Image Information Products Company

Image Information Products Business

Message from Yoshikatsu Ota, President of the Image Information Products Company

With the recent introduction of an internal company system, we have split Minolta Group management along three product lines. I serve as president of both Minolta and the Image Information Products Company. In my latter role, I seek to provide motivational leadership on a worldwide basis. Our aim is to foster a core business that generates increased profits, covering product development, manufacturing, and sales by integrating Minolta's expertise in MFPs, laser printers, and imaging chemicals. To prevail in the age of global competition, we intend to become a top supplier in our specialized genres in the high-growth field of color output devices.

Overview

The image information products business is important to Minolta's operations as a provider of essential services and solutions related to imaging, and is also a solid earnings generator.

In fiscal 2001, the color printer market grew less than anticipated. Nonetheless, Minolta's sales of color laser printers jumped 16%, while the overall gain in the printer category was 7%. In the North American market, we successfully boosted sales under the Minolta-QMS brand by approaching leading retailers. One prime achievement was that the Minolta-QMS Group became profitable in the second half of the term on the strength of higher sales and the completion of restructuring efforts.

During the term, the copier market contracted 3% from the previous year, but demand for digital machines rose, accounting for 93% and 77% of the Japanese and global markets, respectively. Minolta's copier sales rose 5% under these conditions. We raised sales of monochrome and color machines by 20% and 65%, respectively. In the United States, concerted efforts led to sales gains of 50% for digital color models and 20% for digital monochrome machines. Similarly, our European sales of digital color and monochrome MFPs advanced 76% and 13%, respectively. In particular sales tripled of the DiALTA Color CF2001. We also enhanced sales significantly in the fast-growing Chinese market and in the Middle East.

In consumables, Konica Minolta Supplies Manufacturing began mass production of next-generation polymerized toner in December 2000, and has since enjoyed steady progress.

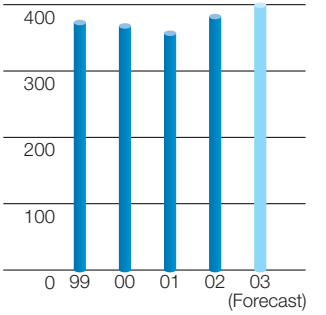
Product Highlights

In MFPs, we complemented the DiALTA series of digital MFPs—noted for their excellent image quality and high productivity—with the DiALTA Color series, which offers the speed, ease of use, and output quality required by businesses. The series includes the DiALTA Color CF2001, a digital color MFP that can uses a tandem print system to output up to 20 full-color or monochrome pages per minute (A4/Letter crosswise), with a resolution of up to 600 dpi x 1,800 dpi equivalent. This model

Image Information Products Company Sales

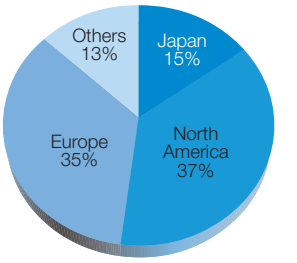
(Years ended March 31)

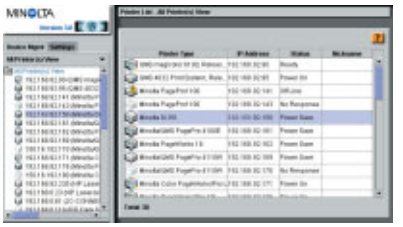
Billions of yen



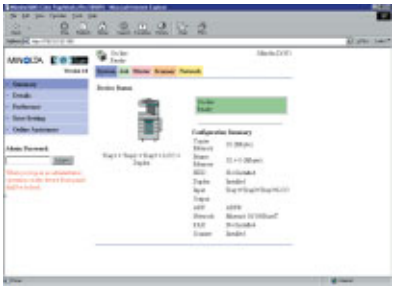
Sales by Region

(As of March 31, 2002)





PageScope



PageScope Light

is a digital document solution for fast, simple, cost-effective color prints and copies.

The February 2002 edition of *Better Buys for Business* magazine of the United States gave the DiALTA Color CF2001 its Editor's Choice Award. In Europe, this model and two others in the DiALTA Color series (the CF1501 and CF2001P) collected Exceptional 5-Star ratings from Business Equipment Research & Test Laboratories.

We also marketed the high-speed monochrome MFP, DiALTA Di650 which employs polymerised toner.

In the laser printer category, we introduced a wide range of models, including a color machine that can handle a variety of sizes from full-bleed, large-format designs to inexpensive mono-chrome models for small workgroups that quickly output high-quality documents. Among them are the magicolor 2200 DeskLaser, which the April 2002 edition of *PC World* magazine included in its Top-10 Color Laser Printers List. This model has received several awards and has won a leading reputation in the market.

We offer PageScope series, a web-based network and document management software that enables businesses to use their copiers and printers more effectively in networked environments.

magicolor 2200 DeskLaser

DiALTA Color CF2001

DiALTA Di650

Optical Products Company

Camera Products Business
Optical Systems Business

Message from Norikatsu Shimizu, President of the Optical Products Company

While continuing with structural reforms, we will adopt selective concentration and differentiation strategies to make our product line more earnings-oriented. This is part of our untiring quest to bring our optical products business back to profitability as early as possible. In this endeavor, we will create products that allow us to capture a dominant position in the global market.

Overview

The business of the Optical Products Company can be classified into two broad categories: consumer-use products and more advanced optical devices. The first category covers such items as digital and film cameras, lenses and binoculars. The second encompasses original optical devices based on opto-mechatronics technologies—a combination of optical, mechanical, and electronics technologies—as well as ultra-high-performance optical devices employing Minolta's optical technology.

While the worldwide digital camera market expanded 36% in fiscal 2001, demand for conventional film cameras continued to contract around the globe. During the term, Minolta greatly expanded sales of optical products by fully entering the digital camera market with distinctive new products. At the same time, we maintained sales of film cameras by augmenting our lineup with highly competitive offerings.

We have implemented a far-reaching restructuring to establish a profit-oriented framework. Measures include reforming operations by slashing costs and acccelerating the shift of manufacturing to China, while transforming our sales and logistics structures.

We are also empowering our products. In digital cameras, we are developing devices with original technologies that others cannot emulate so we can establish new de facto standards in the digital camera industry. We are ensuring operational efficiency based on clear customer targeting.

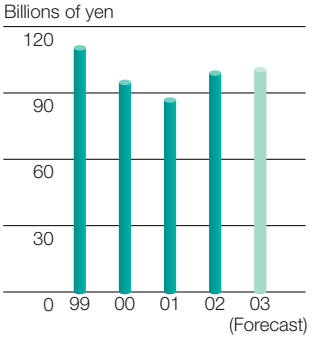
In film cameras, we are enhancing profitability by streamlining our product line while more effectively utilizing our technological assets.

With the introduction of the internal company system in April 2002, we integrated the optical technologies part of our image information and camera operations and let Optical Systems Operations take charge of the entire optical unit creation process, from initial development to manufacture. Under the new arrangement, we can better concentrate and utilize our core competence in optical technologies for the benefit of the entire Group and thereby commercialize even more innovative products.

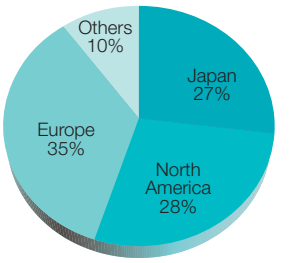
Product Highlights

Camera products: Minolta fully entered the digital camera market in fiscal 2001. In May 2001, we released the DiMAGE 7, a single

Optical Products Company Sales
(Years ended March 31)



Sales by Region
(As of March 31, 2002)



lens reflex (SLR) type digital camera with an optical 7x zoom and a CCD with five effective megapixels. At the same time, we launched the DiMAGE 5, DiMAGE S304, and DiMAGE E201. In January 2002, we unveiled the DiMAGE X, featuring a folded 3x optical zoom lens in an ultra-slim body. This model contributed significantly to sales growth.

Our entry into the digital camera market was well received by our industry. The DiMAGE 7 received the Best Digital Prosumer Camera 2001-2002 prize from the Technical Image Press Association (TIPA). The DiMAGE X won a number of awards including the 2002 DIMA Innovative Digital Product Award from the Digital Imaging Marketing Association in the United States, the Best Design prize among The Best Photo Products in Europe Award 2002-2003 from TIPA and the Camera Grand Prix 2002 Special Prize in Japan.

In the film camera category, we promoted several products, including the DYNAX series of 35mm SLR cameras, which are versatile and easy to operate, and the RIVA series of light compact cameras. In fiscal 2001, the DYNAX 7 dominated the awards circuit, taking the three most coveted international prizes: Camera Grand Prix 2001, TIPA's Best Photo SLR Camera 2001-2002, and the European Camera of the Year 2001-2002 from the European Imaging and Sound Association.

Optical systems: This category encompasses high-end, business-use projectors, optical units for home-theater digital projection systems, high-performance PLZT optical shutter arrays for digital minilabs, and other devices. It also includes hard disk substrates using high-stiffness glass.

DiMAGE X

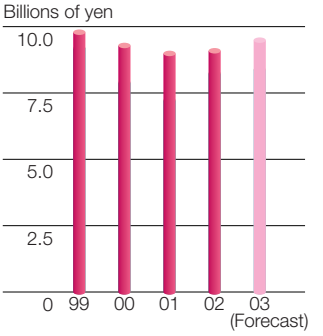
DYNAX 7

Optical unit for home-theater digital projector

Instrument Systems Company

Radiometric Instruments Business

Instrument Systems Company Sales
(Years ended March 31)



Sales by Region
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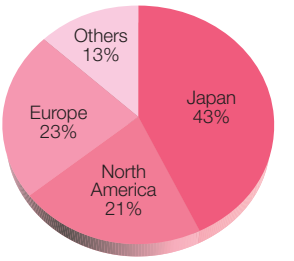

Message from Hiroshi Furukawa, President of the Instrument Systems Company

While striving to strengthen our sales on a global basis, we will establish a sales and marketing structure that positions Asia, including Japan and China, as a single market. By further strengthening our ability to provide high added value, we hope to meet customer needs, expand the scope of our business, and further raise profitability.

Overview and Product Highlights

Taking advantage of Minolta's accumulated expertise in optical design, the Instrument Systems Company offers industrial and medical radiometric instruments for measuring light, color, temperature, and the three dimensions.

In fiscal 2001, we endeavored to expand sales by launching instruments incorporating our original technologies. They included two color analyzers, a spectrophotometer, and a 3D digitizer.

The VIVID 900 is a portable, high-performance, noncontact 3D digitizer used in much the same way as a digital camera. It can scan more 300 thousand data points in less than a second. It is finding widespread use in such plant operations as online quality control and first particle inspection and in 3D shape captures for computer-aided engineering. Other uses include medical treatment, artwork archiving, image production, as well as website production.

Our spectrophotometers, which provide quantitative evaluations of an object's color, and our colorimeters are finding broad industrial applications. Our color analyzers, which measure light source spectra, help raise productivity in the processes of development, manufacture, and quality control for cathode-ray tubes, liquid crystal displays, and other display devices, as well as plasma display panels and projectors. We also market noncontact spot thermometers, which measure the temperature of an object by quantifying its infrared energy emissions, and digital illuminance meters, which have wide applications in light-source quality control in factories and office buildings, as well as in agriculture and forestry. Other development successes include luminance meters used for accurate spot measurements of brightness at selected points. Applications include street lighting and external signboards. We are also active in medical devices, where our offerings include a jaundice meter and a pulse oximeter.


CM-series spectrophotometer


CA-1500 2D color analyzer


VIVID 900 non-contact 3D digitizer