(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Independent Auditors' Reports contained in this document have also been translated by the Company. KPMG AZSA LLC, the Accounting Auditor, has never been involved in this translation and therefore assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

NOTICE OF CONVOCATION OF THE 113TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Konica Minolta, Inc.

Konica Minolta Philosophy

Our Philosophy

The Creation of New Value
Through innovation which only Konica Minolta can provide, we create value and share it with society for the betterment of people's lives today and for the generations to come.

Our 6 Values
Our 6 Values are the essence of our innermost beliefs, our inherited DNA, and define how we go about our business and act towards all our partners. They articulate what we stand for and direct our decision making.

Open and honest
We are convinced that only by acting with integrity and communicating with all our partners in an open and honest way can we create long-lasting partnerships of mutual trust and true significance.

Customer-centric
We exist solely for our customers; always thinking on their behalf, undertaking challenges together with them, and working tirelessly to bring them success and provide excitement that exceeds expectations both now and in the future.

Innovative
Innovation is what drives us. We constantly strive to develop ground-breaking ideas that will form the basis of everything we do going forward, every step of the way.

Passionate
Being passionate, strong-willed and determined is essential to making a meaningful contribution to our customers' businesses and society as a whole.

Inclusive and collaborative
We believe that the power of inclusiveness and collaboration with customers, partners and each other is the best way to come up with game-changing ideas that provide ultimate benefits.

Accountable
Not only must we be individually and collectively responsible and accountable for what we do, all our actions should contribute to the creation of a sustainable society and Konica Minolta.

Our Vision

A global company that is vital to society
Possessing a mindset that drives us to best serve and improve the quality of society in all our activities, we are determined to become a company that is vital to global society by providing excitement that exceeds the expectations of all.

An innovative company that is robust and constantly evolving
We are committed to becoming an innovative company that stands tall in difficult times with a solid and quality business base, ensuring we remain courageous to provide new value in the face of any challenge.

Brand Proposition

Giving Shape to Ideas
It is our pledge to bring the ideas of customers and society to life through innovation and contribute to the creation of a high quality society.

Message from the President

I would like to begin by expressing my appreciation to shareholders for your strong support.
I am pleased to share my thoughts about our goals as part of this notice of the 113th ordinary general meeting of shareholders.
Fiscal 2016 (from April 1, 2016 to March 31, 2017) was the last year of our Medium-Term Business Plan "TRANSFORM 2016." In accordance with the basic policies, we took many actions to achieve high value-addition in our business by transforming Konica Minolta to attain sustainable growth.
The same idea runs through in our new Medium-Term Business Plan "SHINKA 2019," which starts in fiscal 2017, as a path for the Company to earn the support of the public and stay a vital member of society, with our eyes on the future when business environment is set to change with increased intensity and severity.
To help our shareholders understand our efforts, we will display the products and services of Konica Minolta Group at the general meeting of shareholders, as the first-time display last year was welcomed with favorable reviews coming in. I would appreciate it very much if you could attend the meeting.
Based on our management philosophy "The Creation of New Value," we are leveraging the collective strengths of the group as "One Konica Minolta" and aim to achieve sustainable growth.
I ask for your continued support and encouragement as we make progress toward our goals.

*SHINKA means evolution.

May, 2017
Shoei Yamana
Director, President and CEO
Representative Executive Officer

Konica Minolta, Inc.

Securities Code: 4902
May 26, 2017

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 113TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

KONICA MINOLTA, INC. ("the Company") respectfully requests your attendance at the 113th 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., Monday, June 19, 2017, 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: Tuesday, June 20, 2017 at 10.00 a.m.

2. Place: Tokyo Marriott Hotel, B1F "The GOTENYAMA Ballroom"
4-7-36, Kitashinagawa, Shinagawa-ku, Tokyo, Japan

3. Objectives:

Matters to be Reported:

1. Reports on the Business Report, the Consolidated Financial Statements for the 113th Fiscal Year (from April 1, 2016 to March 31, 2017); 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 113th Fiscal Year (from April 1, 2016 to March 31, 2017)

Matters to be Resolved:

Agenda Item: Election of Ten (10) Directors

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

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

- Method of Publication in the Event of Revisions to the Reference Documents, Business Report, Consolidated Financial Statements and the Non-Consolidated Financial Statements

In case of any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, the revised matters will be posted on the Company's website.

Website: http://www.konicaminolta.com/about/investors/event/stock/meeting.html

Guide to the Exercise of Voting Rights, etc.

You may exercise your voting rights in the following three ways.
Please examine the attached Reference Documents for the General Meeting of Shareholders and indicate your approval or disapproval.

Attending Meeting to exercise voting rights

Please bring the enclosed voting form and submit at the reception desk. Meeting will be held at 10:00 a.m., Tuesday, June 20, 2017.

Using mail to exercise voting rights

Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it so it reaches us by 5:40 p.m., Monday, June 19, 2017.

Using the Internet to exercise voting rights

Please use the Company's designated voting website (http://www.evote.jp/) to submit votes concerning the proposals. Votes can be submitted until 5:40 p.m., Monday, June 19, 2017.

Although the exercise of voting rights via the Internet will be acceptable until 5.40 p.m. on Monday, June 19, 2017, we recommend that you exercise your voting rights earlier. If you have any enquiries, please contact the helpdesk shown below.

For enquiries with respect to the system, etc. 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.
The exercise deadline may be set earlier than the voting right exercise period designated by the Company in the voting rights exercise system which institutional investors contracted separately. Please check and we recommend that you exercise your voting rights earlier.

About the exercise of voting rights

1. Any voting right exercised without indicating approval or disapproval for a particular proposal will be counted as a vote for approval of the proposal.
2. 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.
3. 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.
4. 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.
5. 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.
6. If you intend to attend the Meeting in person, voting in writing or using the Internet is unnecessary.

Note in exercising voting rights via the Internet:

- 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.
- 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.
- 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.
- 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.
- 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.
- Any costs arising from access to the website for exercising voting rights (the Internet connection fees, communication fees, etc.) 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.

REFERENCE DOCUMENTS
FOR
THE GENERAL MEETING OF SHAREHOLDERS

AGENDA ITEM
Election of Ten (10) 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 ten (10) Directors will expire. Accordingly, shareholders are requested to elect ten (10) Directors based on the nominations of the Nominating Committee.

The candidates for the position of Director are as follows. For career histories, please refer to pages 8 through 21.

Please refer to pages 57 through 59 for information on the Company's corporate governance structure and refer to the following page for information on the policies regarding the nomination of Director candidates, procedures and other items.

No.	Name	Current Position and Responsibilities at the Company	
1	**Masatoshi Matsuzaki**	Director and Chairman of the Board of the Company Member of Nominating Committee	Up for re-election
2	**Shoei Yamana**	Director, President and CEO, and Representative Executive Officer of the Company	Up for re-election
3	**Kazuaki Kama**	Director of the Company Chairman of Compensation Committee Member of Nominating Committee	Up for re-election Outside Independent
4	**Hiroshi Tomono**	Director of the Company Chairman of Nominating Committee Member of Audit Committee	Up for re-election Outside Independent
5	**Kimikazu Noumi**	Director of the Company Member of Nominating Committee, Audit Committee and Compensation Committee	Up for re-election Outside Independent
6	**Takashi Hatchoji**		First-time candidate Outside Independent
7	**Yoshiaki Ando**	Director of the Company Member of Nominating Committee, Audit Committee and Compensation Committee	Up for re-election
8	**Ken Shiomi**	Director of the Company Member of Audit Committee and Compensation Committee	Up for re-election
9	**Seiji Hatano**	Director and Senior Executive Officer of the Company	Up for re-election
10	**Kunihiro Koshizuka**	Director and Senior Executive Officer of the Company	Up for re-election

Note: If the ten Directors are elected at the Meeting, the members of each of the committees will be appointed as shown on pages 19 through 20.

Policies and Procedures for the Nomination of Director Candidates

The Nominating Committee has formulated Director election standards and independence standards for Outside Directors, which are shown on page 19.

Prior to selecting candidates, the Nominating Committee reviews the composition of the Board of Directors and committees and deliberates on the number of Director candidates for the upcoming fiscal year. Concerning the size of the Board of Directors, the Company considers the current membership of 10 to11 Directors to be appropriate, considering the composition and combination of Inside Directors who do not concurrently serve as Executive Officers, Inside Directors who concurrently serve as Executive Officers and Outside Directors.

Based on principles prescribing limitations to the number of years re-election is possible and taking into account directors who are scheduled to step down, the Nominating Committee assumes the number of candidates for new election, separating them according to Inside Directors and Outside Directors, and proceeds with candidate selection.

Among candidates for Inside Directors of the Company, we find that those who can serve as Chairman of the Board of Directors and enhance the effectiveness of corporate governance and those who can secure a certain level of audit at meetings of the Audit Committee as full-time Members of the Audit Committee should be selected for Inside Directors who do not serve as Executive Officers. For Inside Directors who serve as Executive Officers, we find that those in title who are in charge of primary duties along with President and CEO, Representative Executive Officer, should be selected so that they are able to engage in active and essential discussions at meetings of the Board of Directors.

With regard to Directors diversity, the Nominating Committee Regulations specify “people with organizational management experience in industry, government or academia, or specialists in technology, accounting, law or some other field” and “Outside Directors who have professional records and visions in their respective fields.” The Nominating Committee conducts broad-ranging deliberations that also take diversity into account to ensure that candidates have the necessary qualifications and capabilities to augment and enhance the strategic orientation to the management issues the Board of Directors faces.

Fundamentally, this year the Nominating Committee determined to select Outside Director candidates with corporate management experience who are promising for providing helpful advice and supervision to promote management issues such as business transformation, new business cultivation and global management, etc. Specifically, the Nominating Committee takes the following steps in selecting candidates.

<Outside Director Candidates>

a. Outside Director candidates are endorsed by a consensus of Nominating Committee members, other Outside Directors and President and CEO, Representative Executive Officer referring to a candidate database created by the Nominating Committee secretariat from among “chairmen” of excellent companies, taking into account such factors as independence from the Company, their age, concurrent positions and amount of sales of their companies.

b. Taking into account the balance among such factors as candidates’ original fields of business, primary management experience and fields of expertise, including those of candidates for reelection as Outside Directors, the Nominating Committee refines the candidate pool and ranks candidates regardless of gender.

c. In order of ranking, the Chairman of the Nominating Committee and the Chairman of the Board visit candidates to inquire about taking office as Outside Directors.

<Inside Director Candidates>

For Inside Director candidates, a draft proposal is created in consultation with the Chairman of the Board of Directors and the President and CEO. The Nominating Committee decides on candidates following deliberations that take into consideration the appropriate composition of members with duties on the Board of Directors and three committees, the balance of work experience and the areas candidates would concurrently oversee as Executive Officers.

No. 1

Masatoshi Matsuzaki

(July 21, 1950)

Up for re-election

・Number of shares of the Company held: **78,900 shares**

・Board of Directors meeting attendance: **13 times/13 times**

・Term of office: **eleven years**

Career history, position and responsibilities at the Company

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

Outside Director of Ichigo Inc.
Outside Director of Nomura Research Institute, Ltd.
Outside Director of Nippon Sheet Glass Co. Ltd.

- Reasons for selecting the candidate for Director

  Mr. Masatoshi Matsuzaki has extensive experience and expertise. At the Company and its Group companies, under the company split and holding company structure, Mr. Matsuzaki has been in charge of research for the Business Technologies Business, served as president of a subsidiary handling basic research and development of elemental technologies and served as Executive Officer in charge of technology strategy at the Company. In addition, Mr. Matsuzaki led the management of the Konica Minolta Group ("the Group"), serving as President and CEO from April 2009 through March 2014. Since April 2014, as Chairman of the Board of Directors, he has worked to further enhance corporate governance.

  In its Basic Policy on Corporate Governance, the Company states that "The Chairman of the Board is selected from among Directors not concurrently serving as Executive Officers." The Company is to select an appropriate person, who may be either an Inside Director or an Outside Director, as the Chairman of the Board of Directors.

  The Company believes that having an Inside Director who does not concurrently serve as Executive Officer with this level of familiarity of the Company's management as the Chairman of the Board of Directors will contribute to helping the Company's governance system function effectively, thereby leading to enhanced corporate value. Therefore, the Company requests that shareholders elect for him to continue. Mr. Matsuzaki will be in charge of supervision of management, securing sufficient time to fulfill his duties as full-time Inside Director.

No. 2 **Shoei Yamana** (November 18, 1954)

Up for re-election

・Number of shares of the Company held: **53,500 shares**

・Board of Directors meeting attendance: **13 times/13 times**

・Term of office: **eleven years**

Career history, position and responsibilities at the Company

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

- Reasons for selecting the candidate for Director

  Mr. Shoei Yamana has extensive experience and expertise. At the Company and its Group companies, Mr. Yamana has been an Executive Officer in charge of management strategy and IR, served as General Manager of the Sales Division of Image Information Products and been in charge of operations, among other positions. Mr. Yamana has led the management of the Group, serving as President and CEO since April 2014, and has worked to enhance corporate value by promoting “TRANSFORM 2016,” the Company’s Medium-Term Business Plan.

  As the Chief Executive Officer for the Group, Mr. Yamana has led the Company to ongoing profit growth by steadily implementing the new medium-term business plan that began in fiscal 2017. In addition to demonstrating accountability as Representative Executive Officer for supervising management on the Board of Directors, Mr. Yamana has contributed to the enhancement of the function of making important decisions from a management standpoint. Therefore, the Company requests that shareholders elect for him to continue.

No. 3

Kazuaki Kama

(December 26,1948)

Up for re-election

Outside

Independent

・Number of shares of the Company held:

0 shares

・Board of Directors meeting attendance:

13 times/13 times

・Term of office:

three years

Career history, position and responsibilities at the Company

July 1971	Joined IHI Corporation (former Ishikawajima-Harima Heavy Industries Co., Ltd.)
June 2004	Executive officer of IHI Corporation
April 2005	Managing Executive Officer of IHI Corporation
June 2005	Director and Managing Executive Officer of IHI Corporation
April 2007	Representative Director and President & Chief Executive Officer of IHI Corporation
April 2012	Representative Director and Chairman of IHI Corporation
April 2016	Director of IHI Corporation
June 2016	Senior Corporate Advisor of IHI Corporation (position which he continues to hold)
June 2014	Director of the Company (position which he continues to hold)

Important position concurrently held

Senior Corporate Advisor of IHI Corporation
Outside Director of Kyokuto Boeki Kaisha, Ltd.
Outside Director of SUMITOMO LIFE INSURANCE COMPANY
Outside Director of NSK Ltd.
President of Financial Accounting Standards Foundation

- Reasons for selecting the candidate for Outside Director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act)

  At IHI Corporation, Mr. Kazuaki 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 as stated below.

  Following his election as a Director in June 2014, Mr. Kama has performed well as a member of the Board of Directors and other committees. Fiscal 2016 activities are listed in “Primary activities of Outside Directors” in the business report (page 51). Mr. Kama has been in charge of the duty, securing sufficient time.

  Therefore, the Company believes that Mr. Kama 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.

- 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 Independent Director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

No. 4

Hiroshi Tomono

(July 13,1945)

Up for re-election

Outside

Independent

・Number of shares of the Company held:
0 shares

・Board of Directors meeting attendance:
13 times/13 times

・Term of office:
two years

Career history, position and responsibilities at the Company

April 1971	Joined Sumitomo Metal Industries, Ltd.
June 1998	Director of Sumitomo Metal Industries, Ltd.
June 1999	Managing Executive Officer of Sumitomo Metal Industries, Ltd.
April 2003	Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.
June 2003	Director and Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.
April 2005	Representative Director and Executive Vice President of Sumitomo Metal Industries, Ltd.
June 2005	Representative Director and President of Sumitomo Metal Industries, Ltd.
October 2012	Representative Director, President and Chief Operating Officer (COO) of Nippon Steel & Sumitomo Metal Corporation
April 2014	Representative Director and Vice Chairman of Nippon Steel & Sumitomo Metal Corporation
April 2015	Director and Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
June 2015	Senior Advisor of Nippon Steel & Sumitomo Metal Corporation (position which he continues to hold)
June 2015	Director of the Company (position which he continues to hold)

Important position concurrently held

Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
Outside Director of Japan Nuclear Fuel Limited
Outside Director of Sumitomo Chemical Company, Limited
Administrative Director of Tekkou Gakuen

- Reasons for selecting the candidate for Outside Director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act)

  Mr. Hiroshi Tomono has many years of experience at Sumitomo Metal Industries, Ltd. and Nippon Steel & Sumitomo Metal Corporation in the management of the materials manufacturing sector, including having overseen activities at steelmakers ranging from technology and manufacturing to planning, administration and new business. He has extensive experience and a broad range of knowledge as a corporate executive. In addition, Mr. Tomono has a high degree of independence from the Company as stated below.

  Following his election as a Director in June 2015, Mr. Tomono has performed well as a member of the Board of Directors and other committees. Fiscal 2016 activities are listed in "Primary activities of Outside Directors" in the business report (page 51). Mr. Tomono has been in charge of the duty, securing sufficient time.

  Therefore, the Company believes that Mr. Tomono 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.

- Information concerning independence

  Nippon Steel & Sumitomo Metal 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. Tomono 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. Tomono as an Independent Director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

- Other

  Japan Nuclear Fuel Limited, where Mr. Tomono took office as Outside Director in June 2016, received in December 2016 an order from the Nuclear Regulation Authority to submit a report over a violation of the safety regulations.

  Mr. Tomono has made comments from the standpoint of compliance with laws and regulations at JNFL's Board of Directors meetings and other occasions. After the receipt of the order, he gave instructions to conduct thorough investigation and adopt measures to prevent recurrence of the violation.

No.
5

Kimikazu Noumi

(October 24,1945)

Up for re-election

Outside

Independent

・Number of shares of the Company held: **0 shares**

・Board of Directors meeting attendance: **10 times/10 times**

・Term of office: **one year**

Career history, position and responsibilities at the Company

April 1969	Joined The Norinchukin Bank
June 1999	Senior Executive Trustee of The Norinchukin Bank
June 2002	Senior Managing Executive Trustee of The Norinchukin Bank
June 2004	Representative Director and President of Norinchukin Zenkyoren Asset Management Co., Ltd
June 2006	Representative Director and Vice Chairman of Aozora Bank, Ltd.
February 2007	Representative Director, Chairman and CEO of Aozora Bank, Ltd.
July 2009	Representative Director, President and CEO of Innovation Network Corporation of Japan
July 2015	Executive Advisor of J-WILL CORPORATION (position which he continues to hold)
June 2016	Director of the Company (position which he continues to hold)

Important position concurrently held

Executive Advisor of J-WILL CORPORATION

Outside Director of SPARX Group Co., Ltd. (scheduled to assume office in June)

- Reasons for selecting the candidate for Outside Director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act)

  Mr. Kimikazu Noumi has experience at The Norinchukin Bank and Aozora Bank, Ltd. in the management of the finance sector and also engaged in new business cultivation through investment activities, as well as supporting corporate transformation at Innovation Network Corporation of Japan. He has broad range of management experience and knowledge as a corporate executive. In addition, Mr. Noumi has a high degree of independence from the Company as stated below. Following his election as a Director in June 2016, Mr. Noumi has performed well as a member of the Board of Directors and other committees. Fiscal 2016 activities are listed in “Primary activities of Outside Directors” in the business report (page 51). Mr. Noumi has been in charge of the duty, securing sufficient time. Therefore, the Company believes that Mr. Noumi 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.

- Information concerning independence

  J-WILL CORPORATION and the Company do not have any business transaction. Furthermore, the two companies are not major shareholders of each other.

  Mr. Noumi 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. and is an eligible candidate of Independent Director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

No. 6

Takashi Hatchoji

(January 27,1947)

First-time candidate

Outside

Independent

・Number of shares of the Company held:

0 shares

Career history, position and responsibilities at the Company

April 1970	Joined Hitachi, Ltd.
	Vice President and Executive Officer of Hitachi, Ltd.
April 2004	Senior Vice President and Executive Officer of Hitachi, Ltd.
April 2006	Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd.
April 2007	Director of Hitachi Research Institute
June 2007	President and Representative Director of Hitachi Research Institute
April 2009	Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd.
June 2011	Director of Hitachi, Ltd.
June 2015	Advisor of Hitachi, Ltd.
June 2016	Retired from Advisor of Hitachi, Ltd. (to the present)

Important position concurrently held

Outside Director of Nitto Denko Corporation

Outside auditor of Marubeni Corporation (scheduled to assume office in June)

- Reasons for selecting the candidate for Outside Director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act)

  At Hitachi, Ltd., Mr. Takashi Hatchoji was involved for many years in the management of the electronics manufacturing business, including promotion of global management and business transformation. He has extensive experience and a broad range of knowledge as a corporate executive. In addition, Mr. Hatchoji has a high degree of independence from the Company as stated below. Therefore, the Company believes that Mr. Hatchoji 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

  Hitachi, 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. Hatchoji 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. and is an eligible candidate of Independent Director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

No. 7

Yoshiaki Ando

(November 16, 1951)

Up for re-election

・Number of shares of the Company held: **34,200 shares**

・Board of Directors meeting attendance: **13 times/13 times**

・Term of office: **seven years**

Career history, position and responsibilities at the Company

April 1975	Joined Konishiroku Photo Industry Co., Ltd.
March 1994	Executive Vice-President and CFO of Konica Business Machines U.S.A., Inc.
June 1998	General Manager of Planning Dept., Business Machines Marketing Div., Business Machines Headquarters of Konica Corporation
October 2002	Director of Konica Business Machines Co., Ltd.
October 2003	Director of Konica Minolta Business Solutions Japan Co., Ltd.
April 2005	General Manager of Corporate Finance Division of the Company
April 2007	Executive Officer and General Manager of Corporate Finance Division of the Company
April 2010	Senior Executive Officer of the Company
June 2010	Director and Senior Executive Officer of the Company
April 2014	Director of the Company (position which he continues to hold)

Important position concurrently held

None

- Reasons for selecting the candidate for Director

  The Company believes that it is important for the Audit Committee to include a full-time Inside Director who has extensive business management experience and expertise involving the collection of information. Mr. Yoshiaki Ando attends management meetings of Executive Officers as a Member of the Audit Committee. He grasps validity of the determination process about operations, which are commissioned to the Executive Officers by the Board of Directors, and the operational status of the internal control system. By providing the Audit Committee with feedback on such various kinds of information gathered by using the internal network, Mr. Ando works to enhance the quality and quantity of information for the audit by the Committee.

  Mr. Ando has extensive experience and considerable expertise related to finance and accounting, having served as General Manager of the Corporate Finance Division of the Company and, as Senior Executive Officer, taking charge of accounting, finance and management strategy. Since 2014, as an Inside Director at the Company not concurrently serving as Executive Officer Mr. Ando engages in supervising management and works to enhance activities of the Company’s Nominating, Audit and Compensation Committees.

  Therefore, the Company believes that Mr. Ando can enhance corporate value by maintaining and upgrading the corporate governance, and requests that shareholders elect for him to continue.

No.
8

Ken Shiomi

(December 12, 1954)

Up for re-election

・Number of shares of the Company held: **23,100 shares**

・Board of Directors meeting attendance: **13 times/13 times**

・Term of office: **two years**

Career history, position and responsibilities at the Company

April 1977	Joined Minolta Camera Co., Ltd.
April 2000	General Manager, Corporate Business Management Division of Minolta Co., Ltd.
October 2003	General Manager, Corporate Accounting Division of Konica Minolta Camera, Inc.
April 2006	President of Konica Minolta Sensing Europe B.V.
January 2008	General Manager of Business Management of Konica Minolta Sensing, Inc.
June 2008	Director, General Manager, Corporate Business Management Division of Konica Minolta Sensing, Inc.
April 2012	Executive Officer of the Company, Director of Konica Minolta Optics, Inc.
April 2013	Executive Officer of the Company
June 2015	Director of the Company (position which he continues to hold)

Important position concurrently held

None

- Reasons for selecting the candidate for Director

The Company believes that it is important for the Audit Committee to include a full-time Inside Director who has extensive business management experience and expertise involving the collection of information. Mr. Ken Shiomi attends management meetings of Executive Officers as a Member of the Audit Committee. He grasps validity of the determination process about operations, which are commissioned to the Executive Officers by the Board of Directors, and the operational status of the internal control system. By providing the Audit Committee with feedback on such various kinds of information gathered by using the internal network, Mr. Shiomi works to enhance the quality and quantity of information for the audit by the Committee.

Mr. Shiomi has extensive experience and considerable expertise related to business administration from serving as Executive Officer in the Company's sensing and optics businesses.
Since 2015, as an Inside Director at the Company not concurrently serving as Executive Officer Mr. Shiomi engages in supervising management and works to enhance activities of the Company's Audit and Compensation Committees.
Therefore, the Company believes that Mr. Shiomi can enhance corporate value by maintaining and upgrading the corporate governance, and requests that shareholders elect for him to continue.

No. 9

Seiji Hatano

(December 17, 1959)

Up for re-election

Career history, position and responsibilities at the Company

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, Corporate Strategy Division of the Company
April 2014	Senior Executive Officer and General Manager, Corporate Strategy Division of the Company
June 2014	Director, Senior Executive Officer and General Manager, Corporate Strategy Division of the Company
April 2016	Director, Senior Executive Officer and General Manager, Management Planning Division of the Company
April 2017	Director and Senior Executive Officer of the Company (position which he continues to hold)

Important position concurrently held

None

- Reasons for selecting the candidate for Director
  As a Senior Executive Officer of the Company, Mr. Seiji Hatano is the executive for management planning, other administrative operations including finance and accounting, and risk management. Mr. Hatano is involved with promoting the medium-term business plan, seeking to enhance the corporate value of the Group. As Senior Executive Officer in charge of supervising management planning and business management and promoting M&A activities, the Company believes Mr. Hatano will demonstrate accountability to the Board of Directors and participate in important management decisions. Therefore, the Company requests that shareholders elect for him to continue.

・Number of shares of the Company held:
14,500 shares

・Board of Directors meeting attendance:
13 times/13 times

・Term of office:
three years

No. 10 **Kunihiro Koshizuka**

(September 30, 1955)

Up for re-election

Career history, position and responsibilities at the Company

April 1981	Joined Konishiroku Photo Industry Co., Ltd.
October 2003	GI System Group Leader (Manager), R&D Center, of Konica Minolta Medical & Graphic, Inc.
June 2004	General Manager, Development Center, of Konica Minolta Medical & Graphic, Inc.
June 2008	Director and General Manager, Development Center, of Konica Minolta Medical & Graphic, Inc.
April 2012	Executive Officer and General Manager, Technology Strategy Division of the Company
April 2014	Senior Executive Officer and General Manager, Corporate R&D Headquarters of the Company
April 2015	Senior Executive Officer and General Manager, Business Development Headquarters of the Company
June 2015	Director, Senior Executive Officer and General Manager, Business Development Headquarters of the Company
April 2016	Director and Senior Executive Officer of the Company (position which he continues to hold)

Important position concurrently held

None

- Reasons for selecting the candidate for Director
  As a Senior Executive Officer of the Company, Mr. Kunihiro Koshizuka promotes the medium-term business plan, as well as taking charge of all aspects of the technology sector, seeking to enhance the corporate value of the Group. As a Senior Executive Officer in charge of supervising and promoting technology strategy, basic research and new technology development, the Company believes Mr. Koshizuka will demonstrate accountability to the Board of Directors and participate in important management decisions. Therefore, the Company requests that shareholders elect for him to continue.

・Number of shares of the Company held:
17,200 shares

・Board of Directors meeting attendance:
12 times/13 times

・Term of office:
two years

Notes: 1. No conflicts of interest exist between the Company and the Director candidates.

2. The Company has entered into liability limitation agreements with Outside Directors Mr. Kazuaki Kama, Mr. Hiroshi Tomono and Mr. Kimikazu Noumi, the content of which is summarized in "Liability limitation agreements" on page 51 of the Business Report. The Company will enter into similar agreements with them if they are re-elected, and with Mr. Takashi Hatchoji, the first-time candidate for Outside Director, if he is elected.

[Director election standards and independence standards for Outside Directors]

1. The Nominating Committee has selected candidates who satisfy the following standards as being suitable Directors for achieving good corporate governance i.e. ensuring the transparency, soundness and efficiency of the Company's operations.

(1) Good physical and mental health

(2) A person that is well liked, dignified, and ethical

(3) Completely law-abiding

(4) In addition to having objective decision-making abilities for management, the person must have good foresight and insight

(5) Someone with no possible conflict of interest or outside business relations that may affect management decisions in the Company's main business areas, and who has organizational management experience in the business, academic, or governmental sectors. Otherwise, someone with specialized knowledge in technology, accounting, law, or other fields

(6) For Outside Directors, a candidate with a history of performance and insight in that person's field, someone with sufficient time to fulfill the duties of a Director, and who has the ability to execute required duties as a member of the three relevant committees

(7) The Nominating Committee has separately set forth points for consideration in the re-election of Directors and requirements concerning the number of terms of office, age and other factors. Especially, in principle, existing terms of office for Outside Directors are up to four years.

(8) In addition, the candidate must have the abilities necessary for a Director running and building a public corporation that is transparent, sound, and efficient

2. Regarding standards for the independence of Outside Directors, the Company's Nominating Committee selects Outside Director candidates, provided that none of the following criteria apply.

(1) Person affiliated with Konica Minolta

- Former employee of the 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 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 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 Group for the past two years

(4) Other

- A shareholder holding 10% or more 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 Group, or a person holding 3% or more of the shares of a competing company
- Having some other significant conflict of interest with the Group

[The members of each of the committees (planned)]

If the ten Directors are elected at the Meeting, the members of each of the committees under the company with three committees provided for in Article 2, Item 12 of the Companies Act will be appointed as follows from among three Inside Directors, Mr. Masatoshi Matsuzaki, Mr. Yoshiaki Ando and Mr. Ken Shiomi 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. Committees are composed of three Outside Directors and two Inside Directors who do not concurrently serve as Executive Officers, and consideration is given to cooperation among the committees and between the individual committees and the senior management.

Nominating Committee	Hiroshi Tomono (Chairman), Kazuaki Kama, Takashi Hatchoji, Masatoshi Matsuzaki, Yoshiaki Ando
Audit Committee	Kazuaki Kama (Chairman), Kimikazu Noumi, Takashi Hatchoji, Yoshiaki Ando, Ken Shiomi
Compensation Committee	Kimikazu Noumi (Chairman), Hiroshi Tomono, Takashi Hatchoji, Yoshiaki Ando, Ken Shiomi

[Frequently Asked Questions]

Q: Isn't there any problem that Outside Directors do not account for a majority of the Board of Directors?
A: The Company has adopted the system of a company with three committees, under which business execution is separated from supervision. Outside Directors account for a majority at each of the Nominating Committee, the Audit Committee, and the Compensation Committee, and the Chairman of each committee is selected from the Outside Directors. Accordingly, we consider that the Board of Directors satisfactorily fulfills the supervisory function, which is its basic function. Please refer to "Reference: Corporate Governance" on pages 57 through 59.

Q: The Company has no female Director/Officer. What do you think about diversity?
A: The Company copes with diversity of Directors as described in page 7 of this Notice of Convocation. The Nominating Committee selects candidates who can provide appropriate supervision and advice concerning the Company's management issues. In doing so, the committee considers that Outside Directors should be balanced well in terms of diversity, including industrial sectors of companies they come from, their specialized fields, and their experiences, regardless of gender. In the discussions to narrow down the candidates to be elected at the Meeting, several female candidates were quoted, but there has been no female Director so far, unfortunately. The Company recognizes the importance of diversity in management, offering occasions where female employees can excel, promoting younger officials to top managers, and selecting foreign managers. In fiscal 2016, it selected its first foreign Executive Officer.

Q: Is there any impact of concurrent positions served by Directors on their duties as the Company's Directors?
A: In selecting candidates for Directors, the Company makes deliberate consideration from the standpoint of whether they are able to secure sufficient time for the duties at the Board of Directors and each committee. They make sufficient contribution to the Company's governance as we showed attendance at Board of Directors meetings and each committee meetings of the Outside Directors in fiscal 2016 on pages 50 through 51 of the business report and attendance at Board of Directors meetings of nine candidates up for re-election on the page of each candidate in this proposal.

Q: Isn't there any problem that an Inside Director becomes a Member of the Audit Committee?
A: Inside Directors become full-time members of the Audit Committee and are in charge of investigation under the Companies Act. Due to collection of information by the Inside Members, the committee not only fulfills its own auditing function, but also enhances information brought to the committee, where Outside Directors account for a majority, and secures the quality of its auditing function.

[Provided Documents]

BUSINESS REPORT

From April 1, 2016 to March 31, 2017

1. Overview of Konica Minolta Group business activities

(1) Developments and results of business activities

Looking back at the economic situation during the fiscal year ended March 31, 2017 (hereafter, “the fiscal year under review”), it was a year in which foreign exchange markets were significantly affected by political events such as the UK referendum on exiting the EU in the first half, and the US presidential election in the second half. Against a background of solid personal consumption in the US there was overall a continuation of moderate economic growth in Europe, centered on Germany, but in China and emerging countries the economy continued to decelerate. In Japan, although the political management of the country remained stable and employment conditions continue to improve, there was no upturn in personal consumption and the economy remained weak.

Viewing the earnings of the Konica Minolta Group (hereafter, “the Group”) by business segment for the fiscal year under review in the context of this economic environment, in the Business Technologies Business, mainstay color products in the fields of office services and commercial and industrial printing, especially high-end models, recorded growth in sales volume, but this was insufficient to absorb the impact of the stronger yen compared to the previous year, and both revenue and profit fell. In the Healthcare Business, in addition to rising volumes of digital products, acquisitions also contributed to maintaining revenue at a level unchanged from the previous year, but profit fell due to an increase in expenses used to strengthen sales and the impact of the stronger yen. In the Industrial Business, lower sales volume of mainstay products had an impact and led to a decrease in profit, but a rise in profit was achieved due to the posting of patent-related income as part of management measures taken to maximize the value of intellectual property.

As a result of these factors, revenue in the fiscal year under review was ¥962.5 billion (down 6.7% year on year), operating profit came to ¥50.1 billion (down 16.5% year on year) and profit attributable to owners of the company was ¥31.5 billion (down 1.3% year on year).

Moreover, during the fiscal year under review, fluctuations in exchange rates initially led to a stronger yen before shifting to a weaker yen from the autumn of 2016 onward, but on a full-year basis the yen strengthened significantly against both the US dollar and the euro year on year and had a major impact on the Group’s results. This factor respectively reduced revenue by ¥91.8 billion and operating profit by ¥19.6 billion over the previous year, but excluding these effects revenue rose by 2.2% year on year and operating profit rose by 16.1% year on year.

In the fiscal year under review, which was also the final year of the “TRANSFORM 2016” Medium Term Business Plan, we accelerated initiatives for our transformation into “A Digital Company with Insight into Implicit Challenges” in all areas of the business. We moved ahead with acquisitions of technology and knowledge to enable us to promote new businesses, such as by making MOBOTIX, a German manufacturer of IP video surveillance cameras, a consolidated subsidiary and, in the commercial and industrial printing field, by making digital decoration printing equipment manufacturer MGI, headquartered in France, a consolidated subsidiary. In addition, in the field of bio-healthcare we worked in partnership with the Institut Pasteur and BioAxial in France in developing a support system for pharmaceutical development to allow quantitative analysis of the condition of diseases such as cancer.

In March 2017, we announced “Workplace Hub,” a new business platform for the era of the Internet of Things (IoT), in which a wide variety of objects are connected to the Internet. “Workplace Hub” is a forward-looking solution that supports the digitalization of customer operations not only in general office environments but across a range of industries and in workplaces of all sizes, such as manufacturing sites and healthcare and educational institutions. We provide a solution that helps reduce IT infrastructure administration costs for the customer and improve business process efficiency by analyzing constantly changing real-time data and visualizing the usage patterns of IT infrastructure (tools, services, devices, and so on). Furthermore, we are using artificial intelligence, edge computing, and deep learning technologies to link people and data as well as to achieve smarter support of decision-making and problem-solving in the workplace. This is scheduled to be launched globally in stages beginning in the autumn of 2017.

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

[100 million yen]

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Increase (Decrease)	
Business Technologies Business				
Revenue (Note 2)	7,717	8,321	(604)	-7.3%
Operating profit	529	702	(172)	-24.6%
Healthcare Business				
Revenue	899	898	0	0.1%
Operating profit	28	39	(10)	-26.7%
Industrial Business				
Revenue	894	1,059	(165)	-15.6%
Operating profit	185	170	15	9.1%
Subtotal				
Revenue	9,511	10,280	(769)	-7.5%
Operating profit	744	911	(167)	-18.4%
Others and Adjustments				
Revenue	114	37	77	207.8%
Operating profit	(242)	(310)	68	—
Total				
Revenue	9,625	10,317	(691)	-6.7%
Operating profit	501	600	(99)	-16.5%

Note1: Business conditions have been prepared on the basis of International Financial Reporting Standards (“IFRS”).
Note2: “Revenue” refers to revenue from external customers.

Regarding the payment of dividends from retained earnings at the end of the fiscal year, we will pay ¥15 per share as planned. Including the dividend distributed on September 30, 2016, we will pay a full-year dividend of ¥30 per share.

Business Activity Highlights of the fiscal year

April 2016
Konica Minolta established a new subsidiary, Konica Minolta Japan, Inc., to provide customers with services with integrated overall Group's technologies and expertise.

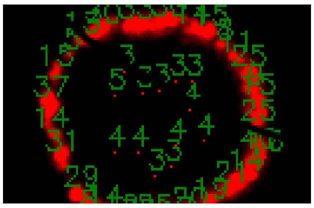
February 2017
The Company's environmental/CSR reports were awarded the Grand Prize for Environmental Report (Minister of the Environment Award) in the 20th Environmental Communication Awards.

March 2017
The Company and SICK AG of Germany signed a strategic alliance agreement to strengthen sensor solutions business for the fast growing automation market.

January 2017
At AUTOMOTIVE WORLD, the Company introduced its three-dimensional augmented reality head-up display (3D AR HUD) to assist safe driving as a special exhibition.

March 2017
Shoei Yamana, President and CEO delivered a keynote lecture at CeBIT 2017, one of the world's most influential trade fairs for information technology, held in Hannover, Germany.

June 2016
The Company launched with the Institut Pasteur and BioAxial in France a joint research project to develop a support system for pharmaceutical development, planning to develop and provide advanced bioimaging technologies that accelerate the development of pharmaceuticals.


Analysis image of cancer cell protein by fluorescent nanoimaging technology

November 2016
The Company opened a strategic business base in France for industrial printing, including labels, packaging and textiles. With a business base in Europe, the center of the global industrial printing market, Konica Minolta aims to strengthen its industrial printing business by evaluating customer value propositions.


The packages which are printed from a digital decoration printing equipment

January 2017
The Company and Pioneer Corporation entered into an agreement to establish a joint venture for Organic Light Emitting Diode (OLED) lighting business, aiming to build up a firm position of the flexible OLED lighting, mainly for vehicles, through integration of their strengths.


OLED (Organic Light Emitting Diode) lighting

March 2017
Konica Minolta introduced Workplace Hub, an innovative new enterprise IT solution that unifies all of an organization's IT infrastructure via a single centralized platform. Workplace Hub will support working style reform at offices and help companies to improve productivity.

Lineup of Workplace Hub

i. Business Technologies Business

Business Details

The Business Technologies Business consists of multi-functional peripherals and other devices and the provision of hybrid solutions in combination of those products and IT services in the office services field, and digital printing equipment, digital marketing services and industrial inkjet business in the commercial and industrial printing field.

Office services

In light of digitalization and networking in industry and society, this business provides services that solve customer issues and optimized solutions for customer office environments through the combination of a diverse array of product lines of the Company as the world's major MFP manufacturer and advanced ICT services.

Commercial and industrial printing

Amid the growing need for coordination with digital media and the diversification of corporate printed materials, this business supports optimal printing through the provision of various digital printing systems as well as diverse services that streamline the process of the printing business and optimize its effects. In industrial printing, it supports digitization of printing in such forms as packages, labels, and textiles.

<Office services>

Sales of mainstay "bizhub" series A3 color MFPs (Multi-functional peripherals) also remained strong during the period under review, and sales volumes exceeded previous-year levels in all regions. The high rates of growth were shown by high-end models in terms of product segment and by the European and Chinese markets in terms of sales region. The competitive environment in the MFP market continues to be severe, but Konica Minolta's unique hybrid-type sales approach that combines document solutions centered around MFPs with managed IT services (services that provide integrated deployment, operation, administration, and maintenance, etc. of IT equipment and systems) is penetrating markets, primarily in North America and Western Europe, and contributing to an increase in revenues and profitability by customer.

<Commercial and industrial printing>

In production print, the top-of-the-line "bizhub PRESS C1100" digital color printing system continued to post solid sales. Growth was particularly noticeable in markets in North America, China, and Asia. In the light production area that is one of our strengths, while competition is intensifying and sales have been stagnating, the new "AccurioPress C2070" series product that was launched in the second half of the fiscal year under review has had a positive reception from customers, and sales discussions are rising steadily.

In industrial inkjet printers, the area of components such as inkjet printheads saw a slowing of sales due to deteriorating market conditions, but in the area of textile print machinery the "NASSENGER SP-1," which achieves high productivity through the use of a single pass system[*1], won orders in France and Turkey and contributed to a rise in revenue. In the field of industrial printing, we have begun full-scale marketing activities in every region and prepared a strategy for the high-end market based around the new "AccurioJet KM-1" digital inkjet press and digital decoration printing[*2] equipment made by subsidiary MGI.

As a result of the above, revenue for this business came in at ¥771.7 billion (down 7.3% year on year), while operating profit was ¥52.9 billion (down 24.6% year on year). Excluding the impact of exchange rates, revenue rose 2.7% year on year and operating profit rose 1.0% year on year.

(Company-business related glossary)

[*1] Single pass system

The technology that prints on media (cloth) fed on a belt under fixed printing units, which are aligned depending on the number of colors. The method sharply enhanced the printing speed compared to the scanning method, in which print-head carriages go back and forth for printing.

[*2] Decoration printing

Printing that adds values to printed matters, such as expression of a three-dimensional effect through raised printing with varnish and embossing jobs by gold and silver.

ii. Healthcare Business

Business Details

The Healthcare Business manufactures and sells digital products related to medical diagnostic imaging systems, such as X-ray photography and ultrasonic diagnostic imaging systems, and operates medical IT service business.

Recently, the Company proceeds with the commercialization of "fluorescent nanoimaging technology," a technology that contributes to the proper choice of treatment methods of cancer and other diseases and the efficient discovery of drugs, as a mainstay of its future businesses.

In the fiscal year under review, on a regional basis, sales in the US were favorable, while sales in Japan remained strong. In terms of products, in the US, in addition to significant growth in Digital Radiography (DR)[*1], sales of solution products for the primary care market also contributed to the expansion of the business. In Japan, sales of digital products were strong overall. The "AeroDR" cassette-type digital X-ray diagnostics imaging systems maintained their solid performance both in Japan and overseas, while for the "SONIMAGE HS1" diagnostic ultrasound systems[*2], in addition to Japan and the US, China also contributed to sales. On the other hand, Computed Radiography (CR)[*2] digital X-ray diagnostics imaging systems were hit by amendments to the payment system for medical services in the US, and sales volumes declined.

As a result of the above, revenue for the business came in at ¥89.9 billion (up 0.1% year on year), while operating profit was ¥2.8 billion (down 26.7% year on year). Excluding the impact of exchange rates, revenue rose 5.7% year on year and operating profit rose 18.8% year on year.

(Company-business related glossary)

*[1] Digital Radiography (DR): A technique that detects the intensity distribution of the X-rays that pass through the body when an X-ray is taken, and then converts the data to a digital signal, which is processed by computer. Also refers to systems that perform this function.
We provide the cassette-type digital X-ray system "AeroDR" as DR.

*[2] Diagnostic ultrasound system: Because diagnostic ultrasound systems have such advantages as enabling real-time diagnostic imaging and putting less physical burden on patients under repeated examinations due to their low-intrusion nature, they are used in a wide range of clinical fields. Further growth is expected in the market in the future.
In July 2014, we launched the first product jointly developed with the ultrasound business unit of Panasonic Healthcare Co., Ltd., which was transferred to the Company. This product achieves the best resolution level in its class, delivering sharp and high-quality images that clearly show the fiber structure of nerve and muscle bundles tens to hundreds of microns in thickness. The series of products is released under the brand name "SONIMAGE" which is highly evaluated in the field of orthopedic surgery.

*[3] Computed Radiography (CR): X-ray photography using an imaging plate instead of X-ray film. The Company manufactures and sells input devices (including plates using a fluorescent substance) that read X-ray images as digital data.

iii. Industrial Business

Business Details

The Industrial Business consists of the performance materials field, comprised of functional films, including TAC film[*1] used for liquid crystal displays, and functional materials that operate OLED[*2] lighting, and the optical systems for industrial use field, comprised of measuring instruments for light and colors and lenses for industrial and professional use.

Performance materials

Contributing to the creation of an abundant society through the creation of value-added materials having the functions demanded by industry and society, including protection, thermal insulation, polarization and luminescence acquired through the use of material technologies, such as synthesis by way of organic chemistry and compositional design, and film-making technologies that process fine and thin films.

Optical systems for industrial use

Contributing to the creation of better social infrastructure through the provision of products bringing innovation to various industries by establishing the world's leading light technologies as an expert that freely controls light.

<Performance materials>

In the field of performance materials, price pressure is becoming more intense and, although we promoted a shift towards high value-added products such as phase difference film for VA and IPS panels, and ultra-thin TAC film, both sales volume and sales value fell below previous-year levels.

<Optical systems for industrial use>

In the optical systems for industrial use field, measuring instrument revenue increased, helped by the commencement of shipments related to a major order in the final stages of the fiscal year under review. Lenses for industrial and professional use were affected by lower sales in their end-product markets, and posted a decline in revenue.

As a result of the above, revenue for the business came in at ¥89.4 billion (down 15.6% year on year). Operating profit, including ¥7.7 billion of patent-related income, was ¥18.5 billion (up 9.1%year on year).

(Company-business related glossary)

*[1] TAC film: TAC is the abbreviation for triacetyl cellulose. Primarily composed of cellulose acetate, it is mainly used as a protective film for polarizers, a key component of LCDs. TAC was originally developed as a substrate for photographic film, but because of its superior flame resistance, transparency, surface appearance, and electric insulation characteristics, we are pursuing development of applications outside of photographic film.

*[2] OLED: Organic Light Emitting Diode. Organic EL (electroluminescence) refers to the phenomenon of organic matter that emits light when a voltage is applied to it. Our plastic substrate flexible OLED lighting panels, which have been started to be mass-produced leading the world, have the characteristics not seen in traditional light sources which are thin, light, surface illuminant and flexible, with our original technology at the core. The panels are also superior in good environmental performance so that they have high energy performance, generate less heat, and do not need mercury.

(2) Financing, etc.

a. Financing

In the fiscal year, the Company procured funds for the acquisition of an overseas company by way of long-term syndicate loans that used the loan facility to support overseas development provided by Japan Bank for International Cooperation.

The Company did not procure new funds by issuing new shares or corporate bonds.

b. Capital expenditure

The capital expenditure of the Group during the fiscal year totaled ¥38.9 billion, with the emphasis on expenditure for the development and manufacture of new products mainly in the Business Technologies Business and the Industrial Business. Significant expenditures included expansion of production bases and manufacturing facilities in the Business Technologies Business and the production facilities for functional film in the Industrial Business.

(3) Business results

Japan standards

		110th Term Fiscal Year Ended March 31, 2014	111th Term Fiscal Year Ended March 31, 2015
Net sales	(Hundred millions of yen)	9,437	10,117
Operating profit	(Hundred millions of yen)	581	662
Ordinary profit	(Hundred millions of yen)	546	598
Profit attributable to owners of parent (Note 1)	(Hundred millions of yen)	218	327
Earnings per share	(yen)	41.38	64.73
Total assets	(Hundred millions of yen)	9,660	9,704
Net assets	(Hundred millions of yen)	4,800	5,016
Net assets per share	(yen)	929.04	995.48
Dividend per share [of which, interim dividend per share]	(yen)	17.5 [10]	20 [10]
ROE (Note 3)	(%)	4.6	6.7

International Financial Reporting Standards (“IFRS”)

		111th Term Fiscal Year Ended March 31, 2015	112th Term Fiscal Year Ended March 31, 2016	113th Term Fiscal Year Ended March 31, 2017 (fiscal year)
Revenue	(Hundred millions of yen)	10,027	10,317	9,625
Operating profit	(Hundred millions of yen)	657	600	501
Profit attributable to owners of the company	(Hundred millions of yen)	409	319	315
Basic earnings per share	(yen)	81.01	64.39	63.65
Equity attributable to owners of the company	(Hundred millions of yen)	5,359	5,142	5,243
Total assets	(Hundred millions of yen)	10,018	9,763	10,054
Equity per share attributable to owners of the Company	(yen)	1,067.97	1,037.96	1,057.92
Dividend per share [of which, interim dividend per share]	(yen)	20 [10]	30 [15]	30 [15]
ROE (Note 3)	(%)	7.9	6.1	6.1

Note: 1. From the year ended March 31, 2016, business results have been prepared on the basis of International Financial Reporting Standards (“IFRS”). Also, figures from the year ended March 31, 2015 on the basis of IFRS have been provided for reference purposes.

2. Net income has been changed to profit attributable to owners of parent due to the application of Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013 and other accounting standards.

3. The following methods are used to calculate the return on equity.
Japanese standard: Profit attributable to owners of parent divided by equity (average of equity at beginning and end of fiscal year)
IFRS: Profit attributable to owners of the company divided by equity attributable to owners of the company (average of equity at beginning and end of fiscal year)

(4) Issues to be handled

Through sales of digital MFPs, medical diagnostic imaging equipment, measuring instruments, and related services, Konica Minolta is connected to some two million corporate customers in around 150 countries worldwide. These corporate customers are active across a wide range of industries and business types, including manufacturing, distribution and retail, printing, healthcare, and nursing care services. In recent years, they have been increasingly adopting the latest digital technologies, leading to intensifying desire for problem-solving in the areas of improved operational productivity, optimization, and decision support.

For the previous Medium Term Business Plan (FY2014-2016), implemented strategic acquisitions of companies and honed its strengths in the following three areas.

- Acquiring cutting-edge technology in such areas as high-speed processing of video and medical imaging platforms, in addition to the core technologies that the Company has cultivated in the fields of optics, imaging, materials, and nano-fabrication.
- Acquiring, in the major global countries, plentiful human resources able to handle proposals for operational reform in areas related to IT, and their know-how, in addition to sales teams specializing in the sale of equipment and support
- Strengthening teams working full-time in locations close to five major regions around the world to collaborate in the creation and development of new business services to solve customer problems

Using these newly reinforced strengths as a foundation, the new Medium Term Business Plan SHINKA 2019, which started in April 2017, will pay particular attention to nurturing businesses in the following three fields, and by doing so accelerate the transformation to a highly profitable company.

1. High value-added services appropriate to an IoT era in which things are connected to other things

These are services that solve problems faced by our customers in relation to process innovation, working style reform, and decision-making support at their sites. Specifically, this is the area in which the “Workplace Hub” announced in March 2017 will be put to effective use. In the office area, we will extend the range of our value provision by means of alliances with some of the world’s largest IT companies. We will also broaden services that make active use of IoT in the area of healthcare, digitalization support for manufacturing, security, and status monitoring.

2. Full-scale promotion of digitalization in commercial and industrial printing

In the commercial and industrial printing sectors, the digitalization ratio remains at a low level of under 5% globally. In order to realize a rise in the digitalization ratio, we will launch new products based on inkjet technology, and leverage acquisitions to strengthen our business in the fields of packaging, label, and textile printing.

3. Full-scale entry into the area of precision medicine

As well as improving the rate of effectiveness of cancer treatment for patients, we will make a full-scale entry into this market and use our technological strengths - such as image analysis technology that leverages AI and our molecular imaging know-how - to resolve the social issue of improving the success rate of pharmaceutical development. We will then tackle the two issues of improving the survival rate and quality of life for cancer patients, and reducing the burden of medical expenses.

In addition, with regard to existing mainstay businesses, we will bring to a successful conclusion our structural reform of costs globally, enabling fundamental improvements in our earnings power with the following main pillars:

- Horizontal deployment to other manufacturing sites within the Group and promotion of the significant reduction in production costs derived from the digital manufacturing approach under development at the Company's Malaysian factory;
- Reduction of service costs through the expanded use of failure prediction and remote support; and
- Reduction of administration and indirect expenses through improved productivity and working style reform that make use of IT and AI.

In addition, the key to achieving the new Medium Term Business Plan will be the nurturing and acquisition of human resources who can win at a global level. To this end, we will push ahead with the nurturing of human resources who can show leadership and stand at the forefront of this revolution, based on the "6 values" of the Konica Minolta Philosophy ("what we stand for and directs our decision-making").

As a result of the above-mentioned important initiatives, by fiscal 2019, the final year of the new Medium Term Business Plan, we aim to achieve "at least ¥75.0 billion in operating profit, ¥50.0 billion in profit for the period, and ROE of 9.5%."

(5) Network of the Group (as of fiscal year end)

a. Main business offices, plants, etc.

The Group is comprised of the Company, 153 consolidated subsidiaries and six affiliated companies using the equity method. The Group has product and technology development, manufacturing, and sales bases worldwide.

Main business offices in Japan

The Company

(1) Head Office (Chiyoda-ku, Tokyo)
(2) Kansai Site (Osaka City, Osaka)

Other domestic offices

a) Hino City (Tokyo), Hachioji City (Tokyo), b) Chuo City (Yamanashi Prefecture),
c) Toyokawa City (Aichi Prefecture), d) Sakai City (Osaka), Osakasayama City (Osaka),
e) Kobe City (Hyogo Prefecture))

Subsidiaries

(1) Konica Minolta Japan, Inc. (Minato-ku, Tokyo)
(2) Konica Minolta Supplies Manufacturing Co., Ltd. (Kofu City, Yamanashi Prefecture)
(3) Konica Minolta Technoproducts Co., Ltd. (Sayama City, Saitama Prefecture)

Main business offices overseas

Subsidiaries

U.S.A.

(1) Konica Minolta Business Solutions U.S.A., Inc.
Konica Minolta Healthcare Americas, Inc.

Europe

(2) Konica Minolta Business Solutions Europe GmbH (Germany)
Konica Minolta Business Solutions Deutschland GmbH (Germany)
Instrument Systems GmbH (Germany)
(3) Konica Minolta Business Solutions France S.A.S. (France)
(4) Konica Minolta Business Solutions (UK) Limited (U.K.)
Charterhouse PM Limited (U.K.)

Asia, etc.

(5) Konica Minolta Business Solutions (CHINA) Co., Ltd. (China)
(6) Konica Minolta Business Technologies Manufacturing (HK) Ltd. (Hong Kong)
(7) Konica Minolta Business Technologies (WUXI) Co., Ltd. (China)
(8) Konica Minolta Business Technologies (DONGGUAN) Co., Ltd. (China)
(9) Konica Minolta Business Technologies (Malaysia) Sdn. Bhd. (Malaysia)
(10) Konica Minolta Business Solutions Australia Pty. Ltd. (Australia)
Ergo Asia Pty Limited (Australia)

(Reference)

External revenue by Region (the fiscal year)

External revenue of the fiscal year by geographical area is as follows.

Region	Revenue (Hundred millions of yen)	Sales proportion of each region
Japan	1,922	20.0%
North America	2,496	25.9%
Europe	2,999	31.2%
China	732	7.6%
Asia	721	7.5%
Other	753	7.8%
Total	9,625	100%

Note: Revenue classifications are based on customers' countries. When there are no key countries for customers in any of the regions above, they are classified into the respective regions.

b. Employees of the Group

Number of employees	Compared with end of previous fiscal year
43,979	Increase of 647

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

(6) Significant subsidiaries (as of the fiscal year end)

Company name	Capital	Ratio of voting rights held by the Company	Description of principal businesses
Konica Minolta Japan, Inc.	Millions of yen 397	100%	Sale of multi-functional peripherals, digital printing systems, printers, healthcare equipment, industrial measuring equipment and related supplies in Japan, and providing related solution services
Konica Minolta Supplies Manufacturing Co., Ltd.	Millions of yen 1,500	100%	Manufacturing and sale of supplies for multi-functional peripherals, digital printing systems and printers
Konica Minolta Technoproducts Co., Ltd.	Millions of yen 350	100%	Manufacturing and sale of equipment for medical system
Konica Minolta Business Solutions U.S.A., Inc.	Thousand US dollar 40,000	*100%	Sale of multi-functional peripherals, digital printing systems, 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, digital printing systems, printers and related supplies in Europe and others, and providing related solution services
Konica Minolta Business Solutions Deutschland GmbH	Thousand euro 10,025	*100%	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in Germany, and providing related solution services
Konica Minolta Business Solutions France S.A.S.	Thousand euro 29,365	*100%	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in France, and providing related solution services
Konica Minolta Business Solutions (UK) Limited	Thousand British pound 21,000	100%	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in the U.K., and providing related solution services
Charterhouse PM Limited	Thousand British pound 440	*100%	Print management service providers in Europe

Note 1: The ratio of voting rights marked with * include those held by subsidiaries.

Company name	Capital	Ratio of voting rights held by the Company	Description of principal businesses
Konica Minolta Business Solutions (CHINA) Co., Ltd.	Thousand RMB 96,958	100%	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in China, and providing related solution services
Konica Minolta Business Technologies Manufacturing (HK) Limited	Thousand HK dollar 195,800	100%	Manufacturing and sale of multi-functional peripherals, printers, and related supplies
Konica Minolta Business Technologies (WUXI) Co., Ltd.	Thousand RMB 289,678	*100%	Manufacturing and sale of multi-functional peripherals, digital printing systems, printers, and related supplies
Konica Minolta Business Technologies (DONGGUAN) Co., Ltd.	Thousand RMB 141,201	*100%	Manufacturing and sale of multi-functional peripherals, digital printing systems, printers, and related supplies
Konica Minolta Business Technologies (Malaysia) Sdn. Bhd.	Thousand Malaysian ringgit 135,000	100%	Manufacturing and sale of multi-functional peripherals, digital printing systems, printers, and related supplies
Konica Minolta Business Solutions Australia Pty Ltd	Thousand Australian dollar 24,950	100%	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in Australia, and providing related solution services
Ergo Asia Pty Limited	Australian dollar 2	100%	Print management service providers in Oceania and Asia
Konica Minolta Healthcare Americas, Inc.	Thousand US dollar 5,300	*100%	Sale of medical imaging systems and other products in the United States and other countries
Instrument Systems GmbH	Thousand euro 600	100%	Manufacturing and sale of LED light sources, light measurement systems and other products in Europe, the United States and Asia

Note 1: The ratio of voting rights marked with * include those held by subsidiaries.

(7) Principal lenders and the amount of loans of the Group (as of the fiscal year end)

[Hundred millions of yen]

Lender	Outstanding amount of loan
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	402
Sumitomo Mitsui Banking Corporation	210
Mitsubishi UFJ Trust and Banking Corporation	112
Resona Bank, Limited.	90
Mizuho Bank, Ltd.	83

(8) 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 Companies Act)

The policy regarding the payment of dividends from retained earnings, etc. calls for the basic approach of making a comprehensive evaluation of consolidated performance and funding requirements to promote strategic investments in growth fields while seeking to implement proactive shareholder returns. The Company strives to enhance shareholder returns through higher dividends as well as a flexible acquisition of the treasury shares.

(9) Other significant matters of the Group

No significant matters worth mentioning.

2. State of shares (as of the fiscal year end)

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

(2) Total number of shares issued ····························· 502,664,337 shares
(of which, treasury shares 7,041,082 shares)

(3) Number of shareholders ···································· 34,920

(4) Share unit number ·· 100 shares

(5) 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)	36,128	7.2
The Master Trust Bank of Japan, Ltd. (Trust account)	34,932	7.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,945	2.8
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	10,809	2.1
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for the Bank of Tokyo-Mitsubishi UFJ, Ltd.)	10,801	2.1
Daido Life Insurance Company	9,040	1.8
JPMorgan Chase Bank 385632	8,884	1.7
Japan Trustee Services Bank, Ltd. (Trust account 5)	8,600	1.7
THE BANK OF NEW YORK MELLON 140044	7,785	1.5

Note: Ratio of shares held is calculated by deducting treasury shares.

3. Subscription rights, etc. of the Company

(1) Summary of subscription rights, etc., issued to/held by Directors and Executive Officers of the Company as compensation for the execution of duties (as of the fiscal year end)

Starting in fiscal 2005, the Company began issuing subscription 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 subscription rights, treasury shares 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 subscription rights</td><td>389</td><td>211</td><td>226</td></tr>
<tr><td colspan="2">Type and number of shares under subscription rights</td><td>Ordinary shares 194,500 shares</td><td>Ordinary shares 105,500 shares</td><td>Ordinary shares 113,000 shares</td></tr>
<tr><td colspan="2">Amount to be paid upon exercise of the subscription 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 subscription 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 subscription rights</td><td colspan="3">The Optionee shall exercise subscription 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 subscription rights</td><td colspan="3">The Company may acquire subscription 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>2</td><td>2</td><td>3</td></tr>
<tr><td>Number of rights</td><td>25</td><td>20</td><td>28</td></tr>
<tr><td>Number of shares</td><td>12,500 shares</td><td>10,000 shares</td><td>14,000 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 subscription rights</td><td>256</td><td>399</td><td>376</td></tr>
<tr><td colspan="2">Type and number of shares under subscription rights</td><td>Ordinary shares
128,000 shares</td><td>Ordinary shares
199,500 shares</td><td>Ordinary shares
188,000 shares</td></tr>
<tr><td colspan="2">Amount to be paid upon exercise of the subscription 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 subscription 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 subscription rights</td><td colspan="3">The Optionee shall exercise subscription 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 subscription rights</td><td colspan="3">The Company may acquire subscription 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>4</td><td>5</td><td>5</td></tr>
<tr><td>Number of rights</td><td>39</td><td>92</td><td>94</td></tr>
<tr><td>Number of shares</td><td>19,500 shares</td><td>46,000 shares</td><td>47,000 shares</td></tr>
</table>

<table>
<tr><th colspan="2"></th><th>Seventh Series
Fiscal Year Ended
March 31, 2012</th><th>Eighth Series
Fiscal Year Ended
March 31, 2013</th><th>Ninth Series
Fiscal Year Ended
March 31, 2014</th></tr>
<tr><td colspan="2">Number of subscription rights</td><td>479</td><td>571</td><td>515</td></tr>
<tr><td colspan="2">Type and number of shares under subscription rights</td><td>Ordinary shares
239,500 shares</td><td>Ordinary shares
285,500 shares</td><td>Ordinary shares
257,500 shares</td></tr>
<tr><td colspan="2">Amount to be paid upon exercise of the subscription 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 subscription rights</td><td>August 24, 2011 -
June 30, 2031</td><td>August 23, 2012 -
June 30, 2032</td><td>August 23, 2013 -
June 30, 2043</td></tr>
<tr><td colspan="2">Primary condition for exercise of subscription rights</td><td colspan="3">The Optionee shall exercise subscription 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 subscription rights</td><td colspan="3">The Company may acquire subscription 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>7</td><td>11</td><td>15</td></tr>
<tr><td>Number of rights</td><td>158</td><td>246</td><td>273</td></tr>
<tr><td>Number of shares</td><td>79,000 shares</td><td>123,000 shares</td><td>136,500 shares</td></tr>
</table>

<table>
<tr><td colspan="2"></td><td>Tenth Series
Fiscal Year Ended
March 31, 2015</td><td>11th Series
Fiscal Year Ended
March 31, 2016</td><td>12th Series
Fiscal Year Ended
March 31, 2017</td></tr>
<tr><td colspan="2">Number of subscription rights</td><td>1,596</td><td>1,101</td><td>1,714</td></tr>
<tr><td colspan="2">Type and number of shares under subscription rights</td><td>Ordinary shares 159,600 shares</td><td>Ordinary shares 110,100 shares</td><td>Ordinary shares 171,400 shares</td></tr>
<tr><td colspan="2">Amount to be paid upon exercise of the subscription 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 subscription rights</td><td>September 12, 2014 - June 30, 2044</td><td>August 19, 2015 - June 30, 2045</td><td>September 1, 2016 - June 30, 2046</td></tr>
<tr><td colspan="2">Primary condition for exercise of subscription rights</td><td colspan="3">The Optionee shall exercise subscription 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.</td></tr>
<tr><td colspan="2">Primary events and conditions for acquisition of subscription rights</td><td colspan="3">The Company may acquire subscription 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>16</td><td>19</td><td>22</td></tr>
<tr><td>Number of rights</td><td>1,246</td><td>958</td><td>1,714</td></tr>
<tr><td>Number of shares</td><td>124,600 shares</td><td>95,800 shares</td><td>171,400 shares</td></tr>
</table>

Note: The number of shares issued upon the exercise of each subscription right was 500 from the first to the ninth series and is 100 from the tenth series.

(2) Summary of subscription rights, etc., issued to/held by Group Executives of the Company ("the Group Executives") as compensation for the execution of duties (as of the fiscal year end)

In fiscal 2016, the Company began issuing subscription rights to the Group Executives in the form of a compensation-type stock option plan, based on a decision by the President, CEO and Representative Executive Officer.

Upon the exercise of subscription rights, treasury shares owned by the Company will be transferred.

<table>
<tr><td colspan="2"></td><td>12th Series
Fiscal Year Ended March 31, 2017</td></tr>
<tr><td colspan="2">Number of subscription rights</td><td>200</td></tr>
<tr><td colspan="2">Type and number of shares under subscription rights</td><td>Ordinary shares
20,000 shares</td></tr>
<tr><td colspan="2">Amount to be paid upon exercise of the subscription rights</td><td>One (1) yen per share</td></tr>
<tr><td colspan="2">Exercise period of subscription rights</td><td>September 1, 2016 - June 30, 2046</td></tr>
<tr><td colspan="2">Primary condition for exercise of subscription rights</td><td>The Optionee shall exercise subscription rights during the period from one (1) year after the date of retirement from the post of Director or Executive Officer of the Company or Group Executive up until ten (10) years from that starting date.</td></tr>
<tr><td colspan="2">Primary events and conditions for acquisition of subscription rights</td><td>The Company may acquire subscription 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 the Group Executives</td><td>Number of holders</td><td>5</td></tr>
<tr><td>Number of rights</td><td>200</td></tr>
<tr><td>Number of shares</td><td>20,000 shares</td></tr>
</table>

Note: The number of shares issued upon the exercise of each subscription right is 100.

4. Status of the Company's management members

(1) Names, etc. of Directors and Executive Officers

a. Directors (as of the fiscal year end)

Position	Name	Responsibilities	Important positions concurrently held
Director	Masatoshi Matsuzaki	Chairman of the Board Member of Nominating Committee	Outside Director of Ichigo Inc. Outside Director of Nomura Research Institute, Ltd. Outside Director of Nippon Sheet Glass Co. Ltd.
Director	Shoei Yamana	(President and CEO, and Representative Executive Officer)	
Outside Director	Takashi Enomoto	Member of Audit Committee (Chairman) Member of Compensation Committee	Executive Advisor of NTT DATA BUSINESS SYSTEMS CORPORATION. Outside Director of Tokyu Fudosan Holdings Corporation
Outside Director	Kazuaki Kama	Member of Compensation Committee (Chairman) Member of Nominating Committee	Senior Corporate Advisor of IHI Corporation Outside Director of Kyokuto Boeki Kaisha, Ltd. Outside Director of NSK Ltd. Outside Director of SUMITOMO LIFE INSURANCE COMPANY President of Financial Accounting Standards Foundation
Outside Director	Hiroshi Tomono	Member of Nominating Committee (Chairman) Member of Audit Committee	Senior Advisor of Nippon Steel & Sumitomo Metal Corporation Outside Director of Sumitomo Chemical Co., Ltd. Outside Director of JAPAN NUCLEAR FUEL LIMITED Administrative Director of Tekkou Gakuen
Outside Director	Kimikazu Noumi	Member of Nominating Committee Member of Audit Committee Member of Compensation Committee	Executive Advisor of J-WILL CORPORATION
Director	Yoshiaki Ando	Member of Nominating Committee Member of Audit Committee Member of Compensation Committee	
Director	Ken Shiomi	Member of Audit Committee Member of Compensation Committee	
Director	Seiji Hatano	(Senior Executive Officer)	
Director	Kunihiro Koshizuka	(Senior Executive Officer)	

Notes 1. The four Directors Mr. Takashi Enomoto, Mr. Kazuaki Kama, Mr. Hiroshi Tomono and Mr. Kimikazu Noumi are Outside Directors, as provided for in Article 2, Item 15 of the Companies Act and Independent Directors, as provided for under Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

2. At the 112th Ordinary General Meeting of Shareholders held on June 17, 2016, the terms of office of all eleven (11) Directors expired. The following nine Directors were reelected: Mr. Masatoshi Matsuzaki, Mr. Shoei Yamana, Mr. Takashi Enomoto, Mr. Kazuaki Kama, Mr. Hiroshi Tomono, Mr. Yoshiaki Ando, Mr. Ken Shiomi, Mr. Seiji Hatano and Mr. Kunihiro Koshizuka; and Director: Mr. Kimikazu Noumi was newly elected and assumed office the same day.
3. Upon the close of the 112th Ordinary General Meeting of Shareholders held on June 17, 2016, the term of office of Mr. Shoji Kondo and Mr. Ken Osuga expired and they retired from the office of Director.
4. Audit Committee member Mr. Yoshiaki Ando 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.
5. Mr. Yoshiaki Ando and Mr. Ken Shiomi are full-time members of the Audit Committee. In this role, they constantly collect information, receive periodic reports from business units, visit business sites to perform inspections, and conduct other activities. Sharing information acquired from these activities with all members of the Audit Committee allows this committee to perform effective examinations of various subjects and issues.

b. Executive Officers (as of the fiscal year end)

Position	Name	Responsibilities and important positions concurrently held
* President and CEO, and Representative Executive Officer	Shoei Yamana	In charge of Corporate Strategy
Senior Executive Officer	Nobuyasu Ieuji	In charge of China Business
Senior Executive Officer	Jun Haraguchi	Representative Director and President, Konica Minolta Japan, Inc.
Senior Executive Officer	Tsukasa Wakashima	In charge of Human Resources and General Affairs
* Senior Executive Officer	Kunihiro Koshizuka	In charge of Engineering
Senior Executive Officer	Ken Osuga	In charge of Business Technologies Business Business Management and Sales Operation
* Senior Executive Officer	Seiji Hatano	In charge of Management Planning, Administration, Risk Management
Senior Executive Officer	Shingo Asai	In charge of Production
Senior Executive Officer	Toyotsugu Ito	In charge of Management Quality Improvement
Senior Executive Officer	Noriyasu Kuzuhara	General Manager, Performance Materials Business Headquarters, In charge of OLED Business
Executive Officer	Kazuyoshi Hata	In charge of Alliance
Executive Officer	Hiroyuki Suzuki	General Manager, Corporate Audit Division
Executive Officer	Kenichi Sanada	In charge of Intellectual Property, Legal, Compliance and Crisis Management
Executive Officer	Akira Tai	In charge of IT
Executive Officer	Ikuo Nakagawa	President, Konica Minolta Business Solutions Europe GmbH
Executive Officer	Yuji Ichimura	General Manager, Business Development Headquarters Deputy General Manager, Business Technologies Business Business Planning Headquarters
Executive Officer	Toshimitsu Taiko	In charge of Business Technologies Business Business Planning
Executive Officer	Atsuo Takemoto	In charge of Procurement
Executive Officer	Masafumi Uchida	General Manager, Environment Management and Quality Promotion Division In charge of Business Technologies Business Quality Assurance
Executive Officer	Hajime Takei	General Manager, Business Technologies Business Development Headquarters
Executive Officer	Richard K. Taylor	CEO, Konica Minolta Business Solutions U.S.A., Inc.
Executive Officer	Kiyotaka Fujii	General Manager, Healthcare Business Headquarters

Notes 1. Executive officers marked with * hold concurrent Director positions.
2. The above Executive Officers were, after the close of the 112th Ordinary General Meeting of Shareholders held on June 17, 2016, elected at the meeting of the board of Directors held the same day.
3. Mr. Nobuyasu Ieuji and Mr. Kenichi Sanada resigned as Executive Officers as of March 31, 2017.
4. Mr. Kiyotaka Fujii was promoted to Senior Executive Officer and Mr. Takaji Ito, Mr. Toshiya Eguchi, Mr. Koji Sugie and Mr. Tetsuya Matsueda newly assumed Executive Officer posts as of April 1, 2017. Executive officers and its responsibilities changed as of April 1, 2017 as follows.

Executive Officer as of April 1, 2017

Position	Name	Responsibilities, important positions concurrently held
President and CEO, and Representative Executive Officer	Shoei Yamana	In charge of Corporate Strategy and Promotion of Diversity
Senior Executive Officer	Jun Haraguchi	Representative Director and President, Konica Minolta Japan, Inc.
Senior Executive Officer	Tsukasa Wakashima	In charge of Human Resources and General Affairs
Senior Executive Officer	Kunihiro Koshizuka	In charge of Engineering
Senior Executive Officer	Ken Osuga	General Manager, Office Business Headquarters
Senior Executive Officer	Seiji Hatano	In charge of Management Planning, Administration, Risk Management
Senior Executive Officer	Shingo Asai	In charge of Production
Senior Executive Officer	Toyotsugu Ito	In charge of Management Quality Improvement
Senior Executive Officer	Noriyasu Kuzuhara	General Manager, Materials and Components Business Headquarters
Senior Executive Officer	Kiyotaka Fujii	General Manager, Healthcare Business Headquarters
Executive Officer	Kazuyoshi Hata	In charge of Alliance and Optics Business Unit
Executive Officer	Hiroyuki Suzuki	General Manager, Corporate Audit Division
Executive Officer	Akira Tai	In charge of IT
Executive Officer	Ikuo Nakagawa	President, Konica Minolta Business Solutions Europe GmbH
Executive Officer	Yuji Ichimura	General Manager, Industrial Optical Systems Business Headquarters, In charge of Business Innovation Center (BIC)
Executive Officer	Toshimitsu Taiko	General Manager, Professional Printing Business Headquarters, In charge of Marketing Service Business
Executive Officer	Atsuo Takemoto	In charge of Procurement
Executive Officer	Masafumi Uchida	General Manager, Environment Management and Quality Promotion Division In charge of Business Technologies Quality Assurance
Executive Officer	Hajime Takei	General Manager, Business Technologies Development Headquarters
Executive Officer	Richard K. Taylor	CEO, Konica Minolta Business Solutions U.S.A., Inc.
Executive Officer	Takaji Ito	General Manager, Management Planning Division
Executive Officer	Toshiya Eguchi	General Manager, IoT Service PF Development
Executive Officer	Koji Sugie	Deputy General Manager, Professional Printing Business Headquarters, General Manager of Industrial Printing Operations
Executive Officer	Tetsuya Matsueda	General Manager, Corporate Legal Division In charge of Intellectual Property Center, Compliance and Crisis Management

(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	48	5	48	-	-	-	-
	Inside	151	3	127	-	-	3	24
	Total	199	8	175	-	-	3	24
Executive Officers		685	21	489	21	106	19	89

Notes 1. At the end of the period (March 31, 2017), the Company has four (4) Outside Directors, three (3) Inside Directors (not concurrently holding Executive Officer posts) and 22 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 were recorded as expense in the period are stated.

4. Regarding the stock compensation-type stock options, the amounts which were recorded as expense based on an estimation of the fair value of the subscription rights issued to Directors (excluding Outside Directors) and Executive Officers (excluding non-Japan residents) 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 2017 due to a resolution by the Compensation Committee based on the retirement payment system that was terminated in June 2005.

· Executive Officer (one): ¥1 million (Retired on March 31, 2016)

(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 three 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.

a. 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 medium-to-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 “stock compensation-type stock options” as a medium-to-long-term incentive.

b. 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.
c. 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 150 % 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.
d. Regarding the “stock compensation-type stock options,” the Company grants subscription 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.
e. The standard for compensation to Executive Officers is a 60:25:15 mix of “base salary,” “performance-based cash bonus” and “stock 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.
f. 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.

At a meeting of the Compensation Committee held on March 31, 2017, the Company resolved a revision to the Compensation Policy and decided to introduce a stock bonus system linking with the Company’s medium-term performance starting in fiscal 2017, in line with the launch of the new Medium Term Business Plan. Main points of the new Policy are as follows.

a. 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 “medium-term stock bonus” that links with improvement of the shareholder value for the medium term. Outside Directors receive base salary only.
   2) Compensation packages for Executive Officers consist of “base salary,” “annual performance-based cash bonus,” which reflects the performance of the Group and the performance of the business of which they are in charge in each year, and “stock bonus linking with medium-term performance,” which reflects the degree of attainment of the Medium Term Business Plan and improvement of the shareholder value for the medium term.
b. The total amount of individual compensation entitlement and “base salary” are set at an appropriate level with each position and its value taken into account, based upon objective data, evaluation data and other data collected at regular intervals, etc.
c. The amount of the “annual performance-based cash bonus” is determined based on the level of performance result for the fiscal year (consolidated operating income) and the degree of attainment of annual performance targets and according to progress of each Executive Officer’s key operational measures. The amount based on the degree of attainment of annual performance targets is determined in the 0 % to 150 % range of the

standard amount of compensation. The targets are major consolidated performance indicators (operating income, operating income margin, ROA and others) associated with results of operations. Executive officers' key operational measures include those related to non-financial indicators, such as ESG (environmental, social and governance).

d. Details of the stock bonus plan are as follows.
   1) In the "medium-term stock bonus" plan to Directors, the Company's shares are distributed to Directors after the end of the Medium Term Business Plan, according to their roles and years they are in office. The plan is aimed to enhance their motivation toward contribution to improvement of the shareholder value and promote holdings of the Company's own shares.
   2) In the "medium-term stock bonus" plan to Executive Officers, the Company's shares are distributed to Executive Officers after the end of the Medium Term Business Plan in the 0 % to 150 % range. The plan is aimed to enhance their incentives toward attainment of the targets in the Medium Term Business Plan and promote holdings of the Company's own shares. The medium-term targets are major consolidated performance indicators (operating income, ROE and others) associated with the medium term management policy.
   3) The standard number of shares is set by the position of each Director or Executive Officer in the first year of the Medium Term Business Plan.
   4) Certain portions of shares are distributed in cash on assumption that they are exchanged for cash.
   5) Shares of the Company obtained as stock bonus shall be held in principle for one (1) year after the date of retirement from the post of each Director or Executive Officer.

e. The standard for compensation to the President and Chief Executive Officer is a 50:25:25 mix of "base salary," "annual performance-based cash bonus" and "medium term performance-based stock bonus." For the other Executive Officers, the "base salary" ratio is set higher than that for the President.

f. Compensation for non-Japan residents may be handled in different ways from the treatment said above according to legal and other circumstances.

g. When the Board of Directors resolved a correction to financial statements after the announcement due to a material accounting error or fraud, the Compensation Committee considers corrections to performance-based bonuses and limit payment or request return of the bonuses when necessary.

h. The Company reviews levels, composition and others of compensation in a timely and proper manner in accordance with changes in the management 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.

The stock compensation-type stock option system is abolished with the twelfth issue of stock compensation-type stock options for fiscal 2016 issued in August 2016.

(4) Matters regarding Outside Directors

a. Persons serving as Executive Officers at the important positions of other companies, etc.

Name	Name of company, etc.	Position
Kazuaki Kama	Financial Accounting Standards Foundation	President
Hiroshi Tomono	Tekkou Gakuen	Administrative Director

There is no material transaction with the Company.

b. Persons serving as Outside Directors at the important positions of other companies, etc.

Name	Name of company, etc.	Position
Takashi Enomoto	Tokyu Fudosan Holdings Corporation	Outside Director
Kazuaki Kama	Kyokuto Boeki Kaisha, Ltd. NSK Ltd. SUMITOMO LIFE INSURANCE COMPANY	Outside Director Outside Director Outside Director
Hiroshi Tomono	Sumitomo Chemical Company, Limited JAPAN NUCLEAR FUEL LIMITED	Outside Director 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.

1) Mr. Takashi Enomoto

During the fiscal year that ended in March 2017, Mr. Enomoto attended all 13 meetings of the Board of Directors, one meeting of the Nominating Committee that was held when he was a committee member until June 2016, all 13 of the Audit Committee meetings, and all seven meetings of the Compensation Committee that were held after he was named to this committee in June 2016. As a Director, Mr. Enomoto used his experience as a manager to provide supervision and advice concerning M&A, new businesses and other subjects. In addition, as chairman of the Audit Committee, Mr. Enomoto used his experience and knowledge to make statements contributing to maintenance and enhancement of the Company’s integrity and efficiency.

2) Mr. Kazuaki Kama

During the fiscal year that ended in March 2017, Mr. Kama attended all 13 meetings of the Board of Directors, all six meetings of the Nominating Committee that were held after he was named to this committee in June 2016, all three of the Audit Committee meetings that were held when he was a committee member until June 2016, and all eight meetings of the Compensation Committee that were held during the fiscal year. As a Director, Mr. Kama used his experience as a manager to provide supervision and advice concerning financial strategies, business management and other subjects.

3) Mr. Hiroshi Tomono

During the fiscal year that ended in March 2017, Mr. Tomono attended all 13 meetings of the Board of Directors, all seven meetings of the Nominating Committee, one meeting of the Compensation Committee that were held when he was a committee member until June 2016. As a Director, Mr. Tomono used his experience as a manager to provide supervision and advice concerning business strategies, technologies and intellectual property rights and other subjects. In addition, at the Audit Committee, Mr. Tomono used his experience and knowledge to make statements contributing to maintenance and enhancement of the Company's integrity and efficiency.

4) Mr. Kimikazu Noumi (elected at the Ordinary General Meeting of Shareholders held June 2016)

Mr. Noumi attended all ten meetings of the Board of Directors held after his appointment, all six meetings of the Nominating Committee, all ten meetings of the Audit Committee, and all seven meetings of the Compensation Committee, which were respectively held after his appointment as Director during the fiscal year. As a Director, Mr. Noumi used his experience as an investor and manager to provide supervision and advice concerning M&A, new businesses and other subjects. In addition, at the Audit Committee, Mr. Noumi used his experience and knowledge to make statements contributing to maintenance and enhancement of the Company's integrity and efficiency.

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 Companies Act, 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 Companies Act to the extent permitted by laws and regulations. Based on these stipulations, the four Outside Directors Mr. Takashi Enomoto, Mr. Kazuaki Kama, Mr. Hiroshi Tomono and Mr. Kimikazu Noumi 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 Companies Act Enforcement Regulations multiplied by two (Article 425, Paragraph 1, Item 1 (c) of the Companies Act).

5. Status of Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Compensation to the Accounting Auditor

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

Compensation for audit certification in accordance with Article 2, Section 1 of the Certified Public Accountants Act	¥205 million
Compensation for services other than those stipulated in Article 2, Section 1 of the Certified Public Accountants Act	¥18 million
Total	¥223 million

Notes 1. Under an audit contract between the Company and the Accounting Auditor, compensation is the total of compensation for the Accounting Auditor's audit under the Companies Act and audit compensation under the Financial Instruments and Exchange Act, as there is no clear separation between the two.

2. The Audit Committee has agreed on the amount of compensation to be paid to the Accounting Auditor as well as other items related to the Accounting Auditor's duties under Article 2, Paragraph 1 of the Certified Public Accountants Act after the committee examined the fiscal year auditing plan, number of audit days, assignment of personnel and other items as explained by the Accounting Auditor and Executive Officer for accounting and finance. The committee also confirmed and assessed audits performed in the previous fiscal year, checked the status and suitability of audits by the Accounting Auditor, and examined the basis used for calculations of estimates used as the premise for determining compensation.

3. The Company pays considerations to the Accounting Auditor for financial and tax due diligence and other services, which are not included in the duties under Article 2-1 of the Certified Public Accountants Act (non-audit duties).

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

¥303 million

(3) Policy regarding decisions to dismiss or deny reappointment to Accounting Auditor

The Audit Committee will examine dismissing or denying reappointment of the Accounting Auditor if the Accounting Auditor has committed a serious violation or infringement of the Companies Act, the Certified Public Accountants Act or other relevant laws or regulations, or if the Accounting Auditor is deemed to have difficulty in properly conducting audits. If, as a result of this examination, it is deemed appropriate to dismiss the Accounting Auditor or deny reappointment of the Accounting Auditor, a proposition calling for the dismissal or denial of reappointment of the Accounting Auditor will be submitted to the General Meeting of Shareholders.

The Audit Committee also examines the status of the performance of the Accounting 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 Companies Act), 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 and its subsidiaries (Article 416, Paragraph 1, Item 1 (e) of the Companies Act). A summary of the resolutions is as follows.

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

a. 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. Furthermore, this principle is to be clearly specified in Company rules and made common knowledge.
b. To ensure the independence of the above Audit Committee Office from Executive Officers and the effectiveness of instructions received from the Audit Committee, personnel matters regarding the Audit Committee Office including appointment, personnel changes and disciplinary action, shall be approved in advance by the Audit Committee.
c. The Company's Executive Officers in charge of the Group's 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. The subsidiaries' internal audit division, risk management division, compliance division and auditors shall report on the status of operation to the Audit Committee without delay if requested to make a report by the Company's Audit Committee.
d. The Company will secure and manage a budget that is necessary and appropriate for paying expenses arising from the execution of work duties by the Audit Committee members.
e. The Company will provide opportunity for Audit Committee members elected by the Audit Committee to attend management consultation committee and other important meetings. The Executive Officers in charge of internal control, including the Corporate Audit Division, Risk Management Committee and the Compliance Committee shall report without delay if requested to make investigations, reports, etc. by the Audit Committee members.

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

f. Each Executive Officer shall manage the minutes of management consultation committee 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.
g. 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 risks and operational risks, 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 risks material to Group management, 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.

h. 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.

i. 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.

j. 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. Make this system clear common knowledge in Company rules to halt unfair treatment through the reporting of infractions. Furthermore, the department in charge of the whistle blowing system will regularly inform the Audit Committee of report details and status.

k. 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 consultation committee 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. Furthermore, based on internal rules, etc. such as Authorization Regulations, the Company will make subsidiaries regularly report and seek preapproval on matters concerning the execution of important work duties, accounting, financial execution, human resources and other important information pertaining to such subsidiaries through management consultation committee and other meetings.

7. Framework for ensuring appropriate business operations and status

The Company has established the framework described in “6. Establishment of system to ensure appropriate business operations” and has the following activities in accordance with the goals of this system.

Executive Officers and employees at the Corporate Audit Division, Risk Management Committee, Compliance Committee and other units responsible for the Group’s internal controls submit reports every month in writing or at periodic meetings to the Audit Committee concerning business operations. Furthermore, explanations are given as needed concerning important subjects and issues involving internal controls.

Members of the Audit Committee, who is responsible for performing examinations, attended all meetings of the management consultation Committee during the fiscal year as well as operations meetings of business units and other important meetings. Audit Committee members used these activities to confirm decision-making processes and how Executive Officers and employees are doing their jobs.

<Risk management>

The Risk Management Committee meets twice each year and at other times as needed. The committee identifies risks associated with business operations and determines measures to deal with these risks. In addition, committee members confirm that the risk management system is functioning effectively and evaluate this system. In the fiscal year, the Risk Management Committee held three meetings.

The Company has reporting rules for the purpose of responding to a crisis in a rapid and suitable manner. Crisis reports are sent to Executive Officers, executives of subsidiaries and others. Based on these rules, the Executive Officer in charge of crisis management performs the management of all information involving a natural disaster, accident or other crisis that has occurred anywhere in the world.

<Internal audits>

The Corporate Audit Division is responsible for internal audits for the entire Group.

Overseen directly by the Representative Executive Officer, this division oversees the internal auditing function for the entire Group and performs internal audits of the Company and its subsidiaries. Audits use the risk approach for efficiency from the standpoint of the reliability of financial reports, the efficiency and effectiveness of business operations, and compliance with laws and regulations. There are also follow-up audits to confirm that actions have been taken concerning items requiring improvements that were identified during audits.

Major subsidiaries also have their own internal audit departments. These departments strengthen the internal audit function of the entire Group while working with the Konica Minolta Corporate Audit Division.

To prevent fraudulent accounting activities, an internal controls report that is based on internal evaluations that cover the entire Group of 131 consolidated companies. This report is prepared in accordance with the Financial Instruments and Exchange Act for the purpose of ensuring the reliability of financial reports. After an audit by the Accounting Auditor, the report is submitted with the Securities Report.

<Compliance>

The Executive Officer in charge of compliance ("the Compliance Officer"), who is appointed by the Board of Directors under the oversight of the Representative Executive Officer, determines important issues involving Group compliance activities and oversees compliance activities. The Group Compliance Committee, which consists of Executive Officers for a variety of corporate functions, serves as an advisory body to the Compliance Officer. In the fiscal year, this committee held two meetings.

At subsidiaries, the company presidents are responsible for compliance, including the establishment of a system for compliance activities. In addition, there are regional compliance coordinators for Europe, North America, China and Southeast Asia, who are appointed by the Compliance Officer. This framework allows performing compliance activities that match the characteristics and needs of each overseas region.

To reinforce awareness of the importance of compliance, all business units and subsidiaries are required to submit period reports about the status of compliance programs. The Compliance Officer uses this information to determine the status of compliance for the entire Group and submits periodic reports to the Audit Committee.

<Whistle blowing system>

The Company has a whistle blowing system for compliance and is always seeking ways to improve this system. In Japan, Group employees can use a telephone call, e-mail, letter or other method to contact the representative Executive Officer, Compliance Officer, general manager of the Corporate Legal Division or an external attorney about a compliance problem or for a consultation. In the Americas, there is a whistle blowing system for North America. In Europe, there is a 24-hour, multi-language whistle blowing system. There is also a whistle blowing for China and whistle blowing systems for subsidiaries in Southeast Asia.

In the fiscal year under review, this whistle blowing system was used 31 times in Japan and 27 times overseas. No reports involved a serious violation of a law or regulation.

When a whistle blowing report is received, an investigation is performed while ensuring that there will be no negative consequences for the individual who submitted the whistle blowing report. Departments involved in this investigation determine a solution in a timely manner. The Compliance Officer submits reports to the Audit Committee about these whistle blowings on a regular basis.

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

Reference: Corporate Governance

(1) Basic Concept for Corporate Governance

The Company has established a corporate governance framework from the standpoint of supervision. This is based on the conviction that corporate governance that contributes to medium and long-term corporate value growth must encourage suitable risk-taking in business operations and have a highly effective supervisory function for business operations. In 2003, the “company with committees” (currently “company with three committees”) structure was selected as the organizational structure in accordance with the Companies Act. In addition, to maintain a governance system devoid of personal characteristics, there have been measures to operate a governance system in a distinctive Konica Minolta style. The followings are our basic policies for corporate governance concept:

- Reinforcement of management oversight for corporate value growth by separating the roles of management oversight and operation of business activities;
- Election of independent Outside Directors who can perform supervision from the standpoint of shareholders; and
- Using these measures for improving the transparency, integrity and efficiency of management

The diagram on page 59 shows the structure of this corporate governance system centered on the Board of Directors and three committees.

(2) Board of Directors

The Company believes that determining strategic goals is the primary role of the Board of Directors. The Board of Directors makes decisions about basic management policies and other matters that must be decided by the Board of Directors in accordance with laws and regulations. In addition, the Board of Directors make decisions for expenditures only for matters of at least a certain amount or other items that may have a significant effect on the operations of the Group. Furthermore, there are Outside Directors and Inside Directors who are not also Executives Officers for the purpose of performing highly effective oversight of business operations from an objective perspective.

(3) Executive Officers

Executive Officers make decisions and conduct business activities in the business sectors designated for each Executive Officer by the Board of Directors. The Executive Officers are granted considerable autonomy by the Board of Directors within the legally permitted limit for the Company with three committee management structure. This authority allows conducting business activities with speed and flexibility and speeds up decision-making concerning management and business activities.

(4) Nominating Committee

This committee makes decisions about proposals submitted at General Meeting of Shareholders meetings about the election and termination of Directors. Committee members also receive reports about the Representative Executive Officer’s succession plan and oversee this plan as needed.

(5) Audit Committee

This committee audits the performance of Directors and Executive Officers, prepares audit reports, and makes decisions about proposals submitted at General Meeting of Shareholders for the election, termination or reappointment denial of the Accounting Auditor.

(6) Compensation Committee

This committee makes decisions about the compensation of individual Directors and Executive Officers. To reach these decisions, this committee determines suitable compensation structures for each role of the Directors and Executive Officers. This committee also establishes a Compensation Policy for Directors and Executive Officers that takes into account linking compensation with the Company's medium to long-term performance and combining cash and stock compensation.

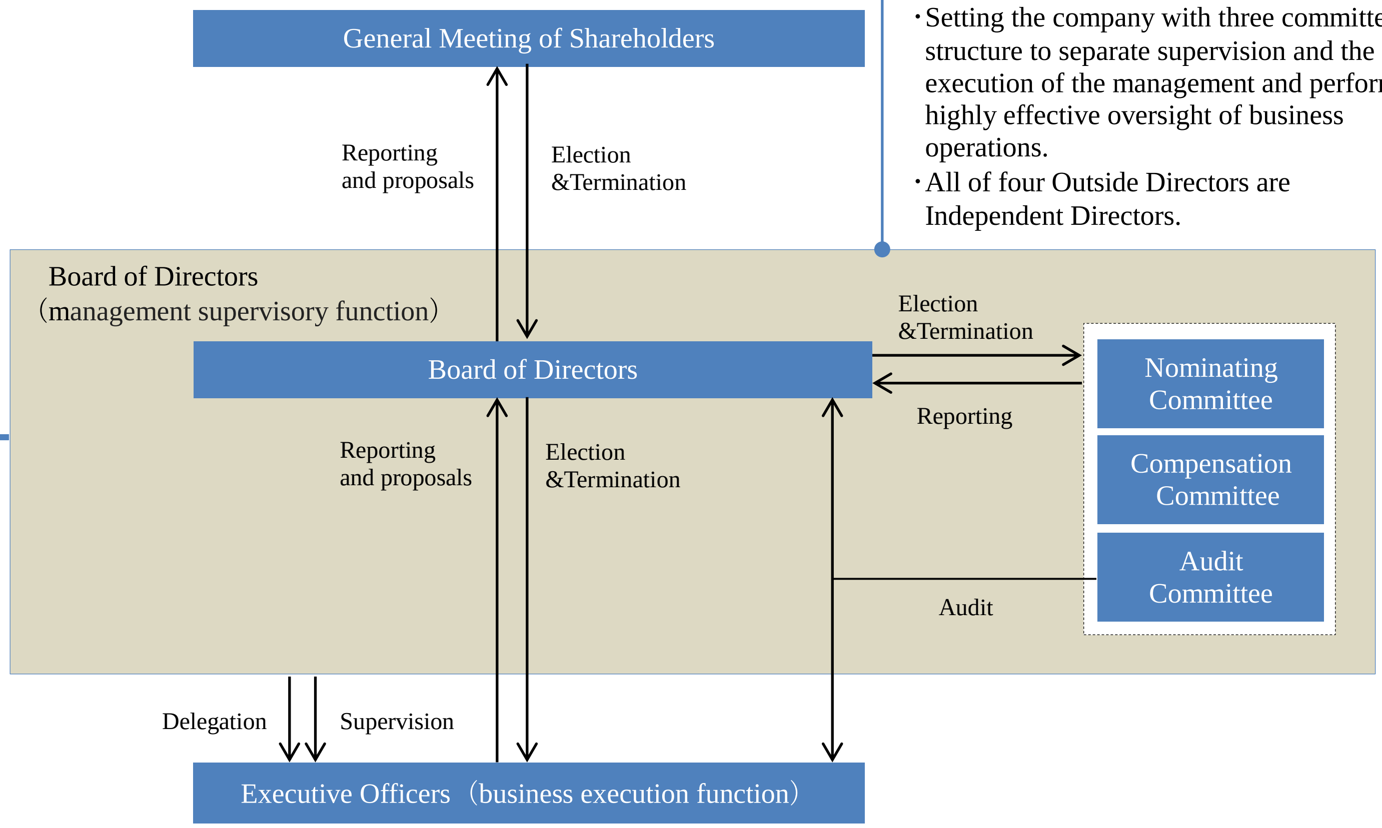
(7) Analysis and Assessment of Effectiveness of Governance

The Company has evaluated the effectiveness of the Board of Directors since 2004. Directors are required to complete questionnaires each year, which include self-evaluations, concerning the composition of the Board of Directors and the three committees as well as issues and other items involving the operation of the board. The overall effectiveness of the Board of Directors is then analyzed and evaluated, issues are identified, and improvements are made as needed.

In the fiscal year that ended in March 2017, the Company outsourced interviews and questionnaires to a third-party organization to enhance the objectivity, conducting the evaluation of the effectiveness from the standpoint of the third party with additional points of evaluation. Based on the results, the Company plans to find out issues to be tackled by the Board of Directors in the next fiscal year and enhance the effectiveness further.

Distinctive Characteristics of Governance at Konica Minolta

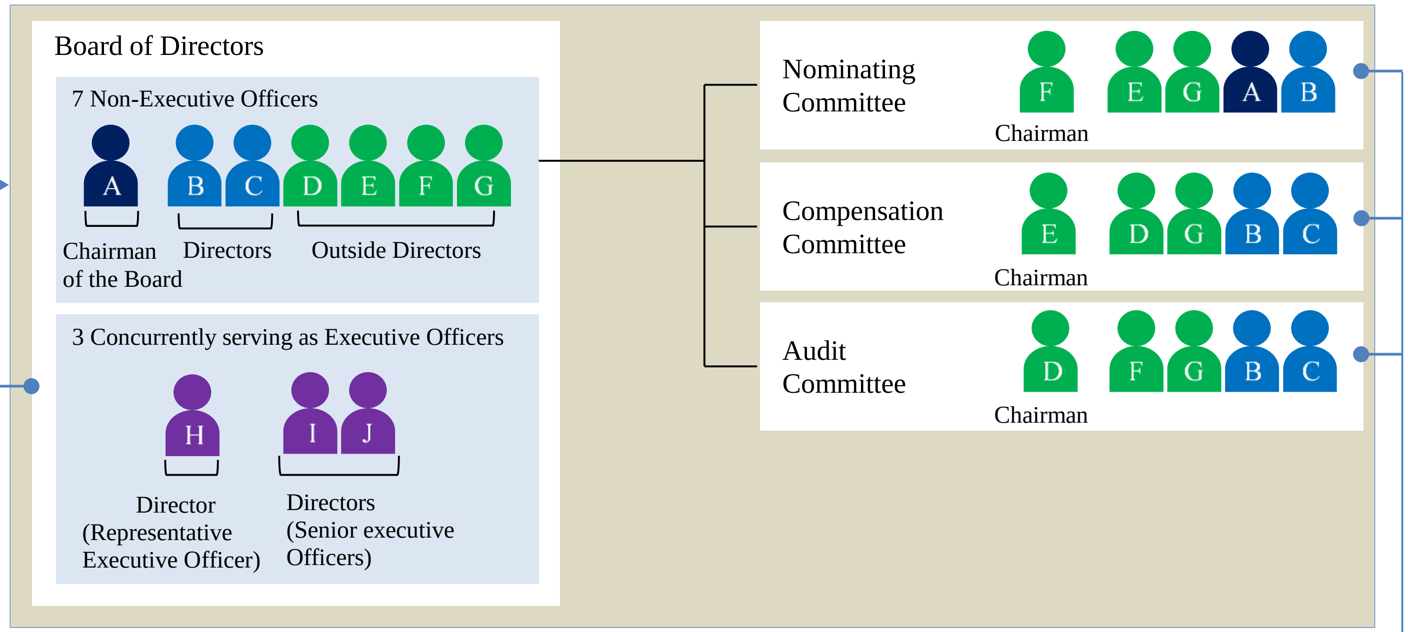
Structure of Corporate Governance Systems



Key characteristics of structure

- Setting the company with three committees structure to separate supervision and the execution of the management and perform highly effective oversight of business operations.
- All of four Outside Directors are Independent Directors.

Board of Directors and three Committees (as of March 31, 2017)



Key characteristics of the Board of Directors

- Chairman is not an Executive Officer
- Outside Directors are at least one-third of the Board of Directors
- Directors who are not concurrently Executive Officers are the majority of the Board of Directors

Key characteristics of the three committees

- Chairmen are Outside Directors
- Directors who are concurrently Executive Officers are not allowed to be committee members

CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Statement of Financial Position
(As of March 31, 2017)

[Millions of yen]

Item	Amount
Assets	
Current assets	
Cash and cash equivalents	92,628
Trade and other receivables	243,195
Inventories	136,020
Income tax receivables	1,878
Other financial assets	6,924
Other current assets	18,799
Total current assets	**499,446**
Non-current assets	
Property, plant and equipment	190,580
Goodwill and intangible assets	209,577
Investments accounted for using the equity method	3,489
Other financial assets	47,542
Deferred tax assets	48,129
Other non-current assets	6,668
Total non-current assets	**505,988**
Total assets	**1,005,435**

[Millions of yen]

Item	Amount
Liabilities	
Current liabilities	
Trade and other payables	156,090
Bonds and borrowings	41,294
Income tax payables	5,554
Provisions	5,659
Other financial liabilities	372
Other current liabilities	41,275
Total current liabilities	**250,246**
Non-current liabilities	
Bonds and borrowings	144,218
Retirement benefit liabilities	61,267
Provisions	1,136
Other financial liabilities	4,362
Deferred tax liabilities	5,222
Other non-current liabilities	4,833
Total non-current liabilities	**221,040**
Total liabilities	**471,286**
Equity	
Share capital	37,519
Share premium	202,631
Retained earnings	276,709
Treasury shares	(9,214)
Subscription rights to shares	998
Other components of equity	15,685
Equity attributable to owners of the company	524,331
Non-controlling interests	9,818
Total equity	**534,149**
Total liabilities and equity	**1,005,435**

Consolidated Statement of Profit or Loss

(From April 1, 2016 to March 31, 2017)

[Millions of yen]

Item	Amount
Revenue	**962,555**
Cost of sales	502,616
Gross profit	**459,938**
Other income	14,147
Selling, general and administrative expenses	416,622
Other expenses	7,328
Operating profit	**50,135**
Finance income	2,724
Finance costs	3,451
Share of loss of investments accounted for using the equity method	66
Profit before tax	**49,341**
Income tax expense	17,856
Profit for the year	**31,485**
Profit attributable to	
Owners of the company	31,542
Non-controlling interests	(56)

Consolidated Statement of Changes in Equity

(From April 1, 2016 to March 31, 2017)

[Millions of yen]

	Equity attributable to owners of the company						
						Other components of equity	
	Share capital	Share premium	Retained earnings	Treasury shares	Subscription rights to shares	Remeasurements of defined benefit pension plans	Net gain (loss) on revaluation of financial assets measured at fair value
Balance at April 1, 2016	37,519	203,397	258,562	(9,408)	1,009	-	4,391
Profit for the year	-	-	31,542	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	-	1,519	3,958
Total comprehensive income	-	-	31,542	-	-	1,519	3,958
Dividends	-	-	(14,865)	-	-	-	-
Acquisition and disposal of treasury shares	-	-	(62)	194	-	-	-
Share-based payments	-	-	-	-	(10)	-	-
Change in non-controlling interests due to changes in subsidiaries	-	-	-	-	-	-	-
Equity transactions, etc. with non-controlling interests	-	177	-	-	-	-	-
Put options granted to non-controlling interests	-	(943)	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	1,533	-	-	(1,519)	(13)
Total transactions, etc. with owners	-	(765)	(13,395)	194	(10)	(1,519)	(13)
Balance at March 31, 2017	37,519	202,631	276,709	(9,214)	998	-	8,336

[Millions of yen]

	Equity attributable to owners of the company						
	Other components of equity						
	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using the equity method	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2016	(1,067)	19,872	7	23,204	514,285	696	514,981
Profit for the year	-	-	-	-	31,542	(56)	31,485
Other comprehensive income (loss)	697	(12,142)	(18)	(5,985)	(5,985)	(182)	(6,168)
Total comprehensive income	697	(12,142)	(18)	(5,985)	25,556	(239)	25,317
Dividends	-	-	-	-	(14,865)	-	(14,865)
Acquisition and disposal of treasury shares	-	-	-	-	131	-	131
Share-based payments	-	-	-	-	(10)	-	(10)
Change in non-controlling interests due to changes in subsidiaries	-	-	-	-	-	9,805	9,805
Equity transactions, etc. with non-controlling interests	-	-	-	-	177	340	517
Put options granted to non-controlling interests	-	-	-	-	(943)	(784)	(1,728)

Transfer from other components of equity to retained earnings	-	-	-	(1,533)	-	-	-
Total transactions, etc. with owners	-	-	-	(1,533)	(15,510)	9,361	(6,149)
Balance at March 31, 2017	(369)	7,730	(11)	15,685	524,331	9,818	534,149

Notes to Consolidated Financial Statements

＜NOTES TO BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS＞

1. Basis for the preparation of consolidated financial statements

   The consolidated financial statements for the Group are prepared in accordance with International Financial Reporting Standards (hereinafter, "IFRS") as provided by Article 120-1 of the Ordinance on Company Accounting. Part of the descriptions and notes required under IFRS have been omitted, in accordance with the provisions in the latter part of this item.

2. Scope of Consolidation

   Number of consolidated subsidiaries and names of principal consolidated subsidiaries

   Number of consolidated subsidiaries: 153 companies

   The names of principal consolidated subsidiaries are omitted because they are described in "Business Report 1. Overview of Konica Minolta Group business activities (6) Significant subsidiaries (as of the fiscal year end)."

   Due to the acquisition of equity interest during the fiscal year under review, MOBOTIX AG became consolidated subsidiary.

3. Scope of the Use of Equity Accounting

   Number of associates accounted for using the equity method and names of principal associates

   Number of associates accounted for using the equity method: 6 companies

   Name of principal associate accounted for using the equity method: Netyear Group Corporation

4. Accounting policies

(1) Asset valuation standards and methods

a. Financial instruments

1) Non-derivative financial assets

The Group holds as non-derivative financial assets: financial assets measured at amortized cost, financial assets measured at fair value through profit or loss (FVTPL) and financial assets measured at fair value through other comprehensive income (FVTOCI).

i) Financial assets measured at amortized cost

The Group classifies financial assets as financial assets measured at amortized cost only if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and if the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, these financial assets are measured at amortized cost using the effective interest method. On a quarterly basis, the Group assesses whether there is any objective evidence that financial assets measured at amortized cost are impaired. Objective evidence of impairment includes significant worsening in the financial condition of the borrower or a group of borrowers, a default or delinquency in interest or principal payments, and bankruptcy of the borrower.

Impairment losses are recognized if there is objective evidence that a loss event has occurred after the initial recognition and that the loss event has a negative impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Specific impairment is assessed on individually significant financial assets. Financial assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics. The Group makes reference to historical trends, including past losses when assessing overall impairment.

When impairment losses on financial assets measured at amortized cost are recognized, the carrying amount of the financial asset is reduced by the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate through an allowance for doubtful accounts, and impairment losses are recognized in profit or loss. The carrying amount of these financial assets is directly reduced for the impairment when they are expected to become non-recoverable in the future, offsetting the carrying amount by the allowance for doubtful accounts. If the impairment amount decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, impairment losses are reversed through profit or loss. An impairment loss is reversed only to the extent that the asset’s amortized cost that would have been determined if no impairment loss had been recognized.

ii) Financial assets measured at FVTPL

The Group measures a financial asset at fair value and recognizes any changes in profit or loss if it is a non-derivative financial asset other than an equity instrument that does not satisfy the criteria for classification for measurement at amortized cost described in (i) above, and if it is an equity instrument other than those designated as financial assets measured at fair value through other comprehensive income.

Financial assets measured at FVTPL are initially recognized at fair value, with transaction expenses recognized in profit or loss as they occur.

iii) Financial assets measured at FVTOCI

Upon initial recognition, the Group elects to recognize the valuation differences of equity instruments held to expand its revenue base by maintaining or strengthening relations with business partners in other comprehensive income. In case equity instruments are recognized for accounting by the FVTOCI method, the method is applied consistently assuming that the election is irrevocable.

Financial assets measured at FVTOCI are initially recognized at their fair value plus any directly attributable transaction costs. After initial recognition, fair value is measured, and any changes in fair value are recognized in other comprehensive income. Upon derecognition of these financial assets or when they fall substantially below their fair value, the cumulative amounts recognized in other comprehensive income are transferred to retained earnings.

2) Non-derivative financial liabilities
Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these liabilities are measured at amortized cost using the effective interest method. However, the Company remeasures contingent consideration, which is financial liability, at a fair value and recognizes a change in the value as profit or loss.

3) Derivative financial instruments and hedge accounting
Derivative financial instruments are initially recognized at fair value, with any attributable transaction costs recognized in profit or loss as they occur. After initial recognition, fair value is remeasured, and the following accounting policies are applied for changes depending on whether derivative financial instruments satisfy the conditions for hedge accounting. The Group applies hedge accounting on those derivative financial instruments that satisfy the conditions for hedge accounting.

i) Derivative financial instruments that do not satisfy the conditions for hedge accounting
Changes in fair value are recognized in profit or loss. However, changes in the fair value of put options granted to non-controlling interests are recognized as share premium.

ii) Derivative financial instruments that satisfy the conditions for hedge accounting
On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, and the objectives and strategies of risk management for undertaking the hedge, as well as the method for assessing the effectiveness of the hedge. At the inception of the hedge and on an ongoing basis thereafter, hedges are assessed as to whether they are highly effective in offsetting changes in cash flows of the hedging instrument and the cash flows of the hedged item.
The effective portion of changes in the fair value of the hedging instrument is recognized in Other comprehensive income (hereafter, “OCI”), while the ineffective portion is recognized immediately in profit or loss. The cumulative profits or losses recognized through OCI are reclassified from OCI to profit or loss in the consolidated statement of comprehensive income in the same period during which the hedged item affects profit and loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, or if the forecast transaction is no longer expected to occur, then hedge accounting is discontinued prospectively.

b. Inventories
The cost of inventories includes purchase costs, processing costs and all other costs incurred to bring inventories to their present location and condition.
Inventories are measured at the lower of cost or net realizable value after the initial recognitions. If net realizable value is less than the cost, that difference is accounted for as a write off and recognized as an expense. The weighted average method is used to calculate cost. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and estimated costs necessary to make the sale.

c. Property, plant and equipment
The cost of property, plant and equipment includes any costs directly attributable to the acquisition of the asset and dismantlement, removal and restoration costs, as well as borrowing costs that satisfy the conditions for capitalization.
Property, plant and equipment is measured using the Cost model that is, at cost less accumulated depreciation and accumulated impairment losses.

d. Intangible assets
Intangible assets acquired separately are measured at cost at the initial recognition, and the cost of intangible assets acquired through business combinations are recognized at fair value at the acquisition date.
Expenses on internally generated intangible assets are recognized as expense in the period when incurred, except for those that satisfy the criteria for recognition as assets. Internally generated intangible assets that satisfy the criteria for recognition as assets are stated at cost in the total amount of spending that is incurred after the assets first met recognition standards.
Intangible assets are subsequently measured using the Cost model that is, at cost less accumulated amortization and accumulated impairment losses.

e. Impairment of non-financial assets

The Group assesses for at each fiscal year-end whether there is any indication that a non-financial asset (excluding inventories, deferred tax assets and post-retirement benefit plan assets) may be impaired. If any such indication exists, then an impairment test is performed. For goodwill and intangible assets with infinite useful lives or that are not yet in use, an impairment test is performed each year and whenever there is any indication of impairment.

In an impairment test, the recoverable amount is estimated, and the carrying amount and recoverable amount are compared. The recoverable amount of an asset, Cash generating unit (hereafter, “CGU”) or group of CGUs is determined at the higher of its fair value less costs of disposal or its value in use. In determining the value in use, estimated future cash flows are discounted to the present value, using discount rates that reflect current market assessments of the time value of money and the risks specific to the asset.

If as the result of the impairment test, the recoverable amount of an asset, CGU or group of CGUs is below its carrying amount, an impairment loss is recognized. In recognizing impairment losses on CGUs, including goodwill, first the carrying amount of goodwill allocated to the CGUs is reduced. Next, the carrying amounts of other assets within the CGUs are reduced proportionally.

If there is any indication that an impairment loss recognized in previous periods may be reversed, the impairment loss is reversed if the recoverable amount exceeds the carrying amount as a result of estimating the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses on goodwill are not reversed.

(2) Depreciation method for depreciable assets and amortization method for amortizable assets

a. Property, plant and equipment

The historical costs less residual values of property, plant and equipment other than land (excluding some portions) and those in the construction in progress account are depreciated using the straight-line method over their estimated useful lives.

b. Intangible assets

1) Intangible assets with finite useful lives

Intangible assets for which useful life can be determined are amortized on a straight-line method over their estimated useful lives from the date the assets are available for use.

2) Intangible assets with infinite useful lives

Intangible assets for which useful life cannot be determined are not amortized. These assets are tested for impairment each fiscal year.

c. Leased assets

Assets used in leases are depreciated under the straight-line method over their estimated useful lives or lease terms, whichever is shorter.

(3) Accounting standards for provisions

The Group has present legal or constructive obligations resulting from past events and recognizes provisions when it is probable that the obligations are required to be settled and the amount of the obligations can be estimated reliably.

Where the effect of the time value of money is material to the provisions, the amount of provisions is measured at the present value of the estimated future cash flows discounted to present value using the pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount associated with the passage of time is recognized as a financial cost.

(4) Accounting methods related to post-retirement benefits

The Group employs defined benefit plans and defined contribution plans as post-retirement benefit plans for employees.

a. Defined benefit plans

The Group calculates the present value of the defined benefit obligations, related current service cost and past service cost using the projected unit credit method.

For a discount rate, a discount period is determined based on the period until the expected date of benefit payment in each fiscal year, and the discount rate is determined by reference to market yields for the period corresponding to the discount period at the end of the fiscal year on high-quality corporate bonds.

Assets and liabilities related to the post-retirement benefit plans are calculated by the present value of the defined benefit obligation, deducting the fair value of any plan assets, and their amounts are recognized in the consolidated statement of financial position. The net amount of interest income related to plan assets in the post-retirement benefit plans, interest costs related to defined benefit obligation, and current service cost is recognized as profit or loss.

Differences arising from remeasurements of defined benefit plans are recognized in full in OCI in the period when they are incurred and transferred to retained earnings immediately. The entire amount of past service costs is recognized as profit or loss in the period when incurred.

b. Defined contribution plans

The cost for defined-contribution post-retirement benefit plans is recognized as an expense at the time of contribution.

(5) Foreign currency translation

a. Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company. The foreign operations of the Group principally use local currencies as their functional currencies. However, if the currency of the primary economic environment in which an entity operates is other than its local currency, the functional currency other than the local currency is used.

b. Foreign currency transactions

Foreign currency transactions, or transactions that occur in currencies other than entities' functional currencies, are translated to the respective functional currencies of the Group entities at exchange rates at the transaction dates or approximate rates. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate on the fiscal year-end date, and foreign currency differences are recognized in profit or loss.

However, foreign currency differences resulting from financial instruments measured at fair value through other comprehensive income, cash flow hedges and a hedge of the net investment in a foreign operation are recognized in OCI. Items denominated in foreign currencies due to their measurement at historical cost are translated using the exchange rate on their acquisition dates.

c. Foreign operations

The assets and liabilities of foreign operations employing functional currencies other than Japanese yen are translated to Japanese yen at the exchange rates as of the fiscal year-end date, while income, expenses and cash flows are translated to Japanese yen at the exchange rates on their transaction dates or at the average exchange rates for the fiscal period that approximates the exchange rates on their transaction dates. Resulting foreign currency differences are recognized in OCI, and their cumulative amount is presented in other components of equity.

In the event all interests in a foreign operation are disposed or a portion of the interest is disposed such that the control is lost, these cumulative amount in the other components of equity is reclassified in whole or in part, from other comprehensive income to profit or loss.

(6) Other important items regarding the preparation of consolidated financial statements

Accounting for consumption taxes

The tax-exclusion method is used to account for consumption taxes and regional consumption taxes.

<Note Concerning Changes in Accounting Policy>

Not applicable.

<Notes to Consolidated Statement of Financial Position>

1. Allowances for doubtful accounts deducted directly from assets

Trade and other receivables	¥5,533 million
Other financial assets	¥665 million

2. Accumulated depreciation on assets (including accumulated impairment losses)

Accumulated depreciation on property, plant and equipment	¥473,746 million

3. Balance of guaranteed obligations

Guaranteed obligations (The Group guarantees for bank loans and lease obligations, etc. of unconsolidated companies, etc.)	¥316 million

<Notes to Consolidated Statement of Changes in Equity>

1. Issued shares and treasury shares (shares)

	Number of authorized shares	Number of issued shares (Note 1) (Note 2)	Number of treasury shares
At March 31, 2016	1,200,000,000	502,664,337	7,188,993
Increase	-	-	3,888
Decrease	-	-	151,799
At March 31, 2017	1,200,000,000	502,664,337	7,041,082

Notes 1. Shares issued by the Company are non-par value ordinary shares.
2. Issued shares have been fully paid.

2. Dividends

(1) Dividend payments

Resolution Date	Class of shares	Amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Board of Directors' meeting held on May 12, 2016	Ordinary shares	7,432	15.00	March 31, 2016	May 27, 2016	Retained earnings
Board of Directors' meeting held on October 31, 2016	Ordinary shares	7,433	15.00	September 30, 2016	November 29, 2016	Retained earnings

(2) Of dividends with record dates during the fiscal year, those whose effective periods start after the fiscal year-end date

Resolution Date	Class of shares	Amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Board of Directors' meeting held on May 11, 2017	Ordinary shares	7,434	15.00	March 31, 2017	May 29, 2017	Retained earnings

3. Stock subscription rights

Type and number of shares under stock subscription rights at the end of FY2016

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	Ordinary shares	18,000 shares
Second issue of stock compensation-type stock options for 2006	Ordinary shares	13,500 shares
Third issue of stock compensation-type stock options for 2007	Ordinary shares	21,500 shares
Fourth issue of stock compensation-type stock options for 2008	Ordinary shares	32,000 shares
Fifth issue of stock compensation-type stock options for 2009	Ordinary shares	88,500 shares
Sixth issue of stock compensation-type stock options for 2010	Ordinary shares	116,000 shares
Seventh issue of stock compensation-type stock options for 2011	Ordinary shares	179,500 shares
Eighth issue of stock compensation-type stock options for 2012	Ordinary shares	254,000 shares
Ninth issue of stock compensation-type stock options for 2013	Ordinary shares	235,500 shares
Tenth issue of stock compensation-type stock options for 2014	Ordinary shares	158,300 shares
11th issue of stock compensation-type stock options for 2015	Ordinary shares	105,800 shares
12th issue of stock compensation-type stock options for 2016	Ordinary shares	191,400 shares
Total		1,414,000 shares

<Notes to Financial Instruments>

1. Matters relating to the status of financial instruments

The Group actively monitors and manages its capital and debt structure in relation to economic conditions and current company circumstances, and raises necessary funds for working capital, capital expenditure, investment and loans and other items.

The Group works to reduce credit risk on trade and other receivables through credit management based on receivables management regulations.

The Group uses forward exchange contracts and currency swap transactions to reduce foreign exchange risk on claims and obligations denominated in foreign currencies. The Group also uses interest rate swap transactions to reduce interest rate fluctuation risk on certain borrowings. Derivative transactions are conducted only to hedge foreign exchange risk and interest rate fluctuation risk, and are not engaged in for speculative purposes.

The Group reduces liquidity risk related to procuring funds through borrowing by maintaining and securing appropriate on-hand liquidity.

2. Fair value of financial instruments

Amounts stated in the consolidated statement of financial position and their fair value at the end of FY2016 are as follows.

(Millions of yen)

	Book value	Fair value
<Financial assets>		
Cash and cash equivalents	92,628	92,628
Trade and other receivables	243,195	243,195
Other financial assets	54,466	54,466
Total	390,290	390,290
<Financial liabilities>		
Trade and other payables	156,090	156,090
Bonds and borrowings	185,512	182,006
Other financial liabilities	4,734	4,734
Total	346,337	342,831

The fair value of financial assets and financial liabilities is calculated as described below.

(1) Derivative financial assets and liabilities

Fair value of currency derivatives is based on forward quotations and prices quoted by financial institutions that enter into these contracts. Fair value of interest rate derivatives is based on prices quoted by financial institutions that enter into these contracts. The value of put options granted to non-controlling interests is computed based on the current value of the amount, which may be required to pay to the counterparty to the contract.

(2) Investment securities

Where market prices are available, fair value is based on market prices. For financial instruments whose market prices are not available, fair value is measured by discounting future cash flows or using other appropriate valuation methods, taking into account the individual nature, characteristics and risks of the assets.

(3) Borrowings

As short-term loans payable are to be settled in a short period of time, their fair value is assumed to be equivalent to the carrying amounts.

For long-term borrowings with fixed interest rates, fair value is calculated by discounting the total amount of principal and interest using assumed interest rate of a new similar borrowing. As the interest rate of long-term borrowings with variable interest rates is revised periodically and their fair value is approximate to carrying amounts, their fair value is assumed to be equivalent to carrying amounts.

(4) Bonds

Fair value is calculated on the basis of market value.

(5) Financial instruments other than those indicated above

Financial instruments other than those indicated above are mainly settled in the short term, so fair value is assumed to be equivalent to their carrying amounts.

<Notes on Per-Share Information>

1. Equity per share attributable to owners of the company ¥1,057.92
2. Basic earnings per share ¥63.65

<Note Concerning Significant Subsequent Events>

Not applicable.

<Other Notes>

1. Business combinations

(Finalization of acquisition cost allocation for Dactyl Buro du Centre and OMR Impressions)

With regard to the business combination that occurred in the previous consolidated fiscal year, because during the previous consolidated fiscal year the allocation of acquisition costs had not been completed, the provisional calculations were made for fair value of the consideration for acquisition and recognized value of assets acquired and liabilities assumed as of the acquisition date. Regarding this amount, allocation of acquisition cost was completed during the fiscal year ended March 31, 2017. The changes from the provisional figures thereby consist of a decrease of ¥2,717 million in intangible assets and a decrease of ¥605 million in deferred tax liabilities, while the associated change in goodwill is an increase of ¥2,112 million.
The breakdown after this finalization is as follows.

Fair value of the consideration for acquisition and recognized value of assets acquired and liabilities assumed, as of the acquisition date

(Millions of yen)

Fair value of the consideration for acquisition	10,856
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	966
Trade and other receivables	2,112
Inventories	452
Property, plant and equipment	2,117
Intangible assets	1,227
Other assets	680
Bonds and borrowings	(3,061)
Deferred tax liabilities	(16)
Other liabilities	(2,566)
Goodwill (Note 2)	8,944
Total	10,856

Notes 1. There was no contingent consideration.
2. Goodwill largely represents excess earnings power of the acquired companies and will not be deductible for tax purposes.

(Acquisition of shares of MOBOTIX AG)

(1) Description of the business combination

As of May 10, 2016, the Group acquired 65.5% of shares (65.5% of voting rights) of MOBOTIX AG (hereafter, "MOBOTIX"), a German manufacturer of IP video surveillance cameras and video management software, in an all-cash transaction.

Through the acquisition of MOBOTIX, the Group intends to acquire MOBOTIX's technologies including decentralized processing (edge computing) IP cameras, image data compression, and image data analytics technologies.

(2) Fair value of the consideration for acquisition and recognized value of assets acquired and liabilities assumed, as of the acquisition date

(Millions of yen)

Fair value of the consideration for acquisition	21,568
Non-controlling interests (Note 2)	3,198
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	219
Trade and other receivables	2,123
Inventories	1,847
Property, plant and equipment	2,451
Intangible assets	7,381
Other assets	526
Trade and other payables	(1,150)
Bonds and borrowings	(1,449)
Deferred tax liabilities	(2,182)
Other liabilities	(495)
Goodwill (Note 3)	15,495
Total	24,767

Notes 1. There was no contingent consideration.
2. Non-controlling interests are measured using the ratio of equity attributable to non-controlling interest shareholders to the fair value of the identifiable net assets of the acquired company.
3. Goodwill largely represents excess earnings power of the acquired company and will not be deductible for tax purposes.

Acquisition-related costs of ¥521 million for the business combination (of which ¥79 million was incurred in the previous fiscal year) were recognized in selling, general and administrative expenses.

(3) Performance after the acquisition date

Information is not disclosed because the business combination of MOBOTIX has no material effect on the consolidated statement of profit or loss for the fiscal year ended March 31, 2017.

(4) Pro-forma information

Because pro forma information based on the assumption that the business combination of the said company took place at the beginning of the fiscal year under review, on April 1, 2016, has no material effect on the consolidated statement of profit or loss for the fiscal year ended March 31, 2017, it is not disclosed here.

2. Other income

Other income includes patent-related income of ¥7,751 million, the consideration for licensing the Company's patent rights.

3. Other expenses

Other expenses are mainly loss on disposal of mass-produced trial products of ¥2,165 million and business structure improvement expenses of ¥1,486 million. The business structure improvement expenses are mainly those for organizational reform at sales bases for information equipment in Europe, North America and others.

4. Figures given in the text have been rounded down to the nearest millions of Yen.

NON-CONSOLIDATED FINANCIAL STATEMENTS

(As of March 31, 2017)

[Millions of yen]

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**235,620**	**Current liabilities**	**161,829**
Cash and deposits	69,097	Notes payable - trade	8,814
Notes receivable - trade	3,381	Accounts payable - trade	53,070
Accounts receivable - trade	81,378	Short-term loans payable	39,847
Inventories	41,039	Current portion of bonds	10,000
Prepaid expenses	1,798	Current portion of long-term loans payable	9,000
Deferred tax assets	1,937	Lease obligations	353
Short-term loans receivable	20,811	Accounts payable - other	26,671
Current portion of long-term loans receivable	230	Accrued expenses	4,198
Accounts receivable － other	6,493	Income taxes payable	2,478
Other	9,459	Advances received	862
Allowance for doubtful accounts	(6)	Provision for bonuses	5,196
		Provision for Directors' bonuses	131
Non-current assets	**443,410**	Provision for product warranties	193
Property, plant and equipment	**106,665**	Other	1,010
Buildings, net	43,343	**Non-current liabilities**	**167,967**
Structures, net	1,896	Bonds payable	20,000
Machinery and equipment, net	19,846	Long-term loans payable	115,820
Vehicles, net	19	Lease obligations	311
Tools, furniture and fixtures, net	10,730	Deferred tax liabilities for land revaluation	3,818
Land	27,651	Provision for retirement benefits	25,189
Leased assets	586	Asset retirement obligations	718
Construction in progress	2,591	Other	2,108
		Total liabilities	**329,796**
Intangible assets	**18,532**	**Net assets**	
Software	11,901	**Shareholders' equity**	**326,989**
Other	6,630	**Capital stock**	**37,519**
		Capital surplus	**135,592**
Investments and other assets	**318,212**	Legal capital surplus	135,592
Investment securities	26,116	**Retained earnings**	**163,091**
Shares of subsidiaries and associates	185,231	Other retained earnings	163,091
Investments in capital of subsidiaries and associates	77,632	Retained earnings brought forward	163,091
		Treasury shares	**(9,214)**
Long-term loans receivable			
Long-term prepaid expenses	1,841	**Valuation and translation adjustments**	**21,245**
Deferred tax assets	3,033	Valuation difference on available-for-sale securities	8,724
Other	13,445	Deferred gains or losses on hedges	3,881
Allowance for doubtful accounts	10,935	Revaluation reserve for land	8,640
	(22)		
		Subscription rights to shares	**998**
		Total net assets	**349,234**
Total assets	**679,030**	**Total liabilities and net assets**	**679,030**

Statement of Income

(From April 1, 2016 to March 31, 2017)

[Millions of yen]

Item	Amount	
Net sales		**436,840**
Cost of sales		291,444
Gross profit		**145,395**
Selling, general and administrative expenses		142,063
Operating profit		**3,332**
Non-operating income		
Interest and dividend income	9,998	
Patent-related income	7,751	
Miscellaneous income	2,008	19,759
Non-operating expenses		
Interest expenses	1,723	
Foreign exchange losses	878	
Loss on disposal of mass-produced trial products	2,275	
Miscellaneous expenses	2,399	7,275
Ordinary profit		**15,815**
Extraordinary income		
Gain on sales of non-current assets	842	
Gain on sales of investment securities	36	
Gain on liquidation of subsidiaries	41	920
Extraordinary losses		
Loss on sales and retirement of non-current assets	509	
Loss on sales of investment securities	0	510
Profit before income taxes		**16,226**
Income taxes-current	517	
Income taxes-deferred	3,984	4,501
Profit		**11,724**

Statement of Changes in Equity
(From April 1, 2016 to March 31, 2017)

[Millions of yen]

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at April 1, 2016	37,519	135,592	135,592	166,295	166,295	(9,408)	329,998
Changes of items during period							
Dividends of surplus	-	-	-	(14,865)	(14,865)	-	(14,865)
Profit	-	-	-	11,724	11,724	-	11,724
Purchase of treasury shares	-	-	-	-	-	(3)	(3)
Disposal of treasury shares	-	-	-	(62)	(62)	198	135
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-
Total changes of items during period	-	-	-	(3,203)	(3,203)	194	(3,009)
Balance at March 31, 2016	37,519	135,592	135,592	163,091	163,091	(9,214)	326,989

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at April 1, 2016	4,727	2,880	8,640	16,248	1,009	347,257
Changes of items during period						
Dividends of surplus	-	-	-	-	-	(14,865)
Profit	-	-	-	-	-	11,724
Purchase of treasury shares	-	-	-	-	-	(3)
Disposal of treasury shares	-	-	-	-	-	135
Net changes of items other than shareholders' equity	3,996	1,000	-	4,997	(10)	4,986
Total changes of items during period	3,996	1,000	-	4,997	(10)	1,976
Balance at March 31, 2016	8,724	3,881	8,640	21,245	998	349,234

Notes to Financial Statements

<**NOTES TO BASIS OF SIGNIFICANT ACCOUNTING POLICIES**>

1. Valuation Standards and Methods for Securities
   (1) Shares of subsidiaries and associates
   Shares of subsidiaries and associates are recorded at cost using the moving-average method.
   (2) Other securities
   Securities with fair market value are recorded using the mark-to-market method based on the market price as of the balance sheet date. (Valuation difference is 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 recorded at cost using the moving-average method.

2. Valuation Standards and Methods for Derivatives
   Derivatives are recorded using the mark-to-market method.

3. Valuation Standards and Methods for Inventories
   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. Amortization Method for Non-current Assets
   (1) Property, plant and equipment (excluding leased assets)
   The straight-line method is used.
   (2) Intangible assets (excluding leased assets)
   The straight-line method is used.
   We have adopted the straight-line method based on an estimated in-house working life of five years for the software we use.
   (3) Leased assets
   Leased assets arising from finance lease transactions that do not transfer 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 uncollectability. 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 for the fiscal year is recorded.
   (3) Provision for Directors' bonuses
   To prepare for the payment of Directors' bonuses, an amount corresponding to the current portion of estimated bonus payments to Directors for the fiscal year is recorded.
   (4) Provision for product warranty
   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. In determining retirement benefit obligations, the Group attributes the expected amount of retirement benefit to the period until this fiscal year-end based on the benefit formula.

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, 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>

(Application of ASBJ Guidance on Recoverability of Deferred Tax Assets)

The Company applies the “Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) from the fiscal year.

<**Notes to Balance Sheet**>

1. Accumulated depreciation of property, plant and equipment ¥298,530 million

2. Receivables from and payables to subsidiaries and associates

Short-term receivables	¥96,685 million
Long-term receivables	¥1,839 million
Short-term payables	¥84,856 million

3. Inventories

Merchandise and finished goods	¥25,324 million
Work in process	¥9,189 million
Raw materials and supplies	¥6,525 million

4. Land revaluation

Land for industrial purposes that had been revaluated based on the Law Concerning Land Revaluation (Law No. 34 promulgated 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 revaluation reserve for land.

(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, promulgated on March 31, 1998) or the method for valuation of non-current 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 ¥(7,923) million

5. Loan commitment

The Company has loan agreements with subsidiaries concerning financial matters for group companies and has established credit lines for ten 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	¥119,385 million
Disbursed loan balance	¥20,811million
Available loan balance	¥98,573 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	9,557	-	9,557
Defined benefit pension plan	25,532	9,900	15,632
Total	35,090	9,900	25,189

<Notes to Statement of Income>

Transactions with subsidiaries and associates

Operating revenue	¥336,364 million
Operating expense	¥228,791 million
Other operating transactions	¥33,143 million
Other non-operating transactions	¥11,021 million

<Notes to Statement of Changes in Equity>

Type and number of treasury shares at end of period

Ordinary shares	7,041,082 shares

<Notes on Tax Effect Accounting>

1. Breakdown by cause of deferred tax assets and liabilities

Deferred tax assets	
Loss on valuation of shares of subsidiaries and associates	¥15,662 million
Provision for retirement benefits	¥12,896 million
Net operating tax loss carried forward	¥11,263 million
Provision for bonuses	¥1,603 million
Excess of depreciation and amortization over deductible limit	¥1,325 million
Loss on valuation	¥1,132 million
Allowance for doubtful accounts	¥8 million
Other	¥3,955 million
Deferred tax assets subtotal	¥47,849 million
Valuation allowance	¥(24,657) million
Total deferred tax assets	¥23,191 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥(3,364) million
Loss (gain) on transfer of business	¥(1,384) million
Gain on establishment of employee pension trust	¥(1,329) million
Other	¥(1,730) million
Total deferred tax liabilities	¥(7,808) million
Net deferred tax assets	¥15,382 million

2. Deferred tax liabilities related to revaluation

Deferred tax liabilities for land revaluation	¥ (3,818) million

<Notes on Leased Non-current Assets>

In addition to the non-current assets recorded on the balance sheet, the Company has other significant non-current 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%	Two Executives of the Company	U.S. holding company	Lending of funds (Note 1)	13,658	Short-term loans	15,641
Subsidiary	Konica Minolta Japan, Inc.	(Ownership) Direct 100%	One Executive of the Company	Sale of multi-functional peripherals, digital printing systems, printers, healthcare equipment, industrial measuring equipment and related supplies in Japan, and providing related solution services	Sales of products (Note 2)	49,908	Accounts receivable - trade	19,982
Subsidiary	Konica Minolta Business Solutions Europe GmbH	(Ownership) Direct 100%	One Executive of the Company	Sale of multi-functional peripherals, digital printing system, printers and related supplies in Europe and others and providing related solution services	Sales of products (Note 2)	108,466	Accounts receivable - trade	15,251
					Lending of funds (Note 1)	26,563	Short-term loans	–
Subsidiary	Konica Minolta Business Solutions U.S.A., Inc.	(Ownership) Indirect 100%	Two Executives of the Company	Sale of multi-functional peripherals, digital printing system, printers and related supplies in U.S.A. and providing related solution services	Sales of products (Note 2)	85,736	Accounts receivable - trade	11,585
Subsidiary	Konica Minolta Business Technologies Manufacturing (HK) Ltd.	(Ownership) Direct 100%	-	Manufacturing and sale of multi-functional peripherals, printers and related supplies	Purchases of products (Note 2)	68,360	Accounts payable - trade	10,861
Subsidiary	Konica Minolta Business Technologies (WUXI) Co., Ltd.	(Ownership) Direct 15% Indirect 85%	-	Manufacturing and sale of multi-functional peripherals, digital printing system, printers and related supplies	Purchases of products (Note 2)	56,627	Accounts payable - trade	13,716
Subsidiary	Konica Minolta Business Technologies (DONGGUAN) Co., Ltd.	(Ownership) Indirect 100%	-	Manufacturing and sale of multi-functional peripherals, digital printing system, printers and related supplies	Purchases of products (Note 2)	36,152	Accounts payable - trade	5,235

The transaction amount does not include consumptions tax. The ending-balance of the accounts receivable-trade and accounts payable-trade 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.

<Notes on Per Share Information>

Net assets per share	¥702.62
Earnings per share	¥23.66

<Note Concerning Significant Subsequent Events>

Not applicable.

<Other Notes>

1. Figures given in the text have been rounded down to the nearest millions of Yen.

AUDITOR'S REPORTS

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

May 10, 2017

The Board of Directors
Konica Minolta, Inc.

KPMG AZSA LLC

Shigeo Kobayashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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

Michiaki Yamabe (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to consolidated financial statements of Konica Minolta, Inc. ("the Company") as at March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 444 (4) of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements prepared by omitting certain items required to be disclosed by the International Financial Reporting Standards, as approved under the latter part of Article 120-1 of the Ordinance on Company Accounting. Management is also responsible 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, which were prepared by omitting certain items required to be disclosed by the International Financial Reporting Standards, as approved under the latter part of Article 120-1 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period.

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 Act 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 Companies Act

AUDOTOR’S REPORT ON FINANCIAL STATEMENTS

<u>Independent Auditor’s Report</u>

<u>May 10, 2017</u>

The Board of Directors
Konica Minolta, Inc.

KPMG AZSA LLC

Shigeo Kobayashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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

Michiaki Yamabe (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 equity and the notes to financial statements, and the supporting schedules of Konica Minolta, Inc. (“the Company”) as at March 31, 2017 and for the 113th business year from April 1, 2016 to March 31, 2017 in accordance with Article 436 (2) (i) of the Companies Act.

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 Act 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 Companies Act.

AUDIT COMMITTEE'S REPORT

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 113th business year from April 1, 2016 to March 31, 2017. 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 Companies Act, 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 equity, notes to financial statements), supporting schedules, and the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, notes to consolidated financial statements, which were prepared by omitting certain items required to be disclosed by the International Financial Reporting Standards, pursuant to the latter part of Article 120-1 of the Ordinance on Company Accounting) 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 11, 2017

Audit Committee of Konica Minolta, Inc.

Audit Committee Member	Takashi Enomoto	(Seal)
Audit Committee Member	Hiroshi Tomono	(Seal)
Audit Committee Member	Kimikazu Noumi	(Seal)
Audit Committee Member (Full-time)	Yoshiaki Ando	(Seal)
Audit Committee Member (Full-time)	Ken Shiomi	(Seal)

Notes to the Reader of Audit Report:

1. The Audit Report herein is the English translation of the Audit Report as required by the Companies Act.
2. Mr. Takashi Enomoto, Mr. Hiroshi Tomono and Mr. Kimikazu Noumi are Outside Directors as provided for in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.