**Konica Minolta Group**  
**Q&A from March 2008 Consolidated Financial Results Briefing Session**

**Date:** Friday, May 9, 2008 17:30 - 18:30 JST  
**Place:** The Tokyo Chamber of Commerce and Industry (Tokyo, Japan)  
**Announced by:** Yoshikatsu Ota, President & CEO

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**Cautionary statement**  
This material was prepared for those who were unable to attend the financial results briefing in person and is intended only for reference purposes. The reader is asked to acknowledge in advance that the text is not a verbatim account of everything that was said at the briefing but a basic summary whose content was determined by the judgment of Konica Minolta.  
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**Business Technologies**

**Q:** Sales in the production printing segment in fiscal 2007 were robust, increasing 19% over the previous year. What is the outlook for fiscal 2008? Please also provide an indication of profitability.

**A:** We will make an effort to further expand our Business Technologies business in fiscal 2008 with the introduction of new monochrome products in the first half year, and new color products that employ the improved polymerized toner toward the end of the second half year. Sales in fiscal 2008 are expected to increase 14% over the previous year to around 100 billion yen, but in real terms, excluding exchange rate assumptions of a stronger yen (fiscal 2008 assumptions: US$ ¥100 yen; euro: 155 yen), we expect an increase in revenue of around 20%, approximately the same as in fiscal 2007. In addition, compared to MFP (multi-function peripherals) for offices, the rate of increase for consumables is also strong, with profitability exceeding that of MFP.

**Q:** Sales forecast in the MFP segment shows an increase of 3% in fiscal 2008 vs. 2007. Considering the acquisition of Danka Office Imaging Company, and the expansion of the production printing segment, the growth rate appears somewhat low. What are the reasons for this forecast?

**A:** Excluding exchange rate assumptions of a strong yen, in real terms, we expect the MFP segment to increase 8% over the previous year. While we anticipate only slight growth in the U.S. market due to the business slowing, we project growth of around 10% in Europe, and in developing nations, where the market growth rate is high, and Central and Eastern Europe, where we have a solid sales network in place, we expect growth of around 10% to 20% in each region, with steady sales and profits.

**Q:** Revenue and profits in the Business Technologies business declined in the fourth quarter compared to the same quarter the previous year. What was the reason for the decline?

**A:** In the fourth quarter, LBP (laser beam printer) segment revenue decreased by 4 billion yen,
with profits decreasing by approximately 2 billion yen. However, in our core MFP segment, while things slowed in Japan and the U.S., this decline was sufficiently compensated for in Europe and other regions, with roughly the results same as last year, and we are on track to achieve our initial plan.

Q: In fiscal 2007, the LBP segment lost 3.6 billion yen. What factors can be attributed to this result? What is the outlook for this year?

A: One contributing factor was a decrease in consumable goods sales accompanying a decrease in the number of machine installations in the market, which was a result of shifting marketing focus from low-end products where price competitions are severe. Another factor was increased R&D expenditures in order to expand our product lineup aiming to increase sales of value-added multi-function tandem color printers for offices through Business Technologies’ core MFP global sales network. This year, there will be some R&D expenditure in order to further reinforce the competitiveness of our products, however we will work to minimize loss through aggressive efforts to increase sales of these new products and revenue generated from the sale of consumables.

Other

Q: To what extent will overall company results be achieved in fiscal 2008?

A: Our operating profit forecast of 120 billion yen for fiscal 2008 includes a 9 billion yen decrease based on the presumption of a strongly performing yen, as well as approximately 11 billion yen from changes to the method of depreciation due to tax code revisions and changes to the accounting system. Operating profit forecast in real terms excluding these factors will be an increase of 20 billion yen compared with fiscal 2007.

In the Business Technologies business, even with a business slowing in the U.S. market, revenues from MFP consumables have been growing steadily. In Europe, sales of production printing equipment have increased significantly, and in developing markets, the number of units sold has increased, as has the number of units installed in the market. In the Optics business, we anticipate increased volume from greater demand particularly in the first half of the year. Based on these factors, we will maintain the growth momentum of fiscal 2007 in this area and steadily advance Group management in order to achieve our performance targets for this year.

Q: Why is operating profit forecast for fiscal 2008 in the "HD Other" segment projected to decrease by 3 billion yen compared to the previous year?

A: This is due to the allocation of Groupwide R&D expenses for organic EL and other new businesses in the HD (Holdings) segment, as well as Group IT investment.

Q: The effective tax rate for the fiscal 2008 forecast is 40% compared with 31% for fiscal 2007 results. What is this based on?

A: The result of the appropriate cumulative tax rate for each Group company is reflected in the performance forecast figures, and costs accompanying the discontinued photo imaging business for which an extraordinary loss was posted in fiscal 2005 were not written off. We
anticipate reduced tax expenses accompanying the occurrence of actual costs.

**Q:** This is the final year of the “FORWARD 08” medium term business plan. What developments are you considering in formulating a plan for 2009 and beyond?

**A:** At the time of the management integration, we had the photo imaging business (photo film/cameras), and there were several businesses that were of a fixed size. However, as a result of business “selection and concentration,” our core Business Technologies business is currently continuing to grow steadily, and our Optics business has also driven growth for the Group.

In the MFP business, there are several competitors that are larger than we are, and in order to win this fierce competition, we plan on working toward expanding the scale of this business. In our Optics business, we will continue to strive for a high rate of growth, however each market environment is different in our display materials segment, such as TAC film for LCD polarizer, and optical senses segment such as optical pickup lenses. In the display materials segment, we plan on continuing to further develop existing products by adding multiple functions along with developing products for completely different fields. In optical lenses segment, we plan to continue developing products with solid platforms that cannot be tracked by other companies like optical pickup lenses for Blu-ray. We also have sources of technology for organic EL and other new areas, which we expect to develop into future businesses.