

Minolta's Color Strategy

Color

Quality Imaging

Solutions

LOW COST

Optical

Speed



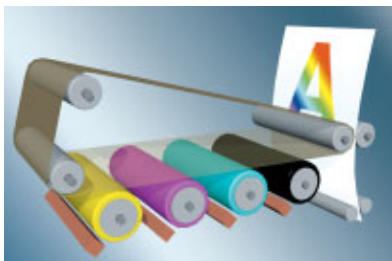
Minolta's Color Strategy

Guided by its corporate slogan—"The essentials of imaging"—the Minolta Group is committed to becoming an "essential" company in the world of image information. To this end, we have positioned image information products as the Group's core business, and are concentrating our technological, knowledge, and other managerial resources on digital imaging. The market for color output has immense potential. Here, we will seek to build a leading position in areas where we can best manifest our competitive strengths, and we will expand sales by differentiating our color laser printers and color MFPs from others in the market. In addition, we will reinforce our strengths in the solutions business to secure a solid position in digital color solutions.

Our Strengths in Color Output Devices

Within the market for office document output devices, we believe there is considerable latent demand for color output. The key to successfully penetrating the office market with color machines is to provide low cost and high speed on a par with monochrome machines while maintaining top-quality color images.

Minolta was one of the pioneers of color copiers. Our DiALTA Color CF2001 has achieved remarkable success because of its high-speed output of quality images. This machine incorporates our innovative tandem print engine, which accelerates copying speed by applying all four colors in one pass. In contrast, conventional four-cycle systems apply colors on separate passes, so printing takes around four times longer.



Structural diagram of tandem printing system

To ensure a solid position and further expand our share in color MFPs and color laser printers,

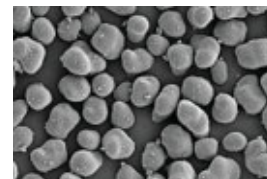
we have pursued a strategy of acquisitions and alliances with other companies while enhancing our competitive image processing and optical technologies.

For the color laser printer business, we acquired QMS, Inc., now called the Minolta-QMS Group, for its worldwide sales network and particular marketing strengths in Europe and North America, as well as for its unique network controller technologies.

In addition, we formed a joint venture with Fujitsu Limited. The new company is called F&M Imaging Technology Co., Ltd., through which we have obtained cost-effective engine technologies for our tandem system so we can provide fast, cost-competitive laser printers.

To improve image quality, we joined forces with Konica Corporation to establish a joint venture, Konica Minolta Supplies Manufacturing Co., Ltd., That company has started production of polymerized toner, which is regarded as a revolutionary breakthrough in toner technology. Compared with pulverized type, polymerized toner has finer and more uniform particles, helping raise the quality of output images. This toner also contributes to save power during printing because it fixes at low temperatures. Moreover, its manufacturing process is highly energy-efficient.

It is thus the ideal toner from the perspectives of image quality, cost, and the environment.



Polymerized toner particles

Image quality comparison



Pulverized toner

Polymerized toner

Exploiting our various strengths, we have positioned the DiALTA Color series of digital color MFPs and the magicolor series of color laser printers as strategic brands. We will continue to strengthen our lineup and expand sales accordingly.

To promote the use of color machines in office environments and help people to create more powerful color documents, we have introduced the "Minolta Colour Web YOUR COLOURS" website, which explains how to better understand colors and apply them to enhance business prospects.



Minolta's "YOUR COLOURS" website (www.minolta.com/yourcolours/)

Exploiting the Potentially High-Growth Color Market

Drawing on our competitive strengths, we are pursuing higher sales and expanding market share by strategically introducing low-cost, compact color laser

printers, mainly for business use, as well as color MFPs, which provide more powerful networking solutions. Due to the strong informational and visual appeal of color, latent demand is high for color printers and copiers. As a result, color is steadily expanding its presence in the office domain.

In fiscal 2001, the global market for printers, including monochrome models, was around 12 million units, of which color printers accounted for around 700 thousand units. In fiscal 2002, demand for color printers forecast to expand around 40%, while the entire printer market will only grow 3%. In addition, more high-speed, low-operating-cost color copiers will enter the market to meet demand for replacement with monochrome copiers, supporting our view that proliferation of color machines in offices will accelerate.

In terms of size, the U.S. market for color printers is estimated 70% larger than that of Japan's. The European market is 50% larger. In the A4-/letter-sized desktop color laser printer category, Minolta gained a market share of 19% in Western Europe and 11% in the U. S. in fiscal 2001.

In the color copier category, the overseas markets are still in the development stage. However, the latent demand for color copiers in those markets is high. The current total copier markets including monochrome models in the U.S. and Europe are 2.1 times and 1.8 times respectively larger than that of Japan's. In the growing overseas color copier markets, we hold 12% share in Europe, with particular strength in the segment for 13 to 29 pages per minute, where we boasted top share, at 33%.

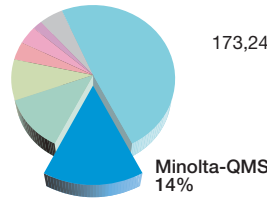
Clearly, our strength lies in our ability to seize solid shares in

Minolta's Shares of Color Laser Printer Markets

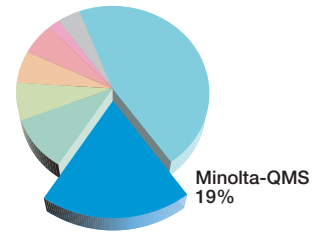
A4/Letter Desktop Color Laser Printer

Western Europe

2000
152,870 units

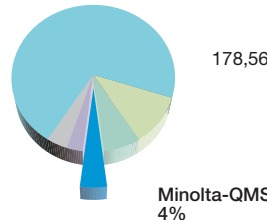


2001
173,246 units

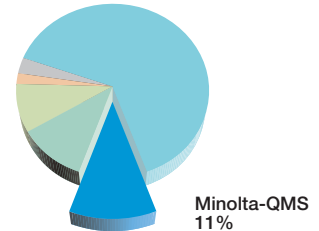


United States

2000
165,294 units



2001
178,562 units



Sources:

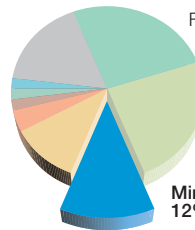
Segment share data derived by Minolta from the IDC Printer Tracker Q4 2001
Minolta-QMS data is from Minolta Co., Ltd.

Minolta's Shares of European Color Copier Market

Placement Estimates in 2001

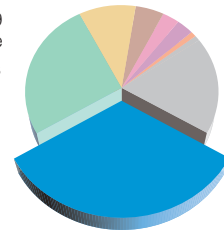
For all segments

42,961 units



For segment 13-29 pages per minute

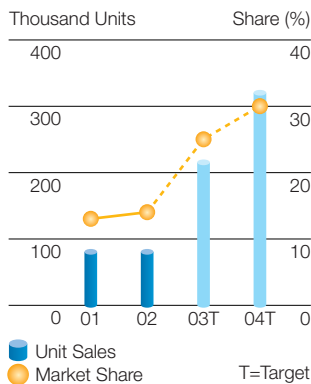
9,813 units



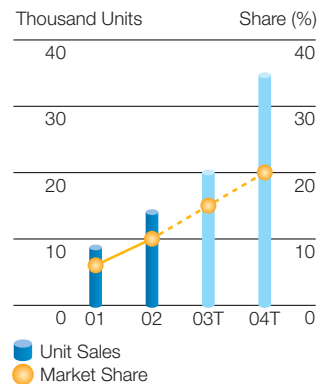
Source: infoSource-Spring 2002

Minolta's Worldwide Sales and Market Share

Color Laser Printer



Color MFP



the U.S. and European markets, where latent demand is particularly strong.

At Minolta, we target domains where we can best demonstrate our unique core competencies. Through a focused strategy of introducing powerfully appealing products in those domains, we

are seeking to obtain a leading position in our specialized genres. In particular, we aim to raise our share of the global color laser printer market from 14% in fiscal 2001 to 30% in fiscal 2003. In the color MFP sector, we are targeting a 20% share, compared with the current 10%.