**KONICA MINOLTA GROUP**

Q&A from 1Q / March 2009 Financial Results Briefing Session

Date: Thursday, August 7, 2008 16:30 - 17:30 JST  
Place: Keidanren Kaikan, International Conference Hall  
Speakers: Shoei Yamana, Senior Executive Officer  
          Yasuo Matsumoto, Senior Executive Officer

**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.

Moreover, The reader is asked to acknowledge in advance that the business performance outlook and other content concerning future results in this document is based on information that the company has at the present time and a rational evaluation based on certain assumptions and that actual business performance can greatly vary due to a number of factors.

### Business Technologies

**Q:** First quarter business results for Business Technologies were slightly below the Company’s forecast. What measures will you pursue in the second quarter and onward to reach your performance targets for the full business year?

**A:** In the first quarter, our five main sales companies’ total consumables sales, the primary profit source for the MFP (multi-function peripherals) segment, were around 7% higher year on year. In addition, unit sales for color MFP significantly increased by 24% year on year. On the other hand, US sales results for black & white MFPs in segment 4 and up (41 ppm and up) fell short of predictions, and this was a major factor in not reaching our business performance target. We have responded with the release of the bizhub 501 (50 ppm) in the first quarter and plans to introduce two new high speed black & white MFPs in the second half, which we think will get us back on track through increased sales.

In addition, we aim to increase sales of color MFP in Europe and Asia with the release of strategic new products in the office segment in the second quarter. Moreover, in the growing production printing segment, we have released the new bizhub PRO C6501/C5501 (color and B&W, 65/55 ppm) in August with the aim of increasing second quarter color MFP unit sales by more than 30% year on year.

In addition, the current sharp rise in raw material costs requires a reevaluation of the overall company cost structure. Therefore, we are pursuing an action plan for reducing fixed costs, which we intend to see reflected in our business performance from the second quarter.

**Q:** “Factors reducing business technologies profits” shown on page 6 of the briefing material include “increased costs of 2.5 billion yen due to newly consolidated subsidiaries”. Does this refer to increased costs accompanying the acquisition of Danka Office Imaging Company (DOIC)?
A: The 2.5 billion yen increase in costs year on year due to newly consolidated subsidiaries is mostly due to the acquisition of dealers in Germany and the US in the second half of the previous fiscal year along with the establishing of new sales companies in Russia, and elsewhere. The necessary procedures for the acquisition of DOIC were finalized at the end of June, and increased first quarter costs include a total of 200 million yen from increasing the number of sales and service staff, the cost of staff training and other forward investment.

Q: The first half and full business year business results forecast remains unchanged from previously announced figures, but now that the acquisition of DOIC is complete will you change your forecast?

A: We expect the abovementioned forward investment etc. into DOIC will quickly generate profits and contribute to business performance, and our outlook is for quarterly sales in the 10 billion yen range. But due to factors such as the uncertainty about the future accompanying the business downturn in the US, we are unable to incorporate this outlook into our business results forecast at this time and plan to revise the numbers based on the second quarter business results when preparing our business outlook for the second half. Though we are confident that the acquisition will generate profits from increased sales of our MFP products to existing DOIC customers, due to goodwill amortization and the generating of other costs accompanying the acquisition, we do not foresee the acquisition contributing to operating profits in the initial year of acquisition.

■ Optics

Q: Sales for optics in the first quarter were robust for every major segment – TAC film, optical pickup lenses, hard disk glass substrates, and so on. From the second quarter it appears that you anticipate end product production adjustments for TAC film, hard disk glass substrates, and the other segments, so what is your outlook for each of these?

A: We expect TAC film to maintain the same robust first quarter performance in the second quarter. The affect on price and quantity due to increased competition in the second half had already been taken into account in the planning stage, and as we are now seeing steady improvement due to improved yield and cost reduction measures, we believe that this positive momentum will continue.

For optical pickup lenses, we anticipate the significant first quarter growth for the growing Blu-ray segment to continue in both the second quarter and second half. Blu-ray pickup lenses have high barriers to entry both in terms of production technology and mass production technology, therefore for the time being, we expect to maintain our dominant market position.

First quarter results for hard disk glass substrates were excellent, and the new factory in Malaysia is making good progress on expanding capacity. While we anticipate production adjustments for PCs and the like from the second quarter, at this time we do not forecast this development having any significant negative effect on our mainstay 2.5 inch glass substrates.

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