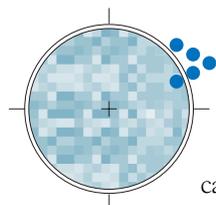


OPTICS & EM TECHNOLOGIES COMPANY

THE OPTICS & EM TECHNOLOGIES COMPANY, WHICH SUCCEEDS THE OPTICS TECHNOLOGY COMPANY AND ELECTRONIC MATERIALS DIVISION, WILL MANUFACTURE AND SELL OPTICS PRODUCTS & RELATED EQUIPMENT AND ELECTRONIC MATERIALS.



President
Takashi Matsumaru



Konica has designated its Optics and EM (Electronic Materials) businesses as strategic business fields and aims to achieve high income in these fields.

Regarding its Optics business, in the optical pickup field, although PC-related markets remained in an adjustment phase, there was a recovery in the second half of the fiscal year, mainly in DVD-related markets. Sales of optical lens units for VTRs and other applications declined owing to falling market prices.

In our EM business demand in the market for LCDs was sluggish during the first half of the fiscal year due to a slump in IT-related markets. In the second half, however, there was a recovery in demand, mainly for our 40-micron triacetyl cellulose (TAC) film for LCD polarizing plates developed and introduced in advance of similar products by competitors. Nevertheless, sales in our EM business declined from the previous fiscal year.

Integrating our Optics and EM businesses into a single company will allow us to take advantage of the characteristics of these businesses as a common upstream-type business and to combine such core technologies as optical technologies with technologies for functional materials, film creation, and coating for electronics materials. This, in turn, will lead to the creation of new businesses, including display-related businesses and enable us to expand our business in this field.

In the Optics business we will maintain the superiority of our aspherical plastic lenses for optical discs, mainly DVDs, while further expanding this business. These lenses integrate technologies that enable enhanced performance and more-compact products. We have secured an approximately 70% share of the market for these products. Looking ahead, we will center our R&D on aspherical plastic lenses for optical discs for use with blue-violet lasers, which are expected to become the principal type of laser used in the future. These efforts will be aimed at the timely development of new products; distinguishing product quality at all phases, from development and design to production; developing future-oriented technologies; and establishing a solid position in the market. As a new business, we are planning for the full-fledged commencement of our microcamera unit (MCU) business in fiscal 2003. MCUs are integrated into various information terminals that include mobile phones, PDAs, and digital still camera (DSCs), and we expect to steadily expand this business in the future. Konica aims to establish a solid foundation as a leading company in MCUs, focusing these efforts on its core technologies.

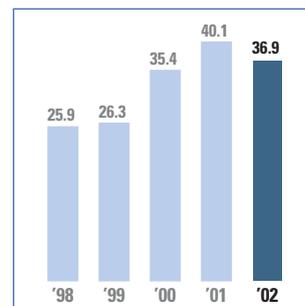
In its EM business, Konica will develop its information network-related business while vigorously participating in the field of materials for use in markets for displays, which are expected to grow sharply. Anticipating a recovery in the market from 2002, we will place particular emphasis on accelerating our investments in our TAC film business. These investments will be for the construction of new plants, as we increase and strengthen our production capabilities as well as develop new production technologies and expand our market share. In addition, we will strengthen our lineup of thin-film products that integrate our film creation technologies, which are core technologies, and improve our technologies and services as a TAC film vendor. Also, we will combine our material technologies and our coating technologies, which are also core technologies, as well as develop and manufacture films that meet the needs of customers and engage in high-value-added businesses. In particular, we aim for the quick start of sales of functional optical films that use TAC film as a material.



MO disk drive



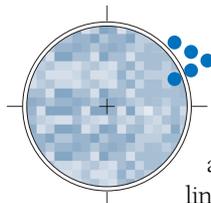
Aspherical plastic lenses used in optical disk drives



NET SALES
(Billions of yen)

OFFICE DOCUMENT COMPANY

THE OFFICE DOCUMENT COMPANY, WILL MANUFACTURE AND SELL COPIERS AND COPIER SUPPLIES.



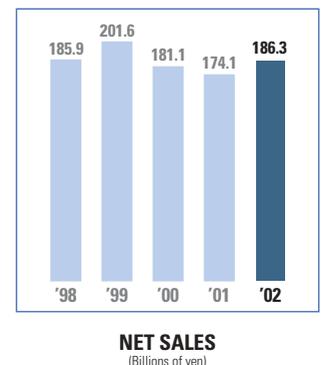
During the fiscal year we achieved smooth progress in shifting our business away from regular copiers toward mid-speed and high-speed digital copiers through the successive introduction of the Konica Sitis 7155/7165/7085 high-image quality, high-speed digital printers that integrate our own independently developed polymerization toner. Despite a decline in overall sales volume as a result of the sluggish economy, we achieved higher sales by reducing costs through the transfer of production to China and by strengthening our lineup of mid-speed and high-speed digital copiers. In addition, we upgraded numerous types of application software, including document control software, and expanded our sales channels for high-speed copiers for print-on-demand (POD) markets, including markets for light printing.

Working to achieve a further reduction in costs, we are proceeding with the transfer of production to China. In Europe, we are reorganizing our sales subsidiaries by bolstering their financial structures as well as rationalizing and raising their efficiency, and taking steps to expand business. Through a business tie-up with Minolta Co., Ltd., we are engaged in such activities as the mutual supply of parts and finished products and cooperative R&D efforts while proceeding with operations at a joint venture for the production of polymerization toner.

In our supplies business, we are promoting external sales, including those of our independently developed polymerization toner and high-durability drums. Polymerization toner, a next-generation toner, features finer particles that enable higher image quality than previously used pulverized toner.

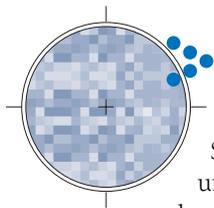
We are also vigorously developing our solutions business, such as POD services, taking advantage of our high-speed color copiers.

At the same time, we will strive to attain a more-than 10% share of the global market by implementing such measures as forming strategic alliances and pursuing OEM strategies. We are aiming for net sales of ¥277 billion and operating income of ¥22 billion in fiscal 2005.



CONSUMER IMAGING COMPANY

THE CONSUMER IMAGING COMPANY, WHICH SUCCEEDS THE CONSUMER IMAGING COMPANY, ID SYSTEMS DIVISION, AND CAMERAS & DIGITAL IMAGING DIVISION, WILL MANUFACTURE AND SELL CONSUMER & COMMERCIAL PHOTO-SENSITIZED MATERIALS AND EQUIPMENT.



Konica integrated its color film, color paper, camera, and ID photo businesses into the Consumer Imaging Company to better respond to the needs of the market while raising the efficiency of its business.

During the fiscal year under review, despite the commencement of sales of the new Konica Color Centuria Super series of film, sales prices declined in the domestic market due to intensifying competition while sales volumes in Europe and the United States decreased owing to the effects of the terrorist attacks. In Asian regions, where we have secured high market shares, efforts to strengthen and expand sales yielded particularly robust increases in the sales volume of printing paper. We established Konica Online Labs to respond to needs in digital printing using the Internet. Konica will bolster the foundation of its photo print business as a growth business for the future.

In our film camera business, two of our models received Good Design awards and we launched sales of three new digital camera models, including the Konica Digital Revio series. Nevertheless, sales in our film camera business declined from the previous fiscal year. In our color film and color paper business we focused on region-specific strategies to respond to the advance of digitization. In such growth markets as Asia, Russia, and Central and South America, where the advance of digitization has lagged, we recorded firm growth in sales, supported by the high quality of the Konica Photo Express minilab shops and our strong network and brand power. Also, we fortified our sales capabilities for paper films in these regions by taking such steps as carrying out local processing of paper film packaging to reduce costs and raise distribution efficiency. In such mature markets as Japan, Europe, and the United States, where digitization is rapidly advancing, falling prices have created a harsh business environment. In response, we are pruning fixed costs through restructuring and other measures while progressing with our digital photo business as we aim to build a new revenue model.

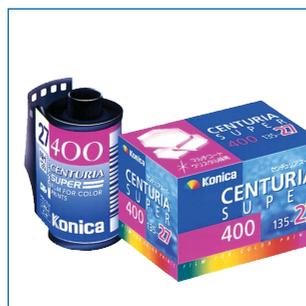
In the photo ID business we will maximize synergies from the reorganization of our Consumer Imaging Company as part of our downstream business for input and output services. We will maintain our top market share in Japan and use our infrastructure in the Consumer Imaging Company to expand this business in overseas markets.

We plan to maintain profit levels by increasing sales in growth regions to compensate for declining demand in mature markets for such existing businesses as film and paper. In addition, we will further develop our digital photo business and expand our ID and IPS business. Through these efforts, we aim to achieve net sales of ¥215.0 billion and operating income of ¥9.5 billion in 2005.

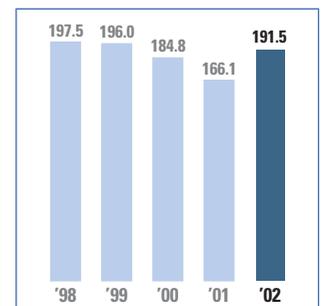
From the fiscal year ended March 2002, the previous Consumer Imaging division, Camera & Digital Camera division and ID division have been integrated into the Consumer Imaging Company.



Konica Digital Revio KD-400Z



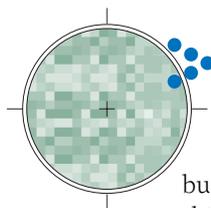
Konica Color Centuria SUPER 400



NET SALES
(Billions of yen)

MEDICAL & GRAPHIC COMPANY

THE MEDICAL & GRAPHIC COMPANY, WHICH SUCCEEDS THE MEDICAL & GRAPHIC COMPANY, WILL MANUFACTURE AND SELL MEDICAL FILM, PLATEMAKING FILM, AND PROCESSING SYSTEMS.



In medical imaging products, Konica was quick to respond to the trend toward digitization and networking in hospitals and has introduced numerous new products in digital device fields, including the Konica Direct Digitizer REGIUS Model 350/550, as well as the Konica Laser Imager DRYPRO Model 751/752.

In graphic imaging products we responded to the trend toward digitization and expanded our color proof business by increasing sales of such products as our Digital Konsensus. Overseas we recorded higher sales of graphic imaging products from the previous fiscal year by working to expand sales and market share, primarily in Asian countries.

In our medical imaging businesses we will strengthen our lineup of digital input and output devices, supplies, and system software product capabilities and enhance profitability in parallel with efforts to upgrade our service structure. In particular, we will expand the market for dry-film X-ray imaging equipment along with the trend toward digitization and networking in hospitals. To respond to an expected rise in demand in this area, a new production plant for dry-film photosensitive materials at our Kofu business site commenced operation on schedule. Konica plans to strengthen its lineup of competitive system devices. Overseas, we are building a support network and strengthening our marketing capabilities to respond to the trends toward digitization and networking, mainly in Europe and the United States. We plan to shift our traditional businesses toward such growth regions as Asia and the Middle East to expand our medical imaging business and raise profitability.

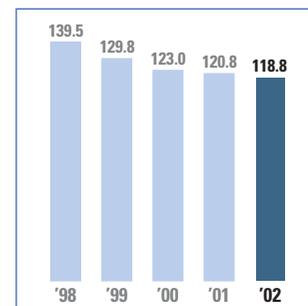
In our Graphic Imaging Business we will secure a larger share of the digital proof market by further expanding markets for our competitive Konsensus brand. To carry out proposal-based sales activities that focus closely on the needs of the color proof market, we established Konica Graphic Imaging Co., Ltd., which combines various non-development and production related functions in Japan. By taking such measures, we are striving to strengthen our sales capabilities through direct sales and enhance our profitability. We will also designate the POD market as a high priority market and aggressively enter targeted segments of this market. In addition, Konica will also strive to reduce costs by consolidating and rationalizing production bases, while shifting the focus of its business away from regions where digitization is progressing rapidly toward rapid economic growth regions of Asia and the Middle East.



Konica DRYPRO MODEL 752



Konica Digital Konsensus Pro



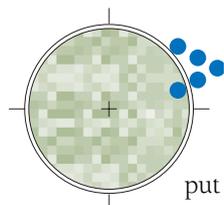
NET SALES
(Billions of yen)

TECHNOLOGY CENTER

TECHNOLOGY CENTER WILL PROVIDE CUSTOMIZED R&D, PROMOTE BUSINESS OPPORTUNITIES FOR NEW TECHNOLOGIES, AND PROVIDE INTELLECTUAL PROPERTY MANAGEMENT AND SERVICES, SUCCEEDING THE FUNCTIONS OF KONICA'S CENTRAL LABORATORIES, INKJET TECHNOLOGY BUSINESS CENTER, AND INTELLECTUAL PROPERTY AND LICENSING DEPARTMENT.



President
Kaoru Onodera



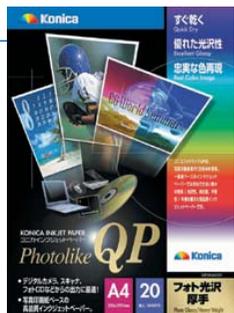
Aiming to consolidate and strengthen technology development functions and business cultivation functions, in April 2002 Konica established the Technology Center, which combines the Inkjet Business Promotion Center, Intellectual Property Division, and Central Research Laboratory.

Konica has designated imaging input and output as a business domain and is strengthening three principal output technologies as innovation platforms in imaging fields. Among these, Konica has already developed silver halide photo technologies and electronic photo technologies and is currently utilizing and strengthening these as core technologies. The third output technology is inkjet technology. Konica aims to cultivate and strengthen its inkjet technologies as a platform technology, with such efforts being spearheaded by the Technology Center.

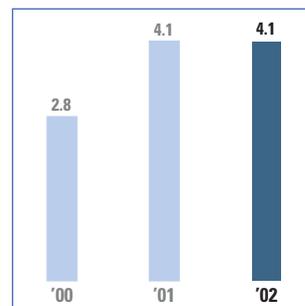
Supported by R&D activities carried out to the present, we are rebuilding our inkjet business on two fronts. First in media businesses that have already been firmly established, we are expanding sales through strengthened sales capabilities that include securing new OEM products and upgrading our new product offerings by aggressively promoting the Konica brand. Second, in our printer business, we will strengthen internal tie-ups and develop high-speed, high-quality printers for our Consumer Imaging, Medical & Graphic, and Office Document Company.

In our Inkjet Business we are aiming for sales of ¥30 billion and operating income of ¥2 billion in fiscal 2005.

Our new business incubation period is focused on obtaining patents based on basic research and we will start up new businesses upon commercialization. To date, Konica has successfully started up such new businesses as aspherical plastic lenses used in optical disk drives and LCD polarizer TAC film. Specifically, we are developing new thin-film technologies that use our core technologies.



Konica Photolike QP



NET SALES
(Billions of yen)