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To Our Shareholders:

Matters available on the website in relation to the Notice of the 55th Annual General Meeting of Shareholders

The 55th Fiscal Year (From April 1, 2017 to March 31, 2018)

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June 4, 2018
ORIX CORPORATION

The above information is made available on ORIX CORPORATION's web site (https://www.orix.co.jp/grp/en/ir/library/shareholder_meeting/) pursuant to relevant laws and ORIX CORPORATION'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, 2018)

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)	2008 stock acquisition rights	365	36,500 shares of the Company's common stock	9
Outside Director	2008 stock acquisition rights	0	0 shares of the Company's common stock	0

Note: 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 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
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	Directors, executive officers, corporate auditors and employees of the Company or its subsidiaries, etc.

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

- In the case of a person who has lost status as Director, Executive Officer, Corporate Auditor or employee of ORIX CORPORATION (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, 2018

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, 2018
¥655 million

Notes: 1. Since fees for the audit 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. The Audit Committee of the Company agrees to the audit fee 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
¥1,496 million

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

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

(4) Overview of Details of Limited Liability Agreement Entered into with the Independent Auditor
No items to report.

(5) Matters Concerning Business Suspension Sanction Against the Independent Auditor
No items to report.

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

All our overseas subsidiaries listed in 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) Resignation or Dismissal of an Independent Auditor During the Fiscal Year Ended March 31, 2018
No items to report.

(8) Policy on Dismissal or Non-reappointment of the 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 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. Internal Control System (Frameworks to secure the adequacy of the business procedures of ORIX)

<Outline of the Resolution about the Fundamental Policies of Internal Control System>

The Company resolved the "frameworks to secure the adequacy of ORIX business procedures (Internal Control System)" at the Board of Directors meeting held on May 20, 2015 in accordance with Article 416 of the Companies Act and Article 112 of the Ordinance for Enforcement of the Companies Act.

The outline of the resolution about the fundamental policies of the Internal Control System is as follows:

(1) Systems to ensure that the duties of executive officers of the Company and directors and the like of the subsidiaries are performed efficiently

1) The Company adopts the "Company with Nominating Committee, etc." board model. To the extent permitted under laws and regulations, the board of directors may resolve the Company to delegate the power to resolve execution of operations to representative executive officers to enhance the speed and efficiency of execution of business operations.
2) ORIX adopts appropriate internal authority policies for each group company depending on its size and category in order to carry out business operations efficiently.
3) The Investment and Credit Committee ("ICC") which includes members of top management including CEO and CFO ("Top Management") and the executive officer in charge of the matter meets, in principle, three times a month primarily to deliberate and decide on credit transactions and investments that exceed certain specified value amounts, important matters related to management of the Company and matters that have been assigned to representative executive officers by the board of directors. Any other matters shall be decided by the decision-maker to be appointed from time to time depending on the importance of such matters.
4) The Information Technology Management Committee includes the members of Top Management and the executive officer in charge of information technology ("IT") systems and meets in principle once a month to deliberate and approve fundamental policies and important matters for IT operations and IT systems.
5) ORIX decides on strategies for each department and business unit individually, and in order for Top Management to monitor them and if necessary efficiently change the strategies, Monthly Strategy Meetings are held, in principle, once a month per business units between Top Management and the individuals in charge of individual business units to discuss matters such as the state of achievement of strategic targets and changes in the business environment.
6) The Group Executive Officer Committee, in which executive officers of the Company and group executives who are appointed from the directors or the corporate officers of the group companies by the board resolutions, participate, are held to share important information related to the execution of operations of ORIX, to optimize the efficiency of operations of ORIX as a whole.
7) The Disclosure Committee plays a key role in ensuring timely and adequate disclosure adhering to laws, regulations and rules, and the appropriate transmission, storage and management of significant information that may affect the operations and financials of ORIX upon the occurrence of the significant incident.

(2) Systems of ORIX risk management

ORIX monitors and manages risks relating to the Group business according to type of risk and impact on business management, through its risk management system to meet the changes in the business environment, changes accompanying expansion of business, and potential diversification of risk.

(3) Systems regarding storing and managing information relating to the performance of the duties of executive officers of the Company

The Company establishes systems that regulate the storage and management of information relating to the performance of the duties of executive officers, including documents such as the minutes of the committees, internal application approvals and other information. The separately established rules and procedures stipulates the classification of the information, the manner in which information is managed and period in which it is kept and matters pertaining to disposal of information. Through these rules and procedures, the Company promotes development of a system that ensures confidentiality and the effective usage of information.

(4) Systems of ORIX compliance

1) ORIX adopts and complies with group common principles such as its Corporate Philosophy, Management Policy and Action Guidelines.
2) ORIX enacts and develops rules regarding compliance in order to let the directors; executive officers / employees act in accordance with laws and regulations, internal rules and ethical norms and to promote adherence to them. The Business Conduct Principles strictly avoids involvement of unlawful or anti-social organizations.
3) ORIX has whistle-blower channels to discover illegal or unethical conduct, or violations of internal rules at an early stage through consultation or reporting, to avoid deplorable events, and take necessary actions to improve and enhance the integrity of ORIX.
4) The Internal Audit Department of the Company performs internal audits of the effectiveness of internal control systems, efficiency and effectiveness of operations, compliance with laws and regulations, and other factors pertaining to the management of ORIX through a risk-based approach. In addition, the Internal Audit Department of the Company and corporate auditors of the group companies jointly monitors critical risk.
5) To secure the accuracy and reliability of financial reporting, ORIX establishes systems to ensure adequate internal control over financial reporting through the existing rules and procedures.
6) In anticipation of further expansion of overseas operations, the group internal management system is further strengthened with a global perspective.
7) The internal control functions, such as the Credit Department, Compliance Department, Accounting Department and IT Planning Department of the Company establish systems, monitor and assist the operations of ORIX to comply with laws and regulations and the Articles of Incorporation.
8) The Credit Department of the Company evaluates and monitors credit and investment activities by evaluating the suitability of initiatives and products.
9) The Compliance Department of the Company evaluates whether operations are in compliance with laws and regulations, promotes an internal culture of compliance through training, and monitors the degree of adherence to compliance rules to improve the compliance systems.
10) The Accounting Department of the Company oversees and monitors the accounting at the consolidated group level and for each group company to ensure the legal compliance and the accuracy of accounting process and to monitor and supervise financial reporting of each group company.
11) The IT Planning Department of the Company ensures the appropriate acquisition, use and management of information.

(5) Systems of ORIX management

With regard to management, operation and other matters within the group companies, the Company has enacted the system through the rules of the Company, the Management Advisory Agreement between the Company and the subsidiary, and dispatched officers to report on important matters of the subsidiaries to the Company. Additionally, the Company shall give advice and guidance to subsidiaries if necessary.

(6) Systems of reporting by directors; executive officers / employees of ORIX to the Audit Committee

1) The directors; executive officers / employees of ORIX shall report to the Audit Committee upon knowledge of any fact occurred to each group companies in the business activity that constitutes serious breach of laws and regulations or serious breach of the Articles of Incorporation or serious misconduct or any fact that could cause significant loss to such group company.
2) Upon becoming aware of any fact that any activity which constitutes breach of laws and regulations, internal rules, or the generally accepted ethics, or upon any suspicion that any of the aforementioned are occurring, the directors; executive officers / employees of ORIX shall report to and consult with, and provide the basis for such knowledge or suspicion to, the internal or externally contracted whistle-blower channels. In case that the head of whistle-blower channels judges that such report or consultation is of the serious nature, he / she shall report such information to the Audit Committee of the Company. In addition, the directors; executive officers / employees of ORIX may report to the Audit Committee or the appointed audit member within the Audit Committee (the member responsible for the collection of information on the performance of the duties and investigation of the operating assets, hereinafter the "Appointed Audit Member") of concerns regarding accounting, accounting internal control, or auditing matters.
3) The directors; executive officers / employees of ORIX shall report information requested by the Appointed Audit Member to the Audit Committee of the Company periodically or as appropriate.

(7) Systems to ensure that the person who has reported to or consulted with the Audit Committee in accordance with the above 1) shall not be treated adversely by reason of the said report or consultation

ORIX internal rules stipulate that any director; executive officer / employee who has reported to or consulted with the whistle-blower channels and/or the Audit Committee shall not be treated adversely by reason of said report or consultation.

ORIX establishes a system in which reporters / consultors will not receive an adverse treatment as a result of their reporting or consulting by adopting internal rules that stipulates that any person who treats whoever so reported or consulted adversely in violation of internal rules shall be disciplined pursuant to the internal rules.

(8) Systems to ensure that audit by the Audit Committee is effectively performed

1) The executive officer of the Company who is in charge of the Internal Audit Department shall attend important ORIX meetings upon assignment of the Appointed Audit Member, and report necessary information for auditing to the Audit Committee in a timely manner to support the information gathering of the Audit Committee.
2) To conduct the internal audit of the Company, the Internal Audit Department of the Company shall develop an annual audit plan and seek approval for the plan from the Audit Committee.
3) The Internal Audit Department of the Company shall, by way of an Audit Results Report, inform the Audit Committee of the results of each group company's internal audit. In addition, the Internal Audit Department of the Company will take measures regarding the matters which were pointed out by the audit to improve, will conduct a follow-up audit etc., and report on the status of any improvements to the Audit Committee.
4) The Internal Audit Department of the Company shall continually collaborate with the Audit Committee and cooperate fully with any request for investigation by the Audit Committee.

(9) Matters concerning employees who shall assist in the performance of duties of the Audit Committee

1) The Company has the Audit Committee Secretariat to assist the operations of the Audit Committee.
2) As necessary, the Audit Committee may commission the Audit Committee Secretariat to assist in the operation of the Audit Committee.

(10) Matters concerning independence of the Audit Committee Secretariat staff from executive officers

The appointment and evaluation of, changes in, and disciplinary action against the Audit Committee Secretariat staff shall be effected with the approval of the Audit Committee.

(11) Matters concerning such ensured that the Audit Committee effectively instruct the Audit Committee Secretariat staff

Regarding operations that the Audit Committee Secretariat staff carries out on instructions from the Audit Committee; the executive officers themselves shall cooperate, and direct others to cooperate.

(12) Matters of policy concerning advance payments, reimbursement procedures, cost and expenses incurred through performance of Audit Committee duties

1) The Company bears the cost and expenses in connection with conducting the duties of the Audit Committee.
2) The Audit Committee may appoint outside experts to conduct its duties as necessary.

<Outline of the Operation of Internal Control System>

The operation of the Internal Control System of ORIX is as follows:

(1) Systems to ensure the efficiency of the execution of business operations

1) The board of directors resolves upon delegation to representative executive officers any such matter for it to resolve as may be delegated to the executive officers to the extent permitted under laws and regulations except for certain matters, so that the Company may enhance the speed and efficiency of decision making and the execution of business operations.
2) The board of directors, on resolving upon division of duties and relations between executive officers, ensures that there shall not be made any overlap of their execution of operations or gaps in division of duties.
3) The important meetings and committees common to the ORIX are held at the Company periodically or as necessary in order to share the business issues and to ensure efficient execution of operations.
4) In each group company, division of duties rules and authority rules are established that define the limits of duties for each department under charge of each director, and limits of authority of such director. In respect of important execution of operations in the subsidiaries, after deliberation at the Investment and Credit Committee, the representative executive officer makes determination, and instructs the directors of each subsidiary, in order that the important execution of operations of the subsidiaries is under control.
5) In the current fiscal year, ORIX has established the Treasury and Accounting Headquarters, which controls corporate planning, corporate communications, treasury and accounting functions, establishing an organizational structure which is able to respond swiftly to material matters of management from a diversified view point.

(2) Systems of risk management

1) Internal control functions, such as the President's Office, the Credit and Investment Management Headquarters, Group Compliance Department, Accounting Department, Legal and External Relations Department and the IT Planning Department grasp the risks with each department and control such risks through monitoring or streaming relevant rules and regulations. In the current fiscal year, ORIX has established the Enterprise Risk Management Headquarters to control and manage the risk throughout ORIX and an organizational structure which works to improve the risk management system throughout ORIX.
2) In the annual compliance plan, ORIX identifies risks which are material to ORIX management and implements countermeasures to reduce of such risks with each department and each subsidiary, and the results thereof examined by the Group Compliance Department. In the current fiscal year, ORIX has created case examples dealing with "long working hours and harassment" and conducted workshops with each division in order to deal with the "labor risk" which is one of the material risks.
3) In order to deal with recent risks such as divulging of information due to cyber incidents, ORIX works on the periodical assessment and repair of weaknesses of the websites of ORIX, and the taking of inventory of and risk assessment of the information system which is used and operated by ORIX and its stored information. In the current fiscal year, information security e-learning and training drill with a targeted mail attack have been provided to directors; executive officers/employees of ORIX, along with workforce training and awareness campaigns for employees in relation to the appropriate handling of information and information security. Furthermore, the person

in charge of ORIX visited its main subsidiaries abroad and conducted a risk assessment of cyber security as was done the preceding fiscal year.

4) ORIX has prescribed rules according to risk factors, such as investment and credit rules, ALM rules and disaster risk management rules.
5) For the purposes of centralized risk management, ORIX prescribes the route and manner of reporting at the time a crisis occurs in its crisis response rules, and responds to and manages a crisis as appropriate considering the extent that said crisis impacts ORIX management. In the current year, ORIX has conducted on-site training and training for new employees, etc. and crisis training at some subsidiaries.
6) Material crisis and litigation matters are regularly reported to the Audit Committee and the board of directors, which in turn are monitoring the state of management and systems.

(3) Systems of information management

1) With regard to information on the minutes, approved proposals and the like in relation to performance of duties of the executive officers, ORIX has made information management rules providing for the manner in which information is managed and period in which it is kept.
2) In case a director or the Audit Committee requests a sight of the minutes described above, the board of directors Secretariat or the Audit Committee Secretariat will meet such request.
3) The secretariat to the relevant meeting or committee keeps materials on agendas submitted to the important meetings and committees common to ORIX, and maintains confidentiality by putting a limit on the directors; executive officers / employees who can access to such materials.

(4) Systems of compliance

1) In order to permeate compliance awareness, share the corporate image in view and invest in the improvement of its brand value, ORIX has established not only its “Corporate Philosophy”, but “Principles of Conduct” and “Code of Conduct for Directors; Executive Officers/Employees.” To implement these rules to all officers/employees of ORIX, ORIX is conducting activities such as Work Shop, to implement the corporate philosophy. These rules can be viewed on the company website.
   English: https://www.orix.co.jp/grp/en/company/philosophy/
   Japanese: https://www.orix.co.jp/grp/company/about/philosophy/
2) ORIX conducts trainings regarding “Principles of Conduct”, prevention of bribery and other important laws and regulations, etc. and spreads enlightenment to increase awareness of compliance. ORIX listens to opinions from employees with a wide range of occupations and is moving forward with improvement of its work environment to be a work environment where human resources with diverse sets of values can work in a lively manner. In the current fiscal year, ORIX has conducted the following activities as part of improving its work environment:
   ・visiting each office and conducting “Training for Prevention of Harassment” and “Questionnaire for Conscious Survey at Working Place” by interview format; and
   ・preparation of “Collection of Commentaries on ‘Grey’ Cases of Harassment”
3) ORIX brings about the corporate culture to observe the compliance based on the “Compliance Policy.” Also ORIX establishes the “Incident Policy” and “Conflict of Interests Policy” in order to fortify the global compliance system and makes such policies widely known to subsidiaries overseas. In the current fiscal year, ORIX has revised each regulation such as the “ORIX Group Code of Conduct and Ethics”, translated them into several languages and distributed them, aiming at spreading these to the local staffs.
4) Internal control functions streamline the systems to keep execution of business in compliance with laws and regulations and the Articles of Incorporation and promote compliance. Furthermore, the Group Internal Audit Department is established to take up internal auditing and monitor maintenance and operation of the internal control system.
5) ORIX has established the “Compliance Hotline Rules”, setup whistle-blower channels within and outside the ORIX and made the same widely known within ORIX, including domestic and overseas subsidiaries so as to

ensure prevention of illegal conduct or early detection of the same. When there is a whistle-blower report, ORIX reports each material case to the Audit Committee and the Investment and Credit Committee and to said committees on a quarterly basis, and makes efforts for suitable information sharing appropriate to each case.

6) In order to define the accounting control such as the responsibility of the person in charge of the accounting at the subsidiaries, ORIX prescribes the "Accounting Control Rules" and monitors the compliance therewith by major subsidiaries.

(5) Systems of subsidiaries management

1) ORIX shares material business issues to management of ORIX by the executive officers of the Company, the executive officers of ORIX and the directors of the subsidiaries at the Group Executive Officer Committee.
2) The executive officers in charge of the subsidiaries report on the progress in business plans, the state of execution of officer duties, and the business environment surrounding each subsidiary at the important meetings and committees common to ORIX, such as board of directors meetings, the Audit Committee and Monthly Strategy Meetings.
3) The subsidiaries report on the status of execution of specific business operations in accordance with the rules or management agreements on matters which require the prior approval of the Company set by the relevant subsidiaries.

(6) Systems of reporting to the Audit Committee

1) The Rules of the Audit Committee stipulates that the Appointed Audit Member may require directors; executive officers / employees of ORIX to report on certain facts that have occurred in business activity, and may investigate into the business and financial conditions of ORIX.
2) The directors; executive officers / employees of ORIX are reporting periodically to the Audit Committee as follows:
   - report by CEO of the Company on the performance of duties……twice a year
   - accounting report by Head of Treasury and Accounting Headquarters of the Company……quarterly
   - report by Group Internal Audit Department on the internal audit and evaluation of internal control……quarterly
   - report by Group Compliance Department on illegal or unethical conduct, status of whistle-blowing and disputes……quarterly
   - report on the global compliance system……quarterly
3) In addition to paragraph 2) above, in the current year, the Head of Enterprise Risk Management Headquarters, the Head of Treasury and Accounting Headquarters and the Head of Credit and Investment Management Headquarters of the Company reported to the Audit Committee about their performance of duties.
4) In case that the Head of Enterprise Risk Management Headquarters judges that the report or consultation made at whistle-blower channels is of the serious nature, he/she shall promptly report such information to the board of directors, CEO and the Audit Committee of the Company.
5) Channels are available for direct whistle-blowing to the Audit Committee or the Appointed Audit Member through the Audit Committee Secretariat on accounting, accounting internal control, or audit matters.
6) The internal rules stipulate that if any person who becomes aware of any fact that is required to be whistle-blown fails to report or consult about such fact, such person is disciplined pursuant to the work regulations.

(7) Systems of adverse treatment not accorded to persons who have reported to whistler-blower channels

The "Compliance Hotline Rules", common rules of ORIX, stipulates that no one who has reported to or consulted with the whistle-blower channels and /or the Audit Committee shall be treated adversely by reason of said report or consultation. It also stipulates that any person who treats whoever so reported or consulted adversely in violation of internal rules shall be disciplined pursuant to the work regulations.

(8) Systems to ensure the audit effectively conducted by the Audit Committee

1) The executive officer in charge of the Group Internal Audit Department of the Company as delegated by the Appointed Audit Member, attends important meetings and committees common to ORIX, such as the Investment and Credit Committee, Group Executive Officer Committee and Monthly Strategy Meetings, to understand the decision-making process, execution of business and state of compliance of each group company, and reports on such matters to the Audit Committee on a quarterly basis.
2) The annual audit plan of the Company is approved by the CEO and Audit Committee.
3) The results of each group company internal audit are reported to the Audit Committee.
4) The Group Internal Audit Department of the Company, in cooperation with auditors and internal audit departments of subsidiaries, conducts joint monitoring of material risks and reports on the results and the status of improvement thereof to the Audit Committee on a quarterly basis.
5) The Audit Committee, six times per year, requests the attendance of the accounting auditor and receives from the accounting auditor the reporting of information on the outline and progress of the integrated audit plan, the results of the quarterly review, the status of non-audit services, the results of inspection by the Certified Public Accountants and Auditing Oversight Board and the quality management system.
6) In order to afford a better understanding of ORIX business, Audit Committee Members visit offices. In the current fiscal year, the Audit Committee Members visited Kansai International Airport and Osaka International Airport (Itami Airport). Furthermore, after the closing of the Audit Committee, a briefing session is held at which the status of each ORIX business segment, business strategies and progress in projects are reported, thereby information necessary for audit purposes being shared.

(9) Directors and employees who assist in the duties of the Audit Committee

1) The Audit Committee Secretariat is in place, and for the purposes of ensuring specialty necessary for the assisting in the auditing conducted by the Audit Committee, the Audit Committee Secretariat staff is in concurrent service with the employees with the Group Compliance Department.
2) The Audit Committee Secretariat staff, in addition to the preparation of the minutes of the Audit Committee, on the instructions of the Audit Committee, assist in the work by the Audit Committee and confirms appropriateness of non-audit services entrusted by ORIX to the audit company group with which the accounting auditors are.

(10) Ensuring independence of executive officers and employees who assist in the duties of the Audit Committee

The appointment and evaluation of, changes in, and disciplinary action against the Audit Committee Secretariat staff is effected with the approval of the Audit Committee.

(11) Ensuring effectiveness of the instructions of the Audit Committee

1) The Head of Group Internal Audit Department is appointed to staff of the Audit Committee Secretariat, so that the Department may efficiently conduct auditing and investigation as instructed by the audit committee.
2) “The ORIX Group Internal Audit Rules” are established as common rules of ORIX, which stipulate that the Group Internal Audit Department may require each subsidiary to submit materials or give an explanation, and any department that has been requested to cooperate may not refuse to cooperate with the Group Internal Audit Department without cause.

(12) Costs of performance of duties of the Audit Committee

The Company bears all costs and expenses in connection with performing the duties of the Audit Committee in an appropriate manner.

IV. Notes to the Consolidated Financial Statements

1. Significant Basis of Preparation of Consolidated Financial Statements

(1) Scope of Consolidation

1) Number of consolidated subsidiaries: 831

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 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., ORIX Capital Korea Corporation, ORIX Corporation Europe N.V.

Notes: 1. ORIX Corporation USA, one of the Company's subsidiaries, has changed its name from ORIX USA Corporation on June 1, 2018.
2. ORIX Corporation Europe N.V., one of the Company's subsidiaries, has changed its name from Robeco Groep N.V. on January 1, 2018.

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

OSB Savings Bank Co., Ltd

(Reason for not being accounted for as a subsidiary)

As of March 31, 2018, 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.

(2) Application of the Equity Method

1) Number of affiliates accounted for by the equity method: 190

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

2) Name of major affiliates

No items to report.

(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 Article 120-1, which is referred to 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. A certain entity is accounted for by using the equity method as described in (1) 3) above. In addition, the consolidated financial statements also include VIEs of which the Company and its subsidiaries are primary beneficiaries.

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 receivables, payables and transactions have been eliminated in consolidation.

3) Inventories

Residential condominiums under development:

Carried at cost based on the specific identification method

Completed residential condominiums and merchandise 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 recognize all derivatives on the consolidated balance sheet at fair value. Changes in the fair value of derivatives are recorded either 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.

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.

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 on direct financing leases and probable loan losses:

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 lease and loan portfolios. The allowance is increased by provision charged to income and is decreased by charge-offs, net of recoveries. Developing the allowance for doubtful receivables on direct financing leases and probable loan losses 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 the debtors' 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 debtors' creditworthiness and the liquidation status of collateral.

8) Recognition of liabilities for retirement benefits

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) Revenue recognition

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

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

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.

12) Accounting for consumption taxes

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

13) 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 December 22, 2017, the tax reform bill commonly referred to as the Tax Cuts and Jobs Act in the United States was enacted. From January 1, 2018, the U.S. corporate tax rate was reduced from 35% to 21%. The decrease in the deferred tax assets and liabilities due to the change in the tax reform resulted in a decrease in provision for income taxes by ¥17,465 million in the consolidated statement 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 100 subsidiaries due mainly to acquisitions and deduction of 119 subsidiaries due mainly to divestitures during the current fiscal year

2) Changes in scope of application of the equity method

Addition of 63 affiliates due mainly to acquisitions and deduction of 43 affiliates due mainly to divestitures during the current fiscal year

(2) Changes in Accounting Policies

(Adoption of New Accounting Standards)

In February 2018, Accounting Standards Update 2018-02 ("Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" ― ASC 220 ("Income Statement ― Reporting Comprehensive Income")) was issued. This Update provides the option to reclassify certain stranded tax effects resulting from the Tax Cuts and Jobs Act, which was enacted on December 22, 2017, from accumulated other comprehensive income to retained earnings. The Company and its subsidiaries early adopted this Update on January 1, 2018. The effect of the early adoption on the Company and its subsidiaries' financial position at the adoption date was an increase of ¥692 million in accumulated other comprehensive income and a decrease of ¥692 million in retained earnings in the consolidated balance sheet.

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	¥51,415 million
Installment Loans	¥69,674 million
Investment in Operating Leases	¥176,661 million
Investment in Securities	¥159,475 million
Property under Facility Operations	¥139,742 million
Investment in Affiliates	¥62,251 million
Other assets	¥96,419 million

Note: Other than those above, debt liabilities are secured by shares of subsidiaries, which are eliminated through consolidation adjustment, of ¥24,348 million, and debt liabilities of affiliates are secured by investment in affiliates of ¥44,900 million. In addition, ¥26,456 million is pledged primarily by investment in securities for collateral deposits and deposit for real estate related transactions.

Liabilities secured by collateral are as follows:

Short-Term Debt	¥37,052 million
Trade Notes, Accounts and Other Payable	¥1,102 million
Long-Term Debt	¥486,706 million
Other Liabilities	¥7,654 million

(2) Accumulated Depreciation of Tangible Assets

Investment in Operating Leases	¥605,415 million
Property under Facility Operations	¥101,103 million
Office Facilities	¥51,395 million

(3) Guarantees

At the inception of a guarantee, the Company and its subsidiaries recognize a liability in the consolidated balance sheet at fair value for guarantees within the scope of ASC460 ("Guarantees").

The summary of potential future payment and book value of guarantees liabilities of the guarantee contracts outstanding are as follows:

	Potential future payment	Book value of guarantee liabilities
Corporate loans	¥488,297 million	¥7,294 million
Transferred loans	¥166,906 million	¥1,227 million
Consumer loans	¥297,153 million	¥37,596 million
Housing loans	¥28,408 million	¥5,021 million
Other	¥615 million	¥230 million

4. Notes to the Consolidated Statement of Changes in Equity

(1) Number of Outstanding Stock as of March 31, 2018

Common Stock 1,324,495,728 shares

(2) Number of Treasury Stock as of March 31, 2018

Common Stock 44,494,856 shares

Note: The number of treasury stock held through the Board Incentive Plan Trust is 1,651,443 shares as of March 31, 2018.

5. Financial Instruments

(1) Estimated Fair Value of Financial Instruments

The carrying amount of financial instruments reported in the consolidated balance sheet, their estimated fair value and the differences between them as of March 31, 2018 are as follows:

Millions of yen

	Carrying amount	Estimated fair value	Differences
1) Cash and cash equivalents	¥1,321,241	¥1,321,241	–
2) Restricted cash	83,876	83,876	–
3) Installment loans (net of allowance for probable loan losses)	2,779,186	2,788,069	8,883
4) Trading securities	422,053	422,053	–
5) Investment in securities			
-Practicable to estimate fair value	1,167,247	1,194,180	26,933
-Not practicable to estimate fair value	140,155	140,155	–
6) Time deposits	3,378	3,378	–
7) Derivative assets	19,726	19,726	–
8) Reinsurance recoverables (investment contracts)	51,351	52,015	664
9) Short-term debt	(306,754)	(306,754)	–
10) Deposits	(1,757,462)	(1,759,248)	(1,786)
11) Policy liabilities and Policy account balances (Investment contracts)	(275,507)	(275,979)	(472)
12) Long-term debt	(3,826,504)	(3,830,529)	(4,025)
13) Derivative liabilities	(10,295)	(10,295)	–

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 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 interest 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 the 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 sheet, 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 valuation models including discounted cash flow methodologies 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 discounted cash flow methodologies. 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) 13) 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 balance sheet 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 using the current interest rate.

8) 11) 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 using the current interest rate.

10) Deposits

The carrying amounts of demand deposits recognized in the consolidated balance sheet 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.

12) 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 would be 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 the above, if available, estimated fair values were based on quoted market prices or quotations provided by dealers.

6. Investment and 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
¥372,083 million	¥442,205 million

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

2. Fair value as of March 31, 2018 is either obtained from appraisal reports by external qualified appraisers, calculated by internal appraisal department in accordance with "Real estate appraisal standards," or reasonably calculated internally utilizing similar methods.

7. Per Share Data

(1) Shareholders' Equity Per Share 2,095.64 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	244.40 yen
Diluted	244.15 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, 2018.

8. Significant Subsequent Events

No items to reports.

V. Financial Statements (Japanese GAAP)

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2017 to March 31, 2018)

Millions of yen

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital Surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Reserve for special depreciation	Retained earnings brought forward			
Balance as of April 1, 2017	220,524	247,702	–	247,702	6,278	628,747	635,025	(37,167)	1,066,084
Changes of items during the period									
Issuance of new shares	437	437		437					874
Reversal of reserve for special depreciation					(1,321)	1,321	–		–
Disposal of treasury stock			0	0		–	–	733	733
Dividends of surplus						(72,757)	(72,757)		(72,757)
Net income						187,616	187,616		187,616
Purchase of treasury stock								(39,110)	(39,110)
Net changes of items other than shareholders' equity									
Total changes of items during the period	437	437	0	437	(1,321)	116,181	114,859	(38,377)	77,356
Balance as of March 31, 2018	220,961	248,140	0	248,140	4,956	744,928	749,884	(75,544)	1,143,441

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Net unrealized gains on other securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of April 1, 2017	21,484	(22,304)	(819)	1,530	1,066,795
Changes of items during the period					
Issuance of new shares					874
Reversal of reserve for special depreciation					–
Disposal of treasury stock					733
Dividends of surplus					(72,757)
Net income					187,616
Purchase of treasury stock					(39,110)
Net changes of items other than shareholders' equity	(12,845)	336	(12,509)	(1,288)	(13,797)
Total changes of items during the period	(12,845)	336	(12,509)	(1,288)	63,559
Balance as of March 31, 2018	8,638	(21,967)	(13,329)	242	1,130,354

VI. Notes to Non-Consolidated Financial Statements

Significant Accounting Policies

1. Method of Valuation of Securities

Shares of Subsidiaries and Affiliates

Stated at cost determined by the moving average method

Investments in Investment Limited Partnership (Investment LPS)

Stated at the Company's proportionate share of net assets in the Investment LPS based on its financial statements.

Other Securities

Marketable securities

Stated at fair value primarily based on market price at the end of the fiscal year (The unrealized gains or losses are reported directly in net assets and costs of securities sold are determined by the moving average method).

Non-marketable securities

Equity Securities: Stated at cost determined by the moving average method

Debt Securities: Stated at amortized cost

2. Method of Valuation of Derivative Financial Instruments

Stated at fair value

3. Method of Valuation of Inventories

Stated at cost, mainly determined by the first-in-first-out method (Balance sheet amount is computed by devaluing the book price to reflect declines in profitability)

4. Depreciation and Amortization Method of Non-Current Assets

Property, Plant and Equipment

Leased Assets:

Declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, and buildings fixtures and structures acquired on or after April 1, 2016, which are depreciated using the straight-line method.

Office Facilities:

Declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, and buildings fixtures and structures acquired on or after April 1, 2016, which are depreciated using the straight-line method.

Intangible Assets

Straight-line method

Internal-use software is amortized using the straight-line method over its useful life of 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 in effect at the end of the fiscal year. Foreign exchange gains or losses resulting from translation are recognized in the non-consolidated statement of income.

7. Basis of recording Allowances

Allowance for Doubtful Receivables:

To provide for possible losses on uncollectable receivables, an allowance for doubtful receivables is recorded at the amount calculated based on the historical loss rate with respect to receivables from normal borrowers and from caution-needed borrowers and at the amount determined in consideration of collectability of individual receivables with respect to receivables from borrowers who are legally or substantially bankrupt.

Provision for loss on guarantees:

To provide for possible losses on guarantees, a provision for loss on guarantees is recorded at the amount calculated based on the historical loss rate and, as necessary, at the amount individually determined in consideration of possibility of incurring losses.

Provision for Retirement Benefits for Employees

To provide for employees' retirement benefits, provision for retirement benefits or prepaid pension cost is recorded at the amount determined based on the projected retirement benefit obligations and estimated plan assets at the end of the fiscal year.

In determining retirement benefit obligations, the benefit formula basis is used for the method of attributing expected benefit to the periods until the end of the fiscal year.

Prior service costs are amortized by the straight-line method over the average remaining service period of the employees at the time of occurrence of such costs.

Actuarial gains or losses are amortized by the straight-line method over the average remaining service period of the employees at the time of occurrence of such gains or losses, commencing from the following fiscal year.

Provision for Retirement Benefits for Directors

The Company maintains a stock compensation program to provide for directors' compensation. Under this program, points are granted based upon the prescribed standards of the Company and the Company's shares are given to directors at the time of retirement according to the accumulated points through "The Board Incentive Plan Trust ("the Trust")". Therefore, the estimated amount required to be paid at the balance sheet date is recorded as provision for retirement benefits for directors based on the points granted multiplied by the Trust's acquisition price of the Company's shares.

8. Recognition of Revenues and Expenses

Recognition of sales and cost of sales from finance lease:

Sales and cost of sales from finance leases are recognized when lease payments should be received.

Recognition of sales from operating lease:

Sales from operating lease are recognized based on the monthly lease payments due under the respective lease agreements over the lease terms.

Recognition of sales and cost of sales from installment sales:

Total amount of receivable of installment sales is recognized as "accounts receivable - installment sales" on the transaction date, and sales and cost of sales are recognized when each payment becomes due under the respective installment sales agreements.

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

Allocation of interest expense:

Interest expense is allocated to cost of sales and other expenses.

For the allocation, the total assets are divided into assets associated with operating transactions and others. Based on the respective balance of assets, interest expenses associated with operating assets are included in cost of sales as capital cost and interest expenses associated with other assets are included in non-operating expenses.

Capital cost is recorded as interest expenses associated with operating assets after deducting 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 non-consolidated statement of income.

11. Adoption of Consolidated Tax Return

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

Changes in Accounting Policies

No items to report.

Notes to Non-Consolidated Balance Sheet

1. Accumulated Depreciation of Property, Plant and Equipment	¥40,354 million

2. Monetary Receivables from Subsidiaries and Affiliates included in:

Current assets	¥1,434,991 million
Non-current assets	¥2,117 million

Monetary Payables to Subsidiaries and Affiliates included in:

Current liabilities	¥123,467 million
Non-current liabilities	¥2,344 million

3. The Trade Notes from Lease and Installment Sales Contracts Deposited for:

Accounts receivable - installment sales	¥9,943 million
Lease receivables	¥758 million
Lease investment assets	¥1,225 million

4. Assets Pledged as Collateral

The following assets are pledged as collateral for the borrowings of ¥201,652 million of the Company and its subsidiaries and affiliates:

Installment loans	¥12,004 million
Leased assets	¥52,491 million
Shares of subsidiaries and affiliates	¥24,544 million

In addition to the assets above, transfers of lease receivables of ¥735 million, lease investment assets of ¥4,418 million, installment loans of ¥6,697 million and office facilities of ¥20,409 million are accounted for as financial transactions. As a result, ¥3,488 million and ¥28,469 million are recorded in “Other” of current liabilities and “Other” of Non-current liabilities, respectively.

5. Guarantee Obligations

Guarantees for the debt of subsidiaries and affiliates and employees	¥975,101 million

6. The settlement of trade notes maturing on the last day of a fiscal year is accounted for on the clearance date. The settlement of lease payment by bank transfer maturing on the last day of a fiscal year is accounted for on the date of receipt.

Concerning the above, because the last day of this fiscal year is a bank holiday, the following accounts receivable - installment sales and others are included in the balance at the end of the fiscal year:

Accounts receivable - installment sales	¥4,130 million
Lease receivables	¥693 million
Lease investment assets	¥3,155 million
Installment loans	¥4,310 million
Other	¥989 million

Notes to Non-Consolidated Statement of Income

Sales to subsidiaries and affiliates	¥209,792 million
Purchases from subsidiaries and affiliates	¥11,300 million
Non-operating transactions with subsidiaries and affiliates	¥44,822 million

Notes to Non-Consolidated Statement of Changes in Net Assets

1. Number of Shares Issued as of March 31, 2018

Common Stock	1,324,495,728 shares

2. Number of Treasury Stock as of March 31, 2018

Common Stock	44,494,856 shares

Note: The Company's shares held through the Trust of 1,651,443 shares are included in the above figures.

3. Dividends

(1) Dividends Paid during the Fiscal Year

The board of directors of the Company resolved on May 23, 2017, as described below:

a. Total Dividends	¥38,162 million
b. Dividends per Share	¥29.25
c. Record Date	March 31, 2017
d. Effective Date	June 6, 2017

Note: The total amount of dividends to be paid based on the resolution of the Board of Directors on May 23, 2017 includes ¥62 million of dividend payable for the Company's shares held through the Trust.

The board of directors of the Company resolved on October 30, 2017, as described below:

a. Total Dividends	¥34,595 million
b. Dividends per Share	¥27.00
c. Record Date	September 30, 2017
d. Effective Date	December 4, 2017

Note: The total amount of dividends to be paid based on the resolution of the Board of Directors on October 30, 2017 includes ¥52 million of dividend payable for the Company's shares held through the Trust.

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

The board of directors of the Company plans to resolve on May 21, 2018, as described below:

a. Total Dividends	¥49,984 million
b. Dividends per Share	¥39.00
c. Record Date	March 31, 2018
d. Effective Date	June 5, 2018

Note: The total amount of dividends to be paid based on the resolution of the Board of Directors on May 21, 2018 includes ¥64 million of dividend payable for the Company's shares held through the Trust.

4. Class and Number of Shares subject to Subscription Rights to Shares (excluding subscription rights to share of which the exercise period has not yet commenced) as of March 31, 2018

Common Stock	430,600 shares

Tax Effect Accounting

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

Deferred Tax Assets:	Millions of yen
Allowance for Doubtful Receivables	16,384
Write-downs of Investment Securities and Shares of Subsidiaries and Affiliates	25,664
Impairment losses	7,465
Depreciation of assets for lease	364
Accrued bonuses	1,311
Allowance for Directors' Retirement Benefits	610
Provision for loss on Guarantees	2,127
Deferred gains or losses on hedges	8,902
Other	19,321
Subtotal	82,151
Valuation allowance	(46,106)
Total Deferred Tax Assets	36,044
Deferred Tax Liabilities:	
Prepaid pension cost	(9,813)
Net unrealized gains on other securities	(3,790)
Reserve for special depreciation	(1,819)
Other	(6,593)
Total Deferred Tax Liabilities	(22,017)
Net Deferred Tax Assets	14,027

2. Breakdown of Major Components of Differences between the Statutory Income Tax Rate and the Effective Income Tax Rate after applying Tax Effect Accounting

Statutory income tax rate	30.8 %
Adjustments:	
Non-taxable income for tax purposes (e.g. Dividends income)	(17.7)
Non-deductible expenses for tax purposes (e.g. Entertainment expenses)	0.2
Change in valuation allowance	0.7
Other	0.1
Effective income tax rate after applying tax effect accounting	14.1 %

Related Party Transactions

Category	Name of company	Ownership interest of voting rights (%)	Relationship with related party	Transactions	Transaction amount (Millions of yen)	Account Item	Year-end balance (Millions of yen)
Subsidiary	ORIX Auto Corporation (Notes 1and 2)	Directly held 100%	Payments for operating payables on behalf of the entity, etc.	Lending funds	67,534	Installment loans	336,704
				Guarantees on borrowings and others	26,663	-	-
Subsidiary	ORIX Credit Corporation (Notes 1 and 2)	Directly held 100%	Payments for operating payables on behalf of the entity, etc.	Lending funds	5,106	Installment loans	117,928
				Guarantees on business	181,631	-	-
Subsidiary	ORIX USA Corporation (Notes 1, 2 and 3)	Directly held 100%	Concurrent positions of directors	Collection of funds	120,456	Installment loans	137,580
				Guarantees on borrowings and others	212,098	-	-
Subsidiary	ORIX Aviation Systems Limited (Note 1)	Directly held 100%	Concurrent positions of directors	Lending funds	86,904	Installment loans	86,904
Subsidiary	ORIX Ireland Limited (Note 1)	Indirectly held 100%	-	Collection of funds	52,507	Installment loans	158,297
Subsidiary	ORIX Asia Capital Limited (Note 1)	Directly held 100%	Concurrent positions of directors	Lending funds	10,761	Installment loans	58,559
Subsidiary	ORIX Capital Korea Corporation (Notes 1 and 2)	Directly held 100%	Concurrent positions of directors	Lending funds	10,631	Installment loans	43,435
				Guarantees on borrowings and others	83,133	-	-

Terms and conditions of transactions and their decision policy

Notes: 1. The interest rates for lending funds to subsidiaries are determined in reference to market interest rates, with repayment periods ranging from one year to five years and one month. The Company does not receive collateral.

2. Guarantees on borrowings and others, and guarantees on business provided for lending and other transactions by subsidiaries. The Company receives market-based guarantee fees from subsidiaries.

3. ORIX Corporation USA, one of the Company's subsidiaries, has changed its name from ORIX USA Corporation on June 1, 2018.

Per Share Data

Net assets per share ¥882.90

Basic net income per share ¥146.43

Note: The Company's shares held through the 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.