

<Note>

This document is prepared for reference purposes for investors. It represents the essence of a presentation of consolidated results for the third quarter of FY2012, It isn't a verbatim record.

P2 「FY2012/03 Apr-Dec results overview」

- It is regrettable that our operating income for the first 9 months of Fiscal March 2012 period was a loss of 36.6 billion yen. Factors behind this include our restructuring charges as well as impact from the Great East Japan earthquake and floods in Thailand. There were also impairment losses coming from goodwill and long-lived assets. However, if you exclude all these extraordinary factors, our operating profit would have been gain of 38.5 billion yen.
- We experienced impacts from further yen appreciation and Thai flood during this third quarter, and also saw some negative impact for demand caused by the financial crisis in Europe. All these events started to affect our main products.
- On the other hand, new products launch for emerging markets, expanding of our new solution businesses such as MDS—Managed Document Service—and IT service, and execution of our restructuring program made progress as we planned.
- After taking various adverse events in third quarter into account, we have decided to revise down our overall forecast for Fiscal 2012 March period. We unfortunately forecast losses in operating income and net income due to impairment loss and the reversal of deferred tax asset.
- Our Medium Term Plan is progressing as scheduled. We are confident we will be able to recover our revenue from next fiscal year onward. We thus will keep distributing our dividends, our annual dividend has been brought down to 25 yen per share from an initial 33 yen in our previous forecast.

P3 「Extraordinary factors of FY2012/03 Apr-Dec results」

< Impact of newly consolidated company >

- We established Pentax Ricoh Imaging Company in October 2011, however its business has not made a full start yet.

< Impact from Thai flood >

- Our production site in Thailand did not experience any damages from the flood. However our supplier there was heavily affected by the flood, and we ran short in some of our parts. This shortage of parts caused order backlogs from the latter half of the third quarter. As a result, just in the third quarter, there was a decrease in net sales of 5.3 billion yen and operating income of 1.9 billion yen.

< Impact of restructuring charges >

- Restructuring expense in the 3rd Quarter was 5.7 billion yen, generating a benefit of 5.4 billion yen. There was a net expenditure of 0.3 billion yen. When we account our figures for the 9-months-total, subtracting that 5.4 billion yen benefit from 29.6 billion yen expense gives you our net expenditure for restructuring charges in the 9-months-total, 24.2 billion yen.
- We expect our full year net expense to be 20 billion yen, coming from a total expenditure of 31 billion yen generating 11 billion yen benefit.
- Regarding the result of our voluntary retirement program, when we announced this program, we mentioned we expected approximately 1,600 applicants, however we ended with applications from 2,340 employees. And the cost related for this purpose has also expanded from the approximately 23 billion expected to 24.7 billion yen.

< Impairment losses for goodwill and long-lived assets >

- The impairment losses for goodwill and long-lived assets were booked under the US GAAP rules. When we conducted impairment tests internally, we realized goodwill and long-lived assets in our Production Printing business were very likely to have impairment losses. We thus decided to book an impairment loss of 36.9 billion yen, coming from 27.4 billion in goodwill and 9.5 billion from long-lived assets. The figures are booked as SG&A in third quarter, thus pulling down our operating income. The figures are not a fixed number yet; it still needs to be assessed through a third-party impairment test, and the final result will be given in our full year figures. This is simply just an accounting procedure, and it has no impact whatsoever to our cash flow.

< Impairment losses for available-for-sales investment securities >

- We booked 5.0 billion yen non-operating loss for the impairment losses in available-for-sales investment securities due to decline of price at stock market.

< Recalculated deferred tax assets and liabilities due to the tax rate change >

- Due to new corporate tax laws proclaimed by the Japanese government, deferred tax assets have been recalculated and reversed. We booked a 7.2 billion yen increase in tax this quarter.

P4 「FY2012/03 Apr-Dec income statement」

- Operating income came to minus 36.6 billion yen, due mainly to restructuring charges, earthquake & flood impact and impairment losses. If we did not have these extraordinary factors, our 36.6 billion yen loss in operating income would have been a 38.5 billion yen profit.

P5 「FY2012/03 Apr-Dec sales」

- Imaging Solutions business, even if we excluded Forex impact, was only able to mark a minus 0.1% growth. However Network System Solutions business enjoyed a steady growth.

P6 「FY2012/03 Apr-Dec results supplement」

<by Category>

- In Imaging & Solutions business, order backlogs caused by the Thai flood are still lingering at the end of the third quarter. However we hope to be able to improve considerably in the fourth quarter. Had it not been for this backlog, we would have seen a growth similar to what we achieved in the second quarter. Business environment here is not bad, however we still find uncertainties looking ahead.
- Industrial products business was exactly where economic deceleration hit directly.

<by Area>

- Japan was affected by order backlogs caused by the flood in Thailand, and the growth rate remained flat. We expect to get back on track in the fourth quarter.
- For the Americas market, Thai flood impact came in just as we were about to resolve order backlogs caused by the earthquake. This is reflected in a 3.4% downturn.
- As for Europe, while we are starting to see the impact of the bad economy, the situation differs from country to country. We also find order backlogs in this market, however, there was a 5.2% growth.
- Other markets also had order backlogs while still marking a 16.9% growth.

P7 「17th MTP milestones」

- This lists our milestones from our Medium Term Plan as well as our progress in launching new products.
- Our scheme to streamline our global organization and reduce headcount by around 10 thousand is making progress in line with our schedule.

P8 「FY2012/03 Apr-Dec operating income y-o-y comparison」

This page compares operating income during the 9 months of last fiscal year and this current 9 months, illustrating how the first 53.9 billion yen decreased by 90.5 billion yen, ending in minus 36.6 billion yen.

<Sales>

- Sales increased by 7.1 billion yen, adding up to our Gross profit. This comes from sales increase of

value-added products and services such as color MFPs, Production Printing products, MDS, IT services and non-hardware.

<Product Cost Down>

- We achieved 2.7 billion yen here through our continuous effort to reduce expenses.

<R&D>

- Our R&D costs actually marked an increase yoy of 7.9 billion yen, however this is something we expected to happen.

<Expenses>

- Other Expenses include increase costs due to newly consolidated companies. We were able to keep increase expenses down to a 6.6 billion yen.

<Forex, net>

- Operating profit was down by 10.7 billion yen due to yen appreciation. This 10.7 comes from minus 28.3 billion yen due to sales decline, and 17.7 billion yen positive turn from expenses.

<Restructuring Charge, net>

- There is also the net minus 24.2 billion yen of restructuring charge coming from 29.6 billion yen cost which generated 5.4 billion yen benefit.

<Earthquake & Flood impact>

- Earthquake & Flood impact came to minus 14 billion yen. This came from minus 11.2 billion yen due to the earthquake impact in first half and minus 2.8 billion yen from earthquake and Thai Flood impact in third quarter.

<Impairment>

- Impairment cost was 36.9 billion yen.

P9 「FY2012/03 Apr-Dec results supplement」

- Our operating income in third quarter underperformed compared to second quarter even without the extraordinary factors. This has to do with our large business deals and other one-time-off expenses, plus the yen appreciation.
- SG&A ratio also seems to have made a large jump, however, if you exclude extraordinary factors, it was supposed to have been in a flat trend. R&D costs increased during this course of time, and is of course not a permanent trend. Structural reform efforts are ongoing here as well, and some cost had to be increased in the attempt to rationalize the structure, which is as planned.

P10 「FY2012/03 Apr–Dec business segment(1) : Imaging & Solutions」

- Imaging & Solutions business marked a negative sales growth of 3.1%, however, without Forex impact, it would have achieved plus 0.5%.
- We sense demand being suppressed for MFPs and printers, due to uncertainties of the economic environment. Non–hardware growth was plus 1%, thanks to the sales increase of hardware for last fiscal year.
- Network System Solutions business enjoyed a 5.9% growth yoy. This increase is a reflection of how IT Service sales especially in Japan are growing at the moment.

P11 「Imaging & Solutions supplement」

- Hardware sales have been trending down yoy ever since this fiscal year. This unfortunately is the result of the earthquake and flood. However, we think it will turn positive from this fourth quarter onward, through launching new products and resolving order backlogs caused by the flood.

P12 「FY2012/03 Apr–Dec business segment(2) : Industrial Products」

- Industrial Products business marked a minus 2.6 billion yen in operating income. This is where we lost sales after the earthquake, and had to incur further costs in our restructuring scheme. We are now trying to achieve a break–even in the second half, while continuing to exercise fundamental reform in this segment.

P13 「FY2012/03 Apr–Dec business segment(3) : Other」

- 9–months operating income for our other businesses segment also marked a decline, resulting in minus 3.5 billion yen. 1.5 billion out of the 3.5 billion yen actually belong to an up–front expenditure for new business. The operating income for this third quarter is better than what we marked a year before thanks to benefits of the restructuring. We are now in a stage to implement further measures to make sure we achieve improvements from now on.

P14 「FY2012/03 Apr–Dec geographic segment(1) : Japan and the Americas」

<Japan>

- We suffered a loss of 30.3 billion yen in operating income. This mainly came from the heavy burden of restructuring charges, 24.7 billion yen and impairment loss, 15.1 billion yen. We will resolve order backlogs coming from the earthquake and flood as well as launch additional new models during the

fourth quarter. In addition we expect more benefit to be generated from our restructuring efforts, resulting in a positive growth in our profit during the final Quarter.

<the Americas>

- The Americas also marked a large operating loss of 26.9 billion yen in third quarter. We did have a large impairment cost of 18.1 billion yen here, however, we are very concerned because the region would still mark a minus 8.8 billion yen even without this impairment cost. There are several reasons behind this loss, including the struggling economy suppressing demand and thus holding down sales growth. Another factor is the order backlogs. There we are implementing the integration in general expenses besides CRGP. We are working to end the fourth quarter with a profit through launching new models and resolving order backlogs.

P15 「FY2012/03 Apr–Dec geographic segment(2) : Europe and Other」

<Europe>

- Europe region also declined to 13.1 billion yen in operating income compared to last corresponding period. Europe region also incurred impairment loss, 1.9 billion yen, and order backlog impact as well as the impact from yen appreciation. We believe a further buildup of profit through launching new products and resolving order backlogs in this fourth quarter.

<Other>

- Other markets also dropped operating profit to 5.2 billion yen. This third quarter marked negative growth in operating profit here even when we add back the impairment cost amount, which would then be 6.9 billion yen. Here again, high yen and order backlogs was the cause of the deterioration, however these are also markets where we find steady growth. Contributions from launching new models including A4 MFPs and LPs are seen mostly in these markets. We expect a further buildup in fourth quarter.

P16 「Balance sheet as of December 31, 2011」

- Total liabilities and equity decreased by 69.1 billion yen.
- Unfortunately, we still are seeing increase in our inventories. We have been building up inventories to resolve order backlogs and launch our new models. This will not be a repeating trend, and we are working to decrease our inventory by the end of March.
- In our Fixed assets, Other investments decreased due to processing impairment loss.

P17 「Balance sheet indexes」

- Equity ratio dropped to 36.7%, due to impacts from Forex as well as impairment loss.
- With less equity ratio and more interest-bearing debt, D/E ratio also made a slight increase, to 0.93.
- Inventories per Averaged cost of sales is on the rise, and we mean to decrease our inventory level.

P18 「FY2012/03 Apr-Dec statement of cash flow」

- Although regrettable, we ended with a negative free cash flow, marking a minus 115.1 billion yen caused by the decline in our net income, increase in inventories, purchasing business and other factors.
- We aim to increase profits as well as decreasing our inventory, by the end of this fourth quarter.

P20 「FY2012/03 forecast < revised >」

- Unfortunately we expect our operating income to be a loss of 18 billion yen as well as a loss in our net income of minus 46 billion yen. We face the current uncertainties with the global economic downturn. With this and other extraordinary factors, such as Thai flood impact and impairment loss, taken into account, we revised down our full year's forecast.
- There was a loss in our available-for-sales investment securities, which meant a loss of minus 33 billion yen for our revised Income before income taxes forecast.
- There is the minus 7.2 billion yen from reversal of deferred tax asset that had to be included. Our revised net income this year is expected to be a loss by 46 billion yen.
- Restructuring Charge and R&D spending is not different from the previous forecast.
- We forecast our CAPEX will be a total of 70 billion yen, an increase of 5 billion yen from the previous forecast.

P21 「FY2012/03 operating income forecast y-o-y comparison」

Operating income forecast is revised down by 55 billion yen.

- “Sales” is reduced from our previous forecast, from 32.0 billion yen to 15.8 billion yen.
- We aim to reduce “Expenses”, from the previous minus 8.0 billion yen to minus 6.8 billion yen.
- “Forex, net” will be improved by 0.5 billion yen, from the previous minus 14.0 billion yen to minus 13.5 billion yen.
- “Earthquake and Flood impact” will increase from the previous minus 14.0 billion yen to minus 17.5 billion yen due to the impact of Thai flood.
- “Impairment losses” in total will come to 36.9 billion yen.

P23 「Annual Financial Indexes」

- Regrettably, we expect this year to end as a loss. We apologize to our shareholders and investors. However, the largest reason behind our downward revision is our impairment loss. Any measures including our restructuring efforts are progressing in line with our schedule.
- We aim to achieve revenue recovery next fiscal year. And so, even though we expect to mark a loss in the end, we will still pay dividend. It will not be a zero, although we will be decreasing the year-end dividend to 8.5 yen from the previous 16.5 yen per share. Added together with the interim dividend of 16.5 yen, the full year's dividend will be 25 yen per share, a slightly down from the previous 33 yen.