The Group's First Medium-Term Management Plan

In August 2003, the Konica Minolta Group announced details of its fundamental management policy. Under its current format, and based on this fundamental policy, Konica Minolta formulated its medium-term management integration plan, covering the period from April 1, 2004 through March 31, 2007.

In identifying the objectives for management integration under the medium-term plan, we looked to maximize the full potential of the Group, to accelerate the integration process, secure concrete results at each stage of consolidation, and to optimize synergy and rationalization benefits. In an era of megacompetition, we are making every effort to establishing a corporate entity capable of competing on the world stage.

Group Operating Targets

Based on management benchmarks that are clearly set each fiscal year, Konica Minolta is targeting consolidated net sales of ¥1,330 billion, operating income of ¥160 billion, and net income of ¥80 billion in the fiscal year ending March 31, 2007. Of equal importance are efforts to reinforce the Group's financial position. As of the March 2007 fiscal year-end, we are targeting shareholders' equity of ¥505 billion and a shareholders' equity ratio of 49%. Other indictors include interest-bearing debt of ¥175 billion as of March 31, 2007, compared with ¥268 billion as of March 31, 2004. Accordingly, Konica Minolta has established a debt-to-equity ratio target of 0.35 times.

Fundamental Tenets of the Medium-Term Management Integration Plan

Konica Minolta has identified three underlying initiatives as the basis for its medium-term management integration plan:

- business portfolio management
- the swift realization of synergy and integration benefits
- the creation of a new corporate culture

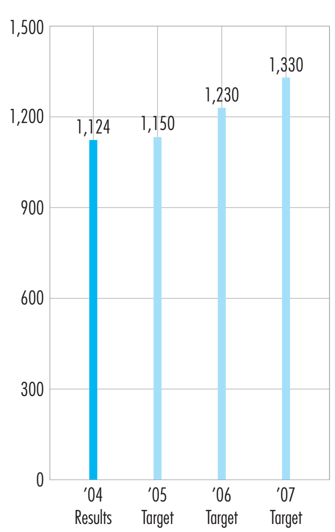
In implementing effective business portfolio management, Konica Minolta will strive to achieve the Group's sustainable growth, and maximize return as well as minimize risks by establishing stable earnings capabilities. We will also reduce the volatility in profitability due to changes in the business environment, and differences in the earnings capacity of each business. To this end, we will:

- clarify the position and standing of each business and establish an optimal business mix.
- prioritize the allocation of management resources to growth areas.

In more specific terms, we will concentrate more than 70% of the Group's resources over the term of the plan to the core Business Technologies business and the strategic Optics business.

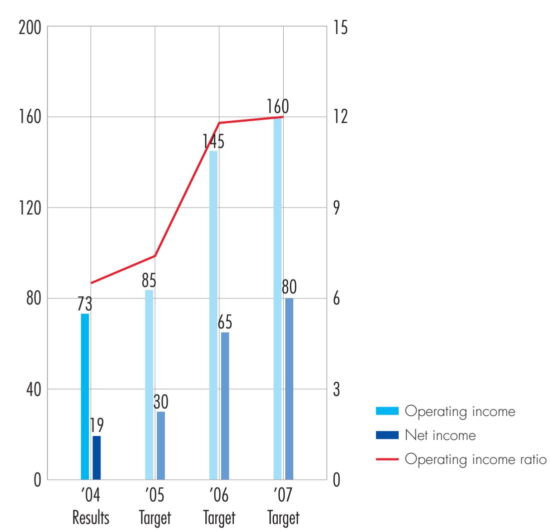
Net sales

(Billions of yen)



Operating income, Net income, and Operating income ratio

(Billions of yen) (%)



Business Technologies

Reinforcing Profitability in the Core Business Technologies Business

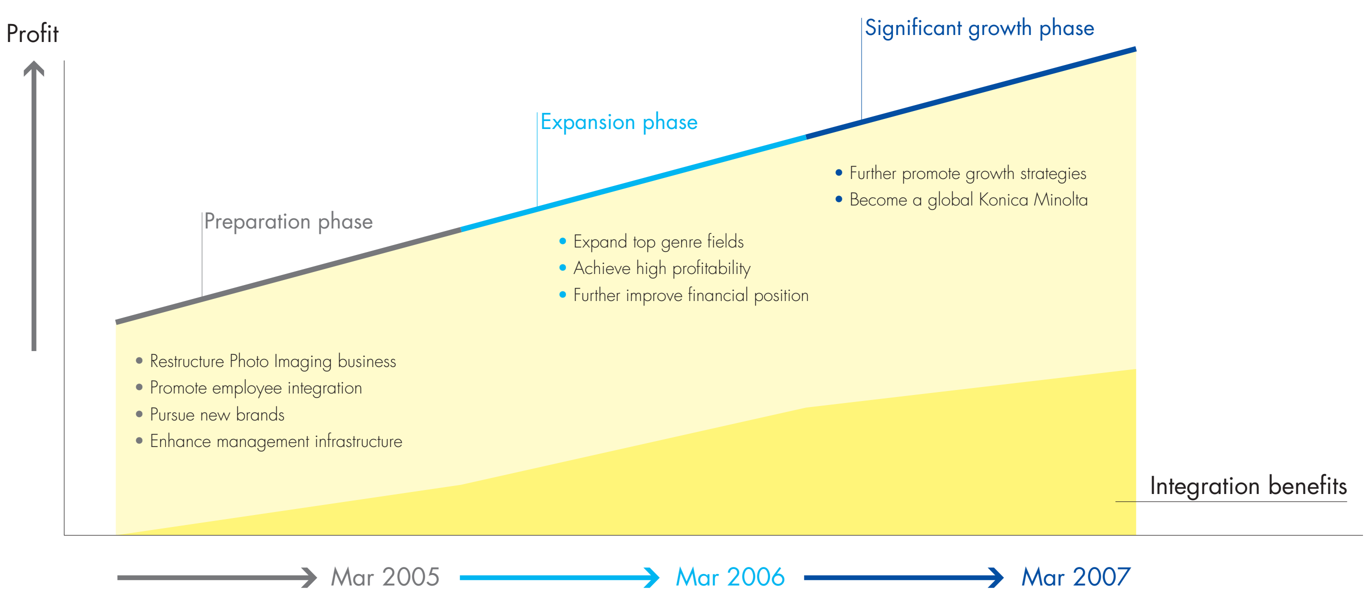
Konica Minolta has positioned the Business Technologies business as a core Group business and will work to expand its activities while raising profitability. To this end, we will accomplish the objectives of our genre top strategy, the purpose of which is to acquire a top position in specific regions and markets where we can fully demonstrate our strength. To secure these top positions, we are especially focusing on making use of our competitive advantage in the fields of color MFPs, high-speed MFPs, and color LBPs. As a result, this will enable us to acquire a dominant position in a broad cross-section of the market. At the same time, we will increase efficiency by accelerating efforts to realize integration benefits and secure a major role in the production print sector by leveraging the undeniable shift toward colorization and strengthening our capabilities in network solutions. Furthermore, we will reinforce our competitive advantage through proprietary products such as our polymerized toner and expand business scale by embracing alliance initiatives with strategic partners. On the back of these measures, we are targeting segment sales of ¥740 billion and operating income of ¥103 billion in the fiscal year ending March 31, 2007.

Optics

Intensively Allocating Management Resources to Accelerate Growth in the Strategic Optics Business

In addition to the Business Technologies business, we have positioned the strategic Optics business as a core source of the Group's earnings. Accordingly, we will strengthen our activities in this segment through the implementation of a number of initiatives. First, we will secure a dominant market share in next-generation optical pickup lenses through efficient technology investment. Second, we will increase our business scale and profitability in lens units and camera units for digital cameras and mobile phones. Third, Konica Minolta will work to accelerate the business development of high-value-added triacetyl cellulose (TAC) film for large-size LCDs. Next, we will increase business opportunities, thereby raising profitability by maximizing the synergy benefits of integration. Finally, we will endeavor to expand production capacity in line with growth in our business markets. Based on these initiatives, we anticipate achieving sales in the Optics business of ¥130 billion and operating income of ¥28 billion in the fiscal year ending March 31, 2007.

Maximizing Management Integration Benefits

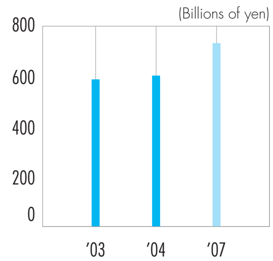


Business Technologies

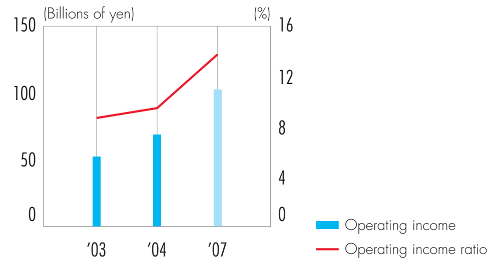
(Billions of yen)

	Mar '03	Mar '04	Mar '07 Target
Net sales	594.7	618.8	740.0
Operating income	52.6	62.9	103.0
Operating income ratio (%)	8.8	10.2	13.9

Net sales



Operating income and
Operating income ratio

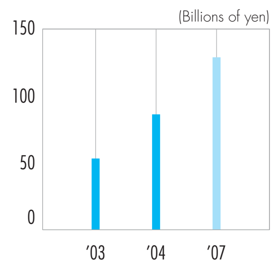


Optics

(Billions of yen)

	Mar '03	Mar '04	Mar '07 Target
Net sales	54.1	85.9	130.0
Operating income	12.4	15.3	28.0
Operating income ratio (%)	22.9	17.8	21.5

Net sales



Operating income and
Operating income ratio

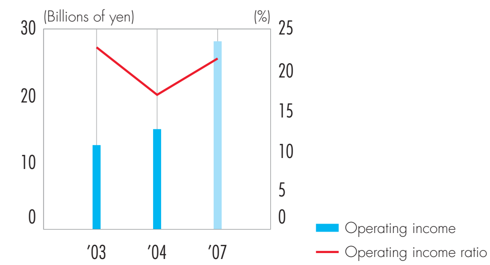
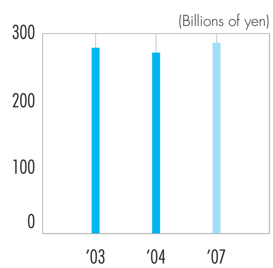


Photo Imaging

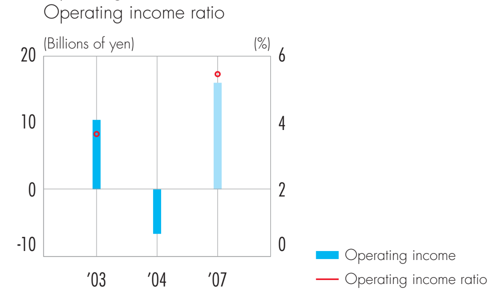
(Billions of yen)

	Mar '03	Mar '04	Mar '07 Target
Net sales	280.7	278.2	290.0
Operating income (loss)	10.4	(6.7)	16.0
Operating income ratio (%)	3.7	—	5.5

Net sales



Operating income and
Operating income ratio

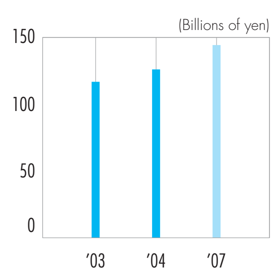


Medical and Graphic Imaging

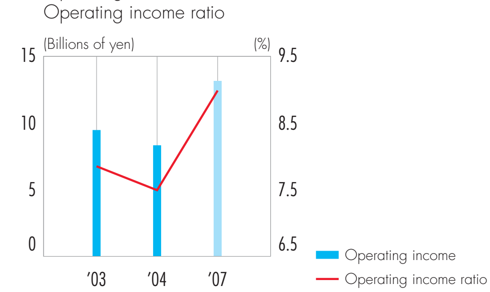
(Billions of yen)

	Mar '03	Mar '04	Mar '07 Target
Net sales	117.4	125.6	145.0
Operating income	9.3	7.9	13.0
Operating income ratio (%)	7.9	6.3	9.0

Net sales



Operating income and
Operating income ratio

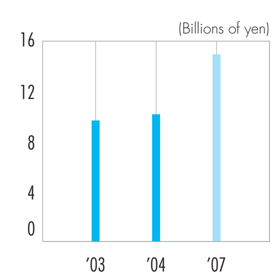


Sensing

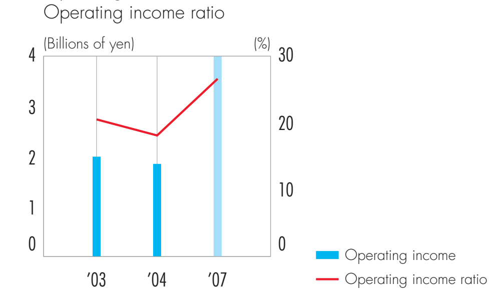
(Billions of yen)

	Mar '03	Mar '04	Mar '07 Target
Net sales	9.7	9.7	15.0
Operating income	2.0	1.8	4.0
Operating income ratio (%)	20.6	18.6	26.7

Net sales



Operating income and
Operating income ratio

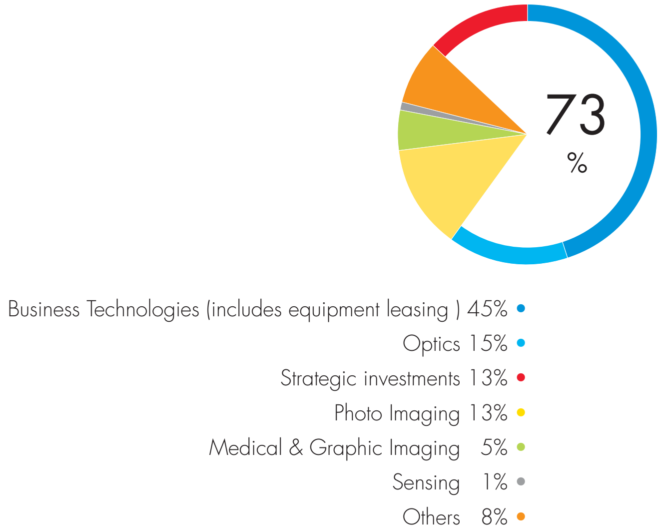


Allocation of Management Resources *(Three-year total through March 2007)*

More than 70% of the Group's capital investment and R&D expenditures are allocated to the Business Technologies and Optics businesses.

Investment

Total Capital Investment: ¥230.0 billion



Research and Development Expenditures

Total Research & Development Expenditures: ¥220.0 billion

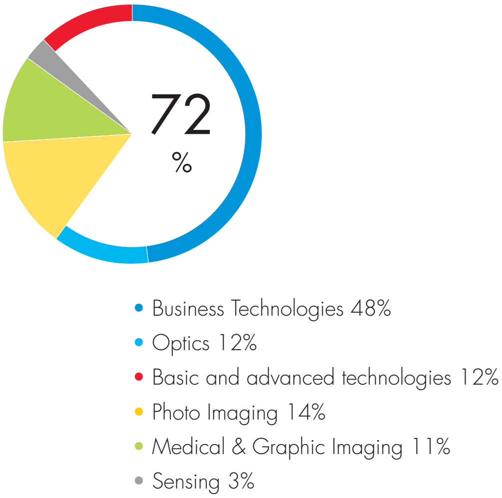


Photo Imaging

Promoting Earnings-Centric Structural Reform in the Photo Imaging Business

The Company is implementing total structural reform to establish profit-oriented operations focusing on comprehensive cost reduction. At the same time, we are establishing a business structure, placing digital cameras and digital photo-related products at the core, based on our unrivalled expertise and know-how, in an effort to deliver products and services from input to output.

In response to the decline in demand in the film business, the Company is pursuing a fundamental shift from a business focusing on film to products related to digital printing such as inkjet media. In the camera business, Konica Minolta will work to concentrate on higher quality and high-value-added digital cameras, and at the same time, strengthen development of key devices including lenses that incorporate our technology. In this segment, we have identified the numerical targets of ¥290 billion in sales and ¥16 billion in operating income for the final year of the management plan.

Medical and Graphic Imaging

Actively Developing Digital Products and Solutions in the Medical and Graphic Imaging Business, Shifting from Film-Based to Digital Products and Services in an Effort to Secure Increased Earnings

In medical imaging, sales of our digital X-ray image input/output systems help expand demand for dry film. The Company is working to develop its solutions business and to expand activities in contrast media and medical supplies. In graphic imaging, Konica Minolta strives to expand sales of its color proofing systems in Japan and to increase its market share in film overseas. At the same time, we will continue to develop mainstay products for next-generation computer reproduction systems and systems for small-lot printing. In the Medical and Graphic Imaging business, Konica Minolta is targeting sales of ¥145 billion and operating income of ¥13 billion for the fiscal year ending March 31, 2007.

Initiatives for Human Resource Integration

Employee Visions

Konica Minolta values people who...
...are committed to sharing corporate goals of becoming a global company with market leadership in the imaging business domain.
...always strive for continuing innovation with a customer-oriented approach, not adhering to successful achievements of the past or established customs.

Human resources (HR) systems
- Guiding principles for candidacy qualifications for executive officers
- New HR system for managers
- New HR system for general staff

HR management
- HR career database
- HR development
- HR liquidation

Organization and infrastructure
- Establish an optimum organization
- The right person for the right place
- Improve internal network environment
- Consolidate internal portal site

Develop a new identity
- Conduct employee surveys

Human Resource Integration

Sensing

Increasing the Business Scale of the Sensing Business Through Strategic Alliance With the Aim of Securing High Profitability

Konica Minolta will increase sales by expanding its lineup in non-contact 3-D digitizers and by strengthening its software and solutions development capabilities. At the same time, we will leverage our strengths in industrial-use color measuring systems and establish the de facto standard in an effort to secure a captive customer base. Furthermore, we will secure a high market share and high profitability in medical-use measuring instruments and cultivate new businesses. We will expand our overall business scale through strategic alliances. Konica Minolta is endeavoring to explore all avenues in its efforts to create new business fields and will establish a sales network in the lucrative Chinese market. In promoting these initiatives, we are targeting sales of ¥15 billion and operating income of ¥4 billion in the final year of the current management plan.

Swiftly Realizing Synergy and Integration Benefits by Creating a New Corporate Culture

In the three-year period ending March 31 2006, Konica Minolta is expecting to incur integration costs totaling ¥45.4 billion. Against this expenditure, the Company is projecting cost savings of ¥64 billion over the same period directly related to rationalization and synergy benefits. In the area of personnel, our target is to reduce the number of employees as of March 31, 2006 by 4,700 for a total staff complement of 32,600.

Essential to realizing the benefits of integration is a complete restructuring of our personnel systems. As a new entity, Konica Minolta is not prepared to rest on previous successes and experiences. Adopting a customer-first approach, we will emphasize change and innovation in all facets of personnel, including systems, management, organization and mind-set. In reshaping the mind-set of our employees, we will move away from the fixed procedures and customs of both Konica and Minolta and encourage a lively exchange of ideas and opinions. For our systems, we will formulate clear selection criteria for executive officers and introduce human resource systems for managers and general staff based on performance. To this end, we will work to establish a human resource database, career development and a system that promotes mobilization of human resources. In implementing reorganization, we will focus on ensuring the right people are placed in the right area to ensure that maximum potential is realized. We will upgrade our in-house communication systems and consolidate employee communication activities into a single portal site. Finally, based on the employee surveys conducted, we will clarify those issues that most effect our business and our efforts toward sustained growth, and formulate solutions to maximize the synergy benefits from integration.