

EC21 Excellent

ORIX established the corporate conduct charter EC21 to make clear the company it aims to be, in an effort to become an “Excellent Company in the 21st Century.” ORIX draws on EC21 based on a stance of contributing to society through its businesses to deliver value unique to ORIX by energetically addressing social issues and needs.

Pride

We have pride in creating new value which is highly regarded from the market.

Trust

We win the trust of all stakeholders by responding professionally to diverse society needs.

Respect

We earn utmost respect from society with the highest standards of compliance with all laws, morals and a transparent corporate culture.

Company

Contributing to society through our businesses + People who support sustainable growth



Transition to a Carbon-Free Society

We are contributing to the creation of a carbon-free world by bringing renewable energy such as solar power generation into the mainstream.



More Efficient Use and Supply of Energy

We are contributing to the efficient use and supply of energy by saving energy and reducing energy costs.



Creation of a Society That Reuses and Recycles

We are contributing to the creation of a society that emphasizes the extended use of things of value and a society that effectively uses and recycles natural resources to reduce the generation of waste and environmental loading.



The Aging Society/Achieving Secure and Healthy Lifestyles

We are contributing to the formation of a society where people can live with peace of mind by providing a variety of services as Japan's birthrate decreases and its population ages.



Regional Revitalization

We are contributing to the development of regional economies through our diverse business portfolio in ways such as increasing demand for tourism and creating employment outside major cities.



A Smart and Resilient Society

We are contributing to the creation of a smart and resilient society in ways such as supporting corporate R&D, disaster response, and operational efficiency.



Vitalizing Small and Medium-Size Enterprises

We are contributing to the growth and vitality of small and medium-size enterprises, a core customer group, by providing various kinds of support.



About 32,000 Diverse Employees

We develop highly skilled people who consistently take the initiative in creating new businesses and continuously take on challenges.

→ Page 58, Relationship with Employees

Business Areas for Further Growth

We consider businesses that are aligned with our strengths and social needs to be our growth markets, and we are aggressively building them.

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Environment and Energy

Finance

Operation

Investment

Environment and Infrastructure



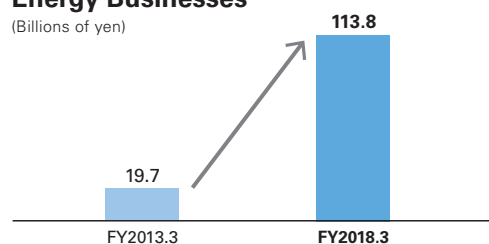
ORIX Awaji Mega-Solar Power Plant (Awaji, Hyogo Prefecture)

ORIX's broad portfolio includes energy businesses such as energy-saving services, electric power supply and renewable energy power generation, and environment businesses such as waste disposal and metal resources. The proliferation of renewable energy, energy saving and energy cost reduction are making a notable contribution to the transition to a carbon-free society and the efficient use and supply of energy. Backed by our achievements in Japan, we will build businesses overseas with a platform investment* policy.

*Platform investment: Investment in companies we expect to generate many business opportunities.

Revenues from Environment and Energy Businesses

(Billions of yen)



Contributing to Society through Our Businesses



Transition to a carbon-free society



Creation of a society that reuses and recycles



More efficient use and supply of energy

Features and Strengths

- One of the largest solar power generation businesses in Japan, with secured capacity of about 1,000 MW
- Increasing ability to stably supply our own electricity, a broadening network, and expanding renewable energy and electric power retailing businesses in line with systemic change in Japan, including the deregulation of power generation and feed-in tariffs
- A single source for services ranging from collection and transportation to final disposal of waste

Risks

- Stronger regulation of environment and energy businesses; declining profitability due to abolition of favorable government policies; withdrawal from businesses
- Inability to continue operating businesses properly could result in suspension of operations and compensation to stakeholders for damages

Opportunities

- Leveraging achievements in Japan to expand the renewable energy business overseas
- Deepening of renewable energy businesses including geothermal, wind power and biomass in Japan
- Providing solutions that utilize IoT technology capabilities, storage batteries or other methods to serve the digital society

Specific Initiatives

The Renewable Energy Business in Japan

As of March 31, 2018, the solar power generation business in Japan was involved in projects with secured capacity of about 1,000 MW, of which 700 MW is in operation. This makes ORIX one of the largest solar power generation companies in Japan, and we also plan to begin operating a succession of new projects. We have been focusing on secured capacity, and will now shift our focus to the operation of power plants. We will improve our operating structure and add value to our assets while ensuring stable operation over the long term and maximizing earnings.

We will complement our solar power generation business by investing aggressively in renewable energy businesses such as geothermal, wind power, and biomass. The development period for projects is longer in these businesses than in the solar power generation business. However, climate change is less likely to affect projects in these businesses once operation begins, so we expect to benefit from the stable supply of power over the medium and long term. Japan will take a more balanced approach to renewable energy rather than focusing mainly on solar power, and ORIX will continue to fulfill its responsibilities in supporting the transition to a carbon-free society. Our objective is to add geothermal and wind power to our portfolio as a leader in renewable energy in Japan.



Drilling site at Minamikayabe, Hakodate (feasibility study for the construction of a geothermal power plant)

The Renewable Energy Business Overseas

Our previous stance on the renewable energy business overseas was to focus primarily on financial investments to take minority stakes in such businesses, but we have changed our focus to a policy of platform investment to build a foundation of businesses. In July 2017, we invested approximately ¥70.7 billion to acquire a stake of about 22.1% in Ormat Technologies, Inc. (Ormat) in the United States. As of March 2018, Ormat owned or had installed power plants with gross capacity of 2,500 MW worldwide, and had a top global share of about 82% of binary power equipment installation volume. Outside the United States, Ormat is building businesses in Central America, Africa and elsewhere, and has about 800 MW of capacity. These investments are the first steps in building a global geothermal power generation platform. We will strategically collaborate with Ormat to integrate expertise and business platforms as we build our geothermal power generation business with a focus on Japan and Asia.

Future investment in the overseas renewable energy business will target platform investments similar to Ormat with a focus on Asian and European companies. The proliferation of renewable energy is an important policy issue worldwide from the viewpoint of ensuring energy self-sufficiency and achieving a low-carbon society. We will enhance the fundamentals of our existing businesses while leveraging our expertise in Japan to expand globally.



The McGinness Hills Complex power plant owned and operated by Ormat (Nevada, U.S.A.)

Concession

Finance

Operation

Investment

Environment and Infrastructure

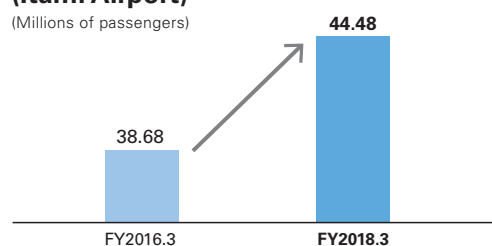


Kansai International Airport

ORIX launched its concession business with the first full-fledged airport management project by the private sector in Japan. We are expanding from airport management into infrastructure businesses including water supply and sewerage to position ORIX as the top concessionaire in Japan while also looking at a broad range of concession opportunities overseas.

Passengers Using Kansai International Airport and Osaka International Airport (Itami Airport)

(Millions of passengers)



Contributing to Society through Our Businesses



Regional revitalization

Features and Strengths

- Broad business management expertise and operating track record
- Extensive relationships with leading companies in Japan and overseas
- Ability to deploy operating and financial expertise as infrastructure assets are monetized

Risks

- Intensifying competition for concessions in Japan
- Changes in pro concession policies; changes in laws and regulations
- Significant decrease in the number of tourists visiting Japan due to increased geopolitical risk

Opportunities

- Ongoing increase in number and types of concessions in Japan
- Increasing opportunities to participate in concession projects overseas

Specific Initiatives

Operation of Kansai International Airport, Osaka International Airport (Itami Airport) and Kobe Airport

The operation of Kansai International Airport and Osaka International Airport (Itami Airport) is our first concession. Kansai Airports, established by a consortium led by ORIX and VINCI Airports of France, took over the operation of both airports in April 2016. In addition, a wholly owned subsidiary of Kansai Airports called Kansai Airports Kobe took over the management of Kobe Airport in April 2018.

We are structuring a three-in-one airport organization that will support economic development and increase demand for air transport in Kansai. We will prioritize airport safety and security as we fully leverage our private-sector knowledge and expertise to further enhance services.

City privatized operation of the plant for the next 20 years with the intention of raising management efficiency to reduce operating costs.

Water supply and sewerage is a mature business in which many local governments are having trouble improving operational efficiency and are introducing new technology to sustain infrastructure operations in the face of increased renovation costs and reduced demand caused by a decreasing population. On the other hand, the total operating revenues of water supply and sewage systems throughout Japan are estimated at about ¥4 trillion, indicating a large potential market. Water Supply Act revisions are expected to promote broadly based cooperation and public-private partnerships, so water and sewage concession opportunities may well increase in the future.

Operation of Public Wastewater Treatment Plant in Hamamatsu City

ORIX began participating in the operation of a public wastewater treatment plant in Hamamatsu City in April 2018, our first water supply and sewerage concession. Hamamatsu Water Symphony operates the plant, and ORIX holds a minority stake in this company that is majority owned by the Japanese subsidiary of French company Veolia. Hamamatsu

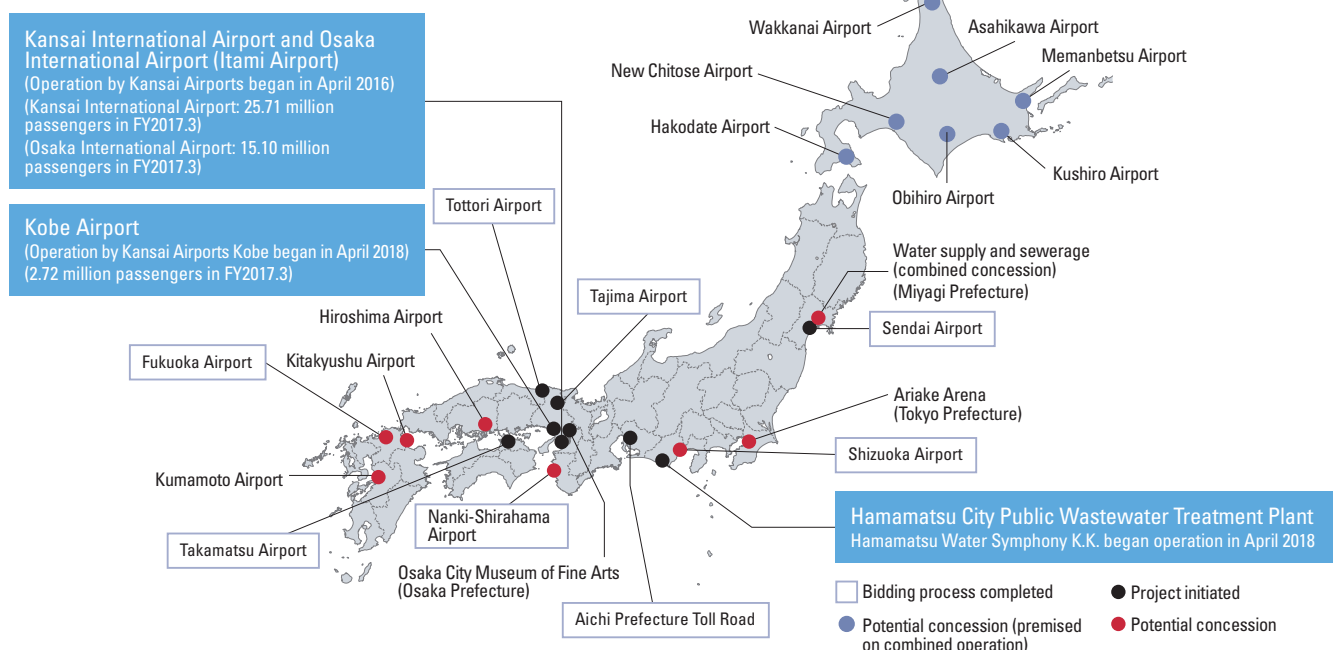
Future Initiatives and Policies

The total worldwide value of infrastructure investment deals is estimated at US\$337 billion.* In addition to bolstering its position as the number-one concessionaire in Japan, ORIX is also aggressively taking on the challenge of overseas projects. We will consider infrastructure projects with due consideration of regional characteristics, from Europe where the legal system is clear, transparency is high and cash flow is stable, to Asia where development projects are numerous.

* Preqin survey (2017)

Actual and Potential Concessions in Japan

(As of July 2018)



Asset Management

Finance

Operation

Investment

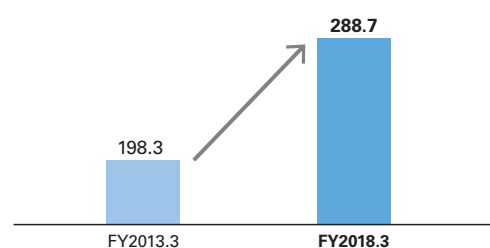
Financial Services



Our asset management business has grown substantially due to changes in the business environment caused by the global financial crisis. Overseas, we operate internationally through asset management companies including Robeco Institutional Asset Management B.V. (Robeco). In Japan, we have established a business foundation for asset management centered on real estate. We will continue to contribute to the sustainable development of society through sustainability investing and to help customers manage their assets reliably and design affluent lives.

Assets under Management at ORIX Corporation Europe

(Billions of euros)



Contributing to Society through Our Businesses



The aging society/
Achieving secure and
healthy lifestyles

Features and Strengths

- Broad Groupwide product lineup and investor base
- Extensive experience backed by a long-term track record; outstanding research system
- Comprehensive capabilities from a diversified real estate business encompassing development, leasing, asset management and facility management; access to Group network

Risks

- Reduction in balance of assets under management due to reduced asset management performance or intensified competition
- Weaker management due to loss of excellent human resources
- Increase in management costs due to tighter regulation of asset managers

Opportunities

- Increase in alternative asset management opportunities
- Increase in the pool of new investors due to growing investment needs in Asia
- Growing M&A opportunities associated with the reorganization of the asset management industry

Business Areas for Further Growth

Specific Initiatives

Diversification and Geographical Expansion of Business

ORIX acquired the asset management company Robeco Groep N.V. (now ORIX Corporation Europe N.V.), headquartered in Rotterdam, the Netherlands, in 2013 for full-scale entry into the global asset management business. Robeco is central to this business. Since its establishment in 1929, Robeco has built a consistent record of performance and investment in new asset management technologies and research. We are now offering a wide range of active investment solutions from equities to bonds.

Robeco offers innovative asset management strategies with a proprietary combination of research in three areas: fundamentals, sustainability, and quantitative investing. It is a pioneer and global leader in sustainability investing and quantitative asset management. Sustainability investing is increasingly popular in Europe and around the world, giving Robeco more opportunities to exercise its competitive advantage. Robeco is committed to providing customers with excellent asset management results over the long term, using a quality-focused process based on research.

U.S. subsidiary ORIX Corporation USA (OCU) is a strategic Group operation in the United States that is involved in businesses including securities investment, real estate and infrastructure finance, private equity investment, and asset management. We are now structuring a unique business model with emphasis on fee businesses including the securitization of rental housing loans and the asset management business.

In 2016, OCU acquired Boston Financial Investment Management, LP, which syndicates Low-Income Housing Tax Credits. In 2017, it acquired Lancaster Pollard Holdings, LLC, a provider of integrated investment banking, mortgage banking, balance sheet lending and private equity services focused on the full continuum of senior living and health-care clients. Our objective is to establish a strong position in the U.S. residential real estate financial services market.

In Japan, ORIX Asset Management manages a J-REIT, and ORIX Real Estate Investment Advisors manages private equity funds. The latter had approximately ¥430 billion in assets under management as of March 31, 2018, ranging from hotels and office buildings to logistics facilities. Its goal is to leverage the expertise and network of the ORIX Group to increase assets under management to ¥650 billion in 2022. In addition, the J-REIT that ORIX Asset Management manages was the sixth largest in Japan in terms of assets as of June 30, 2018. This integrated REIT owns office buildings and various other assets, and will improve the overall quality of its asset portfolio by circumspectly acquiring properties without restricting investment by property type or location and flexibly disposing of properties in consideration of their future competitiveness.

Our asset management business is competitive in a wide range of asset classes. We will also promote collaboration among our operations. We will continue to expand our existing portfolio while diversifying our businesses and expanding them geographically through M&A and new investment.

Main Group Companies in the Asset Management Business (As of March 31, 2018)

Segment	Company Name	Established/ Acquired	Principal Business
Overseas Business/ ORIX Corporation Europe N.V.	Robeco Institutional Asset Management B.V.	2013	Asset Management
	Transtrend B.V.	2013	Asset Management
	RobecoSAM AG	2013	Asset Management
	Harbor Capital Advisors, Inc.	2013	Asset Management
	Boston Partners Global Investors, Inc.	2013	Asset Management
Overseas Business/ ORIX Corporation USA	RED Capital Group, LLC	2010	Loan Servicing
	Mariner Investment Group LLC	2010	Fund Operation and Management
	RB Capital S.A.	2016	Real Estate Securitization, Asset Management, Real Estate Development and Investment
	Boston Financial Investment Management, LP	2016	Low-Income Housing Tax Credit Syndicator
	Lancaster Pollard Holdings, LLC	2017	Mortgage Banking and Loan Servicing
Real Estate	ORIX Asset Management Corporation	2000	Asset Management of J-REIT
	ORIX Real Estate Investment Advisors Corporation	2007	Real Estate Investment and Advisory Services

Life Insurance

Finance

Operation

Investment

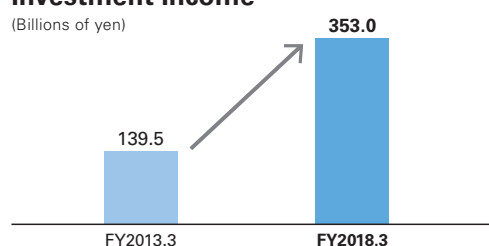
Financial Services



Our life insurance business offers simple and easily understood products and reasonably priced insurance coverage. We offer a full lineup of insurance products, primarily in the third-sector market and also in the first-sector market. Recognized by customers and external observers as insurance professionals, we also research and develop new products so that we can provide optimal insurance aligned with evolving customer needs.

Life Insurance Premiums and Investment Income

(Billions of yen)



Contributing to Society through Our Businesses



The aging society/
Achieving secure and
healthy lifestyles

Features and Strengths

- Strong ability to develop products aligned with evolving customer needs
- Omnichannel business development

Risks

- Contraction of the domestic life insurance market due to the declining population
- Response to the investment environment in Japan, which is subject to factors such as the protracted negative interest rate policy

Opportunities

- Improving service with a customer-driven management strategy
- Increase in opportunities to acquire policy-holders through our omnichannel strategy

Business Areas for Further Growth

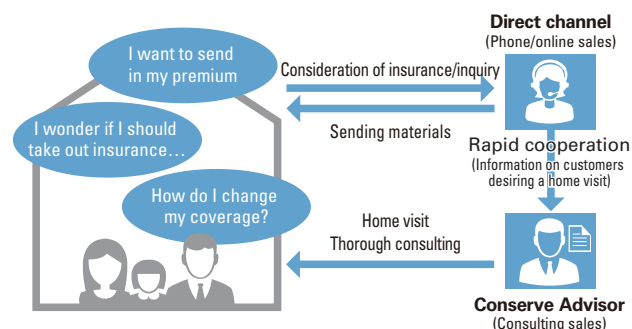
Specific Initiatives

Expanding Our Product Lineup and Marketing Channels

Since launching our Cure branded medical insurance in 2006, we have been adding policyholders by developing core third-sector insurance products, updating coverage, and focusing on developing first-sector insurance products. We also broadened our marketing channels in 2016 by establishing a direct sales channel so that ORIX Life Insurance employees can make proposals to customers to complement sales through agencies, financial institutions and mail order. We have organically integrated multiple channels with an omnichannel strategy of providing services via channels that customers wish to use. Our consulting service in which we call on customers who have requested information via phone or Internet has been particularly well received. We thoroughly explain insurance products and provide advice about customer needs and risks so that customers can confidently consider our products.

As a result, the number of individual insurance policyholders exceeded 4 million as of May 31, 2018, and the business

Timely Cooperation between Two Channels



has steadily grown, achieving double digit growth for 12 consecutive years since FY2006.3. In the past two years, the pace of growth has accelerated, with the number of policyholders rising from 3 million to 4 million.* In addition, customer support is widespread, with the number of new policies in force exceeding 500,000 for five consecutive years.

* The increase in the number of policyholders from 1 million to 2 million took 3 years and 3 months, and the increase from 2 million to 3 million took 2 years and 5 months.

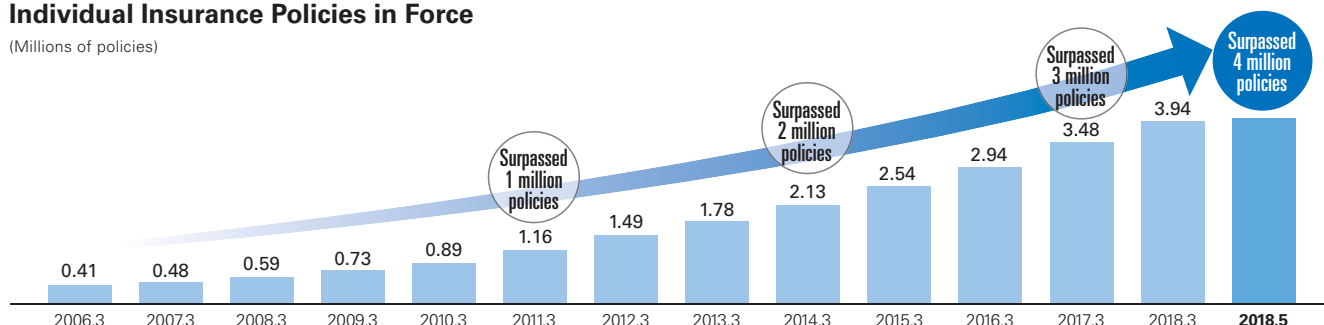
Marketing Channels

Agency Sales	We provide a wide range of products to customers through about 6,300 locations,* including insurance agencies that handle life and non-life insurance, drop-in style agencies close to train stations and in large shopping malls, and tax accounting-related agencies that offer consulting that leverages expertise in taxation and other subjects.
Sales through Financial Institutions	We offer insurance products at approximately 5,500 branches* of city and regional banks and credit unions.
Mail Order and Internet Sales	We sell insurance by mail and the Internet.
Face-to-Face Sales via ORIX Employees	ORIX Life Insurance salespeople known as Conserve Advisors sell our products directly to customers.

*As of March 31, 2018

Individual Insurance Policies in Force

(Millions of policies)



Customer-Oriented Business Policy

ORIX Life Insurance considers it important to provide products and services with a closer connection to customers to be the life insurance company they continue to choose. In 2017, we established a customer-oriented business policy and established a Customer-Oriented Promotion Department to carry out this policy. Viewing customer-oriented business as a management strategy, ORIX Life Insurance is promoting its companywide penetration to thoroughly maximize the benefit for customers. ORIX Life Insurance aims to fulfill the true interests of customers, not just by developing competitive products but also by improving service quality and building up added value as a company.

Automobiles

Finance

Operation

Investment

Maintenance Services

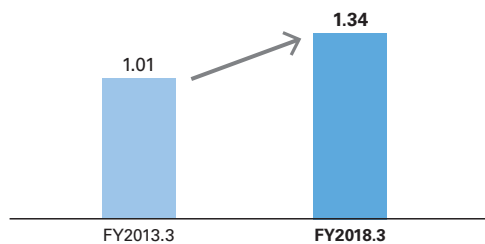


ORIX Rent-A-Car
New Chitose Airport

Our automobile business has strengths that include extensive expertise and a broad lineup of products and services. It incorporates automobile leasing, rental and car-sharing in comprehensive proposals aligned with various usage conditions such as the customer's length, frequency and purpose of use. We are a one-stop provider of every kind of automobile-related service, including comprehensive vehicle management outsourcing and solutions that meet needs for compliance, environmental friendliness and safety management.

Vehicles under Management in Japan

(Millions of vehicles)



Contributing to Society through Our Businesses



Creation of a society that
reuses and recycles



A smart and resilient
society



The aging society/
Achieving secure and
healthy lifestyles

Features and Strengths

- Ability to propose comprehensive, optimum service to customers with a service menu aligned with the automobile life cycle from purchase to sale
- A global leader in vehicles under management

Risks

- Decline in earnings from existing businesses and services and the residual value of vehicles due to structural changes in the automobile industry
- Limited market expansion due to a societal shift from ownership to usage and sharing

Opportunities

- Growing demand for value-added services such as automobile leasing, vehicle management, and operations support due to corporate cost reduction needs and improved risk management and awareness of compliance
- Development of new products and services that address social demands and technological advances

Specific Initiatives

Leasing, Rental and Car-Sharing

ORIX's automobile business provides comprehensive services related to automobiles. We are a leader in the leasing industry with 1,347,000 vehicles under management in Japan as of March 31, 2018. Vehicles under management have been increasing steadily due to the societal trend away from ownership toward usage and sharing. We also leverage our automobile expertise in businesses that use pre-owned vehicles, which makes an important contribution to the creation of a society that reuses and recycles.

ORIX offers a service menu aligned with the automobile life cycle from purchase, use and maintenance to operating management and sale, and we consult with customers to propose optimal services. Our comprehensive services are not available from other companies, and we use this advantage to further expand our business and enhance profitability through economies of scale.

Furthermore, we are deploying the vehicle management expertise we have acquired in Japan at overseas subsidiaries in Australia, India, Southeast Asia, and elsewhere to expand our overseas automobile business. We will enhance our products and services by collaborating with the ORIX Group network while taking the market characteristics of Asian countries into account and strengthening our business platform with enhanced systems and data use.

Telematics Services

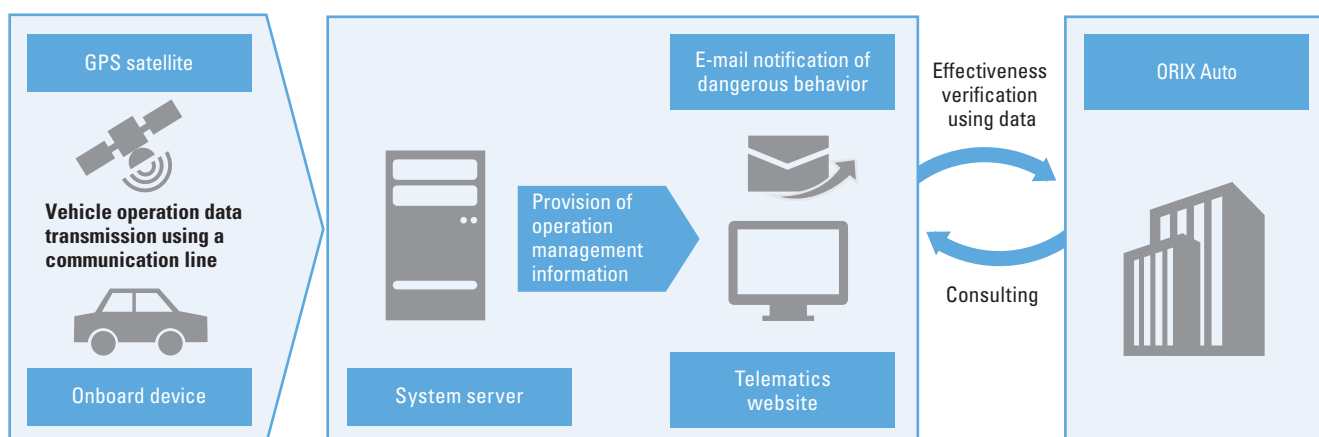
ORIX Auto provides telematics services that visualize the operating status of customer vehicles equipped with an

onboard communication and GPS device. We acquire information such as driving speed and driver behavior including sudden acceleration and deceleration in real time. We use this data to help companies properly manage labor and prevent accidents, which contributes significantly to our stated goal of realizing a smart, resilient society. We also gather vehicle information including fuel consumption, and CO₂ emissions in real time, and analyze these data to encourage safe, ecologically sound driving and reduce the environmental load of vehicle use.

We launched Ever Drive in February 2017. It is a driving monitoring service that uses telematics technology to reduce accident risk for families with elderly drivers. The proportion of elderly people involved in fatal accidents has been increasing year by year. The goal of this service is to identify the signs of dangerous driving and create an environment in which elderly drivers can drive safely by visualizing the driving of seniors. This service has received recognition as a solution for contemporary issues and needs because it offers peace of mind to the families of elderly drivers.

A future goal is to utilize the big data accumulated through the telematics service to provide new value added services. For example, we are planning to further develop the telematics services we have pioneered, such as by collaborating with municipalities and police in using analytical data to restore and expand roads, thus supporting an automobile oriented society that is free of accidents. The structure of the automobile industry is changing dramatically due to changing lifestyles, urban configurations, and government regulations, and the technological transformation of the automobile itself. We will respond flexibly while using our experience and expertise to transform change into new business opportunities.

The Structure of Our Telematics Services



Aircraft

Finance

Operation

Investment

Tangible Assets

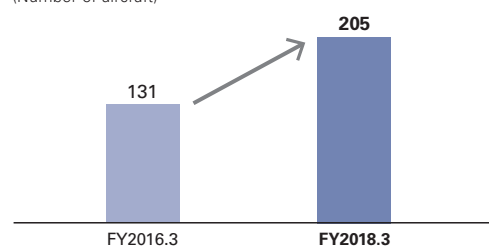


Aircraft leased by ORIX

Our aircraft business provides a wide array of services from leasing of owned aircraft to asset management for third parties, including sale of aircraft, lease brokerage, and aircraft maintenance monitoring. Given strong demand for aircraft, our goals are to increase earnings by adding assets, increasing gains on sale, and expanding fee income from aircraft management.

Aircraft Owned and Under Management

(Number of aircraft)



Contributing to Society through Our Businesses



Creation of a society that reuses and recycles



Regional revitalization

Features and Strengths

- Diverse services in addition to aircraft leasing including asset management and arranging aircraft investment for investors

Risks

- Decline in the number of passengers due to economic downturn or reduced demand for logistics
- Sharp decrease in the number of passengers due to increased geopolitical risk

Opportunities

- Growing demand for aircraft as a result of increased passenger traffic volume worldwide
- Increasing demand for leasing among airlines

Business Areas for Further Growth

Specific Initiatives

Providing Aircraft-Related Services Worldwide

ORIX has been acquiring aviation business expertise since entering the aircraft leasing business 40 years ago in 1978. We established ORIX Aviation Systems Limited (OAS) in Ireland in 1991 to lay the foundation for our aircraft operating lease business. Today, OAS is growing as a major aircraft asset manager and leasing company, and is the only aircraft leasing company in the world that has been ranked by Standard & Poor's (S&P) aircraft servicing rating. We not only lease aircraft that we own, but we are also involved in asset management for aircraft owned by investors and funds in Japan and overseas and provide comprehensive management services from purchase of aircraft to various contract procedures for airlines that lease aircraft, monitoring of aircraft operation and maintenance, re-leasing aircraft coming off lease, and selling aircraft. Pre-owned aircraft and the secondary market are another area of strength. We currently own and manage more than 200 aircraft, and our leasing business serves over 70 airlines in more than 30 countries.

Future Initiatives and Policies

Global demand for aircraft continues to increase with the emergence of international low-cost carriers and the increase in passenger traffic volume spurred by economic growth in emerging countries and elsewhere. Aircraft in operation is projected to increase from 24,400 in 2017 to

48,540 in 2037, and passenger traffic is estimated to grow by an average of 4.7% annually.

Leasing demand is rising among airlines because it enables flexible equipment planning and financing, and about 40% of aircraft currently operating worldwide are under operating leases. The lease ratio is forecast to rise to 50%, suggesting further growth in the future.

The number of aircraft owned and managed by ORIX is steadily increasing. As of March 31, 2018, we owned or managed 205 aircraft, an increase of 56 aircraft from the end of the previous fiscal year.

Future initiatives and policies include opportunistic major purchases while generating stable leasing revenues and turning over our portfolio in response to the market to support sustainable earnings. We generate stable fee income by investing with joint venture partners, arranging aircraft investments for corporate investors in Japan in line with their needs, and leveraging our expertise to provide a broad array of asset management services.



Earnings Opportunities in the Aircraft Business		Leasing Revenues	Gains on Sale	Fee Income
Owned aircraft	Lease aircraft we own to airlines	○	○	
Joint investment	Jointly own aircraft with investors for lease to airlines	○	○	○
	Manage aircraft under contract from joint investors			○
Arranging aircraft investments*	Arrange aircraft investments for investors			○
	Manage aircraft under contract from investors			○

* We arrange investments designed for investors to receive lease payments from airlines and then recover principal and receive capital gains through the sale of aircraft after several years.

Private Equity Investment

Finance

Operation

Investment

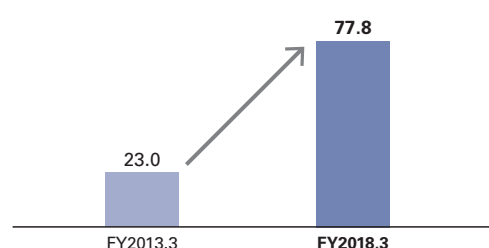
Private Equity Investment



Our private equity investment business makes full use of our Group network and expertise in Japan and overseas to improve the corporate value of investees. We particularly emphasize hands-on investment in Japan, and concentrate on joint investment with reliable partner companies overseas. We resolve management issues for investees and help increase their corporate value by dealing flexibly with business succession and structures that typical private equity funds do not handle well.

Investment Balance of Private Equity in Japan

(Billions of yen)



Contributing to Society through Our Businesses



Vitalizing small and medium-size enterprises



The aging society/
Achieving secure and healthy lifestyles

Features and Strengths

- A private equity investment business in Japan that emphasizes hands-on investment and helps to increase the value of investees in ways that include developing new customers and sales channels using the Group's sales network
- An overseas private equity investment business that sources deals using specialized teams familiar with in-market businesses; strong relationships with reliable local partners that reduce investment risk

Risks

- Lack of new investments due to rapidly rising purchase prices
- Dysfunctional management in new businesses
- Potential for impairment of the goodwill recognized at purchase or inability to exit at planned price if investees do not perform well

Opportunities

- Japan: Increasing business succession needs among SMEs; increasing number of carve outs among listed companies
- Japan and overseas: Major structural changes in industries due to progress of AI and IoT; increase in new investment opportunities due to accelerated industry reorganization

Business Areas for Further Growth

Specific Initiatives

Private Equity Investment in Japan

Unlike some private equity funds, we invest own capital. We can therefore respond flexibly to changes in investment period or increase our capital commitment. Post investment, we leverage our Group network to support investees. This involves deploying experts to provide management, administrative and operational support, and having ORIX business units help investees find new customers and expand sales channels. Our hands-on approach and deep commitment to investee operations and management empower effective

support for a “company rebirth” following business succession and roll ups that are part of industry reorganization.

Acquisition prices are currently rising rapidly in Japan's M&A market, so we will diversify investment approaches and review target industries while continuing to make new investments. Complementing our traditional focus on industries such as healthcare, IT and information services, business process outsourcing, and lifestyle support services, we are targeting investment in industries such as automobiles and logistics in which we expect structural change.

Principal Investees in Japan since 2012

Investee	Initial Investment	Industry and Business	Exit
Minori Holdings Co., Ltd.	2012.2	Liquor wholesale	FY2018.3 2Q
KR Food Service Corporation	2012.4	Japanese style restaurant	FY2016.3 1Q
Net Protections, Inc.	2012.12	Deferred payment-type settlement service	FY2017.3 2Q
Asahi Fiber Glass Co., Ltd.	2013.3	Manufacturing and sales of glass wool products	FY2016.3 1Q
Wing Arc1st Inc.	2013.5	Software vendor	FY2017.3 1Q
Net Japan Co., Ltd.	2014.4	Recycling of precious metals and jewelry	Holding
ARRK Corporation	2014.8	Production and sales of industrial design models	FY2018.3 4Q (partly sold)
INNOMEDICS Medical Instruments, Inc.	2015.1	Sales of medical equipment and devices	Holding
Cosmolife Co., Ltd.	2015.10	Producer and distributor of spring water	
Kyoto Biken Laboratories, Inc.	2016.4	Producer of veterinary animal vaccines	
Fujita Pharmaceutical Co., Ltd.	2016.7	Producer of veterinary pharmaceuticals	
Koike Co., Ltd.	2017.3	Manufacturer of electronic materials	
Primagest, Inc.	2017.7	Information processing service	

Private Equity Investment Overseas

Outside Japan, we primarily invest in the United States and China.

In the United States, aging public infrastructure for roads, water supply, gas and electricity has increased demand for facility replacement and maintenance. Moreover, the Fixing America's Surface Transportation (FAST) Act was enacted in December 2015 to promote long-term investment in transportation infrastructure such as the U.S. highway and rail transportation network. Outsourcing demand for safety assurance

services is therefore expected to increase for transportation infrastructure and other public works projects. ORIX launched a private equity investment business in 2016 through a U.S. subsidiary and has invested in public infrastructure-related service companies, including transport infrastructure safety services companies and a water supply-related maintenance and management services company. We will steadily act on investment opportunities and expand in businesses that provide public infrastructure services through investees.

In China, the peer-to-peer (P2P) financial market that serves as a loan intermediary linking lenders with borrowers is rapidly expanding in response to robust financial demand among SMEs and individuals that exceeds the ability of commercial banks to provide traditional financial services. We have proactively become involved in China's expanding fintech market with investments in two fintech-related companies.

Principal Investees in the United States since 2016

Investee	Initial Investment	Industry and Business
RoadSafe Traffic Systems, Inc.	2016.3	Transportation infrastructure safety services
Protection Services Inc.	2016.11	Transportation infrastructure safety services
Hoffman Southwest Corporation	2017.2	Water supply maintenance and management services
Beth's Barricades	2017.7	Transportation infrastructure safety services
Peak Utility Services Group	2018.6	Installation and maintenance services for public infrastructure and facilities

Fintech-Related Investees in China

Investee	Initial Investment	Industry and Business
Dianrong	2018.1	P2P finance
Wecash	2018.3	Individual credit information service

New Businesses

Finance

Operation

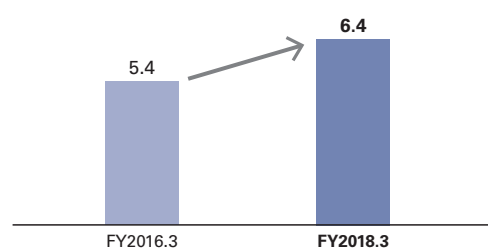
Investment



ORIX is committed to addressing social issues and needs while providing its own unique value through various new businesses including accounting and financial support for SMEs, regional revitalization through agriculture, and preventive care in the healthcare market.

Yayoi Co., Ltd.* Segment Profits

(Billions of yen)



* Acquired in December 2014

Contributing to Society through Our Businesses



Vitalizing small and medium-size enterprises



Regional revitalization



The aging society/
Achieving secure and healthy lifestyles

Features and Strengths

- Utilization of horizontal Group collaboration to flexibly bring together the expertise required to develop new businesses
- Identification of growth opportunities using the ability of the Group's nationwide sales network to gather information

Risks

- Intensified competition due to an increase in new entrants
- Dysfunctional management in new business areas
- Less-than-expected deregulation-driven expansion of new markets

Opportunities

- Emergence of new growth businesses (e.g., IT, agriculture, and healthcare) due to deregulation and changes in the business environment
- Ability to take advantage of synergy among existing businesses and new investments to create new businesses

Business Areas for Further Growth

Specific Initiatives

Fintech

Yayoi Co., Ltd. is a strategic investee for ORIX. This software services company develops and sells a range of business software and provides after-sales support and services. It has established a strong customer base because of its excellent product development capabilities and the strength of its brand, and it holds the top desktop and cloud share (see graph below) of business software for small businesses.*

In December 2017, ORIX and Yayoi launched an online lending service through a jointly established entity, Altoa, Inc. This service specializes in small-amount, short-term loans using a new credit model that employs ORIX's credit expertise, Yayoi's accounting big data, and the AI technology of d.a.t. Inc., a partner in the venture. Altoa's credit model is capable of high-precision, real-time data analysis using dynamic data from accounting journals.

ORIX will continue to contribute to the revitalization of the economy by making full use of the Group's comprehensive capabilities to support small businesses with finance and technology.

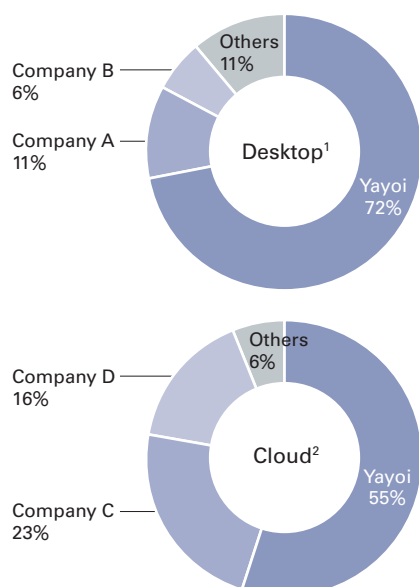
*Small businesses with 20 or fewer employees, which account for nearly 90% of all Japanese companies.

Agriculture

ORIX expects that regulatory reforms and business environment changes will make agriculture a growth business over the long term. Our goal is to contribute to regional economic development by building highly competitive, value-added agricultural businesses. We are implementing various initiatives to support the stable supply of agricultural products as consumer needs diversify with the increasing number of seniors, working women, and single-person households.

We have been acquiring experience and expertise in agricultural businesses by operating vegetable production bases in five locations throughout Japan since 2004. We established fruit and vegetable distribution company ORIX Food Supply Corporation in 2016, and purchase and sell both our own produce and the fruit and vegetables produced by affiliates. We also concluded a capital and business alliance with Farmind Corporation in July 2017 to create a nationwide fruit and vegetable distribution network, and launched sales using a wide-area, multifunctional logistics network. We will contribute to the development of agriculture and regional revitalization through full-scale entry into the distribution business.

Share of Business Software Market for Small Businesses



1. Calculated by Yayoi based on sales data from October 2016 to September 2017 (GfK Japan Survey)

2. MM Research Institute survey (survey of cloud-based accounting software usage as of March 31, 2018)

Healthcare

Japan has an aging society, and preventive healthcare is expected to grow strongly in conjunction with the advance of medical and other technologies and rising health awareness. In addition, promoting healthy life expectancy through preventive healthcare will help maintain Japan's health insurance system and reduce rising medical expenses.

ORIX concluded a capital alliance with CMC Corporation in July 2017 to expand its support business into the preventive healthcare sector. CMC provides business support services for medical administration at Utsunomiya Central Clinic, which provides services such as medical examinations and check-ups. Specialized management functions such as finance, marketing, and M&A are not sufficiently sophisticated in the healthcare sector, and our experience and expertise should contribute significantly to management efficiency. We will continue to contribute to the development of preventive and regional healthcare in Japan by expanding alliances with clinics and hospitals that specialize in preventive healthcare.

Relationship with Employees

Human Resources Initiatives

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

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



Initiatives to Realize Our “Keep Mixed” Concept

ORIX promotes diversity and the creation of workplaces that offer value (improved work-life balance) to realize its concept of “Keep Mixed.”

Promoting Diversity

For ORIX to continue to grow, each of our employees must gain further experience and knowledge, and demonstrate and communicate those strengths on an ongoing basis. At the same time, the need for work style options is increasing due to the globally changing social milieu, including rising retirement ages, the increase in households with working couples, and the enactment of the Act on Promotion of Women's Participation and Advancement in the Workplace. Our goal is to create workplaces where employees can maximize their abilities and expertise, so we are enhancing the diversity and freedom of work styles that are aligned with the life events of employees to further promote diversity.

Promote the participation and advancement of women in the workplace

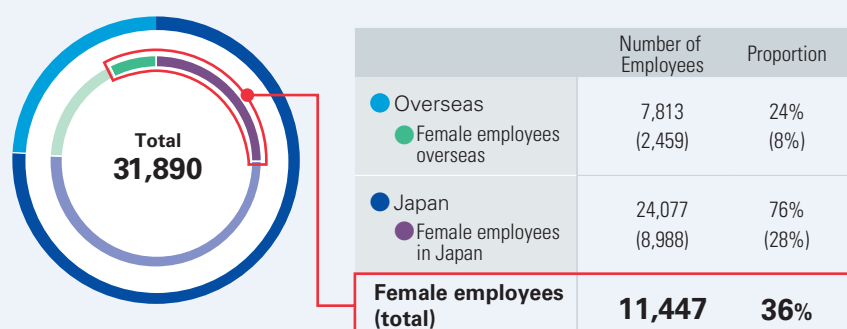
Promote the participation and advancement of seniors in the workplace

Promote the employment of people with disabilities

Hire foreign nationals

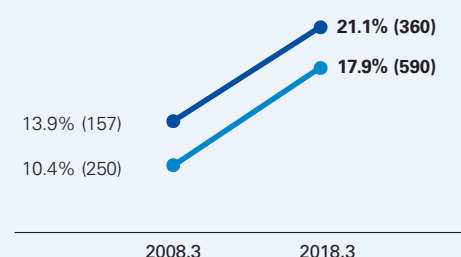
Employee Composition

(As of March 31, 2018)



Female Employees in Managerial Positions¹

● ORIX (non-consolidated)
● ORIX Group²



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

2. Total of 10 ORIX Group companies: ORIX, ORIX Rentec, ORIX Auto, ORIX Credit, ORIX Real Estate, ORIX Computer Systems, ORIX Bank, ORIX Life Insurance, ORIX Eco Services, and ORIX Asset Management & Loan Services

Improving Labor Productivity

ORIX aims to create workplaces that enable employees to make full use of their abilities and expertise. We respect various work styles to realize that.

Case Study: ORIX Business Center Okinawa Corporation

ORIX Business Center Okinawa Corporation (OBCO) supports various Group businesses including leasing, rental, automobiles, life insurance, and banking. Originally founded in 1999 as a call center, it is now a shared service center that handles a wide range of sales functions, such as confirming contract conditions and car inspection related work.

OBCO employs a method it established to visualize, measure, and analyze operations as the basis for business process improvement. It uses internally developed

tools to visualize operations, and rigorously manages productivity. It began promoting diverse work styles in 2015, including the introduction of a telecommuting system. Telecommuting often involves management and communication obstacles, which OBCO eliminates through productivity management to realize diverse work styles.

Worker diversity is a current theme at OBCO. The introduction and use of robotic process automation¹ (RPA) is representative. OBCO uses RPA to improve the quality of work and save time by robotizing PCs to handle standardized operating procedures.

OBCO has received recognition for its initiatives and was selected as a New Diversity Management Selection 100² company in fiscal 2016. ORIX expects the further use of techniques such as business process improvement throughout the Group.

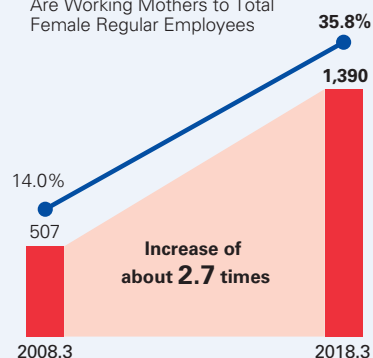
1. Robotic process improvement (RPA): Automation of the tasks performed by humans using dedicated software (robots).

2. An award presented by the Ministry of Economy, Trade and Industry to companies that have linked diversity promotion to performance.

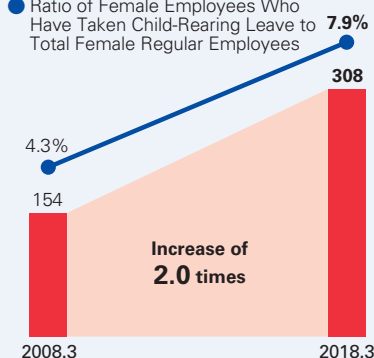


Childbirth/Child-Rearing Leave System Use³

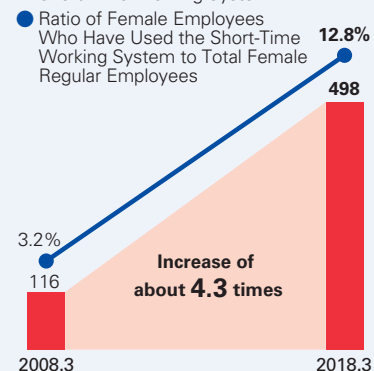
■ Female Employees Who Are Working Mothers
● Ratio of Female Employees Who Are Working Mothers to Total Female Regular Employees



■ Female Employees Who Have Taken Child-Rearing Leave
● Ratio of Female Employees Who Have Taken Child-Rearing Leave to Total Female Regular Employees



■ Female Employees Who Have Used the Short-Time Working System
● Ratio of Female Employees Who Have Used the Short-Time Working System to Total Female Regular Employees



3. Applies to full-time female employees of 10 ORIX Group companies: ORIX, ORIX Rentec, ORIX Auto, ORIX Credit, ORIX Real Estate, ORIX Computer Systems, ORIX Bank, ORIX Life Insurance, ORIX Eco Services, and ORIX Asset Management & Loan Services

Workplaces That Offer Value (Improving Work-Life Balance)

We have been improving work-life balance to realize a workplace environment where employees with diverse values can work healthily with peace of mind. We launched our Work Style Reform Project in 2016 under the direct control of the CEO to further improve our workplaces, and we will continue to enhance and improve work style support measures and promote employee awareness.

Work Style Reform Project Execution Phase

We launched the Work Style Reform Project in October 2016 to create workplaces where diverse human resources can be active and foster a culture that recognizes diverse work styles. More than 200 employees at 10 main Group companies set up committees and considered issues and measures over a six-month period, then proposed approximately 120 measures. We began carefully examining these proposals in April 2017 and started implementing reforms.

We are focusing on improving productivity per hour while maintaining our commitment to improving long working hours during FY2019.3. Our employee satisfaction survey (morale survey)¹ indicated a definite step forward in terms of consciousness reform, while work style reform feedback indicated improved working time flexibility but the need for additional efforts to address core productivity issues. We therefore plan to implement various Groupwide measures to increase investment in productivity improvement after review by relevant business units. We are also reviewing past practices and work flow at the individual and business unit

levels. Overtime at 10 Group companies decreased by 33%² during FY2018.3 compared with the previous fiscal year, and the rate of annual paid vacation days taken was 77.5%.

1. The ORIX Group has been conducting morale surveys since 2004 to investigate how employees feel about their day-to-day work and companies, and we make use of the data in various subsequent measures. The 2017 survey involved employees of 10 major Group companies in Japan, and we disclosed the results of the survey in-house.

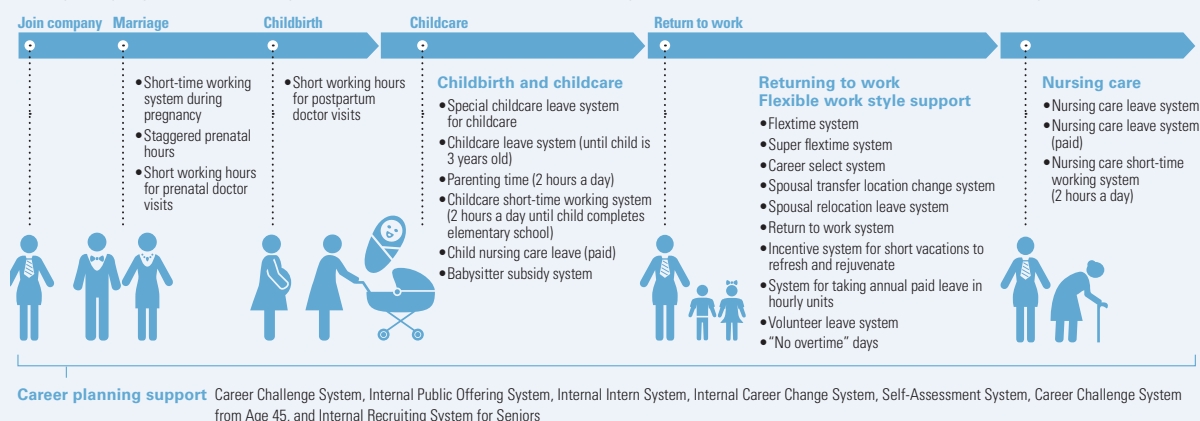
2. Includes a 20-minute reduction in working hours.

Support for Balancing Work and Family

We have established various systems to realize flexible work styles according to life events such as marriage, childbirth, childcare, and nursing care to support work-home balance. We provide systemic support and also hold seminars for people taking childbirth and childcare leave to address more specific concerns, such as a work-home balance mindset. We also began offering career seminars in FY2017.3 for employees who are raising children to address the balance between work and family, and nursing care seminars on providing care for family members.

Personnel Systems That Accommodate Life Stage and Career

Many employees use the systems to achieve flexible work styles that accommodate their own life stage and career.



Work Style Reform Project

The Work Style Reform Project that launched in 2016 has shifted to the execution phase. We are implementing work style reforms by introducing a new personnel system and raising awareness.

Employees Working Steadily as a Team in Year Three of Work Style Reform

The Work Style Reform Project began with six months of serious discussion by many employees throughout the Group, culminating in a series of actionable proposals to the CEO. We have been implementing these proposals with a sense of urgency under the CEO's strong leadership. We are seeing clear improvements since the start of the project, with positive changes in ORIX people's mood and the way they think about work styles. However, similar initiatives in the past often started out strong but ended up losing momentum. We are therefore focused on inculcating new approaches and our ability to stay on track to achieve our workplace ideals.

We will continue to improve workplace productivity by enhancing corporate infrastructure, IT, and the office environment. Our goal is to comprehensively implement work style reforms that are unique to ORIX.

This project is a major effort to change ORIX's corporate culture. In addition to requiring collaboration between executives and business units, the project can only succeed if we can change the attitudes and behavior of each employee. Executives and employees are therefore moving forward together, one step at a time.

Yasuaki Mikami
Executive Officer
Responsible for Work
Style Reform Project



External Recognition and Awards

Ministry of Economy, Trade and Industry 2018 Certified Health & Productivity Management Outstanding Organizations Recognition Program (February 2018)

The Ministry of Economy, Trade and Industry selected ORIX as an outstanding health and productivity management organization in the large enterprise category (White 500) on February 20, 2018. Companies that consider employee health management from the perspective of corporate management to implement strategic initiatives are certified as outstanding health and productivity management organizations. This certification was initiated in 2017, and ORIX has been certified in the White 500 category in each of its first two years.



Forbes Japan Women Award 2017 (December 2017) ORIX Ranked 10th among Companies with 1,000 or More Employees; Received Second Prize for Work Style Reform

Sponsored by *Forbes Japan*, the Forbes Japan Women Award 2017 is one of Japan's largest forums for recognizing the achievements of women, encompassing 1,000 companies and 1,000 individuals. It ranked ORIX 10th among companies with 1,000 or more employees and awarded ORIX second prize in the Work Style Reform category. Launched in 2016, the award recognizes pioneering female business leaders and entrepreneurs as well as companies that are committed to workplaces that encourage women to excel.

