

**RICOH**

RICOH GROUP  
**ANNUAL  
REPORT  
2009**

R I C O H   G R O U P  
S U S T A I N A B I L I T Y  
R E P O R T ( E C O N O M I C )

# Earning the public's trust

## Activity reports from 3 perspectives:

### "Economic," "Environment," and "Corporate social responsibility"

Being a good corporate citizen means striving to be a valued and respected member of society by contributing to its sustainable development. To this end, the Ricoh Group believes in being outstanding in all areas of the economy, the environment, and corporate social responsibility as well as openly communicating its activities. The Ricoh Group publishes information on its activities in reports written from three different perspectives: the economy, the environment, and corporate social responsibility.

This report provides our shareholders, customers, and other stakeholders with information on our management policies, business performance in fiscal 2009, to facilitate a better understanding of what we do and how we work.

#### Sustainability Report (Corporate Social Responsibility)

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



Corporate Social  
Responsibility

#### Sustainability Report (Environment)

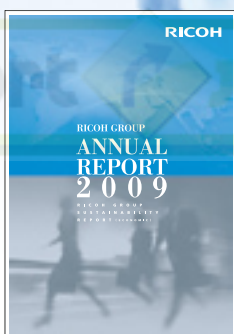
- Concept of sustainable environmental management
- Improving our products
- Improvements made at business sites
- Basis for sustainable environmental management
- Environmental communication/Conservation of biodiversity



Environment

#### Sustainability Report (Economic)

- Management policy
- Management results
- Financial status



Economic

#### ■ 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.

#### ■ For information related to this report, visit the websites listed below.

- IR (Investor Relations)  
<http://www.ricoh.com/IR/>
- Sustainable environment management  
<http://www.ricoh.com/environment/index.html>
- Corporate social responsibility  
<http://www.ricoh.com/csr/>
- Social contribution  
[http://www.ricoh.com/about/csr/soc\\_harmony/index.html](http://www.ricoh.com/about/csr/soc_harmony/index.html)
- Information security  
<http://www.ricoh.com/about/security/index.html>

#### 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 | IBM**  
InfoPrint Solutions Company™

**IKON** Document Efficiency  
At Work™  
A RICOH COMPANY



## Corporate Profile

Ricoh Company, Ltd., is a leading global manufacturer of office automation equipment. Our lineup includes copiers, multifunctional and other printers, facsimiles, personal computers, and related supplies and services, as well as digital cameras and advanced electronic devices. We are rapidly building a solid presence worldwide as a provider of comprehensive document solutions that help customers streamline their businesses and cut operating costs.

The Ricoh Group includes Ricoh Company, Ltd. and 311 subsidiaries and affiliates – 77 companies in Japan and 234 overseas, together employing around 108,500 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.

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## Financial Highlights

Ricoh Company, Ltd., and consolidated subsidiaries for fiscal 2009 and fiscal 2008

	Millions of yen		Thousands of U.S. dollars	% change
	2008	2009	2009	2009/2008
<b>For the year:</b>				
Net sales	¥2,219,989	¥2,091,696	\$21,128,242	-5.8%
Japan	¥1,016,034	¥938,331	\$9,478,091	-7.6%
Overseas	¥1,203,955	¥1,153,365	\$11,650,152	-4.2%
Net income	¥106,463	¥6,530	\$65,960	-93.9%
<b>Per share data (in yen and dollars):</b>				
Net income				
Basic	¥146.04	¥9.02	\$0.09	-93.8%
Diluted	¥142.15	¥8.75	\$0.09	-93.8%
Cash dividends declared	¥33.00	¥33.00	\$0.33	—
<b>At year-end:</b>				
Total assets	¥2,214,368	¥2,513,495	\$25,388,838	13.5%
Shareholders' equity	¥1,080,196	¥975,373	\$9,852,253	-9.7%

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

## Lower sales and earnings amid recession and a stronger yen

In the year ended March 31, 2009 (fiscal 2009), consolidated net sales of the Ricoh Group declined 5.8% over the previous fiscal year to 2,091.6 billion yen (US\$21,127 million), with sales decreasing in all segments including Imaging and Solutions, Industrial Products and Other.

Excluding the effects of currency rate fluctuations, however, the Ricoh Group's consolidated net sales grew 1.1% over the previous fiscal year; The dollar-yen and the euro-yen average rates for fiscal 2009 were 100.55 yen to the dollar (up 13.85 yen year on year) and 143.74 yen to the euro (up 17.95 yen), respectively.

Looking at performance by business segment, the economic recession and the yen's appreciation, among other things, also took a severe toll on the overall sales performance of Imaging and Solutions, although printer sales grew, driven by enhanced sales networks and expanded printer business operations. The Industrial Products and the Other segments also posted slower sales in tougher economic conditions. Geographically, the Group's sales in Japan declined 7.6% from the previous fiscal year to 938.3 billion yen (US\$9,478 million). Sales in markets overseas also declined 4.2% to 1,153.3 billion yen (US\$11,649 million), an increase of 8.5% from the previous fiscal year excluding the effects of currency fluctuations.

Gross profit declined 7.9% from the previous fiscal year to 854.3 billion yen (US\$8,629 million), mainly due to slower sales and the yen's rise. Gross profit as a percentage of net sales also showed a 1.0 percentage point decrease from the previous fiscal year to 40.8%. Although the Group made good progress in its cost reduction efforts, the effects were not sufficient to offset the adverse impact of the stronger yen and other factors.

Selling, general, and administrative (SG&A) expenses increased 4.5% from the previous fiscal year to 779.8 billion yen (US\$7,877 million). While the Group implemented cost reduction activities throughout the organization, its focus on developing enhanced sales networks, expanding the printer business operations, and implementing structural changes in the business led to the rise of SG&A. Meanwhile, research and development (R&D) expenses decreased by 1.6 billion yen from

the previous year to 124.4 billion yen (US\$1,257 million) (5.9% of net sales).

As a result, operating income decreased 58.9% from the previous fiscal year to 74.5 billion yen (US\$753 million).

The Group's net income for fiscal 2009 fell 93.9% from the previous fiscal year to 6.5 billion yen (US\$65.7 million), attributable to a lower operating income and decreased non-operating profit, including foreign currency losses in the latter half of the year and a loss on revaluation of securities.

The Group's net income per share was 9.02 yen (US\$0.09) and return on equity was 0.6%. We announced an annual dividend per share of 33.00 yen (US\$0.33) for fiscal 2009.

## Continuing aggressive investment in areas of future growth

Free cash flow generated by operating and investing activities during fiscal 2009 was a negative 195.6 billion yen (US\$1,976 million), reflecting reduced cash generated due to the lower net income, and the cash disbursement for the acquisition of IKON Office Solutions, Inc. (IKON). Cash flow from financing activities was a positive 295.9 billion yen (US\$2,989 million), primarily due to bond issuance, borrowings and others.

As a result, cash and cash equivalents posted an increase of 87.8 billion yen from the previous fiscal year to 258.4 billion yen (US\$2,610 million).

Total assets increased by 299.1 billion yen from the previous fiscal year to 2,513.4 billion yen (US\$25,388 million). Interest-bearing liabilities increased by 394.8 billion yen from the previous fiscal year to 779.1 billion yen (US\$7,870 million), mainly due to the financing for the acquisition of IKON.

Shareholders' equity declined by 104.8 billion yen from the previous fiscal year to 975.3 billion yen (US\$9,852 million). Equity ratio decreased by 10.0 percentage points from the previous fiscal year to 38.8%.

## Achievements under the 16th Mid-Term Management Plan

The Ricoh Group aims to help customers improve their business processes and productivity through its core Imaging and Solutions business. To this end, we have been working to change the business structure of our Imaging and Solutions whereby we will not merely manufacture and sell copiers, printers, and other equipment but offer optimal document management systems supported by digitized and networked imaging equipment.

Under its 16th Mid-Term Management Plan (from April 2008 to March 2011), the Group has been focusing on leveraging its excellence in customer contact, solutions, and image processing technologies, as well as global coverage and the breadth and depth of our product mix. We believe this approach will allow the Group to be well positioned to meet increasingly diversified demands from a greater number of customers and ultimately make this segment a more powerful mainstay of the Group's business.

With this belief, the Group launched a number of new models of multifunctional color copiers in fiscal 2009 to achieve a fuller lineup. Notable examples of these new products include the imagio MP C5000 and imagio MP C2200 multifunctional digital color copiers for office use. The former enables consecutive color printing jobs producing 50 sheets per minute. The latter is suitable for small offices. The introduction of these new products helped the Group achieve a significant market share in the color copier and multifunctional color copier markets in Japan and elsewhere in the world.

Expansion of our business portfolio in the printing market is another focus. To this end, we have been working to enhance low-end categories by making our color laser printers and other related products even more attractive to customers and by building and developing the production printing segment as early as practicably possible. In line with these policies, we released the IPSiO SP C310, a color laser printer with high productivity and compact size onto the market during fiscal 2009. When it comes to the production printing business, the Group's achievements during the year include the launch of the RICOH Pro C900 with high print speed both in color and monochrome, high-quality image production, and stable and

reliable operation. With the enhanced product lineup, the Group can better satisfy customers' needs for color print-on-demand (POD), which allows corporate customers to obtain the necessary number of sheets printed anytime at low cost for commercial printing and in-house printing purposes.

To achieve further growth of the Imaging and Solutions business, Ricoh acquired IKON Office Solutions, Inc. in November 2008. IKON, a U.S.-based independent channel for document management systems and services, has a strong network of office and production printing systems and services primarily in the U.S. and Western European markets, long-standing relationships with many leading clients, and printing and other outsourcing business structures and expertise. We expect that combining IKON's strengths and Ricoh's product development and solutions provision capabilities will drive our Group's business to expand even further.

Going forward, the Group is planning to create a new, differentiated service business called Business Process Outsourcing by drawing on Ricoh's resources and expertise. To make it happen, the Group intends to develop solutions platforms and enhance its solutions sales networks.

In the Industrial Products segment, our resource allocation policy is to prioritize business areas that have a high growth potential. We will also intensify collaboration with other technological and business areas to create new businesses by using a multidisciplinary approach. Achievements in this segment during fiscal 2009 include the start of a new device and module business, enabled by collaboration between the planning, development and production, and sales units of semiconductors, electric components, optical equipment, and other related products.

In both the Imaging and Solutions and the Industrial Products segments, the Ricoh Group will strive to grow even further in emerging markets.

We recognize that technology-driven competitiveness is the key to generating and increasing customer value and improving the profitability of each segment. To these ends, the

Ricoh Group will continue to do its utmost to further enhance its technological capabilities.

### **Reaping investment benefits because of, rather than despite, the severe business environment**

Customers today have increasingly diversifying needs. Customer satisfaction, therefore, is no longer achievable only by pricing, product function, and reliable after-sales services. Moreover, competition on various fronts, such as the shift to color and solutions services, has also intensified.

In such a rapidly changing business environment, the Ricoh Group is determined to continue to grow for many years to come and thus establish and strengthen its position as a leading global brand. We believe that whether we can achieve this goal is dependent on our efforts to increase our competitiveness by creating customer value and improving management efficiency.

To deliver greater value to our customers, we will place more emphasis on Ricoh's customer satisfaction-oriented approach in our business operations and will accordingly seek and deliver new value. We will also continue translating Ricoh's three core values—i.e., "Harmonize with the environment," "Simplify your life & work," and "Support knowledge management"—into our products and services.

In addition, the Ricoh Group will continue to improve business efficiency to beef up the earnings strength of the Group as a whole as well as individual business segments. We will continue our structural reform of R&D, manufacturing, marketing and other necessary functions, select and focus on strategically important businesses, and further improve our business processes. We will work diligently to ensure that the investments we have made for future growth bear fruit in generating profit.

Then we will reinvest the generated profits in business areas with a high growth potential and in developing our technological capabilities. By doing so, the Ricoh Group will pursue both top-line and bottom-line growth and greater enterprise value.

With its group vision "A Winner in the 21st Century" (building a strong global RICOH brand), the Ricoh Group has been operating its business aggressively as a leader in office equipment evolution in our advancing information society and as a reliable supporter of productivity improvement and knowledge creation for our customers. Going forward, we will remain committed to creating customer-centric value based on our sophisticated technologies. We will also aim to earn even greater trust from customers and stakeholders, and grow further as a leading global corporation.

June 2009



**Masamitsu Sakurai**  
Chairman

A handwritten signature in black ink, appearing to read 'Masamitsu Sakurai'.

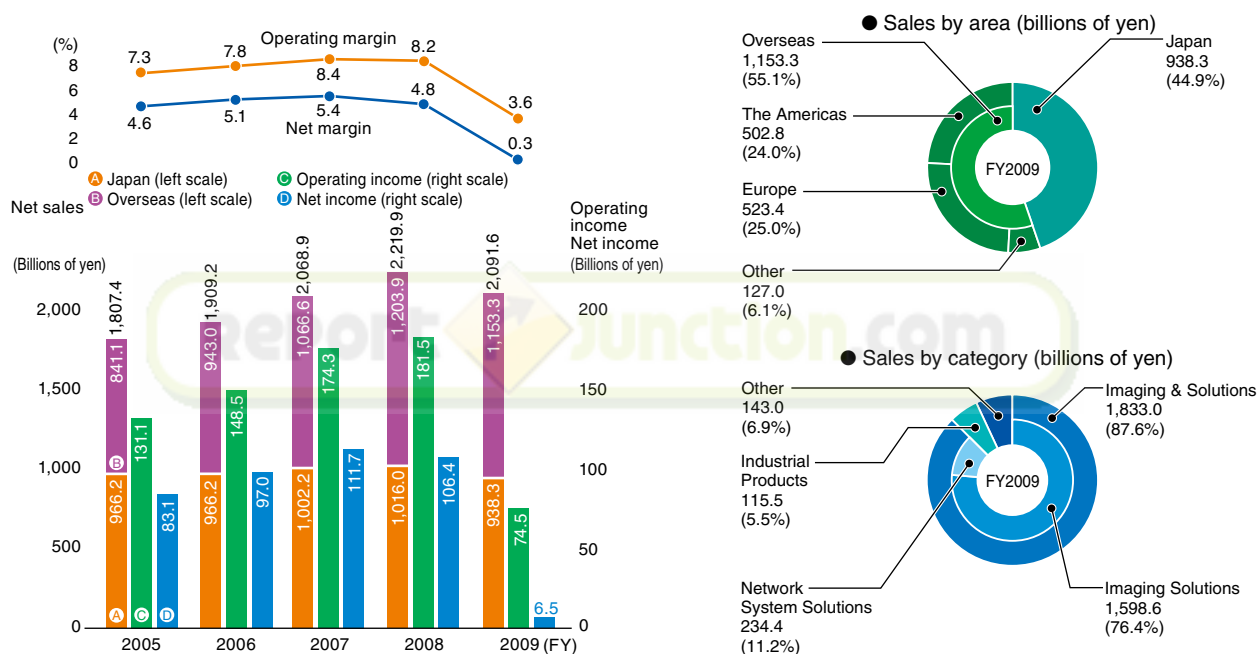
**Shiro Kondo**  
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Shiro Kondo'.

# Fiscal 2009 Financial Highlights (Consolidated)

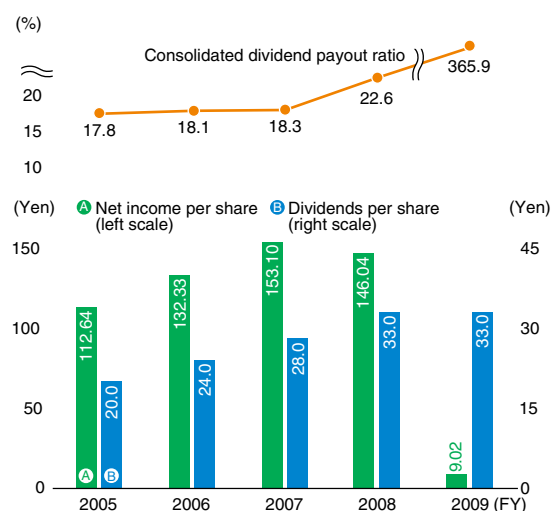
## Net sales, operating income, net income, operating margin, and net income margin

The Ricoh Group saw a sales decline in all business segments, including Imaging and Solutions, affected significantly by economic recession and the yen's appreciation. Overall sales fell 5.8% from the previous year to 2,091.6 billion yen. Sales in Japan declined 7.6% to 938.3 billion yen and sales in the rest of the world declined 4.2% to 1,153.3 billion yen. Operating income dropped 58.9% from a year earlier to 74.5 billion yen, attributable to lower sales and increased costs associated with strengthening the sales network, expansion of the printer business, structural changes, and other initiatives. Net income fell 93.9% from a year earlier to 6.5 billion yen, partly due to lower operating income and decreased non-operating profit, which is mainly attributable to foreign currency losses and the loss on the revaluation of securities.



## Net income per share, dividends, and consolidated dividend payout ratio

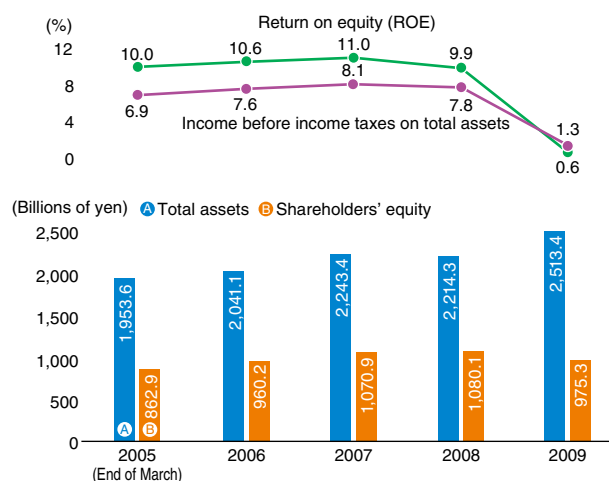
Ricoh announced an annual dividend declared of 33.0 yen per share, maintaining the same dividend level as the previous year.



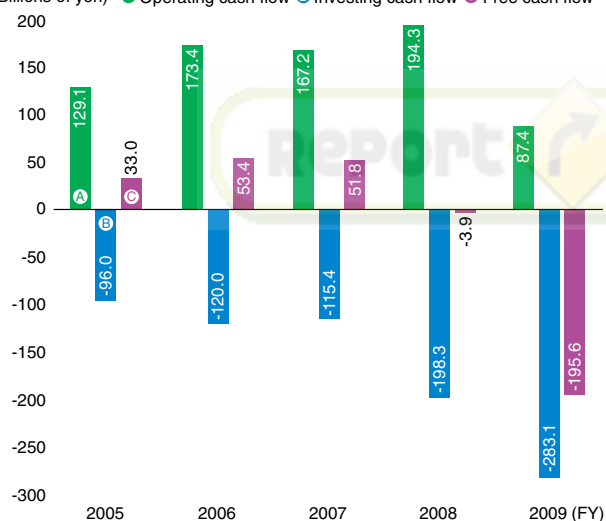


### Total assets, shareholders' equity, income before income taxes on total assets, and return on equity (ROE)

Reflecting a sharp fall in net income, ROE plunged to 0.6%, compared with 9.9% in fiscal 2008. Total assets showed an increase of 299.1 billion yen from a year earlier to 2,513.4 billion yen, due to the increase in cash and cash equivalents and the effect of the acquisition of IKON, among other things. Interest-bearing liabilities rose by 394.8 billion yen to 779.1 billion yen, mainly resulting from the financing of the acquisition. Shareholders' equity declined by 104.8 billion yen to 975.3 billion yen.



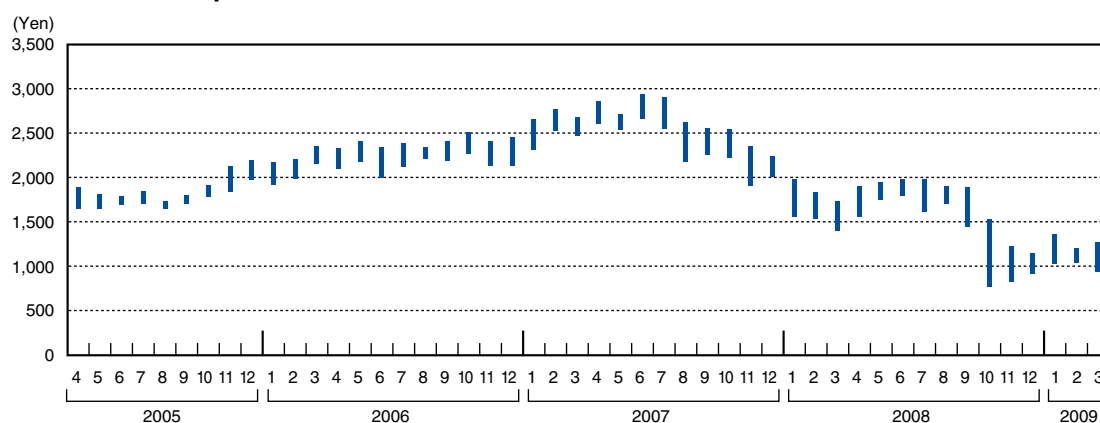
(Billions of yen) A Operating cash flow B Investing cash flow C Free cash flow



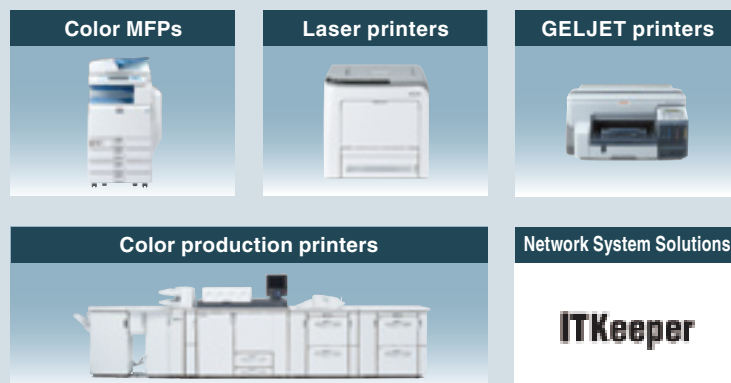
### Operating cash flow, investing cash flow, and free cash flow

Negative free cash flow generated by operating and investing activities increased by 191.7 billion yen from the previous year to 195.6 billion yen, mainly due to lower net income and the cash disbursement for the acquisition of IKON.

### Common stock price



## Imaging and Solutions



### ● Main products

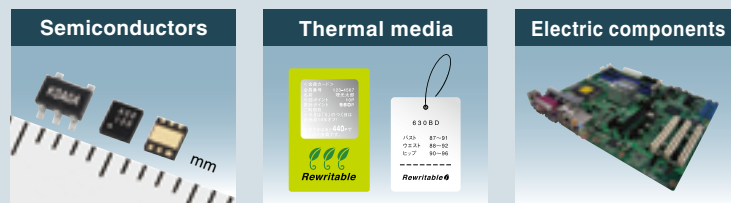
**Imaging Solutions:** digital copiers, color copiers, multifunctional printers (MFPs), printers, analog copiers, digital duplicators, facsimiles, diazo copiers, scanners, other equipment, supplies, maintenance services, software, etc.

**Network System Solutions:** personal computers, servers, network devices, network software, application software, customer support and service, etc.

### Business Outline

Our Imaging and Solutions, comprising Imaging Solutions and Network System Solutions, allow our customers to improve their office productivity with a range of offerings from office equipment and information-processing equipment to maintenance services and supplies, as well as IT infrastructure development, network environment operation, user support, and other services. Areas of focus in this segment include printing solutions—which assist customers in transitioning from black/white to color, total cost of ownership (TCO) management—and document solutions which help customers improve their document workflow. We are also taking a variety of steps to expand our printing business in both high-end and low-end markets.

## Industrial Products



Power IC, etc.

Loyalty cards and clothing hangtags, etc.

Built-in motherboards, etc.

● **Main products** Thermal media, optical equipment, semiconductors, electric components, measuring equipment, etc.

### Business Outline

In Industrial Products, we manufacture and market thermal media, optical equipment, semiconductors, electric components, and measuring equipment, while focusing our resources on high-potential businesses.

## Other



● **Main products** Digital cameras, etc.

### Business Outline

Our Other operations include our digital camera business as well as financial and logistic services respectively offered by our leasing and logistics subsidiaries.