

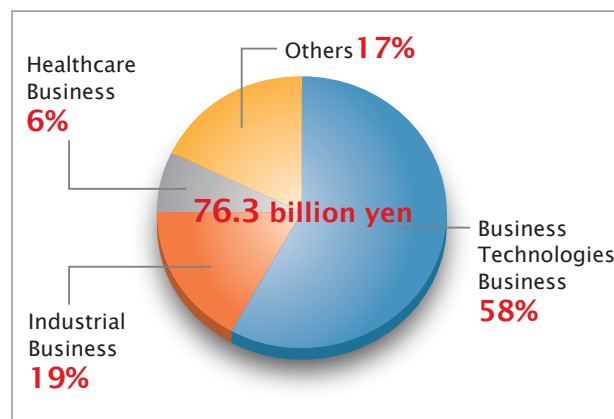
2. Research and Development Segment and R&D Cost

Konica Minolta is developing three primary areas of business: the Business Technologies Business, involving products such as multifunction peripherals (MFPs); the Industrial Business, involving products such as polarizer protection film for liquid crystal displays, measuring instruments, and lenses for industrial and professional use, and; the Healthcare Business, involving products such as medical diagnostic imaging systems. In so doing, we are actively engaging in R&D initiatives geared toward expanding in those three areas of business while also creating new businesses.

Under our investment plan for achieving objectives set forth in TRANSFORM 2016, we have earmarked a cumulative total of ¥240 billion for R&D expenses over the three years from fiscal 2014 to fiscal 2016, with those outlays in fiscal 2015 amounting to ¥76.3 billion, a 2.7% increase compared with the previous fiscal year. Looking at the breakdown of R&D expenses per area of business in fiscal 2015, our mainstay Business Technologies Business accounted for the largest share of those funds at 58% of overall R&D expenditures (see right graph). Meanwhile investment channeled into the Industrial Business amounted to 19% of the overall total, which is a 2 percentage point increase in comparison with

the previous fiscal year, and the total amount of investment was second only to that for the Business Technologies Business. Meanwhile, we ramped up the amount of investment in the Industrial Business by 11% in comparison with the previous fiscal year. Research and development expenses incurred by the Others segment amounted to 17% of the overall total, with such outlays encompassing R&D initiatives geared to creating new ventures, such as those involving the previously mentioned Care Support Solutions and 3-D LiDAR businesses.

Percentage of R&D expenditures



3. Status of Patent Applications, and Patent Portfolio

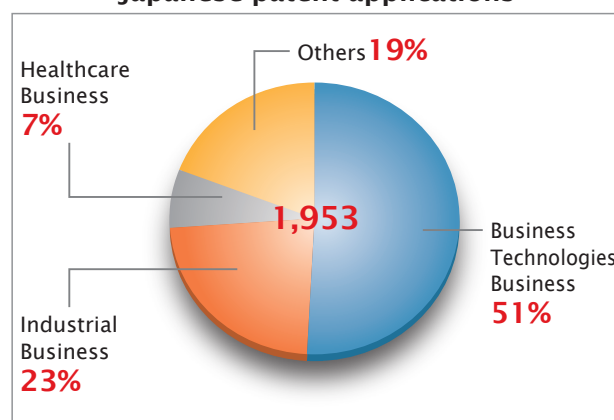
(1) Status of Patent Applications

Konica Minolta filed 1,953^{*7} published Japanese patent applications in fiscal 2015 (see graph at bottom right). Our mainstay Business Technologies Business accounted for 51% of that total number of published Japanese patent applications, while our Industrial Business accounted for 23% of the total, with its applications primarily involving organic light-emitting diode (OLED) lighting. We have been taking a selective and focused approach in targeting specific fields with respect to filing patent applications. As a result, the numbers of published patent applications in Japan for the Business Technologies Business and the Industrial Business have decreased year on year as a percentage of our overall total. On the other hand, the proportion of published patent applications in Japan for the Healthcare Business increased in comparison with the previous fiscal year as a result of active initiatives to file for patents made in recent years, primarily in the realms of cassette-type digital radiography systems and ultrasound diagnostic imaging systems.

Konica Minolta's overseas sales accounted for 81% of its revenues in fiscal 2015, amid the Company's global business expansion. With the aim of supporting such global business activities from an intellectual property perspective, we have been redoubling our efforts to file for patents overseas,

and actively submitting applications in respective countries with a focus on the U.S. and China. In order to provide support with respect to intellectual property in terms of creating new business ventures such as those noted previously, we have been actively filing applications related to those new business opportunities in Japan and abroad, and otherwise enhancing our patent-related strengths.

Number of published Japanese patent applications



*7 This includes the number of published PCT applications from operations in Japan.