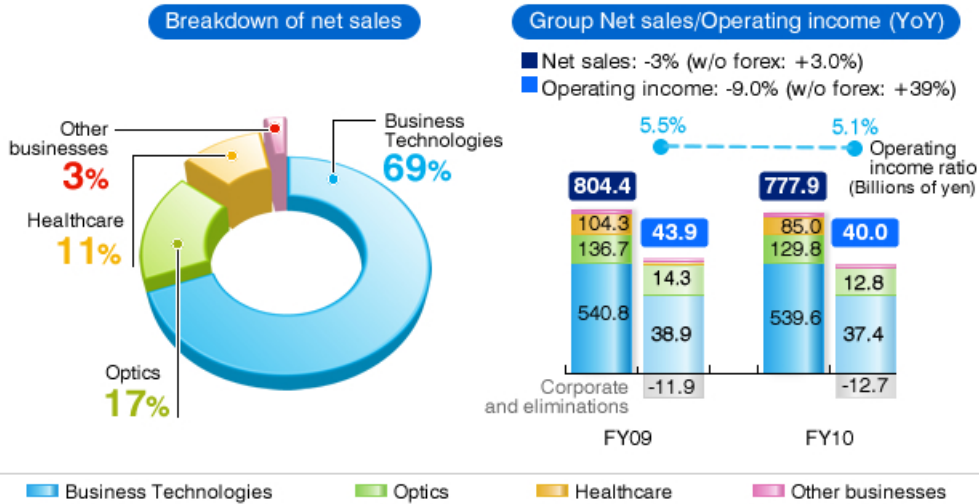


## Business Overview

### Group Performance in FY March 2011



### Business Technologies



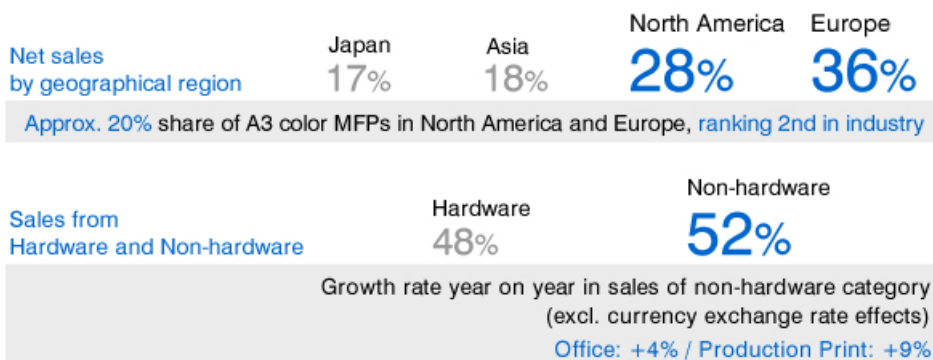
### Review of Operations

This business company consists of the mainstay office field and the growth field of production print.

**Office field:** KONICA MINOLTA BUSINESS TECHNOLOGIES, INC is engaged in the worldwide manufacture and sale of office equipment centered on A3 MFPs (multi-functional peripherals) and A4 MFPs based on laser printers, as well as equipment maintenance services.

**Production print field:** In addition to the existing "business convenience store" business field, offering services related to intensive in-house printing, copying and data printouts, the Company is involved in manufacture and sales of equipment for production print systems and graphic arts, and solution services in the field of digital commercial printing. Substantial market growth is projected in commercial printing going forward, driven by small lot printing of multiple items.

#### ■ Sales Breakdown by Geographical Region and Percentage of Sales from Non-hardware



\*Based on FY March 2011 results

## Optics



### Review of Operations

This business company consists of businesses in the fields of display materials, memory devices and image input/output components.

**Display materials field:** The KONICA MINOLTA OPTO. INC. develops TAC film for LCD polarizers and VA-TAC film for increasing viewing angle, which are widely used as monitors for the televisions, PCs and mobile phones.

**Memory devices field:** The Company has businesses in pickup lenses for optical disks, particularly objective lenses used in DVD and Blu-ray Disc™ drives for AV equipment and PCs, in addition to glass substrates for HDDs used mainly in 2.5-inch hard disks for notebook PCs.

**Image input/output components field:** Operations involve the development of lens units for digital cameras, digital video cameras, and mobile phones with inbuilt cameras.

#### ■ Market Position of Major Products

Display materials field	VA-TAC films <b>Top share</b>	Plain TAC films for LCD polarizers <b>Ranked 2nd in industry</b>
Pickup lenses for optical disks	<b>Near complete dominance in BD / recordable DVD market</b>	
Glass substrates for HDDs	<b>Ranked 2nd in industry</b>	

\*Estimated by Konica minolta

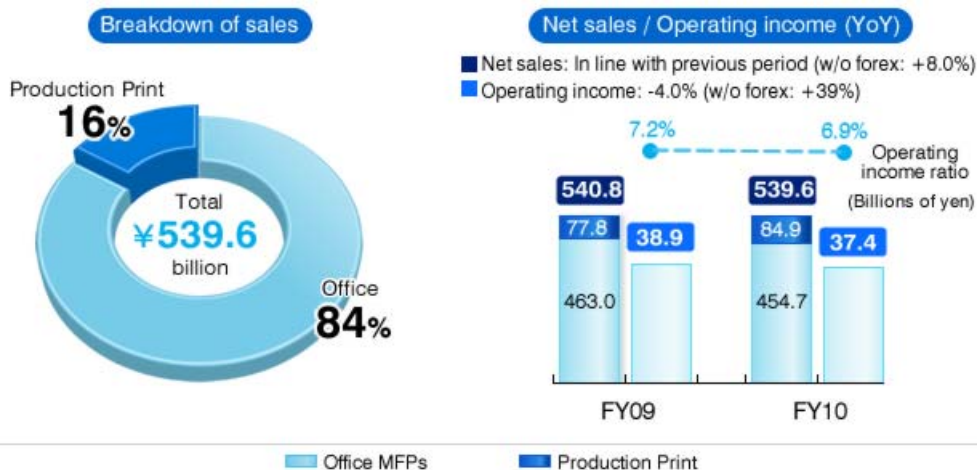
## Healthcare



### Review of Operations

In the healthcare field, where digitization is gaining momentum, Konica Minolta MEDICAL & GRAPHIC, INC. is promoting manufacture, sales, maintenance and service businesses for diagnostic imaging systems, centered on high-resolution digital X-ray diagnostic image readers that take advantage of cutting-edge image processing technology.

## Business Technologies Business



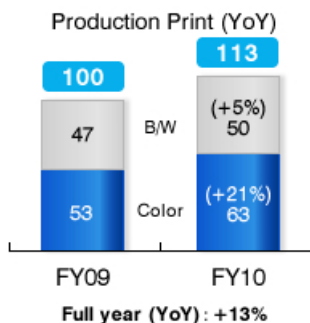
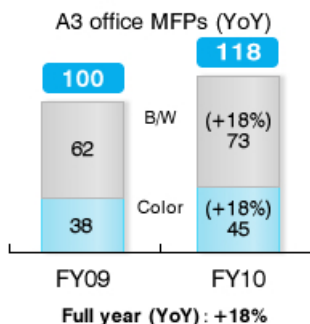
### Overview of Results for FY March 2011

In the office field, demand for MFPs for offices gradually continued to recover in the Japanese market and major overseas markets. Sales of the color MFPs and monochrome MFPs of the bizhub series, which focused on facilitating customers' efforts to reduce TCO (total cost of ownership; denoting total costs for implementation, use, and maintenance of MFPs), were solid in the US market and major markets in Europe. As a result, sales volumes for the fiscal year under review rose from the previous year. The bizhub 184/164 series, which was launched as monochrome MFPs for emerging markets only, contributed to the expansion of market share, especially in the Chinese market.

In the production print field, we launched three new color products, bizhub PRESS C8000/C7000/C6000, in addition to the existing bizhub PRO series, and started to develop the digital commercial printing field in earnest. With many inquiries for those new products in the US and European markets, sales volumes of color and monochrome products rose from a year ago. Overall, in our Business Technologies Business we sought to boost sales of new products having enhanced market competitiveness in the office and production print fields in line with our "Genre-top" strategy. We also started to provide OPS (Optimized Print Services) on a global scale, in response to increasing market needs. At the same time, to strengthen our IT services capability, we established an alliance with Getronics N.V. (Netherlands) in Europe in November 2010, and we acquired All Covered Inc. of the United States in December 2010. As a result, sales in the Business Technologies Business were ¥539.6 billion, on par with the previous fiscal year. Operating income came to ¥37.4 billion, down 3.9% year on year. Excluding the adverse effects of exchange rates of ¥45.9 billion on sales and ¥16.7 billion on income, net sales and operating income rose 8.3% and 39.0%, respectively.

### Sales volumes of main products

Base index: FY09 = 100



### Strategy Going Forward Under "G PLAN 2013"

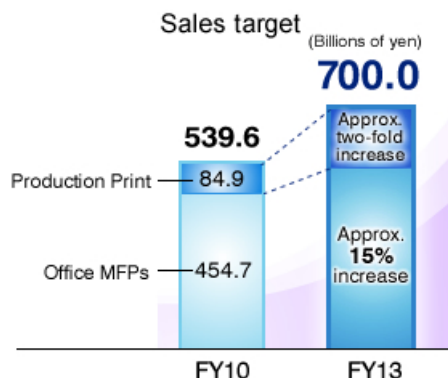
Under G PLAN 2013, we are targeting sales for the Business Technologies Business of ¥700.0 billion for FY March 2014, the final year of the plan. To reach this target we will continue to launch strong products in the office and production print fields over the next three years, with the goal of further increasing our competitive strength. Our focus for driving growth in this business will be on the three fields of production print, emerging markets, and services centered on OPS.

In production print we will continue to expand our business domain from our area of strength in light production to cover medium and heavy commercial printing also. We will actively seek to form strategic alliances to achieve this. Moreover, we will concentrate on our customer-oriented approach of acquiring a solid understanding of our customers' needs by industry type and business categories. In this way, we plan to achieve the top position in the market for color print volume.

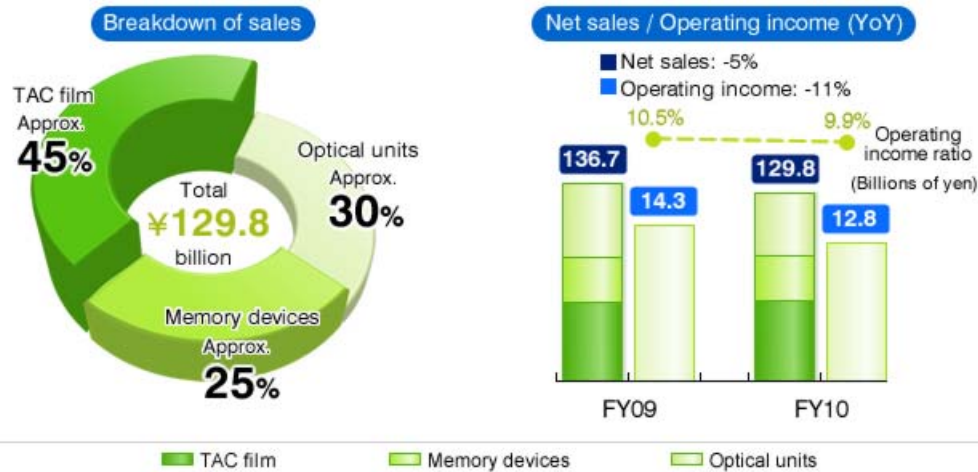
In emerging markets, we will continue to strengthen our position in the Chinese market for office MFPs, where we have built a strong business foundation. At the same time, we will expand our sales in other regions of Asia, including India, Indonesia, and Thailand. To achieve this we plan to accelerate our efforts to establish subsidiaries and to develop a sales network based on them.

In the OPS business, we will strengthen our service capabilities and enhance our global lineup of service offerings. To achieve this, we will actively seek to promote M&A activities targeting IT services companies. We also have concluded multi-year global agreements with several global major accounts and received GMA projects. We will continue to add more as a means of reinforcing our ability to provide services.

By following through on these key policies, we aim to achieve average annual sales growth for this business of 9% in real terms over the three years covered by G PLAN 2013. Our A3 color MFPs, which underpin our growth, seem well placed to maintain average annual growth in unit sales of 15%, and provide stable revenue. We also plan on our growth driver, color production print products, achieving average annual growth of 25% over the three-year period.



## Optics Business



### Overview of Results for FY March 2011

In the display materials field, we saw liquid crystal display panel production start to recover in October 2010 after production adjustments by manufacturers that began in the summer of 2010. With the development of new VA-TAC films for increasing viewing angle and the start of shipments of TAC films for IPS panels in the second half of the fiscal year, we saw solid sales of products that represent the Company's strengths. Overall sales volumes of TAC films rose from a year ago.

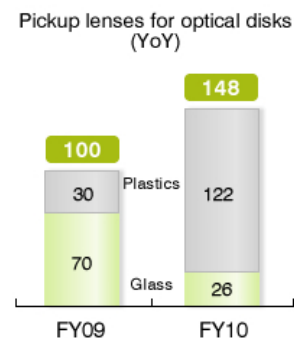
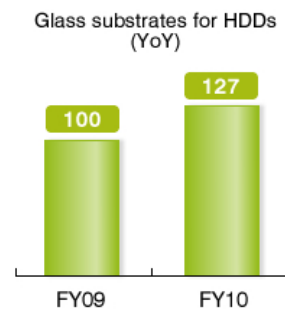
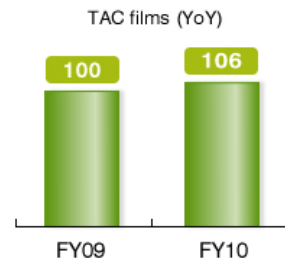
In the memory devices field, sales volumes of pickup lenses for optical disks increased year on year, led by pickup lenses for Blu-ray Discs™. Sales volumes of glass substrates for HDDs also rose, led by high-density recording products, including 320GB. However, the growth was not as strong as originally anticipated, given the effects of prolonged production adjustments in the personal computer and digital home appliances industries since last summer.

In the image input/output components field, sales volumes of lens units for digital cameras and video cameras rose year on year, but volumes for mobile phones with cameras fell sharply, partly as a result of weak sales of models equipped with the Company's products.

Of our mainstay products in this Business, sales volumes of plain TAC films and VA-TAC films rose steadily as production adjustments by customers ended relatively early and we worked to expand sales. Sales volumes of glass substrates for HDDs were also solid. However, sales volumes of pickup lenses for optical disks were sluggish overall, reflecting prolonged production adjustments by customers. Sales of lens units and related items were also weak. As a result, sales of the Optics Business stood at ¥129.8 billion, down 5.1% year on year, and operating income was ¥12.8 billion, declining 11.0%.

### Sales volumes of main products

Base index: FY09 = 100



**Strategy Going Forward Under “G PLAN 2013”**

In the Optics Business we have continued to position the TAC film business as our main revenue base for the next three years. For other business units we will firmly grasp growth opportunities, with a view to establishing secondary and tertiary pillars of revenue. Our quantitative targets for this Business are for sales of ¥200 billion by FY March 2014.

In terms of growth drivers, we will focus on thinner TAC films, growth areas in optical units, and new fields.

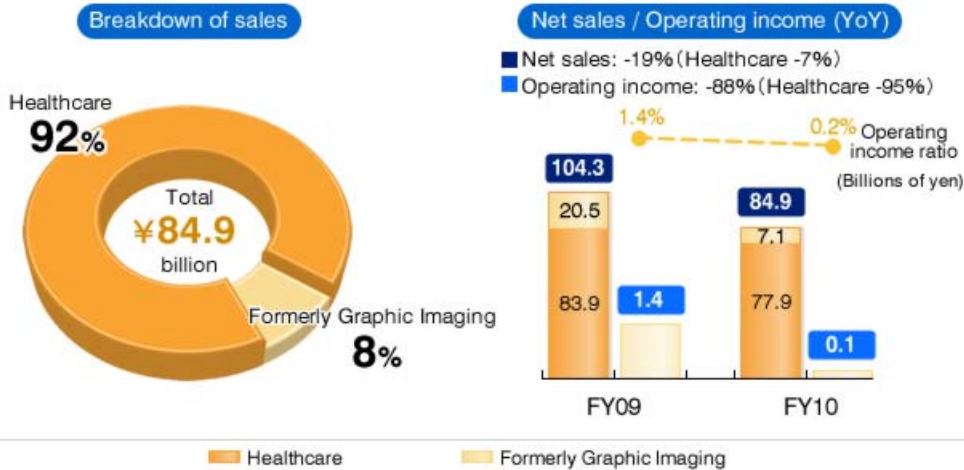
In TAC films, we will launch new VA-TAC products that adapt to new technologies such as LED backlights, 3D, and other advances in large-screen LCD televisions, taking advantage of our strength in thin and extra-wide films. We also intend to develop new customers by launching products for IPS panels, and to expand our customer base by meeting prices in the Chinese market.

In the optical unit field, over the next three years we plan to expand our business scale in growth areas, namely lens units for smartphones and digital cinemas, and interchangeable lenses for digital single-lens reflex cameras.

In new fields, we will accelerate the commercialization of LED lighting components so that these can contribute to earnings. In three years time, we aim to raise their share of sales to around 10% of the total for the Optics Business.



Healthcare Business

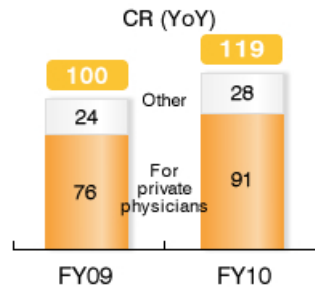


Overview of Results for FY March 2011

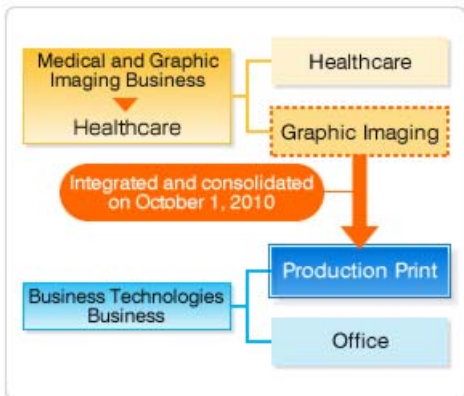
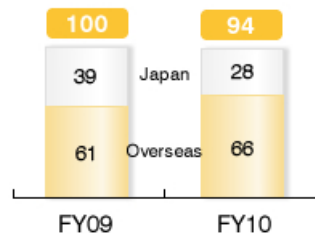
In the Healthcare Business, we continued our efforts to boost sales of Computed Radiography (CR) and Digital Radiography (DR), including REGIUS MODEL 110/210, diagnostic workstations, and network devices. We also worked to boost sales in our service solution business. As a result, unit sales of digital input equipment in the REGIUS series increased from the previous fiscal year in both Japan and overseas markets. On the other hand, sales of film products continued to decline due to a continued increase in use of filmless equipment. FY March 2011 was between seasons for new products, and earnings were influenced by falling prices of existing products and amounts for upfront costs, including development costs, as well as the effects of the appreciation of the yen. As a consequence, net sales in the Healthcare Business declined 18.6% year on year, to ¥84.9 billion, and operating income stood at ¥0.1 billion, down 88.3% year on year.

Sales volumes of main products

Index takes FY09 sales as 100



Dry Film (YoY)



**Strategy Going Forward Under “G PLAN 2013”**

For the past several years, we have not launched any new digital X-ray diagnostic imaging systems, and with sales of X-ray film declining, mainly in Japan, the Company has been struggling somewhat. Growth in this Business is another aim during the three years of G PLAN 2013. Our main growth drivers for this Business include launching new digital equipment, developing new markets in Asia, and expanding service revenues, mainly through maintenance services.

In digital equipment we will target the needs of the clinic market in Japan and emerging markets for small CR. In flat panel X-ray DR we will target the market for small and medium-sized hospitals, expanding our product lineup to meet the needs of these customers. With this digital equipment and a firmly customer-centered approach, we believe we can redirect this business to a growth trajectory.

We will drive this growth through services, maintenance, and added-value IT services targeting our customer base in new digital equipment products. In the Asian markets, we expect to see steady sales growth, driven by expansion in demand not only for new CR, but also for X-ray film.

