

In fiscal 2002, Ricoh reclassified its office equipment businesses into three segments to reflect its strategic transformation into a solutions provider.

OFFICE EQUIPMENT

IMAGING SOLUTIONS

This segment comprises digital and other imaging systems. Digital imaging systems include monochrome and color copiers, digital duplicators, facsimile machines, and supplies and services. Other imaging systems encompass analog PPCs, diazo copiers, supplies and services for those products, and thermal paper.

Performance

Sales of imaging solutions grew 7.7%, to ¥934.1 billion (\$7,023 million), representing 55.8% of net sales. Sales would have risen 1.5% if exchange rates had remained unchanged.

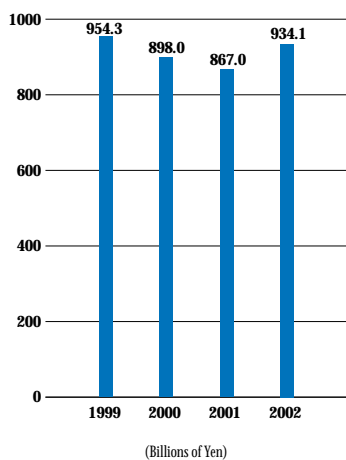
Digital Imaging Systems: During the year, we augmented our core digital copier lineup with everything from low-volume to high-speed models. While Japanese sales declined amid the domestic recession, overseas sales of digital copiers were up significantly. Demand for color models also rose.



Hamilton Press Company, a pay-to-print company in Fernandina Beach, Florida, selected the 85-page-per-minute (ppm) Aficio 1085 to create booklets, invitations, leaflets, and other materials for its numerous clients.

Basler GmbH, a well known fashion company headquartered in Goldbach, Germany, uses the Aficio Color 6513, which can copy or print 13 full-color pages per minute, and has also installed two dozen monochrome Aficio systems.

SALES OF IMAGING SOLUTIONS





Sales of digital imaging systems thus climbed 14.0%, to ¥654.4 billion (\$4,920 million). They would have increased 7.6% without exchange rate fluctuations.

Other Imaging Systems: We are cultivating a shift away from analog copiers to



Dagblad de Telegraaf N.V., a top Dutch newspaper publisher, uses more than 300 Ricoh machines in Amsterdam, including the Aficio 1013, a highly versatile small workgroup copier that incorporates Super G3 faxing capabilities and can also be upgraded to function additionally as a network printer.



Firma Readymix Kiesunion Gesellschaft m.b.H., a leading Austrian concrete company, employs the compact FAX2100L, which delivers accelerated Super G3 transmissions and incorporates countless features to enhance productivity.

digital models and MFPs, which offer superior expandability and features. As a result of this strategy, sales of other imaging systems declined 4.5% (or 10.5% after factoring out exchange rate changes), to ¥279.7 billion (\$2,103 million).

Highlights

During the year, we expanded our lineup of digital imaging systems to serve diversifying needs. The Aficio 1013 and 1015 for small workgroups output 13 and 15 copies per minute (cpm), respectively. They were very well received for their price competitiveness, as well as for such digital features as electronic sorting and combining and separating originals.

Another popular new model, particularly overseas, was the top-of-the-line Aficio 1105 (Imagio MF105 ProII), which delivers up to 105 cpm and employs a toner that is 70% finer than its Ricoh predecessor for even bet-

ter resolution. This product earned especially good marks among companies with high-volume needs. That is because many customers prefer to minimize inventories of operating and specifications manuals by quickly outputting existing or updated versions on demand.



Santos Ltd., Australia's largest energy company, has installed around 100 Ricoh printing and copying systems throughout the nation, among them the Aficio 551, a monochrome machine that delivers 55 copies per minute from its 7,750-sheet supply at 600 dots per inch.

Outlook

Ricoh will continue to enhance its digital imaging systems range in fiscal 2003. We will accord top priority to bringing out color models in response to growing demand for color documents amid expanding PC and Internet usage.

NETWORK INPUT/OUTPUT SYSTEMS

This segment has two subcategories. The first is printing systems, notably MFPs, laser printers, supplies, services, and software. The second is other input/output systems, which include optical discs and systems and scanners.

Performance

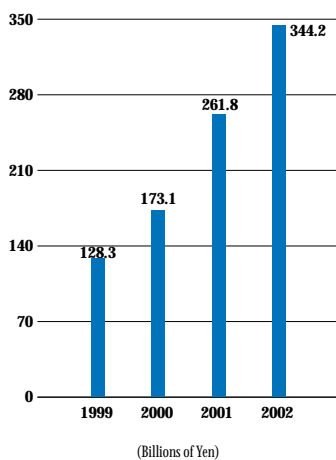
In the year under review, segment sales surged 31.5%, to ¥344.2 billion (\$2,588 million), accounting for 20.6% of net sales. After excluding exchange rate changes, sales gained 25.2%.

Printing Systems: In Japan and abroad, demand focused increasingly on speed, networking, and reducing TCO while enhancing productivity. We responded to this trend by releasing MFPs that streamline document input/output, sharing, and storage. We augmented a very popular fast, high-resolution color printer with models that centralize the management of color documents, and with an affordable color laser printer. These new



The Vienna City Council bought 600 units of the network-connective Aficio AP1600 office printer, capable of 16 ppm at 1,200 dots per inch, to streamline administrative operations.

SALES OF NETWORK INPUT/OUTPUT SYSTEMS





Venice's famed La Fenice Theater relies on the 55-ppm Aficio 551 to efficiently output more than 50,000 high-resolution pages monthly of scores for orchestra members and vocalists.



The Northeast Florida Regional Planning Council, in Jacksonville, Florida, uses the Aficio AP3800C, the most advanced color laser printer in its class, to output and finish everything from maps and city plans to small booklets.



offerings formed part of a groupwide drive to increase printer sales and strengthen printing solutions capabilities. As a result of these efforts, printing systems sales soared 37.7% (30.5% after excluding exchange rate changes), to ¥299.2 billion (\$2,249 million).

Other Input/Output Systems: Owing to a switch to new standards in optical disc-related products, sales in this category gained just 1.1% (declining 0.7% without exchange rate fluctuations), to ¥45.0 billion (\$338 million).

Highlights

Printing Systems: We did well with two network MFP series that integrate network printing, scanning, faxing, and copying. They were the 22-cpm Aficio 220 (Imagio Neo 220) and the 27-cpm Aficio 270 (Imagio Neo 270). We based the development of both platforms on our Document Highway concept to serve the needs of the broadband age. The Document Highway is designed to provide information technology support for small and medium-sized offices by delivering enhanced basic features, simpler operation, reduced paper consumption through electronic storage, and better connectivity with document distribution and storage systems.

The Aficio 1075 and 1060 (Imagio Neo 750 and 600) were particularly popular in Japan. These printer/copiers are perfect for work environments requiring speed, high volumes, and durability. They enhance efficiency in several other ways. They function as network scanners that can quickly read in two sides of a page in one pass. These models can also store documents electronically and directly scan documents to e-mail.

In color printers, our new Aficio AP3800C (IPSiO Color 8100) full-color network printer was an instant hit in the marketplace. This is



the fastest A3 color laser printer in its class. It can also output 28 full-color single- or double-sided A4 pages per minute through the use of our innovative tandem drum system. This machine is particularly useful for preparing color conference materials and plans, with full document finishing capabilities that include sorting, stapling, and hole punching.

Another popular new offering was the Aficio 206 (IPSiO Color 2200), which can output six color and 24 monochrome pages per minute. This highly affordable printer offers superb color photo reproduction at 1,200 x 600 dots per inch.

Other Input/Output Systems:

Increasing access to broadband communications is boosting demand for high-capacity removable media that can store videos and other large data volumes. We have responded to this trend by promoting the DVD+RW

standard among leading players that have focused to date on CD-RW setups.

During the period under review, we released the Ricoh MP5120A drive and DVD+RW discs. This drive can handle CD-ROM, CD-RW, DVD-ROM, and DVD+RW media. We then launched the MP5125A and DVD+R discs. We sell this drive to end users, as well as to third parties and PC makers.

Outlook

In printing systems, we will expand our range of MFPs and laser printers to meet the needs of the digital office. We will also



Australia's Commonwealth Department of Employment and Workplace Relations chose Ricoh as sole copier supplier for its more than 300 sites nationwide, with its purchases including the Aficio 1045, a complete workgroup solution for copying, faxing, LAN-faxing, and scanning.

provide more color platforms to accommodate growing demand for color capabilities. We will offer optimal solutions by combining our hardware with software and services.

In other input/output systems, we will launch drives that are compatible with the DVD+RW Video Recording Format. Such drives will offer many advantages, allowing users to not only store PC data but also add and edit video clips on their PCs.

The Ricoh MP5125A drive lets users record and rewrite DVD+RW and DVD+R discs that can store full-length motion pictures and other image-heavy data, and also handles rewritable CDs.

NETWORK SYSTEM SOLUTIONS



TEPCO Systems Corporation, a subsidiary of Tokyo Electric Power Co., Inc., takes full advantage of the Ricoh Document Server

Pro to manage paper documents electronically and thereby more efficiently retrieve and share information.

This segment includes PCs and servers, network systems, networking software, applications software, and services and support.

Performance

Ricoh has focused increasingly on useware and document management software in response to a shift in customer demand away from standalone models toward networked hardware, software, and services.

Nonetheless, sales of network systems slipped 1.2% in fiscal 2002, to ¥206.9 billion (\$1,556 million), and constituted 12.4% of net sales. Segment sales would have declined 1.3% without the impact of currency fluctuations. The drop reflected lower demand for personal computers and servers amid constrained corporate spending in Japan on information technology.

Highlights

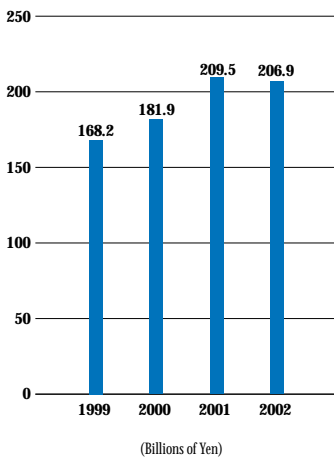
In Japan, we continued to step up marketing of PCs and servers. We also promoted printing solutions that optimize output environments and the RIDOC series of document management software, whose document solutions seamlessly integrate electronic and paper-based information.

We again performed well with Ricoh Solution Group Office, based on Lotus Notes Groupware that we originally modified and deployed to streamline internal operations.

Outlook

In fiscal 2003, we will reinforce our document solutions business to serve digitally networked environments. We will introduce more document management software and systems that link with equipment based on the Document Highway platform. We will also work more closely with third party vendors in the drive to build more user-friendly systems.

SALES OF NETWORK SYSTEM SOLUTIONS



OTHER BUSINESSES

OTHER BUSINESSES

This category encompasses electronic devices, photographic equipment, and measurement equipment. We also provide leasing and logistics services.

Performance

In fiscal 2002, we experienced falling demand for semiconductors used in mobile communications equipment. Sales of measurement equipment were again sluggish, reflecting stagnant demand. Consequently, segment sales dropped 6.5%, to ¥186.9 billion (\$1,405 million), and accounted for 11.2% of net sales. Sales would have decreased 7.7% after excluding exchange rate changes.

Electronic Devices

We manufacture semiconductor devices for internal operations. These include application-specific integrated circuits that process images for our MFPs and printers, as well as advanced LSIs. Our electronic devices operations work closely with product development sections of the Company, thus contributing to advances in our offerings. In addition, we supply external customers worldwide with power ICs that conserve electricity, second-



The stylish Caplio RR1 digital camera offers photo-quality 4.13-megapixel resolution, complemented by 10.8x zooming and modes for recording stills, movies, sound, and text, making it perfect for both business and consumer applications.

generation battery ICs, real-time clock ICs, and analog LSIs for mobile phones. These devices draw on our complementary metal oxide semiconductor technology. We enjoy large shares in the markets for PC interface LSIs, DVD+RW/+R controllers, and application-specific standard products based on JPEG 2000 and other systems technologies.

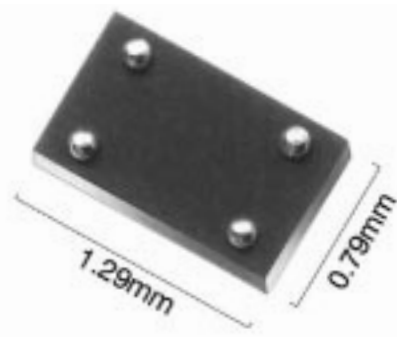
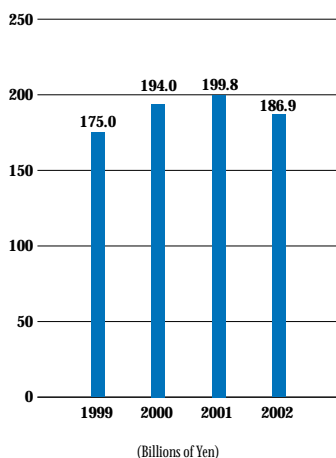
Photographic Equipment

In this category, we concentrate on digital cameras. We pioneered such cameras, developing a range of highly functional models. We position our digital offerings as “image capturing devices” to reflect their potential as input tools. Some of our cameras can e-mail images or upload them directly to web-sites.

Outlook

In electronic devices, we will seek faster growth by developing key components for our digital products. For external customers, we will focus on Power ICs and LSIs for information equipment and PC peripherals. In digital cameras, we will strengthen our range of offerings for business use, employing them as image capturing devices to support the expansion of our solutions.

SALES OF OTHER BUSINESSES



R1113Z series low-noise voltage regulator ICs are just one-eighth the size of conventional counterparts, making them the world's most compact of their type, with dimensions of just 1.29mm long, 0.79mm wide, and 0.5mm thick.