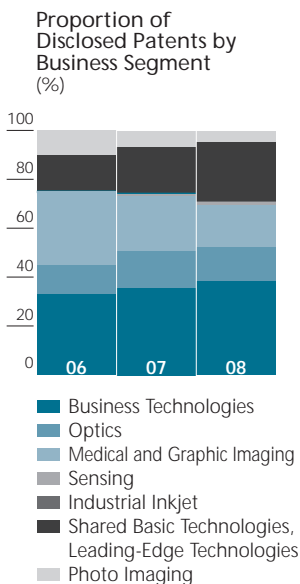


# Intellectual Property Update



## 1. Intellectual Property Strategies

The Group maintains a system to improve the quality of patent applications and harnesses the Patent Cooperation Treaty (PCT) in line with the global nature of its operations. During the year under review, we recorded 3,945 patent applications including PCT-based and Japanese regulation-based applications.

The Business Technologies and Optics segments together accounted for 52% of that number, reflecting concerted efforts under our intellectual property strategies, which are integral to our business strategies. The proportion of published patents in basic and advanced technologies has risen every year, reaching 24% of all such publications in the fiscal year ended March 2008. We will continue to apply for patents in the years ahead to support our white-light-emitting organic electroluminescent device and other businesses.

## 2. R&D, Intellectual Property Organization, and Alliances and Collaboration

### (1) R&D and Intellectual Property Organization

The Group's R&D organization covers development operations within each business company and the Konica Minolta Technology Center, Inc., which explores basic and advanced areas.

The business companies focus resources on their specific fields to create superior technologies. The Konica Minolta Technology Center reinforces basic technologies and tackles new fields to drive Group progress.

The Intellectual Property Center, the organizational core of the Group's intellectual property activities, is part of the above-mentioned Konica Minolta Technology Center. Here, we monitor the creation of intellectual property by each business company. Through these organizational and strategic efforts, the center works with each business company to fulfill intellectual property strategies that are in keeping with their business strategies.

The center's branches, located within our R&D units, collaborate closely with those operations, helping them formulate business and R&D strategies for key themes according to priority. The center plans, implements and works with R&D departments to polish and evaluate inventions through activities that foster close-knit relationships with people at R&D sites.

The center stations personnel overseas and promotes intellectual property activities from a global perspective. Deploying staff in China enables the center to strengthen its local intellectual property activities and respond swiftly to the discovery of counterfeit products. The center also regularly dispatches its employees to U.S. development subsidiaries to conduct intellectual property activities locally.

## **(2) R&D Alliances and Collaboration**

The Group actively promotes R&D alliances. In Business Technologies, we concluded a strategic office and production printing alliance with Océ N.V. of the Netherlands in April 2008. The two companies are taking advantage of their respective strengths to help each other develop technologies and products for the office information equipment and digital printing markets.

We drew on our core functional organic materials synthesis technologies to develop a white-light-emitting organic electroluminescent device that features the world's best luminous efficiency and durability. Collaboration with Universal Disk Corporation and a strategic alliance with the General Electric Company, both of the United States, help us accelerate work to develop and commercialize organic electroluminescent technologies for lighting applications.

We are participating in several projects for Japan's Ministry of Economy, Trade and Industry.

## **3. Acquiring and Overseeing Intellectual Property, Managing Trade Secrets, and Maintaining Policies to Prevent Technology Leaks**

Intellectual property is a crucial resource that the Group uses to create business assets and apply its rights to them. We implemented "Regulations for the Management of Industrial Property Rights" in the fiscal year ended March 31, 2006 to encourage employee inventiveness in line with Article 35 of the Japanese Patent Law.

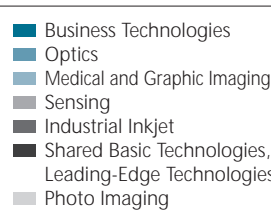
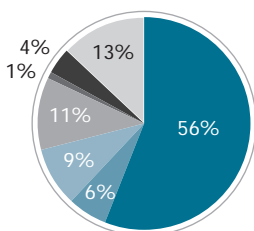
The in-house expertise that we have created, as well as other confidential information, constitute important technology assets, and the inappropriate disclosure of such information could reduce competitive advantages stemming from our technologies and harm the healthy development of our businesses. Similarly, confidential information that other companies have disclosed to us are important technology assets of their own. In addition to damaging its reputation, any leaks of such information by the Group could result in a variety of legal issues. Consequently, the Group has created "Standards for the Management of Confidential Information" and formed a robust structure to prevent leaks of confidential information.

## **4. Business Contributions of Licensing Activities**

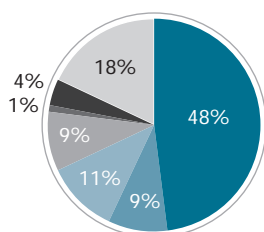
The Group strategically employs its many patents to differentiate our products and gain competitive advantages in businesses in which we enjoy technological leads.

We pursue cross-licensing strategies in domains where technologies are increasingly advanced and complex to sustain businesses and maintain R&D freedom. We license from other companies when we conclude that such agreements ensure business freedom and shorten development cycles.

Proportion of Japanese Patents by Business Segment



Proportion of U.S. Patents by Business Segment



## 5. Business Contributions of Patents and Other Intellectual Property

### (1) Patent Portfolio Contributions to Business

Konica Minolta believes that seeking and obtaining patents to the fruits of R&D helps ensure the superiority of each business.

We maintain strong patent positions by prioritizing technologies to expand and dominate business areas and by systematically pursuing innovations and acquiring patent rights. We also choose the right countries in which to apply for patents and maintain policies to swiftly obtain protection. Our domestic and international patent initiatives contribute to our businesses.

We held 6,450 patents in Japan and 5,852 in the United States as of March 31, 2008. The Business Technologies and Optics segments accounted for around 60% of our patents in both countries, where our patent numbers have surged since the fiscal year ended March 2006.

In the *Japan Patent Annual Report 2008*, Konica Minolta Holdings ranked 30th in 2007, with 662 patents granted. Konica Minolta Business Technologies was 74th, with 307. Our own research shows that we obtained 1,071 patents that year, for a ranking of 19th.

In the United States, a key country, we again rose up the patent filing and grant rankings in 2007, placing 40th overall and 15th among Japanese companies.

#### Estimated Group Ranking in U.S. Patents Granted

Calendar year	2003	2004	2005	2006	2007
Patents Granted	380	404	316	497	509
Ranking (Est.)	55	50	56	44	40

Note: Estimate of aggregate ranking of Konica Minolta Group companies based on data compiled by the Intellectual Property Owners Association.

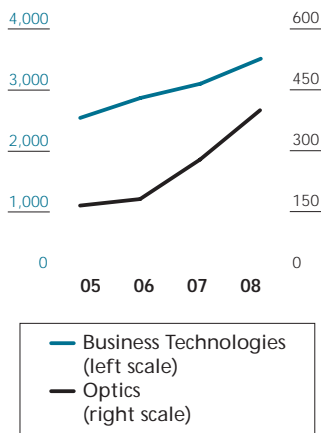
### (2) Business Contributions of Other Intellectual Property

The Konica Minolta brand is an invaluable Group asset. We created a brand management unit because exiting the photographic film and digital camera business made maintaining and improving our brand image even more important. The Intellectual Property Center seeks and maintains trademark protection in more than 200 countries to safeguard our brand.

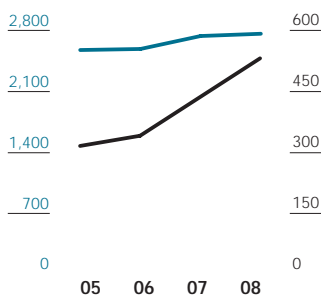
The center also works with businesses to combat rising product counterfeiting in Japan and abroad.

In the design arena, in the fiscal year ended March 2008 we won Good Design Awards, which are sponsored by the Japan Industrial Design Promotion Organization, for the *bizhub C650/C550/C451*, color MFPs based on a new design concept that launched in 2007, and the *REGIUS Unitea* (marketed as *ImagePilot* outside Japan), a next-generation multi-unit for medical clinics. These products attest to the success of our efforts to enhance the Konica Minolta brand image through product design.

Trend of Japanese Patents in Business Technologies and Optics



Trend of U.S. Patents in Business Technologies and Optics



## 6. Intellectual Property Portfolio Policies

These portfolios are especially important for the core Business Technologies and strategic Optics segments. We are expanding patent applications in these businesses while enhancing patent quality by more effectively searching prior art documents and evaluating inventions. We will continue to emphasize patent applications abroad as we globalize.

We regularly inventory our patents and manage the portfolio to help capitalize on earnings opportunities and foster new internal and external uses of our patents. We are identifying uses for patents from the defunct Photo Imaging business. Examples are silver-halide photographic materials and processing equipment and film and digital cameras. We are transferring such patent assets to Group companies and third parties or have licensed them.

## 7. Risk Response Information

At the date of this report, the Konica Minolta Group was not involved in any intellectual property disputes or litigation that would materially affect operations.