



To Our Shareholders



Despite an extremely harsh market environment in fiscal 2002, the year ended March 31, 2003, impacted by the global deflationary trend and anxieties over the war in Iraq, Minolta Co., Ltd. strengthened its Companywide resolve to secure a strong operating performance and produce a V-shaped recovery. As a result of its efforts throughout the year, Minolta reported net sales of ¥528.2 billion and operating income of ¥34.4 billion, both record highs for the Company. Even more noteworthy was our return to net profit, with net income of ¥12.7 billion, a turnaround from the net loss of ¥34.4 billion recorded in the previous fiscal year. Minolta has positioned the reduction of interest-bearing debt by generating greater cash flow as a top management priority. We have successfully accelerated debt reduction programs, cutting the balance of interest-bearing debt from a peak of ¥250 billion to ¥171 billion as of the fiscal year-end, to significantly strengthen our financial position. As a result, the equity ratio has improved from 10.9% to 15.8%.

Driving our achievements in fiscal 2002 were steadfast efforts to implement strategies that focused on the selection and concentration of a specific genre and lineup of products and those regions where the Company could attain the number one position in the market.

Based on our core competencies, we focused on a specific product mix strategy, raising performance in the image information products business through expanded sales of our mainstay color multi-functional peripheral (MFP) series, and significantly increasing sales in the optical products business with the introduction of digital cameras featuring a proprietary optical system that places the optical zoom lens inside the flat camera body.

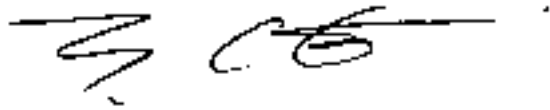
Minolta has also undertaken significant steps to transform its Groupwide mindset, shifting from a revenue and earnings focus to more of a capital efficiency and cash flow focus. By undertaking a comprehensive review of our cost structure and boldly reducing Group fixed costs, procurement costs, and inventories, we aim to establish a platform capable of generating sustained profits irrespective of deflationary conditions and periods of low growth.

Minolta does not take lightly the anticipated increase in global competition both from within and outside the industry. Amid an increasingly harsh economic environment, we will redouble our efforts to enhance shareholder value.

In August 2003, Minolta Co., Ltd. and Konica Corporation integrated their respective managements and established a holding

company, Konica Minolta Holdings, Inc. With the birth of an entirely new entity, the new corporate group aims to strengthen total business competitiveness and profitability, as well as expand business, by combining the strength of both companies. Guided by our corporate slogan, "The essentials of imaging," amid intensifying global competition, we will continue our efforts to become "an essential company" to our customers. We ask for the continued support and understanding of our shareholders.

August 2003

A handwritten signature in black ink, consisting of stylized, cursive letters that appear to read 'Yoshikatsu Ota'.

Yoshikatsu Ota

President and Representative Director