

## 11th Consecutive Year of Increased Sales

In fiscal 2005 (year ended March 31, 2005), the Ricoh Group achieved consolidated net sales of ¥1,814.1 billion (\$16,954 million), which marked the 11th consecutive year of sales growth.

In the office equipment market, the Ricoh Group's main areas of business, conversion to digital systems and networking are progressing rapidly, while customer needs are undergoing rapid change. In order to remain the value-oriented company our customers have come to expect, the Ricoh Group is carrying out effective structural reforms. We do more than simply manufacture and sell copiers and printers; we select and recommend the most appropriate products and systems to satisfy customer needs in terms of both cost and performance.

In this last year of our 14th midterm plan, the Ricoh Group set a goal to expand its revenue base through total document volume (TDV) as its principal strategy, and has increased sales by promoting core products such as color plain-paper copiers (PPCs) and printing systems.

In addition, strategic moves were made this year toward future growth: active spending in such strategic areas as research and development, IT investment for a core operating system, and downsizing optical disk operations, in order to focus our efforts on selected businesses.

## Performance in Fiscal 2005

Consolidated net sales in fiscal 2005 came to ¥1,814.1 billion (\$16,954 million), as mentioned earlier, up 1.9% from the previous fiscal year.

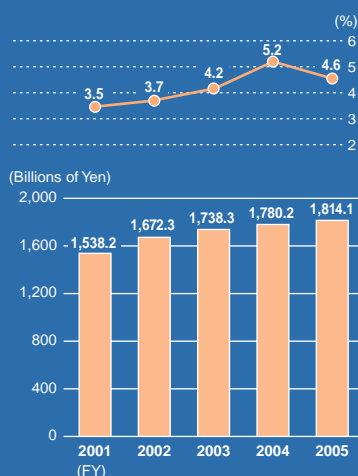
Domestically, sales of printing systems such as MFPs and laser printers, have increased. Additionally, the new printer company we acquired, Ricoh Printing Systems, Ltd., has contributed greatly to business productivity. As a result, domestic sales rose 6.4% from the previous fiscal year, to ¥972.9 billion (\$9,093 million).

Overseas, sales in the Americas declined, influenced by the appreciation of the yen against the dollar, while sales continued to be favorable in Europe. By product line, increased sales of color PPCs and printing systems, both core Ricoh products, partly compensated for decreased sales of stand-alone analog machines and optical disc drives. As a result, overseas sales fell 2.9% from the previous fiscal year, to ¥841.1 billion (\$7,861 million).

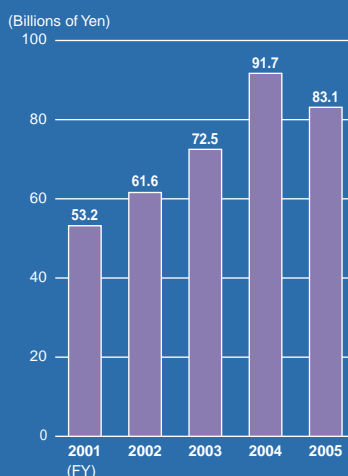
Although sales of high-margin, high-value-added products such as MFPs and laser printers increased and our steady implementation of effective cost-cutting measures succeeded in making significant contributions, operating income fell 9.7%, to ¥135.5 billion (\$1,266 million), due to the reasons mentioned earlier, including increases in active spending in strategic areas and appreciation of the yen. Net income dropped 9.4%, to ¥83.1 billion (\$777 million).

Basic net income per share was ¥112.64 (\$1.05) and return

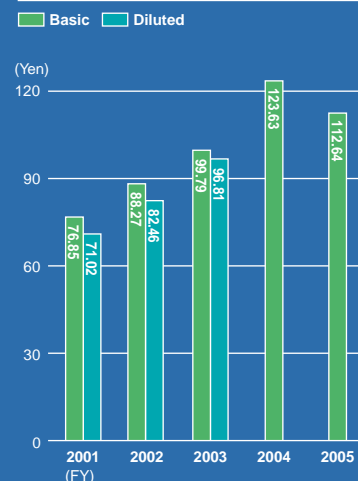
● Net Sales and Return on Sales\*



● Net Income



● Net Income per Share of Common Stock



on shareholders investment was 10.0%.

We raised cash dividends paid per share of common stock to ¥20.00 (\$0.19), an increase for the fifth consecutive year.

### Improving Our Financial Position

Due to the increase in facility investments and the acquisition of a company, free cash flow generated by operating and investing activities totaled ¥36.5 billion (\$342 million), down ¥54.9 billion from the previous fiscal year.

Consolidated assets greatly increased due to the consolidation of Ricoh Printing Systems, Ltd., acquired in October, 2004, and the rise in operating assets from increased sales. Total assets rose to ¥1,953.6 billion (\$18,259 million), up ¥100.8 billion from the previous fiscal year.

The promotion of effective capital utilization among group companies and efforts to reduce interest-bearing debt contributed to a reduction of ¥22.6 billion. At the same time, total share holders' equity rose ¥67.8 billion due to the increase in retained earnings, and the equity ratio rose 1.3 points, to 44.2%.

### Results of the 14th Mid-term Business Plan

The Ricoh Group set a goal of expanding its revenue base through the realization of TDV as its principal strategy for the 14th Mid-term Business Plan (April 2002-March 2005).

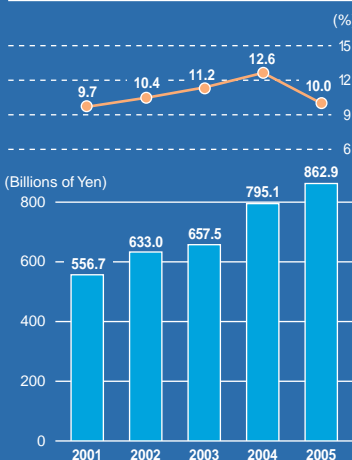
The strategy consists of three basic components. The first is

the replacement of monochrome products with color models. By expanding the line of color models that feature space-saving designs at prices comparable to those of monochrome machines, we will meet the customer's need for color documents. The second component is the expansion of sales of high-speed models. By providing high-speed machines that are competitive in terms of sales price, maintenance fees, and reliability, we will meet the customer's need for higher-efficiency output. The third component is the deployment of printing solutions. By proposing the optimal combination of copiers and printers, we will meet the customer's need for further cost reductions.

To replacing monochrome products, we have placed new color multifunction copiers and color laser printers on the market on a continuous basis to further expand our color line. In fiscal 2005, the Ricoh Group released multifunction color copiers such as the imagio Neo C600 series, which is able to color copy or print 45 sheets per minutes, and the imagio Neo C455 series, which uses color PxP toner with Ricoh's original polymerization method. After implementing these measures, the Ricoh Group now boasts a high market share in color copiers in Japan, the United States and Europe.

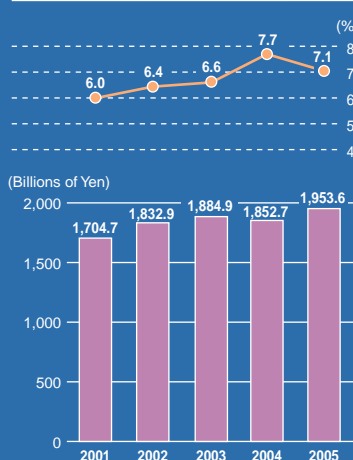
To enter the low-end business printer market, we put the GELJET IPSiO G series on sale in February 2004 to compete with other manufacturers' monochrome laser and inkjet printers. It is positioned as a business printer for its high-speed, high-quality printing on plain paper and its low running costs.

● Shareholders' Investment and Return on Shareholders' Investment\*\*



\*\* Return on shareholders' investment based on net income

● Total Assets and Return on Assets\*\*\*



\*\*\* Return on assets based on income before income taxes, minority interests and equity in earnings of affiliates

Our high-speed digital multifunction copiers are well regarded in both the domestic and overseas markets, which helped to steadily expand sales of those models and build our market position. Moreover, we promote high-speed digital multifunction copiers to meet the needs of our customers in the areas of security and environmental protection. In January 2005, we released the imagio Neo 753/603 series, which is a high-speed digital multifunction copier that employs the world's first copy guard feature for protection against illegal copies, and features Ricoh's original "HYBRID-QSU" energy efficient technology, to realize best-in-class energy consumption efficiency.

As for making our printing solutions more widely available, we have worked continuously with large companies to develop business on a global scale by proposing to optimize the total cost of copiers and printers, and by providing worldwide service and support. In December 2004, we launched "@Remote", a remote device management system with the ability to monitor the state and usage of output devices via the Internet. This technology is part of Ricoh's global total support service and allows the customers to keep IT operating costs low, reduce total cost of ownership (TCO), and improve operational efficiency.

The stock acquisition of Hitachi Printing Solutions was completed on October 1, 2004, and the company became a member of the Ricoh Group as Ricoh Printing Systems, Ltd. We will strive to expand our printer business and provide a wide variety of products by combining Ricoh Printing

Systems' high-speed, high-reliability technology, and its system technology, with the Ricoh Group's existing printer and copier technologies.

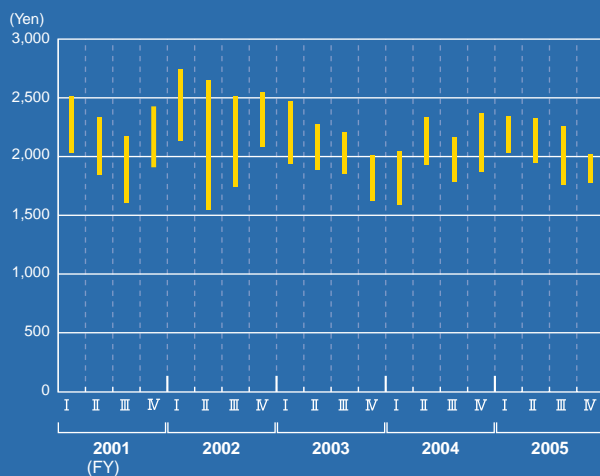
## Promoting Corporate Governance

The Ricoh Group promotes effective corporate governance while ensuring management transparency through corporate ethics and compliance principles.

In June 2004, we issued the "Ricoch Group Sustainability Report (Corporate Social Responsibility)", which includes the Ricoh Group's position, promotion structure and current activities on social responsibility, and the group's code of conduct. This, together with our "Environmental Report" and our "Annual Report", enables us to cover all three areas: the environment, economy and society.

At the Board of Directors meeting, it was decided that a special, permanent committee under the Board of Directors, the Nomination and Compensation Committee, would be established during fiscal year 2006 in order to strengthen management control by the Board of Directors. The Nomination and Compensation Committee consists mainly of directors outside of the company, and it plans the selection, dismissal and remuneration system for the board of directors and operating officers. This committee will be anticipated to give a boost to the Board of Directors' ability to supervise the all-company executive committee.

### ● Common Stock Price Range



## Striving for Further Growth

Our customers' needs are becoming increasingly diversified, and we cannot satisfy them all merely by providing ordinary products and services. Additionally, the competition for colorization and other solutions is fierce. However, the Ricoh Group considers such market conditions as a great opportunity to increase profits, because we possess the ability and strength to cope with them.

In the 15th Mid-term Business Plan begun in April 2005, three target areas were chosen after considering changes in the market: printing, the emerging markets, and the industrial field. The Ricoh Group must strengthen its competitive edge by creating new value and developing highly efficient management if it is to grow and develop in those areas. We will put more effort into customer satisfaction and focus on providing the following benefits to customers: Simplify knowledge creation, Solutions that fit, and Harmony with the environment. In addition, we will enhance our technological capabilities in order to deliver the kind of products and services that offer such value.

We aim to increase profitability by raising efficiency in every

business area through process renovation and by selecting and focusing our businesses. We will aggressively invest profits in our future growth and technology enhancement in order to further increase our corporate value.

To achieve its vision of being No. 1 in the 21<sup>st</sup> century, the Ricoh Group is committed to earning the trust of more customers by providing them with new value through business activities that contribute to higher productivity and knowledge management at work, anytime, anywhere. We will strive to achieve greater corporate value and sustainable development while strengthening the relationship of trust among all stake holders.

June 28, 2005

