Konica Minolta Group  
Q&A from 3Q / March 2010  
Financial Results Briefing Session

Date: Thursday, January 28, 2010 16:30 – 17:30 JST  
Place: Sapia Hall, Tokyo Station Conference (Tokyo, Japan)

Cautionary Statement
This material was prepared for those who were unable to attend the financial results briefing session and is intended only for reference purposes. Readers are asked to acknowledge in advance that the following text is not a verbatim account of everything that was said at the briefing but a basic summary whose content was determined by Konica Minolta. Moreover, readers are asked to further acknowledge in advance that the business performance outlook and other content concerning future results in this document is based upon information that the company has at present and upon a rational evaluation based on certain assumptions and, additionally, that actual business performance can greatly vary due to a number of factors.

Overview of Performance

Q: The explanation given in this session cleared concern about the current performance and seems to reflect a certain degree of confidence regarding growth from the next fiscal year onward. On the other hand, there are growing concerns about the effects of competitors’ M&A activities and the intensifying competition in the VA-TAC (retardation film for liquid crystal polarizing plates) market. What are your mid-to long-term prospects and strategies in this market environment?

A: We are currently formulating our plans for the next fiscal year. In my personal view, we would like to aim for about 5% increase in sales and an operating income of 50 – 60 billion yen, given the exchange rates of 85 yen to the US dollar and 125 yen to the Euro.

In Business Technologies, in terms of mid-to long-term prospects and strategies, we hope to expand sales by introducing strategic new products in the production print segment, which is expected to be our driving force behind growth.

In Optics, in addition to the expansion of TAC sales, we plan to strengthen production capabilities by 50% in the glass HD substrate segment, which continues to experience booming demand. We will also make efforts in the LED peripheral components segment to substantively contribute to earnings beginning in FY/March 2012.

Further, in terms of group strategy by region, we would like to double the scale of operations over the next 3 years in the Asian market, which is expected to experience major growth.

Q: Are there any quantitative indicators of these mid- to long-term prospects and strategies?

A: Our immediate goal in the next three years is to reach an ROE of 8%, an operating income ratio of 10%, a 100 yen net income per share, and an ROIC of 10%.

Q: In the case of a 100 yen net income per share, to what extent are new businesses such as organic EL and LED peripheral components contributing to earnings?

A: We expect to begin posting sales from a portion of our new businesses in the 2H /March 2011. However, it will be 3 to 5 years before we see a substantive contribution to Group performance. Nonetheless, we hope to reach the 100 yen level for net income per share by expanding current business operations.
**Business Technologies**

**Q:** Do you consider the solid performance in North America and Europe in 3Q as a result of market recovery?

**A:** In addition to market recovery in North America, measures such as reform of the cost structure in US sales companies contributed to improved earnings (approximately 2 billion yen) in that region. While there are still no signs of market recovery in Europe, sales of new color MFPs, which went on the market in September of 2009, were favorable and total MFP unit sales increased by 14% QoQ. We are aiming for solid sales growth from 4Q onward by strengthening competitiveness through development of new products.

**Q:** Deducting 3Q earnings from the second half earnings forecast will cause 4Q operating income ratio to fall below that of 3Q. Can you explain the reason behind this move?

**A:** 4Q earnings are not equal to the balance between full year forecasts and 9 months results. As I stated earlier, our aim for the 4Q is to reach a profit level above that achieved in 3Q.

**Optics**

**Q:** What are forecasts for the major products in Optics in 4Q and beyond?

**A:** First, in regard to TAC film, which is our leading product, unit sales of VA-TAC film increased by 9% to remain strongly competitive in 3Q despite a slight decrease in total TAC film unit sales QoQ. We expect a continued solid order situation in 4Q without major adjustments. We also believe that the expansion of sales channels in this area will steadily contribute to earnings beginning in the next fiscal year. Next, in regard to the glass HD substrate segment, we are currently responding to booming demand at full capacity and, by improving production efficiency, we expect to see a steady increase in sales volume. We believe that our substantially increased production capabilities, garnered through new investment, will also contribute to earnings in 2H/Mar2011. In the optical pickup lens segment, Blu-ray (BD) pickup lens sales decreased QoQ. While we cannot be optimistic about this segment’s performance in 4Q, we are seeing some promising signs in customer sales, and will thus set our sights on recovery.

**Q:** Do you believe that the Group can achieve technological superiority through new investment in the glass HD substrate segment?

**A:** There is a greater need for higher precision and performance, not only on the media side, but for substrates themselves, responding to the advancement in memory density from the current size of 250 GB to 320 GB, and then up to 500 GB. We certainly have the technological capability to fulfill these customer requirements, and we believe that this technological advantage will become a high barrier for entry into such high density-compatible glass HD substrate market.

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