

JCR Affirmed A/Stable and A on Orix; Withdraws A and J-1

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Rationale

- (1) Ratings on Orix Corporation are supported by its financial policy that reflects on external environment, as well as by the thick equity capital and recovery of its profits. Meanwhile, the Company faces the challenge of improving the performance of its Corporate Financial Services and Real Estate businesses. JCR values its marketing strategy, such as increasing the fee-business revenue and other service revenues and expanding business in emerging Asian countries, as a positive factor. JCR keeps an eye on whether the Company can lead such efforts to improving and stabilizing earnings over the medium term.
- (2) Its earnings are improving, as indicated by a decrease in the provision of allowance for loan losses. The fiscal year ended March 31, 2011 saw a net profit in all segments, and results for the first half of the fiscal year ending March 31, 2012 showed the continued upward trend in both total revenues and net income, which came to 483.2 billion yen (up 2.6% year-on-year) and 45.3 billion yen (up 33.1% year-on-year), respectively. Although the profit recovery in the Corporate Financial Services and Real Estate businesses may possibly take time, JCR thinks that, given relatively stable profit contribution from the Maintenance Leasing and Retail businesses, as well as from Overseas Business, the Company can maintain a certain level of consolidated net income and return on assets even if the provision of allowance for loan losses and impairments increase to some extent.
- (3) While impairments increased in the fiscal year ended March 31, 2011, the provision of allowance for loan losses declined significantly, and even the first half of the fiscal year ending March 31, 2012 saw smaller totals for the provision of allowance for loan losses and impairments in most segments on a year-on-year basis. Real estate assets have also decreased. Going forward, JCR will keep an eye on whether the loss associated with real estate assets will level off.
- (4) The debt equity ratio improved from 4.6 times at the end of March 2011 to 4.3 times at the end of September 2011 (from 3.0 times to 2.8 times when asset-backed securities, commercial mortgage-backed securities, and deposits are excluded from funding). The Company retains a high share of long-term debt, at around 90%, and, given its ample liquidity, there is no concern about financing for the time being.

Rating

Issuer: Orix Corporation (security code: 8591)

<Affirmation>

Senior debts: A Outlook: Stable

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
bonds no.111	Y60	Mar. 9, 2007	Mar. 9, 2012	1.65%	A
bonds no.115	Y55	May 30, 2007	May 30, 2012	1.63%	A
bonds no.119	Y50	Sept. 5, 2007	Sept. 5, 2012	1.79%	A
bonds no.23	Y10	Oct. 31, 1997	Oct. 31, 2012	3.05%	A
bonds no.127	Y20	Dec. 1, 2009	Nov. 30, 2012	3.10%	A
bonds no.129	Y50	Jan. 29, 2010	Jan. 29, 2013	2.95%	A
bonds no.131	Y10	Mar. 5, 2010	Mar. 5, 2013	2.44%	A
bonds no.132	Y30	Apr. 19, 2010	Apr. 19, 2013	1.84%	A
bonds no.136	Y10	July 9, 2010	July 9, 2013	1.26%	A
bonds no.135	Y90	July 16, 2010	July 16, 2013	1.26%	A
bonds no.147	Y20	Feb. 24, 2011	Feb. 24, 2014	0.68%	A
bonds no.130	Y60	Mar. 16, 2010	Mar. 14, 2014	3.02%	A
convertible					
bonds no.3	Y150	Dec. 17, 2008	Mar. 31, 2014	1.00%	A
bonds no.134	Y40	June 14, 2010	June 13, 2014	1.69%	A
bonds no.118	Y20	July 30, 2007	July 30, 2014	2.18%	A
bonds no.141	Y10	Sept. 16, 2010	Sept. 16, 2014	1.14%	A
bonds no.140	Y70	Sept. 28, 2010	Sept. 26, 2014	1.14%	A

bonds no.93	Y10	Feb. 2, 2005	Feb. 2, 2015	1.66%	A
bonds no.133	Y10	Apr. 8, 2010	Apr. 8, 2015	2.54%	A
bonds no.149	Y30	Apr. 28, 2011	Apr. 28, 2015	1.11%	A
bonds no.137	Y20	July 27, 2010	July 27, 2015	1.52%	A
bonds no.143	Y10	Nov. 25, 2010	Nov. 25, 2015	1.05%	A
bonds no.146	Y10	Jan. 18, 2011	Jan. 18, 2016	1.04%	A
bonds no.145	Y50	Jan. 28, 2011	Jan. 28, 2016	1.04%	A
bonds no.107	Y20	Mar. 20, 2006	Mar. 18, 2016	2.11%	A
bonds no.151	Y10	June 7, 2011	June 7, 2016	1.03%	A
bonds no.150	Y20	June 15, 2011	June 15, 2016	1.03%	A
bonds no.148	Y10	Feb. 24, 2011	Feb. 24, 2017	1.26%	A
bonds no.113	Y10	Apr. 18, 2007	Apr. 18, 2017	2.19%	A
bonds no.138	Y10	Aug. 26, 2010	Aug. 25, 2017	1.69%	A
bonds no.144	Y10	Dec. 24, 2010	Dec. 22, 2017	1.51%	A
bonds no.139	Y10	Aug. 26, 2010	Aug. 26, 2019	2.20%	A
bonds no.142	Y10	Nov. 1, 2010	Oct. 30, 2020	2.00%	A

<Withdrawal>

CP: J-1

Maximum: Y1.5 trillion

Issuers: Orix Corporation (security code: 8591), Orix Australia (Securities) Pty Limited, Orix (Caribbean) N.V. and Orix USA Corporation

<Withdrawal>

Program Name: Euro Medium Term Note Programme

Maximum: equivalent of US\$4 billion

Date of Programme Established: September 25, 1992

Status: Unsecured and unsubordinated obligations ranking pari passu with other unsecured and unsubordinated obligations.

Credit Enhancement: Issues of notes by subsidiaries are guaranteed by Orix Corporation, the parent company.

Covenants: Negative Pledge and Cross Default Clauses

Rating: A

Outline of the method for the determination of the credit rating is posted as "Rating Methodology (Financial Institutions)" on JCR's home page (<http://www.jcr.co.jp>). The rating methodology is subject to additions and changes. In such cases, however, these additions and changes are shown in chronological order. Please check the release date of this press release against that of the rating methodology (i.e., the date when such methodology became effective) and then refer to the rating methodology above.

A program rating is assigned to evaluate the creditworthiness of a program. The credit standing of an individual note issued under the program may be regarded as the same as that of the rated program. However, JCR does not consider the credit standing of the individual note as the same as that of the program, in the cases where the principal and interest payments of the individual note rely on the credit standing of a third party rather than the issuer of the program and notes (e.g. credit linked notes and exchangeable notes). JCR usually does not assign a rating to the individual note issued under the program, unless the issuer solicits a rating.

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