ORIX CORP
Form 424B3
April 20, 2011
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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the companying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(3)

Registration Number 333-160410

SUBJECT TO COMPLETION, DATED APRIL 19, 2011

PRELIMINARY PROSPECTUS SUPPLEMENT

(To prospectus dated July 2, 2009)

ORIX CORPORATION

US$

5.00% Notes Due 2016

On January 12, 2011, we issued US$400,000,000 aggregate principal amount of 5.00% notes due 2016, or the original notes. The notes offered under this prospectus supplement, or the notes, will have the same terms as the original notes other than the price to public and will form part of the same series and trade freely with the original notes. The notes are a further issuance of the original notes.

We will pay interest on the notes on January 12 and July 12 of each year, beginning on July 12, 2011. The notes will mature on January 12, 2016. The notes will not be redeemable prior to maturity, except as set forth under Description of Notes Optional Tax Redemption in this prospectus supplement, and will not be subject to any sinking fund.

The notes will be issued only in registered form in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. The notes are not and will not be listed on any securities exchange.

Investing in the notes involves risks. You should carefully consider the risk factors set forth in the section entitled Risk Factors in Item 3 of our most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission and in the Risk Factors section beginning on page S-12 of this prospectus supplement before making any decision to invest in the notes.

	Per Note	Total
Public offering price[(1)]	%	$
Underwriting discount	%	$
Proceeds, before expenses, to ORIX[(1)]	%	$

(1) Plus accrued interest from January 12, 2011. The total amount of accrued interest on April , 2011 will be $ per US$1,000 principal amount of the notes.

Neither the U.S. Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the related prospectus. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form through the book-entry delivery system of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V., on or about April , 2011.

Joint Book-Running Managers

BofA Merrill Lynch **Morgan Stanley** **UBS Investment Bank**

Nomura **Citi**

The date of this prospectus supplement is April , 2011.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of the offering of the notes and also adds to, updates and changes information contained in the base prospectus filed with the SEC dated July 2, 2009, and the documents incorporated by reference in this prospectus supplement. The second part is the above-mentioned base prospectus, to which we refer as the accompanying prospectus. The accompanying prospectus contains a description of the senior debt securities and gives more general information, some of which may not apply to the notes. If the description of the notes in this prospectus supplement differs from the description in the accompanying prospectus, the description in this prospectus supplement supersedes the description in the accompanying prospectus.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. Incorporated by reference means that we can disclose important information to you by referring you to another document filed separately with the SEC. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of each of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless the context otherwise requires, references in this prospectus supplement to ORIX refer to ORIX Corporation and to we, us, our, ORIX Group and similar terms refer to ORIX Corporation and its subsidiaries, taken as a whole. We use the word you to refer to prospective investors in the notes.

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. Unless otherwise stated or the context otherwise requires, all amounts in such financial statements are expressed in Japanese yen.

In this prospectus supplement, when we refer to dollars, US$ and $, we mean U.S. dollars, and when we refer to yen and ¥, we mean Japane yen. This prospectus supplement contains a translation of some Japanese yen amounts into U.S. dollars solely for your convenience.

Certain monetary amounts, ratios and percentage data included in this prospectus supplement have been subject to rounding adjustments for the convenience of the reader. Accordingly, figures shown as totals in certain tables may not be equal to the arithmetic sums of the figures which precede them.

Representation of Gross Recipient Status upon Initial Distribution

By subscribing for the notes, an investor will be deemed to have represented that it is a Gross Recipient. A Gross Recipient for this purpose is (i) a beneficial owner that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with the issuer of the notes as described in Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended), or the Act on Special Measures Concerning Taxation, (ii) a Japanese financial institution, designated in Article 3-2-2, paragraph (29) of the Cabinet Order relating to the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957, as amended), or the Cabinet Order, that will hold notes for its own proprietary account or (iii) an individual resident of Japan or a Japanese corporation whose receipt of interest on the notes will be made through a payment handling agent in Japan as defined in Article 2-2, paragraph (2) of the Cabinet Order. As part of the initial distribution by the underwriters at any time, the notes are not to be directly or indirectly offered or sold to, or for the benefit of, any person other than a Gross Recipient or to others for re-offering or re-sale, directly or indirectly, to, or for the benefit of, any person other than a Gross Recipient.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement contains statements that constitute forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Words such as believe, will, should, expect, intend, anticipate, estimate and expressions identify forward-looking statements. Forward-looking statements, which include statements contained in Item 5. Operating and Financial Review and Prospects and Item 11. Quantitative and Qualitative Disclosures About Market Risk of our annual report on Form 20-F for the fiscal year ended March 31, 2010, as well as statements contained in our report on Form 6-K furnished to the SEC on February 10, 2011, are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those set forth in such statements.

We have identified some of the risks inherent in forward-looking statements in Item 3. Key Information Risk Factors of our most recent annual report on Form 20-F and in the Risk Factors section of this prospectus supplement. Other factors could also adversely affect our results or the accuracy of forward-looking statements in this prospectus supplement, and you should not consider the factors discussed here or in Item 3. Key Information Risk Factors of our most recent annual report on Form 20-F to be a complete set of all potential risks or uncertainties.

The forward-looking statements made or incorporated by reference in this prospectus supplement speak only as of the date of this prospectus supplement or the incorporated document, as applicable. We expressly disclaim any obligation or undertaking to release any update or revision to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights key information described in greater detail elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. You should read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference before making an investment decision.

ORIX CORPORATION

Overview

ORIX Corporation is a joint stock corporation (*kabushiki kaisha*) formed under Japanese law. Founded in 1964 in Osaka, Japan as Orient Leasing Co., Ltd., we have grown over the succeeding decades from a leasing base to become one of Japan s leading financial service companies, providing a broad range of commercial and consumer finance products and services to Japanese and overseas customers. Our primary business segments are:

Corporate Financial Services. Through a nationwide network of 64 offices, we provide capital through loans and leasing for capital investment and other needs to our core customer base of domestic small and medium enterprises, or SMEs. In order to maximize synergies, this segment also functions as a central point of contact for our entire corporate group in responding to customer needs met by other segments, including business succession and overseas business development.

Maintenance Leasing. Our Maintenance Leasing segment consists of automobile leasing and rental operations as well as our equipment rental business. Our automobile operations started by offering to corporate clients leases that included maintenance services, and today we provide a complete range of specialized vehicle management outsourcing services. We also offer a wide range of services to address the vehicle needs of both corporate and individual clients. Our equipment rental operations cover a broad range of services, including rental of IT-related equipment and precision measuring equipment, technical support, calibration and asset management.

Real Estate. Our Real Estate segment encompasses a broad range of activities, including the development and leasing of properties such as office buildings and commercial facilities; the development of residential condominium developments; the development and operation of hotels, golf courses, training facilities and senior housing; and asset management and administration, including Japanese real estate investment trusts (REITs). In addition, the real estate finance business, which was previously included in the Investment Banking segment, was transferred to the Real Estate segment beginning in the three months ended December 31, 2010 in order to consolidate management with the Real Estate Headquarters for improved operational efficiency.

Investment Banking. This segment consists principally of our investment banking business, including the following operations: venture capital business; loan servicing business that invests in non-performing loans and engages in commercial mortgage-backed securities (CMBS) management and collection; principal investment business; securitization business; and mergers and acquisitions and financial advisory business.

Retail. In this segment, we primarily serve our individual customers. Our operations include: our trust and banking services through ORIX Trust and Banking; our card loan business, which is managed through an alliance with Sumitomo Mitsui Banking Corporation started in 2009; our life insurance business through which we offer a variety of insurance products through representative and mail-order sales; and our securities business, which focuses on online securities brokerage, managed through an alliance with Monex Group formed in early 2010.

Overseas Business. Since expanding into Hong Kong in 1971, we have built an extensive overseas network spanning 27 countries and regions including the United States, Asia and the Pacific, the

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Middle East, North Africa and Europe. In the United States, we are engaged in investment and financing operations, such as corporate finance, investment in securities and investment banking operations, including advisory services in the areas of mergers and acquisitions, corporate financial restructuring and enterprise valuation. Recently, we have expanded our U.S. operations through an investment in RED Capital Group, a real estate loan structuring and servicing company, and an acquisition of a majority interest in Mariner Investment Group, a hedge fund management company. In Asia, Oceania, the Middle East and Europe, we focus on leasing, lending and other financial services that are closely tied to the local communities.

We had total revenues of ¥919,752 million and net income attributable to ORIX Corporation of ¥37,757 million for the fiscal year ended March 31, 2010, and total revenues of ¥706,186 million and net income attributable to ORIX Corporation of ¥50,798 million for the nine months ended December 31, 2010. Our total assets at March 31, 2010 and at December 31, 2010 were ¥7,739,800 million and ¥8,529,358 million, respectively. Net income attributable to ORIX Corporation as a percentage of average total assets based on period-end balances was 0.47% for the fiscal year ended March 31, 2010, and 0.83% for the nine months ended December 31, 2010 on a consolidated annualized basis.

Company Information

Our head office is located at Mita NN Building, 4-1-23 Shiba, Minato-ku, Tokyo 108-0014, Japan. Our telephone number is +81-3-5419-5112. Our website is found at www.orix.co.jp. The information on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus.

RECENT DEVELOPMENTS

Overview

Beginning in the fiscal year ended March 31, 2010 and continuing during the first nine months of the fiscal year ended March 31, 2011, we took steps to position ourselves for strong performance in the next growth cycle with the view that the worst of the global financial crisis was behind us. We believe we have been able to maintain a stable business performance owing to the following strengths:

Business diversification: We have sought to minimize risks by maintaining a well-diversified business portfolio across our six operating segments. Each of our business segments has a different risk profile, which mitigates adverse effects from the changing business environment and helps to stabilize profitability on a group-wide basis. Our diversified asset portfolio, together with allocating management resources based on management strategy and risk weight, has contributed to our 45 years of continuous profitability. All six of our business segments achieved profitability in each of the three quarters through December 31, 2010. During the nine months ended December 31, 2010, the Retail segment had gains in insurance-related investment income and the Corporate Financial Services segment benefited from a decrease in provisions for doubtful receivables and probable loan losses and increased fee revenues. In the Overseas Business segment, local subsidiaries in Asia continued to perform well and in the United States our interest in Red Capital Group also contributed to segment profit. In particular, our Overseas Business segment accounted for the largest share of our aggregate segment profit for the nine months ended December 31, 2010. Going forward, within our highly profitable, high-growth Overseas Business segment, we intend to increase the pace of our investments in Asia.

Financial soundness: Our debt-to-equity ratio has decreased due to controlled asset reductions and the completion of a global equity offering in July 2009, which raised net proceeds of approximately ¥83 billion. Our debt-to-equity ratio, measured as non-deposit interest-bearing debt (measured as short-term debt plus long-term debt, excluding deposits) divided by ORIX Corporation shareholders equity,

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was 4.5x as of March 31, 2009, 3.4x as of March 31, 2010, and 3.9x as of December 31, 2010 (due to the application of new accounting standards regarding the consolidation of variable interest entities, or VIEs, effective April 1, 2010). On an adjusted basis, which (a) excludes payables under securitized leases, loan receivables and investment in securities and (b) for December 31, 2010, reverses the cumulative effect on our retained earnings of applying the new accounting standards for the consolidation of VIEs under the Financial Accounting Standard Board s, or FASB s, Accounting Standards Update 2009-16 (FASB Accounting Standards Codification 860 (Transfers and Servicing)), or ASU 2009-16, and Accounting Standards Update 2009-17 (FASB Accounting Standards Codification 810 (Consolidation)), or ASU 2009-17, effective April 1, 2010, our debt-to-equity ratio was 4.2x, 3.2x and 3.0x as of March 31, 2009, March 31, 2010 and December 31, 2010, respectively. For more information about our adjusted debt-to-equity ratio, see Non-GAAP Financial Measures below.

In addition, ORIX Corporation shareholders equity ratio, measured as ORIX Corporation shareholders equity divided by total assets, was 13.9% as of March 31, 2009, 16.8% as of March 31, 2010, and 15.2% as of December 31, 2010 (due to the application of new accounting standards regarding the consolidation of VIEs, effective April 1, 2010). On an adjusted basis, which (a) excludes payables under securitized leases, loan receivables and investment in securities from total assets and (b) for December 31, 2010, reverses the cumulative effect on our retained earnings of applying the new accounting standards for the consolidation of VIEs, ORIX Corporation shareholders equity ratio was 14.6%, 17.2% and 17.6% as of March 31, 2009, March 31, 2010 and December 31, 2010, respectively. For more information about our adjusted ORIX Corporation shareholders equity ratio, see Non-GAAP Financial Measures below.

The foregoing trends in our debt-to-equity and ORIX Corporation shareholders equity ratios have generally been continuing for the past 10 years with only minor and temporary annual trend reversals coinciding with the recent financial crisis.

Funding Structure

We have been improving our balance sheet since the global financial crisis. After the worst of the financial crisis, we have since continued to focus on strengthening our funding structure through:

Diversified funding: To maintain our financial stability, we reduced our non-deposit interest-bearing debt and total assets and also strengthened our funding structure by maintaining diverse funding methods, retaining excess liquidity and increasing our long-term debt ratio. We reduced our non-deposit interest-bearing debt from ¥5,252 billion as of March 31, 2009 to ¥4,410 billion as of March 31, 2010. As of December 31, 2010, our non-deposit interest-bearing debt increased to ¥5,065 billion due to the application of new accounting standards regarding the consolidation of VIEs under ASU 2009-16 and ASU 2009-17. On an adjusted basis, which excludes payables under securitized leases, loan receivables and investment in securities, the amount of our non-deposit interest-bearing debt was ¥4,893 billion, ¥4,208 billion and ¥4,019 billion as of March 31, 2009, March 31, 2010 and December 31, 2010, respectively. For more information about our adjusted non-deposit interest-bearing debt, see Non-GAAP Financial Measures below.

Our funding consists mainly of borrowings from financial institutions and funding from capital markets and deposits. We borrow from a diverse range of financial institutions, including major Japanese banks, regional Japanese banks, foreign banks and life and casualty insurance companies, consisting of over 200 institutions. Funding from the capital markets includes the issuance of straight bonds, medium-term notes (MTNs), unsecured convertible bonds and commercial paper. As of December 31, 2010, 39.4% of our total interest-bearing debt (measured as short-term debt plus long-term debt and deposits) was borrowings from financial institutions, 23.4% was bonds and MTNs, 3.2% was commercial paper, 17.2% was payables under securitized leases, loan receivables and investment in securities and 16.8%

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was deposits. On an adjusted basis, which excludes payables under securitized leases, loan receivables and investment in securities, as of December 31, 2010, 47.6% of our total interest-bearing debt was borrowings from financial institutions, 28.2% was bonds and MTNs, 3.8% was commercial paper and 20.3% was deposits. We have historically maintained a ratio of approximately 50% direct funding and 50% indirect funding. Our diverse funding structure has led to a stable average cost of funding (measured as interest expense divided by average balance of non-deposit interest bearing debt) over the past two years. For the nine months ended December 31, 2010, our average cost of funding was 1.47% in Japan and 4.57% overseas, each on an annualized basis. On an adjusted basis, which excludes payables under securitized leases, loan receivables and investment in securities, our average cost of funding for the nine months ended December 31, 2010 was 1.47% in Japan and 3.19% overseas, each on an annualized basis. For more information about our average funding costs and funding procurement on an adjusted basis, see Non-GAAP Financial Measures below.

To take advantage of overseas business growth potential, particularly in Asia, we intend to strengthen our overseas funding capability, in part by increasing the percentage of our overseas fund procurement. We completed overseas dollar-denominated bond offerings in April 2010 and January 2011. In addition, in March 2011 we issued renminbi-denominated unsecured notes in Hong Kong, becoming the first Japanese company to do so.

Continued pursuit of longer maturities: We focused on increasing our long-term debt ratio while reducing commercial paper. We increased our long-term debt ratio (measured as long-term debt divided by non-deposit interest bearing debt) from 77% as of March 31, 2008 to 87% as of March 31, 2010. As of December 31, 2010, our long-term debt ratio was 90% due to the application of new accounting standards regarding the consolidation of VIEs, effective April 1, 2010. On an adjusted basis, which excludes payables under securitized leases, loan receivables and investment in securities, our long-term debt ratio was 75%, 86% and 88% as of March 31, 2008, March 31, 2010 and December 31, 2010, respectively. For more information about our adjusted long-term debt ratio, see Non-GAAP Financial Measures below.

In terms of capital market funding, during the fiscal year ended March 31, 2011 through the date of this prospectus supplement, we have publicly issued approximately ¥420 billion in corporate bonds, including 7-, 9- and 10-year straight bonds offered in Japan, and $1.15 billion in SEC-registered U.S. dollar-denominated bonds, and have redeemed approximately ¥353 billion of outstanding bonds.

Well-managed liquidity: We continued to focus on improving our liquidity position to establish a buffer against uncertain market environments. We implemented measures to retain excess liquidity and decrease short-term liquidity risks, such as increasing our cash and available committed credit facilities. As of December 31, 2010, our aggregate balance of cash and cash equivalents, time deposits and available amount of committed credit facilities was ¥1,044 billion, as compared to ¥731 billion as of March 31, 2009 and ¥1,026 billion as of March 31, 2010. This increase, together with the decrease in our adjusted non-deposit interest bearing debt, has led to an improved liquidity coverage ratio (measured as cash and cash equivalents, time deposits and available amount of committed credit facilities divided by adjusted non-deposit interest bearing debt) at December 31, 2010, as compared to March 31, 2009 and 2010.

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Strategy

We believe that our competitive advantage lies in our ability to offer a broad range of services differentiated from those offered by other financial institutions. We constantly strive to anticipate the market s needs and to contribute to society by developing leading financial services and innovative, value-added products for our customers. Moving forward, we intend to leverage our expertise and experience to further develop two primary business areas, Finance + Services and Asia, in preparation for the next growth stage.

Finance + Services: We intend to provide high value-added services, such as our auto leasing services, in Japan to SMEs as well as large corporations. Service and other revenue as a percentage of revenues from our automobile leasing business has increased over the last ten years which we believe is due to our expertise in providing value-added services. We also plan to expand our fee-based businesses both domestically and overseas, including through two recent acquisitions in the United States. In May 2010, we acquired a majority interest in Red Capital Group, a real estate loan structuring and servicing company providing financing for multifamily, senior living and health care projects in the United States. In January 2011, we acquired a majority interest in MIG Holdings, LLC, the parent company of Mariner Investment Group, a major hedge fund and alternative investment manager. In addition to expanding our commission-based businesses, as a result of these investments, we expect to achieve new synergies with our existing servicing business, to obtain valuable know-how in the real estate loan structuring and servicing and asset management businesses and to gain access to an expanded client network in the United States. In addition, we have engaged in joint investments in our real estate business to expand our fee business by undertaking asset management in the Real Estate segment. In November 2010, we led a consortium of Japanese and overseas investors to acquire Espoir Omotesando, a commercial property in Tokyo for which ORIX serves as loan servicer and asset manager, in addition to our role as an investor.

Asia: We believe that the opportunity exists to significantly expand our business in Asia. We intend to capture the future growth potential in Asia by leveraging our strong brand recognition and existing business networks and by creating new beneficial long-term alliances with local partners. We are actively pursuing investment opportunities in the region, in addition to supporting our existing leasing business. We established ORIX (China) Investment Co., Ltd. in December 2009, which was subsequently approved as a multinational corporation regional headquarters by the City of Dalian in August 2010, and given a holding company function to consolidate the management of our existing lease and rental subsidiaries in China under one entity. In December 2010, we announced the commencement of construction of an integrated commercial complex within the Port of Dalian redevelopment district that we intend to develop along with Dalian Haichang Group as a business partner and into which we plan to move our Chinese headquarters and subsidiaries. We have made a number of private equity, real-estate and ship and aircraft operations investments in Asia, such as investments in STX Metal in Korea, AirAsia X in Malaysia and a condominium development in Singapore. Our overseas funding ratio based on non-deposit interest-bearing debt as of December 31, 2010 was 23.4%. On an adjusted basis, which excludes payables under securitized leases, loan receivables and investment in securities, our overseas funding ratio was 13.1%.

Earthquake in Northeastern Japan

On March 11, 2011, a major earthquake occurred in Northeastern Japan. There were no life-threatening injuries to our employees and, with a few exceptions in the disaster area, we have resumed normal operations. Our exposure to the area, including our direct financing lease investments, installment loans and rental properties, is limited. As of the date of this prospectus supplement, however, the overall impact on the Japanese economy and, for example, on the valuation of our assets in Japan as of March 31, 2011, generally remains uncertain. For more information about risks related to the earthquake, see Risk Factors in this prospectus supplement.

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Non-GAAP Financial Measures

This prospectus supplement includes certain financial measures presented on a basis not in accordance with U.S. GAAP, or non-GAAP financial measures, including long-term debt, ORIX Corporation shareholders equity and total assets, as well as other measures or ratios calculated based thereon, presented on an adjusted basis, which excludes payables under securitized leases, loan receivables and investment in securities and reverses the cumulative effect on retained earnings of applying the new accounting standards for the consolidation of VIEs, effective April 1, 2010.

Our management believes that these non-GAAP financial measures may provide investors with additional meaningful comparisons between our financial condition as of December 31, 2010, as compared to prior periods. Effective April 1, 2010, we adopted ASU 2009-16 and ASU 2009-17, which changed the circumstances under which we are required to consolidate certain VIEs. Our adoption of these new accounting standards caused a significant increase in our consolidated assets and liabilities and a decrease in our retained earnings without affecting the net cash flow and economic effects of our investments in such consolidated VIEs. Accordingly, our management believes that providing financial measures that exclude the impact of consolidating certain VIEs on our assets and liabilities as a supplement to financial information calculated in accordance with U.S. GAAP enhances understanding of the overall picture of our current financial position and enables investors to evaluate our historical financial and business trends without balance sheet fluctuation caused by our adoption of these new accounting standards. For more information about the effect of our initial adoption of ASU 2009-16 and ASU 2009-17, see Note 2(ae) of our unaudited interim financial statements for the three and nine months ended December 31, 2010 included in our Form 6-K, furnished to the SEC on February 10, 2011.

We provide these non-GAAP financial measures as supplemental information to our consolidated financial statements prepared in accordance with U.S. GAAP, and they should not be considered in isolation or as a substitute for the most directly comparable U.S. GAAP measures. The tables set forth below provide reconciliations of these non-GAAP financial measures to the most directly comparable financial measures presented in accordance with U.S. GAAP as reflected in our consolidated financial statements for the periods provided.

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Adjusted assets, liabilities and ORIX Corporation shareholders equity

	As of March 31,			As of December 31,
	2008	2009	2010	2010
	(In millions of yen)			
Total assets (a)	¥ 8,994,970	¥ 8,369,736	¥ 7,739,800	¥ 8,529,358
Deduct:				
Payables under securitized leases, loan receivables and investment in securities[1]	374,920	358,969	202,224	1,045,520
Adjusted assets (b)	8,620,050	8,010,767	7,537,576	7,483,838
Short-term debt (c)	1,330,147	798,167	573,565	483,205
Long-term debt (d)	4,462,187	4,453,845	3,836,270	4,581,350
Deduct:				
Payables under securitized leases, loan receivables and investment in securities	374,920	358,969	202,224	1,045,520
Adjusted long-term debt (e)	4,087,267	4,094,876	3,634,046	3,535,830
Non-deposit interest bearing debt (c) + (d)	5,792,334	5,252,012	4,409,835	5,064,555
Adjusted non-deposit interest bearing debt (c) + (e)	5,417,414	4,893,043	4,207,611	4,019,035
ORIX Corporation shareholders equity (f)	1,267,917	1,167,530	1,298,684	1,295,765
Add:				
The cumulative effect on retained earnings of applying the new accounting standards for the consolidation of VIEs under ASU 2009-16 and ASU 2009-17, effective April 1, 2010				22,205
Adjusted ORIX Corporation shareholders equity (g)	1,267,917	1,167,530	1,298,684	1,317,970

(1) These amounts are recorded as liabilities and are included in long-term debt.

Key ratios

	As of March 31,			As of December 31,
	2008	2009	2010	2010
	(In percentages, except debt-to-equity ratio)			
ORIX Corporation shareholders equity ratio (f) / (a)	14.1	13.9	16.8	15.2
Adjusted ORIX Corporation shareholders equity ratio (g) / (b)	14.7	14.6	17.2	17.6
Debt-to-equity ratio ((c) + (d)) / (f)	4.6x	4.5x	3.4x	3.9x
Adjusted debt-to-equity ratio ((c) + (e)) / (g)	4.3x	4.2x	3.2x	3.0x
Long-term debt ratio (d) / ((c) + (d))	77	85	87	90
Adjusted long-term debt ratio (e) / ((c) + (e))	75	84	86	88

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Average funding costs (by region)

	For the nine months ended December 31, 2010	
	Japan	Overseas
	(In millions of yen, except percentages)	
Average balance of non-deposit interest bearing debt (a)	¥ 4,101,635	¥ 1,251,571
Less:		
Average balance of payables under securitized leases, loan receivables and investment in securities	437,965	750,774
Adjusted average balance of non-deposit interest bearing debt (b)	3,663,670	500,797