



Ricoh's Medium-Term Management Strategy

March 4, 2003

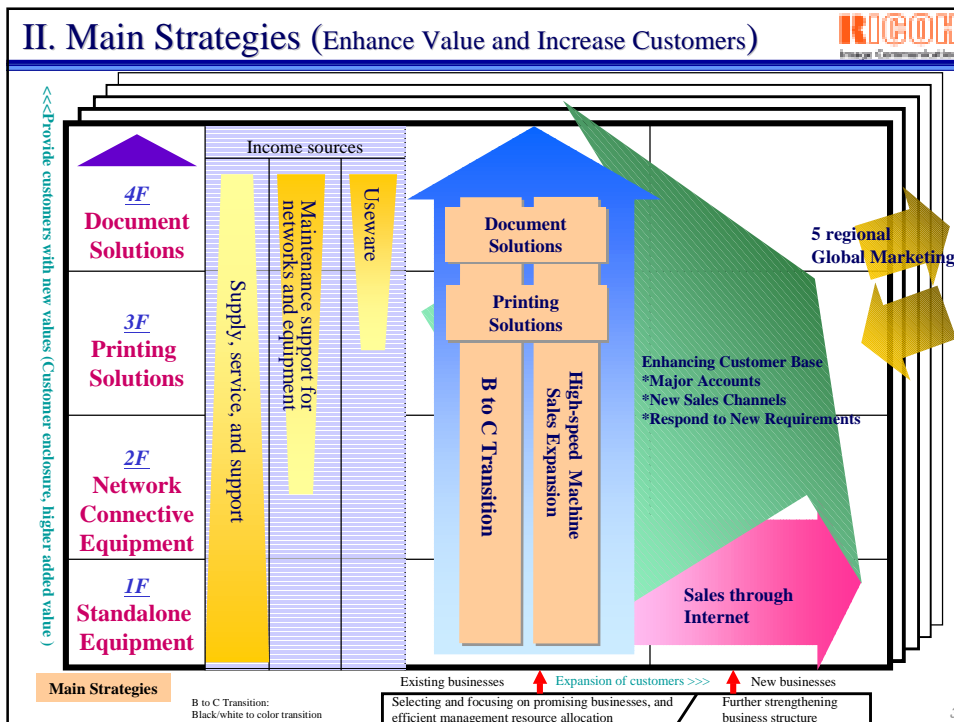
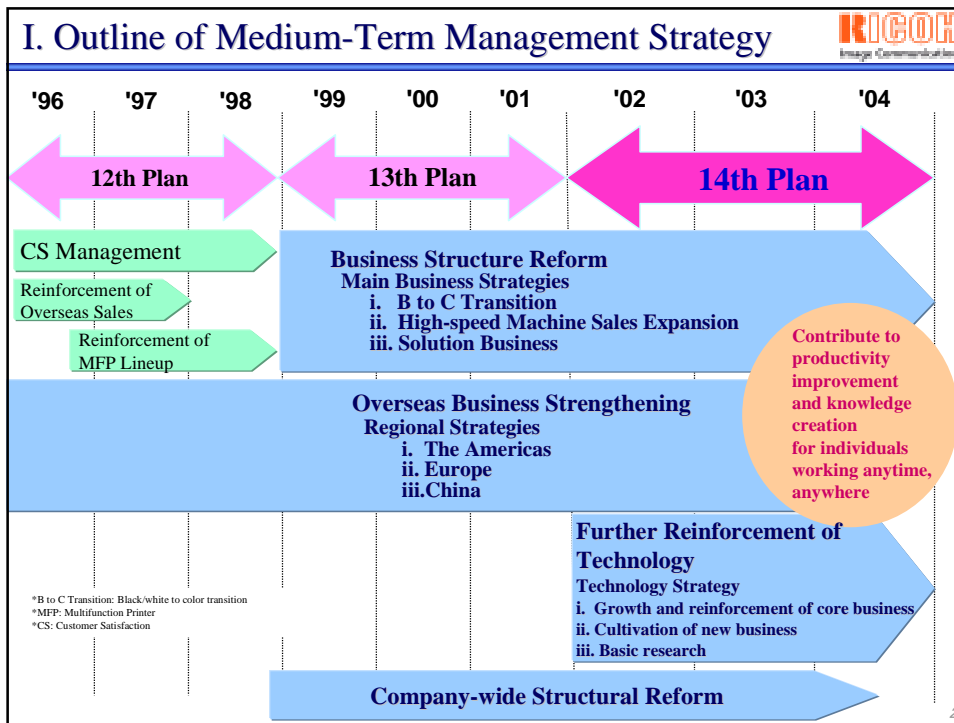
Masamitsu Sakurai
President and COO
Ricoh Company, Ltd.

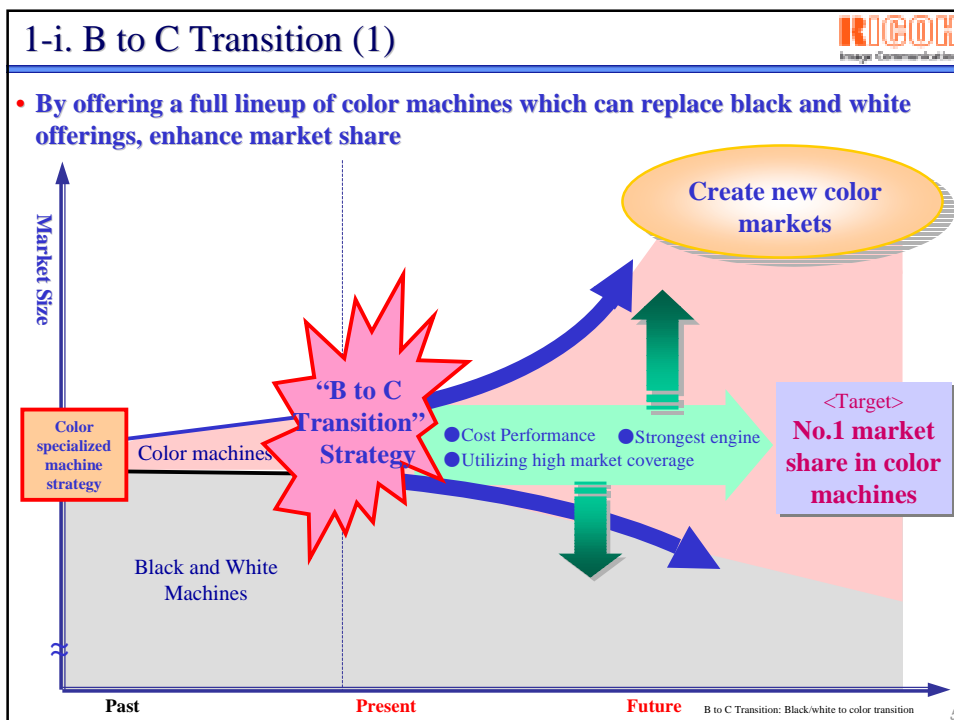
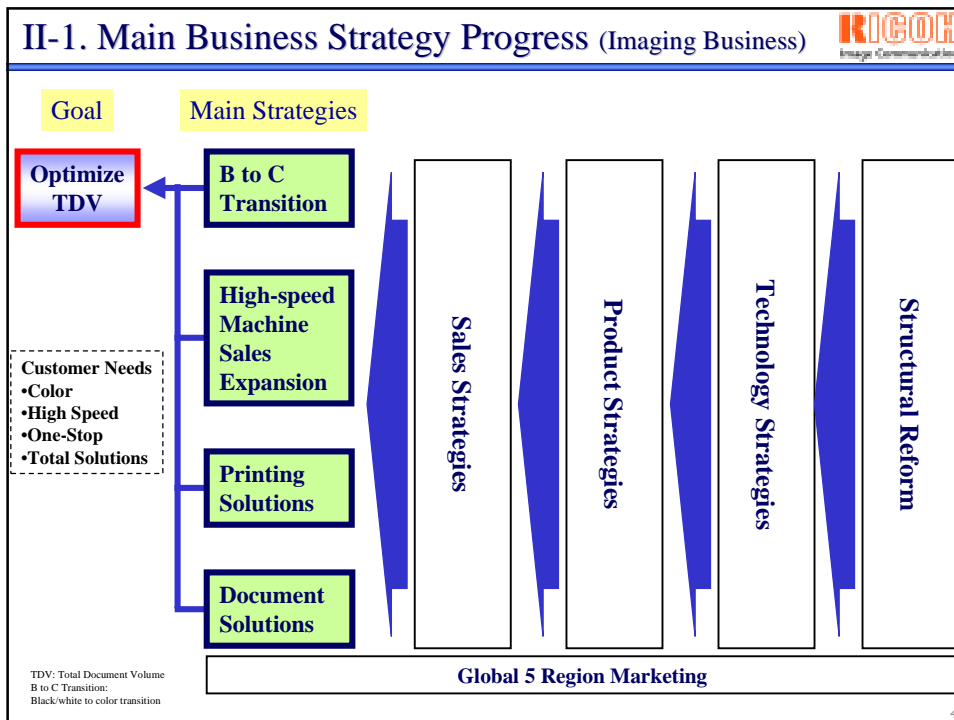
AGENDA



- I. Outline of Medium-Term Management Strategy
- II. Main Strategies
 - 1 Main Business Strategy Progress (Imaging Business)
 - i. B to C Transition
 - ii. High-Speed Machine Sales Expansion
 - iii. Solutions Business Promotion
 - 2 Regional Strategies
 - i. The Americas
 - ii. Europe
 - iii. China
 - iv. Domestic/Overseas Sales Ratio in Imaging Business
 - 3 Other Businesses Strategy
 - 4 Technology Strategy
- III. Forecast of Operating Results

B to C Transition: Black/white to color transition





1-i. B to C Transition (2)



- Enhancement and strengthening of color machine lineup

Prioritized Domain

B to C Transition subject

Previous target markets and launched machines

	Large/Medium-size customer	Medium/Small-size customer
Centralized at floors/centers	High-speed monochrome MFP	
Divisional sharing		
Group sharing	High-speed color LP	Mid-speed color PPC/MFP
Small groups sharing	Low-speed color LP	Low-speed PPC/MFP
	Monochrome LP	Monochrome PPC/MFP
Business Personal		

Current/future target markets and launching machines

	Large/Medium-size customer	Medium/Small-size customer
Centralized at floors/centers	High-speed color MFP	
Divisional sharing		
Group sharing	High-speed color LP	High-speed color PPC/MFP
Small groups sharing	Mid-speed color LP	Mid-speed color PPC/MFP
	Low-speed color LP	Monochrome PPC/MFP
Business Personal	Monochrome LP	

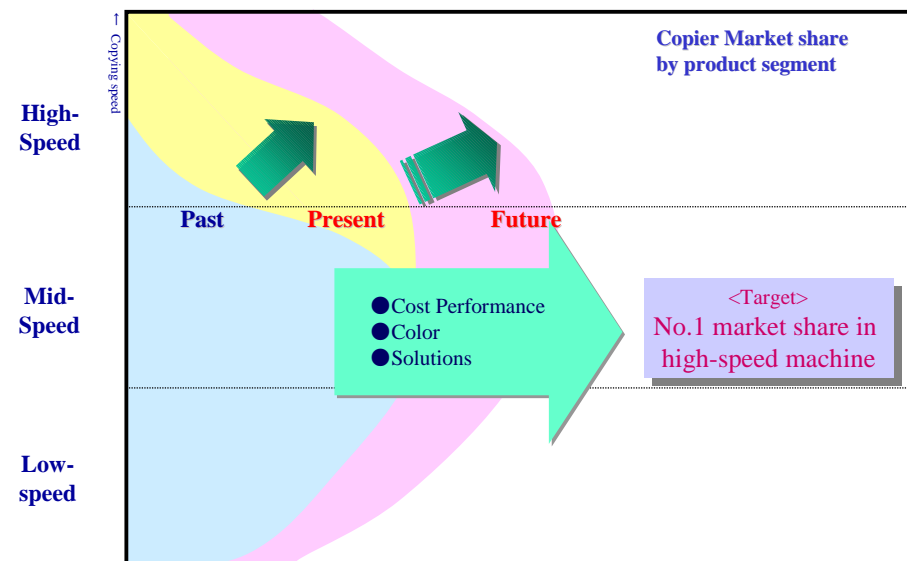
PPC: Plain Paper Copier, MFP: Multifunction Printer, LP: Laser Printer

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1-ii. High-Speed Machine Sales Expansion



- Expanding market share and enhancing TDV by providing competitive machines



TDV: Total Document Volume

Market Share (Worldwide) →

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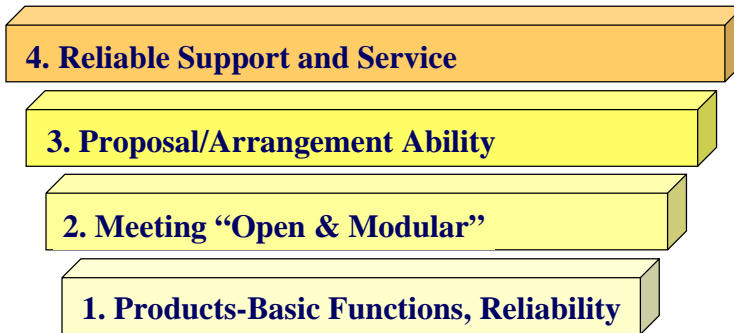
1-iii. Solutions Business Promotion (1)



- **Prioritized Domain**

- Large Corporations
- Government and Municipal Offices/Schools
- Vertical Markets

- **Solutions Business- Key Factors for Success**

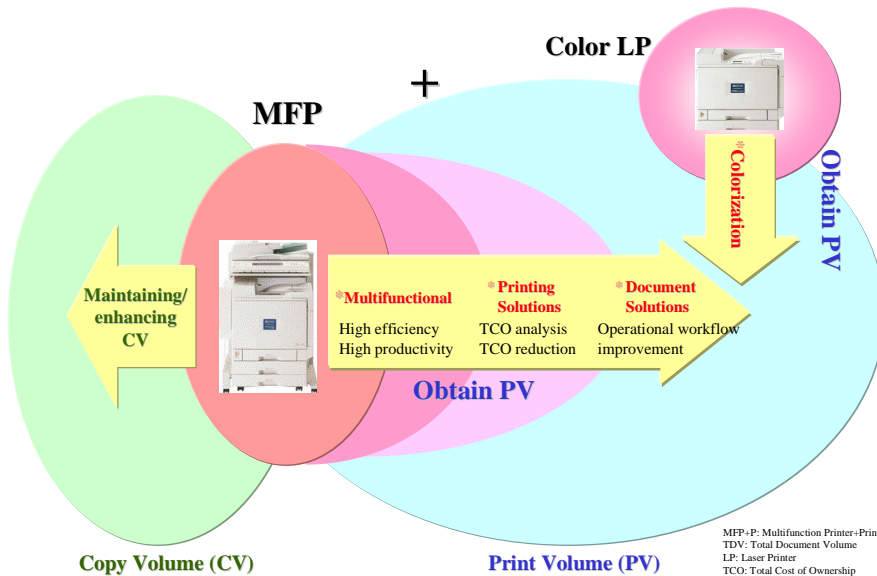


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1-iii. Solutions Business Promotion (2)

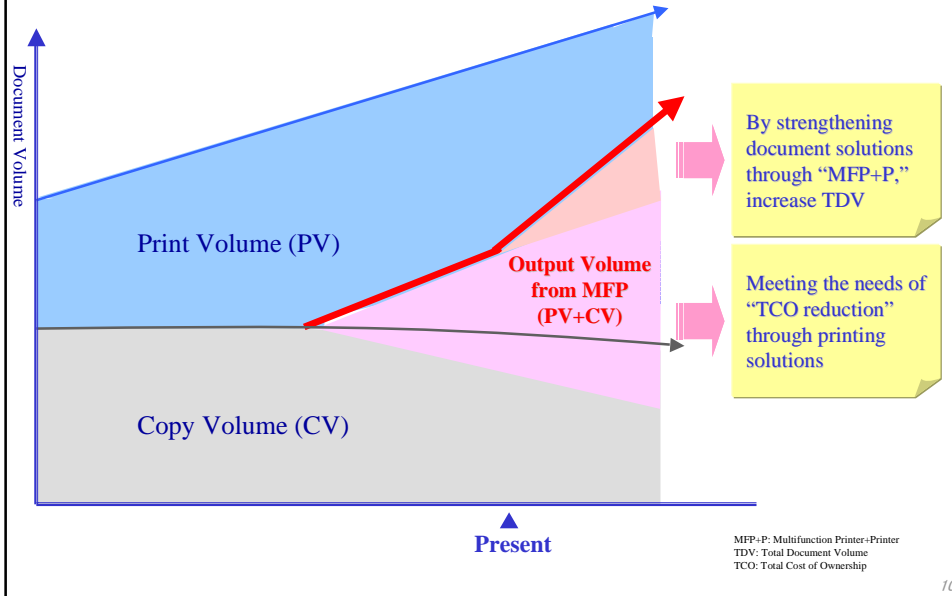


- **Increase TDV by "MFP+P" Solutions**



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1-iii. Solutions Business Promotion (3)



1-iii. Solutions Business Promotion (4)



• Providing Solutions to Large Corporations

Customer Needs

- Proposal for higher operational productivity
- TCO Reduction
- Submitting machine operation report
- Responding to electronic commerce

Necessary abilities and systems

Ability to appropriate proposal and system designing by grasping latent customer needs

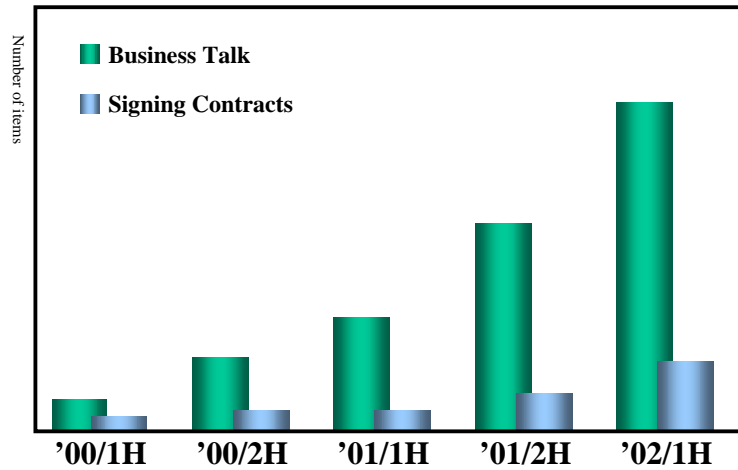
- Worldwide Machine installation
- Worldwide uniform service

Worldwide service & support structure

1-iii. Solutions Business Promotion (5)



- **GMA(Global Major Account) Business Talk/Signing Contracts**



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2-i. Regional Strategies--The Americas



Increase TDV by Securing High-Volume Users

- Further enhancement of business with large corporations
 - *Strengthening direct sales/service capabilities
 - *Strengthening solutions sales capabilities

Obtain No.1 Copier Market Share
Obtain Top Class Color Laser Printer Market Share

TDV: Total Document Volume

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2-ii. Regional Strategies--Europe



Obtain TDV by Increasing MIF Coverage

- Make full use of entire Ricoh group (Ricoh, NRG, Lanier) advantages
- Further enhancement of business with large corporations

Maintain and further enhance No.1 Copier Market Share
Obtain Top Class Color Laser Printer Market Share

TDV: Total Document Volume
MIF: Machine in the Field (Number of machines installed in the market)

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2-iii. Regional Strategies--China



Utilizing 30 years of experiences, Strategic Enhancement of China Business

Sales: Maintain and further enhance No.1 market share

- Strengthening indirect sales capabilities
- Strengthening direct sales/service capabilities
- Further enhancement of business with large corporations

Production: Further strengthening cost competitiveness as an “intensive production base”

- Strengthening of parts production technology

Development: Full-scale utilization as a technology development base

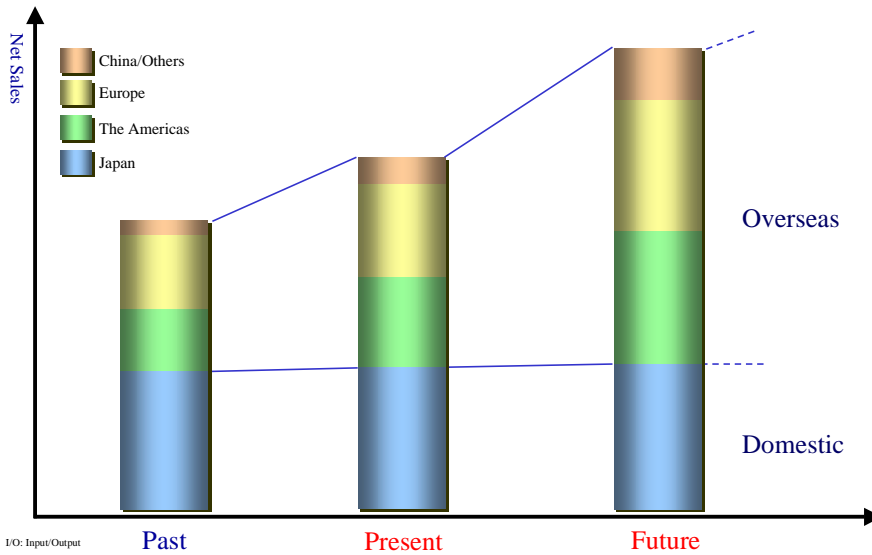
- Strengthening software development capabilities
- Strengthening for modifying design capabilities

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2-iv. Domestic/Overseas Sales Ratio in Imaging Business



70% of Imaging Solutions and Network I/O Systems total sales will come from overseas business



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3-i. Other Businesses Strategy--Semiconductors



More Competitive in Imaging Businesses

* LSI for Imaging equipment

Conducting Business Aiming at Achieving Top Market Share in Specific Segments

* Analog chip (in-house production)

Mobile equipment battery IC

Realizing stable growth by maintaining top-market-share products and enhancing target markets and product variation

Analog one-chip LSI for mobile communications equipment

Aiming at No.1 market shares in the three kinds of cellular phone standards

* Digital chip (fabless)

PC interface LSI

Enhance business by global business promotion

LSI for optical disc drives

Shifting the business from CD- to DVD-related products

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Conducting Business Aiming at Establishing De Facto Standard

<p>Finishing Products (Drives)</p>	<ul style="list-style-type: none"> * Developing more appliance-like ease products by upgrading the standards in their higher speed and higher capacity of DVD+RW/ +R * Flexible business operations by having optimal production alliances
<p>Key parts for drives</p>	<p>Maintaining top market share by providing DVD+RW/ +R key parts to set makers, and promoting cost reduction by volume effect in combining finishing products</p>
<p>Media</p>	<p>Strengthening cost competitiveness by optimal production alliances</p>

- **Strongest Engine**
 - Platform strategy, and promotion of platform and module plan
 - Developing the strongest module (high durability, high reliability, super precision)
- **Optical Memory**
 - Pursuit of portability and high speed in DVD systems
- **Office Systems**
 - Propose next-generation office by fusing image information and data
- **Environmental Technology**
 - Revolutionary energy-saving technology
 - Recycling technology aiming at resource-recirculating society
- **Photonics**
 - High data processing speed inside the machines
 - Research and development of optical control devices

III. Forecast of Operating Results



(¥ billion)

	FY01		FY02			FY04	
	Actual	% of net sales	Forecast	% of net sales	Growth ratio	Target	% of net sales
Domestic	902.6	54%	895.0	51%	-0.8%	1,000	50%
Overseas	769.6	46%	843.0	49%	9.5%	1,000	50%
Net Sales	1,672.3		1,738.0		3.9%	2,000	
Operating Income	129.6	7.8%	138.0	7.9%	6.4%	180	9.0%
Pretax Profit	113.9	6.8%	125.1	7.2%	9.8%	160	8.0%
Net Income	61.6	3.7%	73.2	4.2%	18.8%	90	4.5%
	¥125.1/\$		¥121.7/\$			¥120/\$	
	¥110.6/EURO		¥120.4/EURO			¥110/EURO	
ROE	10.4%					12.0%	
ROA	6.4%					8.5%	
Equity ratio	34.5%					40.0%	
Free cash flow	¥186.5 billion('99 -'01)					¥150 billion('02 -'04)	

*ROE: Net income on shareholders' investment, ROA: Pretax profit on total assets

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*** The Company bases the estimates above on information currently available to management, which involves risks and uncertainties that could cause actual results to differ materially from those projected.**

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