

To Our Shareholders

The Minolta Group continues implementing its five-year management plan, entitled New Excellent 2003, which began in April 1999. In fiscal 2001, however, the Company reported its second successive year of losses. This regrettable result stemmed from a number of factors. First, the U.S. economy, followed by the world economy, languished under the weight of the prolonged information technology recession. Secondly, the markets for our core image information and optical products matured, triggering fierce price competition.

However, the major reason why we posted net loss is due to the tentative extraordinary losses incurred by the revaluation of inventory, devaluation of goodwill on consolidation for our US subsidiary and unrealized and realized losses on our investment in securities and so on.

Accordingly, we are unable to declare a cash dividend for fiscal 2001, and we apologize to shareholders for this decision. To address this situation, we are continuously implementing a series of management reforms—including cost cutting and business reorganization—aimed at quickly sparking a sharp turnaround.

In the year under review, for example, we embarked on a restructuring program of a magnitude unseen in recent times. Under the program, we have shrunk inventories, slashed procurement costs, reassessed our capital investment strategy, and reorganized our production bases. In line with our commitment to better corporate governance, we introduced an executive officer system. After the close of fiscal 2001, we further reinforced our competitiveness by establishing a system of “internal companies,” each with clear-cut earnings frameworks. This system also helps accelerate decision-making by clarifying lines of authority and responsibility.

Minolta has a proactive strategy for expanding its business. At present, image information products account for around three-quarters of net sales. Taking advantage of optical technologies and image processing technologies that have been our core competencies since our foundation, we will further expand our market presence in these areas, especially in the field of color. As software becomes more prevalent and important amid the emergence of the digitally networked society, the need to provide solutions is increasing. For this reason, we are harnessing extensive resources to strengthen our solutions business.

In optical products, we have adopted a selective concentration strategy. This entails streamlining our product line, making structural improvements, and reinforcing product appeal, with top priority on enhancing profitability.

Despite some bright signs on the world economic horizon, the situation defies confident prediction. In response, Minolta continues to carve a solid foundation for the future in its overriding drive to become a company that generates profits even in low-growth economic periods.

Guided by our corporate slogan, “The essentials of imaging,” we will continue reorganizing the Company with undiminished resolve. We look forward to your support and guidance as we face the challenges that lie ahead.



July 1, 2002

A handwritten signature in black ink, consisting of stylized, fluid strokes that represent the name Yoshikatsu Ota.

Yoshikatsu Ota

President and Representative Director