

MANAGEMENT POLICY <09-10>

April 2009 ▶

March 2011

Konica Minolta formulated *MANAGEMENT POLICY <09-10>* as part of efforts to drive strong ongoing growth and become essential for world society. This new plan runs from April 2009 through March 2011.

As an organization with CSR-oriented management, we will transform our corporate constitution while pursuing business innovation and evolving our business model. Our aim is to become an organization that can sustain strong growth and expand corporate value by strengthening existing businesses over the next two years, then shifting our focus to broadening and deepening these businesses within around three years, and then cultivating new businesses over a five- to ten-year period.



2009

2010

2011

2012

2014~2016

Achieve strong growth

▶ **Develop new businesses**
Environment and energy, health and security, and safety

▶ **Expand existing businesses** *Emphasis on production printing, optical devices*

▶ **Strengthen existing businesses** *Focus further on genre-top strategy*

Emergency cost-cutting

Execute structural reforms

Pursue business innovation / Business model innovation

Reform the Corporate Culture: "simply BOLD"

CSR-oriented organization / Environmental management

Execute Structural Reforms: Survival and Innovation

We intend to build a strong corporate structure that consistently produces earnings regardless of sales growth while at the same time carrying out business model innovation to enhance competitiveness and pursuing growth-oriented policies that highlight our strengths in the environmental field.

Survival

Select and concentrate while streamlining

Reduce fixed costs

Cut at least ¥30 billion from FY March 2009 levels

- Reduce fixed production and selling costs while prioritizing R&D expenditures

Produce free cash flow

Generate at least ¥30 billion in FY March 2010

- Reduce inventories and improve terms of accounts receivable and payable and lower capital spending

Assess existing businesses

Review unprofitable businesses and shift resources to key businesses

- In printer business, focus on MFP-based A4 color models
- In lens unit business, concentrate on standard modules
- In graphic art film business, cease film production and sales

Growth

Innovation

Innovative concepts and action

Revitalize business processes

Enhance business process productivity

- Strengthen strategically linked management systems
- Thoroughly review business processes and increase quality
- Efficiently use sophisticated information technology

Carry out business model innovation

Strengthen customer-oriented marketing and create new business models

- Provide products and services from the consumer perspective
- Build new earnings models for services
- Develop modules that define industry standards

Strengthen environmental management

Make the environment a driver of competitiveness and growth

- In MFPs and printers, offer industry-leading energy savings
- Cultivate new businesses in environment and energy fields
- Become the industry's environmental leader in all operations

Achieve Strong Growth

We will attain strong, sustainable growth by implementing strategies in three phases.

In the first phase, we will focus further on our genre-top strategy to solidify our market dominance. In the second phase, we will draw on our strong core technologies to broaden and deepen these businesses to create innovative customer value. In the third phase, we will extend into growth markets that serve social needs, cultivating new businesses that support sustainable expansion.

Strengthen existing businesses | *Phase 1: Focus further on genre-top strategy*

Business Technologies

Maintain top group positions in European and U.S. markets

- In office MFPs, solidify genre-top position in color models
- In production printing, enter medium- and heavy-duty areas and commercial printing field

Optics

Solidify an overwhelming position in the market and strengthen cost-competitiveness

- In TAC films, maintain positions in existing areas and create next-generation offerings
- In optical pickup lenses, reinforce cost-competitiveness and maintain market dominance

Expand existing businesses | *Phase 2: Create innovative customer value*

Production printing

Expand into medium- and heavy-duty segments and commercial printing field

- Draw on the advantage of industry-leading polymerized toner and our unique product planning know-how to establish genre-top positions in digital color printing

Optical devices

Expand into new areas other than information appliances

- Integrate core optics, image processing, sensing, and other technologies and broaden applications other than information appliance areas

Develop new businesses | *Phase 3: Cultivate new businesses that can become growth drivers and contribute to society*

Environment and energy

Target top position in next-generation lighting with OLED lighting

- Push ahead in alliance with GE to commercialize new offerings in FY March 2011

Health, security, and safety

Provide new value in diagnostics and industrial processes

- Create systems and module businesses that apply our proprietary optical sensing technologies

Important considerations when evaluating new businesses

▶ Growth potential

We ask ourselves whether the business is in an industry that has growth potential. To become a pillar that supports the growth of Konica Minolta's business, the market itself must be expanding.

▶ Overlaps with Konica Minolta's strengths

We determine whether the business overlaps with Konica Minolta's strengths. Businesses in which we can take advantage of our strengths correspond to areas where we can be highly competitive.

▶ Contributes to society

We consider whether the business contributes to society and the advancement of the human race. We believe that this point is essential to being a company that society needs.

Reform the Corporate Culture

We aim to build a corporate culture in which we trigger a paradigm shift, a culture that enables us to overcome dramatic swings in the business climate and drive strong ongoing growth.

We will cultivate self-motivated people worldwide who embrace new challenges, overhauling our human resources systems and organizations and revamping management.

"simply BOLD"

Pursue courageous and daring ideas

We will share this slogan among all Group employees, who will put it into action to create a new corporate culture that can drive paradigm shifts.

simply
BOLD