

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

We expect the current positive momentum will generally continue, with the ongoing growth of emerging economies, especially in Asia, and moderate recoveries in advanced economies such as Japan, the United States, and Europe. However, potential causes of instability among macroeconomic indicators are still of particular concern, including the employment situation, long-term interest rates, and exchange rates. Consequently, economic conditions remain uncertain and challenging.

In this difficult environment, the Konica Minolta Group has stemmed the trend of declines in sales and profit for two consecutive fiscal years. Positioning the fiscal year ending March 31, 2011 as a turning point for a return to growth, the Group will be proactive in its initiatives to **achieve strong growth**, as stated in **BUSINESS PLAN <09-10>**, and will look to achieve sustainable growth not only in the immediate future but also five to ten years from now. The Group has focused on **improving its corporate capabilities** under the business plan. To do this, the Group will reform processes in all functions, including the planning, development, production, and sale of products, from the perspective of customers. We will also undertake comprehensive reforms in distribution, procurement, and information technology. We believe these reforms will strengthen the competitiveness of the entire Group.

To achieve its vision for sustainable growth, the Group will take on the major challenges described below.

1. Bolstering existing businesses and expanding operations

In the Business Technologies Business, particularly in the office segment we will strive to meet the diversified needs of customers for offices by bolstering the competitiveness of MFPs and enhancing solution and service systems. For the production printing segment, we will enhance our product lineup by launching new products and will enter the commercial printing market by strengthening cooperation with internal and external resources, then expand the production printing business.

In the Optics Business, the Group aims to expand the sales volume and market share of TAC films and glass HD substrates by improving production efficiency and ramping up production capacity through active capital expenditure. Using its optical technologies, the Group will enter the LED lighting business, thus expanding operations into a new field other than the digital consumer electronics industry.

2. Strengthening operations in Asian markets

In Asian markets, where demand is expected to grow, the Group will focus on rapidly expanding sales in China and India as immediate priority, especially in the Business Technologies and Medical/Healthcare Businesses, and strengthen to sell the Group's products and services.

Meanwhile, we will continue to shift production bases to China and Malaysia and will step up local procurement. The Group aims to expand operations by enhancing its competitiveness through cost reductions.

3. Accelerating development of new businesses

For the Group to achieve strong, sustainable growth over the next five to ten years, it is important to add new businesses that will create a new era in addition to existing businesses. The Group will launch new businesses in the environment and energy, where social needs are increasing, and will harness its strengths to offer unique products. The Group will then develop a new area to serve as the third business, following the Business Technologies Business and Optics Business.

Specifically, we are developing an organic light emitting diode (OLED) business based on a strategic alliance with General Electric Company (GE) of the United States. To establish mass production technology and to produce samples and products for limited sale aiming for cultivating potential customers, the Group is constructing a pilot line that is slated to be completed in the fall of 2010.

Meanwhile, the Group has formed a capital and business alliance with Konarka Technologies, Inc., a U.S. venture, and is launching an organic thin film solar cell business, taking advantage of synergies with the OLED business.

Through these businesses, the Group seeks to maximize its social contribution and elevate itself to a group of companies that better meet the needs of society, thereby increasing corporate value.