

ORIX CORP  
Form 6-K  
February 06, 2008  
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# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

THE SECURITIES EXCHANGE Act of 1934

For the month of February, 2008.

## ORIX Corporation

(Translation of Registrant's Name into English)

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

Tokyo, 108-0014, 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.)

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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, 2007 – December 31, 2007) filed with the Tokyo Stock Exchange on Tuesday, February 5, 2008.</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 5, 2008

By /s/ Yasuhiko Fujiki  
Yasuhiko Fujiki  
Director  
Vice Chairman and CFO  
ORIX Corporation

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**Consolidated Financial Results**

**April 1, 2007 – December 31, 2007**

February 5, 2008

*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 114.15 to \$1.00, the approximate exchange rate prevailing at December 31, 2007.*

*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 and under "4. Business Risks" of the "Summary of Consolidated Financial Results" of the "Consolidated Financial Results April 1, 2007 - September 30, 2007."*

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

**For further information please contact:**

**Investor Relations**

**ORIX Corporation**

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**Table of Contents****Consolidated Financial Results from April 1, 2007 to December 31, 2007**

(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, 2007 and 2006, and the Year Ended March 31, 2007****(1) Performance Highlights - Operating Results (Unaudited)**

(millions of JPY)\*1

|                   | Total Revenues | Year-on-Year Change | Operating Income | Year-on-Year Change | Income before Income Taxes*2 | Year-on-Year Change | Net Income | Year-on-Year Change |
|-------------------|----------------|---------------------|------------------|---------------------|------------------------------|---------------------|------------|---------------------|
| December 31, 2007 | 844,164        | (0.5)%              | 140,299          | (37.1)%             | 177,570                      | (27.9)%             | 120,928    | (19.9)%             |
| December 31, 2006 | 848,096        | 27.6%               | 223,207          | 33.5%               | 246,337                      | 29.1%               | 150,981    | 19.7%               |
| March 31, 2007    | 1,138,179      | 22.8%               | 282,697          | 32.2%               | 316,605                      | 27.3%               | 196,506    | 18.1%               |

|                   | Basic Earnings Per Share | Diluted Earnings Per Share |
|-------------------|--------------------------|----------------------------|
| December 31, 2007 | 1,323.81                 | 1,292.93                   |
| December 31, 2006 | 1,675.43                 | 1,614.50                   |
| March 31, 2007    | 2,177.10                 | 2,100.93                   |

\*Note 1: Unless otherwise stated, all amounts shown herein are in millions of Japanese yen or millions of U.S. dollars, except for Per Share amounts which are in single yen.

\*Note 2: Income before Income Taxes as used throughout the report represents Income before Income Taxes, Minority Interests in Earnings of Subsidiaries, Discontinued Operations and Extraordinary Gain.

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

|                   | Total Assets | Shareholders Equity | Shareholders Equity Ratio | Shareholders Equity Per Share |
|-------------------|--------------|---------------------|---------------------------|-------------------------------|
| December 31, 2007 | 9,114,926    | 1,266,894           | 13.9%                     | 14,002.57                     |
| December 31, 2006 | 7,802,545    | 1,137,752           | 14.6%                     | 12,588.14                     |
| March 31, 2007    | 8,207,187    | 1,194,234           | 14.6%                     | 13,089.83                     |

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

|                   | Cash Flows from Operating Activities | Cash Flows from Investing Activities | Cash Flows from Financing Activities | Cash and Cash Equivalents at End of Period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| December 31, 2007 | 30,994                               | (839,536)                            | 841,796                              | 247,595                                    |
| December 31, 2006 | 163,714                              | (561,663)                            | 278,251                              | 126,782                                    |
| March 31, 2007    | 226,128                              | (802,278)                            | 545,014                              | 215,163                                    |

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**2. Dividends for the Years Ended March 31, 2008, 2007 and 2006 (Unaudited)**

|                             | <b>Dividends Per Share</b> |
|-----------------------------|----------------------------|
| March 31, 2006              | 90.00                      |
| March 31, 2007              | 130.00                     |
| March 31, 2008 (Forecast)*3 | 260.00                     |

**\*Note 3:** For details, please refer to Announcement Regarding Dividend Forecast dated February 5, 2008.

**3. Forecasts for the Year Ending March 31, 2008 (Unaudited)**

| <b>Fiscal Year</b>          | <b>Total Revenues</b> | <b>Year-on-Year Change</b> | <b>Income before Income Taxes*2</b> | <b>Year-on-Year Change</b> | <b>Net Income</b> | <b>Year-on-Year Change</b> | <b>Basic Earnings Per Share</b> |
|-----------------------------|-----------------------|----------------------------|-------------------------------------|----------------------------|-------------------|----------------------------|---------------------------------|
| March 31, 2008 (Forecast)*4 | 1,163,000             | 2.2%                       | 261,000                             | (17.6)%                    | 170,000           | (13.5)%                    | 1,861.01                        |

**\*Note 4:** For details, please refer to Announcement Regarding Downward Revision of Forecast for the Fiscal Year Ending March 31, 2008 dated February 5, 2008.

**4. Other Information**

- |  |         |          |
|--|---------|----------|
| (1) Changes in Significant Consolidated Subsidiaries             | Yes ( ) | No ( x ) |
| (2) Adoption of Simplified Accounting Method                     | Yes ( ) | No ( x ) |
| (3) Changes in Accounting Principles, Procedures and Disclosures | Yes ( ) | No ( x ) |



**Table of Contents****1. Qualitative Information Regarding Consolidated Financial Results****Financial Results for the Nine Months Ended December 31, 2007**

|                                      |  |
|--------------------------------------|--|
| <b>Income before Income Taxes*</b>   | <b>177,570 million yen (Down 28% year on year)</b> |
| <b>Net Income</b>                    | <b>120,928 million yen (Down 20% year on year)</b> |
| <b>Earnings Per Share (Basic)</b>    | <b>1,323.81 yen (Down 21% year on year)</b>        |
| <b>Earnings Per Share (Diluted)</b>  | <b>1,292.93 yen (Down 20% year on year)</b>        |
| <b>Shareholders Equity Per Share</b> | <b>14,002.57 yen (Up 7% on March 31, 2007)</b>     |
| <b>ROE (Annualized)</b>              | <b>13.1% (December 31, 2006: 19.3%)</b>            |
| <b>ROA (Annualized)</b>              | <b>1.86% (December 31, 2006: 2.68%)</b>            |

\* Income before income taxes refers to income before income taxes, minority interests in earnings of subsidiaries, discontinued operations and extraordinary gain.

**Revenues: 844,164 million yen (Down 0% year on year)**

Revenues were flat at 844,164 million yen in the first nine months of this fiscal year compared with the same period of the previous fiscal year. Although revenues from direct financing leases, brokerage commissions and net gains on investment securities, life insurance premiums and related investment income, real estate sales and gains on sales of real estate under operating leases decreased year on year, revenues from operating leases, interest on loans and investment securities, and other operating revenues were up compared to the same period of the previous fiscal year.

Revenues from direct financing leases decreased 15% to 58,099 million yen compared to the same period of the previous fiscal year. In Japan, revenues from direct financing leases were down 17% to 39,131 million yen compared to 47,192 million yen in the same period of the previous fiscal year due to a lower level of operating assets resulting from securitizations made in the latter half of the previous fiscal year and our prudent selectiveness of new projects, in addition to decreases in revenues from cancellations and revenues from sales of direct financing lease assets and decrease in gains from securitizations. Overseas, revenues were down 11% to 18,968 million yen compared to 21,331 million yen in the same period of the previous fiscal year due to the lower level of operating assets.

Revenues from operating leases increased 17% to 217,548 million yen compared to the same period of the previous fiscal year. In Japan, revenues were up 13% to 159,987 million yen compared to 141,254 million yen in the same period of the previous fiscal year due to an expansion in automobile, real estate operating leases and precision measuring and other equipment rental operations. Overseas, revenues were up 29% to 57,561 million yen compared to 44,754 million yen in the same period of the previous fiscal year due to factors including an expansion of automobile operating leases in the Asia, Oceania and Europe segment.

Revenues from interest on loans and investment securities increased 16% to 169,980 million yen compared to the same period of the previous fiscal year. In Japan, interest on loans and investment securities increased 22% to 135,199 million yen compared to 110,688 million yen in the same period of the previous fiscal year due primarily to an expansion of loans to corporate customers, including non-recourse loans. Overseas, revenues were down 2% to 34,781 million yen compared to 35,574 million yen in the same period of the previous fiscal year due to a decrease in contributions from interest on investment securities recorded in the second quarter of the previous fiscal year, despite an expansion of loans to corporate customers mainly in The Americas segment.

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Revenues from brokerage commissions and net gains on investment securities decreased 65% to 20,026 million yen compared to the same period of the previous fiscal year. Brokerage commissions decreased 3% year on year. Net gains on investment securities decreased 72% year on year due to a decrease in revenues from the venture capital operations and the securities investment operations in The Americas segment, in addition to gains on the sale of a portion of our shares in Aozora Bank, Ltd. (herein referred to as Aozora Bank) in connection with its listing on the Tokyo Stock Exchange which were recorded in the third quarter of the previous fiscal year.

Although life insurance premiums were flat year on year, revenues from life insurance premiums and related investment income were down 1% year on year to 93,173 million yen due to a decrease in life insurance related investment income.

Although gains from sales were recorded in the Oceania region, real estate sales decreased 26% year on year to 58,338 million yen due mainly to a decrease in the number of condominiums sold to buyers in Japan compared to the same period of the previous fiscal year. Residential condominiums developed through certain joint ventures are recorded under equity in net income of affiliates net of revenues and costs.

Gains on sales of real estate under operating leases were down 62% year on year to 6,601 million yen due to a decrease in gains on sales of office buildings and other real estate under operating leases not classified under discontinued operations (refer to (Note 1) below).

Other operating revenues increased 11% year on year to 220,399 million yen. In Japan, revenues were up 13% to 174,986 million yen compared to 155,290 million yen in the same period of the previous fiscal year due mainly to an increase in revenues associated with real estate management operations including golf courses and training facilities, and contributions from the beginning of this fiscal year from companies in which we invested in the previous fiscal year. Overseas, revenues increased 5% to 45,413 million yen compared to 43,272 million yen in the same period of the previous fiscal year due to the recognition of ship finance-related revenues in the Asian region.

Note 1: Subsidiaries, business units, and certain rental properties sold or to be disposed of by sale, are reported under continuing operations or discontinued operations, and are dependent on the existence of significant continuing involvements. In the absence of significant continuing involvements, they are reported under discontinued operations and the related amounts that had been previously reported have been reclassified retroactively.

**Expenses: 703,865 million yen (Up 13% year on year)**

Expenses increased 13% to 703,865 million yen compared with the same period of the previous fiscal year. Although interest expense, costs of operating leases, other operating expenses, selling, general and administrative expenses, provision for doubtful receivables and probable loan losses and write-downs of securities increased year on year, life insurance costs and costs of real estate sales were down year on year.

Interest expense was up 35% year on year to 79,060 million yen due mainly to an increase in Japan. In Japan, interest expense increased 54% year on year due to higher interest rates as well as higher average debt levels. Overseas, interest expense increased 10% year on year due mainly to higher average debt levels.

Costs of operating leases were up 17% year on year to 139,160 million yen accompanying the increase in operating lease assets.

Life insurance costs were down 1% year on year to 80,927 million yen.

Costs of real estate sales were down 21% year on year to 51,549 million yen along with the decrease in real estate sales.

Other operating expenses were up 21% year on year to 125,795 million yen accompanying the increase in other operating revenues.

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Selling, general and administrative expenses were up 9% year on year to 198,895 million yen due to an increase in general and administrative expenses for write-downs of intangible assets, in addition to recorded expenses associated with companies in which we invested in the previous fiscal year from the beginning of this fiscal year, and expenses associated with the expansion of existing operations.

Provision for doubtful receivables and probable loan losses more than doubled year on year to 22,776 million yen due to some reversals of the provision for doubtful receivables and probable loan losses in the same period of the previous fiscal year, in addition to factors including an increase in installment loans.

There were no write-downs of long-lived assets recorded in the first nine months of this fiscal year.

Write-downs of securities were up 32% year on year to 5,347 million yen.

### **Net Income: 120,928 million yen (Down 20% year on year)**

Operating income was down 37% year on year to 140,299 million yen due to the reasons noted above.

Equity in net income of affiliates increased 31% to 28,682 million yen due to an increase in profits from equity method affiliates mainly based in Japan and earnings from investments in residential condominiums developed through certain joint ventures.

Gains on sales of subsidiaries and affiliates and liquidation losses were up more than seven times year on year to 8,589 million yen, due to gains on sales of affiliates mainly in the Asian region.

As a result, income before income taxes, minority interests in earnings of subsidiaries, discontinued operations and extraordinary gain decreased 28% year on year to 177,570 million yen.

Minority interests in earnings of subsidiaries, net increased 3% year on year to 3,477 million yen.

Income from continuing operations decreased 28% year on year to 102,367 million yen.

Discontinued operations (refer to (Note 1) on page 2), net of applicable tax effect more than doubled year on year to 18,561 million yen due mainly to an increase in gains on sales of real estate under operating leases in Japan.

As a result of the foregoing changes, net income decreased 20% year on year to 120,928 million yen.

### **Segment Information**

Segment profits (refer to (Note 2) below) declined year on year for the Corporate Financial Services,

Automobile Operations, Real Estate-Related Finance, Life Insurance, Other, and The Americas segments; and increased for the Rental Operations, Real Estate, and Asia, Oceania and Europe segments compared to the same period of the previous fiscal year.

The results of the reported segments from the first quarter of this fiscal year reflect the revised business classification of the Company. Accordingly, leasing operations of the affiliates, which had been included in the Other segment, have been included in the Corporate Financial Services segment from the first quarter of this fiscal year (refer to (Note 1) below on page 15 of the Segment Information).

Note 2: The Company evaluates the performance of its segments based on income before income taxes as well as results of discontinued operations before applicable tax effect and minority interests in earnings of subsidiaries. Tax expenses are not included in segment profits.

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### **Operations in Japan**

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

Segment revenues were up 11% year on year to 98,825 million yen due primarily to an expansion of loans to corporate customers, despite a decrease in gains from securitizations.

Segment profits decreased 40% to 25,788 million yen compared to 42,998 million yen in the same period of the previous fiscal year, despite an increase in segment revenues, due to increases in interest expense and provision for doubtful receivables and probable loan losses, where some reversals were recognized in the same period of the previous fiscal year, in addition to the recognition of write-downs of intangible assets.

Segment assets increased 11% on March 31, 2007 to 2,061,383 million yen due to the expansion of loans to corporate customers.

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

Segment revenues increased 7% year on year to 116,752 million yen due to an increase in revenues from operating leases, despite a decrease in revenues from direct financing leases in the automobile leasing operations due to lower operating assets resulting from securitizations made in the previous fiscal year.

Segment profits decreased 7% to 18,318 million yen compared to 19,741 million yen in the same period of the previous fiscal year due to an increase in expenses accompanying an increase in revenues from operating leases, in addition to an increase in interest expenses and selling, general and administrative expenses, including advertisement costs.

Segment assets increased 2% on March 31, 2007 at 519,937 million yen due to an expansion of operating lease assets.

#### **Rental Operations Segment:**

Segment revenues were up 16% year on year to 57,434 million yen due to an increase in revenues from operating leases including precision measuring and other equipment.

Segment profits increased 40% to 8,890 million yen compared to 6,328 million yen in the same period of the previous fiscal year, as there were no losses on the sale of investment securities, which were recorded in the same period of the previous fiscal year, and due to an increase in segment revenues.

Segment assets increased 1% on March 31, 2007 to 122,823 million yen due to an increase in operating lease assets, despite a decrease in investment in direct financing leases.

#### **Real Estate-Related Finance Segment:**

Segment revenues increased 14% year on year to 65,996 million yen due to an expansion of revenues associated with corporate loans, including non-recourse loans, despite decreases in revenues from real estate sales and gains from securitizations.

Segment profits decreased 3% to 29,614 million yen compared to 30,685 million yen in the same period of the previous fiscal year, despite an increase in segment revenues, due to decreases in gains from real estate sales and gains from securitizations, in addition to the increases in interest expense and provision for doubtful receivables and probable loan losses, where some reversals were recognized in the same period of the previous fiscal year.

Segment assets increased 27% on March 31, 2007 to 1,924,709 million yen due to an increase in corporate loans, including non-recourse loans.

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### **Real Estate Segment:**

Segment revenues decreased 3% year on year to 188,132 million yen due to a decrease in real estate sales as a result of a decrease in the number of condominiums sold to buyers, despite an increase in revenues associated with real estate rental activities, including office buildings, and management operations, including golf courses and training facilities, and an increase in gains on sales of real estate under operating leases.

Segment profits increased 6% to 44,338 million yen compared to 41,958 million yen in the same period of the previous fiscal year due mainly to an increase in gains on sales of real estate under operating leases, in addition to an increase in the contribution from residential condominiums developed through certain joint ventures which were accounted for by the equity method. The total number of condominiums sold to buyers was 1,960 units in the first nine months of this fiscal year compared with 2,317 units in the same period of the previous fiscal year.

Segment assets increased 11% on March 31, 2007 to 998,426 million yen due mainly to an expansion of operating assets, including operating lease assets.

### **Life Insurance Segment:**

Although revenues from life insurance premiums were flat year on year, segment revenues were down 1% year on year to 92,775 million yen, due to a decrease in life insurance related investment income.

Segment profits decreased 32% year on year to 4,947 million yen compared to 7,222 million yen in the same period of the previous fiscal year due to factors including an increase in provision for doubtful receivables and probable loan losses, where some reversals were recognized in the same period of the previous fiscal year, despite a slight decrease in segment revenues.

Segment assets decreased 1% on March 31, 2007 to 505,071 million yen.

### **Other Segment:**

Although contributions were recorded from the beginning of this fiscal year from companies in which we invested in the previous fiscal year, segment revenues decreased 25% year on year to 87,609 million yen due to a decrease in revenues from venture capital operations, in addition to gains on the sale of a portion of our shares in Aozora Bank which were recorded in the third quarter of the previous fiscal year.

Segment profits decreased 58% to 24,444 million yen compared to 58,443 million yen in the same period of the previous fiscal year due to factors including a decrease in segment revenues and a decrease in gains on sales of subsidiaries and affiliates, despite an increase in contributions from equity method affiliates in Japan.

Segment assets decreased 1% on March 31, 2007 to 764,577 million yen.

## **Overseas Operations**

### **The Americas Segment:**

Segment revenues decreased 9% year on year to 78,013 million yen due to a decrease in one-off contributions made by gains on investment securities and interest on investment securities, which were recorded in the second quarter of the previous fiscal year, despite an increase in revenues associated with corporate loans and an increase in gains from sales of real estate under operating leases. Furthermore, the U.S. subprime mortgage loan problem had no direct impact, and the indirect effect was limited.

Segment profits decreased 37% to 15,001 million yen compared to 23,905 million yen in the same period of the previous fiscal year accompanying a decrease in segment revenues.

Segment assets increased 8% on March 31, 2007 to 525,962 million yen due mainly to an increase in corporate loans.

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**Asia, Oceania and Europe Segment:**

Segment revenues were up 25% year on year to 95,700 million yen due to an expansion of operating leases, including automobile leasing, and the recognition of real estate sales and ship finance-related revenues this fiscal year, despite the absence of a recognition of gains on the sale of operations in the Oceania region in the third quarter of the previous fiscal year.

Segment profits increased 27% to 36,984 million yen compared to 29,230 million yen in the same period of the previous fiscal year due to an increase in segment revenues, in addition to factors including the recognition of gains on sales of subsidiaries and affiliates.

Segment assets were up 2% on March 31, 2007 to 637,369 million yen, due to an increase in investment in direct financing leases and operating lease assets, despite a decrease in investment in affiliates due to the sales of affiliates including Korea Life Insurance Co., Ltd.

**Summary of Third Quarter (Three Months Ended December 31, 2007)**

In the third quarter of this fiscal year revenues decreased 20,838 million yen year on year.

Revenues from direct financing leases were down compared to the third quarter of the previous fiscal year due to factors including a decrease in operating assets. Revenues from operating leases and interest on loans and investment securities were up compared to the same period of the previous fiscal year due to factors including an increase in operating assets. Brokerage commissions and net gains on investment securities were down due to the recognition of gains on the sale of a portion of our shares in Aozora Bank in the third quarter of the previous fiscal year. Life insurance premiums and related investment income was down year on year due to a decrease in life insurance related investment income, despite an increase in life insurance premiums compared to the same period of the previous fiscal year. Real estate sales were up year on year due to the recognition of gains from sales in the Oceania region. Gains on sales of real estate under operating leases were down year on year. Other operating revenues were up year on year.

Expenses were up 25,360 million yen compared to the third quarter of the previous fiscal year.

Interest expense was up year on year due to higher average debt levels and higher interest rates. Costs of operating leases were up year on year in line with the increase in operating assets. Life insurance costs were up compared with the same period of the previous fiscal year. Costs of real estate sales increased year on year in line with the higher real estate sales. Other operating expenses increased in line with the increased other operating revenues. Selling, general and administrative expenses were up year on year. Provision for doubtful receivables and probable loan losses increased compared to the third quarter of the previous fiscal year, due to some reversals of the provision for doubtful receivables and probable loan losses in the third quarter of the previous fiscal year, and reflecting an increase in installment loans. Write-downs of securities decreased year on year.

The foregoing changes resulted in a decrease in operating income by 46,198 million yen to 42,408 million yen compared with the third quarter of the previous fiscal year.

Although gains on sales of subsidiaries and affiliates and liquidation losses increased year on year, equity in net income of affiliates was down. As a result, income before income taxes, minority interests in earnings of subsidiaries, discontinued operations and extraordinary gain decreased by 46,459 million yen compared to the third quarter of the previous fiscal year to 49,104 million yen.

Minority interests in earnings of subsidiaries of 1,135 million yen were recorded and as a result, income from continuing operations decreased by 26,460 million yen compared to the third quarter of the previous fiscal year to 28,042 million yen.

Discontinued operations, net of applicable tax effect added 878 million yen and net income in the third quarter of this fiscal year decreased by 30,735 million yen to 28,920 million yen compared with net income of 59,655 million yen in the third quarter of the previous fiscal year.

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**2. Qualitative Information Regarding Consolidated Financial Condition**

**Analysis of Assets, Liabilities and Shareholders' Equity**

**Operating Assets: 7,402,376 million yen (Up 12% on March 31, 2007)**

In the first nine months of this fiscal year, operating assets were up 12% on March 31, 2007 to 7,402,376 million yen. As a result of our continuing selectiveness of projects, investment in direct financing leases was down on March 31, 2007, while installment loans, investment in operating leases, investment in securities and other operating assets increased.

**Summary of Cash Flows**

Cash and cash equivalents increased by 32,432 million yen to 247,595 million yen compared to March 31, 2007.

Cash flows from operating activities provided 30,994 million yen in the first nine months of this fiscal year due to the addition of non-cash items to net income, including depreciation and amortization and provision for doubtful receivables and probable loan losses, despite outflows from increase in loans held for sale, increase in inventories and decrease in accrued expenses.

Cash flows from investing activities used 839,536 million yen in the first nine months of this fiscal year and used 561,663 million yen in the first nine months of the previous fiscal year due to factors including an increase in outflows associated with the increase in installment loans made to customers (refer to (Note 3) below), as a result of the expansion of loans to corporate customers, and the increase in purchases of available-for-sale securities.

Cash flows from financing activities provided 841,796 million yen in the first nine months of this fiscal year and provided 278,251 million yen in the first nine months of the previous fiscal year due to an increase in debt accompanying the increase in operating assets.

Note 3: Based on cash flow classifications under U.S. GAAP, installment loans made to customers and principal collected on installment loans (excluding issues and collections of loans held for sale) are classified under Cash flows from investing activities.

**Table of Contents****3. Qualitative Information Regarding Forecast for Consolidated Financial Results****Outlook for the Fiscal Year Ending March 31, 2008**

In terms of the business environment for the fiscal year ending March 31, 2008, overseas, due to the continuing subprime mortgage loan problem and the decrease in housing investment, fears of a slowdown in the U.S. economy have heightened, and the outlook for the European economy has also become uncertain. In Japan, further uncertainty is growing with the decision at the Bank of Japan's Monetary Policy Meeting at the end of 2007 to revise downwards the outlook for the Japanese economy. Going forward, by taking into account the turmoil in the international financial markets and the credit crunch trend, we believe that the unstable circumstances of the world economy will continue, and the Japanese economy will also become more severe.

The economic environment has changed considerably from our initial forecast for the fiscal year, and while the ORIX Group's medium- and long-term growth path has not fundamentally changed, we have concluded that presently, soundness must be prioritized over growth. Specifically, we have taken a more prudent approach on taking credit risk from the third quarter of this fiscal year onwards.

Based on the above mentioned economic environment and measures, we have revised downward our forecast for the fiscal year ending March 31, 2008, announced on May 10, 2007, to total revenues of 1,163,000 million yen (up 2.2% compared with the fiscal year ended March 31, 2007), income before income taxes of 261,000 million yen (down 17.6%), and net income of 170,000 million yen (down 13.5%).

|                                 | (millions of yen) |                                |            |
|---------------------------------|-------------------|--------------------------------|------------|
|                                 | Total Revenues    | Income before<br>Income Taxes* | Net Income |
| Previous Forecast (A)           | 1,216,000         | 353,000                        | 202,500    |
| New Forecast (B)                | 1,163,000         | 261,000                        | 170,000    |
| Change (B-A)                    | (53,000)          | (92,000)                       | (32,500)   |
| Change (%)                      | (4.4)%            | (26.1)%                        | (16.0)%    |
| (Reference) Fiscal 2007 Results | 1,138,179         | 316,605                        | 196,506    |

\* Income before income taxes refers to income before income taxes, minority interests in earnings of subsidiaries, discontinued operations and extraordinary gain.

Although forward-looking statements in this document such as forecasts are attributable to current information available to the Company as well as on assumptions deemed rational, actual financial results may differ materially due to various factors.

The ORIX Group has been diversifying its business expansion into areas centering on its financial service operations, including real estate-related and investment-related operations. Due to the characteristics of these operations, which are affected by changes in economic conditions in Japan and overseas, our operating environment, as well as market trends, it has become difficult to accurately estimate figures, such as earnings forecasts.

Therefore, readers are urged not to place undue reliance on these figures, as they may differ materially from the actual financial results.

Various factors causing these figures to differ materially are discussed, but not limited to, those described under Risk Factors (includes additional items listed on page 9 of Consolidated Financial Results from April 1, 2007 to September 30, 2007 announced on November 6, 2007) in the Form 20-F submitted to the U.S. Securities and Exchange Commission.



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

(For the Nine Months Ended December 31, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

(millions of JPY, except for per share data)

|   | December 31,<br>2006 | Year<br>-on-<br>year<br>Change | December 31,<br>2007 | Year<br>-on-<br>year<br>Change | Relationship<br>to<br>March 31,<br>2007 | March 31,<br>2007 | Year<br>-on-<br>year<br>Change |
|---|----------------------|--------------------------------|----------------------|--------------------------------|---|-------------------|--------------------------------|
| <b>Operating Assets</b>   |                      |                                |                      |                                |   |                   |                                |
| Investment in Direct Financing Leases   | 1,343,413            | 90%                            | 1,197,444            | 89%                            | 95%                                     | 1,258,404         | 88%                            |
| Installment Loans   | 3,341,163            | 122%                           | 3,881,360            | 116%                           | 111%                                    | 3,490,326         | 119%                           |
| Investment in Operating Leases  | 816,050              | 131%                           | 1,013,559            | 124%                           | 118%                                    | 862,049           | 120%                           |
| Investment in Securities  | 773,546              | 115%                           | 1,125,532            | 146%                           | 129%                                    | 875,581           | 128%                           |
| Other Operating Assets  | 142,337              | 147%                           | 184,481              | 130%                           | 121%                                    | 152,106           | 166%                           |
| Total   | 6,416,509            | 114%                           | 7,402,376            | 115%                           | 112%                                    | 6,638,466         | 113%                           |
| <b>Operating Results</b>  |                      |                                |                      |                                |   |                   |                                |
| Total Revenues  | 848,096              | 128%                           | 844,164              | 100%                           |   | 1,138,179         | 123%                           |
| Income before Income Taxes, Minority<br>Interests in Earnings of Subsidiaries,<br>Discontinued Operations and<br>Extraordinary Gain | 246,337              | 129%                           | 177,570              | 72%                            |   | 316,605           | 127%                           |
| Net Income  | 150,981              | 120%                           | 120,928              | 80%                            |   | 196,506           | 118%                           |
| <b>Earnings Per Share</b>   |                      |                                |                      |                                |   |                   |                                |
| <b>Net Income</b>   |                      |                                |                      |                                |   |                   |                                |
| Basic   | 1,675.43             | 117%                           | 1,323.81             | 79%                            |   | 2,177.10          | 116%                           |
| Diluted   | 1,614.50             | 119%                           | 1,292.93             | 80%                            |   | 2,100.93          | 117%                           |
| Shareholders' Equity Per Share  | 12,588.14            | 125%                           | 14,002.57            | 111%                           | 107%                                    | 13,089.83         | 123%                           |
| <b>Financial Position</b>   |                      |                                |                      |                                |   |                   |                                |
| Shareholders' Equity  | 1,137,752            | 127%                           | 1,266,894            | 111%                           | 106%                                    | 1,194,234         | 125%                           |
| Number of Outstanding Shares<br>(thousands of shares)   | 90,383               | 102%                           | 90,476               | 100%                           | 99%                                     | 91,234            | 101%                           |
| Long-and Short-Term Debt and<br>Deposits  | 5,231,652            | 116%                           | 6,374,711            | 122%                           | 116%                                    | 5,483,922         | 111%                           |
| Total Assets  | 7,802,545            | 117%                           | 9,114,926            | 117%                           | 111%                                    | 8,207,187         | 113%                           |
| Shareholders' Equity Ratio  | 14.6%                |                                | 13.9%                |                                |   | 14.6%             |                                |
| Return on Equity (annualized)   | 19.3%                |                                | 13.1%                |                                |   | 18.3%             |                                |
| Return on Assets (annualized)   | 2.68%                |                                | 1.86%                |                                |   | 2.54%             |                                |
| <b>New Business Volumes</b>   |                      |                                |                      |                                |   |                   |                                |
| <b>Direct Financing Leases</b>  |                      |                                |                      |                                |   |                   |                                |
| New Receivables Added   | 551,204              | 82%                            | 504,078              | 91%                            |   | 720,840           | 81%                            |
| New Equipment Acquisitions  | 491,499              | 82%                            | 443,683              | 90%                            |   | 636,723           | 80%                            |
| Installment Loans   | 1,575,705            | 126%                           | 1,778,629            | 113%                           |   | 2,226,282         | 121%                           |
| Operating Leases  | 252,842              | 137%                           | 341,642              | 135%                           |   | 348,561           | 110%                           |
| Investment in Securities  | 170,293              | 104%                           | 462,637              | 272%                           |   | 331,055           | 140%                           |
| Other Operating Transactions  | 147,295              | 168%                           | 112,019              | 76%                            |   | 215,409           | 163%                           |

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

(For the Nine Months Ended December 31, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

|   | (millions of JPY, millions of US\$)          |                                       |  |                                       |                                    |                                       |  |
|---|--|---------------------------------------|--|---------------------------------------|------------------------------------|---------------------------------------|--|
|   | Nine Months<br>ended<br>December 31,<br>2006 | Year<br>-on-<br>year<br>Change<br>(%) | Nine Months<br>ended<br>December 31,<br>2007 | Year<br>-on-<br>year<br>Change<br>(%) | Year<br>ended<br>March 31,<br>2007 | Year<br>-on-<br>year<br>Change<br>(%) | U.S. dollars<br>Nine Months<br>ended<br>December 31,<br>2007 |
| <b>Total Revenues :</b>   | 848,096                                      | 128                                   | 844,164                                      | 100                                   | 1,138,179                          | 123                                   | 7,395  |
| Direct financing leases   | 68,523                                       | 97                                    | 58,099                                       | 85                                    | 90,266                             | 94                                    | 509  |
| Operating leases  | 186,008                                      | 117                                   | 217,548                                      | 117                                   | 252,953                            | 122                                   | 1,906  |
| Interest on loans and investment securities   | 146,262                                      | 125                                   | 169,980                                      | 116                                   | 201,531                            | 126                                   | 1,489  |
| Brokerage commissions and net gains on investment securities  | 57,830                                       | 205                                   | 20,026                                       | 35                                    | 70,684                             | 145                                   | 175  |
| Life insurance premiums and related investment income   | 94,198                                       | 96                                    | 93,173                                       | 99                                    | 132,835                            | 96                                    | 816  |
| Real estate sales   | 79,245                                       | 148                                   | 58,338                                       | 74                                    | 87,178                             | 116                                   | 511  |
| Gains on sales of real estate under operating leases  | 17,468                                       | 185                                   | 6,601  | 38                                    | 22,958                             | 256                                   | 58   |
| Other operating revenues  | 198,562                                      | 153                                   | 220,399                                      | 111                                   | 279,774                            | 145                                   | 1,931  |
| <b>Total Expenses :</b>   | 624,889                                      | 126                                   | 703,865                                      | 113                                   | 855,482                            | 120                                   | 6,166  |
| Interest expense  | 58,537                                       | 136                                   | 79,060                                       | 135                                   | 81,209                             | 138                                   | 693  |
| Costs of operating leases   | 118,833                                      | 120                                   | 139,160                                      | 117                                   | 162,719                            | 123                                   | 1,219  |
| Life insurance costs  | 81,711                                       | 98                                    | 80,927                                       | 99                                    | 115,565                            | 98                                    | 709  |
| Costs of real estate sales  | 64,989                                       | 141                                   | 51,549                                       | 79                                    | 73,999                             | 112                                   | 452  |
| Other operating expenses  | 104,175                                      | 124                                   | 125,795                                      | 121                                   | 147,693                            | 120                                   | 1,102  |
| Selling, general and administrative expenses  | 182,690                                      | 143                                   | 198,895                                      | 109                                   | 253,416                            | 136                                   | 1,742  |
| Provision for doubtful receivables and probable loan losses   | 9,387  | 79                                    | 22,776                                       | 243                                   | 13,798                             | 85                                    | 199  |
| Write-downs of long-lived assets  | 405  | 78                                    |  |                                       | 1,027                              | 12                                    |  |
| Write-downs of securities   | 4,047  | 104                                   | 5,347  | 132                                   | 5,592                              | 123                                   | 47   |
| Foreign currency transaction loss, net  | 115  |                                       | 356  | 310                                   | 464                                |                                       | 3  |
| <b>Operating Income</b>   | 223,207                                      | 134                                   | 140,299                                      | 63                                    | 282,697                            | 132                                   | 1,229  |
| Equity in Net Income of Affiliates  | 21,967                                       | 106                                   | 28,682                                       | 131                                   | 31,946                             | 100                                   | 251  |
| Gains on Sales of Subsidiaries and Affiliates and Liquidation Losses  | 1,163  | 39                                    | 8,589  | 739                                   | 1,962                              | 72                                    | 75   |
| <b>Income before Income Taxes, Minority Interests in Earnings of Subsidiaries, Discontinued Operations and Extraordinary Gain</b> | 246,337                                      | 129                                   | 177,570                                      | 72                                    | 316,605                            | 127                                   | 1,555  |
| Provision for Income Taxes  | 101,349                                      | 130                                   | 71,726                                       | 71                                    | 126,576                            | 131                                   | 628  |
| <b>Income before Minority Interests in Earnings of Subsidiaries, Discontinued Operations and Extraordinary Gain</b>               | 144,988                                      | 129                                   | 105,844                                      | 73                                    | 190,029                            | 125                                   | 927  |

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|   |         |     |          |     |         |     |       |
|---|---------|-----|----------|-----|---------|-----|-------|
| Minority Interests in Earnings of Subsidiaries, Net   | 3,376   | 264 | 3,477    | 103 | 4,858   | 150 | 30    |
| <b>Income from Continuing Operations</b>              | 141,612 | 127 | 102,367  | 72  | 185,171 | 124 | 897   |
| <b>Discontinued Operations:</b>                       |         |     |          |     |         |     |       |
| Income from discontinued operations, net              | 14,452  |     | 31,142   |     | 17,468  |     | 272   |
| Provision for income taxes                            | (5,656) |     | (12,581) |     | (6,706) |     | (110) |
| Discontinued operations, net of applicable tax effect | 8,796   | 60  | 18,561   | 211 | 10,762  | 61  | 162   |
| Extraordinary Gain, Net of Applicable Tax Effect      | 573     |     |          |     | 573     |     |       |
| <b>Net Income</b>                                     | 150,981 | 120 | 120,928  | 80  | 196,506 | 118 | 1,059 |

**Note:** 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.

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

(For the Three Months Ended December 31, 2006 and 2007)

(Unaudited)

(millions of JPY, millions of US\$)

|   | Three Months<br>ended<br>December 31,<br>2006 | Year<br>-on-<br>year<br>Change<br>(%) | Three Months<br>ended<br>December 31,<br>2007 | Year<br>-on-<br>year<br>Change<br>(%) | U.S. dollars<br>Three Months<br>ended<br>December 31,<br>2007 |
|---|---|---------------------------------------|---|---------------------------------------|---|
| <b>Total Revenues :</b>   | 297,620                                       | 133                                   | 276,782                                       | 93                                    | 2,425   |
| Direct financing leases   | 21,770  | 91                                    | 19,355  | 89                                    | 169   |
| Operating leases  | 63,816  | 120                                   | 72,686  | 114                                   | 637   |
| Interest on loans and investment securities   | 51,460  | 126                                   | 57,482  | 112                                   | 504   |
| Brokerage commissions and net gains on investment securities  | 39,296  | 505                                   | 4,979   | 13                                    | 44  |
| Life insurance premiums and related investment income   | 30,431  | 102                                   | 29,024  | 95                                    | 254   |
| Real estate sales   | 11,350  | 51                                    | 17,746  | 156                                   | 155   |
| Gains on sales of real estate under operating leases  | 5,288   |                                       | 762   | 14                                    | 7   |
| Other operating revenues  | 74,209  | 159                                   | 74,748  | 101                                   | 655   |
| <b>Total Expenses :</b>   | 209,014                                       | 122                                   | 234,374                                       | 112                                   | 2,053   |
| Interest expense  | 21,130  | 142                                   | 27,328  | 129                                   | 239   |
| Costs of operating leases   | 43,009  | 127                                   | 47,202  | 110                                   | 413   |
| Life insurance costs  | 24,275  | 98                                    | 25,092  | 103                                   | 220   |
| Costs of real estate sales  | 9,983   | 55                                    | 14,902  | 149                                   | 131   |
| Other operating expenses  | 39,354  | 132                                   | 43,437  | 110                                   | 380   |
| Selling, general and administrative expenses  | 63,647  | 145                                   | 65,817  | 103                                   | 577   |
| Provision for doubtful receivables and probable loan losses   | 5,830   | 116                                   | 8,644   | 148                                   | 76  |
| Write-downs of long-lived assets  |   |                                       |   |                                       |   |
| Write-downs of securities   | 1,905   | 157                                   | 1,590   | 83                                    | 14  |
| Foreign currency transaction loss (gain), net   | (119)   | 24                                    | 362   |                                       | 3   |
| <b>Operating Income</b>   | 88,606  | 168                                   | 42,408  | 48                                    | 372   |
| Equity in Net Income of Affiliates  | 6,950   | 136                                   | 4,162   | 60                                    | 36  |
| Gains on Sales of Subsidiaries and Affiliates and Liquidation<br>Losses   | 7   | 1                                     | 2,534   |                                       | 22  |
| <b>Income before Income Taxes, Minority Interests in<br/>Earnings of Subsidiaries, Discontinued Operations and<br/>Extraordinary Gain</b> | 95,563  | 162                                   | 49,104  | 51                                    | 430   |
| Provision for Income Taxes  | 39,438  | 162                                   | 19,927  | 51                                    | 175   |
| <b>Income before Minority Interests in Earnings of<br/>Subsidiaries, Discontinued Operations and Extraordinary<br/>Gain</b>               | 56,125  | 162                                   | 29,177  | 52                                    | 255   |
| Minority Interests in Earnings of Subsidiaries, Net   | 1,623   | 510                                   | 1,135   | 70                                    | 10  |

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|   |         |     |        |    |     |
|---|---------|-----|--------|----|-----|
| <b>Income from Continuing Operations</b>                | 54,502  | 159 | 28,042 | 51 | 245 |
| <b>Discontinued Operations:</b>                         |         |     |        |    |     |
| Income from discontinued operations, net                | 8,376   |     | 1,326  |    | 12  |
| Provision for income taxes                              | (3,223) |     | (448)  |    | (4) |
| Discontinued operations, net of applicable tax effect   | 5,153   | 65  | 878    | 17 | 8   |
| <b>Extraordinary Gain, Net of Applicable Tax Effect</b> |         |     |        |    |     |
| <b>Net Income</b>                                       | 59,655  | 142 | 28,920 | 48 | 253 |

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

(As of December 31, 2006 and 2007, and March 31, 2007)

(Unaudited)

(millions of JPY, millions of US\$)

|   | December 31,<br>2006 | December 31,<br>2007 | March 31,<br>2007 | U.S. dollars<br>December 31,<br>2007 |
|---|----------------------|----------------------|-------------------|--------------------------------------|
| <b>Assets</b>   |                      |                      |                   |                                      |
| Cash and Cash Equivalents   | 126,782              | 247,595              | 215,163           | 2,169                                |
| Restricted Cash   | 127,383              | 173,873              | 121,569           | 1,523                                |
| Time Deposits   | 946                  | 3,328                | 913               | 29                                   |
| Investment in Direct Financing Leases   | 1,343,413            | 1,197,444            | 1,258,404         | 10,490                               |
| Installment Loans   | 3,341,163            | 3,881,360            | 3,490,326         | 34,002                               |
| Allowance for Doubtful Receivables on Direct Financing Leases and Probable<br>Loan Losses | (91,835)             | (100,251)            | (89,508)          | (878)                                |
| Investment in Operating Leases  | 816,050              | 1,013,559            | 862,049           | 8,879                                |
| Investment in Securities  | 773,546              | 1,125,532            | 875,581           | 9,860                                |
| Other Operating Assets  | 142,337              | 184,481              | 152,106           | 1,616                                |
| Investment in Affiliates  | 359,849              | 315,889              | 367,762           | 2,767                                |
| Other Receivables   | 193,909              | 257,948              | 212,324           | 2,260                                |
| Inventories   | 175,483              | 242,456              | 216,150           | 2,124                                |
| Prepaid Expenses  | 46,542               | 60,039               | 54,855            | 526                                  |
| Office Facilities   | 90,245               | 90,876               | 90,682            | 796                                  |
| Other Assets  | 356,732              | 420,797              | 378,811           | 3,687                                |
| <b>Total Assets</b>   | <b>7,802,545</b>     | <b>9,114,926</b>     | <b>8,207,187</b>  | <b>79,850</b>                        |
| <b>Liabilities and Shareholders Equity</b>  |                      |                      |                   |                                      |
| Short-Term Debt   | 1,112,673            | 1,564,928            | 1,174,391         | 13,709                               |
| Deposits  | 390,681              | 460,773              | 446,474           | 4,036                                |
| Trade Notes, Accounts Payable and Other Liabilities                                       | 353,538              | 423,334              | 381,110           | 3,709                                |
| Accrued Expenses  | 88,272               | 91,924               | 122,202           | 805                                  |
| Policy Liabilities  | 488,130              | 485,814              | 491,946           | 4,256                                |
| Current and Deferred Income Taxes   | 302,943              | 255,566              | 320,412           | 2,239                                |
| Security Deposits   | 162,970              | 173,251              | 174,196           | 1,518                                |
| Long-Term Debt  | 3,728,298            | 4,349,010            | 3,863,057         | 38,099                               |
| <b>Total Liabilities</b>  | <b>6,627,505</b>     | <b>7,804,600</b>     | <b>6,973,788</b>  | <b>68,371</b>                        |
| <b>Minority Interests</b>   | <b>37,288</b>        | <b>43,432</b>        | <b>39,165</b>     | <b>381</b>                           |
| Common Stock  | 90,992               | 102,066              | 98,755            | 894                                  |
| Additional Paid-in Capital  | 112,292              | 134,655              | 119,402           | 1,180                                |
| Retained Earnings:  |                      |                      |                   |                                      |
| Legal reserve   | 2,220                | 2,220                | 2,220             | 19                                   |
| Retained earnings   | 876,275              | 1,032,539            | 921,823           | 9,045                                |
| Accumulated Other Comprehensive Income  | 59,584               | 29,086               | 55,253            | 255                                  |
| Treasury Stock, at Cost   | (3,611)              | (33,672)             | (3,219)           | (295)                                |
| <b>Total Shareholders Equity</b>  | <b>1,137,752</b>     | <b>1,266,894</b>     | <b>1,194,234</b>  | <b>11,098</b>                        |

|  |           |           |           |        |
|--|-----------|-----------|-----------|--------|
| <b>Total Liabilities and Shareholders Equity</b> | 7,802,545 | 9,114,926 | 8,207,187 | 79,850 |
|--|-----------|-----------|-----------|--------|

|  | December 31,<br>2006 | December 31,<br>2007 | March 31,<br>2007 | U.S. dollars<br>December 31,<br>2007 |
|--|----------------------|----------------------|-------------------|--------------------------------------|
| <b>Note : Accumulated Other Comprehensive Income</b> |                      |                      |                   |                                      |
| Net unrealized gains on investment in securities     | 80,101               | 52,839               | 72,994            | 463                                  |
| Defined benefit pension plans                        |                      | 3,051                | 3,604             | 27                                   |
| Minimum pension liability adjustments                | (621)                |                      |                   |                                      |
| Foreign currency translation adjustments             | (22,053)             | (29,375)             | (22,620)          | (257)                                |
| Net unrealized gains on derivative instruments       | 2,157                | 2,571                | 1,275             | 22                                   |
|  | 59,584               | 29,086               | 55,253            | 255                                  |

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

(For the Nine Months Ended December 31, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

(millions of JPY, millions of US\$)

|  | Nine Months<br>ended<br>December 31,<br>2006 | Nine Months<br>ended<br>December 31,<br>2007 | Year<br>ended<br>March 31,<br>2007 | U.S. dollars<br>Nine Months<br>ended<br>December 31,<br>2007 |
|--|--|--|------------------------------------|--|
| <b>Common Stock:</b>   |  |  |                                    |  |
| Beginning balance  | 88,458                                       | 98,755                                       | 88,458                             | 865  |
| Exercise of warrants and stock acquisition rights                | 1,504  | 950  | 2,259                              | 8  |
| Conversion of convertible bond                                   | 1,030  | 2,361  | 8,038                              | 21   |
| Ending balance   | 90,992                                       | 102,066                                      | 98,755                             | 894  |
| <b>Additional Paid-in Capital:</b>                               |  |  |                                    |  |
| Beginning balance  | 106,729                                      | 119,402                                      | 106,729                            | 1,046  |
| Exercise of warrants, stock acquisition rights and stock options | 1,502  | 947  | 2,257                              | 8  |
| Conversion of convertible bond                                   | 945  | 1,848  | 6,250                              | 16   |
| Stock-based compensation   | 2,681  | 1,700  | 3,515                              | 15   |
| Share swap merger  |  | 10,215                                       |                                    | 90   |
| Other, net   | 435  | 543  | 651                                | 5  |
| Ending balance   | 112,292                                      | 134,655                                      | 119,402                            | 1,180  |
| <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  | 733,386                                      | 921,823                                      | 733,386                            | 8,076  |
| Cash dividends   | (8,092)                                      | (11,863)                                     | (8,092)                            | (104)  |
| Net income   | 150,981                                      | 120,928                                      | 196,506                            | 1,059  |
| Capital transactions of equity-method investee                   |  | 1,641  |                                    | 14   |
| Other, net   |  | 10   | 23                                 | 0  |
| Ending balance   | 876,275                                      | 1,032,539                                    | 921,823                            | 9,045  |
| <b>Accumulated Other Comprehensive Income:</b>                   |  |  |                                    |  |
| Beginning balance  | 27,603                                       | 55,253                                       | 27,603                             | 484  |
| Net change of unrealized gains on investment in securities       | 29,245                                       | (20,155)                                     | 22,138                             | (176)  |
| Defined benefit pension plans                                    |  | (553)  |                                    | (5)  |
| Net change of minimum pension liability adjustments              | 11   |  | (5)                                |  |
| Adjustment to initially apply FASB Statement No. 158             |  |  | 4,241                              |  |
| Net change of foreign currency translation adjustments           | 4,079  | (6,755)                                      | 3,512                              | (59)   |
| Net change of unrealized gains on derivative instruments         | (1,354)                                      | 1,296  | (2,236)                            | 11   |
| Ending balance   | 59,584                                       | 29,086                                       | 55,253                             | 255  |



| <b>Treasury Stock:</b>                  |           |           |           |        |
|---|-----------|-----------|-----------|--------|
| Beginning balance                       | (4,750)   | (3,219)   | (4,750)   | (28)   |
| Exercise of stock options               | 1,142     | 151       | 1,518     | 1      |
| Acquisition of treasury stock           |           | (30,000)  |           | (263)  |
| Other, net                              | (3)       | (604)     | 13        | (5)    |
| Ending balance                          | (3,611)   | (33,672)  | (3,219)   | (295)  |
| <b>Total Shareholders Equity:</b>       |           |           |           |        |
| Beginning balance                       | 953,646   | 1,194,234 | 953,646   | 10,462 |
| Increase, net                           | 184,106   | 72,660    | 240,588   | 636    |
| Ending balance                          | 1,137,752 | 1,266,894 | 1,194,234 | 11,098 |
| <b>Summary of Comprehensive Income:</b> |           |           |           |        |
| Net income                              | 150,981   | 120,928   | 196,506   | 1,059  |
| Other comprehensive income (loss)       | 31,981    | (26,167)  | 23,409    | (229)  |
| Comprehensive income                    | 182,962   | 94,761    | 219,915   | 830    |

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

(For the Nine Months Ended December 31, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

|  | (millions of JPY, millions of US\$)          |  |                                 |  |
|--|--|--|---------------------------------|--|
|  | Nine Months<br>ended<br>December 31,<br>2006 | Nine Months<br>ended<br>December 31,<br>2007 | Year ended<br>March 31,<br>2007 | U.S. dollars<br>Nine Months<br>ended<br>December 31,<br>2007 |
| <b>Cash Flows from Operating Activities:</b>   |  |  |                                 |  |
| Net income   | 150,981                                      | 120,928                                      | 196,506                         | 1,059  |
| Adjustments to reconcile net income to net cash provided by operating activities:      |  |  |                                 |  |
| Depreciation and amortization  | 110,822                                      | 123,812                                      | 152,441                         | 1,085  |
| Provision for doubtful receivables and probable loan losses                            | 9,387  | 22,776                                       | 13,798                          | 199  |
| Decrease in policy liabilities   | (15,578)                                     | (6,132)                                      | (11,762)                        | (54)   |
| Gains from securitization transactions   | (3,643)                                      | (1,839)                                      | (7,762)                         | (16)   |
| Equity in net income of affiliates   | (21,967)                                     | (28,682)                                     | (31,946)                        | (251)  |
| Gains on sales of subsidiaries and affiliates and liquidation losses                   | (1,163)                                      | (8,589)                                      | (1,962)                         | (75)   |
| Extraordinary gain   | (573)  |  | (573)                           |  |
| Minority interests in earnings of subsidiaries, net                                    | 3,376  | 3,477  | 4,858                           | 30   |
| Gains on sales of available-for-sale securities  | (41,609)                                     | (4,236)                                      | (49,262)                        | (37)   |
| Gains on sales of real estate under operating leases                                   | (17,468)                                     | (6,601)                                      | (22,958)                        | (58)   |
| Gains on sales of operating lease assets other than real estate                        | (10,061)                                     | (12,295)                                     | (12,105)                        | (108)  |
| Write-downs of long-lived assets   | 405  |  | 1,027                           |  |
| Write-downs of securities  | 4,047  | 5,347  | 5,592                           | 47   |
| Decrease (increase) in restricted cash   | 45,491                                       | (52,506)                                     | 51,299                          | (460)  |
| Increase in loans held for sale  |  | (17,577)                                     | (52,811)                        | (154)  |
| Decrease in trading securities   | 11,776                                       | 178  | 11,248                          | 2  |
| Increase in inventories  | (46,530)                                     | (26,212)                                     | (85,899)                        | (230)  |
| Increase in prepaid expenses   | (5,478)                                      | (5,064)                                      | (13,708)                        | (44)   |
| Increase (decrease) accrued expenses   | (4,226)                                      | (30,884)                                     | 36,594                          | (271)  |
| Increase (decrease) in security deposits   | 10,198                                       | (1,365)                                      | 21,182                          | (12)   |
| Other, net   | (14,473)                                     | (43,542)                                     | 22,331                          | (380)  |
| <b>Net cash provided by operating activities</b>                                       | <b>163,714</b>                               | <b>30,994</b>                                | <b>226,128</b>                  | <b>272</b>   |
| <b>Cash Flows from Investing Activities:</b>   |  |  |                                 |  |
| Purchases of lease equipment   | (776,535)                                    | (804,369)                                    | (1,031,591)                     | (7,047)  |
| Principal payments received under direct financing leases                              | 473,473                                      | 403,344                                      | 610,780                         | 3,533  |
| Net proceeds from securitization of lease receivables, loan receivables and securities | 139,812                                      | 102,444                                      | 275,998                         | 897  |
| Installment loans made to customers  | (1,575,556)                                  | (1,721,857)                                  | (2,173,322)                     | (15,084)   |
| Principal collected on installment loans   | 1,125,270                                    | 1,310,266                                    | 1,554,422                       | 11,478   |
| Proceeds from sales of operating lease assets  | 122,364                                      | 153,435                                      | 158,396                         | 1,344  |
| Investment in affiliates, net  | (1,902)                                      | (26,082)                                     | (6,000)                         | (228)  |
| Proceeds from sales of investment in affiliates  | 6,102  | 84,682                                       | 7,905                           | 742  |
| Purchases of available-for-sale securities   | (117,237)                                    | (384,733)                                    | (254,044)                       | (3,370)  |
| Proceeds from sales of available-for-sale securities                                   | 73,197                                       | 47,119                                       | 105,829                         | 413  |
| Proceeds from redemption of available-for-sale securities                              | 24,942                                       | 102,832                                      | 39,252                          | 901  |
| Purchases of other securities  | (52,770)                                     | (75,430)                                     | (76,710)                        | (661)  |
| Proceeds from sales of other securities  | 60,597                                       | 31,569                                       | 73,316                          | 277  |

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|   |             |             |             |          |
|---|-------------|-------------|-------------|----------|
| Purchases of other operating assets                                     | (33,575)    | (28,562)    | (50,238)    | (250)    |
| Acquisitions of subsidiaries, net of cash acquired                      | (18,235)    | (6,476)     | (19,270)    | (57)     |
| Sales of subsidiaries, net of cash disposed                             | 3,019       |             | 3,019       |          |
| Other, net  | (14,629)    | (27,718)    | (20,020)    | (243)    |
| Net cash used in investing activities                                   | (561,663)   | (839,536)   | (802,278)   | (7,355)  |
| <b>Cash Flows from Financing Activities:</b>                            |             |             |             |          |
| Net increase (decrease) in debt with maturities of three months or less | (177,807)   | 156,619     | (111,360)   | 1,372    |
| Proceeds from debt with maturities longer than three months             | 1,738,128   | 2,123,172   | 2,230,830   | 18,600   |
| Repayment of debt with maturities longer than three months              | (1,321,091) | (1,431,837) | (1,655,581) | (12,543) |
| Net increase (decrease) in deposits due to customers                    | 37,366      | 14,362      | 93,175      | 126      |
| Issuance of common stock  | 3,006       | 1,897       | 4,516       | 16       |
| Dividends paid  | (8,092)     | (11,863)    | (8,092)     | (104)    |
| Net increase (decrease) in call money                                   | 5,600       | 20,000      | (10,000)    | 175      |
| Other, net  | 1,141       | (30,554)    | 1,526       | (268)    |
| Net cash provided by financing activities                               | 278,251     | 841,796     | 545,014     | 7,374    |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents            | 624         | (822)       | 443         | (7)      |
| Net Increase (Decrease) in Cash and Cash Equivalents                    | (119,074)   | 32,432      | (30,693)    | 284      |
| Cash and Cash Equivalents at Beginning of Period                        | 245,856     | 215,163     | 245,856     | 1,885    |
| Cash and Cash Equivalents at End of Period                              | 126,782     | 247,595     | 215,163     | 2,169    |

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

(For the Nine Months Ended December 31, 2006 and 2007, and the Year Ended March 31, 2007)

(Unaudited)

(millions of JPY, millions of US\$)

|   | Nine Months ended December 31, 2006 |                 |                  | Nine Months ended December 31, 2007 |                 |                  | Year ended March 31, 2007 |                 |                  |
|---|-------------------------------------|-----------------|------------------|-------------------------------------|-----------------|------------------|---------------------------|-----------------|------------------|
|   | 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                                      | 89,071                              | 42,998          | 1,809,285        | 98,825                              | 25,788          | 2,061,383        | 123,328                   | 58,231          | 1,861,403        |
| Automobile Operations   | 109,140                             | 19,741          | 512,987          | 116,752                             | 18,318          | 519,937          | 146,966                   | 28,224          | 510,805          |
| Rental Operations   | 49,446                              | 6,328           | 120,826          | 57,434                              | 8,890           | 122,823          | 67,859                    | 10,869          | 121,621          |
| Real Estate-Related Finance                                       | 57,988                              | 30,685          | 1,398,997        | 65,996                              | 29,614          | 1,924,709        | 82,345                    | 44,682          | 1,517,927        |
| Real Estate   | 194,949                             | 41,958          | 816,148          | 188,132                             | 44,338          | 998,426          | 245,336                   | 51,236          | 901,237          |
| Life Insurance  | 93,621                              | 7,222           | 512,622          | 92,775                              | 4,947           | 505,071          | 132,060                   | 9,921           | 511,051          |
| Other   | 117,400                             | 58,443          | 747,418          | 87,609                              | 24,444          | 764,577          | 145,443                   | 60,387          | 773,595          |
| <b>Sub-Total</b>  | <b>711,615</b>                      | <b>207,375</b>  | <b>5,918,283</b> | <b>707,523</b>                      | <b>156,339</b>  | <b>6,896,926</b> | <b>943,337</b>            | <b>263,550</b>  | <b>6,197,639</b> |
| <b>Overseas Operations</b>  |                                     |                 |                  |                                     |                 |                  |                           |                 |                  |
| The Americas  | 85,830                              | 23,905          | 494,359          | 78,013                              | 15,001          | 525,962          | 119,940                   | 31,315          | 487,900          |
| Asia, Oceania and Europe  | 76,523                              | 29,230          | 615,064          | 95,700                              | 36,984          | 637,369          | 103,593                   | 37,763          | 625,036          |
| <b>Sub-Total</b>  | <b>162,353</b>                      | <b>53,135</b>   | <b>1,109,423</b> | <b>173,713</b>                      | <b>51,985</b>   | <b>1,163,331</b> | <b>223,533</b>            | <b>69,078</b>   | <b>1,112,936</b> |
| <b>Segment Total</b>  | <b>873,968</b>                      | <b>260,510</b>  | <b>7,027,706</b> | <b>881,236</b>                      | <b>208,324</b>  | <b>8,060,257</b> | <b>1,166,870</b>          | <b>332,628</b>  | <b>7,310,575</b> |
| <b>Difference between Segment Totals and Consolidated Amounts</b> | <b>(25,872)</b>                     | <b>(14,173)</b> | <b>774,839</b>   | <b>(37,072)</b>                     | <b>(30,754)</b> | <b>1,054,669</b> | <b>(28,691)</b>           | <b>(16,023)</b> | <b>896,612</b>   |
| <b>Consolidated Amounts</b>                                       | <b>848,096</b>                      | <b>246,337</b>  | <b>7,802,545</b> | <b>844,164</b>                      | <b>177,570</b>  | <b>9,114,926</b> | <b>1,138,179</b>          | <b>316,605</b>  | <b>8,207,187</b> |

|                              | U.S. dollars  |                 |                |
|------------------------------|---|-----------------|----------------|
|                              | Nine Months ended December 31, 2007<br>Segment Revenues | Segment Profits | Segment Assets |
| <b>Operations in Japan</b>   |   |                 |                |
| Corporate Financial Services | 866   | 226             | 18,058         |
| Automobile Operations        | 1,023   | 161             | 4,555          |
| Rental Operations            | 503   | 78              | 1,076          |
| Real Estate-Related Finance  | 578   | 260             | 16,861         |
| Real Estate                  | 1,648   | 388             | 8,747          |
| Life Insurance               | 813   | 43              | 4,425          |
| Other                        | 767   | 214             | 6,698          |
| <b>Sub-Total</b>             | <b>6,198</b>  | <b>1,370</b>    | <b>60,420</b>  |
| <b>Overseas Operations</b>   |   |                 |                |
| The Americas                 | 684   | 131             | 4,608          |

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|   |              |              |               |
|---|--------------|--------------|---------------|
| Asia, Oceania and Europe  | 838          | 324          | 5,583         |
| <b>Sub-Total</b>  | <b>1,522</b> | <b>455</b>   | <b>10,191</b> |
| <b>Segment Total</b>  | <b>7,720</b> | <b>1,825</b> | <b>70,611</b> |
| <b>Difference between Segment Totals and Consolidated Amounts</b> | <b>(325)</b> | <b>(270)</b> | <b>9,239</b>  |
| <b>Consolidated Amounts</b>                                       | <b>7,395</b> | <b>1,555</b> | <b>79,850</b> |

- Notes:**
1. The results of the reported segments from the first quarter of this fiscal year reflect the revised business classification of the Company. Accordingly, leasing operations of the affiliates, which had been included in the Other segment, have been included in the Corporate Financial Services segment from the first quarter of this fiscal year. Therefore, certain related amounts that had been previously reported are reclassified.
  2. The Company evaluates the performance of its segments based on income before income taxes as well as results of discontinued operations before applicable tax effect and minority interests in earnings of subsidiaries. Tax expenses are not included in segment profits.

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