

3. Management Policy

(1) Basic Management Policy

Management philosophy: "The creation of new value"

Management visions: "An innovative corporation that continues to create inspiring products and services in the field of imaging"

"A global corporation that leads the market by advanced technologies and reliability"

Corporate Message: "The essentials of imaging"

(Means providing the essentials to customers and being recognized as an essential company in the imaging world.)

(2) Medium-to Long-Term Management Strategies and Pending Issues

The Konica Minolta Group views the dramatic changes to the operating environment now taking place not as a cyclical economic slowdown but as a major turning point that is going to leave nothing unchanged. If anything, we see this time of rapid change as a chance to strengthen our position, and we are taking steps to find a new and more robust direction that will lead to growth. The Group has produced **BUSINESS PLAN <09-10>**, which positions the coming two years fiscal 2009 (fiscal year ending March 31, 2010) and fiscal 2010 (fiscal year ending March 31, 2011) as the period for such measures and adopts three basic strategies: (1) Improving corporate capabilities, (2) Achieving strong growth and, (3) Reforming the corporate culture. The new plan is outlined below.

Basic Strategies of the BUSINESS PLAN<09-10>

1. Enhancement of corporate capabilities

We believe that during fiscal 2009, when the economic environment is expected to remain as challenging as in the third and fourth quarters of the period under review, we must urgently improve our corporate capabilities to be capable of consistently generating free cash flow without relying on growth in sales. To achieve this we are focusing our efforts on **(1) measures to reduce fixed costs**, notably the implementation of structural reforms and the adoption of expense management, **(2) measures to slim down the balance sheet and generate free cash flow** by means such as scaling back inventories and pushing for improvements in accounts receivable/accounts payable terms, and **(3) measures to improve business profitability through assessment of the existing businesses and concentrate on key businesses**.

Moreover, the Group sees **(4) measures to enhance environmental management** as an important management issue and will aim to become a corporate group that makes the environment the focus point of competitiveness for growth. We will implement measures that place us in the top class companies in the industry, including offering products incorporating environmental technologies, production processes that apply environmental technologies and compliance with environmental programs in all our operations, and we will also work to create environmentally-conscious new businesses.

2. Achievement of strong growth

For the Konica Minolta Group to be an agile company that does not miss opportunities and can find its growth trajectory in the recovery phase that is bound to come, it must have core growth-driving businesses. To do this, it is important to further strengthen its existing businesses and at the same time to create new core businesses that will be the next growth drivers.

1) Strengthening of existing businesses

Regarding existing businesses, the Group aims to further consolidate its current position and expand business by advancing the "genre top" products through selection and concentration and further honing the Group's current strengths to build them into an overwhelming advantage. To achieve this, in the Business Technologies Business the Group is moving forward measures to enhance its competitiveness in the field of color MFPs for offices and MFPs for production print applications. In the Optics Business we are focusing on measures such as the marketing of next-generation products and entry into new

areas in the display materials field and drastic improvement of cost competitiveness in the lens-related product field.

2) Development of new businesses

Regarding new businesses, the Group is taking steps to enable the early launch of new businesses involving the advanced application and combination of the Group's core technologies in the material field, the optical field, the nano-fabrication field and the image processing field, and for the development of these new businesses into the pillars of profit of next-generation business. More specifically, in the areas of Environment & Energy and Health, Security & Safety, where public demand continues to rise, the Group will develop new businesses that harness its strengths and offer products unique to the Konica Minolta Group. Through these businesses the Group will not only make a considerable contribution to society but will also become a more indispensable company. To step up these actions, the Company also intends to actively exploit collaboration with companies outside the Group. In the "Environment & Energy" field, the Group is now preparing to start up organic light emitting diode (OLED) lighting business based on a strategic alliance with US-based General Electric Company (GE) during fiscal 2010 (fiscal year ending March 31, 2011).

3. Reform of corporate culture

To overcome the dramatic changes in the business environment we are now facing and to survive the global competition, the Group needs to create a vibrant corporate culture that enables it to overcome difficulties while at the same time producing constant innovations and being the driving force behind a paradigm shift. The Group has condensed its determination to achieve this into the slogan "**simply BOLD**" (= challenges born of courage and daring ideas) and is reforming corporate culture and awareness at all Group companies worldwide. Alongside this, the Group is reforming its personnel programs and organizational management to train and deploy global human resources with autonomy and a bold spirits. In doing so, it is creating a new Konica Minolta.