



INTEGRATED REPORT 2019

ORIX Helps Create a Vibrant Society through a Range of Activities

At ORIX we're helping create a vibrant society by giving new energy to the economy and people's lives.

We're working to understand our customers as deeply as possible so we can assist them with all of their needs and challenges in life, and in doing so build truly reliable relationships.

We aspire to be a source of discovery and joy by working closely with specialists from many different fields and offering ideas from a unique perspective.

Every day we're dedicated to providing the best service and most thorough attention so that we'll always be the top choice for our customers.

Bringing our society "alive" — this is ORIX's continuing challenge.

Corporate Philosophy

ORIX is constantly anticipating market needs and working to contribute to society by developing leading financial services on a global scale and striving to offer innovative products that create new value for customers.

Management Policy

1. ORIX strives to meet the diverse needs of its customers and to deepen trust by constantly providing superior services.
2. ORIX aims to strengthen its base of operations and achieve sustained growth by integrating its resources to promote synergies amongst different units.
3. ORIX makes efforts to develop a corporate culture that shares a sense of fulfillment and pride by developing personnel resources through corporate programs and promoting professional development.
4. ORIX aims to attain stable medium- and long-term growth in shareholder value by implementing these initiatives.

Action Guidelines

Creativity

Develop the flexibility and foresight to constantly take actions that are creative and innovative.

Integration

Enhance ORIX Group strength by actively exchanging knowledge, ideas, and experiences.

EC21

At ORIX, we have defined "EC21" which clarifies "ORIX's Corporate Vision" as an "Excellent Company in the 21st Century."



<https://www.orix.co.jp/grp/en/company/philosophy/ec21/>

Participation in the United Nations Global Compact

ORIX became a participant in the United Nations Global Compact in July 2014. We support the ten principles in the four fields of human rights, labor, the environment and anti-corruption, and we are promoting initiatives in each of these fields.



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Editorial Policy

In addition to financial information, ORIX *Integrated Report 2019* contains other important information on subjects such as ESG (environment, society and governance). This report is intended to help our diverse stakeholders including shareholders and investors to understand ORIX's sustainable growth from a multifaceted perspective. We hope this report provides valuable insight into ORIX's fundamental belief in contributing to the economy and society through its business activities as well as its strategies for continuing to create value over the medium and long term.

Sustainability at ORIX

Based on the principle of contributing to society through its business activities, ORIX proactively addresses societal issues and needs, delivering value to society that is unique to ORIX.

ORIX Corporate Sustainability Policy

ORIX adopted its Sustainability Policy in September 2019. We define our approach to sustainability as follows.

The success of ORIX's business and the value we create for society are rooted in our ability to identify changes in society and transform them into opportunities through collaboration with our stakeholders.

In a world in which the changes we seek out for opportunities – and the scrutiny we face from society – will increasingly come from matters related to corporate sustainability, including environmental, social, and governance (“ESG”) issues, integrating sustainability into our operations will play a key part in whether we can continue to create new value and maintain the trust and respect of our stakeholders.

Our Approach to Sustainability Issues

ORIX is engaging in a materiality analysis to identify its priority sustainability issues and formulate a systematic, verifiable approach to addressing such issues.

Since our business is diverse, different parts of it could have an impact on, or be impacted by, entirely different sets of sustainability issues.

As such, our analysis and the responses to our priority sustainability issues take a layered approach consisting of a corporate level and a business unit level.

	Corporate Level	Business Unit Level
Applicability	Group wide	Specific to each business unit
Governance	Executive Committee*	Executive Committee and respective business unit heads
Administration	Sustainability Team Corporate Planning Department	Sustainability Team Corporate Planning Department Sustainability contact at each respective business unit
Key Terms	Unifying culture, minimum standards, zero tolerance, transparency	Tailored approach and ownership

* The Executive Committee consists of top management and Executive Officers and meets regularly to primarily discuss important issues related to management and strategy of ORIX.

Priority Issues of Our Businesses

At ORIX, we have analyzed our business areas to identify which specific environmental, social and governance-related issues are of most importance to us and our stakeholders. This analysis consisted of both looking to external sources such as established sustainability frameworks, ratings agencies and leading best practices in the industries in which we are involved, as well as looking internally to understand which issues are most important to our current and future business performance.

We are committed to continuously re-assessing and refining our analysis. This means that our list of priority issues may change as our business grows and expands into new areas. At present, we have identified the following material issues for us to address as priority issues in our sustainability efforts. We have also linked these key topics to the United Nations Sustainable Development Goals to show how we contribute to sustainability in a global context.

Auto	Real Estate	Environment and Energy
		
<p>Promoting environmentally friendly driving</p> <p>By supporting our customers in choosing fuel-efficient vehicles and promoting fuel-efficient driving, we can help them reach their own environmental ambitions and thereby contribute to the transition to a low-carbon society.</p> <p>Promoting safe driving</p> <p>Protecting the health and safety of our customers by upholding the highest safety standards of our vehicles is of the highest priority. We are also committed to promoting safe driving practices among our customers.</p>	<p>Sustainability considerations in real estate investment and management</p> <p>We improve the market value of our properties by considering environmental and social factors in real estate investment. By working towards the environmental efficiency of our buildings, we are able to reduce our environmental footprint while at the same time optimizing operational cost efficiency.</p> <p>Social considerations in real estate management</p> <p>To support the prosperity of individuals and the local communities in which we operate, we consider social aspects such as accessibility and safety in the management of our real estate portfolio.</p>	<p>Investment in and operation of renewable energy generation</p> <p>The expansion of renewable energy is happening at an ever-increasing pace as the world transitions away from fossil fuels. We are supporting this transition while at the same time securing long-term revenue sources.</p> <p>Conservation of biodiversity</p> <p>Including biodiversity considerations in the planning and development of new projects is key to identifying any issues at an early stage and taking action to protect sensitive ecosystems necessary for human wellbeing.</p>

For more detailed information on sustainability, please refer to the following:

▶▶▶ <https://www.orix.co.jp/grp/en/sustainability/>

A Message from the CEO

Five Years as CEO in Retrospect

Five years have passed since I became CEO. Looking back, I give myself 50 out of 100. I became the CEO with a vision for ORIX. I wanted to upgrade governance and change the back and middle office system. I had a lot of ideas, but not enough of them have become realities.

The presidents of many Japanese companies seem to slightly misunderstand governance. Essentially, monitoring the president is the most important aspect of governance. However, many presidents seem to consider governance as something for the Board of Directors as a whole rather than themselves. That misses the point. For example, some people back down immediately if

review process, but I do not want appointments to reflect my inclinations.

I can say that ORIX has produced some successful business outcomes. However, it has made some missteps in its investments outside Japan, largely because of a belief that human nature is fundamentally good. I think a majority of ORIX employees share that belief. It may work in Japan, but it is a recipe for failure when investing overseas. Instead, we have to put good faith aside and assume the worst. Failure came from assuming the best. An internal rate of return (IRR) at 10% or more makes even the worst case turn out well.

We provide employees with opportunities to fail.

They use that experience to build the future.

This corporate culture enhances ORIX's risk management and leads to future opportunities for growth.

We will transform change into opportunities to support steady growth.

I disagree slightly with what they are explaining to me. That is no good. People need to stand up for their arguments and defend them through discussion and debate. Such people are essential for good governance.

Another opinion is that outside directors should have that function. Generally, the president is largely involved in selection of outside directors in Japan and the United States, so outside directors are subject to criticism for being too friendly with the president who appointed them. ORIX has adopted the company with nominating committee system, and the Nominating Committee is responsible for appointing outside directors. I may interview candidates after the Nominating Committee's

One of the challenges over the last five years has been restructuring the back office. We established the Enterprise Risk Management Headquarters, hired internal lawyers to enhance back office legal affairs, and strengthened the Corporate Planning Department to reinforce management accounting. We have strengthened internal communication and ORIX Corporation USA is now enhancing the interface with accounting auditors and rating agencies using personnel in New York. They are only about half done, and that includes changing the mindset.

We are making rapid progress in localizing our overseas businesses. ORIX operates in 37 countries and has approximately 8,000 employees overseas, but only about



Makoto Inoue

Member of the Board of Directors
Representative Executive Officer
President and Chief Executive Officer

50 of them are Japanese expatriates. Over the past five years, the Overseas Business segment has grown to generate segment profits exceeding ¥100 billion annually.

ORIX Group's Business Model

Some may say that ORIX is difficult to understand because it has no comparable peers. We started off in leasing and expanded into neighboring businesses, but we did not have a strategically defined vision for growth. I might compare it to a Japanese inn that began by digging a hot spring and constructing the main building, then built an annex, then moved in a new direction to grow its business by creating an open-air spa and an amusement center. ORIX is an organization that expanded in this way.



I expect it will continue to support ORIX's growth in terms of business performance and organization.

The best way to make this large organization easy to understand was to make ORIX a holding company and organize all Group companies into business units. The idea of a holding company is that its individual companies, such as an automobile company that specializes in automobiles or an environment and energy company that specializes in environment and energy, are listed independently, while ORIX as the holding company is not listed. However, this approach takes significant time and effort. Even in our current configuration, the market will nullify the conglomerate discount associated with companies like ORIX or Japan's general trading companies if the market attaches greater value to individual Group companies.

Currently, ORIX has six segments that encompass 16 business units. These businesses are broadly categorized in three areas: Finance, Investment and Operation. Performance in the Finance category is challenging with interest rates as low as they are. However, Finance has a sales network throughout Japan, giving it a considerable information network and the ability to provide non-financial services. This network is exceptionally valuable, so I want to maintain it. I would also like to be ready for Finance to generate profits when interest rates rise in the future.

In the Investment category, equity investment is a matter of timing. However, we will lose money on equity investments if we only make them when the time is right and then do nothing with them. Portfolio replacement over a five- to ten-year investment horizon basically resembles an investment fund. Sometimes, however, what began as an equity investment becomes a core ORIX business. That case involves holding the investment longer and expanding the business or doing a roll-up to nurture it as a new core business for ORIX.

DAIKYO, which we made a wholly owned subsidiary in January 2019, is a recent example. It has about 50 technical personnel in areas including building construction and management. However, even though DAIKYO and ORIX Real Estate are subsidiaries of the same ORIX, the organizations were different as companies so DAIKYO's people seldom worked with ORIX Real Estate. I didn't like that situation, but until recently ORIX held a stake of about 65% in DAIKYO and couldn't call all the shots. We therefore made DAIKYO a wholly owned subsidiary and are currently integrating it with ORIX Real Estate. Some DAIKYO employees were disappointed that DAIKYO is no longer a listed company, but I have been encouraging them to help create a new post-integration company that can actually be listed.



ESG at ORIX

Corporate social responsibility and ESG management are current buzzwords. ESG stands for environment, society and governance, of which governance is most advanced at ORIX.

Regarding the environment, renewable energy is one of our businesses. We have approximately 1GW of solar power generation capacity in Japan, making ORIX one of the nation's largest solar power generation companies. In the future, I would like to externally report easily understood data about the environmental contribution we are making, such as how our business is reducing CO₂ emissions.

As for society, one of its most important aspects is human resources. We believe that employees are both assets and important stakeholders for ORIX, but our personnel policy still has room for improvement. Overseas personnel may be comparatively easy to deal with. Overseas, we will talk with employees to set KPIs, evaluate performance, and give bonuses of 200% and 300% depending on the degree of achievement of targets. On the other hand, they may have to leave the company depending on that same metric. That is a more unambiguous approach to human resource management that is

typical in the United States, but not in Europe or Asia. And personnel policies in Japan may well pose the greatest challenge among Asian countries.

A feature of Japanese human resource management that creates difficulties is not so much the lifetime employment system, but that the concept of using KPIs to evaluate performance has not taken hold. The KPIs overseas investees have shown us have been thick books. Detailed KPIs are necessary for determining bonuses in line with the degree of achievement. I've tried to introduce KPIs, but so far the approach hasn't worked out as I expected. As a result, personnel evaluation ultimately remains qualitative. Qualitative evaluation is acceptable, but young employees who receive a poor qualitative evaluation need to have a way to exit gracefully, an escape route from that work. Developing people through personnel changes is also important. Managers shouldn't treat the people who report to them as if they worked for them, without consideration of their subordinates' career plans. I regularly tell people at ORIX that they should consider letting even key people in their business units move on to a different unit as the next step in their career.

My View of Life and Work

I value fairness in my life and work. However, fairness often turns out to be a matter of personal preference. I have to keep in mind that I should never decide what is fair based on my own preferences. I also live by the Japanese saying, “A bird should not foul the nest it is leaving.” People shouldn’t burden their successors when they move on. Nor do others want to listen to complaints from my successors about how I did things. Many of our projects are long-term, and another person may take over part way through. I was in charge of a problematic project soon after I joined ORIX. It had been the project of a person who worked next to me and had joined ORIX before I had. I felt the approval memo that person circulated was not accurate. The person who had written the memo was next to me, but I felt I shouldn’t voice my concerns because he was my senior. I realized I never want to make problems for anyone who takes over a project from me.

In short, stay away from sloppy contracts and bad deals. Make sure not to cut corners, so everyone else can proceed with assurance. These were the first things I learned after joining ORIX, and I still value them.

Naturally, I have had my failures during my long career. Yet I believe that I just about always recovered properly after those failures. I was able to recover because I set limits for credit and investments, because I made judgments about what we could recover given the worst case scenario for the investment or investee. Bottom line, always keep the worst case in mind.

I knew my first customer in China for two years before we started doing business. During the two years, we had been holding discussions once every three months, and eventually he let me know it was time to decide whether

to provide funding or not. Still, I didn’t close the deal until I was convinced.

On the other hand, good deals disappear from the market almost immediately, but bad deals float around for months. In Japan’s bottom-up decision-making process, it takes about a month to vet a project internally. Naturally, good projects will not be waiting around at the end of that process. That’s why we must have enough market knowledge and information to make quick decisions. However, doing all the deals that have been given the go-ahead would also be a mistake. We need to do deals when we have sufficient information to make calm, cool judgments. We need to ask ourselves if the project we are considering is in fact just junk. That is how we avoid failure.

Also, we should stop if we think we need to stop, even if the president is eager to go ahead. Only three or four out of ten deals get through at ORIX. In many cases, when the president is eager to close a deal, price becomes a secondary issue. The reason why many Japanese M&A deals fail is because the price was wrong. In addition, most deals among shareholders are not good. Back in the day, I closed a strict loan deal with a hotel business in the United States, and had the following conversation with the borrower:

Borrower: Mr. Inoue, are you expecting trouble? The contract says that if there is a problem you get to keep all the collateral. That seems unreasonable.

Inoue: I don’t want collateral. I want you to pay off the loan.

Borrower: The contract says we will default if we are three days late. Work with me on that. Can’t you give us one week?

Inoue: OK. I’ll make that three business days, not just three days.

Learn, Then Experience

When I look at young employees today, because they can obtain information via the Internet so easily, they don’t make the effort to investigate properly for themselves.

Basic study is insufficient. In my time, I went to a bookstore to find out about foreign exchange by buying a book about letters of credit, or went to a library to look



for materials. If I still didn't understand, I found somebody who did, like making an appointment with a bank's foreign exchange officer, or going to a law firm to ask an attorney. Few employees do that these days. We should be aware that the shortcomings of information on the Internet are not so much problems with its quality as the fact that people do not assimilate it because it has not been acquired through experience.

And we have to face issues that really scare us. If I negotiated a deal that went wrong because of a mistake I made, I regretted putting the offending clause into the contract. This experience is important. Get scared, then study further. ORIX gives this kind of experience. One of my biggest concerns now is that ten years have passed since the financial crisis of 2009, and many people haven't

experienced a serious downturn. A person who was 30 years old 10 years ago is now 40 years old. If someone in this generation that has not experienced a serious downturn becomes a section manager, I am not sure he can lead his subordinates well. I am very worried about this. We need to provide employees with opportunities to fail and to acquire the ability to learn from experience. The time will come when the market crashes again and problems will multiply. By gaining experience in this business cycle, employees can acquire life lessons. Getting really scared is not a bad thing at ORIX. You can make use of that experience and redeem your mistakes. We believe this makes ORIX's risk management stronger, and makes us better able to capture opportunities for growth.

In Closing

The world is changing day by day, and various risks and opportunities appear and disappear before us with great speed. ORIX has grown into a top-class Japanese company in terms of earnings, but I am convinced it can still grow. We will not rest on the laurels of past successes,

but instead will steadily link changes in the world to the growth for ORIX by fully leveraging our experience with failure. I strongly believe this earns the trust of stakeholders and addresses their expectations.

Fundamentals

Business Model

The unique ORIX business model constantly anticipates market demands and creates new value. The name “ORIX” stems from a combination of the word “original,” signifying creativity, and “X (or infinity),” representing flexibility and diversity. We have built a globally unique business model that transcends industry boundaries.

Inputs (Our Strengths)

→ Xpect the Next: The Source of Value Creation (Page 12)

Astute moves and adaptability

- Awareness among all employees that they can transform social and market changes into business opportunities

Global expansion rooted in local economies

- Overseas expansion from 1971
- Ability to conduct business by localizing management in the countries and regions served

Identify and take healthy risks

- Self-disciplined and independent, stock listed in 1970
- Risk management capabilities backed by success in taking on challenges and innovating

Value Creation Process

→ Creating New Value: Our Value Creation Process (Page 14)

Can-do attitude

- Address diverse needs by providing high-quality services

Interdepartmental collaboration

- Collaboration among 6 segments and 16 business units
- Related departments collaborate on new businesses

Perspectives from finance

- Started in 1964 in the leasing business
- Analyze and assess businesses based on accumulated financial knowledge

Create projects



Add value



Outputs

Capitalizing on boundless opportunity throughout the world

- We serve 37 countries and regions worldwide
- Number of bases
Japan: 1,466
Ex-Japan: 730

Expanding into neighboring areas

- Develop new businesses, provide new products and services

Outcomes (Value Creation)

→ A Dynamic and Diversified Business Portfolio: A Track Record of Value Creation (Page 16)

Sustainable Improvement in Corporate Value

Economic Value

Sustainable Earnings Growth

- FY2019.3 net income* was ¥323.7 billion
Profitable for 54 consecutive years
- Year-on-year earnings growth for 10 consecutive years, record high earnings for 5 consecutive years

Social Value

Contributing to Society through Our Businesses

Transition to a Carbon-Free Society / More Efficient Use and Supply of Energy / Creation of a Society That Reuses and Recycles / The Aging Society – Achieving Secure and Healthy Lifestyles / Regional Revitalization / A Smart and Resilient Society / Vitalizing Small and Medium-Size Enterprises

People Who Support Sustainable Growth

- About 32,000 diverse employees
- 24% of employees are ex-Japan
- 37% employees are female

* Net income attributable to ORIX Corporation shareholders

**Link value creation
to strengths**

Fundamentals

Xpect the Next: The Source of Value Creation

ORIX's strengths are a mindset that sees change as an opportunity, mobility in various locations and thorough knowledge of local businesses, and the ability to manage healthy risks. Taking advantage of these strengths, we have always stayed at the forefront of market demand while building on our initial leasing business by entering various neighboring fields.

Astute Moves and Adaptability

Astute moves and adaptability are fundamental to our business activities. Each employee's mindset of identifying change to transform it into opportunities leads to the creation of new value and is also a driving force for ORIX's growth. As long as the world continues to change, ORIX has unlimited opportunities for growth.

Global Expansion Rooted in Local Economies

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, and we build unique businesses attuned to each of the countries and regions we serve. Our global network now serves 37 countries and regions around the world.

Identify and Take Healthy Risks

ORIX has expanded and grown its businesses by repeatedly innovating and taking on challenges to address the diversifying needs of customers and changes in the environment. Growth requires identifying and taking risks while maintaining soundness. This mindset is the basis of our risk management as we focus on developing and strengthening a system that allows us to take risks.

Credit screening
and finance skills



Leasing



Expertise in
handling
tangible assets

1973 | Lending

- Corporate finance
- Housing loans
- Card loans

1964 | Leasing

- Machinery and equipment leasing
- Leasing and rental of precision measuring equipment and information-related equipment

1971 | Ships

- Ship leasing
- Ship investment
- Asset management

1973 | Automobiles

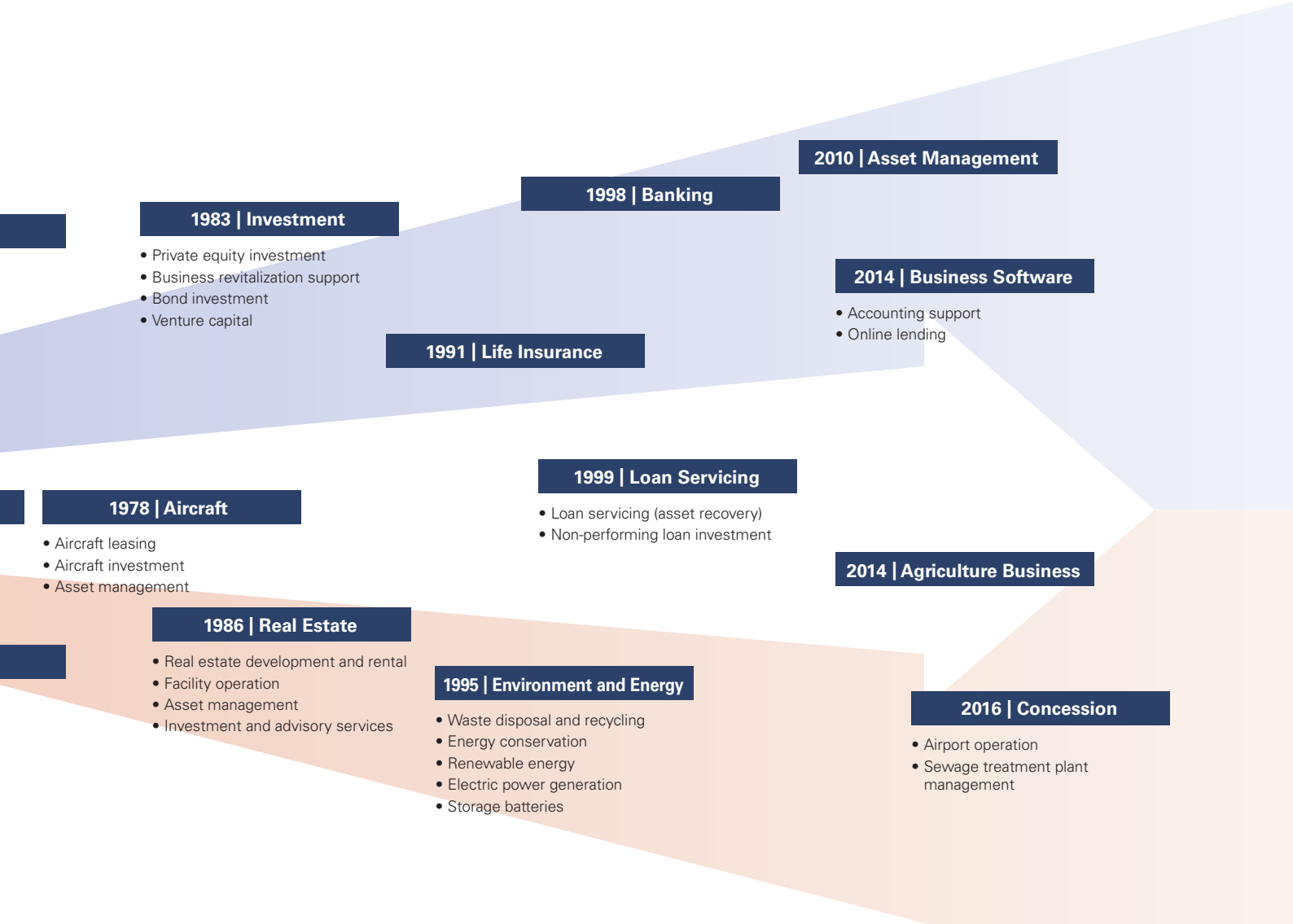
- Maintenance leasing
- Car rental
- Car sharing
- Vehicle management



Value Creation Case: Leasing

ORIX established its corporate foundation by pioneering the then new technique of leasing in Japan. The expertise gained in finance and tangible assets through leasing has supported subsequent business development.

(From left: The late Tsuneo Inui (former Honorary Chairman), Yoshihiko Miyauchi (current Senior Chairman) and Henry B. Schoenfeld of U.S. Leasing, who cooperated in acquiring leasing business know-how)



Value Creation Case: Environment and Energy

Societal values turned against nuclear power in favor of the introduction of renewable energy in the wake of the 2011 Great East Japan Earthquake. ORIX has rapidly developed its solar power generation business by leveraging its corporate sales network in Japan, its ability to structure real estate development and equity investment projects, and its skills in preparing documentation. ORIX is now a leader in Japan's solar power plant business.



Value Creation Case: Concession

Spurred by aging public infrastructure, the Japanese government revised the Private Finance Initiative Act in 2011 and introduced a concession system in Japan, in which private companies operate public facilities while public corporations continue to maintain their rights. ORIX deployed the expertise of its divisions in fields including real estate, domestic and foreign investment and operation, finance, and credit screening to launch Japan's first private-sector operation of a large-scale airport.

Fundamentals

Creating New Value: Our Value Creation Process

Throughout its history, ORIX has consistently taken a can-do attitude toward customers. We have created new opportunities and value as our diverse people and divisions anticipate the needs of customers and society. In addition, perspectives from finance, which has been an ORIX business since its founding, are a major factor in creating value that only ORIX can.

Can-Do Attitude

ORIX aims to establish strong relationships of trust by consistently providing high-quality services in response to diverse customer requests. Our mindset has always been to create new value by thinking through what we can do for customers, and it always will be, no matter how the times or people change.

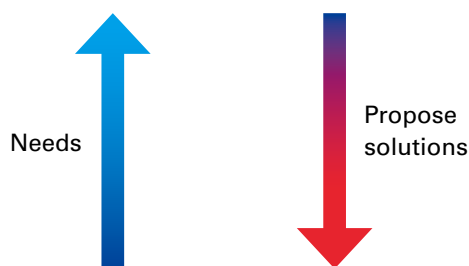
Interdepartmental Collaboration

ORIX is an organization in which diverse people with specialized expertise work side-by-side, Groupwide. This interdepartmental collaboration empowers the growth of both individuals and the Group. New business opportunities in particular allow us to demonstrate the strength of teamwork as we boldly take on challenges with collaboration among related units. The collaborative expertise of each unit provides new value to society.

Perspectives from Finance

ORIX started out as a leasing company in 1964, and has been acquiring finance expertise for over 50 years. Our knowledge of finance is the crucial foundation for all our work. The ability to analyze businesses and make decisions from the perspectives of finance is a unique ORIX strength.

Six Business Segments



Investment Case Study: EcoCycle, a General Soil Cleaning Service Company

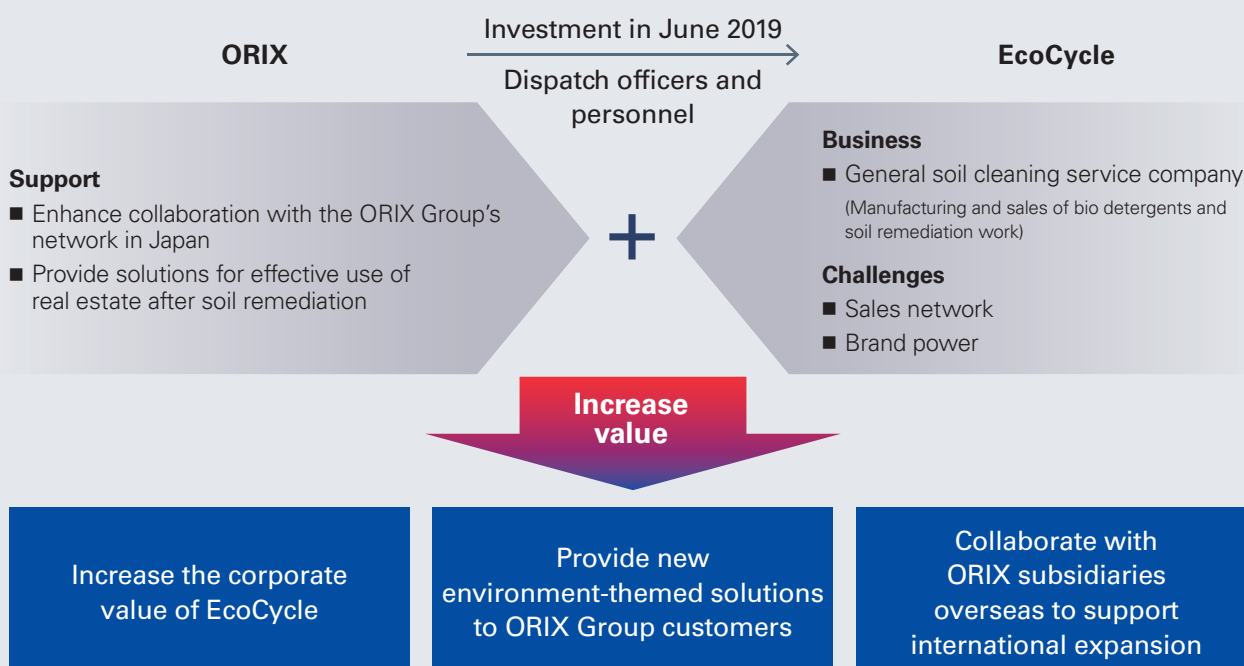
A feature of ORIX is that no single unit creates value from new business opportunities, but many related units working together do. Our mission is to maximize the value of investees and their business by leveraging the strengths of related units, whether skills, expertise or networks.

ORIX acquired a majority stake in EcoCycle Corporation, a general soil cleaning service company, in June 2019. In addition to manufacturing and selling original bio detergents, EcoCycle provides total solutions for soil contamination, including soil surveys, cleanups and environmental consulting. Laws and regulations on soil contamination are becoming stricter, such as the revision of the Soil Contamination Countermeasures Act in April 2019. In-situ remediation, for which EcoCycle has sophisticated technological capabilities, is a method of remediating soil on site using bioremediation or other agents instead of removing it. This method stands out because it reduces environmental loading, work schedule and costs. Depending on the pollutants, plants and other facilities can also handle soil remediation while continuing to operate, which ultimately shortens the work schedule.

EcoCycle was originally a customer of the Corporate Financial Services segment. However, ORIX focused on

the growth potential of the business and proceeded to negotiate with the owner, then used the expertise of the Investment and Operation segment to work with EcoCycle as a consolidated subsidiary. ORIX will leverage Corporate Financial Service's sales network to market EcoCycle's technology to potential customers including manufacturing companies with factory facilities, service companies (gasoline service stations, garages, dry cleaners), real estate companies, and general contractors. We can build a win-win relationship with EcoCycle by increasing its corporate value and sales while receiving commissions from successful customer introductions. ORIX can also use EcoCycle's technology in its Real Estate segment, and expects synergies throughout the Group.

ORIX has been increasing the value of investees by leveraging the expertise and sales networks of the entire Group. Interdepartmental collaboration is a unique strength of the ORIX Group, in which people come together across units to work on projects and capture growth opportunities. We will continue to provide new vitality to society as a pioneer in a wide array of businesses.



Fundamentals

A Dynamic and Diversified Business Portfolio: A Track Record of Value Creation

ORIX broadened its business by moving into neighboring fields and has built its diversified portfolio by rolling out unique businesses, country by country. This diversity is a factor in our stable earnings and solid growth potential despite intense societal change. ORIX's diversified business activities also contribute to society by generating new value in various fields.

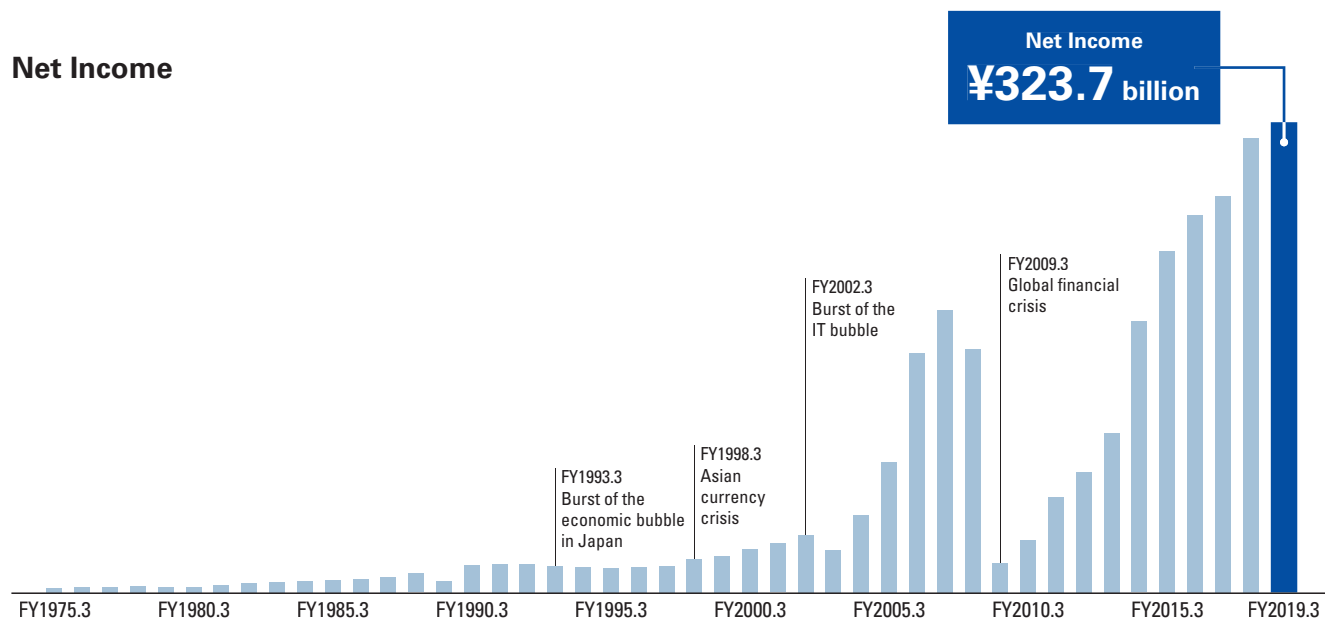
Continuous Growth from a Diversified Business Portfolio

ORIX has been profitable in each of its 54 years in business. In addition, in FY2019.3 we increased profits for the tenth consecutive year, and generated record high net income for the fifth consecutive year. Backing these results is the diversification of our revenue sources and risks from diversifying our business portfolio. We do not have a single core business. Instead, we constantly replace businesses and assets to keep growing. A business portfolio structured in line with social change has supported ORIX's sustained growth.

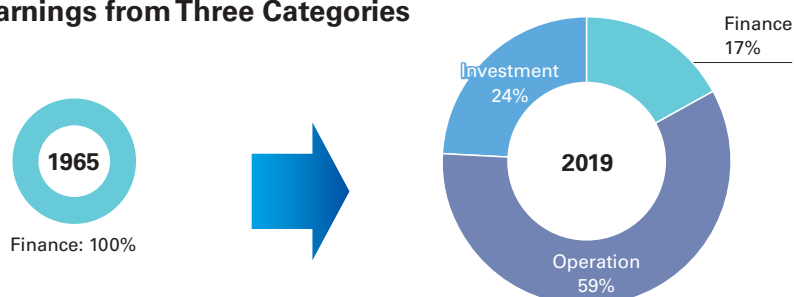
ORIX expanded from assuming credit risk in Finance businesses such as its original business of leasing into Operation businesses such as environment and energy, asset

management, concessions and life insurance as well as Investment businesses including private equity investment in Japan and overseas and aircraft and ships. As a result, we have been able to generate growth that is both profitable and stable by capturing needs in various markets while diversifying risk because we do not overcommit to one business. Finance businesses accounted for a full 100% of our earnings when we went into business, but just 17% in FY2019.3 as the ratio of earnings from Operation and Investment has increased from the 1990s onward. Earnings from Operation are growing substantially, underscoring the significance of a diversified portfolio to our earnings growth.

Net Income



Ratio of Segment Earnings from Three Categories



Social Value Creation

Since our founding, providing new value and contributing to society through business activities have been fundamental to ORIX. We place emphasis on providing new value to society and being a company that society needs, with the result that we now enter businesses where we can make significant contributions to society, such as environment and energy. We would like to continue contributing to society by promptly identifying changes around the world and linking them to business and profit opportunities.

In addition, people are a major factor sustaining ORIX's continuous growth and an asset for ORIX. We will deliver innovation for society by nurturing people with the knowledge and ability to respond to change in a timely manner, the will to take on challenges, and diverse values in order to identify the ongoing changes in the business environment and customer needs, provide greater value, and contribute to society,

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 recycles and re-uses by promoting the reuse and sharing of vehicles and equipment.



The Aging Society/Achieving Secure and Healthy Lifestyles

We are contributing to the creation of a society where people can live with peace of mind as Japan's birthrate decreases and its population ages through our life insurance and banking businesses.



Regional Revitalization

We are contributing to the development of regional economies, including increasing tourism demand and creating local jobs through the concession business, the agriculture business, and the operation of inns.



A Smart and Resilient Society

We are contributing to the creation of a smart and resilient society by supporting corporate R&D through the rental business and supporting disaster response and operational efficiency through the automobile and real estate businesses.



Vitalizing Small and Medium-Size Enterprises

We are contributing to the growth and vitality of small and medium-size enterprises (SMEs), a core customer group, through Corporate Financial Services and our private equity investment business.



About 32,000 Diverse Employees

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

→ Relationship with Employees (Page 76)

Please refer to the following website for specific initiatives.

• Sustainability Site ▶▶▶ <https://www.orix.co.jp/grp/en/sustainability/>

Fundamentals

ORIX's Business Portfolio

Six Segments

ORIX currently manages its diverse business portfolio in six segments. In addition, each of the six segments consists of two to four business units that differ by business and region, for a total of 16 business units.

[→ Segment Overview \(Page 50\)](#)

Segment	Business Unit	Main Business
Corporate Financial Services	Domestic Sales	Leasing, financing and solutions (various products and services) for small and medium-size enterprises (SMEs)
	Yayoi	Business software development, sale and support services
Maintenance Leasing	Auto	Automobile leasing, rental and car sharing, support for used auto purchase and sale
	Rentec	Electronic measurement instruments and IT-related equipment rentals and leasing
Real Estate	RE Investment and Facilities Operation	Development and leasing of office buildings, commercial facilities, logistics centers, and other properties; asset management and operation of various facilities such as hotels, inns, and aquariums.
	DAIKYO	Real estate development and brokerage and building maintenance and management, with a focus on condominiums
Investment and Operation	Investment and Operation	Private equity investment and servicing in Japan and overseas
	Environment and Energy	Renewable energy and electric power retailing and waste processing in Japan and overseas
	Concession	Operation of airports and wastewater treatment plants
Retail	Life Insurance	Life insurance with a focus on medical insurance
	Banking	A bank that specializes in real estate loans for investment
	Credit	Card loans, guarantees of unsecured loans handled by other financial institutions
Overseas Business	OCU (ORIX Corporation USA)	Securities investment, real estate and infrastructure finance, private equity investment and asset management, with a focus on North America
	OCE (ORIX Corporation Europe)	Asset management with a focus on Europe
	Aircraft, Ships	Aircraft and ship leasing and asset management services
	Asia and Australia, and other	Finance and private equity investment with a focus on Asia, Australia and elsewhere

Three Categories


We classify our business portfolio into the three categories of Finance, Operation, and Investment in consideration of main risks and capital requirements.

Three Categories	Main Risk	Capital Requirement
Finance	Credit risk	Low
Operation	Operation risk Business risk	Medium - High
Investment	Market risk	High



Our Business Portfolio Matrix of Six Segments and Three Categories

We believe that the combined picture of the three categories together with the six segments allows a deeper understanding of ORIX. Basically, each business unit is classified within Finance, Operation or Investment (excluding Investment and Operation, OCU, and Asia, Australia and Other).



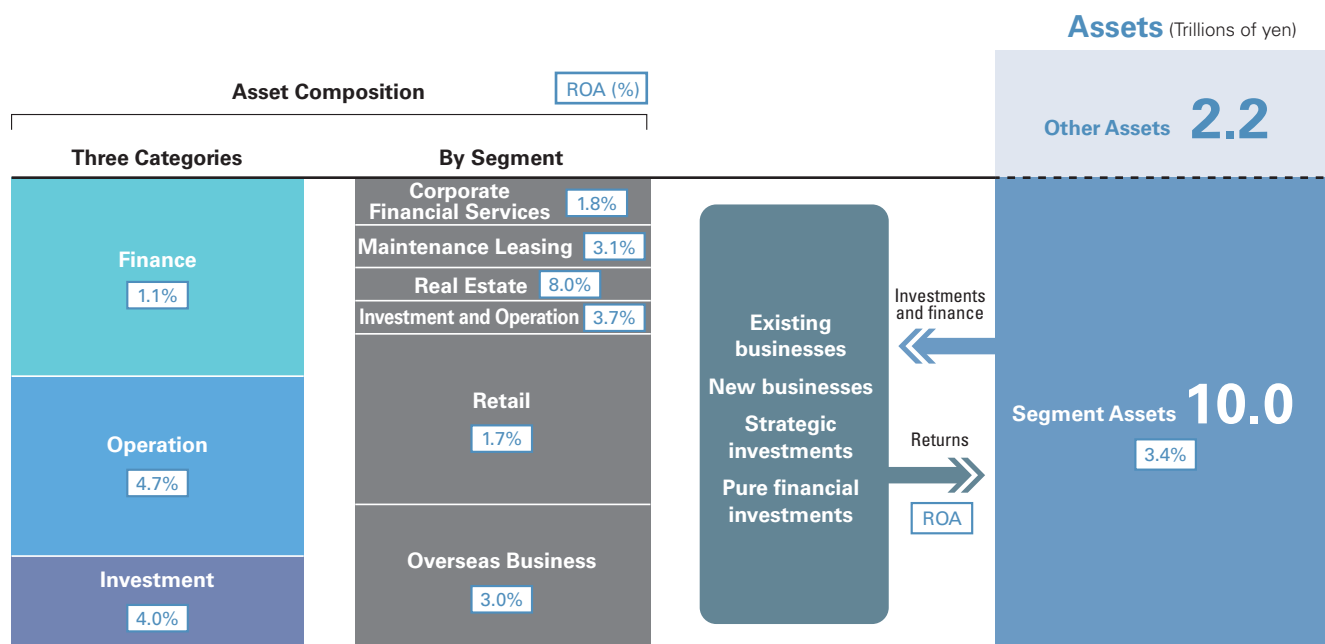
	Finance	Operation	Investment
Corporate Financial Services	Domestic Sales	Yayoi	
Maintenance Leasing		Auto Rentec	
Real Estate		Facilities Operation DAIKYO	RE Investment
Investment and Operation		Environment and Energy Concession	Investment and Operation
Retail	Banking Credit	Life Insurance	
Overseas Business	OCU Asia, Australia and other	OCU OCE	OCU Aircraft, Ships Asia, Australia and other

Fundamentals

ORIX from a Balance Sheet Perspective (As of March 31, 2019)

Assets

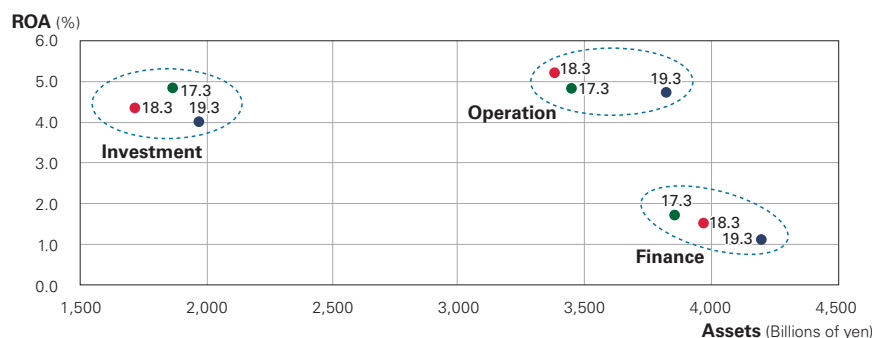
Keep low-return assets in check in turning over our portfolio and proactively investing in businesses for which we expect sustainable growth.



Assets

Our Three Categories (Past Three Years)

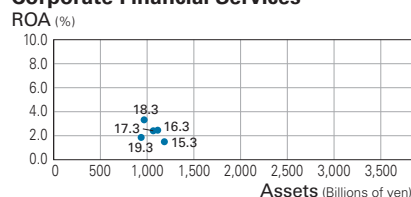
- Given the current low-interest-rate environment, we are not growing Finance aggressively. We are focusing on Investment and Operation, where ROA remains high.



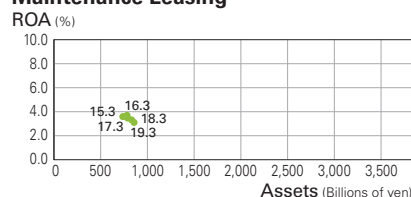
By Segment (Past Five Years)

- Assets increased in Maintenance Leasing, Investment and Operation, Retail and Overseas Business. Assets decreased in Corporate Financial Services and Real Estate.
- Maintenance Leasing and Overseas Business maintained ROA at about 3%. ROA for Corporate Financial Services and Retail was in the 1% to 2% range. ROA fluctuates in Real Estate and Investment and Operation due to the timing of gains on sale.

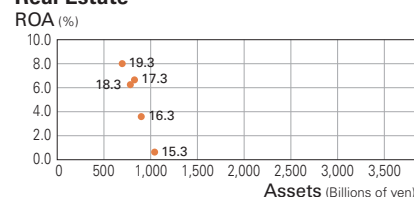
Corporate Financial Services



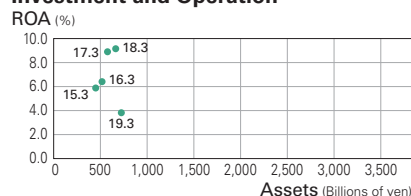
Maintenance Leasing



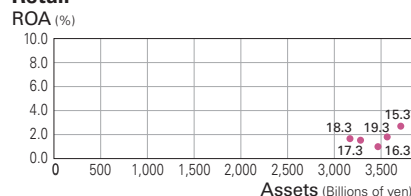
Real Estate



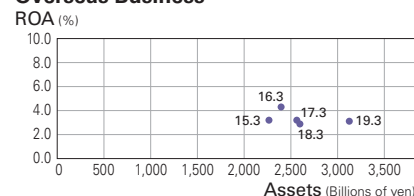
Investment and Operation



Retail



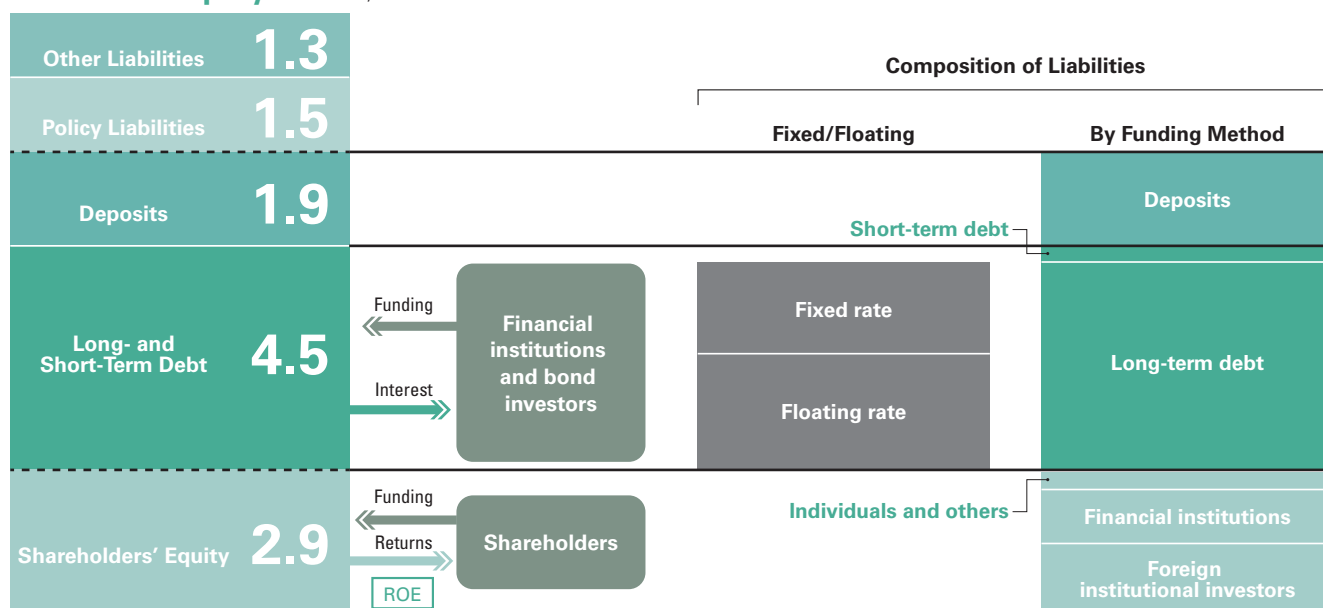
Overseas Business



Liabilities and Equity

Control costs while maintaining diversified funding and a high proportion of long-term borrowings. Target ROE of 11% or higher with financial leverage at which we can maintain a single A credit rating.

Liabilities and Equity (Trillions of yen)



Liabilities

- We have diversified funding by method, market and area.
- Longer maturities have reduced redemption risk.
- Credit ratings (As of July 31, 2019)

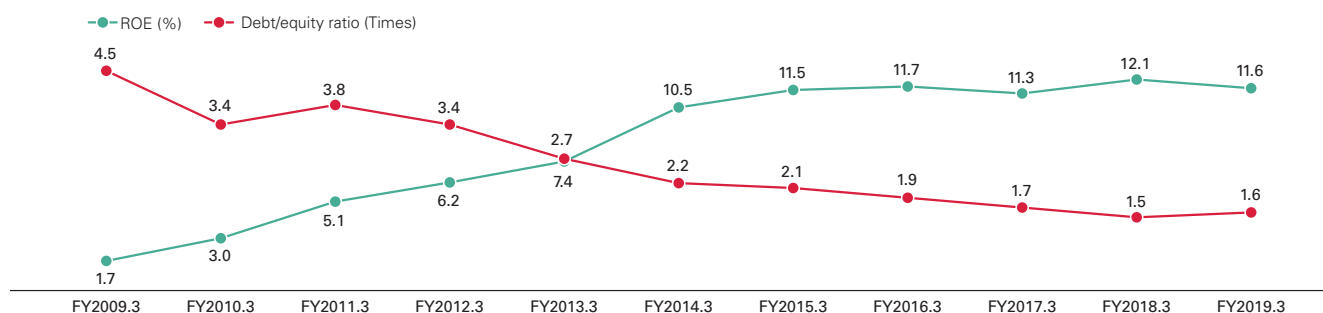
S&P	Moody's	Fitch	R&I
A- (Negative)	A3 (Stable)	A- (Stable)	A+ (Positive)

Equity

- Share repurchases will be conducted with flexibility and agility after considering changes in the operating environment, trends in share prices, financial conditions, and target business indicators, while keeping in mind the necessary level of retained earnings.
- We will control overall risk in making new investments, and carefully allocate capital with due regard for issues including changes in the operating environment.

→ Financial and Capital Strategies (Page 30)

ROE and Debt/Equity Ratio



Management Strategies

Medium-term Strategic Directions and FY2019.3 Results

Medium-term Strategic Directions

In October 2017, we announced our medium-term strategic directions for the three years from FY2019.3 through FY2021.3: annual net income growth between 4% and 8%, with FY2018.3 as the base year, ROE above 11%, and to maintain our single A credit rating. We set these goals to emphasize management balanced among three axes: profit growth, capital efficiency, and financial soundness.

Medium-term Strategic Directions (FY2019.3-FY2021.3)

Profit Growth	Annual net income growth between 4% and 8%
Capital Efficiency	ROE above 11%
Financial Soundness	Maintain single A credit rating
Enhance ERM as a global company	

Shareholder Returns Policy

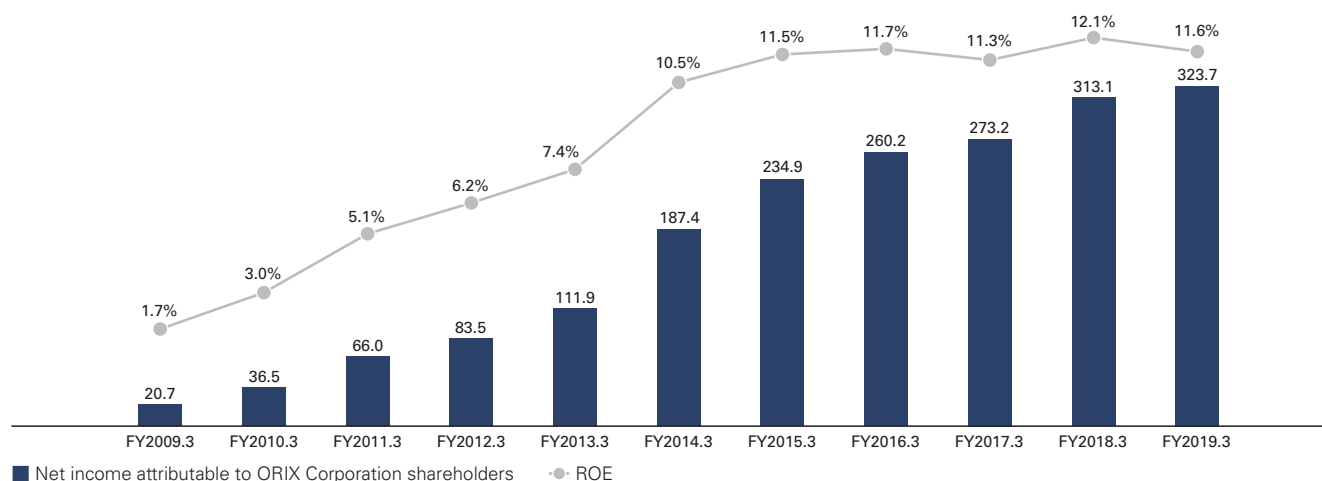
- Dividend payout ratio target of 30%
- Position share buybacks as proactive returns to shareholders

FY2019.3 Results

In comparison with the target in our medium-term strategic directions, net income for FY2019.3 was ¥323.7 billion, a year-on-year increase of 3.4%. Our target for net income growth between 4% and 8% is the average annual growth rate over three years, and we assume fluctuations in growth in any given year. Accordingly, ORIX will evaluate the achievement of its net income growth target after three years rather than any single year. We achieved ROE of 11.6% and maintained our single A credit rating.

We achieved record net income in FY2019.3 for the fifth consecutive fiscal year and have increased earnings year-on-year for 10 consecutive years. We recognized an impairment loss in connection with the bankruptcy of Indian equity-method affiliate IL&FS, and a decrease in assets under management reduced fee income in the asset management business, mainly at ORIX Corporation Europe. However, established businesses including aircraft and Retail segment businesses such as life insurance and banking performed well.

Net Income Attributable to ORIX Corporation Shareholders (Billions of yen) and ROE (%)



New Investment and Portfolio Replacement

Results for FY2019.3

New investment in FY2019.3 totaled ¥1,200.0 billion. A 30% stake in aircraft leasing company Avolon Holdings Ltd. (Avolon; see pages 26-27 for details), and the acquisition of U.S. lending and asset management company NXT Capital Inc. (NXT Capital) were major new investments. ORIX's investment has strengthened Avolon's financial base and improved its creditworthiness. Avolon's improved bond rating is expected to reduce funding costs in the future. NXT Capital sells loans it has originated to a fund that it manages and receives asset management fees from the loan fund. NXT Capital will make full use of the ORIX Group's domestic and overseas sales network to bring on fund investors and increase fee income.

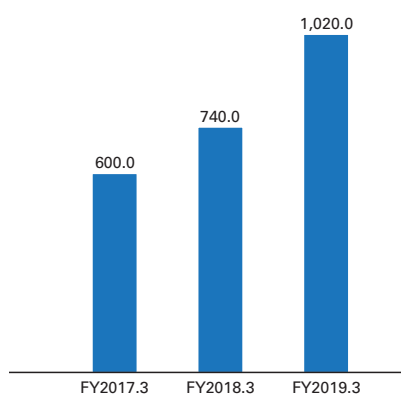
We were also active in investing in other businesses with growth potential. These included making DAIKYO Incorporated a wholly owned subsidiary. This company develops, manages and sells real estate, with a focus on condominiums. In addition, ORIX invested in Cornes AG. Corporation, which imports and sells dairy machinery, and made private equity investments in the United States and China.

Outlook

We expect major investments in FY2019.3 to contribute to earnings in FY2020.3. We will not limit ourselves to particular businesses as we analyze investments of various sizes for profitability and growth potential and rigorously select those that will contribute to future growth.

The goals of annual net income growth between 4% and 8%, ROE above 11% and an A credit rating can be conflicting management indicators. A theme for ORIX is how we can clear the hurdle of maintaining our A credit rating as we make decisions about large new investments. We assume the time may come when we will have to rationally assess the implications of an A credit rating. We therefore have to continuously divest portfolio assets when we make new investments. The sale of ORIX Golf Management in March 2019 is one example, and we also sold ORIX Living in August 2019. We will keep asset sales in mind, including existing businesses, as we focus on achieving our strategic directions over the medium-to-long term.

New Investment (Billions of yen)



Main Investments during FY2019.3

Company Name	Country	Business
Avolon	Ireland	Aircraft leasing (Investment: ¥250.0 billion)
NXT Capital	United States	Loan origination and asset management (Investment: ¥100.0 billion)
DAIKYO	Japan	Real estate development, management and sales, with a focus on condominiums
Cornes AG	Japan	Dairy equipment services
NTI Connect	United States	Communication infrastructure installation and maintenance services
Peak Utility	United States	Public infrastructure installation and maintenance services
Shougang Group	China	Parking operation and management

Management Strategies

Growth Strategy by Business

Our strategy for future growth is to capture business and profit opportunities generated by society. The upcoming Tokyo Olympics and Paralympics in 2020 and the Osaka-Kansai World Expo in 2025 will have the attention of the world. With visitors to Japan expected to further increase, our real estate business will develop hotels and inns under our new ORIX Hotels and Resorts brand. Moreover, targeting growth over the medium-to-long term, DAIKYO, which became a wholly owned subsidiary in January 2019, and ORIX's real estate business will complement each other's management through integration as a comprehensive real estate group that will launch new initiatives including participation in large-scale real estate development projects.

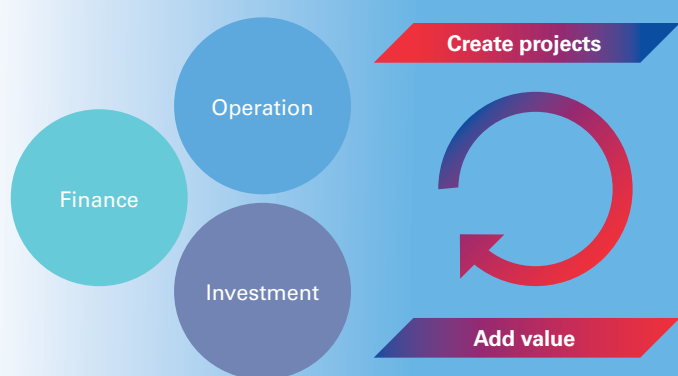
In the renewable energy business, we are promoting solar, geothermal and biomass power generation in Japan, and intend to expand business in Europe and Asia.

In Investment and Operation, we will deploy the expertise we have acquired to invest not simply in single companies, but to create synergies among multiple investees with a comprehensive perspective of the target industry as a whole. This will help investees build market share and expand into adjacent areas.

The auto and rental businesses have established business foundations as major players in Japan, but there is an urgent need to respond to rapid changes in the business environment. In the auto business, we aim to secure a presence in the next generation of the automobile industry by tying up with startup companies in Japan and overseas. In the rental business, in addition to providing hardware, we will transform into a service provider that combines various services to provide added value.

Business Portfolio

Control the volume of risk while expanding business domains



Business and Profit Opportunities

Renewable energy	Redevelopment and large-scale renovation
Automated driving and electric vehicles	AI and IoT
Business succession	Robots and drones

Growth Strategy by Business

Asset Management Expand AUM globally Combine our capabilities in each location	Real Estate Integrate with DAIKYO, expand the management business, and proceed with large-scale projects
Environment and Energy (Japan) Move the solar power generation business into the operation and maintenance phase Expand geothermal and biomass power generation	Environment and Energy (Overseas) Develop wind power in India and the renewable energy business in Europe and Southeast Asia
Investment and Operation Deepen involvement in existing focus areas, do roll-ups in the same industry, and expand into adjacent areas	Corporate Financial Services Provide equity solutions that address business succession needs
Auto Integrate automated driving and electric vehicle use into existing businesses	Rentec Transform from a hardware provider into a service provider

Multifaceted Asset Management Business Development

1. Acquire companies with unique business models

In the asset management business, we brought Robeco Groep N. V. (now ORIX Corporation Europe N. V.), into the ORIX Group in 2013, and have diversified our lines of business through new investments in the United States. The asset management business has a growing presence in the ORIX Group. As of March 31, 2019, the combined assets under management (AUM) of ORIX Europe, ORIX USA, and our real estate asset management business in Japan totaled

¥44.3 trillion, and generated pre-tax profit of ¥55.2 billion. In recent years, growth in the United States has been particularly strong, as ORIX USA AUM has doubled since FY2015.3. In the real estate asset management business in Japan, REITs and private equity funds have also been performing steadily, with growth in AUM from ¥1 trillion as of March 31, 2017 to ¥1.2 trillion as of March 31, 2019.

Main Subsidiaries			Established (Acquired)	Main Businesses	AUM at End of FY2019.3 ¹	Segment Profit for FY2019.3 (Pre-Tax) ²
Overseas Business Segment	ORIX Europe (formerly Robeco)	Robeco Institutional Asset Management B.V. Boston Partners Global Investors, Inc., and others	(2013.7)	Asset management	¥37 trillion	¥35.1 billion
	ORIX USA	NXT Capital Group, LLC (NXT)	(2018.8)	Loan origination and asset management	¥600.0 billion	¥4.3 billion ³
		Boston Financial Investment Management, LP (BFIM)	(2016.7)	Low-income housing tax credit syndication	¥800.0 billion	¥2.6 billion
		ORIX Real Estate Capital Holdings, LLC ⁴ (OREC)	2013.9	Mortgage banking and loan servicing	¥2.7 trillion	¥8.3 billion
		Mariner Investment Group entities	(2010.12)	Mariner Investment Group entities	¥1.2 trillion	¥1.0 billion
		RB Capital S.A.	(2016.12)	Real estate securitization, asset management, and real estate development and investment	¥800.0 billion	¥0.1 billion
Real Estate Segment	ORIX Asset Management Corporation (OAM)		2000.9	Asset management of J-REIT	¥673.9 billion ⁵	¥2.1 billion
	ORIX Real Estate Investment Advisors Corporation (ORIA)		2007.9	Real estate investment and advisory services (private equity funds)	¥500.0 billion	¥1.7 billion
Total					¥44.3 trillion	¥55.2 billion

1. AUM figures are approximate values that include servicing assets, etc.

2. Estimated based on actual results for FY2019.3

3. 7-month period

4. As of January 1, 2019, RED Capital Group, LLC (acquired in May 2010) and Lancaster Pollard Holdings, LLC (acquired in September 2017) were integrated into ORIX Real Estate Capital Holdings, LLC

5. Figure as of February 28

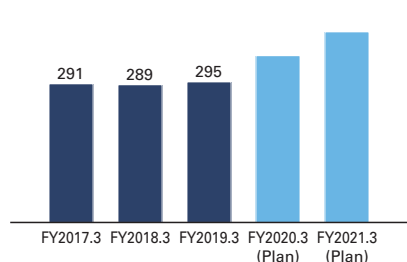
2. Address global asset management needs

Our policy of expanding AUM has not changed either in Japan or abroad. In the United States, Boston Financial, Lancaster Pollard (current name: ORIX Real Estate Capital Holdings, LLC), NXT Capital and other operations are using AI and other means to improve back office efficiency while increasing their contribution to profits. In Japan, ORIX Real Estate Investment

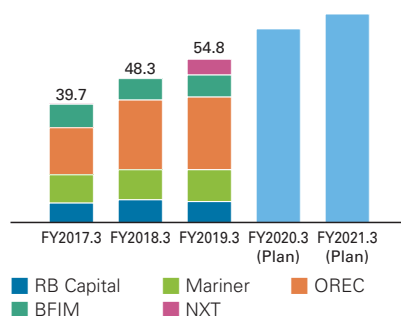
Advisors Corporation focuses on strengthening relationships with large institutional investors, developing new overseas investors and scouting investment for development projects. ORIX Asset Management Corporation works to enhance its property management to improve the competitiveness of properties and strengthen relationships with tenants.

AUM Performance and Plans

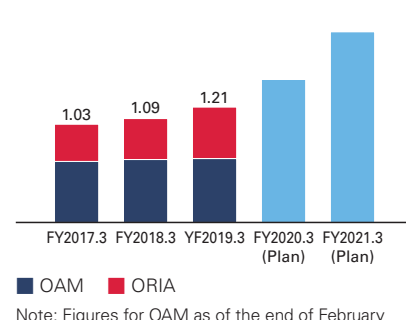
ORIX Europe (Billions of EUR)



ORIX USA (Billions of USD)



Real Estate (Trillions of yen)



Management Strategies

Feature 1: Large-scale Investments – The Avolon Invest

Investment Overview

In November 2018, ORIX acquired 30% of the outstanding shares of Avolon Holdings Limited (Avolon; Head office: Dublin, Ireland), the world's third largest aircraft leasing company. The investment totaled approximately ¥250 billion, making it one of ORIX's largest investments to date and comparable to the 2013 acquisition of Robeco Groep N.V. (now ORIX Corporation Europe N.V.).

Global demand for aircraft has been increasing, backed by the rise of low-cost carriers (LCC) in recent years and the increase in passenger traffic due to economic growth in emerg-

ing countries and elsewhere. Passenger traffic volume is expected to grow by an average of 4.4% annually over the next 15 years, and the number of aircraft in operation is forecast to increase from 21,450 in 2018 to 47,990 in 2037.*

Leasing demand is increasing among airlines because they want flexible equipment planning and financing, and they use operating leases for about 40% of the aircraft operating in the world today. Further market growth is expected, with the operating lease ratio forecast to rise to 50% in the future.

* Source: Airbus GMF 2018

ORIX Aircraft Leasing Business and Avolon

	ORIX Aircraft leasing business	Avolon (ORIX owns 30%)	Projected Synergies
Pre-tax income	¥35.8 billion* (FY2019.3)	¥80.0 billion (FY2018.12)	
Assets	¥646.3 billion* (March 31, 2019)	¥3 trillion (December 31, 2018)	<ul style="list-style-type: none"> • Significant expansion of value chain • Increase in supply to Japanese investors • Increased profits due to the improvement of Avolon's funding ability
Owned, managed and committed	Owned and managed 213 aircraft (March 31, 2019)	Owned and managed 553 aircraft Committed 398 aircraft (March 31, 2019)	
Strengths	<ul style="list-style-type: none"> • Secondary market presence • Asset management expertise • Extensive relationships with Japanese investors 	<ul style="list-style-type: none"> • Primary market presence • Expertise in ordering from aircraft manufacturers 	

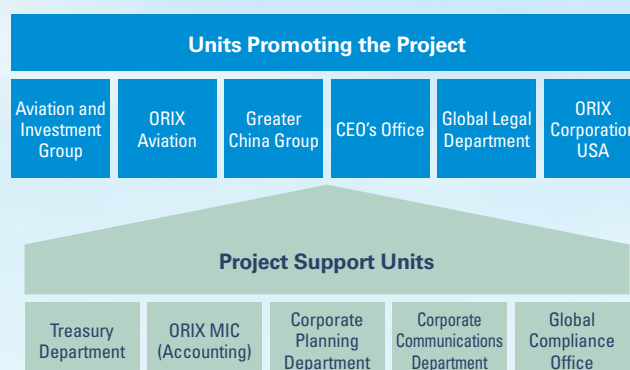
*Including ship business

Investment Background

Backing ORIX's investment in industry leader Avolon were a number of factors. Avolon has 40 years of experience and expertise in the aircraft leasing business, giving it the ability to accurately judge the risk and return of this investment. ORIX had also done business with Avolon and so had a solid relationship of trust prior to the investment. In addition, ORIX had a relationship through its locations in China with Avolon's parent company, the Chinese conglomerate HNA Group.

ORIX demonstrated the unique strength of the organic, inter-departmental collaboration among its units in considering the project. Six units in Japan and overseas – the Aviation and Investment Group, ORIX Aviation, the Greater China Group, the CEO's Office, the Global Legal Department and ORIX

Internal Project Promotion Organization (35 Members from Six Units in Japan and Overseas)



Note: Unit names at the time of the project

Corporation USA – drew together and formed a project team of 35 specialists. Its members from Japan, China, Hong Kong, Ireland and the United States had diverse backgrounds and expertise. They conducted investment practices including valuation, due diligence, negotiation of terms and regulatory

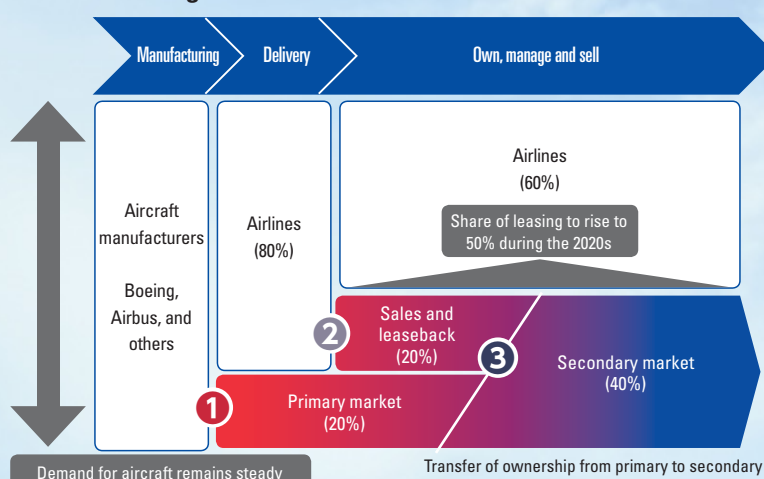
response while engaging in lively discussion. The backing of management units including finance, accounting and corporate planning enabled a large investment in a short period of about six months from the initial deal inquiry to the conclusion of the contract.

Positioning of Avolon and ORIX in the Aircraft Leasing Value Chain

While ORIX's aircraft leasing business is mainly strong in the secondary market, Avolon is mainly involved in the primary market where it orders directly from aircraft manufacturers, receives new aircraft after completion and leases them to the airline. The businesses of the two companies do not have

much overlap, so they can complement each other to expand their businesses. ORIX acquired the Avolon shares with the goal of generating medium- and long-term business growth by strengthening access to the primary market and expanding its aircraft leasing business.

Share of Leasing in the Aircraft Market



Comparison of Business Fields of Avolon and ORIX Aircraft Leasing

Features	Seller	Aircraft	Avolon	ORIX
1 Primary Market Purchase directly from manufacturers and lease out. Need financial strength and marketing organization.	Manufacturers	New	Excellent	None
2 Sales and Leaseback Purchase aircraft through airline. Recent wave of new entrants has intensified competition.	Airlines	New	Good	Fair
3 Secondary Market Purchase leased aircraft from a player in the primary market.	Aircraft leasing companies	Used	Fair	Excellent

Source: Produced by ORIX using Ascend "Fleet Analyzer," CAPA "Fleet Database" and FlightGlobal "FleetWatch 2018." Figures in parentheses are the ratio to all aircraft.



Kei Kitagawa
Head of Aviation and Investment Group
Deputy Head of Global Transportation Services Headquarters

Post-Investment Assessment

As of July 2019, about eight months have passed since the investment in Avolon, and a number of synergies are emerging. For example, the addition of ORIX as a new shareholder has enhanced Avolon's creditworthiness, and Avolon has entered into new borrowing transactions with many financial institutions including Japanese banks. Avolon's credit rating was upgraded to investment grade in April 2019, and its funding capabilities are expected to improve in the future.

In addition, Avolon is strong in the primary market because it orders from aircraft manufacturers, and has one of the largest fleets of leased aircraft in the world. This enables ORIX to provide even more aircraft to aircraft investors in Japan. ORIX and Avolon will generate additional synergies and improve their presence in the growing global aircraft leasing market by combining their sophisticated know-how and expertise in the aircraft leasing business.

Management Strategies

Feature 2: New Initiatives – Digital Transformation

Organization

Formerly, each division of ORIX has made numerous improvements in its operations using digital technology and data on its own initiative. In June 2018, new departments were established under the direct control of the CEO to make a clean break from previous processes and begin using digital technology and data to transform business operations. Since August 2019, the Data Transformation Department and the Digital Innovation Department have been promoting and supporting digital transformation for the ORIX Group. Employees

Mission of units that promote and support ORIX's digital transformation

Data Transformation Department

Promote effective use of data and AI horizontally throughout the Group.
Contribute to improving Group profitability.

Digital Innovation Department

Effectively use digital technology horizontally throughout the Group.
Accelerate business transformation and promote innovation.

in these departments include experts in data analysis and AI, digital business consultants who are adept in design thinking techniques, and analysts who screen startup companies with the latest technologies and innovative business models.

The Data Transformation Department supports digital transformation by leveraging information that the ORIX Group has collected through businesses and operations to date as well as external information. Examples include AI that uses past performance data to replicate credit screening decisions that people have conventionally handled.

The Digital Innovation Department focuses on accelerating innovation by fully leveraging new digital technologies and partnering with startup companies and the like to address business issues and support planning to provide new services.

In September 2018, ORIX entered into an ecosystem partnership agreement with Plug and Play Japan KK, which provides growth support for startups. Our objective is to collaborate and cooperate with startups in Japan and overseas to bring their leading-edge technologies, expertise and knowledge into the ORIX Group.

Accelerating Transformation Using Data and Digital Technology

We need to use digital technology and data not just to streamline existing business processes to address changes in the business environment and threats to existing business models, but also to create new corporate value. The use of technology and data will be essential to build new businesses and improve profitability.

The Data Transformation Department and the Digital Innovation Department have specialists in data analysis and approaches for using AI and digital technology as assets deployed horizontally throughout the ORIX Group. Working at the request of business segments and units, they accelerate transformation using data and digital technology to enhance the ORIX Group's competitive advantages based on customer needs and the issues that segments and units face.



Damion Howlett
Head of Data and Digital
Innovation

Digital Transformation Case Study

Promoting Transformation on the Front Line

ORIX is promoting digital transformation aligned with the operating issues of each business. We identify digital technology and data needs in each business and emphasize practicality and feasibility in working to implement the latest technology.

The automobile business is representative. We are automating automobile auction selling decisions using AI. ORIX Auto provides comprehensive automotive services, and handles an enormous number of vehicle-related transactions ranging from procurement to management and sales. Sales operations are an example. ORIX Auto sells 120,000 used cars annually, and maximizing sales price is a core theme.

We sell used cars through auctions and other methods at venues we operate. Formerly, decisions on whether the bid price of a vehicle is equivalent to market price have been left up to the experience of the person in charge, which has impeded objective assessment of whether we had maximized profit. However, the Data Transformation Department analyzed past auction data and found patterns among bidding information, including the number of bids

and the maximum bid amount. We have already conducted field tests in which some auctions have based sales decisions on these rules, and we confirmed that doing so serves to improve sales price. Currently, we are using AI to automatically determine optimal sale decisions based on bidding information, with the goal of streamlining business processes and maximizing sales price.

ORIX Auto also expects to deploy digital data in areas such as vehicle procurement and maintenance, demand forecasting in car rental and sharing, and the use of driving data in telematics services, and is therefore enhancing cooperation with the Data Transformation Department and the Digital Innovation Department.

In ways such as these, we are conducting projects that use digital technology and data at Group divisions such as ORIX Rentec, ORIX Bank and our real estate, environment and energy and other businesses as well as at ORIX Auto. Divisions generally lead projects, but the Data Transformation Department and the Digital Innovation Department view and promote digital transformation horizontally throughout the ORIX Group.

Stages in Implementing New Technologies

Interviews	Identify business unit issues and needs. Jointly analyze priority issues with the business unit.
Workshops	Identify ways to overcome problems with data and new technologies, and potential new business models through contact with customers and business processes using design thinking techniques and the Lean Business Model Canvas.
Planning	Consider issues including compatibility with Group management strategy, feasibility and expected outcomes. Plan field tests for priority measures.
Field Testing	Verify new technologies and data use models in front-line field tests. Determine outcomes and plan for full-scale introduction.

Management Strategy

Financial and Capital Strategies

Appropriate Control of Shareholders' Equity

ORIX verifies that its capital is sufficient for its risk profile using an employed capital ratio calculated with a proprietary method that refers to global benchmarks and other parameters to ensure flexibility in making new investments. Specifically, we refer to market indicators to calculate risk capital based on the historical maximum decrease in all assets for use in controlling the employed capital ratio, which is the ratio of risk capital to shareholders' equity. In FY2019.3, we made several large-scale investments, but our employed capital ratio was 88% because we have been increasing shareholders' equity by consistently generating record profits and replacing assets.

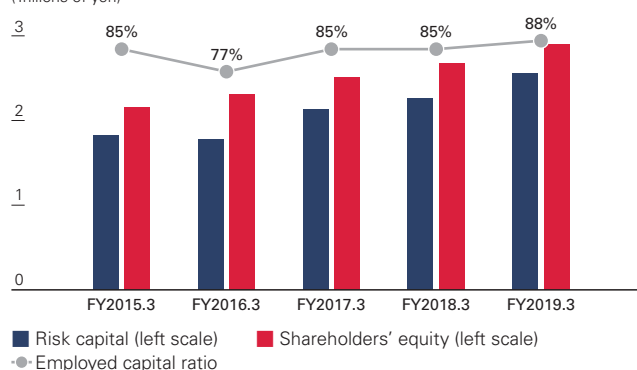
The allocation of risk capital to our three categories has changed over the past five years. Risk capital allocated to Finance has decreased, while Investment has remained at about 30% because of both new investment and replacement of portfolio assets and Operation has increased to over

50% because of our focus on businesses in which we expect growth, including environment and energy, asset management, and concessions. The protracted low interest rate environment has impeded high margins in Finance. We have therefore allocated capital to Operation and Investment because of our expectations for growth with a policy of ensuring strong profitability for the Group as a whole.

We also assess individual projects to rigorously select those that can generate returns above a cost of capital adjusted for project risk. Thus we achieve ROE that exceeds the cost of capital with the objective of sustainable growth in corporate value. Of note, we perform scenario analysis as needed when considering a large-scale investment to assess the impact on capital in advance. For existing businesses, we continuously monitor risks and returns at the project and business portfolio level to promote asset replacement.

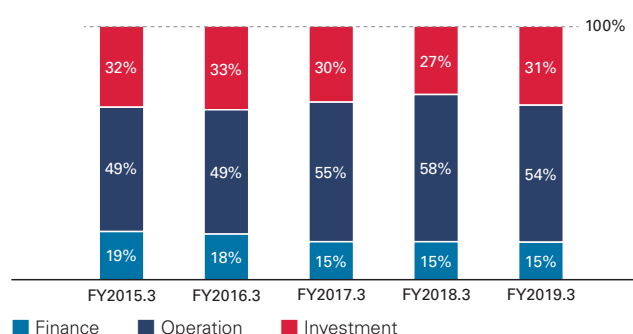
Risk Capital, Shareholders' Equity and Employed Capital Ratio

(Trillions of yen)



Note: ORIX calculation (Employed capital ratio = Risk capital ÷ Shareholders' equity)

Risk Capital Allocation



A Solid Financial Base

The current funding environment is good, and we have no concerns about obtaining funding from financial institutions or capital markets. However, uncertainty about the future of the global economy is increasing due to the impact of the U.S.-China trade war and other factors. Given this environment, ORIX employs an asset and liability management policy (ALM policy) it established to deal with liquidity risk and market risk.

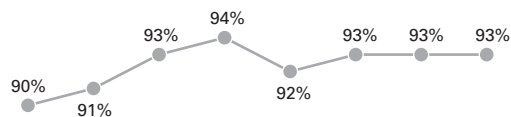
We address liquidity risk by diversifying funding sources, lengthening durations, and leveling out our maturity ladder. We also conduct stress tests based on experience in past financial crises, and ensure liquidity so that we can meet financing requirements over extended periods.

We control interest rate risk by comprehensively assessing issues including the impact of interest rate fluctuations on our income statement and balance sheet and on the funding environment. We mitigate the impact of interest

rate fluctuations on our income statement by synchronizing liabilities with the fixed and variable rates on our assets and our cash flow projections.

The expansion of our overseas businesses over the past several years, such as our U.S. businesses and aircraft leasing, has increased the proportion of funding denominated in currencies other than the Japanese yen. As a rule, we address exchange rate risk by funding business transactions and investments outside Japan with the currency in which they are denominated. We obtain foreign currency funding in ways such as borrowing from financial institutions in Japan and overseas and issuing bonds in local capital markets. We maintain a stable funding framework by diversifying funding methods, markets, and areas, and by lengthening durations. Funding costs will remain a focal issue in providing flexible, stable funding for global operations.

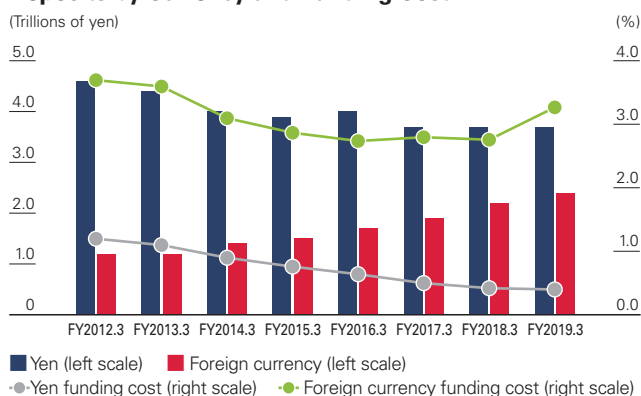
Share of Long-Term Debt



FY2012.3 FY2013.3 FY2014.3 FY2015.3 FY2016.3 FY2017.3 FY2018.3 FY2019.3

Note: Share of long-term debt = Long-term debt ÷ (Short-term debt + Long-term debt)

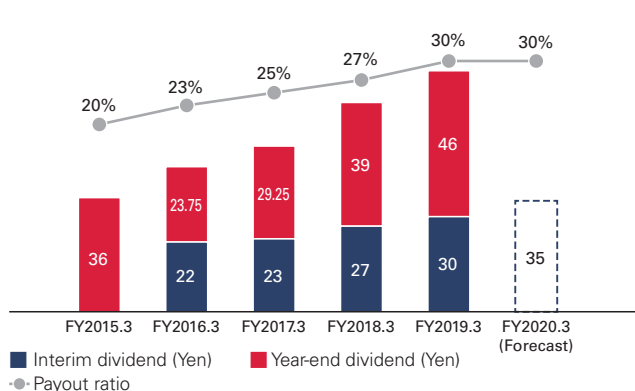
Average Balance of Long- and Short-term Debt and Deposits by Currency and Funding Cost



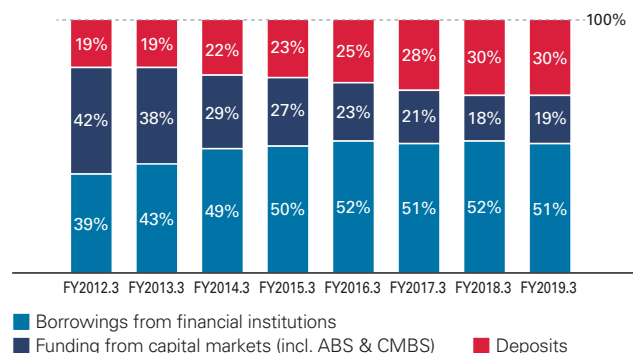
Shareholder Returns

We are striving to increase shareholder value by keeping profit from our business activities primarily as retained earnings, and using it to invest in enhancing our business platform and for growth. At the same time, we offer stable and sustained dividends that reflect our business performance. Under this basic policy, we increased the dividend payout ratio 3% year on year from 27% for FY2018.3 to 30% for FY2019.3. We increased dividends 15% year on year from ¥66 to ¥76 per share for FY2019.3 for approximately 1.7-fold growth over the past three years. For FY2020.3, we will maintain a dividend

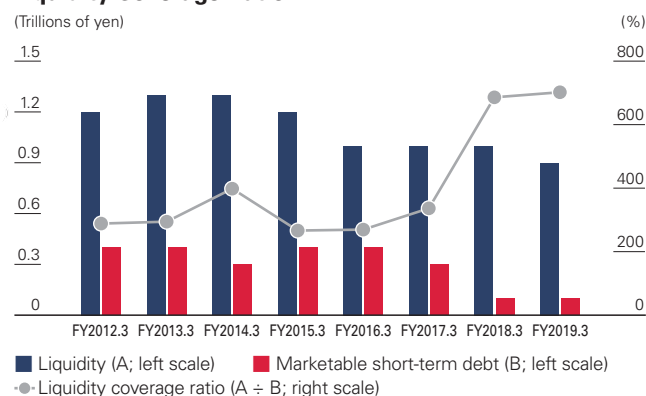
Dividend per Share and Payout Ratio



Breakdown of Funding Procurement



Liquidity, Marketable Short-Term Debt and Liquidity Coverage Ratio

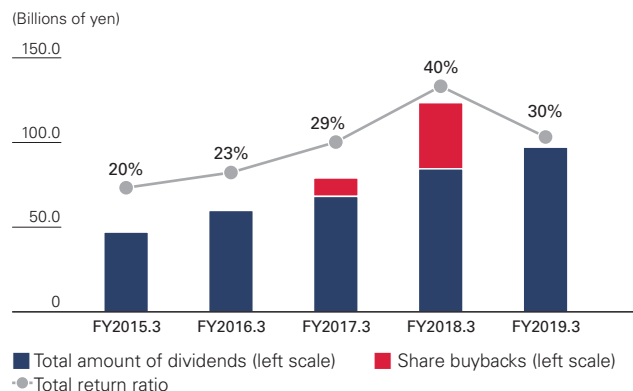


Note: Marketable short-term debt = Total of bonds and MTN expected to reach maturity within one year and balance of CP

payout ratio of 30% per share while focusing on the optimal balance between proactive acquisition of investment opportunities for profit growth and stable and continuous dividends. We forecast an interim dividend of ¥35.

Share buybacks will be conducted with flexibility and agility after considering changes in the operating environment, trends in share prices, financial conditions, and target business indicators, while keeping in mind the necessary level of retained earnings.

Total Return to Shareholders and Total Return Ratio



Corporate Governance

Corporate Governance at ORIX

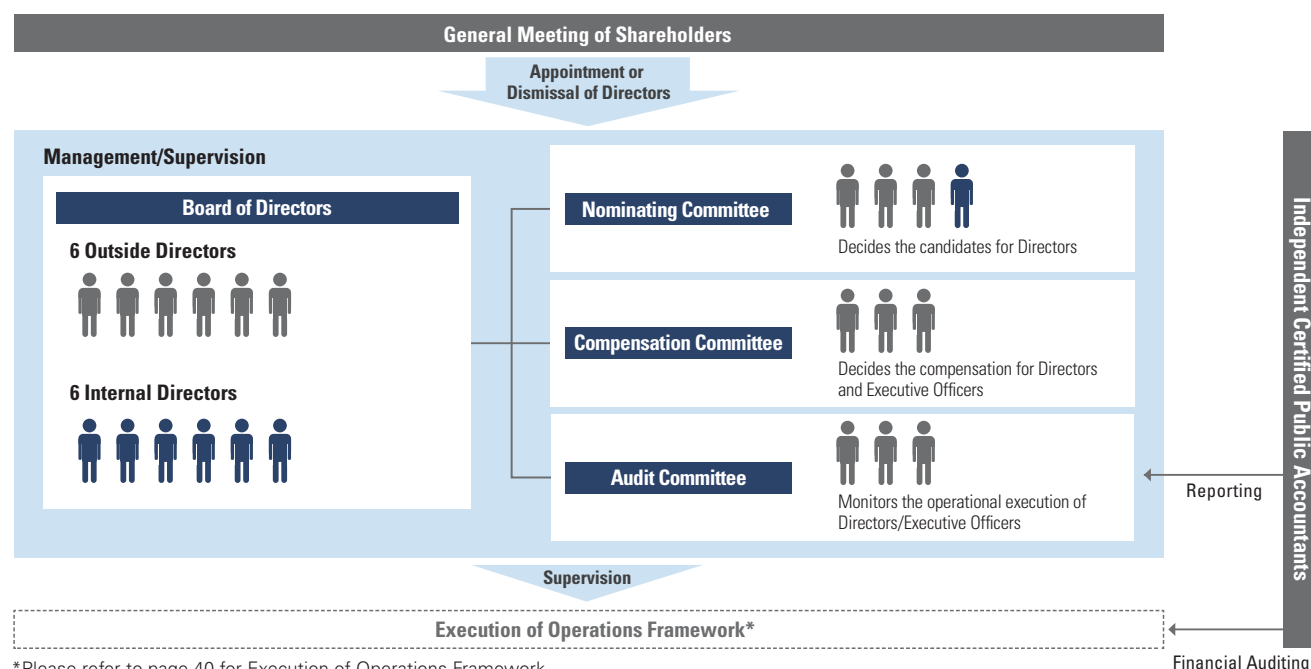
Approach to Corporate Governance

- ORIX believes that a robust corporate governance system is essential for ensuring objective management and carrying out appropriate business activities in line with its core policies. We have therefore established a sound and transparent corporate governance system.
- Corporate governance is a system for management oversight. It involves setting management objectives for managers, performance analysis and evaluation, and supervision in order to ensure that management strives to attain outstanding results. The tension inherent in corporate governance encourages management to perform to the best of its ability and facilitates innovation in pursuit of corporate objectives. Such an approach is conducive to the achievement of consistently high ROE.
- Outside Directors have a crucial role to play in corporate governance. From various perspectives reflecting their diverse professional backgrounds, Outside Directors are able to objectively evaluate management's performance in ways that transcend the industry's conventional wisdom and the company's ingrained practices. Moreover, by virtue of their external perspectives, Outside Directors are in the position to objectively evaluate the risk of management not taking adequate levels of risk.

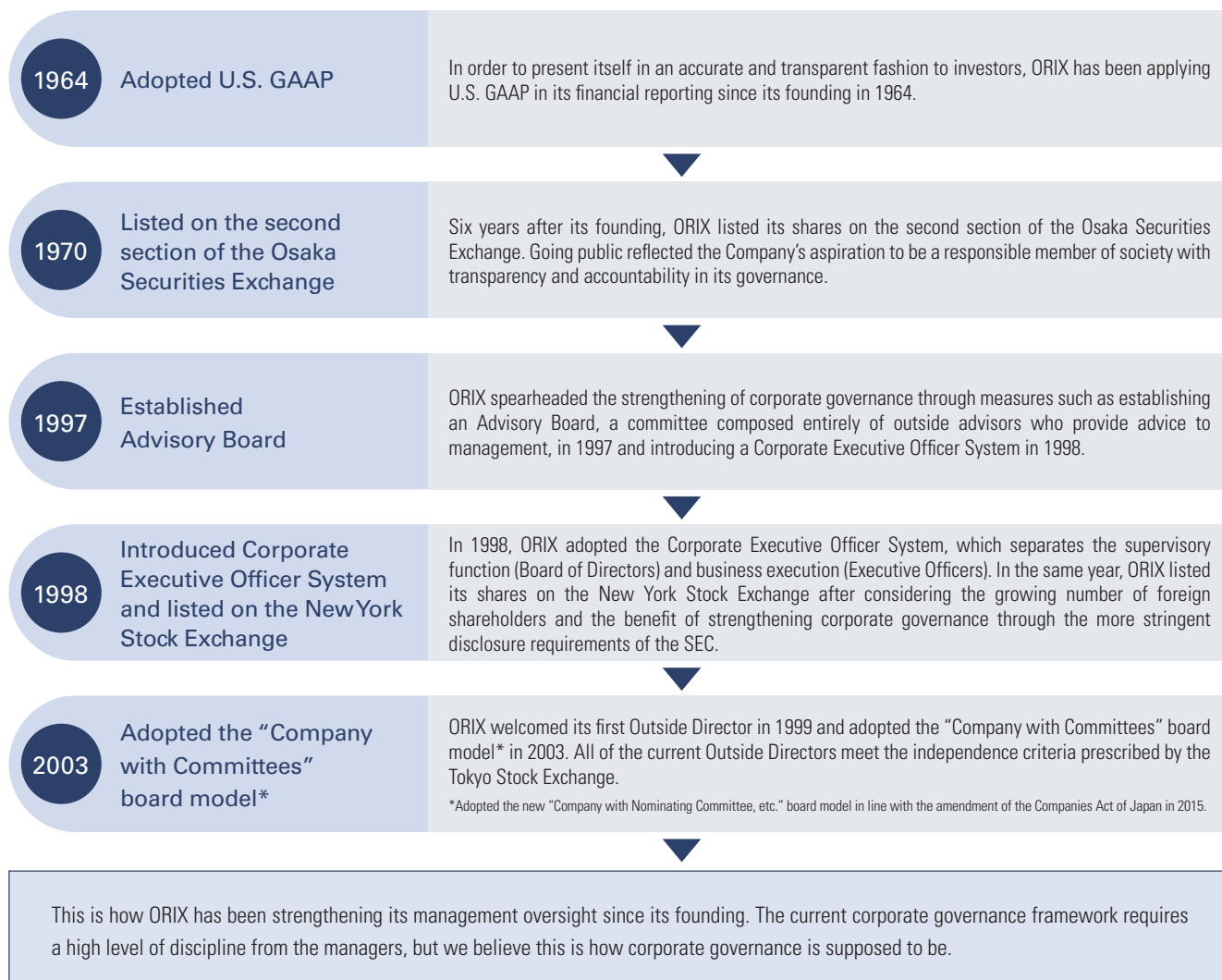
ORIX's Vision of Corporate Governance

	Desirable	Undesirable
Viewpoints of supervision and operation at Board of Directors meetings	<ul style="list-style-type: none"> • Supervision of management pursuing enhancement of corporate value • Operation led by Outside Directors 	<ul style="list-style-type: none"> • Supervision of legal compliance only • Operation led by Executive Officers
Orientation of the way the Board of Directors meetings are conducted	<ul style="list-style-type: none"> • Productive debate with a healthy degree of tension • Healthy risk appetite to facilitate innovation • Risk evaluation from an objective perspective • Appointment of management and determination of compensation from shareholders' viewpoint 	<ul style="list-style-type: none"> • Unproductive discussion lacking a degree of tension • Lack of innovation due to excessive risk aversion • Excessive risk appetite lacking an objective perspective • Appointment of management and determination of compensation entirely from an internal perspective
Result	High ROE sustainable over the long term	Low ROE over the long term

Corporate Governance Framework (As of July 1, 2019)



Evolution of Corporate Governance



Differences with Respect to the New York Stock Exchange Corporate Governance Standards

ORIX's American Depositary Shares have been listed on the New York Stock Exchange (NYSE) since 1998. As an NYSE-listed company, ORIX is required to comply with certain corporate governance standards under Section 303A of the NYSE Listed Company Manual. However, as a foreign private issuer, ORIX is permitted to follow home country practice. Our corporate governance practices differ in certain respects from those that U.S. listed companies must adopt. A summary of these differences is as follows:

- ORIX is not required to meet the NYSE's independence requirements for individuals on its Board of Directors or its Nominating, Audit and Compensation committees. ORIX's Nominating Committee has determined its own "Conditions for Director Independence."
- ORIX is not required to have the majority of its Board of Directors comprised of Outside Directors nor is ORIX required to compose its committees exclusively of Outside Directors. Of ORIX's twelve Directors, six are Outside Directors.
All members of the Audit Committee and Compensation Committee, and a majority of the members of the Nominating Committee are Outside Directors, and the chairperson of each committee is appointed from among the Outside Directors.

For more detailed information on corporate governance, 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/index.html>
- Corporate Governance ►►► <https://www.orix.co.jp/grp/en/ir/governance>

Corporate Governance

Management Team (As of June 26, 2019)

● Nominating Committee ● Audit Committee ● Compensation Committee

Members of the Board of Directors



Makoto Inoue

Age: 66

- Nominating Committee
- Member of the Board of Directors
- Representative Executive Officer
- President and Chief Executive Officer
- Responsible for Group Strategy Business Unit

Joined ORIX in 1975. After serving in positions including Deputy Head of Investment Banking Headquarters and Head of Global Business & Alternative Investment Headquarters, appointed Director, Representative Executive Officer, President and Chief Executive Officer in June 2014 (to present).

Yuichi Nishigori

Member of the Board of Directors
Senior Managing Executive Officer
Head of Energy and Eco Services Business Headquarters
Director, Ubiteq, INC.



Shuji Irie

Age: 56

Member of the Board of Directors
Managing Executive Officer
Head of Investment and Operation Headquarters

Joined Mizuho Securities Co., Ltd. In 2001. Joined ORIX in 2011. After serving in positions including Deputy Head of Investment and Operation Headquarters, appointed Director and Managing Executive Officer in June 2018 (to present).



Shoji Taniguchi

Member of the Board of Directors
Managing Executive Officer
Responsible for Treasury and Accounting Headquarters
Assistant to CEO

Outside Directors



Eiko Tsujiyama

Age: 71

- Audit Committee (Chairperson)
- Compensation Committee
- Emeritus Professor, Waseda University
- Corporate Auditor, Lawson, Inc.
- Audit & Supervisory Board Member, NTT DOCOMO, INC.
- Audit & Supervisory Board Member, Shiseido Company, Limited

Main Career History

Has served in positions including financial accounting advisor for domestic and foreign governments and institutions and Dean of the Graduate School of Commerce at Waseda University. Appointed Outside Director in June 2010 (to present).

Main Area of Expertise
Accounting



Ryuji Yasuda

Age: 73

- Compensation Committee (Chairperson)
- Nominating Committee
- Adjunct Professor, Graduate School of Business Administration, Hitotsubashi University Department of International Corporate Strategy
- Outside Director, Yakult Honsha Co., Ltd.
- Outside Director, Benesse Holdings, Inc.
- Outside Director, Kansai Mirai Financial Group, Inc.

Main Career History

Has served in positions including Director, McKinsey & Company and Chairman, A.T. Kearney, Asia. Appointed Outside Director in June 2013 (to present).

Main Area of Expertise
Corporate strategy



Michael Cusumano

Age: 64

- Compensation Committee
- Professor, Faculty of Management, Sloan School of Management at Massachusetts Institute of Technology
- Outside Director, Ferratum Plc

Main Career History

Has served as Professor, Faculty of Engineering Systems, School of Engineering at Massachusetts Institute of Technology and Special Vice President and Dean, Tokyo University of Science. Appointed Outside Director in June 2019 (to present).

Main Area of Expertise
Business strategy and technology management

Age: 62

Joined the Japan Industrial Bank, Ltd (currently Mizuho Bank, Ltd.) in 1980. Joined ORIX in 2003. After serving in positions including Head of Investment and Operation Headquarters, appointed Director and Senior Managing Officer in January 2016 (to present).



Stan Koyanagi

Age: 58

Member of the Board of Directors
Managing Executive Officer
Global General Counsel

Joined SHEPPARD, MULLIN, RICHTER & HAMPTON LLP in 1985. After serving in positions including General Counsel at ORIX USA Corporation (currently ORIX Corporation USA), joined ORIX in 2013. Appointed Director and Managing Executive Officer in June 2017 (to present).



Age: 55

Joined ORIX in 1987. After serving in positions including president of RBS Securities Japan Ltd., he rejoined ORIX in 2018 as Senior Advisor. Appointed Director and Managing Executive Officer in June 2019 (to present)

Satoru Matsuzaki

Age: 53

Member of the Board of Directors
Managing Executive Officer
Head of Corporate Business
Headquarters

Joined Crown Leasing Corporation in 1989. Joined ORIX in 1997. After serving in positions including Head of Eastern Japan Sales Headquarters, appointed Director and Managing Executive Officer in June 2019 (to present)



Nobuaki Usui

Age: 78

- Nominating Committee (Chairperson)
- Audit Committee
- Corporate Auditor, MIROKU JYOHU SERVICE CO., LTD.

Main Career History

Has served as Administrative Vice Minister, Ministry of Finance and Governor and CEO, National Life Finance Corporation (currently Japan Finance Corporation). Appointed Outside Director in June 2012 (to present).

Main Area of Expertise
Finance and taxation



Heizo Takenaka

Age: 68

- Audit Committee
- Professor, Faculty of Global and Regional Studies at Toyo University
- Chairman and Director, PASONA Group Inc.
- Director, Academyhills
- Director, Center for Global Innovation Studies at Toyo University
- Outside Director, SBI Holdings, Inc.

Main Career History

Has served in positions including Minister of State for Economic and Fiscal Policy, Minister of State for Financial Services, Minister of State for Communications and Privatization of Postal Services, and Minister for Internal Affairs. Appointed Outside Director in June 2015 (to present).

Main Area of Expertise
Economics and finance



Sakie Akiyama

Age: 56

- Nominating Committee
- Founder, Saki Corporation
- Outside Director, Sony Corporation
- Outside Director, JAPAN POST HOLDINGS Co., Ltd.

Main Career History

Founded Saki Corporation after serving at Arthur Andersen & Co. Appointed Outside Director in June 2019 (to present)

Main Area of Expertise
Corporate management



Corporate Governance

Comments from Outside Directors

The ability to adapt to changes in the operating environment is the source of ORIX's growing corporate value.

The ability to adapt to changes in the operating environment has been an ORIX strength in increasing profits for 10 consecutive years. The business environment is changing dramatically, so a business model that can generate profits continuously is a wellspring of corporate value for ORIX.

Corporate governance at ORIX involves a Board of Directors where members with sophisticated expertise engage in frank, deeply meaningful discussions. ORIX's Board of Directors excels at balancing its roles as a body that verifies the validity and legality of management decisions, and as a venue for providing objective advice and support for proposals.

At the same time, the Audit Committee that I chair always focuses on risk, and performs business and accounting audits that investigate beyond the tip of the iceberg. In particular, for overseas subsidiaries with a higher risk of scandals than Group companies in Japan, ORIX's meticulous approach includes reconfirming the comprehensive reach of overseas whistle-blower channels to minimize potential risks. However, the most important point in corporate risk management is the sensitivity of senior management to compliance. I appreciate that ORIX has upgraded its enterprise risk management (ERM) based on CEO Inoue's sophisticated awareness of compliance and is working to strengthen the risk management system from a global perspective.

I will play a role that supports improvement in corporate value, with a constant commitment to drawing attention to overlooked spots.

ORIX has always provided new value to society through its diverse businesses. For example, ORIX launched a solar power generation business ahead of other companies, and operates a waste recycling business that is helping to create a society that reuses and recycles. Recently, ORIX has also earned recognition for services that help prevent dangerous driving among elderly drivers. In addition, ORIX has a personnel system that has made important contributions by taking a multifaceted approach to the international goals of the SDGs, such as introducing advanced systems that empower women, and establishing workplaces that support diverse work styles.

ORIX will continue to maintain its commitment to sustainable growth, always aware of the demands of society and the perspectives of shareholders. As an Outside Director, I will remain committed to drawing attention to the spots others may overlook to play a role in supporting increased corporate value.



Sophisticated awareness of compliance among senior management has strengthened the ORIX Group's risk management system.

Eiko Tsujiyama

Chairperson
Audit Committee

By exchanging opinions with internal officers and employees, I intend to assist in appointing Directors based on a broad perspective.

CEO Inoue assumed office in 2014 and is now in his sixth year. The ORIX DNA created during the tenure of CEO Miyauchi was passed along properly in a smooth transition of senior leadership, and CEO Inoue has demonstrated his own style for management decisions and corporate governance at every turn in responding to changes in the environment both inside and outside the company.

The Nominating Committee, which I chair, keeps an eye on the effective functioning of the current management system in responding to circumstances that are changing both substantially and rapidly as we deepen debate on how to develop and select the future key players at ORIX. As an Outside Director, I intend to assist in appointing Directors from a broad perspective by exchanging opinions as much as possible with the officers and employees who actually conduct ORIX's businesses.

A systemically reviewed human resource strategy is the key to achieving further growth.

ORIX started out in the leasing business and expanded into adjacent businesses where it could exercise its expertise. ORIX has complemented this unique business model with an outstanding ability to identify opportunities with agility, determine risk from all angles, and generate profits. This has driven ORIX's growth over the past half century and its

rapid growth as a global company in recent years. We have entered an era that is clearly different from the past, with the Fourth Industrial Revolution under way and risks in the global economy rapidly growing. Given these circumstances, the most important theme for the foreseeable future is for ORIX to demonstrate its unique strengths and grow its businesses with a sense of urgency. Human resource strategy is the key. Bringing on people who are deeply familiar with advanced fields such as IT is representative. ORIX must consider and review its personnel and salary system, and hold company-wide discussions on how to reconcile the upgrades necessary to attract such talent with the current system.

These days, listed companies are required to address ESG management and SDG initiatives. Since its founding, ORIX has gained stakeholder trust by quickly identifying new issues and services that the world needs and converting them into businesses. You could say that ORIX's history itself has fulfilled its corporate social responsibility. I am confident that ORIX will continue to contribute to a sustainable future by leveraging its corporate culture and vitality to create businesses that society needs. This will also further improve ORIX's corporate value.

**ORIX is a company
that contributes to a
sustainable future by
creating businesses
that society needs.**

Nobuaki Usui
Chairperson
Nominating Committee



Corporate Governance

Board of Directors

The Board of Directors is responsible for deciding and monitoring ORIX's policies on a regular basis, which include corporate planning such as capital management, fund procurement, hiring and recruitment strategies and internal controls. Aside from such items, the Board of Directors delegates

decision-making regarding operations to Representative Executive Officers to facilitate better efficiency and swiftness of such process. The Board of Directors also receives reports from Executive Officers and committees regarding the status of business operations and finances.

Evaluation of Effectiveness of the Board of Directors

The Secretariat of the Board of Directors conducts a survey of all Directors. The effectiveness of the Board of Directors is evaluated and analyzed, and actions to improve the administration of the Board of Directors are implemented.

An overview of the effectiveness of the Board of Directors for FY2019.3 follows.

Evaluation Process

- The Secretariat of the Board of Directors provided a questionnaire (details below) to the Directors.
- Based on the results of the questionnaire, the Secretariat of the Board of Directors personally interviewed each Director to gather additional information including opinions not available from the questionnaire alone and requests concerning the operations of the Board of Directors.
- The Secretariat of the Board of Directors reported the results of the questionnaire and interviews to the Board of Directors. The Board of Directors formulated action plans for the issues raised by the report.

Process

May 2019: Questionnaire conducted
 June 2019: Interviews conducted based on the questionnaire
 July 2019: Final results of the evaluation presented to the Board of Directors, and action plan formulated

Questionnaire Contents

- Composition of the Board of Directors
- Operation of the Board of Directors
- Agenda of the Board of Directors and other bodies
- Effectiveness of the Board of Directors discussions
- Board of Directors support system

Evaluation Results

- The results of the questionnaire confirmed the effectiveness of the Board of Directors in terms of its composition, operation, agenda, effectiveness of discussion, and support system.
- The operation of the Board of Directors and the effectiveness of its discussions received highly positive evaluation, with many respondents indicating that the Board has effectively enhanced monitoring and check-and-balance functions and risk management.
- At the same time, the questionnaire identified "IT-related knowledge," "international business experience" and "senior management experience at other companies" as areas with a lack of experience and knowledge in the composition of the Board. In addition, although the overall evaluation of the agendas of Board of Directors and other meetings were generally highly positive, the questionnaire indicated the "succession plan," "divisional reporting meetings*" and "sharing of information about the results of communication with investors and shareholders" as areas with room for improvement.

* Meetings held to explain and report to Outside Directors on projects and strategies in each division. Convened separately from Board of Directors meetings.

Action Plan

The Board of Directors formulated the following policies for improving effectiveness based on the results of the above evaluation.

- Continue to enhance discussions that contribute to the improvement of corporate value, such as human resource strategies, medium- to long-term strategies, and company vision.
- Continue to create opportunities to exchange opinions with Outside Directors to promote greater understanding of the management environment.
- Fully share the details of discussions with investors and rating agencies and deepen discussions on progress toward medium-term management targets and future directions.

Nominating Committee

- The Nominating Committee decides and produces proposals to appoint or dismiss Directors, which are then submitted at the general meeting of shareholders.
- The Nominating Committee also deliberates on the appointment or dismissal of Executive Officers, although this is not required under the Companies Act of Japan.
- The Nominating Committee has determined the “Conditions for Director Independence.”*
- The Nominating Committee ensures appropriate selection of candidates for Director appointments through “Nomination Criteria for Director Candidates.”*

* For detailed information on “Conditions for Director Independence” and “Nomination Criteria for Director Candidates” determined by the Nominating Committee, 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/index.html>

New Outside Directors

Michael Cusumano

Global Authority on Business Strategy and Technology Management

Michael Cusumano is a Professor with the Faculty of Management of Sloan School of Management at Massachusetts Institute of Technology and a global authority on business strategy and technology management. He has served as a consultant and board member of several major companies in the high-tech industry, and as Special Vice President and Dean of Tokyo University of Science until May 2017, where he oversaw the transformation



of the university’s business school. ORIX expects that his knowledge and experience enable him to effectively supervise management from an independent and objective standpoint.

Sakie Akiyama

Extensive Management Experience

Sakie Akiyama founded Saki Corporation, an industrial inspection robot company, after working as an international management consultant, and has an extensive track record as president and CEO. She has also served on various councils and working group committees, including in government. ORIX expects that her knowledge and experience enable her to effectively supervise management from an independent and objective standpoint.



Audit Committee

- The Audit Committee monitors the execution of the duties of the Directors and Executive Officers and creates audit reports. The Audit Committee decides the content of proposals to appoint, dismiss or refuse the reappointment of the Company’s Independent Certified Public Accountants, which are submitted to the general meeting of shareholders.

Compensation Committee

- The Compensation Committee formulates the policy for determining compensation of each Director and Executive Officer (“Policy for Determining Compensation of Directors and Executive Officers”) and also decides the specific compensation for each individual Director and Executive Officer.

* Please refer to page 44 for detailed information about Director compensation.

Board of Directors and Committee Meetings in FY2019.3

	Number of Meetings	Attendance Rate
Board of Directors	8	97%
Nominating Committee	3	94%
Audit Committee	8	100%
Compensation Committee	4	100%

Corporate Governance

Execution Framework

Organization of Executive Officers

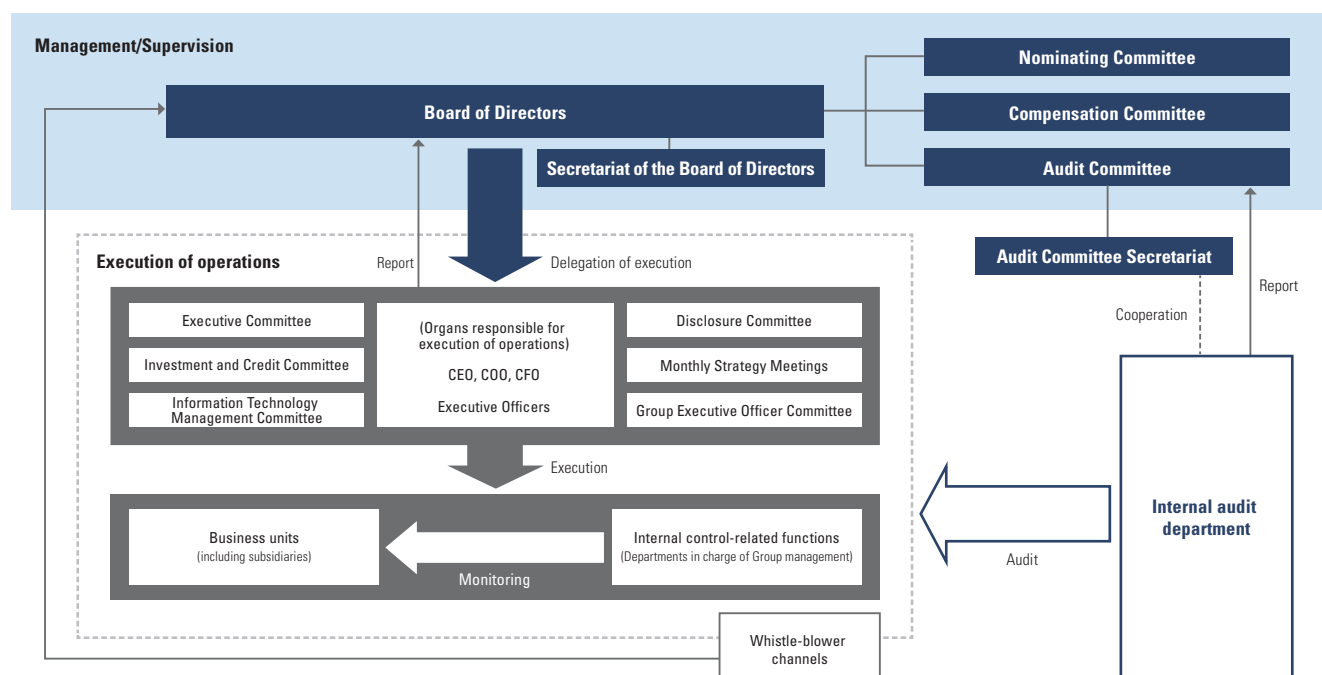
The Representative Executive Officers of ORIX make important business execution decisions after deliberations by the Executive Committee, the Investment and Credit Committee and other bodies in accordance with ORIX's various rules.

The duties of Executive Officers are decided by the Board of Directors and the Representative Executive Officers and are carried out in accordance with ORIX's various rules. Group Executives are appointed by the Board of Directors from among the Directors and Executive Officers of the Group companies.

Characteristics of the Executive Officer System

- Supervision of management and execution of operations are separated through a "Company with Nominating Committees, etc." board model.
- Top management (CEO, COO and CFO) are involved in all processes for evaluating individual transactions and monitoring the progress of strategies and plans of business units as well as the progress of strategies and plans of the Group as a whole.
- Executive Officers and Group Executives regularly report and share information with top management about progress of strategies and plans of business units they are responsible for.
- Executive Officers and Group Executives along with top management share information about strategies and plans of the Group as a whole.

Execution of Operations Framework (As of July 1, 2019)



Control by Business Unit

- Each business unit evaluates material risks in light of the business strategies and plans, and exercises its own risk management.

Control by the Internal Control-related Functions (Departments in Charge of Group Management)

- Each department of internal control-related functions assesses not only the material risks but the risks that it controls and manages on an across-the-board basis, and assists in the risk management conducted by each business unit.

Individual Executive Bodies

Important decision-making, monitoring and discussions regarding the execution of business and sharing of information are conducted by the following bodies.

In July 2019, the Executive Committee was newly established.

Executive Body	Meeting Frequency	Attendees*	Contents
Executive Committee	Two times a month in principle	Top management, Executive Officers and others	<ul style="list-style-type: none"> • Deliberates on important matters related to management such as management policy.
Investment and Credit Committee (ICC)	Three times a month in principle	Top management and Executive Officers involved in projects	<ul style="list-style-type: none"> • Deliberates on matters related to investment and financing such as projects that exceed certain specified investment or credit amounts. • The content of the matters and the items deliberated on by the ICC are reported to the Board of Directors as necessary given their importance.
Group Executive Officer Committee	Every three months in principle	Executive Officers and Group Executives	<ul style="list-style-type: none"> • Meets to share important information related to the business administration of the ORIX Group.
Monthly Strategy Meeting	Once a month in principle	Top management and each divisional head	<ul style="list-style-type: none"> • Meets to discuss matters such as the state of achievement of strategic targets of each division and changes in the business environment, and make necessary strategic changes. • Matters of high importance on the agenda are deliberated on by the Executive Committee and the ICC and reported to the Board of Directors as necessary.
Information Technology Management Committee	Once a month in principle	Top management and the President of ORIX Computer Systems Corporation	<ul style="list-style-type: none"> • Meets to deliberate on important matters concerning fundamental policies for IT operations and IT systems. • Ensures that IT decisions are consistent with business strategies and works to realize IT investments that contribute to business growth and reduce risk.
Disclosure Committee	As necessary	CFO (Chairperson) and Executive Officers in charge of Treasury and Accounting department, Credit and Investment Management department, Enterprise Risk Management department, Group Human Resources and Corporate Administration department and Group Internal Audit Department	<ul style="list-style-type: none"> • Meets to discuss important information reported by persons in charge of individual departments and matters related to disclosure of important information, including the necessity of timely disclosure and the disclosure method, and takes necessary steps. • The committee controls information disclosure and facilitates the appropriate and timely disclosure of information to stakeholders.

* Please refer to Management Team on pages 42-43 for information about attendees.

Other Meetings Related to Business Execution

Liaison Meetings and Division Kickoffs are meetings for sharing management information and business plans decided by executive bodies and other important ORIX Group information.

Top management, Executive Officers, and executives from Group companies throughout Japan participate in Liaison Meetings twice a year to share a wide range of information about results, new products and services, compliance, and other topics.

Each division conducts a Division Kickoff once a year with the participation of the division's executives. Under the supervision of the top management, the division manager (Executive Officer) explains business strategies and plans.

The online edition of the Groupwide internal newsletter also presents the content of these meetings, enabling all employees to share information.

Corporate Governance

Management Team: Executive Officers and Business Unit Managers

(As of July 1, 2019)

Executive Officers and Business Unit Managers execute operations through six executive bodies. The following table presents the members of each executive body, but Executive Officers who are not members of these bodies and Business Unit Managers also participate in discussions of strategies, plans and individual projects and contribute to reports and other actions as appropriate for each executive body.

Business units other than the CEO are divided into the 16 business units belonging to one of the six segments, and Corporate. The color coding of business units is as follows.

6 Segments: ■ Corporate Financial Services ■ Maintenance Leasing ■ Real Estate ■ Investment and Operation ■ Retail ■ Overseas Business ■ Corporate

	Business Unit	Name	Positions	Executive bodies* (☆: Committee chairman; ○: Committee member)					
				ICC	ExCo	GEOC	MSM	ITMC	DC
	CEO	Makoto Inoue	Representative Executive Officer President and Chief Executive Officer	☆	☆	○	○	☆	
	Domestic Sales	Satoru Matsuzaki	Managing Executive Officer Head of Corporate Business Headquarters	○	○	○	○		
	Yayoi	Koichiro Okamoto	President, Yayoi Co., Ltd.						
	Auto	Katsunobu Kamei	Group Senior Managing Executive Chairman, ORIX Auto Corporation			○			
	Auto	Yuji Kamiyauchi	Group Executive President, ORIX Auto Corporation			○			
	Rentec	Shinichi Obara	Group Executive President, ORIX Rentec Corporation			○			
	RE Investment and Facilities Operation	Toshinari Fukaya	Executive Officer Head of Real Estate Headquarters Responsible for Finance and Investment Department			○			
	RE Investment and Facilities Operation	Toyonori Takahashi	Group Executive President, ORIX Real Estate Corporation			○			
	RE Investment and Facilities Operation	Michio Minato	Group Executive Director, ORIX Real Estate Corporation			○			
	RE Investment and Facilities Operation	Takaaki Nitani	Group Executive Deputy President, ORIX Real Estate Corporation			○			
	DAIKYO	Kazuo Kojima	Representative Director and President DAIKYO INCORPORATED						
	Environment and Energy	Yuichi Nishigori	Senior Managing Executive Officer Head of Energy and Eco Services Business Headquarters	○	○	○	○		
	Investment and Operation/ Concession	Shuji Irie	Managing Executive Officer Head of Investment and Operation Headquarters	○	○	○	○		

*Executive body names

ICC: Investment and Credit Committee

ExCo: Executive Committee

GEOC: Group Executive Officer Committee

MSM: Monthly Strategy Meeting

ITMC: Information Technology Management Committee

DC: Disclosure Committee

	Business Unit	Name	Positions	Executive bodies* (☆: Committee chairman; ○: Committee member)					
				ICC	ExCo	GEOC	MSM	ITMC	DC
	Life Insurance	Kazunori Kataoka	President, ORIX Life Insurance Corporation						
	Banking	Haruyuki Urata	Representative Director and President, ORIX Bank Corporation						
	Credit	Hiroko Yamashina	Group Executive President, ORIX Credit Corporation			○			
	OCU	Hideto Nishitani	Managing Executive Officer Chairman and President, ORIX Corporation USA		○	○			
	OCU	Yoshiteru Suzuki	Managing Executive Officer Deputy President, ORIX Corporation USA		○	○			
	OCE	Yoshiaki Matsuoka	President, ORIX Corporation Europe N.V.						
	Aircraft, Ships/ Asia, Australia and other	Kiyoshi Fushitani	Senior Managing Executive Officer, Head of Global Business Headquarters, Head of East Asia Business Headquarters, Head of Global Transportation Services Headquarters	○	○	○	○		
	Asia, Australia and other	Harukazu Yamaguchi	Executive Officer Deputy Head of Global Business Headquarters			○			
	Treasury and Accounting Planning and Public Relations	Shoji Taniguchi	Managing Executive Officer Responsible for Treasury and Accounting Headquarters Assistant to CEO	○	○	○	○	○	☆
	Treasury and Accounting Planning and Public Relations	Hitomaro Yano	Executive Officer Head of Treasury and Accounting Headquarters	○	○	○			○
	Corporate Administration and Human Resources	Yasuaki Mikami	Executive Officer Head of Group Human Resources and Corporate Administration Headquarters	○	○	○			○
	Legal and Compliance (Overseas)	Stan Koyanagi	Managing Executive Officer Global General Counsel	○	○	○	○		○
	Legal and Compliance (Overseas)	Yoshiko Fujii	Executive Officer Responsible for Global General Counsel Office	○		○			
	ERM	Takayuki Okamoto	Executive Officer Head of Enterprise Risk Management Headquarters	○		○			○
	Credit and Investment Management	Kazutaka Shimoura	Managing Executive Officer Head of Credit and Investment Management Headquarters	○	○	○			○
	Credit and Investment Management	Yasuhiro Tsuboi	Executive Officer Deputy Head of Credit and Investment Management Headquarters	○		○			
	Computer Systems	Yasuo Ueki	President, ORIX Computer Systems Corporation					○	
	Audit	Tomoko Kageura	Executive Officer in charge of the Group Internal Audit Department						○

Corporate Governance

Compensation System

Compensation for Directors and Executive Officers

The Compensation Committee believes that Directors and Executive Officers should place importance not only on performance during the current fiscal year, but also on medium- and long-term results. The fundamental policy is to ensure that compensation is designed in a way that provides effective incentives to Directors and Executive Officers. Based on this principle, the Committee then establishes specific policies for each Director and Executive Officer in accordance with his/her respective role.

Compensation Policy for Directors (those who do not concurrently serve as Executive Officers)

- The compensation policy for Directors who are not also Executive Officers aims for compensation composed in a way that is effective in maintaining the supervisory and oversight functions of Executive Officers' performance in business operations, which is the main duty of directors, and consists of fixed compensation and share component of compensation.*
- Fixed compensation is, in principle, a certain amount that is added to the compensation of the chairperson and members of each committee.
- For share component of compensation reflecting medium- to long-term performance, Directors are granted a fixed amount of points on an annual

basis for their period of service, and they are paid in ORIX shares corresponding to the amount of points they have accumulated at the time of retirement. This compensation is intended to align medium- to long-term results of the Company with the individual's performance.

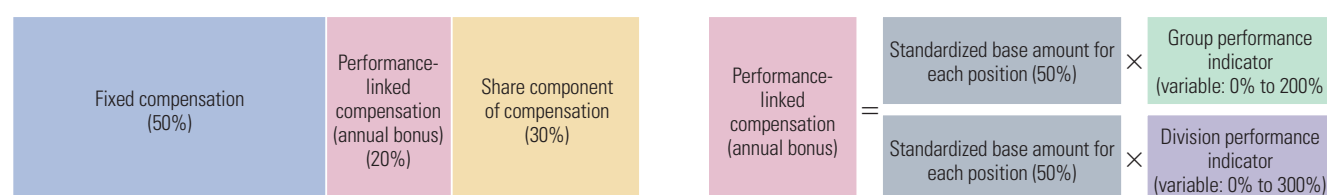
* Share component of compensation is a program in which points are annually allocated to Directors and Executive Officers based upon prescribed standards while in office, and the actual number of ORIX shares calculated based on the number of accumulated points is provided at the time of retirement. Points granted to the members of each position are determined based on the guidelines set by the Compensation Committee.

Compensation Policy for Executive Officers (including those who concurrently serve as Directors)

- The compensation consists of fixed compensation, performance-linked compensation and share component of compensation.
- The ratio of fixed compensation, performance-linked compensation (annual bonus) and share component of compensation is set at 5:2:3 as a performance-linked composition that encourages Executive Officers to execute their primary responsibility for business execution. The basic policy is to make the variable component 50% of total compensation.
- Fixed compensation is decided based on the standardized base amount for each position followed by an adjustment in accordance with each position's respective role and responsibility.
- Compensation linked to business performance for the fiscal year ended March 2019 uses the level of achievement of the consolidated net

income growth target as a company-wide performance indicator, adjusting 50% of the position-based standard amount within the range of 0% to 200% while, at the same time, using the level of achievement of the target of the division for which the relevant Executive Officer was responsible as a division performance indicator, adjusting 50% of the position-based standard amount within the range of 0% to 300%. In the case of the Representative Executive Officers, the consolidated net income growth target is used as a sole performance indicator, adjusting the standard amount within the range of 0% to 200%.

- For share component of compensation reflecting medium- to long-term performance, Executive Officers are granted a fixed amount of points based on their position, and they are paid in ORIX shares corresponding to the amount of points they have accumulated at the time of retirement.



Compensation for Directors, Executive Officers and Group Executives (FY2019.3)

Category	Fixed Compensation		Performance-linked Compensation (Scheduled amount)		Share Component of Compensation		Total Amount Paid (Millions of yen)
	Number of Recipients	Amount Paid (Millions of yen)	Number of Recipients	Amount Paid (Millions of yen)	Number of Recipients	Amount Paid (Millions of yen)	
Directors	7	100	—	—	7	14	115
(Outside Directors)	(6)	(92)			(6)	(14)	(107)
Executive Officers and Group Executives	28	577	28	289	28	416	1,282
Total	35	677	28	289	35	430	1,398

1. There were three new Executive Officers (including those serving concurrently as Directors and Executive Officers), one new Group Executive, one resigning Director, three resigning Executive Officers (including those serving concurrently as Directors and Executive Officers) and one transferred resigning Group executive in FY2019.3. There were a total of 12 Directors (including six Outside Directors), 17 Executive Officers (including those serving concurrently as Directors and Executive Officers) and seven Group Executives as of March 31, 2019. The number of people and amounts paid in the table above include one Director, three Executive Officers (including those serving concurrently as Directors and Executive Officers) and one Group Executive who retired during FY2019.3.

2. At ORIX, no Directors serving concurrently as Executive Officers received compensation as Directors. Total compensation for the six people serving concurrently as Directors and Executive Officers is shown in the Executive Officers and Group Executives line.

3. The amount of share component of compensation paid listed in the table above is calculated by multiplying the number of points confirmed to be provided as the portion for FY2019.3 by the stock market price paid by the trust when ORIX's shares were acquired (¥1,594.7 per share). The total amount of share component of compensation actually paid in FY2019.3 is ¥358 million for one director and two Executive Officers (including those serving concurrently as Directors and Executive Officers) who retired during the fiscal year.

4. Figures shown are rounded down by truncating figures of less than ¥1 million.

For detailed information on compensation for Directors and Executive Officers, 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/index.html>

Dialogue with Shareholders and Investors (IR Activities)

ORIX is committed to timely, appropriate and easily understood disclosure, and energetically engages in interactive dialogue with shareholders and investors. We conduct financial results briefings, small meetings, individual interviews and business briefings for sell-side analysts and institutional investors, and make presentations to individual investors throughout Japan. The opinions obtained through these and other direct dialogue opportunities are shared

with management and used to increase corporate value.

Our IR activities are proactive and geared to the needs of shareholders and investors. They include easily understood disclosure and presentations to help people understand our growth strategies and business models, and periodic presentations about business units that are of particular interest to shareholders and investors.

Main IR Activities

Activity	FY2017.3	FY2018.3	FY2019.3
Financial results briefings	4	4	4
Small meetings with sell-side analysts and institutional investors	8	8	8
Individual interviews with institutional investors	267 (88 overseas)	320 (152 overseas)	271 (106 overseas)
Conferences sponsored by securities companies	5 (0 overseas)	8 (3 overseas)	6 (1 overseas)
Business unit presentations for investors Business unit presentation themes Please refer to the following link for presentation materials. ▶▶▶ https://www.orix.co.jp/grp/en/ir/library/event/index.html	1 Concession	0 —	3 Environment and energy Banking (real estate investment loans) Aircraft leasing
Presentations for individual investors	14	14	10



Presentation of financial results



Presentation for individual investors



General meeting of shareholders

General Meeting of Shareholders

	FY2017.3	FY2018.3	FY2019.3
Attendees	784	738	928
Questioners (Questions)	11 (17)	16 (21)	15 (26)
Time required	98 minutes	104 minutes	113 minutes
Voting rights exercised	76.7%	78.9%	80.3%

Corporate Governance

Risk Management System

Risk Management System Upgrades

ORIX believes effective risk management is vital to the continuity of its business activities and manages risks relating to Group businesses through its risk management system. To adequately assess risk on a global basis, we have established the Enterprise Risk Management Headquarters to control and manage risk throughout the ORIX Group and facilitate centralized risk management. Risk analysis and management are

conducted in coordination with internal control departments including the Credit Department, which monitors risks related to individual transactions. Results are reported to the Executive Committee, Investment and Credit Committee, Audit Committee, and Board of Directors, which use these reports to assess risk. Relevant executive bodies then implement measures deemed appropriate to address identified risks.

Risk Control

ORIX allocates management resources by taking into account Group-wide risk preferences based on management strategies as well as the strategies of individual business units. Our Board of Directors and Executive Officers evaluate the performance and profitability of each business unit, and the Executive Officers take responsive measures they deem necessary to control risk. This process enables us to control our balance sheet and allocate more management resources to business units viewed as having greater growth potential.

ORIX monitors each business unit, and also monitors risks on an individual transaction and total portfolio basis.

For individual transactions relating to business transactions, the Credit Department evaluates the operating environment, strategies, and potential risks and profitability of each transaction prior to execution, and the Investment and Credit

Committee reviews such individual transactions. Changes to the operating environment and cash flow are monitored after transaction execution, and transactions for which there has been a major change in circumstances or strategy are then reported to the appropriate Executive Officers. In addition, individual business units conduct their own risk analysis by analyzing trends in relevant industries to control risks for individual transactions.

In analyzing a portfolio, the Credit Department monitors the following characteristics from a Group-wide perspective: business type, region, transaction type, risk type, asset quality and concentration of risk among major debtors. The Corporate Planning Department monitors risks at the corporate level, including market risk and liquidity risk, in cooperation with the Treasury Department and the Credit Department.

Management of Principal Risks

ORIX has 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 Group Businesses

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

Main Risks	Risk Definition	Examples of Risk Management Methodologies
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 • Analyze liquidity risk using hypothetical stress scenarios
Compliance risk	The risk of damages, losses, adverse effects 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 • Implement programs that support a corporate culture of compliance • Raise awareness for compliance matters among executives and employees by establishing and disseminating various regulations
Legal risk	The risk of legal liability and business disadvantages that may arise from failure to comply with 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 internal and 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 and build a system to respond to information security incidents when they occur
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"> • Establish internal rules to manage risks associated with natural disasters • Monitor based on an annual internal audit plan

Individual Business Risk Management

The ORIX Group has a broadly diversified portfolio of businesses, including financial service operations. We target comprehensive and transparent monitoring and risk management according to the characteristics of each business segment.

The main risks recognized in each business segment are as follows.

Segment	Main Risk
Corporate Financial Services	<ul style="list-style-type: none"> • Credit risk
Maintenance Leasing	<ul style="list-style-type: none"> • Business risk and credit risk • Cost fluctuation risk when providing various services such as outsourcing
Real Estate	<ul style="list-style-type: none"> • Business risk
Investment and Operation	<ul style="list-style-type: none"> • Credit risk, market risk and business risk • Operational risks associated with the operation of public facilities in the concession business
Retail	<ul style="list-style-type: none"> • Market risk and business risk (underwriting risk) in the life insurance business • Credit risk associated with housing loans, corporate loans and card loans
Overseas Business	<ul style="list-style-type: none"> • Credit risk in the leasing and loan businesses operated by local subsidiaries, primarily in Asia • Business risk in the aircraft and ship businesses • Credit risk and market risk, such as those arising from corporate loans and securities investment in the investment and finance business in the United States • Business risk and operational risk in the asset management and advisory businesses

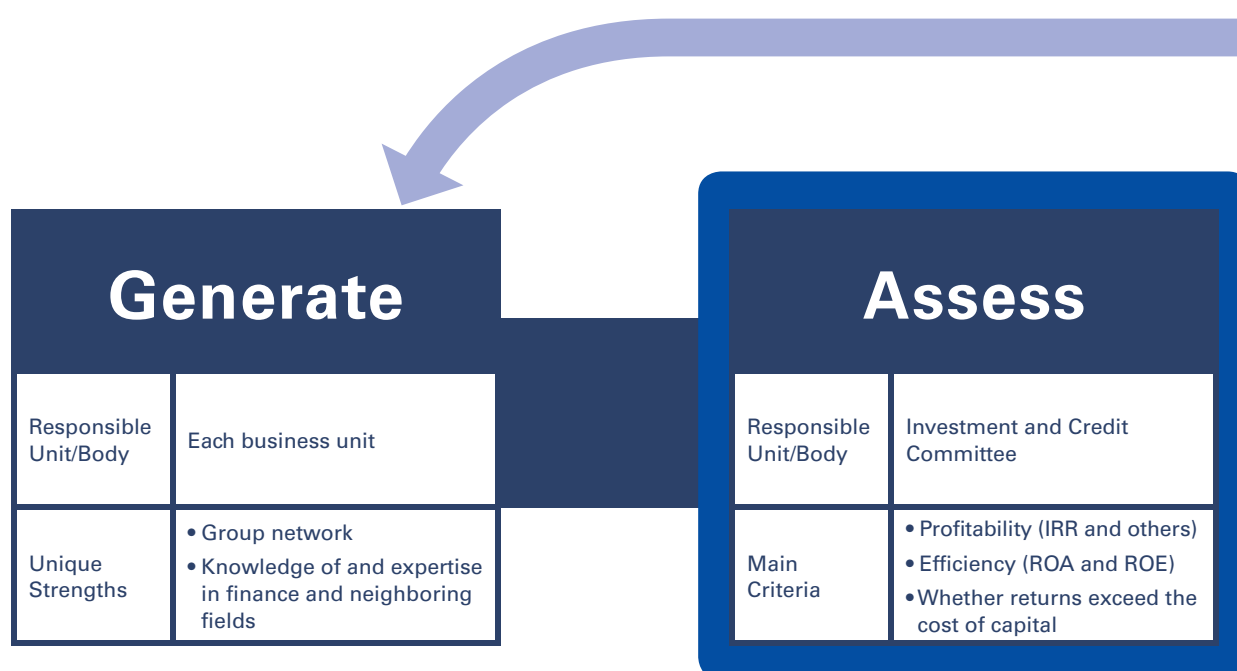
For detailed information on risks, please refer to the following:

• Form 20-F filed with the U.S. Securities and Exchange Commission ►►► <https://www.orix.co.jp/grp/en/ir/library/index.html>

Corporate Governance

Investment Risk Management

**Properly assess and control risk.
Support growth by taking healthy risks.**



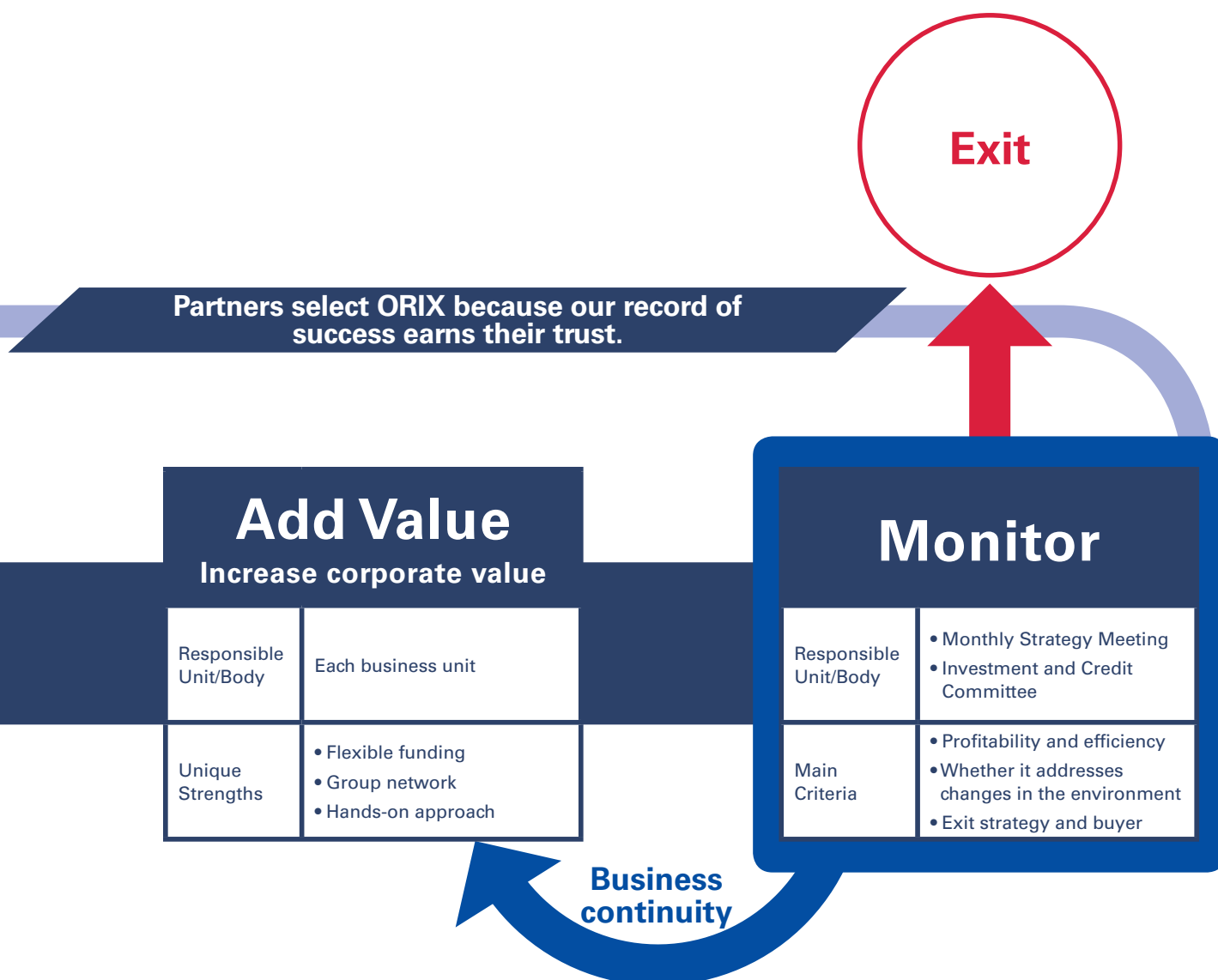
Sales Locations Generate Deals

ORIX takes a bottom-up approach to identifying investments. Fundamentally, we use our Group network in Japan and around the world to identify investments driven by frontline sales in our six segments and 16 units. We do not limit ourselves to a single investment theme or business. We explore a broad range of investments without constraint so that we can adapt quickly to our operating environment.

The knowledge of and expertise in finance and neighboring fields we have developed since our establishment is instrumental to the success of our diverse investment portfolio. We have built a system for screening investment projects that examines investee potential and controls risk. Frontline sales operations lead projects, leveraging specialized financial knowledge in collaboration with teams that have expertise ranging from accounting and law to taxation and compliance.

Investment Decisions by Top Management

The Investment and Credit Committee, which comprises top management and Executive Officers associated with projects, deliberates and decides on investment deals that exceed set capital parameters. In principle, each business unit submits investment proposals to the committee, which meets three times a month. The key to investment is a sharp focus on entry price. Whether we are making a strategic or a pure financial investment, we focus on profitability indicators including internal rate of return and net operating income and efficiency indicators including ROA and ROE, premised on an exit strategy for five to seven years in the future. We do not incorporate ancillary businesses or synergies in price. ORIX makes investment decisions after confirming that discrete projects will generate returns that are commensurate with their risks and exceed our cost of capital.



Medium-to-Long-Term Growth in Corporate Value

Business units in charge of projects act independently in our process for adding value, which emphasizes medium-to-long-term growth in investee corporate value. We invest our own capital, so we can be flexible about investment period. Each of our units can also leverage our Group network to help investees find new customers and expand sales channels. We emphasize a hands-on approach in which we integrate with investees to increase their corporate value. This involves business administration and deployment of expert personnel.

Regular Monitoring and Selling at the Right Price and Time

We conduct periodic checks after we invest. Monthly Strategy Meetings take up the status of investments in each of our businesses, then the Investment and Credit Committee further deliberates and makes decisions about critical matters including additional investments and exit timing. We also properly assess risk by testing for impairment and calculating the cost of withdrawal from a business as necessary.

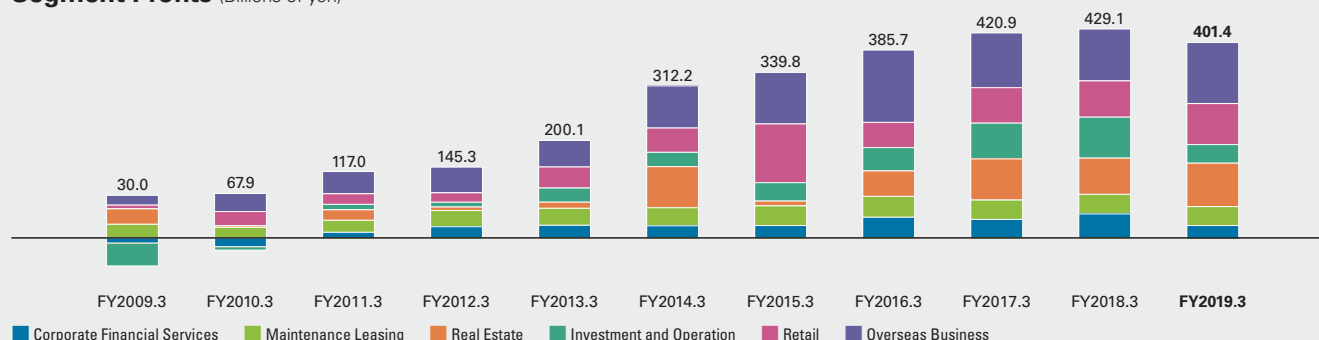
Our know-how, experience and expertise empower us to look at markets and pick the right time to sell our investments. At the time of sale we choose the method and buyer with due respect for the intentions of the investee management team. Investees often choose ORIX as a business partner because of our record of results. We will maintain our thoroughgoing focus on each of our projects with the goal of generating sustainable earnings.

Strategy by Business

Segment Overview

ORIX has structured a business portfolio that ranges from finance to service businesses through ongoing diversification. The portfolio currently encompasses six segments: Corporate Financial Services, Maintenance Leasing, Real Estate, Investment and Operation, Retail, and Overseas Business.

Segment Profits (Billions of yen)



6 Segments and 16 Units

Corporate Financial Services

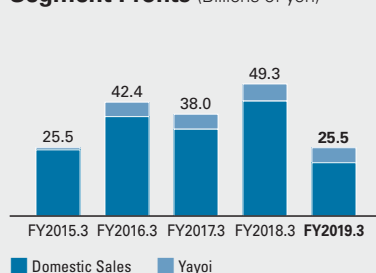


16 Units

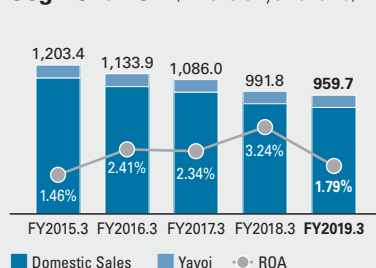
Domestic Sales → P. 52

Yayoi → P. 53

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)



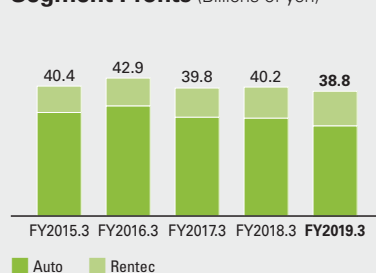
Maintenance Leasing



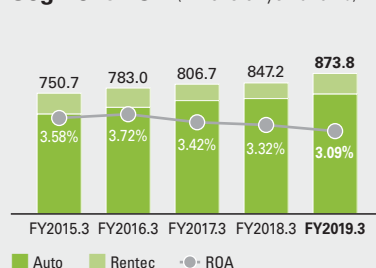
Auto → P. 55

Rentec → P. 57

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)



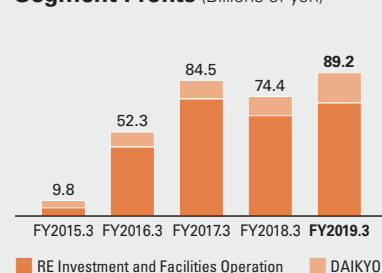
Real Estate



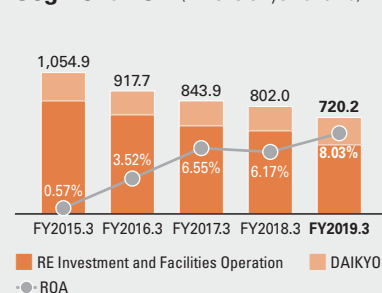
RE Investment and Facilities Operation → P. 59

DAIKYO → P. 60

Segment Profits (Billions of yen)

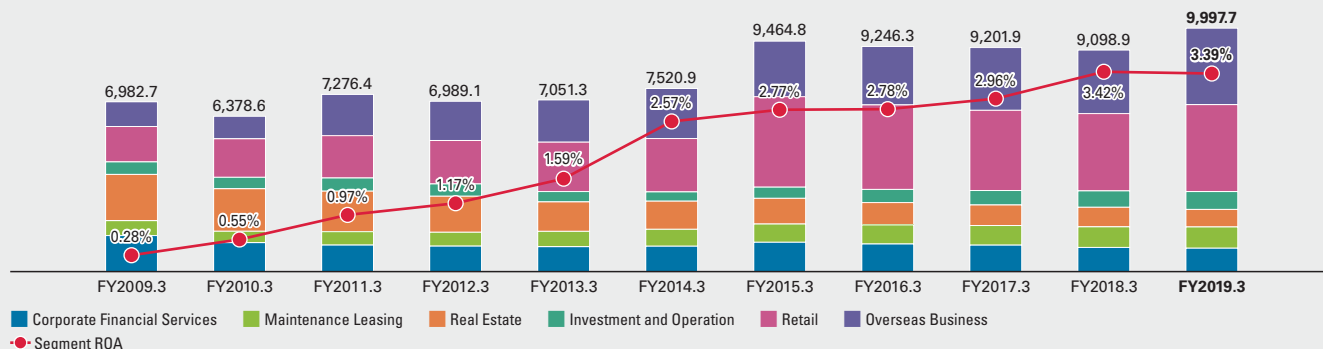


Segment Assets and Segment ROA (Billions of yen and %)



Each segment consists of two to four business units, for a total of sixteen units in six segments.

Segment Assets and Segment ROA (Billions of yen and %)



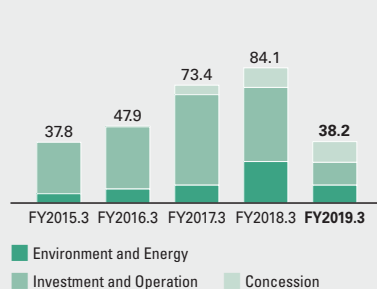
Investment and Operation

Environment and Energy → P. 62

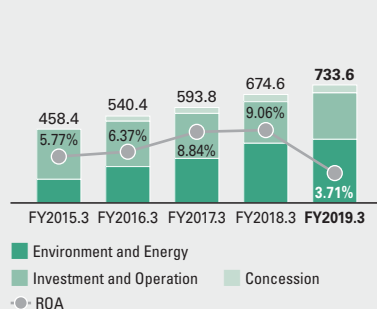
Investment and Operation → P. 64

Concession → P. 65

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)



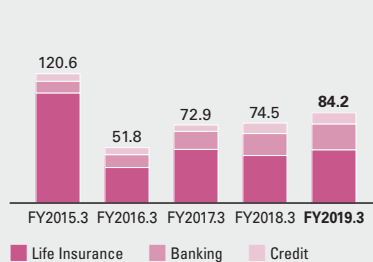
Retail

Life Insurance → P. 67

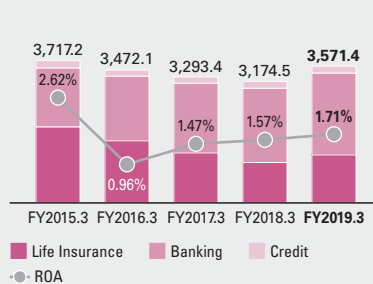
Banking → P. 69

Credit → P. 70

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)



Overseas Business

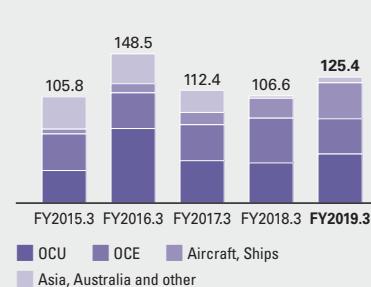
OCU (ORIX Corporation USA) → P. 71

OCE (ORIX Corporation Europe) → P. 72

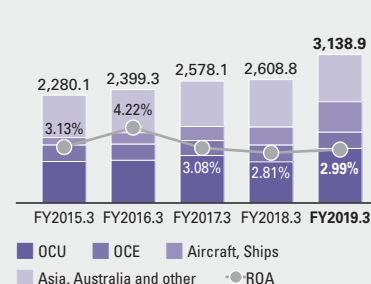
Aircraft, Ships → P. 73

Asia, Australia and other → P. 75

Segment Profits (Billions of yen)



Segment Assets and Segment ROA (Billions of yen and %)



Strategy by Business

Corporate Financial Services

Finance and fee business



Corporate Financial Services serves as a core sales platform for the Group, and provides leases and loans to corporations through a nationwide sales network. In addition, we gather information on Group products and services, and are a single source for addressing customer needs.

Unit Domestic Sales

Business Overview

Corporate Financial Services sales departments in Japan serve as a core sales platform for the Group, with 70 sales locations nationwide and a sales network of approximately 1,500 people. No other company in Japan has such a network, and it gives us access to a variety of inquiries and information. We provide a wide range of products and services including life insurance, environment and energy, automobile leasing, in addition to equipment leasing and loans to small and medium-size enterprises (SMEs), which are our core customers. Moreover, we share and collaborate within the Group and draw on the Group's know-how, expertise and broad array of products and services to propose ideal solutions for customer needs and management issues. We are also promoting the preventive healthcare business as an approach to new business areas that arise from social needs and deregulation.

In addition, we launched a specialized team to meet the business succession needs of SMEs in 2018. We recognized that the lack of a successor is the reason many SMEs suspend or go out of business, which is a major social problem. It is also an important issue for ORIX because of our large SME customer base. We work with owners and managers of SMEs to establish medium- to long-term continuity, growth and employment stability for their companies.

Strategies for Growth

Our business environment is increasingly competitive and interest rates have remained low, so building our asset portfolio has not been easy and interest income has been sluggish. We will therefore improve earnings by expanding fee income, with a focus on providing ORIX Group products and services. We will also broaden the new solutions we offer, ranging from life insurance sales using our ability to propose solutions for an array of customer needs as an agent for 24 life insurance companies (as of April 2019), real estate brokerage and strategies to lower communication charges, to pensions (defined benefit corporate pension services) and IoT network services.

Japan is aging, so preventive healthcare that helps reduce rising medical expenses is expected to grow significantly. In 2017, ORIX concluded a capital alliance with CMC Corporation, which provides clinics with office support services and will continue to expand these initiatives in the future. In addition, many clinics and hospitals lack specialized capabilities in areas such as finance and M&A, and we aim to use ORIX's experience and expertise to help them manage more efficiently.

We launched business succession support services in 2018, then acquired equity in two companies in March 2019.

Examples of Solutions We Provide (Products and Services)

Customer Needs and Management Issues	ORIX's Solutions
Lower fleet management costs	Outsourcing of fleet management
Corporate insurance	Sales of life and non-life insurance products
Lower energy costs	Solar power system sales, provision of electric power as a Power Producer and Supplier
Lower communication charges	Services that reduce fixed telephone line costs
Raise efficiency of bank transfers and lower their cost	Flat-rate bank transfer services
Effective use of owned real estate	Real estate brokerage and purchase
Retirement funds and corporate pensions	Defined benefit corporate pension services, and retirement benefit calculation services
Use of IoT technology	IoT network services

The number of consultations with customers subsequently increased. We therefore stand out because we are using our own capital, people and expertise, which sets us apart from simply providing brokerage and business matching services.

We leverage the financial services expertise we have acquired to provide business strategy and financial support, and also enable companies we support to expand product

and service marketing through our nationwide sales network. We are not looking for short-term returns from this support. Rather, we believe that by helping companies thrive in the regions they serve, we can deepen our relationship with them and increase the value of ORIX as a partner more deeply in the region.

Strengths <ul style="list-style-type: none"> • Sales network rooted in each region of Japan • Strong customer base built on a track record of providing financial services to SMEs 	Challenges <ul style="list-style-type: none"> • Expanding customer transactions using a fee-based approach • Using a fee-based approach to increase earnings and adding earnings other than interest income
Opportunities <ul style="list-style-type: none"> • Nationwide increase in business succession needs among SMEs due to a lack of successor • Increased opportunities to make proposals due to diversifying customer needs 	Risks <ul style="list-style-type: none"> • Intensified competition for corporate lending and mismatch between risks and returns due to low interest rate environment • Tighter regulations on corporate term insurance

Unit Yayoi

Business Overview

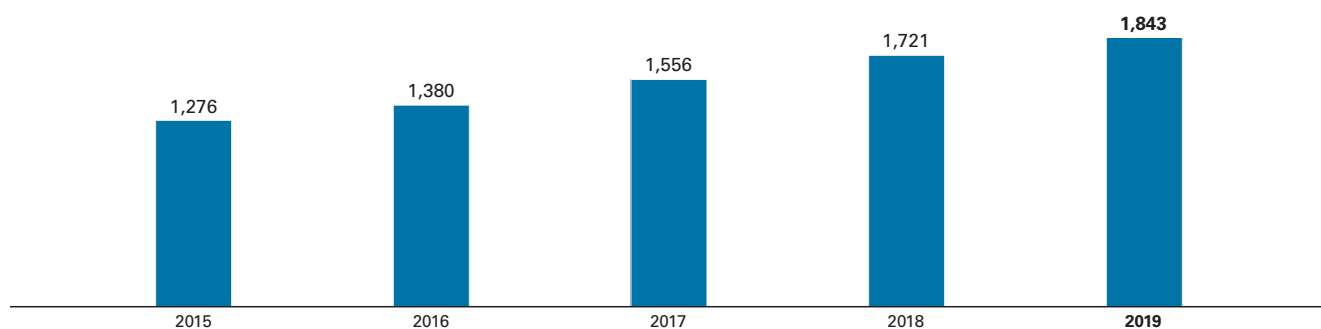
Yayoi is a business software services company that develops and sells a range of business software and provides after-sales support and services. It has built a solid customer base on its strong product development capabilities and brand. Yayoi's business software supports sales management, payroll, customer management and small enterprise back office operations as well as accounting operations. Yayoi also supports customer back-office operations with a wide range of business consultation and employee benefit services that

go beyond the framework of software after-sales service. ORIX and Yayoi collaborated in February 2017 to establish ALTOA, Inc., which overcame the difficulties involved in analog sales and credit screening to commercialize online lending services in the market for short-term, small-amount loans for small businesses.

Yayoi wants to be both a business software provider and a "business concierge" that addresses various problems and challenges for SMEs, individual business owners and entrepreneurs, and thus contributes to their success.

Yayoi Series Registered Users

(Thousands)



Note: Figures as of the end of each fiscal year; as of March 31, 2019 for FY2019.

(Years ended September)

Strategy by Business

Corporate Financial Services

Strategies for Growth

Yayoi's accounting software minimizes data input by importing bank deposit, withdrawal and other data and automatically converting it into accounting data. We are now promoting Accounting 3.0, which automates everything from logging transactions to creating pro forma balance sheets. We also aim to create a new Business 3.0 platform for small businesses that links accounting with commercial and personnel affairs and payroll operations. This will help customers continuously improve the efficiency of their businesses.

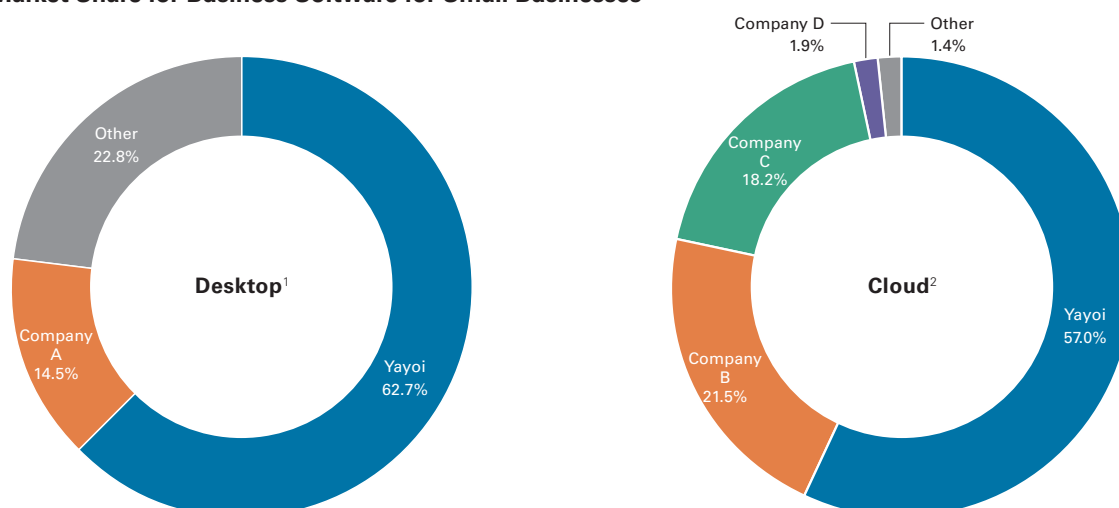
The consumption tax rate will increase to 10% in October 2019, concurrent with the launch of a reduced tax rate system. In addition, tax reform in 2018 is leading to gradual reforms

in personal income taxes and the digitalization of tax procedures. We will respond steadily in terms of both software and support so that customers can do business without problems.

The ALTOA Online Lending Service that ALTOA provides offers convenience not available with conventional business loans, as all procedures are completed online and financing as quickly as the same day is possible. In December 2018, we expanded the scope of services from corporations to individual business owners. We plan to take this business to the next level through means including launching a joint lending as a service (LaaS) business with financial institutions, which has been planned since the start of operations.

Strengths <ul style="list-style-type: none"> • Strong market share and brand in the software market for small businesses • A stable customer base from providing after-sales service 	Challenges <ul style="list-style-type: none"> • Improving business software utilization rate among small businesses • Expanding value-added services by using a database and collaborating with external partners
Opportunities <ul style="list-style-type: none"> • Expansion of the cloud market • Rising business software demand due to legal revisions and other government digitalization initiatives 	Risks <ul style="list-style-type: none"> • Increasingly difficult hiring environment for engineers and support personnel and soaring labor costs • Decrease in the number of entrepreneurs

Yayoi's Market Share for Business Software for Small Businesses



1. Calculated by ORIX based on market research from a third-party organization (Period: October 2017-June 2018)

2. Source: MM Research Institute, "Survey of Cloud Accounting Software Use" (March 31, 2019)

Maintenance Leasing

Automobile leasing and rentals, car sharing; test and measurement instruments and IT-related equipment rentals and leasing



The automobile business provides comprehensive automobile services from leasing, rental, and car sharing to sales of used automobiles and fleet management services. The rental business offers a wide variety of rental products and provides the equipment customers need in a timely manner.

Unit Auto

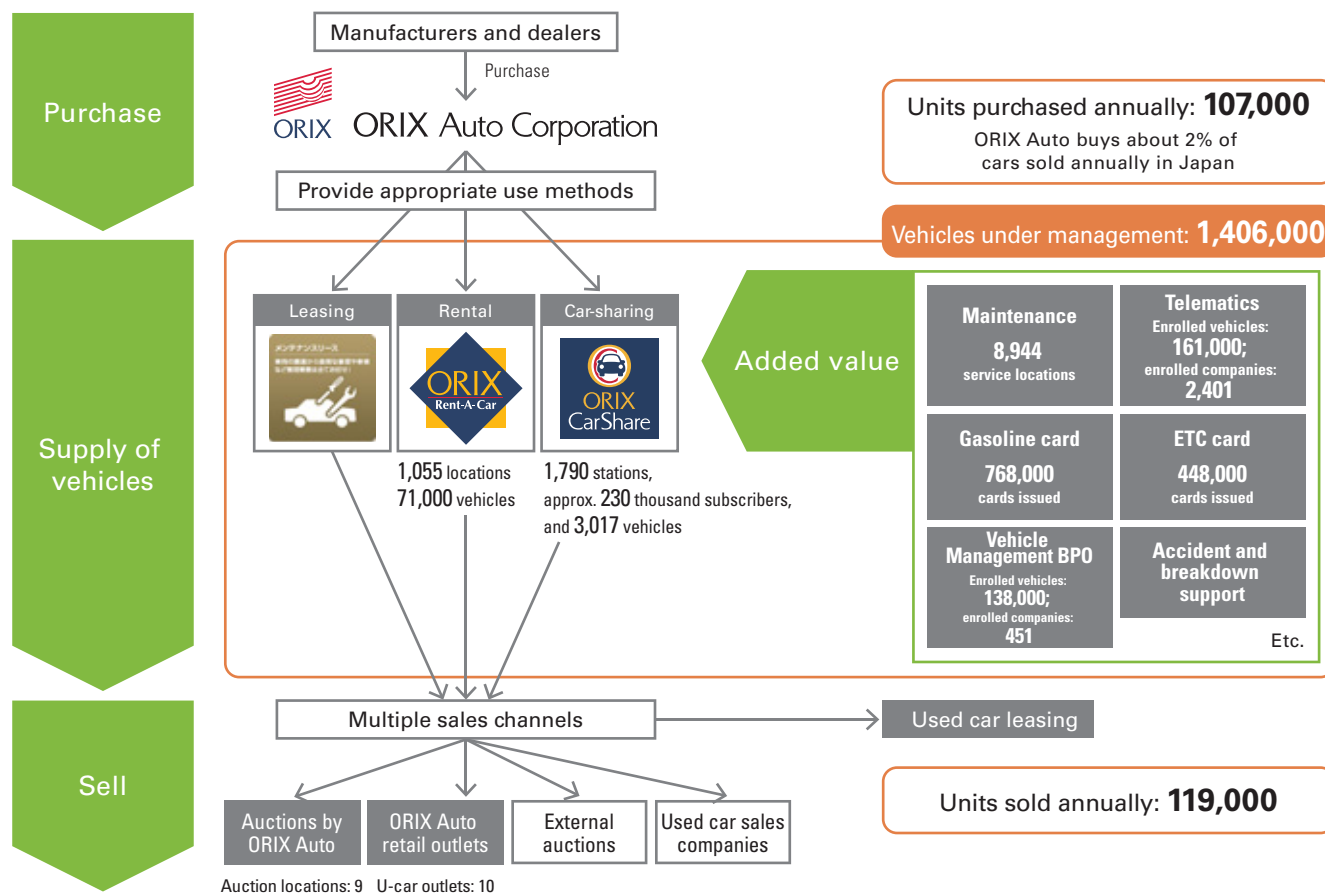
Business Overview

ORIX Auto 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 customer usage conditions such as length, frequency and purpose of use. We are a one-stop provider of every kind of automobile-related service, including solutions that meet needs for compliance,

environmental friendliness, safe driving, labor management and accident prevention, as well as comprehensive vehicle management outsourcing and used car leasing and sales.

ORIX Auto does business with an array of companies, including manufacturers; suppliers of tires, batteries, parts and consumables; a network of garages nationwide; leasing business partners represented by the ORIX Auto Million Club; and car rental franchises.

ORIX Auto Value Chain (Data as of March 31, 2019)



Strategy by Business

Strategies for Growth

The environment for automotive services continues to change and evolve at a very rapid pace. Termed CASE¹ and MaaS², companies that excel at providing automotive and related services along with market requisites are necessary to society, regardless of how the operating environment may change. ORIX Auto will address the ongoing mobility revolution through alliances with domestic and overseas startup companies to ensure its presence in the next-generation automotive industry.

1. Acronym for Connected, Autonomous, Shared and Electric

2. Acronym for Mobility as a Service. Describes the use of ICT to port traffic, both public and private, to the cloud without regard to the management agency and a shift away from personally owned modes of transportation and towards mobility solutions that are consumed as a service enabled by combining transportation services from public and private transportation providers through a unified gateway

● Capturing Inbound Demand in the Rental Business

ORIX Auto partnered with European rental car company Sixt SE in February 2019. Sixt SE is based in Germany and has car rental operations worldwide. The number of foreign visitors to Japan was over 8 million in 2008 when the Japan Tourism Agency was launched, but 10 years later was 31.19 million in 2018³ and is expected to increase further in the future. Partnering with the global brand Sixt SE will enhance ORIX Auto's ability to serve inbound demand primarily from Europe as well as customers from Asian countries, who have accounted for the majority of overseas tourists in Japan, and allow it to use the operating expertise of the global Sixt SE business.

3. Source: Japan National Tourism Organization (JNTO)

<https://statistics.jnto.go.jp/en/graph/#graph-inbound-travelers-transition>

● A Nationwide Car Sharing Business

The number of car sharing vehicles in Japan has increased by about 17,000 units over the past five years (April 2013 to March 2018), an average annual growth rate of 23.9%. Demand is expected to expand both inside and outside urban areas. ORIX Auto will promote car sharing business collaboration with rental car franchises and expand service locations throughout Japan in FY2020.3. We will set up car sharing locations in new areas at or near ORIX Rent-A-Car offices. At our 1,055 rental car locations in Japan, we will focus on jointly establishing car sharing locations near Shinkansen stations, major train stations and airports to offer customers the convenience of both car rental and car sharing.

● Expansion of the Retail Car Leasing Business

The number of retail car leases in Japan has increased by approximately 150,000⁴ over the past five years to 308,013 units (as of March 31, 2019) for reasons including changes in attitudes toward ownership. Retail leases are also forecast to reach 936,000 units by FY2023.3,⁵ so further market expansion is expected. ORIX Auto has had a retail car leasing business since 1984, and has developed a lineup of products (both new and used cars) to meet various needs in order to expand retail leasing. Our goal is to efficiently add customers using the Internet to close transactions from price quote to application and face-to-face sales through a network of more than 1,000 auto leasing dealers nationwide.

4. Japan Automotive Leasing Association website, "Annual and year-on-year change in the number of leased vehicles by vehicle type nationwide," <http://www.jala.or.jp/library/lease01.html> (Japanese only)

5. Yano Research Institute Ltd., August 6, 2018 press release, "Retail auto lease forecast for fiscal 2022 expected to be 936,000 units," https://www.yano.co.jp/press-release/show/press_id/1921 (Japanese only)

● Collaboration with a Startup Company

In July 2018, ORIX Auto formed an alliance with U.S. startup Nauto Inc., and began providing the services of an AI-equipped communication drive recorder called Nauto to corporations in Japan. In addition, we are examining collaborations with start-up companies in Japan and overseas that offer services featuring new technologies such as vehicle inspection, dedicated cyber security for connected cars, and AI-driven rental car demand forecasting, dynamic pricing, and optimized vehicle positioning.

Maintenance Leasing

Strengths <ul style="list-style-type: none"> • Our diverse service menu enables us to offer comprehensive, optimal services to our customers • We are a global leader in terms of vehicles under management, and have a vast amount of vehicle data 	Challenges <ul style="list-style-type: none"> • Acquiring retail customers • Acquiring new technologies from domestic and international startups
Opportunities <ul style="list-style-type: none"> • Mobility services including the car rental and car sharing markets are growing as the sharing economy and MaaS become more prevalent • Increased demand for automobile leasing and value-added services due to greater corporate need for cost reduction, risk management and compliance awareness 	Risks <ul style="list-style-type: none"> • Competition is intensifying as auto manufacturers and other industries become involved in the sharing economy and MaaS • Decrease in revenue from existing businesses and services and the residual value of vehicles due to structural changes in the automobile business

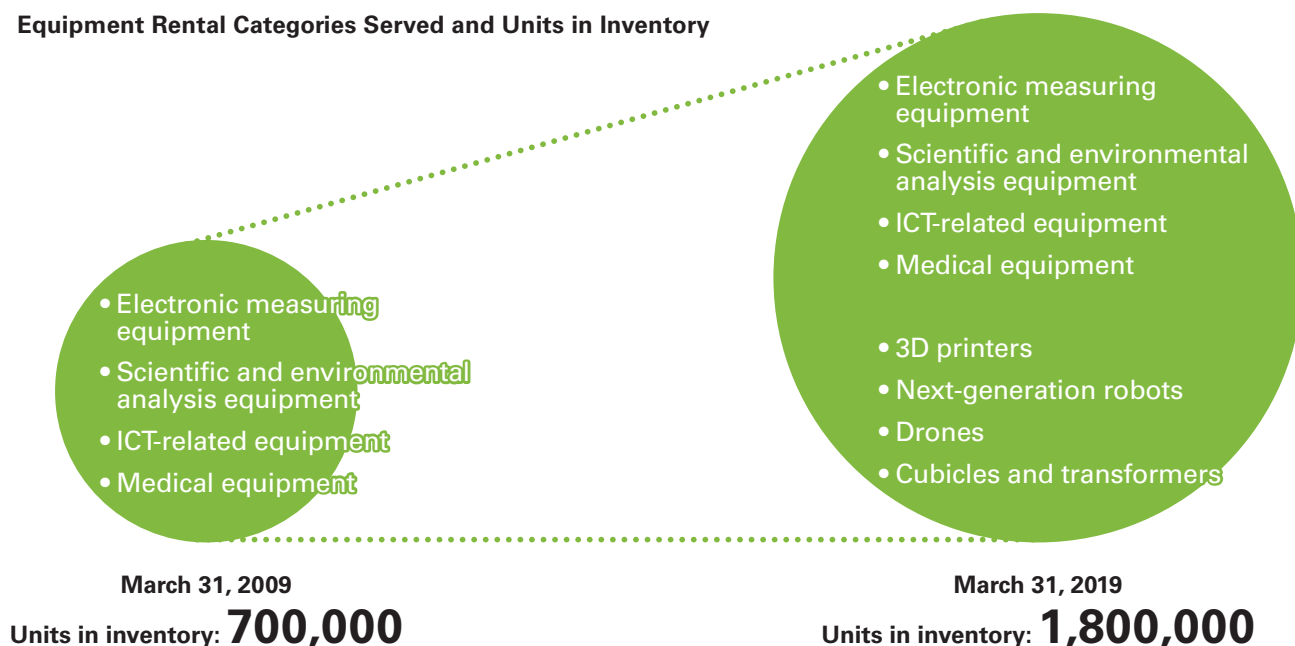
Unit **Rentec****Business Overview**

Founded in 1976 as the first measuring instrument rental company in Japan, ORIX Rentec is an industry leader and one of the largest companies of its kind in Japan, with 32,000 types of rental equipment and 1.8 million units (as of March 31, 2019). ORIX Rentec focuses on equipment rentals including electronic measuring instruments, scientific and environmental analysis equipment, ICT-related equipment, and medical equipment. We offer outsourcing services for measuring instruments that cover quality control and instrument maintenance for electronic instruments customers own. We also offer ICT related services that provide customers with optimal operations support for their IT assets, used equipment sales, and a purchasing service for instruments and equipment that customers own. ORIX Rentec has an excellent customer base that includes major manufacturing industries such as automobiles, aircraft and

aerospace, and electronics, and offers equipment rental and service periods tailored to customer needs, from short-term use for less than one month to medium- and long-term use for more than one year. Thus we help customers resolve various issues in work environments ranging from research and development to the manufacturing floor and offices.

In January 2018, ORIX acquired Yodogawa Transformer Co., Ltd. to further expand its rental business. Yodogawa Transformer is a major renter of power receiving and transforming facilities and equipment with the top share of the overall market at about 40%. Its inventory of cubicles* and transformers is among the largest in Japan. It also supplies original products it develops in-house, such as space-saving cubicles based on customer requests.

* Cubicle: A compact power receiving and transforming facility that contains equipment for transforming electricity sent from a power plant through a substation.

Equipment Rental Categories Served and Units in Inventory

Strategy by Business

Maintenance Leasing

Strategies for Growth

● Improved Ability to Propose Solutions for the Introduction and Use of Robots

ORIX Rentec launched a next-generation robot rental service called RoboRen in 2016, which provides robot rental services including technical support from in-house engineers. The growing need for automation using robots to cope with labor shortages and improve productivity has led to an increase in rental demand for field trials and other purposes. ORIX Rentec will strengthen its ability to propose solutions for robot introduction and use, in ways such as enhancing system integration functions, to support full-scale introduction after field trials. ORIX Rentec will also focus on providing robots that even first-time customers can operate easily by offering robots pre-programmed for the operations required.

● Use of Drones for Infrastructure and Facility Inspection

ORIX Rentec started selling drones and offering drone rental services in 2017. With the decline in the workforce, many companies are thinking about using drones, and the size of the drone market is expected to grow dramatically in the future. On the other hand, issues such as procurement of the latest models and verification of usage methods, maintenance, creation of guidelines for safety management, training of pilots and improvement of operator piloting technologies in line with applications are relevant to practical industrial use. ORIX Rentec will leverage its customer base in focusing on providing services for using drones for facility inspection work in factories, large facilities, and infrastructure applications while collaborating with other companies and participating in field trials to expand the use of drones.

● Expanding Yodogawa Transformer's Business Using the Group Network

Leveraging ORIX Rentec's customer base and sales network will strengthen the project creation capabilities of Yodogawa Transformer, a renter of power receiving and transforming facilities and equipment. ORIX Rentec will move beyond its existing customer base of general contractors by developing new customers involved in businesses such as renovating power plants, railways, data centers, factory construction and relocation, and large events and exhibitions. Core products for business expansion will include mainstay general-purpose products that are highly versatile, and fully order-made two-line cubicles that require sophisticated technology skills to assemble according to customer requirements. By 2022, ORIX Rentec aims to increase its rental equipment inventory by 1.5 times compared with 2019.

● From Japan's Largest Equipment Rental Company to a Sharing Service Platform

In addition to providing rental equipment, ORIX Rentec will transform into a provider of services that add value by combining various services with hardware such as robots, drones and ICT equipment. Furthermore, ORIX Rentec aims to be a platform that provides various sharing services by developing business models such as flat-rate subscriptions.

<p>Strengths</p> <ul style="list-style-type: none"> • A wide range of rental products from multiple vendors and the technical ability to maintain and manage the quality of rental equipment and the logistics service abilities that enable next-day delivery • Client companies and partners in various industries, including large manufacturers 	<p>Challenges</p> <ul style="list-style-type: none"> • Creation of new business through collaboration that utilizes our customer base • Becoming a solutions company that can make a wide range of proposals by converting the expertise acquired over many years into data and using it
<p>Opportunities</p> <ul style="list-style-type: none"> • Changes in consumer perceptions and values, including needs resulting from the shift from ownership to use and increased awareness of sharing services • Accelerating the use of technology as a solution to improve productivity, such as measures to cope with labor shortages and reform work styles 	<p>Risks</p> <ul style="list-style-type: none"> • Decreased needs due to a downturn in capital investment by domestic companies • Reduced need for hardware due to equipment downsizing and technological innovation

Real Estate

Real estate development, rental and management; facility operation;
real estate investment management



We leverage the ORIX Group network to develop and rent office buildings, commercial facilities, logistics centers, and other properties, and operate businesses such as asset management. In addition, we provide high-quality services in operating various facilities such as hotels, inns, and aquariums.

Unit RE Investment and Facilities Operation

Business Overview

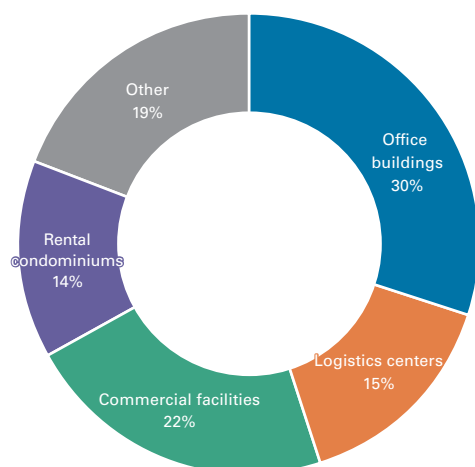
ORIX conducts diverse businesses from real estate development and rental to asset management and facility operation. Our real estate business has comprehensive capabilities not found at other companies because we leverage the ORIX Group's sales network to collect information on properties, identify investors, attract tenants, and introduce customers to operating facilities.

The development and rental business is involved with various types of real estate including office buildings, residential buildings, commercial facilities and logistics centers.

In the asset management business, ORIX Real Estate Investment Advisors (ORIA) operates private equity funds that use capital from investors such as institutional investors and business corporations, and has approximately ¥500 billion in assets under management (as of March 31, 2019). ORIX Asset Management (OAM) operates ORIX Real Estate Investment Corporation, an integrated REIT with assets of approximately ¥670 billion (as of February 28, 2019).

The facility operation business develops and operates properties including hotels and inns, aquariums, a multipurpose dome, and a theater. It is improving services and adding value unique to ORIX facilities with the goal of delighting customers.

Investment: Breakdown of Rental Properties (Investment in operating lease) (March 31, 2019)



Facilities Operation: Number of facilities (April 30, 2019)

Hotels and inns: 21
Senior housing: 33
Aquariums: 2
Training facilities: 4
Other (incl. restaurants, a multipurpose dome, and a theater): 12
Total: 72 facilities

Strategies for Growth

The market for tourism business is expected to expand further ahead of international events such as the 2020 Tokyo Olympics and Paralympics and the Osaka-Kansai Expo 2025. With the aim of expanding business and further enhancing service in the facility operation business, we launched a new inn and hotel management business brand called ORIX Hotels & Resorts (OHR) in January 2019. The new brand applies to 13 directly managed facilities with 3,200 rooms. Through brand unification, we will promote the sharing of expertise and knowledge at each facility to improve customer service. Long term, we will increase awareness of the OHR brand while targeting expansion to around 10,000 rooms over 10 years by 1) upgrading existing facilities and adding value through renovation and remodeling; 2) opening facilities now under development and achieving stable operation; and 3) promoting new development and acquisitions.

In the asset management business, both ORIA and OAM will work to expand assets under management (AUM). ORIA is targeting AUM of ¥700 billion in FY2023.3. It will strengthen relationships with large-scale institutional investors and develop new ones with overseas investors, and use the knowledge of the Group to maximize the performance of AUM and focus on surfacing investments in development projects. In addition, ORIA will expand investment in accommodation facilities in

Strategy by Business

Strengths <ul style="list-style-type: none"> • Extensive expertise in the real estate business and information volume and proposal capabilities that fully leverage the Group's network • Business for domestic and overseas investors, including asset management services and joint investment in large projects 	Challenges <ul style="list-style-type: none"> • Supplementing technical and architectural management specialists and strengthening of quality control capabilities • Enhancing development capabilities (proposal capabilities), including redevelopment
Opportunities <ul style="list-style-type: none"> • Steady occupancy and room rates for hotels and inns due to the increase in foreign visitors to Japan • Booming real estate market due to the accommodative financial environment and the solid global economy 	Risks <ul style="list-style-type: none"> • Decreases in investment in Japan by foreign institutional investors and in the number of foreign visitors to Japan if the yen appreciates and the global economy slows • Intensifying competition among operating facilities and lack of human resources (difficulty in hiring employees) • Exchange and interest rate fluctuation and volatility in the financial environment (bank lending stance)

areas where the number of foreign visitors to Japan is expected to increase, and in real estate in large cities where population inflows are expected. OAM will make carefully selected investments regardless of property use to promote property replacement that is aligned with the market environment. In addition, OAM will strengthen property management to improve the competitiveness of properties and strengthen relationships with tenant companies.

In the logistics centers business, which is part of the

investment businesses, we aim to develop four to five projects each year while watching market conditions. The number of suitable sites is decreasing as competition for sites to develop intensifies, and finding personnel to work at the facilities is key, so we will acquire land using the ORIX Group network. Focusing on Tokyo, Nagoya and Osaka, we will promote new development while identifying locations suitable for logistics facilities to provide state-of-the-art logistics centers that can meet the needs of a wide variety of tenant companies.

Unit **DAIKYO**

In January 2019, ORIX made DAIKYO Inc. a wholly owned subsidiary. This business will complement ORIX's real estate business as we aim for medium- and long-term growth overall as a comprehensive real estate group.

Business Overview

DAIKYO had supplied 461,943 condominium units, primarily in major cities throughout Japan, as of December 31, 2018, and has ranked first among suppliers of condominium units in Japan 32 times according to the Real Estate Economic Institute. It has grown with strong consumer support because it has structured a three-part value chain encompassing real estate development, management and brokerage that maintains condominium asset value.

The real estate development business develops and markets Lions Mansion and Surpass Mansion properties and other

housing that is tailored to customer life stage and regional characteristics, including single-family homes and rental condominiums. Leveraging its expertise in condominium development, the business also focuses on urban redevelopment.

The real estate management business handles maintenance, cleaning and other services for condominiums, office buildings and facilities, and provides support for homeowners associations. In addition, it periodically proposes repairs to improve the performance and asset value of buildings and facilities that have deteriorated over time.

The real estate brokerage business uses a network of directly

Real Estate Development Business: Condominiums developed (January-December 2018)

(Units)

	Greater Tokyo	Kinki	Other	Total
DAIKYO (Ranked 14th)*	530	212	647	1,389
ANABUKI CONSTRUCTION (Ranked 12th)*	0	0	1,427	1,427

* Real Estate Economic Institute Co., Ltd. survey

Real Estate Management Business: Units under management (March 31, 2019)

(Units)

	Greater Tokyo	Kinki	Other	Total
DAIKYO Astage	279,509	60,057	89,067	428,633
ANABUKI COMMUNITY	16,846	9,818	81,225	107,889

Note: The DAIKYO Group, including DAIKYO ASTAGE and ANABUKI COMMUNITY, ranks first in Japan in units under management (Mansion Kanri Shimbun survey).

Real Estate Brokerage Business: Brokerage contracts (FY2019.3) and locations (March 31, 2019)

	Greater Tokyo	Kinki	Other	Total
Brokerage contracts	3,556	560	2,464	6,580
Locations (Branches and offices)	38	6	32	76

Real Estate

managed branches in 32 prefectures and two overseas countries. In addition to brokering the purchase and sale of condominiums and single-family homes, it operates a renovation business that prepares homes for sale by handling repairs and adding new value and functions, and provides management support for rental properties.

Strategies for Growth

Land prices in major Japanese cities such as Tokyo have continued to rise, with the official land price (average of residential and commercial) rising for four consecutive years due to the moderate economic recovery. At the same time, Japan's population and birthrate are decreasing and society is aging, so in our core new condominium sales business, further price increases are difficult to anticipate given the income environment of our primary customer group (the average income demographic). Moreover, the short supply of development sites is intensifying purchasing competition, construction costs remain high, and sales prices in greater Tokyo may well have peaked. Conditions suggest a careful approach to business with close attention to changes in the business environment.

The real estate development business will address these circumstances by energetically participating in redevelopment and strengthening the condominium business in population centers including greater Tokyo and the Kinki area where we

expect solid demand. In addition, we will complement our conventional product line for families by developing products that meet the diverse needs of demographics including the double-income generation, singles, and active seniors. We will also handle development of rental condominiums and hotels as products for investors, and build this into a mainstay of profit alongside new condominium construction.

The need for the real estate management business to move away from a labor-intensive business model is a major issue given Japan's shrinking population, declining birthrate and aging society, and we will invest aggressively to structure a new business model that employs artificial intelligence and the Internet of Things. As the properties we manage age, we also expect a steady increase in demand for repair and renovation. We are also enhancing our ability to capture external orders for new construction, repair and renovation by recruiting qualified construction management personnel. The office building management business will leverage the ORIX Group's network to grow earnings by increasing properties under management and capturing orders in the ancillary repair and renovation business.

In the real estate brokerage business, we will improve sales force productivity and strengthen the business by improving operations such as sales price assessment using AI. We will also use the ORIX Group network to expand services that meet inbound and outbound demand.

<p>Strengths</p> <ul style="list-style-type: none"> • Development expertise and overwhelming brand recognition of Lions and Surpass condominiums • A customer base from building management of 10,030 condominium properties¹ and 6,472 office buildings and facilities² and stable revenue generated from their building management, leasing management, brokerage, repair work, and renovation <p>1. As of March 31, 2019 2. As of January 2019</p>	<p>Challenges</p> <ul style="list-style-type: none"> • Expanding the share of condominiums supplied in greater Tokyo and the Kinki area • Structuring a new business model using AI and IoT
<p>Opportunities</p> <ul style="list-style-type: none"> • Increase in demand for repair and renovation of condominiums and other properties under management • More business opportunities from leveraging the ORIX Group network 	<p>Risks</p> <ul style="list-style-type: none"> • Rising land prices due to intensifying purchase competition • Loss of opportunities due to labor shortage (limitations on growth in orders from shortage of qualified construction management personnel)

Synergy and Growth from Integrated Operation of ORIX's Real Estate Business and DAIKYO

Our objective is to develop all types of real estate and provide services throughout the entire real estate value chain through unified management leveraging ORIX's competitive advantages in the real estate business and DAIKYO's strengths. This will enable ORIX to be a real estate industry leader in profitability. Moreover, our organization will enable us to promptly take advantage of investment opportunities when the real estate industry enters a correction phase. We

have already started collaborating on projects, such as redevelopment around Kanazawa Station and the second phase of development in Umekita, Osaka. We will increase opportunities to maximize and demonstrate the value of integrated operations from the standpoint of sharing information and collaborating in development, brokerage and construction supervision. We intend to move forward with real estate business integration during FY2020.3.

Strategy by Business



Investment and Operation

Environment and energy, private equity and concession



ORIX is a comprehensive energy service provider that operates in the renewable energy business and the electric power retail business. We also make private equity investments in Japan and overseas, and use the expertise of the Group to increase the corporate value of our investees. The concession business operates airports and a wastewater treatment plant.

Unit Environment and Energy

Business Overview

We operate a wide range of energy businesses in the fields of renewable energy power generation, energy-saving services and electric power supply, and environment businesses such as waste disposal and metal recycling.

In the energy business, we are working to make renewable energy mainstream, including solar power, biomass, geothermal energy, and wind power to contribute to the global transition to a carbon-free society through our businesses. Among these forms of energy, we are a top company in terms of output in the solar power business in Japan. We are also leveraging the expertise we have gained in Japan to invest in the energy business overseas, including renewable

energy power generation businesses. Energy-saving services help customers save energy and reduce CO₂ emissions, with the goal of eliminating upfront investment and increasing productivity for customers renovating or installing equipment in factories and building interiors. In electric power retailing, we are a retail electric utility (new power) that offers the service of providing discounted electricity to factories, office buildings and other business operators throughout Japan.

In the environmental business, we offer services using our own facilities and unique nationwide network to structure a single-source value chain that handles everything from collection of unwanted goods and waste collection and transport to recycling, processing and final disposal.

Energy Businesses

Business		Main Data (March 31, 2019)
Japan	Renewable energy	Solar power projects with about 1 GW capacity (total of mega solar and rooftop), and about 840 MW in operation. It will operate at full capacity by FY2022.3.
	Electric power supply	Power retail: power contracts for 1,034 MW, power sales of 2.36 GWh, ranked 7th in the new power market (high voltage) Operating power plant gross capacity: 13.6 MW for biomass power plants, 224 MW in total for two coal and biomass power plants
	Energy-saving	Service engagements: approximately 750 (cumulative total)
Overseas	Renewable energy	Gross capacity of investees: Geothermal in U.S. – Ormat Technologies, 947 MW; Wind power in India – Indian IL&FS, 874 MW; Hydroelectric power in Vietnam – Bitexco, 895 MW

Environment Businesses

Emission	Resource	Industrial Waste	General Waste
Intermediate processing (crushing, sorting)	ORIX Eco Services (support for waste recovery, reuse, recycling, proper processing and operation of intermediate processing facilities that mainly handle metal waste)		—
	Reusable items are sold to second-hand sales companies	Items that cannot be reused are dismantled and separated by material. Resources such as recyclable iron and non-ferrous metals are recycled as materials.	
Final disposal (incineration, melting, landfill)	—	ORIX Environmental Resource Management processed about 118,000 tons of waste in FY2019.3 (complete recycling at an advanced waste processing facility, the largest private processing facility in Japan)	
		ZEEKLITE processed about 130,000 tons of final processed waste in FY2019.3 (operates Japan's largest final disposal site, properly disposes of waste that cannot be recycled)	

Strategies for Growth

Under the feed-in tariff (FIT) system, Japan's renewable energy business has completed its development phase and is ready to move to the power plant quality improvement phase. In September 2018 we established ORIX Renewable Energy Management, a solar power plant operation, management and maintenance company that works with ORIX power generation facilities to ensure safe operation and maintain high quality and power generation efficiency over the long term. In the geothermal power generation business, we are moving forward with commercialization and conducting feasibility studies in Hakodate City in Hokkaido, Hachiojima in Tokyo, and elsewhere in Japan. Geothermal power generation is a promising source of revenue compared with other renewable energy sources because its independence from the weather gives it high power generation efficiency. In the wind power generation business, we are researching and considering commercialization of offshore wind power off the coast of Choshi City, Chiba Prefecture. We are also looking at an alliance with a company from outside Japan with experience in launching wind power businesses because this project will be awarded through public tender.

The growing use of renewable power generation is moving the supply of energy from centralized supply by large-scale power plants to distributed supply by smaller-scale, regionally dispersed power plants that supply power to nearby areas, and this shift is gaining traction globally. ORIX already owns power supply facilities that contribute to a distributed energy network spanning over 600 locations throughout Japan, including renewable energy power plants such as solar (mega solar, rooftop), wind power and biomass. We have also emplaced approximately 10,000 residential-use stationary storage batteries and provide residential solar power generation equipment. We expect the power supply facilities we own and services we provide to contribute to the stability of the expanding distributed energy network. In addition, we will consider the development of electric vehicles that can be a new power source and medium and large stationary storage

batteries. ORIX owns distributed power generation and supply resources and supports the efficient consumption of electricity and the stable use of new resources to supply demand, and will continue to be a major player in distributed energy supply.

Our overseas energy business had focused primarily on financial investments to take minority stakes, but we will now acquire platform companies to build the foundation for power generation businesses in Europe and Asia. In particular, the renewable energy market in Asia is expected to expand in line with the increase in electricity demand, and we will establish an organization for acquiring business opportunities, such as assigning specialized personnel to Hong Kong, with the goal of building our own platform for the renewable energy business. From this perspective, we have made an investee wind power generation company in India into a wholly owned subsidiary. Moreover, the renewable energy market in Europe is expected to grow steadily due to lower power generation costs and a carbon-free mindset, so we established ORIX Corporation UK Limited in the United Kingdom to acquire power producers and asset managers.

In our environmental businesses, the transition to a society that reuses and recycles has energized the reorganization of the waste processing and recycling industry, so we will seek opportunities for synergistic M&A. In addition, we will strengthen our integrated value chain from collection and transportation to intermediate processing and final disposal by expanding processing facilities at final disposal sites to address the increase in intake volume. Furthermore, the general waste market has high entry barriers due to waste regulations, and we are planning to construct a new biogas power plant mainly for food waste, wastepaper and other business-related general waste. It is scheduled to come online during FY2022.3. In addition, we will consider the business of recycling incombustible waste for local governments with the objective of receiving orders to process waste at facilities that take the place of municipal recycling centers. These centers would also double as facilities for receiving large amounts of waste in the event of a disaster.

Strategy by Business

Strengths <ul style="list-style-type: none"> Japan's largest solar power generation business, and comprehensive energy service businesses including energy-saving services, electric power retail, and storage battery sales One-stop service from waste collection and transportation to final disposal 	Challenges <ul style="list-style-type: none"> Intensifying market competition Hiring and developing personnel in line with business expansion and new business development
Opportunities <ul style="list-style-type: none"> Using experience in Japan and overseas investment expertise to expand the global renewable energy market Increasing need for waste treatment (food waste, etc.) and recycling, increasing waste treatment needs of local governments 	Risks <ul style="list-style-type: none"> Accidents at large-scale facilities (power plants, waste treatment facilities, etc.) Massive natural disasters

Unit Investment and Operation

Business Overview

The private equity investment business makes full use of the Group's global network and expertise to increase the corporate value of investees. Unlike many other private equity funds, we invest our own capital and are therefore able to respond flexibly to changes in investment terms and capital increases. In Japan, we emphasize a hands-on approach to improve investee corporate value in many ways. This includes integrating with investee administration and providing business support, assigning specialized personnel to investees, and collaborating with the many ORIX Group divisions to develop new customers and expand sales channels. We do not simply increase investee value; we want to drive industry reorganization and structural change in ways that only ORIX can.

We build a relationship of trust with our investees, and

emphasize management aligned with their aspirations and communication with management and employees. The same applies to investment outside Japan, where in some cases it may take years to build a trusting relationship. We seek out local partners with good track records to help us accommodate diverse cultures.

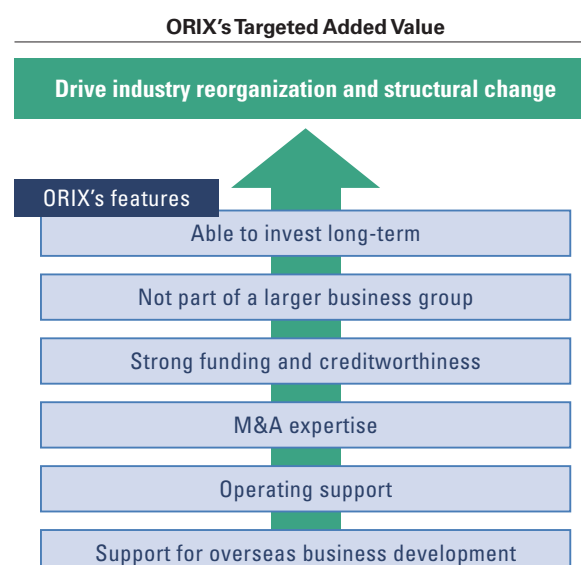
We actively invest in Japan and around the world, with the goal of generating stable profits from our investees and consistent capital gains through portfolio replacement.

Investment Results in Japan

Following the financial crisis of 2008, ORIX began making new investments in FY2012.3. By March 31, 2019, we had made 20 new investments and exited 8 of them, and so now have 12 investees. We also have investments in 12 other funds and vehicles.

Features and Targeted Added Value of ORIX's Private Equity Investment

ORIX's Features			
An investor that combines the strengths of a fund and an operating company			
	ORIX	Fund	Operating company
Investment objective	Pure financial investments and strategic investments	Pure financial investments	Strategic investments
Independent management	◎	◎	×
Unequivocal neutrality (Not part of a larger business group)	○	○	×
Diverse investment approaches	○	△	×
Investment term	○	×	No exit
Flexible exits	○	×	
Synergy	◎	×	◎



Investment and Operation

Strategies for Growth

In Japan, we will move from simple private equity investment to the next stage, based on our track record in generating investment returns, including capital gains, of more than ¥100 billion over the past five years. We will continue to deepen our involvement in industries we have been focusing on, and will build businesses on a dimensional scale. Unlike other companies, we will use ORIX's unique network to identify investees, grow market share through investee roll-ups, and expand into adjacent businesses. Focus industries include healthcare, business process outsourcing, IT and information services, lifestyle support services and education. We assume that business succession at companies with individual owners, carve outs from listed company groups, and capital policy for activist countermeasures will be among our investment opportunities.

We intend to make both pure financial investments and long-term strategic investments. Rather than limit ourselves to pure financial investments with a 3-to-5 year time frame, in growth areas such as healthcare we will add investees and leverage synergies among investees in making long-term,

strategic investments. We will generate consistent capital gains from pure financial investments every fiscal year, and establish a stable foundation for earnings from strategic long-term investments. Furthermore, we will complement our traditional solo investments by exploring the potential of co-investment with operating companies. Given the positive reviews of our hands-on model of dispatching ORIX employees to investee companies, we will look at deals in which ORIX takes responsibility for structuring administration while operating companies assume responsibility for expanding the business of investees. Thus we will accelerate new investments and diversify our deal flow.

Overseas, we will focus investment on specific regions and sectors and collaborate with good partners. Regionally, we will focus on Southeast Asia and India. Focus sectors will include business services such as logistics, healthcare, business process outsourcing and financial services. We will invest in growth companies that are sector leaders and have an established business model to accelerate the growth of investees.

Strengths <ul style="list-style-type: none"> • Contribution to increasing investee value by assigning ORIX managers to the investee during post-merger integration (PMI) to compensate for investee weaknesses while leveraging synergies with the ORIX Group's sales network and products • Flexibility about timeframes and deal flow because unlike funds, ORIX invests its own capital 	Challenges <ul style="list-style-type: none"> • Using previous hands-on experience increasing value to explore new investment schemes such as co-investment with operating companies • Building economies of scale by expanding business through investee roll-ups while creating new functions and adding value
Opportunities <ul style="list-style-type: none"> • Increasing business succession needs at SMEs and carve-outs at listed companies in Japan • Increasing investment opportunities globally due to significant changes in industry structure from progress in AI and IoT, and accelerating industry reorganization 	Risks <ul style="list-style-type: none"> • Rapidly rising acquisition prices may impede new investment • Poor investee performance due to changes in the business environment may require recognition of impairment of goodwill recorded at the time of acquisition, or preclude an exit at the expected price

Unit Concession**Business Overview**

The concession business currently operates airports and a wastewater treatment plant. We started operating Kansai International Airport and Osaka International Airport (Itami Airport) in April 2016 as the first privately-owned full-scale operation business for an airport in Japan, and have been operating Kobe Airport since April 2018. Both are operated by Kansai Airport Co., Ltd., established by a consortium centered on ORIX and VINCI Airports of France. Enhancements at the airport and attractions in the vicinity are required to increase the number of routes and passengers. Kansai

Airport is continuously working on enhancing airport facilities and working with local companies and local governments to increase demand for business and tourism.

We have been operating a wastewater treatment plant in Hamamatsu City, Shizuoka Prefecture since April 2018. ORIX participates in the operating company, which was established with the Japanese subsidiary of the French company Veolia at its core. We provide safe and secure wastewater treatment services to residents, and reduce environmental impact in accordance with our environmentally sound business management policy.

Strategy by Business

Investment and Operation

Strategies for Growth

Competition in the Japan's concession market is intensifying as more and more foreign companies and domestic developers participate.

In our airport-related business, for existing operations (Kansai, Itami, Kobe), we will increase earnings by using the expertise of the ORIX Group, focusing on commerce, real estate development, headcount reduction and labor-saving services. We will enhance measures to address the increase in inbound traffic and the number of passengers in preparation for the 2025 Osaka Expo. In addition, in December 2018 we announced a disaster countermeasure plan (reinforcement of revetment, underground electrical facilities relocation, BCP review) for Kansai International Airport, which was damaged by a typhoon in September 2018, and will

implement the measures over the coming two years. As a new initiative, we will pursue new business opportunities that make use of airport management knowledge.

Many local governments are having trouble with water supply and sewerage because of decreasing population, decreasing demand, and increasing costs for equipment renewal. The challenge is achieving sustainable infrastructure operation by increasing operating efficiency and introducing new technology. Japan's water supply and sewerage market is potentially large, so we will continue to consider participation in new concession projects with a focus on collaboration with partners.

In addition to solidifying our position as Japan's leading concessionaire, we will pursue business opportunities in overseas concession projects.

Kansai Airport before and after the Start of the Concession Business

Business Content		FY2016.3 (Prior to start of concession business)	FY2019.3
Number of passengers (Kansai ¹ + Itami ²) (Kobe Airport)		38.69 million 2.53	45.70 million 3.19
Number of international flights	Kansai summer schedule ³	1,241 flights per week	1,548 flights per week
	Passenger flights (LCC ⁴)	365	536
	(FSC ⁵)	744	867
	Cargo service	132	145
Non-airline revenue ⁶		¥99.8 billion	¥130.1 billion

1. Kansai: Kansai International Airport

2. Itami: Osaka International Airport (Itami Airport)

3. FY2016.3 is results for summer 2016. FY2019.3 is planned results for summer 2019.

4. LCC: Low-cost carrier

5. FSC: Full-service carrier

6. Non-airline revenue: Duty-free store sales, product sales, food and beverage revenue, etc.

Strengths <ul style="list-style-type: none"> • Extensive expertise and experience in business operation • Solid network of relationships with leading companies in and outside Japan 	Challenges <ul style="list-style-type: none"> • Creative ideas are required because of new forms of public-private partnerships • Participation in overseas concession projects
Opportunities <ul style="list-style-type: none"> • Japan's concession market is potentially large • In recent years, interest in Japan in domestic and international infrastructure projects has been increasing 	Risks <ul style="list-style-type: none"> • Intensifying competition in domestic concession projects • Change in policies regarding concession promotion and change in laws and regulations



Retail

Life insurance, banking, card loan business



In the life insurance business, we provide simple, easily understood products, primarily through agency sales and mail order and Internet sales. In the banking business, we focus on areas of strength including real estate investment loans. In the card loan business, we leverage our credit expertise to guarantee unsecured loans for other financial institutions.

Unit Life Insurance

Business Overview

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.

ORIX Life Insurance organically integrates four sales channels – agency sales, sales through banks and other financial institutions, mail order and Internet sales, and direct sales – with an omnichannel strategy of providing services via channels that customers wish to use. The agency channel

accounts for about 80% of new policies in force and premium income each year. In light of more stringent regulations and measures for customer-oriented operations, improving quality is a key theme for the agency industry. ORIX Life Insurance is providing focused support to help agencies improve quality while strengthening relationships with agencies that are doing so. As part of our omnichannel strategy, Conserve Advisors (ORIX Life employees) play the core role in our direct sales channel, where we can provide face-to-face service. Our home visit consulting service in which we call on customers who have requested information via phone or Internet has been particularly well received. Conserve Advisors are highly productive, and we continue to hire selectively as we expand our organization.

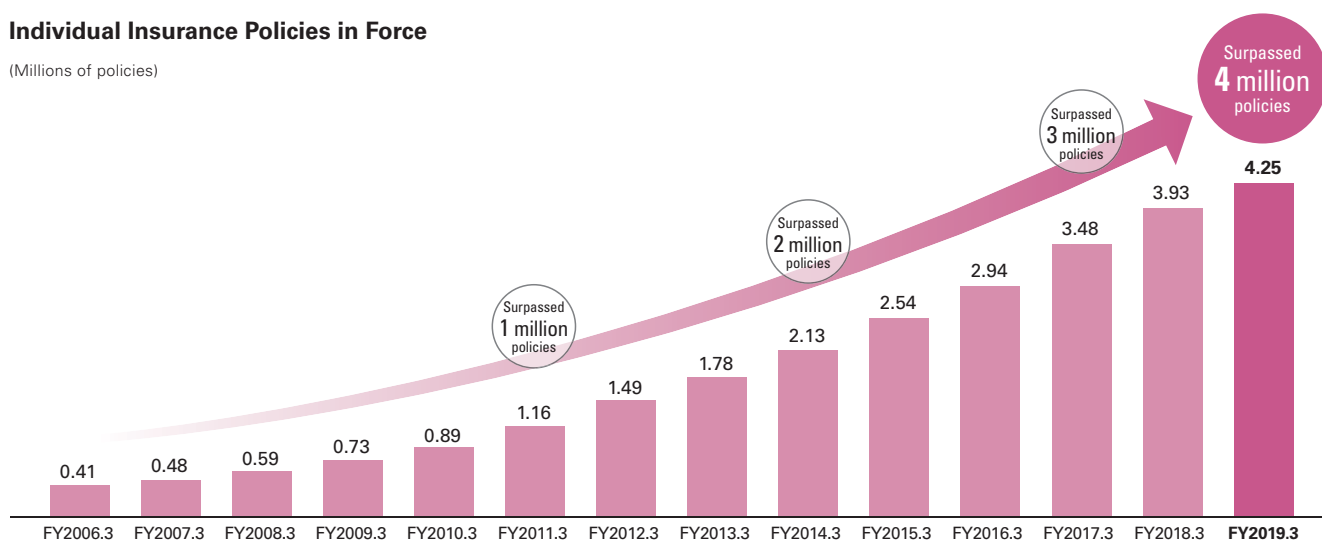
Number of Sales Channels (As of March 31, 2019)

Agency channel: 5,823 locations

Financial institution channel including banks: 6,161 branches

Individual Insurance Policies in Force

(Millions of policies)



Strategy by Business

Strategies for Growth

We want to remain the company of choice for customers and generate sustainable growth. We are therefore implementing our omnichannel strategy and continuing to develop and provide high-value-added products and services that can address diverse customer needs.

ORIX Life Insurance has been complementing its traditional strength in third-sector insurance products such as medical insurance by handling a broader array of first-sector insurance products including death insurance and income security insurance. In April 2019, ORIX Life Insurance launched its first foreign-currency denominated product, a U.S. dollar whole life insurance product called Candle. This product offers sensible asset formation for lifelong security planning in a protracted low-interest-rate environment. The launch of Candle added to ORIX Life Insurance's multiproduct

portfolio, enabling an approach that addresses more diversified customer needs. We will respond to new markets and needs by developing and providing products that will help expand our customer base.

We are also focusing on improving service quality. Having enhanced all print materials provided to customers, we provide detailed customer-driven support at our Contact Center, and designed a simple, user-friendly website. These efforts have received favorable recognition from a third-party institution. We will use our understanding and analysis of customer feedback to further improve service quality and to develop and provide new services. We will also conduct initiatives with the priority theme of providing services that are relevant given the rising age and longevity of society, while structuring our business operations accordingly.

Strengths <ul style="list-style-type: none"> • Strong ability to develop products that address customer needs, and favorable recognition from third-party institutions • Omnichannel business development 	Challenges <ul style="list-style-type: none"> • Sales highly dependent on the agency channel • Overdependence on third-sector insurance products subject to intense price competition
Opportunities <ul style="list-style-type: none"> • Changes in customer needs brought on by changing lifestyles and an age when people may live to 100 • Increase in points of customer contact and expanded opportunities to sell policies using an omnichannel approach 	Risks <ul style="list-style-type: none"> • Contraction of the domestic life insurance market due to the declining population • Intensifying competition in the agency channel

Unit Banking

Business Overview

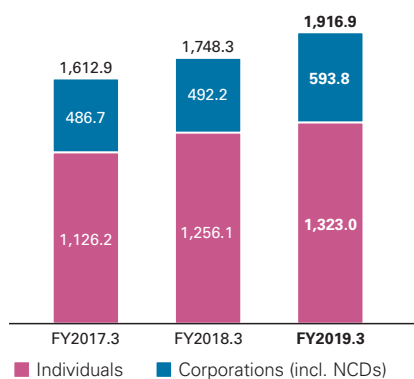
ORIX Bank does not do business like conventional banks. We do not have branches, ATMs, or handle settlement functions. Instead, we emphasize Internet and telephone transactions to reduce operating expenses and provide customers with higher interest rates on their deposits. We maintain a high deposit-to-loan ratio and operate efficiently by flexibly acquiring deposits in line with business growth.

ORIX Bank capitalizes on its strengths in niche markets. We are more profitable than other financial institutions because

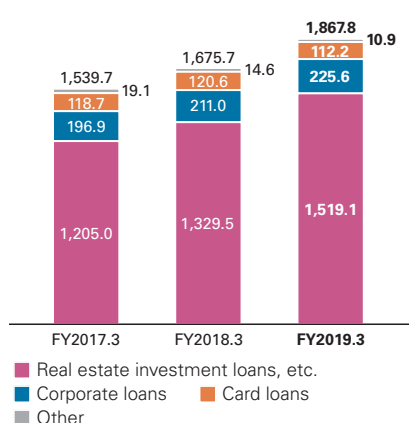
we offer distinctive products and services that meet customer needs, such as real estate investment loans, card loans, trust products and investment trusts. Real estate investment loans are a core business that leverages the strength of the network and expertise we have built over the years.

We launched retail investment trusts in 2018 with the goal of making ORIX Bank a leader in ESG investing. We sell no-load funds with reasonable management expenses that address customer needs for asset formation over the medium and long term.

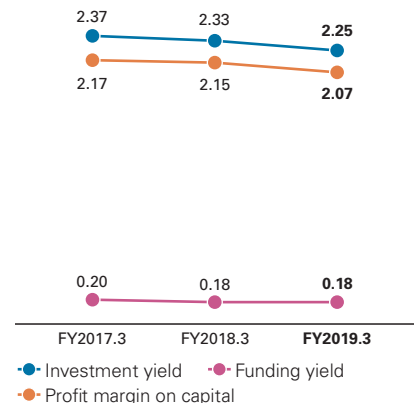
Deposits (Billions of yen)



Loans (Billions of yen)



Yield and Gross Margin (%)



Strategies for Growth

Real estate investment loans are a core business in which we aggressively leverage the powerful expertise we have acquired over many years. This market has pitfalls that include the submission of falsified documents by financial institutions and real estate companies, which requires sound due diligence. In November 2018 we also enhanced our conventional due diligence in ways such as adding rent projections to elucidate the risks associated with real estate investment. The market for real estate investment loans is

growing. ORIX Bank will continue to lead the industry to form a sound market for real estate investment loans, maintain and expand strong relationships with real estate companies, and retain market share as a leading source of financing in the industry.

We will also support the future growth of our customers by emphasizing customer-oriented services with the goal of being a bank customers select because of our strength in real estate consulting.

Strengths

- Large share, strong risk management capabilities, and customer-oriented operations in the real estate investment loan market
- Low-cost, highly profitable operations

Challenges

- Highly dependent on real estate investment loans
- Need to deepen relationships with customers

Opportunities

- Strong market for real estate for investment
- Proposal and provision of products that use trust mechanisms to address customer needs

Risks

- Real estate market downturn due to declining population in Japan
- Increased liquidity risk due to changes in the funding environment

Strategy by Business

Retail

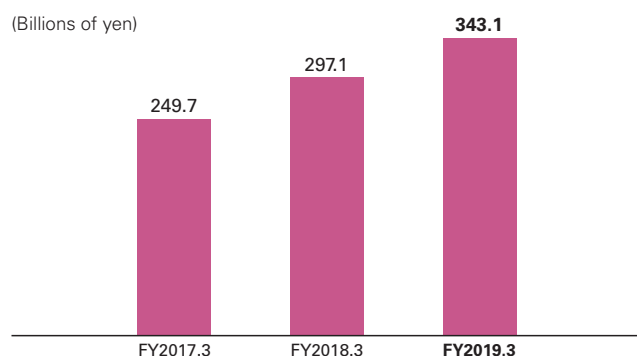
Unit Credit

Business Overview

ORIX Credit operates in three core retail businesses: the loan business, the credit guarantee business, and the mortgage banking business. The loan business primarily provides unsecured loans to individual customers. The main product is the ORIX VIP Loan Card, which was launched in 1987. Using efficient business operations and credit screening capabilities developed over many years, ORIX Credit offers products and services that are easy for customers to use, such as industry-leading low interest rates and large credit limits. The credit guarantee business guarantees unsecured loans mainly handled by financial institutions based on the credit expertise ORIX Credit has acquired in the loan business, and as of March 31, 2019, ORIX Credit partnered with 184 financial institutions. The mortgage banking business, launched in 2017, provides housing loans with emphasis on the Flat 35 product.

Consumer Loan Guarantees

(Billions of yen)



Strategies for Growth

In the consumer loan market, growth in bank card loans, an area where our presence has been strong over the past several years, has slowed and loan balances among lenders are showing signs of bottoming out. ORIX Credit will further enhance the brand value of VIP loan cards, improve product appeal and services, and build relationships with blue-chip customers. In addition, ORIX Credit will employ a strategy of IT and digital alliances with companies that have a customer base.

In the credit guarantee business, ORIX Credit will seek out relationships with new business partners while stimulating transactions with existing partners through sales proposals that promote consumer term loans on deeds for unspecified purposes. ORIX Credit will also strengthen its portfolio management and increase the balance of guarantees by expanding guarantees for diversified pools of smaller, high-quality receivables.

In the mortgage banking business, ORIX Credit will expand its agent network to capture the leading share in the Flat 35 market. ORIX Credit will also expand its product menu to meet diverse funding needs, in ways such as launching reverse mortgages.

Strengths <ul style="list-style-type: none"> • VIP loan card brand (history) • Screening capabilities built over many years 	Challenges <ul style="list-style-type: none"> • Decrease in loan demand due to declining birth rate, aging population and changing lifestyles • Major changes in the social environment (legal regulations) of the consumer loan market
Opportunities <ul style="list-style-type: none"> • Japan's consumer loan market slowdown appears to be bottoming out • Increased opportunities to attract customers by collaborating with business partners (using data, AI, digital, and other means) 	Risks <ul style="list-style-type: none"> • Worsening economic environment (increase in non-performing loans) • Intensifying competition in the consumer loan market due to entrants from other industries such as fintech

Overseas Business

Asset management, aircraft and ship operations,
private equity investment and finance



Since launching operations in Hong Kong in 1971, ORIX has built an overseas network of 730 locations in 36 countries and regions outside Japan as of March 31, 2019. We conduct financial services businesses with deep local ties in Asia. In our asset management and aircraft and ship businesses, we conduct operations that leverage our expertise globally.

Unit ORIX Corporation USA (OCU)

Business Overview

Established in 1981, OCU has more than 35 locations in the United States and Brazil that are the ORIX Group's strategic business bases in the Americas. OCU invests in securities such as municipal bonds, finances real estate and infrastructure, and operates in the private equity investment and asset management businesses.

OCU began making private equity investments in 2016. It conducts investment and operation for promising businesses, including investment in public infrastructure related service companies because public infrastructure facilities in the United States are aging and demand for replacement and maintenance of facilities is increasing.

In the asset management business, OCU has been expanding by acquiring multiple mortgage banking and loan servicing companies and asset management companies since

2010. In August 2018, OCU acquired NXT Capital Inc. (NXT Capital), an independent loan and asset management company involved in leveraged finance¹ and the real estate finance and investment management businesses in the United States, mainly for the middle market.²

Strategies for Growth

Our policy is to expand our asset management business in the United States. NXT Capital has structured a highly profitable business model that generates an array of fees along with interest income. It lends on its own account and its excellent reputation and track record in the industry also attracts funds from high-quality institutional investors. OCU will integrate its leveraged finance business into NXT Capital to comprehensively strengthen its U.S. middle-market finance business.

1. Financing that guarantees the future cash flow and assets of an acquisition

2. Market for medium-sized enterprises

Private Equity Investment Business: Investees 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
NTI Connect, LLC	2018.12	Installation and maintenance services for communications infrastructure and facilities
Tri-State Utilities Co.	2019.2	Public infrastructure services
Accumark, Inc. Benchmark VA LLC Subsurface Utility Services Pipe Vision, LLC	2019.5	Public infrastructure services
Utility Sales & Service Inc.	2019.7	Installation and maintenance services for public infrastructure and facilities

Note: Please refer to page 25 for AUM and earnings at core subsidiaries in the asset management business.

Strategy by Business

In private equity investment, we will steadily capture opportunities to increase new investments and make additional acquisitions through existing investees. In 2019, we expanded our business when investee Hoffman Southwest, a water supply maintenance and management company, acquired competitors Tri-State Utilities, Accumark, Benchmark

and Pipe Vision and existing investee Peak Utility Services acquired Utility Sales & Service Inc. Through additional acquisitions through new investments and existing investees, we will capture strong demand centered on growth industries in the United States.

Strengths <ul style="list-style-type: none"> • Involvement in a wide range of financial services businesses to offer various capital solutions • Use of specialists with an intimate knowledge of business in their fields 	Challenges <ul style="list-style-type: none"> • Continuous earnings growth by changing to fee businesses from inventory-based businesses • Intense price competition with other companies in the investment business
Opportunities <ul style="list-style-type: none"> • Strong demand for public infrastructure services in the United States • Expansion of assets under management as the asset management market expands 	Risks <ul style="list-style-type: none"> • Soaring acquisition prices backed by strong appetite for investment • Lower earnings due to an economic slowdown in the U.S. economy

Unit ORIX Corporation Europe (OCE)

Business Overview

ORIX made a full-scale entry into the global asset management business by acquiring the Netherlands-based asset management company Robeco Groep N.V. in 2013. We changed its name to ORIX Corporation Europe N.V. in 2018. As part of OCE, Robeco Institutional Asset Management B.V., which operates in the asset management business under the "Robeco" brand, and several other asset management companies lead the ORIX Group's asset management business. Founded in 1929, Robeco has long been researching new investment technologies while constantly investing, and now

offers a wide range of active investment management solutions from stocks to bonds. Its clients are numerous European institutional investors, including pension funds, banks, insurance companies and public institutions. As a pioneer and global leader in sustainability investing and quantitative investment management, Robeco provides innovative investment management strategies with a proprietary combination of research in three fields: fundamentals, sustainability and quantitative investing. Sustainability investing is increasingly popular in Europe and around the world, giving Robeco more opportunities to exercise its competitive advantage.

Asset Management Companies within OCE: Total AUM¹ for five companies at the end of FY2019.3: ¥37 trillion;
Segment profit for FY2019.3 (before tax)²: ¥35.1 billion

Subsidiary Name	Primary Businesses
Robeco Institutional Asset Management B.V.	Stocks, bonds, and investment solutions
Transtrend B.V.	CTA ³
RobecoSAM AG	Sustainability investing
Harbor Capital Advisors, Inc.	Manager selection ⁴
Boston Partners Global Investors, Inc.	U.S. and global equities

1. Estimated AUM that includes servicing assets

2. Estimated based on results for FY2019.3

3. Commodity trading advisor: Company or manager that manages customer financial assets by diversifying into a wide range of financial products including hedge funds and other commodity futures as well as currency and stock index futures

4. Creation of stock or bond mutual funds and selection of the most appropriate manager for each fund

Overseas Business

Strategies for Growth

We have been considering M&A to expand the scale of assets under management since acquiring Robeco in 2013. Rapidly rising prices impeded this initiative, but prices have fallen recently and we will consider acquisitions. At the same time, we will reorganize and integrate the entire asset management business and facilitate synergy with new acquisitions.

In the asset management industry, there is an ongoing

shift of capital from active funds to passive funds. Robeco runs counter to this environment because it is classified as an active fund manager. In addition, downward pressure on fees is also increasing throughout the industry. Therefore, in order to maintain and increase profitability, we will supplement our product lineup and enhance distribution, which adds points of contact with customers by creating marketing materials, providing strategic marketing support and other measures to support fund sales.

Strengths <ul style="list-style-type: none"> • Broad product lineup and investor base • Extensive experience backed by a long-term track record and an excellent research system 	Challenges <ul style="list-style-type: none"> • Decrease in assets under management due to deterioration in investment management performance and more intense competition • Comparatively small AUM limiting benefits from economies of scale
Opportunities <ul style="list-style-type: none"> • Expectations that the asset management industry will expand assets under management globally • Increased M&A opportunities due to reorganization of the asset management industry 	Risks <ul style="list-style-type: none"> • A weakened investment management organization due to an outflow of talented personnel • Major trends in the asset management industry: Shift from active to passive (Robeco is classified as active) and rising pressure on fees

Unit Aircraft, Ships**Business Overview****Aircraft Business**

We have accumulated 40 years of aviation business expertise after entering the aircraft leasing business in 1978. ORIX Aviation Systems Limited (OAS), established in Ireland in 1991, is a leading aircraft leasing company with strengths in aircraft asset management. In addition to leasing owned aircraft, it invests jointly with U.S. hedge funds and other partners, and arranges aircraft investments for corporate investors in Japan. OAS also provides aircraft asset management services to joint investment partners and domestic corporate investors, and engages in negotiations with airlines, monitors aircraft operation and maintenance, and sells aircraft. As of March 31, 2019, OAS owned and managed more than 200 aircraft and leased to more than 70 airlines in over 30 countries. In November 2018, the company acquired 30% of the outstanding shares of the world's third-largest aircraft leasing company, Avolon Holdings Limited (Avolon). Avolon mainly orders aircraft directly from aircraft manufacturers and leases the new aircraft to airlines upon delivery, while OAS mainly focuses on acquiring leased aircraft from airlines. Thus OAS significantly expanded its leasing business.

Ship Business

ORIX entered the ship leasing business in 1971 and established ORIX Maritime in 1977 to handle ship operations and management. We have owned ships since the 1980s, and launched a business that invests in ships and charters them to Japanese and international shipping companies. Furthermore, in 1996 we established a small-scale vehicle for companies to invest in ships, which was the first of its kind in Japan. Today, we arrange numerous investment projects and provide them to customers.

Over nearly 50 years of business operations, we have accumulated a wide range of know-how related to ship financing, the management and operation of ships we own, and ship trading and brokerage. With four bases in London, Taiwan, Singapore and Tokyo, ORIX owned 12 bulk carriers as of March 2019, and will add 14 more that will be completed in the next two years. All ships that are owned and all the ships to be added in the future are constructed at Japanese shipyards, which are fuel-efficient and produce high-quality products. In addition, we are undertaking initiatives to reduce the environmental burden of ships and contribute to the preservation of the marine environment.

Strategy by Business

Aircraft Business Revenue Opportunities

Aircraft Business Revenue Opportunities		Lease Revenue	Gains on Sale	Fee Income
Owned aircraft	Lease owned aircraft to airlines	○	○	
Joint investment	Lease aircraft owned with joint investors to airlines	○	○	
	Manage aircraft asset management service under contract from joint investors			○
Arrange investment in aircraft*	Arrange aircraft investment for investors			○
	Manage aircraft asset management service under contract from investors			○

* Arrange investments for investors with the goal of recovering investment capital through lease payments from airlines and generating capital gains through the sale of aircraft after several years

Strategies for Growth

Aircraft Business

OAS aims to achieve sustainable growth in existing businesses in light of the future of the passenger market, and will expand its portfolio while observing trends in the airline and leasing market and investor demand. In addition, it will replace assets with an emphasis on airline credit to improve the quality of its portfolio.

Avolon aims to maximize earnings. ORIX's investment has significantly improved Avolon's ability to raise funds and has created synergies.

Ship Business

Our policy is to flexibly replace assets while closely observing the market environment. During the market slump from 2015 to 2017, we determined the market was near a bottom and ordered 21 bulk carriers in 2015. In 2017, we acquired primarily performing loans collateralized by ships from European financial institutions at favorable prices. Both investments were timed to receive favorable prices, and we are now recovering the loans smoothly through early repayment. We have already sold some of the bulk carriers that will be delivered, and we will survey the market to optimize our exit. In addition, we are continuing to target increased fee income by arranging ship investments for domestic corporate investors. As a new business, we will work with outstanding partners to consider the development of container leasing and other businesses areas ancillary to ship operations.

Aircraft Business

Strengths <ul style="list-style-type: none"> • Aircraft sourcing ability and high-quality asset management services • Avolon's business model of ordering from aircraft manufacturers 	Challenges <ul style="list-style-type: none"> • Sophisticated risk management in the cyclical aircraft market • Adding promising human resources
Opportunities <ul style="list-style-type: none"> • Increased aircraft demand in response to increased global passenger traffic • Increased use of leasing among airlines 	Risks <ul style="list-style-type: none"> • Decrease in passenger demand due to a global economic slowdown, war, terrorism or infectious diseases • Airline bankruptcies

Ship Business

Strengths <ul style="list-style-type: none"> • Operations and management (ORIX Maritime) • Diversified revenue sources including lease revenue, gains on sale, and asset management fees 	Challenges <ul style="list-style-type: none"> • Deterioration of supply and demand balance due to market entry by funds and other entities • Global shortage of personnel familiar with operations and management
Opportunities <ul style="list-style-type: none"> • Newly built ship (completed 2019-2020) exits enabled by market recovery • Investment opportunities from operations with reduced environmental load such as LNG-fueled ships using clean energy 	Risks <ul style="list-style-type: none"> • Decrease in the volume of trade due to accelerating protectionism (decrease in volume of goods shipped internationally) • Deterioration of the investor market due to a global economic slowdown

Overseas Business

Ship Business Revenue Opportunities

Ship Business Revenue Opportunities		Chartering Fees	Gains on Sale	Fee Income
Owned ships	Charter owned ship to shipping company	○	○	
Joint investment	Own ship with joint investors for chartering to shipping companies	○	○	○
	Manage ships under contract from joint investors			○
Arrange investment in ships*	Arrange investment in ships for investors			○
	Manage ships under contract from investors			○

* Arrange investments designed for investors to receive lease payments from shipping companies and then recover principal and receive capital gains through the sale of ships after several years.

Unit Asia, Australia and Other

Business Overview

The Overseas Business has structured a global network by establishing local companies in Southeast Asia, South Asia, Oceania, and the Middle East since its entry into Hong Kong in 1971. We mainly operate financial services companies and we are familiar with the differing business practices, laws and regulations from country to country. We provide local customers with machinery and equipment leasing, automobile leasing, installment loans, loans, and rentals. Local companies in Greater China (China, Hong Kong, Taiwan) also make private equity investments. Each local subsidiary is diversifying its business using the expertise ORIX has acquired in businesses in Japan.

Strategies for Growth

Local companies that operate in traditional financial services businesses such as leasing and finance tend to have

diminishing profitability and growth potential, depending on the country and region. Therefore, based on market size as determined by factors including a country's population and economy, the growth potential of the market and the competitive situation, we will optimize our portfolio through a focus on key markets and businesses. In addition, each local subsidiary will focus on non-leasing businesses in diversifying its operations and establishing new businesses. At the same time, we will diversify human resources by hiring employees with knowledge and experience other than leasing such as IT employees as well as people with knowledge of finance, and take new approaches other than the embedded management of a traditional leasing company.

In the private equity investment business in Greater China, we will continue to create investment opportunities and business opportunities based on a network that leverages local know-how and expertise.

Greater China Private Equity Investment Results

Investee	Initial Investment	Industry and Business
Haichang Ocean Park	2010	Operates ocean theme parks at 10 locations in China
China Water Affairs Group Limited	2011	Provides water and sewage services in mainland China
Shanghai Dianrong Financial Information Services Co., Ltd.	2018	Peer-to-peer lending
Beijing Wecash Technology Company	2018	Personal credit information service
Shougang Group	2018	Steel production, urban infrastructure development

Note: Please refer to the list of Group companies on page 89 for details of local subsidiaries in Asia, Australia and Other.

Strengths <ul style="list-style-type: none"> Local expertise and networks developed over the long term Ability to leverage the expertise of the ORIX Group businesses in Japan 	Challenges <ul style="list-style-type: none"> Incomplete business diversification Bias in employee skills and mindset toward traditional leasing business
Opportunities <ul style="list-style-type: none"> Continuing economic growth and market expansion in emerging countries in Asia, with growth of the middle class Creating opportunities in businesses such as medical care and media through cooperative dialogue between Japan and China to innovate 	Risks <ul style="list-style-type: none"> Relatively high interest rates and exchange rate volatility Political uncertainty, including elections in individual countries

Human Resources Initiatives

Relationship with Employees

Maximizing the Capabilities and Expertise of Our Employees under the Concept of “Keep Mixed”

People are ORIX’s most important asset. Based on our concept of “Keep Mixed,” we hire diverse human resources regardless of nationality, age, gender or work history, integrating their diverse values and expertise with the aim of a Fusion of Intelligence to create new value and workplaces that maximize the capabilities and expertise of our employees. 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 inclusion and the creation of workplaces that offer value (improved work-life balance) to realize its concept of “Keep Mixed.”



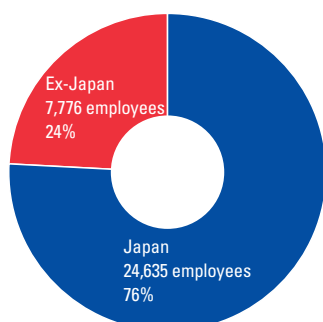
Promoting Diversity and Inclusion

We believe it is essential that the knowledge and experience acquired by employees be passed on to the next generations. However, with the changing social environment such as retirement age extensions, increase in dual-income households and the enforcement of the Act on Promotion of Women’s Participation and Advancement in the Workplace,

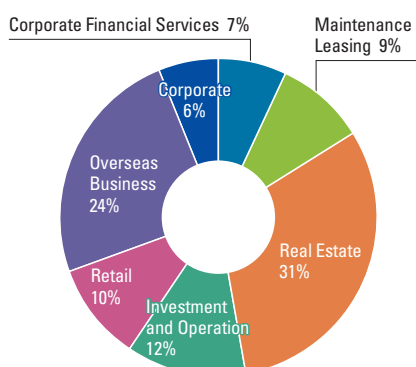
the need for a wider array of work styles is increasing. We strive to promote diversity and inclusion, and to create a workplace that is optimal for the performance of individuals with different capabilities and expertise, as well as to accommodate work style diversity and freedom.

Employee Composition: 32,411 employees (As of March 31, 2019)

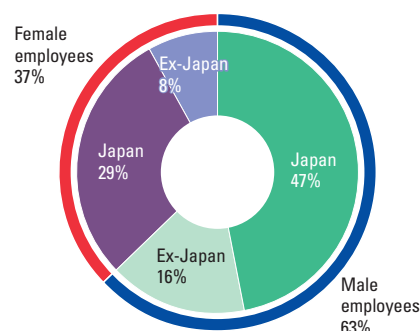
By Region



By Segment



By Gender



Promoting the Participation and Advancement of Women in the Workplace

ORIX was one of the earliest promoters of women's participation in the workplace. We started recruiting female university graduates for comprehensive work positions in 1982, before the enforcement of the Equal Employment Opportunity Law in 1986. We have also expanded our personnel system accordingly, but we are actively engaged not only to expand the system but also to strategically raise awareness about gender equality. Approximately 40% of our employees were women as of March 31, 2019.

ORIX Corporation had the goal of a 23% ratio of female employees in managerial positions by FY2020.3, and achieved this target with a ratio of 23.8% as of March 31, 2019. In addition, major domestic Group companies have steadily increased this ratio to 20.6% in aggregate.

Promoting the Participation and Advancement of Seniors in the Workplace

ORIX raised the retirement age from 60 to 65 in 2014, thinking that the participation of senior employees with extensive experience and expertise would enhance the organizational strength and vitality of the company. ORIX is carrying out a variety of initiatives so that its employees can constantly take on challenges and display their accumulated strengths and skills at any age.

• Career Challenge system for employees aged 45 or over

A free-agent system in which employees aged 45 and over can directly interview with their chosen division to transfer to a new position. If both parties come to an agreement, the employee may transfer.

• Career interview

An interview with a career supervisor upon reaching the milestone of the age of 50 offers employees an opportunity to reflect on their strengths, experiences and values and take the next step forward in their roles and work styles, with the aim of achieving consistent performance.

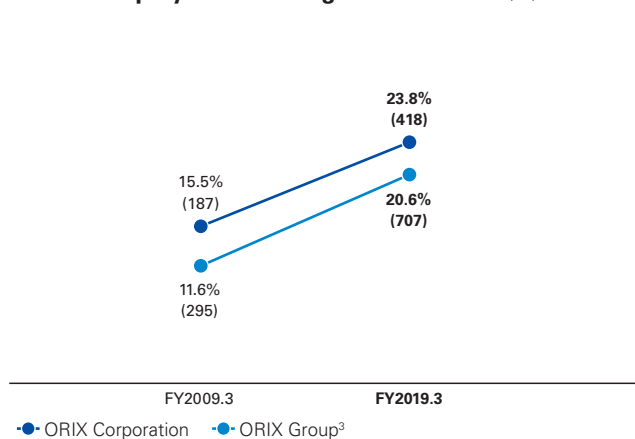
Mid-Career and Non-Japanese Recruiting

We also focus on recruiting mid-career employees and non-Japanese new graduates to secure diverse human resources aligned with our changing businesses. Since its establishment, ORIX has been active in hiring mid-career employees with job histories in fields including finance, manufacturing, consulting, trading, real estate, and services. 67% of employees who joined the company in FY2019.3 were mid-career hires. ORIX has been focusing on recruiting students with diverse values since 2016 by hiring new graduates from overseas universities in China, Taiwan and Korea as well as foreign students in Japan. About 10% of the new graduates who enter the company each year are non-Japanese.

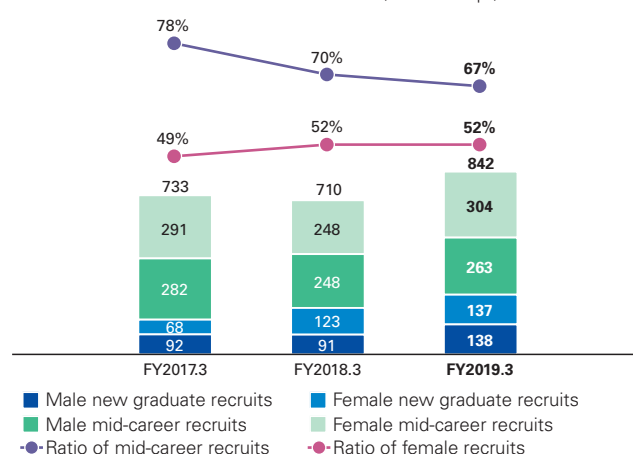
ORIX believes that an environment where employees accept one another's individuality and feel at ease in exercising their full abilities in their own right will give rise to new

challenges and ideas and lead to innovation. We will continue to promote diversity and inclusion with the aim of creating a more fulfilling place to work.

Female Employees in Managerial Positions¹ (%)²



Number of New Employees and Ratios of Mid-Career and Female Recruits (ORIX Group³)



1. Managerial positions are section leaders and other positions with work and responsibilities equivalent to section leader or above, regardless of job title or subordinate staff (does not include entry-level managers).

2. The percentages in "Female Employees in Managerial Positions" represent the ratio of female managers to the total number of managers.

3. 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. Total number of employees at these 10 companies as of March 31, 2019 was 10,216, which was 32% of all employees.

Human Resources Initiatives

■ Workplaces That Offer Value (Improved 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. The project aims for work with high productivity and promote activities with the aim of fostering a culture that recognizes diverse working styles.

Work Style Reform Project

The Work Style Reform Project began with six months of discussion by many employees throughout the Group, culminating in the submission to the CEO of issues and measures for work style reform. We have subsequently been implementing these proposals with a sense of urgency under the strong leadership of the CEO.

We have enhanced working hour flexibility by reducing regular working hours, establishing a new super flextime system that eliminated the core working hours of the pre-

ceding flextime system, establishing a system of annual paid leave in one-hour units, and expanding the incentive system for short vacations to refresh and rejuvenate. In addition, we have launched an internal intern system to support diverse career perspectives, and a system of financial support for self-improvement so that employees can effectively use the time created through the promotion of work style reforms. These systemic upgrades have led to a change in employee attitudes.

Recently Launched Systems

- **Reduction of regular working hours (launched FY2018.3)**

The end of the work day was changed from 17:20 to 17:00, reducing the prescribed working time by 20 minutes. Implemented without changing salary.

- **System for taking annual paid leave in hourly units (launched FY2018.3)**

Annual paid leave system in one-hour units.

- **Super flextime system (launched FY2019.3)**

Core working hours (from 11:00 to 15:00) were eliminated from the preceding flextime system. This system allows employees to set their working hours freely between 6:00 and 22:00 with a minimum working time of one hour per day.

- **Incentive system for short vacations to refresh and rejuvenate (launched FY2019.3)**

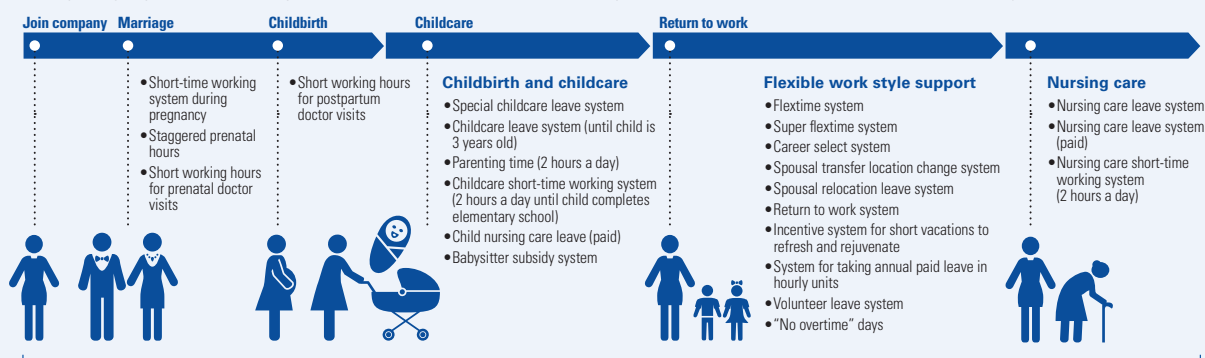
System that pays employees a standard incentive fee of ¥50,000 when taking consecutive holidays of 5 business days or longer.

- **Self-improvement system (launched FY2019.3)**

System in which employees receive standardized welfare benefit points annually so they can freely choose their own self-improvement, health promotion, and child and nursing care related services. The purpose is to create a mutually beneficial cycle of personal and professional benefits from promoting the effective use of time created through work style reform.

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.



Career planning support Career Challenge System, Internal Public Offering System, Internal Intern System, Internal Career Change System, Self-Assessment System, Career Challenge System from Age 45, and Internal Recruiting System for Seniors

For detailed information on Personnel Systems, please refer to the following:

▶▶▶ https://www.orix.co.jp/grp/en/sustainability/employee/management_systems.html

Achievements*

- **Decreased overtime (average overtime per month)**
24.3 hours in FY2018.3 → 23.6 hours in FY2019.3
- **Improved rate of taking annual paid vacation days**
77.5% in FY2018.3 → 80.0% in FY2019.3

- **Rate of point usage in self-improvement system**
78.9% in FY2019.3 (system introduced in FY2019.3)

* 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

Our task for the future is to ensure that employee awareness of reform translates into behavioral change that further improves productivity. We are also working on infrastructures so that employees can work away from their desks, including enhancing the IT environment and expanding external satellite offices. In addition, we use seminars and employee portal

sites to provide employees throughout the Group with a variety of information such as internal best practices for productivity improvement and how to use systems. Given the ORIX Group's diverse business portfolio, each division is studying and implementing measures to improve productivity in accordance with business-specific characteristics.

Wednesday Seminar

The ORIX Wednesday Seminar has taken place twice a month since 2017 as a source of advice for what employees can do to improve their productivity. Focusing mainly on lectures by external experts, the seminars cover four topics: Work Styles, Management Skills, Work Efficiency Skills, and Work-Life Balance Support. We also provide live streaming and videos of previous events that employees can use to learn anytime and anywhere. A total of approximately 2,500 employees participated from the second half of 2017 through the first half of 2018.

Business Unit Case Studies

- **ORIX Auto: Project to Improve Operations**
By September 2017, ORIX Auto had collected 315 work improvement issues from throughout Japan. After front-line meetings, ORIX Auto organized the issues and consolidated them in January 2018 into 134 issues for resolution at a high level of improvement. In six months, the project had resolved or improved

71% of these issues, versus a target of 70%. Initiatives to improve the remaining issues are ongoing in each department.

• ORIX Bank

1. Monthly questionnaire survey

ORIX Bank conducts a questionnaire survey to serve as reference for an intuitive and objective review of personal and team status, and to directly communicate to management requests for the company, such as proposals for improving work and the work environment.

2. Digitalization promotion project

ORIX Bank launched a digitalization promotion project in October 2017, and is raising the efficiency of office work while reducing working hours in general. ORIX Bank reduced working hours by 387 hours per month by February 2019. The bank expects to reduce working hours by approximately 1,450 hours per month during FY2020.3.

External Recognition

"Certified Health & Productivity Management Organization 2019", Ministry of Economy, Trade and Industry

In February 2019, ORIX was named a "White 500 (Large Enterprise Category)" company in the "Certified Health & Productivity Management Organization Recognition Program" for 2019. This certification recognizes corporations that value their employees' health and strategically work to promote health from a management perspective. ORIX has been certified as a "White 500 (Large Enterprise Category)" company for three consecutive years since the certification's start in 2017.



"Semi-Nadeshiko Brand," Ministry of Economy, Trade and Industry and Tokyo Stock Exchange

ORIX was selected as a "Semi-Nadeshiko Brand" in March 2019. Semi-successful enterprises just below the "Nadeshiko Brand" enterprises that are outstanding in terms of encouraging women's success in the workplace for the purpose of improving corporate value in the mid- and long-term are selected from among the approximately 3,600 listed companies for the "Semi-Nadeshiko Brand."



"Eruboshi (highest level)" Certification from the Minister of Health, Labour and Welfare

In May 2019, ORIX obtained the highest level "Eruboshi (Grand 3)" company certification based on the Act on Promotion of Woman's Participation and Advancement in the Workplace. The "Eruboshi" company certification is granted to companies with a high level of implementation status of activities related to the promotion of women's success. Companies that meet all five criteria in the areas of recruitment, continued employment, working hours, proportion of women in managerial positions and various career courses are selected for Grand 3.



Financial Section

Eleven-Year Summary

ORIX Corporation and its Consolidated Subsidiaries
Years ended March 31, 2009 through 2019

	2009	2010	2011	2012
Financial Position:				
Investment in Direct Financing Leases	¥ 914,444	¥ 756,481	¥ 830,853	¥ 900,886
Installment Loans	3,304,101	2,464,251	2,983,164	2,769,898
Investment in Operating Leases	1,226,624	1,213,223	1,270,295	1,309,998
Investment in Securities	926,140	1,104,158	1,175,381	1,147,390
Property under Facility Operations	189,560	186,396	207,480	194,576
Total Assets	8,353,852	7,722,017	8,561,910	8,332,830
Short-term Debt, Long-term Debt and Deposits	5,919,639	5,263,104	6,075,076	5,828,967
Long- and Short-term Debt	5,252,012	4,409,835	5,009,901	4,725,453
Debt/Equity Ratio				
Short-term Debt, Long-term Debt and Deposits/ Shareholders' Equity (Times)	5.1	4.1	4.6	4.2
Short-term Debt and Long-term Debt/Shareholders' Equity (Times)	4.5	3.4	3.8	3.4
Share of Long-term Debt (%)	85	87	90	90
ORIX Corporation Shareholders' Equity	1,157,269	1,287,179	1,306,582	1,380,736
Shareholders' Equity Ratio (%)	13.9	16.7	15.3	16.6
Revenues and Expenses:				
Total Revenues	¥1,014,289	¥ 887,290	¥ 938,258	¥ 963,721
Total Expenses	961,003	856,326	865,992	841,506
Provision for Doubtful Receivables and Probable Loan Losses	77,015	71,857	31,065	19,186
Income before Income Taxes and Discontinued Operations	11,195	56,748	90,271	127,515
Income from Continuing Operations	15,054	35,723	65,437	82,907
Net Income Attributable to ORIX Corporation Shareholders	20,674	36,512	66,021	83,509
ROA (%)	0.24	0.45	0.81	0.99
ROE (%)	1.7	3.0	5.1	6.2
Per Share Data (Yen):				
Net Income Attributable to ORIX Corporation Shareholders:				
Basic Earnings per Share	¥ 23.25	¥ 35.83	¥ 61.42	¥ 77.68
Diluted Earnings per Share	22.07	30.58	51.83	65.03
ORIX Corporation Shareholders' Equity per Share	1,294.48	1,197.55	1,215.44	1,284.15
Cash Dividends	7.00	7.50	8.00	9.00
Segment:				
Segment Profits	¥ 29,960	¥ 67,909	¥ 117,001	¥ 145,276
Segment Assets	6,982,736	6,378,552	7,276,434	6,989,138
Segment Assets ROA (%)	0.28	0.55	0.97	1.17
Number of Employees	18,920	17,725	17,578	17,488

Notes: 1. In fiscal 2011, the Company and its subsidiaries adopted FASB Accounting Standards Update 2009-16 (ASC 860 ("Transfers and Servicing")) and FASB Accounting Standards Update 2009-17 (ASC 810 ("Consolidation")). The effects of adopting these updates on the Company and its subsidiaries' financial conditions at the initial adoption date were an increase of ¥1,147.4 billion in total assets, an increase of ¥1,169.0 billion in total liabilities and a decrease of ¥22.5 billion in retained earnings, net of tax, in the consolidated balance sheets.

2. Cash dividends represent the amount of dividend per share for the corresponding fiscal year.

3. Balance sheet data and income statement data have been changed beginning in the third consolidated fiscal period of FY2015.3. The amounts in the previous years have been retrospectively reclassified to reflect this change.

(Millions of yen)

2013	2014	2015	2016	2017	2018	2019
¥ 989,380	¥1,094,073	¥ 1,216,454	¥ 1,190,136	¥ 1,204,024	¥ 1,194,888	¥ 1,155,632
2,691,171	2,315,555	2,478,054	2,592,233	2,815,706	2,823,769	3,277,670
1,395,533	1,379,741	1,296,220	1,349,199	1,313,164	1,344,926	1,335,959
1,093,668	1,214,452	2,846,257	2,344,792	2,026,512	1,729,455	1,928,916
218,697	295,863	278,100	327,016	398,936	434,786	441,632
8,435,193	9,063,517	11,439,874	10,992,918	11,231,895	11,425,982	12,174,917
5,556,330	5,363,968	5,701,356	5,685,014	5,753,059	5,890,720	6,423,512
4,477,743	4,157,555	4,413,976	4,286,542	4,138,451	4,133,258	4,495,771
3.4	2.8	2.7	2.5	2.3	2.2	2.2
2.7	2.2	2.1	1.9	1.7	1.5	1.6
91	93	94	92	93	93	93
1,643,596	1,919,346	2,152,198	2,310,431	2,507,698	2,682,424	2,897,074
19.5	21.2	18.8	21.0	22.3	23.5	23.8
¥1,052,477	¥1,375,292	¥ 2,174,283	¥ 2,369,202	¥ 2,678,659	¥ 2,862,771	¥ 2,434,864
901,624	1,172,244	1,917,454	2,081,461	2,349,435	2,526,576	2,105,426
10,016	13,838	11,631	11,717	22,667	17,265	22,525
172,572	286,339	344,017	391,302	424,965	435,501	395,730
118,890	187,786	254,960	270,990	280,926	321,589	327,039
111,909	187,364	234,948	260,169	273,239	313,135	323,745
1.33	2.14	2.29	2.32	2.46	2.76	2.74
7.4	10.5	11.5	11.7	11.3	12.1	11.6
¥ 102.87	¥ 147.75	¥ 179.47	¥ 198.73	¥ 208.88	¥ 244.40	¥ 252.92
87.37	143.20	179.21	198.52	208.68	244.15	252.70
1,345.63	1,465.77	1,644.60	1,764.34	1,925.17	2,095.64	2,263.41
13.00	23.00	36.00	45.75	52.25	66.00	76.00
¥ 200,082	¥ 312,244	¥ 339,809	¥ 385,742	¥ 420,911	¥ 429,078	¥ 401,395
7,051,291	7,520,949	9,464,833	9,246,340	9,201,921	9,098,918	9,997,698
1.59	2.57	2.77	2.78	2.96	3.42	3.39
19,043	25,977	31,035	33,333	34,835	31,890	32,411

4. During FY2015.3, we eliminated the accounting period gap that previously existed between DAIKYO and ORIX. The amounts in the previous years have been retrospectively reclassified to reflect this change.

5. From FY2017.3, Accounting Standards Update No. 2015-03 (Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs) has been applied retroactively to consolidated financial statements for prior fiscal years.

6. From the first quarter of FY2019.3, consolidated VIEs for securitizing financial assets such as direct financing lease receivables and loan receivables are included in segment revenues, segment profits and segment assets. The amounts in the previous years have been retrospectively reclassified to reflect this change.

Financial Section

Consolidated Balance Sheets

ORIX Corporation and its Consolidated Subsidiaries

As of March 31, 2017, 2018 and 2019

(Millions of yen)

		2017	2018	2019
ASSETS				
Cash and Cash Equivalents		¥ 1,039,870	¥ 1,321,241	¥ 1,161,032
Restricted Cash		93,342	83,876	122,548
Investment in Direct Financing Leases		1,204,024	1,194,888	1,155,632
Installment Loans	The amounts of ¥19,232 million as of March 31, 2017, ¥17,260 million as of March 31, 2018 and ¥38,671 million as of March 31, 2019 are measured at fair value by electing the fair value option under FASB ASC 825.	2,815,706	2,823,769	3,277,670
Allowance for Doubtful Receivables on Direct Financing Leases and Probable Loan Losses		(59,227)	(54,672)	(58,011)
Investment in Operating Leases		1,313,164	1,344,926	1,335,959
Investment in Securities	The amounts of ¥24,894 million as of March 31, 2017, ¥37,631 million as of March 31, 2018 and ¥27,367 million as of March 31, 2019 are measured at fair value by electing the fair value option under FASB ASC 825.	2,026,512	1,729,455	1,928,916
Property under Facility Operations		398,936	434,786	441,632
Investment in Affiliates		524,234	591,363	842,760
Trade Notes, Accounts and Other Receivable		283,427	294,773	280,590
Inventories		117,863	111,001	115,695
Office Facilities		110,781	112,962	108,390
Other Assets	The amounts of ¥22,116 million as of March 31, 2017, ¥15,008 million as of March 31, 2018 and ¥12,449 million as of March 31, 2019 are measured at fair value by electing the fair value option under FASB ASC 825.	1,363,263	1,437,614	1,462,104
Total Assets		¥11,231,895	¥11,425,982	¥12,174,917

(Millions of yen)

	2017	2018	2019
LIABILITIES			
Short-term Debt	¥ 283,467	¥ 306,754	¥ 309,549
Deposits	1,614,608	1,757,462	1,927,741
Trade Notes, Accounts and Other Payable	251,800	262,301	293,480
Policy Liabilities and Policy Account Balances	1,564,758	1,511,246	1,521,355
The amounts of ¥605,520 million as of March 31, 2017, ¥444,010 million as of March 31, 2018 and ¥360,198 million as of March 31, 2019 are measured at fair value by electing the fair value option under FASB ASC 825.			
Income Taxes:			
Current	93,884	18,798	42,010
Deferred	351,828	348,149	313,833
Long-term Debt	3,854,984	3,826,504	4,186,222
Other Liabilities	562,393	588,474	617,746
Total Liabilities	8,577,722	8,619,688	9,211,936
Redeemable Noncontrolling Interests	6,548	7,420	9,780
Commitments and Contingent Liabilities			
EQUITY			
Common Stock:	220,524	220,961	221,111
Authorized	2,590,000,000 shares		
Issued			
March 31, 2017	1,324,107,328 shares		
March 31, 2018	1,324,495,728 shares		
March 31, 2019	1,324,629,128 shares		
Additional Paid-in Capital	268,138	267,291	257,625
Retained Earnings	2,077,474	2,315,283	2,555,585
Accumulated Other Comprehensive Income (Loss):			
Net unrealized gains on investment in securities	32,279	10,465	17,389
Debt valuation adjustments	—	—	582
Defined benefit pension plans	(17,330)	(20,487)	(27,902)
Foreign currency translation adjustments	(31,736)	(31,806)	(43,558)
Net unrealized losses on derivative instruments	(4,483)	(3,738)	(7,854)
Sub-Total	(21,270)	(45,566)	(61,343)
Treasury Stock, at Cost:	(37,168)	(75,545)	(75,904)
March 31, 2017	21,520,267 shares		
March 31, 2018	44,494,856 shares		
March 31, 2019	44,667,776 shares		
ORIX Corporation Shareholders' Equity	2,507,698	2,682,424	2,897,074
Noncontrolling Interests	139,927	116,450	56,127
Total Equity	2,647,625	2,798,874	2,953,201
Total Liabilities and Equity	¥11,231,895	¥11,425,982	¥12,174,917

Note: 1. The Company's shares held through the Board Incentive Plan Trust (2,126,076 shares as of March 31, 2017, 1,651,443 shares as of March 31, 2018 and 1,823,993 shares as of March 31, 2019) are included in the number of treasury shares as of March 31, 2017, 2018 and 2019, respectively.

Financial Section

Consolidated Statements of Income

ORIX Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2017, 2018 and 2019

(Millions of yen)

	2017	2018	2019
Revenues:			
Finance revenues	¥ 211,852	¥ 228,252	¥ 242,893
Gains on investment securities and dividends	30,328	43,302	15,958
Operating leases	398,655	379,665	413,918
Life insurance premiums and related investment income	295,940	351,590	347,136
Sales of goods and real estate	1,015,249	1,079,052	596,165
Services income	726,635	780,910	818,794
Total revenues	2,678,659	2,862,771	2,434,864
Expenses:			
Interest expense	72,910	76,815	93,337
Costs of operating leases	243,537	252,327	257,321
Life insurance costs	200,158	255,070	246,533
Costs of goods and real estate sold	928,794	1,003,509	535,261
Services expense	451,277	482,796	508,320
Other (income) and expense, net	(4,396)	429	1,301
Selling, general and administrative expenses	418,746	431,594	437,028
Provision for doubtful receivables and probable loan losses	22,667	17,265	22,525
Write-downs of long-lived assets	9,134	5,525	2,418
Write-downs of securities	6,608	1,246	1,382
Total expenses	2,349,435	2,526,576	2,105,426
Operating Income	329,224	336,195	329,438
Equity in Net Income of Affiliates	26,520	50,103	32,978
Gains on Sales of Subsidiaries and Affiliates and Liquidation Losses, net	63,419	49,203	33,314
Bargain Purchase Gain	5,802	—	—
Income before Income Taxes	424,965	435,501	395,730
Provision for Income Taxes	144,039	113,912	68,691
Net Income	280,926	321,589	327,039
Net Income Attributable to the Noncontrolling Interests	7,255	8,002	2,890
Net Income Attributable to the Redeemable Noncontrolling Interests	432	452	404
Net Income Attributable to ORIX Corporation Shareholders	¥ 273,239	¥ 313,135	¥ 323,745

(Yen)

Amounts per Share of Common Stock for Income Attributable to ORIX Corporation Shareholders:			
Basic	¥ 208.88	¥ 244.40	¥ 252.92
Diluted	208.68	244.15	252.70
Cash Dividends	52.25	66.00	76.00

Notes: 1. Cash Dividends represent the amount of dividend per share for the corresponding fiscal year.

2. Revenues from guarantees in the consolidated statements of income have been reclassified from "Services income" to "Finance revenues" from the first quarter of FY2019.3. This change aims to reflect the revenue structure of the Company and its subsidiaries more appropriately accompanying the adoption of ASC606 ("Revenue from Contracts with Customers"). Corresponding to this change, the presented amounts in the consolidated statements of income for the previous fiscal year have also been reclassified retrospectively to conform to the presentation for FY2019.3.
3. Due to the adoption of FASB Accounting Standards Update 2016-01 (Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities) from the first quarter of FY2019.3, unrealized changes in fair value of equity securities are included in "Gains on investment securities and dividends."

Consolidated Statements of Comprehensive Income

ORIX Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2017, 2018 and 2019

(Millions of yen)

	2017	2018	2019
Net Income	¥280,926	¥321,589	¥327,039
Other comprehensive income (loss), net of tax			
Net change of unrealized gains (losses) on investment in securities	(14,926)	(22,834)	10,215
Net change of debt valuation adjustments	—	—	231
Net change of defined benefit pension plans	7,670	(2,962)	(7,346)
Net change of foreign currency translation adjustments	(5,968)	(1,955)	(11,537)
Net change of unrealized gains (losses) on derivative instruments	326	779	(4,118)
Total other comprehensive income (loss)	(12,898)	(26,972)	(12,555)
Comprehensive Income	268,028	294,617	314,484
Comprehensive Income Attributable to the Noncontrolling Interests	4,276	6,433	2,784
Comprehensive Income Attributable to the Redeemable Noncontrolling Interests	374	36	730
Comprehensive Income Attributable to ORIX Corporation Shareholders	¥263,378	¥288,148	¥310,970

Financial Section

Breakdown of Assets and Revenues by Segment (Fiscal year ended March 31, 2019)

Segment Assets

(Millions of yen)

	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total
Segment Assets	¥959,725	¥873,775	¥720,221	¥733,612	¥3,571,437	¥3,138,928	¥9,997,698
Investment in Direct Financing Leases	403,639	328,424	35,420	25,696	42	362,391	1,155,612
Installment Loans	364,818	—	316	47,573	2,049,980	814,847	3,277,534
Investment in Operating Leases	24,143	525,392	242,022	5,474	29,810	509,117	1,335,958
Investment in Securities	31,522	506	8,038	25,786	1,474,750	385,339	1,925,941
Property under Facility Operations and Servicing Assets	16,973	988	146,100	264,994	—	44,149	473,204
Inventories	51	587	80,920	30,776	—	3,161	115,495
Advances for DFL and Operating Leases	122	669	29,946	1,340	—	10,932	43,009
Investment in Affiliates	16,276	33	107,072	161,966	631	556,682	842,660
Advances for Property under Facility Operations	—	—	6,790	11,291	—	—	18,081
Goodwill and Other Intangible Assets Acquired in Business Combinations	102,181	17,176	63,597	158,716	16,224	452,310	810,204

Segment Revenues

(Millions of yen)

	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total
Segment Revenues	¥95,212	¥288,211	¥529,064	¥615,151	¥428,904	¥490,730	¥2,447,272
Finance Revenues	28,829	14,352	2,065	9,063	76,693	111,634	242,636
Gains on Investment Securities and Dividends	(777)	(47)	(32)	78	346	16,565	16,133
Operating Leases	23,522	197,963	72,483	827	—	121,913	416,708
Life Insurance Premiums and Related Investment Income	—	—	—	—	348,255	—	348,255
Sales of Goods and Real Estate	4,379	5,392	141,489	436,044	—	7,508	594,812
Services Income	39,259	70,551	313,059	169,139	3,610	233,110	828,728

Note: Figures in the table above may vary from figures reported in the consolidated statements of income and the consolidated balance sheets because items considered as corporate assets and revenues are not included.

Main Components of Segment Assets

	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business
Investment in Direct Financing Leases	Corporate leasing and sales finance	Auto leasing	Real estate leasing	Leasing of energy saving equipment	—	Leasing and sales finance of local subsidiaries
Installment Loans	Corporate loans	—	—	Loans purchased under loan servicing unit	Real estate investment loans, card loans, and corporate loans	Corporate loans in the U.S., auto loans and corporate loans in Asia
Investment in Operating Leases	Lease renewal and real estate leasing	Leasing, rental, lease renewal of auto and precision measuring equipments	Real estate rental	—	ORIX Life Insurance's operating assets (rental properties)	Auto leasing in local subsidiaries and aircraft leasing
Investment in Securities	Investment in listed shares	—	Investment in funds	Investment in listed shares, PE funds	Corporate and government bonds, listed shares, the assets under management of variable annuity and variable life insurance contracts	Investment in municipal bonds and CMBS in the U.S., investment in funds in the U.S., Europe and Asia
Property under Facility Operations and Servicing Assets	Solar power facilities (JV with Kyuden Corporation)	—	Operating facilities including hotels, Japanese inns, aquariums, etc.	Environment and energy related facilities and equipment	—	Mortgage servicing rights in the U.S.
Inventories	—	—	Condominiums	Investees' operating assets	—	Investees' operating assets
Advances for DFL and Operating Leases	—	—	Rental properties under development	—	—	Vessels under construction
Investment in Affiliates	Investment in joint ventures such as new businesses	—	Joint development of rental properties	PE investment, investment in power business abroad, investment in concession business	—	Investment in joint ventures, PE investment in Asia, and investment in U.S. investment banks
Advances for Property under Facility Operations	—	—	Operating facilities under development	Environment and energy related facilities and equipment under development	—	—
Goodwill and Other Intangible Assets Acquired in Business Combinations	Goodwill and intangible assets resulting from M&As					

Main Components of Segment Revenues

	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business
Finance Revenues	Leasing and sales finance revenues and interest revenues from corporate loans	Auto leasing revenues	Revenues from real estate leasing	Gains on loan collection in loan servicing and leasing revenues from energy saving equipment	Interest revenues from real estate investment loans, card loans and corporate loans	Leasing and sales finance revenues and interest revenues of local subsidiaries, and interest revenues from CMBS in the U.S.
Gains on Investment Securities and Dividends	Gains on sales of listed shares	—	—	Gains on sales of investees and equity income/dividends from investees and PE funds	Gains on sales of corporate and government bonds held by ORIX Bank	Gains on sales of investees and equity income from PE funds, gains on sales of municipal bonds in the U.S.
Operating Leases	Lease renewal revenues and revenues from real estate leasing	Auto and precision measuring equipment leasing, rental, and leasing renewal revenues and gains on sales from used cars	Rental revenues from rental properties and gains on sales of rental properties	—	—	Auto leasing revenues of local subsidiaries, gains on sales of used cars, aircraft leasing revenues and gains on sales of aircraft
Life Insurance Premiums and Related Investment Income	—	—	—	—	Life insurance premiums and related investment income	—
Sales of Goods and Real Estate	Revenues from sales of software of Yayoi	Revenues from sales of used rental equipment	Gains on sales of condominiums	Revenues from sales of goods by investees	—	Revenues from sales of goods by investees
Services Income	Revenues from after-sales services of Yayoi, insurance agency commissions, environment and energy business related fees	Revenues from vehicle maintenance services	Revenues from operating facilities (including gains on sales), asset management fees, real estate investment advisory fees and DAIKYO's real estate management services	Revenues from Environment and Energy businesses (including gains on sales) and income from investees	Life insurance consulting fees	ORIX Corporation Europe's asset management fee revenues, and income from auto maintenance services of local subsidiaries

About ORIX

Group Companies (As of March 31, 2019)

Segment	Principal Business	Established (Acquired)	Direct/ Indirect Investment
Corporate Financial Services			
ORIX Corporation Eastern Japan Sales Headquarters, Western Japan Sales Headquarters	Leasing, Lending, Other Financial Services		
NS Lease Co., Ltd.	Leasing, Lending, Other Financial Services	(Jul. 2002)	100%
ORIX Tokushima Corporation	Leasing, Other Financial Services	(Oct. 2005)	95%
Tsukuba Lease Corporation	Leasing	(Jun. 2010)	95%
Kyuko-Lease Inc.	Leasing, Other Financial Services	(Jan. 2012)	85%
FREEILL CORPORATION	Medical Equipment Rental	(May 2013)	100%
Yayoi Co., Ltd.	Development, Marketing, and Support of Business Management Software and Related Services	(Dec. 2014)	99%
ORIX Yatsugatake Farm Co., Ltd.	Production and Sales of Hydroponic Vegetables	Apr. 2015	97%
ORIX Food Supply Corporation	Purchase and Sales of Fruits and Vegetables	Jul. 2016	100%
Altoa, Inc.	Online Lending	Feb. 2017	91%
Maintenance Leasing			
ORIX Auto Corporation	Automobile Leasing, Rental, Car Sharing and Sales of Used Automobiles	Jun. 1973	100%
ORIX Rentec Corporation	Rental and Leasing of Test and Measurement Instruments and IT-related Equipment	Sep. 1976	100%
Yodogawa Transformer Co., Ltd.	Manufacturing, Rental, Sales, and Purchasing of Power Receiving, Transforming, and Generating Facilities and Equipment, Various Types of Transformers, Cubicles, etc.	(Jan. 2018)	100%
Real Estate			
ORIX Corporation Real Estate Headquarters	Real Estate Development and Rental		
ORIX Interior Corporation	Interior Finish Work and Construction Management, Real Estate Rental and Parking Lot Business	(Jan. 1987)	100%
Blue Wave Corporation	Hotel and Training Facility Management	Jan. 1997	100%
ORIX Real Estate Corporation	Real Estate Rental, Facilities Operation and Management	Mar. 1999	100%
ORIX Asset Management Corporation	Asset Management of J-REIT	Sep. 2000	100%
ORIX Living Corporation ¹	Senior Housing Management	Apr. 2005	99%
Chofu Driving School Corporation	Driving School	(Dec. 2005)	100%
ORIX Real Estate Investment Advisors Corporation	Real Estate Investment and Advisory Services	Sep. 2007	100%
ORIX Aquarium Corporation	Aquarium Operation	Apr. 2011	100%
ORIX Agriculture Corporation	Production of Vegetables at Plant Factory and their Sales	Feb. 2014	100%
DAIKYO INCORPORATED	Real Estate Investment and Advisory Services	(Jan. 2019)	100%
Investment and Operation			
ORIX Corporation Investment and Operation Headquarters	Principal Investment		
ORIX Corporation Energy and Eco Services Business Headquarters	Environment and Energy Business		
ORIX Capital Corporation	Venture Capital	Oct. 1983	100%
ORIX Eco Services Corporation	Trading of Recycled Metals and Other Resources, Collection and Transportation of Industrial Waste, and Intermediate Waste Processing	Apr. 1998	100%
ORIX Asset Management & Loan Services Corporation	Loan Servicing	Apr. 1999	100%
ORIX Environmental Resources Management Corporation	Waste Recycling	Sep. 2002	100%
Agatsuma Bio Power Co., Ltd.	Biomass Power Generation	Jan. 2006	100%
ORIX Loan Business Center Corporation	Personal Loan Related Asset Management, Customer Relations	May 2009	99%
Ubiteq, INC.	Development and Manufacturing of Electronic Equipment and In-Vehicle Devices, Development and Operation of Systems, IoT Business	(Jul. 2010)	57%
ONE Energy Corporation	Sales, Leasing and Rental of Solar Panels and Electricity Storage Systems	Mar. 2013	70%
ORIX Renewable Energy Management Corporation	Operation, Management, and Maintenance of Power Plants That Use Renewable Energy Sources	Jun. 2018	100%
Retail			
ORIX Credit Corporation	Consumer Finance Services	Jun. 1979	100%
ORIX Life Insurance Corporation	Life Insurance	Apr. 1991	100%
ORIX Bank Corporation	Banking	(Apr. 1998)	100%
ORIX Insurance Consulting Corporation	Insurance Agency Services	Oct. 2012	100%
ORIX Headquarter Functions (Not included in Segment Financial Information)			
ORIX Insurance Services Corporation	Insurance Agency Services	Sep. 1976	100%
ORIX Computer Systems Corporation	Software Engineering and Systems Management	Mar. 1984	100%
ORIX Baseball Club Co., Ltd.	Professional Baseball Team Management	(Oct. 1988)	100%
ORIX Management Information Center Corporation	Accounting and Administration Services	Oct. 1999	100%
ORIX Business Center Okinawa Corporation	Business Center, Contact Center	Nov. 1999	100%
ORIX Business Support Corporation	Business Support Services	Apr. 2007	100%

1. The ORIX Group agreed to the transfer of ORIX Living Corporation on March 25, 2019 and completed the transfer on August 30, 2019.

Segment	Country (Region) ²	Principal Business	Established (Acquired)	Direct/ Indirect Investment
Overseas Business				
ORIX Corporation Global Business Headquarters ³	Japan	Administration of Overseas Activities, Alternative Investment		
ORIX Corporation Global Transportation Services Headquarters ³	Japan	Ship-related Services, Aircraft-related Services		
ORIX Corporation East Asia Business Headquarters ³	Japan	Administration of Overseas Activities		
ORIX Maritime Corporation ³	Japan	Ship Charter and Ship Broker Service	Nov. 1977	100%
ORIX Aircraft Corporation ³	Japan	Aircraft Leasing	May 1986	100%
ORIX Corporation USA	USA	Financial Services	Aug. 1981	100%
Mariner Investment Group LLC	USA	Fund Operation and Management	(Dec. 2010)	69%
Boston Partners Global Investors, Inc.	USA	Asset Management	(Jul. 2013)	100%
Harbor Capital Advisors, Inc.	USA	Asset Management	(Jul. 2013)	100%
ORIX Real Estate Capital Holdings, LLC	USA	Mortgage Banking and Loan Servicing	Sep. 2013	100%
Boston Financial Investment Management, L.P.	USA	Low Income Housing Tax Credit Syndicator	(Jul. 2016)	100%
Ormat Technologies, Inc. ⁴	USA	Geothermal Power Generation	(Jul. 2017)	21%
NXT Capital Group, LLC	USA	Loan Origination, Asset Management	(Aug. 2018)	100%
ORIX Brazil Investments and Holdings Limited	Brazil	Equity Investment	Aug. 2012	100%
RB Capital S.A.	Brazil	Real Estate Securitization, Asset Management, Real Estate Development and Investment	(Dec. 2016)	67%
ORIX Asia Limited	Hong Kong	Leasing, Automobile Leasing, Lending, Banking	Sep. 1971	100%
ORIX Asia Capital Limited	Hong Kong	Equity Investment, Fund Operation and Management, Lending	Jul. 1973	100%
ORIX Taiwan Corporation	Taiwan	Leasing, Sales Finance, Insurance Agency Services	(Feb. 1991)	100%
ORIX Auto Leasing Taiwan Corporation	Taiwan	Automobile Leasing	Apr. 1998	100%
ORIX Taiwan Asset Management Company	Taiwan	NPL Investment, Loan Servicing	Nov. 2004	100%
ORIX Rentec (Korea) Corporation	South Korea	Rental and Leasing of Test and Measurement Instruments and IT-Related Equipment	Apr. 2001	100%
ORIX Capital Korea Corporation	South Korea	Automobile Leasing, Leasing, Lending	Feb. 2004	100%
ORIX Private Equity Korea Corporation	South Korea	Fund Operation and Management	Mar. 2010	100%
ORIX China Corporation	China	Leasing, Rental	Aug. 2005	97%
CHINA RAILWAY LEASING CO., LTD.	China	Railway-related Leasing	(Jan. 2006)	14%
Beijing Oriental Jicheng Co., Ltd.	China	Rental and Sales of Precision Measuring Equipment	(Feb. 2006)	23%
ORIX (China) Investment Co., Ltd.	China	Leasing, Equity Investment, Other Financial Services	Dec. 2009	100%
Pang Da ORIX Auto Leasing Co., Ltd.	China	Automobile Leasing	May 2012	25%
TenGer Financial Group LLC	Mongolia	Banking, Leasing, Non-Life Insurance	(Oct. 2013)	16%
ORIX Leasing Singapore Limited	Singapore	Leasing, Sales Finance, Lending	Sep. 1972	50%
ORIX Investment and Management Private Limited	Singapore	Equity Investment, Lending	May 1981	100%
ETHOZ Group Ltd.	Singapore	Automobile Leasing and Rentals, Leasing	Sep. 1981	45%
ORIX Rentec (Singapore) Pte. Limited	Singapore	Rental and Leasing of Test and Measurement Instruments and IT-related Equipment	Oct. 1995	100%
ORIX Leasing Malaysia Berhad	Malaysia	Leasing, Lending	Sep. 1973	100%
ORIX Credit Malaysia Sdn. Bhd.	Malaysia	Sales Finance	Jan. 1981	100%
ORIX Car Rentals Sdn. Bhd.	Malaysia	Automobile Rentals	Feb. 1989	100%
ORIX Rentec (Malaysia) Sdn. Bhd.	Malaysia	Rental and Leasing of Test and Measurement Instruments and IT-related Equipment	Nov. 1996	100%
ORIX Auto Leasing Malaysia Sdn. Bhd.	Malaysia	Automobile Leasing	Oct. 2000	100%
ORIX Asset Management Malaysia Sdn. Bhd.	Malaysia	NPL Investment	Jan. 2008	100%
PT. ORIX Indonesia Finance	Indonesia	Leasing, Automobile Leasing	Apr. 1975	85%
PT. Sinar Mitra Sepadan Finance	Indonesia	Used Car Loans for Sole Proprietors and Individual Customers	(Nov. 2015)	85%
ORIX METRO Leasing and Finance Corporation	Philippines	Leasing, Automobile Leasing, Lending	Jun. 1977	40%
ORIX Auto Leasing Philippines Corporation	Philippines	Automobile Leasing	Sep. 1989	40%
Thai ORIX Leasing Co., Ltd.	Thailand	Leasing, Automobile Leasing and Rentals	Jun. 1978	96%
Indochina Capital Corporation	Vietnam	Fund Operation and Management, Real Estate Development, and Advisory, Investment Banking	(Nov. 2010)	25%
ORIX Leasing Pakistan Limited ⁴	Pakistan	Leasing, Automobile Leasing	Jul. 1986	49%
INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED	India	Infrastructure Investment, Investment Banking	(Mar. 1993)	23%
ORIX Auto Infrastructure Services Limited	India	Automobile Leasing, Rentals, Leasing, Commercial Vehicle Loans, Commercial Mortgage Loans	Mar. 1995	99%
Canara Robeco Asset Management Company Limited	India	Asset Management	(Jul. 2013)	49%
ORIX Leasing Egypt SAE	Egypt	Leasing, Automobile Leasing	Jun. 1997	34%
Saudi ORIX Leasing Company	Saudi Arabia	Leasing, Automobile Leasing	Jan. 2001	28%
Al Hail ORIX Finance PSC	UAE	Leasing, Automobile Leasing, Lending	Mar. 2002	38%
The Mediterranean & Gulf Insurance & Reinsurance Company B.S.C.	Bahrain	Non-Life Insurance, Life Insurance, Reinsurance	(Jun. 2013)	25%
ORIX Australia Corporation Limited	Australia	Automobile Leasing and Truck Rentals	Jul. 1986	100%
ORIX New Zealand Limited	New Zealand	Automobile Leasing	Dec. 1988	100%
ORIX Aviation Systems Limited	Ireland	Aircraft Leasing, Asset Management, Aircraft-related Technical Services	Mar. 1991	100%
ORIX Polska S.A.	Poland	Leasing, Automobile Leasing	(Oct. 1995)	100%
ORIX Corporation Europe N.V.	Netherlands	Headquarters for the Business in Europe	(Jul. 2013)	100%
Robeco Institutional Asset Management B.V. (RIAM)	Netherlands	Asset Management	(Jul. 2013)	100%
Transtrend B.V.	Netherlands	Asset Management	(Jul. 2013)	100%
RobecoSAM AG	Switzerland	Asset Management	(Jul. 2013)	100%
ORIX Corporation UK Limited	UK	Equity Investment	Jan. 2018	100%

Notes: 2. ORIX has offices in other locations not included in the list above. In total, ORIX's business operations currently extend across 37 countries and regions worldwide.

3. ORIX Corporation's Global Business Headquarters, Global Transportation Services Headquarters, East Asia Business Headquarters as well as ORIX Maritime Corporation and ORIX Aircraft Corporation, are based in Japan but are engaged in business activities primarily in Asia, Oceania and Europe.

4. Listed company

About ORIX

Corporate Profile/Stock Information/Investor Memo

Corporate Profile (As of March 31, 2019)

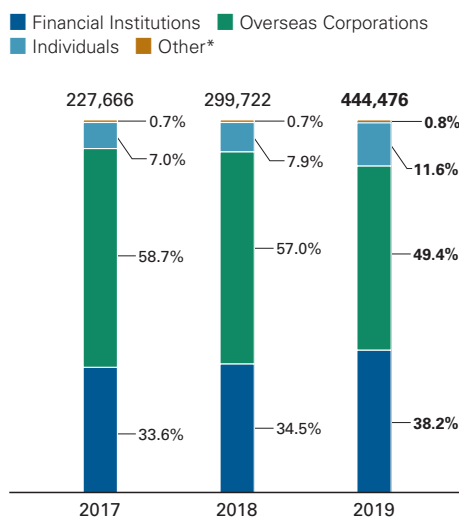
Company Name	ORIX Corporation	Shareholders' Equity	¥2,897,074 million
Established	April 17, 1964	Fiscal Year-End	March 31
Head Office	World Trade Center Bldg., 2-4-1 Hamamatsu-cho, Minato-ku, Tokyo 105-6135, Japan Tel: +81-3-3435-3000	Consolidated Companies	883
		Affiliates	198
		Number of Employees	32,411
		Global Network	2,196 locations in 37 countries and regions worldwide Japan 1,466 locations Ex-Japan 730 locations

Stock Information (As of March 31, 2019)

Number of Shares

Total Number of Shares Authorized	2,590,000,000 shares
Total Number of Shares Issued and Outstanding	1,324,629,128 shares
Number of Shareholders	444,476

Number of Shareholders/ Composition of Shareholders (%)



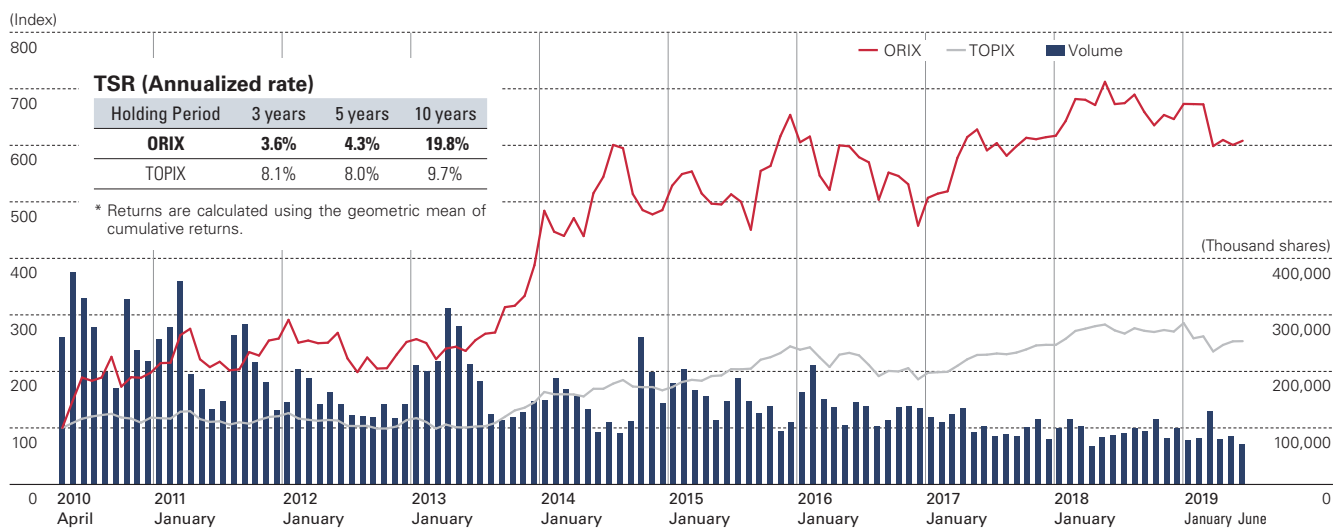
* Other does not include treasury stock.

Major Shareholders

Name	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	118,029	9.20
The Master Trust Bank of Japan, Ltd. (Trust Account)	90,960	7.09
Japan Trustee Services Bank, Ltd. (Trust Account 9)	35,562	2.77
SSBTC CLIENT OMNIBUS ACCOUNT	30,674	2.39
Japan Trustee Services Bank, Ltd. (Trust Account 5)	25,819	2.01
JPMorgan Securities Japan Co., Ltd.	22,481	1.75
Japan Trustee Services Bank, Ltd. (Trust Account 7)	21,606	1.68
CITIBANK, N.A.-N.Y. AS DEPOSITARY BANK FOR DEPOSITARY SHAREHOLDERS	21,462	1.67
The Chase Manhattan Bank 385036	21,233	1.65
State Street Bank West Client Treaty 505234	20,258	1.58

Note: The calculation of percentage of total shares in issue excludes treasury stock.

Total Shareholder Return (TSR*)



Investor Memo (As of August 1, 2019)

Transfer Agent for Common Shares

Mitsubishi UFJ Trust and Banking Corporation
Tel: 0120-232-711 (toll-free in Japan)

Stock Exchange Listings

Tokyo Stock Exchange, First Section, Securities Code: 8591
New York Stock Exchange Trading Symbol: IX

Depository and Registrar for American Depositary Receipts

Citibank, N.A., Shareholder Services
P.O. Box 43077
Providence, RI
02940-3077
USA
Tel: 1-877-248-4237 (toll-free in the U.S.)
1-816-843-4281 (outside the U.S.)
Fax: 1-201-324-3284
E-mail: citibank@shareholders-online.com
Ratio 1 ADR = 5 common shares
NYSE: IX

Passive Foreign Investment Company Rules

The Company believes that it will be considered a "passive foreign investment company" for U.S. federal income tax purposes in the year to which these consolidated financial results relate and for the foreseeable future by reason of the composition of its assets and the nature of its income. A U.S. holder of the shares or ADSs of the Company is therefore subject to special rules generally intended to eliminate any benefits from the deferral of U.S. federal income tax that a holder could derive from investing in a foreign corporation that does not distribute all of its earnings on a current basis. Investors should consult their tax advisors with respect to such rules, which are summarized under "UNITED STATES TAXATION" in the Company's Form 20-F filed with the U.S. Securities and Exchange Commission.

Presentation of Financial Information

The Company's fiscal year ends on March 31. The fiscal year ended March 31, 2019, is referred to throughout this Integrated Report as "FY2019.3" and other fiscal years are referred to in a corresponding manner.

Forward-Looking Statements

This document may contain forward-looking statements about expected future events and financial results that involve risks and uncertainties. Such statements are based on our current expectations and are subject to uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause such a difference include, but are not limited to, those described under "Risk Factors" in the Company's Form 20-F filed with the U.S. Securities and Exchange Commission and under "Business Risk" of the securities report (*yukashoken houkokusho*) filed with the Director of the Kanto Local Finance Bureau. The Company makes available free of charge on or through its website (<https://www.orix.co.jp/grp/en>) its annual report on Form 20-F and other reports.

ORIX Corporation

Treasury and Accounting Headquarters
Corporate Planning Department

World Trade Center Bldg., 2-4-1 Hamamatsu-cho, Minato-ku, Tokyo 105-6135, Japan
Tel: +81-3-3435-3121 Fax: +81-3-3435-3154 URL: <https://www.orix.co.jp/grp/en/>
For inquiries about this Integrated Report, please contact us at the address above.

