well in the same period of the previous fiscal year and due to the recording of gains on sales of subsidiaries and affiliates. Income before discontinued operations and income taxes increased by 15,751 million yen compared to the third quarter of the previous fiscal year to 59,445 million yen.

Discontinued operations, net of applicable tax effect added 7,419 million yen and net income in the third quarter of this fiscal year rose by 17,113 million yen to 42,143 million yen compared with a net income of 25,030 million yen in the third quarter of the previous fiscal year.

**4. Outlook and Forecasts for the Fiscal Year Ending March 31, 2006**

For the fiscal year ending March 31, 2006 we have revised our consolidated results forecast made at the interim results announcement on November 8, 2005 as follows. Revenues 900,000 million yen (flat compared with the fiscal year ended March 31, 2005), income before income taxes of 245,000 million yen (up 61%), and net income of 155,000 million yen (up 69%).

|                           | Millions of Yen |                                |            |
|---------------------------|-----------------|--------------------------------|------------|
|                           | Total Revenues  | Income before<br>Income Taxes* | Net Income |
| Previous Forecast (A)     | 890,000         | 230,000                        | 140,000    |
| New Forecast (B)          | 900,000         | 245,000                        | 155,000    |
| Change (B-A)              | 10,000          | 15,000                         | 15,000     |
| Change (%)<br>(Reference) | 1.1             | 6.5                            | 10.7       |
| Fiscal 2005 Results       | 900,034         | 152,332                        | 91,496     |

\* Income before income taxes refers to income before discontinued operations and income taxes.



**Table of Contents****Consolidated Financial Highlights**

(For the Nine Months Ended December 31, 2005 and 2004, and the Year Ended March 31, 2005)

(Unaudited)

(millions of JPY, except for per share data)

|  | December 31,<br>2005 | Change<br>from<br>March 31,<br>2005 | Year-on-year<br>Change | December 31,<br>2004 | Year-on-year<br>Change | March 31,<br>2005 | Year-on-year<br>Change |
|--|----------------------|-------------------------------------|------------------------|----------------------|------------------------|-------------------|------------------------|
| <b>Operating Assets</b>                                |                      |                                     |                        |                      |                        |                   |                        |
| Investment in Direct Financing Leases                  | 1,495,765            | 103%                                | 101%                   | 1,480,526            | 96%                    | 1,451,574         | 100%                   |
| Installment Loans                                      | 2,727,640            | 114%                                | 117%                   | 2,328,427            | 105%                   | 2,386,597         | 107%                   |
| Investment in Operating Leases                         | 621,492              | 100%                                | 108%                   | 576,621              | 116%                   | 619,005           | 115%                   |
| Investment in Securities                               | 669,748              | 114%                                | 111%                   | 605,511              | 111%                   | 589,271           | 107%                   |
| Other Operating Assets                                 | 96,699               | 117%                                | 118%                   | 81,885               | 116%                   | 82,651            | 115%                   |
| <b>Total</b>   | <b>5,611,344</b>     | <b>109%</b>                         | <b>111%</b>            | <b>5,072,970</b>     | <b>104%</b>            | <b>5,129,098</b>  | <b>106%</b>            |
| <b>Operating Results</b>                               |                      |                                     |                        |                      |                        |                   |                        |
| Total Revenues   | 658,802              |                                     | 106%                   | 622,714              | 117%                   | 900,034           | 122%                   |
| Income before Discontinued Operations and Income Taxes | 192,023              |                                     | 171%                   | 112,466              | 136%                   | 152,332           | 148%                   |
| Net Income   | 126,097              |                                     | 186%                   | 67,718               | 148%                   | 91,496            | 169%                   |
| <b>Earnings Per Share</b>                              |                      |                                     |                        |                      |                        |                   |                        |
| <b>Net Income</b>                                      |                      |                                     |                        |                      |                        |                   |                        |
| Basic  | 1,434.39             |                                     | 177%                   | 808.27               | 147%                   | 1,087.82          | 169%                   |
| Diluted  | 1,359.01             |                                     | 183%                   | 743.17               | 146%                   | 1,002.18          | 167%                   |
| Shareholders' Equity Per Share                         | 10,099.03            | 121%                                | 132%                   | 7,642.86             | 116%                   | 8,322.96          | 123%                   |
| <b>Financial Position</b>                              |                      |                                     |                        |                      |                        |                   |                        |
| Shareholders' Equity                                   | 898,828              | 124%                                | 140%                   | 641,332              | 116%                   | 727,333           | 129%                   |
| Number of Outstanding Shares ( '000)                   | 89,001               | 102%                                | 106%                   | 83,913               | 100%                   | 87,389            | 104%                   |
| Long-and Short-Term Debt and Deposits                  | 4,518,350            | 109%                                | 111%                   | 4,060,447            | 103%                   | 4,146,322         | 107%                   |
| Total Assets   | 6,686,456            | 110%                                | 114%                   | 5,873,033            | 104%                   | 6,068,953         | 108%                   |
| Shareholders' Equity Ratio                             | 13.4%                |                                     |                        | 10.9%                |                        | 12.0%             |                        |
| Return on Equity (annualized)                          | 20.7%                |                                     |                        | 15.0%                |                        | 14.2%             |                        |
| Return on Assets (annualized)                          | 2.64%                |                                     |                        | 1.57%                |                        | 1.56%             |                        |
| <b>New Business Volumes</b>                            |                      |                                     |                        |                      |                        |                   |                        |
| Direct Financing Leases                                |                      |                                     |                        |                      |                        |                   |                        |

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|                          |           |      |           |      |           |      |
|--------------------------|-----------|------|-----------|------|-----------|------|
| New Receivables Added    | 670,853   | 111% | 601,777   | 98%  | 863,137   | 108% |
| New Equipment            |           |      |           |      |           |      |
| Acquisitions             | 601,120   | 112% | 536,022   | 98%  | 767,672   | 108% |
| Installment Loans        | 1,254,454 | 114% | 1,098,271 | 133% | 1,545,517 | 137% |
| Operating Leases         | 184,571   | 104% | 177,600   | 150% | 248,327   | 131% |
| Investment in Securities | 163,190   | 98%  | 165,745   | 185% | 244,600   | 200% |
| Other Operating          |           |      |           |      |           |      |
| Transactions             | 87,740    | 87%  | 101,346   | 96%  | 129,604   | 70%  |

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**Table of Contents****Condensed Consolidated Statements of Income**

(For the Nine Months Ended December 31, 2005 and 2004, and the Year Ended March 31, 2005)

(Unaudited)

(millions of JPY, millions of US\$)

|  |  |                               |  |                               |                                    |                               | U.S. dollars         |
|--|--|-------------------------------|--|-------------------------------|------------------------------------|-------------------------------|----------------------|
|  | Nine Months<br>ended<br>December 31,<br>2005 | Year-on-year<br>Change<br>(%) | Nine Months<br>ended<br>December 31,<br>2004 | Year-on-year<br>Change<br>(%) | Year<br>ended<br>March 31,<br>2005 | Year-on-year<br>Change<br>(%) | December 31,<br>2005 |
| <b>Total Revenues :</b>  | 658,802                                      | 106                           | 622,714                                      | 117                           | 900,034                            | 122                           | 5,580                |
| Direct Financing Leases  | 92,264                                       | 111                           | 83,381                                       | 99                            | 113,514                            | 101                           | 781                  |
| Operating Leases   | 150,396                                      | 114                           | 132,018                                      | 110                           | 178,803                            | 109                           | 1,274                |
| Interest on Loans and<br>Investment Securities                     | 117,987                                      | 120                           | 98,532                                       | 113                           | 135,458                            | 117                           | 999                  |
| Brokerage Commissions and<br>Net Gains on Investment<br>Securities | 28,200                                       | 137                           | 20,588                                       | 145                           | 33,905                             | 130                           | 239                  |
| Life Insurance Premiums and<br>Related Investment Income           | 98,175                                       | 101                           | 97,045                                       | 104                           | 137,004                            | 102                           | 832                  |
| Real Estate Sales  | 53,459                                       | 78                            | 68,197                                       | 99                            | 123,162                            | 126                           | 453                  |
| Gains on Sales of Real Estate<br>under Operating Leases            | 9,433  | 869                           | 1,086  | 12                            | 1,554                              | 17                            | 80                   |
| Transportation Revenues  |  |                               | 39,715                                       |                               | 55,339                             |                               |                      |
| Other Operating Revenues   | 108,888                                      | 133                           | 82,152                                       | 154                           | 121,295                            | 152                           | 922                  |
| <b>Total Expenses :</b>  | 490,454                                      | 92                            | 531,598                                      | 115                           | 771,092                            | 118                           | 4,154                |
| Interest Expense   | 46,242                                       | 114                           | 40,737                                       | 90                            | 55,428                             | 94                            | 392                  |
| Costs of Operating Leases  | 101,281                                      | 111                           | 91,634                                       | 104                           | 122,971                            | 103                           | 858                  |
| Life Insurance Costs   | 82,976                                       | 95                            | 87,058                                       | 105                           | 122,896                            | 103                           | 703                  |
| Costs of Real Estate Sales   | 46,013                                       | 74                            | 61,802                                       | 99                            | 113,830                            | 128                           | 390                  |
| Costs of Transportation<br>Revenues                                |  |                               | 34,051                                       |                               | 46,594                             |                               |                      |
| Other Operating Expenses   | 66,307                                       | 135                           | 49,111                                       | 165                           | 76,141                             | 167                           | 561                  |
| Selling, General and<br>Administrative Expenses                    | 132,310                                      | 105                           | 126,216                                      | 112                           | 176,276                            | 113                           | 1,121                |
| Provision for Doubtful<br>Receivables and Probable Loan<br>Losses  | 11,987                                       | 44                            | 26,996                                       | 82                            | 39,530                             | 83                            | 101                  |
| Write-downs of Long-Lived<br>Assets                                | 521  | 6                             | 9,165  | 218                           | 11,713                             | 95                            | 4                    |
| Write-downs of Securities  | 3,878  | 97                            | 3,999  | 100                           | 4,930                              | 94                            | 33                   |
| Foreign Currency Transaction<br>Loss (Gain), Net                   | (1,061)                                      |                               | 829  | 95                            | 783                                | 50                            | (9)                  |
| <b>Operating Income</b>  | 168,348                                      | 185                           | 91,116                                       | 133                           | 128,942                            | 151                           | 1,426                |



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|  |                |            |                |            |                |            |              |
|--|----------------|------------|----------------|------------|----------------|------------|--------------|
| Equity in Net Income of Affiliates                                 | 20,716         | 116        | 17,803         | 122        | 20,043         | 112        | 175          |
| Gains on Sales of Subsidiaries and Affiliates and Liquidation Loss | 2,959          | 83         | 3,547          |            | 3,347          |            | 25           |
| <b>Income before Discontinued Operations and Income Taxes</b>      | <b>192,023</b> | <b>171</b> | <b>112,466</b> | <b>136</b> | <b>152,332</b> | <b>148</b> | <b>1,626</b> |
| Provision for Income Taxes   | 79,147         | 158        | 50,032         | 133        | 68,023         | 133        | 670          |
| <b>Income from Continuing Operations</b>                           | <b>112,876</b> | <b>181</b> | <b>62,434</b>  | <b>140</b> | <b>84,309</b>  | <b>162</b> | <b>956</b>   |
| Discontinued Operations:   |                |            |                |            |                |            |              |
| Income from Discontinued Operations, Net                           | 21,700         |            | 8,882          |            | 12,052         |            | 184          |
| Provision for Income Taxes   | (8,479)        |            | (3,598)        |            | (4,865)        |            | (72)         |
| Discontinued Operations, Net of Applicable Tax Effect              | 13,221         | 250        | 5,284          | 540        | 7,187          | 476        | 112          |
| <b>Net Income</b>  | <b>126,097</b> | <b>186</b> | <b>67,718</b>  | <b>148</b> | <b>91,496</b>  | <b>169</b> | <b>1,068</b> |

**Note:** 1. Pursuant to FASB Statement No. 144 ( Accounting for the Impairment or Disposal of Long-Lived Assets ), 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.

2. In the previous fiscal year, Transportation Revenues and Costs of Transportation Revenues were disclosed separately. However, as the logistics subsidiary became an affiliate, the proportionate share of the net income (loss) is recorded in Equity in Net Income of Affiliates by the equity method.

**Table of Contents****Condensed Consolidated Statements of Income**

(For the Three Months Ended December 31, 2005 and 2004)

(Unaudited)

|   | (millions of JPY, millions of US\$)           |                               |   |                               |                                      |
|---|---|-------------------------------|---|-------------------------------|--------------------------------------|
|   | Three Months<br>ended<br>December 31,<br>2005 | Year-on-year<br>Change<br>(%) | Three Months<br>ended<br>December 31,<br>2004 | Year-on-year<br>Change<br>(%) | U.S. dollars<br>December 31,<br>2005 |
| <b>Total Revenues :</b>   | 221,924                                       | 104                           | 212,385                                       | 120                           | 1,880                                |
| Direct Financing Leases   | 31,229  | 113                           | 27,720  | 101                           | 264                                  |
| Operating Leases  | 50,768  | 115                           | 43,975  | 105                           | 430                                  |
| Interest on Loans and Investment Securities                       | 41,105  | 125                           | 32,957  | 119                           | 348                                  |
| Brokerage Commissions and Net Gains on<br>Investment Securities   | 7,784   | 104                           | 7,502   | 114                           | 66                                   |
| Life Insurance Premiums and Related<br>Investment Income          | 29,705  | 97                            | 30,704  | 108                           | 252                                  |
| Real Estate Sales   | 22,083  | 84                            | 26,298  | 100                           | 187                                  |
| Losses on Sales of Real Estate under Operating<br>Leases          | (12)  | 6                             | (195)   |                               | 0                                    |
| Transportation Revenues   |   |                               | 12,788  |                               |                                      |
| Other Operating Revenues  | 39,262  | 128                           | 30,636  | 176                           | 333                                  |
| <b>Total Expenses :</b>   | 168,747                                       | 95                            | 177,474                                       | 115                           | 1,430                                |
| Interest Expense  | 16,100  | 122                           | 13,251  | 92                            | 136                                  |
| Costs of Operating Leases   | 34,577  | 114                           | 30,402  | 105                           | 293                                  |
| Life Insurance Costs  | 24,737  | 91                            | 27,139  | 109                           | 210                                  |
| Costs of Real Estate Sales  | 18,248  | 81                            | 22,540  | 92                            | 155                                  |
| Costs of Transportation Revenues                                  |   |                               | 10,652  |                               |                                      |
| Other Operating Expenses  | 23,869  | 120                           | 19,821  | 186                           | 202                                  |
| Selling, General and Administrative Expenses                      | 45,377  | 109                           | 41,626  | 110                           | 384                                  |
| Provision for Doubtful Receivables and<br>Probable Loan Losses    | 5,131   | 50                            | 10,337  | 99                            | 44                                   |
| Write-downs of Long-Lived Assets                                  |   |                               |   |                               |                                      |
| Write-downs of Securities   | 1,210   | 98                            | 1,236   | 64                            | 10                                   |
| Foreign Currency Transaction Loss (Gain), Net                     | (502)   |                               | 470   | 118                           | (4)                                  |
| <b>Operating Income</b>   | 53,177  | 152                           | 34,911  | 152                           | 450                                  |
| Equity in Net Income of Affiliates                                | 5,109   | 64                            | 8,038   | 297                           | 43                                   |
| Gains on Sales of Subsidiaries and Affiliates                     | 1,159   | 156                           | 745   |                               | 10                                   |
| <b>Income before Discontinued Operations and<br/>Income Taxes</b> | 59,445  | 136                           | 43,694  | 171                           | 503                                  |

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|  |               |            |               |            |            |
|--|---------------|------------|---------------|------------|------------|
| Provision for Income Taxes                                   | 24,721        | 124        | 19,925        | 172        | 209        |
| <b>Income from Continuing Operations</b>                     | <b>34,724</b> | <b>146</b> | <b>23,769</b> | <b>171</b> | <b>294</b> |
| Discontinued Operations                                      |               |            |               |            |            |
| Income from Discontinued Operations, Net                     | 11,984        |            | 2,107         |            | 102        |
| Provision for Income Taxes                                   | (4,565)       |            | (846)         |            | (39)       |
| <b>Discontinued Operations, Net of Applicable Tax Effect</b> | <b>7,419</b>  | <b>588</b> | <b>1,261</b>  | <b>226</b> | <b>63</b>  |
| <b>Net Income</b>  | <b>42,143</b> | <b>168</b> | <b>25,030</b> | <b>173</b> | <b>357</b> |

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**Table of Contents****Condensed Consolidated Balance Sheets**

(As of December 31, 2005 and March 31, 2005)

(Unaudited)

|  | (millions of JPY, millions of US\$) |                  |               |
|--|-------------------------------------|------------------|---------------|
|  |                                     |                  | U.S. dollars  |
|  | December 31,                        | March 31,        | December 31,  |
|  | 2005                                | 2005             | 2005          |
| <b>Assets</b>  |                                     |                  |               |
| Cash and Cash Equivalents  | 135,931                             | 145,380          | 1,151         |
| Restricted Cash  | 91,796                              | 53,193           | 777           |
| Time Deposits  | 5,196                               | 8,678            | 44            |
| Investment in Direct Financing Leases  | 1,495,765                           | 1,451,574        | 12,668        |
| Installment Loans  | 2,727,640                           | 2,386,597        | 23,102        |
| Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses | (103,916)                           | (115,250)        | (880)         |
| Investment in Operating Leases   | 621,492                             | 619,005          | 5,264         |
| Investment in Securities   | 669,748                             | 589,271          | 5,672         |
| Other Operating Assets   | 96,699                              | 82,651           | 819           |
| Investment in Affiliates   | 302,005                             | 274,486          | 2,558         |
| Other Receivables  | 156,741                             | 160,263          | 1,328         |
| Inventories  | 124,572                             | 113,203          | 1,055         |
| Prepaid Expenses   | 51,076                              | 45,082           | 433           |
| Office Facilities  | 96,282                              | 65,410           | 815           |
| Other Assets   | 215,429                             | 189,410          | 1,825         |
| <b>Total Assets</b>  | <b>6,686,456</b>                    | <b>6,068,953</b> | <b>56,631</b> |
| <b>Liabilities and Shareholders Equity</b>   |                                     |                  |               |
| Short-Term Debt  | 1,011,487                           | 947,871          | 8,567         |
| Deposits   | 368,358                             | 336,588          | 3,120         |
| Trade Notes, Accounts Payable and Other Liabilities                                    | 319,750                             | 270,737          | 2,708         |
| Accrued Expenses   | 79,071                              | 95,407           | 669           |
| Policy Liabilities   | 505,716                             | 550,880          | 4,283         |
| Current and Deferred Income Taxes  | 225,444                             | 179,859          | 1,909         |
| Security Deposits  | 139,297                             | 98,415           | 1,180         |
| Long-Term Debt   | 3,138,505                           | 2,861,863        | 26,582        |
| <b>Total Liabilities</b>   | <b>5,787,628</b>                    | <b>5,341,620</b> | <b>49,018</b> |
| Common Stock   | 82,560                              | 73,100           | 699           |
| Additional Paid-in Capital   | 100,747                             | 91,045           | 854           |
| Retained Earnings:   |                                     |                  |               |
| Legal Reserve  | 2,220                               | 2,220            | 19            |
| Retained Earnings  | 693,095                             | 570,494          | 5,870         |
| Accumulated Other Comprehensive Income (Loss)  | 25,849                              | (1,873)          | 219           |
| Treasury Stock, at Cost  | (5,643)                             | (7,653)          | (48)          |

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|  |           |           |        |
|--|-----------|-----------|--------|
| <b>Total Shareholders Equity</b>                 | 898,828   | 727,333   | 7,613  |
| <b>Total Liabilities and Shareholders Equity</b> | 6,686,456 | 6,068,953 | 56,631 |

|   | <b>December 31,<br/>2005</b> | <b>March 31,<br/>2005</b> | <b>U.S. dollars<br/>December 31,<br/>2005</b> |
|---|------------------------------|---------------------------|---|
| <b>Note : Accumulated Other Comprehensive Income (Loss)</b> |                              |                           |   |
| Net unrealized gains on investment in securities            | 51,487                       | 40,150                    | 436   |
| Minimum pension liability adjustments                       | (1,121)                      | (1,090)                   | (9)   |
| Foreign currency translation adjustments                    | (25,335)                     | (39,610)                  | (215)   |
| Net unrealized gains (losses) on derivative instruments     | 818                          | (1,323)                   | 7   |

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**Table of Contents****Condensed Consolidated Statements of Shareholders Equity**

(For the Nine Months Ended December 31, 2005 and 2004, and the Year Ended March 31, 2005)

(Unaudited)

|  | (millions of JPY, millions of US\$)          |  |                                    |                                      |
|--|--|--|------------------------------------|--------------------------------------|
|  | Nine Months<br>ended<br>December 31,<br>2005 | Nine Months<br>ended<br>December 31,<br>2004 | Year<br>ended<br>March 31,<br>2005 | U.S. dollars<br>December 31,<br>2005 |
| <b>Common Stock:</b>                                       |  |  |                                    |                                      |
| Beginning balance  | 73,100                                       | 52,068                                       | 52,068                             | 619                                  |
| Issuance during the year                                   | 9,460  | 641  | 21,032                             | 80                                   |
| Ending balance   | 82,560                                       | 52,709                                       | 73,100                             | 699                                  |
| <b>Additional Paid-in Capital:</b>                         |  |  |                                    |                                      |
| Beginning balance  | 91,045                                       | 70,015                                       | 70,015                             | 771                                  |
| Issuance during the year and other, net                    | 9,702  | 646  | 21,030                             | 83                                   |
| Ending balance   | 100,747                                      | 70,661                                       | 91,045                             | 854                                  |
| <b>Legal Reserve:</b>                                      |  |  |                                    |                                      |
| Beginning balance  | 2,220  | 2,220  | 2,220                              | 19                                   |
| Ending balance   | 2,220  | 2,220  | 2,220                              | 19                                   |
| <b>Retained Earnings:</b>                                  |  |  |                                    |                                      |
| Beginning balance  | 570,494                                      | 481,091                                      | 481,091                            | 4,832                                |
| Cash dividends   | (3,496)                                      | (2,093)                                      | (2,093)                            | (30)                                 |
| Net income   | 126,097                                      | 67,718                                       | 91,496                             | 1,068                                |
| Ending balance   | 693,095                                      | 546,716                                      | 570,494                            | 5,870                                |
| <b>Accumulated Other Comprehensive Income (Loss):</b>      |  |  |                                    |                                      |
| Beginning balance  | (1,873)                                      | (33,141)                                     | (33,141)                           | (16)                                 |
| Net change of unrealized gains on investment in securities | 11,337                                       | 7,570  | 15,102                             | 96                                   |
| Net change of minimum pension liability adjustments        | (31)   | 266  | 6,877                              | 0                                    |
| Net change of foreign currency translation adjustments     | 14,275                                       | (94)   | 6,019                              | 121                                  |
| Net change of unrealized gains on derivative instruments   | 2,141  | 2,208  | 3,270                              | 18                                   |
| Ending balance   | 25,849                                       | (23,191)                                     | (1,873)                            | 219                                  |
| <b>Treasury Stock:</b>                                     |  |  |                                    |                                      |
| Beginning balance  | (7,653)                                      | (8,206)                                      | (8,206)                            | (65)                                 |

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|  |         |         |         |       |
|--|---------|---------|---------|-------|
| Net (increase) decrease                  | 2,010   | 423     | 553     | 17    |
| Ending balance                           | (5,643) | (7,783) | (7,653) | (48)  |
| <b>Total Shareholders Equity:</b>        |         |         |         |       |
| Beginning balance                        | 727,333 | 564,047 | 564,047 | 6,160 |
| Increase, net                            | 171,495 | 77,285  | 163,286 | 1,453 |
| Ending balance                           | 898,828 | 641,332 | 727,333 | 7,613 |
| <b>Summary of Comprehensive Income :</b> |         |         |         |       |
| Net income                               | 126,097 | 67,718  | 91,496  | 1,068 |
| Other comprehensive income               | 27,722  | 9,950   | 31,268  | 235   |
| Comprehensive income                     | 153,819 | 77,668  | 122,764 | 1,303 |

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**Table of Contents****Condensed Consolidated Statements of Cash Flows**

(For the Nine Months Ended December 31, 2005 and 2004, and the Year Ended March 31, 2005)

(Unaudited)

|  | (millions of JPY, millions of US\$)              |  |                                     |                          |
|--|--|--|-------------------------------------|--------------------------|
|  | U.S. dollars                                     |  |                                     |                          |
|  | Nine Months<br>ended<br>December 31,<br><br>2005 | Nine Months<br>ended<br>December 31,<br><br>2004 | Year ended<br>March 31,<br><br>2005 | December 31,<br><br>2005 |
| <b>Cash Flows from Operating Activities:</b>   |  |  |                                     |                          |
| Net income   | 126,097  | 67,718   | 91,496                              | 1,068                    |
| Adjustments to reconcile net income to net cash provided by operating activities:      |  |  |                                     |                          |
| Depreciation and amortization  | 96,890   | 97,219   | 132,158                             | 821                      |
| Provision for doubtful receivables and probable loan losses                            | 11,987   | 26,996   | 39,530                              | 102                      |
| Decrease in policy liabilities   | (45,164)   | (38,621)   | (41,902)                            | (383)                    |
| Gains from securitization transactions   | (6,356)  | (2,744)  | (12,520)                            | (54)                     |
| Equity in net income of affiliates   | (20,716)   | (17,803)   | (20,043)                            | (175)                    |
| Gains on sales of subsidiaries and affiliates and liquidation loss                     | (2,959)  | (3,547)  | (3,347)                             | (25)                     |
| Gains on sales of available-for-sale securities  | (8,641)  | (14,333)   | (14,761)                            | (73)                     |
| Gains on sales of real estate under operating leases                                   | (9,433)  | (1,086)  | (1,554)                             | (80)                     |
| Gains on sales of operating lease assets other than real estate                        | (5,833)  | (3,397)  | (4,746)                             | (49)                     |
| Write-downs of long-lived assets   | 521  | 9,165  | 11,713                              | 4                        |
| Write-downs of securities  | 3,878  | 3,999  | 4,930                               | 33                       |
| Increase in restricted cash  | (38,225)   | (10,667)   | (17,517)                            | (324)                    |
| Increase in trading securities   | (10,333)   | (15,432)   | (21,430)                            | (88)                     |
| Increase in inventories  | (25,618)   | (29,176)   | (21,906)                            | (217)                    |
| Increase in prepaid expenses   | (4,374)  | (2,212)  | (975)                               | (37)                     |
| Increase (decrease) in accrued expenses  | (18,824)   | (7,872)  | 8,255                               | (159)                    |
| Increase in security deposits  | 38,904   | 12,883   | 19,567                              | 329                      |
| Other, net   | 58,917   | 2,464  | (20,481)                            | 499                      |
| <b>Net cash provided by operating activities</b>                                       | <b>140,718</b>                                   | <b>73,554</b>                                    | <b>126,467</b>                      | <b>1,192</b>             |
| <b>Cash Flows from Investing Activities:</b>   |  |  |                                     |                          |
| Purchases of lease equipment   | (794,722)  | (696,071)  | (942,489)                           | (6,731)                  |
| Principal payments received under direct financing leases                              | 483,285  | 468,106  | 633,724                             | 4,093                    |
| Net proceeds from securitization of lease receivables, loan receivables and securities | 151,116  | 74,315   | 191,976                             | 1,280                    |
| Installment loans made to customers  | (1,252,768)                                      | (1,098,051)                                      | (1,545,297)                         | (10,610)                 |
| Principal collected on installment loans   | 846,481  | 928,679  | 1,287,144                           | 7,169                    |
| Proceeds from sales of operating lease assets  | 114,826  | 64,334   | 73,928                              | 973                      |
| Investment in and dividends received from affiliates, net                              | (2,243)  | 39   | (48,257)                            | (19)                     |
| Purchases of available-for-sale securities   | (137,612)  | (151,696)  | (219,890)                           | (1,166)                  |
| Proceeds from sales of available-for-sale securities                                   | 103,750  | 72,367   | 127,452                             | 879                      |
| Maturities of available-for-sale securities  | 23,008   | 53,574   | 82,373                              | 195                      |
| Purchases of other securities  | (25,412)   | (14,049)   | (24,283)                            | (215)                    |



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|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Proceeds from sales of other securities                                 | 16,981            | 7,819             | 11,456            | 144               |
| Purchases of other operating assets                                     | (21,397)          | (6,868)           | (9,216)           | (181)             |
| Acquisitions of subsidiaries, net of cash acquired                      | (2,005)           | (5,799)           | (12,506)          | (17)              |
| Sales of subsidiaries, net of cash disposed                             | 2,383             |                   |                   | 20                |
| Other, net  | 27,614            | (30,881)          | (14,119)          | 233               |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Net cash used in investing activities                                   | (466,715)         | (334,182)         | (408,004)         | (3,953)           |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Cash Flows from Financing Activities:                                   |                   |                   |                   |                   |
| Net increase (decrease) in debt with maturities of three months or less | 110,729           | 16,832            | (34,227)          | 938               |
| Proceeds from debt with maturities longer than three months             | 1,470,020         | 1,373,413         | 1,934,048         | 12,450            |
| Repayment of debt with maturities longer than three months              | (1,300,583)       | (1,223,032)       | (1,665,050)       | (11,015)          |
| Net increase in deposits due to customers                               | 31,770            | 26,736            | 44,043            | 269               |
| Issuance of common stock  | 4,829             | 1,279             | 2,052             | 41                |
| Dividends paid  | (3,496)           | (2,093)           | (2,093)           | (30)              |
| Net decrease in call money  |                   | (5,000)           | (5,000)           |                   |
| Other, net  | 2,017             | 438               | 570               | 17                |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Net cash provided by financing activities                               | 315,286           | 188,573           | 274,343           | 2,670             |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents            | 1,262             | (51)              | 339               | 11                |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Net Increase (Decrease) in Cash and Cash Equivalents                    | (9,449)           | (72,106)          | (6,855)           | (80)              |
| Cash and Cash Equivalents at Beginning of Period                        | 145,380           | 152,235           | 152,235           | 1,231             |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Cash and Cash Equivalents at End of Period                              | 135,931           | 80,129            | 145,380           | 1,151             |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |

**Table of Contents****Segment Information**

(For the Nine Months Ended December 31, 2005 and 2004, and the Year Ended March 31, 2005)

(Unaudited)

(millions of JPY)

|   | Nine months ended December 31, 2005 |                 |                  | Nine months ended December 31, 2004 |                 |                  | Year ended March 31, 2005 |                 |                  |
|---|-------------------------------------|-----------------|------------------|-------------------------------------|-----------------|------------------|---------------------------|-----------------|------------------|
|   | Segment Revenues                    | Segment Profits | Segment Assets   | Segment Revenues                    | Segment Profits | Segment Assets   | Segment Revenues          | Segment Profits | Segment Assets   |
| <b>Operations in Japan</b>  |                                     |                 |                  |                                     |                 |                  |                           |                 |                  |
| Corporate Financial Services                                      | 74,671                              | 38,445          | 1,639,685        | 61,027                              | 28,556          | 1,532,659        | 87,708                    | 43,848          | 1,506,311        |
| Automobile Operations   | 72,706                              | 18,590          | 504,276          | 66,755                              | 16,247          | 453,153          | 89,404                    | 21,088          | 451,715          |
| Rental Operations   | 49,178                              | 6,612           | 120,962          | 50,693                              | 7,314           | 117,599          | 68,447                    | 9,384           | 118,427          |
| Real Estate-Related Finance                                       | 51,333                              | 26,770          | 1,027,610        | 46,528                              | 13,664          | 932,754          | 77,389                    | 13,856          | 956,047          |
| Real Estate   | 146,845                             | 26,011          | 556,675          | 126,029                             | 18,623          | 450,511          | 195,906                   | 23,959          | 500,755          |
| Life Insurance  | 97,650                              | 10,324          | 523,272          | 97,027                              | 5,765           | 572,742          | 136,857                   | 7,223           | 567,023          |
| Other   | 78,539                              | 30,268          | 654,042          | 102,597                             | 16,286          | 416,146          | 143,754                   | 20,970          | 489,758          |
| <b>Sub-Total</b>  | <b>570,922</b>                      | <b>157,020</b>  | <b>5,026,522</b> | <b>550,656</b>                      | <b>106,455</b>  | <b>4,475,564</b> | <b>799,465</b>            | <b>140,328</b>  | <b>4,590,036</b> |
| <b>Overseas Operations</b>  |                                     |                 |                  |                                     |                 |                  |                           |                 |                  |
| The Americas  | 46,625                              | 27,591          | 431,659          | 36,780                              | 12,207          | 427,689          | 53,084                    | 15,621          | 403,399          |
| Asia, Oceania and Europe  | 67,476                              | 27,100          | 559,701          | 54,009                              | 17,517          | 487,579          | 73,089                    | 22,133          | 498,855          |
| <b>Sub-Total</b>  | <b>114,101</b>                      | <b>54,691</b>   | <b>991,360</b>   | <b>90,789</b>                       | <b>29,724</b>   | <b>915,268</b>   | <b>126,173</b>            | <b>37,754</b>   | <b>902,254</b>   |
| <b>Segment Total</b>  | <b>685,023</b>                      | <b>211,711</b>  | <b>6,017,882</b> | <b>641,445</b>                      | <b>136,179</b>  | <b>5,390,832</b> | <b>925,638</b>            | <b>178,082</b>  | <b>5,492,290</b> |
| <b>Difference between Segment totals and Consolidated Amounts</b> | <b>(26,221)</b>                     | <b>(19,688)</b> | <b>668,574</b>   | <b>(18,731)</b>                     | <b>(23,713)</b> | <b>482,201</b>   | <b>(25,604)</b>           | <b>(25,750)</b> | <b>576,663</b>   |
| <b>Consolidated Amounts</b>                                       | <b>658,802</b>                      | <b>192,023</b>  | <b>6,686,456</b> | <b>622,714</b>                      | <b>112,466</b>  | <b>5,873,033</b> | <b>900,034</b>            | <b>152,332</b>  | <b>6,068,953</b> |

(millions of US\$)

| U.S. dollars December 31, 2005 |                 |                |        |
|--------------------------------|-----------------|----------------|--------|
| Segment Revenues               | Segment Profits | Segment Assets |        |
| <b>Operations in Japan</b>     |                 |                |        |
| Corporate Financial Services   | 632             | 326            | 13,887 |
| Automobile Operations          | 616             | 158            | 4,271  |
| Rental Operations              | 417             | 56             | 1,025  |
| Real Estate-Related Finance    | 435             | 227            | 8,703  |
| Real Estate                    | 1,244           | 220            | 4,715  |

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|   |              |              |               |
|---|--------------|--------------|---------------|
| Life Insurance  | 827          | 87           | 4,432         |
| Other   | 665          | 256          | 5,539         |
| <b>Sub-Total</b>  | <b>4,836</b> | <b>1,330</b> | <b>42,572</b> |
| <b>Overseas Operations</b>  |              |              |               |
| The Americas  | 395          | 234          | 3,656         |
| Asia, Oceania and Europe  | 571          | 229          | 4,740         |
| <b>Sub-Total</b>  | <b>966</b>   | <b>463</b>   | <b>8,396</b>  |
| <b>Segment Total</b>  | <b>5,802</b> | <b>1,793</b> | <b>50,968</b> |
| <b>Difference between Segment totals and Consolidated Amounts</b> |              |              |               |
|   | (222)        | (167)        | 5,663         |
| <b>Consolidated Amounts</b>                                       | <b>5,580</b> | <b>1,626</b> | <b>56,631</b> |

- \*Note 1:** The results of the reported segments from April 1, 2005 reflect the revised operating structure following the reorganization of the Company. Accordingly, real estate-related equity investment operations and the REIT asset management operations, which had been included in the Real Estate-Related Finance segment, were included in the Real Estate segment from the first quarter of this fiscal year. Therefore, certain related amounts that had been previously reported are reclassified.
- 2:** Effective January 1, 2005, the Company integrated seven group companies, which were involved in automobile leasing and rental operations, into ORIX Auto Corporation, in order to control and manage the overall automobile operations under one company. The automobile leasing operations, which had been included in the Corporate Financial Services segment and the automobile rental operations that had been included in the Rental Operations segment were included in the Automobile Operations segment from the previous fiscal year. The Rental Operations segment included only the rental operations of precision measuring and other equipment. The Company changed the management of its overseas operations, whereby the Europe segment and the Asia and Oceania segment were combined and from the previous fiscal year the new segment was shown as the Asia, Oceania and Europe segment.
- 3:** Since the Company evaluates the performance for the segments based on profits before income taxes, tax expenses are not included in the segment profits. In addition, results of discontinued operations are included in Segment Revenues and Segment Profits of each segment, if any. Such amounts are eliminated in Difference between Segment totals and Consolidated Amounts.

**Table of Contents****Key Quarterly Financial Data (Unaudited)**

(millions of JPY)

| Balance Sheet Data   | Fiscal 2005        |                    |                      |                    | Fiscal 2006        |                    |                      |
|--|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|----------------------|
|  | Q1 (04/4-6)        | Q2 (04/7-9)        | Q3 (04/10-12)        | Q4 (05/1-3)        | Q1 (05/4-6)        | Q2 (05/7-9)        | Q3 (05/10-12)        |
| 1) Investment in Direct Financing Leases   | 1,454,461          | 1,465,856          | 1,480,526            | 1,451,574          | 1,470,338          | 1,462,354          | 1,495,765            |
| Japan  | 1,183,421          | 1,187,595          | 1,212,340            | 1,183,791          | 1,186,866          | 1,164,647          | 1,174,590            |
| Overseas   | 271,040            | 278,261            | 268,186              | 267,783            | 283,472            | 297,707            | 321,175              |
| 2) Installment Loans   | 2,221,554          | 2,254,387          | 2,328,427            | 2,386,597          | 2,440,842          | 2,491,927          | 2,727,640            |
| Japan  | 1,997,881          | 2,019,718          | 2,100,661            | 2,153,949          | 2,211,360          | 2,258,906          | 2,469,362            |
| Overseas   | 223,673            | 234,669            | 227,766              | 232,648            | 229,482            | 233,021            | 258,278              |
| 3) Investment in Operating Leases  | 529,078            | 536,489            | 576,621              | 619,005            | 574,801            | 591,056            | 621,492              |
| Japan  | 385,532            | 380,550            | 425,178              | 466,489            | 425,815            | 439,063            | 466,059              |
| Overseas   | 143,546            | 155,939            | 151,443              | 152,516            | 148,986            | 151,993            | 155,433              |
| 4) Investment in Securities  | 579,193            | 591,714            | 605,511              | 589,271            | 593,911            | 618,688            | 669,748              |
| Japan  | 423,111            | 446,026            | 466,607              | 467,562            | 466,859            | 489,625            | 531,882              |
| Overseas   | 156,082            | 145,688            | 138,904              | 121,709            | 127,052            | 129,063            | 137,866              |
| 5) Other Operating Assets  | 68,004             | 72,932             | 81,885               | 82,651             | 91,677             | 98,740             | 96,699               |
| Japan  | 61,071             | 64,772             | 74,538               | 75,156             | 84,390             | 90,551             | 93,012               |
| Overseas   | 6,933              | 8,160              | 7,347                | 7,495              | 7,287              | 8,189              | 3,687                |
| <b>Total Operating Assets</b>  | <b>4,852,290</b>   | <b>4,921,378</b>   | <b>5,072,970</b>     | <b>5,129,098</b>   | <b>5,171,569</b>   | <b>5,262,765</b>   | <b>5,611,344</b>     |
| Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses | (128,726)          | (125,309)          | (120,508)            | (115,250)          | (110,689)          | (103,028)          | (103,916)            |
| Allowance/Investment in Direct Financing Leases and Installment Loans                  | 3.5%               | 3.4%               | 3.2%                 | 3.0%               | 2.8%               | 2.6%               | 2.5%                 |
| <b>Total Assets</b>  | <b>5,651,018</b>   | <b>5,724,771</b>   | <b>5,873,033</b>     | <b>6,068,953</b>   | <b>6,185,171</b>   | <b>6,333,055</b>   | <b>6,686,456</b>     |
| Short-Term Debt, Long-Term Debt and Deposits   | 3,876,782          | 3,912,797          | 4,060,447            | 4,146,322          | 4,236,166          | 4,269,728          | 4,518,350            |
| Policy Liabilities   | 577,024            | 559,815            | 554,161              | 550,880            | 537,746            | 519,849            | 505,716              |
| <b>Total Liabilities</b>   | <b>5,056,239</b>   | <b>5,105,522</b>   | <b>5,231,701</b>     | <b>5,341,620</b>   | <b>5,420,568</b>   | <b>5,511,635</b>   | <b>5,787,628</b>     |
| <b>Shareholders Equity</b>   | <b>594,779</b>     | <b>619,249</b>     | <b>641,332</b>       | <b>727,333</b>     | <b>764,603</b>     | <b>821,420</b>     | <b>898,828</b>       |
| <b>Total Liabilities &amp; Shareholders Equity</b>                                     | <b>5,651,018</b>   | <b>5,724,771</b>   | <b>5,873,033</b>     | <b>6,068,953</b>   | <b>6,185,171</b>   | <b>6,333,055</b>   | <b>6,686,456</b>     |
| <b>New Business Volumes</b>  | <b>Q1 (04/4-6)</b> | <b>Q2 (04/7-9)</b> | <b>Q3 (04/10-12)</b> | <b>Q4 (05/1-3)</b> | <b>Q1 (05/4-6)</b> | <b>Q2 (05/7-9)</b> | <b>Q3 (05/10-12)</b> |

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|   |         |         |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|---------|---------|
| Direct Financing Leases: New receivables added      | 188,262 | 210,689 | 202,826 | 261,360 | 196,181 | 219,254 | 255,418 |
| Japan   | 150,035 | 169,583 | 160,378 | 220,748 | 153,585 | 169,741 | 207,371 |
| Overseas  | 38,227  | 41,106  | 42,448  | 40,612  | 42,596  | 49,513  | 48,047  |
| Direct Financing Leases: New equipment acquisitions | 166,937 | 188,911 | 180,174 | 231,650 | 175,106 | 193,855 | 232,159 |
| Japan   | 130,715 | 148,909 | 139,736 | 187,930 | 134,333 | 145,029 | 184,172 |
| Overseas  | 36,222  | 40,002  | 40,438  | 43,720  | 40,773  | 48,826  | 47,987  |
| Installment Loans: New loans added                  | 307,530 | 396,510 | 394,231 | 447,246 | 363,952 | 419,662 | 470,840 |
| Japan   | 273,289 | 352,816 | 351,053 | 417,336 | 329,457 | 374,084 | 411,923 |
| Overseas  | 34,241  | 43,694  | 43,178  | 29,910  | 34,495  | 45,578  | 58,917  |
| Operating Leases: New equipment acquisitions        | 40,737  | 55,077  | 81,786  | 70,727  | 48,932  | 62,979  | 72,660  |
| Japan   | 33,195  | 35,750  | 70,626  | 62,193  | 30,794  | 44,201  | 58,066  |
| Overseas  | 7,542   | 19,327  | 11,160  | 8,534   | 18,138  | 18,778  | 14,594  |
| Investment in Securities: New securities added      | 45,486  | 60,092  | 60,167  | 78,855  | 51,178  | 60,532  | 51,480  |
| Japan   | 38,795  | 56,822  | 58,932  | 76,261  | 49,603  | 59,867  | 47,863  |
| Overseas  | 6,691   | 3,270   | 1,235   | 2,594   | 1,575   | 665     | 3,617   |
| Other Operating Transactions: New assets added      | 29,354  | 26,429  | 45,563  | 28,258  | 30,376  | 25,189  | 32,175  |
| Japan   | 29,354  | 25,017  | 45,386  | 27,888  | 30,376  | 25,189  | 32,175  |
| Overseas  |         | 1,412   | 177     | 370     |         |         |         |

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(millions of JPY)

| Income Statement Data  | Fiscal 2005    |                |                |                | Fiscal 2006    |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Q1 (04/4-6)    | Q2 (04/7-9)    | Q3 (04/10-12)  | Q4 (05/1-3)    | Q1 (05/4-6)    | Q2 (05/7-9)    | Q3 (05/10-12)  |
| <b>Revenues</b>  |                |                |                |                |                |                |                |
| 1) Direct Financing Leases                                       | 27,399         | 28,262         | 27,720         | 30,133         | 28,722         | 32,313         | 31,229         |
| Japan  | 21,698         | 22,268         | 21,915         | 24,260         | 22,775         | 25,802         | 23,901         |
| Overseas   | 5,701          | 5,994          | 5,805          | 5,873          | 5,947          | 6,511          | 7,328          |
| 2) Operating Leases  | 45,178         | 42,865         | 43,975         | 46,785         | 47,763         | 51,865         | 50,768         |
| Japan  | 34,943         | 32,450         | 32,660         | 35,450         | 35,026         | 38,531         | 36,607         |
| Overseas   | 10,235         | 10,415         | 11,315         | 11,335         | 12,737         | 13,334         | 14,161         |
| 3) Interest on Loans and Investment Securities                   | 29,763         | 35,812         | 32,957         | 36,926         | 36,064         | 40,818         | 41,105         |
| Interest on loans  | 27,063         | 33,233         | 30,549         | 34,476         | 33,287         | 37,874         | 37,882         |
| Japan  | 23,383         | 29,195         | 26,591         | 29,537         | 28,588         | 32,302         | 32,257         |
| Overseas   | 3,680          | 4,038          | 3,958          | 4,939          | 4,699          | 5,572          | 5,625          |
| Interest on investment securities                                | 2,700          | 2,579          | 2,408          | 2,450          | 2,777          | 2,944          | 3,223          |
| Japan  | 264            | 313            | 268            | 336            | 423            | 544            | 551            |
| Overseas   | 2,436          | 2,266          | 2,140          | 2,114          | 2,354          | 2,400          | 2,672          |
| 4) Brokerage Commissions and Net Gains on Investment Securities  | 5,159          | 7,927          | 7,502          | 13,317         | 8,443          | 11,973         | 7,784          |
| Brokerage commissions  | 1,226          | 1,001          | 997            | 1,292          | 1,255          | 2,068          | 2,827          |
| Net gains on investment securities                               | 3,933          | 6,926          | 6,505          | 12,025         | 7,188          | 9,905          | 4,957          |
| 5) Life Insurance Premiums and Related Investment Income         | 30,208         | 36,133         | 30,704         | 39,959         | 30,229         | 38,241         | 29,705         |
| Life insurance premiums  | 28,007         | 33,676         | 26,966         | 37,157         | 28,393         | 32,915         | 26,717         |
| Related investment income  | 2,201          | 2,457          | 3,738          | 2,802          | 1,836          | 5,326          | 2,988          |
| 6) Real Estate Sales   | 21,840         | 20,059         | 26,298         | 54,965         | 19,214         | 12,162         | 22,083         |
| Japan  | 21,840         | 20,059         | 26,298         | 54,965         | 19,214         | 12,162         | 22,083         |
| Overseas   |                |                |                |                |                |                |                |
| 7) Gains (Losses) on Sales of Real Estate under Operating Leases | 1,198          | 83             | (195)          | 468            | 5,820          | 3,625          | (12)           |
| Japan  | 1,198          | 83             | (195)          | 468            | 5,820          | 3,625          | (12)           |
| Overseas   |                |                |                |                |                |                |                |
| 8) Transportation Revenues                                       | 12,775         | 14,152         | 12,788         | 15,624         |                |                |                |
| Japan  | 12,775         | 14,152         | 12,788         | 15,624         |                |                |                |
| Overseas   |                |                |                |                |                |                |                |
| 9) Other Operating Revenues                                      | 25,952         | 25,564         | 30,636         | 39,143         | 33,307         | 36,319         | 39,262         |
| Japan  | 24,113         | 24,306         | 29,408         | 38,027         | 32,247         | 34,653         | 37,811         |
| Overseas   | 1,839          | 1,258          | 1,228          | 1,116          | 1,060          | 1,666          | 1,451          |
| <b>Total Revenues</b>  | <b>199,472</b> | <b>210,857</b> | <b>212,385</b> | <b>277,320</b> | <b>209,562</b> | <b>227,316</b> | <b>221,924</b> |
| <b>Expenses</b>  |                |                |                |                |                |                |                |
| 1) Interest Expense  | 13,719         | 13,767         | 13,251         | 14,691         | 14,498         | 15,644         | 16,100         |
| 2) Costs of Operating Leases                                     | 32,780         | 28,452         | 30,402         | 31,337         | 33,460         | 33,244         | 34,577         |
| 3) Life Insurance Costs  | 27,965         | 31,954         | 27,139         | 35,838         | 27,239         | 31,000         | 24,737         |
| 4) Costs of Real Estate Sales                                    | 20,543         | 18,719         | 22,540         | 52,028         | 16,664         | 11,101         | 18,248         |
| 5) Costs of Transportation Revenues                              | 11,714         | 11,685         | 10,652         | 12,543         |                |                |                |
| 6) Other Operating Expenses                                      | 14,055         | 15,235         | 19,821         | 27,030         | 20,318         | 22,120         | 23,869         |

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|   |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 7) Selling, General and Administrative Expenses                             | 37,607         | 46,983         | 41,626         | 50,060         | 41,886         | 45,047         | 45,377         |
| 8) Provision for Doubtful Receivables and Probable Loan Losses              | 8,793          | 7,866          | 10,337         | 12,534         | 4,725          | 2,131          | 5,131          |
| 9) Write-downs of Long-Lived Assets   |                | 9,165          |                | 2,548          |                | 521            |                |
| 10) Write-downs of Securities   | 1,468          | 1,295          | 1,236          | 931            | 1,800          | 868            | 1,210          |
| 11) Foreign Currency Transaction Loss (Gain), Net                           | (172)          | 531            | 470            | (46)           | (643)          | 84             | (502)          |
| <b>Total Expenses</b>   | <b>168,472</b> | <b>185,652</b> | <b>177,474</b> | <b>239,494</b> | <b>159,947</b> | <b>161,760</b> | <b>168,747</b> |
| Operating Income  | 31,000         | 25,205         | 34,911         | 37,826         | 49,615         | 65,556         | 53,177         |
| Equity in Net Income of Affiliates  | 4,754          | 5,011          | 8,038          | 2,240          | 7,263          | 8,344          | 5,109          |
| Gains (Losses) on Sales of Subsidiaries and Affiliates and Liquidation Loss | 839            | 1,963          | 745            | (200)          | 1,459          | 341            | 1,159          |
| Income before Discontinued Operations and Income Taxes                      | 36,593         | 32,179         | 43,694         | 39,866         | 58,337         | 74,241         | 59,445         |
| Provision for Income Taxes  | 16,064         | 14,043         | 19,925         | 17,991         | 23,937         | 30,489         | 24,721         |
| Income from Continuing Operations   | 20,529         | 18,136         | 23,769         | 21,875         | 34,400         | 43,752         | 34,724         |
| Discontinued Operations, Net of Applicable Tax Effect                       | 2,998          | 1,025          | 1,261          | 1,903          | 3,389          | 2,413          | 7,419          |
| <b>Net Income</b>   | <b>23,527</b>  | <b>19,161</b>  | <b>25,030</b>  | <b>23,778</b>  | <b>37,789</b>  | <b>46,165</b>  | <b>42,143</b>  |

**Key Ratios, Per Share Data and Employees**

|                                     | <b>Q1 (04/4-6)</b> | <b>Q2 (04/7-9)</b> | <b>Q3 (04/10-12)</b> | <b>Q4 (05/1-3)</b> | <b>Q1 (05/4-6)</b> | <b>Q2 (05/7-9)</b> | <b>Q3 (05/10-12)</b> |
|-------------------------------------|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|----------------------|
| Return on Equity (ROE)*             | 16.2%              | 12.6%              | 15.9%                | 13.9%              | 20.3%              | 23.3%              | 19.6%                |
| Return on Assets (ROA)*             | 1.67%              | 1.35%              | 1.73%                | 1.59%              | 2.47%              | 2.95%              | 2.59%                |
| Shareholders Equity Ratio           | 10.5%              | 10.8%              | 10.9%                | 12.0%              | 12.4%              | 13.0%              | 13.4%                |
| Debt-to-Equity Ratio (times)        | 6.5                | 6.3                | 6.3                  | 5.7                | 5.5                | 5.2                | 5.0                  |
| Shareholders Equity Per Share (yen) | 7,104.39           | 7,389.48           | 7,642.86             | 8,322.96           | 8,731.00           | 9,333.32           | 10,099.03            |
| Basic EPS (yen)                     | 281.05             | 228.73             | 298.51               | 280.13             | 432.08             | 525.69             | 476.76               |
| Diluted EPS (yen)                   | 258.14             | 211.02             | 270.41               | 255.48             | 409.74             | 498.00             | 453.01               |
| Number of Employees                 | 14,917             | 15,184             | 15,699               | 13,734             | 14,154             | 14,310             | 14,429               |

\*annualized

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(millions of JPY)

| Segment Information           | Fiscal 2005    |                |                |                | Fiscal 2006    |                |                |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                               | Q1 (04/4-6)    | Q2 (04/7-9)    | Q3 (04/10-12)  | Q4 (05/1-3)    | Q1 (05/4-6)    | Q2 (05/7-9)    | Q3 (05/10-12)  |
| <b>Operations in Japan</b>    |                |                |                |                |                |                |                |
| Corporate Financial Services  | 19,355         | 21,419         | 20,253         | 26,681         | 22,456         | 25,206         | 27,009         |
| Automobile Operations         | 21,379         | 22,697         | 22,679         | 22,649         | 24,462         | 24,449         | 23,795         |
| Rental Operations             | 19,623         | 15,358         | 15,712         | 17,754         | 15,765         | 17,873         | 15,540         |
| Real Estate-Related Finance   | 11,376         | 15,318         | 19,834         | 30,861         | 15,493         | 19,372         | 16,468         |
| Real Estate                   | 44,302         | 40,590         | 41,137         | 69,877         | 51,495         | 46,523         | 48,827         |
| Life Insurance                | 30,260         | 36,046         | 30,721         | 39,830         | 30,093         | 38,085         | 29,472         |
| Other                         | 32,786         | 34,664         | 35,147         | 41,157         | 24,589         | 25,330         | 28,620         |
| <b>Sub-Total</b>              | <b>179,081</b> | <b>186,092</b> | <b>185,483</b> | <b>248,809</b> | <b>184,353</b> | <b>196,838</b> | <b>189,731</b> |
| <b>Overseas Operations</b>    |                |                |                |                |                |                |                |
| The Americas                  | 11,172         | 12,848         | 12,760         | 16,304         | 12,773         | 13,720         | 20,132         |
| Asia, Oceania and Europe      | 17,058         | 17,714         | 19,237         | 19,080         | 20,220         | 23,614         | 23,642         |
| <b>Sub-Total</b>              | <b>28,230</b>  | <b>30,562</b>  | <b>31,997</b>  | <b>35,384</b>  | <b>32,993</b>  | <b>37,334</b>  | <b>43,774</b>  |
| <b>Total Segment Revenues</b> | <b>207,311</b> | <b>216,654</b> | <b>217,480</b> | <b>284,193</b> | <b>217,346</b> | <b>234,172</b> | <b>233,505</b> |
| <b>Operations in Japan</b>    |                |                |                |                |                |                |                |
| Corporate Financial Services  | 7,909          | 9,364          | 11,283         | 15,292         | 11,379         | 12,445         | 14,621         |
| Automobile Operations         | 5,022          | 5,894          | 5,331          | 4,841          | 6,280          | 7,145          | 5,165          |
| Rental Operations             | 2,411          | 2,633          | 2,270          | 2,070          | 1,634          | 3,658          | 1,320          |
| Real Estate-Related Finance   | 2,584          | 7,632          | 3,448          | 192            | 6,892          | 13,426         | 6,452          |
| Real Estate                   | 8,837          | 3,668          | 6,118          | 5,336          | 12,781         | 7,781          | 5,449          |
| Life Insurance                | 1,879          | 2,113          | 1,773          | 1,458          | 1,632          | 6,121          | 2,571          |
| Other                         | 6,374          | 5,426          | 4,486          | 4,684          | 8,198          | 8,061          | 14,009         |
| <b>Sub-Total</b>              | <b>35,016</b>  | <b>36,730</b>  | <b>34,709</b>  | <b>33,873</b>  | <b>48,796</b>  | <b>58,637</b>  | <b>49,587</b>  |
| <b>Overseas Operations</b>    |                |                |                |                |                |                |                |
| The Americas                  | 1,210          | 3,515          | 7,482          | 3,414          | 7,152          | 6,918          | 13,521         |
| Asia, Oceania and Europe      | 5,934          | 4,999          | 6,584          | 4,616          | 7,569          | 12,178         | 7,353          |
| <b>Sub-Total</b>              | <b>7,144</b>   | <b>8,514</b>   | <b>14,066</b>  | <b>8,030</b>   | <b>14,721</b>  | <b>19,096</b>  | <b>20,874</b>  |
| <b>Total Segment Profits</b>  | <b>42,160</b>  | <b>45,244</b>  | <b>48,775</b>  | <b>41,903</b>  | <b>63,517</b>  | <b>77,733</b>  | <b>70,461</b>  |
| <b>Operations in Japan</b>    |                |                |                |                |                |                |                |
| Corporate Financial Services  | 1,441,748      | 1,467,823      | 1,532,659      | 1,506,311      | 1,544,319      | 1,602,587      | 1,639,685      |
| Automobile Operations         | 426,706        | 441,202        | 453,153        | 451,715        | 461,148        | 489,313        | 504,276        |
| Rental Operations             | 116,020        | 117,741        | 117,599        | 118,427        | 115,660        | 116,982        | 120,962        |
| Real Estate-Related Finance   | 853,426        | 867,605        | 932,754        | 956,047        | 977,407        | 961,049        | 1,027,610      |
| Real Estate                   | 391,209        | 398,388        | 450,511        | 500,755        | 478,389        | 520,730        | 556,675        |
| Life Insurance                | 561,819        | 565,021        | 572,742        | 567,023        | 548,898        | 521,022        | 523,272        |
| Other                         | 419,110        | 421,744        | 416,146        | 489,758        | 495,998        | 519,727        | 654,042        |



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|                             |                  |                  |                  |                  |                  |                  |                  |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Sub-Total                   | 4,210,038        | 4,279,524        | 4,475,564        | 4,590,036        | 4,621,819        | 4,731,410        | 5,026,522        |
| <b>Overseas Operations</b>  |                  |                  |                  |                  |                  |                  |                  |
| The Americas                | 451,032          | 446,231          | 427,689          | 403,399          | 406,247          | 398,936          | 431,659          |
| Asia, Oceania and Europe    | 467,721          | 499,426          | 487,579          | 498,855          | 514,018          | 527,255          | 559,701          |
| Sub-Total                   | 918,753          | 945,657          | 915,268          | 902,254          | 920,265          | 926,191          | 991,360          |
| <b>Total Segment Assets</b> | <b>5,128,791</b> | <b>5,225,181</b> | <b>5,390,832</b> | <b>5,492,290</b> | <b>5,542,084</b> | <b>5,657,601</b> | <b>6,017,882</b> |

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