

Medical and Graphic Imaging Key Strategies

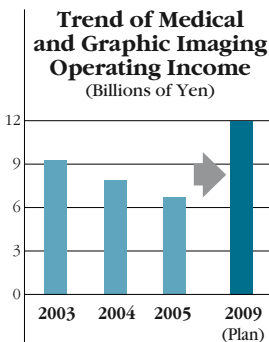
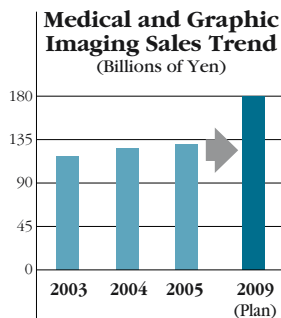
- 1. Medical Imaging
 - 1) Strengthen dry/wet film business
→ Maximize free cash flow
 - 2) Expand hardware business
- 2. Graphic Imaging
 - 1) Strengthen solutions business (eg. Color proofing)
 - 2) Re-entry into plate business

Business Targets (Billions of Yen)

	March 2005 (Actual)	March 2009 (Projected)
Net Sales	¥129.9	¥180.0
Operating Income	6.7	12.0



Kiyofumi Tanida
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REVIEW OF FISCAL 2004

In fiscal 2004, ended March 2005, the shift to on-site digital and networked equipment at diagnostic and medical sites accelerated, particularly among large hospitals in Japan and overseas. Because Konica Minolta’s medical imaging products meet such digital and networking needs, the medical imaging business saw strong sales growth centering on the digital X-ray film reader series and the recorded image output series, in addition to the dry film used in this equipment.

In January 2005, Konica Minolta announced the PCM System, the world’s first phase contrast-based digital X-ray mammography system, which is based on the Company’s proprietary phase contrast mammography technology. The new system provides a high level of performance and clear image quality and consists of four devices: a Mermaid X-ray mammography system, an image reader, an image processing console, and an image output system. The system is expected to play a key role in the early detection of breast cancer, which is on the rise due to changes in diet and lifestyles.

Sales in the graphic imaging business were lower due to shrinking demand for the segment’s mainline film products in Japan and overseas. As part of its efforts to restructure the business, the Group focused on sales of digital equipment, specialty color proofing paper and laser proofing systems.

Given the growing need for small lot production print runs, the Group is leveraging its sophisticated color matching technologies to offer integrated low cost, high productivity systems that can handle each proofing stage, from color proofing to actual production of the document.

As a result of the above, consolidated sales for the Medical and Graphic Imaging business were ¥129.9 billion, while operating income was ¥6.7 billion.