

LIFETIME BRANDS, INC
 Form 4
 June 11, 2015

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 Wells James

(Last) (First) (Middle)

C/O LIFETIME BRANDS,
 INC., 1000 STEWART AVENUE

(Street)

GARDEN CITY, NY 11530

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

LIFETIME BRANDS, INC [LCUT]

3. Date of Earliest Transaction (Month/Day/Year)

06/10/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 EVP and Pres. of Kitchenware

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount (A) or (D) Price		
Common stock	06/10/2015		A		2,500 <u>(1)</u>	A	\$ 0 8,779
Common stock						I	255,253 Spouse

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Wells James C/O LIFETIME BRANDS, INC. 1000 STEWART AVENUE GARDEN CITY, NY 11530			EVP and Pres. of Kitchenware	

Signatures

/s/ James Wells 06/11/2015

 **Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The restricted stock was granted pursuant to the Company's Amended and Restated 2000 Long-Term Incentive Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. pt; margin-left:5.00em; text-indent:-1.00em; font-size:10pt; font-family:Times New Roman">Non-recourse loans Japan 18,064 254 0 254 18,318 The Americas 51,496 3,491 0 3,491 54,987

Other

Real estate companies 326,165 2,547 0 2,547 328,712 Entertainment companies 81,726 1,588 0 1,588 83,314 Other

Purchased loans

13,832 5,101 0 5,101 18,933

Direct financing leases

1,182,804 0 12,084 12,084 1,194,888 Japan 820,225 0 5,943 5,943 826,168 Overseas 362,579 0 6

Total

¥3,928,383 ¥47,142 ¥24,832 ¥71,974 ¥4,000,357

December 31, 2018	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											
¥1,819,313	¥22,793	¥14,517	¥37,310	¥1,856,623	Housing						
loans 1,534,366	4,545	2,025	6,570	1,540,936	Card						
loans 242,301	3,992	2,141	6,133	248,434	Other	42,646	14,256	10,351	24,607	67,253	
Corporate borrowers											
1,227,669	27,447	0	27,447	1,255,116							
Non-recourse loans											
Japan 44,127	239	0	239	44,366	The Americas	41,725	2,993	0	2,993	44,718	
Other											
Real estate											
companies 339,526	2,418	0	2,418	341,944	Entertainment companies	67,797	1,411	0	1,411	69,208	Other
Purchased loans											

12,580 4,176 0 4,176 16,756

Direct financing leases

1,151,399 0 14,393 14,393 1,165,792 Japan 795,781 0 5,700 5,700 801,481 Overseas 355,618 0 8

Total

¥4,210,961 ¥54,416 ¥28,910 ¥83,326 ¥4,294,287

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, 2018 and December 31, 2018:

		March 31, 2018					
		Millions of yen					
		Past-due financing receivables					
		90 days				Total	
Portfolio segment	Class	30-89 days past-due	or more past-due	Total past-due	financing receivables	Non-accrual	
Consumer borrowers		¥ 6,750	¥ 15,740	¥ 22,490	¥ 1,739,173	¥ 15,740	
	Housing loans	2,560	3,340	5,900	1,402,838	3,340	
	Card loans	604	2,268	2,872	264,323	2,268	
	Other	3,586	10,132	13,718	72,012	10,132	
Corporate borrowers		3,404	8,949	12,353	1,047,363	18,326	
Non-recourse loans	Japan	0	0	0	18,318	0	
	The Americas	1,655	92	1,747	54,987	3,491	
Other	Real estate companies	346	644	990	328,712	1,593	
	Entertainment companies	0	760	760	83,314	760	
	Other	1,403	7,453	8,856	562,032	12,482	
Direct financing leases		5,184	12,084	17,268	1,194,888	12,084	
	Japan	628	5,943	6,571	826,168	5,943	
	Overseas	4,556	6,141	10,697	368,720	6,141	
Total		¥ 15,338	¥ 36,773	¥ 52,111	¥ 3,981,424	¥ 46,150	

December 31, 2018

Millions of yen

Past-due financing receivables

		90 days				Total	
		30-89 days past-due	or more past-due	Total past-due	financing receivables	Non-accrual	
Consumer borrowers		¥ 5,628	¥ 17,796	¥ 23,424	¥ 1,856,623	¥ 17,796	
	Housing loans	1,633	3,301	4,934	1,540,936	3,301	
	Card loans	480	2,625	3,105	248,434	2,625	
	Other	3,515	11,870	15,385	67,253	11,870	

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Corporate borrowers		1,891	13,584	15,475	1,255,116	23,704
Non-recourse loans	Japan	0	0	0	44,366	0
	The Americas	603	2,561	3,164	44,718	2,994
Other	Real estate companies	33	608	641	341,944	1,486
	Entertainment companies	0	661	661	69,208	661
	Other	1,255	9,754	11,009	754,880	18,563
Direct financing leases		6,922	14,393	21,315	1,165,792	14,393
	Japan	859	5,700	6,559	801,481	5,700
	Overseas	6,063	8,693	14,756	364,311	8,693
Total		¥ 14,441	¥ 45,773	¥ 60,214	¥ 4,277,531	¥ 55,893

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 nine and three months ended December 31, 2017 and 2018:

		Nine months ended December 31, 2017	
		Millions of yen	
Portfolio segment	Class	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment
Consumer borrowers		¥ 7,012	¥ 5,257
	Housing loans	11	11
	Card loans	1,611	1,224
	Other	5,390	4,022
Corporate borrowers		7,872	7,872
Non-recourse loans	The Americas	3,460	3,460
Other	Other	4,412	4,412
Total		¥ 14,884	¥ 13,129

		Nine months ended December 31, 2018	
		Millions of yen	
Portfolio segment	Class	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment
Consumer borrowers		¥ 9,873	¥ 6,876
	Housing loans	61	30
	Card loans	1,624	1,055
	Other	8,188	5,791
Corporate borrowers		6,002	6,001
Other	Other	6,002	6,001
Total		¥ 15,875	¥ 12,877

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		Three months ended December 31, 2017	
		Millions of yen	
Portfolio segment	Class	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment
Consumer borrowers		¥ 2,332	¥ 1,595
	Card loans	536	371
	Other	1,796	1,224
Corporate borrowers		7,872	7,872
Non-recourse loans	The Americas	3,460	3,460
Other	Other	4,412	4,412
Total		¥ 10,204	¥ 9,467

		Three months ended December 31, 2018	
		Millions of yen	
Portfolio segment	Class	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment
Consumer borrowers		¥ 3,961	¥ 2,832
	Housing loans	10	5
	Card loans	552	363
	Other	3,399	2,464
Corporate borrowers		2,141	2,141
Other	Other	2,141	2,141
Total		¥ 6,102	¥ 4,973

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.

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The following table provides information about financing receivables modified as troubled debt restructurings within the previous 12 months from December 31, 2017 and for which there was a payment default during the nine and three months ended December 31, 2017:

Portfolio segment	Class	Nine months ended December 31, 2017	
		Millions of yen	
		Recorded investment	
Consumer borrowers		¥	60
	Card loans		14
	Other		46
Corporate borrowers			4,412
Other	Other		4,412
Total		¥	4,472

Portfolio segment	Class	Three months ended December 31, 2017	
		Millions of yen	
		Recorded investment	
Consumer borrowers		¥	37
	Card loans		8
	Other		29
Corporate borrowers			4,412
Other	Other		4,412
Total		¥	4,449

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The following table provides information about financing receivables modified as troubled debt restructurings within the previous 12 months from December 31, 2018 and for which there was a payment default during the nine and three months ended December 31, 2018:

Portfolio segment	Class	Nine months ended December 31, 2018	
		Millions of yen	
		Recorded investment	
Consumer borrowers		¥	1,380
	Card loans		23
	Other		1,357
Total		¥	1,380

Portfolio segment	Class	Three months ended December 31, 2018	
		Millions of yen	
		Recorded investment	
Consumer borrowers		¥	933
	Card loans		20
	Other		913
Total		¥	933

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.

As of March 31, 2018 and December 31, 2018, there were no foreclosed residential real estate properties. The carrying amounts of installment loans in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure were ¥245 million and ¥433 million as of March 31, 2018 and December 31, 2018, respectively.

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Investment in securities as of March 31, 2018 consists of the following:

	Millions of yen	
	March 31, 2018	
Trading securities *	¥	422,053
Available-for-sale securities		1,015,477
Held-to-maturity securities		113,891
Other securities		178,034
Total	¥	1,729,455

* The amount of assets under management of variable annuity and variable life insurance contracts included in trading securities was ¥403,797 million as of March 31, 2018.

Other securities consist mainly of non-marketable equity securities and preferred equity securities 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 ¥27,334 million as of March 31, 2018. Investments with an aggregate cost of ¥27,260 million 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 for investments in foreign government bond securities included in available-for-sale securities to mitigate volatility in the consolidated statements of income caused by the difference in recognition of gain or loss that would otherwise exist between the foreign government bond securities and the derivatives used to reduce the risks of fluctuations in market interest rates and exchange rates on these foreign government bond securities. As of March 31, 2018, these investments were fair valued at ¥719 million.

A certain subsidiary elected the fair value option for investments in foreign corporate debt securities included in available-for-sale securities to mitigate volatility in the consolidated statements of income caused by the difference in recognition of gain or loss that would otherwise exist between the foreign corporate debt securities and the derivatives used to reduce the risks of fluctuations in market interest rates and exchange rates on these foreign corporate debt securities. As of March 31, 2018, these investments were fair valued at ¥8,882 million.

A certain subsidiary elected the fair value option for certain investments in equity securities included in available-for-sale securities to mitigate volatility in the consolidated statements of income caused by the difference in recognition of gain or loss that would otherwise exist between the equity securities and the derivatives used to reduce the risks of fluctuations in market prices of these equity securities and exchange rates. As of March 31, 2018, these equity securities were fair valued at ¥22,365 million.

Certain subsidiaries elected the fair value option for certain investments in 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, 2018, these investments were fair valued at ¥5,665 million.

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Investment in securities as of December 31, 2018 consists of the following:

	Millions of yen	
	December 31, 2018	
Equity securities *	¥	534,243
Trading debt securities		43,298
Available-for-sale debt securities		1,152,571
Held-to-maturity debt securities		114,094
Total	¥	1,844,206

* The amount of assets under management of variable annuity and variable life insurance contracts included in equity securities was ¥316,660 million as of December 31, 2018. The amount of investment funds that are accounted for under the equity method included in equity securities was ¥80,874 million as of December 31, 2018. The amount of investment funds elected for the fair value option included in equity securities was ¥5,926 million as of December 31, 2018.

Gains and losses realized from the sale of equity securities and net unrealized holding gains (losses) on equity securities are included in gains on investment securities and dividends, life insurance premiums and related investment income, and write-downs of securities. Net unrealized holding gains (losses) on equity securities held as of December 31, 2018 were losses of ¥4,944 million and ¥7,547 million for the nine and three months ended December 31, 2018, respectively, which were included in gains on investment securities and dividends and write-downs of securities. The above amounts do not include net unrealized gains (losses) from assets under management of variable annuity and variable life insurance contracts. For further information, see Note 16 Life Insurance Operations. Also, net unrealized holding gains (losses) on the both investment funds above mentioned are not included.

Equity securities include non-marketable equity securities and preferred equity securities, etc. elected for the measurement alternative. The following table provides information about impairment and plus or minus changes resulting from observable price changes as of December 31, 2018 and for the nine and three months ended December 31, 2018.

Millions of yen			
	December 31, 2018	Nine months ended December 31, 2018	Three months ended December 31, 2018
Accumulated impairments and Carrying value	impairments and Accumulated	Impairments and Accumulated	Impairments and
downward adjustments	downward adjustments	downward adjustments	downward adjustments
upward adjustments	upward adjustments	upward adjustments	upward adjustments

Equity securities measured using the measurement alternative	¥ 30,885	¥ (1,829)	¥ 0	¥ (151)	¥ 0	¥ 0	¥ 0
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Gains and losses realized from the sale of trading debt securities and net unrealized holding gains (losses) on trading debt securities are included in gains on investment securities and dividends. Net unrealized holding gains (losses) on trading debt securities held as of December 31, 2018 were gains of ¥102 million and ¥123 million for the nine and three months ended December 31, 2018, respectively.

Certain subsidiaries elected the fair value option for certain investments in investment funds included in equity 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 December 31, 2018, these investments were fair valued at ¥5,926 million.

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A certain subsidiary elected the fair value option for investments in foreign government bond securities included in available-for-sale debt securities to mitigate volatility in the consolidated statements of income caused by the difference in recognition of gain or loss that would otherwise exist between the foreign government bond securities and the derivatives used to reduce the risks of fluctuations in market interest rates and exchange rates on these foreign government bond securities. As of December 31, 2018, these investments were fair valued at ¥643 million.

A certain subsidiary elected the fair value option for investments in foreign corporate debt securities included in available-for-sale debt securities to mitigate volatility in the consolidated statements of income caused by the difference in recognition of gain or loss that would otherwise exist between the foreign corporate debt securities and the derivatives used to reduce the risks of fluctuations in market interest rates and exchange rates on these foreign corporate debt securities. As of December 31, 2018, these investments were fair valued at ¥16,985 million.

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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, 2018 are as follows:

March 31, 2018

	Millions of yen			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale securities:				
Japanese and foreign government bond securities	¥ 271,866	¥ 11,383	¥ (7,439)	¥ 275,810
Japanese prefectural and foreign municipal bond securities	160,549	3,247	(560)	163,236
Corporate debt securities	368,106	2,974	(4,605)	366,475
CMBS and RMBS in the Americas	72,793	2,543	(1,160)	74,176
Other asset-backed securities and debt securities	78,828	3,420	(66)	82,182
Equity securities	49,971	5,653	(2,026)	53,598
	1,002,113	29,220	(15,856)	1,015,477
Held-to-maturity securities:				
Japanese government bond securities and other	113,891	26,933	0	140,824
	¥ 1,116,004	¥ 56,153	¥ (15,856)	¥ 1,156,301

The amortized cost basis amounts, gross unrealized holding gains, gross unrealized holding losses and fair values of available-for-sale debt securities and held-to-maturity debt securities in each major security type as of December 31, 2018 are as follows:

December 31, 2018

	Millions of yen			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale debt securities:				
Japanese and foreign government bond securities	¥ 352,518	¥ 12,305	¥ (5,226)	¥ 359,597
Japanese prefectural and foreign municipal bond securities	176,871	2,437	(815)	178,493
Corporate debt securities	470,570	3,322	(5,525)	468,367
CMBS and RMBS in the Americas	57,760	2,082	(1,100)	58,742
Other asset-backed securities and debt securities	86,858	2,815	(2,301)	87,372
	1,144,577	22,961	(14,967)	1,152,571

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Held-to-maturity debt securities:

Japanese government bond securities and other	114,094	26,687	0	140,781
	¥ 1,258,671	¥ 49,648	¥ (14,967)	¥ 1,293,352

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The following table provides information about available-for-sale securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2018:

March 31, 2018

	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 securities:						
Japanese and foreign government bond securities	¥ 72,523	¥ (5,599)	¥ 27,458	¥ (1,840)	¥ 99,981	¥ (7,439)
Japanese prefectural and foreign municipal bond securities	17,208	(125)	19,479	(435)	36,687	(560)
Corporate debt securities	90,216	(2,011)	89,573	(2,594)	179,789	(4,605)
CMBS and RMBS in the Americas	12,798	(359)	7,065	(801)	19,863	(1,160)
Other asset-backed securities and debt securities	4,623	(56)	774	(10)	5,397	(66)
Equity securities	6,505	(247)	6,914	(1,779)	13,419	(2,026)
	¥ 203,873	¥ (8,397)	¥ 151,263	¥ (7,459)	¥ 355,136	¥ (15,856)

The following table provides information about available-for-sale debt securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2018:

December 31, 2018

	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 debt securities:						
Japanese and foreign government bond securities	¥ 150,066	¥ (5,226)	¥ 0	¥ 0	¥ 150,066	¥ (5,226)
Japanese prefectural and foreign municipal bond securities	15,205	(246)	12,554	(569)	27,759	(815)
Corporate debt securities	76,914	(1,298)	78,871	(4,227)	155,785	(5,525)
CMBS and RMBS in the Americas	16,791	(295)	6,669	(805)	23,460	(1,100)
Other asset-backed securities and debt securities	27,723	(1,622)	13,807	(679)	41,530	(2,301)
	¥ 286,699	¥ (8,687)	¥ 111,901	¥ (6,280)	¥ 398,600	¥ (14,967)

The number of investment securities that were in an unrealized loss position as of March 31, 2018 and December 31, 2018 were 320 and 318, 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.

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.

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Debt securities with unrealized loss position mainly include foreign government bond securities and corporate debt securities in Japan and overseas.

The unrealized loss associated with government bond securities and corporate debt securities are 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 at December 31, 2018.

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 the nine months ended December 31, 2017 and 2018 are as follows:

	Millions of yen	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Total other-than-temporary impairment losses	¥ 830	¥ 806
Portion of loss recognized in other comprehensive income (before taxes)	0	(136)
Net impairment losses recognized in earnings	¥ 830	¥ 670

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 the three months ended December 31, 2017 and 2018 are as follows:

	Millions of yen	
	Three months ended December 31, 2017	Three months ended December 31, 2018
Total other-than-temporary impairment losses	¥ 407	¥ 113
Portion of loss recognized in other comprehensive income (before taxes)	0	0
Net impairment losses recognized in earnings	¥ 407	¥ 113

Total other-than-temporary impairment losses for the nine and three months ended December 31, 2017 were related to equity securities, other securities and debt securities. Total other-than-temporary impairment losses for the nine and three months ended December 31, 2018 were related to debt securities.

During the nine months ended December 31, 2017 and 2018, other-than-temporary impairment losses related to debt securities are recognized mainly on certain foreign municipal bond securities and certain other asset-backed securities. These securities have experienced credit losses due to deterioration in utilization rates and a decline in value of the underlying assets. The credit loss assessment is made by comparing the securities' amortized cost basis with the portion of the estimated fair value of the underlying assets available to repay the specified bonds, or with the present value of the expected cash flows from the mortgage-backed securities, that were estimated based on a number of assumptions such as seniority of the security. 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 credit loss component is recognized in earnings, and the non-credit loss component is recognized in other comprehensive income (loss), net of applicable income taxes.

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Other-than-temporary impairments related to the non-credit losses recognized in other comprehensive income (loss) were related to CMBS and RMBS in the Americas and foreign municipal bond securities. These impairments included the amount of unrealized gains or losses for the changes in fair value of the debt securities after recognition of other-than-temporary impairments in earnings. Gross unrealized gains and gross unrealized losses recorded in accumulated other comprehensive income (loss) as of March 31, 2018 and December 31, 2018 are as follows:

	Millions of yen			
	March 31, 2018		December 31, 2018	
	Gross unrealized gains	Gross unrealized losses	Gross unrealized gains	Gross unrealized losses
Before taxes	¥42	¥ 0	¥0	¥ (146)
Net of taxes	¥33	¥ 0	¥0	¥ (114)

Roll-forwards of the amount of other-than-temporary impairments related to credit losses on the foregoing debt securities for the nine and three months ended December 31, 2017 and 2018, for which a portion of other-than-temporary impairments were recorded in accumulated other comprehensive income (loss), are as follows:

	Millions of yen			
	Nine months ended December 31, 2017		Nine months ended December 31, 2018	
Beginning	¥	1,220	¥	1,021
Addition during the period:				
Credit loss for which an other-than-temporary impairment was not previously recognized		0		551
Reduction during the period:				
For securities sold		0		(22)
Due to change in intent to sell or requirement to sell		(199)		0
Ending	¥	1,021	¥	1,550

	Millions of yen			
	Three months ended December 31, 2017		Three months ended December 31, 2018	
Beginning	¥	1,220	¥	1,550
Reduction during the period:				
Due to change in intent to sell or requirement to sell		(199)		0
Ending	¥	1,021	¥	1,550

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8. Transfer of Financial Assets

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

In the securitization process, these financial assets are transferred to SPEs 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 have continuing involvement with transferred financial assets by retaining the servicing arrangements and the 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. SPEs used in securitization transactions have been consolidated if the Company and its subsidiaries are the primary beneficiary of the SPEs.

When the Company and its subsidiaries have transferred financial assets to a transferee that is not subject to consolidation, the Company and its subsidiaries account for the transfer as a sale if control over the transferred assets is surrendered.

For the nine months ended December 31, 2017 and 2018, the amount of installment loans that has been derecognized due to new securitization and transfer of loans were ¥306,529 million and ¥370,946 million, respectively. For the nine months ended December 31, 2017 and 2018, gains (losses) from the securitization and transfer of loans were ¥10,326 million and ¥12,122 million, respectively, which is included in finance revenues in the consolidated statements of income.

For the three months ended December 31, 2017 and 2018, the amount of installment loans that has been derecognized due to new securitization and transfer of loans were ¥131,359 million and ¥152,310 million, respectively. For the three months ended December 31, 2017 and 2018, gains (losses) from the securitization and transfer of loans were ¥5,317 million and ¥4,110 million, respectively, which is included in finance revenues in the consolidated statements of income.

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A certain subsidiary originates and sells loans into the secondary market while retaining the obligation to service those loans. In addition, the subsidiary undertakes obligations to service loans originated by others. The servicing assets related to those servicing activities are included in other assets in the consolidated balance sheets and roll-forwards of the amount of the servicing assets for the nine and three months ended December 31, 2017 and 2018 are as follows:

	Millions of yen			
	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Three months ended December 31, 2017	Three months ended December 31, 2018
Beginning balance	¥ 17,303	¥ 28,756	¥ 29,286	¥ 31,068
Increase mainly from loans sold with servicing retained	15,257	4,696	1,787	2,038
Decrease mainly from amortization	(2,881)	(3,526)	(1,169)	(1,193)
Increase (Decrease) from the effects of changes in foreign exchange rates	296	1,270	71	(717)
Ending balance	¥ 29,975	¥ 31,196	¥ 29,975	¥ 31,196

The fair value of the servicing assets as of March 31, 2018 and December 31, 2018 are as follows:

	Millions of yen	
	March 31, 2018	December 31, 2018
Beginning balance	¥ 24,907	¥ 35,681
Ending balance	¥ 35,681	¥ 39,393

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9. Variable Interest Entities

The Company and its subsidiaries use 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 these SPEs. The Company and its subsidiaries determine a variable interest entity (hereinafter, "VIE") among those SPEs when (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.

The Company and its subsidiaries 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 results in the consolidation of the VIE:

the power to direct the activities of a VIE that most significantly impact the entity's economic performance;
and

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 factors 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; and

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; and

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, 2018

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	2,181	0	0	0
(c) VIEs for acquisition of real estate for the Company and its subsidiaries real estate-related business	103,288	27,892	46,860	0
(d) VIEs for corporate rehabilitation support business	1,057	49	0	0
(e) VIEs for investment in securities	42,456	60	60	0
(f) VIEs for securitizing financial assets such as direct financing lease receivable and loan receivable	116,665	72,219	89,103	0
(g) VIEs for securitization of loan receivable originated by third parties	9,783	10,425	9,783	0
(h) VIEs for power generation projects	236,367	117,906	138,159	85,371
(i) Other VIEs	177,373	67,592	161,729	0
Total	¥ 689,170	¥ 296,143	¥ 445,694	¥ 85,371

December 31, 2018

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	2,006	0	0	0
(c) VIEs for acquisition of real estate for the Company and its subsidiaries real estate-related business	104,789	30,534	49,558	0

(d) VIEs for corporate rehabilitation support business	659	11	0	0
(e) VIEs for investment in securities	69,362	62	47	0
(f) VIEs for securitizing financial assets such as direct financing lease receivable and loan receivable	245,576	186,069	245,576	0
(g) VIEs for securitization of loan receivable originated by third parties	3,748	4,239	3,748	0
(h) VIEs for power generation projects	274,682	147,067	173,050	60,882
(i) Other VIEs	142,344	44,864	122,184	0
Total	¥ 843,166	¥ 412,846	¥ 594,163	¥ 60,882

- *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.

Table of Contents2. Non-consolidated VIEs
March 31, 2018

Types of VIEs	Total assets	Millions of yen Carrying amount of the variable interests in the VIEs held by the Company and its subsidiaries			Maximum exposure to loss *
		Non-recourse loans	Investments		
(a) VIEs for liquidating customer assets	¥ 8,602	¥ 0	¥ 991	¥ 991	
(b) VIEs for acquisition of real estate and real estate development projects for customers	35,812	0	2,424	2,424	
(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	19,170,411	0	75,336	108,678	
(f) VIEs for securitizing financial assets such as direct financing lease receivable and loan receivable	0	0	0	0	
(g) VIEs for securitization of loan receivable originated by third parties	1,355,962	0	16,653	16,670	
(h) VIEs for power generation projects	29,539	0	1,920	1,920	
(i) Other VIEs	467,259	3,732	23,484	29,813	
Total	¥ 21,067,585	¥ 3,732	¥ 120,808	¥ 160,496	

December 31, 2018

Types of VIEs	Total assets	Millions of yen Carrying amount of the variable interests in the VIEs held by the Company and its subsidiaries			Maximum exposure to loss *
		Non-recourse loans	Investments		
(a) VIEs for liquidating customer assets	¥ 8,556	¥ 0	¥ 991	¥ 991	
(b) VIEs for acquisition of real estate and real estate development projects for customers	35,954	0	3,156	3,156	
(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	4,139,312	0	64,768	95,038
(f) VIEs for securitizing financial assets such as direct financing lease receivable and loan receivable	0	0	0	0
(g) VIEs for securitization of loan receivable originated by third parties	1,004,617	0	22,353	22,362
(h) VIEs for power generation projects	26,723	0	1,779	1,779
(i) Other VIEs	415,334	3,289	34,450	40,085
Total	¥ 5,630,496	¥ 3,289	¥ 127,497	¥ 163,411

* 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.

Variable interests of non-consolidated VIEs, which the Company has, are mainly included in other assets in the Company's consolidated balance sheets.

(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 consolidated balance sheets, assets of consolidated VIEs are mainly included in investment in affiliates.

Variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, are mainly included in investment in securities, investment in affiliates and other assets in the Company's consolidated balance sheets. 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.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in cash and cash equivalents, restricted cash, investment in operating leases, investment in securities, property under facility operations and other assets, and liabilities of those consolidated VIEs are mainly included in long-term debt.

(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.

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 consolidated balance sheets, assets of the consolidated VIEs are mainly included in cash and cash equivalents, installment loans, and other assets, and liabilities of those consolidated VIEs are mainly included in other liabilities.

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(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 certain subsidiaries or fund management companies that are independent of the Company and its subsidiaries.

Certain subsidiaries consolidated certain such VIEs since the subsidiaries 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 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 other liabilities.

Variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, are included in investment in securities in the Company's consolidated balance sheets. The Company and certain subsidiaries have commitment agreements 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 consolidated balance sheets, assets of the consolidated VIEs are 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 loan receivable originated by third parties

The Company and its subsidiaries invest in CMBS, RMBS and other asset-backed securities originated by third parties. In some cases of such securitization, certain subsidiaries hold the subordinated portion and the subsidiaries act as a special-servicer of the securitization transaction. As the special servicer, the 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 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.

Variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, are included in investment in securities in the Company's 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.

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(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, construct solar power stations and thermal power stations on acquired or leased 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 consolidated balance sheets, assets of the consolidated VIEs are mainly included in restricted cash, property under facility operations and other assets, and liabilities of those consolidated VIEs are mainly included in trade notes, accounts and other payable, long-term debt, and other liabilities. The Company and certain subsidiaries have commitment agreements by which the Company and its subsidiaries may be required to make additional investment or execute loans in certain such consolidated VIEs.

Variable interests of non-consolidated VIEs, which the Company has, are included in investment in affiliates in the Company's consolidated balance sheets.

(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, certain subsidiaries have consolidated VIEs that are not included in the categories (a) through (h) above, because the subsidiaries hold the subordinated portion of the VIEs and the VIEs are effectively controlled by the subsidiaries.

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 for 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 performs 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 consolidated balance sheets, assets of the consolidated VIEs are mainly included in cash and cash equivalents, investment in operating leases, investment in affiliates, office facilities and other assets, and liabilities of those consolidated VIEs are mainly included in long-term debt.

Variable interests in non-consolidated VIEs, which the Company and its subsidiaries have, non-recourse loans are included in installment loans, and investments are mainly included in investment in securities in the Company's consolidated balance sheets. Certain subsidiaries have commitment agreements by which the Company and its subsidiaries may be required to make additional investment in certain such non-consolidated VIEs.

Table of Contents**10. Investment in Affiliates**

Investment in affiliates at March 31, 2018 and December 31, 2018 consists of the following:

	Millions of yen	
	March 31, 2018	December 31, 2018
Shares	¥ 531,481	¥ 786,588
Loans and others	59,882	64,060
	¥ 591,363	¥ 850,648

11. Redeemable Noncontrolling Interests

Changes in redeemable noncontrolling interests for the nine months ended December 31, 2017 and 2018 are as follows:

	Millions of yen	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Beginning balance	¥ 6,548	¥ 7,420
Comprehensive income		
Net income	288	434
Other comprehensive income		
Net change of foreign currency translation adjustments	49	326
Total other comprehensive income	49	326
Comprehensive income	337	760
Dividends	(83)	(501)
Ending balance	¥ 6,802	¥ 7,679

Table of Contents**12. Accumulated Other Comprehensive Income (Loss)**

Changes in each component of accumulated other comprehensive income (loss) attributable to ORIX Corporation Shareholders for the nine months ended December 31, 2017 and 2018, are as follows:

	Nine months ended December 31, 2017				
	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, 2017	¥ 32,279	¥ (17,330)	¥ (31,736)	¥ (4,483)	¥ (21,270)
Net unrealized gains (losses) on investment in securities, net of tax of ¥(2,984) million	7,240				7,240
Reclassification adjustment included in net income, net of tax of ¥8,411 million	(17,166)				(17,166)
Defined benefit pension plans, net of tax of ¥65 million		(552)			(552)
Reclassification adjustment included in net income, net of tax of ¥8 million		(31)			(31)
Foreign currency translation adjustments, net of tax of ¥14,107 million			27,042		27,042
Reclassification adjustment included in net income, net of tax of ¥(1,026) million			(1,160)		(1,160)
Net unrealized gains (losses) on derivative instruments, net of tax of ¥(905) million				2,833	2,833
Reclassification adjustment included in net income, net of tax of ¥775 million				(2,394)	(2,394)
Total other comprehensive income (loss)	(9,926)	(583)	25,882	439	15,812
Transaction with noncontrolling interests	1	(1)	0	0	0
Less: Other Comprehensive Income (Loss) Attributable to the Noncontrolling Interest	(48)	1	(274)	33	(288)
Less: Other Comprehensive Income Attributable to the Redeemable	0	0	49	0	49

Noncontrolling Interests

Balance at December 31, 2017	¥	22,402	¥	(17,915)	¥	(5,629)	¥	(4,077)	¥	(5,219)
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Nine months ended December 31, 2018

Millions of yen

	Net unrealized gains (losses) on investment in securities	Debt valuation adjustments	Defined benefit pension plans	Foreign currency translation adjustments	Net unrealized gains (losses) on derivative instruments	Accumulated other comprehensive income (loss)
Balance at March 31, 2018	¥ 10,465	¥ 0	¥ (20,487)	¥ (31,806)	¥ (3,738)	¥ (45,566)
Cumulative effect of adopting Accounting Standards Update 2016-01	(3,250)	351	0	0	0	(2,899)
Balance at April 1, 2018	7,215	351	(20,487)	(31,806)	(3,738)	(48,465)
Net unrealized gains (losses) on investment in securities, net of tax of ¥(256) million	497					497
Reclassification adjustment included in net income, net of tax of ¥731 million	(2,332)					(2,332)
Debt valuation adjustments, net of tax of ¥(127) million		322				322
Reclassification adjustment included in net income, net of tax of ¥8 million		(19)				(19)
Defined benefit pension plans, net of tax of ¥(71) million			85			85
Reclassification adjustment included in net income, net of tax of ¥32 million			(80)			(80)
Foreign currency translation adjustments, net of tax of ¥155 million				(5,130)		(5,130)
Reclassification adjustment included in net income, net of tax of ¥(1) million				1		1
Net unrealized gains (losses) on derivative instruments, net of tax of ¥174 million					(526)	(526)
Reclassification adjustment included in net income, net of tax of ¥(132) million					462	462
Total other comprehensive income (loss)	(1,835)	303	5	(5,129)	(64)	(6,720)

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Transaction with noncontrolling interests	0	0	(52)	12	0	(40)
Less: Other Comprehensive Income (Loss) Attributable to the Noncontrolling Interest	0	0	1	(102)	13	(88)
Less: Other Comprehensive Income Attributable to the Redeemable Noncontrolling Interests	0	0	0	326	0	326
Balance at December 31, 2018	¥ 5,380	¥ 654	¥ (20,535)	¥ (37,147)	¥ (3,815)	¥ (55,463)

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Changes in each component of accumulated other comprehensive income (loss) attributable to ORIX Corporation Shareholders for the three months ended December 31, 2017 and 2018, are as follows:

	Three months ended December 31, 2017				
	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 September 30, 2017	¥ 29,317	¥ (17,777)	¥ (13,843)	¥ (4,411)	¥ (6,714)
Net unrealized gains (losses) on investment in securities, net of tax of ¥(709) million	600				600
Reclassification adjustment included in net income, net of tax of ¥3,817 million	(7,499)				(7,499)
Defined benefit pension plans, net of tax of ¥(21) million		(125)			(125)
Reclassification adjustment included in net income, net of tax of ¥3 million		(11)			(11)
Foreign currency translation adjustments, net of tax of ¥2,075 million			7,212		7,212
Reclassification adjustment included in net income, net of tax of ¥(7) million			15		15
Net unrealized gains (losses) on derivative instruments, net of tax of ¥(652) million				2,028	2,028
Reclassification adjustment included in net income, net of tax of ¥540 million				(1,665)	(1,665)
Total other comprehensive income (loss)	(6,899)	(136)	7,227	363	555
Transaction with noncontrolling interests	1	(1)	0	0	0
Less: Other Comprehensive Income (Loss) Attributable to the Noncontrolling Interest	17	1	(1,002)	29	(955)
Less: Other Comprehensive Income Attributable to the Redeemable Noncontrolling Interests	0	0	15	0	15
Balance at December 31, 2017	¥ 22,402	¥ (17,915)	¥ (5,629)	¥ (4,077)	¥ (5,219)

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Three months ended December 31, 2018
Millions of yen

	Net unrealized gains (losses) on investment in securities	Debt valuation adjustments	Defined benefit pension plans	Foreign currency translation adjustments	Net unrealized gains (losses) on derivative instruments	Accumulated other comprehensive income (loss)
Balance at September 30, 2018	¥ 5,609	¥ 270	¥ (20,688)	¥ (17,802)	¥ (3,085)	¥ (35,696)
Net unrealized gains (losses) on investment in securities, net of tax of ¥(114) million	(391)					(391)
Reclassification adjustment included in net income, net of tax of ¥(118) million	162					162
Debt valuation adjustments, net of tax of ¥(153) million		391				391
Reclassification adjustment included in net income, net of tax of ¥3 million			(7)			(7)
Defined benefit pension plans, net of tax of ¥(94) million			232			232
Reclassification adjustment included in net income, net of tax of ¥11 million			(26)			(26)
Foreign currency translation adjustments, net of tax of ¥(8,709) million				(19,918)		(19,918)
Reclassification adjustment included in net income, net of tax of ¥0 million				0		0
Net unrealized gains (losses) on derivative instruments, net of tax of ¥212 million					(487)	(487)
Reclassification adjustment included in net income, net of tax of ¥86 million					(267)	(267)
Total other comprehensive income (loss)	(229)	384	206	(19,918)	(754)	(20,311)
Transaction with noncontrolling interests	0	0	(50)	11	0	(39)
Less: Other Comprehensive Income (Loss) Attributable to the Noncontrolling Interest	0	0	3	(386)	(24)	(407)

Less: Other Comprehensive Income (Loss) Attributable to the Redeemable Noncontrolling Interests	0	0	0	(176)	0	(176)		
Balance at December 31, 2018	¥ 5,380	¥	654	¥	(20,535)	¥ (37,147)	¥ (3,815)	¥ (55,463)

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Amounts reclassified to net income from accumulated other comprehensive income (loss) in the nine months ended December 31, 2017 and 2018 are as follows:

Details about accumulated other comprehensive income components	Reclassification adjustment included in net income Millions of yen		Consolidated statements of income caption
	Millions of yen		
Net unrealized gains (losses) on investment in securities			
Sales of investment securities	¥ 21,998		Gains on investment securities and dividends
Sales of investment securities	4,539		Life insurance premiums and related investment income
Amortization of investment securities	(204)		Finance revenues
Amortization of investment securities	(403)		Life insurance premiums and related investment income
Others	(353)		Write-downs of securities and other
	25,577		Total before income tax
	(8,411)		Income tax (expense) or benefit
	¥ 17,166		Net of tax
Defined benefit pension plans			
Amortization of prior service credit	¥ 746		See Note 15 Pension Plans
Amortization of net actuarial loss	(670)		See Note 15 Pension Plans
Amortization of transition obligation	(37)		See Note 15 Pension Plans
	39		Total before income tax
	(8)		Income tax (expense) or benefit
	¥ 31		Net of tax
Foreign currency translation adjustments			
Sales or liquidation	¥ 134		Gains on sales of subsidiaries and affiliates and liquidation losses, net
	134		Total before income tax
	1,026		Income tax (expense) or benefit
	¥ 1,160		Net of tax
Net unrealized gains (losses) on derivative instruments			
Interest rate swap agreements	¥ 131		Finance revenues/Interest expense

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Foreign exchange contracts	(27)	Other (income) and expense, net
Foreign currency swap agreements	3,065	Finance revenues/Interest expense/Other (income) and expense, net
	3,169	Total before income tax
	(775)	Income tax (expense) or benefit
	¥ 2,394	Net of tax

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Nine months ended December 31, 2018

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 debt securities	¥ 3,211	Gains on investment securities and dividends
Sales of debt securities	1,545	Life insurance premiums and related investment income
Amortization of debt securities	(895)	Finance revenues
Amortization of debt securities	(128)	Life insurance premiums and related investment income
Others	(670)	Write-downs of securities and other
	3,063	Total before income tax
	(731)	Income tax (expense) or benefit
	¥ 2,332	Net of tax
Debt valuation adjustments		
Fulfillment of policy liabilities and amortization of policy account balances	¥ 27	Life insurance costs
	27	Total before income tax
	(8)	Income tax (expense) or benefit
	¥ 19	Net of tax
Defined benefit pension plans		
Amortization of prior service credit	¥ 807	See Note 15 Pension Plans
Amortization of net actuarial loss	(692)	See Note 15 Pension Plans
Amortization of transition obligation	(3)	See Note 15 Pension Plans
	112	Total before income tax
	(32)	Income tax (expense) or benefit
	¥ 80	Net of tax
Foreign currency translation adjustments		
Sales or liquidation	¥ (2)	Gains on sales of subsidiaries and affiliates and liquidation losses, net
	(2)	Total before income tax
	1	Income tax (expense) or benefit

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¥ (1) Net of tax

Net unrealized gains (losses) on derivative instruments		
Interest rate swap agreements	¥ 141	Finance revenues/Interest expense
Foreign exchange contracts	(220)	Other (income) and expense, net
Foreign currency swap agreements	(515)	Finance revenues/Interest expense/Other (income) and expense, net
	(594)	Total before income tax
	132	Income tax (expense) or benefit
	¥ (462)	Net of tax

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Amounts reclassified to net income from accumulated other comprehensive income (loss) in the three months ended December 31, 2017 and 2018 are as follows:

Details about accumulated other comprehensive income components	Reclassification adjustment included in net income		Consolidated statements of income caption
	Millions of yen		
Three months ended December 31, 2017			
Net unrealized gains (losses) on investment in securities			
Sales of investment securities	¥ 10,726		Gains on investment securities and dividends
Sales of investment securities	1,037		Life insurance premiums and related investment income
Amortization of investment securities	(95)		Finance revenues
Amortization of investment securities	(128)		Life insurance premiums and related investment income
Others	(224)		Write-downs of securities and other
	11,316		Total before income tax
	(3,817)		Income tax (expense) or benefit
	¥ 7,499		Net of tax
Defined benefit pension plans			
Amortization of prior service credit	¥ 249		See Note 15 Pension Plans
Amortization of net actuarial loss	(223)		See Note 15 Pension Plans
Amortization of transition obligation	(12)		See Note 15 Pension Plans
	14		Total before income tax
	(3)		Income tax (expense) or benefit
	¥ 11		Net of tax
Foreign currency translation adjustments			
Sales or liquidation	¥ (22)		Gains on sales of subsidiaries and affiliates and liquidation losses, net
	(22)		Total before income tax
	7		Income tax (expense) or benefit
	¥ (15)		Net of tax
Net unrealized gains (losses) on derivative instruments			
Interest rate swap agreements	¥ 13		Finance revenues/Interest expense
Foreign exchange contracts	(25)		Other (income) and expense, net

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Foreign currency swap agreements	2,217	Finance revenues/Interest expense/Other (income) and expense, net
	2,205	Total before income tax
	(540)	Income tax (expense) or benefit
	¥ 1,665	Net of tax

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Three months ended December 31, 2018

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 debt securities	¥ 88	Gains on investment securities and dividends
Sales of debt securities	0	Life insurance premiums and related investment income
Amortization of debt securities	(241)	Finance revenues
Amortization of debt securities	(14)	Life insurance premiums and related investment income
Others	(113)	Write-downs of securities and other
	(280)	Total before income tax
	118	Income tax (expense) or benefit
	¥ (162)	Net of tax
Debt valuation adjustments		
Fulfillment of policy liabilities and amortization of policy account balances	¥ 10	Life insurance costs
	10	Total before income tax
	(3)	Income tax (expense) or benefit
	¥ 7	Net of tax
Defined benefit pension plans		
Amortization of prior service credit	¥ 269	See Note 15 Pension Plans
Amortization of net actuarial loss	(231)	See Note 15 Pension Plans
Amortization of transition obligation	(1)	See Note 15 Pension Plans
	37	Total before income tax
	(11)	Income tax (expense) or benefit
	¥ 26	Net of tax
Net unrealized gains (losses) on derivative instruments		
Interest rate swap agreements	¥ 4	Finance revenues/Interest expense
Foreign exchange contracts	(230)	Other (income) and expense, net
Foreign currency swap agreements	579	Finance revenues/Interest expense/Other (income) and expense, net

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353	Total before income tax
(86)	Income tax (expense) or benefit
¥ 267	Net of tax

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Table of Contents**13. ORIX Corporation Shareholders Equity**

Information about ORIX Corporation Shareholders Equity for the nine months ended December 31, 2017 and 2018 are as follows:

(1) Dividend payments

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Resolution	The board of directors on May 23, 2017	The board of directors on May 21, 2018
Type of shares	Common stock	Common stock
Total dividends paid	¥38,162 million	¥49,984 million
Dividend per share	¥29.25	¥39.00
Date of record for dividend	March 31, 2017	March 31, 2018
Effective date for dividend	June 6, 2017	June 5, 2018
Dividend resource	Retained earnings	Retained earnings

Resolution	The board of directors on October 30, 2017	The board of directors on October 26, 2018
Type of shares	Common stock	Common stock
Total dividends paid	¥34,595 million	¥38,453 million
Dividend per share	¥27.00	¥30.00
Date of record for dividend	September 30, 2017	September 30, 2018
Effective date for dividend	December 4, 2017	December 4, 2018
Dividend resource	Retained earnings	Retained earnings

Total dividends paid by resolution of the board of directors on May 23, 2017 include ¥62 million of dividends paid to the Board Incentive Plan Trust for the nine months ended December 31, 2017. Total dividends paid by resolution of the board of directors on May 21, 2018 include ¥64 million of dividends paid to the Board Incentive Plan Trust for the nine months ended December 31, 2018.

Total dividends paid by resolution of the board of directors on October 30, 2017 include ¥53 million of dividends paid to the Board Incentive Plan Trust for the nine months ended December 31, 2017. Total dividends paid by resolution of the board of directors on October 26, 2018 include ¥55 million of dividends paid to the Board Incentive Plan Trust for the nine months ended December 31, 2018.

- (2) There were no applicable dividends for which the date of record was in the nine months ended December 31, 2017 and 2018, and for which the effective date was after December 31, 2017 and 2018.

Table of Contents**14. Selling, General and Administrative Expenses**

Selling, general and administrative expenses for the nine months ended December 31, 2017 and 2018 are as follows:

	Millions of yen	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Personnel expenses	¥ 180,197	¥ 183,872
Selling expenses	54,947	56,892
Administrative expenses	76,462	75,783
Depreciation of office facilities	3,661	3,537
Total	¥ 315,267	¥ 320,084

Selling, general and administrative expenses for the three months ended December 31, 2017 and 2018 are as follows:

	Millions of yen	
	Three months ended December 31, 2017	Three months ended December 31, 2018
Personnel expenses	¥ 61,033	¥ 61,434
Selling expenses	18,569	20,009
Administrative expenses	25,174	26,674
Depreciation of office facilities	1,192	1,321
Total	¥ 105,968	¥ 109,438

Table of Contents**15. 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 debt securities and marketable equity securities.

Net periodic pension cost for the nine months ended December 31, 2017 and 2018 consists of the following:

	Millions of yen			
	Nine months ended		Nine months ended	
	December 31,		December 31, 2018	
	2017		2018	
Japanese plans:				
Service cost	¥	3,973	¥	4,144
Interest cost		583		542
Expected return on plan assets		(1,970)		(2,042)
Amortization of prior service credit		(685)		(673)
Amortization of net actuarial loss		642		633
Amortization of transition obligation		34		0
Net periodic pension cost	¥	2,577	¥	2,604

	Millions of yen			
	Nine months ended		Nine months ended	
	December 31,		December 31, 2018	
	2017		2018	
Overseas plans:				
Service cost	¥	2,484	¥	2,433
Interest cost		1,464		1,484
Expected return on plan assets		(3,099)		(3,292)
Amortization of prior service credit		(61)		(134)
Amortization of net actuarial loss		28		59
Amortization of transition obligation		3		3
Net periodic pension cost	¥	819	¥	553

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Net pension cost of the plans for the three months ended December 31, 2017 and 2018 consists of the following:

	Millions of yen			
	Three months ended December 31, 2017		Three months ended December 31, 2018	
Japanese plans:				
Service cost	¥	1,324	¥	1,382
Interest cost		195		181
Expected return on plan assets		(657)		(680)
Amortization of prior service credit		(228)		(225)
Amortization of net actuarial loss		214		211
Amortization of transition obligation		11		0
Net periodic pension cost	¥	859	¥	869

	Millions of yen			
	Three months ended December 31, 2017		Three months ended December 31, 2018	
Overseas plans:				
Service cost	¥	879	¥	802
Interest cost		512		491
Expected return on plan assets		(1,062)		(1,090)
Amortization of prior service credit		(21)		(44)
Amortization of net actuarial loss		9		20
Amortization of transition obligation		1		1
Net periodic pension cost	¥	318	¥	180

Note: The components of net periodic pension cost other than the service cost component are included in personnel expenses, which is included in selling, general and administrative expenses in the consolidated statements of income.

Table of Contents**16. Life Insurance Operations**

Life insurance premiums and related investment income for the nine and three months ended December 31, 2017 and 2018 consist of the following:

	Millions of yen	
	Nine months ended	
	December 31, 2017	Nine months ended December 31, 2018
Life insurance premiums	¥ 215,151	¥ 233,134
Life insurance related investment income(loss)	63,387	(5,114)
	¥ 278,538	¥ 228,020

	Millions of yen	
	Three months ended	
	December 31, 2017	Three months ended December 31, 2018
Life insurance premiums	¥ 72,656	¥ 79,623
Life insurance related investment income(loss)	24,672	(32,207)
	¥ 97,328	¥ 47,416

Life insurance premiums include reinsurance benefits, net of reinsurance premiums. For the nine and three months ended December 31, 2017 and 2018, reinsurance benefits and reinsurance premiums included in life insurance premiums are as follows:

	Millions of yen	
	Nine months ended	
	December 31, 2017	Nine months ended December 31, 2018
Reinsurance benefits	¥ 2,509	¥ 1,891
Reinsurance premiums	(5,379)	(4,142)

	Millions of yen	
	Three months ended	
	December 31, 2017	Three months ended December 31, 2018
Reinsurance benefits	¥ 639	¥ 698
Reinsurance premiums	(1,616)	(1,293)

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 directly relating to policy issuance and underwriting). Amortization charged to income for the nine months ended December 31, 2017 and 2018 amounted to ¥11,780 million and ¥13,238 million, respectively. In addition, amortization charged to income for the three months ended December 31, 2017 and 2018 amounted to ¥4,033 million and ¥4,580 million, respectively.

Life insurance premiums and related investment income include net realized and unrealized gains or losses from investment assets under management on behalf of variable annuity and variable life policyholders, and net gains or losses from derivative contracts, which consist of gains or losses from futures, foreign exchange contracts and options held, entered to economically hedge a portion of the minimum guarantee risk relating to variable annuity and variable life insurance contracts. In addition, life insurance costs include the net amount of the changes in fair value of the variable annuity and variable life insurance contracts elected for the fair value option and insurance costs recognized for insurance and annuity payouts as a result of insured events. Certain subsidiaries have 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 the changes in the fair value of the reinsurance contracts were recorded in life insurance costs.

From the three months ended June 30, 2018, the portion of the total change in the fair value of variable annuity and variable life insurance contracts that results from a change in the instrument-specific credit risk is recognized in other comprehensive income (loss).

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The above mentioned gains or losses relating to variable annuity and variable life insurance contracts for the nine and three months ended December 31, 2017 and 2018 are as follows:

	Millions of yen			
	Nine months ended December 31, 2017		Nine months ended December 31, 2018	
Life insurance premiums and related investment income:				
Net realized and unrealized gains or losses from investment assets	¥	61,806	¥	(21,790)
Net gains or losses from derivative contracts:		(9,104)		2,496
Futures		(7,194)		2,730
Foreign exchange contracts		(678)		(316)
Options held		(1,232)		82
Life insurance costs:				
Changes in the fair value of the policy liabilities and policy account balances	¥	(118,384)	¥	(81,515)
Insurance costs recognized for insurance and annuity payouts as a result of insured events		150,635		62,522
Changes in the fair value of the reinsurance contracts		9,282		(2,794)
	Millions of yen			
	Three months ended December 31, 2017		Three months ended December 31, 2018	
Life insurance premiums and related investment income:				
Net realized and unrealized gains or losses from investment assets	¥	24,665	¥	(43,844)
Net gains or losses from derivative contracts:		(3,155)		5,956
Futures		(2,741)		5,051
Foreign exchange contracts		(94)		219
Options held		(320)		686
Life insurance costs:				
Changes in the fair value of the policy liabilities and policy account balances	¥	(29,883)	¥	(43,098)
Insurance costs recognized for insurance and annuity payouts as a result of insured events		46,236		14,851
Changes in the fair value of the reinsurance contracts		2,408		(6,681)

Table of Contents**17. Write-Downs of Long-Lived Assets**

The Company and its subsidiaries perform tests for recoverability on long-lived assets classified as held and used 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.

As of March 31, 2018 and December 31, 2018, the long-lived assets classified as held for sale in the accompanying consolidated balance sheets are as follows.

	Millions of yen	
	As of March 31, 2018	As of December 31, 2018
Investment in operating leases	¥ 31,776	¥ 16,085
Property under facility operations	12,483	53,902
Other assets	164	125

The long-lived assets classified as held for sale as of March 31, 2018 are included in Corporate Financial Services segment, Real Estate segment, Investment and Operation segment and Overseas Business segment. The long-lived assets classified as held for sale as of December 31, 2018 are included in Corporate Financial Services segment, Real Estate segment, Investment and Operation segment and Overseas Business segment.

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 nine months ended December 31, 2017 and 2018, the Company and its subsidiaries recognized impairment losses for the difference between carrying amounts and fair values in the amount of ¥3,029 million and ¥26 million, respectively, which are reflected as write-downs of long-lived assets. Breakdowns of these amounts are as follows.

	Nine months ended December 31, 2017		Nine months ended December 31, 2018	
	Amount (Millions of yen)	The number of properties	Amount (Millions of yen)	The number of properties
Write-downs of the assets held for sale:				
Office buildings	¥ 161	1	¥ 0	0
Commercial facilities other than office buildings	1,134	2	0	0
Others *	319		0	
Total	¥ 1,614		¥ 0	

* For the Others, the number of properties is omitted.

	Nine months ended December 31, 2017		Nine months ended December 31, 2018	
	Amount (Millions of yen)	The number of properties	Amount (Millions of yen)	The number of properties
Write-downs due to decline in estimated future cash flows:				
Office buildings	¥ 0	0	¥ 0	0
Commercial facilities other than office buildings	187	2	16	1
Others *	1,228		10	
Total	¥ 1,415		¥ 26	

* For the Others, the number of properties is omitted.

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Losses of ¥2,273 million in Real Estate segment and ¥756 million in Overseas Business segment were recorded for the nine months ended December 31, 2017. Losses of ¥16 million in Real Estate segment and ¥10 million in Overseas Business segment were recorded for the nine months ended December 31, 2018.

For the three months ended December 31, 2017, the Company and its subsidiaries recognized impairment losses for the difference between carrying amounts and fair values in the amount of ¥1,557 million, which were reflected as write-downs of long-lived assets compared to no impairment loss for the three months ended December 31, 2018. Breakdowns of these amounts are as follows.

	Three months ended December 31, 2017		Three months ended December 31, 2018	
	Amount (Millions of yen)	The number of properties	Amount (Millions of yen)	The number of properties
Write-downs of the assets held for sale:				
Office buildings	¥ 161	1	¥ 0	0
Commercial facilities other than office buildings	157	1	0	0
Others *	119		0	
Total	¥ 437		¥ 0	

* For the Others, the number of properties is omitted.

	Three months ended December 31, 2017		Three months ended December 31, 2018	
	Amount (Millions of yen)	The number of properties	Amount (Millions of yen)	The number of properties
Write-downs due to decline in estimated future cash flows:				
Office buildings	¥ 0	0	¥ 0	0
Commercial facilities other than office buildings	0	0	0	0
Others *	1,120		0	
Total	¥ 1,120		¥ 0	

* For the Others, the number of properties is omitted.

Losses of ¥801 million in Real Estate segment and ¥756 million in Overseas Business segment were recorded for the three months ended December 31, 2017.

Table of Contents**18. Per Share Data**

Reconciliation of the differences between basic and diluted earnings per share (EPS) in the nine and three months ended December 31, 2017 and 2018 is as follows:

During the nine months ended December 31, 2017, the diluted EPS calculation excludes stock options for 249 thousand shares, as they were antidilutive. During the nine months ended December 31, 2018, there were no stock options which were antidilutive.

During the three months ended December 31, 2017 and 2018, there were no stock options which were antidilutive.

	Millions of yen	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net Income attributable to ORIX Corporation shareholders	¥ 256,391	¥ 236,207

	Millions of yen	
	Three months ended December 31, 2017	Three months ended December 31, 2018
Net Income attributable to ORIX Corporation shareholders	¥ 90,421	¥ 81,157

	Thousands of Shares	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Weighted-average shares	1,281,625	1,280,038
Effect of dilutive securities		
Exercise of stock options	1,261	1,083
Weighted-average shares for diluted EPS computation	1,282,886	1,281,121

	Thousands of Shares	
	Three months ended December 31, 2017	Three months ended December 31, 2018
Weighted-average shares	1,279,406	1,279,962
Effect of dilutive securities		
Exercise of stock options	1,299	1,040

Weighted-average shares for diluted EPS computation	1,280,705	1,281,002
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	Yen	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Earnings per share for net income attributable to ORIX Corporation shareholders:		
Basic	¥ 200.05	¥ 184.53
Diluted	¥ 199.86	¥ 184.38

	Yen	
	Three months ended December 31, 2017	Three months ended December 31, 2018
Earnings per share for net income attributable to ORIX Corporation shareholders:		
Basic	¥ 70.67	¥ 63.41
Diluted	¥ 70.60	¥ 63.35

Note: The Company's shares held through the Board Incentive Plan Trust are included in the number of treasury stock shares to be deducted in calculation of the weighted-average shares for EPS computation (2,027,776 and 1,715,210 shares for the nine months ended December 31, 2017 and 2018, 1,962,243 and 1,823,993 shares for the three months ended December 31, 2017 and 2018).

Table of Contents**19. Derivative Financial Instruments and Hedging****Risk management policy**

The Company and its subsidiaries manage interest rate risk through asset-liability management (ALM). 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.

The Company and its subsidiaries have no derivative instruments with credit-risk-related contingent features as of March 31, 2018 and December 31, 2018.

(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.

(c) Hedges of net investment in foreign operations

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

(d) Derivatives not designated as hedging instruments

The Company and its subsidiaries entered into interest rate swap agreements, futures and foreign exchange contracts for mainly to hedge their exposure to interest rate risk and foreign currency exchange risk. 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.

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The effect of derivative instruments on the consolidated statements of income, pre-tax, for the nine months ended December 31, 2017 is as follows.

(1) Cash flow hedges

	Gains (losses) recognized in other comprehensive income on derivative (effective portion)		Gains (losses) reclassified from other comprehensive income (loss) into income (effective portion) Consolidated statements		Gains (losses) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing) Consolidated statements	
	Millions of yen		Millions of yen		Millions of yen	
	of income location		of income location		of income location	
Interest rate swap agreements	¥	(170)	Finance revenues/Interest expense	¥ 131		¥ 0
Foreign exchange contracts		(505)	Other (income) and expense, net	(27)		0
Foreign currency swap agreements		4,413	Finance revenues/Interest expense/Other (income) and expense, net	3,065	Other (income) and expense, net	(246)

(2) Fair value hedges

Gains (losses) recognized in income on derivative and Cash (losses) recognized in income on hedged item
Consolidated statements Consolidated statements

	Millions of yen		Millions of yen	
	of income location		of income location	
Interest rate swap agreements	¥	(13)	Finance revenues/Interest expense	¥ 13
Foreign exchange contracts	(3,555)	Other (income) and expense, net	3,555	Other (income) and expense, net
Foreign currency swap agreements	(2,368)	Other (income) and expense, net	2,368	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 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)	
	Consolidated statements		Consolidated statements		Consolidated statements	
	Millions of yen	of income location	Millions of yen	of income location	Millions of yen	of income location
Foreign exchange contracts	¥ (30,291)	Gains on sales of subsidiaries and affiliates and liquidation losses, net	¥ (3,705)		¥	0
Borrowings and bonds in foreign currencies	(12,339)		0			0

(4) 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	¥ 998	Other (income) and expense, net
Futures	(7,229)	Gains on investment securities and dividends Life insurance premiums and related investment income *
Foreign exchange contracts	(16,824)	Gains on investment securities and dividends Life insurance premiums and related investment income *
Credit derivatives held	(31)	Other (income) and expense, net
Options held/written and other	(985)	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 gains (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 nine months ended December 31, 2017 (see Note 16 Life Insurance Operations).

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The effect of derivative instruments on the consolidated statements of income, pre-tax, for the nine months ended December 31, 2018 is as follows.

(1) Cash flow hedges

	Gains (losses) recognized in other comprehensive income on derivative (effective portion)	Gains (losses) reclassified from other comprehensive income (loss) into income (effective portion) Consolidated statements of income location	Gains (losses) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing) Consolidated statements of income location	Millions of yen
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interest rate swap agreements	¥ (1,529)	Finance revenues/Interest expense ¥ 141	¥ 141	¥ 0
Foreign exchange contracts	252	Other (income) and expense, net (220)	(220)	0
Foreign currency swap agreements	577	Finance revenues/Interest expense/Other (income) and expense, net (515)	(515)	0

(2) Fair value hedges

	Gains (losses) recognized in income on derivative Consolidated statements of income location	Gains (losses) recognized in income on hedged item Consolidated statements of income location
	Millions of yen	Millions of yen
Interest rate swap agreements	¥ (4,553) Finance revenues/Interest expense	¥ 4,553 Finance revenues/Interest expense
Foreign exchange contracts	(3,834) Other (income) and expense, net	3,711 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 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	¥ 2,500	Gains on sales of subsidiaries and affiliates and liquidation losses, net	¥ (115)	¥ 0
Borrowings and bonds in foreign currencies	(7,377)		0	0
(4) Derivatives not designated as hedging instruments				

	Millions of yen	Consolidated statements of income location
Interest rate swap agreements	¥ 1,013	Other (income) and expense, net
		Gains on investment securities and dividends
Futures	2,573	Life insurance premiums and related investment income *
		Gains on investment securities and dividends
Foreign exchange contracts	(2,037)	Life insurance premiums and related investment income *
		Other (income) and expense, net
Credit derivatives held/written	59	Other (income) and expense, net
		Other (income) and expense, net
Options held/written and other	(1,077)	Life insurance premiums and related investment income *

- * Futures, foreign exchange contracts and options held/written and other in the above table include gains (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 nine months ended December 31, 2018 (see Note 16 Life Insurance Operations).

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The effect of derivative instruments on the consolidated statements of income, pre-tax, for the three months ended December 31, 2017 is as follows.

(1) Cash flow hedges

	Gains (losses) recognized in other comprehensive income on derivative (effective portion)	Gains (losses) reclassified from other comprehensive income (loss) into income (effective portion) Consolidated statements of income location		Gains (losses) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing) Consolidated statements of income location	
	Millions of yen		Millions of yen		Millions of yen
Interest rate swap agreements	¥ 15	Finance revenues/Interest expense	¥ 13		¥ 0
Foreign exchange contracts	(317)	Other (income) and expense, net	(25)		0
Foreign currency swap agreements	2,981	Finance revenues/Interest expense /Other (income) and expense, net	2,217	Other (income) and expense, net	(135)

(2) Fair value hedges

	Gains (losses) recognized in income on derivative instruments Consolidated statements		Gains (losses) recognized in income on hedged item Consolidated statements	
	Millions of yen	of income location	Millions of yen	of income location
Foreign exchange contracts	(430)	Other (income) and expense, net	430	Other (income) and expense, net
Foreign currency swap agreements	(3,358)	Other (income) and expense, net	3,358	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 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)
	Consolidated statements of income location	Consolidated statements of income location	Consolidated statements of income location
	Millions of yen	Millions of yen	Millions of yen
Foreign exchange contracts	¥ (6,715)	¥ 0	¥ 0
Borrowings and bonds in foreign currencies	(2,142)	0	0
(4) Derivatives not designated as hedging instruments			

	Millions of yen	Gains (losses) recognized in income on derivative
	Consolidated statements of income location	Consolidated statements of income location
Interest rate swap agreements	¥ 300	Other (income) and expense, net
		Gains on investment securities and dividends
Futures	(4,718)	Life insurance premiums and related investment income *
		Gains on investment securities and dividends
Foreign exchange contracts	(2,447)	Life insurance premiums and related investment income *
		Other (income) and expense, net
Credit derivatives held	(5)	Other (income) and expense, net
		Other (income) and expense, net
Options held/written and other	(1,251)	Life insurance premiums and related investment income *

* Futures, foreign exchange contracts and options held/written and other in the above table include gains (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 December 31, 2017 (see Note 16 Life Insurance Operations).

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The effect of derivative instruments on the consolidated statements of income, pre-tax, for the three months ended December 31, 2018 is as follows.

(1) Cash flow hedges

	Gains (losses) recognized in other comprehensive income on derivative (effective portion)	Gains (losses) reclassified from other comprehensive income (loss) into income (effective portion) Consolidated statements of income location	Gains (losses) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing) Consolidated statements of income location	Millions of yen
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interest rate swap agreements	¥ (2,252)	Finance revenues/Interest expense ¥ 4	¥ 4	¥ 0
Foreign exchange contracts	9	Other (income) and expense, net	(230)	0
Foreign currency swap agreements	1,544	Finance revenues/Interest expense/ Other (income) and expense, net	579	0

(2) Fair value hedges

	Gains (losses) recognized in income on derivative and other Consolidated statements	Gains (losses) recognized in income on hedged item Consolidated statements
	Millions of yen of income location	Millions of yen of income location
Interest rate swap agreements	¥ (5,781) Finance revenues/Interest expense	¥ 5,781 Finance revenues/Interest expense
Foreign exchange contracts	830 Other (income) and expense, net	(953) 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 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) Consolidated statements	
		Millions of yen	Consolidated statements of income location	Millions of yen	Consolidated statements of income location
Foreign exchange contracts	¥ 4,234			¥ 0	¥ 0
Borrowings and bonds in foreign currencies	14,711			0	0

(4) 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	¥ (134)	Other (income) and expense, net
		Gains on investment securities and dividends
Futures	5,257	Life insurance premiums and related investment income *
		Gains on investment securities and dividends
Foreign exchange contracts	5,819	Life insurance premiums and related investment income *
		Other (income) and expense, net
Credit derivatives held/written	40	Other (income) and expense, net
		Other (income) and expense, net
Options held/written and other	(1,350)	Life insurance premiums and related investment income *

- * Futures, foreign exchange contracts and options held/written and other in the above table include gains (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 December 31, 2018 (see Note 16 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, 2018 and December 31, 2018 are as follows.

March 31, 2018

	Notional amount Millions of yen	Fair value Millions of yen	Derivative assets Consolidated balance		Derivative liabilities Consolidated balance	
			sheets location	Fair value Millions of yen	sheets location	
Derivatives designated as hedging instruments and other:						
Interest rate swap agreements	¥ 278,850	¥ 55	Other Assets	¥ 4,759	Other Liabilities	
Futures, foreign exchange contracts	566,583	11,445	Other Assets	2,149	Other Liabilities	
Foreign currency swap agreements	70,156	422	Other Assets	3,220	Other Liabilities	
Foreign currency long-term debt	396,503	0		0		
Derivatives not designated as hedging instruments:						
Interest rate swap agreements	¥ 19,569	¥ 272	Other Assets	¥ 165	Other Liabilities	
Options held/written and other *	372,138	7,025	Other Assets	701	Other Liabilities	
Futures, foreign exchange contracts *	271,365	2,612	Other Assets	1,298	Other Liabilities	
Credit derivatives held	5,459	0		108	Other Liabilities	

* The notional amounts of options held/written and other and futures, foreign exchange contracts in the above table include options held of ¥40,275 million, futures contracts of ¥38,094 million and foreign exchange contracts of ¥12,140 million to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts at March 31, 2018, respectively. Derivative assets in the above table include fair value of the options held, futures contracts and foreign exchange contracts before offsetting of ¥844 million, ¥182 million and ¥90 million and derivative liabilities includes fair value of the futures and foreign exchange contracts before offsetting of ¥318 million and ¥15 million at March 31, 2018, respectively.

December 31, 2018

	Notional amount	Fair value	Derivative assets Consolidated balance		Derivative liabilities Consolidated balance	
			sheets location	Fair value	sheets location	

	Millions of yen	Millions of yen		Millions of yen	
Derivatives designated as hedging instruments and other:					
Interest rate swap agreements	¥ 513,218	¥ 27	Other Assets	¥ 10,673	Other Liabilities
Futures, foreign exchange contracts	543,211	4,758	Other Assets	2,746	Other Liabilities
Foreign currency swap agreements	70,024	1,311	Other Assets	1,033	Other Liabilities
Foreign currency long-term debt	620,389	0		0	
Derivatives not designated as hedging instruments:					
Interest rate swap agreements	¥ 65,691	¥ 314	Other Assets	¥ 125	Other Liabilities
Options held/written and other *	566,310	10,079	Other Assets	2,508	Other Liabilities
Futures, foreign exchange contracts *	378,162	8,157	Other Assets	2,001	Other Liabilities
Credit derivatives held/written	788	1	Other Assets	50	Other Liabilities

* The notional amounts of options held/written and other and futures, foreign exchange contracts in the above table include options held of ¥38,152 million, futures contracts of ¥43,047 million and foreign exchange contracts of ¥13,053 million to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts at December 31, 2018, respectively. Derivative assets in the above table includes fair value of the options held, futures contracts and foreign exchange contracts before offsetting of ¥917 million, ¥1,553 million and ¥205 million and derivative liabilities includes fair value of the futures and foreign exchange contracts before offsetting of ¥250 million and ¥13 million at December 31, 2018, respectively.

Table of Contents**20. Offsetting Assets and Liabilities**

The gross amounts recognized, gross amounts offset, and net amounts presented in the consolidated balance sheets regarding derivative assets and liabilities and other assets and liabilities as of March 31, 2018 and December 31, 2018 are as follows.

March 31, 2018

	Millions of yen						Net amount
	Gross amounts recognized	Gross amounts offset in the consolidated balance sheets	Net amounts presented in the consolidated balance sheets	Gross amounts not offset in the consolidated balance sheets *1			
				Financial instruments	Collateral received/pledged		
Derivative assets	¥ 21,831	¥ (2,105)	¥ 19,726	¥ (820)	¥ (6,497)	¥ 12,409	
Reverse repurchase, securities borrowing, and similar arrangements *2	5,784	(5,590)	194	0	0	194	
Total assets	¥ 27,615	¥ (7,695)	¥ 19,920	¥ (820)	¥ (6,497)	¥ 12,603	
Derivative liabilities	¥ 12,400	¥ (2,105)	¥ 10,295	¥ 0	¥ (180)	¥ 10,115	
Repurchase, securities lending, and similar arrangements *2	5,590	(5,590)	0	0	0	0	
Total liabilities	¥ 17,990	¥ (7,695)	¥ 10,295	¥ 0	¥ (180)	¥ 10,115	

December 31, 2018

	Millions of yen						Net amount
	Gross amounts recognized	Gross amounts offset in the consolidated balance sheets	Net amounts presented in the consolidated balance sheets	Gross amounts not offset in the consolidated balance sheets *1			
				Financial instruments	Collateral received/pledged		
Derivative assets	¥ 24,647	¥ (2,319)	¥ 22,328	¥ (902)	¥ (1,531)	¥ 19,895	
Reverse repurchase, securities borrowing, and similar arrangements *2	10,489	(10,489)	0	0	0	0	
Total assets	¥ 35,136	¥ (12,808)	¥ 22,328	¥ (902)	¥ (1,531)	¥ 19,895	

Derivative liabilities	¥ 19,136	¥ (2,319)	¥ 16,817	¥ (4,687)	¥ (9)	¥ 12,121
Repurchase, securities lending, and similar arrangements *2	10,941	(10,489)	452	0	0	452
Total liabilities	¥ 30,077	¥ (12,808)	¥ 17,269	¥ (4,687)	¥ (9)	¥ 12,573

*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.

Table of Contents**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 Company's consolidated balance sheets and the related market or fair value. The disclosures do not include investment in direct financing leases, investment in affiliates, pension obligations and insurance contracts and reinsurance contracts except for those classified as investment contracts.

March 31, 2018

	Millions of yen					
	Carrying amount	Estimated fair value	Level 1	Level 2	Level 3	
Assets:						
Cash and cash equivalents	¥ 1,321,241	¥ 1,321,241	¥ 1,321,241	¥ 0	¥ 0	0
Restricted cash	83,876	83,876	83,876	0	0	0
Installment loans (net of allowance for probable loan losses)	2,779,186	2,788,069	0	139,416	2,648,653	0
Trading securities	422,053	422,053	35,766	386,287	0	0
Investment in securities:						
Practicable to estimate fair value	1,167,247	1,194,180	65,716	969,668	158,796	0
Not practicable to estimate fair value *1	140,155	140,155	0	0	0	0
Other Assets:						
Time deposits	3,378	3,378	0	3,378	0	0
Derivative assets *2	19,726	19,726	0	0	0	0
Reinsurance recoverables (Investment contracts)	51,351	52,015	0	0	52,015	0
Liabilities:						
Short-term debt	¥ 306,754	¥ 306,754	¥ 0	¥ 306,754	¥ 0	0
Deposits	1,757,462	1,759,248	0	1,759,248	0	0
Policy liabilities and Policy account balances (Investment contracts)	275,507	275,979	0	0	275,979	0
Long-term debt	3,826,504	3,830,529	0	922,319	2,908,210	0
Other Liabilities:						
Derivative liabilities *2	10,295	10,295	0	0	0	0

*1 The fair value of investment securities of ¥140,155 million was not estimated, as it was not practicable.

*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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	Millions of yen					
	Carrying amount	Estimated fair value	Level 1	Level 2	Level 3	
Assets:						
Cash and cash equivalents	¥ 1,215,907	¥ 1,215,907	¥ 1,215,907	¥ 0	¥ 0	
Restricted cash	119,292	119,292	119,292	0	0	
Installment loans (net of allowance for probable loan losses)	3,131,387	3,134,639	0	161,291	2,973,348	
Equity securities*1	409,826	409,826	63,188	290,018	56,620	
Trading debt securities	43,298	43,298	0	43,298	0	
Available-for-sale debt securities	1,152,571	1,152,571	20,446	1,039,420	92,705	
Held-to-maturity debt securities	114,094	140,781	0	118,442	22,339	
Other Assets:						
Time deposits	5,242	5,242	0	5,242	0	
Derivative assets*2	22,328	22,328	0	0	0	
Reinsurance recoverables (Investment contracts)	30,392	30,577	0	0	30,577	
Liabilities:						
Short-term debt	¥ 648,767	¥ 648,767	¥ 0	¥ 648,767	¥ 0	
Deposits	1,755,177	1,757,131	0	1,757,131	0	
Policy liabilities and Policy account balances (Investment contracts)	250,414	250,567	0	0	250,567	
Long-term debt	3,970,544	3,971,582	0	1,104,602	2,866,980	
Other Liabilities:						
Derivative liabilities*2	16,817	16,817	0	0	0	

*1 The amount of ¥12,660 million of investment funds measured at net asset value per share is not included.

*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.

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.

Table of Contents**22. Commitments, Guarantees and Contingent Liabilities**

Commitments The Company and certain subsidiaries have commitments for the purchase of equipment to be leased, having a cost of ¥341 million and ¥285 million as of March 31, 2018 and December 31, 2018, respectively.

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

	Millions of yen	
	March 31, 2018	December 31, 2018
Within one year	¥ 7,939	¥ 7,723
More than one year	59,732	55,692
Total	¥ 67,671	¥ 63,415

The Company and certain subsidiaries lease office space under operating lease agreements, which are primarily cancelable, and made rental payments totaling ¥10,900 million and ¥11,332 million for the nine months ended December 31, 2017 and 2018, respectively, and ¥3,689 million and ¥3,904 million for the three months ended December 31, 2017 and 2018, respectively.

Certain computer systems of the Company and certain subsidiaries have been operated and maintained under non-cancelable contracts with third-party service providers. For such services, the Company and certain subsidiaries made payments totaling ¥3,838 million and ¥4,266 million for the nine months ended December 31, 2017 and 2018, respectively, and ¥1,439 million and ¥1,673 million for the three months ended December 31, 2017 and 2018, respectively. As of March 31, 2018 and December 31, 2018, the amounts due are as follows:

	Millions of yen	
	March 31, 2018	December 31, 2018
Within one year	¥ 5,280	¥ 3,992
More than one year	6,550	3,683
Total	¥ 11,830	¥ 7,675

The Company and certain subsidiaries have commitments to fund estimated construction costs to complete ongoing real estate development projects and other commitments, totaling ¥77,957 million and ¥83,049 million as of March 31, 2018 and December 31, 2018, respectively.

The Company and certain 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 are ¥319,154 million and ¥363,247 million as of March 31, 2018 and December 31, 2018, respectively.

Guarantees At the inception of a guarantee, the Company and its subsidiaries recognize a liability in the consolidated balance sheets at fair value for the guarantee within the scope of ASC 460 (*Guarantees*). 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, 2018 and December 31, 2018:

	March 31, 2018			December 31, 2018		
	Millions of yen		Fiscal year	Millions of yen		Fiscal year
	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
Guarantees						
Corporate loans	¥ 488,297	¥ 7,294	2025	¥ 496,043	¥ 6,610	2026
Transferred loans	166,906	1,227	2058	177,838	1,356	2058
Consumer loans	297,153	37,596	2029	336,530	41,518	2029
Housing loans	28,408	5,021	2048	12,418	4,787	2048
Other	615	230	2025	374	1	2024
Total	¥ 981,379	¥ 51,368		¥ 1,023,203	¥ 54,272	

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Guarantee of corporate loans: The Company and certain subsidiaries mainly guarantee corporate loans issued by financial institutions for customers. The Company and the 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 the subsidiaries assume the guaranteed customers' obligation, the Company and the 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, 2018 and December 31, 2018, total notional amount of the loans subject to such guarantees are ¥1,098,000 million and ¥1,096,000 million, respectively, and book value of guarantee liabilities are ¥1,966 million and ¥2,460 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 nine months ended December 31, 2018.

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 nine months ended December 31, 2018.

As of March 31, 2018 and December 31, 2018, the total outstanding principal amount of loans transferred under the Delegated Underwriting and Servicing program, for which the subsidiary guarantees to absorb some of the losses, were ¥564,854 million and ¥597,886 million, respectively.

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

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 nine months ended December 31, 2018.

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 the subsidiaries assume the guaranteed parties obligation, the Company and the 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 nine months ended December 31, 2018.

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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 certain 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 certain 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 9 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, 2018 and December 31, 2018:

	Millions of yen	
	March 31, 2018	December 31, 2018
Minimum lease payments, loans and investment in operating leases	¥ 91,819	¥ 111,248
Investment in securities	159,475	163,661
Property under facility operations	31,627	31,401
Other assets and other	27,022	29,638
Total	¥ 309,943	¥ 335,948

As of March 31, 2018 and December 31, 2018, debt liabilities were secured by shares of subsidiaries, which were eliminated through consolidation adjustment, of ¥24,348 million and ¥34,160 million, respectively, and debt liabilities of affiliates were secured by investment in affiliates of ¥44,900 million and ¥46,296 million, respectively. In addition, ¥26,456 million and ¥46,321 million, respectively, were pledged primarily by investment in securities for collateral deposits and deposit for real estate transaction as of March 31, 2018 and December 31, 2018.

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 any time if requested by the lenders. The Company and the subsidiaries did not receive any such requests from the lenders as of December 31, 2018.

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

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

Corporate Financial Services	:	Loan, 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 and rental, facility operation, REIT asset management, and real estate investment and advisory services
Investment and Operation	:	Environment and energy, principal investment, loan servicing (asset recovery), and concession
Retail	:	Life insurance, banking and card loan
Overseas Business	:	Leasing, loan, bond investment, asset management and aircraft and ship-related operations

Financial information of the segments for the nine months ended December 31, 2017 is as follows:

	Millions of yen							
	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total	
Segment revenues	¥ 86,194	¥ 207,239	¥ 138,632	¥ 1,073,732	¥ 336,381	¥ 360,288	¥ 2,202,466	
Segment profits	37,551	31,085	52,084	62,648	63,274	109,547	356,189	

Financial information of the segments for the nine months ended December 31, 2018 is as follows:

	Millions of yen							
	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total	
Segment revenues	¥ 71,717	¥ 214,304	¥ 158,015	¥ 704,828	¥ 289,288	¥ 365,420	¥ 1,803,572	
Segment profits	19,760	30,387	55,420	30,392	66,237	95,621	297,817	

Financial information of the segments for the three months ended December 31, 2017 is as follows:

Millions of yen

	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total
Segment revenues	¥ 32,135	¥ 70,083	¥ 42,877	¥ 299,258	¥ 116,876	¥ 120,046	¥ 681,275
Segment profits	15,502	10,647	8,093	23,721	20,324	28,152	106,439

Financial information of the segments for the three months ended December 31, 2018 is as follows:

	Corporate Financial Services	Maintenance Leasing	Real Estate	Millions of yen Investment and Operation	Retail	Overseas Business	Total
Segment revenues	¥ 20,650	¥ 72,662	¥ 44,488	¥ 205,821	¥ 67,553	¥ 126,657	¥ 537,831
Segment profits	2,972	9,804	11,237	5,521	17,062	27,905	74,501

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Segment assets information as of March 31, 2018 and December 31, 2018 is as follows:

	Millions of yen							
	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total	
March 31, 2018	¥ 991,818	¥ 847,190	¥ 620,238	¥ 856,348	¥ 3,174,505	¥ 2,608,819	¥ 9,098,918	
December 31, 2018	974,870	862,354	568,082	959,049	3,396,141	3,148,818	9,909,314	

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. 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 (pre-tax) attributable to ORIX Corporation Shareholders. Income taxes are not included in segment profits or losses because the management evaluates segments performance on a pre-tax basis. Additionally, net income attributable to the noncontrolling interests, net income attributable to the redeemable noncontrolling interests, which are recognized net of tax in the accompanying consolidated statements of income, are adjusted to profit or loss before income taxes, 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 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) and servicing assets (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.

From the three months ended June 30, 2018, consolidated VIEs for securitizing financial assets such as lease receivables and loan receivables, which had been excluded from segment revenues, segment profits and segment assets until the previous fiscal year, are included in segment revenues, segment profits and segment assets of each segment. As a result of this change, the presented amounts in the financial information of the segments for the previous fiscal year have been retrospectively reclassified to conform to the presentation for the nine and three months ended December 31, 2018.

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

	Millions of yen			
	Nine months ended December 31, 2017		Nine months ended December 31, 2018	
Segment revenues:				
Total revenues for segments	¥	2,202,466	¥	1,803,572
Revenues related to corporate assets		8,136		7,894
Revenues from inter-segment transactions		(15,720)		(15,311)
Total consolidated revenues	¥	2,194,882	¥	1,796,155
Segment profits:				
Total profits for segments	¥	356,189	¥	297,817
Corporate profits (losses)		(1,357)		(5,190)
Net income attributable to the noncontrolling interests and net income attributable to the redeemable noncontrolling interests		5,656		2,541
Total consolidated income before income taxes	¥	360,488	¥	295,168

	Millions of yen			
	Three months ended December 31, 2017		Three months ended December 31, 2018	
Segment revenues:				
Total revenues for segments	¥	681,275	¥	537,831
Revenues related to corporate assets		1,187		1,162
Revenues from inter-segment transactions		(5,376)		(4,852)
Total consolidated revenues	¥	677,086	¥	534,141
Segment profits:				
Total profits for segments	¥	106,439	¥	74,501
Corporate profits (losses)		(788)		(1,027)
Net income attributable to the noncontrolling interests and net income attributable to the redeemable noncontrolling interests		2,225		749
Total consolidated income before income taxes	¥	107,876	¥	74,223

Millions of yen
March 31, 2018 December 31, 2018

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Segment assets:				
Total assets for segments	¥	9,098,918	¥	9,909,314
Cash and cash equivalents, restricted cash		1,405,117		1,335,199
Allowance for doubtful receivables on direct financing leases and probable loan losses		(54,672)		(57,343)
Trade notes, accounts and other receivable		294,773		261,801
Other corporate assets		681,846		672,821
Total consolidated assets	¥	11,425,982	¥	12,121,792

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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.

For the nine months ended December 31, 2017

Millions of yen				
Nine months ended December 31, 2017				
The				
	Japan	Americas *1	Other *2	Total
Total Revenues	¥ 1,822,281	¥ 160,264	¥ 212,337	¥ 2,194,882
Income before Income Taxes	247,489	58,737	54,262	360,488

For the nine months ended December 31, 2018

Millions of yen				
Nine months ended December 31, 2018				
The				
	Japan	Americas *1	Other *2	Total
Total Revenues	¥ 1,433,808	¥ 149,509	¥ 212,838	¥ 1,796,155
Income before Income Taxes	201,496	55,590	38,082	295,168

For the three months ended December 31, 2017

Millions of yen				
Three months ended December 31, 2017				
	Japan	The Americas *1	Other *2	Total
Total Revenues	¥ 551,557	¥ 52,417	¥ 73,112	¥ 677,086
Income before Income Taxes	78,497	18,310	11,069	107,876

For the three months ended December 31, 2018

Millions of yen				
Three months ended December 31, 2018				
	Japan	The Americas *1	Other *2	Total
Total Revenues	¥ 408,515	¥ 50,509	¥ 75,117	¥ 534,141
Income before Income Taxes	47,354	11,626	15,243	74,223

*1 Mainly the United States

*2 Mainly Asia, Europe, Australasia and Middle East

Note: From the three months ended June 30, 2018, regarding ORIX Corporation Europe N. V., both total revenues and income before income taxes, previously disclosed in Other, are disclosed separately in the above areas, and the information about geographic areas for the previous fiscal year has been retrospectively reclassified as a result of this change.

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Disaggregation of revenues for revenues from contracts with customers, by goods and services category and geographical location is as follows:

For the nine months ended December 31, 2018

	Millions of yen							Corporate revenue and intersegment Total	Corporate revenue and intersegment Total	revenues
	Nine months ended December 31, 2018									
	Reportable segments									
	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total			
Goods and services category										
Sale of goods	¥ 3,184	¥ 3,539	¥ 4,016	¥ 372,051	¥ 0	¥ 5,996	¥ 388,786	¥ 1,168	¥ 389,954	
Real estate sales	0	0	93	62,749	0	402	63,244	0	63,244	
Asset management and servicing	0	0	4,458	328	121	143,910	148,817	(66)	148,751	
Automobile related services	367	45,659	0	139	0	12,752	58,917	(271)	58,646	
Facilities operation	0	0	79,624	0	0	2,944	82,568	0	82,568	
Environment and energy related services	2,242	0	165	96,520	0	783	99,710	(619)	99,091	
Real estate management and brokerage	0	0	1,449	78,457	0	0	79,906	(2,754)	77,152	
Real estate contract work	0	0	0	53,046	0	0	53,046	0	53,046	
Other	26,545	6,750	2,250	29,059	2,319	14,949	81,872	(1,511)	80,361	
Total revenues from contracts with customers	32,338	55,948	92,055	692,349	2,440	181,736	1,056,866	(4,053)	1,052,813	

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Geographical location									
Japan	32,338	55,675	92,055	691,797	2,440	4,637	878,942	(1,910)	877,032
The Americas	0	0	0	0	0	89,901	89,901	0	89,901
Other	0	273	0	552	0	87,198	88,023	(2,143)	85,880
Total revenues from contracts with customers	32,338	55,948	92,055	692,349	2,440	181,736	1,056,866	(4,053)	1,052,813
Other revenues *	39,379	158,356	65,960	12,479	286,848	183,684	746,706	(3,364)	743,342
Segment revenues /Total revenues	¥ 71,717	¥ 214,304	¥ 158,015	¥ 704,828	¥ 289,288	¥ 365,420	¥ 1,803,572	¥ (7,417)	¥ 1,796,155

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For the three months ended December 31, 2018

	Millions of yen								Corporate revenue and intersegment transactions	Total revenues
	Three months ended December 31, 2018									
	Reportable segments									
	Corporate Financial Services	Maintenance Leasing	Real Estate	Investment and Operation	Retail	Overseas Business	Total			
Goods and services category										
Sale of goods	¥ 1,180	¥ 1,142	¥ 1,243	¥ 94,444	¥ 0	¥ 3,881	¥ 101,890	¥ 153	¥ 102,043	
Real estate sales	0	0	0	20,148	0	246	20,394	0	20,394	
Asset management and servicing	0	0	1,579	93	37	48,402	50,111	(11)	50,100	
Automobile related services	122	16,027	0	46	0	4,348	20,543	(96)	20,447	
Facilities operation	0	0	26,860	0	0	977	27,837	(0)	27,837	
Environment and energy related services	551	0	43	31,158	0	207	31,959	(203)	31,756	
Real estate management and brokerage	0	0	461	26,469	0	0	26,930	(864)	26,066	
Real estate contract work	0	0	0	21,006	0	0	21,006	0	21,006	
Other	8,028	2,235	852	9,429	843	5,950	27,337	(1,529)	25,808	
Total revenues from contracts with customers	9,881	19,404	31,038	202,793	880	64,011	328,007	(2,550)	325,457	
Geographical location										
Japan	9,881	19,331	31,038	202,588	880	1,759	265,477	(1,910)	263,567	

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The Americas	0	0	0	0	0	30,716	30,716	0	30,716
Other	0	73	0	205	0	31,536	31,814	(640)	31,174
Total revenues from contracts with customers	9,881	19,404	31,038	202,793	880	64,011	328,007	(2,550)	325,457
Other revenues *	10,769	53,258	13,450	3,028	66,673	62,646	209,824	(1,140)	208,684
Segment revenues /Total revenues	¥ 20,650	¥ 72,662	¥ 44,488	¥ 205,821	¥ 67,553	¥ 126,657	¥ 537,831	¥ (3,690)	¥ 534,141

* Other revenues include revenues that are not in the scope of ASC 606 (Revenue from Contracts with Customers), such as life insurance premiums and related investment income, operating leases, finance revenues that include interest income, and others.

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24. Subsequent Events

There are no material subsequent events.