

ORIX Value Creation

Five Concepts of Value Creation

We have transcended the conventional boundaries of a leasing enterprise by building the unparalleled ORIX business model. We have generated sustained growth backed by our commitment to our Five Concepts.

Our Five Concepts are fundamental to creating new value in the future.



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

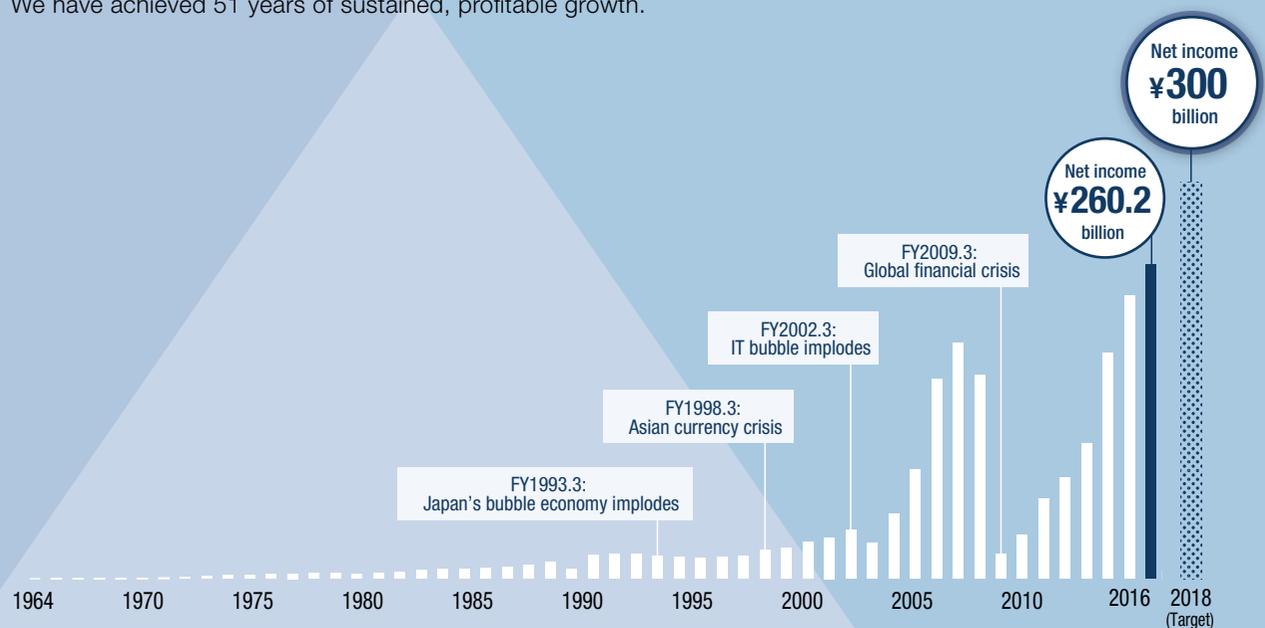


Expertise in Handling Tangible Assets

1964 2016

Net Income

We have achieved 51 years of sustained, profitable growth.



ORIX Value Creation

Global Expansion

ORIX made its first foray overseas by entering Hong Kong in 1971, and since then has continued to expand its operations to other countries using business know-how accumulated in Japan. One key advantage of ORIX's overseas business expansion is that it is based on partnership with leading local companies, localization of overseas subsidiaries' management, and a focus on serving local customers. While the expansion of the overseas business was initially centered on the traditional financing lease business, similar to the business diversification ORIX has been pursuing in Japan, the overseas business has also become increasingly diversified. For instance, auto leasing, the aircraft related business, bond investment, equity investment, asset management, and environment and energy are all part of ORIX's business outside of Japan.

Four Advantages for Global Expansion



(As of March 31, 2016)

Global Network (As of March 31, 2016)

ORIX's global network spans 37 countries and regions.



Business Network Expansion and Business Diversification

ORIX's global business expansion started from its financing lease business in Asia, followed by further broadening both its business network and the business areas it engages in.

1970s	1980s	1990s	2000s	2010s
Global Network				
7 Countries	12 Countries	18 Countries	26 Countries	37 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
<p>Starting in Hong Kong in 1971, ORIX entered markets overseas mainly in Asia, including Singapore, Indonesia, the Philippines, Malaysia, Thailand, and Australia.</p>		<p>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.</p>		<p>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.</p>
 <p style="text-align: center;">1972</p>		 <p style="text-align: center;">1991</p>		 <p style="text-align: center;">2013</p>
<p>Jointly established the first leasing company in Singapore with local financial institutions</p>		<p>Established ORIX Aviation Systems Limited, which conducts aircraft leasing, in Ireland</p>		<p>Full-fledged entry into the asset management business through acquisition of Robeco Groep N.V.</p>

ORIX Value Creation Five Concepts



Astute

ORIX is a leading producer of renewable energy in Japan, and has been highly successful in businesses including electric power retailing, energy-saving services and waste recycling. The keys have been bold strategies that capture important trends and individual project execution based on prudent risk assessment.

Assess Risk and Build Businesses with Swiftness

ORIX does not belong to any long-established business group (“*keiretsu*”) and can boldly and swiftly execute strategies it believes in. At the same time, we carefully assess risk from all angles for each and every project, then execute when we are well prepared. Our corporate culture that combines swiftness and great attention to detail is an ORIX strength.

I am responsible for the environment and energy business, which is involved in various markets including power generation, electric power retailing, energy-saving services and waste recycling. We are a leading producer of renewable energy in Japan with approximately 900MW of solar generation capacity either in operation or under development. We are also preparing to enter the geothermal and offshore wind power businesses.

The Capabilities of Our People Support Project Execution

We entered the environment and energy business by investing in the wind power generation business in 1995. We subsequently expanded into a broad range of operations including waste recycling, energy-saving services, electric power retailing, and renewable energy generation. We began to commercialize renewable energy when the Great East Japan Earthquake of March 2011 led us to predict that Japan’s energy business and electricity generation mix would change. We had already established the organization to accelerate our renewable energy business when the feed-in tariff system was first introduced in July 2012. The construction of a nationwide system for selling solar power generation systems and the acquisition of the land needed for mega-solar projects required bold investment of resources, and ORIX was quicker than its competitors to successfully establish a profitable

business model. These moves were backed by the swift decision-making of ORIX's senior management, clear instructions disseminated to front-line sales who fully committed themselves to this new business, and of course, the mobility and professionalism to carry out these instructions by the front-line units. ORIX is fully supporting the energy and environment business, deploying its corporate sales network in Japan, its skill in structuring projects gained from real estate development, structured finance and equity investment, and its expertise in documentation of the transactions. ORIX also actively recruited highly experienced professionals from outside when it lacked technical knowledge for the business. As a result, we were able to establish an organization to steadily execute new projects from origination and construction to handling technical and contractual issues. The renewable energy business requires strong long-term relationships with a diverse array of stakeholders. The capabilities of our people are also essential to meet the great expectations of these stakeholders. Over the past several years we have allocated many young employees, including new recruits, to this area as we concentrate on nurturing the people who will be expected to lead this business in the future.

Astuteness Is Also Ingrained in Our Overseas Business Development

A key feature of our business development is that we first acquire expertise in a business, then expand into adjacent markets and develop horizontally across regions. Next, we deepen our understanding and diversify our involvement in target markets. We use partnerships and M&A to acquire personnel, technical knowledge or other resources we may lack, and create synergy with existing re-

sources we have. Renewable energy is well positioned to become an important market with a global scale due to the ever growing need for clean energy and reduction of carbon emissions. In March 2016, we joined with our partner in India, IL&FS, to participate in a wind power business in India with about 1,000MW of capacity. We will work with IL&FS in the future to pursue wind and solar power businesses in India, while also carefully assessing business potential in emerging countries in Asia and in the United States, for horizontal development. We will be astute in developing our environment and energy business overseas to resolve social challenges through our businesses and contribute to sustainable growth for ORIX.

Yuichi Nishigori

Director
Corporate Executive Vice President
Head of Energy and Eco Services Business Headquarters





Organic

Organic collaboration among our diverse professionals creates the teamwork to boldly take on new challenges.

A Brand New Challenge That Is a First in Japan and a First for the Private Sector

A consortium anchored by ORIX and VINCI Airports of France established Kansai Airports to assume the operation of Kansai International Airport and Osaka International Airport from New Kansai International Airport Company. Kansai Airports became the operating company for both airports in April 2016. This concession business will operate both airports for 44 years, and is a first in Japan in terms of the operation period and total investment involved. This business is also a first for ORIX, which began turning its attention to concession initiatives overseas about two years ago and has since held ongoing study sessions in the Real Estate segment. This segment led initial studies when we committed to starting a concession project in Japan. However, the project required multifaceted studies, so senior management nominated members of a team of professionals from various operations including the principal investment business in Japan and overseas, real estate, treasury and the credit department. All told, the organization encompassed 50 to 60 people.

Toyonori Takahashi

General Manager
Concession Business Development Department



After making it through the first round of bidding, we promptly prepared for the second round by holding various discussions, conducting due diligence and creating our proposal. We continued to draft the final contract once we were selected as the preferred negotiation right holder. Upon concluding the contract, we had to submit nearly 3,000 applications for items and permits required to assume the operation of the airports, and obtaining all of them by the date set to begin airport operations was a Herculean task. The challenging schedule did not leave much time for teambuilding. Project members received assignments at the same time they found themselves participating in meetings to discuss key themes, and had to work in the midst of a relentless blizzard of emails about specific tasks. However, we have a horizontal rather than a vertical corporate culture, so team members thought and acted on their own without waiting for instructions and therefore needed little time to collaborate organically. The team's heavy day-to-day workload was cause for concern, but the project drew enormous momentum from the understanding among team members of its social significance and importance to ORIX's new business development. Bringing together highly insightful people with wide-ranging expertise enables us to look at issues from different angles and broaden our perspectives. Many young employees were also involved in this project. I expect that the experience they gained will enable them to take on new challenges elsewhere in the future.

Organic Collaboration, Both Internally and Externally, Creates New Value

We do not need to keep the organic collaboration mindset to the Group alone. Many companies based in Kansai are supporting this airport concession business

as shareholders of Kansai Airports. We believe that in addition to operating the airports successfully, together with these companies we can contribute to the growth of the Kansai region and the rest of Japan.

Concessions are new to Japan and many issues must be resolved to popularize them. However, bringing together the wisdom of the public and private sectors, whether from Japan or from abroad, should be able to resolve these issues. The wisdom of the private sector contributes to the development of national and local economies, and ultimately can make a substantial contribution to society if it is able to help lighten their financial burden. ORIX will actively take on the challenge of capturing business opportunities to nurture the concession business as one of its next growth drivers.



Hideo Ichida

Corporate Executive Vice President
Chief Commercial Officer (Non Aeronautical)
Kansai Airports



Synergistic

We have finance capabilities from leasing and expertise in dealing with physical assets. ORIX began expanding its business by taking on the challenge of using these two advantages in synergistic markets. We have used newly acquired expertise to steadily broaden our business portfolio.

Acquiring Expertise and Identifying Customer Needs to Expand Our Auto-related Business

Our auto-related business began with the auto leasing business in 1973. We then deployed the expertise we acquired and identified customer needs to expand into adjacent markets. Today, we are a comprehensive provider of auto-related services that include car rental, car sharing and fleet management services.

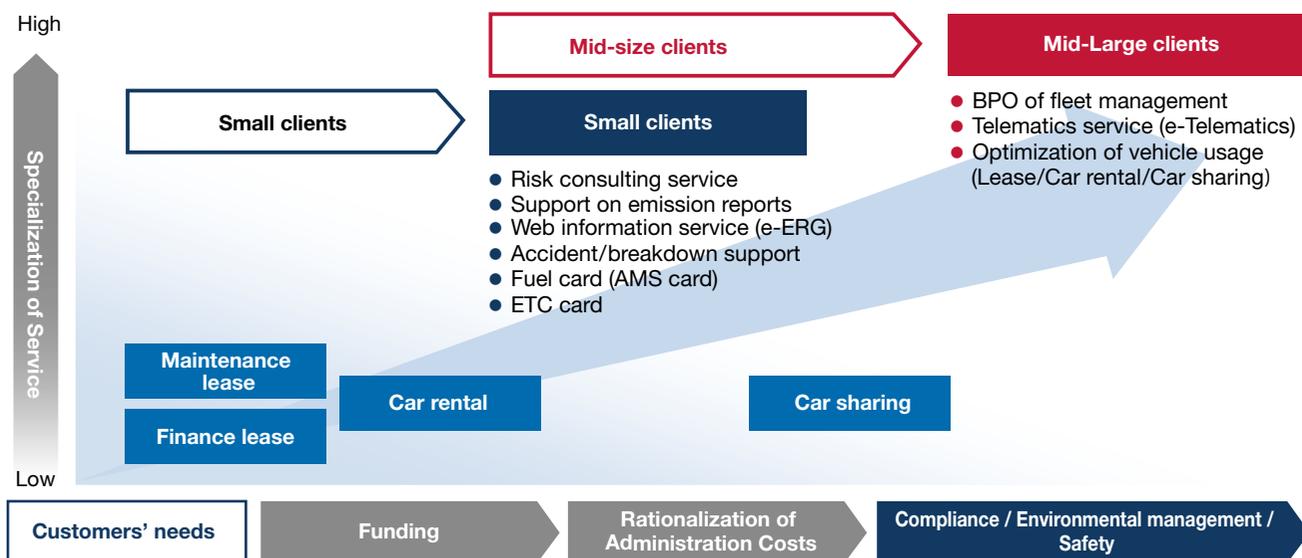
Customers wanted to fund their vehicle needs when we entered the auto leasing business, so we focused on finance leases for small corporate clients. We then addressed evolving customer needs for streamlined fleet management and reduced costs by incorporating maintenance services in finance leases, and expanded our service lineup to include risk consulting and fuel cards. We also addressed diversifying customer compliance, environmental and safety management needs related to fleet use by adding even more sophisticated services such as telematics, a fleet management

consulting service. We have expanded beyond leasing into car rental and car sharing so that we can offer our clients proposals for optimal fleet use.

ORIX has acquired expertise in a wide range of auto-related businesses as a result of our business development initiatives, and now serves a broad base ranging from small to large corporate clients. Earnings have increased steadily, and we maintain a high ROA.

Further Broadening Our Business Portfolio as a Provider of Comprehensive Auto-related Services

ORIX draws on the service menu it has assembled for the entire automobile lifecycle from purchase, use and maintenance to operation and sale in order to offer customers consulting proposals for optimal services. We leverage service capabilities not available at other companies to further expand our portfolio of businesses and take the following approaches to



strengthen earnings.

We consistently develop our client base ranging from small to large corporate clients by providing highly sophisticated services. At the same time, the lease utilization rate is low among individuals in Japan, so we serve this market by providing lease products with features such as new or used vehicles or customizable lease terms, and also by using both internet and face-to-face sales channels.

Moreover, we deploy our vehicle procurement capabilities and the expertise in specialty vehicles we have acquired from truck leasing and rental to plan and develop vehicles equipped according to customer needs. We already offer mobile bank branch vehicles and mobile office vehicles to customers including financial institutions and construction companies, and we will plan and develop specialty vehicles that address various customer needs.

In addition, we intend to use the expertise in fleet management we have acquired in Japan at our subsidiaries in Asia to expand our international auto-related business. Just as in Japan, we are de-

termining the characteristics of each market in Asia to establish a high-quality, highly profitable business model while reinforcing the business platform based on IT system enhancement and data analysis, as well as strengthening of products and services.





Focused

Even projects that do not proceed as initially planned give us new expertise because we focus tenaciously on initiatives to maximize recovery. This leads to subsequent growth opportunities.

Transforming Crises into Opportunities

Everyone at ORIX from people on the front lines to senior management shares a focused awareness of risk. We share it before we commit to projects, and also as we monitor loans and investments after we commit.

Real estate market conditions deteriorated significantly after Japan's bubble economy imploded in FY1993.3 and during the global financial crisis of FY2009.3. Both situations resulted in non-performing loans, but we took our time and focused on resolving them. A key feature of debt collection at ORIX is that we carefully scrutinize properties individually and stay actively involved in adding value to them rather than simply accepting whatever we can get during collection. We leverage the Group's knowledge and network to sell to owners that can make better use of the properties, and renovate and repurpose properties to increase rents. We also operate properties ourselves if we determine that doing so will allow us to maximize

the cash we can collect.

As we handled each project diligently and tenaciously, we gained expertise in debt collection and also the know-how needed to develop a broad range of real estate businesses that included real estate development and rental and real estate operation, and to establish new businesses. We transformed our non-per-



Credo Shintokorozawa was the first condominium ORIX developed and sold (1993)



Sumida Aquarium, which ORIX began operating in 2012



Moriya Logistics Center, developed in an ideal location for distribution (2016)

forming loan crises into the new business opportunities we gained from committing to the real estate business, thereby acquiring subsequent growth opportunities.

A Stable Earnings Base from Real Estate Business Diversification

We have expertise throughout the broadly-based real estate business value chain we have built, ranging from real estate development and rental to asset management and facilities operation. We are currently focusing on the facilities operation business, which is less susceptible to real estate market conditions and allows us to leverage the expertise we have acquired, and also on the logistics center business, which is a market that we pioneered.



The large-scale residential development Mark Springs, which includes condominiums, detached houses and a nursing facility (2004)

We have been involved in the aquarium operation business since we joined hands with Kanagawa Prefecture in a private finance initiative¹ in 2004 to take over the operation of the Enoshima Aquarium. We initially participated in the management of the aquarium as a provider of financing, then built a network of experts in the breeding operations that are essential to aquarium operation while gradually acquiring expertise. Backed by our focus on acquiring expertise, we began operating the Kyoto Aquarium and the Sumida Aquarium in 2012.

We have developed about 40 logistics facilities since we entered the logistics center business in 2002. We initially entered the business as a building lessor, then we expanded into the build-to-suit² business and multitenant³ investments when we had acquired logistics center investment expertise. We expect that new entrants will change the supply and demand balance in the logistics center business. However, we differentiate ourselves from our competitors with advantages such as using the Group's network to collect land information and maintaining strong direct-sales relationships with 250 major logistics companies.

Notes:

1. A private-initiative facility management method to highly leverage private funds and/or know-how in the operation of public facilities.
2. A type of logistics facility development in which the sole tenant is first identified before design and construction of the facility begins based on the tenant's specific requirements, while maintaining the basic specifications of a standard logistics facility.
3. A type of logistics facility development approach designed with highly versatile specifications to secure multiple tenants in the same facility.



Diverse

People are our most important asset. While all ORIX employees demonstrate their competencies, collaboration among our diverse people magnifies their capabilities to support sustainable growth.

Collaboration among Diverse Employees Creates Team Synergies

ORIX began with the leasing business and then advanced into adjacent markets, and has grown into a company with a diversified portfolio of businesses. We continue to evolve and grow. Our people support our growth, and are our most important asset. A wide array of professionals with expertise in various businesses work for ORIX because of the diversification and expansion of our operations, and their nationalities, gender, age and work histories are just as diverse.

ORIX operates in many different businesses that can stand by themselves because of their expertise, but ORIX is not a conglomerate with a collection of independent businesses. We are able to demonstrate our capabilities even better because each business is organically connected vertically and horizontally, which is a strength not found at other companies. We have created new value as a result. Our diverse peo-

ple stimulate each other through interaction, and they matrix their diverse expertise to create new expertise. They demonstrate their capabilities individually, and also collaborate as a matter of course to create team synergies. This strength supports ORIX's sustainable growth.

Ideal Personnel Attributes: Creativity, Challenge, Team Play

ORIX aims to contribute to society by identifying the ongoing changes in the operating environment and customer needs to deliver exceptional value. The ideal attributes of our people are therefore creativity, challenge and team play.

"Creativity" refers to our ability to build new businesses ourselves with foresight and flexibility when people with multifaceted individuality share their expertise. Our free and open corporate culture encourages our people to freely and openly share and discuss opinions, which

generates a wealth of ideas that help us earn customer trust and develop new business opportunities. “Challenge” refers to our proactive attitude toward taking on the challenge of the new without fear of failure. We are not complacent; we want to take on challenges to become even better. We know that unsuccessful initiatives are not an end, but rather evolutionary experiences that we can deploy in taking on new challenges. “Team play” refers to employees with diverse values collaborating in teams to mobilize their capabilities to demonstrate even greater strength. We value the experience, sensibilities and knowledge of individuals while combining them within teams to demonstrate strength that is greater than the sum of all employee capabilities.

A Workplace that Respects and Takes Advantage of Diversity

In fusing diverse values and expertise to create new value, we are absolutely committed to creating a workplace that takes maximum advantage of the capabilities of employees, respects diverse work styles, and offers personal fulfillment. ORIX has introduced its Career Select System, which is a personnel system that accommodates the life stage and career of individual employees. It helps employees balance work with childbirth, child care or nursing care and supports flexible work styles that enable employees to excel long term. This system enables employees to request a change in their position or rank to a more limited role if they are having trouble fulfilling their responsibilities or performance obligations for reasons such as child or nursing care, but also return to their former position.

Our business environment is changing dramatically, so we have various training systems that enable employees to fully demonstrate their capabilities. The training period is the first 10 years after an employee joins ORIX,

during which we have established a training program addressing the skill sets required for each level and career development that supplements and supports on-the-job training. We also provide programs that allow employees to acquire the latest front-line knowledge and information they need, and energetically support employee self-development. Moreover, our multifaceted training lineup to cultivate ORIX’s next generation of leaders includes programs that dispatch employees overseas and programs that enable our people to learn from next-generation leaders from other industries.

The personnel policies we require will change in tandem with changes in our operating environment and businesses. We respect the diversity of our people because it supports sustainable growth, and will proactively maintain an environment that capitalizes on diversity and enhance our personnel system.



Yasuaki Mikami

Deputy Head of Group Human Resources and
Corporate Administration Headquarters

ORIX Value Creation

Our Five Concepts

Yoshihiko Miyauchi

Senior Chairman

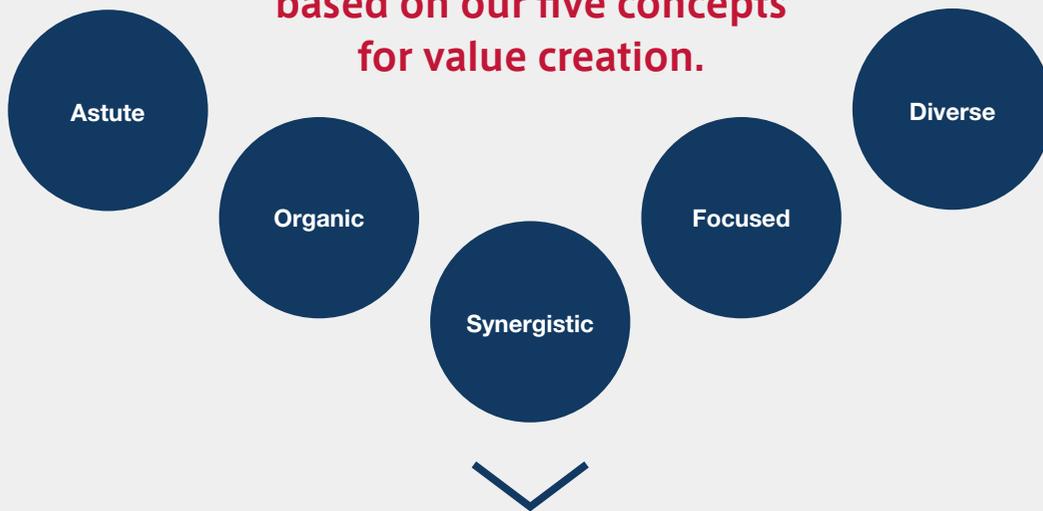


Our corporate culture and DNA strongly reflect the mindset of managers and the historical milieu at various times. The management philosophy of Mr. Tsuneo Inui, a founding member of ORIX, is deeply embedded in the Company. His two concepts of “Standing on Our Own Two Feet” in reference to our independent approach and “Creating New Value” in reference to taking on new challenges are the cornerstone of the ORIX Way and an inextricable component of ORIX’s DNA. Mr. Inui passed the management baton to me, and I refined this DNA, in turn passing the baton of management to CEO Makoto Inoue. Thus ORIX’s DNA has been passed down unbroken from the Company’s inception. With this DNA, ORIX has been able to consistently expand its businesses and grow, and from this process emerged ORIX’s five concepts of value creation: Astute, Organic, Synergistic, Focused and Diverse.

ORIX has grown dramatically in its 50-plus years and today has a presence that influences society. The creation of new value now means more than simply expanding our businesses and growing. It involves contributing to society – or in other words, our stakeholders – through our businesses to remain a presence that stakeholders need. We need to strengthen our friendly relationship with our stakeholders that is built on trust to do so. I consider stakeholders with which we have this kind of relationship to be “ORIX Allies.” ORIX can grow further as a company by valuing the DNA it has passed down since its founding and the five concepts it has developed over time while deepening its relationship with ORIX Allies.

At ORIX, certain things are naturally inherited, regardless of the passage of time or personnel changes. One of these unchangeable factors is our approach to “breakthroughs.” It is our innate approach to think through a problem to provide an answer that matches our clients’ needs. We share this approach with all customers, and it is manifested in our brand slogan,
“Answers, Custom Fit.”

We will provide unique ORIX value to our stakeholders by proactively dealing with social issues and needs based on our five concepts for value creation.



Answers, Custom Fit.

