

Konica Minolta deployed *FORWARD 08*, a three-year medium-term business plan started in April 2006 to maximize new added value in its businesses and optimize its corporate value.

Basic Policies

- (1) Promote growth by leveraging collective Group resources
- (2) Build a new corporate image
- (3) Promote world-class CSR management

FORWARD 08 Achievements in the Fiscal Year Ended March 2008

In the fiscal year ended March 2008, the second year of this initiative, our Business Technologies and Optics businesses achieved excellent performance on the strength of strategic investments and business efforts. Consolidated operating income was ¥119.6 billion, comfortably exceeding the targets of ¥110.0 billion that we originally set for the fiscal year ending March 2009, the last year of the plan.

We overhauled *FORWARD 08* in April 2007 to ensure that we could reach our objectives and accelerate ongoing expansion. We set short-, medium-, and long-term priorities for each business area and swiftly executed action plans.

In Business Technologies business, where we are making groupwide efforts under our genre-top

strategy, we strengthened competitiveness by launching five new color MFPs for general office use and one production printing model during the term. We acquired leading German and U.S. MFP dealers in September and November 2007, respectively, to bolster our genre-top strategy. In April 2008, we entered into a strategic partnership with Océ N.V., a leader in the European production printing market, to solidify our regional foundations. In June 2008, we completed the acquisition of Danka Office Imaging Company (DOIC) in the United States to enhance sales and market share as part of efforts to accelerate our ongoing expansion.

In Optics business, we began operating a fifth TAC film plant in Kobe, Japan in November 2007 to take advantage of rising LCD demand, which helped us to increase our market share for TAC film with viewing angle expansion function and other high-performance products for VA mode LCDs. Sales have been solid for high-end products, including optical pickup lenses for next-generation DVDs. We have won accolades for our glass hard disk substrates that have particular compatibility with perpendicular magnetic recording systems, to which the market is shifting, and are

expanding sales in this field. Responding to such rising demand, we augmented production capacity by building a plant in Malaysia in February 2008. We consolidated optical technology development at our Osakasayama site in Osaka in April 2008 to promote effective development systems.

In the Medical and Graphic Imaging business, we are cultivating compact and easy-to-operate computed radiography and peripheral systems and solutions that promote digitally based medical care at clinics.

Future *FORWARD 08* Endeavors

Our next essential growth step will be derived from our Business Technologies and Optics business base and technological foundations, so that we can expand into peripheral fields.

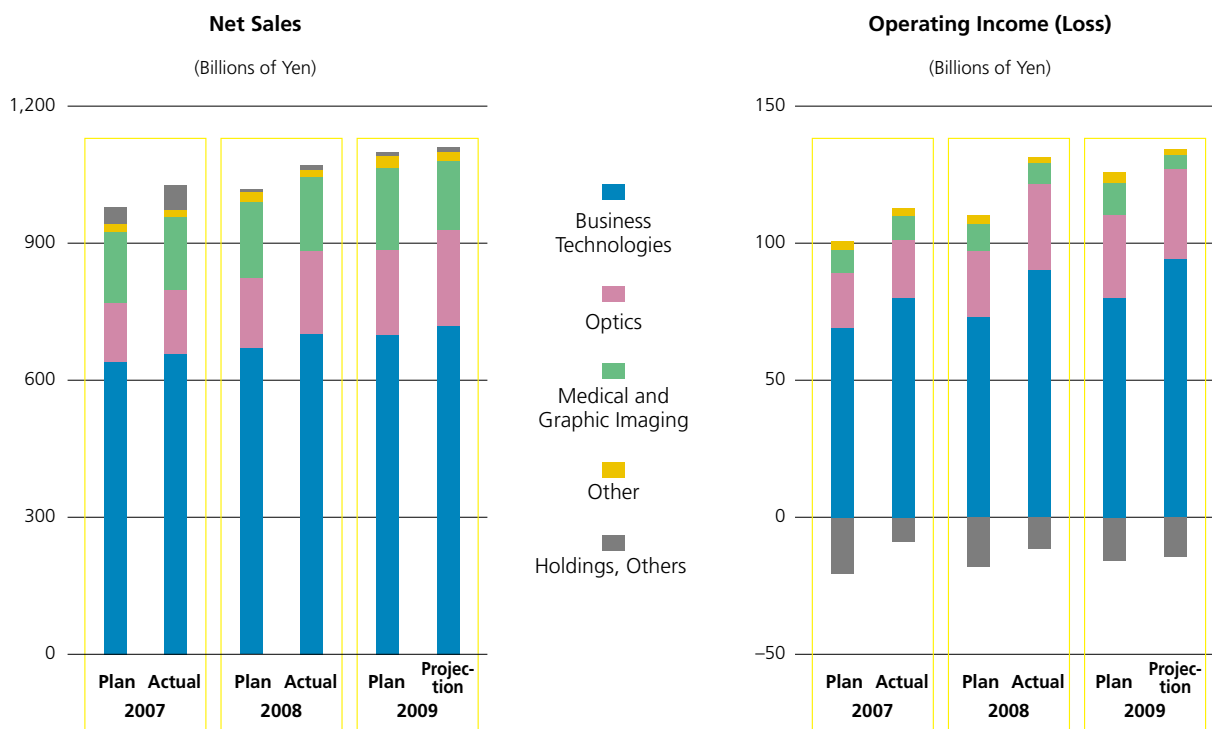
Specific efforts in Business Technologies business will be to offer advanced services beyond equipment sales solutions. In Optics business, we will optimize production capacity in TAC films, glass hard disk substrates, and next-generation optical pickup lenses in a timely manner. We will strengthen our digital X-ray image input/output systems in the Medical and Graphic Imaging business.

In terms of initiatives in new fields of business, we plan to enter the promising lighting business in 2010, drawing on our organic electroluminescence (EL) technologies and a partnership with the General Electric Company. We also foster new earnings sources, notably by using atmospheric pressure glow plasma technologies to enhance our film coating capabilities and by applying Super Inkjet technology to industrial products.

Strengthening Financials to Support *FORWARD 08* Growth Strategies

Free cash flow for the fiscal year ended March 2008 was ¥46.2 billion, up ¥35.9 billion compared to the previous fiscal year, on the strength of record earnings. We continued to lower interest-bearing debt, which was ¥226.0 billion at year-end, down ¥3.3 billion compared to the previous fiscal year. The equity ratio was 43.0% at the close of the term.

Capital investment will remain essential to strengthening our development, manufacturing, and marketing capabilities, so that we can pursue sustainable growth. We will further enhance our financial position to help fund these efforts.



Performance Targets by Business Segment

(Fiscal Years Ended/Ending March)

(Billions of Yen)

		2007		2008		2009	
		Plan	Actual	Plan	Actual	Plan	Projection
Business Technologies	Net sales	¥640.0	¥ 658.7	¥ 670.0	¥ 701.0	¥ 700.0	¥ 720.0
	Operating income	69.0	80.0	73.0	90.1	80.0	94.0
Optics	Net sales	130.0	139.0	155.0	182.3	185.0	210.0
	Operating income	20.0	21.0	24.0	31.3	30.0	33.0
Medical and Graphic Imaging	Net sales	155.0	158.7	165.0	161.1	180.0	150.0
	Operating income	8.5	8.9	10.0	7.8	12.0	5.0
Other	Net sales	17.0	16.0	22.0	16.8	26.0	20.0
	Operating income	3.0	2.9	3.2	2.1	4.0	2.5
Segment Total							
		Net sales	942.0	972.3	1,012.0	1,061.2	1,091.0
		Operating income	100.5	112.8	110.2	131.2	126.0
Holdings, Others, Eliminations and Corporate	Net sales	38.0	55.3	8.0	10.4	9.0	10.0
	Operating income (loss)	(20.5)	(8.8)	(18.2)	(11.6)	(16.0)	(14.5)
Group Total							
		Net sales	980.0	1,027.6	1,020.0	1,071.6	1,100.0
		Operating income	80.0	104.0	92.0	119.6	120.0

Notes: 1. Other includes Sensing and Industrial Inkjet businesses.

2. Holdings, Others, Eliminations and Corporate in 2007 includes Photo Imaging business.