KOHN AMOS
Form 4
July 02, 2009

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
KOHN AMOS
(Last) (First) (Middle)
41324 CHRISTY STREET
(Street)
FREMONT, CA 94538
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
DIGITAL POWER CORP [DPW]

3. Date of Earliest Transaction (Month/Day/Year)
02/28/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8 D S (I

	Derivative Security		Code	V	or Disposed of (D) (Instr. 3, 4, and 5) (A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (right to buy)	$ 1.19	02/28/2005	A		10,000		(1)	02/28/2015	Common Stock	10,000
Stock Option (right to buy)	$ 1.16	03/09/2006	A		10,000		(2)	03/09/2016	Common Stock	10,000
Stock Option (right to buy)	$ 1.66	03/09/2007	A		10,000		(3)	03/09/2016	Common Stock	10,000

Reporting Owners

Reporting Owner Name / Address	Relationships Director	10% Owner	Officer	Other
KOHN AMOS 41324 CHRISTY STREET FREMONT, CA 94538	X			

Signatures

/s/ Amos Kohn	07/01/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The option vested to the extent of 2,500 shares on each of February 28, 2006, February 28, 2007, February 28, 2008 and February 28, 2009.

(2) The option vested to the extent of 2,500 shares on each of March 9, 2007, March 9, 2008 and March 9, 2009, and will vest to the extent of 2,500 shares on March 9, 2010

(3) The option vested to the extent of 2,500 shares on each of March 9, 2008 and March 9, 2009, and will vest to the extent of 2,500 shares on each of March 9, 2010 and March 9, 2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. s **Transfers**

in and/
or out of
Level 3

(net) *2 Balance at March 31, 2010 Change in unrealized gains or losses included in earnings for assets still held at March 31, 2010 *1 Included in earnings *1 Included in other comprehensive income Total

Trading securities

$2 $ $(2) $(2) $1 $ $1 $

Available-for-sale securities

4,814 (102) (6) (108) (398) 10 4,318 (93)

Corporate debt securities

109 (14) 5 (9) (36) 10 74 (9)

Specified bonds issued by SPEs in Japan

3,233 (11) (21) (32) (554) 2,647

CMBS and RMBS in the U.S., and other asset-backed securities

1,472 (77) 10 (67) 192 1,597 (84)

Investment in affiliates

75 (75) (75)

Derivative assets

8 2 2 (4) 6 2

Options held/written, caps held

4 (4)

Credit derivatives held/written

4 2 2 6 2

*1 Principally, gains and losses from trading securities, available-for-sale securities, investments in affiliates and derivative assets are included in brokerage commissions and net gains (losses) on investment securities, write-downs of securities or life insurance premiums and related investment income, equity in net income (loss) of affiliates and other operating revenues /expenses, respectively.

*2 The amount reported in Transfers in and/or out of Level 3 (net) is the fair value at the beginning of quarter during which the transfers occur.

Net amount of ¥66,753 million of available-for-sale securities, mainly CMBS and RMBS in the United States, was transferred from other levels to Level 3 in fiscal 2009 due to a certain market becoming inactive.

In determining whether a market is active or inactive, the Company and its subsidiaries evaluate various factors such as the lack of recent transactions, price quotations that are not based on current information or vary substantially over time or among market makers, a significant increase in implied risk premium, a wide bid-ask spread, significant decline in new issuances, little or no public information (e.g. a principal-to-principal market) and other factors.

With respect to the CMBS and RMBS in the United States, the Company and its subsidiaries judged that the market had become inactive during fiscal 2009 because there were few recent transactions and because brokers quotes or pricing evaluation from independent pricing service vendors for these securities were not available. As a result, the Company and its subsidiaries established internally developed pricing models (Level 3 inputs) using valuation techniques such as present value techniques in order to estimate fair value of these securities and classified them as Level 3. Under the models, the Company and its subsidiaries use anticipated cash flows of the security discounted at a risk-adjusted discount rate that incorporates our estimate of credit risk and liquidity risk that a market participant would consider. The cash flows are estimated based on a number of assumptions such as default rate and prepayment speed, as well as seniority of the security.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

The following table presents recorded amounts of major assets and liabilities measured at fair value on a nonrecurring basis as of March 31, 2009 and March 31, 2010. These assets are measured at fair value on a nonrecurring basis mainly to recognize impairment:

	March 31, 2009			
	Millions of yen			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Unlisted securities	¥ 4,065	¥	¥	¥ 4,065
Loans held for sale	26,002			26,002
Real estate collateral-dependent loans (net of allowance for probable loan losses)	113,242			113,242
Certain investment in affiliates	28,727	27,504		1,223
	¥ 172,036	¥ 27,504	¥	¥ 144,532

	March 31, 2010			
	Millions of yen			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Unlisted securities	¥ 10,138	¥	¥	¥ 10,138
Real estate collateral-dependent loans (net of allowance for probable loan losses)	105,948			105,948
Investment in operating leases	21,174			21,174
Land and buildings undeveloped or under construction	33,978			33,978
Certain investment in affiliates	502		502	
	¥ 171,740	¥	¥ 502	¥ 171,238

	March 31, 2010			
	Millions of U.S. dollars			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)

Assets:				
Unlisted securities	$ 109	$	$	$ 109
Real estate collateral-dependent loans (net of allowance for probable loan losses)	1,139			1,139
Investment in operating leases	228			228
Land and buildings undeveloped or under construction	365			365
Certain investment in affiliates	5		5	
	$ 1,846	$	$ 5	$ 1,841

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

The following is a description of the main valuation methodologies used for assets and liabilities measured at fair value.

Real estate collateral-dependent loans

The valuation allowance for large balance non-homogeneous loans is individually evaluated based on the present value of expected future cash flows, the loan s observable market price or the fair value of the collateral securing the loans if the loans are collateral-dependent. According to ASC 820-10 (Fair Value Measurements and Disclosures), measurement for impaired loans determined using a present value technique is not considered a fair value measurement. However, measurement for impaired loans determined using the loan s observable market price or the fair value of the collateral securing the collateral-dependent loans are fair value measurements and are subject to the disclosure requirements for nonrecurring fair value measurements. The Company and its subsidiaries determine the fair value of the real estate collateral of real estate collateral-dependent loans using appraisals prepared by independent third party appraisers or our own staff of qualified appraisers based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies. Real estate collateral-dependent loans whose fair values are estimated using an appraisal of the underlying collateral based on techniques other than recent transactions involving sales of similar assets are classified as Level 3 because such techniques involve unobservable inputs.

Investment in operating leases, Land and buildings undeveloped or under construction

Investment in operating leases measured at fair value is mostly real estate. The Company and its subsidiaries determine the fair value of Investment in operating leases and Land and buildings undeveloped or under construction using appraisals prepared by independent third party appraisers or the Company s own staff of qualified appraisers based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flow methodologies. The Company and its subsidiaries classified the assets as Level 3 because such techniques involve unobservable inputs.

Trading securities, Available-for-sale securities and Investment in affiliates

If active market prices are available, fair value measurement is based on quoted active market prices and, accordingly, these securities are classified as Level 1. If active market prices are not available, fair value measurement is based on observable inputs other than quoted prices included within Level 1, such as prices for similar assets, and these securities are classified as Level 2. If market prices are not available, then fair value is estimated by using valuation models including discounted cash flow methodology and commonly used option-pricing models. Such securities are classified as Level 3, as the valuation models are based on inputs that are unobservable in the market. The Company and its subsidiaries classified the specified bonds as Level 3 because the Company and its subsidiaries measure their fair value using unobservable inputs. Since the specified bonds do not trade in an open market, no relevant observable market data is available. Accordingly the Company and its subsidiaries use a discounted cash flow model that incorporates significant unobservable inputs as further discussed below to measure their fair value. The Company and its subsidiaries also classify CMBS and RMBS in the United States, as Level 3 due to a certain market becoming inactive.

When evaluating the specified bonds issued by SPEs, the Company and its subsidiaries estimate the fair value by discounting future cash flows using a discount rate based on market interest rates and a risk premium. The future cash flows for the specified bonds issued by the SPEs are estimated based on contractual principal and interest repayment schedules on each of the specified bond issued by the SPEs. Since the discount rate is not observable for the specified bonds, the Company and its subsidiaries use an internally developed model to

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

estimate a risk premium considering the value of the real estate collateral (which also involves unobservable inputs in many cases when using valuation techniques such as a discounted cash flow methodology) and the seniority of the bonds. Under the model, the Company and its subsidiaries consider the loan-to-value ratio and other relevant available information to reflect both the credit risk and the liquidity risk in our own estimate of the risk premium. Generally, the higher the loan-to-value ratio, the larger the risk premium the Company and its subsidiaries estimate under the model. The fair value of the specified bonds issued by SPEs rises when the fair value of the collateral real estate rises and the discount rate declines. The fair value of the specified bonds issued by SPEs declines when the fair value of the collateral real estate declines and the discount rate rises.

Investment funds

The fair value is based on the net asset value if the investments meet certain requirements that the investees have all of the attributes specified in ASC 946-10 and the investees calculate the net asset value. These investments are classified as Level 2, because they are not redeemable at the net asset value per share at the measurement date but they are redeemable at the net asset value per share in the near term after the measurement date.

Derivatives

For exchange-traded derivatives, fair value is based on quoted market prices, and accordingly, classified as Level 1. For non-exchange traded derivatives, fair value is based on commonly used models and discounted cash flow methodology. If the inputs used for these measurements including yield curves and volatilities, are observable, the Company and its subsidiaries classify it as Level 2. If the inputs are not observable, the Company and its subsidiaries classify it as Level 3.

3. Acquisitions

During fiscal 2008, the Company and its subsidiaries acquired entities for a total cost of ¥35,476 million, which was paid in cash of ¥25,261 million and the Company s common stocks of ¥10,215 million. In accordance with the finalization of purchase price allocation during fiscal 2009, the amount of goodwill was adjusted to ¥9,734 million, which is not deductible for income tax calculation purposes and the amount of acquired intangible assets other than goodwill recognized in these transactions was adjusted to ¥3,996 million. Acquisitions were mainly included in the Real Estate segment.

During fiscal 2009, the Company and its subsidiaries acquired entities for a total cost of ¥11,207 million, which was mainly paid in cash. In accordance with the finalization of purchase price allocation during fiscal 2010, the amount of goodwill was adjusted to ¥3,466 million, which is not deductible for income tax calculation purposes and the amount of acquired intangible assets other than goodwill recognized in these transactions was adjusted to ¥201 million. Acquisitions were mainly included in the Real Estate segment.

During fiscal 2010, the Company and its subsidiaries acquired entities for a total cost of ¥12,142 million ($131 million), which was paid in cash. Goodwill initially recognized in these transactions amounted to ¥1,786 million ($19 million), which is not deductible for income tax calculation purposes. The Company reflected certain preliminary estimates with respect to the value of the underlying net assets of these entities in determining amounts of the goodwill. The amount of the goodwill and intangible assets other than goodwill could possibly be adjusted upon completion of the purchase price allocation. Acquisitions were mainly included in the Investment Banking segment.

The segment in which goodwill is allocated is disclosed in Note 13 (Goodwill and Other Intangible Assets).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

4. Cash Flow Information

Cash payments during fiscal 2008, 2009 and 2010 are as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2009	2010	2010
Cash payments:				
Interest	¥ 113,941	¥ 111,435	¥ 84,259	$ 906
Income taxes	142,751	110,962	43,927	472

As non-cash investing activities, the Company and its subsidiaries assumed ¥19,957 million, ¥38,120 million and ¥27,688 million ($298 million) of liabilities in connection with acquisitions in fiscal 2008, 2009 and 2010, respectively. In addition, the Company s common stocks of ¥10,215 million and ¥1,673 million were exchanged in connection with acquisitions in fiscal 2008 and 2009 respectively.

Affiliate s common stocks of ¥9,439 million and ¥26,617 million ($286 million) were exchanged in connection with a sale of subsidiary in fiscal 2009 and 2010, respectively. In addition, the Company sold a portion of a subsidiary s ownership interest and the subsidiary became an equity-method affiliate after the sale. As a result, a loan of ¥95,547 million ($1,027 million) provided to the former subsidiary became a loan to the affiliate, and with the equity investment in the affiliate of ¥25,828 million ($278 million), the balance of investment in affiliates increased by a total of ¥121,375 million ($1,305 million). The sale of the subsidiary s ownership interest is disclosed in Note 12, Investment in Affiliates .

Moreover, ¥39,905 million and ¥83,018 million ($892 million) of real estate under operating leases were transferred from installment loans and investment in securities in fiscal 2009 and 2010, respectively, as a result of real estate collateral acquired from non-recourse loans in order to maximize collections.

As non-cash financing activities, ¥4,209 million of convertible bonds were converted to common stocks in fiscal 2008.

5. Investment in Direct Financing Leases

Investment in direct financing leases at March 31, 2009 and 2010 consists of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Minimum lease payments receivable	¥ 999,325	¥ 840,453	$ 9,033
Estimated residual value	54,292	46,460	499
Initial direct costs	9,544	7,848	84
Unearned lease income	(148,717)	(138,280)	(1,485)
	¥ 914,444	¥ 756,481	$ 8,131

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

Minimum lease payments receivable are due in periodic installments through fiscal 2039. At March 31, 2010, the amounts due in each of the next five years and thereafter are as follows:

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2011	¥ 309,435	$ 3,326
2012	192,250	2,066
2013	124,014	1,333
2014	65,225	701
2015	32,491	349
Thereafter	117,038	1,258
Total	¥ 840,453	$ 9,033

Gains and losses from the disposition of direct financing lease assets were not significant for fiscal 2008, 2009 and 2010.

6. Investment in Operating Leases

Investment in operating leases at March 31, 2009 and 2010 consists of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Transportation equipment	¥ 582,104	¥ 580,009	$ 6,234
Measuring and information-related equipment	178,062	170,047	1,828
Real estate	788,749	826,398	8,882
Other	19,867	19,267	207
	1,568,782	1,595,721	17,151
Accumulated depreciation	(358,616)	(399,747)	(4,296)
Net	1,210,166	1,195,974	12,855
Accrued rental receivables	16,458	17,249	185
	¥ 1,226,624	¥ 1,213,223	$ 13,040

Gains and losses from the disposition of real estate under operating leases are disclosed separately as gains on sales of real estate under operating leases or income from discontinued operations, net in the accompanying consolidated statements of income.

For fiscal 2008, 2009 and 2010, gains on sales of operating lease assets other than real estate are ¥15,217 million, ¥11,426 million and ¥7,552 million ($81 million), respectively, and are included in operating lease revenues.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

Costs of operating leases include depreciation and various expenses (insurance, property tax and other). Depreciation and various expenses for fiscal 2008, 2009 and 2010 are as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2009	2010	2010
Depreciation expenses	¥ 136,687	¥ 140,886	¥ 138,761	$ 1,491
Various expenses	45,457	53,330	53,917	580
	¥ 182,144	¥ 194,216	¥ 192,678	$ 2,071

The operating lease contracts include non-cancelable lease terms ranging from one month to 20 years. The minimum future rentals on non-cancelable operating leases are as follows:

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2011	¥ 133,726	$ 1,437
2012	85,346	917
2013	55,526	597
2014	30,687	330
2015	14,896	160
Thereafter	26,191	282
Total	¥ 346,372	$ 3,723

7. Installment Loans

The composition of installment loans by domicile and type of borrower at March 31, 2009 and 2010 is as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Borrowers in Japan:			
Consumer			
Housing loans	¥ 702,788	¥ 731,184	$ 7,859
Card loans	337,403		

Other	45,081	13,663	147
	1,085,272	744,847	8,006
Corporate			
Real estate companies	651,597	447,181	4,806
Commercial, industrial and other companies	1,097,086	904,729	9,724
	1,748,683	1,351,910	14,530
Overseas corporate, industrial and other borrowers	321,162	244,521	2,628
Purchased loans*	148,984	122,973	1,322
	¥ 3,304,101	¥ 2,464,251	$ 26,486

* Purchased loans represent loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtor is unlikely and consist mainly of housing loans, loans to real estate companies and commercial, industrial and other companies in Japan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

Generally, all installment loans, except card loans, are made under agreements which require the borrower to provide collateral or guarantors.

At March 31, 2010, the contractual maturities of installment loans except purchased loans for each of the next five years and thereafter are as follows:

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2011	¥ 381,099	$ 4,096
2012	414,465	4,455
2013	382,505	4,111
2014	266,929	2,869
2015	205,144	2,205
Thereafter	691,136	7,428
Total	¥ 2,341,278	$ 25,164

Included in interest on loans and investment securities in the consolidated statements of income is interest income on loans of ¥204,137 million, ¥172,406 million and ¥114,731 million ($1,233 million) for fiscal 2008, 2009 and 2010, respectively.

Certain loans, which the Company has the intent and ability to sell or securitize to outside parties in the foreseeable future, are considered held-for-sale and are carried at the lower of cost or market value determined on an individual basis. These loans held for sale are included in installment loans and the outstanding balance of these loans as of March 31, 2009 was ¥36,896 million but there are no such loans as of March 31, 2010, due to the sluggish securitization market under the continued stagnation of finance market.

For loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtors is unlikely, ASC 310-30 (Receivables Loans and Debt Securities Acquired with Deteriorated Credit Quality) requires that the investor recognize the excess of the loan s cash flows expected at acquisition over the investor s initial investment as interest income on the level-yield basis over the remaining life of the purchased loan (accretable yield). ASC 310-30, however, does not prohibit placing loans on non-accrual status subsequent to acquisition, including use of the cost recovery or cash basis methods of income recognition when it is not appropriate to recognize the accretable yield, such as when the investor does not have sufficient information to reasonably estimate cash flows expected to be collected to compute the accretable yield.

Purchased loans acquired by the Company and its subsidiaries are generally characterized by extended period of non-performance by the borrower which result in limited or no expectation of further performance by the borrower except through liquidation of collateral. Because such loans are commonly collateralized by real estate, the Company and its subsidiaries may pursue various approaches to maximizing the return from the collateral, including arrangement of borrower s negotiated transaction of such collateral before foreclosure, the renovation, refurbishment or the sale of such loans to third parties. Accordingly, although the acquired assets may remain loans in legal form, collections on these loans often do not reflect the normal historical experience of collecting delinquent accounts, and the need to tailor individual collateral-realization strategies often makes it difficult to reliably estimate the amount, timing, or nature of collections. Accordingly, the Company and its subsidiaries use the cost recovery method of income recognition for such purchased loans. The total carrying amounts of these purchased loans were ¥148,984 million and ¥122,973 million ($1,322 million) as of March 31, 2009 and 2010 and the fair value at the acquisition date of purchased loans acquired during fiscal 2009 and 2010 were ¥17,647 million and ¥8,036 million ($86 million), respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

When it is probable that the Company and its subsidiaries will be unable to collect all book value, the Company and its subsidiaries consider purchased loans impaired and a valuation allowance for the excess amount of the book value over the estimated recoverable amount of the loans is provided. For most cases, the recoverable amount is estimated based on the collateral value. Purchased loans for which valuation allowances were provided amounted to ¥16,650 million and ¥24,021 million ($258 million) as of March 31, 2009 and 2010.

Changes in the allowance for uncollectible accounts relating to the purchased loans for fiscal 2008, 2009 and 2010 are as follows:

		Millions of yen		Millions of U.S. dollars
	2008	2009	2010	2010
Beginning balance	¥ 8,519	¥ 8,579	¥ 9,520	$ 102
Provisions charged to income	1,414	1,615	3,481	37
Charge-offs	(1,316)	(462)	(609)	(7)
Other*	(38)	(212)	29	0
Ending balance	¥ 8,579	¥ 9,520	¥ 12,421	$ 134

* Other includes foreign currency translation adjustments.

The above-mentioned amounts are included in the allowance for doubtful receivables on direct financing leases and probable loan losses (see Note 8).

8. Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses

Changes in the allowance for doubtful receivables on direct financing leases and probable loan losses for fiscal 2008, 2009 and 2010 are as follows:

		Millions of yen		Millions of U.S. dollars
	2008	2009	2010	2010
Beginning balance	¥ 89,508	¥ 102,007	¥ 158,544	$ 1,704
Provisions charged to income	33,226	77,027	71,532	769
Charge-offs	(20,310)	(21,027)	(60,412)	(649)
Recoveries	1,742	1,296	2,615	28
Other*	(2,159)	(759)	(14,756)	(159)

Ending balance	¥ 102,007	¥ 158,544	¥ 157,523	$ 1,693

* Other includes foreign currency translation adjustments, amounts reclassified to discontinued operations and decrease in allowance related to sales of subsidiaries.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

The balance of the allowance broken down into investment in direct financing leases and installment loans at March 31, 2009 and 2010 is as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Balance of allowance related to:			
Investment in direct financing leases	¥ 27,540	¥ 23,969	$ 258
Installment loans	131,004	133,554	1,435
Total	¥ 158,544	¥ 157,523	$ 1,693

Under ASC 310-10-35 (Receivables Subsequent Measurement) impaired loans shall be measured based on the present value of expected future cash flows discounted at the loan s original effective interest rate. As a practical expedient, impairment is measured based on the loan s observable market price or the fair value of the collateral if the loan is collateral dependent. Certain loans, such as large groups of smaller-balance homogeneous loans (these include individual housing loans which are not restructured) and lease receivables, are collectively evaluated for impairment. When the measure of the impaired loan is less than the recorded investment in the loan, the impairment is recorded through a valuation allowance.

The Company and its subsidiaries consider that large balance non-homogeneous loans are impaired when principal or interest is past due 90 days or more, or earlier, if management determines that it is probable that the Company and its subsidiaries will be unable to collect all amounts due according to the contractual terms of these loans, and consider that smaller balance homogeneous loans, including housing loans and card loans are impaired when these terms of loans are modified in a troubled debt restructuring.

The recorded investments in loans considered impaired are ¥449,705 million and ¥348,143 million ($3,742 million) as of March 31, 2009 and 2010, respectively. Of these amounts, it was determined that a valuation allowance was required with respect to loans which had outstanding balances of ¥262,145 million and ¥268,145 million ($2,882 million) as of March 31, 2009 and 2010, respectively. For such loans, the Company and its subsidiaries recorded a valuation allowance of ¥89,236 million and ¥100,255 million ($1,078 million) as of March 31, 2009 and 2010, respectively. This valuation allowance is included in the allowance for doubtful receivables on direct financing leases and probable loan losses in the accompanying consolidated balance sheets. The recorded investments in loans considered impaired above include purchased loans considered impaired as described in Note 7.

The average recorded investments in impaired loans for fiscal 2008, 2009 and 2010 were ¥126,789 million, ¥317,911 million and ¥402,868 million ($4,330 million), respectively. The Company and its subsidiaries recognized interest income on impaired loans of ¥5,103 million, ¥15,482 million and ¥7,875 million ($85 million), and collected in cash interest on impaired loans of ¥3,428 million, ¥9,421 million and ¥4,841 million ($52 million) in fiscal 2008, 2009 and 2010, respectively. The Company and its subsidiaries use 90 days for suspending recognition of income from direct financing leases and loans (see Note 1(e)). As of March 31, 2009 and 2010, the balances of direct financing leases on non-accrual status were ¥27,949 million and ¥25,682 million ($276 million), and the balances of smaller-balance homogeneous loans on non-accrual status were ¥17,860 million and ¥12,321 million ($132 million), respectively.

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ORIX Corporation and Subsidiaries

9. Investment in Securities

Investment in securities at March 31, 2009 and 2010 consists of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Trading securities	¥ 7,410	¥ 49,596	$ 533
Available-for-sale securities	729,273	845,234	9,085
Held-to-maturity securities		43,732	470
Other securities	189,457	165,596	1,780
Total	¥ 926,140	¥ 1,104,158	$ 11,868

Gains and losses realized from the sale of trading securities and net unrealized holding gains (losses) on trading securities are included in net gains (losses) on investment securities, (see Note 22).

For fiscal 2008, 2009 and 2010, net unrealized holding gains and losses on trading securities were losses of ¥5,264 million, losses of ¥13,065 million and gains of ¥7,211 million ($78 million), respectively.

During fiscal 2008 and 2009, the Company and its subsidiaries sold available-for-sale securities for aggregate proceeds of ¥198,584 million and ¥242,702 million, respectively, resulting in gross realized gains of ¥8,534 million and ¥8,266 million, respectively, and gross realized losses of ¥333 million and ¥4,932 million, respectively. During fiscal 2010, the Company and its subsidiaries sold available-for-sale securities for aggregate proceeds of ¥181,033 million ($1,946 million), resulting in gross realized gains of ¥7,547 million ($81 million) and gross realized losses of ¥640 million ($7 million). The cost of the securities sold was based on the average cost of each such security held at the time of the sale.

During fiscal 2008, 2009 and 2010, the Company and its subsidiaries charged losses on securities of ¥8,290 million, ¥18,631 million and ¥23,637 million ($254 million), respectively, to the accompanying consolidated statements of income for declines in market value of securities where the decline was considered as other than temporary.

Other securities consist mainly of non-marketable equity securities, preferred capital shares carried at cost and investment funds carried at an amount that reflects equity income and loss based on the investor s share.

The aggregate carrying amount of other securities accounted for under the cost method totaled ¥98,498 million and ¥72,347 million ($778 million) at March 31, 2009 and 2010. Investments with an aggregate cost of ¥94,643 million and ¥62,208 million ($669 million) were not evaluated for impairment because the Company and its subsidiaries did not identify any events or changes in circumstances that might have had significant adverse effect on the fair value of those investments and it was not practicable to estimate the fair value of the investments.

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ORIX Corporation and Subsidiaries

The amortized cost basis amounts, gross unrealized holding gains, gross unrealized holding losses and fair values of available-for-sale securities and held-to-maturity securities in each major security type at March 31, 2009 and 2010 are as follows:

March 31, 2009

	Millions of yen			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale:				
Japanese and foreign government bond securities	¥ 70,463	¥ 116	¥ (147)	¥ 70,432
Japanese prefectural and foreign municipal bond securities	16,625	132	(18)	16,739
Corporate debt securities	158,117	220	(7,355)	150,982
Specified bonds issued by SPEs in Japan	302,505	886	(2,626)	300,765
CMBS and RMBS in the U.S., and other asset-backed securities	147,564	9,656	(12,396)	144,824
Equity securities	42,722	7,757	(4,948)	45,531
	¥ 737,996	¥ 18,767	¥ (27,490)	¥ 729,273

March 31, 2010

	Millions of yen			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale:				
Japanese and foreign government bond securities	¥ 146,007	¥ 624	¥ (178)	¥ 146,453
Japanese prefectural and foreign municipal bond securities	19,238	69	(60)	19,247
Corporate debt securities	199,937	910	(1,556)	199,291
Specified bonds issued by SPEs in Japan	249,696	303	(3,694)	246,305
CMBS and RMBS in the U.S., and other asset-backed securities	146,820	10,759	(8,221)	149,358
Equity securities	71,491	16,734	(3,645)	84,580
	833,189	29,399	(17,354)	845,234
Held-to-maturity:				
Japanese government bond securities	43,732		(715)	43,017
	¥ 876,921	¥ 29,399	¥ (18,069)	¥ 888,251

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ORIX Corporation and Subsidiaries

March 31, 2010

	Millions of U.S. dollars			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale:				
Japanese and foreign government bond securities	$ 1,569	$ 7	$ (2)	$ 1,574
Japanese prefectural and foreign municipal bond securities	207	1	(1)	207
Corporate debt securities	2,149	10	(17)	2,142
Specified bonds issued by SPEs in Japan	2,684	3	(40)	2,647
CMBS and RMBS in the U.S., and other asset-backed securities	1,578	116	(88)	1,606
Equity securities	768	180	(39)	909
	8,955	317	(187)	9,085
Held-to-maturity:				
Japanese government bond securities	470		(7)	463
	$ 9,425	$ 317	$ (194)	$ 9,548

According to ASC 320-10-65-1 (Investments Debt and Equity Securities Recognition and Presentation of Other-Than-Temporary Impairments), non-credit components of other-than-temporary impairments of ¥1,486 million and ¥1,638 million ($18 million), were included in the unrealized losses of CMBS and RMBS in the U.S., and other asset-backed securities at March 31, 2009 and 2010, respectively.

The following table provides information about available-for-sale securities and held-to-maturity securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2009 and 2010, respectively:

March 31, 2009

	Millions of yen					
	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:						
Japanese and foreign government bond securities	¥ 37,827	¥ (147)	¥	¥	¥ 37,827	¥ (147)
Japanese prefectural and foreign municipal bond securities	4,620	(18)			4,620	(18)

Corporate debt securities	50,754	(605)	63,231	(6,750)	113,985	(7,355)
Specified bonds issued by SPEs in Japan	143,020	(2,626)			143,020	(2,626)
CMBS and RMBS in the U.S., and other asset-backed securities	50,746	(7,623)	47,134	(4,773)	97,880	(12,396)
Equity securities	37,019	(4,570)	970	(378)	37,989	(4,948)
	¥ 323,986	¥ (15,589)	¥ 111,335	¥ (11,901)	¥ 435,321	¥ (27,490)

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March 31, 2010

	Millions of yen					
	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:						
Japanese and foreign government bond securities	¥ 81,432	¥ (99)	¥ 4,768	¥ (79)	¥ 86,200	¥ (178)
Japanese prefectural and foreign municipal bond securities	12,480	(60)			12,480	(60)
Corporate debt securities	88,305	(484)	26,100	(1,072)	114,405	(1,556)
Specified bonds issued by SPEs in Japan	30,189	(1,041)	83,024	(2,653)	113,213	(3,694)
CMBS and RMBS in the U.S., and other asset-backed securities	17,578	(2,141)	65,070	(6,080)	82,648	(8,221)
Equity securities	17,875	(2,739)	4,822	(906)	22,697	(3,645)
	247,859	(6,564)	183,784	(10,790)	431,643	(17,354)
Held-to-maturity:						
Japanese government bond securities	43,017	(715)			43,017	(715)
	¥ 290,876	¥ (7,279)	¥ 183,784	¥ (10,790)	¥ 474,660	¥ (18,069)

March 31, 2010

	Millions of U.S. dollars					
	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:						
Japanese and foreign government bond securities	$ 875	$ (1)	$ 51	$ (1)	$ 926	$ (2)
Japanese prefectural and foreign municipal bond securities	134	(1)			134	(1)
Corporate debt securities	949	(5)	281	(12)	1,230	(17)
Specified bonds issued by SPEs in Japan	324	(11)	892	(29)	1,216	(40)
CMBS and RMBS in the U.S., and other asset-backed securities	189	(23)	699	(65)	888	(88)
Equity securities	192	(29)	52	(10)	244	(39)
	2,663	(70)	1,975	(117)	4,638	(187)
Held-to-maturity:						
Japanese government bond securities	463	(7)			463	(7)
	$ 3,126	$ (77)	$ 1,975	$ (117)	$ 5,101	$ (194)

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Approximately 540 and 411 investment securities were in an unrealized loss position as of March 31, 2009 and 2010, respectively. The gross unrealized losses on these securities are attributable to a number of factors including changes in interest rates, credit spreads and market trends.

For debt securities, in the case of the fair value being below the amortized cost, the Company and its subsidiaries consider that an other-than-temporary impairment has occurred if (1) the Company and its subsidiaries intend to sell the debt security; (2) it is more likely than not that the Company and its subsidiaries will be required to sell the debt security before recovery of its amortized cost basis, or (3) the company and its subsidiaries do not expect to recover the entire amortized cost of the security (that is, a credit loss exists). In assessing whether a credit loss exists, the Company and its subsidiaries compare the present value of the expected cash flows to the security s amortized cost basis at the balance sheet date.

Debt securities with unrealized loss position mainly include specified bonds issued by special purpose entities in Japan and CMBS and RMBS.

The unrealized loss associated with specified bonds is primarily due to changes in the market interest rate and risk premium because of deterioration in the domestic real estate market and the credit crunch in the capital and financial markets. Considering all available information to assess the collectibility of those investments (such as performance and value of the underlying real estate, and seniority of the bonds), the Company and its subsidiaries believe that the Company and its subsidiaries are able to recover the entire amortized cost basis of those investments. Because the Company and its subsidiaries do not intend to sell the investments and it is not more likely than not that the Company and its subsidiaries will be required to sell the investments before recovery of their amortized cost basis, the Company and its subsidiaries do not consider these investments to be other-than-temporarily impaired at March 31, 2010.

The unrealized loss associated with CMBS and RMBS is primarily caused by changes in credit spreads and interest rates. In order to determine whether a credit loss exists, the Company and its subsidiaries estimate the present value of anticipated cash flows, discounted at the current yield to accrete the security. The cash flows are estimated based on a number of assumptions such as default rate and prepayment speed, as well as seniority of the security. Then, a credit loss is assessed by comparing the present value of the expected cash flows to the security s amortized cost basis. Based on that assessment, the Company and its subsidiaries expect to recover the entire amortized cost basis. Because the Company and its subsidiaries do not intend to sell the investments and it is not more likely than not that the Company and its subsidiaries will be required to sell the investments before recovery of their amortized cost basis, the Company and its subsidiaries do not consider these investments to be other-than-temporarily impaired at March 31, 2010.

For equity securities with unrealized losses, the Company and its subsidiaries consider various factors to determine whether the decline is other-than-temporary, including the length of time and the extent to which the fair value has been less than the carrying value and the issuer s specific economic conditions as well as the ability and intent to hold these securities for a period of time sufficient to recover the securities carrying amounts. Based on our ongoing monitoring process, the Company and its subsidiaries do not consider these investments to be other-than-temporarily impaired at March 31, 2010.

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ORIX Corporation and Subsidiaries

The total other-than-temporary impairment with an offset for the amount of the total other-than-temporary impairment recognized in other comprehensive income (loss) for fiscal 2009 and 2010 are as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Total other-than-temporary impairment losses	¥ 20,117	¥ 26,060	$ 280
Portion of loss recognized in other comprehensive income (before taxes)	(1,486)	(2,423)	(26)
Net impairment losses recognized in earnings	¥ 18,631	¥ 23,637	$ 254

Other-than-temporary impairment losses related to debt securities are recognized mainly on certain mortgage-backed and other asset-backed securities, which have experienced credit losses due to a decrease in cash flows attributable to significant default and bankruptcies on the underlying loans. Because the Company and its subsidiaries do not intend to sell these securities and it is not more likely than not that the Company and its subsidiaries will be required to sell these securities before recovery of their amortized cost basis, the Company and its subsidiaries charged only the credit loss component of the total impairment to earnings with the remaining non-credit component recognized in other comprehensive income (loss). The credit loss assessment was made by comparing the securities amortized cost basis with the present value of the expected cash flows that were estimated based on a number of assumptions such as default rate and prepayment speed, as well as seniority of the security.

Roll-forwards of the amount related to credit losses on other-than-temporarily impaired debt securities recognized in earnings for fiscal 2009 and 2010 are as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Beginning	¥	¥ 906	$ 10
Addition:			
Credit loss for which an other-than-temporary impairment was not previously recognized	906	3,744	40
Credit loss for which an other-than-temporary impairment was previously recognized		366	4
Ending	¥ 906	¥ 5,016	$ 54

The Company and its subsidiaries adopted Accounting Standards Update 2009-12 (Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) ASC 820 (Fair Value Measurements and Disclosures)). Under ASC 820, the information about the fund investments the Company and its subsidiaries hold at March 31, 2010 is as follows:

March 31, 2010

Type of Fund Investment	Fair Value (Millions of Yen)		Fair Value (Millions of U.S. dollars)		Redemption Frequency (If Currently Eligible)		Redemption Notice Period	
Hedge Fund*	¥	14,692	$	158	Monthly	Quarterly	10days	45days
Total	¥	14,692	$	158				

* This category includes several hedge funds that seek profits using investment strategies such as managed futures, global macro and relative value. The fair value of the investments in this category is calculated based on the net asset value of the investees.

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The following is a summary of the contractual maturities of debt securities classified as available-for-sale securities and held-to-maturity securities held at March 31, 2010:

Available-for-sale securities held at March 31, 2010:

	Millions of yen		Millions of U.S. dollars	
	Amortized cost	Fair value	Amortized cost	Fair value
Due within one year	¥ 198,540	¥ 197,391	$ 2,134	$ 2,122
Due after one to five years	298,271	296,984	3,206	3,192
Due after five to ten years	179,314	179,078	1,927	1,925
Due after ten years	85,573	87,201	920	937
	¥ 761,698	¥ 760,654	$ 8,187	$ 8,176

Held-to-maturity securities held at March 31, 2010:

	Millions of yen		Millions of U.S. dollars	
	Amortized cost	Fair value	Amortized cost	Fair value
Due after ten years	¥ 43,732	¥ 43,017	$ 470	$ 463
	¥ 43,732	¥ 43,017	$ 470	$ 463

Securities not due at a single maturity date, such as mortgage-backed securities, are included in the above table based on their final maturities.

Certain borrowers may have the right to call or prepay obligations. This right may cause actual maturities to differ from the contractual maturities summarized above.

Included in interest on loans and investment securities in the consolidated statements of income is interest income on investment securities of ¥22,440 million, ¥23,758 million and ¥20,436 million ($220 million) for fiscal 2008, 2009 and 2010, respectively.

A certain foreign subsidiary acquired debt securities with evidence of deterioration of credit quality at the time of acquisition, and those debt securities were probably not able to recover all contractual amounts. In accordance with the provision of ASC 310-30 (Receivables Loans and Debt Securities Acquired with Deteriorated Credit Quality), the subsidiary determined the expected future cash flows taking into account historical cash collections for debt securities with similar characteristics as well as expected prepayments and the amount and the timing of undiscounted expected principal, interest and other cash flows for each pool of debt securities. Accretable yield represents the excess of expected future cash flows over carrying value of the debt securities, which is recognized as interest income over the remaining life of the debt securities. For a debt security for which the fair value is less than the amortized cost basis, the subsidiary estimates the present value of cash flows expected to be collected from the security and compares it with the amortized cost basis of the security to determine whether a credit loss exists. If, based on current information and events, the subsidiary determines a credit loss exists for that security, an other-than-temporary impairment is considered to have occurred. The subsidiary writes down that security to fair value with the credit loss component of the impairment recognized in earnings and the noncredit component recorded in other comprehensive income (loss), unless the subsidiary intends to sell that security or more likely than not will be required to sell that security before

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ORIX Corporation and Subsidiaries

recovery, in which case the entire impairment loss would be charged to earnings. As of March 31, 2009 and 2010, the carrying amount and the nominal value of debt securities acquired with evidence of deterioration of credit quality were ¥13,974 million and ¥11,880 million ($128 million), and ¥48,349 million and ¥40,605 million ($436 million), and the outstanding balance of accretable yield was ¥12,849 million and ¥10,420 million ($112 million) respectively.

10. Securitization Transactions

The Company and its subsidiaries have securitized various financial assets such as direct financing lease receivables, installment loans (commercial mortgage loans, housing loans and other) and investment in securities.

In the securitization process, these financial assets are transferred to various vehicles (the SPEs), such as trusts and special-purpose companies that issue beneficial interests of the securitization trusts and securities backed by the financial assets to investors. The cash flows collected from these assets transferred to the SPEs are then used to repay these asset-backed beneficial interests and securities. As the transferred assets are isolated from the Company and its subsidiaries, the investors and the SPEs have no recourse to other assets of the Company and its subsidiaries in cases where the debtors or the issuers of the transferred financial assets fail to perform under the original terms of those financial assets.

The Company and its subsidiaries account for the transfer of the financial assets as a sale to the extent that consideration other than beneficial interests in the transferred financial assets is received in exchange when control over the financial assets is surrendered. In addition, the Company and its subsidiaries are not required to consolidate these SPEs if they are qualifying SPEs as defined in ASC 860 (Transfers and Servicing) or the Company and its subsidiaries are not primary beneficiaries of the SPEs pursuant to ASC 810-10 (Consolidation Variable Interest Entities). The Company and its subsidiaries often retain interests in the SPEs in the form of the beneficial interest of the securitization trusts. Those interests that continue to be held include interests in the transferred assets and are often subordinate to other tranche(s) of the securitization.

Those beneficial interests that continue to be held by the Company and its subsidiaries are subject to credit risk, interest rate risk and prepayment risk on the securitized financial assets. With regards to these subordinated interests that the Company and its subsidiaries retain, they are subordinated to the senior investments and are exposed to different credit and prepayment risks, since they first absorb the risk of the decline in the cash flows from the financial assets transferred to the SPEs for defaults and prepayment of the transferred assets. If there is any excess cash remaining in the SPEs after payment to investors in the securitization of the contractual rate of returns, most of such excess cash is distributed to the Company and its subsidiaries for payments of the subordinated interests. The Company and its subsidiaries periodically estimate the fair value of these interests that continue to be held and test whether the interests that continue to be held are recoverable.

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During fiscal 2008, 2009 and 2010, certain information with respect to these transactions accounted for as sales is as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2009	2010	2010
Direct financing leases:				
Balance sold	¥ 116,445	¥ 37,889	¥ 27,974	$ 301
Gains (losses) on sales	1,688	(365)	331	4
Interests that continue to be held	17,074	17,903	23,207	249
Installment loans:				
Balance sold	59,161	5,258		
Gains on sales	1,155	132		
Interests that continue to be held	7,253	148		
Investment in securities:				
Balance sold	10,851			
Gains on sales	638			
Interests that continue to be held	830			

Regarding securitizations of direct financing lease receivables, for fiscal 2008, 2009 and 2010, revenues from interests that continue to be held of ¥6,826 million, ¥5,772 million and ¥4,744 million ($51 million), respectively, are included in revenues from direct financing leases in the consolidated statements of income. Regarding securitizations of installment loans, revenues from interests that continue to be held of ¥ 2,365 million, ¥1,476 million and ¥1,630 million ($18 million) for fiscal 2008, 2009 and 2010, respectively, are included in interest on loans and investment securities in the consolidated statements of income. Regarding securitizations of investment in securities, revenues from interests that continue to be held of ¥3,902 million, ¥3,469 million and ¥2,378 million ($26 million) for fiscal 2008, 2009 and 2010, respectively, are included in interest on loans and investment securities in the consolidated statements of income.

As of March 31, 2008, 2009 and 2010, there were no significant servicing assets and liabilities related to the Company and its subsidiaries securitization transactions.

Economic assumptions used in measuring the interests that continue to be held related to securitization transactions completed during fiscal 2008, 2009 and 2010 are as follows:

2008				2009		2010
	Installment loans				Installment loans	
Direct financing leases %	Commercial mortgage loans %	Mortgage loans for individuals %	Investment in securities %	Direct financing leases %	Commercial mortgage loans %	Direct financing leases %

Expected credit loss	0.20-1.27	5.04-5.25	0.59	5.04-5.25	1.27-1.52	0.86	1.51-1.55
Discount rate	2.23-9.80	2.71-2.76	1.75	2.71-9.04	1.92-11.43	2.60	2.33-4.28
Annual prepayment rate	2.00-4.92	22.19-23.43	4.48	22.19-23.43	3.70-6.52	1.15	6.24-6.59

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Interests that continue to be held from securitization transactions are recorded in the consolidated balance sheet at March 31, 2010. Key economic assumptions used in measuring the fair value of them, and the impacts of 10% and 20% adverse changes to the assumptions on the fair value are as follows:

	2010			
		Installment loans		
	Direct financing leases	Commercial mortgage loans	Mortgage loans for individuals	Investment in securities
Expected credit loss	0.29%-1.62%	0.72%-14.00%	0.74%-1.18%	1.22%-14.00%
Discount rate	1.17%-21.25%	0.22%-9.88%	1.39%-6.33%	0.22%-18.49%
Annual prepayment rate	1.52%-6.66%	2.86%-42.93%	1.56%-5.64%	7.56%-42.93%

	Millions of yen				Millions of U.S. dollars			
		Installment loans				Installment loans		
	Direct financing leases	Commercial mortgage loans	Mortgage loans for individuals	Investment in securities	Direct financing leases	Commercial mortgage loans	Mortgage loans for individuals	Investment in securities
Fair value of interests that continue to be held	¥ 76,136	¥ 2,830	¥ 25,930	¥ 23,258	$ 818	$ 30	$ 279	$ 250
Book value of the interests that continue to be held	67,028	2,859	22,568	23,601	720	31	243	254
Weighted average life (in years)	2.0-3.4	0.7	13.9-24.5	0.6-4.2	2.0-3.4	0.7	13.9-24.5	0.6-4.2
Expected credit loss:								
+10%	376	35	47	50	4	0	1	1
+20%	756	70	94	143	8	1	1	2
Discount rate:								
+10%	605	6	402	311	7	0	4	3
+20%	1,198	12	793	608	13	0	9	7
Prepayment rate:								
+10%	57	16	173	2	1	0	2	0
+20%	117	32	341	4	1	0	4	0

These sensitivities are hypothetical and should be used with caution. As the amounts indicate, changes in fair value based on a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in the above table, the effect of a variation in a particular assumption on the fair value of the interest that continue to be held is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

Certain cash flows received from/paid to SPEs for all securitization activities in fiscal 2008, 2009 and 2010 are summarized as follows:

	Millions of yen	Millions of U.S. dollars

	2008	2009	2010	2010
Proceeds from new securitizations	¥ 188,035	¥ 42,922	¥ 28,305	$ 304
Servicing fees received	422	419	385	4
Cash flows received on interests that continue to be held	24,096	23,740	29,336	315
Repurchases of ineligible assets	(12,757)	(20,219)	(18,487)	(199)

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ORIX Corporation and Subsidiaries

Quantitative information about delinquencies, net credit losses, and components of financial assets sold on securitization and other assets managed together as of March 31, 2009 and 2010 are as follows:

March 31, 2009

	Millions of yen		
	Total principal amount of receivables	Principal amount of receivables more than 90 days past-due and impaired loans	Net credit losses
Types of assets:			
Direct financing leases	¥ 1,106,253	¥ 27,949	¥ 7,232
Installment loans	3,434,666	467,565	12,499
Total assets managed or sold on securitization	4,540,919	¥ 495,514	¥ 19,731
Less: assets sold on securitization	(322,374)		
Assets held in portfolio	¥ 4,218,545		

The total assets of direct financing leases and installment loans sold on securitization, as of March 31, 2009, are ¥353,510 million but the assets of ¥31,136 million, of which the Company and certain subsidiaries only continuing involvement is the servicing, are not included in the table above.

The total assets of investment securities sold on securitization, as of March 31, 2009, are ¥45,145 million and not included in the table above.

March 31, 2010

	Millions of yen			Millions of dollars		
	Total principal amount of receivables	Principal amount of receivables more than 90 days past-due and impaired loans	Net credit losses	Total principal amount of receivables	Principal amount of receivables more than 90 days past-due and impaired loans	Net credit losses

Types of assets:										
Direct financing leases	¥ 883,452	¥	25,682	¥	8,744	$ 9,495	$	276	$	94
Installment loans	2,575,568		360,464		49,053	27,683		3,874		527
Total assets managed or sold on securitization	¥ 3,459,020	¥	386,146	¥	57,797	$ 37,178	$	4,150	$	621
Less: assets sold on securitization	(238,288)					(2,561)				
Assets held in portfolio	¥ 3,220,732					$ 34,617				

The total assets of direct financing leases and installment loans sold on securitization, as of March 31, 2010, are ¥257,654 million ($2,769 million), but the assets of ¥19,366 million ($208 million), of which the Company and certain subsidiaries only continuing involvement is the servicing, are not included in the table above.

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The total assets of investment securities sold on securitization, as of March 31, 2010, are ¥31,123 million ($335 million) and are not included in the table above.

The Company and its subsidiaries entered into other lease receivable securitization programs, other installment loan securitization programs and other investment in securities securitization programs that are not accounted for as sales but as secured borrowings. The payables under these securitization programs of ¥358,969 million and ¥202,224 million ($2,174 million) are included in long-term debt as of March 31, 2009 and 2010 respectively. The collateral under these securitization programs of ¥184,149 million and ¥179,450 million ($1,929 million) is included in investment in direct financing leases in the consolidated balance sheets as of March 31, 2009 and 2010, respectively. The collateral under these securitization programs of ¥291,312 million and ¥92,257 million ($992 million) is included in installment loans in the consolidated balance sheets as of March 31, 2009 and 2010, respectively. In addition, the collateral under these securitization programs of ¥14,683 million and ¥8,722 million ($94 million) is included in investment in securities in the consolidated balance sheets as of March 31, 2009 and 2010, respectively.

Also, cash reserves included in trust accounts under these securitization programs of ¥22,471 million and ¥11,620 million ($125 million) are included in other assets in the consolidated balance sheets as of March 31, 2009 and 2010 respectively.

11. Variable Interest Entities

The Company and its subsidiaries use special purpose companies, partnerships and trusts (hereinafter referred to as SPEs) in the ordinary course of business. These SPEs are not always accompanied by and are not generally controlled by voting rights. ASC 810-10 (Consolidation Variable Interest Entities) addresses consolidation by business enterprises of SPEs within the scope of the ASC Section. Generally these SPEs are entities where a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support provided by any parties including the equity holders or b) as a group the holders of the equity investment at risk do not have (1) the direct or indirect ability to make decisions about an entity s activities through voting rights or similar rights, or (2) the obligation to absorb the expected losses of the entity or (3) the right to receive the expected residual returns of the entity. There are certain exceptions to these general criteria. Entities within the scope of the ASC Section are called variable interest entities (VIEs). The variable interest holder who will absorb a majority of the expected losses or receive a majority of the expected residual returns or both is defined as the primary beneficiary of the entity. VIEs are consolidated by the primary beneficiary of the entity.

All facts and circumstances are taken into consideration when determining whether the Company and its subsidiaries have variable interests that would deem it the primary beneficiary and, therefore, require consolidation of the related VIE or otherwise rise to the level where disclosure would provide useful information to the users of the Company s financial statements. In most of cases, it is qualitatively clear based on the extent of the involvements of the Company and its subsidiaries or seniority of its investments, whether the Company and its subsidiaries are the primary beneficiary or not.

The Company and its subsidiaries generally consider the following types of involvement to be significant, when making such determination.

designing the structuring of a transaction

providing an equity investment and debt financing

being the investment manager and receiving variable fees

providing liquidity and other financial support

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Information about significant VIEs for the Company and its subsidiaries are as follows:

(a) VIEs for liquidating customer assets

The Company and its subsidiaries may use VIEs in structuring financing for customers to liquidate specific customer assets. The VIEs are typically used to provide a structure that is bankruptcy remote with respect to the customer and the use of VIEs structure is requested by such customer. Such VIEs typically acquire assets to be liquidated from the customer, borrow non-recourse loans from financial institutions and have an equity investment made by the customer. By using cash flows from the liquidated assets, these VIEs repay the loan and pay dividends to equity investors if sufficient funds exist.

The Company and its subsidiaries provide non-recourse loans to such VIEs and occasionally make investments in them. Among those VIEs, no VIEs were subject to consolidation. The amount of significant variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, are ¥2,642 million and ¥2,540 million ($27 million) as non-recourse loans and ¥11,164 million and ¥10,075 million ($108 million) as equity investments as of March 31, 2009 and 2010, respectively. Those non-recourse loans are included in installment loans in the consolidated balance sheets and those equity investments are mainly included in other operating assets in the consolidated balance sheets. The maximum exposure to loss is the amount equal to the total of such loans and equity investments. Total assets of such non-consolidated VIEs are ¥82,037 million and ¥80,585 million ($866 million) as of March 31, 2009 and 2010, respectively.

(b) VIEs for acquisition of real estate and real estate development projects for customers

Customers and the Company and its subsidiaries are involved with VIEs formed to acquire real estate and/or develop real estate projects. In each case, a customer establishes and makes an equity investment in a VIE that is designed to be bankruptcy remote from the customer. The VIEs acquire real estate and/or develop real estate projects.

The Company and its subsidiaries provide non-recourse loans to such VIEs and hold debt securities issued by them and/or make investments in them. Total assets of consolidated VIEs were ¥20,953 million and ¥17,817 million ($191 million) as of March 31, 2009 and 2010, respectively. Those assets are mainly included in investment in operating leases and other operating assets in the consolidated balance sheets. And total liabilities of those consolidated VIEs were ¥9,608 million and ¥9,245 million ($99 million) as of March 31, 2009 and 2010, respectively. Those liabilities are mainly included in long-term debt in the consolidated balance sheets. Certain such consolidated VIEs borrow non-recourse loans from financial institutions, and ¥11,339 million and ¥10,980 million ($118 million) of these VIEs assets are pledged as collateral for the non-recourse loans as of March 31, 2009 and 2010, respectively. The lenders of the non-recourse loans and the creditors of the other liabilities have no recourse to other assets of the Company and its subsidiaries.

The amount of significant variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, are ¥12,373 million and ¥17,323 million ($186 million) as non-recourse loans and debt securities, and ¥44,222 million and ¥41,858 million ($450 million) as equity investments as of March 31, 2009 and 2010, respectively. Those debt securities are included in investment in securities, those non-recourse loans are included in installment loans and those equity investments are mainly included in other operating assets and investment in affiliates in the consolidated balance sheets. The maximum exposure to loss are ¥77,956 million and ¥106,469 million ($1,144 million) as of March 31, 2009 and 2010, respectively, since the Company and its subsidiaries have agreements to commit to invest in certain such non-consolidated VIEs, as long as the agreed-upon terms are met. Under these agreements, the Company and its subsidiaries are committed to invest in these VIEs with the other investors based on their respective ownership percentages. Total assets of such non-consolidated VIEs are ¥476,390 million and ¥622,872 million ($6,695 million) as of March 31, 2009 and 2010, respectively.

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(c) VIEs for acquisition of real estate for the Company and its subsidiaries real estate-related business

The Company and its subsidiaries acquire real estate and establish VIEs to borrow non-recourse loans from financial institutions and simplify the administration activities necessary for the real estate. The Company and its subsidiaries have consolidated such VIEs even though the Company and its subsidiaries may not have voting rights if substantially all of such VIEs subordinated interests are issued to the Company and its subsidiaries, and therefore the VIEs are controlled by and for the benefit of the Company and its subsidiaries.

In fiscal 2009 and 2010, the Company and its subsidiaries contributed additional funding to certain non-consolidated VIEs to support their repayment of debt and accounts payable, since those VIEs had experienced economic difficulties. The amount of such additional funding was ¥7,653 million and ¥5,148 million ($55 million). As a result, the Company and its subsidiaries have absorbed a majority of the expected losses and consolidated those VIEs.

Total assets of such consolidated VIEs are ¥339,141 million and ¥389,343 million ($4,185 million) as of March 31, 2009 and 2010, respectively. Those assets are mainly included in investment in operating leases, other assets and other operating assets in the consolidated balance sheets as of March 31, 2009 and 2010, respectively. And total liabilities of those consolidated VIEs were ¥108,250 million and ¥102,960 million ($1,107 million) as of March 31, 2009 and 2010, respectively. Those liabilities are mainly included in long-term debt in the consolidated balance sheets. Certain such consolidated VIEs borrow non-recourse loans from financial institutions, and ¥160,283 million and ¥156,922 million ($1,687 million) of these VIEs assets are pledged as collateral for the non-recourse loans as of March 31, 2009 and 2010, respectively. The lenders of the non-recourse loans and the creditors of the other liabilities have no recourse to other assets of the Company and its subsidiaries. The Company has agreements to commit to invest in certain such consolidated VIEs. The total remaining capital commitments are ¥4,280 million and ¥2,680 million ($29 million) as of March 31, 2009 and 2010, respectively.

(d) VIEs for corporate rehabilitation support business

Financial institutions, the Company and its subsidiary are involved with VIEs established for the corporate rehabilitation support business. VIEs receive the funds from investors including the financial institutions, the Company and the subsidiary, and purchase loan receivables due from borrowers which have financial problems, but are deemed to have the potential to recover in the future. The servicing operations for the VIEs are mainly conducted by the subsidiary.

The Company and its subsidiary consolidated such VIEs since the Company and the subsidiary have the majority of the investment share of such VIEs.

Total assets of the consolidated VIEs are ¥17,295 million and ¥15,462 million ($166 million) as of March 31, 2009 and 2010, respectively. Those assets are mainly included in installment loans in the consolidated balance sheets as of March 31, 2009 and 2010. Certain VIEs borrow non-recourse loans from financial institutions, and ¥475 million and ¥475 million ($5 million) of these VIEs assets are pledged as collateral for the non-recourse loans as of March 31, 2009 and 2010, respectively. The lenders of the non-recourse loans have no recourse to other assets of the Company and its subsidiaries.

(e) VIEs for acquisition of loan receivables

The Company is involved with VIEs mainly established by customers to purchase loan receivables. VIEs receive loan receivables as trust assets from the customers. The servicing operations for the VIEs are conducted by the customers.

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The Company consolidated such VIEs since the Company purchased all of beneficial interests of such VIEs.

Total assets of the consolidated VIEs are ¥103,161 million and ¥91,996 million ($989 million) as of March 31, 2009 and 2010, respectively. Those assets are mainly included in installment loans in the consolidated balance sheets as of March 31, 2009 and 2010.

(f) VIEs for investment in securities

The Company and its subsidiaries have interests in VIEs that are investment funds and mainly invest in equity and debt securities. Such VIEs are managed by fund management companies that are independent of the Company and its subsidiaries.

The Company consolidated certain such VIEs since the Company has the majority of the investment share of them.

Total assets of the consolidated VIEs are ¥39,296 million and ¥23,804 million ($256 million) as of March 31, 2009 and 2010, respectively. Those assets are mainly included in other operating assets and investment in affiliates in the consolidated balance sheets as of March 31, 2009 and 2010. Total liabilities of those consolidated VIEs were ¥15,551 million and ¥9,342 million ($100 million) as of March 31, 2009 and 2010, respectively. Those liabilities are mainly included in trade notes, accounts payable and other liabilities in the consolidated balance sheets. The creditors of those liabilities have no recourse to other assets of the Company and its subsidiaries. The Company has agreements to commit to invest in certain such consolidated VIEs. The total remaining capital commitments are ¥1,995 million and ¥1,596 million ($17 million) as of March 31, 2009 and 2010, respectively.

(g) Kumiai structures

In Japan, certain subsidiaries provide investment products to their customers that employ a contractual mechanism known as a kumiai, which in part result in the subsidiaries forming a type of SPE. As a means to finance the purchase of aircraft or other large-ticket items to be leased to third parties, the Company and its subsidiaries arrange and market kumiai products to investors, who invest a portion of the funds necessary into the kumiai structure. The remainder of the purchase funds is borrowed by the kumiai structure in the form of a non-recourse loan from one or more financial institutions. The kumiai investors (and any lenders to the kumiai structure) retain all of the economic risks and rewards in connection with purchase and leasing activities of the kumiai structure, and all related gains or losses are recorded on the financial statements of investors in the kumiai. The Company and its subsidiaries are responsible for the arrangement and marketing of these products, and may act as servicer or administrator in kumiai transactions. The fee income for the arrangement and administration of these transactions is recognized in the consolidated statements of income. The Company and its subsidiaries do not guarantee or otherwise have any significant financial commitments or exposure with respect to the kumiai or its related SPE.

Most of these kumiais are not consolidated by the Company and its subsidiaries since the Company and its subsidiaries are not the primary beneficiary.

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ORIX Corporation and Subsidiaries

12. Investment in Affiliates

Investment in affiliates at March 31, 2009 and 2010 consists of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Shares	¥ 260,155	¥ 293,488	$ 3,155
Loans	4,540	116,223	1,249
	¥ 264,695	¥ 409,711	$ 4,404

Certain affiliates are listed on stock exchanges. The aggregate investment in and quoted market value of those affiliates amounted to ¥50,395 million and ¥33,980 million, respectively, as of March 31, 2009 and ¥55,531 million ($597 million) and ¥69,071 million ($742 million), respectively, as of March 31, 2010.

In fiscal 2008, 2009 and 2010, the Company and its subsidiaries received dividends from affiliates of ¥5,781 million, ¥11,046 million and ¥1,702 million ($18 million), respectively.

The balance of excess of cost over the underlying equity at acquisition dates of investment in affiliates amounted to ¥13,740 million and ¥24,856 million ($267 million) as of March 31, 2009 and 2010, respectively.

ORIX JREIT Inc. (ORIX JREIT), an equity method affiliate, entered into an asset management agreement with one of the Company s subsidiaries and paid ¥1,323 million of management fees for fiscal 2008, ¥1,672 million for fiscal 2009 and ¥1,572 million ($17 million) for fiscal 2010, respectively.

The Company and its subsidiaries sold office buildings under operating leases to ORIX JREIT and recognized ¥13,682 million, ¥23,895 million and ¥3,564 million ($38 million) of gains on the sales, which were included in gains on sales of real estate under operating leases in the accompanying consolidated statements of income for fiscal 2008, 2009 and 2010, respectively. The related intercompany profits have been eliminated based on the Company s proportionate share.

During fiscal 2008, upon completion of valuation of the assets and liabilities of affiliates that were acquired, it was determined that the fair value of the investee s net assets exceeded the purchase price paid. This excess of fair value of the Company s proportionate interest in the net assets of the investee upon acquisition has been recorded first as a reduction of non-current assets of the investee with the excess reported as an extraordinary gain of ¥933 million, net of tax of ¥646 million, during fiscal 2008.

During fiscal 2008, the Company and its subsidiaries acquired an additional interest in DAIKYO INCORPORATED (DAIKYO) in a share swap. DAIKYO acquired Fuso Lexel Incorporated (Fuso Lexel) through a share swap. As the Company and its subsidiaries had held shares of Fuso Lexel, the Company and subsidiaries acquired an additional interest in DAIKYO through this share swap. As a result of the transaction, the interest of the third parties increased, and the ownership interest of the Company and its subsidiaries in DAIKYO decreased from 43% to 41%. Because the issuance price per share issued by DAIKYO was more than the average carrying amount per share of the Company and its subsidiaries, the Company and its subsidiaries was required to adjust the carrying amounts of its investments in DAIKYO by ¥2,377 million and recognized gains in earnings.

During fiscal 2009, the Company transferred ORIX Facilities Corporation, a subsidiary, to DAIKYO through a share swap. This resulted in acquisition of preferred shares of DAIKYO in an issue amount of ¥9,439 million and recognized a gain of ¥3,576 million in earnings as gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net. The related intercompany profits have been eliminated based on the Company s proportionate share.

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During fiscal 2009, The Fuji Fire and Marine Insurance Company Limited (Fuji Fire) issued 117,000,000 shares to a third party at ¥135 per share, amounting to ¥15,795 million. As a result, the ownership interest of the Company in Fuji Fire decreased from 26% to 20%. Because the issuance price per share issued by Fuji Fire was less than the average carrying amount per share of the Company, the Company was required to adjust the carrying amount of its investment in Fuji Fire by ¥4,574 million and recognized that loss in earnings as gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net.

During fiscal 2009, the Company recognized ¥29,965 million of impairment losses related to certain affiliates whose shares are listed. It was judged that the downward stock price movements of the affiliates were other than temporary because there have been deterioration of operating results in those companies. The losses mainly arose from Fuji Fire, which belongs to the Investment Banking segment.

During fiscal 2010, a loss of ¥6,954 million ($75 million) was recorded in equity in net income (loss) of affiliates in the consolidated statements of income, for a change in fair value of an investment that is measured at fair value by the election of fair value option under ASC 825-10 (Financial Instruments Fair Value Option). In addition, the Company and its subsidiaries sold the investment and recognized a loss of ¥2,724 million ($29 million) in gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net, in the consolidated statements of income for the fiscal 2010. The Company and its subsidiaries have chosen to apply the fair value option to this investment in an affiliate, which is a relatively short-term investment listed in the stock market, in order to reflect the economic value of the investment in our financial statements. We manage this investment at fair value and we believe that the recognition of earnings based on the changes in fair value of the listed stock as an estimated exit price for this investment is more relevant than applying the equity method to this investment. As of March 31, 2010, there is no related balance in the consolidated balance sheets for which the fair value option is applied.

During fiscal 2010, the Company transferred its 51% share ownership in ORIX Credit, a domestic subsidiary that operates a card loan business, to Sumitomo Mitsui Banking Corporation (SMBC), and ORIX Credit became an affiliate accounted for by the equity method with an investment of 49%. The sales of the portion of ownership interest transferred resulted in a gain of ¥3,571 million ($38 million) and the remeasurement to fair value of the interest retained resulted in a gain of ¥3,430 million ($37 million), both of which were included in earnings as gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net for fiscal 2010. The Company used a dividend discount model and other models to measure fair value of the interest retained. A part of the Company s loan to ORIX Credit was repaid as a result of the alliance with SMBC and the aggregate amount of the proceed from the sale of the equity interest and the repayment of the loan is included in sales of subsidiaries, net of cash disposed in the accompanying consolidated statement of cash flows**.** As of March 31, 2010, the investment in ORIX Credit amounted to ¥123,590 million ($1,328 million), ¥96,680 million ($1,039 million) of which consisted of loans.

During fiscal 2010, ORIX Securities, a domestic subsidiary that operates securities business, made a share swap with Monex Group, Inc. (Monex Group) to become a wholly owned subsidiary of Monex Group. The Company acquired 22% share ownership of Monex Group and Monex Group became an affiliate accounted for by the equity method. As a result of the swap, a gain of ¥9,337 million ($100 million) was recognized in earnings as gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net.

During fiscal 2010, DAIKYO issued 99,950,000 shares to the public and a third party at ¥182 per share, amounting to ¥18,216 million ($196million). As a result, the ownership interest of the Company in DAIKYO decreased from 41% to 31%. Because the issuance price per share issued by DAIKYO was more than the average carrying amount per share of the Company, the Company was required to adjust the carrying amount of its investments in DAIKYO by ¥3,789 million ($41 million) and recognized that gain in earnings as gains (losses) on sales of subsidiaries and affiliates and liquidation losses,net.

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ORIX Corporation and Subsidiaries

During fiscal 2010, Fuji Fire issued 156,976,000 shares to a third party at ¥86 per share, amounting to ¥13,500 million ($145 million). As a result, the ownership interest of the Company in Fuji Fire decreased from 20% to 15%. Because the issuance price per share issued by Fuji Fire was less than the average carrying amount per share of the Company, the Company was required to adjust the carrying amount of its investment in Fuji Fire by ¥1,839 million ($20 million) and recognized that loss in earnings as gains (losses) on sales of subsidiaries and affiliates and liquidation losses,net. As a result of the decrease of share of ownership, Fuji Fire became a non affiliate accounted for as available-for sale equity securities.

Companies comprising a significant portion of investment in affiliates were DAIKYO (41% of equity share) and Fuji Fire (26% of equity share) as of March 31, 2008, DAIKYO (41% of equity share) and Fuji Fire (20% of equity share) as of March 31, 2009 and DAIKYO (31% of equity share), ORIX Credit (49% of equity share) and Monex Group (22% of equity share) as of March 31, 2010.

Combined and condensed information relating to the affiliates for fiscal 2008, 2009 and 2010 are as follows (some operation data for entities reflect only the period since the Company and its subsidiaries made the investment and on a lag basis):

	Millions of yen			Millions of U.S. dollars
	2008	2009	2010	2010
Operations:				
Total revenues	¥ 1,738,670	¥ 1,393,480	¥ 1,093,173	$ 11,749
Income before income taxes	206,009	(64,530)	139,067	1,495
Net income	158,949	(77,415)	89,368	961
Financial position:				
Total assets	¥ 4,326,436	¥ 4,390,084	¥ 3,983,524	$ 42,815
Total liabilities	3,298,243	3,435,107	2,968,953	31,910
Total equity	1,028,193	954,977	1,014,571	10,905

The Company and its subsidiaries had no significant transactions with these companies except as described above.

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ORIX Corporation and Subsidiaries

13. Goodwill and Other Intangible Assets

Changes in goodwill by reportable segment for fiscal 2008, 2009 and 2010 are as follows:

	Millions of yen						
	Corporate Financial Services	**Maintenance Leasing**	**Real Estate**	**Investment Banking**	**Retail**	**Overseas**	**Total**
Balance at March 31, 2007							
Goodwill	¥ 1,081	¥ 282	¥ 18,718	¥ 5,138	¥ 4,452	¥ 55,241	¥ 84,912
Accumulated impairment losses	(656)			(15)		(274)	(945)
	425	282	18,718	5,123	4,452	54,967	83,967
Acquired	5,530		5,639	1,776		1,369	14,314
Impairment				(955)			(955)
Other (net)*	(52)		(6,512)	(450)		(8,116)	(15,130)
Balance at March 31, 2008							
Goodwill	6,559	282	17,845	6,464	4,452	48,494	84,096
Accumulated impairment losses	(656)			(970)		(274)	(1,900)
	5,903	282	17,845	5,494	4,452	48,220	82,196
Acquired	39		5,298	20			5,357
Impairment	(1,698)			(281)			(1,979)
Other (net)*	(3,422)		(3,913)	353		(1,348)	(8,330)
Balance at March 31, 2009							
Goodwill	3,176	282	19,230	6,822	4,452	46,872	80,834
Accumulated impairment losses	(2,354)			(1,236)			(3,590)
	822	282	19,230	5,586	4,452	46,872	77,244
Acquired	173		1,473	140			1,786
Impairment	(749)			(1,939)			(2,688)
Other (net)*	135		(2,167)	(1,047)		(2,189)	(5,268)
Balance at March 31, 2010							
Goodwill	3,484	282	18,536	5,047	4,452	44,683	76,484
Accumulated impairment losses	(3,103)			(2,307)			(5,410)
	¥ 381	¥ 282	¥ 18,536	¥ 2,740	¥ 4,452	¥ 44,683	¥ 71,074

	Millions of U.S. dollars			
	Real Estate	**Retail**	**Overseas**	**Total**

	Corporate Financial Services	Maintenance Leasing		Investment Banking			
Balance at March 31, 2009							
Goodwill	$ 34	$ 3	$ 207	$ 73	$ 48	$ 503	$ 868
Accumulated impairment losses	(25)			(13)			(38)
	9	3	207	60	48	503	830
Acquired	2		16	2			20
Impairment	(8)			(21)			(29)
Other (net)*	1		(24)	(12)		(22)	(57)
Balance at March 31, 2010							
Goodwill	37	3	199	54	48	481	822
Accumulated impairment losses	(33)			(25)			(58)
	$ 4	$ 3	$ 199	$ 29	$ 48	$ 481	$ 764

* Other includes foreign currency translation adjustments and certain other reclassifications.

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ORIX Corporation and Subsidiaries

Other intangible assets at March 31, 2009 and 2010 consist of the following:

	Millions of yen 2009	Millions of yen 2010	Millions of U.S. dollars 2010
Intangible assets not subject to amortization:			
Trade name	¥ 20,220	¥ 18,411	$ 198
Others	517	654	7
	20,737	19,065	205
Intangible assets subject to amortization:			
Software	61,729	56,360	606
Others	15,159	9,543	102
	76,888	65,903	708
Accumulated amortization	(47,133)	(43,586)	(468)
Net	29,755	22,317	240
	¥ 50,492	¥ 41,382	$ 445

The aggregate amortization expenses for intangible assets are ¥8,899 million, ¥9,021 million and ¥8,203 million ($88 million) in fiscal 2008, 2009 and 2010, respectively.

The estimated amortization expenses for each of five succeeding fiscal years are ¥6,260 million ($67 million) in fiscal 2011, ¥5,164 million ($56 million) in fiscal 2012, ¥3,719 million ($40 million) in fiscal 2013, ¥2,495 million ($27 million) in fiscal 2014 and ¥1,118 million ($12 million) in fiscal 2015, respectively.

The Company and its subsidiaries performed tests for impairment on intangible assets. As a result, the Company and its subsidiaries recognized ¥4,109 million of impairment losses, of which ¥2,910 million were reflected as selling, general and administrative expenses, and ¥1,199 million were recorded as income from discontinued operations in fiscal 2008. Of these impairment losses, ¥2,654 million was a result of impairment losses in the trade name, and ¥1,455 million was a result of the termination of contracts with the seller in acquisitions. The losses of ¥2,910 million were included in the Corporate Financial Services segment, and ¥1,199 million were included in the Investment Banking segment. The Company and its subsidiaries have recognized no impairment losses on intangible assets from fiscal 2009 through fiscal 2010.

14. Short-Term and Long-Term Debt

Short-term debt consists of notes payable to banks, bank overdrafts, commercial paper and medium-term note program.

The composition of short-term debt and the weighted average contract interest rate on short-term debt at March 31, 2009 and 2010 are as follows:

March 31, 2009

	Millions of yen	**Weighted average rate**
Short-term debt in Japan, mainly from banks	¥ 370,507	1.5%
Short-term debt outside Japan, mainly from banks	198,169	3.1
Commercial paper in Japan	225,846	1.2
Commercial paper outside Japan	145	2.5
Medium-term note program in Japan	3,500	1.2
	¥ 798,167	1.8

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ORIX Corporation and Subsidiaries

March 31, 2010

	Millions of yen	Millions of U.S. dollars	Weighted average rate
Short-term debt in Japan, mainly from banks	¥ 158,469	$ 1,703	1.6%
Short-term debt outside Japan, mainly from banks	112,765	1,212	2.6
Commercial paper in Japan	282,781	3,039	0.3
Medium-term note program in Japan	19,550	211	1.7
	¥ 573,565	$ 6,165	1.2

The composition of long-term debt, the weighted average contract interest rate on long-term debt and the repayment due dates at March 31, 2009 and 2010 are as follows:

March 31, 2009

	Due (Fiscal Year)	Millions of yen	Weighted average rate
Banks:			
Fixed rate	2010~2023	¥ 327,623	2.2%
Floating rate	2010~2020	1,621,558	1.3
Insurance companies and others:			
Fixed rate	2010~2018	440,001	1.6
Floating rate	2010~2021	286,947	1.2
Unsecured bonds	2010~2018	1,130,563	1.4
Unsecured convertible bonds with stock acquisition rights	2014	150,000	1.0
Unsecured bond with stock acquisition rights	2023	38,791	0.0
Unsecured notes under medium-term note program	2010~2018	99,393	1.6
Payables under securitized lease receivables	2010~2016	114,260	1.7
Payables under securitized loan receivables and investment in securities	2010~2025	244,709	1.5
		¥ 4,453,845	1.4

March 31, 2010

	Due (Fiscal Year)	Millions of yen	Millions of U.S. dollars	Weighted average rate
Banks:				
Fixed rate	2011~2025	¥ 293,479	$ 3,154	2.6%
Floating rate	2011~2025	1,406,442	15,117	1.2
Insurance companies and others:				
Fixed rate	2011~2018	372,556	4,004	1.7
Floating rate	2011~2028	241,900	2,600	1.1
Unsecured bonds	2011~2019	1,028,994	11,060	1.8
Unsecured convertible bonds with stock acquisition rights	2014	149,987	1,612	1.0
Unsecured bond with stock acquisition rights	2023	36,378	391	0.0
Unsecured notes under medium-term note program	2011~2018	104,310	1,121	1.6
Payables under securitized lease receivables	2011~2016	101,860	1,095	1.8
Payables under securitized loan receivables and investment in securities	2011~2026	100,364	1,079	0.9
		¥ 3,836,270	$ 41,233	1.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

The repayment schedule for the next five years and thereafter for long-term debt at March 31, 2010 is as follows:

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2011	¥ 1,202,924	$ 12,929
2012	1,022,276	10,987
2013	794,533	8,540
2014	529,992	5,696
2015	150,569	1,618
Thereafter	135,976	1,463
Total	¥ 3,836,270	$ 41,233

For borrowings from banks, insurance companies and other financial institutions, and for bonds, interest payments are usually paid semi-annually and principal repayments are made upon maturity of the loan contracts or bonds. For medium-term notes, interest payments are mainly made semiannually and principal is repaid upon maturity of the notes.

For unsecured convertible bond with stock acquisition rights, the Company issued series three unsecured convertible bond with stock acquisition rights of ¥150,000 million in December 2008. As of March 31, 2010, the bond had stock acquisition rights that were convertible into 21,919,271 shares of common stock at a conversion price of ¥6,842.70 ($73.55) per share. The conversion price shall be adjusted mainly in a situation where the Company issues new shares at less than the current market price of the shares.

For unsecured bond with stock acquisition rights, the Company issued Liquid Yield Option Notes™ of $400 million, net of unamortized discount of $622 million, in June 2002. As of March 31, 2010, the bond had stock acquisition rights that were convertible into 2,493,309 shares of common stock at a conversion price of $115.12 per share. The stock acquisition rights may be exercised (1) if the closing price at Tokyo Stock Exchange for the shares for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of the previous quarter is more than specified conversion trigger price which will be accreted from $126.63 for the quarter including the date of issuance to $320.72 for the quarter including the date of the bond maturity, (2) during any period in which the issuer rating or the long-term senior debt credit rating assigned to the Company is below a specified level, (3) if the bond is called for redemption or (4) if specified corporate transactions have occurred. The conversion price shall be adjusted mainly in a situation where the Company issues new shares at less than the current market price of the shares.

During fiscal 2008, 2009 and 2010, the Company and certain subsidiaries recognized net amortization expenses of bond premiums and discounts, and deferred issuance costs of bonds and medium-term notes in the amount of ¥3,184 million, ¥3,551 million and ¥4,022 million ($43 million), respectively.

Total committed credit lines for the Company and its subsidiaries were ¥537,196 million and ¥426,729 million ($4,587 million) at March 31, 2009 and 2010, respectively, and, of these lines, ¥270,507 million and ¥385,892 million ($4,148 million) were available at March 31, 2009 and 2010, respectively. Of the available committed credit lines, ¥109,197 million and ¥162,337 million ($1,745 million) were long-term committed credit lines at March 31, 2009 and 2010, respectively.

Some of the debt and commitment contracts contain covenant clauses, and some of these include financial restrictions, such as maintenance of certain ORIX Corporation shareholders equity ratios, as well as maintenance of specified credit ratings. As of March 31, 2010, the Company and its subsidiaries were in compliance with such objective covenant requirements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

The agreements related to debt payable to banks provide that the banks under certain circumstances may request additional security for loans and have the right to offset cash deposited against any short-term or long-term debt that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks.

In addition to the assets that are not accounted for as sales but as secured borrowings as described in Note 10 (Securitization Transactions), and the assets held by SPEs described in Note 11 (Variable Interest Entities), the short-term and long-term debt payables to financial institutions are secured by the following assets as of March 31, 2010:

	Millions of yen	Millions of U.S. dollars
Minimum lease payments, loans and investment in operating leases	¥ 117,595	$ 1,264
Investment in securities (include repurchase facilities of ¥179 million ($2 million))	309	3
Investment in Affiliates	9,595	103
Other operating assets	52,861	568
Other assets	11,795	127
	¥ 192,155	$ 2,065

As of March 31, 2010, investment in securities of ¥76,417 million ($821 million) was pledged for primarily collateral deposits.

Loan agreements relating to short-term and long-term debt from commercial banks and certain insurance companies provide collateral against these debts at any time if requested by the lenders. To date, the Company has not received any such requests from the lenders.

15. Deposits

Deposits at March 31, 2009 and 2010 consist of the following:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Time deposits	¥ 638,591	¥ 788,525	$ 8,475
Other deposits	29,036	64,744	696

Total	¥ 667,627	¥ 853,269	$ 9,171

The balances of time deposits, including certificates of deposit, issued in amounts of ¥10 million ($107 thousand) or more were ¥396,088 million and ¥462,743 million ($4,974 million) at March 31, 2009 and 2010, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

The maturity schedule of time deposits at March 31, 2010 is as follows:

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2011	¥ 395,571	$ 4,252
2012	137,933	1,483
2013	120,959	1,300
2014	36,962	397
2015	97,100	1,043
Total	¥ 788,525	$ 8,475

16. Income Taxes

Income before income taxes, discontinued operations and extraordinary gain, and the provision for income taxes in fiscal 2008, 2009 and 2010 are as follows:

	Millions of yen 2008	2009	2010	Millions of U.S. dollars 2010
Income before income taxes, discontinued operations and extraordinary gain:				
Japan	¥ 189,553	¥ (16,027)	¥ 14,336	$ 154
Overseas	56,566	24,714	41,272	444
	¥ 246,119	¥ 8,687	¥ 55,608	$ 598
Provision for income taxes:				
Current				
Japan	¥ 103,381	¥ 40,877	¥ 33,614	$ 361
Overseas	4,762	31	17,553	189
	108,143	40,908	51,167	550
Deferred				
Japan	(26,944)	(51,951)	(22,387)	(241)
Overseas	16,472	8,368	(5,427)	(58)
	(10,472)	(43,583)	(27,814)	(299)

Provision for income taxes	¥ 97,671	¥ (2,675)	¥ 23,353	$ 251

In fiscal 2008, 2009 and 2010, the Company and its subsidiaries in Japan are subject to a National Corporate tax of 30%, an Inhabitant tax of approximately 6% and a deductible Enterprise tax of approximately 8%, which in the aggregate result in a statutory income tax rate of 40.9%.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

Reconciliation of the differences between tax provision computed at the statutory rate and consolidated provisions for income taxes in fiscal 2008, 2009 and 2010 are as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2009	2010	2010
Income before income taxes, discontinued operations and extraordinary gain	¥ 246,119	¥ 8,687	¥ 55,608	$ 598
Tax provision computed at statutory rate	¥ 100,663	¥ 3,553	¥ 22,744	$ 244
Increases (reductions) in taxes due to:				
Change in valuation allowance	1,359	6,792	1,859	20
Non-deductible expenses for tax purposes	2,067	1,755	1,640	18
Effect of lower tax rates on foreign subsidiaries and a domestic life insurance subsidiary	(1,480)	(1,479)	(3,699)	(40)
Effect of a revision of the taxation system		(10,970)		
Other, net	(4,938)	(2,326)	809	9
Provision for income taxes	¥ 97,671	¥ (2,675)	¥ 23,353	$ 251

The effective income tax rate is different from the statutory tax rate primarily because of certain non-deductible expenses for tax purposes, a change in valuation allowance and the effect of lower income tax rates on foreign subsidiaries and a domestic life insurance subsidiary.

In March 2009, the Japanese tax code was revised to reduce the taxes on dividends of foreign subsidiaries by 95%, which resulted in a substantial reduction of our taxes in fiscal 2009.

Prior to the 2009 revision, dividends received from foreign subsidiaries were taxed at a rate based on the differences between the Japanese tax rate and applicable income tax rates in foreign countries. Consequently, deferred tax liabilities related to such additional tax for undistributed earnings of foreign subsidiaries had been recognized except for those designated as indefinitely reinvested.

In fiscal 2009, the Company reversed deferred tax liabilities except for the amount which continued to be taxed under the revised tax code.

In fiscal 2009, as part of our capital allocation plans going forward, the Company made a decision that for certain foreign subsidiaries where the Company had not recognized deferred tax liabilities the Company will no longer reinvest undistributed earnings indefinitely. Accordingly, the Company has recognized deferred tax liabilities for the relevant subsidiaries since fiscal 2009, according to the revised tax code.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

Total income taxes recognized in fiscal 2008, 2009 and 2010 are as follows:

	Millions of yen 2008	Millions of yen 2009	Millions of yen 2010	Millions of U.S. dollars 2010
Provision for income taxes	¥ 97,671	¥ (2,675)	¥ 23,353	$ 251
Income taxes on discontinued operations	15,944	8,796	4,756	51
Income taxes on extraordinary gain	646			
Goodwill, for initial recognition of acquired tax benefits that previously were included in the valuation allowance		(2,141)		
Income taxes on other comprehensive income (loss):				
Net unrealized gains (losses) on investment in securities	(24,665)	(27,533)	7,816	84
Defined benefit pension plans	(5,350)	(8,362)	4,925	53
Foreign currency translation adjustments	(10,964)	(2,111)	4,722	50
Net unrealized gains (losses) on derivative instruments	931	(390)	(1,066)	(11)
Total income taxes	¥ 74,213	¥ (34,416)	¥ 44,506	$ 478

The tax effects of temporary differences giving rise to the deferred tax assets and liabilities at March 31, 2009 and 2010 are as follows:

	Millions of yen 2009	Millions of yen 2010	Millions of U.S. dollars 2010
Assets:			
Net operating loss carryforwards	¥ 61,618	¥ 53,841	$ 579
Allowance for doubtful receivables on direct financing leases and probable loan losses	67,399	77,866	837
Investment in securities	19,079	13,138	141
Other operating assets	3,695	2,339	25
Accrued expenses	10,290	11,815	127
Other	39,491	34,937	376
	201,572	193,936	2,085
Less: valuation allowance	(44,635)	(42,846)	(461)
	156,937	151,090	1,624
Liabilities:			
Investment in direct financing leases	50,104	27,109	292
Investment in operating leases	62,225	69,610	748
Deferred insurance policy acquisition costs	20,662	24,407	262
Policy liabilities	16,222	17,910	192
Undistributed earnings	17,026	25,799	277
Prepaid benefit cost	8,308	13,392	144
Other	67,071	50,285	541

	241,618	228,512	2,456
Net deferred tax liability	¥ 84,681	¥ 77,422	$ 832

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

The valuation allowance is mainly recognized for deferred tax assets of consolidated subsidiaries with net operating loss carryforwards for tax purposes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and tax loss carryforwards are utilizable. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company and its subsidiaries will realize the benefits of these deductible temporary differences and tax loss carryforwards, net of the existing valuation allowances at March 31, 2010. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. The net changes in the total valuation allowance were increases of ¥18,332 million in fiscal 2008 and ¥3,070 million in fiscal 2009, and decreases of ¥ 1,789 million ($19 million) in fiscal 2010, respectively.

Certain subsidiaries have net operating loss carryforwards of ¥156,960 million ($1,687 million) at March 31, 2010, which expire as follows:

Year ending March 31,	Millions of yen	Millions of U.S. dollars
2011	¥ 951	$ 10
2012	15,716	169
2013	27,687	297
2014	6,019	65
2015	22,577	243
Thereafter	84,010	903
Total	¥ 156,960	$ 1,687

Net deferred tax assets and liabilities at March 31, 2009 and 2010 are reflected in the accompanying consolidated balance sheets under the following captions:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Other assets	¥ 66,558	¥ 83,483	$ 897
Income taxes: Deferred	151,239	160,905	1,729
Net deferred tax liability	¥ 84,681	¥ 77,422	$ 832

The Company and its subsidiaries adopted ASC 740 (Income Taxes). The unrecognized tax benefits as of March 31, 2009 and March 31, 2010 were not material. The Company and its subsidiaries believe that it is not reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of March 31, 2010.

The total amounts of penalties and interest expense related to income taxes recognized in the consolidated balance sheets as of March 31, 2009 and March 31, 2010, and in the consolidated statements of income for the years ended March 31, 2008, 2009 and 2010 were not material.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

The Company and its subsidiaries file tax returns in Japan and certain foreign tax jurisdictions. The Company is no longer subject to ordinary tax examination for the tax years prior to fiscal 2009, and its major domestic subsidiaries are no longer subject to ordinary tax examination for the tax years prior to fiscal 2007, respectively.

Subsidiaries in the United States remain subject to a tax examination for the tax years after fiscal 2001.

17. Pension Plans

The Company and certain subsidiaries have contributory and non-contributory funded pension plans covering substantially all of their employees. Those contributory funded pension plans include defined benefit pension plans and defined contribution pension plans. Under the plans, employees are entitled to lump-sum payments at the time of termination of their employment or pension payments. Defined benefit pension plans consist of a plan of which the amounts of such payments are determined on the basis of length of service and remuneration at the time of termination and a cash balance plan.

The Company and its subsidiaries funding policy is to contribute annually the amounts actuarially determined. Assets of the plans are invested primarily in interest-bearing securities and marketable equity securities.

The funded status of the defined benefit pension plans, a substantial portion of which consists of domestic pension plans, as of March 31, 2009 and 2010 is as follows:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Change in benefit obligation:			
Benefit obligation at beginning of year	¥ 52,458	¥ 57,094	$ 615
Service cost	3,049	3,255	35
Interest cost	1,327	1,265	14
Plan amendments		210	2
Actuarial loss (gain)	2,071	(3,229)	(35)
Foreign currency exchange rate change	(146)	(144)	(2)
Benefits paid	(1,683)	(1,830)	(20)
Settlements		(64)	(1)
Acquisition and other	18	(167)	(2)
Benefit obligation at end of year	57,094	56,390	606

Change in plan assets:			
Fair value of plan assets at beginning of year	84,792	74,111	796
Actual return on plan assets	(15,035)	9,382	101
Employer contribution	5,961	4,291	46
Benefits paid	(1,549)	(1,713)	(18)
Foreign currency exchange rate change	(58)	(104)	(1)
Fair value of plan assets at end of year	74,111	85,967	924
The funded status of the plans	¥ 17,017	¥ 29,577	$ 318
Amount recognized in the consolidated balance sheets consists of:			
Prepaid benefit cost included in prepaid expenses	¥ 20,181	¥ 32,589	$ 350
Accrued benefit liability included in accrued expenses	(3,164)	(3,012)	(32)
Net amount recognized	¥ 17,017	¥ 29,577	$ 318

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

Amount recognized in accumulated other comprehensive income (loss), pre-tax, at March 31, 2009 and 2010 consisted of:

	Millions of yen		Millions of U.S. dollars
	2009	2010	2010
Net prior service credit	¥ 11,486	¥ 10,095	$ 109
Net actuarial loss	(38,455)	(25,010)	(269)
Net transition obligation	(377)	(381)	(4)
Total recognized in accumulated other comprehensive income (loss), pre-tax	¥ (27,346)	¥ (15,296)	$ (164)

The estimated portions of the net prior service credit, net actuarial loss and net transition obligation above that will be recognized as a component of net pension cost in 2011 are ¥1,192 million ($13 million), ¥1,046 million ($11 million) and ¥3 million ($0 million), respectively.

The accumulated benefit obligations for all defined benefit pension plans were ¥48,112 million and ¥51,086 million ($549 million), respectively, at March 31, 2009 and 2010.

The aggregate projected benefit obligations, aggregate accumulated benefit obligations and aggregate fair values of plan assets for the plans with the accumulated benefit obligations in excess of plan assets were ¥5,538 million, ¥5,202 million and ¥2,375 million, respectively, at March 31, 2009 and ¥5,565 million ($60 million), ¥5,535 million ($59 million) and ¥2,616 million ($28 million), respectively, at March 31, 2010.

Net pension cost of the plans for fiscal 2008, 2009 and 2010 consists of the following:

	Millions of yen			Millions of U.S. dollars
	2008	2009	2010	2010
Service cost	¥ 2,753	¥ 3,049	¥ 3,255	$ 35
Interest cost	1,256	1,327	1,265	14
Expected return on plan assets	(2,147)	(2,033)	(1,747)	(19)
Amortization of transition obligation	(2)	(3)	(3)	(0)
Amortization of net actuarial loss	30	724	2,098	22
Amortization of prior service credit	(1,208)	(1,208)	(1,209)	(13)
Plan curtailments and settlements	1		3	0
Net periodic pension cost	¥ 683	¥ 1,856	¥ 3,662	$ 39

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ORIX Corporation and Subsidiaries

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for fiscal 2009 and 2010 are summarized as follows:

	Millions of yen			Millions of U.S. dollars
	2008	2009	2010	2010
Current year actuarial gain (loss)	¥ (12,412)	¥ (19,970)	¥ 11,275	$ 121
Amortization of net actuarial loss	30	724	2,098	23
Prior service credit due to amendments	321	(63)	(183)	(2)
Amortization of prior service credit	(1,208)	(1,208)	(1,209)	(13)
Amortization of transition obligation	(2)	(3)	(3)	(0)
Plan curtailments and settlements			3	0
Foreign currency exchange rate change	194	60	69	1
Total recognized in other comprehensive income (loss), pre-tax	¥ (13,077)	¥ (20,460)	¥ 12,050	$ 130

The Company and certain subsidiaries use March 31 as a measurement date for all of our material plans.

Significant assumptions of domestic and overseas pension plans used to determine these amounts are as follows:

Domestic	**2008**	**2009**	**2010**
Weighted-average assumptions used to determine benefit obligations at March 31:			
Discount rate.	2.2%	1.9%	2.1%
Rate of increase in compensation levels	6.2%	5.8%	5.9%
Weighted-average assumptions used to determine net periodic pension cost for years ended March 31:			
Discount rate	2.2%	2.2%	1.9%
Rate of increase in compensation levels	6.2%	6.2%	5.8%
Expected long-term rate of return on plan assets	2.2%	2.2%	2.2%

Overseas	**2008**	**2009**	**2010**
Weighted-average assumptions used to determine benefit obligations at March 31:			
Discount rate.	6.5%	7.1%	6.0%
Rate of increase in compensation levels	0.7%	0.6%	0.8%
Weighted-average assumptions used to determine net periodic pension cost for years ended March 31:			
Discount rate	6.0%	6.5%	7.1%
Rate of increase in compensation levels	0.6%	0.7%	0.6%
Expected long-term rate of return on plan assets	8.2%	8.2%	8.1%

The Company and certain subsidiaries determine the expected long-term rate of return on plan assets annually based on the composition of the pension asset portfolios and the expected long-term rate of return on these portfolios. The expected long-term rate of return is designed to approximate the long-term rate of return actually earned on the plans assets over time to ensure that funds are available to meet the pension obligations that result from the services provided by employees. The Company and certain subsidiaries use a number of factors to determine the expected rate of return, including actual historical returns on the asset classes of the plans portfolios and independent projections of returns of the various asset classes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

The Company and certain subsidiaries investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. The Company and certain subsidiaries formulate a policy portfolio appropriate to produce the expected long-term rate of return on plan assets, and ensure that plan assets are allocated under this policy portfolio. The Company and certain subsidiaries periodically have an external consulting firm monitor the results of actual return and revise the policy portfolio if necessary.

Our policy for the portfolio of plans consists of four major components: approximately 40% is invested in equity securities, approximately 40% is invested in debt securities, approximately 10% is invested in alternative investments and approximately 10% is invested in other investment vehicles, primarily consisting of investments in life insurance company general accounts.

The three levels of input used to measure fair value are described in Note 2.

The fair value of pension plan assets at March 31,2010, by asset category, are as follows:

March 31, 2010

	Millions of yen			
	Total	Level 1	Level 2	Level 3
Equity securities:				
Japan				
Japanese companies (1)	¥ 903	¥ 903	¥	¥
Pooled funds (2)	19,335		19,335	
Other than Japan				
Pooled funds (3)	11,514		11,514	
Debt securities:				
Japan				
Pooled funds (4)	25,847		25,847	
Other than Japan				
Asset backed securities	1,060		1,060	
Pooled funds (5)	7,416		7,416	
Alternative investments:				
Pooled funds (6)	11,122		6,394	4,728
Other assets:				
Life insurance company general accounts (7)	5,291		5,291	
Others (8)	3,479		3,479	

¥ 85,967	¥ 903	¥ 80,336	¥ 4,728

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

	Millions of U.S. dollars			
	Total	Level 1	Level 2	Level 3
Equity securities:				
Japan				
Japanese companies (1)	$ 10	$ 10	$	$
Pooled funds (2)	208		208	
Other than Japan				
Pooled funds (3)	124		124	
Debt securities:				
Japan				
Pooled funds (4)	278		278	
Other than Japan				
Asset backed securities	11		11	
Pooled funds (5)	80		80	
Alternative investments:				
Pooled funds (6)	120		69	51
Other assets:				
Life insurance company general accounts (7)	57		57	
Others (8)	36		36	
	$ 924	$ 10	$ 863	$ 51

(1) Japanese companies of equity securities in which the Company and certain subsidiaries invest as pension plan assets include units of ORIX JREIT Inc. in the amounts of ¥36 million ($0 million) at March 31, 2010.
(2) These funds invest in listing shares only.
(3) These funds invest in listing shares only.
(4) These funds invest approximately 70% in Japanese government bonds, approximately 10% in Japanese municipal bonds, and approximately 20% in Japanese corporate bonds.
(5) These funds invest mainly in foreign government bonds.
(6) These funds invest in hedge funds as alternative investments.
(7) Life insurance company general accounts are accounts with guaranteed capital and minimum interest rate, in which life insurance companies manage funds on several contracts.
(8) Others include mainly short-term instruments.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets.

Level 1 assets are comprised principally of equity securities, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised principally of pooled funds that invest in equity, debt securities and hedge funds and investments in life insurance company general accounts. Pooled funds are valued at the net asset value per share at the measurement date. They are not redeemable at the net asset value per share at the measurement date but they are redeemable at the net asset value per share in the near term after the measurement date. Investments in life insurance company general accounts are valued at conversion value. Level 3 assets are comprised of pooled funds that invest in hedge funds that are measured at their net asset values. However, the hedge funds are not redeemable at the net asset values at the measurement date nor within a near term after the measurement date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

The following table represents the reconciliation for the Level 3 plan assets during fiscal 2010:

	Other assets Pooled funds	
	Millions of yen	Millions of U.S. dollars
Balance at March 31, 2009	¥ 3,514	$ 38
Realized and unrealized return on plan assets	453	5
Purchases, sales and redemptions, net	761	8
Balance at March 31, 2010	¥ 4,728	$ 51

The Company and certain subsidiaries expect to contribute ¥2,494 million ($27 million) to pension plans during the year ending March 31, 2011.

At March 31, 2010, the benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five years thereafter are as follows:

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2011	¥ 1,896	$ 20
2012	1,571	17
2013	1,600	17
2014	1,652	18
2015	1,739	19
2016-2020	10,897	117
Total	¥ 19,355	$ 208

The cost recognized for the defined contribution pension plans of the Company and certain of its subsidiaries for the years ended March 31, 2008, 2009 and 2010 were ¥1,369 million, ¥1,530 million and ¥1,305 million ($14 million), respectively.

18. Redeemable Noncontrolling Interests

Changes in redeemable noncontrolling interests in fiscal 2008, 2009 and 2010 are as follows:

	2008	Millions of yen 2009	2010	Millions of U.S. dollars 2010
Beginning Balance	¥ 24,680	¥ 24,057	¥ 25,396	$ 273
Adjustment of Redeemable Noncontrolling Interests to Redemption Value	(20)	23	(139)	(1)
Transaction with noncontrolling interests	1,748	1,699	1,962	21
Comprehensive income (loss)				
Net Income	1,950	698	2,476	26
Other comprehensive income (loss)				
Net change of unrealized gains (losses) on investment in securities	(175)	(261)		
Net change of foreign currency translation adjustments	(4,126)	(820)	(1,600)	(17)
Total other comprehensive income (loss)	(4,301)	(1,081)	(1,600)	(17)
Comprehensive income (loss)	(2,351)	(383)	876	9
Ending Balance	¥ 24,057	¥ 25,396	¥ 28,095	$ 302

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19. Stock-Based Compensation

The Company has a number of stock-based compensation plans as incentive plans for directors, executive officers, corporate auditors and selected employees.

Stock-option program

In fiscal 2001, the Company granted stock options to directors, executive officers and certain employees of the Company. The fiscal 2001 plan had a vesting period of three years and the exercise period is 10 years from the grant date. Under the plan, option holders have the right to purchase in the aggregate 316,700 treasury shares of the Company for options granted during fiscal 2001.

In fiscal 2002, the Company granted another option plan with the vesting period of two years and the exercise period of 10 years from the grant date. Under this plan, the Company issued warrants to directors, executive officers and certain employees of the Company to purchase, in the aggregate, 300,900 shares of the Company s common stock at an exercise price.

Since fiscal 2003, the Company has granted stock acquisition rights that have a vesting period between 1.67 and 1.92 years and an exercise period between 9.67 and 9.92 years. The acquisition rights were to purchase the Company s common stock at an exercise price and were distributed to directors, executive officers, corporate auditors and certain employees of the Company, subsidiaries and capital tie-up companies such as affiliated companies.

A summary of information related to the Company s stock acquisition rights is as follows:

		Number of shares	Exercise price	
Years ended March 31,	**Exercise period**	**Initially granted**	**Yen**	**U.S. dollars**
2003	From June 27, 2004 to June 26, 2012	453,300	¥ 7,206	$ 77
2004	From June 26, 2005 to June 25, 2013	516,000	6,991	75
2005	From June 24, 2006 to June 23, 2014	528,900	11,720	126
2006	From June 22, 2007 to June 21, 2015	477,400	18,903	203
2007	From June 21, 2008 to June 20, 2016	194,200	29,611	318
2008	From July 5, 2009 to June 22, 2017	144,980	31,009	333
2009	From July 18, 2010 to June 24, 2018	147,900	16,888	182

For the stock-option programs, the exercise prices, which are determined by a formula linked to the price of the Company s common stock on the Tokyo Stock Exchange, are equal or greater than the fair market value of the Company s common stock at the grant dates.

The following table summarizes information about the activity of these stock options for the year ended 2010:

	Number of shares	Weighted average exercise price (*)		Weighted average remaining contractual life	Aggregate intrinsic value	
		Yen	U.S. dollar	Years	Millions of yen	Millions of U.S. dollar
Outstanding at beginning of the year	1,455,320	¥ 18,017	$ 193.65			
Exercised	(11,000)	7,089	76.19			
Forfeited or expired	(73,940)	15,107	162.37			
Outstanding at end of year	1,370,380	18,261	196.27	4.94	¥	$
Exercisable at end of year	1,224,820	¥ 18,425	$ 198.03	4.56	¥	$

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* The exercise prices of the granted options were adjusted on April 1, 2000 for a 1.2-for-1 stock split implemented on May 19, 2000.
** The exercise prices of the granted options were adjusted in July 2009 for the issuance of new 18 million shares.

The Company received ¥2,171 million, ¥245 million and ¥77 million ($1 million) in cash from the exercise of stock options during fiscal 2008, 2009 and 2010, respectively.

The total intrinsic value of options exercised during fiscal 2008, 2009 and 2010 was ¥2,303 million, ¥202 million and ¥6 million ($0 million), respectively.

The fair value of each option was estimated on the date of grant under the following assumptions with the binominal option-pricing model. As for fiscal 2010, the fair value of options was not estimated because no stock options were granted.

	2008	2009
Weighted-average grant-date fair value	¥ 12,640	¥ 5,630
Risk-free rate	0.60-1.91%	0.60-1.52%
Expected volatility	42.00%	46.00%
Expected dividend yield	0.43%	1.73%

The Company recognized incremental stock-based compensation costs of its stock-option program in the amount of ¥2,150 million, ¥1,370 million and ¥611 million ($7 million) for fiscal 2008, 2009 and 2010, respectively.

As of March 31, 2010, the total unrecognized compensation costs related to non-vested options were ¥134 million ($1 million). This cost will be recognized over a weighted-average of 4 months.

Stock compensation program

The Company maintains a stock compensation program, under which points are granted annually to directors, executive officers and group executives of the Company based upon the prescribed standards of the Company. Upon retirement, each of eligible directors, executive officers, and group executives effectively receives a certain number of the Company s common shares which is calculated based on the accumulated number of points earned through retirement and applicable withholding tax effect. The Company s common shares are provided either from the treasury stock or by issuing new shares as necessary. In fiscal 2010, the Company granted 38,558 points, and 30,653 points were settled for individuals who retired during fiscal 2010. Total points outstanding under the stock compensation program as of March 31, 2010 were 93,283 points.

During fiscal 2008, 2009 and 2010, the Company recognized incremental stock-based compensation costs of its stock compensation program in the amount of ¥793 million, ¥356 million and ¥355 million ($4 million), respectively.

20. Accumulated Other Comprehensive Income (Loss)

Changes in each component of accumulated other comprehensive income (loss) attributable to ORIX Corporation in fiscal 2008, 2009 and 2010 are as follows. Comprehensive income (loss) and its components attributable to ORIX Corporation and noncontrolling interests have been reported, net of tax, in the consolidated statements of changes in equity, and information about comprehensive income (loss) and its components

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attributable to redeemable noncontrolling interests is provided in Note18 (Redeemable Noncontrolling Interests). Total comprehensive income (loss) and its components have been reported, net of tax, in the consolidated statements of comprehensive income.

	Millions of yen				
	Net unrealized gains (losses) on investment in securities	**Defined benefit pension plans**	**Foreign currency translation adjustments**	**Net unrealized gains (losses) on derivative instruments**	**Accumulated other comprehensive income (loss)**
Balance at March 31, 2007	¥ 72,994	¥ 3,604	¥ (22,620)	¥ 1,275	¥ 55,253
Net unrealized losses on investment in securities, net of tax of ¥23,159 million	(33,751)				(33,751)
Reclassification adjustment included in net income, net of tax of ¥1,506 million	(2,957)				(2,957)
Defined benefit pension plans, net of tax of ¥4,865 million		(7,032)			(7,032)
Reclassification adjustment included in net income, net of tax of ¥485 million		(695)			(695)
Foreign currency translation adjustments, net of tax of ¥9,101 million			(28,490)		(28,490)
Reclassification adjustment included in net income net of tax of ¥1,863 million			(2,692)		(2,692)
Net unrealized gains on derivative instruments, net of tax of ¥(889) million				965	965
Reclassification adjustment included in net income, net of tax of ¥(42) million				104	104
Change during year	(36,708)	(7,727)	(31,182)	1,069	(74,548)
Balance at March 31, 2008	36,286	(4,123)	(53,802)	2,344	(19,295)
Net unrealized losses on investment in securities, net of tax of ¥30,939 million	(48,225)				(48,225)
Reclassification adjustment included in net income, net of tax of ¥(3,406) million	6,324				6,324
Defined benefit pension plans, net of tax of ¥8,169 million		(11,804)			(11,804)
Reclassification adjustment included in net income, net of tax of ¥193 million		(294)			(294)
Foreign currency translation adjustments, net of tax of ¥2,309 million			(18,275)		(18,275)
Reclassification adjustment included in net income, net of tax of ¥(198) million			286		286
Net unrealized losses on derivative instruments, net of tax of ¥274 million				(944)	(944)
Reclassification adjustment included in net income, net of tax of ¥116 million				(157)	(157)
Change during year	(41,901)	(12,098)	(17,989)	(1,101)	(73,089)
Balance at March 31, 2009	(5,615)	(16,221)	(71,791)	1,243	(92,384)
Net unrealized gains on investment in securities, net of tax of ¥(6,610) million	11,357				11,357

Reclassification adjustment included in net income, net of tax of ¥(1,206) million	1,753				1,753
Defined benefit pension plans, net of tax of ¥(4,567) million		6,601			6,601
Reclassification adjustment included in net income, net of tax of ¥(358) million		528			528
Foreign currency translation adjustments, net of tax of ¥(4,487) million			(6,199)		(6,199)
Reclassification adjustment included in net income, net of tax of ¥(235) million			339		339
Net unrealized losses on derivative instruments, net of tax of ¥743 million				(630)	(630)
Reclassification adjustment included in net income, net of tax of ¥323 million				(824)	(824)
Change during year	13,110	7,129	(5,860)	(1,454)	12,925
Balance at March 31, 2010	¥ 7,495	¥ (9,092)	¥ (77,651)	¥ (211)	¥ (79,459)

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	Millions of U.S. dollars				
	Net unrealized gains (losses) on investment in securities	Defined benefit pension plans	Foreign currency translation adjustments	Net unrealized gains (losses) on derivative instruments	Accumulated other comprehensive income (loss)
Balance at March 31, 2009	$ (60)	$ (175)	$ (772)	$ 14	$ (993)
Net unrealized gains on investment in securities, net of tax of $(71) million	122				122
Reclassification adjustment included in net income, net of tax of $(13) million	19				19
Defined benefit pension plans, net of tax of $(49) million		71			71
Reclassification adjustment included in net income, net of tax of $(4) million		6			6
Foreign currency translation adjustments, net of tax of $(48) million			(67)		(67)
Reclassification adjustment included in net income, net of tax of $(2) million			4		4
Net unrealized losses on derivative instruments, net of tax of $8 million				(7)	(7)
Reclassification adjustment included in net income, net of tax of $3 million				(9)	(9)
Change during year	141	77	(63)	(16)	139
Balance at March 31, 2010	$ 81	$ (98)	$ (835)	$ (2)	$ (854)

21. ORIX Corporation Shareholders Equity

Changes in the number of shares issued and outstanding in fiscal 2008, 2009 and 2010 are as follows:

	Number of shares		
	2008	2009	2010
Beginning balance	91,518,194	92,193,067	92,217,067
Issuance of common stock			18,000,000
Exercise of stock options	136,700	24,000	11,000
Conversion of convertible bonds	213,279		1,881
Share swap merger	324,894		
Ending balance	92,193,067	92,217,067	110,229,948

The Japanese Companies Act (the Act), effective on May 1, 2006, provides that an amount equivalent to 10% of any dividends resulting from appropriation of retained earnings be appropriated to the legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of the issued capital. The Act also provides that both additional paid-in capital and the legal reserve are not available for dividends but may be capitalized or may be reduced by resolution of the general meeting of shareholders. However, by specifying in the Company s articles of incorporation, dividends can be declared by the Board of Directors instead of the general meeting of shareholders. In accordance with this, the Board of Directors of the Company resolved in May 2010 that a total of ¥8,061 million ($87 million) dividends shall be distributed to the shareholders of record as of March 31, 2010. The liability for declared dividends and related impact on total equity is accounted for in the period of such Board of Directors resolution. In fiscal 2009 after approving at the general meeting, the Company reclassified the legal reserve of ¥2,220 million to retained earnings for the purpose of simplifying the presentation of total equity.

The Act provides that at least one-half of amounts paid for new shares are included in common stock when they are issued. In conformity therewith, the Company has divided the principal amount of bonds converted into common stock and proceeds received from the issuance of common stock, including the exercise of warrants and stock acquisition rights, equally between common stock and additional paid-in capital, and set off expenses

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related to the issuance from the additional paid-in capital. On July 21, 2009, the Company issued 18,000,000 shares of common stock primarily by way of a Japanese public offering and an international offering. As a result of those offerings, common stock and additional paid-in capital increased by ¥41,677 million ($448million) and ¥41,347 million ($444million), respectively.

The amount available for dividends under the Act is calculated based on the amount recorded in the Company s non-consolidated financial statements prepared in accordance with accounting principles generally accepted in Japan. As a result, the amount available for dividends is ¥227,047 million ($2,440 million) as of March 31, 2010.

Retained earnings at March 31, 2010 include ¥13,804 million ($148 million) relating to equity in undistributed earnings of the companies accounted for by the equity method.

As of March 31, 2010, the restricted net assets of certain subsidiaries, which include regulatory capital requirements for life insurance and banking operations of ¥48,863 million ($525 million), do not exceed 25% of consolidated net assets.

During fiscal 2009, the Company acquired treasury stocks for ¥29,290 million in the stock market to implement a flexible capital policy, including allocation for share swaps in future merger and acquisition transactions. The Company disposed of treasury stock for ¥12,013 million from merger of the consolidated subsidiary.

22. Brokerage Commissions and Net Gains on Investment Securities

Brokerage commissions and net gains (losses) on investment securities in fiscal 2008, 2009 and 2010 consist of the following:

	Millions of yen			Millions of U.S. dollars
	2008	2009	2010	2010
Brokerage commissions	¥ 6,879	¥ 5,025	¥ 3,418	$ 37
Net gains (losses) on investment securities	13,300	(22,088)	14,826	159
Dividends income	3,341	4,733	5,073	55
	¥ 23,520	¥ (12,330)	¥ 23,317	$ 251

Trading activities Net gains (losses) on investment securities include net trading losses of ¥4,712 million, net trading losses of ¥13,143 million and net trading gains of ¥8,762 million ($94 million) for fiscal 2008, 2009 and 2010, respectively. Net gains of ¥6,807 million, net gains of ¥3,874 million and net losses of ¥239 million ($3 million) on derivative trading instruments are also included in net gains (losses) on investment securities for fiscal 2008, 2009 and 2010, respectively.

23. Life Insurance Operations

Life insurance premiums and related investment income in fiscal 2008, 2009 and 2010 consist of the following:

	Millions of yen			Millions of U.S. dollars
	2008	**2009**	**2010**	**2010**
Life insurance premiums	¥ 120,527	¥ 115,214	¥ 104,133	$ 1,119
Life insurance related investment income	8,089	2,537	11,465	123
	¥ 128,616	¥ 117,751	¥ 115,598	$ 1,242

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The benefits and expenses of life insurance operations, included in life insurance costs in the consolidated statements of income, are recognized so as to associate with earned premiums over the life of contracts. This association is accomplished by means of the provision for future policy benefits and the deferral and subsequent amortization of policy acquisition costs (principally commissions and certain other expenses relating to policy issuance and underwriting). These policy acquisition costs are amortized over the respective policy periods in proportion to premium revenue recognized. Amortization charged to income for fiscal 2008, 2009 and 2010 amounted to ¥10,446 million, ¥11,771 million and ¥10,994 million ($118 million), respectively.

24. Other Operations

Other operating revenues and other operating expenses in fiscal 2008, 2009 and 2010 consist of the following:

	Millions of yen			Millions of U.S. dollars
Other operating revenues:	**2008**	**2009**	**2010**	**2010**
Revenues from integrated facilities management operations	¥ 35,418	¥ 35,391	¥ 9,075	$ 98
Revenues from the vehicle maintenance and management services	44,865	44,958	41,408	445
Revenues from commissions for M&A advisory services, financing advice, financial restructuring advisory services and related services	53,302	45,894	54,996	591
Revenues from facilities management of golf courses	18,806	21,556	23,354	251
Other	136,772	159,970	155,084	1,665
	¥ 289,163	¥ 307,769	¥ 283,917	$ 3,050

	Millions of yen			Millions of U.S. dollars
Other operating expenses:	**2008**	**2009**	**2010**	**2010**
Expenses from integrated facilities management operations	¥ 30,797	¥ 29,384	¥ 5,074	$ 55
Expenses from the vehicle maintenance and management services	36,524	38,129	34,837	374
Expenses from facilities management of golf course	15,672	18,033	19,793	213
Other	89,412	99,575	103,135	1,108
	¥ 172,405	¥ 185,121	¥ 162,839	$ 1,750

Other items consist of revenues and expenses from hotels and training facilities, operating results from a real estate related business, commissions for the sale of insurance and other financial products, and revenues and expenses from other operations, of which there were no items exceeding 10% of total other operating revenues and expenses in fiscal 2008, 2009 and 2010, respectively.

Gains and losses from the disposition of operating facilities included in other operating assets are not significant for fiscal 2008, 2009 and 2010.

25. Write-downs of Long-Lived Assets

In accordance with ASC 360-10 (Property, Plant, and Equipment Impairment or Disposal of Long-Lived Assets), the Company and its subsidiaries perform tests for recoverability on assets for which events or changes

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in circumstances indicated that the assets might be impaired. The Company and its subsidiaries consider an asset s carrying amount as not recoverable when such carrying amount exceeds the undiscounted future cash flows estimated to result from the use and eventual disposition of the asset. The net carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount. We determine fair value based on appraisals prepared by independent third party appraisers or our own staff of qualified appraisers, based on recent transactions involving sales of similar assets or other valuation techniques.

During fiscal 2008, 2009 and 2010, the Company and certain subsidiaries recognized impairment losses for the difference between carrying amounts and fair values in the amount of ¥2,169 million, ¥3,829 million and ¥9,483 million ($102 million), respectively, which are reflected as write-downs of long-lived assets and income from discontinued operations. Of these amounts, ¥1,741 million, ¥3,673 million and ¥6,977 million ($75 million) are reflected as write-downs of long-lived assets in the accompanying consolidated statements of income for fiscal 2008, 2009 and 2010, respectively. Breakdowns of these amounts by segment are provided in Note 32 (Segment Information).

The details of significant write-downs are as follows.

Office Buildings There was no impairment for the office buildings in fiscal 2008. During fiscal 2009, the Company and its subsidiaries recorded impairment losses of ¥3,590 million on five office buildings. A breakdown is for two office buildings for which the carrying amount exceeded the estimated undiscounted future cash flows, and for the other three office buildings which were held for sale in fiscal 2008, the Company decided that it was impossible for the customer to buy them due to a difficult financial condition of the customer, and they were written down to fair value at the date of the decision to classify them as held and used during fiscal 2009. During fiscal 2010, the Company and its subsidiaries recorded impairment losses of ¥1,025 million ($11 million) on four office buildings, mainly because the carrying amount exceeded the estimated undiscounted future cash flows.

Condominiums There was no impairment for condominiums in fiscal 2008. During fiscal 2009 and 2010, write-downs of ¥156 million for 25 condominiums and ¥2,451 million ($26 million) for 43 condominiums were recorded respectively, primarily in connection to a change in status of these condominiums from held and used to held for sale.

Commercial Facilities Other Than Office There was no impairment for commercial facilities other than office in fiscal 2008 and 2009. During fiscal 2010, impairment loss of ¥1,461 million ($16 million) on four buildings was recorded mainly because the carrying amount exceeded the estimated undiscounted future cash flows.

Others During fiscal 2008, 2009 and 2010, the Company and its subsidiaries recognized ¥2,169 million, ¥83 million and ¥4,546 million ($49 million) of write-downs, respectively, for long-lived assets other than the above, including land and buildings undeveloped or under construction.

26. Discontinued Operations

ASC 205-20 (Presentation of Financial Statements Discontinued Operations) requires that the Company and its subsidiaries reclassify the operations sold or to be disposed of by sale without significant continuing involvement in the operations to discontinued operations. Under this Codification Section, the Company and its subsidiaries report the gains on sales and the results of these operations of subsidiaries, business units, and certain properties, which have been sold or are to be disposed of by sale, as income from discontinued operations

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in the accompanying consolidated statements of income. Revenues and expenses generated by the operations of such subsidiaries, business units and properties recognized in fiscal 2008 and 2009 have also been reclassified as income from discontinued operations in the accompanying consolidated statements of income.

During fiscal 2009, the Company sold a subsidiary in Japan which operated a real-estate appraising business, and earned ¥2 million of gain. During fiscal 2010, the Company completed the liquidation procedure for a subsidiary in Europe. A subsidiary sold its subsidiary which operated a spa in Japan, and the Company also sold a subsidiary which operated a real estate management and brokerage business in Japan. In addition, the Company recorded a gain in line with the dilution of the Company s ownership share resulting from the issuance of new shares of its subsidiary which operated amusement parks in Japan. As a result, the Company recognized ¥2,810 million ($30 million) of aggregated gain during fiscal 2010. Furthermore, the Company and its subsidiary determined to terminate the Private Finance Initiative (PFI) contract for a hospital management business with one of its subsidiaries in Japan during fiscal 2010. The assets and liabilities of the subsidiary mainly include trade notes, accounts payable and other liabilities of ¥2,170 million ($23 million), other receivables of ¥2,098 million ($23 million), and cash and cash equivalents of ¥845 million ($9 million) in the accompanying consolidated balance sheets at March 31, 2010.

The Company and its subsidiaries own various real estate properties, including commercial and office buildings, for rental operations. In fiscal 2008, 2009 and 2010, the Company and its subsidiaries recognized ¥42,148 million, ¥19,651 million and ¥11,246 million ($121 million) of aggregated gains on sales of such real estate properties, respectively. In addition, the Company and its subsidiaries determined to dispose by sale of rental properties of ¥8,721 million and ¥31,611 million ($340 million) which are included in investment in operating leases at March 31, 2009 and 2010, respectively.

Discontinued operations in fiscal 2008, 2009 and 2010 consist of the following:

	Millions of yen			Millions of U.S. dollars
	2008	2009	2010	2010
Revenues	¥ 81,752	¥ 43,721	¥ 30,494	$ 328
Income from discontinued operations, net*	40,062	21,231	13,438	144
Provision for income taxes	(15,944)	(8,796)	(4,756)	(51)
Discontinued operations, net of applicable tax effect	¥ 24,118	¥ 12,435	¥ 8,682	$ 93

* Income from discontinued operations, net includes aggregate gains on sales of subsidiaries, business units, and rental properties in the amount of ¥42,148 million, ¥19,653 million and ¥14,056 million ($151 million) in fiscal 2008, 2009 and 2010, respectively.

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27. Per Share Data

Reconciliation of the differences between basic and diluted earnings per share (EPS) in fiscal 2008, 2009 and 2010 is as follows:

In fiscal 2008, the diluted EPS calculation excludes stock options for 336 thousand shares, as they were antidilutive. In fiscal 2009, the diluted EPS calculation excludes convertible bond for 2,299 thousand shares and stock options for 1,227 thousand shares, as they were antidilutive. In fiscal 2010, the diluted EPS calculation excludes convertible bond for 2,475 thousand shares and stock options for 1,411 thousand shares, as they were antidilutive.

	Millions of yen			Millions of U.S. dollars
	2008	2009	2010	2010
Income attributable to ORIX Corporation from continuing operations	¥ 144,559	¥ 9,567	¥ 28,865	$ 310
Effect of dilutive securities				
Expense related to convertible bond	1,232	392	1,305	14
Income from continuing operations for diluted EPS computation	¥ 145,791	¥ 9,959	¥ 30,170	$ 324

	Thousands of shares		
	2008	2009	2010
Weighted-average shares	91,150	88,910	101,901
Effect of dilutive securities			
Conversion of convertible bond	2,379	6,472	21,664
Exercise of stock options	446	64	86
Weighted-average shares for diluted EPS computation	93,975	95,446	123,651

	Yen			U.S. dollars
	2008	2009	2010	2010
Earnings per share for income attributable to ORIX Corporation from continuing operations:				
Basic	¥ 1,585.94	¥ 107.61	¥ 283.26	$ 3.04
Diluted	1,551.38	104.35	244.00	2.62

28. Derivative Financial Instruments and Hedging

Risk management policy

The Company and its subsidiaries manage interest rate risk through asset liability management systems. The Company and its subsidiaries use derivative financial instruments to hedge interest rate risk and avoid changes in interest rates having a significant adverse effect. As a result of interest rate changes, the fair value and/or cash flow of interest sensitive assets and liabilities will fluctuate. However, such fluctuation will generally be offset by using derivative financial instruments as hedging instruments. Derivative financial instruments that the Company and its subsidiaries use as part of the interest risk management include interest rate swaps.

The Company and its subsidiaries employ foreign currency borrowings, foreign exchange contracts, and foreign currency swap agreements to hedge risks that are associated with certain transactions and investments denominated in foreign currencies due to the potential for changes in exchange rates. Similarly, in general, overseas subsidiaries structure their liabilities to match the currency-denomination of assets in each region.

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By using derivative instruments, the Company and its subsidiaries are exposed to credit risk in the event of nonperformance by counterparties. The Company and its subsidiaries attempt to manage the credit risk by carefully evaluating the content of transactions and the quality of counterparties in advance and regularly monitoring regarding the amount of notional principal, fair value, type of transaction and other factors pertaining to each counterparty.

(a) Cash flow hedges

The Company and its subsidiaries designate interest rate swap agreements, foreign currency swap agreements and foreign exchange contracts as cash flow hedges for variability of cash flows originating from floating rate borrowings and forecasted transactions and for exchange fluctuations. The forecasted transactions related to the above-mentioned agreements and contracts as of March 31, 2010 mature at various dates through 2012. Net gains (losses) before deducting applicable taxes on derivative contracts were reclassified from accumulated other comprehensive income (loss) into earnings when earnings were affected by the variability in cash flows of the designated hedged item. The amounts of these net gains (losses) after deducting applicable taxes were net losses of ¥104 million, net gains of ¥157 million and ¥824 million ($9 million) during fiscal 2008, 2009 and 2010, respectively. Net losses of ¥4 million and net gains of ¥3 million, which represent the total ineffectiveness of cash flow hedges, were recorded in earnings for fiscal 2008 and 2009. No amount of these net gains (losses) was recorded in earnings for fiscal 2010. Approximately ¥116 million ($1 million) of net derivative losses included in accumulated other comprehensive income (loss), net of applicable income taxes at March 31, 2010 will be reclassified into earnings within fiscal 2011.

(b) Fair value hedges

The Company and its subsidiaries use financial instruments designated as fair value hedges to hedge their exposure to interest rate risk and foreign currency exchange risk. The Company and its subsidiaries designate foreign currency swap agreements and foreign exchange contracts to minimize foreign currency exposures on lease receivables, loan receivables and borrowings, denominated in foreign currency. The Company and its subsidiaries designate interest rate swap to hedge interest rate exposure of the fair values of loan receivables. The Company and certain overseas subsidiaries, which issued medium-term notes with fixed interest rates, use interest rate swap contracts to hedge interest rate exposure of the fair values of these medium-term notes. In cases where the medium-term notes were denominated in other than the subsidiaries local currency, foreign currency swap agreements are used to hedge foreign exchange rate exposure. For fiscal 2008, 2009 and 2010, net gains of ¥108 million, net losses of ¥20 million and ¥307 million ($3 million) of hedge ineffectiveness associated with instruments designated as fair value hedges were recorded in earnings.

(c) Hedges of net investment in foreign operations

The Company uses foreign exchange contracts and borrowings denominated in the subsidiaries local currencies to hedge the foreign currency exposure of the net investment in overseas subsidiaries. The gains and losses of these hedging instruments were recorded in foreign currency translation adjustments, which is a part of other comprehensive income (loss). The net gains (losses) of these hedging instruments recorded in foreign currency translation adjustments for fiscal 2008, 2009 and 2010 were gains of ¥21,172 million, ¥8,009 million and ¥918 million ($10 million), respectively.

(d) Trading derivatives or derivatives not designated as hedging instruments

The Company and certain subsidiaries engage in trading activities with various future contracts. Therefore the Company and certain subsidiaries are at various risks such as share price fluctuation risk, interest rate risk

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and foreign currency exchange risk. The Company and certain subsidiaries check that these risks are below a certain level by using internal indicators and determine whether such contracts should be continued or not. The Company and certain subsidiaries entered into interest rate swap agreements and foreign exchange contracts for risk management purposes but not qualified for hedge accounting under ASC 815 (Derivatives and Hedging).

ASC 815-10-65-1 (Derivatives and Hedging Disclosures about Derivative Instruments and Hedging Activities) requires companies to disclose the fair value of derivative instruments and their gains (losses) in tabular format, as well as information about credit-risk-related contingent features in derivative agreements.

The effect of derivative instruments on the consolidated statements of income, pre-tax, for fiscal 2009 is as follows.

(1) Cash flow hedges

	Gains (losses) recognized in other comprehensive income on derivative (effective portion)	Gains (losses) reclassified from accumulated other comprehensive income (loss) into income (effective portion)		Gains (losses) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	
	Millions of yen	Consolidated statements of income location	Millions of yen	Consolidated statements of income location	Millions of yen
Interest rate swap agreements	¥ (2,367)	Interest on loans and investment securities/Interest expense	¥ 170		¥
Foreign exchange contracts	193	Foreign currency transaction loss	1		
Foreign currency swap agreements	956	Interest on loans and investment securities/Interest expense/Foreign currency transaction loss	102	Other operating revenues/expenses	3

(2) Fair value hedges

Gains (losses) recognized in income on derivative	Gains (losses) recognized in income on hedged item
Consolidated	Consolidated

	Millions of yen	statements of income location	Millions of yen	statements of income location
Interest rate swap agreements	¥ (682)	Other operating revenues/expenses	¥ 662	Interest on loans and investment securities/Interest expense
Foreign exchange contracts	4,633	Foreign currency transaction loss	(4,633)	Foreign currency transaction loss
Foreign currency swap agreements	1,057	Other operating revenues/expenses	(1,057)	Foreign currency transaction loss

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(3) Hedges of net investment in foreign operations

	Gains (losses) recognized in other comprehensive income on derivative and others (effective portion)	Gains (losses) reclassified from accumulated other comprehensive income (loss) into income (effective portion)		Gains (losses) recognized in income on derivative and others (ineffective portion and amount excluded from effectiveness testing)	
	Millions of yen	Consolidated statements of income location	Millions of yen	Consolidated statements of income location	Millions of yen
Foreign exchange contracts	¥ 6,618	Brokerage commissions and net gains (losses) on investment securities	¥ 2		¥
Debt loan in local currency	1,393				

(4) Trading derivatives or derivatives not designated as hedging instruments

	Gains (losses) recognized in income on derivative	
	Millions of yen	Consolidated statements of income location
Interest rate swap agreements	¥ 40	Other operating revenues/expenses
Foreign currency swap agreements	(945)	Other operating revenues/expenses
Futures	3,778	Brokerage commissions and net gains (losses) on investment securities
Foreign exchange contracts	293	Brokerage commissions and net gains (losses) on investment securities
Credit derivatives held/written	105	Other operating revenues/expenses
Options held/written, Caps held	445	Other operating revenues/expenses

The effect of derivative instruments on the consolidated statements of income, pre-tax, for fiscal 2010 is as follows.

(1) Cash flow hedges

	Gains (losses) recognized in other comprehensive income on derivative (effective portion)		Gains (losses) reclassified from accumulated other comprehensive income (loss) into income (effective portion)			Gains (losses) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)		
	Millions of yen	Millions of U.S. dollars	Consolidated statements of income location	Millions of yen	Millions of U.S. dollars	Consolidated statements of income location	Millions of yen	Millions of U.S. dollars
Interest rate swap agreements	¥ 1,070	$ 11	Interest on loans and investment securities/Interest expense	¥ (89)	$ (1)		¥	$
Foreign exchange contracts	(28)	(0)	Foreign currency transaction loss	(28)	(0)			
Foreign currency swap agreements	(2,415)	(26)	Interest on loans and investment securities/Interest expense/Foreign currency transaction loss	1,264	13			

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(2) Fair value hedges

	Gains (losses) recognized in income on derivative			Gains (losses) recognized in income on hedged item		
	Millions of yen	Millions of U.S. dollars	Consolidated statements of income location	Millions of yen	Millions of U.S. dollars	Consolidated statements of income location
Interest rate swap agreements	¥ 924	$ 10	Other operating revenues/expenses	¥ (1,231)	$ (13)	Interest on loans and investment securities/Interest expense
Foreign exchange contracts	4,700	51	Foreign currency transaction loss	(4,700)	(51)	Foreign currency transaction loss
Foreign currency swap agreements	349	4	Other operating revenues/expenses	(349)	(4)	Foreign currency transaction loss

(3) Hedges of net investment in foreign operations

	Gains (losses) recognized in other comprehensive income on derivative and others (effective portion)		Gains (losses) reclassified from accumulated other comprehensive income (loss) into income (effective portion)			Gains (losses) recognized in income on derivative and others (ineffective portion and amount excluded from effectiveness testing)		
	Millions of yen	Millions of U.S. dollars	Consolidated statements of income location	Millions of yen	Millions of U.S. dollars	Consolidated statements of income location	Millions of yen	Millions of U.S. dollars
Foreign exchange contracts	¥ (45)	$ (0)	Gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net	¥ 820	$ 9		¥	$
Debt loan in local currency	1,783	19						

(4) Trading derivatives or derivatives not designated as hedging instruments

	Gains (losses) recognized in income on derivative		
	Millions of yen	Millions of U.S. dollars	Consolidated statements of income location
Interest rate swap agreements	¥ 14	$ 0	Other operating revenues/expenses
Foreign currency swap agreements	998	11	Other operating revenues/expenses
Futures	(147)	(2)	Brokerage commissions and net gains (losses) on investment securities
Foreign exchange contracts	67	1	Brokerage commissions and net gains (losses) on investment securities
Credit derivatives held/written	383	4	Other operating revenues/expenses
Options held/written, Caps held	(477)	(5)	Other operating revenues/expenses

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Notional amounts of derivative instruments and fair values of derivative instruments in consolidated balance sheets at March 31, 2009 and 2010 are as follows.

March 31, 2009

	Notional amount	Asset derivatives		Liability derivatives	
		Fair value		Fair value	Consolidated balance sheets
	Millions of yen	Millions of yen	Consolidated balance sheets location	Millions of yen	location
Derivatives designated as hedging instruments:					
Interest rate swap agreements	¥ 284,981	¥ 86	Other receivables	¥ 4,731	Trade notes, accounts payable and other liabilities
Futures, Foreign exchange contracts	159,066	773	Other receivables	6,782	Trade notes, accounts payable and other liabilities
Foreign currency swap agreements	209,921	17,361	Other receivables	13,608	Trade notes, accounts payable and other liabilities
Trading derivatives or derivatives not designated as hedging instruments:					
Interest rate swap agreements	¥ 8,353	¥ 2	Other receivables	¥ 121	Trade notes, accounts payable and other liabilities
Options held/written, Caps held	8,653	550	Other receivables	89	Trade notes, accounts payable and other liabilities
Futures, Foreign exchange contracts	237,759	706	Other receivables	505	Trade notes, accounts payable and other liabilities
Foreign currency swap agreements	10,827			945	Trade notes, accounts payable and other liabilities
Credit derivatives held/written	54,913	322	Other receivables	218	Trade notes, accounts payable and other liabilities

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March 31, 2010

			Asset derivatives			Liability derivatives		
	Notional amount		Fair value			Fair value		Consolidated
	Millions of yen	Millions of U.S. dollars	Millions of yen	Millions of U.S. dollars	Consolidated balance sheets location	Millions of yen	Millions of U.S. dollars	balance sheets location
Derivatives designated as hedging instruments:								
Interest rate swap agreements	¥ 170,193	$ 1,829	¥ 191	$ 2	Other receivables	¥ 2,862	$ 31	Trade notes, accounts payable and other liabilities
Futures, Foreign exchange contracts	171,681	1,845	834	9	Other receivables	4,968	53	Trade notes, accounts payable and other liabilities
Foreign currency swap agreements	207,049	2,225	12,671	136	Other receivables	22,053	237	Trade notes, accounts payable and other liabilities
Trading derivatives or derivatives not designated as hedging instruments:								
Interest rate swap agreements	¥ 9,096	$ 98	¥ 1	$ 0	Other receivables	¥ 94	$ 1	Trade notes, accounts payable and other liabilities
Options held/written, Caps held	21,690	233	555	6	Other receivables	189	2	Trade notes, accounts payable and other liabilities
Futures, Foreign exchange contracts	379,754	4,082	1,241	13	Other receivables	769	8	Trade notes, accounts payable and other liabilities
Foreign currency swap agreements	10,567	114	1,053	11	Other receivables	1,000	11	Trade notes, accounts payable and other liabilities
Credit derivatives held/written	48,490	521	528	6	Other receivables	40	0	Trade notes, accounts payable and other liabilities

Certain of the Company s derivative instruments contain provisions that require the Company to maintain an investment grade credit rating from each of the major credit rating agencies.

If the Company s credit rating were to fall below investment grade, it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate payment on derivative instruments that are in net liability positions.

There are no derivative instruments with credit-risk-related contingent features that are in a liability position on March 31, 2009 and 2010.

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ASC 815-10-65-2 (Derivatives and Hedging Disclosures about Credit Derivatives and Certain Guarantees and Clarification of the Effective Date of ASC 815-10-65-1 (Derivatives and Hedging Disclosures about Derivative Instruments and Hedging Activities)) requires sellers of credit derivatives to disclose additional information about credit- risk-related potential payment risk.

The Company and its subsidiaries have contracted credit derivatives for the purpose of trading as of March 31, 2009 and 2010. Details of credit derivatives written are as follows.

March 31, 2009

Types of derivatives	The events or circumstances that would require the seller to perform under the credit derivative	Maximum potential amount of future payment under the credit derivative		Approximate remaining term of the credit derivative	Fair value of the credit derivative	
		Millions of yen			Millions of yen	
Credit default swap	In case of credit event (bankruptcy, failure to pay, restructuring) occurring in underlying reference company *1	¥	7,000	Less than three years	¥	(92)
Total return swap	In case of underlying reference CMBS price falling beyond certain extent *2		44,700	Less than three years		322

March 31, 2010

Types of derivatives	The events or circumstances that would require the seller to perform under the credit derivative	Maximum potential amount of future payment under the credit derivative				Approximate remaining term of the credit derivative	Fair value of the credit derivative			
		Millions of yen		Millions of U.S. dollars			Millions of yen		Millions of U.S. dollars	
Credit default swap	In case of credit event (bankruptcy, failure to pay, restructuring) occurring in underlying reference company *1	¥	7,000	$	75	Less than two years	¥	(1)	$	(0)
Total return swap	In case of underlying reference CMBS price falling beyond certain extent *2		41,146		442	Less than two years		493		5

*1 Underlying reference company s credit ratings are BBB+ or better rated by rating agencies as of March 31, 2009 and 2010.

*2 Underlying reference CMBS is highest grade tranche and its credit rating is AA or better rated by rating agencies as of March 31, 2009 and 2010. Unless such highest grade tranche of CMBS incurs a loss, the Company and its subsidiaries will not suffer a loss.

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29. Significant Concentrations of Credit Risk

The Company and its subsidiaries have established various policies and procedures to manage credit exposure, including initial credit approval, credit limits, collateral and guarantee requirements, obtaining rights of offset and continuous oversight. The Company and its subsidiaries principal financial instrument portfolio consists of investment in direct financing leases which are secured by title to the leased assets and installment loans which are secured by assets specifically collateralized in relation to loan agreements. When deemed necessary, guarantees are also obtained. The value and adequacy of the collateral are continually monitored. Consequently, the risk of credit loss from counterparties failure to perform in connection with collateralized financing activities is believed to be minimal. The Company and its subsidiaries have access to collateral in case of bankruptcy and other losses. However, a significant decline in real estate markets could result in a decline in fair value of the collateral real estate below the mortgage setting amount, which would expose the Company and certain subsidiaries to unsecured credit risk.

The Company and its subsidiaries make investment in securities for various purposes. The risk of incurring great loss during a certain period is believed to be minimal due to the diversification in the investment portfolio. However, various factors, including the issuer s credit risk and market trends, would expose the Company and its subsidiaries to a risk of unexpected loss.

At March 31, 2009 and 2010, no concentration with a single obligor exceeded 1% of consolidated total assets. With respect to the Company and its subsidiaries credit exposures on a geographic basis, ¥5,340 billion, or 86%, at March 31, 2009 and ¥4,809 billion ($51,692 million), or 85%, at March 31, 2010 of the credit risks arising from all financial instruments are attributable to customers located in Japan. The largest concentration of credit risks outside of Japan is exposure attributable to obligors located in the United States of America. The gross amount of such exposure is ¥451 billion and ¥387 billion ($4,164 million) as of March 31, 2009 and 2010, respectively.

The Company and its subsidiaries run businesses such as development and rental of commercial real estate and office buildings, condominium development and sales, hotel, golf course, and training facility operation. Real estate in development and rental business is mainly recorded in investment in direct financing leases and operating leases. In connection with investment in direct financing leases and operating leases, the percentage of investment in real estate to consolidated total assets is 12.8% and 14.4% as of March 31, 2009 and 2010, respectively.

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ORIX Corporation and Subsidiaries

30. Estimated Fair Value of Financial Instruments

The following information is provided to help readers gain an understanding of the relationship between amounts reported in the accompanying consolidated financial statements and the related market or fair value.

The disclosures include financial instruments and derivatives financial instruments, except for investment in direct financing leases, investment in subsidiaries and affiliates, pension obligations and insurance contracts.

March 31, 2009

	Millions of yen	
	Carrying amount	Estimated fair value
Trading instruments		
Trading securities	¥ 7,410	¥ 7,410
Futures, Foreign exchange contracts:		
Assets	307	307
Liabilities	303	303
Credit derivatives held/written:		
Assets	322	322
Liabilities	218	218
Options held/written, Caps held:		
Assets	550	550
Liabilities	89	89
Non-trading instruments		
Assets:		
Cash and cash equivalents	¥ 459,969	¥ 459,969
Restricted cash	128,056	128,056
Time deposits	680	680
Installment loans (net of allowance for probable loan losses)	3,173,097	3,059,280
Investment in securities:		
Practicable to estimate fair value	729,273	729,273
Not practicable to estimate fair value	189,457	189,457
Liabilities:		
Short-term debt	798,167	798,167
Deposits	667,627	680,740
Long-term debt	4,453,845	4,233,800
Futures, Foreign exchange contracts:		
Assets	1,172	1,172
Liabilities	6,984	6,984
Foreign currency swap agreements:		

Assets	17,361	17,361
Liabilities	14,553	14,553
Interest rate swap agreements:		
Assets	88	88
Liabilities	4,852	4,852

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March 31, 2010

	Millions of yen		Millions of U.S. dollars	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Trading instruments				
Trading securities	¥ 49,596	¥ 49,596	$ 533	$ 533
Futures, Foreign exchange contracts:				
Assets	1,198	1,198	13	13
Liabilities	766	766	8	8
Credit derivatives held/written:				
Assets	528	528	6	6
Liabilities	40	40	0	0
Options held/written, Caps held:				
Assets	555	555	6	6
Liabilities	189	189	2	2
Non-trading instruments				
Assets:				
Cash and cash equivalents	¥ 639,087	¥ 639,087	$ 6,869	$ 6,869
Restricted cash	77,486	77,486	833	833
Time deposits	548	548	6	6
Installment loans (net of allowance for probable loan losses)	2,330,697	2,318,466	25,050	24,919
Investment in securities:				
Practicable to estimate fair value	903,658	902,943	9,713	9,705
Not practicable to estimate fair value	150,904	150,904	1,622	1,622
Liabilities:				
Short-term debt	573,565	573,565	6,165	6,165
Deposits	853,269	855,620	9,171	9,196
Long-term debt	3,836,270	3,869,238	41,233	41,587
Futures, Foreign exchange contracts:				
Assets	877	877	9	9
Liabilities	4,971	4,971	53	53
Foreign currency swap agreements:				
Assets	13,724	13,724	147	147
Liabilities	23,053	23,053	248	248
Interest rate swap agreements:				
Assets	192	192	2	2
Liabilities	2,956	2,956	32	32

Estimation of fair value

The following methods and significant assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate a value:

Cash and cash equivalents, restricted cash, time deposits and short-term debt The carrying amounts recognized in the balance sheets were determined to be reasonable estimates of their fair values due to their short maturity.

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Installment loans The carrying amounts of floating-rate installment loans with no significant changes in credit risk and which could be repriced within a short-term period were determined to be reasonable estimates of their fair values. The carrying amounts of purchased loans were determined to be reasonable estimates of their fair values. For certain homogeneous categories of medium- and long-term fixed-rate loans, such as housing loans, the estimated fair values were calculated by discounting the future cash flows using the current interest rates charged by the Company and its subsidiaries for new loans made to borrowers with similar credit ratings and remaining maturities. Concerning above, if available, estimated fair values were based on quoted market prices or quotations provided by dealers.

Investment in securities For trading securities and available-for-sale securities other than specified bonds issued by SPEs and certain other mortgage-backed and asset-backed securities, the estimated fair values, which are also the carrying amounts recorded in the balance sheets, were generally based on quoted market prices or quotations provided by dealers. As for the specified bonds issued by the SPEs and certain other mortgage-backed and asset-backed securities included in available-for-sale securities, the Company and its subsidiaries estimated the fair value by discounting future cash flows (see Note 2). For held-to-maturity securities, the estimated fair values were based on quoted market prices, if available. If a quoted market price was not available, estimated fair values were determined using quoted market prices for similar securities or the carrying amounts (where carrying amounts were believed to approximate the estimated fair values). For certain investments funds included in other securities, the fair values are estimated based on net asset value per share. With regard to other securities other than the investment funds described above, the Company and its subsidiaries have not estimated the fair value, as it is not practicable to do so. Those other securities mainly consist of non-marketable equity securities and preferred capital shares. Because there were no quoted market prices for such other securities and each security has a different nature and characteristics, reasonable estimates of fair values could not be made without incurring excessive costs.

Deposits The carrying amounts of demand deposits recognized in the consolidated balance sheets were determined to be reasonable estimates of their fair values. The estimated fair values of time deposits were calculated by discounting the future cash flows. The current interest rates offered for the deposits with similar terms and remaining average maturities were used as the discount rates.

Long-term debt The carrying amounts of long-term debt with floating rates which could be repriced within short-term periods were determined to be reasonable estimates of their fair values. For medium-and long-term fixed-rate debt, the estimated fair values were calculated by discounting the future cash flows. The borrowing interest rates that were currently available to the Company and its subsidiaries offered by financial institutions for debt with similar terms and remaining average maturities were used as the discount rates. Concerning above, if available, estimated fair values were based on quoted market prices or quotations provided by dealers.

Derivatives For exchange-traded derivatives, fair value is based on quoted market prices. Fair value estimates for other derivatives generally reflect the estimated amounts that the Company and its subsidiaries would receive or pay to terminate the contracts at the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Discounted amounts of future cash flows using the current interest rate are used when estimating the fair values for most of the Company s and its subsidiaries derivatives.

31. Commitments, Guarantees and Contingent Liabilities

Commitments As of March 31, 2010, the Company and its subsidiaries have commitments for the purchase of equipment to be leased, having a cost of ¥8,308 million ($89 million).

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The minimum future rentals on non-cancelable operating leases are as follows.

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2011	¥ 3,870	$ 42
2012	3,064	33
2013	2,300	25
2014	1,848	20
2015	1,485	16
Thereafter	14,351	153
Total	¥ 26,918	$ 289

The Company and its subsidiaries lease office space under operating lease agreements, which are primarily cancelable, and made rental payments totaling ¥9,895 million, ¥10,422 million and ¥9,571 million ($103 million) in fiscal 2008, 2009 and 2010, respectively.

Certain computer systems of the Company and its subsidiaries have been operated and maintained under non-cancelable contracts with third-party service providers. For such services, the Company and its subsidiaries made payments totaling ¥2,673 million, ¥985 million and ¥1,029 million ($11 million) in fiscal 2008, 2009 and 2010, respectively. The longest contract of them will mature in fiscal 2013. As of March 31, 2010, the amounts due are as follows:

Years ending March 31,	Millions of yen	Millions of U.S. dollars
2011	¥ 718	$ 8
2012	310	3
2013	60	1
Total	¥ 1,088	$ 12

The Company and its subsidiaries have commitments to fund estimated construction costs to complete ongoing real estate development projects and other commitments, amounting in total to ¥159,812 million ($1,718 million) as of March 31, 2010.

The Company and its subsidiaries have agreements to commit to execute loans for consumers, and to invest in funds, as long as the agreed-upon terms are met. As of March 31, 2010, the total unused credit and capital amount available is ¥88,548 million ($952 million).

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Guarantees The Company and its subsidiaries apply ASC 460-10 (Guarantees), and at the inception of a guarantee recognize a liability in the consolidated balance sheets for the fair value of the guarantee within the scope of ASC 460-10. The following table represents the summary of potential future payments and book value recorded as guarantee liabilities of the guarantee contracts outstanding as of March 31, 2009 and 2010:

	Millions of yen				Millions of U.S. dollars	
	2009		2010		2010	
Guarantees	**Potential future payment**	**Book value of guarantee liabilities**	**Potential future payment**	**Book value of guarantee liabilities**	**Potential future payment**	**Book value of guarantee liabilities**
Housing loans	¥ 21,834	¥ 3,148	¥ 18,798	¥ 2,644	$ 202	$ 28
Consumer loans	35,701	2,818				
Corporate loans	258,589	7,131	321,448	2,986	3,455	33
Other	264	2	3	1	0	0
Total	¥ 316,388	¥ 13,099	¥ 340,249	¥ 5,631	$ 3,657	$ 61

Guarantee of housing loans: The Company and certain subsidiaries guarantee the housing loans issued by Japanese financial institutions to third party individuals. The Company and its subsidiaries are typically obliged to pay the outstanding loans when these loans become delinquent more than three months. The housing loans are usually secured by the real properties. Once the Company and its subsidiaries assume the guaranteed parties obligation, the Company and its subsidiaries obtain a right to claim the collateral assets.

Guarantee of consumer loans: ORIX Credit guarantees the consumer loans, typically card loans, issued by Japanese financial institutions. ORIX Credit is obliged to pay the outstanding obligations when these loans become delinquent generally for more than three months. There is no guarantee of consumer loans as of March 31, 2010, due to the shift of ORIX Credit from a consolidated subsidiary to an equity method affiliate in July 2009.

Guarantee of corporate loans: The Company and certain subsidiaries mainly guarantee corporate loans issued by financial institutions for customers. The Company and its subsidiaries are obliged to pay the outstanding loans when the guaranteed customers fail to pay principal and/or interest in accordance with the contract terms. In some cases, the corporate loans are secured by the guaranteed customers assets. Once the Company and its subsidiaries assume the guaranteed customers obligation, the Company and its subsidiaries obtain a right to claim the collateral assets. In other cases, certain contracts that guarantee corporate loans issued by financial institutions for customers include contracts that the amounts of performance guarantee are limited to a range of guarantee commissions. As of March 31, 2010, total amount of such guarantees is ¥1,217,500 million ($13,086 million) and book value of guarantee liabilities which amount is included in the table above is ¥1,001 million ($11 million).

Payment or performance risk of the guarantees is considered based on the historical experience of credit events. There have been no significant changes in the payment or performance risk of the guarantees in fiscal 2010.

Other guarantees: Other guarantees include the guarantees derived from collection agency agreements. Pursuant to the agreements, the Company and certain subsidiaries collect third parties debt and pay the uncovered amounts.

Litigation The Company and its subsidiaries are involved in legal proceedings and claims in the ordinary course of business. In the opinion of management, none of such proceedings and claims will have a significant impact on the Company s financial position or results of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

32. Segment Information

Financial information about operating segments reported below is information that is separately available and evaluated regularly by the management in deciding how to allocate resources and in assessing performance.

An overview of operations for each of the six segments follows below.

Corporate Financial Services	:	Lending, leasing, commission business for the sale of financial products, and environment-related business
Maintenance Leasing	:	Automobile leasing and rentals, car sharing, and precision measuring equipment and IT-related equipment rentals and leasing
Real Estate	:	Development and rentals of commercial real estate, condominium development and sales, hotel, golf course, and training facility operation, senior housing development and management, REIT asset management, and real estate investment and advisory services
Investment Banking	:	Real estate finance, commercial real estate asset securitization, loan servicing (asset recovery), principal investment, M&A advisory, venture capital and securities brokerage
Retail	:	Life insurance, trust and banking services, card loan business and online securities brokerage operated by affiliates
Overseas Business	:	Leasing, lending, investment in bonds, investment banking, real estate-related operations, and ship- and aircraft-related operations

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Financial information of the segments for fiscal 2008, 2009 and 2010 is as follows:

	Millions of yen						
Year ended March 31, 2008	**Corporate Financial Services**	**Maintenance Leasing**	**Real Estate**	**Investment Banking**	**Retail**	**Overseas Business**	**Total**
Revenues	¥ 139,874	¥ 236,411	¥ 288,795	¥ 127,199	¥ 198,858	¥ 218,227	¥ 1,209,364
Interest revenue	58,409	3	2,306	61,386	60,078	46,058	228,240
Interest expense	24,819	6,779	10,993	16,736	10,690	38,190	108,207
Depreciation and amortization	19,534	89,623	13,140	6,554	2,342	41,546	172,739
Other significant non-cash items:							
Provision for doubtful receivables and probable loan losses	14,672	504	61	2,609	9,768	5,612	33,226
Write-downs of long-lived assets		6	1,736	(1)			1,741
Decrease in policy liabilities					5,567		5,567
Equity in net income (loss) of affiliates and gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net	(608)	61	20,305	16,881	(135)	22,131	58,635
Discontinued operations	(102)		40,904	(5,257)		4,517	40,062
Segment profits	35,412	37,235	83,065	47,483	27,463	57,862	288,520
Segment assets	1,993,390	649,814	1,077,560	1,698,452	1,450,241	1,037,311	7,906,768
Long-lived assets	38,959	304,427	743,052	80,834		178,434	1,345,706
Expenditures for long-lived assets	9,266	165,739	271,553	47,776		98,471	592,805
Investment in affiliates	19,160	341	97,997	138,191	3,307	60,909	319,905

	Millions of yen						
Year ended March 31, 2009	**Corporate Financial Services**	**Maintenance Leasing**	**Real Estate**	**Investment Banking**	**Retail**	**Overseas Business**	**Total**
Revenues	¥ 137,712	¥ 235,953	¥ 270,027	¥ 94,645	¥ 183,307	¥ 167,635	¥ 1,089,279
Interest revenue	50,705	5	1,221	50,347	58,145	36,986	197,409
Interest expense	24,793	6,969	13,001	17,790	11,895	29,432	103,880
Depreciation and amortization	25,941	96,866	15,616	5,141	7,008	34,942	185,514
Other significant non-cash items:							
Provision for doubtful receivables and probable loan losses	44,046	2,361	338	7,865	18,524	3,893	77,027
Write-downs of long-lived assets			1,596	1,994		83	3,673
Decrease in policy liabilities					43,495		43,495
Equity in net income (loss) of affiliates and gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net	(2,873)	61	15,983	(63,273)	86	5,273	(44,743)
Discontinued operations	(58)		21,300	(241)		230	21,231
Segment profits (losses)	(10,451)	25,621	50,508	(63,397)	9,573	20,066	31,920
Segment assets	1,583,571	648,314	1,175,437	1,321,491	1,554,006	949,852	7,232,671
Long-lived assets	43,878	338,044	916,551	119,745	46,057	143,458	1,607,733
Expenditures for long-lived assets	6,800	143,781	287,880	8,704		52,606	499,771
Investment in affiliates	17,575	566	76,794	80,560	7,584	77,067	260,146

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

Year ended March 31, 2010	Millions of yen Corporate Financial Services	Maintenance Leasing	Real Estate	Investment Banking	Retail	Overseas Business	Total
Revenues	¥ 113,652	¥ 222,952	¥ 189,530	¥ 89,560	¥ 155,917	¥ 185,906	¥ 957,517
Interest revenue	33,695		263	40,994	34,600	26,927	136,479
Interest expense	20,155	6,578	14,533	15,397	11,006	17,273	84,942
Depreciation and amortization	12,939	98,470	18,107	3,817	501	28,588	162,422
Other significant non-cash items:							
Provision for doubtful receivables and probable loan losses	40,938	1,628	12	11,774	9,277	7,901	71,530
Write-downs of long-lived assets	152		3,302	1,360		2,163	6,977
Decrease in policy liabilities					32,927		32,927
Equity in net income (loss) of affiliates and gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net	833	86	3,688	(6,240)	19,039	8,635	26,041
Discontinued operations	(168)		12,105	2,365		(864)	13,438
Segment profits (losses)	(17,581)	21,742	9,413	(11,960)	31,104	37,142	69,860
Segment assets	1,236,905	561,462	1,079,273	1,166,722	1,578,758	860,815	6,483,935
Long-lived assets	47,931	303,028	874,059	166,147	44,838	133,462	1,569,465
Expenditures for long-lived assets	5,129	76,713	50,116	1,692	24	26,939	160,613
Investment in affiliates	18,513	631	81,152	55,412	167,293	86,700	409,701

Year ended March 31, 2010	Millions of U.S. dollars Corporate Financial Services	Maintenance Leasing	Real Estate	Investment Banking	Retail	Overseas Business	Total
Revenues	$ 1,222	$ 2,396	$ 2,037	$ 963	$ 1,676	$ 1,997	$ 10,291
Interest revenue	362		3	441	372	289	1,467
Interest expense	217	71	156	165	118	186	913
Depreciation and amortization	139	1,058	195	41	6	307	1,746
Other significant non-cash items:							
Provision for doubtful receivables and probable loan losses	440	17	0	127	100	85	769
Write-downs of long-lived assets	2		35	15		23	75
Decrease in policy liabilities					354		354
Equity in net income (loss) of affiliates and gains (losses) on sales of subsidiaries and affiliates and liquidation losses, net	9	1	40	(67)	204	93	280
Discontinued operations	(2)		130	25		(9)	144
Segment profits (losses)	(189)	234	101	(129)	334	400	751
Segment assets	13,294	6,035	11,600	12,540	16,969	9,252	69,690
Long-lived assets	515	3,257	9,394	1,786	482	1,435	16,869
Expenditures for long-lived assets	55	824	539	18	0	290	1,726
Investment in affiliates	199	7	872	595	1,798	932	4,403

Segment figures reported in these tables include operations classified as discontinued operations in the accompanying consolidated statements of income.

The accounting policies of the segments are almost the same as those described in Note 1 (Significant Accounting and Reporting Policies) except for the treatment of income tax expenses, net income attributable to the noncontrolling interests, net income attributable to the redeemable noncontrolling interests, discontinued operations and extraordinary gain. Most of selling, general and administrative expenses, including compensation costs that are directly related to the revenue generating activities of each segment, have been accumulated by and charged to each segment. Since the Company and its subsidiaries evaluate performance for the segments based

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

on profit or loss before income taxes, tax expenses are not included in segment profits or losses. Net income attributable to the noncontrolling interests, net income attributable to the redeemable noncontrolling interests, discontinued operations and extraordinary gain, which are recognized net of tax in the consolidated statements of income, are adjusted to profit or loss before income tax. Gains and losses that management does not consider for evaluating the performance of the segments, such as write-downs of certain securities and certain foreign exchange gains or losses, are excluded from the segment profits or losses, and are regarded as corporate items.

Assets attributed to each segment are investment in direct financing leases, installment loans, investment in operating leases, investment in securities, other operating assets, inventories, advances for investment in operating leases (included in other assets) and investment in affiliates. This has resulted in depreciation of office facilities being included in each segment s profit or loss while the carrying amounts of corresponding assets are not allocated to each segment s asset. However, the effect resulting from this allocation is not significant.

The reconciliation of segment totals to consolidated financial statement amounts is as follows. Significant items to be reconciled are segment revenues, segment profits and segment assets. Other items do not have a significant difference between segment amounts and consolidated amounts.

	Millions of yen 2008	Millions of yen 2009	Millions of yen 2010	Millions of U.S. dollars 2010
Segment revenues:				
Total revenues for segments	¥ 1,209,364	¥ 1,089,279	¥ 957,517	$ 10,291
Revenue related to corporate assets	7,726	7,963	5,818	63
Revenue from discontinued operations	(81,752)	(43,721)	(30,494)	(328)
Total consolidated revenues	¥ 1,135,338	¥ 1,053,521	¥ 932,841	$ 10,026
Segment profits:				
Total profits for segments	¥ 288,520	¥ 31,920	¥ 69,860	$ 751
Corporate interest expenses, general and administrative expenses	(933)	(3,019)	(276)	(3)
Corporate write-downs of securities	(2,115)		(887)	(10)
Corporate net gains (losses) on investment securities	(130)	649	173	2
Corporate other gains (losses)	(3,063)	(1,505)	(3,004)	(32)
Discontinued operations	(40,062)	(21,231)	(13,438)	(144)
Net income attributable to the noncontrolling interests and net income attributable to the redeemable noncontrolling interests and extraordinary gain	3,902	1,873	3,180	34
Total consolidated income before income taxes, discontinued operations and extraordinary gain	¥ 246,119	¥ 8,687	¥ 55,608	$ 598
Segment assets:				
Total assets for segments	¥ 7,906,768	¥ 7,232,671	¥ 6,483,935	$ 69,690
Cash and cash equivalents, restricted cash and time deposits	465,049	588,705	717,121	7,708

Allowance for doubtful receivables on direct financing leases and probable loan losses	(102,007)	(158,544)	(157,523)	(1,693)
Other receivables	284,286	228,581	210,521	2,263
Other corporate assets	440,874	478,323	485,746	5,220
Total consolidated assets	¥ 8,994,970	¥ 8,369,736	¥ 7,739,800	$ 83,188

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ORIX Corporation and Subsidiaries

The following information represents geographical revenues and income before income taxes, which are attributed to geographic areas based on the country location of the Company and its subsidiaries.

	Millions of yen Year Ended March 31, 2008				
	Japan	America *2	Other *3	Difference between Geographic Total and Consolidated Amounts	Consolidated Amounts
Total revenues	¥ 1,023,382	¥ 101,814	¥ 91,894	¥ (81,752)	¥ 1,135,338
Income before income taxes	227,162	16,198	42,821	(40,062)	246,119

	Millions of yen Year Ended March 31, 2009				
	Japan	America *2	Other *3	Difference between Geographic Total and Consolidated Amounts	Consolidated Amounts
Total revenues	¥ 933,951	¥ 68,026	¥ 95,265	¥ (43,721)	¥ 1,053,521
Income before income taxes	8,695	3,191	18,032	(21,231)	8,687

	Millions of yen Year Ended March 31, 2010				
	Japan	America *2	Other *3	Difference between Geographic Total and Consolidated Amounts	Consolidated Amounts
Total revenues	¥ 784,537	¥ 96,879	¥ 81,919	¥ (30,494)	¥ 932,841
Income before income taxes	33,180	18,743	17,123	(13,438)	55,608

	Millions of U.S. dollars Year Ended March 31, 2010				
	Japan	America *2	Other *3	Difference between Geographic Total and Consolidated Amounts	Consolidated Amounts
Total revenues	$ 8,432	$ 1,041	$ 880	$ (327)	$ 10,026
Income before income taxes	357	201	184	(144)	598

*Note:
1. Results of discontinued operations are included in each amount attributed to each geographic area.
2. Mainly United States
3. Mainly Asia, Europe, Oceania and Middle East

ASC 280-10 (Segment Reporting) requires disclosure of revenues from external customers for each product and service as enterprise-wide information. The consolidated statements of income in which the revenues are categorized based on the nature of the types of business conducted include the required information. No single customer accounted for 10% or more of the total revenues for fiscal 2008, 2009 and 2010.

33. Subsequent Events

There are no applicable subsequent events.

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Schedule II. Valuation and Qualifying Accounts and Reserves

ORIX Corporation and Subsidiaries

For the year ended March 31, 2008

	Millions of yen					
Description	**Balance at beginning of period**	**Acquisitions**	**Addition: Charged to costs and expenses**	**Deduction**	**Translation adjustment**	**Balance at end of period**
Restructuring cost:						
Closed office lease obligations	¥ 664	¥	¥ 1	¥ (82)	¥ (83)	¥ 500
Disposal of equipment						
Severance and other benefits to terminated employees			66	(39)	(3)	24
Other costs			6		(1)	5
Total	¥ 664	¥	¥ 73	¥ (121)	¥ (87)	¥ 529
Deferred Tax Assets: Valuation Allowance*	¥ 23,233	¥ 16,393	¥ 5,279	¥ (2,753)	¥ (587)	¥ 41,565

For the year ended March 31, 2009

	Millions of yen					
Description	**Balance at beginning of period**	**Acquisitions**	**Addition: Charged to costs and expenses**	**Deduction**	**Translation adjustment**	**Balance at end of period**
Restructuring cost:						
Closed office lease obligations	¥ 500	¥	¥ 202	¥ (472)	¥ (82)	¥ 148
Disposal of equipment			28	(28)		
Severance and other benefits to terminated employees	24		20	(44)		
Other costs	5			(4)	(1)	
Total	¥ 529	¥	¥ 250	¥ (548)	¥ (83)	¥ 148
Deferred Tax Assets: Valuation Allowance*	¥ 41,565	¥ 1,351	¥ 7,743	¥ (5,059)	¥ (965)	¥ 44,635

For the year ended March 31, 2010

	Millions of yen					
Description	**Balance at beginning of period**	**Acquisitions**	**Addition: Charged to costs and expenses**	**Deduction**	**Translation adjustment**	**Balance at end of period**
Restructuring cost:						
Closed office lease obligations	¥ 148	¥	¥ 9	¥ (85)	¥ 25	¥ 97
Disposal of equipment			3	(3)		
Severance and other benefits to terminated employees			16			16
Other costs						

Total	¥ 148	¥	¥ 28	¥ (88)	¥ 25	¥ 113
Deferred Tax Assets: Valuation Allowance*	¥ 44,635	¥ 100	¥ 3,501	¥ (5,448)	¥ 58	¥ 42,846

* The amount of deduction includes reductions of goodwill, expiry of loss carryforwards and sales of subsidiary.

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EXHIBIT INDEX

Exhibit Number	Description
Exhibit 1.1	Articles of Incorporation of ORIX Corporation, as amended on June 23, 2009 (Incorporated by reference from the annual report on Form 20-F filed on June 26, 2009, commission file number 001-14856)
Exhibit 1.2	Regulations of the Board of Directors of ORIX Corporation, as amended on June 24, 2008 (Incorporated by reference from the annual report on Form 20-F filed on July 2, 2008, commission file number 001-14856)
Exhibit 1.3	Share Handling Regulations of ORIX Corporation, as amended on January 5, 2009 (Incorporated by reference from the annual report on Form 20-F filed on June 26, 2009, commission file number 001-14856)
Exhibit 7.1	A statement explaining in reasonable detail how ratios in the annual report were calculated
Exhibit 8.1	List of subsidiaries
Exhibit 11.1	Code of ethics, as amended on April 26, 2005 (Incorporated by reference from the annual report on Form 20-F filed on July 15, 2005, commission file number 001-14856)
Exhibit 12.1	Certifications required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d 14(a))
Exhibit 13.1	Certifications required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d 14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)
Exhibit 15.1	Consent of independent registered public accounting firm
Exhibit 101	Instance Document
Exhibit 101	Schema Document
Exhibit 101	Calculation Linkbase Document
Exhibit 101	Definition Linkbase Document
Exhibit 101	Labels Linkbase Document
Exhibit 101	Presentation Linkbase Document