

Konica Minolta's

# Competitive Advantages ▶▶

Konica Minolta has built its superior competitiveness around three prime advantages. The first is management capability in effectively utilizing management resources based on the selection and concentration policy. The second is its ability to forecast trends in cutting-edge technologies, cultivating them and innovating. The third is its skill in focusing on market needs to develop and commercialize its products.



Technological  
**Strength**

Management  
**Capability**

Marketing  
**Power**



▶ **Management Capability** Konica Minolta focuses relentlessly on selection and concentration to profitably allocate management resources rationally and swiftly. Group management and the respective operating companies form a compact and nimble management team that allows for faster decision making. Under its aggressive genre-top strategy, it has built top-class market shares in many products, including color multi-functional peripherals (MFPs) in Europe and the United States, retardation film (VA-TAC film) for large-size LCD televisions, and optical pickup lenses.

▶ ▶ ▶ Management **Capability** ▶ ▶

**2003**

**Synergies**

**K**onica and Minolta decided to combine their strengths and create synergies to take advantage of advances in digital networking and diversifying customer requirements. Management has built new value through the merger by bringing together and refining core competencies while bolstering competitiveness and profitability to maximize corporate value.

**2006**

**Selection and Concentration**

**K**onica Minolta practices management selection and concentration as it seeks to respond with alacrity to changes in the market environment. For example, we made the decision to discontinue our camera and photography business, and concluded all business activities at the end of September 2007. We decided to withdraw from this business, as the silver-halide photography market was rapidly losing ground in the face of ongoing digitization. Similarly, we discontinued production involving graphic arts film products as of the end of March 2009, as digitization was causing profitability in this area to fall. By focusing our management resources on growth fields, we will become more competitive and further enhance our corporate value.

**2007**

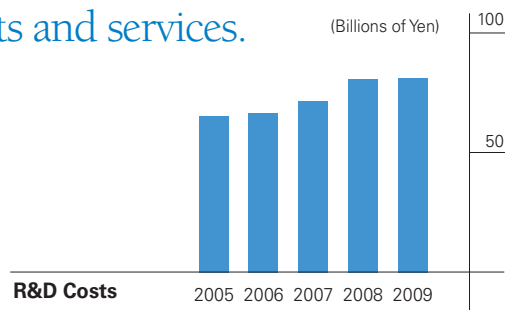
**Alliance and M&A**

**A**iming for growth with a sense of speed and driven by our genre-top strategy, we aim to strengthen our business with an effective business alliance and M&A strategy. Konica Minolta formed a business alliance with Océ N.V. (Océ), which has unique and innovative technologies in the production printing field. We also acquired leading dealers in the North American region like Danka Office Imaging Company (DOIC), which offers an extensive region-wide MFP sales and support network. Further, in March 2007, we formed a strategic alliance with General Electric Company (GE) of the United States in organic electroluminescence diode (OLED) lighting, which has great promise in the environment and energy field.

**2008**

*Corporate Value*

▶ **Technological Strength** Core technologies support the Group's growth by enabling it to create highly competitive and attractive products. We constantly monitor trends in advanced technologies, identifying core areas, cultivating our capabilities, and innovating. We maintain 12 core technologies covering the materials, optical, nano-fabrication, and imaging fields. Our strength and advantage is our ability to utilize these broadly based technologies — both individually and as integrated systems — to develop competitive products and services.



# ▶▶▶ *Technological* **Strength** ▶▶

## Materials Technologies

**W**e have applied our materials synthesis and design, fine grain-forming, and film-making and coating technologies to create polymerized toner that underpins the competitiveness of our color production printing MFPs, organic electroluminescent materials, and functional display films. These technologies have helped us improve image quality, durability, sensitivity, and productivity.

## Optical Technologies

**O**ur optical design and measuring technologies find applications in optical units for MFPs, printers, and other input-output equipment, in optical zoom lenses for cameras, and in three-dimensional measuring instruments and spectrophotometers. These technologies enable us to design compact, highly precise optical and measuring units.

## Nano-Fabrication Technologies

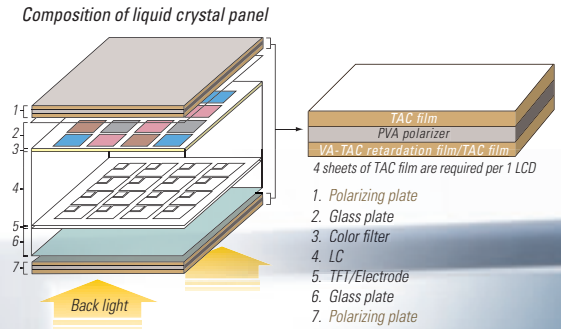
**W**e use our molding and surface processing technologies to make plastic and glass lenses, treat the surfaces of hard disk glass substrates, make optical lenses that are compatible with CD, DVD, and Blu-ray formats, and produce ultra-smooth glass substrates for high-precision hard disks.

## Imaging Technologies

**W**e draw on our image processing, mechanical processing, feeding, and precise-driving technologies to improve the image quality and usability and to accelerate processing of equipment and systems in the information, medical, industrial, and sensing fields. Our imaging technologies in MFPs have enabled us to slash power consumption in fixing processes.



► **Marketing Power** Our genre-top strategy calls for establishing a position as the top brand in selected markets and business domains. Our success has stemmed from analyzing market growth potential, customer requirements, and our competitive position. Focusing on market needs has enabled us to deliver genre-leading products and strengthen our industry position.



*VA-TAC films used in large-size LCD televisions*

► ► ► Marketing **Power**

● **Genre-Top Strategy**

**W**e pursue a genre-top strategy, in which we carefully and rationally determine areas of growth through a process of selection and concentration and then focus our management resources on fields in which we can predominate.

We have achieved a genre-top status in the area of color MFPs by concentrating management resources on the European and U.S. markets, which are leading the drive toward color. Also in production printing, which is heralded as a growth market, we adopted the market-in approach of commercializing products in response to customers' needs. Through this method and by taking advantage of our strength in industry-leading polymerized toner, we have earned a top position in the light production market.

In the optics business, our strengths lie in the advanced technical and manufacturing expertise that enables us to produce leading-edge products to customer specifications. By operating at the cutting edge of a market that is expected to grow, we have garnered an overwhelming lead in optical pickup lenses for Blu-ray format. In addition, numerous manufacturers use our VA-TAC films in the production of large-size LCD televisions.

*Production printing MFP*



# Profile

Konica Minolta Holdings, Inc. was established in August 2003 through the management integration between Konica Corporation and Minolta Co., Ltd., creating an essential imaging company. The Konica Minolta Group is pursuing environmental management-focused growth by utilizing collective Group resources to introduce customer-oriented products and services through leveraging of unique cutting-edge technologies. The Group has annual sales of nearly ¥950 billion, conducts business operations in approximately 40 nations worldwide and has about 37,000 employees. 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 to provide inspired creativity in the field of imaging by becoming an innovative, technologically sophisticated, reliable and market-leading global company that is able to enhance corporate value and respond to the expectations of its stakeholders through corporate creativity.

## Consolidated Financial Highlights

Fiscal years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
For the Year:			
Net sales	¥947,843	¥1,071,568	\$9,649,221
Operating income	56,260	119,606	572,737
Net income	15,179	68,829	154,525
Capital expenditure	61,164	75,295	622,661
R&D costs	81,904	81,370	833,798

	Yen		U.S. dollars (Note 1)
	2009	2008	2009
At Year-End:			
Total assets	¥918,058	¥970,538	\$9,346,004
Total net assets	414,284	418,310	4,217,490

	Yen		U.S. dollars (Note 1)
	2009	2008	2009
Per Share of Common Stock:			
Net income—basic	¥ 28.62	¥129.71	\$0.29
Net assets	779.53	786.20	7.94
Cash dividends	20	15	0.20

	Percent	
	2009	2008
Financial Ratios (Note 2):		
Equity ratio	45.0%	43.0%
Return on assets	6.2	12.7
Return on equity	3.7	17.5

Notes: 1. U.S. dollar amounts above and elsewhere in this report for the Company are translated from yen, for convenience only, at the rate of ¥98.23=US\$1, the approximate exchange rate prevailing at March 31, 2009.

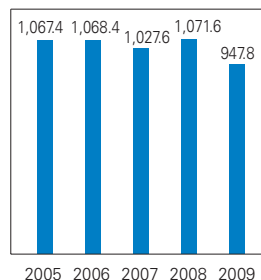
2. Equity ratio = (Total net assets – minority interests – share subscription rights) ÷ total assets × 100 (%)

Return on assets = (Operating income + interest and dividend income) ÷ average total assets × 100 (%)

Return on equity = Net income ÷ average (total net assets – minority interests – share subscription rights) × 100 (%)

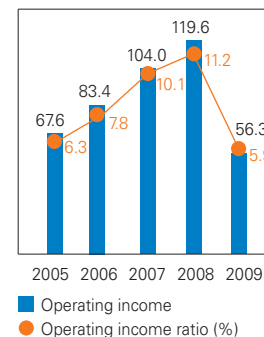
### Net Sales

(Billions of Yen)



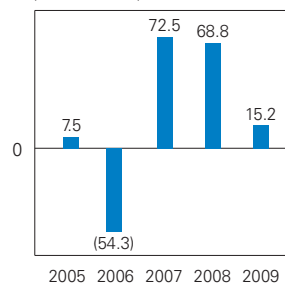
### Operating Income and Operating Income Ratio

(Billions of Yen)



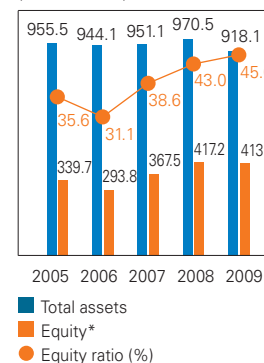
### Net Income (Loss)

(Billions of Yen)



### Total Assets, Equity and Equity Ratio

(Billions of Yen)



\* Equity = Total net assets – minority interests – share subscription rights

## 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.