

Konica Minolta Group Medium Term Business Plan “FORWARD 08”

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Cautionary Statement:

The forecasts mentioned in this material are the results of estimations based on currently available information, and accordingly, contain risks and uncertainties. The actual results of business performance may sometimes differ from those forecasts due to various factors.

Remarks: Yen amounts are rounded to the nearest 100 million.

Fundamental group management policies



*Management
philosophy*

The creation of new value

*Management
visions*

An innovative corporation that continues to create inspiring products and services in the field of imaging.

A global corporation that leads the market by advanced technologies and reliability.

*Corporate
message*

The essentials of imaging

Basic concepts



V5 Plan

Realize sustainable growth and maximize the corporate value of the Group

Exiting Photo Imaging business



Photo Imaging's restructuring programs were steadily executed. Konica Minolta will pursue growth by leveraging collective Group resources with the defined future direction.

FORWARD 08

Fundamental policies

Increase value-added businesses and optimize Group corporate value as well as realize sustainable growth.

- Promote growth by leveraging collective Group resources
- Build a new corporate image
- Promote world-class CSR programs

1. Promote growth by leveraging collective Group resources

- Accelerate growth in “equipment/services business group” and “component business group”
- Concentrate on growth fields and thoroughly implement the “genre-top strategy”
- Create new business models by strengthening network/solution implementation capabilities to customers

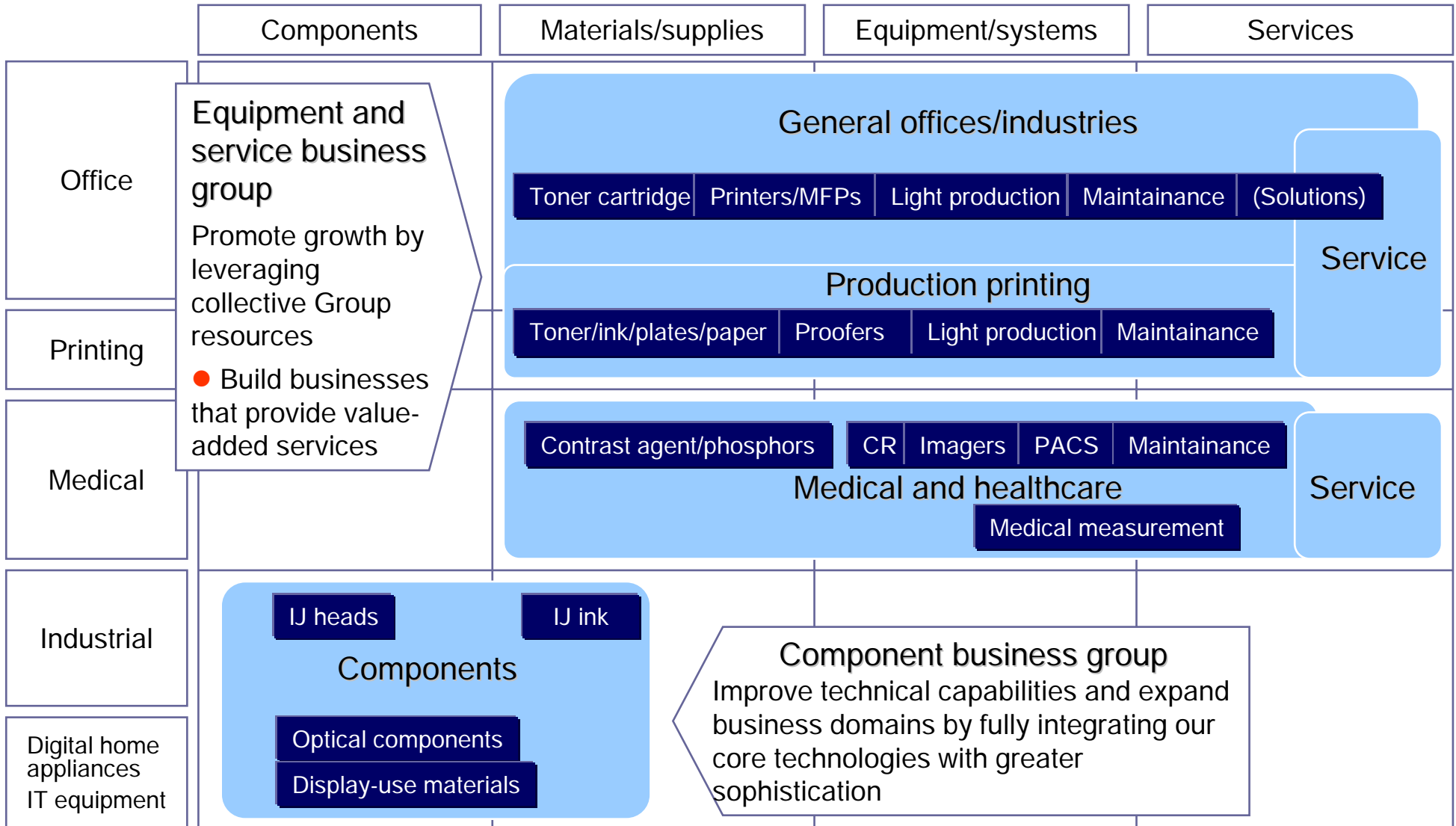
2. Build a new corporate image

- Become a business partner who contributes to our customers’ business success (Provide innovative products and a professional level of service)

3. Promote world-class CSR programs

- Become a company that society trusts, and sustain corporate value through strengthening our global development not only economically but socially and environmentally

Growth drivers (business domains)



Concentration of resources for growth

Business domains where Konica Minolta wants to strengthen competitiveness by concentrating management resources



General offices and industries

Production printing

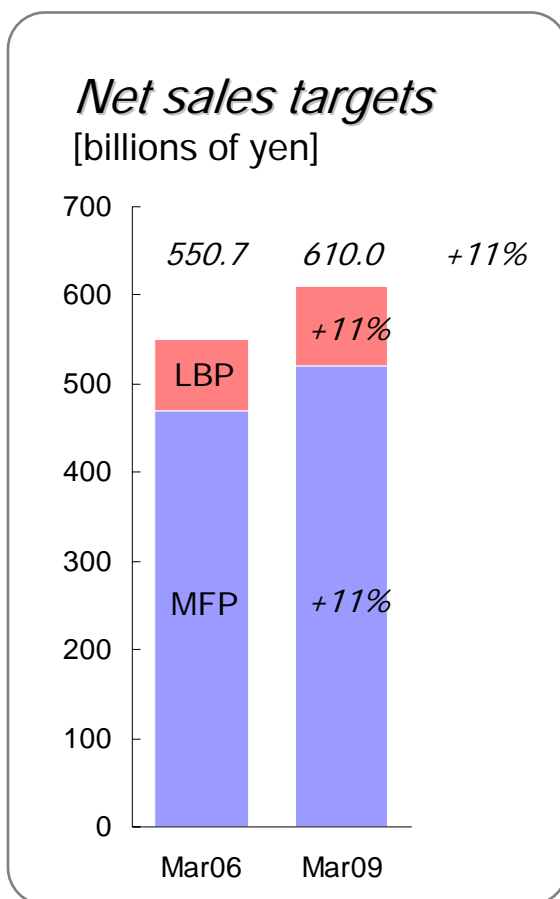
Components

- #1 market share in terms of color document volume
- Most popular lineup of products with digital connectivity tailored to the industry
- Take a step ahead of competitors in providing total solution services to major accounts
- #1 market share in light production printing domain

- #1 market share in optical components such memory devices as DVD and HD
- Establish a dominant position at an earliest timing in the recently growing optical components domain (i.e. automobile-loaded cameras)
- #1 market share in high-function LCD film for display panels

Growth strategies : General offices and industries

Redraw the ranking chart of the MFP market and establish a firm position in the top group of the industry by accelerating the marketing of color products to offices



The essentials of imaging

Initiatives

- Introduce attractive products and execute consistent cost reduction
- Strengthen solution sales for more expansion of color MFP sales
- Develop new businesses in the field of solution service

Competitive edge

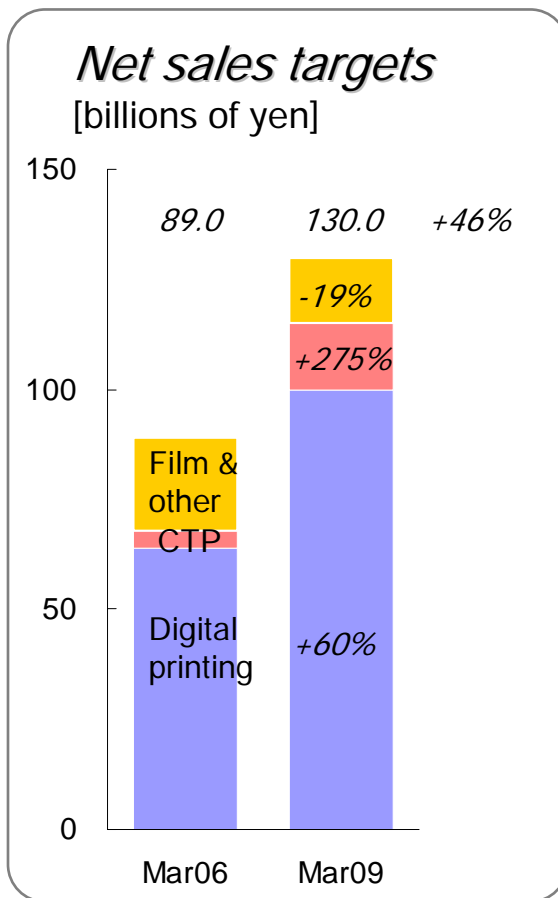
- Industry-leading polymerized toner and the capabilities to produce key components internally
- Promote the installation of next-generation open platform along with the alliance with IT companies
- Develop network solutions suitable for the business style

Market share targets Mar2009

- Color MFP (Segment 2 and above)
Market share target - unit base: Worldwide 25%, Europe/US 30% or up

Growth strategies : Production printing*

Become one of the top two players in the light production printing industry



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Initiatives

- Strengthen solution sales (Provide application software and contents)
- Strengthen sales and service teams
- Provide attractive products (Digital printing, CTP)

Competitive edge

- Polymerized toner with a competitive technology in fixing with low heat
- Accumulated know-how in printing process regarding printing work flows and color management
- Highly productive MFPs with the use of a variety of options

Market share targets Mar2009

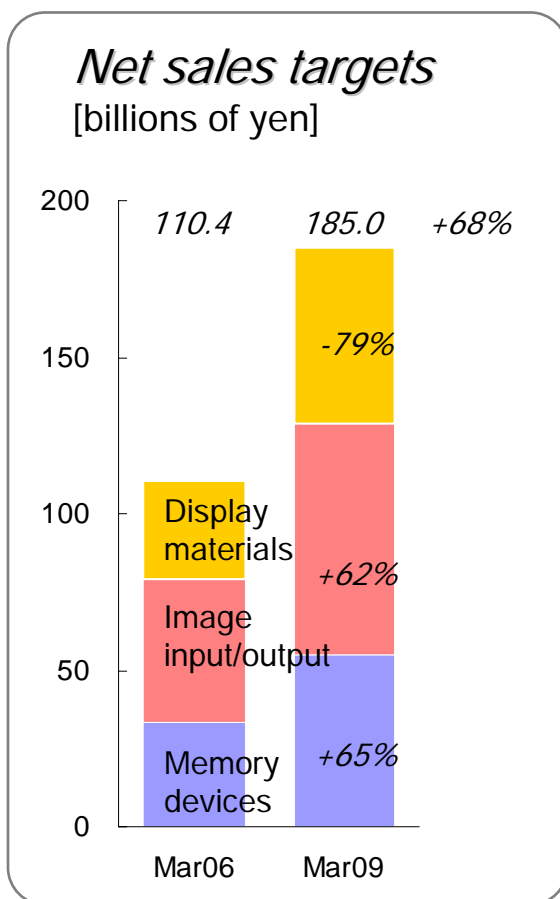
- High-speed color MFPs for the use of light production
- Market share target - unit base: Worldwide 33%

*Production printing domain:

A Combination of high-speed MFPs, normally categorized in Business Technologies and the entire Graphic Imaging business.

Growth strategies : Components

Secure the leading position as a optical components supplier with leading-edge technologies in optical components used for digital home appliances and IT equipment



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Initiatives

- **Memory devices**: Secure a overwhelming competitiveness position in the field of pickup lenses and materials development
- **Image input/output components**: Increase production capacity and productivity through expanding overseas operation and alliances with other companies
- **Display materials**: Promote investments in increasing production capabilities

Competitive edge

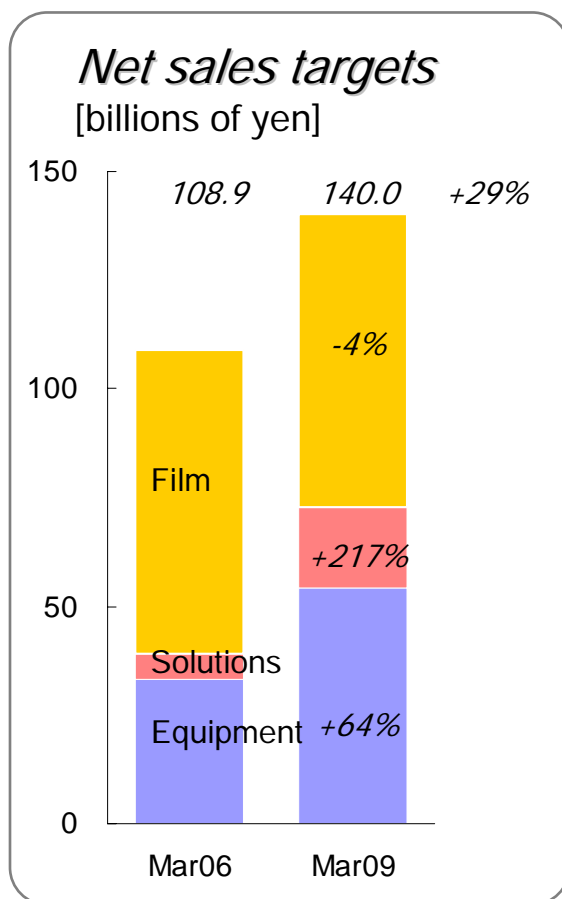
- R&D capabilities and production technologies that utilize the advantages of plastic and glass
- TAC film coating technologies
- Strong R&D structure to meet customer needs

Market share targets Mar2009

- Memory devices: Pickup lenses (existing and next-generation DVDs) Market share target - unit base: Worldwide 70%
- TAC film: Market share target - unit base: Worldwide 25%

Growth strategies : Medical and health care

Expand the business scale of digital equipment and solution services



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Initiatives

- Strengthen overseas business
- Develop systems tailored to general practitioners and strengthen marketing
- Strengthen solutions business (RIS, PACS, electronic chart)
- Strengthen diagnostic products business

Competitive edge

- Miniaturize machine (CRs) size and increase image quality
- Strengthen customer relations and brand power
- Promote partnerships and business alliances with other companies

Market share targets Mar2009

- Image input equipment (CRs)
Market share target - unit base: Worldwide 25%

Groupwide priority issues

1. Utilize Photo Imaging's resources

- Camera development technologies will be transferred to:
Optics → Lens-related development
Business Technologies → Controller-related development
- Photo development technologies will be transferred to:
Development of high-functional chemical materials and sophisticated thin film
- Production facilities:
Shanghai site will be converted to a production base for high precision optical units.

2. Product development process reengineering

- Shorten product development period
- Strengthen production technologies and develop more efficient procurement systems and SCM

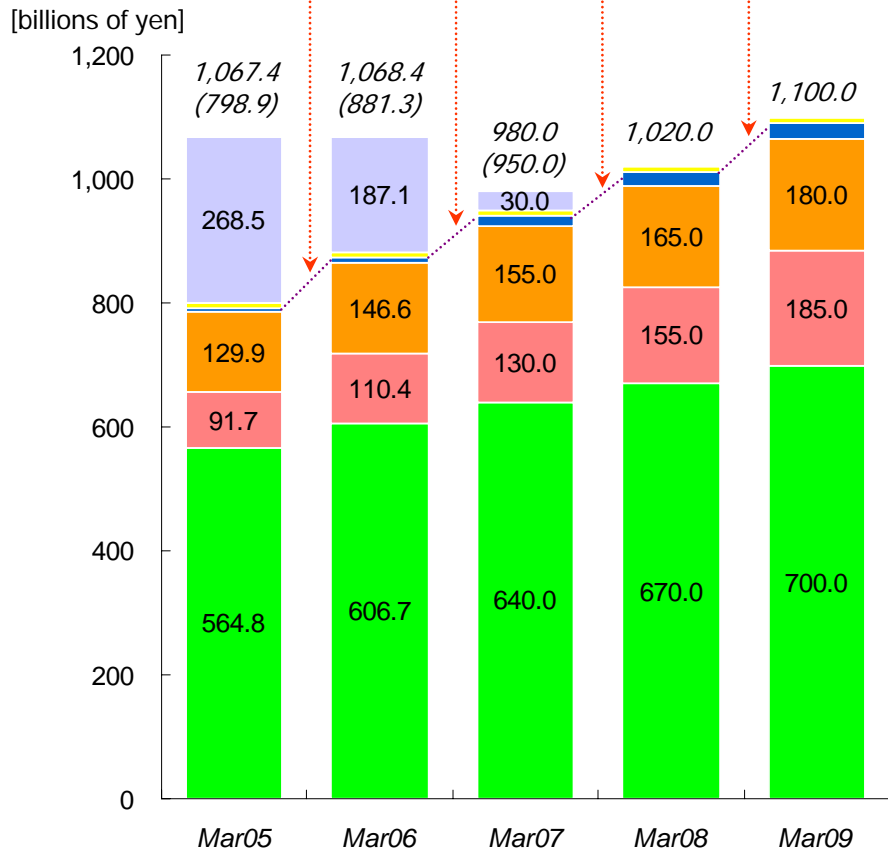
3. Strengthen solution business

- Promote the global-scale development of software
- Strengthen solution business and organize cooperative marketing structure
- Develop new businesses in the field of solution services

Group performance targets

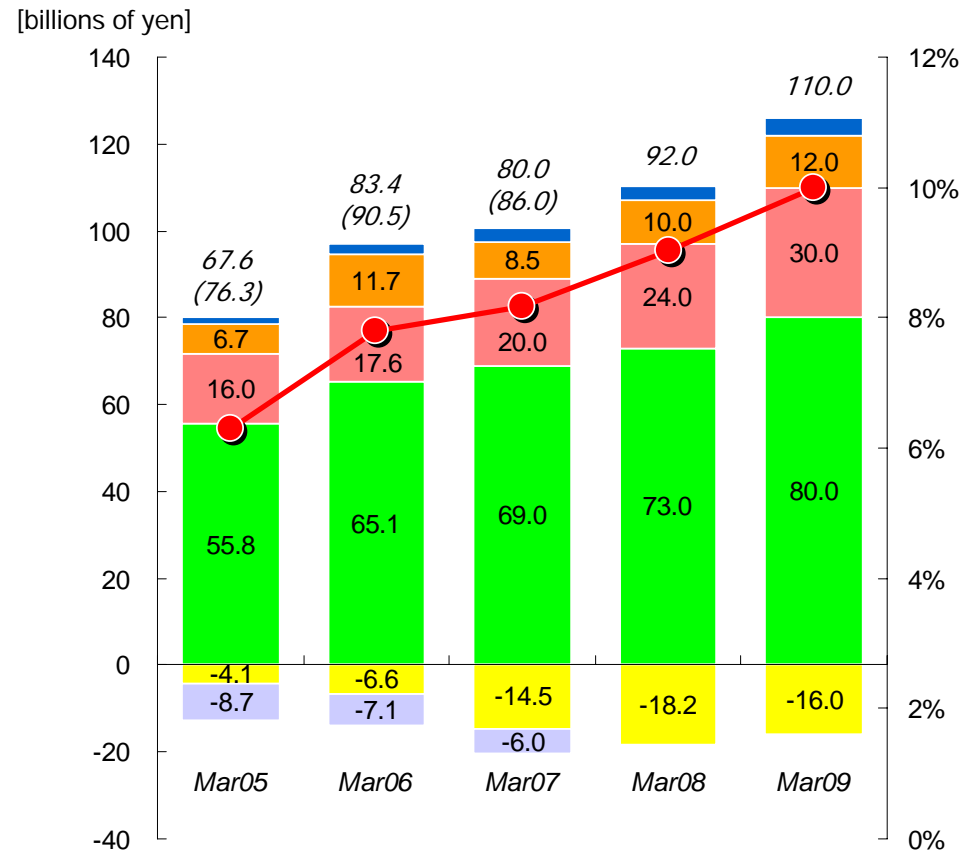
Net sales

Y-O-Y growth rate excluding Photo Imaging
 +10.3% +7.8% +7.4% +7.8%



Operating income

Operating income ratio
 6.3% 7.8% 8.2% 9.0% 10%



■ Business Technologies
 ■ Optics
 ■ Medical & Graphic
 ■ Other businesses
 ■ Photo Imaging
 ■ HD, other

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Note: Amounts in parentheses are net sales excluding Photo Imaging

[Reference] Performance targets by segment

		Mar06 Actual	Mar07	Mar08	Mar09
Business Technologies	Net sales	606.7	640.0	670.0	700.0
	Op. income	65.1	69.0	73.0	80.0
Optics	Net sales	110.4	130.0	155.0	185.0
	Op. income	17.6	20.0	24.0	30.0
Medical & Graphic	Net sales	146.6	155.0	165.0	180.0
	Op. income	11.7	8.5	10.0	12.0
Other businesses	Net sales	10.2	17.0	22.0	26.0
	Op. income	2.7	3.0	3.2	4.0
Sub total	Net sales	873.9	942.0	1,012.0	1,091.0
	Op. income	97.1	100.5	110.2	126.0
Photo Imaging	Net sales	187.1	30.0	0.0	0.0
	Op. income	-7.1	-6.0	0.0	0.0
HD, other, eliminations	Net sales	7.4	8.0	8.0	9.0
	Op. income	-6.6	-14.5	-18.2	-16.0
Group total	Net sales	1,068.4	980.0	1,020.0	1,100.0
	Op. income	83.4	80.0	92.0	110.0

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