

Economic Performance

The Ricoh Group, by always trying to create new value and win trust from customers and society, aims to become an influential global company in the industry through its businesses and a dominant market share.

As part of its organizational restructuring, the Group improved management by reforming the board of directors and introducing operating officers (which it did in June 2000). By reforming the board of directors through such measures as placing external appointees to the post of director, the Ricoh Group is strengthening its comprehensive competency as a unitary whole, setting clear management strategies and promoting the optimal use of managerial resources. Moreover, by introducing operating officers and greatly empowering them to run businesses, the Group is strengthening the competitiveness of each business and speeding up business operations.

For further business development, the Ricoh Group will position its image processing-related business, including copiers and printers, at the forefront, while aggressively promoting its solution business. Based on the principle of providing appliances that enable the use of highly advanced technologies in a friendlier manner, the Ricoh Group will meet customer needs in an age of IT and broadband by providing them with the latest solutions*.

* See the Ricoh Group securities report (http://www.ricoh.co.jp/IR/e/results/a_05.html) for details.

Increasing Sales for Seven Consecutive Years and Increasing Net Profit for Nine Consecutive Years

The Ricoh Group's sales in fiscal 2000 (April 2000 to March 2001) amounted to ¥1,538.2 billion (US\$12,208 million), up 6.3% from the previous fiscal year (April 1999 to March 2000). This was the seventh consecutive year the Group increased its sales.

Domestic sales increased 6.6% from

that in the previous fiscal year while a 5.9% increase in overseas sales reflected a rising yen. The growing sales of high-speed digital copiers and the dramatically increasing sales of printing systems, such as laser printers and multifunctional printers that also provide copying and faxing functions, as well as expansions in the optical disk and semiconductor businesses contributed to an increase in total sales.

Operating profit for the fiscal year under review increased 18.2% from that in the previous year thanks to increased sales of such high-value-added products as high-speed digital copiers and multifunctional printers, cost reductions, and higher profitability in the semiconductor business. Pretax profit also increased 38.9% from that in the previous year due to a reduction in nonoperating loss balance.

As a result, net profit increased as much as 27.0% from that in the previous year, making the fiscal year under review the ninth consecutive year the Ricoh Group recorded an increase in net profit.

Promoting CS (Customer Satisfaction) Management

In order to become a reliable and attractive global company, the Ricoh Group is making efforts to provide better solutions and improve CS.

In Japan, Ricoh was ranked No. 1 for the sixth consecutive year in the field of PPCs and for the second consecutive year in the field of facsimiles in a fiscal 2000 CS survey¹ conducted nationwide, targeting smaller business establishments with 30 to 99 employees.

In North America and Europe, the Ricoh Group has also been providing a wide range of digital devices and support in response to the need for multifunctional machines for

business applications and for seamless networking. As a result, the Group's office digital copiers were ranked No. 1² in terms of market share. In the European market, the Group was ranked No. 1³ for fourth consecutive year with a 23.7% share for both digital and analogue black-and-white office copiers.

1. Survey conducted by J.D. Power Asia Pacific.
2. In a survey conducted by Dataquest, the number of units the Ricoh Group sold comprised sales of digital copiers under the Ricoh brand as well as those under the brand of its affiliates Savin and Gestetner.
3. In a survey conducted by InfoSource S.A., the number of units the Ricoh Group sold comprised sales of black-and-white copiers under the Ricoh, Gestetner, Nashuatec, and RexRotary brands plus those sold under other brands on an OEM basis.

Acquisition of U.S. Lanier Worldwide, Inc.

On January 26, 2001, Ricoh acquired U.S. Lanier Worldwide, Inc., in a takeover bid in order to expand its direct-sales network for large companies in the United States. Lanier, with 106 direct-sales branches throughout the country, has long traded with Fortune 500 companies. Dealing directly with customers is especially important in finding potential needs they may have and making proposals in anticipation of such needs. The acquisition of Lanier enabled Ricoh to strengthen its direct-sales network and promote more customer-oriented solution businesses.

Lanier has 1,600 sales and service bases in 100 countries around the world, and sells OA equipment, such as copiers, facsimiles, and printers, and provides after-sales services, mainly in the European and U.S. markets. Ricoh started trading with the company in the latter half of the 1980s and has been supplying them with digital copiers and digital multifunctional copiers on an OEM basis since 1996.

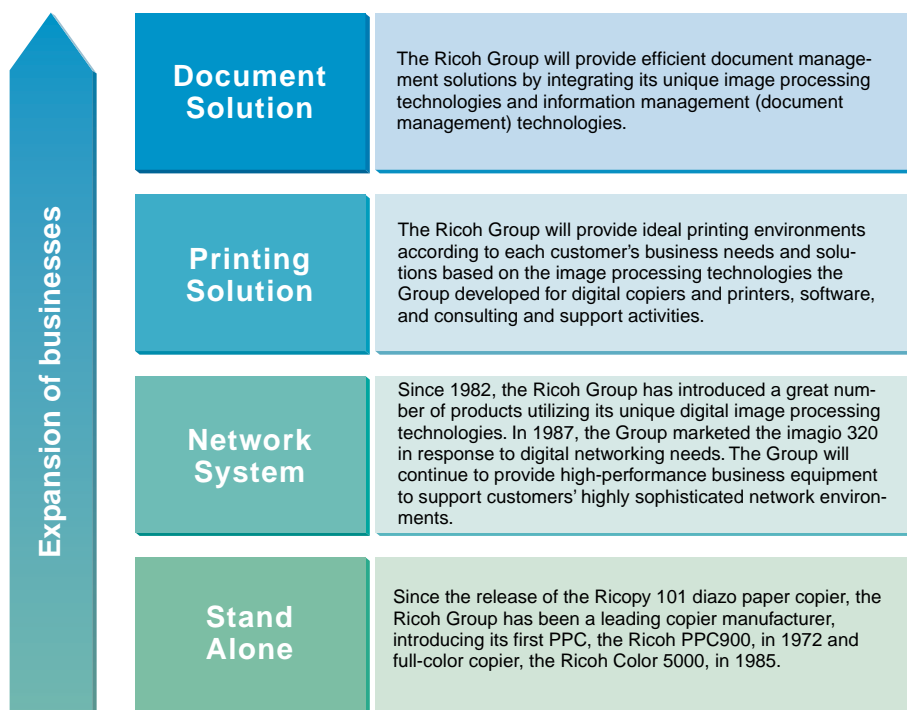


Receiving first prize from J.D. Power at the awards ceremony



Signing ceremony for the acquisition of Lanier

Expansion of Ricoh Group Businesses



Development of the Solution Business

The requirements that Ricoh's products need to fulfill have changed from simple copying and printing to a multiple of functions: more efficient printing over a network, improved efficiency to reduce cost, and more user friendliness. Ricoh meets such new requirements in its solution business by providing total printing solutions. Utilizing the superior image processing technologies we have accumulated in the areas of digital copiers and printers, software development, and customer-oriented consulting and support activities, we will provide customers with ideal printing environments in response to their business needs.

In another area of its solution business, Ricoh provides efficient document data management systems, integrating its image processing technologies and information management technologies. By expanding business in this area, we will gain a strong position in the world of information technology (IT).

Ranked No. 1 in an IT Management Level Survey

For a company to provide customers with excellent IT systems, it is necessary for that company to be able to use IT itself. Ricoh was ranked No. 1 in a comprehensive evaluation made in the first survey¹ on the corporate IT management level of 500 Japanese companies conducted by the Management Science Institute (MSI), a management consulting company. The companies were ranked based on six criteria: top management's ideas and behavior regarding IT; link between corporate strategies and IT; IT development ability; IT-related equipment; results of IT management; and potential to

maximize IT use. Ricoh was highly evaluated, especially in the results it gained from IT management, because of the increasing benefits the Company derived from its investments into IT and its recognition that IT has the potential to improve customer satisfaction. Ricoh's improvements in IT management can be said to be a result of the Company's efforts to improve the quality of its management².

1. Conducted in March 2000
2. See page 60.

Promoting Investor Relations (IR) through Communication

Ricoh facilitates communication with shareholders and investors through the regular publication of annual reports and business reports. In October 2000, the Financial Affairs page of Ricoh's Web site was expanded, and the Ricoh IR Website was reconstructed to provide more information, including messages from top management, operational information, financial data, stock quotes, Q&A, and links to the IR sites of Ricoh's affiliates. We will further improve the contents of our Web site.



Ricoh IR Website (<http://www.ricoh.co.jp/IR/e/>)

Fluctuations in Ricoh Stock Prices

