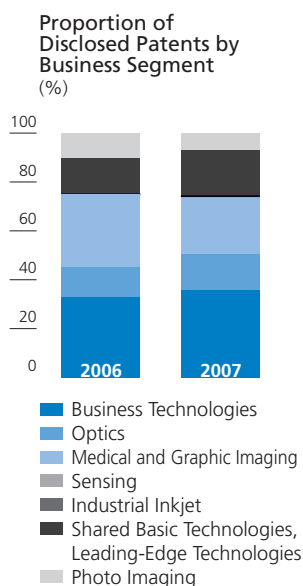


## Intellectual Property Update



### 1. R&D Segments and Intellectual Property Strategy Direction

The total number of published applications for the Konica Minolta Group increased by 523 in the fiscal year ended March 2007 to 4,329 patents, compared to 3,806 patents in the fiscal year ended March 2006.

By business segment, the number of published applications for the Business Technologies in the fiscal year ended March 2007 was 1,543 patents, an increase of 28% year-on-year and 341 patents more than in the fiscal year ended March 2006. In addition, the number of published applications in the Optics in the fiscal year ended March 2007 was 650 patents and 38% higher than the number of patents for this business segment in the fiscal year ended March 2006. The combined number of published applications for both of these segments has risen to over 50% of total published applications for the Group (versus 44% in the fiscal year ended March 2006). The increase in published applications for these business segments is the result of the Group's efforts to actively strengthen its patent applications based on an intellectual property strategy that is an integral part of its business strategy.

Further, the number of published shared basic technology and leading-edge technology patents for the fiscal year ended March 2007 was 858 patents, a 44% year-on-year increase over 264 patents in the fiscal year ended March 2006. The increase in shared basic technology and leading-edge technology patents is an indication of the Group's efforts to accumulate patents for the support of future businesses.

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

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

The Group's R&D organization consists of an R&D organization within each business company for the development of new products, and the Konica Minolta Technology Center, Inc., which functions to provide development for shared basic technologies and leading-edge technologies. (for further information on the Group's R&D activities, please refer to page 10–12).

The Intellectual Property Center is responsible for the centralized and concentrated administration of the intellectual property assets of each business company from a Group-wide perspective. As the Intellectual Property Center systematically and strategically makes applications for and acquires intellectual property rights for each business company, monitors and clears the intellectual property rights of third parties and prepares intellectual property strategies for each business company that are in line with that company's business strategy, the business companies and Intellectual Property Center function as one in developing the Group's intellectual property rights. In particular, in order to more actively create intellectual property assets, Intellectual Property Center liaison personnel are assigned to the R&D organizations of each business company in order to ensure intellectual property activities that are closely collaborated with on-site R&D activities.

#### (2) R&D Alliances

The Konica Minolta Group is actively promoting R&D alliances. From a base of functional organic material synthesis technologies as one core technology, the Group is developing organic EL materials as key technology for future business development. In light emitting devices where there are

high expectations for commercialization of organic EL for lighting applications, the Group succeeded in developing a white OLED devices in June 2006 with the world's highest power efficiency and commercial level long life time. In order to accelerate commercialization of this white OLED devices, the Group signed an agreement to strengthen its collaboration with Universal Display Corporation of the U.S. in October 2006. Moreover, a strategic partnership agreement was signed with the General Electric Company of the U.S. in March 2007 to further accelerate development and commercialization of OLED lighting applications.

In addition, the Group is participating in various R&D projects, including participation in Japan's Ministry of Economy, Trade and Industry (METI) national projects such as the "Technology Research Association for Advanced Display Materials (TRADIM)" and "Technological Development of Superflexible Display Components", which is a New Energy and Industrial Technology Development Organization (NEDO). Through such alliances, the Group is seeking to actively utilize external resources to efficiently manage its R&D activities and promote commercialization.

### **3. Acquisition and Management of Intellectual Property, Trade Secrets Management and Policies to Prevent Technology Leakage**

Recognizing the importance of intellectual property as a management resource, the Group is actively promoting profitable business asset formation and the effective utilization of intellectual property rights in each of its businesses. In addition, the Group created and implemented new "Regulations for the Management of Industrial Property Rights" in the fiscal year ended March 2006 in order to provide employees with an incentive to develop new inventions and creations. These regulations are in response to the recent nation-wide trend in increasing the number lawsuits by employees seeking compensation for their inventions.

Know-how and trade secrets created in-house are an important part of the Group's technology assets, and unintended information disclosure could harm the Group's technological advantage and threaten the healthy development of the Group's business. In addition, trade secrets received from other companies on the basis of a confidentiality agreement is at the same time an important asset for these companies, and the leakage of such information not only damages the trustworthiness of the Group, but also presents potential legal problems. As a result, the Group has created "Standards for the Management of Confidential Information" and has established a system to thoroughly prevent the leakage of the Group's as well as other companies' trade secrets.

Moreover, the Group is placing emphasis on training its personnel in the acquisition and management of intellectual property. In addition to encouraging active participation in training and educational programs sponsored by various associations, the Group has also assigned Intellectual Property Center personnel in the key countries including China with the aim of increasing understanding of regulations in various countries in addition to strengthening and preparing for local intellectual property operations.

#### 4. Business Contribution of Licensing-Related Activities

The Group is working to effectively utilize the large number of intellectual property rights it holds as a means of ensuring the profitability of its businesses by establishing product differentiation and competitive advantage. On the other hand, in business domains where the technology is becoming increasingly sophisticated and complex, the Group is pursuing cross-licensing agreements to obtain needed technology from other companies from the standpoint of ensuring business sustainability as well as maintaining a degree of R&D freedom. Decisions to obtaining licensing from other companies are based on a comprehensive appraisal of the effectiveness of the license acquisition, based on the need to ensure a degree of R&D freedom and the possibility of litigation.

#### 5. Business Contribution of Patents and Other Intellectual Property Assets

##### (1) Patent Portfolio Contributions to Business

The Group believes that applying for and acquiring patent rights for the R&D accomplishments of each business area in order to ensure patent superiority is the basis of contribution to each business. In order to ensure patent superiority, the Group specifies priority technology domains and areas to drive business expansion and the Group's "genre-top" strategy. Efforts in these designated domains and areas not only include systematic and concentrated efforts to acquire patent rights, but also selecting appropriate countries for patent applications and implementing policies for early patent right acquisition, the Group is working for the early acquisition of effective patent rights that contribute to the business.

As of March 31, 2007, the total number of patents held in Japan was 6,039 and the number of U.S. patents held was 6,058, with the Group's Business Technologies and Optics businesses accounting for over 50% of the Group's total patents in Japan and the U.S.

The sharp growth recorded between the fiscal year ended March 2006 and the fiscal year ended March 2007 is the result of the Group's active investment in technology development for future growth and expansion primarily in these two segments.

Further, according to the granted patent data for calendar 2006 that is published in the Japan Patent Office Annual Report 2007, Konica Minolta Holdings, Inc. ranked 32nd with 562 patents and Konica Minolta Business Technologies, Inc. ranked 84th with 241 patents. The Group's own research indicates that it holds a total of 898 granted patents and ranks 21st.

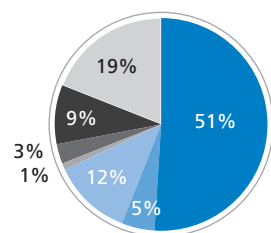
On the other hand, the trend in U.S. patents granted for the Group is shown in the following table. As a result of active patent filings and patents granted in the U.S. which is an important market for the Group, Konica Minolta's ranking in calendar 2006 recorded a sharp rise from 2005 to 44th, and the Group ranks 15th among Japanese companies (versus 17th in 2005).

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

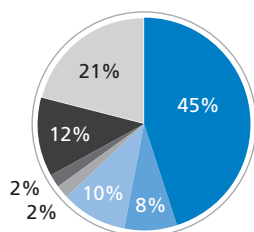
Calendar year	2003	2004	2005	2006
Patents Granted	380	404	316	497
Ranking (Est.)	55	50	56	44

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

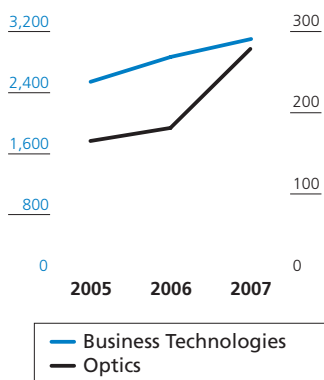
Proportion of Japanese Patents by Business Segment



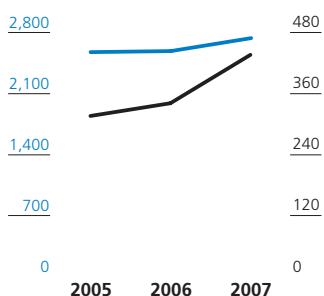
Proportion of U.S. Patents by Business Segment



Trend of Japanese Patents in the Business Technologies and Optics



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



## (2) Business Contribution of Other Intellectual Property

The Konica Minolta brand is an invaluable asset of the Group. In particular, maintaining and improving the image of the Konica Minolta brand after the Group's exit from the photographic film and camera businesses has become ever more important. The Group has created an organization to manage and strengthen the Konica Minolta brand. In addition, the Intellectual Property Center is working to legally protect the Konica Minolta brand by applying for and obtaining rights and maintaining the trademark rights in over 200 foreign countries. Moreover, training exercises were implemented in the fiscal year ended March 2007 to instill a sense of pride in every Group employee in order to raise the image of the brand inside and outside the Group.

In addition to maintaining a high brand image, there are increasing instances of counterfeit goods being sold in Japan and overseas. Counterfeiting of consumable products in the Business Technology area is detrimental to revenue and earnings and moreover could cause irreparable damage to the Group's brand image. The Intellectual Property Center, with the cooperation of each business company, is actively implementing anti-counterfeiting measures.

## 6. Intellectual Property Portfolio Policies

Considering the Business Technologies and Optics as priority business domains, the Group is not only increasing the number of patent applications but also enhancing its ability to search prior art documents before applications are made as it actively works to improve patent quality. Further, the Group continues to emphasize patent applications in foreign countries in response to the globalization of its businesses.

The Group manages the patent assets held within the Group as a portfolio from the standpoint of future business profitability and the potential for patent utilization inside and outside the Group.

## 7. Risk Response

As of the date of this report, the Konica Minolta Group was not involved in any intellectual property disputes or litigation that could have a material impact on the management of the Group.