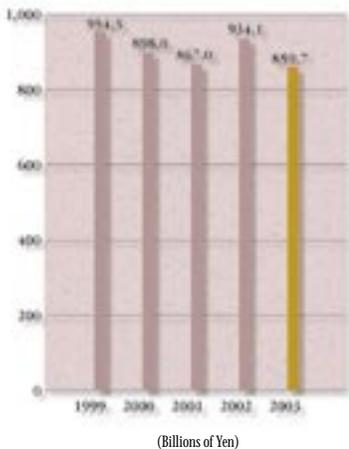




OFFICE EQUIPMENT

IMAGING SOLUTIONS

SALES OF IMAGING SOLUTIONS



This segment comprises digital and other imaging systems. Digital imaging systems include monochrome and color digital copiers, digital duplicators, facsimile machines, and supplies and services. Other imaging systems encompass analog copiers, diazo copiers, supplies and services for those products, and thermal paper.

WarwickPrint, the print center at Warwick University in the United Kingdom, relies heavily on its six Aficio 1105 copiers to rip through copy and print jobs at 105 pages per minute.

PERFORMANCE

Sales of imaging solutions dropped 8.0% in fiscal 2003, to ¥859.7 billion (\$7,286 million). This accounted for 49.5% of net sales, down 6.3 percentage points. The decline reflected the Ricoh Group's intensified efforts to shift away from analog offerings in favor of networkable digital systems.

Digital Imaging Systems: We continued to reinforce our lineup of digital copiers during the year. New releases included every-



The Dr. Peters Group in Dortmund, Germany, a prominent issuing house for closed property funds and participations in ship ownership, harnesses the high resolution of the Aficio 2105 to output and finish everything from financial reports to information for more than 30,000 shareholders.



Ricoh Italia S.p.A. and affiliate Ricoh Point Torino joined hands to deliver document management solutions to Juventus, Italy's most prestigious soccer team, by providing several Aficio 1032 copiers.

The St. Joe Company, Florida, a preeminent real estate operating company and the state's largest private landowner, chose the Ricoh FAX4410NF, whose advanced network connectivity capabilities include Color Scan to E-mail, IP faxing, and LAN faxing right out of the box.

thing from the Aficio 1013 and 1015 for small workgroups to the high-volume Aficio 1105 (Imagio MF105 ProII). Unit sales of digital copiers increased significantly during the year, but sales were down in Japan because of the lackluster economy and a trend toward printing systems. Sales of digital imaging systems therefore decreased 4.2%, to ¥626.9 billion (\$5,313 million).

Other Imaging Systems: The shift away from analog copiers to digital models and MFPs caused sales of other imaging systems to fall 16.8%, to ¥232.7 billion (\$1,972 million).

HIGHLIGHTS

The Aficio 1105 (Imagio MF105 ProII) remained very popular for its performance, pricing, and reliability. In Japan, we expanded our range of models incorporating high proportions of recycled parts. New offerings included the Imagio MF4570RC and the Imagio MF3570RC.

OUTLOOK

In fiscal 2004, Ricoh will bring out more high-speed machines that offer competitive pricing and reliability for customers seeking high-volume output capabilities.



Foto ABB, the Italian subsidiary of a multinational leader in technologies for energy and automation, chose Ricoh to supply around 200 Aficio machines for several regional centers.

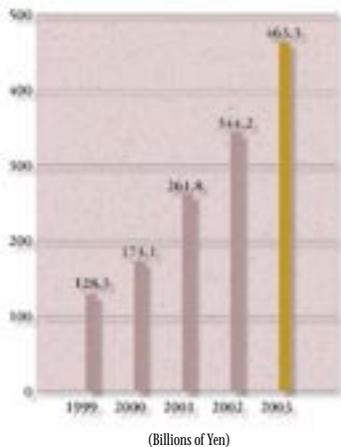


InTACT, the insourcing agency for computing and telecommunications for the government of the Australian Capital Territory, in Canberra, ordered 700 multifunction devices and copiers from Ricoh, to be phased in over the next three years as leases expire.

NETWORK INPUT/OUTPUT SYSTEMS

This segment has two subcategories. The first is printing systems, notably MFPs, laser printers, supplies, services, and software. The second is other input/output systems, which include optical discs and systems and scanners.

SALES OF NETWORK INPUT/OUTPUT SYSTEMS



PERFORMANCE

Segment sales were up 34.6%, to ¥463.3 billion (\$3,927 million). This amount constituted 26.7% of net sales, up 6.1 percentage points.

Printing systems: We expanded sales of these systems on the strength of new models that satisfied demand for color, speed, and networking. Printing systems sales gained 36.6%, to ¥408.8 billion (\$3,465 million), reflecting higher unit sales of MFPs and color laser printers.

Other input/output systems: Demand for DVD+RW drives was up significantly during the term. These and other optical disc-

related products, including CD-R/RW offerings, contributed greatly to performance. As a result, sales in this subcategory gained 21.2%, to ¥54.5 billion (\$462 million).

HIGHLIGHTS

Printing systems: Two new digital color MFP series triggered a shift among general office users from monochrome to color. These systems were the Aficio 1224C and 1232C (Imagio Neo C240 and C320). Their popularity stemmed from their space-saving designs, diverse optional post-processing capabilities, and superior affordability.

Also during the year, we did well in color



DiscoverTec, Inc., in Jacksonville, Florida, chose its Aficio CL5000 color laser printer to provide imaging support for its technology solutions operations, which range from graphic and web design to web hosting and server customization.

The Investigation Department of the Nassau County Sheriff's Office in Fernandina Beach, Florida, selected the Aficio 1232C for full-color printing and copying capabilities, complemented by scanning and faxing.



laser printers, with new models spearheading the way, notably the Aficio CL7000 (IPSiO CX8200), IPSiO CX7200, and the Aficio CL5000 (IPSiO Color 6500).

In high-speed monochrome models, we did well with two on-demand printing machines, the Aficio 2105 (Imagio Neo 1050Pro) and the Aficio 2090 (Imagio Neo 900Pro). Also successful were the Aficio 1075 and 1060 (Imagio Neo 751 and 601) series of fast multifunctional systems.

Other input/output systems: Demand is rising for high-capacity removable media that can seamlessly handle videos and other large data volumes, thus integrating PCs and the audiovisual world. We have responded to such needs with fast and convenient DVD+RW products that work with DVD-ROM drives and DVD players. We have captured large market shares in all our operating regions for our MP5125A drive, which can handle DVD+RW and DVD+R discs.

OUTLOOK

In the year ahead, we will expand our range of printing systems offerings that meet diverse digital networking needs. We aim to provide comprehensive output solutions with fast color and monochrome models.

In other input/output solutions, we will launch faster drives that are compatible with the DVD+RW/+R formats and attract even more customers by bringing the PC and audiovisual worlds closer together.

The Ricoh MP5125A drive lets users record and rewrite DVD+RW and DVD+R discs that can store full-length motion pictures and other image-heavy data, and also handles rewritable CDs.



Otis France uses around 10 Aficio machines at its Courbevoie headquarters, including the high-speed Aficio AP 3800C color laser printer, and also uses 160 Aficio copiers at offices throughout France.



Ricoh's GlobalScan software server is the platform for all alliance technologies, processing, managing, and distributing hard copy documents in electronic form. GlobalScan is for document-intensive office environments and easily integrates with existing mail infrastructures to significantly boost workgroup productivity.

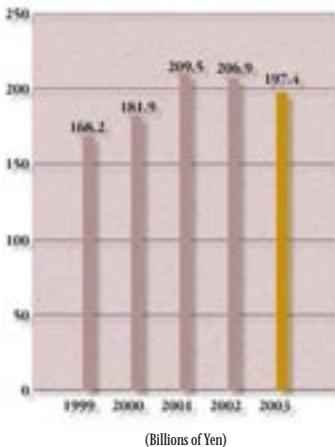


Acxiom Corporation, a leading provider of customer and information management solutions based in Little Rock, Arkansas, uses Ricoh GlobalScan, which turns its Aficio MFPs into scanners that route digital documents over its network.

This segment includes PCs and servers, network systems, networking software, applications software, and services and support.

NETWORK SYSTEM SOLUTIONS

SALES OF NETWORK SYSTEM SOLUTIONS



PERFORMANCE

Ricoh boosted sales of useware, document management software, and other solutions businesses to help customers minimize their total costs of ownership. At the same time, our sales of PCs and servers were down during the term, as companies suppressed their information technology spending. Segment sales thus decreased 4.6%, to ¥197.4 billion (\$1,674 million). This represented 11.3% of net sales, down 1.1 percentage point from a year earlier.

HIGHLIGHTS

Several systems were very popular during the term. They included Ridoc Desk 2000 personal document management software and Ridoc Document Server Pro (Ver. 2), a document management application for large offices that features enhanced operability. The Ridoc Web Navigator browser portal platform for the Ridoc Document System

also did well, as did other imaging equipment in the Ridoc series.

We strengthened our information security business. For example, TrustyCabinet UX V1 server software, which safeguards electronic document originals, was certified under the JIS X5070 standard in fiscal 2003.

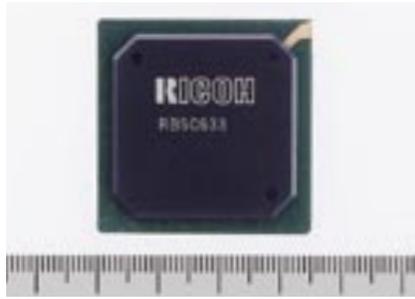
In North America, we developed Global Scan. This allows large corporations to use MFPs to make their paper documents electronic.

OUTLOOK

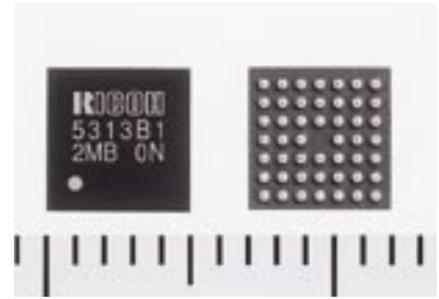
We will continue to bring out software linked with networked equipment as part of efforts to reinforce our solutions business, and will suggest ways for customers to build optimal systems.



The Caplio G3 is a 3.24-megapixel digital camera with a 3x zoom and a shutter release of just 0.14 second to maximize photo opportunities.



The RB5C633 is a single-chip encoder that is fully compliant with JPEG2000, the new international standard for still image compression, and can perform real-time coding and decoding.



The R5313B series of complete power management system devices is designed for GSM and other cellular handsets, and allows the setting of different output voltage settings for all seven voltage regulators.

This category covers semiconductors, photographic equipment, measurement equipment, and leasing and logistics services.

LSIs for mobile phones. We enjoy large shares in the markets for PC interface LSIs, DVD+RW/+R controllers, and imaging and other digital LSIs based on technologies cultivated in developing office equipment.

In the photographic equipment category, we concentrate on digital cameras. We entered the digital camera arena in 1995, and now center on business models. A good example is the Caplio G3 series, which eliminates the slow shutter response times of digital cameras for performance comparable to that of film-based models. Our broad range also includes several unique offerings, such as a waterproof camera for outdoor use and another model that incorporates a global positioning system.

OUTLOOK

In the semiconductor business, we will focus on developing key components for our digital products. For external customers, we will concentrate on system power management LSIs and other LSIs, such as for image processing and PC peripherals, to achieve further growth. In digital cameras, we will strengthen our business lineup and step up our solutions sales.

OTHER BUSINESSES

PERFORMANCE

Segment sales rose 16.5%, to ¥217.7 billion (\$1,846 million), and constituted 12.5% of net sales, up 1.3 percentage point.

The domestic semiconductor industry began to turn around during the term, while market conditions in Europe and other regions remained favorable. We enjoyed steady gains in leasing and other operations, although sales decreased for measurement equipment owing to a stagnant business cycle.

HIGHLIGHTS

Our semiconductor business broadly covers two areas. The first is digital LSIs for our office equipment. This business works closely with equipment development sections to create advanced imaging LSIs for MFPs and printers, thus supporting our office solutions approach. The second area is supplying external customers with power management ICs that conserve energy, second-generation battery ICs, real-time clock ICs, and analog

SALES OF OTHER BUSINESSES

