KONICA MINOLTA GROUP
Q&A from 3Q / March 2009 Financial Results Briefing Session

Date:	Thursday, January 29, 2009 16:30 - 17:30 JST
Place:	Sapia Hall, Tokyo Station Conference (Tokyo, Japan)
Speakers:	Shoei Yamana, Senior Executive Officer
	Yasuo Matsumoto, Senior Executive Officer

Cautionary Statement

This material was prepared for those who were unable to attend the financial results briefing in person and is intended only for reference purposes. The reader is asked to acknowledge in advance that the text is not a verbatim account of everything that was said at the briefing but a basic summary whose content was determined by the judgment of Konica Minolta.

Moreover, The reader is asked to acknowledge in advance that the business performance outlook and other content concerning future results in this document is based on information that the company has at the present time and a rational evaluation based on certain assumptions and that actual business performance can greatly vary due to a number of factors.

■ Business Technologies

Q: Despite worsening market conditions and rising yen, in the third quarter the Business Technologies business achieved an operating profit about the same as that in the second quarter. Specifically, what did you do to achieve this result?

A: In the third quarter, we reduced operating costs by 4.9 billion yen mainly by reducing operating costs at sales subsidiaries in Europe and other regions and by reducing overall operating costs at the Business Technologies' headquarters. In the US, we were unable to achieve a net reduction in operating costs because of our acquisition of Danka Office Imaging and the fact that we are still in the process of integrating Danka into our corporate structure.

Q: What were year on year sales results for non-hard products?

A: In local currency base, we had a year on year increase of 15%. By region, the results are +2% for Japan, and +20% for both Europe and the US. In addition, and excluding Danka, year on year growth in the US and overall was around 4 to 5%.

Q: What is your future policy on the LBP segment?

A: The new office color tandem LBPs we introduced this quarter are showing robust sales growth. Starting next fiscal year, we anticipate enhanced profits due to increased revenue from non-hard products.

■ Optics

Q: Third quarter business performance for optics fell drastically compared to the first half because of a worsening market due to such factors as slowing personal consumption. What, then, is your profit outlook for the fourth quarter and next fiscal year for the primary products in this segment?

A: Year on year third quarter results for TAC (triacetyl cellulose) film on a volume basis showed a sharp 31% decline. The volume decline was particularly evident from November 2008. We expect this trend to continue into the fourth quarter. While plans to encourage primary customers to employ new products are running on schedule, existing products are being decreased , making a year on year decline in volume in the fourth quarter of the same magnitude as the third quarter unavoidable. Likewise, year on year third quarter results for optical pick-up lenses (objective lenses for DVD and Blu-ray formats) on a volume basis showed a sharp 47% decline, and despite the outlook for a slight recovery by the end of the fourth quarter, we also anticipate a sharp decline in volume for the fourth quarter. Year on year volume through the third quarter for glass hard disc substrates has held steady but we anticipate that volume for the fourth quarter will decline by half from its third quarter level.

Q: Has the big decline in TAC film volume had any significant impact on unit cost? It is said that competitors are selling thin film products at low prices, so when the market has recovered will you do likewise to maintain or take market share?

A: The drop in TAC film revenue is a result of a sharp drop in volume and has no significant impact on unit price. Moreover, our genre top strategy emphasizes VA-TAC film, a market seen as having growth potential, and other high-valued added products; our strategy is not based on grabbing market share by competing on price with bottom segment products.

■ Efforts to strengthen operational performance

Q: This fiscal year 9.5 billion yen is allocated to covering the cost of structural changes. Can we consider that amount to cover all of your planned measures? Or will additional money be allocated next fiscal year?

A: Taking into account a lower FY/Mar2010 profit-loss break even point, all money that our present assessment allows has been allocated and the cost for next fiscal year will not be of the same scope as this fiscal year. But since the time frame by which overseas sales subsidiaries will reduce staff varies by country, we will carry out a thorough follow up study and reassess the cost situation based on the results.

Q: A consequence of the planned corporate restructuring is that compared to FY/Mar2009, FY/Mar2010 is expected to show a 30 billion yen improvement in operating profit. In the next fiscal year, will this result absorb reduced profits caused by the rising yen and maintain profits level at about the same level as forecast for this fiscal year?

A: By applying these various measures – reducing fixed manufacturing costs, reducing sales administrative costs, sorting out underperforming operations – we intend to generate steady profits.

Q: You expect substantially reduced profits for optics for FY/Mar2009, and you expect to improve profits through measures such as reorganizing manufacturing centers and reevaluating personnel in Japan and overseas. How will this change the profit structure for the coming fiscal year?

A: We are unable to forecast anything specific about business performance for the next fiscal year, but even if the poor sales conditions of the current second half persist, we intend to build a business framework capable of generating solid profits.

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