

Answers, Custom Fit.

The background of the cover features a large, circular frame with a red-to-blue gradient border. Inside the frame, a pair of hands is shown holding a transparent globe of the Earth. The hands and globe are superimposed over a blurred city skyline. The overall color palette is dominated by blues and reds, with a bright light source creating a lens flare effect behind the globe.

INTEGRATED REPORT 2017



Answers, Custom Fit.

Editorial Policy

In addition to financial information, ORIX Integrated Report 2017 contains other important information on subjects such as ESG (environment, society and governance). This report is intended to help our diverse stakeholders including shareholders and investors to understand ORIX's sustainable growth from a multifaceted perspective. We hope this report provides valuable insight into ORIX's fundamental belief in contributing to the economy and society through its business activities as well as its strategies for continuing to create value over the medium and long term.

Corporate Philosophy

ORIX is constantly anticipating market needs and working to contribute to society by developing leading financial services on a global scale and striving to offer innovative products that create new value for customers.

Management Policy

1. ORIX strives to meet the diverse needs of its customers and to deepen trust by constantly providing superior services.
2. ORIX aims to strengthen its base of operations and achieve sustained growth by integrating its resources to promote synergies amongst different units.
3. ORIX makes efforts to develop a corporate culture that shares a sense of fulfillment and pride by developing personnel resources through corporate programs and promoting professional development.
4. ORIX aims to attain stable medium- and long-term growth in shareholder value by implementing these initiatives.

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Action Guidelines

Creativity

Develop the flexibility and foresight to constantly take actions that are creative and innovative.

Integration

Enhance ORIX Group strength by actively exchanging knowledge, ideas, and experiences.

EC21

At ORIX, we have defined "EC21" which clarifies "ORIX's Corporate Vision" as "an Excellent Company in the 21st Century."


EC21 *Excellent Company*

<https://www.orix.co.jp/grp/en/company/philosophy/ec21/>

Participation in the United Nations Global Compact

ORIX became a participant in the United Nations Global Compact in July 2014. We support the ten principles in the four fields of human rights, labor, the environment and anti-corruption, and we are promoting initiatives in each of these fields.



A close-up, slightly blurred photograph of a hand holding a small globe. The hand is positioned at the bottom and right, with fingers visible. The globe is centered, showing blue oceans and white landmasses. Overlaid on the white areas of the globe is a quote in a serif font. The quote is in two colors: dark blue for the first part and maroon for the rest.

**“ORIX is an opportunistic,
diversified, innovation-
driven global powerhouse
with a proven track record
of profitability.”**

ORIX by the Numbers

Net Income

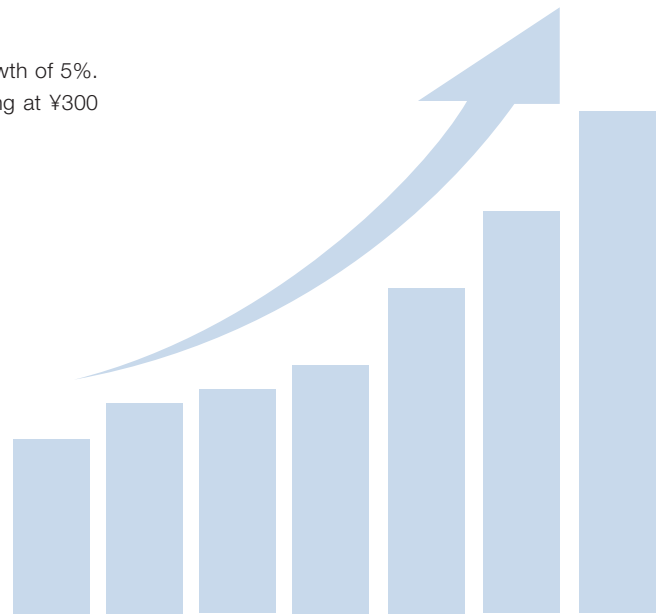
¥273.2 billion

We had another record year in FY2017.3 with solid year-on-year growth of 5%. Following eight consecutive years of profit growth, we are now aiming at ¥300 billion by FY2018.3 as our mid-term target.

Segment Assets

¥9 trillion

Without overstressing our asset size, we have been focusing on improving profitability and strengthening financial soundness. Furthermore, we adjust our asset mix flexibly for different times and environments.



History

53 years

Since we introduced “leasing” to Japan in 1964, we have been providing a wide variety of innovative solutions highly valued by the market. In return, we have been rewarded with more than 50 years of continuous profitability and a longstanding reputation.

Global Network

36 countries and regions

We first set foot abroad in Hong Kong in 1971, and since then we have built a genuine global network that is based on local partners, local management, local clients, and local staff.



Number of Employees

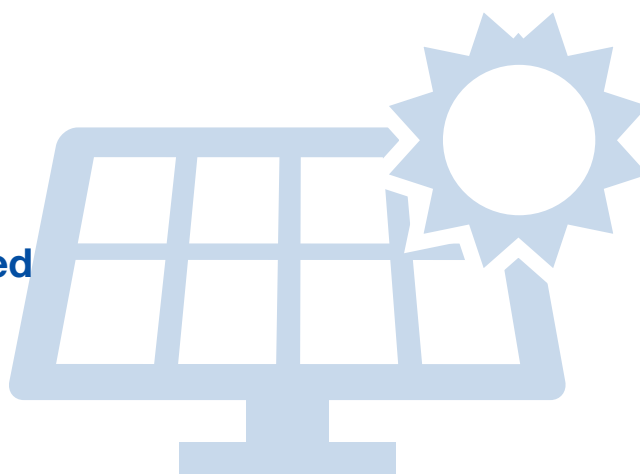
34,835

The company has grown from a 13-person venture into one of Japan's largest non-*keiretsu* affiliated multinational corporations, which is home to a large and diverse organization of dedicated professionals.

Renewable Energy

About **2GW** of capacity secured

We are involved in solar, wind, geothermal, hydro and other renewable energy projects worldwide with a total capacity of about 2GW. We are a leader in the solar power generation business in Japan, with secured capacity of about 990MW and about 570MW online as of March 31, 2017.



Vehicles under Management

About **1.7** million

ORIX's auto-related business operates in 19 countries and regions including Japan. We are a world leader in this business, with about 1.7 million vehicles under management as of March 31, 2017.



Aircraft under Management

Approximately

150 (including about 60 self-owned aircraft)

We have been in the aircraft leasing business for almost 40 years. Our competitive strengths stem from our expertise including market insight, access to the lessee airlines and investors, and strong aircraft management capability.



Individual Insurance Policies

About **3.49** million

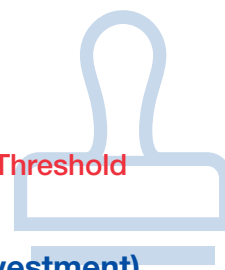
ORIX Life Insurance had a portfolio of approximately 3.49 million individual insurance policies as of March 31, 2017. We have generated double-digit growth for 11 consecutive years since 2005 by enhancing our product lineup to address customer needs.



Top Management Approval Threshold

¥ **5** million (equity investment)

As a pillar of our robust risk management framework, any equity investment of more than ¥5 million must be thoroughly reviewed by the CEO and other top management and approved by the CEO.

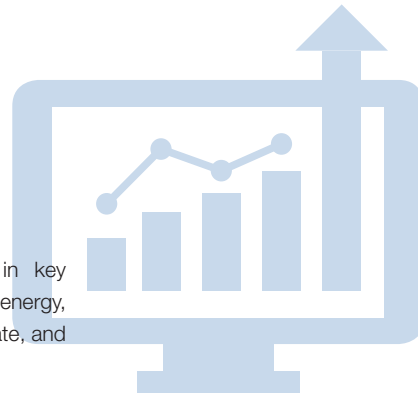


ORIX by the Numbers

New Investment

Over **¥600** billion

We invested over ¥600 billion during FY2017.3 in key businesses worldwide including environment and energy, financial services, fixed income, aircraft, ships, real estate, and equity investments.



Dividend Growth Rate

6 consecutive years of double-digit growth

We have generated double-digit dividend growth for six consecutive years since FY2012.3. We remain committed to stable returns while making new investments for sustained profit growth.



Proportion of Outside Directors on the Board

50%

ORIX had 12 directors as of July 1, 2017. Six are outside directors and six are internal directors, one of whom is a non-executive director. The Nominating, Audit, and Compensation Committees consist entirely of non-executive directors, and the Audit Committee consists entirely of outside directors.



Coral Transplants

9,600

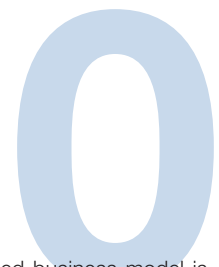
SANGO ORIX is a project to restore Okinawa's coral reefs with the aim of protecting the coral reefs' abundant capacity to sustain biodiversity and pass on these pristine oceans to future generations. Coral transplants since 2008 total 9,600.



Peers

None

Our dynamic and seamlessly integrated business model is unique and unparalleled. To this day, we have not identified another company that resembles ORIX.



A Message from the CEO

Our corporate objective is to continue growing while creating new value and contributing to society.

Since its inception, ORIX has advanced into adjacent markets, in both its businesses and the number of countries and regions it serves. We have expanded beyond our first business of leasing into Finance, Operation and Investment, and have a diverse portfolio of businesses in each of these three categories.

Thus ORIX has grown into a company that operates diverse businesses globally and is unlike any other in the world. The unique ORIX business model transcends industry categories.

Our ideal is to continue growing by identifying changes in society and markets to create new value, which in turn contributes to society.

Astute moves, flexibility and adaptability are fundamental to our business operations. Each ORIX employee has the ability to identify change and the mindset that change means opportunities. This supports the creation of new value and drives ORIX's growth.

Moreover, ORIX's strength is that it does not focus on having a portfolio of individual businesses that are growing, but on horizontal collaboration that generates growth for the Group as a whole. We link our expertise in a diverse array of businesses with the people who support it to broaden the opportunities available to us and drive the creation of totally new value.

ORIX is close to becoming a leader in profitability among listed companies in Japan, but this is not the

case when compared with global peers. Yet one by one we have built a certain scale and position for each of our businesses in Japan and internationally. Our goal is to lead in each of our businesses. We want to evolve the ORIX business model from a diverse portfolio of global businesses into a diverse portfolio of leading global businesses.

ORIX has continued to grow by identifying changes in the world. As long as the world continues to change, ORIX will have infinite opportunities to grow. However, we ourselves must adapt to the changes in the world to capture opportunities and generate growth from them. I will take the lead as Group CEO in looking closely at ourselves for our further evolution.

ORIX will continue to be a growing company, so the ORIX business model does not have an endpoint. We will maintain our Group commitment to our ideal of continuing to grow by identifying changes in society and markets to create new value, which in turn contributes to society.



Makoto Inoue

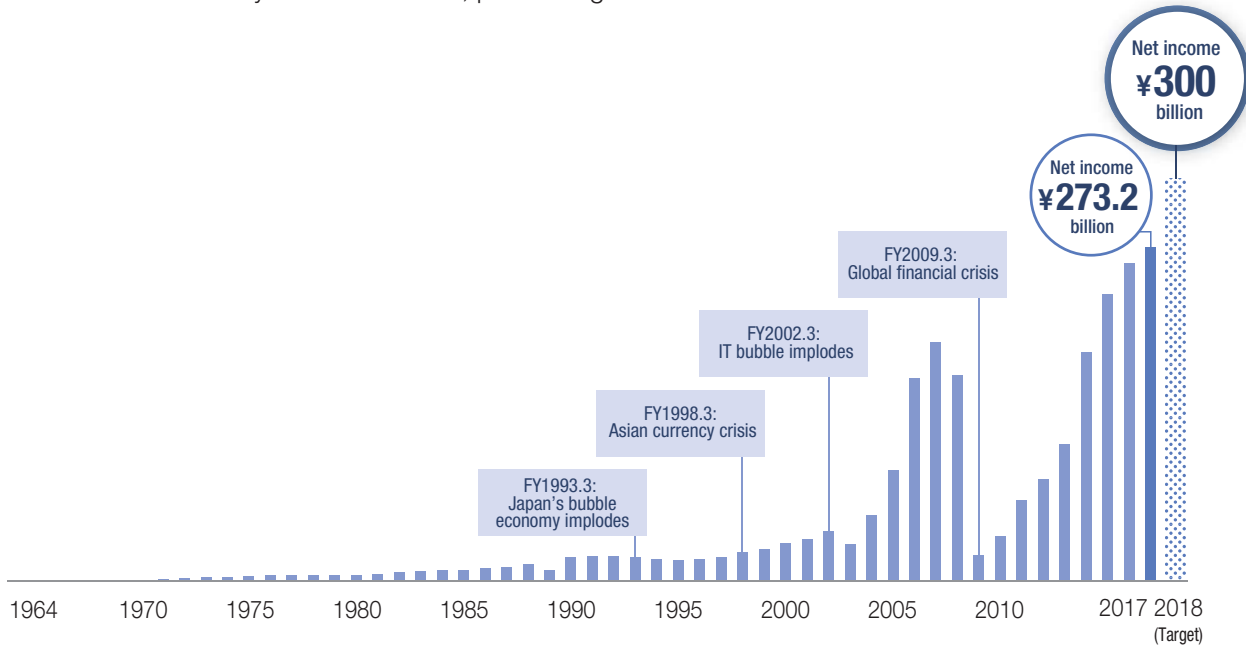
Director
Representative Executive Officer
President and Chief Executive Officer



ORIX Value Creation

Net Income

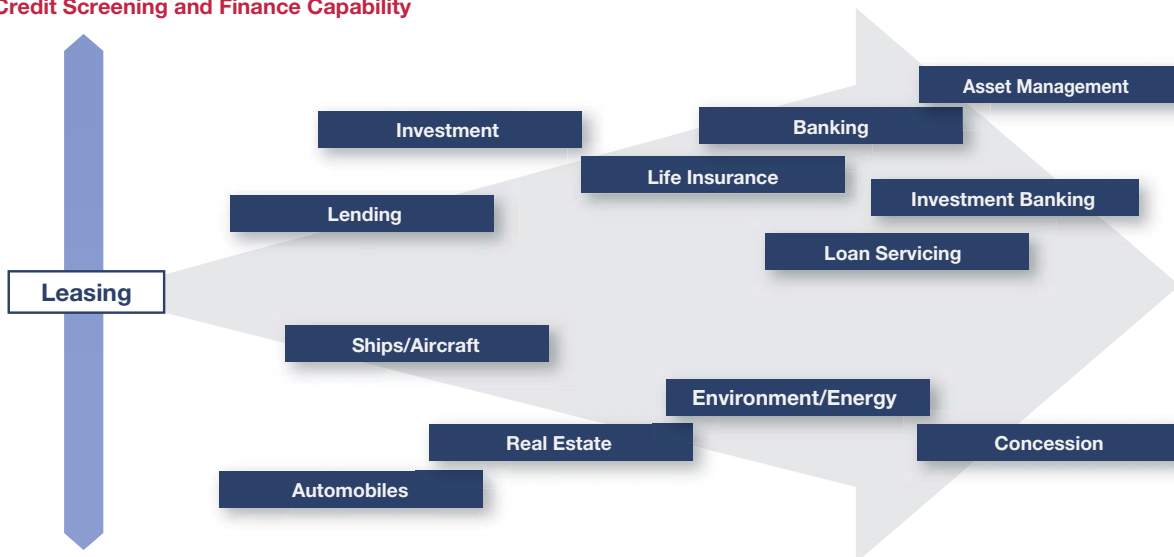
We have achieved 52 years of sustained, profitable growth.



A Diverse Business Portfolio

We will continue to enhance our expertise in finance and tangible assets as we synergistically expand our businesses.

Credit Screening and Finance Capability

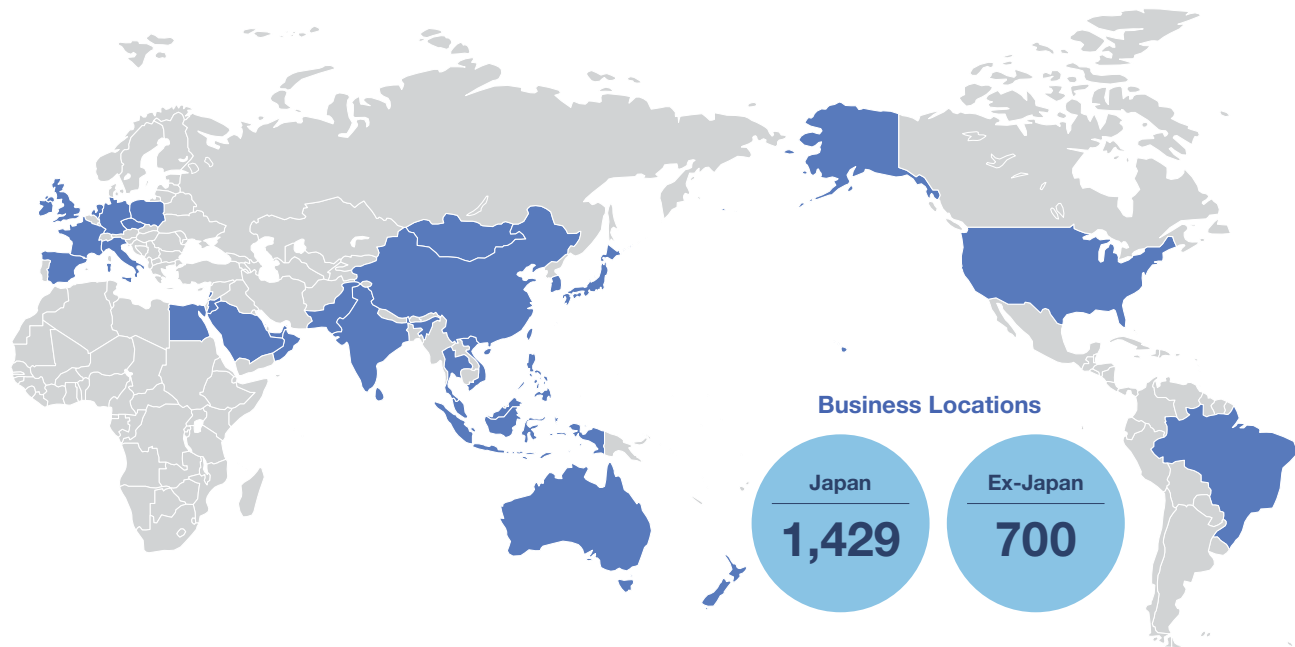


Expertise in Handling Tangible Assets

1964 2017

Global Network (As of March 31, 2017)

ORIX's global network spans 36 countries and regions.



Business Network Expansion and Business Diversification

1970s	1980s	1990s	2000s	2010s
7 countries	12 countries	18 countries	26 countries	36 countries
Overseas expansion mainly through Leasing business in Asia		Further overseas expansion via diversification into aircraft-related and equity investment businesses		Expansion of business operations through acquisition of Robeco and development of the environment and energy business
Starting in Hong Kong in 1971, ORIX entered markets overseas mainly in Asia, including Singapore, Indonesia, the Philippines, Malaysia, Thailand, and Australia.		Expansion of business network through entry into the Middle East region, including Egypt, Saudi Arabia, and UAE. Diversification of business operations through establishment of an aircraft leasing subsidiary in Ireland and the start of equity investment in Asia.		Further strengthened the global network and broadened the business portfolio with acquisition of Europe/U.S. focused asset manager Robeco Groep N.V. Using expertise cultivated in Japan to develop the environment and energy business outside Japan in countries such as the U.S. and India.

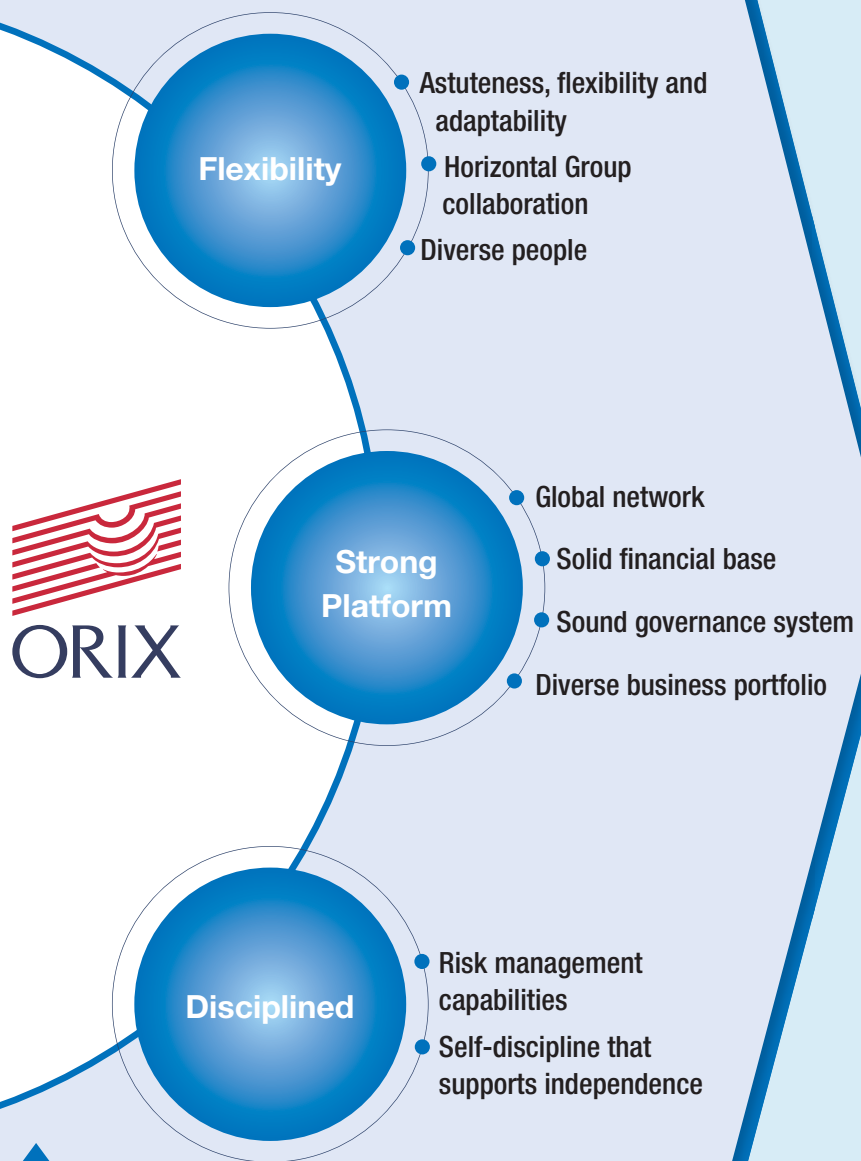
Four Advantages for Global Expansion

Local Partners Build relationships with leading companies before entry	Local Clients We provide a broad spectrum of services to not only Japanese companies but also local companies
Local Management Localized management system with a long-term vision	Local Staff Operations predominately handled by local staff

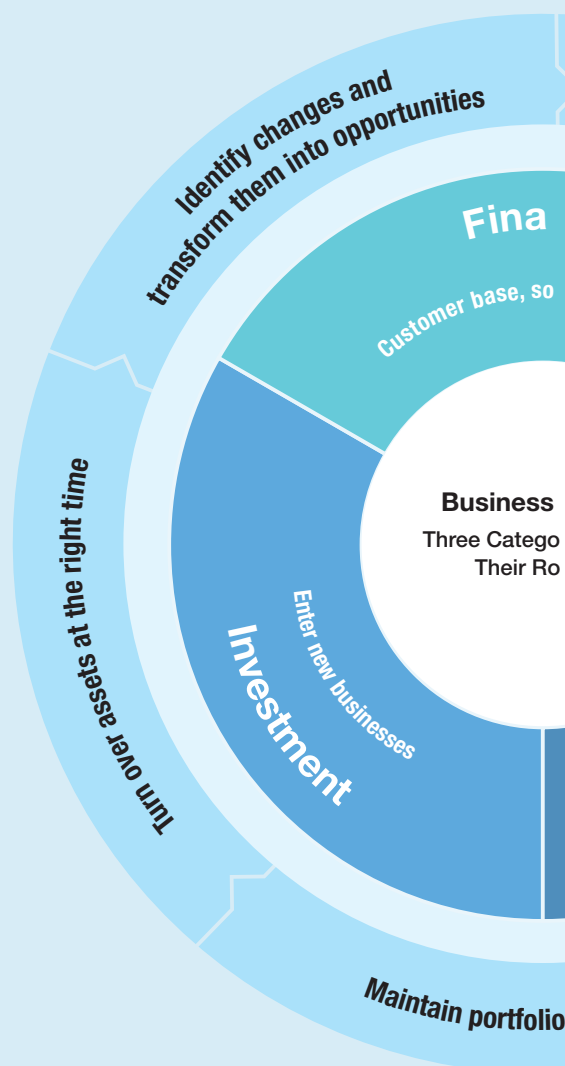
Business Model

ORIX has a diverse global portfolio of businesses unlike any other company in the world. The unique ORIX business model is to sustain growth while contributing to society by identifying changes in society and markets to create new opportunities.

Strengths



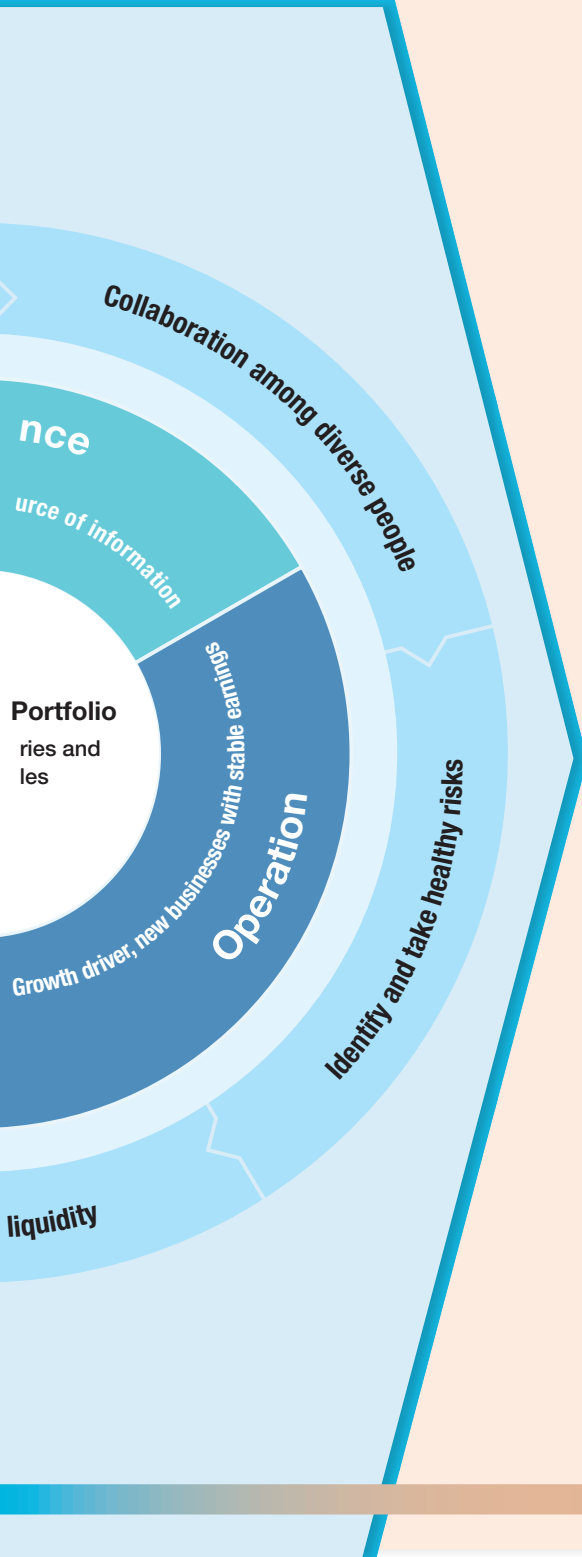
Value Creation Process



model transcends industry classifications.

new value.

Value Creation



Sustainable Earnings Growth

- Profitable for 52 consecutive years
- Earnings growth for 8 consecutive years
- Record earnings for 3 consecutive years



A Multifaceted Business Portfolio from Identifying Changes Worldwide

- New investments of over ¥600 billion, sale of existing portfolio of about ¥590 billion
- Enter new businesses and markets, create new products and services
- Generate stable earnings



Providing Services to a Broad Array of Customers

- Operations in 36 countries and regions
- Services provided to small, medium-size and large corporations
- Involved in businesses from local to global



Contributing to Society through Our Businesses

[See “Contributing to Society through Our Businesses” → P.44]

- Transition to a carbon-free society / More efficient use and supply of energy / Creation of a society that reuses and recycles / The aging society / Regional revitalization / A smart and resilient society



People Who Support Sustainable Growth

[See “Relationship with Employees” → P.54]

- Approximately 34,000 diverse employees
- People who constantly create new businesses themselves
- People with outstanding expertise who consistently take on challenges

Management Strategies

ORIX's Business Portfolio

In 36 countries and regions, ORIX conducts a diverse array of businesses including leasing, loan, investment, life insurance, banking, asset management, auto-related business, real estate, and environment and energy. We manage this business portfolio by dividing it into six segments (Table 1).

To better comprehend ORIX's mid-term strategic directions, growth trajectories and business evolution, in FY2016.3 we also began grouping the business portfolio into the three categories of "Finance," "Operation" and "Investment" (Table 2).

We believe that the combined picture of the three categories together with the six segments allows a deeper understanding of ORIX (Table 3).

Table 1: Six Segments

ORIX currently manages its businesses in a portfolio divided into six segments.

Segment	Main Business
Corporate Financial Services	Leasing, loan and fee business for small and medium-sized enterprises (SMEs)
Maintenance Leasing	Auto-related, test and measurement instruments and other equipment rental
Real Estate	Real estate development and rental, facilities operation, REIT asset management, real estate investment and advisory services
Investment and Operation	Environment and energy business, private equity investment, concessions, loan servicing
Retail	Life insurance, banking, card loan business
Overseas Business	Leasing and loan through overseas subsidiaries, aircraft and ship-related operations, private equity investment, investment in bonds, asset management

Table 3: Our Business Portfolio Matrix of Six Segments and Three Categories

The following table presents ORIX's business portfolio matrix of six segments and three categories.

		Finance		
Main Risk		Credit risk		
Capital Requirement		Low		
		Japan	Ex-Japan	Environment / Infrastructure
Six Segments	Corporate Financial Services	Leasing / Loan / Fee business		
	Maintenance Leasing			
	Real Estate			Real estate facility operation
	Investment and Operation			Environment and energy / Concession
	Retail	Banking / Consumer finance / Guarantee		
	Overseas Business		Leasing / Loan	

Table 2: Three Categories

From FY2016.3, we began grouping our business portfolio into three categories that take risk and capital requirements into account.

Three Categories	Main Risk	Capital Requirement	Main Business
Finance	Credit risk	Low	<ul style="list-style-type: none"> Primarily business involving credit risk, including leasing, loan, housing loans and card loans in Japan and overseas Includes most of the Corporate Financial Services segment, banking and consumer finance businesses in the Retail segment, and the overseas corporate business in the Overseas Business segment
Operation	Operation risk Business risk	Medium - High	<ul style="list-style-type: none"> Environment & Infrastructure: Real estate facilities operation, environment & energy, concessions and other businesses we assume operation for Financial Services: Asset management business and life insurance business Maintenance Services: Auto-related businesses and the rental business
Investment	Market risk	High	<ul style="list-style-type: none"> Fixed Income: Investments in non-performing loans and bonds Tangible Assets: Investment in real estate, aircraft, and ships Equity: Private equity investments in Japan and overseas, new business that we will launch and grow

Three Categories

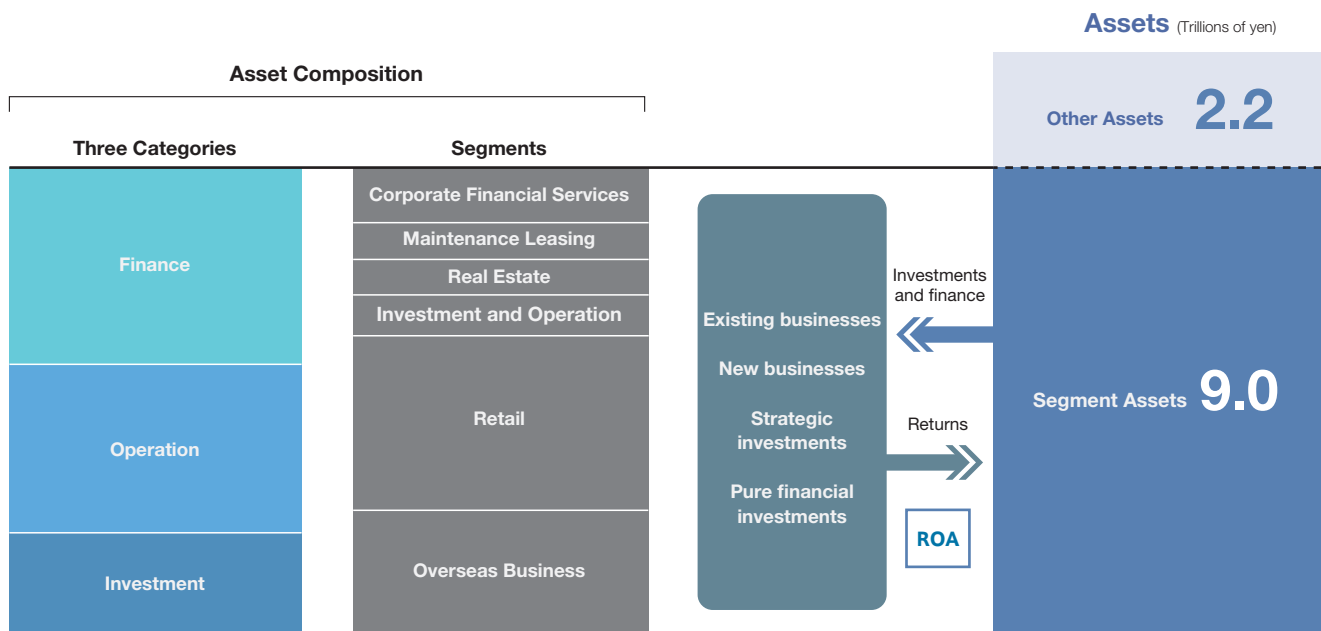
Operation			Investment		
Operation risk and business risk			Market risk		
Medium - High			High		
Financial Services	Maintenance Services	Others	Fixed Income	Tangible Assets	Equity
		Yayoi			New business development
	ORIX Auto / ORIX Rentec				
REIT / Real estate investment advisory				Real estate investment	
			Loan servicing		Private equity investment / Daikyo
Life insurance / HLIKK					
Asset management / Houlihan Lokey			Bond investment	Aircraft / Ships	Private equity investment

Management Strategy

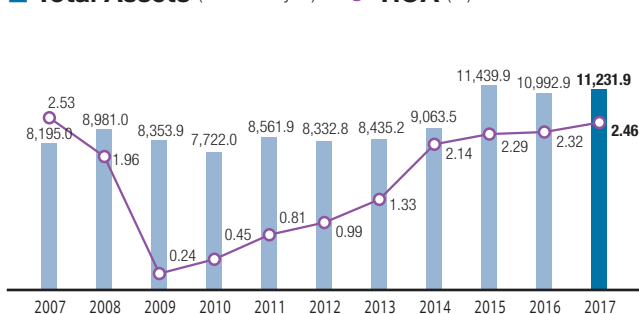
ORIX from a Balance Sheet Perspective (As of March 31, 2017)

Assets

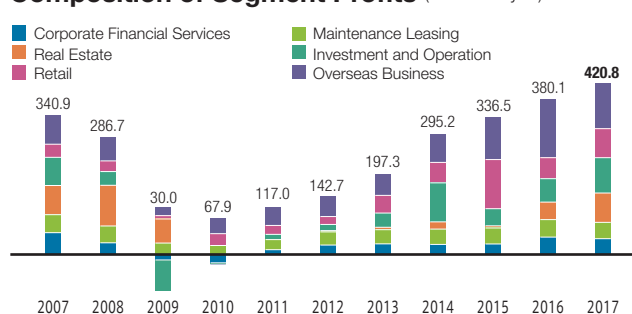
- “Finance,” “Operation,” and “Investment” in the ratio of 2:2:1.
- Continue to focus on “Operation” and “Investment” given the current low-interest-rate environment.



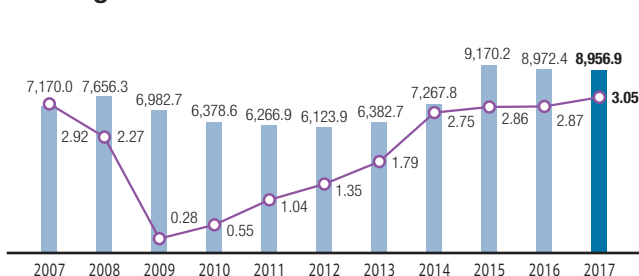
■ **Total Assets** (Billions of yen) ○ **ROA** (%)



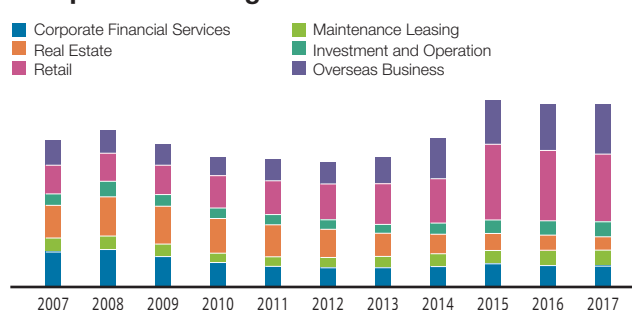
■ **Composition of Segment Profits** (Billions of yen)



■ **Segment Assets** (Billions of yen)
○ **Segment Asset ROA** (%)



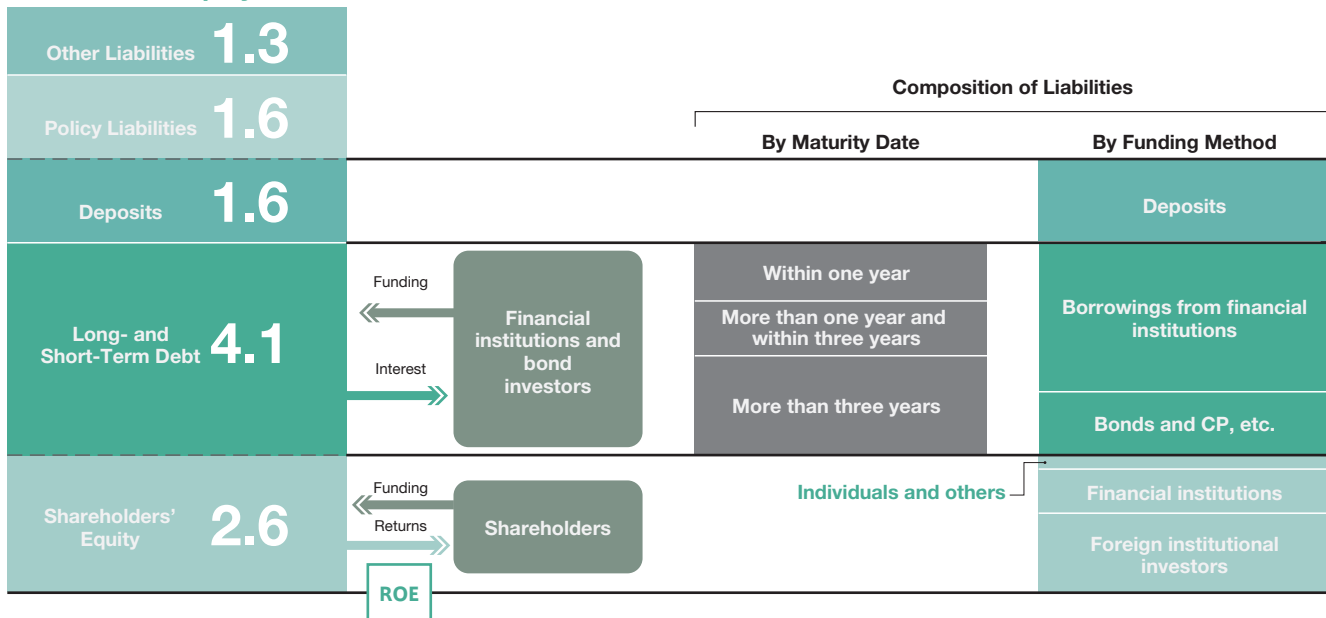
■ **Composition of Segment Assets**



Liabilities and Shareholders' Equity

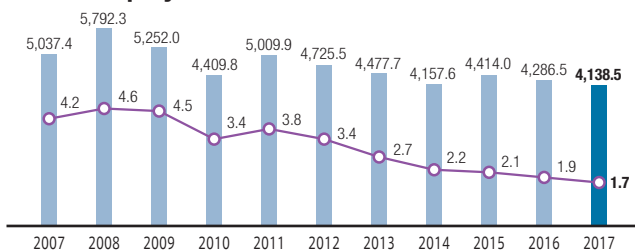
- Diversify funding sources and lengthen funding structure.
- Based on financial leverage that enables us to maintain our single A credit rating, we aim to achieve ROE of 11%-12%.

Liabilities and Shareholders' Equity (Trillions of yen)

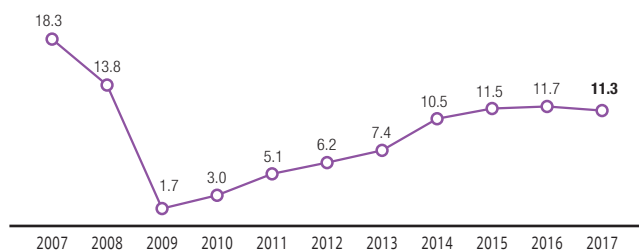


Long- and Short-Term Debt (excluding deposits) (Billions of yen)

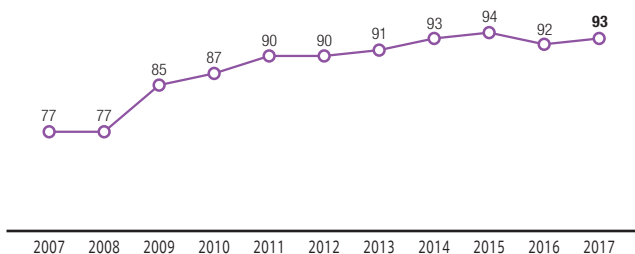
Debt/Equity Ratio (Times)



ROE (%)

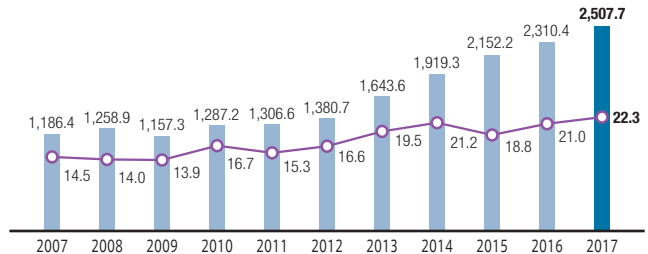


Share of Long-Term Debt (%)



ORIX Corporation Shareholders' Equity (Billions of yen)

Shareholders' Equity Ratio (%)



Management Strategy

Segment Overview



Corporate Financial Services



Businesses

Loan, leasing and fee business

Strengths and Advantages

Corporate Financial Services serves as a core sales platform for the Group, providing leases and loans to companies using its sales network throughout Japan. It also aggregates Group product and service information and is a single source for addressing all customer needs including business succession and overseas market entry.



Maintenance Leasing



Businesses

Automobile leasing and rentals, car-sharing, and test and measurement instruments and IT-related equipment rentals and leasing

Strengths and Advantages

Our auto-related business offers a comprehensive service lineup ranging from leasing, car rental, and car sharing to used car sales and fleet management services. Our rental business offers a wide variety of rental products for timely delivery of the equipment customers need.



Real Estate



Businesses

Real estate development and rental, facility operation, REIT asset management, and real estate investment and advisory services

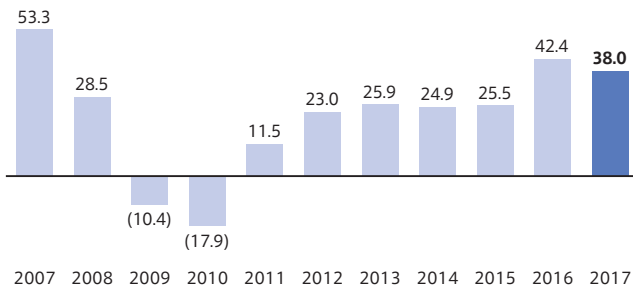
Strengths and Advantages

We fully leverage the Group network in developing and leasing properties including office buildings, commercial facilities and logistics centers, and are also involved in asset management. In addition, we operate various facilities including hotels, Japanese inns, aquariums, senior housing and golf courses, and provide high-quality services.

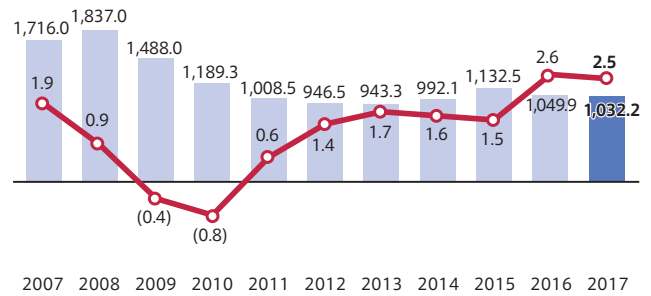
Segment Profits and Assets

Installment loans decreased because we selected projects with an emphasis on profitability, and finance revenues decreased. However, services income increased because of our focus on fee businesses.

Segment Profits (Billions of yen)



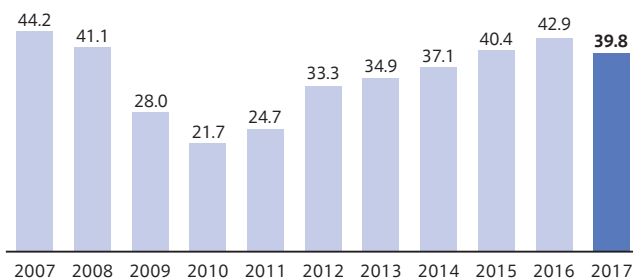
Segment Assets and Segment ROA (Billions of yen and %)



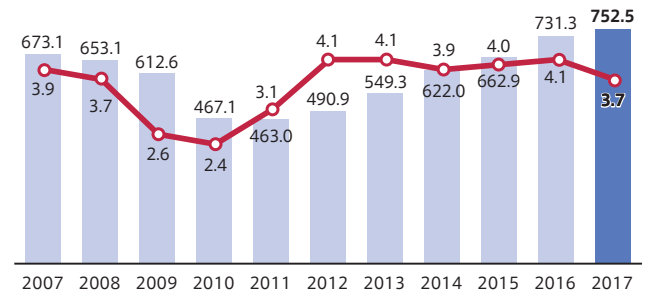
Segment Profits and Assets

Assets increased in the auto-related business, although profits from operating leases, including used car sales, decreased. ROA remains high.

Segment Profits (Billions of yen)



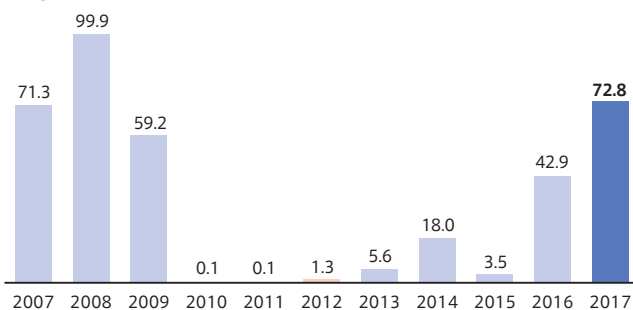
Segment Assets and Segment ROA (Billions of yen and %)



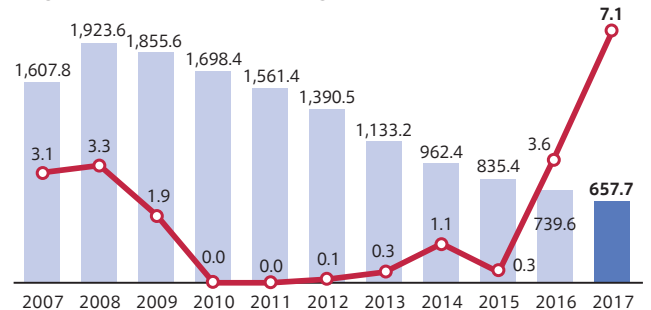
Segment Profits and Assets

Gains on sales of rental properties increased. Services income in the facilities operation business increased steadily, supporting significant earnings growth.

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)





Investment and Operation



Businesses

Environment and energy, principal investment, loan servicing (asset recovery), and concession

Strengths and Advantages

ORIX is a comprehensive energy services provider that operates in the renewable energy business and the electric power retailing business. Our solar power generation business is a leader in Japan with secured capacity of about 990MW. In addition, we make private equity investments both in Japan and overseas, and utilize the expertise of the Group to improve the corporate value of investees.



Retail



Businesses

Life insurance, banking and card loan

Strengths and Advantages

Our life insurance business offers simple and easily understood products, primarily through agencies and mail order sales. Our banking business specializes in markets such as housing loans, while our card loan business leverages credit expertise in other businesses to offer card loan guarantees to other financial institutions.



Overseas Business



Businesses

Leasing, loan, bond investment, asset management and aircraft and ship-related operations

Strengths and Advantages

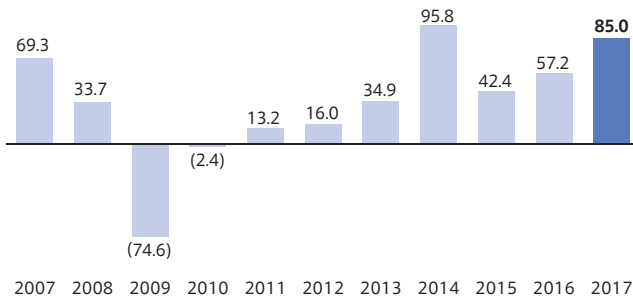
We launched overseas operations in Hong Kong in 1971, and now have an overseas network with 700 operational bases in 35 countries and regions around the world, excluding Japan. In Asia, we are developing locally rooted financial services businesses. We also leverage our expertise to operate globally in the asset management, aircraft and ship-related businesses.

Segment Overview

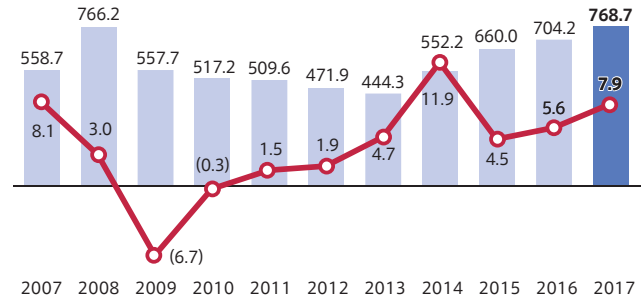
Segment Profits and Assets

The environment and energy business expanded steadily. Gains on sales of private equity investments drove growth in revenues. The concession business (Kansai Airports) performed well.

Segment Profits (Billions of yen)



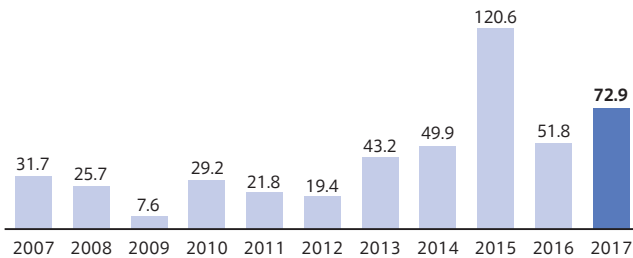
Segment Assets and Segment ROA (Billions of yen and %)



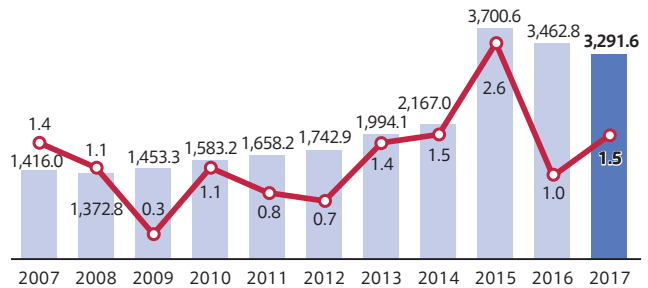
Segment Profits and Assets

Life insurance premiums and related investment income increased due to growth in new insurance policies and sale of investment in securities. Finance revenues increased and ROA improved because the balance of housing and card loans increased.

Segment Profits (Billions of yen)



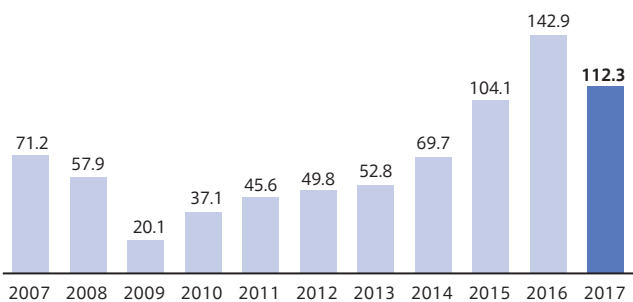
Segment Assets and Segment ROA (Billions of yen and %)



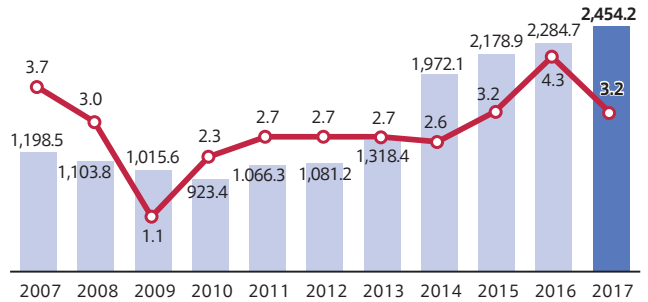
Segment Profits and Assets

Revenues grew strongly in the aircraft-related and asset management businesses. Income decreased year on year absent the gain on the divestiture of shares of Houlihan Lokey, Inc. in connection with its initial public offering in FY2016.3.

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)



Management Strategies

CEO Inoue on Strategy

Proactive Investment for Growth Stable Income Growth in Operation and Investment



Makoto Inoue

Director
Representative Executive Officer
President and Chief Executive Officer

Overview of FY2017.3

FY2017.3 was the second year of our medium-term plan. We achieved a new record for net income, and the eighth consecutive year of net income growth. Return on equity (ROE) was 11.3%, and above 10% for the fourth consecutive year. We therefore made solid progress toward our FY2018.3 target for net income of ¥300 billion.

As planned, we also demonstrated our financial soundness by maintaining our single A credit rating.

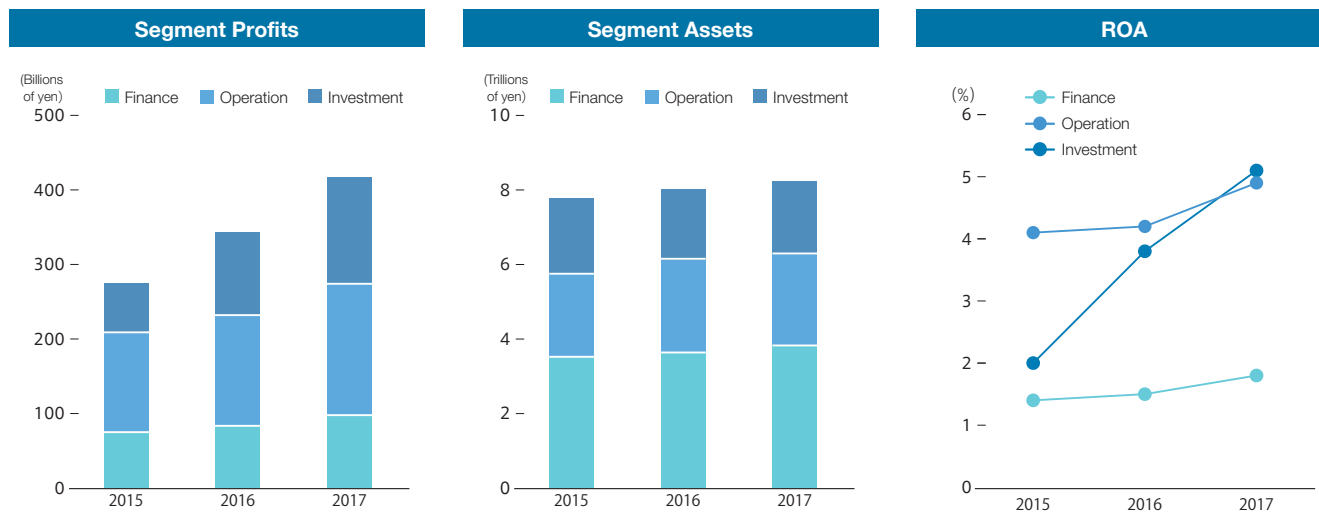
During FY2017.3, we expanded our businesses in the Operation category through new investment in the environment and energy business and the concession business in the Environment/Infrastructure subcategory and in the asset management business in the Financial Services subcategory. We also steadily added assets in our existing auto-related business and life insurance business. Thus we were able to enhance our platform for stable growth.

In the Investment category, by making a diverse array of new investments in Japan and overseas and exiting existing investments, we have established a cycle for generating stable earnings while turning over assets.

In the Finance category, we countered the difficulties generating growth due to the low interest rate environment in Japan by improving profitability in the form of providing solutions. At the same time, we have been looking for opportunities by entering new business fields such as agriculture.

New investment during FY2017.3 totaled over ¥600 billion. We did not make any massive investments, but made steady progress in planting the seeds for growth with an emphasis on the Operation and Investment categories. We filled out our investment pipeline in Japan and abroad, and will continue to invest proactively in growth.

Results in Our Three Categories



Note 1: Operation for FY2015.3 excludes bargain purchase gains (approximately ¥36.1 billion) and ordinary profit/loss contribution associated with HLIKK, and capital gains (approximately ¥15 billion) from the sale of Monex shares.

Note 2: Operation for FY2016.3 excludes capital gains/valuation gains (approximately ¥39.6 billion) associated with the IPO of Houlihan Lokey and ordinary profit/loss contribution from HLIKK.

Note 3: Operation for FY2017.3 excludes ordinary profit/loss contribution from HLIKK.

New Investment in Key Areas in FY2017.3: Over ¥600 Billion

Operation	Environment/Infrastructure About ¥90 billion	<ul style="list-style-type: none"> The environment and energy business expanded in Japan and is also investing overseas Japan: Additional investment in mega-solar and other, acquisition of industrial waste disposal site Overseas: Investments in hydropower in Vietnam and solar power generation in India Ongoing assessment of airport, water supply and sewerage concession projects in Japan
	Financial Services About ¥60 billion	<ul style="list-style-type: none"> Robeco Groep N.V. became a wholly owned subsidiary New investments in the Americas (Boston Financial, RB Capital)
Investment	Fixed Income About ¥160 billion	<ul style="list-style-type: none"> Primarily investments in municipal bonds and CMBS in the Americas
	Tangible Assets About ¥210 billion	<ul style="list-style-type: none"> Purchased 31 aircraft, mainly narrow-body Invested in secured ship loans held by The Royal Bank of Scotland plc New investments in logistics centers and others
	Equity Investment About ¥80 billion	<ul style="list-style-type: none"> Concentrated on new business opportunities expected to result from changing social needs Japan: Manufacture of veterinary drugs, manufacture of electronic materials, health check clinic operation, funeral services Americas: Traffic safety services and products, waterworks maintenance Greater China: Funeral services, solar power generation business

For FY2018.3 and the Subsequent Three Years Growth Strategy and Focus Areas

The FY2018.3 net income target of our three-year management plan is ¥300 billion, by which we can achieve net income growth for the nine consecutive years ending March 2018. We anticipate that we will be able to generate earnings from our existing portfolio and from gains on sale when we turn assets over. We also expect new investments, which will contribute to earnings. However, net income of ¥300 billion is not an endpoint for ORIX, so we will continue to invest in stable growth in FY2018.3 and beyond and structure our portfolio to be the

foundation for our next three-year plan.

We will continue to focus on Operation and Investment in the next plan as we grow stable earnings and proactively enter new markets to nurture our next core businesses.

Operation is positioned as our growth driver and source for new and stable earnings. We will engage in M&A and expand new investment.

In the environment and energy business, we will make steady progress in our solar power generation business in Japan and operate it consistently. Concurrently, one key to further growth will be using the expertise we have acquired to expand businesses overseas, particularly in the United States and Asia. We are already participating in the wind power business in India, the hydropower business in Vietnam, and the solar power generation business in the United States.

In the asset management business, during FY2017.3 we acquired Boston Financial in the United States and RB Capital in Brazil. We expect them to complement Robeco and Mariner and increase stable earnings. We will proactively explore potential acquisitions and intend to increase the scale of these businesses. Price will naturally be a key consideration in acquisitions, but we will place even more importance on adding capabilities that ORIX currently does not have and achieving a good fit with our investment philosophy. We are particularly interested in opportunities for acquisitions in Europe, especially the United Kingdom.

The concession business has been doing well for more than a year since we invested in Kansai Airports. Various concession projects are soliciting bids in Japan, including airports, roads and waterworks, and we will be an active participant in that process. We are reinforcing the operating structure of Kansai International Airport and Osaka International Airport, and acquiring expertise, which we will deploy in future projects. We also intend to complement concessions in Japan with projects overseas.

Our auto-related business is number one in Japan, and we intend to keep it there largely by adding to our menu of value-added services. Automobile demand also has room to grow in Asia, so we will leverage our expertise in Japan to build our auto-related business globally.

Our real estate business will establish the ORIX brand in the facilities operation business and increase cash flow. We will also concurrently develop new Japanese inns and hotels, and intend to stabilize cash flow ahead of the Tokyo Olympics and Paralympics in 2020. In addition, we will expand the scale of the fee businesses such as asset management of a REIT and real estate investment and advisory services. In this way, we will structure a portfolio that is resilient to the impact of market conditions.

The life insurance business generated steady growth in the number of individual policyholders, which grew at a double-digit rate for the 11th consecutive year as of March 31, 2017. We will continue to grow by offering products that meet customer needs, enhancing sales channels, and improving customer satisfaction.

Investment businesses provide us with opportunities to develop new businesses. We have a diverse investment pipeline, and will be focusing on the right entry price and exit timing as we continue to turn over assets.

We have performed well in private equity investment in Japan and cultivated great people. We will leverage our expertise and business platform to concentrate on investments that only ORIX can handle, including business succession support that builds corporate value, business revitalization, and roll ups.

Overseas, we expanded private equity investment in the United States during FY2017.3. Since aging roads, waterworks and other public infrastructure are matters of concern, we invested to capture demand for public infrastructure-related services, and we will continue to expand our strategic private equity investment business in the United States.

We are steadily expanding the scale of our aircraft business. We will add assets in the future based on an approach of investing in aircraft with leases, with a focus on narrow-body aircraft. We will also concentrate on increasing opportunities for gains on sale and fee income from asset management by selling aircraft to Japanese investors and offering management services for those aircraft.

Finance represents our core customer base and is a source of information.

We will increase services income by expanding fee-related services. In addition, we aim to broaden our customer base by identifying services that customers need and offering optimal solutions.

We are taking the initiative in new businesses created by social needs and deregulation, such as agriculture and healthcare. We are also taking on the challenge of new businesses in fields such as artificial intelligence (AI) and the Internet of Things (IoT) to build them into new core businesses for ORIX.

ORIX's corporate financial services business has a network throughout Japan and also serves overseas customers, mainly in Asia. This network is exceptionally valuable and important. Our financial knowledge is the linchpin of all our efforts. Our perspectives in Finance empower decisions in Operation and Investment, which is one of our strengths. We analyze Operation and Investment from the perspective of credit decisions, which is an approach unique to ORIX. Therefore, I have no intention of exiting Finance. Our network and financial knowledge will remain a groupwide platform, and we will use these strengths to capture earnings consistently from changes in the interest rate environment.

CEO Inoue on Strategy

Value Creation for Future Growth

Three Categories	Roles	Strategies	Main Businesses
Operation	Growth driver, source of stable earnings from new businesses	Expand through M&A and new investment	Environment and energy, asset management, concession, auto-related, facilities operation, life insurance
Investment	New business creation	Leverage full pipeline for turnover by investing aggressively in new assets and selling existing assets	Private equity investment in Japan and abroad, aircraft
Finance	Customer base and source of information	Expand services income and take on the challenge of new businesses	Corporate financial services, new businesses including AI and IoT

Our Approach to Investment

A Strategy That Supports Sustainable Growth

ORIX has made various investments both in Japan and overseas, and we will continue to invest proactively to expand our business. The key to investment is a sharp focus on entry price. Whether we are making a strategic or a pure financial investment, we focus on internal rate of return and net operating income premised on an exit strategy for five to seven years in the future. We do not pay a high premium for investments. That means, in case the amounts are higher than what we can confidently invest, we will choose to stop such investment. Since we are exposed to the risk of impairment if cash flow from the investment falls, we always keep in mind that we will fail if we make mistakes in entry price. We do not incorporate ancillary businesses or synergies in price. We consider the profitability of the investment itself and emphasize how much it can earn during the investment period.

Moreover, we do not buy into trends or fields because that can lead to failure since we do not know when or how the operating environment may change. We explore a broad array of investment opportunities rather than setting limits on ourselves. We see leading-edge investment opportunities in Japan because we can increase the corporate value of investees if we deploy the capabilities of our salespeople nationwide. We are therefore willing to take on certain risks in investing in Japan. At the same time, we emphasize intelligent collaboration with partners when investing overseas.

Post investment, we periodically check if projects are proceeding according to the initial plan. Thus we keep tabs on progress toward targeted project outcomes and are able to quickly take corrective action if the environment changes.

We also have exit strategies and standing sales criteria for all projects. This holds true for ORIX's entire portfolio and is not a limit on investment. We consistently think about the price at which we can sell each business and managers are tasked with closing when the time is right. ORIX has made many investments. Not every single one of our investments succeeds, but most do. Our performance speaks for itself because few of our investments are unsuccessful and we have been able to minimize losses even when they are.

ORIX has a recognized track record, and our pipeline is exceptionally well filled out. We will hold to our investment approach while investing proactively in projects that will generate growth for ORIX. We will sell existing projects as we invest in new ones to generate earnings from asset turnover. ORIX consistently emphasizes liquidity and asset turnover to build earnings with capital gains that are not market dependent. These profits come from adding value to the businesses of investees and they increase corporate value. We are not totally insulated against changes in the external environment, but we will continue to focus intently on projects from entry to exit to generate profits that exceed our targets.

Our Approach to Corporate Governance

A Management Foundation That Supports Sustainable Growth

Governance is a priority for ORIX because our growth strategy centers on Operation and Investment.

ORIX has much to monitor because it has a diverse array of businesses. Our business portfolio is broad and growing rapidly. We are therefore constantly upgrading corporate governance. An approach to growth necessarily involves effective defensive capabilities. Broadly speaking, our upgrades have two objectives. The first is a system that precludes surprises and situations that will negatively affect ORIX's growth. A problem in a discrete business does not simply affect that business; it also can damage ORIX's brand or credibility and even endanger ORIX's existence. The second is a system that lets us take risks. We cannot grow if we do not take risks. Effective risk identification and control let us continue to grow by transforming risks into opportunities.

We have well established expertise in risk management for Finance and Investment, but we still have

much work to do for Operation. The primary risk in Operation is operational risk, and risks we have not dealt with before are confronting us as we expand Operation. System upgrades and enhancements will be our primary focus in Operation risk management.

The Enterprise Risk Management Headquarters was established in June 2017 as a part of organizational changes for these upgrades and enhancements. It will consolidate compliance and legal functions, with a particular emphasis on global compliance and internal control. We changed the name of the Risk Management Headquarters to the Credit and Investment Management Headquarters, which will continue to be responsible for managing and monitoring individual investments and our portfolio. We also newly established the Treasury and Accounting Headquarters to consolidate ORIX's overall planning, treasury and accounting functions.

Our Approaches to Contributing to Society through Our Businesses and Our Employees

Societal Relationships That Support Sustainable Growth

ORIX's social presence is growing because of our business and corporate expansion. Since its inception, ORIX has offered new value through its business activities with a fundamental commitment to social contribution. Profits are important to us as a company, but they are not our only objective. We believe that providing new value to and being an integral part of society will result in the profits that enable sustainable growth.

Social issues and needs are business opportunities and profit opportunities. We grow and contribute to society by thinking about what ORIX can do for each of these issues and needs and then taking action. Social change creates countless issues and needs. We will continue to contribute to society by proactively identifying changes in society that create business and profit opportunities.

Today, ORIX is making its greatest contribution to society through the environment and energy business. We have secured the largest scale of solar power generation projects in total in Japan, and have started the operation in series. We are also involved in other renewable energy projects including biomass, wind and geothermal power. In addition, we are leveraging our expertise in the solar, wind, hydro and geothermal power businesses overseas and are also managing funds that specialize in companies involved in environmental amelioration and carbon reduction in Asia. Countries worldwide are rapidly transitioning to a carbon-free model, and ORIX wants to contribute by rapidly expanding its businesses to resolve global environment and energy issues.

Business expansion is broadening our customer base from business-to-business to business-to-consumer. The

CEO Inoue on Strategy

number of business partners with which we collaborate is also growing. I want these stakeholders to feel that their relationship with ORIX is beneficial, so we will listen to customer feedback and work with our partners to generate shared growth.

The success of our employees is also key to ORIX's continued growth. We are nurturing people so they will contribute to our strategy for global growth, and we are creating a workplace environment that allows our people to energetically demonstrate their capabilities. Training programs and personnel systems alone are insufficient. We need to deploy them so that our people can excel.

We therefore launched a workplace reform project in October 2016 to improve work-life balance.

The ORIX Group has diverse expertise and knowledge. I would like to promote exchanges of personnel throughout the Group. We will identify new business opportunities by exchanging and combining expertise, and improve the capabilities of our people by sharing knowledge. When our people demonstrate their capabilities to the full, we not only grow but also contribute to society as we do so. All of us should think about what ORIX means to society during our day-to-day business activities.

Shareholder Returns

We increased dividends 14% year on year to ¥52.25 per share for FY2017.3. The dividend payout ratio rose to 25% from 23% in the previous fiscal year. The interim dividend for FY2018.3 will be ¥27.00. It was ¥23.00 in FY2017.3.

Our price book-value ratio was less than 1.0 times for a long period during FY2017.3 despite our solid performance. Repurchasing shares was one strategy and we concluded that a moderate share repurchase would not affect our growth strategy. We therefore committed

to a share repurchase program with a maximum of ¥50 billion. We completed the program in April 2017 upon repurchasing the maximum. We have subsequently been considering an ongoing program, and will employ strategic share repurchases after comprehensive consideration of share price movements, the status of our new investments, capital criteria and capital efficiency.

Our mindset of deploying capital to invest in sustainable growth remains unchanged. At the same time, however, we remain committed to stable shareholder returns.

Future Growth

Our net income target for FY2018.3 is ¥300 billion. Our stakeholders will probably wonder if we will be able to maintain high growth rates in the future after we achieve this target. However, as long as the world continues to change, ORIX will have unlimited business opportunities, so I believe that ORIX still has plenty of potential for sus-

tainable growth. We will generate stable profits with a focus on Operation and Investment while aggressively entering new markets to nurture our next core businesses. We will meet the expectations and earn the trust of our stakeholders by generating growth with a business portfolio that is better than ever.

Management Strategies

A Message from the CFO



Kazuo Kojima

Director
Representative Executive Officer
Deputy President and
Chief Financial Officer

Proper Capital Controls

The medium-term targets we announced in May 2015 are net income of ¥300 billion, ROE of 11% to 12%, and keeping our single A credit rating. Keeping our single A credit rating is related to an employed capital ratio of around 80 percent, which is reasonable for ORIX to ensure financial soundness and the flexibility to make new investments. ORIX measures the employed capital ratio using a proprietary method that refers to global benchmarks and the assessment methodology of credit rating firms. Our employed capital ratio at the end of FY2017.3 was 85.1%, which we consider reasonable for maintaining our single A credit rating and new investment capacity. The breakdown of employed capital in the three categories of our portfolio is 16% for Finance, 51% for Operation, and 33% for Investment.

Our debt/equity ratio (excluding deposits) was 1.7 times

as of March 31, 2017. This level represents a bottom for ORIX, and increasing leverage on profitable assets is one of our options.

Selecting and Monitoring Investments and Credit Transactions for Returns That Exceed the Cost of Capital

ORIX makes decisions about each investment and credit transaction after confirming that its returns are commensurate with risk and exceed the cost of capital. We retain this mindset in monitoring each transaction after it is executed, and visualize the profitability, asset efficiency and capital efficiency of each business unit's portfolio. This helps us control our balance sheet, including our overall management plan and capital allocation. We will increase corporate value by proper and timely monitoring of risks and returns for the portfolio of each business.

Employed Capital Ratio*

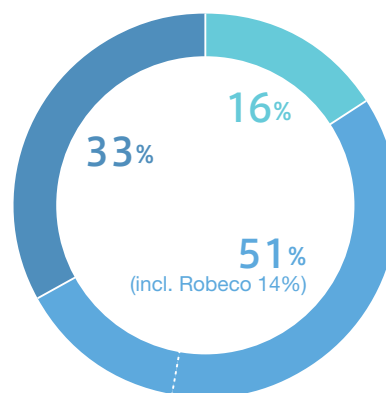
(Billions of yen)

	FY2017.3
ORIX Corporation shareholders' equity	2,507.7
Employed capital	2,134.7
Unemployed capital	373.0
Employed capital ratio	85.1%

* ORIX calculation (Risk Capital/Shareholders' Equity)

Employed Capital Breakdown

■ Finance ■ Operation ■ Investment



A Sound Funding Base

For debt funding, ORIX diversifies funding sources, lengthens durations, levels out its maturity ladder and ensures proper liquidity. We generally manage exchange rate volatility risk by using foreign currency-denominated loans, foreign exchange contracts and currency swaps for our business transactions in foreign currencies and overseas investments. We have increased funding in foreign currencies in recent years because we have been expanding our overseas businesses. As of March 31, 2017, 51% of our debt funding from financial institutions and capital markets was denominated in foreign currencies. We expect to expand our U.S. businesses and our aircraft business and therefore plan to regularly issue U.S. dollar bonds. Our subsidiaries in Asia will also continue to issue debt for funding with due consideration of capital market scale in the country of issue.

Quality Dialogue and Relationships Built on Trust

I consistently help shareholders and investors understand the fundamental strengths that enable ORIX to create value over the medium and long term when I communicate with them as Group CFO. In FY2016.3 we began complementing the existing disclosure of our six business segments by additionally highlighting our three portfolio categories. We also began disclosing subcategory results in FY2017.3. I will also discuss earnings growth, ROA and capital allocation for our three portfolio categories.

We are currently formulating the medium-term plan we will launch in FY2018.3, and this plan will further clarify our vectors for creating corporate value. We will build relationships of trust with shareholders and investors through ongoing quality dialogue.

Corporate Governance

Management Team (As of July 1, 2017)

Directors



Makoto Inoue

Director
Representative Executive Officer
President and Chief Executive Officer
Responsible for Open Innovation
Business Department, Group IoT
Business Department and New
Business Development Department



Kazuo Kojima

Director
Representative Executive Officer
Deputy President and
Chief Financial Officer



Yuichi Nishigori

Director
Corporate Executive Vice President
Head of Energy and Eco Services
Business Headquarters
Outside Director, Ubiteq, INC.



Kiyoshi Fushitani

Director
Corporate Executive Vice President
Head of Global Business Headquarters,
East Asia Business Headquarters
and Global Transportation Services
Headquarters



Stan Koyanagi

Director
Corporate Senior Vice President
Responsible for Enterprise Risk
Management
Global General Counsel



Hideaki Takahashi

Non-Executive Director
● Nominating Committee
● Compensation Committee

- Nominating Committee
- Audit Committee
- Compensation Committee

Outside Directors



Eiko Tsujiyama

Outside Director since June 2010

- Audit Committee (Chairperson)
- Compensation Committee
- Professor, Faculty of Commerce at Waseda University
- Corporate Auditor, Lawson, Inc.
- Audit & Supervisory Board Member, NTT DOCOMO, Inc.
- Audit & Supervisory Board Member, Shiseido Company, Limited

Ms. Eiko Tsujiyama serves as a professor of Waseda University, Faculty of Commerce and has served on government and institutional finance and accounting councils both in Japan and overseas. She has extensive knowledge as a professional accountant. As Chairperson of the Audit Committee, she has actively expressed her opinions and made proposals, while leading discussions on the effectiveness of the Company's internal control system.



Robert Feldman

Outside Director since June 2010

- Compensation Committee (Chairperson)

- Nominating Committee
- Senior Advisor, Morgan Stanley MUFG Securities Co., Ltd.

Mr. Robert Feldman currently serves as Senior Advisor at Morgan Stanley MUFG Securities Co., Ltd. and, as an economist, has a deep understanding of the environment and events of business management both in Japan and overseas. As Chairperson of the Compensation Committee, he has actively expressed his opinions and made proposals during deliberations on the Directors' compensation system and compensation levels in order to enhance their role as medium- and long-term incentives.



Takeshi Niinami

Outside Director since June 2010

- Nominating Committee
- Compensation Committee
- President and Chief Executive Officer, Member of the Board, Representative Director, Suntory Holdings Limited.

Mr. Takeshi Niinami formerly served as Chief Executive Officer of Lawson, Inc. and currently serves as President and Chief Executive Officer of Suntory Holdings Limited. He has actively expressed his opinions and made proposals during deliberations at meetings of the Board of Directors, Nominating Committee and Compensation Committee, pointing out important matters regarding company management using his managerial decision-making skills based on his wide-ranging experience and knowledge.



Nobuaki Usui

Outside Director since June 2012

- Nominating Committee (Chairperson)
- Audit Committee
- Corporate Auditor, KONAMI HOLDINGS CORPORATION
- Corporate Auditor, MIROKU JYOHU SERVICE CO., LTD.

Mr. Nobuaki Usui served as the Administrative Vice Minister of the Ministry of Finance and the Governor and CEO of National Life Finance Corporation (currently, Japan Finance Corporation). As Chairperson of the Nominating Committee, utilizing his wealth of knowledge and experience as a finance and tax expert, he has actively expressed his opinions and made proposals, leading discussions and deliberations on members of the Board of Directors and executive officers suitable for the Company's business operations.



Ryuji Yasuda

Outside Director since June 2013

- Nominating Committee
- Audit Committee
- Compensation Committee
- Adjunct Professor, Graduate School of International Corporate Strategy at Hitotsubashi University
- Outside Director, Yakult Honsha Co., Ltd.
- Outside Director, Benesse Holdings, Inc.

Mr. Ryuji Yasuda served as Director of McKinsey & Company and Chairman of A.T. Kearney, Asia and currently serves as an adjunct professor at the Graduate School of International Corporate Strategy, Hitotsubashi University. He has actively expressed his opinions and made proposals during deliberations at meetings of the Board of Directors, Nominating Committee, Audit Committee and Compensation Committee, pointing out important matters regarding company management, using his specialized knowledge on corporate strategy.



Heizo Takenaka

Outside Director since June 2015

- Nominating Committee
- Audit Committee
- Professor, Faculty of Regional Development Studies at Toyo University
- Chairman and Director, PASONA Group Inc.
- Director, Academyhills
- Director, Center for Global Innovation Studies at Toyo University
- Outside Director, SBI Holdings, Inc.

Mr. Heizo Takenaka served as Minister of State for Economic and Fiscal Policy, Minister of State for Financial Services, Minister of State for Communications and Privatization of Postal Services and Minister for Internal Affairs, and currently serves as professor of Toyo University, Faculty of Regional Development Studies. He has actively expressed his opinions and made proposals during deliberations at meetings of the Board of Directors, Nominating Committee and Audit Committee, pointing out important matters regarding company management, using his deep understanding of the environment and events of business management and economics and financial policies both in Japan and overseas.

Corporate Governance

Comments from the Outside Directors



Ryuji Yasuda

Functioning corporate governance serves to increase corporate value.

Diverse External Perspectives for Healthy Checks and Supervision for Management

ORIX's outside directors have diverse backgrounds, which has demonstrated its effectiveness. Outside directors add energetic discussion of pre-explained agendas to the Board. We also receive in-depth reports on projects from division managers who are not on the Board, and visit front-line operations for insights into the current status of ORIX's business. These insights allow outside directors to fully exercise their expertise in multifaceted discussions with management. This diversity is meaningful for corporate governance because it provides healthy checks and supervision for management.

In addition, ORIX benefits from being a company with committees. Outside directors are in the majority on the Audit Committee, Nominating Committee and Compensation Committee, which empowers rigorous discussion and a framework for adding external perspectives to the

supervision of compliance and other issues.

ORIX's overseas business has expanded in recent years due in part to acquisitions. The head office aspires to international governance standards, and major overseas subsidiaries are also strengthening their governance in each country and region. ORIX management has the will to lead toward even more stringent oversight of overseas governance and compliance.

Indefinable Business to Succeed in an Uncertain Era

One of ORIX's advantages is that its business is not definable by orthodox industry classifications. It is a major company in insurance, banking and real estate as well as leasing and corporate finance. At the same time, it is also developing into a major player in the environment and energy business and concession business, and is also involved in multiple industries through its private equity investment business.

ORIX does not limit itself to action constrained by the framework of some standard industry moniker. It astutely identifies global trends and constantly rotates its business portfolio accordingly to capture strong profits. ORIX stands out because it balances its portfolio and manages risk while constantly entering profitable new businesses. I believe that bold, swift decision making and execution are ORIX's strong DNA which enable this outstanding profitability.

Unfortunately, it seems to be hard for investors to understand the dynamics of such indefinable business. I also think ORIX shares are undervalued because of the misperception among investors that capital gains from the core business of turning over assets are nonrecurring profits.

Although the slow growth has been observed worldwide, ORIX has excellent prospects to blossom further as new industries arise, because constantly pioneering new markets without being constrained by orthodox industry classifications is part of its DNA. ORIX is a dynamic company.



Heizo Takenaka

Accurate risk management supports corporate governance.

ORIX Draws Strength from Its Mindset of Taking Healthy Risks

Do you know ORIX?

This is the tagline of a television commercial which is currently running in Japan. I was startled by it because, even as one of the company's outside directors, I can think of no single word that can express what ORIX is.

From my perspective, ORIX benefits society primarily through financial channels. While ORIX is also involved in Operation and Investment, it contributes to society by using its broadly based expertise in risk management acquired through Finance. ORIX has frequently captured the first-mover advantage, as exemplified by its decisive entry into the airport concession business. Businesses are challenging for the first mover and easier for the second and third, but ORIX gains an advantage from being the first mover because it can effectively assess risk.

The business of both ORIX and a general trading company is becoming similar because their businesses are intimately based on information and risk management.

I therefore believe that a mindset based on a specific business category will be increasingly less meaningful. CEO Makoto Inoue has astutely pointed out that "I have no idea what we will be doing in five years. And this is ORIX's business model."

While many Japanese companies are frantically trying to avoid risk, ORIX has embraced a mindset of taking healthy risks as part of its growth process. Returns require risk, so ORIX is strong because it has embedded the will to take on challenges in its corporate DNA. ORIX may have some catching up to do in areas such as artificial intelligence and fintech, but is well positioned to demonstrate its strengths during the Fourth Industrial Revolution. I am excited to see how ORIX uses its originality in the future.

A Healthy Crisis Mentality (Creative Tension) Enhances Corporate Governance

ORIX has more than 30,000 employees worldwide, but its DNA is still lively and young, and it is still developing as it builds up its track record. ORIX is therefore in the process of constructing an autonomous and solidly effective structure for global governance.

Merely creating a system for governance does not necessarily mean it will function properly. The CEO's leadership and the efforts of each Board member are instrumental to making governance work. A key point is whether ORIX keeps a healthy crisis mentality, in other words, creative tension. And I know ORIX has such a corporate culture.

In addition to providing returns, companies must properly fulfill their accountability to shareholders. Everyone at ORIX, including outside directors, remains committed to these efforts. We also want investors to appreciate that we are watching over their interests over the long term with a healthy crisis mentality.

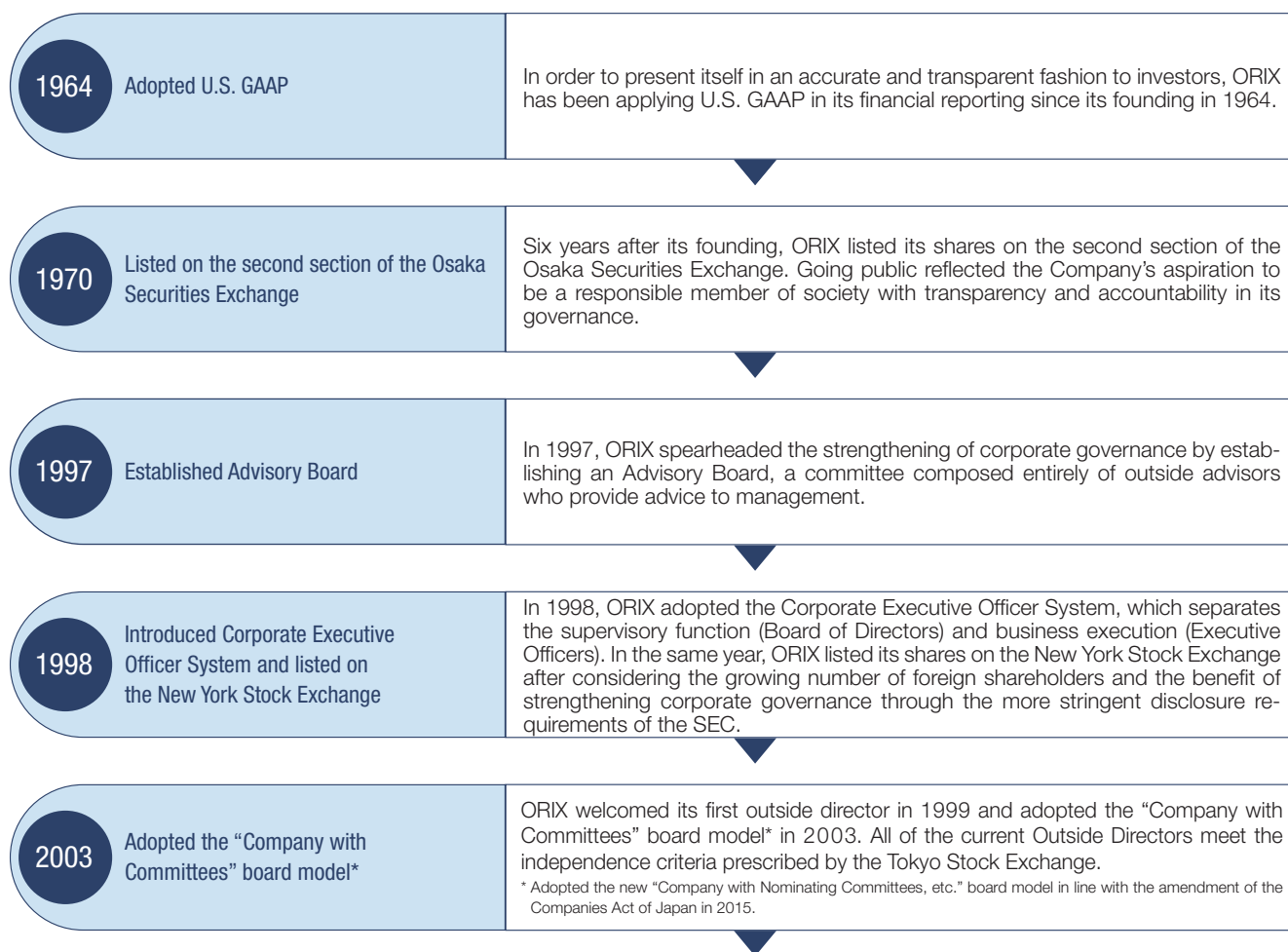
Corporate Governance

Corporate Governance at ORIX

Approach to Corporate Governance

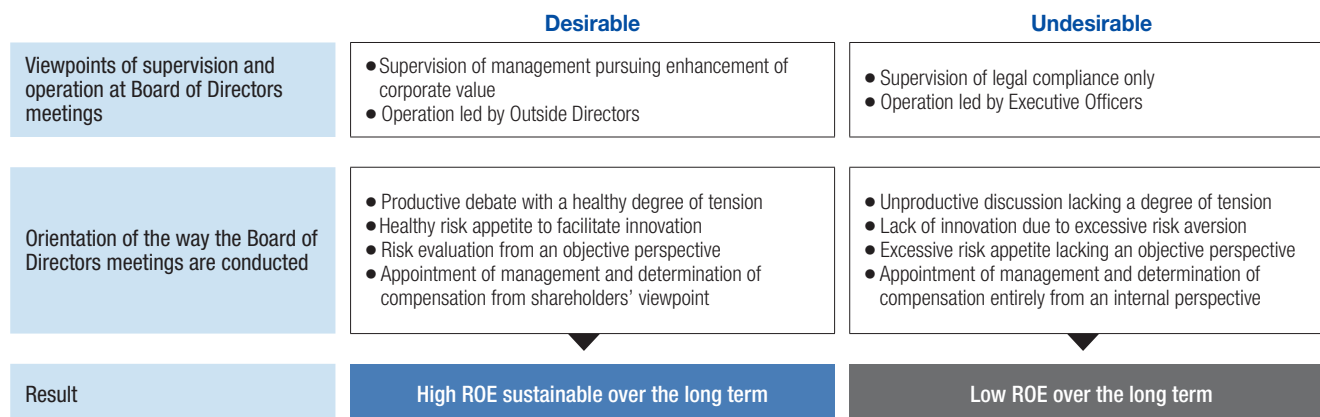
- ORIX believes that a robust corporate governance system is essential for ensuring objective management and carrying out appropriate business activities in line with its core policies. We have therefore established a sound and transparent corporate governance system.
- Corporate governance is a system for management oversight. It involves setting management objectives for managers, performance analysis and evaluation, and supervision in order to ensure that management strives to attain outstanding results. The tension inherent in corporate governance encourages management to perform to the best of its ability and facilitates innovation in pursuit of corporate objectives. Such an approach is conducive to the achievement of consistently high ROE.
- Outside Directors have a crucial role to play in corporate governance. From various perspectives reflecting their diverse professional backgrounds, Outside Directors are able to objectively evaluate management's performance in ways that transcend the industry's conventional wisdom and the company's ingrained practices. Moreover, by virtue of their external perspectives, Outside Directors are in the position to objectively evaluate the risk of management not taking adequate levels of risk.

Evolution of Corporate Governance

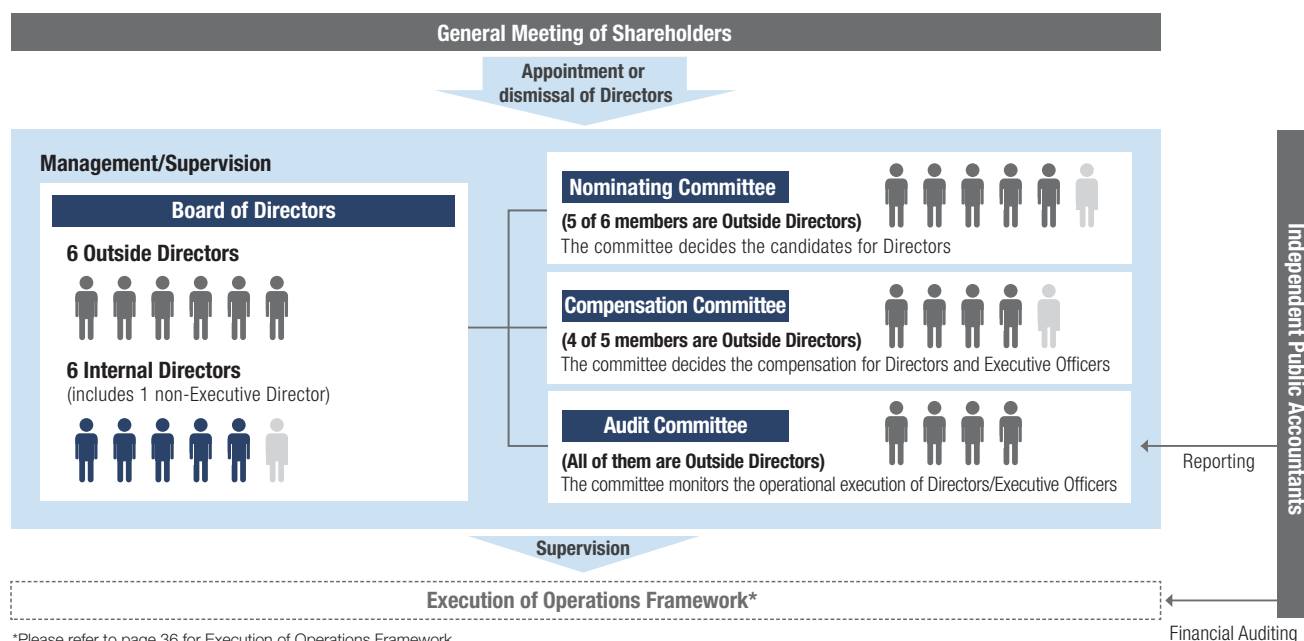


This is how ORIX has been strengthening its management oversight since its founding. The current corporate governance framework requires a high level of discipline from the managers but we believe this is how corporate governance is supposed to be.

ORIX's Vision of Corporate Governance



Corporate Governance Framework (As of July 1, 2017)



Differences with Respect to the New York Stock Exchange Corporate Governance Standards

ORIX's American Depositary Shares have been listed on the New York Stock Exchange (NYSE) since 1998. As an NYSE-listed company, ORIX is required to comply with certain corporate governance standards under Section 303A of the NYSE Listed Company Manual. However, as a foreign private issuer, ORIX is permitted to follow home country practice. Our corporate governance practices differ in certain respects from those that U.S. listed companies must adopt. A summary of these differences is as follows:

- ORIX is not required to meet the NYSE's independence requirements for individuals on its Board of Directors or its Nominating, Audit and Compensation committees. ORIX's Nominating Committee has determined its own "Conditions for Director Independence."
- ORIX is not required to have the majority of its Board of Directors comprised of Outside Directors nor is ORIX required to compose its committees exclusively of Outside Directors. Of ORIX's twelve directors, six are Outside Directors. In addition, the Audit Committee consists solely of Outside Directors and five of the six members of the Nominating Committee and four of the five members of the Compensation Committee, respectively, are Outside Directors.

Board of Directors

The Board of Directors carries out decisions related to items that, either as a matter of law or pursuant to our Articles of Incorporation, cannot be delegated to executive officers, and important items as determined by the regulations of the Board of Directors. The Board of Directors is responsible for deciding and monitoring ORIX's policies on a regular basis, which include corporate planning such as capital management, fund procurement, hiring and recruitment strategies and internal controls. Aside from such items, the Board of Directors delegates decision-making regarding operations to representative executive officers to facilitate better efficiency and swiftness of such process. The Board of Directors also receives reports from executive officers and committees regarding the status of business operations and finances.

The Board of Directors is composed of directors, including Outside Directors, that possess broad knowledge and experience. The number of directors on the board is also maintained at the level we consider to be appropriate for effective and efficient board discussion.

Board of Directors Evaluation

The Board of Directors conducts a survey questionnaire to all directors. The effectiveness of the Board of Directors is evaluated and analyzed and actions to improve the administration of the Board of Directors are implemented.

Overview of Board of Directors Evaluation Results for FY2017.3

- The responsibilities of supervision of company operations are sufficiently fulfilled by the directors using their various know-how and experience, and by effective directives at the meetings of the Board of Directors and respective committees, as well as through discussions of a sufficiently advanced quality.
- Since FY2010.3, ORIX has ensured effective and appropriate management oversight functions while maintaining diversity on the Board of Directors by continuously having six Outside Directors.
- Proceedings to contribute to authentic discussions are presented at meetings of the Board of Directors, so that each director can supervise and monitor operations from mid- to long-term perspectives.
- Discussions are sufficiently conducted using materials coordinated to facilitate further discussion at all subsequent meetings of the Board of Directors with regards to the content of comments, questions and proposals.

Training of Directors

Appropriate briefings by lawyers and others, including those on legal duties and responsibilities which must be observed by directors, are implemented at the time of appointment of new directors. External training bodies are also employed as the need arises. Orientations are also conducted when Outside Directors are invited. These include provision of opportunities for individual briefings from the CFO with regards to management strategy, business activities, and company financial conditions. In addition, compliance training for executives is also implemented on a regular basis during the period of an executive's appointment.

Nominating Committee, Audit Committee and Compensation Committee

Nominating Committee

- The Nominating Committee decides and produces proposals to appoint or dismiss directors, which are then submitted at the general meeting of shareholders (appointment and dismissal of directors are subject to resolution at the general meeting of shareholders).
- The Nominating Committee also deliberates on the appointment or dismissal of executive officers, although this is not required under the Companies Act of Japan.
- The Nominating Committee has determined the "Conditions for Director Independence."
- The Nominating Committee ensures that the Board of Directors possesses the appropriate levels of and diversity in knowledge, experience, and expertise, through "Nomination Criteria for Director Candidates" for directors' appointments.

"Conditions for Director Independence" and "Nomination Criteria for Director Candidates" determined by the Nominating Committee ►► Form 20-F filed with the U.S. Securities and Exchange Commission <http://www.orix.co.jp/grp/en/ir/library/20f/>

Audit Committee

- The Audit Committee monitors the execution of the duties of the directors and executive officers and creates audit reports. The Audit Committee decides the content of proposals to appoint, dismiss or refuse the reappointment of the Company's independent Certified Public Accountants, which are submitted to the general meeting of shareholders.

Compensation Committee

- The Compensation Committee formulates the policy for determining compensation of each director and executive officer ("Policy for Determining Compensation of Directors and Executive Officers") and also decides the specific compensation for each individual director and executive officer.

Corporate Governance at ORIX

Members of Each Committee

Name	Position	Nominating Committee	Audit Committee	Compensation Committee
Makoto Inoue	Director			
Kazuo Kojima	Director			
Yuichi Nishigori	Director			
Kiyoshi Fushitani	Director			
Stan Koyanagi	Director			
Hideaki Takahashi	Non-Executive Director	○		○
Eiko Tsujiyama	Outside Director		○ (Chairperson)	○
Robert Feldman	Outside Director	○		○ (Chairperson)
Takeshi Niinami	Outside Director	○		○
Nobuaki Usui	Outside Director	○ (Chairperson)	○	
Ryuji Yasuda	Outside Director	○	○	○
Heizo Takenaka	Outside Director	○	○	

Board of Directors and Committee Meetings in FY2017.3

	Number of Meetings	Attendance Rate
Board of Directors	8	98%
Nominating Committee	3	94%
Audit Committee	8	100%
Compensation Committee	3	93%

Compensation for Directors and Executive Officers

The Compensation Committee believes that in order to accomplish ORIX's business objectives, directors and executive officers should place importance on not only performance during the current fiscal year, but also on medium- and long-term results. The fundamental policy is to ensure that compensation is designed in a way that provides effective incentives to directors and executive officers. Based on this principle, the Committee then establishes specific policies for each director and executive officer in accordance with his/her respective role.

Compensation Policy for Directors

- The compensation consists of fixed compensation and share-based compensation.*
- Fixed compensation is, in principle, a certain amount that is added to the compensation of the chairperson and member of each committee.
- Share-based compensation is calculated based on the number of points earned and accumulated by the individual while in office until retirement. It is eventually granted to the individual in the form of ORIX shares upon retirement. This compensation is intended to align medium- to long-term results of the Company with the individual's performance.

Compensation Policy for Executive Officers (including those who concurrently serve as Directors)

- The compensation consists of fixed compensation, performance-linked compensation and share-based compensation.*
- Fixed compensation is decided based on the standardized base amount for each position followed by an adjustment in accordance with each position's respective role and responsibility.
- Performance-linked compensation consists of two components of equal weighting. The first component is derived from the standardized base amount for each position that starts from 50% followed by adjustment within the range of 0% to 200% based on the attainment level of the consolidated net income target for the current fiscal year as a performance indicator. The second component is derived the same way as the first component, except with the subsequent adjustment within the range of 0% to 200% based on the attainment level of his/her division(s)' performance target for the current fiscal year. Furthermore, in the case of representative executive officers, his/her performance-linked compensation is entirely based on a standardized base amount that is adjusted within the range of 0% to 200% based on the attainment level of the consolidated net income target for the current fiscal year as a performance indicator.
- Share-based compensation is calculated based on the number of points earned and accumulated by the individual while in office until retirement. It is eventually granted to the individual in the form of ORIX shares upon retirement. The points granted each year are derived from the standardized number of points where 50% of which is adjusted within the range of 0% to 200% based on the attainment level of the consolidated net income target for the current fiscal year as a performance indicator, and the other 50% of which is adjusted within the range of 0% to 200% based on the attainment level of his/her division(s)' performance target for the current fiscal year. Furthermore, in the case of representative executive officers, his/her share-based compensation is entirely based on a standardized number of points that is adjusted within the range of 0% to 200% based on the attainment level of the consolidated net income target for the current fiscal year as a performance indicator. This compensation aims to align with medium- to long-term result of the company to the individual's performance.

* "Share-based compensation" is a program in which points are annually allocated to directors and executive officers based upon prescribed standards while in office, and the actual number of ORIX' shares calculated based on the number of accumulated points is provided at the time of retirement. Points granted to the members of each position are determined based on the guidelines set by the Compensation Committee.

Compensation of Directors, Executive Officers and Group Executives (FY2017.3)

	Fixed Compensation		Performance-linked Compensation		Share-based Compensation		Total
	Number of Recipients	Amount Paid (Millions of yen)	Number of Recipients	Amount Paid (Millions of yen)	Number of Recipients	Amount Paid (Millions of yen)	Amount Paid (Millions of yen)
Directors (Outside Directors)	8 (6)	106 (67)	— —	— —	8 (6)	16 (13)	122 (81)
Executive Officers and Group Executives	28	765	28	368	28	499	1,632
Total	36	871	28	368	36	515	1,755

Notes:

- There was a total of 13 directors (including six Outside Directors), 20 executive officers (including those serving concurrently as directors) and four group executives as of March 31, 2017. Figures for the number of directors and executive officers who received compensation and the compensation amount include those of five persons who have resigned from their previous positions as either director or executive officer or group executive in FY2017.3.
- At ORIX, no directors serving concurrently as executive officers received compensation as directors. Total compensation for five people serving concurrently as directors and executive officers is shown in the Executive Officers and Group Executives line.
- Under ORIX's share-based compensation system, directors and executive officers are granted a prescribed number of points during their tenure and receive shares of ORIX stock from a trust in accordance with their accumulated point totals when they retire. Share-based compensation indicated above is the number of points confirmed to be provided as the portion for FY2017.3 multiplied by the market price of ¥1,544 per share at the time the trust acquired ORIX shares.
- Share-based compensation indicated above doesn't include the amount of the share component of compensation actually paid. 643 million yen was paid to three executive officers resigned during FY2017.3 and one executive officer and one group executive resigned before the end of FY2016.3.
- ORIX did not provide stock options in the form of stock acquisition rights in FY2017.3.
- Figures shown are rounded down by discarding figures of less than 1 million yen.

Executive Officers

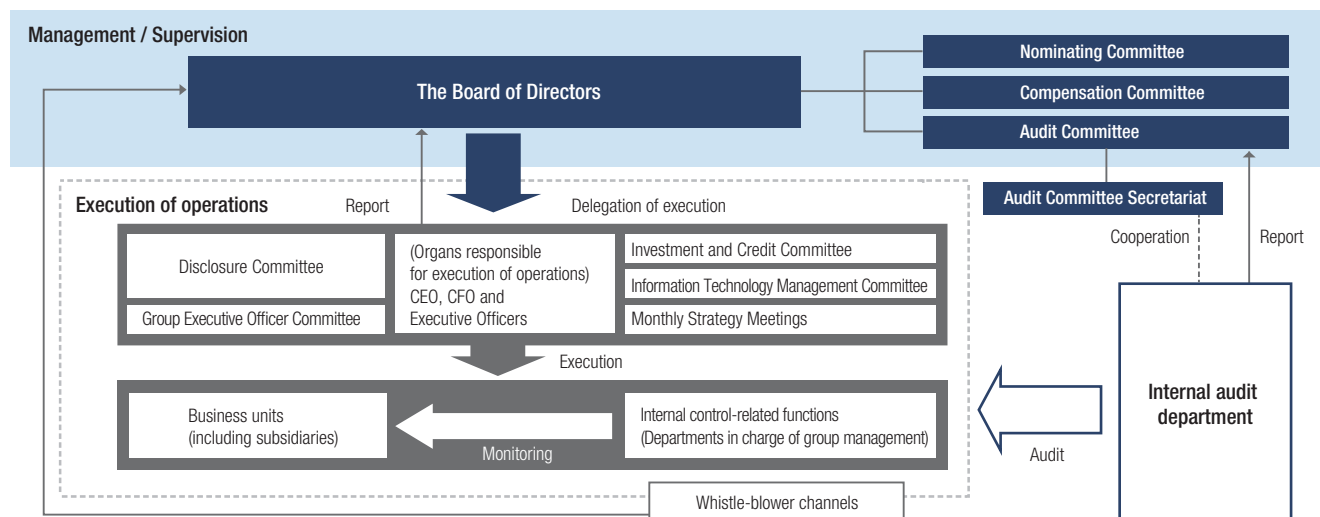
The representative executive officers of ORIX make important business execution decisions after deliberations by the Investment and Credit Committee in accordance with ORIX's various rules.

The duties of executive officers are decided by the Board of Directors and the representative executive officers and are carried out in accordance with ORIX's various rules. Group executives are appointed by the Board of Directors from among the directors and executive officers of the Group companies.

Characteristics of the Executive Officer System

- Operation and oversight are separated through a "Company with Nominating Committees, etc." board model.
- CEO and CFO are involved in all processes for evaluating individual transactions and monitoring the progress of strategies and plans of business units as well as the progress of strategies and plans of the Group as a whole.
- Executive officers and group executives regularly report and share information with CEO and CFO about progress of strategies and plans of business units they are responsible for.
- Executive officers and group executives along with CEO and CFO share information about strategies and plans of the Group as a whole.

Execution of Operations Framework (As of July 1, 2017)



Individual Executive Bodies

Important decision-making, monitoring and discussions regarding the execution of business and sharing of information are conducted by the following bodies.

Investment and Credit Committee (“ICC”)

(Three times a month in principle)

Attendees: Top management and executive officers involved in projects

- Meets primarily to deliberate and make decisions on credit transactions and investments that exceed certain specified investment or credit amounts and important matters related to management of the Company and matters that have been entrusted to representative executive officers by the Board of Directors.
- In consideration of their importance, the content of the matters and items decided by the ICC are reported to the Board of Directors as necessary.

Monthly Strategy Meeting

(Once a month in principle)

Attendees: Top management and each divisional head

- Meets to discuss matters such as the state of achievement of strategic targets and changes in the business environment.
- Matters of high importance discussed at the Monthly Strategy Meeting are deliberated and decided by the ICC and reported to the Board of Directors as necessary.

Group Executive Officer Committee

(Every two months in principle)

Attendees: Executive officers and group executives

- Meets to share important information related to the business administration of the ORIX Group.

Information Technology Management Committee

(Once a month in principle)

Attendees: Top management and the executive officer in charge of IT systems

- Meets to deliberate and decide important matters concerning fundamental policies for IT operations and IT systems.
- Ensures that IT decisions are consistent with its business strategies and works to realize IT investments that contribute to business growth and reduce risk.

Disclosure Committee

(As necessary)

Attendees: CFO (Chairperson) and executive officers in charge of Treasury and Accounting Headquarters, Credit and Investment Management Headquarters, Enterprise Risk Management Headquarters, Group Human Resources and Corporate Administration Headquarters and Group Internal Audit Department

- Upon receiving warnings regarding important information from those in charge of individual departments, the Disclosure Committee meets to discuss whether any timely disclosure is required and takes steps to provide appropriate disclosure of such information, if necessary.
- The committee controls information disclosure and facilitates the appropriate and timely disclosure of information to stakeholders.

Control by Business Unit

Each business unit evaluates the material risks in light of the business strategies and plans, and exercises its own risk management.

Control by the Internal Control-related Functions (Departments in Charge of Group Management)

Each department of internal control-related functions assesses not only the material risks but the risks which it controls and manages on an across-the-board basis, and assists in the risk management by each business unit.

Risk Control

ORIX allocates management resources by taking into account Group-wide risk preferences based on management strategies as well as the strategy of individual business units. Our board of directors and executive officers evaluate the performance and profitability of each business unit, and the executive officers take responsive measures they deem necessary to control risk. This process enables us to control our balance sheet and allocate more management resources to business units viewed as having greater growth potential.

Main Risk Management

ORIX recognizes that credit risk, business risk, market risk, liquidity risk (risk relating to funding), compliance risk, legal risk, information asset risk and operational risk are the main risks we face, and we manage each of these risks according to its characteristics.

Credit Risk Management

We define *credit risk* as uncertainty regarding future recovery of investments caused by fluctuations in cash flow from debtors and investees.

To analyze credit risk, we evaluate the adequacy of collateral and guarantees, the securitization of receivables and the diversification of debtors and their business types. We conduct a comprehensive customer credit evaluation based on the customer's financial position, cash flow, underlying security interests, profitability and other factors of individual credit transactions.

Moreover, an analysis of our portfolio and measures to establish appropriate credit limits allow us to control exposure to markets with potentially high risks.

We recognize certain assets that require extra monitoring, including credit extended to debtors who have petitioned for bankruptcy, civil rehabilitation or other insolvency proceedings, or whose bank transactions have been suspended, bills have been dishonored, or debts have not been collected for three months or more. The relevant business units, in cooperation with the credit department, take steps to secure collateral or other guarantees and to begin the collection process. The accumulated collection knowhow from sending an initial reminder to actively seizing collateral is consolidated in the credit department and is reflected in our evaluation criteria for individual credit transactions and portfolio analysis.

Business Risk Management

We define *business risk* as uncertainties related to new business areas, potential obsolescence of the products or services we offer or a decline in their quality, and variability in market prices for the types of products or services we offer.

To address uncertainties related to new business areas, we monitor business plans and operations using scenario analyses and stress tests, and we also evaluate and verify the cost of withdrawal from a business.

For products and services we offer, in addition to monitoring quality, we review the content of our lineup of products and services in response to changes in the business environment and evolving

customer needs and endeavor to maintain or improve their quality.

A principal risk relating to operating leases is fluctuation in the residual value of leased properties. To control this risk, we monitor our leased properties inventory, market environments and the overall business environment. We generally limit our operating leases to leased properties with high versatility that are comparatively easy to re-lease, and evaluate the sale of such properties depending on changes in market conditions.

We endeavor to reduce the risk related to fluctuation in market prices for real estate by strengthening our cash flow through careful management of our rental income, vacancy rates and expenses related to capital expenditures.

Market Risk Management

We define *market risk* as the risk of changes in the fair value of assets and liabilities caused by changes in market variables, such as interest rates, exchange rates and stock prices.

We endeavor to comprehensively verify and understand market risks and have established and maintain Group-wide ALM rules to address such risks.

Interest rate risk is comprehensively evaluated factoring in the expected impact of interest rate changes on periodic profit and loss and/or the balance sheet, the assets and liabilities positions and the funding environment. These analysis methods are modified, as required, depending on the situation.

We generally manage exchange rate risk by using foreign currency-denominated loans, foreign exchange contracts and currency swaps to hedge exchange rate volatility in our business transactions in foreign currencies and overseas investments. We monitor and manage exchange rate risk of unhedged foreign currency-denominated assets and retained earnings of foreign subsidiaries using indicators such as VaR (value at risk) and adjusting hedge positions as needed based on changes in the market environment at any given time.

We manage counterparty credit risk and other risks involved in hedging derivative transactions in accordance with internal rules on derivative transaction management.

For assets under management in our banking business, our life insurance business and our overseas operations, we regularly monitor monetary policies, macroeconomic indicators and securities and financial market trends and country risk, and we manage our asset portfolios by analyzing individual security price movements (both gains and losses). Market volatility is managed according to guidelines that include fixed loss amounts and decreases in position. Our credit department monitors our compliance with the guidelines.

Liquidity Risk Management (Risk Management Relating to Funding)

We define *liquidity risk* as the risk that we will be unable to obtain required funds or that we will be forced to procure funds at an unusually high rate of interest due to market turmoil, a sharp decline in the financial condition of the ORIX Group or other reasons.

To reduce liquidity risk, we diversify fund procurement methods and sources and constantly monitor liquidity on hand. To manage liquidity on hand, we project future cash flows and

Corporate Governance at ORIX

analyze liquidity risk using hypothetical stress scenarios. We take necessary measures so that our businesses may withstand adverse market changes.

The effect on the business of each subsidiary is monitored by ascertaining liquidity risk in each subsidiary and in every country in which ORIX operates. We take appropriate measures to mitigate liquidity risk, including through such action as parent-to-subsidiary lending.

ORIX Bank Corporation ("ORIX Bank") and ORIX Life Insurance Corporation ("ORIX Life Insurance") are engaged in retail financial activities for individual customers and are regulated by Japanese financial authorities. They are required to manage liquidity risk independently from other ORIX Group companies based on their internal regulations formulated according to the relevant regulations.

ORIX Bank maintains liquidity levels required by Japanese financial regulations by holding highly liquid assets such as cash and government and corporate bonds and by setting an upper limit for capital markets-based funding. In addition, ORIX Bank regularly monitors the status of its liquidity, estimates the tightness of cash flows under different scenarios and conducts stage-by-stage management of liquidity risk accordingly.

ORIX Life Insurance conducts stress tests on insured events and manages its liquidity requirements by holding highly liquid assets such as cash and cash equivalents and securities above a certain ratio against the balance of a liability reserve and by setting maximum limits for holding held-to-maturity securities.

Compliance Risk Management

We define *compliance risk* as the risk of financial loss, regulatory sanction or damage to our reputation resulting from a failure by ORIX Group to comply with applicable laws and regulations regarding ORIX Group's business activities and ORIX Group's corporate philosophy, internal policies, social norms rules and procedures which may also encompass legal risk when applicable laws and regulations are violated.

It is the policy of the ORIX Group to promote a culture of compliance, emphasizing high standards of ethical behavior at all levels of the organization, and to comply fully with applicable laws and regulations as well as corporate policies through robust and comprehensive compliance programs developed and maintained across all business units, corporate departments and support areas of the organization.

In order to lower the levels of risks that we deem significant at the Group level, the compliance department requires each department of the ORIX Group to formulate an annual compliance plan, detects compliance risks within the ORIX Group thereby eliminating, reducing or taking preventive measures against such risks. By implementing programs that sustain a culture of compliance, the compliance department seeks to mitigate compliance risk and prevent the occurrence of serious incidents, and thereby realize to the sound business and management of the ORIX Group.

In addition, ORIX Group strives to raise awareness for compliance matters among its executives and employees by establishing and disseminating various regulation in accordance with the ORIX Group's Principles of Conduct, which sets forth the ORIX Group's principles of compliance.

Legal Risk Management

We define *legal risk* as legal restrictions on business activities and legal liability as well as disadvantages that may arise due to laws and regulations applicable to ORIX Group's business and corporate management, the establishment and amendment of such laws and regulations and regulatory oversight.

To avoid, reduce and prevent transactional legal risk in Japan, we generally require that the credit department, the legal department and the compliance department be involved in evaluating and/or executing transactions. In addition to establishing and maintaining internal rules designed to facilitate compliance with applicable laws that are currently in effect, we take steps to ensure that we are in compliance with revisions to laws as they take effect.

For transactional agreements relating to business transactions, we have established an approval process involving the legal department in accordance with our prescribed internal rules. In addition, depending on the size and importance of a given transaction, we may also seek advice from outside counsel. To ensure that proper legal procedures are followed in connection with actual or potential disputes and litigation, we require that the legal department, the compliance department and the credit department be involved in the management of such disputes and litigation, including lawsuits that have been, or are expected to be, brought against us and lawsuits that we bring, or expect to bring, against third parties.

The Group corporate administration department manages intellectual property rights and takes necessary measures if and immediately when an actual or potential infringement of ORIX Group's intellectual property rights is discovered.

Overseas, each Group company works to avoid, reduce and prevent legal risks by utilizing in-house legal functions and, when necessary, by engaging outside lawyers and other advisers.

Information Asset Risk Management

We define *information asset risk* as the risk of loss caused by loss, damage or leakage of information or failure of our information systems. The ORIX Group has established policies regarding the use of information systems and information management systems for the proper handling of information assets and information about officers and employees.

The IT planning department and ORIX Computer Systems Corporation endeavor to reduce the risk of system failure within the ORIX Group, including from cyber-attack and damage to information security, through the maintenance and management of internal systems. We have also established internal regulations concerning our information security management system, basic policy, management standards, education and audits.

Operational Risk Management

We define *operational risk* as the risk of loss resulting from damages, losses, adverse effects or damage to our reputation caused by inadequate or failed internal processes for business execution or prevention of human error or by a failure in operations due to external events such as natural disasters.

We also include risk that we fail in our fiduciary responsibility

by not properly exercising discretionary rights for those customers and clients for whom we are acting as a fiduciary, which may lead to reputational and other damage.

We have established internal rules to manage risks associated with natural disasters, which are designed to protect management resources and minimize losses while giving priority to the safety of our executives and employees.

The internal audit department conducts monitoring activities based on an annual internal audit plan that also focuses on material operational risks. The department endeavors to prevent the occurrence of events that could negatively affect Group management and seeks to strengthen the risk management function through monitoring activities.

Individual Business Risk Management

ORIX engages in a broad spectrum of businesses, including financial service operations. We perform complete and transparent monitoring and risk management according to the characteristics of each business segment.



Corporate Financial Services Segment

Credit risk is the main risk of the Corporate Financial Services segment.

After individual transactions have been executed, the Corporate Financial Services segment regularly monitors the transaction's performance and related collateral, as well as collection from customers whose balances exceed specified levels. The credit department regularly evaluates customers with large credit balances.

Within this segment, we analyze current conditions and the outlook for specific business types and industries, including the potential impact on customers while making decisions about future transactions in that specific business type or industry.

For assets requiring extra monitoring, particularly in transactions secured by real estate, we take various measures such as capitalizing on our network of real estate-related departments to sell properties or introduce tenants.



Maintenance Leasing Segment

Business risk and credit risk are the main risks of the Maintenance Leasing segment.

To manage the risk of changes in the market value of property under operating leases, we continuously monitor market environments and fluctuation in the resale value of leased property and adjust residual value estimates of leased property in new transactions accordingly.

Cost fluctuation is the risk of providing various services such as outsourcing. In response to this, we analyze initial cost planning and performance, monitor future forecasts

and control costs at an appropriate level.

In addition, the services might fall short of customer expectations due to changes in the operating environment or changes in and diversification of client needs, we monitor our service quality quantitatively and qualitatively and continuously strive to improve our services in line with the operating environment.

We also conduct credit examinations of individual transactions to manage credit risk.

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Real Estate Segment

Business risk is the main risk of the Real Estate segment, which includes real estate development, rental, management, asset management and operation of real estate investment trust and real estate investment advisory business.

With respect to our real estate investment, before making an investment decision we evaluate the actual cash flow performance of the target as against the initial plan and forecasts, and monitor investment strategies and schedules after execution. Upon a major divergence from the initial forecast, we reevaluate our strategy. In addition, when we invest in large scale or long term projects, we consider diversifying risk by making joint investments with our partners.

For development and leasing properties, we monitor development and retention schedules and net operating income yield. We capitalize on the Group's network to improve occupancy rates and promote sales.

In our facility operation business, we monitor performance indicators such as occupancy and utilization rates and profitability. We conduct market analysis and take initiatives to improve the desirability of our facilities, such as through renovations. To improve the quality of our services and facilities, we take into consideration customers' feedback and also implement training programs for our employees.



Investment and Operation Segment

Credit risk, market risk and business risk are the main risks of the Investment and Operation segment.

In the environment and energy-related businesses, for renewable energy, energy conservation and resource and waste processing operations, we endeavor to minimize business risk by deploying appropriate equipment and technology, forming alliances with expert operators and arranging our business structure to allow for changes in the business environment and the business content.

When making investment decisions in the principal investment business, we conduct a credit evaluation, analyzing the investee's credit risk and assessing its cash flow, as is done for credit examinations. In addition, we perform a multi-faceted evaluation of the characteristics of the business operation and investment scheme, in which administrative departments such as the accounting and legal are also involved. After the initial investment, individual transactions are monitored for divergence from the initial scenario. We emphasize credit risk when increasing the corporate value of a company since cash flow is a key-factor during such period. We also monitor market risk as the time for collection nears, measuring corporate value by referencing the corporate value of similar business types. The frequency of monitoring may increase based on changes in the business environment, and we simultaneously verify the adequacy of investment

scenarios and take any necessary action. Furthermore, for investments that have a significant impact on the profitability of the ORIX Group, we work to strengthen management through measures such as the secondment of management personnel.

We conduct our concession business together with business partners in public facilities such as airports. The main risks of such business are business and operational risks. The long-term nature of this business adds uncertainty and, therefore, we conduct stress tests on the effect of disaster recovery and business withdrawal costs on operating revenue and cash flow based on demand forecasts and regularly monitor business planning and operations.

In the loan servicing business, we seek to reduce credit and operational risk by conducting periodic internal auditing and monitoring and by implementing business operations based on work procedures in accordance with the applicable supervision and guidance from regulatory authorities. In addition, ORIX Asset Management & Loan Services Corporation ("OAMLS") has appointed a lawyer as a director, has streamlined its organization to place legal and compliance-related affairs under the legal and compliance department. This approach allows OAMLS to employ expert advice and other perspectives in addressing stakeholder related legal issues.

Retail Segment

The main risk in the life insurance business is business risk and market risk, in particular, the risk associated with underwriting insurance contracts.

While ORIX Life Insurance implements strict assessment standards based on documents such as statements of health condition and medical examination reports, when underwriting insurance contracts, it also cultivates employees with expert knowledge and hires sufficient staff, checks the status of insurance solicitation and takes rigorous measures to prevent the underwriting of fraudulent contracts. In addition, ORIX Life Insurance educates and instructs representative branch staff and agents to enhance compliance with applicable laws and regulations regarding the privacy of personal information, as well as insurance sales practices, and regularly checks whether these measures are carried out.

Credit risk is the main risk of the housing loan business, the corporate loan business and the card loan business.

Regarding each housing loan we extend for the purchase of condominiums and apartments for investment purposes, we conduct screenings through individual interviews, which

consist of a comprehensive evaluation including not only the client's ability to repay but also the cash flows that can be derived from the property and its collateral value. Throughout this process, we utilize the real estate market information, industry know-how and network we have built over many years.

Decision making for corporate loans is based on an investigation of the client's performance, business plan, purpose of the loan, expected source of repayment and industry trends. We also reduce risk by avoiding overconcentration in any particular business types and products in our portfolio.

The card loan business uses a proprietary scoring system incorporating a credit model. We set interest rates and credit limits in line with each customer's credit risk profile, after evaluating their creditworthiness based on an analysis of certain customer attributes or payment history, as well as other factors that might affect the ability of the borrower to repay. Also, we undertake subsequent credit evaluations at regular intervals to monitor changes in the customer's financial condition.

Overseas Business Segment

In the Overseas Business segment, credit risk is the main risk of the leasing and loan businesses operated by local subsidiaries which are located mainly in Asia.

Individual transactions in this segment are conducted in a manner similar to those in the domestic business segments. The credit department monitors the portfolio according to country risk. Information regarding the portfolio of the respective local subsidiaries, the business condition of major clients, the condition of those assets requiring extra monitoring and the clients of particular concern is shared internally.

Risk management in the principal investment business and the auto-related business is conducted in a similar manner to that in the domestic business segments.

In addition, in the aircraft and ship-related business, we monitor market conditions and the overall business environment for business risk. We generally limit our operating leases to ships and aircraft with high versatility that are comparatively easy to re-lease and evaluate sales depending on changes in market conditions.

Credit risk and market risk are the main risks for the investment and finance business such as corporate loans and securities investment in the United States.

Regarding credit risk, at the time an investment is made, we assign an internal credit rating to each investment or loan taking into consideration the credit status and the collateral status and continuously monitor the credit status. For any investments and/or loans of which the rating has reached

or exceeded the cautionary level, our policy requires management to determine the necessity of a provision for doubtful receivables and probable loan losses or an impairment.

Regarding market risk, we monitor market values while referring to credit risk information and manage risk by pursuing early sales as appropriate to secure profits or minimize losses.

Operational risk is the main risk for the loan servicing business in the United States. We arrange loans and conduct servicing operations thereof under public financing schemes such as the Federal National Mortgage Association and the Federal Housing Administration. We conduct our operations based on the designated operating procedures set forth by these public financial institutions, and monitor and manage service quality through internal auditing.

Business risk and operational risk, in particular, the risk associated with fiduciary responsibility are the main risks for the asset management business and the advisory business.

Regarding business risk, in addition to monitoring to maintain and ensure satisfactory quality levels, we review the content of our products and services to constantly maintain and improve quality in response to changes in the business environment and evolving customer needs.

Regarding operational risk in the asset management business, regarding risk arising from acting as a trustee for customer and client property, we promote the standardization of business processes and regulations

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and manuals related to, and seek to prevent, omissions and mistakes in conducting business operations and to improve efficiency generally. In addition, we ensure proper risk management by clarifying operating procedures and the authority and the responsibilities of administrators and

supervisor in business operations. To ensure high-quality advice and evaluation services in the advisory business, we, through an internal quality control committee and other forms of oversight, maintain operating procedures that meet the standards set forth by authorities.

Policies on Auditing / Auditing System

Policies on Auditing

The Audit Committee has established the following five items as its fundamental policies:

- The Committee shall always emphasize a consolidated management standpoint in auditing.
- The Committee shall monitor and verify the formulation and status of operations of the Group's internal control systems. In particular, it shall consider the validity and effectiveness of compliance systems, systems to ensure the credibility of financial reporting, and risk management systems.
- The Committee shall monitor and verify whether directors, executive officers, and employees under the supervision of executive officers are complying with laws, ordinances, and the provisions of the Articles of Incorporation in fulfilling their obligations of loyalty and due diligence, as well as any other legal obligations to the Group.
- The Committee shall monitor and verify whether executive officers are determining the execution of their duties and carrying out said duties appropriately and efficiently in accordance with basic management policies, medium-term management plans, and other plans and policies established by the Board of Directors.
- To ensure the fairness and credibility of audits, the Committee shall monitor and verify whether the accounting auditor is maintaining its independent position and conducting appropriate audits as a professional expert.

Auditing System

- The Audit Committee consists of four outside directors. Based on the policies on auditing, the Audit Committee verifies the status of the performance of duties and the formulation and status of operations of internal control systems with the representative executive officer and the heads of internal control-related and accounting departments. The Audit Committee may appoint outside experts to conduct its duties if necessary.
- Audit Committee Secretariat which includes three staff members, supports the work of the Audit Committee under the Audit Committee's instructions. The appointment and evaluation of, changes to, and disciplinary action toward the staff of the Audit Committee Secretariat are carried out with the approval of the Audit Committee.
- Group Internal Audit Department, which includes 31 staff (as of the end of May 2017), performs internal audits on the effectiveness of internal control systems, and the efficiency and effectiveness of operations, compliance, and other factors pertaining to the management of the ORIX Group through a risk-based approach.
- Group Internal Audit Department also jointly monitors critical risk through cooperation with 16 full-time corporate auditors (as of the end of May 2017) and internal audit functions at group companies and works to maintain and enhance the ORIX Group's internal auditing system.

For more details, please refer to the following:

- Form 20-F filed with the U.S. Securities and Exchange Commission ►► <http://www.orix.co.jp/grp/en/ir/library/20f/>
- Corporate Governance ►► <http://www.orix.co.jp/grp/en/company/governance>

Contributing to Society through Our Businesses

ORIX is committed to contributing to society through its businesses. We consistently create new value and provide it to society with the goal of remaining a company that society needs. We will continue to proactively address social issues and needs to provide value that is unique to ORIX.

ORIX Initiatives for Transition to a Carbon-free Society

We are committed to popularizing renewable energy including solar, biomass, geothermal and wind to support the transition to a carbon-free society now in progress in countries worldwide. Our solar power generation business in Japan had projects with a capacity of 990MW* as of March 31, 2017, making us one of the largest solar power producers in Japan. We will leverage the expertise we have acquired to invest in the environment and energy businesses overseas, including renewable energy power generation.

*Total of the mega-solar power generation business and the rooftop solar power generation business; 570MW of capacity is online.

Renewable Energy Business (Japan)

● Mega-solar power generation business

We lease idle land throughout Japan that is owned by municipalities, companies and other organizations, on which we construct and operate large-scale solar power generation facilities. These mega-solar projects have a maximum output of over 1,000kW (1MW). Mega-solar facilities are long-term projects that generate power for 20 years after the period from construction to the start of operation, and involve numerous stakeholders along the way. As the business owner, ORIX focuses on safe and stable management of all aspects of the project. Operation and maintenance are key to stable power plant operations. ORIX outsources solar power plant maintenance and administration to highly reliable industry players, and keeps tabs on the status of each plant at all times using remote monitoring systems to maintain high quality of efficient power generation.



ORIX Awaji Mega-Solar Power Plant (Awaji, Hyogo Prefecture)

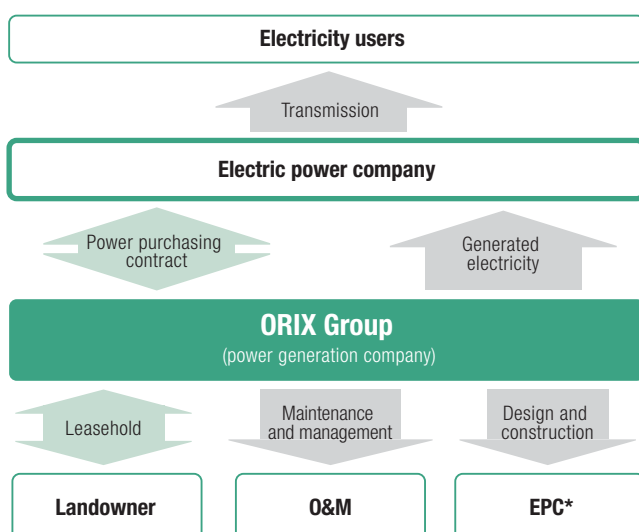
● Biomass power generation business

We operate the Agatsuma Biomass Power Plant, a wood chip-fired thermal power station in Higashiagatsuma, Gunma Prefecture. Wood chips are a biomass substitute for fossil fuels that enable reduced CO₂ emissions, and the plant generates environmentally friendly electricity because it uses thermal recycling technology. The Agatsuma Biomass Power Plant has a power generation capacity of 13.6MW, and annual power transmission was 82 million kWh in FY2017.3.

Sourcing quality wood chips is crucial for stable power supply. The plant uses waste wood from construction and tree trimming, and also employs thinned timber that formerly went unused. We collaborate with Higashiagatsuma and the local forestry association to support local forest maintenance and increase the recycling rate for wood chips. Appropriate processing of ash from combustion is also important. The plant outsources this function to recycling companies so that ash from combustion is used effectively.



Agatsuma Biomass Power Plant



* EPC: Engineering, procurement and construction

Renewable Energy Business (Overseas)

● Wind power business in India

We are developing and operating a wind power business in India with generation capacity of 1,004MW in collaboration with an Indian infrastructure development and investment company, INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED. This business has developed a total of 26 wind power plants in seven southwestern Indian states that have good wind conditions. The generated power is mainly sold to state power companies under a feed-in tariff scheme, and also partially sold to commercial-scale utility customers.



Karnataka state



Madhya Pradesh state

● Hydropower business in Vietnam

ORIX has a stake in Bitexco Power Corporation (BPC), a hydropower generation company in Vietnam. BPC operates or is constructing 18 hydropower plants in Vietnam. The largest player in the hydropower generation business, BPC has a gross power capacity of 970MW.



The DakMi 4 power station, which is owned and operated by BPC

● Solar power generation business in the United States

We collaborate with IGS Solar to install solar panels on the roofs and land of properties including commercial facilities and schools, and then sell the electricity generated to the host property. Panels are installed or under construction at 13 properties in seven states throughout the United States, with total output projected at 20,000kW.

Investment in the Environment and Energy Business

● Asia Climate Partners: Managing a fund that invests in environment and energy in Asia

We are collaborating with Robeco Groep N.V., an asset management company in the ORIX Group, and the Asian Development Bank in joint venture Asia Climate Partners (ACP). ACP is one of the largest private equity funds in Asia that specializes in companies involved in environmental amelioration and carbon reduction. Government agencies, banks and insurance companies in Japan and overseas are also ACP investors. Based in Hong Kong, ACP is a team of experienced private equity investment professionals who explore opportunities to invest in renewable energy, clean technology, natural resource efficiency, water, agriculture and other environment-friendly businesses.

Target investment regions

China, India and Southeast Asia

Target investment sectors

Renewable energy, more efficient resource use, and environmental businesses

Investment performance (as of March 31, 2017)

- ColdEX Logistics, a cold chain logistics company in India
- Fluidic, a storage battery manufacturer operating throughout Asia
- Skeiron, a wind power generation company in India
- Panda Green Energy Group Limited, a solar power generation company in China

ORIX Initiatives for More Efficient Use and Supply of Energy

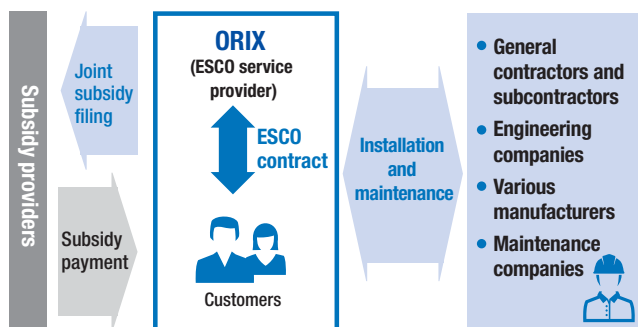
ORIX is involved in various businesses including energy-saving services, storage battery system rental services and electric power retailing. We contribute to efficient energy use and supply by providing products and services aligned with customer needs that save energy and reduce energy costs.

Efficient Energy Use

● Energy-saving services (ESCO services)

Energy service company (ESCO) services save energy and raise productivity. ESCOs charge a set amount for installation cost, maintenance cost and the cost of assessing the energy conservation benefits which pertain to equipment such as production facilities and power generation facilities in factories and buildings. Energy cost reductions cover the fees that ESCOs charge and eliminate the burden of up-front expenses. Many companies and municipalities have adopted our methods for simultaneously saving energy, raising productivity and reducing costs, and we had a track record of approximately 700 engagements as of March 31, 2017.

ORIX ascertains the status of customer energy use with energy diagnostics, and then provides comprehensive services that range from proposing to implementing energy-saving techniques. We address various property applications by selecting optimal equipment and items without specific manufacturer limitations, and we continue to provide support including operation and maintenance of equipment, energy conservation monitoring and verification, and operations consulting.

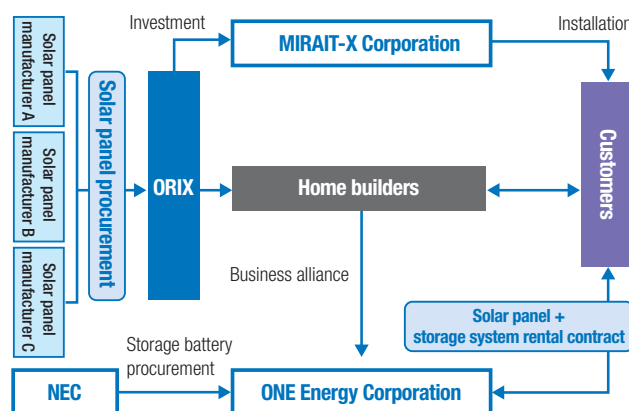


● Storage battery system rental services

ONE Energy, the shares of which are owned by ORIX and NEC Corporation (NEC), provides rental services for small storage systems for general households. We cooperate with home builders and other partners to offer rental household storage systems for single-family homes.

Customers benefit from these systems because they can reduce their electricity bill by storing cheap electricity at night and using it during the day, thus helping to reduce peak power demand. The system also serves as an emergency power supply during power failures. ONE

Energy's services include combining power storage systems and solar power generation systems. This combined system lets customers save or sell the surplus solar power they generate.



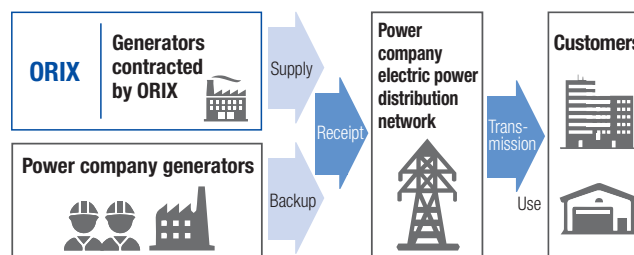
Efficient Energy Supply

● Electric power retailing

ORIX is a Power Producer and Supplier in Japan, which means we are an electric power retailer. ORIX primarily provides discounted power to corporate customers for their high-voltage and extra-high-voltage facilities. We operate in the service areas of Tohoku Electric Power, Tokyo Electric Power, Chubu Electric Power, Kansai Electric Power, and Chugoku Electric Power. Electricity sales for FY2017.3 totaled 2,296.4 million kWh, and we supplied electric power to about 10,000 facilities as of March 31, 2017.

We provide a free website service that visualizes electric power use for customers under contract. An overview of the service is as follows.

- Confirm monthly electricity consumption, electricity charge, and usage records for every 30-minute increment. Data can be downloaded.
- Customers with multiple facilities under contract can compare each facility's data with the list.



ORIX Initiatives for the Creation of a Society That Reuses and Recycles

ORIX provides an array of services to help create a society that emphasizes the extended use of things of value and a society that recycles, reuses resources, and effectively uses natural resources to reduce the generation of waste and environmental loading. We have businesses that recycle waste as resources, appropriately dispose of and recycle rubbish, reuse vehicles and equipment, and provide products and services with outstanding environmental performance.

Recycling Waste as Resources and Appropriately Disposing of and Recycling Rubbish

● Businesses that recycle waste as resources and support waste disposal

ORIX Environmental Resources Management operates a zero emissions¹ facility (Yorii Plant) that uses cutting-edge thermal decomposition, gasification and reforming methods in Yorii, Saitama Prefecture. It is a private finance initiative project with Saitama Prefecture. A key feature of the facility is that it achieves 100% recycling by gasification melting of waste products at a temperature of roughly 2,000°C. The plant can process 450 tons of waste per day, making it one of the largest private-sector incineration and melting facilities in Japan in terms of processing capacity. The waste passes through various processes to be reused as resources such as material for asphalt (slag) and road de-icing agent (industrial salts). The syngas produced during melting is refined and used to fuel a high-efficiency generator for power generation facilities at the site, and surplus electricity is sold to a power company. We set strict limits on emissions and minimize environmental loading to the greatest extent possible. We limit dioxins to one-tenth the legal limit and have voluntary restrictions on other emissions as well.

In addition to industrial waste from companies, the Yorii Plant is capable of accepting household waste that exceeds the processing capacity of local governments. We have enhanced our services to complement the municipal waste disposal operations of nearby local governments and have contracts with about 50 municipalities. In addition, the plant serves as a backup waste processor when municipal processing facilities are shut down due to major repairs, renovation or mechanical problems. Recently, we have taken on with increasing frequency waste consigned by local governments when a disaster has generated more waste than they can process, and we have concluded post-disaster waste disposal backup agreements with multiple municipalities.

Zeeklite Co., Ltd., a subsidiary of ORIX Environmental Resources Management, operates one of the largest controlled landfills in Japan. Our organization therefore provides final disposal as well as waste incineration and melting at the Yorii Plant, making us a single source that can address a wide range of corporate and local government waste requirements.



ORIX Environmental Resources Management's Yorii Plant



Zeeklite's Ecoport Landfill

1. Complete use of waste as resources or for other purposes to eliminate unnecessary waste emissions.

● Rubbish reuse, recycling and proper processing support, and metal recycling

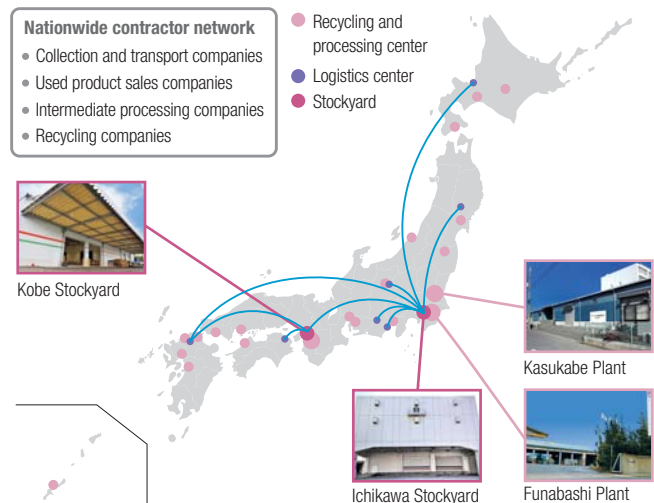
Rubbish reuse, recycling and proper processing support (nationwide recycling system)

ORIX Eco Services is building a network that collectively supports the collection, reuse, recycling, and proper disposal of rubbish throughout Japan. We support customer rubbish processing by centrally managing processing company selection and dispatch, sale price determination, cost reduction proposals, and administrative work related to proper disposal to ensure uniform collection and recycling quality and prevent improper processing nationwide. We deal with the diverse needs of our customers through an appropriate processing network in cooperation with collection and transportation companies, used product sales companies, intermediate processing companies, recycling companies and others.

Metal recycling (ORIX processing facilities)

ORIX Eco Services operates intermediate processing facilities in Funabashi, Chiba Prefecture and Kasukabe, Saitama Prefecture that mainly handle metal waste such as machinery and office automation (OA) equipment. We provide comprehensive processing of machinery and other waste composed of multiple metals that ranges from collection and storage to primary processing and material recycling, and sort out high-quality metals. Our integrated operations disassemble, erase data, and collect materials from waste such as OA and information technology (IT) equipment that contains rare metals, then sort the materials for recycling.

Proper 3R² Disposal through a Nationwide Network



2. 3R stands for Reduce, Recycle and Reuse.

Vehicle and Equipment Reuse

● Used vehicle leasing and sales, vehicle purchasing and sales agency

ORIX Auto provides comprehensive automobile services including automobile leasing, automobile rental, car sharing, and vehicle management services. It had 1.28 million vehicles under management as of March 31, 2017, among the largest in Japan. We also leverage our vehicle expertise in businesses that make use of used vehicles. We operate our own auctions to distribute used vehicles, and recycle used vehicles for parts.

In addition to used vehicles that we had offered through our leasing and rental car businesses, we distribute vehicles purchased from corporate and individual customers, and used vehicles from our sales agency service for corporate customers. Used vehicles from our leasing and rental businesses are of particularly good quality because we regularly maintain and inspect them.

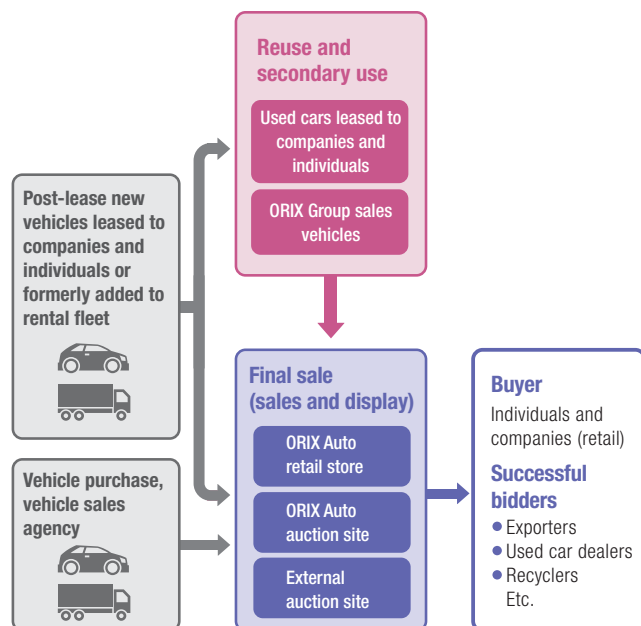
We rigorously and comprehensively inspect used vehicles. We only offer those that meet our standards for sale or lease at retail outlets. We hold auctions at our own sites nationwide for the remaining used vehicles to sell them to other companies. We disassemble vehicles that we cannot resell and recycle them for parts.



Auction site



Used product sales display



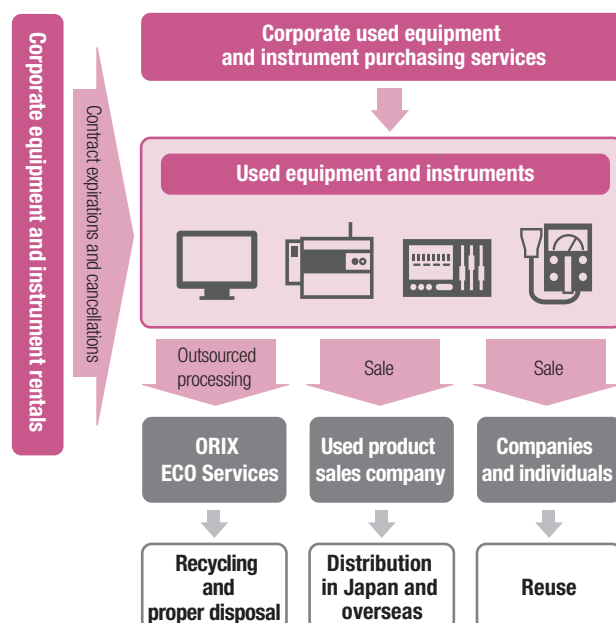
● Used equipment sales

ORIX Rentec offers rental services for high-tech equipment such as electronic measuring instruments, scientific and environmental analysis equipment, and IT equipment. Its rental lineup included 1.64 million units in 32 thousand categories as of March 31, 2017.

We rigorously control the quality of used equipment such as personal computers, servers, test and measurement instruments, and analysis equipment made available by the expiration or cancellation of lease contracts, with inspections to ensure the same level of operation and precision as the equipment we lease. We then sell the used equipment at reasonable prices directly to corporate and individual customers. We also periodically auction equipment to used equipment companies, and sell through websites.

In addition, we offer asset purchasing services for customer instruments, machinery and equipment. Leveraging our rental business pricing and purchasing expertise, we help customers reduce the trouble and costs of disposing of equipment rendered unnecessary by replacement, facility renewal, and plant consolidation or relocation.

We sell the reusable equipment we purchase to used equipment dealers. We outsource the disposal of unsaleable equipment to Group company ORIX Eco Services, which handles recycling and proper disposal.



Providing Products and Services with Outstanding Environmental Performance

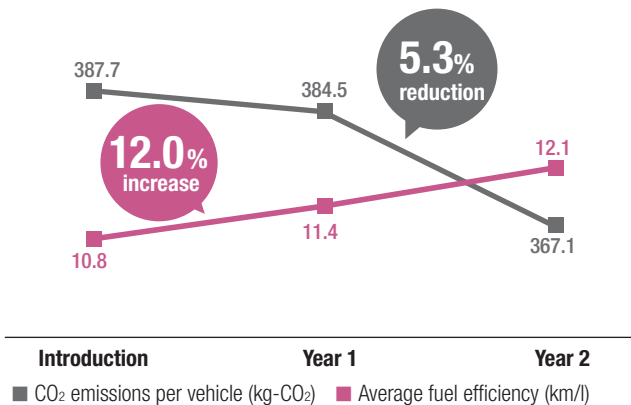
● Telematics services

ORIX Auto provides telematics services (e-Telematics) that visualize the operating status of customer vehicles equipped with an onboard communication and GPS device. We acquire information such as driving speed, driver behavior including sudden acceleration and deceleration, fuel consumption, and CO₂ emissions in real time, and analyze these driving data to reduce the environmental load of vehicle use.

Specifically, a designated recipient receives an e-mail when unsafe driving behavior occurs, such as excessive speed or rapid acceleration or deceleration. Drivers want to preclude the transmission of these e-mails, leading to safe, environmentally sound driving that reduces fuel costs, improves fuel economy and reduces CO₂ emissions.

As of March 31, 2017, we provided telematics services for 145 thousand vehicles.

Examples of e-Telematics Environmental Benefits



● Automobile maintenance services

ORIX Auto offers maintenance lease service packages covering most of the administrative work related to vehicles, such as vehicle procurement, periodic check-ups, mandatory vehicle inspections, payment of various taxes, and accident assistance.

During inspections, we improve fuel economy and reduce exhaust gas in ways such as properly changing or replenishing the oil, checking tire pressure, and replacing worn or deteriorated parts. We also conserve resources by promoting the use of recycled parts when replacing parts during repairs.

ORIX Auto outsourced maintenance to approximately 9,100 garages as of March 31, 2017. We also established ORIX Maintenance Club in 1984 to improve the quality of maintenance, and the major garages we outsource to have joined. Other supporting members include tire and battery manufacturers, property and casualty insurance companies, and oil and parts manufacturers. The club holds national conventions once a year and regional conventions twice a

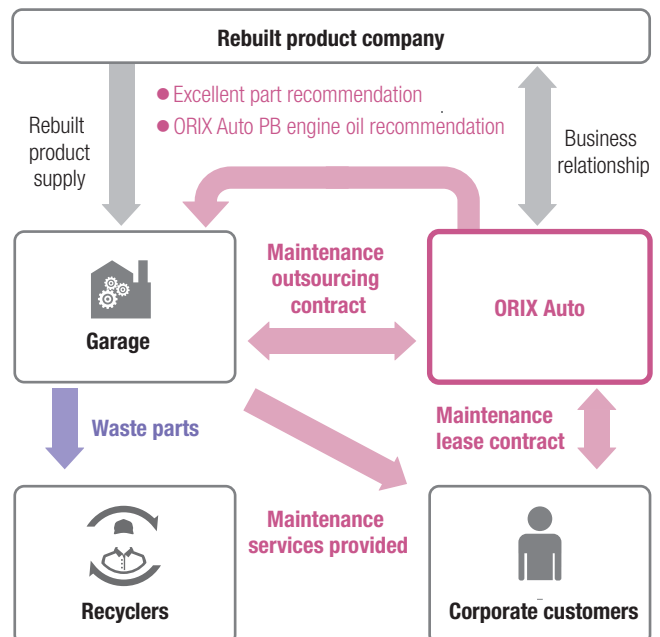
year to share information, and also holds workshops to improve the level of maintenance technology and service. ORIX Auto periodically conducts surveys on the operations of maintenance contractors to confirm that they are providing maintenance necessary for safe driving without providing excessive maintenance.

ORIX Auto supplies garages with rebuilt components for some parts used for vehicle maintenance and repair. Rebuilt components are produced by disassembling and cleaning used components and refurbishing worn and deteriorated parts for reuse, and help reduce CO₂ emissions generated in the process of manufacturing new parts. We have rigorous inspection standards for finished products, which are equivalent to new in performance because of our quality checks. ORIX Auto has relationships with numerous suppliers of rebuilt parts to ensure the availability of high-quality parts when needed. We also select suppliers by conducting annual quality checks, and only work with highly reliable suppliers.

Each garage recycles waste parts from vehicle maintenance and repair as resources through recycling contractors.



Auto garage



ORIX Initiatives for the Aging Society

Initiatives to create a society in which the elderly can live with peace of mind have become an important issue in the ongoing aging of society. ORIX is resolving such issues through services including senior housing management that provides a secure and comfortable life for seniors, and monitoring services to reduce the accident risk of senior drivers.

Senior Housing Management

Japan is aging faster than any other country in the world. ORIX Living aims to change nursing care norms and create a completely new standard for senior living and nursing care. As of March 31, 2017, we operate 30 nursing homes and senior residences nationwide that combine living with nursing care and healthcare services. We provide secure and comfortable living with measures such as care lifts at all facilities to reduce the physical and mental burden of residents who are receiving nursing care and the physical burden of nursing care staff. We are introducing nursing robots and IT to further reduce labor and the burden on nursing staff. This allows the staff to spend more time communicating with residents and supports further service improvements.

In addition, we have established the ORIX Living Innovation Center as a research, development and creation base for frontline nursing care. Its objective is to find innovative answers for contemporary frontline nursing care issues. Currently, about 80% of frontline nursing care professionals complain of back pain, and a shortage of 380,000 workers is forecast in 2025. Relying on manual nursing care alone has already reached its limits. Rectifying this situation requires immediate reductions in frontline nursing care labor through the development of new technologies. We are smoothly communicating actual frontline nursing care requirements to organizations including manufacturers and research institutes to contribute to the development of support equipment that is truly useful and easy to use for both those who provide nursing care and those who receive it.

Development Outcomes

- Neos + Care®, an infrared range sensor for nursing care providers to monitor seniors in nursing home rooms; jointly developed with Noritsu Precision Co., Ltd.
- Swing Lift CoCoRo, a drop-down in-wall nursing care lift for in-room transfers; jointly developed with Moritoh Corporation
- frasse care plusmotion, an elevating washbasin that adjusts to accommodate a wide range of variables from gender-based differences in physique to wheelchair users; jointly developed with Shibutani Co., Ltd.
- poem, a shoe for senior women that offers good design along with functionality that compensates for declining physical capabilities; jointly developed with Pansy Corporation
- Supervision of a universal mug design that allows seniors to relax when enjoying drinks; manufactured by Nikko Company

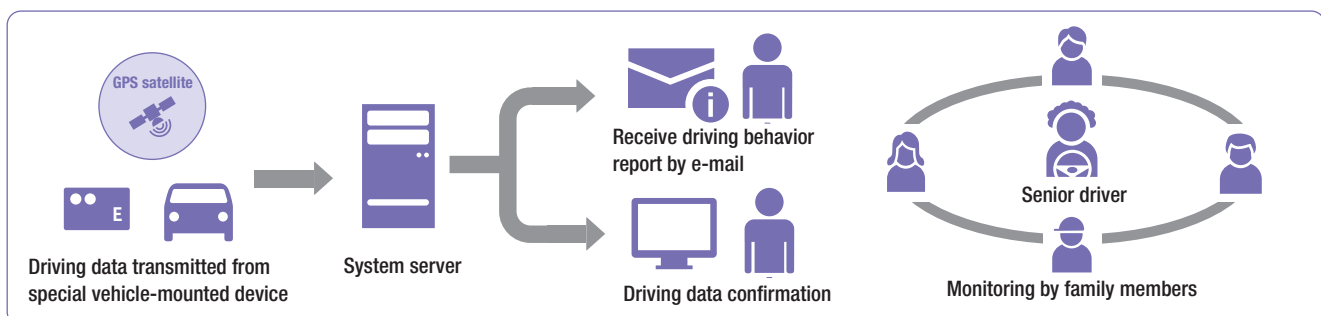
Telematics Services: Monitoring Services for Elderly Drivers

ORIX Auto launched the Ever Drive monitoring service for the families of senior drivers in February 2017. It reduces accident risk using telematics technology. The proportion of seniors involved in fatal accidents has been rising year by year. The objective of this service is to visualize driving to quickly identify the signs of risky driving.

The service uses a specialized device mounted in the vehicle of the driver the family wishes to monitor, which provides the family with real-time information on driving behavior, including excessive speed and sudden acceleration and deceleration. ORIX Auto began offering the e-Telematics

service to corporate customers in 2006, and leveraged this expertise in developing Ever Drive. Other ancillary driver support services include health consultations with doctors and nurses, a test to check cognitive function, and on-site support in the event of an emergency while on the road. In addition, visualizing senior driver behavior makes noticing changes in behavior due to dementia or other issues easier. ORIX Auto will also analyze the data it collects to develop support services for senior drivers.

Moreover, we will help to work toward a society free of automobile accidents by sharing big data collected via e-Telematics and Ever Drive with municipalities, police, universities and research institutes, hospitals and nursing care facilities.



ORIX Initiatives for Regional Revitalization

We contribute to regional revitalization through means including the concession business, agriculture business, and Japanese inn operation business. The concession business, which involves managing airports, collaborates with regional companies and governments to increase demand for businesses and tourism. The highly competitive, high-value-added agriculture business and the Japanese inn operation business, which involves the revitalization of traditional Japanese inns to attract more tourists, contribute to the development of regional economies and the creation and expansion of regional employment.

Concession Business

In the concession business, private enterprises are responsible for the operation of public facilities such as airports, roads, water supply and sewerage, while public entities retain ownership of the facilities. The Japanese government is promoting concessions to revitalize the economy and enhance fiscal soundness, and ORIX is energetically addressing Japan's social issues of aging infrastructure and population decline.

Our first concession project was the operation of Kansai International Airport and Osaka International Airport (Itami Airport), which was the first full-fledged airport management project by the private sector in Japan. Kansai Airports, established by a consortium led by ORIX and VINCI Airports of France, took over the operation of both Kansai International Airport and Osaka International Airport from New Kansai International Airport Company on April 1, 2016. We will continue to operate the airports for a long period of 44 years, and will aim for continuous development of both airports while balancing creativity and dynamism as a private company with our social responsibility as an entity responsible for public infrastructure.

Adding more routes and passengers requires enhancing the attractiveness not only of the airports, but also of the surrounding areas. Kansai Airports is constantly enhancing its airport facilities and is collaborating with local businesses and governments to increase business and tourism demand.



Kansai International Airport

Agriculture Business

ORIX expects that regulatory reform and changes in the operating environment will make agriculture a growth business over the long term. We intend to contribute to the development of regional economies through a highly competitive, high-value-added agriculture business.

Kada Green Farm (Established in October 2004)

We operate a tomato farm in Wakayama Prefecture that is a joint venture with KAGOME CO., LTD. It uses sophisticated technology from the Netherlands to grow fresh tomatoes. This high-tech farm has computers that automatically control temperature, humidity and moisture to create the optimum environment for growing safe and reliable high-quality tomatoes. Kada Green Farm, which began production in 2005 and is now in its thirteenth year, is rooted in the community and has created approximately 200 full- and part-time jobs.

ORIX Agriculture (Established in February 2014)

In Hyogo Prefecture, we effectively use a closed school building to operate a plant factory that grows lettuce and other vegetables using completely artificial light. The interior of the factory is sealed off from the outside atmosphere, which enables cultivation without agricultural chemicals due to the reduced risk of contamination and makes the factory resilient to the effects of the seasons and weather. Moreover, the small number of viable bacteria enables vegetables with nutritional value with lower washing costs and environmental loading. Production is stable and highly efficient because replant failure is not an issue. We have created employment in a depopulated area by making effective use of a closed school, and we are producing and consistently supplying safe, reliable and delicious vegetables using rigorous sanitation management.



ORIX Yatsugatake Farm (Established in April 2015)

In Nagano Prefecture, we established an agricultural corporation in cooperation with Honda Engei Co., Ltd. to produce leafy vegetables such as spinach in hydroponic cultivation facilities using natural light. We control the environment and manage nutrient solutions in the greenhouse to enable 19 efficient harvests throughout the year regardless of the season while creating stable jobs for the community. We employ the ORIX Group's sales network to sell the vegetables produced directly to customers such as retailers, restaurants, and food manufacturers. We intend to establish a more stable production system and an efficient direct distribution and sales model without going through the market, thereby contributing to the local community and expanding regional employment through the revitalization of agriculture.



Yabu Farm (Established in June 2015)

We established Yabu Farm Corporation, an agricultural production corporation, with Yabu Partners Corporation, a wholly owned corporation of Yabu City, Japan Agricultural Cooperatives Tajima, and local agricultural producers in Yabu City, Hyogo Prefecture, a national strategic special zone known as a mountainous and intermountain agricultural reform district. Yabu Farm has a cooperative system that integrates production, sales and logistics in Yabu City, and is building a new agricultural business model in a disadvantaged mountainous and intermountain area.

Approximately 73% of Japan's land area and 40% of the land under cultivation is located in agriculturally disadvantaged mountainous and intermountain areas. Yabu Farm has become a model agricultural business for such areas throughout Japan, which face issues similar to those of Yabu City. Yabu Farm produces safe, reliable and delicious vegetables through new supply chains and makes agriculture more profitable while promoting further revitalization of communities.

Smart Agriculture IWATA (Established in April 2016)

A joint venture with Fujitsu Limited and Masuda Seed Co., Ltd. in Shizuoka Prefecture, Smart Agriculture IWATA Co., Ltd. has the goal of agriculture-based regional revitalization. It produces tomatoes, bell peppers, kale and other vegetables in a large-scale, controlled environment facility that uses information and communication technology. The project employs sensors, big data, AI and other technologies to increase the productivity and quality of agricultural products and create a new food and agricultural value chain business model that ranges from seedlings, production and processing to shipping, sales and more. Our goal is to collaborate intensively with the local city of Iwata to contribute to the regional economy through regional branding and the creation of stable employment.

Operation of Japanese Inns

Since entering the Japanese inn business in 2002, ORIX Real Estate has been involved in the operation of eight hot spring resorts. Our business of rehabilitating long-established Japanese inns in various locations has emphasized protecting the jobs of local employees. Moreover, the increased number of guests drawn by investment in new facilities and improved service levels has also helped to vitalize local economies by increasing the number of tourists.

Seven Japanese Inns with Hot Springs Operated by ORIX Real Estate

Name	Location	Start of Operation	Rooms	Guest Capacity
Beppu Suginoi Hotel	Beppu Oita Prefecture	September 2002	647	2,914
Onyado Toho	Aizuwakamatsu, Fukushima Prefecture	June 2004	160	860
Otsuki Hotel Wafuukan	Atami, Shizuoka Prefecture	November 2005	28	120
HOTEL MICURAS	Atami, Shizuoka Prefecture	January 2007	62	176
Tateshina Grand Hotel Takinoyu	Chino, Nagano Prefecture	September 2011	145	600
Unazuki Suginoi Hotel	Kurobe, Toyama Prefecture	June 2014	129	726
Hotel Banzo	Hakodate, Hokkaido Prefecture	October 2015	86	286

ORIX began supporting Naruko Hotel from December 2006. The former management team reacquired hotel business rights and assets as of October 31, 2011, and completed the rehabilitation.

Naruko Hotel	Osaki, Miyagi Prefecture	December 2006	128	550
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Beppu Suginoi Hotel after ORIX Investment

	Occupancy Rate	Guests	Initiatives
2003	52%	251,000	"Tanayu" bath with panoramic view
2008	68%	345,000	Buffet restaurant
2015	100%	628,000	Direct marketing
2016	100%	670,000	Theater style buffet restaurant
2017*	91%	641,000	Open-air buffet restaurant

* Decrease from previous year due to the effect of the Kumamoto earthquakes in April 2016.



ORIX Initiatives for a Smart and Resilient Society

We contribute to the realization of a smart, resilient society through the products and services of our rental, auto-related and other businesses. Our rental business supports corporate R&D with an extensive equipment lineup, and also offers leading-edge robot rental services. Our auto-related business is developing special vehicles that address customer needs such as disaster response and operational efficiency.

Rental Business (Corporate R&D Support)

ORIX Rentec offers rental services for high-tech equipment such as electronic measuring instruments, scientific and environmental analysis equipment, IT equipment and medical devices. Its rental lineup included 1.64 million units in 32 thousand categories as of March 31, 2017. We support R&D and asset optimization with rental terms tailored to customer needs, from short-term leases of less than a month to mid-to-long-term leases of more than one year. We also offer measurement services to support customer outsourcing and IT services to support optimum operation of customer IT assets.

● Robot rental (Support for the smooth introduction of leading-edge robots)

We offer our RoboRen robot rental service to corporate customers. We began with cooperative robot rentals with anticipated uses in industries ranging widely from food and pharmaceuticals to cosmetics. We will expand this lineup with leading-edge robots for the fields of manufacturing, services, nursing and health care, infrastructure, disaster response and construction, where high demand is expected. Companies in a wide range of industries including manufacturing are examining the effective use of robots with increasing urgency due to intensifying competition resulting from technological innovations and labor force contraction caused by the declining birthrate and aging population. At the same time, introducing robots entails high initial costs and requires expertise in areas including operating methods, which is in short supply. ORIX Rentec offers education by expert engineers and phone support, and provides opportunities to check and compare robot motion and operability at Tokyo Robot Lab., a robot showroom.



Robot showroom Tokyo Robot Lab.

Development and Sale of Special Vehicles

ORIX Auto uses the knowledge it has gained from truck and specialty vehicle leasing to plan and develop mobile bank branch vehicles and mobile office vehicles that are equipped according to customer requirements.

Mobile bank branch vehicles can provide financial services without opening a branch of a financial institution. We began developing them in response to a request from a regional bank whose branches had been damaged in the Great East Japan Earthquake. Financial institutions that are introducing business continuity plans are using these vehicles for disaster preparedness, and they are also increasingly popular as a means to raise operating efficiency in regions where financial institutions are consolidating branches.

We developed the mobile office vehicle to meet customer requirements for reduced working hours and other ways to increase operating efficiency. Our mobile office vehicles are modified work vans equipped with a desk, a chair with storage capabilities, an inverter, an air conditioner and an LED lamp that serve as simple offices and enable office work as time permits. They can improve labor efficiency, reduce employee fatigue, and reduce office rental costs at construction sites and other locations where temporary offices are difficult to install. They can also store power and so are likely to find use in areas affected by disasters.

Data (As of March 31, 2017)

- Mobile bank branch vehicle sales: 62 units
- Mobile office vehicle rental units in inventory: 100 units nationwide



Mobile office vehicle

Relationship with Employees

Human Resources Initiatives

Making Maximum Use of the Capabilities and Expertise of Our Employees under the Concept of “Keep Mixed”

People are ORIX’s most important asset. We hire diverse human resources regardless of nationality, age, gender or work history, integrating their diverse values and expertise within our concept of a Fusion of Intelligence to create new value and workplaces where employees can fully use their capabilities. Specifically, we create fulfilling workplaces by establishing a working environment that respects diverse work styles and embraces contemporary social conventions, and by reforming our human resource system. Moreover, we are enhancing training to offer opportunities for employees who embrace challenges and enable employees to excel internationally.



Initiatives to Realize Our “Keep Mixed” Concept

Promoting Diversity

We have promoted diversity by enhancing our system for work styles that accommodate the life stage of individual employees to empower them to demonstrate their capabilities, and we complement training that helps employees take the initiative in building their careers with proactive programs to help raise employee awareness. We also help women to excel and have been actively recruiting women since 1982, well before the Equal Employment Opportunity Act for Men and Women was passed in 1986. In line with the Act on Promotion of Women’s Participation and Advancement in the Workplace enacted in 2016, ORIX has formulated its Action Plan for Promoting Female Employee Participation as described below.

ORIX Corporation’s Action Plan for Promoting Female Employee Participation

Target	Increase the percentage of female employees in managerial positions by 5 points (compared with 2015) to 18% by 2020
Main initiatives	<ul style="list-style-type: none"> • Hire a certain number of female employees • Establish career plans that nurture female manager candidates and provide seminars and workshops for young female employees • Implement programs and training to nurture female executive candidates who will be responsible for the next generation

Improving Work-Life Balance

ORIX wants optimum workplaces in which all employees are empowered to fully demonstrate their individual capabilities. We therefore support flexible work styles so that men and women can excel long term.

• Promoting Work Style Reform

We launched our Work Style Reform Project in October 2016 under the direct control of the CEO. The goals of the project were to create a workplace that empowers diverse people to excel by improving productivity, and to engender a culture that accepts various work styles. Under the project, we set up a committee of about 100 front-line employees from 10 major Group companies, which considered issues and measures over a six-month period, and proposed about 80 measures to the CEO. We have been promoting reforms to realize these proposals since April 2017.

Personnel System

We are improving our personnel system so that it is better aligned with the life stage and career of employees. Moreover, we have a childcare and nursing care support system that goes beyond statutory requirements.

System objectives	System summary
Support pregnancy and childbirth	Short working hours during pregnancy, staggered pre-maternity hours, short working hours for prenatal and postpartum doctor visits
Support childcare	Childcare leave, childcare time, short working hours for childcare, nursing care holidays, subsidies for babysitters
Support nursing care	Nursing care leave, nursing care holidays, short working hours for nursing care
Support career development	Career Challenge, Career Change, internal job posting program, Self-Declaration for transfer, Career Select, transfers to accommodate a spouse transfer, spouse transfer leave, rehiring after a leave of absence, recruiting within the ORIX Group for senior employees
Promote work-life balance	Flex time, staggered working hours, incentives for short vacations to refresh and rejuvenate, days off for volunteering

Training System

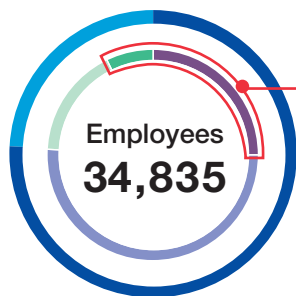
We have various training programs to empower employees to fully demonstrate their individual capabilities.

System Objectives	Training summary
Strengthen human resource management and organizational development capabilities	Position-based training: Training that addresses the basic skill sets required for each level and career development that supplements and supports on-the-job training
Support employee self-development	Skill acquisition training: Programs to impart the business skills that help employees fully demonstrate their capabilities on the job and programs for acquiring expertise for particular jobs
Enhance management capabilities	Selection training: Training to nurture the next generation of ORIX leaders who will excel globally with cross-profession exchanges, on-the-job training at overseas subsidiaries, short-term overseas graduate school study abroad programs
Promote diversity (women)	Training to help women excel: Age- and profession-based career building seminars, programs for working mothers
Promote diversity (seniors)	Training for employees aged 50 and over: Career design training and interviews

Fact Sheet

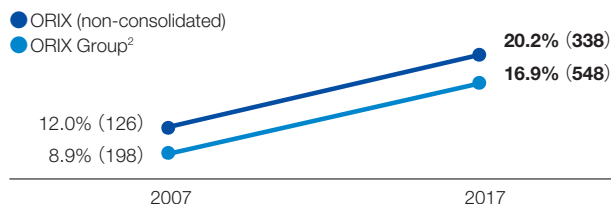
Employee Composition

(As of March 31, 2017)

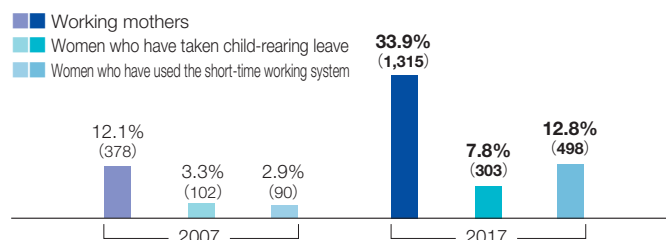


	Number of Employees	Proportion
Overseas (Female employees overseas)	8,268 (2,372)	24% (7%)
Japan (Female employees in Japan)	26,567 (8,732)	76% (25%)
Female employees	11,104	32%

Female Employees in Managerial Positions¹



Female Employees Who Are Working Mothers^{2, 3}



1. The percentages in "Female employees in managerial positions" represent the ratio of female managers to the total number of managers.

2. Applies to ORIX Corporation and domestic Group companies (a total of ten companies).

3. The percentages in the "Female employees who are working mothers" represent the ratio of female employees who are working mothers to total regular female employees.

Financial Section

Eleven-Year Summary

ORIX Corporation and Subsidiaries
Years Ended March 31

	2007	2008	2009	2010
Financial Position:				
Investment in Direct Financing Leases	¥1,258,404	¥1,098,128	¥ 914,444	¥ 756,481
Installment Loans	3,490,326	3,766,310	3,304,101	2,464,251
Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses	(89,508)	(102,007)	(158,544)	(157,523)
Allowance/Investment in Direct Financing Leases and Installment Loans (%)	1.9	2.1	3.8	4.9
Investment in Operating Leases	862,049	1,019,956	1,226,624	1,213,223
Investment in Securities	875,581	1,121,784	926,140	1,104,158
Property under Facility Operations	152,106	197,295	189,560	186,396
Total Assets	8,194,991	8,981,012	8,353,852	7,722,017
Short-term Debt, Long-term Debt and Deposits	5,483,922	6,263,017	5,919,639	5,263,104
ORIX Corporation Shareholders' Equity	1,186,366	1,258,906	1,157,269	1,287,179
Revenues and Expenses:				
Total Revenues	¥1,101,323	¥1,101,364	¥1,014,289	¥ 887,290
Total Expenses	824,758	926,837	961,003	856,326
Provision for Doubtful Receivables and Probable Loan Losses	13,807	33,223	77,015	71,857
Income before Income Taxes and Discontinued Operations	310,478	235,075	11,195	56,748
Income from Continuing Operations	186,510	141,496	15,054	35,723
Net Income Attributable to ORIX Corporation Shareholders	195,323	168,454	20,674	36,512
ROA (%)	2.53	1.96	0.24	0.45
ROE (%)	18.3	13.8	1.7	3.0
Per Share Data (Yen):				
Net Income Attributable to ORIX Corporation Shareholders:				
Basic Earnings per Share	¥ 216.40	¥ 184.81	¥ 23.25	¥ 35.83
Diluted Earnings per Share	208.84	180.57	22.07	30.58
ORIX Corporation Shareholders' Equity per Share	1,300.36	1,391.10	1,294.48	1,197.55
Cash Dividends	13.00	26.00	7.00	7.50
Operations:				
Direct Financing Leases:				
New Equipment Acquisitions	¥ 636,723	¥ 574,859	¥ 364,734	¥ 232,629
Installment Loans:				
New Loans Added	2,226,282	2,331,331	1,055,014	598,046
Operating Leases:				
New Equipment Acquisitions	348,561	465,909	426,715	189,915
Investment in Securities:				
New Securities Added	331,055	688,148	374,614	519,769
Other Operating Transactions:				
New Assets Added	215,409	152,480	76,269	24,186
Number of Employees	16,662	18,702	18,920	17,725

Notes: 1. In fiscal 2011, the Company and its subsidiaries adopted FASB Accounting Standards Update 2009-16 (ASC 860 ("Transfers and Servicing")) and FASB Accounting Standards Update 2009-17 (ASC 810 ("Consolidation")). The effects of adopting these updates on the Company and its subsidiaries' financial conditions at the initial adoption date were an increase of ¥1,147.4 billion in total assets, an increase of ¥1,169.0 billion in total liabilities and a decrease of ¥22.5 billion in retained earnings, net of tax, in the consolidated balance sheets.

2. Cash dividends represent the amount of dividend per share for the corresponding fiscal year.

Millions of yen

2011	2012	2013	2014	2015	2016	2017
¥ 830,853	¥ 900,886	¥ 989,380	¥1,094,073	¥ 1,216,454	¥ 1,190,136	¥ 1,204,024
2,983,164	2,769,898	2,691,171	2,315,555	2,478,054	2,592,233	2,815,706
(154,150)	(136,588)	(104,264)	(84,796)	(72,326)	(60,071)	(59,227)
4.0	3.7	2.8	2.5	2.0	1.6	1.5
1,270,295	1,309,998	1,395,533	1,379,741	1,296,220	1,349,199	1,313,164
1,175,381	1,147,390	1,093,668	1,214,452	2,846,257	2,344,792	2,026,512
207,480	194,576	218,697	295,863	278,100	327,016	398,936
8,561,910	8,332,830	8,435,193	9,063,517	11,439,874	10,992,918	11,231,895
6,075,076	5,828,967	5,556,330	5,363,968	5,701,356	5,685,014	5,753,059
1,306,582	1,380,736	1,643,596	1,919,346	2,152,198	2,310,431	2,507,698
¥ 938,258	¥ 963,721	¥1,052,477	¥1,375,292	¥ 2,174,283	¥ 2,369,202	¥ 2,678,659
865,992	841,506	901,624	1,172,244	1,917,454	2,081,461	2,349,435
31,065	19,186	10,016	13,838	11,631	11,717	22,667
90,271	127,515	172,572	286,339	344,017	391,302	424,965
65,437	82,907	118,890	187,786	254,960	270,990	280,926
66,021	83,509	111,909	187,364	234,948	260,169	273,239
0.81	0.99	1.33	2.14	2.29	2.32	2.46
5.1	6.2	7.4	10.5	11.5	11.7	11.3
¥ 61.42	¥ 77.68	¥ 102.87	¥ 147.75	¥ 179.47	¥ 198.73	¥ 208.88
51.83	65.03	87.37	143.20	179.21	198.52	208.68
1,215.44	1,284.15	1,345.63	1,465.77	1,644.60	1,764.34	1,925.17
8.00	9.00	13.00	23.00	36.00	45.75	52.25
¥ 351,116	¥ 405,660	¥ 455,433	¥ 560,665	¥ 595,351	¥ 527,575	¥ 512,740
721,189	743,113	918,579	1,034,726	1,110,054	1,102,279	1,309,488
297,954	246,822	295,765	326,329	313,996	463,770	401,913
791,054	699,709	758,292	930,526	1,030,426	898,230	489,357
40,763	37,876	12,931	50,455	148,071	164,500	162,476
17,578	17,488	19,043	25,977	31,035	33,333	34,835

3. Balance sheet data and income statement data have been changed from beginning in the third consolidated fiscal period of fiscal 2015. The amounts in the previous years have been retrospectively reclassified for this change.

4. During fiscal 2015, we eliminated the accounting period gap that previously existed between DAIKYO and ORIX. The amounts in the previous years have been retrospectively reclassified for this change.

Financial Section

Consolidated Balance Sheets

ORIX Corporation and Subsidiaries

For the Years Ended March 31, 2015, 2016 and 2017 (FY2015.3 is unaudited)

Millions of yen

		2015	2016	2017
ASSETS				
Cash and Cash Equivalents		¥ 827,518	¥ 730,420	¥ 1,039,870
Restricted Cash		85,561	80,979	93,342
Investment in Direct Financing Leases		1,216,454	1,190,136	1,204,024
Installment Loans	The amounts of ¥15,361 million as of March 31, 2015, ¥20,673 million as of March 31, 2016 and ¥19,232 million as of March 31, 2017 are measured at fair value by electing the fair value option under FASB ASC 825.	2,478,054	2,592,233	2,815,706
Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses		(72,326)	(60,071)	(59,227)
Investment in Operating Leases		1,296,220	1,349,199	1,313,164
Investment in Securities	The amounts of ¥16,891 million as of March 31, 2015, ¥27,367 million as of March 31, 2016 and ¥24,894 million as of March 31, 2017 are measured at fair value by electing the fair value option under FASB ASC 825.	2,846,257	2,344,792	2,026,512
Property under Facility Operations		278,100	327,016	398,936
Investment in Affiliates		378,087	530,667	524,234
Trade Notes, Accounts and Other Receivable		348,404	294,638	283,427
Inventories		165,540	139,950	117,863
Office Facilities		131,556	120,173	110,781
Other Assets	The amounts of ¥36,038 million as of March 31, 2015, ¥37,855 million as of March 31, 2016 and ¥22,116 million as of March 31, 2017 are measured at fair value by electing the fair value option under FASB ASC 825.	1,464,203	1,352,786	1,363,263
Total Assets		¥11,443,628	¥10,992,918	¥11,231,895

Millions of yen

		2015	2016	2017
LIABILITIES				
Short-term Debt		¥ 284,785	¥ 349,624	¥ 283,467
Deposits		1,287,380	1,398,472	1,614,608
Trade Notes, Accounts and Other Payable		335,936	266,216	251,800
Policy Liabilities and Policy Account Balances	The amounts of ¥1,254,483 million ¥795,001 million as of March 31, 2015 March 31, 2016 and ¥605,520 million as of March 31, 2017 are measured at fair value by electing the fair value option under FASB ASC 825.	2,073,650	1,668,636	1,564,758
Income Taxes:				
Current		9,445	17,398	93,884
Deferred		336,069	341,360	351,828
Long-term Debt		4,129,191	3,936,918	3,854,984
Other Liabilities		598,446	534,008	562,393
Total Liabilities		9,054,902	8,512,632	8,577,722
Redeemable Noncontrolling Interests		66,901	7,467	6,548
Commitments and Contingent Liabilities				
EQUITY				
Common Stock:		220,056	220,469	220,524
Authorized				
Issued	March 31, 2015	2,590,000,000 shares		
	March 31, 2016	1,323,644,528 shares		
	March 31, 2017	1,324,058,828 shares		
		1,324,107,328 shares		
Additional Paid-in Capital		255,595	257,629	268,138
Retained Earnings		1,672,585	1,864,241	2,077,474
Accumulated Other Comprehensive Income (Loss):				
Net unrealized gains on investment in securities		50,330	47,185	32,279
Defined benefit pension plans		(19,448)	(23,884)	(17,330)
Foreign currency translation adjustments		431	(24,766)	(31,736)
Net unrealized losses on derivative instruments		(940)	(4,757)	(4,483)
Sub-Total		30,373	(6,222)	(21,270)
Treasury Stock, at Cost:		(26,411)	(25,686)	(37,168)
March 31, 2015		15,001,557 shares		
March 31, 2016		14,544,808 shares		
March 31, 2017		21,520,267 shares		
ORIX Corporation Shareholders' Equity		2,152,198	2,310,431	2,507,698
Noncontrolling Interests		165,873	162,388	139,927
Total Equity		2,318,071	2,472,819	2,647,625
Total Liabilities and Equity		¥11,443,628	¥10,996,906	¥11,231,895

Notes: 1. The Company's shares held through the Board Incentive Plan Trust (2,153,800 shares as of March 31, 2015, 1,696,217 shares as of March 31, 2016 and 2,126,076 shares as of March 31, 2017) are included in the number of treasury stock shares as of March 31, 2015, 2016 and 2017.

2. Prior-year amounts have been adjusted for the retrospective application of Accounting Standards Update 2015-03 ("Simplifying the Presentation of Debt Issuance Costs"-ASC 835-30 ("Interest-Imputation of Interest")) on April 1, 2016.

Financial Section

Consolidated Statements of Income

ORIX Corporation and Subsidiaries

For the Years Ended March 31, 2015, 2016 and 2017

Millions of yen

	2015	2016	2017
Revenues:			
Finance revenues	¥ 186,883	¥ 200,889	¥ 200,584
Gains on investment securities and dividends	56,395	35,786	30,328
Operating leases	363,095	373,910	398,655
Life insurance premiums and related investment income	351,493	189,421	295,940
Sales of goods and real estate	450,869	834,010	1,015,249
Services income	765,548	735,186	737,903
Total revenues	2,174,283	2,369,202	2,678,659
Expenses:			
Interest expense	72,647	72,821	72,910
Costs of operating leases	238,157	245,069	243,537
Life insurance costs	271,948	121,282	200,158
Costs of goods and real estate sold	402,021	748,259	928,794
Services expense	425,676	445,387	451,277
Other (income) and expense, net	23,674	(3,729)	(4,396)
Selling, general and administrative expenses	427,816	422,692	418,746
Provision for doubtful receivables and probable loan losses	11,631	11,717	22,667
Write-downs of long-lived assets	34,887	13,448	9,134
Write-downs of securities	8,997	4,515	6,608
Total expenses	1,917,454	2,081,461	2,349,435
Operating Income	256,829	287,741	329,224
Equity in Net Income of Affiliates	30,531	45,694	26,520
Gains on Sales of Subsidiaries and Affiliates and Liquidation Losses, net	20,575	57,867	63,419
Bargain Purchase Gain	36,082	—	5,802
Income before Income Taxes and Discontinued Operations	344,017	391,302	424,965
Provision for Income Taxes	89,057	120,312	144,039
Income from Continuing Operations	254,960	270,990	280,926
Discontinued Operations			
Income from discontinued operations, net	463	—	—
Provision for income taxes	(166)	—	—
Discontinued operations, net of applicable tax effect	297	—	—
Net Income	255,257	270,990	280,926
Net Income Attributable to the Noncontrolling Interests	15,339	10,002	7,255
Net Income Attributable to the Redeemable Noncontrolling Interests	4,970	819	432
Net Income Attributable to ORIX Corporation Shareholders	¥ 234,948	¥ 260,169	¥ 273,239

Note: Pursuant to FASB ASC 205-20 ("Presentation of Financial Statements — Discontinued Operations"), the results of operations which meet the criteria for discontinued operations are reported as a separate component of income.

Yen

Amounts per Share of Common Stock for Income Attributable to ORIX Corporation Shareholders:			
Basic:			
Income from continuing operations	¥ 179.24	¥ 198.73	¥ 208.88
Discontinued operations	0.23	—	—
Net income attributable to ORIX Corporation Shareholders	179.47	198.73	208.88
Diluted:			
Income from continuing operations	178.99	198.52	208.68
Discontinued operations	0.22	—	—
Net income attributable to ORIX Corporation Shareholders	179.21	198.52	208.68
Cash Dividends	36.00	45.75	52.25

Note: Cash Dividends represent the amount of dividend per share for the corresponding fiscal year.

Consolidated Statements of Comprehensive Income

ORIX Corporation and Subsidiaries
For the Years Ended March 31, 2015, 2016 and 2017

Millions of yen

	2015	2016	2017
Net Income	¥255,257	¥270,990	¥280,926
Other comprehensive income (loss), net of tax			
Net change of unrealized gains (losses) on investment in securities	9,867	(3,121)	(14,926)
Net change of defined benefit pension plans	(14,952)	(4,123)	7,670
Net change of foreign currency translation adjustments	37,155	(26,957)	(5,968)
Net change of unrealized gains (losses) on derivative instruments	(561)	(4,063)	326
Total other comprehensive income (loss)	31,509	(38,264)	(12,898)
Comprehensive Income	286,766	232,726	268,028
Comprehensive Income Attributable to the Noncontrolling Interests	7,314	7,414	4,276
Comprehensive Income Attributable to the Redeemable Noncontrolling Interests	14,265	1,738	374
Comprehensive Income Attributable to ORIX Corporation Shareholders	¥265,187	¥223,574	¥263,378

Financial Section

Consolidated Statements of Changes in Equity

ORIX Corporation and Subsidiaries

For the Years Ended March 31, 2015, 2016 and 2017

Millions of yen

	ORIX Corporation Shareholders' Equity					Total ORIX Corporation Shareholders' Equity	Noncontrolling Interests	Total Equity
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock			
Balance at March 31, 2014	¥219,546	¥255,449	¥1,468,172	¥38	¥(23,859)	¥1,919,346	¥177,019	¥2,096,365
Contribution to subsidiaries						—	26,447	26,447
Transaction with noncontrolling interests		(505)		96		(409)	(40,735)	(41,144)
Comprehensive income, net of tax:								
Net income			234,948			234,948	15,339	250,287
Other comprehensive income (loss)								
Net change of unrealized gains (losses) on investment in securities				11,679		11,679	(1,812)	9,867
Net change of defined benefit pension plans				(13,218)		(13,218)	(1,734)	(14,952)
Net change of foreign currency translation adjustments				32,284		32,284	(4,424)	27,860
Net change of unrealized gains (losses) on derivative instruments				(506)		(506)	(55)	(561)
Total other comprehensive income (loss)						30,239	(8,025)	22,214
Total comprehensive income						265,187	7,314	272,501
Cash dividends			(30,117)			(30,117)	(4,172)	(34,289)
Exercise of stock options	510	504				1,014	—	1,014
Acquisition of treasury stock					(3,423)	(3,423)	—	(3,423)
Disposal of treasury stock		(697)	(174)		871	—	—	—
Adjustment of redeemable noncontrolling interests to redemption value			(220)			(220)	—	(220)
Other, net		844	(24)			820	—	820
Balance at March 31, 2015	¥220,056	¥255,595	¥1,672,585	¥30,373	¥(26,411)	¥2,152,198	¥165,873	¥2,318,071
Contribution to subsidiaries						—	6,801	6,801
Transaction with noncontrolling interests		1,918				1,918	(10,519)	(8,601)
Comprehensive income, net of tax:								
Net income			260,169			260,169	10,002	270,171
Other comprehensive income (loss)								
Net change of unrealized gains (losses) on investment in securities				(3,145)		(3,145)	24	(3,121)
Net change of defined benefit pension plans				(4,436)		(4,436)	313	(4,123)
Net change of foreign currency translation adjustments				(25,197)		(25,197)	(2,679)	(27,876)
Net change of unrealized gains (losses) on derivative instruments				(3,817)		(3,817)	(246)	(4,063)
Total other comprehensive income (loss)						(36,595)	(2,588)	(39,183)
Total comprehensive income						223,574	7,414	230,988
Cash dividends			(76,034)			(76,034)	(7,181)	(83,215)
Exercise of stock options	413	409				822	—	822
Acquisition of treasury stock					(2)	(2)	—	(2)
Disposal of treasury stock		(426)	(53)		727	248	—	248
Adjustment of redeemable noncontrolling interests to redemption value			7,557			7,557	—	7,557
Other, net		133	17			150	—	150
Balance at March 31, 2016	¥220,469	¥257,629	¥1,864,241	¥(6,222)	¥(25,686)	¥2,310,431	¥162,388	¥2,472,819
Contribution to subsidiaries						—	20,811	20,811
Transaction with noncontrolling interests		10,516		(5,187)		5,329	(42,421)	(37,092)
Comprehensive income, net of tax:								
Net income			273,239			273,239	7,255	280,494
Other comprehensive income (loss)								
Net change of unrealized gains (losses) on investment in securities				(14,918)		(14,918)	(8)	(14,926)
Net change of defined benefit pension plans				7,508		7,508	162	7,670
Net change of foreign currency translation adjustments				(2,725)		(2,725)	(3,185)	(5,910)
Net change of unrealized gains (losses) on derivative instruments				274		274	52	326
Total other comprehensive income (loss)						(9,861)	(2,979)	(12,840)
Total comprehensive income						263,378	4,276	267,654
Cash dividends			(61,299)			(61,299)	(5,127)	(66,426)
Exercise of stock options	55	26				81	—	81
Acquisition of treasury stock					(12,128)	(12,128)	—	(12,128)
Disposal of treasury stock		(409)			646	237	—	237
Adjustment of redeemable noncontrolling interests to redemption value			1,293			1,293	—	1,293
Other, net		376				376	—	376
Balance at March 31, 2017	¥220,524	¥268,138	¥2,077,474	¥(21,270)	¥(37,168)	¥2,507,698	¥139,927	¥2,647,625

Note: Changes in the redeemable noncontrolling interests are not included in the table.

Consolidated Statements of Cash Flows

ORIX Corporation and Subsidiaries

For the Years Ended March 31, 2015, 2016 and 2017

Millions of yen

	2015	2016	2017
Cash Flows from Operating Activities:			
Net income	¥ 255,257	¥ 270,990	¥ 280,926
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	229,583	244,853	253,677
Provision for doubtful receivables and probable loan losses	11,631	11,717	22,667
Equity in net income of affiliates (excluding interest on loans)	(30,267)	(44,333)	(24,549)
Gains on sales of subsidiaries and affiliates and liquidation losses, net	(20,575)	(57,867)	(63,419)
Bargain purchase gain	(36,082)	—	(5,802)
Gains on sales of available-for-sale securities	(32,077)	(32,126)	(30,701)
Gains on sales of operating lease assets	(34,425)	(38,340)	(69,265)
Write-downs of long-lived assets	34,887	13,448	9,134
Write-downs of securities	8,997	4,515	6,608
Decrease (Increase) in restricted cash	(1,922)	9,009	155
Decrease in trading securities	441,554	461,298	159,809
Decrease (Increase) in inventories	(13,481)	20,935	(5,318)
Decrease (Increase) in trade notes, accounts and other receivable	(20,742)	(8,224)	8,362
Increase (Decrease) in trade notes, accounts and other payable	34,275	(41,004)	(6,660)
Increase (Decrease) in policy liabilities and policy account balances	(506,043)	(405,014)	(103,878)
Other, net	(62,959)	100,705	152,209
Net cash provided by operating activities	257,611	510,562	583,955
Cash Flows from Investing Activities:			
Purchases of lease equipment	(907,484)	(991,154)	(894,300)
Principal payments received under direct financing leases	488,522	515,053	483,627
Installment loans made to customers	(1,109,458)	(1,101,807)	(1,309,056)
Principal collected on installment loans	977,272	948,057	1,063,339
Proceeds from sales of operating lease assets	272,040	239,911	321,328
Investment in affiliates, net	(27,698)	(70,569)	(51,529)
Proceeds from sales of investment in affiliates	2,128	20,991	97,453
Purchases of available-for-sale securities	(982,415)	(864,874)	(466,314)
Proceeds from sales of available-for-sale securities	511,868	464,232	549,865
Proceeds from redemption of available-for-sale securities	398,280	381,099	105,255
Purchases of held-to-maturity securities	(20,522)	(538)	(306)
Purchases of other securities	(27,489)	(32,818)	(22,737)
Proceeds from sales of other securities	67,982	48,594	31,829
Purchases of property under facility operations	(81,311)	(91,492)	(95,601)
Acquisitions of subsidiaries, net of cash acquired	(73,240)	(47,324)	(79,405)
Sales of subsidiaries, net of cash disposed	47,800	39,437	55,530
Other, net	(4,076)	(9,327)	(26,586)
Net cash used in investing activities	(467,801)	(552,529)	(237,608)
Cash Flows from Financing Activities:			
Net increase (decrease) in debt with maturities of three months or less	3,819	(4,707)	793
Proceeds from debt with maturities longer than three months	1,337,870	1,376,125	1,319,523
Repayment of debt with maturities longer than three months	(1,178,401)	(1,470,325)	(1,456,366)
Net increase in deposits due to customers	80,924	111,220	216,118
Cash dividends paid to ORIX Corporation shareholders	(30,117)	(76,034)	(61,299)
Contribution from noncontrolling interests	7,919	6,117	5,599
Purchases of shares of subsidiaries from noncontrolling interests	—	(4,764)	(25,840)
Cash dividends paid to redeemable noncontrolling interests	(3,030)	(11,272)	—
Net increase (decrease) in call money	6,000	36,500	(14,500)
Other, net	(11,552)	(15,625)	(17,487)
Net cash provided by (used in) financing activities	213,432	(48,001)	(33,459)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	6,237	(7,130)	(3,438)
Net Increase (Decrease) in Cash and Cash Equivalents	9,479	(97,098)	309,450
Cash and Cash Equivalents at Beginning of Year	818,039	827,518	730,420
Cash and Cash Equivalents at End of Year	¥ 827,518	¥ 730,420	¥ 1,039,870

Financial Section

Breakdown of Assets and Revenues by Segment

Fiscal Year Ended March 31, 2017

Segment Assets

Millions of yen

	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total
Segment Assets	¥1,032,152	¥752,513	¥657,701	¥768,675	¥3,291,631	¥2,454,200	¥8,956,872
Investment in Direct Financing Leases	433,929	277,480	27,523	26,016	518	357,732	1,123,198
Installment Loans	398,558	—	—	56,435	1,718,655	457,393	2,631,041
Investment in Operating Leases	30,114	469,824	298,184	25,434	46,243	420,207	1,290,006
Investment in Securities	34,773	1,322	3,552	51,474	1,509,180	465,899	2,066,200
Property under Facility Operations	13,034	803	185,023	187,674	—	29,705	416,239
Inventories	51	445	2,567	112,798	—	1,811	117,672
Advances for Investment in Operating Leases	80	335	18,634	1,237	—	9,024	29,310
Investment in Affiliates	18,392	1,880	99,347	71,481	810	332,154	524,064
Advances for Property under Facility Operations	139	—	11,196	55,180	—	39	66,554
Goodwill and Other Intangible Assets Acquired in Business Combinations	103,082	424	11,675	180,946	16,225	380,236	692,588

Segment Revenues

Millions of yen

	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total
Segment Revenues	¥102,979	¥270,615	¥212,050	¥1,271,973	¥368,665	¥458,912	¥2,685,194
Finance revenues	30,153	13,029	2,319	10,680	59,177	81,251	196,609
Gain on investment securities and dividends	2,454	99	390	12,961	862	13,334	30,101
Operating leases	25,626	187,219	88,153	10,185	—	88,474	399,657
Life insurance premiums and related investment income	—	—	—	—	297,886	—	297,886
Sales of goods and real estate	4,151	3,954	8,564	938,438	—	59,133	1,014,239
Services income	40,595	66,314	112,624	299,709	10,740	216,720	746,702

Note: Figures in the table above may vary from figures reported in the consolidated statements of income and the consolidated balance sheets because items considered as corporate assets and revenues are not included.

Main Components of Segment Assets

	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business
Investment in Direct Financing Leases	Corporate leasing and sales finance	Auto leasing	Real estate leasing	Leasing of energy saving equipments	—	Leasing and sales finance of local subsidiaries
Installment Loans	Corporate loans	—	—	Loans purchased under loan servicing unit	Housing loans, card loans, and corporate loans	Corporate loans in the US, auto loans and corporate loans in Asia
Investment in Operating Leases	Lease renewal and real estate leasing	Leasing, rental, lease renewal of auto and precision measuring equipments	Real estate rental	Rental properties owned by Daikyo	ORIX Life Insurance's operating assets (rental properties)	Auto leasing in local subsidiaries and aircraft leasing
Investment in Securities	Investment in listed shares	—	Investment in funds	Investment in listed shares, PE funds	Corporate and government bonds, listed shares, the assets under management of variable annuity and variable life insurance contracts	Investment in municipal bonds and CMBS in the US, investment in funds in the US, Europe and Asia
Property under Facility Operations	Solar power facilities (JV with Kyudenko)	—	Operating facilities including hotels, Japanese inns, aquariums, golf courses, etc.	Environment and energy related facilities and equipments	—	Mortgage servicing rights in the US
Inventories	—	—	Condominiums	Daikyo's condominiums and product inventories owned by PE investees	—	Investees' (consolidated subsidiaries) operating assets
Advances for Investment in Operating Leases	—	—	Rental properties under development	—	—	Vessels under construction
Investment in Affiliates	Investment in joint leasing company with regional banks	—	Joint development of rental properties	PE investment, investment in power business abroad, investment in concession business	—	Investment in joint leasing company in Asia, the ME, and Africa, and PE investment in Asia, investment in U.S. investment banks
Advances for Property under Facility Operations	—	—	Operating facilities under development	Environment and energy related facilities and equipments under development	—	—
Goodwill and Other Intangible Assets Acquired in Business Combinations	Goodwill and intangible assets resulting from M&As					

Main Components of Segment Revenues

	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business
Finance revenues	Leasing and sales finance revenues and interest revenues from corporate loans	Auto leasing revenues	Revenues from real estate leasing and specified bonds	Gains on loan collection in loan servicing and leasing revenues from energy saving equipments	Interest revenues from housing loans, card loans and corporate loans	Leasing and sales finance revenues and interest revenues of local subsidiaries, and interest revenues from CMBS in the US
Gain on investment securities and dividends	Gains on sales of listed shares	—	—	Gains on sales of investees and equity income/dividends from investees and PE funds	Gains on sales of corporate and government bond held by ORIX Bank	Gains on sales of investees and equity income from PE funds, gains on sales of municipal bonds in the US
Operating leases	Lease renewal revenues and revenues from real estate leasing	Auto and precision measuring equipment leasing, rental, and leasing renewal revenues and gains on sales from used cars	Rental revenues from rental properties and gains on sales of rental properties	Rental revenues from Daikyo's rental properties	—	Auto leasing revenues of local subsidiaries and aircraft leasing revenues
Life insurance premiums and related investment income	—	—	—	—	Life insurance premiums and related investment income	—
Sales of goods and real estate	Revenues from sales of software in Yayoi	Revenues from sales of used rental equipments	Gains on sales of condominiums	Revenues from sales of goods by investees and Daikyo's gains on sales of condominiums	—	Revenues from sales of goods by investees (subsidiaries)
Services income	Revenues from after-services of Yayoi, insurance agency commissions, environment and energy business related fees	Revenues from vehicle maintenance services	Revenues from operating facilities such as hotels, Japanese inns, aquariums, golf courses, etc., asset management fees and real estate investment advisory fees	Income from Daikyo's real estate management service and contract work, sales revenues from solar power generation and electric power retailing	Guarantee fees on other financial institutions' card loans	Robeco's asset management fee revenues, and income from auto maintenance services of local subsidiaries

About ORIX

Group Companies (As of March 31, 2017)

Segment	Principal Business	Established (Acquired)	Direct / Indirect Investment
Corporate Financial Services			
ORIX Corporation Eastern Japan Sales Headquarters, Western Japan Sales Headquarters	Leasing, Lending, Other Financial Services		
NS Lease Co., Ltd.	Leasing, Lending, Other Financial Services	(Jul. 2002)	100%
ORIX Tokushima Corporation	Leasing, Other Financial Services	(Oct. 2005)	95%
Tsukuba Lease Corporation	Leasing	(Jun. 2010)	95%
Kyuko-Lease Inc.	Leasing, Other Financial Services	(Jan. 2012)	90%
FREEILL CORPORATION	Medical Equipment Rental	(May 2013)	100%
Yayoi Co., Ltd.	Development, Marketing, and Support of Business Management Software and Related Services	(Dec. 2014)	99%
ORIX Yatsugatake Farm Co., Ltd.	Production and Sales of Hydroponic Vegetables	Apr. 2015	97%
Maintenance Leasing			
ORIX Auto Corporation	Automobile Leasing, Rental, Car Sharing and Sales of Used Automobiles	Jun. 1973	100%
ORIX Rentec Corporation	Rental and Leasing of Test and Measurement Instruments and IT-related Equipment	Sep. 1976	100%
ORIX Rentec (Korea) Corporation (South Korea)	Rental and Leasing of Test and Measurement Instruments and IT-related Equipment	Apr. 2001	100%
Beijing Oriental Jicheng Co., Ltd. (China)	Rental and Sales of Precision Measuring Equipment	(Feb. 2006)	25%
Real Estate			
ORIX Corporation Real Estate Headquarters	Real Estate Development and Rental		
ORIX Ichioka Kotsu Kigyo Corporation	Driving School	(Dec. 1986)	100%
ORIX Interior Corporation	Interior Finish Work and Construction Management, Real Estate Rental and Manufacturing and Sales of Interior Furnishings	(Jan. 1987)	100%
BlueWave Corporation	Hotel and Training Facility Management	Jan. 1997	100%
ORIX Real Estate Corporation	Real Estate Development and Rental, Facilities Operation	Mar. 1999	100%
ORIX Asset Management Corporation	Asset Management of J-REIT	Sep. 2000	100%
ORIX Golf Management Corporation	Golf Course Management	(Nov. 2004)	100%
ORIX Living Corporation	Senior Housing Management	Apr. 2005	98%
Chofu Driving School Corporation	Driving School	(Dec. 2005)	99%
ORIX Real Estate Investment Advisors Corporation	Real Estate Investment and Advisory Services	Sep. 2007	100%
ORIX Aquarium Corporation	Aquarium Operation	Apr. 2011	100%
ORIX Agriculture Corporation	Production of Vegetables at Plant Factory and their Sales	Feb. 2014	100%
Investment and Operation			
ORIX Corporation Investment and Operation Headquarters	Principal Investment		
ORIX Corporation Energy and Eco Services Business Headquarters	Environment and Energy Business		
ORIX Capital Corporation	Venture Capital	Oct. 1983	100%
ORIX Eco Services Corporation	Trading of Recycled Metals and other Resources, Collection and Transportation of Industrial Waste, and Intermediate Waste Processing	Apr. 1998	100%
ORIX Asset Management & Loan Services Corporation	Loan Servicing	Apr. 1999	100%
ORIX Environmental Resources Management Corporation	Waste Recycling	Sep. 2002	100%
Agatsuma Bio Power Co., Ltd.	Biomass Power Generation	Jan. 2006	100%
ORIX Loan Business Center Corporation	Personal Loan Related Asset Management, Customer Relations	May 2009	99%
ORIX Electric Power Corporation	Provision of Electricity to Condominiums	May 2010	85%
Ubiteq, INC.	Development and Manufacturing of Electronic Equipment and In-Vehicle Devices, Development and Operation of Systems, IoT Business	(Jul. 2010)	58%
ONE Energy Corporation	Trading and Rental of Storage Batteries, Energy Related Services	Mar. 2013	85%
Retail			
ORIX Credit Corporation	Consumer Finance Services	Jun. 1979	100%
ORIX Life Insurance Corporation	Life Insurance	Apr. 1991	100%
ORIX Bank Corporation	Banking	(Apr. 1998)	100%
ORIX Insurance Consulting Corporation	Insurance Agency Services	Oct. 2012	100%
ORIX Headquarter Functions (Not included in Segment Financial Information)			
ORIX Insurance Services Corporation	Insurance Agency Services	Sep. 1976	100%
ORIX Computer Systems Corporation	Software Engineering and Systems Management	Mar. 1984	100%
ORIX Baseball Club Co., Ltd.	Professional Baseball Team Management	(Oct. 1988)	100%
ORIX Management Information Center Corporation	Accounting and Administration Services	Oct. 1999	100%
ORIX Business Center Okinawa Corporation	Business Center, Contact Center	Nov. 1999	100%
ORIX Business Support Corporation	Business Support Services	Apr. 2007	100%

Segment	Country (Region)*1	Principal Business	Established (Acquired)	Direct / Indirect Investment
Overseas Business				
ORIX Corporation Global Business Headquarters*2	Japan	Administration of Overseas Activities, Alternative Investment		
ORIX Corporation Global Transportation Services Headquarters*2	Japan	Ship-related Services, Aircraft-related Services		
ORIX Corporation East Asia Business Headquarters*2	Japan	Administration of Overseas Activities		
ORIX Maritime Corporation*2	Japan	Ship Charter and Ship Broker Service	Nov. 1977	100%
ORIX Aircraft Corporation*2	Japan	Aircraft Leasing	May 1986	100%
ORIX USA Corporation	USA	Financial Services	Aug. 1981	100%
RED Capital Group, LLC	USA	Loan Servicing	(May 2010)	100%
Mariner Investment Group LLC	USA	Fund Operation and Management	(Dec. 2010)	69%
Boston Financial Investment Management L.P	USA	Low Income Housing Tax Credit Syndicator	(Jul. 2016)	100%
ORIX Brazil Investments and Holdings Limited	Brazil	Equity Investment	Aug. 2012	100%
RB Capital Empreendimentos S.A.	Brazil	Real Estate Securitization, Asset Management, Real Estate Development and Investment	(Dec. 2016)	68%
ORIX Asia Limited	Hong Kong	Leasing, Automobile Leasing, Lending, Banking	Sep. 1971	100%
ORIX Asia Capital Limited	Hong Kong	Equity Investment, Fund Operation and Management, Lending	Jul. 1973	100%
ORIX Taiwan Corporation	Taiwan	Leasing, Sales Finance, Insurance Agency Services	(Feb. 1991)	100%
ORIX Auto Leasing Taiwan Corporation	Taiwan	Automobile Leasing	Mar. 1998	100%
ORIX Taiwan Asset Management Company	Taiwan	NPL Investment, Loan Servicing	Nov. 2004	100%
ORIX Capital Korea Corporation	South Korea	Automobile Leasing, Leasing, Lending	Feb. 2004	100%
ORIX Private Equity Korea Corporation	South Korea	Fund Operation and Management	Mar. 2010	100%
ORIX China Corporation	China	Leasing, Rental	Aug. 2005	97%
CHINA RAILWAY LEASING CO., LTD.	China	Railway-related Leasing	(Jan. 2006)	14%
ORIX (China) Investment Co., Ltd.	China	Leasing, Equity Investment, Other Financial Services	Dec. 2009	100%
Pang Da ORIX Auto Leasing Co., Ltd.	China	Automobile Leasing	May 2012	25%
TenGer Financial Group LLC	Mongolia	Banking, Leasing, Non-Life Insurance	(Oct. 2013)	16%
ORIX Leasing Singapore Limited	Singapore	Leasing, Sales Finance, Lending	Sep. 1972	50%
ORIX Investment and Management Private Limited	Singapore	Equity Investment, Lending	May 1981	100%
ETHOZ Group Ltd.	Singapore	Automobile Leasing and Rentals, Leasing	Sep. 1981	45%
ORIX Rentec (Singapore) Pte. Limited	Singapore	Rental and Leasing of Test and Measurement Instruments and IT-related Equipment	Oct. 1995	100%
ORIX Leasing Malaysia Berhad	Malaysia	Leasing, Lending	Sep. 1973	100%
ORIX Credit Malaysia Sdn. Bhd.	Malaysia	Sales Finance	Jan. 1981	100%
ORIX Car Rentals Sdn. Bhd.	Malaysia	Automobile Rentals	Feb. 1989	34%
ORIX Rentec (Malaysia) Sdn. Bhd.	Malaysia	Rental and Leasing of Test and Measurement Instruments and IT-related Equipment	Nov. 1996	100%
ORIX Auto Leasing Malaysia Sdn. Bhd.	Malaysia	Automobile Leasing	Oct. 2000	100%
ORIX Asset Management Malaysia Sdn. Bhd.	Malaysia	NPL Investment	Jan. 2008	100%
PT. ORIX Indonesia Finance	Indonesia	Leasing, Automobile Leasing	Apr. 1975	85%
PT. Sinar Mitra Sepadan Finance	Indonesia	Used car loans for sole proprietors and individual customers	(Nov. 2015)	85%
ORIX METRO Leasing and Finance Corporation	Philippines	Leasing, Automobile Leasing, Lending	Jun. 1977	39%
ORIX Auto Leasing Philippines Corporation	Philippines	Automobile Leasing	Sep. 1989	40%
Thai ORIX Leasing Co., Ltd.	Thailand	Leasing, Automobile Leasing and Rentals	Jun. 1978	96%
Indochina Capital Corporation	Vietnam	Fund Operation and Management, Real Estate Development, and Advisory, Investment Banking	(Nov. 2010)	25%
Lanka ORIX Leasing Company PLC	Sri Lanka	Leasing, Automobile Leasing, Sales Finance, Lending	Mar. 1980	30%
ORIX Leasing Pakistan Limited	Pakistan	Leasing, Automobile Leasing	Jul. 1986	49%
INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED	India	Infrastructure Investment, Investment Banking	(Mar. 1993)	23%
ORIX Auto Infrastructure Services Limited	India	Automobile Leasing and Rentals	Mar. 1995	99%
Oman ORIX Leasing Company SAOG	Oman	Leasing, Automobile Leasing	Aug. 1994	18%
ORIX Leasing Egypt SAE	Egypt	Leasing, Automobile Leasing	Jun. 1997	34%
Saudi ORIX Leasing Company	Saudi Arabia	Leasing, Automobile Leasing	Jan. 2001	28%
Al Hail ORIX Finance PSC	UAE	Leasing, Automobile Leasing, Lending	Mar. 2002	38%
The Mediterranean & Gulf Insurance & Reinsurance Company B.S.C.	Bahrain	Non-Life Insurance, Life Insurance, Reinsurance	(Jun. 2013)	25%
ORIX Australia Corporation Limited	Australia	Automobile Leasing and Truck Rentals	Jul. 1986	100%
ORIX New Zealand Limited	New Zealand	Leasing, Automobile Leasing	Dec. 1988	100%
ORIX Aviation Systems Limited	Ireland	Aircraft Leasing, Asset Management, Aircraft-related Technical Services	Mar. 1991	100%
ORIX Polska S.A.	Poland	Leasing, Automobile Leasing	(Oct. 1995)	100%
Robeco Groep N.V.	Netherlands	Asset Management	(Jul. 2013)	100%

Notes: 1. ORIX has offices in other locations not included in the list above. In total, ORIX's business operation currently extends across 36 countries and regions worldwide.

2. ORIX Corporation's Global Business Headquarters, Global Transportation Services Headquarters, East Asia Business Headquarters as well as ORIX Maritime Corporation and ORIX Aircraft Corporation, are based in Japan but are engaged in business activities primarily in Asia, Oceania and Europe.

About ORIX

Corporate Profile/ Stock Information/ Investor Memo

Corporate Profile (As of March 31, 2017)

Company Name	ORIX Corporation	Shareholders' Equity	¥2,507,698 million
Established	April 17, 1964	Fiscal Year-End	March 31
Head Office	World Trade Center Bldg., 2-4-1 Hamamatsu-cho, Minato-ku, Tokyo 105-6135, Japan Tel: +81-3-3435-3000	Consolidated Companies	850
		Affiliates	170
		Number of Employees	34,835
		Global Network	2,129 locations in 36 countries and regions worldwide
		Japan	1,429 locations
		Ex-Japan	700 locations

Stock Information (As of March 31, 2017)

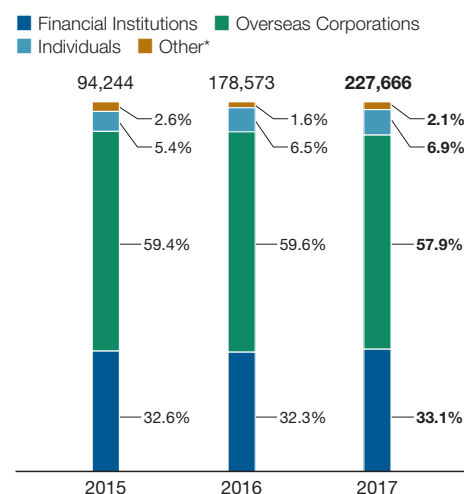
Number of Shares

Total Number of Shares Authorized	2,590,000,000 shares
Total Number of Shares Issued and Outstanding	1,324,107,328 shares
Number of Shareholders	227,666

Major Shareholders

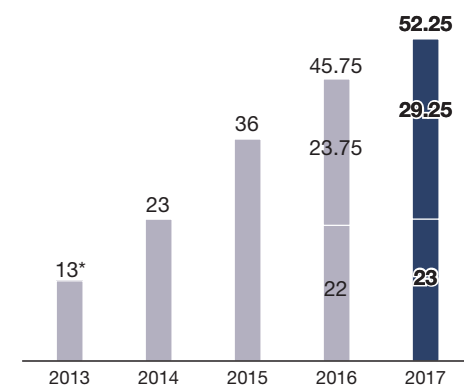
Name	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	107,858	8.14
The Master Trust Bank of Japan, Ltd. (Trust Account)	74,540	5.62
Japan Trustee Services Bank, Ltd. (Trust Account 9)	39,942	3.01
State Street Bank and Trust Company	25,681	1.93
Japan Trustee Services Bank, Ltd. (Trust Account 5)	25,676	1.93
The Chase Manhattan Bank 385036	25,233	1.90
CITIBANK, N.A. -N.Y, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS	24,287	1.83
State Street Bank and Trust Company 505225	21,376	1.61
State Street Bank West Client Treaty 505234	20,358	1.53
Japan Trustee Services Bank, Ltd. (Trust Account 7)	19,392	1.46

Number of Shareholders / Composition of Shareholders (%)



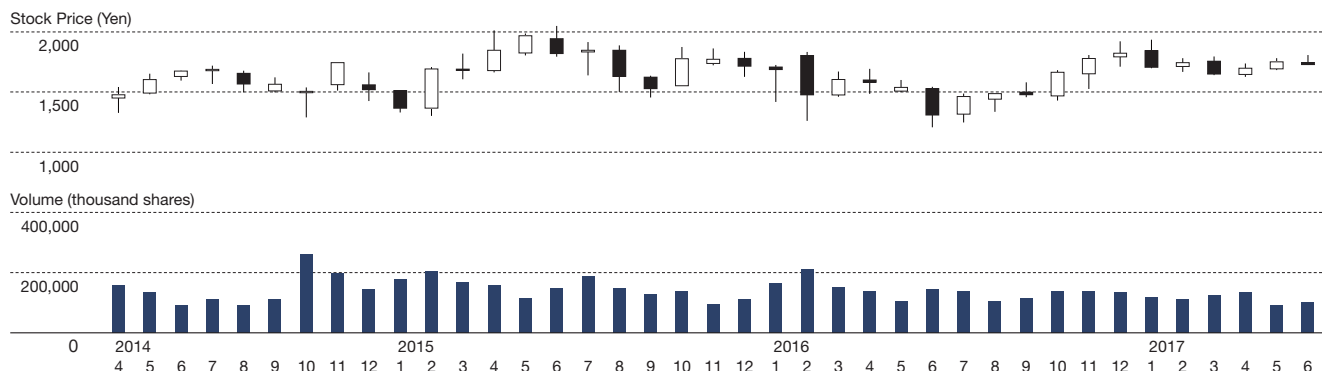
* Other includes treasury stock.

Dividend per Share (Yen)



* Retrospectively adjusted to reflect the stock split on April 1, 2013 for all periods presented.

Stock Price and Volume



Investor Memo (As of July 1, 2017)

Transfer Agent for Common Shares

Mitsubishi UFJ Trust and Banking Corporation
Transfer Agent Dept.
Tel: 0120-232-711 (toll-free in Japan)

Stock Exchange Listings

Tokyo Stock Exchange First Section
Securities Code: 8591
New York Stock Exchange Trading Symbol: IX

Depository and Registrar for American Depositary Receipts

Citibank, N.A., Shareholder Services
P.O. Box 43077
Providence, RI
02940-3077
USA
Tel: 1-877-248-4237 (toll-free in the US)
Fax: 1-201-324-3284
E-mail: citibank@shareholders-online.com
Ratio 1 ADR = 5 common shares
NYSE: IX

Passive Foreign Investment Company Rules

The Company believes that it will be considered a "passive foreign investment company" for U.S. federal income tax purposes in the year to which these consolidated financial results relate and for the foreseeable future by reason of the composition of its assets and the nature of its income. A U.S. holder of the shares or ADSs of the Company is therefore subject to special rules generally intended to eliminate any benefits from the deferral of U.S. federal income tax that a holder could derive from investing in a foreign corporation that does not distribute all of its earnings on a current basis. Investors should consult their tax advisors with respect to such rules, which are summarized under "UNITED STATES TAXATION" in the Company's Form 20-F filed with the U.S. Securities and Exchange Commission.

Presentation of Financial Information

The Company's fiscal year ends on March 31. The fiscal year ended March 31, 2017, is referred to throughout this Integrated Report as "FY2017.3" and other fiscal years are referred to in a corresponding manner.

Forward-Looking Statements

This document may contain forward-looking statements about expected future events and financial results that involve risks and uncertainties. Such statements are based on our current expectations and are subject to uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause such a difference include, but are not limited to, those described under "Risk Factors" in the Company's Form 20-F filed with the U.S. Securities and Exchange Commission and under "Business Risk" of the securities report (*yukashoken houkokusho*) filed with the Director of the Kanto Local Finance Bureau. The Company makes available free of charge on or through its website (<http://www.orix.co.jp/grp/en>) its annual report on Form 20-F and other reports.

ORIX Corporation

Treasury and Accounting Headquarters Corporate Planning Department

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For inquiries about this Integrated Report, please contact us at the address above.

