

Corporate Governance

Management Team (As of July 1, 2016)

Directors



Makoto Inoue

Director
Representative Executive Officer
President and
Chief Executive Officer



Kazuo Kojima

Director
Representative Executive Officer
Deputy President and
Chief Financial Officer
Responsible for Corporate Planning
Department



Tamio Umaki

Director
Representative Executive Officer
Deputy President
Head of Group Human Resources and
Corporate Administration
Headquarters
Responsible for Secretarial
Office and Group Internal Audit
Department



Katsunobu Kamei

Director
Group Executive Vice President
President, ORIX Auto Corporation
Chairman, ORIX Rentec Corporation



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 and
Alternative Investment Headquarters,
East Asia Business Headquarters,
and Global Transportation Services
Headquarters



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
 - Managing Director and Chief Economist, Morgan Stanley MUFG Securities Co., Ltd.

Mr. Robert Feldman currently serves as Managing Director and Chief Economist 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
 - Outside Director, Mitsubishi Motors Corporation

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 JYOHO 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
 - 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.

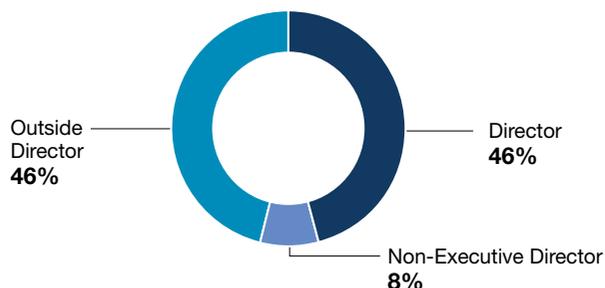
Mr. Heizo Takenaka served as Minister of State for Economic and Fiscal Policy, Minister of State for Financial Services, Minister of State for Communications and Privatization of Postal Services and Minister for Internal Affairs, and currently serves as professor of Toyo University, Faculty of Regional 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

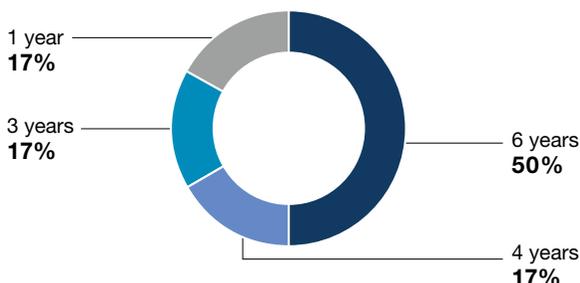
Corporate Governance at ORIX

Governance Highlights

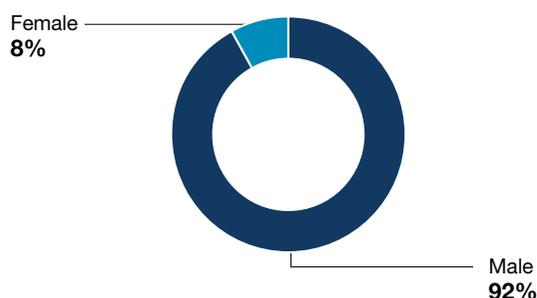
Proportion of Outside Directors



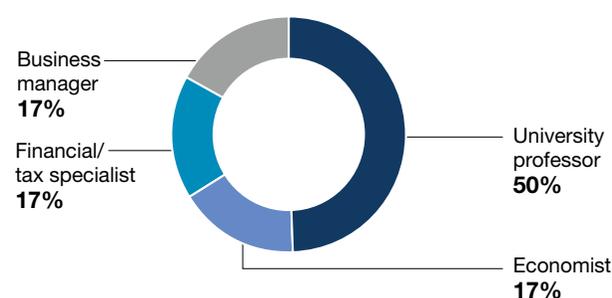
Tenure of Outside Directors



Directors by Gender



Career Background of Outside Directors

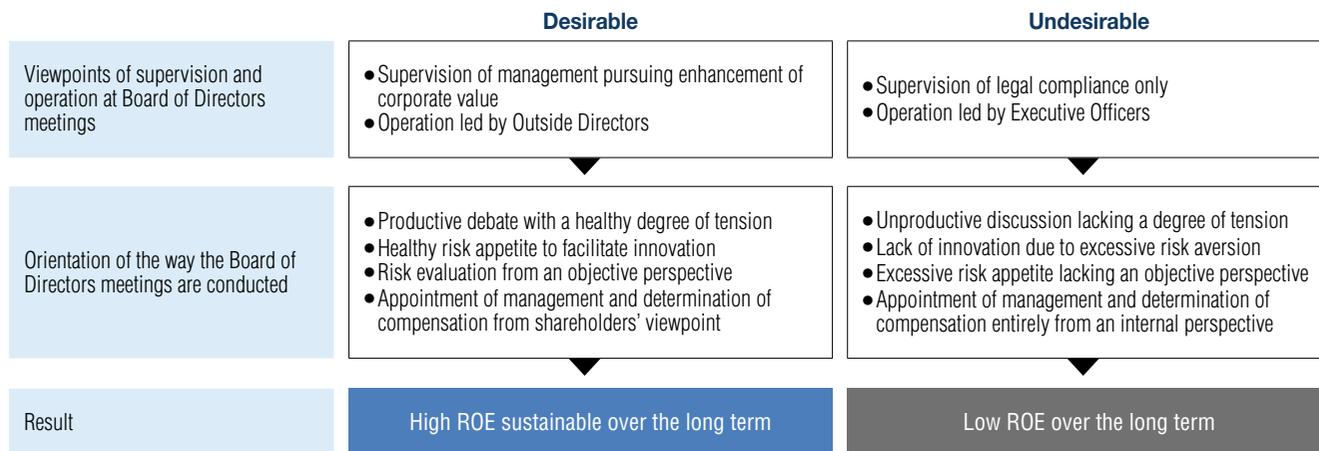


Evolution of Corporate Governance

1964	Adopted U.S. GAAP	In order to present itself in an accurate and transparent fashion to investors, ORIX has been applying U.S. GAAP in its financial reporting since its founding in 1964.
1970	Listed on the second section of the Osaka Securities Exchange	Six years after its founding, ORIX listed its shares on the second section of the Osaka Securities Exchange. Going public reflected the Company's aspiration to be a responsible member of society with transparency and accountability in its governance.
1997	Established Advisory Board	In 1997, ORIX spearheaded the strengthening of corporate governance by establishing an Advisory Board, a committee composed entirely of outside advisors who provide advice to management.
1998	Introduced Corporate Executive Officer System and listed on the New York Stock Exchange	In 1998, ORIX adopted the Corporate Executive Officer System, which separates the supervisory function (Board of Directors) and business execution (Executive Officers). In the same year, ORIX listed its shares on the New York Stock Exchange after considering the growing number of foreign shareholders and the benefit of strengthening corporate governance through the more stringent disclosure requirements of the SEC.
2003	Adopted the "Company with Committees" board model*	ORIX welcomed its first outside director in 1999 and adopted the "Company with Committees" board model* in 2003. All of the current Outside Directors meet the independence criteria prescribed by the Tokyo Stock Exchange. <small>* Adopted the new "Company with Nominating Committees, etc." board model in line with the amendment of the Companies Act of Japan in 2015.</small>

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



Approach to Corporate Governance

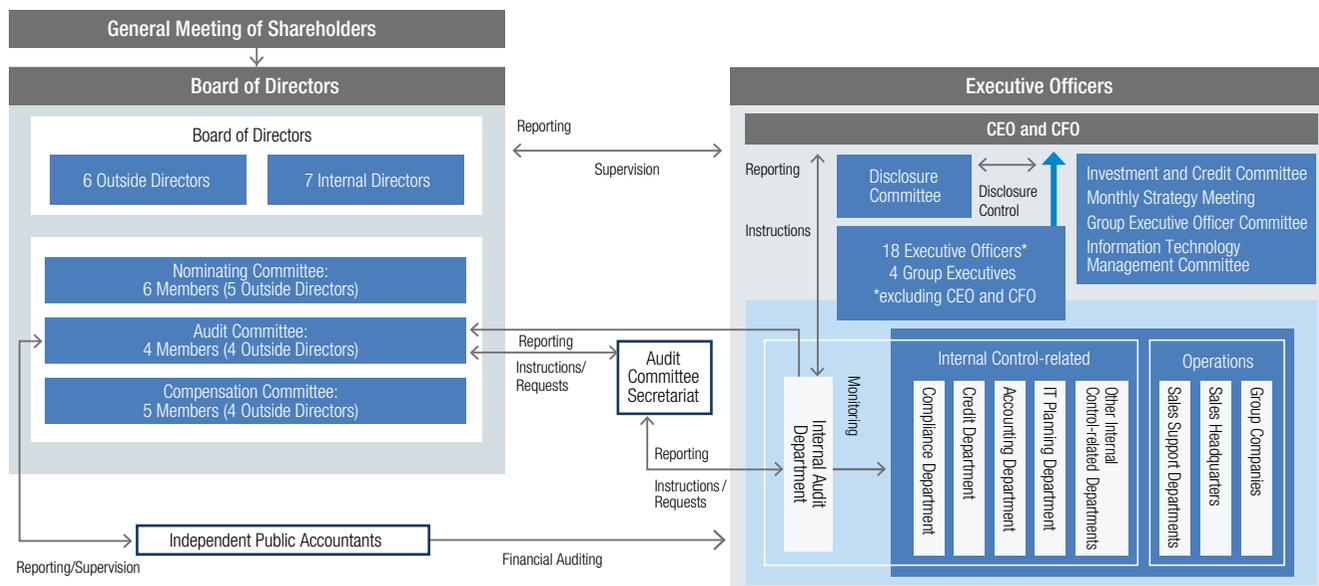
- ORIX believes that a robust corporate governance system is essential for ensuring objective management and carrying out appropriate business activities in line with its core policies. We have therefore established a sound and transparent corporate governance system.
- Corporate governance is a system 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.

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 thirteen 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.

Corporate Governance Framework (As of July 1, 2016)



Board of Directors

The Board of Directors makes business decisions on items that, either as a matter of law or pursuant to the 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 mainly responsible for regularly monitoring and deciding corporate planning proposals, which include basic policies on capital management, funding and personnel strategies and internal control policy. Aside from these items, the Board of Directors delegates business decision making to the representative executive officers for greater efficiency in decision making and execution. The Board of Directors also receives reports from executive officers and committees regarding the status of the execution of their duties.

Nominating Committee, Audit Committee and Compensation 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 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. The Audit Committee Secretariat (three members) was established to assist the Audit Committee regarding the execution of its duties.
- 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.

Board of Directors and Committee Meetings in FY2016.3

	Number of Meetings	Attendance Rate
Board of Directors	8	97%
Nominating Committee	3	89%
Audit Committee	10	98%
Compensation Committee	5	92%

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 specified base amount that is adjusted with additional compensation, based on whether such director also assumes the position of chairperson and committee member.
- 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 for each position 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 individual directors and/or executive officers are determined based on title and seniority in accordance with guidelines set by the Compensation Committee.

Compensation of Directors, Executive Officers and Group Executives (FY2016.3)

	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	9	106	—	—	1	19	125
(Outside Directors)	(7)	(68)	—	—	(1)	(19)	(87)
Executive Officers and Group Executives	31	830	31	386	7	707	1,924
Total	40	936	31	386	8	726	2,049

Notes:

1. There was a total of 13 directors (including six Outside Directors), 20 executive officers (including those serving concurrently as directors) and three group executives as of March 31, 2016. Figures for the number of directors and executive officers who received compensation and the compensation amount include those of 12 persons who have resigned from their previous positions as either director or executive officer or group executive in FY2016.3.
2. At ORIX, no directors serving concurrently as executive officers received compensation as directors. Total compensation for six people serving concurrently as directors and executive officers is shown in the Executive Officers and Group Executives line.
3. 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 total number of ORIX shares issued to directors and executive officers who retired during FY2016.3 multiplied by the market price of ¥1,588 per share at the time the trust acquired ORIX shares.
4. ORIX did not provide stock options in the form of stock acquisition rights in FY2016.3.
5. Figures shown are rounded down by discarding figures of less than 1 million yen.

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/>
- "Conditions for Director Independence" determined by the Nominating Committee (Form 20-F)
- Corporate Governance ►►► <http://www.orix.co.jp/grp/en/company/governance/>

Corporate Governance

Comments from the Outside Directors

Governance drives the Nominating Committee, and we are constantly being reminded of its importance during our discussions.

Nobuaki Usui
Chairperson of the
Nominating Committee



ORIX's Unique and Unparalleled Business Model

I became an Outside Director four years ago. Initially, I must say that being on ORIX's Board of Directors was a bit overwhelming because of its ability to perceptively sense changes around the world, its prudent aggressiveness in taking risks, and the sense of urgency with which it made decisions. I had worked as a government official for many years, and I was amazed by the difference in dynamism between a Japanese company and the government. After a while, I realized that the difference has much to do with the unique corporate culture that ORIX developed under former CEO Yoshihiko Miyauchi. Call it ORIX's DNA. ORIX recently decided to take on the challenge of its concession business in Japan. Outsiders may find ORIX's business portfolio complex, but its corporate culture is the engine driving the Company as it deploys its expertise to expand outward into related markets. ORIX's ability to diversify, globalize and expand is a testament to its unique and unparalleled business model.

We Are Enhancing ORIX's Business Operations, Personnel System and Organization, and Are Committed to Improving Global Governance

I became the chairperson of the Nominating Committee last year. Makoto Inoue had just become CEO

two years ago, and the Nominating Committee watchfully confirmed that management was making the transition smoothly and was functioning as intended. The Committee took special care to embed and enhance the new regime through its selection of director candidates. Examples of management turnover at several other companies of late have attracted attention from the standpoint of governance and reaffirm the importance of the Nominating Committee's responsibilities. Now more than ever, we must proactively discuss the ideal attributes of the managers who will be a good fit with ORIX's approach to its future business development and who embody ORIX's DNA.

ORIX has globalized in anticipation of market change since its inception, achieving remarkable growth while structuring corporate governance for both transparency and effectiveness. The Board of Directors devotes a considerable amount of time to discussing strategies for business growth, always including governance and the risks ORIX will take. Given our forecast for a challenging economic and operating environment, however, we need to enhance ORIX's business operations, personnel system and organization and commit to improving global governance in targeting further growth and globalization. Good numbers are not the only parameter. We must pay closer attention than ever to ORIX's contribution to society and how stakeholders perceive it. I have every confidence that ORIX will successfully achieve the goals it sets.

Risk never disappears. The key is to intelligently absorb and minimize risk.

Eiko Tsujiyama

Chairperson of the
Audit Committee



ORIX's Singular Business Model

ORIX operates with a singular business model in Japan and internationally. A contemporary leader, it provides diverse services that started with leasing and now extend to businesses including finance, retail (banking and life insurance), real estate, business investment, and environment and energy. ORIX also conducts balanced operations among these fields by effectively managing risks in each of its markets, and demonstrates its commitment to leadership by empowering women.

ORIX is Expected to Be a Singular Presence in Corporate Governance as Well

ORIX's lively Board of Directors listens carefully to the opinions of Outside Directors, and responds quickly to remarks from members of the Audit Committee, which I chair. The Audit Committee focuses on the approach to risk and on never failing to see the initial signs of latent risk, and is able to appropriately and quickly follow up on its projects. One step ahead of contemporary developments, ORIX was a leader in bringing on outside directors and transitioning to a "Company with Committees" board model, and has

put great effort into the trial and error that has made its corporate governance even more functional.

Looking at the future of governance and management, ORIX first should recognize that risk never disappears. The key is to be aware that risk is always present in one form or another in order to determine how to minimize it and how best to resolve it. In addition, a properly functioning internal reporting system is crucial. Compliance is also one of the risks apparent in recent scandals at Japanese companies. But even when a company sets up an internal control system, it does not eliminate risk; it intelligently absorbs and minimizes potential risks. ORIX has front-line operations that are highly conscious of compliance and truly understand the CEO's message within a shared culture of practical compliance, but must never become complacent.

Even viewed from a worldwide perspective, ORIX's business model is singular. I expect ORIX to roll out its business model globally to grow further and contribute to society, and to meld the best elements from Japan and overseas not only in its business activities, but also in implementing corporate governance. Doing so will require ORIX to remain a social leader and rely on the willingness of its employees to take on these challenges. I would ask all ORIX employees to take pride in their globally singular business model as they embrace challenges.

We attract people to ORIX with appropriate compensation, with an understanding of the nature of shareholder interests. This links the interests of the Company and its shareholders.

Robert Feldman

Chairperson of the
Compensation Committee



Innovation, Courage and Discipline Drive Growth in a Diverse Business Portfolio

Innovation, courage and discipline are three key words that describe ORIX. It has a diverse business portfolio and studies how it can operate in peripheral markets to create new value by entering them. This is innovation that enables ORIX to build its business in tune with the times. Business involves two risks: not doing business at a time when the probability of success is high, and doing business at a time when success is uncertain. ORIX deals with the latter by taking risks with due consideration of earnings growth. This is courage. Moreover, ORIX demonstrates discipline by setting rigorous targets in its business plans, then rigorously evaluating outcomes to make the best use of them for subsequent growth. Innovation, courage and discipline allow ORIX to grow by deftly linking diverse businesses.

Different Perspectives and New Knowledge Evolve the Business Model

ORIX targets optimum corporate governance with cutting-edge initiatives. ORIX transitioned to a “Company with Committees” board model more than 10 years ago, and the substantial influence of committees is a key feature of ORIX’s corporate governance. I chair the Compensation Committee, which exchange

es opinions energetically and rigorously in thoroughly discussing a variety of issues. The effectiveness of corporate governance is a function of how well management incorporates the opinions of committees and the Board of Directors, and ORIX functions very well in this regard. The basis for determining compensation is a complex issue that the Compensation Committee approaches with a mosaic of academic opinions and practical opinions based on the extensive experience of each Director. The key points here are the ability to effectively explain how compensation is in the interests of shareholders, and the ability to attract quality people to ORIX with appropriate compensation. This links the interests of the Company and its shareholders.

One issue for corporate governance is rejuvenating the Board of Directors, and that includes me. I would like more participation by younger people, even if they are less experienced, to energize management by introducing different perspectives and new knowledge. The Compensation Committee must figure out how to nurture people who can contribute in the future and how to enhance the capabilities of people who are underperforming. ORIX operates globally, so increasing international exchanges, effectively utilizing diverse people, and hiring people with potential will enable ORIX to evolve its business model. Global governance has received much attention in recent years, and energetic discussion and enhanced compliance will get ORIX to its next phase of globalization.