**Corporate Governance**

**Management Team (As of June 24, 2008)**

**Directors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yoshinori Yokoyama</td>
<td>Executive Officer, President and Chief Operating Officer</td>
</tr>
<tr>
<td>Hiroaki Nishina</td>
<td>Deputy President, President, ORIX Real Estate Corporation</td>
</tr>
<tr>
<td>Haruyuki Urata</td>
<td>Deputy President, Managing Director &amp; Global Chief Economist, Lehman Brothers, Inc.</td>
</tr>
<tr>
<td>Kazuo Kojima</td>
<td></td>
</tr>
</tbody>
</table>

**Yoshinori Yokoyama**

**Audit Committee**

- Teruo Ozaki* (Outside Director)
- Yoshinori Yokoyama* (Outside Director)
- Hitotsubashi University Graduate School of International Corporate Strategy
- Outside Director, Trend Micro Incorporated

**Compensation Committee**

- Yoshinori Yokoyama* (Outside Director)
- Hirota Takeuchi (Outside Director)
- Takechi Tasaki (Outside Director)
- Teruo Ozaki (Outside Director)

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**Committees**

<table>
<thead>
<tr>
<th>Board of Directors (5 Outside Directors / 6 Internal Directors)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominating Committee (5 members)</td>
</tr>
<tr>
<td>Hirota Takeuchi (Outside Director)</td>
</tr>
<tr>
<td>Yoshinori Yokoyama (Outside Director)</td>
</tr>
<tr>
<td>Paul Sheard (Outside Director)</td>
</tr>
<tr>
<td>Takeshi Sasaki (Outside Director)</td>
</tr>
<tr>
<td>Teruo Ozaki (Outside Director)</td>
</tr>
<tr>
<td>*Chairman</td>
</tr>
</tbody>
</table>

| Audit Committee (4 members)                                   |
| Teruo Ozaki*                                                  |
| Yoshinori Yokoyama*                                          |
| Hitotsubashi University Graduate School of International Corporate Strategy |
| Outside Director, Trend Micro Incorporated                     |

| Compensation Committee (4 members)                           |
| Yoshinori Yokoyama*                                          |
| Hirota Takeuchi                                              |
| Takeshi Sasaki                                               |
| Teruo Ozaki                                                  |

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**Executive Officers**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yoshinori Yokoyama</td>
<td>Representative Executive Officer, Chairman and Chief Executive Officer</td>
</tr>
<tr>
<td>Hirota Takeuchi</td>
<td>Vice Chairman and Chief Financial Officer</td>
</tr>
<tr>
<td>Takeshi Sasaki</td>
<td>Executive Officer, President, ORIX Real Estate Corporation</td>
</tr>
<tr>
<td>Haruyuki Urata</td>
<td>Deputy President, Real Estate Business Headquarters, President, ORIX Real Estate Corporation</td>
</tr>
<tr>
<td>Kazuo Kojima</td>
<td>Corporate Executive Vice President, Investment Banking Headquarters, Chairman, ORIX Capital Corporation</td>
</tr>
</tbody>
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*Chairman

**Haruyuki Urata**

- Representative Executive Officer, Investment Banking Headquarters
- Responsible for Securitized Products Office
- Chairman, ORIX Capital Corporation
Executive Officers and Group Executives

Corporate Executive Vice President
Hiroshi Nakajima
Risk Management Headquarters

Corporate Executive Vice President
Takeshi Sato
Chairman, ORIX USA Corporation

Corporate Executive Vice President
Nobuyuki Kobayashi
Human Resources & Corporate Administration Headquarters

Corporate Senior Vice President
Hiroshi Nakamura
Legal Department, Compliance Department, Office of Internal Controls, Internal Audit Department

Corporate Senior Vice President
Shintaro Agata
Treasury Department

Corporate Senior Vice President
Hideaki Morita
Kinki (Osaka) Sales Headquarters, Administration Center

Corporate Senior Vice President
Makoto Inoue
International Administrative Headquarters, Alternative Investment & Development Headquarters, IT Planning Office, President, ORIX Computer Systems Corporation

Corporate Senior Vice President
Yoshiyuki Yoshizumi
Tokyo Sales Headquarters

Executive Officer
Masayuki Okamoto
District Sales Headquarters, Chaiman, ORIX Kitakanto Corporation

Executive Officer
Tadao Tsuya
Accounting Department, President, ORIX Management Information Center Corporation

Executive Officer
Yuki Oshima
International Headquarters

Executive Officer
Mitsuo Nishiumi
Investment Banking Headquarters, President, ORIX Asset Management & Loan Services Corporation

Executive Officer
Akira Hirose
District Sales Headquarters

Executive Officer
Katsutoshi Kadowaki
Tokyo Sales Headquarters, President, ORIX Eco Services Corporation

Executive Officer
Hiroshi Yasuda
Investment Banking Headquarters

Executive Officer
Katsunobu Kamei
e-Commerce, OQL Headquarters, Asset Administration Department, Regional Business Department, President, ORIX Callcenter Corporation

Group Senior Vice President
Eiji Mitani
President, ORIX Auto Corporation

Group Senior Vice President
Tamio Umaki
President, ORIX Rentec Corporation

Group Senior Vice President
Tetsuo Matsumoto
Deputy President, ORIX Real Estate Corporation

Group Executive
Izumi Mizumori
President, ORIX Life Insurance Corporation

Group Senior Vice President
Yoshiyuki Yamaya
Deputy President, ORIX Real Estate Corporation

Group Executive
Yuichi Kawamura
Director and Deputy President, ORIX Life Insurance Corporation

Group Executive
Shuji Sakamoto
President, ORIX Alpha Corporation

Group Executive
Hisayuki Kitayama
President, ORIX Securities Corporation
How do you evaluate ORIX’s corporate governance?

In my view, corporate governance is the process of building a framework for the company to properly explain to stakeholders – including shareholders, employees, clients and society – that its business results and business execution processes are serving their respective long-term interests.

My impression, since being appointed to the Board, is that the Company’s governance framework has evolved progressively in a way that is typical of ORIX. I exchange opinions frankly with Chairman Miyauchi and others involved in business execution, and the views of outside directors are valued and play a role in management’s decision-making.

What things are you mindful of as an outside director?

Naturally, an outside director must give advice from an independent standpoint on the merits of proposals without any hesitation. Something that is unlikely to be accepted in the eyes of the general public will not gain the understanding of shareholders, even if it seems reasonable according to the company’s internal logic. In addition, I have had the experience of putting together a case study of ORIX’s unique business model, so I also offer opinions from my perspective as a researcher who understands ORIX’s special characteristics and capabilities.

What do you think are some of the challenges facing ORIX?

One challenge is how to communicate the pioneering spirit that has driven ORIX’s growth and the unwritten rules learned from past failures to the younger generation that will shape the future. Another significant area of interest is a succession plan, because passing on the knowledge the Company has accumulated as smoothly as possible is important to ensuring continued growth. This is something that affects not only shareholders, but also the morale of employees and the relationship of trust with clients.

What composition do you think is best when selecting directors in the Nominating Committee?

In terms of diversity, I still think there is room for improvement. I would like to see more diverse people on the Board of Directors, such as women and non-Japanese from both inside and outside the Company. As reflected in its slogan, “Keep Mixed,” ORIX is creating a workplace that is rewarding for all employees regardless of gender, nationality, age or other differences. I hope that this concept will also be realized among the members of the Board in the near future.

Hirotaka Takeuchi
Outside Director
Dean, Hitotsubashi University
Graduate School of International Corporate Strategy
Interview with Teruo Ozaki

How do you perceive ORIX’s corporate governance?

One of the fundamentals of corporate governance is that directors, who are chosen by shareholders, meet their commitment to shareholders through supervising the execution of business operations that increase corporate value. As an outside director, however, I have to monitor this from the standpoint of a third party who is completely independent from the Company. In addition to being listed on the NYSE, ORIX is regarded as having a high level of corporate governance. All the members of the nominating, audit and compensation committees are outside directors, adding a healthy tension and proving highly effective.

However, I think it’s important that we continue to verify that corporate governance is functioning in accordance with the changes in the times, and that high levels are maintained.

What things are you mindful of as an outside director?

ORIX’s business operations are wide-ranging, so I first make an effort to understand each business division and grasp the realities of each business operation’s site. Specifically, in representing the Audit Committee, I interview the people in charge of each division about the internal control and risk management systems in place, and the tasks they face in these areas. I do this more than thirty times a year.

Additionally, the Audit Committee receives explanations from the COO on results for each quarter, risks, upcoming challenges and responses, and other matters. We also meet regularly with the independent public accountants to share information. During these meetings we receive reports and information on whether they see any problems in the areas of financial reporting, internal controls or compliance, and whether there are any gaps in understanding between the Company and the independent accountants. We also confirm other issues, such as whether increasingly complex accounting standards are being applied properly, whether the independence of the independent public accountants is being preserved, and whether the quality of accounting audits is adequate.

Recently the subprime loan problem has been in the news, and although this does not impact ORIX directly, the turmoil in global financial and capital markets is having its effect. The Audit Committee is paying particular attention to risk management issues and management’s thinking in relation to overseas business operations.
1. Basic Corporate Governance Policy

ORIX considers corporate governance to be important to enable the promotion of business activities in line with its corporate philosophy and its management policy (see page 2). While examining best practices in Japan and worldwide, ORIX aims to construct a corporate governance system with a high degree of transparency.

2. Strengthening Corporate Governance

(1) Progress in Strengthening Corporate Governance

Since the June 1997 establishment of an Advisory Board, which included experienced and resourceful individuals from outside the Company, ORIX has strengthened its corporate governance framework with the aim of objectively determining whether its business activities are emphasizing the interests of its shareholders.

In June 1998, ORIX introduced a Corporate Executive Officer system to help separate strategic decision-making functions from day-to-day administrative operations. In June 1999, ORIX reduced the number of members on its Board of Directors, arranged for three Advisory Board members to fill two positions as independent directors and one position as an advisor to the Board, and phased out the Advisory Board. In addition, the Nominating Committee and the Compensation Committee were established to operate as support units for the Board of Directors.

To ensure the more effective separation and speedy execution of the decision-making and monitoring functions of the Board of Directors and the executive function of management, ORIX adopted a "Company with Committees" board model in June 2003, following the April 2003 implementation of revisions to the former Commercial Code of Japan that permitted this model. In line with the new board model, Nominating, Audit, and Compensation committees were set up. When the Company Law took effect on May 1, 2006, ORIX became a company with a revised "Company with Committees" board model under that law.

There were five outside directors following the Annual General Meeting of Shareholders held on June 24, 2008, and all five seats on the Nominating Committee have been filled by outside directors since June 2007. As a result, all three committees—including the Nominating, Audit, and Compensation committees—are now composed entirely of outside directors. ORIX believes that changing the membership composition in this manner will promote increased management transparency and objectivity.

(2) Corporate Governance System

Business Execution Bodies

Board of Directors: The Board of Directors makes decisions regarding items that cannot, under legislation and the Articles of Incorporation, be delegated to executive officers, as well as items stipulated by the Board of Directors as important to ORIX. Aside from such items, the Board of Directors delegates decision making regarding operational execution to Representative Executive Officers. The Board of Directors also receives reports from executive officers and committees regarding the status of business execution.

From April 1, 2007 through March 31, 2008, the Board of Directors met eight times. The attendance rate of directors for these meetings was 98%.

The Board of Directors includes 11 members, five of whom are out-
Executive Officers: Certain important business execution decisions specified by internal rules are made by Representative Executive Officers based on deliberations of the Investment and Credit Committee and other groups. The executive officers execute operations in accordance with the decisions of the Board of Directors, the business execution decisions of the Representative Executive Officers, and various internal rules. The following units handle important decision-making processes, monitoring, discussion, and information sharing related to operational execution.

Investment and Credit Committee

Top management and the executive officer responsible for investment and credit participate on the Investment and Credit Committee. The committee meets, in principle, three times per month to deliberate and make decisions primarily regarding investment and credit over specified amounts, important management issues, and items delegated to executive officers by the Board of Directors. The importance of decisions made by the committee is carefully considered, and reported to the Board of Directors as necessary.

Management Information Committee

Top management and the executive officer responsible for information technology (IT) systems attend this meeting, held in principle once each month, to deliberate and approve important matters concerning basic policies for IT operations and IT systems. This committee handles issues including the necessity and prioritization of investment in IT systems at the senior management level. As a result, it secures the consistency of business strategy and works to ensure that investment in systems contributes to business growth and reduction of risk.

Monthly Strategy Meetings

The monthly strategy meeting is a forum for top management and managers from parent company departments and group companies to deliberate regarding the degree to which department strategies have been reached, as well as regarding changes in the business climate. The meetings, which are held monthly in principle in each department, play an important role in monitoring and control of the diverse businesses of the ORIX Group.

Group Executive Officer Meeting

Executive officers of ORIX and group executives attend this monthly meeting to share important information regarding the execution of ORIX Group business.

Disclosure Committee

ORIX believes that disclosure control occupies an important position within the overall scheme of corporate governance. ORIX has set up an information disclosure system with the Disclosure Committee playing a central role in facilitating the appropriate and timely disclosure of information to investors.

The Disclosure Committee, which plays a key role in ORIX’s disclosure control, consists of executive officers who are in charge of departments, such as corporate communications, accounting, treasury, corporate planning, internal control compliance, and risk management.

Upon receiving material information from each department, the committee discusses, as needed, necessary actions to be taken to evaluate whether or not any timely disclosure is needed and to ensure appropriate and timely disclosure of such information.

Decision-Making Functions for Nominating, Audit, and Compensation Issues

Nominating Committee: The Nominating Committee is authorized to propose director appointments or dismissals to be submitted to the Annual General Meeting of Shareholders. Directors are elected from a list of candidates at the Annual General Meeting of Shareholders. In addition, the Nominating Committee deliberates on the appointment or dismissal of executive officers and Group executives, although this is not required under the Company Law.

From April 1, 2007 through March 31, 2008, the Nominating Committee met seven times. The attendance rate of these meetings was 94%.

Following the Annual General Meeting of Shareholders held on June 24, 2008, the Nominating Committee’s five members have included Hirotaka Takeuchi (Chairman), Yoshinori Yokoyama, Paul Sheard, Takeshi Sasaki, and Teruo Ozaki. All five members are outside directors.

The Nominating Committee determines whether the conditions necessary for director independence have been met based on its appointment criteria for directors. Presently, all outside directors meet the necessary conditions which are as follows.

Conditions for Director Independence

- The individual and his or her family members* are not currently receiving from ORIX or its subsidiaries large amounts of compensation (¥10 million or more per year; however, this excludes the employee salaries of family members.)
- The individual and his or her family members* are not major ORIX shareholders (holding 10% or more of total outstanding shares) or representatives of major ORIX shareholders.
- The individual is not an executive officer, etc., or employee of ORIX or its subsidiaries. The individual’s family members* are not an executive officer, etc., of ORIX or its subsidiaries. If the individual or his or her family members* were previously in such positions, then a period of five years or more has passed since the relevant person retired from the positions.
- Between the company for which the individual is serving as executive officer, etc., and ORIX, there is not a concurrent directorship relationship, defined as a relationship in which the company for which the individual is serving as executive offi-
Audit Committee: The Audit Committee supervises the execution of duties by directors and executive officers, and creates auditing reports. The Audit Committee also determines the content of proposals for submission to the Annual General Meeting of Shareholders regarding the selection, dismissal, and recommendations to not reappoint independent public accountants. ORIX has established the Audit Committee Secretariat to assist the Audit Committee with the execution of its duties.

The Audit Committee decides the person responsible in each department who will report to the Audit Committee, and evaluates the duties by directors and executive officers, and creates auditing reports.

The Audit Committee confirms the reports from the public accounting firm regarding the execution of the Company and the execution of important business matters by the heads of each business department and presidents of Group companies that focus, in particular, on risk control. Third, the Audit Committee confirms the business environment through reports, from the executive officer responsible for the accounting department, which covers the revenue composition of each department and any problem areas related to the business. Fourth, the Audit Committee confirms the quarterly reports regarding the direction of the Company and the execution of important business matters from the representative executive officer. Fifth, the Audit Committee confirms the reports from the public accounting firm regarding whether there are any material items relating to the audit.

The Audit Committee met eight times from April 1, 2007 through March 31, 2008. The attendance rate at these meetings was 97%.

Following the Annual General Meeting of Shareholders held on June 24, 2008, the Audit Committee’s four members have included Teruo Ozaki (Chairman), Yoshinori Yokoyama, Hirotaka Takeuchi, and Takeshi Sasaki. All four members are outside directors.

Compensation Committee: The Compensation Committee determines policies regarding the compensation of individual directors and executive officers, as well as the monetary remuneration, etc., of each individual director and executive officer.

Compensation of Directors and Executive Officers during Fiscal 2008

<table>
<thead>
<tr>
<th>Directors (Outside Directors)</th>
<th>Executive Officers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of people</td>
<td>Amount paid (Millions of yen)</td>
</tr>
<tr>
<td>Fixed compensation</td>
<td>5 (5)</td>
<td>59 (59)</td>
</tr>
<tr>
<td>Performance-linked compensation</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>—</td>
<td>59</td>
</tr>
</tbody>
</table>

Notes:
1. During fiscal 2008, five executive officers were newly appointed and six executive officers retired, for a total of eleven directors and twenty-four executive officers as of March 31, 2008. Figures for the number of officers remunerated and the remuneration amount do not include figures for officers who retired prior to the close of the 44th General Meeting of Shareholders held on June 22, 2007.
2. Regarding the six persons serving concurrently as directors and executive officers, the total remuneration figure is shown in the executive officer column/line.
3. Corporate performance-linked remuneration, based on a May 22, 2008 decision of the Compensation Committee, is the remuneration paid in June 2008. Such remuneration is not paid to outside directors.
4. In addition to the previous figures, the following payments are made.
   a. Payments under the stock compensation system
      (1) During fiscal 2008, provisions calculated according to Japanese accounting standards were made for points accumulated since the system was implemented in June 2005 in the amount of ¥24 million for outside directors and ¥93 million for executive officers. The provisions are re-calculated each year, based on the share price as of the end of each fiscal year.
      (2) For officers who retired during fiscal 2008, stock compensation values in accordance with the number of points accumulated during the stock compensation system period were as follows:
         Executive officer who retired on January 1, 2008: Four executive officers ¥146 million
         Executive officer who retired on June 24, 2008: One executive officer ¥71 million
   b. The Company provides stock options in the form of stock acquisition rights. During fiscal 2008, the value of such rights for outside directors and executive officers was ¥18 million and ¥331 million, respectively, accounted for as expenses based on Japanese accounting standards.
   c. Based on a Resolution approved at the 40th Annual General Meeting of Shareholders held on June 25, 2003, the value of retirement bonuses reserved for officers retiring during fiscal 2008 (term served prior to June, 2003 is subject) is 2 million for outside directors, 2,840 million yen for directors (persons currently serving concurrently as directors and executive officers), 17 million yen for auditors (currently executive officers), to be paid upon retirement.
5. Compensation of Group executives for fiscal year 2008 was determined based on the Company’s executive officer compensation policies, and total fixed compensation and performance-linked compensation amounted to ¥190 million. Other than the previous figures, the following payments were made.
   a. Payments under the stock compensation system
      (1) During fiscal 2008, provisions calculated according to Japanese accounting standards were made for points accumulated since the system was implemented, in the amount of ¥96 million.
      (2) For Group executives who retired during fiscal 2008, ¥69 million was paid as stock compensation in accordance with the number of points accumulated during the stock compensation system period.
   b. The Company provides stock options in the form of stock acquisition rights. During fiscal 2008, the value of such rights was ¥53 million, accounted for as expenses based on Japanese accounting standards.
6. Figures shown are rounded downward by discarding figures of less than ¥1 million.
The Compensation Committee has determined the following policies.

**Policies for Determining Compensation of Directors and Executive Officers**

ORIX's business objective is to increase shareholder value over the medium and long term. ORIX believes in each director and executive officer responsibly performing his duties and in the importance of cooperation among different business units to achieve continued growth.

The Compensation Committee at ORIX believes that to accomplish such business objectives, directors and executive officers should place emphasis not only on performance during recent fiscal years, but also on medium- to long-term results.

Accordingly, under the basic policy that compensation should provide effective incentives, ORIX takes such factors into account when making decisions regarding the compensation system and compensation levels for its directors and executive officers.

In line with this basic policy, the following policies regarding the compensation of directors and executive officers have been adopted.

1) **Compensation Policy for Directors**: The compensation policy for directors who are not also executive officers aims for a level and composition of compensation that is effective in maintaining supervisory and oversight functions of business operations, which is the main duty of directors.

   Specifically, while aiming to maintain competitive compensation standards, ORIX's compensation structure consists of a fixed compensation component, based on duties performed, a compensation component of shares*, and stock options.

2) **Compensation Policy for Executive Officers**: The compensation policy for executive officers including those who are also directors aims for a level of compensation that is effective in maintaining business operation functions while incorporating in its composition a component that is linked to the current period business performance.

   Specifically, while aiming to maintain competitive compensation standards, ORIX's compensation structure consists of a fixed component based on positions and duties performed, a performance-linked component, a shares component of compensation as described above, and stock options.

* Stock compensation values are determined by points that are assigned to each executive officer based on internally determined standards. The compensation value paid at the time of retirement is calculated by multiplying the stock price on the retirement date by the number of accumulated points. This system requires the post-tax value of compensation paid to be used to purchase ORIX stock at the market price on the retirement date.

The Compensation Committee met seven times from April 1, 2007 through March 31, 2008. The attendance rate of these meetings was 93%.

Following the Annual General Meeting of Shareholders held on June 24, 2008, the Compensation Committee’s four members have included Yoshinori Yokoyama (Chairman), Hirotaka Takeuchi, Takeshi Sasaki, and Teruo Ozaki. All four members are outside directors.


ORIX does not currently have a fundamental policy with regard to measures in response to shareholders with sufficient voting rights to give them control over corporate management. Moreover, ORIX has not recently introduced defensive measures designed to control the acquisition of its stock. The Company plans to proceed with prudent consideration of this issue in light of changes in relevant laws and regulations and in the operating environment, with the intent of taking related measures, if necessary.

### 4. Internal Control System

ORIX’s internal control system was constructed over a considerable period of time, with risk management policies, frameworks, and other rules and structures put in place for sound Company management. Since it was first established, the entire ORIX Group has been managed on a consolidated basis, leading the ORIX Group to construct an integrated internal control system.

Moreover, since the March 2007 enactment of Article 404 of the Sarbanes-Oxley Act (U.S. Corporate Reform Law) regarding internal control systems related to financial disclosure, ORIX has employed and advanced the development of an internal control system under the framework for internal control proposed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Structural components of an internal control system under the COSO framework include a control environment, risk assessment, control activities, information and communication, and monitoring. Among these, the control environment serves as the foundation for all structural components.

ORIX considers compliance to be the very foundation of internal control because a control environment is judged on the extent that the management principles and the members’ sincerity and morals permeate the corporate culture. For this reason, ORIX works continuously and actively to create and strengthen a corporate culture with a pervasive emphasis on compliance, with the aim to develop a sound “control environment.”

ORIX’s promotion of corporate governance began in April 1989, when it changed its name from Orient Leasing Co., Ltd., to ORIX Corporation, and ORIX introduced an ORIX Group Corporate Identity program that specified Group Ideals, Group Management Goals, and Group Action Principles. This is the conceptual root of ORIX’s compliance programs.

As ORIX neared the 21st century, it articulated three concepts in April 1998 that would characterize its identity and operations in the new century — pride, trust, and respect — thereby extending the conceptual scope of the ideals, management goals, and action principles of the corporate identity program. To foster pride, trust, and respect
Throughout its operations, ORIX drafted its Corporate Action Principles and Employee Action Principles. These concepts and principles together form the basis of EC21, a program designed to ensure that ORIX strives to be an "Excellent Company" in the 21st century. EC21 is the base of ORIX’s compliance system. To effectively instill the ideals articulated in EC21 throughout its operations, ORIX established units specializing in compliance promotion and, in February 2002, prepared a compliance manual. This manual includes action guidelines that explain the spirit of EC21 in concrete and specific terms. At the same time, ORIX organized training and other programs to promote greater awareness of, and more attention to, compliance among all the ORIX Group’s employees. In April 2002, ORIX began a Compliance Program containing specific compliance performance measures that continue to be drafted and implemented by executive officers and employees throughout the Group each year.

Furthermore, in fiscal 2008, ORIX formulated its Basic Compliance Regulations. This further clarified ORIX’s fundamental approach to compliance, the plan for the system to promote the spread of compliance, and compliance matters for senior managers and employees to observe. The Basic Compliance Regulations standardize the definitions of compliance that ORIX has decided over the years, and ORIX is undertaking various measures to implement them.

ORIX defines compliance as including:

• Actions that comply with relevant laws and regulations,
• Actions that comply with internal rules,
• Actions that comply with high standards of ethical behavior and common sense generally accepted by society at large, and
• Actions that conform with the Company’s EC21 management vision.

The New York Stock Exchange Corporate Governance Listing Standards

ORIX’s ADRs have been listed on the New York Stock Exchange (NYSE) since 1998. ORIX is therefore required to comply with the NYSE’s new corporate governance listing standards, Section 303A.11, approved by the SEC in November 2003.

However, as a foreign issuer, ORIX is not required to follow several of the NYSE listing standards. ORIX’s corporate governance practices differ in certain significant respects from those that U.S. companies must adopt to maintain a NYSE listing and, in accordance with Section 303A.11 of the NYSE’s Listed Company Manual, ORIX provides a brief, general summary of such differences.

The composition of ORIX’s Board of Directors and committees of ORIX’s Board differs significantly in terms of independence from the composition requirements for boards and committees that U.S. companies must satisfy to maintain a NYSE listing. 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. Under Japanese law, a majority of the membership on ORIX’s committees must be “outside directors” — a Japanese legal concept that shares similarities with the U.S. concept of “independent director.” However, ORIX is not required to include on its Board of Directors a majority of outside directors, nor is it required to compose its committees exclusively from outside directors.

Five of ORIX’s 11 directors are considered outside directors. Under the Commercial Code of Japan, an outside director is a director (i) who does not execute the company’s business, (ii) who has not before executed the business of the company or its subsidiaries in the capacity of director, executive officer (shikkou-yaku), manager, or employee, and (iii) who does not execute the business of any subsidiary of the company in the capacity of director or executive officer of such subsidiary or in the capacity of manager or any other employee of the company or any of its subsidiaries.

In addition to differences in composition requirements for ORIX’s Board, ORIX is not required to:

• Make publicly available one or more documents that summarize all aspects of its corporate governance guidelines or prepare a written code that states the objectives, responsibilities, and performance evaluation criteria of Nominating, Audit and Compensation Committees in a manner that satisfies the NYSE’s requirements or
• Adopt a code of business conduct and ethics for its directors, officers, and employees that addresses fully the topics necessary to satisfy the NYSE’s requirements.