

ORIX CORP  
Form 424B2  
November 09, 2006  
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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Filed pursuant to Rule 424(b)(2)  
Registration Number 333-138539**

**Subject to Completion,**

**Preliminary Prospectus Supplement dated November 9, 2006**

**PROSPECTUS SUPPLEMENT**

(To prospectus dated November 9, 2006)

**US\$**

**ORIX Corporation**  
**% Notes Due 2011**

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We will pay interest on the notes on \_\_\_\_\_ and \_\_\_\_\_ of each year, beginning on \_\_\_\_\_, 2007. The notes will mature on \_\_\_\_\_, 2011. The notes will not be redeemable prior to maturity, except as set forth under "Description of Notes - Optional Tax Redemption" in this prospectus supplement, and will not be subject to any sinking fund.

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

**Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-11 of this prospectus supplement.**

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	<b>Per Note</b>	<b>Total</b>
Public offering price	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to ORIX	%	\$

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

The notes will be ready for delivery in book-entry form through the book-entry delivery system of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, and Euroclear Bank S.A./N.V., on or about November , 2006.

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**Merrill Lynch & Co.**

**Nomura Securities**

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The date of this prospectus supplement is November , 2006.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of the notes. The second part is the accompanying prospectus dated November 9, 2006, which we refer to as the accompanying prospectus. The accompanying prospectus contains a description of the notes and gives more general information, some of which may not apply to the notes.

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

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

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

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

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement contains statements that constitute forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Words such as believe, will, should, expect, intend, anticipate, estimate and similar expressions, among others, forward-looking statements. Forward-looking statements, which include statements contained in Item 5. Operating and Financial Review and Prospects and Item 11. Quantitative and Qualitative Disclosure About Market Risk of ORIX's annual report on Form 20-F for the fiscal year ended March 31, 2006, are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those set forth in such statements.

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

The forward-looking statements made in this prospectus supplement speak only as of the date of this prospectus supplement. ORIX expressly disclaims any obligation or undertaking to release any update or revision to any forward-looking statement contained herein to reflect any change in ORIX's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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**PROSPECTUS SUPPLEMENT SUMMARY**

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

**ORIX CORPORATION**

**Overview**

We are a leading integrated financial services group based in Japan. Through our operations in 23 countries and regions worldwide, we offer a broad array of innovative products and services to both corporate and retail customers. Our primary business segments are:

***Segments in Japan***

*Corporate Financial Services.* We provide direct financing leases for such items as computers and equipment to commercial and service industries, in addition to corporate loans, and engage in the cross-selling of life and casualty insurance and investment products, as well as integrated facilities management services.

*Automobile Operations.* We offer automobile leasing and car rental operations as well as comprehensive vehicle management outsourcing services, such as maintenance, traffic accident related services, delivery of vehicle management systems and vehicle management consulting services.

*Rental Operations.* Our rental operations include the rental of computers and precision measuring equipment, as well as the provision of technical support, calibration and asset administration.

*Real Estate-Related Finance.* We provide real estate-related finance to corporations and housing loans to individuals, engage in the provision and securitization of non-recourse loans, and invest in and service non-performing loans.

*Real Estate.* Our real estate segment encompasses a broad range of activities including the development of residential condominiums; the development, marketing, and leasing of office buildings; the management of hotels, training facilities, golf courses, integrated facilities management and related services; asset management and administration on behalf of a REIT, as well as the development and operation of residential properties offering nursing care services.

*Life Insurance.* We focus on providing insurance planning for our customers based on their needs, offering insurance products that include term-life insurance, health insurance for hospitalization and cancer insurance.

*Other.* We are engaged in a range of other activities, issuing card loans, providing venture capital, providing securities brokerage services and making principal investments.

***Segments Overseas***

*The Americas.* Our operations in this segment include corporate finance, investment banking, real estate related-businesses and leasing.



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*Asia, Oceania and Europe.* Mainly centered in Asia, we provide financial products and servicing focusing on corporate leasing, hire purchase, lending, ship finance and transportation-related operating leases.

We had total revenues of ¥941.9 billion and net income of ¥166.4 billion for the fiscal year ended March 31, 2006 and total revenues of ¥558.5 billion and net income of ¥91.3 billion for the six months ended September 30, 2006. Our total assets at March 31, 2006 were ¥7,242.5 billion and at September 30, 2006 were ¥7,633.9 billion. The percentage of net income to total average assets was 2.50% for the fiscal year ended March 31, 2006 and 2.46% for the six months ended September 30, 2006 on a consolidated annualized basis.

**Strengths and Strategies**

***Our Strengths***

We are always striving to expand our business to offer a wide array of services to both corporate and retail customers, in response to continuous changes in the market environment and increasingly complex customer needs. Our balance between growth, profitability, and financial stability leverages our strengths:

global sales and marketing network;

strong customer base of small- and medium-sized enterprises;

well diversified business portfolio;

flexibility to respond quickly to new business environment;

expertise in credit evaluation; and

strong risk management.

***Our Medium- and Long-Term Corporate Management Strategy***

We are working to contribute to society by developing leading financial services on a global scale, constantly anticipating market needs, and offering innovative products that create new value for customers. With the continued evaluation of the economy and society, market demands for innovative products and services increasingly impact the financial services sector, our principal operating domain. Accordingly, we have identified management's ability to promptly and flexibly respond to changing market needs as critical to achieving medium- and long-term growth.

We are engaged in business activities across seven operating segments in Japan and two segments overseas. We group these nine segments into three main categories with management resources allocated to ensure maximum efficacy. The position of each segment is subject to constant change in line with shifts in market demand. We establish return on equity, return on assets and shareholders' equity ratio as important management indices and are building a business portfolio with a focus on balancing profitability, growth and financial stability. Our nine operating segments according to their current characteristics are as follows:

*Stable profit segments seeking to achieve further growth:* Corporate Financial Services; Rental Operations; Life Insurance and Asia, Oceania and Europe.



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*Accelerated growth segments seeking to achieve high growth in profits:* Automobile Operations; Real Estate-Related Finance and Real Estate.

*Segments seeking to contribute to profits in the future:* Other and The Americas.

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**Company Information**

Our head office is located at Mita NN Bldg., 4-1-23 Shiba, Minato-ku, Tokyo 108-0014, Japan. Our telephone number is +81-3-5419-5102. Our website is found at [www.orix.co.jp](http://www.orix.co.jp). The information on our website is not incorporated by reference into the prospectus supplement.

**RECENT DEVELOPMENTS**

**Six Months Ended September 30, 2006**

***Economic Environment***

The world economy, including the United States, Europe and Asia, has generally continued to recover and grow over the last six-month period. The U.S. economy showed signs of expansion, despite concerns regarding the decrease in residential investment towards the end of this period, supported by a steady corporate performance, as well as a slight increase in consumer spending. The European economy continued its trend in recovery backed by an expansion in capital investment and steady consumer spending. While the Chinese economy continued to achieve high growth, other countries across Asia also showed signs of economic improvement.

The Japanese economy continued to recover, despite the economic instability caused by the rise in oil prices, due to growth in private capital investments stemming from improvements in corporate earnings, as well as a recovery in employment trends.

***Revenues***

Revenues increased 25% to ¥558,529 million in the first half of this fiscal year compared with the same period of the previous fiscal year. Although brokerage commissions and net gains on investment securities and life insurance premiums and related investment income decreased year on year, revenues from direct financing leases, operating leases, interest on loans and investment securities, real estate sales, gains on sales of real estate under operating leases, and other operating revenues were up compared to the same period of the previous fiscal year.

Revenues from direct financing leases slightly increased to ¥48,009 million compared with the same period of the previous fiscal year. In Japan, revenues from direct financing leases were down 9% to ¥32,075 million compared to ¥35,297 million in the same period of the previous fiscal year due to the lower level of operating assets and a decrease in revenues from securitization. Overseas, revenues were up 28% to ¥15,934 million compared to ¥12,458 million in the same period of the previous fiscal year due to the expansion of leasing operations in the Asia, Oceania and Europe segment, and the effect of a depreciation of the yen against the dollar.

Revenues from operating leases increased 17% to ¥124,984 million compared to the same period of the previous fiscal year. In Japan, there was an expansion of automobile and real estate operating leases, as well as an increase in revenues from the precision measuring and other equipment rental operations, that resulted in a 16% increase to ¥95,223 million compared to ¥82,171 million in the same period of the previous fiscal year. Overseas, revenues were up 20% to ¥29,761 million compared to ¥24,712 million in the same period of the previous fiscal year due to the expansion of automobile operating leases in the Asia, Oceania and Europe segment.

Revenues from interest on loans and investment securities increased 24% to ¥95,611 million compared to the same period of the previous fiscal year. In Japan, interest on loans and investment securities increased 16%

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to ¥71,828 million compared to ¥61,857 million in the same period of the previous fiscal year due primarily to an expansion of revenues including non-recourse loans and loans to corporate customers. Overseas, revenues were up 58% to ¥23,783 million compared to ¥15,025 million in the same period of the previous fiscal year due to an expansion of revenues associated with loans to corporate customers in The Americas segment, as well as contributions from interest on investment securities.

Revenues from brokerage commissions and net gains on investment securities decreased 9% to ¥18,534 million compared to the same period of the previous fiscal year. Brokerage commissions were up 12% year on year due to the increase of stock trading value compared to the same period of the previous fiscal year, while the stock market was still in the adjustment phase in Japan. Although there were contributions from revenues of the venture capital operations in Japan and securities investments in The Americas segment, net gains on investment securities were down 13% year on year due to the decrease in net gains on investment securities in Japan.

Life insurance premiums and related investment income were down 7% year on year to ¥63,767 million. Life insurance premiums were down year on year, while life insurance related investment income also decreased year on year.

Real estate sales more than doubled year on year to ¥67,895 million due to an increase in the number of condominiums sold to buyers from 844 units in the first half of the previous fiscal year to 1,702 units in the first half of this fiscal year.

Gains on sales of real estate under operating leases increased 29% year on year to ¥12,170 million due to an increase in sales of office buildings and other real estate under operating leases. Certain rental properties sold or to be disposed of by sale without significant continuing involvements are reported under discontinued operations and the related amounts that had been previously reported have been reclassified retroactively.

Other operating revenues increased 47% year on year to ¥127,559 million. In Japan, revenues were up 21% to ¥101,749 million compared to ¥84,221 million in the same period of the previous fiscal year due to the increases in revenues associated with the automobile maintenance service operations, and our real estate management operations, including hotels, training facilities and golf courses, as well as contribution from the beginning of the first quarter of this fiscal year of companies which we invested in the previous fiscal year, in addition to contributions of servicing fees from our loan servicing operations. Overseas, revenues increased more than 11 times to ¥25,810 million compared to ¥2,281 million in the same period of the previous fiscal year due to the contribution from the beginning of the first quarter of this fiscal year of the investment bank Houlihan Lokey Howard & Zukin (Houlihan Lokey), which entered our consolidated group in the fourth quarter of the previous fiscal year and is included in The Americas segment.

***Expenses***

Expenses increased 27% to ¥423,368 million compared with the same period of the previous fiscal year. Although life insurance costs, provision for doubtful receivables and probable loan losses, and write-downs of securities were down year on year, interest expense, costs of operating leases, costs of real estate sales, other operating expenses, selling, general and administrative expenses, and write-downs of long-lived assets increased year on year.

Interest expense was up 32% year on year to ¥39,057 million. In Japan, interest expense increased 19% year on year due to the higher average debt levels. Overseas, interest expense increased 52% year on year due to the higher average debt levels and higher interest rates.

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Costs of operating leases were up 16% year on year to ¥77,283 million accompanying the increase in the average balance of investment in operating leases.

Life insurance costs decreased slightly year on year to ¥57,436 million.

Costs of real estate sales were up 98% year on year to ¥55,006 million along with the increase in real estate sales.

Other operating expenses were up 19% year on year to ¥67,199 million accompanying the increase in other operating revenues.

Selling, general and administrative expenses were up 42% year on year to ¥119,973 million due to an increase in personnel and related expenses associated with Houlihan Lokey, which entered our consolidated group in the fourth quarter of the previous fiscal year, as well as an increase in the number of employees in the Corporate Financial Services and Automobile Operations segments as a result of an effort to expand our sales platform in Japan.

Provision for doubtful receivables and probable loan losses was down 46% year on year to ¥3,720 million due to a lower occurrence of new non-performing assets despite an increase in operating assets, and due to some reversals of the provision for doubtful receivables and probable loan losses.

Write-downs of long-lived assets increased year on year to ¥1,318 million. Write-downs of securities were down 20% year on year to ¥2,142 million.

### ***Net Income***

Operating income was up 17% year on year to ¥135,161 million, due to the reasons noted above.

Equity in net income of affiliates was down 4% to ¥15,017 million compared to the same period of the previous fiscal year due to a decrease in profits from equity method affiliates overseas, despite an increase in profits from equity method affiliates in Japan.

Gains on sales of subsidiaries and affiliates and liquidation loss were down 36% year on year to ¥1,156 million.

As a result, income before income taxes, minority interests in earnings of subsidiaries, discontinued operations and extraordinary gain increased 14% year on year to ¥151,334 million.

Minority interests in earnings of subsidiaries, net increased 79% year on year to ¥1,747 million as a result of the minority interests in earnings of Houlihan Lokey, which entered our consolidated group in the fourth quarter of the previous fiscal year.

Income from continuing operations increased 13% year on year to ¥87,528 million.

Discontinued operations, net of applicable tax effect decreased 49% year on year to ¥3,225 million. Subsidiaries, business units, and certain rental properties sold or to be disposed of by sale without significant continuing involvements are reported under discontinued operations and the related amounts that had been previously reported have been reclassified retroactively.

As a result, net income increased 9% year on year to ¥91,326 million.

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Operating assets were up 8% from March 31, 2006 to ¥6,319,087 million. While investment in direct financing leases was down from March 31, 2006, installment loans, investment in operating leases, investment in securities, and other operating assets were up.

***Segment Information***

Segment profits for the Automobile Operations segment was almost flat year on year; declined for the Rental Operations, Life Insurance, and Asia, Oceania and Europe segments; and increased for the Corporate Financial Services, Real Estate-Related Finance, Real Estate, Other, and The Americas segments compared to the same period of the previous fiscal year. Segment profits refer to income before income taxes.

***Operations in Japan***

*Corporate Financial Services Segment.* Segment revenues were up 19% year on year to ¥57,945 million due mainly to the expansion of loans to corporate customers. Although selling, general and administrative expenses increased as a result of upfront costs associated with an increase in the number of employees in an effort to expand our sale and marketing base, segment profits increased 21% to ¥28,734 million compared to ¥23,824 million in the same period of the previous fiscal year due to an increase in segment revenues and the lower provision for doubtful receivables and probable loan losses. Segment assets increased 11% on March 31, 2006 to ¥1,799,827 million due mainly to an increase in loans to corporate customers.

*Automobile Operations Segment.* Segment revenues increased 13% year on year to ¥72,016 million with the increase in revenues from operating leases and maintenance services in the automobile leasing operations, as well as the steady performance of the automobile rental operations. Segment profits were flat year on year at ¥13,386 million. Expenses increased along with the increase in revenues from operating leases and maintenance services and due to an increase in selling, general and administrative expenses associated with an increase in the number of employees in an effort to develop our customer base focusing on increasing our automobile-related business to individuals. Segment assets increased 8% on March 31, 2006 to ¥548,513 million due to the expansion of the automobile leasing operations that also include operating leases.

*Rental Operations Segment.* Segment revenues were down 4% year on year to ¥32,412 million due to the recognition of losses on the sale of investment securities, although revenues from operating leases including precision measuring and other equipment rentals expanded year on year. Segment profits decreased 26% to ¥3,897 million compared to ¥5,292 million in the same period of the previous fiscal year accompanying the decrease in segment revenues. Segment assets were up slightly on March 31, 2006 to ¥124,363 million.

*Real Estate-Related Finance Segment.* Segment revenues increased 10% year on year to ¥38,222 million due to an expansion of revenues associated with corporate loans, including non-recourse loans, and contributions from the gains on sales of real estate under operating leases. Although net gains on investment securities decreased compared to the same period of the previous fiscal year, segment profits increased 3% to ¥21,021 million compared to ¥20,318 million in the same period of the previous fiscal year due to contributions from the loan servicing operations and gains on sales of real estate under operating leases. Segment assets increased 9% on March 31, 2006 to ¥1,328,367 million due mainly to an increase in loans to corporate customers.

*Real Estate Segment.* Segment revenues increased 45% year on year to ¥142,129 million as more condominiums were sold to buyers in the first half of this fiscal year compared with the same period

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of the previous fiscal year, and due to the increase in revenues associated with the real estate management operations, including office rental activities, in addition to contributions from the gains on sales of real estate under operating leases. Segment profits increased 51% to ¥31,129 million compared to ¥20,562 million in the same period of the previous fiscal year in line with the increase in segment revenues. Segment assets increased 13% on March 31, 2006 to ¥768,622 million due mainly to the expansion of operating assets, including investment in operating leases.

*Life Insurance Segment.* Segment revenues were down 7% year on year to ¥63,488 million as a result of a decrease in life insurance related investment income, while revenues from life insurance premiums were also down compared to the same period of the previous fiscal year. Segment profits decreased 56% year on year to ¥3,379 million compared to ¥7,753 million in the same period of the previous fiscal year due to lower segment revenues. Segment assets increased 3% on March 31, 2006 to ¥508,409 million.

*Other Segment.* Segment revenues increased 14% year on year to ¥56,928 million due to an increase in gains on investment securities at the venture capital operations, revenues associated with the securities operations and the steady trend in revenues at the card loan operations. Segment profits increased 18% to ¥19,232 million compared to ¥16,259 million in the same period of the previous fiscal year. While gains on sales of subsidiaries and affiliates decreased year on year, the higher segment revenues and contributions from equity in net income of affiliates led to the higher segment profits. Segment assets increased 5% on March 31, 2006 to ¥699,105 million.

***Overseas Operations***

*The Americas Segment.* Segment revenues more than doubled year on year to ¥56,360 million due to the contribution from the beginning of the first quarter of this fiscal year of Houlihan Lokey, which entered our consolidated group in the fourth quarter of the previous fiscal year, and the increase in revenues associated with corporate loans as well as gains on investment securities and interest on investment securities. Segment profits increased 27% to ¥17,922 million compared to ¥14,070 million in the same period of the previous fiscal year. While the sales of real estate under operating leases and equity in net income of affiliates decreased year on year, the higher segment revenues led to the higher segment profits. Segment assets increased 7% on March 31, 2006 to ¥470,165 million due mainly to an increase in corporate loans.

*Asia, Oceania and Europe Segment.* Segment revenues were up 8% year on year to ¥47,222 million due to the steady performance of the leasing operations, such as automobile leasing that include operating leases. Segment profits decreased 9% to ¥17,926 million compared to ¥19,747 million in the same period of the previous fiscal year as expenses increased along with the increase in segment revenues, and due to decreases in gains on sales of subsidiaries and affiliates. Segment assets were up 11% on March 31, 2006 to ¥624,898 million due mainly to an increase in direct financing leases and investment in affiliates.

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*The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section entitled "Description of Notes" in this prospectus supplement and the section entitled "Description of Senior Debt Securities" in the accompanying prospectus.*

Issuer	ORIX Corporation.
Notes offered	US\$ _____ of aggregate principal amount of _____ % notes due 2011.
Maturity date	_____, 2011.
Issue price	_____ % of the principal amount.
Interest payment dates	Interest on the notes will be payable on _____ and _____ of each year, beginning _____, 2007.
Interest rate	_____ %.
Calculation of interest	Interest on the notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
Ranking	The notes will be ORIX's direct, unsecured and unsubordinated general obligations and will have the same rank in liquidation as all of ORIX's other unsecured and unsubordinated debt.
Additional amounts	All payments of principal and interest on the notes will be made without withholding or deduction for or on account of any taxes unless such withholding or deduction is required by law. Payments of interest on the notes generally will be subject to Japanese withholding tax unless the beneficial owner of the notes establishes that the notes are held by or for the account of a beneficial owner that is not a Japanese corporation or an individual resident of Japan for Japanese tax purposes (see "Tax Considerations - Japanese Tax Considerations" in this prospectus supplement). If payments of principal and interest on the notes are subject to withholding or deduction under Japanese tax law, we will pay such additional amounts, subject to certain exceptions, in respect of Japanese taxes as will result in the payment of amounts otherwise receivable absent any such withholding or deduction. See "Description of Notes - Additional Amounts." References to principal and interest in respect of the notes include any additional amounts which may be payable by us.

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Optional tax redemption	If, due to changes in Japanese tax treatment occurring on or after the issue date of the notes, we would be required to pay additional amounts as described under <a href="#">Description of Notes Additional Amounts</a> in this prospectus supplement, we may redeem the notes in whole, but not in part, at a redemption price equal to 100% of the principal amount of the notes plus accrued interest to the redemption date. For a more complete description, see <a href="#">Description of Notes Optional Tax Redemption</a> in this prospectus supplement.
Markets	We are offering the notes only in jurisdictions in the United States, Europe and Asia (other than Japan), subject to certain exceptions, where the offering is permitted, and in all cases in compliance with applicable laws and regulations. See <a href="#">Underwriting</a> in this prospectus supplement for more information.
Form and denominations	The notes will be issued in fully registered form, without coupons, in denominations of US\$1,000 and integral multiples thereof and will be represented by one or more global notes. The notes will be issued in the form of global securities deposited in The Depository Trust Company, or DTC. Beneficial interests in the notes may be held through DTC, Clearstream Banking, société anonyme, or Clearstream, or Euroclear Bank S.A./N.A., or Euroclear. For more information about global securities held by DTC through DTC, Clearstream or Euroclear, you should read <a href="#">Clearance and Settlement</a> in the accompanying prospectus.
Covenants	The indenture relating to the notes contains restrictions on our ability to incur liens and merge or transfer assets. For a more complete description see <a href="#">Description of Notes Negative Pledge</a> in this prospectus supplement and <a href="#">Description of Senior Debt Securities Covenants</a> in the accompanying prospectus.
Further issuances	We reserve the right, from time to time, without the consent of the holders of the notes, to issue additional notes on terms and conditions identical to the notes, which additional notes shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, the notes. We may also issue other securities under the indenture that have different terms from the notes.
Governing law	The notes and the indenture will be governed by and construed in accordance with the laws of the State of New York.



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Rating	The notes are expected to be rated Baa1 by Moody's Investors Service and A- by Standard & Poor's Rating Services.
Use of proceeds	We intend to use the net proceeds of this offering for general corporate purposes.
Listing	The notes will not be listed on any securities exchange.
Trustee	Law Debenture Trust Company of New York.
Paying agent	Citibank, N.A.
Risk factors	You should carefully consider all of the information contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus before investing in the notes. In particular, we urge you to consider carefully the factors set forth under "Risk Factors" beginning on page S-11 of this prospectus supplement.
Lock-up agreement	ORIX has agreed with the underwriters to restrictions on issuances and sales of certain notes by ORIX for a period of 30 days from the closing of the offering, as described in greater detail in this prospectus supplement under "Underwriting."
Clearance and settlement	The notes have been accepted for clearance through DTC, Euroclear and Clearstream with the following security codes: CUSIP ; Common Code ; and ISIN .

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**RISK FACTORS**

*Investing in the notes involves risks. You should consider carefully the risks relating to our business and the risks relating to the notes described below, as well as the other information presented in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, before you decide whether to invest in the notes. If any of these risks actually occurs, our business, financial condition and results of operations could suffer, and the trading price and liquidity of the notes offered could decline, in which case you may lose all or part of your investment.*

*This prospectus supplement and the accompanying prospectus also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks faced by us described below and elsewhere in this prospectus supplement. See *Cautionary Note Regarding Forward-Looking Statements*. For purposes of the section captioned *Risks relating to our business and industry*, capitalized terms used therein but not otherwise defined in this prospectus shall have the meaning ascribed to them in our annual report on Form 20-F for the fiscal year ended March 31, 2006.*

**Risks relating to our business and industry**

***We may lose market share or suffer reduced interest margins if our competitors compete with us on pricing and other terms***

We compete primarily on the basis of pricing, terms and transaction structure. Other competitive factors include industry experience, client service and relationships. In recent years, Japanese banks, their affiliates and other finance companies have implemented strategies targeted at increasing business with small and medium-sized enterprises, which form the core of our customer base in Japan. Our competitors sometimes seek to compete aggressively on the basis of pricing and terms, without regard to profitability, and we may lose market share if we are unwilling to compete on pricing or terms because we want to maintain our income levels. Since some of our competitors are larger than us and have access to capital at a lower cost than we have, they may be better able to maintain profits at reduced prices. If we compete with our competitors on pricing or terms, we may experience lower income.

***Our allowance for doubtful receivables on direct financing leases and probable loan losses may be insufficient***

We maintain an allowance for doubtful receivables on direct financing leases and probable loan losses. This allowance reflects our judgment of the loss potential of these items, after considering factors such as:

the nature and characteristics of obligors;

current economic conditions and trends;

prior charge-off experience;

current delinquencies and delinquency trends;

future cash flows expected to be received from the direct financing leases and loans; and

the value of underlying collateral and guarantees.

We cannot be sure that our allowance for doubtful receivables on direct financing leases and probable loan losses will be adequate to cover future credit losses. In particular, this allowance may be inadequate due to adverse changes in the Japanese and overseas economies in which we operate, or discrete events which adversely affect specific customers, industries or markets. If we need to increase our allowance for doubtful receivables on direct financing leases and probable loan losses to cover these changes or events, our financial results could be adversely affected.



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### ***Our credit-related costs might increase***

In order to maximize our collection from the debtors, we may forbear from exercising some or all of our rights as a creditor against companies that are unable to fulfill their repayment obligations, and we may forgive or extend additional loans to such companies. As a result there is a possibility that credit-related costs might increase.

### ***Risks of real estate-related business***

Our main areas of real estate-related business operation are real estate-related loans and real estate business. Real estate-related loans are loans secured by real estate collateral, loans to domestic real estate companies or construction companies and non-recourse loans for which cash flow from real estate is a repayment resource. Real estate business is the building and sale of condominiums; the development, sale and lease of office buildings; operation of hotels, corporate dormitories, training facilities and golf courses; integrated facilities management and its related services; and asset management services for real estate investment trusts (REITs).

In Japan and overseas, adverse changes in land prices or purchase and leasing demand may cause the condition of the real estate market to deteriorate. This may adversely affect our business activities, the value of our long-lived assets and the value of the collateral that underlies the loans we make. Any such events could have an adverse effect on our results of operations and financial condition.

For instance, if the financial condition of real estate-related companies and construction companies deteriorates, such companies may not be able to repay their loans. Our allowance for probable loan losses may be inadequate to cover credit losses on our loans to these companies. The value of the real estate collateral securing the loans may decline as well, and may prevent us from fully recovering on our loans in the event of default. We may need to increase provisions for probable loan losses if the estimated potential recovery from the collateral is reduced.

Likewise, the value of real estate held by us may decline. We may need to write down additional assets if we determine that it is unlikely that we will be able to recover the carrying value of those assets.

If we initiate a building construction project and there is deterioration in the operating condition of the construction contractor, operational interruptions or prolonged completion time could increase our costs.

When we commence a building construction project, we try to obtain indemnity against any breach or defect of property to the extent possible from the contractor. When we purchase a property, we try to obtain indemnity to the extent possible from the seller to cover losses and expenses caused by any defects of geological condition, structure or material in relation to such property. If there is any defect in a building or facility sold or leased by us and indemnity is not provided by the contractor or seller or if the indemnities provided are insufficient due to a deterioration of their financial condition, we may be required to indemnify tenants or purchasers, and thereby incur losses. In addition, even if we do not incur financial loss, there could be an adverse affect on our reputation as the seller, owner or original developer of the property, depending on the breach or defect.

Asbestos or inadequate earthquake resistance in buildings could adversely affect us in the event we are subject to increased responsibility caused by amendments to applicable laws and regulations, increased costs due to tightening of internal due diligence or prolonged project periods due to tightened operating processes. Also, such conditions may result in an increased likelihood that sales will become difficult due to lowered credibility of the real estate market or shifts in market preferences. These factors could result in a decline in our revenue. Furthermore, since the real estate-related companies to which we make loans may be affected in the same way, debt collection from such companies could be difficult due to deterioration of their business condition. The liquidity of properties held by us as collateral may decline, which could also make debt collection difficult.

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The possibility of disaster or damage from earthquakes in Japan is generally higher than in other parts of the world. The risk of disaster damage is heightened by the fact that a substantial portion of our operations, long-lived assets, and collateral underlying loans are concentrated in Tokyo. If an earthquake or any other natural disaster or act of terrorism or any other human disaster were to occur in Japan, particularly in a metropolitan area like Tokyo, resulting in large-scale destruction, it is likely that our long-lived assets and the collateral underlying loans we make would be adversely affected, and our business, results of operations and financial condition would suffer adverse effects.

We ordinarily carry comprehensive casualty insurance covering our real estate investments with insured limits that we believe are adequate and appropriate against anticipated losses. There are, however, certain types of losses caused by events such as wars, acts of terrorism, willful acts or gross negligence that are uninsurable. In addition, we do not usually carry insurance for damages caused by natural disasters such as earthquakes or typhoons because insurance coverage for such damages is limited and the insurance premium is relatively expensive.

In the event that our real estate investments suffer an uninsured loss, our investment balance in and revenues from such investments could be adversely affected. In addition, we would likely remain liable for indebtedness and other financial obligations relating to the relevant property. No assurance can be given that uninsured losses will not occur in respect of our real estate investments.

Before the Soil Contamination Measures Law went into effect in 2003, we did not, at the time of acquisition, investigate land (including land provided as collateral for a particular loan) that had been used as a factory site or operating facility in which hazardous materials were used or that otherwise could cause health problems due to soil contamination. If it is later determined that such land is polluted and it is necessary to take countermeasures under the Soil Contamination Measures Law, this could have an adverse effect on the sale of the land or the amounts receivable on foreclosure from land held as collateral. Although we have conducted investigations at the time of acquisition with respect to land acquired after the Soil Contamination Measures Law came into effect, a subsequent determination that such land is polluted for any reason may have the same adverse consequences.

***We may suffer losses on our investment portfolio and derivative instruments***

We hold large investments in debt securities and equity securities, mainly in Japan and the United States. We may suffer losses on these investments because of changes in market prices, defaults or other reasons. While equity prices in the United States and Japan improved during fiscal 2006, the market values of these equity securities are volatile and may decline substantially in the current year or future years. We record unrealized gains and losses on debt and equity securities classified as available-for-sale securities in shareholders' equity, net of income taxes, and do not ordinarily charge these directly to income and losses, unless we believe declines in market value on available-for-sale securities and held-to-maturity securities are other than temporary. We have recorded significant losses on securities in the past and may need to record additional losses in the future.

We have substantial investments in debt securities, mainly long-term corporate bonds with fixed interest rates. We may realize a loss on our investments in debt securities as a result of an issuer default or deterioration in an issuer's credit quality. We may also realize losses on our investment portfolio if market interest rates increase.

We also utilize derivative instruments for the purpose of investment portfolio price fluctuation risk reduction, interest rate and foreign exchange rate risk management, and trading activities. However, we may not be able to successfully manage our risks through the use of these derivatives. Counterparties may fail to honor the terms of its derivatives contracts with us. We may suffer losses from trading activities. As a result, our operations and financial condition could be adversely affected. For a discussion of derivative financial instruments and hedging, see Note 26 in Item 18. Financial Statements of our annual report on Form 20-F for the year ended March 31, 2006, which is incorporated by reference into this prospectus.

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***We may be exposed to increased risks as we expand or reduce the range of our products and services, or acquire companies or assets, including those related to our corporate rehabilitation business***

As we expand the range of our products and services beyond our traditional businesses or acquire companies or assets, including those related to our corporate rehabilitation business, and as the sophistication of financial products and management systems grow, we may be exposed to new and increasingly complex risks. In some cases, we may have little or no experience with the expanded range of these products and services and the risks associated with them.

We cannot guarantee that the price we pay for acquisitions will be fair and appropriate. If the price we pay is too high, our acquisitions could result in future write-downs related to goodwill and other assets.

In connection with the foregoing, our risk management systems may prove to be insufficient and may not work in all cases or to the degree required. As a result, we may face market, credit and other risks in relation to the expanding scope of our new products, services and transactions and we may incur substantial losses.

In addition, our efforts to offer new services and products may not attain the expected results if business opportunities do not increase as expected or if the profitability of opportunities is undermined by competitive pressures.

Restructuring of, or withdrawal from, businesses we engage in could harm our reputation and adversely affect our results of operations and financial condition.

***Poor performance or failure of affiliates accounted for using the equity method, which include investments in companies as part of our corporate rehabilitation business, or consolidated companies in which we have invested as part of our corporate rehabilitation business, will have an adverse affect on our results of operations and financial condition***

As a result of increased investments and the accumulated earnings of affiliates that are accounted for using the equity method, our investment in affiliates is significant. In some cases, we may be actively involved in the management of these affiliates by dispatching our personnel to them.

In recent years, the contribution from equity method affiliates to our consolidated statements of income has increased and has been an important component of our income. There is no assurance that this contribution can be maintained. Poor performance by or a failure of these investments will adversely affect our financial condition and results of operations. In addition, as part of our corporate rehabilitation business, we have invested directly in or via investment funds in a number of troubled or distressed companies, some of which are now our subsidiaries or equity method affiliates. Some of the operations of these companies, which include a company that builds and sells residential condominiums, a logistics company, a sporting apparel manufacturer and distributor and an overseas life insurance company, are very different from our core businesses. See Item 4. Information on the Company Capital Expenditures and Major M&A Activities of our annual report on Form 20-F for the year ended March 31, 2006, which is incorporated by reference into this prospectus, for more discussion of our recent acquisitions. Our ability to successfully manage and rehabilitate such businesses is still uncertain and the rehabilitation of these distressed companies is not guaranteed. Failure to rehabilitate these companies could result in financial losses as well as losses of future business opportunities. In addition, we may not be able to sell or otherwise dispose of the invested business or company at such time or in such period and at such price as we initially expected. We may also need to invest additional capital in certain of these companies if their financial condition deteriorates. We may lose key personnel upon our investment if such personnel are not satisfied with our management.

While we will continue to review and selectively pursue investment opportunities, there can be no assurance that we can continue to identify attractive opportunities, or that such investments will be as profitable as we originally expected.

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Even if such affiliates or subsidiaries are not performing poorly, in the event that any such affiliate or subsidiary is implicated in a problem of significant public concern and we send our personnel to serve as directors or officers, irrespective of whether or not such persons perform their obligations, our reputation may be adversely affected.

### ***Changes in market interest rates and currency exchange rates could adversely affect our assets and our financial condition and results of operations***

Many of our business activities are subject to risks relating to changes in market interest rates and currency exchange rates in Japan and overseas.

Significant increases in market interest rates, or the perception that an increase may occur, could adversely affect the origination of new transactions, including direct financing leases and loans. An increase in market interest rates may increase the repayment burden our customers bear with respect to loans, particularly under floating interest rate loans. These burdens could adversely affect the financial condition of our customers and their ability to repay their obligations, possibly resulting in defaults on our lease transactions and loans. In addition, our funding costs, and as a result, interest expense may increase. If the increase in the amount of interest payable by us as a result of increases in market interest rates exceeds the increase in the amount of interest received by us from interest-earning assets, our results of operations would be adversely affected.

Alternatively, a decrease in interest rates could result in faster prepayments of loans. Moreover, if the decrease in the amount of interest received by us from interest-earning assets as a result of decreases in interest rates exceeds the corresponding decrease in our funding cost, our results of operations could be adversely affected.

Not all of our assets and liabilities are matched by currency. In addition, a significant portion of our operating assets, revenues and income are located overseas, in particular the United States, or are derived from our overseas operations, and subject to foreign exchange risks. As a result, a significant change in currency exchange rates could have an adverse impact on our assets, financial condition and results of operations. For example, if the yen rises in value against the U.S. dollar or other currencies, the value of assets denominated in foreign currencies will decline in yen terms in our consolidated financial statements.

### ***Our access to liquidity and capital may be restricted by economic conditions, instability in the financial markets or potential credit rating downgrades***

Our primary sources of funds are cash flows from operations, borrowings from banks and other institutional lenders, and funding from the capital markets, such as offerings of commercial paper, or CP, medium-term notes, straight bonds, asset-backed securities, and other debt securities. A downgrade in our credit ratings could result in an increase in our interest expenses and could have an adverse impact on our ability to access the commercial paper market or the public and private debt markets. Any such developments could have an adverse effect on our financial position, results of operations and liquidity. Although we have access to other sources of liquidity, including bank borrowings, cash flows from our operations and sales of our assets, we cannot be sure that these other sources will be adequate or on terms acceptable to us if our credit ratings are downgraded or other adverse conditions arise. A failure of one or more of our major lenders, a decision by one or more of them to stop lending to us or instability in the Japanese capital markets also could have an adverse impact on our access to funding.

We continue to rely significantly on short-term funding from commercial banks in Japan. We also rely on funding from the capital markets in the form of CP. We are taking steps to reduce refinancing risks by diversifying our funding sources and establishing committed credit facilities with Japanese and foreign banks. See Item 5. Operating and Financial Review and Prospects Liquidity and Capital Resources-Sources of Liquidity Committed Credit Facilities of our annual report on Form 20-F for the year ended March 31, 2006,

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which is incorporated by reference into this prospectus. Despite these efforts, committed credit facilities and loans are subject to financial and other covenants and conditions to drawdown, including minimum net worth requirements, and the risk remains that we will be unable to refinance other short-term funding.

### ***A downgrade of our credit ratings could have a negative effect on our derivative transactions***

A downgrade of our credit ratings by one or more credit rating agencies could have a negative effect on our derivative transactions. In the event of a downgrade of our credit ratings, we may be required to accept less favorable terms in our transactions with counterparties, and we may be unable to enter into or continue to engage in some derivative transactions. These circumstances could have a negative impact on our risk management and the profitability of our trading activities, which would adversely affect our liquidity, results of operations and financial condition.

### ***We may not be able to hire or retain human resources to achieve our strategic goals***

Our business requires a considerable investment in human resources and requires the stable retention of such resources in order to successfully compete in markets in Japan and overseas. Much of our business involves specialization in the areas of financial services or the management of physical assets such as real estate, vessels and aircraft. If we cannot develop, hire or retain the necessary human resources, or if such personnel resign, we may not be able to achieve our strategic goals.

### ***The departure of senior management could adversely affect us***

Our continued success relies significantly on the ability and skills of our senior management. The departure of the current senior management could have an adverse effect on our business activities, financial condition and results of operations.

### ***Risks related to computer and other information systems***

We are highly reliant on computer systems and other information systems for financial transactions, personal information management, business monitoring and processing and as part of our business decision-making and risk management activities. System shutdowns, malfunctions or failures due to unexpected contingency, the mishandling or fraudulent acts of employees or third parties, or infection by a computer virus could have an adverse effect on our operations, such as hindered receipt and payment of monies, leak or destruction of confidential information or personal information, and the generation of errors in information used for business decision-making and risk management. In such event, our liquidity or that of the customer who relies on us for financing or payment could be adversely affected, and our relationship with the customer could also be adversely affected. As a result, we could be sued or subject to administrative penalty or our reputation or credibility could be adversely affected.

Our information system equipment could suffer damage from large-scale natural disaster or terrorism. Since information systems serve an increasingly important role in business activities, the risk of stoppage of the network or information system due to disaster or terrorism is increasing. If the network or information system stops, we could experience interruption of business activity, delay in payment or sales, or substantial costs for recovery of the network or the information system.

### ***Inadequate or failed processes or systems, human factors or external events or factors may adversely affect our results of operations, liquidity or reputation***

Operational risk is inherent in our business and can manifest itself in various ways, including business interruptions, information system shutdowns, malfunctions or failures, regulatory breaches, human errors, employee misconduct, external fraud and other external factors. For example, a securities subsidiary may make



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an erroneous stock order or confidential information may be leaked. In addition, our integrated facilities management operations may not be able to prevent a break-in. These events may result in financial loss or decline in our reputation, or otherwise hinder our operational effectiveness. Our management attempts to control operational risk and maintain it at a level we believe is appropriate. Notwithstanding our control measures, operational risk is part of the business environment in which we operate and we may incur losses at any time due to this risk. Even if we do not incur direct pecuniary loss, our reputation may be adversely affected.

With the expansion of our operations into areas such as retail finance, corporate and retail real estate development and the operation of facilities, such as hospitals and waste disposal facilities, including in connection with our private finance initiative, or PFI business, we are in contact with an increasing array and number of private groups and corporate entities, particularly in Japan. Even when we follow proper legal and other procedures, some of these groups may oppose or attempt to hinder our operational activities such as those related to condominium development. We may suffer damage to our reputation if our activities are negatively portrayed in the press. Our business activities may be adversely affected if legal claims or actions are instituted against us and the legal proceedings brought by us to uphold our right against such claims or actions delay or suspend our operations.

***Risks related to telephone equipment leases***

Our leasing business and reputation could be affected by the behavior of individual distributors of equipment and problems specific to this industry. In 2005, inappropriate sales activity was a serious problem in the telephone equipment leasing industry. In response, the Ministry of Economy, Trade and Industry amended the Law concerning Specified Trades (*tokutei-shoutorihiki-hou*) and has provided guidance to fines in the related industries on the compliance measures. In order to comply with the law and its related administrative guidance, leasing business costs could increase and leasing transactions could decline.

***Risk associated with holding a professional baseball team***

We own and manage a professional baseball team in Japan, the ORIX Buffaloes. Management of a professional baseball team in Japan, due to its public nature, requires us to bear in mind various social effects it may have and the reputation of the team. If the reputation of the baseball team declines, our business activities, financial condition, results of operations and our share price could be adversely affected as a consequence.

***Negative press coverage or rumors could affect our business, financial condition, results of operation or share price***

Our business relies on the confidence of customers and market participants. Negative press coverage or rumors (including on the Internet) about our activities or those of our directors, executive officers and employees or regarding related industries, regardless of accuracy, could harm our reputation. Even if we provide appropriate explanations to the press and other interested parties, there is no assurance that we can prevent an adverse effect on our reputation, as a result, our results of operation could deteriorate or there could be an adverse effect on our share price.

***Risks of waste-disposal business***

We began operations of a waste disposal center in June 2006 as a Private Finance Initiative, or PFI, under contract with Saitama prefecture in Yorii-machi, Saitama. The center utilizes the most advanced waste disposal techniques, in which waste is melted at ultra-high temperatures (up to 2000 degrees centigrade), which minimizes the risk of emitting environmental pollutants such as dioxins. In addition, we have contracted with the waste disposal specialist firm that constructed the center to serve as operator to run and maintain the center. Though environmental pollution or fire could occur due to an operational mistake or defect in the disposal center, we are insured to protect against a variety of such accident risks. In addition, we have ensured that, under our

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operating agreement with the operator, the operator that bears responsibility for operation and maintenance of the center and under the design and construction contract, bears responsibility for any defect in the center.

However, in the event that the amount of insurance is not sufficient and the financial condition of the operator has deteriorated such that it cannot perform its contractual obligations or indemnify us for losses, we will be required to bear such losses. Further, we will be responsible for any accident occurring by reason of any event other than those for which the operator is responsible by contract. If loss resulting from such accident is not covered by our insurance, we will be required to bear such loss. Even if we do not incur any direct financial loss, our reputation could be adversely affected.

### ***Risks of medical related service business***

We operate Kochi Health Sciences Center, which is a PFI business of Kochi prefecture and Kochi-city, through Kochi Medical PFI Corporation, which is one of our subsidiaries. The subsidiary is not engaged in medical services directly; however, since it contracts out for sterilization of medical materials, if an accident occurs, the subsidiary could be liable for the contribution of the contracted service to the accident. Further, even if there is no pecuniary liability, our reputation could be adversely affected.

### ***Risks arising from our nursing service business***

We provide elderly care services, including the sale and operation of housing for the elderly and at-home nursing care. If a nursing service accident occurs, we could be liable for damages and our reputation could be adversely affected. In addition, if the nursing care insurance system is modified to reduce public financial support and the economic burden on the user is thereby increased, the nursing market could shrink and our operational results could be adversely affected.

### ***Risks related to the operation of hotels, corporate dormitories, training facilities, and golf courses***

We operate hotels, corporate dormitories, training facilities, and golf courses. If an accident occurs such as food poisoning or fire, we could be liable for damages and our reputation could be adversely affected.

### ***Our life insurance subsidiary is subject to risks that are specific to its business***

ORIX Life Insurance Corporation, or ORIX Life Insurance, our wholly owned subsidiary, is exposed to risk of unpredictable increases in insurance payments for deaths and hospital benefits. It may incur valuation losses or losses on sales if the value of securities it purchases for asset management purposes decreases. In addition, if ORIX Life Insurance fails to conduct asset liability management, or ALM, in a prudent and foresightful manner to pursue an optimal combination of risk and expected returns on investment assets and underwriting risks on insurance policy benefits, its results of operations and financial condition may suffer.

ORIX Life Insurance is also subject to mandatory reserve contributions to the Life Insurance Policyholders Protection Corporation of Japan, or the PPC. The PPC was established in 1998 to provide financial support to insolvent life insurance companies. All life insurers in Japan, including ORIX Life Insurance, are members of the PPC and are required to make contributions to the PPC based on their respective share of insurance industry premiums and policy reserves. Because a number of life insurers have become insolvent since 1998, the PPC's financial resources have been substantially reduced due to providing financial support to those companies. If there are further bankruptcies of life insurers, other members of the PPC, including ORIX Life Insurance, may be required to contribute additional financial resources to the PPC. In such an event, our financial condition and results of operations may be adversely affected.

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### ***We may suffer losses if we are unable to remarket leased equipment returned to us***

We lease equipment to customers under direct financing leases and operating leases. There is a risk that we will suffer losses at the end of the lease if we cannot recover the residual value that we estimated at the beginning of the lease. This risk is particularly significant for operating leases. If we are unable to sell or re-lease the equipment at the end of the leasing period, we may not recover our investment in the equipment and we may suffer losses. Our estimates of the residual value of equipment are based on current market values of used equipment and assumptions about when and to what extent the equipment will become obsolete. If equipment values and product market trends differ from our expectations, we may incur valuation losses.

### ***Our business may be adversely affected by adverse conditions in the airline industry***

We have extended credit to entities in the airline industry in the form of bonds, installment loans and operating leases. Due to the deterioration of operating conditions of many entities in the industry in the past, we made provisions for doubtful receivables and probable loan losses for a portion of this exposure and recorded write-downs of airline-related securities. In recent years, the airline industry has experienced financial difficulties worldwide, particularly in North America. The airline companies continue to suffer from weak earnings and we are unable to predict whether or not, or when, these conditions will improve. If the financial condition of companies in the airline industry deteriorates further, our results of operations and financial condition may be adversely affected.

Most of our exposure to the airline industry is collateralized, mainly by aircraft. If the value of our collateral declines, we may be required to record additional losses. Also, since our exposure to the airline industry is not fully collateralized, we are exposed to the general credit risk of airline companies.

Moreover, aircraft under operating leases are treated as long-lived assets. There is a possibility that we may need to record write-downs of long-lived assets associated with aircraft if it has been determined that the carrying value of such assets will not be recoverable.

### ***Our business may continue to be adversely affected by economic fluctuations in Japan***

The volume of our direct financing leases and installment loans is greatly affected by economic conditions in Japan. If conditions are adverse, our nonperforming assets may increase due to our customers' inability to repay their obligations, and we may incur additional allowance for doubtful receivables on direct financing leases and probable loan losses. The value of collateral securing our loans, equipment that we lease to customers, long-lived assets that we own and securities in which we invest may decline. Returns on our operating assets may also decline. Our ability to re-lease or otherwise dispose of on favorable terms equipment for which the original leasing period has expired may also be limited by adverse economic fluctuations in Japan. We may not be able to sell the residential condominiums or other properties that we build or acquire, or we may be forced to sell the properties below cost at a loss. In addition, we may not be able to sell our investments at the prices or times, which we had initially assumed, or we may be required to make additional investments. Furthermore, our opportunities for business or profit may generally decline.

### ***Our business has in the past been, and may again be, adversely affected by adverse economic conditions in the United States***

A portion of our revenue is derived from our operations in the United States, and we have significant investments in securities of U.S. issuers and loans and leases outstanding to U.S. companies. Although the economy continued to grow in the United States during fiscal 2006, the Federal Reserve Board, or FRB, has continued to raise interest rates incrementally since June 2004. In addition, the United States continues to experience large current account and budget deficits. If flows of capital to finance these deficits in the United States reverse, capital markets of the United States, or the United States economy, could face adverse effects,

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including an increase in interest rates. As a result of the foregoing, our operations may be adversely affected in the future by a deterioration of economic conditions in the United States.

Adverse effects on our U.S. operations might include:

an increase in funding costs;

an increase in the provision for doubtful receivables and probable loan losses if the financial condition of our U.S. customers deteriorates;

an increase in write-downs of securities and other investments if the market values of U.S. issuer securities in which we invest decline and such declines are determined to be other than temporary or occur as a consequence of issuer insolvency; and

an increase in write-downs of long-lived assets, unrealized losses on real estate, and losses on sales of real estate if the value of our real estate in the United States declines significantly.

***Adverse political or economic developments affecting foreign countries other than the United States may also adversely affect our business***

We operate in East Asia, Southeast Asia, South Asia, the Middle East, Central Asia, Europe and Oceania, and provide loans and investments to companies based in such regions. Political instability or economic deterioration in any such region could adversely affect our operations.

If any event set out below occurs in these countries or regions:

political turmoil;

imposition of foreign exchange controls;

large fluctuations in the value of currencies;

substantial declines in gross domestic product;

substantial volatility of stock market prices; or

large fluctuations in real estate market prices.

We could be affected by the events set out below:

an increase in the provision for doubtful receivables and probable loan losses due to deterioration in profitability or credit quality of our customers or investments;

decreased demand for our services;

a need to provide financial support to our subsidiaries or affiliates; or

write-offs of our assets.

In recent years, the economy of China has continued to grow strongly, causing global increases in raw material prices, tightness of supply and demand, and other dislocations to the global economy. Accordingly, any unexpected contingency which adversely affects the Chinese economy may affect the Japanese and other economies.

***A failure to comply with regulations to which many of our businesses are subject could result in sanctions or penalties, harm our reputation and adversely affect our results of operations***

Our money lending, real estate, auto leasing, banking, insurance, securities and certain other businesses are subject to industry-specific laws and regulations and oversight, monitoring and inspection by regulatory

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authorities. The disposal of leased equipment after termination of the lease and sales of property under installment sales are regulated activities in Japan. Failure to comply with the relevant laws and regulations could result in sanctions or penalties, harm to our reputation and adversely affect our results of operations. We engage in a wide range of businesses, which could expand further because of entry into new businesses, including through acquisitions. We implement various internal control measures for our businesses; however, with the expansion of our operations, these controls may be ineffective. In such case, we may be subject to sanction or penalty, and our reputation may be adversely affected.

### ***Changes in laws and regulations may affect our business, results of operations and financial condition***

Changes in laws and regulations are unpredictable and beyond our control and may affect the way we conduct our business, the products we may offer in Japan or overseas and our customers, borrowers and invested companies. Such changes may be more restrictive or result in higher costs than current requirements or otherwise affect our business, results of operations or financial condition.

### ***Changes in tax laws or accounting rules may affect our sales of structured financial products***

Part of our business in Japan and overseas involves the sale of structured financial instrument products that are designed with a specific tax and accounting treatment in mind. If changes in the tax or accounting treatment of certain instruments or transactions that we sell or market make them less attractive to our customers, we may not be able to sell or market those instruments or transactions effectively and our business, results of operations and financial condition could be adversely affected as a result.

### ***Litigation and regulatory investigations may adversely affect our financial results***

We face risks of litigation and regulatory investigation and actions in connection with our operations. Lawsuits, including regulatory actions, may seek recovery of very large amounts or may limit our operations. The existence of such lawsuits and the magnitude of their effect may remain unknown for substantial periods of time. A substantial liability arising out of litigation, regulatory actions, or both could have an adverse effect on our business, results of operations, financial condition, reputation and credibility.

### ***Rights of shareholders under Japanese law may be different from those under the laws of other jurisdictions***

Our Articles of Incorporation, the regulations of our board of directors and the Company Law govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors and officers fiduciary duties and shareholders rights are different from those that would apply if we were not a Japanese corporation. Shareholders rights under Japanese law are different in some respects from shareholders rights under the laws of jurisdictions within the United States and other countries. You may have more difficulty in asserting your rights as a shareholder than you would as a shareholder of a corporation organized in a jurisdiction outside of Japan. For a detailed discussion of the relevant provisions under the Company Law and our Articles of Incorporation. See Item 10. Additional Information-Memorandum and Articles of Incorporation of our annual report on Form 20-F for the year ended March 31, 2006, which is incorporated by reference into this prospectus.

### ***There is a risk that our risk management will not be effective***

Part of our risk management is based on historical data or specific information from the past. There is no guarantee that such data or information or management is an accurate or credible predictor of the future. Therefore, our risk management may not be effective in some cases. As a result our business, results of operations and financial condition could be adversely affected.

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***It may not be possible for investors to effect service of process within the United States upon ORIX or ORIX's directors or executive officers, or to enforce against ORIX or those persons, judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States***

ORIX is a joint stock company incorporated in Japan. Most or all of ORIX's directors and executive officers are residents of countries other than the United States. Although some of ORIX's subsidiaries have substantial assets in the United States, substantially all of ORIX's assets and the assets of ORIX's directors and executive officers are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon ORIX or ORIX's directors and executive officers or to enforce against ORIX or those persons, in U.S. courts, judgments of U.S. courts predicated upon the civil liability provisions of U.S. securities laws. ORIX has been advised by its Japanese counsel that there is doubt, in original actions or in actions to enforce judgments of U.S. courts, as to the enforceability in Japan of civil liabilities based solely on U.S. securities laws. A Japanese court may refuse to allow an original action based on U.S. securities laws.

The United States and Japan do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil or commercial matters. Therefore, if you obtain a civil judgment by a U.S. court, you will not necessarily be able to enforce such judgment directly in Japan.

***Because of daily price range limitations under Japanese stock exchange rules, you may not be able to sell the Shares at a particular price on any particular trading day, or at all***

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price fluctuation limits for each listed stock, based on the previous day's closing price. Although transactions on a given Japanese stock exchange may continue at the upward or downward price limit, if the price limit is reached on a particular trading day, no transactions on such exchange may take place outside these limits. Consequently, an investor wishing to sell Shares on a Japanese stock exchange at a price outside of the relevant daily limit may be unable to complete the sale through that exchange on that particular trading day.

Holders of our ADRs are not limited by the daily price limit set by the Japanese stock exchanges. Holders of the Shares who are unable to sell those Shares on a Japanese stock exchange because an upward or downward price limit for the Shares has been reached preventing further trades outside of the permitted ranges may be negatively affected by trading that occurs in our ADRs.

***We expect to be treated as a passive foreign investment company***

We expect to be treated as a passive foreign investment company under the U.S. Internal Revenue Code because of the composition of our assets and the nature of our income. U.S. investors in our Shares or ADSs are therefore subject to special rules of taxation in respect of certain dividends or gain on such Shares or ADSs, including re-characterization of gains realized on the disposition of, and certain dividends received on, the shares or ADSs as ordinary income earned pro rata over a U.S. investor's holding period for such shares or ADSs, taxed at the maximum rate applicable during the years in which such income is treated as earned, and subject to punitive interest charges for a deemed deferral benefit. Please read carefully Item 10. Additional Information-Taxation-United States Taxation of our annual report on Form 20-F for the year ended March 31, 2006, which is incorporated by reference into this prospectus. Investors are urged to consult their own tax advisors regarding all aspects of the income tax consequences of investing in our Shares or ADSs.

***If you hold fewer than 10 Shares, you will not have all the rights of shareholders with 10 or more Shares***

One unit of the Shares is comprised of 10 Shares, or 20 ADSs. Each unit of the Shares has one vote. A holder who owns Shares or ADSs other than in multiples of 10 or 20, respectively, will own less than a whole

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unit (i.e., for the portion constituting fewer than 10 Shares, or ADRs evidencing fewer than 20 ADSs). The Company Law imposes significant restrictions on the rights of holders of shares constituting less than a whole unit, which include restrictions on the right to vote. Under the unit share system, holders of Shares constituting less than a unit have the right to require ORIX to purchase their Shares and the right to require ORIX to sell them additional Shares to create a whole unit of 10 Shares. However, holders of ADRs are unable to withdraw underlying Shares representing less than one unit and, as a practical matter, are unable to require ORIX to purchase those underlying Shares. The unit share system, however, does not affect the transferability of ADSs, which may be transferred in lots of any size.

### ***Foreign exchange fluctuations may affect the value of our securities and dividends***

Market prices for our ADSs may decline if the value of the yen declines against the dollar. In addition, the amount of cash dividends or other cash payments made to holders of ADSs will decline if the value of the yen declines against the dollar.

### ***Our results of operations and financial condition may be adversely affected by unpredictable events***

Our business, results of operations and financial condition may be adversely affected by unpredictable events and any continuing adverse effect caused by such events. Unpredictable events include single or multiple and man-made or natural events that may, among other things, cause unexpectedly large market price movements or an unexpected deterioration of economic conditions of a country. Examples of such events include the 1995 Hanshin earthquake in Japan, the terrorist attacks in the United States on September 11, 2001, the intermittent outbreak of Severe Acute Respiratory Syndrome, or SARS, in vast areas, such as from Southeast Asia to Central Asia and Europe since 2003 to the present, the tsunami disaster due to the earthquake off Sumatra Island in December 2004, concerns of a global epidemic of avian influenza in 2005 and the 2006 Java earthquake in Indonesia.

### ***Dispositions of the Shares, particularly by major shareholders, may adversely affect market prices for the Shares***

A few of our shareholders hold more than five percent of the total number of outstanding Shares. These shareholders may for strategic or investment reasons decide to reduce their shareholdings in ORIX. Dispositions of the Shares, particularly dispositions of large numbers of shares by such major shareholders, may adversely affect market prices of the Shares. For information on shareholdings, see Item 7. Major Shareholders and Related Party Transactions of our annual report on Form 20-F for the year ended March 31, 2006, which is incorporated by reference into this prospectus.

### ***Change of listed sections and delisting of Shares could adversely affect the liquidity and price of the Shares***

Each of the Tokyo Stock Exchange, Inc. and the Osaka Securities Exchange Co., Ltd, on which the Shares are listed in Japan, has certain standards for maintaining the listing of shares, including a minimum share distribution standard—a requirement for a minimum number of unaffiliated holders of units of shares. If we fail to meet the listing standards, the Shares may be subject to a change in their listed section, from the more prestigious section 1 to section 2 or, in certain cases, delisting. In general, the liquidity of shares on section 2 is lower and share price volatility is higher than section 1. If our Shares are changed to section 2, or are delisted, the liquidity of and prices for the Shares could be adversely affected.

### ***A holder of ADRs has fewer rights than a shareholder and must act through the depositary to exercise those rights***

The rights of shareholders under Japanese law to take various actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining a company's accounting books and



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records and exercising dissenters' rights are available only to holders of record on a company's register of shareholders. Because the depositary, through its custodian agent, is the registered holder of the Shares represented by our ADSs, only the depositary is able to exercise those rights in connection with the deposited Shares. The depositary will make efforts to vote the Shares represented by our ADSs as instructed by the holders of the ADRs representing such ADSs and will pay to those holders the dividends and distributions collected from us. However, a holder of ADRs will not be able directly to bring a derivative action, examine our accounting books and exercise dissenters' rights through the depositary unless the depositary specifically undertakes to exercise those rights and is indemnified to its satisfaction by the holder of ADRs for doing so.

**Risks relating to the offering**

***The notes are structurally subordinated***

The notes are unsecured obligations of ORIX and will be structurally subordinated to other debt obligations of its subsidiaries, as well as other obligations of subsidiaries, such as life insurance. A substantial portion of our outstanding long-term indebtedness at March 31, 2006 consisted of debt of our subsidiaries.

A portion of our debt is secured by our assets. See Note 13 to the consolidated financial statements in our annual report on Form 20-F for the fiscal year ended March 31, 2006. In addition, as is common with most Japanese corporations, our loan agreements relating to short-term and long-term debt with Japanese banks and some insurance companies provide that our assets are subject to pledges as collateral at any time if requested by the lenders. Lenders whose loans constitute a majority of our indebtedness have the right to request that we pledge assets to secure their loans. Although we have not received any requests of this kind from our lenders, there can be no assurance that our lenders will not request us to provide such collateral in the future. Most of these loan agreements, and some other loan agreements, contain rights of the lenders to offset cash deposits held by them against loans to us under specified circumstances.

Whether the provisions in our loan agreements and debt arrangements described above can be enforced will depend upon factual circumstances. However, if they are enforced, the claims of these lenders and banks would have priority over our assets and would rank senior to the claims of holders of the notes.

***There is no prior market for the notes and if a market develops, it may not be liquid***

We do not intend to list the notes on any exchange or to seek their quotation on any automated dealer quotation system. We cannot assure you that any liquid market for the notes will ever develop or be maintained. The underwriters have advised us that they currently intend to make a market in the notes following the offering. However, the underwriters have no obligation to make a market in the notes and they may stop at any time. Further, there can be no assurance as to the liquidity of any market that may develop for the notes or the price at which you will be able to sell your notes, if at all. Future trading prices of the notes will depend on many factors, including:

prevailing interest rates;

our financial condition and results of operations;

the then-current ratings assigned to the notes;

the market for similar securities; and

declining general economic conditions.

Any trading market that develops would be affected by many factors independent of and in addition to the foregoing, including:

time remaining to the maturity of the notes;

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outstanding amount of the notes; and

level, direction and volatility of market interest rates generally.

***ORIX is not restricted in its ability to dispose of its assets by the terms of the notes***

The indenture governing the notes contains a negative pledge covenant that prohibits ORIX from pledging assets to secure other bonds or similar debt instruments, unless it makes a similar pledge to secure the notes offered by this prospectus. However, ORIX is generally permitted to sell or otherwise dispose of substantially all of its assets to another corporation or other entity under the terms of the notes. If ORIX decides to dispose of a large amount of its assets, you will not be entitled to declare an acceleration of the maturity of the notes, and those assets will no longer be available to support the notes.

***The indenture and the notes do not contain any restrictions on our ability to pay dividends, incur indebtedness or issue or repurchase securities and provide holders with limited protection in the event of a change in control***

The indenture and the notes do not contain any financial covenants or other restrictions on our ability to pay dividends on our shares of common stock, our ability to incur additional debt, including senior indebtedness, or our ability to issue new securities or repurchase our outstanding securities. In addition, the indenture and the notes do not contain any covenants or other provisions to afford protection to holders of the notes in the event of a highly leveraged transaction or change in control of ORIX.

***The ratings of the notes may change after the issuance of the notes and those changes may have an adverse effect on the market price and liquidity of the notes***

The notes are expected to receive a credit rating of Baa1 from Moody's Investors Service and a credit rating of A- from Standard & Poor's Rating Services. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but reflect only the view of each rating agency at the time the rating is issued. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. A downgrade or potential downgrade in these ratings or the assignment of new ratings that are lower than existing ratings could reduce the population of potential investors in the notes and adversely affect the price and liquidity of the notes.

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The table below sets forth selected consolidated financial data as of and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and as of and for the six months ended September 30, 2005 and 2006. The selected financial data as of and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 have been derived primarily from our consolidated financial statements. The selected financial data as of and for the six months ended September 30, 2005 and 2006 have been derived primarily from our interim financial statements included in our report on Form 6-K submitted to the SEC on November 8, 2006, which, except for the summary under the caption 2. Forecasts for the Year Ending March 31, 2007 (Unaudited) on the inside cover page and Financial Results 4. Outlook and Forecasts for the Fiscal Year Ending March 31, 2007, is incorporated by reference into this prospectus supplement. The results of operations for the six month period ended September 30, 2006 are not necessarily indicative of the results for a full year's operations.

	2002	Year ended March 31,				Six month period	
		2003	2004	2005	2006	ended September 30, 2005	2006
(In millions of yen)							
<b>Income statement data:<sup>(1)</sup></b>							
Total revenues	¥ 706,617	¥ 735,407	¥ 764,768	¥ 923,090	¥ 941,872	¥ 447,729	¥ 558,529
Total expenses <sup>(2)</sup>	635,820	696,263	677,376	792,360	725,868	332,382	423,368
Operating income <sup>(2)</sup>	70,797	39,144	87,392	130,730	216,004	115,347	135,161
Equity in net income (loss) of affiliates	(449)	6,203	17,924	20,043	32,080	15,607	15,017
Gains (losses) on sales of subsidiaries and affiliates and liquidation losses	119	2,002	(542)	3,347	2,732	1,800	1,156
Income before income taxes, minority interests in earnings of subsidiaries, discontinued operations, extraordinary gain and cumulative effect of a change in accounting principle <sup>(2)</sup>	70,467	47,349	104,774	154,120	250,816	132,754	151,334
Income from continuing operations	38,494	26,227	52,329	83,932	150,383	77,681	87,528
Net income	40,269	30,243	54,020	91,496	166,388	83,954	91,326
<b>Segment Profit Information:</b>							
Corporate financial services	38,111	27,560	27,150	43,848	48,661	23,824	28,734
Automobile operations	10,946	17,775	17,921	21,088	26,661	13,425	13,386
Rental operations	8,915	3,225	8,058	9,384	9,911	5,292	3,897
Real estate-related finance	912	13,413	10,547	13,856	33,384	20,318	21,021
Real estate	10,584	(33,282)	13,799	23,959	28,650	20,562	31,129
Life insurance	5,764	4,791	5,382	7,223	13,212	7,753	3,379
Other	4,941	8,452	10,079	20,970	41,657	16,259	19,232
Total operations in Japan	80,173	41,934	92,936	140,328	202,136	107,433	120,778
The Americas	810	1,332	7,601	15,621	34,701	14,070	17,922
Asia, Oceania and Europe	6,033	9,029	16,596	22,133	31,956	19,747	17,926
Total overseas operations	6,843	10,361	24,197	37,754	66,657	33,817	35,848
Total	¥ 87,016	¥ 52,295	¥ 117,133	¥ 178,082	¥ 268,793	¥ 141,250	¥ 156,626

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	2002	2003	As of March 31, 2004	2005	2006	As of September 30, 2005	2006
	(In millions of yen except number of shares)						
<b>Balance sheet data:</b>							
Investment in direct financing leases <sup>(3)</sup>	¥ 1,658,669	¥ 1,572,308	¥ 1,453,575	¥ 1,451,574	¥ 1,437,491	¥ 1,462,354	¥ 1,433,591
Installment loans <sup>(3)</sup>	2,273,280	2,288,039	2,234,940	2,386,597	2,926,036	2,491,927	3,252,274
Subtotal	3,931,949	3,860,347	3,688,515	3,838,171	4,363,527	3,954,281	4,685,865
Investment in operating leases	474,491	529,044	536,702	619,005	720,096	591,056	786,694
Investment in securities	861,336	677,435	551,928	589,271	682,798	618,688	711,127
Other operating assets	245,897	76,343	72,049	82,651	91,856	98,740	135,401
Operating assets <sup>(4)</sup>	5,513,673	5,143,169	4,849,194	5,129,098			