

MAKING INNOVATION WORK

Ricoh again posted record results in fiscal 2002, with both revenues and profits rising for the eighth and 10th consecutive years, respectively. We also delivered solid net income per share and return on shareholders' investment. Our excellent performance stemmed from an even greater focus on technological innovation as the key to making Ricoh a more attractive long-term investment for shareholders.

TRIUMPHING OVER ADVERSITY

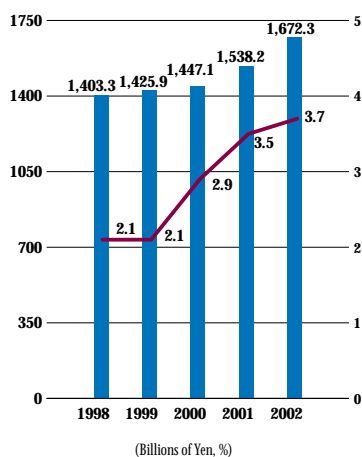
We faced an even tougher operating environment worldwide in fiscal 2002. Nonetheless, we triumphed by boosting net sales 8.7%, to a record ¥1,672.3 billion (\$12,573 million). This was our eighth straight gain. The rise would have been 4.0% after factoring out foreign exchange fluctuations, which underscores the inherent strength of our performance. Such high-value-added digital imaging solutions as monochrome and color digital plain-paper copiers (PPCs) and printing systems, notably multifunctional printers (MFPs), continued to foster overall growth.

Domestic results were mixed, with sales slipping 3.0%, to ¥902.6 billion (\$6,786 million). This stemmed largely from constrained corporate capital investment in information technology. But it is worth noting that such restraint was selective. For example, sales soared 28.6% for printing systems, which offer tremendous market potential.

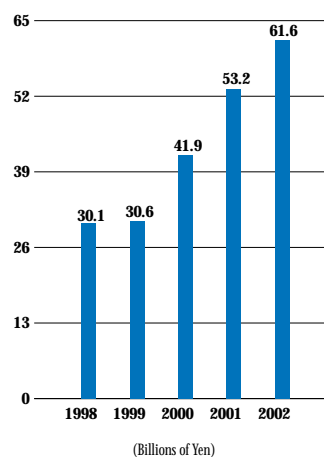
We went from strength to strength overseas, boosting sales there 26.6%, to ¥769.6 billion (\$5,787 million). Overseas sales gained 14.6% after factoring out exchange rate changes. We enjoyed excellent growth in all regions, particularly the Americas and Europe. Demand was buoyant for our digital imaging and printing systems. U.S. subsidiary Lanier Worldwide, Inc., also contributed much to performance through its drive to expand marketing of digital equipment and secure more major accounts.

Our earnings improved greatly. Operating income surged 23.4%, to ¥129.6 billion (\$975 million), on the back of strong demand for high-margin digital PPCs and MFPs, which helped keep cost of sales expansion well below revenue growth. As a result, net income advanced 15.8%, to ¥61.6 billion (\$463 million). This was yet another record high and was also the 10th consecutive gain.

NET SALES AND RETURN ON SALES



NET INCOME



Hiroshi Hamada (left), Chairman and Chief Executive Officer, and Masamitsu Sakurai, President and Chief Operating Officer



Basic net income per share increased 14.9%, to ¥88.27 (\$0.66), while fully diluted net income per share was up 16.1%, to ¥82.46 (\$0.62). Return on shareholders' investment was 10.4%, compared with 9.7% a year earlier.

In line with our policy of maximizing shareholder returns in keeping with our stronger earnings picture, we raised cash dividends ¥1.00 per share of common stock for the second year running, to ¥13.00 (\$0.10).

AN EVEN BETTER FINANCIAL POSITION

At the close of fiscal 2002, total assets stood at ¥1,832.9 billion (\$13,781 million), up 7.5% from a year earlier. Total liabilities rose 4.4%, to ¥1,148.8 billion (\$8,638 million).

We continued to maintain a strong free cash flow during the year.

Higher net income and depreciation and amortization added ¥20.0 billion to cash flows from operating activities from a year earlier, which were ¥135.3 billion (¥1,018 million) at the close of fiscal 2002. Changes in assets and liabilities included ¥17.2 billion (\$129 million) deposited for the maturity of Ricoh's sixth and eighth convertible bond issues by year-end. Changes would have been as in the previous fiscal year if not for this factor. Most of those bonds were converted upon maturity. Thus, net cash provided by operating activities increased 2.3%, to ¥105.1 billion (\$790 million).

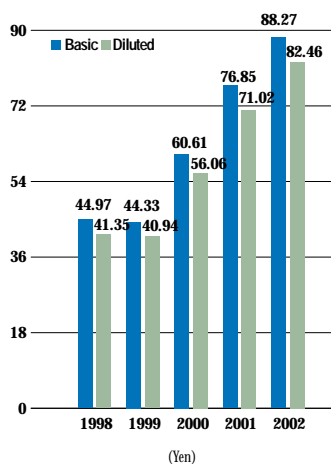
Net cash used in investing activities decreased 4.9%, to ¥65.7 billion (\$494 million). This was mainly because of spending to set up new manufacturing lines and develop new products.

Consequently, the free cash flow generated by operating and investing activities totaled ¥39.3 billion (\$295 million).

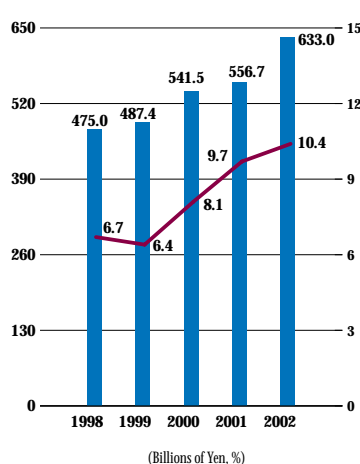
Net cash provided by financing activities was ¥36.2 billion (\$272 million), compared with ¥88.3 billion used in such activities a year earlier. This change stemmed from our efforts to cut interest-bearing debt domestically and abroad while preparing for long-term expansion from our fourth and fifth straight bond issues, which totaled ¥60 billion (\$451 million).

As a result of these factors, cash and cash equivalents at the close of the term were up ¥78.0 billion from a year earlier, at ¥142.5 billion (\$1,071 million).

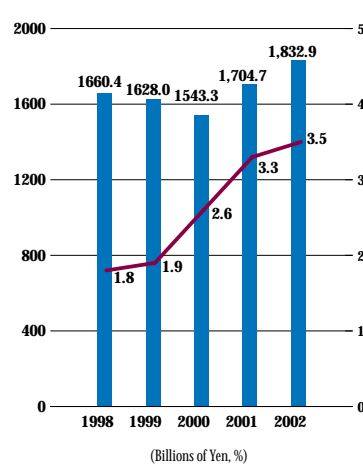
NET INCOME PER SHARE OF COMMON STOCK



SHAREHOLDERS' INVESTMENT AND RETURN ON SHAREHOLDERS' INVESTMENT



TOTAL ASSETS AND RETURN ON ASSETS



EXTENDING OUR COMMITMENT TO EXCELLENCE

Fiscal 2002 marked the end of our 13th medium-term management plan. During the three years of that plan, we positioned ourselves to become a winner in the 21st century.

We enhanced customer satisfaction with our products and systems and, indeed, the Company itself, to secure top shares in many of our markets and become an even more influential player in our industry.

Another achievement was that we released countless innovative products and services worldwide that complemented our core competence of Image Communication. In the process, we met new demand with networked imaging equipment and printing solutions that delivered new levels of productivity.

We continued to expand and solidify in our five key operating regions of Japan, the Americas, Europe, Asia and Oceania, and China. Our key priority here was to harness our direct sales channels to generate more orders from large corporations.

Through our environmental management initiatives, we fulfilled our responsibilities to the communities in which we operate without harming the interests of our other stakeholders. In short, we showed that being a good corporate citizen can be profitable.

And finally, we sought new ways to tie myriad technological advances in hardware, systems, and software to build new value for our customers.

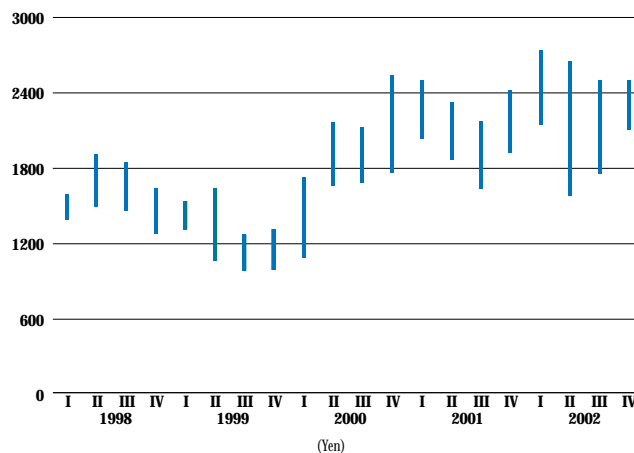
Our 14th medium-term management plan, which started in April 2002 and takes us through the end of March 2005, will be a critical period in which we extend our technological and management skills so we can deliver even more for all stakeholders as a 21st-century winner.

We emphasize that the new plan is more evolutionary than revolutionary, as most of the initiatives of its predecessor are ongoing. But several new basic policies will support our drive over the next three years. One is that we aim to provide the world's best products—covering everything from concepts and development through sales and support.

This goal may seem lofty, or even conceited. But it is in fact a recognition that we will fail our customers badly in the long run if we settle for anything less than perfection. This means that we must harness our technologies to identify and meet both the obvious and the underlying needs of our customers. A related priority is that we will continue to transform our business structure. No longer will we simply manufacture; we will also provide solutions. You have already seen this effort bear real fruit in the past couple of years with our printing solutions, and



COMMON STOCK PRICE RANGE



we will continue pursuing leadership in document solutions. To support our endeavors, we will devote even more human and capital resources to building a more market-responsive business structure that is truly global and positions us to become the world's leader in product engineering.

LOOKING AHEAD

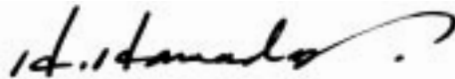
We expect the overall operating environment to improve somewhat in fiscal 2003, probably from the second half of the term. Still, it is not critical that a turnaround occur, as we are determined to keep performing well in all situations and markets.

In the year ahead, we will further expand sales to large corporations. Our direct sales and service network, coupled with superior technologies, total cost of ownership numbers, and after-sales service, position us well to obtain many more orders in the hundreds and thousands of units from single organizations, including multinationals. We will bring out many more color PPCs, MFPs, and laser printers to meet growing demand for color in networked offices. We will continue to provide optimal printing solutions.

On the management front, we will restructure further so we can bolster revenues, earnings, and cash flow. We are confident that we can again deliver record net sales and net income, and will keep you posted on progress through quarterly reports on our website.

June 27, 2002

Sincerely,



Hiroshi Hamada
Chairman and Chief Executive Officer



Masamitsu Sakurai
President and Chief Operating Officer

