1. ANALYSIS of BUSINESS PERFORMANCE and FINANCIAL POSITION

(1) Business Performance Analysis

a. Overview of Performance

[Billions of yen]

	Fiscal year ended Mar 2015	Fiscal year ended Mar 2014	Increase (Decrease)	
Net sales	1,011.7	943.7	68.0	7.2%
Gross profit	497.7	451.4	46.3	10.3%
Operating income	66.2	58.1	8.0	13.9%
Ordinary income	59.8	54.6	5.2	9.6%
Income before income taxes and minority interests	55.2	23.5	31.7	135.0%
Net income	32.7	21.8	10.8	49.6%
Net income per share [yen]	64.73	41.38	23.34	56.4%
Return on equity (ROE)	6.7%	4.6%	2.1	—
Capital expenditure	46.1	47.3	(1.2)	-2.7%
Depreciation	50.8	47.3	3.5	7.4%
R & D expenses	75.2	71.1	4.0	5.8%
Free cash flow	47.4	34.1	13.2	38.8%
Number of employees [persons]	41,598	40,401	1,197	3.0%
Exchange rates [yen]				
US dollar	109.93	100.24	9.69	9.7%
euro	138.77	134.37	4.40	3.3%

Note: Return on equity (ROE): net income / average equity

Looking back on the business environment in the consolidated fiscal year under review (“the fiscal year”), personal consumption was strong in the United States on the back of an upturn in the employment environment and high stock prices, which drove momentum in the world economy. Uncertainty persisted in Europe mainly due to continued concerns over the Greek financial crisis and the drawn-out Ukraine crisis. The economic growth rate slowed in China while the speed of growth tapered off in emerging countries, notably in Asia and Latin America. In Japan, corporate results took a favorable turn, particularly in the export-related sector, on account of the cheaper yen and stronger dollar. At the same time, the economy seesawed as domestic demand retracted following the rush witnessed prior to the consumption tax rate increase in April last year.

Under this business environment, consolidated net sales for the fiscal year amounted to ¥1,011.7 billion, an increase of 7.2% year on year. In the Business Technologies Business, the effect of M&As made a contribution along with Konica Minolta Group’s (“the Group’s”) unique sales strategy leveraging exceptional direct sales capabilities and proposal-making capabilities to customers, which resulted in sales growth of more than 10% year on year, thereby driving Group-wide results. The effect of the weak yen also contributed to the sales growth.

Operating income was ¥66.2 billion, an increase of 13.9% year on year. Although selling, general and administrative expenses increased, including advance investment to transform the business portfolio, the impact of the weak yen coupled with an increase in gross profit in the Business Technologies Business and the effect of structural reform in the Industrial Business were the key contributors to the growth in operating income.

Ordinary income was ¥59.8 billion, up 9.6% year on year, due to the increase in operating income.

Income before income taxes and minority interests was ¥55.2 billion, an increase of 135.0% year on year. Extraordinary income and losses improved significantly due primarily to the recording of proceeds from sales of investment securities and noncurrent assets following further streamlining of the balance sheet in the fiscal year despite the recording of loss on withdrawal of the glass substrates for HDDs business in the previous fiscal year in the amount of ¥16.1 billion.

Net income totaled ¥32.7 billion, an increase of 49.6% year on year. Although the Group recorded ¥9.2 billion in tax effects resulting from a review of deferred tax assets in line with reorganization of the Group's management system in the previous fiscal year, tax expenses increased by ¥7.9 billion in the fiscal year due to reversal of deferred tax assets in line with the tax reform.

Net income per share was ¥64.73, marking a year-on-year increase of more than 1.5 times.

Return on equity (ROE) for the fiscal year was 6.7%, a significant improvement from 4.6% in the previous fiscal year, after successfully making improvements on the balance sheet primarily through increasing net income and acquisition of the Company's own shares.

The Group began implementing a new Medium Term Business Plan, "TRANSFORM 2016," this fiscal year and pushed ahead with initiatives to promote a shift in business model while remaining close to the customer and to enhance high added value in business.

In R&D divisions, we commenced operation of a new R&D center, "Konica Minolta Hachioji SKT," which integrates development functions for digital printing systems, a growth driver of our mainstay Business Technologies Business. It also started activities as a place to promote internal and external open innovation aimed at "The Creation of New Value," our Philosophy.

In production divisions, we established a state-of-the-art production site for the Business Technologies Business in Malaysia. This site integrates our know-how in such areas as advanced ICT (Information Communication Technology), automated production technology and production processes based on the concept of "digital manufacturing" and started initiatives to realize maximum efficiency and productivity.

In sales divisions, we accelerated global development of MCS (Managed Content Services), which entails entering into a customer's business process and optimizing the company's content management within the office services field of the Business Technologies Business. We also worked to strengthen our ability to provide MPM (Marketing Print Management) services, which support the optimization of printing material costs and the improvement of business processes in a company's marketing department, and endeavored to promote the global development of MPM within the commercial and industrial printing field.

In addition, we commenced full-scale planning and development of innovative service business originating from customer needs at our Business Innovation Centers established in five major regions around the world (North America, Europe, Asia/Pacific, China and Japan).

The Group has positioned corporate social responsibility (CSR) activities as key to management and aims to be a global company that is vital to society by undertaking a broad array of initiatives in such areas as the environment, human rights, labor and governance.

In recognition of these activities, Konica Minolta Inc. ("the Company") has been selected for the top-level Gold Class by RobecoSAM, an investment specialist focused exclusively on Sustainability Investing. In Japan, the Company was awarded the overall top position in the eighth Quality Management Level Research conducted by the Union of Japanese Scientists and Engineers and ranked first place in the overall manufacturing sector at the 18th Environmental Management Survey conducted by Nikkei Inc. In terms of investment indices, the Company was named to the Dow Jones Sustainability World Index of the United States, a globally prestigious SRI index, for the third year in a row. In Japan, the Company was selected for the JPX-Nikkei Index 400 for the second consecutive year and was also chosen as one of the "Brand of Companies Enhancing Corporate Value through Health and Productivity Management" jointly undertaken by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in its first fiscal year.

These results show that a solid start has been made in the first fiscal year of our Medium Term Business Plan, "TRANSFORM 2016."

b. Overview by Segment

[Billions of yen]

	Fiscal year ended Mar 2015	Fiscal year ended Mar 2014	Increase (Decrease)	
Business Technologies Business				
Net sales - external	817.2	739.9	77.3	10.5%
Operating income	71.8	66.6	5.1	7.7%
Healthcare Business				
Net sales - external	78.5	82.3	(3.8)	-4.6%
Operating income	2.7	4.5	(1.7)	-39.2%
Industrial Business				
Net sales - external	112.7	116.1	(3.3)	-2.9%
Operating income	19.4	15.1	4.2	28.2%

Note: The reporting classification for the Industrial Inkjet Business has been changed from “Other” to “Business Technologies Business” from the first quarter of the current fiscal year. In line with this change, segment information for the previous fiscal year has been disclosed in accordance with the new reporting classification.

i. Business Technologies Business

In the office services field, results for mainstay A3 color MFPs (Multi-functional peripherals) remained solid, with sales volume expanding in all regions relative to the previous fiscal year. The number of contracts and sales steadily increased for OPS (Optimized Print Services) as well, which optimize a customer’s output environment, following efforts to strengthen the sales and support system for major customers globally. Sales volume of A4 color MFPs also increased as a result of these conditions. For small- and medium-sized customers, the Group further evolved its hybrid-type sales that combine IT services with equipment, an initiative being developed primarily in the European and U.S. markets, and started MCS (Managed Content Services), which entails entering into a customer’s business process and optimizing content management. We have been building up results in MCS, especially in North America. Going forward, this will assist us in securing new customers and expanding print volume.

In the commercial and industrial printing field, results were solid throughout the year mainly in new products such as “bizhub PRESS C1100” and “bizhub PRESS C1085” digital printing systems, and as a result, sales volume of color units exceeded that of the previous year. In MPM (Marketing Print Management) services, which support the optimization of printing material costs and the improvement of business processes in a company’s marketing department, we established a subsidiary of Charterhouse PM Limited (headquartered in the UK) in the United States and a subsidiary of Ergo Asia Pty Limited (headquartered in Australia) in Japan. By doing so, we completed the creation of a global service provision framework that covers Europe, Asia/Pacific, the United States and Japan. In the industrial inkjet business, we expanded sales from the previous year by boosting sales of both components and textile printers.

As a result, net sales of the Business Technologies Business to external customers stood at ¥817.2 billion, up 10.5% year on year, and operating income was ¥71.8 billion, up 7.7% year on year. An increase in gross profit in line with an increase in sales of color units centering on service provision capabilities coupled with growth in sales of digital printing systems and the impact of the weak yen contributed to higher sales and profit in this segment.

ii. Healthcare Business

Although results were strong overseas, particularly in North America, China and India, difficult conditions persisted in Japan primarily due to a decrease in sales of purchased goods in line with a cooling off in market conditions.

In contrast, sales of the Company’s core products expanded year on year in Japan and overseas. Sales volume of the mainstay cassette-type digital X-ray system “AeroDR” increased. In diagnostic ultrasound systems business, which is being nurtured as a new field, we commenced sales of “SONIMAGE HS1,” a new product developed in-house. HS1 has been highly acclaimed for its product capabilities and the number of contracts for this product has increased since the closing stages of the fiscal year. In film products, sales in emerging countries were strong and we achieved sales volume roughly on par with the previous year. Sales of purchased goods decreased due to the impact of a cooling down in Japanese market conditions.

As a result of these factors, net sales of the Healthcare Business to external customers amounted to ¥78.5 billion, a decrease of 4.6% year on year. Operating income was ¥2.7 billion, down 39.2% year on year, due to a decrease in gross profit in line with a decline in sales of purchased goods in Japan and significant advance expenses related to the launch of the diagnostic ultrasound systems business.

iii. Industrial Business

In the field of optical systems for industrial use, mainstay products were strong, particularly spectrophotometers for displays in the measuring instruments field and lenses for industrial and professional use in the optics field. In the performance materials field, market conditions for large panels and small- and medium-size panels were strong, supported by steady demand for large LCD TVs, increasing screen size and strong sales of smartphones. As a result, sales volume of thin plain TAC films increased year on year, particularly VA-TAC films for increasing viewing angle, which is an area of comparative strength for the Group.

Net sales decreased despite an increase in sales in the performance materials field compared with the previous year due to falling demand in lenses for compact cameras, downsizing of the lens business for mobile phone cameras and withdrawal of the glass substrates for HDDs business in the field of optical systems for industrial use. Meanwhile, an increase in sales in the performance materials field and measuring instruments field coupled with the effect of a series of structural reforms implemented in the previous fiscal year in the field of optical systems for industrial use contributed to an increase in profit.

As a result, net sales of the Industrial Business to external customers stood at ¥112.7 billion, down 2.9% year on year, and operating income was ¥19.4 billion, up 28.2% year on year.

In Organic Light Emitting Diode (OLED) lighting, an area we are working on as a new business to lead future growth, we started operation of a mass-production plant in autumn last year, which is a world first for plastic substrate flexible OLED lighting panels. The Company’s OLED lighting panels have provided new value not seen in traditional light sources in terms of being thin, light and flexible, and applications include use in outdoor illumination at a well-known theme park in Japan.

<Reference>

Overview of Performance

Three months ended March 31, 2015 (From January 1, 2015 to March 31, 2015)

[Billions of yen]

	Three months ended Mar 2015	Three months ended Mar 2014	Increase (Decrease)	
Net sales	277.9	260.8	17.0	6.5%
Gross profit	134.6	123.7	10.8	8.8%
Operating income	20.7	19.2	1.5	8.1%
Ordinary income	16.0	17.8	(1.8)	-10.2%
Income before income taxes and minority interests	14.0	9.5	4.4	46.6%
Net income	10.7	11.0	(0.3)	-3.0%
Net income per share [yen]	21.36	21.16	0.19	0.9%
Capital expenditure	13.0	16.0	(3.0)	-19.0%
Depreciation	13.7	12.2	1.5	12.6%
R & D expenses	19.5	18.6	0.8	4.7%
Free cash flow	20.6	10.3	10.2	98.9%
Exchange rates [yen]				
US dollar	119.09	102.78	16.31	15.9%
euro	134.18	140.79	(6.61)	-4.7%

Three Months' Business Performance by Segment

[Billions of yen]

	Three months ended Mar 2015	Three months ended Mar 2014	Increase (Decrease)	
Business Technologies Business				
Net sales - external	227.6	206.5	21.1	10.2%
Operating income	22.9	21.3	1.5	7.4%
Healthcare Business				
Net sales - external	23.3	27.1	(3.8)	-14.2%
Operating income	1.4	2.1	(0.7)	-34.4%
Industrial Business				
Net sales - external	25.8	25.7	0.0	0.2%
Operating income	3.1	2.7	0.3	13.7%

Note: The reporting classification for the Industrial Inkjet Business has been changed from Other" to "Business Technologies Business" from the first quarter of the current fiscal year. In line with this change, segment information for the previous fiscal year has been disclosed in accordance with the new reporting classification.

c. Outlook for the Fiscal Year Ending March 31, 2016

Looking at the global economic conditions surrounding the Group, the US economy is forecast to gradually return to a recovery track despite a slowdown in various economic indicators at the start of the year. Major economies in Europe are expected to be strong, including Germany, France and the United Kingdom, due in part to quantitative easing despite the risk of the Greek financial crisis reigniting. We also forecast a continued slowdown in economic growth in China and stagnant growth in emerging countries such as those in Asia and Latin America. Meanwhile, in the Japanese economy, personal consumption is projected to recover moderately reflecting solid corporate results.

As for the outlook for demand in the Group's related markets, in the Business Technologies Business, we expect demand for A3 color MFPs for the office to continue expanding in overseas markets. In the commercial and industrial printing field, we project expanding sales of color units and a resulting increase in print volume. In the Healthcare Business, we expect continued high growth in cassette-type digital X-ray systems and diagnostic ultrasound systems in each region.

In the Industrial Business, we expect growth of smartphones to continue and the trend for increasing screen size to persist in the TV market in line with continued enhancement of image quality. In digital cameras, we expect the markets for compact types and models with interchangeable lenses to continue contracting.

Considering the situation described above, we have made the following forecasts for the fiscal year ending March 31, 2016. We expect the Business Technologies Business to continue driving increases in sales and profit for the entire Group and the Healthcare Business to post recovery in earnings on the back of improvement in market conditions in Japan. Although sales are forecast to increase moderately in the Industrial Business, we are factoring in an increase in costs in new fields on a profit front.

We assume exchange rates of 120 yen against the US dollar and 130 yen against the euro.

The Company will voluntarily adopt International Financial Reporting Standards (IFRS) from this fiscal year's securities report and financial forecasts for the following fiscal year have been prepared accordingly.

[Billions of yen]

	Forecast for the fiscal year ending Mar 2016 IFRS base	Fiscal year ended Mar 2015 Japanese GAAP base
Net sales	1,100.0	1,011.7
Operating income	77.0	66.2
Net income	50.0	32.7
Return on equity (ROE)*1	—	6.7%
Return on equity (ROE)*2	10.0%	7.0%

Note: *1ROE (Return on equity): net income / average equity
*2ROE (Return on equity): net income / average shareholders' equity

[Billions of yen]

	Net sales-external		Operating income	
	Forecast for the fiscal year ending Mar 2016	Fiscal year ended Mar 2015	Forecast for the fiscal year ending Mar 2016	Fiscal year ended Mar 2015
Business Technologies Business	890.0	817.2	84.0	71.8
Healthcare Business	85.0	78.5	4.0	2.7
Industrial Business	125.0	112.7	21.0	19.4

Note: The above operating performance forecasts are based on future-related suppositions, outlooks, and plans at the time this report was released, and they involve risks and uncertainties.
It should be noted that actual results may differ significantly from these forecasts due to various important factors, such as changes in economic conditions, market trends, and currency exchange rates.

(2) Financial Position

a. Analysis of Financial Position

		As of Mar 31, 2015	As of Mar 31, 2014	Increase (Decrease)
Total assets	[Billions of yen]	970.4	966.0	4.4
Net assets	[Billions of yen]	501.6	480.0	21.6
Net assets per share	[yen]	995.48	929.04	66.44
Equity ratio	[%]	51.5	49.5	2.0

At fiscal year-end, total assets were up ¥4.4 billion (0.5%) from the previous fiscal year-end to ¥970.4 billion. Current assets rose ¥4.9 billion (0.8%) to ¥594.2 billion (61.2% to total assets) and non-current assets decreased ¥0.5 billion (0.1%) to ¥376.2 billion (38.8% to total assets).

With respect to current assets, cash and deposits remained nearly flat at ¥95.4 billion compared with the previous fiscal year-end, securities decreased ¥10.9 billion to ¥82.0 billion, and cash and cash equivalents decreased ¥11.0 billion to ¥177.4 billion. Meanwhile, notes and accounts receivable–trade increased ¥6.7 billion to ¥226.8 billion, lease receivables and investment assets increased ¥1.7 billion to ¥23.0 billion. Inventories increased ¥5.7 billion to ¥121.0 billion.

With respect to non-current assets, property, plant and equipment increased ¥1.7 billion from the previous fiscal year-end to ¥175.1 billion due primarily to construction of a new R&D building and capital investments in the Business Technologies Business as well as investments relating to new businesses in the Industrial Business, despite overall ongoing depreciation. Intangible assets decreased ¥1.5 billion to ¥109.8 billion. Investments and other assets decreased ¥0.7 billion from the previous fiscal year-end to ¥91.2 billion, mainly due to a decrease in deferred tax assets of ¥8.1 billion attributable to a change in tax rates associated with tax reforms, despite an increase in investment securities of ¥4.5 billion on the back of a positive upturn in the stock market.

Total liabilities decreased ¥17.2 billion (3.5%) from the previous fiscal year-end to ¥468.8 billion. Notes and accounts payable–trade increased ¥1.9 billion to ¥98.1 billion and net defined benefit liability increased ¥8.1 billion to ¥61.7 billion, while accrued expenses increased ¥4.9 billion to ¥39.4 billion and income taxes payable increased ¥1.3 billion to ¥6.9 billion. Interest-bearing debt (the sum of short-term loans payable, long-term loans payable and bonds payable) decreased ¥36.5 billion to ¥159.5 billion.

Net assets increased ¥21.6 billion (4.5%) from the previous fiscal year-end to ¥501.6 billion. Retained earnings decreased ¥3.9 billion to ¥238.5 billion. This was due to the recording of ¥32.7 billion in net income, a decrease of ¥8.9 billion due to dividend payments from retained earnings, a decrease of ¥20.7 billion due to cancellation of treasury shares and a decrease of ¥7.0 billion due to the application of accounting standards related to retirement benefits. Treasury shares decreased ¥6.5 billion due to cancellation of treasury shares of ¥20.7 billion offset by the acquisition of the Company’s own shares in the amount of ¥14.2 billion. Accumulated other comprehensive income increased ¥18.4 billion to ¥30.1 billion, mainly due to an increase in foreign currency translation adjustment of ¥15.2 billion and an increase in valuation difference on available-for-sale securities of ¥3.4 billion.

As a result, net assets per share came to ¥995.48 and the equity ratio increased 2.0 points from the end of the previous fiscal year to 51.5%.

b. Cash Flows

[Billions of yen]

	Fiscal year ended Mar 2015	Fiscal year ended Mar 2014	Increase (Decrease)
Cash flows from operating activities	101.7	89.9	11.7
Cash flows from investing activities	(54.3)	(55.7)	1.4
Total (Free cash flow)	47.4	34.1	13.2
Cash flows from financing activities	(61.7)	(61.9)	0.1

During the fiscal year, net cash provided by operating activities was ¥101.7 billion, while net cash used in investing activities, mainly associated with capital investment, totaled ¥54.3 billion. As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥47.4 billion.

Net cash used in financing activities was ¥61.7 billion.

In addition, the effect of exchange rate changes increased cash and cash equivalents by ¥3.1 billion. As a result, cash and cash equivalents at the end of the fiscal year stood at ¥177.4 billion, declining ¥11.0 billion from the previous consolidated fiscal year-end.

The details of cash flows associated with each activity during the fiscal year are as follows.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥101.7 billion (compared with net cash provided of ¥89.9 billion in the previous fiscal year) as a result of income before income taxes and minority interests of ¥55.2 billion adjusted for cash inflow mainly from depreciation of ¥50.8 billion and amortization of goodwill of ¥9.2 billion and cash outflow primarily for payment of income taxes of ¥11.7 billion and an increase in working capital of ¥1.2 billion.

Cash flows from investing activities

Net cash used in investing activities was ¥54.3 billion (compared with net cash used of ¥55.7 billion in the previous fiscal year). Cash of ¥39.0 billion was used in the acquisition of property, plant and equipment primarily as a result of the construction of a new R&D building and investments in equipment in the Business Technologies Business as well as investments relating to new businesses in the Industrial Business. Other cash outflows included ¥11.3 billion of payments for acquisitions of business and shares of subsidiaries in the Business Technologies Business.

As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥47.4 billion (compared with an inflow of ¥34.1 billion in the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was ¥61.7 billion (compared with net cash used of ¥61.9 billion in the previous fiscal year), mainly reflecting a net decrease of ¥39.6 billion in short- and long-term loans, an expenditure of ¥13.5 billion for the acquisition of the Company's own shares, and a payment of ¥8.9 billion in dividends.

[Cash flow indicators]

	Fiscal year ended Mar 2011	Fiscal year ended Mar 2012	Fiscal year ended Mar 2013	Fiscal year ended Mar 2014	Fiscal year ended Mar 2015
Equity ratio [%]	50.6	48.1	49.4	49.5	51.5
Market price-based equity ratio [%]	43.7	42.5	38.8	51.3	63.1
Debt redemption period [years]	2.8	3.1	3.4	2.2	1.6
Interest coverage ratio	21.9	30.0	25.6	30.7	42.6

Notes:

Equity ratio: Equity / Total assets

Market price-based equity ratio: Market capitalization / Total assets

Debt redemption period: Interest-bearing debt / Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Interest payments

Market capitalization is calculated as the share price at period-end multiplied by the number of shares outstanding at period-end (excluding treasury shares). Net cash flow from operating activities figures are those stated in the consolidated statements of cash flows. Interest-bearing debt is all liabilities reflected on the consolidated balance sheets that are subject to bonds payable and loans payable. Interest payments are those stated in the consolidated statements of cash flows.

Cash flow outlook for the fiscal year ending March 31, 2016

The Group expects that free cash flow (the sum of operating and investing activities) will be an inflow of ¥15.0 billion in the fiscal year ending March 31, 2016.

(3) Basic Policy Regarding Profit Distribution, Dividends for the Fiscal Year and Projected Dividends for the Next Fiscal Year, and Acquisition of the Company's Own Shares and Cancellation of Treasury Shares

a. Basic policy regarding profit distribution

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

b. Dividends for the fiscal year and the next fiscal year

With respect to dividends from retained earnings for the fiscal year, the Company will distribute a year-end dividend of 10 yen per share, an increase of 2.5 yen from the previous year-end. Combined with the dividend of 10 yen per share already paid at the end of the second quarter, the total annual dividend will be 20 yen per share.

Regarding ordinary dividends for the fiscal year ending March 31, 2016, the Company plans to distribute a total annual dividend of 30 yen per share in order to strengthen shareholder returns, assuming we achieve the results forecasts outlined above.

c. Acquisition of the Company's own shares and cancellation of treasury shares

At the Board of Directors Meeting held on January 30, 2014, the Company resolved the following items related to the acquisition of its own shares based on Article 156 of the Companies Act, which is applicable in accordance with Article 165, Paragraph 3 of the said act, and exercised acquisition of the Company's own shares.

Acquisition of the Company's own shares
(1) Type of shares to be acquired: Common shares
(2) Number of shares to be acquired: Limited to 20 million
(3) Total value of shares to be acquired: Limited to ¥20.0 billion
(4) Acquisition period: January 31, 2014 to April 30, 2014

The total number of treasury shares acquired based on the above resolutions at the Board of Directors meeting was 19,779,400 shares, and the aggregate amount paid to acquire the shares amounted to ¥19,999,979,700. The total number of treasury shares acquired during the consolidated fiscal year was 4,414,400 shares with total acquisition costs of ¥4,227,262,200.

In addition, at the Board of Directors meeting held on July 30, 2014, the Company resolved the following items related to an acquisition of its own shares under Article 156 of the Companies Act, as applied pursuant to the provision under Article 165 paragraph 3 of the said act. The Company also dissolved and exercised cancellation of its treasury shares under the provision of Article 178 of the Companies Act.

Acquisition of the Company's own shares
(1) Type of shares to be acquired: Common shares
(2) Number of shares to be acquired: Limited to 10 million
(3) Total value of stock to be acquired: Limited to ¥10.0 billion
(4) Acquisition period: July 31, 2014 to October 30, 2014

The total number of treasury shares acquired based on the above resolutions at the Board of Directors meeting was 8,721,500 shares, and the aggregate amount paid to acquire the shares amounted to ¥9,999,971,651.

Cancellation of Treasury Shares
(1) Type of shares to be canceled: Common shares
(2) Number of shares to be canceled: 20 million
(3) Number of issued shares after cancellation: 511,664,337
(4) Date of cancellation: August 29, 2014

** Units of less than 100 million yen in "1. ANALYSIS of BUSINESS PERFORMANCE and FINANCIAL POSITION" have been omitted.*