

Konica Minolta Group MANAGEMENT POLICY <09-10>

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Cautionary Statement:

The forecasts mentioned in this material are the results of estimations based on currently available information, and accordingly, contain risks and uncertainties. The actual results of business performance may sometimes differ from those forecasts due to various factors.

Remarks: Yen amounts are rounded to the nearest 100 million.

Agenda



- 1. Review of FORWARD 08, the Medium-Term Business Plan
(Three years from Apr. 2006 to Mar. 2009)**
- 2. Outline of MANAGEMENT POLICY <09-10>**
 - 2-1. Execute structural reforms: survival and innovation
 - 2-2. Achieve strong growth: strengthen existing businesses
 - 2-3. Achieve strong growth: develop new businesses
- 3. March 2010 Forecasts**
- 4. Earnings growth from a medium-to long-term perspective**



Review of FORWARD 08

■ FORWARD 08 basic concept

Further increase the added value in operations and maximize corporate value through the Group's growth

1. Promote growth by leveraging collective Group resources
2. Build a new corporate image
3. Promote world-class CSR management

■ Main operational achievements

1. Focus on growth businesses and the progressive implementation of the "genre-top" strategy
 - Business Technologies: color MFPs for office use and color high-speed MFPs for light production printing
 - Optics: VA-TAC film and pickup lenses for Blu-ray format
2. M&A and business alliance to accelerate the "genre-top" strategy
 - Establish a strategic alliance with Océ (the Netherlands) in office printing and production printing fields (April 2008).
 - Acquire Danka, a leading independent office equipment dealer in the United States (June 2008).
3. Narrow the focus, and concentrate management resources on growth businesses associated with B2B.
 - Exit photo-related businesses (photographic film, photosensitive paper, mini-labs and cameras). (March 2007)
 - Exit the printing film business. (March 2009)
The essentials of imaging

Review of FORWARD 08

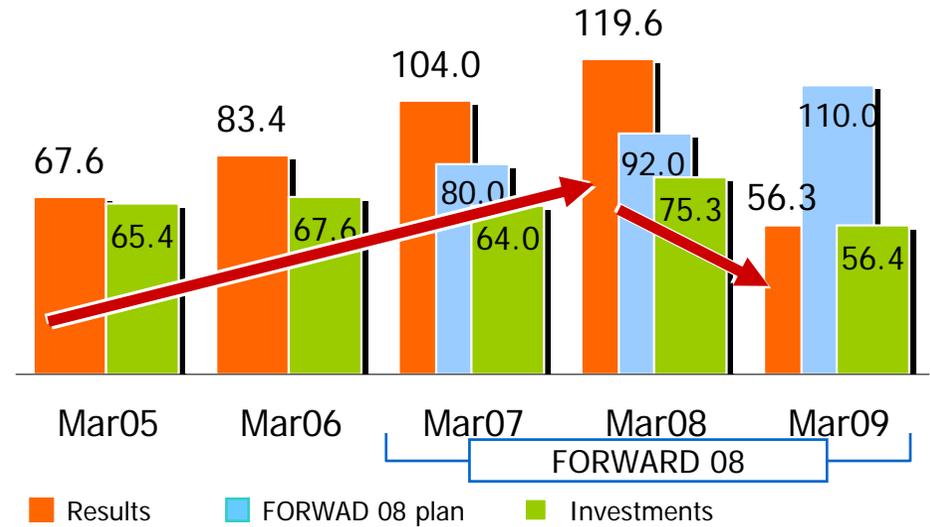
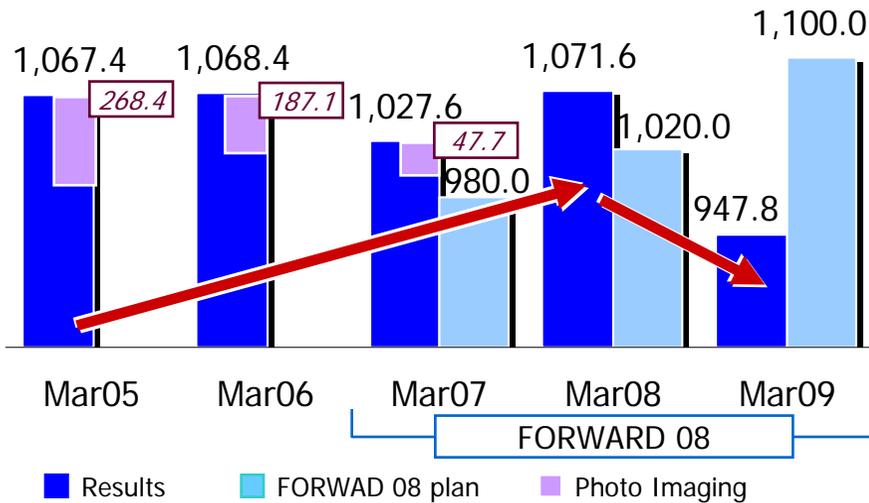


Business progress (earnings targets and results)

● Net sales

● Operating profit

[Billions of yen]



1. In line with the "genre-top" strategy, investments were accelerated in the key growth businesses of office color, light production and optics.
2. The operating profit target set in the FORWARD 08 was achieved in FY/Mar08, a year ahead of schedule.
3. The targets for FY/Mar09 could not be met, given the slowdown of the global economy and sharp appreciation of the yen. Measures to strengthen and reform the Group business structure have been initiated to secure earnings for FY/Mar10.

MANAGEMENT POLICY <09-10> - Business environment

■ Outlook for 2009 - 2010

Drastic changes in the business environment

- Sharp deterioration in the macro economy (simultaneous slowdown of the global economy)
- Rapid appreciation of the yen
- Contraction of global credits and demand

The current economic development is not merely a temporary economic slowdown, but the harbinger of significant changes in the future global order

Opportunities for improving business process, creating business models, and increasing our business presence

Build a new Konica Minolta by creating a paradigm shift and overcoming substantial changes

- Ride with the changes,
- and create new trends
- to achieve growth.

1. Enhance Corporate Capabilities

Survival : Select & concentrate, and streamline rapidly

Innovation: Innovative thinking and actions

2. Achieve Strong Growth

Strengthen and expand existing businesses

Develop new businesses

3. Reform the Corporate Culture

“simply BOLD” – Challenges born of courage and daring ideas



Enhance corporate capabilities: Survival

Rapidly streamline and practice “select & concentrate” to remain competitive in the drastic change of business environment

■ Reduce fixed costs

Targets for March 2010:

Cut at least ¥30 billion vs. FY/Mar09

- Reduction in production fixed costs and selling fixed costs
- Cut in R&D expenses
- Reduction in bonuses (Bonuses linked to the company's performance)

■ Slim down balance sheets and generate free cash flow (FCF)

Targets for March 2010:

Create FCF of at least ¥30 billion

- Inventory reduction: Aim to achieve an inventory turnover period of 40 days.
- Improve accounts receivable/payable terms
- Cut investments: Capital spending < Depreciation

■ Assess existing businesses and concentrate on key businesses

Review loss-making and unprofitable businesses, and shift and concentrate management resources on key businesses.

- Printer business: Focus on A4 color multi-function printers
- Lens unit business: focus on industry standard modules
- Graphics business: terminate production and sales of films



Enhance corporate capabilities: Innovation

Aim to become a strong corporate group that initiates innovative thinking and business activities with a clear vision in the future and create ideas from the customer's standpoint in all aspects.

■ Improve business process

Increase productivity through the entire business process including R&D, manufacturing, sales, and administration.

- Strengthen management systems that promote corporate strategies focusing on the future
- Establish quality operations by thorough assessment of the business process
- Sophisticated utilization of IT

■ Create innovative business models

Strengthen marketing capabilities and establish new business models from the customer's standpoint

- Introduce products and services that contribute to customers
- Create new earnings models in service
- Develop standard modules that initiate the industry

■ Strengthen environmental management

Aim to establish a corporate group by considering the environment as the focal point of competitiveness for corporate growth.

- MFPs and printers: top-level energy-saving functions
- New businesses: new large-scale businesses related to the environment and energy
- Comprehensive environment conservation programs: Aim to become an industry leader in every aspect of environmental activities.



Achieve strong growth: Strengthen existing businesses

Strive to strengthen competitiveness by further focusing on the "genre-top" strategy in existing businesses and establish the unchallenged position in the market

Business Technologies

Office MFPs

Maintain the leading position in the US and EU markets by further focusing on the color "genre-top".

- Introduce a series of new color MFPs in FY/March 2010

Production Printing

Expand operations to the medium/heavy segments and commercial printing field.

- Introduce new color and black & white products in higher segments

Optics

TAC Film

Maintain the current position of existing businesses, and fully enter into new areas

- Develop next generation VA-TAC products and expand operations by entering new areas

Optical Pickup Lenses

Maintain the overwhelming position by strengthening cost competitiveness.

- Strengthen overseas production structures

Achieve strong growth: Expand existing businesses



Expand existing businesses and create new customer value by utilize our strong core technologies in a innovative way

Production Printing

Step up full efforts to the introduction of the core next-generation products by leveraging the sophisticated product development know-how developed through light production and the industry-leading polymerized toner. Expand operations to the medium/heavy segments and commercial printing field.

Establish the “genre-top” position in the digital color printing field by taking advantage of our color management capabilities and unique concept in the production printing work-flow.

Optics Devices

Integrate our core technologies such as optics, image processing and sensing, and expand the area of application. Enter into new areas besides the information appliances segment



Achieve strong growth: develop new businesses

Contribute to society in the areas of the “environment and energy”, and “health, security and safety”, and establish a new business structure besides the business equipment and information appliances fields.

■ Environment and Energy

Create unique, distinctive materials businesses that contribute to the environment and energy in the living space by further improving material, coating and thin-film technologies enhanced in photosensitive materials and display materials.

OLED lighting

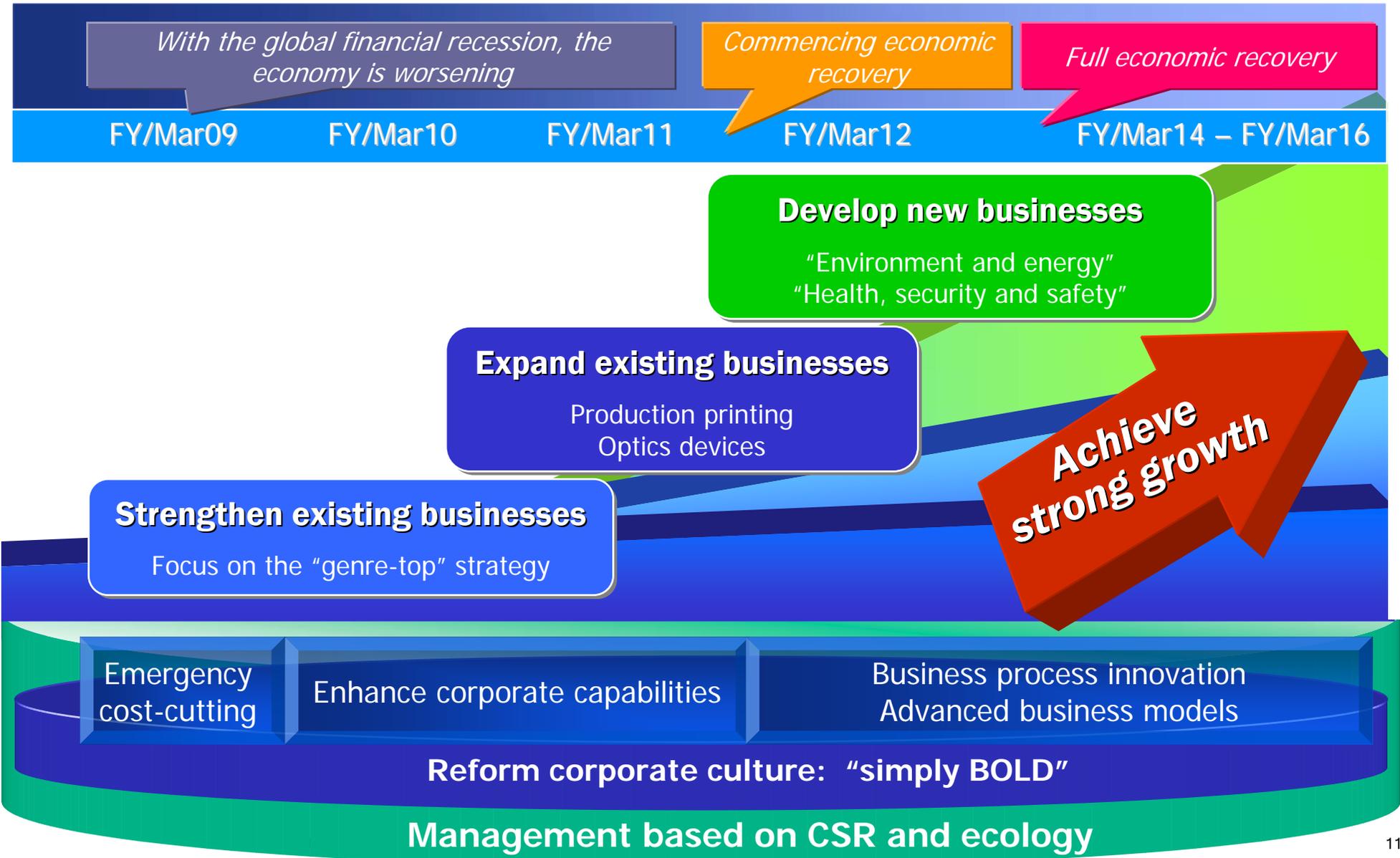
- Aim to achieve a leading position in the next generation lighting field.
 - Develop commercial products in FY/Mar11 through collaboration with GE

Also, aim to commercialize energy-saving high-function films in the area of thin film.

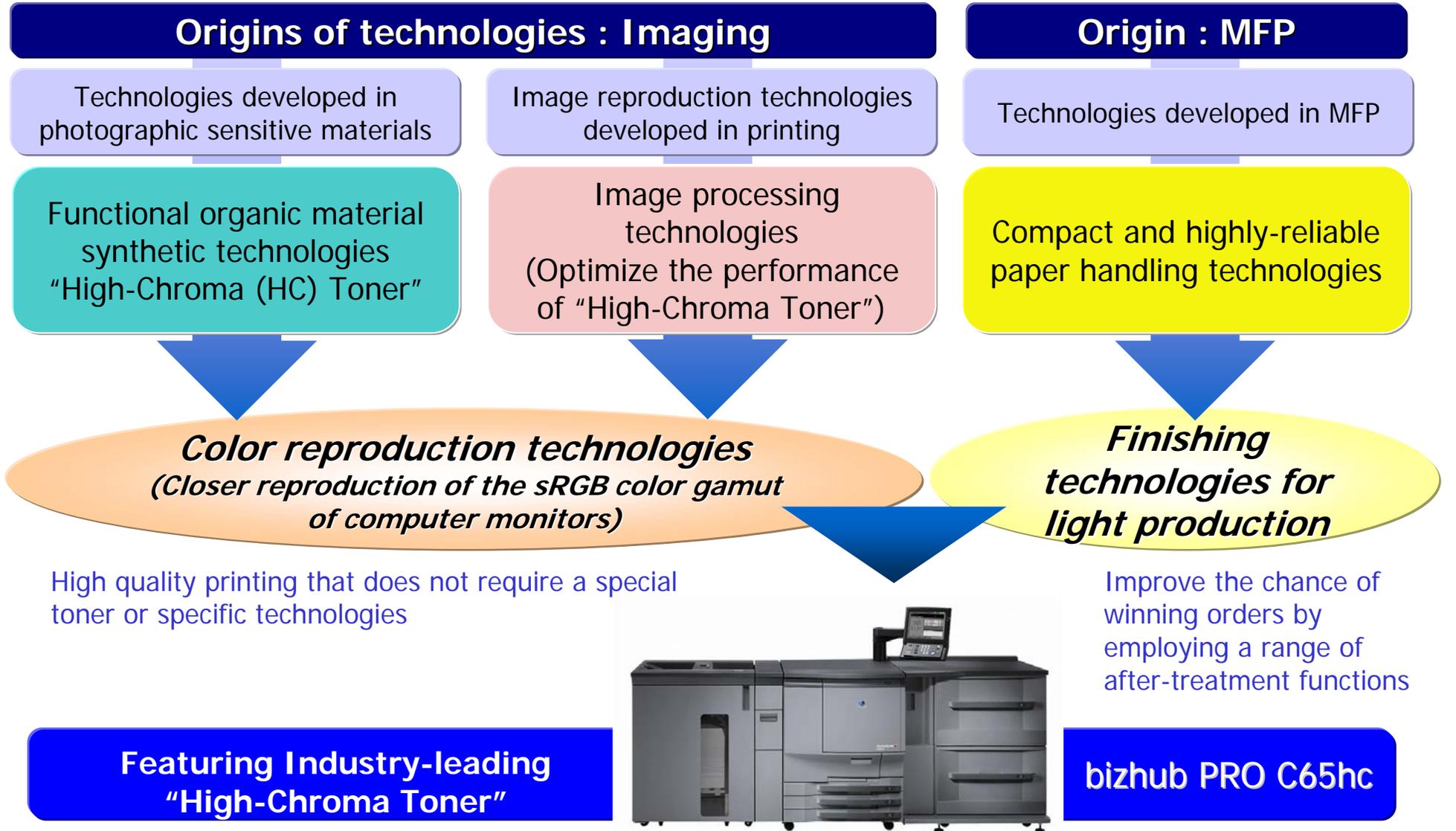
■ Health, Security and Safety

Provide new value for health, security and safety in the medical diagnostics and industrial processing sectors by creating equipment and modules using the company's unique optical sensing technologies.

MANAGEMENT POLICY <09-10> Summary



Strong technological background: Production printing



Strong technological background: OLED lighting

Origins of technologies : Film and Camera

Technologies developed in photographic sensitive materials

Organic material synthetic and design technologies

*Organic EL material synthesis
Emission layers design*

Energy-saving and long life

Technologies developed in lenses and TAC film

Optical design technology

Light out-coupling enhancement

Brightness

Technologies developed in film production

Film making technology
Coating technology

*Thin film development
Roll-to-roll*

Thin and flexible

Success in developing OLED lighting panels



Forecasts FY/Mar2010

	FORCAST	RESULT	[Billions of yen]	
	FY/Mar10	FY/Mar09	YoY	%
Net sales	880.0	947.8	-67.8	-7%
Operating income	45.0	56.3	-11.3	-20%
<i>Operating income ratio</i>	<i>5.1%</i>	<i>5.9%</i>		
Ordinary income	38.0	45.4	-7.4	-16%
Net income before taxes	30.0	33.2	-3.2	-10%
Net income	17.0	15.2	1.8	12%
<i>Net income ratio</i>	<i>1.9%</i>	<i>1.6%</i>		
FOREX [P/L] [Yen] USD	95.00	100.54		
Euro	125.00	143.48		
R&D expenses	75.0	81.8		
Investments	50.0	61.2		
Depreciation	70.0	70.2		
FCF	30.0	17.4		
Deividends [Yen]	15.00	20.00		

[Notes] Impact of exchange rate fluctuation to FY/Mar09 operating income if given ¥1 change (full-year base)

USD → ¥50 million Euro → ¥850 million



Forecasts FY/Mar2010 - segment

Net sales	FORCAST	RESULT	[Billions of yen]	
	FY/Mar10	FY/Mar09	YoY	%
Business Technologies	590.0	623.7	-33.7	-5%
Optics	155.0	173.4	-18.4	-11%
Medical & Graphic	110.0	125.9	-15.9	-13%
Other businesses	15.0	15.5	-0.5	-3%
HD and eliminations	10.0	9.4	0.6	6%
Group total	880.0	947.8	-67.8	-7%

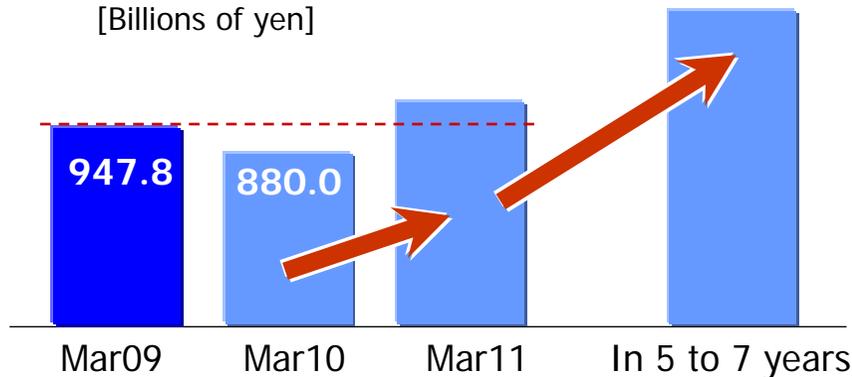
Operating income	FORCAST	RESULT	[Billions of yen]	
	FY/Mar10	FY/Mar09	YoY	%
Business Technologies	41.0	52.6	-11.6	-22%
<i>Operating income ratio</i>	<i>6.9%</i>	<i>8.4%</i>		
Optics	17.0	12.5	4.5	36%
<i>Operating income ratio</i>	<i>11.0%</i>	<i>7.2%</i>		
Medical & Graphic	2.0	3.1	-1.1	-35%
<i>Operating income ratio</i>	<i>1.8%</i>	<i>2.4%</i>		
Other businesses	1.0	1.1	-0.1	-11%
HD and eliminations	-16.0	-13.0	-3.0	
Group total	45.0	56.3	-11.3	-20%
<i>Operating income ratio</i>	<i>5.1%</i>	<i>5.9%</i>		



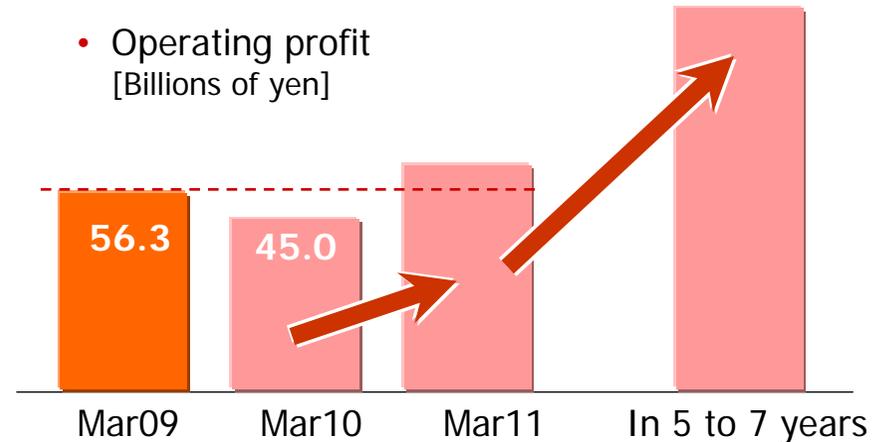
Earnings growth from a medium-to long-term perspective

■ Forecasts for March 2010 and beyond

- Net sales
[Billions of yen]



- Operating profit
[Billions of yen]



■ Management mission

FY/March 2010

By executing structural reforms, prevent a further downturn in results, even in the severe business environment, and strive to meet all annual targets.

FY/March 2011

Establish a foundation for achieving strong growth by surpassing the earnings level of FY/March 2009 with higher sales and profits.

In 5 to 7 years' time

Achieve strong growth by strengthening existing businesses and creating new businesses, the key growth drivers.