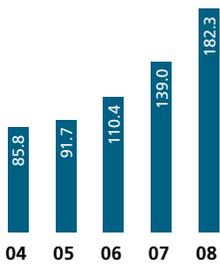
A portrait of Takashi Matsumaru, President of Konica Minolta Opto, Inc. He is a middle-aged man with dark hair, wearing glasses, a dark pinstriped suit jacket, a light blue shirt, and a striped tie. He is smiling and sitting on a black leather chair. The background is a solid blue color.

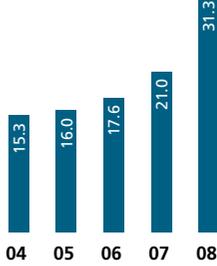
In the fiscal year ended March 2008, we generated solid sales of viewing angle expansion films for large-screen LCD televisions and optical pickup lenses for next-generation DVDs and strove to bolster production capacity. Segment sales and earnings outstripped projections to reach new highs.

Takashi Matsumaru
President
Konica Minolta Opto, Inc.

Net Sales
(Billions of Yen)



Operating Income
(Billions of Yen)



Optics

Sales increased on the strength of a recovery in demand for display materials, notably TAC films used in large-screen LCD televisions. High-value-added TAC films with viewing angle expansion function were key sales drivers. We commercialized several TAC films for VA mode to serve the growing market for large-screen LCD televisions. In November 2007, we boosted capacity by starting operations at our fifth TAC film plant, enabling us to raise market share in retardation films for VA mode LCD panels.

Core memory devices are optical pickup lenses, which contributed significantly to earnings through favorable sales for next-generation DVD formats. These lenses incorporate our industry-leading optical and precision engineering, and other advanced technologies, helping us to maintain our dominant market position.

Despite customers' inventory adjustments in the first half of the term, sales of glass hard disk substrates were solid, reflecting a demand recovery in the second half and high marks for compatibility with perpendicular magnetic recording systems. We expanded production capacity in December 2007 by starting operations at a Malaysian factory.

In our digital camera lens unit business, we increased shipments of high-zoom lenses, which harness our superior optical technologies. Sales of components for camera-equipped mobile phones rocketed because we were able to satisfy demand for high-end lenses, contributing to our business expansion.

As a result of these factors, Optics business net sales rose 31.2%, to ¥182.3 billion, with operating income increasing 48.8%, year on year to ¥31.3 billion.

In order to further solidify our positions in the core TAC film and pickup lens markets, we increased TAC film production capacity in June 2008 by starting operations at our sixth plant. At the same time, we are working to boost productivity in other businesses.

Our new Osakasayama site in Osaka houses all western Japan optical, mechanical design, and production engineers; they used to work at sites around the region. We will use the synergies of these people to cultivate operations by enhancing our development and manufacturing technologies, creating high-precision products, and improving productivity.

We will continue to comprehensively reinforce our Optics business to become a dominant company.



TAC film production process



Optical pickup lenses for next-generation DVDs



Glass hard disk substrates



Lens unit for camera-equipped mobile phones