

ORIX's Three Strengths

Flexibility

- Astuteness, Flexibility and Adaptability
- Horizontal Group Collaboration
- Diverse People

Since introducing leasing to Japan in 1964, ORIX has not been content with leasing alone, and set its sights higher to grow. Our adaptability in all aspects of business, such as how we develop business and leverage talent, created our strength of flexibility.

Astuteness, Flexibility and Adaptability

Astuteness, flexibility and adaptability are fundamental to our business activities. We are sensitive to change and adapt quickly to it, which is why ORIX has grown – and will continue to grow.

Horizontal Group Collaboration

The ability of diverse people with specialized expertise to work together in challenging businesses through horizontal Group collaboration encourages the growth of both our people and the Group. We are particularly good at boldly taking on the challenge of new business

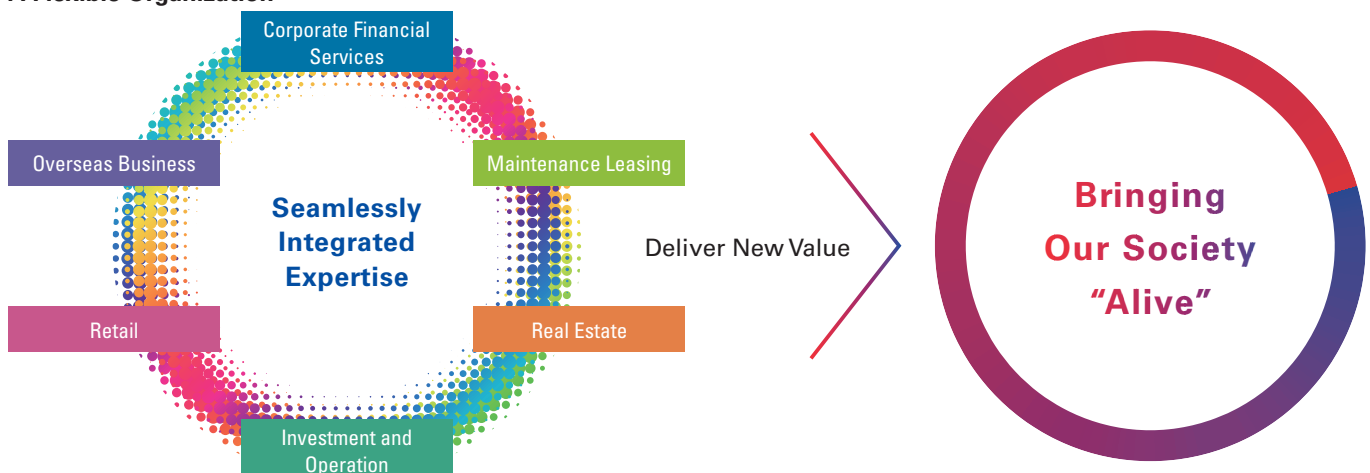
opportunities through teamwork and collaboration among relevant departments.

Diverse People

Diverse people support ORIX's wide-ranging projects and embody the concept of "Keep Mixed." We hire diverse human resources regardless of nationality, age, gender or work history, integrating their various values and expertise within our concept of a Fusion of Intelligence to create new value by raising the capabilities of each employee.

→ Page 58, Relationship with Employees

A Flexible Organization



Value Creation Case Study:

Horizontal Group Collaboration

Concession Business: Horizontal Group Collaboration to Enter a New Business

ORIX captures business opportunities through horizontal Group collaboration. In the concession business, where growth is forecast, we have built our operations in this way.

In the concession business, private companies handle the management and operation of airports, roads, water supply, sewerage and other public facilities that public institutions continue to own. Established by a consortium led by ORIX and VINCI Airports of France, Kansai Airports was the first full-fledged airport concession in Japan and began operating Kansai International Airport and Osaka International Airport in April 2016.

The concession business may have a high social profile today, but the lack of precedents and the scale of operations made large companies and other potential participants hesitant when Japan began its move toward concessions in 2011. This project required multifaceted consideration ranging from concession fees in trillions of yen and ultra-long-term management over 30 to 40 years to enhanced security and smooth relations with neighboring communities. The airport management involved encompasses a broad array of businesses including sales to airline companies, route expansion and the food, beverage, merchandise sales, parking, hotel and other

passenger-related services of the terminal building business. ORIX initially examined the concession business in the Real Estate segment. However, differences from a conventional PFI* that we identified during our initial process of investigation made us realize that the concession business is more akin to hybrid M&A and business succession because of its complexities.

Senior management recognized the social significance of the concession business and its importance to ORIX as a new business, and therefore called on experts from Group divisions involved in real estate, business investment in Japan and abroad, finance, and credit evaluation. The project team ultimately had more than 50 members.

After organizing the project team and submitting our bid, we had to conduct various consultations, due diligence and proposal preparation in a short time. We still had an enormous amount of work to do by the date designated for the start of operations,

and team members had to take on specified tasks as soon as they joined the project. However, the conditions engendered by horizontal collaboration enabled team members to act independently while moving quickly toward a single goal as a team.

Organizational flexibility is a unique ORIX strength. We can execute projects to capture new growth opportunities by forming cohesive teams of highly skilled people from various businesses without the constraints of divisional boundaries. We are proud that the extensive expertise we have acquired has enabled us to pioneer multifaceted businesses, and our goal is to continue generating new vitality for society.

→ Page 44, Concession

* Private finance initiatives (PFI) provide public services by using private funding and expertise to design, construct, maintain and operate public facilities.



Strong Platform

- Global Network
- Solid Financial Base
- Sound Governance System
- Diverse Business Portfolio

We have expanded our business platform overseas while flexibly broadening our business portfolio. At the same time, we strengthened our platform by having the discipline to enhance our financial base and governance system. Through this process, ORIX has developed a strong platform.

Global Network

Starting in Hong Kong in 1971, ORIX has expanded internationally using expertise acquired in Japan without setting limits on businesses or countries. Today, ORIX has a global network that spans 38 countries and regions.

Solid Financial Base

ORIX aligns fund procurement methods with its portfolio because its business structure is always changing dynamically. We are strengthening procurement in conjunction with our global business portfolio and continue to expand borrowings from banks and to procure funding from capital markets in the countries we serve.

→ Page 28, Financial and Capital Strategies

Sound Governance System

ORIX proactively enhances oversight of its managers. Our framework is demanding on managers and simultaneously ensures safety to strengthen corporate management.

→ Page 30, Corporate Governance

Diverse Business Portfolio

We have enhanced our expertise in finance and tangible assets arising from leasing as we have expanded into adjacent markets. Our expansion into diverse businesses disperses risk and increases opportunities to create new value.

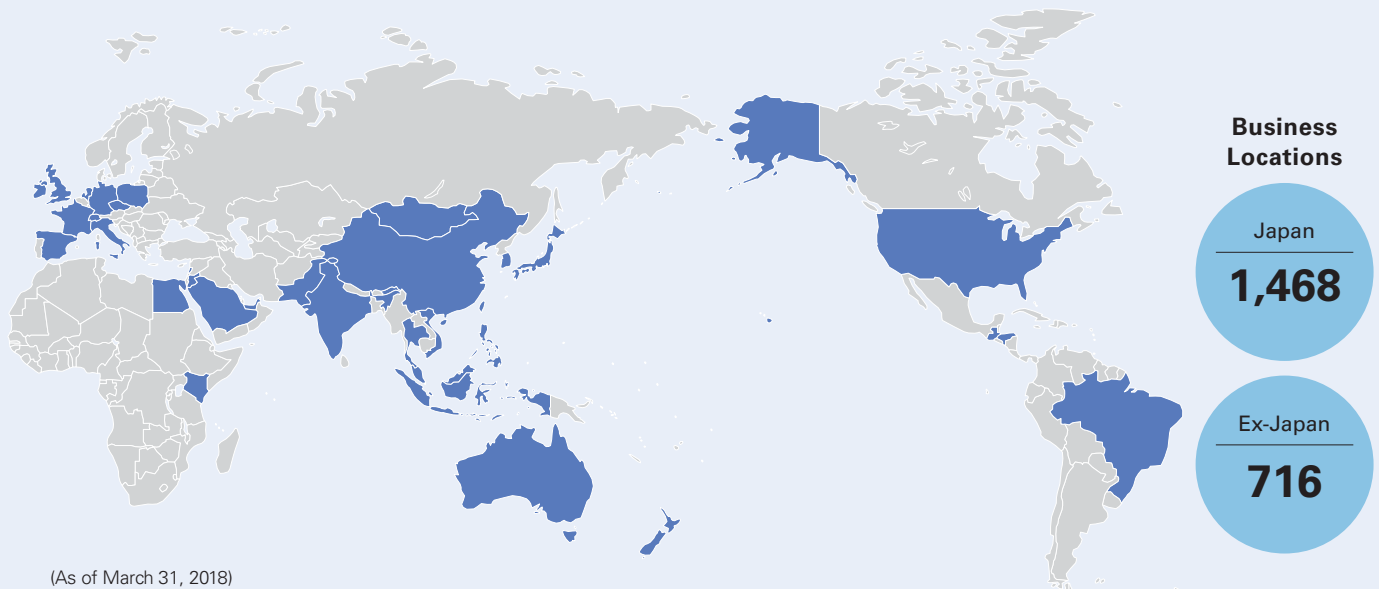
An Expanding Network and Business Portfolio

1970s	1980s	1990s	2000s	2010s
Countries and Regions in Our Global Network				
7	12	18	26	38
Expanded global network with emphasis on leasing in Asia		Continued to expand global network Diversified into aircraft-related and equity investment businesses		Expanded our business portfolio by acquiring Robeco and entering the environment and energy business

ORIX's Three Strengths

Value Creation Case Study:

Global Network



Building New Business Models from an Expanding Network of Locations Worldwide

ORIX's global network spans 38 countries and regions. We originally focused on the finance lease business in expanding internationally, then broadened the markets we serve as we expanded our business portfolio in Japan. Today, we operate in a diverse array of businesses in Japan and around the world, including automobile leasing, aircraft-related, investment in bonds, equity investment, asset management, and environment and energy.

A strength of our overseas operations is that they involve local partners, local management, local clients, and local staff. We partner with leading

companies in the countries we serve, localize management, and build a customer base of local companies. We assign few expatriates from Japan, and local employees are primarily responsible for conducting business.

Global expansion rooted in local economies has supported optimum local performance. Localized management enables proactive development of business aligned with local needs, without being bound by Japanese ideas. We are therefore autonomously building businesses attuned to each of the countries and regions we serve.

For example, in Australia we specialize in automobile leasing. Our customers are corporate fleet users, primarily multinational corporations. Our strengths are a well-established structure for maintenance leases and high-quality IT systems. We also offer

a highly convenient web-based vehicle and contract management system that keeps profitability high. This business model is tailored to the Australian market, with its many large-scale users. We have recently begun to adapt its services to our automobile leasing operations in other countries to meet even larger vehicle management needs. This exemplifies how ORIX uses its global network to create new products and services.

ORIX does not bifurcate business opportunities domestically and internationally. Our strong platform allows us to take on the challenge of attractive markets without creating artificial barriers. As a truly global company, we will leverage the strengths of our global network to simultaneously create and operate new business in multiple countries.

Disciplined

- Risk Management Capabilities
- Self-Discipline That Supports Independence

ORIX has pursued an independent approach since its foundation. Our self-discipline to promote management independent of shareholder companies and our risk management capabilities that adapt to business growth and changing environments are what make us disciplined.

Risk Management Capabilities

ORIX is an independent company that does not belong to a capital-based corporate group, so it is free to conceptualize and design bold strategies. At the same time, we assess risk very carefully. We consistently stress prudent, careful business decisions and expert assessment of the risks we should take to grow.

Self-Discipline That Supports Independence

Self-discipline has helped ORIX chart its own course since day one. We have ensured management tension to avoid erroneous decisions that could put ORIX out of business. We have therefore been able to overcome changes in our operating environment, thus enabling ORIX to remain profitable for 53 consecutive years since its inception.

Establishing an ERM* System: Risk Management Enhancements

Enterprise Risk Management Headquarters Established in June 2017

We are concentrating on upgrading systems to empower us to judge, control and manage risk appropriately to enable further dynamic growth.

Mission	<ul style="list-style-type: none"> • Create mechanisms to properly report management information to top management. • Focus on enhancing global compliance and internal controls.
Examples of Specific Initiatives	<ul style="list-style-type: none"> • Comprehensively assess all investments, including assessment of non-financial risks such as reputation risk. • Strengthen overseas departments and upgrade our framework for global risk management.

* ERM: Enterprise risk management

ORIX's Three Strengths

Value Creation Case Study:

Risk Management Capabilities

A System for Taking Healthy Risks

ORIX has expanded its businesses and grown by taking on challenges and innovating in order to address diversifying customer needs and changes in its operating environment. Risk management entails two crucial components: taking risks after assessing their potential impact on growth and

maintaining soundness. This approach forms the basis of ORIX's risk management.

We have established a system to appropriately identify and manage the characteristics of various risks related to Group businesses. The following are our eight primary risks, and we manage each of them according to their features.

Main Risks and Methods for Managing Them

Main Risks	Risk Definition	Examples of Risk Management Methodologies
Credit risk	Uncertainty regarding future recovery of investments caused by fluctuations in cash flow from debtors and investees.	<ul style="list-style-type: none"> • Obtain adequate collateral and guarantees. • Securitize receivables. • Diversify debtors and their business types.
Business risk	Uncertainties related to new business areas, potential obsolescence of the products or services we offer or a decline in their quality, and variability in market prices for the types of products or services we offer.	<ul style="list-style-type: none"> • Conduct scenario analyses and stress testing. • Monitor business plans and operations.
Market risk	The risk of changes in the fair value of assets and liabilities caused by changes in market variables, such as interest rates, exchange rates and stock prices.	<ul style="list-style-type: none"> • Set Groupwide rules for comprehensive asset and liability management (ALM). • Comprehensively understand and verify market risks.
Liquidity risk (risk relating to fund procurement)	The risk that we will be unable to obtain required funds or that we will be forced to procure funds at an unusually high rate of interest due to market turmoil, a sharp decline in the financial condition of the ORIX Group or other reasons.	<ul style="list-style-type: none"> • Diversify fund procurement methods and sources. • Manage liquidity on hand and analyze liquidity risk using hypothetical stress scenarios.
Compliance risk	The risk of financial loss, regulatory sanction or damage to our reputation resulting from a failure by the ORIX Group to comply with applicable laws and regulations regarding the ORIX Group's business activities or corporate philosophy, internal policies, social norms, rules and procedures which may also encompass legal risk when applicable laws and regulations are violated.	<ul style="list-style-type: none"> • Formulate and implement an annual compliance plan. • Raise awareness for compliance matters among executives and employees by establishing and disseminating various regulations.
Legal risk	Legal restrictions on business activities and legal liability as well as disadvantages that may arise due to laws and regulations applicable to ORIX Group's business and corporate management, the establishment and amendment of such laws and regulations and regulatory oversight.	<ul style="list-style-type: none"> • Involve the credit department, the legal department and the compliance department to avoid, reduce and conduct measures to prevent risks. • Employ outside legal counsel.
Information asset risk	The risk of loss caused by destruction, damage or leakage of information or failure of our information systems.	<ul style="list-style-type: none"> • Establish policies for information management systems. • Maintain and manage internal systems to reduce the risk of system failure and cyber-attacks.
Operational risk	The risk of loss resulting from damages, losses, adverse effects or damage to our reputation caused by inadequate or failed internal processes for business execution or prevention of human error or by a failure in operations due to external events such as natural disasters.	<ul style="list-style-type: none"> • Maintain internal rules to manage risks associated with natural disasters. • Monitor based on an annual internal audit plan.

For detailed information on risks, please refer to the following:
 Form 20-F filed with the U.S. Securities and Exchange Commission
 ▶▶▶ <https://www.orix.co.jp/grp/en/ir/library/20f/>