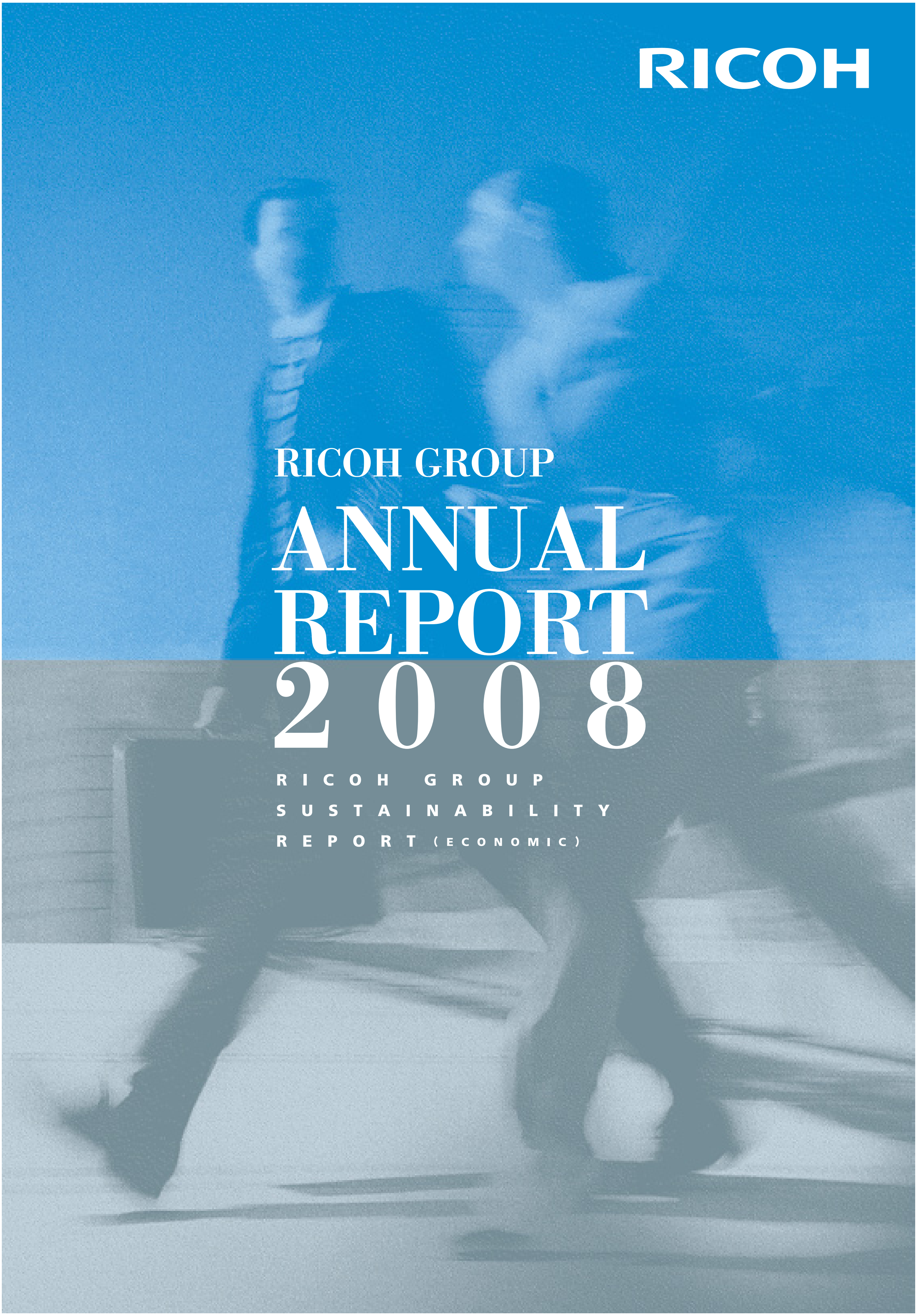
RICOH



RICOH GROUP ANNUAL REPORT 2008

RICOH GROUP SUSTAINABILITY REPORT (ECONOMIC)

Earning the public's trust Activity reports from 3 perspectives: "environment," "corporate social responsibility," and "economic"

Being a good corporate citizen means striving to be a valued and respected member of society by contributing to its sustainable growth. To this end, the Ricoh Group believes in being outstanding in all areas of the environment, the economy, 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 environment, the economy, and corporate social responsibility. This report provides our shareholders, customers, and other stakeholders with information on our management policies, business performance in fiscal 2008, and financial condition to facilitate a better understanding of what we do and how we work.

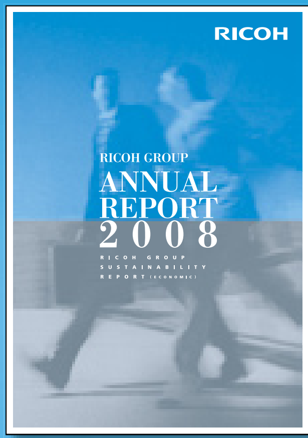
■ Reporting guidelines

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

■ How to Obtain Ricoh's Corporate Information

- 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_environment/sc.html
- Information security
  http://www.ricoh.com/about/security/index.html

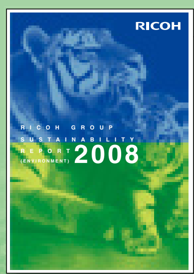
Economic



Sustainability Report (Economic)

- Management policy
- Management results
- Financial status

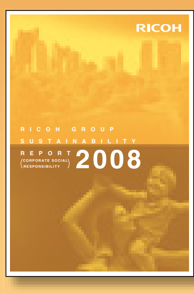
Environment



Sustainability Report (Environment)

- Concept of sustainable environmental management
- Improving our products
- Improvements made at business sites
- Basis for sustainable environmental management
- Social contribution of environmental conservation/Environmental communication

Corporate Social Responsibility



Sustainability Report (Corporate Social Responsibility)

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

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 317 subsidiaries and affiliates – 105 companies in Japan and 212 overseas, together employing around 83,400 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 2008 and fiscal 2007

	Millions of yen		Thousands of U.S. dollars	% change
	2007	2008	2008	2008/2007
For the year: Net sales	¥2,068,925	¥2,219,989	$22,199,890	7.3%
Japan	¥1,002,251	¥1,016,034	$10,160,340	1.4%
Overseas	¥1,066,674	¥1,203,955	$12,039,550	12.9%
Net income	¥111,724	¥106,463	$1,064,630	–4.7%
Per share data (in yen and dollars): Net income Basic	¥153.10	¥146.04	$1.46	–4.6%
Diluted	¥151.89	¥142.15	$1.42	–6.4%
Cash dividends declared	¥28.00	¥33.00	$0.33	17.9%
At year-end: Total assets	¥2,243,406	¥2,214,368	$22,143,680	–1.3%
Shareholders' equity	¥1,070,913	¥1,080,196	$10,801,960	0.9%

* 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.

To Our Shareholders and Customers

Setting new records in sales and operating income

In the year ended March 31, 2008 (fiscal 2008), the Ricoh Group set new records again in consolidated net sales and operating income and marked its 14th straight year of sales growth. Consolidated net sales grew 7.3% over the prior fiscal year to 2,219.9 billion yen (US$22.2 billion). Operating income rose 4.1% to 181.5 billion yen (US$1.8 billion). Net income declined 4.7% to 106.4 billion yen (US$1.0 billion) primarily due to last year's gain from the sale of discontinued operations.

During fiscal 2008, the Ricoh Group grew sales across all of its produce lines: Office Solutions, Industrial Products, and Other. The Office Solutions segment was the leading locomotive of the growth, recording a continued increase in sales of digital plain paper copiers (PPC), multifunctional printers (MFP), printers, and other products both in Japan and overseas. In each product category, color products played a leading role.

Gross profit increased primarily due to bolstered sales of color MFP devices and other high value-added products, our ongoing cost reduction efforts, and to a lesser extent, favorable exchange rates.

Meanwhile, selling, general, and administrative (SG&A) expenses increased 8.5% from a year earlier to 746.2 billion yen. As the Group has been focusing on developing new products, its research and development (R&D) expenses remained at high levels, recording an increase of 11.0 billion yen from the year before to 126.0 billion yen (5.7% of net sales). Other major factors in the rise of SG&A expenses include our intensified efforts to extend the breadth of our business portfolio and to improve our capabilities to deliver optimal solutions to customers.

The Group's net income per share was 146.04 yen (US$1.46) and return on equity was 9.9%. We announced an annual dividend per share of 33.00 yen (US$0.33). This was the eighth year in a row that we have increased our dividend.

Slightly negative cash-flow due to aggressive investment for future growth

Free cash flow generated by operating activities and investing activities was a negative 3.9 billion yen (US$40 million). Increase in cash disbursement due to the formation of a joint venture with IBM Corporation more than offset the increase in depreciation and assets due to the expansion of our business.

Total assets showed a decline of 29.0 billion yen from a year earlier to 2,214.3 billion yen (US$22.1 billion). Shareholders' equity increased by 9.2 billion yen to 1,080.1 billion yen (US$10.8 billion), reflecting the increase in retained earnings. Equity ratio improved by 1.1 percentage points to 48.8%.

Achievements in the final year of the 15th Mid-Term Management Plan

The Ricoh Group aims to help customers improve their business processes and productivity through its core Office Solutions business. To this end, we have been working to change the business structure of our Office 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.

In its 15th Mid-Term Management Plan, the Group strived to make its copiers and printers for general offices stronger constituents of its revenue base. We promoted a shift from black & white to color, and launched new products featuring advanced digital technologies and network connectability in order to provide solutions that best suit customers' needs and the business environment. The Group has also focused on aggressively expanding its business in its targeted growth areas: production printing and low-end products.

In fiscal 2008, the final year of the 15th Mid-Term Management Plan, the Group expanded product offerings in the Office Solutions category, marketing a number of new color multifunctional copiers and color laser printers. With new products characterized by excellent environmentally friendliness, high image quality, and advanced security functions, the resulting product lineup enabled the Ricoh Group to attain large market shares in color copier/multifunctional copier markets both in Japan and overseas.

In the low-end printer market, the Group marketed new color laser printers and GELJET printers. The former are as compact and highly productive as their black & white peers, and the latter feature advanced versions of Ricoh's original GELJET technology.

The Ricoh Group's products, customer contact, and support services have received external recognition for their excellent quality. Ricoh ranked highest in customer satisfaction with both color printers and black & white printers in the 2007 Japan Printer Satisfaction Study by J.D. Power Asia Pacific. Ricoh also marked highest scores both for color machines and black & white machines in the 2007 Japan Copier/Multifunction Product Customer Satisfaction Study by this global customer satisfaction research firm. Furthermore, Ricoh Technosystems Co., Ltd. received the highest evaluation for system planning and construction for the second consecutive year in J.D. Power Asia Pacific's 2007 Japan Solution Provider Satisfaction Study.

In June 2007, Ricoh established InfoPrint Solutions Company, a joint venture company with IBM, to gain a stronger foothold in the production printing market. Creating synergy between the Ricoh Group's strengths in hardware and software development and production and InfoPrint's strengths in service, software, and IT solutions, the Ricoh Group provides superb output solutions for business customers to meet their office printing, industrial printing, large printing systems, commercial printing and various other needs.

In the Industrial Products business, a new thermal media factory in China started operation in fiscal 2008, which has enabled us to ensure high product availability in the Chinese market, a highly promising market. Ricoh's semiconductor products such as power supplies ICs for mobile phones have attained leading market shares worldwide.

We also focused on strengthening our business infrastructure on an ongoing basis to facilitate the execution of our growth strategies. We integrated our sales and service subsidiaries in Europe, the Americas, and Japan to strengthen our sales networks and to make them more efficient. We also achieved substantial improvements in our design and development processes by employing a cross-functional structure and implementing operational reforms at the Ricoh Technology Center, our centralized function for design and development.

Going forward with the 16th Mid-Term Management Plan

Under its 16th Mid-Term Management Plan (for the three years from fiscal 2009 to 2011), the Ricoh Group will aim to earn even greater trust from customers. Intensifying our customer-centric approach, we are committed to providing products and services that meet and exceed customers' expectations.

Our Office Solutions segment, in particular, is well positioned to meet increasingly diversified demands from a greater number of customers and ultimately become a more powerful mainstay of our business. To make it happen, we will leverage our excellence in customer contact, solutions, and image processing technologies, as well as global coverage and the breadth and depth of our product mix.

Specifically, we will continue to strive for greater customer value by addressing customers' prioritized issues, i.e., workflow, security, "TCO (total cost of ownership)," compliance, and the environment. We will also help our customers improve their business productivity through our printing solutions and document solutions. The former delivers efficient networking of multiple copiers and printers and the latter develops and implements file server-based central systems for storage, search, and output. Furthermore, we are planning to launch a Businesses Process Outsourcing business in which we can demonstrate our competitive edge. To help execute such a multifaceted strategy, the Ricoh Group intends to develop solution platforms and enhance its solution sales structure.

The Group will also aim at expanding its business portfolio in the printing market. To achieve this, we will enhance low-end categories by making our color laser printers and GELJET printers even more attractive to customers and enter the production printing segment as early as practicably possible.

In the Industrial Products segment, our resource allocation policy is to prioritize business areas having high growth potential. We will also intensify collaboration with other technological and business areas to create new businesses.

In both the Office Solutions and the Industrial Products segments, the Ricoh Group will strive to identify and capture opportunities 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 make its upmost efforts to further enhance its technological capabilities.

Harvesting the fruits of prior investments and leaping forward

In a rapidly changing business environment marked by increasingly diversified customer needs and intensified competition in various fields, such as color products and solutions services, 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. 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 other words, we aim to create "customer delight."

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 each business segment. We will continue our structural reform of development, production, marketing and other necessary functions, select and focus on strategically important businesses, and further our improve 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 our efforts to develop 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" (build 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 for 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 grow further as a leading global corporation. To be valued by society at large, we will continue to strengthen trusting relationships with all stakeholders. In this way, the Ricoh Group—an ever-evolving enterprise—will continue its journey.

June 2008

Shiro Kondo
President and Chief Executive Officer

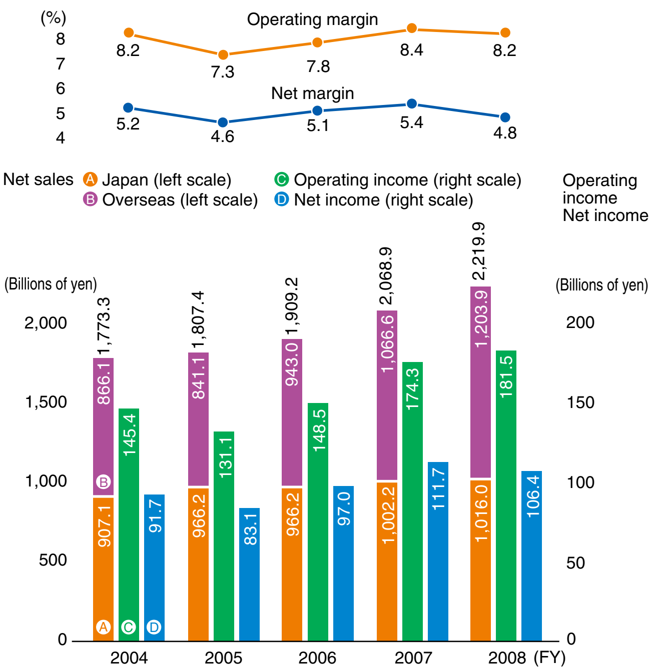
Masamitsu Sakurai
Chairman

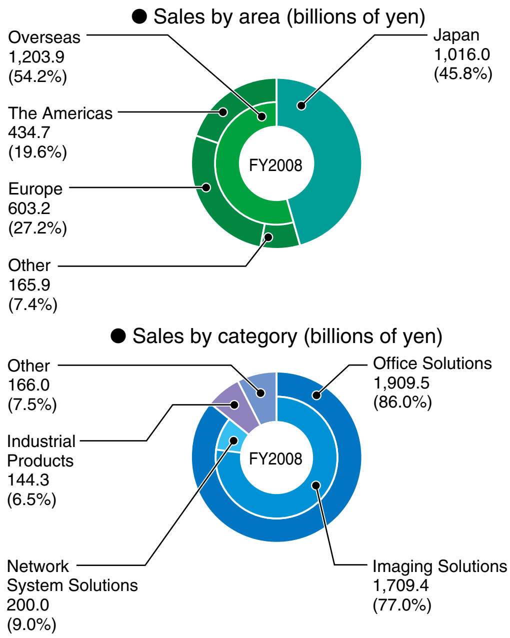
Fiscal 2008 Financial Highlights (Consolidated)

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

2,219.9 billion yen (net sales)

The Ricoh Group grew its sales in all business segments, especially color MFPs and laser printers. Overall sales rose 7.3% from the previous year, marking the 14th consecutive year of growth. Contribution of overseas sales to the Group's overall sales increased from a year earlier— sales in Japan grew 1.4% to 1,016.0 billion yen and overseas sales grew 12.9% to 1,203.9 billion yen. Operating income increased 4.1% to 181.5 billion yen, driven by increased sales of high value-added products and continued cost reduction efforts, among other things. Net income declined 4.7% to 106.4 billion yen, mainly due to the previous year's gain from the sale of discontinued operations.

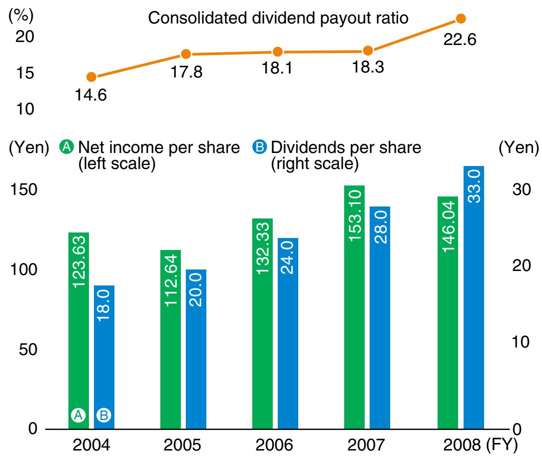




Net income per share, dividends, and consolidated dividend payout ratio

17.9% (increase in dividends)

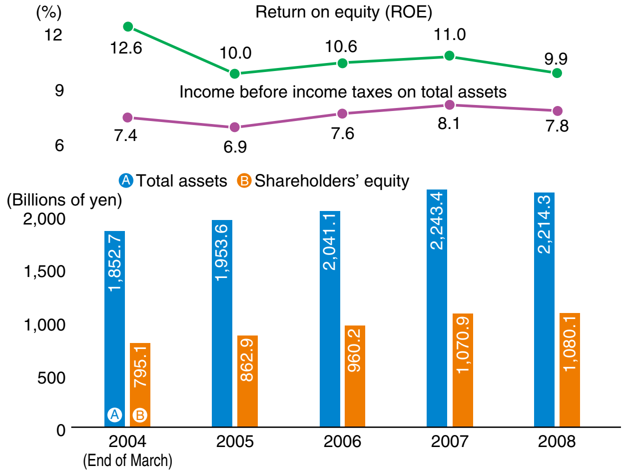
Ricoh announced an annual dividend of 33.0 yen, an increase of 5.0 yen from the previous year. The Group's consolidated dividend payout ratio improved to 22.6%.

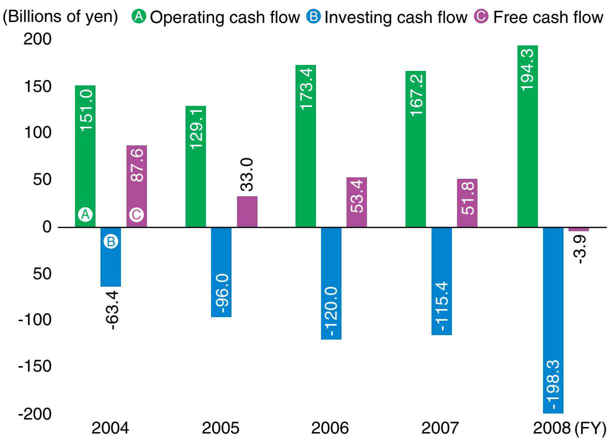


Total assets, shareholders' equity, income before income taxes on total assets, and return on equity (ROE)

9.9% (ROE)

Total assets showed a decline of 29.0 billion yen from a year earlier to 2,214.3 billion yen, especially due to the decrease in cash and cash equivalents resulting from the formation of a joint venture company with IBM Corporation. Interest-bearing liabilities decreased by 31.2 billion yen as a result of enhanced cash management. Shareholders' equity increased by 9.2 billion yen to 1,080.1 billion yen, reflecting the increase in retained earnings.



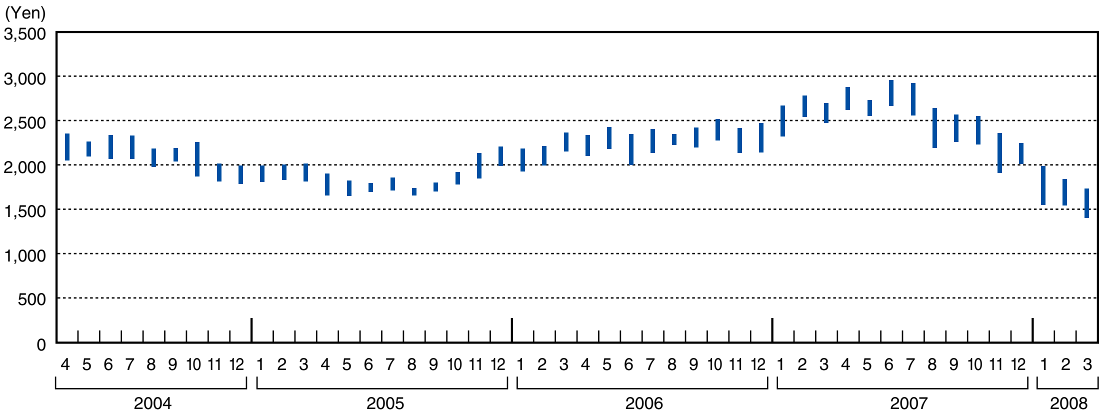


Operating cash flow, investing cash flow, and free cash flow

-3.9 billion yen (free cash flow)

While depreciation, as well as assets due to business expansion, increased, cash and cash equivalents decreased as a result of the formation of a joint venture with IBM Corporation. As a result, free cash flow generated by operating and investing activities declined by 55.8 billion yen from the previous year to negative 3.9 billion yen.

Common stock price



Fiscal 2008 Highlights by Product Line

Office Solutions

Color MFPs

imagio MP C7500

Laser printers

IPSiO SP C220

GELJET printers

IPSiO GX3000SF

Network System Solutions

@Remote

● **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.

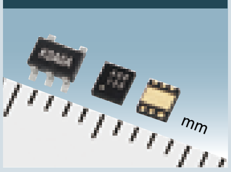
Network System Solutions: personal computers, servers, network devices, network software, application software, customer support and service, etc.

Business Outline

Our Office Solutions, comprising Imaging Solutions and Network System Solutions, allow our customers to improve their office productivity with a range of offerings from office equipment, information-processing equipment, maintenance services, and supplies, as well as IT infrastructure development, network environment operation, user support, and other services. Focal areas in this segment include printing solutions—which assist customers in transitioning from black/white to color, total cost of ownership (TCO) management, and many other initiatives—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.

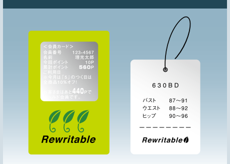
Industrial Products

Semiconductors



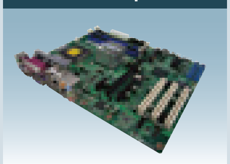
RP 400 Series

Thermal media



Loyalty cards and clothing hangtags

Electric components



Built-in motherboards FB14

● **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

Digital cameras

R8

Caplio GX100

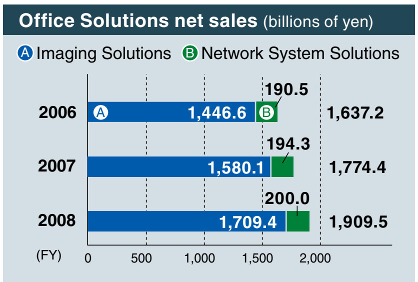
● **Main products** Digital cameras, etc.

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.

Fiscal 2008 Overview

Net sales in Imaging Solutions rose 8.2% from the previous year to 1,709.4 billion yen, reflecting growth in sales for this category both in Japan and overseas, especially in color products. The expanded product lineup and bolstered solution sales structure of the Group contributed to these positive results. During the year Ricoh launched many new color MFP products in its standard new-generation color model lineup, and these sales played a significant role in this sales growth. In the meanwhile, net sales in Network System Solutions rose 3.0% to 200.0 billion yen. The main driver of the growth was IT services, which grew in connection with the expansion of the solutions business. Japan's sales in personal computers and PC servers also inched up. Overall, net sales in the Office Solutions segment went up 7.6% from a year earlier to 1,909.5 billion yen.

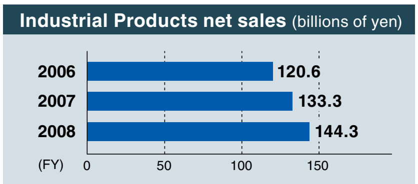


Ricoh ranks top in five categories in J.D. Power's customer satisfaction survey in Japan

Ricoh was recognized as Japan's best company in 2007 in terms of customer satisfaction in both the color and monochrome copier/multifunctional copier categories, as well as in both the color and monochrome laser printer categories (color laser printers won the highest recognition for the second straight year), according to a survey by J.D. Power Asia Pacific, Inc., an international customer satisfaction survey firm. In this survey, Ricoh Technosystems Co., Ltd. also ranked highest in IT system planning and construction for the second consecutive year.

Fiscal 2008 Overview

Net sales in the Industrial Products segment increased 8.2% from the prior year to 144.3 billion yen, fueled by steady growth in semiconductors, thermal media, and electric components.

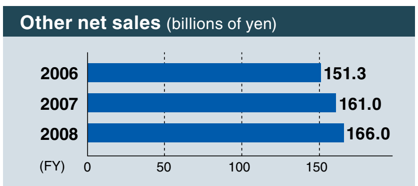


Thermal media plant in Jiangsu, China begins operation

Ricoh Thermal Media (Wuxi) Co., Ltd. began operation in April 2007 as our manufacturing base for high value-added thermal paper, enabling us to provide a more stable supply of this rapidly-growing product in the Chinese market.

Fiscal 2008 Overview

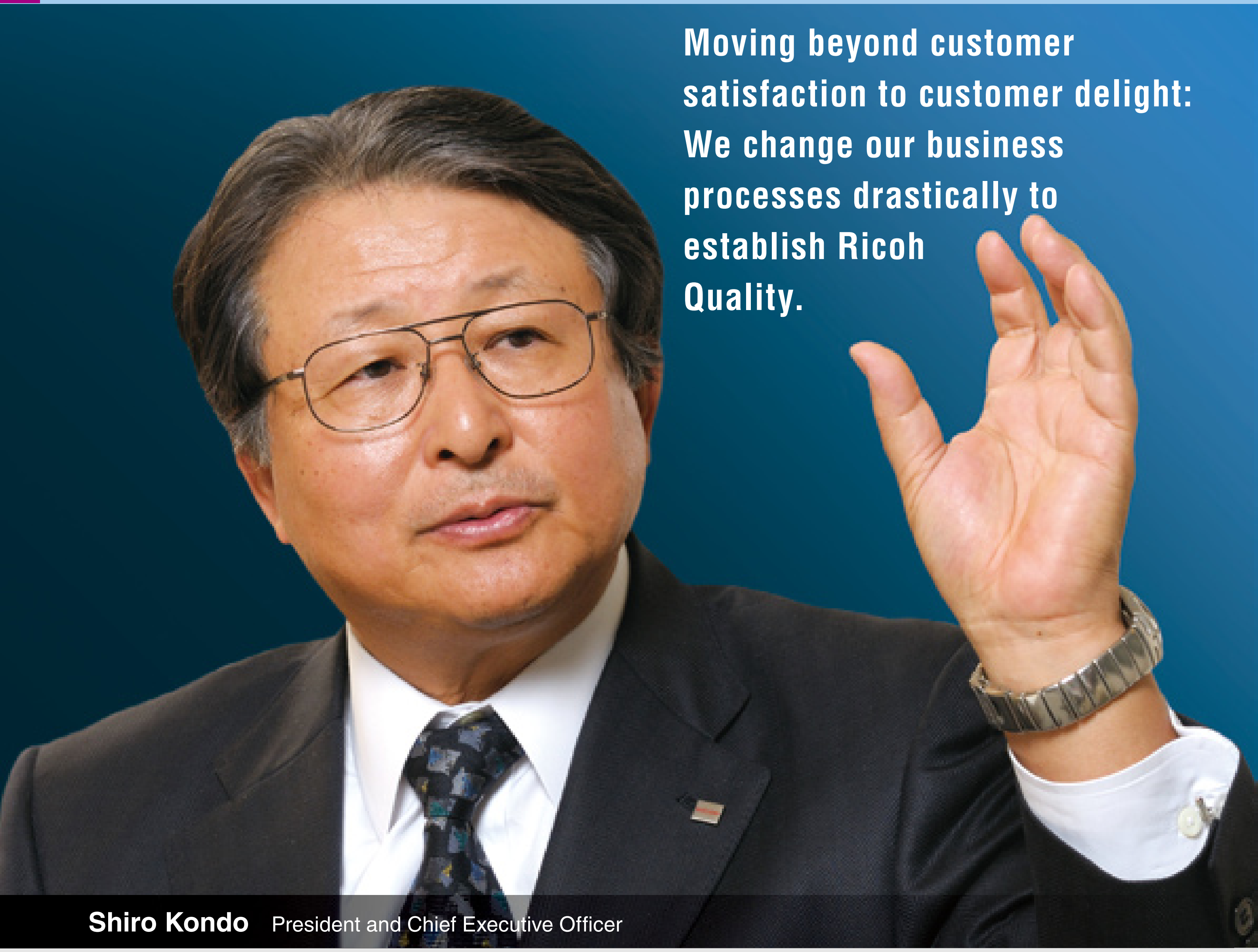
Net sales in the Other segment grew 3.1% to 166.0 billion yen, driven by the solid performance of the leasing business as well as increased sales of digital cameras both in Japan and overseas.



Caplio GX100 wins many accolades

Ricoh's Caplio GX100 received the gold award at iF Product Design Award 2008 for its excellent design. This digital compact camera launched in April 2007 was also recognized by a leading US photography magazine in its 2007 POP Awards, as well as by the Technical Image Press Association (TIPA) as the Best Prestige Camera in its TIPA Awards 2007, and many others.

Moving beyond customer satisfaction to customer delight: We change our business processes drastically to establish Ricoh Quality.



Shiro Kondo President and Chief Executive Officer

The Ricoh Group will offer innovative products and services with "Ricoh Value."

The time is ripe to reap the benefits of our structural reform and large investments and translate those benefits into increased profit. With this tailwind, the Ricoh Group has embarked on a new journey aiming to maximize its enterprise value. We are determined to become and remain a strong global brand in the 21st century.

Q1 Tell us about the basic ideas behind the 16th Mid-Term Management Plan (MTP).

During the 16th MTP, the Ricoh Group's true value will be tested.

As information technology (IT) advances, customers are coming to have totally different standards for office equipment and information devices. Hardware quality used to be overridingly important to most customers. However, the satisfaction and delight experienced by today's customers often comes from solutions generated by and service associated with the hardware they purchased. Customers' buying behavior is also changing. Rather than taking a piecemeal approach, e.g. on a divisional or product basis that many customers did before, customers tend to manage their procurement plans on a company-wide basis, selecting and buying optimal products that fit their purpose and usage, such as networking, security enhancement, workflow management, and environmental management. Moreover, traditional product categories like those for multifunctional printers (MFP) and laser printers are coming together as markets undergo a new "fusion." To meet evolving customer needs in a changing business environment, we must propose solutions that can reach out to our customers' overall workflow level, create new and greater customer value, and bring transformational innovation to their workflow. In recent years, we often hear that the office equipment market has fully matured. When one cycle of industry development has run its course, related solutions businesses will burgeon here and there. Given this, I think the office equipment market has experienced one complete business life cycle. We must anticipate what is coming next in the new era and what the Ricoh Group should deliver there. In doing this, our true value will be tested.

In the 16th MTP effective from April 2008, we defined our role as delivering innovative products and services with Ricoh Value in the information society. Ricoh Value is the basis for the value that we deliver to all our customers through our products and services and specifically enables them to harmonize with the environment, simplify their life & work, and support knowledge management. In this MTP period, we will also need to explore who we are once again from the perspectives of all our different stakeholder groups. For example, our pursuit of maximizing enterprise value must be based on the full understanding of what our shareholders expect us to be like. And as prerequisites, the Ricoh brand really needs to stand out in the global market and the Ricoh Group must achieve outstanding business performance upheld by world-class quality products and services. The financial targets for the 16th MTP announced in March 2008 should be positioned as a minimum requirement for a global corporation and I believe we should aim at even higher goals in practice.

■ 16th MTP targets (by the end of fiscal 2011, consolidated)

Net sales	:	¥2,500 billion
Operating income	:	¥250 billion
Operating margin	:	10.0%
ROE	:	12.5%

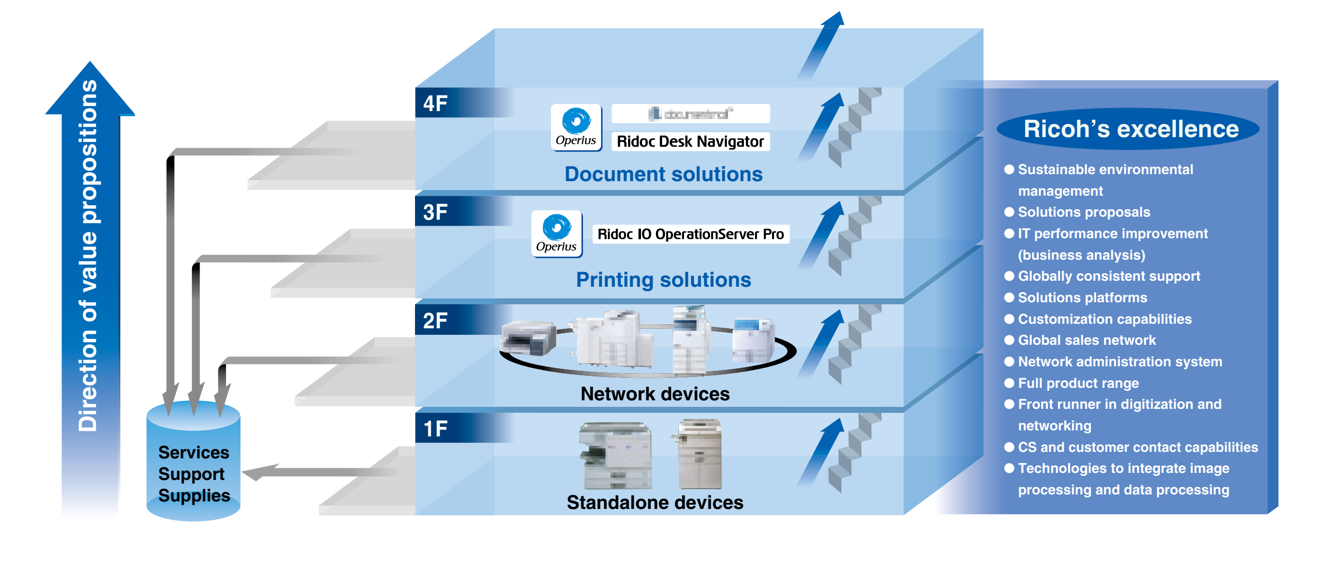
Q2 Tell us about your key strategies to reach the targets under the 16th MTP.

1) Becoming the market leader in each of our target businesses

The Ricoh Group is committed to becoming the leader in each segment in which we do business. Our upcoming products and services will be an eloquent showcase for this commitment. In our Office Solutions, we conducted in-depth analysis on the changes in customer needs during the last mid-term period, based on which we offered various new solutions, such as developing remote management systems and customizing and enhancing systems to address our customers' new challenges. These innovative propositions have allowed Ricoh's MFPs to survive and succeed in the market. We will continue studying and meeting our customers' needs and generating new and greater value.

In our new production printing business, we made substantial investments during the 14th and 15th MTP periods. As a result, we are now well-prepared to make full use of our strengths; i.e., a global service network and solutions development capabilities, in this recently-entered market. The production printing market is just about to burgeon. We are determined to become a leading player in this field and build a strong and solid business.

■ Creation of new customer value based on our existing businesses



2) Accelerating sustainable environmental management

Currently, inter-governmental agreements and actions are being required on environmental issues, such as a successor agreement to the Kyoto Protocol, and the agenda of the Conference of the Parties (COP) to the U.N. Framework Convention on Climate Change. In sync with these governmental movements, business communities are under increasing pressure since around last year to make a commitment to their environmental conservation goals. For the Ricoh Group, sustainable environmental management is anything but a new fad. Even when I was a design engineer, we already had a variety of schemes in place to recycle our products. Such steady efforts and improvements over years make Ricoh's sustainable environmental management what it is today, securing a high reputation both in Japan and elsewhere in the world.

I am always thinking about in which direction I should lead Ricoh. Some companies are recording astonishing sales, say hundreds of thousands of units per month, in the current printer market. But when you look closer, only some 20% of the printers sold are used constantly and the remaining 80% are used only occasionally. Estimated total pages printed by their products would be the same as those printed by just a few tens of Ricoh's MFPs. While I acknowledge budget printers are valuable in that they readily provide printing opportunities to home users, I cannot help wondering whether spending huge amount of resources and energy to create rarely-used products only to meet this single purpose is the right thing to do in the present and future global environment. When we say we are aiming to harmonize with the environment as a key element of Ricoh Value, we are not merely talking about the energy-efficient products and services we provide, but also about the attitude and mindset we espouse. It is part of our mission to make positive contributions to reducing the environmental impacts generated by business offices worldwide. To achieve this, we will intensify and accelerate our sustainable environmental management.

■ **Priority efforts in Ricoh's sustainable environmental management**

Developing environmental technologies

Conducting lifecycle management

Managing resources/energy used across the entire lifecycle of related products

Delivering Ricoh's environmental activities to customers

3) Promoting Ricoh Quality

The Ricoh Group has been satisfying various customer needs, such as reductions in operational costs and improvements in business processes. Going forward, we must raise the bar and achieve a quality that exceeds our customers' expectations. This quality, which delights our customers, is what we call "Ricoh Quality." To pursue Ricoh Quality, we have made organizational changes in April 2008 aiming at further structural reform of the entire R&D processes, which is anticipated to be highly time-intensive. As the next step, we plan to implement drastic reform of the remaining processes, including production, marketing, and service.

4) Creating new areas of growth

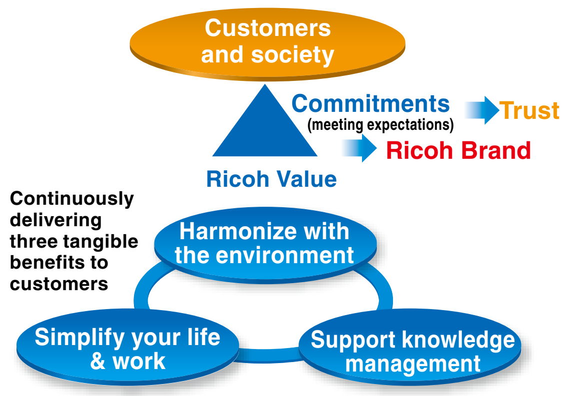
I enjoy growing plants and vegetables. This hobby teaches me every day that you can't reap what you do not sow. Nothing will grow in empty soil. Even when collecting edible wild plants, there are rules to follow. You should not root up everything or otherwise nothing will grow on the site anymore. I think these lessons apply to the Ricoh Group, whose growth has been driven by constant innovation.

A good example is GR DIGITAL, a digital version of Ricoh's GR series of high-quality compact film cameras which have been well-received by professionals and other skilled photographers. GR DIGITAL made its debut in 2005 as a digital camera that captures scenes in exactly the way the users intends. Since then, we have nurtured this product, which eventually evolved to become a hallmark of Ricoh Value. This fact is supported by the many external awards that GR DIGITAL has received, including the Camera of the Year and the Editors Award from the Camera Grand Prix Awards. Moving ahead, we will work to generate a similar cycle to develop new growth areas—creating new customer value based on Ricoh's existing core competencies, developing and translating it into a new business, and using the new business to stimulate further growth in other core businesses.

5) Building a strong global brand

The Ricoh Group has leading market shares worldwide. We are grateful for such strong market positions as they are a testament to how much Ricoh's products and services are valued by our customers around the world. But rather than being complacent, we have made a fresh commitment to becoming the brand of choice with strong customer loyalty by delivering Ricoh Value through our products and services. Toward this goal, the Ricoh Group will single-mindedly work to establish a strong Ricoh brand in the global arena in an earnest manner, capitalizing on the worldwide sales and service network of InfoPrint Solutions Company, a new member of the Group, and taking many other initiatives.

■ **Promoting Ricoh's global brand**



Q3 How do you summarize the results of the 15th MTP?

Ready to reap the benefits of structural reform

In the 15th MTP, the Ricoh Group implemented a two-pronged growth strategy: creating greater customer value and managing our operations even more efficiently. To create greater customer value, we identified MFPs as a key revenue driver, promoting their transition to color and working to build a greater presence in the high- and low-end markets. At the same time, we began to implement large-scale investments and other programs to make our operations inherently more efficient. In the course of these processes, however, we were faced with a gap between where we were and where we wanted to be. We realized that for further growth we must begin implementing business process reform. Since then, we have been advancing large-scale reform at the speed of light under the slogan, "Create Without Making." For example, we have drastically changed our product development process, established cost-effective operations, and developed and streamlined the sales network of our solutions business.

Looking at our scorecard for the 15th MTP period, we nearly met our sales target but missed the operating income target by a wide margin. Major factors behind this shortfall include the effects of exchange rates, the economic slowdown in North America, and the realization of slower-than-expected benefits from the investments we made in business expansion and streamlining.

On a positive note, the Ricoh Group had successfully established a solid R&D system that gives birth to highly competitive products during this period. Concurrently, our manufacturing facilities in China started operating at full capacity and low-cost Ricoh production processes have taken off. As a result, a full-range of color products was made available in our product portfolio. Another achievement during this period was that our sales operation in Japan expanded sales in the solution business and steadily grew IT-related services, which we attribute to the integration of regional sales subsidiaries and other measures taken in the past. Our overseas sales subsidiaries have also been being integrated and our sales operations use integrated IT systems worldwide. We can expect even greater efficiency of our sales operations in the future, which will surely make a great contribution to our earnings. In addition, we laid the groundwork for the production printing business with substantial investments and introduced new products in the low-end market at a steady pace under the last mid-term management plan.

The next 16th MTP has just started, and it's time for the Ricoh Group to harvest the benefits of the structural reform we have done. We will strive to establish an even stronger manufacturing system and organization, including a planned new plant in Thailand. It would be fair to say that the Ricoh Group is well-prepared to make a fresh start and achieve steady revenue growth, looking three or even ten years ahead.

Q4 How do you plan to achieve a consolidated operating margin goal of 10% under the 16th MTP?

Focusing on profitability—attaining an operating margin of 10% is a must

While in a relative sense, the 15th MTP focused on expanding business fields, the current 16th MTP puts great emphasis on profitability, calling for an operating margin of 10%. We consider this percentage goal is the minimum requirement for a leading global firm. Thus we will work to improve the profitability of our existing businesses, centering on further development of solutions offerings.

As hardware matters less and less to customer value, some competitors have scaled back or discontinued their hardware operations, but the Ricoh Group has no intention of doing so. That being said, we are fully aware that customer value is usually generated at a closer point to customers and thus we will endeavor to improve our capabilities to provide solutions at customer touch points.

We also recognize that it is crucial to make our production printing and low-end businesses contribute to our sales growth. In the Industrial Products and the Other segments, we will aim to improve profitability mainly through even more focused business operations. We will go to the great length of improving profitability not only of our mainstream businesses but of all the businesses of the Ricoh Group. Toward this, we plan to reinforce less profitable segments to generate greater sales, consider the future direction of unprofitable units, and take many other necessary actions.

Q5 Production printing is an important driver of growth for the Ricoh Group. Where do you excel? What are your plans down the road?

Establishing a best-in-class structure to capture the rapidly-growing market

Production printing is expected to become a two-trillion-yen market within a few years, doubling the current market size of one trillion yen. This fast-growing market is experiencing drastic changes in customer needs, market trends, and many other things. The Ricoh Group, having entered this market in full force, sees these changes as opportunities to establish a solid foundation in this field and intends to make the most of our group-wide strengths to achieve this. We already have a wide range of products and a strong team and structure for this market. With a combination of Ricoh's development, manufacturing, sales, and service networks and three new group companies' strengths in hardware products development, system building, and worldwide service networks, we assess that on balance, the Ricoh Group is a provider of the highest caliber in the production printing sector. During the 16th MTP period, our specific business strategies in this market will finally unfold with a number of new products introduced in each category. In fiscal 2009, the first year of the current MTP period, our business expansion plan will begin with a launch of color machines in the light production printing market.

In Focus

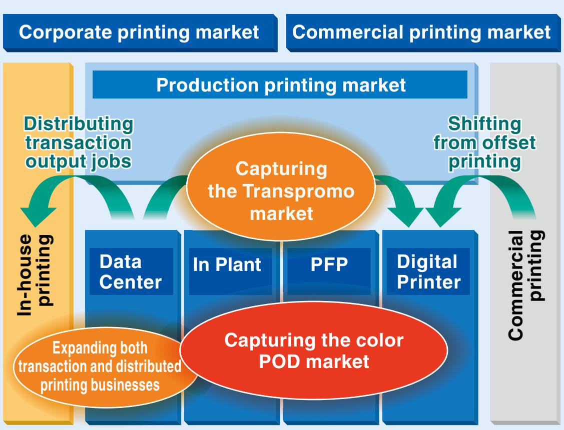
Production Printing Business at Ricoh

Aiming to seize the new market with great market agility and responsiveness, as well as full use of the Group' strengths

Ricoh categorizes the production printing market into the following four segments: (1) the "Data Center" for mass production of operational documents, e.g., bills and financial statements, by host printers; (2) "In Plant" services for in-house print-on-demand (POD), e.g., for manuals and training tools; (3) "Print for Pay (PFP)" for commercial POD operators, such as copy shops; and (4) the "Digital Printer" for commercial transaction output and POD printing services by printing and direct mail service operators. In all segments, a wide variety of changes have been occurring in recent years, such as a shift from offset to on-demand printing, integration of transaction output and POD printing processes by so-called "TransPromo," and outsourcing/decentralization of transaction output processes. To tap into this dynamic market, the Ricoh Group has made steady efforts. In 2004, the Group acquired currently named Ricoh Printing Systems, Ltd., which has outstanding hardware development capabilities, and in 2007, it acquired the European operations of Danka Businsss Systems — renamed as Infotech Europe as a new Ricoh Group member—which has a strong sales and service base in Europe for high-speed equipment. In 2007, the Group also launched InfoPrint Solutions Company, with IBM Corporation. This joint venture has unparalleled IT solution technologies, system development, and sales and service networks. The combination of Ricoh's traditional core competencies and these three new group companies' product/solution development capabilities and customer bases has made the Ricoh Group's competiveness rock-solid. Under its 16th Mid-Term Management Plan, the Group will make the most of its competitive edge in implementing strategic initiatives to seize the TransPromo and the color POD segments, and to gain a stronger position in both the transaction and distributed printing markets. In May 2008, Ricoh announced a roll-out of Ricoh Pro C900, its strategic product for the color POD market, which jump-started the Group's efforts to expand its business under its current management plan.

Ricoh Pro C900

■ Basic strategies for each market segment



Q6 What are the key points in implementing reforms under the 16th MTP?

Implementing across-the-board reforms through matrix management

During the last MTP period, we started transforming our R&D organization, which was anticipated to take the longest time to complete, as the initial effort for broader reform processes. By integrating all R&D functions into the newly established Ricoh Technology Center in Ebina City in Kanagawa Prefecture, we have been promoting drastic reform of our R&D process under the theme of "Create Without Making." What we mean by this theme is to conduct the R&D process at high speed and low cost with the minimal development of physical prototypes.

In the old days, something that I myself have done in the past, engineers spent many sleepless nights in creating prototypes, with many failed attempts. Such "sweat and tears" stories are no longer appreciated in this day and age because we will not be able to win the current intense development race without having smart, efficient development systems. When developing strategically important products, we used to assemble project teams consisting of the best and brightest talent from across the company. However, this method faces its limitations in today's environment where multiple main products are being developed simultaneously.

To address this issue, I decided to adopt a matrix management approach. Although it was a really painful process, the organizational reform implemented has enabled our R&D to simultaneously develop several product lines from low- to high-end. In the current 16th MTP, we are planning additional expansion of the facilities at the Ricoh Technology Center to bring further innovation into our R&D management.

During the 16th MTP period, we intend to extend the drastic reform by incorporating matrix management across the entire organization, including manufacturing, marketing, and service departments. Then we will promptly intensify three-dimensional collaboration among the three departments. We will also strengthen our solutions provision capabilities—the key to profitable growth. Each of us in the Ricoh Group must ourselves practice leading-edge and highly efficient operations, management processes, and workflows, and deliver compelling solutions ideas based on our own experience. By doing so, the Ricoh Group aspires to become synonymous with the "office revolution" and make our business processes a showcase for Ricoh Value. We will be as dedicated to promoting this operational reform as we would be if reinventing our organization from scratch.

Q7 In closing, tell us about your plans for shareholder returns and enterprise value.

Inviting our shareholders to share the future with the Ricoh Group

In presenting the first mid-term management plan of my presidency at Ricoh, I would like to emphasize to our shareholders that the Ricoh Group is an enterprise with high growth potential. In aiming for our ROE target during the 16th MTP period of 12.5%, we aim to improve the profitability of our business by delivering high added value to customers, managing our operations very efficiently, and thus achieving an operating margin of 10% during the period. Together with these efforts, we will also take the necessary steps to improve the total asset turnover and increase the asset efficiency in order to get on track to reach our ROE target. In line with the targeted growth in profitability, we intend to improve our shareholder return, including dividend increases. In aiming for a long-term dividend payout ratio target of 30%, we will be working to make steady improvements from the current levels. Going forward, we will also intensify communication with our shareholders and other investors to give them a better understanding of the value that the Ricoh Group can deliver to them, which we believe will increase their affection and loyalty to the Ricoh brand even more. At the Ricoh Group, we all look forward to sharing the future with you and receiving your support for many years to come.

Fiscal 2008 Milestones

Research & Development

Construction of a copier and printer development center

Ricoh plans to construct a new building in the Ricoh Technology Center in Ebina City, Kanagawa to strengthen its capabilities to develop copiers and printers. This will be a 24 billion yen investment. Construction is scheduled to begin in August 2008 with a target for completion of August 2010. Accordingly, employment at the Ricoh Technology Center will increase from the current 3,000 employees to 5,000.

Ricoh Technology Center

A new manufacturing base in Thailand

To reinforce its manufacturing network in Asia, Ricoh plans to purchase a 121,000 m^2 plot of land in Amata City, Rayong, Thailand to build a manufacturing plant for multifunctional copiers and laser printers. The new manufacturing base in Thailand will allow the company to improve its production capacities and to hedge against the risk of over-dependence on China. This 10 million yen project will begin in August 2008 with initial operation scheduled for September 2009. Ricoh anticipates the new plant will be able to produce a maximum of 140,000 units per month.

(From right) Mr. Chakchai, Deputy Chairman, Amata Corporation PCL.; Mr. Chitaworn, Deputy Secretary-General, Thailand's Board of Investment; and Takashi Nakamura, Corporate Executive Vice President at Ricoh

A new polymerized toner plant

Ricoh intends to build a new polymerized toner plant on the premises of Tohoku Ricoh Co., Ltd with a 20 billion yen investment. The new plant will enable the company to meet rapidly increasing demand for this product and to diversify site-related risks. Currently, production of polymerized toners is centralized in a plant in Numazu, Shizuoka, where an additional new plant will begin operation in August 2008, producing 3,000 tonnes a year. Together with these new facilities, Ricoh's annual capacity to produce polymerized tonners will be increased from the current 8,000 to the 14,000-tonne level by March 2010.

A component manufacturing subsidiary in Guangdong, China

In February 2008, Ricoh established a new component company in Baoan District, Shenzhen City, Guangdong, which manufactures components for MFPs and laser printers (including printed circuit boards, molding parts, and combined units) to supply to Ricoh's major production plant located in the Futian District of the same city. The new company is enabling Ricoh to strengthen its technological capabilities in China and to continue with production at ultra-low cost.

Management

Global 100 Most Sustainable Corporations in the World for the fourth straight year

In January 2008, Ricoh was ranked among the Global 100 Most Sustainable Corporations in the World by the Canada-based firm, Corporate Knights Inc. The research evaluates 1,800 global corporations on their performance in three areas—the environment, society, and governance—as well as the quality of their business operations, long-term financial performance, and others. This was the fourth consecutive year for Ricoh to be selected in this program.

Awards for Ricoh's sustainable environmental management

In February 2008, Ricoh received the Minister of Economy, Trade and Industry Award for its sustainable environmental management in the 17th Global Environment Awards sponsored by the Fujisankei Communications Group. In July 2006, the company also won the Grand Pearl Prize in the environmental management section of the Fifth Japan Sustainable Management Awards. In 2007, Ricoh's sustainable environmental management was rated the highest AAA by Tohmatsu Evaluation and Certification Organization Japan for the third consecutive year.

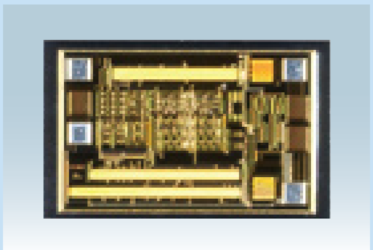
Ricoh Technology Center Wins the Nikkei Monozukuri Award

In 2007, the Ricoh Technology Center, the main facility for Ricoh's R&D initiatives, was among the winners of the Fourth Nikkei Monozukuri Award. Reasons for the selection include its successful reform of development processes by adopting a cross-functional structure for its development activities, which resulted in an improvement in operational efficiency.

New Technologies

Development of a temperature sensor enabling the measurement of high temperatures up to 250°C

Ricoh has developed a semiconductor-based temperature sensor which is able to measure temperatures up to 250°C. This first-of-its-kind high temperature sensor was made possible by using silicon-on-insulator (SOI) wafers. Ricoh anticipates a wide range of applications for the sensor, including in automobiles, aircraft, and space vehicles and equipment. To achieve this potential, Ricoh will strive to refine the technology for commercialization.



Announcing a new brand for the production printer market

In May 2008, Ricoh released new RICOH Pro C900 color production printer to satisfy customers' print-on-demand needs. The new product will make its debut as the first item of Ricoh's new brand—the RICOH Pro Series. Featuring a printer controller manufactured by Electronics For Imaging, Inc., the RICOH Pro C900 is highly productive, producing high-quality images both in color and monochrome at a print speed of 90 sheets per minute, while providing stable, reliable operation and excellent cost effectiveness.

At the press conference

Awards

Most Outstanding Printer Line of the Year and many highest category awards by Buyers Laboratory Inc. (BLI)

Ricoh's printer lineup was collectively awarded US-based BLI's Most Outstanding Printer Line of the Year for 2007.

Ricoh was also selected for BLI's Pick of the Year Awards (Fall 2007) in four MFP categories (for the Aficio MP 1600, Aficio MP 2000, Aficio MP 2500, and Aficio MP C3500) and in two printer categories (for the Aficio SP 8100 DN and Aficio SP 9100DN).

Awarded BLI's Pick of the Year

The best in eight categories by BERTL Inc.'s Best Awards

BERTL, a US-based product evaluation firm, recognized Ricoh with its Best Awards in eight categories (for the Aficio MP C2500/C3000/C3500/C4500 in two categories; the Priport DX 3340 and DX 4542; the Priport HQ7000/9000; the Aficio SP C811DN; the Aficio MP 9000/1100/1350; the Aficio MP 5500/6500/7500; and the Aficio SP C410DN/C411DN).

Two Best of IT ChannelVision awards to U.S. subs division

North America's leading IT channel executives honored the Printing Solutions Division at Ricoh Americas Corporation with their semi-annual Best of IT ChannelVision award program for spring 2007. The division was selected as the Best System Builder Marketing Program/Promotion and the Best System Builder Presentation.

Sponsorship

Title sponsor of the Women's British Open

In August 2007, Ricoh hosted the Ricoh Women's British Open, the final tournament in the Four Major championships in women's golf. The latest competition was held on the Old Course in St. Andrews, Scotland, the "Home of Golf," for the first time in its history. Lorena Ochoa (Mexico, world's number one since 2006) won the championship with an overall score of five under par.

Special sponsorship for the Ricoh MLB Opening Series

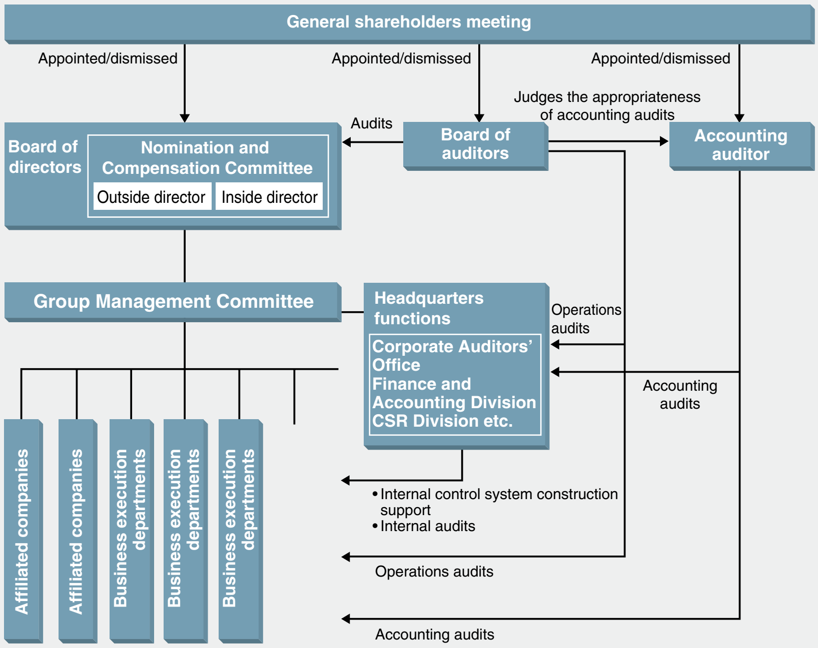
In March 2008, Ricoh served as a special sponsor of the Ricoh MLB Opening Series 2008 of major league baseball for the second time since 2004. This opening series in Japan was a "triumphal return" for Daisuke Matsuzaka and Hideki Okajima of the defending world champions Red Sox. The games attracted a lot of attention worldwide, not to mention from Japan and the U.S.

Corporate Governance

Overall framework for the Ricoh Group's corporate governance

The Ricoh Group's corporate governance system is designed to ensure transparent business 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 directors from outside of the company, we maintain transparent management and fair, well-balanced decision-making. Appointment, compensations and other related concerns of directors and executive officers are deliberated and decided on by the Nomination and Compensation Committee, a permanent organ for this specific purpose.

Corporate governance and internal control system diagram



Governance structure in the Ricoh Group

The Ricoh Group has strengthened its corporate governance.

(1) Board of directors

To ensure mutual oversight among board members and further improve management transparency, the board of directors consists of directors in equal positions (conventional titles such as executive managing director and managing director were abolished) and outside board members. Additionally, we have a Nomination and Compensation Committee as a permanent organ of the board of directors. The responsibilities of the committee include planning and determining appointments/dismissals as well as compensation policies for directors and executive officers. The board of directors comprises 11 members (as of June 2008), including two outside directors.

(2) Executive function for group-wide management

Placed under the Chief Executive Officer (CEO), Chief Officers are responsible for important management functions. Chief Officers support the CEO in supervising the Group's management strategies, important decision making, and execution of business, while taking charge of respective functions. Also, the CEO and Chief Officers make up the Group Management Committee (GMC), which aims to achieve the management goals (performance and strategic goals) of the whole Group. GMC plans and carries out management strategies as well as supervises the execution of business for the whole Group.

(3) Restructuring of the internal control system

To further strengthen the internal control function, an Internal Control Committee was organized within the GMC, while the Internal Management & Control Division was set up in April 2007 under the direct supervision of the President. The Internal Management & Control Division supervises internal control (SOX Law-related matters and strengthening of internal controls), while administering and promoting related compliance, risk management, and internal audits. In the meantime, the Audit Office was replaced in April 2007 by the Corporate Auditors' Office, whose function is to assist auditors, clearly showing that audits conducted by auditors and auditors' staff are independent. The Board of Auditors consists of four members (as of June 2008), including two outside auditors.

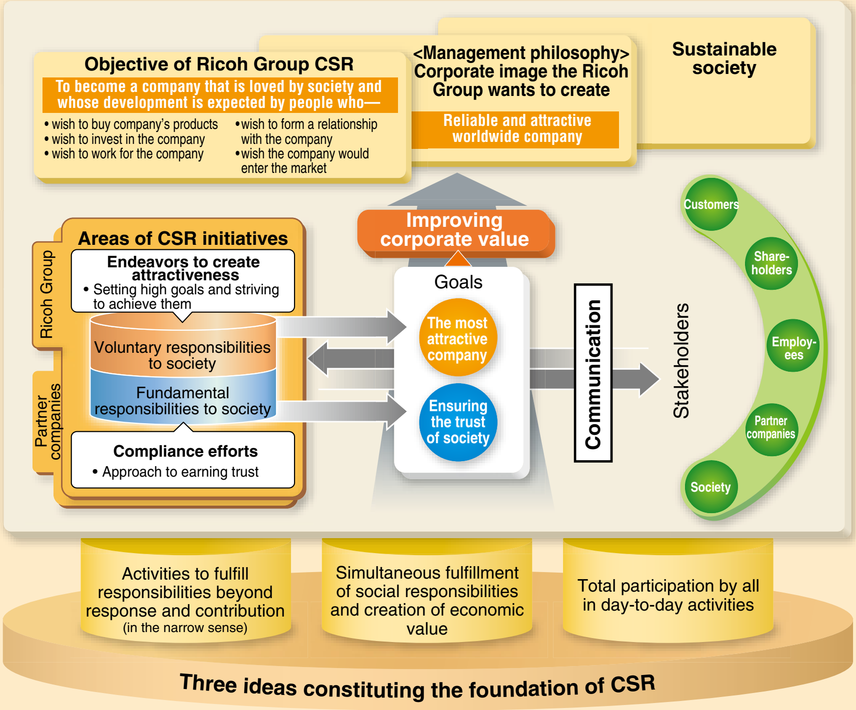
Revision of executive compensation program

Ricoh has been implementing its second management structure reform since fiscal 2006 to strengthen its corporate governance and continuously increase the enterprise value. Specific actions taken in this reform program include the enhancement of the management oversight function mainly through the establishment of a Nomination and Compensation Committee, as well as the strengthening of group-wide business execution capabilities through the introduction of a Chief Officer System and other measures.

In June 2007, as a part of its management structure reform, Ricoh has revised its executive compensation program. Key changes include abolishment of the retirement allowance program for officers and directors, introduction of share price-linked remunerations, expansion of performance-related compensation, and a higher correlation between corporate performance and executive compensation. Under this revision, executive compensation has become more closely linked with Ricoh's stock and operating performance. The revised program allows Ricoh's executives to share the same interest with its shareholders and gives an incentive to achieve sustainable earnings growth and greater shareholder value.

Developing compliance and deserving trust

The Ricoh Group approaches corporate social responsibility activities with the aim to be “a company that is respected by society and whose development is expected by people.” These compliance and attraction appeal creation activities are connected to two areas: “fundamental responsibilities to society” and “voluntary responsibilities to society” in the four fields given in the Corporate Social Responsibility Charter, namely “Integrity in Corporate Activities,” “Harmony with the Environment,” “Respect for People,” and “Harmony with Society.” As of fiscal 2008, Ricoh is moving forward with PDCA theme-by-theme, giving priority to (1) continued engagement in compliance activities, (2) endeavors to create appeal, (3) collaboration with partners, and (4) increased communication with stakeholders.



[Improvement in the quality of management]

Awards given in recognition of the high quality of management in group companies

The Ricoh Group believes that quality of management involves not only management systems and systems for offering goods and services but also overall customer-oriented efforts for activities to offer proposals to customers, disclosure of corporate information, and communication. Each Group company is striving to improve its quality of management. In October 2007, Ricoh Canada Inc. was awarded the Gold Trophy in the Canada Awards for Excellence. The awards are given to high-quality and healthy private companies, public institutions, and non-profit organizations in Canada which have constantly shown outstanding performance. In the meantime, Ricoh Europe PLC (RE), the European regional headquarters, was awarded an EFQM* Excellence Award in December 2007 by EFQM, a management quality assessment body for European companies. This is in recognition of the sales and service activities of the RE group as a whole, which embraces about 13,000 employees in 19 countries in Europe, the Middle East and Africa.

* EFQM : European Foundation for Quality Management

[Social contribution activities]

Developing an organic vegetable garden using organic waste produced within the company

The Ricoh Group’s social contribution activities focus on environmental conservation and providing young people with sound value, under the slogan “Foster attitudes and actions that value human beings and the Earth.” Social contributions initiated by employees have become more and more active in their respective regions of the world. At Ricoh Distribution Center (RDC), a distribution base in Uruguay, they have been maintaining a vegetable garden since 2003, using organic waste produced within the company. Employees of the company converted 50 m² of waste land into a vegetable garden, learning how to make compost and grow vegetables. Since 2005, they have donated vegetables grown in the garden to neighboring elementary schools. In 2006, they produced 200 kg of squashes, 420 kg of onions, and 100 kg of cabbages. RDC also invites students at a school for children with disabilities to the garden to enable them to experience working on the land. Thus RDC offers a variety of support to the local community through this vegetable garden.

Promoting color universal design

Ricoh has worked on color universal design (CUD),*1 because the popularization of multifunctional color copiers and printers has resulted in inconvenience for some partially color-blind people, due to the diversity in the perception of colors. Ricoh put multifunctional color copiers with CUD certification*2 on sale in August 2005 before any other company in the industry. Since then, Ricoh has increased the range of products adopting CUD. In February 2007, we started enhancing our efforts by issuing CUD guidelines, implementing key-person and on-site training, holding lecture meetings, and sharing information through our intranet. Thus, Ricoh established a company-wide system for CUD. Even for CUD products that are already on the market, efforts are being made to develop them to fulfill higher-level requests by conducting surveys on their user-friendliness. Ricoh has promoted CUD not only for its products but also at each of its business sites. In fiscal 2008, we checked labels and notices at manufacturing sites and found many that were difficult for partially color-blind people to recognize. We thought it was necessary to improve them as soon as possible for safety’s sake, too, and set about doing just that.

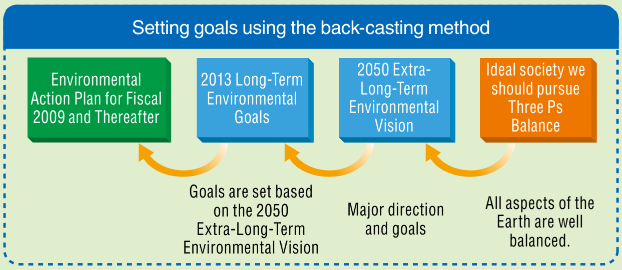
*1 Designs that can be easily recognized by many people regardless of individual differences in color perception
*2 Certification given by the Color Universal Design Organization, an NPO

* For more information, please read Ricoh Group Sustainability Report (Corporate Social Responsibility) 2008.

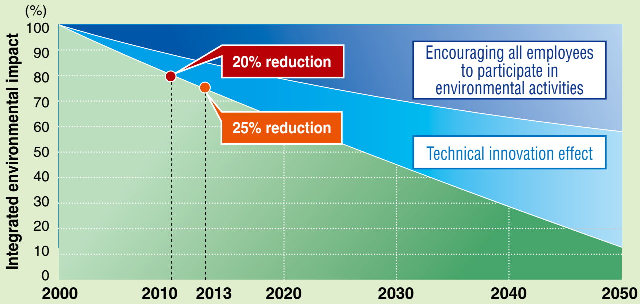
Enhancing sustainable environmental management to become a corporation that is always growing

The Ricoh Group is pursuing both environmental conservation and profit generation at an even higher level and enhancing its sustainable environmental management. Through these efforts, the Group intends to contribute to achieving a sustainable society and to become a corporation that continues growing. The Ricoh Group describes its vision for an ideal society and global environment in the "Three Ps Balance." In its Extra-Long-Term Environmental Vision the Group also expresses its recognition that advanced nations need to reduce their environmental impact to one-eighth the fiscal 2000 levels by 2050. Based on this recognition, we have set mid- to long-term targets, and put into effect a specific environmental action plan accordingly. As we recognize that global warming is an important issue for businesses, our group companies in Japan have set a higher goal of reducing total emissions by 12% of levels for fiscal 1991 by fiscal 2011, compared with the goal for Japan of a 6% reduction set out in the Kyoto Protocol. Each and every employee of the Ricoh Group is striving to reduce global warming under this goal, which has been set in anticipation of continuous growth of the Group's business.

How to Set Environmental Goals



Integrated Environmental Impact Reduction Goals



Becoming a signatory member of the U.N. Global Compact's "Caring for Climate: The Business Leadership Platform"

The United Nations Global Compact was proposed by then U.N. Secretary-General Kofi Annan to world business leaders in 1999. This framework calls for aligning business activities with nine principles* in the areas of human rights, labor, and the environment. In April 2002, Ricoh became the second Japanese company to sign the Global Compact. In June 2007, Ricoh also became a signatory to Caring for Climate: The Business Leadership Platform.

* Currently 10 principles as a result of its revision in 2004 to include the anti-corruption principle

Participation in CDM projects

Ricoh is actively preparing for the Clean Development Mechanism (CDM)* as one way of mitigating the increase of CO_2 emissions resulting from rapid business expansion associated with M&A, etc. and from external factors. When selecting CDM projects, Ricoh tries to choose projects that contribute to the conservation of ecosystems and improvement of living standards of the local people, rather than just focusing on cost performance of the projects. Currently three sets of CDM projects are underway: wind power projects in India, bagasse electricity generation projects in El Salvador, and afforestation projects in Ecuador. In January 2008, Ricoh received its first emission reduction credits of 30,632 tonnes for its projects in India.

* Clean Development Mechanism: a mechanism through which businesses or organizations in advanced nations conduct greenhouse-gas emission reduction or removal projects in developing countries, and have the resulting reduction/removal reflected in their own CO_2 reduction goals.

Ricoh Global Eco Action—globally expanding the network of Ricoh's sustainable environmental management

On the night of June 5, 2007, Ricoh's seven advertising towers and 37 signs usually lit up at night in various parts of the world were turned off. It was a part of Ricoh Global Eco Action, under which a variety of environmentally friendly actions were taken all over the world for the benefit of the Earth. In its second year, this awareness-raising program for employees was participated in by about 46,000 employees at 104 group companies* in 38 nations and regions, marking a significant increase in the number of participants from 2006. By coinciding with the U.N.'s World Environment Day, Ricoh Global Eco Action in 2007 expanded its network by attracting a number of external participants, such as customers, governments, and non-profit organizations.

* Japan: 46 companies, Asia Pacific/India: 11 companies (in 8 nations/regions), The Americas: 16 companies (in 14 nations/regions), Europe: 26 companies (in 14 nations), China: 5 companies

Bike commuters wearing "Ricoh Eco Logo" jackets (GRAM of the U.K.)

Publicizing Ricoh Global Eco Action on the street (Ricoh India)

Ricoh stocks incorporated in leading SRI indices

In Japan, Ricoh's stocks are incorporated in many eco funds and SRI funds. Also, the Morningstar Socially Responsible Investment Index has included Ricoh since its establishment in 2003. In addition, Ricoh has been a constituent member of the Dow Jones Sustainability Indexes (DJSI), which are provided by Dow Jones & Company (U.S.A.) and the SAM Group (Switzerland), for six consecutive years and of the FTSE4Good Global Index for five years in a row. The latter index is published by the FTSE Group, a joint venture between The Financial Times (U.K.) and the London Stock Exchange.
[As of May 1, 2008]

* For more information, please read Ricoh Group Sustainability Report (Environment) 2008.

Financial Section

Management's Discussion and Analysis of Fiscal 2008 Results

Sales

Consolidated net sales of Ricoh Group for fiscal year 2008 (April 1, 2007 to March 31, 2008) increased by 7.3% to ¥2,219.9 billion ($22,200 million) from the previous corresponding period. This marks the fourteenth consecutive year-on-year revenue increase. During this period, the average yen exchange rates were ¥114.40 against the U.S. dollar (up ¥2.62) and ¥161.69 against the euro (down ¥11.61). Sales would have increased by 5.4% excluding the effects of foreign currency exchange fluctuations.

Sales in all the segments such as the Office Solutions, Industrial Products and Other increased. As for the Office Solutions, sales of its digital plain paper copiers ("PPCs"), multifunctional printers ("MFPs") and laser printers, mainly for color products, continuously increased and Information Technology services also increased its sales resulting from the expansion of solutions business. As for Industrial Products, sales of its thermal media, semiconductor and electronic component products increased. As for Other, digital camera increased its sales.

As a result, domestic sales increased by 1.4% from the previous corresponding period, to ¥1,016.0 billion ($10,160 million). Overseas sales also increased by 12.9% from the previous corresponding period, to ¥1,203.9 billion ($12,040 million).

Operating Income

Gross profit increased by 7.6% from the previous corresponding period, to ¥927.7 billion ($9,277 million). This increase was primarily due to the increased sales of value-added high-margin products such as color MFPs in addition to ongoing cost management controls. Foreign currency fluctuations also served as a factor behind the profit increase.

Selling, general and administrative expenses increased by 8.5% from the previous corresponding period, to ¥746.2 billion ($7,462 million). R&D expenses remain high level due to its focus on developing new products. Additionally due to our accelerated efforts in implementing measures for enhancing our capabilities to provide solutions and expanding business spheres, expenses increased. R&D expenses increased by ¥11.0 billion from the previous corresponding period, to ¥126.0 billion ($1,260 million, 5.7% of total sales).

As a result, operating income increased by 4.1% from the previous corresponding period, to ¥181.5 billion ($1,815 million).

Income before Income Taxes

In the other (income) expense, the decrease in other income was due to the appreciation of the Yen in the second half of this year. As a result, income from continuing operations before income taxes increased by 0.1% from the previous corresponding period, to ¥174.6 billion ($1,747 million).

Net Income

The effective tax rate was 36.3%.

As a result, net income from continuing operations increased by 0.2% from the previous corresponding period, to ¥106.4 billion ($1,065 million). Net income decreased by 4.7% from net income including gain from the sale of the discontinued operations of ¥5.5 billion for the previous corresponding period.

A year-end cash dividend of ¥17.00 per share is proposed. Combined with the interim dividend of ¥16.00 per share, the total dividend for the fiscal year ended March 31, 2008 will be ¥33.00 ($0.33) per share.

Segment Information

CONSOLIDATED SALES BY PRODUCT LINE

1. Office Solutions

Net sales in the Office Solutions segment which consists of Imaging Solutions and Network System Solutions increased by 7.6% from the previous corresponding period, to ¥1,909.5 billion ($19,096 million) despite the stiff competition against other manufacturers regarding the color equipment and solution business. The breakdown of sales for Imaging Solutions and Network System Solutions is as shown below. The sales would have increased by 5.5% excluding the effects of foreign currency fluctuations.

Imaging Solutions

Sales of PPCs, MFPs and printers, mainly color equipment, increased both in Japan and overseas due to its expanding product lines and enhanced solution sales structures. The new color MFP products launched as a standard new-generation color model played a large role in this sales increase. Overall sales increased by 8.2% from the previous corresponding period, to ¥1,709.4 billion ($17,095 million). The sales would have increased by 5.9% excluding the effects of foreign currency fluctuations.

Network System Solutions

The increase in sales of IT services was due to the expansion of solution business. The sales of personal computers and PC servers increased slightly in Japan. As a result, sales in this category increased by 3.0% from the previous corresponding period, to ¥200.0 billion ($2,001 million).

2. Industrial Products

Net sales in the Industrial Products segment increased by 8.2% from the previous corresponding period, to ¥144.3 billion ($1,443 million). Sales in semiconductors, thermal media as well as electric components increased.

3. Other

Net sales in this category increased by 3.1% from the previous corresponding period, to ¥166.0 billion ($1,661 million). Sales of digital cameras increased both in Japan and overseas in addition to good performance of the financing services in Japan.

SALES BY PRODUCT LINE

	2007		2008		
	Millions of Yen	Percentage of net sales	Millions of Yen	Percentage of net sales	Thousands of U.S.Dollars
Office Solutions					
Imaging Solutions	¥1,580,155	76.4%	**¥1,709,491**	**77.0%**	**$17,094,910**
Network System Solutions	194,312	9.4	**200,082**	**9.0**	**2,000,820**
Industrial Products	133,387	6.4	**144,340**	**6.5**	**1,443,400**
Other	161,071	7.8	**166,076**	**7.5**	**1,660,760**
Total	¥2,068,925	100.0%	**¥2,219,989**	**100.0%**	**$22,199,890**

CONSOLIDATED SALES BY GEOGRAPHIC AREA

1. Japan

The Japanese economy was slowing in the second half of this year due to the increase in price of crude oil, the decline in stock market prices, the appreciation of the Yen, the flagging building investment and so on. Ricoh launched its new products and offered a wide range of solutions in an effort to cultivate a growing customers' needs for solutions and color products in the office solutions market. This effort resulted in a significant sales increase in color MFPs and printers and sales of IT services also increased as compared to the previous corresponding period. In the Industrial Products, sales in thermal media and electronic components increased. Sales in the Other increased due to the favorable performance in financing business as well as digital cameras. Overall sales in Japan increased by 1.4% from the previous corresponding period.

2. The Americas

In the U.S., a competition in our market become more intensified while the subprime loan arises has precipitated a decline in the economy. The Office Solutions segment focused on strengthening sales structures and expanding product lines in order to provide the best solutions to meet the diverse range of customer needs for color, networking and high-speed products. As a result sales of color MFPs and printers exceeded the last fiscal year’s level. These factors combined resulted in a 2.0% increase in the sales in the Americas. The increase in sales in this area would have increased by 4.3% excluding the effects of foreign currency fluctuations.

3. Europe

As the European economy remaining on a steady footing, the Office Solutions segment proceeded with further strengthening sales structures and expanding product lines in order to provide the best solutions to meet a diverse range of customer needs through the acquisition of Infotec Europe B.V. As a result, sales of PPCs, MFPs and printers exceeded last year’s level mainly in color product categories, bringing overall sales in the Office Solutions segment up 19.1% over the previous corresponding period. Sales in the Industrial Products also increased due to the favorable performance of the thermal media and semiconductor business. These factors all resulted in an 18.9% increase in sales in Europe. The increase in sales in this area would have increased by 10.8% excluding the effects of foreign currency fluctuations.

4. Other

The Other segment including China, other Asian countries and Oceania generally experienced economic evolution, with the Chinese economic continuious rapid growth despite a slight slowdown in some areas. Against this backdrop, the Office Solutions segment achieved higher sales of PPCs, MFPs and printers, largely for color products, in comparison with the previous corresponding period due to the increasing demand for both color and monocrome products. These factors all resulted in a 24.7% increase in overall sales in this area. The sales increase in this area would have increased by 19.3% excluding the effects of foreign currency fluctuations.

SALES BY GEOGRAPHIC AREA

	2007		2008		
	Millions of Yen	Percentage of net sales	Millions of Yen	Percentage of net sales	Thousands of U.S.Dollars
Japan	¥ 1,002,251	48.4%	**¥ 1,016,034**	**45.8%**	**$10,160,340**
The Americas	426,453	20.6	**434,799**	**19.6**	**4,347,990**
Europe	507,158	24.5	**603,219**	**27.2**	**6,032,190**
Other	133,063	6.5	**165,937**	**7.4**	**1,659,370**
Total	¥2,068,925	100.0%	**¥2,219,989**	**100.0%**	**$22,199,890**

Financial Position

For Assets, cash and cash equivalents decreased and other investments including goodwill increased due primarily to the formation of a joint venture company, InfoPrint Solutions Company, LLC, with IBM Corporation. As a result, total assets decreased by ¥29.0 billion to ¥2,214.3 billion ($22,144 million).

For Liabilities, interest-bearing debt decreased from the end of the previous period through the enhancement of cash management system in Japan, the Americas and Europe. As a result, total liabilities decreased by ¥39.7 billion to ¥1,075.8 billion ($10,759 million).

In Shareholders' investment, there was no major change in common stock or additional paid-in capital, but Accumulated other comprehensive income decreased due to the decrease in cumulative translation adjustments. Common stock for treasury increased by ¥15.5 billion. As a result, total Shareholders' investment increased by ¥9.2 billion to ¥1,080.1 billion ($10,802 million) due to the increase in retained earnings resulting from earning profit.

Cash Flows

Net cash provided by operating activities increased by ¥27.0 billion from the previous corresponding period, to ¥194.3 billion ($1,944 million). While net income and depreciation increased, trade receivables and financial receivables increased due to the business expansion.

Net cash used in investing activities increased by ¥82.9 billion from the previous corresponding period, to ¥198.3 billion ($1,984 million), due primarily to a payment for the formation of a joint venture company with IBM Corporation.

As a result, free cash flow generated by operating activities and investment activities decreased by ¥55.8 billion from the previous corresponding period, to ¥3.9 billion ($40 million).

Net cash used in financing activities amounted to ¥72.1 billion ($722 million) due primarily to a decrease in interest-bearing debt and purchase of Common stock for treasury, while net cash used in financing activities was ¥9.2 billion in the previous corresponding period due mainly to the proceeds from the issuance of convertible bonds.

As a result of the above, cash and cash equivalents as of the end of this fiscal year decreased by ¥85.1 billion from the end of the previous corresponding period, to ¥170.6 billion ($1,706 million).

Capital Expenditures

Ricoh's capital investments for fiscal years 2006, 2007 and 2008 were ¥102.0 billion, ¥85.8 billion and ¥85.2 billion ($852 million), respectively. Ricoh directs a significant portion of its capital investments towards digital and networking equipment, such as digital PPCs / MFPs, laser and GELJET printers, and manufacturing facilities to maintain or enhance its competitiveness in the industry. Ricoh projects that for fiscal year 2009, its capital investments will amount to approximately ¥90.0 billion ($900 million), which will principally be used for investments in manufacturing facilities of digital and networking equipment with new engines, toners, semiconductors and thermal media.

LONG-TERM INDEBTEDNESS

(Excluding Capital Lease Obligations and SFAS No. 133 fair value adjustment)

		Year ended March 31,2007 Millions of Yen							
			Expected maturity date						
	Average pay rate	Total	2008	2009	2010	2011	2012	2013 and thereafter	Fair Value
Bonds	1.32%	**¥ 64,999**	¥10,000	¥25,000	¥20,000	¥ 9,999	¥ -	¥ -	¥ 63,900
Convertible Bonds	-	**55,256**	-	-	-	-	55,256	-	50,650
Loans	1.48	**201,580**	76,764	52,119	49,919	11,594	11,169	15	200,464
TOTAL		**¥321,835**	¥86,764	¥77,119	¥69,919	¥21,593	¥66,425	¥ 15	¥315,014

		Year ended March 31,2008 Millions of Yen							
			Expected maturity date						
	Average pay rate	Total	2009	2010	2011	2012	2013	2014 and thereafter	Fair Value
Bonds	1.43%	**¥ 54,999**	¥25,000	¥20,000	¥ 9,999	¥ -	¥ -	¥ -	¥54,577
Convertible Bonds	-	**55,202**	-	-	-	55,202	-	-	51,865
Loans	1.66	**196,818**	57,377	56,690	57,072	24,643	1,033	3	196,438
Total		**¥307,019**	¥82,377	¥76,690	¥67,071	¥79,845	¥ 1,033	¥ 3	¥302,880

		Year ended March 31,2008 Thousand of U.S. Dollars							
			Expected maturity date						
	Average pay rate	Total	2009	2010	2011	2012	2013	2014 and thereafter	Fair Value
Bonds	1.43%	**$ 549,990**	$250,000	$200,000	$ 99,990	$ -	$ -	$ -	$ 545,770
Convertible Bonds	-	**552,020**	-	-	-	552,020	-	-	518,650
Loans	1.66	**1,968,180**	573,770	566,900	570,720	246,430	10,330	30	1,964,380
Total		**$3,070,190**	$823,770	$766,900	$670,710	$798,450	$ 10,330	$ 30	$3,028,800

INTEREST RATE SWAPS

				Year ended March 31, 2007 Millions of Yen							
					Expected maturity date						
Notional amounts (Millions)	Type of swap	Average receive rate	Average pay rate	Total	2008	2009	2010	2011	2012	2013 and thereafter	Fair Value
¥90,000	Receive floating/Pay fixed	0.64%	0.95%	**¥90,000**	¥10,000	¥45,000	¥15,000	¥20,000	¥ -	¥ -	¥ 1
24,000	Receive fixed/Pay floating	1.92	0.61	**24,000**	-	6,000	-	10,000	8,000	-	517
US$ 190	Receive floating/Pay fixed	5.62%	4.64%	**¥22,430**	¥ -	¥ -	¥22,430	¥ -	¥ -	¥ -	¥ 227
45	Receive fixed/Pay fixed	6.00	5.90	**5,312**	5,312	-	-	-	-	-	6

				Year ended March 31,2008 Millions of Yen							
					Expected maturity date						
Notional amounts (Millions)	Type of swap	Average receive rate	Average pay rate	Total	2009	2010	2011	2012	2013	2014 and thereafter	Fair Value
¥ 130,000	Receive floating/Pay fixed	1.04%	0.96%	**¥ 130,000**	¥ 45,000	¥15,000	¥ 54,000	¥ 16,000	¥ -	¥ -	¥ (368)
18,000	Receive fixed/Pay floating	2.04	1.08	**18,000**	-	10,000	8,000	-	-	-	392
US$ 190	Receive floating/Pay fixed	3.00%	4.64%	**¥ 19,036**	¥ -	¥19,036	¥ -	¥ -	¥ -	¥ -	¥ (380)
4	Receive fixed/Pay fixed	6.00	5.92	**366**	366	-	-	-	-	-	(238)

				Year ended March 31,2008							
				Thousand of U.S. Dollars							
					Expected maturity date						
Notional amounts (Millions)	Type of swap	Average receive rate	Average pay rate	Total	2009	2010	2011	2012	2013	2014 and thereafter	Fair Value
¥130,000	Receive floating/Pay fixed	1.04%	0.96%	**$1,300,000**	$450,000	$150,000	$540,000	$160,000	$ -	$ -	$(3,680)
18,000	Receive fixed/Pay floating	2.04	1.08	**180,000**	-	100,000	80,000	-	-	-	3,920
US$ 190	Receive floating/Pay fixed	3.00%	4.64%	**$190,360**	$ -	$190,360	$ -	$ -	$ -	$ -	$(3,800)
4	Receive fixed/Pay fixed	6.00	5.92	**3,660**	3,660	-	-	-	-	-	(2,380)

Key Financial Ratios

We have provided the following ratios to facilitate analysis of the Company's operations for fiscal years 2006, 2007, and 2008.

	2006	2007	**2008**
Return on sales	5.1%	5.4%	**4.8%**
Return on shareholders' investment	10.6%	11.0%	**9.9%**
Current ratio	1.53	1.63	**1.57**
Debt-to-equity ratio (interest-bearing debt to shareholders' investment)	0.40	0.39	**0.36**
Interest coverage	28.9	24.5	**38.9**

During fiscal year 2007, a subsidiary of the Company sold its content distribution business. As a result of such sale, the operating results of such business were reclassified as a discontinued operation. Accordingly, sales derived from such business were excluded from the above consolidated financial data for all periods in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

Market Risk

MARKET RISK EXPOSURE

Ricoh is exposed to market risks primarily from changes in foreign currency exchange rates and interest rates, which affect outstanding debt and certain assets and liabilities denominated in foreign currencies. To a lesser extent, Ricoh is also exposed to equity price risk. In order to manage these risks that arise in the normal course of business, Ricoh enters into various hedging transactions pursuant to its policies and procedures covering such areas as counterparty exposure and hedging practices. Ricoh does not hold or issue derivative financial instruments for trading purposes or to generate income.

Ricoh regularly assesses these market risks based on the policies and procedures established to protect against adverse effects of these risks and other potential exposures, primarily by reference to the market value of the financial instruments. As a result of the latest assessment, Ricoh does not anticipate any material losses in these areas for fiscal year 2008, and there are no material quantitative changes in market risk exposure at March 31, 2008 when compared to March 31, 2007. In the normal course of business, Ricoh also faces risks that are either non-financial or nonquantifiable. Such risks principally include credit risk and legal risk, and are not represented in the following tables.

FOREIGN CURRENCY RISK

In the ordinary course of business, Ricoh uses foreign exchange forward contracts to manage the effects of foreign currency exchange risk on monetary assets and liabilities denominated in foreign currencies. The contracts with respect to the operating activities generally have maturities of less than six months, while the contracts with respect to the financing activities have the same maturities as the underlying assets and liabilities.

The table below provides information about Ricoh's material derivative financial instruments that are sensitive to foreign currency exchange rates. The table below relating to foreign exchange forward contracts presents the notional amounts, weighted average exchange rates and estimated fair value. These notional amounts generally are used to calculate the contractual payments to be exchanged under the contracts.

INTEREST RATE RISK

In the ordinary course of business, Ricoh enters into interest rate swap agreements to reduce interest rate risk and to modify the interest rate characteristics of its outstanding debt. These agreements primarily involve the exchange of fixed and floating rate interest payments over the life of the agreement without the exchange of the underlying principal amounts.

The table below provides information about Ricoh's major derivative and other financial instruments that are sensitive to changes in interest rates, including interest rate swaps and debt obligations. For debt obligations, the table presents principal cash flows by expected maturity date, related weighted average interest rates and estimated fair value. For interest rate swaps, the table presents notional amounts by expected maturity date, weighted average interest rates and estimated fair value. Notional amounts are generally used to calculate the contractual payments to be exchanged under the contract.

FOREIGN EXCHANGE FORWARD CONTRACTS

	Year ended March 31,							
	2007			2008				
	Millions of Yen			Millions of Yen			Thousand of U.S. Dollars	
	Average contractual rates	Contract amounts	Estimated fair value	Average contractual rates	Contract amounts	Estimated fair value	Contract amounts	Estimated fair value
US$/¥	116.22	¥10,344	¥ 128	109.74	¥ (295)	¥ (135)	$(2,950)	¥(1,350)
EUR/¥	155.54	8,710	(76)	163.20	(3,418)	(120)	(34,180)	(1,200)
US$/EUR	0.75	7,806	(71)	0.67	1,581	(93)	15,810	(930)

CREDIT RISK

Ricoh is also exposed to credit-related losses in the event of nonperformance by counterparties to the financial instrument; however, credit risk arising from the nonperformance of counterparties to meet the terms of financial instrument contracts is generally limited to the amounts by which the counterparties' obligations exceed the obligations of Ricoh. It is Ricoh's policy to only enter into financial instrument contracts with a diversified group of financial institutions having credit ratings satisfactory to Ricoh to minimize the concentration of credit risk. Therefore, Ricoh does not expect to incur material credit losses on its financial instruments.

EQUITY PRICE RISK

Ricoh has a relatively small portion of marketable securities which are subject to equity price risk arising from changes in their market prices. Marketable securities consist of a diversified pool of Japanese equity securities. Ricoh's overall investment policy is to invest in highly-liquid, low risk investments.

The table below provides information about contractual maturities for available-for-sale securities and the fair values for market risk sensitive.

	Year ended March 31,					
	2007		2008			
	Millions of Yen		Millions of Yen		Thousand of U.S. Dollars	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Debt Securities						
Due within one year	¥ 176	¥ 176	¥ -	¥ -	$ -	$ -
Due after one year through five years	6,000	6,010	6,000	5,246	60,000	52,460
Equity Securities	49,261	64,110	62,208	64,716	622,080	647,160
Other	243	243	0	0	0	0
TOTAL	¥55,680	¥70,539	¥68,208	¥69,962	$682,080	$699,620

Selected Financial Data

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

	1999	2000	2001
For the Year:			
Net sales	¥1,425,999	¥1,447,157	¥1,538,262
Cost of sales	857,423	867,148	924,893
Selling, general and administrative expenses	495,029	491,088	508,264
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliates	53,054	70,393	97,765
Provision for income taxes	24,555	28,363	43,512
Income from continuing operations	30,655	41,928	53,228
Income from discontinued operations, net of tax	-	-	-
Net income	30,655	41,928	53,228
Capital expenditures	70,469	58,356	73,329
Depreciation and amortization	67,456	61,946	62,142
Per Share Data (in yen and dollars):			
Net income			
Basic	¥ 44.33	¥ 60.61	¥ 76.85
Diluted	40.94	56.06	71.02
Cash dividends paid	11.00	11.00	11.50
At Year-End:			
Total assets	¥1,628,017	¥1,543,320	¥1,704,791
Long-term indebtedness	344,580	307,962	217,743
Shareholders' investment	487,459	541,506	556,728
Working capital	284,765	297,502	121,446
Return on sales	2.1%	2.9%	3.5%
Return on shareholders' investment	6.4	8.1	9.7
Common Stock Price Range (in yen and dollars):			
High	¥ 1,634	¥ 2,525	¥ 2,495
Low	969	1,078	1,627

* 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.

Million of Yen							Thousand of U.S. Dollars
2002	2003	2004	2005	2006	2007	**2008**	**2008**
¥1,672,340	¥1,732,012	¥1,773,306	¥1,807,406	¥1,909,238	¥2,068,925	**¥2,219,989**	**$22,199,890**
972,394	991,911	1,013,249	1,058,232	1,114,238	1,206,519	**1,292,262**	**12,922,620**
570,251	610,380	614,652	618,065	646,416	688,026	**746,221**	**7,462,210**
113,950	119,708	138,472	130,983	152,766	174,519	**174,669**	**1,746,690**
51,147	49,089	54,768	48,840	56,165	64,326	**63,396**	**633,960**
61,614	71,648	89,049	80,537	95,022	106,224	**106,463**	**1,064,630**
-	865	2,717	2,606	2,035	5,500	**-**	**-**
61,614	72,513	91,766	83,143	97,057	111,724	**106,463**	**1,064,630**
75,676	73,948	75,504	84,699	102,049	85,800	**85,215**	**852,150**
73,782	76,476	76,897	78,120	84,089	89,632	**95,788**	**957,880**
¥ 88.27	¥ 99.79	¥ 123.63	¥ 112.64	¥ 132.33	¥ 153.10	**¥ 146.04**	**$ 1.46**
82.46	96.81	123.63	112.64	132.33	151.89	**142.15**	**1.42**
12.00	14.00	15.00	20.00	22.00	25.00	**31.00**	**0.31**
¥1,832,928	¥1,884,922	¥1,852,793	¥1,953,669	¥2,041,183	¥2,243,406	**¥2,214,368**	**$22,143,680**
332,995	345,902	281,570	226,567	195,626	236,801	**225,930**	**2,259,300**
633,020	657,514	795,131	862,998	960,245	1,070,913	**1,080,196**	**10,801,960**
323,168	372,770	418,511	358,233	359,515	464,480	**410,384**	**4,103,840**
3.7%	4.2%	5.2%	4.6%	5.1%	5.4%	**4.8%**	**–**
10.4	11.2	12.6	10.0	10.6	11.0	**9.9**	**–**
¥ 2,735	¥ 2,470	¥ 2,365	¥ 2,345	¥ 2,360	¥ 2,775	**¥ 2,950**	**$ 29.50**
1,563	1,637	1,607	1,782	1,646	1,991	**1,395**	**13.95**

Consolidated Balance Sheets

Ricoh Company, Ltd. and Consolidated Subsidiaries
March 31, 2007 and 2008

ASSETS	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Current assets:			
Cash and cash equivalents	¥ 255,737	**¥ 170,607**	**$ 1,706,070**
Time deposits	1,417	**1,531**	**15,310**
Trade receivables:			
Notes	66,474	**57,068**	**570,680**
Accounts	450,231	**463,999**	**4,639,990**
Less- Allowance for doubtful receivables	(16,555)	**(16,666)**	**(166,660)**
Current maturities of long-term finance receivables, net	193,087	**194,642**	**1,946,420**
Inventories:			
Finished goods	113,379	**117,658**	**1,176,580**
Work in process and raw materials	70,975	**74,365**	**743,650**
Deferred income taxes and other	65,347	**60,936**	**609,360**
Total current assets	1,200,092	**1,124,140**	**11,241,400**
Property, plant and equipment, at cost:			
Land	47,007	**46,681**	**466,810**
Buildings	227,900	**235,106**	**2,351,060**
Machinery and equipment	636,577	**587,956**	**5,879,560**
Construction in progress	12,512	**12,884**	**128,840**
Total	923,996	**882,627**	**8,826,270**
Less- accumulated depreciation	(659,328)	**(627,994)**	**(6,279,940)**
Net property, plant and equipment	264,668	**254,633**	**2,546,330**
Investments and other assets:			
Long-term finance receivables, net	435,874	**445,436**	**4,454,360**
Investment securities	74,836	**71,244**	**712,440**
Investments in and advances to affiliates	15,608	**1,977**	**19,770**
Goodwill	72,048	**112,538**	**1,125,380**
Other intangible assets	81,925	**114,402**	**1,144,020**
Lease deposits and other	98,355	**89,998**	**899,980**
Total investments and other assets	778,646	**835,595**	**8,355,950**
Total	¥2,243,406	**¥2,214,368**	**$ 22,143,680**

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

LIABILITIES AND SHAREHOLDERS' INVESTMENT	Millions of Yen 2007	Millions of Yen 2008	Thousands of U.S. Dollars 2008
Current liabilities:			
Short-term borrowings	¥ 91,673	¥ **75,784**	$ **757,840**
Current maturities of long-term indebtedness	87,174	**82,658**	**826,580**
Trade payables:			
Notes	25,000	**18,942**	**189,420**
Accounts	342,211	**341,627**	**3,416,270**
Accrued income taxes	46,194	**28,909**	**289,090**
Accrued expenses and other	143,360	**165,836**	**1,658,360**
Total current liabilities	735,612	**713,756**	**7,137,560**
Long-term liabilities:			
Long-term indebtedness	236,801	**225,930**	**2,259,300**
Accrued pension and severance costs	99,028	**99,830**	**998,300**
Deferred income taxes	44,183	**36,373**	**363,730**
Total long-term liabilities	380,012	**362,133**	**3,621,330**
Minority interests	56,869	**58,283**	**582,830**
Commitments and contingent liabilities (Note 17)			
Shareholders' investment:			
Common stock;			
Authorized - 1,500,000,000 shares in 2007 and 2008			
Issued and outstanding - 744,912,078 shares and 729,987,673 shares in 2007 and 744,912,078 shares and 720,951,250 shares in 2008	135,364	**135,364**	**1,353,640**
Additional paid-in capital	186,454	**186,448**	**1,864,480**
Retained earnings	752,398	**835,238**	**8,352,380**
Accumulated other comprehensive income (loss)	26,998	**(31,005)**	**(310,050)**
Treasury stock at cost; 14,924,405 shares in 2007 and 23,960,828 shares in 2008	(30,301)	**(45,849)**	**(458,490)**
Total shareholders' investment	1,070,913	**1,080,196**	**10,801,960**
Total	¥2,243,406	**¥2,214,368**	**$ 22,143,680**

Consolidated Statements of Income

Ricoh Company, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2006, 2007 and 2008	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Net sales:				
Products	¥1,108,746	¥1,189,548	**¥1,292,228**	**$12,922,280**
Post sales and rentals	693,138	768,965	**817,230**	**8,172,300**
Other revenue	107,354	110,412	**110,531**	**1,105,310**
Total	1,909,238	2,068,925	**2,219,989**	**22,199,890**
Cost of sales:				
Products	738,962	783,681	**855,852**	**8,558,520**
Post sales and rentals	293,559	335,444	**346,945**	**3,469,450**
Other revenue	81,717	87,394	**89,465**	**894,650**
Total	1,114,238	1,206,519	**1,292,262**	**12,922,620**
Gross profit	795,000	862,406	**927,727**	**9,277,270**
Selling, general and administrative expenses	646,416	688,026	**746,221**	**7,462,210**
Operating income	148,584	174,380	**181,506**	**1,815,060**
Other (income) expenses:				
Interest and dividend income	(2,896)	(5,501)	**(6,341)**	**(63,410)**
Interest expense	5,244	7,350	**4,835**	**48,350**
Foreign currency exchange (gain) loss, net	(3,748)	1,199	**10,901**	**109,010**
Other, net	(2,782)	(3,187)	**(2,558)**	**(25,580)**
Total	(4,182)	(139)	**6,837**	**68,370**
Income from continuing operations before Income taxes, minority interests and equity in earnings of affiliates	152,766	174,519	**174,669**	**1,746,690**
Provision for income taxes :				
Current	60,857	66,523	**58,426**	**584,260**
Deferred	(4,692)	(2,197)	**4,970**	**49,700**
Total	56,165	64,326	**63,396**	**633,960**
Income from continuing operations before minority interests and equity in earnings of affiliates	96,601	110,193	**111,273**	**1,112,730**
Minority interests	4,185	5,508	**6,057**	**60,570**
Equity in earnings of affiliates	2,606	1,539	**1,247**	**12,470**
Income from continuing operations	95,022	106,224	**106,463**	**1,064,630**
Income from discontinued operations, net of tax	2,035	5,500	**–**	**–**
Net income	¥ 97,057	¥ 111,724	**¥ 106,463**	**$ 1,064,630**

	Yen			U.S. Dollars
Per share of common stock:	2006	2007	**2008**	**2008**
Basic:				
Income from continuing operations	¥129.56	¥145.56	**¥146.04**	**$1.46**
Income from discontinued operations, net of tax	2.77	7.54	**–**	**–**
Net income	132.33	153.10	**146.04**	**1.46**
Diluted:				
Income from continuing operations	¥129.56	¥144.41	**¥142.15**	**$1.42**
Income from discontinued operations, net of tax	2.77	7.48	**–**	**–**
Net income	132.33	151.89	**142.15**	**1.42**
Cash dividends paid per share	¥ 22.00	¥ 25.00	**¥ 31.00**	**$ 0.31**
Per American Depositary Share, each representing 5 shares of common stock:				
Basic:				
Income from continuing operations	¥ 647.80	¥ 727.80	**¥ 730.20**	**$ 7.30**
Income from discontinued operations, net of tax	13.85	37.70	**–**	**–**
Net income	661.65	765.50	**730.20**	**7.30**
Diluted:				
Income from continuing operations	¥ 647.80	¥ 722.05	**¥ 710.75**	**$ 7.10**
Income from discontinued operations, net of tax	13.85	37.40	**–**	**–**
Net income	661.65	759.45	**710.75**	**7.10**
Cash dividends paid per share	¥ 110.00	¥ 125.00	**¥ 155.00**	**$ 1.55**

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

Consolidated Statements of Shareholders' Investment

Millions of Yen

Ricoh Company, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2006, 2007 and 2008	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' investments
Balance at March 31, 2005	¥ 135,364	¥ 186,551	¥ 584,515	¥ (21,963)	¥ (21,469)	¥ 862,998
Gain (loss) on disposal of treasury stock		(101)				(101)
Dividends declared and approved			(16,178)			(16,178)
Comprehensive income (loss)						
Net income			97,057			97,057
Net unrealized holding gains (losses) on available-for-sale securities				4,137		4,137
Minimum pension liability adjustments				7,009		7,009
Net unrealized gains (losses) on derivative instruments				40		40
Cumulative translation adjustments				14,876		14,876
Total comprehensive income (loss)						123,119
Net changes in treasury stock					(9,593)	(9,593)
Balance at March 31, 2006	¥ 135,364	¥ 186,450	¥ 665,394	¥ 4,099	¥ (31,062)	¥ 960,245
Cumulative effect of adjustment from applying SAB 108	–	–	(6,464)	–	–	(6,464)
Balance at April 1, 2006, as adjusted	135,364	186,450	658,930	4,099	(31,062)	953,781
Gain (loss) on disposal of treasury stock		4				4
Dividends declared and approved			(18,256)			(18,256)
Comprehensive income (loss)						
Net income			111,724			111,724
Net unrealized holding gains (losses) on available-for-sale securities				73		73
Minimum pension liability adjustments				970		970
Net unrealized gains (losses) on derivative instruments				(185)		(185)
Cumulative translation adjustments				24,774		24,774
Total comprehensive income (loss)						137,356
Adjustment to initially apply SFAS 158				(2,733)		(2,733)
Net changes in treasury stock					761	761
Balance at March 31, 2007	**¥135,364**	**¥186,454**	**¥752,398**	**¥26,998**	**¥(30,301)**	**¥1,070,913**
Cumulative effect of adjustment from applying EITF 06-2	**–**	**–**	**(995)**	**–**	**–**	**(995)**
Balance at April 1, 2007, as adjusted	**135,364**	**186,454**	**751,403**	**26,998**	**(30,301)**	**1,069,918**
Gain (loss) on disposal of treasury stock		**(6)**				**(6)**
Dividends declared and approved			**(22,628)**			**(22,628)**
Comprehensive income (loss)						
Net income			**106,463**			**106,463**
Net unrealized holding gains (losses) on available-for-sale securities				**(7,685)**		**(7,685)**
Pension liability adjustments				**(11,382)**		**(11,382)**
Net unrealized gains (losses) on derivative instruments				**(380)**		**(380)**
Cumulative translation adjustments				**(38,556)**		**(38,556)**
Total comprehensive income (loss)						**48,460**
Net changes in treasury stock					**(15,548)**	**(15,548)**
Balance at March 31,2008	**¥135,364**	**¥186,448**	**¥835,238**	**¥ (31,005)**	**¥ (45,849)**	**¥1,080,196**

Thousands of U.S. Dollars

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' investments
Balance at March 31,2007	**$1,353,640**	**$1,864,540**	**$7,523,980**	**$269,980**	**$ (303,010)**	**$10,709,130**
Cumulative effect of adjustment from applying EITF 06-2	**–**	**–**	**(9,950)**		**–**	**(9,950)**
Balance at April 1,2007,as adjusted	**1,353,640**	**1,864,540**	**7,514,030**	**269,980**	**(303,010)**	**10,699,180**
Gain (loss) on disposal of treasury stock		**(60)**				**(60)**
Dividends declared and approved			**(226,280)**			**(226,280)**
Comprehensive income (loss)						
Net income			**1,064,630**			**1,064,630**
Net unrealized holding gains (losses) on available-for-sale securities				**(76,850)**		**(76,850)**
Pension liability adjustments				**(113,820)**		**(113,820)**
Net unrealized gains (losses) on derivative instruments				**(3,800)**		**(3,800)**
Cumulative translation adjustments				**(385,560)**		**(385,560)**
Total comprehensive income (loss)						**484,600**
Net changes in treasury stock					**(155,480)**	**(155,480)**
Balance at March 31,2008	**$1,353,640**	**$1,864,480**	**$8,352,380**	**$ (310,050)**	**$ (458,490)**	**$10,801,960**

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

Consolidated Statements of Cash Flows

Ricoh Company, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2006, 2007 and 2008	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	¥ 97,057	¥111,724	**¥ 106,463**	**$1,064,630**
Income from discontinued operations, net of tax	(2,035)	(5,500)	**–**	**–**
Income from continuing operations	95,022	106,224	**106,463**	**1,064,630**
Adjustments to reconcile net income to net cash provided by operating activities-				
Depreciation and amortization	84,089	89,632	**95,788**	**957,880**
Equity in earnings of affiliates, net of dividends received	(1,431)	(711)	**(622)**	**(6,220)**
Deferred income taxes	(4,692)	(2,197)	**4,970**	**49,700**
Losses on disposals and sales of property, plant and equipment	920	3,722	**2,174**	**21,740**
Pension and severance costs, less payments	3,340	(773)	**(320)**	**(3,200)**
Changes in assets and liabilities, net of effects from acquisition-				
(Increase) decrease in trade receivables	13,411	(15,919)	**(16,567)**	**(165,670)**
(Increase) decrease in inventories	3,726	(1,494)	**129**	**1,290**
Increase in finance receivables	(30,029)	(28,047)	**(17,183)**	**(171,830)**
(Decrease) increase in trade payables	(4,442)	2,199	**(7,491)**	**(74,910)**
Increase in accrued income taxes and accrued expenses and other	2,505	11,175	**5,216**	**52,160**
Other, net	11,060	3,486	**21,806**	**218,060**
Net cash provided by operating activities	173,479	167,297	**194,363**	**1,943,630**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales of property, plant and equipment	3,085	463	**1,194**	**11,940**
Expenditures for property, plant and equipment	(101,788)	(85,747)	**(85,205)**	**(852,050)**
Payments for purchases of available-for-sale securities	(138,607)	(97,158)	**(97,958)**	**(979,580)**
Proceeds from sales of available-for-sale securities	141,620	96,087	**100,025**	**(1,000,250)**
(Increase) decrease in time deposits	(136)	64	**(240)**	**(2,400)**
Proceeds from sales of discontinued operations	–	12,000	**–**	**–**
Purchase of business, net of cash acquired	–	(23,200)	**(96,796)**	**(967,960)**
Other, net	(24,225)	(17,941)	**(19,370)**	**(193,700)**
Net cash used in investing activities	(120,051)	(115,432)	**(198,350)**	**(1,983,500)**
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from long-term indebtedness	63,751	60,157	**67,166**	**671,660**
Repayment of long-term indebtedness	(93,752)	(49,115)	**(75,716)**	**(757,160)**
(Decrease) increase in short-term borrowings, net	39,618	8,362	**(14,598)**	**(145,980)**
Proceeds from issuance of long-term debt securities	10,000	65,274	**–**	**–**
Repayment of long-term debt securities	(52,000)	(55,000)	**(10,000)**	**(100,000)**
Dividends paid	(16,178)	(18,240)	**(22,628)**	**(226,280)**
Payment for purchase of treasury stock	(10,653)	(799)	**(15,770)**	**(157,700)**
Other, net	(775)	(1,357)	**(639)**	**(6,390)**
Net cash provided by (used in) financing activities	(59,989)	9,282	**(72,185)**	**(721,850)**
CASH FLOWS OF DISCONTINUED OPERATIONS:				
Net, operating cash flows	3,390	838	**–**	**–**
Net, investing cash flows	(14)	(13)	**–**	**–**
Net, financing cash flows	–	–	**–**	**–**
Effect of exchange rate change on cash and cash equivalents from discontinued operations	–	–	**–**	**–**
Net increase in cash and cash equivalents from discontinued operations	3,376	825	**–**	**–**
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	3,383	6,710	**(8,958)**	**(89,580)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	198	68,682	**(85,130)**	**(851,300)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	186,857	187,055	**255,737**	**2,557,370**
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥187,055	¥255,737	**¥170,607**	**$1,706,070**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
CASH PAID DURING THE YEAR FOR-				
Interest	¥ 5,717	¥ 8,222	**¥ 8,619**	**$ 86,190**
Income taxes	44,854	66,603	**76,220**	**762,200**

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

Notes to Consolidated Financial Statements

Ricoh Company, Ltd. and Consolidated Subsidiaries

1. NATURE OF OPERATIONS

Ricoh Company, Ltd. (the "Company") was established in 1936 and is headquartered in Tokyo, Japan. The Company and its consolidated subsidiaries ("Ricoh" as a consolidated group) is a world-wide supplier of office automation equipment, including copiers, facsimile machines, data processing systems, printers and related supplies. Ricoh is also well known for its state-of-the-art electronic devices, digital photographic equipment and other products.Ricoh distributes its products primarily through domestic (Japanese) and foreign sales subsidiaries. Overseas, Ricoh owns and distributes not only Ricoh brand products but also other brands, such as Gestetner, Lanier and Savin.
Ricoh manufactures its products primarily in 15 plants in Japan and 6 plants overseas, which are located in the United States, United Kingdom, France and China.

2. SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

The accompanying consolidated financial statements of Ricoh have been prepared in conformity with U.S. generally accepted accounting principles. Significant accounting and reporting policies are summarized below:

(a) Basis of Presentation

The accompanying consolidated financial statements for each of the years in the three year period ended March 31, 2008 are presented in Japanese yen, the functional currency of the Company and its domestic subsidiaries. The translation of Japanese yen into U.S. Dollar equivalents for the year ended March 31, 2008 is included solely for the convenience of readers outside Japan and has been made using the exchange rate of ¥100 to US$1, the approximate rate of exchange prevailing at the Federal Reserve Bank of New York on March 31, 2008.
The books of the Company and its domestic subsidiaries are maintained in conformity with Japanese accounting principles and practices, while foreign subsidiaries maintain their books in conformity with the standards of their country of domicile.
The accompanying consolidated financial statements reflect necessary adjustments, not recorded in the books, to present them in conformity with U.S. generally accepted accounting principles.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. The accounts of variable interest entity as defined by the FASB Interpretation ("FIN") No. 46 (revised December 2003), "Consolidated of Variable Interest Entities" are included in the consolidated financial statements, if applicable. Investments in entities in which Ricoh has the ability to exercise significant influence over the entities' operating and financial policies (generally 20 to 50 % ownership) are accounted for on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.
The accounts of certain consolidated subsidiaries have been included on the basis of fiscal periods ended within three months prior to March 31.

(c) Revenue Recognition

Ricoh generates revenue principally through the sale of equipment, supplies and related services under separate contractual arrangements for each. 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.
Products sales 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 the sales contract.
Post sales and rentals 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 are cancelable at any time by the customer upon a short notice period. Leases not qualifying as sales-type leases or direct financing leases are accounted for as operating leases and related revenue is recognized over the lease term.
Ricoh enters into arrangements with multiple elements, which may include any combination of products, equipment, installation and maintenance. Ricoh allocates revenue to each element based on its relative fair value if such element meets the criteria for treatment as a separate unit of accounting as prescribed in Emerging Issues Task Force ("EITF") Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." Pursuant to EITF 00-21, the delivered item in a multiple element arrangement should be considered a separate unit of accounting if all of the following criteria are met: (1) a delivered item has value to customers on a stand-alone basis, (2) there is objective and reliable evidence of fair value of an undelivered item, and (3) the delivery of the undelivered item must be probable and controlled by Ricoh if the arrangement includes the right of return. The price charged when the element is sold separately generally determines fair value. Otherwise, revenue is deferred until the undelivered elements are fulfilled as a single unit of accounting.
Revenue from the sale of equipment under sales-type leases is recognized as product sales at the inception of the lease. Other revenue consists primarily of interest income on sales-type leases and direct-financing leases, which are recognized as Other revenue over the life of each respective lease using the interest method.

(d) Foreign Currency Translation

For foreign operations with functional currencies other than the Japanese yen, assets and liabilities are translated at the exchange rates in effect at each fiscal year-end, and income and expenses are translated at the average rates of exchange prevailing during each fiscal year. The resulting translation adjustments are included as a

part of accumulated other comprehensive income (loss) in shareholders' investment.
All foreign currency transaction gains and losses are included in other income and expenses in the period incurred.

(e) Cash Equivalents
Cash and cash equivalents include highly liquid investments with maturities of three months or less at the date of purchase such as time deposits and short-term investment securities which are available-for sale at any time, present insignificant risk of changes in value due to being readily convertible into cash and have an original maturity of three months or less, such as money management funds and free financial funds.

(f) Derivative Financial Instruments and Hedging Activities
As discussed further in Note 16, Ricoh manages its exposure to certain market risks, primarily foreign currency and interest rate risks, through the use of derivative instruments. As a matter of policy, Ricoh does not enter into derivative contracts for trading or speculative purposes.
In accordance with Statement of Financial Accounting Standards ("SFAS") No.133, "Accounting for Derivative Instruments and Hedging Activities", SFAS No.138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" an amendment of FASB Statement No.133" and SFAS No.149, "Amendment of Statement No.133 on Derivative Instruments and Hedging Activities" as amended, Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value.
When Ricoh enters into a derivative contract, it makes a determination as to whether or not for accounting purposes the derivative is part of a hedging relationship. In general, a derivative may be designated as either (1) a hedge of the fair value of a recognized asset or liability or an unrecognized firm commitment ("fair value hedge"), (2) a hedge of the variability of the expected cash flows associated with an existing asset or liability or a forecasted transaction ("cash flow hedge"), or (3) a foreign currency fair value or cash flow hedge ("foreign currency hedge").
Ricoh formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair value, cash flow, or foreign currency hedges to specific assets and liabilities on the consolidated balance sheets or to specific firm commitments or forecasted transactions.
For derivative contracts that are designated and qualify as fair value hedges including foreign currency fair value hedges, the derivative instrument is marked-to-market with gains and losses recognized in current period earnings to offset the respective losses and gains recognized on the underlying exposure. For derivative contracts that are designated and qualify as cash flow hedges including foreign currency cash flow hedges, the effective portion of gains and losses on these contracts is reported as a component of accumulated other comprehensive income (loss) and reclassified into earnings in the same period the hedged item or transaction affects earnings. Any hedge ineffectiveness on cash flow hedges is immediately recognized in earnings. For all derivative instruments that are not designated as part of a hedging relationship and for designated derivative instruments that do not qualify for hedge accounting, the contracts are recorded at fair value with the gain or loss recognized in current period earnings.

(g) Allowance for Doubtful Trade Receivables and Finance Receivables
Ricoh records allowances for doubtful receivables that are based upon historical experience and specific customer collection issues. The estimated amount of probable credit losses in its existing receivables is determined from write-off history adjusted to reflect current economic conditions and specific allowances for receivables including nonperforming leases, impaired loans or other accounts for which Ricoh has concluded it will be unable to collect all amounts due according to original terms of the lease or loan agreement. Account balances net of expected recovery from available collateral are charged-off against the allowances when collection is considered remote.

(h) Securities
Ricoh applies SFAS No.115, "Accounting for Certain Investments in Debt and Equity Securities" which requires all investments in debt and marketable equity securities to be classified as either held-to-maturity, trading, or available-for-sale securities. As of March 31, 2007 and 2008, all of Ricoh's investments in debt and marketable equity securities are classified as available-for-sale securities. Those available-for-sale securities are reported at fair value with unrealized gains and losses, net of related taxes, excluded from earnings and reported in accumulated other comprehensive income (loss). Available-for-sale securities, which mature or are expected to be sold in one year, are classified as current assets.
Individual securities classified as available-for-sale securities are reduced to fair market value by a charge to income for other than temporary declines in value. Factors considered in assessing whether an indication of other than temporary impairment exists with respect to available-for-sale securities include: length of time and extent of decline, financial condition and near term prospects of issuer and intent and ability of Ricoh to retain its investments for a period of time sufficient to allow for any anticipated recovery in market value.
The cost of the securities sold is computed based on the average cost of each security held at the time of sale.
Non-marketable equity securities owned by Ricoh primarily relate to less than 20% owned companies and are stated at cost.

(i) Inventories
Inventories are mainly stated at the lower of average cost or net realizable values. Inventory costs include raw materials, labor and manufacturing overheads.

(j) Property, Plant and Equipment
For the Company and its domestic subsidiaries, depreciation of property, plant and equipment is computed principally by using the declining-balance method over the estimated useful lives. Most of the foreign subsidiaries have adopted the straight-line method for computing depreciation, which currently accounts for approximately 33% of the consolidated depreciation expense. The depreciation period generally ranges from 5 years to 50 years for buildings and 2 years to 12 years for machinery and equipment.
Effective rates of depreciation for the years ended March 31, 2006, 2007 and 2008 are summarized below:

	2006	2007	**2008**
Buildings	8.9%	9.8%	**10.1%**
Machinery and equipment	40.5	40.8	**43.1**

Certain leased buildings, machinery and equipment are accounted for as capital leases in conformity with SFAS No.13, "Accounting for Leases." The aggregate cost included in property, plant and equipment and related accumulated depreciation as of March 31, 2007 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Aggregate cost	¥ 7,341	**¥ 7,269**	**$ 72,690**
Accumulated depreciation	5,761	**6,072**	**$ 60,720**

The related future minimum lease payments and the present value of the net minimum lease payments as of March 31, 2008 were ¥1,259 million ($12,590 thousand) and ¥1,177 million ($11,770 thousand), respectively.
Ordinary maintenance and repairs are charged to expense as incurred. Major replacements and improvements are capitalized. When properties are retired or otherwise disposed of, the property and related accumulated depreciation accounts are relieved of the applicable amounts, and any differences are included in earnings.

(k) Capitalized Software Costs
In accordance with Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," Ricoh capitalizes qualifying cost of computer software. Costs incurred during the application development stage as well as upgrades and enhancements that results in additional functionality are capitalized. The capitalized software is amortized on a straight line basis over their estimated useful lives.

(l) Goodwill and Other Intangible Assets
SFAS No.141, "Business Combinations" requires the use of only the purchase method of accounting for business combinations and refines the definition of intangible assets acquired in a purchase business combination. SFAS No.142, "Goodwill and Other Intangible Assets" eliminates the amortization of goodwill and instead requires annual impairment testing thereof. SFAS 142 also requires acquired intangible assets with a definite useful life to be amortized over their respective estimated useful lives and reviewed for impairment when an indication of impairment is identified in accordance with SFAS No.144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Other intangible assets with definite useful lives, consisting primarily of software, patents, customer relationships and tradenames are amortized on a straight line basis over 1 year to 20 years. Any acquired intangible asset determined to have an indefinite useful life is not amortized, but instead is tested annually for impairment based on its fair value until its life would be determined to no longer be indefinite.
Ricoh completed its annual assessment of the carrying value of indefinite-lived intangible assets, including goodwill for the years ended March 31, 2006, 2007 and 2008 and determined that no impairment charge was necessary.

(m) Pension and Retirement Allowances Plans
The measurement of pension costs and liabilities is determined in accordance with SFAS No.87, "Employers' Accounting for Pensions" as amended by SFAS No.158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" and SFAS 158. Under SFAS 158 which was adopted effective March 31, 2007, Ricoh recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension fund plans as of the end of fiscal year, with a corresponding adjustment to accumulated other comprehensive income (loss), net of tax, and a charge to other comprehensive income for periods subsequent to adoption.
The expected long-term rate of return on plan assets used for pension accounting is determined based on the historical long-term rate of return on plan assets. The discount rate is determined based on the rates of return of high-quality fixed-income investments currently available and expected to be available during the period to maturity of the pension benefits.

(n) Income Taxes
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be realized or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.
On April 1, 2007, Ricoh adopted FIN 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109", which requires a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return.
Ricoh recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income

(o) Research and Development Expenses and Advertising Costs
Research and development expenses and advertising costs are expensed as incurred.

(p) Shipping and Handling Costs
Shipping and handling costs, which mainly include transportation to customers, are included in selling, general and administrative expenses on the consolidated statements of income.

(q) Impairment or Disposal of Long-Lived Assets
Long-lived assets and acquired intangible assets with a definite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. 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 cash flows of the asset or group of assets. If an asset or group of assets 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 group of assets 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.

(r) Earnings Per Share
Basic net income per share of common stock is calculated by dividing net income by the weighted-average number of shares of

common stock outstanding during the period. The calculation of diluted net income per share of common stock is similar to the calculation of basic net income per share, except that the weighted-average number of shares outstanding includes the additional dilution from potential common stock equivalents such as convertible bonds.

(s) Non-cash Transactions

The non-cash transactions related to capital lease obligation incurred and issuance of treasury stock in exchange for subsidiary's stock in the amount of ¥261 million and ¥905 million, respectively, for the year ended March 31, 2006 have been excluded from the consolidated statements of cash flows. There were no significant non-cash transactions for the years ended March 31, 2007 and 2008.

(t) Use of Estimates

Management of Ricoh has made a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, including impairment losses of long-lived assets and the disclosures of fair value of financial instruments and contingent assets and liabilities, to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.
Ricoh has identified five areas where it believes assumptions and estimates are particularly critical to the consolidated financial statements. These are determination of the allowance for doubtful receivables, impairment of securities, impairment of long-lived assets including goodwill, realizability of deferred tax assets and pension accounting.

(u) Discontinued Operations

On May 31, 2006, the Company's subsidiary San-Ai Co., Ltd. sold its digital content distribution business to Giga Networks Co., Ltd. (former Mobile Alliance Co., Ltd.). Because Ricoh has no significant continuing involvement in the operation sold, the operating result of the business units sold were reclassified to a discontinued operation pursuant to the requirement of SFAS 144. Reclassifications have been made to the prior year's consolidated statements of income and consolidated statements of cash flows to conform the presentation used for the year ended March 31, 2007.

(v) Adoption of SAB 108

The Securities and Exchange Commission of the U.S. issued Staff Accounting Bulletin ("SAB") No.108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" in September 2006. SAB 108 requires companies to quantify misstatements using both the balance sheet approach and the income statement approach ("dual" method), and to evaluate the importance of misstatements taking into account relevant quantitative and qualitative factors.
Historically, Ricoh used the income statement ("rollover") approach to quantify misstatements. Upon adoption, Ricoh recorded adjustment for the cumulative effect of misstatements that were previously considered immaterial under the rollover method that were considered material under the dual method. Ricoh adopted SAB 108 in the fourth quarter of the fiscal year ended March 31, 2007.
The Company and some of its domestic consolidated subsidiaries previously set the residual value of tangible fixed assets at 5% of acquisition cost in principle using the standards provided in the Corporate Tax Law. However, based on an evaluation of residual values realized from disposition of property, plant and equipment, Ricoh concluded that the residual value of substantially all long lived assets is negligible at the end of useful life. This misstatement had been considered immaterial to Ricoh's historical consolidated financial statements using the income statement approach prior to the adoption of SAB 108.
Accordingly, Ricoh recorded an increase in accumulated depreciation of ¥11,464 million and an increase in deferred tax assets (included in "Lease deposits and other") of ¥4,675 million as of April 1, 2006 with a net reduction of the beginning balance of retained earnings of ¥6,464 million.

(w) New Accounting Standards

In June 2006, the FASB ratified the EITF consensus on EITF 06-2, "Accounting for sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No.43." Accordingly, Ricoh recorded an increase in the beginning balance of accrued expenses of ¥1,680 million ($16,800 thousand) and an increase in the beginning balance of deferred tax assets (included in "Lease deposits and other") of ¥672 million ($6,720 thousand) as of April 1, 2007, with a decrease in the beginning balance of retained earnings of ¥ 995 million ($9,950 thousand).
In September 2006, the FASB issued SFAS No.157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements, where fair value is the relevant measurement attribute. SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and is required to be adopted by Ricoh in fiscal year beginning April 1, 2008. In February 2008, the FASB issued Staff Positions ("FSP") No. FAS 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13" and No. FAS 157-2, "Effective Date of FASB Statement No. 157," which delays the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) and remove certain leasing transactions from its scope. The adoption of SFAS 157 did not have a material effect on Ricoh's consolidated financial position or results of operations.
In September 2006, the FASB issued SFAS 158. SFAS 158 requires companies to recognize an asset or liability for the overfunded or underfunded status of their benefit plans in their financial statements and to recognize changes in that funded status in comprehensive income (loss) in the year in which the changes occur. SFAS 158 also requires the measurement date for plan assets and liabilities to coincide with the sponsor's year-end. The standard provides two transition alternatives related to the change in measurement date provisions. The recognition of an asset and liability related to the funded status provision is effective for fiscal years ending after December 15, 2006. The effect of adoption of SFAS 158 on Ricoh's financial condition as of March 31, 2007 has been included in the accompanying consolidated financial statements. The change in measurement date provisions is effective for fiscal years ending after December 15, 2008 and is required to be adopted by Ricoh in fiscal year beginning April 1,

2008. Ricoh is currently evaluating the effect that the adoption of measurement date provisions will have on its consolidated results of operations and financial condition.

In February 2007, the FASB issued SFAS No.159, "The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FASB statement No.115." SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings. SFAS 159 is effective for fiscal year beginning after November 15, 2007, and is required to be adopted by Ricoh in fiscal year beginning April 1, 2008. The adoption of SFAS 159 did not have a material effect on Ricoh's consolidated financial position or results of operations.

In December 2007, the FASB issued SFAS No.141 (revised 2007), "Business Combinations " ("SFAS 141R"). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141R is effective for fiscal years beginning on or after December 15, 2008 and is required to be adopted by Ricoh in the first quarter beginning April 1, 2009. Ricoh will apply prospectively to all business combinations subsequent to the effective date.

In December 2007, the FASB issued SFAS No.160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51." This Statement requires that the noncontrolling interest in the equity of a subsidiary be accounted for and reported as equity, provides revised guidance on the treatment of net income and losses attributable to the noncontrolling interest and changes in ownership interests in a subsidiary and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also requires additional disclosures that identify and distinguish between the interests of the controlling and noncontrolling owners. Pursuant to the transition provisions of SFAS 160, Ricoh will adopt SFAS 160 in fiscal year 2009 via retrospective application of the presentation and disclosure requirements. Ricoh is currently evaluating the effect that the adoption of SFAS 160 will have on its consolidated results of operations and financial condition.

In March 2008, the FASB issued SFAS No.161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133". SFAS 161 requires disclosures of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for fiscal years beginning after November 15, 2008, with early adoption permitted. Ricoh is currently evaluating the effect that the adoption of SFAS 161 will have on its consolidated results of operations and financial condition.

In April 2008, the FASB finalized FSP 142-3, "Determination of the Useful Life of Intangible Assets". The position amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142. The position applies to intangible assets that are acquired individually or with a group of other assets and both intangible assets acquired in business combinations and asset acquisitions. FSP 142-3 is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Ricoh is currently evaluating the effect that the adoption of FSP 142-3 will have on its consolidated results of operations and financial condition.

3. ACQUISITION

In June 2007, Ricoh and International Business Machines Corporation ("IBM") completed formation of a joint venture company (now known as InfoPrint Solutions Company, LLC) which was spun-out from on IBM's Printing Systems Division to provide output solutions for production printing area.

InfoPrint Solutions Company, LLC will benefit from access to IBM's powerful worldwide distribution and sales network, as well as extensive printer development capabilities. The consideration was paid in a form of cash for the initial 51% acquisition of InfoPrint Solutions Company, LLC by Ricoh as well as a prepayment for the remaining 49% to be acquired and certain royalties and services to be provided by IBM to InfoPrint Solutions Company, LLC. Ricoh will progressively acquire the remaining 49% over the next three years, approximately 4% per each quarter, as InfoPrint Solutions Company, LLC becomes a fully owned subsidiary. Ricoh applied the purchase method of accounting to account for the acquisition. Final consideration for this transaction will be determined at the end of the three-year period based upon the participation in the profits and losses recorded by the equity partners. Therefore, the amount of goodwill may be adjusted at the determination of final consideration. Assets, liabilities and operations of InfoPrint Solutions Company, LLC have been included in the accompanying consolidated financial statements since the acquisition date.

The following table reflects the condensed balance sheet of InfoPrint Solutions Company, LLC, as adjusted to give effect to the purchase method accounting adjustments:

	Millions of Yen	Thousands of U.S. Dollars
Receivables and other assets	¥ 18,121	**$ 181,210**
Property and equipment	2,214	**22,140**
Identifiable intangible assets	38,091	**380,910**
Goodwill	50,301	**503,010**
Liabilities	(15,772)	**(157,720)**
Total cash consideration	¥ 92,955	**$ 929,550**

Identifiable intangible assets of InfoPrint Solutions Company, LLC primarily comprised trademark of ¥16,852 million ($168,520 thousand) which were estimated to have a remaining useful life of 5 years to 7 years, existing maintenance contracts of ¥8,289 million ($82,890 thousand) which were estimated to have a remaining useful life of 9 years, outsourcing agreement of ¥5,162 million ($51,620 thousand) which were estimated to have a remaining useful life of 1 year to 6 years, and other intangible assets of ¥7,788

million ($77,880 thousand). Goodwill arising from the acquisition of InfoPrint Solutions Company, LLC has all been allocated to the Office Solutions segment.
Pro forma results of operations, assuming this acquisition was made at the beginning of fiscal year 2008, have not been presented, because the results of operations related to InfoPrint Solutions Company, LLC were impracticable.
Furthermore, Ricoh acquired other immaterial entities during the year ended March 31, 2008 for a consideration of ¥3,840 million ($38,400 thousand), net of cash acquired.
In January 2007, Ricoh Europe B.V., a wholly-owned subsidiary of the Company acquired the European operations of Danka Business Systems PLC ("Danka's European operations") for total cash consideration of ¥27,132 million including direct acquisition costs. Ricoh made the acquisition to strengthen its sales and service network in major countries in Europe.
Ricoh applied the purchase method of accounting to account for the acquisition and, accordingly, the purchase price has been allocated to the tangible and intangible net assets of Danka's European operations. based on the estimated fair value of such net assets. The amount of consideration paid in excess of the estimated fair value of the net assets acquired of ¥18,658 million was recorded as goodwill which is not tax deductible. Assets, liabilities and operations of Danka's European operations have been included in the accompanying consolidated financial statements since the acquisition date.
The following table reflects the January 31, 2007 condensed balance sheet of Danka's European operations., as adjusted to give effect to the purchase method accounting adjustments:

	Millions of Yen
Cash and cash equivalents	¥ 3,839
Receivables and other assets	22,385
Property and equipment	1,434
Identifiable intangible assets	4,883
Goodwill	18,658
Liabilities	(24,067)
Total cash consideration	¥ 27,132

Identifiable intangible assets of Danka's European operations primarily comprised customer relationships of ¥4,700 million, which were estimated to have a remaining useful life of 10 years to 18 years. Goodwill arising from the acquisition of Danka's European operations has all been allocated to the Office Solutions segment.

4. DISCONTINUED OPERATIONS

Summarized selected financial information for the years ended March 31, 2006 and 2007 for the discontinued operations reclassified during the year ended March 31, 2007 is as follows:

	Millions of Yen	
	2006	**2007**
Net sales	¥ 5,852	**¥ 1,487**
Income from discontinued operations before gain on disposal of discontinued operations and provision for income taxes	3,433	**866**
Gain on disposal of discontinued operations	-	**8,830**
Provision for income taxes	1,398	**4,196**
Income from discontinued operations, net of tax	¥ 2,035	**¥ 5,500**

5. FINANCE RECEIVABLES

Finance receivables as of March 31, 2007 and 2008 are comprised primarily of lease receivables and installment loans.
Ricoh's products are leased to domestic customers primarily through Ricoh Leasing Company, Ltd., a majority-owned domestic subsidiary, and to overseas customers primarily through certain overseas subsidiaries. These leases are accounted for as sales-type leases in conformity with SFAS 13. Sales revenue from sales-type leases is recognized at the inception of the leases.

Information pertaining to Ricoh's lease receivables as of March 31, 2007 and 2008 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Minimum lease payments receivable	¥ 636,174	**¥ 645,198**	**$ 6,451,980**
Estimated non-guaranteed residual value	5,000	**6,358**	**63,580**
Unearned income	(52,341)	**(56,408)**	**(564,080)**
Allowance for doubtful receivables	(12,520)	**(9,935)**	**(99,350)**
Lease receivables, net	576,313	**585,213**	**5,852,130**
Less - Current portion of lease receivable, net	(191,529)	**(193,497)**	**(1,934,970)**
Amounts due after one year, net	¥ 384,784	**¥ 391,716**	**$ 3,917,160**

As of March 31, 2008, the minimum lease payments receivable due in each of the next five years and thereafter are as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 216,434	$ 2,164,340
2010	178,680	1,786,800
2011	129,159	1,291,590
2012	79,217	792,170
2013	33,348	333,480
2014 and thereafter	8,360	83,600
Total	¥ 645,198	$ 6,451,980

Ricoh Leasing Company, Ltd., has also extended certain other types of loans as part of its business activity, which are primarily residential housing loans to current and former employees in Japan secured by the underlying real estate properties. Loan terms range from 15 years to 30 years with monthly repayments. The total balance of these loans, net of allowance for doubtful receivables, as of March 31, 2007 and 2008 was ¥52,648 million and ¥54,863 million ($548,630 thousand), respectively. The current portion of loans receivable was ¥1,559 million and ¥1,145 million ($11,450 thousand), respectively, as of March 31, 2007 and 2008, and was included in short-term finance receivables, net in the accompanying consolidated balance sheets. Loan activity for the years ended March 31, 2006, 2007 and 2008 is as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Extension of new loans	¥ 12,657	¥ 11,883	**¥ 14,356**	**$ 143,560**
Repayment of outstanding loans	10,495	11,621	**12,319**	**123,190**

Ricoh sold finance lease receivables in prior years through securitization transactions. The value assigned to undivided interests retained in these transactions was based on the fair value of retained interests as of a transfer of these receivables and was reflected in its consolidated balance sheets. Ricoh recognized the expected unrecoverable receivables and reflected it in its consolidated balance sheets. Servicing assets or liabilities related to securitization transactions initiated were not recorded, because the servicing fees adequately compensate Ricoh. Ricoh's retained interests are subordinate to the investor's interests. Their value is subject to credit, payment and interest rate risk on the sold financial assets. The investors and special purpose entities that hold the lease receivables have limited recourse to Ricoh's retained interest in such receivables for failure of debtors to pay. Ricoh determines the fair value of the retained interests by discounting the future cash flows. Those cash flows are estimated based on credit losses and other information as available and are discounted at a rate which Ricoh believes is commensurate with the risk free rate plus a risk premium.

Key economic assumptions used in measuring the fair value of retained interests related to securitization transactions completed during the years ended March 31, 2007 and 2008 are as follows:

	2007	**2008**
Expected credit losses	0.50% –0.65%	**0.70% –0.95%**
Discount rate	2.00% –3.00%	**2.00% –3.00%**
Annual prepayment rate	5.07% –5.33%	**4.01% –5.37%**

The impacts of 10% and 20% adverse changes to the key economic assumptions on the fair value of retained interests as of March 31, 2008 are presented below.

	Millions of Yen	Thousands of U.S. Dollars
	2008	**2008**
Carrying value of retained interests (included in lease deposits and other in the consolidated balance sheet)	**¥5,887**	**$58,870**
Expected credit losses:		
+10%	**(59)**	**(590)**
+20%	**(117)**	**(1,170)**
Discount rate:		
+10%	**(22)**	**(220)**
+20%	**(44)**	**(440)**
Annual prepayment rate:		
+10%	**(331)**	**(3,310)**
+20%	**(661)**	**(6,610)**

The hypothetical scenario does not reflect expected market conditions and should not be used as a prediction of future performance. As the figures indicate, changes in fair value may not be linear. Also, in the above table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

The following table summarizes certain cash flows received from and paid to the special purpose entities for all securitization activity for the years ended March 31, 2006, 2007 and 2008:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Servicing fees received	¥ 22	¥ 21	**¥ 20**	**$ 200**
Repurchases of delinquent or ineligible assets	2,575	2,776	**2,527**	**25,270**

The components of all receivables managed and securitized, amounts of delinquencies and the components of net credit losses as of March 31, 2007 and 2008, and for the years then ended, are as follows:

	Millions of Yen					
	2007			**2008**		
	Total principal amount of receivables	Principal amount of receivables 4 months or more past due	Net credit losses	Total principal amount of receivables	Principal amount of receivables 4 months or more past due	Net credit losses
Principal amount outstanding	¥633,324	¥1,619	¥2,808	**¥635,095**	**¥1,977**	**¥3,383**
Less - Receivables securitized	(44,491)			**(40,442)**		
Receivables held in portfolio	¥588,833			**¥594,653**		

	Thousands of U.S. Dollars		
	2008		
	Total principal amount of receivables	Principal amount of receivables 4 months or more past due	Net credit losses
Principal amount outstanding	**$6,350,950**	**$19,770**	**$33,830**
Less - Receivables securitized	**(404,420)**		
Receivables held in portfolio	**$5,946,530**		

6. SECURITIES

Marketable securities and investment securities as of March 31, 2007 and 2008 consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Marketable securities:			
Available-for-sale securities	¥ 177	**¥ 0**	**$ 0**
Investment securities:			
Available-for-sale securities	¥70,362	**¥69,962**	**$699,620**
Non-marketable equity securities	4,474	**1,282**	**12,820**
	¥74,836	**¥71,244**	**$712,440**

The current and noncurrent security types of available-for-sale securities, and the respective cost, gross unrealized holding gains, gross unrealized holding losses and fair value as of March 31, 2007 and 2008 are as follows:

	Millions of Yen								Thousands of U.S. Dollars			
	2007				**2008**				**2008**			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Current:												
Corporate debt securities	¥ 176	¥ –	¥ –	¥ 176	**¥ –**	**¥ –**	**¥ –**	**¥ –**	**$ –**	**$ –**	**$ –**	**$ –**
Other	1	–	–	1	**0**	**–**	**–**	**0**	**0**	**–**	**–**	**0**
	¥ 177	¥ –	¥ –	¥ 177	**¥ 0**	**¥ –**	**¥ –**	**¥ 0**	**$ 0**	**$ –**	**$ –**	**$ 0**
Non-current:												
Equity securities	¥49,261	¥14,991	¥142	¥64,110	**¥62,208**	**¥6,231**	**¥3,723**	**¥64,716**	**$622,080**	**$62,310**	**$37,230**	**$647,160**
Corporate debt securities	6,000	10	–	6,010	**6,000**	**–**	**754**	**5,246**	**60,000**	**–**	**7,540**	**52,460**
Other	242	–	–	242	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	¥55,503	¥15,001	¥142	¥70,362	**¥68,208**	**¥6,231**	**¥4,477**	**¥69,962**	**$682,080**	**$62,310**	**$44,770**	**$699,620**

Other non-current securities mainly include investment trusts consisting of investment in marketable debt and equity securities.

Gross unrealized holding losses on available-for-sale securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2008 are as follows:

	Millions of Yen					
	Less than 12 months		12 months or longer		Total	
	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses
2008:						
Noncurrent:						
Available-for-sale:						
Equity securities	**¥ 12,651**	**¥ 3,477**	**¥ 553**	**¥ 246**	**¥ 13,204**	**¥ 3,723**
Corporate debt securities	**5,246**	**754**	**–**	**–**	**5,246**	**754**
Total	**¥ 17,897**	**¥ 4,231**	**¥ 553**	**¥ 246**	**¥ 18,450**	**¥ 4,477**

	Thousands of U.S. Dollars					
	Less than 12 months		12 months or longer		Total	
	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses
2008:						
Noncurrent:						
Available-for-sale:						
Equity securities	**$ 126,510**	**$ 34,770**	**$ 5,530**	**$ 2,460**	**$ 132,040**	**$ 37,230**
Corporate debt securities	**52,460**	**7,540**	**–**	**–**	**52,460**	**7,540**
Total	**$ 178,970**	**$ 42,310**	**$ 5,530**	**$ 2,460**	**$ 184,500**	**$ 44,770**

Ricoh judged this decline in fair value of investment securities to be temporary, with considering relevant factors.

The contractual maturities of debt securities classified as available-for-sale as of March 31, 2008, regardless of their balance sheet classification, are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Cost	Fair value	Cost	Fair value
Due after one year through five years	**¥ 6,000**	**¥ 5,246**	**$ 60,000**	**$ 52,460**

Proceeds from the sales of available-for-sale securities were ¥141,620 million, ¥96,087 million and ¥100,025 million ($1,000,250 thousand) for the years ended March 31, 2006, 2007 and 2008, respectively.
The realized gains on the sales of available-for-sale securities for the year ended March 31, 2006 was ¥1,053 million. There were no significant realized gains of available-for-sale securities for the years ended March 31, 2007 and 2008. There were no significant realized losses of available-for-sale securities for the years ended March 31, 2006, 2007 and 2008.

Effective October 1, 2005, UFJ Holdings, Inc. ("UFJ") and Mitsubishi Tokyo Financial Group, Inc. completed a merger, in which the UFJ shares of common stock owned by the Company were exchanged for shares of common stock of the newly merged entity, Mitsubishi UFJ Financial Group, Inc. ("MUFG"). As a result of this merger and common stock exchange, Ricoh recognized a gain on securities of ¥992 million between the cost of UFJ shares surrendered and the current market value of MUFG shares in "Other, net" as other (income) expenses on its consolidated statements of income for the year ended March 31, 2006.

7. INVESTMENTS IN AND ADVANCES TO AFFILIATES

The investments in and advances to affiliates primarily relate to 20% to 50% owned companies. Ricoh's equity in the underlying net book values of the companies is approximately equal to their individual carrying values of ¥15,608 million and ¥1,977 million ($19,770 thousand) at March 31, 2007 and 2008, respectively.
On July 1, 2006, "Coca-Cola West Japan Co., Ltd. (former affiliate company)" and "Kinki Coca-Cola Bottling Co., Ltd. (former unrelated company)" established a joint holding company "Coca-Cola West Holdings Co., Ltd."
On November 30, 2007, Ricoh sold the part of shares of common stock of SINDO RICOH CO., LTD. The gain on sale of the shares was not material.
As a result, proportion of ownership interest of Coca-Cola West Holdings Co., Ltd. and SINDO RICOH CO., LTD. by Ricoh decreased under 20%, and according to Accounting Principles Board ("APB") Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock," Ricoh excluded these companies from affiliate companies on October 1, 2006 and February 29, 2008, respectively.
Summarized financial information for all affiliates as of March 31, 2007 and 2008 and for the years ended March 31, 2006, 2007 and 2008 is as follows:

Financial Position

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Assets:			
Current assets	¥ 63,626	**¥ 4,088**	**$ 40,880**
Other assets	20,791	**1,581**	**15,810**
	¥ 84,417	**¥ 5,669**	**$ 56,690**
Liabilities and shareholders' investment:			
Current liabilities	¥ 10,217	**¥ 3,489**	**$ 34,890**
Other liabilities	3,399	**581**	**5,810**
Shareholders' investment	70,801	**1,599**	**15,990**
	¥ 84,417	**¥ 5,669**	**$ 56,690**

Operations

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Sales	¥320,537	¥193,753	**¥68,662**	**$686,620**
Costs and expenses	309,164	186,199	**64,013**	**640,130**
Net income	¥ 11,373	¥ 7,554	**¥ 4,648**	**$ 46,480**

The significant transactions of Ricoh with these affiliates for the years ended March 31, 2006, 2007 and 2008, and the related account balances at March 31, 2007 and 2008 are summarized as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Transactions:				
Sales	¥20,205	¥16,158	**¥20,184**	**$201,840**
Purchases	25,617	28,993	**21,274**	**212,740**
Dividend income	1,175	828	**625**	**6,250**

Unrealized profits regarding the above transactions were eliminated in the consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Account balances:			
Receivables	¥ 3,541	**¥ 3,080**	**$ 30,800**
Payables	2,611	**1,930**	**19,300**

As of March 31, 2008, consolidated retained earnings included undistributed earnings of 20% to 50% owned companies accounted for by the equity method in the amount of ¥45,119 million ($451,190 thousand). This amount included undistributed earnings of ¥35,104 million of Coca-Cola West Holdings Co., Ltd. and of ¥9,487 million ($94,870 thousand) of SINDO RICOH CO., LTD. as of the date that Ricoh ceased applying the equity method.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

The information for intangible assets subject to amortization and for intangible assets not subject to amortization as of March 31, 2007 and 2008 is as follows:

	Millions of Yen					
	2007			**2008**		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:						
Software	¥100,903	¥ (55,659)	¥ 45,244	**¥113,072**	**¥ (61,383)**	**¥ 51,689**
Trade name and customer base	34,306	(15,286)	19,020	**56,201**	**(20,385)**	**35,816**
Other	28,260	(11,923)	16,337	**36,360**	**(10,750)**	**25,610**
Total	163,469	(82,868)	80,601	**205,633**	**(92,518)**	**113,115**
Other intangible assets not subject to amortization			1,324			**1,287**
Total other intangible assets			¥ 81,925			**¥ 114,402**

	Thousands of U.S. Dollars		
	2008		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	**$1,130,720**	**$(613,830)**	**$ 516,890**
Trade name and customer base	**562,010**	**(203,850)**	**358,160**
Other	**363,600**	**(107,500)**	**256,100**
Total	**2,056,330**	**(925,180)**	**1,131,150**
Other intangible assets not subject to amortization			**12,870**
Total other intangible assets			**$1,144,020**

Gross carrying amount of software was increased for the year ended March 31, 2008 mainly due to the capitalization of costs to develop back-office information systems.

The aggregate amortization expense of other intangible assets subject to amortization for the years ended March 31, 2006, 2007 and 2008 was ¥16,624 million, ¥17,200 million and ¥23,026 million ($230,260 thousand). The future amortization expense for each of the next five years relating to intangible assets currently recorded in the consolidated balance sheets is estimated to be the following at March 31, 2008:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥22,618	$226,180
2010	18,375	183,750
2011	15,302	153,020
2012	13,536	135,360
2013	9,989	99,890

The changes in the carrying amounts of goodwill for the years ended March 31, 2007 and 2008, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Balance at beginning of year	¥51,934	**¥ 72,048**	**$ 720,480**
Goodwill acquired during the year	20,172	**53,971**	**539,710**
Goodwill sold during the year	608	**–**	**–**
Foreign exchange impact	550	**(13,481)**	**(134,810)**
Balance at end of year	¥72,048	**¥112,538**	**$1,125,380**

As of March 31, 2008, all of the carrying value of goodwill was allocated to the Office Solutions segment.

9. INCOME TAXES

Income from continuing operations before income taxes, minority interests and equity in earnings of affiliates and provision for income taxes for the years ended March 31, 2006, 2007 and 2008 are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliates:				
Domestic	¥105,785	¥107,749	**¥110,986**	**$1,109,860**
Foreign	46,981	66,770	**63,683**	**636,830**
	¥152,766	¥174,519	**¥174,669**	**$1,746,690**
Provision for income taxes:				
Current:				
Domestic	¥ 43,584	¥ 47,530	**¥ 38,199**	**$ 381,990**
Foreign	17,273	18,993	**20,227**	**202,270**
	¥ 60,857	¥ 66,523	**¥ 58,426**	**$ 584,260**
Deferred:				
Domestic	¥ (2,178)	¥ (741)	**¥ 6,694**	**$ 66,940**
Foreign	(2,514)	(1,456)	**(1,724)**	**(17,240)**
	¥ (4,692)	¥ (2,197)	**¥ 4,970**	**$ 49,700**
Consolidated provision for income taxes	¥ 56,165	¥ 64,326	**¥ 63,396**	**$ 633,960**

Total income taxes are allocated as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Provision for income taxes relating to continuing operations	¥56,165	¥64,326	**¥63,396**	**$633,960**
Provision for income taxes relating to discontinued operations	1,398	4,196	**–**	**–**
Shareholders' investment:				
Foreign currency translation adjustments	1,266	(50)	**78**	**780**
Unrealized gains (losses) on securities	2,472	25	**(4,879)**	**(48,790)**
Unrealized gains (losses) on derivatives	27	(128)	**(259)**	**(2,590)**
Minimum pension liability adjustments	5,195	693	**–**	**–**
Adjustment to initially apply SFAS 158	–	1,066	**–**	**–**
Pension liability adjustments	–	–	**(10,014)**	**(100,140)**
	¥66,523	¥70,128	**¥48,322**	**$483,220**

The Company and its domestic subsidiaries are subject to a National Corporate tax of 30%, an inhabitant tax of approximately 6% and a deductible Enterprise tax approximately 8%, which in the aggregate resulted in the normal statutory tax rate of approximately 41%. The normal statutory tax rate differs from the effective tax rate for the years ended March 31, 2006, 2007 and 2008 as a result of the following:

	2006	2007	**2008**
Normal statutory tax rate	41%	41%	**41%**
Nondeductible expenses	0	0	**1**
Tax benefits not recognized on operating losses of certain consolidated subsidiaries	2	1	**2**
Utilization of net operating loss carryforward not previously recognized	(2)	(1)	**(3)**
Tax credit for increased research and development expense	(4)	(3)	**(4)**
Other, net	(0)	(1)	**(1)**
Effective tax rate	37%	37%	**36%**

Nondeductible expenses include directors' bonuses and entertainment expenses.

The tax effects of temporary differences and carryforwards giving rise to the consolidated deferred tax assets and liabilities as of March 31, 2007 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Assets:			
Accrued expenses	¥ 22,622	**¥24,263**	**$ 242,630**
Property, plant and equipment	7,197	**3,858**	**38,580**
Accrued pension and severance costs	25,139	**40,341**	**403,410**
Net operating loss carryforwards	9,574	**12,684**	**126,840**
Other	32,813	**23,193**	**231,930**
	¥ 97,345	**¥104,339**	**$1,043,390**
Less - Valuation allowance	(12,399)	**(10,661)**	**(106,610)**
	¥ 84,946	**¥93,678**	**$936,780**
Liabilities:			
Sales-type leases	¥ (6,463)	**¥ (6,555)**	**$ (65,550)**
Undistributed earnings of foreign subsidiaries and affiliates, etc.	(21,170)	**(20,664)**	**(206,640)**
Net unrealized holding gains on available-for-sale securities	(5,664)	**(333)**	**(3,330)**
Basis difference of acquired intangible assets	(8,358)	**(10,498)**	**(104,980)**
Other	(7,506)	**(7,673)**	**(76,730)**
	¥(49,161)	**¥ (45,723)**	**$ (457,230)**
Net deferred tax assets	¥ 35,785	**¥ 47,955**	**$ 479,550**

Net deferred tax assets as of March 31, 2007 and 2008 are included in the consolidated balance sheets as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Deferred income taxes and other (Current Assets)	¥ 44,682	**¥ 41,581**	**$ 415,810**
Lease deposits and other (Non-current Assets)	35,652	**43,528**	**435,280**
Accrued expenses and other (Current Liabilities)	(366)	**(781)**	**(7,810)**
Deferred income taxes (Long-Term Liabilities)	(44,183)	**(36,373)**	**(363,730)**
	¥ 35,785	**¥ 47,955**	**$ 479,550**

The net changes in the total valuation allowance for the years ended March 31, 2006, 2007 and 2008 were a decrease of ¥1,118 million, an increase of ¥4,202 million and a decrease of ¥1,738 million ($17,380 thousand), respectively. The valuation allowance primarily relates to deferred tax assets of the consolidated subsidiaries with net operating loss carryforwards for tax purposes that are not expected to be realized.

In assessing the realizability of deferred tax assets, Ricoh considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and whether loss carryforwards are utilizable. Ricoh considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Ricoh believes it is more likely than not that the benefits of these deductible differences, net of the existing valuation allowance will be realized. The amount of the deferred tax asset considered realizable, however, would be reduced if estimates of future taxable income during the carryforward period are reduced.

As of March 31, 2008, certain subsidiaries had net operating losses carried forward for income tax purposes of approximately ¥33,086 million ($330,860 thousand) which were available to reduce future income taxes, if any. Approximately ¥1,294 million ($12,940 thousand) of the operating losses will expire within 3 years and ¥13,056 million ($130,560 thousand) will expire within 4 years to 7 years. The remainder principally have an indefinite carryforward period.

Ricoh has not recognized a deferred tax liability for certain portion of the undistributed earnings of its foreign subsidiaries of ¥249,361 million ($2,493,610 thousand) as of March 31, 2008 because Ricoh considers these earnings to be permanently reinvested. Calculation of related unrecognized deferred tax liability is not practicable.

Ricoh adopted FIN48 effective April 1, 2007. Total unrecognized tax benefits as of the date of adoption were ¥8,508 million ($85,080 thousand), and no change to the balance was required as a result of the adoption of FIN 48.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
Balance at April 1, 2007	¥ 8,508	$85,080
Additions for tax positions of the current year	2,972	29,720
Additions for tax positions of prior years	2,456	24,560
Reductions for tax positions of prior years	(1,768)	(17,680)
Settlements	(5,662)	(56,620)
Other	(883)	(8830)
Balance at March 31, 2008	¥ 5,623	$56,230

Total amount of unrecognized tax benefits that would reduce the effective tax rate, if recognized, is ¥4,503 million ($45,030 thousand).

Although Ricoh believes its estimates and assumptions of unrecognized tax benefits are reasonable, uncertainty regarding the final determination of tax audit settlements and any related litigation could affect the effective tax rate in the future periods. Based on each of the items of which Ricoh is aware at March 31, 2008, no significant changes to the unrecognized tax benefits are expected within the next twelve months.

Ricoh recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Both interest and penalties accrued as of March 31, 2008 and interest and penalties included in income taxes for the year ended March 31, 2008 are not material.

Ricoh files income tax returns in Japan and various foreign tax jurisdictions. In Japan, Ricoh is no longer subject to regular income tax examinations by the tax authority for years before 2007. While there has been no specific indication by the tax authority that Ricoh will be subject to a transfer pricing examination in the near future, the tax authority could conduct a transfer pricing examination for years after 2001. In other major foreign tax jurisdictions, including the United States and United Kingdom, Ricoh is no longer subject to income tax examinations by tax authorities for years before 2006 with few exceptions.

10. SHORT-TERM BORROWINGS

Short-term borrowings as of March 31, 2007 and 2008 consist of the following:

	Weighted average interest rate		Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	2007	**2008**	**2008**
Borrowings, principally from banks	2.4%	**1.3%**	¥21,682	**¥ 5,599**	**$ 55,990**
Commercial paper	3.7	**2.3**	69,991	**67,070**	**670,700**
Medium-Term Notes	-	**3.5**	-	**3,114**	**31,140**
			¥91,673	**¥75,784**	**$757,840**

These short-term borrowings included borrowings, principally from banks, commercial paper and medium-term notes denominated in foreign currencies amounting to ¥57,480 million and ¥41,413 million ($414,130 thousand) as of March 31, 2007 and 2008, respectively.

The Company and certain of its subsidiaries enter into the contracts with financial institutions regarding lines of credit and overdrawing. Those same financial institutions hold the issuing programs of commercial paper and medium-term notes. Ricoh had aggregate lines of credit of ¥806,526 million and ¥784,645 million ($7,846,450 thousand) as of March 31, 2007 and 2008, respectively. Unused lines of credit amounted to ¥693,791 million and ¥675,959 million ($6,759,590 thousand) as of March 31, 2007 and 2008, respectively, of which ¥237,854 million and ¥232,023 million ($2,320,230 thousand) related to commercial paper and ¥129,855 million and ¥101,957 million ($1,019,570 thousand) related to medium-term notes programs at prevailing interest rates and the unused portion is available for immediate borrowings.

11. LONG-TERM INDEBTEDNESS

Long-term indebtedness as of March 31, 2007 and 2008 consists of the followings:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Bonds-			
1.34%, straight bonds, payable in yen, due March 2009	¥ 25,000	**¥ 25,000**	**$ 250,000**
0.70%, straight bonds, payable in yen, due June 2007 issued by a consolidated subsidiary	10,000	**–**	**–**
2.10%, straight bonds, payable in yen, due October 2009 issued by a consolidated subsidiary	10,000	**10,000**	**100,000**
1.11%, straight bonds, payable in yen, due March 2010 issued by a consolidated subsidiary	10,000	**10,000**	**100,000**
1.30%, straight bonds, payable in yen, due December 2010 issued by a consolidated subsidiary	9,999	**9,999**	**99,990**
Euro Yen Zero Coupon Convertible Bonds, due December 2011	55,256	**55,202**	**552,020**
Total bonds	120,255	**110,201**	**1,102,010**
Unsecured loans-			
Banks and insurance companies,1.66% weighted average, due through 2012	200,983	**196,353**	**1,963,530**
Secured loans-			
Banks, insurance companies and other financial institution, 0.32% weighted average, due through 2013	597	**465**	**4,650**
Capital lease obligations (see Note 2(j))	1,623	**1,177**	**11,770**
Total	323,458	**308,196**	**3,081,960**
SFAS 133 fair value adjustment	517	**392**	**3,920**
Less - Current maturities included in current liabilities	(87,174)	**(82,658)**	**(826,580)**
Total	¥236,801	**¥225,930**	**$2,259,300**

Secured loans are collateralized by land, buildings and lease receivables with a book value of ¥3,200 million ($32,000 thousand) as of March 31, 2008.

All bonds outstanding as of March 31, 2008 are redeemable at the option of Ricoh at 100% of the principal amounts under certain conditions as provided in the applicable agreements.

Bonds are subject to certain covenants such as restrictions on certain additional secured indebtedness, as defined in the agreements. Ricoh presently is in compliance with such covenants as of March 31, 2008.

The Company issued Euro Yen Zero Coupon Convertible Bonds of ¥55,275 million in December 2006. Bondholders are able to convert their holdings into common stock under certain circumstances. As of March 31, 2008, the conversion price was ¥2,800 per share and 19,741 thousand shares would have been issued on conversion of all convertible debt. The conversion price shall be adjusted for certain events such as a stock split, consolidation of stock or issuance of stock at less than the current market price of the shares.

As is customary in Japan, substantially all of the bank borrowings are subject to general agreements with each bank which provide, among other things, that the banks may request additional security for these loans if there is reasonable and probable cause and may treat any security furnished to the banks as well as cash deposited as security for all present and future indebtedness. Ricoh has never been requested to submit such additional security.

The aggregate annual maturities of long-term indebtedness subsequent to March 31, 2008 are as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 82,658	$ 826,580
2010	76,930	769,300
2011	67,280	672,800
2012	80,017	800,170
2013	1,159	11,590
2014 and thereafter	152	1,520
Total	¥308,196	$3,081,960

12. PENSION AND RETIREMENT ALLOWANCE PLANS

The Company and certain of its subsidiaries have various contributory and noncontributory employees' pension fund plans in trust covering substantially all of their employees. Under the plans, employees are entitled to lump-sum payments at the time of termination or retirement, or to pension payments.

Contributions to above pension plans have been made to provide future pension payments in conformity with an actuarial calculation determined by the current basic rate of pay.

On March 31, 2007, Ricoh adopted the recognition and disclosure provisions of SFAS No.158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," for the measurement of pension liabilities. Under SFAS 158, Ricoh recognized the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension fund plans in the consolidated balance sheets as of March 31, 2007, with a corresponding adjustment in initially applying SFAS 158 to accumulated other comprehensive income, net of tax. The adjustment to accumulated other comprehensive income at adoption represents the unrecognized net actuarial loss, unrecognized prior service cost, and unrecognized transition obligations, all of which were previously netted against the plans' funded status in the consolidated balance sheets pursuant to the provisions of SFAS 87. These amounts will be subsequently recognized as net periodic benefit cost pursuant to Ricoh's historical accounting policy for amortizing such amounts. Furthermore, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic benefit cost in the same periods will be recognized as a component of other comprehensive income. Those amounts will be subsequently recognized as a component of total net periodic benefit cost on the same basis as the amounts recognized in accumulated other comprehensive income at adoption of SFAS 158.

The changes in the benefit obligations and plan assets of the pension plans for the years ended March 31, 2007 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Change in benefit obligations:			
Benefit obligations at beginning of year	¥368,813	**¥397,971**	**$3,979,710**
Service cost	15,687	**15,592**	**155,920**
Interest cost	11,121	**12,335**	**123,350**
Plan participants' contributions	682	**780**	**7,800**
Actuarial loss	963	**(7,394)**	**(73,940)**
Settlement	(142)	**(23)**	**(230)**
Benefits paid	(16,473)	**(19,512)**	**(195,120)**
Foreign exchange impact	9,817	**(13,563)**	**(135,630)**
Benefit obligations assumed in connection with business acquisition	7,503	**2,218**	**22,180**
Benefit obligations at end of year	¥397,971	**¥388,404**	**$3,884,040**
Change in plan assets:			
Fair value of plan assets at beginning of year	¥294,936	**¥320,580**	**$3,205,800**
Actual return on plan assets	6,889	**(20,781)**	**(207,810)**
Employer contribution	14,725	**14,505**	**145,050**
Plan participants' contributions	682	**780**	**7,800**
Settlement	(57)	**(9)**	**(90)**
Benefits paid	(10,924)	**(12,447)**	**(124,470)**
Foreign exchange impact	7,957	**(13,081)**	**(130,810)**
Plan assets acquired in connection with business acquisition	6,372	**1,878**	**18,780**
Fair value of plan assets at end of year	¥320,580	**¥291,425**	**$2,914,250**
Funded status	¥ (77,391)	**¥ (96,979)**	**$ (969,790)**

Amounts recognized in the consolidated balance sheet as of March 31, 2007 and 2008 consist of:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Lease deposits and other	¥ 25,161	**¥ 9,085**	**$ 90,850**
Accrued expenses and other	(4,414)	**(7,441)**	**(74,410)**
Accrued pension and severance costs	(98,138)	**(98,623)**	**(986,230)**
Net amount recognized	¥(77,391)	**¥(96,979)**	**$(969,790)**

Amounts recognized in accumulated other comprehensive income as of March 31, 2007 and 2008 consist of:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Net actuarial loss	¥ 64,990	**¥82,328**	**$823,280**
Prior service cost	(50,232)	**(46,895)**	**(468,950)**
Net asset at transition, net of amortization	(82)	**-**	**-**
Net amount recognized	¥ 14,676	**¥35,433**	**$354,330**

The accumulated benefit obligations are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Accumulated benefit obligations	¥376,203	**¥371,460**	**$3,714,600**

Weighted-average assumptions used to determine benefit obligations as of March 31, 2007 and 2008 are as follows:

	2007	**2008**
Discount rate	3.1%	**3.1%**
Rate of compensation increase	5.3%	**5.3%**

Weighted-average assumptions used to determine the net periodic benefit cost for the years ended March 31, 2006, 2007 and 2008 are as follows:

	2006	2007	**2008**
Discount rate	3.0%	2.8%	**3.1%**
Rate of compensation increase	5.0%	5.4%	**5.3%**
Expected long-term return on plan assets	3.2%	3.1%	**3.2%**

The net periodic benefit costs of the pension plans for the years ended March 31, 2006, 2007 and 2008 consist of the following components:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Service cost	¥14,691	¥15,687	**¥15,592**	**$155,920**
Interest cost	10,192	11,121	**12,335**	**123,350**
Expected return on plan assets	(7,645)	(9,186)	**(10,234)**	**(102,340)**
Net amortization	1,833	(1,420)	**(982)**	**(9,820)**
Settlement benefit	(140)	(18)	**-**	**-**
Total net periodic pension cost	¥18,931	¥16,184	**¥16,711**	**$167,110**

The projected benefit obligations and the fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	**2008**	**2008**
Plans with projected benefit obligations in excess of plan assets:			
Projected benefit obligations	¥240,593	**¥379,662**	**$3,796,620**
Fair value of plan assets	150,746	**284,268**	**2,842,680**
Plans with accumulated benefit obligations in excess of plan assets:			
Accumulated benefit obligations	¥221,023	**¥362,827**	**$3,628,270**
Fair value of plan assets	145,278	**279,585**	**2,795,850**

Ricoh's benefit plan asset allocation as of March 31, 2007 and 2008 are as follows:

	2007	**2008**
Equity securities	51.5%	**45.7%**
Debt securities	17.0%	**20.9%**
Life insurance company general accounts	24.2%	**15.1%**
Other	7.3%	**18.3%**
Total	100.0%	**100.0%**

Common stock and bonds of the Company and certain of its domestic subsidiaries included in plan assets were immaterial at March 31, 2007 and 2008.
Ricoh's investment policies and strategies for the pension benefits do not use target allocations for the individual asset categories. Ricoh's investment goals are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in mutual funds and debt and equity securities and prohibit direct investment in derivative financial instruments. Ricoh addresses diversification by the use of mutual fund investments whose underlying investments are in domestic and international fixed income securities and domestic and international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment obligations as they become payable.

Ricoh uses a December 31 measurement date for the pension plans.
Ricoh expects to contribute ¥13,100 million ($131,000 thousand) to its pension plans for the year ending March 31, 2009. The estimated net actuarial loss and prior service cost for Ricoh's pension fund plans that will be amortized from accumulated other comprehensive income (loss) into net periodic pension cost over the next fiscal year ending March, 2009 are ¥5,094 million ($50,940 thousand) and ¥(4,124) million ($(41,240) thousand), respectively.
The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 20,801	$208,010
2010	21,162	211,620
2011	19,926	199,260
2012	20,211	202,110
2013	21,487	214,870
2014– 2018	111,082	1,110,820

Employees of certain domestic subsidiaries not covered by the employee's pension fund ("EPF") plan are primarily covered by unfunded retirement allowances plans.

13. SHAREHOLDERS' INVESTMENT

The Corporation Law of Japan provides that an amount equal to 10% of cash dividends and other distributions from retained earnings paid by the Company and its domestic subsidiaries be appropriated as additional paid-in capital or legal reserve. No further appropriation is required when the total amount of the additional paid-in capital and legal reserve equals to 25% of common stock. Certain foreign subsidiaries are also required to appropriate their earnings to legal reserves under the laws of the respective countries. Legal reserves included in retained earnings as of March 31, 2007 and 2008 were ¥17,318 million and ¥17,462 million ($174,620 thousand), respectively, and are restricted from being used as dividends.
The Corporation Law of Japan requires a company to obtain the approval of shareholders for transferring on amount between common stock and additional paid-in capital. The Law also permits a company to transfer an amount of common stock or additional paid-in capital to retained earnings in principle upon approval of shareholders.
Cash dividends are approved by the shareholders after the end of each fiscal period or are declared by the Board of Directors after the end of each interim six-month period. Such dividends are payable to shareholders of record at the end of each such fiscal or interim six-month period. At the Ordinary General Meeting of Shareholders held on June 26, 2008, the shareholders approved the declaration of a cash dividend (¥17 per share) on the common stock totaling ¥12,256 million ($122,560 thousand), which would be paid to shareholders of record as of March 31, 2008. The declaration of this dividend has not been reflected in the consolidated financial statements as of March 31, 2008.
The amount of retained earnings legally available for dividend distribution is that recorded in the Company's non-consolidated books and amounted to ¥424,067 million ($4,240,670 thousand) as of March 31, 2008.

14. OTHER COMPREHENSIVE INCOME (LOSS)

Tax effects allocated to each component of other comprehensive income (loss) are as follows:

	Millions of Yen		
	Before-tax amount	Tax expense	Net-of-tax amount
2006:			
Foreign currency translation adjustments	¥16,142	¥(1,266)	¥14,876
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	8,662	(3,308)	5,354
Less - Reclassification adjustment for (gains) losses realized in net income	(2,053)	836	(1,217)
Net unrealized gains (losses)	6,609	(2,472)	4,137
Unrealized gains (losses) on derivatives:			
Unrealized holding gains (losses) arising during the year	(527)	216	(311)
Less- Reclassification adjustment for (gains) losses realized in net income	594	(243)	351
Net unrealized gains (losses)	67	(27)	40
Minimum pension liability adjustments	12,204	(5,195)	7,009
Other comprehensive income (loss)	¥35,022	¥(8,960)	¥26,062
2007:			
Foreign currency translation adjustments	¥24,724	¥ 50	¥24,774
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	197	(65)	132
Less - Reclassification adjustment for (gains) losses realized in net income	(99)	40	(59)
Net unrealized gains (losses)	98	(25)	73
Unrealized gains (losses) on derivatives:			
Unrealized holding gains (losses) arising during the year	(749)	307	(442)
Less- Reclassification adjustment for (gains) losses realized in net income	436	(179)	257
Net unrealized gains (losses)	(313)	128	(185)
Minimum pension liability adjustments	1,663	(693)	970
Other comprehensive income (loss)	¥26,172	¥ (540)	¥25,632
2008:			
Foreign currency translation adjustments	**¥(38,478)**	**¥ (78)**	**¥(38,556)**
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	**(12,147)**	**4,709**	**(7,438)**
Less - Reclassification adjustment for (gains) losses realized in net income	**(417)**	**170**	**(247)**
Net unrealized gains (losses)	**(12,564)**	**4,879**	**(7,685)**
Unrealized gains (losses) on derivatives:			
Unrealized holding gains (losses) arising during the year	**(767)**	**311**	**(456)**
Less- Reclassification adjustment for (gains) losses realized in net income	**128**	**(52)**	**76**
Net unrealized gains (losses)	**(639)**	**259**	**(380)**
Pension liability adjustments:			
Unrealized holding gains (losses) arising during the year	**(20,361)**	**9,556**	**(10,805)**
Less- Reclassification adjustment for (gains) losses realized in net income	**(1,035)**	**458**	**(577)**
Net unrealized gains (losses)	**(21,396)**	**10,014**	**(11,382)**
Other comprehensive income (loss)	**¥(73,077)**	**¥ 15,074**	**¥(58,003)**

	Thousands of U.S. Dollars		
	Before-tax amount	Tax expense	Net-of-tax amount
2008:			
Foreign currency translation adjustments	**$(384,780)**	**$ (780)**	**$(385,560)**
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	**(121,470)**	**47,090**	**(74,380)**
Less - Reclassification adjustment for (gains) losses realized in net income	**(4,170)**	**1,700**	**(2,470)**
Net unrealized gains (losses)	**(125,640)**	**48,790**	**(76,850)**
Unrealized gains (losses) on derivatives:			
Unrealized holding gains (losses) arising during the year	**(7,670)**	**3,110**	**(4,560)**
Less- Reclassification adjustment for (gains) losses realized in net income	**1,280**	**(520)**	**760**
Net unrealized gains (losses)	**(6,390)**	**2,590**	**(3,800)**
Pension liability adjustments:			
Unrealized holding gains (losses) arising during the year	**(203,610)**	**95,560**	**(108,050)**
Less- Reclassification adjustment for (gains) losses realized in net income	**(10,350)**	**4,580**	**(5,770)**
Net unrealized gains (losses)	**(213,960)**	**100,140**	**(113,820)**
Other comprehensive income (loss)	**$(730,770)**	**$150,740**	**$(580,030)**

For fiscal year 2008, pension liability adjustments included ¥(20,567) million ($(20,5670) thousand) of gains (losses) arising during the year, ¥2,935 million ($29,350 thousand) of amortization of gains (losses), ¥206 million ($206 thousand) of prior service cost arising during the year and ¥(3,970) million ($(39,700) thousand) of amortization of prior service cost-net of deferred taxes of ¥(9,673) million ($(96,730) thousand), ¥1,165 million ($11,650 thousand), ¥117 million ($1,170 thousand) and ¥(1,623) million ($(16,230) thousand), respectively.

Changes in accumulated other comprehensive income (loss) are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Foreign currency translation adjustments:				
Beginning balance	¥(12,219)	¥ 2,657	**¥ 27,431**	**$ 274,310**
Change during the year	14,876	24,774	**(38,556)**	**(385,560)**
Ending balance	¥ 2,657	¥27,431	**¥ (11,125)**	**$ (111,250)**
Unrealized gains (losses) on securities:				
Beginning balance	¥ 4,791	¥ 8,928	**¥ 9,001**	**$ 90,010**
Change during the year	4,137	73	**(7,685)**	**(76,850)**
Ending balance	¥ 8,928	¥ 9,001	**¥ 1,316**	**$ 13,160**
Unrealized gains (losses) on derivatives:				
Beginning balance	¥ 117	¥157	**¥(28)**	**$ (280)**
Change during the year	40	(185)	**(380)**	**(3,800)**
Ending balance	¥ 157	¥(28)	**¥(408)**	**$ (4,080)**
Minimum pension liability adjustments:				
Beginning balance	¥(14,652)	¥ (7,643)	**¥ –**	**$ –**
Change during the year	7,009	970	**–**	**–**
Adjustment to initially apply SFAS 158	–	6,673	**–**	**–**
Ending balance	¥ (7,643)	¥ –	**¥ –**	**$ –**
Pension liability adjustments:				
Beginning balance	¥ –	¥ –	**¥ (9,406)**	**$ (94,060)**
Change during the year	–	–	**(11,382)**	**(113,820)**
Adjustment to initially apply SFAS 158	–	(9,406)	**–**	**–**
Ending balance	¥ –	¥ (9,406)	**¥ (20,788)**	**$ (207,880)**
Total accumulated other comprehensive income (loss)				
Beginning balance	¥(21,963)	¥ 4,099	**¥ 26,998**	**$ (269,980)**
Change during the year	26,062	25,632	**(58,003)**	**(580,030)**
Adjustment to initially apply SFAS 158	–	(2,733)	**–**	**–**
Ending balance	¥ 4,099	¥26,998	**¥ (31,005)**	**$ (310,050)**

15. PER SHARE DATA

Dividends per share shown in the consolidated statements of income are computed based on dividends paid for the year.
A reconciliation of the numerator and the denominators of the basic and diluted per share computations for income before cumulative effect of accounting change, cumulative effect of accounting change, net of tax and net income is as follows:

	Thousands of shares		
	2006	2007	**2008**
Weighted average number of shares of common stock outstanding	733,434	729,745	**729,010**
Effect of dilutive securities:			
Euro Yen Zero Coupon Convertible Bonds -Due December 2011	–	5,758	**19,741**
Diluted shares of common stock outstanding	733,434	735,503	**748,752**

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Income from continuing operations	¥95,022	¥106,224	**¥106,463**	**$1,064,630**
Income from discontinued operations, net of tax	2,035	5,500	**–**	**–**
Net income	97,057	111,724	**106,463**	**1,064,630**
Effect of dilutive securities:				
Euro Yen Zero Coupon Convertible Bonds -Due December 2011	–	(8)	**(25)**	**(250)**
Diluted net income	¥97,057	¥111,716	**¥106,438**	**$1,064,380**

	Yen			U.S. Dollars
	2006	2007	**2008**	**2008**
Earnings per share:				
Basic:				
Income from continuing operations	¥129.56	¥145.56	**¥146.04**	**$1.46**
Income from discontinued operations, net of tax	2.77	7.54	**–**	**–**
Net income	¥132.33	¥153.10	**¥146.04**	**$1.46**
Diluted:				
Income from continuing operations	¥129.56	¥144.41	**¥142.15**	**$1.42**
Income from discontinued operations, net of tax	2.77	7.48	**–**	**–**
Net income	¥132.33	¥151.89	**¥142.15**	**$1.42**

16. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Policy

Ricoh enters into various derivative financial instrument contracts in the normal course of business in connection with the management of its assets and liabilities.
Ricoh uses derivative instruments to reduce risk and protect market value of assets and liabilities in conformity with the Ricoh's policy. Ricoh does not use derivative financial instruments for trading or speculative purposes, nor is it a party to leveraged derivatives.
All derivative instruments are exposed to credit risk arising from the inability of counterparties to meet the terms of the derivative contracts. However, Ricoh does not expect any counterparties to fail to meet their obligations because these counterparties are financial institutions with satisfactory credit ratings. Ricoh utilizes a number of counterparties to minimize the concentration of credit risk.

Foreign Exchange Risk Management

Ricoh conducts business on a global basis and holds assets and liabilities denominated in foreign currencies. Ricoh enters into foreign exchange contracts and foreign currency options to hedge against the potentially adverse impacts of foreign currency fluctuations on those assets and liabilities denominated in foreign currencies.

Interest Rate Risk Management

Ricoh enters into interest rate swap agreements to hedge against the potential adverse impacts of changes in fair value or cash flow fluctuations on interest of its outstanding debt.

Fair Value Hedges

Changes in the fair value of derivative instruments and the related hedged items designated and qualifying as fair value hedges are included in other (income) expenses on the consolidated statements of income. There is no hedging ineffectiveness nor are net gains or losses excluded from the assessment of hedge effectiveness for the years ended March 31, 2006, 2007 and 2008 as the critical terms of the interest rate swap match the terms of the hedged debt obligations.

Cash Flow Hedges

Changes in the fair value of derivative instruments designated and qualifying as cash flow hedges are included in accumulated other comprehensive income (loss) on the consolidated balance sheets. These amounts are reclassified into earnings as interest on the hedged loans is paid. There is no hedging ineffectiveness nor are net gains or losses excluded from the assessment of hedge effectiveness for the years ended March 31, 2006, 2007 and 2008 as the critical terms of the interest rate swap match the terms of the hedged debt obligations. Ricoh expects that it will reclassify into earnings through other expenses during the next 12 months approximately ¥293 million ($2,930 thousand) of the balance of accumulated other comprehensive income as of March 31, 2008.

Undesignated Derivative Instruments

Derivative instruments not designated as hedging instruments are held to reduce the risk relating to the variability in exchange rates on assets and liabilities denominated in foreign currencies. Changes in the fair value of these instruments are included in other (income) expenses on the consolidated statements of income.

17. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2008, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥7,071 million ($70,710 thousand).

As of March 31, 2008, Ricoh was also contingently liable for certain guarantees including employees housing loans of ¥453 million ($4,530 thousand).

Ricoh made rental payments totaling ¥42,046 million, ¥40,722 million and ¥45,379 million ($453,790 thousand) for the years ended March 31, 2006, 2007 and 2008, respectively, under cancelable and non-cancelable operating lease agreements for office space and machinery and equipment.

The minimum rental payments required under operating lease that have lease terms in excess of one year as of March 31, 2008 are as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥20,770	$207,700
2010	17,654	176,540
2011	12,452	124,520
2012	8,419	84,190
2013	7,215	72,150
2014 and thereafter	10,989	109,890
Total	¥77,499	$774,990

As of March 31, 2008, the Company and certain of its subsidiaries were parties to litigation involving routine matters, such as patent rights. In the opinion of management, the ultimate liability, if any, resulting from such litigation will not materially affect the consolidated financial position or the results of operations of Ricoh.

18. DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Cash and cash equivalents, Time deposits, Trade receivables, Short-term borrowings, Current maturities of long-term indebtedness, Trade payables and Accrued expenses

The carrying amounts approximate fair values because of the short maturities of these instruments.

(b) Marketable securities and Investment securities

The fair value of the marketable securities and investment securities is principally based on quoted market price.

(c) Installment loans

The fair value of installment loans is based on the present value of future cash flows using the current interest rate for similar instruments of comparable maturity.

(d) Long-term indebtedness

The fair value of each of the long-term indebtedness instruments is based on the quoted price in the most active market or the present value of future cash flows associated with each instrument discounted using the current borrowing rate for similar instruments of comparable maturity.

(e) Interest rate swap agreements

The fair value of interest rate swap agreements is estimated by obtaining quotes from brokers.

(f) Foreign currency contracts and Foreign currency options

The fair value of foreign currency contracts and foreign currency options is estimated by obtaining quotes from brokers.

The estimated fair value of the financial instruments as of March 31, 2007 and 2008 is summarized as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2007		**2008**		**2008**	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Marketable securities and Investment securities	¥ 75,013	¥ 75,013	**¥ 71,244**	**¥ 71,244**	**$ 712,440**	**$ 712,440**
Installment loans	52,648	52,697	**54,863**	**54,852**	**548,630**	**548,520**
Long-term indebtedness	(236,801)	(229,981)	**(225,930)**	**(221,792)**	**(2,259,300)**	**(2,217,920)**
Interest rate swap agreements, net	751	751	**(594)**	**(594)**	**(5,940)**	**(5,940)**
Foreign currency contracts, net	633	633	**1,349**	**1,349**	**13,490**	**13,490**
Foreign currency options, net	(2)	(2)	**100**	**100**	**1,000**	**1,000**

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

19. SEGMENT INFORMATION

The operating segments presented below are the segments of Ricoh for which separate financial information is available and for which a measure of profit or loss is evaluated regularly by Ricoh's management in deciding how to allocate resources and in assessing performance. The accounting policies of the segments are substantially the same as those described in the summary of significant accounting policies, as discussed in Note 2.

Ricoh's operating segments are comprised of Office Solutions, including copiers and related supplies, communications and information systems, Industrial Products, including thermal media and semiconductors, and Other, including optical discs and digital cameras.

The following tables present certain information regarding Ricoh's operating segments and operations by geographic areas for the years ended March 31, 2006, 2007 and 2008. During the year ended March 31, 2007, a subsidiary of the Company sold its content distribution business. As a result of such sale, sales and operating income of such business were reclassified as discontinued operations and was excluded from the segment data for the years ended March 31, 2006 and 2007 in accordance with SFAS 144.

(a) Operating Segment Information

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Sales:				
Office Solutions	¥1,637,228	¥1,774,467	**¥1,909,573**	**$19,095,730**
Industrial Products	123,200	138,112	**148,883**	**1,488,830**
Other	151,374	161,071	**166,076**	**1,660,760**
Intersegment transaction	(2,564)	(4,725)	**(4,543)**	**(45,430)**
Consolidated	¥1,909,238	¥2,068,925	**¥2,219,989**	**$22,199,890**
Operating expenses:				
Office Solutions	¥1,434,279	¥1,549,156	**¥1,674,940**	**$16,749,400**
Industrial Products	124,108	135,164	**144,708**	**1,447,080**
Other	148,692	158,868	**163,529**	**1,635,290**
Intersegment transaction	(2,594)	(4,727)	**(4,545)**	**(45,450)**
Unallocated expense	56,169	56,084	**59,851**	**598,510**
Consolidated	¥1,760,654	¥1,894,545	**¥2,038,483**	**$20,384,830**
Operating income:				
Office Solutions	¥ 202,949	¥ 225,311	**¥ 234,633**	**$ 2,346,330**
Industrial Products	(908)	2,948	**4,175**	**41,750**
Other	2,682	2,203	**2,547**	**25,470**
Elimination and unallocated expense	(56,139)	(56,082)	**(59,849)**	**(598,490)**
Consolidated	¥ 148,584	¥ 174,380	**¥ 181,506**	**$ 1,815,060**
Other income (expenses)	¥ 4,182	¥ 139	**¥ (6,837)**	**$ (68,370)**
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliates	¥ 152,766	¥ 174,519	**¥ 174,669**	**$ 1,746,690**

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Total assets:				
Office Solutions	¥1,426,635	¥1,570,757	**¥1,643,500**	**$16,435,000**
Industrial Products	84,595	93,346	**91,635**	**916,350**
Other	114,925	112,255	**106,233**	**1,062,330**
Elimination	(2,088)	(1,327)	**(1,063)**	**(10,630)**
Corporate assets	417,116	468,375	**374,063**	**3,740,630**
Consolidated	¥2,041,183	¥2,243,406	**¥2,214,368**	**$22,143,680**
Expenditure for segment assets:				
Office Solutions	¥ 90,383	¥ 72,465	**¥ 74,758**	**$ 747,580**
Industrial Products	7,451	8,580	**6,503**	**65,030**
Other	2,361	2,630	**2,140**	**21,400**
Corporate assets	1,854	2,125	**1,814**	**18,140**
Consolidated	¥ 102,049	¥ 85,800	**¥ 85,215**	**$ 852,150**

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Depreciation:				
Office Solutions	¥ 57,326	¥ 62,862	**¥ 63,162**	**$ 631,620**
Industrial Products	6,631	6,099	**5,820**	**58,200**
Other	2,352	2,072	**2,128**	**21,280**
Corporate assets	1,156	1,399	**1,652**	**16,520**
Consolidated	¥ 67,465	¥ 72,432	**¥ 72,762**	**$ 727,620**

Unallocated expense represents expenses for corporate headquarters.
Intersegment sales are not separated by operating segment because they are immaterial.
Corporate assets consist primarily of cash and cash equivalents and marketable securities maintained for general corporate purposes.

(b) Geographic Information

Sales which are attributed to countries based on location of customers and long-lived assets by location for the years ended March 31, 2006, 2007 and 2008 are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Sales:				
Japan	¥ 966,224	¥1,002,251	**¥1,016,034**	**$ 10,160,340**
The Americas	387,412	426,453	**434,799**	**4,347,990**
Europe	434,800	507,158	**603,219**	**6,032,190**
Other	120,802	133,063	**165,937**	**1,659,370**
Consolidated	¥1,909,238	¥2,068,925	**¥2,219,989**	**$ 22,199,890**
Property, plant and equipment:				
Japan	¥ 210,973	¥ 199,308	**¥ 197,290**	**$ 1,972,900**
The Americas	18,111	18,102	**17,552**	**175,520**
Europe	26,783	28,345	**20,505**	**205,050**
Other	12,376	18,913	**19,286**	**192,860**
Consolidated	¥ 268,243	¥ 264,668	**¥ 254,633**	**$ 2,546,330**

(c) Additional Information

The following information shows net sales and operating income recognized by geographic origin for the years ended March 31, 2006, 2007 and 2008. In addition to the disclosure requirements under SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," Ricoh discloses this information as supplemental information in light of the disclosure requirements of the Japanese Financial Instrument and Exchange Law, which a Japanese public company is subject to.

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Sales:				
Japan				
External customers	¥ 992,945	¥1,026,663	**¥1,050,923**	**$10,509,230**
Intersegment	413,087	495,304	**484,590**	**4,845,900**
Total	1,406,032	1,521,967	**1,535,513**	**15,355,130**
The Americas				
External customers	385,746	426,009	**432,287**	**4,322,870**
Intersegment	7,630	3,253	**3,496**	**34,960**
Total	393,376	429,262	**435,783**	**4,357,830**
Europe				
External customers	434,304	508,200	**602,224**	**6,022,240**
Intersegment	4,449	3,595	**2,585**	**25,850**
Total	438,753	511,795	**604,809**	**6,048,090**
Other				
External customers	96,243	108,053	**134,555**	**1,345,550**
Intersegment	104,045	160,990	**183,043**	**1,830,430**
Total	200,288	269,043	**317,598**	**3,175,980**
Elimination of intersegment sales	(529,211)	(663,142)	**(673,714)**	**(6,737,140)**
Consolidated	¥1,909,238	¥2,068,925	**¥2,219,989**	**$22,199,890**
Operating expenses:				
Japan	¥1,310,233	¥1,411,653	**¥1,427,575**	**$14,275,750**
The Americas	378,108	408,150	**433,429**	**4,334,290**
Europe	417,341	478,380	**565,736**	**5,657,360**
Other	185,283	251,486	**291,141**	**2,911,410**
Elimination of intersegment sales	(530,311)	(655,124)	**(679,398)**	**(6,793,980)**
Consolidated	¥1,760,654	¥1,894,545	**¥2,038,483**	**$20,384,830**
Operating income:				
Japan	¥ 95,799	¥ 110,314	**¥ 107,938**	**$ 1,079,380**
The Americas	15,268	21,112	**2,354**	**23,540**
Europe	21,412	33,415	**39,073**	**390,730**
Other	15,005	17,557	**26,457**	**264,570**
Elimination of intersegment profit	1,100	(8,018)	**5,684**	**(56,840)**
Consolidated	¥ 148,584	¥ 174,380	**¥ 181,506**	**$ 1,815,060**
Other expenses	¥ 4,182	¥ 139	**¥ (6,837)**	**$ (68,370)**
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliates	¥ 152,766	¥ 174,519	**¥ 174,669**	**$ 1,746,690**
Total assets:				
Japan	¥1,220,780	¥1,282,085	**¥1,272,110**	**$12,721,100**
The Americas	240,726	256,049	**310,028**	**3,100,280**
Europe	235,897	314,815	**326,824**	**3,268,240**
Other	79,102	101,550	**102,451**	**1,024,510**
Elimination	(152,438)	(179,468)	**(171,108)**	**(1,711,080)**
Corporate assets	417,116	468,375	**374,063**	**3,740,630**
Consolidated	¥2,041,183	¥2,243,406	**¥2,214,368**	**$22,143,680**

Intersegment sales between geographic areas are made at cost plus profit. Operating income by geographic area is sales less expense related to the area's operating revenue.

No single customer accounted for 10% or more of the total revenues for the periods ended as of March 31, 2006, 2007 and 2008.

20. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF INCOME

The following amounts are charged to selling, general and administrative expenses for the years ended March 31, 2006, 2007 and 2008:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	**2008**	**2008**
Research and development costs	¥110,381	¥114,985	**¥126,033**	**$1,260,330**
Advertising costs	15,725	14,456	**16,700**	**167,000**
Shipping and handling costs	16,058	19,280	**23,970**	**239,700**

Management's Report on Internal Control Over Financial Reporting

Ricoh’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and Rule 15d-15(f) of the Securities Exchange Act of 1934, as amended. Ricoh’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Ricoh; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Ricoh are being made only in accordance with authorizations of management and directors of Ricoh; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Ricoh’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with internal control policies or procedures may deteriorate.

As permitted by the rules and regulations of the SEC, Ricoh’s management excluded from its assessment of the effectiveness of Ricoh’s internal control over financial reporting as of March 31, 2008 an assessment of internal control over financial reporting of InfoPrint Solutions Company, LLC (a joint venture company with IBM which commenced its operations on June 1, 2007), except for the goodwill and intangibles relating to this joint venture company that were included within the scope of such assessment. InfoPrint Solutions Company, LLC had total assets of Yen 46,281 million (excluding goodwill and intangibles relating to this joint venture company) and total sales of Yen 68,577 million that were reflected in the consolidated financial statements of the Company as of and for the year ended March 31, 2008.

Ricoh’s management assessed the effectiveness of Ricoh’s internal control over financial reporting as of March 31, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework. Management’s assessment included evaluating the design of Ricoh’s internal control over financial reporting and testing of the operational effectiveness of Ricoh’s internal control over financial reporting.

Based on such assessment, management concluded that, as of March 31, 2008, Ricoh’s internal control over financial reporting was effective based on the criteria issued by COSO.

KPMG AZSA & Co., an independent registered public accounting firm, has issued an audit report on the effectiveness of Ricoh’s internal control over financial reporting as of March 31, 2008.

S. Kondo

Shiro Kondo
President and Chief Executive Officer

Zenji Miura
Corporate Executive Vice President and Chief Financial Officer

June 27,2008

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Ricoh Company, Ltd.:

We have audited the accompanying consolidated balance sheets of Ricoh Company, Ltd. (a Japanese corporation) and subsidiaries as of March 31, 2007 and 2008, and the related consolidated statements of income, shareholders' investment and cash flows for each of the years in the three-year period ended March 31, 2008, expressed in yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ricoh Company, Ltd. and subsidiaries as of March 31, 2007 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2008, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Ricoh Company, Ltd. and subsidiaries' internal control over financial reporting as of March 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated June 27, 2008 expressed an unqualified opinion on the effective operation of internal control over financial reporting.

The accompanying consolidated financial statements as of and for the year ended March 31, 2008 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements, expressed in yen, have been translated into dollars on the basis set forth in Note 2 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 27, 2008

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Ricoh Company, Ltd.:

We have audited Ricoh Company, Ltd. (a Japanese corporation) and subsidiaries' internal control over financial reporting as of March 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Ricoh Company, Ltd. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of March 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Ricoh Company, Ltd. acquired InfoPrint Solutions Company, LLC during the year ended March 31, 2008, and management excluded from its assessment of the effectiveness of Ricoh Company, Ltd. and subsidiaries' internal control over financial reporting as of March 31, 2008, InfoPrint Solutions Company, LLC's internal control over financial reporting associated with total assets of ¥46,281 million, excluding goodwill and intangibles which were included within the scope of the assessment, and total revenues of ¥68,577 million included in the consolidated financial statements of Ricoh Company, Ltd. and subsidiaries as of and for the year ended March 31, 2008. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the effectiveness of the internal control over financial reporting of InfoPrint Solutions Company, LLC.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Ricoh Company, Ltd. and subsidiaries as listed in the accompanying index, and our report dated June 27, 2008 expressed an unqualified opinion on those consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 27, 2008

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 on January 1, 2004 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.

Ricoh Group Code of Conduct

Ricoh established the Ricoh Group Code of Conduct by revising the Ricoh Business Code of Conduct to reflect more responsible corporate activities that achieve harmony with society and the global environment together with the establishment of the Ricoh Group CSR Charter. Please refer to Ricoh's Web site for details.

Ricoh's Global Network
As of March 31, 2008

Japan

Production
Tohoku Ricoh Co., Ltd.
Hasama Ricoh, Inc.
Ricoh Optical Industries Co., Ltd.
Ricoh Unitechno Co., Ltd.
Ricoh Elemex Corporation
Ricoh Keiki Co., Ltd.
Ricoh Microelectronics Co., Ltd.
Ricoh Printing Systems Ltd.

Sales and Other
Ricoh Tohoku Co., Ltd.
Ricoh Chubu Co., Ltd.
Ricoh Kansai Co., Ltd.
Ricoh Chugoku Co., Ltd.
Ricoh Kyushu Co., Ltd.
Ricoh Sales Co., Ltd.
Hokkaido Ricoh Co., Ltd.
Ricoh Technosystems Co., Ltd.
Ricoh Leasing Company, Ltd.
Ricoh Logistics System Co., Ltd.

The Americas

Production

Mexico
Ricoh Industrial de Mexico, S.A. de C.V.

United States
Ricoh Electronics, Inc.

Sales and Other

Argentina
Ricoh Argentina S.A.

Brasil
Gestetner do Brasil S.A.

Canada
Ricoh Canada Inc.

Chile
Ricoh Chile, S.A.

Colombia
Ricoh Colombia S.A.

Costa Rica
Ricoh Costa Rica, S.A.

Dominican Republic
Ricoh Dominicana, S.A.

El Salvador
Ricoh El Salvador, S.A. de C.V.

Guatemala
Ricoh Guatemala, S.A.

Mexico
Ricoh Mexicana, S.A. de C.V.

Panama
Ricoh Panama, S.A.

Puerto Rico
Ricoh Puerto Rico, Inc.

United States
Ricoh Americas Corporation
Ricoh Finance Corporation
Ricoh Innovations, Inc.
Ricoh Latin America, Inc.
InfoPrint Solutions Company, LLC
Ricoh Printing Systems America, Inc.

Uruguay
Gestetner Limitada
Ricoh South America Distribution Center S.A.

Europe, Africa, and the Middle East

Production

France
Ricoh Industrie France S.A.S.

United Kingdom
Ricoh UK Products Ltd.
GR Advanced Materials Ltd.

Sales and Other

Austria
Ricoh Austria GmbH

Belgium
Ricoh Belgium NV
NRG Belgium NV
Infotec Belgium NV

Denmark
NRG Scandinavia A/S

Finland
Ricoh Finland Oy

France
Ricoh France S.A.S.
Rex-Rotary S.A.S.
Infotec France S.A.

Germany
Ricoh Deutschland GmbH
Infotec Deutschland GmbH

Guernsey
NRG International Limited

Hungary
Ricoh Hungary Kft.

Portugal
Ricoh Portugal, Unipessoal, Lda

Ireland
NRG Gestetner Ireland Limited

Italy
Ricoh Italia Srl
Infotec Italia S.p.A.

Netherlands
Ricoh Europe (Netherlands) B.V.
Ricoh Nederland B.V.
Ricoh International B.V.
Ricoh Europe SCM B.V.
Infotec Nederland B.V.

Norway
Ricoh Norge A.S.

Poland
Ricoh Polska Sp.zo.o.

Russia
Mitsui-Ricoh CIS Ltd.

South Africa
NRG Gestetner South Africa (Pty) Ltd.

Spain
Ricoh España S.L.U.
Infotec Digital Solutions S.A.U.

Sweden
NRG Scandinavia AB

Switzerland
Ricoh Schweiz AG
Lanier (Schweiz) AG

United Kingdom
Ricoh UK Ltd.
Ricoh Europe PLC
Infotec UK Ltd.
Infotec Europe

Asia and Oceania

Production

China
Ricoh Asia Industry (Shenzhen) Ltd.
Ricoh Components Asia (Shenzhen) Co., Ltd.
Ricoh Dianzhuang (Shenzhen) Electronics Co., Ltd.
Ricoh International (Shanghai) Co., Ltd.
Shanghai Ricoh Facsimile Co., Ltd.
Shanghai Ricoh Office Equipment Co., Ltd.
Shanghai Ricoh Digital Equipment Co., Ltd.
Ricoh Thermal Media (Wuxi) Co., Ltd.
Ricoh Elemex (Shenzhen) Co., Ltd.
Tohoku Ricoh (Fuzhou) Printing Products Co., Ltd.

Korea
Sindo Ricoh Co., Ltd.

Sales and Other

Australia
Ricoh Australia Pty. Ltd.
Lanier (Australia) Pty. Ltd.

China
Ricoh China Co., Ltd.
Ricoh Thermal Media (Beijing) Co., Ltd.
Ricoh Imaging Technology (Shanghai) Co., Ltd.
Ricoh Electronic Devices Shanghai Co., Ltd.
Ricoh Software Research Center (Beijing)
Ricoh Printing Systems Shanghai Co., Ltd.

Hong Kong
Ricoh Hong Kong Ltd.
Ricoh Asia Pacific Operations Ltd.
Ricoh Asia Industry (Hong Kong) Ltd.
Ricoh Components Asia (Hong Kong) Co., Ltd.

India
Ricoh India Limited

Malaysia
Ricoh (Malaysia) Sdn. Bhd.

New Zealand
Ricoh New Zealand Limited

Philippines
Ricoh (Philippines), Inc.

Singapore
Ricoh Asia Pacific Pte Ltd.
Ricoh Printing Systems Singapore Pte Ltd.

Thailand
Ricoh (Thailand) Ltd.

Taiwan
Ricoh Hong Kong Ltd. Taiwan Branch

Senior Management

As of June 26,2008

Board of Directors

Representative Directors

Masamitsu Sakurai
(Chairman of the board)
Shiro Kondo

Directors

Koichi Endo
Katsumi Yoshida
Masayuki Matsumoto
Takashi Nakamura
Kazunori Azuma
Zenji Miura
Kiyoshi Sakai
Takaaki Wakasugi
Takuya Goto

Corporate Auditors

Kohji Tomizawa
Shigekazu Iijima
Kenji Matsuishi
Takao Yuhara

Executive Officers

Chairman

Masamitsu Sakurai

President and CEO

Shiro Kondo

Deputy Presidents

koichi Endo
Katsumi Yoshida

Corporate Executive Vice Presidents

Masayuki Matsumoto
Takashi Nakamura
Kazunori Azuma
Zenji Miura
Kiyoshi Sakai

Corporate Senior Vice Presidents

Kazuo Togashi
Terumoto Nonaka
Etsuo Kobayashi
Haruo Nakamura
Kenji Hatanaka
Hiroshi Kobayashi
Susumu Ichioka
Yoshimasa Matsuura
Norio Tanaka
Hiroshi Adachi
Kenichi Kanemaru

Corporate Vice Presidents

Kiyoto Nagasawa
Yutaka Ebi
Hiroo Matsuda
Sadahiro Arikawa
Mitsuo Ikuno
Daisuke Segawa
Hisashi Takata
Kenichi Matsubayashi
Soichi Nagamatsu
Kazuhiro Yuasa
Yohzoh Matsuura

Group Executive Officers

Makoto Hashimoto
Yuji Inoue
Hideko Kunii
Shiroh Sasaki
Hiroshi Tsuruga
Kohji Sawa
Norihisa Goto
Shunsuke Nakanishi
Yoshihiro Niimura
Michel De Bosschere
Toshiaki Katayama
Kunihiko Satoh

Corporate Data

Ricoh Company, Ltd.

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

Number of Shares Authorized
1,500,000,000 shares

Number of Shares Issued (as of March 31, 2008)
744,912,078 shares

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

Independent Public Accountants
KPMG AZSA & Co.

Transfer Agent for Common Stock
The Chuo Mitsui Trust and Banking Co., Ltd. 33-1, Shiba 2-chome,
Minato-ku, Tokyo 105-8574, Japan

Depositary and Agent 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

● **Ricoh Americas Corporation**
5 Dedrick Place, West Caldwell, New Jersey 07006, U.S.A.
Phone: +1-973-882-2000 Facsimile: +1-973-882-2506
http://www.ricoh-usa.com/

● **Ricoh Europe PLC**
66 Chiltern Street, London W1U 4AG, United Kingdom
Phone: +44-20-7465-1000 Facsimile: +44-20-7224-5740
http://www.ricoh-europe.com/

● **Ricoh Asia Pacific Pte Ltd.**
260 Orchard Road #15-01/02 The Heeren, Singapore 238855
Phone :+65-830-5888 Facsimile: +65-830-5830
http://www.ricoh.com.sg/

● **Ricoh China Co., Ltd.**
17F., Huamin Empire Plaza, No.728 Yan An West Road,Shanghai, China
Phone: +86-21-5238-0222 Facsimile: +86-21-5238-2070
http://www.ricoh.com.cn/

● **Ricoh Company, Ltd.**
IR Department, Corporate Communication Center
Ricoh Building, 8-13-1 Ginza, Chuo-ku, Tokyo 104-8222 Japan
Phone: +81-3-6278-5254 Facsimile: +81-3-3543-9329
e-mail ricoh-ir@ricoh.co.jp
http://www.ricoh.com/ir/

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NPO Color Universal Design Organization has certified this report as a color universal design due to its easy-to-see features based on careful color selection.

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.

IR Department, Ricoh Co., Ltd.

Fax: +81-3-3543-9329

Ricoh Bldg., 8-13-1 Ginza, Chuo-ku, Tokyo 104-8222, Japan

RICOH GROUP ANNUAL REPORT 2008 *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 (message from the management)
2. Financial highlights
3. Highlights by product line
4. Management plan (interview with the management)
5. Milestones
6. Corporate governance
7. Corporate social responsibility
8. Sustainable environmental management
9. Financial section

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

Q8. 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 would like to receive our next annual report, please visit our Web site:

Our annual report for fiscal 2009 will be issued in July 2009.

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

You can also request other publications containing the Ricoh Group's corporate information at the above Web site.

Available publications:

- Sustainability Report (Environment)
- Sustainability Report (Corporate Social Responsibility)
- Annual Report
- Fact Book
- Company Information
- Information Security Report