To Our Shareholders:

Matters available on the website in relation to the Notice of Convocation of the 53rd Annual General Meeting of Shareholders

The 53rd Fiscal Year (From April 1, 2015 to March 31, 2016)

May 31, 2016
ORIX CORPORATION

The above information is made available on ORIX CORPORATION’s web site (http://www.orix.co.jp/grp/en/ir/library/shareholder_meeting/) pursuant to relevant laws and Company’s Articles of Incorporation.

I. Stock Acquisition Rights

(1) Stock Acquisition Rights held by Directors and Executive Officers

1) Number of Directors and Executive Officers holding stock acquisition rights (As of March 31, 2016)

Category	Name of stock acquisition rights	Number of stock acquisition rights	Class and number of shares to be delivered upon exercise of rights	Number of holders
Director (excluding Outside Director and including Executive Officer)	2006 stock acquisition rights	1,164	116,400 shares of the company's common stock	20
	2007 stock acquisition rights	1,346	134,600 shares of the company's common stock	20
	2008 stock acquisition rights	1,468	146,800 shares of the company's common stock	20
Outside Director	2006 stock acquisition rights	0	0 shares of the company's common stock	0
	2007 stock acquisition rights	0	0 shares of the company's common stock	0
	2008 stock acquisition rights	0	0 shares of the company's common stock	0

Notes: 2006 to 2008 stock acquisition rights are stock options delivered as consideration for execution of duties as provided for under Articles 236, 238, 239 and 240 of the Companies Act.

2) Summary of stock acquisition rights to shares stated in 1) above

Name of stock acquisition rights (Allotment date)	Number of stock acquisition rights	Class and number of shares to be delivered upon exercise of rights	Amount to be paid in for rights (Issue price)	Amount to be paid in per share upon exercise of rights	Exercise period	Recipients
2006 stock acquisition rights (July 19, 2006)	19,420	1,942,000 shares of the company's common stock	Without contribution	2,961 yen	From June 21, 2008 to June 20, 2016	Directors, executive officers, corporate auditors and employees of the Company or its subsidiaries, etc.
2007 stock acquisition rights (July 19, 2007)	14,498	1,449,800 shares of the company's common stock	Without contribution	3,100 yen	From July 5, 2009 to June 22, 2017	The same as above
2008 stock acquisition rights (August 5, 2008)	14,790	1,479,000 shares of the company's common stock	Without contribution	1,689 yen	From July 18, 2010 to June 24, 2018	The same as above

Note: The exercise conditions (outline) are as follows:

- In the case of person who has lost status as Director, Executive Officer, Corporate Auditor or employee of the Company or a subsidiary, etc. of the Company, a period longer than one year must not have passed since the date of loss.
- No measures whatsoever that relate to the provision of pledges, establishment of mortgaged security, or other security shall be undertaken.
- Other conditions shall be set forth in the allotment agreements entered into between the Company and the recipients.

(2) Stock acquisition rights delivered to employees during the fiscal year ended March 31, 2016

No items to report.

(3) Other important matters concerning stock acquisition rights

No items to report.

II. Matters Concerning the Independent Auditor

(1) Name of the Independent Auditor:

KPMG AZSA LLC

(2) Audit Fees

1) Amount of audit fees to the independent auditor for the fiscal year ended March 31, 2016

¥620 million

Notes: 1. Since the audit fees based on the Companies Act, the Financial Instruments and Exchange Act, and U.S. securities and exchange acts could not be substantively separated, the amount of audit fees above includes the audit fees based on these acts.

2. Audit Committee of the Company agrees to the accounting auditor's compensation after considering the appropriateness of their audit plan, execution of their audit works, and the bases for fee calculations.

2) Total amount of cash and other financial benefits payable by the company and its subsidiaries to the independent auditor

¥1,326 million

(3) Details of Non-Audit Services for Which the Company Pays Consideration to Independent Auditor

The Company pays consideration for services outside the scope of Article 2, Paragraph 1 of the Certified Public Accountants Act (Act number: 103 of 1948), such as advisory services and comfort letter services.

(4) Overview of Details of Limited Liability Agreement Entered into with Independent Auditor

No items to report.

(5) Matters Concerning Business Suspension Sanction Against Independent Auditor

No items to report.

(6) Auditors Other than Independent Auditor Providing Auditing Services to Our Subsidiaries

All our overseas subsidiaries listed in the Item 2. (7) 2) “Significant subsidiaries” in the Convocation Notice are subject to audit by certified public accountants or auditing firms other than the Company’s independent auditor.

(7) Independent Auditor Who Resigned or was Dismissed During the Fiscal Year Ended March 31, 2016

No items to report.

(8) Policy on Dismissal or Non-reappointment of Independent Auditor

With regard to the Independent Auditor, if it is deemed that the Independent Auditor's auditing functions are inadequate to perform the Company's auditing from such viewpoints as expert knowledge, general ability necessary to perform audit, quality of audit, number of continuous years of audit at the Company, or independence from the Company; if they are in violation or contradiction of laws and regulations such as the Companies Act and the Certified Public Accountants Act; if they are offensive to public order and morals; or if there are other suitable reasons, the Company's Audit Committee shall decide the details to be submitted as a proposal to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the Independent Auditor. To make this process possible, the Company's Audit Committee carries out an evaluation of the Independent Auditor every year based on its determined evaluation items.

In addition, if the Company's Audit Committee deems that the Independent Auditor's circumstances are applicable as a reason for dismissal provided for in Article 340, Paragraph 1 of the Companies Act, the Audit Committee shall dismiss the Independent Auditor.

III. Notes to the Consolidated Financial Statements

1. Significant Basis of Preparation of Consolidated Financial Statements

(1) Scope of Consolidation

1) Number of consolidated subsidiaries: 793

Entities such as variable interest entities (VIEs) and SPEs (entities that have been established for specific projects) are included.

2) Name of major consolidated subsidiaries

Yayoi Co., Ltd., ORIX Auto Corporation, ORIX Rentec Corporation, ORIX Real Estate Corporation, ORIX Golf Holdings Corporation, ORIX Real Estate Investment Advisors Corporation, ORIX Asset Management and Loan Services Corporation, DAIKYO INCORPORATED, ORIX Life Insurance Corporation, ORIX Bank Corporation, ORIX Credit Corporation, ORIX USA Corporation, ORIX Asia Limited, ORIX Leasing Malaysia Berhad, PT. ORIX Indonesia Finance, ORIX Australia Corporation Limited, ORIX Aviation Systems Limited, ORIX (China) Investment Co., Ltd., Robeco Groep N.V.

3) Entities not accounted for as subsidiaries despite the company owns the majority of voting interests

OSB Savings Bank Co., Ltd

(Reason for not accounted for as a subsidiary)

As of March 31, 2016, the Company holds the majority of voting interests in the entity; however, since noncontrolling shareholders have substantive participating rights to decisions that occur as part of the ordinary course of its business, the entity was excluded from the scope of consolidated subsidiaries and accounted for by using the equity method pursuant to ASC 810 ("Consolidation").

(2) Application of the Equity Method

1) Number of affiliates accounted for by the equity method: 132

Including the number of entities disclosed in (1) 3) above.

2) Name of major affiliates

No items to reports.

(3) Summary of Significant Accounting Policies

1) Basis of presenting consolidated financial statements

In preparing the accompanying consolidated financial statements pursuant to the provision of paragraph 1 of Article 120-3 of the Ordinance on Accounting of Companies, the Company and its subsidiaries have complied with accounting principles generally accepted in the United States of America ("U.S. GAAP"), except for the accounting for stock splits. However certain information and notes required under U.S. GAAP are omitted pursuant to the provision of the latter part of paragraph of Article 120-1, which applies in paragraph 3 of Article 120-3. All amounts shown herein are rounded to the nearest millions of Japanese yen.

2) Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investments in affiliates, where the Company has the ability to exercise significant influence by way of 20%–50% ownership or other means, are accounted for by using the equity method. Certain entities other than investments in affiliates are accounted for by using the equity method as described in (1) 3) above. In addition, the consolidated financial statements also include VIEs to which the Company and its subsidiaries are primary beneficiaries pursuant to ASC 810 ("Consolidation").

A lag period of up to three months is used on a consistent basis for recognizing the results of certain subsidiaries and affiliates.

All significant intercompany accounts and transactions have been eliminated in consolidation.

3) Inventories

Inventories under development:

Carried at cost based on the specific identification method

Completed goods and real estate for sale:

Stated at lower of cost or fair value less cost to sell mainly based on the specific identification method

4) Derivative financial instruments

The Company and its subsidiaries apply ASC 815 ("Derivatives and Hedging"), and all derivatives held by the Company and its subsidiaries are recognized on the consolidated balance sheets at fair value. Changes in the fair value of derivatives are recorded in earnings or other comprehensive income (loss) depending on their use and nature of hedging.

5) Investment in securities

Trading securities:

Trading securities are reported at fair value with unrealized gains and losses included in income.

Available-for-sale securities:

Available-for-sale securities are reported at fair value, and unrealized gains or losses are recorded in accumulated other comprehensive income (loss), net of applicable income taxes, except investments which are recorded at fair value with unrealized gains and losses included in income by electing the fair value option under ASC 825 ("Financial Instruments").

Held-to-maturity securities:

Held-to-maturity securities are recorded at amortized cost.

Other securities:

Other securities are recorded at cost or carrying value that reflects equity income and loss based on the Company's share, except investments which are recorded at fair value with unrealized gains and losses included in income by electing the fair value option under ASC 825 ("Financial Instruments").

6) Depreciation method of tangible assets

Investment in operating leases:	Mainly on a straight-line basis
Property under facility operations:	Mainly on a straight-line basis
Office facilities:	Declining-balance basis or straight-line basis

7) Recognition of allowance

Allowance for doubtful receivables:

The allowance for doubtful receivables on direct financing leases and probable loan losses is maintained at a level which, in the judgment of management, is appropriate to provide for probable losses inherent in leases and loan portfolios. The allowance is increased by provision charged to income and is decreased by charge-off, net of recoveries. Developing the allowance for doubtful receivables is subject to numerous estimates and judgments. In evaluating the appropriateness of the allowance, management considers various factors, including the business characteristics and financial conditions of the obligors, current economic conditions and trends, prior charge-off experience, current delinquencies and delinquency trends, future cash flows expected to be received from the direct financing leases and loans and value of underlying collateral and guarantees. Impaired loans are individually evaluated for a valuation allowance based on the present value of expected future cash flows, the loan's observable market price or the fair value of the collateral securing the loans if the loans are collateral-dependent. For non-impaired loans, including loans that are not individually evaluated for impairment, and direct financing leases, the Company and its subsidiaries evaluate prior charge-off experience segmented by debtor's industries and the purpose of the loans, and then develop the allowance for doubtful receivables on direct financing leases and probable loan losses considering the prior charge-off experience and current economic conditions.

The Company and its subsidiaries charge off doubtful receivables when the likelihood of any future collection is believed to be minimal considering debtor's creditworthiness and the liquidation status of collateral.

8) Recognition of liabilities for retirement benefits

The Company and its subsidiaries apply ASC 715 ("Compensation—Retirement Benefits"), and the costs of pension plans are accrued based on amounts determined using actuarial methods, with assumptions of discount rate, rate of increase in compensation level, expected long-term rate of return on plan assets and others. Net actuarial loss is amortized using a corridor approach. In addition, the Company and its subsidiaries recognize an asset or a liability for the funded status of the pension plans, measured as the difference between the fair value of plan assets and the benefit obligation, on the consolidated balance sheet.

For overfunded pension plans, the excess amount is included in and presented as other assets, and for underfunded pension plans, the shortfall is included in and presented as other liabilities.

9) Recognition of revenues

Revenues are recognized when persuasive evidence of an arrangement exists, the service has been rendered or the goods have been delivered to the customer, the transaction price is fixed or determinable and collectability is reasonably assured.

In addition to the aforementioned general policy, the policies as specifically described hereinafter are applied for each of the major revenue items.

Finance revenues

Revenues from direct financing leases:

The excess of aggregate lease rentals plus the estimated unguaranteed residual value over the cost of the leased equipment constitutes the unearned lease income to be taken into income over the lease term by using the interest method. Initial direct costs of leases are being deferred and amortized as a yield adjustment over the life of the related lease by using interest method.

Revenues from installment loans:

Interest income on installment loans is recognized on an accrual basis. Certain direct loan origination costs, net of origination fees, are being deferred and amortized over the contractual term of the loan as an adjustment of the related loan’s yield using the interest method.

Operating leases

Revenues from operating leases are recognized on a straight-line basis over the contract terms.

Sales of goods and real estate

Sales of goods:

Revenues from the sales of goods are recognized when persuasive evidence of an arrangement exists, delivery has occurred, and collectability is reasonably assured. Delivery is considered to have occurred when the customer has taken title to the goods and assumed the risks and rewards of ownership.

Real estate sales:

Revenues from the sales of real estate are recognized when a contract is in place, a closing has taken place, the buyer’s initial and continuing investments is adequate to demonstrate a commitment to pay for the property and the Company and its subsidiaries do not have a substantial continuing involvement in the property.

Services income

Revenues from asset management and servicing:

Revenues are recognized when transactions occur or services are rendered and the amounts are fixed or determinable and collectability of which is reasonably assured.

Revenues from automobile maintenance services:

Revenues are recognized over the contract period in proportion to the estimated service costs to be incurred.

10) Impairment of long-lived assets

The Company and its subsidiaries have followed ASC 360 ("Property, Plant, and Equipment"). Under ASC 360, long-lived assets to be held and used in operations, including tangible assets and intangible assets being amortized, shall be tested for recoverability whenever events or changes in circumstances indicate that the assets might be impaired. The assets are considered not recoverable when the undiscounted future cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount.

11) Goodwill and other intangible assets

The Company and its subsidiaries have followed ASC 350 ("Intangibles"). Goodwill and intangible assets that have indefinite useful lives are not amortized but tested at least annually for impairment. Intangible assets with finite lives are amortized over their useful lives and tested for impairment in accordance with ASC 360 ("Property, Plant, and Equipment").

12) Discontinued operations

The Company and its subsidiaries have followed ASC 205-20 ("Presentation of Financial Statements－Discontinued Operations"). In accordance with ASC 205-20, the Company and its subsidiaries report a disposal or a classification as held for sale of a component or a group of components of the Company and its subsidiaries in discontinued operations if the disposal represents a strategic shift which has (or will have) a major effect on the Company and its subsidiaries' operations and financial results.

13) Accounting for consumption taxes

Consumption tax and local consumption tax are excluded from the consolidated statement of income.

14) Adoption of consolidated tax return

The Company and certain subsidiaries have elected to file a consolidated tax return for National Corporation tax purposes.

(4) Additional Information

On March 29, 2016, the 2016 tax reform bill was passed by the National Diet of Japan. From fiscal years beginning on April 1, 2016, the national corporate tax rate and local business tax rate were reduced and the local corporate tax rate was increased. The net effect of those changes was a reduction in the combined statutory income tax rate for the fiscal year beginning on April 1, 2016 from approximately 32.9% to approximately 31.7%, and a further reduction in the combined statutory income tax rate for fiscal year beginning on April 1, 2017 to approximately 31.5%. For the fiscal years beginning on or after April 1, 2018, the combined statutory income tax rate was further reduced to approximately 31.3%. In addition, tax loss carryforward rules were amended, and the deductible amount of tax losses carried forward for the fiscal year beginning on April 1, 2016 is reduced to 60% of taxable income for the year, compared to 65% pursuant to the 2015 tax reform. From the fiscal year beginning on April 1, 2017, the deductible limit of tax losses carried forward will be increased to 55% of taxable income for the year, while the tax loss carryforward period will be reduced from ten years to nine years. From the fiscal years beginning on or after April 1, 2018, the deductible limit of tax losses carried forward will remain at 50% of taxable income and the tax loss carryforward period will remain at 10 years, consistent with the 2015 tax reform. The increase and decrease of the deferred tax assets and liabilities due to the change in the tax rates resulted in a decrease of provision for income taxes by ¥7,468 million in the consolidated statements of income.

2. Changes in Significant Basis of Preparation of Consolidated Financial Statements

(1) Changes in Scope of Consolidation and Application of the Equity Method

1) Changes in scope of consolidation

Addition of 98 subsidiaries due mainly to acquisitions and deduction of 71 subsidiaries due mainly to divestitures during the current fiscal year

2) Changes in scope of application of the equity method

Addition of 31 affiliates due mainly to acquisitions and deduction of 14 affiliates due mainly to divestitures during the current fiscal year

(2) Changes in Accounting Policies

No items to report.

3. Notes to the Consolidated Balance Sheet

(1) Assets Pledged as Collateral and Liabilities Secured by Collateral

The short-term and long-term debts payable to financial institutions, including liabilities related to the securitization of installment loans and others by the consolidated VIEs, are secured by the following assets.

Minimum Lease Payments	¥138,879 million
Installment Loans	¥230,834 million
Investment in Operating Leases	¥294,051 million
Investment in Securities	¥180,883 million
Property under Facility Operations	¥88,478 million
Investment in Affiliates	¥73,441 million
Other assets	¥103,187 million

Note: Other than those above, debt liabilities of affiliates amounted to ¥184,950 million are secured by Investment in Affiliates of ¥32,097 million, and investment in securities of ¥25,808 million was pledged as primarily collateral deposits.

Liabilities secured by collateral are as follows.

Short-Term Debt	¥33,940 million
Trade Notes, Accounts and Other Payable	¥1,576 million
Long-Term Debt	¥713,815 million
Other Liabilities	¥11,778 million

(2) Accumulated Depreciation of Property, Plant and Equipment

Investment in Operating Leases	¥542,868 million
Property under Facility Operations	¥67,055 million
Office Facilities	¥45,310 million

(3) Guarantees

The company and its subsidiaries apply ASC 460 (“Guarantees”), and at the inception of a guarantee, recognize a liability in the consolidated balance sheet at the fair value for the guarantee within the scope of ASC 460.

The summary of potential future payments, book value recorded as guarantees liabilities of the guarantee contracts outstanding are as follows.

	Potential future payment	Book value of guarantee liabilities
Corporate loans	¥396,340 million	¥5,875 million
Transferred loans	¥174,322 million	¥1,587 million
Consumer loans	¥179,225 million	¥21,748 million
Housing loans	¥28,919 million	¥5,853 million
Other	¥482 million	¥179 million

4. Notes to the Consolidated Statements of Changes in Equity

(1) Number of Outstanding Stock as of March 31, 2016

Common Stock	1,324,058,828 shares

(2) Number of Treasury Stock as of March 31, 2016

Common Stock	14,544,808 shares

Note: The number of treasury stock held through the Board Incentive Plan Trust is 1,696,217 shares as of March 31, 2016.

5. Notes to Financial Instruments

(1) Estimated Fair Value of Financial Instruments

The carrying amount of financial instruments reported in the Consolidated Balance Sheet and their estimated fair value, and the differences between both as of March 31, 2016 are as follows.

Millions of yen

	Carrying amount	Estimated fair value	Differences
1) Cash and cash equivalents	730,420	730,420	–
2) Restricted cash	80,979	80,979	–
3) Installment loans (net of allowance for probable loan losses)	2,545,542	2,553,006	7,464
4) Trading securities	725,821	725,821	–
5) Investment in securities			
－Practicable to estimate fair value	1,480,499	1,511,161	30,662
－Not practicable to estimate fair value	138,472	138,472	–
6) Time deposits	9,843	9,843	–
7) Derivative assets	27,990	27,990	–
8) Reinsurance recoverables (investment contracts)	93,838	94,656	818
9) Short-term debt	(349,624)	(349,624)	–
10) Deposits	(1,398,472)	(1,400,528)	(2,056)
11) Long-term debt	(3,940,906)	(3,959,166)	(18,260)
12) Derivative liabilities	(14,113)	(14,113)	–
13) Policy liabilities and Policy account balances (Investment contracts)	(306,058)	(308,064)	(2,006)

Note: Liabilities or negative values are shown in parentheses.

(2) Method of Estimating Fair Value of Financial Instruments

1) 2) 6) 9) Cash and cash equivalents, restricted cash, time deposits and short-term debt

The carrying amounts recognized in the balance sheet were determined to be reasonable estimates of their fair values due to their short maturity.

3) Installment Loans (net of allowance for probable loan losses)

The carrying amounts of floating-rate installment loans with no significant changes in credit risk and which could be repriced within a short-term period were determined to be reasonable estimates of their fair values. The carrying amounts of purchased loans were determined to be reasonable estimates of their fair values because the carrying amounts (net of allowance) are considered to properly reflect the recoverability and value of these loans. For certain homogeneous categories of medium- and long-term fixed-rate loans, the estimated fair values were calculated by discounting the future cash flows using the current rates charged by the Company and its subsidiaries for new loans made to borrowers with similar credit ratings and remaining maturities as of the end of the period. Concerning above, if available, estimated fair values were based on quoted market prices or quotations provided by dealers.

4) 5) Investment in Securities

For trading securities and available-for-sale securities other than specified bonds issued by SPEs and certain other mortgage-backed and asset-backed securities, the estimated fair values, which are also the carrying amounts recorded in the balance sheets, were generally based on quoted market prices or quotations provided by dealers. As for the specified bonds issued by the SPEs and certain other mortgage-backed and asset-backed securities included in available-for-sale securities, the Company and its subsidiaries estimated the fair value by using the discounted cash flow methodology and broker quotes. For held-to-maturity securities, the estimated fair values were mainly based on quoted market prices. For certain investment funds included in other securities, the fair values were estimated based on net asset value per share or the discounted cash flow methodology. With regard to other securities other than the investment funds described above, the Company and its subsidiaries have not estimated the fair value, as it is not practicable to do so. Those other securities mainly consist of non-marketable equity securities and preferred capital shares. Because there were no quoted market prices for such other securities and each security has a different nature and characteristics, reasonable estimates of fair values could not be made without incurring excessive costs.

7) 12) Derivatives

For exchange-traded derivatives, fair value is based on quoted market prices. Fair value estimates for other derivatives generally reflect the estimated amounts that the Company and its subsidiaries would receive or pay to terminate the contracts at the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. In estimating the fair value of most of the Company's and its subsidiaries' derivatives, estimated future cash flows are discounted mainly using the interest rate as of the end of the period.

8) 13) Reinsurance Recoverables and Policy Liabilities and Policy Account Balances

A certain subsidiary has fixed annuity contracts, variable annuity and variable life insurance contracts, and reinsurance contracts which are classified as investment contracts because they do not expose the subsidiary to mortality or morbidity risks. In estimating the fair value of those contracts, estimated future cash flows are discounted mainly using the interest rate as of the end of the period.

10) Deposits

The carrying amounts of demand deposits recognized in the consolidated balance sheets were determined to be reasonable estimates of their fair values. The estimated fair values of time deposits were calculated by discounting the future cash flows. The current interest rates offered for the deposits with similar terms and remaining average maturities were used as the discount rates.

11) Long-term Debt

The carrying amounts of long-term debt with floating rates which could be repriced within short-term periods were determined to be reasonable estimates of their fair values. For medium- and long-term fixed-rate debt, the estimated fair values were calculated by discounting the future cash flows. The borrowing interest rates that were currently available to the Company and its subsidiaries offered by financial institutions for debt with similar terms and remaining average maturities were used as the discount rates. Concerning above, if available, estimated fair values were based on quoted market prices or quotations provided by dealers.

6. Rental Property

(1) Summary of Investment and Rental Property

The Company and its subsidiaries own real estate such as rental office buildings, rental logistics centers, rental commercial facilities other than office buildings, rental condominiums and land which is utilized for development of rental properties. A large portion of real estate held for investment and rental is located around major cities in Japan such as Tokyo.

(2) Fair Value of Investment and Rental Property

Carrying amount	Fair value
¥513,899 million	¥596,687 million

Notes: 1. Carrying amounts are stated as cost less accumulated depreciation.

2. Fair value as of March 31, 2016 is either obtained from appraisal reports by external qualified appraisers, calculated by internal appraisal department in accordance with “Real estate appraisal standards,” or calculated by other reasonable internal calculation utilizing similar methods.

7. Per Share Data

(1) Shareholders’ Equity Per Share	1,764.34 yen

Note: Shareholders’ Equity Per Share is calculated based on Shareholders’ Equity attributable to ORIX Corporation shareholders in accordance with U.S. GAAP.

(2) Earnings Per Share for Net Income Attributable to ORIX Corporation Shareholders

Basic	198.73 yen
Diluted	198.52 yen

Note: The Company’s shares held through the Board Incentive Plan Trust are included in the number of treasury stocks which are excluded for the purpose of calculating Per Share Data as of March 31, 2016.

8. Significant Subsequent Events

There are no material subsequent events.

IV. Financial Statements (Japanese GAAP)
Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2015 to March 31, 2016)

Millions of yen

	Shareholders' equity							
		Capital surplus		Retained earnings				
				Other retained earnings				
	Common stock	Capital reserves	Total capital surplus	Reserve for special depreciation	Retained earnings unappropria-ted	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2015	220,056	247,235	247,235	8,072	390,946	399,019	(26,411)	839,901
Changes of items during the period								
Issuance of new shares	412	412	412					824
Transfer to reserve for special depreciation				711	(711)	–		–
Reversal of reserve for special depreciation				(1,231)	1,231	–		–
Increase in reserve for special depreciation due to change in tax rate				53	(53)	–		–
Disposal of treasury stock					(0)	(0)	727	727
Dividends paid					(76,034)	(76,034)		(76,034)
Net income					270,347	270,347		270,347
Purchase of treasury stock							(2)	(2)
Net changes of items other than shareholders' equity								
Total changes of items during the period	412	412	412	(467)	194,779	194,312	725	195,862
Balance as of March 31, 2016	220,469	247,648	247,648	7,605	585,726	593,332	(25,685)	1,035,764

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Unrealized gains on securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of April 1, 2015	39,913	(59,665)	(19,751)	3,197	823,347
Changes of items during the period					
Issuance of new shares					824
Transfer to reserve for special depreciation					–
Reversal of reserve for special depreciation					–
Increase in reserve for special depreciation due to change in tax rate					–
Disposal of treasury stock					727
Dividends paid					(76,034)
Net income					270,347
Purchase of treasury stock					(2)
Net changes of items other than shareholders' equity	(18,096)	23,812	5,716	(376)	5,339
Total changes of items during the period	(18,096)	23,812	5,716	(376)	201,202
Balance as of March 31, 2016	21,817	(35,852)	(14,035)	2,820	1,024,549

V. Notes to Non-Consolidated Financial Statements

Significant Accounting Policies

1. Basis and Methods of Valuation for Securities

Shares of Subsidiaries and Affiliates

Stated at cost, determined by the moving-average cost method

Investments in Investment Limited Partnership (Investment LPS)

Stated at the Company's proportional net asset value in the Investment LPS based on its Financial Statements

Other Securities

Securities with market value

Marketable securities are reported at fair value with unrealized gains and losses, net of applicable taxes, reported directly in net assets. Cost of sales for marketable securities is determined by the moving-average cost method.

Securities without market value

Shares: Stated at cost, determined by the moving-average cost method

Bonds: Stated at amortized cost

2. Valuation of Derivative Financial Instruments

Stated at fair value

3. Valuation of Inventories

Stated at cost, mainly determined by the first-in-first-out method (amount shown in the balance sheet is devalued due to decline in profitability)

4. Depreciation and Amortization Method of Fixed Assets

Property, Plant and Equipment

Assets for Lease:

Calculated by declining-balance method

However, depreciation of buildings (excluding fixtures) acquired after March 31, 1998, is calculated using the straight-line method.

Office Facilities:

Calculated by declining-balance method

However, depreciation of buildings (excluding fixtures) acquired after March 31, 1998, is calculated using the straight-line method.

Intangible Fixed Assets:

Calculated by straight-line method

Internal-use software development costs are amortized by the straight-line method over five years.

5. Accounting for Deferred Assets

All bond issuance costs and stock issuance costs are charged to expense as incurred.

6. Translation of Assets and Liabilities Denominated in Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at exchange rates as of the end of period. Exchange gains or losses resulting from translation are recognized in the nonconsolidated statement of income.

7. Basis of recording Allowances

Allowance for Doubtful Receivables:

Allowance for doubtful receivables is recorded for future loss on monetary claim and stated at estimated uncollectible amounts based on the Company's prior charge-off experience regarding general and sub-performing receivables and with respect to bankruptcy claims and others, stated at estimated uncollectible amounts based on individual evaluation of collectability.

Allowance for Losses on Guarantees:

Allowance for losses on guarantees is recorded for future possible losses and the amount is estimated based on the Company's past loss experiences and, as necessary, stated at the amount determined by individual evaluation of the guaranteed parties' financial condition.

Allowance for Retirement Benefits for Employees:

Allowance for retirement benefits or prepaid pension cost is recorded for the future payment of employees' retirement benefits and stated at amounts based on projected benefit obligations and plan assets at the balance sheet date.

In the calculation of benefit obligations, the benefit formula basis is used to allocate projected retirement benefit payments to the periods until the end of the current fiscal year.

Prior service cost is amortized using the straight-line method over the average remaining service period of employees at the occurrence time.

An actuarial gain or loss is amortized beginning the next fiscal year using the straight-line method over the average remaining service period of employees at the occurrence time.

Allowance for Directors' Retirement Benefits:

The Company has terminated the original policy of directors' retirement benefits in June 2003. To cover the future payments, estimated unsettled amount as of the termination date is recoded as allowance for directors' retirement benefits, based on prescribed standards of the Company.

In addition, the Company maintains a stock compensation program for a part of directors of the Company. This program is intended to grant the points in accordance with the prescribed standards of the Company and to deliver treasury stock based on the accumulated points at the time of retirement through "The Board Incentive Plan Trust ("the Trust")". Therefore, on the basis of the points granted multiplied by the stock price when the Trust acquired shares of the Company, the estimated amount required to be paid at the balance sheet date is recorded as allowance for directors' retirement benefits.

8. Recognition of Revenues and Expenses

Recognition of sales and cost of sales in finance lease:

Sales and cost of sales in finance lease are recognized when each lease payment becomes due.

Recognition of Sales in Operating Lease:

Sales in operating lease are based on the monthly amounts of lease payments due under lease agreements over the lease terms. The monthly lease payments corresponding to each period are allocated to sales in operating leases for that period.

Recognition of sales and cost of sales in Installment Sales:

Total amount of receivable of installment sales is recognized as "accounts receivable" - installment sales on commencement of contract, and sales and cost of sales are recognized when each installment payment becomes due.

Unrealized profits regarding accounts receivable - installment sales not yet due are deferred.

Allocation of interest expense:

Interest expense is allocated to cost of sales and non-operating expenses.

For the allocation, the total assets are divided into assets associated with business operation and others. Interest expenses are recognized based on the respective balance of assets, and interest expense for operating assets are included in cost of sales, interest expense for other assets is included in non-operating expenses.

Interest expense classified as cost of sales is stated net of interest income for corresponding deposits.

9. Method for Hedge Accounting

In principle, the deferred hedge accounting is applied.

10. Accounting for Consumption Taxes

Consumption tax and local consumption tax are excluded from the statement of income.

The amounts of consumption tax and local consumption tax payable are included in "Others" under current liabilities in the non-consolidated balance sheet.

11. Adoption of Consolidated Tax Return

The Company has elected to file a consolidated tax return for National Corporation tax purposes.

Notes to Non-Consolidated Balance Sheet

1. Accumulated Depreciation of Property, Plant and Equipment	¥38,196 million
2. Monetary Receivables from Subsidiaries and Affiliates:	
Current	¥1,159,830 million
Non-current	¥12,744 million
Monetary Payables to Subsidiaries and Affiliates:	
Current	¥107,804 million
Non-current	¥48 million

3. The Deposited Trade Notes based on Lease and Installment Sales Contracts

Accounts Receivable - Installment Sales	¥14,288 million
Lease Receivables	¥1,127 million
Lease Investment Assets	¥2,121 million

4. Assets Pledged as Collateral

The following assets are pledged as collateral for the borrowings of ¥236,163 million made by the Company, subsidiaries and affiliates.

Lease Investment Assets	¥405 million
Installment Loans	¥12,036 million
Assets for Lease	¥81,299 million
Shares of Subsidiaries and Affiliates	¥25,015 million

In addition to the assets above, transfers of lease receivables of ¥12,408 million, lease investment assets of ¥18,465 million, and installment loans of ¥17,587 million are accounted for as financial transactions.

As a result, long-term payables associated with securitization of receivables are recorded ¥7,746 million in "Others" of current liabilities and ¥9,402 million in "Others" of non-current liabilities.

5. Guarantees

Guarantees for the debt of subsidiaries and affiliates and the employees	¥899,261 million

<u>Notes to Non-Consolidated Statement of Income</u>

Sales to subsidiaries and affiliates	¥340,818 million
Purchases from subsidiaries and affiliates	¥25,168 million
Other transactions with subsidiaries and affiliates	¥42,748 million

<u>Notes to Non-Consolidated Statement of Changes in Net Assets</u>

1. Number of Shares Issued as of March 31, 2016

Common Stock 1,324,058,828 shares

2. Number of Treasury Stock as of March 31, 2016

Common Stock 14,544,808 shares

Note: The Company's shares held through the Trust are 1,696,217 shares included in the above figures.

3. Matters Concerning Dividends

(1) Matters Concerning Dividends Paid During the Fiscal Year

The board of directors of the Company resolved on May 20, 2015, as described below:

a. Total Dividend	¥47,188 million
b. Dividend per Share	¥36.00
c. Record Date	March 31, 2015
d. Effective Date	June 3, 2015

Note: The total amount of dividends to be paid based on the resolution of the Board of Directors on May 20, 2015 includes ¥77 million of dividend payable for the Company's shares held through the Trust.

The board of directors of the Company resolved on October 29, 2015, as described below:

a. Total Dividend	¥28,846 million
b. Dividend per Share	¥22.00
c. Record Date	September 30, 2015
d. Effective Date	December 2, 2015

Note: The total amount of dividends to be paid based on the resolution of the Board of Directors on October 29, 2015 includes ¥42 million of dividend payable for the Company's shares held through the Trust.

(2) Matters Concerning Dividends to be Paid after the End of the Fiscal Year

The board of directors of the Company will resolve on May 23, 2016, as described below:

a. Total Dividend	¥31,141 million
b. Dividend per Share	¥23.75
c. Record Date	March 31, 2016
d. Effective Date	June 1, 2016

Note: The total amount of dividends to be paid based on the resolution of the Board of Directors on May 23, 2016 includes ¥40 million of dividend payable for the Company’s shares held through the Trust.

4. Number and Class of Potential Shares Resulting from the Exercise of Stock Subscription Rights (excluding shares for which the exercise period has not commenced) as of March 31, 2016

Common Stock 3,080,500 shares

Notes to Income Taxes

1. Breakdown of the Significant Components of Deferred Tax Assets and Liabilities

Deferred Tax Assets:	Millions of yen
Allowance for Doubtful Receivables	13,947
Write-downs of Investment Securities and Shares of Subsidiaries and Affiliates	21,135
Impairment loss	9,881
Depreciation of assets for lease	859
Loss carried forward	3,851
Accrued bonus	1,308
Allowance for Directors’ Retirement Benefits	698
Allowance for Losses on Guarantees	1,853
Deferred gains or losses on hedges	14,484
Others	10,561
Subtotal	78,583
Valuation allowance	(41,092)
Total Deferred Tax Assets	37,491
Deferred Tax Liabilities:	
Prepaid pension cost	(9,701)
Unrealized gains on securities	(9,575)
Reserve for special depreciation	(2,811)
Others	(3,101)
Total Deferred Tax Liabilities	(25,189)
Net Deferred Tax Assets	12,302

2. Reconciliation of the Statutory Income Tax Rate to the Effective Income Tax Rate after giving effect to Income Tax Allocation

Statutory Income tax rate	33.1 %
Adjustments:	
Non-taxable income (e.g. Dividends income)	(25.4)
Non-deductible expenses (e.g. Entertainment expenses)	0.1
Change in valuation allowance	(4.0)
Effect of the tax rate change related to the new Japanese tax law	0.9
Others	(0.8)
Effective Income Tax Rate	3.9 %

3. Adjustment of Deferred Tax Assets and Liabilities due to Changes in the Tax Rate for Income Taxes

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No.15 of 2016) and the “Act for Partial Revision of Local Taxation Act, etc.” (Act No.13 of 2016) were passed by the National Diet of Japan on March 29, 2016, and the statutory income tax rate was reduced from the year beginning on or after April 1,2016.

In accordance with these changes, the statutory income tax rate used for calculating deferred tax assets and deferred tax liabilities is estimated to change from 33.1% to 30.8% for temporary differences expected to be resolved from the fiscal year beginning on April 1, 2016, to 30.7% for temporary differences expected to be resolved from the fiscal year beginning on April 1, 2017, and to 30.5% for temporary differences expected to be resolved from the fiscal years beginning on or after April 1, 2018.

Tax loss carryforward can offset against up to 60% of the taxable income for the fiscal year beginning on or after April 1, 2016, to 55% of the taxable income for the fiscal year beginning on or after April 1, 2017, and to 50% for the fiscal years beginning on or after April 1, 2018.

In accordance with these tax system changes, the amount of deferred tax assets (after the deduction of deferred tax liabilities) decreased by ¥2,902 million, the amount of income taxes - deferred increased by ¥2,612 million, the amount of unrealized gains on securities increased by ¥565 million, and the amount of deferred gains or losses on hedges decreased by ¥854 million.

Related Party Transactions

Category	Name of company	Ownership interest of voting rights (%)	Relationship with related party	Transactions	Transaction amount (Millions of yen)	Items	Year-end balance (Millions of yen)
Subsidiary	ORIX Auto Corporation (Notes 1 and 2)	Directly held 100%	Concurrent positions of directors Payments for operating payables on behalf of the entity, etc.	Lending funds	99,432	Installment loans	233,900
				Guarantees on borrowings and other debts	61,687	-	-
Subsidiary	ORIX Real Estate Corporation (Notes 1)	Directly held 100%	Concurrent positions of directors Entrustment of real estate-related duties, etc.	Collection of funds	56,569	Installment loans	63,000
Subsidiary	ORIX Credit Corporation (Notes 1 and 2)	Directly held 100%	Payments for operating payables on behalf of the entity, etc.	Lending funds	1,735	Installment loans	117,945
				Guarantees on business	113,237	-	-
Subsidiary	ORIX USA Corporation (Notes 1, 2, 3 and 4)	Directly held 100%	Concurrent positions of directors	Lending funds	88,659	Installment loans	184,795
				Guarantees on borrowings and others	171,578	-	-
				Capital contribution	79,730	-	-
				Dividend income	114,730	-	-
Subsidiary	ORIX Ireland Limited (Notes 1)	Indirectly held 100%	Dispatching of company executives	Lending funds	111,585	Installment loans	166,203
Subsidiary	ORIX Capital Korea Corporation (Notes 2)	Directly held 100%	Concurrent positions of directors	Guarantees on borrowings and others	54,867	-	-
Subsidiary	Thai ORIX Leasing Co., Ltd. (Notes 2)	Directly held 96%	Dispatching of company executives	Guarantees on borrowings and others	44,627	-	-
Subsidiary	ORIX Investment and Management Private Limited (Notes 5)	Directly held 100%	Dispatching of company executives	Purchase of shares of subsidiaries and affiliates	38,951	Shares of subsidiaries and affiliates	38,951

Conditions of transactions and policy regarding determination of conditions of transaction

Notes:
1. The interest rates for lending funds to subsidiaries are determined in reference to market interest rates, with repayment scheduled in eleven months to five years. The Company does not receive collateral.
2. Guarantees on borrowings and others, and guarantees on business provided for lending and other transactions in subsidiaries. The Company receives market-based guarantee fees from subsidiaries.
3. It is capital contribution to the increase in capital of the subsidiary.
4. Receipt of dividends is rationally determined pursuant to certain standards based on the amount of surplus able to be distributed.
5. Based on the net asset value method by the third party and decide an acquisition cost.

Per Share Data

Net assets per share	¥780.24
Basic net income per share	¥206.51

Note: The Company's shares held through the Board Incentive Plan Trust are included in the number of treasury stock to be deducted in calculation of per share data.

Significant Subsequent Events

No items to report

Others

Amounts less than one million yen have been rounded down.