

Review of Operations

Image Information Products

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DiALTA Color CF3102



www.BERTL.com

In line with our selective concentration strategy, we have allocated management resources in areas that focus on the promotion of digitization and the acceleration of colorization in potential high-growth businesses, multi-functional peripherals (MFPs) and laser printers (LBPs). The image information products business is important to our operations, and we intend to become a top supplier by concentrating in our specialized genres and in specified geographic areas where our strength can be demonstrated.

Responding to calls from the market for advanced information network technology and digitization, Minolta expanded sales in the MFP business by enhancing its lineup. In this business, we introduced the DiALTA Di551 and DiALTA Di451, supporting high productivity in the networked office environment, and the DiALTA Di850, which features high productivity, polymerized toner technology, and high-speed output of 85 copies per minute.

In the growing digital color MFP field, we boosted our market

DiALTA Di850



share by expanding sales of the tandem engine based DiALTA Color CF3102 and DiALTA Color CF2002, using polymerized toner. We increased market share in each of our operating regions and most notably acquired a leading position in the color MFP market in Germany in 2002. We were very successful in raising our profile in digital imaging products, receiving various awards for their excellent performance, such as the "Editor's Choice" award from the U.S. *Better Buys for Business* magazine and the "Five Star Exceptional Rating" from the independent international publisher of news, research and critical analysis service covering digital imaging systems, Business Equipment Research & Test Laboratories (BERTL).

In the office market, we focused on providing total solutions for

magicolor 2300DL



PagePro 1250E

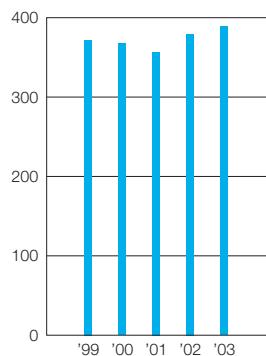


both the hardware and software needs of customers. We launched PageScope Suite, a Web-based network and document management software that lowers the total cost of ownership (TCO) and increases office work productivity.

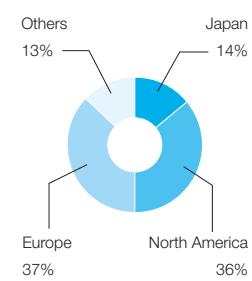
Overall growth in the LBP market was less than initially anticipated, however, new products such as the monochrome PagePro 1200/1250 series and PagePro 9100 contributed to expanding market share in Europe, the U.S., and China. In the color LBP market, we continued to acquire market share in Europe and the U.S. through sales of magicolor 2200, introduced in fiscal 2001. In the fiscal year under review, our market share was increased significantly by the newly released magicolor 2300DL, which has been recognized for its high productivity, compactness, and affordability. This product caters to the A4/letter size LBP market, the largest volume market categorized by paper size, solidifying our position in the market. Due to the contribution brought by magicolor series LBPs, which are highly regarded for their cost performance, we also expanded our OEM business, deriving maximum benefit from our business alliance.

Collaborative arrangements including the joint development and supply of products and a polymerized toner joint-venture business have been developed since April 2000, and have contributed steadily to results. The management integration formalized with Konica Corporation in August 2003 aims to strengthen the position of the new company in the field of image information products, enhancing development and marketing capabilities, competitiveness and profitability.

Image Information Products Company Sales
(Years ended March 31)
(Billions of Yen)



Sales by Region
(As of March 31, 2003)
(%)





Review of Operations

Optical Products

C O M P A N Y



DiMAGE Xt

The worldwide digital camera market has continued to expand significantly while at the same time exhibiting increasingly intense competition. In fiscal 2002, we continued our program of far-reaching structural reforms and cost reduction under the selective concentration and differentiation strategies in an effort to capture a dominant position in specified genres. With contributions delivered by the DiMAGE digital cameras including the DiMAGE 7i, a high-end model with 5 megapixel effective resolution and built-in 7x zoom lens, the

DiMAGE 7Hi, a high-function limited edition, the compact and stylish DiMAGE F series with 4 megapixel and 5 megapixel effective resolution, and the DiMAGE X full-flat 3x zoom series with 2 megapixel and 3.2 megapixel effective resolution, we doubled unit sales compared with the previous fiscal year and captured high market share in the respective categories.

The DiMAGE X series utilizes Minolta's revolutionary folded optical zoom lens unit, which differs greatly from conventional lens systems,

incorporating a zoom lens in a body that is only 20mm thick. The DiMAGE X has received unprecedented acclaim, winning a number of awards including the Camera Grand Prix 2002 Special Prize in Japan, the Digital Compact Camera of the Year 2002-2003 from the European Imaging and Sound Association (EISA), the Best Design awards among The Best Photo Products in Europe Awards 2002-2003 selected by the Technical Image Press Association (TIPA), and the internationally acclaimed iF Gold Award in Germany for its superior design. We actively pursued diversified sales channels such as nationwide electric appliance retailers and PC stores and achieved significant year-on-year growth both in sales volume and amount.

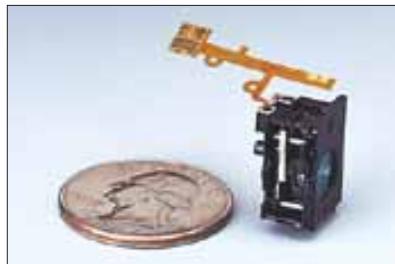
As for film cameras, we continued our program of structural reform anticipating a growing trend toward global market reduction. Minolta has concentrated on the introduction of new models with unique characteristics. The DYNAX series of compact single lens reflex (SLR) cameras is one such example and has maintained its market share in its class. The DYNAX 4 (marketed as Maxxum 4 in North America, -Sweet IL in Japan) has attracted wide acclaim, offering compactness and functionality on par with advanced models, winning the European Camera of the Year 2002-2003 from EISA.

In the optical systems business, we increased sales on the back of growing demand, reflecting the trend toward mobile PC communications and higher capacity hard disks. In addition, we strengthened our cost competitiveness in optical units for digital projection systems through the smooth start up of production at our China-based sub-



Color prism unit with the accurately positioned Digital Micromirror Device™* (DMD™) panels for digital projectors

Digital Micromirror Device™* is a trademark of U.S.-based Texas Instruments Incorporated.



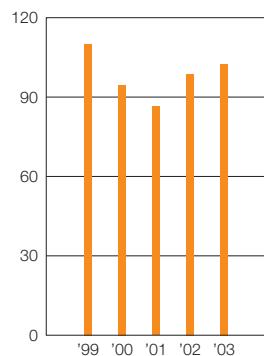
MZC (Micro Zoom Camera)
Miniature Optical Zoom Unit

sidiary. In addition, we have commenced mass production of micro-lens units for application in mobile phones mounted with cameras, a field which offers significant growth potential.

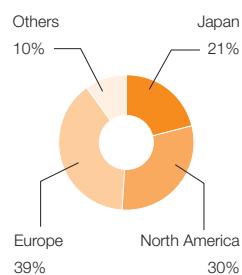
Following management integration with Konica Corporation, we will leverage the technical expertise of both companies, allocate management resources to those categories where high-profits are anticipated, and market products with competitive advantage. Through these measures, we aim to establish a dominant position in specified genres and improve our earnings capacity.



Optical Products
Company Sales
(Years ended March 31)
(Billions of Yen)



Sales by Region
(As of March 31, 2003)
(%)





Review of Operations

Instrument Systems

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VIVID 910

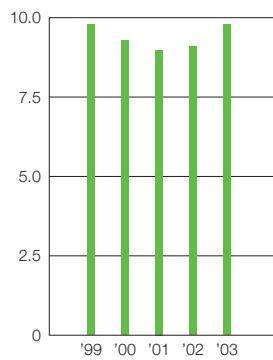


CR-400/410

Optimizing Minolta's sensing technology, the Instrument Systems Company markets industrial instruments for measuring light, color, and temperature with a variety of applications to meet greatly increasing demands in industrial product quality management. Another important product line is non-contact 3D digitizers, which are carving our way to success, responding to increasing demands for 3D digitizing in reverse engineering, archiving cultural properties, and other uses. For medical applications, Pulsox series oxygen saturation monitors and jaundice meters are widely accepted in the world market.

In fiscal 2002, we expanded sales of the VIVID 910, a new model of portable non-contact VIVID series digitizers with high accuracy and high-speed scanning capabilities. Moreover, we solidified our market position in the color measurement field by expanded sales of the newly introduced Chromameter CR-400 and CR-410 equipped with a huge number of added value features and improved versatility.

**Instrument Systems
Company Sales**
(Years ended March 31)
(Billions of Yen)



Sales by Region
(As of March 31, 2003)
(%)

