LogMeIn, Inc.
Form SC 13G/A
January 14, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 4)*

LogMeIn, Inc.
(Name of Issuer)

Common Stock, $0.01 par value
(Title of Class of Securities)

54142L109
(CUSIP Number)

January 13, 2014
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[_] Rule 13d-1(b)

[X] Rule 13d-1(c)

[_] Rule 13d-1(d)

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*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No 54142L109

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Cadian Capital Management, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a) [_]
(b) [X]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

2,563,576

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

2,563,576

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,563,576

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)
[_]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

10.58%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
IA, OO

CUSIP No 54142L109

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Eric Bannasch

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a) [_]
(b) [X]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

2,563,576

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

2,563,576

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,563,576

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES (SEE INSTRUCTIONS)
[_]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

10.58%

12.	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN, HC

CUSIP No 54142L109

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Cadian Master Fund, LP

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a) [_]
(b) [X]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

1,243,334

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

1,243,334

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,243,334

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)
[_]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.13%

12.	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) PN

CUSIP No 54142L109

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
(ENTITIES ONLY)

Cadian Fund, LP

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) [_]
(b) [X]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

1,320,242

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

1,320,242

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,320,242

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

[_]

11.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 5.45%
12.	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) PN

CUSIP No 54142L109

Item 1. (a). Name of Issuer: LogMeIn, Inc.

(b). Address of Issuer's Principal Executive Offices:
320 Summer Street, Suite 100
Boston, MA 02210

Item 2. (a). Name of Person Filing:

Cadian Capital Management, LLC
Eric Bannasch
Cadian Master Fund, LP
Cadian Fund, LP

(b). Address of Principal Business Office, or if None, Residence:

Cadian Capital Management, LLC
535 Madison Avenue
36th Floor
New York, NY 10022

Eric Bannasch
535 Madison Avenue
36th Floor
New York, NY 10022

Cadian Master Fund LP
c/o Morgan Stanley Fund Services (Cayman) Ltd.
Cricket Square
Hutchins Drive
2nd Floor, Boundary Hall
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Cadian Fund LP
c/o Cadian Capital Management, LLC
535 Madison Avenue
36th Floor
New York, NY 10022

(c). Citizenship:

Cadian Capital Management, LLC - Delaware

Eric Bannasch – United States of America
Cadian Master Fund, LP – Cayman Islands
Cadian Fund, LP - Delaware

(d). Title of Class of Securities:

Common Stock, $0.01 par value

(e). CUSIP Number: 54142L109

Item 3. If This Statement is filed pursuant to ss.240.13d-1(b) or 240.13d-2(b), or (c), check whether the person filing is a

(a) [_] Broker or dealer registered under Section 15 of the Exchange Act (15 U.S.C. 78c).

(b) [_] Bank as defined in Section 3(a)(6) of the Exchange Act (15 U.S.C. 78c).

(c) [_] Insurance company as defined in Section 3(a)(19) of the Exchange Act (15 U.S.C. 78c).

(d) [_] Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).

(e) [_] An investment adviser in accordance with § 240.13d-1(b)(1)(ii)(E);

(f) [_] An employee benefit plan or endowment fund in accordance with § 240.13d-1(b)(1)(ii)(F);

(g) [_] A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);

(h) [_] A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C.1813);

(i) [_] A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);

(j) [_] Group, in accordance with s.240.13d-1(b)(1)(ii)(J).

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:

Cadian Capital Management, LLC – 2,563,576

Eric Bannasch – 2,563,576
Cadian Master Fund, LP – 1,243,334
Cadian Fund, LP – 1,320,242

(b) Percent of class:

Cadian Capital Management, LLC – 10.58%
Eric Bannasch – 10.58%
Cadian Master Fund, LP – 5.13%
Cadian Fund, LP – 5.45%

(c) Number of shares as to which the person has:

Cadian Capital Management, LLC

(i)	Sole power to vote or to direct the vote	0	,
(ii)	Shared power to vote or to direct the vote	2,563,576	,
(iii)	Sole power to dispose or to direct the disposition of	0	,
(iv)	Shared power to dispose or to direct the disposition of	2,563,576	.

Eric Bannasch

(i)	Sole power to vote or to direct the vote	0	,
(ii)	Shared power to vote or to direct the vote	2,563,576	,
(iii)	Sole power to dispose or to direct the disposition of	0	,
(iv)	Shared power to dispose or to direct the disposition of	2,563,576	.

Cadian Master Fund, LP

(i)	Sole power to vote or to direct the vote	0	,
(ii)	Shared power to vote or to direct the vote	1,243,334	,
(iii)	Sole power to dispose or to direct the disposition of	0	,
(iv)	Shared power to dispose or to direct the disposition of	1,243,334	.

Cadian Fund, LP

(i)	Sole power to vote or to direct the vote	0	,
(ii)	Shared power to vote or to direct the vote	1,320,242	,
(iii)	Sole power to dispose or to direct the disposition of	0	,
(iv)		1,320,242	.

Shared power to dispose or to direct the disposition of

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [_].

Item 6. Ownership of More Than Five Percent on Behalf of Another Person.

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than five percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

N/A

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

If a parent holding company has filed this schedule, pursuant to Rule 13d-1(b)(1)(ii)(G), so indicate under Item 3(g) and attach an exhibit stating the identity and the Item 3 classification of the relevant subsidiary. If a parent holding company has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identification of the relevant subsidiary.

N/A

Item 8. Identification and Classification of Members of the Group.

If a group has filed this schedule pursuant to §240.13d-1(b)(1)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to §240.13d-1(c) or §240.13d-1(d), attach an exhibit stating the identity of each member of the group.

N/A

Item 9. Notice of Dissolution of Group.

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity. See Item 5.

N/A

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

January 13, 2014
(Date)

Cadian Capital Management, LLC

By: /s/ Eric Bannasch

Eric Bannasch
Managing Member

/s/ Eric Bannasch

Eric Bannasch*

Cadian Master Fund, LP

By: Cadian GP, LLC, its general partner

By: /s/ Eric Bannasch

Eric Bannasch
Managing Member

Cadian Fund, LP

By: Cadian GP, LLC, its general partner

By: /s/ Eric Bannasch

Eric Bannasch
Managing Member

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See s.240.13d-7 for other parties for whom copies are to be sent.

Attention. Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

Exhibit A

AGREEMENT

The undersigned agree that this Amendment No. 4 to Schedule 13G dated January 13, 2014 relating to the Common Stock, $0.01 par value, of LogMeIn, Inc. shall be filed on behalf of the undersigned.

Cadian Capital Management, LLC

By: /s/ Eric Bannasch

Eric Bannasch
Managing Member

/s/ Eric Bannasch

Eric Bannasch

Cadian Master Fund, LP

By: Cadian GP, LLC, its general partner

By: /s/ Eric Bannasch

Eric Bannasch
Managing Member

Cadian Fund, LP

By: Cadian GP, LLC, its general partner

By: /s/ Eric Bannasch

Eric Bannasch
Managing Member

NT> 7,534

Other

Real estate companies	16,450	16,320	4,975
Entertainment companies	3,916	3,885	1,211
Other	23,215	22,564	8,101

Purchased loans

13,840	13,840	7,633

*1 With no related allowance recorded represents impaired loans with no allowance for credit losses as all amounts are considered to be collectible.
*2 With an allowance recorded represents impaired loans with the allowance for credit losses as all or a part of the amounts are not considered to be collectible.

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The Company and its subsidiaries recognize installment loans other than purchased loans and loans to consumer borrowers as impaired loans when principal or interest is past-due 90 days or more, or it is probable that the Company and its subsidiaries will be unable to collect all amounts due according to the contractual terms of the loan agreements due to various debtor conditions, including insolvency filings, suspension of bank transactions, dishonored bills and deterioration of businesses. For non-recourse loans, in addition to these conditions, the Company and its subsidiaries perform an impairment review using financial covenants, acceleration clauses, loan-to-value ratios, and other relevant available information.

For purchased loans, the Company and its subsidiaries recognize them as impaired loans when it is probable that the Company and its subsidiaries will be unable to collect book values of the remaining investment due to factors such as a decline in the real estate collateral value and debtors creditworthiness since the acquisition of these loans.

The Company and its subsidiaries consider that loans to consumer borrowers, including housing loans, card loans and other, are impaired when terms of these loans are modified as troubled debt restructurings.

Interest payments received on impaired loans other than purchased loans are recorded as interest income unless the collection of the remaining investment is doubtful at which time payments received are recorded as reductions of principal. For purchased loans, although the acquired assets may remain loans in legal form, collections on these loans often do not reflect the normal historical experience of collecting delinquent accounts, and the need to tailor individual collateral-realization strategies often makes it difficult to reliably estimate the amount, timing, or nature of collections. Accordingly, the Company and its subsidiaries use the cost recovery method of income recognition for such purchased loans regardless of whether impairment is recognized or not.

In common with all classes, 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-recourse loans, in principle, the estimated collectible amount is determined based on the fair value of the collateral securing the loans as they are collateral-dependent. Further for certain non-recourse loans, the estimated collectible amount is determined based on the present value of expected future cash flows. The fair value of the real estate collateral securing the loans is determined using appraisals prepared by independent third-party appraisers or our own staff of qualified appraisers based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate. We generally obtain a new appraisal once a fiscal year. In addition, we periodically monitor circumstances of the real estate collateral and then obtain a new appraisal in situations involving a significant change in economic and/or physical conditions which may materially affect its fair value. For impaired purchased loans, the Company and its subsidiaries develop the allowance for credit losses based on the difference between the book value and the estimated collectible amount of such loans.

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The following table provides information about the average recorded investments in impaired loans and interest income on impaired loans for the three months ended June 30, 2014 and 2015:

		Three months ended June 30, 2014		
		Millions of yen		
Portfolio segment	Class	Average Recorded Investments in Impaired Loans *	Interest Income on Impaired Loans	Interest on Impaired Loans Collected in Cash
Consumer borrowers		¥ 11,725	¥ 66	¥ 45
	Housing loans	7,019	39	28
	Card loans	3,047	16	10
	Other	1,659	11	7
Corporate borrowers		96,017	819	586
Non-recourse loans	Japan	7,214	0	0
	The Americas	16,396	159	159
Other	Real estate companies	26,463	222	162
	Entertainment companies	7,549	106	53
	Other	38,395	332	212
Purchased loans		21,946	0	0
Total		¥ 129,688	¥ 885	¥ 631

		Three months ended June 30, 2015		
		Millions of yen		
Portfolio segment	Class	Average Recorded Investments in Impaired Loans *	Interest Income on Impaired Loans	Interest on Impaired Loans Collected in Cash
Consumer borrowers		¥ 12,117	¥ 60	¥ 46
	Housing loans	5,201	23	21
	Card loans	3,818	20	13
	Other	3,098	17	12
Corporate borrowers		68,860	277	273
Non-recourse loans	Japan	5,184	2	2
	The Americas	15,988	96	96
Other	Real estate companies	18,779	54	54
	Entertainment companies	4,194	27	27
	Other	24,715	98	94
Purchased loans		14,528	0	0
Total		¥ 95,505	¥ 337	¥ 319

* Average balances are calculated on the basis of fiscal beginning and quarter-end balances.

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The following table provides information about the credit quality indicators as of March 31, 2015 and June 30, 2015:

		March 31, 2015				
		Millions of yen				
				Non-Performing		
Portfolio segment	Class	Performing	Loans Individually Evaluated for Impairment	90+ Days Past-Due Loans not Individually Evaluated for Impairment	Subtotal	Total
Consumer borrowers		¥ 1,311,725	¥ 11,993	¥ 6,635	¥ 18,628	¥ 1,330,353
	Housing loans	1,050,531	5,357	3,898	9,255	1,059,786
	Card loans	238,660	3,741	824	4,565	243,225
	Other	22,534	2,895	1,913	4,808	27,342
Corporate borrowers		1,015,971	73,825	0	73,825	1,089,796
Non-recourse loans	Japan	36,250	5,285	0	5,285	41,535
	The Americas	66,486	16,747	0	16,747	83,233
Other	Real estate companies	235,493	21,107	0	21,107	256,600
	Entertainment companies	101,701	4,472	0	4,472	106,173
	Other	576,041	26,214	0	26,214	602,255
Purchased loans		27,076	15,216	0	15,216	42,292
Direct financing leases		1,201,081	0	15,373	15,373	1,216,454
	Japan	819,592	0	10,293	10,293	829,885
	Overseas	381,489	0	5,080	5,080	386,569
Total		¥ 3,555,853	¥ 101,034	¥ 22,008	¥ 123,042	¥ 3,678,895

		June 30, 2015				
		Millions of yen				
				Non-Performing		
Portfolio segment	Class	Performing	Loans Individually Evaluated for Impairment	90+ Days Past-Due Loans not Individually Evaluated for Impairment	Subtotal	Total
Consumer borrowers		¥ 1,336,223	¥ 12,240	¥ 5,636	¥ 17,876	¥ 1,354,099
	Housing loans	1,072,625	5,044	2,745	7,789	1,080,414
	Card loans	241,132	3,895	789	4,684	245,816
	Other	22,466	3,301	2,102	5,403	27,869
Corporate borrowers		1,003,349	63,891	0	63,891	1,067,240
Non-recourse loans	Japan	26,773	5,082	0	5,082	31,855
	The Americas	63,846	15,228	0	15,228	79,074
Other	Real estate companies	247,617	16,450	0	16,450	264,067
	Entertainment companies	103,581	3,916	0	3,916	107,497
	Other	561,532	23,215	0	23,215	584,747
Purchased loans		21,704	13,840	0	13,840	35,544
Direct financing leases		1,193,003	0	14,542	14,542	1,207,545
	Japan	812,859	0	9,139	9,139	821,998
	Overseas	380,144	0	5,403	5,403	385,547

Total	¥ 3,554,279	¥ 89,971	¥ 20,178	¥ 110,149	¥ 3,664,428

Note: Loans held for sale are not included in the table above.

In common with all classes, the Company and its subsidiaries monitor the credit quality indicators as performing and non-performing assets. The category of non-performing assets includes financing receivables for debtors who have filed for insolvency proceedings, whose bank transactions are suspended, whose bills are dishonored, whose businesses have deteriorated, whose repayment is past-due 90 days or more, financing receivables modified as troubled debt restructurings, and performing assets include all other financing receivables. Regarding purchased loans, they are classified as non-performing assets when considered impaired, while all the other loans are included in the category of performing assets.

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Out of non-performing assets, the Company and its subsidiaries consider smaller balance homogeneous loans, including housing loans, card loans and other, which are not restructured and direct financing leases, as 90 days or more past-due financing receivables not individually evaluated for impairment, and consider the others as loans individually evaluated for impairment. After the Company and its subsidiaries have set aside provision for those non-performing assets, the Company and its subsidiaries continue to monitor at least on a quarterly basis the quality of any underlying collateral, the status of management of the debtors and other important factors in order to report to management and develop additional provision as necessary.

The following table provides information about the non-accrual and past-due financing receivables as of March 31, 2015 and June 30, 2015:

		March 31, 2015				
		Millions of yen				
		Past-Due Financing Receivables				
Portfolio segment	Class	30-89 Days Past-Due	90 Days or More Past-Due	Total Past-Due	Total Financing Receivables	Non-Accrual
Consumer borrowers		¥ 3,229	¥ 9,825	¥ 13,054	¥ 1,330,353	¥ 9,825
	Housing loans	1,672	6,503	8,175	1,059,786	6,503
	Card loans	704	1,202	1,906	243,225	1,202
	Other	853	2,120	2,973	27,342	2,120
Corporate borrowers		7,991	33,694	41,685	1,089,796	43,697
Non-recourse loans	Japan	0	4,975	4,975	41,535	4,975
	The Americas	6,639	9,846	16,485	83,233	14,716
Other	Real estate companies	37	8,366	8,403	256,600	8,730
	Entertainment companies	0	571	571	106,173	571
	Other	1,315	9,936	11,251	602,255	14,705
Direct financing leases		6,142	15,373	21,515	1,216,454	15,373
	Japan	1,877	10,293	12,170	829,885	10,293
	Overseas	4,265	5,080	9,345	386,569	5,080
Total		¥ 17,362	¥ 58,892	¥ 76,254	¥ 3,636,603	¥ 68,895

		June 30, 2015				
		Millions of yen				
		Past-Due Financing Receivables				
Portfolio segment	Class	30-89 Days Past-Due	90 Days or More Past-Due	Total Past-Due	Total Financing Receivables	Non-Accrual
Consumer borrowers		¥ 3,634	¥ 8,487	¥ 12,121	¥ 1,354,099	¥ 8,487
	Housing loans	1,661	4,963	6,624	1,080,414	4,963
	Card loans	661	1,192	1,853	245,816	1,192
	Other	1,312	2,332	3,644	27,869	2,332
Corporate borrowers		12,480	31,538	44,018	1,067,240	37,921
Non-recourse loans	Japan	0	4,776	4,776	31,855	4,776
	The Americas	8,396	8,855	17,251	79,074	13,818
Other	Real estate companies	37	8,083	8,120	264,067	8,083
	Entertainment companies	160	172	332	107,497	172
	Other	3,887	9,652	13,539	584,747	11,072
Direct financing leases		6,119	14,542	20,661	1,207,545	14,542
	Japan	1,179	9,139	10,318	821,998	9,139
	Overseas	4,940	5,403	10,343	385,547	5,403
Total		¥ 22,233	¥ 54,567	¥ 76,800	¥ 3,628,884	¥ 60,950

Note: Loans held for sale and purchased loans are not included in the table above.
In common with all classes, the Company and its subsidiaries consider financing receivables as past-due financing receivables when principal or interest is past-due 30 days or more. Loans whose terms have been modified are not classified as past-due financing receivables if the principals and interests are not past-due 30 days or more in accordance with the modified terms.

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The Company and its subsidiaries suspend accruing revenues on past-due installment loans and direct financing leases when principal or interest is past-due 90 days or more, or earlier, if management determines that their collections are doubtful based on factors such as individual debtors creditworthiness, historical loss experience, current delinquencies and delinquency trends. Cash repayments received on non-accrual loans are applied first against past due interest and then any surpluses are applied to principal in view of the conditions of the contract and obligors. The Company and its subsidiaries return to accrual status non-accrual loans and lease receivables when it becomes probable that the Company and its subsidiaries will be able to collect all amounts due according to the contractual terms of these loans and lease receivables, as evidenced by continual payments from the debtors. The period of such continual payments before returning to accrual status varies depending on factors that we consider are relevant in assessing the debtor s creditworthiness, such as the debtor s business characteristics and financial conditions as well as relevant economic conditions and trends.

The following table provides information about troubled debt restructurings of financing receivables that occurred during the three months ended June 30, 2014 and 2015:

		Three months ended June 30, 2014 Millions of yen	
Portfolio segment	**Class**	**Pre-modification Outstanding Recorded Investment**	**Post-modification Outstanding Recorded Investment**
Consumer borrowers		¥ 1,214	¥ 883
	Housing loans	142	80
	Card loans	597	442
	Other	475	361
Corporate borrowers		216	205
Non-recourse loans	The Americas	145	145
Other	Other	71	60
Total		¥ 1,430	¥ 1,088

		Three months ended June 30, 2015 Millions of yen	
Portfolio segment	**Class**	**Pre-modification Outstanding Recorded Investment**	**Post-modification Outstanding Recorded Investment**
Consumer borrowers		¥ 1,427	¥ 1,059
	Housing loans	11	11
	Card loans	626	461
	Other	790	587
Corporate borrowers		147	147
Non-recourse loans	The Americas	147	147
Total		¥ 1,574	¥ 1,206

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A troubled debt restructuring is defined as a restructuring of a financing receivable in which the creditor grants a concession to the debtor for economic or other reasons related to the debtor s financial difficulties.

The Company and its subsidiaries offer various types of concessions to our debtors to protect as much of our investment as possible in troubled debt restructurings. For the debtors of non-recourse loans, the Company and its subsidiaries offer concessions including an extension of the maturity date at an interest rate lower than the current market rate for a debt with similar risk characteristics. For the debtors of all financing receivables other than non-recourse loans, the Company and its subsidiaries offer concessions such as a reduction of the loan principal, a temporary reduction in the interest payments, or an extension of the maturity date at an interest rate lower than the current market rate for a debt with similar risk characteristics. In addition, the Company and its subsidiaries may acquire collateral assets from the debtors in troubled debt restructurings to satisfy fully or partially the loan principal or past due interest.

In common with all portfolio segments, financing receivables modified as troubled debt restructurings are recognized as impaired and are individually evaluated for a valuation allowance. In most cases, these financing receivables have already been considered impaired and individually evaluated for allowance for credit losses prior to the restructurings. However, as a result of the restructuring, the Company and its subsidiaries may recognize additional provision for the restructured receivables.

The following table provides information about financing receivables modified as troubled debt restructurings within the previous 12 months from June 30, 2014 for which there was a payment default during the three months ended June 30, 2014:

	Three months ended June 30, 2014		
		Millions of yen	
Portfolio segment	**Class**	**Recorded Investment**	
Consumer borrowers		¥	57
	Housing loans		16
	Card loans		27
	Other		14
Corporate borrowers			166
Other	Other		166
Total		¥	223

The following table provides information about financing receivables modified as troubled debt restructurings within the previous 12 months from June 30, 2015 for which there was a payment default during the three months ended June 30, 2015:

	Three months ended June 30, 2015		
		Millions of yen	
Portfolio segment	**Class**	**Recorded Investment**	
Consumer borrowers		¥	41
	Card loans		24
	Other		17
Total		¥	41

The Company and its subsidiaries consider financing receivables whose terms have been modified in a restructuring as defaulted receivables when principal or interest is past-due 90 days or more in accordance with the modified terms.

In common with all portfolio segments, the Company and its subsidiaries suspend accruing revenues and may recognize additional provision as necessary for the defaulted financing receivables.

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In January 2014, Accounting Standards Update 2014-04 (Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure ASC 310-40 (Receivables Troubled Debt Restructurings by Creditors)) was issued. This Update clarifies when a creditor is considered to have received physical possession resulting from an in substance repossession or foreclosure of residential real estate property collateralizing a consumer mortgage loan. Additionally, this Update requires an entity to disclose the amount of foreclosed residential real estate property and the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure. The Company and its subsidiaries adopted this Update on April 1, 2015.

As of June 30, 2015, there was no amount of foreclosed residential real estate property based on this Update. The carrying amounts of installment loans in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure is ¥404 million as of June 30, 2015.

6. Investment in Securities

Investment in securities as of March 31, 2015 and June 30, 2015 consists of the following:

	Millions of yen	
	March 31, 2015	**June 30, 2015**
Trading securities *	¥ 1,190,131	¥ 1,042,956
Available-for-sale securities	1,356,840	1,243,007
Held-to-maturity securities	115,599	115,881
Other securities	183,687	181,981
Total	¥ 2,846,257	¥ 2,583,825

* The amount of assets under management of variable annuity and variable life insurance contracts included in trading securities were ¥1,165,347 million and ¥1,023,043 million as of March 31, 2015 and June 30, 2015, respectively.

Other securities consist mainly of non-marketable equity securities, preferred capital shares carried at cost and investment funds carried at an amount that reflects equity income and loss based on the investor s share. The aggregate carrying amount of other securities accounted for under the cost method totaled ¥43,718 million and ¥34,838 million as of March 31, 2015 and June 30, 2015, respectively. Investments with an aggregate cost of ¥42,838 million and ¥34,789 million, respectively, were not evaluated for impairment because the Company and its subsidiaries did not identify any events or changes in circumstances that might have had a significant adverse effect on the fair value of those investments and it was not practicable to estimate the fair value of the investments.

A certain subsidiary elected the fair value option under ASC 825 (Financial Instruments) for certain investments in equity securities included in available-for-sale securities, which as of March 31, 2015 and June 30, 2015, were fair valued at ¥8,168 million and ¥6,865 million, respectively.

Certain subsidiaries elected the fair value option under ASC 825 (Financial Instruments) for certain investments in a trust and investment funds included in other securities whose net asset values do not represent the fair value of investments due to the illiquid nature of these investments. The subsidiaries manage these investments on a fair value basis and the election of the fair value option enables the subsidiaries to reflect more appropriate assumptions to measure the fair value of these investments. As of March 31, 2015 and June 30, 2015, the fair values of these investments were ¥8,723 million and ¥9,208 million, respectively.

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The amortized cost basis amounts, gross unrealized holding gains, gross unrealized holding losses and fair values of available-for-sale securities and held-to-maturity securities in each major security type as of March 31, 2015 and June 30, 2015 are as follows:

March 31, 2015

	Millions of yen			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale:				
Japanese and foreign government bond securities	¥ 517,500	¥ 10,127	¥ (35)	¥ 527,592
Japanese prefectural and foreign municipal bond securities	155,943	5,644	(110)	161,477
Corporate debt securities	283,859	3,891	(137)	287,613
Specified bonds issued by SPEs in Japan	7,257	54	(31)	7,280
CMBS and RMBS in the Americas	67,049	3,073	(146)	69,976
Other asset-backed securities and debt securities	147,308	1,286	(624)	147,970
Equity securities	104,096	52,568	(1,732)	154,932
	1,283,012	76,643	(2,815)	1,356,840
Held-to-maturity:				
Japanese government bond securities and other	115,599	14,490	(112)	129,977
	¥ 1,398,611	¥ 91,133	¥ (2,927)	¥ 1,486,817

June 30, 2015

	Millions of yen			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale:				
Japanese and foreign government bond securities	¥ 469,747	¥ 5,400	¥ (1,154)	¥ 473,993
Japanese prefectural and foreign municipal bond securities	157,147	3,103	(209)	160,041
Corporate debt securities	318,012	3,185	(185)	321,012
Specified bonds issued by SPEs in Japan	5,901	46	0	5,947
CMBS and RMBS in the Americas	73,579	2,222	(278)	75,523
Other asset-backed securities and debt securities	65,047	1,538	(547)	66,038
Equity securities	93,233	48,045	(825)	140,453
	1,182,666	63,539	(3,198)	1,243,007
Held-to-maturity:				
Japanese government bond securities and other	115,881	13,013	(715)	128,179
	¥ 1,298,547	¥ 76,552	¥ (3,913)	¥ 1,371,186

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The following tables provide information about available-for-sale securities and held-to-maturity securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss portion as of March 31, 2015 and June 30, 2015, respectively:

March 31, 2015

	Millions of yen					
	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:						
Japanese and foreign government bond securities	¥ 5,407	¥ (35)	¥ 0	¥ 0	¥ 5,407	¥ (35)
Japanese prefectural and foreign municipal bond securities	44,782	(110)	0	0	44,782	(110)
Corporate debt securities	81,108	(58)	6,363	(79)	87,471	(137)
Specified bonds issued by SPEs in Japan	0	0	1,269	(31)	1,269	(31)
CMBS and RMBS in the Americas	9,754	(31)	506	(115)	10,260	(146)
Other asset-backed securities and debt securities	10,950	(304)	8,127	(320)	19,077	(624)
Equity securities	6,640	(1,723)	585	(9)	7,225	(1,732)
	158,641	(2,261)	16,850	(554)	175,491	(2,815)
Held-to-maturity:						
Japanese government bond securities and other	4,889	(112)	0	0	4,889	(112)
	¥ 163,530	¥ (2,373)	¥ 16,850	¥ (554)	¥ 180,380	¥ (2,927)

June 30, 2015

	Millions of yen					
	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:						
Japanese and foreign government bond securities	¥ 103,615	¥ (1,154)	¥ 0	¥ 0	¥ 103,615	¥ (1,154)
Japanese prefectural and foreign municipal bond securities	76,037	(207)	245	(2)	76,282	(209)
Corporate debt securities	117,365	(143)	6,581	(42)	123,946	(185)
CMBS and RMBS in the Americas	25,781	(34)	621	(244)	26,402	(278)
Other asset-backed securities and debt securities	2,813	(113)	11,586	(434)	14,399	(547)
Equity securities	10,373	(788)	1,498	(37)	11,871	(825)
	335,984	(2,439)	20,531	(759)	356,515	(3,198)
Held-to-maturity:						
Japanese government bond securities and other	19,514	(715)	0	0	19,514	(715)
	¥ 355,498	¥ (3,154)	¥ 20,531	¥ (759)	¥ 376,029	¥ (3,913)

The number of investment securities that were in an unrealized loss position as of March 31, 2015 and June 30, 2015 were 197 and 249, respectively. The gross unrealized losses on these securities are attributable to a number of factors including changes in interest rates, credit spreads and market trends.

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For debt securities, in the case of the fair value being below the amortized cost, the Company and its subsidiaries consider whether those securities are other-than-temporarily impaired using all available information about their collectability. The Company and its subsidiaries do not consider a debt security to be other-than-temporarily impaired if (1) the Company and its subsidiaries do not intend to sell the debt security, (2) it is not more likely than not that the Company and its subsidiaries will be required to sell the debt security before recovery of its amortized cost basis and (3) the present value of estimated cash flows will fully cover the amortized cost of the security. On the other hand, the Company and its subsidiaries consider a debt security to be other-than-temporarily impaired if any of the above mentioned three conditions are not met.

Debt securities with unrealized loss position mainly include corporate debt securities in Japan, specified bonds issued by special purpose entities in Japan, CMBS and RMBS in the Americas, and other asset-backed securities.

The unrealized loss associated with corporate debt securities is primarily due to changes in the market interest rate and risk premium. Considering all available information to assess the collectability of those investments (such as the financial condition of and business prospects for the issuers), the Company and its subsidiaries believe that the Company and its subsidiaries are able to recover the entire amortized cost basis of those investments. Because the Company and its subsidiaries do not intend to sell the investments and it is not more likely than not that the Company and its subsidiaries will be required to sell the investments before recovery of their amortized cost basis, the Company and its subsidiaries do not consider these investments to be other-than-temporarily impaired as of June 30, 2015.

The unrealized loss associated with specified bonds is primarily due to changes in the estimated cash flows of the underlying real estates. Considering all available information to assess the collectability of those investments (such as performance and value of the underlying real estate, and seniority of the bonds), the Company and its subsidiaries believe that the Company and its subsidiaries are able to recover the entire amortized cost basis of those investments. Because the Company and its subsidiaries do not intend to sell the investments and it is not more likely than not that the Company and its subsidiaries will be required to sell the investments before recovery of their amortized cost basis, the Company and its subsidiaries do not consider these investments to be other-than-temporarily impaired as of June 30, 2015.

The unrealized loss associated with CMBS and RMBS in the Americas and other asset-backed securities is primarily caused by changes in credit spreads and interest rates. In order to determine whether a credit loss exists, the Company and its subsidiaries estimate the present value of anticipated cash flows, discounted at the current yield to accrete the security. The cash flows are estimated based on a number of assumptions such as default rate and prepayment speed, as well as seniority of the security. Then, a credit loss is assessed by comparing the present value of the expected cash flows to the security s amortized cost basis. Based on that assessment, the Company and its subsidiaries expect to recover the entire amortized cost basis and no credit impairment was identified. Because the Company and its subsidiaries do not intend to sell the investments and it is not more likely than not that the Company and its subsidiaries will be required to sell the investments before recovery of their amortized cost basis, the Company and its subsidiaries do not consider these investments to be other-than-temporarily impaired as of June 30, 2015.

For equity securities with unrealized losses, the Company and its subsidiaries consider various factors to determine whether the decline is other-than-temporary, including the length of time and the extent to which the fair value has been less than the carrying value and the issuer s specific economic conditions as well as the ability and intent to hold these securities for a period of time sufficient to recover the securities carrying amounts. Based on our ongoing monitoring process, the Company and its subsidiaries do not consider these investments to be other-than-temporarily impaired as of June 30, 2015.

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The total other-than-temporary impairment with an offset for the amount of the total other-than-temporary impairment recognized in other comprehensive income (loss) for three months ended June 30, 2014 and 2015 are as follows:

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Total other-than-temporary impairment losses	¥ 100	¥ 1,949
Portion of loss recognized in other comprehensive income (before taxes)	0	0
Net impairment losses recognized in earnings	¥ 100	¥ 1,949

Total other-than-temporary impairment losses for three months ended June 30, 2014 related to other securities. Total other-than-temporary impairment losses for three months ended June 30, 2015 related to equity securities and other securities.

Roll-forwards of the amount related to credit losses on other-than-temporarily impaired debt securities recognized in earnings for three months ended June 30, 2014 and 2015 are as follows:

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Beginning	¥ 1,991	¥ 2,633
Movement during the period	0	0
Ending	¥ 1,991	¥ 2,633

As of March 31, 2015, other-than-temporary impairment related to the non-credit losses arising from debt securities for which other-than-temporary impairment related to the credit loss had been recognized in earnings according to ASC 320-10-35-34 (Investments Debt and Equity Securities Recognition of Other-Than-Temporary Impairments) was included in unrealized gains/losses (before taxes) of CMBS and RMBS in the Americas, with gross unrealized gains of ¥234 million and unrealized losses of ¥58 million, and was included in unrealized gains/losses (after taxes) of accumulated other comprehensive income, with gross unrealized gains of ¥149 million and unrealized losses of ¥37 million. As of June 30, 2015, other-than-temporary impairment related to the non-credit losses arising from debt securities for which other-than-temporary impairment related to the credit loss had been recognized in earnings was included in unrealized gains/losses (before taxes) of CMBS and RMBS in the Americas, with gross unrealized gains of ¥269 million and unrealized losses of ¥82 million, and was included in unrealized gains/losses (after taxes) of accumulated other comprehensive income, with gross unrealized gains of ¥171 million and unrealized losses of ¥52 million. The unrealized gains/losses include unrealized gains/losses on impaired securities relating to changes in the value of such securities subsequent to the impairment measurement date.

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7. Securitization Transactions

The Company and its subsidiaries have securitized various financial assets such as lease receivables and installment loans (commercial mortgage loans, housing loans and other).

In the securitization process, these financial assets are transferred to SPEs, such as trusts and special-purpose companies that issue beneficial interests of the securitization trusts and securities backed by the financial assets to investors. The cash flows collected from these assets transferred to the SPEs are then used to repay these asset-backed beneficial interests and securities. As the transferred assets are isolated from the Company and its subsidiaries, the investors and the SPEs have no recourse to other assets of the Company and its subsidiaries in cases where the debtors or the issuers of the transferred financial assets fail to perform under the original terms of those financial assets.

The Company and its subsidiaries often retain interests in the SPEs in the form of the beneficial interest of the securitization trusts. Those interests that continue to be held include interests in the transferred assets and are often subordinate to other tranche(s) of the securitization. Those beneficial interests that continue to be held by the Company and its subsidiaries are subject to credit risk, interest rate risk and prepayment risk on the securitized financial assets. With regards to these subordinated interests that the Company and its subsidiaries retain, they are subordinated to the senior investments and are exposed to different credit and prepayment risks, since they first absorb the risk of the decline in the cash flows from the financial assets transferred to the SPEs for defaults and prepayment of the transferred assets. If there is any excess cash remaining in the SPEs after payment to investors in the securitization of the contractual rate of returns, most of such excess cash is distributed to the Company and its subsidiaries for payments of the subordinated interests.

In accordance with ASC 860 (Transfers and Servicing) and ASC 810 (Consolidation), trusts or SPEs used in securitization transactions have been consolidated if the Company and its subsidiaries are the primary beneficiary of the trusts or SPEs.

During the three months ended June 30, 2014 and 2015, there was no securitization transaction accounted for as a sale.

Quantitative information about delinquencies, impaired loans and components of financial assets sold on securitization and other assets managed together as of March 31, 2015 and June 30, 2015, and quantitative information about net credit loss for the three months ended June 30, 2014 and 2015 are as follows:

	Millions of yen			
	Total principal amount of receivables		Principal amount of receivables 90 days or more past-due and impaired loans	
	March 31, 2015	June 30, 2015	March 31, 2015	June 30, 2015
Direct financing leases	¥ 1,216,454	¥ 1,207,545	¥ 15,373	¥ 14,542
Installment loans	2,478,054	2,478,854	107,669	95,607
Assets recorded on the balance sheet	3,694,508	3,686,399	123,042	110,149
Direct financing leases sold on securitization	894	827	0	0
Total assets managed together or sold on securitization	¥ 3,695,402	¥ 3,687,226	¥ 123,042	¥ 110,149

	Millions of yen Credit loss	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Direct financing lease	¥ 518	¥ 658
Installment loans	2,740	3,194

Assets recorded on the balance sheet	3,258		3,852
Direct financing lease sold on securitization	0		0
Total assets managed together or sold on securitization	¥ 3,258	¥	3,852

A certain subsidiary originates and sells loans into the secondary market while retaining the obligation to service those loans. In addition, it undertakes obligations to service loans originated by others. The servicing assets related to those servicing activities are included in other assets and the balances of these servicing assets as of March 31, 2015 and June 30, 2015 were ¥18,376 million and ¥18,606 million, respectively. During the three months ended June 30, 2014 and 2015, the servicing assets were increased by ¥722 million and ¥1,128 million, respectively, mainly from loans sold with servicing retained and decreased by ¥1,014 million and ¥1,245 million, respectively, mainly from amortization and decreased by ¥254 million and increased by ¥347 million, respectively, from the effects of changes in foreign exchange rates. The fair value of the servicing assets as of March 31, 2015 and June 30, 2015 were ¥27,676 million and ¥28,269 million, respectively.

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8. Variable Interest Entities

The Company and its subsidiaries use special purpose companies, partnerships and trusts (hereinafter referred to as SPEs) in the ordinary course of business.

These SPEs are not always controlled by voting rights, and there are cases where voting rights do not exist for those SPEs. ASC 810 (Consolidation) addresses consolidation by business enterprises of SPEs within the scope of ASC 810. Generally these SPEs are entities where (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support provided by any parties, including the equity holders or (b) as a group, the holders of the equity investment at risk do not have (1) the ability to make decisions about an entity s activities that most significantly impact the entity s economic performance through voting rights or similar rights, (2) the obligation to absorb the expected losses of the entity or (3) the right to receive the expected residual returns of the entity. Entities within the scope of ASC 810 are called VIEs.

According to ASC 810, the Company and its subsidiaries are required to perform a qualitative analysis to identify the primary beneficiary of VIEs. An enterprise that has both of the following characteristics is considered to be the primary beneficiary and therefore shall consolidate a VIE:

- The power to direct the activities of a VIE that most significantly impact the entity s economic performance
- The obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE

All facts and circumstances are taken into consideration when determining whether the Company and its subsidiaries have variable interests that would deem it the primary beneficiary and therefore require consolidation of the VIE. The Company and its subsidiaries make ongoing reassessment of whether they are the primary beneficiaries of a VIE.

The following are the items that the Company and its subsidiaries are considering in a qualitative assessment:

- Which activities most significantly impact the economic performance of the VIE and who has the power to direct such activities
- Characteristics of the Company and its subsidiaries variable interest or interests and other involvements (including involvement of related parties and de facto agents)
- Involvement of other variable interest holders
- The entity s purpose and design, including the risks that the entity was designed to create and pass through to its variable interest holders

The Company and its subsidiaries generally consider the following types of involvement to be significant when determining the primary beneficiary:

- Designing the structuring of a transaction
- Providing an equity investment and debt financing

Being the investment manager, asset manager or servicer and receiving variable fees

Providing liquidity and other financial support

The Company and its subsidiaries do not have the power to direct activities of the VIEs that most significantly impact the VIEs economic performance if that power is shared among multiple unrelated parties, and accordingly do not consolidate such VIEs.

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Information about VIEs (consolidated and non-consolidated) for the Company and its subsidiaries are as follows:

1. Consolidated VIEs

March 31, 2015

Types of VIEs	Millions of yen Total assets *1	Total liabilities *1	Assets which are pledged as collateral *2	Commitments *3
(a) VIEs for liquidating customer assets	¥ 0	¥ 0	¥ 0	¥ 0
(b) VIEs for acquisition of real estate and real estate development projects for customers	1,036	123	0	0
(c) VIEs for acquisition of real estate for the Company and its subsidiaries real estate-related business	223,069	65,017	135,723	7,000
(d) VIEs for corporate rehabilitation support business	4,366	34	0	0
(e) VIEs for investment in securities	21,027	8,064	12,928	23,974
(f) VIEs for securitizing financial assets such as direct financing lease receivable and loan receivable	393,502	250,402	325,236	0
(g) VIEs for securitization of commercial mortgage loans originated by third parties	36,452	43,280	36,452	0
(h) VIEs for power generation projects	84,242	31,236	30,227	173,560
(i) Other VIEs	202,708	99,545	187,065	0
Total	¥ 966,402	¥ 497,701	¥ 727,631	¥ 204,534

June 30, 2015

Types of VIEs	Millions of yen Total assets *1	Total liabilities *1	Assets which are pledged as collateral *2	Commitments *3
(a) VIEs for liquidating customer assets	¥ 0	¥ 0	¥ 0	¥ 0
(b) VIEs for acquisition of real estate and real estate development projects for customers	965	0	0	0
(c) VIEs for acquisition of real estate for the Company and its subsidiaries real estate-related business	219,120	68,778	143,231	7,000
(d) VIEs for corporate rehabilitation support business	4,122	42	0	0
(e) VIEs for investment in securities	21,420	8,307	12,943	2,745
(f) VIEs for securitizing financial assets such as direct financing lease receivable and loan receivable	501,394	328,203	415,728	0
(g) VIEs for securitization of commercial mortgage loans originated by third parties	34,578	39,074	34,578	0
(h) VIEs for power generation projects	96,759	40,240	39,300	171,368
(i) Other VIEs	192,852	95,205	181,626	0
Total	¥ 1,071,210	¥ 579,849	¥ 827,406	¥ 181,113

*1 The assets of most VIEs are used only to repay the liabilities of the VIEs, and the creditors of the liabilities of most VIEs have no recourse to other assets of the Company and its subsidiaries.

*2 The assets are pledged as collateral by VIE for financing of the VIE.

*3 This item represents remaining balance of commitments that could require the Company and its subsidiaries to provide investments or loans to the VIE.

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2. Non-consolidated VIEs

March 31, 2015

	Millions of yen			
		Carrying amount of the variable interests in the VIEs held by the Company and its subsidiaries		
Types of VIEs	**Total assets**	**Specified bonds and non-recourse loans**	**Investments**	**Maximum exposure to loss ***
(a) VIEs for liquidating customer assets	¥ 32,421	¥ 0	¥ 2,091	¥ 9,551
(b) VIEs for acquisition of real estate and real estate development projects for customers	325,429	14,084	26,283	50,017
(c) VIEs for acquisition of real estate for the Company and its subsidiaries real estate-related business	0	0	0	0
(d) VIEs for corporate rehabilitation support business	0	0	0	0
(e) VIEs for investment in securities	3,038,819	0	28,584	55,940
(f) VIEs for securitizing financial assets such as direct financing lease receivable and loan receivable	0	0	0	0
(g) VIEs for securitization of commercial mortgage loans originated by third parties	1,100,830	0	8,064	8,139
(h) VIEs for power generation projects	0	0	0	0
(i) Other VIEs	26,894	14	3,038	3,052
Total	¥ 4,524,393	¥ 14,098	¥ 68,060	¥ 126,699

June 30, 2015

	Millions of yen			
		Carrying amount of the variable interests in the VIEs held by the Company and its subsidiaries		
Types of VIEs	**Total assets**	**Specified bonds and non-recourse loans**	**Investments**	**Maximum exposure to loss ***
(a) VIEs for liquidating customer assets	¥ 32,421	¥ 0	¥ 2,091	¥ 9,551
(b) VIEs for acquisition of real estate and real estate development projects for customers	287,451	4,776	15,793	30,317
(c) VIEs for acquisition of real estate for the Company and its subsidiaries real estate-related business	0	0	0	0
(d) VIEs for corporate rehabilitation support business	0	0	0	0
(e) VIEs for investment in securities	2,374,629	0	31,449	80,546
(f) VIEs for securitizing financial assets such as direct financing lease receivable and loan receivable	0	0	0	0
	1,035,149	0	8,411	8,468

(g) VIEs for securitization of commercial mortgage loans originated by third parties				
(h) VIEs for power generation projects	0	0	0	0
(i) Other VIEs	84,631	0	2,795	2,795
Total	¥ 3,814,281	¥ 4,776	¥ 60,539	¥ 131,677

* Maximum exposure to loss includes remaining balance of commitments that could require the Company and its subsidiaries to provide investments or loans to the VIE.

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(a) VIEs for liquidating customer assets

The Company and its subsidiaries may use VIEs in structuring financing for customers to liquidate specific customer assets. The VIEs are typically used to provide a structure that is bankruptcy remote with respect to the customer and the use of VIE structure is requested by such customer. Such VIEs typically acquire assets to be liquidated from the customer, borrow non-recourse loans from financial institutions and have an equity investment made by the customer. By using cash flows from the liquidated assets, these VIEs repay the loan and pay dividends to equity investors if sufficient funds exist.

With respect to the variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, non-recourse loans are included in installment loans, and investments are mainly included in other assets in the Company s condensed consolidated balance sheets. The Company has a commitment agreement by which the Company may be required to make additional investment in certain such non-consolidated VIEs.

(b) VIEs for acquisition of real estate and real estate development projects for customers

Customers and the Company and its subsidiaries are involved with VIEs formed to acquire real estate and/or develop real estate projects. In each case, a customer establishes and makes an equity investment in a VIE that is designed to be bankruptcy remote from the customer. The VIEs acquire real estate and/or develop real estate projects.

The Company and its subsidiaries provide non-recourse loans to such VIEs and hold specified bonds issued by them and/or make investments in them. The Company and its subsidiaries have consolidated certain VIEs because the Company or its subsidiary effectively controls the VIEs by acting as the asset manager of the VIEs.

In the Company s condensed consolidated balance sheets, assets of consolidated VIEs are mainly included in investment in affiliates, and liabilities of those consolidated VIEs are mainly included in other liabilities.

With respect to the variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, specified bonds are included in investment in securities, non-recourse loans are included in installment loans, and investments are mainly included in investment in securities, investment in affiliates and other assets in the Company s condensed consolidated balance sheets. The Company and its subsidiaries have commitment agreements by which the Company and its subsidiaries may be required to provide additional investment in certain non-consolidated VIEs as long as the agreed-upon terms are met. Under these agreements, the Company and its subsidiaries are committed to invest in these VIEs with the other investors based on their respective ownership percentages. The Company and its subsidiaries concluded that the VIEs are not consolidated because the power to direct these VIEs is held by unrelated parties. In some cases, the Company and its subsidiaries concluded that the VIEs are not consolidated because the power to direct these VIEs is shared among multiple unrelated parties.

(c) VIEs for acquisition of real estate for the Company and its subsidiaries real estate-related business

The Company and its subsidiaries establish VIEs and acquire real estate to borrow non-recourse loans from financial institutions and simplify the administration activities necessary for the real estate. The Company and its subsidiaries consolidate such VIEs even though the Company and its subsidiaries may not have voting rights if substantially all of such VIEs subordinated interests are issued to the Company and its subsidiaries, and therefore the VIEs are controlled by and for the benefit of the Company and its subsidiaries.

The Company and its subsidiaries contributed additional funding to certain consolidated VIEs, since those VIEs had difficulty repaying debt and accounts payable. The amount of the additional funding for fiscal 2015 was ¥5,628 million. There was no additional funding or acquisition of subordinated interests during the three months ended June 30, 2015.

In the Company s condensed consolidated balance sheets, assets of the consolidated VIEs are mainly included in cash and cash equivalents, restricted cash, investment in operating leases, property under facility operations, office facilities and other assets, and liabilities of those consolidated VIEs are mainly included in long-term debt. The Company has a commitment agreement by which the Company may be required to make additional investment in certain such consolidated VIEs.

(d) VIEs for corporate rehabilitation support business

Financial institutions, the Company and its subsidiary are involved with VIEs established for the corporate rehabilitation support business. VIEs receive the funds from investors including the financial institutions, the Company and the subsidiary, and purchase loan receivables due from borrowers which have financial problems, but are deemed to have the potential to recover in the future. The servicing operations for the VIEs are conducted by the subsidiary.

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The Company and its subsidiary consolidated such VIEs since the Company and the subsidiary have the majority of the investment share of such VIEs, and have the power to direct the activities of the VIEs that most significantly impact the entities economic performance through the servicing operations.

In the Company s condensed consolidated balance sheets, assets of the consolidated VIEs are mainly included in installment loans, and liabilities of those consolidated VIEs are mainly included in other liabilities.

(e) VIEs for investment in securities

The Company and its subsidiaries have interests in VIEs that are investment funds and mainly invest in equity and debt securities. Such VIEs are managed by a subsidiary or fund management companies that are independent of the Company and its subsidiaries.

The Company consolidated certain such VIEs since the Company has the majority of the investment share of them, and has the power to direct the activities of those VIEs that most significantly impact the entities economic performance through involvement with the design of the VIEs or other means.

In the Company s condensed consolidated balance sheets, assets of the consolidated VIEs are mainly included in investment in securities and investment in affiliates, and liabilities of those consolidated VIEs are mainly included in long-term debt. A subsidiary has a commitment agreement by which the subsidiary may be required to make additional investment in certain such consolidated VIEs.

Variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, are included in investment in securities in the Company s condensed consolidated balance sheets. The Company and its subsidiaries have a commitment agreement by which the Company and its subsidiaries may be required to make additional investment in certain such non-consolidated VIEs.

(f) VIEs for securitizing financial assets such as direct financing lease receivable and loan receivable

The Company and its subsidiaries use VIEs to securitize financial assets such as direct financing leases receivables and loans receivables. In the securitization process, these financial assets are transferred to SPEs, and the SPEs issue beneficial interests or securities backed by the transferred financial assets to investors. After the securitization, the Company and its subsidiaries continue to hold a subordinated part of the securities and act as a servicer.

The Company and its subsidiaries consolidated such VIEs since the Company and its subsidiaries have the power to direct the activities that most significantly impact the entity s economic performance by designing the securitization scheme and conducting servicing activities, and have a responsibility to absorb losses of the VIEs that could potentially be significant to the entities by retaining the subordinated part of the securities.

In the Company s condensed consolidated balance sheets, assets of the consolidated VIEs are mainly included in restricted cash, investment in direct financing leases and installment loans, and liabilities of those consolidated VIEs are mainly included in long-term debt.

(g) VIEs for securitization of commercial mortgage loans originated by third parties

The Company and its subsidiaries invest in CMBS and RMBS originated by third parties. In some cases of such securitization, the Company s subsidiaries hold the subordinated portion and the subsidiaries act as a special-servicer of the securitization transaction. As the special servicer, the Company s subsidiaries have rights to dispose of real estate collateral related to the securitized commercial mortgage loans.

The subsidiaries consolidate certain of these VIEs when the subsidiaries have the power to direct the activities of the VIEs that most significantly impact the entities economic performance through its role as special-servicer, including the right to dispose of the collateral, and have a responsibility to absorb losses of the VIEs that could potentially be significant to the entities by holding the subordinated part of the securities.

In the Company s condensed consolidated balance sheets, assets of the consolidated VIEs are mainly included in installment loans, and liabilities of those consolidated VIEs are mainly included in long-term debt.

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Variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, are included in investment in securities in the Company s condensed consolidated balance sheets. The Company has a commitment agreement by which the Company may be required to make additional investment in certain such non-consolidated VIEs.

(h) VIEs for power generation projects

The Company and its subsidiaries may use VIEs in power generation projects. VIEs receive the funds from the Company and its subsidiaries, install solar panels by acquiring or leasing lands, and sell the generated power to electric power companies. The Company and its subsidiaries have consolidated certain VIEs because the Company and its subsidiaries have the majority of the investment shares of such VIEs and effectively control the VIEs by acting as the asset manager of the VIEs.

In the Company s condensed consolidated balance sheets, assets of the consolidated VIEs are mainly included in property under facility operations and other assets, and liabilities of those consolidated VIEs are mainly included in long-term debt. The Company has commitment agreements by which the Company may be required to make additional investment or execute loans in certain such consolidated VIEs.

(i) Other VIEs

The Company and its subsidiaries are involved with other types of VIEs for various purposes. Consolidated and non-consolidated VIEs of this category are mainly kumiai structures. In addition, a subsidiary has consolidated a VIE that is not included in the categories (a) through (h) above, because the subsidiary holds the subordinated portion of the VIE and the VIE is effectively controlled by the subsidiary.

In Japan, certain subsidiaries provide investment products to their customers that employ a contractual mechanism known as a kumiai, which in part result in the subsidiaries forming a type of SPE. As a means to finance the purchase of aircraft or other large-ticket items to be leased to third parties, the Company and its subsidiaries arrange and market kumiai products to investors, who invest a portion of the funds necessary into the kumiai structure. The remainder of the purchase funds is borrowed by the kumiai structure in the form of a non-recourse loan from one or more financial institutions. The kumiai investors (and any lenders to the kumiai structure) retain all of the economic risks and rewards in connection with purchasing and leasing activities of the kumiai structure, and all related gains or losses are recorded on the financial statements of the investors in the kumiai. The Company and its subsidiaries are responsible for the arrangement and marketing of these products and may act as servicer or administrator in kumiai transactions. The fee income for the arrangement and administration of these transactions is recognized in the Company s consolidated statements of income. In some cases, the Company and its subsidiaries make investments in the kumiai or its related SPE, and these VIEs are consolidated because the Company and its subsidiaries have a responsibility to absorb any significant potential loss through the investments and have the power to direct the activities that most significantly impact their economic performance. In other cases, the Company and its subsidiaries are not considered to be the primary beneficiary of the VIEs or kumiais because the Company and its subsidiaries did not make significant investments or guarantee or otherwise undertake any significant financial commitments or exposure with respect to the kumiai or its related SPE.

The Company may use VIEs to finance. The Company transfers its own held assets to SPEs, which borrow non-recourse loan from financial institutions and effectively pledge such assets as collateral. The Company continually holds subordinated interests in the SPEs and perform administrative work of such assets. The Company consolidates such SPEs because the Company has a right to direct the activities of them that most significantly impact their economic performance by setting up the scheme and performing administrative work of the assets and has the obligation to absorb expected losses of them by holding the subordinated interests.

In the Company s condensed consolidated balance sheets, assets of the consolidated VIEs are mainly included in installment loans, investment in operating leases and office facilities, and liabilities of those consolidated VIEs are mainly included in long-term debt.

With respect to the variable interests in non-consolidated VIEs, which the Company and its subsidiaries hold, investments are mainly included in installment loans in the Company s condensed consolidated balance sheets.

9. Investment in Affiliates

Investment in affiliates at March 31 and June 30, 2015 consists of the following:

	Millions of yen	
	March 31, 2015	June 30, 2015
Shares	¥ 368,989	¥ 381,339
Loans	9,098	8,529
	¥ 378,087	¥ 389,868

Combined and condensed information relating to the affiliates as of and for the three months ended June 30, 2014 and 2015 are as follows (some operation data for entities reflect only the period since the Company and its subsidiaries made the investment):

	Millions of yen	
	As of and for three months ended June 30, 2014	As of and for three months ended June 30, 2015
Operations:		
Total revenues	¥ 318,074	¥ 354,745
Income before income taxes	27,938	48,755
Net income	19,890	33,815
Financial position:		
Total assets	¥ 5,823,189	¥ 7,177,413
Total liabilities	4,619,223	5,371,000
Total equity	1,203,966	1,806,413

The Company sold 71.9% of the common shares of a consolidated subsidiary, STX Energy Co., Ltd. (presently GS E&R Corp., hereinafter, STX Energy) to a third-party during the three months ended June 30, 2014. The Company retains a 25% interest in STX Energy, which became an affiliate accounted for by the equity method from the three months ended June 30, 2014. The sale of the controlling interest resulted in a gain of ¥14,883 million and the remeasurement of the retained interest to its fair value resulted in a gain of ¥1,329 million, both of which were included in earnings as gains on sales of subsidiaries and affiliates and liquidation losses, net during the three months ended June 30, 2014. The fair value of the retained interest was remeasured based on the sale proceed adjusted for a control premium.

10. Redeemable Noncontrolling Interests

Changes in redeemable noncontrolling interests for the three months ended June 30, 2014 and 2015 are as follows:

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Beginning balance	¥ 53,177	¥ 66,901
Adjustment of redeemable noncontrolling interests to redemption value	283	738
Transaction with noncontrolling interests	791	371
Comprehensive income		
Net income	987	1,061
Other comprehensive income (loss)		

Net change of foreign currency translation adjustments	(805)	1,425
Total other comprehensive income (loss)	(805)	1,425
Comprehensive income	182	2,486
Cash dividends	(1,576)	0
Ending balance	¥ 52,857	¥ 70,496

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11. Accumulated Other Comprehensive Income (Loss)

Changes in each component of accumulated other comprehensive income (loss) attributable to ORIX Corporation Shareholders for the three months ended June 30, 2014 and 2015, are as follows:

	Three months ended June 30, 2014 Millions of yen				
	Net unrealized gains (losses) on investment in securities	Defined benefit pension plans	Foreign currency translation adjustments	Net unrealized gains (losses) on derivative instruments	Accumulated other comprehensive income (loss)
Balance at March 31, 2014	¥ 38,651	¥ (6,230)	¥ (31,949)	¥ (434)	¥ 38
Net unrealized gains on investment in securities, net of tax of ¥(2,537) million	4,793				4,793
Reclassification adjustment included in net income, net of tax of ¥5,960 million	(10,868)				(10,868)
Defined benefit pension plans, net of tax of ¥(185) million		320			320
Reclassification adjustment included in net income, net of tax of ¥30 million		(56)			(56)
Foreign currency translation adjustments, net of tax of ¥580 million			(11,057)		(11,057)
Reclassification adjustment included in net income, net of tax of ¥0 million			0		0
Net unrealized losses on derivative instruments, net of tax of ¥261 million				(1,061)	(1,061)
Reclassification adjustment included in net income, net of tax of ¥(197) million				779	779
Total other comprehensive income (loss)	(6,075)	264	(11,057)	(282)	(17,150)
Less: Other Comprehensive Income (loss) Attributable to the Noncontrolling Interest	221	121	(2,305)	(26)	(1,989)
Less: Other Comprehensive Income (loss) Attributable to the Redeemable Noncontrolling Interests	0	0	(805)	0	(805)
Balance at June 30, 2014	¥ 32,355	¥ (6,087)	¥ (39,896)	¥ (690)	¥ (14,318)

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	Three months ended June 30, 2015 Millions of yen				
	Net unrealized gains (losses) on investment in securities	Defined benefit pension plans	Foreign currency translation adjustments	Net unrealized gains (losses) on derivative instruments	Accumulated other comprehensive income (loss)
Balance at March 31, 2015	¥ 50,330	¥ (19,448)	¥ 431	¥ (940)	¥ 30,373
Net unrealized gains on investment in securities, net of tax of ¥(1,645) million	4,950				4,950
Reclassification adjustment included in net income, net of tax of ¥6,898 million	(12,231)				(12,231)
Defined benefit pension plans, net of tax of ¥366 million		(982)			(982)
Reclassification adjustment included in net income, net of tax of ¥(5) million		82			82
Foreign currency translation adjustments, net of tax of ¥(487) million			10,996		10,996
Reclassification adjustment included in net income, net of tax of ¥0 million			0		0
Net unrealized losses on derivative instruments, net of tax of ¥568 million				(1,539)	(1,539)
Reclassification adjustment included in net income, net of tax of ¥(615) million				1,656	1,656
Total other comprehensive income (loss)	(7,281)	(900)	10,996	117	2,932
Less: Other Comprehensive Income (loss) Attributable to the Noncontrolling Interest	28	(55)	1,346	7	1,326
Less: Other Comprehensive Income Attributable to the Redeemable Noncontrolling Interests	0	0	1,425	0	1,425
Balance at June 30, 2015	¥ 43,021	¥ (20,293)	¥ 8,656	¥ (830)	¥ 30,554

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Amounts reclassified to net income from accumulated other comprehensive income (loss) in the three months ended June 30, 2014 and 2015 are as follows:

	Three months ended June 30, 2014	
Details about accumulated other comprehensive income components	**Reclassification adjustment included in net income Millions of yen**	**Consolidated statements of income caption**
Net unrealized gains (losses) on investment in securities		
Sales of investment securities	¥ 16,487	Gains on investment securities and dividends
Sales of investment securities	493	Life insurance premiums and related investment income
Amortization of investment securities	24	Finance revenues
Amortization of investment securities	(175)	Life insurance premiums and related investment income
Others	(1)	Write-downs of securities and other
	16,828	Total before tax
	(5,960)	Tax expenses or benefits
	¥ 10,868	Net of tax
Defined benefit pension plans		
Amortization of prior service credit	¥ 240	See Note 14 Pension Plans
Amortization of net actuarial loss	(140)	See Note 14 Pension Plans
Amortization of transition obligation	(14)	See Note 14 Pension Plans
	86	Total before tax
	(30)	Tax expenses or benefits
	¥ 56	Net of tax
Net unrealized gains (losses) on derivative instruments		
Interest rate swap agreements	¥ 7	Finance revenues/Interest expense
Foreign exchange contracts	19	Other (income) and expense, net
Foreign currency swap agreements	(1,002)	Finance revenues/Interest expense/Other (income) and expense, net
	(976)	Total before tax
	197	Tax expenses or benefits
	¥ (779)	Net of tax

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	Three months ended June 30, 2015	
Details about accumulated other comprehensive income components	Reclassification adjustment included in net income Millions of yen	Consolidated statements of income caption
Net unrealized gains (losses) on investment in securities		
Sales of investment securities	¥ 15,502	Gains on investment securities and dividends
Sales of investment securities	5,965	Life insurance premiums and related investment income
Amortization of investment securities	(49)	Finance revenues
Amortization of investment securities	(391)	Life insurance premiums and related investment income
Others	(1,898)	Write-downs of securities and other
	19,129	Total before tax
	(6,898)	Tax expenses or benefits
	¥ 12,231	Net of tax
Defined benefit pension plans		
Amortization of prior service credit	¥ 258	See Note 14 Pension Plans
Amortization of net actuarial loss	(332)	See Note 14 Pension Plans
Amortization of transition obligation	(13)	See Note 14 Pension Plans
	(87)	Total before tax
	5	Tax expenses or benefits
	¥ (82)	Net of tax
Net unrealized gains (losses) on derivative instruments		
Interest rate swap agreements	¥ 2	Finance revenues/Interest expense
Foreign exchange contracts	2,082	Other (income) and expense, net
Foreign currency swap agreements	(4,355)	Finance revenues/Interest expense/Other (income) and expense, net
	(2,271)	Total before tax
	615	Tax expenses or benefits
	¥ (1,656)	Net of tax

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12. ORIX Corporation Shareholders Equity

Information about ORIX Corporation Shareholders Equity for the three months ended June 30, 2014 and 2015 are as follows:

(1) Dividend payments

	Three months ended June 30, 2014	Three months ended June 30, 2015
Resolution	The board of directors on May 22, 2014	The board of directors on May 20, 2015
Type of shares	Common stock	Common stock
Total dividends paid	¥30,117 million	¥47,188 million
Dividend per share	¥23.00	¥36.00
Date of record for dividend	March 31, 2014	March 31, 2015
Effective date for dividend	June 3, 2014	June 3, 2015
Dividend resource	Retained earnings	Retained earnings

Total dividends paid includes ¥77 million of dividends paid to the Board Incentive Plan Trust for the three months ended June 30, 2015.

(2) There were no applicable dividends for which the date of record was in the three months ended June 30, 2014, and for which the effective date was after June 30, 2014.

There were no applicable dividends for which the date of record was in the three months ended June 30, 2015, and for which the effective date was after June 30, 2015.

13. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended June 30, 2014 and 2015 are as follows:

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Personnel expenses	¥ 58,439	¥ 69,866
Selling expenses	13,625	17,819
Administrative expenses	20,193	25,407
Depreciation of office facilities	1,008	1,278
Total	¥ 93,265	¥ 114,370

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14. Pension Plans

The Company and certain subsidiaries have contributory and non-contributory pension plans covering substantially all of their employees. Those contributory funded pension plans include defined benefit pension plans and defined contribution pension plans. Under the plans, employees are entitled to lump-sum payments at the time of termination of their employment or pension payments. Defined benefit pension plans consist of a plan of which the amounts of such payments are determined on the basis of length of service and remuneration at the time of termination and a cash balance plan.

The Company and its subsidiaries funding policy is to contribute annually the amounts actuarially determined. Assets of the plans are invested primarily in interest-bearing securities and marketable equity securities.

Net pension cost of the plans for the three months ended June 30, 2014 and 2015 consists of the following:

	Millions of yen	
	Three months ended June 30, 2014	**Three months ended June 30, 2015**
Japanese plans:		
Service cost	¥ 1,093	¥ 1,143
Interest cost	290	263
Expected return on plan assets	(588)	(649)
Amortization of prior service credit	(232)	(232)
Amortization of net actuarial loss (gain)	125	(5)
Amortization of transition obligation	13	12
Net periodic pension cost	¥ 701	¥ 532

	Millions of yen	
	Three months ended June 30, 2014	**Three months ended June 30, 2015**
Overseas plans:		
Service cost	¥ 554	¥ 969
Interest cost	574	440
Expected return on plan assets	(931)	(1,158)
Amortization of prior service credit	(8)	(26)
Amortization of net actuarial loss	15	337
Amortization of transition obligation	1	1
Net periodic pension cost	¥ 205	¥ 563

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15. Life Insurance Operations

Life insurance premiums and related investment income for three months ended June 30, 2014 and 2015 consist of the following:

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Life insurance premiums	¥ 38,322	¥ 49,284
Life insurance related investment income	2,106	19,030
	¥ 40,428	¥ 68,314

Life insurance premiums include reinsurance benefits, net of reinsurance premiums. Reinsurance benefits and reinsurance premiums for the three months ended June 30, 2015 amounted to ¥573 million and ¥3,195 million, respectively.

The benefits and expenses of life insurance operations included in life insurance costs in the consolidated statements of income are recognized so as to associate with earned premiums over the life of contracts. This association is accomplished by means of the provision for future policy benefits and the deferral and subsequent amortization of policy acquisition costs (principally commissions and certain other expenses relating to policy issuance and underwriting). Amortization charged to income for the three months ended June 30, 2014 and 2015 amounted to ¥2,718 million and ¥2,931 million, respectively.

For the three months ended June 30, 2015, life insurance premiums and related investment income includes net realized and unrealized gains or losses of ¥16,821 million from investment assets under management on behalf of variable annuity and variable life policyholders and, net losses of ¥3,146 million from derivative contracts entered to economically hedge a portion of the minimum guarantee risk relating to variable annuity and variable life insurance contracts, which consists of ¥1,752 million of losses from futures, ¥456 million of losses from foreign exchange contracts and ¥938 million of losses from options held. In addition, for the three months ended June 30, 2015, the changes in fair value of the variable annuity and variable life insurance contracts elected for the fair value option were ¥152,917 million, and insurance costs recognized for insurance and annuity payouts as a result of insured events were ¥154,571 million. The net of ¥1,654 million was included in life insurance costs. The Company has elected the fair value option for certain reinsurance contracts to partially offset the changes in fair value recognized in earnings of the policy liabilities and policy account balances attributable to the changes in the minimum guarantee risks of the variable annuity and variable life insurance contracts, and ¥2,817 million resulting from changes in the fair value of the reinsurance contracts was recorded in life insurance costs for the three months ended June 30, 2015. No such changes in the fair value of the variable annuity and variable life insurance contracts and the reinsurance contracts were recorded for the three months ended June 30, 2014.

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16. Write-Downs of Long-Lived Assets

In accordance with ASC 360 (Property, Plant, and Equipment), the Company and its subsidiaries perform tests for recoverability on assets for which events or changes in circumstances indicated that the assets might be impaired. The Company and its subsidiaries consider an asset s carrying amount as not recoverable when such carrying amount exceeds the undiscounted future cash flows estimated to result from the use and eventual disposition of the asset. The net carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount. The Company and its subsidiaries determine the fair value using appraisals prepared by independent third party appraisers or our own staff of qualified appraisers, based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate.

For the three months ended June 30, 2014 and 2015, the Company and certain subsidiaries recognized impairment losses for the difference between carrying amounts and fair values in the amount of ¥2,738 million and ¥822 million, respectively, which are reflected as write-downs of long-lived assets.

Losses of ¥2,416 million in the Real Estate segment and ¥322 million in the Overseas Business segment were recorded for the three months ended June 30, 2014. Losses of ¥788 million in the Real Estate segment, ¥22 million in the Investment and Operation segment and ¥12 million in the Overseas Business segment were recorded for the three months ended June 30, 2015.

The details of significant write-downs are as follows.

Office Buildings For the three months ended June 30, 2014, write-downs of ¥1,795 million was recorded in relation to one office building due to declines in estimated cash flows. For the three months ended June 30, 2015, write-down of ¥47 million was recorded for one office building held for sale, write-down of ¥12 million was recorded in relation to one office building due to declines in estimated cash flows.

Commercial Facilities other than Offices There was no impairment for commercial facilities for the three months ended June 30, 2014. For the three months ended June 30, 2015, write-down of ¥741 million was recorded in relation to two commercial facility due to declines in estimated cash flows.

Condominiums For the three months ended June 30, 2014, write-down of ¥621 million was recorded for one condominium due to a change in use. There was no impairment for condominiums for the three months ended June 30, 2015.

Land undeveloped or under construction There was no impairment for the three months ended June 30, 2014. For the three months ended June 30, 2015, write-down of ¥22 million was recorded for land undeveloped or under construction held for sale,

Others For the three months ended June 30, 2014, write-downs of ¥322 million were recorded for long-lived assets other than the above, mainly because the carrying amounts exceeded the estimated undiscounted future cash flows, which decreased due to deterioration in operating performance. There was no impairment for the three months ended June 30, 2015.

17. Discontinued Operations

In April 2014, Accounting Standards Update 2014-08 (Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity ASC 205 (Presentation of Financial Statements) and ASC 360 (Property, Plant, and Equipment)) was issued. This Update requires an entity to report a disposal or a classification as held for sale of a component of an entity or a group of components of an entity in discontinued operations if it represents a strategic shift that has (or will have) a major effect on an entity s operations and financial results. The Company and its subsidiaries early adopted this Update on April 1, 2014. In accordance with this Update, the Company and its subsidiaries report a disposal 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 when the component or group of components is disposed by sale or classified as held for sale on or after April 1, 2014.

During the three months ended June 30, 2014 and 2015, there was no disposal or classification as held for sale of a component or a group of components which represents a strategic shift which has (or will have) a major effect on the Company and its subsidiaries operations and financial results.

Accounting Standards Update 2014-08 does not apply to a disposal or a classification as held for sale of a component or a group of components of the Company and its subsidiaries which have previously been reported in the financial statements. Accordingly, during the three months ended June 30, 2014, the Company and its subsidiaries continue to report gains on sales and the results of operations of subsidiaries and business units, which were classified as held for sale at March 31, 2014, as income from discontinued operations in the accompanying condensed consolidated statements of income in accordance with ASC 205-20 prior to the early adoption of the update.

During fiscal 2014, the Company has determined to sell the food business unit of a subsidiary, which is composed of the food service business unit and the food business unit. During the three months ended June 30, 2014, the operating income from the food business unit was ¥101 million. With respect to the food business unit of the subsidiary, the Company has completed the sale of the food business unit of a subsidiary during fiscal 2015 and there are no amounts of assets or liabilities included in the accompanying consolidated balance sheets as of March 31, 2015 and June 30, 2015.

The Company and its subsidiaries own various real estate properties, including commercial and office buildings, for rental operations. For the three months ended June 30, 2014 and 2015, the Company and its subsidiaries did not recognize any gains or losses on sales of such real estate properties reported as income from discontinued operations. With respect to the real estate properties classified as held for sale at March 31, 2015 included in the accompanying condensed consolidated balance sheets are investment in operating leases of ¥24,619 million and property under facility operations of ¥2,873 million and other assets of ¥689 million. With respect to the real estate properties classified as held for sale at June 30, 2015, included in the accompanying consolidated balance sheets are investment in operating leases of ¥44,115 million, property under facility operations of ¥3,159 million and other assets of ¥10,266 million.

Discontinued operations for the three months ended June 30, 2014 and 2015 consist of the following:

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Revenues	¥ 2,214	¥ 0
Income from discontinued operations, net *	101	0
Provision for income taxes	(36)	0
Discontinued operations, net of applicable tax effect	¥ 65	¥ 0

* Income from discontinued operations, net includes aggregate gains on sales of subsidiaries, business units and rental properties and liquidation on losses. For the three months ended June 30, 2014 and 2015, there was no such gains or losses.

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18. Per Share Data

Reconciliation of the differences between basic and diluted earnings per share (EPS) in the three months ended June 30, 2014 and 2015 are as follows:

During the three months ended June 30, 2014, the diluted EPS calculation excludes stock option for 6,628 thousand shares, as they were antidilutive. During the three months ended June 30, 2015, the diluted EPS calculation excludes stock options for 4,457 thousand shares, as they were antidilutive.

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Income attributable to ORIX Corporation from continuing operations	¥ 65,881	¥ 81,510

	Thousands of Shares	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Weighted-average shares	¥ 1,309,826	¥ 1,308,774
Effect of dilutive securities		
Exercise of stock options	1,805	1,243
Weighted-average shares for diluted EPS computation	¥ 1,311,631	¥ 1,310,017

	Yen	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Earnings per share for income attributable to ORIX Corporation shareholders from continuing operations:		
Basic	¥ 50.30	¥ 62.28
Diluted	50.23	62.22

The Company s shares held through the Board Incentive Plan Trust (2,153,800 shares) are included in the number of treasury stock shares as of the three months ended June 30, 2015.

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19. Derivative Financial Instruments and Hedging
Risk management policy

The Company and its subsidiaries manage interest rate risk through asset and liability management systems. The Company and its subsidiaries use derivative financial instruments to hedge interest rate risk and avoid changes in interest rates that could have a significant adverse effect on the Company s results of operations. As a result of interest rate changes, the fair value and/or cash flow of interest sensitive assets and liabilities will fluctuate. However, such fluctuation will generally be offset by using derivative financial instruments as hedging instruments. Derivative financial instruments that the Company and its subsidiaries use as part of the interest risk management include interest rate swaps.

The Company and its subsidiaries utilize foreign currency borrowings, foreign exchange contracts and foreign currency swap agreements to hedge exchange rate risk that are associated with certain transactions and investments denominated in foreign currencies. Similarly, overseas subsidiaries generally structure their liabilities to match the currency-denomination of assets in each region. A certain subsidiary holds option agreements, futures and foreign exchange contracts for the purpose of economic hedges against minimum guarantee risk of variable annuity and variable life insurance contracts.

By using derivative instruments, the Company and its subsidiaries are exposed to credit risk in the event of nonperformance by counterparties. The Company and its subsidiaries attempt to manage the credit risk by carefully evaluating the content of transactions and the quality of counterparties in advance and regularly monitoring the amount of notional principal, fair value, type of transaction and other factors pertaining to each counterparty.

(a) Cash flow hedges

The Company and its subsidiaries designate interest rate swap agreements, foreign currency swap agreements and foreign exchange contracts as cash flow hedges for variability of cash flows originating from floating rate borrowings and forecasted transactions and for exchange fluctuations.

(b) Fair value hedges

The Company and its subsidiaries use financial instruments designated as fair value hedges to hedge their exposure to interest rate risk and foreign currency exchange risk. The Company and its subsidiaries designate foreign currency swap agreements and foreign exchange contracts to minimize foreign currency exposures on lease receivables, loan receivables, borrowings and others denominated in foreign currency. The Company and its subsidiaries designate interest rate swap to hedge interest rate exposure of the fair values of loan receivables. The Company and certain overseas subsidiaries, which issued medium-term notes or bonds with fixed interest rates, use interest rate swap agreements to hedge interest rate exposure of the fair values of these medium-term notes or bonds. In cases where the medium-term notes were denominated in other than the subsidiaries local currencies, foreign currency swap agreements are used to hedge foreign exchange rate exposure. A certain overseas subsidiary uses foreign currency long-term-debt to hedge foreign exchange rate exposure from unrecognized firm commitment.

(c) Hedges of net investment in foreign operations

The Company uses foreign exchange contracts and borrowings and bonds denominated in the subsidiaries local currencies to hedge the foreign currency exposure of the net investment in overseas subsidiaries.

(d) Trading derivatives or derivatives not designated as hedging instruments

The Company and its subsidiaries engage in trading activities involving various future contracts. Therefore the Company and the subsidiaries are at various risks such as share price fluctuation risk, interest rate risk and foreign currency exchange risk. The Company and the subsidiaries check that these risks are below a certain level by using internal indicators and determine whether such contracts should be continued or not. The Company and its subsidiaries entered into interest rate swap agreements, foreign currency swap agreements and foreign exchange contracts for risk management purposes which are not qualified for hedge accounting under ASC 815 (Derivatives and Hedging). A certain subsidiary holds option agreements, futures and foreign exchange contracts for the purpose of economic hedges against minimum guarantee risk of variable annuity and variable life insurance contracts.

ASC 815-10-50 (Derivatives and Hedging Disclosures) requires companies to disclose the fair value of derivative instruments and their gains (losses) in tabular format, as well as information about credit-risk-related contingent features in derivative agreements.

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The effect of derivative instruments on the consolidated statement of income, pre-tax, for the three months ended June 30, 2014 is as follows.

(1) Cash flow hedges

	Gains (losses) recognized in other comprehensive income on derivative (effective portion)	Gains (losses) reclassified from accumulated other comprehensive income (loss) into income (effective portion)		Gains (losses) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	
	Millions of yen	Consolidated statements of income location	Millions of yen	Consolidated statements of income location	Millions of yen
Interest rate swap agreements	¥ (62)	Finance revenues/Interest expense	¥ 7		¥ 0
Foreign exchange contracts	279	Other (income) and expense, net	19		0
Foreign currency swap agreements	(1,539)	Finance revenues/Interest expense/ Other (income) and expense, net	(1,002)	Other (income) and expense, net	(11)

(2) Fair value hedges

	Gains (losses) recognized in income on derivative and other		Gains (losses) recognized in income on hedged item	
	Millions of yen	Consolidated statements of income location	Millions of yen	Consolidated statements of income location
Interest rate swap agreements	¥(324)	Finance revenues/Interest expense	¥344	Finance revenues/Interest expense
Foreign exchange contracts	1,059	Other (income) and expense, net	(1,059)	Other (income) and expense, net
Foreign currency swap agreements	(1,091)	Other (income) and expense, net	1,091	Other (income) and expense, net
Foreign currency long-term debt	196	Other (income) and expense, net	(196)	Other (income) and expense, net

(3) Hedges of net investment in foreign operations

	Gains (losses) recognized in other comprehensive income on derivative and others (effective portion)	Gains (losses) reclassified from accumulated other comprehensive income (loss) into income (effective portion)	Gains (losses) recognized in income on derivative and others (ineffective portion and amount excluded from effectiveness testing)

	Millions of yen	Consolidated statements of income location	Millions of yen	Consolidated statements of income location	Millions of yen
Foreign exchange contracts	¥ 2,534		¥ 0		¥ 0
Borrowings and bonds in local currency	4,931		0		0

(4) Trading derivatives or derivatives not designated as hedging instruments

	Gains (losses) recognized in income on derivative	
	Millions of yen	Consolidated statements of income location
Futures	¥ (5)	Gains on investment securities and dividends
Foreign exchange contracts	3	Gains on investment securities and dividends
Credit derivatives held/written	(62)	Other (income) and expense, net
Options held and other	(356)	Other (income) and expense, net

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The effect of derivative instruments on the consolidated statement of income, pre-tax, for the three months ended June 30, 2015 is as follows.

(1) Cash flow hedges

	Gains (losses) recognized in other comprehensive income on derivative (effective portion)	Gains (losses) reclassified from accumulated other comprehensive income (loss) into income (effective portion)		Gains (losses) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	
	Millions of yen	Consolidated statements of income location	Millions of yen	Consolidated statements of income location	Millions of yen
Interest rate swap agreements	¥ 97	Finance revenues/Interest expense	¥ 2		¥ 0
Foreign exchange contracts	(331)	Other (income) and expense, net	2,082		0
Foreign currency swap agreements	(1,873)	Finance revenues/Interest expense/ Other (income) and expense, net	(4,355)	Other (income) and expense, net	66

(2) Fair value hedges

	Gains (losses) recognized in income on derivative and other		Gains (losses) recognized in income on hedged item	
	Millions of yen	Consolidated statements of income location	Millions of yen	Consolidated statements of income location
Interest rate swap agreements	¥ (187)	Finance revenues/Interest expense	¥ 187	Finance revenues/Interest expense
Foreign exchange contracts	(1,969)	Other (income) and expense, net	1,969	Other (income) and expense, net
Foreign currency swap agreements	(227)	Other (income) and expense, net	227	Other (income) and expense, net
Foreign currency long-term debt	(12)	Other (income) and expense, net	12	Other (income) and expense, net

(3) Hedges of net investment in foreign operations

Gains (losses) recognized in other comprehensive income on derivative and others (effective portion)	Gains (losses) reclassified from accumulated other comprehensive income (loss) into income (effective portion)	Gains (losses) recognized in income on derivative and others (ineffective portion and amount excluded from effectiveness testing)

	Millions of yen	Consolidated statements of income location	Millions of yen	Consolidated statements of income location	Millions of yen
Foreign exchange contracts	¥ (16,423)		¥ 0		¥ 0
Borrowings and bonds in local currency	(6,859)		0		0

(4) Trading derivatives or derivatives not designated as hedging instruments

	Gains (losses) recognized in income on derivative	
	Millions of yen	Consolidated statements of income location
Interest rate swap agreements	¥ 5	Other (income) and expense, net
Futures	(1,674)	Gains on investment securities and dividends Life insurance premiums and related investment income *
Foreign exchange contracts	(382)	Gains on investment securities and dividends Life insurance premiums and related investment income *
Credit derivatives held	122	Other (income) and expense, net
Options held/written and other	(1,091)	Other (income) and expense, net Life insurance premiums and related investment income *

* Futures, foreign exchange contracts and options held/written and other in the above table include losses arising from futures, foreign exchange contracts and options held to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts for the three months ended June 30, 2015 (see Note 15 Life Insurance Operations).

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Notional amounts of derivative instruments and other, fair values of derivative instruments and other before offsetting at March 31, 2015 and June 30, 2015 are as follows.

March 31, 2015

			Asset derivatives		Liability derivatives
	Notional amount	Fair value	Consolidated balance sheets location	Fair value	Consolidated balance sheets location
	Millions of yen	Millions of yen		Millions of yen	
Derivatives designated as hedging instruments and other:					
Interest rate swap agreements	¥ 296,464	¥ 890	Other Assets	¥ 1,094	Other Liabilities
Futures, foreign exchange contracts	581,510	5,281	Other Assets	11,016	Other Liabilities
Foreign currency swap agreements	104,058	6,411	Other Assets	9,788	Other Liabilities
Foreign currency long-term debt	258,313	0		0	
Trading derivatives or derivatives not designated as hedging instruments:					
Interest rate swap agreements	¥ 3,000	¥ 0		¥ 127	Other Liabilities
Options held/written and other *	441,586	12,103	Other Assets	6,177	Other Liabilities
Futures, foreign exchange contracts *	111,309	438	Other Assets	1,252	Other Liabilities
Credit derivatives held *	9,013	0		165	Other Liabilities

* The notional amounts of options held/written and futures and other, foreign exchange contracts in the above table include options held of ¥265,094 million, futures contracts of ¥34,586 million and foreign exchange contracts of ¥13,415 million to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts at March 31, 2015, respectively. Asset derivatives in the above table includes fair value of the options held and foreign exchange contracts before offsetting of ¥3,888 million and ¥92 million and liability derivatives includes fair value of the futures and foreign exchange contracts before offsetting of ¥690 million and ¥60 million at March 31, 2015, respectively.

June 30, 2015

			Asset derivatives		Liability derivatives
	Notional amount	Fair value	Consolidated balance sheets location	Fair value	Consolidated balance sheets location
	Millions of yen	Millions of yen		Millions of yen	
Derivatives designated as hedging instruments and other:					
Interest rate swap agreements	¥ 242,924	¥ 665	Other Assets	¥ 1,060	Other Liabilities
Futures, foreign exchange contracts	741,524	3.483	Other Assets	12,483	Other Liabilities
Foreign currency swap agreements	101,369	7,962	Other Assets	9,067	Other Liabilities
Foreign currency long-term debt	221,817	0		0	

Trading derivatives or derivatives not designated as hedging instruments:					
Interest rate swap agreements	¥ 3,000	¥ 0		¥ 122	Other Liabilities
Options held/written and other *	373,809	8,476	Other Assets	3,617	Other Liabilities
Futures, foreign exchange contracts *	107,669	1,128	Other Assets	431	Other Liabilities
Credit derivatives held	12,245	107	Other Assets	149	Other Liabilities

* The notional amounts of options held/written and other and futures, foreign exchange contracts in the above table include options held of ¥211,172 million, futures contracts of ¥40,576 million and foreign exchange contracts of ¥11,527 million to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts at June 30, 2015, respectively. Asset derivatives in the above table includes fair value of the options held, futures and foreign exchange contracts before offsetting of ¥2,949 million, ¥438 million and ¥104 million and liability derivatives includes fair value of the futures and foreign exchange contracts before offsetting of ¥30 million and ¥6 million at June 30, 2015, respectively.

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Certain of the Company s derivative instruments contain provisions that require the Company to maintain an investment grade credit rating from each of the major credit rating agencies. If the Company s credit rating were to fall below investment grade, it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate payment on derivative instruments that are in net liability positions. There are no derivative instruments with credit-risk-related contingent features that are in a liability position on March 31, 2015 and June 30, 2015.

20. Offsetting Assets and Liabilities

The gross amounts recognized, gross amounts offset, and net amounts presented in the consolidated balance sheets regarding to derivative assets and liabilities and other assets and liabilities as of March 31, 2015 and June 30, 2015 are as follows.

March 31, 2015

	Millions of yen					
				Gross amounts not offset in the consolidated balance sheets *1		
	Gross amounts recognized	Gross amounts offset in the consolidated balance sheets	Net amounts presented in the consolidated balance sheets	Financial instruments	Collateral received/pledged	Net amount
Derivative assets	¥ 25,123	¥ (2,858)	¥ 22,265	¥ 0	¥ (3,888)	¥ 18,377
Reverse repurchase, securities borrowing, and similar arrangements *2	9,915	(9,915)	0	0	0	15
Total assets	¥ 35,038	¥ (12,773)	¥ 22,265	¥ 0	¥ (3,888)	¥ 18,377
Derivative liabilities	¥ 29,619	¥ (2,858)	¥ 26,761	¥ 0	¥ (277)	¥ 26,484
Repurchase, securities lending, and similar arrangements *2	10,590	(9,915)	675	0	0	675
Total liabilities	¥ 40,209	¥ (12,773)	¥ 27,436	¥ 0	¥ (277)	¥ 27,159

June 30, 2015

	Millions of yen					
				Gross amounts not offset in the consolidated balance sheets *1		
	Gross amounts recognized	Gross amounts offset in the consolidated balance sheets	Net amounts presented in the consolidated balance sheets	Financial instruments	Collateral received/pledged	Net amount
Derivative assets	¥ 21,821	¥ (3,951)	¥ 17,870	¥ 0	¥ (2,949)	¥ 14,921
Reverse repurchase, securities borrowing, and similar arrangements *2	7,369	(7,369)	0	0	0	0
Total assets	¥ 29,190	¥ (11,320)	¥ 17,870	¥ 0	¥ (2,949)	¥ 14,921
Derivative liabilities	¥ 26,929	¥ (3,951)	¥ 22,978	¥ 0	¥ (238)	¥ 22,740
Repurchase, securities lending, and similar arrangements *2	7,421	(7,369)	52	0	0	52

Total liabilities	¥ 34,350	¥ (11,320)	¥ 23,030	¥ 0	¥ (238)	¥ 22,792

*1 The balances related to enforceable master netting agreements or similar agreements which were not offset in the consolidated balance sheets.

*2 Reverse repurchase agreements and securities borrowing, and similar transactions are reported within other assets in the consolidated balance sheets. Repurchase agreements and securities lending, and similar transactions are reported within other liabilities in the consolidated balance sheets.

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21. Estimated Fair Value of Financial Instruments

The following information is provided to help readers gain an understanding of the relationship between carrying amount of financial instruments reported in the accompanying consolidated financial statements and the related market or fair value. For derivative financial instruments, see Note 3 (Fair Value Measurements).

The disclosures do not include investment in direct financing leases, investment in subsidiaries and affiliates, pension obligations and insurance contracts and reinsurance contracts except for those classified as investment contracts.

March 31, 2015

	Millions of yen				
	Carrying amount	Estimated fair value	Level 1	Level 2	Level 3
Assets:					
Trading securities	¥ 1,190,131	¥ 1,190,131	¥ 50,902	¥ 1,139,229	¥ 0
Cash and cash equivalents	827,518	827,518	827,518	0	0
Restricted cash	85,561	85,561	85,561	0	0
Installment loans (net of allowance for probable loan losses)	2,420,932	2,439,904	0	231,565	2,208,339
Investment in securities:					
Practicable to estimate fair value	1,481,162	1,495,540	130,519	1,239,124	125,897
Not practicable to estimate fair value *1	174,964	174,964	0	0	0
Other Assets:					
Time deposits	13,761	13,761	0	13,761	0
Derivative assets *2	22,265	22,265	0	0	0
Reinsurance recoverables Investment contracts	115,116	116,229	0	0	116,229
Liabilities:					
Short-term debt	¥ 284,785	¥ 284,785	¥ 0	¥ 284,785	¥ 0
Deposits	1,287,380	1,288,419	0	1,288,419	0
Policy liabilities and Policy account balances Investment contracts	298,132	303,359	0	0	303,359
Long-term debt	4,132,945	4,117,259	0	1,417,687	2,699,572
Other Liabilities:					
Derivative liabilities *2	26,761	26,761	0	0	0

*1 The fair value of investment securities of ¥174,964 million was not estimated, as it was not practical.

*2 It represents the amount after offset under counterparty netting of derivative assets and liabilities. For the information of input level before netting, see Note 3 (Fair Value Measurements).

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June 30, 2015

	Millions of yen				
	Carrying amount	**Estimated fair value**	**Level 1**	**Level 2**	**Level 3**
Assets:					
Trading securities	¥ 1,042,956	¥ 1,042,956	¥ 51,153	¥ 991,803	¥ 0
Cash and cash equivalents	887,332	887,332	887,332	0	0
Restricted cash	88,693	88,693	88,693	0	0
Installment loans (net of allowance for probable loan losses)	2,424,128	2,434,058	0	236,886	2,197,172
Investment in securities:					
Practicable to estimate fair value	1,368,096	1,380,394	119,313	1,136,334	124,747
Not practicable to estimate fair value *1	172,773	172,773	0	0	0
Other Assets:					
Time deposits	20,414	20,414	0	20,414	0
Derivative assets *2	17,870	17,870	0	0	0
Reinsurance recoverables Investment contracts	114,752	115,754	0	0	115,754
Liabilities:					
Short-term debt	¥ 282,541	¥ 282,541	¥ 0	¥ 282,541	¥ 0
Deposits	1,311,742	1,312,065	0	1,312,065	0
Policy liabilities and Policy account balances Investment contracts	306,926	310,866	0	0	310,866
Long-term debt	4,132,825	4,129,812	0	1,380,877	2,748,935
Other Liabilities:					
Derivative liabilities *2	22,978	22,978	0	0	0

*1 The fair value of investment securities of ¥172,773 million was not estimated, as it was not practical.

*2 It represents the amount after offset under counterparty netting of derivative assets and liabilities. For the information of input level before netting, see Note 3 (Fair Value Measurements).

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Input level of fair value measurement

If active market prices are available, fair value measurement is based on quoted active market prices and classified as Level 1. If active market prices are not available, fair value measurement is based on observable inputs other than quoted prices included within Level 1 such as quoted market prices of similar assets and classified as Level 2. If market prices are not available and there are no observable inputs, then fair value is estimated by using valuation models including discounted cash flow methodologies, commonly used option-pricing models and broker quotes and classified as Level 3, as the valuation models and broker quotes are based on inputs that are unobservable in the market.

Estimation of fair value

The following methods and significant assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate a value:

Cash and cash equivalents, restricted cash, time deposits and short-term debt The carrying amounts recognized in the balance sheets were determined to be reasonable estimates of their fair values due to their short maturity.

Installment loans 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, such as housing 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. Concerning above, if available, estimated fair values were based on quoted market prices or quotations provided by dealers.

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 valuation models including discounted cash flow methodologies and broker quotes (see Note 3 Fair Value Measurement). 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 are 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.

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.

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.

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 using the current interest rate.

Reinsurance recoverables and Policy liabilities and Policy account balances A subsidiary of the Company 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.

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22. Commitments, Guarantees, and Contingent Liabilities

Commitments The Company and its subsidiaries have commitments for the purchase of equipment to be leased, having a cost of ¥22,500 million and ¥19,718 million as of March 31, 2015 and June 30, 2015, respectively.

The minimum future rentals on non-cancelable operating leases are as follows:

	Millions of yen	
	March 31, 2015	June 30, 2015
Within one year	¥ 18,774	¥ 8,568
More than one year	67,134	66,842
Total	¥ 85,908	¥ 75,410

The Company and its subsidiaries lease office space under operating lease agreements, which are primarily cancelable, and made rental payments totaling ¥3,447 million and ¥4,208 million for the three months ended June 30, 2014 and 2015, respectively.

Certain computer systems of the Company and its subsidiaries have been operated and maintained under non-cancelable contracts with third-party service providers. For such services, the Company and its subsidiaries made payments totaling ¥1,003 million and ¥1,105 million for the three months ended June 30, 2014 and 2015, respectively. As of March 31, 2015 and June 30, 2015, the amounts due are as follows:

	Millions of yen	
	March 31, 2015	June 30, 2015
Within one year	¥ 3,933	¥ 4,032
More than one year	6,570	6,712
Total	¥ 10,503	¥ 10,744

The Company and its subsidiaries have commitments to fund estimated construction costs to complete ongoing real estate development projects and other commitments, totaling ¥89,500 million and ¥106,523 million as of March 31, 2015 and June 30, 2015, respectively.

The Company and its subsidiaries have agreements to commit to execute loans for customers, and to invest in funds, as long as the agreed-upon terms are met. The total unused credit and capital amount available is ¥370,378 million and ¥355,130 million as of March 31, 2015 and June 30, 2015, respectively.

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Guarantees The Company and its subsidiaries apply ASC 460 (Guarantees), and at the inception of a guarantee recognize a liability in the consolidated balance sheets at fair value for the guarantee within the scope of ASC 460. The following table represents the summary of potential future payments, book value recorded as guarantee liabilities of the guarantee contracts outstanding and maturity of the longest guarantee contracts as of March 31, 2015 and June 30, 2015:

	March 31, 2015			June 30, 2015		
	Millions of yen		Fiscal year	Millions of yen		Fiscal year
Guarantees	**Potential future payment**	**Book value of guarantee liabilities**	**Maturity of the longest contract**	**Potential future payment**	**Book value of guarantee liabilities**	**Maturity of the longest contract**
Corporate loans	¥ 439,253	¥ 4,959	2022	¥ 345,630	¥ 5,013	2023
Transferred loans	213,099	2,357	2045	215,307	2,202	2046
Consumer loans	117,153	11,773	2018	127,098	12,838	2018
Housing loans	59,743	6,422	2051	28,211	6,269	2051
Other	2,963	28	2024	1,702	28	2024
Total	¥ 832,211	¥ 25,539		¥ 717,948	¥ 26,350	

Guarantee of corporate loans: The Company and certain subsidiaries mainly guarantee corporate loans issued by financial institutions for customers. The Company and its subsidiaries are obliged to pay the outstanding loans when the guaranteed customers fail to pay principal and/or interest in accordance with the contract terms. In some cases, the corporate loans are secured by the guaranteed customers assets. Once the Company and its subsidiaries assume the guaranteed customers obligation, the Company and its subsidiaries obtain a right to claim the collateral assets. In other cases, certain contracts that guarantee corporate loans issued by financial institutions for customers include contracts that the amounts of performance guarantee are limited to a certain range of guarantee commissions. As of March 31, 2015 and June 30, 2015, total notional amount of the loans subject to such guarantees are ¥1,204,000 million and ¥1,309,000 million, respectively, and book value of guarantee liabilities are ¥1,016 million and ¥1,066 million, respectively. The potential future payment amounts for these guarantees are limited to a certain range of the guarantee commissions, which are less than the total notional amounts of the loans subject to these guarantees. The potential future payment amounts for the contract period are calculated from the guarantee limit which is arranged by financial institutions in advance as to contracts that the amounts of performance guarantee are unlimited to a certain range of guarantee commissions. For this reason, the potential future payment amounts for these guarantees include the amount of the guarantee which may occur in the future, which is larger than the balance of guarantee executed as of the end of fiscal year or the end of interim period. The executed guarantee balance includes defrayment by financial institutions which we bear temporarily at the time of execution, and credit risk for financial institutions until liquidation of this guarantee. Our substantial amounts of performance guarantee except credit risk for financial institutions are limited to our defrayment which is arranged by financial institutions in advance.

Payment or performance risk of the guarantees is considered based on the historical experience of credit events.

There have been no significant changes in the payment or performance risk of the guarantees for the three months ended June 30, 2015.

Guarantee of transferred loans: A subsidiary in the United States is authorized to underwrite, originate, fund, and service multi-family and seniors housing loans without prior approval from Fannie Mae under Fannie Mae s Delegated Underwriting and Servicing program. As part of this program, Fannie Mae provides a commitment to purchase the loans.

In return for the delegated authority, the subsidiary guarantees the performance of certain housing loans transferred to Fannie Mae and has the payment or performance risk of the guarantees to absorb some of the losses when losses arise from the transferred loans.

There were no significant changes in the payment or performance risk of these guarantees for the three months ended June 30, 2015.

Guarantee of consumer loans: A subsidiary guarantees consumer loans, typically card loans, issued by Japanese financial institutions. The subsidiary is obliged to pay the outstanding obligations when these loans become delinquent generally a month or more.

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Payment or performance risk of the guarantees is considered based on the historical experience of credit events.

There were no significant changes in the payment or performance risk of the guarantees for the three months ended June 30, 2015.

Guarantee of housing loans: The Company and certain subsidiaries guarantee housing loans issued by Japanese financial institutions to third party individuals. The Company and the subsidiaries are typically obliged to pay the outstanding loans when these loans become delinquent three months or more. The housing loans are usually secured by the real properties. Once the Company and its subsidiaries assume the guaranteed parties obligation, the Company and its subsidiaries obtain a right to claim the collateral assets.

Payment or performance risk of the guarantees is considered based on the historical experience of credit events.

There were no significant changes in the payment or performance risk of the guarantees for the three months ended June 30, 2015.

Other guarantees: Other guarantees include the guarantees to financial institutions and the guarantees derived from collection agency agreements. Pursuant to the contracts of the guarantees to financial institutions, a subsidiary pays to the financial institutions when customers of the financial institutions become debtors and default on the debts. Pursuant to the agreements of the guarantees derived from collection agency agreements, the Company and certain subsidiaries collect third parties debt and pay the uncovered amounts.

Litigation The Company and its subsidiaries are involved in legal proceedings and claims in the ordinary course of business. In the opinion of management, none of such proceedings and claims will have a significant impact on the Company s financial position or results of operations.

Collateral Other than the assets of the consolidated VIEs pledged as collateral for financing described in Note 8 (Variable Interest Entities), the Company and certain subsidiaries provide the following assets as collateral for the short-term and long-term debt payables to financial institutions as of March 31, 2015 and June 30, 2015:

	Millions of yen	
	March 31, 2015	**June 30, 2015**
Minimum lease payments, loans and investment in operating leases	¥ 95,883	¥ 128,987
Investment in securities	162,239	186,994
Property under facility operations	19,308	9,758
Other assets	39,118	29,623
Total	¥ 316,548	¥ 355,362

As of March 31, 2015 and June 30, 2015, investment in securities of ¥24,698 million and ¥25,359 million, respectively, were pledged for primarily collateral deposits.

Under loan agreements relating to short-term and long-term debt from commercial banks and certain insurance companies, the Company and certain subsidiaries are required to provide collateral against these debts at anytime if requested by the lenders. The Company and its subsidiaries did not receive any such requests from the lenders as of June 30, 2015.

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23. Segment Information

Financial information about the operating segments reported below is that which is available by segment and evaluated regularly by the management in deciding how to allocate resources and in assessing performance.

Previously, segment revenues were presented after adjusting inter-segment transactions. The segment revenues have been changed to include inter-segment transactions from the three months ended December 31, 2014 because the volume of inter-segment transactions has been increasing. The amounts of segment revenues in the previous periods have also been retrospectively reclassified to conform to the presentation for the three months ended June 30, 2014. However, the effect of these changes did not have a significant effect on segment revenues.

In addition, the segment information has been restated giving effect to these changes to conform to DAIKYO s current fiscal year end as described in Note 1 Significant Accounting and Reporting Policies (ah) Elimination of a lag period.

An overview of operations for each of the six segments follows below.

Corporate Financial Services	:	Lending, leasing and fee business.
Maintenance Leasing	:	Automobile leasing and rentals, car sharing, and test and measurement instruments and IT-related equipment rentals and leasing
Real Estate	:	Real estate development, rental and financing, facility operation, REIT asset management, and real estate investment and advisory services
Investment and Operation	:	Environment and energy-related business, principal investment and loan servicing (asset recovery)
Retail	:	Life insurance, banking and card loan business
Overseas Business	:	Leasing, lending, investment in bonds, investment banking, asset management and ship- and aircraft-related operations

Financial information of the segments for the three months ended June 30, 2014 is as follows:

	Millions of yen						
	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total
Segment revenues	¥ 19,423	¥ 65,059	¥ 47,542	¥ 97,834	¥ 69,781	¥ 127,551	¥ 427,190
Segment profits	5,852	11,014	10,847	5,432	28,954	39,653	101,752

Financial information of the segments for the three months ended June 30, 2015 is as follows:

	Millions of yen						
	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total
Segment revenues	¥ 27,558	¥ 67,520	¥ 50,349	¥ 229,187	¥ 83,811	¥ 147,173	¥ 605,598
Segment profits	12,377	11,687	14,451	26,159	21,619	34,486	120,779

Segment assets information as of March 31, 2015 and June 30, 2015 is as follows:

	Millions of yen						
	Corporate	Maintenance Leasing	Real Estate	Investment	Retail	Overseas Business	Total

	Financial Services			**and Operation**			
March 31, 2015	¥ 1,132,468	¥ 662,851	¥ 835,386	¥ 660,014	¥ 3,700,635	¥ 2,178,895	¥ 9,170,249
June 30, 2015	1,076,103	674,964	802,454	593,145	3,562,654	2,209,357	8,918,677

Segment figures reported in these tables include operations classified as discontinued operations in the accompanying consolidated statements of income.

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The accounting policies of the segments are almost the same as those described in Note 2 Significant Accounting and Reporting Policies except for the treatment of income tax expenses, net income attributable to the noncontrolling interests, net income attributable to the redeemable noncontrolling interests, income from discontinued operations and the consolidation of certain variable interest entities (VIEs).Income taxes are not included in segment profits or losses because the management evaluates segments performance on a pre-tax basis. Also, net income attributable to noncontrolling interests and redeemable noncontrolling interests are not included in segment profits or losses because the management evaluates segments performance based on profits or losses (per-tax) attributable to ORIX Corporation Shareholders. On the other hand, income from discontinued operations is included in segment profits or losses because the management considers such disposal activities as part of the ordinary course of business. Since the Company and its subsidiaries evaluate performance for the segments based on profit or loss before income taxes, tax expenses are not included in segment profits or losses. Net income attributable to the noncontrolling interests, net income attributable to the redeemable noncontrolling interests and discontinued operations, which are recognized net of tax in the accompanying consolidated statements of income, are adjusted to profit or loss before income tax, when calculating segment profits or losses. Most of selling, general and administrative expenses, including compensation costs that are directly related to the revenue generating activities of each segment, have been accumulated by and charged to each segment. Gains and losses that management does not consider for evaluating the performance of the segments, such as write-downs of certain securities, write-downs of certain long-lived assets and certain foreign exchange gains or losses(included in other (income) and expense, net) are excluded from the segment profits or losses, and are regarded as corporate items.

Assets attributed to each segment are investment in direct financing leases, installment loans, investment in operating leases, investment in securities, property under facility operations, investment in affiliates, inventories, advances for investment in operating leases (included in other assets), advances for investment in property under facility operations (included in other assets) and goodwill and other intangible assets recognized as a result of business combination (included in other assets). This has resulted in the depreciation of office facilities being included in each segment s profit or loss while the carrying amounts of corresponding assets are not allocated to each segment s assets. However, the effect resulting from this allocation is not significant.

For those VIEs that are used for securitization and are consolidated in accordance with ASC 810 (Consolidations), for which the VIE s assets can be used only to settle related obligations of those VIEs and the creditors (or beneficial interest holders) do not have recourse to other assets of the Company or its subsidiaries, segment assets are measured based on the amount of the Company and its subsidiaries net investments in the VIEs, which is different from the amount of total assets of the VIEs, and accordingly, segment revenues are also measured at a net amount representing the revenues earned on the net investments in the VIEs.

Certain gains or losses related to assets and liabilities of consolidated VIEs, which are not ultimately attributable to the Company and its subsidiaries, are excluded from segment profits.

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The reconciliation of segment totals to consolidated financial statement amounts is as follows:

	Millions of yen	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Segment revenues:		
Total revenues for segments	¥ 427,190	¥ 605,598
Revenues related to corporate assets	1,705	4,391
Revenues related to assets of certain VIEs	2,806	1,381
Revenues from inter-segment transactions	(4,152)	(5,246)
Revenues from discontinued operations	(2,214)	0
Total consolidated revenues	¥ 425,335	¥ 606,124
Segment profits:		
Total profits for segments	¥ 101,752	¥ 120,779
Corporate losses	(2,460)	(234)
Gains related to assets or liabilities of certain VIEs	3,222	122
Discontinued operations, pre-tax	(101)	0
Net income attributable to the noncontrolling interests and net income attributable to the redeemable noncontrolling interests, net of applicable tax effect	2,085	3,249
Total consolidated income before income taxes and discontinued operations	¥ 104,498	¥ 123,916

	Millions of yen	
	March 31, 2015	June 30, 2015
Segment assets:		
Total assets for segments	¥ 9,170,249	¥ 8,918,677
Cash and cash equivalents, restricted cash	913,079	976,025
Allowance for doubtful receivables on direct financing leases and probable loan losses	(72,326)	(69,442)
Trade notes, accounts and other receivable	348,404	336,049
Other corporate assets	789,636	731,078
Assets of certain VIEs	294,586	359,658
Total consolidated assets	¥ 11,443,628	¥ 11,252,045

The following information represents geographical revenues and income before income taxes, which are attributed to geographic areas, based on the country location of the Company and its subsidiaries.

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For the three months ended June 30, 2014

	Millions of yen				
	Japan	The Americas *2	Other *3 *4	Difference between Geographic Total and Consolidated Amounts	Total
Total Revenues	¥ 297,344	¥ 38,124	¥ 92,081	¥ (2,214)	¥ 425,335
Income before Income Taxes *1	62,621	9,168	32,810	(101)	104,498

For the three months ended June 30, 2015

	Millions of yen				
	Japan	The Americas *2	Other *3 *4	Difference between Geographic Total and Consolidated Amounts	Total
Total Revenues	¥ 454,742	¥ 61,015	¥ 90,367	¥ 0	¥ 606,124
Income before Income Taxes *1	89,142	10,744	24,030	0	123,916

*Note: 1. Results of discontinued operations, pre-tax are included in each amount attributed to each geographic area.
2. Mainly the United States
3. Mainly Asia, Europe, Australasia and Middle East
4. Robeco, one of the Company s subsidiaries domiciled in the Netherlands, conducts principally an asset management business. Due to the integrated nature of such business with its customer base spread across the world, Other locations include the total revenues and the income before income taxes of Robeco, respectively, for the three months ended June 30, 2014 and the three months ended June 30, 2015. The revenues of Robeco aggregated on a legal entity basis were ¥22,327 million in the Americas and ¥18,149 million in Other for the three months ended June 30, 2014, and ¥29,015 million in the Americas and ¥19,759 million in Other for the three months ended June 30, 2015.

ASC 280 (Segment Reporting) requires disclosure of revenues from external customers for each product and service as enterprise-wide information. The consolidated statements of income in which the revenues are categorized based on the nature of types of business conducted include the required information.

No single customer accounted for 10% or more of the total revenues for the three months ended June 30, 2014 and 2015.

24. Subsequent Events

There are no material subsequent events.

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