

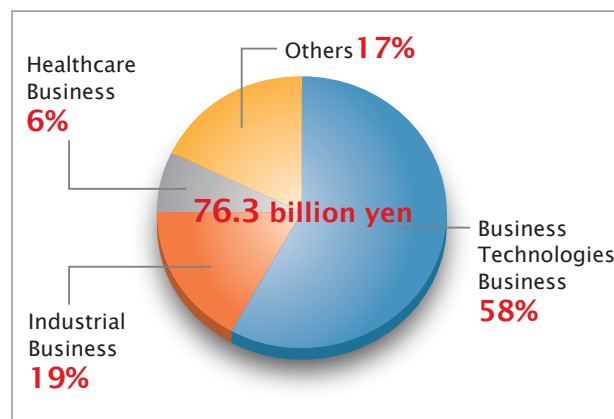
2. Research and Development Segment and R&D Cost

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

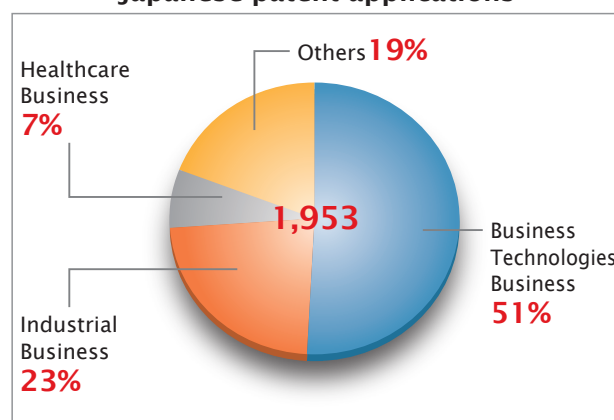
(1) Status of Patent Applications

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.

(2) Status of the Patent Portfolio

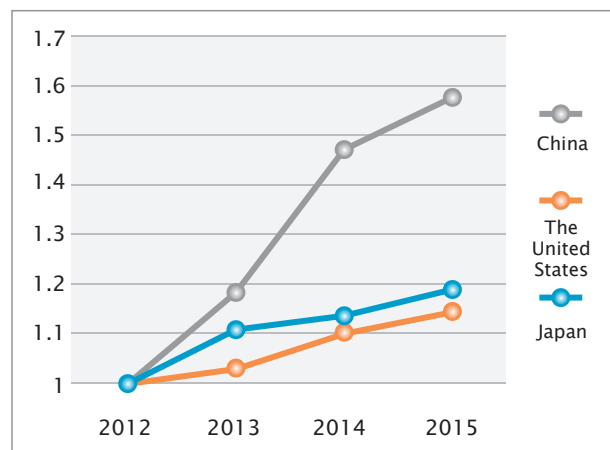
As a result of our intellectual property activities on a global basis, the number of patent registrations and patents held, particularly in Japan, the United States and China, has been rising steadily. Konica Minolta acquired 1,626 patents in Japan in fiscal 2015. Based on information from the "Patent Office Annual Report 2016 Edition" issued by the Japan Patent Office, Konica Minolta ranked 13th in the number of patents acquired in fiscal 2015. As of the end of fiscal 2015, the number of patents held in Japan by Konica Minolta was 13,408.

In the U.S., Konica Minolta acquired 577 patents in fiscal 2015, bringing its overall patent portfolio to 7,132 patents as of the end of fiscal 2015. We now rank number 20^{*8} among Japanese companies in terms of total number of patents acquired there.

Konica Minolta acquired 279 patents in China in fiscal 2015. Our patent portfolio has been achieving substantial growth year after year because we have been focusing our efforts on strategically filing for patents and securing intellectual property rights particularly in China. Consequently, as of the end of

fiscal 2015 we held 1,165 patents in China, which amounts to 1.6 times the number we held in fiscal 2012, showing that we have significantly reinforced our patent portfolio in China (see graph below).

Change in the number of patent rights held in Japan, the U.S. and China. (based on the number in fiscal 2012 as 1.00)



4. System to Support Intellectual Property Activities

(1) Role of the Intellectual Property Division

On the basis of our intellectual property policy stating that "we are committed to actively promoting efforts geared toward creating, protecting and making effective use of intellectual property rights, and we respect the valid intellectual property rights of third parties in the course of engaging in business activities," Konica Minolta formulates intellectual property strategies for each of its areas of business, while its business divisions and the Intellectual Property Division work together in implementing those strategies. The Intellectual Property Division is under the direct authority of the President and assumes responsibility for administration and implementation of Group-wide intellectual property initiatives that include invention discovery activities, patent application and rights acquisition activities and addressing issues involving patents of third parties.

When it comes to our invention discovery activities, we establish bases where members of the Intellectual Property Division carry out such initiatives at respective development sites, while creating an environment that facilitates close communications with developers (see illustrations on next page). This makes it possible for the division to assess progress being made with respect to development on a timely basis, while also allowing us to exhaustively pinpoint inventions related to technologies that we have conceived in the course of our daily development efforts, under the eye of intellectual property experts.

Moreover, in recent years Konica Minolta has been actively engaging in development initiatives overseas as a result of acquiring overseas entities through M&A initiatives and expansion of its customer-centric businesses. In order to provide support for enhancing such development activities overseas from an intellectual property perspective, we have established a framework that enables us, on a day-to-day basis, to work at the local level with respect to initiatives that include strengthening ties with locally based legal firms, and fine-tuning inventions through direct three party communications involving locally based patent attorneys, developers and our Intellectual Property Division employees stationed abroad.

The division's initiatives with respect to patent application and rights acquisition involve working in conjunction with patent firms in Japan and overseas in pursuing matters associated with new inventions, with the aim of more firmly establishing rights that contribute to success of our businesses. In that regard, the Intellectual Property Division endeavors to acquire patents in a manner that entails sharing information with patent firms regarding criteria for patents that contribute to our business operations in line with Konica Minolta's aims, evaluating patent application specification and response documents on the basis of such criteria, and exchanging opinions on such issues. It also regularly holds seminars to brief patent firms on matters having to do with Konica Minolta's business, technology and intellectual property strategies, thereby helping to create an environment where such firms are able to take a proactive approach in supporting us in our activities that involve intellectual property.

*8 The rank is estimated using data from the Intellectual Property Owners Association (Top 300 Patent Owners).