

Management Policy and Business Proposition

Management Policy

(1) Basic Management Policy

Ricoh Group aims "To be the most trusted brand with irresistible appeal in the global market.", and makes its missions "to be committed to providing excellence to improve the quality of living" and "to save the precious earth and fulfill its responsibilities for creating sustainable society".

To these ends, Ricoh is providing innovative products and services to all customers who handle information at work in offices and in their lives out of the office, based on the Ricoh values of "Harmonize with the environment", "Simplify your life and work", and "Support knowledge management".

(2) Medium and Long Term Management Strategy

Ricoh's main business segment of Imaging & Solutions will continue to release new products that will improve compatibility with network solutions, improve image quality, comply with environmental regulations.

By making a strong showing in customer contact, abundance of products, proposal of solution, global business deployment, and image processing technology of Ricoh Group, we will accommodate more diverse and wider clients' needs, and will reinforce further this business.

Specifically, "Work flow", "Security", "TCO (Total Cost of Ownership)", "Compliance", and "Environment" are important issues for customers. Ricoh will focus on these to provide greater customer value.

For example, Ricoh will construct and apply Managed Document Services that provide document systems with centralized storage, search and output functions, and management services of customer's concentrated output center and multiple output devices.

Furthermore, Ricoh will support utilization of IT solutions and provide IT services emphasized on customer's security and business continuity, and thereby contribute to raising overall customer business productivity.

Ricoh continues to develop production printing business, and provides suitable solutions such as workflow improvement, in order to meet the requirements of all customers.

In the industrial market, allocation of business resources is focused on businesses where large growth is expected. Ricoh will put efforts into strengthening cooperation between technical fields and business areas in order to combine diverse fields and create new businesses.

Ricoh is also making further advances in business development in emerging markets mainly China, in both the Imaging & office solutions market and the industrial market.

In order to increase or create customer value and boost earning

power in each business, it is important to secure competitive superiority through technology. Ricoh will continue to actively work to strengthen its technological capabilities.

(3) Challenges

As for the overseas economy, while it has shown some moderate recovery, it is expected to remain uncertain due to some risk factors such as economic outlooks in Europe and the Americas, the soaring crude oil prices, and the appreciation of the yen.

While the recovery of production bases and sales offices that were damaged by the Great East Japan Earthquake has been going on, corporate business may be severely affected by electric shortage and difficulty in the procurement of parts from suppliers to create finished products due to the disaster.

Under such situation, Ricoh Group will strive not only to provide customers with the goods and services for their reconstruction and business continuity but also to minimize the effect on Ricoh's business performance due to the disaster.

Ricoh will strive to further execute "high efficiency management," one of its ongoing challenges. Ricoh will accelerate the transformation toward robust corporate culture under which steady profits can be maintained and its growth can be achieved by meeting fluctuations in demand. Through activities under the CRGP (Corporate Restructuring and Growth Project), Ricoh will increase operational efficiency via a number of measures, including creating new business, focusing on core business, integrating development and production bases and reorganizing of sales forces through a number of measurements. In addition, Ricoh will review its utilization of human resources, and transfer a substantial number of employees from existing business domains to future growth domains.

In the Imaging & Solutions segment, while Ricoh will use the management resources acquired through merger and acquisition to generate profit more effectively, Ricoh will rebuild the group structure such as sales, research and development. Ricoh will accelerate the global development of managed document services and IT services.

In the production printing business, while Ricoh will maintain existing forward-looking development, Ricoh will enhance the marketing function. Through this, Ricoh will reap revenues from the results of the series of up-front investments made to date and expand operations.

Looking at overseas regions, Ricoh will apply management resources in a focused manner with a view to expanding business in emerging markets such as China and India by reinforcing the sales network and enhancing the product lineup.

Ricoh will also work to cultivate new businesses that will contribute

to long-term growth. Ricoh will launch Unified Communication System (UCS) business that will focus on providing a more efficient method of communicating images and voice through next-generation products. New products and services from this business are planned to be released after summer 2011. Along with UCS, Ricoh will launch a new Eco Solutions business. Focus will be on providing eco-friendly products and services. Amid a growing interest in global environmental protection, large market growth is expected for LED illumination, which consumes less electricity and generates lower CO2 emissions than traditional incandescent and fluorescent lamps. As a first step, Ricoh will enter the LED illumination market utilizing our unique technologies and global sales and services network.

In the back-office, Ricoh accelerates the corporate rationalization and re-engineering by making full use of IT. Through this, Ricoh will back up not only traditional business but also new business. By continuing to execute innovation to provide customers with new values, Ricoh will take on the challenge of business activities that exceed customer expectations. Through these activities, Ricoh intends to enhance the relationship of trust with customers around the world, and build a strong global RICOH brand.

Finally, in order for today's companies to exist long into the future, they are required to contribute to the sustainability of the global environment and the human race. Ricoh is conducting an environmental management that enables us to conserve the environment while generating profits at the same time. With the participation of all employees around the globe, Ricoh aims to meet its medium and long-term environmental targets based on the pillars of process reform and technological innovation. Meanwhile, Ricoh will aim to provide customers with products and services that carry a lighter environmental load at time of use, and thereby contribute proactively to the creation of office environments for the low-carbon society.

Business Proposition

The Ricoh Group comprises 227 subsidiaries and 7 affiliates as of March 31, 2011.

Their development, manufacturing, sales, and service activities center on Imaging & Solutions, Industrial Products, and Other. Ricoh Company, Ltd., a parent company, heads development. The parent company and subsidiaries or affiliates maintain an integrated domestic and international manufacturing structure. Below, we have listed our main product areas.

Imaging & Solutions:

In this business category, Ricoh provides products and systems that support the enhancement of the office productivity of customers. Major products include: Digital/analog copiers, MFPs (multifunctional printers), laser printers, facsimile machines, and digital duplicators. Ricoh also provides solution systems including personal computers and servers, utilizing its information technology.

Another business Ricoh also provides are support, service, and related supplies, as well as support and service including IT environment setup and network administration.

Industrial Products:

Manufacturing and marketing thermal media, optical equipments, semiconductors, electronic component and measuring equipments

Other:

Supplying digital camera, and providing leasing and logistics services

Sales and Distribution

Ricoh continues to utilize the following three marketing and sales channels for the distribution of its products to end-user customers in Japan: (1) direct sales by Ricoh to end-user customers through domestic subsidiaries and affiliates, (2) sales through independent dealers of office equipment and (3) sales through independent office supply wholesalers and retailers. Ricoh estimates that over one-half of its domestic PPC/MFP and laser printer sales by revenue are derived from its direct sales channels to end-user customers, with the remaining balance being divided between sales through independent dealers of office equipment and independent office supply wholesalers and retailers. During fiscal year 2009, in an effort to consolidate its operations, Ricoh merged 33 sales subsidiaries in Japan into five sales subsidiaries to enhance the efficiency of its domestic sales activities. As a result, as of the end of fiscal year 2009, Ricoh had seven domestic sales subsidiaries, located in the Hokkaido, Tohoku, Kanto, Chubu, Kansai, Chugoku and Kyushu areas, that coordinated its marketing and sales channels in Japan. To further enable a quicker response to customers' increasingly diversified needs and to efficiently manage its sales operations, Ricoh merged these seven domestic sales subsidiaries and the marketing group of the Company into one domestic sales subsidiary in July 2010, which subsidiary is named Ricoh Japan Corporation.

Outside of Japan, Ricoh has organized its marketing and sales channels to accommodate its four operating regions: (1) the

Americas, (2) Europe, Africa, and the Middle East, (3) Asia and Oceania and (4) China. One of Ricoh's strategies in expanding its overseas marketing and sales channels has been to acquire office equipment sales companies in various locations around the world through which it can sell its products. Accordingly, in addition to selling Ricoh brand name products through its overseas sales subsidiaries, affiliates and independent dealers (similar to the marketing and sales channels used for the distribution of products in Japan), Ricoh also sells its products through the following two marketing and sales channels in the overseas market: (1) sales of products under brand names that Ricoh purchased through acquisitions (i.e., the "Savin" brand, the "Lanier" brand and the "Infotec" brand) and (2) sales of Ricoh's products by other companies under their brand names where Ricoh is the original equipment manufacturer ("OEM"). Savin and Lanier were originally Ricoh's OEM distributors prior to their acquisition. During fiscal year 2009, Ricoh acquired the U.S.- based IKON and its subsidiaries, who supply and service a wide range of office equipment in the U.S., Canada and the Western European markets. The purpose of this acquisition was for Ricoh to strengthen and broaden its business opportunities and infrastructure in the U.S., Canada and Europe by capitalizing on IKON's broad sales and service network and gaining access to IKON's customer relationships, which includes large private corporations as well as U.S. government and public sector entities/organizations.

After-Sales Services

Ricoh provides repair and maintenance services for its products to end-user customers based on the belief that periodic and timely maintenance services are essential in preserving Ricoh's market share in the relevant products. These maintenance services are provided to customers pursuant to maintenance service contracts customarily entered into at the time the equipment is originally sold.

In Japan, repair and maintenance services are generally provided by Ricoh's service specialists. Ricoh's service network in Japan includes service centers operated by Ricoh and its affiliates and service outlets operated by other companies. The total number of Ricoh's sales and service personnel in Japan is approximately 21,200. Similar to Japan, Ricoh employees and contracted maintenance providers provide repair and maintenance services to end-user customers in the overseas market who purchase Ricoh products. The total number of Ricoh's overseas sales and service personnel is approximately 45,800.

Ricoh's customer support system ("@Remote") is available globally in order to enhance customer satisfaction and service efficiency.

This system allows Ricoh to remotely monitor copiers that are in operation and provide prompt service to such copiers.

Competition

The office equipment industry in which Ricoh primarily competes remains highly competitive and Ricoh continues to encounter intense competition in its Imaging & Solutions segment. Furthermore, competition in each of the product categories in the Imaging & Solutions segment is expected to increase in the future as Ricoh's competitors enhance and expand their product and service offerings. For example, in response to the trend in the office equipment market towards digital networking systems and the shift in customers' demands towards color products, Ricoh's competitors are introducing a range of color products and digital networking systems, thereby increasing the level of competition in these products. This increase in competition may result in price reductions and decreases in profitability as well as market share in these products. Ricoh seeks to prevail over the intense competition in the office equipment market by providing customers with equipment that optimizes the TCO of such equipment and enhancing office productivity and efficiency. However, Ricoh cannot provide assurance that it will be able to compete successfully against existing or future competitors. Moreover, Ricoh may face competition from some of its current customers and companies with which Ricoh has strategic business relationships. The size and number of our competitors vary across our product categories, as do the resources allocated by our competitors to the markets Ricoh targets. Ricoh's competitors may have greater financial, personnel and other resources than Ricoh has in a particular market or overall. These competitors may have greater resources available to them to respond quickly to new technologies and may be able to undertake more extensive marketing campaigns than Ricoh. Competitors may also adopt more aggressive pricing policies for their products and make more attractive offers to potential customers, employees and strategic partners. These competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with third parties to increase their ability to gain market share.

Despite the intense competition in the office equipment industry, Ricoh's management believes that Ricoh will be able to maintain and enhance its position in the global market because of its experience, expertise and technical capabilities as a leading provider of office and production printing equipment, and dedication to meet customers' needs.

Intellectual Property

Ricoh holds a large number of patents and trademark rights. While Ricoh considers such intellectual property rights to be valuable assets and important for its operations, it believes that its business is not dependent to any material extent upon any single patent or trademark right, or any related group of rights it holds.

Ricoh also has many licenses and technical assistance agreements covering a wide variety of products. Such agreements grant Ricoh the right to use certain Japanese and foreign patents or the right to receive certain technical information. However, Ricoh is not materially dependent on any such single license or agreement.

In addition, Ricoh has granted licenses and technical assistance to various companies located in and outside of Japan. In certain instances, Ricoh has entered into cross-licensing agreements with other major international electronics and electrical equipment manufacturers. None of these agreements are likely to materially affect Ricoh's business or profitability.

Ricoh owns approximately 37,200 patents as of March 31, 2011, on a worldwide basis, and has a large number of licenses under various agreements with Japanese and foreign companies.