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"
(The message represents our wish to be acknowledged as an essential company, by offering essential products, services and solutions to our customers in the world of imaging.)

(2) Medium-to long-term management strategies and pending issues

Looking at world economic conditions, uncertainties remain, including high crude-oil prices associated with political instability in the Middle East and North Africa and financial insecurity in parts of Europe. Nonetheless, we expect emerging markets, especially China and India, will continue to grow, and the US and European economies should continue to recover moderately.

The Japanese economy appears to be tapering off after a round of fiscal stimulus. There are fears that if it takes time to restore the supply chains and electric power supply that were heavily damaged by the unprecedented earthquake in March, the economic downturn will be prolonged and will affect a wider range of fields.

In uncertain circumstances, the Group is focusing on sustainable growth and has adopted a medium-term management plan, **GPLAN 2013**, the keyword of which is "**growth**." Under the plan, in three years from the fiscal year ending March 31, 2012 to the fiscal year ending March 31, 2014, the Group aims to achieve the following goals (the Group's vision):

1) Make Group-wide efforts to **expand its scale by achieving growth**, taking advantage of business opportunities, and become a company that has persistence and presence even if market circumstances change rapidly;

2) **Evolve** from a company that merely manufactures and sells products in the global arena to **a true global company** that will create ideas and act from a global perspective; and

3) As a result, achieve for the **Konica Minolta brand higher recognition** and wide acclaim in the international community.

To overcome uncertain circumstances, including effects of the major earthquake, and achieve these goals, the Group will pursue the following priority challenges.

< GPLAN 2013:　5 Priority Challenges >

1.　Growth Strategy

Business Technologies Business:

Enhance the “color genre-top strategy” in the office and the production print fields and expand sales in OPS and emerging markets, including Asia, which have excellent growth opportunities.

Optics Business:

Maintain the “genre-top” position and take a major step forward in the manufacture of TAC films and other products in the digital consumer electronics and IT fields, and accelerate business development in new areas such as LED lighting.

Healthcare Business:

Expand sales of digital medical input equipment and IT services, leveraging full-scale development of new Computed Radiography and Digital Radiography.

In addition to achieving growth in those existing businesses and fields peripheral to them, the Group will seek to accelerate growth through strategic alliances and M&A. Meanwhile, aiming for sustainable growth in five to ten years, the Group will strive to develop new fields, taking advantage of technologies in which the Company has strengths, including technologies for organic light emitting diode lighting, organic thin film solar cells, and high-function films.

◇　Expiration of the alliance with General Electric

The Company formed an alliance with General Electric (headquartered in the United States) in March 2007 and jointly promoted research and development for the commercialization of organic light emitting diode lighting. The Company reviewed the commercialization policy and terminated the agreement in March, the expiration time of the agreement, based on the agreement of both companies.

Going forward, the Company will promote research and development and marketing to make organic light emitting diode lighting—expected to grow significantly as next-generation lighting—a pillar of growth, using the vapor deposition method and the roll-to-roll coating method and taking advantage of material technologies and layered design technologies, areas in which the Company excels.

2　Enhancing Profitability

We consider management to increase profits, as well as the execution of growth strategies to achieve growth, as among our most important challenges. To meet these challenges, we will develop products that can generate sufficient profits in growth areas, including emerging markets and new business categories, and will change the business models. We will also strive to enhance cost competitiveness through automation, labor saving, process reform, and technological innovation.

3.　Increasing Deployment Capability

We will be sure to achieve growth by developing operations promptly in response to trends in growth areas. Meanwhile, we will exploit more business opportunities in our core businesses and in fields peripheral to them through synergies from M&A and alliances. We will also enhance management based on the latest SCM and CRM data.

4.　Group Interconnecting Strategy

To reinforce our global management base, we will position compliance as a top priority in all business activities and will execute strategies that are even broader and deeper in a range of aspects, including CSR, branding, finance, accounting, technology, and intellectual property.

5.　Becoming a “Global Company”

We will pursue global, optimal management, evolving from a domestic-oriented company to a global company in every aspect. To that end we will recruit and cultivate human talent capable of working in the international arena and will enhance our organizational functions, governance system, work procedures, and communication from a global perspective.

< GPLAN 2013:　Group’s Performance Goal >

Ⅰ. Net Sales:	1 trillion yen or more in the fiscal year ending March 31, 2014.
Ⅱ. Operating Income Ratio:	8% or more in the fiscal year ending March 31, 2014.
Ⅲ. ROE:	10% or more in the fiscal year ending March 31, 2014.