

### Building a strong global brand by creating new customer value

**Becoming a partner in creating a more efficient office environment, with our innovative products and services representing Ricoh Value**

**Never be afraid of change. Aggressive implementation of our own business reforms. Ricoh's customer offerings are backed by our own efforts grow and to provide effective business solutions.**

**Q1** What do you make of the current economic and market climate?

#### **Reaping investment benefits in earnest in the second half of fiscal 2010 despite adverse market conditions**

Our business in fiscal 2009 was severely affected by the economic crisis that emerged in the middle of 2008, the magnitude and scope of which were far greater than expected. In addition, the yen appreciated rapidly during the year. We thus had to lower our earnings estimates twice during the year, and finished fiscal 2009 by missing the revised estimates. These results were partly due to non-business factors, such as the additional costs of ongoing structural reform and a loss on revaluation of securities. That said, it is a disappointment that our financial performance caused great concern to our shareholders and investors. We anticipate market conditions will remain very difficult in fiscal 2010. However, we also expect that the benefits of the large-scale investments and structural reforms we have made to date will begin to bear fruit in a tangible way.

**Shiro Kondo**  
President and  
Chief Executive Officer

**Q2 During fiscal 2009, how did each of the strategies under the 16th MTP make progress?**

We set five key strategies to reach our targets under the 16th MTP from April 2008. I would like to explain how each strategy progressed.

**1) Becoming the No. 1 in target business areas**

Purchase decision drivers in the office equipment markets of advanced nations have been changing at an accelerated pace. While the value of hardware used to be overridingly important, today's customers place more importance on the equipment's capabilities to improve or overhaul workflow and business processes toward higher productivity and efficiency. To address this shift, the Ricoh Group has expanded its business from the sale of hardware and supplies to office process outsourcing services. Let me use the analogy of the automobile business to describe this change in our business model: We used to sell cars and gasoline. Then we started to provide an advisory service for efficient driving patterns and vehicle rotation optimization, and eventually we started driving on behalf of our customers.

One of the specific examples of this new business is a service we designed for small and medium-sized enterprises, where we provide one-stop solutions for the installation, operation, and maintenance of Internet infrastructure. Since its launch in Japan two years ago, the service has received a great response from customers. This new service is actually based on our experience

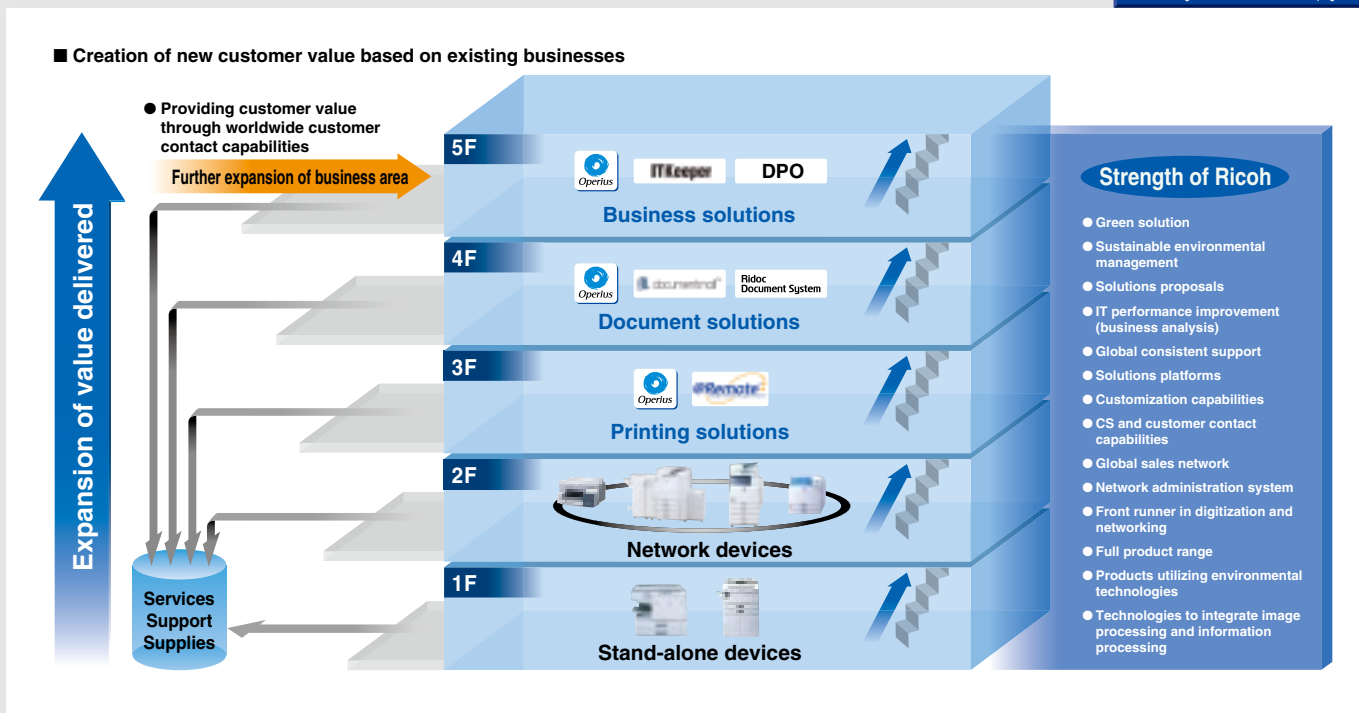
in developing more efficient IT systems in our sales and service networks worldwide so as to improve our workflow. Through this type of service and other activities, we were able to gain a solid foothold in the business solutions area during fiscal 2009. As a next step, we are also planning to offer this service in global markets in fiscal 2010.

For the past several years, we have also made large-scale investments on a global scale, including the establishment of Infotec Europe and the acquisition of IKON in the U.S., to beef up our customer contact capabilities. As a result, our solutions capabilities have been sufficiently enhanced to serve a wide range of customers, whether multinational, national, or local companies.

In the production printing business, another key component of new growth, we introduced the Ricoh Pro C900 to the market in 2008. The product has been very well received. In addition, InfoPrint Solutions, a joint venture with IBM Corporation, has finally started full-scale operations. InfoPrint Solutions' offerings include consulting and professional services in the "Transpromo" market. Its color inkjet continuous forms printer, InfoPrint 5000, has gained leading market share in global markets.

Other achievements in production printing during fiscal 2009 include the opening of our "Printing Innovation Center" showrooms in Japan, Europe, the U.S., China and Asia Pacific. Visitors can see and verify Ricoh's strength in production printing through hands-on experience. Based on our success in marketing these competitive products, we believe that this new segment is well positioned to capture significant opportunities once the economy recovers, as we have steadily expanded its sales and service networks.

See "Creating New Customer Value" on page 17.



To Our Shareholders and Customers

Fiscal 2009 Highlights

Progress of the 16th MTP

Creating New Customer Value

RICOH Milestones

Sustainable Environmental Management

Corporate Social Responsibility

Financial Section



### 3) Promoting Ricoh Quality

To become a reliable and attractive global brand, the Ricoh Group is promoting “Ricoh Quality” as a quality standard for our products and services. To deliver to our customers excellent value that will be appreciated by long-time users, we pursue such quality as expressed in our motto: “a reassuring choice for purchasers, satisfaction for users, and an impressive experience for long-standing users.”

Ricoh ranked highest in customer satisfaction with digital color multifunctional printers for the second consecutive year in the 2008 Japan Copier/Multifunction Product Customer Satisfaction Study by J.D. Power Asia Pacific. Also, the result of a survey of compact digital camera customer satisfaction by the Japan-based ASCII Media Works in March 2009 may exemplify what Ricoh Quality is. In the survey, our digital camera “GR Digital” was ranked in first place by a wide margin. Equally or even more importantly, the respondents’ post-purchase scores were higher than their at-the-time-of-purchase scores. I think this kind of recognition will help build an image of unwavering Ricoh Quality.

### 4) Creating new growth areas

The IT services and solutions business is another new growth area in our Imaging and Solutions segment, together with the production printing business. We provide comprehensive IT-related support to customers, ranging from connecting MFPs and printers to networks to the development, operation and maintenance of IT infrastructures.

In January 2009, Ricoh announced a strategic alliance with IBM, which has extensive experience in mission critical systems. Leveraging the combined strengths of Ricoh and IBM, the alliance intends to provide new solutions services to customers. The two companies will start their collaboration by launching Document Security and Management Services (DSMS), which help customers improve their document workflow (i.e., higher productivity), security and compliance, while reducing the total cost of ownership (TCO) of office equipment and advancing environmental sustainability practices. Putting the technologies



and expertise of Ricoh and IBM together, we will provide wide-ranging services to support customers across the world, where we not only develop IT infrastructure but also make customers’ problems more visible, and propose, develop, operate, and maintain IT systems to address these identified problems.

We are also planning to create new businesses outside of the Imaging and Solutions segment by leveraging our cross-sectional capabilities across the Group. For this purpose, we intend to combine Ricoh’s rich advanced technologies that we already employ in electronic devices, electronic components, and optical equipment, among other things.

In the thermal media business, we have been promoting new solutions that combine Ricoh’s original rewritable thermal paper called RECO-View RF and the RFID system. The solutions are expected to be introduced in many business fields, including distribution management.

Another new business is our consumer online storage service “quanp” launched in Japan in May 2008. This new business is aligned with a key element of Ricoh’s core value: “Support knowledge management.” The Ricoh Group will continue to explore new areas of opportunities to help customers’ knowledge management.

### 5) Building a strong global brand

With the joining of IKON, the Ricoh Group now has approximately 110,000 employees worldwide. While we have achieved rapid expansion of our human capital base, some opportunities for improvement still remain in our organization in terms of efficiency and optimization. We will continue ongoing structural reform so as to become an even leaner enterprise. Moreover, we intend to make such efforts visible to our customers, which also should form an important building block of the Ricoh brand. All Ricoh Group companies and employees, collectively and individually, will strive to build Ricoh as a strong global brand.

As part of these communication efforts, we installed a billboard powered solely by natural energy in Times Square, New York. Going forward, we will continue working to communicate who we are and what we do through various occasions and opportunities.

See “RICOH Milestones” on page 19.

### Q3 What were the objectives behind the acquisition of IKON?

#### Becoming No. 1 in each of our target businesses has come within reach

The acquisition of IKON is a great milestone for the Ricoh Group, and was actually beyond our expectations. We are now in a good position to achieve the leading market share in the U.S. and European markets. In this sense, the execution of such a transaction in the first year of the 16th MTP has significant implications for the future of the Ricoh Group.

Ricoh had long built a strong trusting relationship with IKON through the supply of digital MFPs and other products. The transaction was made possible when the two companies found that they shared the recognition that the ability to meet expectations from large accounts, especially global service capabilities and globally integrated quality, is becoming ever more



important. We are convinced that the addition of IKON into the Ricoh Group has enhanced our all-around capabilities, giving us a more competitive edge to win in global markets.

## FOCUS

### Acquisition of IKON leads a stronger global sales and service network

**In August 2008, the U.S.-based leading office equipment distributor IKON Office Solutions, Inc. agreed to be acquired by Ricoh, and became a consolidated subsidiary in November 2008. This 1,632-million-dollar (approximately 163.2 billion yen) deal is the largest transaction in Ricoh's history.**

IKON, a leading independent distributor of office equipment, has a strong sales and service network primarily in the Americas and European markets. In the U.S. market, in particular, the company maintains strong relationships with many Fortune 500 companies and is a powerful player in printing and other outsourcing services and production printing business markets.

Benefits from the acquisition are expected to take shape in many areas, including considerable market share growth as IKON customers shift to Ricoh products, which will make our target of becoming No. 1 in our target business areas even more likely. In addition, the sales channels of the Ricoh Group have been strengthened by combining IKON's sales and service network with more than 400 locations mainly



in Canada and the U.S. We also envision more streamlined internal systems and processes, including supply chain and back office systems, in the future.

Furthermore, IKON's strong sales infrastructure, experience, and expertise in printing and other outsourcing services, as well as sales and services of production printing, are expected to contribute powerfully to Ricoh's growth.

**Q4** Please describe the revised 16th MTP targets.

**No step backward in targets except for currency fluctuation effects**

Our targets for the 16th MTP period ending fiscal 2011 were revised in view of the effect of the IKON acquisition, the global recession, and so on. However, excluding the effects of currency exchange rate assumptions, we have not lowered our targets in any substantive sense. We will continue working to expand our business areas, improve profitability and efficiency, and ultimately achieve an operating margin of 10%, although we may need a slightly longer time to achieve the target than initially expected.

■ 16th MTP targets (by the end of fiscal 2011)

<b>Net sales:</b>	<b>¥2,300 billion</b>	(previous: ¥2,500 billion)
<b>Operating income:</b>	<b>¥170 billion</b>	(previous: ¥250 billion)
<b>Operating margin:</b>	<b>7.4%</b>	(previous: 10.0%)
<b>Forex assumptions:</b>	<b>\$1=¥90</b>	(previous: \$1=¥105)
	<b>€1=¥120</b>	(previous: €1=¥155)

**Q5** Last, but not least, is there a message you would like to deliver to the shareholders and investors of the Ricoh Group?

**Our unchanging motto is: “Never give up until you win.”**

We strive for continuous growth. This is our responsibility to our shareholders and investors. The key to achieving this is tireless efforts until you succeed—in other words, “Never give up until you win.”

We at the Ricoh Group are dedicated to supporting our customers steadily and faithfully over years, based on our strong customer contact capabilities. This is the core nature of our business. Accordingly, our management team intends to lead the Group based on long-term perspectives toward long-term goals and interests.

While economic factors affect our earnings on a temporary basis, our policy to pay dividends as consistently as possible remains the same. Once the economy recovers, we will resume our efforts to achieve our mid- and long-term target payout ratio of 30%. We look forward to your continued support for many years to come.

