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Securities Code: 4902
May 26, 2014

To Our Shareholders

Shoei Yamana
Director, President and CEO
Representative Executive Officer
Konica Minolta, Inc.
2-7-2 Marunouchi, Chiyoda-ku, Tokyo

NOTICE OF CONVOCATION OF THE 110TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

KONICA MINOLTA, INC. ("the Company") respectfully requests your attendance at the 110th Ordinary General Meeting of Shareholders ("the Meeting"), which will be held as detailed below.

If you are unable to attend the Meeting, you may exercise your voting rights in writing or by an electronic method (via the Internet). In this case, please examine the attached Reference Documents for the General Meeting of Shareholders, indicate your approval or disapproval on the enclosed Voting Form and return it so it reaches us by 5.40 p.m., Wednesday, June 18, 2014, or vote on the website for exercising voting rights designated by the Company (http://www.evote.jp/) no later than the above-mentioned deadline.

1. Date and Time: Thursday, June 19, 2014 at 10.00 a.m.

2. Place: Grand Arc Hanzomon, 4F "Fuji-no-ma"

3. Objectives:

Matters to be Reported:

1. Reports on the Business Report, the Consolidated Financial Statements for the 110th Fiscal Year (from April 1, 2013 to March 31, 2014); and Audit Reports by the Accounting Auditor and the Audit Committee on the Consolidated Financial Statements
2. Reports on the Non-consolidated Financial Statements for the 110th Fiscal Year (from April 1, 2013 to March 31, 2014)

Matters to be Resolved:

Agenda Item: Election of Eleven (11) Directors

4. Guide to the Exercise of Voting Rights, etc.

Please refer to "Guide to the Exercise of Voting Rights, etc."

- ◙ In case of any changes to the Reference Documents for the General Meeting of Shareholders, the Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, the changes will be posted on the Company's website (http://konicaminolta.jp/about/investors/index.html).
- ◙ If you plan to attend the Meeting, please submit the enclosed Voting Form to the receptionist at the Meeting.
- ◙ Shareholders who plan to attend the Meeting are asked to wear light apparel because the temperature setting for air conditioning in the meeting room will be slightly higher than usual in order to conserve electricity.

Guide to the Exercise of Voting Rights, etc.

1. Deadline for exercise of voting rights
   As specified in the opening statement of this notice, for those unable to attend the Meeting, the deadline for receipt of votes by mail and the deadline for the exercise of voting rights on the website for exercising voting rights designated by the Company (http://www.evote.jp/) is 5.40 p.m., Wednesday, June 18, 2014.
2. Treatment of votes without indication of approval or disapproval
   Any voting right exercised without indicating approval or disapproval for a particular proposal will be counted as a vote for approval of the proposal.
3. Treatment of votes cast more than once by mail
   If any voting right is exercised more than once by mail, the latest exercise will be upheld as a valid exercise of the voting right.
4. Diverse exercise of voting rights
   Shareholders are respectfully requested to notify the Company in writing of any diverse exercising of voting rights and the reason therefore not later than three days before the Meeting.

Using the Internet to exercise voting rights

1. Treatment of votes cast both by mail and via the Internet
   If any voting right is exercised both by mail and by the Internet, the exercise via the Internet will be upheld as valid exercise of the voting right.
2. Treatment of votes cast more than once via the Internet
   If any voting right is exercised more than once via the Internet, the latest exercise will be upheld as a valid exercise of the voting right. If any voting right is exercised by personal computer, by smartphone and by cellular phone, the latest exercise will be upheld as a valid exercise of the voting right.
3. Guide to using the Internet to exercise voting rights
   If you decide to use the Internet to exercise your voting rights, please read the following in advance. If you intend to attend the Meeting in person, voting in writing or using the Internet is unnecessary.

(1) Site for Exercising Voting Rights

(i) You may only exercise voting rights via the Internet by accessing the website for exercising voting rights designated by the Company (http://www.evote.jp/) through a personal computer, smartphone or cellular phone (i-mode, EZweb or Yahoo! Mobile)*. Please note that you will not be able to access the above URL from 2.00 a.m. to 5.00 a.m. each day during the exercise period.

* ("i-mode" is a trademark or registered trademark of NTT DoCoMo Inc., "EZweb" is a trademark or registered trademark of KDDI Corporation and "Yahoo!" is a trademark or registered trademark of Yahoo! Inc. in the United State)

(ii) With respect to exercising voting rights via the Internet using a personal computer or smartphone, in some network environments (including, but not limited to, the case in which you use firewall, etc. antivirus programs or a Proxy Server for Internet access), you may not be able to exercise voting rights.

(iii) With respect to the exercise of voting rights via the Internet by using a cellular phone, please use the service by i-mode, EZweb or Yahoo! Mobile. For security purposes, the website is only compatible with cellular phones that have functions of an encrypted communication (SSL communication) and transmission of cellular phone information.

(iv) Although the exercise of voting rights via the Internet will be acceptable until 5.40 p.m. on Wednesday, June 18, 2014, we recommend that you exercise your voting rights earlier. If you have any enquiries, please contact the helpdesk shown below.

(2) Method of Exercising Voting Rights via the Internet

(i) On the website for exercising voting rights (http://www.evote.jp/), please enter your approval or disapproval for the proposals by using your "Login ID" and "Temporary Password" described in the Voting Form and by following the instructions on the screen.

(ii) Please note that if you wish to exercise your voting rights via the internet, you will be asked to change your "Temporary Password" on the website for exercising voting rights in order to prevent unauthorized access (web spoofing) or alteration of the voting by any other person than you.

(iii) The "Login ID" and the "Temporary Password" will be renewed and sent to you for each general meeting of shareholders to be held in the future.

(3) Costs Arising from Access to the Website for Exercising Voting Rights

Any costs arising from access to the website for exercising voting rights (such as the Internet access fees) shall be paid by you. In addition, data transmission or other fees are required when using a cellular phone and you are responsible for these fees, too.

For enquiries with respect to exercising voting rights via the Internet

Mitsubishi UFJ Trust and Banking Corporation
Stock Transfer Agency Department (helpdesk)
Telephone: 0120-173-027
（Operating Hours: 9.00 to 21.00, toll-free number）
（Japanese language only）

To Institutional Investors

As an additional method for exercising your voting rights via the Internet described above, any trust management bank or other nominal shareholders (including standing proxies) may use the electronic voting platform for institutional investors operated by ICJ, Inc. subject to prior request for the use of the platform.

REFERENCE DOCUMENTS
FOR
THE GENERAL MEETING OF SHAREHOLDERS

Agenda Item Election of Eleven (11) Directors

Upon the close of this Ordinary General Meeting of Shareholders (“the Meeting”) of Konica Minolta, Inc. (“the Company”), the terms of office of all the eleven (11) directors will expire. Accordingly, shareholders are requested to elect eleven (11) directors based on the nominations of the Nominating Committee.

The Nominating Committee has nominated suitable candidates for achieving good corporate governance, i.e. ensuring the transparency, soundness and efficiency of the Company’s operations, in accordance with the director election standards determined by the Nominating Committee. In particular, outside director nominees have been nominated, assessing their professional records and visions, ensuring they have done no material business transaction with the Company and are strictly independent from the Company, and ensuring that they can devote sufficient time to the Board and committee duties.

The candidates for the position of director are as follows.

Director Candidates

No.	Name (Date of birth)	Career history, position and responsibilities at the Company, and important position concurrently held	
1	Masatoshi Matsuzaki (July 21, 1950) Up for re-election 【Number of shares of the Company held】 65,000 shares	April 1976	Joined Konishiroku Photo Industry Co., Ltd.
		November 1997	General Manager of Development Group No. 2, Color Business Machines Development Div., Business Machines Headquarters of Konica Corporation
		May 1998	General Manager of Development Center No. 1, System Technology Development Div., Business Machines Headquarters of Konica Corporation
		October 2003	Director of Konica Minolta Business Technologies, Inc.
		April 2005	Executive Officer of the Company, and Representative Director and President of Konica Minolta Technology Center, Inc.
		April 2006	Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Technology Center, Inc.
		June 2006	Director and Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Technology Center, Inc.
		April 2009	Director, President and CEO, and Representative Executive Officer of the Company
		April 2014	Director and Chairman of the Board of the Company (positions which he continues to hold)
		<Important position concurrently held> President of Japan Business Machine and Information System Industries Association	

No.	Name (Date of birth)	Career history, position and responsibilities at the Company, and important position concurrently held
2	Shoei Yamana (November 18, 1954) Up for re-election 【Number of shares of the Company held】 25,000 shares	April 1977 Joined Minolta Camera Co., Ltd. July 1996 General Manager of Management Planning Div. of Minolta Co., Ltd. January 2001 CEO of Minolta QMS Inc. July 2002 Executive Officer, General Manager of Management Planning Div., Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of Minolta Co., Ltd. August 2003 Senior Executive Officer of the Company, and Executive Officer and General Manager of MFP Operations and Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of Minolta Co., Ltd. October 2003 Senior Executive Officer of the Company, and Managing Director of Konica Minolta Business Technologies, Inc. April 2006 Senior Executive Officer of the Company June 2006 Director and Senior Executive Officer of the Company April 2011 Director and Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Business Technologies, Inc. April 2013 Director and Senior Managing Executive Officer of the Company April 2014 Director, President and CEO, and Representative Executive Officer of the Company (positions which he continues to hold) <Important position concurrently held> None

<table>
<tr><th>No.</th><th>Name (Date of birth)</th><th>Career history, position and responsibilities at the Company,
and important position concurrently held</th></tr>
<tr><td rowspan="2">3</td><td>Shoji Kondo
(December 6, 1942)

Candidate for outside director

Up for re-election

【Number of shares of the Company held】
0 shares</td><td>April 1965 Joined Toyota Motor Co., Ltd.
June 1997 Director of Toyota Motor Corporation
June 2001 Senior Executive Director of Toyota Motor Corporation
June 2003 Director and Vice-President of Hino Motors, Ltd.
June 2004 Representative Director and President of Hino Motors, Ltd.
June 2008 Representative Director and Chairman of Hino Motors, Ltd.
June 2011 Senior Corporate Advisor of Hino Motors, Ltd.
(position which he continues to hold)

June 2011 Director of the Company
(position which he continues to hold)
<Important position concurrently held>
Senior Corporate Advisor of Hino Motors, Ltd.</td></tr>
<tr><td colspan="2">● Reasons for selecting the candidate for outside director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Company Law) and term of office
Mr. Shoji Kondo has many years of experience in the management of manufacturers at Toyota Motor Corporation and Hino Motors, Ltd. He was involved primarily in production and purchase activities, which are the main components of manufacturing. He has extensive experience and a broad range of knowledge as a corporate executive. In addition, Mr. Kondo has a high degree of independence from the Company.
Following his election as a director in June 2011, Mr. Kondo has performed well as a member of the Board of Directors and other committees. Fiscal 2013 activities are listed in “Primary activities of outside directors” in the business report (page 33). Mr. Kondo attended all meetings of the Board of Directors in the fiscal year.
Therefore, the Company believes that Mr. Kondo can continue contributing to the maintenance and upgrading of corporate governance through the activities of the Board of Directors and the committees, and requests shareholders to elect him as an outside director.
As of the close of the Meeting, Mr. Kondo will have served for three years.
● Information concerning independence
Hino Motors, Ltd. and the Company are not major customers of each other because these sales accounted for less than 1% of the consolidated net sales of each company. Furthermore, the two companies are not major shareholders of each other.
Mr. Kondo meets the independence standards for outside directors established by the Company’s Nominating Committee as well as the standards for independence of Tokyo Stock Exchange, Inc. The Company has submitted a notice to this exchange designating Mr. Kondo as an independent director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name (Date of birth)</th><th>Career history, position and responsibilities at the Company,
and important position concurrently held</th></tr>
<tr><td rowspan="2">4</td><td>Hirokazu Yoshikawa
(October 25, 1942)

Candidate for outside director

Up for re-election

【 Number of shares of the Company held 】
0 shares</td><td>April 1966 Joined Dowa Mining Co., Ltd.
June 1993 Director of Dowa Mining Co., Ltd.
June 1997 Managing Director of Dowa Mining Co., Ltd.
June 1999 Representative Director and Senior Managing Director of Dowa Mining Co., Ltd.
April 2000 Representative Director and Vice-President of Dowa Mining Co., Ltd.
April 2002 Representative Director, President and COO of Dowa Mining Co., Ltd.
April 2003 Representative Director, President and CEO of Dowa Mining Co., Ltd.
October 2006 Representative Director, Chairman and CEO of DOWA HOLDINGS Co., Ltd.
April 2010 Representative Director and Chairman of DOWA HOLDINGS Co., Ltd.
June 2011 Senior Corporate Advisor of DOWA HOLDINGS Co., Ltd.
(position which he continues to hold)

June 2012 Director of the Company
(position which he continues to hold)
<Important position concurrently held>
Senior Corporate Advisor of DOWA HOLDINGS Co., Ltd.</td></tr>
<tr><td colspan="2">● Reasons for selecting the candidate for outside director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Company Law) and term of office
Mr. Hirokazu Yoshikawa has many years of experience at DOWA HOLDINGS Co., Ltd. in the management of non-ferrous metal smelting businesses and environmental and recycling businesses while implementing business structural reforms and corporate reforms. In addition, Mr. Yoshikawa had experience in the public sector as a member of advisory bodies of the Ministry of the Environment, Cabinet Office and in other roles. He has extensive experience and a broad range of knowledge as a corporate executive. In addition, Mr. Yoshikawa has a high degree of independence from the Company.
Following his election as a director in June 2012, Mr. Yoshikawa has performed well as a member of the Board of Directors and other committees. Fiscal 2013 activities are listed in “ Primary activities of outside directors ” in the business report (page 33). Mr. Yoshikawa attended all meetings of the Board of Directors in the fiscal year.
Therefore, the Company believes that Mr. Yoshikawa can continue contributing to the maintenance and upgrading of corporate governance through the activities of the Board of Directors and the committees, and requests shareholders to elect him as an outside director.
As of the close of the Meeting, Mr. Yoshikawa will have served for two years.
● Information concerning independence
There is a business relationship between DOWA Electronics Materials Co., Ltd., a subsidiary of DOWA HOLDINGS Co., Ltd., and a manufacturing subsidiary of the Company. However, DOWA HOLDINGS Co., Ltd. and the Company are not major customers of each other because these sales accounted for less than 1% of the consolidated net sales of each company. Furthermore, the two companies are not major shareholders of each other.
Mr. Yoshikawa meets the independence standards for outside directors established by the Company’s Nominating Committee as well as the standards for independence of Tokyo Stock Exchange, Inc. The Company has submitted a notice to this exchange designating Mr. Yoshikawa as an independent director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name (Date of birth)</th><th>Career history, position and responsibilities at the Company, and important position concurrently held</th></tr>
<tr><td rowspan="2">5</td><td>Takashi Enomoto
(January 18, 1953)

Candidate for outside director

Up for re-election

【Number of shares of the Company held】
0 shares</td><td>April 1975 Joined Nippon Telegraph and Telephone Public Corporation
June 2003 Director of NTT DATA Corporation
June 2007 Representative Director and Senior Executive Officer of NTT DATA Corporation
June 2008 Representative Director and Vice-President of NTT DATA Corporation
June 2012 Executive Advisor of NTT DATA Corporation (position which he continues to hold)
June 2013 Director of the Company (position which he continues to hold)
<Important position concurrently held>
Executive Advisor of NTT DATA Corporation</td></tr>
<tr><td colspan="2">● Reasons for selecting the candidate for outside director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Company Law)
Mr. Takashi Enomoto has many years of experience in the management of IT solutions businesses at NTT DATA Corporation. He has extensive experience and a broad range of knowledge as a corporate executive. In addition, Mr. Enomoto has a high degree of independence from the Company.
Following his election as a director in June 2013, Mr. Enomoto has performed well as a member of the Board of Directors and other committees. Fiscal 2013 activities are listed in “Primary activities of outside directors” in the business report (page 34). Mr. Enomoto attended all meetings of the Board of Directors held after his election as a director in June 2013.
Therefore, the Company believes that Mr. Enomoto can continue contributing to the maintenance and upgrading of corporate governance through the activities of the Board of Directors and the committees, and requests shareholders to elect him as an outside director.
As of the close of the Meeting, Mr. Enomoto will have served for one year.
● Information concerning independence
The Company has a business relationship with NTT DATA Corporation that includes the payment to this company of ERP software licensing fees and maintenance fees. However, NTT DATA Corporation and the Company are not major customers of each other because these sales accounted for less than 1% of the consolidated net sales of each company. Furthermore, the two companies are not major shareholders of each other.
Mr. Enomoto meets the independence standards for outside directors established by the Company’s Nominating Committee as well as the standards for independence of Tokyo Stock Exchange, Inc. The Company has submitted a notice to this exchange designating Mr. Enomoto as an independent director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.
● Information concerning others
In the 2010 fiscal year, when Mr. Enomoto was a director of NTT DATA Corporation, a bribery incident concerning payments by a former employee to a former employee of the Japan Patent Office was discovered. NTT DATA Corporation performed an internal investigation by forming a committee headed by the company president. There was also an investigation by a committee made up of intellectuals from outside NTT DATA Corporation. Reports were subsequently announced and an internal and external compliance declaration was made. For the internal investigation committee, Mr. Enomoto served as the leader of the first investigation task force.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name (Date of birth)</th><th colspan="2">Career history, position and responsibilities at the Company,
and important position concurrently held</th></tr>
<tr><td rowspan="3">6</td><td rowspan="2">Kazuaki Kama
(December 26,1948)

Candidate for outside director

First-time candidate

【Number of shares of the Company held】
0 shares</td><td>July 1971

June 2004

April 2005
June 2005
April 2007

April 2012</td><td>Joined IHI Corporation
(former Ishikawajima-Harima Heavy Industries Co., Ltd.)
Executive officer, and General Manager of Finance & Accounting Division of IHI Corporation
Managing Executive Officer of IHI Corporation
Director and Managing Executive Officer of IHI Corporation
Representative Director and President & Chief Executive Officer of IHI Corporation
Representative Director and Chairman of IHI Corporation
(position which he continues to hold)</td></tr>
<tr><td colspan="2"><Important position concurrently held>
Chairman of the Board of IHI Corporation
Director of Kyokuto Boeki Kaisha, Ltd.
Representative Director of Japanese Aero Engines Corporation
President of Japan Ship Exporters' Association
President of Financial Accounting Standards Foundation</td></tr>
<tr><td colspan="3">● Reasons for selecting the candidate for outside director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Company Law)
At IHI Corporation, Mr. Kama was involved for many years in the management of the heavy machinery manufacturing business, including progress of the focus of resources on strategic business activities. He has extensive experience and a broad range of knowledge as a corporate executive. In addition, Mr. Kama has a high degree of independence from the Company. Therefore, the Company believes that Mr. Kama can contribute to the maintenance and upgrading of corporate governance through the activities of the board of Directors and the committees, and requests shareholders to newly elect him as an outside director.
● Information concerning independence
IHI Corporation and the Company are not major customers of each other because these sales accounted for less than 1% of the consolidated net sales of each company. Furthermore, the two companies are not major shareholders of each other.
Mr. Kama meets the independence standards for outside directors established by the Company’s Nominating Committee as well as the standards for independence of Tokyo Stock Exchange, Inc. The Company has submitted a notice to this exchange designating Mr. Kama as an eligible candidate of independent director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name (Date of birth)</th><th colspan="2">Career history, position and responsibilities at the Company,
and important position concurrently held</th></tr>
<tr><td rowspan="10">7</td><td rowspan="10">Akio Kitani
(August 1, 1948)
Up for
re-election
【Number of shares of the Company held】
38,363 shares</td><td>April 1972</td><td>Joined Minolta Camera Co., Ltd.</td></tr>
<tr><td>June 2001</td><td>Executive Officer of Minolta Co., Ltd., and President of Minolta Europe GmbH</td></tr>
<tr><td>October 2003</td><td>Director of Konica Minolta Business Technologies, Inc., and President of Konica Minolta Business Solutions Europe GmbH</td></tr>
<tr><td>June 2004</td><td>Executive Officer of the Company, and Director of Konica Minolta Business Technologies, Inc., and President of Konica Minolta Business Solutions Europe GmbH</td></tr>
<tr><td>April 2005</td><td>Executive Officer of the Company, and Managing Director of Konica Minolta Business Technologies, Inc.</td></tr>
<tr><td>April 2006</td><td>Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Business Technologies, Inc.</td></tr>
<tr><td>June 2006</td><td>Director and Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Business Technologies, Inc.</td></tr>
<tr><td>April 2011</td><td>Director of the Company
(position which he continues to hold)</td></tr>
<tr><td colspan="2"><Important position concurrently held></td></tr>
<tr><td colspan="2">None</td></tr>
<tr><td rowspan="12">8</td><td rowspan="12">Yoshiaki Ando
(November 16, 1951)
Up for
re-election
【Number of shares of the Company held】
24,500 shares</td><td>April 1975</td><td>Joined Konishiroku Photo Industry Co., Ltd.</td></tr>
<tr><td>March 1994</td><td>Executive Vice-President and CFO of Konica Business Machines U.S.A., Inc.</td></tr>
<tr><td>June 1998</td><td>General Manager of Planning Dept., Business Machines Marketing Div., Business Machines Headquarters of Konica Corporation</td></tr>
<tr><td>October 2002</td><td>Director of Konica Business Machines Co., Ltd.</td></tr>
<tr><td>October 2003</td><td>Director of Konica Minolta Business Solutions Japan Co., Ltd.</td></tr>
<tr><td>April 2005</td><td>General Manager of Corporate Finance Division of the Company</td></tr>
<tr><td>April 2007</td><td>Executive Officer and General Manager of Corporate Finance Division of the Company</td></tr>
<tr><td>April 2010</td><td>Senior Executive Officer of the Company</td></tr>
<tr><td>June 2010</td><td>Director and Senior Executive Officer of the Company</td></tr>
<tr><td>April 2014</td><td>Director of the Company
(position which he continues to hold)</td></tr>
<tr><td colspan="2"><Important position concurrently held></td></tr>
<tr><td colspan="2">None</td></tr>
</table>

No.	Name (Date of birth)	Career history, position and responsibilities at the Company, and important position concurrently held
9	Takashi Sugiyama (November 21, 1950) Up for re-election 【Number of shares of the Company held】 28,000 shares	April 1974 Joined Minolta Camera Co., Ltd. July 1997 General Manager of Design Division No.1, Image Information Products Development Headquarters of Minolta Co., Ltd. April 2001 General Manager of Development Center No.1 of Minolta Co., Ltd. October 2003 Director of Konica Minolta Business Technologies, Inc. April 2005 Executive Officer of the Company, and Senior Executive Director of Konica Minolta Business Technologies, Inc. April 2009 Senior Executive Officer of the Company, and Senior Executive Director of Konica Minolta Business Technologies, Inc. April 2011 Senior Executive Officer of the Company June 2011 Director and Managing Executive Officer of the Company April 2013 Director and Senior Managing Executive Officer of the Company (positions which he continues to hold) <Important position concurrently held> None
10	Ken Osuga (March 4, 1963) First-time candidate 【Number of shares of the Company held】 7,500 shares	April 1985 Joined Minolta Camera Co., Ltd. April 2010 General manager of Sales Planning Dept., Sales Headquarters of Konica Minolta Business Technologies, Inc. April 2011 President of Konica Minolta Business Solutions Europe GmbH June 2012 Director of Konica Minolta Business Technologies, Inc. and President of Konica Minolta Business Solutions Europe GmbH April 2013 Executive Officer of the Company and President of Konica Minolta Business Solutions Europe GmbH April 2014 Senior Executive Officer of the Company (position which he continues to hold) <Important position concurrently held> None
11	Seiji Hatano (December 17, 1959) First-time candidate 【Number of shares of the Company held】 11,000 shares	April 1982 Joined the Mitsubishi Bank, Ltd. June 2011 Resigned the Bank of Tokyo-Mitsubishi UFJ, Ltd. July 2011 Joined the Company April 2013 Executive Officer and General Manager of Corporate Strategy Division of the Company April 2014 Senior Executive Officer and General Manager of Corporate Strategy Division of the Company (position which he continues to hold) <Important position concurrently held> None

Notes

1. Mr. Masatoshi Matsuzaki, Mr. Shoei Yamana, Mr. Shoji Kondo, Mr. Hirokazu Yoshikawa, Mr. Takashi Enomoto, Mr. Akio Kitani, Mr. Yoshiaki Ando and Mr. Takashi Sugiyama are currently directors of the Company, and their positions and responsibilities at the Company are as specified in “Names, etc. of directors and executive officers” on p.28~ p.30 of the Business Report.
2. No conflicts of interest exist between the Company and the director candidates.
3. The Company has entered into liability limitation agreements with outside directors Mr. Shoji Kondo, Mr. Hirokazu Yoshikawa and Mr. Takashi Enomoto, the content of which is summarized in “Liability limitation agreements” on p.34 of the Business Report. The Company will enter into similar agreements with them if they are re-elected, and with Mr. Kazuaki Kama, the first-time candidate for outside director, if he is elected.

[Reference]

1. Regarding standards for the independence of outside directors, the Company's Nominating Committee selects outside director candidates with a high level of independence, provided that none of the following criteria apply.
   (1) Person affiliated with Konica Minolta
   - Former employee of the Konica Minolta Group
   - Having a family member (spouse, child, or any blood or marital relative twice removed or less) that has served as a director, executive officer, auditor or top manager in the Konica Minolta Group during the past five years

   (2) Person affiliated with a major supplier/client
   - Currently serving as a managing director, executive officer, or employee of a major supplier/client company/group that receives 2% or more of its consolidated sales from the Konica Minolta Group or vice versa

   (3) Specialized service provider (lawyer, accountant, consultant, etc.)
   - Specialized service provider that received annual compensation of ¥5 million or more from the Konica Minolta Group for the past two years

   (4) Other
   - A shareholder holding more than 10% of the voting rights in the Company (executive director, executive officer, or employee in the case of a corporate body)
   - A director taking part in a director exchange
   - A director, executive officer, auditor or equivalent position-holder of a company that competes with the Konica Minolta Group, or a person holding 3% or more of the shares of a competing company
   - Having some other significant conflict of interest with the Konica Minolta Group
2. If the eleven directors are elected at the Meeting, the members of each of the committees under the company-with-committees-system provided for in Article 2, Item 12 of the Company Law will be appointed as follows from among three inside directors, Mr. Masatoshi Matsuzaki, Mr. Akio Kitani and Mr. Yoshiaki Ando who do not concurrently hold executive officer posts, and the four outside directors.

   The Company appoints the Chairman of each committee especially from among outside directors. The Representative Executive Officer and President serves as neither member of the committees. Thus, the Company continues to strive to ensure the transparency of the administration of three committees.

Nominating Committee	Shoji Kondo (Chairman), Hirokazu Yoshikawa, Kazuaki Kama, Masatoshi Matsuzaki, Akio Kitani
Audit Committee	Takashi Enomoto (Chairman), Shoji Kondo, Kazuaki Kama, Akio Kitani, Yoshiaki Ando
Compensation Committee	Hirokazu Yoshikawa (Chairman), Takashi Enomoto, Kazuaki Kama, Akio Kitani, Yoshiaki Ando

[Provided Document]

BUSINESS REPORT

From April 1, 2013 to March 31, 2014

1. Overview of Konica Minolta Group business activities

(1) Konica Minolta Group developments and results of business activities

Looking back on the business environment in the consolidated fiscal year under review, there was a feeling that the economy in Europe bottomed out around summer in 2013, and there were signs that corporate results are on a recovery track. The United States continued to register tones of recovery, characterized in particular by an improvement in the employment environment and an increase in personal consumption. In Japan, results took a favorable turn, especially for exporting companies on the back of persistent yen depreciation, and capital investment increased steadily as well. In contrast, economic growth tapered off in emerging countries such as those in Asia and Latin America as harsh conditions remained.

Looking at the main businesses in the consolidated fiscal year under review, in the Business Technologies Business, sales of core color MFPs (Multi-functional peripherals) for the office were strong, and sales volumes of color MFPs for the fiscal year increased compared with the previous fiscal year in all regions worldwide, including Japan, the United States and Europe. In particular, sales of high-segment models expanded. In the production print field, sales volumes of both color units and monochrome units exceeded the previous fiscal year.

In the Industrial Business, sales volumes of TAC films for LCD polarizers and VA-TAC films for increasing the viewing angle were down from the previous fiscal year in the display materials field due to deterioration in market conditions for notebook PCs, and the impact of inventory adjustments and diversification in components and materials used in TVs. In the sensing field, the continued effect of M&As contributed to expansion in sales and profit. In the optical products field, sales of pickup lenses for Blu-ray DiscsTM were strong. In the Healthcare Business, sales of digital X-ray diagnostic imaging systems such as cassette-type Digital Radiography (DR) systems increased in both Japan and overseas.

In addition, the Company implemented measures aimed at driving sustainable growth during the fiscal year. In the Business Technologies Business, the Company enhanced our proposal-making capabilities to customers through hybrid-type sales models that combine various business solution services with MFPs and worked to expand sales of MFPs and boost high added value. In the Industrial Business, the Company implemented structural reform promoting a shift from business for the supply of components to product domains focused almost exclusively on digital consumer electronics, which are easily impacted by fluctuations in demand, to businesses related to industrial and professional use. In the Healthcare Business, the Company strengthened the sales channel in the DR market, which is expected to grow, and created a business promotion system for ultrasound diagnostic imaging equipment.

As a result, the consolidated net sales for the fiscal year under review of the Konica Minolta Group (the “Group”) amounted to ¥943.7 billion, an increase of 16.1% year on year. In addition to the effect of foreign exchange rates based on persistent yen depreciation, sales growth of core products in the Business Technologies Business, improvement in product composition and the effect of M&As in particular contributed to the increase in sales.

Operating income was ¥58.1 billion, an increase of 43.0% year on year. Although profit was down in the Industrial Business, a significant increase in profit in the Business Technologies Business due primarily to measures to increase sales and reduce costs contributed to the overall increase in profit.

Ordinary income amounted to ¥54.6 billion, an increase of 40.4% year on year. Income before income taxes and minority interests was ¥23.5 billion, down 30.5% year on year, due primarily to the recording of loss on business withdrawal from the glass substrates for HDDs business and the recording of impairment loss for structures associated with the termination of the Group's production for film in the Healthcare Business. Net income totaled ¥21.8 billion, an increase of 44.5% year on year, after factoring in tax effects related to the impact of a review of deferred tax assets in line with reorganization of the Group's management system implemented in April 2013.

Overview of Business Segments

[Billions of yen]

Segment	Net sales - external			Operating income		
		Increase (Decrease)			Increase (Decrease)	
Business Technologies Business	729.8	148.2	25.5%	63.8	32.2	101.8%
Industrial Business	116.1	(30.6)	-20.9%	15.1	(8.5)	-36.0%
Healthcare Business	82.3	9.6	13.2%	4.5	1.1	34.4%

Business conditions in each segment during the fiscal year under review are as follows.

Business Technologies Business

Office field:

Sales of A3 color MFPs remained strong and sales volumes increased significantly compared with the previous fiscal year in all regions, including Japan, the United States and Europe, while the composition ratio of high-segment models increased, thereby contributing to sales expansion. Sales volumes of A3 monochrome units exceeded the previous year's result in contracting markets from the second half due in part to the effect of new products, and consequently, sales remained roughly on par with the previous year on a full-year basis. Also, the Company steadily increased customer numbers and expanded business foundations for OPS (Optimized Print Services) as a result of strengthening systems on a global scale, expanding service menu and reinforcing business-creation and proposal-making capabilities. In addition, the Company established hybrid-type sales models that combine various IT business solution services with MFPs for small- and medium-sized companies in Europe and the United States and strengthened our proposal-making capabilities to customers. By doing so, the Company was able to cultivate new customers, expand business scale and boost added value.

Production print field:

Sales volumes of color units and monochrome units exceeded the previous fiscal year. In addition, the Company expanded business for a wide variety of small-volume on-demand print services as well as production and print services for sales promotion materials by utilizing Kinko's Japan Co., Ltd. and Charterhouse Print Management Limited (headquartered in the UK), which the Company acquired in the previous fiscal year. As a result, the Company is providing a wider selection to meet customers' printing needs.

In Europe, the Company formed a capital and business alliance with MGI Digital Graphic Technology S.A. (headquartered in France), which has promoted unique business development in growth markets such as plastic card printing with the aim of developing applications for package printing in addition to paper output in the existing commercial printing market.

As a result, net sales of the Business Technologies Business to external customers stood at ¥729.8 billion, up 25.5% year on year, and operating income was ¥63.8 billion, up 101.8% year on year. Net sales were up year on year owing to the effect of foreign exchange rates based on persistent yen depreciation, sales growth of core color units, improvement in product composition and the effect of M&As. Operating income increased considerably year on year due to an increase in gross profit following sales expansion and the effect of foreign exchange rates coupled with the year-round effect of measures to reduce production costs that included decreasing fixed costs in the production division by promoting production reform and unit procurement, conducting centralized purchasing of raw materials and digital components, and implementing Value Engineering (VE) activities.

< Information about Kinko’s >

Kinko’s Japan Co., Ltd. and Kinko’s Korea Ltd. operate stores and centralized printing centers and are the leaders in the provision on-demand output services. These companies are meeting the increasing demand for the outsourcing of output operations by opening more stores and conducting sales activities that target companies (proposal-based sales for companies). The two companies offer customers the best possible solutions that utilize the store network and a document output environment at customers’ places of business.

Industrial Business

Display materials field:

Sales volumes of TAC films for LCD polarizers and VA-TAC films for increasing the viewing angle both decreased compared with the previous fiscal year due to deterioration in the market for notebook PCs and in addition to the effect of inventory adjustments and diversification in components and materials used for TVs.

Sensing field:

The acquisition of Instrument Systems GmbH (headquartered in Germany) contributed to net sales and profit growth.

Optical products field:

Although sales of pickup lenses for Blu-ray Discs used in games for the home and lenses for large projectors were strong, lenses for cameras weakened due to a decline in demand.

As a result, net sales of the Industrial Business to external customers stood at ¥116.1 billion, down 20.9% year on year, and operating income was ¥15.1 billion, down 36.0% year on year.

< Light source color measurement solutions >

The Company has supplied high –quality instruments that are the industry standard as the leading manufacturer of color measurement instruments used for light source. Demand for the measurement of LED illumination products has increased rapidly in recent years. To meet this demand, The Company strengthened the lineup of color measurement instruments by acquiring Instrument Systems GmbH which is a leading company in light industry including LEDs and has advantage to technology and sale. This acquisition reinforced the Company’s industry position as a top global supplier of comprehensive color measurement solutions in displays and illumination industry and is expected to yield synergies with next-generation illumination businesses like OLED.

Healthcare Business

In the Healthcare Business, sales of the cassette-type Digital Radiography system "AeroDR" remained solid and sales volumes expanded in Japan and the United States while we are steadily increasing introductions of this product at large-scale medical institutions. The Company has gradually increased the number of projects the Company is engaged in based on collaborations with leading sales partners that the Company has been promoting in Europe and the United States. In film products, sales in emerging countries grew, with overall sales surpassing the previous fiscal year.

In addition, the Company established an integrated system from development to production and sales for ultrasound diagnostic imaging equipment, which is positioned as a new growth driver, by maximizing use of the resources gained following the transfer of the business from Panasonic Healthcare Co., Ltd., and pushed ahead with preparations for full-fledged business development.

As a result, net sales of the Healthcare Business to external customers stood at ¥82.3 billion, up 13.2% year on year, and operating income was ¥4.5 billion, up 34.4% year on year.

【Dividends and stock repurchases】

The Company plans to pay a fiscal year-end dividend of ¥7.50 per share, which is the same as one year earlier. With the dividend of ¥10 per share at the end of the first half (¥7.50 ordinary dividend and ¥2.50 commemorative dividend), this will result in an annual dividend of ¥17.50 per share.

On January 30, 2014, the Board of Directors approved a resolution as follows for the acquisition of own shares in accordance with Article 156 of the Company Law, which is applied pursuant to Article 165, Paragraph 3 of the Company Law.

(1) Shares to be acquired	The Company's common shares
(2) Number of shares to be acquired	Limited to 20 million shares
(3) Total amount of shares to be acquired	Limited to ¥20 billion
(4) Acquisition period	January 31, 2014 to April 30, 2014

Acquisition of own shares ended on April 14, 2014 as the maximum amount of these purchases was reached.

【The Company included in the Dow Jones Sustainability Index】

The Company has been selected for the second consecutive year for inclusion in the Dow Jones Sustainability World Index (DJSI World), one of the world's most respected indexes for socially responsible investing. The DJSI World uses the stock parameters of S&P Dow Jones Indices of the U.S. and RobecoSAM AG, a Swiss company that evaluates the sustainability of companies. The sustainability of companies is assessed with regard to the economy, the environment and society. For this year's index, 2,500 large companies worldwide were assessed and 333 were selected for DJSI World. The 333 companies include 21 companies in Japan, including the Company.

In addition, the Company has been included for the past five consecutive years in the Dow Jones Sustainability Asia Pacific Index, the Asia-Pacific version of the DJSI.

In being included in the two Indices, the Company received the highest evaluation for innovation management, crisis management and other economic activities in the computers, peripherals and office equipment sector. Furthermore, the company earned a high score for environmental initiatives, including the environmental policy, management and other items.

(2) Financing, etc.

a. Financing

In the fiscal year that ended in March 2014, there were no sales of stock or bonds or other new fund procurement activities. Internal resources were used for capital expenditures, the repayment of loans (¥28.7 billion), stock repurchases (¥15.8 during the fiscal year) and other activities.

b. Capital expenditure

The capital expenditure of the Group during the fiscal year under review totaled ¥47.3 billion, with the emphasis on expenditure for the construction of research and development facilities mainly in the Business Technologies Business and the Industrial Business. Significant expenditures included the production facilities for MFPs, production printing systems in the Business Technologies Business and the production facilities for functional film in the Industrial Business.

(3) Business results of the last three fiscal years

		107th Term Fiscal Year Ended March 31, 2011	108th Term Fiscal Year Ended March 31, 2012	109th Term Fiscal Year Ended March 31, 2013	110th Term Fiscal Year Ended March 31, 2014 (Fiscal year under review)
Net sales	(Millions of yen)	777,953	767,879	813,073	943,759
Operating income	(Millions of yen)	40,022	40,346	40,659	58,144
Ordinary income	(Millions of yen)	33,155	34,758	38,901	54,621
Net income	(Millions of yen)	25,896	20,424	15,124	21,861
Net income per share	(yen)	48.84	38.52	28.52	41.38
Total assets	(Millions of yen)	845,453	902,052	940,553	966,060
Net assets	(Millions of yen)	428,987	434,987	466,416	480,055
Net assets per share	(yen)	806.53	817.81	876.65	929.04
Dividend per share [of which, interim dividend per share]	(yen)	15 [7.5]	15 [7.5]	15 [7.5]	17.5 [10]

(4) Issues to be handled

The Company has commenced a new three-year medium term business plan called “TRANSFORM 2016” that runs from fiscal 2014 to fiscal 2016.

Under this plan, the Company aims to fully understand its customers and transform into a company that can provide high added value in order to outstrip global competition amid changes in the management environment surrounding the Company. To achieve this, efforts are being made to expand business content by innovating the Company’s business configuration from a customer-oriented perspective with the service solution business as the nucleus aiming to resolve the challenge of shifting from “product to service.” The plan was named “Transform 2016” to reflect these concepts.

The Company has made preparations to mobilize all resources as one company following reorganization of the management system in April 2013. By integrating products, technologies and core competencies in a wide range of fields, the Company seeks to enter deeply into customers’ industry and business, and provide high added value. In addition, efforts will be made to drive sustainable growth by contributing to innovation in society, the environment and customer companies through this kind of business.

(i) Management Targets

In "Transform 2016," the Company has drawn up objectives for fiscal 2018 with a view to realizing our "vision five years from now." To realize these, the Company is targeting net sales of at least ¥1.1 trillion, operating income of ¥90 billion and an operating income ratio of at least 8% in fiscal 2016, the final year of this plan, through initiatives based on this plan for the next three-year period. In addition, the Company will work to boost capital efficiency and aim to achieve an ROE of at least 10% by streamlining the balance sheet and strengthening shareholder returns.

International Financial Reporting Standards (IFRS)

	Medium-term management plan targets (FY2016)	Vision five Years from now (FY2018)
Net sales	At least ¥1.1 trillion	At least ¥1.3 trillion
Operating income	¥90 billion	¥130 billion
Operating income ratio	At least 8%	10%
ROE	At least 10%	—

*Assumed exchange rates during the period of the plan (FY2014-FY2016): U.S. dollar = ¥100; euro = ¥135

*The Company will apply International Financial Reporting Standards (IFRS) starting from securities reports released in fiscal 2014 (year ending March 31, 2015).

(ii) Basic Policy

Under "TRANSFORM 2016," the Company has decided on the following three items as basic strategies to address over the next three years in order to realize our "vision five years from now."

1. Realize sustainable profit growth
2. Reform to a customer-focused company
3. Establish a strong corporate structure

a. Realize sustainable profit growth

Aiming to realize sustainable profit growth, the Company will promote a growth strategy in each business field based on the following policies.

<Business Technologies Business: Office Services Business Field>

[Business Policy] The Company aims to expand sales and profit in this business by strengthening the ability to provide services and solutions befitting customer attributes and by bolstering relationships of trust with customers through enhancement of customers' business efficiency.

The Company also seeks to increase the number of its MFPs in the market and color print volume by providing a digital workflow for each company size, region, industry and business type and contributing to improvements in customers' business efficiency. In OPS, which is being deployed worldwide, efforts are being made to enhance service menu and boost delivery capability with the aim of creating foundations to transform into a services business toward the realization of a print-less society envisioned for the future. With regard to growing markets, the Company will position China, India, ASEAN nations and Brazil in particular as key markets and strengthen the sales system.

<Business Technologies Business: Commercial and Industrial Printing Business Field>

[Business Policy] The Company aims to realize the provision of commercial digital printing solutions from the perspective of the end-customer and expand the number of machines in the market and print volume. To achieve this, the Company will strive to meet all printing needs of major companies that are customers in the commercial printing sector by providing a variety of printing-related services that include our unique marketing print management service and on-demand print service by leveraging Charterhouse Printing Management Limited and Kinko's Japan Co., Ltd., which have been acquired.

In addition, the Company will make use of its core digital electrophotographic and inkjet technologies toward full-fledged expansion into the industrial printing field, including textile printing, labeling and package printing.

<Healthcare Business>
[Business Policy] The Company will provide one-stop solutions that combine high-performance diagnostic instruments such as DR (digital radiography systems) and diagnostic ultrasound systems with medical IT services, and strive to expand sales of diagnostic instruments to small- and medium-sized hospitals and clinics while making these facilities more networked.

In the core cassette-type DR field, the Company will promote sales alliances with outside entities and seek to accelerate the expansion of sales overseas. In Japan, the Company will contribute to increased efficiency and sophistication of medical care through IT services that utilize a strong customer base and by enhancing and expanding regional partnerships. In diagnostic ultrasound systems, the Company aims to be the top of the genre in specific domains such as orthopedic surgery and internal medicine by way of our unique high-resolution technology.

<Industrial Business: Optical Systems for Industrial Use Business Field>
[Business Policy] The Company aims to expand business domain in the growth-potential industrial sector by innovating proposal-making ability accumulated in the sensing business and providing new value that includes equipment and solution/service.

In the sensing field, the Company will leverage synergies with Instrument Systems GmbH, which the Company acquired, to strengthen operations in the smartphone, tablet and automotive domains, and also establish a system that enables swift response to the needs of major customers. In the optical products field, the Company will utilize sensing technology and information processing technology centered around interchangeable lenses for DSLR cameras and projector lenses for digital cinema. At the same time, the Company aims to enter the optical systems field in areas that include non-destructive inspection systems for social infrastructure and safety and security services using monitoring systems for nursing facilities.

<Industrial Business: Performance Materials Business Field>
[Business Policy] The Company aims to establish business foundations that realize growth by anticipating customer needs in growth fields and creating new businesses that originate from our unique technology accumulated in such areas as photo film, TAC film for LCD polarizers and VA-TAC film for increasing the viewing angle and OLED development.

In TAC film, the Company aims to secure sales volumes through the development of new thin-film-type products, an area of comparative advantage. In new businesses, which include OLED light sources and window film that help reduce environmental burden and make life more convenient, the Company seeks to sharpen value and establish mass-production technology together with customers in order to secure top position in growing markets.

b. Reform to a customer-focused company

In order to drive business growth and realize higher added value, the Company will pay close attention to customer intentions and transform business processes with the customer used as the basis for decisions behind all business processes. The Company will strive to fully understand customer needs and workflow and look to maximize the value the Company provides to customers. To achieve this, the Company has established Business Innovation Centers in five cities worldwide for the purposes of business development. By doing so, the Company can expand framework as well as assign authority locally. In addition, the Company will conduct strategic alliances and M&As to complement the Company’s management resources.

Further, the Company will integrate our technologies and core competencies as well as create unique high-value-added solutions in all business domains.

c. Establish a strong corporate structure

The Company will create a strong corporate structure as a manufacturing business by "creating sturdy production operations" and "conducting corporate reform." To this end, the Company will develop technology that leads to differentiation and enhances customer value, employ cost management in an integrated manner for development, procurement and production, and strengthen product lifecycle management that maximizes profit by visualizing the profitability of each product throughout the lifecycle. In corporate divisions, the Company will work on enhancing business productivity and reforming functions.

The Company will steadily implement measures set forth in our medium term business plan "TRANSFORM 2016" and strive to realize sustainable growth by transforming our business portfolio while enhancing corporate value.

(5) Main businesses of the Group at the fiscal year end

The main businesses of the Group are as follows.

Business segment	Principal products
Business Technologies Business	MFPs (Multi-functional peripherals), printers, equipment for production print systems and graphic arts, etc.
Industrial Business	Electronic materials, performance materials, optical products and measuring instruments for industrial and healthcare applications, etc.
Healthcare Business	Consumables and equipment for healthcare systems, etc.

(6) Major business offices, plants, etc. of the Group at the fiscal year end

a. Main business offices, plants, etc. of the Group

The Group consists of the Company, 123 subsidiaries and four affiliated companies. The Group has product and technology development, manufacturing, and sales bases worldwide.

a) Offices of the Company

Head Office: Chiyoda-ku, Tokyo

Kansai Office: Osaka City, Osaka

b) Other domestic offices

Other domestic offices are located in Hino City (Tokyo), Hachioji City (Tokyo), Toyokawa City (Aichi Prefecture), Sakai City (Osaka), Osakasayama City (Osaka), Kobe City (Hyogo Prefecture) and other sites.

b. Employees of the Group

Number of employees	Compared with end of previous fiscal year
40,401	Decrease of 1,443

Note The number of employees indicates the number of employees currently on duty.

(7) Significant subsidiaries at the fiscal year end

Company name	Capital	Ratio of voting rights held by the Company	Description of principal businesses
Konica Minolta Business Solutions Japan Co., Ltd.	Millions of yen 497	100%	Sale of multi-functional peripherals (MFPs), printers, equipment for production print systems and graphic arts, and related supplies in Japan, and providing related solution services
Konica Minolta Health Care Co., Ltd.	Millions of yen 397	100%	Sale of consumables and equipment for healthcare system in Japan
Konica Minolta Supplies Manufacturing Co., Ltd.	Millions of yen 1,500	100%	Manufacturing and sale of supplies for multi-functional peripherals (MFPs) and printers
Konica Minolta Technoproducts Co., Ltd.	Millions of yen 350	100%	Manufacturing and sale of equipment for healthcare system
Konica Minolta Business Solutions U.S.A., Inc.	Thousand US dollar 40,000	*100%	Sale of multi-functional peripherals (MFPs), printers and related supplies in the U.S., and providing related solution services
Konica Minolta Business Solutions Europe GmbH	Thousand euro 88,100	100%	Sale of multi-functional peripherals (MFPs), printers and related supplies in Europe, and providing related solution services
Konica Minolta Business Solutions Deutschland GmbH	Thousand euro 10,025	*100%	Sale of multi-functional peripherals (MFPs), printers and related supplies in Germany, and providing related solution services
Konica Minolta Business Solutions France S.A.S.	Thousand euro 26,490	*100%	Sale of multi-functional peripherals (MFPs), printers and related supplies in France, and providing related solution services
Konica Minolta Business Solutions (UK) Ltd.	Thousand British pound 21,000	100%	Sale of multi-functional peripherals (MFPs), printers and related supplies in the U.K., and providing related solution services
Konica Minolta Business Solutions Australia Pty. Ltd.	Thousand Australian dollar 24,950	100%	Sale of multi-functional peripherals (MFPs), printers and related supplies in Australia, and providing related solution services
Konica Minolta Business Solutions (CHINA) Co., Ltd.	Thousand RMB 96,958	100%	Sale of multi-functional peripherals (MFPs), printers and related supplies in China, and providing related solution services
Konica Minolta Business Technologies Manufacturing (HK) Ltd.	Thousand HK dollar 195,800	100%	Manufacturing and sale of multi-functional peripherals (MFPs) , printers, and related supplies
Konica Minolta Business Technologies (WUXI) Co., Ltd.	Thousand RMB 289,678	*100%	Manufacturing and sale of multi-functional peripherals (MFPs), printers, and related supplies
Konica Minolta Business Technologies (DONGGUAN) Co., Ltd.	Thousand RMB 141,201	*100%	Manufacturing and sale of multi-functional peripherals (MFPs, printers, and related supplies
Konica Minolta Opto (DALIAN) Co., Ltd.	Thousand RMB 244,675	100%	Manufacturing and sale of optical products (pickup lenses, etc.)

(Note) The ratio of voting rights marked with * include those held by subsidiaries.

(8) Principal lenders and the amount of loans of the Group at the fiscal year end

[Millions of yen]

Lender	Outstanding amount of loan
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	30,535
Sumitomo Mitsui Banking Corporation	13,946
Nippon Life Insurance Company	9,000
Resona Bank, Limited.	7,960
Mizuho Corporate Bank, Ltd.	3,958

(9) Policy on exercise of authority if Articles of Incorporation allow distribution of dividends from retained earnings by the resolution of the Board of Directors (Article 459, Paragraph 1 of the Company Law)

The policy regarding resolutions on the payment of dividends from retained earnings, etc. calls for the basic approach of making a comprehensive evaluation of consolidated performance and funding requirements for promoting strategic investments in growth fields while seeking to sustain shareholder returns. Regarding the specific dividend target, the Company is aiming to sustain a dividend payout ratio of 25% or higher on a consolidated basis over the medium-to-long term. With respect to the acquisition of treasury stock, the Company intends to make appropriate decision regarding treasury stock acquisition as a means of profit distribution while giving due attention to such factors as the Company’s financial condition and stock price trends.

(10) Other significant matters of the Group

The Company merged with the following seven group companies through acquisition and changed its trade name to Konica Minolta, Inc.

Konica Minolta Business Technologies, Inc.
Konica Minolta Advanced Layers, Inc.
Konica Minolta Optics, Inc.
Konica Minolta Medical & Graphic, Inc.
Konica Minolta IJ Technologies, Inc.
Konica Minolta Technology Center, Inc.
Konica Minolta Business Expert, Inc.

2. State of shares at the fiscal year end

(1) Total number of shares authorized to be issued ······· 1,200,000,000 shares

(2) Total number of shares issued ····························· 531,664,337 shares
(of which, treasury stock 16,720,688 shares)

(3) Number of shareholders ···································· 26,191

(4) Major shareholders (the top ten shareholders)

Name of shareholder	Number of shares held (thousand shares)	Ratio of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust account)	30,054	5.8
The Master Trust Bank of Japan, Ltd. (Trust account)	28,950	5.6
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,945	2.7
JPMorgan Chase Bank 385167	11,948	2.3
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retrust Portion, Sumitomo Mitsui Banking Corporation Pension Trust Account)	11,875	2.3
Nippon Life Insurance Company	11,409	2.2
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for the Bank of Tokyo-Mitsubishi UFJ, Ltd.)	10,801	2.1
SAJAP	10,730	2.1
DAIDO LIFE INSURANCE COMPANY	9,040	1.8
CMBL S.A. RE MUTUAL FUNDS	7,254	1.4

Note:
1. The list of major shareholders does not include the 16,720,688 shares of treasury stock held by the Company.
2. Ratio of shares held is calculated by deducting treasury stock.

3. Stock acquisition rights, etc. of the Company

Summary of stock acquisition rights, etc., issued to/held by directors and officers of the Company as compensation for the execution of duties at the fiscal year end

Starting in fiscal 2005, the Company began issuing stock acquisition rights to directors (excludes outside directors) and executive officers in the form of a compensation-type stock option plan, in accordance with its compensation determination policy.

Upon the exercise of stock acquisition rights, treasury stock owned by the Company will be transferred.

<table>
<tr><th colspan="2"></th><th>First Series
Fiscal Year Ended
March 31, 2006</th><th>Second Series
Fiscal Year Ended
March 31, 2007</th><th>Third Series
Fiscal Year Ended
March 31, 2008</th></tr>
<tr><td colspan="2">Number of stock acquisition rights</td><td>389</td><td>211</td><td>226</td></tr>
<tr><td colspan="2">Type and number of shares under stock acquisition rights</td><td>Common shares
194,500 shares</td><td>Common shares
105,500 shares</td><td>Common shares
113,000 shares</td></tr>
<tr><td colspan="2">Amount to be paid upon exercise of the stock acquisition rights</td><td>One (1) yen per share</td><td>One (1) yen per share</td><td>One (1) yen per share</td></tr>
<tr><td colspan="2">Exercise period of stock acquisition rights</td><td>August 23, 2005 - June 30, 2025</td><td>September 2, 2006 - June 30, 2026</td><td>August 23, 2007 - June 30, 2027</td></tr>
<tr><td colspan="2">Primary condition for exercise of stock acquisition rights</td><td colspan="3">The Optionee shall exercise stock acquisition rights during the period from one (1) year after the date of retirement from the post of director or executive officer of the Company up until five (5) years from that starting date.</td></tr>
<tr><td colspan="2">Primary events and conditions for acquisition of stock acquisition rights</td><td colspan="3">The Company may acquire stock acquisition rights without any compensation if the General Meeting of Shareholders approves merger agreement in which the Company becomes the dissolving company, etc.</td></tr>
<tr><td rowspan="3">Holdings of directors and executive officers</td><td>Number of holders</td><td>8</td><td>8</td><td>10</td></tr>
<tr><td>Number of rights</td><td>115</td><td>84</td><td>101</td></tr>
<tr><td>Number of shares</td><td>57,500 shares</td><td>42,000 shares</td><td>50,500 shares</td></tr>
</table>

<table>
<tr><td colspan="2"></td><td>Fourth Series
Fiscal Year Ended
March 31, 2009</td><td>Fifth Series
Fiscal Year Ended
March 31, 2010</td><td>Sixth Series
Fiscal Year Ended
March 31, 2011</td></tr>
<tr><td colspan="2">Number of stock acquisition rights</td><td>256</td><td>399</td><td>376</td></tr>
<tr><td colspan="2">Type and number of shares under stock acquisition rights</td><td>Common shares
128,000 shares</td><td>Common shares
199,500 shares</td><td>Common shares
188,000 shares</td></tr>
<tr><td colspan="2">Amount to be paid upon exercise of the stock acquisition rights</td><td>One (1) yen per share</td><td>One (1) yen per share</td><td>One (1) yen per share</td></tr>
<tr><td colspan="2">Exercise period of stock acquisition rights</td><td>August 19, 2008 -
June 30, 2028</td><td>August 20, 2009 -
June 30, 2029</td><td>August 28, 2010 -
June 30, 2030</td></tr>
<tr><td colspan="2">Primary condition for exercise of stock acquisition rights</td><td colspan="3">The Optionee shall exercise stock acquisition rights during the period from one (1) year after the date of retirement from the post of director or executive officer of the Company up until five (5) years from that starting date.</td></tr>
<tr><td colspan="2">Primary events and conditions for acquisition of stock acquisition rights</td><td colspan="3">The Company may acquire stock acquisition rights without any compensation if the General Meeting of Shareholders approves merger agreement in which the Company becomes the dissolving company, etc.</td></tr>
<tr><td rowspan="3">Holdings of directors and executive officers</td><td>Number of holders</td><td>13</td><td>14</td><td>16</td></tr>
<tr><td>Number of rights</td><td>136</td><td>237</td><td>270</td></tr>
<tr><td>Number of shares</td><td>68,000 shares</td><td>118,500 shares</td><td>135,000 shares</td></tr>
</table>

		Seventh Series Fiscal Year Ended March 31, 2012	Eighth Series Fiscal Year Ended March 31, 2013	Ninth Series Fiscal Year Ended March 31, 2014
Number of stock acquisition rights		479	571	515
Type and number of shares under stock acquisition rights		Common shares 239,500 shares	Common shares 285,500 shares	Common shares 257,500 shares
Amount to be paid upon exercise of the stock acquisition rights		One (1) yen per share	One (1) yen per share	One (1) yen per share
Exercise period of stock acquisition rights		August 24, 2011 - June 30, 2031	August 23, 2012 - June 30, 2032	August 23, 2013 - June 30, 2043
Primary condition for exercise of stock acquisition rights		The Optionee shall exercise stock acquisition rights during the period from one (1) year after the date of retirement from the post of director or executive officer of the Company up until five (5) years from that starting date.		The Optionee shall exercise stock acquisition rights during the period from one (1) year after the date of retirement from the post of director or executive officer of the Company up until ten (10) years from that starting date.
Primary events and conditions for acquisition of stock acquisition rights		The Company may acquire stock acquisition rights without any compensation if the General Meeting of Shareholders approves merger agreement in which the Company becomes the dissolving company, etc.		
Holdings of directors and executive officers	Number of holders	18	23	27
	Number of rights	385	529	515
	Number of shares	192,500 shares	264,500 shares	257,500 shares

4. Status of the Company's management members

(1) Names, etc. of directors and executive officers

a. Directors

Position	Name	Responsibilities	Important positions concurrently held
Director	Yoshikatsu Ota	Chairman of the Board Member of Nominating Committee	Director of YAMAHA CORPORATION
Director	Masatoshi Matsuzaki	(President and CEO, and Representative Executive Officer)	
Outside Director	Nobuhiko Ito	Member of Compensation Committee (Chairman) Member of Nominating Committee	Director of TADANO LTD.
Outside Director	Shoji Kondo	Member of Nominating Committee (Chairman) Member of Audit Committee	Senior Corporate Advisor of Hino Motors, Ltd.
Outside Director	Hirokazu Yoshikawa	Member of Audit Committee (Chairman) Member of Compensation Committee	Senior Corporate Advisor of DOWA HOLDINGS Co., Ltd.
Outside Director	Takashi Enomoto	Member of Nominating Committee Member of Audit Committee Member of Compensation Committee	Executive Advisor of NTT DATA Corporation
Director	Yasuo Matsumoto	Member of Nominating Committee Member of Audit Committee Member of Compensation Committee	
Director	Akio Kitani	Member of Audit Committee Member of Compensation Committee	
Director	Shoei Yamana	(Senior Managing Executive Officer)	
Director	Takashi Sugiyama	(Senior Managing Executive Officer)	
Director	Yoshiaki Ando	(Senior Executive Officer)	

Notes 1. The four directors Mr. Nobuhiko Ito, Mr. Shoji Kondo, Mr. Hirokazu Yoshikawa and Mr. Takashi Enomoto are outside directors, as provided for in Article 2, Item 15 of the Company Law and independent directors, as provided for under Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

2. At the 109th Ordinary General Meeting of Shareholders held on June 19, 2013, the terms of office of all eleven (11) directors expired. The following ten directors were reelected: Mr. Yoshikatsu Ota, Mr. Masatoshi Matsuzaki, Mr. Nobuhiko Ito, Mr. Shoji Kondo, Mr. Hirokazu Yoshikawa, Mr. Yasuo Matsumoto, Mr. Akio Kitani, Mr. Shoei Yamana, Mr. Mr. Takashi Sugiyama and Mr. Yoshiaki Ando; and Mr. Takashi Enomoto was newly elected and assumed office the same day.

3. Upon the close of the 109th Ordinary General Meeting of Shareholders held on June 19, 2013, the term of office of Mr. Yozo Izuhara expired and he retired from the office of director.

4. Audit Committee member Mr. Yasuo Matsumoto had been in charge of the corporate accounting and corporate finance of the Company as the senior executive officer and has considerable knowledge of corporate finance and corporate accounting.

b. Executive Officers

	Position	Name	Responsibilities and important positions concurrently held
*	President and CEO, and Representative Executive Officer	Masatoshi Matsuzaki	In charge of Corporate CSR & Communications & Branding Division
*	Senior Managing Executive Officer	Takashi Sugiyama	In charge of Corporate R&D, Corporate IT Planning Division and Corporate Production Operations
*	Senior Managing Executive Officer	Shoei Yamana	In charge of Business Technologies Business
	Senior Executive Officer	Takashi Matsumaru	General Manager, Corporate R&D Headquarters
*	Senior Executive Officer	Yoshiaki Ando	In charge of Corporate Business Management Division, Corporate Accounting Division, Corporate Finance Division and Risk Management
	Senior Executive Officer	Masaru Kamei	In charge of Corporate Legal Affairs & General Affairs Division, Intellectual Property Center, Compliance and Crisis Management General Manager of Kansai Headquarters
	Senior Executive Officer	Atsushi Kodama	Healthcare Company President
	Senior Executive Officer	Nobuyasu Ieuji	In charge of Corporate Social Responsibility Operations and Corporate SCM Center
	Senior Executive Officer	Toshihiko Karasaki	Optics Company President
	Senior Executive Officer	Yoshitsugu Shiraki	Advanced Layers Company President
	Senior Executive Officer	Jun Haraguchi	General Manager, Business Technologies Business Sales Headquarters
	Executive Officer	Masami Akiyama	General Manager, Advanced Layers Company Performance Materials Business
	Executive Officer	Kazuyoshi Hata	In charge of Healthcare Company, Responsible for R&D Operations, Product Planning Operations, Healthcare IT Solutions Operations, General Planning Division, and Management Administration Division
	Executive Officer	Akiyoshi Ohno	General Manager, Inkjet Business Unit.
	Executive Officer	Tsukasa Wakashima	General Manager, Corporate Human Resources Division
	Executive Officer	Shingo Asai	General Manager, Business Technologies Business Manufacturing Headquarters
	Executive Officer	Kunihiro Koshizuka	General Manager, Corporate R&D Headquarters Technology Strategy Division, Responsible for Technology R&D Center 1&2
	Executive Officer	Ken Shiomi	Optics Company, Responsible for Planning & Administration Operations
	Executive Officer	Hiroyuki Suzuki	General Manager, Corporate Audit Division
	Executive Officer	Tomio Nakamura	Optics Company, General Manager, Hard Disk Business Unit Responsible for U&C Business
	Executive Officer	Toyotsugu Ito	General Manager, Corporate Production Operations
	Executive Officer	Ken Osuga	President, Konica Minolta Business Solutions Europe GmbH
	Executive Officer	Kenichi Sanada	General Manager, Corporate Intellectual Property Center
	Executive Officer	Seiji Hatano	General Manager, Corporate Strategy Division

Notes 1. Executive officers marked with * hold concurrent director positions.

2. The above executive officers were, after the close of the 109th Ordinary General Meeting of Shareholders held on June 19, 2013, elected at the meeting of the board of directors held the same day.

3. Mr. Masatoshi Matsuzaki, Mr. Takashi Matsumaru, Mr. Yoshiaki Ando, Mr. Masaru Kamei, Mr. Atsushi Kodama, Mr. Toshihiko Karasaki and Mr. Masami Akiyama resigned as senior executive officers as of March 31, 2014.

4. Mr. Shoei Yamana was promoted to Representative Executive Officer and President and Mr. Ken Osuga, Mr. Kunihiro Koshizuka, Mr. Seiji Hatano and Mr. Tsukasa Wakashima were promoted to senior executive officer as of April 1, 2014. Mr. Akira Tai and Mr. Ikuo Nakagawa newly assumed executive officer posts as of the same date. Executive officers and its responsibilities changed as of April 1, 2014 as follows.

Position	Name	Responsibilities, important positions concurrently held
President and CEO, and Representative Executive Officer	Shoei Yamana	
Senior Managing Executive Officer	Takashi Sugiyama	In charge of Corporate R&D Headquarters, Corporate IT Planning Division and Corporate Production Operations General Manager of Business Technologies Business Development Headquarters
Senior Executive Officer	Nobuyasu Ieuji	In charge of Corporate Social Responsibility Operations, Corporate SCM Center and Business Technologies Business Quality Assurance Operations General Manager of Kansai Headquarters
Senior Executive Officer	Yoshitsugu Shiraki	Advanced Layers Company President
Senior Executive Officer	Jun Haraguchi	General Manager of Business Technologies Business Marketing Headquarters
Senior Executive Officer	Ken Osuga	In charge of Corporate Business Management Division, Corporate Accounting Division, Corporate Finance Division and Risk Management and Business Technologies Business, Business Process Transformation Operations
Senior Executive Officer	Kunihiro Koshizuka	General Manager, Corporate R&D Headquaters
Senior Executive Officer	Seiji Hatano	General Manager, Corporate Strategy Division In charge of Corporate CSR & Communications & Branding Division
Senior Executive Officer	Tsukasa Wakashima	General Manager, Corporate Human Resources Division
Executive Officer	Kazuyoshi Hata	Healthcare Company President
Executive Officer	Akiyoshi Ohno	General Manager, Inkjet Business Unit
Executive Officer	Shingo Asai	General Manager, Business Technologies Business Manufacturing Headquarters
Executive Officer	Ken Shiomi	Optics Company, Responsible for Planning & Administration Operations
Executive Officer	Hiroyuki Suzuki	General Manager, Corporate Audit Division
Executive Officer	Tomio Nakamura	Optics Company President
Executive Officer	Toyotsugu Ito	General Manager, Corporate Production Operations
Executive Officer	Kenichi Sanada	In charge of Intellectual Property Center, Corporate Legal Affairs & General Affairs Division, Compliance and Crisis Management
Executive Officer	Akira Tai	General Manager, Corporate IT Planning Division
Executive Officer	Ikuo Nakagawa	President, Konica Minolta Business Solutions Europe GmbH

(2) Total compensation to directors and executive officers

		Total	Compensation			(Millions of yen)		
			Base salary		Performance-based cash bonus		Stock compensation-type stock options	
			Persons	Amount	Persons	Amount	Persons	Amount
directors	Outside	43	5	43	-	-	-	-
	Inside	156	3	127	-	-	3	28
	Total	199	8	170	-	-	3	28
Executive Officers		926	24	551	24	238	24	136

Notes 1. At the end of the period (March 31, 2014), the Company has four (4) outside directors, three (3) inside directors (not concurrently holding executive officer posts) and twenty-four (24) executive officers.
2. In addition to the three (3) inside directors shown above, the Company has another four (4) inside directors who concurrently hold executive officer posts, and the compensation to these directors is included in compensation to executive officers.
3. Regarding the performance-based cash bonus, the amounts which should be recorded as expense in the period are stated.
4. Regarding the compensation-type stock options, the amounts which should be recorded as expense based on an estimation of the fair value of the stock acquisition rights issued to directors (excluding outside directors) and executive officers as part of their compensation are stated.
5. In addition to the compensation shown in this table, the following payments were made during the fiscal year that ended in March 2014 due to a resolution by the Compensation Committee based on the retirement payment system that was terminated in June 2005.
· Executive Officer (two) 2 million yen (Retired on March 31, 2013)

(3) Summary of policy for determining amount of director or executive officer compensation and the method of calculation

The Company, which has adopted the company-with-committees system, has established a Compensation Committee. Outside directors account for the majority of members of the committee and the committee is chaired by an outside director to ensure transparency and to determine compensation in a fair and appropriate manner.

The Company's directors' compensation system is intended to strengthen the motivation of directors and executive officers to strive for the continuous medium-to-long-term improvement of the Group performance in line with management policies to meet shareholder expectations, and to contribute to the optimization of the Group value. The Company aims for a level of compensation that enables it to attract and retain talented people to take responsibility for the Company's development.

In keeping with these aims, the Compensation Committee has established a policy for determining the individual compensation entitlement of directors and executive officers as set out below, and determines the amount, etc. of individual compensation entitlement of directors and executive officers in line with this policy.

1. Compensation system
   (1) Compensation packages for directors (excluding directors who concurrently hold executive officer posts) exclude a short-term performance-based cash bonus because directors have a supervisory role, and consist of a "base salary" component in the form of a base salary and long-term incentives in the form of "compensation-type stock options." Outside directors receive base salary only.
   (2) Executive officer compensation packages consist of "base salary," "performance-based cash bonus," which reflects the short-term performance of the Group and the

short-term performance of the business of which they are in charge, and "compensation-type stock options" as a long-term incentive.

2. The total amount of individual compensation entitlement and "Base salary" are set at an appropriate level for each position, based upon objective data, evaluation data and other data collected at regular intervals, etc.
3. The amount of the "performance-based cash bonus" is determined according to the level of performance result for the fiscal year (consolidated operating income) and the degree of attainment of annual performance targets. The amount based on the degree of attainment of annual performance targets is determined in the 0 % to 200 % range of the standard amount of compensation. The targets are major consolidated performance indicators (sales, operating income, ROE and others) associated with results of operations.
4. Regarding the "compensation-type stock options," the Company grants stock acquisition rights to inside directors and executive officers as share-price based incentives from a shareholder perspective. The number of rights granted is determined based on the position.
5. The standard for compensation to executive officers is a 60:25:15 mix of "base salary," "performance-based cash bonus" and "compensation-type stock options." For the executive officers ranked in a more senior position, the "base salary" ratio is lowered while the ratio of "performance-based cash bonus" is increased.
6. The Company reviews matters such as the level of compensation and the compensation structure in a timely and appropriate manner in response to changes in the business environment.

Regarding the conventional retirement benefit system abolished in June 2005, the Compensation Committee has determined individual entitlements within reason based upon certain criteria established by the Company, and will pay such entitlement upon the retirement of each director or executive officer in office prior to the abolition of this system.

(4) Matters regarding outside directors

a. Persons serving as executive officers at the important positions of other companies, etc.

Not applicable.

b. Persons serving as outside directors at the important positions of other companies, etc.

Name	Name of company, etc.	Position
Nobuhiko Ito	TADANO LTD.	Outside director

There is no material transaction with the Company.

c. Family relationship with an executive officer, etc. of the Company or of a specified related business operator of the Company

Not applicable.

d. Primary activities of outside directors

Outside directors of the Company participate in Board of Directors meetings by making constructive statements on the decision-making and supervision of management, and they are also in charge of duties of the three committees: the Nominating Committee, the Audit Committee and the Compensation Committee, as stated in “(1) Names, etc. of Directors and Executive Officers.” Also, where appropriate, outside directors also observe development, production and marketing and other actual operations as part of their supervision and auditing work, and exchange information with the President, the Chairman and other Directors of the Board on various aspects including the running of Board of Directors meetings. The principal activities of outside directors are as follows.

a) Mr. Nobuhiko Ito

During the fiscal year that ended in March 2014, Mr. Ito attended all 14 meetings of the Board of Directors, six of seven meetings of the Nominations Committee, all three meetings of the Audit Committee that were held when he was a committee member until June 2013, and all five meetings of the Compensation Committee that were held starting in June 2013. As a director, Mr. Ito used his experience as a manager to provide supervision and advice concerning global and M&A strategies, risk management and other subjects for preparation of the medium-term plan. In addition, as the chairman of the Audit Committee, Mr. Ito used his experience and knowledge to make statements as needed at meetings of this committee until June 2013.

b) Mr. Shoji Kondo

During the fiscal year that ended in March 2014, Mr. Kondo attended all 14 meetings of the Board of Directors, all seven meetings of the Nominations Committee, all 10 meetings of the Audit Committee that were held after he was named to this committee in June 2013, and one meeting of the Compensation Committee when he was a member until June 2013. As a director, Mr. Kondo used his experience as a manager to provide supervision and advice concerning manufacturing and procurement strategy, human resources strategy and other subjects for preparation of the medium-term plan. In addition, as a member of the Audit Committee starting in June 2013, Mr. Kondo used his experience and knowledge to make statements as needed.

c) Mr. Hirokazu Yoshikawa

During the fiscal year that ended in March 2014, Mr. Yoshikawa attended all 14 meetings of the Board of Directors, all 13 meetings of the Audit Committee, and five of the six meetings of the Compensation Committee. As a director, Mr.

Yoshikawa used his experience as a manager to provide supervision and advice concerning organizational and human resources strategies, brand strategies and other subjects for preparation of the medium-term plan. In addition, as a chairman of the Audit Committee starting in June 2013, Mr. Yoshikawa used his experience and knowledge to make statements as needed.

d) Mr. Takashi Enomoto (elected at the Ordinary General Meeting of Shareholders held June 2013)

He attended all 11 Board of Directors meetings held after his appointment, all seven Nominating Committee meetings, all 10 Audit Committee meetings, and all five Compensation Committee meetings, which were respectively held during the fiscal year. At Board of Directors meetings, when preparing the medium-term plan, he primarily made statements on solution business, strategies of financial and other subjects, as necessary and appropriate, for the supervision of and the advice on management from the perspective of a highly experienced management. At the Audit Committee, he made appropriate and necessary statements with his experienced deep knowledge.

e. Liability limitation agreements

To attract skillful people as outside directors and to enable them to fully demonstrate their expected role, the Company stipulates in its current Articles of Incorporation that the Company may, pursuant to the provisions of Article 427, Paragraph 1 of the Company Law, enter into an agreement with outside directors which limits their liabilities for payment of damages with respect to the acts mentioned in Article 423, Paragraph 1 of the Company Law to the extent permitted by laws and regulations. Based on these stipulations, the four outside directors Mr. Nobuhiko Ito, Mr. Shoji Kondo, Mr. Hirokazu Yoshikawa and Mr. Takashi Enomoto have entered into an agreement with the Company limiting their liabilities for payment of damages, and the content of this agreement is summarized as follows.

The maximum amount of liability of an outside director who, with the best of intentions and without gross negligence, fails to execute his or her duties while in office and causes damage to the Company shall be limited to the aggregate sum of the amounts prescribed in Article 113 of the Company Law Enforcement Regulations multiplied by two (Article 425, Paragraph 1, Item 1 (c) of the Company Law).

5. Status of Independent Auditor

(1) Name of Independent Auditor

KPMG AZSA LLC

(2) Compensation to the Independent Auditor

a. Compensation paid by the Company to the Independent Auditor during the fiscal year under review

Compensation for audit certification in accordance with Article 2, Section 1 of the Certified Public Accountants Law	¥177 million
Compensation for services other than those stipulated in Article 2, Section 1 of the Certified Public Accountants Law	¥9 million
Total	¥186 million

Note Compensation is the total of compensation for the Independent Auditor’s audit under the Company Law and audit compensation under the Financial Instruments and Exchange Law, as there is no clear separation between the two.

b. Total amount of other property benefits paid by the Company and its subsidiaries

¥268 million

(3) Details of services other than auditing

The Company paid KPMG AZSA LLC to consign the advisory service about reorganization of the Group management structure and the introduction of International Financial Reporting Standards.

(4) Policy regarding decisions to dismiss or deny reappointment to Independent Auditor

The Audit Committee will examine dismissing or denying reappointment of the Independent Auditor if the Independent Auditor has committed a serious violation or infringement of the Company Law, the Certified Public Accountants Law or other relevant laws or regulations, or if the Independent Auditor is deemed to have committed a serious breach of public order or custom. If, as a result of this examination, it is deemed appropriate to dismiss or deny reappointment, the Audit Committee will request the Board of Directors to submit a proposition calling for the dismissal or denial of reappointment of the Independent Auditor to the General Meeting of Shareholders pursuant to the provisions of Article 339, Paragraph 1 and Article 404, Paragraph 2, Item 2 of the Company Law.

The Audit Committee also examines the status of the performance of the Independent Auditor and decides the reappointment or denial every fiscal year.

6. Establishment of system to ensure appropriate business operations

The Board of Directors of the Company adopted resolutions on the matters prescribed by the applicable Ordinance of the Ministry of Justice as those necessary for the execution of the duties of the Audit Committee (Article 416, Paragraph 1, Item 1 (b) of the Company Law), and on the establishment of systems necessary to ensure that the execution of duties by executive officers complies with laws and regulations and the Articles of Incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of a Stock Company (Article 416, Paragraph 1, Item 1 (e) of the Company Law). A summary of the resolutions is as follows.

<I. Requirements for the execution of duties by the Audit Committee>

1. The Company set up the Audit Committee Office with a full-time staff to support the Audit Committee, and, besides being the secretariat of the Audit Committee, the Audit Committee Office shall perform its duties in accordance with the instructions of the Audit Committee.
2. To ensure the independence of the above Audit Committee Office from executive officers, personnel matters regarding the Audit Committee Office including appointment, personnel changes and disciplinary action, shall be approved in advance by the Audit Committee.
3. The executive officers in charge of internal control, including the Corporate Audit Division, Risk Management Committee and the Compliance Committee, shall report on the status of operation to the Audit Committee on a regular basis and without delay if an urgent situation that must be reported has arisen or if requested to make a report by the Audit Committee.
4. Audit Committee members elected by the Audit Committee may attend management council meetings and other important meetings if necessary and may request investigations, reports, etc. to the executive officers in charge of internal control, including the Corporate Audit Division, Risk Management Committee and the Compliance Committee.

<II. Systems for ensuring compliance of execution of duties by executive officers with laws, regulations and the Articles of Incorporation and other required systems for ensuring the properness of business operations>

5. Each executive officer shall manage the minutes of management council meetings and other important meetings, documents requesting formal approval and other information concerning the performance of their duties to ensure that documents are preserved in an appropriate manner and made available for inspection in accordance with the provisions of the executive officer document management rules and internal rules concerning the management of other documents.
6. The Company set up the Risk Management Committee which is in charge of managing the various risks that arise in connection with the Group’s business activities, and the executive officer nominated by the Board of Directors shall be responsible for the development of risk management systems including the following, in accordance with the Risk Management Committee Regulations.
   (1) With respect to management of the business strategy risks, the executive officer in charge of business strategy shall be responsible, and regarding management of other risks in connection with business activities, each executive officer shall be responsible in accordance with respective assigned area. The Risk Management Committee shall provide support to each executive officer. Further, the Risk Management Committee shall periodically conduct selection,

assessment and review of material risks, develop measures, and confirm management status.

(2) The executive officer in charge of risk management nominated by the Board of Directors shall be responsible for establishing the contingency plans and countermeasures to minimize the damages by a crisis which is supposed to adversely affect the corporate value.

(3) Provide support to the development and strengthening of risk management systems at each group company.

7. The Company set up the Compliance Committee which is in charge of establishing and operating the Group’s compliance systems, and the executive officer nominated by the Board of Directors shall be responsible for establishing and operating the compliance systems including the following, in accordance with the Compliance Committee Regulations.
   (1) Defining compliance in the Group as the observance of laws and regulations applicable to corporate activities, corporate ethics and internal regulations and policies, and making this known to every individual working for the Group.
   (2) Establishing the Konica Minolta Group Charter of Corporate Behavior, familiarizing this through the Group, and enacting compliance conduct guidelines, etc. based on the philosophy of the Charter of Corporate Behavior.
   (3) Establishing and operating systems to promote compliance at each group company.
   (4) Establishing and operating a whistle blowing system that allows employees to report any compliance violations that are discovered or anticipated.
8. The Company set up a Corporate Audit Division which is in charge of the internal auditing of the Group to evaluate and improve the status of execution of business operations in all business activities from the viewpoint of legality and rationality, and which shall be responsible for establishing and operating internal auditing systems in accordance with the Internal Auditing Regulations.
9. The Company shall be responsible for establishing and operating a system of internal control over financial reporting in the Group and a system for evaluating the efficacy of their operation.
10. The Company established the Corporate Organization Basic Regulations, and shall develop the corporate governance mechanisms of the Company and the Group, including the foregoing systems. The Company shall also work to establish and operate a system for ensuring the appropriateness of business operation through the management council and other meeting bodies, authority regulations and other internal regulations, and shall endeavor to ensure the legality, rationality and efficiency of business execution by reviewing as necessary systems for management and administration across all the business activities of the Group.

*Amounts and numbers of shares shown in this business report are rounded down to the nearest whole unit.

Consolidated Balance Sheet

(As of March 31, 2014) [Millions of yen]

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**589,331**	**Current liabilities**	**285,220**
Cash and deposits	95,490	Notes and account payable - trade	96,240
Notes and accounts receivable-trade	220,120	Short-term loans payable	37,078
Lease receivables and lease investment assets	21,211	Current portion of long-term loans payable	27,003
Securities	92,999	Accounts payable-other	39,824
Inventories	115,275	Accrued expenses	34,509
Deferred tax assets	18,806	Income taxes payable	5,652
Accounts receivable-other	14,636	Provision for bonuses	13,007
Other	16,435	Provision for directors' bonuses	244
Allowance for doubtful accounts	(5,643)	Provision for product warranties	1,441
		Notes payable-facilities	1,185
		Asset retirement obligations	256
		Other	28,776
Noncurrent assets	**376,729**	**Noncurrent liabilities**	**200,785**
Property, plant and equipment	**173,362**	Bonds payable	70,000
Buildings and structures, net	61,441	Long-term loans payable	62,042
Machinery, equipment and vehicles, net	23,542	Deferred tax liabilities for land revaluation	3,269
Tools, furniture and fixtures, net	27,058	Net defined benefit liability	53,563
Land	34,310	Provision for directors' retirement benefits	237
Lease assets, net	521	Asset retirement obligations	1,012
Construction in progress	13,819	Other	10,658
Assets for rent, net	12,668	**Total liabilities**	**486,005**
Intangible assets	**111,362**	**Net assets**	
Goodwill	65,734	**Shareholder's equity**	**466,797**
Other	45,627	Capital stock	37,519
Investments and other assets	**92,003**	Capital surplus	204,140
Investment securities	29,256	Retained earnings	242,460
Long-term loans receivable	83	Treasury stock	(17,322)
Long-term prepaid expenses	3,230	**Accumulated other comprehensive income**	**11,607**
Deferred tax assets	48,040	Valuation difference on available-for-sale securities	5,086
Other	12,277	Deferred gains or losses on hedges	(38)
Allowance for doubtful accounts	(883)	Foreign currency translation adjustment	15,055
		Remeasurements of defined benefit plans	(8,497)
		Subscription rights to shares	**910**
		Minority interests	**740**
		Total net assets	**480,055**
Total assets	**966,060**	**Total liabilities and net assets**	**966,060**

Consolidated Statement of Income

(From April 1, 2013 to March 31, 2014) [Millions of yen]

Item	Amount	
Net sales		**943,759**
Cost of sales		492,269
Gross profit		**451,490**
Selling, general and administrative expenses		393,346
Operating income		**58,144**
Non-operating income		
Interest and dividends income	2,122	
Other	3,437	5,559
Non-operating expenses		
Interest expenses	2,852	
Share of loss of entities accounted for using equity method	1,163	
Foreign exchange losses	126	
Other	4,940	9,083
Ordinary income		**54,621**
Extraordinary income		
Gain on sales of noncurrent assets	639	
Gain on sales of investment securities	75	
License related income	809	1,524
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,639	
Loss on valuation of investment securities	49	
Impairment loss	5,524	
Business structure improvement expenses	3,532	
Loss on business withdrawal	16,122	
Group restructuring expenses	118	
Special extra retirement payments	4,655	32,642
Income before income taxes and minority interests		**23,503**
Income taxes-current	11,624	
Income taxes-deferred	(10,060)	1,564
Income before minority interests		**21,939**
Minority interests in income		77
Net income		**21,861**

Consolidated Statement of Changes in Net Assets

(From April 1, 2013 to March 31, 2014) [Millions of yen]

	Shareholder's Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at April 1, 2013	**37,519**	**204,140**	**229,713**	**(1,548)**	**469,825**
Changes of items during period					
Dividends of surplus			(9,280)		(9,280)
Net income			21,861		21,861
Change of scope of consolidation			176		176
Purchase of treasury stock				(15,806)	(15,806)
Disposal of treasury stock			(11)	32	20
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	**12,746**	**(15,774)**	**(3,028)**
Balance at March 31, 2014	**37,519**	**204,140**	**242,460**	**(17,322)**	**466,797**

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2013	**3,345**	**2**	**(8,268)**	—	**(4,920)**	**764**	**747**	**466,416**
Changes of items during period								
Dividends of surplus								(9,280)
Net income								21,861
Change of scope of consolidation								176
Purchase of treasury stock								(15,806)
Disposal of treasury stock								20
Net changes of items other than shareholders' equity	1,741	(40)	23,324	(8,497)	16,527	145	(6)	16,666
Total changes of items during period	**1,741**	**(40)**	**23,324**	**(8,497)**	**16,527**	**145**	**(6)**	**13,638**
Balance at March 31, 2014	**5,086**	**(38)**	**15,055**	**(8,497)**	**11,607**	**910**	**740**	**480,055**

Notes to Consolidated Financial Statements

＜NOTES TO BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS＞

I. Scope of Consolidation

1. Number of consolidated subsidiaries and names of principal consolidated subsidiaries
   Number of consolidated subsidiaries: 109 companies
   Names of principal consolidated subsidiaries:
   Konica Minolta Business Solutions Japan Co., Ltd.
   Konica Minolta Healthcare Co., Ltd.
   Konica Minolta Supplies Manufacturing Co., Ltd.
   Konica Minolta Technoproducts Co., Ltd.
   Konica Minolta Business Solutions U.S.A., Inc.
   Konica Minolta Business Solutions Europe GmbH
   Konica Minolta Business Solutions Deutschland GmbH
   Konica Minolta Business Solutions France S.A.S.
   Konica Minolta Business Solutions (UK) Ltd.
   Konica Minolta Business Solutions Australia Pty. Ltd.
   Konica Minolta Business Solutions (CHINA) Co., Ltd.
   Konica Minolta Business Technologies Manufacturing (HK) Ltd.
   Konica Minolta Business Technologies (WUXI) Co., Ltd.
   Konica Minolta Business Technologies (DONGGUAN) Co., Ltd.
   Konica Minolta Opto (DALIAN) Co., Ltd.

   Changes in consolidated subsidiaries:
   (Increased due to importance)
   Konica Minolta With You, Inc.
   ECS Buero-und Datentechnik GmbH
   Konica Minolta Business Solutions India Private Ltd.
   (Increased due to purchase of shares or equity interest)
   CopySource Inc.
   KnowledgeCentrix Holdings, LLC.
   (Increased due to foundation)
   Konica Minolta Medical Products Co., Ltd.
   (Decreased due to company liquidation)
   RGI Süd GmbH
   (Decreased due to merger)
   Konica Minolta Business Technologies, Inc.
   Konica Minolta Advanced Layers, Inc.
   Konica Minolta Optics, Inc.
   Konica Minolta Medical & Graphic , Inc.
   Konica Minolta IJ Technologies, Inc.
   Konica Minolta Technology Center, Inc.
   Konica Minolta Business Expert, Inc.
   R+M Business Software Neu-Ulm GmbH

2. Names of principal unconsolidated subsidiaries
   Konica Minolta Business Solutions (Thailand) Co., Ltd.
   Unconsolidated subsidiaries have not been included in consolidation because they are relatively small and their total assets, sales, net income and retained earnings (in proportion to scale of equity ownership), etc. do not have a material impact on the consolidated financial statements.

II. Scope of the Use of Equity Accounting

1. Number of affiliated companies accounted for by the equity method and names of principal companies
   Number of companies accounted for by the equity method:
   2 companies
   Principal companies accounted for by the equity method:
   Toho Chemical Laboratory Co., Ltd

2. Names of principal unconsolidated subsidiaries and affiliated companies that are not accounted for by the equity method

Konica Minolta Business Solutions (Thailand) Co., Ltd.

Companies that are not accounted for by the equity method are excluded from the scope of the equity method because they have an insignificant effect on consolidated net income and consolidated retained earnings and also lack overall materiality.

III. Changes Regarding Consolidated Subsidiaries during the Fiscal Year under Review

Some consolidated subsidiaries have fiscal years ending on December 31, and consolidated financial statements are prepared using the financial statements of those companies as of that fiscal year-end date. Adjustments are made to consolidated accounts to account for important transactions involving those companies that occur between the end of those companies' fiscal year-end date and the end of the consolidated fiscal year.

(Consolidated Subsidiaries with Fiscal Years Ending on December 31)

Konica Minolta Business Solutions do Brazil Ltda.
Konica Minolta Business Solutions de Mexico SA de CV.
Konica Minolta Business Solutions Russia LLC
Konica Minolta Medical Systems Russia LLC

Consolidated subsidiaries Konica Minolta Business Solutions (Shenzhen) Co., Ltd. and Konica Minolta Business Solutions Romania s.r.l. end their fiscal years on December 31. In prior years, financial statements for this year were used to prepare the fiscal year consolidated financial statements with consolidation adjustments as needed for significant transactions between January 1 and March 31. To provide more suitable consolidated financial information, starting with the fiscal year that ended in March 2014, the fiscal year ends of these two subsidiaries were changed to March 31. Due to this change, the consolidated financial statements include 15 months of operations of these two subsidiaries, covering the period from January 1, 2013 to March 31, 2014.

IV. Accounting Standards and Methods

1. Valuation Standards and Methods of Assets

(1) Securities

Held to maturity receivables

The amortized cost method (the straight-line method) is used.

Other securities

Securities with fair market value are stated using the mark-to-market method based on the market price at the balance sheet date. (Total net unrealized gains or losses after tax effect adjustments are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.)

Other securities that do not have fair market values are primarily stated at cost using the moving value average.

(2) Derivatives

Derivatives are stated using the mark-to-market method.

(3) Inventories

Konica Minolta, Inc. (“the Company”) and its domestic consolidated subsidiaries’ inventories are, in the main, recorded at cost as determined by the periodic-average method (method of reducing book value when the contribution of inventories to profitability declines). Overseas consolidated subsidiaries' inventories are recorded at the lower of cost or market value, with cost determined by the first-in, first-out method.

2. Amortization Method for Noncurrent Assets

(1) Property, plant and equipment (excluding lease assets)

The depreciable assets of the Company and its domestic consolidated subsidiaries are depreciated using the declining-balance method. Overseas consolidated subsidiaries adopt the straight-line method. However, the Company and its domestic consolidated subsidiaries have used the straight-line method for their buildings (excluding annexed structures) acquired since April 1, 1998.

(2) Intangible assets (excluding lease assets)

We have adopted the straight-line method. The software for internal use applies the straight-line method based on an estimated in-house working life of five years.

(3) Lease assets

Lease assets arising from finance lease transactions not involving transfer of ownership

Depreciation is computed using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero. Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.

3. Standards for Allowances

(1) Allowance for doubtful accounts

To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectables. For specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.

(2) Provision for bonuses

To prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees is recorded.

(3) Provision for directors’ bonuses

To prepare for the payment of directors’ and officers’ bonuses, an amount corresponding to the projected value of bonus payments to directors and officers for the fiscal year under review is recorded.

(4) Provision for product warranties

The provisioning of free after-sales service for products is recorded based on past after-sales service expenses as a percentage of net sales.

(5) Provision for directors’ retirement benefits

Consolidated subsidiaries, to provide for the payment of directors’ and officers’ retirement benefits, record provision for benefits for retired directors and officers in an actual amount equal to the need at the end of the fiscal year period under review based on the relevant rules and regulations on directors’ retirement benefits.

4. Accounting method for retirement benefits

To prepare for the payment of retirement benefits to employees, liabilities for these benefits in an amount equal to retirement benefit liabilities less pension plan assets is recognized based on the expected amount of these benefits as of March 31, 2014.

Past service expenses are recognized as expenses using the straight-line method over a certain number of years (mainly 10 years) that is not more than the average remaining years of service for employees when the expenses occur.
Actuarial gains and losses are recognized as expenses starting in the fiscal year following the occurrence of these gains and losses. The gains and losses are allocated to individual fiscal years by using the straight-line method over a certain number of years (mainly 10 years) that is not more than the average remaining years of service for employees in each fiscal year when the gains and losses occur.
Unrecognized past service expenses and unrecognized actuarial gains and losses are posted as an accumulated adjustment for retirement payments in the accumulated other comprehensive income section of net assets, after adjusting for the effect of taxes.

5. Accounting methods for hedge transactions
   (1) Hedge accounting methods
   The deferred hedge method is used. Special accounting methods are used for interest rate swaps that meet certain conditions.
   (2) Hedge methods and hedge targets
   The hedge methods are forward exchange contracts, currency option transactions, currency swaps and interest rate swaps.
   The hedge targets are scheduled foreign currency denominated transactions and borrowings.
   (3) Hedge policy
   The Company and consolidated subsidiaries enter into forward foreign exchange contracts and currency option transactions as hedging instruments only, not for trading purpose to make profits, within the limit of actual foreign transactions to reduce risk arising from future fluctuations of foreign exchange rates.
   In addition, the Company and consolidated subsidiaries enter into currency swaps and interest rate swaps to make interest rates on borrowings stable and reduce costs fluctuations for future capital procurement, both as hedging instruments only, not for speculation purpose, within the limit of actual financial or operating transactions.
   (4) Methods for evaluating the effectiveness of hedges
   Verification is made to ascertain a high correlation between value fluctuations of cash flows and hedging instruments.

6. Consumption tax
   The tax-exclusion method is used to account for consumption taxes and local consumption taxes. In addition, asset-related consumption tax that cannot be excluded is accounted for as deferred consumption taxes, etc., in the long-term prepaid expenses item and amortized over a five-year period by the straight-line method.

7. Consolidated tax payment system
   The consolidated tax payment system is applied.

8. Amortization of goodwill
   Amortization of goodwill is carried out separately for each goodwill item over a rational time period of 20 years or less.

<Note concerning change in accounting method>

(Application of accounting standard for retirement benefits)

Starting with the fiscal year that ended in March 2014, Konica Minolta is using Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012). (However, this excludes the main text of clause 35 of this accounting standard and clause 67 of this guidance.) As a result, Konica Minolta has changed to the method of recording the amount remaining after deducting plan assets from projected benefit obligations as retirement benefit liabilities. Unrecognized actuarial gains and losses and unrecognized past service expenses are recognized as liabilities for retirement payments.
Due to the application of this accounting standard and guidance, based on the handling of retroactive adjustments as prescribed in paragraph 37 of the retirement benefit accounting standard, the monetary effect of this change has been incorporated in the accumulated adjustment for retirement payments in accumulated other comprehensive income.
The result of this change was a net retirement benefit liability of ¥53,563 million as of March 31, 2014. In addition, accumulated other comprehensive income decreased ¥8,497 million.
Information about the effect on per share data is provided in <Notes on Per-Share Information>.

<Notes to Consolidated Balance Sheet>

1. Assets used for collateral and Secured Obligations

(1) Assets used for collateral

Accounts Receivable-trade	¥12 million
Vehicles	¥3 million

(2) Secured Obligations

Short-term Loans payable	¥13 million
Long-term loans due within one year	0 million
Long-term loans	2 million

2. Accumulated depreciation on tangible noncurrent assets ¥470,778 million

3. Breakdown of inventories

Merchandise and Finished Goods	¥87,807million
Work in Process	¥9,609 million
Raw Materials and Stores	¥17,858 million

4. Balance of guaranteed obligations

Guaranteed obligations (guarantees for bank loans and lease obligations, etc. of unconsolidated companies, etc.) ¥427 million

<Notes to Consolidated Statement of Changes in Shareholders' Equity>

1. Issued Shares

Type of shares	End of previous fiscal year	Increase	Decrease	End of fiscal year under review
Common shares	shares 531,664,337	shares -	shares -	shares 531,664,337

2. Treasury stock

Type of shares	End of previous fiscal year	Increase	Decrease	End of fiscal year under review
Common shares	shares 1,346,048	shares 15,402,953	shares 28,313	shares 16,720,688

(Summary of reasons for change)

The principal reasons for increase were as follows:

Increase in treasury stock based on Board of Directors resolution 15,365,000 shares

Increase related to requests to purchase shares less than full trading units: 37,953shares

Note: On January 30, 2014, the Board of Directors approved a resolution for the repurchase of stock in accordance with Article 156 of the Company Law, which is applied pursuant to Article 165, Paragraph 3 of this act.

The principal reasons for decrease were as follows:

Reduction related to exercise of stock acquisition rights: 27,500 shares

Reduction related to shareholders' buying to complete full trading units: 813shares

3. Dividends

(1) Dividends paid

Decision	Type of shares	Total dividend value (millions of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors May 10, 2013	Common shares	3,977	7.50	March 31, 2013	May 27, 2013
Board of Directors October 31, 2013	Common shares	5,303	10.00	September 30, 2013	November 27, 2013

Note: On October 31, 2013, the Board of Directors approved a resolution to pay an interim dividend of ¥10 per share, which includes a ¥2.50 commemorative dividend.

(2) Dividends for the record date belonging to the current fiscal period but effective in the next fiscal period

Decision	Type of shares	Total dividend value (millions of yen)	Dividend source	Dividend per share (yen)	Record date	Effective date
Board of Directors May 9,2014	Common shares	3,862	Retained earnings	7.50	March 31, 2014	May 27, 2014

4. Stock subscription rights

Breakdown of stock subscription rights	Type of shares under stock subscription rights	Number of shares under stock subscription rights
First issue of stock compensation-type stock options for 2005	Common shares	75,000 shares
Second issue of stock compensation-type stock options for 2006	Common shares	54,500 shares
Third issue of stock compensation-type stock options for 2007	Common shares	67,000 shares
Fourth issue of stock compensation-type stock options for 2008	Common shares	81,500 shares
Fifth issue of stock compensation-type stock options for 2009	Common shares	155,000 shares
Sixth issue of stock compensation-type stock options for 2010	Common shares	174,000 shares
Seventh issue of stock compensation-type stock options for 2011	Common shares	228,000 shares
Eighth issue of stock compensation-type stock options for 2012	Common shares	280,500shares
Ninth issue of stock compensation-type stock options for 2013	Common shares	257,500 shares
Total		1,373,000 shares

<Notes to Financial Instruments>

1. Matters relating to the status of financial instruments

The Konica Minolta Group raises short-term working capital mainly with bank borrowings and invests temporary surplus funds in financial instruments with extremely low risk. The Group has decided to engage in derivatives transactions within the scope of actual demand in accordance with its internal regulations.

In principle, the risk of currency fluctuations relating to receivables and payables denominated in foreign currencies are hedged using the forward exchange contract and currency option transactions. With respect to the interest volatility risk relating to some loans payable and costs fluctuations risk for future capital procurement, we try to fix interest expenses using the currency swaps and interest-rate swaps.

Investment securities consist mainly of stocks, and the market values of listed stocks are determined on a quarterly basis.

We try to reduce the credit risk of customers relating to notes and accounts receivable-trade through regular monitoring and the comprehensive management of deadlines and balances.

2. Matters relating to fair market values, etc. of financial instruments

The consolidated balance sheet amount, the fair market value and the difference between the two on March 31, 2014 (the closing date of the consolidated fiscal year under review) are as follows.

[Millions of yen]

	Consolidated balance sheet amount	Fair market value	Difference
(1) Cash and deposits	95,490	95,490	―
(2) Notes and accounts receivable-trade	220,120	220,120	―
(3) Securities and investment securities			
(i) Held-to-maturity receivables	10	10	―
(ii) Other securities	119,127	119,127	―
(4) Notes and accounts payable-trade	(96,240)	(96,240)	―
(5) Short-term loans payable	(37,078)	(37,078)	―
(6) Current portion of long-term loans payable	(27,003)	(27,008)	(5)
(7) Bonds payable	(70,000)	(71,040)	(1,040)
(8) Long-term loans payable	(62,042)	(60,918)	1,123
(9) Derivatives transactions	(529)	(529)	―

1) Items that are posted in liabilities are enclosed in parentheses.
2) Net receivables and payables generated from derivatives trading are shown. Items generating net payables are enclosed in parentheses.

(Note 1) Methods of calculating the fair market value of financial instruments and matters relating to securities and derivatives transactions

(1) Cash and deposits and (2) Notes and accounts receivable-trade

As they are settled in a short period and their market values are nearly identical to their book values, the book values are used.

(3) Securities and investment securities

For the fair market values of securities and investment securities, the prices of stocks are based on the value on the relevant stock exchanges and the prices of receivables are based on the value indicated by relationship financial institutions.

(i) As held-to-maturity receivables are entirely school bonds and the creditworthiness of the issuers has not changed materially from the time of acquisition, their book values are used.

(ii) The acquisition cost, consolidated balance sheet amount and difference between them of other securities are as follows.

[Millions of yen]

	Type	Acquisition cost	Consolidated balance sheet amount	Difference
Consolidated balance sheet amount exceeding the acquisition cost	Stocks	12,741	21,763	9,021
	Others	10	20	9
Consolidated balance sheet amount not exceeding the acquisition cost	Stocks	4,998	4,340	(658)
	Receivables	6,000	5,999	(0)
	Negotiable deposit	87,000	87,000	—
	Others	5	4	(1)
Total		110,757	119,127	8,370

(4) Notes and accounts payable-trade, and (5) Short-term loans payable

As they are settled in a short period and their fair market values are nearly identical to their book values, the book values are used.

(6) Current portion of long-term loans payable, and (8) Long-term loans payable

For the fair market values of long-term loans payable at fixed interest rates, the total amount of the principal and interest is discounted using a rate that is assumed to be applied when a similar loan is newly borrowed.

For the fair market values of long-term loans payable at variable interest rates, as the credit risk of the Company has not changed materially and the market values are nearly identical to their book values, the book values are used.

(7) Bonds payable

The book value of corporate bonds is based on the value indicated by relationship financial institutions.

(9) Derivatives transactions

(i) Those which the hedge accounting does not apply to

The contract amount or the amount equivalent to the principal set forth in the contract for each type of hedged item in derivatives transactions on the consolidated closing date, the fair market value and valuation gains or losses, and the method of calculating fair market value are as follows:

(a) Currency-related derivatives

[Millions of yen]

Category	Type	Contract amount, etc.		Fair market value	Valuation gains or losses
			More than one year		
Transactions other than market transactions	Forward exchange contracts	20,965	—	(170)	(170)
	Currency swap transactions	7,376	—	(299)	(299)

(Note) The fair market values of forward exchange contracts are calculated using forward exchange rates, and the fair market values of currency swap transaction are calculated using prices offered by relationship financial institutions.

(ii) Those which the hedge accounting applies to

The contract amount or the amount equivalent to the principal set forth in the contract, etc. for each method of hedge accounting on the consolidated closing date are as follows:

(a) Currency-related derivatives

[Millions of yen]

Method of hedge accounting	Type etc. of derivatives transactions	Major hedged items	Contract amount, etc.		Fair market value
				More than one year	
Fundamental treatment method	Forward exchange contracts	Accounts receivable-trade	9,660	-	(51)
	Currency option transactions Long put・Short call	Accounts receivable-trade	1,278	-	(7)
Designated accounting for currency swaps	Currency swap transactions	Long-term loans payable	4,450	4,450	(＊)

(Note) 1. The fair market values of forward exchange contracts are calculated using forward exchange rates, and the fair market values of currency swap transaction are calculated using prices offered by relationship financial institutions.
2. Aggregate currency option transactions are shown because they are zero-cost options and puts and calls are unified contracts.

(＊) When deferral hedge accounting is used for currency swaps, this treatment is used collectively with long-term loans subject to the hedges. As a result, fair value includes the fair value of the applicable long-term loans (see (8) above).

(b) Interest rate related derivatives

[Millions of yen]

Method of hedge accounting	Type etc. of derivatives transactions	Major hedged items	Contract amount, etc.		Fair market value
				More than one year	
Specified hedge accounting of interest rate swap	Interest rate swap transactions	long-term loans payable	22,450	22,450	(＊)

(＊) As interest rate swaps subject to the special treatment of interest rate swap are accounted for as a single item with underlying long-term loans, which are hedged items, their market values are included in those of long-term loans (see (8) above).

(Note 2)
As unlisted stocks (consolidated balance sheet amount of ¥ 1,049 million) and shares of affiliates (consolidated balance sheet amount ¥ 2,067 million) do not have market values, it is considered extremely difficult to calculate their fair market values. Therefore, they are not included in “(3) (ii) Other securities.”

<Notes to Real Estates for Rent, etc.>

1. Matters regarding the status of real estates for rent, etc.
The Company and some consolidated subsidiaries have office buildings for rent and idle assets, etc. in Japan and overseas.

2. Matters regarding fair market values, etc. of real estates for rent, etc.

[Millions of yen]

Consolidated balance sheet amount	Fair market value as of the end of the fiscal year under review
4,944	6,234

(Note 1) Consolidated balance sheet amount is calculated by subtracting accumulated depreciation and accumulated impairment losses from acquisition cost.
(Note 2) Fair market value as of the end of the fiscal year under review is recorded as follows:

(1) Amount of primary domestic real estates has been calculated by the Company based on the method similar to real-estate appraisal standards. However, if changes in a performance indicator that is believed to properly reflect the market price have been insignificant, such domestic real estate have been evaluated by real-estate appraisal at the immediate appraisal. Other domestic real estates have been calculated based on a certain appraisal or the criteria which seems to reflect the fair market value correctly.

(2) Overseas real estates have been primarily calculated by real-estate appraisal by local appraisers.

<Notes on Per-Share Information>

1. Net assets per share ¥929.04
2. EPS ¥41.38

Note: As is explained in <Note concerning change in accounting method>, the retirement benefit accounting method is applied and the transitional treatment prescribed in paragraph 37 of the retirement benefit accounting standard is used. As a result of this change, net assets per share decreased ¥16.50 in the fiscal year.

<Significant Subsequent Events>

None

<Other Notes>

1. The primary component of the asset impairment loss is a ¥3,566 million loss on buildings, etc. located in the cities of Hino and Kofu. The loss is due to the termination of internal film production in the Healthcare Business, which resulted in the write-down of the net sales price of idle assets to a memorandum value because of the difficulty of calculating a sales price. The asset impairment loss due to termination of production of HDD glass substrates is included in the business termination loss in the consolidated profit and loss statement.
2. Business structural improvement expenses are mainly for structural reforms at European and North American sales bases of the Business Technologies Business, a review of manufacturing operations for cell phone lens units in the Industrial Business, and the termination of internal film production in the Healthcare Business.
3. The business termination loss is a loss resulting from stopping manufacturing HDD glass substrates in the Industrial Business. This loss includes an ¥11,899 million asset impairment loss, a loss on the disposal of inventories and other items. The asset impairment loss consists of the following items.

Use	Type	Place	Price
Manufacturing facilities for HDD glass substrates and others	Machinery, buildings and others	Malaysia, Itami City (Hyogo prefecture), Iruma City (Saitama prefecture) and others	11,899 million yen

(*)Asset impairment loss: Machinery, equipment and vehicles ¥6,113 million; buildings and structures ¥5,192 million; tools, furniture and fixtures ¥593 million

(1) Method for asset grouping

Assets are grouped according to product categories and locations of business sites.

(2) Reason for recognition of asset impairment loss

Due to the decision to terminate the production of HDD glass substrates, the book value of the assets in this group was written down to the amount that can be recovered and the resulting reduction was included in the loss on termination of a business.

(3) Method for calculating amount that can be recovered

The amount that can be recovered for the HDD glass substrate asset group was determined by using the net sales price. These assessments used the real estate appraisal standard price for buildings, etc. and reasonable estimates for other assets.

4. Special extra retirement payments are additional payments to individuals who receive additional benefits by participating in the early retirement program.
5. Group reorganization expenses are expenses associated with the reorganization of the group’s management structure on April 1, 2013.
6. The item concerning business combinations, etc. is as follows.

(Reorganization of the group’s management structure)

On April 1, 2013, Konica Minolta merged with Konica Minolta Business Technologies, Inc. and six other group companies.

I. Purpose of business combination

The purpose of the reorganization of the group’s management structure is to raise the speed of measures for increasing corporate value. Goals are to strengthen innovative management capabilities in the Business Technologies Business, utilize group resources in a strategic and agile manner, and establish frameworks for more efficient business operations.

II. Scheme for the business combination

1. Merger method

This was an absorption-type merger in which Konica Minolta was the surviving company. The other seven group companies were terminated.

2. Allotment of shares and other items concerning the merger

No shares, cash or other assets were allotted in relation to the merger because Konica Minolta held all shares of the seven companies that were involved in this merger.

III. Summary of companies merged (Year ended March 31, 2014, non-consolidated)

(1) Trade name	Konica Minolta Business Technologies, Inc.	Konica Minolta Advanced Layers, Inc.
(2) Description of businesses	Manufacturing and sale of multi-functional peripherals (MFPs), printers, and equipment for production print systems and graphic arts, providing related solution services	Manufacturing and sale of electronic materials (TAC films etc.), lighting source panels, and performance materials (including heat insulation films)
(3) Capital	¥400 million	¥400 million
(4) Net assets	¥140,744 million	¥37,922 million
(5) Total assets	¥203,548 million	¥62,257 million

(1) Trade name	Konica Minolta Optics, Inc.	Konica Minolta Medical & Graphic, Inc.
(2) Description of businesses	Manufacturing and sale of optical products (including pickup lenses) and measuring instruments for industrial and healthcare applications	Manufacturing and sale of consumables and equipment for healthcare systems
(3) Capital	¥400 million	¥400 million
(4) Net assets	¥11,207 million	¥21,726 million
(5) Total assets	¥51,430 million	¥47,653 million

(1) Trade name	Konica Minolta IJ Technologies, Inc.	Konica Minolta Technology Center, Inc.	Konica Minolta Business Expert, Inc.
(2) Description of businesses	Manufacturing and sale of inkjet printheads, inks and textile printers for industrial use	Provision of services to group companies including R&D, customized product design and management of intellectual property assets	Provision of various shared services for the Group in the field of engineering, environment, safety and others
(3) Capital	¥10 million	¥50 million	¥495 million
(4) Net assets	¥5,582 million	¥2,895 million	¥6,683 million
(5) Total assets	¥9,329 million	¥9,161 million	¥9,498 million

IV. Status after the Merger

1. Trade name: Konica Minolta, Inc.
2. Location of head office: 2-7-2 Marunouchi, Chiyoda-ku, Tokyo
3. Title and name of representative: Masatoshi Matsuzaki, Representative Executive Officer and President (Shoei Yamana was named president and representative executive officer on April 1, 2014.)
4. Description of businesses
   - Development, manufacture, and sales of products including MFPs, printers, equipment for production printing systems, equipment for healthcare systems, measuring instruments for industrial and healthcare applications, inkjet printheads and textile printers for industrial use, and providing related consumables and solution services, etc.
   - Development, manufacture, and sales, etc. of electronic materials (TAC films, etc.), lighting source panels, functional films (heat insulation films, etc.), and optical products (lens units, etc.)
5. Capital: ¥37,519 million

V. Summary of accounting treatment

This merger was a common control transaction in accordance with Accounting Standards for Business Combinations (ASBJ Statement No. 21, December 26, 2008) and Revised Guidance on Accounting Standard for Business Combinations (ASBJ Guidance No. 10, December 26, 2008).

7. Revisions of deferred tax assets and liabilities due to change in corporate income tax rate, etc.

The Act to Partially Amend the Income Tax Act (Law No. 10 of 2014) was announced on March 31, 2014 and ends the special corporate tax for reconstruction beginning with fiscal years that start on April 1, 2014 and afterward. In addition, the Local Corporate Tax Act (Law No. 11 of 2014) was announced on March 31, 2014. This act lowers the corporate residents tax rate and establishes the local corporate tax in an amount equal to this reduction beginning with fiscal years that start on or after October 1, 2014. Due to these two new laws, the statutory tax rate used to calculate deferred tax assets and liabilities has been lowered from 38.01% to 35.64% for temporary differences that are expected to settle in fiscal years starting on or after April 1, 2014. For temporary differences that are expected to settle in fiscal years that start on or after October 1, 2014, the corporate tax portion has been increased from 23.71% to 24.75% and the residents tax portion has been lowered from 4.91% to 3.86%. These changes reduced net deferred tax assets (deferred tax assets minus deferred tax liabilities) by ¥2,139 million and deferred gains or losses on hedges by ¥1 million and as of March 31, 2014 and increased deferred income taxes by ¥2,137 million yen in the fiscal year that ended in March 2014.

8. Figures given in the text have been rounded down to the nearest million.

Independent Auditor's Report

May 8, 2014

The Board of Directors
Konica Minolta, Inc.

KPMG AZSA LLC

Yoshihiko Nakamura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroo Iwaide (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shinji Someha (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholder's equity and the notes to consolidated financial statements of Konica Minolta, Inc. ("the Company") as at March 31, 2014 and for the year from April 1, 2013 to March 31, 2014 in accordance with Article 444 (4) of the Company Law.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for the establishment and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Company Law

Balance Sheet

(As of March 31, 2014) [Millions of yen]

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**334,559**	**Current liabilities**	**159,984**
Cash and deposits	44,405	Notes payable	6,812
Notes receivable – trade	3,347	Accounts payable – trade	46,508
Accounts receivable – trade	90,597	Short-term loans payable	34,721
Securities	92,999	Current portion of long-term loans payable	27,001
Inventories	36,588	Lease obligations	159
Prepaid expenses	1,744	Unpaid expenses	26,182
Deferred tax assets	11,337	Accrued expenses	8,459
Short-term loans receivable	55,435	Income taxes payable	998
Accounts receivable – other	6,609	Advances received	557
Income taxes refund receivable	1,516	Provision for bonuses	6,511
Other	3,044	Provision for directors' bonuses	211
Allowance for debt accounts	(13,066)	Provision for product warranties	195
		Other	1,666
Noncurrent assets	**345,120**		
Property, plant and equipment	**100,973**	**Noncurrent liabilities**	**155,521**
Buildings, net	35,608	Bonds payable	70,000
Structures, net	1,972	Long-term loans payable	58,952
Machinery and equipment, net	11,393	Lease obligations	241
Vehicles, net	28	Deferred tax liabilities for land revaluation	4,555
Tools, furniture and fixtures, net	8,482	Provision for retirement benefits	20,246
Land	31,181	Asset retirement obligations	984
Lease assets, net	376	Other	540
Construction in progress	11,928	**Total liabilities**	**315,506**
		Net assets	
Intangible assets	**13,833**	**Shareholder's equity**	**349,430**
Software	9,673	**Capital stock**	**37,519**
Other	4,159	**Capital surplus**	**135,592**
		Capital reserve	135,592
Investments and other assets	**230,313**	**Retained earnings**	**193,641**
Investment securities	26,140	Other retained earnings	193,641
Stock of affiliated companies	97,927	Retained earnings carried forward	193,641
Investments-affiliated companies	75,321	**Treasury stock**	**(17,322)**
Long-term prepaid expenses	2,544		
Deferred tax assets	25,053		
Other	3,384	**Valuation and translation adjustments**	**13,832**
Allowance for doubtful accounts	(58)	Valuation difference on available-for-sale securities	5,654
		Deferred gains or losses on hedges	(38)
		Land revaluation difference	8,216
		Subscription rights to shares	**910**
		Total net assets	**364,173**
Total assets	**679,679**	**Total liabilities and shareholders' equity**	**679,679**

Statement of Income

(From April 1, 2013 to March 31, 2014) [Millions of yen]

Item	Amount	
Net sales		**472,449**
Cost of sales		294,572
Gross profit		**177,876**
Selling, general and administrative expenses		143,331
Operating income		**34,545**
Non-operating income		
Interest and dividends income	6,667	
Foreign exchange gains	1,268	
Miscellaneous income	2,170	10,106
Non-operating expenses		
Interest expenses	1,644	
Miscellaneous expense	2,859	4,503
Ordinary income		**40,148**
Extraordinary income		
Gain on sales of non-current assets	300	
Gain on sales of investment securities	69	
License related income	809	
Gain on extinguishment of tie-in shares	115,046	116,225
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,150	
Loss on valuation of investment securities	48	
Loss on valuation of shares of subsidiaries and associates	8,561	
Provision of allowance for doubtful accounts	11,460	
Impairment loss	4,748	
Business structure improvement expenses	1,205	
Loss on business withdrawal	2,226	
Group restructuring expenses	118	
Special extra retirement payments	3,018	32,538
Net income before taxes		**123,836**
Income taxes-current	115	
Income taxes-deferred	(12,998)	(12,883)
Net income		**136,719**

Statement of Changes in Net Assets

(From April 1, 2013 to March 31, 2014) [Millions of yen]

	Shareholder's equity							
	Capital stock	Additional paid-in capital: Capital reserve	Additional paid-in capital: Other Capital surplus	Additional paid-in capital: Total Additional paid-in capital	Retained earnings: Other retained earnings: Retained earnings carried forward	Retained earnings: Total retained earnings	Treasury stock	Total shareholder's equity
Balance at April 1, 2013	**37,519**	**135,592**	**—**	**135,592**	**66,457**	**66,457**	**(1,548)**	**238,021**
Changes of items during period								
Dividends of surplus					(9,280)	(9,280)		(9,280)
Net income					136,719	136,719		136,719
Purchase of treasury stock							(15,806)	(15,806)
Disposal of treasury stock					(11)	(11)	32	20
Reversal of revaluation reserve for land					(243)	(243)		(243)
Net changes of items other than shareholders' equity								
Total changes of items during period	**—**	**—**	**—**	**—**	**127,183**	**127,183**	**(15,774)**	**111,409**
Balance at March 31, 2014	**37,519**	**135,592**	**—**	**135,592**	**193,641**	**193,641**	**(17,322)**	**349,430**

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation difference	Total valuation and translation adjustments		
Balance at April 1, 2013	**3,789**	**(61)**	**7,972**	**11,701**	**764**	**250,487**
Changes of items during period						
Dividends of surplus						(9,280)
Net income						136,719
Purchase of treasury stock						(15,806)
Disposal of treasury stock						20
Reversal of revaluation reserve for land			243	243		—
Net changes of items other than shareholders' equity	1,865	23	—	1,888	145	2,033
Total changes of items during period	**1,865**	**23**	**243**	**2,131**	**145**	**113,686**
Balance at March 31, 2014	**5,654**	**(38)**	**8,216**	**13,832**	**910**	**364,173**

Notes to Financial Statements

<Summary of Significant Accounting Policies>

1. Criteria and methods for evaluating securities

(1) Shares of subsidiaries and affiliates

Shares of subsidiaries and affiliates are stated at cost using the moving-average method.

(2) Other securities

Securities with fair market value are stated using the mark-to-market method based on the market price at the balance sheet date. (Total net unrealized gains or losses after tax effect adjustment are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.)

Other securities that do not have fair market value are primarily stated at cost using the moving-value average.

2. Criteria and methods for evaluating derivatives

Derivatives are stated using the mark-to-market method.

3. Inventory valuation standard and method

The value of inventories is determined by using the cost method based on the gross-average method (book values are reduced to reflect declines in profitability).

4. Depreciation and amortization of noncurrent assets

(1) **Property, plant and equipment** (excluding lease assets)

The declining-balance method is used. However, the straight-line method is used for buildings (excluding annexed structures) acquired since April 1, 1998.

(2) Intangible assets

The straight-line method is used. For software for internal use, the straight-line method is adopted based on a licensing period of five years.

(3) Lease assets

Lease assets arising from finance lease transactions not involving transfer of ownership

Depreciation is computed using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero. Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.

5. Standards for Allowances

(1) Allowance for doubtful accounts

To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectables. For specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.

(2) Provision for bonuses

To prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees is recorded.

(3) Provision for directors' bonuses

To prepare for the payment of directors' and officers' bonuses, an amount corresponding to the projected value of bonus payments to directors and officers for the fiscal year under review is recorded.

(4) Provision for product warranties

The provisioning of free after-sales service for products is recorded based on past after-sales service expenses as a percentage of net sales.

(5)Provision for retirement benefits

In order to provide employee retirement benefits, the amount recorded by the Company is based on projected benefit obligations and pension assets at the end of the fiscal year.

Prior service cost is being amortized as incurred by the straight-line method over periods (10 years) which are shorter than the average remaining years of service of the employees.

Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized, primarily by the straight-line method over periods (10 years) which are shorter than the average remaining years of service of the employees.

The accounting method for undisposed unrecognized past service expenses and unrecognized actuarial gains and losses is different from the accounting method used for the consolidated financial statements.

6. Accounting methods for hedge transactions

(1) Hedge accounting methods

The deferred hedge method is mainly used. Deferral hedge accounting is used for currency swaps that meet the conditions, and special accounting methods are used for interest rate swaps that meet certain conditions, respectively.

(2) Hedging methods and hedging targets

The hedge methods are forward exchange contracts, currency option transactions, currency swaps and interest rate swaps are used as the hedge method.

The hedge targets are scheduled foreign currency denominated transactions, loans and borrowings.

(3) Hedge policy

The Company and consolidated subsidiaries enter into forward foreign exchange contracts and currency option transactions as hedging instruments only, not for trading purpose to make profits, within the limit of actual foreign transactions to reduce risk arising from future fluctuations of foreign exchange rates.

In addition, the Company and consolidated subsidiaries enter into currency swaps and interest rate swaps to make interest rates on borrowings stable, to reduce the risk of cost fluctuations for future capital procurement, or to make interest income from loans stable, not for speculation purpose, within the limit of actual financial or operating transactions.

(4) Methods for evaluating the effectiveness of hedges

Verification is made to ascertain a high correlation between value fluctuations of hedged items, cash flows and hedge instruments.

7. Consumption tax

The tax-exclusion method is used to account for consumption taxes and local consumption taxes. In addition, asset-related consumption tax that cannot be excluded is accounted for as deferred consumption taxes, etc., in the long-term prepaid expenses item and amortized over a five-year period by the straight-line method.

8. Consolidated tax payment system

Consolidated tax payment system is adopted.

(Additional information)

The Company merged with seven group companies on April 1, 2013 and changed from a pure holding company to an operating company. Due to this change, there are significant differences in the financial condition and results of operations between the fiscal years that ended in March 2013 and March 2014.

<Notes to Balance Sheet>

1. Accumulated depreciation of tangible noncurrent assets ¥327,560 million

2. Receivables from affiliated companies and payables to affiliated companies

Short-term receivables	¥121,538 million
Short-term payables	¥70,985 million
Long-term payables	¥3 million

3. Comprehensive income attributable to inventories

Merchandise and finished goods	¥20,207 million
Work in process	¥10,507 million
Raw materials and supplies	¥5,874 million

4. Land revaluation

Land for industrial purposes that had been revaluated based on the Law Concerning Land Revaluation (Law No. 34 implemented on March 31, 1998) was received from Minolta Co., Ltd. on October 1, 2003, at the time of the merger. The amount corresponding to taxes on the amount of the land revaluation is included under the item deferred tax liabilities for land revaluation. An amount equivalent to the amount of the revaluation less the deferred tax liability has been entered in shareholders' equity as the land revaluation difference.

(1) Method of revaluation

The value of the land has been evaluated according to the value appraisal method for land fronting major roads, as provided for in Article 2−4 of the Enforcement Orders for the Law Concerning Land Revaluation (Enforcement Orders No. 119, implemented on March 31, 1998) and the method for valuation of noncurrent assets provided for in Article 2−3 of the Enforcement Orders.

(2) Date of revaluation March 31, 2002

(3) The difference between the market value of the revalued land at the end of the fiscal year under review and the book value following revaluation ¥(8,041 million)

5. Loan commitment

The Company has loan agreements with subsidiaries concerning financial matters for group companies and has established credit lines for 10 of these subsidiaries. The available loan balance at the end of the fiscal year under review under these agreements is as follows.

Total loan limit	¥76,318 million
Disbursed loan balance	¥55,242 million
Available loan balance	¥21,075 million

6. Pension assets in retirement benefit trust

The Company operates with two types of retirement benefit plans: a lump-sum payment plan and a defined benefit pension plan.

Provision for retirement benefits and pension assets in retirement benefit trust at year end by retirement benefit plan are as follows.

[Millions of yen]

	Provision for retirement benefits (before deduction of pension assets in retirement benefit trust)	Pension assets in retirement benefit trust	Provision for retirement benefits (After deduction of pension assets in retirement benefit trust)
Lump-sum payment plan	9,427	—	9,427
Defined benefit pension plan	19,076	8,257	10,818
Total	28,503	8,257	20,246

<Notes to Statement of Income>

Transactions with affiliated companies

Operating revenue	¥317,536 million
Operating expense	¥235,515 million
Other operating transactions	¥17,610 million
Other non-operating transactions	¥7,442 million

<Notes to Statement of Changes in Shareholders' Equity>

Type and number of treasury stock at end of period

Common shares	16,720,688 shares

(Additional information)

On January 30, 2014, the Board of Directors of the Company approved a resolution to authorize the repurchase of stock as prescribed in Article 156 of the Company Law as applied pursuant to Article 165, Paragraph 3 of this act, and repurchased stocks accordingly.

<Notes on Tax Effect Accounting>

1. Breakdown by cause of deferred tax assets and liabilities

Deferred tax assets	
Net operating tax loss carried forward	¥23,443 million
Loss on valuation of shares of subsidiaries and associates	¥18,122 million
Net defined benefit liability	¥13,386 million
Allowance for doubtful accounts	¥4,786 million
Excess of depreciation and amortization over deductible limit	¥2,495 million
Provision for bonuses	¥2,320 million
Loss on valuation	¥1,374 million
Other	¥5,782 million
Deferred tax assets subtotal	¥71,712 million
Valuation allowance	¥ (28,770) million
Total deferred tax assets	¥ 42,942 million
Deferred tax liabilities	
Revaluation difference of marketable securities	¥(2,682) million
Gain on establishment of employee pension trust	¥(2,010) million
Loss (gain) on transfer of business	¥(1,611) million
Other	¥(246) million
Total deferred tax liabilities	¥(6,551) million
Net deferred tax assets	¥36,391 million

2. Deferred tax liabilities related to revaluation

Deferred tax liabilities related to revaluation of land	¥(4,555 million)

3. Revisions of deferred tax assets and liabilities due to change in corporate income tax rate, etc.

The Act to Partially Amend the Income Tax Act (Law No. 10 of 2014) was announced on March 31, 2014 and ends the special corporate tax for reconstruction beginning with fiscal years that start on April 1, 2014 and afterward. In addition, the Local Corporate Tax Act (Law No. 11 of 2014) was announced on March 31, 2014. This act lowers the corporate residents tax rate and establishes the local corporate tax in an amount equal to this reduction beginning with fiscal years that start on or after October 1, 2014. In conformation with these two new laws, the statutory tax rate used to calculate deferred tax assets and liabilities has been lowered from 38.01% to 35.64% for temporary differences that are expected to be amortized in fiscal years starting on or after April 1, 2014. For temporary differences that are expected to be amortized in fiscal years that start on or after October 1, 2014, the corporate tax portion has been increased from 23.71% to 24.75% and the residents tax portion has been lowered from 4.91% to 3.86%. These changes reduced net deferred tax assets (deferred tax assets minus deferred tax liabilities) by ¥1,844 million and deferred gains or losses on hedges by ¥1 million and as of March 31, 2014 and increased deferred income taxes by ¥1,843 million yen in the fiscal year that ended in March 2014.

<Notes on Leased Noncurrent Assets>

In addition to the noncurrent assets recorded on the balance sheet, the Company has other significant noncurrent assets which it uses under lease contracts, notably computer equipment. Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.

<Notes on Related-Party Transactions>
Subsidiaries, etc.

[Millions of yen]

Attribute	Name of company, etc.	Equity ownership percentage	Relationship with the Company		Description of transactions	Transaction amount	Account item	Ending balance
			Executive posts concurrently held	Business relationship				
Subsidiary	Konica Minolta Holdings U. S. A., Inc.	(Ownership) Direct 100%	One Executive of the Company	U.S. holding company	Lending of funds (See Note 1.)	16,966	Short-term loans	16,467
Subsidiary	Konica Minolta Business Solutions, Inc.	(Ownership) Direct 100%	—	Sale of multi-functional peripherals (MFPs), printers, equipment for production print systems and graphic arts, and related supplies in Japan, and providing related solution services	Sales of products (See Note 2)	33,814	Accounts receivable -trade	12,907
Subsidiary	Konica Minolta Business Solutions Europe GmbH	(Ownership) Direct 100%	One Executive of the Company	Sale of multi-functional peripherals (MFPs), printers, equipment for production print systems and graphic arts, and related supplies in Europe, and providing related solution services	Lending of funds (See Note 1.)	58	Short-term loans	21,300
					Sales of products (See Note 2)	113,634	Accounts receivable -trade	13,570
Subsidiary	Konica Minolta Business Solutions U.S.A., Inc.	(Ownership) Indirect 100%	One Executive of the Company	Sale of multi-functional peripherals (MFPs), printers, equipment for production print systems and graphic arts, and related supplies in U.S.A., and providing related solution services	Sales of products (See Note 2)	83,084	Accounts receivable -trade	11,069
Subsidiary	Konica Minolta Business Technologies Manufacturing (HK) Ltd.	(Ownership) Direct 100%	—	Manufacturing and sale of multi-functional peripherals (MFPs), printers and supplies for those	Purchases of products (See Note 2)	47,740	Accounts payable-trade	9,426
Subsidiary	Konica Minolta Business Technologies (WUXI) Co., Ltd.	(Ownership) Direct 15% Indirect 85%	—	Manufacturing and sale of multi-functional peripherals (MFPs), printers and supplies for those	Purchases of products (See Note 2)	74,672	Accounts payable-trade	8,033
Subsidiary	Konica Minolta Business Technologies (DONGGUAN) Co., Ltd.	(Ownership) Indirect 100%	—	Manufacturing and sale of multi-functional peripherals (MFPs), printers and supplies for those	Purchases of products (See Note 2)	49,151	Accounts payable-trade	8,655

Subsidiary	Konica Minolta Glass Tech Malaysia Sdn. Bhd.	(Ownership) Direct 100%	—	— (See Note 3)	Lending of funds (See Note 3)	6,063	Short-term loans	14,533

The transaction amount does not include consumptions tax. The ending-balance of Accrued income and Unpaid expenses includes consumption tax.

(Notes) Transaction terms and policy for determining transaction terms

1. Regarding the lending of funds, the Company enters into loan agreements concerning group financing with subsidiaries, setting a limit. The interest rate is determined based on market rates.
   The transaction amount is the average loan balance over the period under review.
2. Terms for purchases and sales of products and other items are determined by price negotiations in each fiscal year that take into account market prices and the cost of sales.
3. In association with the shutdown of the HDD glass substrate business, Konica Minolta Glass Tech Malaysia Sdn. Bhd. will be dissolved and this company is no longer obligated to pay interest on loans. Furthermore, an addition of ¥10,899 million has been made to the allowance for doubtful accounts for the amount of Konica Minolta Glass Tech Malaysia receivables that the Company does not expect to collect. An addition of ¥10,899 million was made to the allowance for doubtful accounts in the fiscal year that ended on March 31, 2014.

<Notes on Per Share Information>

Net assets per share	¥705.44
Net income per share	¥258.81

<Note concerning significant subsequent event >

None

<Other Notes>

1. The loss on valuation of shares of subsidiaries and associates mainly represents the write-down of stock of Konica Minolta Glass Tech Malaysia in association with shutting down the HDD glass substrate business in the Industrial Business and Business Technologies Business.
2. The provision of the allowance for doubtful accounts was mainly for ¥10,899 million receivable from Konica Minolta Glass Tech Malaysia Sdn. Bhd. that is not expected to be repaid.
3. The primary component of the impairment loss is a ¥3,566 million loss on buildings, etc. located in the cities of Hino and Kofu. The loss is due to the termination of internal film production in the Healthcare Business, which resulted in the write-down of the net sales price of idle assets to a memorandum value because of the difficulty of calculating a sales price.
4. Business structural improvement expenses are mainly for a review of manufacturing operations for cell phone lens units in the Industrial Business, and the termination of internal film production in the Healthcare Business.
5. The loss on business withdrawal is a loss resulting from shutting down manufacturing HDD glass substrates in the Industrial Business. This loss includes an asset impairment loss of 462 million yen, a loss on the disposal of inventories and other items.
6. Special extra retirement payments are additional payments to individuals who receive additional benefits by participating in the early retirement program.
7. Group restructuring expenses are expenses associated with the reorganization of the group’s management structure on April 1, 2013
8. Items concerning business combinations are as follows.
   (Reorganization of the group’s management structure)
   On April 1, 2013, the Company merged with Konica Minolta Business Technologies, Inc. and six other group companies.
   On April 1, 2013, the Company posted an extraordinary gain (gain on cancellation of shares due to absorption of subsidiaries) of ¥115,046 million, which is the difference between assets and liabilities received from the seven merged companies that were subsequently dissolved and the aggregate book values of the stock of these subsidiaries. This extraordinary gain (gain on cancellation of shares due to absorption of subsidiaries) includes a loss on cancellation of shares of subsidiaries of ¥2,656 million.

Please see the corresponding item of the notes to consolidated financial statements for more information about the purpose of the business combination, a summary and other details.

9. Figures given in the text have been rounded down to the nearest million.

Independent Auditor's Report

May 8, 2014

The Board of Directors
Konica Minolta, Inc.

KPMG AZSA LLC

Yoshihiko Nakamura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroo Iwaide (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shinji Someha (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in shareholder's equity and the notes to financial statements, and the supporting schedules of Konica Minolta, Inc. ("the Company") as at March 31, 2014 and for the 110th business year from April 1, 2013 to March 31, 2014 in accordance with Article 436 (2) (i) of the Company Law.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supporting schedules in accordance with accounting principles generally accepted in Japan, and for the establishment and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements and the supporting schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supporting schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supporting schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supporting schedules. The procedures selected and applied depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supporting schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supporting schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supporting schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and supporting schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Company Law.

[English Translation of the Audit Report Originally Issued in the Japanese Language]

AUDIT REPORT

We, the Audit Committee of Konica Minolta, Inc. ("the Company"), have audited the performance of duties by directors and executive officers during the 110th business year from April 1, 2013 to March 31, 2014. We report the method and results as follows.

1. Method and details of audit

   We, the Audit Committee, have received reports from the executive officers and employees on a regularly basis on the details of the board resolutions with respect to items prescribed in Article 416, Paragraph 1, Item 1, b) and e) of the Company Law, and the status of the establishment and operation of the system established based on such board resolutions (internal control system), sought explanations, whenever the necessity arose, and expressed our opinions. Also, in accordance with the audit standards, audit policy, audit plan, assignment of duties, etc. determined by the Audit Committee and in cooperation with the internal audit division and other internal control divisions of the Company and the auditors of subsidiaries, we verified the process and details of the decision-making at the important meetings, etc., the details of the primary decision documents and other important documents, etc. on the performance of business operations, the status of the performance of the duties of directors, executive officers and others, and the status of business operations and assets of the Company.

   With respect to subsidiaries, we confirmed the status of their business and management by communicating and exchanging information with directors and corporate auditors of the subsidiaries, visiting and attending important meetings, and inspecting important decision documents, etc., whenever the necessity arose.

   Moreover, in addition to monitoring and examining whether the accounting auditor maintained an independent position and performed auditing appropriately, we received reports from the accounting auditor on the performance of its duties and requested explanations when necessary. In addition, we received notice from the accounting auditor that "The systems for ensuring the proper performance of duties" (set forth in each item of Article 131 of the Regulations of Corporate Financial Calculation) are organized in accordance with the "Standards for Quality Control of Audit" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations whenever necessity arose.

   Based on the above methods, we examined the business report, financial statements (balance sheet, statement of income, statement of changes in shareholder's equity, notes to financial statements), supporting schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholder's equity, notes to consolidated financial statements) for the fiscal year under review.

2. Results of audit

   (1) Results of audit of business report, etc.

      i) In our opinion, the Business Report and accompanying schedules fairly represent the condition of the Company in accordance with the laws, regulations and Articles of Incorporation of the Company.

      ii) We have determined that there were no serious occurrences of dishonest or false activity or violations of any laws, regulations or the Company's Articles of Incorporation by any directors or executive officers in carrying out their duties.

      iii) We believe the details of resolutions of the Board of Directors regarding the internal control system are appropriate. We found no matters of note with respect to the execution of duties of executive officers regarding the internal control system.

   (2) Results of audit of financial statements and accompanying schedules

      In our opinion, the audit method and audit results received from the accounting auditor KPMG AZSA LLC are appropriate.

   (3) Results of audit of consolidated financial statements

      In our opinion, the audit method and audit results received from the accounting auditor KPMG AZSA LLC are appropriate.

May 9, 2014

Audit Committee of Konica Minolta, Inc.

Audit Committee Member	Hirokazu Yoshikawa	(Seal)
Audit Committee Member	Shoji Kondo	(Seal)
Audit Committee Member	Takashi Enomoto	(Seal)
Audit Committee Member	Yasuo Matsumoto	(Seal)
Audit Committee Member	Akio Kitani	(Seal)

Note: Mr. Hirokazu Yoshikawa, Mr. Shoji Kondo and Mr. Takashi Enomoto are outside directors as provided for in Article 2, Item 15 and Article 400, Paragraph 3 of the Company Law.