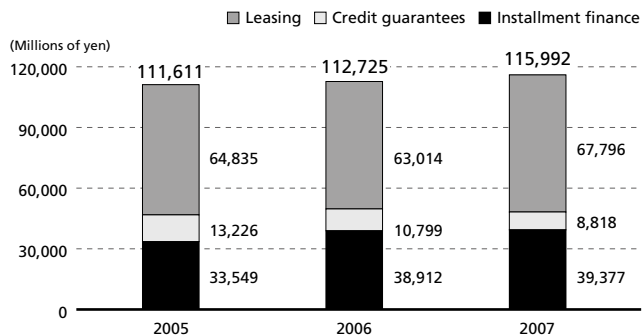


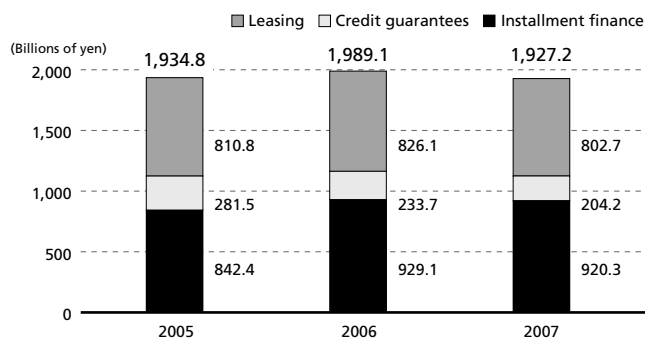
MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues (by type of contract)

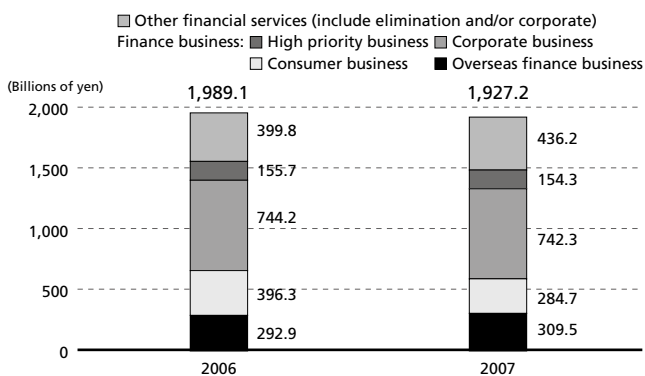


Leasing includes rental and auto leases and others.
 Credit guarantees include loan sales through alliances and others.
 Installment finance includes installment sales, business loans, card services and others.

Volume of business (by type of contract)



Volume of business (by product/services)



High priority business: Agricultural equipment and medical and nursing
 Corporate business: Information equipment related, industrial machinery, construction machinery, automobile finance and others
 Consumer business: Automobile business, home appliances and home refurbishment, home loans and others
 Other financial services: Card business, non-life insurance, securitization business, outsourcing business and elimination and/or corporate

* The breakdown of volume of business by product/services has been changed from 2006.

BUSINESS RESULTS

During the fiscal year ended March 31, 2007, revenues increased 2.9% to ¥115,992 million (US\$982 million). Looking at performance by type of contract, although we posted lower revenues in credit guarantees due to a downsizing of our auto loan business, we recorded increased revenues in our leasing business as well as favorable results in installment finance and other businesses due to growth in the outsourcing business.

Operating income declined 4.7% to ¥24,963 million (US\$211 million) due to an increase in financial expenses accompanying a rise in market interest rates. Net income rose 5.2% to ¥14,954 million (US\$126 million) owing to such factors as the recording of other income from a gain on the sale of marketable securities.

BY BUSINESS SEGMENT

Finance Business

The overall volume of business in the finance business declined 6.2% to ¥1,491,052 million (US\$12,636 million), attributable to such factors as a re-evaluation of the composition of our long-term home loan products in response to a financial environment characterized by rising interest rates. Revenues increased 5.9% to ¥107,631 million (US\$912 million) on the back of increased leasing revenues. However, operating income declined 2.6% to ¥24,289 million (US\$205 million) due mainly to a rise in financial expenses.

Other Financial Services

In our card business, we focused on corporate-use cards and settlement services. In the outsourcing business, we worked to expand the scope of our business by increasing the number of business partners. As a result of these efforts, the total volume of business in other financial services increased 8.6% to ¥444,767 million (US\$3,769 million). Due in part to the effects of the transfer of a portion of the Sales Division in the outsourcing business along with a corporate divestiture, revenues declined 21.7% to ¥15,061 million (US\$127 million) and operating income fell 30.6% to ¥2,321 million (US\$19 million).

PER SHARE INDICES AND ROE/ROA

Consolidated net income per share rose 5.6% to ¥127.9 (US\$1.08) due to an increase in net income. Accordingly, annual cash dividends per share increased by ¥1.00 (US\$0.008) to ¥36.00 (US\$0.30). The payout ratio was 28.1% (consolidated). ROE was 6.3% and ROA was 0.60%.

FINANCIAL POSITION

As of March 31, 2007, total assets amounted to ¥2,516,721 million (US\$21,328 million), up ¥80,588 million (US\$682 million) from the previous fiscal year-end. Total current assets rose ¥41,804 million (US\$354 million) to ¥785,990 million (US\$6,660 million) due to a rise in trade receivables accompanying favorable performance in the outsourcing business. Property and equipment rose because of an increase in equipment for lease along with a rise in the volume of leases.

Net assets rose ¥10,909 million (US\$92 million) to ¥247,897 million (US\$2,100 million). The stockholders' equity ratio rose 0.1 percentage point from the previous fiscal year-end to 9.6%.

Interest-bearing debt declined ¥43,697 million (US\$370 million) to ¥892,745 million (US\$7,565 million).

CASH FLOWS

Cash and cash equivalents at end of year amounted to ¥82,029 million (US\$695 million), a decrease of ¥2,953 million (US\$25 million) from the previous fiscal year-end. Cash flows for each category were as follows.

Net cash provided by operating activities was ¥95,412 million (US\$808 million). This consisted mainly of such inflows as depreciation of ¥553,423 million (US\$4,690 million), cash provided by asset backed securitization of ¥1,231,992 million (US\$10,440 million) as well as such outflows as payment for asset backed securitization of ¥1,210,071 million (US\$10,254 million) and acquisition of equipment for lease of ¥612,698 million (US\$5,192 million).

Net cash used in investing activities amounted to ¥5,516 million (US\$46 million) mainly due to the acquisition of information systems.

Net cash used in financing activities amounted to ¥93,092 million (US\$788 million) due primarily to redemption of bonds and a decrease in commercial paper.

As a result of the previous activities, free cash flows, the sum of operating and investing cash flows, totaled ¥89,895 million (US\$761 million).

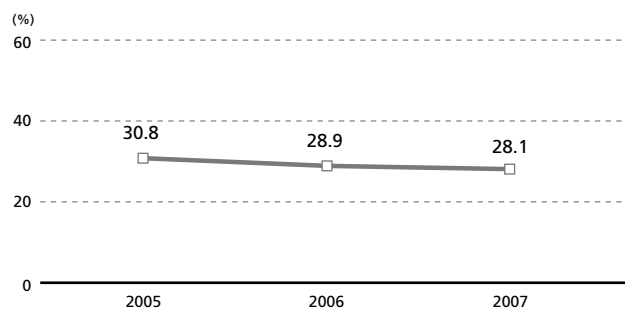
Net income per share



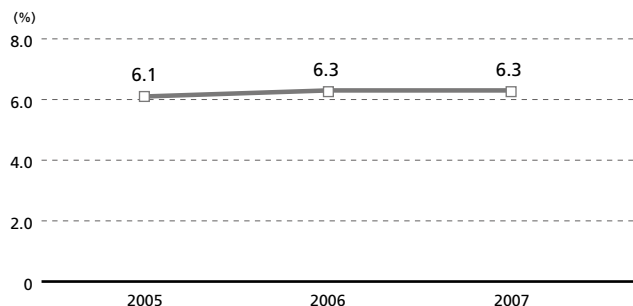
Annual cash dividends per share



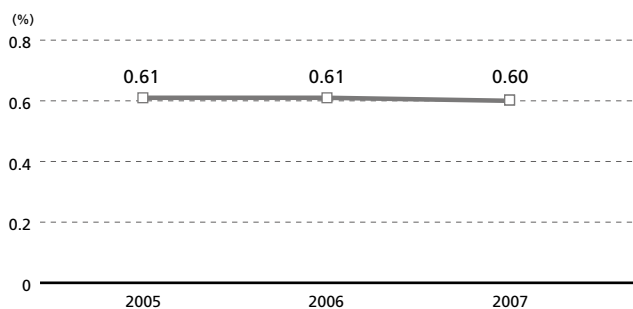
Payout ratio



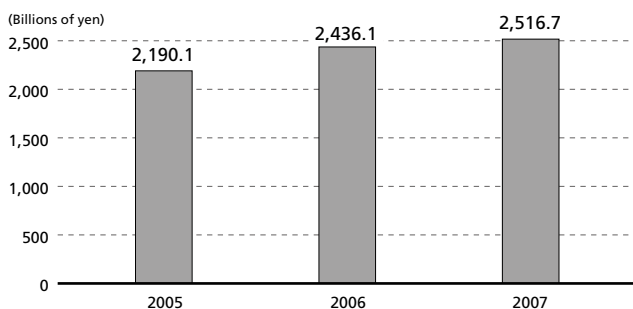
ROE



ROA



Total assets



BUSINESS RISK

Interest Rate Risk

Because the Group provides financial services, including leasing and installment financing, the Company must procure large amounts of funds and carry out thorough ALM* through liquidation. A sharp rise in market interest rates, however, could cause a rise in fundraising costs and have an adverse impact on the Group's business results.

* Asset Liability Management: Companies firmly ascertain the characteristics of maturities and interest from their assets and liabilities and monitor cash flows, liquidity, currency risk and interest risk.

Credit Risk

The Group appropriately conducts screening at the time of a contract and ascertains such factors as the state of credit when a credit receivable is being collected and makes an appropriate level of reserves. Nevertheless, deterioration in the collection of receivables along with an increase in corporate and personal bankruptcies due to a changing economic environment could result in an increased burden with respect to losses on receivables and provision for allowance for losses on receivables and guarantees.

Laws and Regulations Changes Risk

Changes in laws and regulations relative to Group business could impact the Group's business results. The amendment of the Money-Lending Business Control and Regulation Law in December 2006 does not have a direct impact on the Group's business results, as its business has been in compliance with the Interest Limitation Law. However, there could be additional costs incurred with the changes. The Accounting Standards Board of Japan has announced the new accounting standards for leases, and lease taxation has been reviewed. While we will add new value to our products and services with a focus on "goods," and address these changes, such changes could have an adverse impact on the Group's business results.

Business Structure Shift Risk

The Group is reforming its business structure in order to achieve sustainable growth. However, a delay or failure to achieve this shift, for any reason, could have an adverse impact on the Group's business results.

Leased Assets Residual Value Risk

One of the Group's business strategies is "Providing financial services that focus on 'goods'."

We will focus on operating leases in order to respond to changes in market demand accompanied by changes in

accounting standards for financial leases. We will continue to improve our abilities and expertise for evaluation of “goods” and the resale of the leased assets as the Group’s core skills. However, there is a possibility of a disposal loss due to such factors as unexpected changes in the market environment and technological innovations.

Administrative and System Risks

The Group carries out its business activities using various information systems. Any error, including administrative or accidental human errors as well as fraudulence caused by employees, unauthorized access to the systems or a computer virus from outside the Group, or a stoppage or breakdown of internal operating systems, could have an adverse impact on the Group’s business results.

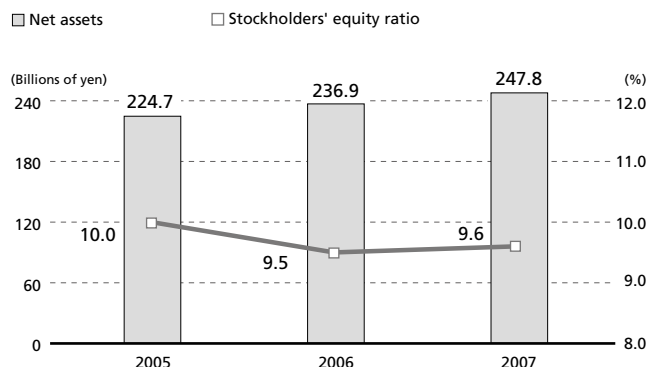
Compliance Risk

Given that the Group offers a variety of financial services, it must comply with a number of laws and regulations, such as the Installment Sales Law and the Money-Lending Business Control and Regulation Law, as well as various consumer protection, data protection and environmental laws. The Company must also comply with a wide range of corporate rules from internal regulations and rules in respective business fields to social ethics and norms. The Company has established a Compliance Department and is establishing a compliance structure. However, failure to comply with applicable laws, regulations and social norms could have an adverse impact on the Group’s business results due to criminal prosecution and loss of trust from society.

Human Resources Risk

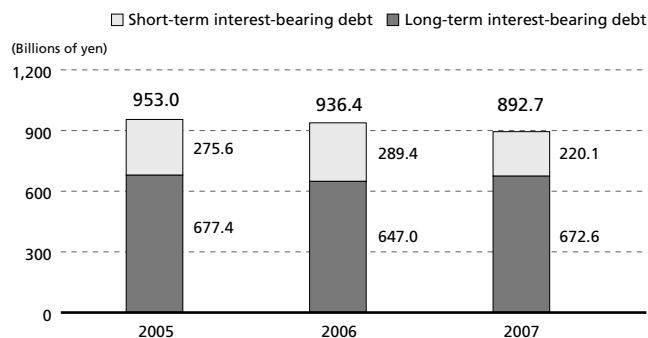
The Group considers employees’ abilities as important assets of a company, and is implementing intensified recruitment, well-planned educational programs as well as improved training programs. However, there is a risk that the Group will not be able to secure the human resources required for business operations following the shift in cases where employees of existing businesses cannot adapt to business structural reforms, where appropriate employee placement is not conducted or where new personnel cannot be hired. Moreover, difficulties in ensuring that the Group’s screening and collection management know-how and experience are effectively passed on to new employees could have an adverse impact on the Group’s business results.

Net assets/stockholders’ equity ratio



* Stockholders' equity ratio = (Net assets - Minority interests) / Total assets

Outstanding interest-bearing debt



Long-term interest-bearing debt includes current portion of loans and debt.

Free cash flows

