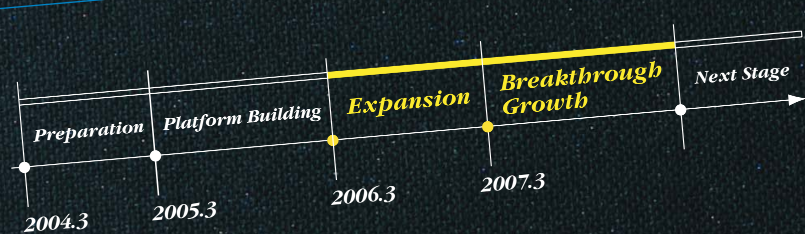
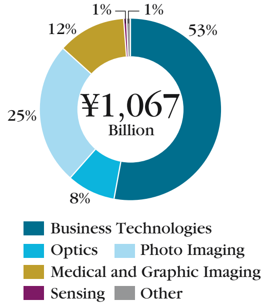
Konica Minolta aims to achieve Group sales of ¥1,410 billion and operating income of ¥145 billion by fiscal 2008, ending March 2009, through ongoing "selection and concentration" to make Konica Minolta an even stronger corporate group.

FUNDAMENTAL GROUP MANAGEMENT POLICIES

- Implementation of thorough business portfolio management.
- Implementation of highly transparent Group governance.
- Promotion of strategic Group technologies and establishment of the Konica Minolta brand in the imaging business domain.
- Implementation of ability-centered personnel policies based on the Group's personnel philosophy.
- Implementation of CSR-focused management.



Share of Total Sales
(Fiscal year ended March 2005)



Breakthrough Growth Means…

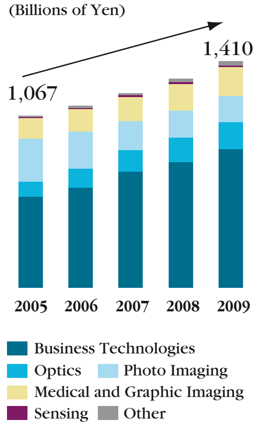
Konica Minolta aims to become an even stronger corporate group through further selection and concentration in its new V-5 Plan, which covers the next four years through fiscal 2008, ending March 2009. The Group will focus on achieving breakthrough growth with comprehensive business portfolio management to strengthen existing businesses and selectively develop new sources of growth based on three fundamental strategies: “further selection and concentration”, “nurturing of new businesses”, and “expansion of businesses through business alliances and M&A”.

KEY PERFORMANCE GOALS

With the first consideration being the unfailing achievement of the goal, the Group aims to achieve Group sales of ¥1,130 billion and operating income of ¥90 billion in fiscal 2005, ending March 2006. In addition, the Group has set sales of ¥1,410 billion and operating income of ¥145 billion by fiscal 2008 as the final goals of the plan.

In terms of interest-bearing debt, the plan calls for a further reduction to ¥145 billion by the end of fiscal 2008, compared to ¥246.3 billion as of the end of fiscal 2004. The aim is to reduce this debt by generating the maximum amount of free cash flow.

Sales by Segment
(2005 and Planned 2006–2009)
(Billions of Yen)

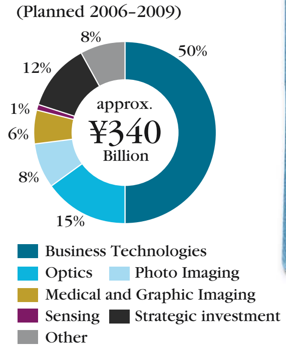


Group Performance Targets (2005 Actual and Planned 2006–2009) (Billions of yen)

Fiscal Years Ended March 31	2005	2006	2007	2008	2009
Net Sales	1,067.4	1,130.0	1,210.0	1,300.0	1,410.0
Operating Income	67.6	90.0	105.0	120.0	145.0
Operating Income Ratio (%)	6.3%	8.0%	8.7%	9.2%	10.3%
Net Income	7.5	23.0	45.0	60.0	70.0
Capital Expenditure*	56.4	100.0	90.0	76.0	77.0
Free Cash Flow	6.3	4.0	15.0	35.0	45.0
Interest-Bearing Debt	246.3	250.0	230.0	195.0	145.0
Shareholders’ Equity	339.7	390.0	435.0	500.0	570.0
ROE (%)	2.2%	5.9%	10.3%	12.0%	12.3%
EPS	14.1	43.9	84.9	113.2	132.1

* Includes Business Technologies equipment rental investment from March 2006.

Cumulative Capital Expenditure
(Planned 2006–2009)



INVESTMENT STRATEGY

Under the V-5 Plan, the Group intends to spend a cumulative total of approximately ¥340 billion on capital expenditure, of which approximately 80% will be allocated to the Business Technologies and Optics businesses, and other strategic investments.

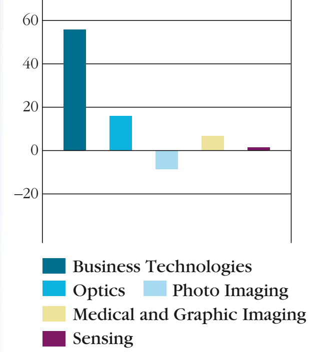
Investments in the Business Technologies business will be intensively allocated to color products and polymerized toner. Investments in the Optics business will be

PERFORMANCE TARGETS BY SEGMENT

Konica Minolta aims to strengthen its Business Technologies business by concentrating management resources in the color products segment, where the market is growing very rapidly. To ensure sales targets are met, the Group will actively pursue a “genre-top” strategy. In the Optics business, the Group intends to further strengthen its already highly competitive technological capabilities as it seeks further growth in pickup lenses and TAC film for LCDs, while at the same time expanding the business into new areas such as next generation pickup lenses. In the Photo Imaging business, the aim is to achieve profitability by shifting the emphasis to profitability over scale. In addition, the Group will work to apply its optical and other core technologies in other profit generating areas. In the Medical and Graphic Imaging business, the Group will pursue growth in digital input/output equipment and dry film sales, leveraging the growing trend toward digital and networked equipment in the medical and diagnostics fields. In the Sensing business, the Group will work to ensure stable revenue and earnings in the principal color measurement business for the FPD (flat panel display) industry and the automobile industry, and will focus on the 3D digitizer business as a newer growth area.

In addition, Konica Minolta will pursue new areas that have the potential of growing into major new businesses by leveraging its core technologies such as image processing, optics, materials and nano-fabrication.

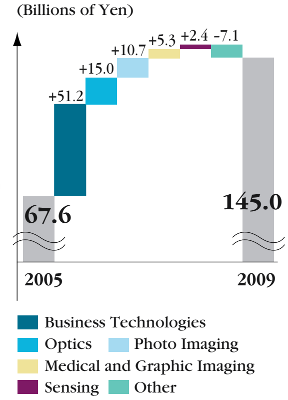
Operating Income by Segment
(Fiscal year ended March 2005)
(Billions of Yen)



Performance Targets by Segment (Billions of yen)

		2005	2006 (Plan)	2009 (Plan)
Business Technologies	Net Sales	564.8	620.0	860.0
	Operating Income	55.8	71.0	107.0
Optics	Net Sales	91.7	120.0	170.0
	Operating Income	16.0	21.0	31.0
Photo Imaging	Net Sales	268.5	230.0	160.0
	Operating Income (Loss)	-8.7	-4.0	2.0
Medical and Graphic Imaging	Net Sales	129.9	140.0	180.0
	Operating Income	6.7	9.0	12.0
Sensing	Net Sales	5.3	6.0	12.0
	Operating Income	1.6	2.0	4.0
Other	Net Sales	7.3	14.0	28.0
	Operating Income (Loss)	-3.9	-9.0	-11.0

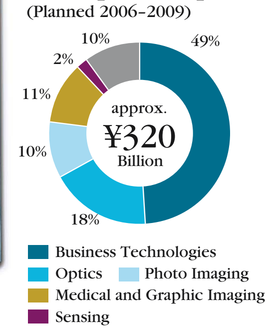
Operating Income by Segment
(2005 and Planned 2006–2009)
(Billions of Yen)

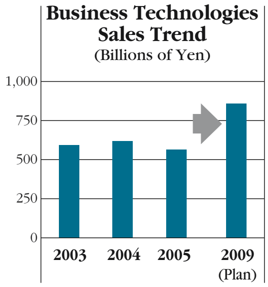


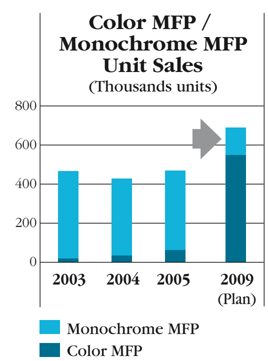
focused on expanding production capacity for LCD-related component materials and the next generation products.

In terms of research and development, the V-5 Plan calls for a cumulative investment of approximately ¥320 billion in R&D over the next four years. This is a significantly larger amount than the ¥100 billion planned on R&D in the previous three-year medium-term plan. Some 80% of these expenditures will be focused on the Business Technologies and Optics businesses, as well as on advanced research.

Cumulative Research and Development Expense
(Planned 2006–2009)







COMPETITIVENESS IN BUSINESS TECHNOLOGIES PRODUCES RESULTS

Since the integration of Konica and Minolta, the Group has worked to meld the strengths of both firms in enhancing cost competitiveness and improving technological strengths, in order to further strengthen the Group's position in the business technologies market and to establish leading brands in specified markets and business domains as part of a genre-top strategy. We believe these efforts to strengthen each business have established a solid base that is capable of producing the strategic products the Group needs to effectively compete in increasingly competitive global markets.

The color MFP bizhub C350 that was marketed from March 2004 was the Group's first integrated brand and has been well received by customers who value the product's superior cost performance, high image quality and output. Consequently, the number of units sold and installed has already reached 44,000 units on rapid growth in Europe and the United States.

The color MFP bizhub C450 model upgrade marketed from the spring of 2005 features new integrated firmware. The new open platform firmware can be easily incorporated into networks consisting of third-party products. Heretofore, MFP products in the market were a mixture of old Minolta-related firmware and old Konica-related firmware. The new product not only standardizes firmware and allows interconnectivity with models sold heretofore but also includes advanced functionality. From this perspective, we believe that the Group's new bizhub C450 will be strongly competitive.

As the bizhub C450 includes fax functionality, sales have been recording strong growth in Japan since the product was first marketed. Consequently, the Group believes the product can significantly boost heretofore struggling domestic sales and will lead to significant market share gains in Japan in addition to the high market shares already achieved in the United States and European markets.

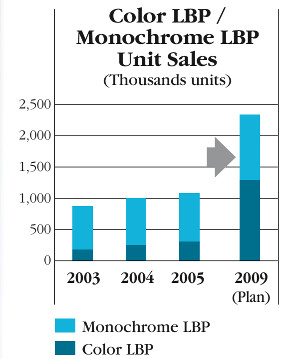
Regrettably, the bizhub open platform firmware took longer to complete than originally planned, and temporary disruptions caused by the consolidation and

Unit Sales Targets (Thousands units)

	2003	2004	2005	2009 (Plan)
Color MFP	19	33	62	550
Monochrome MFP	446	400	405	150
Total	465	433	467	700
Color LBP	178	247	306	1,300
Monochrome LBP	692	753	777	1,050
Total	870	1,000	1,083	2,350

recombination of sales companies forced us to revise the V-5 Plan for the fiscal year ending March 2006. In order to make up for this delay, the Group plans to upgrade its product lineup by successively introducing new color products beginning with the bizhub C450 in parallel with the introduction of new monochrome MFP products incorporating the new integrated firmware.

Under the V-5 Plan, the Group intends to introduce 15 new color MFP models in order to achieve color MFP sales in the segment 2 and above category of 450,000 units and to gain a worldwide market share of over 20% in the final year of the V-5 Plan.



THE CHANGING MARKETPLACE AND KONICA MINOLTA'S RESPONSE

Driven by the shift to color office documents in Japan, the United States, Europe and other developed country markets, the color MFP market is rapidly expanding, with unit shipments forecast to rapidly rise from approximately 500,000 units in fiscal 2004 to 2 million units in fiscal 2008. On the other hand, as the color LBP market is growing on dramatic declines in unit prices and faster-than-expected changes in the market environment, unit volumes are foreseen rising from 1.9 million units in fiscal 2004 to 3.2 million units in fiscal 2008.

Given these market conditions, the Group has created its V-5 Plan with the aim of proactively responding to changes in market conditions by pursuing further selection and concentration and adopting a strategy that focuses the Group's resources on the development and sales of color products, in order to significantly raise the ratio of color products to the overall product mix. The Group believes it is necessary to focus on its strengths and resolutely pursue an effective genre-top strategy in order to maintain superior competitiveness.

STRENGTHENING GLOBAL COMPETITIVENESS

The shift to color in global MFP markets is proceeding at a very rapid pace, with particularly rapid demand growth being seen in the European and U.S. markets.

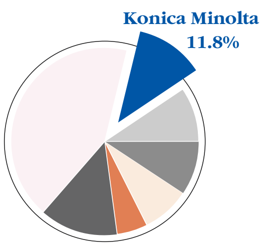
Konica Minolta's market position in the European and U.S. markets is steadily growing, and while market share in Europe slipped slightly in fiscal 2004, market share in the U.S. improved from 14% to 16%. Under the V-5 Plan, the Group aims to achieve market shares in the color market as defined by segment 2 or above products of 25% in Europe and 20% in the United States by the end of fiscal 2008.

In addition to the high market shares the Group is maintaining in Europe, market share is recovering in Japan where the Group had previously been struggling, thanks to the introduction of the strategic bizhub C450.

In the LBP market, as competition has intensified further in mainly the low-speed color LBP market segment in Europe and the U.S., the Group aims to strengthen its product lineup in the high speed product segment.

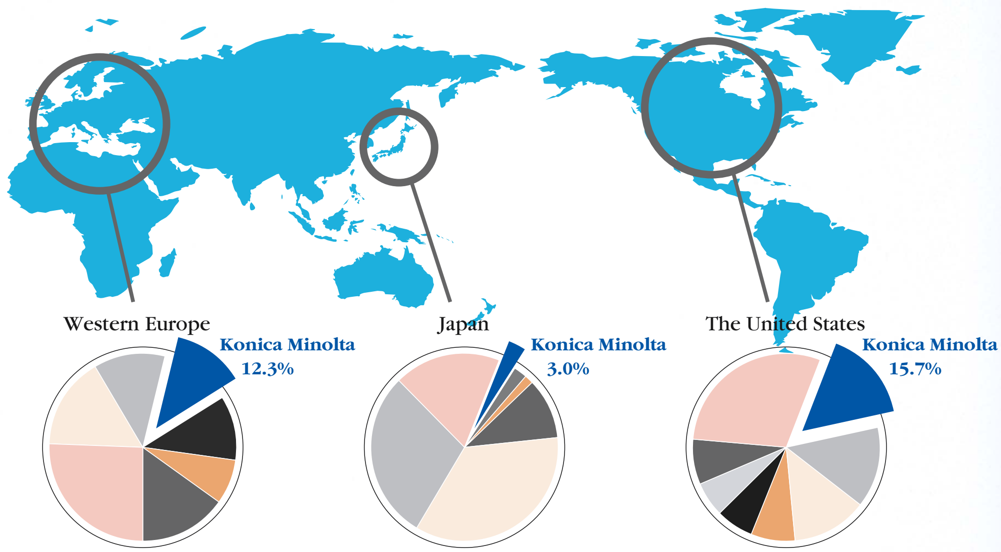
In terms of marketing, the key is manufacturer direct selling power. Here, the

Global Color Page Printer Market Shares in 2004 (Units)



Source: IDC Worldwide Printer Tracker, Q4 2004

Color Copier Market Shares in Major Regions in 2004 (Units)



Source: Gartner-Dataquest (May 2005) GJ05203

Source: Gartner-Dataquest (May 2005) GJ05203

Source: Gartner-Dataquest (May 2005) GJ05203

Group aims to focus on the segment 2 and above color MFPs and to strengthen its direct sales workforce in the major markets of Europe, the U.S. and Japan, while at the same time expanding its dealer network.

ENHANCING COST COMPETITIVENESS

The Group believes that strengthening cost competitiveness in response to the rapid decline in product prices is an important management priority. In MFP toner, there is a rapid shift under way from conventional crushed toner to more advanced and low-cost polymerized toner. As a result, the Group aims to improve cost competitiveness by raising the ratio of machines using polymerized toner from 30% in fiscal 2004 to over 80% by fiscal 2008. Given the shift to polymerized toner, the Group aims to ensure commanding cost competitiveness through the early establishment of the world's largest production capacity for polymerized toner, and it should achieve this goal with the expected completion of capacity expansion in Yamanashi, Japan in the fall of 2005 and the expected start-up of operations at a new plant in Nagano, Japan in 2006. In addition, the Group is increasing production capacity in China with the construction of a new equipment assembly plant in Wuxi and aims to further expand local procurement capacity in China to achieve further cost savings.

ESTABLISHING A FIRM EARNINGS BASE FOR THE OPTICS BUSINESS

The Optics business continues to steadily expand, and the Group aims to accelerate this growth under the V-5 Plan. The management integration of Konica and Minolta has allowed the organic melding of the plastic lens technology that was Konica's strength with the glass mold technology that was Minolta's strength, which we believe has strengthened the business base and product strength of the Optics business.

In the main optical pickup lens business, while profit margins are under pressure due to DVD player price declines in keeping with growing product diffusion, the market for DVD devices with recording functions is rapidly expanding, and the Group believes that the next generation of pickup lenses will become the main driver of the business. Consequently, the Group expects growth in the pickup lens business to continue going forward. Konica Minolta has industry leading technology in objective pickup lenses and is aming to maintain its leading market share in lenses for next generation DVDs. In addition to applying for patents on products for next generation DVDs in order to raise the barriers to market entry, the products' compatibility with peripheral devices is being strengthened.

High performance products such as micro lens units for camera-equipped mobile phones and microcamera modules enjoy a good reputation especially in the Japanese market, and the Group will continue working in the future to acquire customers in growing overseas markets while working to expand the current business domain by leveraging its technological strength. In particular, given the market shift to high image quality and value-added features, Konica Minolta's technological strengths in lenses and cameras are becoming an advantage as the Group leads this shift.

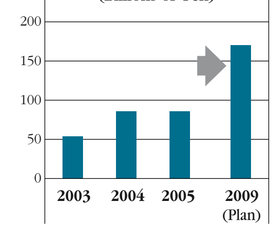
In DSC/VCR lens units, the Group will continue its efforts to acquire new customers. In addition, sales of glass substrate for hard disk drives are being driven by sales of smaller diameter 1.8-inch products in addition to the 2.5-inch substrates sold heretofore.

Accordingly, as the Optics business has an abundant lineup of products with good growth potential, the Group is confident the goals for the segment as outlined in the V-5 Plan can be achieved.

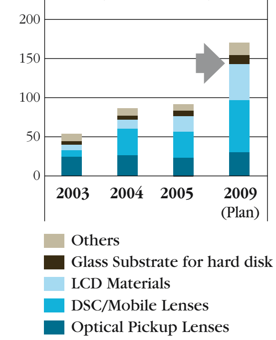
CONTINUED GROWTH FORESEEN IN TAC FILM FOR LCDS

The business for TAC film used in LCDs continues to grow driven by the diffusion of LCD panels used in televisions and personal computers, while particularly high growth is forecast for high performance product markets such as retardation film. As is shown in the graph at right, the proportion of high performance products to total LCD-use TAC film continues to expand, and the Group believes that growth can be sustained. In response to growth in demand, the Group continues to expand production capacity, and it plans to begin operating its third plant in October 2005 and to begin operating another plant in the second half of fiscal 2006. The aim is to expand sales of TAC film through such measures while improving product quality to enhance competitiveness.

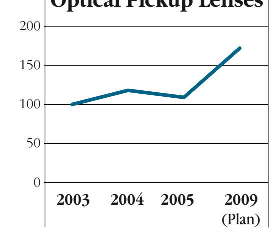
Optics Sales Trend
(Billions of Yen)



Sales Trend by Product
(Billions of Yen)

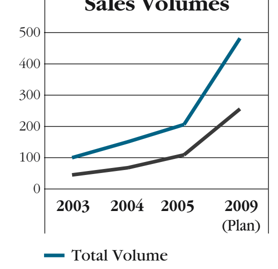


Sales Volume of Optical Pickup Lenses



(Index based on March 2003 as 100)

LCD-Use TAC Film Sales Volumes



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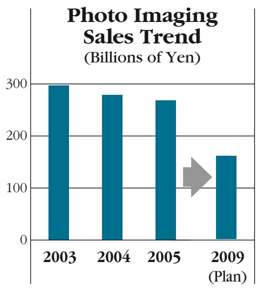

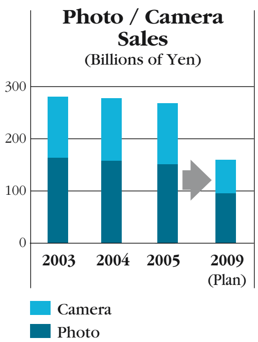

AIMING FOR SMALLER SCALE AND AN EARLY RETURN TO PROFITABILITY IN PHOTO IMAGING

While the Group focused its efforts on structurally reforming the Photo Imaging business, as the market environment deteriorated faster than anticipated, these reforms in retrospect did not proceed fast enough.

In photo materials, the main color film business continues to see a significant shrinkage in demand in keeping with the growth of digital cameras. In addition, the photographic paper business remains weak.

As profitability in the camera business continued to deteriorate because of intensified competition in digital cameras, the Group shifted its emphasis from volume to profitability. While good momentum was achieved as a result of the release of high value-added products, the Group was unable to reverse the structural losses in the business.

Under the V-5 Plan, the Group aims to take the rapid changes in the market environment and competitiveness into account in working to scale back the business and achieve an early return to profitability.

In terms of specific countermeasures to achieve an early turnaround, the Group is forecasting extraordinary losses of ¥34 billion over the four years covered by the V-5 Plan, as it works to scale back the business and implement further restructuring in eliminating unnecessary production facilities and consolidating sales offices.

PRODUCT SELECTION AND CONCENTRATION

One of the basic tenets of Konica Minolta’s strategy is selection and concentration, while the Group was admittedly loose in its product selection and concentration in responding to the fast-paced changes in the Photo Imaging business in fiscal 2004. Consequently, in color film, photographic paper and other photosensitive material segments, the Group intends to scale back the business and focus on establishing profitability.

In digital cameras, the Group will also focus on profitability in paring back single lens reflex and other high value-added products, and intends to thoroughly implement other policies to stem the flow of red ink. In the camera business, the Group is developing new businesses leveraging its technological strengths, such as Konica Minolta’s proprietary anti-shake, auto-focus and zoom technologies.

MEASURING THE BENEFITS OF INTEGRATION

In the Business Technologies segment, the unification of our direct sales network has produced significant results, particularly in terms of back office rationalization. In terms of technological capabilities, the lineup of available technologies has been enhanced. Centralized procurement has also produced cost savings in terms of production capacity, while the consolidation of sales offices and distributors has resulted in lower fixed costs, as well as lower distribution costs. On the other hand, the acceleration of development and production speed has become a major management issue, particularly in color MFP, given the rapid expansion of the market.

In the Optics business, the sharing of the pre-merger companies' technologies and sales channels has resulted in increased sales opportunities. Manufacturers that were excluded from participating prior to integration have now formed an enhanced channel after integration and have opened the way for development of new businesses. In addition, the differing business styles of each company have provided stimulus in the positive sense of the word, producing synergy effects. In terms of technological capabilities, the Group's core technologies, such as optic design, fabrication technologies and coating technologies, have also been dramatically enhanced.