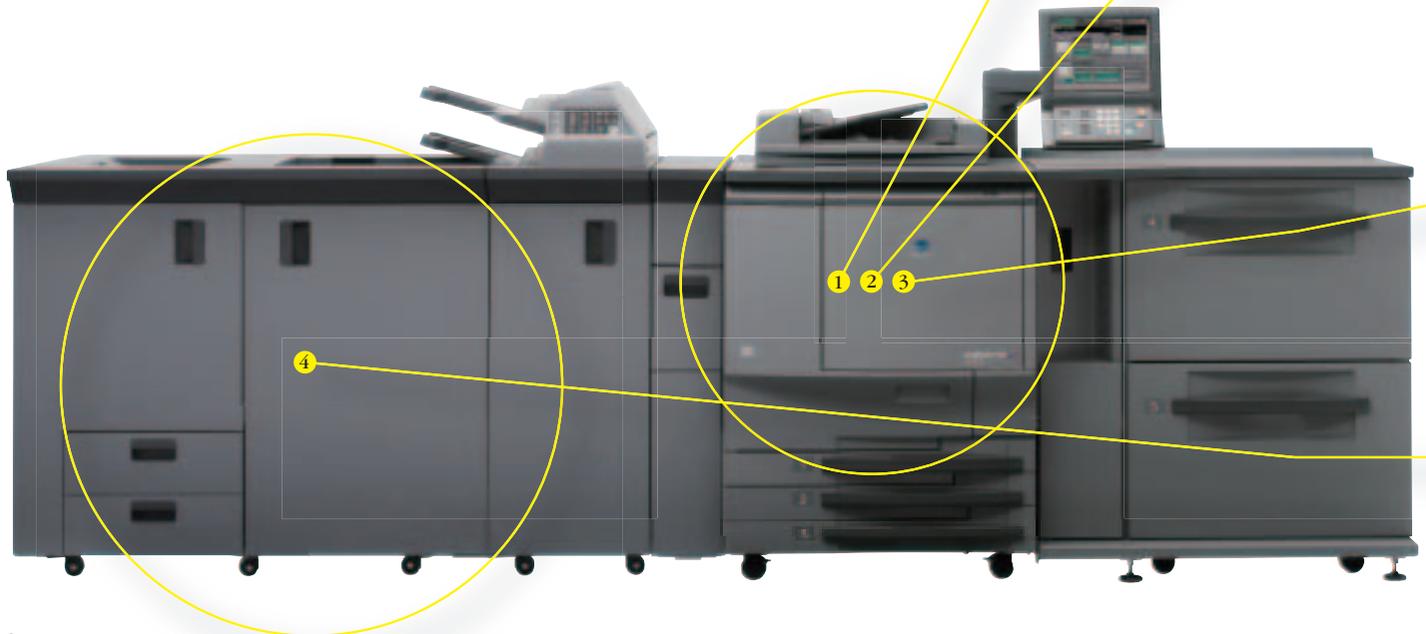


Our Production Printing Business Strategies

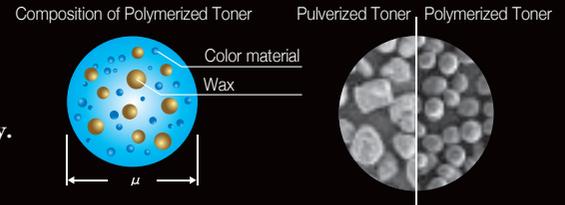
Pursuing Brand Leadership in Production Printing

One goal of Konica Minolta's genre-top strategy is to become the dominant brand in the promising production printing field. We will reach that goal by cultivating advanced proprietary imaging technologies and taking advantage of our industry-leading imaging, materials and paper-handling technologies, market-driven product development, and our business base in the printing industry.



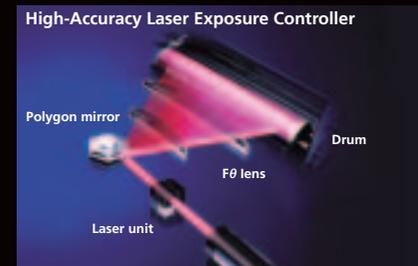
1 Polymerized Toner

Our polymerized toner features the industry's finest and most uniform particles to achieve highly defined image quality. Since the toner enhances low-temperature fusing, it reduces paper curls and buckling and increases paper-handling capability. In addition, this toner reduces environmental load comprehensively from production to end use.



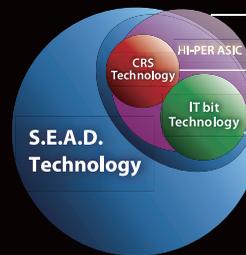
2 High-Accuracy Laser Exposure Controller

We created a fully digital laser-driven pulse-width modulator that ensures high precision and fast output by controlling nanosecond laser unit pulses to deliver swift and stable four-color pixel writing.



3 Proprietary S.E.A.D. Technology

Our Screen-Enhancing Active Digital Processing (S.E.A.D.), incorporates an application-specific integrated circuit to provide micron-level image control and optimally process images and text. S.E.A.D. employs technology to stabilize high-speed image quality, for results comparable to those of offset printers.



HI-PER ASIC

An exclusive ASIC layout that offers full digital control over imaging processes.

CRS Technology

A system that uses feedback from the engine to make adjustments to imaging components.

IT bit Technology

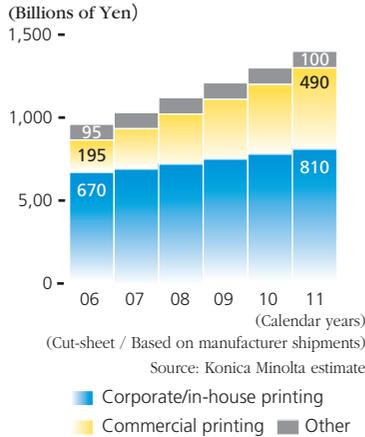
Four features to improve imaging accuracy: Laser Exposure Control, Dot Position Control, Multi-bit Screen and Text Enhancement.

4 Post-Processing System for Print-on-Demand Applications

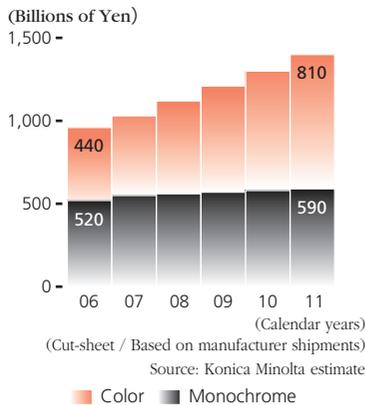
We have drawn on paper processing expertise from years in the production printing business to create numerous post-processing technologies, notably for saddle and side stitching, folding, hole punching, and booklet finishing. We are an industry—leading supplier of online post-processing systems.

Why We Are Focusing on the Production Printing Market

Production Printing Market Estimate by Market Segment



Production Printing Market Estimate Color vs. Monochrome



What Is Production Printing?

Production printing is a generic term referring to printing by high-speed digital printer. The term encompasses office printing, on-site internal corporate printing, commercial printing and what is called “digital press” in the offset printing industry. Production printing basically is about printing small jobs on demand, contrasting with the large runs that offset processes entail. It is also called POD, and both phrases refer essentially to the same thing. The main production printing users are print shops, copy service bureaus, and central reprographic departments (CRDs).

The prime advantage of production printing are as follows. (1) short-run printing, (2) short turnaround printing, (3) variable data printing. These are the growth areas of the market.

The Production Printing Market

This market was worth around ¥1 trillion in 2006, with in-house jobs accounting for about 70% of the total and commercial printing representing another 20%. We anticipate demand should reach ¥1.4 trillion by 2011. The value of commercial printing should surge from ¥195 billion in 2006, to ¥490 billion by 2011. We based these estimates on manufacturer shipments of units, cut-sheet, electrophotographic system and dry toner.

Trends that enabled us to make such projections include growth in small job runs amid expansion in the direct marketing industry, increasing demand for short turnarounds, and rising in-house production in companies to safeguard information and streamline internal controls.

We look for the mainstay color printing market to balloon from ¥440 billion in 2006 to ¥810 billion by 2011, while monochrome printing demand will likely remain flat during that period. We can capture significant new opportunities in the color market because of our highly competitive design and materials technologies, as well as our product development and marketing foundations.

Our Strategies

Business Trends and Competitive Position

Our unit sales in the key color production printing segment grew 10% year on year in the fiscal year ended March 2008, compared with a 4% rise in overall MFP sales and 20% year-on-year value growth. In terms of market share, we achieved high market shares in the fiscal year ended March 2008 in color production printing after first entering this market in the fiscal year ended March 2004. We project a double-digit increase in unit shipments for the fiscal year ending March 2009, which would also drive demand for toner and other consumables.

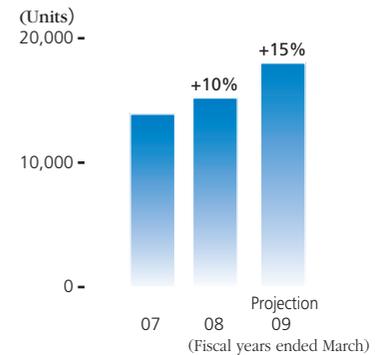
We intend to maintain and build our top market position and sustain growth by cultivating new sales channels and by continuing to collaborate with business partners.

Technological Competitiveness

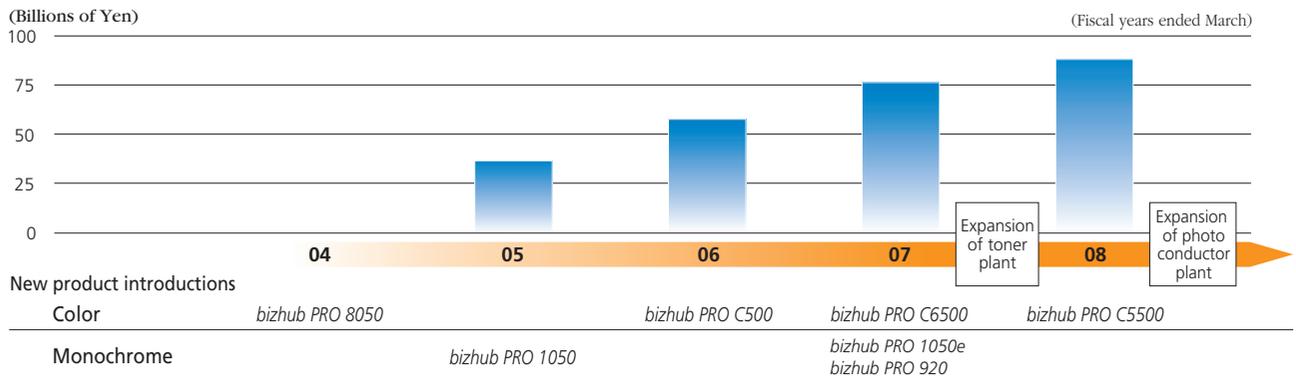
Konica Minolta's unique polymerized toner is an industry leader for its outstanding image quality, low noise, and fast output capabilities. Our production printing models incorporate diverse technologies that give us an excellent competitive edge.

Our toner is perfect for production printing equipment because the particles are smooth and uniform and fuse at low temperatures, enabling copiers and printers to output quickly at high resolutions. The results are as natural as those from offset printing, notably in terms of uniform images, broad color gamuts, and low-gloss output due to oil-free fusing. On top of that, excellent fusing performance enables printing on everything from regular thin-coated papers to high-quality thick stock.

Konica Minolta's Production Printing Unit Sales Growth

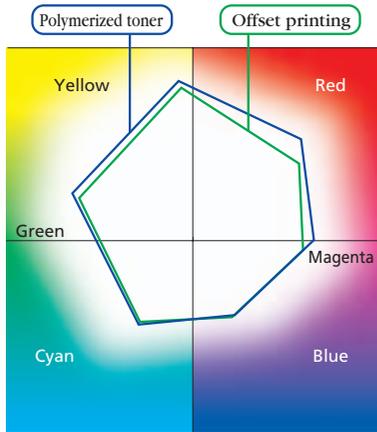


Konica Minolta's Production Printing Business Growth



Note: Production printing sales amount for the fiscal year ended March 2004 is not available because this is the first year we entered the market.

**Advantages of Konica Minolta
Polymerized Toner**
– Color Reproduction Range –



Another advantage of polymerized toner is that it results in 40% lower carbon dioxide emissions than pulverized toner and such emissions are reduced during the printing process around 30% because it fuses at lower temperatures. The particles of polymerized toner are finer than those of pulverized powder, for 30% less toner consumption and significantly lower carbon dioxide emissions over product life cycles.

There is no major competitors to our unique polymerized toner, for which we have a large number of patents pending—likely an industry record. Our advanced production technologies represent another prime advantage, and we aim to maintain our dominance.

Our organic photoconductors, which employ the coating technologies we amassed in photo films, are cost-competitive and safer than inorganic photoconductors and far more sensitive.

Proprietary S.E.A.D. technology delivers high-precision printing and more stable image quality. It provides micron-level image control and optimally processes images and text to stabilize image quality even at high output speeds.

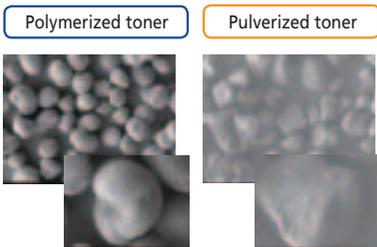
Post-processing systems are vital for production printing. We have created numerous such technologies, notably for saddle and side stitching, folding, hole punching, and binding. We are an industry-leading supplier of post-processing systems.

Our high-accuracy laser exposure controller enables fast and stable writing for all pixel colors, which has helped us greatly to increase the competitiveness of our color offerings.

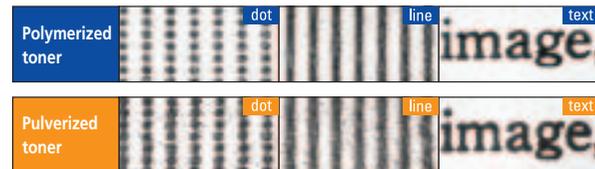
One feature of our production printing capabilities is that we draw on years of experience in the printing business to plan systems that we believe our customers need. Unlike our competitors, we are committed to offering products and services that help customers develop their business models.

We will build brand dominance in production printing by employing our outstanding technologies and unique business concepts.

Shapes and Surface Composition



Comparison of Polymerized Toner and Pulverised Toner (Internal Test)



Future Strategies

In the years ahead, we will invest heavily to develop unparalleled technologies and improve our products. We have introduced a new polymerized toner that has more advanced features than our current product, expanding the color gamut and matching the bright and vivid reproduction of Super Video Graphic Array (SVGA) displays, one standard used for PC displays. Such a new toner delivers image quality in production printing on a par with offset printing, thereby enabling us to expand further in a printing industry where image quality is so crucial.

We aim to expand our product range beyond the light production printing area to encompass the middle-to-heavy production printing area.

We will use the marketing networks of both Graphic Imaging business and Business Technologies business to enhance synergies within the Group while reinforcing ties with external partners so that we can expand our lineup and marketing channels.

Our global strategies will include using our alliance with the Netherlands-based Océ N.V., one of the top players in production printing, to strengthen our presence in Europe. We will reinforce sales in North America through Danka Office Imaging Company (DOIC), a leading seller of imaging equipment in the United States. That acquisition will enable us to increase market share to dominate the local production printing sector.

Two Key Alliances

In April 2008, we concluded a strategic business alliance with Océ N.V., which is headquartered in Venlo, the Netherlands. This company has an array of high-speed printing technologies, and has built strong direct sales and service networks in the office and production printing fields. The arrangement entails jointly developing fast monochrome and color models for the highly promising light and mid-range production printing segments. The sales strategy will be for us to provide Océ N.V. with all our office multi-functional peripheral (MFP) product line on an OEM basis. Both sides will supply each other with production printing equipment for marketing through both brands and sales channels. The alliance will enable us to become an industry-leading equipment and software supplier in office and printing production systems alike.

In June 2008, we completed the acquisition of Danka Office Imaging Company (DOIC) of St. Petersburg, Florida, U.S.A. We will employ DOIC's impressive customer base and sales and support structure to boost our North American market share. The acquisition will greatly expand our production printing sales force and accelerate efforts to strengthen that business area. We will also be able to use DOIC's sales network to step up sales of our office MFPs and printers.

These moves in Europe and North America are part of what will be an even more concerted global drive in the years ahead to accelerate sustainable Group growth.