ORIX CORP
Form 6-K
August 13, 2010

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

THE SECURITIES EXCHANGE Act of 1934

For the month of August, 2010.

ORIX Corporation

(Translation of Registrant s Name into English)

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

Tokyo, JAPAN

(Address of Principal Executive Offices)

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

Form 20-F x 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 x

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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: August 12, 2010	By /s/ Haruyuki Urata Haruyuki Urata Director Deputy President & CFO ORIX Corporation

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CONSOLIDATED FINANCIAL INFORMATION

1. On August 12, 2010, ORIX Corporation (the Company) filed its quarterly financial report (*shihanki houkokusho*) with the Kanto Financial Bureau in Japan. This document is an English translation of consolidated financial information prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) for the three months ended June 30, 2009 and 2010. This translation is unaudited.

2. Significant differences between U.S. GAAP and generally accepted accounting principles in Japan (Japanese GAAP) are stated in the notes of Overview of Accounting Principles Utilized.

In preparing its consolidated financial information, ORIX Corporation and its subsidiaries have complied with U.S. GAAP*, except as modified to account for stock splits in accordance with the usual practice in Japan.*

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 U.S. Securities and Exchange Commission.

The Company believes that it will be considered a passive foreign investment company for U.S. 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.

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1. Information on the Company and its Subsidiaries

(1) Consolidated Financial Highlights

	Millions of yen (except for per share amounts, ratios and employees)		
	Three months ended June 30, 2009	Three months ended June 30, 2010	Fiscal year ended March 31, 2010
Total Revenues	233,043	234,514	932,140
Income before Income Taxes and Discontinued Operations	11,979	24,635	55,720
Net Income Attributable to ORIX Corporation	7,192	16,450	37,757
ORIX Corporation Shareholders Equity	1,175,444	1,266,795	1,298,684
Total Assets	8,139,440	8,704,169	7,739,800
ORIX Corporation Shareholders Equity Per Share (yen)	13,147.74	11,785.67	12,082.56
Earnings Per Share for Net Income Attributable to ORIX Corporation			
Basic (yen)	80.45	153.05	370.52
Diluted (yen)	68.04	129.27	315.91
ORIX Corporation Shareholders Equity Ratio (%)	14.44	14.55	16.78
Cash Flows from Operating Activities	6,450	(14,241)	209,311
Cash Flows from Investing Activities	111,792	73,143	432,788
Cash Flows from Financing Activities	(177,502)	(83,530)	(466,924)
Cash and Cash Equivalents at End of Period	402,461	609,110	639,087
Number of Employees	19,022	18,065	17,725

Notes: 1. As a result of the recording of Discontinued Operations in accordance with FASB Accounting Standards Codification (ASC) 205-20 (Presentation of Financial Statements Discontinued Operations), certain amounts in the fiscal year ended March 31, 2010 have been reclassified retroactively.

2. Consumption tax is excluded from the stated amount of total revenues.

(2) Overview of Activities

For the three months ended June 30, 2010, no significant changes were made in the Company and its subsidiaries operations.

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(3) Changes of Principal Related Companies

Changes of principal related companies for the three months ended June 30, 2010 are as follows:

Additions:

There were no additions during the three months ended June 30, 2010.

Deletions:

There were no deletions during the three months ended June 30, 2010.

(4) Number of Employees

The following shows the total number of employees in the Company and its subsidiaries as of June 30, 2010:

Number of employees
18,065

Note: (a) The above number represents individuals employed on a full-time basis.
(b) The average number of temporary employees for the three months ended June 30, 2010 was 5,580.

2. Operating Results

(1) Earnings Summary

Total revenues and profits (losses) by segment for the three months ended June 30, 2010 and 2009 are as follows:

	Millions of yen							
	Three months ended June 30, 2009		Three months ended June 30, 2010		Change (revenues)		Change (profits)	
	Segment Revenues	Segment Profits (losses)	Segment Revenues	Segment Profits	Amount	Percent (%)	Amount	Percent (%)
Corporate Financial Services	25,802	1,513	23,845	2,004	(1,957)	(8)	491	32
Maintenance Leasing	57,441	5,830	56,777	6,753	(664)	(1)	923	16
Real Estate	42,645	261	39,645	2,180	(3,000)	(7)	1,919	735
Investment Banking	23,580	(10,418)	26,765	2,109	3,185	14	12,527	
Retail	43,225	5,181	35,582	8,105	(7,643)	(18)	2,924	56
Overseas Business	42,273	11,257	43,123	11,435	850	2	178	2
Total	234,966	13,624	225,737	32,586	(9,229)	(4)	18,962	139
Difference between Segment Total and Consolidated Amounts	(1,923)	(1,645)	8,777	(7,951)	10,700		(6,306)	
Total Consolidated Amounts	233,043	11,979	234,514	24,635	1,471	1	12,656	106

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(2) Total Assets

Total assets by segment at June 30, 2010 and March 31, 2010 are as follows:

	June 30, 2010		March 31, 2010		Change	
	Millions of yen	Composition ratio (%)	Millions of yen	Composition ratio (%)	Amount	Percent (%)
Corporate Financial Services	1,135,577	13.0	1,178,458	15.2	(42,881)	(4)
Maintenance Leasing	524,171	6.0	515,716	6.7	8,455	2
Real Estate	1,070,122	12.3	1,079,273	14.0	(9,151)	(1)
Investment Banking	1,062,218	12.2	1,071,255	13.8	(9,037)	(1)
Retail	1,611,351	18.5	1,578,758	20.4	32,593	2
Overseas Business	840,634	9.7	860,815	11.1	(20,181)	(2)
Total	6,244,073	71.7	6,284,275	81.2	(40,202)	(1)
Difference between Segment Total and Consolidated Amounts	2,460,096	28.3	1,455,525	18.8	1,004,571	69
Total Consolidated Amounts	8,704,169	100.0	7,739,800	100.0	964,369	12

(3) New Business Volumes

New business volumes of direct financing leases, installment loans, operating leases, investment in securities, other operating transactions for the three months ended June 30, 2010 and 2009 are as follows:

	Millions of yen		Change	
	Three months ended June 30, 2009	Three months ended June 30, 2010	Amount	Percent (%)
Direct Financing Leases:				
New equipment acquisitions	49,629	76,644	27,015	54
Installment Loans:				
New loans added	157,222	143,024	(14,198)	(9)
Operating Leases:				
New equipment acquisitions	45,299	51,822	6,523	14
Investment in Securities:				
New securities added	61,869	244,610	182,741	295
Other Operating Transactions:				
New assets added	4,231	8,690	4,459	105

3. Risk Factors

There were not any significant changes for the three months ended June 30, 2010.

4. Material Contract

Not applicable

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5. Analysis of Financial Results and Condition

The following discussion provides management s explanation of factors and events that have significantly affected our financial condition and results of operations. Also included is management s assessment of factors and trends which are anticipated to have a material effect on our financial condition and results of operations in the future. However, please be advised that financial conditions and results of operations in the future may also be affected by factors other than those discussed here. These factors and trends regarding the future were assessed as of the issue date of the quarterly financial report (Shihanki Houkokusho).

(1) Qualitative Information Regarding Consolidated Financial Results

Economic Environment

Concerns about global economic recovery heightened due to the European sovereign debt crisis. However, the International Monetary Fund (IMF) revised upward its global GDP forecast for 2010 indicating that the recovery from the global crisis has been better than expected. Recovery is occurring at different speeds in different regions, with emerging and developing economies in Asia leading the recovery. The effects of the revaluation of the Chinese Renminbi on the global economy are also a focus of attention. The pace of recovery in the United States is slowing as unemployment remains high and consumer spending is decreasing despite continued improvement in industrial production leading to a recovery of corporate performance.

In Japan, the government upgraded its economic outlook in June, stating that the groundwork for a self-sustaining recovery is being laid. Recovery is coming from increased export levels and there has been an upswing in consumer spending buoyed by stimulus measures. However, downside risks remain such as deflationary pressures, high unemployment and Japan s long-term financial issues.

Financial Highlights

Financial Results for the Three Months Ended June 30, 2010	
Total Revenues	¥234,514 million (Up 1% year on year)
Income before Income Taxes*	¥24,635 million (Up 106% year on year)
Net Income Attributable to ORIX Corporation	¥16,450 million (Up 129% year on year)
Earnings Per Share:	
(Basic)	¥153.05 (Up 90% year on year)
(Diluted)	¥129.27 (Up 90% year on year)
ROE (Annualized)	5.1% (2.5% during the same period of the previous fiscal year)
ROA (Annualized)	0.80% (0.35% during the same period of the previous fiscal year)

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

Total Revenues

Total Revenues for the three-month period ended June 30, 2010 increased 1% to ¥234,514 million compared to the same period of the previous fiscal year.

Direct financing leases decreased 8% to ¥12,330 million compared to the same period of the previous fiscal year. The decline is in line with decreased balance of investment in direct financing leases particularly a decline in the average balance in the Corporate Financial Service segment compared to the same period of the previous fiscal year.

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Operating leases were flat year on year at ¥68,045 million. Revenues continued to be strong in the Maintenance Leasing segment and revenues from overseas automobile leasing on a yen-equivalent basis increased year on year.

Interest on loans and investment securities increased 7% to ¥44,752 million compared to the same period of the previous fiscal year. Due to the application of new accounting standards in this fiscal year relating to the consolidation of variable interest entities (VIEs), see Note 2 Significant Accounting and Reporting Policies and Note 6 Variable Interest Entities , VIEs that have become subject to consolidation have increased and, as a result, interest on loans and investment securities increased compared to the same period of the previous fiscal year.

Brokerage commissions and net gains on investment securities decreased 32% to ¥5,055 million compared to the same period of the previous fiscal year. This was chiefly due to a decrease in gains on trading securities in the United States compared to the same period of the previous fiscal year and a decrease in brokerage commissions due to the deconsolidation of ORIX Securities Corporation in January 2010.

Life insurance premiums and related investment income increased 6% to ¥27,722 million compared to the same period of the previous fiscal year. Life insurance premiums increased for the life insurance operations due to strong sales of retail customer-oriented products such as medical insurance and an increase in operating revenues from insurance-related investment.

Real estate sales decreased 45% to ¥5,672 million compared to the same period of the previous fiscal year resulting from a decrease in the number of condominiums delivered as a result of previously limited new developments in the condominium operations.

Gains on sales of real estate under operating leases mainly recorded in the Real Estate segment decreased 79% to ¥103 million.

Other operating revenues increased 8% to ¥70,835 million compared to the same period of the previous fiscal year due to the increased revenues from operating facilities, advisory services in the U.S. and environment-related business.

Total Expenses

Expenses were flat at ¥212,157 million compared to the same period of the previous fiscal year.

Interest expense increased 47% to ¥33,359 million compared to the same period of the previous fiscal year due to the application of new accounting standards, see Note 2 Significant Accounting and Reporting Policies and Note 6 Variable Interest Entities as mentioned above.

Costs of operating leases decreased 2% to ¥46,252 million compared to the same period of the previous fiscal year.

Life insurance costs decreased 5% to ¥20,639 million compared to the same period of the previous fiscal year.

Costs of real estate sales decreased 42% to ¥6,175 million compared to the same period of the previous fiscal year due to fewer condominiums being delivered as mentioned above in Real estate sales .

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Other operating expenses increased 8% to ¥42,776 million compared to the same period of the previous fiscal year mainly due to increased expenses from operating facilities and environment-related business as mentioned in Other operating revenues .

Selling, general and administrative expenses decreased 7% to ¥49,453 million compared to the same period of the previous fiscal year. Expenses decreased due to the deconsolidation of ORIX Credit Corporation and ORIX Securities Corporation, despite an increase in line with increased revenues from advisory services in the United States.

Provision for doubtful receivables and probable loan losses decreased 52% to ¥5,992 million compared to the same period of the previous fiscal year. This decrease is mainly due to a decrease in provisions in the Corporate Financial Services and Retail segments.

At the end of the first quarter, domestic installment loans to real estate-related companies (excluding non-recourse loans by SPCs) accounted for ¥427,220 million, or 19% of all outstanding domestic installment loans. Installment loans made to real estate-related companies are secured in most cases with real estate as collateral. Of this amount, loans individually evaluated for impairment were down to ¥141,665 million from ¥152,455 million on March 31, 2010, the valuation allowance for this amount decreased to ¥49,471 million from ¥53,122 million on March 31, 2010.

Write-downs of long-lived assets increased to ¥1,603 million from ¥102 million in the same period of the previous fiscal year. This is primarily due to write-downs of rental properties in the Real Estate segment.

Write-downs of securities increased 128% to ¥6,271 million compared to the same period of the previous fiscal year. Write-downs were primarily recorded for non-marketable equity securities and preferred capital shares.

As a result of the foregoing changes, operating profit increased 2% to ¥22,357 million compared to the same period of the previous fiscal year.

Net Income Attributable to ORIX Corporation

Net Income Attributable to ORIX Corporation increased 129% to ¥16,450 million compared to the same period of the previous fiscal year.

Equity in net income (loss) of affiliates was ¥1,932 million, improving from a loss of ¥9,161 million, which was recorded as a result of an affiliate filing for protection under the Corporate Rehabilitation Law during the same period of the previous fiscal year.

Gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net was a profit of ¥346 million, an improvement from a loss of ¥707 million during the same period of the previous fiscal year. A loss was recorded from the sale of common stock of the aforementioned affiliate.

As a result of the foregoing changes, income before income taxes increased 106% to ¥24,635 million.

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Discontinued operations, net of applicable tax effect increased to ¥2,296 million from ¥225 million compared to the same period of the previous fiscal year primarily due to an increase in gains on sales of real estate under operating leases in Japan.

Net income attributable to ORIX Corporation increased 129% to ¥16,450 million compared to the same period of the previous fiscal year.

Segment Information

Profitability was achieved in all segments during the first consolidated period.

From this fiscal year, the Company changed the measure of its segment assets and segment revenues related to certain variable interest entities (VIEs) which are consolidated in accordance with the above mentioned new accounting standards since the Company s management changed its internal performance assessment measures to manage its segments.

In addition, in line with a change of management classification, Internet Research Institute, Inc. and ORIX s Information and Communication Technology Department, which were previously included in the Corporate Financial Services segment, have been included in the Investment Banking segment and Maintenance Leasing segment, respectively.

Due to these changes, the reclassified figures are shown for the first consolidated period and the fiscal year ended March 31, 2010 (See Notes 18, Segment Information).

Segment information for the first consolidated period is as follows:

Corporate Financial Services Segment

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

Segment revenues decreased 8% to ¥23,845 million compared to ¥25,802 million in the same period of the previous fiscal year, primarily due to a decrease in the average balance of installment loans by 26% compared to the same period of the previous fiscal year as a result of adjustments to the portfolio balance through a reduction in new loan executions.

Segment expenses decreased compared to the same period of the previous fiscal year, resulting from decreases in interest expense and provision for doubtful receivables and probable loan losses. New occurrences of non-performing assets have been decreasing since the fourth quarter of the previous fiscal year, due to restrictions on new loans to real estate-related companies and increased collateral requirements continuing from the previous fiscal year. In addition, provision for doubtful receivables and probable loan losses have decreased with improvement in corporate revenues as the economy moves toward recovery.

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As a result, segment profits increased 32% to ¥2,004 million compared to ¥1,513 million during the same period of the previous fiscal year.

Segment assets decreased 4% to ¥1,135,577 million compared to March 31, 2010, due to a decline in the installment loan balance.

Maintenance Leasing Segment

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

The business environment outlook remains bleak, as corporate client demand for new automobiles is weak. Capital expenditures in the equipment rental business have yet to sufficiently recover, despite a recovery trend in capital expenditures in Japan. However, the Maintenance Leasing segment has maintained stable revenues by capitalizing on ORIX s position as the industry-leader in terms of market share and by providing high value-added services.

Segment revenues remained flat at ¥56,777 million, compared to ¥57,441 million during the same period of the previous fiscal year due to steady operating lease and maintenance revenues despite the current environment.

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

As a result, segment profits increased 16% to ¥6,753 million compared to ¥5,830 million during the same period of the previous fiscal year.

Segment assets increased 2% to ¥524,171 million compared to March 31, 2010 due to an increase in operating lease assets.

Real Estate Segment

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

The condominium market recovery is on a recovering trend, especially in urban areas as a result of an improved balance of supply and demand. However, a loss was recorded as a result of a decrease in the number of condominiums delivered to 103 units from 375 units during the same period of the previous fiscal year due to previous limitations on new developments in the condominium operations.

Although sales of real estate under operating leases remain below pre-crisis levels, they are on an increasing trend. Under this environment, the real estate investment business is pursuing a policy of making appropriate assets sales based on real demand. Real estate transactions are on a gradually increasing trend, with the sale of a large-scale property occurring during the first consolidated period, and gains on sales of real estate under operating leases increased compared to the same period of the previous fiscal year.

Despite gains on sales of real estate under operating leases, segment revenues decreased 7% to ¥39,645 million compared to ¥42,645 million in the same period of the previous fiscal year due to the decrease in number of condominiums delivered. Segment expenses dramatically declined due to such factors as advertising and other expenses incurred ahead of unit delivery and a decrease in the number of condominiums delivered. As a result, segment profits increased approximately eight-fold to ¥2,180 million compared to ¥261 million in the same period of the previous fiscal year.

Segment assets remained flat at ¥1,070,122 million compared to March 31, 2010.

Investment Banking Segment

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

The market is reaching a turning point with investment appetite returning to the real estate finance market, particularly among foreign investors.

Segment revenues increased 14% to ¥26,765 million compared to ¥23,580 million in the same period of the previous fiscal year. Revenues increased compared to the same period of the previous fiscal year due to major collections made by the loan servicing (asset recovery) business and increased revenues from operating leases, despite decreased revenues due to a 13% year-on-year decline in the average balance of installment loans and investment in securities (including specified bonds).

Segment expenses increased due to increased write-downs of securities despite decreased selling, general and administrative expenses.

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

As a result, segment profits were ¥2,109 million compared to a loss of ¥10,418 million in the same period of the previous fiscal year.

Segment assets remained flat at ¥1,062,218 million compared to March 31, 2010.

Retail Segment

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

In the life insurance business, insurance related gains improved due to increased contracts for new products together with increased insurance-related investment income due to recovery of the market environment.

Installment loans increased in the trust and banking business in line with increased corporate lending. As a result, both revenues and profits increased. Also, Internet-based deposits increased steadily, and assets have surpassed the 1 trillion yen level.

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Segment revenues and expenses from the card loan and online securities brokerage business is recognized as segment profits under equity in net income (loss) of affiliates due to the share transfer and share exchange of the card loan and online securities brokerage businesses during the previous consolidated fiscal year.

As a result, segment revenues decreased 18% to ¥35,582 million compared to ¥43,225 million in the same period of the previous fiscal year. However, segment profits increased 56% to ¥8,105 million compared to ¥5,181 million during the same period of the previous fiscal year due to decreased segment expenses, mainly lower selling, general and administrative expenses and decreased provisions for doubtful receivables and probable loan losses.

Segment assets increased 2% to ¥1,611,351 million compared to March 31, 2010 as a result of increased installment loans in the trust and banking business and an increase in investment securities.

Overseas Business Segment

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

Economic recovery in the U.S. is slowing down despite a decreasing trend in financial institutions cost of credit as the housing market remains stagnant and unemployment continues to hover at a high rate despite. Economic recovery is continuing in the Asian region, especially China.

Segment revenues increased 2% to ¥43,123 million compared to ¥42,273 million in the same period of the previous fiscal year. In the U.S., fee income from investment banking operations increased. Also, revenues remained flat in Asia and Oceania mainly due to an increase in gains on sales of autos in the automobile leasing business being offset by decreased revenues from a decline in the balances of investment in operating and direct financing leases.

Segment expenses remained flat year on year due to a decrease in provision for doubtful receivables and probable loan losses in the U.S. being offset by an increase in selling, general and administrative expenses from a corporate acquisition. As a result, segment profits increased 2% to ¥11,435 million compared to ¥11,257 million during the same period of the previous fiscal year.

Segment assets decreased 2% to ¥840,634 million compared to March 31, 2010, mainly due to the effects of an appreciated yen.

(2) Financial Condition

	Fiscal Period Ended June 30, 2010	Fiscal Year Ended March 31, 2010	Change	Year on Year Change
Total Assets (millions of yen)	8,704,169	7,739,800	964,369	12%
(Segment Assets)	6,244,073	6,284,275	(40,202)	(1%)
Total Liabilities (millions of yen)	7,386,486	6,395,244	991,242	15%
(Long- and Short-term Debt)	5,400,598	4,409,835	990,763	22%
(Deposits)	897,733	853,269	44,464	5%
Shareholders Equity* (millions of yen)	1,266,795	1,298,684	(31,889)	(2%)
Shareholders Equity Per Share* (yen)	11,785.67	12,082.56	(296.89)	(2%)

* Shareholders Equity refers to ORIX Corporation Shareholders Equity.

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Total assets increased 12% to ¥8,704,169 million compared to ¥7,739,800 million on March 31, 2010. Installment loans and investment in direct financing leases increased due to the application of new accounting standards, see Note 2 Significant Accounting and Reporting Policies and Note 6 Variable Interest Entities , in this fiscal year relating to consolidation of VIEs. Segment assets decreased 1% to ¥6,244,073 million from March 31, 2010.

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

Shareholders equity decreased 2% to ¥1,266,795 million compared to March 31, 2010 due to a decrease in retained earnings in line with the application of the new accounting standard in addition to accumulated other comprehensive income (loss) such as net change of foreign currency translation adjustments.

(3) Liquidity and Capital Resources

ORIX Group requires capital resources at all times for maintaining working capital. We have put our main emphasis on ensuring stable funding and reduction of our funding costs by diversifying our funding methods and procuring capital from a variety of sources. We strive for timely and flexible capital resource procurement by monitoring the funding requirements from our sales and investment operations, and the balance between the supply and demands of our funding needs. We are also monitor the financial institutions willingness to lead money in the market, investors investment trend, and so on.

ORIX Group s funding from long- and short-term debt and acceptance of deposits on a consolidated basis, as of June 30, 2010, was 6,131 billion yen.

Funding was mainly comprised of borrowings from financial institutions and direct fund procurement from capital markets. Borrowings were procured from a diverse range of financial institutions including major banks, regional banks, foreign banks, life and casualty insurance companies and financial institutions associated with agricultural cooperatives. The number of financial institutions from which we procured borrowings exceeded 200 as of June 30, 2010. Procurement from the capital markets was composed of the issuance of ORIX straight bonds, commercial paper (CP), medium-term notes issued by ORIX and three overseas subsidiaries, the securitization of operating assets (ABS/CMBS), and through unsecured convertible bonds with stock acquisition rights.

Due to application of new accounting standards this consolidated fiscal year relating to the consolidation of variable interest entities (VIEs), total debt increased by ¥1,053 billion.

In response to market risks, we have been implementing various measures to maintain financial stability, such as decreasing interest bearing debt to improve our debt-to-equity ratio, and increasing the average length of debt as well as retaining excess liquidity through cash and deposits to decrease short-term liquidity risk. In July 2009, we issued new shares at the amount of 83.4 billion yen for new investments and reduction of debt, and in April 2010, we issued $750 million aggregate principal amount of U.S. dollar-denominated senior notes in a SEC-registered offering outside of Japan. We will continue to strengthen our financial condition, while maintaining an appropriate balance of funding structure.

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Debt

(a) Short-term debt

	June 30, 2010 (Millions of yen)	March 31, 2010 (Millions of yen)
Borrowings from financial institutions	316,744	271,234
Commercial paper	279,170	282,781
Medium-term notes	19,550	19,550
Total	615,464	573,565

The above amounts include Short-term debt of VIEs as of June 30, 2010. Of them, amounts additionally disclosed in accordance with Accounting Standards Update 2009-17 ((ASC810 (Consolidation)) are as follows.

Short-term debt: ¥1,643 million.

Cash and cash equivalent, time deposits and available amount of the committed credit facilities at the end of the first fiscal quarter were 1,000 billion yen in altogether, which amount was 358% of the amount of the CPs of which outstanding balance at the end of the first fiscal quarter was 279,170 million.

(b) Long-term debt

	June 30, 2010 (Millions of yen)	March 31, 2010 (Millions of yen)
Borrowings from financial institutions	2,239,171	2,314,377
Bonds	1,228,554	1,215,359
Medium-term notes	95,895	104,310
Payable under securitized lease and loan receivables	1,221,514	202,224
Total	4,785,134	3,836,270

The above amounts include Long-term debt of VIEs as of June 30, 2010. Of them, amounts additionally disclosed in accordance with Accounting Standards Update 2009-17 ((ASC810 (Consolidation)) are as follows.

Borrowings from financial institutions: ¥141,153 million.

Bonds: ¥4,618 million.

Payable under securitized lease and loan receivables: ¥1,222 billion

Long-term debt increased by ¥1,053 billion due to application of new accounting standards this consolidated fiscal year relating to the consolidation of variable interest entities (VIEs)

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(c) Deposits

	June 30, 2010 (Millions of yen)	March 31, 2010 (Millions of yen)
Deposits	897,733	853,269

Apart from the short-term and long-term debt noted above, ORIX Trust and Banking Corporation and ORIX Asia Limited accept deposits. The balance of deposits at the end of the first fiscal quarter was 897,733 million, an increase of 5% or 44,464 million yen from the end of the previous fiscal year.

(4) Summary of Cash Flows

Cash and cash equivalents decreased by ¥29,977 million to ¥609,110 million compared to March 31, 2010.

Cash flows from operating activities used ¥14,251 million during the first consolidated period, having provided ¥6,450 million during the same period of the previous fiscal year, resulting from a decrease in the delivery of real estate (*e.g.* condominiums) for sale such as condominiums, an increase in trading securities, in addition to the adjustment of net income such as depreciation and amortization, provision for doubtful receivables and probable loan losses and equity in net income (loss) of affiliates (excluding interest on loans), despite an increase in quarterly net income compared to the same period of the previous fiscal year.

Cash flows from investing activities provided ¥73,143 million during the first consolidated period, having provided ¥111,792 million during the same period of the previous fiscal year, due to a year on year decrease in installment loans made to customers and a return of investments in connection with proceeds from the sales of operating lease assets, despite increases in purchase of lease equipment and purchases of other securities compared to the same period of the previous fiscal year.

Cash flows from financing activities used ¥83,530 million during the first consolidated period, having used ¥177,502 million during the same period of the previous fiscal year due to the amount of borrowings exceeding the amount of funding raised, despite an increase in the amount of funding raised through the issuance of unsecured debt compared to the same period of the previous fiscal year in accordance with the policy to enhance financial stability.

(5) Challenges to be addressed

There were no significant changes for the three months ended June 30, 2010.

(6) Research and Development Activity

There were no significant changes for the three months ended June 30, 2010.

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6. Overview of Facilities
(1) Facilities for Rent

(a) New equipment acquisitions

In association with the operating lease business, the Company and its subsidiaries own facilities for rent. New equipment acquisitions were ¥51,822 million for the three months ended June 30, 2010.

(b) Details of facilities for rent

Details of facilities for rent at June 30, 2010 are as follows:

	Millions of yen	Composition ratio
Transportation equipment	569,289	35.9%
Measuring and information-related equipment	168,767	10.6
Real estate	827,918	52.2
Other	20,140	1.3
Subtotal	1,586,114	100.0%
Accumulated depreciation	(388,096)	
Net	1,198,018	
Accrued rental receivables	16,266	
Total	1,214,284	

For the three months ended June 30, 2010, the Company and its subsidiaries wrote down certain facilities for rent to their fair value under the provisions of ASC 360-10 (Property, Plant, and Equipment Impairment or Disposal of Long-Lived Assets). For further information on the write-downs, see Note 12 Write-Downs of Long-Lived Assets .

(c) Plans for acquisition and disposal of facilities

For the three months ended June 30, 2010, there were not any significant changes in acquisition and disposal of facilities.

(2) Office Facilities and Facilities for Operation Other than for Rent

(a) Overview of facilities not for rent

The Company and its subsidiaries own the following facilities:

Head-office buildings

Facilities for management such as golf courses and training facilities

(b) Status of main facilities not for rent

i) The Company

For the three months ended June 30, 2010, there no significant changes of major facilities.

ii) Subsidiaries in Japan

For the three months ended June 30, 2010, there were no significant changes of major facilities.

iii) Overseas subsidiaries

For the three months ended June 30, 2010, there were no significant changes of major facilities.

(c) Plans for acquisition and disposal of facilities not for rent

For the three months ended June 30, 2010, there were no significant changes in acquisition and disposal of facilities not for rent.

7. Company Stock Information

(1) Information of Outstanding Shares, Common Stock and Additional Paid-in Capital

The information of the number of outstanding shares, the amount of common stock and additional paid-in capital for the three months ended June 30, 2010 is as follows:

In thousands		Millions of yen			
Number of outstanding shares		Common stock		Additional paid-in capital	
Increase, net	June 30, 2010	Increase, net	June 30, 2010	Increase, net	June 30, 2010
1	110,231	6	143,946	6	171,125

Note: *1 Additional paid-in capital represented as shown above is based on Japanese GAAP.
*2 The exercise of stock acquisition right increased common stock and additional paid-in capital.

(2) Condition of Major Shareholders

(a) On the list of shareholders as of June 30, 2010, THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT became a major shareholder.

Name Address	Number of shares held (in thousands)	Percentage of total shares issued
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT WOOLGATE HOUSE, COLEMAN STREET LONDON EC2P 2HD, ENGLAND	1,477	1.34%

(b) AllianceBernstein L.P. and AllianceBernstein Japan Ltd. jointly filed an amended report as required under Japanese regulations on May 19, 2010 that shows their share holdings of the Company as of May 14, 2010. The reported number of shares held is not able to be confirmed substantially against the list of shareholders as of June 30, 2010.

Name	Number of shares held (in thousands)	Percentage of total shares issued
AllianceBernstein L.P.	10,944	9.93%
AllianceBernstein Japan Ltd.	685	0.62
Total	11,629	10.55%

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(c) Nomura Securities Co., Ltd., NOMURA INTERNATIONAL PLC, Nomura Capital Markets plc, and Nomura Asset Management Co., Ltd. jointly filed an amended report as required under Japanese regulations on June 7, 2010 that shows their share holdings of the Company as of May 31, 2010. The reported number of shares held is not able to be confirmed substantially against the list of shareholders as of June 30, 2010.

Name	Number of shares held (in thousands)	Percentage of total shares in issued
Nomura Securities Co., Ltd.	178	0.16%
NOMURA INTERNATIONAL PLC *1	6,272	5.42
Nomura Capital Markets plc	498	0.45
Nomura Asset Management Co., Ltd. *2	4,113	3.73
Total	11,062	9.55%

*1, 2 The number of shares and percentage of total shares in issued held by NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd. include the residual securities.

(d) Fidelity Investments Japan Limited and FMR LLC jointly filed an amended report as required under Japanese regulations on June 11, 2010 that shows their share holdings of the Company as of June 7, 2010. The reported number of shares held is not able to be confirmed substantially against the list of shareholders as of June 30, 2010.

Name	Number of shares held (in thousands)	Percentage of total shares issued
Fidelity Investments Japan Limited	7,140	6.48%
FMR LLC	8,977	8.14
Total	16,117	14.62

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8. Financial Information

(1) Condensed Consolidated Balance Sheets (Unaudited)

Assets	**Millions of yen** **June 30, 2010**	**March 31, 2010**
Cash and Cash Equivalents	609,110	639,087
Restricted Cash	112,565	77,486
Time Deposits	3,489	548
Investment in Direct Financing Leases	844,153	756,481
Installment Loans	3,360,338	2,464,251
Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses	(182,179)	(157,523)
Investment in Operating Leases	1,214,284	1,213,223
Investment in Securities	1,081,287	1,104,158
Other Operating Assets	215,859	186,396
Investment in Affiliates	407,255	409,711
Other Receivables	187,756	210,521
Inventories	143,625	153,256
Prepaid Expenses	52,747	45,420
Office Facilities	99,854	96,831
Other Assets	554,026	539,954
Total Assets	8,704,169	7,739,800

Pursuant to Accounting Standards Update 2009-17 (ASC 810-10 (Consolidation Variable Interest Entities)), assets attributed to variable interest entities (VIEs) in the Condensed Consolidated Balance Sheets are as follows:

	Millions of yen **June 30, 2010**
Cash and Cash Equivalents	30,788
Investment in Direct Financing Leases (Net of Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses)	270,097
Installment Loans (Net of Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses)	1,045,362
Investment in Operating Leases	330,036
Investment in Securities	75,483
Investment in Affiliates	35,244
Others	194,960
	1,981,970

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Liabilities and Equity	Millions of yen June 30, 2010	March 31, 2010
Liabilities:		
Short-Term Debt	615,464	573,565
Deposits	897,733	853,269
Trade Notes, Accounts Payable and Other Liabilities	307,495	311,113
Accrued Expenses	94,648	101,917
Policy Liabilities	398,965	409,957
Current and Deferred Income Taxes	163,957	183,674
Security Deposits	123,090	125,479
Long-Term Debt	4,785,134	3,836,270
Total Liabilities	7,386,486	6,395,244
Redeemable Noncontrolling Interests	27,916	28,095
Commitments and Contingent Liabilities		
Equity:		
Common Stock	143,946	143,939
Additional Paid-in Capital	178,936	178,661
Retained Earnings	1,090,413	1,104,779
Accumulated Other Comprehensive Income (Loss)	(97,263)	(79,459)
Treasury Stock, at Cost	(49,237)	(49,236)
Total ORIX Corporation Shareholders Equity	1,266,795	1,298,684
Noncontrolling Interests	22,972	17,777
Total Equity	1,289,767	1,316,461
Total Liabilities and Equity	8,704,169	7,739,800

Pursuant to Accounting Standards Update 2009-17 (ASC 810-10 (Consolidation Variable Interest Entities)), liabilities attributed to variable interest entities (VIEs) in the Condensed Consolidated Balance Sheets are as follows:

	Millions of yen June 30, 2010
Short-Term Debt	1,643
Trade Notes, Accounts Payable and Other Liabilities	10,025
Security Deposits	8,756
Long-Term Debt	1,367,285
Others	6,306
	1,394,015

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Condensed Consolidated Statements of Income (Unaudited)

	Millions of yen	
	Three months ended June 30, 2009	Three months ended June 30, 2010
Revenues:		
Direct financing leases	13,462	12,330
Operating leases	67,730	68,045
Interest on loans and investment securities	41,847	44,752
Brokerage commissions and net gains on investment securities	7,480	5,055
Life insurance premiums and related investment income	26,097	27,722
Real estate sales	10,403	5,672
Gains on sales of real estate under operating leases	488	103
Other operating revenues	65,536	70,835
Total revenues	233,043	234,514
Expenses:		
Interest expense	22,666	33,359
Costs of operating leases	47,370	46,252
Life insurance costs	21,779	20,639
Costs of real estate sales	10,596	6,175
Other operating expenses	39,737	42,776
Selling, general and administrative expenses	53,178	49,453
Provision for doubtful receivables and probable loan losses	12,404	5,992
Write-downs of long-lived assets	102	1,603
Write-downs of securities	2,748	6,271
Foreign currency transaction loss (gain), net	616	