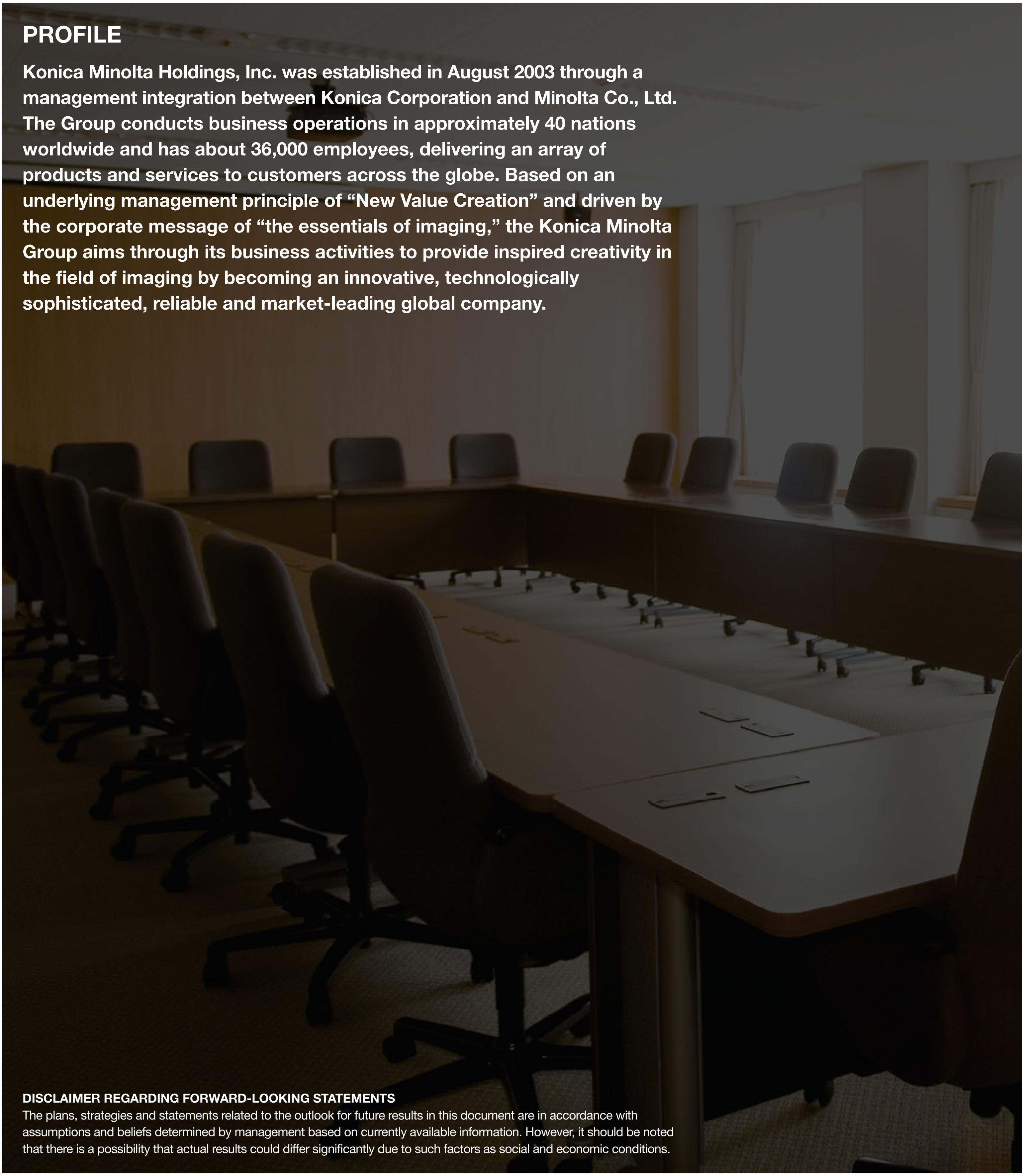
KONICA MINOLTA

TIME FOR ACTION

KONICA MINOLTA HOLDINGS, INC.

ANNUAL REPORT 2010

The essentials of imaging



PROFILE

Konica Minolta Holdings, Inc. was established in August 2003 through a management integration between Konica Corporation and Minolta Co., Ltd. The Group conducts business operations in approximately 40 nations worldwide and has about 36,000 employees, delivering an array of products and services to customers across the globe. Based on an underlying management principle of "New Value Creation" and driven by the corporate message of "the essentials of imaging," the Konica Minolta Group aims through its business activities to provide inspired creativity in the field of imaging by becoming an innovative, technologically sophisticated, reliable and market-leading global company.

DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS

The plans, strategies and statements related to the outlook for future results in this document are in accordance with assumptions and beliefs determined by management based on currently available information. However, it should be noted that there is a possibility that actual results could differ significantly due to such factors as social and economic conditions.

CONTENTS

- Group Overview Through Data
- Management Strategies and Priority Fields
- Review of Operations by Segment
- Corporate Governance at Konica Minolta
- Konica Minolta's CSR Vision
- Related Information on the Konica Minolta Website

http://konicaminolta.com

CONSOLIDATED FINANCIAL HIGHLIGHTS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31

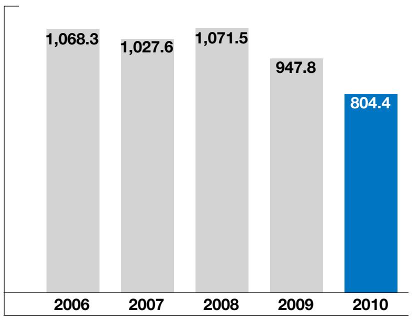
	Millions of yen					Thousands of U.S. dollars
	2006	2007	2008	2009	2010	2010
Results of Operations						
Net sales	¥1,068,390	¥1,027,630	¥1,071,568	¥947,843	¥804,465	$8,646,442
Operating income	83,415	104,006	119,606	56,260	43,988	472,786
Operating income ratio	7.8%	10.1%	11.2%	5.9%	5.5%	–
Net income (loss)	(54,305)	72,542	68,829	15,179	16,931	181,975
Net income ratio	(5.1)%	7.1%	6.4%	1.6%	2.1%	–
Cash flows from operating activities	78,924	66,712	123,014	107,563	113,377	1,218,583
Cash flows from investing activities	(43,146)	(56,401)	(76,815)	(90,169)	(40,457)	(434,834)
Free cash flows	35,778	10,311	46,198	17,393	72,920	783,749
R&D costs	67,178	72,142	81,370	81,904	68,475	735,974
R&D-to-sales ratio	6.3%	7.0%	7.6%	8.6%	8.5%	–
Capital expenditure	67,570	64,000	75,295	61,164	36,933	396,958
ROE	(17.1)%	21.9%	17.5%	3.7%	4.1%	–
ROA	9.0%	11.2%	12.7%	6.2%	5.2%	–
Financial Position at Year End						
Total assets	944,054	951,052	970,538	918,058	865,797	9,305,643
Net assets	293,817	368,624	418,310	414,284	420,775	4,522,517
Equity ratio	31.1%	38.6%	43.0%	45.0%	48.5%	–

					Yen	U.S. dollars
Per Share Data						
Net income per share	¥(102.29)	¥136.67	¥129.71	¥ 28.62	¥ 31.93	$0.34
Net assets per share	553.50	692.39	786.20	779.53	791.28	8.50
Dividends per share	–	10.00	15.00	20.00	15.00	0.16
Dividend payout ratio	–	7.3%	11.6%	69.9%	47.0%	–

Notes: 1. U.S. dollar amounts in this report are translated from yen, for convenience only, at the rate of ¥93.04=US$1, the approximate exchange rate prevailing at March 31, 2010.
2. Free cash flow = Cash flow from operating activities + cash flow from investing activities
3. Shareholders' equity = Total net assets – minority interests – share subscription rights
4. ROE = Net income ÷ average shareholders' equity × 100 (%)
5. ROA = (Operating income + interest and dividend income) ÷ average total assets × 100 (%)
6. Equity ratio = Shareholders' equity ÷ total assets × 100 (%)
7. Dividend payout ratio = Total dividends ÷ net income × 100 (%)
8. Amounts in this annual report are rounded down to the nearest one million yen or the nearest 100 million yen, according to context.

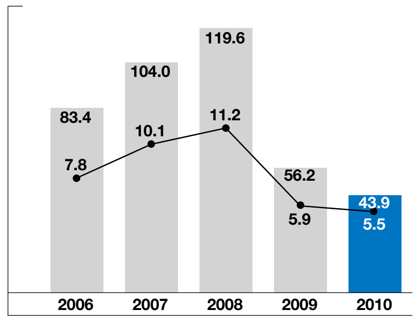
NET SALES

(Billions of yen)



OPERATING INCOME AND OPERATING INCOME RATIO

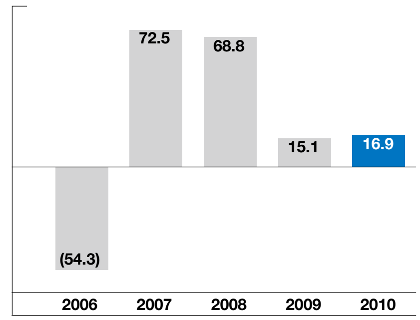
(Billions of yen, %)



Operating Income
Operating Income Ratio

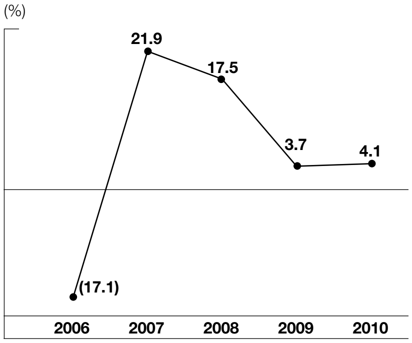
NET INCOME (LOSS)

(Billions of yen)



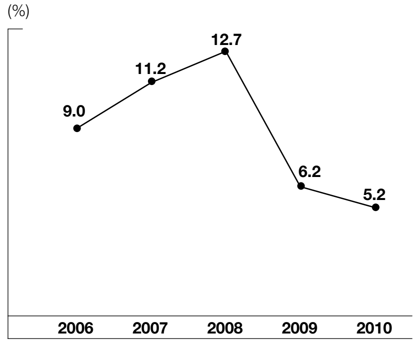
ROE

(%)



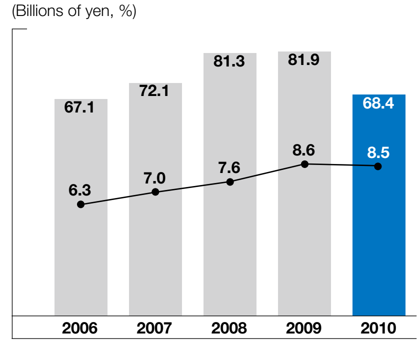
ROA

(%)



R&D COSTS AND R&D-TO-SALES RATIO

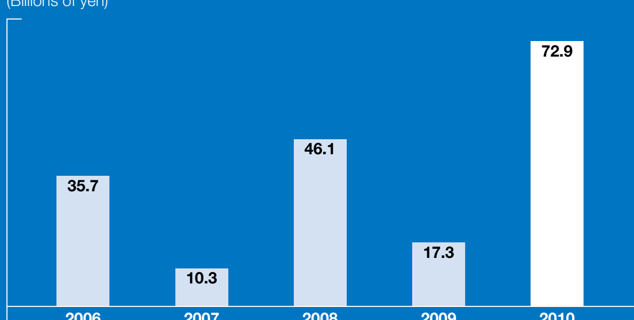
(Billions of yen, %)



R&D Costs
R&D-to-Sales Ratio

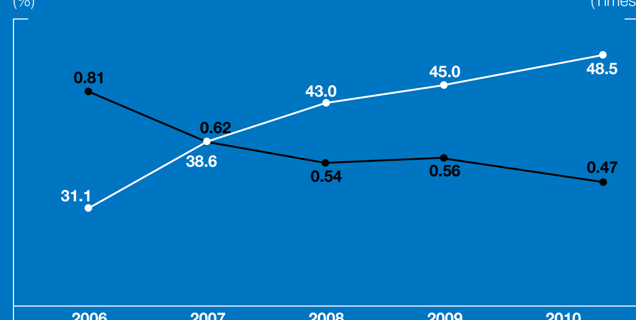
FREE CASH FLOWS

(Billions of yen)



EQUITY RATIO AND D/E RATIO

(%) (Times)



Equity Ratio (left)
D/E Ratio (right)
Note: D/E ratio = Interest-bearing debts ÷ shareholders' equity

PRODUCTION OF FREE CASH FLOW

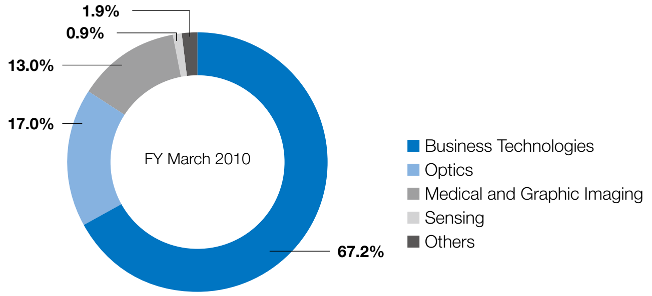
The Company produced free cash flow of over ¥70.0 billion for the year. This figure reflected vigorous efforts to streamline the balance sheet by reducing inventories, controlling capital spending, and improving the terms of accounts receivable and payable.

STRENGTHENING OUR FINANCIAL POSITION

To establish a robust financial position essential to future growth, the Company made steady progress in enhancing shareholders' equity and lowering interest-bearing debt.

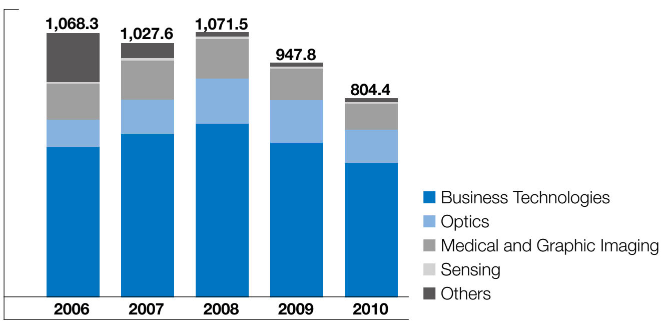
AT A GLANCE

NET SALES COMPOSITION BY SEGMENT



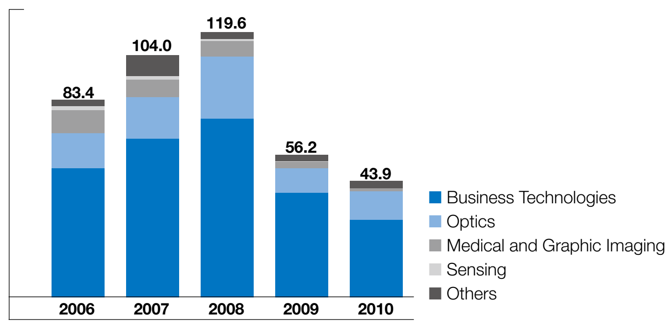
NET SALES

(Billions of yen)

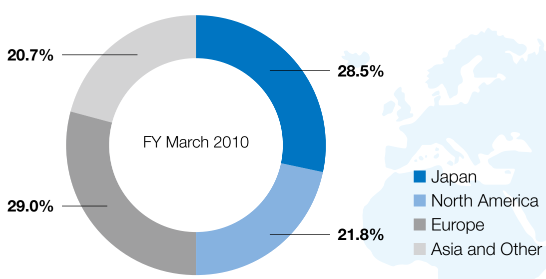


OPERATING INCOME

(Billions of yen)



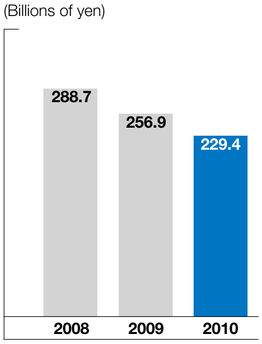
NET SALES COMPOSITION BY GEOGRAPHICAL REGION



NET SALES BY GEOGRAPHICAL REGION

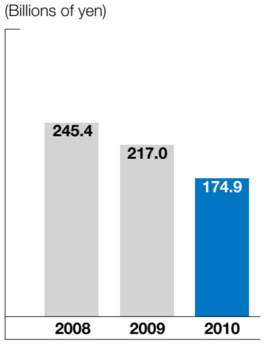
JAPAN

(Billions of yen)



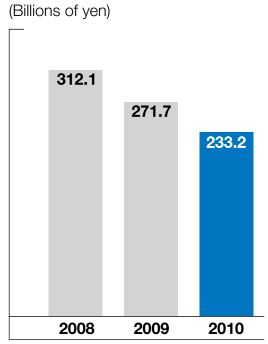
NORTH AMERICA

(Billions of yen)



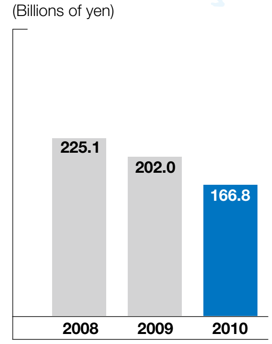
EUROPE

(Billions of yen)



ASIA AND OTHER

(Billions of yen)



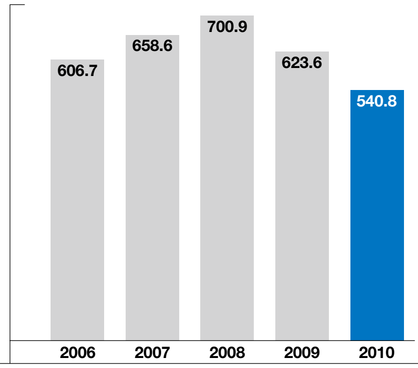
BUSINESS TECHNOLOGIES

MAIN PRODUCTS

Office MFPs
Laser printers
Production printing systems

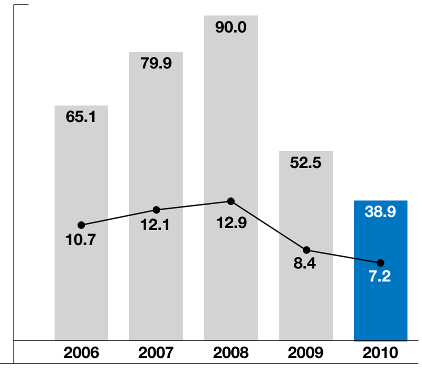
NET SALES

(Billions of yen)



OPERATING INCOME AND OPERATING INCOME RATIO

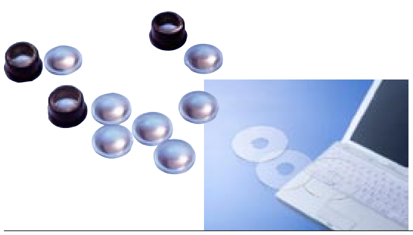
(Billions of yen, %)



OPTICS

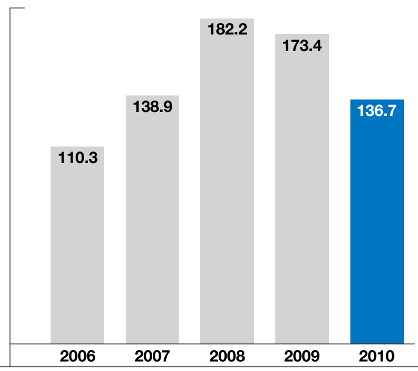
MAIN PRODUCTS

TAC film (protecting film for polarizing plates)
Pickup lenses for optical discs
Glass substrates for hard-disk drives
Microcamera modules



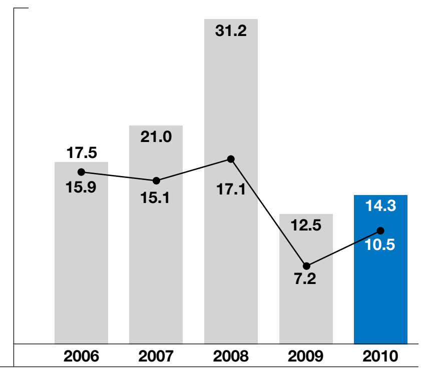
NET SALES

(Billions of yen)



OPERATING INCOME AND OPERATING INCOME RATIO

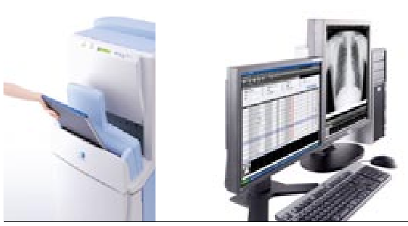
(Billions of yen, %)



MEDICAL AND GRAPHIC IMAGING

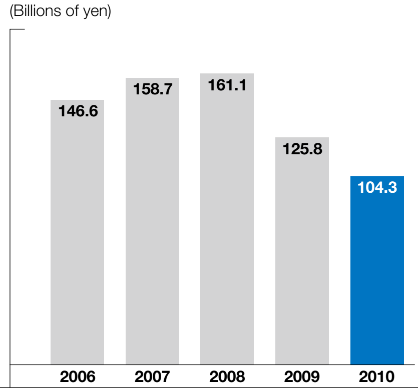
MAIN PRODUCTS

Digital x-ray image reader
Mammography unit
Diagnostic imaging workstation
Digital color-proofing systems
On-demand printing systems



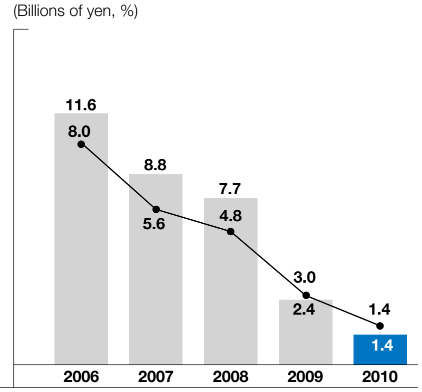
NET SALES

(Billions of yen)



OPERATING INCOME AND OPERATING INCOME RATIO

(Billions of yen, %)



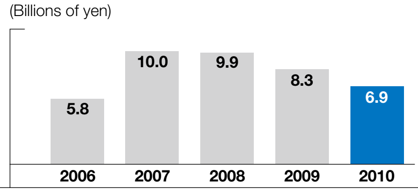
SENSING

MAIN PRODUCTS

Spectrophotometers/
Colorimeters
Spectroradiometers
Non-Contact 3D Digitizer
Medical measurement systems

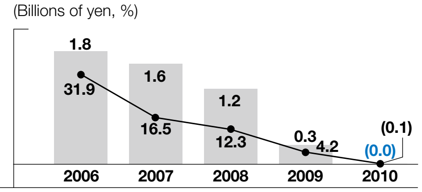
NET SALES

(Billions of yen)



OPERATING INCOME (LOSS) AND OPERATING INCOME RATIO

(Billions of yen, %)



Operating Income (Loss) — Operating Income Ratio

TO OUR SHAREHOLDERS

SHIFTING TO AN AGGRESSIVE STRATEGY TO DRIVE TOWARDS FUTURE GROWTH

The operating environment in FY March 2010, the fiscal year ended March 31, 2010, got off to a turbulent start. The global economy showed few signs of returning to the levels of strength seen prior to the financial crisis that struck in the fall of 2008, while weak consumer spending and a reluctance to invest continued.

We correctly recognized that these radical changes in our environment could not be addressed with the usual measures for a temporary economic slowdown. We saw these changes as the turning point of a massive and global transformation taking place. Seizing the moment as an opportunity to enhance our own value, we set out to achieve more vigorous growth with the start of MANAGEMENT POLICY <09-10>, a new two-year management plan spanning FY March 2010 to FY March 2011.

During the fiscal year under review, we concentrated on transitioning to a corporate structure capable of steadily generating free cash flow even in an adverse operating climate with little prospects for sales growth. As a result, free cash flow was ¥72.9 billion, a substantial improvement over the previous fiscal year.

In terms of earnings, although consolidated net sales declined 15.1% year on year to ¥804.4 billion, and operating income was down 21.8% to ¥43.9 billion, signs of recovery were nonetheless present in Group operating results. Performance in core businesses rebounded, led by Business Technologies from the second half of FY March 2010. This business in particular posted three consecutive quarters of earnings growth.

The economic climate anticipated for FY March 2011 is far from optimistic. Determined to break a run of lower sales and earnings that has continued for two consecutive terms, we have positioned FY March 2011 as a pivotal year for putting Konica Minolta on track for growth. Along the way, there are three aims we must achieve—promoting sales growth and expanding the scope of our existing businesses, full-scale advancement into Asian markets, and accelerating the development of new businesses. With these issues in mind, our task is to guide Konica Minolta in the direction of not only short-term growth, but to shift towards a more aggressive strategy that will enable sustainable growth for the next five to ten years.

I am confident that Konica Minolta can be a robust company capable of achieving strong, sustainable growth, and one vital to society. My management of the Company reflects this conviction.

Being a robust company means having a solid corporate structure founded on a sound financial position, as well as a structure that can reliably produce profits irrespective of a challenging operating environment. We must respond to the changing operating environment and accurately seize growth opportunities, translating these into strong, sustainable growth. At the same time, of course, we must create the conditions that make such growth possible by staying abreast of society's ever-changing needs, discerning where we ought to bolster our position, and providing customers exactly what they need.

Being vital to society naturally means offering new value through products and services that individual consumers and the public at large find useful. It also means ensuring that our corporate activities make a favorable impression and gain approval and support among various stakeholders including shareholders, as well as customers, suppliers and those who have little direct contact with our operations.

People are the common denominator that will drive this entire vision forward. In my message to Group employees, I urge them to be ambitious and to put the fear of failure aside to rise to the challenge of meeting our targets. I want them to aim for a positive corporate mindset where we learn from our failures and apply those lessons for future success. The first task is to be ambitious. Accomplish this, and rising to overcome obstacles will become second nature. In the process, individual employees effectively achieve their own future goals, which will in turn enhance the corporate value of the Konica Minolta Group.

To our shareholders and other investors, I ask for your continued understanding and support of Konica Minolta as we take our operations forward.

June 2010

M. Matsuzaki

Masatoshi Matsuzaki

President and CEO

INTERVIEW WITH THE PRESIDENT

TIME FOR ACTION

MANAGEMENT POLICY <09-10>

The Konica Minolta Group, has formulated and enacted MANAGEMENT POLICY <09-10> in its quest to become a robust company capable of achieving strong, sustainable growth, and one vital to society. Spanning the fiscal years ended March 31, 2010 and March 31, 2011, the plan identifies this period as a time for enacting initiatives aimed at achieving the Group's vision.

BASIC POLICIES

1. Execute structural reforms
2. Achieve strong growth
3. Reform our corporate culture

BOLSTER EXISTING BUSINESSES

Refine our "genre-top" strategy in Business Technologies and Optics

BUSINESS TECHNOLOGIES

Consolidate Position among Industry Leaders in Europe and the U.S.

- Office MFPs: Strengthen genre-top position in color MFPs and consolidate position as the top industry group in Europe and the U.S.
- Production printing: Step-up our approaches in medium and heavy production printing field, and in commercial printing

OPTICS

Retain Strong Market Position and Enhance Cost Competitiveness

- TAC films: Solidify our position in current businesses and pursue development of next-generation and new products
- Glass hard disk substrates: Expand production capacity to meet growing demand
- Optical pickup lenses: Bolster extensive cost competitive-ness to resolutely maintain a dominant market position

Initiatives for FY March 2011
Shifting to a Growth Track

- Grow sales and expand operations in existing businesses
- Realize full-scale advancement into Asian markets
- Accelerate development of new businesses

EXPAND SCOPE OF EXISTING BUSINESSES

Create new value in production printing and optical devices

PRODUCTION PRINTING

Expand Scope in Medium and Heavy Production Printing and in Commercial Printing

- Leverage advanced polymerized toner technologies and customer-centric product planning acquired in light production printing to establish a genre-top presence in the digital color printing domain

OPTICAL DEVICES

Advance Into New Business Domains Beyond Digital Appliances

- Utilize optical technologies to enter the LED lighting domain; advance into new domains beyond digital appliances

FOSTER NEW BUSINESSES

Create new businesses that will usher in the next generation; make social contributions

ENVIRONMENT AND ENERGY

Foster the OLED Lighting and Organic Thin-Film Photovoltaics Businesses

- OLED Lighting: leverage superior technologies to establish a base for new businesses

HEALTH, SECURITY AND SAFETY

Offer New Value to the Medical Diagnosis and Industrial Process Fields

- Create business focusing on devices/modules applying proprietary optical sensing technologies

FOSTER NEW BUSINESSES

Contribute to society by creating new businesses that will usher in the next generation

EXPAND SCOPE OF EXISTING BUSINESSES

Create new value in the production printing field and in optical devices

REINFORCE EXISTING BUSINESSES

Refine our "genre-top" strategy in Business Technologies and Optics

OPERATIONAL INNOVATION/EVOLUTION OF BUSINESS MODELS

CULTURE: "SIMPLY BOLD"

ENVIRONMENTAL MANAGEMENT

FY MARCH 2012 ~ FY MARCH 2014 TO 2016

QUESTION

CAN YOU GIVE AN OVERVIEW OF MANAGEMENT POLICY <09-10>?

ANSWER

MANAGEMENT POLICY <09-10> IS STRUCTURED AROUND THREE INITIATIVES—EXECUTE STRUCTURAL REFORMS, ACHIEVE STRONG GROWTH, AND REFORM OUR CORPORATE CULTURE.

In my view, the global economic slowdown that followed the financial crisis in the fall of 2008 was no temporary change. Rather, I believe it marked a major turning point for a much more significant transformation that is underway. In May 2009, we formulated MANAGEMENT POLICY <09-10> to seize this moment as a chance to elevate our position and strive for strong growth. The fiscal years ending March 2010 and 2011 were designated as the time to bring these initiatives to fruition.

In terms of executing structural reforms, our aim is threefold. First, we will develop a robust corporate structure capable of generating free cash flow, even in a harsh economic environment with little prospects for sales growth. In parallel, we will innovate all of our business processes, and extensively develop customer-centric marketing and business models.

The next initiative is to achieve strong growth. This requires the presence of businesses that powerfully promote growth in order to swiftly put us on a growth track. Our first task is to refine the genre-top position of existing businesses. This includes areas such as color models in office multi-functional peripherals (MFPs) and production printing in the Business Technologies business, as well as in display materials and optical pickup lens-related fields in the Optics Business. At the same time, we are leveraging our advantages in these fields to broaden our business scope. Environment and energy, as well as health, security and safety, are all fields where social needs are growing. Here, we intend to foster new businesses that will underpin growth for five to ten years from now.

Our third initiative is to reform our corporate culture. To emerge at the top of global competition, it is essential that we build a dynamic corporate culture that drives our people to overcome adversity, be innovative, and trigger paradigm shifts in our business sectors.

Today, we stand armed with a strong aspiration to become a company that delivers robust and sustainable growth that is vital to our society. This vision is one we are determined to realize by actively promoting our management policies.

QUESTION

HOW DID KONICA MINOLTA PERFORM IN THE FISCAL YEAR ENDED MARCH 2010, AS THE INITIAL YEAR OF MANAGEMENT POLICY <09-10>?

ANSWER

WE EXCEEDED OUR PLAN WITH RESPECT TO STRUCTURAL REFORM, AND SAW A RECOVERY IN GROUP OPERATING RESULTS BEGIN TO EMERGE DURING THE SECOND HALF OF THE YEAR.

FY March 2010 started with an operating environment that offered no real prospects for growth in net sales or profit. Our highest priority was to work to establish a corporate structure capable of delivering steady free cash flow despite these daunting conditions. In practical terms, we concentrated on lowering the breakeven point for profitability. For example, we sought to optimize our domestic and foreign production frameworks, sales bases and the headcount at our overseas sales divisions, and worked extensively to reduce fixed costs, mainly by executing structural reforms and paring down operating expenses. In addition, we strove to streamline our balance sheet by reducing inventories, scaling back capital expenditure, and negotiating more favorable terms with respect to credit and debt.

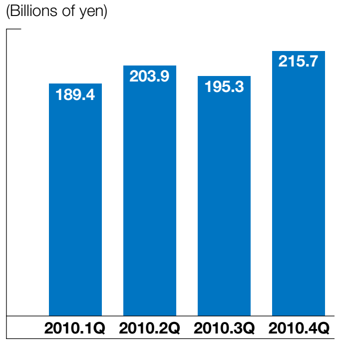
As a result, we generated free cash flow of ¥72.9 billion, substantially exceeding our initial target of ¥30.0 billion. Meanwhile, our balance of interest-bearing debt declined ¥33.0 billion year on year to ¥197.3 billion.

Where operating results are concerned, in Business Technologies, we successfully boosted demand by aggressively unveiling new color MFPs, a move that breathed vigor back into selling conditions from the second half of FY March 2010. In Optics, we capitalized on a rebound in market demand for LCD televisions and PCs, leading to firm sales of TAC films and glass hard disk substrates. In this way, Group operating results are continuing their turn towards eventual recovery.

Realizing robust and sustainable growth requires constant efforts in certain areas. We plan to take firm, decisive action over the coming year to boldly enact the reforms necessary to make Konica Minolta a stronger company.

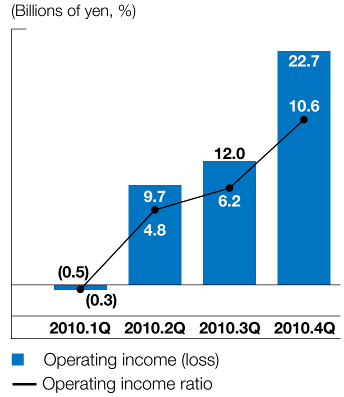
QUARTERLY NET SALES

(Billions of yen)



QUARTERLY OPERATING INCOME (LOSS) AND OPERATING INCOME RATIO

(Billions of yen, %)



QUESTION

WHAT INITIATIVES ARE PLANNED IN FY MARCH 2011 FOR THE SECOND YEAR OF MANAGEMENT POLICY <09-10>?

ANSWER

THE YEAR IS A TURNING POINT FOR PUTTING KONICA MINOLTA ON TRACK FOR GROWTH, AS WE SHIFT TO A MORE AGGRESSIVE STRATEGY.

The operating environment in FY March 2011 is expected to see both economic expansion in emerging markets and a rebound in developed economies. However, the outlook remains less than optimistic given several persistent macroeconomic indicators that are fueling uncertainty. These include an adverse employment environment, rising long-term interest rates, and currency exchange rate fluctuations.

As we confront this operating environment, the Group is positioning the year as a turning point for putting itself on a growth track. Specifically, in a single-minded push to break a run of lower sales and earnings that has continued for two consecutive fiscal years, we plan to shift to a more aggressive strategy in order to generate growth over the next five to ten years. To this end, we have identified three key issues that we will move resolutely to address—promoting sales growth and expanding the scope of our existing businesses, full-scale advancement into Asian markets, and accelerating the development of new businesses.

QUESTION

CAN YOU ELABORATE ON PROMOTING SALES GROWTH AND EXPANDING THE SCOPE OF EXISTING BUSINESSES?

ANSWER

WE WILL STRENGTHEN OUR ABILITY TO OFFER PRODUCTS AND SERVICES THAT CUSTOMERS FEEL THEY TRULY NEED.

In office MFPs, maintaining growth hinges on several factors. First is the launch of new products, as well as greater product competitiveness driven by enhanced cost competitiveness. The Group must also reinforce its Optimized Print Services (OPS) for proposing and providing greater office efficiency and higher productivity from the customer's viewpoint. We need to market this service to customers among whom our Group has a powerful business bases. At the same time, we will focus on enhancing vertical marketing with dedicated sales teams.

In production printing, we surpassed our rivals and held our leading position by developing the light production printing domain. Going forward, we hope to leverage technologies and sales expertise honed in this domain to expand our scope to medium and heavy printing in the commercial printing market where we anticipate future growth. Specifically, we will launch new products, actively promote strategic partnerships, and concentrate on strengthening our capacity to develop solutions that include software for workflows, applications and the like.

Two areas where we anticipate increased demand are retardation film (VA-TAC film) for large-size LCD televisions and glass substrates for hard disks. Konica Minolta is strongly competitive in these fields, and we will augment production capacity in order to expand both our sales volume and shares in each area. We will also take advantage of our optical technologies to enter the rapidly growing LED lighting field, where we will extend our reach into fields beyond digital home appliances.

Elsewhere, we are also looking to extend our business scope in the inkjet sector, where growth in industrial-use applications is expected. In addition to printer heads and ink for large-format inkjet printers, we will branch out into sales of large industrial-use printers as inkjet technologies prepare to advance into the field of commercial printing.

QUESTION
PLEASE DISCUSS YOUR PLANS FOR FULL-SCALE ADVANCEMENT INTO ASIAN MARKETS.

ANSWER
WE WILL DRIVE THE FULL-SCALE ADVANCEMENT OF KONICA MINOLTA INTO ASIA, WHERE HIGH GROWTH RATES ARE WIDELY EXPECTED.

Developing a presence in fast-growing Asian markets is one of the keys to spearheading the Group's growth in the coming years. We will look to expand the sale of Konica Minolta products and services in Asia, particularly in China and India, centered on our Business Technologies and Healthcare operations.

Turning to production, in China we have established production sites for products such as MFPs, printers and optical pickup lenses. We are working to raise productivity further to pursue greater cost competitiveness in our production activities. Expanding the procurement of raw materials, parts and components from sources near production sites or in neighboring parts of Asia is another way we are further reinforcing cost competitiveness. Currently, we produce our glass substrates for hard disks in Malaysia, and will go ahead with plans to boost production within this region, given the proximity of this production site to many of our customers.

Asia is both a major production center and a massive consumer market. We will design products tailored to the specific national markets in the region and vigorously promote sales expansion, with an eye to being able to both produce and sell our products in Asia.

QUESTION
HOW DO YOU INTEND TO ACCELERATE THE DEVELOPMENT OF NEW BUSINESSES?

ANSWER
OUR PLAN IS TO DEVELOP NEW BUSINESSES IN THE ENVIRONMENT AND ENERGY FIELD.

When considering new businesses, we evaluate them according to these criteria. First, can the business sustain growth over the next 10 to 20 years? Second, can Konica Minolta's strengths be brought to bear to win out against the competition? And third, does the business offer value to the public?

Given these criteria, we turned our focus particularly to the fields of environment and energy, where social needs are growing. For instance, we pushed forward with the launch of a business around organic electroluminescent diode (OLED) lighting, which is poised to join LEDs as a next-generation lighting source. To this end, we are setting up a pilot line, both to establish the right mass production technologies and to produce the samples and limited-release products needed to attract potential customers.

QUESTION

WHAT DO YOU THINK IS NEEDED TO PUSH AHEAD FURTHER WITH EXECUTING THE STRUCTURAL REFORMS CALLED FOR IN MANAGEMENT POLICY <09-10>?

ANSWER

WE ARE CONSTANTLY AWARE OF THE NEED TO ENHANCE OPERATIONAL QUALITY.

One task we face is finding ways to improve the quality of our operations, since this proposition is essential to becoming a robust company capable of achieving strong, sustainable growth. In practice, we are reviewing and improving every operational process, including planning, development, production, distribution, and sales, all from a more customer-centric standpoint, and deploying these improvement programs horizontally across the entire Group.

My vision for Konica Minolta is to see us become a robust company capable of achieving strong, sustainable growth, and to be a company vital to society.

Molding Konica Minolta into this type of company means that in addition to growth in operating results, our approach to work itself must evolve. Another important aspect is fostering a corporate culture where every individual is highly motivated and has the bold spirit to take on challenges, with a mind open to new concepts and innovation. Our Group-wide slogan in this area—“simply BOLD”—will guide our efforts to build this culture going forward.

"ACTION" FOR REALIZING STRONG GROWTH —SHIFTING TO A GROWTH TRACK—

GROW SALES AND EXPAND OPERATIONS IN EXISTING BUSINESSES

STEADY GROWTH IN OFFICE MFPs

PRIORITY MEASURES

- **Expand sales of new products (both color and monochrome)**
- **Bolster OPS*1 approach**
- **Enhance vertical marketing**
- **Launch exclusive models for emerging markets**

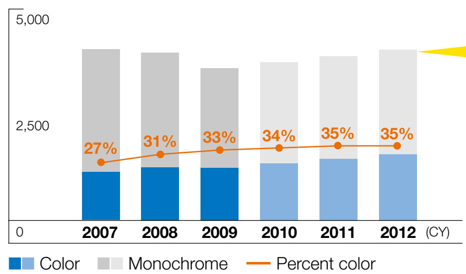
Led by a genre-top strategy,*2 the Konica Minolta Group is promoting operations mainly in Japan, the U.S. and Europe with emphasis on a shift to color models. Konica Minolta is currently the top group in the color MFP market in Europe and the U.S. We also firmly hold the top share in China, a growth market where Konica Minolta has had a powerful base for many years. We plan to further refine our genre-top strategy to mark steady growth in the office MFP field.

*1 OPS: Optimized Print Services
A solution designed to optimize costs and enhance productivity in the office printing environment for MFPs, printers and other devices.

*2 Genre-top strategy: A strategy in which management resources are channeled into specific fields where Group strengths can be maximized, enabling Konica Minolta to capture the top group position within a genre. The strategy is then repeated to build dominant positions in multiple genres.

PROJECTED SCALE OF THE OFFICE A3 MFP MARKET (KONICA MINOLTA PROJECTIONS)

(Thousand units)



Shift to color in office MFPs in Japan, U.S., Europe and other developed markets likely to gain momentum

Color MFP for Office "bizhub C652"

EXPAND BUSINESS SCOPE IN PRODUCTION PRINTING

PRIORITY MEASURES

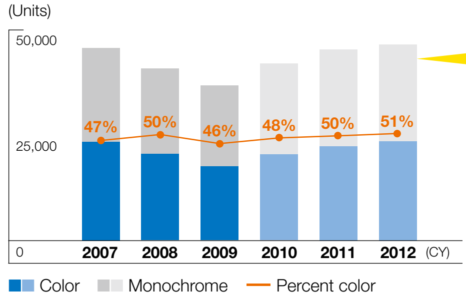
- **Introduce new products to extend lineup and expand scope to encompass the commercial printing field**
- **Completely renew color printing lineup to enhance competitiveness**
- **Strengthen marketing functions by utilizing know-how that we possess cultivated in the printing field**

We seek to expand our business scope to encompass the medium and heavy production printing fields by leveraging technology and expertise cultivated in light production printing, where Konica Minolta has a dominant presence and strengths in high-resolution imaging that meet the demanding level of the commercial printing industry.

PROJECTED SCALE OF THE PRODUCTION PRINTING MARKET (KONICA MINOLTA PROJECTIONS)

(Based on shipments to Japan, U.S., western European markets and cut paper only/manufacturer shipments)

(Units)



Amid overall market growth, commercial printing is expected to undergo growth particularly in color printing, where Konica Minolta has advantages

Color Production Printing System "bizhub PRESS C8000"

KONICA MINOLTA POLYMERIZED TONER —ACHIEVING HIGH RESOLUTION AND SUPERIOR ENVIRONMENTAL PERFORMANCE—

The Konica Minolta Group was among the first to research and develop the manufacture of toner using emulsion polymerization. Following steady improvements since the start of polymerized toner production in early 2000, in 2010 the Group developed "Digital Toner HD+," the third generation of this innovative toner. Engineered for high-resolution, high-definition printing output as well as outstanding environmental performance, this toner will strengthen outstanding competitiveness in commercial printing.

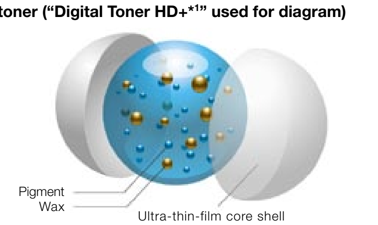
Superior Environmental Performance

(1) Low-temperature fixing contributes to energy and resource savings during use
(2) Curbing energy use during production reduces carbon gas emissions by 35% compared to pulverization production method
(3) Plant-derived ingredients make up 9% of the toner, reducing carbon gas emissions during disposal and incineration from a carbon neutrality standpoint

Achieving High-Resolution, High Definition Imaging

(1) Ultra-thin-film core shell structure enables both heat-resistant storability and low-temperature fixing properties
(2) Allows a glossy finish closer to offset image and realize glossy texture that can be adjusted to a variety of paper types
(3) Compatible with a wide range of paper gauges from thin to thick

Core shell structure of Konica Minolta polymerized toner ("Digital Toner HD+*1" used for diagram)

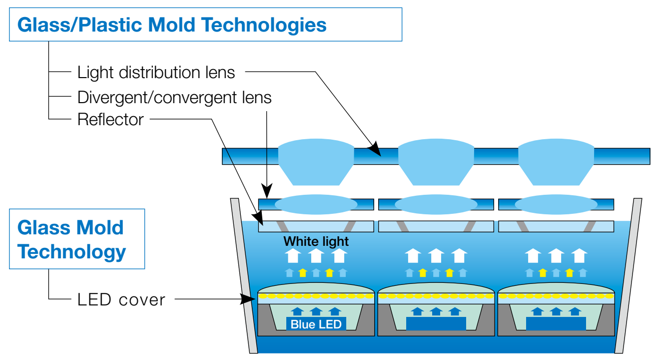


*1 "Digital Toner," "Digital Toner HD," and "Digital Toner HD+" are trademarked names for Konica Minolta polymerized toner.

ENTRY INTO THE LED LIGHTING MATERIALS AND COMPONENTS BUSINESS

LEDs have become the focus of attention as next-generation lighting sources. As demand for higher light output and longer life for individual LED modules grows, measures to combat the heat these modules generate will be critical. Glass materials are resistant to deterioration from heat, and Konica Minolta has advantages in glass and plastic mold technologies. We will leverage these capabilities to offer seals, lenses and other components for LED modules.

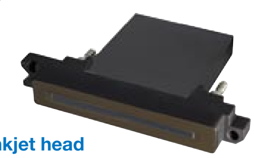
Structure of LED Lighting



EXTEND BUSINESS SCOPE IN THE INKJET SECTOR

The scope of use for inkjet printers extends far beyond printing to include potential applications in manufacturing and an extremely diverse range of other applied fields. Konica Minolta has proprietary technology in piezoelectric DOD (drop on demand) techniques, and also sells products such as high-performance printer heads compatible with a variety of media (paper, film, fabric, metal and other basic materials), multi-functional ink, and textile printers. With the adoption of inkjet technology gaining ground most notably in the commercial printing field, Konica Minolta will extend its business scope to include the field of industrial printing.

"Nassenger V" inkjet textile printer



"KM1024 Series" inkjet head

ACCELERATE DEVELOPMENT OF NEW BUSINESSES

OLED LIGHTING BUSINESS

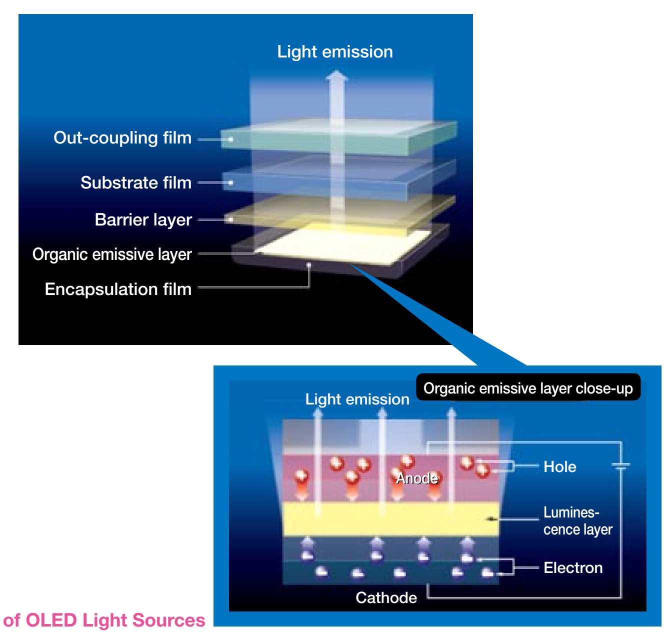
SUPERIOR KONICA MINOLTA TECHNOLOGIES

- **Material synthesis technology (blue phosphorous materials)**
- **Thin-film coating technology (roll-to-roll method)**

Leveraging the superior qualities of thin, lightweight, flexible film light sources, Konica Minolta will establish a base in the environment and energy field as a new business.

Distinct Features of OLED

- Minimal environmental impact
- Thin and flexible
- Emits light from a surface
- Generates little heat



Structural Diagram of OLED Light Sources

REVIEW OF OPERATIONS

BUSINESS TECHNOLOGIES

OVERVIEW OF RESULTS FOR FY MARCH 2010

Sales for FY March 2010 showed a trend toward recovery, with steady quarterly increases, and some regions and product segments even delivering results exceeding the previous period. However, this was not enough to redeem sluggish sales in the first half, or the continuing effects of a strong yen, and sales fell 13.3% from the previous period to ¥540.8 billion, with operating income decreasing 25.9% to ¥38.9 billion.

STATUS BY SEGMENT

OFFICE MFPs

We focused on introduction of new products in the first half, refreshing the *bizhub* series with two new high-speed color models and four new middle- and low-speed color models. We worked aggressively to generate new demand even as companies continued to reduce costs and limit investment. These new products help reduce customers' total cost of ownership (TCO) compared to previous products through significantly improved energy efficiency and use of extended-life parts. They also deliver higher image quality through use of our proprietary polymerized toner, feature the latest network and security functions, and have superior low-noise design. Due to the impact of these new products, unit sales of color models for the office grew steadily quarter to quarter, and sales in the second half were up compared to the same period in the previous fiscal year. In the U.S. market, our acquisition of Danka Office Imaging Company (DOIC, a major independent sales firm involved in office information technology equipment, software, and support) contributed to higher unit sales of monochrome models for offices than the previous period.

PRINTERS

We worked to expand sales of A4 tandem printers and A4 color MFPs for the office. Strong growth in sales of color models in Europe and OEM markets resulted in printer sales during the period significantly exceeding those of the previous period.

PRODUCTION PRINTING

Affected by the global economic downturn, demand for color models was sluggish across all markets. At the same time, with a lineup enhanced by the introduction of two new products, *bizhub PRO 1200 and 1051*, sales of monochrome models were robust, particularly in North American and Asian markets, with sales exceeding results for the previous period.

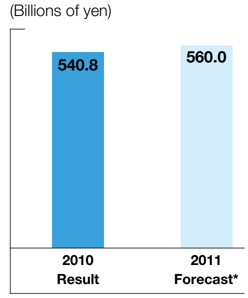
STRATEGY GOING FORWARD

Our keyword for FY March 2011 will be "Growth," as we shift to a strategy emphasizing sales growth. In the office MFP segment, we will continue to introduce new products, while also working to sharpen our genre-top strategy and further enhance our services, including our Optimized Print Services (OPS), which offers new value in the form of improved productivity and reduced TCO. In the production printing segment, we will introduce new products including the *bizhub PRESS C8000, C7000 and C6000* models. Our aim in this is to accelerate our efforts to expand from light production, where our greatest strengths lie, into the commercial printing domain to capture demand in the medium and heavy commercial printing segment, which represents by far the largest segment in the market.

Regionally, we will strengthen our efforts in emerging markets, with a focus on China and India. Our aim is to expand our business by targeting demand in emerging nations through the introduction of new products that meet the local needs, and by expanding our organizational structure to support these new initiatives.

NET SALES

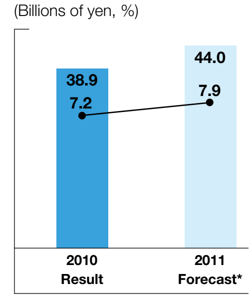
(Billions of yen)



* Forecast: Announced May 13, 2010

OPERATING INCOME AND OPERATING INCOME RATIO

(Billions of yen, %)



Operating Income
Operating Income Ratio

Color Production Printing System
bizhub PRESS C8000

Color MFP for Office
bizhub C652

Color Laser Printer
magicolor 1650EN

OPTICS

OVERVIEW OF RESULTS FOR FY MARCH 2010

The global economy began moving toward a recovery, with increased production in the digital appliance industry and others. In this environment, the Optics business saw increased unit sales of glass hard disk substrates and TAC films, lifting overall revenues for the business. At the same time, unit sales of image input/output components remained sluggish, and optical pickup lenses were affected by a drop in unit prices due to a shift to using plastic lenses for Blu-ray Discs. As a result, sales were down 21.1% compared to the previous period, at ¥136.7 billion, but operating income rose 14.8% to ¥14.3 billion, thanks in part to a recovery in sales of key products and the effects of ongoing cost structure improvement since the end of the previous fiscal year.

STATUS BY SEGMENT

DISPLAY MATERIALS

Orders for TAC films recovered due to rising demand for large-screen LCD televisions, spurred by measures in various countries to stimulate demand for home appliances, and revenue improved in the first half. Sales remained steady for VA-TAC film, and thin-film, both products in which we have an established advantage.

MEMORY

Unit sales of optical pickup lenses for Blu-ray format fell below initial projections as the high-volume IT-related market was slow to recover, but unit sales for use in audio-visual applications continued their steady recovery. Overall, unit sales of optical pickup lenses, including those for use in CDs and DVDs, exceeded results for the previous period.

In glass hard disk substrates, we focused on expanding sales of products for high-density recording, including 250GB and 320GB disks. Recovery in demand, centered around notebook computers and external memory devices, brought a significant increase in unit sales beginning around the third quarter. To accommodate future growth in demand, we have begun construction of additional production lines at our Malaysia plant, aiming to start operation in October 2010.

IMAGE INPUT/OUTPUT COMPONENTS

As we worked to concentrate our product domains with a focus on profitability, overall demand remained sluggish for the high-end segments we specialize in due to the global economic downturn, and unit sales remained weak.

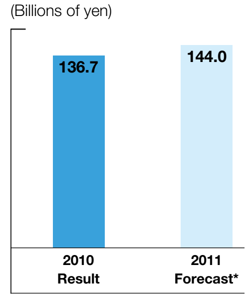
STRATEGY GOING FORWARD

In the digital home appliance segment, key upcoming market trends include the introduction of 3D LCD televisions, the full-fledged adoption of the Blu-ray format and increasingly high-density hard disks. These trends will bring increased demand for TAC film, optical pickup lenses for Blu-ray format, and glass substrates for hard disks, and should thus provide a boost for our mainstay business.

We will also continue to promote our genre-top strategy, maintaining strong growth in each segment while utilizing our technological strengths in optics to move into new fields, such as lighting, automotive, energy, and life care, expanding the reach of our business and enabling us to continue to grow.

NET SALES

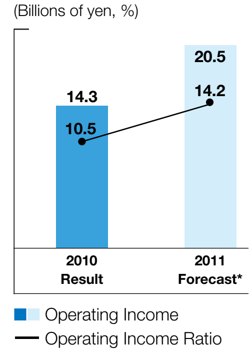
(Billions of yen)

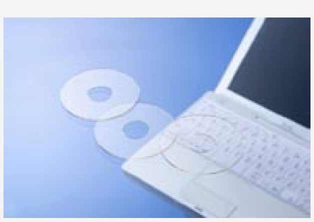


* Forecast: Announced May 13, 2010

OPERATING INCOME AND OPERATING INCOME RATIO

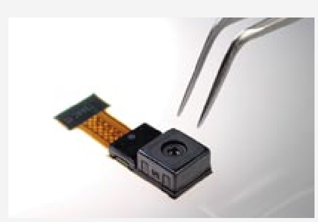
(Billions of yen, %)





Glass hard disk substrates

TAC film



Lens unit for camera-equipped mobile phones

Optical pickup lenses for Blu-ray format

MEDICAL AND GRAPHIC IMAGING

OVERVIEW OF RESULTS FOR FY MARCH 2010

While we worked to expand sales of digital devices and focus on strengthening our solutions business, the healthcare and graphic imaging segments were unable to make up for the accelerating drop in sales of film products, and with the additional effects of a high yen, sales were down 17.1% versus the previous period, to ¥104.3 billion. Despite thorough measures to reduce fixed costs, operating income also fell by 52.3% compared to the previous period, to ¥1.4 billion.

STATUS BY SEGMENT

HEALTHCARE

In the key digital X-ray diagnostic imaging field, we began sales of our new *REGIUS MODEL 210*, and, along with digital radiography system and diagnostic imaging workstations, worked to expand sales to hospitals and clinics worldwide. Unit sales of these and other digital diagnostic systems maintained levels similar to those in the previous period. We also worked to expand our reach in the healthcare segment, introducing two new products outside the X-ray diagnostic imaging sector, the *I-PACS EX ceed* network workstation, and the *SONIMAGE 513*, a color ultrasound diagnostic system.

GRAPHIC IMAGING

We worked to expand sales of the *Pagemaster Pro 6500N* on-demand printing system and other digital systems. While the printing industry continues to see a freeze on capital investment due to the prolonged economic downturn, our efforts to expand sales kept digital equipment sales on par with the previous period.

STRATEGY GOING FORWARD

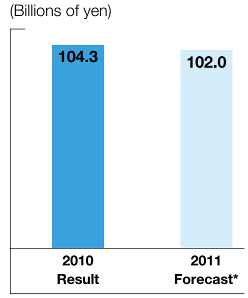
With demand for film-related products in the medical and healthcare segment expected to continuously decline, we plan to expand into new business domains by promoting sales of digital diagnostic imaging systems, and by aggressively expanding our *infomity* service, which combines remote maintenance, management support, and network services. In emerging markets, for the present we will focus our efforts on China and India, working to expand sales of digital systems tailored to the needs of those markets.

In the graphic imaging segment, we will utilize our accumulated knowledge of customer needs and workflows in commercial printing to further enhance our competitiveness and expand our business in the field of production printing, which is being positioned as a growth segment for the Group*.

* We have decided to carve out the graphic imaging business managed by Konica Minolta Medical & Graphics, Inc. and place it under the management of Konica Minolta Business Technologies, Inc.

NET SALES

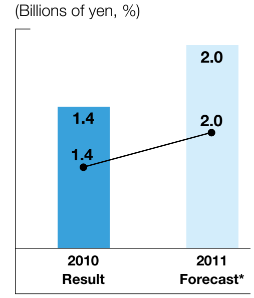
(Billions of yen)



* Forecast: Announced May 13, 2010

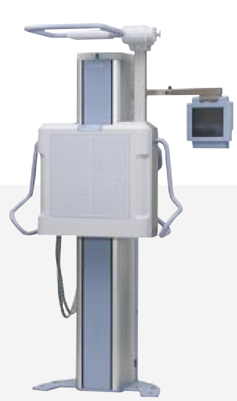
OPERATING INCOME AND OPERATING INCOME RATIO

(Billions of yen, %)



Operating Income
Operating Income Ratio

Digital X-Ray Image Reader
REGIUS MODEL 210



Digital Radiography
PLAUDR C30

Color Diagnostic Ultrasound System
SONIMAGE 513

On-demand Printing System
Pagemaster Pro 6500N

SENSING

OVERVIEW OF RESULTS FOR FY MARCH 2010

During the year, we launched several new products, including the *CM-5* spectrophotometer, the *CR-5* colorimeter and the *KONICA MINOLTA RANGE 5* non-contact 3-D digitizer, and worked to expand sales primarily in the color measurement and 3-D measurement sectors. These efforts resulted in significant growth in the Chinese market, but in the key markets of Japan, the U.S., and Europe, manufacturers continued to restrict capital investment amidst the ongoing effects of a sluggish economy, holding back unit sales growth. As a result, sales were down 17.5% compared to the previous period, at ¥6.9 billion, with operating losses totaling ¥6 million.

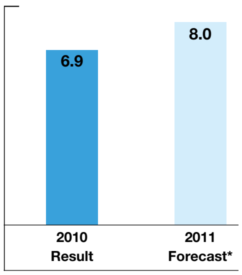
STRATEGY GOING FORWARD

We will strengthen our expansion in the Chinese market, which is expected to see high growth. We will also focus on the aggressive introduction of new products in the healthcare and food sectors, which are less vulnerable to economic swings, while also cultivating new fields with solid growth potential, including LED lighting and solar cell evaluation equipment.

At the same time, we will strive to expand by combining our sensing technology strengths fostered in the field of optics with the Group's core technological capabilities.

NET SALES

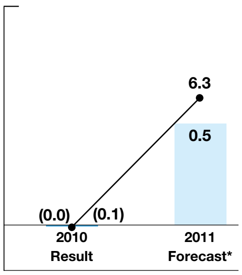
(Billions of yen)



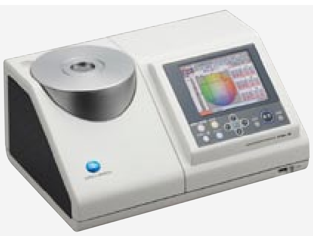
* Forecast: Announced May 13, 2010

OPERATING INCOME (LOSS) AND OPERATING INCOME RATIO

(Billions of yen, %)



Operating Income (Loss)
Operating Income Ratio



Spectrophotometer
CM-5

Chlorophyll Meter
SPAD-502Plus

Display Color Analyzer
CA310

Non-contact 3D Digitizer
KONICA MINOLTA RANGE5

CORPORATE GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE

The Konica Minolta Group is continually working to strengthen its business and respond to the diverse expectations of society with the aim of increasing corporate value. The Group believes that the essence of good corporate governance lies in creating a system which enhances management transparency, and in being accountable to all shareholders, investors, and other stakeholders. With that understanding, Konica Minolta has established a management structure that responds flexibly to changes in the market environment to allow more timely, appropriate decision-making on matters such as restructuring. The Group also continues to improve its corporate governance functions to ensure greater management transparency and soundness.

In 2000, Konica Minolta introduced an executive officer system, which clarified the separation of management's supervisory and execution functions. The introduction of the executive officer system also strengthened the supervisory function of the Board of Directors, and expedited business execution. Since 2002, Konica Minolta has appointed highly independent outside directors to its Board, which has further increased the objectivity of its supervisory function. Further, with a management integration in 2003, the Group adopted a holding company framework and shifted to a company-with-committees system.

MANAGEMENT AND GOVERNANCE STRUCTURE

To strengthen its management supervisory function, and expedite decision-making by transferring significant authority to the executive officers, Konica Minolta Group has adopted a company-with-committees system.

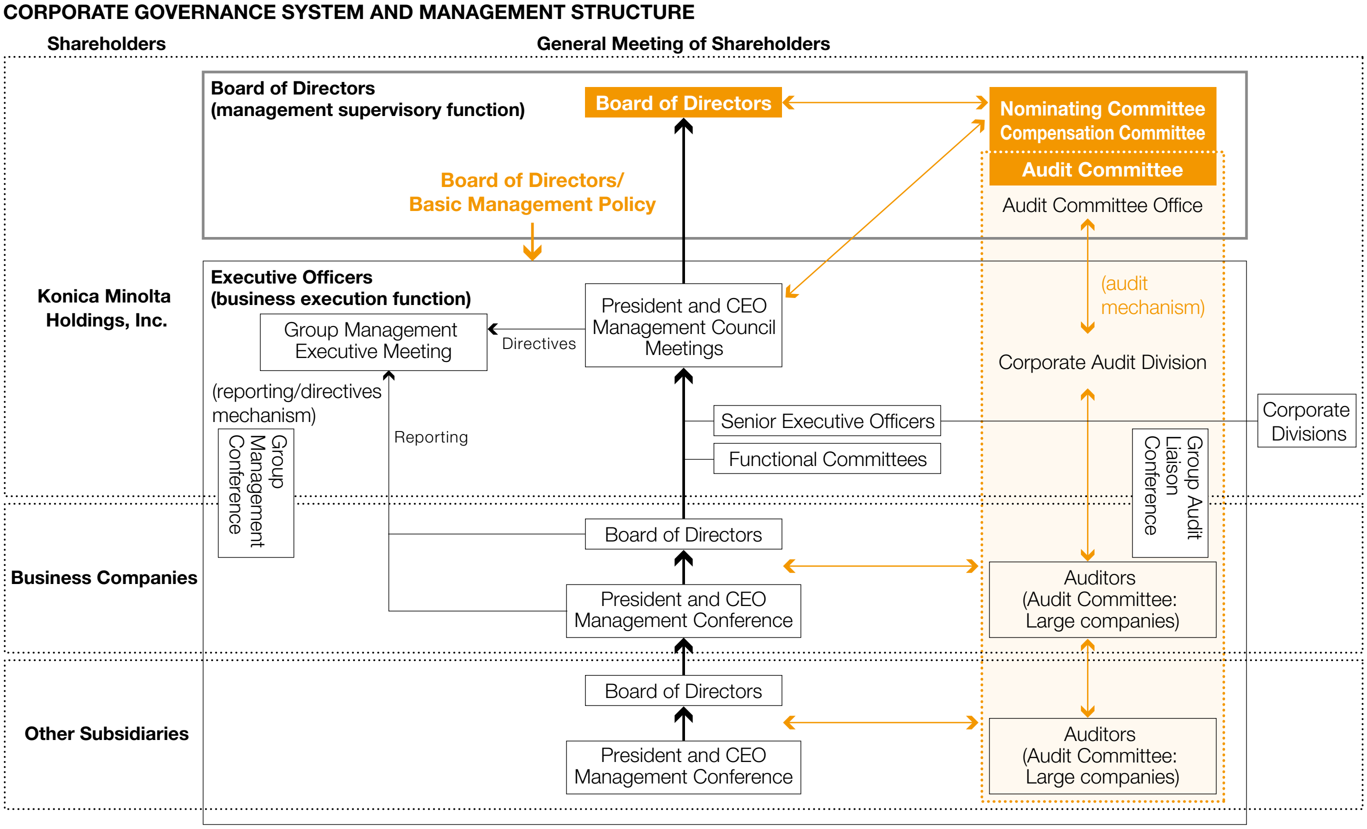
The Board of Directors includes four outside directors, who are highly independent and have no significant business relationships with the Company. The majority of directors do not serve concurrently as executive officers. Moreover, a director who is not serving concurrently as president or other executive officer is elected as Chairman of the Board of Directors, which further ensures the supervisory function of the Board of Directors.

In addition, there are three committees within the Board of Directors—the Nominating, Audit, and Compensation committees—each of which comprises five directors (three of whom are outside directors). In order to ensure better management transparency, none of the directors comprising the committees serve concurrently as executive officers, and outside directors are chosen to chair each committee.

BOARD OF DIRECTORS

The Board of Directors (which met 14 times in fiscal 2009) is responsible for timely, appropriate decision-making regarding the Group's basic management policies, which are set out in its medium-term management plans and broad annual plans. The Board also decides on business restructuring, and other issues, all with consideration for the views of the Group's various stakeholders. Outside directors, in particular, must remain mindful of the need to protect general shareholders and joint shareholder interests while supervising management. They also use their extensive corporate management experience in advising on executive officer proposals and status reports on significant issues.

CORPORATE GOVERNANCE SYSTEM AND MANAGEMENT STRUCTURE



In principle, the Board of Directors meets once a month. Outside directors receive advance briefings on agenda items in order to ensure they understand the items and thereby facilitate more lively discussion at meetings of the board. In particular, explanations of important management decisions are provided by the relevant executive officers. In FY March 2010, overall attendance by outside directors at meetings of the Board of Directors and its three committees exceeded 90% on average.

Every year, each board member provides an evaluation of the Board of Directors, which serves as a general review of the composition and administration of the board and its three committees, as well as other matters. This evaluation is summarized and discussed by the outside directors, the chairman, and the president, in an effort to enhance corporate governance.

COMMITTEE ROLES AND FUNCTIONS

NOMINATING COMMITTEE

The key role of the Nominating Committee (which met five times in FY March 2010), is the selection of director candidates who will be presented for approval before the general meeting of shareholders. When appointing internal and outside directors, the Nominating Committee selects candidates in accordance with the Group's proprietary selection criteria. In selecting candidates for outside directors, key criteria include independence, and experience in corporate management. The Nominating Committee also clearly documented criteria regarding the independence of outside directors, stipulating, among other conditions, that candidates shall have no significant business relationships with the Group, or personal relationships with its executive officers. Further, to address the concern that long-serving outside directors may eventually become less independent, Konica Minolta limits their re-nomination to, in principle, a term of four years.

COMPENSATION COMMITTEE

The Compensation Committee (which met six times in FY March 2010) formulates policies for executive compensation, and determines the amount of individual compensation for directors and executive officers. The compensation system is designed to raise motivation among executive officers to continuously improve business results in the mid- to long-term, and contributes to enhancing overall Group value by providing a benchmark for attracting and retaining personnel willing to ensure the company's future development.

•Compensation for directors and executive officers

Compensation for inside directors, who are responsible for supervising Group management, comprises base salary, and stock options for stock-linked compensation to encourage long-term performance. The compensation of outside directors is base salary only. The target compensation of executive officer packages is 60% in base salary, 20% in short-term performance-based cash bonuses as an incentive, and 20% in stock options for stock-linked compensation as a long-term incentive. The amount of performance-based cash bonuses are determined by business performance levels for the fiscal year in question, and by the degree to which fiscal year performance goals have been met.

The amount of compensation to directors and executive officers recorded as expenses for FY March 2010, is as shown below.

		Compensation (millions of yen)						
		Total	Total base salary		Performance-based cash bonus		Stock option-based compensation	
		Amount	Persons	Amount	Persons	Amount	Persons	Amount
Directors	Outside	41	5	41	–	–	–	–
	Inside	152	5	127	–	–	5	24
	Total	193	10	168	–	–	5	24
Executive Officers		809	23	525	23	151	23	132

Note 1: As of March 31, 2010, there are four outside directors, three internal directors (excluding those who serve concurrently as executive officers), and 22 executive officers.

Note 2: In addition to the five inside directors shown above, the company has another five inside directors who concurrently hold executive officer posts, and compensation to these directors is included in the executive officer compensation noted above.

Note 3: Regarding performance-based cash bonuses, the amounts stated are those which should be recorded as an expense for FY March 2010.

Note 4: Regarding stock option-based compensation, the amounts stated are those which should be recorded as an expense, based on an estimation of the fair value of the new share subscription rights issued to directors (excluding outside directors) and executive officers as part of their compensation.

Note 5: Compensation figures for executive officers in the table above include base salaries and performance-based cash bonuses provided to the 14 executive officers who are primarily responsible for the company's subsidiaries, and which are partially paid for by the subsidiaries.

AUDIT COMMITTEE

The Audit Committee (which met 14 times in FY March 2010) audits executive management decisions to see whether they are legitimate and proper and monitors and verifies internal control systems. The committee also reviews the methods used and results provided by the independent auditors, and decides on proposals for the selection, dismissal, and/or non-reelection of the independent auditors, as well as approving their compensation. The Audit Committee works with the independent auditors and the Corporate Audit Division, which acts as an internal audit office, to enhance audit efficiency and effectiveness, while also receiving regular reports from executive officers responsible for the Risk Management Committee, Compliance Committee, and other internal control systems.

In principle, the Audit Committee meets prior to meetings of the Board of Directors, so that the committee members can present their opinions to the meeting of the Board of Directors, if deemed appropriate.

To further enhance the effectiveness of the Audit Committee, a separate Audit Committee Office with its own dedicated staff has been established as a secretariat independent of any operating division.

For details of the Group's corporate governance, follow the link to the website listed below.

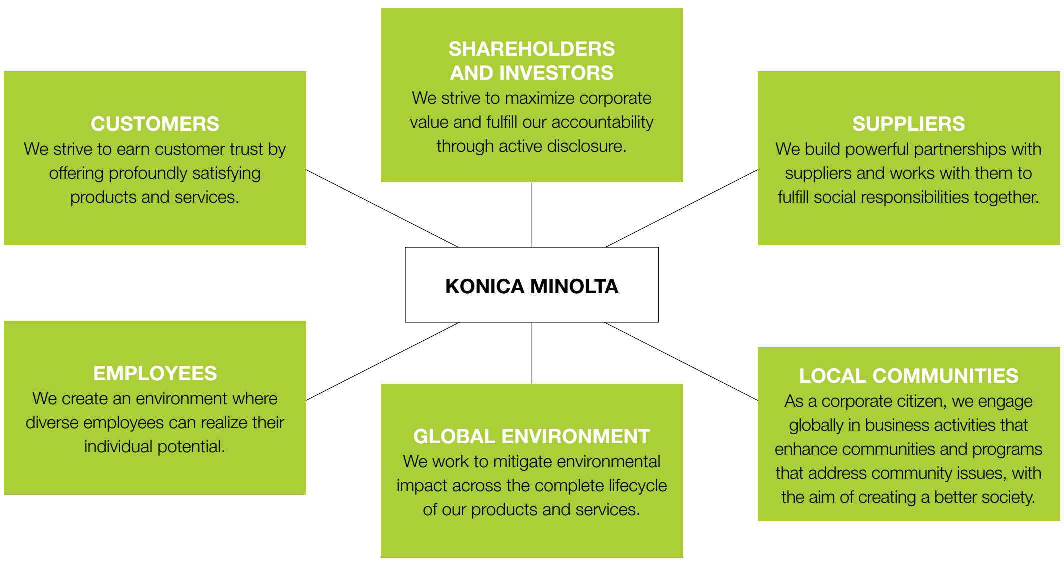
http://www.konicaminolta.com/about/csr/governance/index.html

CSR

At Konica Minolta, we view CSR initiatives as synonymous with good management, and work as a Group to promote environmental awareness and programs for realizing sustainable development for society.

To achieve sustainable growth, it is critical that our management decisions demonstrate a commitment to doing what we must to become a company essential for world society. For Konica Minolta, reflecting the viewpoints of our stakeholders, whether customers, suppliers, shareholders and investors or others, is embedded in our approach to business activities.

Global environmental problems are the most pressing concern that companies must address today. As a company in the manufacturing sector, devising ways to leverage our own diverse technologies to contribute to the environment is an important challenge. Furthermore, we recognize that our clearest social responsibility is to help realize a sustainable world and society through technological innovation. To this end, we strive to create products and services that assist in global environmental preservation.



Selection for Silver Class CSR Rating by Premier Global SRI Ratings Firm Sustainable Asset Management

Switzerland-based SAM (Sustainable Asset Management) Group Holding AG, one of the world's premier research and ratings companies in the field of socially responsible investment (SRI), has selected Konica Minolta for its "Silver Class" SRI rating.

Each year, SAM assesses the world's top 2,500 companies in terms of market capitalization as sustainable corporations in terms of economic, environmental and social performance. Those companies considered especially outstanding receive either "SAM Gold Class," "SAM Silver Class," or "SAM Bronze Class" ratings. In 2010, 97 companies (including 4 Japanese firms) received a "SAM Gold Class" ranking; 84 companies (12 from Japan, including Konica Minolta) were ranked "SAM Silver Class;" and 65 companies (among them 4 Japanese firms) were chosen for a "SAM Bronze Class" distinction.

sam 2010 silver class

Inclusion in Other SRI Indices

MS-SRI モーニングスター社会的責任投資株価指数 Morningstar Socially Responsible Investment Index

Dow Jones Sustainability Indexes Member 2009/10

ETHIBEL PIONEER & EXCELLENCE

FTSE4Good

For details of the Group's environmental and CSR activities, follow the links to the websites and CSR Report listed below.

CSR: http://konicaminolta.com/about/csr/index.html

Environment: http://konicaminolta.com/about/environment/index.html

CSR Report: http://konicaminolta.com/about/csr/download/2010/index.html

INTELLECTUAL PROPERTY

At the Konica Minolta Group, we aggressively pursue patent filings and other steps to convert research and development results into viable property rights. In this way, we maintain our competitive edge in key fields, thereby enhancing corporate value.

The Group possesses core technologies in the materials, optical, micro-fabrication, and imaging fields. By further refining and integrating these core technologies, we offer innovative products and services worldwide related to imaging, centered on the Business Technologies and Optics segments. In parallel, we are forging ahead in new business fields with the development of products pertaining to the environment and energy, such as OLED lighting and solar cells.

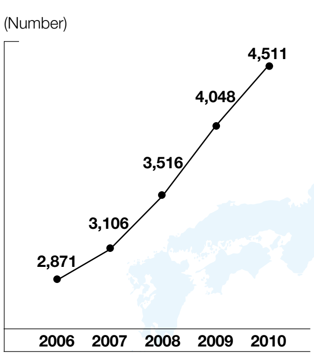
We concentrate on invention, discovery and the acquisition of patent rights in those technological domains and fields vitally important to our business expansion and genre-top strategies. Appropriately selecting the countries in which to file patents, and executing measures for swift conversion to patent rights, enables the Group to acquire effective property rights worldwide in the shortest possible timeframe.

As of March 31, 2010, the Konica Minolta Group owned rights to 7,082 patents in Japan and 5,244 patents in the United States. Since the fiscal year ended March 2008, our drive to accumulate patent rights has been especially vigorous in common basic and advanced technologies, two areas linked to the Group's future growth. These patents include those for phosphors, which will enable longer life and better luminous efficiency for OLEDs, one of the basic technologies underpinning new business creation in the field of environment and energy. In fact, based on in-house data, Konica Minolta holds more patents than any other company in Japan for common basic and advanced technologies.

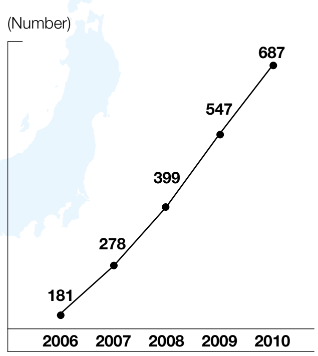
The Group's superiority in terms of patents is enhanced not only from the acquisition of high-quality patents, but by possessing a large portfolio of such patents. We are particularly dedicated to building up patents in Business Technologies and Optics, our core business segments. As a result, we have steadily increased the number of Konica Minolta Group patents since the fiscal year ended March 2006.

PATENTS IN KEY BUSINESS FIELDS (JAPAN)

BUSINESS TECHNOLOGIES

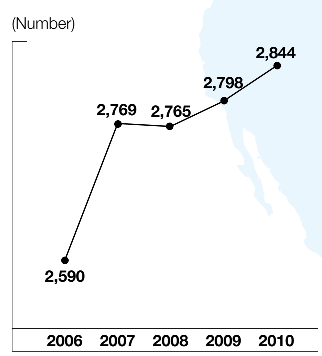


OPTICS

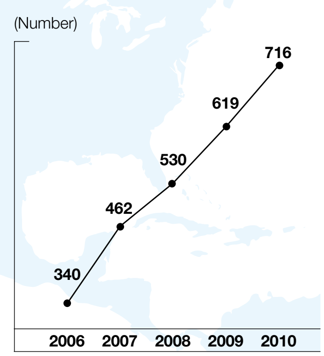


PATENTS IN KEY BUSINESS FIELDS (U.S.)

BUSINESS TECHNOLOGIES



OPTICS



BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

As of June 22, 2010

Board of Directors

Chairman of the Board
Yoshikatsu Ota

Directors
Masatoshi Matsuzaki

Tadao Namiki

Tohru Tsuji

Yozo Izuhara

Nobuhiko Ito

Yoshifumi Johno

Yasuo Matsumoto

Shoei Yamana

Akio Kitani

Yoshiaki Ando

Note: Tadao Namiki, Tohru Tsuji, Yozo Izuhara and Nobuhiko Ito are outside directors pursuant to Article 2, paragraph 2-15 of the Ordinance for Enforcement of the Companies Act of Japan, and are independent corporate officers as stipulated by Article 436-2 of Securities Listing Regulations and Related Rules promulgated by the Tokyo Stock Exchange Group, Inc.

Executive Officers

President and CEO
Masatoshi Matsuzaki
In charge of Risk Management

Senior Executive Officers
Shoei Yamana
In charge of Corporate Strategy and Investor Relations (IR)

Yoshihiko Someya
In charge of Human Resources, Corporate Communications, Branding, and Corporate Image Strategy

Takashi Matsumaru
President, Konica Minolta Opto, Inc.

Akio Kitani
In charge of Supply Chain Management (SCM)
President, Konica Minolta Business Technologies, Inc.

Kiyofumi Tanida
In charge of Corporate Social Responsibility (CSR)
General Manager, Kansai Headquarters

Takashi Sugiyama
In charge of Technology Strategy
Executive Director, Konica Minolta Business Technologies, Inc.

Yoshiaki Ando
In charge of Accounting, Corporate Finance, and Information Technology (IT)

Masaru Kamei
In charge of Legal Affairs, General Affairs, Compliance, Intellectual Property, and Crisis Management

Atsushi Kodama
President, Konica Minolta Medical & Graphic, Inc.

Executive Officers
Hideki Okamura
Executive Director, Konica Minolta Business Technologies, Inc.
President, Konica Minolta Business Solutions Europe GmbH

Masami Akiyama
Executive Director, Konica Minolta Opto, Inc.

Nobuyasu Ieuji
In charge of Production Innovation
Executive Director, Konica Minolta Business Technologies, Inc.

Toshihiko Karasaki
President, Konica Minolta Sensing, Inc.

Hiroyuki Inoue
Executive Director, Konica Minolta Opto, Inc.

Tawara Komamura
President, Konica Minolta Technology Center, Inc.

Yoshiaki Takei
Executive Director, Konica Minolta Business Technologies, Inc.

Kazuyoshi Hata
General Manager, Corporate Strategy Division

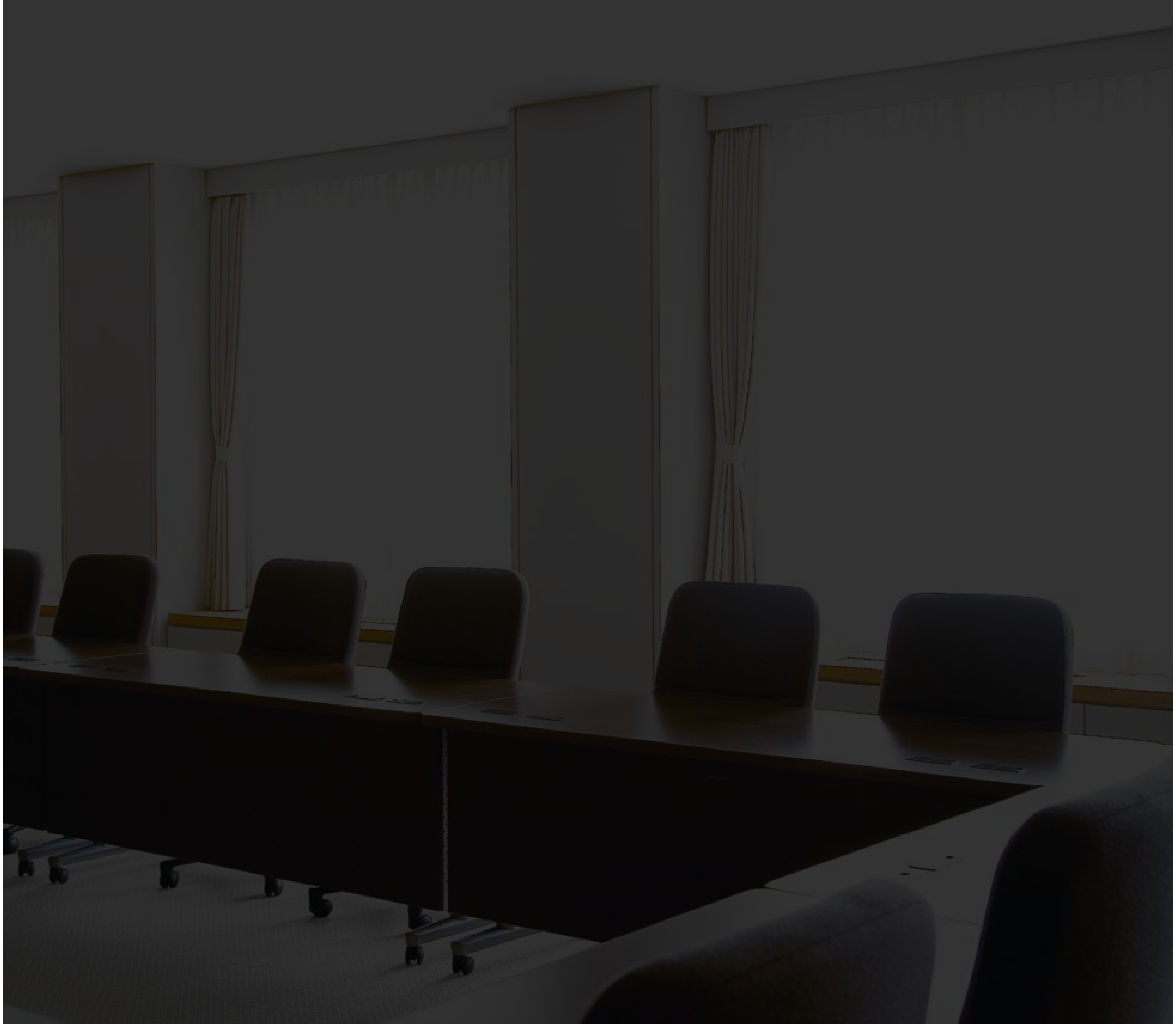
Hirofumi Hogaki
President, Konica Minolta Business Expert, Inc.

Akiyoshi Ohno
President, Konica Minolta IJ Technologies, Inc.

Yoshitsugu Shiraki
General Manager, LA Business Department

FINANCIAL SECTION

CONTENTS



FINANCIAL REVIEW

GROUP OVERVIEW

The Konica Minolta Group (the Group) consists of the Company, Konica Minolta Holdings, Inc., 96 consolidated subsidiaries, 18 non-consolidated subsidiaries, and 7 affiliated companies. The Group's core business operations are Business Technologies, Optics, Medical and Graphic Imaging, and Sensing, all of which the Group operates on a global basis.

BUSINESS ENVIRONMENT

The domestic and global economic environment during the fiscal year ended March 31, 2010 (FY March 2010) saw weakness in the global economy grow more pronounced as fallout from the credit crunch triggered by the financial crisis that struck in the fall of 2008 adversely impacted the real economy. This development, in turn, spurred a troubling cycle of lackluster consumer spending, production cutbacks, and worsening employment prospects. A reprieve from this relentless picture would eventually come from successful policies and economic stimulus measures employed by treasuries and governments worldwide in a bid to restore financial stability. But although signs of an economic recovery gradually emerged from the second half of the year, the recovery remained weak as controlled capital investment in the corporate sector and limited credit availability persisted. The yen, moreover, settled at a high level of appreciation in the currency markets. This trend had a severe impact on the Konica Minolta Group with a high percentage of sales outside of Japan, and became one of the factors that put substantial pressure on business earnings for the year.

MANAGEMENT POLICY <09-10>

The Group recognized that the radical changes in the aforementioned market environment represented more than a temporary economic slowdown. Instead, these changes appear to be the turning point of a massive and global socioeconomic transformation. Seizing the moment as an opportunity to enhance its value, the Group sought to achieve more vigorous growth with the formulation of MANAGEMENT POLICY <09-10>. The key policies comprising this two-year management plan spanning FY March 2010 to FY March 2011 are (1) Execute structural reforms, (2) Achieve strong growth, and (3) Reform the corporate culture. During the fiscal year under review, the initial year of the plan's enactment, the Group pursued bold reforms designed to achieve a robust corporate structure; one capable of generating free cash flow irrespective of the outlook for sales growth in a harsh business climate.

OPERATING RESULTS

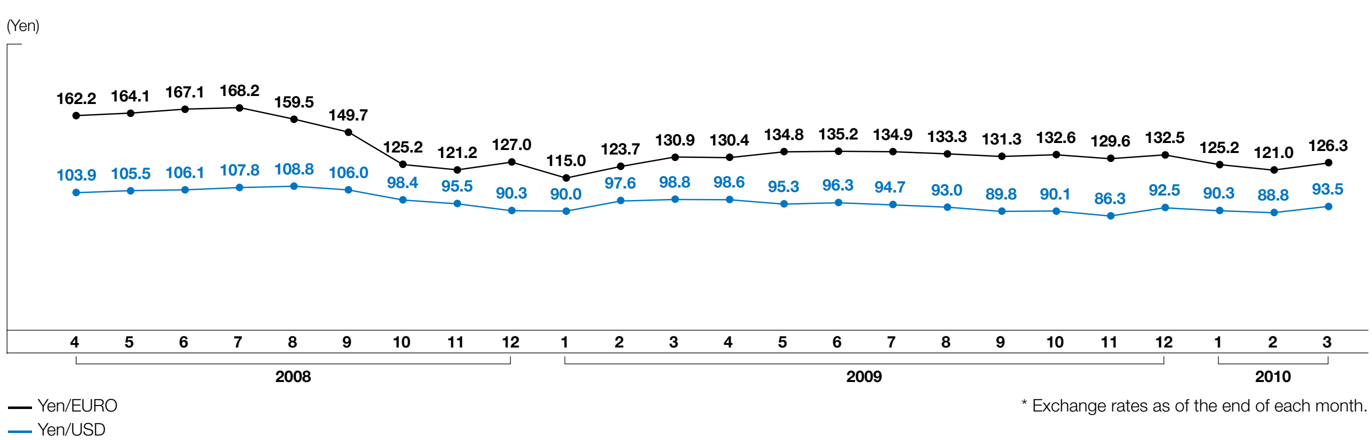
NET SALES

In the fiscal year ended March 31, 2010, net sales decreased ¥143.3 billion, or 15.1% year on year, to ¥804.4 billion. Sales for the Group's mainstay products, multi-functional peripherals (MFPs) for the office, were weaker compared to the previous fiscal year, and sales were also adversely impacted when converted to yen by the currency's appreciation. These and other negative factors were partially offset by firm sales of TAC films (protective films for the polarizing plates of LCD panels) and glass hard disk substrates, tracking a recovery in market prices for LCD televisions and PCs.

OPERATING INCOME

Operating income declined ¥12.2 billion, or 21.8% year on year, to ¥43.9 billion. The operating income ratio was down 0.4 of a percentage point to 5.5%. This outcome stemmed mainly from reduced profits accompanying lower sales and currency exchange rate effects. These factors outweighed benefits seen in the Business Technologies business from efforts to streamline bases and personnel structures at overseas sales divisions, as well as moves in the Optics business to optimize the domestic and overseas production frameworks. Steps were also taken to reduce fixed costs, pare down operating expenses, and trim R&D costs.

YEN/USD AND YEN/EURO EXCHANGE RATES*



* Exchange rates as of the end of each month.

NET INCOME

Net income for the year rose ¥1.7 billion, or 11.5%, to ¥16.9 billion, mainly as the result of a smaller write-down of investment securities and lower business structure improvement expenses. Return on equity increased 0.4 of a percentage point to 4.1%.

SEGMENT INFORMATION

Sales in the Business Technologies business fell ¥82.8 billion, or 13.3%, to ¥540.8 billion, while operating income declined ¥13.5 billion, or 25.9%, to ¥38.9 billion. Sales of the Group's mainstay products, MFPs for the office, were lower year on year, primarily due to corporate cutbacks in capital spending and operating expenses, coupled with more stringent lease contract terms due to the credit crunch. Performance in the second half of the year, however, surpassed that of the previous fiscal year due to steady growth in sales volume for color MFPs each quarter, as the Group generated demand by aggressively unveiling new color models.

In the Optics business, sales declined ¥36.6 billion, or 21.1%, to ¥136.7 billion, while operating income climbed ¥1.8 billion, or 14.8%, to ¥14.3 billion. Sales of TAC films and glass hard disk substrates were brisk, benefitting from a recovery in market prices for LCD televisions and PCs. Business performance was notably impacted, however, by lower sales volumes in image input/output components and optical pickup lenses for Blu-ray Discs.

In the Medical and Graphic Imaging business, sales declined ¥21.5 billion, or 17.1%, to ¥104.3 billion, with operating income down ¥1.6 billion, or 52.3%, to ¥1.4 billion. While sales for digital equipment remained largely on a par with the previous fiscal year, these levels were insufficient to cover the decline in sales of film products.

CAPITAL EXPENDITURE AND DEPRECIATION

Total capital expenditure for the fiscal year under review declined ¥24.2 billion year on year, to ¥36.9 billion. Of this expenditure, the Business Technologies business accounted for ¥18.1 billion, the Optics business for ¥13.5 billion, the Medical and Graphic Imaging business for ¥1.7 billion, and other businesses for ¥3.3 billion.

Capital expenditure during the year was used mainly for investment in casting molds for new products in the Business Technologies business, and to boost production capacity for TAC films in the Optics business.

Depreciation was ¥61.1 billion, down ¥9.0 billion from the previous fiscal year.

RESEARCH AND DEVELOPMENT COSTS

R&D costs declined ¥13.4 billion year on year, to ¥68.4 billion. While reducing expenses overall, the Group concentrated expenditures on investments in future growth fields. R&D costs by business segment were as follows.

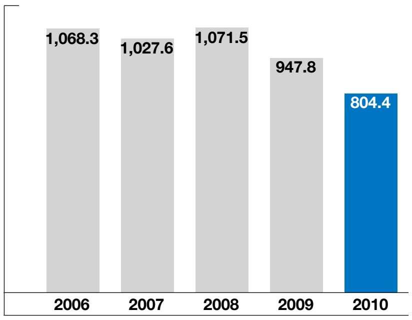
R&D costs declined 21.3% year on year in the Business Technologies business to ¥38.4 billion, 13.6% in the Optics business to ¥11.0 billion, and 16.0% in the Medical and Graphic Imaging business to ¥7.7 billion. In contrast, R&D costs in other businesses rose 2.1% to ¥11.1 billion.

FINANCIAL POSITION AND LIQUIDITY

"Execute structural reforms" is one of the core policies that the Konica Minolta Group is pursuing under the MANAGEMENT POLICY <09-10> management plan. Accordingly, the Group is focused on strengthening its financial position as a key component of this policy. During the fiscal year under review, the Group worked to streamline its balance sheet by reducing inventories, scaling back capital expenditure, and negotiating more favorable terms with respect to credit and debt.

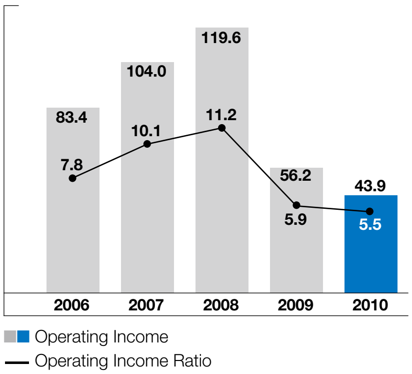
NET SALES

(Billions of yen)



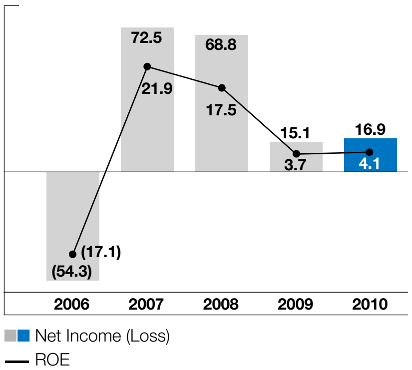
OPERATING INCOME AND OPERATING INCOME RATIO

(Billions of yen, %)



NET INCOME (LOSS) AND ROE

(Billions of yen, %)



ASSETS

Current assets at March 31, 2010 amounted to ¥489.2 billion, down ¥15.6 billion from the previous fiscal year-end. Cash on hand and in banks was virtually unchanged at ¥85.5 billion. Short-term investment securities rose ¥31.0 billion year on year, to ¥79.0 billion, fueling the increase in cash on hand. Notes and accounts receivable-trade increased ¥5.8 billion from a year ago to ¥177.7 billion, while inventories declined ¥30.8 billion to ¥98.2 billion for the same period. The latter mainly reflected the launch of competitive new products and a recovery in sales momentum. Other accounts receivable, meanwhile, declined ¥8.8 billion, primarily due to a drop in refunded corporation taxes receivable.

Property, plant and equipment decreased by ¥22.8 billion from the previous fiscal year-end, to ¥205.0 billion. One factor in this decline was efforts by the Group to curb capital expenditure. Intangible fixed assets fell ¥12.5 billion year on year, to ¥99.0 billion, attributed to progress in amortizing goodwill.

In investments and other assets, investment securities rose ¥3.9 billion year on year, to ¥22.0 billion, while deferred tax assets declined by ¥4.3 billion. Consequently, investments and other assets amounted to ¥72.4 billion, down ¥1.2 billion from a year earlier.

As a result of these factors, total assets at March 31, 2010 declined ¥52.2 billion year on year, to ¥865.7 billion.

LIABILITIES

Current liabilities at March 31, 2010 amounted to ¥267.3 billion, down ¥43.5 billion from the previous fiscal year-end. In addition to a decline of ¥21.4 billion in short-term interest-bearing debt, notes and accounts payable-trade and accrued expenses were down ¥3.9 billion and ¥3.3 billion, respectively, for the year, due to lower operating expenses and efforts to rein in capital expenditure. The reserve for discontinued operations, specifically the Photo Imaging business, decreased ¥2.5 billion from the previous year to ¥4.7 billion. Long-term liabilities, meanwhile, declined ¥15.1 billion to ¥177.7 billion.

As a result, total liabilities at March 31, 2010 declined ¥58.7 billion year on year, to ¥445.0 billion.

Interest-bearing Debt (Sum of short-term/long-term loans and corporate bonds)

Due partially to the redemption of corporate bonds that reached maturity, interest-bearing debt declined ¥33.0 billion to ¥197.3 billion. As a result, the debt-equity (D/E) ratio decreased to 0.47 times, compared to 0.56 times at the previous fiscal year-end.

NET ASSETS

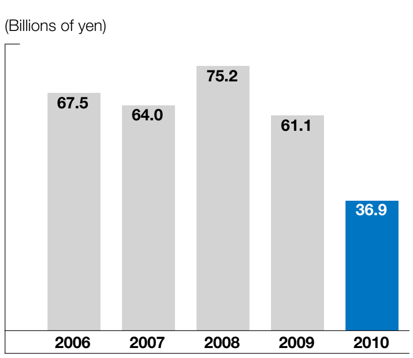
Net assets at the end of the fiscal year under review stood at ¥420.7 billion, up ¥6.4 billion from a year earlier. Although valuation and translation adjustments declined ¥2.1 billion from the previous fiscal year-end, net assets rose atop growth in retained earnings, mainly from ¥16.9 billion in net income posted for the year. Net assets per share was ¥791.28, while the equity ratio rose 3.4 percentage points year on year, to 48.5%.

CASH FLOWS

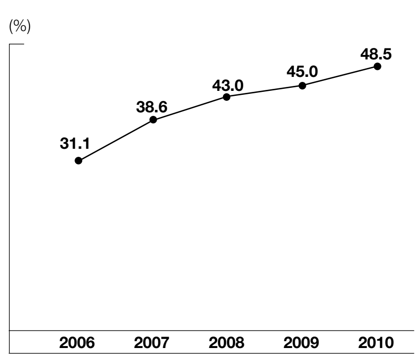
CASH FLOWS FROM OPERATING ACTIVITIES

Net cash provided by operating activities was ¥113.3 billion, compared to ¥107.5 billion a year ago. Cash inflows consisted of income before income taxes and minority interests of ¥36.0 billion, depreciation and amortization of ¥61.1 billion, and ¥17.5 billion in cash from improved efficiency in working capital. This was partially offset by ¥6.5 billion decrease in accounts payable-other and accrued expenses, and ¥3.8 billion in interest paid.

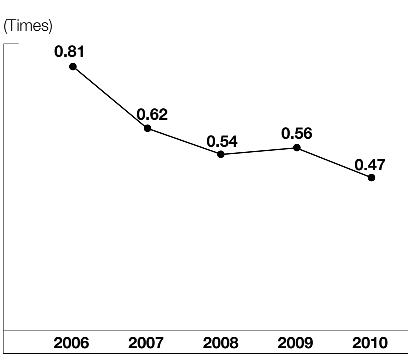
CAPITAL EXPENDITURE



EQUITY RATIO



D/E RATIO



CASH FLOWS FROM INVESTING ACTIVITIES

Net cash used in investing activities was ¥40.4 billion, compared to ¥90.1 billion used in the previous fiscal year. Cash used consisted largely of ¥33.6 billion for payments for acquisition of property, plant and equipment, mainly for the purchase of casting molds for new products in the Business Technologies business and for investments to augment production capacity in the Optics business.

As a result, free cash flow (the sum of cash flows from operating activities and investing activities) was a positive ¥72.9 billion, compared to a positive ¥17.3 billion in the previous fiscal year.

CASH FLOW FROM FINANCING ACTIVITIES

Net cash used in financing activities was ¥43.8 billion, compared to ¥4.9 billion provided by financing activities a year earlier. Along with a payment of ¥30.0 billion for the redemption of bonds, uses of cash included dividend payments of ¥9.2 billion and ¥4.4 billion for repayment of loans and lease obligations.

DIVIDEND POLICY AND DIVIDENDS FOR FY MARCH 2010 AND 2011

The Company's basic policy in deciding the distribution of retained earnings as dividends is to consistently return profits to shareholders following consideration of a comprehensive range of factors, including consolidated business results and the promotion of strategic investment in growth fields. To this end, the Company has set a dividend payout ratio of 25% or more as a specific medium- to long-term target in this regard. When deemed appropriate based on its financial position, share price and other relevant factors, the Company will also purchase treasury stock as a means of returning profit to shareholders.

For the fiscal year under review, the Company will pay an annual dividend of ¥15 per share, consisting of an interim and full-year dividend of ¥7.5, respectively. The Company opted to pay this dividend as initially forecast despite the impact of an operating environment that was far more severe that expected during the first half of the year.

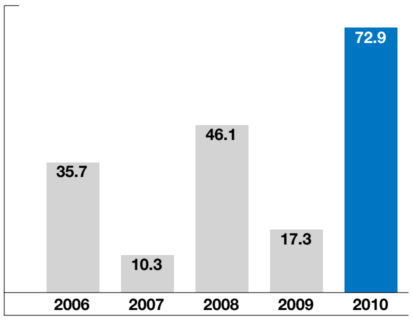
In light of the challenging operating environment anticipated, in the fiscal year ending March 31, 2011 the Company expects to pay an annual dividend of ¥15 per share, consisting of interim and year-end dividends of ¥7.5 per share.

OUTLOOK

The business environment surrounding the Group is expected to see the economic recovery gain momentum in Japan and around the globe. Growth in emerging markets, particularly in Asia, is expected to remain robust, with a modest upturn also on the horizon for the developed economies of Japan, the United States and Europe. The Group recognizes, however, that conditions are likely to remain challenging due to several issues fueling uncertainty, among them negative factors such as a worsening employment environment, rising long-term interest rates, and the yen's strength in the currency markets. Regarding forecasts for the Company's key markets, in the Business Technologies business, although a full-scale recovery in office and production printing products is likely to remain elusive for some time, a modest upturn appears likely during the upcoming term. In the Optics business, demand for LCD televisions, PCs and other digital appliances is expected to continue to expand overall.

FREE CASH FLOWS

(Billions of yen)



FORECASTS FOR FY MARCH 2011 (ANNOUNCED MAY 13, 2010)

(Billions of yen)

	1H FY March 2011	2H FY March 2011	Full Year FY March 2011
Net Sales	400	430	830
Operating Income	21	29	50
Net Income	8	12	20
Free Cash Flow			20

CURRENCY EXCHANGE RATE ASSUMPTIONS

(Yen)

Exchange rate USD	90.00
EUR	120.00

CONSOLIDATED BALANCE SHEETS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
Assets	**2010**	2009	**2010**
Current Assets:			
Cash on hand and in banks (Note 5)	**¥ 85,533**	¥ 85,753	**$ 919,314**
Notes and accounts receivable–trade (Notes 5 and 12)	**177,720**	171,835	**1,910,146**
Lease receivables and investment assets	**13,993**	13,598	**150,398**
Short-term investment securities (Notes 5 and 6)	**79,000**	48,000	**849,097**
Inventories (Note 10)	**98,263**	129,160	**1,056,137**
Deferred tax assets (Note 8)	**19,085**	25,326	**205,127**
Other accounts receivable	**7,639**	16,531	**82,104**
Other current assets	**12,720**	19,463	**136,715**
Allowance for doubtful accounts	**(4,703)**	(4,749)	**(50,548)**
Total current assets	**489,253**	504,919	**5,258,523**
Property, Plant and Equipment (Note 14):			
Buildings and structures	**162,102**	164,357	**1,742,283**
Machinery and equipment	**229,961**	243,614	**2,471,636**
Tools and furniture	**149,534**	151,943	**1,607,201**
Land	**34,320**	35,033	**368,874**
Lease assets	**482**	219	**5,181**
Construction in progress	**16,901**	11,522	**181,653**
Rental business-use assets	**46,151**	47,362	**496,034**
Total	**639,454**	654,054	**6,872,893**
Accumulated depreciation	**(434,396)**	(426,193)	**(4,668,917)**
Net property, plant and equipment	**205,057**	227,860	**2,203,966**
Intangible Fixed Assets:			
Goodwill (Note 14)	**71,936**	81,374	**773,173**
Other intangible fixed assets	**27,137**	30,248	**291,670**
Total intangible fixed assets	**99,074**	111,623	**1,064,854**
Investments and Other Assets:			
Investment securities (Notes 5 and 6)	**22,029**	18,068	**236,769**
Long-term loans	**164**	461	**1,763**
Long-term prepaid expenses	**3,353**	3,438	**36,038**
Deferred tax assets (Note 8)	**35,304**	39,608	**379,450**
Other	**12,375**	12,596	**133,007**
Allowance for doubtful accounts	**(815)**	(519)	**(8,760)**
Total investments and other assets	**72,411**	73,654	**778,278**
Total assets	**¥ 865,797**	¥ 918,058	**$ 9,305,643**

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
Liabilities and Net Assets	**2010**	2009	**2010**
Current Liabilities:			
Short-term debt (Notes 5 and 7)	**¥ 58,231**	¥ 64,980	**$ 625,871**
Current portion of long-term debt (Note 7)	**27,501**	42,169	**295,583**
Notes and accounts payable–trade (Note 5)	**83,118**	87,105	**893,358**
Accrued expenses	**36,205**	39,593	**389,134**
Accrued income taxes (Note 8)	**2,488**	2,534	**26,741**
Reserve for discontinued operations	**4,714**	7,268	**50,666**
Other current liabilities (Note 7)	**55,054**	67,238	**591,724**
Total current liabilities	**267,313**	310,889	**2,873,098**
Long-Term Liabilities:			
Long-term debt (Notes 5, 7 and 12)	**111,625**	123,259	**1,199,753**
Accrued retirement benefits (Note 22)	**54,245**	57,962	**583,029**
Accrued retirement benefits for directors and statutory auditors	**450**	534	**4,837**
Deferred tax liabilities on land revaluation (Note 8)	**3,733**	3,889	**40,123**
Other long-term liabilities (Note 7)	**7,654**	7,238	**82,266**
Total long-term liabilities	**177,708**	192,884	**1,910,017**
Total liabilities	**445,022**	503,773	**4,783,126**
Contingent Liabilities (Note 11)			
Net Assets (Notes 9 and 27):			
Common stock:			
Authorized—1,200,000,000 shares in 2010 and 2009			
Issued—531,664,337 shares in 2010 and 2009	**37,519**	37,519	**403,257**
Capital surplus	**204,140**	204,140	**2,194,110**
Retained earnings	**193,790**	185,453	**2,082,868**
Less: Treasury stock, at cost; Common stock, 1,464,883 shares in 2010 and 1,370,709 shares in 2009	**(1,743)**	(1,662)	**(18,734)**
Unrealized gains on securities, net of taxes	**741**	(513)	**7,964**
Unrealized losses on hedging derivatives, net of taxes	**33**	198	**355**
Foreign currency translation adjustments	**(14,947)**	(11,755)	**(160,651)**
Share subscription rights (Notes 7 and 24)	**617**	460	**6,632**
Minority interests	**622**	444	**6,685**
Total net assets	**420,775**	414,284	**4,522,517**
Total liabilities and net assets	**¥865,797**	¥918,058	**$9,305,643**

CONSOLIDATED STATEMENTS OF INCOME

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
	2010	2009	2010
Net Sales	¥804,465	¥947,843	$8,646,442
Cost of Sales (Note 17)	439,978	520,206	4,728,912
Gross profit	364,486	427,637	3,917,519
Selling, General and Administrative Expenses (Note 13)	320,498	371,376	3,444,733
Operating income	43,988	56,260	472,786
Other Income (Expenses):			
Interest and dividend income	2,107	2,176	22,646
Interest expenses	(3,808)	(4,866)	(40,929)
Foreign exchange loss, net	(1,124)	(7,272)	(12,081)
Loss on sales and disposals of property, plant and equipment, net	(1,980)	(2,866)	(21,281)
Write-down of investment securities	(499)	(3,826)	(5,363)
Gain on sales of investment securities, net	348	5	3,740
Gain on sales of investments in affiliated companies, net	–	2,803	–
Loss on impairment of fixed assets (Note 14)	(2,561)	(1,168)	(27,526)
Gain on discontinued operations (Note 15)	1,025	932	11,017
Equity in net income (losses) of unconsolidated subsidiaries and affiliates	81	(99)	871
Patent-related income (Note 16)	257	560	2,762
Gain on transfer of business	–	3,063	–
Other extraordinary gain of overseas subsidiaries (Note 19)	757	–	8,136
Business structure improvement expenses (Note 18)	(2,084)	(10,094)	(22,399)
Loss on revision of retirement benefit plan	–	(2,046)	–
Other, net	(425)	(336)	(4,568)
Total	(7,906)	(23,035)	(84,974)
Income before income taxes and minority interests	36,082	33,224	387,812
Income Taxes (Note 8):			
Current	9,306	13,183	100,021
Deferred	9,806	4,857	105,396
Total	19,113	18,040	205,428
Minority Interests in Net Income of Consolidated Subsidiaries	37	5	398
Net Income	¥ 16,931	¥ 15,179	$ 181,975

	Yen		U.S. dollars (Note 3)
	March 31		March 31
	2010	2009	2010
Per Share Data (Notes 9 and 27):			
Net income—Basic	¥31.93	¥28.62	$0.34
—Diluted	30.32	26.91	0.33
Cash dividends	15	20	0.16

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2010 and 2009

Millions of yen

	Shares of issued common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total
(From April 1, 2008 to March 31, 2009)											
Net Assets at April 1, 2008	531,664,337	¥37,519	¥204,140	¥176,684	¥(1,340)	¥ 2,913	¥(319)	¥ (2,431)	¥286	¥ 858	¥418,310
Changes in accounting policies applied to overseas subsidiaries				5,210							5,210
Dividends paid from retained earnings				(9,283)							(9,283)
Net income				15,179							15,179
Change in the scope of consolidation				96							96
Purchase of treasury stock					(665)						(665)
Re-issuance of treasury stock				(117)	343						226
Pension liabilities adjustment of overseas subsidiaries				(2,316)							(2,316)
Net changes during the period						(3,426)	517	(9,323)	174	(414)	(12,473)
Total changes during the period		–	–	3,558	(321)	(3,426)	517	(9,323)	174	(414)	(9,236)
Balance at March 31, 2009	531,664,337	¥37,519	¥204,140	¥185,453	¥(1,662)	¥ (513)	¥ 198	¥(11,755)	¥460	¥ 444	¥414,284
(From April 1, 2009 to March 31, 2010)											
Net Assets at April 1, 2009	531,664,337	¥37,519	¥204,140	¥185,453	¥(1,662)	¥ (513)	¥ 198	¥(11,755)	¥460	¥444	¥414,284
Dividends paid from retained earnings				**(9,280)**							**(9,280)**
Net income				**16,931**							**16,931**
Purchase of treasury stock					**(106)**						**(106)**
Re-issuance of treasury stock				**(11)**	**25**						**14**
Pension liabilities adjustment of overseas subsidiaries (Note 20)				**697**							**697**
Net changes during the period						**1,255**	**(164)**	**(3,192)**	**157**	**178**	**(1,766)**
Total changes during the period		**–**	**–**	**8,337**	**(81)**	**1,255**	**(164)**	**(3,192)**	**157**	**178**	**6,490**
Balance at March 31, 2010	**531,664,337**	**¥37,519**	**¥204,140**	**¥193,790**	**¥(1,743)**	**¥ 741**	**¥ 33**	**¥(14,947)**	**¥617**	**¥622**	**¥420,775**

Thousands of U.S. dollars (Note 3)

	Shares of issued common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total
(From April 1, 2009 to March 31, 2010)											
Net Assets at April 1, 2009	531,664,337	$403,257	$2,194,110	$1,993,261	$(17,863)	$ (5,514)	$ 2,128	$(126,344)	$4,944	$4,772	$4,452,752
Dividends paid from retained earnings				**(99,742)**							**(99,742)**
Net income				**181,975**							**181,975**
Purchase of treasury stock					**(1,139)**						**(1,139)**
Re-issuance of treasury stock				**(118)**	**269**						**150**
Pension liabilities adjustment of overseas subsidiaries (Note 20)				**7,491**							**7,491**
Net changes during the period						**13,489**	**(1,763)**	**(34,308)**	**1,687**	**1,913**	**(18,981)**
Total changes during the period		**–**	**–**	**89,607**	**(871)**	**13,489**	**(1,763)**	**(34,308)**	**1,687**	**1,913**	**69,755**
Balance at March 31, 2010	**531,664,337**	**$403,257**	**$2,194,110**	**$2,082,868**	**$(18,734)**	**$ 7,964**	**$ 355**	**$(160,651)**	**$6,632**	**$6,685**	**$4,522,517**

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
	2010	2009	2010
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 36,082	¥ 33,224	$ 387,812
Depreciation and amortization	61,174	70,179	657,502
Loss on impairment of fixed assets	2,561	1,168	27,526
Amortization of goodwill	9,233	8,909	99,237
Interest and dividend income	(2,107)	(2,176)	(22,646)
Interest expense	3,808	4,866	40,929
Loss on sales and disposals of property, plant and equipment	1,980	2,866	21,281
Loss on sale and write-down of investment securities	150	3,820	1,612
Gain on sale and write-down of investments in affiliated companies	–	(2,803)	–
Gain on transfer of businesses	–	(3,063)	–
Decrease in provision for bonuses	(544)	(3,290)	(5,847)
Increase (decrease) in accrued retirement benefits	(2,926)	5,708	(31,449)
Decrease in reserve for discontinued operations	(2,553)	(4,459)	(27,440)
Decrease (increase) in trade notes and accounts receivable	(10,718)	50,596	(115,198)
Decrease (increase) in inventories	28,688	(3,550)	308,340
Decrease in trade notes and accounts payable	(451)	(10,372)	(4,847)
Transfer of rental business-use assets	(7,707)	(7,419)	(82,835)
Decrease in accounts receivable–other	1,900	4,545	20,421
Decrease in accounts payable–other and accrued expenses	(6,554)	(12,821)	(70,443)
Decrease/increase in consumption taxes receivable/payable	3,646	–	39,187
Other	889	9,010	9,555
Subtotal	116,551	144,939	1,252,698
Interest and dividend income received	2,271	2,000	24,409
Interest paid	(3,874)	(4,594)	(41,638)
Additional payments of retirement allowance	–	(105)	–
Income taxes paid	(1,572)	(34,676)	(16,896)
Net cash provided by operating activities	113,377	107,563	1,218,583
Cash Flows from Investing Activities:			
Payment for acquisition of property, plant and equipment	(33,687)	(61,645)	(362,070)
Proceeds from sales of property, plant and equipment	1,663	1,767	17,874
Payment for acquisition of intangible fixed assets	(5,837)	(7,774)	(62,736)
Proceeds from transfer of business	–	4,585	–
Proceeds from sales of investments in consolidated subsidiary	–	3,177	–
Payment for acquisition of newly consolidated subsidiaries	–	(27,987)	–
Payment for loans receivable	(296)	(286)	(3,181)
Proceeds from collection of loans receivable	254	216	2,730
Payment for acquisition of investment securities	(2,927)	(990)	(31,460)
Proceeds from sales of investment securities	1,197	18	12,865
Payment for acquisition of other investments	(1,207)	(1,440)	(12,973)
Other	383	191	4,117
Net cash used in investing activities	(40,457)	(90,169)	(434,834)
Cash Flows from Financing Activities:			
Decrease in short-term loans payable	(6,266)	(16,504)	(67,347)
Proceeds from long-term loans payable	16,005	44,817	172,023
Repayment of long-term loans payable	(12,237)	(6,364)	(131,524)
Payment for redemption of bonds	(30,000)	(5,000)	(322,442)
Repayments of lease obligations	(1,938)	(1,993)	(20,830)
Proceeds from disposal of treasury stock	14	218	150
Payment for purchase of treasury stock	(109)	(665)	(1,172)
Dividend payments	(9,271)	(9,279)	(99,645)
Dividend payments to minority shareholders in consolidated subsidiaries	–	(268)	–
Net cash provided by (used in) financing activities	(43,803)	4,959	(470,798)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,302	(11,311)	13,994
Increase in Cash and Cash Equivalents	30,418	11,041	326,935
Cash and Cash Equivalents at the Beginning of the Year (Note 4)	133,727	122,187	1,437,307
Increase in Cash and Cash Equivalents Due to Newly Consolidated Subsidiaries	–	498	–
Cash and Cash Equivalents at the End of the Year (Note 4)	¥164,146	¥133,727	$1,764,252

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2010 and 2009

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Konica Minolta Holdings, Inc., (the "Company") and its consolidated subsidiaries (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan. Accounting principles generally accepted in Japan allow consolidation of foreign subsidiaries based on their financial statements in conformity with International Financial Reporting Standards or accounting principles generally accepted in the United States.

The accompanying consolidated financial statements incorporate certain reclassifications in order to present them in a format that is more appropriate to readers outside Japan. In addition, the notes to the consolidated financial statements include information that is not required under generally accepted accounting principles in Japan, but which is provided herein as additional information.

As permitted under the Securities and Exchange Law of Japan, amounts of less than one million have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in dollars) do not necessarily agree with the sums of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and, with certain exceptions which are not material, those of its 96 subsidiaries (105 subsidiaries for 2009) in which it has control. All significant intercompany transactions, balances and unrealized profits among the Companies are eliminated on consolidation.

Investments in 5 unconsolidated subsidiaries (6 unconsolidated subsidiaries for 2009) and 3 significant affiliates (3 significant affiliates for 2009) are accounted for using the equity method of accounting. Investments in other unconsolidated subsidiaries and affiliates are stated at cost, since they have no material effect on the consolidated financial statements.

(b) Translation of Foreign Currencies

Translation of Foreign Currency Transactions and Balances

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date and revenues and costs are translated using the average exchange rates for the period.

Translation of Foreign Currency Financial Statements

The translation of foreign currency financial statements of overseas consolidated subsidiaries into Japanese yen is made by applying the exchange rates prevailing at the balance sheet dates for balance sheet items, except common stock, additional paid-in capital and retained earnings accounts, which are translated at the historical rates, and the statements of income and retained earnings which are translated at average exchange rates.

(c) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated cash flow statements includes cash on hand and short-term investments that are due for redemption in three months or less and that are easily converted into cash with little risk to a change in value.

(d) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided for possible losses from uncollectible receivables based on specific doubtful accounts and considering historic experience.

(e) Inventories

Domestic consolidated subsidiaries' inventories are mainly stated using the cost price method (carrying amount in the balance sheet is calculated with consideration of write-down due to decreased profitability) determined using the total average method. Overseas consolidated subsidiaries' inventories are mainly stated at the lower of cost or market value or net realizable value, where cost is determined using the first-in, first-out method.

(f) Property, Plant and Equipment

Depreciation of property, plant and equipment (excluding lease assets) for the Company and domestic consolidated subsidiaries is calculated using the declining balance method, except for depreciation of buildings acquired after April 1, 1998, which are depreciated on the straight-line method over their estimated useful lives in accordance with Japanese Corporate Tax Law. Depreciation of property, plant and equipment (excluding lease assets) for overseas consolidated subsidiaries is calculated using the straight-line method.

For finance leases where ownership is not transferred, depreciation is calculated by the straight-line method over the lease period utilizing a residual value of zero. Regarding finance leases of the Company and its domestic consolidated subsidiaries that do not transfer ownership and for which the starting date for the lease transaction is prior to March 31, 2008, lease payments are recognized as an expense.

(g) Intangible Assets

Intangible assets are depreciated on the straight-line method. In addition, software is depreciated on the straight-line method over their estimated useful lives (5 years).

(h) Goodwill or Negative Goodwill

Goodwill recognized by the Companies including foreign subsidiaries is amortized on a straight-line basis over a period not to exceed 20 years.

(i) Income Taxes

Deferred income taxes are recognized based on temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements.

(j) Research and Development Costs

Research and development costs are expensed as incurred.

(k) Financial Instruments

Derivatives

All derivatives are stated at fair market value, with changes in fair market value included in net income for the period in which they arise, except for derivatives that are designated as "hedging instruments" (see Hedge Accounting below).

Securities

Investments by the Companies in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for using the equity method of accounting; however, investments in certain unconsolidated subsidiaries and affiliates are stated at cost due to the effect of the application of the equity method of accounting being immaterial.

Held-to-maturity securities are recorded by the amortized cost method (straight-line method).

Other securities for which market quotations are available are stated at fair market value. Net unrealized gains or losses on these securities are reported, net of tax, as a separate component of net assets.

Other securities for which market quotations are unavailable are stated at cost, except in cases where the fair market value of equity securities issued by unconsolidated subsidiaries and affiliates or other securities has declined significantly and such impairment of value is deemed other than temporary. In these instances, securities are written down to the fair market value and the resulting losses are charged to income during the period.

Hedge Accounting

Gains or losses arising from changes in fair market value of derivatives designated as "hedging instruments" are deferred as an asset or a liability and charged or credited to income in the same period that the gains and losses on the hedged items or transactions are recognized.

Derivatives designated as hedging instruments by the Companies are primarily interest rate swaps and forward foreign currency exchange contracts. The related hedged items are trade accounts receivable, trade accounts payable and long-term bank loans.

The Companies have a policy to utilize the above hedging instruments in order to reduce the Companies' exposure to the risks of interest rate and exchange rate fluctuations. As such, the Companies' purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Companies evaluate the effectiveness of their hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(l) Retirement Benefit Plans

Retirement Benefits for Employees

The Company, domestic consolidated subsidiaries and certain overseas consolidated subsidiaries have obligations to make defined benefit retirement payments to their employees and, therefore, provide accrued retirement benefits based on the estimated amount of projected benefit obligations and the fair value of plan assets.

For the Company and its domestic consolidated subsidiaries, unrecognized prior service cost is amortized using the straight-line method over a 10-year period, which is shorter than the average remaining years of service of the eligible employees. Unrecognized net actuarial gain or loss is primarily amortized in the following year using the straight-line method over a 10-year period, which is shorter than the average remaining years of service of the eligible employees.

Changes in Accounting Standards

Effective from the year ended March 31, 2010, the Company and its domestic consolidated subsidiaries adopted Accounting Standards Board of Japan (ASBJ) Statement No. 19, *"Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)"*, issued by the ASBJ on July 31, 2008.

The new accounting standard requires domestic companies to use the rate of return on long-term government or gilt-edged bonds as of the end of the fiscal year for calculating the projected benefit obligation of a defined-benefit plan. Previously, domestic companies were allowed to use a discount rate determined by taking into consideration fluctuations in the yield of long-term government or gilt-edged bonds over a certain period.

This adoption had no impact on the consolidated statements of income and retirement benefit obligations for the year ended March 31, 2010.

Accrued Retirement Benefits for Directors and Statutory Auditors

Domestic consolidated subsidiaries record a reserve for retirement benefits for directors and statutory auditors based on the amount payable accumulated at the end of the period in accordance with their internal regulations.

(m) Per Share Data

Net income per share of common stock has been computed based on the weighted-average number of shares outstanding during the year.

Cash dividends per share shown for each year in the accompanying consolidated statements are dividends declared as applicable to the respective year.

(n) Cash Flows from Operating Activities

"Decrease/increase in consumption taxes receivable/payable" which were included within "Other" in the "Cash flows from operating activities" section of the consolidated statements of cash flows in the previous fiscal year, are now separately disclosed from the year ended March 31, 2010.

The amount for the year ended March 31, 2009 was ¥952 million.

(o) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective from the year ended March 31, 2009, the Company applied the *"Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"* (ASBJ Practical Issues Task Force (PITF) No. 18, issued by the ASBJ on May 17, 2006).

The Company makes necessary adjustments upon consolidation to unify accounting standards for foreign subsidiaries in principle.

3. U.S. DOLLAR AMOUNTS

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the prevailing exchange rate at March 31, 2010, of ¥93.04 to U.S.$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2010 and 2009, consist of:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	**2010**
Cash on hand and in banks	**¥ 85,533**	¥ 85,753	**$ 919,314**
Time deposits (over 3 months)	**(387)**	(26)	**(4,160)**
Short-term investments	**79,000**	48,000	**849,097**
Cash and cash equivalents	**¥164,146**	¥133,727	**$1,764,252**

5. FINANCIAL INSTRUMENTS

Additional Information

Effective from the year ended March 31, 2010, the Companies adopted ASBJ Statement No. 10, *"Accounting Standards for Financial Instruments"*, issued by the ASBJ on March 10, 2008 and ASBJ Guidance No. 19, *"Implementation Guidance on Disclosures about the Fair Value of Financial Instruments"*, issued by the ASBJ on March 10, 2008.

Conditions of Financial Instruments

The Companies raise short-term working capital mainly with bank borrowings and invest temporary surplus funds in financial instruments deemed to have lower risk. The Companies enter into derivative transactions based on the need for these transactions in accordance with its internal regulations.

In principle, the risk of currency fluctuations relating to receivables and payables, denominated in foreign currencies, are hedged using the forward exchange contract. With respect to the interest volatility risk relating to certain long-term loans payable, the Companies use interest-rate swap to fix interest expenses.

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

The Companies control credit risk of customers relating to notes and accounts receivable-trade through a comprehensive monitoring of reviewing aging schedules and balances.

Fair Values of Financial Instruments

The book value on consolidated balance sheets, fair value, and difference as of March 31, 2010 are as follows:

	Millions of yen		
	March 31		
	Book Value	Fair value	Differences
Assets			
(1) Cash on hand and in banks	¥ 85,533	¥ 85,533	¥ –
(2) Notes and accounts receivable–trade	177,720	177,720	–
(3) Short-term investment securities and Investment securities			
(i) Held-to-maturity securities	10	10	–
(ii) Other investment securities	95,848	95,848	–
Total	¥359,112	¥359,112	¥ –
Liabilities			
(1) Notes and accounts payable–trade	83,118	83,118	–
(2) Short-term loans	58,231	58,231	–
(3) Long-term loans	71,625	71,715	90
Total	¥212,974	¥213,064	¥90
Derivatives*	¥ (1,375)	¥ (1,375)	¥ –

	Thousands of U.S. dollars		
	March 31		
	Book Value	Fair value	Differences
Assets			
(1) Cash on hand and in banks	$ 919,314	$ 919,314	$ –
(2) Notes and accounts receivable–trade	1,910,146	1,910,146	–
(3) Short-term investment securities and Investment securities			
(i) Held-to-maturity securities	107	107	–
(ii) Other securities	1,030,181	1,030,181	–
Total	$3,859,759	$3,859,759	$ –
Liabilities			
(1) Notes and accounts payable–trade	893,358	893,358	–
(2) Short-term loans	625,871	625,871	–
(3) Long-term loans	769,830	770,798	967
Total	$2,289,058	$2,290,026	$967
Derivatives *	$ (14,779)	$ (14,779)	$ –

* Derivatives assets and liabilities are on a net basis, and the net liability position is enclosed in parentheses.

(i) Methods of calculating the fair value of financial instruments and securities & derivatives transactions

Assets

(1) Cash on hand and in banks and (2) Notes and accounts receivable–trade

The fair value equates to the book value due to the short-term nature of these instruments.

(3) Short-term investment securities and Investment securities

(i) Held-to-maturity securities

The fair value equates to the book value due to the securities being entirely school bonds and as the credit risk of the issuers has not changed significantly since the time of acquisition.

(ii) Other investment securities

The fair value of equity securities is determined based on the prevailing market price. The fair value of bonds is based on the prevailing market price or provided price by financial institutions.

These other securities are described further in 'Note 6. INVESTMENT SECURITIES'.

Liabilities

(1) Notes and accounts payable–trade and (2) Short-term loans

The fair value equates to the book value due to the short-term nature of these instruments.

(3) Long-term loans

Fair value of long-term loans with fixed interest rates is based on the present value of future cash flows discounted using the current borrowing rate for similar debt of a comparable maturity.

Fair value of long-term loans with variable interest rates is based on the book value as the Company's credit risk has not significantly changed since entering the borrowing.

For those that are subject to the special treatment of interest rate swaps (Please see below 'Derivatives'), the total amount of the principal and interest that were accounted for as a single item with the relevant interest rate swap is discounted with a rate that is assumed to be applied when a new, similar loan is taken out.

Derivatives

Derivatives are described further in 'Note 23. DERIVATIVES'.

(ii) Financial instruments for which the fair value is extremely difficult to measure

	Millions of yen	Thousands of U.S. dollars
	March 31	March 31
	Book Value	Book Value
Unlisted equity securities	¥2,354	$25,301
Investments in unconsolidated subsidiaries and affiliated companies	2,816	30,267

Above are not included in '(3)(ii) Other securities' because there is no market value and it is difficult to measure the fair value.

(iii) Redemption schedule for money claim and securities with maturity date subsequent to the consolidated balance sheet date

	Millions of yen		Thousands of U.S. dollars	
	March 31		March 31	
	Within one year	More than one year, within five years	Within one year	More than one year, within five years
Cash on hand and in banks	¥ 85,533	¥ –	$ 919,314	$ –
Notes and accounts receivable–trade	177,720	–	1,910,146	–
Short-term investment securities and investment securities				
Held-to-maturity securities	–	10	–	107
Other securities	79,000	–	849,097	–
Total	¥342,254	¥10	$3,678,568	$107

(iv) Redemption schedule for long-term loans subsequent to the consolidated balance sheet date

	Millions of yen		Thousands of U.S. dollars	
	March 31		March 31	
	More than one year, within five years	More than five years, within ten years	More than one year, within five years	More than five years, within ten years
Long-term loans	¥63,622	¥8,002	$683,813	$86,006

6. INVESTMENT SECURITIES

As of March 31, 2010

(1) Other Securities with Quoted Market Values

	Market value at the consolidated balance sheet date	Original purchase value	Unrealized gains (losses)
			Millions of yen
Securities for which the amounts in the consolidated balance sheet exceed the original purchase value			
(1) Shares	¥11,044	¥ 7,862	¥ 3,182
(2) Bonds	–	–	–
(3) Other			
(i) Short-term investment securities (Negotiable deposits)	–	–	–
(ii) Other	13	11	1
Subtotal	¥11,058	¥ 7,874	¥ 3,183

	Market value at the consolidated balance sheet date	Original purchase value	Unrealized gains (losses)
			Millions of yen
Securities for which the amounts in the consolidated balance sheet do not exceed the original purchase value			
(1) Shares	¥ 5,786	¥ 7,745	¥(1,959)
(2) Bonds	–	–	–
(3) Other			
(i) Short-term investment securities (Negotiable deposits)	79,000	79,000	–
(ii) Other	3	4	(1)
Subtotal	¥84,789	¥86,750	¥(1,960)
Total	¥95,848	¥94,624	¥ 1,223

			Thousands of U.S. dollars
Total	$1,030,181	$1,017,025	$13,145

(2) Other Securities Sold during the Year Ended March 31, 2010

	Sale value	Total profit	Total loss
			Millions of yen
Shares	¥1,197	¥ 699	¥ 351

	Sale value	Total profit	Total loss
			Thousands of U.S. dollars
Shares	$12,865	$7,513	$3,773

(3) Securities for Which Loss on Impairment is Recognized

The Companies have recognized loss on impairment of ¥499 million ($5,363 thousand) for securities for the year ended March 31, 2010.

For securities with quoted market values, if the market value has declined by more than 50% compared with the acquisition cost at the end of the period, or if the market value has declined by more than 30% but not more than 50% compared with the acquisition cost at the end of the period for two years in succession and has declined more than in the preceding year, the Companies record the impairment loss, taking into consideration recoverability and other factors, assuming that the market value has "significantly declined."

For securities without quoted market values, if the net assets per share have fallen by more than 50% compared with the acquisition cost, the Companies process the impairment loss, assuming that the market value has "significantly declined."

As of March 31, 2009

(1) Other Securities with Quoted Market Values

	Original purchase value	Market value at the consolidated balance sheet date	Unrealized gains (losses)
			Millions of yen
Securities for which the amounts on the consolidated balance sheets exceed the original purchase value			
(1) Shares	¥ 7,287	¥ 8,823	¥ 1,536
(2) Bonds	–	–	–
(3) Other	8	8	0
Subtotal	¥ 7,295	¥ 8,832	¥ 1,536

	Original purchase value	Market value at the consolidated balance sheet date	Unrealized gains (losses)
			Millions of yen
Securities for which the amounts on the consolidated balance sheets do not exceed the original purchase value			
(1) Shares	¥ 8,426	¥ 6,031	¥(2,395)
(2) Bonds	–	–	–
(3) Other	8	6	(1)
Subtotal	¥ 8,435	¥ 6,037	¥(2,397)
Total	¥15,730	¥14,869	¥ (861)

(2) Other Securities Sold during the Year Ended March 31, 2009

	Sale value	Total profit	Total loss
			Millions of yen
Other securities	¥15	¥6	¥0

(3) Composition and Amounts on the Consolidated Balance Sheets of Other Securities without Market Values

	Millions of yen
Negotiable deposits	¥48,000
Unlisted stocks	648

7. SHORT-TERM DEBT, LONG-TERM DEBT AND LEASE OBLIGATIONS

Short-term debt is primarily unsecured and generally represents bank overdrafts. The amounts as of March 31, 2010 and 2009 were ¥58,231 million ($625,871 thousand) and ¥64,980 million, respectively, with the weighted-average interest rates approximately 1.1% and 1.8%, respectively.

Long-term debt as of March 31, 2010 and 2009, including the current portion, consisted of the following:

Bonds

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Zero coupon convertible unsecured bonds due in 2009	¥ –	¥ 30,066	$ –
Zero coupon convertible unsecured bonds due in 2016	40,000	40,000	429,923
	¥40,000	¥ 70,066	$429,923
Less—Current portion included in current liabilities	–	(30,066)	–
Bonds, less current portion	¥40,000	¥ 40,000	$429,923

The zero coupon convertible unsecured bonds due in 2016 (on the previous page) are bonds with share subscription rights issued on December 7, 2006. Details of the share subscription rights are as follows:

	2016 bonds
Class of stock	Common Stock
Issue price of shares (Yen)	Zero
Initial conversion prices (Yen/per share)	¥2,383
Total issue price (Millions of yen)	¥40,000
Ratio of granted rights (%)	100%
Period share subscription rights can be exercised	From December 21, 2006 to November 22, 2016

Long-term loans

	Millions of yen		Interest rate	Thousands of U.S. dollars
	March 31			March 31
	2010	2009	**2010**	**2010**
Loans principally from banks, due through 2018	**¥ 99,126**	¥ 95,362		**$1,065,413**
Less—Current portion included in current liabilities	**(27,501)**	(12,102)	**1.4%**	**(295,583)**
Long-term loans, less current portion	**¥ 71,625**	¥ 83,259	**1.4%**	**$ 769,830**

The aggregate annual maturities of long-term loans at March 31, 2010 are as follows:

	Amount	
	Millions of yen	Thousands of U.S. dollars
2011	¥24,571	$264,091
2012	11,017	118,411
2013	23,009	247,302
2014	5,023	53,988
2015 and after	8,002	86,006

Lease obligations

Lease obligations is included in other liabilities.

	Millions of yen		Interest rate	Thousands of U.S. dollars
	March 31			March 31
	2010	2009	**2010**	**2010**
Lease obligations, due through 2026	**¥ 5,724**	¥ 5,511		**$ 61,522**
Less—Current portion included in current liabilities	**(1,594)**	(1,545)	**4.7%**	**(17,132)**
Lease obligations, less current portion	**¥ 4,130**	¥ 3,965	**4.7%**	**$ 44,390**

The aggregate annual maturities of long-term lease obligations at March 31, 2010 are as follows:

	Amount	
	Millions of yen	Thousands of U.S. dollars
2011	¥1,191	$12,801
2012	881	9,469
2013	588	6,320
2014	383	4,117
2015 and after	1,086	11,672

8. INCOME TAXES

The income taxes of the Company and its domestic consolidated subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

The reconciliation of the Japanese statutory income tax rate to the effective income tax rate for the years ended March 31, 2010 and 2009 is as follows:

	2010	2009
Statutory income tax rate	**40.7%**	40.7%
Increase (Decrease) in valuation allowance	**1.8**	6.4
Tax credits	**(0.7)**	(5.0)
Non-taxable income	**(1.0)**	(0.5)
Difference in statutory tax rates of foreign subsidiaries	**(8.5)**	(0.6)
Expenses not deductible for tax purposes	**2.7**	4.5
Amortization of goodwill	**10.1**	10.9
Impact of change in the recording standard of tax effects of retained earnings in accordance with revision of Corporate Tax Laws	**–**	(10.4)
Retained earnings of overseas subsidiaries	**3.2**	–
Ineffective portion of unrealized (gain) loss	**5.9**	5.5
Other, net	**(1.2)**	2.7
Effective income tax rate per consolidated statements of income	**53.0%**	54.3%

At March 31, 2010 and 2009, the significant components of deferred tax assets and liabilities in the consolidated financial statements are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	**2010**
Deferred tax assets:			
Net operating tax loss carried forward	**¥ 36,116**	¥ 31,953	**$ 388,177**
Accrued retirement benefits	**29,147**	29,824	**313,274**
Elimination of unrealized intercompany profits	**4,761**	9,064	**51,172**
Write-down of assets	**4,345**	5,122	**46,700**
Accrued bonuses	**4,214**	4,431	**45,292**
Depreciation and amortization	**3,901**	5,661	**41,928**
Reserve for discontinued operations	**2,407**	6,025	**25,871**
Allowance for doubtful accounts	**1,470**	1,039	**15,800**
Tax effects related to investments	**1,337**	1,717	**14,370**
Accrued enterprise taxes	**461**	242	**4,955**
Other	**10,733**	10,295	**115,359**
Gross deferred tax assets	**98,898**	105,378	**1,062,962**
Valuation allowance	**(34,254)**	(33,335)	**(368,164)**
Total deferred tax assets	**¥ 64,644**	¥ 72,043	**$ 694,798**
Deferred tax liabilities:			
Retained earnings of overseas subsidiaries	**(3,417)**	(2,272)	**(36,726)**
Gains on securities contributed to employees' retirement benefit trust	**(2,920)**	(2,973)	**(31,384)**
Unrealized gains on securities	**(1,171)**	(440)	**(12,586)**
Special tax-purpose reserve for condensed booking of fixed assets	**(61)**	(558)	**(656)**
Other	**(4,127)**	(1,703)	**(44,357)**
Total deferred tax liabilities	**¥(11,699)**	¥ (7,948)	**$ (125,742)**
Net deferred tax assets	**¥ 52,945**	¥ 64,094	**$ 569,056**

Deferred tax liabilities related to revaluation:			
Deferred tax liabilities on land revaluation	**¥ (3,733)**	¥ (3,889)	**$ (40,123)**

Net deferred tax assets are included in the following items in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	**2010**
Current assets—deferred tax assets	**¥19,085**	¥25,326	**$205,127**
Fixed assets—deferred tax assets	**35,304**	39,608	**379,450**
Current liabilities—other current liabilities	**(720)**	(734)	**(7,739)**
Long-term liabilities—other long-term liabilities	**(724)**	(105)	**(7,782)**
Net deferred tax assets	**¥52,945**	¥64,094	**$569,056**

9. NET ASSETS

The Japanese Corporate Law became effective on May 1, 2006, replacing the Commercial Code. Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

The Japanese Corporate Law provides that an amount equal to 10% of distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets. No further appropriations are required when the total amount of the additional paid-in capital and the legal earnings reserve equals 25% of their respective stated capital. The Japanese Corporate Law also provides that additional paid-in capital and legal earnings reserve are available for appropriations by the resolution of the Board of Directors.

Cash dividends and appropriations to the additional paid-in capital or the legal earnings reserve charged to retained earnings for the years ended March 31, 2010 and 2009 represent dividends paid out during those years and the related appropriations to the additional paid-in capital or the legal earnings reserve.

Retained earnings at March 31, 2010 do not reflect current year-end dividends in the amount of ¥3,976 million ($42,734 thousand) approved by the Board of Directors, which will be payable in June 2010.

The amount available for dividends under the Japanese Corporate Law is based on the amount recorded in the Company's nonconsolidated books of account in accordance with accounting principles generally accepted in Japan.

On October 29, 2009, the Board of Directors approved cash dividends to be paid to shareholders of record as of September 30, 2009, totaling ¥3,977 million ($42,745 thousand), at a rate of ¥7.5 per share. On May 13, 2010, the Board of Directors approved cash dividends to be paid to shareholders of record as of March 31, 2010, totaling ¥3,976 million ($42,734 thousand), at a rate of ¥7.5 per share.

10. INVENTORIES

Inventories as of March 31, 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	**2010**
Merchandise and finished goods	**¥67,349**	¥ 87,796	**$ 723,871**
Work in process	**15,541**	19,003	**167,036**
Raw materials and supplies	**15,373**	22,360	**165,230**
Total	**¥98,263**	¥129,160	**$1,056,137**

11. CONTINGENT LIABILITIES

The Companies were contingently liable at March 31, 2010 for loan and lease guarantees of ¥2,011 million ($21,614 thousand) and at March 31, 2009 for loan and lease guarantees of ¥2,076 million.

12. COLLATERAL ASSETS

Assets pledged as collateral at March 31, 2010 for long-term debt of ¥46 million ($494 thousand) are notes receivable of ¥696 million ($7,481 thousand). Assets pledged as collateral at March 31, 2009 for short-term debt of ¥198 million and long-term debt of ¥146 million are notes receivable of ¥753 million.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in cost of sales and selling, general and administrative expenses for the years ended March 31, 2010 and 2009 are ¥68,475 million ($735,974 thousand) and ¥81,904 million, respectively.

14. LOSS ON IMPAIRMENT OF FIXED ASSETS

The Companies have recognized loss on impairment of ¥2,561 million ($27,526 thousand) and ¥1,168 million for the following groups of assets for the years ended March 31, 2010 and 2009, respectively:

Description	Classification	Amount		
		Millions of yen		Thousands of U.S. dollars
		March 31		March 31
		2010	2009	**2010**
Manufacturing facilities of plates for printing	Buildings and structures, Land, Machinery and equipment, Goodwill	**¥1,214**	¥ –	**$13,048**
Manufacturing facilities of microlenses for mobile phones	Buildings and structures, Land, Others	**1,040**	778	**11,178**
Manufacturing facilities and sales offices other than above	Machinery and equipment, Goodwill, Others	**118**	103	**1,268**
Rental assets	Rental business-use assets	**71**	149	**763**
Idle assets	Buildings and structures, Land, Others	**116**	137	**1,247**
Total		**¥2,561**	¥1,168	**$27,526**

(1) Identifying the cash-generating unit to which an asset belongs:
Each cash-generating unit is identified based on product lines and geographical areas as a group of assets. For rental assets, cash-generating units are identified based on rental contracts and each geographical area. Each idle asset is also identified as a cash-generating unit.

(2) Fixed assets have been written down to the recoverable amount and the correlating impairment losses have been recognized due to worsening market conditions for plates in the Medical and Graphic business, restructuring of microlens manufacturing facilities in the Optics business, etc. In addition, the decline in real estate value and the poor performance and profitability of rental and idle assets have contributed to the write down.

(3) Details of impairment of fixed assets

	Amount		
	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Buildings and structures	¥1,040	¥ –	$11,178
Machinery and equipment	817	648	8,781
Land	407	–	4,374
Others	296	520	3,181

(4) Measuring recoverable amount

The recoverable amount of a cash-generating unit is the fair value less costs to sell. The fair value is supported by an appraisal report for land and buildings and structures, or a management estimate for rental business-use assets.

15. DISCONTINUED OPERATIONS

The amounts included in the statements of income for discontinued operations for the years ended March 31, 2010 and 2009 represent:

	Amount		
	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Reversal of excess reserve made for discontinued operations in the previous fiscal year	¥1,327	¥1,412	$14,263
Loss on discontinued operations in the fiscal year under review	(301)	(480)	(3,235)
Gain on discontinued operations	¥1,025	¥ 932	$11,017

16. PATENT-RELATED INCOME

Patent-related income consists of patent royalties related to the Photo Imaging business.

17. COST OF SALES

The Companies have recognized valuation losses associated with the write down of inventory of ¥2,081 million ($22,357 thousand) and ¥6,302 million for the years ended March 31, 2010 and 2009, respectively, due to decline of profitability. Those losses are included within the cost of sales.

18. BUSINESS STRUCTURE IMPROVEMENT EXPENSES

The business structure improvement expenses consist mainly of retirement allowances, etc., associated with staff allocation/optimization in the Business Technologies business, with expenses on business reorganization in the Medical and Graphic Imaging business, and with expenses on the reorganization of manufacturing facilities in the Optics business.

19. EXTRAORDINARY GAINS OF OVERSEAS SUBSIDIARIES

Extraordinary gains of overseas subsidiaries represent the reduction in refund obligation, etc., in accordance with U.S. state laws for the U.S. subsidiary.

20. PENSION LIABILITIES ADJUSTMENT OF OVERSEAS SUBSIDIARIES

The pension liabilities adjustment of overseas subsidiaries results from the accounting treatment of retirement benefits that affect certain consolidated subsidiaries in the United States.

21. LEASE TRANSACTIONS

Proforma information on the Company and its domestic consolidated subsidiaries' finance lease transactions (except for those which are deemed to transfer the ownership of the leased assets to the lessee) and operating lease transactions is as follows:

As Lessee

1) Finance Leases *(not involving transfer of ownership commencing on or before March 31, 2008)*

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Purchase cost:			
Buildings and structures	¥ 7,418	¥ 7,459	$ 79,729
Machinery and equipment	2,180	2,268	23,431
Tools and furniture	2,755	4,622	29,611
Rental business-use assets	408	1,227	4,385
Intangible fixed assets	53	63	570
	12,816	15,641	137,747
Less: Accumulated depreciation	(10,691)	(11,853)	(114,908)
Loss on impairment of leased assets	(11)	(200)	(118)
Net book value	¥ 2,113	¥ 3,587	$ 22,711

The scheduled maturities of future lease rental payments on such lease contracts at March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Due within one year	¥ 801	¥1,650	$ 8,609
Due over one year	1,323	2,136	14,220
Total	¥2,125	¥3,787	$22,840

Lease rental expenses and depreciation equivalents under the finance leases which are accounted for in the same manner as operating leases for the years ended March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Lease rental expenses for the period	¥1,467	¥2,393	$15,767
Depreciation equivalents	1,277	2,373	13,725

Depreciation equivalents are calculated based on the straight-line method over the lease terms of the leased assets.

Accumulated loss on impairment of leased assets as of March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Reserve for loss	¥11	¥200	$118

Loss on impairment and reversals of loss on impairment of leased assets for the years ended March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Loss on impairment	¥ 1	¥198	$ 11
Reversals of loss	190	19	2,042

2) Operating Leases

The scheduled maturities of future rental payments of operating non-cancelable leases as of March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Due within one year	¥ 5,299	¥ 5,978	$ 56,954
Due over one year	13,011	17,175	139,843
Total	¥18,311	¥23,153	$196,808

As Lessor

Operating Leases

The scheduled maturities of future rental incomes of operating non-cancelable leases as of March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Due within one year	¥1,521	¥ 920	$16,348
Due over one year	2,207	1,189	23,721
Total	¥3,729	¥2,109	$40,080

22. RETIREMENT BENEFIT PLANS

The Companies have defined benefit retirement plans that include corporate defined benefit pensions plans, tax-qualified pension plans and lump-sum payment plans. In addition, the Companies have defined contributory pension plans. The Companies may pay additional retirement benefits to employees at their discretion.

Additionally, the Company and certain domestic consolidated subsidiaries contribute to retirement benefit trust.

The reserve for retirement benefits as of March 31, 2010 and 2009 is calculated as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
a. Retirement benefit obligations	¥(146,078)	¥(140,843)	$(1,570,056)
b. Plan assets	85,965	74,124	923,957
c. Unfunded retirement benefit obligations (a+b)	(60,112)	(66,718)	(646,088)
d. Unrecognized actuarial differences	13,545	18,621	145,583
e. Unrecognized prior service costs	(5,322)	(7,033)	(57,201)
f. Net amount on consolidated balance sheets (c+d+e)	(51,889)	(55,130)	(557,706)
g. Prepaid pension costs	2,356	2,831	25,322
h. Accrued retirement benefits (f–g)	¥ (54,245)	¥ (57,962)	$ (583,029)

Note: Certain subsidiaries use a simplified method for the calculation of benefit obligation.

Net retirement benefit costs for the years ended March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
a. Service costs	¥ 4,098	¥ 5,181	$ 44,046
b. Interest costs	4,002	4,074	43,014
c. Expected return on plan assets	(1,596)	(2,280)	(17,154)
d. Amortization of actuarial differences	3,372	1,860	36,242
e. Amortization of prior service costs	(1,402)	643	(15,069)
f. Retirement benefit costs (a+b+c+d+e)	8,473	9,479	91,068
g. Contributions to defined contribution pension plans	2,449	3,168	26,322
Total (f+g)	¥10,922	¥12,647	$117,390

Note: Retirement benefit costs of consolidated subsidiaries using a simplified method are included in "a. Service costs."

Assumptions used in the calculation of the above information for the main schemes of the Company and its domestic consolidated subsidiaries are as follows:

	2010	2009
Method of attributing retirement benefits to periods of service	Periodic allocation method for projected benefit obligations	Periodic allocation method for projected benefit obligations
Discount rate	Mainly 2.5%	Mainly 2.5%
Expected rate of return on plan assets	Mainly 1.25%	Mainly 1.25%
Amortization of unrecognized prior service cost	Mainly 10 years	Mainly 10 years
Amortization of unrecognized actuarial differences	Mainly 10 years	Mainly 10 years

23. DERIVATIVES

The Companies utilize derivative instruments including foreign currency exchange forward contracts, interest rate swaps and currency swaps, to hedge against the adverse effects of fluctuations in foreign currency exchange rate and interest rate risk. Additionally, the Companies have a policy of limiting the activity of such transactions to only hedge identified exposures and not to hold transactions for speculative or trading purposes.

Risks associated with derivative transactions

Although the Companies are exposed to credit-related risks and risks associated with the changes in interest rates and foreign exchange rates, such derivative instruments are limited to hedging purposes only and the risks associated with these transactions are limited. All derivative contracts entered into by the Companies are with selected major financial institutions based upon their credit ratings and other factors. Such credit-related risks are not anticipated to have a significant impact on the Companies' results.

Risk control system for derivative transactions

In order to manage market and credit risks, the Finance Division of the Company is responsible for setting or managing the position limits and credit limits under the Company's internal policies for derivative instruments. Resources are assigned to each function, including transaction execution, administration, and risk management, independently, in order to clarify the responsibility and the role of each function.

The principal policies on foreign currency exchange instruments and other derivative instruments of the Company and its major subsidiaries are approved by the Management Committee of the Company. Additionally, a Committee which consists of management from the Company and its major subsidiaries meets regularly to discuss the principal policies on foreign currency exchange instruments and to reaffirm and reassess other derivative instruments and market risks. All derivative instruments are reported monthly to the respective responsible officer. Market risks and credit risks for other subsidiaries are controlled and assessed based on internal rules. Derivative instruments are approved by the respective president or equivalent of each subsidiary.

Interest rate swap contracts and currency swap contracts are approved by the Finance Manager of the Company and the President or equivalent of other subsidiaries, respectively.

A summary of derivative instruments at March 31, 2010 and 2009 is as follows:

Derivative transactions to which hedge accounting is not applied

(1) Currency-Related Derivatives

		Millions of yen					Thousands of U.S. dollars		
		March 31					March 31		
		2010			2009		2010		
		Contract value (notional principal amount)	Fair value	Unrealized gain (loss)	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)
Forward foreign currency exchange contracts:										
To sell foreign currencies:										
	US$	¥ 11,192	¥ (279)	¥ (279)	¥21,978	¥23,296	¥(1,318)	$120,292	$ (2,999)	$ (2,999)
	EURO	11,739	165	165	22,253	23,709	(1,455)	126,172	1,773	1,773
	Other	1,362	(74)	(74)	–	–	–	14,639	(795)	(795)
To buy foreign currencies:										
	US$	¥ 551	¥ 8	¥ 8	¥ 9,249	¥10,025	¥ 775	$ 5,922	$ 86	$ 86
	EURO	3,021	(47)	(47)	–	–	–	32,470	(505)	(505)
	Other	1,549	(96)	(96)	–	–	–	16,649	(1,032)	(1,032)
	Total	¥29,415	¥ (324)	¥ (324)	¥53,481	¥57,031	¥(1,998)	$316,154	$ (3,482)	$ (3,482)
Currency Swaps:										
Pay JPY, receive US$		¥15,942	¥ (852)	¥ (852)	¥40,736	¥37,460	¥ 3,275	$171,346	$ (9,157)	$ (9,157)
Other		2,955	(149)	(149)	–	–	–	31,761	(1,601)	(1,601)
	Total	¥18,897	¥(1,001)	¥(1,001)	¥40,736	¥37,460	¥ 3,275	$203,106	$(10,759)	$(10,759)

Note: Fair value of foreign currency forward exchange contracts is calculated based on the foreign currency forward exchange rates prevailing as of March 31, 2010 and 2009, respectively.
Fair value of currency swaps is provided by the financial institutions with whom the derivative contracts were entered into and agreed.

(2) Interest Rate-Related Derivatives

	Millions of yen						Thousands of U.S. dollars		
	March 31						March 31		
	2010			2009			2010		
	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)
Interest rate swaps:									
Pay fixed, receive floating	¥3,747	¥(106)	¥(106)	¥10,387	¥(371)	¥(371)	$40,273	$(1,139)	$(1,139)

Notes: 1. Fair value is provided by the financial institutions with whom the derivative contracts were entered into and agreed.
2. Contract value (notional principal amount) does not indicate the level of risk associated with interest rate swaps.

Derivative transactions to which hedge accounting is applied

(1) Currency-Related Derivatives

Method of hedge accounting: Forecasted transactions such as forward exchange contracts

			Millions of yen		Thousands of U.S. dollars
			March 31		March 31
			2010		2010
Type of derivatives transactions	Major hedged items	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value
Forward foreign currency exchange contracts:					
To sell foreign currencies:					
EURO	Accounts receivable–trade	¥ 6,141	¥(101)	$ 66,004	$(1,086)
To buy foreign currencies:					
US$	Accounts payable–trade	¥ 5,701	¥ 158	$ 61,275	$ 1,698
Total		¥11,842	¥ 56	$127,279	$ 602

Note: Fair value is calculated based on the currency forward exchange rates prevailing as of March 31, 2010.

(2) Interest Rate-Related Derivatives

Method of hedge accounting: Special treatment of interest rate swap

			Millions of yen		Thousands of U.S. dollars
			March 31		March 31
			2010		2010
Type of derivatives transactions	Major hedged items	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value
Interest rate swaps:					
Pay fixed, receive floating	Long-term loans	¥50,500	(*)	$542,777	(*)

(*) As interest rate swaps used to hedge long-term loans are subject to special accounting treatment under accounting principles generally accepted in Japan, their fair values are included as a single line item with the hedged underlying liability, long-term loans, and are not included in the above information. (Please see ‘Note 5. FINANCIAL INSTRUMENTS’).

24. STOCK OPTION PLANS

The following tables summarize details of stock option plans as of March 31, 2010.

Position and number of grantees	Directors and Executive Officers: 26
Class and number of stock	Common Stock: 194,500
Date of issue	August 23, 2005
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 23, 2005 to June 30, 2006
Period stock options can be exercised	From August 23, 2005 to June 30, 2025

Position and number of grantees	Directors and Executive Officers: 23
Class and number of stock	Common Stock: 105,500
Date of issue	September 1, 2006
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From September 1, 2006 to June 30, 2007
Period stock options can be exercised	From September 2, 2006 to June 30, 2026

Position and number of grantees	Directors and Executive Officers: 24
Class and number of stock	Common Stock: 113,000
Date of issue	August 22, 2007
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 22, 2007 to June 30, 2008
Period stock options can be exercised	From August 23, 2007 to June 30, 2027

Position and number of grantees	Directors and Executive Officers: 25
Class and number of stock	Common Stock: 128,000
Date of issue	August 18, 2008
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 18, 2008 to June 30, 2009
Period stock options can be exercised	From August 19, 2008 to June 30, 2028

Position and number of grantees	Directors and Executive Officers: 25
Class and number of stock	Common Stock: 199,500
Date of issue	August 19, 2009
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 19, 2009 to June 30, 2010
Period stock options can be exercised	From August 20, 2009 to June 30, 2029

The following table summarizes the movement of outstanding stock options for the years ended March 31, 2010 and 2009.

	Number of Shares
Stock options outstanding at March 31, 2008	379,000
Granted	128,000
Exercised	16,500
Forfeited	500
Stock options outstanding at March 31, 2009	490,000
Granted	199,500
Exercised	5,500
Forfeited	2,500
Stock options outstanding at March 31, 2010	681,500

The following table summarizes price information of stock options exercised during the period and outstanding stock options as of March 31, 2010.

Per unit information	Exercised	Outstanding at March 31, 2010
Exercise price of stock options	¥ 1	¥ 1
Average market price of the stock at the time of exercise	755	–
Fair value per unit (as of grant date)	–	775

25. INVESTMENT AND RENTAL PROPERTY

Additional Information

Effective from the year ended March 31, 2010, the Companies adopted ASBJ Statement No. 20, "*Accounting Standards for Disclosures about Fair Value of Investment and Rental Property",* issued by the ASBJ on November 28, 2008 and ASBJ Guidance No. 23, "*Guidance on Accounting Standards for Disclosures about Fair Value of Investment and Rental Property*", issued by the ASBJ on November 28, 2008.

Conditions and Fair Value of Investment and Rental Property

The Companies have office buildings for rent and idle assets, etc., in Japan and overseas.

The book value on the consolidated balance sheet, the changes and the fair value as of March 31, 2010 are as follows:

				Millions of yen
	Book Value			Fair Value
	as of March 31, 2009	Increase (Decrease) —net	as of March 31, 2010	as of March 31, 2010
Investment and rental property	¥3,973	¥ (117)	¥3,855	¥4,800
				Thousands of U.S. dollars
Investment and rental property	$42,702	$(1,258)	$41,434	$51,591

Notes: 1. Book value is calculated by subtracting accumulated depreciation and accumulated impairment losses from acquisition cost.

2. Fair value as of March 31, 2010 is recorded as follows:

(1) Fair value of a majority of domestic properties has been calculated by the Companies in accordance with the method similar to the Real-estate Appraisal Standards. When there is no significant change in fair value, the properties are valued using the most recent appraisal report.

Fair value of other properties has been calculated based on a certain appraisal or criteria which appear to best reflect the fair value of the property.

(2) Fair value of overseas properties has been primarily calculated by local real-estate appraisers.

Income and Expenses of Investment and Rental Property

The income and expenses as of March 31, 2010 are as follows.

	Millions of yen	Thousands of U.S. dollars
	March 31	March 31
	2010	2010
Income of investment and rental property	¥208	$2,236
Expenses of investment and rental property	257	2,762
Difference	(48)	(516)
Other income (expenses) of investment and rental property	–	–

26. SEGMENT INFORMATION

(1) Business Segment Information

Business segment information of the Companies for the years ended March 31, 2010 and 2009 is presented as follows:

Business segment	Related business segment products
Business Technologies:	MFPs, printers and others
Optics:	Optical devices, electronics materials and others
Medical and Graphic Imaging:	Medical products, graphic imaging products and others
Sensing:	Industrial-use and medical-use measuring instruments and others
Other:	Other products not categorized in the above segments

Millions of yen

2010:	Business Technologies	Optics	Medical and Graphic Imaging	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Net sales								
External	¥540,809	¥136,745	¥104,350	¥6,921	¥15,639	¥804,465	¥ –	¥804,465
Intersegment	3,681	924	1,569	970	46,493	53,640	(53,640)	–
Total	544,490	137,670	105,920	7,892	62,132	858,105	(53,640)	804,465
Operating expenses	505,526	123,279	104,450	7,899	58,350	799,507	(39,030)	760,477
Operating income (loss)	¥ 38,963	¥ 14,390	¥ 1,469	¥ (6)	¥ 3,781	¥ 58,598	¥ (14,610)	¥ 43,988
Assets	¥402,012	¥139,051	¥ 76,668	¥7,474	¥55,679	¥680,886	¥184,910	¥865,797
Depreciation	30,973	18,799	4,214	281	2,185	56,453	4,720	61,174
Impairment losses	168	1,050	1,338	–	3	2,561	–	2,561
Capital expenditure	18,190	13,599	1,782	165	1,485	35,223	1,710	36,933

Notes: 1. Operating expenses that are included in Eliminations and Corporate that can not be properly allocated are primarily R&D expenses incurred by the Company and expenses associated with head office functions. Such expenses amounted to ¥29,396 million for the year ended March 31, 2010.

2. Included within the Eliminations and Corporate figure of assets are ¥232,694 million of corporate assets, which primarily include the holding company's surplus of operating funds (cash and short-term investment securities) and long-term investment funds (investment securities) as well as other assets held by the holding company.

Millions of yen

2009:	Business Technologies	Optics	Medical and Graphic Imaging	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Net sales								
External	¥623,682	¥173,416	¥125,890	¥8,393	¥16,459	¥ 947,843	¥ –	¥947,843
Intersegment	4,128	1,052	2,419	595	58,860	67,055	(67,055)	–
Total	627,810	174,469	128,309	8,989	75,319	1,014,899	(67,055)	947,843
Operating expenses	575,259	161,930	125,226	8,641	72,043	943,100	(51,517)	891,583
Operating income	¥ 52,551	¥ 12,538	¥ 3,083	¥ 348	¥ 3,276	¥ 71,798	¥ (15,538)	¥ 56,260
Assets	¥440,552	¥156,283	¥ 89,736	¥8,125	¥56,493	¥ 751,190	¥166,867	¥918,058
Depreciation	30,074	28,141	4,335	326	2,341	65,219	4,959	70,179
Impairment losses	150	785	232	–	–	1,168	–	1,168
Capital expenditure	23,918	27,591	3,151	306	2,257	57,224	3,939	61,164

Thousands of U.S. dollars

2010:	Business Technologies	Optics	Medical and Graphic Imaging	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Net sales								
External	$5,812,650	$1,469,744	$1,121,561	$74,387	$168,089	$8,646,442	$ –	$8,646,442
Intersegment	39,564	9,931	16,864	10,426	499,710	576,526	(576,526)	–
Total	5,852,214	1,479,686	1,138,435	84,824	667,799	9,222,969	(576,526)	8,646,442
Operating expenses	5,433,426	1,325,011	1,122,635	84,899	627,150	8,593,153	(419,497)	8,173,656
Operating income (loss)	$ 418,777	$ 154,665	$ 15,789	$ (64)	$ 40,638	$ 629,815	$ (157,029)	$ 472,786
Assets	$4,320,851	$1,494,529	$ 824,033	$80,331	$598,442	$7,318,207	$1,987,425	$9,305,643
Depreciation	332,900	202,053	45,292	3,020	23,485	606,761	50,731	657,502
Impairment losses	1,806	11,285	14,381	–	32	27,526	–	27,526
Capital expenditure	195,507	146,163	19,153	1,773	15,961	378,579	18,379	396,958

(2) Geographic Segment Information

Millions of yen

2010:	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporate	Consolidated
Net sales							
External	¥373,172	¥171,946	¥209,345	¥ 50,000	¥ 804,465	¥ –	¥804,465
Intersegment	215,647	2,115	1,513	157,068	376,344	(376,344)	–
Total	588,820	174,061	210,859	207,068	1,180,809	(376,344)	804,465
Operating expenses	552,599	174,704	202,820	196,555	1,126,679	(366,202)	760,477
Operating income (loss)	¥ 36,220	¥ (642)	¥ 8,038	¥ 10,513	¥ 54,129	¥ (10,141)	¥ 43,988
Assets	¥571,861	¥100,195	¥121,276	¥ 96,076	¥ 889,409	¥ (23,611)	¥865,797

Notes:1. Major countries or areas other than Japan are as follows:
North America .. U.S.A. and Canada
Europe .... Germany, France and U.K.
Asia and Other .. Australia, China and Singapore
2. Operating expenses that are included in Eliminations and Corporate that can not be properly allocated are primarily R&D expenses incurred by the Company and expenses associated with head office functions. Such expenses amounted to ¥29,396 million for the year ended March 31, 2010.
3. Included within the Eliminations and Corporate figure of assets are ¥232,694 million of corporate assets, which primarily include the holding company's surplus of operating funds (cash and short-term investment securities) and long-term investment funds (investment securities) as well as other assets held by the holding company.

							Millions of yen
2009:	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporate	Consolidated
Net sales							
External	¥437,312	¥210,565	¥247,130	¥ 52,835	¥ 947,843	¥ –	¥947,843
Intersegment	280,586	2,632	1,952	191,656	476,827	(476,827)	–
Total	717,898	213,197	249,082	244,492	1,424,670	(476,827)	947,843
Operating expenses	662,001	221,571	247,096	238,702	1,369,371	(477,788)	891,583
Operating income (loss)	¥ 55,897	¥ (8,373)	¥ 1,985	¥ 5,789	¥ 55,299	¥ 961	¥ 56,260
Assets	¥618,121	¥123,255	¥133,427	¥ 86,430	¥ 961,235	¥ (43,176)	¥918,058

							Thousands of U.S. dollars
2010:	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporate	Consolidated
Net sales							
External	**$4,010,877**	**$1,848,087**	**$2,250,054**	**$ 537,403**	**$ 8,646,442**	**$ –**	**$8,646,442**
Intersegment	**2,317,788**	**22,732**	**16,262**	**1,688,177**	**4,044,970**	**(4,044,970)**	**–**
Total	**6,328,676**	**1,870,819**	**2,266,326**	**2,225,580**	**12,691,412**	**(4,044,970)**	**8,646,442**
Operating expenses	**5,939,370**	**1,877,730**	**2,179,923**	**2,112,586**	**12,109,620**	**(3,935,963)**	**8,173,656**
Operating income (loss)	**$ 389,295**	**$ (6,900)**	**$ 86,393**	**$ 112,994**	**$ 581,782**	**$ (108,996)**	**$ 472,786**
Assets	**$6,146,399**	**$1,076,902**	**$1,303,482**	**$1,032,631**	**$ 9,559,426**	**$ (253,773)**	**$9,305,643**

(3) Overseas Sales

	Millions of yen		Thousands of U.S. dollars	Percentage of net sales
	2010	2009	**2010**	**2010**
North America	**¥174,923**	¥217,024	**$1,880,084**	**21.8%**
Europe	**233,244**	271,797	**2,506,922**	**29.0%**
Asia and Other	**166,842**	202,074	**1,793,229**	**20.7%**

Notes: 1. Major countries or areas are as follows:
North America .. U.S.A. and Canada
Europe .... Germany, France and U.K.
Asia and Other .. Australia, China and Singapore
2. "Overseas sales" are the Company and consolidated subsidiary sales in countries or regions outside of Japan.

27. NET INCOME PER SHARE

Calculations of net income per share for the years ended March 31, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2010	2009	**2010**
Net income			
Income attributable to common shares	**¥16,931**	¥15,179	**$181,975**
Income available to common stockholders	**16,884**	15,109	**181,470**

	Thousands of shares	
	2010	2009
Weighted average number of common shares outstanding:		
Basic	**530,260**	530,437
Diluted	**556,909**	561,462

	Yen		U.S. dollars
	2010	2009	**2010**
Net income per common share:			
Basic	**¥31.93**	¥28.62	**$0.34**
Diluted	**30.32**	26.91	**0.33**

INDEPENDENT AUDITORS' REPORT

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries

KPMG

To the Shareholders and Board of Directors of
Konica Minolta Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of Konica Minolta Holdings, Inc. and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Konica Minolta Holdings, Inc. and subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience of the reader. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 22, 2010

THE KONICA MINOLTA GROUP

As of June 30, 2010

BUSINESS TECHNOLOGIES

	Country
Business Company	
Konica Minolta Business Technologies, Inc.	Japan
Production Companies	
Konica Minolta Electronics Co., Ltd.	Japan
Konica Minolta Supplies Manufacturing Co., Ltd.	Japan
Konica Minolta Supplies Manufacturing Kansai Co., Ltd.	Japan
Toyohashi Precision Products Co., Ltd.	Japan
Konica Minolta Supplies Manufacturing U.S.A., Inc.	U.S.A.
Konica Minolta Supplies Manufacturing France S.A.S.	France
Konica Minolta Business Technologies (DONGGUAN) Co., Ltd.	China
Konica Minolta Business Technologies (WUXI) Co., Ltd.	China
Konica Minolta Business Technologies Manufacturing (HK) Ltd.	China (Hong Kong)
Konica Minolta Technology Development (WUXI) Co., Ltd.	China
Sales Companies	
Konica Minolta Bizcom Co., Ltd.	Japan
Konica Minolta Business Solutions Japan Co., Ltd.	Japan
Konica Minolta Printing Solutions Japan Co., Ltd.	Japan
Konica Minolta Software Laboratory Co., Ltd.	Japan
Konica Minolta Business Solutions do Brazil Ltda.	Brazil
Konica Minolta Business Solutions (CANADA) Ltd.	Canada
Konica Minolta Business Solutions de Mexico SA de CV.	Mexico
Konica Minolta Business Solutions U.S.A., Inc.	U.S.A.
Konica Minolta Systems Laboratory, Inc.	U.S.A.
Konica Minolta Business Solutions Austria GmbH	Austria
Konica Minolta Business Solutions (BELGIUM) N.V.	Belgium
Konica Minolta BH-Poslovna Rjesenja d.o.o.	Bosnia and Herzegovina
Konica Minolta Croatia-Business Solutions d.o.o.	Croatia
Konica Minolta Business Solutions Czech spol. sr.o.	Czech Republic
Konica Minolta Business Solutions Denmark a/s	Denmark
Konica Minolta Business Solutions Finland Oy	Finland
Konica Minolta Business Solutions France S.A.S.	France
Repro Conseil S.A.S.	France
Develop GmbH	Germany
dots Gesellschaft für Softwareentwicklung mbh	Germany
ECS Buero-und Datensysteme GmbH	Germany
Konica Minolta Business Solutions Deutschland GmbH	Germany
Konica Minolta Business Solutions Europe GmbH	Germany
Office-boerse. de Internet GmbH	Germany
Konica Minolta Business Solutions Greece S.A.	Greece
Konica Minolta Hungary Business Solutions Ltd.	Hungary
Konica Minolta Business Solutions Italia S.p.A.	Italy
Konica Minolta Baltia UAB	Lithuania
Konica Minolta Business Solutions Netherlands B.V.	Netherlands
Konica Minolta Business Solutions Norway AS	Norway
Konica Minolta Business Solutions Polska s.p. z.o.o.	Poland
Konica Minolta Business Solutions Portugal, Unipessoal Lda.	Portugal
NEA Rent-Aluguer e Comercio de Equipamentos S.A.	Portugal
Konica Minolta Business Solutions Romania s.r.l.	Romania
Konica Minolta Business Solutions Russia LLC	Russia
Konica Minolta Business Solutions SE, Ltd.	Serbia
Konica Minolta Slovakia spol. s.r.o.	Slovakia
Konica Minolta Business Solutions Slovenia d.o.o.	Slovenia
Konica Minolta Business Solutions Spain S.A.	Spain
Konica Minolta Business Solutions Sweden AB	Sweden
Konica Minolta Business Solutions East Ltd.	U.K.
Konica Minolta Business Solutions (UK) Ltd.	U.K.
Konica Minolta Ukraine	Ukraine
Konica Minolta Business Solutions Australia Pty. Ltd.	Australia
Konica Minolta Business Solutions (CHINA) Co., Ltd.	China
Konica Minolta Business Solutions (SHENZHEN) Co., Ltd.	China
Konica Minolta Consulting (SHENZHEN) Co., Ltd.	China
Konica Minolta Software Development (DALIAN) Co., Ltd.	China
Konica Minolta Business Solutions (HK) Ltd.	China (Hong Kong)
Konica Minolta Business Solutions India Private Ltd.	India
Konica Minolta Business Solutions (M) Sdn. Bhd.	Malaysia
Konica Minolta Business Solutions (S) Pte. Ltd.	Singapore

OPTICS

	Country
Business Company	
Konica Minolta Opto, Inc.	Japan
Production Companies	
Konica Minolta Glass Tech. Co., Ltd.	Japan
Konica Minolta Opto Devices Co., Ltd.	Japan
Konica Minolta Opto Products Co., Ltd.	Japan
Konica Minolta Optical Products (SHANGHAI) Co., Ltd.	China
Konica Minolta Opto (DALIAN) Co., Ltd.	China
Konica Minolta Glass Tech (M) Sdn. Bhd.	Malaysia
Sales Company	
Konica Minolta Opto (SHANGHAI) Co., Ltd.	China

MEDICAL AND GRAPHIC IMAGING

Business Company

	Country
Konica Minolta Medical & Graphic, Inc.	Japan

Production Companies

Konica Minolta Technoproducts Co., Ltd.	Japan
American Litho Inc.	U.S.A.

Sales Companies

Konica Minolta Graphic Imaging Japan Co., Ltd.	Japan
Konica Minolta Health Care Co., Ltd.	Japan
Konica Minolta Health Care System Support Co., Ltd.	Japan
ME Kikai	Japan
Konica Minolta Graphic Imaging U.S.A., Inc.	U.S.A.
Konica Minolta Medical Imaging U.S.A., Inc.	U.S.A.
Konica Minolta Medical & Graphic Imaging Europe GmbH	Germany
Konica Minolta Medical & Graphic Imaging Europe B.V.	Netherlands
Konica Minolta Medical Systems Russia LLC	Russia
Konica Minolta Medical & Graphic (SHANGHAI) Co., Ltd.	China
Konica Minolta Healthcare India, Private Ltd.	India

SENSING

Business Company

	Country
Konica Minolta Sensing, Inc.	Japan

Sales Companies

Konica Minolta Sensing Americas, Inc.	U.S.A.
Konica Minolta Sensing Europe B.V.	Netherlands
Konica Minolta Sensing Singapore, Pte. Ltd.	Singapore

OTHER COMPANIES

	Country
Konica Minolta Business Expert, Inc.	Japan
Konica Minolta Chemical Corporation	Japan
Konica Minolta Engineering Co., Ltd.	Japan
Konica Minolta IJ Technologies, Inc.	Japan
Konica Minolta Information System Corporation	Japan
Konica Minolta Logistics Co., Ltd.	Japan
Konica Minolta Planetarium Co., Ltd.	Japan
Konica Minolta Sogo Service Co., Ltd.	Japan
Konica Minolta Technology Center, Inc.	Japan
Konica Minolta Technosearch Corporation	Japan
Konica Minolta Holdings U.S.A., Inc.	U.S.A.
Konica Minolta Technology U.S.A., Inc.	U.S.A.
Konica Minolta (CHINA) Investment Ltd.	China

INVESTOR INFORMATION

As of March 31, 2010

Number of Common Shares Authorized: 1,200,000,000 shares

Number of Common Shares Issued: 531,664,337 shares

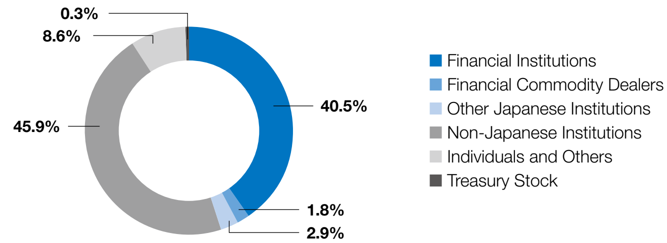
Number of Shareholders 28,196

Independent Auditor KPMG AZSA & Co.

Transfer Agent for Common Stock

Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku,
Tokyo 100-8212, Japan

Types of Shareholders



Principal shareholders (Top ten shareholders)

Shareholders	Number of shares held (Thousand shares)	Shareholding ratio(%)*
Japan Trustee Services Bank, Ltd. (Trust account)	36,256	6.8
JPMorgan Chase Bank 380055	29,495	5.6
The Master Trust Bank of Japan, Ltd. (Trust account)	26,278	5.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,494	2.9
State Street Bank and Trust Company 505223	15,012	2.8
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	13,699	2.6
Nippon Life Insurance Company	12,009	2.3
Japan Trustee Services Bank, Ltd. (Chuo Mitsui Asset Trust and Banking Company, Limited Retrust Portion, Sumitomo Mitsui Banking Corporation Pension Trust Account)	11,875	2.2
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	10,801	2.0
State Street Bank and Trust Company 505225	9,825	1.9

*The shareholding ratio is calculated exclusive of treasury stock (1,464,883 shares).

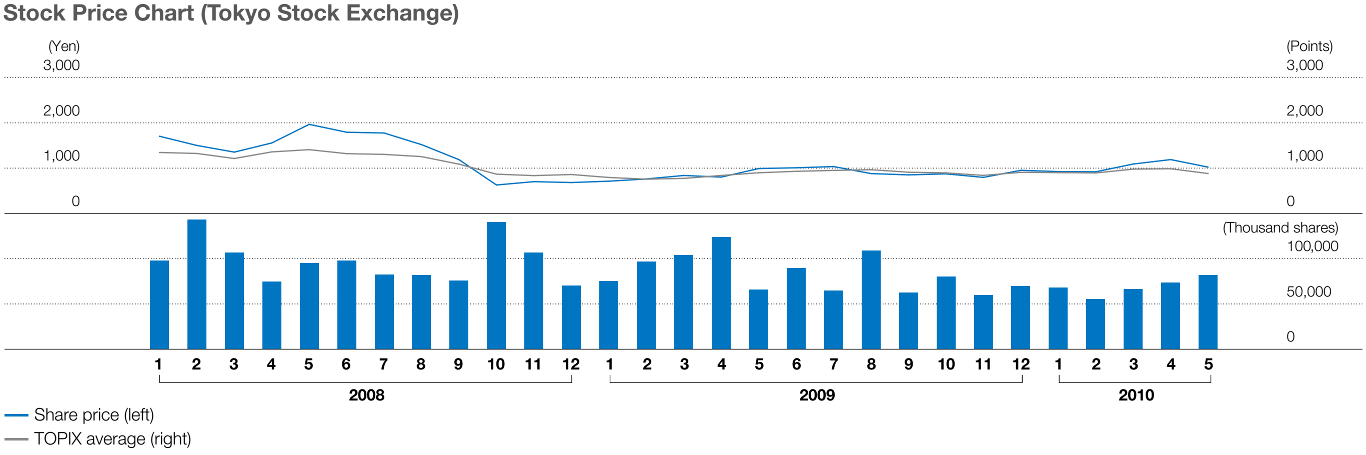
Note: Although significant shareholder reports from four joint shareholders including The Bank of Tokyo-Mitsubishi UFJ, Ltd., member of the Mitsubishi UFJ Financial Group, claim that they hold shares of Konica Minolta as set forth below, the Company is unable to confirm the exact number of shares held at period end. For this reason only the top 10 shareholders as per the shareholders' register have been listed.

Companies submitting significant shareholder reports	Reporting obligation accrual date	Number of shares held (Thousand shares)	Percentage of shares held (%)
Mitsubishi UFJ Financial Group, Inc. (Joint holding)	January 5, 2010	51,077	9.6

Note: Although significant shareholder reports from the following companies claim that they hold shares of Konica Minolta as set forth below, the Company is unable to confirm the exact number of shares held at period end. For this reason only the top 10 shareholders as per the shareholders' register have been listed.

Companies submitting significant shareholder reports	Reporting obligation accrual date	Number of shares held (Thousand shares)	Percentage of shares held (%)
Templeton Global Advisors Limited (Joint holding)	March 31, 2010	44,797	8.4
MFS Investment Management K.K. (Joint holding)	February 15, 2010	27,224	5.1
Barclays Global Investors Japan Trust & Banking Co., Ltd. (BTB) (Joint holding)	March 9, 2009	23,168	4.4
Fidelity Investments Japan Limited (Joint holding)	April 15, 2009	16,972	3.2

Stock Price Chart (Tokyo Stock Exchange)



CORPORATE DATA

As of March 31, 2010

Company name	Konica Minolta Holdings, Inc.
Stock code	4902 (First sections, Tokyo Stock Exchange, Osaka Securities Exchange)
URL	http://konicaminolta.com
Date established	1873
Establishment as joint-stock company	1936
Paid-in Capital	¥37,519 million
Number of Employees	201 (Group: 36,048)
Address	1-6-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Investor Relations Contact	Tel: (81) 3-6250-2011 Fax: (81) 3-3218-1362 E-mail: ir4902@konicaminolta.jp

KONICA MINOLTA HOLDINGS, INC.

1-6-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Tel: (81) 3-6250-2100　Fax: (81) 3-3218-1368
http://konicaminolta.com