

Konica Minolta Group Consolidated Interim Financial Results Period ended September 30, 2003

November 14, 2003
Konica Minolta Holdings, Inc.

Section 1

Interim Financial Results and Forecasts for FY2003

Masanori Hondo
Senior Executive Officer

Highlight of interim financial results

-- KONICA --



	[Billions of yen]			
	1st half FY2003	1st half FY2002	Change	Change %
Net sales	278.4	279.0	-0.5	-0.2%
Gross income	125.9	117.4	8.5	7.3%
<i>% of net sales</i>	45.2%	42.1%	3.1%	
Operating income	24.3	19.5	4.8	24.8%
<i>% of net sales</i>	8.7%	7.0%	1.7%	
Ordinary income	19.1	13.1	6.0	46.2%
<i>% of net sales</i>	6.9%	4.7%	2.2%	
Net income	8.4	6.7	1.7	24.4%
<i>% of net sales</i>	3.0%	2.4%	0.6%	
EPS	20.19	18.86	1.33	[Yen]
ROE (Full year basis)	--	7.8%	--	
	[Yen]	P/L	B/S	
Foreign exchange	1st half FY2003	1st half FY2002	1st half FY2003	1st half FY2002
US\$	118.71	127.33	120.20	119.05
Euro	132.65	116.33	136.49	128.85

Net sales and operating income by business segment

-- KONICA --



Net sales

(Billions of yen)

External sales			
	1st half FY2003	1st half FY2002	Change
BT	103.6	101.6	2.0
OT	30.1	24.2	5.9
PI	72.6	81.9	-9.3
CA	11.0	9.9	1.1
MG	58.8	58.0	0.8
HD/others	2.3	3.4	-1.1
Total	278.4	279.0	-0.6

Operating income

(Billions of yen)

1st half FY2003	1st half FY2002	Change	Plan
			As of May 15
13.1	8.9	4.2	9.5
7.4	8.0	-0.6	6.5
2.3	3.6	-1.3	1.5
0.7	-1.1	1.8	0.0
4.7	5.4	-0.7	4.0
-3.9	-5.3	1.4	-3.5
24.3	19.5	4.8	18.0

Summary of business performance

-- KONICA --



P/L

- Net sales remained the same level as the same period of the previous year, however, gross margin ratio improved by 3 percentage points. (Increase approx. 8.5 billion yen)

This contributed to the increase in sale income, ordinary income as well as net income, all which are record-highs for the interim period.

Key factors: (1) Increasing sales volume and focusing on the sales of high value added products.

(2) Effect of cost cut (Approx. 5 billion yen)

- Non-operating revenue improved by approximately 1.2 billion yen due to the decrease in interest paid and the upturn of foreign exchange. This contributed to the increase in ordinary income by 60 billion yen.
- Extraordinary gains/losses remained the same level as the previous interim period. Net income improved by 1.6 billion yen after 4.3 billion yen increase in corporate tax.

Operations

BT: Significant improvement in profit by focusing on the sales of high segment products.

OT: Sales as well as profit showed sluggish growth due to the declining unit price of the optical pick-up lenses, however, full-fledged start of the DSC lenses and the liquid crystal materials turned in black and contributed to the overall performance.

PI: Films and film cameras declined both in sales and profit, however, digital cameras turned in black thanks to the sales growth.

MG: In the medical field, sales of digital x-ray imaging systems and dry-film-type systems remained strong. In the printing field, the domestic sales of films and related products declined, however, the overseas sales of printing related products showed favorable growth.

Highlight of interim financial results

-- MINOLTA --



	[Billions of yen]			
	1st half FY2003	1st half FY2002	Change	Change %
Net sales	263.2	255.6	7.6	3.0%
Gross income	117.3	110.5	6.8	6.1%
<i>% of net sales</i>	44.6%	43.2%	1.3%	
Operating income	15.7	13.0	2.7	20.6%
<i>% of net sales</i>	6.0%	5.1%	0.9%	
Ordinary income	9.4	6.7	2.7	40.5%
<i>% of net sales</i>	3.6%	2.6%	1.0%	
Net income	6.8	3.2	3.6	114.4%
<i>% of net sales</i>	2.6%	1.2%	1.4%	
EPS	24.27	11.31	13.06	
ROE (Full year basis)	--	13.4%	--	
	[Yen]	P/L	B/S	
Foreign exchange	1st half FY2003	1st half FY2002	1st half FY2003	1st half FY2002
US\$	118.05	123.14	111.25	120.20
Euro	133.46	116.94	129.19	129.83

Net sales and operating income by business segment

-- MINOLTA --



Net sales

[Billions of yen]

	1st half FY2003	1st half FY2002	Change	Plan As of May 15
BT	194.7	186.7	8.0	191.0
OT	9.2	4.6	4.6	7.5
CA	54.6	48.0	6.6	62.0
SE	4.9	4.4	0.5	5.0
HD/others	-0.3	11.9	-12.1	-0.5
Total	263.2	225.6	7.6	265.0

Operating income

[Billions of yen]

	1st half FY2003	1st half FY2002	Change	Plan As of May 15
BT	16.4	12.6	3.8	13.5
OT	-0.8	-0.7	-0.1	-1.0
CA	-1.1	0.2	-1.3	2.0
SE	0.9	0.7	0.2	0.7
HD/others	0.4	0.3	0.1	-1.7
Total	15.7	13.0	2.7	13.5

Summary of business performance

-- MINOLTA --



P/L

- Net sales, sales income, ordinary income, and net income for the interim period recorded all time highs due to the increase in sales of MFPs and others, the improvement of profit in printers as well as the upturn in foreign exchange.
- SG&A increased by 4 billion yen due to the foreign exchange and the increase of labor costs, however, gross income increased by 6.8 billion yen and offset the loss caused by SG&A.
- Non-operating incomes/ losses remained the same as the previous interim period after offsetting the decrease of interests paid (approx. 1.2 billion yen) with the foreign exchange loss.
- Interim net income increased by 3.6 billion yen compared with the previous interim period, which included 1.6 billion yen of tax effects for unrealized profits of consolidated inventories.

Operations

- **Image Information products:** In the MFP business, sales as well as profit increased. The MFP sales in major markets such as Japan, US and Europe increased. Strengthening the marketing of high segment machine also contributed to the positive results. The LBP business turned in black as a result of the sales expansion of color LBPs.
- **Optical products:** In the camera business, sales increased, however, profit deteriorated due to the short supply of CCD in the former part of the period and the severe price competition in the latter part of the period. In the optical devices business, the micro lens business for mobile phones with a camera began full-fledged production, and its sales increased. The sensing business continued to post steady profit.

Impact of foreign exchange by business segment

Comparison with the interim period of the previous year				[Billions of yen]	
KONICA			MINOLTA		
	Net sales	Operating income	Net sales	Operating income	
BT	0.2	2.3	4.6	3.4	
OT	-0.2	-0.4	0.0	0.0	
PI	1.0	0.3	---	---	
CA	---	---	1.6	2.6	
MG	-0.8	-0.1	---	---	
SE	---	---	0.1	0.0	
HD/others	0.0	0.0	0.0	0.0	
Total	0.2	2.2	6.3	6.0	

Impact to operating income if changing 1 JPY (Full year basis)

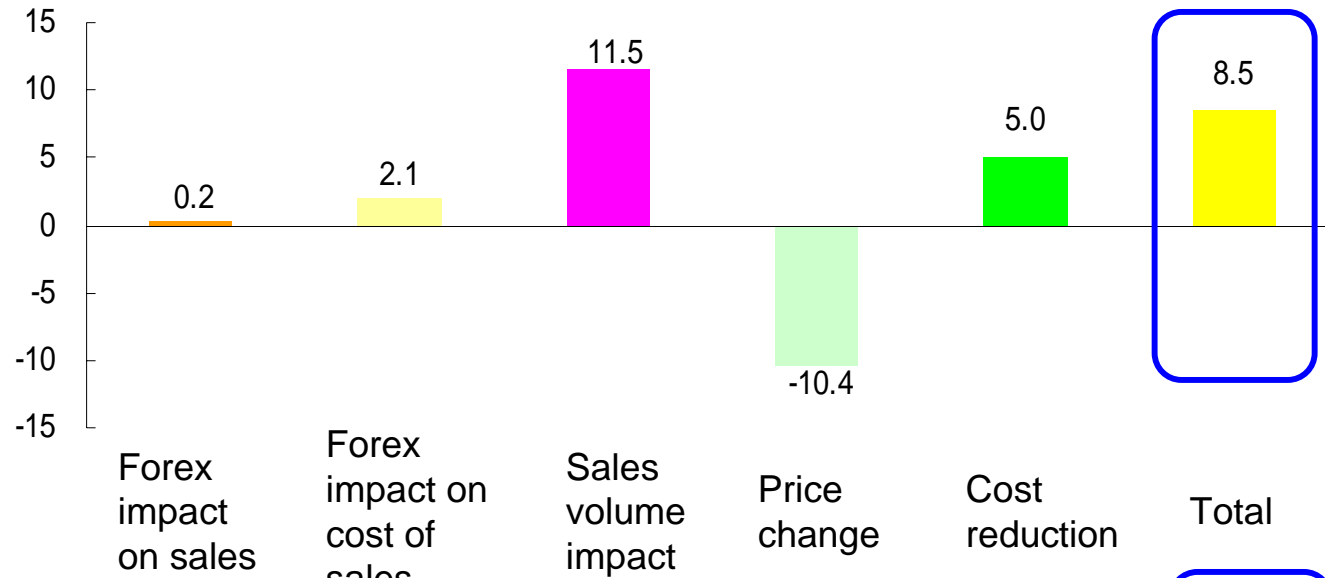
	[Billions of yen]		
	KONICA	MINOLTA	KONICA MINOLTA
US\$	approx. 0.5	approx. 0.2	approx. 0.7
Euro	approx. 0.35	approx. 0.65	approx. 1.0



Gross profit analysis - Sep 03 vs. Sep 02

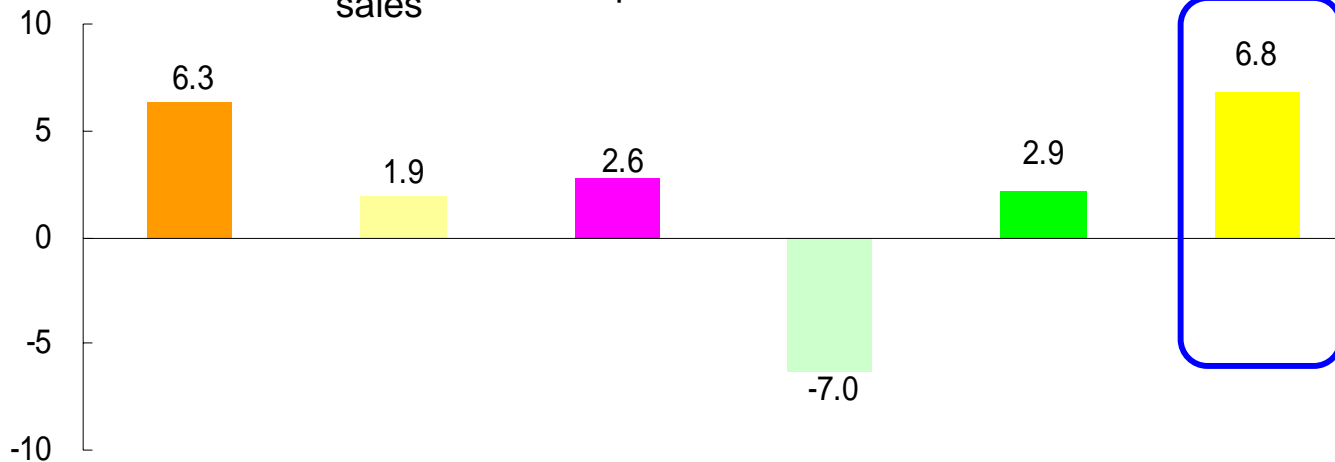
(Billions of yen)

KONICA	
Sep 03	125.9
Sep 02	117.4
Change	8.5



(Billions of yen)

MINOLTA	
Sep 03	117.3
Sep 02	110.5
Change	6.8



SG&A analysis - Sep 03 vs. Sep 02



KONICA			(Billions of yen)	MINOLTA			(Billions of yen)
Sep 03	Sep 02		Change	Sep 03	Sep 02		Change
101.6	97.9		3.7	101.6	97.5		4.1
Salries & wages			2.6	Salries & wages			1.5
R&D			1.0	R&D			1.8
Depreciation			1.6	Costs of integration			0.7
Costs of integration			0.8	Other			0.1
Other			-2.3				
Total			3.7	Total			4.1

Following items are included in the above results.

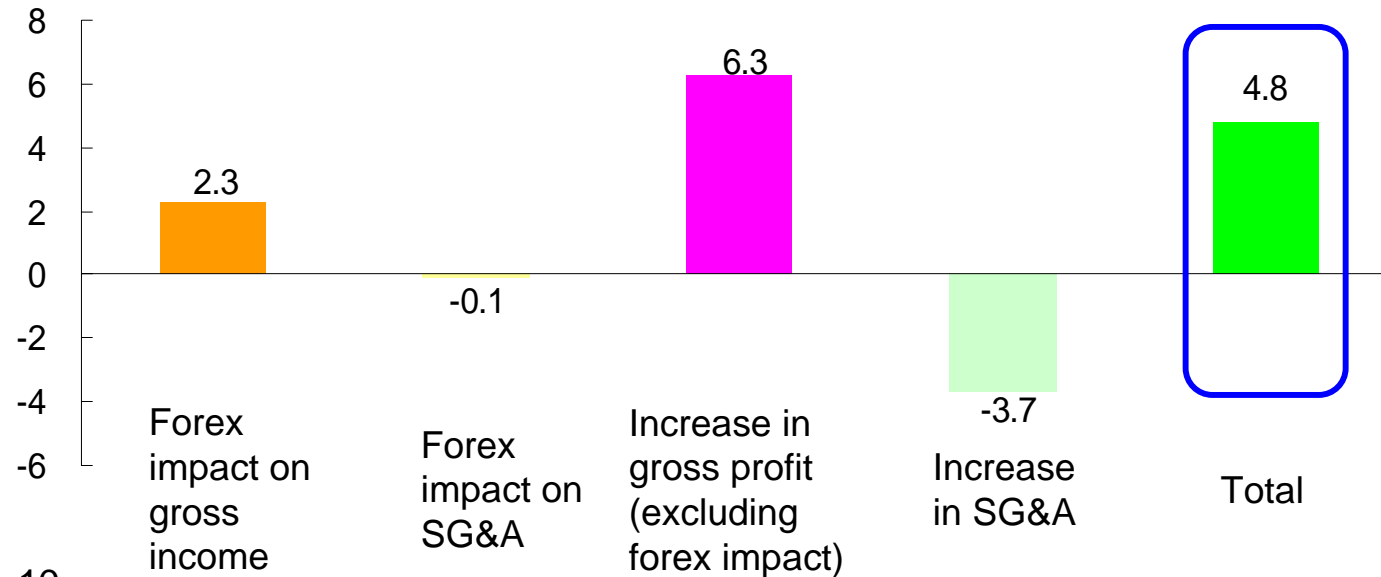
	(Billions of yen)		(Billions of yen)
Foreign exchange impact	+ 0.1	Foreign exchange impact	+ 2.2
	<i>(Increase of SG&A)</i>		<i>(Increase of SG&A)</i>

Operating income analysis - Sep 03 vs. Sep 02



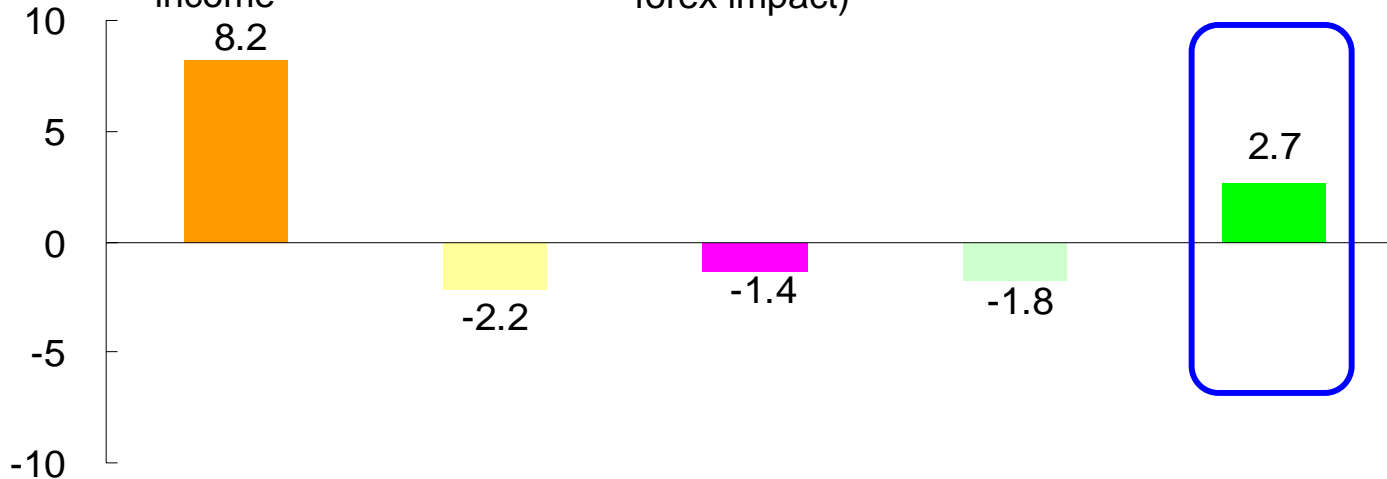
(Billions of yen)

KONICA	
Sep 03	24.3
Sep 02	19.5
Change	4.8



(Billions of yen)

MINOLTA	
Sep 03	15.7
Sep 02	13.0
Change	2.7



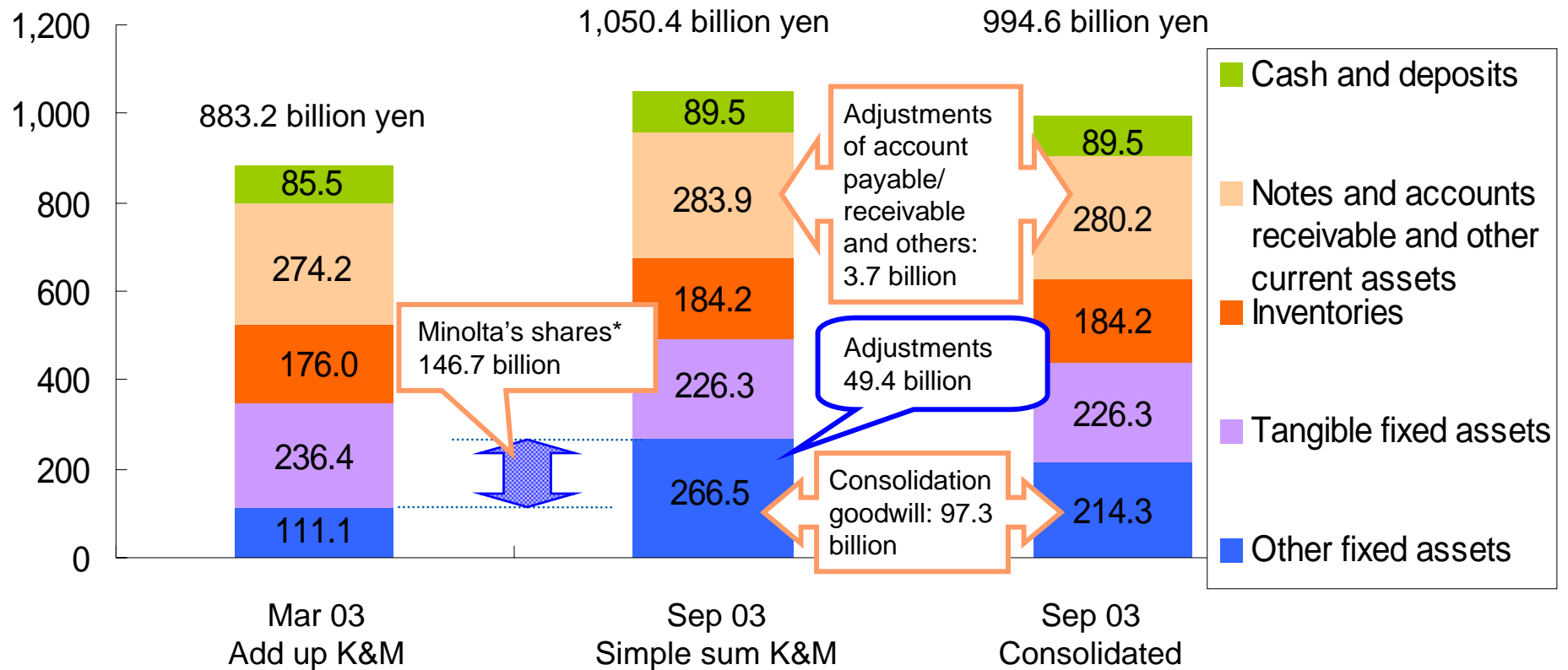
Non-operating income analysis - Sep 03 vs. Sep 02



KONICA			(Billions of yen)	MINOLTA			(Billions of yen)
Sep 03	Sep 02		Change	Sep 03	Sep 02		Change
-5.3	-6.4		1.1	-6.3	-6.3		0.0
Interest expenses			0.5	Interest expenses			1.2
Foreign exchange loss			0.4	Foreign exchange loss			1.3
Disposal loss in inventory			0.6	Costs of integration			-2.0
Other			-0.4	Other			-0.5
Total			1.1	Total			0.0

B/S - Assets

(Billions of yen)

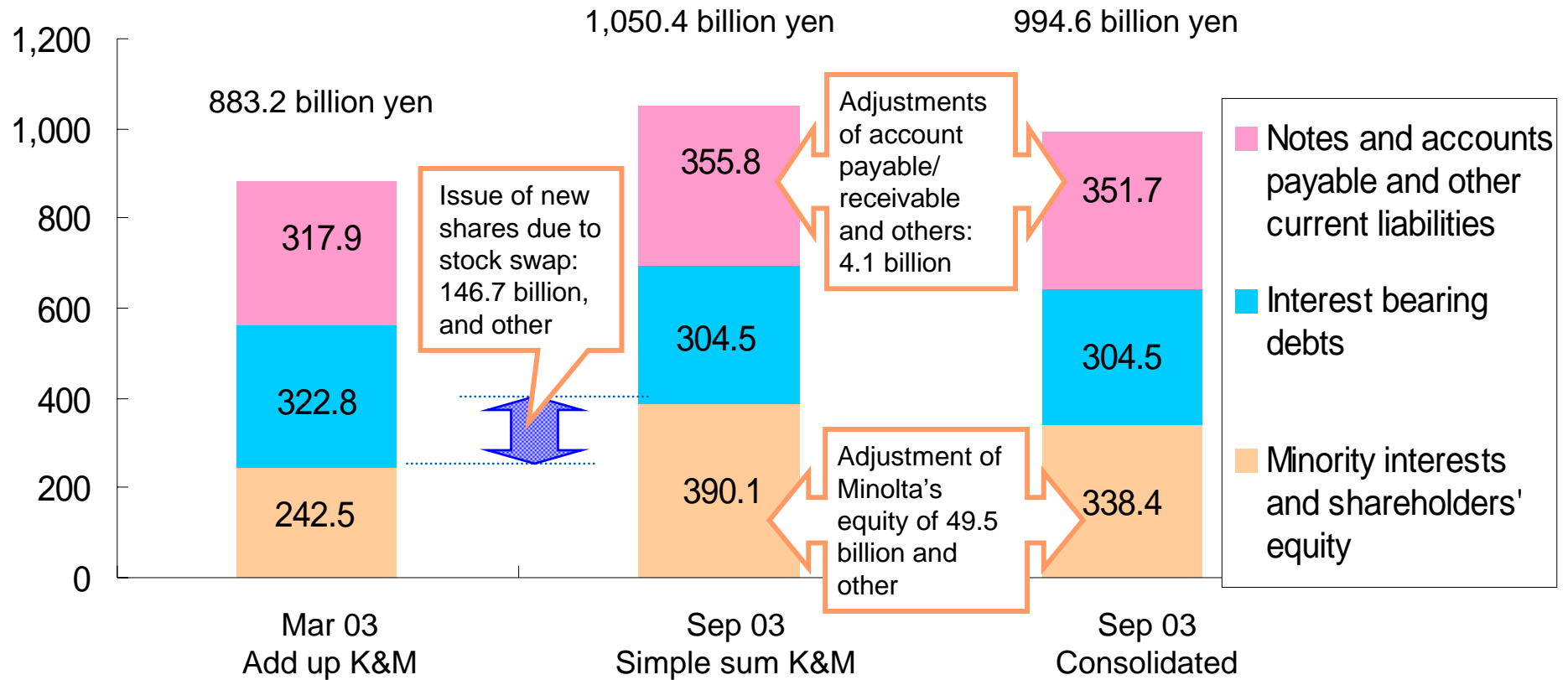


*Minolta's shares

$(\text{Minolta's stock price at the time of LOI, } 843.1 \text{ yen}) \times (\text{Stock swap ratio, } 0.621) \times (\text{Number of Minolta's common stock outstanding, } 280 \text{ million stocks}) = 146.7 \text{ billion yen}$

B/S – Liabilities and shareholders' equity

(Billions of yen)



Cash flows



[Billions of yen]

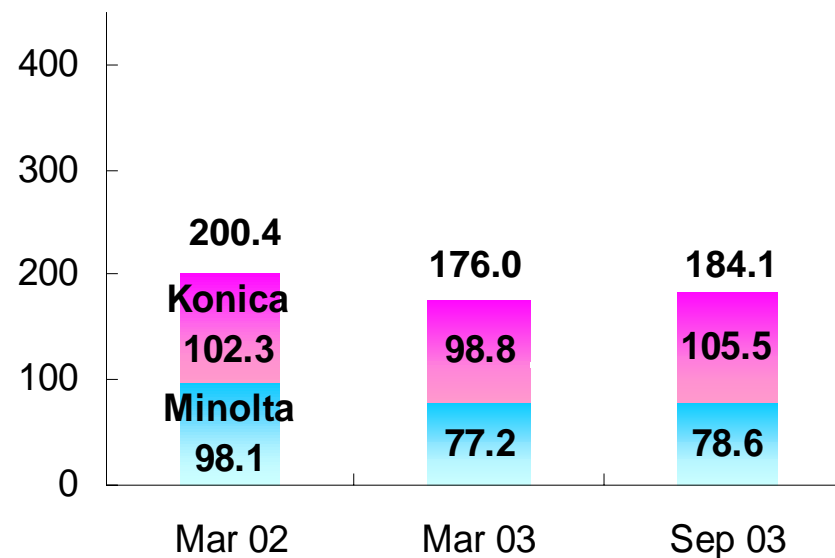
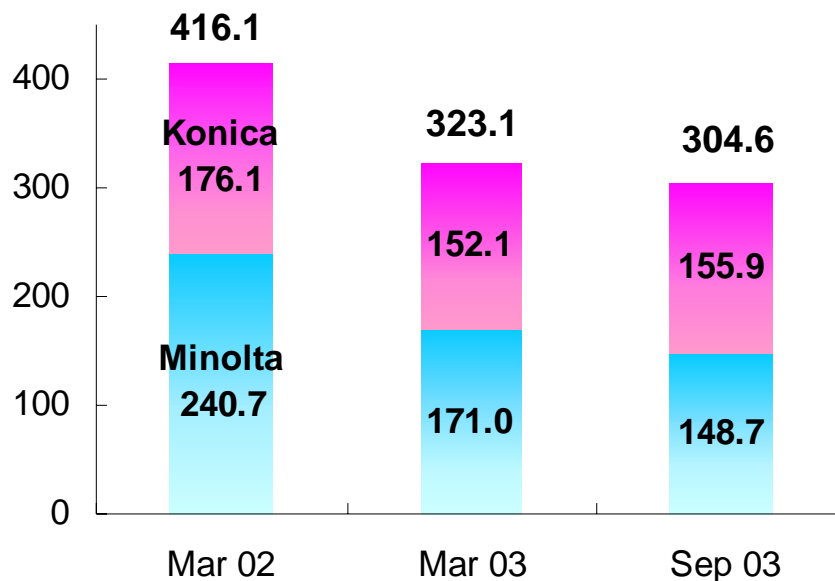
		KONICA MINOLTA			MINOLTA		
		Sep 03	Sep 02	Change	Sep 03	Sep 02	Change
I.	Income before income taxes	16.7	10.7	6.0	8.2	5.8	2.4
	Depreciation and amortization	13.6	13.6	0.0	11.3	12.5	-1.3
	Increase (decrease) of working capital	-5.3	-0.3	-5.0	14.0	17.8	-3.8
	Taxes and others	-16.8	2.1	-18.9	-3.3	-3.4	0.1
	Net cash by operating activities	8.2	26.1	-17.9	30.2	32.7	-2.5
II.	Proceeds from / purchase of marketable securities	0.1	0.2	-0.1	0.0	0.0	0.0
	Proceeds from / purchase of tangible fixed assets	-7.4	-16.8	9.4	-6.7	-6.1	-0.6
	Others	-1.5	-2.2	0.7	3.6	-2.3	5.9
	Net cash by investment activities	-8.8	-18.8	10.0	-3.1	-8.4	5.3
I.+ II.	Free cash flow	-0.6	7.3	-7.9	27.0	24.2	2.8
	Increase (decrease) in debts and bonds	1.1	1.6	-0.5	-19.8	-17.1	-2.7
	Dividends paid	-1.8	-1.8	0.0	-0.8	0.0	-0.8
	Others	-0.1	1.3	-1.4	-1.6	-0.3	-1.3
III.	Net cash by financing activities	-0.7	1.1	-1.8	-22.2	-17.4	-4.7
	Cash at beginning of period	51.9	47.7	4.2	33.4	38.5	-5.1
	Cash at end of period	51.0	55.6	-4.6	38.3	45.0	-6.7
IV.	Increase (decrease) in cash	-0.9	7.9	-8.8	4.9	6.5	-1.6
V.	Cash at end of period, post integration	89.5	---	---	---	---	---



Interest bearing debts and inventories

Interest bearing debts	[Billions of yen]		
	Mar 02	Mar 03	Sep 03
KONICA	176.1	152.1	155.9
MINOLTA	240.7	171.0	148.7

Inventories	[Billions of yen]		
	Mar 02	Mar 03	Sep 03
KONICA	102.3	98.8	105.5
MINOLTA	98.1	77.2	78.6





Forecast FY2003 - Financial results basis

Foreign exchange rate for the 2nd half FY2003

1 US\$	110 yen
1 Euro	125 yen

[Billions of yen]

	1st half Actual	2nd half Forecast	Full year Forecast	As of May 15 Plan	Change	
(1) KONICA MINOLTA						
Net sales	278.4	591.6	870.0	877.0	-7.0	
Operating income	24.3	26.7	51.0	55.5	-4.5	
Net income	8.4	8.6	17.0	21.0	-4.0	
	+			+		
(2) MINOLTA						
Net sales	263.2			265.0	-1.8	
Operating income	15.7			13.5	2.2	
Net income	6.8			5.5	1.3	
(3) (1) +(2)						
Net sales	541.6	591.6	1,133.2	1,142.0	-8.8	FY2002 Actual 1,087.2
Operating income	40.0	26.7	66.7	69.0	-2.3	77.3
Net income	15.2	8.6	23.8	26.5	-2.7	29.1

Forecast FY2003 -- Costs of integration

I. KONICA MINOLTA (financial statements basis)

[Billions of yen]

	1st half	2nd half	(a)	(b)	(a) - (b)
	FY2003	FY2003	Full year	As of	Change
	Actual	Forecast	Forecast	May 15	Plan
SG&A	0.8	13.2	14.0	10.1	3.9
Non-operating expenses	0.0	1.4	1.4	0.7	0.7
Extraordinary losses	0.1	1.9	2.0	7.2	-5.2
Total	0.9	16.5	17.4	18.0	-0.6

Amortization of goodwill will be posted starting the 2nd half FY2003. (2.4 billion yen/ half year)

II. [Ref.] MINOLTA 1st half FY2003

	1st half	As of
	FY2003	May 15
	Actual	Plan
SG&A	0.7	1.8
Non-operating expenses	2.0	0.0
Extraordinary losses	0.0	1.0
Total	2.7	2.8

I. + II.

	(a)	(b)	(a) - (b)
	Full year	As of	Change
	FY2003	May 15	Plan
	Forecast	Plan	
SG&A	14.7	11.9	2.8
Non-operating expenses	3.4	0.7	0.7
Extraordinary losses	2.0	8.2	-4.2
Total	20.1	20.8	-0.7

Forecast FY2003

Net sales by business segment - Financial results basis



*Including inter-company sales

[Billions of yen]

	1st half Actual	2nd half Forecast	Full year Forecast	As of May 15 Forecast	Change
(1) KONICA MINOLTA					
BT	115.0	336.3	451.3	426.0	25.3
OT	39.1	47.1	86.2	100.5	-14.3
PI	80.2	80.9	161.1	166.0	-4.9
CA	11.0	81.0	92.0	99.0	-7.0
MG	71.2	73.7	144.9	153.0	-8.1
SE	0.0	5.5	5.5	5.5	0.0
HD, others	-38.1	-32.9	-71.0	-73.0	2.0
Total	278.4	591.6	870.0	877.0	-7.0
(2) MINOLTA					
BT	194.6			191.0	3.6
OT	9.1			7.5	1.6
CA	54.2			62.0	-7.8
SE	4.9			5.0	-0.1
HD, others	0.3			-0.5	0.8
Total	263.2			265.0	-1.8
(3) (1) +(2)					
BT	309.6	336.3	645.9	617.0	28.9
OT	48.2	47.1	95.3	108.0	-12.7
PI	80.2	80.9	161.1	166.0	-4.9
CA	65.2	81.0	146.2	161.0	-14.8
MG	71.2	73.7	144.9	153.0	-8.1
SE	4.9	5.5	10.4	10.5	-0.1
HD, others	-37.8	-32.9	-70.7	-73.5	2.8
Total	541.6	591.6	1,133.2	1,142.0	-8.9

Forecast FY2003

Net sales by business segment – External sales



	1st half Actual	2nd half Forecast	Full year Forecast	As of May 15 Plan	Change	[Billions of yen]
(1) KONICA MINOLTA						
BT	103.6	326.4	430.0	408.0	22.0	
OT	30.1	39.9	70.0	79.0	-9.0	
PI	72.6	74.4	147.0	150.0	-3.0	
CA	11.0	81.0	92.0	99.0	-7.0	
MG	58.8	61.2	120.0	130.0	-10.0	
SE	0.0	5.5	5.5	5.5	0.0	
HD, others	2.3	3.2	5.5	5.5	0.0	
Total	278.4	591.6	870.0	877.0	-7.0	
	+			+		
(2) MINOLTA						
BT	194.6			191.0	3.6	
OT	9.1			7.5	1.6	
CA	54.2			62.0	-7.8	
SE	4.9			5.0	-0.1	
HD, others	3.0			-0.5	0.8	
Total	263.2			265.0	-1.9	
	↓	↓		↓		
(3) (1) +(2)						FY2002 K& M total
BT	298.2	326.4	624.6	599.0	25.6	594.7
OT	39.2	39.9	79.1	86.5	-7.4	54.1
PI	72.6	74.4	147.0	150.0	-3.0	140.5
CA	65.2	81.0	146.2	161.0	-14.8	140.2
MG	58.8	61.2	120.0	130.0	-10.0	117.4
SE	4.9	5.5	10.4	10.5	-0.1	9.7
HD, others	2.6	3.2	5.8	5.0	0.8	30.6
Total	541.6	591.6	1,133.2	1,142.0	-8.9	1,087.2

Forecast FY2003

Operating income by business segment



[Billions of yen]

	1st half Actual	2nd half Forecast	Full year Forecast	As of May 15 Plan	Change	FY2002 Actual	Costs of integration
(1) KONICA MINOLTA							
BT	13.1	22.9	36.0	32.0	4.0	22.4	10.0
OT	7.4	6.1	13.5	13.0	0.5	13.4	0.4
PI	2.3	1.7	4.0	4.0	0.0	8.3	0.4
CA	0.7	0.4	1.1	3.8	-2.7	-0.1	0.2
MG	4.7	4.3	9.0	9.0	0.0	9.3	0.2
SE	0.0	1.0	1.0	1.3	-0.3	---	0.0
HD, others	-3.9	-9.7	-13.6	-7.6	-6.0	-10.5	2.8
Total	24.3	26.7	51.0	55.5	-4.5	42.9	14.0
		+		+		+	
(2) MINOLTA							
BT	16.4			13.5	2.9	30.2	0.5
OT	-0.8			-1.0	0.2	-1.0	0.0
CA	-1.1			2.0	-3.1	2.2	0.2
SE	0.9			0.7	0.2	2.0	0.0
HD, others	0.3			-1.7	2.0	1.0	0.0
Total	15.7			13.5	2.2	34.4	0.7
		+		+		+	
(3) (1) +(2)							
BT	29.5	22.9	52.4	45.5	6.9	52.6	10.5
OT	6.6	6.1	12.7	12.0	0.7	12.4	0.4
PI	2.3	1.7	4.0	4.0	0.0	8.3	0.4
CA	-0.4	0.4	0.0	5.8	-5.8	2.1	0.4
MG	4.7	4.3	9.0	9.0	0.0	9.3	0.2
SE	0.9	1.0	1.9	2.0	-0.1	2.0	0.0
HD, others	-3.6	-9.7	-13.3	-9.3	-4.0	-9.5	2.8
Total	40.0	26.7	66.7	69.0	-2.3	77.2	14.7

Part 2

Start of Konica Minolta's Business Operations

Fumio Iwai
President & CEO
Representative Executive Officer

Message from Fumio Iwai, President & CEO

- *Konica and Minolta have completed what has to be done before the integration.*
- *The integration program is making steady progress.*
- *The management will continue to focus on the speedy management and generate synergy effects derived from the integration at an early stage.
(Practical business development plans for the BT, OT and CA businesses will be determined.)*

Interim financial results FY2003

-- *Konica and Minolta have completed what needs doing before the integration. –*

➤ *Konica and Minolta posted record profits for the 1st half FY2003.*

	Konica	Minolta	(Billions of yen)
Net sales	278.4	263.2	
Operating income	24.3	15.7	
Ordinary income	19.1	9.4	
Net income	8.4	6,8	

➤ *Progress / outcomes of restructuring*

Konica: Downsizing conventional photo finishing business, primarily in the domestic wholesale laboratory business.

Reducing the number of locations: 93 => 37 (completed as of Sep 30, 2003)

Reducing manpower: Approx. 1,500 employees (including part-time and contracted personnel)

Minolta: Strengthening financial foundation

Reducing interest bearing debts:	As of Mar 02	As of Mar 03	As of Sep 03
	¥240.7 billion	¥171.0 billion	¥148.7 billion

Restructuring of management system

-- Konica Minolta's characteristics --



- Simultaneously adopting a separate company/holding company system and a company-with-committee system (US board system)
 - *Executing portfolio management and strengthening corporate governance*

- Chairpersons of the three committees are assumed by Outside Directors.
 - *Strengthening auditing function and pursuing high transparency in management*

- Presidents of the business companies assume an executive position in the holding company as well.
 - *Promoting speedy management and establishing group-wide optimization.*

Progress of business reorganization

-- Subsidiaries --



-- The integration program is making steady progress.. --

Aug 5, 2003 Establishment of Konica Minolta Holdings, Inc.

Oct 1, 2003 Reorganization of the group companies

Concurrently, 44 domestic and overseas subsidiaries completed reorganization.

	BT		PI/CA/MG		Common Function		Adjustments	Total	
R&D	2 =>	1						2 =>	1
Production	4 =>	2						4 =>	2
Sales Japan	2 =>	1	4 =>	2	7 =>	3		13 =>	6
North America	4 =>	2	4 =>	2			-1	7 =>	4
Europe	18 =>	11	17 =>	9			-8	27 =>	20
Asia and other areas	8 =>	5	7 =>	6			-4	11 =>	11
Total	38 =>	22	32 =>	19	7 =>	3	-13	64 =>	44

Priority issues in the 2nd half FY2003 -- BT --

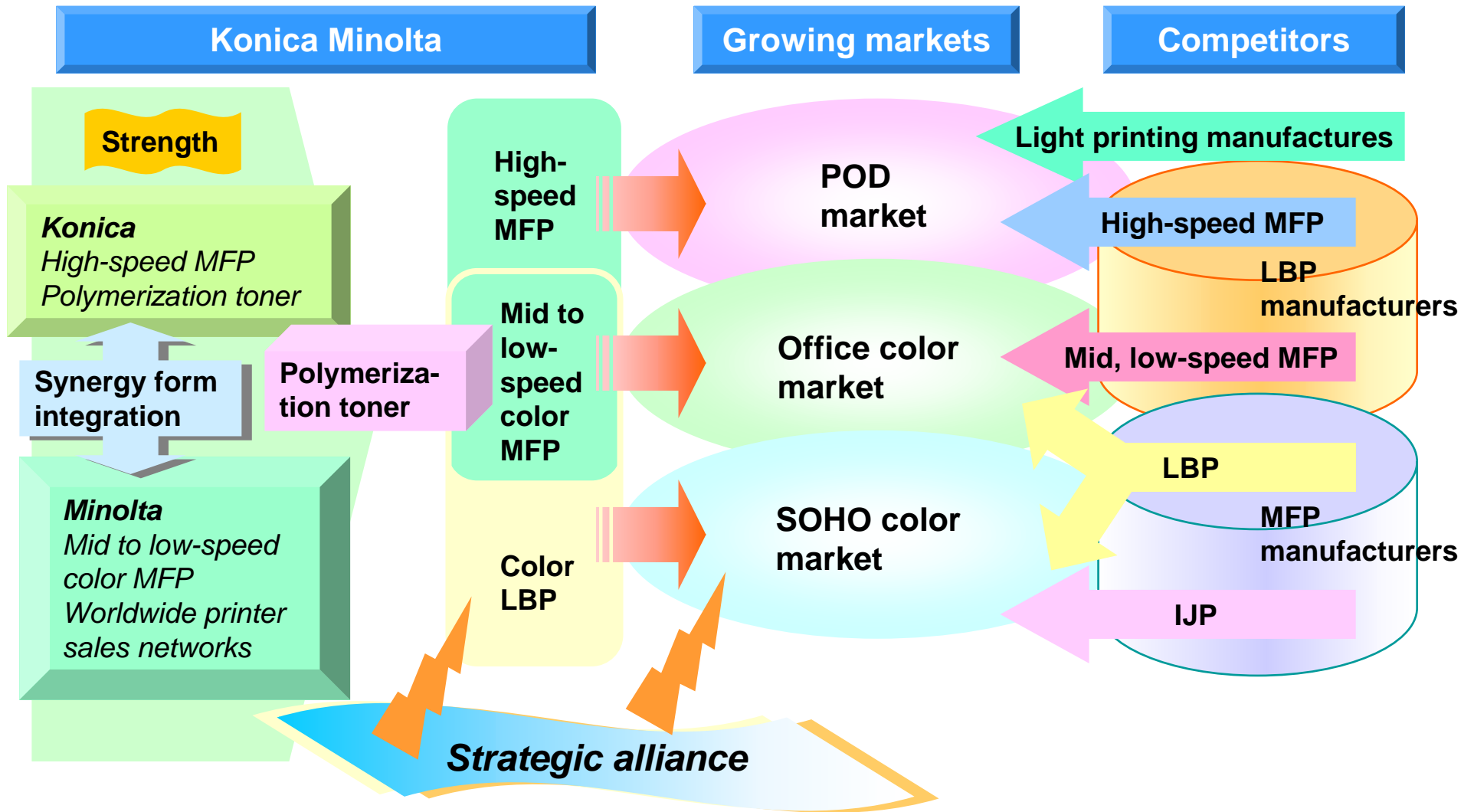
Konica Minolta aims to obtain a leading position in the specific markets such as POD, office color and SOHO, which are expected to grow significantly.

Key words for achieving the goal

- ◆ Shifting to color and high-speed segments
- ◆ Polymerization toner
- ◆ Strategic alliances

Priority issues in the 2nd half FY2003 -- BT --

-- Challenge to the three primary markets --



Key words for the goal in BT: Color and high-speed

Breaking into the high-speed color MFP market

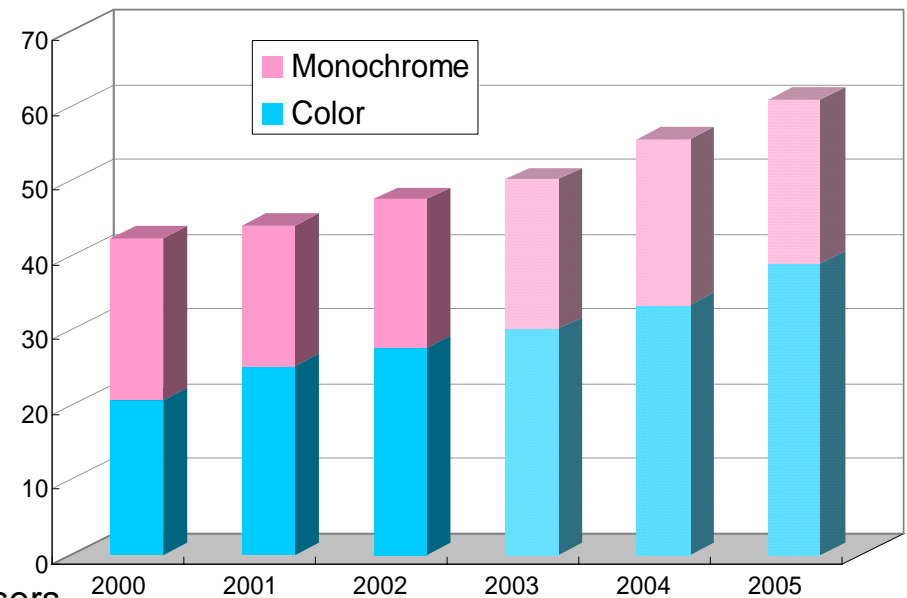


➤ Our advantages against competitors

- Adopting polymerization toner
- 51ppm high-speed color output
- 600 x 600 dpi high resolution
- Advanced features and design for professional users
- Optimum cost performance

[Ref.] Trend of POD output market (Japan)

(Billions of yen)



Data arranged by Konica Minolta

Key words for the goal in BT: Polymerization toner (1)



Konica Minolta has the widest range of MFP and LBP product lineups in the industry that adopted polymerization toner.

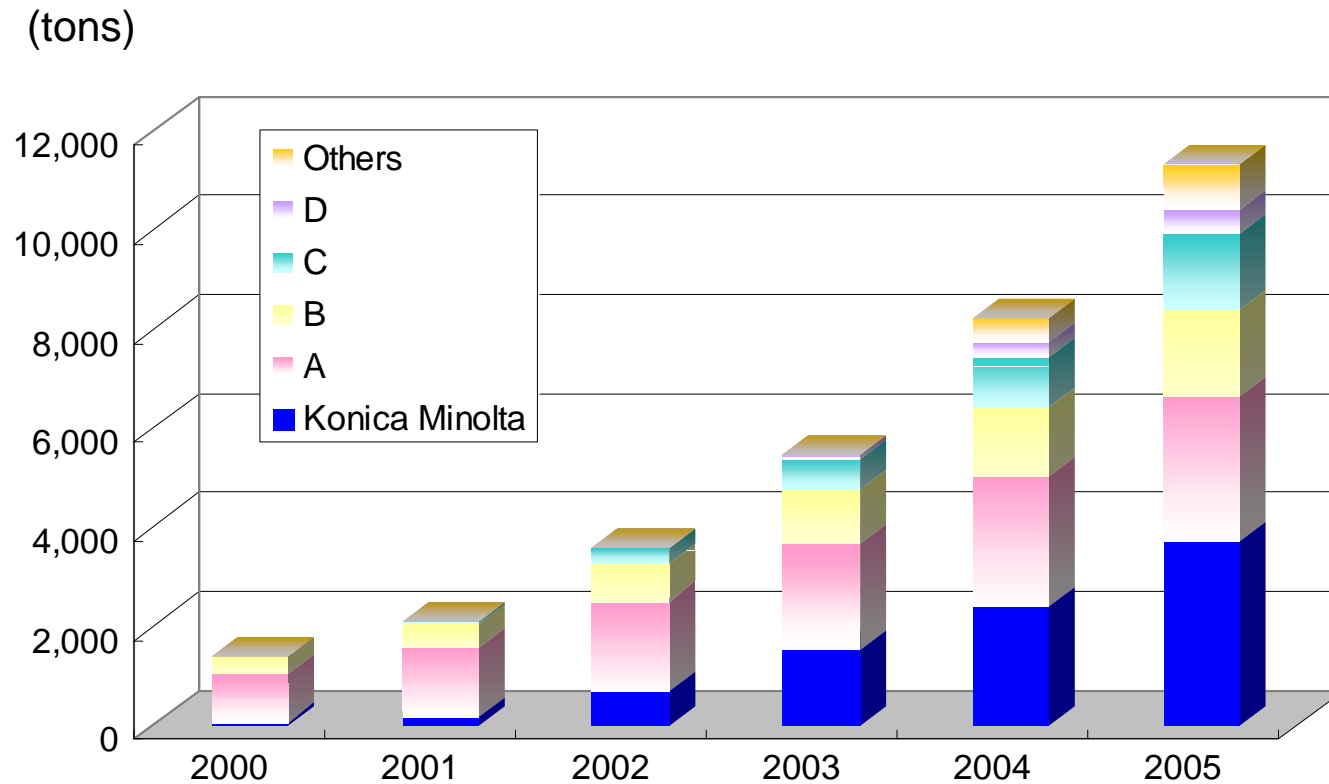
		up to	Konica Minolta	X	Y	Z
MFP	Monochrome	20 ppm	x	x	x	x
		30 ppm	o	x	x	x
		40 ppm	o	x	o	x
		50 ppm	o	x	o	x
		60 ppm	o	x	x	x
		90 ppm	o	x	x	x
MFP	Color	10 ppm	x	o	x	o
		20 ppm	o	o	x	o
		30 ppm	o	o	x	o
		40 ppm	o	o	x	x
LBP	Color	A4 low speed	o	o	x	o
		A4 high speed	--	o	x	x
		A3 low speed	--	o	x	x
		A3 high speed	o	o	x	o

Research from product catalogues

Key words for the goal in BT: Polymerization toner (2)

[Reference]

Trend of production volume of polymerization toner by manufacturer



Data arranged by Konica Minolta

Key words for the goal in BT: Strategic alliances

Strategic alliance with HP in OEM business

➤ **Objectives**

The most important business strategy to expand Konica Minolta's high-speed MFP business.

➤ **Products to supply**

High-speed digital MFPs, polymerization toner and after-parts.

➤ **Brand name: HP**

➤ **Targeted customers:** Enterprise users

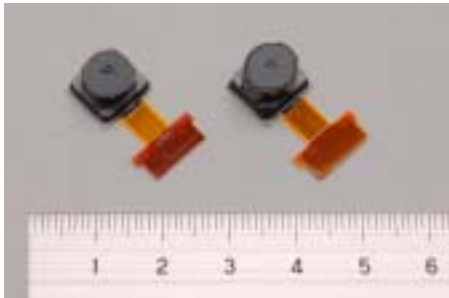
➤ **Sales territories:** Worldwide centered around the US and Europe.

➤ **Why Konica Minolta?**

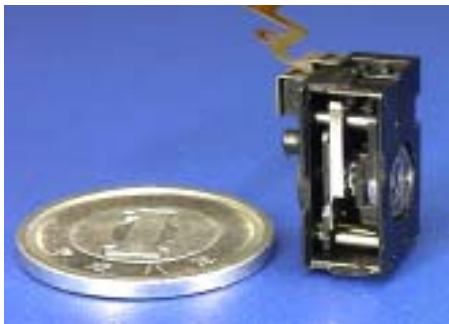
Konica Minolta manufactures high-speed digital MFPs with high reliability and possesses unique polymerization toner technology that holds the leading position in the industry.

Priority issues in the 2nd half FY2003 -- OT --

Expansion of sales in micro camera / lens unit business



Microcamera units



Micro lens unit with zoom

Our advantages

- Konica's competence
Aspheric plastic lens design technology
Adjustment-free assembly

Optical design technology and analysis
Manufacturing capability of high-precision optical parts

- Minolta's competence
Aspheric glass mold lens design technology
Micro actuator
Automated assembly

Our micro camera/lens units will be installed in.....

- Mobile phones with a 0.3 megapixel camera
- PDAs with a 0.3 megapixel camera
- Mobile phones with a 1.3 megapixel camera

- Mobile phones with a 0.3 megapixel camera
- Mobile phones with a 1.3 megapixel camera
- Mobile phones with 2.0 to 3.0 megapixel cameras (including auto focus and macro function)

Priority issues in the 2nd half FY2003 -- OT --

Expansion of sales in digital camera lens unit business

Our advantages



- Low cost design capability by utilizing multiple plastic aspheric lenses
- Achievement of a balance between performance and cost by adapting a hybrid technology of aspheric glass mold lens and plastic lens
- Accumulated zoom design technology as a camera manufacture
 - Super slim zoom, folded zoom, power zoom, etc....
- Cost competitiveness based on the production in China

Our digital camera lens units will be installed in.....

Digital cameras with 3.0 – 6.0 megapixels and /or 3X – 8X zoom

Priority issues in the 2nd half FY2003 – CA --

Priority issues of CA business

➤ Immediate issues

- 1) Achieving the sales target of the 2nd half FY2003
 - Reinforcing promotional activities, accelerating product supply, and etc...
- 2) Achieving the break-even point by strictly pursuing efficiency in operation
 - Strict control of cost-cut, reduction of SG&A, etc...



Main features:

- 10X mega-zoom w/ 3.2 megapixel CCD
- The world's fastest AF in its class
- TV quality move recording
- Around ¥40,000

Sales target FY2003:
0.4 million units

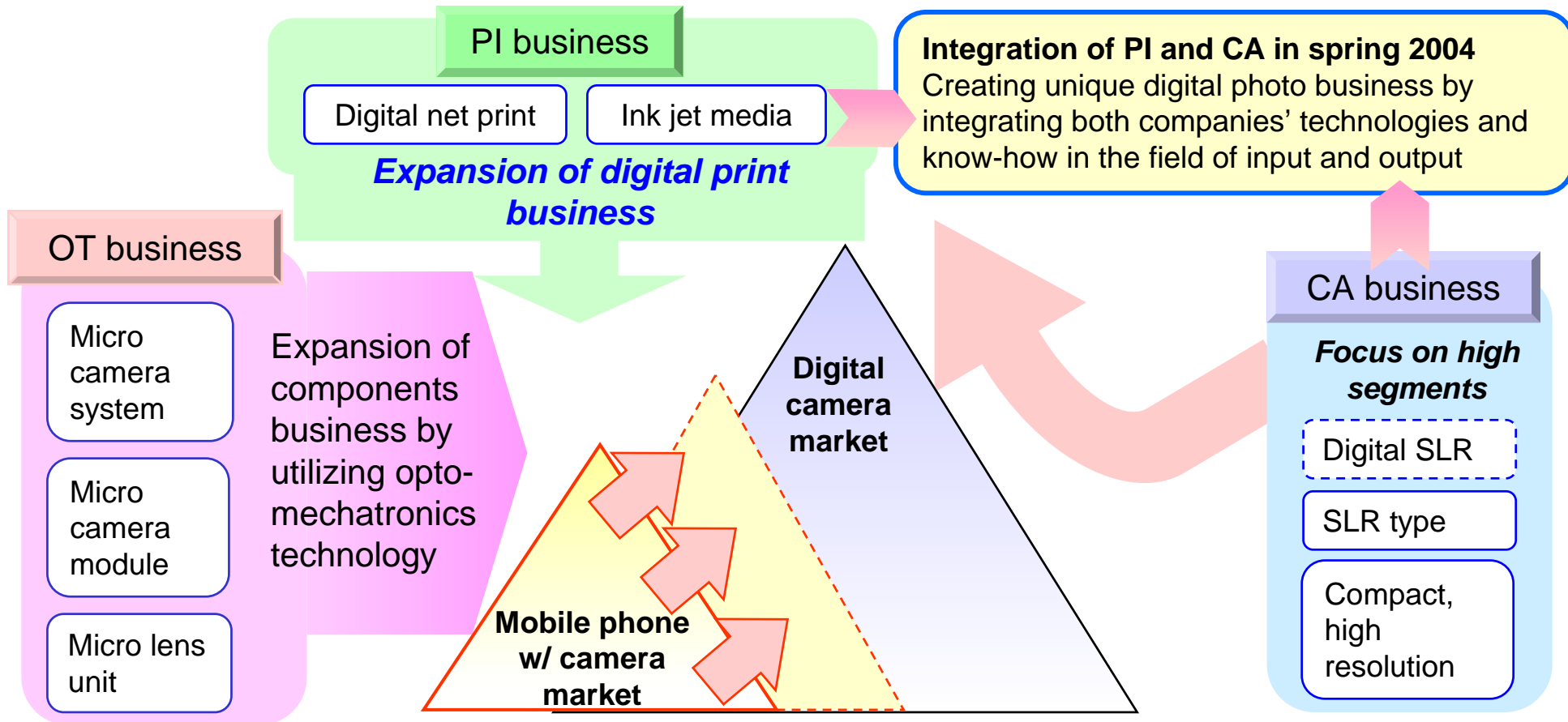
➤ Medium-term issues

- 1) Expanding over all business scale at an early date by proactively investing in marketing
- 2) Launching the digital cameras that are attractive and unique to Konica Minolta at an early date by fully utilizing the synergy from the integration
 - Unique anti-shake function, slim & flat design, fast startup / response, and optical mega-zoom
- 3) Achieving an optimum balance between in-house production and contracted production

Priority issues in the 2nd half FY2003 – PI / CA --

Establishing solid business foundations in the two major growing markets
 --- digital camera and mobile phone with a camera markets

Digital cameras: Finished products unique to Konica Minolta and outside sales of lens units
 Mobile phones with a camera: Components





Caution:

The forecasts mentioned in this material are the results of estimations based on currently available information, and accordingly, contain risks and uncertainties. The actual results of business performance may sometimes differ from those forecasts due to various factors.