



Image Information Business



DiALTA Color CF3102



magicolor 2300DL

The image information business is the largest business of the Group. The principal area of business is in the field of input and output devices focusing on color multifunctional peripherals (MFPs), laser printers (LBPs), and image information-related software, systems, and services. By combining the strengths of Konica and Minolta, the new company will work to create optimal environments for corporate customers, delivering network document solutions, and supporting the communication and information sharing requirements of business users.

Realizing that our business currently occupies the fourth position in global markets, we will strive to enhance our competitiveness in solutions and systems, in addition to the expansion of our business scale. To this end, the goal of the new integrated company is to maximize the strengths of Konica and Minolta, bolster competitiveness in its core competencies based on a selective concentration strategy, and establish a leading position in specified genres.

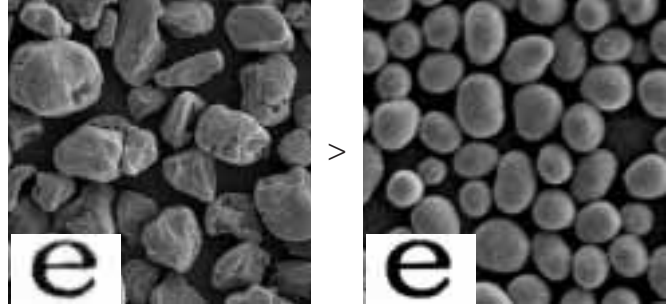
In more specific terms, the new company will allocate management resources in the segments of color MFPs, LBPs, and medium- and high-speed digital MFPs, in an effort to achieve the top position in office color MFPs and LBPs, near-print devices, print-on-demand (POD), and in polymerized toner.

In the office color MFP and LBP market, the shift from monochrome to color is advancing steadily, and prompting expectations of significant market growth. Minolta in particular was early in putting emphasis on color MFPs and LBPs as a core business, and its color LBPs have acquired the second position* in the global market including its OEM business. A notable success was the release in September 2002 of a principal A4/letter size color LBP, which has been recognized for its compactness, cost performance, and image quality. In this business, we will expand sales by strengthening marketing capabilities, as made possible by the management integration. In medium- and high-speed digital MFPs, the new company will focus on the near-print, print-on-demand (POD), and book-on-demand markets. As digitization advances in the office environment, IT administrators, whose principal criterion is

*Statistics for fiscal 2002 (IDC Japan—Printer Tracker 4th Quarter 2002)



The No. 2 Plant of Konica Minolta Supplies Manufacturing Co., Ltd. was completed in May 2003 to increase production of polymerized toner to meet growing demand.



Conventional toner (left) produced by the pulverizing method and the new-generation polymerization toner.

print quality, have begun to initiate purchasing control. Konica's medium- and high-speed devices have established a reputation with IT administrators for quality and reliability. In leveraging this acclaim, the new company will nurture new markets through an enhanced marketing structure, and innovative solutions that address the network and advanced needs of IT technology.

As the trend toward digitization and colorization in image information products advances, Konica's proprietary polymerization toner assumes a more critical position in this business. By reducing the size and standardizing the shape of toner particles, minute lines, characters, photos, illustrations, and half-tones can be reproduced with greater precision and richness. Konica and Minolta have collaborated in this business since December 2000, and the new integrated company will continue to strengthen its consumable supplies business focusing on the polymerization toner. Due to the high technical expertise required to develop a polymerization toner, this product affords us a measure of protection against competing products whereas the conventional pulverized toner is affected by rival brands. Thus, we anticipate stable consumables sales growth in line with new product introduction.

This largest business of the new integrated company provides a number of scale merits. First, it accelerates product development and maximizes efficiencies as well as allows the concentrated allocation of management resources in solutions and systems that are our priority domains. Second, it allows the Group to produce a lineup of high-quality, low-cost products comparable with those of our competitors.

On the marketing side, in ensuring that both companies' global networks are strengthened and effectively coordinated, the Group will work to expand its businesses in worldwide markets, as well as focus on cultivating new opportunities in vertical and near-print markets.

In order to further complement and enhance development, production, and sales, the group will also actively pursue future business alliances with other companies.



Sitis 7165



Optics Business

In the optics business, we will expand our business scale and bolster profitability by utilizing management resources which have been reinforced by the integration between Konica and Minolta.

In the optical pickup lens business, the new company's aspherical plastic lenses for optical disks, mainly used in CDs and DVDs, enjoy wide market acclaim for their quality, based on our technology and production capacity, while boasting an overwhelming share of the market.

In the optics-related products business, an area earmarked for significant future growth, we are seeing new entrants from other industries and in-house manufacturing by major corporate clients, serving to further intensify competition in this business. Against the backdrop of continued downturn in the IT sector, fluctuation in order volumes and downward pressure on prices, we see little reason for short-term optimism. Nevertheless, the new company will also step up its development of future-oriented technologies. Looking ahead, we will work to retain our dominant position in the business by centering our R&D on aspherical plastic lenses for optical discs for use with blue-violet lasers, the next-generation lasers, and fortify our patent protection strategy and flexible production capabilities. In particular, both Konica and Minolta have received high praise for their ultra-high-precision metal molding technologies and casting technology, and for addressing the diverse needs of customers in the lens and optical design technology market.

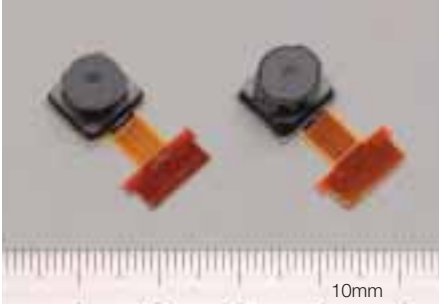
In conjunction with the steady promotion of the optical pickup lens business, we will also expand business in microcamera units (MCUs) and electronic materials (EM).

The demand for MCUs for application in mobile phones is anticipated to increase in line with demands for greater picture quality and pixilation. We are well positioned to meet this



Optical Pickup Lenses

Using our world-class optical technologies, we supply aspherical plastic lenses that are used in the optical pickup mechanisms for a variety of optical disk drives and players, including those used in notebook computers and DVD players.



Microcamera Units

Microcamera units are being built into mobile phones and personal digital assistants, an area of much anticipated growth.



MZC (Micro Zoom Camera)

The Miniature Optical Zoom Unit has a unique actuator, realizing a compact precision-drive mechanism, and is expected to have broad applications in camera mobile phones and other products.

demand and to expand market share in this business by combining our respective expertise in glass lens technology and plastic lens technology. Moreover, the potential for application of MCUs incorporating lenses and sensors other than in mobile phones is considerable, and we are poised to expand development in this business.

In the lens unit business, we will expand our activities in an effort to address the diverse needs of digital camera manufacturing, a market that continues to experience significant growth.

In the EM business, we will promote triacetyl cellulose (TAC) film for liquid crystal display (LCD) polarizing plates for application in PCs, mobile phones, and LCD TVs. Although this business was initially an adjunct to conventional color film production, the Kobe site commenced exclusive manufacture in April 2000, in response to the significant increase in demand. Furthermore, a second plant at the Kobe site commenced production in 2002 working to address continued expansion in the market. In the future, we will look to integrate our film creation technologies, which are core technologies in the color film business, with our material and coating technologies, and in applying atmospheric plasma to a diversity of processes, develop high-value-added products that will serve to expand and strengthen our business.

Composition of Liquid Crystal Panel

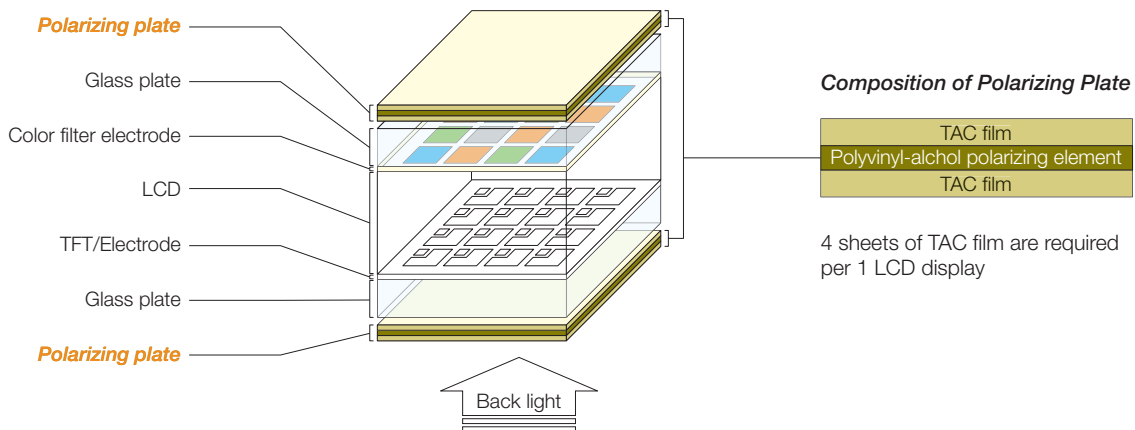




Photo Imaging and Camera Businesses



*MINOLTA DYNAX 7 (left) and
Konica Color Centuria SUPER 400*



MINOLTA DiIMAGE Xt
The stylish DiIMAGE Xt digital camera with
3x folded optical zoom lens



Konica R1 Super Digital Minilab System

In delivering products and services that incorporate a scope expanding from input to output, the photo imaging and camera businesses are expected to perform as key businesses as well as the driving force for the new corporate group's brand image.

Our mainstay silver-halide color film and color paper business in the photo imaging field is highly impacted by the worldwide expansion of digital cameras. In Japan, North America, and Europe, which are categorized as mature markets, sales of color films have deteriorated. Sales in Russia, China, India, and surrounding regions, on the other hand, have been growing. The key issue facing the Group in this business is to establish new alternative businesses in response to the decline in the color film market.

The Group follows a bipolar policy with regard to its color photo business, divided between growth markets such as Russia, China, and India, and mature markets such as Japan, North America, and Europe. In growth markets, the Group is active in allocating management resources to strengthen marketing capabilities and to enhance competitiveness. In mature markets, on the other hand, we are undertaking comprehensive structural reform, building platforms that will ensure appropriate earnings, as well as working to cultivate and strengthen new businesses including inkjet media and digital photo network printing. Based on the bipolar strategy, we will strive to secure sustained business growth.

In the camera business, the Group will continue to introduce high-value-added products with digital cameras placed as the core of the business.

Amid intensified competition in the digital camera market due to the participation of a diverse number of manufactures, the Company is well recognized because of its unique optical technology. It also possesses the potential power to produce competitive products as evidenced in its digital camera with revolutionary folded optical zoom lens unit that is only 20mm thick. In addition to these competitive advantages, the global marketing network is a significant factor in attaining a leading position in world markets.

We recognize that the expansion of our business scale, the increase of cost competitiveness as well as the promotion of brand awareness are the key issues in achieving our goal. We will enhance our earnings power and raise brand value by delivering not only high-quality images, but also new compact, powerful, and stylish designs and in this manner, differentiate ourselves from competitors and achieve the top position in each category.



Medical and Graphic Imaging Businesses



REGIUS
REGIUS170 is a high-definition X-ray imaging system.

In the medical and graphic imaging business, we contribute to improved medical and printing trade through system correspondence and solutions, in response to the trend toward digitization and networking in both sectors. In this manner, we are striving to raise corporate value and to become a leading company in the medical imaging business and printing fields.

In the medical imaging business, in line with growing digitization and networking in hospitals, demand for high-clarity digital input and output devices and dry-film are increasing rapidly. In this context, we established a new production plant for dry-film materials, compatible with digital-format products at our Kofu site in fiscal 2002, differentiating ourselves from conventional film producers. Overseas markets however, particularly in Europe and the U.S. have lagged compared with domestic growth, prompting renewed marketing efforts and steps to raise sales capabilities.

In the graphic imaging business, the digital proof and process-less plate markets have overtaken traditional film. As a result, the film market, a source of stable earnings, has significantly diminished. We make efforts to adopt initiatives in the new proof market, by developing our core material technologies such as process-less plates featuring new materials.

We enjoy market acclaim for the quality of our products and will work to create a new stable earnings base. In the future, earnings from materials and services will continue to underpin our profit platform, with new enhanced contributions from devices and particularly film.



Digital Konsensus Pro
Digital Konsensus Pro has earned accolades for its definitive simplification of the proofing process.



Konica Minolta Medical and Graphic, Inc., Kofu site
A new medical dry film plant was finished in April 2002 to meet increasing demand for X-ray film as a digital image storage medium, which is expected to grow substantially.



Industrial Instruments Business



VIVID 910
Non-contact 3D digitizer

Taking advantage of our advanced sensing technology, the new company will strive to create high profits by delivering high-value-added products to the industrial sector.

Our products, which incorporate advanced sensing technology and compact design technology, have earned the trust of the market for their reliability and high quality. Together with a global sales network, the industrial instruments business serves as the basis for securing stable earnings.

The Group has acquired a strong position in the non-contact 3D digitizer market, offering a diversity of applications including reverse engineering, archiving cultural properties, and other various industrial uses. In addition, our color measurement instruments used in the product quality control field have gained a substantial share in Europe and Asia and are exhibiting sustained sales growth.

In the future, we will upgrade our product lineup in three target areas including 3D digitizers used in such plant operations as online quality control; color measurement systems for the automobile industry; and display measurement systems for flat panel displays.



CM-2600d
The CM series of spectrophotometers are capable of reading and quantifying subtle differences in shades of color, and are widely used for on-site color quality control in production.



CA-210
The CA series of color analyzers, which measure light source color, are used to measure the color and luminance of LCDs and cathode-ray tubes (CRTs).



Sustainable Development

The Konica Minolta Group undertakes stakeholder-oriented business activities in an effort to ensure stakeholder trust and continued support.

The Konica Minolta Group produces a wide range of products, from photocopiers and other image information products to optical pickup lenses, color film, and cameras. Although environmental impact varies greatly depending on the type of product, we are doing our best to consider the environment in every facet of our business activities through ongoing activities to reduce various kinds of environmental burden such as the volume of energy consumption and use of chemical substances.

To create a society where sustainable development is possible, we believe that corporations must fulfill their social responsibilities in addition to promoting economic growth. We believe that companies must pay strict attention to laws, regulations, and rules in fulfilling their social responsibilities, and must answer the expectations of stakeholders. As a member of society, Konica Minolta Holdings is an ongoing concern supported by its stakeholders and society. We believe that only the companies that have gained the confidence of

their stakeholders are competent as ongoing concerns. To this end, companies must consider their relationship with stakeholders while advancing their corporate activities.

In addition, to maintain accountability as a corporation, Konica Minolta Holdings is determined to maintain high visibility in its operations. We believe it is necessary to disclose in fine detail and easy-to-understand language our activities so that stakeholders are able to determine whether we are fulfilling our social responsibilities.

While working hard to improve the global environment, we are proactively responding to the needs of local communities in order to contribute to the advancement of society as a corporate citizen.

For more information on our environmental activities, please access our Web site at: <http://konicaminolta.net/environ/index.html>

Relationship with Stakeholders

