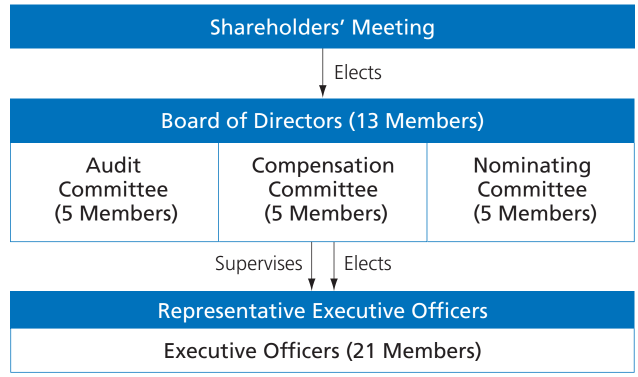
Corporate Governance

Konica Minolta recognizes that strengthened corporate governance is a key management issue, and has clarified the functional separation of management supervision and execution, while at the same time strengthening the functioning of each to achieve fair and highly transparent management.

The separation of the supervisory and executive functions is accomplished by a company-with-committees system that includes the Audit Committee, Nominating Committee, and Compensation Committee, which are an integral part of the Board of Directors, through which the Group is working to enhance transparency and fairness, while at the same time working to speed up decision-making.

The Board of Directors does not make decisions on the execution of daily operations, but engages in appropriate management by concentrating on the managerial supervision functions and on decision-making of basic management policies and other essential issues. Executive Officers execute the decisions of the Board assuming full responsibility for businesses assigned to them individually under the leadership of the President & CEO.

Role of Each Committee



Nominating Committee—
Nominates Board director candidates to be approved by shareholders at the next general shareholders' meeting.

Compensation Committee—
Determines Board director and executive officer compensation.

Audit Committee—
Supervises directors' and executive officers' decision making in place of auditors under the conventional systems.

The supervisory function of the Board is ensured by the appointment of non-executive officers for the majority of Board directorships. Of a total 13 Board members, seven are non-executive officers, four of which are outside directors serving as members of the committees, and the other three are non-executive directors, including the Chairperson of the Board. The other six Board members also hold executive positions, including the President and CEO, and the executive officers in charge of corporate strategy, accounting and finance, technology strategy, compliance, and the Group's largest business company.

Moreover, as all committees are chaired by outside directors and the President and CEO does not serve on any committee, we believe this provides for a very advanced and highly transparent corporate governance structure. In terms of the actual activities of outside directors, an average of over 90% of attendance was confirmed to the Board and committee meetings, which were held 13 times and 25 times, respectively, during the fiscal year ended March 2007, thereby promoting enhanced governance.

The Nominating Committee is responsible for the selection of new director candidates. Each outside director is elected based on their track record and insights into each respective field of expertise. Moreover, they are strongly independent, have no important business relationships with the Group, and are able to devote sufficient time to the performance of their duties as Board and committee members. In the fiscal year under review, a policy was created to define standards of independence for outside directors. In addition, the Group's outside director candidate selection is centered on individuals with actual experience as corporate chief executives, based on the belief that such candidates would be more appropriate given their responsibility as Board members for important decisions regarding management of the Group in addition to supervising executive management. Because extended terms for outside directors can lead to questions regarding their independence, the Group has established a principle of limiting the term that each outside director serves.

The Compensation Committee determines policies regarding compensation decisions, and determines monetary and other compensation for directors and executive officers based on these policies. The aim of the directors' compensation system is to strengthen the motivation for directors and executive officers to strive for the continuous medium- and long-term growth of the Group in line with management policies to meet shareholder expectations, and to maintain a continuously high level of capable director/executive talent even when compared to other companies in the same industry, thereby maximizing the value of the Group as a whole. Director compensation packages consist of a "fixed compensation" component and long-term incentives in the form of "stock remuneration-type stock options" (outside directors receive only fixed compensation),

J-SOX Project Team Action Plan

Phase 1	Create a comprehensive plan (completion by March 2007)
Phase 2	Create documentation for internal control system (implement in fiscal year ending March 2008)
Phase 3	Evaluate status of preparations and operations
Phase 4	Further improvement

→ Complete a robust system by the end of March 2008

while executive officer compensation packages consist of three components, "fixed compensation", "performance-based compensation" as a short-term incentive and "stock remuneration-type stock options" as a long-term incentive with the Group's compensation policy standard being a 60:20:20 mix of those three type of compensation. As the Group believes that it is important to clarify the degree and nature of the performance-based compensation in the compensaiton policy, Konica Minolta discloses more information in its business reports than is required by Japan's Company Law regarding the structure of executive compensation and the total amount of each type of compensation.

The Audit Committee reviews directors' and executive officers' decisions for legality and appropriateness, reviews internal control systems and reviews and determines the selection of accounting auditor. The Audit Committee Office specifically assigned to support the Audit Committee has been established as a necessary support function for the committee to properly execute its duties, and in addition to functioning as the secretariat for the Audit committee, performs its duties under the direction of the committee.

Each executive officer in charge of the Corporate Audit Division, Risk Management Committee, and Compliance Committee that are an integral part of the Group's system of internal controls is to report on a regular basis to the Audit Committee, and is required to report in a timely manner to the committee on any issues of pressing importance and the status of work on these issues, or as required by the Audit Committee. The designated audit members elected by the Audit Committee can attend Executive Meetings or other management meetings when necessary, and can request the executive officers in charge of the Corporate Audit Division, Risk Management Committee, and Compliance Committee to conduct research or prepare reports.

While Konica Minolta Holdings, Inc. has established an Audit Committee, subsidiaries including business and common function companies have established their own company auditors.

The Audit Committee, Corporate Audit Division and auditors in business and common function companies work to improve audit efficiency and effectiveness while maintaining their independence and communications.

In order to support an enhanced corporate governance function, a Board of Directors Office has been established to provide support for the Board of Directors as well as the Nominating Committee and the Compensation Committee. In addition, the Board of Directors Office supports the Company's outside directors by providing them with regular information updates, pre-meeting explanations of Board agenda items, and conducting secretarial work including arranging informal meetings with the Chairperson of the Board as well as the President and visits to the Group's domestic and overseas operational sites.

The objective of Konica Minolta's compliance efforts is to ensure compliance with laws, regulations, corporate ethics and internal regulations in all of its business activities. In order to do this, the Group has created the Konica Minolta Group Conduct Guidelines. Through these guidelines, the Group is working to enhance corporate value and to ensure the trust of all of its stakeholders. In addition to the appointment of a compliance officer, the selection of a support and promotion department and the establishment of a Compliance Committee, the Group has established a help line as a contact point for consultations regarding compliance issues for the entire Group.

Konica Minolta has established a J-SOX Project Team and has begun preparations for the introduction in Japan of the "Financial Products Exchange Law" from April 2008. Preparations are executed in four phases for the establishment of an internal control system for all Group companies that are subject to consolidation. In addition, the Group is working to create a system to prevent mistakes in the preparation of financial statements as well as in the financial disclosures themselves and to ensure their appropriate disclosure.

Through these activities, Konica Minolta intends to realize a highly transparent corporate governance structure and to enhance corporate as well as shareholder value in the process.