

(2) Status of the Patent Portfolio

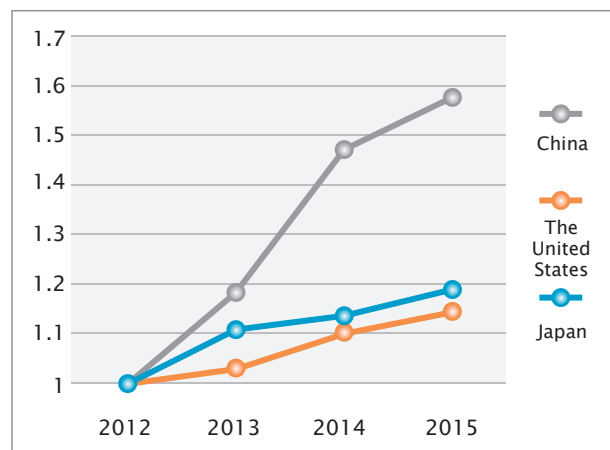
As a result of our intellectual property activities on a global basis, the number of patent registrations and patents held, particularly in Japan, the United States and China, has been rising steadily. Konica Minolta acquired 1,626 patents in Japan in fiscal 2015. Based on information from the “Patent 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.

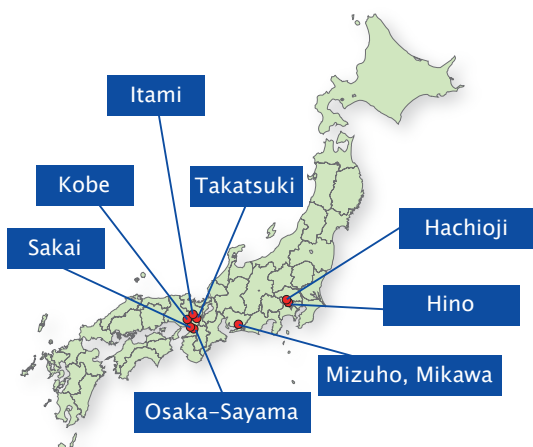
The division’s initiatives with respect to patent application and rights acquisition involve working in conjunction with patent firms in Japan and overseas in pursuing matters associated with new inventions, with the aim of more firmly establishing rights that contribute to success of our businesses. 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).

To address issues involving patents of third parties, the division has also adopted a system for patent clearance. Under the system, when developing products and entering new businesses, the division implements measures as necessary during the product development

process that involve scrupulously performing investigations with respect to third-party patents beginning in the early phases of product development. These efforts help ensure that we continue to generate consistent profits from our business operations.

Activity bases in Japan



Overseas activity bases



(2) Education Framework

The Intellectual Property Division organizes education and training programs for developers on issues involving intellectual property that are essential to our development activities, in areas that include the basics of intellectual property laws, understanding inventions and conducting prior art searches. More specifically, we provide numerous education and training programs on intellectual property through Konica Minolta College, which acts as a company-wide educational system offering employees the option of taking courses to enhance their skills. In fiscal 2015, the programs were revamped into a format organized by function, including the functions of filing for patents, responding to reasons for rejection, and patent investigations, in place of the previous format, which was hierarchical based on developers' years of experience in development. Because this has made it possible for developers to access the necessary program content when needed, developers are now able to apply skills they have learned to actual development tasks on a timely basis.

These types of educational programs are not limited to Japan, but are also provided to developers in the United States and China. In those locations, Intellectual Property Division employees stationed locally serve as instructors in providing the same programs organized by function as those available in Japan. The education and training in patent applications, for instance,

involves content encompassing means of generating and developing ideas, which has enabled us to enhance the patent filing capabilities of development sites overseas.

We have also been focusing our efforts on education and training of Intellectual Property Division employees, with the aim of enhancing the functional capabilities of that division. More specifically, we actively develop the abilities of such employees by offering on-the-job development (OJD) opportunities and in-house study groups, and also by making use of education and training programs outside the company on legal systems and practices related to patents in different countries. As one particular example, we have launched a mentoring program geared to our younger employees, which involves a systematic approach to career development. Under the program, mentors spearhead initiatives in providing such employees with individualized guidance over multiple years, encompassing facets of their development that include fostering professional attitudes as well as workplace knowledge and skills.

Furthermore, in order to develop human resources who are capable of playing an active role amid the global intellectual property landscape, we also send employees to U.S. law schools and Chinese universities, and post them to the intellectual property strongholds of the U.S. and China.

5. Fields of Business and Intellectual Property Activities

(1) Business Technologies Business

The Business Technologies Business domain is classified into the office services field, with MFP as the core product, and the commercial and industrial

printing field, which handles digital printing systems used in commercial printing and in-house printing.

(1-1) Office Services Field

In the office services field, we have been linking multi-functional peripherals (MFPs) and information and communications technology (ICT) services

extending beyond development geared to improving MFP performance in recent years, and thereby offering solutions that are optimally tailored to the office