

Ricoh's Medium-Term Management Plan

(For Fiscal Year 2000)

March 1, 2001

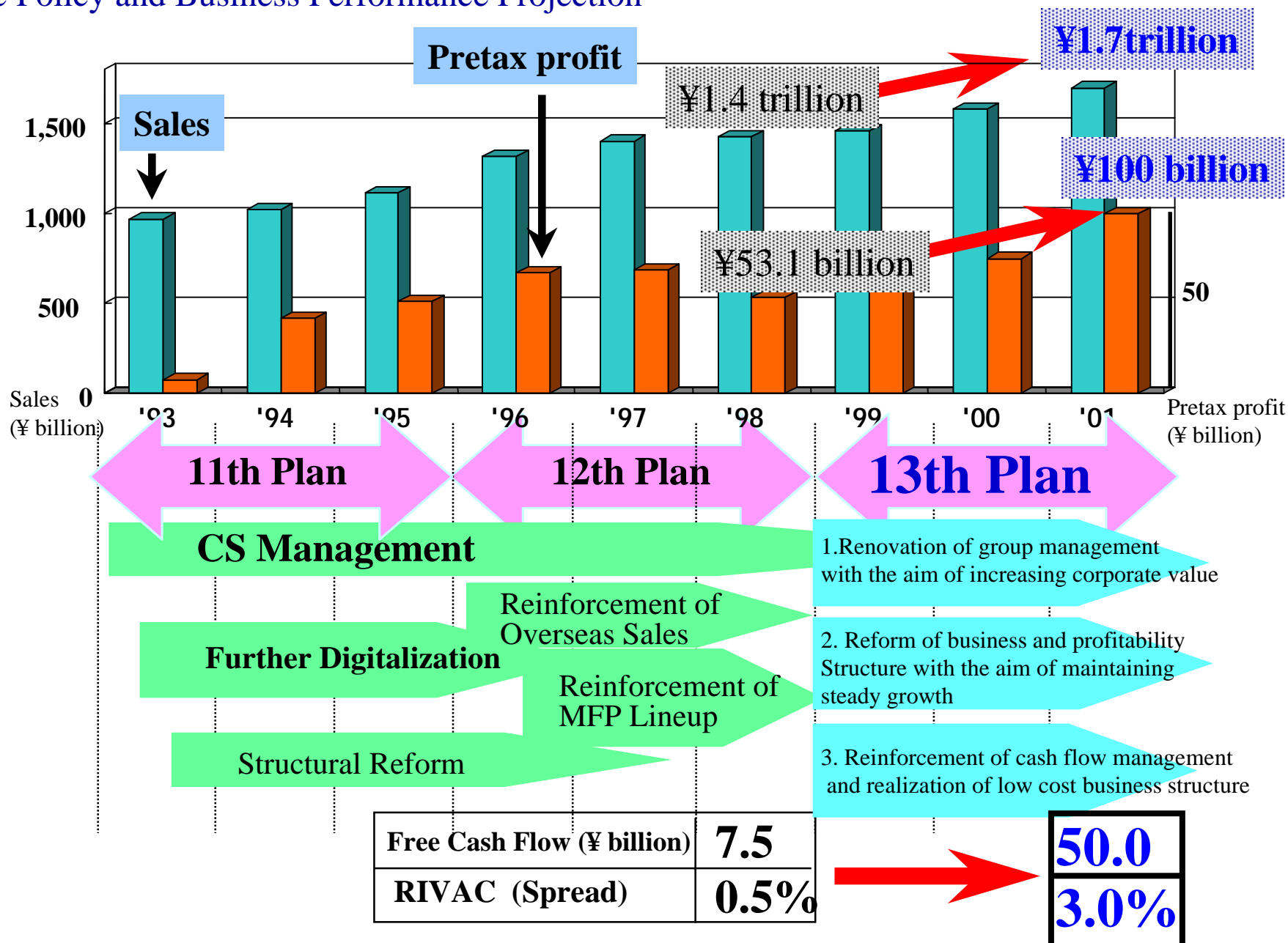
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President and COO
Ricoh Company, Ltd.

Progress Report on the 13th Medium-Term Management Plan

1-1. Summary of the 13th Medium-Term Management Plan

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-Basic Policy and Business Performance Projection-



2-1. Progress Report on the 13th Medium-Term Management Plan

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Business Performance (1)

¥billion

		'98	'99		'00		'01
		Actual	As Planned	Actual	As Planned	Forecast	As Planned
	Domestic	820.9	856.8	873.1	900.6	940.0	954.0
	Overseas	605.0	633.3	573.9	679.4	570.0	746.0
(Growth ratio) Total Sales		(1.6%) 1,425.9	(4.5%) 1,490.0	(1.5%) 1,447.1	(6.0%) 1,580.0	(4.3%) 1,510.0	(7.6%) 1,700.0
(Pretax profit/ Total Sales) Pretax Profit		(3.7%) 53.0	(3.8%) 57.0	(4.9%) 70.3	(4.7%) 75.0	(6.2%) 94.0	(5.9%) 100.0
Net Profit		30.6	33.1	41.9	43.5	53.0	58.0
Free Cash flow		7.5	10.0	57.1	15.0	Will be achieved	50.0
RIVAC Spread		0.5%	0.7%	2.4%	1.6%	Will be achieved	3.0%
		¥128/\$	¥115/\$	¥112/\$	¥115/\$	¥106/\$	¥115/\$

The forecast for FY 2000 is as of November 8, 2000 when the interim results were announced.

2-1. Progress Report on the 13th Medium-Term Management Plan

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Business Performance (2)

¥ billion

		FY1998		FY1999			FY2000(as of Nov. 8, 2000)			FY 2001 trend
Segment	Major businesses	Sales	% of total sales	Sales	% of total sales	% change	Sales	% of total sales	% change	
	DPPC, CPPC, Duplicator, Facsimile Machine	486.3	34.1%	546.2	37.7%	12.3%	569.0	37.7%	4.2%	↗
	Other imaging systems	467.9	32.8%	351.8	24.3%	-24.8%	287.0	19.0%	-18.4%	↗
	Imaging solutions	954.3	66.9%	898.0	62.1%	-5.9%	856.0	56.7%	-4.7%	↗
	MFP, LP	108.9	7.6%	141.0	9.8%	29.6%	190.0	12.6%	34.7%	↗
	CD-R/RW, Scanners	19.4	1.4%	32.0	2.2%	64.5%	44.0	2.9%	37.5%	↗
	Networking I/O systems	128.3	9.0%	173.1	12.0%	34.9%	234.0	15.5%	35.2%	↗
	PC, DS Application Ueware	168.2	11.8%	181.9	12.6%	8.1%	203.0	13.4%	11.6%	↗
	Office equipment	1,250.9	87.7%	1,253.0	86.6%	0.2%	1,293.0	85.6%	3.2%	↗
	Semiconductor, DC	1,750.0	12.3%	1,940.0	13.4%	10.9%	217.0	14.4%	11.8%	↗
Total sales		1,425.9		1,447.1		1.5%	1,510.0		4.3%	↗
Domestic sales		820.9	57.6%	873.1	60.3%	6.4%	940.0	62.3%	7.7%	
The Americas		239.6	16.8%	231.1	16.0%	-3.5%	230.0	15.2%	-0.5%	
Europe		283.3	19.9%	258.5	17.9%	-8.8%	240.0	15.9%	-7.2%	
Others		82.0	5.8%	84.2	5.8%	2.8%	100.0	6.6%	18.6%	
Overseas sales		605.0	42.4%	573.9	39.7%	-5.1%	570.0	37.7%	-0.7%	
pretax profit		53.0	3.7%	70.3	4.9%	32.7%	94.0	6.2%	33.5%	↗
Net profit		30.6	2.1%	41.9	2.9%	36.8%	53.0	3.5%	26.5%	↗

US\$: ¥127.98

Euro: ¥143.73

¥111.52

¥115.35

¥106.00

¥94.50

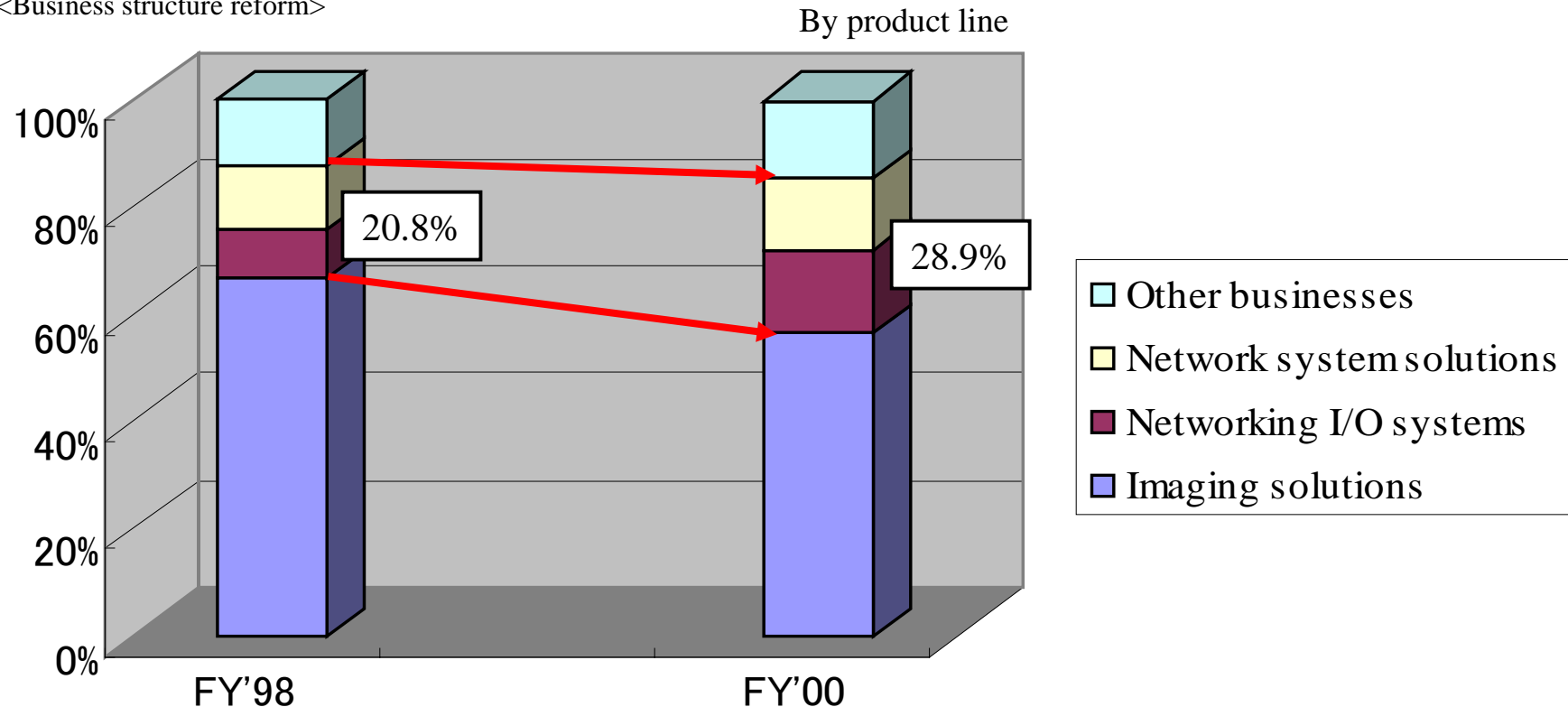
2-2. Progress Report on the 13th Medium-Term Management Plan

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Basic Policy

“Reform of business and profitability structure with the aim of maintaining steady growth”

<Business structure reform>



*Imaging solutions...PPC, Facsimile machines, Duplicators, etc.

*Networking I/O systems...MFP, LP, Optical discs, scanners, etc.

*Network system solutions...Software, Useware, PCs, etc.

*The percentage of the sales of networking I/O systems and network system solutions in the total sales is expected to increase from 20.8% in FY1998 to 28.9% in FY2000 by approximately 8 percentage points.

(average annual growth rate is about 22%)

*Ricoh has been steadily shifting its major businesses toward growth business areas.

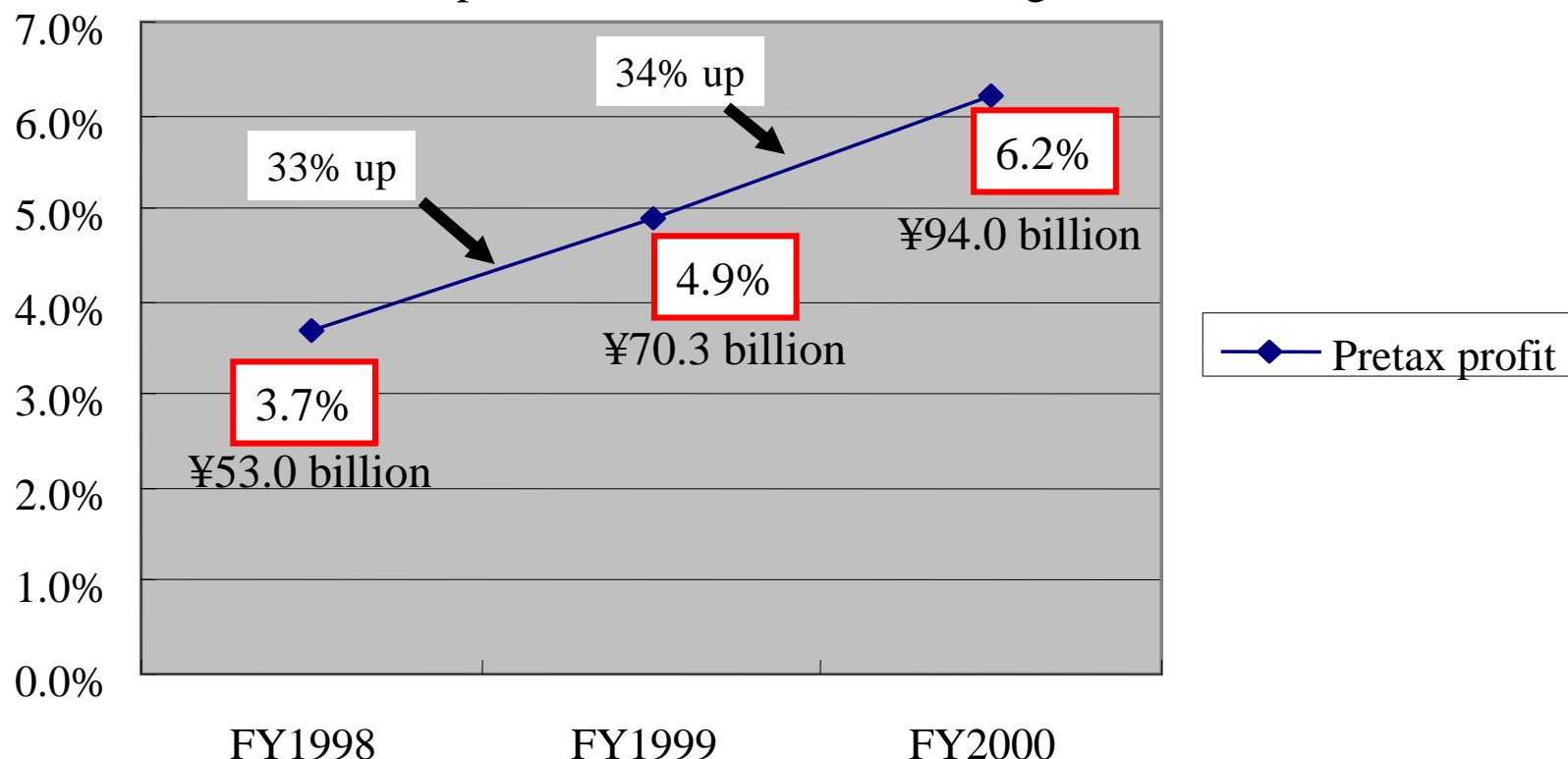
2-3. Progress Report on the 13th Medium-Term Management Plan

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Basic Policy

<Profitability structure reform>

Pretax profit on net sales and % change



*The pretax profit on sales (consolidated basis) has grown from 3.7% in FY1998 to 6.2% in FY2000 by 2.5 points, or at a compound annual growth rate of 33%.

*The Company has been steadily transforming its profit structure by the buoyant sales of high-speed machines and MFPs as well as by selecting and focusing on promising businesses.

2-4. Progress Report on the 13th Medium-Term Management Plan

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Product Portfolio

Strategic positioning	Definition	Progress in FY 2000
<p>Businesses to secure cash</p> <p>PPCs, facsimile machines, stencil duplicators, maintenance service, related supplies</p>	<p>*Major profitable businesses that bring us cash steadily</p> <p>*To secure our competitiveness as the company's base</p>	<p>*Every business has brought us cash steadily</p> <p>*Above all, digital and high-speed machines have made a great contribution</p>
<p>Strategic businesses to be reinforced</p> <p>Printers, MFPs, network system solutions, internet service</p>	<p>*Businesses to be developed steadily as a future core business after the 13th medium term where corporate resources should be invested</p> <p>*Highly profitable business models shall be established</p>	<p>*Every product lineup has enjoyed steady and substantial growth compared to the previous year</p> <p>*Above all, high-speed machines and MFPs have made a great contribution</p> <p>*Printing solutions have shown a growth trend</p>
<p>Businesses that require profitability improvement</p> <p>semiconductor, optical discs, digital camera</p>	<p>*Businesses that have to become profitable, to begin with, by modified strategies or streamlining</p>	<p>*Semiconductor business is gaining more profitability by concentrating on analog IC and outsourcing.</p> <p>*Optical disc business is getting better to become profitable thanks to modified strategies and outsourcing</p> <p>*As for digital cameras, we are focusing on certain markets to introduce strategic models with specific features.</p>

Future Development of Main Businesses (for one or two years to come)

- Imaging solutions
- Networking I/O systems
- Network system solutions

Socio-Economic Environment

- Further moving into the new era of global, borderless and great competition where values are created for customers.
- Society is becoming still more dependent on networks.
- Becoming more concerned with environmental conservation
- Concern over the slowdown of the U.S. economy becoming it may affect the recovery of the Japanese economy

Customer needs

- Colorization, TCO reduction, and improvement in business productivity
- One-stop, total solutions
- Demand for further speed and lower cost

Relevant trends in demand

- PPCs have become more digitalized and colorized but will barely increase in the whole market.
- LPs have been growing as they become more colorized.
- MFPs have been expanding in both the PPC and LP markets.
- TDV has been increasing with the growth of the total information content.
- More solutions have been oriented for TCO reduction and improvement in business productivity.

Note: TDV (total document volume) is the sum of CV (copy volume) and PV (print volume).

1. Environmental awareness will not vary depending on the trend of customers or markets, but
 - We will face even tougher competition as our competitors are also coming up with digitalized, colorized, and MFP products, and
 - In terms of social infrastructure, e-commerce will expand rapidly with the accelerated proliferation of the Internet
2. We are steadily moving ahead with our strategies to help ourselves with improvements in performance, but



It is indispensable to rapidly deploy
our basic policies and basic strategies.

5-1. Basic Strategies

1. Expand our market share of the network image equipment - to expand TDV

B to C Transition

- Expand our market share and profitability by differentiating our products with colorization

High-speed machine's sales expansion

- Acquire TDV on the high end with digital high-speed machines

MFP + Printer

- Expand the sales of LPs by making the most effective use of the existing sales channels

2. Deploy printing solutions

- Provide customers with the most appropriate printing environment to meet the needs for TCO

3. Deploy document solutions

- Improve the total work flow

4. Reinforcement of global deployment with focus on five major markets

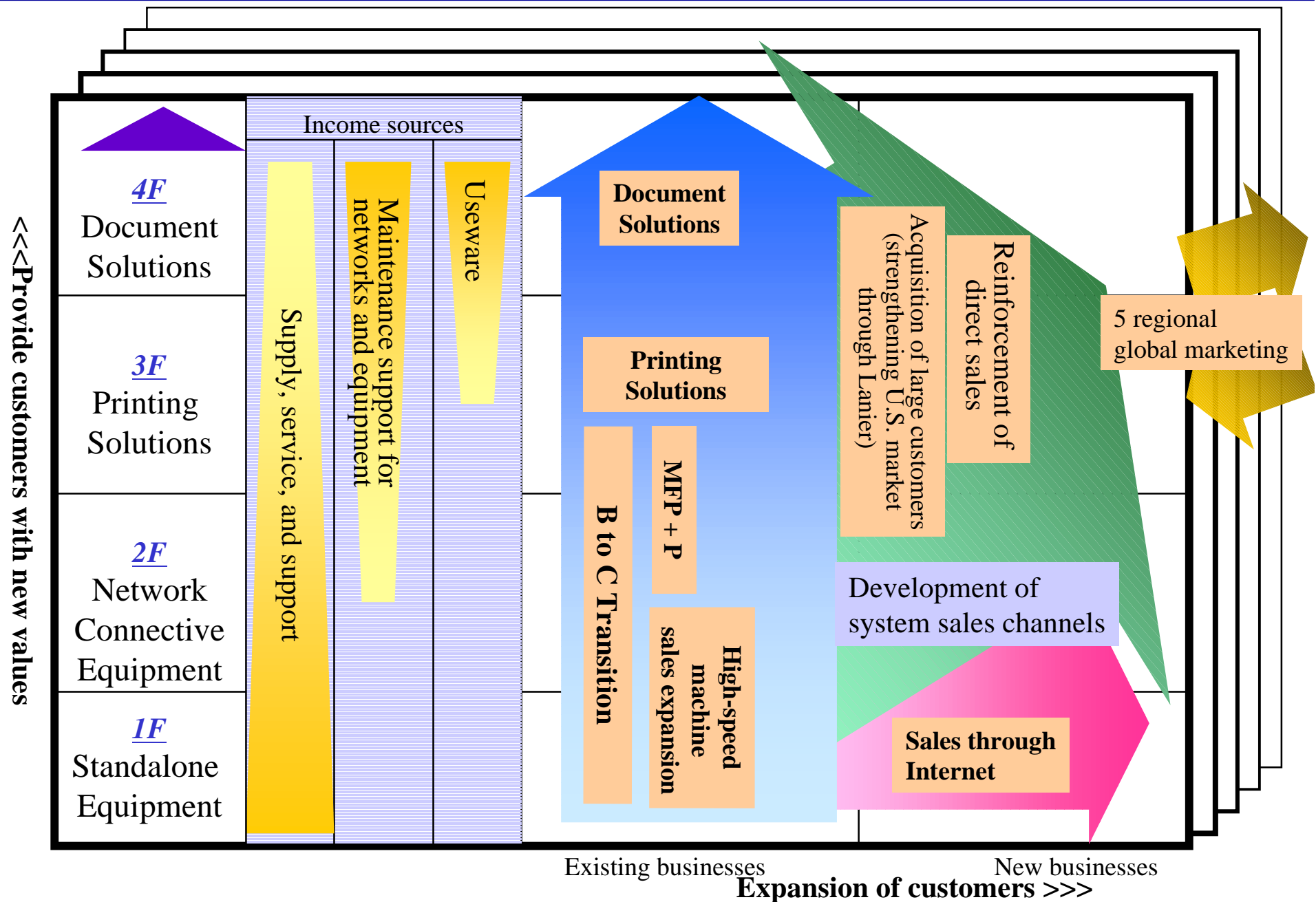
(Japan, Americas, Europe, Asia/Oceania, and China)

- Further reinforcement of contact with customers in each market
- Make the basis of hardware become a de facto universal standard
- Step-by-step deployment of our solution business that meets the needs of each market

Concentrate on the development of products that can differentiate themselves as a basis of the whole business.

5-2. Relationship between Basic Strategies and Increase in Profits

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1. What B to C transition is meant for and aimed at? (to be confirmed)

- To meet the needs for colorization
- Aimed increase our market shares, acquire TDV, and raise our profitability by differentiating our products with colorization
- Add more values per copy/print

2. How much it is deployed

- In the domestic market, the proportion of color printing has been getting higher with LPs and PPCs (including MFPs) helping us keep the lion's share of the PPC market as well as helping us raise the market shares of LPs
- In the overseas market, the proportion of color printing with PPCs (including MFPs) has been getting higher to help us increase the share.
Our sales of LPs have been accelerated.

3. How it is to be deployed in future

- Continue to reinforce B to C transition
- Reinforce the strategic product lineup

We are going to release such strategic models that are aimed at the office-use black-and-white LP market by their high-speed, high-quality image, and lower running cost.

7. Printing Solutions

1. What printing solutions are meant for and aimed at? (to be confirmed)

- Provide our customers with the most appropriate printing environment that meets with the needs of the digital network era.
- Aimed to increase our market share, acquire TDV, and raise the customers' loyalty

2. How much are deployed

- In the domestic market, they are deployed as expected with abundant successful cases of solutions.
- In the overseas market, there are some promising cases of solutions.

3. How they are deployed in future

- Deploy our products aggressively and globally as our differentiation policy against competitors
- Advance a strategic alliance with other companies including SI vendors to improve our proposing and supporting capabilities.

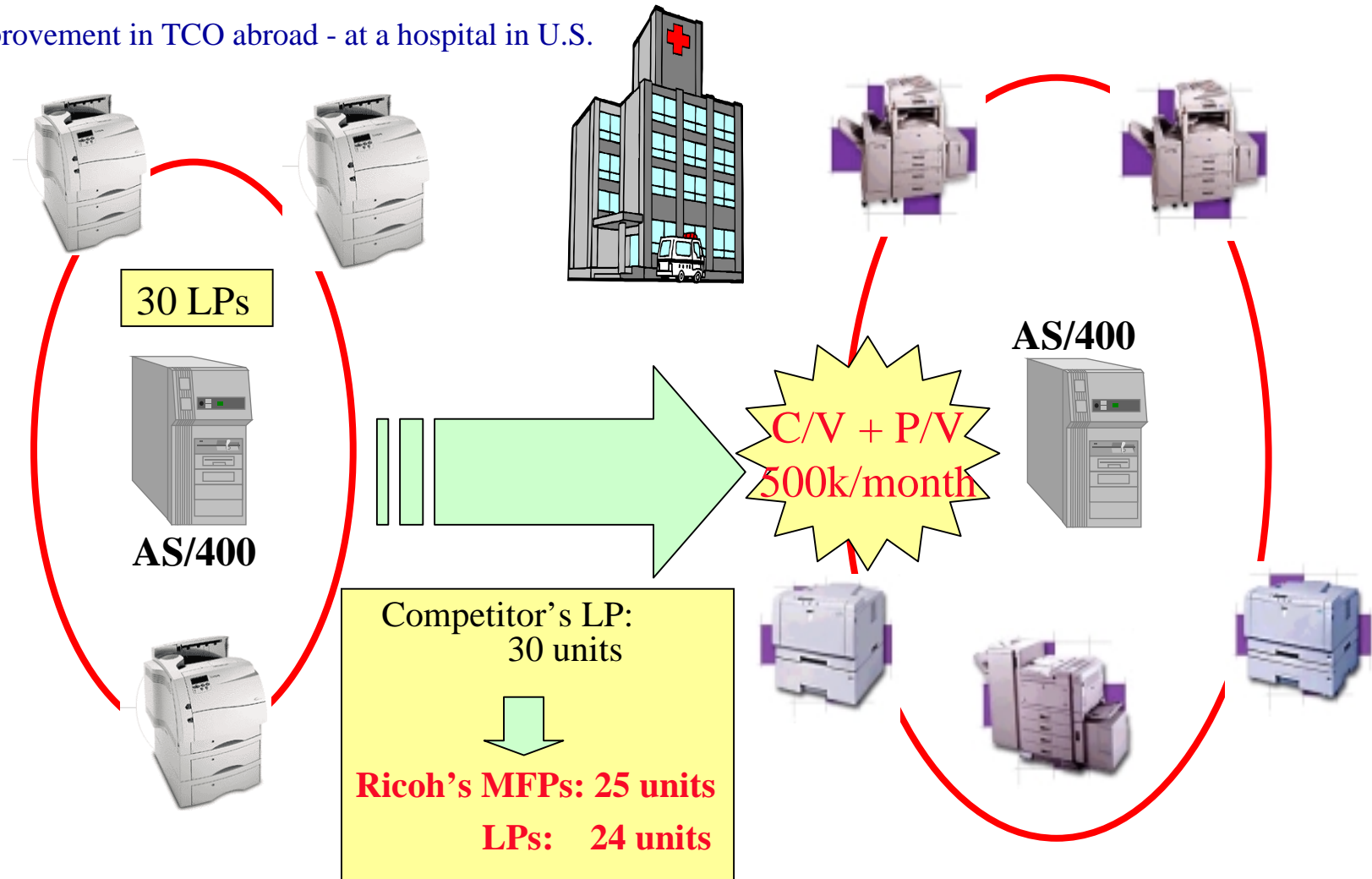
4. Six major solutions

- (1) Improvement in productivity
- (2) Improvement in TCO
- (3) Paperless
- (4) Groupware solutions
- (5) Fundamental solutions
- (6) Color applications

7. Printing Solutions

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4. A case of improvement in TCO abroad - at a hospital in U.S.

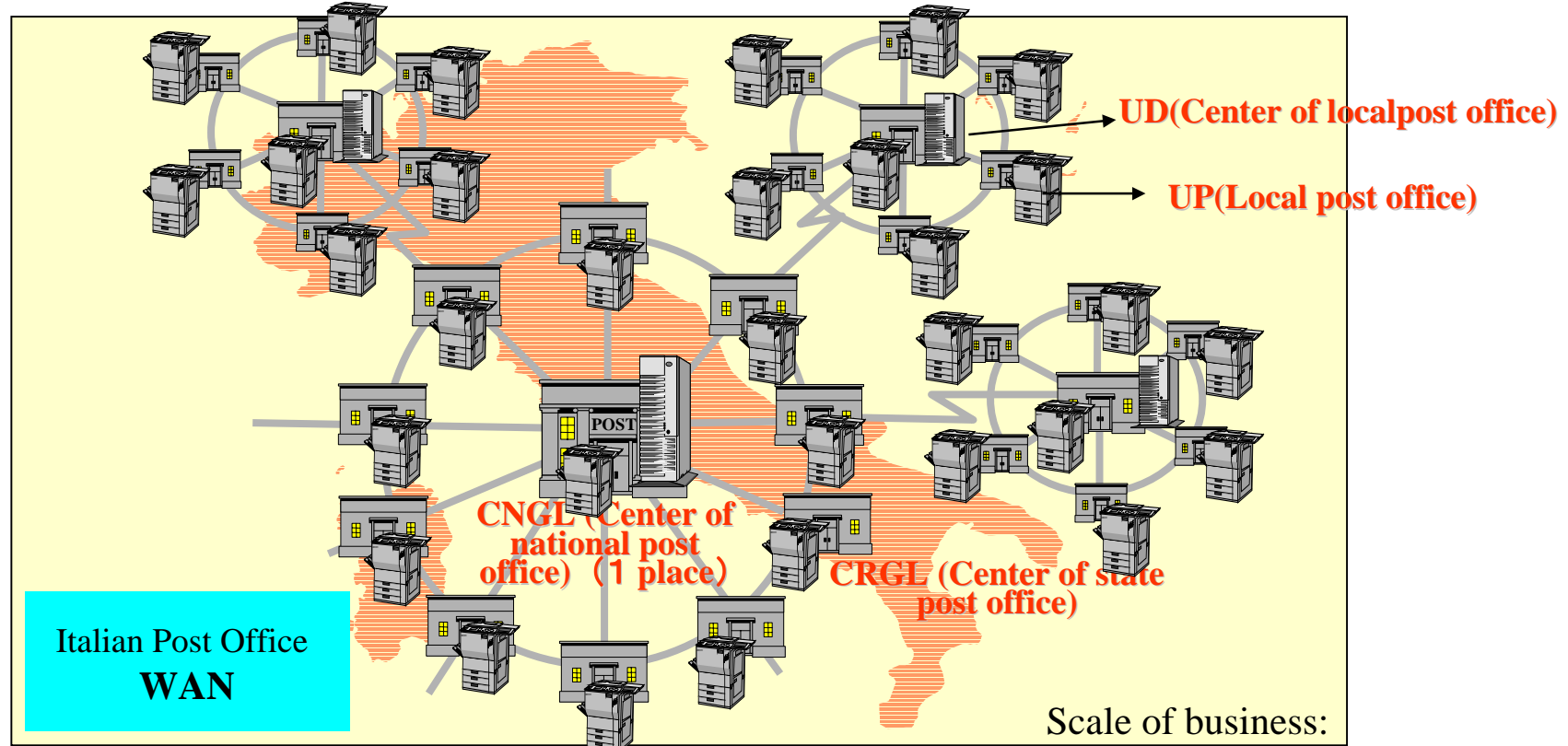


30 units of a competitor's LP connected to AS/400 have been replaced with 49 units of Ricoh's MFPs and LPs as the best combination aimed at reduction in TCO.
Enforced a package service contract at Meter-Click.

7. Printing Solutions

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A case of fundamental solutions abroad - at the Italian Post Office



5,600 units of Aficio have been connected to WAN to output documents through ERP. The collective management with the management software program introduced will reduce TCO. Establish such infrastructure that is aimed at a futuristic electronic office.

1. What document solutions are meant for and aimed at? (to be confirmed)

- Provide our customers with the best combination of I/O equipment and software programs to improve their document flow and operation.
- Aimed to turn on the new income channels by raising the customers' loyalty, acquiring TDV, and developing consulting and education businesses.

2. How much they are deployed

- In the domestic market, there have been promising sales cases, which has made clear which markets (lines of business and operation) to be targeted.
- Such strategic products as the MFP with built-in document management functions and various software programs have been developed and introduced in succession.
- Introduced a new open architecture. In future, API* will be disclosed without hesitation for the sake of compatibility with other manufacturer's software programs as well as for alliance with SI vendors so that it will become a de facto standard. (Ricoh Document Highway)

*API: Application Programming Interface

3. How they are deployed in future

- Deploy our products aggressively in the domestic market to come up with several cases in parallel and expand them in the overseas market.
- Advance a strategic alliance with other companies including SI vendors to improve our proposing and supporting capabilities.
- Make further contributions to profit in and after the 14th Medium-term Management Plan.

1. Aim

- To get promising, large customers.
- To reinforce our contact with customers in the U.S.A.
(in terms of direct sales and service supporting capabilities)

2. Expected outcome

Intended for reinforcement in the income basis of the image business and new sources of income.

Reinforcement in the income basis of the imaging business

- Expand our sales of the image equipment to large, high-volume TDV users
- Deploy FM business

New sources of income

- Deploy printing solutions
- Deploy document solutions

Future Development of Other Businesses
(for one or two years to come)

1. Positioning of the Business

- Key devices to be manufactured in-house to reinforce our competitiveness in the field of digital and network image equipment
- Develop businesses by making the most effective use of analog technologies and facilities

2. Important Markets

- Such advanced devices that are effective for differentiation of image equipment
- Semiconductors used for PC-related products, digital home electronic appliances, and mobile phones

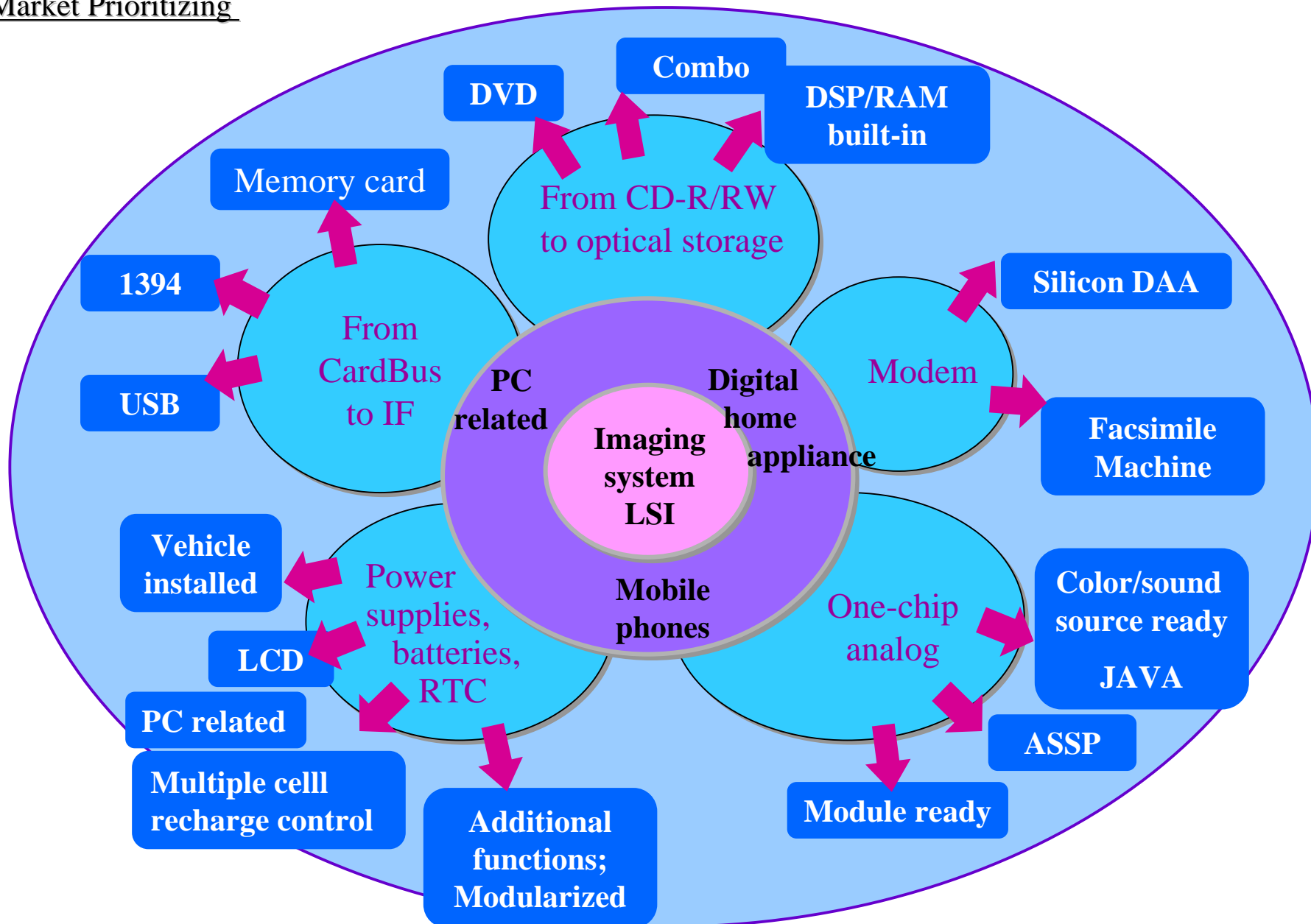
3. Business Development

- Concentrate resources on the engineering and developing process where Ricoh has the advantage
- Aggressively encourage a strategic alliance and outsourcing
- Take full advantages of the company system

10. Future Development of Semiconductor Business

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Market Prioritizing



1. Positioning of the Business

- As media to take the place of paper for digitalized document and multimedia, the optical disc business is positioned to be indispensable for us to develop business in the field of image communication.
- To be developed as one of the key products that constitute solutions provided by Ricoh

2. Important Markets

- Focus our efforts upon the industrial, high-end market

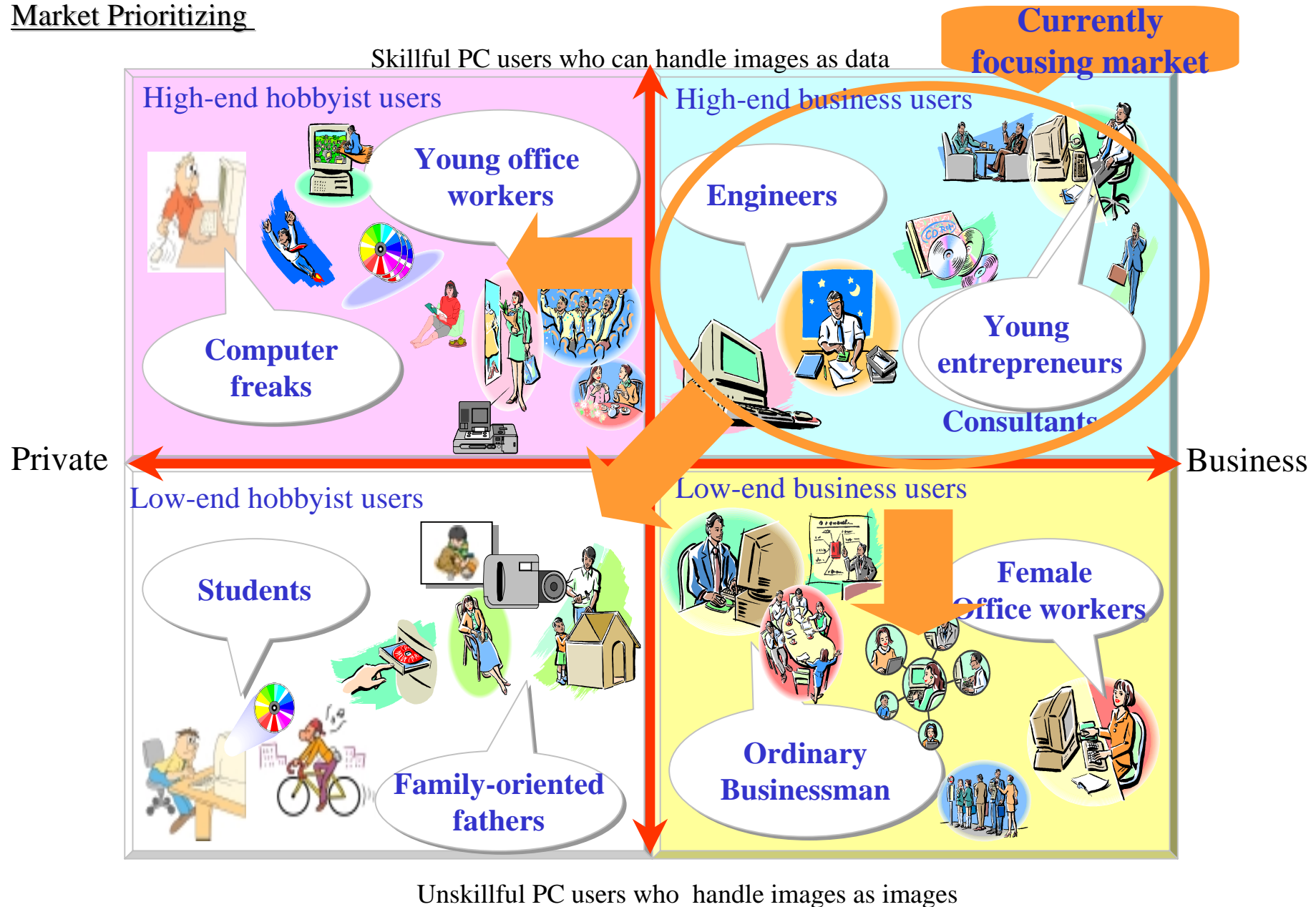
3. Business development

- Concentrate resources on the engineering and development of optical pickups and media materials where Ricoh has the advantage
- Aggressively encourage a strategic alliance and outsourcing
- Take full advantages of the company system
- Make inroads into the DVD market as a growth area to lead the industrial standards and to develop them aggressively

11. Future Development of Optical Disc/Digital Camera Business

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Market Prioritizing



1. Positioning of the business

- As a tool to input/output image data anywhere for multimedia and mobile works, the digital camera business is positioned to be indispensable for us to develop business in the field of Image Communication. ("Image Capture")
- To be developed as one of the key products that constitute solutions provided by Ricoh

2. Important markets

- Focus our efforts upon the industrial, high-end market while trying to deploy products for low-end hobbyist users

3. Business development

- Concentrate resources on the area where Ricoh has the advantage
- Aggressively encourage a strategic alliances and outsourcing
- Take full advantages of the company system

* "Image Capture" is a portable data processing tool with such functions as high-resolution image shooting (which will work in future as a multimedia terminal to capture sounds, too), image processing, and the Internet access that allows you to input, process, and transmit image data so that it can be easily incorporated in your work flow.

12. Future Development of Digital Camera Business

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Positioning of image capture in the work flow

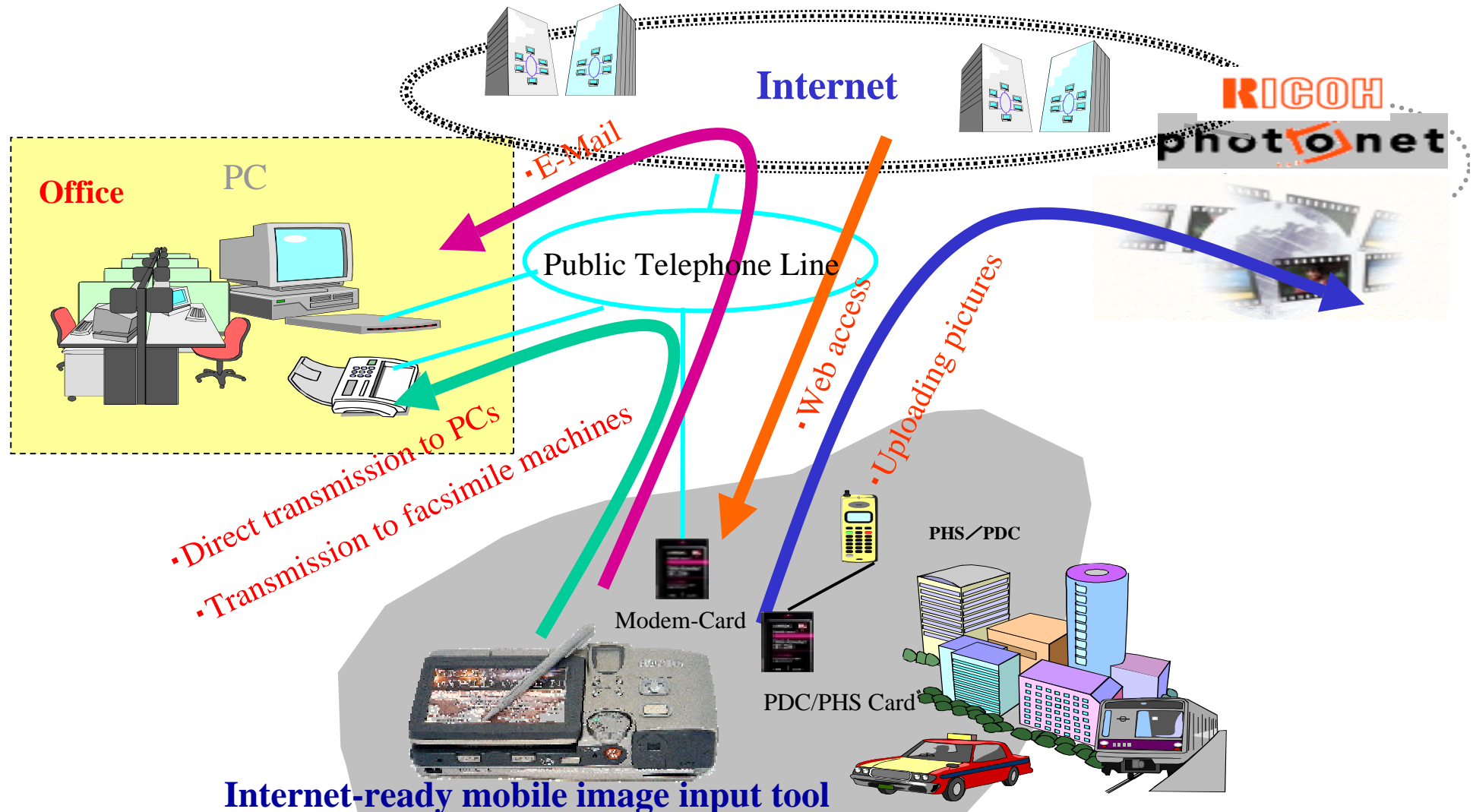


Image capture allows you to transmit image anywhere in no time.
You can get various data through it.

Toward the 14th Medium-Term Management Plan

RICOH