

(Translation)

June 7, 2005

**NOTICE OF  
105TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder,

The Company would hereby like to inform you that the 105th ordinary general meeting of shareholders will be held as follows, and would be grateful if you could attend the meeting.

Those who will not be able to attend the meeting on the day are kindly requested to consider appended "Reference Material for Exercising Voting Rights" and indicate on the voting form enclosed herewith your approval or disapproval of the matters to be resolved, and return the form bearing your registered seal or signature to us. Your voting right can also be exercised via the Internet (<http://www.web54.net>). Please submit your voting right no later than Monday, June 27, 2005.

Yours faithfully,  
Masamitsu Sakurai, *President*  
Ricoh Company, Ltd.  
1-3-6 Nakamagome, Ohta-ku, Tokyo

**1. Date and Time:** Tuesday, June 28, 2005, from 10:00 a.m.

**2. Venue:** Ricoh's registered head office:  
1-3-6 Nakamagome, Ohta-ku, Tokyo

**3. Meeting Agenda:**  
***Items to be reported***

1. The Business Report, Consolidated Balance Sheets and Consolidated Statements of Income as well as the results of auditing consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005).
2. The Non-Consolidated Balance Sheets and Non-Consolidated Statements of Income for the fiscal year ended March 31, 2005, and the acquisition of treasury shares by resolution of the Board of Directors in accordance with the authorization provided in the Company's Articles of Incorporation.

***Items to be resolved***

- |           |   |
|-----------|---|
| Agenda 1: | Approval of the proposed appropriation of retained earnings for the fiscal year   |
| Agenda 2: | Partial amendment to the Articles of Incorporation<br>Please see appended "Reference Material for Exercising Voting Rights" (pages 31 through 33) |
| Agenda 3: | Election of one (1) director  |
| Agenda 4: | Granting of retirement allowances to retiring directors and a corporate auditor   |

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Shareholders are requested to fill out and submit the appended voting form at the reception desk on the above-mentioned date.

This English translation is an abridged version of the original notice in Japanese. In the event of any discrepancy, the Japanese version shall prevail.

## **To Our Shareholders,**

I would like to use this opportunity to deliver our business report to thank our shareholders for their continuous support.

Consolidated net sales of the Ricoh Group in fiscal year 2005 (April 1, 2004 to March 31, 2005) posted ¥1,814.1 billion, up 1.9% from the previous year, whereas net income fell 9.4% to ¥83.1 billion from the previous fiscal year due to increased expenses in association with prior, strategic investments, including sales promotion of color machines, a rise in R&D expenses, and scaling down of some optical disk operations, as part of the strategy to select profitable business domains on which management resources are concentrated.

With regard to dividends, an interim dividend of ¥10 per share is already disbursed and a dividend of ¥10 per share at the end of the term will be proposed (total of ¥20.0 for the fiscal year) at the 105th Ordinary General Meeting of Shareholders.

With the 15th mid-term business plan to start from fiscal year 2006 (April 1, 2005 to March 31, 2006), the Ricoh Group aims at achieving further growth by reinforcing its corporate competitiveness through “creation of new values for customers” and “establishment of highly efficient management structures” and so respond to shareholders’ expectations.

It is true that there are various uncertain factors such as economic trends and foreign exchange fluctuations, but the Ricoh Group is determined to do the utmost efforts to achieve consolidated net sales of ¥1.9 trillion and net income of ¥97 billion in fiscal year 2006.

We humbly request for your continued support.

Sincerely,

June 2005  
Masamitsu Sakurai, *President*

## **Business Report for 105th Business Term**

(April 1, 2004 to March 31, 2005)

(The following is an unofficial English translation of the Reports for the 105th Fiscal Year of the Company. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.)

### **1. Operating Conditions**

#### **(1) Operating progress and results of the Ricoh Group**

##### **(a) Overview**

In the fiscal year ended March 31, 2005, the Japanese economy remained steady due to an improvement in corporate earnings and an increase in capital investment. In the U.S., consumer spending and capital investment strengthened, resulting in economy expansion. In Europe, the economy recovered, but the pace was moderate hurt mainly by the strong euro. Meanwhile, the Chinese economy maintained high growth rate as exports and investment in fixed assets continued to increase.

Under such circumstances, the Ricoh Group strives to engender the trust of more customers and pursues a further growth and development, by providing customers with new values that contribute to higher productivity and knowledge creation at work anytime, anywhere, aiming to achieve its vision of “Becoming No. 1 in the 21st Century.” To this end, we proactively promote business activities to provide products and services to customers, who work in a new style through broadband communications anytime, anywhere, as well as those who work at conventional offices.

In the office equipment business—one of the Ricoh Group’s core segments—we have been pursuing “the transition from mere manufacturing and marketing of such equipment as copiers and printers to the solution business to support the customers’ business improvement and innovation through the supply of equipment and systems,” since the launch of the 13th Medium-term Management Plan.

We foresee that the customers’ requirements to improve and innovate their business will further proliferate. Concurrently, with installation of digital network further prevailing and customer needs for larger volumes of electronic and color processing of information ever increasing, it will become an important issue for the customers to efficiently and effectively manage the input/output, storage and retrieval of TDV (total document volume), comprising not only copying but also printing functions.

Having recognized this trend, the Ricoh Group has set “the expansion of our profitability by meeting customer needs for TDV” as its major strategy for the 14th Medium-term Business Plan between April 2002 and March 2005. The key elements of the strategy and respective aims are as follows.

##### **(i) B to C (Black and white to Color) Transition:**

To provide a full line of color products, which are comparable to monochrome models in price and made with space-saving design, and which satisfy the customers’ needs not only for replacing monochrome machines but also for color processing of information.

##### **(ii) Increasing sales of high-speed machines:**

To provide high-speed machines which are competitive in terms of unit price, maintenance cost and reliability, thereby satisfying the customer needs for effective output capability.

(iii) Providing full printing solutions:

To offer the best combination of copiers and printers to satisfy the customer needs to further reduce their costs.

The results of achieving these basic strategies during the 14th Medium-term Business Plan and in the fiscal period under review are as follows.

Responding to the B to C Transition, we launched new models of color multi-feature machines and color laser printers one after another to reinforce the product lineup. In the fiscal year under review, we introduced a high-speed color multifunction copier/printer, “imagio Neo C600 Series,” which produces 45 copies per minute, and color multifunction “imagio Neo C455 Series” machines which feature higher picture quality by using color PxP toner based on Ricoh’s unique polymerization method.

As a result, the Ricoh Group could largely increase the market share in Japan, the U.S. and Europe—major markets for color multifunction copiers.

In the low-end business printer market, the Ricoh Group released the GELJET printer “IPSiO G Series” in the previous fiscal period, targeting customers planning to replace other vendors’ monochrome laser printers and inkjet printers. Featuring high-speed output, high picture-quality on plain paper and low running costs, the machine has earned a high rating as a business-use printer.

As a result of the Ricoh Group’s efforts to increase sales of high-speed machines, high-speed digital multifunction copiers continued to do very well in both the domestic and overseas markets, reinforcing our steady position in the market. Last year, we also introduced high-speed digital multifunction machines that respond to customers’ growing awareness of security and environmental protection. In the period under review, we launched the “imagio Neo 753/603 Series” high-speed digital multifunction machines, which feature the world’s first function to prevent illegal copying and the highest energy efficiency among this class of machines, which was realized through the use of “QSU,” our proprietary energy-saving technology.

In the printing solutions sector, the Ricoh Group has steadily increased the sales to major customers who are doing business on a global scale, due to their high evaluation of our proposition for minimizing total expenses through optimal combination of copiers and printers, as well as our worldwide service and support networks. In the fiscal period under review, we began offering the remote management service “@Remote,” which enables constant monitoring via the Internet of the condition of output machines and their use. This service is aimed at reducing the burden of managing IT-related operations at work and total cost of ownership (TCO), while improving the operational efficiency. We provide this service as part of total support services, which we promote worldwide.

With the transfer completion on October 1, 2004 of all the shares of Hitachi Printing Solutions, Ltd. to the Ricoh Group, Hitachi Printing Solutions, Ltd. was renamed Ricoh Printing Systems, Ltd. to become a member of the Ricoh Group. We expect synergy effects from combining high-speed, reliability and systems technologies, which this new company has cultivated, with our various technologies for printers and copiers. By leveraging these synergy effects, we will increase product lineups in many fields—ranging from backbone systems to office-use equipment—aiming to further expand our printing business.

In the fiscal period under review, net sales posted ¥1,814.1 billion, up 1.9% from the previous year. However, operating income decreased 9.7% to ¥135.5 billion due to increased expenses in association with prior, strategic investments, including promotion of color machines, a rise in R&D expenses and scaling down of some optical disk operations, as part of the strategy to select profitable business domains on which management resources are concentrated. Profits before tax dropped 5.4% to ¥135.3 billion. As a result, net income fell 9.4% to ¥83.1 billion.

(b) Segment performance  
Consolidated sales by category

Category	Sales (billion yen)	Percentage of total	Change (%)
Imaging Solutions	715.0	39.4%	-11.0%
Network Input/Output Systems	670.8	37.0	20.2
Network System Solutions	205.8	11.3	5.1
Office Equipment Total	1,591.8	87.7	2.2
Other Businesses	222.2	12.3	-0.1
Total	1,814.1	100.0	1.9
Japan	972.9	53.6	6.4
Overseas	841.1	46.4	-2.9
The Americas	325.5	17.9	-0.2
Europe	408.9	22.5	1.6
Others	106.6	6.0	-22.4

■ **Office Equipment** (up 2.2% year on year to ¥1,591.8 billion)

In the Office Equipment sector, sales of printing systems, such as multifunctional printers (MFPs) and laser printers, sharply increased. In addition, sales of customer support and service continued to rise in the solutions business. Even though the Ricoh Group's performance was affected by intensified competition, decrease in sales of optical discs and the yen's appreciation against the U.S. dollar, the development and expansion of strategies for our core products proved effective, and sales remained firm in both domestic and overseas markets. As a result, sales of Office Equipment rose 2.2% from the previous year to ¥1,591.8 billion.

- **Imaging Solutions** (down 11.0% year on year to ¥715.0 billion)

As for digital copiers, the Company strengthened its product lineup from standard models to high-speed models. The Company has been continuously launching new color copiers, which are selling well particularly in overseas markets. Due to its strategical shift to printing systems, however, the Company saw sales of Imaging Solutions fall 11.0% from a year earlier to ¥715.0 billion.

- **Network Input/Output Systems** (up 20.2% year on year to ¥670.8 billion)

In the Printing Systems field, the Company introduced new products that feature higher speed, networking, and color technology to increase sales of printing equipment that meets customer needs. With respect to MFPs, domestic models such as "imagio Neo 752/602 series" and color models as "imagio Neo C245" and "imagio Neo C385," and overseas models such as "Aficio 2035/2045 series" and color models as "Aficio 2232C/2238C series" won wide acclaim from customers. As for laser printers, sales of both monochrome and color models advanced domestically and abroad. Ricoh Printing Systems, Ltd.—a new printer company that the Ricoh Group acquired—contributed to the group's earnings. Sales of GELJET printers, cost-effective color printers for office use, also continued to rise.

Concerning Other I/O Systems, the Company streamlined the optical disc business by reorganizing key models, such as in-house developed drives and part units, other than media.

As a result, sales of overall Network I/O Systems, for which the Ricoh Group promoted proactive strategies as a key business area, posted ¥670.8 billion, up 20.2% from the previous year.

- **Network System Solutions** (up 5.1% year on year to ¥205.8 billion)

Sales from the solutions business, including support and service, continued to increase both in Japan and abroad, as customers welcomed proposals to optimize their total printing costs. Demand for PC servers began to recover in Japan. As a result, sales of Network System Solutions increased 5.1% year on year to ¥205.8 billion.

■ **Other Businesses** (down 0.1% year on year to ¥222.2 billion)

In Japan, while sales of measuring equipment in the middle of low-demand period and semiconductors suffering from a lack of demand declined due to weak demand, those of optical equipment and leasing were robust. Overseas, sales dropped affected partly by sales of consolidated subsidiaries, which are engaged in optical (analog camera)-related businesses, in the first half of the term. As a result, sales from Other Businesses fell 0.1% from a year earlier to ¥222.2 billion.

**(2) Plant and equipment investment and funding of the Ricoh Group**

In the fiscal period under review, the Ricoh Group invested a total of ¥84.7 billion (including an investment of ¥23.3 billion by the Company) in plant and equipment, mainly comprising the following.

- (a) Major equipment and facility expansions completed during the fiscal year:
    - Electronic components plant (Yashiro Plant)
    - Equipment-related supplies plant (Numazu Plant)
    - Logistics center facilities (Gotenba Plant and Numazu Plant)
  - (b) Major equipment and facility expansions in progress in the fiscal year:
    - Electronic components plant (Yashiro Plant)
    - Equipment-related supplies plant (Numazu Plant)
- Ricoh Leasing Co., Ltd. procured funds amounting to ¥65.1 billion through borrowings, and ¥18.0 billion through corporate bond issue.

**(3) Transition of operating results and assets of the Ricoh Group and the Company**

(a) Transition of operating results and assets of the Ricoh Group

(Billions of yen; except for net income per share)

Items	Fiscal year ended March 2002	Fiscal year ended March 2003	Fiscal year ended March 2004	Fiscal year ended March 2005
Net sales	1,672.3	1,738.3	1,780.2	1,814.1
Profits before tax	113.9	123.4	143.0	135.3
Net income	61.6	72.5	91.7	83.1
Net income per share	88.27	99.79	123.63	112.64
Total assets	1,832.9	1,884.9	1,852.7	1,953.6
Shareholders' equity	633.0	657.5	795.1	862.9

Notes:

- The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S.
- Net income per share is calculated based on the average number of outstanding common stock during the fiscal year.

(b) Transition of operating results and assets of the Company

(Billions of yen; except for net income per share)

Items	Fiscal year ended March 2002	Fiscal year ended March 2003	Fiscal year ended March 2004	Fiscal year ended March 2005
Net sales	860.1	855.0	876.3	897.2
Profits before tax	67.6	68.8	62.5	62.7
Net income	40.0	42.8	58.5	41.9
Net income per share	57.42	58.75	79.18	56.64
Total assets	908.0	933.3	937.3	949.5
Shareholders' equity	553.6	596.6	642.4	659.9

Notes:

1. Net income per share is calculated based on the average number of outstanding common stock during the fiscal year, from which the number of shares of treasury stock is deducted.
2. Since fiscal year ended March 2003, the Company has been applying "Accounting Standards for Net Income per Share" (Corporate Accounting Standard No. 2) and "Policies Applied to Accounting Standards Related to Net Income per Share" (Corporate Accounting Standard Application Policy No. 4) in the calculation of net income per share.

**(4) Issues the Ricoh Group faces**

Now that customers' needs have increasingly diversified, it seems that they are not satisfied with only buying products or receiving specific services.

The business climate is also uneasy as the competition in the field of colorization of documents and solutions is increasingly intensifying.

Thus, the market environment is changing dramatically. Meanwhile, the Ricoh Group regards this as golden business opportunities for boosting its profitability, because it has the capability and edge enough to cope with any change. We will strive to pursue and achieve growth and development, by providing ahead of peers products and services that satisfy customers' needs. To this end, we will concentrate on certain fields, further enhance our capability and edge, and create new value for customers.

Based on this initiative, we set "printing," "emerging markets" and "industries" in the 15th Medium-term Management Plan, which was launched in April 2005, as the fields where we will expand businesses. In order for the Ricoh Group to grow and develop mainly in these fields, we consider it important to strengthen corporate competitiveness through "the creation of new values for customers" and "the establishment of highly efficient management structures."

To create new values for customers, the Ricoh Group will strive harder than ever before to implement "the customer satisfaction (CS) operation," through which we proactively create new values, while paying special attention to the three customer values: "Simplifying knowledge creation," "Sensitivity to people's needs" and "Sensitivity to the earth." In other words, we will make further efforts to support customers in knowledge creation activities and provide them with technical environment for knowledge creation; to improve user-friendliness for optimal utilization of our products and services; and to supply products and services which will enable customers to contribute to protecting the earth's environment. We will also enhance technical capabilities to produce goods and services based on such new values.

Moreover, the Ricoh Group will continuously pursue highly efficient management to raise profitability. In addition to boosting profitability of individual businesses by making operational processes more efficient through restructuring, we will improve management efficiency by further thoroughly selecting and concentrating businesses.

The Ricoh Group will proactively invest resultant profits in growth fields and the enhancement of technical power, aiming to increase sales and profits while further raising corporate value.

We will continue restructuring our management structures to establish the foundation for realizing growth strategies set up in the 15th Medium-term Management Plan. Specifically, we will heighten transparency in management and enhance the management oversight function, by separating “management oversight” and “management/business operations execution.” Through these efforts, we will create a tense atmosphere in the execution of management and business operations—the core of corporate management, in order to further improve the quality and speed of management.

## 2. Corporate Profile (as of March 31, 2005)

### (1) Main business of the Ricoh Group

Office Equipment Business	Imaging Solutions
	Digital copiers, color copiers, analog copiers, printers, facsimile machines, diazo copiers, other equipment, and ancillary supplies and services, etc.
	Network Input/Output Systems
	Printing systems: Multifunction printers (MFPs), laser printers, GELJET printers, other equipment, and ancillary supplies, services and software, etc.
	Other I/O systems: Optical disks, scanners, etc.
	Network System Solutions
Other businesses	Personal computers, servers, networking equipment, network-related software, application software, services and support, etc.
	Optical equipment, meters, semiconductors, etc.

### (2) Principal offices and plants of the Ricoh Group

#### (a) Major domestic offices and plants

The Company (location)	Subsidiaries, etc. (location)
Head Office (Tokyo)	Ricoh Optical Industries Co., Ltd. (Iwate Pref.)
Ginza Office (Tokyo)	Tohoku Ricoh Co., Ltd. (Miyagi Pref.)
Ohmori Office (Tokyo)	Ricoh Printing Systems, Ltd. (Tokyo)
Ohmori Office 2 (Tokyo)	Ricoh Elemex Corporation (Aichi Pref.)
Software Research Center (Tokyo)	Ricoh Tohoku Co., Ltd. (Miyagi Pref.)
Shin-Yokohama Office (Kanagawa Pref.)	Ricoh Sales Co., Ltd. (Tokyo)
Research and Development Center (Kanagawa Pref.)	Ricoh Chubu Co., Ltd. (Aichi Pref.)
Atsugi Plant (Kanagawa Pref.)	Ricoh Kansai Co., Ltd. (Osaka Pref.)
Hatano Plant (Kanagawa Pref.)	Ricoh Chugoku Co., Ltd. (Hiroshima Pref.)
Gotenba Plant (Shizuoka Pref.)	Ricoh Kyushu Co., Ltd. (Fukuoka Pref.)
Numazu Plant (Shizuoka Pref.)	Ricoh Technosystems Co., Ltd. (Tokyo)
Fukui Plant (Fukui Pref.)	NBS Ricoh Co., Ltd. (Tokyo)
Ikeda Plant (Osaka Pref.)	Ricoh Logistics System Co., Ltd. (Tokyo)
Yashiro Plant (Hyogo Pref.)	Ricoh Leasing Co., Ltd. (Tokyo)



(b) Major overseas offices

Subsidiaries, etc. (location)	Subsidiaries, etc. (location)
RICOH CORPORATION (U.S.A)	RICOH ELECTROICS, INC. (U.S.A)
LANIER WORLDWIDE, INC. (U.S.A)	RICOH UK PRODUCTS LTD. (U.K)
RICOH EUROPE B.V. (Netherlands)	RICOH INDUSTRIE FRANCE S.A.S. (France)
NRG GROUP PLC (U.K)	RICOH ASIA INDUSTRY (SHENZHEN) LTD. (China)
RICOH CHINA CO., LTD. (China)	SHANGHAI RICOH FACSIMILE CO., LTD. (China)
RICOH ASIA PACIFIC PTE. LTD. (Singapore)	

**(3) Shareholders' equity**

(a) Total number of shares

Authorized: 993,000,000

Issued: 744,912,078

(b) Number of shareholders at year-end: 48,138

(c) Major shareholders

Name	The shareholders' stake in the Company		The Company's stake in the shareholders	
	Thousands of shares	Percentage of voting rights	Thousands of shares	Investment ratio
Master Trust Bank of Japan, Ltd. (Trust Account)	89,150	12.25	-	-
Japan Trustee Services Bank, Ltd. (Trust Account)	61,447	8.44	-	-
Nippon Life Insurance Company	31,262	4.29	-	-
UFJ Bank Ltd.	18,942	2.60	-	-
Nipponkoa Insurance Co., Ltd.	18,171	2.50	55	0.01
The Bank of Tokyo-Mitsubishi, Ltd.	16,028	2.20	-	-
The New Technology Development Foundation	15,839	2.18	-	-
The Chase Manhattan Bank N.A. London	14,920	2.05	-	-
State Street Bank and Trust Company	12,343	1.70	-	-
The Chase Manhattan Bank N.A. London S.L. Omnibus Account	10,277	1.41	-	-

Note:

- Major shareholders are those listed as of March 31, 2005.

The details of UFJ Bank Ltd.'s stake as of the end of March 2005 are the following:

UFJ Bank Ltd.: 9,145,000 shares

UFJ Equity Investments Co., Ltd: 9,797,000 shares

- In addition to the above, stakes in the Company include 1,000,000 shares (0.14%) that Nipponkoa Insurance Co., Ltd. owns and has entrusted with Master Trust Bank of Japan, Ltd. These shares are registered in the name of Masters Trust Bank of Japan, Ltd. as the owner, but Nipponkoa Insurance Co., Ltd. reserves the right to instruct on exercising voting rights on these shares.

(d) Breakdown of shareholders

Category	Thousands of shares held	Number of shareholders	Investment ratio
Financial institutions	378,921	240	50.87
Securities companies	7,153	62	0.96
Other domestic companies	33,048	776	4.44
Foreign corporate investors	253,608	619	34.04
Individual investors and others	62,064	46,440	8.33
Treasury stock	10,116	1	1.36
Total	744,912	48,138	100.00

**(4) Acquisition, disposal and ownership of shares of treasury stock**

(i) Acquired shares:

Common shares 5,429,557 shares

Total acquisition cost ¥10,624 million

Of the above, shares were purchased by resolution of the 104th Ordinary Meeting of Shareholders based on authorization of the Articles of Incorporation

The reason for the purchase: in order to realize a flexible capital strategy to comply with changes in the business environment as follows:

Common shares 5,113,000 shares

Total amount of acquisition ¥9,986 million

(ii) Disposed shares:

Common shares 1,330,510 shares

Total disposal cost ¥2,641 million

(iii) Shareholdings at year-end:

Common shares 10,116,234 shares

**(5) Employees of the Ricoh Group and the Company**

(a) Employees of the Ricoh Group

Classification	Office equipment business	Other businesses	Common businesses in the group	Total
Number of employees	69,018	5,130	949	75,097

(b) Employees of the Company

Number of employees	Change from previous fiscal year	Average age	Average length of service
11,388	Decrease of 176	40.6	17.4

## (6) Status of consolidation

### (a) Major consolidated subsidiaries

Name	Paid-in capital	Percentage of voting rights	Principle business
Tohoku Ricoh Co., Ltd.	2,272 million JPY	100.00%	Manufacture of copiers and IT equipment
Ricoh Elemex Corporation	3,456 million JPY	55.76	Manufacture of copiers and IT equipment
Ricoh Printing Systems, Ltd.	5,000 million JPY	100.00	Manufacture and marketing of IT equipment
Ricoh Sales Co., Ltd.	622 million JPY	100.00	Marketing of copiers and IT equipment
Ricoh Technosystems Co., Ltd.	1,000 million JPY	100.00	Marketing of IT equipment; maintenance of copiers and IT equipment
Ricoh Kansai Co., Ltd.	700 million JPY	100.00	Marketing of copiers and IT equipment
Ricoh Leasing Co., Ltd.	7,896 million JPY	51.11	General leasing
RICOH CORPORATION	286 million USD	100.00	Marketing of copiers, IT equipment and optical machines
LANIER WORLDWIDE, INC.	256 million USD	100.00	Marketing of copiers and IT equipment
RICOH EUROPE B.V.	17 million EUR	100.00	Marketing of copiers, IT equipment and optical machines
NRG GROUP PLC	49 million GBP	100.00	Marketing of copiers and IT equipment

Note:

The respective percentage of total investment ratio for Ricoh Elemex Corporation, Ricoh Leasing Co., Ltd. and Lanier Worldwide, Inc. include voting rights of those shares held by subsidiaries.

### (b) Consolidations

To enhance the printer business, the Company made Ricoh Printing Systems, Ltd. a subsidiary in October 2004 through the acquisition of shares.

In January 2005, Ricoh Sales Co., Ltd. was established through the merger of five sales companies: Tokyo Ricoh Co., Ltd., Kanagawa Ricoh Co., Ltd., Chiba Ricoh Co., Ltd., Saitama Ricoh Co., Ltd. and Nishi Tokyo Ricoh Co., Ltd., to consolidate a framework to provide optimal solutions, marketing and services, as well as increase competitiveness.

### (c) Result of consolidation

As of the end of fiscal year under review, the Ricoh Group had 285 consolidated subsidiaries and 62 affiliates accounted for under the equity method. Results of consolidation were as stated in “1. Operating Results, (3) Transition of operating results and assets of the Ricoh Group and the Company, (a) Transition of operating results and assets of the Ricoh Group.”

## (7) Directors and corporate auditors

Position or principal duty		Name
President and Representative Director		Masamitsu Sakurai
Deputy President and Representative Director:	Management Strategy, Personnel	Tatsuo Hirakawa
Executive Managing Director:	Supervision of Office Equipment Business, Corporate Planning, Corporate Communications, SCM Structural Reform, Legal Affairs and Intellectual Property, Public Relations	Koichi Endo
Executive Managing Director:	Domestic Marketing, CSR, Social Contribution	Masayuki Matsumoto
Executive Managing Director:	Overseas Marketing; General Manager of Overseas Business Group	Katsumi Yoshida
Managing Director:	CS, Quality; General Manager of Management Quality Control Division	Makoto Hashimoto
Managing Director:	Research and Development, Environment; General Manager of Research and Development, Head of Group Technology Planning Office	Kiyoshi Sakai
Managing Director:	Production Technology Strategy	Takashi Nakamura
Managing Director:	Image Engine/Solutions Development; General Manager of MFP Division	Shiro Kondoh
Managing Director:	Sales in Europe	Kazuo Togashi
Managing Director:	Domestic Marketing; General Manager of Marketing Group	Kazunori Azuma
Managing Director:	Finance Solutions	Yuji Inoue
Managing Director:	Business Management, Internal Control, Accounting and Finance, IR; General Manager of Accounting Division	Zenji Miura
Director:	Information Communication Business, Technological Matters; Managing Partner of Ignite Group	Nobuo Mii
Corporate Auditor:	(Full-time)	Hisaaki Koga
Corporate Auditor:	(Full-time)	Hideyuki Takamatsu
Corporate Auditor:	(Full-time)	Koji Tomizawa
Corporate Auditor:	President of Matsuishi Law Office	Kenji Matsuishi
Corporate Auditor:	President and Representative Director of Sanai-oil Co., Ltd.	Takehiko Wada

### Notes:

- Changes of directors took place in the fiscal year under review as follows:
  - June 2004: Takashi Nakamura, Yuji Inoue and Zenji Miura were appointed as Managing Directors.
  - June 2004: Koji Tomizawa was appointed as Corporate Auditor.
  - June 2004: Hiroshi Hamada retired from Chairman and Representative Director.
  - June 2004: Haruo Kamimoto retired from Deputy President and Representative Director.
  - June 2004: Josei Itoh retired from Director.
- Director Nobuo Mii is an external director appointed under Article 188 Paragraph 2 Item 7-2 of the Commercial Code.
- Corporate Auditor Kenji Matsuishi is an external corporate auditor as stipulated in Article 18 Paragraph 1 of the Law for Special Exceptions to the Commercial Code Concerning Audit, etc., of Kabushiki Kaisha.

**(8) Remuneration, etc. to be paid to accounting auditors**

Remuneration, etc. to be paid to the accounting auditor KPMG AZSA & Co. by the Company and its subsidiaries are as follows:

- (i) Total sum of remuneration, etc. to be paid to the accounting auditor by the Company and its subsidiaries, etc.: ¥543 million
- (ii) Of the amount of (i) above, total sum of remuneration, etc. to be paid for the audit certificate services provided in Article 2 Paragraph 1 of the Certified Public Accountants Law: ¥194 million
- (iii) Of the amount of (ii) above, total sum of remuneration, etc. to be paid by the Company to the accounting auditor: ¥72 million

Note:

In the audit contract signed between the Company and the accounting auditor, there is no classification between remuneration for audit services pursuant to the Law for Special Exceptions to the Commercial Code Concerning Audit, etc., of Kabushiki Kaisha and that in accordance with the Securities and Exchange Law. Accordingly, the amount of (iii) above represents the sum of these remunerations.

**3. Subsequent Events**

There were no significant subsequent events.

# Consolidated Balance Sheets (as of March 31, 2005)

	Millions of yen	
	As of March 31,	
	2005	2004
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	186,857	203,039
Time deposits	1,454	962
Marketable securities	138	45,124
Trade receivables:		
Notes	75,233	76,499
Accounts	396,150	362,784
Less- Allowance for doubtful receivables	(17,451)	(17,039)
Short-term lease receivables, net	166,636	154,122
Total trade receivables	453,932	422,244
Inventories:		
Finished goods	109,224	100,154
Work in process and raw materials	58,141	45,215
Total inventories	167,365	145,369
Deferred income taxes and other	53,365	55,079
Total Current Assets	1,029,747	1,025,939
Fixed Assets:		
Property, Plant and Equipment, at cost:		
Land	43,077	43,423
Buildings	203,537	200,844
Machinery and equipment	643,386	653,467
Construction in progress	18,720	10,629
Less- Accumulated depreciation	(661,310)	(669,651)
Total	247,410	238,712
Investment and other assets:		
Finance receivables	391,947	359,925
Investment securities	31,154	21,871
Investment in and advances to affiliates	49,316	46,967
Goodwill	47,502	25,298
Other intangible assets	69,414	43,233
Lease deposits and other	87,179	90,848
Total investment and other assets	676,512	588,142
Total Fixed Assets:	923,922	826,854
Total Assets	1,953,669	1,852,793

**Consolidated Balance Sheets** (as of March 31, 2005)

	Millions of yen	
	As of March 31,	
	2005	2004
<b>LIABILITIES</b>		
Current Liabilities:		
Short-term borrowings	38,710	68,952
Current maturities of long-term indebtedness	144,808	82,210
Trade payables:		
Notes	29,686	29,937
Accounts	306,813	267,735
Total trade payables	336,499	297,672
Accrued income taxes	24,074	25,050
Accrued expenses and other	127,423	133,544
Total Current Liabilities	671,514	607,428
Long-term Liabilities:		
Long-term indebtedness	226,567	281,570
Accrued pension and severance costs	92,672	83,492
Deferred income taxes	48,767	36,295
Total Long-term Liabilities:	368,006	401,357
Total Liabilities	1,039,520	1,008,785
Minority Interests	51,151	48,877
Shareholders' Investment:		
Common stock	135,364	135,364
Additional paid-in capital	186,551	186,599
Retained earnings	584,515	515,372
Accumulated other comprehensive income (loss)	(21,963)	(30,272)
Treasury stock	(21,469)	(11,932)
Total shareholders' investment	862,998	795,131
Total Liabilities, Minority Interests and Shareholders' Investment	1,953,669	1,852,793

# **Consolidated Statements of Income** (from April 1, 2004 to March 31, 2005)

	Millions of yen	
	For the year ended March 31,	
	2005	2004
Net sales	<b>1,814,108</b>	1,780,245
Cost of sales	<b>1,059,531</b>	1,014,619
Gross profit	<b>754,577</b>	765,626
Selling, general and administrative expenses	<b>619,071</b>	623,935
Transfer to the government of the substitutional portion of Employees' Pension Fund:		
Settlement loss	-	48,657
Subsidy from government	-	(56,972)
Operating income	<b>135,506</b>	150,006
Other (income) expenses:		
Interest and dividend income	<b>2,240</b>	1,925
Interest expenses	<b>(4,684)</b>	(5,290)
Foreign currency exchange gain and loss, net	<b>1,547</b>	(6,136)
Others, net	<b>774</b>	2,558
Total other (income) expenses	<b>(123)</b>	(6,943)
Income before minority interests, equity in earnings of affiliates and cumulative effect of accounting change	<b>135,383</b>	143,063
Provision for income taxes:		
Current	<b>39,281</b>	53,303
Deferred	<b>11,353</b>	3,338
Total income taxes	<b>50,634</b>	56,641
Minority interests	<b>(4,726)</b>	(4,094)
Equity in earnings of affiliates	<b>3,120</b>	2,065
Income before cumulative effect of accounting change	<b>83,143</b>	84,393
Cumulative effect of accounting change, net of tax	-	7,373
Net income	<b>83,143</b>	91,766



## **Accounting Policies Regarding the Preparation of Consolidated Financial Statements**

### **Scope of Consolidation**

#### **1. Items Related to Scope of Consolidation**

##### **(1) Number of consolidated subsidiaries: 285 companies**

The name of major consolidated subsidiaries can be found in 2. Corporate Profile, (6) Status of consolidation.

##### **(2) Major non-consolidated subsidiaries**

Edisys Co., Ltd., others

Non-consolidated subsidiaries are all small-scale entities with net sales, net income/loss and retained earnings insignificant for the Company. As such, their non-inclusion in scope of consolidation does not significantly affect the Company's consolidated financial statements.

#### **2. Application of the Equity Method**

##### **(1) Number of non-consolidated subsidiaries and affiliates to which the equity method is applied: 62 companies**

Name of major non-consolidated subsidiaries and affiliates to which the equity method is applied: Coca-Cola West Japan Co., Ltd., others

(2) There are no non-consolidated subsidiaries or affiliates to which the equity method is not applied.

### **Significant Accounting Policies**

#### **1. Basis for Preparing Consolidated Financial Statements**

The consolidated statutory report including consolidated balance sheets and consolidated statements of income has been prepared on the basis of accounting principles generally accepted in the United States of America ("U.S.GAAP"), in compliance with Article 179, Section 1 of the Commercial Code Enforcement Regulations. However, in compliance with the article, certain disclosure that is required on the basis of U.S.GAAP is omitted.

#### **2. Accounting policy for Securities**

The Company's evaluation for securities is in conformity with Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," of the U.S. Financial Accounting Standards Board (FASB). Securities held by the Company and its consolidated subsidiaries are classified mainly as available-for-sale securities.

Those available-for-sale securities are reported at fair value with unrealized gains and losses, net of related taxes, excluded from earnings and reported in accumulated other comprehensive income (loss).

#### **3. Accounting policy for Inventories**

Inventories are stated principally at the lower of cost or market using the gross average method.

#### **4. Depreciation and Amortization of Property, Plant and Equipment:**

Depreciated principally by using the declining-balance method. Meanwhile, most of overseas subsidiaries use the straight-line method.

## **5. Goodwill and Other Intangible Fixed Assets:**

Goodwill and intangible assets that have indefinite useful lives are not amortized but tested at least annually for impairment, in accordance with the FASB Statement No. 142, "Goodwill and Other Intangible Assets." Other intangible fixed assets that have definite useful lives are depreciated by using the straight-line method.

## **6. Basis for Provision of Reserves**

### **(1) Allowance for doubtful accounts:**

To prepare for losses incurred by bad debts, potential loss is calculated by taking historical loss ratio and recoverability of loans to and receivables from a certain customer. The estimated allowance for doubtful accounts is calculated based on the past loan losses in consideration of current economic conditions. For receivables in arrears, special estimated allowance for doubtful accounts is set aside.

### **(2) Reserve for retirement allowances:**

The measurement of pension costs and liabilities is determined in accordance with SFAS No.87, "Employers' Accounting for Pensions." Under SFAS 87, changes in the amount of either the projected benefit obligation or plan assets resulting from actual results different from that assumed and from changes in assumptions can result in gains and losses not yet recognized in the consolidated financial statements. Amortization of an unrecognized net gain or loss is included as a component of the net periodic benefit plan cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds 10 percent of the greater of (1) the projected benefit obligation or (2) the fair value of that plan's assets. In such case, the amount of amortization recognized is the resulting excess divided by the average remaining service period of active employees expected to receive benefits under the plan.

7. The consumption tax and the local consumption tax are excluded from profits and losses.

## **Notes to Consolidated Balance Sheets**

1. Allowance for doubtful accounts related to short-term lease receivables and lease receivables: ¥16,566 million
2. Other accumulated comprehensive income (loss) includes foreign currency translation adjustments, unrealized gain (loss) on securities, unrealized gain (loss) on derivatives, and the minimum pension liability adjustment.
3. Pledged assets: ¥3,312 million
4. Guarantee obligation: ¥230 million
5. The amounts are rounded to the next million.

## **Notes to Consolidated Statements of Income**

1. Net income per share ¥112.64
2. The amounts are rounded to the next million.

**Independent Auditors Report**

April 25, 2005

The Board of Directors  
Ricoh Company, Ltd.

KPMG AZSA & Co.

Tetsuzo Hamajima (Seal),  
Designated and Engagement Partner  
Certified Public Accountant

Mikihiro Himeno (Seal),  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the consolidated statutory report, that is the consolidated balance sheet and the consolidated statement of income of Ricoh Company, Ltd. for the 105th business year (from April 1, 2004 to March 31, 2005) in accordance with Article 19 -2(3) of the “Law for Special Exceptions to the Commercial Code Concerning Audits, etc., of Kabushiki Kaisha.” The consolidated statutory report is the responsibility of the Company’s management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing accounting principles used, the method of their application and estimates made by management as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion. Our audit procedures also include those considered necessary for the Company’s majority-owned subsidiaries.

As a result of the audit, in our opinion, the consolidated statutory report referred to above presents fairly the consolidated results of their operations in conformity with related laws and regulations and the Articles of Incorporation of the Company.

No conflict of interest as defined by the Accounting Law exists between Ricoh Company, Ltd. Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Our firm has been providing recurring services described in Article 2(2) of the “Certified Public Accounts Law of Japan” to the Company, which are not considered prohibited services to an audit client.

## **Corporate Auditor's Report on Consolidated Financial Statements**

The Board of Corporate Auditors discussed with each Corporate Auditor concerning the consolidated financial statements (the consolidated balance sheet and the consolidated statement of income) of Ricoh Company, Limited for the 105th business year (from April 1, 2004 to March 31, 2005). Upon discussion, the board prepared this audit report as follows.

### **1. Outline of Corporate Auditors' audit methods**

In accordance with an audit policy prescribed by the Board of Corporate Auditors, each Corporate Auditor received reports on the consolidated financial statements from the Directors, internal audit division, other administrative divisions and Account Auditors to audit them.

### **2. Audit results**

We regard that the audit methods and results by KPMG AZSA & Co. are appropriate.

April 26, 2005

The Board of Corporate Auditors, Ricoh Company Limited

Full-time corporate auditors:

Hisaaki Koga (Seal), Hideyuki Takamatsu (Seal), Koji Tomizawa (Seal)

Corporate auditors:

Kenji Matsuishi (Seal), Takehiko Wada (Seal)

Note: Corporate auditors Kenji Matsuyoshi and Takehiko Wada are external auditors in accordance with Article 18 Item 1 of the Law for Special Exceptions to the Commercial Code Concerning Audits, etc., of Kabushiki Kaisha.

# **Non-consolidated Balance Sheets** (as of March 31, 2005)

	Millions of yen	
	As of March 31,	
	2005	2004
<b>ASSETS</b>		
Current Assets:		
Cash on hand and in bank	10,148	14,687
Notes receivable – trade	7,983	7,345
Accounts receivable – trade	213,503	209,588
Marketable securities	128,186	211,045
Finished goods	29,336	24,043
Raw materials	3,665	2,934
Work in progress	6,348	6,286
Supplies	6,924	6,448
Short-term loans receivable	33,753	27,213
Deferred tax assets	11,706	17,415
Accounts receivable – other	29,510	14,551
Other current assets	5,493	4,393
Allowance for doubtful accounts	(1,492)	(1,965)
Total Current Assets	485,067	543,987
Fixed Assets:		
Tangible fixed assets:		
Buildings	40,423	41,503
Structures	1,783	1,752
Machinery and equipment	18,422	18,619
Vehicles	12	15
Tools	17,521	19,044
Land	25,980	26,023
Construction in progress	4,806	3,570
Total tangible fixed assets	108,949	110,528
Intangible fixed assets:		
Leasehold right and others	9,203	9,296
Software	21,741	17,597
Total Intangible fixed assets	30,945	26,893
Investments and Other Assets:		
Investment securities	28,058	19,116
Investment security in subsidiaries and affiliates	184,437	138,681
Investment in subsidiaries and affiliates	28,440	19,055
Long-term loans receivable	70,170	61,669
Deferred tax assets	7,073	10,913
Lease deposit	6,515	5,930
Other investments	2,582	3,358
Allowance for doubtful accounts	(2,693)	(2,824)
Total investments and other assets	324,584	255,901
Total Fixed Assets	464,480	393,323
Total Assets	949,547	937,310

# **Non-consolidated Balance Sheets** (as of March 31, 2005)

	Millions of yen	
	As of March 31,	
	2005	2004
<b>LIABILITIES</b>		
Current Liabilities:		
Notes payable – trade	6,033	4,156
Accounts payable – trade	109,598	99,181
Bonds due within one year	40,000	-
Accounts payable – other	13,650	13,674
Accrued expenses	34,872	43,805
Income tax payable, etc.	3,061	6,146
Reserve for bonuses	11,855	13,873
Warranty reserve	389	330
Other current liabilities	6,427	5,958
Total Current Liabilities	225,887	187,125
Long-term Liabilities:		
Bonds	60,000	100,000
Long-term accounts payable – other	2,810	6,445
Reserve for retirement allowances	352	341
Reserve for directors' retirement bonuses	519	982
Total Long-term Liabilities	63,683	107,769
Total Liabilities	289,571	294,895
 (Shareholders' Equity)		
Common Stock	135,364	135,364
Capital Surplus:		
Additional paid-in capital	179,522	179,522
Other capital surplus	-	0
Total Capital Surplus	179,522	179,522
Retained Earnings		
Legal reserve	14,955	14,955
Reserve for deferral of capital gain on property	574	600
Reserve for special depreciation	802	499
Reserve for warranty on computer programs	218	304
Reserve for social promotion	112	110
General reserve	301,350	260,350
Unappropriated retained earnings	42,392	58,478
Total Retained Earnings	360,404	355,298
Net unrealized holding gains on securities and others	4,598	4,161
Treasury stock	(19,914)	(11,932)
Total Shareholders' Equity	659,975	642,415
Total Liabilities and Shareholders' Equity	949,547	937,310

# **Non-consolidated Statements of Income** (from April 1, 2004 to March 31, 2005)

	Millions of yen	
	For the year ended March 31,	
	2005	2004
Ordinary Income and Loss		
Operating income and expenses		
Operating income:	897,217	876,366
Net sales	897,217	876,366
Operating expenses:	840,355	814,204
Cost of sales	619,968	600,991
Selling, general and administrative expenses	220,387	213,213
Total operating income	56,861	62,161
Non-operating income and expenses		
Non-operating income:		
Interest and dividend income	6,625	6,131
Other revenue	5,199	3,633
Total non-operating revenue	11,824	9,765
Non-operating expenses:		
Interest expenses	1,474	1,475
Other expenses	44,77	7,938
Total non-operating expenses	5,952	9,414
Ordinary income	62,733	62,513
Extraordinary Income and Loss		
Extraordinary income:		
Gain on exemption from the obligation for benefits related to substitutional portion of Employees' Pension Fund	-	26,949
Gain on transfer of securities to an employee retirement benefit trust	-	2,691
Gains on sales of subsidiary shares	-	572
Gains on settlement of qualified pension plan	-	6
Total extraordinary income	-	30,219
Net income before taxes	62,733	92,732
Corporate, inhabitant and enterprise taxes	11,500	21,100
Corporate and other tax adjustments	9,250	13,037
Net income	41,983	58,595
Profit carried over	9,630	5,736
Reversal of reserve for social contribution	88	89
Loss on disposal of treasury stock	1,922	-
Interim cash dividends	7,387	5,943
Unappropriated retained earnings for the year	42,392	58,478

## **I. Significant Accounting Policies**

### **1. Accounting policy for Securities**

#### **(1) Securities of subsidiaries and affiliates**

Securities of subsidiaries and affiliates are stated at cost based on the moving average method.

#### **(2) Other securities**

Marketable securities: Marked to market based on the market price at the end of the term and other factors (accounting for all valuation differences with the full capital injection method; the cost of securities sold is valued at moving average cost).

Non-marketable securities: Stated at cost based on the moving average method.

### **2. Accounting policy for Inventories**

Inventories are stated principally at the lower of cost or market using the gross average method.

### **3. Accounting policy for Derivatives**

Derivatives are stated at market value.

### **4. Depreciation and Amortization**

#### **(1) Tangible fixed assets:**

Depreciated by using the declining-balance method.

Buildings (excluding fixtures) acquired after April 1, 1998 are depreciated using the straight-line method.

Major useful life:

Buildings: 5-50 years

Machinery and equipment: 2-12 years

#### **(2) Intangible fixed assets:**

Depreciated by using the straight-line method.

With software for sale in the market, however, the Company records the larger of an amortization based on projected sales profits or a uniform amortization based on a projected effective sales period for the balance. The initially projected effective sales term is three years. With software for internal use, the Company uses the straight-line method based on a usable period of five years.

### **5. Basis for Provision of Reserves**

#### **(1) Allowance for doubtful accounts:**

To prepare for losses incurred by accounts receivables and loans, potential loss is calculated by taking historical loss ratio in case of non-classified loans/receivables. Potential loss for classified loans/receivables is individually assessed.

#### **(2) Reserve for bonuses:**

Reserve for bonuses is provided by estimating the amount of bonuses payable to employees for the fiscal year based on corporate rules for calculating bonus payment.



**(3) Warranty reserve:**

To cover product after-sales service expenses, the Company calculates the product warranty reserve based on projected service costs during warrantee terms.

**(4) Reserve for retirement allowances:**

To prepare for projected retirement allowances, the Company records the estimated obligations at the end of the fiscal year based on projected year-end benefit obligations and plan assets. Actuarial gain or loss is amortized using the straight-line method over periods (15 years) which are less than the average remaining years of service of the employees, and the amortization will be stated in the year following the year in which the gain or loss is recognized. Underfunded pension obligations are amortized using the straight-line method over periods (15 years) which are less than the average remaining years of service of the employees.

**(5) Reserve for directors' retirement bonuses:**

The Company calculates the necessary amount of directors' retirement bonuses at the end of the fiscal year based on internal rules, in compliance with the provision in Article 43 of the Commercial Code Enforcement Regulations.

**6. Consumption Taxes**

The consumption tax and the local consumption tax are excluded from profits and losses.

**7. Leasing**

Finance leases where ownership does not transfer to the lessees are accounted for in the same manner as operating leases.

**8. Hedge Accounting**

**(1) Hedge accounting methods:**

The Company uses the allocation methods for currency swaps that meet the requirements for the method.

**(2) Hedge instruments and targets:**

There is no hedging instrument or hedged item at the end of this fiscal year.

**(3) Hedging policies:**

In accordance with its internal Market Risk Management Rules, the Company uses derivatives to manage the exposure of its assets and liabilities to market fluctuations, within the range of the hedged assets and liabilities.

**(4) Hedge effectiveness:**

Effectiveness is assessed by rate analysis of the sum total of price fluctuation involving hedged transactions and the sum total of price fluctuation involving hedge methods. However, evaluation of hedge effectiveness is omitted for currency swaps conducted through assigning transactions.

## 9. Change of Presentation for Financial Statement

(Balance Sheets)

“Amendment of Securities and Exchange Law (97<sup>th</sup> law, enacted on June 9, 2004)”, requires companies to treat investment in limited partnership for investment operation and other similar partnership as investment in securities. In accordance with the amendment, Ricoh changed its balance sheet disclosure of investments in partnership for investment operation, which meet the condition of securities under securities and exchange law, from “Other investments” to “Investment securities”, both component of “Investments and Other Assets.”

The amount of such investment is 3,076 million yen in “Investment securities” and 2,002 million yen in “Other investments” as of March 31, 2005 and 2004, respectively.

## 10. Additional Information

(Presentation of pro forma standard taxation of corporate enterprise tax on income statements)

On February 13, 2004, ASBJ pronounced statement of Practical Issues Task Force No. 12, “Practical treatment regarding presentation of pro forma standard taxation of corporate enterprise tax on income statements”. In accordance with the statement, Ricoh treated levy per value-added and capital, amount of 1,010 million yen, as Selling, general and administrative expenses for the year ended March 31, 2005.

## Notes to Balance Sheets

- |  |                  |
|--|------------------|
| 1. Short-term receivable due from subsidiaries and affiliates  | ¥237,781 million |
| Long-term receivable due from subsidiaries and affiliates  | ¥70,511 million  |
| 2. Short-term payable due to subsidiaries and affiliates   | ¥54,515 million  |
| 3. Accumulated depreciation of tangible fixed assets   | ¥335,627 million |
| 4. Guarantee obligation  | ¥168 million     |
| 5. Trade notes receivable discounted with banks  | ¥46 million      |
| 6. In addition to the fixed assets stated in Balance Sheets, the Company leases material fixed assets such as computers and electronic component manufacturing facilities. |                  |
| 7. Net assets pursuant to Article 124-3 of the Commercial Code Enforcement Regulations   | ¥4,598 million   |
| 8. The amounts less than one million yen are omitted.  |                  |

## Notes to Statements of Income

- |  |                  |
|--|------------------|
| 1. Sales to subsidiaries and affiliates                        | ¥796,526 million |
| 2. Purchase from subsidiaries and affiliates                   | ¥318,482 million |
| 3. Non-operating transactions with subsidiaries and affiliates | ¥11,026 million  |
| 4. Net income per share  | ¥56.64           |
| 5. The amounts less than one million yen are omitted.          |                  |

## Proposal for Appropriation of Unappropriated Retained Earnings

	Yen	
	For the year ended March 31,	
	2005	2004
Unappropriated retained earnings at year-end	42,392,066,985	58,478,829,574
Reversal of reserve for deferral of capital gain on fixed assets	24,290,071	25,773,094
Reversal of reserve for special depreciation	186,560,715	198,199,491
Reversal of reserve for warranty on computer program	50,684,928	85,900,776
Total	42,653,602,699	58,788,702,935
To be appropriated as follows:		
Cash dividends (¥10.00 per share)	7,347,958,440	7,388,948,910
Directors' bonuses	155,700,000	178,800,000
Reserve for special depreciation	657,002,782	500,529,515
Reserve for social contribution	88,000,000	89,800,000
General reserve	25,000,000,000	41,000,000,000
Retained earnings brought forward to the next fiscal year	9,404,941,477	9,630,624,510

Note: On December 1, 2004, the Company paid interim cash dividends of ¥10.00 per share, totaling ¥7,387,855,900.

**Independent Auditors' Report**

April 25, 2005

The Board of Directors  
Ricoh Company, Ltd.

KPMG AZSA & Co.  
Tetsuzo Hamajima (Seal),  
Designated and Engagement Partner  
Certified Public Accountant

Mikihiro Himeno (Seal),  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the statutory report, that is the balance sheet, the statement of income, the business report (limited to accounting matters), and the proposal for appropriation of unappropriated retained earnings, and its supporting schedules (limited to accounting matters) of Ricoh Company, Ltd. for the 105th business year from April 1, 2004 to March 31, 2005 in accordance with Article 2(1) of the "Law for Special Exceptions to the Commercial Code Concerning Audits, etc., of Kabushiki Kaisha." With respect to the aforementioned business report and supporting schedules, our audit was limited to those matters derived from the accounting books and records of the Company and its subsidiaries. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion. Our audit procedures also include those considered necessary for the Company's subsidiary.

As a result of the audit, our opinion is as follows:

- (1) The balance sheet and the statement of income present fairly the financial position and the results of operations of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
- (2) The business report (limited to accounting matters) presents fairly the status of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
- (3) The proposal for appropriation of unappropriated retained earnings has been prepared in conformity with related laws and regulations and the Articles of Incorporation of the Company.
- (4) With respect to the supporting schedules (limited to accounting matters), there are no items to be noted that are not in conformity with the provisions of the Commercial Code.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accounts Law of Japan.

Our firm has been providing recurring services described in Article 2(2) of the "Certified Public Accounts Law of Japan" to the Company, which are not considered prohibited services to an audit client.

## Corporate Auditor's Report

April 26, 2005

The Board of Corporate Auditors received each corporate auditor's report on audit methods and results concerning the execution of duties of each director for the 105th business year from April 1, 2004 to March 31, 2005. Upon discussion, the board prepared this audit report as follows.

### 1. Outline of corporate auditors' audit methods

Each of the corporate auditors, in accordance with the policy and work shares prescribed by the Board of Corporate Auditors, attended the meetings of the Board of Directors and other important meetings of the Company, received reports on business operations from the Directors, etc., inspected important written approvals, etc., examined the status of activities and assets (including laws, etc. governing corporate structure as well as the internal corporate management system for risk management, etc.) of the head office and principal places of business, and had the subsidiaries of the Company submit reports on their business operations whenever necessary. The board also received reports and briefings from the independent auditors, and examined the statutory reports and supporting schedules of the Company.

With respect to any transactions by the Directors, transactions between the Directors and the Company involving conflict of interests, gratuitous provision of profits by the Company and any other transactions not customary in nature between the Company and its subsidiaries or shareholders, or related to acquisition and disposal of treasury stock, we, in addition to the above mentioned auditing, asked the Directors, etc. to submit reports, whenever necessary, and examined these transactions in detail.

### 2. Audit results

- (1) We hereby state that the audit method and results of KPMG AZSA & Co., independent auditors, are appropriate.
- (2) We hereby state that the business report fairly presents the Company's situation in accordance with the law and the Articles of Incorporation.
- (3) There is no matter that should be specially indicated for the proposal for appropriation of retained earnings, considering the state of the Company's asset and other circumstances.
- (4) Supporting schedules fairly present matters to be disclosed, and there is no item that should be indicated.
- (5) There is no important fact that represents an unfair act, or violates the law or the Articles of Incorporation, with respect to the execution of directors' duties including those for the subsidiary. Also, we found no violations of duties by directors with respect to any transactions by the Directors, no transaction between the Directors and the Company involving conflict of interests, no gratuitous provision of profits by the Company nor any other transactions not customary in nature between the Company and its subsidiaries or shareholders, or related to acquisition and disposal of treasury stock.

The Board of Corporate Auditors, Ricoh Company, Limited

Full-time corporate auditors:

Hisaaki Koga (Seal), Hideyuki Takamatsu (Seal), Koji Tomizawa (Seal)

Corporate auditors:

Kenji Matsuishi (Seal), Takehiko Wada (Seal)

Note: Corporate auditors Kenji Matsuishi and Takehiko Wada are external auditors in accordance with Article 18 Item 1 of the Law for Special Exceptions to the Commercial Code Concerning Audits, etc., of Kabushiki Kaisha.

## Consolidated Statements of Cash Flow (Unaudited)

	Millions of yen	
	For the year ended March 31,	
	2005	2004
1. Cash flows from operating activities		
Net income	83,143	91,766
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	78,201	76,968
Increase in trade receivables	(26,429)	(11,367)
Increase in inventories	(12,885)	(4,317)
Increase in trade payables	27,276	21,316
Other, net	(16,526)	(19,455)
Net cash provided by operating activities	132,780	154,911
2. Cash flows from investing activities		
Expenditures for property, plant and equipment, net	(83,355)	(75,242)
Proceeds from sales of available-for-sale securities, net	38,689	9,946
Other, net	(51,532)	1,913
Net cash used in investing activities	(96,198)	(63,383)
3. Cash flows from financing activities		
Decrease in borrowings, indebtedness and debt securities, net	(30,459)	(51,798)
Dividend payments	(14,793)	(11,136)
Payment for purchase of treasury stock	(10,624)	(11,411)
Other, net	(563)	(490)
Net cash used in financing activities	(56,439)	(74,835)
4. Effect of exchange rate changes on cash and cash equivalents	1,200	(2,897)
5. Net increase in cash and cash equivalents	(18,657)	13,796
6. Cash and cash equivalents at beginning of year	203,039	189,243
7. Adjustment for change of fiscal period on consolidated subsidiaries	2,475	-
8. Cash and cash equivalents at ends of year	186,857	203,039

## **Reference Material for Exercising Voting Rights**

**1. Number of voting rights of all shareholders: 728,016**

### **2. Agenda and Information:**

#### **Agenda 1: Approval of the proposed appropriation of retained earnings for the fiscal year (April 1, 2004 to March 31, 2005)**

The proposal for appropriation of retained earnings is described in the attached 105<sup>th</sup> Business Report (see page 27).

Year-end cash dividends to shareholders for the current term will be paid at the rate of ¥10.00 per share, in consideration of our business results for the current term, the strengthening of our corporate structure and the expansion of business in the future. Including interim cash dividends for the current term, shareholders will earn a total of ¥20.00 per share in cash dividends.

#### **Agenda 2: Partial amendment to the Articles of Incorporation**

##### **(1) Reasons for change:**

- (i) The Company pursues a flexible capital policy to prepare for the expansion of business in the future and protect corporate value. Accordingly, it is proposed to change Article 5 of the current Articles of Incorporation concerning the total number of shares authorized to be issued.
- (ii) The Company will further promote restructuring and enhance the Board of Directors' function to oversee corporate management. To this end, it will make the board's operations more efficient and executive, while providing the board with a better environment that enables member directors to speedily make decisions and devote themselves to supervision of management. Hence, it is proposed to change the number of directors prescribed in Article 17 of the current Articles of Incorporation.
- (iii) In order to separate the management "oversight" and "execution" functions, and strengthen the management oversight function of the Board of Directors, the Company will abolish the title of director for the chairman, president, senior managing director and managing director. Therefore, it is proposed to delete Article 21, Paragraph 1 of the current Articles of Incorporation.
- (iv) The Company would like a representative director to be appointed by the Board of Directors to convene general shareholders meetings and act as chairman of the meetings. Accordingly, Articles 12 and 14 of the current Articles of Incorporation are changed.
- (v) The Company would like a director to be appointed by the Board of Directors to convene board of directors meetings and act as chairman of the meetings. Accordingly, it is proposed to change Article 22 of the current Articles of Incorporation.

It is also proposed to change the contents of articles and article numbers, in accordance with amendments described above.

## (2) Details of proposed amendment:

The details of proposed amendment are as follows:

(Underlined portions indicate the changes.)

Current Articles of Incorporation	Proposed provisions after amendment
<p>Chapter II. Shares (Total Number of Shares to be Issued and Types of Share Certificates)</p> <p>Article 5</p> <p>1. The total number of shares to be issued by the Company is <u>nine hundred and ninety-three million (993,000,000)</u> shares. If any shares are cancelled, the number of shares so cancelled shall be deducted from the total number of shares to be issued.</p> <p>2. The types of share certificates to be issued by the Company shall be subject to the Share Handling Regulations established by the Board of Directors.</p> <p>Chapter III. General Meeting of Shareholders (Calling of Meeting)</p> <p>Article 12</p> <p>1. The ordinary general meeting of shareholders shall be called in June each year and an extraordinary general meeting of shareholders shall be called as the necessity arises.</p> <p>2. A general meeting of shareholders shall be called by <u>the President</u> in accordance with the resolution of the Board of Directors.</p> <p>3. In the event that <u>the President</u> is unable to act, one of the other directors shall call such meeting in the order determined in advance by resolution of the Board of Directors.</p> <p>(Chairman)</p> <p>Article 14</p> <p><u>The President</u> shall preside over a general meeting of shareholders. In the event that <u>the President</u> is unable to act, one of the other directors shall act in his place in the order determined in advance by resolution of the Board of Directors.</p>	<p>Chapter II. Shares (Total Number of Shares to be Issued and Types of Share Certificates)</p> <p>Article 5)</p> <p>1. The total number of shares to be issued by the Company is <u>one billion and five hundred million (1,500,000,000)</u> shares. If any shares are cancelled, the number of shares so cancelled shall be deducted from the total number of shares to be issued.</p> <p>2. (Unchanged)</p> <p>Chapter III. General Meeting of Shareholders (Calling of Meeting)</p> <p>Article 12</p> <p>1. (Unchanged)</p> <p>2. A general meeting of shareholders shall be called by <u>a Representative Director previously appointed by the resolution of the Board of Directors.</u></p> <p>3. In the event that <u>the Representative Director as appointed above</u> is unable to act, one of the other directors shall call such meeting in the order determined in advance by resolution of the Board of Directors.</p> <p>(Chairman)</p> <p>Article 14</p> <p><u>A Representative Director previously appointed by resolution of the Board of Directors</u> shall preside over a general meeting of shareholders. In the event that <u>the Representative Director</u> is unable to act, one of the other directors shall act in his place in the order determined in advance by resolution of the Board of Directors.</p>



Current Articles of Incorporation	Proposed provisions after amendment
<p>Chapter IV. Directors and Board of Directors (Number)</p> <p>Article 17 The Company shall have not more than <u>thirty (30)</u> directors. (<u>Directors with Specific Titles</u>; Representative Directors)</p> <p>Article 21 1. <u>One (1) Chairman, one (1) President, and one (1) or more Executive Vice Presidents, Executive Managing Directors and Managing Directors may be appointed from among the directors by resolution of the Board of Directors.</u> 2. One (1) or more representative directors shall be appointed by resolution of the Board of Directors.</p> <p>(Calling of Meetings of Board of Directors; Chairman; Resolutions)</p> <p>Article 22 1. The Board of Directors shall decide important matters concerning the execution of business and affairs of the Company as well as such matters as are provided for in laws and ordinances. 2. A meeting of the Board of Directors shall be called and presided over by <u>the Chairman. In case the office of the Chairman is vacant or in case the Chairman</u> is unable to act, one of the other directors shall act in his place in the order determined in advance by resolution of the Board of Directors. 3. Notice of a meeting of the Board of Directors shall be dispatched to each director and each statutory auditor three (3) days before the date of the meeting; provided, however, that such meeting may be held without going through the procedure for calling if so agreed by all the directors and the statutory auditors. 4. Resolutions at a meeting of the Board of Directors shall be adopted by a majority of the directors present who shall constitute a majority of the total number of directors.</p>	<p>Chapter IV. Directors and Board of Directors (Number)</p> <p>Article 17 The Company shall have not more than <u>fifteen (15)</u> directors. (Representative Directors)</p> <p>Article 21 (Deleted)</p> <p>One (1) or more representative directors shall be appointed by resolution of the Board of Directors.</p> <p>(Calling of Meetings of Board of Directors; Chairman; Resolutions)</p> <p>Article 22 1. (Unchanged) 2. A meeting of the Board of Directors shall be called and presided over by <u>a Director previously appointed by the Board of Directors. In case the Director</u> is unable to act, one of the other directors shall act in his place in the order determined in advance by resolution of the Board of Directors. 3. (Unchanged) 4. (Unchanged)</p>

**Agenda 3: Election of one (1) director**

In order to enhance the management oversight function of the Board of Directors and increase the transparency of management processes, it is proposed to elect one outside director.

The candidate for director is as follows:

Name (Date of birth)	Brief personal profile		Number of the Company's shares held
Takaaki Wakasugi (March 11, 1943)	Mar. 1968	Completed Graduate School of Economics, University of Tokyo	0
	Jul. 1968	Assistant, Faculty of Economics, University of Tokyo	
	Jan. 1972	Assistant Professor, Department of Commercial Science, Yokohama City University	
	Apr. 1974	Assistant Professor, Faculty of Economics, Tohoku University	
	Jun. 1985	Professor, Faculty of Economics, University of Tokyo	
	Sep. 1990	University of Michigan Business School Director, Mitsui Life Financial Research Center (to date)	
	Apr. 2003	Director and General Manager, Japan Corporate Governance Research Institute, Inc. (to date)	
	Apr. 2004	Professor, Faculty of Economics, Tokyo Keizei University (to date)	
	Jun. 2004	Honorary Professor, University of Tokyo (to date)	

Notes:

1. There is no conflict of interests between the candidate and the Company.
2. Mr. Takaaki Wakasugi meets the requirements regarding the outside directors prescribed in Article 188, Paragraph 2-7-2 of the Commercial Code.

**Agenda 4: Granting of retirement allowances to retiring directors and a corporate auditor**

The Company proposes to pay retirement allowances in appropriate amounts with the set limits, according to the standards prescribed by the Company and the past practice, to Messrs. Makoto Hashimoto, Kiyoshi Sakai, Kazuo Togashi and Yuji Inoue, who will retire as directors at the end of this meeting, and Mr. Hideyuki Takamatsu, who will retire as a corporate auditor at the end of this meeting, in order to reward their services. The Company requests that the details such as the amount, timing and manner of payment shall be left to the decisions of the Board of Directors regarding Directors and to the consultation of Corporate Auditors regarding Corporate Auditor.

Brief personal profile of the retiring directors and the corporate auditor are as follows:

Name	Brief personal profile	
Makoto Hashimoto	Jun. 1994	Director of the Company
	Jun. 1998	Managing Director of the Company (to date)
Kiyoshi Sakai	Jun. 2002	Managing Director (to date)
Kazuo Togashi	Jun. 2003	Managing Director of the Company (to date)
Yuji Inoue	Jun. 2004	Managing Director of the Company (to date)
Hideyuki Takamatsu	Jun. 2000	Corporate Full-time Auditor of the Company (to date)