

“FORWARD 08” – Basic Concept

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

Promote growth by leveraging collective Group resources

- Build a new corporate value
- Promote world-class corporate social responsibility (CSR) management

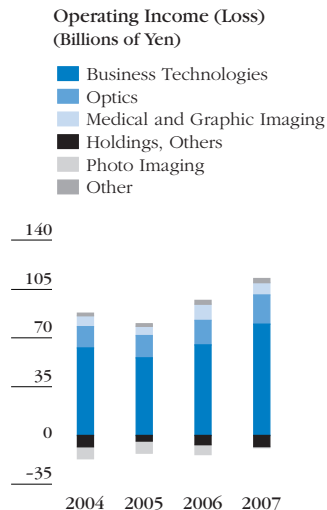
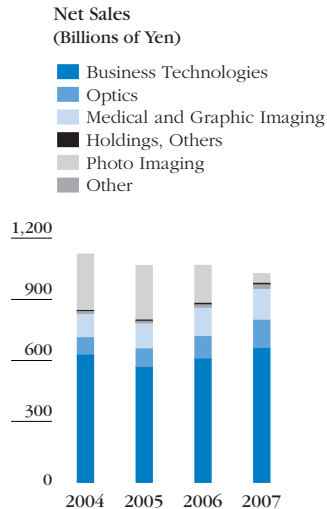
Growth strategies

- Further strengthen and advance operations in current core businesses
- Expand the scope of operations into the fields adjacent to current core businesses
- Nurture new businesses

Corporate structure reinforcement

- Strengthen the base of business capabilities
- Establish a strong financial structure
- Strengthen human resources and rebuild the corporate image

FORWARD 08 Overview



The *FORWARD 08* three-year medium-term management plan was launched in April 2006, and aims to create and grow new value-added in the Group's businesses as well as maximize Group growth and corporate value. In order to achieve this, the fundamental policies of the plan are to (1) promote growth by leveraging collective Group resources, (2) build a new corporate image, and (3) promote world-class CSR management.

In addition, the consolidated performance targets for the fiscal year ending March 2009, which is the final year of the plan, are as follows.

- Consolidated net sales: ¥1,100 billion
- Operating income: ¥110 billion (operating income margin: 10%)
- Net income: ¥57 billion

In order to strengthen growth potential, the Group believes it is important to pursue synergies between businesses that go beyond current boundaries in seeking to create and grow new value-added in the Group's businesses. The Group intends to accelerate growth through the two drive wheels of "equipment and services businesses" consisting of multi-function peripherals (MFPs) and laser printers (LBPs), digital printing equipment and medical equipment, and "components businesses", consisting of optical components and display materials. In addition to placing special emphasis on Business Technologies and Optics as growth areas, the Group plans to steadfastly execute its "genre-top" strategy in establishing itself as the top brand in specific markets and domains.

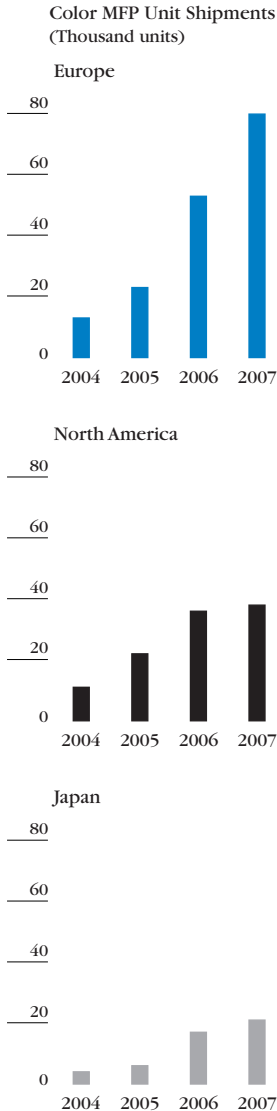
The Group's growth strategy aims to strengthen core businesses while at the same time expanding its domain in peripheral business areas through the development of its existing business base and technology resources, and further, to nurture future businesses centering on core technologies.

Moreover, the Group seeks to strengthen the constitution of the Group as a whole by enhancing its business and financial base in addition to improving its personnel resources and rebuilding its corporate image.

In order to achieve sustainable improvement in corporate and shareholder value, it is essential that a company be trusted by society. In this regard, the Group is committed to strengthening global development not only in economic terms, but also from the standpoint of society and the environment, and to fulfilling its corporate social responsibility (CSR) as a corporation in strengthening Group internal controls including compliance, and in seeking highly transparent management.

Strategies by Segment

Business Technologies



For general office-use MFPs, the emphasis is on expanding the *bizhub* series product line-up and sales in the high- and medium-speed segment of color MFP, and on maintaining the leading market share in segment 2 and above (MFPs that can output over 21 pages per minute) of the color MFP market, leveraging the industry's largest production scale for polymerized toner, color management technologies, high quality print images, high cost performance and other strengths to differentiate our products.

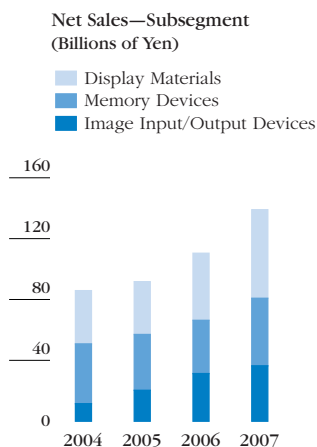
In the production printing market, the Group continues to enhance its product offerings in the digital printing area, and strengthen its lineup of high speed MFP *bizhub PRO* series products.

Moreover, as office environs are rapidly being networked, we are emphasizing color MFP applications, and by seeking full-scale compatibility with open API and applications, are providing total network solutions. We are also leveraging Konica Minolta's strengths to build a product, service and marketing structure that is designed for each region, segment, and industry.

In addition, although the target market for LBPs had heretofore been the SOHO segment, we intend to shift our marketing strategy to the general office-use segment where print volumes are large, while enhancing our *magicolor* series of tandem and multi-function LBPs in the high value-added high speed segment in order to increase the profitability of the business and boost sales.

In consumables, a third polymerized toner plant with annual production capacity of 7,000 tons was put into operation in December 2006. In addition to existing capacity, this new plant raises the Group's total polymerized toner production capacity to 15,000 tons per year. This level of production is the largest in the industry, and prepares the Group for the future increase in demand it foresees.

Optics



In liquid crystal display (LCD)-use triacetyl cellulose film (TAC film) for polarizing plate protection, we aim to expand the business on growing demand mainly for high value-added viewing angle expansion film used in large LCDs in keeping with the shift to large screen LCDs and higher resolution.

In optical pickup lenses, the Group will maintain a commanding market share in next generation pickup lenses, and has already begun production of both Blu-ray Disk and the high definition (HD) DVD formats. Materials development is the key point for next generation pickup lenses, and the Konica Minolta merger has created an advantage in the Group having both the design and production technology to integrate plastic lens with glass molding technologies, resulting in the ability to fully leverage these strengths to ensure commanding competitiveness.

Demand for glass hard disks is expanding because of stable growth in the laptop PC market and expanding applications such as networked home appliances with hard disk drives. Responding to the growing demand, Konica Minolta is expanding manufacturing capacity through overseas production.

In micro cameras units for camera-equipped mobile phones, we intend to establish cost competitiveness in order to cope with intensified price competition in the end product market.

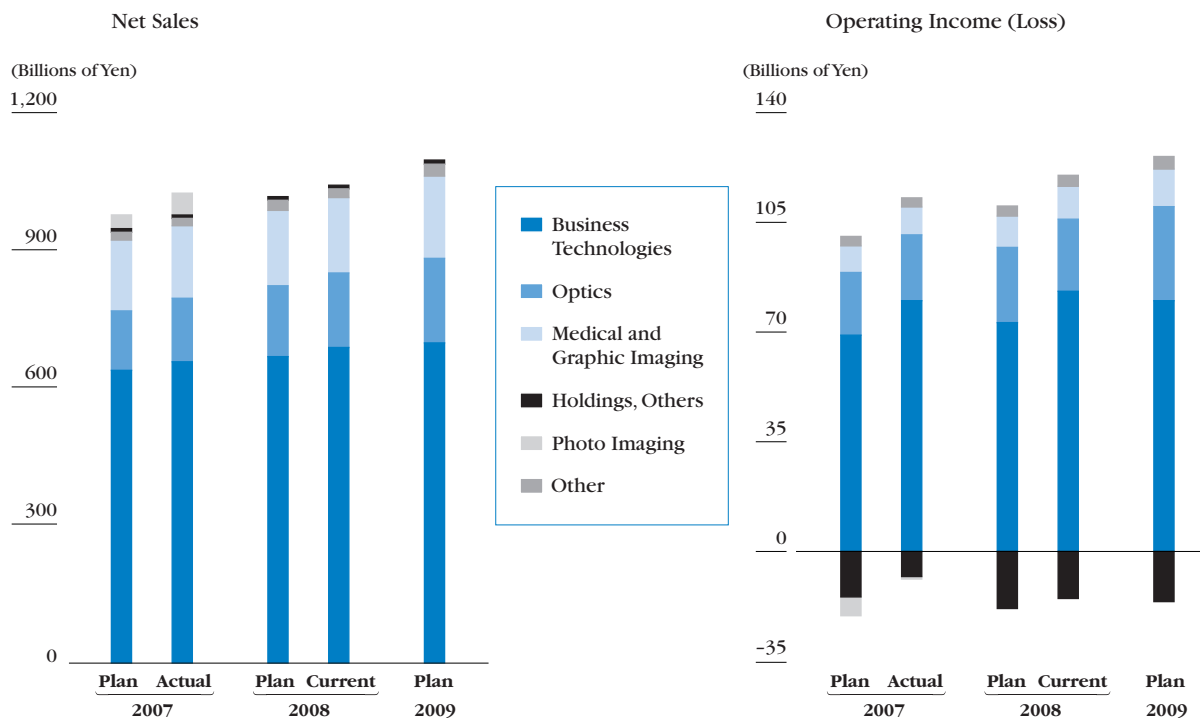
Medical and Graphic Imaging

In medical imaging, the business target for the Group's computed radiography (CR) products is expanding from the hospital market to the clinic market. Given an accelerating trend toward digitization and networks, demand for digital equipment and systems such as X-ray digital image readers and recorded image output systems is also growing among clinics. There is a rising need for clinics to provide primary diagnosis given health care system improvements. Thus demand for digital equipment is expected to expand rapidly. In addition, as the trend toward digital and networks is a worldwide phenomenon, the Group is working to strengthen its overseas marketing.

For the fiscal year ending March 2008, the Group intends to develop the clinic market by introducing the compact and easy to operate *REGIUS110* X-ray digital image reader in response to customer needs.

In graphic imaging, the Group acquired American Litho Inc., a major printing plate manufacturer in the U.S. in 2005. The Group is also seeking to establish the plate business (printing plate) centering on computer-to-plate (CTP) as early as possible in preparation for future growth.

FORWARD 08 Growth Targets by Business Segment



Performance Targets by Business Segment

(Billions of Yen)

Fiscal Years Ended/Ending March 31		2007		2008		2009
		Plan	Actual	Plan	Current	Plan
Business Technologies	Net sales	¥640.0	¥ 658.7	¥ 670.0	¥ 690.0	¥ 700.0
	Operating income	69.0	80.0	73.0	83.0	80.0
Optics	Net sales	130.0	139.0	155.0	163.0	185.0
	Operating income	20.0	21.0	24.0	23.0	30.0
Medical and Graphic Imaging	Net sales	155.0	158.7	165.0	165.0	180.0
	Operating income	8.5	8.9	10.0	10.5	12.0
Other	Net sales	17.0	16.0	22.0	19.0	26.0
	Operating income	3.0	2.9	3.2	3.5	4.0
Segment Total	Net sales	942.0	972.4	1,012.0	1,037.0	1,091.0
	Operating income	100.5	112.8	110.2	120.0	126.0
Photo Imaging	Net sales	30.0	47.8	0	0	0
	Operating income (loss)	(6.0)	(0.8)	0	0	0
Holdings, Others, Elimination and Corporate	Net sales	8.0	7.4	8.0	8.0	9.0
	Operating income (loss)	(14.5)	(8.0)	(18.2)	(15.0)	(16.0)
Group Total	Net sales	980.0	1,027.6	1,020.0	1,045.0	1,100.0
	Operating income	80	104.0	92.0	105.0	110.0

Initiatives for Further Growth

The fiscal year ending March 2009 will be the final year of *FORWARD 08*. In order for the Group to continue growing, however, the important issues will be the strengthening and further development of existing businesses, and as previously outlined in growth strategies, expansion of business domains peripheral to existing businesses and the nurturing of future businesses.

In terms of expanding business domains peripheral to the Group's existing businesses, the Group has identified IT remote services and professional document services as solutions businesses related to the Business Technologies business, LCD-use films with new functions and next generation memory devices in the Optics business, and the computer-aided diagnosis system business related to the Medical and Graphic Imaging business.

In terms of efforts to nurture future new businesses, the Group is conducting research and development on organic electronics technologies in the area of organic electro luminescence (EL) materials as light sources, atmospheric pressure glow plasma technologies in the area of high intensity film processing, Micro Total Analysis System (μ TAS) ultra micro processing technology in new medical fields, and super inkjet technologies in the industrial production equipment area.

Nurture New Businesses

Core technologies to generate new business in the future

Organic electronics technologies

▶ Organic EL materials for light sources

Atmospheric pressure glow plasma technologies

▶ Ultra hard coating processing

μ TAS technologies

▶ New medical fields

Super inkjet technologies

▶ Industrial manufacturing devices

Technology Strategy and Growth-Oriented Research Themes

The Group, under the theme of technology development integrated with Group business strategies, strengthening existing businesses, expanding business domains and creating new businesses, aims for technology development that supports Group growth and can contribute new value to society. A basic strategy to accomplish this is to develop new products and development through the compounding and integration of technologies, and strategic alliances with external sources.

In accordance with the *FORWARD 08* medium-term management plan, there are three basic research and development themes, (a) product commercialization to strengthen existing businesses over the next two to three years, (b) product commercialization for business domain expansion over the next three to five years, and (c) product commercialization aimed at the creation of new businesses in five years or longer. Of these three themes, technology development for the strengthening of existing businesses and business domain expansion are the basic responsibility of each business company's development division, while business expansion and the creation of new businesses are the responsibility of the Konica Minolta Technology Center, Inc., which has approximately 600 engineers.

Strengthening of Existing Businesses

Regarding strengthening of existing businesses, the emphasis is research and development themes where there is room for further expansion of the technology. Research and development is being conducted on next generation toners, controller platforms, and systems for practitioners.

Of these, the focus of next generation toners is the broadening of the color gamut for proprietary polymerized toner, where the Group is strongly competitive, in order to further enhance image reproduction capabilities. This is expected to further enhance the Group's advantage in the growing color MFP area. In addition, while the special characteristic of polymerized toner is that it can be fixed even at low temperatures, the Group will be working to further improve fixation technology.

Business Domain Expansion

In business domain expansion, the emphasis is on the enhanced solutions in the Business Technologies segment, development of films with new functions and next generation memory technologies in the Optics segment, and diagnostic imaging in the Medical and Graphic Imaging segment.

Of these, the Group intends to synthesize materials used in LCDs and other display panels to develop high value-added, highly functional films.

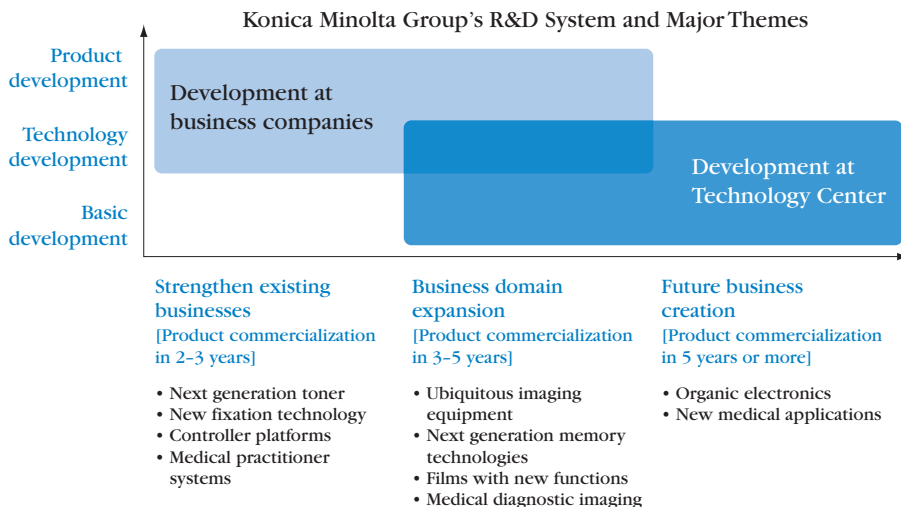
Creation of New Businesses

Regarding the creation of new businesses, technology development is progressing in the areas of organic electronics and in new medical fields.

In organic electronics, Konica Minolta signed a strategic alliance agreement with General Electric Company in March 2007 to speed up development and commercialization of organic light emitting diode (OLED) devices for light sources. Organic EL is composed of a thin layer of organic material sandwiched between two electrodes that emits light when an electronic field is applied. Thus there are high expectations in the field of illumination displays for organic EL as the next generation technology. OLED lighting is a surface light source that has many properties not available in light sources heretofore; a film-type device that is easy to bend, as well as thin, and environmentally friendly. The current global lighting market is estimated at ¥9 trillion and is forecast to grow 5% per annum.

Development is also under consideration for this product in other applications, such as back lights for LCDs and as a stand-alone display.

In terms of new medical fields, the Group is actively pursuing development in life science areas, and developing reagents and diagnostic equipment for genetic testing. We also promote joint research with other corporations and universities for the development of basic technologies for stem cell biological systems for application in diagnostic systems for the early detection of cancer.



Investment Plan

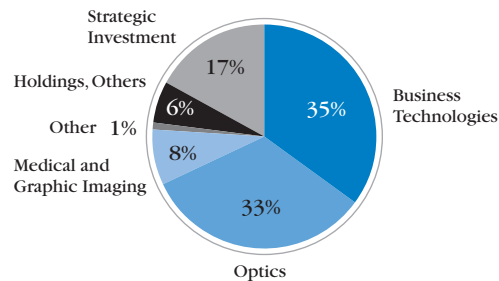
Proactively promote capital investment aiming for the Group's growth and expansion focusing on the Business Technologies and Optics businesses

Investments and Loans

March 2007 - March 2009:

Total ¥300 billion

(including an additional allocation of ¥70 billion)

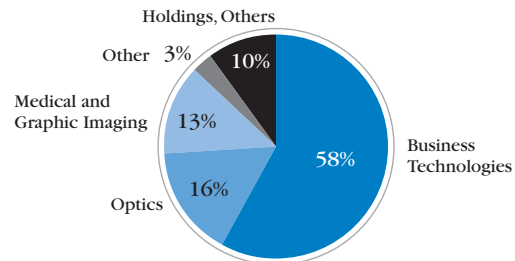


R&D Expenditures

March 2007 - March 2009:

Total ¥250 billion

(maintaining an 8% level to net sales)



Intellectual Property Strategy

As the Konica Minolta Group places emphasis on research and development, it owns a substantial amount of intellectual property including patents. The Group believes that intellectual property is an extremely important management resource, and in addition to protecting the Group's businesses with its intellectual property, intends to effectively utilize this property externally. (See pages 38 to 41 for Intellectual Property Update.)