

13 consecutive years of net sales increase, and both net sales and profits break record highs

The consolidated sales of the Ricoh group for the fiscal year ended March 31, 2007 were ¥2,068.9 billion (US\$17,533 million), an increase of 8.4% over the previous fiscal year. In the thirteenth consecutive year of sales growth, sales exceeded ¥2 trillion for the first time. Operating income rose 17.4% over the previous fiscal year to ¥174.3 billion (US\$1,477 million) and net income rose 15.1% to ¥111.7 billion (US\$946 million), with both sales and profits breaking records.

In fiscal 2007, sales of multifunctional printers (MFPs) and laser printers – mainly of color products – continued to rise from the previous fiscal year both in Japan and overseas. Sales of IT services on the back of the expanded solutions business also grew. The Industrial Products and Other areas also increased sales.

Gross profits on sales rose thanks to increased sales of value-added products such as color MFPs and to the fruits of ongoing cost reduction activities as well as positive foreign exchange fluctuation.

Also, selling, general and administrative expenses remained high due to the energy poured into research and development and the development of core operating systems. There were also increased costs associated with the deployment of policies for strengthening solution proposals and expanding business areas. Despite this, the ratio of selling, general and administrative expenses to sales decreased compared to the previous fiscal year, in part thanks to the initial results of structural reforms such as core business efficiency enhancement.

With these successful results, Ricoh increased profits and improved the profit margin. Net income per share for

the fiscal 2007 was ¥153.10 (US\$1.30) and the return on shareholder's equity (ROE) was 11.0%. The annual dividend declared for the fiscal 2007 was ¥28.00 per share (US\$0.24), marking the seventh year in a row of dividend increase.

Cash generated amid business investment

As for cash flow, while internal reserves grew as a result of increased assets accompanying business expansion and business investments as acquisition of shares of subsidiaries, free cash flow, which is the total cash flow produced by operating activities and investment, was ¥51.8 billion (US\$439 million).

Total assets rose ¥202.2 billion from the previous fiscal year, reaching ¥2,243.4 billion (US\$19,011 million), as business expanded. Shareholders' equity increased ¥110.6 billion from the previous fiscal year to ¥1,070.9 billion (US\$9,075 million) due to the increase of retained earnings. The equity ratio improved 0.7 points over the previous fiscal year to 47.7%

Executing 15th Mid-term Management Plan

Since its 13th Mid-term Management Plan, the Ricoh Group has strived to reform its business structure for Office Solutions, its main business segment, to "not only manufacture and sell copiers and printers but to support improvement and innovation in the customer's operations by providing devices and systems."

Also, based on the recognition that efficient and effective input/output, storage and search of total document volume (TDV) – including not only copies but also printed documents – are becoming critical issue for our customers, in the 14th Mid-term Management Plan Ricoh implemented

its major strategy "of expanding the revenue and earnings framework by the realization of TDV," and business has been executed accordingly.

In the 15th mid-term Plan, there are no changes in the direction of this strategy and business structure reform, but efforts were made to expand corporate value by even more seeing from the customers' perspective and continuing to provide value that meets their expectations.

In the Office Solutions segment, Ricoh recognizes that it can meet further needs of a greater number of customers and establish a solid business foundation by fully utilizing all the Ricoh Group's capacities and strengths – a full lineup of products, sales and service customer contacts, the ability to provide solutions, global operations, and image processing and image processing fusion technologies. Ricoh designates "printing" as an area within the Office Solution segment that has particular growth opportunities and concentrates management resources on the most critical areas.

In the Industrial Products business too, management resources are being concentrated on business with prospects for growth. Also, in both Office Solutions and Industrial Products, Ricoh is working to expand its business in emerging markets.

In order to attain customer value and raise its profitability in each business, differentiation through technology is critical, so Ricoh continues to aggressively strengthen its technologies.

As for the results of fiscal 2007, Ricoh continued to introduce new color MFPs and color laser printers in Japan and overseas, and the product lineup was further filled out.

For the high-end production printing market, in addition to further strengthening its products, Ricoh forged an agreement with IBM Corporation to establish InfoPrint Solutions Company, a joint venture, to expand its business

in that market.

In the low-end business printer market, Ricoh is creating a new color market by introducing new products such as color laser printers and GELJET printers that further advance Ricoh's unique GELJET technology.

In the development of printing solutions, Ricoh has been increasing its accounts through total cost of ownership (TCO) solutions that combine copiers and printers, and through the high marks it receives for its worldwide support and service organization. While developing document solutions to improve workflow, Ricoh is also strengthening support and solution sales organizations at its Japanese, American, and European technology centers, which provide software linking digital copiers with operating systems and which support the proposal and introduction of use environments optimized for them.

In Industrial Products, management resources are being concentrated on businesses with prospects for growth, such as expansion of sales, design and development bases for semiconductor business in Asia.

Furthermore, Ricoh continued to strengthen its profit foundation in order to realize growth strategies in the fiscal year.

In sales and service, Ricoh further strengthened its domestic and overseas sales and service networks, for example by acquiring the European operations of Danka Business Systems PLC for office equipment sales and services.

As for research and development, Ricoh is improving efficiency in this area by strengthening the cross-functional (inter-departmental) development structure at its Ricoh Technology Center, where design and development functions are concentrated.

Attaining even higher targets

We forecast that customer needs will diversify more and more and that competition in the transition to color and in solutions marketing will intensify. With the market environment changing so much, the Ricoh Group understands that in order to continue to grow and develop, it is essential to strengthen our corporate competitiveness by "creating new values for the customers" and "improving management efficiency".

To create customer value, in addition to increasing the implementation of "customer satisfaction management," which aggressively seeks new value, Ricoh is pursuing three core values of "simplifying knowledge creation," "creating solutions that fit," and "harmonizing with the environment." In other words, Ricoh will strive even more to enhance the ease of use of Ricoh products and services, support the knowledge creation activities of our business customers and provide environmentally sustainable products and services.

In addition, we continue to pursue high-efficiency management in order to increase profitability. Besides structural reform aimed at making Ricoh work processes more efficient and raising the profitability of each Ricoh business, Ricoh is increasing management efficiency by even more carefully selecting businesses and focusing on those. Moreover, Ricoh is further strengthening the business base, harvesting the fruits of ongoing advanced investment already made and linking these to profits.

Thus, by taking the profits created this way and aggressively directing them into investments in growth areas and in technology strengthening, Ricoh is working to expand sales and profits and further increase corporate value.

Based on its group vision "Winners in the 21st Century," the Ricoh Group seeks to earn a high level of trust by

continuing to provide customer value that contributes to knowledge creation and to greater productivity of "customers working any time, anywhere." Ricoh will continue to press forward with its businesses as a corporation growing and developing by making its relationships of trust with all its stakeholders even stronger and by earning the support of society as a whole.

Change in top management

Since Masamitsu Sakurai became president in 1996, Ricoh has worked to advance the evolution of office equipment in the information society and to increase corporate value through the aggressive development of global businesses. To attain perpetual value creation that starts with the customer and is based on high-level technology, and to grow as a global corporation, Ricoh will take the next steps with new leadership.

On April 1, 2007, Shiro Kondo became a representative director and president and CEO, and Masamitsu Sakurai became a representative director and chairman of the board. We appreciate this opportunity to report to all our shareholders and customers.

June, 2007



Shiro Kondo
President and Chief Executive Officer

Masamitsu Sakurai
Chairman