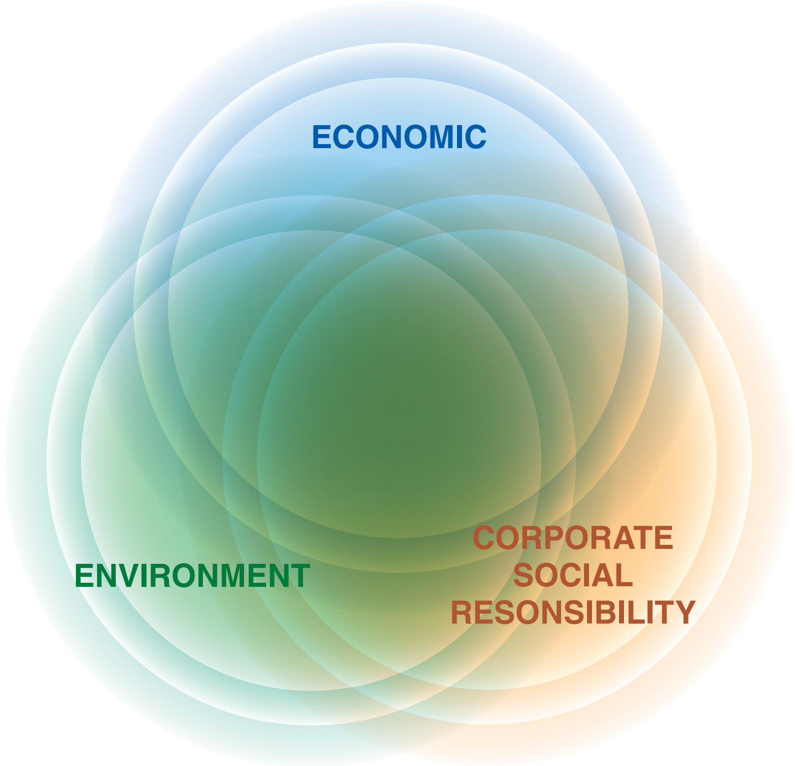
RICOH

RICOH GROUP ANNUAL REPORT 2010

RICOH GROUP SUSTAINABILITY REPORT (ECONOMIC)

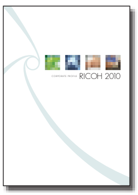
As a good corporate citizen, the Ricoh Group continues to increase its corporate value with a three-pronged focus on economy, environment, and society.

Based on the belief that economic, environmental, and social objectives are not incompatible, the Ricoh Group is committed to making meaningful contributions to the creation of a sustainable society. In the course of business activities undertaken toward this end, we communicate with our stakeholders and seek their understanding and support through appropriate and timely disclosure of information on what we do and how we do it. We also listen carefully to stakeholders and incorporate their voices into our efforts to improve our business and build greater corporate value. As part of these efforts, we publish this report for the purpose of providing information on the Ricoh Group's management policy along with its operational results and financial position for the year ended March 2010.



RICOH 2010
(CORPORATE PROFILE)

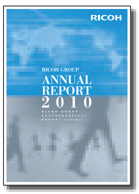
http://www.ricoh.com/about/



- Corporate profile
- Business Activities
- Sustainable environmental management
- Corporate social responsibility
- Network
- Corporate History

Sustainability Report (Economic) 2010

http://www.ricoh.com/IR/



- Management policy
- Management results
- Financial status

Sustainability Report (Environment) 2010

http://www.ricoh.com/environment/

- Concept of sustainable environmental management
- Improving our products
- Improvements made at business sites
- Basis for sustainable environmental management
- Environmental communication/ Conservation of biodiversity

Sustainability Report (Corporate Social Responsibility) 2010

http://www.ricoh.com/csr/

- Concept of CSR
- Integrity in corporate activities
- Harmony with the environment
- Respect for people
- Harmony with society

For information related to this report, please also visit	● Information security http://www.ricoh.com/about/security/index.html

■ Reporting guidelines

In compiling this report, we have referred to GRI's Sustainability Reporting Guidelines (version 3.0) to confirm what items should be reported on, and tried to disclose as much information as possible.

Ricoh Group Main Brands

The Ricoh Group provides products and services under the following brand names:

RICOH, savin, LANIER, nashuatec, Rex-Rotary, Gestetner, infotec, RICOH InfoPrint Solutions

Corporate Profile

Ricoh Company, Ltd., is a global leader in sophisticated office solution. Our products includes copiers, multifunctional and other printers, facsimiles, duplicators and related consumables and services, as well as digital cameras and advanced electronic devices. We are rapidly building a solid presence worldwide as a provider of comprehensive solutions that help customers enhance their office productivity and revolutionize their workflow.

The Ricoh Group includes Ricoh Company, Ltd. and 272 subsidiaries and affiliates—72 companies in Japan and 200 overseas, together employing 108,525 people.

● **Cautionary Statement**

Ricoh bases the estimates in this annual report on information currently available to management, which involves risks and uncertainties that could cause actual results to differ materially from those projected.

Financial Highlights

Ricoh Company, Ltd., and consolidated subsidiaries for fiscal 2010 and fiscal 2009

	Millions of yen		Thousands of U.S. dollars	% change
	2009	2010	2010	2010/2009
For the year: Net sales	¥2,091,696	¥2,016,337	$21,681,043	–3.6%
Japan	¥938,331	¥876,578	$9,425,570	–6.6%
Overseas	¥1,153,365	¥1,139,759	$12,255,473	–1.2%
Net income attributable to Ricoh Company, Ltd.	¥6,530	¥27,873	$299,710	326.8%
Per share data (in yen and dollars): Net income				
Basic	¥9.02	¥38.41	$0.41	325.8%
Diluted	¥8.75	¥37.36	$0.40	327.0%
Dividends declared	¥33.00	¥33.00	$0.35	—
At year-end: Total assets	¥2,513,495	¥2,383,943	$25,633,796	–5.2%
Shareholders' equity	¥975,373	¥973,341	$10,466,032	–0.2%

* As a result of the sale of business, the operating results from the discontinued business from fiscal 2003 to 2006 have been reclassified in this report.

With the group vision “A Winner in the 21st Century” (Build a strong global RICOH brand), the Ricoh Group aims to earn even greater trust and confidence from its customers as a reliable partner for productivity improvement and knowledge management. We deliver innovative products and services that reflect Ricoh’s three core values—i.e., “Harmonize with the environment,” “Simplify your life & work,” and “Support knowledge management”—and are responsive to the evolving relationship between people and information, recognizing that people today handle an increasing variety and quantity of information not only at work but in all areas of life.

To ensure we accomplish the task we have set ourselves, we are focusing on changing our business structure in line with our current plan, the 16th Mid-Term Management Plan (MTP), which specifies the Group’s five key strategies: 1) becoming No. 1 in target business areas, 2) intensifying and accelerating environmental management, 3) promoting Ricoh Quality, 4) creating new growth lines, and 5) building a strong global brand.

Although the world economy has started on a recovery track out of the global recession that hit two years ago, the environment surrounding our business is still challenging. Despite this, we are now seeing the aggressive proactive investment we have already made in our own future growth—such as expanding our business areas and strengthening our sales network—begin to pay off. As we move forward, we aim to achieve a robust recovery and embark on a new growth path by structural reform to ensure highly efficient operations and remaining committed to creating value for our customers. At the same time, as a responsible global corporation, we will continue promoting sustainable environmental management to help create a sustainable society.

The Ricoh Group will continue to go to great lengths to meet the growing expectations of our shareholders, investors and other stakeholders, thereby increasing the corporate value of the Group.

June 2010

Shiro Kondo
President and Chief Executive Officer

Masamitsu Sakurai
Chairman

To achieve higher profitability, we are accelerating our structural reform and expanding new growth areas.

Throughout the fiscal year ended March 2010 (fiscal 2010), with the business climate still uncertain some 18 months after the start of the global recession, the Ricoh Group continued to work in unison to implement structural reform. As a result, we finished the year seeing solid signs of steady recovery and new growth potential, while the financial results for the year were challenging. As we move forward, we will continue making the utmost effort to accelerate structural reform and strengthen our position in the new growth areas. As a global corporation, we aim to become and remain a highly profitable business.

Shiro Kondo
President and
Chief Executive Officer

To Our Shareholders and Customers
Fiscal 2010 Highlights and Progress of MTP
RICOH NOW
Corporate Social Responsibility
Financial Section

Fiscal 2010 Results

Significant growth in net income

Consolidated financial results for fiscal 2010

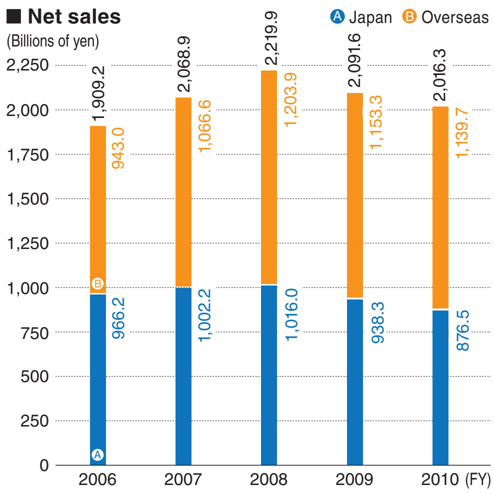
During the year, the global economy was still weak, although there were some signs of recovery from the severe recession which started in late 2008. Our business environment was no exception. In the year ended March 2010 (fiscal 2010), the consolidated net sales of the Ricoh Group declined 3.6% from the previous fiscal year to 2,016.3 billion yen, and all segments, including Imaging and Solutions, posted lower sales than the previous fiscal year.

Operating income decreased 11.5% from the previous fiscal year to 65.9 billion yen. Positive contributions, such as cost reduction through our group-wide structural reform activities and continued efforts to reduce manufacturing costs, were not sufficient to offset weaker operating margins and the heavy impact of the stronger yen. However, when looked at on a quarterly basis, our operating income has been on a recovery track, demonstrating consecutive quarter on quarter growth for the past four quarters.

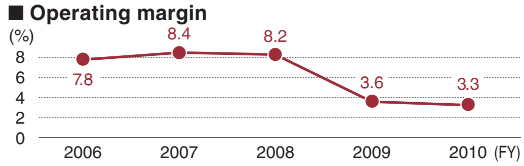
Other (income) expense showed sharp improvement compared with the prior fiscal year, mainly due to a smaller foreign currency loss.

As a result, the net income attributable to shareholders surged 326.8% to 27.8 billion yen.

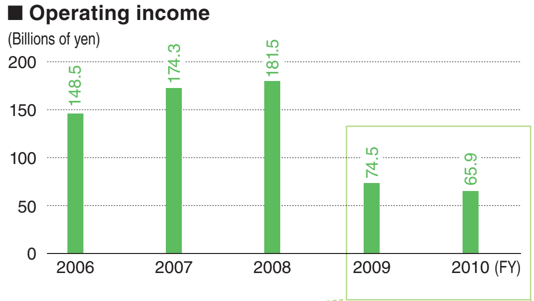
■ Net sales



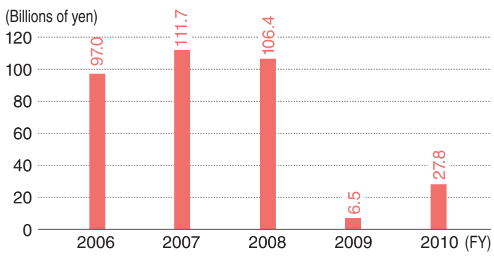
■ Operating margin



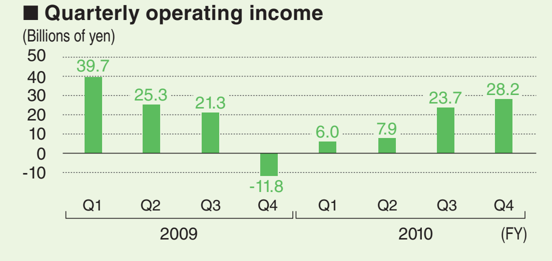
■ Operating income



■ Net income



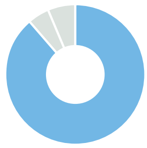
■ Quarterly operating income



<Sales by product category>

Network System Solutions showed strong growth

Imaging & Solutions



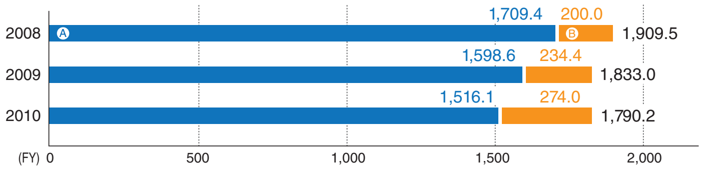
In Imaging & Solutions, comprising Imaging Solutions and Network System Solutions, we offer a range of products and service that help customers improve their office productivity. Net sales of this segment declined 2.3% from the previous fiscal year to 1,790.2 billion yen. Excluding the effects of currency rate fluctuations, net sales grew 2.8%.

Sales of Imaging Solutions posted a 5.2% decline to 1, 516.1 billion yen. While this sub-segment recorded sales growth in the Americas market due to the stronger sales network in the region as a result of the acquisition of IKON and new product releases in the new production printing business, sales in the other markets were affected by the adverse impact of the economic slump and the appreciation of the yen.

Meanwhile, sales of Network System Solutions increased 16.9% from the previous fiscal year to 274.0 billion yen, helped by contributions from the growth of new businesses such as Managed Document Services (MDS) and an IT services with a strengthened sales network.

■ **Imaging & Solutions net sales** (billions of yen)

Ⓐ Imaging Solutions Ⓑ Network System Solutions



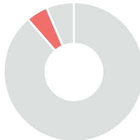
Color MFPs

imagio MP C7501 series, multifunctional full-color copier series with excellent print quality and high print speed, featuring an energy efficient design and resulting high environmental performance, as well as great ease of use.

Color production printers

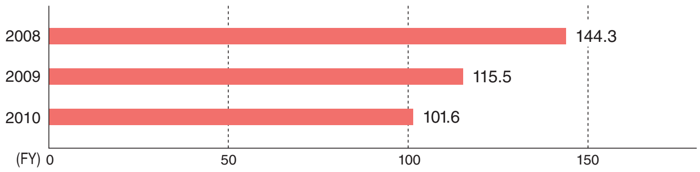
RICOH Pro C900, a printer for the production printing market, featuring a high print speed of 90 pages* per minute both in color and monochrome, as well as excellent print quality and productivity. * A4 size

Industrial Products

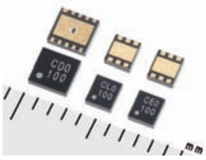


In Industrial Products, we manufacture and market thermal media, optical equipment, semiconductors, electric components, and measuring equipment. Sales of this segment declined 12.0% from the previous fiscal year to 101.6 billion yen, affected by the economic slowdown in Japan and the rest of the world.

■ **Industrial Products net sales** (billions of yen)



Semiconductors

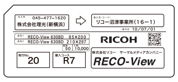


Power IC, etc.

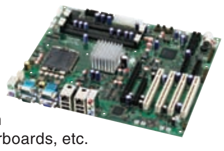
Thermal media

Loyalty cards

Process management tag sheet

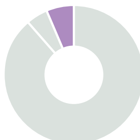


Electric components



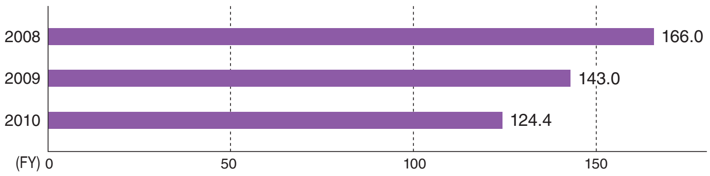
Built-in motherboards, etc.

Other



Our Other operations include our digital camera business as well as financial and logistic services offered by respective subsidiaries. Consolidated sales of these businesses recorded a 13.0% decline from the previous fiscal year to 124.4 billion yen, as all these business areas suffered from the negative influence of the economic downturn.

■ **Other net sales** (billions of yen)



Digital cameras

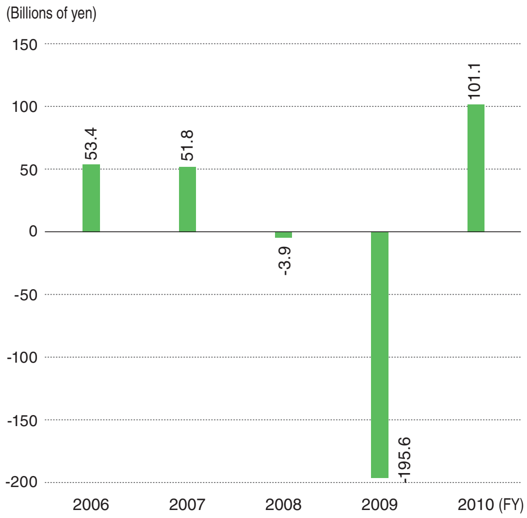
GXR, a digital camera with a removable, integrated camera unit consisting of a lens, sensor and image processing engine.

Reduced debt by generated free cash

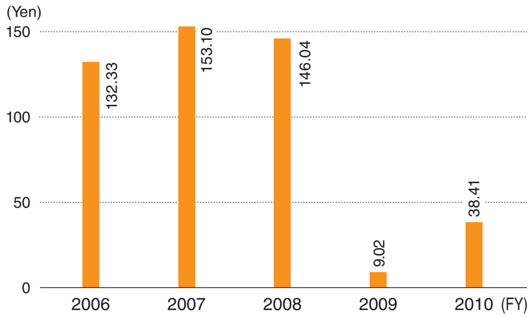
Consolidated financial position

Total assets declined by 129.5 billion yen from the previous year to 2,383.9 billion yen, primarily due to the reduction of inventories through continuous improvement efforts in supply chain management and other initiatives as well as the reduction of cash on hand and in banks. Free cash flow, generated by operating activities and investment activities, improved remarkably during fiscal 2010 to a positive 101.1 billion yen, compared with a negative 195.6 billion yen in fiscal 2009. Interest-bearing liabilities declined 94.7 billion yen to 684.4 billion yen from the previous year through the utilization of free cash flow for debt reduction. Equity to total assets improved to 40.8%, from 38.8% at the end of the previous fiscal year. Return on equity grew to 2.9%, compared with 0.6% in the previous fiscal year. The total annual dividend for fiscal 2010 is 33.0 yen per share, the same as in the previous fiscal year.

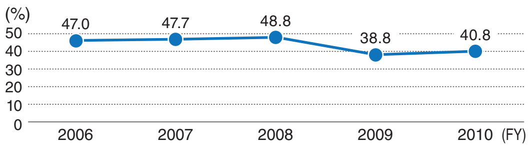
■ **Free cash flow**



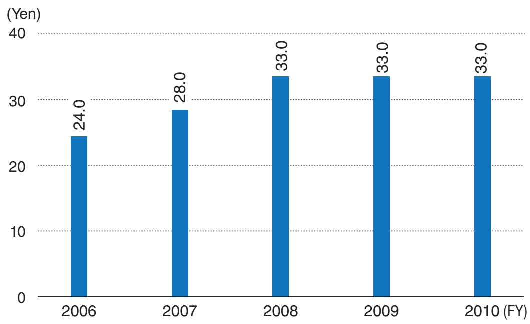
■ **Net income per share**



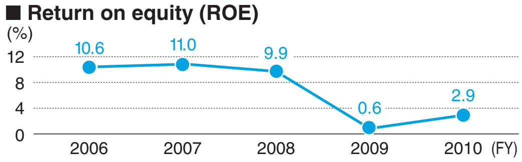
■ **Equity to total assets**



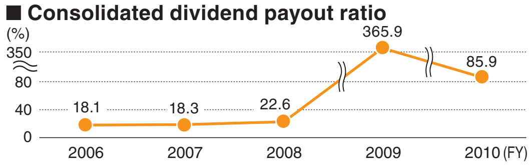
■ **Dividend per share (declared)**



■ **Return on equity (ROE)**



■ **Consolidated dividend payout ratio**



Progress of the 16th MTP

Q1 Tell us about major progress and achievements under the 16th MTP.

The 16th MTP aims to reap the benefit from the investments made up to the end of the 15th MTP period and improve group-wide efficiency so that the benefits obtained can be leveraged to achieve further growth. Fiscal 2010 was a challenging year for us due to the effects of the global recession. Considering the operating results for the year, we reluctantly conclude that we probably have to extend the timeframe for achieving the targets under the 16th MTP by a few years. However, it is encouraging that the following five key strategies to reach the targets made solid progress during the year: 1) becoming No. 1 in target business areas, 2) accelerating sustainable environmental management, 3) promoting Ricoh Quality, 4) creating new growth areas, and 5) building a strong global brand.

We have been changing our business structure to meet customer value demands and needs that have been rapidly changing along with economic and societal changes; today's customers place greater value on associated service and solution offerings, in addition to the ownership of hardware equipment. Based on an in-depth understanding of such customers' needs, we are working to transform ourselves into a solutions provider that offers an optimal combination of hardware equipment and associated software and services. These transformational efforts have started to pay off steadily—particularly in new growth areas, such as production printing, Managed Document Services (MDS), and IT service. IKON Office Solutions, Inc. (IKON), a new Ricoh Group member since its acquisition in 2008, has also made a great contribution to the success in these businesses and I am confident about their further growth going forward.

Another notable development during fiscal 2010 was the establishment of a Global Marketing Group in June 2009. Ricoh's marketing functions within Japan and across the world are now consolidated under the new group. This is the first time in Ricoh's history that this has been achieved and it has an important meaning for our business. To operate a successful business, sensitivity to evolving customer needs and future value drivers is the most important factor. Given this, I believe that marketing is the leading growth engine of our global business in the future.

Another milestone during the year is that our new factory in Thailand began operation in September 2009, aiming at further business expansion in emerging markets. With the opening of the new factory, the Ricoh Group now has manufacturing capacity in five major regions worldwide.

Our group-wide structural reform activities to become a truly lean and efficient organization have also started to bear fruit in fiscal 2010. Entering a new fiscal year, we will not slow down our reform efforts: we intend to seize every new growth opportunity, and ultimately aim to become a highly profitable enterprise.

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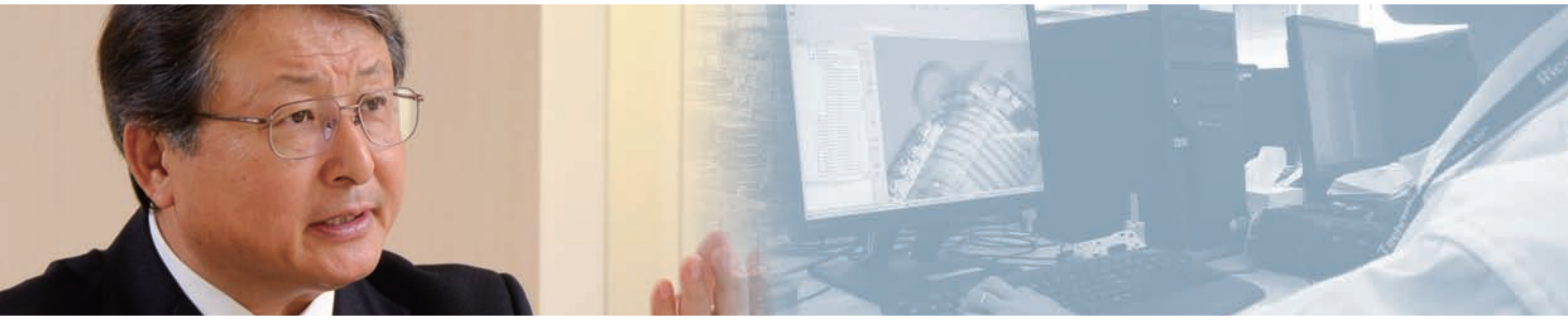

Q2 What benefits have been generated by the acquisition of IKON?

We acquired IKON in October 2008. This U.S.-based leading independent distributor of office equipment has a strong sales and service network with more than 400 locations primarily in the Americas and European markets. The combination of Ricoh's and IKON's existing networks has created an even stronger sales and service network for the Ricoh Group.

The acquisition has brought greater-than-expected benefits to our business. Adding highly capable sales and service staff to our team, the direct sales network of the Group has considerably strengthened. In particular, IKON's strong, long-standing relationships with many Fortune 500 companies in the U.S. market are an advantage. At IKON customers, the replacement of competitors' devices with Ricoh products has been taking place at a satisfying pace.

In addition, IKON has extensive expertise in MDS, helping the Group achieve successful growth in this new business. The newly incorporated company has also made a significant contribution to increasing RICOH Pro C900's share in the production printing market.

In this way, IKON's assets are providing a significant contribution to the expansion of our business. I am very excited about their future development.

Q3 What is the current situation of the production printing business?

In the production printing business, our efforts to beef up development, sales and services and other capabilities, such as the launch of InfoPrint Solutions and the acquisition of IKON, has placed us in a strong position to understand diversified customer needs—which may differ depending on whether they are the operator of a data center, copy center, print shop, commercial printing, or direct mail production business—and to offer optimal products and services that our customers truly value.

Examples of such value-delivering solutions include InfoPrint Automated Document Factory (ADF) for large financial institutions and other customers that can automate and control the entire print and mail operation from "host to post," i.e., from data creation to printed material distribution.

To better serve in the print-on-demand (POD) market, we introduced the RICOH Pro C900 in 2008. This new product has been well received in the market, which is already demonstrated in the numbers: top market share in North America and second position in Europe by sales volume in its class in 2009.

As the above examples show, our printing production business started to see tangible benefits from previous investments and built a solid foundation for accelerated growth during fiscal 2010. I look forward to its continued success and progress.

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RICOH
HAVE YOUR BLUEP


High-End Printer
Pro 1357

Q4 What is the outlook for the growth of Managed Document Services (MDS)?

The global recession has spurred a shift in customers' key considerations for their purchase decision-making process. In other words, customers increasingly look to us to provide a comprehensive offering, including not only hardware devices but also associated services. MDS is one of the principal new services that we have introduced in the office market to respond to such a shift of customers' preferences. With MDS, we advise on creating a more efficient printing environment (MFPs, printers, etc.) and how to improve document-related workflow, among others. We then assume responsibility for operation and make incremental improvements on behalf of the customer. Customers can expect to see not only cost reduction but also improved operational efficiency. The Ricoh Group offers this service at approximately 2,000 sites in the Americas and at about 200 sites in Europe.

Integrating Ricoh's sales and service network and IKON's outstanding expertise in the field, we will work to offer MDS to more customers in the world.

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Q5 What are the future plans and targets for the new businesses?

With the rise of a networked society, an increasing number of business people work outside their offices. This means Ricoh's customers are now located everywhere, blurring the conventional divide between personal use and office use. However, running an organization or managing a business process cannot be delegated to individual employees entirely, and corporations thus need to improve their security and product improvement programs relevant in new environment. This trend presents tremendous opportunities for Ricoh, which we will make the most of by offering products, services, and solutions of great use to customers in broad markets, starting with the office market, then moving on to the production market, and eventually to the personal market.

In parallel, we will work to expand business opportunities in the traditional office market. One of the major initiatives to this end is the planned launch of the Projection System business we announced in March 2010. The upcoming new business we believe has tremendous potential, as it will deliver a total package of related offerings such as products and maintenance and other services, drawing from Ricoh's existing technological resources.

We aim to grow these new businesses to represent some 25% of the total sales of the Ricoh Group within five years.

Q6 Please brief us on the medium-term management targets.

The dramatically changing economic landscape, the trend in foreign exchange rates, and other factors affecting our business regrettably indicate that it will be quite difficult to meet our targets for the 16th MTP by the original deadline of the end of fiscal 2011.

This does not mean any change in the direction we are heading in, however, and the Ricoh Group will aim at these targets—operating margin of 10%, ROE of 12%, and the contribution of new businesses to the total sales of 25%—in the medium term.

Now is the moment of truth for Ricoh as a growing global brand. That said, gaining global recognition of the Ricoh brand itself is not the ultimate goal. Together with brand recognition in the global market, I want us to gain an excellent reputation for the quality of our offerings and our management system.

My ambition is to lead the Ricoh Group to become a corporation that collectively strives to achieve superb quality as the hallmark of a globally recognized excellent company, and provides opportunities for its employees to develop their career paths in a global field.

Q7 In closing, is there a message you would like to deliver to your shareholders and investors?

The difficult business climate is anticipated to persist at least for the near future, although the economy has started to show signs of a slight recovery. We at the Ricoh Group are determined to weather the storm and beat the competition, as I always like to say: "Never give up until you win."

Our policy to pay dividends as consistently as possible and to maintain our medium- and long-term target payout ratio of 30% also remains unchanged. Together with such a dividend policy, the Ricoh Group will continuously strive for greater corporate value, aiming to achieve its targets primarily through business growth.

Offering customer-focused solutions to overcome today's challenges.

Ricoh helps customers enhance their office productivity and revolutionize their workflow with its imaging products and service solutions tailored to company-specific needs and challenges.

We start by defining and making sure we understand our customers' challenges and goals, such as cost reduction, productivity improvement, enhancing information security and environmental impact reduction. We then propose a service solution optimized to address the identified issues. After implementing the solution, we operate and control the installed equipment ourselves through on-site maintenance, remote device management and other services. We also periodically check the data on equipment use and assess the effectiveness of the solution. Based on our analysis, we provide improvement advice on an ongoing basis.

What customers expect from office equipment providers is no longer limited to achieving an excellent output device environment. They also look to us to help solve issues directly relevant to business performance—for instance: how to optimize operational efficiency through the overall reduction of administrative workload and optimal human resource allocation, and how to globalize their business and/or organization. By being attentive and responsive to such changes in customer needs, Ricoh has been creating and delivering broader value by expanding our offerings to include solution services that solve our customers' problems, including the establishment of centralized output device management, the implementation and operation of IT systems, and business process outsourcing services.

These advanced solutions make full use of Ricoh's years of experience in developing its customer-focused business processes; the supporting infrastructure that makes such extended value delivery possible, i.e., the strong sales and support network which provides quality, one-stop solutions to global and local customers; as well as our extensive line-up of imaging products, from low-end to high-end.

Ricoh develops and maintains evolving partnerships with customers with its personalized offerings based on a deep understanding of our customers' present and potential needs.

Diagram of Ricoh's value creation and delivery

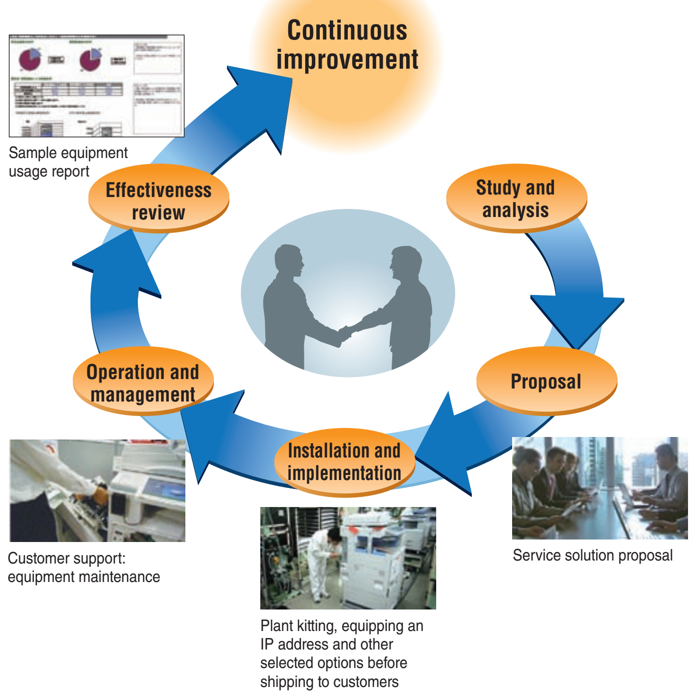
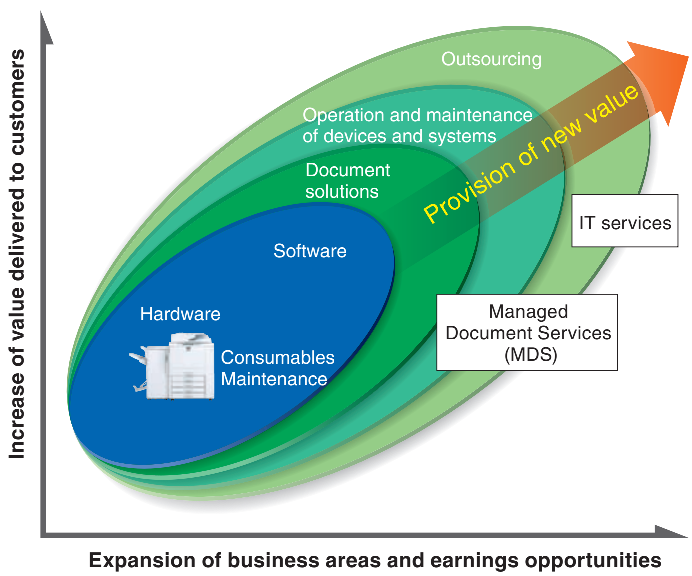


Illustration of revenue stream expansion



Ricoh Solution Showcase (1)

Customer profile

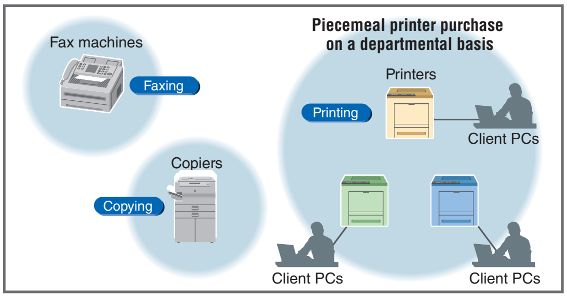
Company A (USA based)

A manufacturing company operating its business worldwide.

Customer's problem

- Output devices (copiers, printers, fax machines) are purchased and managed on a location-by-location, department-by-department basis, not enterprise-wide.
- The existing output fleet consists of various models from several vendors, resulting in complex supplies management and maintenance service arrangements.

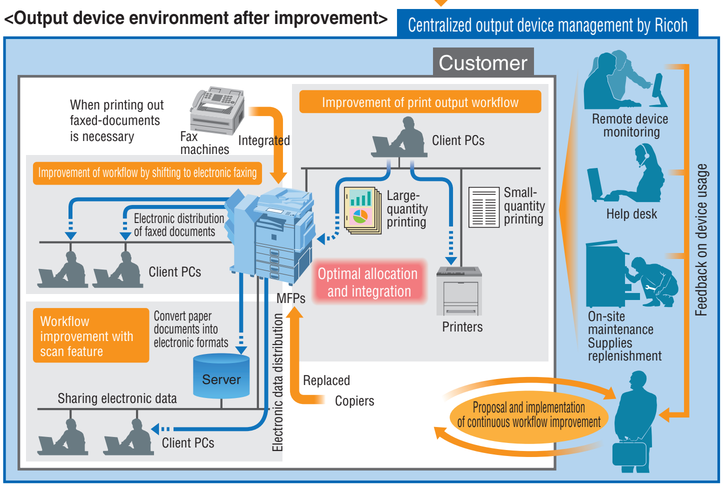
<Previous output device environment>



Benefits achieved

- Visualization of output device usage, enabled by Ricoh's assessment
- Optimal allocation and integration of output devices
- Improved operational efficiency by centralized order placement and management of supplies and maintenance service
- Office productivity improvement, resulting from an enhanced document workflow, such as better document use and management through the use of the scan feature of MFPs
- Reduction of total printing-related costs by approximately 30%

<Output device environment after improvement>



<Solutions from Ricoh>

- On-site assessment of the utilization of output devices (copiers, printers and fax machines)
- Proposed a multi-stage optimization plan and an operational mechanism such as internal rules on the purchase and management of output devices
- Centralized support and maintenance services by Ricoh for all output devices
- Help desk and on-site support service to all locations worldwide
- Network-based remote diagnosis to ensure the stable operation of output devices
- Send and receive fax messages electronically with MFPs
- Improved document workflow with the use of scan feature of MFPs
- Employee awareness promotion and training on the use of MFPs
- Cost effectiveness evaluation and reporting, and continuous advice on possible additional installation and workflow improvements and implementation of them

All the above benefits and solutions are provided by Ricoh's Managed Document Services (MDS).

MDS allows customers to reduce their document-related administrative work, thereby concentrating on their core operations. Based on an in-depth analysis of document input/output history, we advise on optimal device allocation and efficient workflow. In addition, we implement the proposed plan and manage devices on behalf of the customer. Besides reduction of TCO and environmental impact, customers will also benefit from MDS, which enables customers to focus their resources on core business, in the form of improved productivity and operational efficiency. The strengths of our MDS are Ricoh's strong global sales and service network and extensive experience in this field.

Ricoh Solution Showcase (2)

Customer profile

Company B (Japan based)

A Japanese construction company with 20 employees, primarily performing public works projects. No previous business relationship with Ricoh.

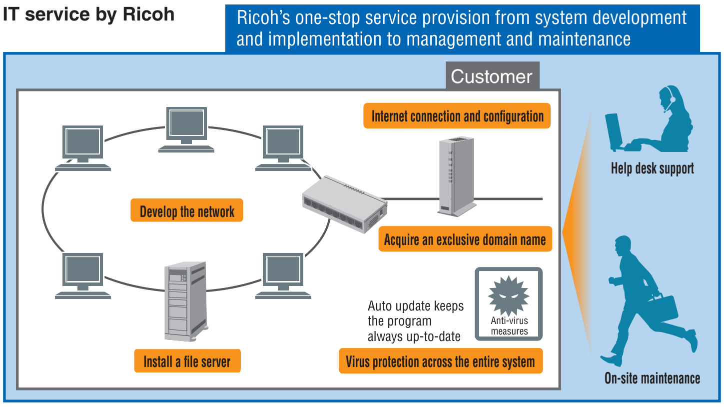
Customer's problem

- Increased load on the existing IT system, due to the rapid shift from paper to electronic formats for mail correspondence and management documents for construction projects, has slowed processing speed and lowered performance of the existing IT system, affecting overall operational efficiency.
- Concern over information security and antivirus management since important data such as construction project-related files are maintained on employees' computers.

While wishing to rebuild the IT environment to address these issues, the customer cannot afford to hire a full-time IT employee.

Solutions from Ricoh

IT service by Ricoh



- Install a file server
- Acquire an exclusive domain name
- Manage email addresses
- Virus protection across the entire system
- On-site maintenance
- Support through the help desk

And more! Ricoh provides a one-stop solution for IT infrastructure development, management, and maintenance.

Voice of the sales representative

"Whenever an IT-related problem occurred, the customer had to expend considerable time and effort to detect its cause and recover from the problem. Now they are no longer affected by such problems and can concentrate on their normal business knowing that, 'if something comes up, all I need to do is just to call Ricoh.' Delighted with the current status, the customer told me that they want Ricoh to take care of all their output devices and overall office infrastructure, not limited to the IT infrastructure."

This is how Ricoh's IT services can help customers.

From the design and development to the operation, management and maintenance of IT infrastructure, Ricoh provides a wide range of services that suit customers' organizational size and needs to bring an optimal IT environment to their offices. As our services cover a variety of non-Ricoh products, customers do not need to purchase services from multiple vendors. A single service contract with Ricoh offers flexible one-stop service and support. As a result, customers can reduce their IT management work and focus their resources on their core business.

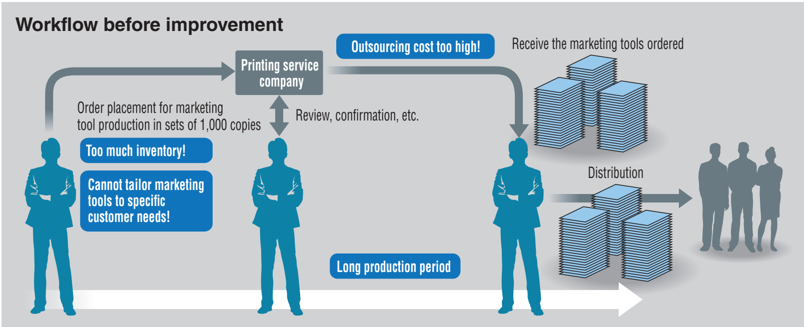
Ricoh will continue to meet the needs of customers worldwide with its locally tailored IT services.

Ricoh Solution Showcase (3)

Customer profile **Toll Brothers, Inc.** (USA based)

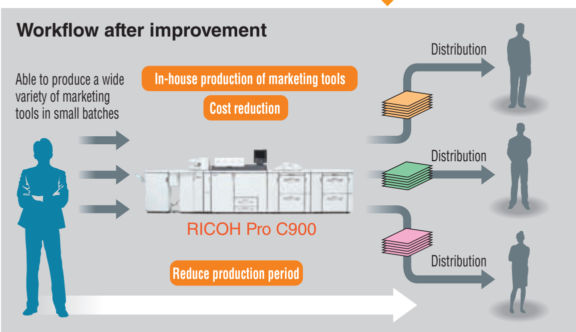
A leading home builder and real estate developer headquartered in Horsham, Pennsylvania, the U.S.A., operating in 21 states nationwide.

Customer's requirement



- Bring the production of marketing tools (e.g., direct mails) in-house to reduce printing costs and shorten delivery time.
- Customize marketing tools individually for each customer to make them more appealing and effective.

Benefits achieved



- In-house production led to an approximately 65,000-dollar reduction in annual outsourcing costs and shorter production period
- Able to produce individually customized marketing tools with stylish design for each customer
- Improved security because the in-house production of direct mails avoids the risk of having their customers information compromised

<Solutions from Ricoh>

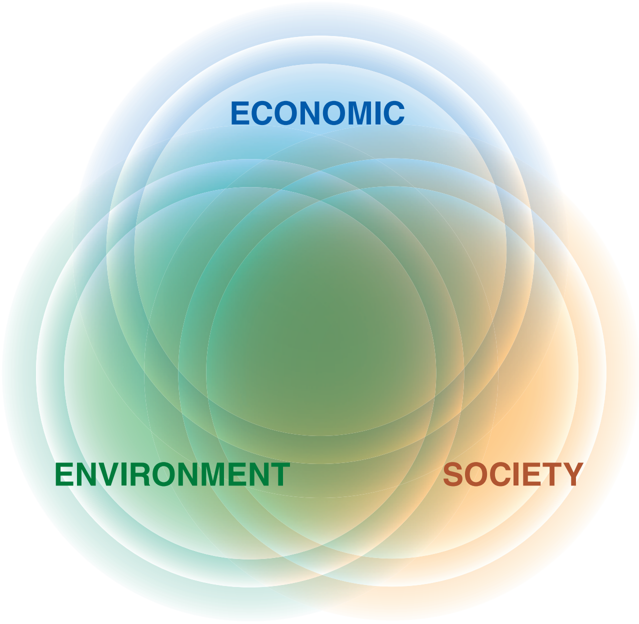
- Recommended Ricoh Pro C900 for the in-house production, which can produce a wide variety of printed materials in small batches, and is compatible with various types of paper
- Assembled a support team for Toll Brothers
- Proposed to establish a workflow for in-house print production and, as part of such efforts, to introduce new application programs
- Teaching employees how to operate a digital printer, and what functions are available to be used for what purpose for employees who had no experience in using digital printer
- Training on how to use the newly introduced application programs, as well as effective design techniques
- Helping the customer's in-house printing production by offering on-site support even after the installation

Such solutions are available in our production printing business.

Ricoh supports a wide range of customers who operate data centers, copy centers, print shops, commercial printing, direct mailing, and more with its one-stop solutions catered to the needs and purpose of each customer. Typical offerings include device installation, ensuring compatibility with mission critical systems and networks, on-site maintenance, and operation training, which all are designed to meet the customer's needs and purpose. In addition to cost reduction and accelerated delivery times, our solutions offer customers additional value such as more effective execution of sales promotion, thus helping them improve workflows and expand their business.

Corporate Social Responsibility (CSR)

Striving to balance economy, society and environment —three elements integral to our business.



Today, we are faced with a multitude of challenges that need to be addressed by society at large. At the Ricoh Group we want to be part of the solutions to these problems by supporting to create a sustainable society through our business activities.

For instance, eliminating waste from production processes does not only reduce production costs but also the associated environmental impacts. A company that provides environmentally friendly products and services creates benefits not only for its customers, who can reduce their environmental impact, but also for the company itself, which can grow only with the support of its customers. By meeting social requirements and delivering new and greater value that makes a difference in society, a corporation can grow sustainably as a valued and respected member of society.

Business growth and development need not be in conflict with efforts to create a sustainable society. We will continue working to create economic, social and environmental value, in the belief that this will lead to innovation, technological breakthroughs, and new business models.

TOPIC (1)

Recovery assistance in Afghanistan, offering employment opportunities

To support Afghanistan's recovery efforts, we at the Ricoh Group have been donating copiers to Afghan schools since 2003. Through this project, inspired by our Afghan employees' wish to alleviate the hardships faced by children in their home country, we sent 60 copiers in 2003 and 75 copiers in 2005 to schools in Afghanistan for duplicating learning materials, most of which had been lost in the war. In addition, as there were no local copier or other equipment-related service providers, we established Nashuatec Kabul, which provides employment opportunities to the local community. The project is widely and highly recognized by the Afghan government and local communities and has contributed to our business in the region, and the building of a closer relationship between ourselves and governmental organizations, the United Nations and NGOs.

Our support for Afghan reconstruction will continue and evolve. We are currently working with NGOs and Kabul University toward possible implementation of projects designed to help eliminate the digital divide.

* For details, please read the Ricoh Group Sustainability Report (Corporate Social Responsibility) 2010.

At an elementary school in Kabul in September 2005. Mohammed Wasseli, an employee of NRG Benelux speaking in front of the students. "This day was a special day for the students because they did not have a single copier in the school before."

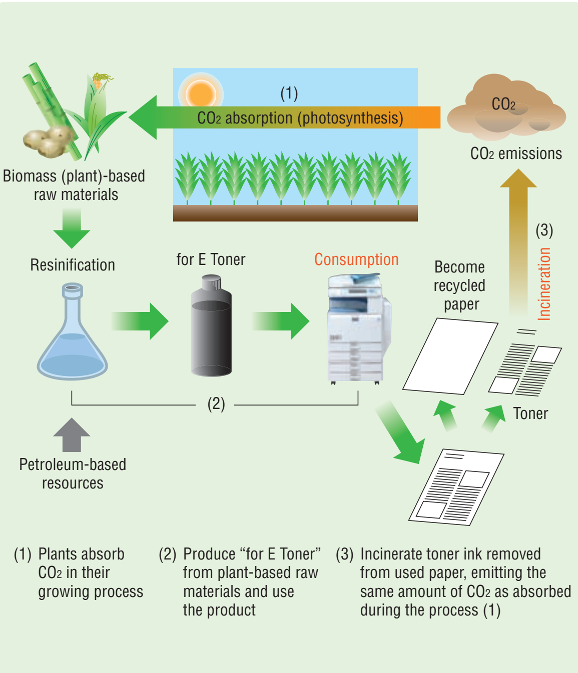
Children and a Nashuatec Kabul employee (right) with the new copier

TOPIC (2)

The imagio MP 6001GP featuring the world's first[*1] biomass toner

In November 2009, Ricoh released the imagio MP 6001GP, a multifunctional monochrome copier equipped with a biomass-based toner named "for E Toner." With the launch of this product, we became the world's first manufacturer to employ a biomass toner (25% biomass content[*2]). Ricoh has been working on the development of components and toners for copiers by utilizing biomass resins, as part of its efforts to develop alternative materials to realize a low-carbon and resource-recirculating society. Plant-based biomass resins have been receiving increasing attention recently as these substitutes for petroleum-based resins (which carry a depletion risk) are recyclable and contribute little to global warming.

*1 As a manufacturer's genuine toner
*2 Percentage of plant-based resins included in the toner



TOPIC (3)

Highly efficient manufacturing plant starts operation in Thailand

In September 2009, a new manufacturing subsidiary of the Ricoh Group, Ricoh Manufacturing (Thailand) Ltd. (RMT), started operation. Aiming at agile and flexible production that can immediately respond to market changes, RMT has incorporated waste elimination considerations into the design of the plant's production line, ranging from working space and environmental impact to personnel allocation and inventory control. To this end, a "vertical circulation module production method" was selected for the new plant after the comparison of several production methodologies utilized at Ricoh's other production sites. This method enables smooth adaptation during model changeover or production volume changes, as the length of the production line can be changed just by inserting or removing modules. In addition, this production system does not require the installation of a lot of fixed equipment; therefore, a substantial reduction in equipment operating costs and the operation's impact on the environment is possible compared with alternative methods. Other features of the new plant include the environmentally friendly design and facilities, such as natural lighting and ventilation systems, a highly efficient air-conditioning system, an insulated roof, heat-reflective glass panels, and much more.

Production line at Ricoh Manufacturing (Thailand) Ltd.

[Recognition from Third Parties]

■ Ricoh listed as one of "The Global 100: Most Sustainable Corporations in the World"

Ricoh was named one of the "Most Sustainable Corporations in the World" by Canadian-based company Corporate Knights Inc. for the sixth consecutive year. This listing is the result of Ricoh's sustainable environmental management and other related initiatives.

■ Ricoh named among the "World's 100 Most Ethical Companies" for the second consecutive year

In 2010, Ricoh was selected as one of the World's 100 Most Ethical Companies by U.S. think tank Ethisphere Institute for the second straight year.

■ Ricoh stocks incorporated in leading SRI indexes

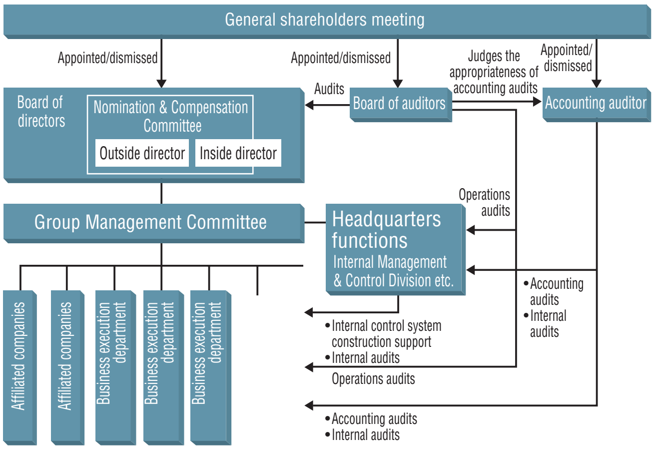
Ricoh's stocks are incorporated in many eco funds and social responsibility investment (SRI) funds/indexes. In Japan, the Morningstar Socially Responsible Investment Index has included Ricoh since its establishment in 2003. In addition, Ricoh has also been included in the FTSE4 Good Global Index, which is published by the FTSE Group, a joint venture between The Financial Times (U.K.) and the London Stock Exchange, for seven years in a row.

Corporate Governance

● Corporate governance system

The Ricoh Group's corporate governance system is designed to ensure transparent management underpinned by strong business ethics and legal compliance; to increase competitiveness in the market; and ultimately to achieve sustainable growth and increased group-wide enterprise value. We have identified four key stakeholder groups—customers, shareholders, employees, and society—and defined respective policies to address each of these groups. We have a corporate auditor system in place to strengthen our board of directors, and an executive officer system, to intensify our management oversight and business execution. By appointing some of our directors from outside the company, we maintain transparent management.

Corporate governance and internal control system diagram



Senior management (as of June 2009)

		Directors	Auditors
Headcount		11	5
	Number of outside members	2	2
	Female members	0	0
Remuneration		459 million yen	70 million yen

(1) Board of directors

To ensure mutual oversight and fair, well-balanced decision-making among board members and further improve management transparency, the board of directors consists of outside directors and inside directors holding same level positions. Appointments and compensation of directors and executive officers are reviewed and verified by the Nomination and Compensation Committee, a unique permanent organ consisting of the outside directors and some inside directors.

(2) Executive function for group-wide management

To ensure that the best possible decisions on group-wide management are made and reviewed from a holistic viewpoint and in a timely manner, the Group Management Committee (GMC), consisting of executive officers with special qualifications, was established as a decision-making body empowered by the board of directors to undertake the management of the group. The authority to execute business has been provided to the respective business execution departments in order to expedite decision-making and clarify the role of each department.

(3) Auditing

In cooperation with the Internal Management & Control Division—Ricoh's internal auditing division—and other organizations within the company, our auditors review and assess, in a fair and objective manner, the status of each business execution department and subsidiary to ensure the legal compliance and adequacy of business operations executed, and, in addition, offer advice and recommendations for improvement.

● Internal control

To further strengthen internal control, an Internal Control Committee has been organized within the GMC. In addition, the Internal Management & Control Division, an organization that reports directly to the President, takes charge of administering and promoting compliance, risk management, and internal audits, as well as supervising internal control.

Risk Management and Compliance

<Risk management>

● Total Risk Management (TRM)

The Ricoh Group Total Risk Management (TRM) Basic Regulation, provides a framework for TRM for the entire group, and the Crisis Management Policy, ensures full and complete reporting to management and seeks to prevent the escalation of risks as they arise. In fiscal 2010, we identified 49 risks that could affect our business and conducted TRM audits to assess how these identified risks are controlled and managed at the Group's 71 departments and divisions.

● Business Continuity Plans (BCP)

Business Continuity Plans (BCP) for providing maintenance services and supplies in the event of an earthquake either centered on Tokyo or affecting the greater Tokai region have been formulated. We have also created a basic plan for dealing with outbreaks of new types of flu, identified the areas of business that must be maintained should such a new flu spread, and formulated BCPs for doing so.

<Compliance>

● Compliance with laws, regulations and corporate ethics

To deepen employees' understanding of the Ricoh Group Code of Conduct, localized education is provided via e-learning programs, the Intranet, and handbooks to employees in Japan and each overseas region on an ongoing basis. The extent of employee understanding of the code is measured as part of internal audits conducted across the Group.

● Whistle-blowing system

As part of Ricoh's whistle-blowing system, a "Hot Line" system was established as a contact point for employees wishing to seek counsel.

CSR Activity Principles and Initiatives

● Ricoh Group CSR Charter; Code of Conduct; Supplier Code of Conduct

The Ricoh Group established the Ricoh Group CSR Charter and the Ricoh Group Code of Conduct in 2003 to ensure the Group fulfills its responsibility to society through every aspect of its operations. In addition, the Ricoh Group Supplier Code of Conduct was formulated in 2006, which the Group's suppliers are expected to comply with and monitor their performance against.

<Gist of the Ricoh Group Code of Conduct>

- Integrity in Corporate Activities (including the personal information protection)
- Harmony with the Environment
- Respect for People (including no tolerance of discrimination, child labor)
- Harmony with Society (including disclosure manner)

See page 58

● Ricoh signatory to the United Nations Global Compact

Ricoh signed the United Nations Global Compact in 2002. Since 2008, Ricoh has been serving on the board of the Global Compact Japan Network.

● Framework for supporting social contribution activities

(1) A social contribution reserve system, under which the company saves a certain amount of its profits for use in social contribution activities, upon the approval of shareholders at annual general meetings
(2) Free Will, a social contribution support organization initiated by employees to collect employee donations
(3) The matching gift program, which requires the company to match donations from employees

Human Resources and Career Development

● Basic policy on human resources development

To nurture the seven types of human resources we identified as key enablers to achieve our growth strategy, we design and operate human resource type-based development programs.

With the enhanced "career design training" and the expanded "training interview system" in place, we encourage each employee to aim for higher goals by providing appropriate direction and integrating the individual's ideals with the organizational goals.

● Diversity and work-life balance management

The Ricoh Group is making efforts to establish diversity-focused human resources management in a bid to further globalize the brand. Our HR systems are continually improved based on the results of employee surveys conducted on a regional basis, aiming to create a workplace where a diverse range of employees can each realize their full potential, enjoy a healthy work-life balance and have their individuality respected.

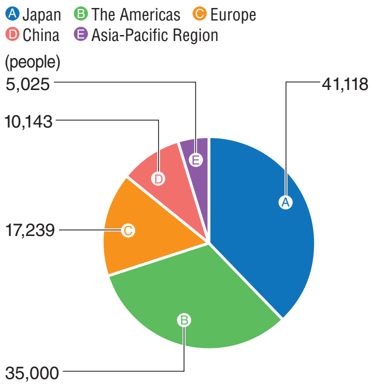
● Human resources-related programs

- Childcare support system
- Childcare leave
- Reemployment of former employees who left for parenting or family care reasons
- Nursing care leave for employees with sick or aged family
- Volunteer leave
- In-house job posting
- Reemployment of retirees
- Goal evaluation system
- Career development support programs
- e-learning
- RICOH Award and other recognition programs

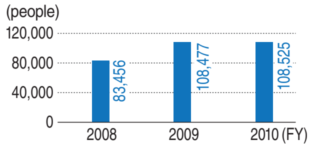
and more

CSR related data

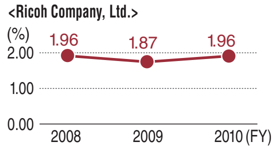
■ Consolidated number of employees by region (as of March 31, 2010)



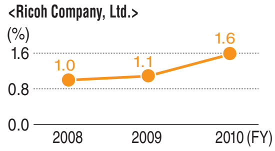
■ Consolidated number of employees



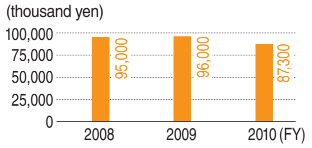
■ Rate of employees with disabilities <Ricoh Company, Ltd.>



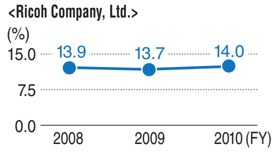
■ Percentage of female managers <Ricoh Company, Ltd.>



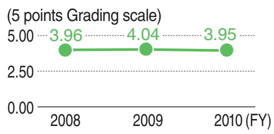
■ Social contributions



■ Percentage of female employees <Ricoh Company, Ltd.>



■ General Satisfaction Rating of Employees Score of pride in working for Ricoh



* For details, please read the Ricoh Group Sustainability Report (Corporate Social Responsibility) 2010.

Sustainable Environmental Management

● Ricoh Group Mid- to Long-term Environmental Impact Reduction Targets

With a goal of developing a more farsighted approach to environmental activities, the Ricoh Group presented its 2050 Extra-Long-Term Environmental Vision. In March 2009, the Group issued its Mid- to Long-term Environmental Impact Reduction Targets announcing specific steps to be taken to achieve the vision. With 2020 and 2050 being key years, numerical targets have been set in three different areas: energy saving and global warming prevention, resource conservation and recycling, and pollution prevention. Various highly effective activities are being implemented to achieve these goals in each area.

● Biodiversity Guidelines

Aiming to help realize an affluent society built on a sustainable global environment, the Ricoh Group formulated its Biodiversity Guidelines in March 2009 to promote integrated activities which combine the Group's existing environmental conservation activities and biodiversity protection efforts.

● Commitment to climate change mitigation

- Expressed support for the Poznań Communiqué on climate change (December 2008)
- Joined in the Japan Climate Leaders' Partnership (Japan-CLP) (July 2009)
- Expressed support for the Copenhagen Communiqué on climate change (September 2009)

Ricoh Group Mid- to Long-term Environmental Impact Reduction Targets

		2020	2050
Energy saving and global warming prevention	Reduction of CO_2 emissions (including five gases calculated as CO_2 equivalent) throughout lifecycles	Reduce 30.0% from fiscal 2001	Reduce 87.5% from fiscal 2001
Resource conservation and recycling	Reduction of use of new resources in products	Reduce 25.0% from fiscal 2008	Reduce 87.5% from fiscal 2008
Pollution prevention	Reduction of chemical substances to minimize environmental risks	Reduce 30.0% from fiscal 2001	Reduce 87.5% from fiscal 2001

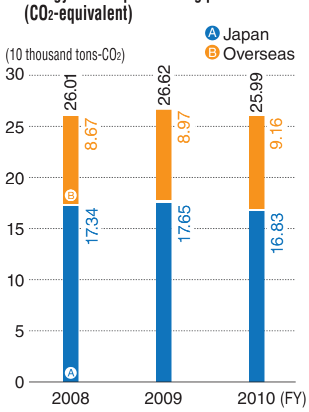
* Targets specified above are set based on Ricoh's business areas and market share in fiscal 2001. (For more detailed information, see the press release at http://www.ricoh.co.jp/release/by_field/environment/2009/0422.html)

● ISO 14001 certification

By March 2000, all major production sites of the Ricoh Group around the globe had acquired ISO 14001 certification. In February 2007, Ricoh and its sales subsidiaries in Japan acquired integrated ISO 14001 certification. During fiscal 2010, the integrated certification was expanded to include services subsidiaries: Ricoh Technosystems Co., Ltd. and Ricoh IT Solutions Co., Ltd. Outside Japan too, more sales subsidiaries have acquired certification, including Ricoh India Limited, which was certified in March 2009. As a result, all Ricoh sales subsidiaries in the Asia Pacific region have obtained ISO 14001 certification.

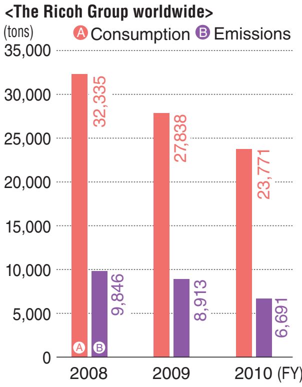
Environmental data

■ Energy consumption during production (CO_2-equivalent)



■ Environmentally sensitive substances consumption and emissions*

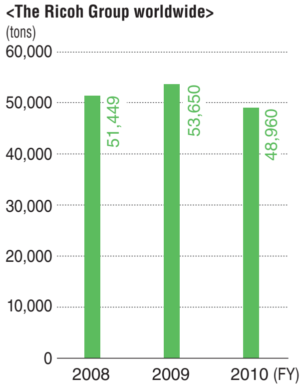
<The Ricoh Group worldwide>



* Data for the substances specified in the environmental action plan, which consists mainly of the substances covered by the PRTR Law and includes other chemical substances used by the Group in large quantities.

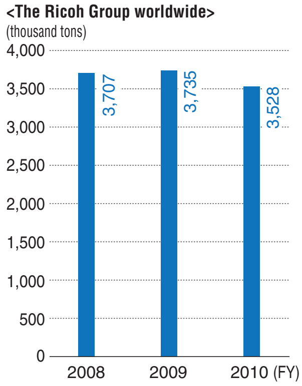
■ Total amount of waste generated

<The Ricoh Group worldwide>



■ Volume of industrial water used

<The Ricoh Group worldwide>



*** For details, please read the Ricoh Group Sustainability Report (Environment) 2010.**

Financial Section

For notes to consolidated financial statements and other information, please see FORM 20-F filed on U.S. SEC.

Risk Factors

Ricoh is a global manufacturer of office equipment and conducts business on a global scale. As such, Ricoh is exposed to various risks which include the risks listed below. Although certain risks that may affect Ricoh's businesses are listed in this section, this list is not exhaustive. Ricoh's business may in the future also be affected by other risks that are currently unknown or that are not currently considered significant or material.

Ricoh's Success Will Depend on Its Ability to Respond to Rapid

The document imaging and management industry includes products such as copiers, printers, facsimile machines and scanners. The technology used in this industry changes rapidly and products in this industry will often require frequent and timely product enhancements or have a short product life cycle. Most of Ricoh's products are a part of this industry and as such Ricoh's success will depend on its ability to respond to such technological changes in the industry. To remain competitive in this industry, Ricoh invests a significant amount of resources and capital every year in research and development activities. Despite this investment, the process of developing new products or technologies is inherently complex and uncertain and there are a number of risks that Ricoh is subject to, including the following:

- No assurances can be made that Ricoh will successfully anticipate whether its products or technologies will satisfy its customers' needs or gain market acceptance;
- No assurances can be made that the introduction of more advanced products that also possess the capabilities of existing products will not adversely affect the sales performance of each such product;
- No assurances can be made that Ricoh will be able to procure raw materials and parts necessary for new products or technologies from its suppliers at competitive prices;
- No assurances can be made that Ricoh will be able to successfully manage the distribution system for its new products to eliminate the risk of loss resulting from a failure to take advantage of market opportunities;
- No assurances can be made that Ricoh will succeed in marketing any newly developed product or technology; and
- No assurances can be given that Ricoh will be able to respond adequately to changes in the industry.

Ricoh's failure to respond to any risks associated with this industry, including those described above, may reduce Ricoh's future growth and profitability and may adversely affect Ricoh's financial results and condition.

In addition to the above general risks, Ricoh is exposed to the following specific risks relating to the document imaging and management industry:

Digital Technology

Among the various technologies used in the document imaging and management industry, Ricoh believes the successful development of digital technology is one of the most essential factors in attaining a competitive advantage. Ricoh currently is a leader in digital technology and believes that the importance of digital technology used in office equipment, including copiers, printers, facsimiles and scanners, will continue to grow in the future. While most of Ricoh's PPCs sold in Japan and overseas are already digital, Ricoh believes that the digital technology used in connection with digital copiers and other digital products will continue to develop and that competition with respect to digital products will intensify. There is no assurance that Ricoh will continue to be in the forefront of digital technology despite its commitment to invest in research and development activities in this area. Failure of Ricoh to adequately develop digital technology may adversely affect Ricoh's financial results and condition.

Multi-Functional Equipment

Ricoh believes that the document imaging and management industry is moving towards a multi-functional office environment where various office equipment (including copiers, facsimile machines, printers, scanners and personal computers) become more interdependent on each other due to the increasing use of digital technology and initiatives taken by many offices to eventually become a "paperless office." As a result, certain existing office equipment may either be consolidated into multi-functional equipment or may be linked together electronically to perform various office functions. Although Ricoh already manufactures certain multi-functional equipment, as a result of this trend towards multi-functional equipment, some of Ricoh's products may become obsolete while other products may require substantial product enhancements, requiring technologies currently unavailable within Ricoh. No assurances can be made that Ricoh will be able to successfully adjust to such changes.

Ricoh Must Successfully Operate in Highly Competitive Markets

The document imaging and management industry, including the copier industry, is intensely competitive. Ricoh expects to face increased competition in the various markets in which it operates. Currently, Ricoh's competitors include other large manufacturers and distributors of office equipment. In addition, as digital and other new technology develops and as new office equipment products using these newly developed technologies gain increased market acceptance, Ricoh may find itself competing with new competitors that develop such new technologies, including computer software and hardware manufacturers and distributors. Accordingly, it is possible that new competitors or alliances among existing and new competitors may emerge and rapidly acquire significant market share. While Ricoh believes it is a leading manufacturer and distributor in the document imaging and management industry and it intends to maintain its position, no assurances can be made that it will continue to compete effectively in the future. Pricing pressures or loss of potential customers resulting from Ricoh's failure to compete effectively may adversely affect Ricoh's financial results and condition.

Ricoh Is Subject to the Risks of International Operations and the Risks of Overseas Expansion

A substantial portion of Ricoh's manufacturing and marketing activity is conducted outside of Japan, including in the United States, Europe, and in developing and emerging markets such as China. There are a number of risks inherent in doing business in such overseas markets, including the following:

- unfavorable political or economical factors;
- fluctuations in foreign currency exchange rates;
- potentially adverse tax consequences;
- unexpected legal or regulatory changes;
- lack of sufficient protection for intellectual property rights;
- difficulties in recruiting and retaining personnel, and managing international operations; and
- less developed infrastructure.

Ricoh's inability to manage successfully the risks inherent in its international activities could adversely affect its business, financial condition and operating results. In addition, while Ricoh plans to continue to expand its business worldwide and increase overseas sales, because of the risks associated with conducting an international operation (including the risks listed above), there can be no assurances that Ricoh's overseas expansion will be successful or have a positive effect on Ricoh's financial results and condition.

Economic Trends in Ricoh's Major Markets May Adversely Affect Ricoh's Sales

Demand for Ricoh's products is affected by cyclical changes in the economies of Ricoh's major markets, including Japan, the United States and Europe. Economic downturns and declines in consumption in Ricoh's major markets may adversely affect Ricoh's financial results and condition.

Foreign Exchange Fluctuations Affect Ricoh's Results

Local currency-denominated financial results in each of the Company's subsidiaries around the world are translated into Japanese Yen by applying the average market rate during each financial period and recorded on Ricoh's consolidated statements of income. Local currency-denominated assets and liabilities are translated into Japanese Yen by applying the market rate at the end of each financial period and recorded on Ricoh's consolidated balance sheets. Accordingly, the financial results, assets and liabilities are subject to foreign exchange fluctuations.
In addition, operating profits and losses are highly sensitive to the fluctuations in the value of the Japanese Yen because the high volume of Ricoh's production and sales activities in the Americas, Europe and Other, such as China, results in a large proportion of revenues and costs denominated in local currencies. Although Ricoh engages in hedging transactions such as forward contracts with several financial institutions having credit ratings satisfactory to Ricoh to minimize the negative effects of short-term fluctuations in foreign exchange rates among major currencies such as the U.S. Dollar, the Euro and Japanese Yen, mid-to-long-term volatile changes in the exchange rate levels make it difficult for Ricoh to execute planned procurement, production, logistics, and sales activities and may adversely affect Ricoh's financial results and condition.

Crude Oil Price Fluctuations Affect Ricoh's Results

Many of the parts or materials used in manufacturing Ricoh's products are made from oil. If the price of crude oil rises, the purchase price of such product parts or materials may increase as well. Furthermore, a rise in the price of crude oil may lead to an increase in shipping and handling costs due in part to a rise in the cost of fuel and the cost of utilities. Ricoh may not be able to pass these incremental costs onto the sales price of its products. Such fluctuations in crude oil prices may therefore adversely affect Ricoh's financial position and results of operations.

Ricoh Is Subject to Government Regulation That Can Limit Its Activities or Increase Its Cost of Operations

Ricoh is subject to various governmental regulations and approval procedures in the countries in which it operates. For example, Ricoh may be required to obtain approvals for its business and investment plans, be subject to export regulations and tariffs, as well as rules and regulations relating to commerce, antitrust, patent, consumer and business taxation, exchange control, and environmental and recycling laws. Ricoh has established a Corporate Social Responsibility Office to heighten awareness of the importance of corporate social responsibility. Through this office, Ricoh involves its employees in various activities designed to ensure compliance with applicable regulations as part of its overall risk management and compliance program. However, if Ricoh is unable to comply with any of these regulations or fails to obtain the requisite approvals, Ricoh's activities in such countries may be restricted. In addition, even if Ricoh is able to comply with these regulations, compliance can result in increased costs. In either event, Ricoh's financial results and condition may be adversely affected.

Ricoh Is Subject to Internal Control Evaluations and Attestation Over Financial Reporting under the Sarbanes-Oxley Act of 2002 of the United States and the Financial Instruments and Exchange Act of Japan

The United States Securities and Exchange Commission (the "SEC"), as required by Section 404 of the Sarbanes-Oxley Act of 2002 of the United States, adopted rules requiring every company that files reports with the SEC to include a management report on such company's internal control over financial reporting in its annual report. In addition, the company's independent registered public accounting firm must publicly attest to the effectiveness of the company's internal control over financial reporting. Furthermore, the Financial Instruments and Exchange Act of Japan requires Japanese companies whose shares are listed on the Japanese stock exchanges to submit a report which evaluates internal control over financial reporting to the commissioner of the financial bureau of Japan. Ongoing compliance with these requirements is complex, costly and time-consuming. If Ricoh were to fail to maintain effective internal control over financial reporting, Ricoh's management were to fail to assess on a timely basis the adequacy of such internal control, or Ricoh's independent registered public accounting firm were to fail to attest on a timely basis to the effectiveness of such internal control or issue a qualified opinion, Ricoh could be subject to regulatory sanctions or could face adverse reactions in the financial markets due to loss of investor confidence.

Ricoh's Business Depends on Protecting Its Intellectual Property Rights

Ricoh owns or licenses a number of intellectual property rights in the field of office equipment automation and, when Ricoh believes it is necessary or desirable, obtains additional licenses for the use of other parties' intellectual property rights. If Ricoh fails to protect, maintain or obtain such rights, its performance and ability to compete may be adversely affected. Ricoh has a program in place under which company employees are compensated for any valuable intellectual property rights arising out of any inventions developed by them during the course of their employment with Ricoh. While unlikely, management believes that there could arise instances in the future where Ricoh may become the subject of legal actions or proceedings where claims alleging inadequate compensation are asserted by company employees.

Ricoh Is Dependent on Securing and Retaining Specially Skilled Personnel

Ricoh believes that it can continue to remain competitive by securing and retaining additional personnel who are highly skilled in the fields of management and information technology. However, the number of skilled personnel is limited and the competition for attracting and retaining such personnel is intense, particularly in the information technology industry. Securing and retaining skilled personnel in the information technology industry is especially important for Ricoh to compete effectively with its competitors as expectations and market standards for office equipment become more technologically advanced. Ricoh cannot assure that it will be able to successfully secure and retain additional skilled personnel.

Ricoh May Be Adversely Affected by Its Employee Benefit Obligations

With respect to its employee benefit obligations and plan assets, Ricoh accrues the cost of such benefits based on applicable accounting policies and funds such benefits in accordance with governmental regulations. Currently, there is no immediate and significant funding requirement; however, if returns from investment assets continue to decrease and/or turn to be negative due to market conditions, such as the fluctuations in the stock or bond markets, additional funding and accruals may be required. Such additional funding and accruals may adversely affect Ricoh's financial position and results of operations.

Ricoh's Operations Are Subject to Environmental Laws and Regulations

Ricoh's operations are subject to many environmental laws and regulations governing, among other things, air emissions, wastewater discharges, the use and handling of hazardous substances, waste disposal, product recycling, and soil and ground-water contamination. Ricoh faces risks of environmental liability in our current and historical manufacturing activities. Costs associated with future additional environmental compliance or remediation obligations could adversely affect Ricoh's business, operating results, and financial condition.

Risks Associated with Ricoh's Equipment Financing Business May Adversely Affect Ricoh's Financial Condition

Ricoh provides financing to some of its customers in connection with its equipment sales and leases. Ricoh evaluates the creditworthiness and the amount of credit extended to a customer prior to the financing arrangement and during the financing term on a regular basis. Depending on such evaluations, Ricoh makes adjustments to such extensions of credit as it deems necessary to minimize any potential risks of concentrating credit risk or non-payment of credit. Despite the application of these monitoring procedures, no assurances can be made that Ricoh will be able to fully collect on such extensions of credit due to unforeseeable defaults by its customers.

In addition, these financing arrangements that Ricoh enters into with its customers result in long-term receivables bearing a fixed rate of interest. However, Ricoh finances these financing arrangements primarily with short-term borrowings subject to a variable interest rate. Although Ricoh engages in hedging activities, Ricoh is not able to fully hedge this interest rate mismatch.

If Ricoh is unable to successfully manage these risks associated with its equipment financing business, Ricoh's financial results and condition may be adversely affected.

Ricoh May Be Subject to Product Liability Claims that Could Significantly Affect Its Financial Condition

Ricoh may be held responsible for any defects that occur with respect to its products and services. Based on the defect, Ricoh may be liable for significant damages, which may adversely affect its financial results and condition. Furthermore, as Ricoh increasingly provides products and services utilizing sophisticated and complex technologies, such defects may occur more frequently. Such potential increase in defects, which could result in an increase in Ricoh's liability, may adversely affect its financial results and condition.

In addition, negative publicity concerning these defects could make it more difficult for Ricoh to attract and maintain customers to purchase Ricoh products and services. As a result, Ricoh's financial results and condition may be adversely affected.

Ricoh's Performance Can Be Affected by Alliance with, and Strategic Investments in, Other Entities

Ricoh engages in alliances with other entities to create various products and services to fulfill customer demands. Ricoh believes that an alliance is an effective method for timely development of new technology and products using management resources of both parties. However, if Ricoh's interest differs from other parties' interests due to financial or other reasons, Ricoh may be unable to maintain the alliance. Ricoh also makes strategic investments to acquire interests in companies that Ricoh believes would support existing businesses and/or lead to new businesses. Such strategic investments may not necessarily lead to the expected outcome or performance and may result in increased time and expenses being incurred due to the integration of businesses, technologies, products and/or personnel necessitated by such investments. Accordingly, these types of management decisions may have a significant impact on the future performance of Ricoh. Failure to maintain an on-going alliance, establish a necessary alliance or make a strategic investment to acquire an interest in a company may adversely affect Ricoh's future financial position and results of operations.

Inadvertent or accidental leakage or disclosure of confidential or sensitive information may adversely affect Ricoh's operations

Ricoh obtains confidential or sensitive information from various sources, including its customers, in the ordinary course of its business. Ricoh also holds trade secrets regarding its technologies and other confidential or sensitive information relating to marketing. To prevent unauthorized access and/or fraudulent leakage or disclosure of such confidential or sensitive information, Ricoh has implemented an internal management system, which includes measures to improve security and access to its internal database, as well as employee training programs to educate its employees with respect to compliance with applicable regulations relating to information security and data access. Despite Ricoh's efforts, however, confidential or sensitive information may be inadvertently or accidentally leaked or disclosed and any such leakage or disclosure may result in Ricoh incurring damages, which may adversely affect Ricoh's reputation. In addition, Ricoh may incur significant expenses for defending any lawsuits that may arise from such claims. Furthermore, the leakage or disclosure of Ricoh's confidential or sensitive marketing and technological information to a third party may adversely affect Ricoh's financial results and condition.

Ricoh May Suffer Loss as a Result of Catastrophic Disaster, Information Technology Problems or Infectious Diseases

Several of Ricoh's manufacturing facilities in Japan could be subject to a catastrophic loss caused by earthquakes as such facilities are located in areas with above average seismic activity. If any of these facilities were to experience a catastrophic loss, Ricoh could experience disruptions in its operations and delays in its production and shipments. If such occurred, Ricoh would likely record a decrease in revenue, and require large expenditures to repair or replace the damaged facility, which is likely to affect Ricoh's financial position and results of operations.

As Ricoh becomes increasingly dependent on information technology, software and hardware defects, computer viruses, as well as internal database problems (e.g., falsifications or disappearance of information relating to our customers) pose a greater risk to its operations. Although Ricoh has taken various precautionary measures, such as installing firewalls and anti-virus software to detect and eliminate computer viruses, Ricoh may not be able to completely prevent or mitigate the effects of such problems, which may affect Ricoh's performance.

In addition, the Ricoh is continually expanding its worldwide operations to set in place a global supply chain of its products and services so that we can satisfy our local customer needs faster, more effectively and on a regular basis. As Ricoh expands its operations worldwide, additional risks, such as infectious diseases (e.g., a new strain of influenza) and epidemics, may adversely affect Ricoh's operations and financial positions.

Overview of Ricoh

Group Vision and Management Plans

With “Winner in the 21st Century (Build a strong global RICOH brand)” as its group vision, Ricoh strives to continue growing and developing as a global company by gaining the trust of its customers. Ricoh intends to gain the trust of its customers by continuously working towards achieving greater customer productivity and knowledge management. Accordingly, Ricoh plans to conduct its business activities in a way that provides innovative products and services to all of its customers (including those who use information at work and in their lives outside of work) based on Ricoh’s three core values of “harmonizing with the environment (i.e., reducing and minimizing environmental impact),” “simplifying your life and work (i.e., enhancing user friendliness and striving towards simplification)” and “supporting knowledge management (i.e., offering solutions to process information).”

In addition to this overall group vision, management has established medium-term goals. Fiscal year 2010 was the second fiscal year of the 16th Medium-Term Management Plan, which covers the period from fiscal year 2009 through fiscal year 2011. Under the 16th Medium-Term Management Plan, Ricoh’s objectives are to earn an even greater level of trust from its customers by placing greater emphasis on customer viewpoints and continuing to provide products and services which meet and exceed customer expectations. To achieve the objectives of the 16th Medium-Term Management Plan, Ricoh has established the following five basic group management strategies: (1) become the market leader in each of the targeted business areas (such as the production printing business and the solutions business), (2) strengthen and accelerate its environmental management (which encompasses environment-related technological development, such as the development of products like color PxP toners, the management of resources and energy used in the entire lifecycles of Ricoh products and the delivery to customers of Ricoh’s environmental philosophy and activities), (3) promote “Ricoh Quality” (which means to accelerate the innovation processes to achieve greater customer satisfaction), (4) create new business lines and (5) build a strong global RICOH brand. Using the groundwork it laid in fiscal year 2009, Ricoh worked towards realizing the objectives of the 16th Medium-Term Management Plan in fiscal year 2010 and strived to carry out the above group management strategies.

More specifically, in the Imaging and Solutions segment, Ricoh is utilizing its strengths, such as customer contacts, broad product lines, image processing technologies, ability to propose solutions and ability to conduct business globally, to respond to the increasingly diverse needs of a greater number of customers, and to further solidify its business foundation. Ricoh understands that “work flow,” “security,” “TCO,” “compliance” and the “environment” are important considerations for customers. By focusing on these considerations, Ricoh’s goal is to provide greater value to its customers who use its products. For example, in order to contribute to the overall productivity increase of its customers, Ricoh is working to develop (1) document solutions that construct and manage a file server system that saves, searches and outputs documents, (2) facility management services that operate and manage centralized printing centers or multiple printing equipment at customers’ site and (3) IT consultation services that assist customers in improving their use of IT, enhancing their security systems and building an infrastructure that enables uninterrupted business operations. In addition, Ricoh intends to continue developing its production printing business and providing solutions such as workflow improvements to meet its customers’ needs.

In the Industrial Products segment, Ricoh is working to identify new business areas where large growth can be expected, and to allocate and direct its resources to such business areas. Ricoh is also making an effort to strengthen cooperation among personnel in the technical fields and the other business areas in order to develop new businesses that combine diverse fields.

In addition, Ricoh continues to consider additional steps that it could take to develop business in the emerging markets, such as China and Southeast Asia, in both the Imaging and Solutions segment and the Industrial Products segment.

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 9 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 plans to merge these seven domestic sales subsidiaries and the Marketing Group of the Company into one domestic sales subsidiary during fiscal year 2011, which subsidiary is expected to be known as 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 Service

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. Ricoh's Customer Support System is available on a nationwide basis in Japan 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. The total number of Ricoh's sales and service personnel in Japan is approximately 22,100. 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 45,900.

Competition

The office equipment industry in which Ricoh primarily competes remains highly competitive and Ricoh continues to encounter intense competition in its Imaging and Solutions segment. Furthermore, competition in each of the product categories in the Imaging and 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.

Management Discussion and Analysis

OPERATING AND FINACIAL REVIEW AND PROSPECTS

Overview

Ricoh is engaged primarily in the development, manufacturing, sales and servicing of office automation equipment, such as PPCs/MFPs, laser printers, GELJET printers, production printing products and facsimile machines, as well as digital cameras, semiconductor devices and thermal media. Ricoh supports its office automation equipment business by offering customers various "solution" systems that work with personal computers and servers, network systems, application software and related product support and after-sales services to assist customers in fully utilizing the Ricoh products that they purchase. Ricoh's product support services include assisting customers in setting up their information technology environment or network administration. Ricoh also offers various supplies and peripheral products to be used with its products and systems.

Ricoh distributes its products and competes in the following four geographic areas: (1) Japan, (2) the Americas, (3) Europe and (4) Other, which includes China, Southeast Asia and Oceania.

Because of the global nature of Ricoh's operations, Ricoh's results of operations and financial conditions are affected both by economic and political developments in Japan and the rest of the world, as well as by demand and competition in its lines of business. Furthermore, competition in the businesses Ricoh operates has increased significantly and is likely to continue increasing in the future. The two most significant trends in the office equipment market continue to be the movement towards digital networking systems from stand-alone models and the shift in customers' demands toward color products from monochrome products.

Historically, Ricoh's revenues have been derived mainly from the manufacturing and sale of equipment (such as copiers and printers). In recent years, the key factor to achieve revenue growth has been the expansion of available product lines and areas of services to address the increase in customer demand for digitization, color printing and high volume printing, which became possible upon the introduction of printers with high-speed printing capabilities. Notwithstanding the effect of the current global economic downturn, Ricoh remains focused on achieving sustained growth in the current competitive environment. To achieve such growth, Ricoh has striven to broaden its revenue and earnings base by expanding available product lines and areas of service and increasing the total copying or printing volume of its customers (which Ricoh refers to as "Building Total Document Volume") and the amount of revenue per copy or printed page. More specifically, Ricoh's strategies continue to include (1) introducing new color products at prices comparable to those of monochrome models to replace monochrome products, (2) expanding sales of high-speed models and (3) deploying printing solutions so that customers can optimize the total output costs of their copiers and printers. In support of such strategies, Ricoh continues to place a high priority on creating products that add value for customers in new ways (e.g., faster print speeds, easier network connectivity, enhanced user-friendliness and improved security features). To this end, while Ricoh's total R&D expenditures decreased in fiscal year 2010 as compared to fiscal year 2009, Ricoh continued to reinforce its technological strengths during fiscal year 2010 by making targeted R&D investments to create new products and deliver new services that provide added value for its customers.

In addition, in order to increase sales of its products, Ricoh has been expanding its sales infrastructure in the Imaging and Solutions segment during the last few fiscal years primarily through various acquisitions, including the acquisition of the European sales and service companies of Danka Business Systems PLC and the acquisition of 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.

To further strengthen its printing and copying business, Ricoh and IBM formed a joint venture company, InfoPrint Solutions Company, to enter into the production printing business in fiscal year 2008. At the time this company commenced its operations, Ricoh owned 51 percent of this company. Based on the agreement entered into with IBM, Ricoh's ownership percentage is expected to gradually increase up to 100 percent by July 2010. As of March 31, 2010, Ricoh owned 95.9 percent of InfoPrint Solutions Company. Ricoh expects that this company will strengthen its capabilities in output solutions, including large volume production printing products.

Furthermore, Ricoh continues to steadily increase its operational efficiency through cost-cutting measures across its business units, which includes the reduction of production costs and the streamlining of its business structure, as well as supply chain management. As part of its strict cost management policy, Ricoh continues to analyze the cost structure of its products at the design phase for the purpose of minimizing production costs.

Fiscal Year 2010 Compared to Fiscal Year 2009

Net sales:

Consolidated net sales of Ricoh for fiscal year 2010 decreased by 3.6% (or ¥75.3 billion) to ¥2,016.3 billion from ¥2,091.6 billion for fiscal year 2009. For fiscal year 2010, Ricoh recorded a decrease in net sales in all of its operating segments. This decrease was due primarily to the decrease in customer demand for Ricoh products resulting from the global economic downturn stemming from the global financial crisis and the debt crisis in Dubai and Greece.
More specifically, the 3.6% decrease was due primarily to the 6.1% decrease in sale of products, the 0.3% decrease in sale of post sales and rentals, and the 8.7% decrease in sales of other revenue. The net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen also adversely affected Ricoh's consolidated net sales in fiscal year 2010 as compared to fiscal year 2009 in Japanese Yen. Had the foreign currency exchange rates remained the same as in fiscal year 2009, Ricoh's consolidated net sales would have increased by 1.1%.
In addition, while net sales generated by IKON contributed to net sales during fiscal year 2010, since fiscal year 2010 was the first fiscal year in which IKON's results were consolidated into Ricoh's financials for a full fiscal period, the contribution made by IKON was not sufficient to fully offset the decrease in Ricoh's net sales.

Cost of sales:

Consolidated cost of sales for fiscal year 2010 decreased by 3.5% (or ¥43.3 billion) to ¥1,193.9 billion from ¥1,237.3 billion for fiscal year 2009. This decrease was due primarily to the decrease in sales of products as well as the net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen.

Gross profit:

Consolidated gross profit for fiscal year 2010 decreased by 3.8% (or ¥32.0 billion) to ¥822.3 billion from ¥854.3 billion for fiscal year 2009. This decrease in gross profit primarily reflects the decrease in net sales in Ricoh's operating segments as well as the net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen.

Selling, general and administrative expenses:

Consolidated selling, general and administrative expenses for fiscal year 2010 decreased by 3.0% (or ¥23.5 billion) to ¥756.3 billion from ¥779.8 billion for fiscal year 2009. This decrease was primarily due to group-wide cost reduction efforts in R&D, manufacturing and sales operations (which decreased selling, general and administrative expenses by ¥54.0 billion as compared to fiscal year 2009) as well as the net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen (which decreased selling, general and administrative expenses by ¥32.1 billion as compared to fiscal year 2009). Such decreases fully offset the increase in expenses that resulted from reflecting a full fiscal year of expenses incurred by IKON for the first time (which increased selling, general and administrative expenses by ¥68.8 billion as compared to fiscal year 2009).

Operating income:

Consolidated operating income for fiscal year 2010 decreased by 11.5% (or ¥8.5 billion) to ¥65.9 billion from ¥74.5 billion for fiscal year 2009. Operating income as a percentage of net sales decreased by 0.3 percentage points from 3.6% for fiscal year 2009 to 3.3% for fiscal year 2010. This decrease in operating income compared to fiscal year 2009 was due primarily to the decrease in gross profit resulting from the decrease in net sales, which was partially offset by the decrease in selling, general and administrative expenses, as group-wide cost reduction efforts in R&D, manufacturing and sales operations contributed to a decline in such expenses.

Interest and dividend income:

Consolidated interest and dividend income for fiscal year 2010 decreased by ¥1.7 billion to ¥3.4 billion from ¥5.2 billion for fiscal year 2009. This decrease in interest and dividend income was attributable to lower interest rates reflecting the adverse financial market conditions on a global basis.

Interest expense:

Consolidated interest expense for fiscal year 2010 increased by ¥2.2 billion to ¥8.1 billion from ¥5.8 billion for fiscal year 2009. This increase in interest expense reflected the increase in the average outstanding amount of interest-bearing debt that Ricoh borrowed from third parties in fiscal year 2010.

Foreign currency exchange (gain) loss, net:

Consolidated foreign currency exchange loss, net included in other (income) expenses for fiscal year 2010 decreased by ¥10.8 billion to ¥4.7 billion from ¥15.5 billion for fiscal year 2009. This decrease was primarily due to the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen.

Loss on impairment of securities:

Consolidated loss on impairment of securities for fiscal year 2010 decreased by ¥26.6 billion to ¥0.1 billion from ¥26.8 billion for fiscal year 2009. This decrease in loss on impairment of securities was attributable to the lower volatility in the stock markets as compared to fiscal year 2009.

Other, net:
Consolidated other, net included in other (income) expenses changed to an income of ¥1.1 billion for fiscal year 2010 from a loss of ¥0.5 billion for fiscal year 2009.

Provision for income taxes:
Total consolidated provision for income taxes for fiscal year 2010 increased by ¥5.5 billion to ¥27.6 billion from ¥22.1 billion for fiscal year 2009. The effective tax rate was 48.1% for fiscal year 2010 compared to 71.6% for fiscal year 2009. The effective tax rate was higher than the Japanese statutory tax rate of approximately 40% due primarily to the fact that a recognition of valuation allowance for deferred tax assets resulted from uncertainty about certain consolidated subsidiaries' ability to earn taxable income in future fiscal years. The effective tax rate of 48.1% in fiscal year 2010 was approximately 24 percentage points lower than the effective tax rate of 71.6% in fiscal year 2009. This decrease in the effective tax rate was due mainly to the decrease in tax benefit not recognized on operating losses of certain consolidated subsidiaries.

Equity in earnings of affiliates:
Consolidated equity in earnings of affiliates for fiscal year 2010 decreased by ¥65 million to ¥6 million from ¥71 million for fiscal year 2009.

Net income attributable to noncontrolling interests:
Consolidated net income attributable to noncontrolling interests for fiscal year 2010 decreased by ¥0.3 billion to ¥1.9 billion from ¥2.3 billion for fiscal year 2009. This decrease was due primarily to the lower performance of Ricoh Leasing Co., Ltd. for fiscal year 2010.

Operating Segments
Consolidated net sales of Ricoh for fiscal year 2010 decreased by 3.6% (or ¥75.3 billion) to ¥2,016.3 billion from ¥2,091.6 billion for fiscal year 2009.
This 3.6% percent decrease was due primarily to the 2.3% decrease in sales in the Imaging and Solutions segment, which accounted for 88.8% of consolidated net sales. The 2.3% decrease in sales in the Imaging and Solutions segment was in turn due primarily to the 5.2% decrease in sales in the Imaging Solutions product category, which accounted for 75.2% of consolidated net sales. The 5.2% decrease in sales in the Imaging Solutions product category was partially offset by the 16.9% increase in net sales in the Network System Solutions product category.

Imaging and Solutions:
Net sales in the Imaging and Solutions segment for fiscal year 2010 decreased by 2.3% (or ¥42.8 billion) to ¥1,790.2 billion from ¥1,833.0 billion for fiscal year 2009. This decrease was due primarily to lower sales generated in the Imaging Solutions product category.
More specifically, sales in the Imaging Solutions product category for fiscal year 2010 decreased by 5.2% (or ¥82.4 billion) to ¥1,516.1 billion from ¥1,598.6 billion for fiscal year 2009. This decrease was due primarily to the decrease in net sales of PPCs/MFPs and laser printers and the net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen. The decrease in net sales of PPCs/MFPs and laser printers was due primarily to the decrease in customer demand for Ricoh products resulting from the global economic downturn as well as customers' decisions to decrease printing costs by reducing the volume of color printing, which decreased sales of value-added supplies for color products. While net sales generated by IKON, which became a consolidated subsidiary in fiscal year 2009 and whose financial figures were reflected for the full fiscal year for the first time in fiscal year 2010, contributed to overall net sales in the Imaging Solutions product category for fiscal year 2010, the contribution made by IKON to net sales was not sufficient to fully offset the decrease in net sales of PPCs/MFPs and laser printers resulting from the global economic downturn and the decrease in customer demand for PPCs/MFPs and laser printers. In addition, Ricoh lowered the sales price of certain products to stimulate sales in the sluggish and competitive market, which contributed to the decrease in net sales.
Sales in the Network System Solutions product category for fiscal year 2010 increased by 16.9% (or ¥39.5 billion) to ¥274.0 billion from ¥234.4 billion for fiscal year 2009. Sales in the solutions business, such as support services that assist customers establish networked environments using Ricoh's imaging solutions products and software solutions to optimize total printing costs, continued to increase in the overseas markets in fiscal year 2010. Sales in the solutions business increased because customers sought products that streamlined the process of document scanning, indexing and distribution by integrating hardware and software. In addition, net sales generated by IKON, which became a consolidated subsidiary in fiscal year 2009 and whose financial figures were reflected for the full fiscal year for the first time in fiscal year 2010, contributed to the increase in sales in this product category.
Excluding the net effect of the foreign currency exchange rate fluctuations, sales in the Imaging and Solutions segment would have increased by 2.8% (or ¥51.2 billion) for fiscal year 2010 as compared to fiscal year 2009.

For fiscal year 2010, the cost of sales in the Imaging and Solutions segment decreased due primarily to the decrease in net sales and the net effect of the appreciation of the Japanese Yen in relation to the U.S. Dollar and the Euro. In addition, because Ricoh reduced its production volume in response to the decrease in demand, Ricoh was not able to fully absorb certain fixed costs. Due to group-wide cost reduction efforts in R&D, manufacturing and sales operations as well as the net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen, Ricoh's selling, general and administrative expenses decreased. Such decrease fully offset the increase in expenses that resulted from reflecting a full fiscal year of expenses incurred by IKON for the first time. As a result, operating expenses in the Imaging and Solutions segment for fiscal year 2010 decreased by 2.2% (or ¥37.9 billion) to ¥1,649.8 billion from ¥1,687.7 billion for fiscal year 2009.
As a result of the above, operating income for the Imaging and Solutions segment for fiscal year 2010 decreased by 3.4% (or ¥4.9 billion) to ¥140.4 billion from ¥145.3 billion for fiscal year 2009.

Industrial Products:

Net sales in the Industrial Products segment for fiscal year 2010 decreased by 11.3% (or ¥13.5 billion) to ¥106.1 billion from ¥119.6 billion for fiscal year 2009. This decrease was due primarily to the decrease in sales of semiconductor devices, thermal media and electronic components, which experienced a decline in demand due primarily to the global economic downturn.
Operating expenses in this segment for fiscal year 2010, decreased by 13.7% (or ¥17.1 billion) to ¥107.4 billion from ¥124.5 billion for fiscal year 2009. This decrease was due primarily to the decrease in cost of sales resulting from the decrease in net sales. Selling, general and administrative expenses decreased slightly due mainly to the decrease in net sales and in ongoing operating expenditures as a result of the group-wide cost reduction efforts.
As a result of the above, operating loss for the Industrial Products segment for fiscal year 2010 decreased by ¥3.5 billion to ¥1.3 billion from ¥4.9 billion for fiscal year 2009.

Other:

Net sales in the Other segment for fiscal year 2010 decreased by 13.0% (or ¥18.6 billion) to ¥124.4 billion from ¥143.0 billion for fiscal year 2009. During fiscal year 2010, sales of digital cameras decreased due primarily to weak demand for new digital camera products that Ricoh introduced. In addition, net sales from the financing business conducted by Ricoh Leasing Co., Ltd. decreased as leasing volume decreased during fiscal year 2010. Such decrease was due mainly to the decline in corporate demand for capital investments as a result of the economic downturn in Japan.
Operating expenses in this segment for fiscal year 2010 decreased by 10.4% (or ¥14.8 billion) to ¥127.8 billion from ¥142.6 billion for fiscal year 2009. This decrease was due primarily to the decrease in cost of sales resulting from the decrease in net sales. Selling, general and administrative expenses decreased slightly due mainly to the decrease in net sales and in ongoing operating expenditures as a result of the group-wide cost reduction efforts.
As a result of the above, operating income(loss) for the Other segment for fiscal year 2010 decreased by ¥3.8 billion to an operating loss of ¥3.4 billion as compared to an operating income of ¥0.3 billion for fiscal year 2009.

Geographic Segments by Geographic Origin

Japan:

Sales in Japan for fiscal year 2010 decreased by 8.6% (or ¥119.7 billion) to ¥1,273.4 billion from ¥1,393.1 billion for fiscal year 2009. This decrease was due primarily to the decrease in net sales of PPCs/MFPs and laser printers, and the net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen. The decrease in net sales of PPCs/MFPs and laser printers was due primarily to the decrease in customer demand for Ricoh products resulting from the global economic downturn as well as customers' decisions to decrease printing costs by reducing the volume of color printing, which decreased sales of value-added supplies for color products. Decreased sales of semiconductor devices as well as digital cameras also contributed to the overall decrease in sales in Japan. Furthermore, Ricoh lowered the sales price of certain products to stimulate sales in the sluggish and competitive market, which contributed to the decrease in net sales.
Operating expenses in Japan for fiscal year 2010 decreased by 6.9% (or ¥91.2 billion) to ¥ 1,240.3 billion from ¥1,331.6 billion for fiscal year 2009. This decrease was due primarily to the decrease in cost of sales resulting from the decrease in net sales. Selling, general and administrative expenses also decreased due mainly to the decrease in net sales and in ongoing operating expenditures as a result of Ricoh's group-wide cost reduction efforts.
As a result of the above, operating income for fiscal year 2010 decreased by 46.3% (or ¥28.4 billion) to ¥33.0 billion from ¥61.5 billion for fiscal year 2009.

The Americas:

Net sales in the Americas for fiscal year 2010 increased by 10.5% (or ¥53.2 billion) to ¥560.0 billion from ¥506.7 billion for fiscal year 2009. Despite sluggish economic conditions in the Americas due to the economic downturn in the United States and the net effect of the depreciation of the U.S. Dollar relative to the Japanese Yen, Ricoh recorded increased sales of value-added color PPCs/MFPs, production printing products and network system solutions in the

Americas for fiscal year 2010. This increase in sales was due mainly to the fact that net sales generated by IKON for the full fiscal year was consolidated into net sales in the Americas, as IKON became a consolidated subsidiary during fiscal year 2009.

Operating expenses in the Americas for fiscal year 2010 increased by 7.3% (or ¥39.1 billion) to ¥571.8 billion from ¥532.7 billion for fiscal year 2009. While the consolidation of expenses of IKON contributed to the increase in operating expenses in the Americas, overall operating expenses increased at a lower percentage of increase than the increase in net sales due primarily to the decrease in ongoing operating expenditures as a result of Ricoh's group-wide cost reduction efforts.

As a result of the above, operating loss for fiscal year 2010 decreased by ¥14.0 billion to ¥11.8 billion from ¥25.9 billion for fiscal year 2009.

Europe:

Sales in Europe for fiscal year 2010 decreased by 11.6% (or ¥60.5 billion) to ¥463.0 billion from ¥523.5 billion for fiscal year 2009. This decrease in sales was due primarily to a decrease in sales of PPCs/MFPs and laser printers reflecting a decrease in demand for such products as a result of the global financial crisis, the debt crisis in Dubai and Greece and the net effect of the depreciation of the Euro relative to the Japanese Yen. Although net sales generated by IKON, which became a consolidated subsidiary in fiscal year 2009 and whose financial figures were reflected for the full fiscal year for the first time in fiscal year 2010, contributed to net sales in Europe and Ricoh continued to introduce new products that met customer demand, such factors were not sufficient to fully offset the decrease in overall demand for Ricoh products resulting from the global economic downturn stemming from the global financial crisis. In addition, Ricoh lowered the sales price of certain products to stimulate sales in the sluggish and competitive market, which contributed to the decrease in net sales.

Operating expenses in Europe for fiscal year 2010 decreased by 14.1% (or ¥71.2 billion) to ¥432.8 billion from ¥504.1 billion for fiscal year 2009. This decrease was due primarily to the decrease in cost of sales resulting from the decrease in net sales. Selling, general and administrative expenses also decreased at a higher percentage of decrease than the decrease in net sales due mainly to the decrease in net sales and in ongoing operating expenditures as a result of Ricoh's group-wide cost reduction efforts.

As a result of the above, operating income for fiscal year 2010 increased by 55.4% (or ¥10.7 billion) to ¥30.1 billion from ¥19.4 billion for fiscal year 2009.

Other:

Net sales in the Other geographic segment, which includes China, Southeast Asia and Oceania, decreased for fiscal year 2010 by 7.4% (or ¥19.6 billion) to ¥245.9 billion from ¥265.6 billion for fiscal year 2009. This decrease was due primarily to the decrease in exports to other geographic segments, reflecting decreased demand for Ricoh's products resulting from the global economic downturn stemming from the global financial crisis.

Operating expenses in the Others geographic segment for fiscal year 2010 decreased by 8.4% (or ¥21.3 billion) to ¥231.6 billion from ¥252.9 billion for fiscal year 2009. This decrease was due primarily to the decrease in cost of sales resulting from the decrease in exports to other geographic segments. Selling, general and administrative expenses also decreased at a higher percentage of decrease than the decrease in net sales due mainly to the decrease in net sales and in ongoing operating expenditures as a result of Ricoh's group-wide cost reduction efforts.

As a result of the above, operating income for fiscal year 2010 increased by 13.0% (or ¥1.6 billion) to ¥14.3 billion from ¥12.6 billion for fiscal year 2009.

Liquidity and Capital Resources

Cashflows

Operating Cashflows:

For fiscal year 2010, net cash provided by operating activities consisted primarily of depreciation and amortization of ¥98.9 billion, consolidated net income of ¥29.8 billion, a decrease in finance receivables of ¥23.3 billion, a decrease in inventories of ¥19.5 billion, an increase in accrued income taxes and accrued expenses and other of ¥15.5 billion and a decrease in trade receivables of ¥5.4 billion, which were partially offset by a decrease in trade payables of ¥10.1 billion and pension and severance costs, less payment of ¥2.6 billion. As compared to fiscal year 2009, net cash provided by operating activities in fiscal year 2010 increased mainly because trade payables and consolidated net income increased by ¥87.2 billion and ¥21.0 billion, respectively.

For fiscal year 2009, net cash provided by operating activities consisted primarily of depreciation and amortization of ¥101.8 billion, a decrease in trade receivables of ¥37.9 billion, loss on impairment of securities of ¥26.8 billion and net income from continuing operations of ¥6.5 billion, which were partially offset by a decrease in trade payables of ¥97.3 billion, accrued income taxes and accrued expenses and other of ¥14.0 billion, deferred income taxes of ¥5.1 billion and an increase in finance receivables of ¥3.0 billion. As compared to fiscal year 2008, net cash provided by operating activities in fiscal year 2009 decreased mainly because net income decreased by ¥99.9 billion.

For fiscal year 2008, net cash provided by operating activities consisted primarily of net income from continuing operations of ¥106.4 billion, depreciation and amortization of ¥95.7 billion, an increase in accrued income taxes and accrued expenses and other of ¥5.2 billion and deferred income taxes of ¥4.9 billion, which were partially offset by an increase in finance receivables of ¥17.1 billion and an increase in trade receivables of ¥16.5 billion. As compared to fiscal year 2007, net cash provided by operating activities in fiscal year 2008 increased mainly because (1) depreciation and amortization increased for fiscal year 2008 reflecting the financial effect of new companies becoming subsidiaries of the Company in fiscal year 2008 (such as InfoPrint Solutions Company) and (2) the depreciation of the U.S. Dollar in relation to the Japanese Yen in fiscal year 2008 resulted in an increase in Other, net.

Investing Cashflows:

For fiscal year 2010, net cash used in investing activities consisted mainly of ¥66.9 billion of expenditures for property, plant and equipment, ¥19.9 billion of other net and ¥4.7 billion for the acquisition of new subsidiaries, net of cash acquired. Net cash used in investing activities decreased in fiscal year 2010 mainly because Ricoh did not make any major acquisitions that required the investment of cash.

For fiscal year 2009, net cash used in investing activities consisted mainly of, ¥157.4 billion for the acquisition of new subsidiaries, net of cash acquired, ¥96.9 billion of expenditures for property, plant and equipment and ¥27.1 billion of other, net. Net cash used in investing activities increased in fiscal year 2009 mainly because Ricoh used cash in connection with the establishment and commencement of IKON's operations.

For fiscal year 2008, net cash used in investing activities consisted mainly of ¥97.9 billion in payments for purchases of available-for-sale securities, ¥96.7 billion for acquisitions of new subsidiaries, net of cash acquired, ¥85.2 billion of expenditures for property, plant and equipment and ¥19.3 billion of other, net. Ricoh realized ¥100.0 billion from the sale of available-for-sale securities that were held by the Company and certain subsidiaries. Net cash used in investing activities increased in fiscal year 2008 mainly because Ricoh used cash in connection with the establishment and commencement of operations of InfoPrint Solutions Company.

Financing Cashflows:

For fiscal year 2010, net cash used in financing activities consisted primarily of ¥105.2 billion of net decrease in short-term borrowing, ¥66.5 billion to repay long-term indebtedness, ¥22.8 billion to pay dividends and ¥20.0 billion to repay long-term debt securities, which were partially offset by ¥55.0 billion of proceeds received from long-term debt securities and ¥46.9 billion of proceeds received from long-term indebtedness. As compared to fiscal year 2009, net cash used in financing activities increased in fiscal year 2010 as Ricoh repaid some of its outstanding interest-bearing debt by using the additional cash generated from operations as a result of various cost cutting efforts and applying additional cash and cash equivalents on hand.

For fiscal year 2009, net cash provided by financing activities consisted primarily of ¥237.1 billion of proceeds from long-term indebtedness, ¥110.2 billion of net increase in short-term borrowings and ¥85.0 billion of proceeds from the issuance of long-term debt securities. Ricoh repaid ¥59.5 billion of long-term indebtedness, ¥50.5 billion of long-term debt securities and ¥25.3 billion of dividends. As compared to fiscal year 2008, net cash provided from financing activities increased in fiscal year 2009 as Ricoh increased its short-term borrowings and received proceeds from the issuance of long-term debt.

For fiscal year 2008, net cash used in financing activities consisted primarily of ¥75.7 billion to repay long-term indebtedness and ¥22.6 billion to pay dividends, which were partially offset by ¥67.1 billion of proceeds received from long-term indebtedness. As compared to fiscal year 2007, net cash used in financing activities increased in fiscal year 2008 as Ricoh reduced its interest-bearing indebtedness provided by external parties by ¥32.3 billion and acquired ¥15.7 billion of treasury stock.

Cash and Asset-Liability Management

Ricoh has in recent years tried to achieve greater efficiencies in the utilization of cash balances held by its subsidiaries pursuant to its policy of ensuring adequate financing and liquidity for its operations and growth, and maintaining the strength of its balance sheet. One method that Ricoh has implemented to achieve greater efficiency is building up its group cash management system in Japan, the United States and Europe. This cash management system functions as an arrangement whereby Ricoh's funds are pooled together and cash resources are lent and borrowed from one group company to another company, with finance companies located in Japan, the United States and the Netherlands coordinating this arrangement. This pooling-of-funds arrangement has reduced the occurrence of excess accumulation of cash in one group company while another group company engages in unnecessary borrowing from third party institutions to meet its cash requirements. As such, the pooling-of-funds arrangement has reduced interest expense and related costs paid to third parties in connection with borrowings to finance operations.

Ricoh also enters into various derivative financial instrument contracts in the normal course of its business and in connection with the management of its assets and liabilities. In order to hedge against the potentially adverse impacts of foreign currency fluctuations on its assets and liabilities denominated in foreign currencies, Ricoh enters into foreign exchange contracts and foreign currency options. Another form of derivative financial contracts that Ricoh enters into is interest rate swap agreements to hedge against the potentially adverse impacts of fair value or cashflow fluctuations on its outstanding debt interests. Ricoh uses these derivative instruments to reduce its risk and to protect the market value of its assets and liabilities in conformity with Ricoh's policy. Ricoh does not use derivative financial instruments for trading or speculative purposes, nor is it a party to leveraged derivatives.

Sources of Funding

Ricoh's principal sources of funding are a combination of cash and cash equivalents on hand, various lines of credit and the issuance of commercial paper, medium-term notes and long-term debt securities. In assessing its liquidity and capital resources needs, Ricoh places importance on the net income figure in the income statement, balances of cash and cash equivalents in the balance sheet and operating cashflows in the cashflow statements.

As of March 31, 2010, Ricoh had ¥242.1 billion in cash and cash equivalents and ¥694.0 billion in aggregate borrowing facilities. Of the ¥694.0 billion in aggregate borrowing facilities, ¥606.1 billion was available to be borrowed by Ricoh as of March 31, 2010. Borrowing facilities, ¥606.1 billion was available to be borrowed by Ricoh as of March 31, 2010.

More specifically, Ricoh Leasing Co., Ltd. has a ¥27.0 billion committed credit line with several banks having credit ratings satisfactory to Ricoh. This ¥27.0 billion committed credit line amount is included in the ¥694.0 billion figure for aggregate borrowing facilities.

The Company, Ricoh Leasing Co., Ltd. and certain overseas subsidiaries raise capital by issuing commercial paper, medium-term notes and long-term debt securities. Ricoh Leasing Co., Ltd. and certain overseas subsidiaries of the Company issue commercial paper to meet their short-term funding requirements. Utilization of such capacity depends on Ricoh's financing needs, investor demand and market conditions, as well as the ratings outlook for Ricoh's securities. Interest rates for commercial paper issued by the Company and its subsidiaries ranged from 0.10% to 0.26%, interest rates for bank loans ranged from 0.20% to 9.11% and interest rates for long-term debt securities ranged from 0.61% to 7.30% during fiscal year 2010. For fiscal year 2010, the Company and its subsidiaries did not have any medium-term notes outstanding.

Ricoh believes that it has adequate resources for funding its working capital needs, repaying its outstanding indebtedness and executing new transactions, due to its diverse funding sources and the inflow of cash generated from its operating activities. Even if Ricoh is unable to access the capital markets by offering its own securities on acceptable terms, Ricoh has access to other sources of liquidity, including bank loans, cash flows from operations and sales of assets.

The Company obtains ratings from the following major rating agencies: Standard & Poor's Rating Services, a division of McGraw-Hill Companies, Inc. ("S&P"), Moody's Investors Services ("Moody's"), and another local rating agency in Japan. As of March 31, 2010, S&P assigned long-term and short-term credit ratings for the Company of A+ and A-1, respectively, and Moody's assigned a long-term credit rating for the Company of A1.

While some of its subsidiaries may be restricted from paying dividends for various reasons, such as capital adequacy requirements, Ricoh does not expect such restrictions to have a significant impact on its ability to meet its cash obligations.

As is customary in Japan, substantially all of the bank loans are subject to general agreements with each lending bank which provide, among other things, that the bank may request additional security for loans if there is reasonable and probable cause for the necessity of such additional security and the bank may treat any security furnished, as well as any cash deposited in such bank, as security for all present and future indebtedness. The Company has never been requested to furnish such additional security. In some cases, the Company's long-term debt securities contain customary covenants, including a "limitation on liens" covenant. The Company was in compliance with the covenants in its bank agreements and securities as of March 31, 2010. The Company is not subject to any covenants limiting its ability to incur additional indebtedness.

Cash Requirements and Commitments

Ricoh believes that its cash and cash equivalents and funds expected to be generated from its operations are sufficient to meet its cash requirements at least through fiscal year 2011. Even if there were a decrease in cashflows from operations as a result of fluctuations in customer demands from one year to another due to unexpected changes in global economic conditions, Ricoh believes that current funds on hand along with funds available under existing borrowing facilities would be sufficient to finance its anticipated operations. In addition, Ricoh believes that it is able to secure adequate resources to fund ongoing operating requirements and investments related to the expansion of existing businesses and the development of new projects through its access to the financial and

capital markets. While interest rates of such instruments may fluctuate as it may be affected by the financial market turbulence resulting in part from the global economic downturn, Ricoh believes that the effect of such fluctuations will not significantly affect Ricoh's liquidity, mainly due to the adequate amount of Ricoh's cash and cash equivalents on hand, stable cashflow generated from its operating activities and group-wide cash management system.
Ricoh expects that its capital expenditures for fiscal year 2011 will amount to approximately ¥72.0 billion, which will principally be used for investments in manufacturing facilities of digital and networking equipment with new engines, toners, semiconductor and thermal media. More specifically, Ricoh plans to use a portion of such amount during fiscal year 2011 to complete the construction of a new building to expand the Ricoh Technology Center located in Kanagawa, Japan, which was established in 2005 as Ricoh's main development center.
In addition, Ricoh is obligated to repay long-term indebtedness in the aggregate principal amount of ¥93.9 billion during fiscal year 2011, and in the aggregate principal amount of ¥353.1 billion during fiscal years 2012 through 2014.
The Company and certain of its subsidiaries have various employee pension plans covering all of their employees. The unfunded portion of these employee pension plans amounted to ¥140.5 billion, as of March 31, 2010. The unfunded amount was recorded as an asset of ¥5.7 billion and a liability of ¥146.3 billion on the consolidated balance sheet of Ricoh as of March 31, 2009. The amounts contributed to pension plans for fiscal years 2008, 2009 and 2010 were ¥14.5 billion, ¥14.7 billion and ¥14.5 billion, respectively.
Ricoh believes that its cashflow from operating and investing activities together with existing lines of credit and borrowing facilities constitute adequate sources funding to satisfy its liquidity needs and future obligations as described above.

Research and Development

Since its formation, Ricoh's basic management philosophy has been to contribute to society by developing and providing innovative and useful products with an emphasis on the relationship between people and information. Based on this management philosophy, Ricoh undertakes a variety of R&D activities to develop new technologies, products and systems to facilitate better communication. The Research and Development Group and the Corporate Technology Development Group function as the headquarters of Ricoh's R&D activities, which are conducted at its R&D bases throughout Japan and certain satellite R&D bases overseas. Ricoh conducts a wide range of R&D activities, from seeds research (i.e., early stage research) to research in elemental technologies, product applications and manufacturing technologies, including environmental technologies.
In Japan, Ricoh conducts basic and advanced research in connection with optical technologies, new materials, devices, information electronics, environmental technologies and software technologies as well as elemental development for new products. In addition, Ricoh has established satellite R&D bases in the United States and China through which it conducts R&D activities that focus on developing products that can be marketed globally and that take into consideration the needs of such particular geographic area. All aspects of Ricoh's research efforts are focused on developing products and services that are suitable for the new work environment. Ricoh also engages in R&D activities to protect the environment in every stage of each of its products' life cycles to realize Ricoh's three core values of "harmonizing with the environment (i.e., reducing and minimizing environmental impact)," "simplifying your life and work (i.e., enhancing user friendliness and striving towards simplification)," and "supporting knowledge management (i.e., offering solutions to process information)." For fiscal years 2008, 2009 and 2010, Ricoh's consolidated R&D expenditures totaled ¥126.0 billion, ¥124.4 billion and ¥109.8 billion, respectively.
Out of total consolidated R&D expenditures of ¥109.8 billion for fiscal year 2010, ¥79.2 billion was used for R&D activities relating to the Imaging and Solutions segment. Ricoh's R&D activities in the Imaging and Solutions segment continued to include (1) designing new optical designs for copiers, printers and production printing products, (2) developing imaging data processing technology, (3) developing electrophotographic supply technology, (4) advancing elemental technology for the next-generation of image producing engines, (5) developing cutting edge software technology and (6) developing applications for the advancement of IT solutions.
Out of total consolidated R&D expenditures of ¥109.8 billion for fiscal year 2010, ¥9.8 billion was used for R&D activities relating to the Industrial Products segment. In the Industrial Products segment, Ricoh's R&D activities continued to include (1) designing ASICs and ASSPs for imaging, audio and communication use, (2) developing methods to utilize electronic design automation, (3) developing optical element technologies and new recording methods and (4) research and development for supply parts such as thermal media.
Out of total consolidated R&D expenditures of ¥109.8 billion for fiscal year 2010, ¥1.9 billion was used for R&D activities relating to the Other segment. In this segment, Ricoh continued to develop its image capturing device technology for digital cameras and its related applications technology.

In addition, Ricoh continues to engage in the development of its fundamental research fields, which focus on R&D activities that can be applied to various products and that are difficult to categorize into a specific operating segment. Out of total consolidated R&D expenditures of ¥109.8 billion for fiscal year 2010, ¥18.9 billion was used for R&D activities relating to fundamental research fields. Such R&D activities include R&D in nanotechnology, micro-machining, general technologies in measuring, analysis and simulation, new materials and devices, next-generation image display technologies, manufacturing technology, system software modules, photonics technology for high speed and high quality image processing, the next-generation of office systems and office solutions, and environmental technologies.

The following table sets R&D expenditures by segment for fiscal years 2008, 2009 and 2010.

	Millions of Yen		
	2008	2009	**2010**
Imaging & Solutions	¥ 97,216	¥ 98,639	**¥ 79,200**
Industrial Products	10,925	10,792	**9,766**
Other	1,943	1,956	**1,955**
Fundamental research	15,949	13,019	**18,905**
Consolidated	¥ 126,033	¥ 124,406	**¥ 109,826**

Principal Capital Investments

Ricoh's capital investments for fiscal years 2008, 2009 and 2010 were ¥85.2 billion, ¥96.9 billion and ¥66.9 billion, respectively. Ricoh directed a significant portion of its capital investments for fiscal years 2008, 2009 and 2010 towards digital and networking equipment, such as digital PPCs/MFPs, laser printers and production printing products, and manufacturing facilities to maintain or enhance its competitiveness in the industry.

	Millions of Yen		
	2008	2009	**2010**
Imaging & Solutions	¥ 74,758	¥ 87,658	**¥ 60,482**
Industrial Products	6,503	4,581	**3,325**
Other	2,140	2,776	**1,553**
Headquarters and asset for all segment	1,814	1,943	**1,619**
Consolidated	¥ 85,215	¥ 96,958	**¥ 66,979**

Significant Subsequent Events

Upon resolution approved by the meeting of its Board of Directors held on May 20, 2010, the Company issued unsecured straight bonds on June 22, 2010 as follows:

1. Unsecured Bonds No. 9 (with Limited Inter-Bond Pari Passu Clause)

(i) Issue amount:	¥40.0 billion ($430.1million)
(ii) Issue price:	¥100 per ¥100 bond
(iii) Payment date:	June 22, 2010
(iv) Redemption date:	June 22, 2015
(v) Interest rate:	0.567% per annum
(vi) Appropriation of proceeds:	To redeem Convertible Bonds

2. Unsecured Bonds No. 10 (with Limited Inter-Bond Pari Passu Clause)

(i) Issue amount:	¥20.0 billion ($215.1million)
(ii) Issue price:	¥100 per ¥100 bond
(iii) Payment date:	June 22, 2010
(iv) Redemption date:	June 22, 2017
(v) Interest rate:	0.877% per annum
(vi) Appropriation of proceeds:	To redeem Convertible Bonds

Critical Accounting Policies

The consolidated financial statements of Ricoh are prepared in conformity with U.S. generally accepted accounting principles. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. On an ongoing basis, Ricoh evaluates its estimates which are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The results of these evaluations form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different scenarios.

Ricoh considers an accounting policy to be critical if it is important to its financial condition and results, and requires significant judgments and estimates on the part of management in its application. Ricoh believes that the following represent the critical accounting policies of the Company.

Revenue Recognition

Ricoh believes that revenue recognition is critical for its financial statements because net income is directly affected by the timing of revenue recognition.

Ricoh generates revenue principally through the sale of equipment, supplies and related services under separate contractual arrangements for each. Generally, Ricoh recognizes revenue when (1) it has a firm contract, (2) the product has been shipped to and accepted by the customer or the service has been provided, (3) the sales price is fixed or determinable and (4) amounts are reasonably assured of collection.

Most equipment sales require that Ricoh install the product. As such, revenue is recognized at the time of delivery and installation at the customer location. Equipment revenues are based on established prices by product type and model and are net of discounts. A sales return is accepted only when the equipment is defective and does not meet Ricoh's product performance specifications. Other than installation, there are no customer acceptance clauses in Ricoh's sales contracts.

Service revenues result primarily from maintenance contracts that are normally entered into at the time the equipment is sold. Standard service fee prices are established depending on equipment classification and include a cost value for the estimated services to be performed based on historical experience plus a profit margin thereon. As a matter of policy, Ricoh does not discount such prices. On a monthly basis, maintenance service revenues are earned and recognized by Ricoh and billed to the customer in accordance with the contract and include a fixed monthly fee plus a variable amount based on usage. The length of the contract ranges up to five years; however, most contracts can be cancelled at any time by the customer upon a short notice period.

Allowance for Doubtful Receivables

Ricoh performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current creditworthiness, as determined by Ricoh's review of the customers' credit information. Ricoh continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that Ricoh has identified. While such credit losses have historically been within Ricoh's expectations and the provisions established, Ricoh cannot guarantee that it will continue to experience the same credit loss rates that it has in the past. Changes in the underlying financial condition of our customers could result in a material impact on Ricoh's consolidated results of operation and financial position.

Pension Accounting

The total costs for employees' severance payments and pension plans represented approximately 0.8%, 0.9% and 1.2% of Ricoh's total costs and expenses for fiscal years 2008, 2009 and 2010, respectively. The amounts recognized in the consolidated financial statements relating to employees' severance payments and pension plans are determined on an actuarial basis utilizing certain assumptions in the calculation of such amounts. The assumptions used in determining net periodic costs and liabilities for employees' severance payments and pension plans include expected long-term rate of return on plan assets, discount rate, rate of increase in compensation levels, average remaining years of service and other factors. Among these assumptions, the expected long-term rate of return on assets and the discount rate are two critical assumptions. Assumptions are evaluated at least annually, and events may occur or circumstances may change that may have a significant effect on the critical assumptions. In accordance with U.S. GAAP, actual results that differ from the assumptions are accumulated and amortized over future periods, thereby reducing the year-to-year volatility in pension expenses. As of March 31, 2010, Ricoh recognized and reflected in its consolidated balance sheets the funded status of its pension plans (equal to the difference between the fair value of plan assets and the projected benefit obligations) in the total amount of ¥140.5 billion.

For fiscal years 2008, 2009 and 2010, Ricoh used expected long-term rates of return on pension plan assets of 3.2%, 3.5% and

3.2%, respectively. In determining the expected long-term rate of return on pension plan assets, Ricoh considers the current and projected asset allocations, as well as expected long-term investment returns and risks for each category of the plan assets based on Ricoh's analysis of historical results. The projected allocation of the plan assets is developed in consideration of the expected long-term investment returns for each category of the plan assets. To moderate the level of volatility in pension plan asset returns and to reduce risks, approximately 35%, 40%, 20% and 5% of the plan assets is projected to be allocated to equity securities, debt securities, life insurance company general accounts and other financial instruments, respectively. As of March 31, 2010, the actual allocation of assets was generally consistent with the projected allocation stated above. The actual returns for fiscal years 2008, 2009 and 2010 were approximately 6.4% (loss), 15.7% (loss) and 15.5% (gain), respectively. The actual returns on pension plan assets may vary in future periods, depending on market conditions. The market-related value of plan assets is measured using fair values on the plan measurement date.
With respect to the discount rate used in the annual actuarial valuation of the pension benefit obligations, the other critical assumption, Ricoh's weighted average discount rates for fiscal years 2008, 2009 and 2010 were 3.1%, 3.6% and 3.7%, respectively. In determining the appropriate discount rate, Ricoh considers available information about the current yield on high-quality fixed-income investments that are currently available and are expected to be available during the period corresponding to the expected duration of the pension benefit obligations.

Purchase Accounting

Ricoh accounts for acquired businesses using the purchase method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of the acquisition at their respective estimated fair values. The judgments made in determining the estimated fair value assigned to each class of assets acquired, as well as the estimated life of each asset, can materially impact the net income of the periods subsequent to the acquisition through depreciation and amortization, and in certain instances through impairment charges, if the asset becomes impaired in the future. In determining the estimated fair value for intangible assets, Ricoh typically utilizes the income approach, which discounts the projected future net cash flow using an appropriate discount rate that reflects the risks associated with such projected future cash flow. Determining the useful life of an intangible asset also requires judgment, as different types of intangible assets will have different useful lives and certain assets may even be considered to have indefinite useful lives. Intangible assets determined to have an indefinite useful life are reassessed periodically based on the expected use of the asset by us, legal or contractual provisions that may affect the useful life or renewal or extension of the asset's contractual life without substantial cost, and the effects of demand, competition and other economic factors.

Impairment of Long-Lived Assets and Goodwill

As of March 31, 2010, the aggregate of Ricoh's property, goodwill and intangible assets was ¥657.5 billion, which accounted for 27.5% of Ricoh's total consolidated assets. Ricoh believes that impairment of long-lived assets and goodwill are critical to Ricoh's financial statements because the recoverability of the amounts or lack thereof, could significantly affect its results of operations. Ricoh periodically reviews the carrying value of its goodwill for continued appropriateness. This review is based upon Ricoh's projections of anticipated future cashflows and estimated fair value of the reporting units for which goodwill is assigned. Ricoh reviews long-lived assets and acquired intangible assets with a definite life for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. The recoverability of assets to be held and used is assessed by comparing the carrying amount of an asset or asset group to the expected future undiscounted net cashflows of the asset or asset group. If an asset or asset group is considered to be impaired, the impairment charge to be recognized is measured as the amount by which the carrying amount of the asset or asset group exceeds fair value. Long-lived assets meeting the criteria to be considered as held for sale are reported at the lower of their carrying amount or fair value less costs to sell.
While Ricoh believes that its estimates of future cashflows are reasonable, different assumptions regarding such cashflows could materially affect Ricoh's evaluations.
Ricoh completed its annual impairment assessment of goodwill and indefinite-lived intangible assets for the fiscal years 2009 and 2010 and determined that there were no reporting units with material amounts of goodwill that were at risk of failing step one. Accordingly, Ricoh concluded that no impairment charge was necessary for fiscal years 2009 and 2010.

Impairment of Securities

Individual securities classified as available-for-sale securities are reduced to their fair market value by a charge to income for declines in value that are not temporary. Factors considered in assessing whether an impairment other than a temporary impairment exists include: (1) the financial condition and near term prospects of the issuer and (2) the intent and ability of Ricoh to retain such investment for a period of time sufficient to allow for any anticipated recovery in market value. Ricoh believes that impairment of securities is critical for its financial statements because it holds significant amounts of securities, the recoverability of which or lack thereof, could significantly affect its results of operations.

Realizability of Deferred Tax Assets

Ricoh records deferred tax assets and liabilities using the effective tax rate taking into consideration the effect of temporary differences between the book and tax bases of assets and liabilities. If the effective tax rate were to change, Ricoh would adjust its deferred tax assets and liabilities, through the provision for income taxes in the period of change, to reflect the effective tax rate expected to be in effect when the deferred tax items reverse.

Ricoh records a valuation allowance to reduce its deferred tax assets to an amount that is more likely than not to be recoverable. Ricoh considers future market conditions, forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which Ricoh operates, and prudent and feasible tax planning strategies in determining the need for a valuation allowance. In the event Ricoh were to determine that Ricoh would not be able to recover any portion of Ricoh's net deferred tax assets in the future, the unrecoverable portion of the deferred tax assets would be charged to earnings during the period in which such determination is made. Likewise, if Ricoh were to later determine that it is more likely than not that the net deferred tax assets would be recoverable, the previously recovered valuation allowance would be reversed. In order to recover its deferred tax assets, Ricoh must be able to generate sufficient taxable income in the tax jurisdictions in which the deferred tax assets are located.

Consolidated Balance Sheets

Ricoh Company, Ltd. and Consolidated Subsidiaries
March 31, 2009 and 2010

ASSETS	Millions of Yen 2009	Millions of Yen 2010	Thousands of U.S. Dollars 2010
Current assets:			
Cash and cash equivalents	¥ 258,484	**¥ 242,165**	**$ 2,603,925**
Time deposits	2,043	**1,723**	**18,527**
Trade receivables:			
Notes	45,781	**45,277**	**486,849**
Accounts	460,519	**443,089**	**4,764,398**
Less- Allowance for doubtful receivables	(21,533)	**(16,896)**	**(181,677)**
Current maturities of long-term finance receivables, net	195,617	**196,144**	**2,109,075**
Inventories:			
Finished goods	123,798	**95,436**	**1,026,193**
Work in process and raw materials	67,772	**73,815**	**793,710**
Deferred income taxes and other	79,385	**63,859**	**686,656**
Total current assets	1,211,866	**1,144,612**	**12,307,656**
Property, plant and equipment, at cost:			
Land	45,693	**44,998**	**483,849**
Buildings	235,905	**246,469**	**2,650,204**
Machinery and equipment	613,879	**656,962**	**7,064,108**
Construction in progress	23,459	**27,682**	**297,656**
Total	918,936	**976,111**	**10,495,817**
Less- accumulated depreciation	(649,600)	**(713,090)**	**(7,667,634)**
Net property, plant and equipment	269,336	**263,021**	**2,828,183**
Investments and other assets:			
Long-term finance receivables, net	465,262	**445,896**	**4,794,581**
Investment securities	47,815	**49,049**	**527,409**
Investments in and advances to affiliates	1,248	**819**	**8,806**
Goodwill	250,330	**246,637**	**2,652,011**
Other intangible assets	165,126	**147,886**	**1,590,172**
Lease deposits and other	102,512	**86,023**	**924,978**
Total investments and other assets	1,032,293	**976,310**	**10,497,957**
Total assets	¥ 2,513,495	**¥ 2,383,943**	**$ 25,633,796**

The accompanying notes are an integral part of consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2009	Millions of Yen 2010	Thousands of U.S. Dollars 2010
Current liabilities:			
Short-term borrowings	¥ 184,210	¥ 75,701	$ 813,989
Current maturities of long-term indebtedness	85,582	94,026	1,011,032
Trade payables:			
Notes	12,914	12,211	131,301
Accounts	272,499	261,186	2,808,452
Accrued income taxes	10,317	15,263	164,118
Accrued expenses and other	207,969	202,017	2,172,226
Total current liabilities	773,491	660,404	7,101,118
Long-term liabilities:			
Long-term indebtedness	509,403	514,718	5,534,602
Accrued pension and severance costs	156,625	140,460	1,510,323
Deferred income taxes and other	49,626	44,487	478,355
Total long-term liabilities	715,654	699,665	7,523,280
Equity:			
Ricoh Company, Ltd. shareholders' equity:			
Common stock;			
Authorized - 1,500,000,000 shares in 2009 and 2010			
Issued and outstanding – 744,912,078 shares and 725,679,726 shares in 2009 and 744,912,078 shares and 725,591,355 shares in 2010	135,364	135,364	1,455,527
Additional paid-in capital	186,083	186,083	2,000,892
Retained earnings	815,725	820,701	8,824,742
Accumulated other comprehensive loss	(125,121)	(132,051)	(1,419,903)
Treasury stock at cost; 19,232,352 shares in 2009 and 19,320,723 shares in 2010	(36,678)	(36,756)	(395,226)
Total Ricoh Company, Ltd. shareholders' equity	975,373	973,341	10,466,032
Noncontrolling interests	48,977	50,533	543,366
Total equity	1,024,350	1,023,874	11,009,398
Total liabilities and equity	¥ 2,513,495	¥ 2,383,943	$ 25,633,796

Consolidated Statements of Income

Ricoh Company, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2008, 2009 and 2010	Millions of Yen			Thousands of U.S. Dollars
	2008	2009	2010	2010
Net sales:				
Products	¥ 1,292,228	¥ 1,027,694	**¥ 964,564**	**$ 10,371,656**
Post sales and rentals	817,230	955,490	**952,676**	**10,243,828**
Other revenue	110,531	108,512	**99,097**	**1,065,559**
Total	2,219,989	2,091,696	**2,016,337**	**21,681,043**
Cost of sales:				
Products	855,852	710,892	**681,986**	**7,333,183**
Post sales and rentals	346,945	440,510	**433,781**	**4,664,312**
Other revenue	89,465	85,908	**78,227**	**841,150**
Total	1,292,262	1,237,310	**1,193,994**	**12,838,645**
Gross profit	927,727	854,386	**822,343**	**8,842,398**
Selling, general and administrative expenses	746,221	779,850	**756,346**	**8,132,753**
Operating income	181,506	74,536	**65,997**	**709,645**
Other (income) expenses:				
Interest and dividend income	(6,341)	(5,227)	**(3,472)**	**(37,333)**
Interest expense	4,835	5,863	**8,144**	**87,570**
Foreign currency exchange loss, net	10,901	15,575	**4,756**	**51,140**
Losses on impairment of securities	142	26,837	**169**	**1,817**
Other, net	(2,700)	549	**(1,124)**	**(12,086)**
Total	6,837	43,597	**8,473**	**91,108**
Income before income taxes and equity in earnings of affiliates	174,669	30,939	**57,524**	**618,537**
Provision for income taxes :				
Current	58,426	27,321	**27,495**	**295,645**
Deferred	4,970	(5,163)	**183**	**1,968**
Total	63,396	22,158	**27,678**	**297,613**
Equity in earnings of affiliates	1,247	71	**6**	**65**
Consolidated net income	112,520	8,852	**29,852**	**320,989**
Net income attributable to noncontrolling interests	6,057	2,322	**1,979**	**21,279**
Net income attributable to Ricoh Company, Ltd.	¥ 106,463	¥ 6,530	**¥ 27,873**	**$ 299,710**

	Yen			U.S. Dollars
Per share of common stock:	2008	2009	2010	2010
Net income attributable to Ricoh Company, Ltd.	146.04	9.02	**38.41**	**0.41**
Basic:	142.15	8.75	**37.36**	**0.40**
Diluted:	¥ 31.00	¥ 35.00	**¥ 31.50**	**$ 0.34**
Cash dividends paid				
Per American Depositary Share, each representing 5 shares of common stock:				
Net income attributable to Ricoh Company, Ltd.				
Basic:	730.20	45.10	**192.05**	**2.05**
Diluted:	710.75	43.75	**186.80**	**2.00**
Cash dividends paid	¥ 155.00	¥ 175.00	**¥ 157.50**	**$ 1.70**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

Millions of Yen

Ricoh Company, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2008, 2009 and 2010	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Ricoh Company,Ltd. shareholders' equity	Noncontrolling interests	Total equity
Balance at March 31, 2007	¥135,364	¥186,454	¥752,398	¥26,998	¥ (30,301)	¥1,070,913	¥56,869	¥1,127,782
Cumulative effect of a change in accounting principle - adoption of accounting guidance for sabbatical leave and other similar benefits, net of tax	–	–	(995)	–	–	(995)	–	(995)
Balance at April 1, 2007, as adjusted	135,364	186,454	751,403	26,998	(30,301)	1,069,918	56,869	1,126,787
Loss on disposal of treasury stock		(6)				(6)		(6)
Dividends declared and approved to Ricoh Company, Ltd. shareholders			(22,628)			(22,628)		(22,628)
Comprehensive income								
Consolidated net income			106,463			106,463	6,057	112,520
Net unrealized holding losses on available-for-sale securities				(7,685)		(7,685)	(88)	(7,773)
Pension liability adjustments				(11,382)		(11,382)	(119)	(11,501)
Net unrealized losses on derivative instruments				(380)		(380)	(40)	(420)
Cumulative translation adjustments				(38,556)		(38,556)	(176)	(38,732)
Total comprehensive income						48,460	5,634	54,094
Net changes in treasury stock					(15,548)	(15,548)		(15,548)
Dividends to noncontrolling interests							(837)	(837)
Purchase of noncontrolling interests							(3,383)	(3,383)
Balance at March 31, 2008	¥135,364	¥186,448	¥835,238	¥ (31,005)	¥ (45,849)	¥1,080,196	¥58,283	¥1,138,479
Cumulative effect of a change in accounting principle - adoption of accounting guidance for measurement date change for postretirement benefit plans, net of tax	–	–	(643)	(6)	–	(649)	–	(649)
Balance at April 1, 2008, as adjusted	135,364	186,448	834,595	(31,011)	(45,849)	1,079,547	58,283	1,137,830
Loss on disposal of treasury stock		(365)	(80)			(445)		(445)
Dividends declared and approved to Ricoh Company, Ltd. shareholders			(25,320)			(25,320)		(25,320)
Comprehensive income (loss)								
Consolidated net income			6,530			6,530	2,322	8,852
Net unrealized holding gains (losses) on available-for-sale securities				532		532	(121)	411
Pension liability adjustments				(33,507)		(33,507)	(55)	(33,562)
Net unrealized gains on derivative instruments				35		35	2	37
Cumulative translation adjustments				(61,170)		(61,170)	(198)	(61,368)
Total comprehensive income (loss)						(87,580)	1,950	(85,630)
Net changes in treasury stock					9,171	9,171		9,171
Dividends to noncontrolling interests							(683)	(683)
Issuance of treasury stock in exchange for subsidiary's stock							(10,573)	(10,573)
Balance at March 31, 2009	**¥135,364**	**¥186,083**	**¥815,725**	**¥ (125,121)**	**¥ (36,678)**	**¥975,373**	**¥48,977**	**¥1,024,350**
Loss on disposal of treasury stock			**(39)**			**(39)**		**(39)**
Dividends declared and approved to Ricoh Company, Ltd. shareholders			**(22,858)**			**(22,858)**		**(22,858)**
Comprehensive income								
Consolidated net income			**27,873**			**27,873**	**1,979**	**29,852**
Net unrealized holding gains on available-for-sale securities				**524**		**524**	**10**	**534**
Pension liability adjustments				**6,966**		**6,966**	**65**	**7,031**
Net unrealized gains (losses) on derivative instruments				**(784)**		**(784)**	**4**	**(780)**
Cumulative translation adjustments				**(13,636)**		**(13,636)**	**2**	**(13,634)**
Total comprehensive income						**20,943**	**2,060**	**23,003**
Net changes in treasury stock					**(78)**	**(78)**		**(78)**
Dividends to noncontrolling interests							**(504)**	**(504)**
Balance at March 31, 2010	**¥135,364**	**¥186,083**	**¥820,701**	**¥ (132,051)**	**¥ (36,756)**	**¥973,341**	**¥50,533**	**¥1,023,874**

Thousands of U.S. Dollars

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Ricoh Company,Ltd. shareholders' equity	Noncontrolling interests	Total equity
Balance at March 31, 2009	**$1,455,527**	**$2,000,892**	**$8,771,237**	**$(1,345,387)**	**$ (394,387)**	**$10,487,882**	**$526,634**	**$11,014,516**
Loss on disposal of treasury stock			**(419)**			**(419)**		**(419)**
Dividends declared and approved to Ricoh Company, Ltd. shareholders			**(245,785)**			**(245,785)**		**(245,785)**
Comprehensive income								
Consolidated net income			**299,710**			**299,710**	**21,279**	**320,989**
Net unrealized holding gains on available-for-sale securities				**5,634**		**5,634**	**108**	**5,742**
Pension liability adjustments				**74,903**		**74,903**	**699**	**75,602**
Net unrealized gains (losses) on derivative instruments				**(8,430)**		**(8,430)**	**43**	**(8,387)**
Cumulative translation adjustments				**(146,623)**		**(146,624)**	**22**	**(146,602)**
Total comprehensive income						**225,193**	**22,151**	**247,344**
Net changes in treasury stock					**(839)**	**(839)**		**(839)**
Dividends to noncontrolling interests							**(5,419)**	**(5,419)**
Balance at March 31, 2010	**$1,455,527**	**$2,000,892**	**$8,824,742**	**$(1,419,903)**	**$ (395,226)**	**$10,466,032**	**$543,366**	**$11,009,398**

Consolidated Statements of Cash Flows

Ricoh Company, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31, 2008, 2009 and 2010

	Millions of Yen			Thousands of U.S. Dollars
	2008	2009	**2010**	**2010**
Cash Flows from Operating Activities:				
Consolidated net income	¥112,520	¥8,852	**¥29,852**	**$320,989**
Adjustments to reconcile consolidated net income to net cash provided by operating activities				
Depreciation and amortization	95,788	101,817	**98,941**	**1,063,882**
Equity in earnings of affiliates, net of dividends received	(622)	117	**(6)**	**(65)**
Deferred income taxes	4,970	(5,163)	**183**	**1,968**
Losses on disposals and sales of property, plant and equipment	2,174	1,885	**2,586**	**27,806**
Losses on impairment of securities	142	26,837	**169**	**1,817**
Pension and severance costs, less payments	(320)	2,031	**(2,677)**	**(28,785)**
Changes in assets and liabilities, net of effects from acquisition-				
(Increase) decrease in trade receivables	(16,567)	37,913	**5,475**	**58,871**
Decrease in inventories	129	2,836	**19,599**	**210,742**
(Increase) decrease in finance receivables	(17,183)	(3,050)	**23,397**	**251,581**
Decrease in trade payables	(7,491)	(97,372)	**(10,124)**	**(108,860)**
(Decrease)Increase in accrued income taxes and accrued expenses and other	5,216	(14,094)	**15,589**	**167,624**
Other, net	15,607	24,879	**7,719**	**83,000**
Net cash provided by operating activities	194,363	87,488	**190,703**	**2,050,570**
Cash Flows from Investing Activities:				
Proceeds from sales of property, plant and equipment	1,194	454	**1,591**	**17,108**
Expenditures for property, plant and equipment, including interest capitalized	(85,205)	(96,945)	**(66,979)**	**(720,204)**
Payments for purchases of available-for-sale securities	(97,958)	(1,781)	**(701)**	**(7,538)**
Proceeds from sales of available-for-sale securities	100,025	243	**1,027**	**11,043**
(Increase) decrease in time deposits	(240)	(615)	**249**	**2,677**
Purchase of business, net of cash acquired	(96,796)	(157,404)	**(4,760)**	**(51,183)**
Other, net	(19,370)	(27,124)	**(19,997)**	**(215,021)**
Net cash used in investing activities	(198,350)	(283,172)	**(89,570)**	**(963,118)**
Cash Flows from Financing Activities:				
Proceeds from long-term indebtedness	67,166	237,116	**46,965**	**505,000**
Repayment of long-term indebtedness	(75,716)	(59,500)	**(66,564)**	**(715,742)**
(Decrease) increase in short-term borrowings, net	(14,598)	110,211	**(105,250)**	**(1,131,720)**
Proceeds from issuance of long-term debt securities	–	85,000	**55,000**	**591,398**
Repayment of long-term debt securities	(10,000)	(50,539)	**(20,000)**	**(215,054)**
Dividends paid	(22,628)	(25,320)	**(22,858)**	**(245,785)**
Payment for purchase of treasury stock	(15,770)	(644)	**(183)**	**(1,968)**
Other, net	(639)	(410)	**(488)**	**(5,247)**
Net cash provided by (used in) financing activities	(72,185)	295,914	**(113,378)**	**(1,219,118)**
Effect of Exchange Rate Change on Cash and Cash Equivalents	(8,958)	(12,353)	**(4,074)**	**(43,807)**
Net Increase (Decrease) in Cash and Cash Equivalents	(85,130)	87,877	**(16,319)**	**(175,473)**
Cash Equivalents at Beginning of Year	255,737	170,607	**258,484**	**2,779,398**
Cash and Cash Equivalents at End of Year	¥170,607	¥258,484	**¥242,165**	**$2,603,925**
Supplemental Disclosures of Cash Flow Information:				
Cash Paid During The Year for-				
Interest, excluding interest capitalized	¥ 8,619	¥ 9,352	**¥ 11,039**	**$ 118,699**
Income taxes	76,220	56,764	**9,167**	**98,570**

The accompanying notes are an integral part of these consolidated financial statements.

Selected Financial Data 1

Related Consolidated Profit and Loss

Ricoh Company, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31

	2001	2002	2003
Net Sales	¥1,538,262	¥1,672,340	¥1,732,012
Cost of sales	924,893	972,394	991,911
Gross profit	613,369	699,946	740,101
Selling, general and administrative expenses	508,264	570,251	610,380
Operating income	105,105	129,695	129,721
Income before income taxes	97,765	113,950	119,708
Provision for income taxes	43,512	51,147	49,089
Income from continuing operations	53,228	61,614	71,648
Income from discontinued operations, net of tax	-	-	865
Net income attributable to Ricoh Company,Ltd.	53,228	61,614	72,513
Exchange rate [yen/US$]	110.60	125.10	121.96
[yen/EURO]	100.41	110.60	121.00

* As a result of the sale of a business, the operating results from the discontinued operations have been reclassified in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" from fiscal year 2003 to 2006.

Sales by Category

Imaging & Solutions	-	-	-
Imaging Solutions	-	-	-
Network System Solutions	-	-	-
Industrial Products	-	-	-
Other	-	-	-

* Ricoh reviced business Segments from fiscal year 2006. The figure of fiscal year 2005 have been revised to conform to current presentation.

Sales by Geographic Area

Japan	¥930,433	¥902,655	¥889,676
Overseas	607,829	769,685	842,336
The Americas	252,698	341,747	343,940
Europe	247,449	311,312	354,477
Other	107,682	116,626	143,919

Millions of Yen							Thousands of U.S. Dollars
2004	2005	2006	2007	2008	2009	**2010**	**2010**
¥1,773,306	¥1,807,406	¥1,909,238	¥2,068,925	¥2,219,989	¥2,091,696	**¥2,016,337**	**$21,681,043**
1,013,249	1,058,232	1,114,238	1,206,519	1,292,262	1,237,310	**1,193,994**	**12,838,645**
760,057	749,174	795,000	862,406	927,727	854,386	**822,343**	**8,842,398**
614,652	618,065	646,416	688,026	746,221	779,850	**756,346**	**8,132,753**
145,405	131,109	148,584	174,380	181,506	74,536	**65,997**	**709,645**
138,472	130,983	152,766	174,519	174,669	30,939	**57,524**	**618,538**
54,768	48,840	56,165	64,326	63,396	22,158	**27,678**	**297,613**
89,049	80,537	95,022	106,224	106,463	6,530	**27,873**	**299,710**
2,717	2,606	2,035	5,500	-	-	**-**	**-**
91,766	83,143	97,057	111,724	106,463	6,530	**27,873**	**299,710**
113.09	107.58	113.26	117.02	114.40	100.55	**92.91**	**-**
132.65	135.25	137.86	150.08	161.69	143.74	**131.21**	**-**

-	¥1,531,428	¥1,637,228	¥1,774,467	¥1,909,573	¥1,833,098	**¥1,790,243**	**$19,249,925**
-	1,332,299	1,446,635	1,580,155	1,709,491	1,598,614	**1,516,172**	**16,302,925**
-	199,129	190,593	194,312	200,082	234,484	**274,071**	**2,947,000**
-	119,408	120,636	133,387	144,340	115,550	**101,692**	**1,093,462**
-	156,570	151,374	161,071	166,076	143,048	**124,402**	**1,337,656**

¥907,121	¥966,273	¥966,224	¥1,002,251	¥1,016,034	¥ 938,331	**¥ 876,578**	**$ 9,425,570**
866,185	841,133	943,014	1,066,674	1,203,955	1,153,365	**1,139,759**	**12,255,473**
326,380	325,597	387,412	426,453	434,799	502,862	**557,687**	**5,996,634**
402,392	408,906	434,800	507,158	603,219	523,407	**458,584**	**4,931,011**
137,413	106,630	120,802	133,063	165,937	127,096	**123,488**	**1,327,828**

Selected Financial Data 2

R&D, Depreciation and Capital investments

Ricoh Company, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31

	2001	2002	2003
R&D Expenditure	¥78,239	¥80,799	¥83,551
Depreciation for tangible fixed assets	62,142	73,782	69,558
Capital Investments	73,329	75,676	73,956

Related Consolidated Cash Flows

	2001	2002	2003
Cash Flows from operating activities	¥102,728	¥105,138	¥182,730
Cash Flows from investing activities	(60,197)	(81,421)	97,983
Free Cash Flow	42,531	23,717	280,713
Cash Flows from financing activities	(88,382)	36,235	(67,143)

Related Consolidated Balance Sheets (at year end)

	2001	2002	2003
Liquidity at hand	¥137,857	¥205,585	¥200,437
Inventories	176,383	162,176	146,051
Debt (Short-term borrowings and Long-term indebtedness)	538,928	561,403	484,615
Total assets	1,704,791	1,832,928	1,884,922
Shareholders' equity	556,728	633,020	657,514

Selected Consolidated Financial Data

	2001	2002	2003
Operating Income Ratio	6.8%	7.8%	7.5%
Net Income Ratio	3.5%	3.7%	4.2%
Return of Equity (ROE)	9.7%	10.4%	11.2%
Equity Ratio	32.7%	34.5%	34.9%
Net income attributable to Ricoh Company,Ltd. shareholders per share (in yen and dollars)			
Basic	76.85	88.27	99.79
Diluted	71.02	82.46	96.81
Dividends per share (in yen and dollars)	12.00	13.00	14.00
Common stock price range (in yen and dollars)			
High	2,495	2,735	2,470
Low	1,627	1,563	1,637

Consolidated number of employees (at year end)

	2001	2002	2003
Japan	40.4	40.0	39.4
Overseas	33.7	34.2	35.1
Total	74.2	74.2	74.6

Millions of Yen							Thousands of U.S. Dollars
2004	2005	2006	2007	2008	2009	**2010**	**2010**
¥92,515	¥110,478	¥110,385	¥114,985	¥126,033	¥124,406	**¥109,826**	**$1,180,925**
67,684	66,796	67,468	72,432	72,762	74,886	**70,329**	**756,226**
75,507	84,701	102,054	85,800	85,215	96,958	**66,979**	**720,204**
¥151,080	¥129,170	¥173,479	¥167,297	¥194,363	¥87,488	**¥190,703**	**$2,050,570**
(63,404)	(96,081)	(120,051)	(115,432)	(198,350)	(283,172)	**(89,570)**	**(963,118)**
87,676	33,089	53,428	51,865	(3,987)	(195,684)	**101,133**	**1,087,452**
(74,835)	(56,439)	(59,989)	9,282	(72,185)	295,914	**(113,378)**	**(1,219,118)**
¥249,125	¥188,449	¥188,687	¥257,331	¥172,138	¥260,527	**¥243,888**	**$2,622,452**
145,369	167,365	169,245	184,354	192,023	191,570	**169,251**	**1,819,903**
432,732	410,085	381,277	415,648	384,372	779,195	**684,445**	**7,359,624**
1,852,793	1,953,669	2,041,183	2,243,406	2,214,368	2,513,495	**2,383,943**	**25,633,796**
795,131	862,998	960,245	1,070,913	1,080,196	975,373	**973,341**	**10,466,032**
8.2%	7.3%	7.8%	8.4%	8.2%	3.6%	**3.3%**	
5.2%	4.6%	5.1%	5.4%	4.8%	0.3%	**1.4%**	
12.6%	10.0%	10.6%	11.0%	9.9%	0.6%	**2.9%**	
42.9%	44.2%	47.0%	47.7%	48.8%	38.8%	**40.8%**	
123.63	112.64	132.33	153.10	146.04	9.02	**38.41**	**0.41**
123.63	112.64	123.33	151.89	142.15	8.75	**37.36**	**0.40**
18.00	20.00	24.00	28.00	33.00	33.00	**33.00**	**0.35**
2,365	2,345	2,360	2,775	2,950	1,986	**1,473**	**15.84**
1,607	1,782	1,646	1,991	1,395	770	**1,089**	**11.71**
						Thousands of people	
38.8	40.1	39.9	40.3	40.3	40.8	**41.1**	
34.3	34.9	36.2	41.5	43.0	67.6	**67.4**	
73.1	75.0	76.1	81.9	83.4	108.4	**108.5**	

Selected Financial Data 3

Consolidated Statement of Income (Quarterly)

	2008 1Q	2008 2Q	2008 3Q	2008 4Q
Net Sales	¥530,113	¥558,260	¥552,039	¥579,577
Cost of sales	301,343	335,777	314,623	340,519
Gross profit	228,770	222,483	237,416	239,058
Selling, general and administrative expenses	182,154	184,531	187,964	191,572
Operating income	46,616	37,952	49,452	47,486
Income before income taxes	53,264	31,778	49,043	40,584
Provision for income taxes	18,192	11,686	15,737	17,781
Net income attributable to Ricoh Company,Ltd.	33,855	19,305	32,116	21,187

Sales by Category

	2008 1Q	2008 2Q	2008 3Q	2008 4Q
Imaging & Solutions	¥452,838	¥471,789	¥478,648	¥506,298
Imaging Solutions	412,183	415,209	434,313	447,786
Network System Solutions	40,655	56,580	44,335	58,512
Industrial Products	35,536	41,940	34,273	32,591
Other	41,739	44,531	39,118	40,688

Sales by Geographic Area

	2008 1Q	2008 2Q	2008 3Q	2008 4Q
Japan	¥244,734	¥259,705	¥244,652	¥266,943
Overseas	285,379	298,555	307,387	312,634
The Americas	103,174	112,527	108,252	110,846
Europe	146,849	142,267	154,529	159,574
Other	35,356	43,761	44,606	42,214

	Millions of Yen							
	2009 1Q	2009 2Q	2009 3Q	2009 4Q	2010 1Q	2010 2Q	2010 3Q	2010 4Q
	¥521,574	¥544,353	¥502,091	¥523,678	¥491,389	¥497,402	¥485,940	¥541,606
	293,177	329,406	287,946	326,781	291,084	299,505	275,736	327,669
	228,397	214,947	214,145	196,897	200,305	197,897	210,204	213,937
	188,647	189,621	192,843	208,739	194,229	189,978	186,467	185,672
	39,750	25,326	21,302	(11,842)	6,076	7,919	23,737	28,265
	43,735	15,140	1,188	(29,124)	3,415	3,351	24,057	26,701
	16,825	5,757	5,698	(6,122)	1,879	1,995	11,064	12,740
	25,743	8,602	(4,805)	(23,010)	903	905	12,608	13,457
	¥455,258	¥464,514	¥443,996	¥469,330	¥436,820	¥438,309	¥430,961	¥484,153
	410,118	403,987	383,997	400,512	378,098	366,971	368,192	402,911
	45,140	60,527	59,999	68,818	58,722	71,338	62,769	81,242
	33,095	34,746	25,913	21,796	24,754	26,447	25,156	25,335
	33,221	45,093	32,182	32,552	29,815	32,646	29,823	32,118
	¥233,869	¥249,948	¥221,069	¥233,445	¥206,739	¥214,950	¥204,838	¥250,051
	287,705	294,406	281,022	290,232	284,650	282,452	281,102	291,555
	101,664	115,921	132,882	152,395	142,770	138,388	135,239	141,290
	148,671	140,039	119,553	115,144	113,750	112,396	115,321	117,117
	37,370	38,445	28,587	22,694	28,130	31,668	30,542	33,148

Corporate Philosophy/Management Philosophy/Ricoh General Principles on the Environment

The Ricoh Group's corporate philosophy was established by its founder, Kiyoshi Ichimura. He explained the philosophy as follows: Everyone starts by loving himself/herself. As time passes, however, this feeling grows and expands to include all people, plants, and animals in the world. This philosophy drives the Ricoh Group toward better sustainable management.

Corporate Philosophy

Love your neighbor
Love your country
Love your work

–The Spirit of Three Loves–

Ricoh's management philosophy was formally introduced in 1986 based on the Company's corporate philosophy in order to establish and nurture the corporate culture and system so that survival in a time filled with increasing change, information-oriented societies, diverse values, and more intense competition could be ensured.

Management Philosophy

Our Purpose

To constantly create new value
for the world at the interface of people
and information

Our Goal

To be a good global corporate citizen
with reliability and appeal

Our Principles

To think as an entrepreneur
To put ourselves in the other
person's place
To find personal value in our work

Ricoh introduced the Ricoh General Principles on the Environment, which are based on its management philosophy, in 1992 and revised them in 1998 , 2004 and 2008 These principles show Ricoh's commitment to sustainable management and are widely disclosed to the public through various media, including websites. Based on these principles, Ricoh Group companies have independently established and managed their own rules regarding the environment according to their business type.

Ricoh Group Environmental Principles

Basic Policy

As a global citizen, Ricoh group is obligation-conscious of environmental conservation. In addition, we strive to honor our environmental responsibilities and concentrate company-wide efforts in environmental conservation activities, implementation of which we believe to be as significant as our business operations.

Action Guidelines

1. Achieve superior targets
   Complying with laws and regulations as a matter of course, we dutifully fulfill our environmental responsibilities, setting targets that go ahead of those that society currently requires, and by achieving these, create economic values.

2. Develop innovative environmental technologies
   We will take steps to develop and promote innovative environmental technologies that will give increased value to our customers and can be utilized by various people.

3. Encourage all employees to participate in environmental activities
   In all our business activities, we strive for awareness of environmental impact, thereby involving all Ricoh employees in implementing continuous improvements to prevent pollution, use energy and natural resources more efficiently.

4. Be attentive to product lifecycle
   To provide our products and services, we spare no effort to reduce environmental effects in all stages of product lifecycle, from procurement, manufacturing, sale, and logistics, to usage, recycling, and disposal.

5. Improve employees' environmental awareness
   We at Ricoh wish each employee to be attentive to a broader range of social issues and mindful of enhancing environmental awareness through proactive learning processes, designed to commit the employee to environmental conservation activities according to his or her responsibility.

6. Contribute to society
   By participating in and supporting environmental conservation activities, we will contribute to creating a sustainable society.

7. Optimize communication with stakeholders
   Ricoh Group will expand its environmental conservation activities with stakeholders. In addition, we will fully communicate and proactively cooperate with our stakeholders to reassure communities of our dependability and commitment to the environment.

Established in February,1992; revised in February, 2008.

The Ricoh Group CSR Charter

As the Ricoh Group's role and influence as a global citizen and a member of society increases, so too does its social responsibilities. As a result of the enhanced globalization and group management of its corporate activities, the Ricoh Group now covers many countries around the world and is made up of people with various values. The Ricoh Group CSR Charter, which enshrines the Group's corporate activity principles, was established 2003 in response to the need for common values and activity principles that can be shared globally across the Group.

To grow as a respected enterprise, the Ricoh Group must fully discharge its corporate social responsibility (CSR) from a consistent global perspective and throughout every aspect of its operations. To ensure this, the following principles are to be observed, with the proper social awareness and understanding, compliant with both the letter and the spirit of national laws and the rules of international conduct.

● Integrity in Corporate Activities

1. Every company in the Ricoh Group will develop and provide useful products and services, with high quality, safety, reliability and ease of use, while maintaining security of information and giving proper consideration to the environment.
2. Every company in the Ricoh Group will compete fairly, openly and freely, maintaining normal and healthy relationships with political institutions, government administration, citizens and organizations.
3. Every company in the Ricoh Group will take responsibility for managing and safeguarding its own information and that of its customers.

● Harmony with the Environment

4. Every company in the Ricoh Group will take responsibility, as a citizen of the world, working voluntarily and actively to preserve the environment.
5. Every company in the Ricoh Group, and all employees of each company, will seek to implement technological innovations that reflect environmental concerns and will participate in ongoing activities to preserve the environment.

● Respect for People

6. Every company in the Ricoh Group will, quite apart from corporate group activities, maintain a working environment that is safe and that makes it easier for its staff to do perform their duties, respecting their richly individual characteristics and encouraging their autonomy and creativity.
7. Every company in the Ricoh Group will respect the rights of all those connected with it, and will seek to create a cheerful working environment, free of discrimination.
8. No company in the Ricoh Group will permit forced labor or child labor, and none will tolerate the infringement of human rights.

● Harmony with Society

9. Every company in the Ricoh Group will, as a good corporate citizen, actively engage in activities that contribute to society.
10. Every company in the Ricoh Group will respect the culture and customs of its country or region, and will operate so as to contribute to their development.
11. Every company in the Ricoh Group will engage in the fullest possible communications with society, seeking actively to provide the proper and unbiased disclosure of corporate information.

The Ricoh Group Code of Conduct

The Ricoh Group Code of Conduct was formulated in 2003 to establish basic standards to ensure that Officers and Employees of the company, when engaging in corporate activities to advance the Ricoh Group, act in accordance with social ethics and in full compliance with the law.

Ricoh Group Supplier Code of Conduct

In 2006, we established the Ricoh Group Supplier Code of Conduct, the purpose of which is to request our business partners (suppliers) to comply with the behavioral principles specified in the Ricoh Group Code of Conduct.

Senior Management

As of June 25,2010

Board of Directors

Representative Directors

Masamitsu Sakurai
(Chairman of the board)
Shiro Kondo

Directors

Takashi Nakamura
Kazunori Azuma
Zenji Miura
Hiroshi Kobayashi
Shiroh Sasaki
Yoshimasa Matsuura
Nobuo Inaba

Directors (outside)

Eiji Hosoya
Mochio Umeda

Corporate Auditors

Yuji Inoue
Shigekazu Iijima

Corporate Auditors (outside)

Takao Yuhara
Tsukasa Yunoki

Executive Officers

Chairman

Masamitsu Sakurai

President and CEO

Shiro Kondo

Corporate Executive Vice Presidents

Takashi Nakamura
Kazunori Azuma
Zenji Miura
Hiroshi Kobayashi
Yoshimasa Matsuura
Nobuo Inaba

Corporate Senior Vice Presidents

Terumoto Nonaka
Kenji Hatanaka
Hiroshi Adachi
Kenichi Kanemaru
Hisashi Takata
Soichi Nagamatsu
Yohzoh Matsuura

Corporate Vice Presidents

Kiyoto Nagasawa
Yutaka Ebi
Norihisa Goto
Mitsuhiko Ikuno
Kenichi Matsubayashi
Kazuhiro Yuasa
Masayuki Nishimoto
Katsumi Kurihara
Junichi Matsuno
Kunihito Minakawa
Seiji Sakata

Group Executive Officers

Shiroh Sasaki
Kazuo Togashi
Sadahiro Arikawa
Hiroshi Tsuruga
Kohji Sawa
Yoshihiro Niimura
Michel De Bosschere
Daisuke Segawa
Nobuaki Majima
Yoshinori Yamashita

Corporate Data / Shareholders' Equity

Ricoh Company, Ltd.

Consolidated Financial Statements and Schedule
For the years ended March 31, 2008, 2009 and 2010
With Reports of Independent Registered Public Accounting Firm Thereon

Corporate Headquarters
Ricoh Building, 8-13-1 Ginza, Chuo-ku, Tokyo 104-8222 Japan
Tel: +81-3-6278-2111
Fax: +81-3-6278-2997

Date of Establishment
February 6, 1936

Stock Listings
Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, Euronext Paris

Independent Public Accountants
KPMG AZSA & Co.

Shareholders Register Agent
The Chuo Mitsui Trust and Banking Co., Ltd. 33-1,
Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

Depositary for American Depositary Receipts
The Bank of New York Mellon
101 Barclay Street, New York, NY 10286, U.S.A.
Tel: 201-680-6825
US toll free: 1-888-269-2377 (1-888-bny-adrs)
Website: http://www.adrbnymellon.com

Shareholders' Equity (as of March 31, 2010)

(1) Total number of shares authorized to be issued: 1,500,000,000
(2) Total number of shares issued: 744,912,078
(3) Number of shareholders: 42,281
(4) Major shareholders:

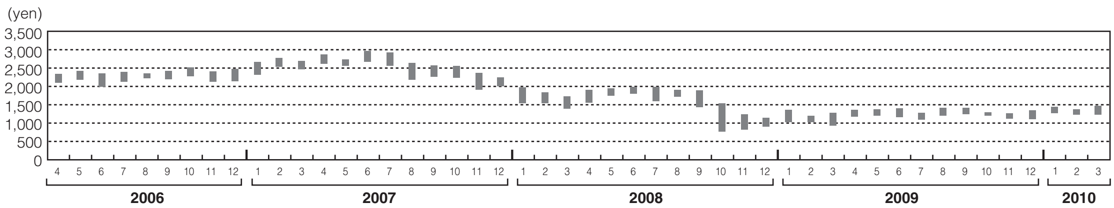
Name	The shareholders' stake in the Company	
	Thousands of shares	Investment ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	62,267	8.58
Japan Trustee Services Bank, Ltd. (Trust Account)	46,043	6.35
Nippon Life Insurance Company	36,801	5.07
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	35,943	4.95
Japan Trustee Services Bank, Ltd. (Trust Account 9)	18,350	2.53
NIPPONKOA Insurance Co., Ltd.	18,198	2.51
The Chase Manhattan Bank, N. A. 385036	16,788	2.31
THE NEW TECHNOLOGY DEVELOPMENT FOUNDATION	15,839	2.18
National Mutual Insurance Federation of Agricultural Cooperatives	13,259	1.83
The Ricoh Employee Shareholding Association	10,147	1.40

Notes:
1. The number of treasury stocks (19,320 thousands of shares) is not included in the chart above.
2. In addition to the above, stakes in the Company include 1,000 thousands of shares (0.14%) that NIPPONKOA Insurance Co., Ltd. owns and has entrusted with The Master Trust Bank of Japan, Ltd. These shares are registered in the name of The 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.
3. Investment ratio is calculated after deducting treasury stock.

Breakdown of shareholders

Category	Thousands of shares held	Number of shareholders	Investment ratio (%)
Financial institutions	360,762	171	48.43%
Foreign companies	257,347	597	34.54%
Individual investors and others	58,478	40,728	7.85%
Other domestic companies	34,006	724	4.56%
Treasury stock	19,320	1	2.59%
Securities companies	14,990	59	2.01%
Government and Local public entities	6,448	1	0.00%

Common stock price



RICOH Milestones

The Ricoh Group, staying true to its original heritage, has been engaged in the business of providing innovative office solutions to a global customer base. In the 21st century, we are intent on maintaining our winning position. Please see the timeline below for major milestones in our main business:

Imaging & Solutions

1936–1945 <Starting out>

Ricoh began life in 1936 when Riken Kankoshi Co., Ltd. was established to manufacture and sell sensitized paper.

1946–1958 <Post war development>

The Ricopy series, launched in 1955, literally became a pioneer in office automation and revolutionized office administration.

1959–1971 <New technologies & overseas expansion>

Ricoh introduced numerous technologically innovative products to the market. Aware of the high potential of digital technologies, we also began operations outside of Japan.

1972–1979 <Birth of office automation>

Ricoh developed advanced digital technologies and marketed the world's first office-use fax machine. We were also among the first to begin development of digital copiers.

1980–1989 <Developing OA market>

Widespread installation of copiers in the majority of offices drove our rapid sales growth. Ricoh started to focus on developing more advanced laser and digital technologies.

1990–1999 <Shift to digital and color>

Amid a shift from analog to digital, Ricoh moved ahead of the curve to satisfy the needs for integrated fax and printer functions and networking.

2000–2005 <The Document Highway>

Ricoh promoted the "Document Highway," a concept wherein network devices and applications share basic architectures to enable the smooth use and management of data by our customers.

2006–present <Building a strong global brand>

Ricoh continues to strive to achieve further growth by providing total office solutions, entering into the high-end printing market, and expanding our global operations.

Analog PPCs (1955–1997)

Ricopy 101 (1955)

The first diazo copier for the office market

Ricopy BS-1 (1965)

The first electrostatic copier in the Ricopy series

Ricopy PPC 900 (1972)

Ricoh's first dry plain paper copier (PPC)

Digital PPCs/MFPs (1982–)

imagio MP 9001*1 (2009)

User friendly, energy-saving high-speed multifunctional digital copier

imagio 320*2 (1987)

First low-end digital copier priced below one million yen

imagio MF 530 (1991)

Multifunctional digital copier featuring up to six different functions in a single machine

*1 Aficio MP 9001 (name outside Japan)
*2 DS 320 (name outside Japan)

Color PPCs/MFPs (1985–)

imagio MP C7501*3 (2010)

Using new color PxP toner, achieving high speed, high picture quality and high energy efficiency

Ricoh Color 5000 (1985)

High performance full-color copier with a zooming function

imagio Color 2800*4 (1998)

First color copier with fax machine functionality

*3 Aficio MP C7501 (name outside Japan) *4 Aficio Color 4006 (name outside Japan)

Printers (1983–)

IPSiO SP C301SF*5 (2009)

Compact and highly productive A4-size multifunctional color laser copier

Ricoh LP 4120 (1983)

Ricoh's first laser printer

IPSiO Color 2000*6 (1998)

Ricoh's first color laser printer

*5 Aficio SP C231SF (name outside Japan)
*6 Aficio AP204 (name outside Japan)

Production printing

Ricoh Pro C900 (2008)

Color production printer makes full-scale entry into the color POD market

Printing solutions

Solutions for optimal allocation of output equipment and equipment management

Document solutions

Solutions for workflow improvement integrating paper and electronic data

Business solutions

Solutions in the forms of IT services, business process outsourcing, and so on

@Remote
Ridoc GlobalScan
Ridoc Document System
ITKeeper
Managed Document Services (MDS)

Operius — Ricoh's solutions brand, Operius, to provide seamless office solutions

* The Ricopy, imagio, Ridoc Document System, ITKeeper brand names are used only in Japan.

Building a strong

Global

1936 Establishes Riken Kankoshi Co., Ltd. (renamed Riken Optical Co., Ltd. in 1938)

1954 Establishes Ohmori Plant in Japan

1962 Establishes a sales subsidiary in the U.S., named Ricoh Industries, U.S.A., Inc. (presently Ricoh Americas Corporation)
1963 Renames the company Ricoh Company, Ltd.
1971 Establishes Atsugi Plant in Japan
1971 Establishes a sales subsidiary in the Netherlands, named Ricoh Nederland B.V. (presently Ricoh Europe PLC)

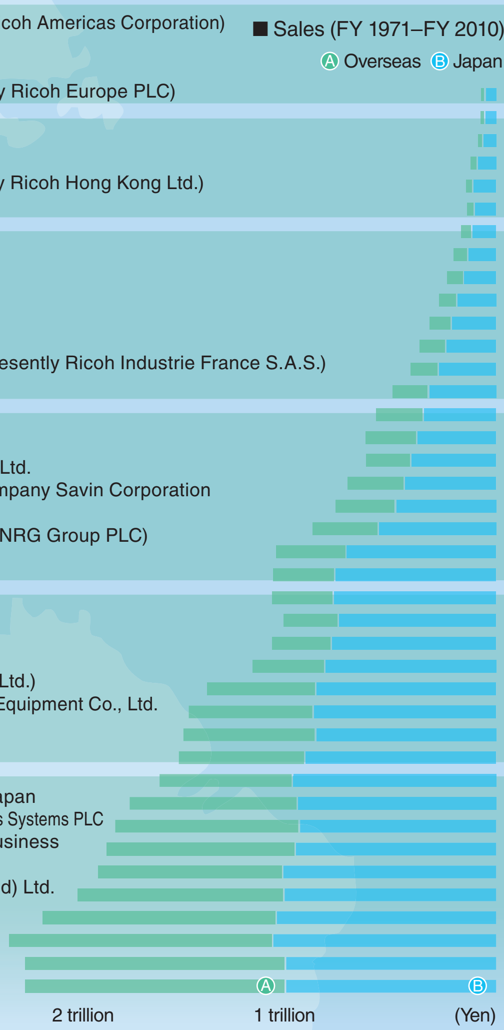
1973 Establishes a manufacturing subsidiary in the U.S., named Ricoh Electronics, Inc.
1978 Establishes Asia/Oceania-based sales company Ricoh Business Machines Ltd. (presently Ricoh Hong Kong Ltd.)

1981 Begins marketing Ricoh brand dry PPCs in Europe and North America
1983 Establishes a manufacturing subsidiary in the U.K., named Ricoh UK Products Ltd.
1985 Establishes Gotemba Plant in Japan
1986 Establishes Ricoh Research and Development Center in Yokohama, Japan
1987 Establishes a manufacturing subsidiary in France, named Ricoh Industrie France S.A. (presently Ricoh Industrie France S.A.S.)

1991 Establishes a manufacturing subsidiary in China, named Ricoh Asia Industry (Shenzhen) Ltd.
1995 Ricoh Corporation (presently Ricoh Americas Corporation) acquires U.S.-based sales company Savin Corporation as its subsidiary
1995 Acquires U.K.-based sales company Gestetner Holdings PLC as its subsidiary (presently NRG Group PLC)

2001 Acquires U.S.-based sales company Lanier Worldwide, Inc. as its subsidiary
2003 Establishes its Chinese regional headquarters in Shanghai, named Ricoh China Co., Ltd.
2004 Acquires Japan-based Hitachi Printing Solutions, Ltd. (presently Ricoh Printing Systems, Ltd.)
2004 Establishes a manufacturing subsidiary in Shanghai, China, named Shanghai Ricoh Digital Equipment Co., Ltd.
2005 Establishes the Technology Center in Ebina, Japan

2006 Establishes facilities to mass produce polymerized toner “PxP Toner” at Numazu Plant, Japan
2006 Establishes Infotec Europe B.V. as a result of acquiring European operations of U.S.,-based Danka Business Systems PLC
2007 Begin operation of a joint venture, InfoPrint Solutions Company, LLC, with International Business Machines (IBM) Corp.
2008 Establishes a manufacturing subsidiary in Thailand, named Ricoh Manufacturing (Thailand) Ltd. (begins operations in September 2009)
2008 Starts construction of a new building within the Technology Center in Ebina, Japan (scheduled to be completed in 2010)
2008 Acquires U.S.-based sales company IKON Office Solutions, Inc. as a subsidiary
2010 Establishes facilities to produce “PxP Toner” at Tohoku Ricoh Co. Ltd., Japan



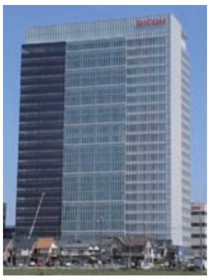
Enhancement of sales networks

Acquisition of IKON Office Solutions, Inc., a U.S.-based sales company


Ricoh Printing Innovation Center on the second floor of Tokyo Headquarters (opened in September 2008)


Ricoh Technology Portal in New York (reopening in 2007)

Expansion of R&D capabilities



Construction of a new building within the Technology Center in Ebina, Japan (scheduled to be completed in August 2010)

Establishment of a manufacturing plant in Thailand (begins operations in September 2009)

global brand

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We’d like to hear your comments and thoughts about Ricoh Group’s Annual Report

As a company that values the trust that society places in it, the Ricoh Group is committed to providing its stakeholders with corporate information that is appropriate, accurate and delivered in a timely manner.
Your comments and thoughts will help us produce even better and easier to understand Annual Reports. Please answer the questions on the other side of this page and fax it to us at the number below.

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Fax: +81-3-3543-9329

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RICOH GROUP ANNUAL REPORT 2010 *Questionnaire*

Please return the completed questionnaire to the IR Department, Ricoh Co., Ltd. Fax No.: +81-3-3543-9329

We value your opinion and comments and may use them in the preparation of our next report.

Q1. Have you ever read a previous year's Ricoh Group Annual Report?

1. Yes 2. No

Q2. Are you a shareholder of Ricoh?

1. Yes 2. No

Q3. Why did you read this report?

1. For analysis and evaluation purposes related to making investment decisions
2. For reasons related to work and/or study
3. To collect information about a potential employer
4. Out of interest in the Ricoh Group
5. Out of interest in Ricoh Group products
6. Other

Q4. Which sections of the report particularly interested or impressed you? (Please check all that apply.)

1. To Our Shareholders and Customers
2. Fiscal 2010 Highlights and Progress of MTP
3. RICOH NOW—Delivering greater value to customers
4. Corporate Social Responsibility
5. Financial Section
6. RICOH milestones
7. Other ( )

Q5. Are there any topics on which you would like to obtain further information? If yes, please specify:

Q6. How would you rate this report?

A. Readability

1. Excellent 2. Average 3. Poor

B. Amount of information contained

1. Satisfactory 2. Neutral 3. Unsatisfactory

C. Design (e.g., layout, color, reader-friendliness)

1. Excellent 2. Average 3. Poor

D.Preferred language

1. English 2. Japanese 3. Chinese
4. Other (Please specify:)

Q7. Which format do you prefer to read this Annual Report?

1. PDF 2. HTML (such as e-book on the web)
3. Printed version 4. Other ( )

Q8. If you have any comments regarding this report or the Ricoh Group, please make them here:

Q9. Which of the following best describes you?

1. Institutional investor
2. Analyst
3. Individual investor
4. Consultant
5. Customer of the Ricoh Group
6. Business person
7. Corporate IR staff
8. Business partner of the Ricoh Group
9. Media representative
10. Government/public administration
11. Employee of the Ricoh Group or family member of employee
12. Student
13. University staff/educator
14. Other

Thank you for your time and cooperation.

If you wish to receive other Ricoh Group publications including Corporate Profile, you can request a printed version and/or download an electronic (PDF) version from our website.

http://www.ricoh.com/brochure/

■ Printed version and Electronic (PDF) version

- Corporate Profile RICOH 2010 (English*/Japanese)

■ Electronic (PDF) version only

- Sustainability Report (Corporate Social Responsibility) (Chinese*/English*/Japanese)
- Sustainability Report (Environment) (Chinese*/English*/Japanese)

* The 2010 versions of our Corporate Profile and other reports are scheduled to be published in September 2010. Before then, please note that only 2009 versions are available when you request us to send you a report or when you download a report as a PDF file.