

Company President

Interviews



Konica Minolta Business Technologies, Inc.

Yoshikatsu Ota *President*

Our goal is to strategically develop a leading position in target regions and business segments such as color MFPs, high-speed MFPs, and color LBPs. Furthermore, we look to reinforce our technical capabilities and expand sales opportunities through strategic business alliances.

Q. *How do you view market conditions in the Business Technologies business and what are your strategies?*

A. The business environment is undergoing considerable change impacted by increasingly diverse workplace needs and a sharp rise in the volume of information. In an effort to address the growing trend toward digitization and the demands of an information network society, information equipment manufacturers are seeking cutting-edge technologies in their efforts to deliver products, services and solutions. In addition, as we enter an era of megacompetition, global operation assumes a more critical role for ongoing survival. Amid this business environment, we developed genre top strategies as a means by which to achieve our medium-term management integration plan, which was designed to maximize the benefits of integration. Our goal is to strategically develop a leading position in target regions and business segments such as color MFPs, high-speed MFPs, and color LBPs. Furthermore, we look to reinforce our technical capabilities and expand sales opportunities through strategic business alliances.

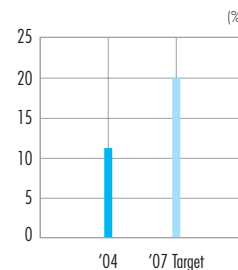
Q. *How do you assess market conditions in the color MFP business? What are your principal initiatives and objectives for this business?*

A. The growth of the monochrome machine market is expected to stall, as the evolution of color peripherals continues to advance. Compared with the fiscal year ended March 31, 2004, the color MFP market is expected to triple by March 2007. Under these circumstances, we are targeting a market share in fiscal 2006 of 20%, placing us at the forefront of the industry. To this end, we will actively promote the shift from monochrome to color with the aim of substantially rearranging industry composition and product share. Our competitive advantage will include the capability to realize total cost reductions in both hardware and consumables. We will bolster our lineup of color models offering functionality on par with monochrome MFPs. We will also promote our proprietary polymerized toner and color imaging technology to improve picture quality and pixilization. Furthermore, we will pursue development of the light production printing market, an area earmarked for future expansion.

Color MFP

Color MFP global market share in unit sales

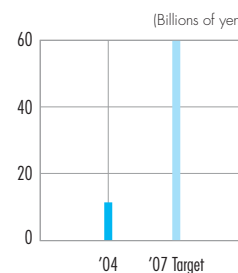
11% > 20%



High-Speed MFP

Light production printing global business sales

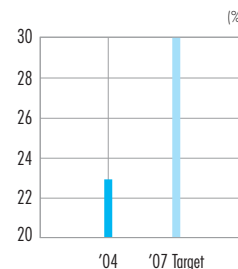
10 billion yen > 60 billion yen



Color LBP

Color LBP global market share in unit sales

23% > 30%



Q. *What kind of future do you see for the light production printing market?*

A. We are anticipating an increase in demand for monochrome and color high-speed MFPs in the light production printing markets that includes print-on-demand products. Our target is to increase sales sixfold to more than ¥60 billion between fiscal 2003 and fiscal 2006 and to establish a solid position within the market. To this end, we will introduce both monochrome and color high-speed MFPs and deliver a product lineup in tune with professional needs. Following our success in the Japanese market, we are targeting Europe and the United States. We will establish a designated local sales structure for each region and commence full-fledged initiatives to expand our business scale. In addition, we will pursue every opportunity in light production printing by effectively utilizing office equipment, and graphic printing sales channels.

Q. *How would you describe conditions in the color LBP market? What are your business targets in this area and how will you achieve them?*

A. We maintain high hopes for the principal A4/letter size color LBP market and expect to increase profits and our share from 23% in fiscal 2003 to 30% in fiscal 2006. In fiscal 2006, color LBP sales are expected to remain strong. In particular, our consumables sales will increase considerably, resulting from the spread of our LBPs in the market. We will strengthen our own sales channels with the aim of increasing the number of machines in the field as well as enhance our product lineup to ensure ongoing competitive advantage.

Q. *Please outline the distinctive advantages of Konica Minolta's polymerized toner.*

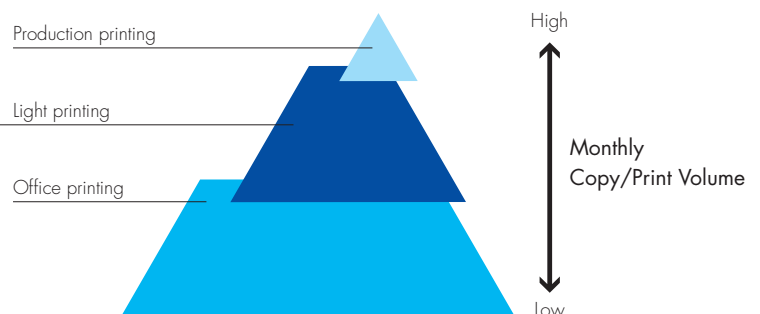
A. Konica Minolta's proprietary polymerized toner can reproduce minute lines, characters, photos, illustrations, and half-tones with greater precision and richness and at a lower cost. For these reasons, this product is held in high regard by the market and we are seeing an increasing number of models equipped with our polymerized toner, which has led to a sharp jump in production volume. Another distinct advantage is the overwhelming number of patents linked to this product, providing significant protection against imitation by our competitors. In addition, plans for a new plant are on track and we anticipate production to commence during fiscal 2005. While maintaining the industry's top manufacturing capacity, we will aggressively load polymerized toner into a broader range of products. Through our technological advantages and proactive product development, we are targeting the No. 1 position in the polymerized toner industry by fiscal 2005.

Q. *In what areas are you seeing the benefits of integration?*

A. On the development side, integration benefits have been felt through consolidation of development teams allowing greater efficiency and speed in the development and commercialization of new software and hardware. On the production front, we are anticipating significant benefits from the new polymerized toner production plant as well as an increase in hardware production in China. But perhaps the greatest benefits have been seen in marketing. The integration of sales companies in Japan, Europe and the United States has strengthened and enhanced our sales structure.

Position of the Light Production Printing Market in Terms of Monthly Copy/Print Volume

Full-scale entry in to the light production printing market with high-speed monochrome and color 51ppm models



Distinctive Advantages of Konica Minolta's Polymerized Toner

Distinctive Advantages

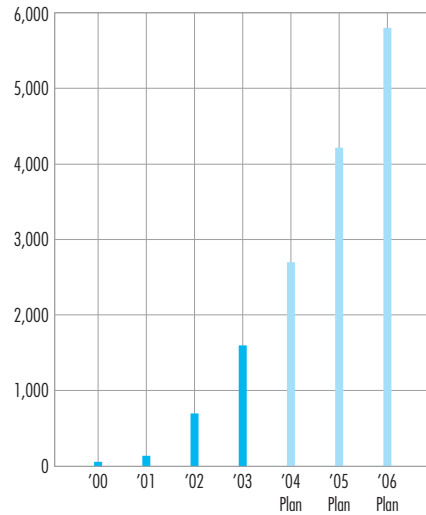
- Small particles
- Highly uniform size and shape
- Possibility for applying unique layers to particles
- Low-heat fixing
- Low production emissions of environmental load substances

Benefits

- High definition
- Low cost
- Low volatility in image quality
- Easy to control
- Low glare, easy to write on, improved machine reliability, longer product life
- No curling, short start-up time, downsizing of heaters and cooling fans, quiet, energy-saving, low cost
- Low environmental impact

Polymerized Toner Production

(Tons)



Note: Calendar years

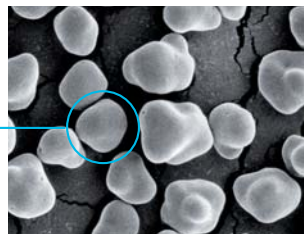
With the rationalization of sales bases and elimination of duplication, we have also experienced cost savings and increased efficiency. On an even more positive note, we are excited by the launch of Konica Minolta's new brand for MFPs, bizhub, and are anticipating great benefits from this unified brand. In those areas where integration has had less of an impact, such as in technical

expertise, product lineup and sales channels, we will supplement measures by actively pursuing strategic alliances. In the fiscal year ending March 31, 2005, we will continue efforts to reduce costs while at the same time build a quality global brand and raise brand awareness.

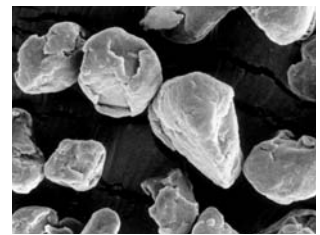


Particles are uniform in size and shape

Polymerized Toner



Conventional Toner



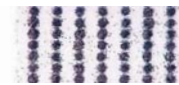
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Text

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Dots



Lines



Company President

Interviews **2**



Konica Minolta Opto, Inc.

Takashi Matsumaru *President*

Our goal is to become the world's leading optics manufacturer, backed by our superior technology to garner the unwavering trust of customers.

Q. How do you view market conditions in the Optics business?

A. The market continues to experience strong growth. Home electric appliance manufacturers, our principal customers, are focusing more and more on digital information home appliances. This augurs well for our four business fields, namely optic recording devices, optic imaging devices, communications equipment, and digital cameras. In the field of optic recording devices, demands for higher density are rapidly increasing, driven by the shift from gigabyte technology to terabyte technology. In the optic imaging device field we are expanding production facilities for the highly versatile TAC film, as demand for LCD polarizing plates increases. Our focus on the development and sale of high-value-added, highly functional films, reflects the sharp growth in the LCD TV and large-size LCD monitor markets. Sales of microcamera units have skyrocketed in the communications field as demand for mobile phones equipped with cameras continues to surge. As the shift toward digital cameras takes hold, sales of lens units in the component business also climb.

Backed by the technological and competitive advantage we enjoy in each of our four business fields, essential in an era of digital home electric appliances, I am confident we will record significant growth in concert with the explosive expansion forecast for this area.

Q. What are the strengths of the Optics business?

A. Our wealth of intellectual property accumulated over many years is a major strength of the Optics business.

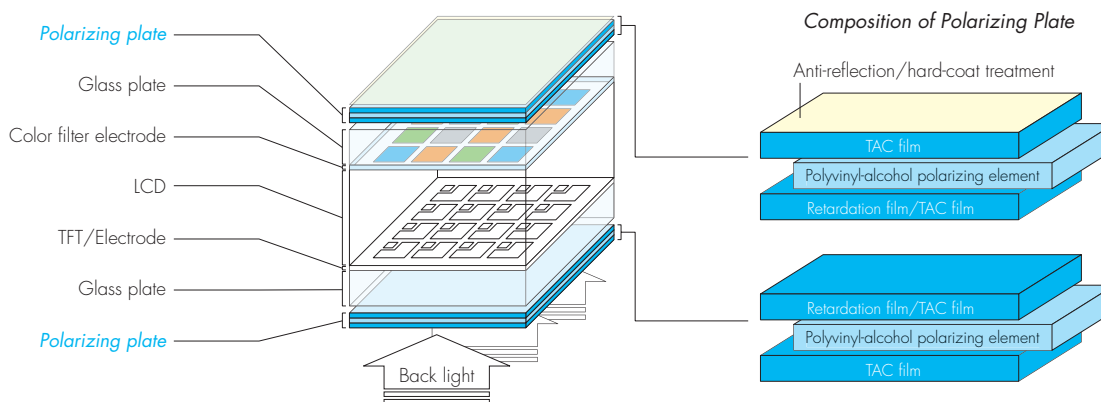
We are constantly requested to deliver cost reductions and in particular raise specifications. For example, laser wavelength for

the use of optical pickup units in CDs and DVDs has shifted from 780 nanometers to 650 nanometers and further to 400 nanometers, while demands for increased precision continue to rise. Essential to the development of such high-precision components is the development of proprietary inspection systems and processing equipment. Konica Minolta is well positioned, protected from the two perspectives of technical expertise and its wealth of intellectual property. This competitive advantage also serves as a substantial deterrent to new entrants in this field.

Q. What do you perceive are the most significant merits of integration?

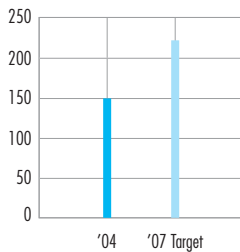
A. I believe the merits are significant. Primarily on the technical side, we have seen a significant upgrade in our capabilities as the former Konica's expertise in specialized fields is balanced with the former Minolta's broad base of technologies. The Company has significantly increased its competitiveness through management integration of its optical lens technology. As a result, Konica Minolta is well positioned to experience new synergy benefits from the integration of respective expertise in plastic lens technology and glass lens technology. This integration has created new opportunities for microcamera unit applications in mobile phones and lens units for digital cameras. In optical design, the former Minolta employed engineers recognized as leaders in the industry. This is now generating new business development and the potential for growth. Finally, the integration also delivers a complementary mix between the marketing expertise of the former Konica and the R&D focus brought by the former Minolta. We are already seeing the benefits of harmonious coexistence.

Composition of Liquid Crystal Panel



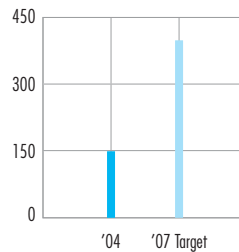
Lens units for digital cameras and camcorders

(Billions of yen)



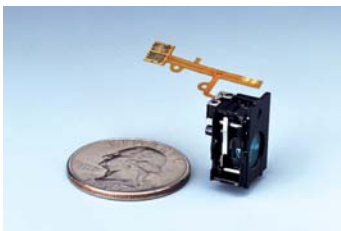
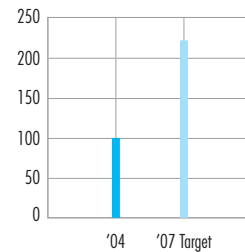
Microlens units/microcamera units for mobile phones with camera functions

(Billions of yen)



Electronic materials including LCD film

(Billions of yen)



Micro-Zoom Camera Unit

Applying a unique piezoelectric actuator, Konica Minolta's micro-zoom camera unit realizes a compact precision-drive mechanism, and is applied in mobile phones with zoom-camera functions and in other products.

Q. What progress has been made in achieving targets identified in the medium-term management integration plan?

A. We are working tirelessly to achieve our targets. In the fiscal year ended March 31, 2004, the Optics business recorded significant increases in sales of lens units for mobile phones, lens units for digital cameras, and TAC film. In fiscal 2004, we are planning for even more growth. Particularly in the lens market for mobile phones, we anticipate our competitive advantage in quality and costs will contribute to an improvement in sales as the trend toward megapixels continues.

Konica Minolta strives to strengthen the foundation for cost competitiveness. We have identified measures and processes that encourage employees to examine business from the management's perspective. I believe this is essential to realizing a business platform that is cost competitive and one that consistently generates high profitability.

Beyond our medium-term objectives, we are looking at ways to achieve the next major stage of growth. In order to ensure continuous and consistent growth, we need to establish R&D themes for the next 10 and 20 years. To this end, we have established a specialist section to pursue R&D in futuristic technologies and the development of new business.

Q. Please outline the status of your capital investment.

A. Konica Minolta will step up capital investment for LCD TAC film and lens-related products in response to robust increases in demand for LCD TVs, digital cameras, and DVD players. In particular, we will focus on meeting demand for large-screen LCD TVs. In October 2005, a third plant for TAC film production is scheduled to come on line in Kobe, Japan. We will continue to invest in TAC film and related products as the market expands.

Looking ahead, we will retain our dominant position by focusing our investment strategies in line with trends and market demand for blue-lasers. At the same time, we will pursue additional cost reductions and increased productivity.

Q. What are your aspirations for the future?

A. Economic development throughout most of the 20th century was fueled by technological innovation in the fields of semiconductors and CPUs. I am confident the 21st century is the era of optics technology. Until recently, the optics field had been limited in its scope and potential. In the future, however, optics is expected to drive the development of society and humankind in general. Konica Minolta, a leader in optics technology, is endeavoring to promote business development and growth. Our goal is to become the world's leading optics manufacturer, backed by our superior technology to garner the unwavering trust of customers.