

RICOH CO LTD  
Form 20-F  
July 31, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 20 F**

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2013

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

**.. SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**Date of event requiring this shell company report**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 2 68279**

**KABUSHIKI KAISHA RICOH**

(Exact name of Registrant as specified in its charter)

**RICOH COMPANY, LTD.**

(Translation of Registrant's name into English)

**Japan**

(Jurisdiction of incorporation or organization)

**13-1, Ginza 8-chome, Chuo-ku, Tokyo 104-8222, Japan**

(Address of principal executive offices)

**Daisuke Segawa, (T)+81-3-6278-4108, (F)+81-3-6673-4476**

**13-1, Ginza 8-chome, Chuo-ku, Tokyo 104-8222, Japan**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

**Title of each class**  
None

**Name of each exchange on which registered**  
None

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Securities registered or to be registered pursuant to Section 12(g) of the Act.

**None**

**(Title of Class)**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

**Common Stock\***

**(Title of Class)**

\* 223,676 American Depositary Shares evidenced by American Depositary Receipts, each American Depositary Share representing 5 shares of Common Stock of Ricoh Company, Ltd.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Common stock outstanding as of March 31, 2013: 725,036,416 shares (excluding 19,875,662 shares of Treasury Stock)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐.

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued ☐ Other ☐.

by the International Accounting Standards Board ☐.

If ☐ Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐.

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.



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### **Defined Terms, Conventions and Presentation of Financial Information**

On June 21, 2013 the noon buying rate for cable transfers in New York City as certified for customs purposes by the Federal Reserve Board for the Japanese Yen to the U.S. Dollar was ¥97.48 = U.S.\$1.00.

In this document, the term "Company" refers to Ricoh Company, Ltd., the registrant, and "Ricoh" refers to the Company and its consolidated subsidiaries, unless the context otherwise indicates.

Ricoh's fiscal year end is March 31. In this document "fiscal year 2013" refers to Ricoh's fiscal year ended March 31, 2013, and other fiscal years of Ricoh are referred to in a corresponding manner.

As used in this annual report, "U.S. GAAP" means U.S. generally accepted accounting principles.

### **Cautionary Statement With Respect to Forward-Looking Statements**

Statements made in this annual report with respect to Ricoh's current plans, estimates, strategies and beliefs and other statements that are not historical facts are or may be deemed to be forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, about the future performance of Ricoh. These forward-looking statements are made in reliance upon the protections provided by such acts for forward-looking statements. Forward-looking statements include but are not limited to those using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "may" or "might" and meaning in connection with a discussion of future operations or financial performance. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Ricoh cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Ricoh to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Ricoh disclaims any such obligation. Risks and uncertainties that might affect Ricoh include, but are not limited to (i) general economic conditions in Ricoh's markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the Japanese Yen and the U.S. Dollar, the Euro, and other currencies in which Ricoh makes significant sales or in which Ricoh's assets and liabilities are denominated; (iii) Ricoh's ability to continue to design and develop products and services, and win acceptance of its products and services which are offered in highly competitive markets characterized by continual introduction of new products, rapid development in new technology, and consumer preferences that are subjective and likely to change; (iv) Ricoh's ability to successfully implement strategies for its office equipment business, such as further globalization of its operations to increase account sales to corporate clients, reinforcement of the color printer line-up to meet growing demand for color products among its office users, implementation of optimal printing solutions for customers digitally networked offices and enhancement of printing capabilities centered on multi-functional printers ("MFPs"), and implementation of optimal localization of manufacturing operations so that such operations are closer to the customer; (v) Ricoh's ability to continuously devote sufficient resources to research and development, and capital expenditures for digital and networking equipment, such as digital plain paper copiers ("PPCs"), MFPs, laser printers, GELJET printers and production printing products; (vi) the success of Ricoh's alliances with various computer manufacturers which Ricoh may engage in alliances with in the future; and (vii) the outcome of contingencies.

Important information regarding risks and uncertainties is also set forth elsewhere in this annual report, including in "Risk Factors" included in Item 3. Key Information, "Item 4. Information on the Company," "Item 5. Operating and Financial Review and Prospects" and "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

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Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information****A. Selected Financial Data.**

The following selected consolidated financial data have been derived from the audited consolidated financial statements of Ricoh prepared in accordance with U.S. generally accepted accounting principles as of each of the dates and for each of the periods indicated below. This information should be read in conjunction with Ricoh's audited consolidated financial statements as of March 31, 2012 and 2013, and for the years ended March 31, 2011, 2012 and 2013 that appear elsewhere in this annual report.

With respect to the selected consolidated financial data for the earliest year of the five-year period (2009), we omit such information because we are not able to provide the restated financial data without unreasonable effort and expense.

|  | Millions of Yen except per share amounts and number of shares |             |             |             |
|--|---|-------------|-------------|-------------|
|  | 2010  | 2011        | 2012        | 2013        |
| <b>Income Statement Data:</b>  |   |             |             |             |
| Net sales:   | ¥ 2,015,811   | ¥ 1,941,336 | ¥ 1,903,477 | ¥ 1,924,497 |
| Restructuring charges  |   | 885         | 30,169      | 13,053      |
| Loss on impairment of goodwill   |   |             | 27,491      |             |
| Loss on impairment of long-lived assets                                | 2,353   | 765         | 9,519       | 1,379       |
| Operating income (loss)  | 65,901  | 58,071      | (18,068)    | 63,464      |
| Income (loss) before income taxes and equity in earnings of affiliates | 57,082  | 44,169      | (31,937)    | 58,173      |
| Net income (loss) attributable to Ricoh Company, Ltd.                  | 27,044  | 18,630      | (44,560)    | 32,467      |
| <b>Per American Depositary Share:<sup>(1)</sup></b>                    |   |             |             |             |
| Net income (loss) (basic)  | 186.35  | 128.40      | (307.10)    | 223.90      |
| Net income (loss) (diluted)  | 181.25  | 125.75      | (307.10)    |             |

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|  | Millions of Yen except per share amounts and number of shares |             |             |             |
|--|---|-------------|-------------|-------------|
|  | 2010  | 2011        | 2012        | 2013        |
| <b>Balance Sheet Data:</b>   |   |             |             |             |
| Total assets   | 2,377,983   | 2,255,564   | 2,289,358   | 2,360,697   |
| Total Ricoh Company, Ltd. shareholders' equity                             | 969,358   | 925,243     | 822,704     | 897,996     |
| Total equity   | 1,019,891   | 978,130     | 879,018     | 958,658     |
| Common stock   | 135,364   | 135,364     | 135,364     | 135,364     |
| Weighted average number of shares outstanding                              | 725,613,259   | 725,554,477 | 725,483,319 | 725,062,802 |
| Cash dividends declared Per American Depositary Share: <sup>(1), (2)</sup> |   |             |             |             |
| Interim  | 82.50   | 82.50       | 82.50       | 62.50       |
|  | \$ (0.95)   | \$ (0.98)   | \$ (1.06)   | \$ (0.76)   |
| Year-end   | 82.50   | 82.50       | 42.50       | 82.50       |
|  | \$ (0.92)   | \$ (1.03)   | \$ (0.53)   | \$ (0.85)   |
| Cash and cash equivalents  | 237,101   | 172,221     | 156,210     | 117,051     |
| Capital investments  | 66,886  | 66,875      | 73,271      | 86,569      |
| Long-term indebtedness, excluding current installment                      | 514,719   | 479,423     | 525,435     | 476,381     |

Notes:

- (1) Each American Depositary Share represents five shares of Ricoh Common Stock.
- (2) Cash dividends declared per American Depositary Share for any given fiscal year consist of interim dividends paid during the fiscal year and year-end dividends to be paid after the fiscal year-end for such fiscal year, which are not equal to the dividends paid during such fiscal year, set forth under "Per American Depositary Share, each representing 5 shares of common stock" Cash dividends paid per share in the Consolidated Statements of Operations appearing elsewhere in this annual report.

In the preceding table, cash dividends declared in U.S. Dollars are based on the exchange rates at each respective payment date or the latest practicable date, using the noon buying rates for cable transfer in Japanese Yen in New York City as certified for customs purposes by the Federal Reserve Board.

The following table sets forth the exchange rates for the Japanese Yen and the U.S. Dollar based on the noon buying rate for cable transfers in Japanese Yen in New York City as certified for customs purposes by the Federal Reserve Board during the previous six months and prior five fiscal years:

|      | December<br>2012 | January<br>2013 | February<br>2013 | March<br>2013 | April<br>2013 | May<br>2013 |
|------|------------------|-----------------|------------------|---------------|---------------|-------------|
| High | 81.86            | 86.92           | 91.38            | 93.32         | 92.96         | 97.28       |
| Low  | 86.64            | 91.28           | 93.64            | 96.16         | 99.61         | 103.52      |

  

|          | Year ended March 31, |        |       |       |       |
|----------|----------------------|--------|-------|-------|-------|
|          | 2009                 | 2010   | 2011  | 2012  | 2013  |
| Year-end | 99.15                | 93.40  | 82.76 | 82.41 | 94.16 |
| Average* | 100.85               | 92.49  | 85.00 | 78.86 | 83.26 |
| High     | 87.80                | 86.12  | 78.74 | 75.72 | 77.41 |
| Low      | 110.48               | 100.71 | 94.68 | 85.26 | 99.16 |

\* The average Japanese Yen exchange rates represent average noon buying rate on the last business day of each month during the respective period.



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B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors.

Ricoh is a global manufacturer of office equipment and conducts business on a global scale. As such, Ricoh is exposed to various risks which include the risks listed below. Although certain risks that may affect Ricoh's businesses are listed in this section, this list is not exhaustive. Ricoh's business may in the future also be affected by other risks that are currently unknown or that are not currently considered significant or material. In addition, this section contains forward-looking statements that are subject to the Cautionary Statement With Respect to Forward-Looking Statements appearing in this annual report.

**Ricoh's Success Will Depend on Its Ability to Respond to Rapid Technological Changes in the Document Imaging and Management Industry**

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

No assurances can be made that Ricoh will successfully anticipate whether its products or technologies will satisfy its customers needs or gain market acceptance;

No assurances can be made that the introduction of more advanced products that also possess the capabilities of existing products will not adversely affect the sales performance of each such product;

No assurances can be made that Ricoh will be able to procure raw materials and parts necessary for new products or technologies from its suppliers at competitive prices;

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No assurances can be made that Ricoh will be able to successfully manage the distribution system for its new products to eliminate the risk of loss resulting from a failure to take advantage of market opportunities;

No assurances can be made that Ricoh will succeed in marketing any newly developed product or technology; and

No assurances can be given that Ricoh will be able to respond adequately to changes in the industry.

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

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

### **Digital Technology**

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

### **Multi-Functional Equipment**

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

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### **Ricoh Must Successfully Operate in Highly Competitive Markets**

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

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

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

unfavorable political or economical factors;

fluctuations in foreign currency exchange rates;

potentially adverse tax consequences;

unexpected legal or regulatory changes;

lack of sufficient protection for intellectual property rights;

difficulties in recruiting and retaining personnel, and managing international operations; and

less developed infrastructure.

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

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

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

### **Foreign Exchange Fluctuations Affect Ricoh's Results**

Local currency-denominated financial results in each of the Company's subsidiaries around the world are translated into Japanese Yen by applying the average market rate during each financial period and recorded on Ricoh's consolidated statements of operations. Local currency-denominated assets and liabilities are translated into Japanese Yen by applying the market rate at the end of each financial period and

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recorded on Ricoh's consolidated balance sheets. Accordingly, the financial results, assets and liabilities are subject to foreign exchange fluctuations.

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In addition, operating profits and losses are highly sensitive to the fluctuations in the value of the Japanese Yen because the high volume of Ricoh's production and sales activities in the Americas, Europe and Other, such as China, results in a large proportion of revenues and costs denominated in local currencies. Although Ricoh engages in hedging transactions such as forward contracts with several financial institutions having credit ratings satisfactory to Ricoh to minimize the negative effects of short-term fluctuations in foreign exchange rates among major currencies such as the U.S. Dollar, the Euro and Japanese Yen, mid-to-long-term volatile changes in the exchange rate levels make it difficult for Ricoh to execute planned procurement, production, logistics, and sales activities and may adversely affect Ricoh's financial results and condition.

### **Crude Oil Price Fluctuations Affect Ricoh's Results**

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

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

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

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

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

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### **Ricoh's Business Depends on Protecting Its Intellectual Property Rights**

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

### **Ricoh Is Dependent on Securing and Retaining Specially Skilled Personnel**

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

### **Ricoh May Be Adversely Affected by Its Employee Benefit Obligations**

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

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### **Ricoh's Operations Are Subject to Environmental Laws and Regulations**

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

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

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

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

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

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

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

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

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

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

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### **Inadvertent or Accidental Leakage or Disclosure of Confidential or Sensitive Information May Adversely Affect Ricoh's Operations**

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

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

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

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



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

**Shortage of Electric Power Supply in Japan May Affect Ricoh's Production**

Most of nuclear reactors in Japan have been stopped for inspection since the Great East Japan Earthquake, which caused the availability of electric power supply in Japan to be unpredictable. Such uncertainty of electric power supply may affect Ricoh's production activity or cost of production.

**Table of Contents**Item 4. Information on the Company

## A. History and Development of the Company

The Company was incorporated as a joint stock corporation (*kabushiki kaisha*) on February 6, 1936 in accordance with Japanese law under the name Riken Kankoshi Co., Ltd. as a manufacturer and distributor of sensitized paper for use in copiers. Since its incorporation, Ricoh has expanded its business into related businesses in the office equipment field. It now manufactures and markets copiers (such as PPCs), MFPs, laser printers, GELJET printers, production printing products, digital duplicators, facsimile machines, personal computers and servers, network related software and other equipment, including semiconductors and cameras. More recently, Ricoh has further expanded its businesses to manufacture and sell products such as projectors, video conference systems, thermal rewritable products and interactive digital whiteboard solutions.

**Historical Highlights**

|               |  |
|---------------|--|
| February 1936 | Riken Kankoshi Co., Ltd. is formed in Kita-kyushu to manufacture and market sensitized paper.  |
| March 1938    | The Company's name is changed to Riken Optical Co., Ltd., and starts manufacturing and selling optical devices and equipment.  |
| May 1949      | The Company lists its securities on the Tokyo and Osaka Stock Exchanges.   |
| April 1954    | The Company establishes an optical device and equipment plant in Ohmori, Ohta-ku, Tokyo (now known as the Ohmori plant).   |
| May 1955      | The Company begins manufacturing and selling desktop copiers.  |
| May 1961      | The Company establishes a sensitized paper plant in Ikeda, Osaka (now known as the Ikeda plant).   |
| October 1961  | The Company lists its securities on the First Section of each of the Tokyo and Osaka Stock Exchanges.  |
| June 1962     | The Company starts operations of a paper plant in Numazu, Shizuoka, which featured a fully-integrated sensitized paper production system (now known as the Numazu plant).                  |
| December 1962 | The Company establishes Ricoh of America, Inc. (a subsidiary, later known as Ricoh Corporation and now known as Ricoh Americas Corporation).   |
| April 1963    | The Company changes its corporate name to Ricoh Company, Ltd.  |
| July 1967     | The Company establishes Tohoku Ricoh Co., Ltd. in Shibata-gun, Miyagi.   |
| May 1971      | The Company completes its manufacturing facility in Atsugi, Kanagawa (now known as the Atsugi plant), to which it transfers some of its office equipment production from the Ohmori plant. |
| June 1971     | The Company establishes Ricoh Nederland B.V. (a subsidiary, later known as Ricoh Europe B.V. and now known as Ricoh Europe Holdings B.V.) in the Netherlands.                              |
| January 1973  | The Company establishes Ricoh Electronics, Inc. (a subsidiary) in the United States.   |

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|                |  |
|----------------|--|
| December 1976  | The Company forms Ricoh Credit Co., Ltd. (a subsidiary, now known as Ricoh Leasing Co., Ltd.).   |
| March 1977     | The Company relocates its headquarters to Minato-ku, Tokyo.  |
| December 1978  | The Company establishes Ricoh Business Machines, Ltd. (a subsidiary, now known as Ricoh Hong Kong Ltd.).   |
| March 1981     | The Company builds the Ricoh Electronics Development Center at the Ikeda plant to develop and manufacture electronic devices.  |
| October 1981   | The Company lists its securities on the Paris Stock Exchange (now known as Euronext Paris).  |
| May 1982       | The Company establishes sensitized paper production facilities in Sakai, Fukui (now known as the Fukui plant), which takes over some of the sensitized paper production from the Osaka plant (now known as the Ikeda plant).   |
| December 1983  | The Company establishes Ricoh UK Products Ltd. (a subsidiary).   |
| October 1985   | The Company builds a copier manufacturing plant in Gotenba, Shizuoka.  |
| April 1986     | The Company opens a research and development ( R&D ) facility in Yokohama, Kanagawa (now known as the Ricoh Research and Development Center) in commemoration of the Company s 50 anniversary, to which it transfers some of its R&D operations from the Ohmori plant. |
| April 1987     | The Company establishes Ricoh Industrie France S.A. (a subsidiary, now known as Ricoh Industrie France S.A.S.).  |
| April 1989     | The Company sets up an electronic devices facility in Yashiro-cho, Kato-gun, Hyogo (now known as the Yashiro plant).   |
| January 1991   | The Company establishes Ricoh Asia Industry (Shenzhen) Ltd. (a subsidiary) in China.   |
| March 1995     | Ricoh Corporation acquires Savin Corporation, an American office equipment sales company.  |
| September 1995 | The Company acquires Gestetner Holdings PLC (now known as Ricoh Europe PLC), a British office equipment sales company.   |
| January 1996   | Ricoh Leasing Co., Ltd. lists its securities on the Second Section of the Tokyo Stock Exchange (currently listed on the First Section of the Tokyo Stock Exchange).  |
| December 1996  | The Company establishes Ricoh Asia Pacific Pte Ltd (a subsidiary) in Singapore.  |
| March 1997     | The Company establishes Ricoh Silicon Valley, Inc. (a subsidiary, now known as Ricoh Innovations Corporation) in the United States.  |
| August 1999    | Ricoh Hong Kong Ltd. acquires Inchcape NRG Ltd., a Hong Kong-based office equipment sales company.   |
| January 2001   | Ricoh Corporation acquires Lanier Worldwide, Inc., an American office equipment sales company.   |
| October 2002   | The Company establishes Ricoh China Co., Ltd. (a subsidiary).  |

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|               |  |
|---------------|--|
| April 2003    | Tohoku Ricoh Co., Ltd. becomes a wholly-owned subsidiary of the Company.   |
| October 2004  | The Company acquires Hitachi Printing Solutions, Ltd. in Japan.  |
| August 2005   | The Company opens Ricoh Technology Center in Ebina, Kanagawa to integrate its domestic development facilities and offices.   |
| November 2005 | The Company relocates its headquarters to Chuo-ku, Tokyo.  |
| January 2007  | Ricoh Europe B.V. acquires the European operations of Danka Business Systems PLC.  |
| June 2007     | InfoPrint Solutions Company, LLC (now known as Ricoh Production Print Solutions, LLC), a joint venture company of Ricoh and International Business Machines Corporation ( IBM ), commences its operations. |
| May 2008      | The Company establishes Ricoh Manufacturing (Thailand) Ltd. (a subsidiary) in Thailand.  |
| August 2008   | Ricoh Elemex Corporation becomes a wholly-owned subsidiary of the Company.   |
| October 2008  | Ricoh Americas Corporation acquires all of the outstanding shares of IKON Office Solutions, Inc. ( IKON , now known as Ricoh USA, Inc.), an American office equipment sales and service company.           |
| July 2010     | Seven domestic sales subsidiaries and the marketing group of the Company are merged into one domestic sales subsidiary named Ricoh Japan Corporation.  |
| August 2010   | The Company completes the construction of a new building that expands the Ricoh Technology Center, which is located in Ebina, Kanagawa.  |
| October 2011  | The Company acquires the PENTAX imaging systems business from HOYA Corporation (now known as Pentax Ricoh Imaging Co., Ltd.).  |
| April 2013    | The Company transfers part of its engineering functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Technologies Company, Ltd.                 |
| April 2013    | The Company transfers part of its production functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Industry Company, Ltd.                      |

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The Company's registered head office and executive office are as follows:

|   | <b>Address</b>   | <b>Telephone number</b> |
|---|--|-------------------------|
| Registered head office                      | 3-6, Naka Magome 1-chome, Ohta-ku, Tokyo 143-8555, Japan | +81-3-3777-8111         |
| Executive office                            | 13-1, Ginza 8-chome, Chuo-ku, Tokyo 104-8222, Japan      | +81-3-6278-2111         |
| <b><u>Principal Capital Investments</u></b> |  |                         |

Ricoh's capital investments for fiscal years 2011, 2012 and 2013 were ¥66.8 billion, ¥73.2 billion and ¥86.5 billion, respectively. Ricoh directed a significant portion of its capital investments for fiscal years 2011, 2012 and 2013 towards digital and networking equipment, such as digital PPCs/MFPs, laser printers and production printing products, and manufacturing facilities to maintain or enhance its competitiveness in the industry. For fiscal year 2013, Ricoh's capital investments included ¥9.0 billion for purchasing mold casts used in the manufacturing of MFPs, production printing equipment and printers, ¥5.3 billion to increase the production capacity of a plant that manufactures polymerized P&P toner in Japan and ¥4.7 billion to upgrade the facilities for manufacturing its thermal media products. By geographic areas, for fiscal year 2013, Ricoh made capital investments in Japan, the Americas, Europe, Middle East and Africa, and Other in the amounts of ¥51.4 billion, ¥17.7 billion, ¥11.0 billion and ¥6.3 billion, respectively.

Ricoh projects that for fiscal year 2014, its capital investments will amount to approximately ¥89.0 billion, which will principally be used for investments in manufacturing facilities of digital and networking equipment with new engines, toners, semiconductors and thermal media. It is expected that Ricoh's capital investments in Japan, the Americas, Europe, Middle East and Africa, and Other will be in the amount of approximately ¥50.5 billion, ¥20.1 billion, ¥14.3 billion and ¥4.1 billion, respectively, for fiscal year 2014. These capital investments are expected to be financed with internally generated funds and/or borrowings from third parties.

**B. Business Overview**

Ricoh is a leading manufacturer of office automation equipment. Ricoh's principal products include copiers (such as PPCs), printers (such as MFPs, laser printers and GELJET printers), production printing products, digital duplicators and facsimile machines. Ricoh is also a prominent manufacturer of digital and advanced electronic devices such as semiconductor devices. In recent years, Ricoh has been rapidly building a solid presence globally as a comprehensive document solutions provider that helps its customers streamline their businesses and decrease operating costs. More specifically, Ricoh supports its office and production printing equipment businesses by offering customers various solution systems that work with personal computers and servers, network systems, application software and related product support and after-sales services to assist customers in fully utilizing the Ricoh products that they purchase. Ricoh's product support services include assisting customers in setting up their information technology environment or network. Ricoh also offers various supplies and peripheral products to be used with its products and systems. More recently, Ricoh has further expanded its businesses to manufacture and sell products such as projectors, video conference systems, thermal rewritable products and interactive digital whiteboard solutions.

**Table of Contents****PRODUCTS**

Ricoh's operating segments consist of Imaging & Solutions, Industrial Products and Other.

Ricoh's management analyzes its business operations and performance based on these segments.

The following table sets forth Ricoh's sales by products for fiscal years 2011, 2012 and 2013.

**SALES BY PRODUCT**

|                                | Millions of Yen (except for percentages) |               |                    |               |                    |               |
|--------------------------------|--|---------------|--------------------|---------------|--------------------|---------------|
|                                | For the Year Ended March 31,             |               |                    |               |                    |               |
|                                | 2011                                     |               | 2012               |               | 2013               |               |
| <b>Imaging &amp; Solutions</b> |  |               |                    |               |                    |               |
| Office Imaging                 | ¥ 1,381,175                              | 71.2%         | ¥ 1,323,263        | 69.5%         | ¥ 1,329,608        | 69.1%         |
| Production Printing            | 150,044                                  | 7.7           | 148,564            | 7.8           | 147,040            | 7.6           |
| Network System Solutions       | 181,411                                  | 9.3           | 199,273            | 10.5          | 208,743            | 10.8          |
| <b>Industrial Products</b>     | 107,032                                  | 5.5           | 98,052             | 5.2           | 93,094             | 4.8           |
| <b>Other</b>                   | 121,674                                  | 6.3           | 134,325            | 7.0           | 146,012            | 7.7           |
| <b>Total</b>                   | <b>¥ 1,941,336</b>                       | <b>100.0%</b> | <b>¥ 1,903,477</b> | <b>100.0%</b> | <b>¥ 1,924,497</b> | <b>100.0%</b> |

Note:

- (1) The above consolidated financial data set forth net sales to external customers by product.
- (2) The product categories in Imaging & Solutions were reclassified into Office Imaging, Production Printing and Network System Solutions in fiscal year 2013 from the previous product categories of Imaging Solutions and Network System Solutions. In addition, certain products were reclassified into the Network System Solutions product category in Imaging & Solutions and Industrial Products from Other in fiscal year 2013. Figures for the prior fiscal years set forth in the above table have been reclassified to reflect such changes.

**Imaging & Solutions**

This segment consists of products that are widely used in the office and production printing environments and are categorized as follows:

**(1) Office Imaging**

For fiscal year 2013, the Office Imaging product category accounted for 69.1% of Ricoh's net sales.

The Office Imaging product category includes monochrome and color digital PPCs/MFPs, laser printers, GELJET printers, digital duplicators, projectors, video conference systems, facsimiles, scanners, related parts and supplies, services, support and software.

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Ricoh continues to be a global leader in PPCs/MFPs and has been a pioneer in the development of digital machines. Ricoh manufactures a wide range of PPCs/MFPs with a variety of copying speeds and functions to simplify printing, copying, scanning and distribution tasks. Ricoh continues to strengthen its digital PPC/MFP product lineup with new product offerings that range from low-end models (regular print speed models for low volume copying or printing) to high-end models (high print speed models for large volume copying or printing). PPCs/MFPs use a drum or other medium coated with a photo conductive material on which an image of the original document is projected optically and developed by applying a dry powder-based toner. The application of this printing process enables higher picture quality and is environmentally friendly. Ricoh's PPCs/MFPs are designed to provide information technology support for all types of office environments by delivering enhanced basic features (i.e., reduction, enlargements), simpler operation, reduced paper consumption through electronic storage, and better connectivity with document distribution and storage systems. Ricoh also manufactures a wide range of laser printers that print in monochrome or color and in a variety of print speeds, are able to connect to a network and are multifunctional in that they have scanning, faxing and copying capabilities as well as advanced finishing capabilities. GELJET printers utilize GELJET technology developed by Ricoh, which enables ultra-fine particle pigment dispersion to produce higher image qualities. All GELJET printers are color printers. Digital duplicators are economical versions of production printing products, although the print speed per minute is not as high as production printing products. Digital duplicators are tailored toward customers who may need large numbers of prints quickly but do not wish to invest in production printing products. Ricoh's digital duplicators offer a variety of features and publishing conveniences, including color capabilities and computer connectivity.

In response to customer demand, Ricoh continues to be focused in recent years on designing a wide-range of products that enhance productivity, have improved security features, and are user and environmentally friendly.

For example, during fiscal year 2013, Ricoh released the MP 9002/7502/6002/6002GP series as part of its monochrome MFP product lineup. These products are manufactured using electric furnace steel sheets that are made of 100% steel scrap. The use of scrap materials has reduced the consumption of new resources in Ricoh's office equipment. In addition, during fiscal year 2013, Ricoh introduced a full line-up of reconditioned multifunction products, which are comprised of the MP C4000RC SRF/MP C2800RC SRF for color printing and the MP 7501RC/6001RC/5000RC/4000RC/3350RC/2550RC series for monochrome printing. These products are manufactured using mainly reusable parts and have contributed to the reduction of CO2 levels during the manufacturing process.

With respect to printers, Ricoh introduced a complete new lineup of products, which are the SP C831/C831M/C830/C731/C731M/C730/C730M/C730L for color printers and the SP 8300/8300M for monochrome printers. These products are equipped with a user friendly 4.3 inch full color LCD touch panel, which improved visibility and operability. Furthermore, by enabling a connection to the cloud environment, features on these printers, such as printing from mobile devices, have become easier to use. Ricoh also introduced GELJET SG 7100 printer and the multi-function GELJET SG 3100SF printer during fiscal year 2013, both of which are compact models. These models combine high-quality color images, fast print speeds and double-sided printing capabilities of a laser printer while using inkjet technology. Its fast-drying, waterproof viscous inks allow users to reduce full-color printing and copying costs without compromising quality.

The market for projectors is experiencing greater competition as demand increases and technological advancements are made. Ricoh believes that its extensive knowledge in optical system technologies and processing techniques, which it uses in its existing businesses and has acquired over the years, as well as new R&D activity for projectors that it is undertaking will enable it to introduce innovative products that will meet customer demands. During fiscal year 2013, Ricoh developed and introduced six new projection systems (twelve models), including the desk edge / short throw projectors PJ WX3340N and PJ WX4240N.

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With respect to video conference systems, faster and inexpensive IP networks are enabling seamless interaction between diverse forms of information and using various communication methods and devices. The unified communication systems ( UCS ) business, which is a business that integrates video, voice and various other forms of information to achieve efficient communication, offers solutions in line with this communication evolution, and serves to enhance the efficiency and improve the productivity of customers' business while saving costs. In light of such environment, Ricoh has entered into the UCS business. Ricoh offers systems and cloud services which unify various data such as video, voice, documents, text and handwritten input, thereby enabling communication anytime, anywhere, with anyone.

In addition, in Japan as well as the overseas market, Ricoh continues to expand its managed document services ( MDS ). Historically, Ricoh has grown its business by inventing and selling new products. While Ricoh remains committed to providing innovative hardware and software products, Ricoh believes that its MDS can provide customers added-values and has been expanding the scope of such services since its acquisition of IKON in fiscal year 2009. The objective of Ricoh's MDS is to provide customers with a competitive advantage over its competitors, decrease costs, improve efficiencies and strengthen data security protection.

Ricoh believes that customers' needs are changing and its MDS business is able to address such changing needs. Unlike before, customers appear to be less willing to pay for hardware and software which they must manage and optimize themselves. Rather, customers appear to be seeking a consultative partner that provides not only innovative products but also solutions that enable customers to pay only for what they actually use, which may change quickly based on changes in their business environment and the markets they serve. Based on Ricoh's experience, customers also appear to be looking to outsource non-core business functions to third-party partners who are willing to invest, collaborate and work with them.

More specifically, Ricoh's MDS is a global service that helps customers improve their document workflow and office processes, manages and optimizes customer's information, increases productivity and reduces total cost of ownership ( TCO ). Ricoh's MDS is provided to customers in the following five phases:

Phase I (Understand Understanding the state of the customer's environment): In this phase, Ricoh works with customers and conducts a detailed assessment of the state of the customer's document output environment. Ricoh's dedicated team of analysts performs this assessment and provides the customer with an analysis of the customer's environment, including limitations to its environment and associated costs.

Phase II (Improve Presenting a design proposal that focuses on the customer's goals): Using the assessment from Phase I, Ricoh's experts (including a team of analysts, system engineers, consultants and technology specialists) develop and provide recommendations to achieve the customer's objectives in this phase. Such objectives may include enhancing efficiency, increasing productivity, and deriving measurable and sustained cost savings.



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Phase III (Transform Transforming the customer's environment): In this phase, Ricoh provides a clear roadmap that shows how the customer can transition from the current state to the desired future state, and offers the services of experts who can ensure that the transition to a new environment is accomplished efficiently, with minimum impact on the customer's business, and the objectives of the change can be realized quickly.

Phase IV (Govern Governing the new environment for continuous improvement): In this phase, Ricoh provides onsite services to generate cost savings, fleet productivity and workflow improvements. Ricoh strives to deliver measurable and sustained improvements that differentiate Ricoh's MDS from other print solutions and ensure measurable cost containment, reduced IT efforts and enhanced end-user satisfaction.

Phase V (Optimize Optimize the new environment): In this last phase, Ricoh provides services that transform the customer's workflow and enables customers to deliver information at the appropriate time and format, while at the same time saving costs for such action. In providing this service, Ricoh offers the services of its experts without adding to the customers' headcount and without having customers relinquishing control over their own information infrastructure. Ricoh's experts will work as an extension of the customer's staff, applying the requisite expertise as needed.

### **(2) Production Printing**

For fiscal year 2013, the Production Printing product category accounted for 7.6% of Ricoh's net sales. Production printing products are high-speed laser printers designed to be used as a central printing device to satisfy customers' needs to print-on-demand and print large volumes. Products in this product category include cut sheet printer, continuous feed printer, related parts and supplies, services, support and software.

The recent expansion of new communication tools such as web portals and tablets has triggered a transfer of information from printed media such as magazines to electronic media, and this is gradually beginning to have an impact on the commercial printing market, a market that is mostly dependent on offset printing methods. On the other hand, innovation (high speed, high definition and high reliability) in printing technologies (primarily laser and inkjet technologies) has made it possible to print in limited quantities on an as-needed basis, even in small lots, thereby decreasing costs. It has also become possible for Ricoh's production printing products to adapt to a wide variety of highly attractive ideas for printing, thereby meeting the diverse needs of customers who require printing services. In the commercial printing sector, therefore, in addition to conventional offset printing, Ricoh offers customers a wider variety of services such as print-on-demand (POD), variable printing and web-to-print. It is now also possible for companies to produce a variety of printed materials in-house that previously were not possible to produce, all at a higher speed and lower cost. For these reasons, the demand for production printing has been increasing in the printing market.

During fiscal year 2012, Ricoh developed and introduced the RICOH Pro C751EX/C651EX for its production printing customers. The RICOH Pro C751EX/C651EX is a color laser printer with a high print speed of 75/65 pages per minute for both monochrome and color printing on A4-sized paper. In addition, these laser printers (1) can produce high quality images with a print resolution of 1,200 dpi x 4,800 dpi by using technology unique to Ricoh and its oil-free polymerized PXP toners, (2) can maintain high productivity by functioning stably for long hours with optional parts that replace paper and toner bottles without interruptions, and supply a maximum of 7,700 sheets of paper, (3) are highly versatile machines being capable of printing on different weighted paper that ranges from 52.3g to 300g/m<sup>2</sup> and different sized paper ranging from postcard-sized paper to paper measuring 13 x 19.2 inches, (4) offer a variety of finishing options, including an in-line paper booklet maker and trimmer which can assist customers automate their printing jobs, and (5) have large LCD color display operating panels enabling easy and comfortable operation by customers.

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### **(3) Network System Solutions**

For fiscal year 2013, the Network System Solutions product category accounted for 10.8% of Ricoh's net sales. The primary function of products in this category is to assist customers in establishing a networked environment and provide customized printing solutions that satisfy customers' individual needs. The principal products in the Network System Solutions product category include personal computers and servers, network systems, application software, and related services and support such as document outsourcing services.

Ricoh is focused on providing solutions to customers to optimize their office environment. The solutions products that Ricoh offers in this product category are generally comprised of three key components: (1) hardware, (2) software and (3) support and services. By identifying and utilizing the most appropriate hardware and software to address customers' needs, and supplementing such products with a comprehensive support and service team (such as a 24-hour IT monitoring center, and an expert team of hardware and software engineers), Ricoh strives to assist its customers in creating a working environment that is more efficient.

### **Industrial Products**

The Industrial Products operating segment consists of products that are used in the industrial sector. For fiscal year 2013, this segment accounted for 4.8% of Ricoh's net sales. Principal products in this segment include thermal media, optical equipment, semiconductor devices, electronic components and rewritable printing technology.

Through technological enhancements in its thermal media business, Ricoh has been able to expand its business from the production of thermal paper for use in facsimiles to a variety of business areas, including the production of POS sheets, logistics management sheets (such as dispatch labels), reward cards, identification cards, medical films, food labels, industrial use labels, amusement tags and tickets, pharmaceutical labels and thermal rewritable films that utilize thermo-chromic printing technology that can be used to erase and update text and graphics up to 500 times. Ricoh is continuing to take steps to increase its presence in this business, especially in the emerging markets. In order to gain a foothold in these markets, Ricoh has established a subsidiary in India.

Ricoh's optical equipment business utilizes technology originally developed by Ricoh for its copiers and cameras. This business supplies optical equipment and optical supply parts, such as lens units, to third parties.

Ricoh also manufactures various types of semiconductor devices. Such devices include application-specific integrated circuits (ASICs) and application-specific standard products (ASSPs) that are often used in digital copiers, printers, personal computers, PC card, cellular phones and other digital appliances.

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The electronic components business consists of components supplied to Ricoh's manufacturing plants in connection with the production of its own products, such as copiers and printers, as well as components supplied to third parties.

Ricoh's rewritable printing technology enables printed images to be rewritten multiple times by using a technology that controls coloring and discoloring reactions on thermal media. Application of this technology to rewritable cards and rewritable papers is set to expand. Rewritable printing technology was first practically applied in loyalty cards, patient registration cards, commuter passes, and other rewritable cards. Now, the convenience of these cards has greatly increased in light of the ability to view digital information recorded on the magnetic recording strips on the back of these cards. The technology has subsequently been applied to rewritable sheets, making it possible to sharply reduce the use of printed paper at factories and other sites, and to rewritable hybrid media ( RHM ), which is a new information media incorporated into distribution and production management systems in combination with RF tags. Ricoh's rewritable technology has been commercialized as RECO-View RF tags, and its use is increasing.

Additionally, Ricoh has continued its development of advanced devices, modules and materials based on its core optical and thermal technology. In light of such development efforts, in fiscal year 2013, Ricoh introduced a re-writable hybrid media that allows for images made chemically to appear or disappear through the controlled application of heat. Furthermore, Ricoh has introduced a line-up of five Factory Automation (FA) cameras and fourteen lenses that can be used in manufacturing lines for inspection, pattern matching, and alignment. These products have contributed to the increased productivity and reduction of costs in Ricoh's customers' manufacturing facilities.

## **Other**

The Other operating segment, which accounted for 7.7% of Ricoh's net sales for fiscal year 2013, includes digital cameras, financing and logistics services.

Ricoh is one of the pioneers in commercializing digital cameras, which have tremendous potential as image capturing devices. As digital cameras may be used in a variety of ways to capture and input images, Ricoh expects that the digital camera market will continue to grow in the future. To further expand its digital camera business, Ricoh acquired the PENTAX imaging systems business from HOYA Corporation in October 2011. With this acquisition, Ricoh currently offers a full lineup of digital cameras from compact cameras to top of the line single lens reflex ( SLR ) cameras. Ricoh continued to strengthen its product lineup in fiscal year 2013 with the introduction of PENTAX Q10, a digital compact interchangeable lens SLR camera, and PENTAX K-5 II a top of the line K series camera.

The PENTAX Q10 is one of the world's smallest and lightest digital camera with an interchangeable lens system. PENTAX Q10 provides exceptional image quality with its improved 12.4 megapixels 1/2.3 inch backlit CMOS image sensor, which is a highly efficient light-gathering instrument designed specifically to produce very low noise at high levels of sensitivity. In addition, the sensor-shift shake reduction system with integrated DR II dust reduction allows users to capture stabilized, blur and dust free images even in low lighting environments. The PENTAX Q10 accepts the PENTAX Q-mount lens system for convenient interchangeability with a variety of specialty Q lenses. The PENTAX Q10 is made-to-order and is available in 100 different color combinations.

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The PENTAX K-5 II is equipped with a high resolution sensor, highly advanced autofocus system and accurate shake reduction system. The large 16.3 megapixel CMOS sensor on this camera delivers high resolution image quality, color accuracy and low noise in multiple aspect ratios. The 11 point SAFOX X autofocus system offers the widest EV focus range in its class and is ideal for focusing in low conditions, as low as -3EV. The PENTAX body-based shake reduction stabilization system is compatible with every PENTAX lens ever made. The fully weather sealed cold-proof design can function in various natural settings, such as water, fog, snow, sand and dust, as well as in the studio.

Ricoh provides certain financing services in Japan through Ricoh Leasing Co., Ltd., which leases industrial equipment and medical equipment as well as office equipment, and offers loans, such as support loans, to small businesses and independent medical doctors. Ricoh is also increasing its financing services in the United States and Western Europe by extending more leases to customers in order to meet the change in customers demand to use equipment rather than to own equipment, and to support sales of the Imaging Solutions business.

Ricoh Logistics System Co. Ltd. offers logistics services in the delivery, distribution and storage of products, such as electronic products, office equipment, and electronic and machinery parts.

## **GROUP VISION AND MANAGEMENT PLANS**

### **(1) Basic Management Policy**

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

To these ends, Ricoh is providing innovative products and services to all customers who handle information at work in offices and in their lives out of the office, based on the Ricoh brand benefits of Harmonize with the environment , Simplify your life and work , and Support knowledge management . Also, Ricoh aims to earn greater trust by continuing to contribute to the improvement of customers productivity and knowledge creation in aiming to continue growing in the future.

### **(2) Medium and Long Term Management Strategy**

The business environment surrounding the Ricoh Group has drastically changed in the past several years and Ricoh is currently at a turning point with respect to its core Imaging & Solutions business.

In developed countries, demands for copiers and multi-function equipment have become stagnant. More information is processed in the office environment than ever before; however, the increase in the information communicated is handled more through the internet by devices such as smart phones and tablet PCs. This trend has increased the variations in the way we print. Furthermore, amid heightened cost consciousness since the world financial crisis, combined with the development of cloud computing, the values sought by customers are shifting towards an emphasis on owning products in addition to using services . It is becoming increasingly difficult to respond adequately to customer demands through product function and price alone.

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Ricoh has launched the 17th Mid-Term Management Plan that runs from April 2011 to March 2014, which defines business creation and integration and establishment of highly efficient management as its two basic strategies to adapt to these changes.

For business creation and integration, aiming for regeneration, Ricoh is implementing measures to reinforce the earning power through core businesses, to create new profit models in current core businesses and to accelerate development for new growth businesses.

With regard to the establishment of highly efficient management, Ricoh is reconstructing its corporate systems in order to build an organization that can maintain accelerated business growth while properly responding to any changes in the business environment. More specifically, Ricoh will strive to realize a corporate culture that encourages the accelerated implementation of growth strategies that seek to achieve in-depth restructuring as part of the Corporate Restructuring and Growth Program (CRGP), which Ricoh started in fiscal year 2009. Ricoh intends to achieve this restructuring by (1) streamlining its sales systems, (2) reviewing non-profitable businesses and deciding either to support and turn around such businesses or withdraw from such businesses, (3) integrating production sites and shifting resources to growth areas, (4) encouraging operational re-engineering, such as re-engineering its business processes, streamlining redundant operations and reorganizing headquarter functions, (5) relocating approximately 15,000 personnel to new growth areas and reducing personnel headcount by approximately 10,000 persons, (6) reducing purchase costs by centralizing purchase functions and aggregating purchase orders and (7) reviewing its development processes (such as the create without making process, which means to develop products without incurring costs arising from test models) and strengthening its support for low cost development. In addition, as part of the 17th MTP and to invest in its future growth, Ricoh intends to (1) make capital investments of approximately ¥250.0 billion during fiscal years 2012 to 2014, (2) maintain R&D expenses at 5-6% of net sales (which it intends to use to expand into new business areas and streamline existing business areas while also engaging in product development for the emerging markets) and (3) expand its business infrastructure in new areas and growth areas (which it intends to accomplish by reallocating resources and implementing strategic investments into new business areas).

To improve the allocation of human resources, Ricoh spent ¥16.6 billion during fiscal year 2013, and plans to spend ¥10.0 billion during fiscal year 2014. Ricoh is starting to see the benefits of its restructuring efforts and aims to achieve ¥66.0 billion of cost savings through these restructuring efforts by the end of fiscal year 2014.

In order to achieve stable performance and build a robust management structure for further growth under the current economic environment, Ricoh has implemented various restructuring initiatives, which include reducing expenses, streamlining overlapping operations and relocating personnel to growth areas, as well as an exhaustive review of all operations. Furthermore, to enhance the global competitiveness of its engineering and manufacturing functions, Ricoh reorganized parts of its engineering and manufacturing resources relating to imaging products at production related companies and some portion of those same resources of Ricoh in Japan, and integrated them into Ricoh Technologies Company Ltd. and Ricoh Industry Company Ltd. on April 1, 2013.

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Furthermore, Ricoh has not only taken various steps to cope with the worldwide financial meltdown, the Thailand flooding, the catastrophic earthquake and tsunami in Japan and huge shift in ICT business, but has also implemented various initiatives to build a strong and stable management structure. This coming fiscal year 2014 will be an important year for the Ricoh Group in developing a market for further growth. To achieve this growth, Ricoh set forth and has implemented the following four core action plans during fiscal year 2013.

### **A. Reinforce the earning power through its core businesses**

With respect to its core business in the Office Imaging product category, Ricoh will continue to win over competition and increase market share by improving the features of its products at competitive prices, along with providing quicker innovative solutions to its customers. Furthermore, by increasing the efficiency of its development, manufacturing and sales operations, Ricoh will aim to increase its profitability.

Additionally, in the emerging markets which continue to grow, Ricoh intends to increase its profits through the expansion of its sales channels as well as increasing its sales through the various IT services companies it has acquired over the past several years. Furthermore, Ricoh aims to develop products and services based on the features and prices demanded by customers in the respective markets. In addition to China and India, Ricoh will continue to establish its presence in markets or countries in which it expects strong growth.

With respect to the Production Printing product category, Ricoh will continue to enhance its product lineup. Ricoh expects an increase in revenue from the increased print volume achieved from the sale of these products. Furthermore, Ricoh will strengthen its solutions offering in areas such as commercial printing to provide solutions to new customers.

### **B. Create new profit models in its current core businesses**

Ricoh aims to constantly be in search of solutions for a wider range of issues surrounding its customers so that it can establish an additional growth model to its existing multi-function and printer business. Ricoh intends to further enhance its MDS and IT services. Ricoh also intends to strengthen its solutions product offerings that enhance communications such as its projection system, video conference system and its interactive whiteboard solution. Additionally, by providing improved connectivity of its multi-functional products and printers to smart phones and tablet PCs, Ricoh aims to offer more innovative work style solutions to its customers.

### **C. Accelerate development for new growth businesses**

For Ricoh to take advantage of new business opportunities, Ricoh will continue to provide the market with innovative optical, image processing and environmental technology solutions. Especially in the area of optical systems in the Industrial Products operating segment, Ricoh intends to enhance its applied technology to develop and market new devices and modules. Furthermore, for its Other operating segment, especially surrounding its digital SLR cameras, Ricoh will continue to strengthen its products and sales network to solidify its presence in this market. Moreover, to maintain long-term growth, Ricoh intends to continue improving and strengthening its process of identifying and capitalizing on profitable business opportunities.

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### **D. Improve resource efficiency**

Ricoh intends to increase overall business efficiency so that it can maximize the value of its products and services that is generated through resources that it utilized. Ricoh intends to continue placing an effort on establishing a corporate culture that will value employees in all areas (development, manufacturing, sales, headquarters, etc.) whose common goal would be to work to earn an even greater level of trust and confidence from customers and be viewed as a reliable partner.

For corporations to be sustainable, Ricoh believes that they must contribute to the welfare of mankind, the development of society and the conservation of earth's environment. To continue to grow and to be respected in society, Ricoh aims to continue enhancing its corporate value with respect to the society, the environment and the economy. For example, as part of these efforts, in April 2012 Ricoh introduced a new global brand tagline "imagine. change." to express the concept that collective imagination can pave the way for change into the future.

With this new global brand tagline, Ricoh will continue its efforts to be innovative so that it can remain one step ahead of its customers expectations and remain their most valued and trusted business partner.

### **SALES AND DISTRIBUTION**

Ricoh continues to utilize the following three marketing and sales channels for the distribution of its products to end-user customers in Japan: (1) direct sales by Ricoh to end-user customers through domestic subsidiaries and affiliates, (2) sales through independent dealers of office equipment and (3) sales through independent office supply wholesalers and retailers. Ricoh estimates that over one-half of its PPC/MFP and laser printer sales in Japan by revenue are derived from its direct sales channels to end-user customers, with the remaining balance being divided between sales through independent dealers of office equipment and independent office supply wholesalers and retailers.

Outside of Japan, Ricoh has organized its marketing and sales channels to accommodate its four operating regions: (1) the Americas, (2) Europe, Middle East and Africa, (3) Asia and Oceania and (4) China. One of Ricoh's strategies in expanding its overseas marketing and sales channels has been to acquire office equipment sales companies in various locations around the world through which it can sell its products. Accordingly, in addition to selling Ricoh brand name products through its overseas sales subsidiaries, affiliates and independent dealers (similar to the marketing and sales channels used for the distribution of products in Japan), Ricoh also sells its products through the following two marketing and sales channels in the overseas market: (1) sales of products under brand names that Ricoh purchased through acquisitions (i.e., the Savin brand, the Lanier brand and the Infotec brand) and (2) sales of Ricoh's products by other companies under their brand names where Ricoh is the original equipment manufacturer (OEM). Savin and Lanier were originally Ricoh's OEM distributors prior to their acquisition.

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With respect to direct sales to end-user customers, Ricoh recognizes revenue for sales upon the delivery and installation of equipment. Revenue from the sales of equipment under sales-type leases is recognized as product sales at the inception of the lease. With respect to sales through independent dealers or independent office supply wholesalers and retailers, Ricoh recognizes revenue upon the delivery of the equipment to such independent dealers or independent office supply wholesalers and retailers. Information regarding the methods by which Ricoh recognizes revenue is also set forth in Item 5. Critical Accounting Policies and Note 2 to the Consolidated Financial Statements which are included in this annual report.

### **AFTER-SALES SERVICE**

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

In Japan, repair and maintenance services are generally provided by Ricoh's service specialists. Ricoh's service network in Japan includes service centers operated by Ricoh and its affiliates and service outlets operated by other companies. The total number of Ricoh's sales and service personnel in Japan is approximately 19,000. Similar to Japan, Ricoh employees and contracted maintenance providers provide repair and maintenance services to end-user customers in the overseas market who purchase Ricoh products. The total number of Ricoh's overseas sales and service personnel is approximately 43,900.

Ricoh's customer support system ( @Remote ) is available globally in order to enhance customer satisfaction and service efficiency. This system allows Ricoh to remotely monitor copiers that are in operation and provide prompt service to such copiers.

Additional information regarding the manner in which Ricoh accounts for its after-sales services is set forth in Item 5. Critical Accounting Policies and Note 2 to the Consolidated Financial Statements which are included in this annual report.

### **PRINCIPAL MARKETS**

Ricoh distributes its products and competes in the following four geographic areas: (1) Japan, (2) the Americas, (3) Europe, Middle East and Africa and (4) Other. In the aggregate, Ricoh's sales increased in fiscal year 2013. As noted below, for fiscal year 2013, net sales in Japan, the Americas, Europe Middle East and Africa, and Other as a percentage of total net sales were 45.2%, 25.8%, 21.9% and 7.1%, respectively. The table below breaks down for each geographic area the total net sales amount and percentage of such net sales amount as compared against total net sales for each of the last three fiscal years.



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## SALES BY GEOGRAPHIC AREA

|                                       | Millions of Yen (except for percentages to net sales)<br>For the Year Ended March 31, |        |             |        |             |        |
|---------------------------------------|---|--------|-------------|--------|-------------|--------|
|                                       | 2011  |        | 2012        |        | 2013        |        |
| <b>Japan</b>                          | ¥ 875,819   | 45.1%  | ¥ 886,425   | 46.6%  | ¥ 870,397   | 45.2%  |
| <b>The Americas</b>                   | 520,000   | 26.8   | 468,728     | 24.6   | 496,605     | 25.8   |
| <b>Europe, Middle East and Africa</b> | 428,519   | 22.1   | 421,373     | 22.1   | 421,740     | 21.9   |
| <b>Other</b>                          | 116,998   | 6.0    | 126,951     | 6.7    | 135,755     | 7.1    |
| <b>Total</b>                          | ¥ 1,941,336   | 100.0% | ¥ 1,903,477 | 100.0% | ¥ 1,924,497 | 100.0% |

Note:

- (1) Sales amounts set forth in the above table are based on the location of the purchaser (external customer) of the product. For example, if the product is manufactured in Japan and sold to an external customer located in the United States, such sale would be recorded as a sale in the Americas.
- (2) The Middle East and Africa were reclassified from the Other geographic area into the Europe geographic area in this fiscal year 2013. Figures for the prior fiscal years set forth in the above table have been reclassified to reflect such changes.

(1) Japan

The Japanese economy showed signs of gradual recovery in light of the recovery and restoration of the areas affected by the Great East Japan Earthquake. In light of such condition, demand for office equipment increased. While expectations arising from the economic recovery plans introduced by the Japanese prime minister's new cabinet and the monetary easing measures introduced by the Bank of Japan helped to weaken the Yen and increase stock prices at the end of fiscal year 2013, the overall economic outlook still remained unpredictable.

Under such conditions, sales in the Imaging & Solutions operating segment derived from external customers located in Japan decreased by 2.2% as compared to fiscal year 2012, due primarily to the slowdown in after-sales revenue.

In the Industrial Products operating segment, sales of semiconductor devices and electronic components decreased as compared to fiscal year 2012. As a result, sales in the Industrial Products operating segment decreased by 16.5% as compared to the previous fiscal year.

Sales in the Other operating segment increased compared to fiscal year 2012 due primarily to a full fiscal year's worth of sales being reflected from Pentax Ricoh Imaging Co., Ltd., which was established through an acquisition in October 2011, as opposed to only six months' worth of sales.

(2) The Americas

In the Americas, economic conditions remained unpredictable despite the gradual recovery in individual consumption and capital investments. Despite such uncertain economic conditions, the weakening of the Yen against the U.S. Dollar towards the end of fiscal year 2013 contributed to the increase in overall sales by 5.9% as compared to the previous fiscal year.

(3) Europe, Middle East and Africa

Economic conditions remained uncertain in Europe, Middle East and Africa due to the prolonged European debt crisis. While the Yen showed signs of weakness against the Euro towards the end of the fiscal year, the Yen remained strong against the Euro during most of the fiscal year. Under such conditions, the sales in Europe, Middle East and Africa increased by 0.1% as compared to the previous fiscal year.

(4) Other

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The Other geographic area includes China, South East Asia and Oceania. Although sales in this geographic area, including China and India, increased in fiscal year 2013, there have been indications of a slowdown in economic growth in these two countries as well as the rest of the markets in this geographic area. Ricoh recorded increased sales in this geographic area by 6.9% as compared to fiscal year 2012 due primarily to continuing sales efforts made by its sales force.

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**COMPETITION**

The office equipment industry in which Ricoh primarily competes remains highly competitive and Ricoh continues to encounter intense competition in its Imaging & Solutions operating segment. Furthermore, competition in each of the product categories in the Imaging & Solutions operating segment is expected to increase in the future as Ricoh's competitors enhance and expand their product and service offerings. For example, in response to the trend in the office equipment market towards more price competitive multifunction products that can handle up to A4-sized paper, especially in the emerging markets, Ricoh's competitors have introduced a wide range of monochrome and color products that can handle up to A4-sized paper, thereby increasing the level of competition in these products. This increase in competition may result in price reductions and decreases in profitability as well as market share in these products. Ricoh seeks to prevail over the intense competition in the office equipment market by providing customers with equipment that optimizes the TCO of such equipment and enhancing office productivity and efficiency. However, Ricoh cannot provide assurance that it will be able to compete successfully against existing or future competitors. Moreover, Ricoh may face competition from some of its current customers and companies with which Ricoh has strategic business relationships.

The size and number of Ricoh's competitors vary across its product categories, as do the resources allocated by its competitors to the markets Ricoh targets. Ricoh's competitors may have greater financial, personnel and other resources than Ricoh has in a particular market or overall. These competitors may have greater resources available to them to respond quickly to new technologies and may be able to undertake more extensive marketing campaigns than Ricoh. Competitors may also adopt more aggressive pricing policies for their products and make more attractive offers to potential customers, employees and strategic partners. These competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with third parties to increase their ability to gain market share.

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

**SEASONALITY**

Sales in the Imaging & Solutions operating segment generally increase in March of each year, which is the end of the fiscal year for most Japanese companies. This is due to the increase in demand for these products as many Japanese companies and government entities try to expend their allotted capital expenditure budget for the fiscal year. However, the effect of this seasonality on a consolidated basis has customarily been minimal. For example, sales generated during the month of March due to this seasonality accounted for 11.1% of Ricoh's sales in Japan for fiscal year 2013. However, the effect of this seasonality on a consolidated basis was minimal for fiscal year 2013, as only 5.0% of Ricoh's total consolidated sales for fiscal year 2013 were generated from sales in Japan during the month of March.

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### **SOURCES OF SUPPLY**

Raw materials, parts and components used in the production of Ricoh's products, such as plastics, rubber and chemicals are procured on a global basis. Prices of some raw materials that Ricoh uses fluctuate according to the market and prices of some parts and components that Ricoh uses fluctuate as well. Generally, Ricoh maintains multiple suppliers for the most significant categories of raw materials, parts and components to address such fluctuations. Because very few of the raw materials required by Ricoh in manufacturing its products can be procured in Japan, most of the raw materials used by Ricoh come from outside of Japan. Ricoh monitors the availability of raw materials on a regular basis to ensure that it will not encounter any shortages. Ricoh has not experienced any significant difficulty in obtaining the raw materials, parts and components necessary for it to manufacture its products and believes that it will be able to continue to obtain necessary raw materials, parts and components in sufficient quantities to meet its manufacturing needs in the future. A rise in crude oil prices may lead to an increase in the overall cost of procuring raw materials, parts and components. This is due to the fact that the cost of oil-based parts and components, the processing costs of raw materials and fuel costs of shipping and distributing such raw materials, parts and components may increase as a result of higher crude oil prices. However, Ricoh believes that it will be able to adequately manage the impact of any such price volatility in connection with the raw materials, parts and components that are required to manufacture its products.

### **INTELLECTUAL PROPERTY**

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

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

In addition, Ricoh has granted licenses and technical assistance to various companies located in and outside of Japan. In certain instances, Ricoh has entered into cross-licensing agreements with other major international electronics and electrical equipment manufacturers. None of these agreements are likely to materially affect Ricoh's business or profitability. See Item 5.C. Patents and Licenses.

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Ricoh's business activities are subject to various government regulations in the various countries in which it operates, including regulations relating to business and investment approvals, export regulations, tariffs, antitrust, intellectual property, consumer and business taxation, exchange controls and recycling requirements. Ricoh is also subject to environmental regulations in the jurisdictions in which it operates, particularly those jurisdictions in which it has manufacturing, research or similar operations. These regulations govern, among other things, energy conservation, air emissions, wastewater discharges, the use and handling of hazardous substances, waste disposal, product recycling, and soil and ground-water contamination. These regulations are imposed by the environmental regulatory agencies in the jurisdictions in which Ricoh conducts its operations. For example, in the United States these agencies are the United States Environmental Protection Agency and the State environmental regulatory agencies in the jurisdictions in which Ricoh conducts operations.

The products sold by Ricoh are increasingly subject to a variety of environment-related requirements in the markets in which it operates that restrict or prohibit the types of substance that are used or present in the products, require manufacturers and distributors to take back and either dispose of or recycle products at the end of their useful life, and require or encourage increased energy efficiency. These product-related requirements are frequently accompanied by labeling requirements intended to inform customers about the presence or absence of certain substances in products, or provide information about the recyclability of the products. These requirements affect Ricoh's global supply chain, since supplied components must meet the applicable requirements in order for Ricoh's products to be in compliance. For example, environmental regulations which may affect Ricoh's businesses in the European Union include (but are not limited to) the European Union Directive on Waste Electrical and Electronic Equipment (the WEEE Directive), the European Union Directive on the Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (the RoHS Directive), the European Union Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (the REACH Regulation) and the European Union Directive on Energy-related Products (the ErP Directive). Beginning in August 2005, the WEEE Directive, as enacted by individual European Union countries, made manufacturers or importers of electrical and electronic equipment in the European Union financially responsible for the collection, recycling, treatment, recovery and legitimate disposal of collected waste electrical and electronic equipment. The RoHS Directive prohibits the presence of more than specific concentrations of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB) or polybrominated diphenyl ethers (PBDE) in electrical and electronic equipment that is to be sold in the European Union market from July 2006. The REACH Regulation entered into force in June 2007 and, among other things, requires the registration of chemical substances manufactured or used in products that are sold in the European Union. This regulation covers almost all forms of chemicals, and also imposes some requirements on articles (as defined in the REACH Regulation) manufactured in or imported into the European Union. The ErP Directive sets forth a framework for establishing eco-design requirements for energy-related products by systematically integrating environmental aspects at early stages of the product design. One of the important goals of the ErP Directive is to improve the overall environmental performance of products throughout their life-cycle. A variety of similar product-related environmental requirements have been or are expected to be enacted in other regions where Ricoh operates, including in the United States (including requirements established by individual States), Canada, South America and Asia. The scope of these requirements, including the types of equipment and substances covered and the nature and severity of the restrictions or prohibitions imposed, may expand as legislatures and regulators in the markets in which Ricoh operates review and amend these requirements.

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While Ricoh's businesses may be affected by various government regulations, Ricoh currently operates, and expects to continue operating, its business without significant difficulty in complying with applicable government regulations.

**C. Organizational Structure**

As of March 31, 2013, the Ricoh group includes the Company, 220 subsidiaries and seven affiliates located worldwide. In addition, starting from fiscal year 2011, Variable Interest Entities ( VIE ) have been consolidated into Ricoh. See Note [2] (b) and Note [4] to the Consolidated Financial Statements for additional information.

The Company is the parent of the Ricoh group. The Company heads the R&D activities of Ricoh products with assistance from its subsidiaries. The Company and its subsidiaries and affiliates maintain an integrated domestic and international manufacturing and distribution structure.

The following is a list of the principal subsidiaries of the Company as of March 31, 2013. None of the Company's seven affiliates are considered material affiliates of Ricoh.

| Company Name<br>(Subsidiaries)     | Country of<br>Formation | Proportion of<br>Ownership |  |
|------------------------------------|-------------------------|----------------------------|--|
|                                    |                         | Interest                   | Main Businesses  |
| Ricoh Optical Industries Co., Ltd. | Japan                   | 100.0                      | Manufacturing optical equipment                          |
| Hasama Ricoh, Inc.                 | Japan                   | 100.0                      | Manufacturing parts for office equipment                 |
| Tohoku Ricoh Co., Ltd.             | Japan                   | 100.0                      | Manufacturing office equipment                           |
| Ricoh Printing Systems, Ltd.       | Japan                   | 100.0                      | Manufacturing and sale of office equipment               |
| Ricoh Elemex Corporation           | Japan                   | 100.0                      | Manufacturing and sales of office equipment              |
| Ricoh Microelectronics Co., Ltd.   | Japan                   | 100.0                      | Manufacturing parts for office equipment                 |
| Ricoh Japan Corporation            | Japan                   | 100.0                      | Sale of office equipment                                 |
| Ricoh Technosystems Co., Ltd.      | Japan                   | 100.0                      | Maintenance, service and sale of office equipment        |
| Ricoh IT Solutions Co., Ltd.       | Japan                   | 100.0                      | Development and construction of network system           |
| Ricoh Logistics System Co., Ltd.   | Japan                   | 100.0                      | Logistics services and custom clearances                 |
| Ricoh Leasing Co., Ltd.            | Japan                   | 51.1                       | General leasing  |
| Ricoh Creative Service Co., Ltd.   | Japan                   | 100.0                      | Management of group facility, advertisement and printing |

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| Company Name  | Country of Formation | Proportion of Ownership |  | Main Businesses                                     |
|---|----------------------|-------------------------|--|---|
|   |                      | Interest                |  |   |
| Pentax Ricoh Imaging Co., Ltd.                          | Japan                | 100.0                   |  | Manufacturing and sale of digital camera            |
| Ricoh Electronics, Inc.                                 | U.S.A.               | 100.0                   |  | Manufacturing office equipment and related supplies |
| Ricoh UK Products Ltd.                                  | U.K.                 | 100.0                   |  | Manufacturing office equipment                      |
| Ricoh Industrie France S.A.S.                           | France               | 100.0                   |  | Manufacturing office equipment and related supplies |
| Ricoh Asia Industry (Shenzhen) Ltd.                     | China                | 100.0                   |  | Manufacturing office equipment and related supplies |
| Shanghai Ricoh Digital Equipment Co., Ltd.              | China                | 100.0                   |  | Manufacturing and sale of office equipment          |
| Ricoh Components Asia (Hong Kong) Co., Ltd.             | Hong Kong, China     | 100.0                   |  | Sale of parts for office equipment                  |
| Ricoh Components & Products (Shenzhen) Co., Ltd.        | China                | 100.0                   |  | Manufacturing parts for office equipment            |
| Ricoh Manufacturing (Thailand) Ltd.                     | Thailand             | 100.0                   |  | Manufacturing office equipment                      |
| Pentax Ricoh Imaging Products (Philippines) Corporation | Philippines          | 100.0                   |  | Manufacturing digital camera                        |
| Ricoh Americas Holdings, Inc.                           | U.S.A.               | 100.0                   |  | Holding company in the U.S.A.                       |
| Ricoh Americas Corporation                              | U.S.A.               | 100.0                   |  | Sale of office equipment                            |
| Ricoh Canada Inc.                                       | Canada               | 100.0                   |  | Sale of office equipment                            |
| Ricoh USA, Inc.   | U.S.A.               | 100.0                   |  | Sale of office equipment                            |
| Ricoh Printing Systems America, Inc.                    | U.S.A.               | 100.0                   |  | Manufacturing and sales of office equipment         |
| Ricoh Production Print Solutions, LLC                   | U.S.A.               | 100.0                   |  | Sale of office equipment                            |
| Pentax Ricoh Imaging Americas Corporation               | U.S.A.               | 100.0                   |  | Sale of digital camera                              |
| Ricoh Europe Holdings PLC                               | U.K.                 | 100.0                   |  | Holding company in Europe                           |
| Ricoh UK Ltd.   | U.K.                 | 100.0                   |  | Sale of office equipment                            |
| Ricoh Deutschland GmbH                                  | Germany              | 100.0                   |  | Sale of office equipment                            |
| Ricoh France S.A.S                                      | France               | 100.0                   |  | Sale of office equipment                            |
| Ricoh Italia S.R.L.                                     | Italy                | 100.0                   |  | Sale of office equipment                            |
| Ricoh Espana S.L.U.                                     | Spain                | 100.0                   |  | Sale of office equipment                            |
| Ricoh Belgium N.V.                                      | Belgium              | 100.0                   |  | Sale of office equipment                            |
| Ricoh Nederland B.V.                                    | Netherlands          | 100.0                   |  | Sale of office equipment                            |
| Ricoh Europe SCM B.V.                                   | Netherlands          | 100.0                   |  | Sale of office equipment                            |
| Ricoh Schweiz AG  | Switzerland          | 100.0                   |  | Sale of office equipment                            |
| Ricoh Sverige AB.                                       | Sweden               | 100.0                   |  | Sale of office equipment                            |
| Pentax Ricoh Imaging France S.A.S.                      | France               | 100.0                   |  | Sale of digital camera                              |
| Ricoh Finance Nederland B.V.                            | Netherlands          | 100.0                   |  | Corporate finance                                   |
| Ricoh China Co., Ltd.                                   | China                | 100.0                   |  | Sale of office equipment                            |
| Ricoh Hong Kong Ltd.                                    | Hong Kong, China     | 100.0                   |  | Sale of office equipment                            |

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| Company Name   | Country of Formation | Proportion of Ownership |                          | Main Businesses |
|--|----------------------|-------------------------|--------------------------|-----------------|
|  |                      | Interest                |                          |                 |
| Ricoh Asia Industry Ltd.                             | Hong Kong,           | 100.0                   | Sale of office equipment |                 |
|  | China                |                         |                          |                 |
| Ricoh Asia Pacific Pte Ltd                           | Singapore            | 100.0                   | Sale of office equipment |                 |
| Ricoh Asia Pacific Operations Ltd.                   | Hong Kong,           | 100.0                   | Sale of office equipment |                 |
|  | China                |                         |                          |                 |
| Ricoh Thailand Ltd.                                  | Thailand             | 100.0                   | Sale of office equipment |                 |
| Ricoh India Ltd.                                     | India                | 73.6                    | Sale of office equipment |                 |
| Ricoh Australia Pty, Ltd.                            | Australia            | 100.0                   | Sale of office equipment |                 |
| And 170 other subsidiaries                           |                      |                         |                          |                 |
| <b>(Affiliates)</b>                                  |                      |                         |                          |                 |
| 7 affiliates (none of which are material affiliates) |                      |                         |                          |                 |

## Notes:

- (1) Proportion of ownership interest includes indirect ownership.
- (2) Ricoh Leasing Co., Ltd. is the only subsidiary of the Company that is a significant subsidiary as defined in Rule 1-02(w) of Regulation S-X.
- (3) Tohoku Ricoh Co., Ltd. and Ricoh Printing Systems, Ltd. were acquired by Ricoh Industry Co., Ltd. as of April 1, 2013.



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Ricoh manufactures its products primarily in fourteen plants in Japan and eleven plants overseas. Ricoh owns all of the buildings and the land on which its plants are located, with the exception of certain leases of land and floor space of certain of its subsidiaries. None of these leased land and floor spaces have major encumbrances on them. None of Ricoh's plants are subject to any material environmental issues that may affect the extent to which Ricoh is able to utilize such plants. The following table gives certain information as of March 31, 2013 regarding the Company's and its subsidiaries' principal manufacturing and other facilities. With the exceptions of GR Advanced Materials Ltd., the manufacturing and other facilities listed below have floor space exceeding 10,000 square meters.

| <b>Name (Location)</b>                     | <b>Floor space<br/>(in thousands of<br/>square meters)</b> | <b>Principal activities and products manufactured</b>                       |
|--|--|---|
| <b>Japan:</b>                              |  |   |
| Ricoh Company, Ltd.                        |  |   |
| Ohmori Plant (Tokyo)                       | 54   | Parts relating to copiers   |
| Atsugi Plant (Kanagawa)                    | 73   | Office equipment and other products   |
| Numazu Plant (Shizuoka)                    | 105  | Paper and toner   |
| Ikedo Plant (Osaka)                        | 27   | Electronic devices  |
| Fukui Plant (Fukui)                        | 34   | Papers and toner  |
| Yashiro Plant (Hyogo)                      | 34   | Electronic devices  |
| Ricoh Technology Center (Kanagawa)         | 127  | R&D   |
| Head Office (Tokyo)                        | 21   | Head office and marketing of office equipment                               |
| Research & Development Center (Kanagawa)   | 17   | R&D   |
| System Center (Tokyo)                      | 10   | Information system center, marketing of office equipment and other business |
| Ginza Office (Tokyo)                       | 11   | Marketing of office equipment and other business                            |
| Shin-Yokohama office (Kanagawa)            | 40   | Marketing of office equipment, other business and related services          |
| Katsuta office (Ibaraki)                   | 54   | R&D of production printing products   |
| <b>Subsidiaries:</b>                       |  |   |
| Ricoh Optical Industries Co., Ltd. (Iwate) | 23   | Optical equipment   |
| Tohoku Ricoh Co., Ltd. (Miyagi)            | 64   | Office equipment, toner and parts relating to copiers and duplicators       |
| Hasama Ricoh, Inc. (Miyagi)                | 14   | Parts relating to copiers and data processing equipment                     |

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| <b>Name (Location)</b>  | <b>Floor space<br/>(in thousands of<br/>square meters)</b> | <b>Principal activities and products manufactured</b>          |
|---|--|--|
| Ricoh Unitechno Co., Ltd. (Saitama)   | 20   | Office equipment   |
| Ricoh Elemex Corporation. (Aichi)   | 45   | Office equipment and measuring equipment                       |
| Ricoh Microelectronics Co., Ltd. (Tottori)  | 12   | Printed circuit boards and electronic components               |
| Ricoh Keiki Co., Ltd. (Saga)  | 10   | Printed circuit boards and parts relating to copiers           |
| Ricoh Printing Systems, Ltd. (Ibaraki)  | 54   | Printers and production printing products                      |
| Overseas:   |  |  |
| Ricoh Electronics, Inc.<br><br>(Irvine, Santa Ana and Tustin, California and<br>Lawrenceville, Georgia, U.S.A.) | 123  | Copiers, parts relating to copiers, toner and thermal<br>paper |
| Ricoh UK Products Ltd. (Telford, United Kingdom)  | 36   | Copiers, parts relating to copiers and toner                   |
| Ricoh Industries France S.A.S.<br><br>(Colmar, France)  | 49   | Copiers, parts relating to copiers and thermal paper           |
| Ricoh Asia Industry (Shenzhen) Ltd. (Shenzhen, China)   | 42   | Copiers, parts relating to copiers, and toner                  |
| Ricoh Components & Products (Shenzhen) Ltd.<br><br>(Shenzhen, China)  | 54   | Printed circuit boards and electronic components               |
| Ricoh Thermal Media (Wuxi) Co., Ltd.  | 24   | Direct thermal paper and thermal transfer ribbon               |
| <br>(Shenzhen, China)   |  |  |
| Shanghai Ricoh Digital Equipment Co., Ltd.<br><br>(Shanghai, China)   | 32   | Copiers, facsimile equipment and parts relating to<br>copiers  |
| Ricoh Manufacturing (Thailand) Ltd.<br><br>(Rayong, Thailand)   | 38   | Printers and parts relating to printers                        |
| GR Advanced Materials Ltd.<br><br>(Scotland, United Kingdom)  | 8  | Supplies relating to duplicators                               |

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| <b>Name (Location)</b>   | <b>Floor space<br/>(in thousands of<br/>square meters)</b> | <b>Principal activities and products manufactured</b> |
|--|--|---|
| Pentax Ricoh Imaging Products (Philippines) Corporation<br>(Cebu, Philippines) | 16   | Digital camera equipment                              |
| Pentax Ricoh Imaging Products (Vietnam) Corporation<br>(Hanoi, Vietnam)        | 17   | Optical equipment                                     |

Note:

(1) Apart from above, Ricoh owns the Gotenba plant which is currently in idle (having floor space of 70 thousand square meters). Ricoh considers its manufacturing facilities to be well maintained and believes its plant capacity is adequate for its current needs, though successive investments in manufacturing facilities are being considered for its long-term success.

Item 4.A. Unresolved Staff Comments

Not applicable.

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### **Item 5. Operating and Financial Review and Prospects**

#### **OVERVIEW**

Ricoh is engaged primarily in the development, manufacturing, sales and servicing of office automation equipment, such as PPCs/MFPs, laser printers, GELJET printers, production printing products, digital duplicators and facsimile machines, as well as semiconductor devices, digital cameras and thermal media products. Ricoh supports its office automation equipment business by offering customers various solution systems that work with personal computers and servers, network systems, application software and related product support and after-sales services to assist customers in fully utilizing the Ricoh products that they purchase. Ricoh's product support services include assisting customers in setting up their information technology environment or network. More recently, Ricoh has further expanded its businesses to manufacture and sell products such as projectors, video conference systems, thermo-sensitive media devices (such as re-writable thermal media devices) and interactive digital whiteboard solutions.

Ricoh distributes its products and competes in the following four geographic areas: (1) Japan, (2) the Americas, (3) Europe, Middle East and Africa and (4) Other, which includes China, Southeast Asia and Oceania. For additional information on Ricoh's business, see Item 4.B. Information on the Company Business Overview.

Because of the global nature of Ricoh's operations, Ricoh's results of operations and financial conditions are affected both by economic and political developments in Japan and the rest of the world, as well as by demand and competition in its lines of business. Furthermore, competition in the businesses Ricoh operates has increased significantly and is likely to continue increasing in the future. Recent notable trends in the office solutions business include (1) increased demand for lower-priced products such as MFPs that can handle up to A4-sized paper, particularly in emerging countries, (2) increased demand for comprehensive services that reduce the TCO of a product and/or that streamline the overall workflow of the business process (not just the document process), particularly in developed countries, and (3) increased demand for solutions that enable customers to reduce their environmental impact and improve the sustainability of their operations.

Historically, Ricoh's revenues have been derived mainly from the manufacturing and sale of office automation equipment. In recent years, the key factor to achieve revenue growth has been the expansion of available product lines and areas of services to respond to the increasingly diverse needs of customers. Although the global economic outlook remains unpredictable, Ricoh remains focused on achieving sustained growth to remain competitive. To achieve such growth, Ricoh has striven to broaden its revenue and earnings base by expanding its available product lines and areas of service. More specifically, in light of the recent trends, Ricoh's strategies include (1) introducing variable product lines such as MFPs, laser printers and production printers with advanced features, (2) expanding its lineup of MFPs that print on A4-sized paper and strengthening its sales structure in emerging countries, (3) expanding and strengthening its global MDS business and IT service business by making capital investments such that the Ricoh group as a whole on a global basis is able to provide such services at a high quality level, (4) expanding its new businesses, such as its projectors and UCS businesses taking into consideration developments in the mobile and cloud communication businesses such that it can propose and create new ways of conducting business, and (5) enhancing offerings of products with environmentally-friendly features such that it can provide customers with the ability to reduce their environmental impact and improve the sustainability of their business operations (which Ricoh refers to as Total Green Office Solution). These strategies are all part of Ricoh's 17th Mid-term Management Plan of business creation and integration, which aims for regeneration by implementing measures to reinforce earning power through core businesses, creating new profit models in its current core businesses and accelerating the development for new growth businesses.

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In addition, Ricoh continues to steadily improve its operational efficiency through cost-cutting measures across its business units, which includes the reduction of production costs and the streamlining of its business structure, as well as supply chain management. As part of its strict cost management policy, Ricoh continues to analyze the cost structure of its products at the design phase to minimize production costs. These are part of Ricoh's 17th Mid-term Management Plan of establishment of highly efficient management, under which Ricoh strives to reconstruct its corporate systems in order to build an organization that can maintain accelerated business growth while properly responding to any changes in the business environment.

While the global economy showed signs of moderate recovery during fiscal year 2013, the situation remained unpredictable. The U.S. economy showed gradual recovery in individual consumption and capital investment; however, the debt crisis in Europe, the slowdown in economic growth in China and the rest of the emerging markets, and the political instability in the Middle East caused uncertainties to remain in the global market. While the Japanese economy showed some signs of a modest recovery during fiscal year 2013, in part due to the economic stimulus measures implemented by the Japanese government, it continued to face challenging conditions as the Japanese Yen appreciated relative to other currencies (such as the U.S. Dollar and the Euro) during most of the fiscal year.

Ricoh's consolidated net sales for fiscal year 2013 increased by 1.1% to ¥1,924.4 billion from ¥1,903.4 billion for fiscal year 2012, due primarily to the increase in net sales in its Imaging & Solutions operating segment and the Other operating segment. This increase was due mainly to the appreciation of the U.S. Dollar against the Japanese Yen. Net sales would have remained flat when excluding the effects of foreign currency exchange fluctuations. Cost of sales increased by 0.4% for fiscal year 2013. Cost of sales increased at a rate less than the rate at which net sales increased as compared to the previous fiscal year due primarily to the increase in sales of post sales and rentals with low cost of sales ratio. In addition, the group-wide activities to streamline costs has contributed to the decrease in cost of sales. As a result, gross profit increased by 2.1% for fiscal year 2013 as compared to fiscal year 2012, to ¥768.6 billion. Selling, general and administrative expenses decreased by 1.8% as compared to fiscal year 2012, to ¥690.7 billion, due primarily to decreases in costs achieved through Ricoh's continuing restructuring efforts and efforts to reduce R&D expenses incurred during the development phase of new products. For fiscal year 2013, restructuring charges, which are included in cost of sales and operating expenses in the consolidated statements of operations, decreased by ¥17.5 billion to ¥16.6 billion from ¥34.1 billion for fiscal year 2012. Ricoh continued its restructuring activities in order to enhance its competitiveness and improve its profitability. The fiscal year 2013 restructuring charges of ¥16.6 billion consisted of ¥8.6 billion recorded by the Company and its domestic subsidiaries, and ¥7.9 billion recorded by its overseas subsidiaries. As a result, operating income for fiscal year 2013 increased to ¥63.4 billion, which was an improvement from an operating loss of ¥18.0 billion from the previous fiscal year. Ricoh is targeting to achieve net sales of ¥2,100.0 billion and operating income of ¥140.0 billion by March 2014.

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As noted previously, to improve the allocation of human resources, Ricoh spent ¥16.6 billion during fiscal year 2013, and plans to spend ¥10.0 billion during fiscal year 2014. Ricoh is starting to see the benefits of its restructuring efforts and aims to achieve ¥66.0 billion of cost savings through these restructuring efforts by the end of fiscal year 2014. Moreover, the Company intends to expedite its reduction of human resources to achieve the 17<sup>th</sup> MTP targeted reduction of headcount by approximately 10,000 persons prior to the end of fiscal year 2014. In addition, the Company has been advancing structural reform to maintain accelerated growth while responding to the changes in the business environment. More specifically, this includes (1) establishing Ricoh Technologies Company, Ltd. and Ricoh Industry Company, Ltd. in April 2013, to which it transferred parts of its engineering and production functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan, with the intent to enhance the global competitiveness of the Company's engineering and production functions by centralizing them at such companies, (2) discontinuing production of office automation equipment at the Gotemba plant in Japan, (3) strengthening its global procurement chain by establishing a central procurement facility in Thailand, (4) transferring the measuring equipment business in November 2011 to AIREX Co., Ltd., which is a company established with Aichi Tokei Denki Co., Ltd. as the co-parent, and (5) planning the reorganization of its electronic components business, which it announced in April 2013.

## KEY PERFORMANCE INDICATORS

The following table shows changes in the key performance indicators that Ricoh's management used in assessing its performance for the last three fiscal years. Ricoh's management considers these indicators to be important in monitoring and evaluating its performance to meet the expectation of its shareholders.

|   | For the year ended March 31, |         |         |
|---|------------------------------|---------|---------|
|   | 2011                         | 2012    | 2013    |
| Net sales (in billions of Yen)                            | 1,941.3                      | 1,903.4 | 1,924.4 |
| Operating income (loss) to net sales ratio <sup>(1)</sup> | 3.0%                         | (0.9%)  | 3.3%    |
| Return on assets <sup>(2)</sup>                           | 0.8%                         | (2.0%)  | 1.4%    |
| Inventory turnover within months <sup>(3)</sup>           | 1.79                         | 2.03    | 2.03    |
| Interest-bearing debt (in billions of Yen)                | 629.6                        | 741.8   | 702.7   |

Notes:

(1) Operating income to net sales ratio = Operating income divided by net sales.

(2) Return on assets = Net income divided by average total assets for the fiscal year.

(3) Inventory turnover within months = Inventory divided by average monthly cost of sales.

In fiscal year 2013, Ricoh's consolidated net sales increased by 1.1% to ¥1,924.4 billion, from ¥1,903.4 billion for fiscal year 2012, due primarily to the increase in net sales in the Imaging & Solutions operating segment and the Other operating segment. Operating income to net sales ratio increased by 4.2 percentage points to 3.3% from -0.9% for fiscal year 2012 due primarily to the increase in operating income resulting from the increase in net sales and the decrease in selling, general and administrative expenses. Return on assets increased by 3.4 percentage points to 1.4% from -2.0% for fiscal year 2012 due mainly to an increase in net income. Inventory turnover within months was at the same level as compared to the fiscal year 2012. Repayment of debts contributed to the decrease in interest-bearing debt by ¥39.1 billion.

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### **CRITICAL ACCOUNTING POLICIES**

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

Ricoh considers an accounting policy to be critical if it is important to its financial condition and results, and requires significant judgments and estimates on the part of management in its application. Ricoh believes that the following represent the critical accounting policies of the Company. For a summary of the significant accounting policies, including the critical accounting policies discussed below, see Note [2] to the Consolidated Financial Statements.

#### **Revenue Recognition**

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

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

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

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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 can be cancelled at any time by the customer upon a short notice period.

Ricoh enters into arrangements with multiple elements, which may include any combination of products, equipment, installation and maintenance. Consideration in a multiple-element arrangement is allocated at the inception of the arrangement to all deliverables on the basis of the relative selling price if both of the following criteria are met: the delivered item(s) has value to the customer on a stand-alone basis; and the delivery of the undelivered item must be probable and controlled by Ricoh if the arrangement includes the right of return. If these criteria are not met, revenue is deferred until the undelivered elements are fulfilled and accounted for as a single unit of accounting.

**Allowance for Doubtful Receivables**

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

The following table illustrates Ricoh's allowance for doubtful receivables for finance receivables for fiscal years 2011, 2012 and 2013.

| Description                       | 2011              | 2012     | 2013     |
|-----------------------------------|-------------------|----------|----------|
|                                   | (Millions of Yen) |          |          |
| Finance receivables               | 666,757           | 697,939  | 705,264  |
| Allowance for Finance receivables | (12,299)          | (10,219) | (10,249) |
| Allowance ratio                   | 1.8%              | 1.5%     | 1.5%     |

The decrease in the allowance ratio in fiscal year 2012 as compared to fiscal year 2011 was due primarily to a recovery of more than 60% of the allowance provided in fiscal year 2011 as a result of the Great East Japan Earthquake.



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The following table illustrates Ricoh's allowance for doubtful receivables for trade receivables by geographic location for fiscal years 2011, 2012 and 2013.

| Description                        | Japan   | Americas | Europe,<br>Middle East<br>and Africa<br>(Millions of Yen) | Other  | Total    |
|------------------------------------|---------|----------|---|--------|----------|
| For the year ended March 31, 2011: |         |          |   |        |          |
| Trade receivables                  | 241,443 | 72,129   | 128,950   | 23,299 | 465,821  |
| Allowance for doubtful receivables | (7,930) | (2,210)  | (6,007)   | (617)  | (16,764) |
| Allowance ratio                    | 3.3%    | 3.1%     | 4.7%  | 2.6%   | 3.6%     |
| For the year ended March 31, 2012: |         |          |   |        |          |
| Trade receivables                  | 255,208 | 75,306   | 127,487   | 25,593 | 483,594  |
| Allowance for doubtful receivables | (8,579) | (1,832)  | (5,313)   | (656)  | (16,380) |
| Allowance ratio                    | 3.4%    | 2.4%     | 4.2%  | 2.6%   | 3.4%     |
| For the year ended March 31, 2013: |         |          |   |        |          |
| Trade receivables                  | 240,182 | 89,511   | 162,982   | 32,330 | 525,005  |
| Allowance for doubtful receivables | (7,546) | (2,149)  | (4,992)   | (737)  | (15,424) |
| Allowance ratio                    | 3.1%    | 2.7%     | 3.1%  | 2.3%   | 2.9%     |

In fiscal year 2012, the allowance ratio in the Americas as well as Europe, Middle East and Africa decreased as compared to fiscal year 2011 due primarily to improved collection efforts and a decrease in outstanding old debt receivables that were due.

In fiscal year 2013, the allowance ratio in Europe, Middle East and Africa decreased as compared to fiscal year 2012 due primarily to improved collection efforts and a decrease in outstanding old debt receivables that were due.

**Pension Accounting**

The amounts recognized in the consolidated financial statements relating to employees' severance payments and pension plans are determined on an actuarial basis utilizing certain assumptions in the calculation of such amounts. The assumptions used in determining net periodic costs and liabilities for employees' severance payments and pension plans include expected long-term rate of return on plan assets, discount rate, rate of increase in compensation levels, average remaining years of service and other factors. Among these assumptions, the expected long-term rate of return on plan assets and the discount rate are two critical assumptions. Assumptions are evaluated at least annually, and events may occur or circumstances may change that may have a significant effect on the critical assumptions. In accordance with U.S. GAAP, actual results that differ from the assumptions are accumulated and amortized over future periods, thereby reducing the year-to-year volatility in pension expenses. As of March 31, 2013, Ricoh recognized and reflected in its consolidated balance sheets the funded status of its pension plans (equal to the difference between the fair value of plan assets and the projected benefit obligations) in the total amount of ¥163.0 billion.

For fiscal years 2011, 2012 and 2013, Ricoh used expected long-term rates of return on pension plan assets of 2.9%, 2.9% and 3.5%, respectively. In determining the expected long-term rate of return on pension plan assets, Ricoh considers the current and projected asset allocations, as well as expected long-term investment returns and risks for each category of the plan assets based on Ricoh's analysis of historical results. The projected allocation of the plan assets is developed in consideration of the expected long-term investment returns for each category of the plan assets. To moderate the level of volatility in pension plan asset returns and to reduce risks, approximately 25%, 50%, 20% and 5% of the plan assets are projected to be allocated to equity securities, debt securities, life insurance company general accounts and other financial instruments, respectively. As of March 31, 2013, the actual allocation of assets was generally consistent with the projected allocation stated above. The actual returns for fiscal years 2011, 2012 and 2013 were approximately 2.2% (gain), 4.7% (gain) and 9.0% (gain), respectively. The actual returns on pension plan assets may vary in future periods, depending on market conditions. The market-related value of plan assets is measured using fair values on the plan measurement date.

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With respect to the discount rate used in the annual actuarial valuation of the pension benefit obligations, the other critical assumption, Ricoh's weighted average discount rates for fiscal years 2011, 2012 and 2013 were 3.4%, 2.9% and 2.7%, respectively. In determining the appropriate discount rate, Ricoh considers available information about the current yield on high-quality fixed-income investments that are currently available and are expected to be available during the period corresponding to the expected duration of the pension benefit obligations.

The following table illustrates the sensitivity to changes in the discount rate and the expected return on pension plan assets, while holding all other assumptions constant, for Ricoh's pension plans as of March 31, 2013.

| <b>Change in Assumption</b>                                     | <b>Change in<br/>Pension Benefit<br/>Obligations</b> | <b>Change in<br/>Pre-Tax Pension<br/>Expenses</b> |
|---|--|---|
|   | <b>(Billions of Yen)</b>                             |   |
| 50 basis point increase / decrease in discount rate             | /+ ¥28.2   | /+ ¥1.3   |
| 50 basis point increase / decrease in expected return on assets |  | /+ ¥1.7   |

**Recovery of the Carrying Values of Impairment of Long-Lived Assets and Goodwill**

As of March 31, 2013, the aggregate carrying values of Ricoh's property, plant and equipment was ¥290.9 billion and the carrying values of Ricoh's intangible assets, excluding goodwill, was ¥107.7 billion. Ricoh believes that the recovery of the carrying values of these long-lived assets are critical to Ricoh's financial statements because of the significant amount of judgment required to determine the estimated undiscounted cash flows to be generated from these long-lived assets along with the related fair values of these assets, and the fact that an impairment charge has had, and could continue to have, a significant adverse effect on Ricoh's results of operations.

Ricoh reviews long-lived assets with a definite life for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. The recoverability of assets to be held and used is assessed by comparing the carrying amount of an asset or asset group to the expected future undiscounted net cash flows of the asset or asset group. If an asset or asset group is considered to be impaired, the impairment charge to be recognized is measured as the amount by which the carrying amount of the asset or asset group exceeds fair value. Long-lived assets meeting the criteria to be considered as held for sale are reported at the lower of their carrying amount or fair value less costs to sell.

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As of March 31, 2013, the carrying value of Ricoh's goodwill was ¥221.2 billion. Ricoh believes that the recovery of the carrying value of goodwill is critical to Ricoh's financial statements because of the significant amount of judgment required to determine the fair value of its reporting units along with the related implied fair value of the goodwill when required to do so, and the fact that a goodwill impairment charge has had, and could continue to have, a significant adverse effect on Ricoh's results of operations.

Ricoh reviews the carrying value of its goodwill for impairment annually at December 31 and when a triggering event occurs between annual impairment tests. At December 31, 2012, the Imaging & Solutions reporting unit had goodwill with a carrying value of ¥201.7 billion.

Ricoh utilizes an income approach for determining the fair value of the Imaging & Solutions reporting unit. For purposes of the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. Ricoh uses its adjusted market capitalization based on the quoted market price of its shares at December 31 and an assumed control premium of 35% at December 31, 2012 to determine the discount rate. Ricoh uses its forecasts to estimate future cash flows, which includes an estimate of long-term future growth rates. Ricoh derives its discount rates using a capital asset pricing model and analyzing published rates for industries relevant to its reporting units to estimate the cost of equity financing. Ricoh uses discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in its internally developed forecasts.

The discount rate used for the Imaging & Solutions reporting unit at December 31, 2012 was 9.1%. Under this approach, management concluded that fair value of the Imaging & Solutions reporting unit exceeded its carrying value by approximately 15.5%, and therefore, the goodwill in this reporting unit was not impaired. The most critical assumptions in determining the fair value of this reporting unit is the discount rate, which is influenced primarily by equity risk premium assumption, the implied company specific cash flow uncertainty risk premium assumption, and the control premium.

If the assumed control premium was lowered to 20% or the discount rate was increased to 9.6%, then the estimated fair value of the Imaging & Solutions reporting unit is estimated to exceed its carrying value by approximately 2.5%.

For fiscal year 2012, as a result of first step testing, Ricoh determined that the carrying amount of a production printing reporting unit exceeded its fair value estimate using both the income approach and the cost approach due to worsening economic circumstances. Consequently, Ricoh determined that second step testing was needed for this production printing reporting unit. At second step testing of goodwill of this production printing reporting unit, to determine the implied fair value of goodwill, Ricoh assigned the fair value of the reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination. As a result, the implied fair value of goodwill assigned to this production printing reporting unit was measured at zero and Ricoh recorded an impairment charge of ¥27,491 million.

No goodwill impairment was recognized in fiscal 2011.

While Ricoh believes that its estimates of future cash flows, discount rates are reasonable, changes to these assumptions in the future could result in a different conclusion about the recoverability of its long-lived assets, including goodwill.

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### **Impairment of Securities**

Individual securities classified as available-for-sale securities are reduced to their fair market value by a charge to income for declines in value that are other than temporary. Factors considered in assessing whether impairment other than temporary impairment exists include: (1) the financial condition and near term prospects of the issuer and (2) the intent and ability of Ricoh to retain such investment for a period of time sufficient to allow for any anticipated recovery in market value. Ricoh believes that impairment of securities is critical for its financial statements because it holds significant amounts of securities, the recoverability of which or lack thereof, could significantly affect its results of operations.

Ricoh recognized asset impairment charge for its securities that were determined to be other than temporary in the amounts of ¥1.8 billion, ¥5.0 billion and ¥0.3 billion for fiscal years 2011, 2012 and 2013, respectively. Based on an evaluation of evidence available to it as of the end of fiscal year 2013, the Company believes that the decline in fair value of securities, in which impairment charges are not recognized in the statement of operations, are temporary and do not represent an other-than-temporary impairment. This is because when considering the length of time that fair value has been below cost, the extent of decline and the financial condition of the issuers, the Company expects that its fair value will recover to a level above its costs while the Company holds onto these investments. In addition, there are no significant unrealized holding losses of securities at March 31, 2013 as described in Note [5] to the Consolidated Financial Statements.

### **Realizability of Deferred Tax Assets**

Ricoh records a valuation allowance to reduce its deferred tax assets to an amount that is more likely than not to be recoverable. Ricoh considers future market conditions, forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which Ricoh operates, and prudent and feasible tax planning strategies in determining the need for a valuation allowance. In the event Ricoh were to determine that Ricoh would not be able to recover any portion of Ricoh's net deferred tax assets in the future, the unrecoverable portion of the deferred tax assets would be charged to earnings during the period in which such determination is made. Likewise, if Ricoh were to later determine that it is more likely than not that the net deferred tax assets would be recoverable, the previously recorded valuation allowance would be reversed. In order to recover its deferred tax assets, Ricoh must be able to generate sufficient taxable income in the tax jurisdictions in which the deferred tax assets are located. The amount of valuation allowances increased from ¥42,553 million yen at March 31, 2012 to ¥56,081 million yen. The increase is primarily attributable to a certain U.S. subsidiary which continues to incur losses and sufficient taxable income is not expected to be generated in the future as of March 31, 2013 as well as the valuation allowance for deferred tax assets denominated in foreign currencies (mostly U.S. dollars) due to the depreciation of Japanese Yen.

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**NEW ACCOUNTING STANDARDS NOT YET ADOPTED**

In February 2013, the Financial Accounting Standards Board issued Accounting Standards Update ( ASU ) 2013-02. This ASU requires an entity to report the effect of reclassifications out of accumulated other comprehensive income. This ASU is effective prospectively for reporting periods after December 15, 2012. The adoption of ASU 2013-02 will not have any effect on Ricoh's consolidated financial position or results of operations.

**Table of Contents****A. Operating Results**

The following table sets forth selected consolidated financial data, including data expressed as a percentage of total consolidated net sales for the periods indicated, and the change in each consolidated financial line item between the indicated fiscal years:

|   | Millions of Yen (except percentages) |        |           |        |           |        | % Change |        |
|---|--------------------------------------|--------|-----------|--------|-----------|--------|----------|--------|
|   | 2011                                 |        | 2012      |        | 2013      |        | 2012     | 2013   |
| Net sales   |                                      |        |           |        |           |        |          |        |
| Products  | ¥ 935,280                            |        | ¥ 876,399 |        | ¥ 868,128 |        | (6.3)    | (0.9)  |
| Post sales and rentals  | 901,402                              |        | 920,827   |        | 941,564   |        | 2.2      | 2.3    |
| Other revenue   | 104,654                              |        | 106,251   |        | 114,805   |        | 1.5      | 8.1    |
| Total   | 1,941,336                            | 100.0% | 1,903,477 | 100.0% | 1,924,497 | 100.0% | (2.0)    | 1.1    |
| Cost of sales   |                                      |        |           |        |           |        |          |        |
| Products  | 647,155                              |        | 626,426   |        | 628,509   |        | (3.2)    | 0.3    |
| Post sales and rentals  | 427,796                              |        | 448,478   |        | 446,302   |        | 4.8      | (0.5)  |
| Other revenue   | 77,444                               |        | 75,951    |        | 81,085    |        | (1.9)    | 6.8    |
| Total   | 1,152,395                            | 59.4%  | 1,150,855 | 60.5%  | 1,155,896 | 60.1%  | (0.1)    | 0.4    |
| Gross profit  | 788,941                              | 40.6%  | 752,622   | 39.5%  | 768,601   | 39.9%  | (4.6)    | 2.1    |
| Selling, general and administrative expenses                    | 729,220                              | 37.6%  | 703,511   | 37.0%  | 690,735   | 35.9%  | (3.5)    | (1.8)  |
| Restructuring charges   | 885                                  | 0.0%   | 30,169    | 1.6%   | 13,053    | 0.6%   |          | (56.7) |
| Loss on impairment of goodwill                                  |                                      |        | 27,491    | 1.4%   |           | %      |          |        |
| Loss on impairment of long-lived assets                         | 765                                  | 0.0%   | 9,519     | 0.4%   | 1,379     | 0.1%   |          | (85.5) |
| Operating income (loss)   | 58,071                               | 3.0%   | (18,068)  | (0.9)% | 63,434    | 3.3%   |          |        |
| Other (income) expenses:  |                                      |        |           |        |           |        |          |        |
| Interest and dividend income                                    | (2,985)                              |        | (3,129)   |        | (3,048)   |        |          |        |
| Interest expense  | 8,528                                |        | 6,979     |        | 7,377     |        |          |        |
| Foreign currency exchange loss, net                             | 5,956                                |        | 4,355     |        | 121       |        |          |        |
| Loss on impairment of securities                                | 1,844                                |        | 5,012     |        | 332       |        |          |        |
| Other, net  | 559                                  |        | 652       |        | 479       |        |          |        |
| Total   | 13,902                               | 0.7%   | 13,869    | 0.8%   | 5,261     | 3.0%   | (0.2)    | (62.1) |
| Income before income taxes and equity in earnings of affiliates | 44,169                               | 2.3%   | (31,937)  | (1.7)% | 58,173    | 3.0%   |          |        |
| Provision for income taxes                                      | 22,410                               | 1.2%   | 8,223     | 0.4%   | 20,838    | 1.1%   | (63.3)   | 153.4  |
| Equity in earnings of affiliates                                | (22)                                 |        | 39        |        | 31        |        |          |        |
| Consolidated net income   | 21,737                               | 1.1%   | (40,121)  | (2.1)% | 37,366    | 1.9%   |          |        |
| Net income attributable to noncontrolling interests             | 3,107                                | 0.2%   | 4,439     | 0.2%   | 4,899     | 0.2%   | 42.9     | 10.4   |
| Net income attributable to Ricoh Company, Ltd.                  | 18,630                               | 1.0%   | (44,560)  | (2.3)% | 32,467    | 1.7%   |          |        |

| Reference: Exchange Rates* | 2011 |        | YEN<br>2012 |        | 2013 |        | Change   |          |
|----------------------------|------|--------|-------------|--------|------|--------|----------|----------|
|                            |      |        |             |        |      |        | 2012     | 2013     |
| US\$ 1                     | ¥    | 85.77  | ¥           | 79.08  | ¥    | 83.06  | ¥ (6.69) | ¥ 3.98   |
| EURO 1                     | ¥    | 113.28 | ¥           | 109.05 | ¥    | 107.08 | ¥ (4.23) | ¥ (1.97) |

\* These rates are the annual average exchange rates calculated by Ricoh using the daily average TTM rates published by The Bank of Tokyo-Mitsubishi UFJ, Ltd. These rates are used when consolidating the financial results of Ricoh's overseas subsidiaries with those of the Company.

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## SALES BY PRODUCT

|                                | Millions of Yen (except for percentages) |               |                    |               |                    |               | % Change     |            |
|--------------------------------|--|---------------|--------------------|---------------|--------------------|---------------|--------------|------------|
|                                | 2011                                     |               | 2012               |               | 2013               |               | 2012         | 2013       |
| <b>Imaging &amp; Solutions</b> |  |               |                    |               |                    |               |              |            |
| Office Imaging                 | ¥ 1,381,175                              | 71.2%         | ¥ 1,323,263        | 69.5%         | ¥ 1,329,608        | 69.1%         | (4.2)        | 0.5        |
| Production Printing            | 150,044                                  | 7.7           | 148,564            | 7.8           | 147,040            | 7.6           | (1.0)        | (1.0)      |
| Network System Solutions       | 181,411                                  | 9.3           | 199,273            | 10.5          | 208,743            | 10.8          | 9.8          | 4.8        |
| <b>Industrial Products</b>     | 107,032                                  | 5.5           | 98,052             | 5.2           | 93,094             | 4.8           | (8.4)        | (5.1)      |
| <b>Other</b>                   | 121,674                                  | 6.3           | 134,325            | 7.0           | 146,012            | 7.7           | 10.4         | 8.7        |
| <b>Total</b>                   | <b>¥ 1,941,336</b>                       | <b>100.0%</b> | <b>¥ 1,903,477</b> | <b>100.0%</b> | <b>¥ 1,924,497</b> | <b>100.0%</b> | <b>(2.0)</b> | <b>1.1</b> |

## Notes:

- (1) The above consolidated financial data set forth net sales to external customers by product.
- (2) The product categories in Imaging & Solutions were classified into Office Imaging, Production Printing and Network System Solutions in fiscal year 2013 from the previous product categories of Imaging Solutions and Network System Solutions. In addition, certain products were reclassified into the Network System Solutions product category in Imaging & Solutions and Industrial Products from Other in fiscal year 2013. Figures for the prior years set forth in the above table have been reclassified to reflect such changes.

**Fiscal Year 2013 Compared to Fiscal Year 2012**

*Net sales.* Consolidated net sales for fiscal year 2013 increased by 1.1% (or ¥21.0 billion) to ¥1,924.4 billion from ¥1,903.4 billion for fiscal year 2012. For fiscal year 2013, Ricoh reported an increase in net sales in the Imaging & Solutions operating segment and the Other operating segment. When excluding the impact of foreign currency exchange rate fluctuations, Ricoh's consolidated net sales would have remained relatively flat.

More specifically, the increase in net sales was due primarily to the increase in other revenue of 8.1% and the increase in post sales and rental of 2.3%, despite the 0.9% decrease in sale of products.

*Products.* The 0.9% decrease in net sales derived from products was due primarily to the decrease in net sales overseas. Even though the total number of units sold in the Americas and Europe increased compared to the previous fiscal year, sales of high-end products decreased due to restrained capital investments by large customers in the developed countries to whom Ricoh's high-end products are targeted. High-end products refer to products that have high print speeds, such as the MP 9002/7502/6002/6002 GP series that it introduced during fiscal year 2013. The decrease in sales of high-end products resulted in a decrease in net sales for fiscal year 2013. Moreover, the boycott of Japanese products in China also led to a decrease in sales in China. The weakening of the Japanese Yen towards the end of fiscal year 2013 positively affected sales, but in total, net sales derived from products decreased compared to the previous fiscal year. Despite such business and economic environment, Ricoh continued to introduce new MFP product models during fiscal year 2013. The introduction of these new product models contributed to the increase in sales of Ricoh's color products in the domestic market and also to the increase in sales of MFPs that can handle up to A4-sized paper and color products overseas.



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**Post sales and rentals.** Net sales derived from post sale services and rentals of equipment increased by 2.3% as compared to fiscal year 2012. This increase was primarily generated by the increase in overseas sales due to (1) the depreciation of the Yen against the U.S. Dollar towards the end of the fiscal year, (2) the increase in sales of MDS achieved through investments made in the development and deployment of a suite of cloud-type tools for device and print management purposes, increased headcount of professional staff that assist customers and improved services provided by its staff to customers as Ricoh provided intensive training for its MDS staff globally, (3) the increase in IT services revenue brought in through the acquisition of a German IT services company, ADA-Das SystemHaus GmbH ( ADA ), which was one of Germany's leading IT services company and has the capacity to provide a full line of IT infrastructure services to the mid- to large-sized customers and (4) the increase in the production printing after-service revenue achieved through the increase in the sales of internally developed cut sheet products. In the domestic market, even though customer's total printing volume increased compared to the previous fiscal year, competition led to a decrease in the cost per page charges, which resulted in a decrease in sales. The increase in overseas sales offset fully the decreased sales in the domestic market, resulting in an increase in net sales derived from post sales and rentals for fiscal year 2013.

**Other revenue.** Net sales derived from other sources (such as digital cameras, financing and logistics) increased by 8.1% as compared to the previous fiscal year due mainly to increased net sales from digital cameras and financing services. Pentax Ricoh Imaging Co., Ltd., which was established through an acquisition in the second half of fiscal year 2012 and whose net sales were reflected for the full fiscal year for the first time, contributed to the increase in sales of the Company's digital camera products. Net sales from financing services increased due primarily to Ricoh Leasing Co., Ltd. in Japan recording an increase in leasing volume during fiscal year 2013. This increase was due primarily to (1) improved value added product offerings to leasing customers through Ricoh's collaboration with its vendors, (2) improved sales relationships with its preferred customers and (3) increased demand in leased equipment in light of the recovery and restoration of the areas affected by the Great East Japan Earthquake.

**Cost of sales and Gross profit.** Consolidated cost of sales for fiscal year 2013 increased by 0.4% (or ¥5.0 billion) to ¥1,155.8 billion from ¥1,150.8 billion for fiscal year 2012. Cost of sales increased at a rate less than the rate at which net sales increased, as compared to fiscal year 2012. This was achieved due primarily to the increase in sales of post sales and rentals with low cost of sales ratio as discussed below. In addition, the group-wide activities to streamline costs has contributed to the decrease in cost of sales.

Consolidated gross profit for fiscal year 2013 increased by 2.1% (or ¥16.0 billion) to ¥768.6 billion from ¥752.6 billion for fiscal year 2012. The gross profit ratio increased from 39.5% to 39.9% due primarily to the increase in sales of post sales and rentals and the group-wide activities to streamline costs, as well as sales in the Americas having low cost of sales ratio due to the weakening of the Japanese Yen against the U.S. Dollar towards the end of fiscal year 2013.

**Products.** Even though sales derived from products decreased, cost of sales derived from products increased by 0.3% due primarily to the decrease in sales of high end products with higher profit margins, such as the MP 9002/7502/6002/6002 GP series, that was introduced during fiscal year 2013, and increased sales of the more aggressively priced MFPs that can handle up to A4-sized paper in the emerging markets.

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**Post sales and rentals.** Cost of sales decreased even though sales increased due to (1) the increase in sales of MDS and IT services with low cost of sales ratio, and (2) the increase in sales of supplies in the Americas with low cost of sales ratio, which was achieved by the depreciation of the Japanese Yen relative to the U.S. Dollar towards the end of fiscal year 2013. This resulted in an increase in gross profit ratio of 1.3%.

**Other revenue.** Cost of sales derived from other sources (such as digital cameras, financing and logistics) increased by 6.8% due primarily to the increase in sales. This increase was due to a higher cost of sales ratio caused by the decrease in interest rates for financings.

**Selling, general and administrative expenses.** Consolidated selling, general and administrative expenses for fiscal year 2013 decreased by 1.8% (or ¥12.8 billion) to ¥690.7 billion from ¥703.5 billion for fiscal year 2012. Despite an increase in selling, general and administrative expenses due to (1) additional investments made for both new businesses and the IT service business, (2) the depreciation of the Japanese Yen against the U.S. Dollar towards the end of fiscal year 2013 and (3) Pentax Ricoh Imaging Co., Ltd. being reflected for the full fiscal year for the first time, such increase was more than offset by the decrease in costs achieved through Ricoh's continuing restructuring efforts and efforts to reduce R&D expenses incurred for the development of new products.

**Restructuring charges.** Consolidated restructuring charges for fiscal year 2013 decreased by ¥17.1 billion to ¥13.0 billion from ¥30.1 billion for fiscal year 2012. Ricoh continued its restructuring activities in order to enhance competitiveness and improve profitability. The fiscal year 2013 restructuring charges of ¥13.0 billion consisted of ¥5.7 billion recorded by the Company and its domestic subsidiaries, and ¥7.3 billion recorded by its overseas subsidiaries. See Note [21] to the Consolidated Financial Statements for additional information.

**Operating income (loss).** Consolidated operating income for fiscal year 2013 increased to ¥63.4 billion from a loss of ¥18.0 billion for fiscal year 2012. This increase in operating income compared to fiscal year 2012 was due primarily to the increase in gross profit resulting from the increase in net sales and the decrease in selling, general and administrative expenses.

**Interest and dividend income.** Consolidated interest and dividend income for fiscal year 2013 decreased by ¥0.1 billion to ¥3.0 billion from ¥3.1 billion for fiscal year 2012.

**Interest expense.** Consolidated interest expense for fiscal year 2013 increased by ¥0.4 billion to ¥7.3 billion from ¥6.9 billion for fiscal year 2012.

**Foreign currency exchange loss, net.** Consolidated foreign currency exchange loss, net included in other (income) expenses for fiscal year 2013 decreased by ¥4.2 billion to ¥0.1 billion from ¥4.3 billion for fiscal year 2012. This decrease was due primarily to a decrease in foreign currency exchange loss in relation to loans made to affiliates.

**Loss on impairment of securities.** Consolidated loss on impairment of securities for fiscal year 2013 decreased by ¥4.7 billion to ¥0.3 billion from ¥5.0 billion for fiscal year 2012.

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*Other, net.* Consolidated other, net included in other (income) expenses for fiscal year 2013 decreased by ¥0.2 billion to an expense of ¥0.4 billion from an expense of ¥0.6 billion for fiscal year 2012.

*Provision for income taxes.* Total consolidated provision for income taxes for fiscal year 2013 increased by ¥12.6 billion to ¥20.8 billion from ¥8.2 billion for fiscal year 2012. The expected statutory rate and effective tax rate during fiscal year 2013 were 38% and 36%, respectively. The difference between the expected statutory tax benefit rate and the effective tax rate resulted primarily from (1) the difference in the statutory tax rates applicable between the Company and Ricoh's overseas subsidiaries and (2) a decrease in tax credit, which partially offset an increase in the valuation allowance for certain deferred taxes. See Note [9] to the Consolidated Financial Statements for additional information.

*Equity in earnings (losses) of affiliates.* Consolidated equity in earnings (losses) of affiliates for fiscal year 2013 decreased by ¥8 million to ¥31 million from ¥39 million for fiscal year 2012.

*Net income attributable to noncontrolling interests.* Consolidated net income attributable to noncontrolling interests for fiscal year 2013 increased by ¥0.4 billion to ¥4.8 billion from ¥4.4 billion for fiscal year 2012. This increase was due primarily to the improved performance of Ricoh Leasing Co., Ltd. for fiscal year 2013.

*Net income (loss) attributable to Ricoh Company, Ltd.* Consolidated net income (loss) attributable to the Company for fiscal year 2013 increased by ¥76.9 billion to ¥32.4 billion from a loss of ¥44.5 billion for fiscal year 2012 due primarily to an increase in operating income.

**Table of Contents****Operating Segments**

|                           | Millions of Yen (except for percentages) |        |             |        |          |
|---------------------------|--|--------|-------------|--------|----------|
|                           | 2012                                     |        | 2013        |        | % Change |
| Imaging & Solutions       |  |        |             |        |          |
| Net sales                 | ¥ 1,671,100                              | 100.0% | ¥ 1,685,391 | 100.0% | 0.9      |
| Operating expenses        | 1,616,132                                | 96.7   | 1,547,435   | 91.8   | (4.3)    |
| Operating income          | ¥ 54,968                                 | 3.3%   | ¥ 137,956   | 8.2%   | 151.0    |
| Industrial Products       |  |        |             |        |          |
| Net sales                 | ¥ 102,783                                | 100.0% | ¥ 97,408    | 100.0% | (5.2)    |
| Operating expenses        | 104,448                                  | 101.6  | 98,262      | 100.9  | (5.9)    |
| Operating loss            | ¥ (1,665)                                | (1.6)% | ¥ (854)     | (0.9)% |          |
| Other                     |  |        |             |        |          |
| Net sales                 | ¥ 134,325                                | 100.0% | ¥ 146,012   | 100.0% | 8.7      |
| Operating expenses        | 139,083                                  | 103.5  | 151,282     | 103.6  | 8.8      |
| Operating loss            | ¥ (4,758)                                | (3.5)% | ¥ (5,270)   | (3.6)% |          |
| Corporate and Elimination |  |        |             |        |          |
| Net sales                 | ¥ (4,731)                                |        | ¥ (4,314)   |        |          |
| Operating expenses        | 61,882                                   |        | 64,084      |        |          |
| Operating loss            | ¥ (66,613)                               |        | ¥ (68,398)  |        |          |
| Consolidated              |  |        |             |        |          |
| Net sales                 | ¥ 1,903,477                              | 100.0% | ¥ 1,924,497 | 100.0% | 1.1      |
| Operating expenses        | 1,921,545                                | 100.9  | 1,861,063   | 96.7   | (3.1)    |
| Operating income (loss)   | ¥ (18,068)                               | (0.9)% | ¥ 63,434    | 3.3%   |          |

## Notes:

- The above segment financial data, which set forth net sales, operating expenses and operating income (loss) for each operating segment, include both transactions with external customers as well as intersegment transactions. Notwithstanding the foregoing, all net sales recorded in the Imaging & Solutions operating segment and the Other operating segment reflect sales to external customers only, as none of the products in the Imaging & Solutions operating segment or the Other operating segment were sold to other Ricoh group companies that conduct businesses in the other operating segments. Accordingly, the segment net sales figures for the Imaging & Solutions operating segment set forth in the above table are the aggregate of the sales figures for the Office Imaging product category, the Production Printing product category and the Network System Solutions product category set forth in the SALES BY PRODUCT table included under Item 5.A. Operating Results.
- The product categories in Imaging & Solutions were classified into Office Imaging, Production Printing and Network System Solutions in fiscal year 2013 from the previous product categories of Imaging Solutions and Network System Solutions. In addition, certain products were reclassified into the Network System Solutions product category in Imaging & Solutions and Industrial Products from Other in fiscal year 2013. Figures for the prior years set forth in the above table have been reclassified to reflect such changes.

**Imaging & Solutions**

Net sales in the Imaging & Solutions operating segment for fiscal year 2013 increased by 0.9% (or ¥14.2 billion) to ¥1,685.3 billion from ¥1,671.1 billion for fiscal year 2012. Excluding the net effect of the foreign currency exchange rate fluctuations, sales in the Imaging & Solutions operating segment would have decreased by 0.3% (or ¥4.7 billion) for fiscal year 2013 as compared to fiscal year 2012, due to decreased net sales in the domestic market.

More specifically, sales in the Office Imaging product category for fiscal year 2013 increased by 0.5% (or ¥6.4 billion) to ¥1,329.6 billion from ¥1,323.2 billion for fiscal year 2012. This increase was due primarily to the increase in overseas sales, especially in the Americas, and the depreciation of the Japanese Yen against the U.S. Dollar towards the end of the fiscal year. In the Americas, the gradual recovery of the U.S. economy contributed to the increase in sales of Ricoh's MFP and laser printer products as well as the increase in the MDS sales achieved through Ricoh's continued investments in MDS business. Such increases in sales completely offset the decrease in after-sales revenue for the domestic market as Ricoh decreased its cost per page charges to remain competitive.



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To strengthen its product lineup, Ricoh continued to introduce new MFP models, such as MFPs that can handle up to A4-sized paper and color MFPs, in fiscal year 2013. As a result, sales of MFPs that can handle up to A4-sized paper increased in the overseas market and the number of color machine units sold increased in both the domestic and overseas markets.

Sales in the Production Printing product category for fiscal year 2013 decreased by 1.0% (or ¥1.5 billion) to ¥147.0 billion from ¥148.5 billion for fiscal year 2012. The decrease in sales of third party products (such as non-Ricoh products sold by Ricoh subsidiaries) were the main cause for the decrease in sales in this product category. Even under such conditions, Ricoh's internally developed cut sheet printers achieved solid increase in sales during fiscal year 2013.

Sales in the Network System Solutions product category for fiscal year 2013 increased by 4.8% (or ¥9.5 billion) to ¥208.7 billion from ¥199.2 billion for fiscal year 2012. This increase was due primarily to (1) realigning the functional organization for accelerating the implementation of IT services, (2) the development of human resources and (3) sales from ADA, a German IT services company acquired by Ricoh during fiscal year 2013. Furthermore, increased sales of new businesses such as projectors and UCS also contributed to the increase in sales in this product category.

Gross profit increased due primarily to the appreciation of the U.S. Dollar against the Japanese Yen and Ricoh's continuing efforts to implement group-wide activities to streamline costs.

Operating expense decreased due to a decrease in impairment costs of long-lived assets and a decrease in goodwill impairment costs which were not incurred during fiscal year 2013. Furthermore, the decrease by ¥16.2 billion as compared to fiscal year 2012 of total severance-related expenses and other restructuring costs incurred along with the continued group-wide activities to streamline costs contributed to the decrease in total expenses. In addition, Ricoh's continuing efforts to streamline the design process helped to keep R&D expenses down during the development phase of new products, which also contributed to the decrease in operating expense ratio for fiscal year 2013.

As a result of the above, operating income for the Imaging & Solutions operating segment for fiscal year 2013 increased by ¥83.0 billion to ¥137.9 billion from ¥54.9 billion for fiscal year 2012.

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### **Industrial Products**

Net sales in the Industrial Products operating segment for fiscal year 2013 decreased by 5.2% (or ¥5.3 billion) to ¥97.4 billion from ¥102.7 billion for fiscal year 2012. This decrease was due primarily to the decrease in sales of semiconductor devices and measuring equipment. With respect to semiconductor devices, Ricoh experienced a decrease in net sales because of the continued downturn in the Japanese market for analog one-chip LSIs for cellular phones and power and battery management ICs. With respect to measuring equipment, sales decreased due primarily to the transfer of operations to AIREX Co., Ltd., a company established with Aichi Tokei Denki Co., Ltd. as the co-parent. Sales in the thermal business on the other hand increased due to the successful development of products that meet customer needs. Furthermore, to increase our presence in the global market and increase sales, especially in the emerging market, Ricoh established a new business facility in India in June 2012 to oversee the Asia Pacific region. In addition, Ricoh has also taken steps to work with local dealerships to strengthen its sales channel in the emerging market.

Operating expenses in this segment for fiscal year 2013 decreased due primarily to Ricoh being able to procure raw materials used in the thermal media business at lower costs, which contributed to the increase in gross profit. In addition, total operating expenses decreased due to Ricoh's continuing group-wide activities to streamline costs. The activities to streamline costs were effective especially in the electronic devices business (such as the semiconductor business) in which cost of sales and selling, general and administrative costs decreased even with the reduction in sales. Furthermore, severance-related expenses and other restructuring costs incurred during fiscal year 2013 decreased by ¥1.2 billion as compared to the previous fiscal year, which also contributed to the decrease in operating expenses.

As a result of the above, the Industrial Products operating segment for fiscal year 2013 reported an operating loss of ¥0.8 billion from an operating loss of ¥1.6 billion for fiscal year 2012.

### **Other**

Net sales in the Other operating segment for fiscal year 2013 increased by 8.7% (or ¥11.7 billion) to ¥146.0 billion from ¥134.3 billion for fiscal year 2012 due mainly to increased net sales from digital cameras and financing services. Pentax Ricoh Imaging Co., Ltd., which was established through an acquisition in the second half of fiscal year 2012 and whose net sales were reflected for the full fiscal year for the first time, contributed to the increase in sales of Ricoh's digital camera products. Net sales from financing services increased due primarily to Ricoh Leasing Co., Ltd. in Japan recording an increase in leasing volume during fiscal year 2013. This increase was due primarily to (1) improved value added product offerings to leasing customers through Ricoh's collaboration with its vendors, (2) improved sales relationships with its preferred customers and (3) increased demand in leased equipment in light of the recovery and restoration of the areas affected by the Great East Japan Earthquake.

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Operating expenses in this operating segment increased due to the decline in profit margin in the financing business and the increase in expenses relating to the digital camera business. With regards to the financing business, the decrease in interest rates led to a decline in profit margin and gross profit did not increase as much as the increase in sales from financing. Furthermore, restructuring costs incurred in the digital camera business led to an increase in operating expense, which resulted in an increase in the loss incurred for this business. After the acquisition of PENTAX imaging systems business from HOYA Corporation, the Company has taken steps to strategically focus its sales on digital SLRs, and hybrid and high-end compact digital cameras for growth. Because of this change in business strategy, the Company incurred significant losses on abandonment of goods, which was completed during fiscal year 2013. The digital camera business showed a steady increase in sales and Ricoh received positive reviews from the market on the new products it released during the second half of fiscal year 2013.

As a result of the above, operating loss for the Other operating segment for fiscal year 2013 increased by ¥0.5 billion to ¥5.2 billion as compared to ¥4.7 billion for fiscal year 2012.



**Table of Contents****Geographic Information by Geographic Origin**

|                                | Millions of Yen (except for percentages) |        |             |        |          |
|--------------------------------|--|--------|-------------|--------|----------|
|                                | 2012                                     |        | 2013        |        | % Change |
| Japan                          |  |        |             |        |          |
| Net sales                      | ¥ 1,274,596                              | 100.0% | ¥ 1,262,302 | 100.0% | (1.0)    |
| Operating expenses             | 1,293,454                                | 101.5  | 1,235,391   | 97.9   | (4.5)    |
| Operating income (loss)        | ¥ (18,858)                               | (1.5)% | ¥ 26,911    | 2.1%   |          |
| The Americas                   |  |        |             |        |          |
| Net sales                      | ¥ 475,393                                | 100.0% | ¥ 500,955   | 100.0% | 5.4      |
| Operating expenses             | 501,785                                  | 105.6  | 494,295     | 98.7   | (1.5)    |
| Operating income (loss)        | ¥ (26,392)                               | (5.6)% | ¥ 6,660     | 1.3%   |          |
| Europe, Middle East and Africa |  |        |             |        |          |
| Net sales                      | ¥ 416,210                                | 100.0% | ¥ 415,425   | 100.0% | (0.2)    |
| Operating expenses             | 398,537                                  | 95.8   | 389,244     | 93.7   | (2.3)    |
| Operating income               | ¥ 17,673                                 | 4.2%   | ¥ 26,181    | 6.3%   | 48.1     |
| Other                          |  |        |             |        |          |
| Net sales                      | ¥ 278,159                                | 100.0% | ¥ 311,255   | 100.0% | 11.9     |
| Operating expenses             | 270,479                                  | 97.2   | 298,502     | 95.9   | 10.4     |
| Operating income               | ¥ 7,680                                  | 2.8%   | ¥ 12,753    | 4.1%   | 66.1     |
| Corporate and Elimination      |  |        |             |        |          |
| Net sales                      | ¥ (540,881)                              |        | ¥ (565,440) |        |          |
| Operating expenses             | (542,710)                                |        | (556,369)   |        |          |
| Operating income (loss)        | ¥ 1,829                                  |        | ¥ (9,071)   |        |          |
| Consolidated                   |  |        |             |        |          |
| Net sales                      | ¥ 1,903,477                              | 100.0% | ¥ 1,924,497 | 100.0% | 1.1      |
| Operating expenses             | 1,921,545                                | 100.9  | 1,861,063   | 96.7   | (3.1)    |
| Operating income (loss)        | ¥ (18,068)                               | (0.9)% | ¥ 63,434    | 3.3%   |          |

## Notes:

- (1) The above consolidated financial data, which set forth net sales, operating expenses and operating income (loss) for each geographic area by geographic origin, include both transactions with external customers as well as transactions between geographic areas.
- (2) The Middle East and Africa were reclassified from the Other geographic area into the Europe geographic area in fiscal year 2013. Figures for the prior fiscal years set forth in the above table have been reclassified to reflect such changes.

## Japan

Sales in Japan for fiscal year 2013 decreased by 1.0% (or ¥12.2 billion) to ¥1,262.3 billion from ¥1,274.5 billion for fiscal year 2012. One of the main reasons for this decrease was caused by the severe business environment and increased competition that led to a decrease in the cost per copy charge of Ricoh's core MFP products. The decrease in cost per copy charge resulted in an after-sales revenue decrease in fiscal year 2013 even though TDV increased. In addition, the slow rate of economic recovery in the Americas and Europe caused a decrease in export sales of PPCs/MFPs from Japan. Furthermore, the sales decrease with respect to semiconductor devices caused by the continuing downturn in the Japanese market for analog one-chip LSIs for cellular phones and power and battery management ICs, and the decrease in sales of measuring equipment due to the transfer of this operation to AIREX Co., Ltd., which is a company established with Aichi Tokei Denki Co., Ltd. as the co-parent, both adversely affected total sales in Japan. While sales of Pentax Ricoh Imaging Co., Ltd. were reflected for the full fiscal year for the first time thereby increasing sales in Japan, such increase in sales was not sufficient to offset the decrease in sales mentioned above, which resulted in an overall sales decrease in Japan.

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Operating expense in Japan decreased due primarily to a decrease in impairment costs of long-lived assets and a decrease in impairment costs of goodwill which were not incurred in fiscal year 2013 (in fiscal year 2012, Ricoh incurred a total of ¥15.1 billion in impairment costs of long-lived assets and goodwill). Furthermore, total severance-related expenses and other restructuring costs incurred during fiscal year 2013 decreased by ¥17.8 billion as compared to the previous fiscal year and contributed to the decrease in operating expenses, along with Ricoh's continuing group-wide activities to streamline costs.

As a result of the above, operating income (loss) in Japan for fiscal year 2013 increased by ¥45.7 billion to an income of ¥26.9 billion from a loss of ¥18.8 billion for fiscal year 2012.

### **The Americas**

Net sales in the Americas for fiscal year 2013 increased by 5.4% (or ¥25.6 billion) to ¥500.9 billion from ¥475.3 billion for fiscal year 2012. The gradual recovery of the U.S. economy contributed to the increase in sales of Ricoh's MFP and laser printer products in the U.S., Canada and Latin America. The weakening of the Japanese Yen against the U.S. Dollar towards the end of fiscal year 2013 also contributed to the increase in overall sales in the Americas.

Operating expenses in the Americas for fiscal year 2013 decreased due primarily to a decrease in impairment costs of long-lived assets and a decrease in impairment costs of goodwill which were not incurred in fiscal year 2013 (in fiscal year 2012, Ricoh incurred a total of ¥18.1 billion in impairment costs of long-lived assets and goodwill). On the other hand, restructuring cost increased by ¥5.2 billion from the previous fiscal year due to fees incurred relating to the reorganization and optimization of Ricoh's sales channels on a nationwide basis and additional expenses incurred in relation to the integration of the IT systems used in the Americas. Even when excluding these costs, the increase in the operating expense ratio for fiscal year 2013 was less than the increase in the sales ratio, and Ricoh's group-wide activities to streamline costs contributed greatly in achieving such result.

As a result of the above, operating income for fiscal year 2013 increased by ¥32.9 billion to an income of ¥6.6 billion from a loss of ¥26.3 billion for fiscal year 2012.

### **Europe, Middle East and Africa**

Sales in Europe, Middle East and Africa for fiscal year 2013 decreased by 0.2% (or ¥0.8 billion) to ¥415.4 billion from ¥416.2 billion for fiscal year 2012. Although the private sector investments decreased in light of the uncertain macroeconomic environment brought forth by the prolonged European debt crisis, Ricoh's recent acquisition of the German IT services company, ADA, contributed to the increase in sales of its IT service business. However, the Yen's appreciation against the Euro for most of fiscal year 2013 offset this increase, resulting in a small decrease in sales.

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Operating expenses in Europe, Middle East and Africa for fiscal year 2013 decreased by 2.3% (or ¥9.3 billion) to ¥389.2 billion from ¥398.5 billion for fiscal year 2012. Operating expenses decreased due to the impairment loss on goodwill and long-lived assets in the amount of ¥1.9 billion incurred during fiscal year 2012 not being incurred for fiscal year 2013. In addition, Ricoh's restructuring cost decreased by ¥5.3 billion as compared to the fiscal year 2012. Even if the above two factors that decreased operating expenses were not taken into consideration, group-wide activities to streamline costs decreased operating expenses as compared to fiscal year 2012.

As a result of the above, operating income for fiscal year 2013 increased by 48.1% (or ¥8.5 billion) to ¥26.1 billion from ¥17.6 billion for fiscal year 2012.

### **Other**

Net sales in the Other geographic area, which includes China, Southeast Asia and Oceania, increased for fiscal year 2013 by 11.9% (or ¥33.1 billion) to ¥311.2 billion from ¥278.1 billion for fiscal year 2012. This increase was due primarily to increased sales of low-end MFPs in the Asia Pacific region. In addition, recovery from the flood in Thailand that occurred in fiscal year 2011 and the increase in sales from manufacturing subsidiaries in Asia to subsidiaries in other overseas geographic areas due to the weakened Yen contributed to an increase in the sales in the Other geographic area.

Operating expenses in the Other geographic area for fiscal year 2013 increased by 10.4% (or ¥28.0 billion) to ¥298.5 billion from ¥270.5 billion for fiscal year 2012. This increase was due primarily to the increase in cost of sales resulting from the increase in sales. In addition, the impairment cost of ¥1.7 billion incurred in fiscal year 2012 was not incurred in fiscal year 2013 and such factor contributed to the increase in profit ratio. Even without the impact of the impairment cost, profit ratio improved by 0.7% due to the cost reduction activities implemented by the manufacturing facilities.

As a result of the above, operating income for fiscal year 2013 increased by 66.1% (or ¥5.1 billion) to ¥12.7 billion from ¥7.6 billion for fiscal year 2012.

### **Fiscal Year 2012 Compared to Fiscal Year 2011**

*Net sales.* Consolidated net sales for fiscal year 2012 decreased by 2.0% (or ¥37.9 billion) to ¥1,903.4 billion from ¥1,941.3 billion for fiscal year 2011. For fiscal year 2012, Ricoh recorded a decrease in net sales in the Imaging & Solutions operating segment and the Industrial Products operating segment. This decrease was due primarily to the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen. Had the foreign currency exchange rates remained the same as in fiscal year 2011, Ricoh's consolidated net sales would have increased by 1.2%.

More specifically, the 2.0% decrease in net sales was due primarily to the 6.3% decrease in sale of products, despite the 2.2% increase in sales derived from post sales and rentals and the 1.5% increase in other revenue.

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**Products.** The 6.3% decrease in net sales derived from products was due primarily to the appreciation of the Japanese Yen relative to the U.S. Dollar and the Euro. The decrease in net sales of PPCs/MFPs and laser printers also contributed to this decrease as customers decreased their capital investments in developed countries in light of the slowly recovering economies. Ricoh's shipments and manufacturing of products were delayed in light of disruptions to the transportation infrastructure and the shortage of fuel and materials caused by the Great East Japan Earthquake and the flood in Thailand. Ricoh missed certain business opportunities otherwise available as a result of these delays, which contributed to the decrease in net sales.

Despite such business and economic environment, Ricoh continued to introduce new product models with advanced features in not only MFPs but also production printing products during fiscal year 2012. The introduction of these new product models expanded Ricoh's market coverage to include color cut sheets in the production printing area and increased the total number of color MFPs sold as such units were favorably received in Japan.

**Post sales and rentals.** Net sales derived from post sale services and rentals of equipment increased 2.2% as compared to the previous fiscal year. This increase was due primarily to the increase in net sales generated by the network system solutions business, which provides support services to assist customers establish a networked environment and customized printing solutions that satisfy customers' individual needs. The continuing increase in the number of production printing machines that are in operation in light of Ricoh's sales efforts also contributed to the increase in net sales derived from post sale services. While customers continued to make efforts to decrease their printing costs by reducing total printing volume, which decreased Ricoh's sales of supplies for products and post sale services, such decrease was fully offset by the increased sales in the network system solutions business and the contribution to sales made by the increase in the number of production printing machines in operation.

**Other revenue.** Net sales derived from other sources (such as financings and logistics) increased 1.5% as compared to the previous fiscal year due mainly to increased net sales from financing services. Net sales from financing services increased due primarily to Ricoh Leasing Co., Ltd. in Japan recording an increase in leasing volume during fiscal year 2012 in part because of the ongoing reconstruction in the areas affected by the Great East Japan Earthquake.

**Cost of sales and Gross profit.** Consolidated cost of sales for fiscal year 2012 decreased by 0.1% (or ¥1.5 billion) to ¥1,150.8 billion from ¥1,152.3 billion for fiscal year 2011. This decrease was due primarily to the net effect of depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen as well as the decrease in sales of products.

Consolidated gross profit for fiscal year 2012 decreased by 4.6% (or ¥36.3 billion) to ¥752.6 billion from ¥788.9 billion for fiscal year 2011. The gross profit ratio decreased from 40.6% to 39.5% due primarily to the net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen. Due to the appreciation of the Japanese Yen, local currency-denominated export sales of products primarily manufactured in Japan and distributed and sold by the Company to its overseas customers through its subsidiaries in the Americas and Europe caused Ricoh to generate lower sales margin in terms of Japanese Yen as these subsidiaries were not able to increase the sales price of its products to make up for the shortfall arising from the appreciation of the Japanese Yen due to the competitive environment.

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**Products.** Cost of sales derived from products decreased by 3.2% due primarily to the net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen as well as the decrease in sales of products. Due to the appreciation of the Japanese Yen, local currency-denominated export sales of products primarily manufactured in Japan and distributed and sold by the Company to its overseas customers through its subsidiaries in the Americas and Europe caused Ricoh to generate lower sales margin in terms of Japanese Yen as these subsidiaries were not able to increase the sales price of its products to make up for the shortfall arising from the appreciation of the Japanese Yen due to the competitive environment. As a result, despite ongoing cost reduction efforts made by Ricoh, such as efforts to decrease production costs, the gross profit ratio of products decreased from 30.8% to 28.5%.

**Post sales and rentals.** Cost of sales derived from post sale services and rentals of equipment increased by 4.8% due primarily to the increase in sales derived from post sale services, such as support and maintenance services and sales of supplies for machines. Due primarily to the decrease in sales prices for post sale services and rentals that Ricoh implemented to remain competitive in the market environment where customers made efforts to decrease their printing costs, gross profit ratio of post sale services and rentals decreased from 52.5% to 51.3%.

**Other revenue.** Cost of sales derived from other sources (such as financings and logistics) decreased by 1.9% despite the increase in net sales. This decrease was mainly due to the decrease in financing costs as interest rates remained low in Japan. As a result, gross profit ratio of other revenue improved from 26.0% to 28.5%

***Selling, general and administrative expenses.*** Consolidated selling, general and administrative expenses for fiscal year 2012 decreased by 3.5% (or ¥25.7 billion) to ¥703.5 billion from ¥729.2 billion for fiscal year 2011. This decrease was due primarily to group-wide cost reduction efforts in the manufacturing and sales operations as well as the effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen.

***Restructuring charges.*** Consolidated restructuring charges for fiscal year 2012 increased by ¥29.3 billion to ¥30.1 billion from ¥0.8 billion for fiscal year 2011. Ricoh initiated restructuring activities in order to enhance competitiveness and improve profitability. The fiscal year 2012 restructuring charges of ¥30.1 billion consisted of ¥22.6 billion recorded by the Company and its domestic subsidiaries, and ¥7.5 billion recorded by its overseas subsidiaries. See Note [21] to the Consolidated Financial Statements for additional information.

***Operating income (loss).*** Consolidated operating income (loss) for fiscal year 2012 decreased by ¥76.0 billion to a loss of ¥18.0 billion from an income of ¥58.0 billion for fiscal year 2011. Operating income (loss) as a percentage of net sales decreased by 3.9 percentage points from 3.0% for fiscal year 2011 to -0.9% for fiscal year 2012. This decrease in operating income compared to fiscal year 2011 was due primarily to the decrease in gross profit resulting from the decrease in net sales and the increase in selling, general and administrative expenses.

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*Interest and dividend income.* Consolidated interest and dividend income for fiscal year 2012 increased slightly by ¥0.2 billion to ¥3.1 billion from ¥2.9 billion for fiscal year 2011.

*Interest expense.* Consolidated interest expense for fiscal year 2012 decreased by ¥1.6 billion to ¥6.9 billion from ¥8.5 billion for fiscal year 2011. Despite an increase in interest-bearing debt in fiscal year 2012, Ricoh's interest expense decreased as fiscal year 2012 was the first fiscal year to enjoy the full benefits of the tender offer for and subsequent purchase and retirement of high-interest bearing bonds issued by IKON before maturity in the amount of ¥25.1 billion in December 2010.

*Foreign currency exchange loss, net.* Consolidated foreign currency exchange loss, net included in other (income) expenses for fiscal year 2012 decreased by ¥1.6 billion to ¥4.3 billion from ¥5.9 billion for fiscal year 2011. This decrease was due primarily to Ricoh's foreign exchange hedging activities which Ricoh engaged in to hedge the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen.

*Loss on impairment of securities.* Consolidated loss on impairment of securities for fiscal year 2012 increased by ¥3.2 billion to ¥5.0 billion from ¥1.8 billion for fiscal year 2011. This increase in loss on impairment of securities was attributable to the decrease in the stock markets in fiscal year 2012.

*Other, net.* Consolidated other, net included in other (income) expenses for fiscal year 2012 increased by ¥0.1 billion to an expense of ¥0.6 billion from an expense of ¥0.5 billion for fiscal year 2011.

*Provision for income taxes.* Total consolidated provision for income taxes for fiscal year 2012 decreased by ¥14.2 billion to ¥8.2 billion from ¥22.4 billion for fiscal year 2011. The expected statutory tax benefit rate during fiscal year 2012 was -41%. However, Ricoh actually recognized income tax expense at an effective tax rate of 26%. This decline in expected tax benefits in fiscal year 2012 primarily resulted from (1) a reduction to net deferred tax assets that existed on November 30, 2011 that had to be re-measured using new tax rates in accordance with the change in Japanese tax law, (2) not being able to recognize a tax benefit for impairment losses on goodwill and (3) an increase in the valuation allowance for certain deferred tax assets. See Note [9] to the Consolidated Financial Statements for additional information.

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*Equity in earnings (losses) of affiliates.* Consolidated equity in earnings (losses) of affiliates for fiscal year 2012 increased by ¥61 million to an income of ¥39 million from a loss of ¥22 million for fiscal year 2011. See Note [6] to the Consolidated Financial Statements for additional information.

*Net income attributable to noncontrolling interests.* Consolidated net income attributable to noncontrolling interests for fiscal year 2012 increased by ¥1.3 billion to ¥4.4 billion from ¥3.1 billion for fiscal year 2011. This increase was due primarily to the improved performance of Ricoh Leasing Co., Ltd. for fiscal year 2012.

*Net income (loss) attributable to Ricoh Company, Ltd.* Consolidated net income (loss) attributable to the Company for fiscal year 2012 decreased by ¥63.1 billion to a loss of ¥44.5 billion from an income of ¥18.6 billion for fiscal year 2011. This decrease was due primarily to a decrease in operating income of ¥76.0 billion, which was partially offset by a decrease in the provision for income taxes by ¥14.2 billion.

**Table of Contents****Operating Segments**

|                           | Millions of Yen (except for percentages) |        |             |        | % Change |
|---------------------------|--|--------|-------------|--------|----------|
|                           | 2011                                     |        | 2012        |        |          |
| Imaging & Solutions       |  |        |             |        |          |
| Net sales                 | ¥ 1,712,630                              | 100.0% | ¥ 1,671,100 | 100.0% | (2.4)    |
| Operating expenses        | 1,580,344                                | 92.3   | 1,616,132   | 96.7   | 2.3      |
| Operating income          | ¥ 132,286                                | 7.7%   | ¥ 54,968    | 3.3%   | (58.4)   |
| Industrial Products       |  |        |             |        |          |
| Net sales                 | ¥ 112,445                                | 100.0% | ¥ 102,783   | 100.0% | (8.6)    |
| Operating expenses        | 111,447                                  | 99.1   | 104,448     | 101.6  | (6.3)    |
| Operating income (loss)   | ¥ 998                                    | 0.9%   | ¥ (1,665)   | (1.6)% |          |
| Other                     |  |        |             |        |          |
| Net sales                 | ¥ 121,674                                | 100.0% | ¥ 134,325   | 100.0% | 10.4     |
| Operating expenses        | 126,577                                  | 104.0  | 139,083     | 103.5  | 9.9      |
| Operating loss            | ¥ (4,903)                                | (4.0)% | ¥ (4,758)   | (3.5)% |          |
| Corporate and Elimination |  |        |             |        |          |
| Net sales                 | ¥ (5,413)                                |        | ¥ (4,731)   |        |          |
| Operating expenses        | 64,897                                   |        | 61,882      |        |          |
| Operating loss            | ¥ (70,310)                               |        | ¥ (66,613)  |        |          |
| Consolidated              |  |        |             |        |          |
| Net sales                 | ¥ 1,941,336                              | 100.0% | ¥ 1,903,477 | 100.0% | (2.0)    |
| Operating expenses        | 1,883,265                                | 97.0   | 1,921,545   | 100.9  | 2.0      |
| Operating income (loss)   | ¥ 58,071                                 | 3.0%   | ¥ (18,068)  | (0.9)% |          |

## Notes:

- The above segment financial data, which set forth net sales, operating expenses and operating income (loss) for each operating segment, include both transactions with external customers as well as intersegment transactions. Notwithstanding the foregoing, all net sales recorded in the Imaging & Solutions operating segment and the Other operating segment reflect sales to external customers only, as none of the products in the Imaging & Solutions operating segment or the Other operating segment were sold to other Ricoh group companies that conduct businesses in the other operating segments. Accordingly, the segment net sales figures for the Imaging & Solutions operating segment set forth in the above table are the aggregate of the sales figures for the Imaging Solutions product category and the Network System Solutions product category set forth in the SALES BY PRODUCT table included under Item 5.A. Operating Results.
  - Product Category in Imaging & Solutions was reclassified as Office Imaging, Production Printing and Network System Solutions in this fiscal year (Imaging Solutions and Network System Solutions as previous category). Certain products were reclassified into Network System Solutions and Industrial Products from Other in this fiscal year. The above reclassification was made to the prior year's figures.
- Imaging & Solutions

Net sales in the Imaging & Solutions operating segment for fiscal year 2012 decreased by 2.4% (or ¥41.5 billion) to ¥1,671.1 billion from ¥1,712.6 billion for fiscal year 2011. This decrease was due primarily to the net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen. Excluding the net effect of the foreign currency exchange rate fluctuations, sales in the Imaging & Solutions operating segment would have increased by 1.0% (or ¥16.9 billion) for fiscal year 2012 as compared to fiscal year 2011.



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More specifically, sales in the Office Imaging product category for fiscal year 2012 decreased by 4.2% (or ¥57.9 billion) to ¥1,323.2 billion from ¥1,381.1 billion for fiscal year 2011. This decrease was due primarily to the net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen. The decrease in net sales of PPCs/MFPs and laser printers also contributed to this decrease as customers decreased their capital investments in developed countries in light of the slowly recovering economies. Ricoh's shipments and manufacturing of products were delayed in light of disruptions to the transportation infrastructure and the shortage of fuel and materials caused by the Great East Japan Earthquake and the flood in Thailand. Ricoh missed certain business opportunities otherwise available as a result of these delays, which also contributed to the decrease in net sale. Despite such adverse business and economic conditions, Ricoh continued to introduce new MFPs with advanced features during fiscal year 2012. The introduction of new product models increased the total number of color MFPs sold as such units were favorably received in Japan.

Sales in the Production Printing Product category for fiscal year 2012 decreased by 1.0% (or ¥1.5 billion) to ¥148.5 billion from ¥150.0 billion for fiscal year 2011. This decrease was due primarily to the net effect of the depreciation of the U.S. Dollar and the Euro in relation to the Japanese Yen. Excluding the net effect of the foreign currency exchange rate fluctuations, sales in this category would have increased by 5.0% (or ¥75.6 billion) for fiscal year 2012 as compared to fiscal year 2011. Ricoh continued to introduce new production printing products with advanced features during fiscal year 2012. The introduction of these new product models expanded Ricoh's market coverage of color cut sheets in the production printing area.

Sales in the Network System Solutions product category for fiscal year 2012 increased by 9.8% (or ¥17.8 billion) to ¥199.2 billion from ¥181.4 billion for fiscal year 2011. Sales in the solutions business (such as support services that help customers establish networked environments using Ricoh's imaging solutions products and software solutions to optimize total printing costs) continued to increase in Japan and Europe for fiscal year 2012 as customers continued to seek products that streamlined the process of document scanning, indexing and distribution by integrating hardware and software.

For fiscal year 2012, the cost of sales in the Imaging & Solutions operating segment decreased in line with the decrease in sales. Due primarily to the appreciation of the Japanese Yen, local currency-denominated export sales of products primarily manufactured in Japan and distributed and sold by the Company to its overseas customers through its subsidiaries in the Americas and Europe caused a decrease in gross profit as these subsidiaries were not able to increase the sales price of its products to make up for the shortfall arising from the appreciation of the Japanese Yen due to the competitive environment. In addition, operating expenses for this operating segment increased for fiscal year 2012 due primarily to an impairment loss on goodwill and long-lived assets for the production printing business in the amount of ¥37.0 billion and severance-related expenses and other restructuring charges in the amount of ¥29.7 billion. As a result, operating expenses in the Imaging & Solutions operating segment for fiscal year 2012 increased by 2.3% (or ¥35.8 billion) to ¥1,616.1 billion from ¥1,580.3 billion for fiscal year 2011.

As a result of the above, operating income for the Imaging & Solutions operating segment for fiscal year 2012 decreased sharply by 58.4% (or ¥77.3 billion) to ¥54.9 billion from ¥132.2 billion for fiscal year 2011.

**Table of Contents****Industrial Products**

Net sales in the Industrial Products operating segment for fiscal year 2012 decreased by 8.6% (or ¥9.7 billion) to ¥102.7 billion from ¥112.4 billion for fiscal year 2011. This decrease was due primarily to the decrease in sales of semiconductor devices and electronic components. With respect to semiconductor devices, Ricoh experienced a decrease in net sales because of the downturn in the Japanese market for analog one-chip LSIs for cellular phones and power and battery management ICs. With respect to electronic components, sales of ECUs (embedded controller unit) and PCBs (printed circuit board) decreased due primarily to decreased customer demand.

Operating expenses in this operating segment for fiscal year 2012 decreased by 6.3% (or ¥7.0 billion) to ¥104.4 billion from ¥111.4 billion for fiscal year 2011. This decrease was due primarily to the decrease in cost of sales resulting from the decrease in net sales. However, operating expenses did not decrease in line with the decrease in net sales as the cost of sales ratio in respect of semiconductor devices increased in light of the fact that the decrease in production volume (in response to decrease in demand) made it difficult for Ricoh to fully cover the fixed costs associated with the manufacturing of such devices. In addition, the increase in the cost of sales ratio in respect of thermal media also contributed to operating expenses not decreasing in line with the decrease in net sales. The cost of sales ratio in respect of thermal media increased due primarily to the fact that production costs for such products in Europe did not decrease in line with the decrease in sales as Ricoh fell short of reaching its cost reduction targets in the manufacturing process for such devices. Consequently, gross profit decreased as compared to fiscal year 2011 due primarily to decreased net sales as well as the increased cost of sales ratio. In addition, severance-related expenses and other restructuring charges in the amount of ¥1.4 billion also contributed to operating expenses not decreasing in line with the decrease in net sales.

As a result of the above, the segment results for the Industrial Products operating segment for fiscal year 2012 decreased to an operating loss of ¥1.6 billion from an operating income of ¥0.9 billion for fiscal year 2011.

**Other**

Net sales in the Other operating segment for fiscal year 2012 increased by 10.4% (or ¥12.7 billion) to ¥134.3 billion from ¥121.6 billion for fiscal year 2011. This increase was due primarily to the increase in sales of digital cameras as a result of the acquisition of the PENTAX imaging systems business from HOYA Corporation in October 2011. The increase in net sales from the financing business conducted by Ricoh Leasing Co., Ltd. in Japan also contributed to the increase in net sales in this operating segment. Net sales from the financing business increased as leasing volume increased during fiscal year 2012 in part because of the ongoing reconstruction in the areas affected by the Great East Japan Earthquake. While sales from logistics decreased due to the decrease in logistical services provided to PPC/MFP dealers as such dealers purchased fewer PPCs/MFPs during fiscal year 2012, such decrease was completely offset by the net sales increases derived from the digital camera and financing businesses.

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Operating expenses in this operating segment for fiscal year 2012 increased by 9.9% (or ¥12.5 billion) to ¥139.0 billion from ¥126.5 billion for fiscal year 2011. This increase was due primarily to the acquisition of the PENTAX imaging systems business from HOYA Corporation. Despite the contributions to gross profit from the acquisition of the PENTAX imaging systems business, gross profit in the Other operating segment decreased due primarily to the decreased profitability of Ricoh's digital camera business (excluding the PENTAX imaging systems business) as Ricoh decreased the sales price of its cameras to boost customer demand. Selling, general and administrative expenses increased due primarily to the increase in research and development activities undertaken by Ricoh to create new products and services that followed the fiscal year 2012 introduction of projectors and UCSs. Severance-related expenses and other restructuring charges in the amount of ¥0.4 billion also contributed to the increase in operating expenses.

As a result of the above, operating loss for the Other operating segment for fiscal year 2012 decreased by ¥0.2 billion to ¥4.7 billion as compared to ¥4.9 billion for fiscal year 2011.

**Table of Contents****Geographic Information by Geographic Origin**

|                                | Millions of Yen (except for percentages) |        |             |        |          |
|--------------------------------|--|--------|-------------|--------|----------|
|                                | 2011                                     |        | 2012        |        | % Change |
| Japan                          |  |        |             |        |          |
| Net sales                      | ¥ 1,286,335                              | 100.0% | ¥ 1,274,596 | 100.0% | (0.9)    |
| Operating expenses             | 1,257,207                                | 97.7   | 1,293,454   | 101.5  | 2.9      |
| Operating income (loss)        | ¥ 29,128                                 | 2.3%   | ¥ (18,858)  | (1.5)% |          |
| The Americas                   |  |        |             |        |          |
| Net sales                      | ¥ 523,896                                | 100.0% | ¥ 475,393   | 100.0% | (9.3)    |
| Operating expenses             | 529,157                                  | 101.0  | 501,785     | 105.6  | (5.2)    |
| Operating income (loss)        | ¥ (5,261)                                | (1.0)% | ¥ (26,392)  | (5.6)% |          |
| Europe, Middle East and Africa |  |        |             |        |          |
| Net sales                      | ¥ 424,901                                | 100.0% | ¥ 416,210   | 100.0% | (2.0)    |
| Operating expenses             | 397,186                                  | 93.5   | 398,537     | 95.8   | 0.3      |
| Operating income               | ¥ 27,715                                 | 6.5%   | ¥ 17,673    | 4.2%   | (36.2)   |
| Other                          |  |        |             |        |          |
| Net sales                      | ¥ 268,536                                | 100.0% | ¥ 278,159   | 100.0% | 3.6      |
| Operating expenses             | 256,438                                  | 95.5   | 270,479     | 97.2   | 5.5      |
| Operating income               | ¥ 12,098                                 | 4.5%   | ¥ 7,680     | 2.8%   | (36.5)   |
| Corporate and Elimination      |  |        |             |        |          |
| Net sales                      | ¥ (562,332)                              |        | ¥ (540,881) |        |          |
| Operating expenses             | (556,723)                                |        | (542,710)   |        |          |
| Operating income (loss)        | ¥ (5,609)                                |        | ¥ 1,829     |        |          |
| Consolidated                   |  |        |             |        |          |
| Net sales                      | ¥ 1,941,336                              | 100.0% | ¥ 1,903,477 | 100.0% | (2.0)    |
| Operating expenses             | 1,883,265                                | 97.0   | 1,921,545   | 100.9  | 2.0      |
| Operating income (loss)        | ¥ 58,071                                 | 3.0%   | ¥ (18,068)  | (0.9)% |          |

## Notes:

- (1) The above consolidated financial data, which set forth net sales, operating expenses and operating income (loss) for each geographic area by geographic origin, include both transactions with external customers as well as transactions between geographic areas.
- (2) Middle East and Africa were reclassified from Other into Europe in this fiscal year. The reclassification was made to the prior year's figures.

## Japan

Sales in Japan for fiscal year 2012 decreased by 0.9% (or ¥11.8 billion) to ¥1,274.5 billion from ¥1,286.3 billion for fiscal year 2011. This decrease was due primarily to the decrease in export sales of PPCs/MFPs from Japan to the markets in the Americas and Europe. This is because (1) the Japanese Yen appreciated relative to the U.S. Dollar and the Euro, (2) customer demand for such Ricoh products decreased in light of the slow rate of economic recovery in such countries and (3) Ricoh missed certain business opportunities otherwise available as its shipments and manufacturing of products were delayed in light of disruptions to the transportation infrastructure and the shortage of fuel and materials caused by the Great East Japan Earthquake and the flood in Thailand. In addition, sales of semiconductor devices and electrical components decreased due to a decrease in market demand for such products, which also contributed to the decrease in sales in Japan.

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Operating expenses in Japan for fiscal year 2012 increased by 2.9% (or ¥36.2 billion) to ¥ 1,293.4 billion from ¥1,257.2 billion for fiscal year 2011. This increase was due primarily to severance-related expenses and other restructuring charges in the amount of ¥26.5 billion and an impairment loss on goodwill and long-lived assets in the amount of ¥15.1 billion.

As a result of the above, operating income (loss) in Japan for fiscal year 2012 decreased by ¥47.9 billion to a loss of ¥18.8 billion from an income of ¥29.1 billion for fiscal year 2011.

### **The Americas**

Net sales in the Americas for fiscal year 2012 decreased by 9.3% (or ¥48.5 billion) to ¥475.3 billion from ¥523.8 billion for fiscal year 2011. Although Ricoh expanded its sales network in recent years through its acquisition of IKON, overall sales in the Americas geographic areas decreased in fiscal year 2012 due primarily to the decrease in customer demand and the appreciation of the Japanese Yen against the U.S. Dollar.

Operating expenses in the Americas for fiscal year 2012 decreased by 5.2% (or ¥27.4 billion) to ¥501.7 billion from ¥529.1 billion for fiscal year 2011. This decrease in operating expenses was due primarily to the decrease in cost of sales resulting from the decrease in net sales. Operating expenses did not decrease in line with the decrease in net sales, however, as Ricoh recorded an impairment loss on goodwill and long-lived assets in the amount of ¥18.1 billion and severance-related expenses and other restructuring charges in the amount of ¥1.5 billion as part of operating expenses in fiscal year 2012.

As a result of the above, operating loss for fiscal year 2012 increased by ¥21.1 billion to ¥26.3 billion from ¥5.2 billion for fiscal year 2011.

### **Europe, Middle East and Africa**

Sales in Europe, Middle East and Africa for fiscal year 2012 decreased by 2.0% (or ¥8.7 billion) to ¥416.2 billion from ¥424.9 billion for fiscal year 2011. This decrease in sales was due primarily to the appreciation of the Japanese Yen against the Euro.

Operating expenses in Europe, Middle East and Africa for fiscal year 2012 increased slightly by 0.3% (or ¥1.4 billion) to ¥398.5 billion from ¥397.1 billion for fiscal year 2011. This increase was due primarily to severance-related expenses and other restructuring charges in the amount of ¥5.8 billion and an impairment loss on goodwill and long-lived assets in the amount of ¥1.9 billion. Such increase completely offset the decrease in cost of sales resulting from the appreciation of the Japanese Yen against the Euro.

As a result of the above, operating income for fiscal year 2012 decreased by 36.2% (or ¥10.1 billion) to ¥17.6 billion from ¥27.7 billion for fiscal year 2011.

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### Other

Net sales in the Other geographic area, which includes China, Southeast Asia and Oceania, increased for fiscal year 2012 by 3.6% (or ¥9.6 billion) to ¥278.1 billion from ¥268.5 billion for fiscal year 2011. This increase was due primarily to the increase in sales in the emerging markets as Ricoh introduced lower-priced PPCs/MFPs (such as those that print on A4-sized paper only) in such markets and expanded its sales network by employing additional personnel to engage in sales promotional activity for such products. As a result, sales in the Other geographic area increased.

Operating expenses in the Other geographic area for fiscal year 2012 increased by 5.5% (or ¥14.0 billion) to ¥270.4 billion from ¥256.4 billion for fiscal year 2011. This increase was due primarily to the increase in cost of sales resulting from the increase in sales. Selling, general and administrative expenses also increased due mainly to increased sales promotion expenses as Ricoh expanded its sales force to capture future growth in these markets. In addition, severance-related expenses and other restructuring charges in the amount of ¥0.3 billion also contributed to the increase in operating expenses for this geographic area.

As a result of the above, operating income for fiscal year 2012 decreased by 36.5% (or ¥4.4 billion) to ¥7.6 billion from ¥12.0 billion for fiscal year 2011.

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## B. Liquidity and Capital Resources

Cashflows

The following table summarizes Ricoh's cashflows for each of the three fiscal years ended March 31, 2011, 2012 and 2013, as reported in the Consolidated Statements of Cashflows in the accompanying Consolidated Financial Statements.

|   | (Billions of Yen)            |         |         |
|---|------------------------------|---------|---------|
|   | For the year ended March 31, |         |         |
|   | 2011                         | 2012    | 2013    |
| Net cash provided by operating activities           | 128.6                        | 11.2    | 124.5   |
| Net cash used in investing activities               | (91.9)                       | (112.4) | (106.4) |
| Net cash provided by (used in) financing activities | (93.0)                       | 87.8    | (64.3)  |
| Net decrease in cash and cash equivalents           | (64.9)                       | (16.0)  | (39.1)  |
| Cash and cash equivalents at beginning of year      | 237.1                        | 172.2   | 156.2   |
| Cash and cash equivalents at end of year            | 172.2                        | 156.2   | 117.0   |
| Operating Cashflows                                 |                              |         |         |

As compared to fiscal year 2012, net cash provided by operating activities for fiscal year 2013 increased by ¥113.3 billion due primarily to (1) the depreciation of the Yen against the U.S. Dollar and the Euro towards the end of fiscal year, which contributed to an increase in cash collections of local currency-denominated export sales of products primarily manufactured in Japan and distributed and sold by the Company to its overseas customers through its subsidiaries in the Americas and Europe, (2) the decrease in total severance-related expenses and other restructuring costs, (3) the increase in collection of receivables through strengthened credit controls, and (4) the decrease in cash payments for parts and materials due to activities taken by the Company in fiscal year 2013 to minimize inventory.

As compared to fiscal year 2011, net cash provided by operating activities for fiscal year 2012 decreased by ¥117.4 billion due primarily to (1) the appreciation of the Japanese Yen against the U.S. Dollar and the Euro during fiscal year 2012, which caused a decrease in cash collections of local currency-denominated export sales of products primarily manufactured in Japan and distributed and sold by the Company to its overseas customers through its subsidiaries in the Americas and Europe as these subsidiaries were not able to increase the sales price of its products to make up for the shortfall arising from the appreciation of the Japanese Yen due to the competitive environment, (2) Ricoh losing business opportunities and incurring increased air freight costs to meet delivery deadlines as disruptions to the transportation infrastructure and the shortage of fuel and materials caused by the Great East Japan Earthquake and the flood in Thailand delayed Ricoh's shipments and manufacturing of products and (3) Ricoh expending additional funds for its manufacturing operations towards the end of the fiscal year in anticipation of increased demand for its products, which failed to materialize. In addition, severance payments and other restructuring charges also contributed to the decrease in cash provided by operating activities.

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**Table of Contents****Investing Cashflows**

For fiscal year 2013, net cash used in investing activities consisted mainly of ¥86.5 billion of expenditures for tangible fixed assets and ¥12.2 billion of expenditures for intangible fixed assets. Expenditures for tangible fixed assets in fiscal year 2013 consisted primarily of ¥12.7 billion for mold and die as well as jigs used in the production of PPCs/MFPs and laser printers, ¥8.0 billion to increase the production capacity and improve the production efficiency of Ricoh's manufacturing subsidiaries (¥4.5 billion of which was used in Japan and ¥3.5 billion of which was used overseas), ¥5.3 billion to increase the production capacity of a plant that manufactures polymerized P&P toner in Japan and ¥4.7 billion to upgrade the facilities for manufacturing its thermal media products. Expenditures for intangible fixed assets in fiscal year 2013 consisted primarily of ¥3.3 billion to purchase and implement the Enterprise Resource Planning ( ERP ) system, which was purchased with the goal of improving the efficiency of sales administration and accounting functions across the Ricoh group. Net cash used in investing activities decreased by ¥5.9 billion in fiscal year 2013 compared to the previous fiscal year due primarily to the decrease in spending for acquisitions.

For fiscal year 2012, net cash used in investing activities consisted mainly of ¥73.2 billion of expenditures for tangible fixed assets, ¥14.8 billion for the purchase of business, net of cash acquired (which was used primarily for the acquisition of the PENTAX imaging systems business from HOYA Corporation to further expand not only Ricoh's camera business but also its consumer products and services business), and ¥14.5 billion of expenditures for intangible fixed assets. Expenditures for tangible fixed assets in fiscal year 2012 consisted primarily of ¥9.3 billion for mold and die as well as jigs used in the production of PPCs/MFPs and laser printers, ¥8.3 billion for the construction of an additional toner manufacturing plant and related equipment to increase the production capacity of polymerized P&P toners and other products, and ¥8.2 billion to increase the production capacity and improve the production efficiency of Ricoh's manufacturing subsidiaries (¥4.7 billion of which was used in Japan and ¥3.5 billion of which was used overseas). Expenditures for intangible fixed assets in fiscal year 2012 consisted primarily of ¥3.5 billion to upgrade the IT system, which aimed to improve the administrative and development efficiency of the Ricoh group. Net cash used in investing activities increased in fiscal year 2012 compared to fiscal year 2011 due primarily to the acquisition of the business discussed above, net of cash acquired.



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For fiscal year 2011, net cash used in investing activities consisted mainly of ¥66.9 billion of expenditures for tangible fixed assets and ¥18.8 billion of expenditures for intangible fixed assets. Expenditures for tangible fixed assets in fiscal year 2011 consisted primarily of ¥8.1 billion to construct the new building to house the Ricoh Technology Center, ¥5.6 billion for mold casts used in the manufacturing of MFPs, production printing equipment and printers and ¥4.6 billion to construct the second plant to manufacture polymerized P&P toners. Expenditures for intangible fixed assets in fiscal year 2011 consisted primarily of ¥7.9 billion to purchase and implement the Enterprise Resource Planning ( ERP ) system, which was aimed to improve the efficiency of sales administration and accounting across the Ricoh group.

### **Financing Cashflows**

For fiscal year 2013, net cash used in financing activities consisted primarily of ¥59.0 billion of net decrease in debt with original maturities of three months or less, ¥9.3 billion to repay debt with original maturities of more than three months, net of proceeds, and ¥15.2 billion to pay dividends. Additionally, Ricoh Leasing Co., Ltd. issued the 14th series of unsecured straight bonds in the amount of ¥20.0 billion in November 2012. Furthermore, in order to refinance its long-term debt upon maturity in fiscal year 2013, Ricoh borrowed ¥30.0 billion from the Development Bank of Japan Inc ( DBJ ). The DBJ Environmental Ratings Loan Program is the world's first system of financing based on environmentally responsible ratings. DBJ has set forth three levels of interest rates based on the results of the environmental rating. By receiving the highest rating, Ricoh was able to borrow at the most favorable interest rate. As compared to fiscal year 2012, net cash used in financing activities increased in fiscal year 2013 primarily due to the repayment of long-term debt.

For fiscal year 2012, net cash provided by financing activities consisted primarily of ¥68.9 billion in proceeds from the issuance of debt with original maturities of three months or less and ¥65.8 billion in proceeds from the issuance of debt with original maturities of more than three months, net of cash repaid, which was partially offset by net cash used in financing activities consisting primarily of ¥23.9 billion to pay dividends and ¥22.4 billion to repay outstanding long-term debt securities. The repayment of outstanding long-term debt securities in the amount of ¥22.4 billion consisted primarily of ¥20.0 billion to repay upon maturity in March 2012 the 6th series of unsecured straight bonds issued by the Company and ¥2.2 billion to repay the outstanding zero coupon convertible bonds of the Company in December 2011. While the total amount of indebtedness increased in fiscal year 2012, interest expense decreased as Ricoh reduced the outstanding long-term debt securities of IKON (which had a higher interest rate) and replaced such borrowing with borrowings in Japan (which have lower interest rates). Due primarily to the increase in short-term borrowings and long-term indebtedness compared to fiscal year 2011, net cash provided by financing activities exceeded the net cash used in financing activities for fiscal year 2012.

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For fiscal year 2011, net cash used in financing activities consisted primarily of ¥87.9 billion to repay outstanding long-term debt securities, ¥92.7 billion to repay debt with original maturities of more than three months, ¥31.8 billion of net decrease in debt with original maturities of three months or less and ¥23.9 billion to pay dividends, which were partially offset by ¥79.7 billion of proceeds received from the issuance of long-term debt securities and ¥64.4 billion of proceeds received from debt with original maturities of more than three months. The Company issued the 9th series of unsecured straight bonds in the amount of ¥40.0 billion and the 10th series of unsecured straight bonds in the amount of ¥20.0 billion in June 2010. Ricoh Leasing Co., Ltd. issued the 13th series of unsecured straight bonds in the amount of ¥20.0 billion in May 2010. Proceeds from the issuance of long-term debt securities totaled ¥79.7 billion net of issuance costs. In December 2010, ¥52.8 billion aggregate principal amount of zero coupon convertible bonds (constituting a portion of the total outstanding principal amount thereof) were redeemed before maturity, upon the exercise of put options granted to the holders of the bonds. Ricoh redeemed bonds issued by IKON by way of a tender offer and subsequent retirement of bonds before maturity in the amount of ¥25.1 billion. Ricoh Leasing Co., Ltd. repaid unsecured straight bonds in the amount of ¥10.0 billion in December 2010 upon maturity. Repayments of long-term debt securities totaled ¥87.9 billion.

#### Cash and Asset-Liability Management

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

Ricoh also enters into various derivative financial instrument contracts in the normal course of its business and in connection with the management of its assets and liabilities. In order to hedge against the potentially adverse impacts of foreign currency fluctuations on its assets and liabilities denominated in foreign currencies, Ricoh enters into foreign currency contracts and foreign currency options. Another form of derivative financial contracts that Ricoh enters into is interest rate swap agreements to hedge against the potentially adverse impacts of fair value or cashflow fluctuations on its outstanding debt interests. Ricoh uses these derivative instruments to reduce its risk and to protect the market value of its assets and liabilities in conformity with Ricoh's policy. Ricoh does not use derivative financial instruments for trading or speculative purposes, nor is it a party to leveraged derivatives. Detailed discussion of these derivative contracts is provided in Item 11. Quantitative and Qualitative Disclosures About Market Risk.

Ricoh also engages in limited securitization activities through its domestic leasing affiliate, Ricoh Leasing Co., Ltd. For a discussion of such activities, see Note [4] to the Consolidated Financial Statements.

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### Sources of Funding

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

As of March 31, 2013, Ricoh had ¥117.0 billion in cash and cash equivalents and ¥703.6 billion in aggregate borrowing facilities. Of the ¥703.6 billion in aggregate borrowing facilities, ¥639.5 billion was available to be borrowed by Ricoh as of March 31, 2013. As of March 31, 2013, the amounts available by bank loans and commercial paper were ¥363.4 billion and ¥276.1 billion, respectively. Ricoh Leasing Co., Ltd. has committed credit lines with several banks having credit ratings satisfactory to Ricoh in the aggregate amount of ¥50.0 billion. This ¥50.0 billion committed credit line amount of Ricoh Leasing Co., Ltd. is included in the ¥703.6 billion figure for aggregate borrowing facilities.

The Company, Ricoh Leasing Co., Ltd. and certain overseas subsidiaries raise capital by issuing commercial paper and long-term debt securities in various currencies. Ricoh Leasing Co., Ltd. and certain overseas subsidiaries of the Company issue commercial paper to meet their short-term funding requirements. Utilization of such capacity depends on Ricoh's financing needs, investor demand and market conditions, as well as the ratings outlook for Ricoh's securities. Interest rates for commercial paper issued by the Company and its subsidiaries ranged from 0.10% to 0.38%, interest rates for bank loans ranged from 0.10% to 10.50% and interest rates for long-term debt securities ranged from 0.35% to 7.30% during fiscal year 2013. For fiscal year 2013, the Company and its subsidiaries did not have any medium-term note programs.

The Company obtains ratings from the following major rating agencies: Standard & Poor's Rating Services, a division of McGraw-Hill Companies, Inc. (S&P), Moody's Investors Services (Moody's), and another local rating agency in Japan. As of March 31, 2013, S&P assigned long-term and short-term credit ratings for the Company of A and A-1, respectively, and Moody's assigned a short-term credit rating for the Company of P-1.

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

As is customary in Japan, substantially all of the bank loans are subject to general agreements with each lending bank which provide, among other things, that the bank may request additional security for loans if there is reasonable and probable cause for the necessity of such additional security and the bank may treat any security furnished, as well as any cash deposited in such bank, as security for all present and future indebtedness. The Company has never been requested to furnish such additional security. In some cases, the Company's long-term debt securities contain customary covenants, including a limitation on liens covenant. The Company was in compliance with the covenants in its bank agreements and securities as of March 31, 2013. The Company is not subject to any covenants limiting its ability to incur additional indebtedness. For additional detail regarding these securities, see Note [11] to the Consolidated Financial Statements.

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### Cash Requirements and Commitments

Ricoh believes that its cash and cash equivalents and funds expected to be generated from its operations are sufficient to meet its cash requirements at least through fiscal year 2014. Even if there were a decrease in cashflows from operations as a result of fluctuations in customer demands from one year to another due to unexpected changes in global economic conditions, Ricoh believes that current funds on hand along with funds available under existing borrowing facilities would be sufficient to finance its anticipated operations. In addition, Ricoh believes that it is able to secure adequate resources to fund ongoing operating requirements and investments related to the expansion of existing businesses and the development of new projects through its access to the financial and capital markets. While interest rates of such instruments may fluctuate, Ricoh believes that the effect of such fluctuations will not significantly affect Ricoh's liquidity, mainly due to the adequate amount of Ricoh's cash and cash equivalents on hand, stable cashflow generated from its operating activities and group-wide cash management system.

Ricoh expects that its capital expenditures for fiscal year 2014 will amount to approximately ¥89.0 billion, which will principally be used for investments in manufacturing facilities of digital and networking equipment with new engines, toners, thermal media and optical equipment. In addition, Ricoh is obligated to repay long-term indebtedness in the aggregate principal amount of ¥161.1 billion during fiscal year 2014, and in the aggregate principal amount of ¥350.6 billion during fiscal years 2015 through 2017.

The Company and certain of its subsidiaries have various employee pension plans covering all of their employees. As described in Note [12] to the Consolidated Financial Statements, the unfunded portion of these employee pension plans amounted to ¥163.0 billion as of March 31, 2013. The unfunded amount was recorded as an asset of ¥3.9 billion and a liability of ¥167.0 billion on the consolidated balance sheet of Ricoh as of March 31, 2013. The amounts contributed to pension plans for fiscal years 2011, 2012 and 2013 were ¥14.4 billion, ¥12.1 billion and ¥13.4 billion, respectively.

Ricoh believes that its cashflow from operating and investing activities together with existing lines of credit and borrowing facilities constitute adequate sources of funding to satisfy its liquidity needs and future obligations as described above. Ricoh's management is of the opinion that Ricoh's working capital is sufficient for its present requirements.

As of March 31, 2013, ¥74.0 billion of cash and cash equivalents are held by Ricoh's foreign subsidiaries. If these funds are needed for Ricoh's operations in Japan, Ricoh would be required to accrue and pay Japanese taxes to repatriate these funds. However, Ricoh's intent is to permanently reinvest these funds outside of Japan and Ricoh's current plans do not make it necessary for it to repatriate them to fund its operations in Japan.

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### **C. Research and Development, Patents and Licenses**

#### **Research and Development**

Since its formation, Ricoh's basic management philosophy has been to contribute to society by developing and providing innovative and useful products with an emphasis on the relationship between people and information. Based on this management philosophy, Ricoh undertakes a variety of R&D activities to develop new technologies, products and systems to facilitate better communication. The Research and Development Group function as the headquarters of Ricoh's R&D activities, which are conducted at its R&D bases throughout Japan and certain satellite R&D bases overseas. Ricoh conducts a wide range of R&D activities, from seeds research (i.e., early stage research) to research in elemental technologies, product applications and manufacturing technologies, including environmental technologies.

In Japan, Ricoh conducts basic and advanced research in connection with optical technologies, new materials, devices, information electronics, environmental technologies and software technologies as well as elemental development for new products. In addition, Ricoh has established satellite R&D bases in the United States, China and India through which it conducts R&D activities that focus on developing products that can be marketed globally and that take into consideration the needs of such particular geographic area. All aspects of Ricoh's research efforts are focused on developing products and services that are suitable for the new work environment. Ricoh also engages in R&D activities to protect the environment in every stage of each of its products' life cycles to realize Ricoh's three core values of harmonizing with the environment (i.e., reducing and minimizing environmental impact), simplifying your life and work (i.e., enhancing user friendliness and striving towards simplification), and supporting knowledge management (i.e., offering solutions to process information). For fiscal years 2011, 2012 and 2013, Ricoh's consolidated R&D expenditures totaled ¥110.5 billion, ¥119.0 billion and ¥112.0 billion, respectively.

Out of total consolidated R&D expenditures of ¥112.0 billion for fiscal year 2013, ¥84.2 billion was used for R&D activities relating to the Imaging & Solutions operating segment. Ricoh's R&D activities in the Imaging & Solutions operating segment continued to include (1) designing new optical designs for copiers, printers and production printing products, (2) developing imaging data processing technology, (3) developing electrophotographic and inkjet supply technology, (4) advancing elemental technology for the next-generation of image producing engines, (5) developing cutting edge software technology and (6) developing applications for the advancement of IT solutions.

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Out of total consolidated R&D expenditures of ¥112.0 billion for fiscal year 2013, ¥8.1 billion was used for R&D activities relating to the Industrial Products operating segment. In the Industrial Products operating segment, Ricoh's R&D activities continued to include (1) developing cameras and lenses for FA, (2) developing RECO-View RF(IC) tag series which is a unique product line combining RF tags with rewriting capability, (3) developing photo (UV)-curable Inkjet Ink that significantly reduces skin allergies.

Out of total consolidated R&D expenditures of ¥112.0 billion for fiscal year 2013, ¥1.7 billion was used for R&D activities relating to the Other operating segment. In this segment, Ricoh continued to develop its image capturing device technology for digital cameras and its related applications technology.

In addition, Ricoh continues to engage in the development of its fundamental research fields, which focus on R&D activities that can be applied to various products and that are difficult to categorize into a specific operating segment. Out of total consolidated R&D expenditures of ¥112.0 billion for fiscal year 2013, ¥18.0 billion was used for R&D activities relating to fundamental research fields. Such R&D activities include R&D in nanotechnology, micro-machining, general technologies in measuring, analysis and simulation, new materials and devices, next-generation image display technologies, manufacturing technology, system software modules, photonics technology for high speed and high quality image processing, the next-generation of office systems and office solutions, and environmental technologies.

For a summary of Ricoh's R&D expenditures for fiscal years 2011, 2012 and 2013, see Note [23] to the Consolidated Financial Statements.

## **Patents and Licenses**

Ricoh owns approximately 46,800 patents as of March 31, 2013 on a worldwide basis, and has a large number of licenses under various agreements with Japanese and foreign companies. Although patents and licenses are important to Ricoh, it does not believe that the expiration of any single patent or group of related patents or the termination of any licensing agreement or group of related licensing agreements will materially affect its business.

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The following table lists some of the important patent and licensing agreements which the Company is currently a party to:

| <b>Counterparty</b>   | <b>Country and Region</b> | <b>Summary of the Contract</b>   | <b>Contract Term</b>   |
|---|---------------------------|--|--|
| International Business Machines Corporation                           | USA                       | Comprehensive cross license patent agreement relating to the information processing technology area (reciprocal agreement)         | March 28, 2007 to expiration date of the patent subject to the agreement   |
| ADOBE Systems Incorporated  | USA                       | Patent licensing agreements relating to development on printer software and sales (the counterparty as the licensee)               | January 1, 1999 to March 31, 2015  |
| Lemelson Medical, Education & Research Foundation Limited Partnership | USA                       | Patent licensing agreement relating to computer image analysis and other products (the counterparty as the licensee)               | March 31, 1993 to expiration date of the patent subject to the agreement   |
| Canon Inc.  | Japan                     | Patent licensing agreement relating to office equipment (reciprocal agreement)   | October 1, 1998 to expiration date of the patent subject to the agreement  |
| KYOCERA Document Solutions Inc.                                       | Japan                     | Patent licensing agreement relating to method of controlling multi function peripheral (the Company as the licensor)               | January 1, 2012 to December 31, 2018                                       |
| KYOCERA Document Solutions Inc.                                       | Japan                     | Patent licensing agreement relating to facsimile functions (the Company as the licensor)   | June 1, 2012 to May 31, 2017   |
| Hitachi, Ltd.   | Japan                     | Patent licensing agreement relating to optical record and playback equipment, and multi function peripheral (reciprocal agreement) | January 1, 2007 to December 31, 2013                                       |
| Sony Corporation  | Japan                     | Patent licensing agreements relating to optical disks (the Company as the licensor ) and digital cameras (reciprocal agreement)    | April 1, 2009 to March 31, 2018  |
| Brother Industries, Ltd.  | Japan                     | Patent licensing agreement relating to digital photography (the Company as the licensor)   | October 1, 2009 to September 30, 2014                                      |
| Quantum Storage Inc.  | Taiwan                    | Patent licensing agreement relating to optical disc (the Company as the licensor)  | February 22, 2011 to February 22, 2016                                     |
| Hewlett-Packard Company   | USA                       | Comprehensive cross license patent agreement relating to the document processing system area (reciprocal agreement)                | October 31, 2011 to expiration date of the patent subject to the agreement |

## D. Trend Information

See OVERVIEW above and Cautionary Statement With Respect to Forward-Looking Statements in this Annual Report.

**Table of Contents****E. Off-Balance Sheet Arrangements**

Ricoh acts as a guarantor for some of its employees' housing loans, whose arrangements are not included on Ricoh's consolidated balance sheets. As of March 31, 2013, the total amount of such guarantees was ¥8 million.

**F. Tabular Disclosure of Contractual Obligations**

The following table sets forth Ricoh's contractual obligations as of March 31, 2013.

|   | Millions of Yen        |           |           |           |                   |
|---|------------------------|-----------|-----------|-----------|-------------------|
|   | Payments due by period |           |           |           | More than 5 years |
| Total   | Less than 1 year       | 1-3 years | 3-5 years |           |                   |
| CONTRACTUAL OBLIGATIONS                                     |                        |           |           |           |                   |
| Long-term Debt Obligations                                  | ¥ 637,561              | ¥ 161,180 | ¥ 273,636 | ¥ 159,065 | ¥ 43,680          |
| Interest Expense Associated with Long-term Debt Obligations | 15,698                 | 5,145     | 5,201     | 2,242     | 3,110             |
| Capital (Finance) Lease Obligations                         | 1,952                  | 879       | 562       | 342       | 169               |
| Operating Lease Obligations                                 | 79,959                 | 24,001    | 32,456    | 12,374    | 11,128            |
| Purchase Obligations  | 40,539                 | 40,539    |           |           |                   |
| TOTAL   | ¥ 775,709              | ¥ 231,744 | ¥ 311,855 | ¥ 174,023 | ¥ 58,087          |

Ricoh expects to contribute ¥15.3 billion to its pension plan during fiscal year 2014 and is currently unable to predict funding requirements for periods beyond fiscal year 2014 due to uncertainties related to changes in actuarial assumptions, return on plan assets and changes to plan membership.

Ricoh had operating lease commitments with rental payments totaling ¥47.5 billion for fiscal year 2013.

**G. Safe Harbor**

See Cautionary Statement With Respect to Forward-Looking Statements.



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## A. Directors and Senior Management

Directors and Audit & Supervisory Board Members of the Company as of June 21, 2013 were as follows:

| Name<br>(Date of Birth)   | Current Position<br>(Function/Business area)   | Date                    | Business Experience   |                                |
|---|--|-------------------------|---|--------------------------------|
| Shiro Kondo<br><br>(October 7, 1949)  | Chairman of the Board and  | Apr. 1973               | Joined the Company  |                                |
|   |  | June 2000               | Senior Vice President   |                                |
|   | Representative Director  | Oct. 2000               | General Manager of Imaging System Business Group                            |                                |
|   |  | June 2002               | Executive Vice President  |                                |
|   |  | Oct. 2004               | General Manager of MFP Business Group                                       |                                |
|   |  | June 2005               | Director  |                                |
|   |  | June 2005               | Corporate Executive Vice President  |                                |
|   |  | Apr. 2007               | Representative Director (Current)   |                                |
|   |  | Apr. 2007               | President   |                                |
|   |  | Apr. 2007               | CEO (Chief Executive Officer)   |                                |
|   |  | Apr. 2013               | Chairman (Current)  |                                |
|   |  | Apr. 2013               | Chairman of the Board (Current)   |                                |
|   | Principal business activities and other principal directorships performed outside of Ricoh:<br>Representative of Asahi Mutual Life Insurance Company |                         |   |                                |
|   | Director of COCA-COLA WEST COMPANY, LIMITED  |                         |   |                                |
|   | Zenji Miura<br><br>(January 5, 1950)   | Representative Director | Apr. 1976   | Joined the Company             |
|   |  |                         | Jan. 1993   | President of Ricoh France S.A. |
| Oct. 2000   |  |                         | Senior Vice President   |                                |
| Oct. 2000   |  |                         | General Manager of Finance and Accounting Division                          |                                |
| June 2003   |  |                         | Executive Vice President  |                                |
| June 2004   |  |                         | Managing Director   |                                |
| June 2005   |  |                         | Director  |                                |
| June 2005   |  |                         | Corporate Executive Vice President  |                                |
| June 2005   |  |                         | CFO (Chief Financial Officer)   |                                |
| Apr. 2006   |  |                         | CIO (Chief Information Officer)   |                                |
| Apr. 2006   |  |                         | General Manager of Corporate Planning Division                              |                                |
| Apr. 2009   |  |                         | CSO (Chief Strategy Officer)  |                                |
| Apr. 2011   |  |                         | Representative Director (Current)   |                                |
| Apr. 2011   |  |                         | Deputy President  |                                |
| Oct. 2011   |  |                         | General Manager of Imaging Systems Business Group                           |                                |
| Apr. 2012   |  |                         | Chairman and CEO (Chief Executive Officer) of Ricoh Americas Holdings, Inc. |                                |
| May 2012  |  |                         | General Manager of Americas Marketing Group                                 |                                |
| Apr. 2013   |  |                         | President (Current)   |                                |
| Apr. 2013   |  |                         | CEO (Chief Executive Officer) (Current)                                     |                                |
| Principal business activities and other principal directorships performed outside of Ricoh:<br>Director of Nippon Venture Capital Co., Ltd. |  |                         |   |                                |
| Audit & Supervisory Board Member of COCA-COLA WEST COMPANY, LIMITED   |  |                         |   |                                |



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| <b>Name<br/>(Date of Birth)</b>         | <b>Current Position<br/>(Function/Business area)</b> | <b>Date</b> | <b>Business Experience</b>  |
|---|--|-------------|---|
| Shiro Sasaki<br><br>(December 23, 1949) | Director   | Apr. 1972   | Joined the Company  |
|   |  | Apr. 2000   | President of Gestetner Holdings PLC   |
|   |  | Apr. 2002   | President of NRG Group PLC  |
|   |  | June 2004   | Group Executive Officer, Senior Vice President  |
|   |  | Apr. 2006   | Chairman of Ricoh Europe B.V.   |
|   |  | Apr. 2006   | Chairman of NRG Group PLC   |
|   |  | Apr. 2007   | Chairman of Ricoh Europe, PLC   |
|   |  | Apr. 2007   | Chairman of Ricoh Europe (Netherlands) B.V.   |
|   |  | June 2009   | General Manager of Europe Marketing Group   |
|   |  | June 2010   | Director (Current)  |
|   |  | Apr. 2011   | Corporate Executive Vice President (Current)  |
|   |  | Apr. 2011   | General Manager of Production Printing Business Group (Current)   |
|   |  | Apr. 2011   | Chairman and CEO (Chief Executive Officer) of Ricoh Production Print Solutions, LLC (Current)           |
|   |  | Apr. 2011   | General Manager of Trade Affairs & Export/Import Administration Division (Current)                      |
|   |  | June 2012   | CMO (Chief Marketing Officer) (Current)   |
| Nobuo Inaba<br><br>(November 11, 1950)  | Director   | Apr. 1974   | Joined the Bank of Japan  |
|   |  | May 1992    | Director, Head of Securities Division, Credit and Market Management Department of the Bank of Japan     |
|   |  | May 1994    | Director, Head of Planning Division Policy Planning Office of the Bank of Japan                         |
|   |  | May 1996    | Deputy Director-General, Policy Planning Office of the Bank of Japan                                    |
|   |  | Apr. 1998   | Deputy Director-General (Adviser), Policy Planning Office of the Bank of Japan                          |
|   |  | Apr. 2000   | Adviser to the Governor Monetary Policy Studies Department, Policy Planning Office of the Bank of Japan |
|   |  | June 2001   | Director-General, Information System Services Department of the Bank of Japan                           |
|   |  | June 2002   | Director-General, Bank Examination and Surveillance Department of the Bank of Japan                     |
|   |  | May 2004    | Executive Director, Financial System Stability of the Bank of Japan                                     |
|   |  | May 2008    | Joined the Company  |
|   |  | May 2008    | Executive Advisor   |
|   |  | Apr. 2010   | President of Ricoh Institute of Sustainability and Business (Current)                                   |
|   |  | June 2010   | Director (Current)  |
|   |  | June 2010   | Corporate Executive Vice President (Current)  |
|   |  | June 2012   | CIO (Chief Information Officer) (Current)   |

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| <b>Name</b>            | <b>Current Position</b>         |             |   |
|------------------------|---------------------------------|-------------|---|
| <b>(Date of Birth)</b> | <b>(Function/Business area)</b> | <b>Date</b> | <b>Business Experience</b>  |
| Yohzoh Matsuura        | Director                        | Apr. 1980   | Joined the Company  |
| (April 15, 1956)       |                                 | Oct. 2004   | General Manager of Imaging Engine Development Division  |
|                        |                                 | Apr. 2008   | Corporate Vice President  |
|                        |                                 | Apr. 2010   | Corporate Senior Vice President   |
|                        |                                 | July 2010   | General Manager of MFP Business Group (Current)   |
|                        |                                 | Apr. 2011   | General Manager of Controller Development Division  |
|                        |                                 | June 2012   | Director (Current)  |
|                        |                                 | June 2012   | Corporate Executive Vice President (Current)  |
|                        |                                 | June 2012   | In charge of environmental management   |
|                        |                                 | Apr. 2013   | General Manager of Research and Development Group (Current)   |
| Yoshinori Yamashita    | Director                        | Mar. 1980   | Joined the Company  |
| (August 22, 1957)      |                                 | Apr. 2008   | President of Ricoh Electronics, Inc.  |
|                        |                                 | Apr. 2010   | Group Executive Officer, Corporate Vice President   |
|                        |                                 | Apr. 2011   | Corporate Senior Vice President   |
|                        |                                 | Apr. 2011   | General Manager of Corporate Planning Division (Current)  |
|                        |                                 | June 2012   | Director (Current)  |
|                        |                                 | June 2012   | Corporate Executive Vice President (Current)  |
|                        |                                 | Apr. 2013   | In charge of Internal Management and Control (Current)  |
| Kunihiko Satoh         | Director                        | Mar. 1979   | Joined the Company  |
| (October 21, 1956)     |                                 | June 2005   | Corporate Vice President  |
|                        |                                 | Apr. 2007   | Group Executive Officer, Corporate Vice President   |
|                        |                                 | Apr. 2009   | Representative Director, President of Ricoh Kansai Co., Ltd.  |
|                        |                                 | Oct. 2011   | Corporate Senior Vice President   |
|                        |                                 | Oct. 2011   | Representative Director, President and CEO (Chief Executive Officer) of Ricoh Japan Corporation (Current) |
|                        |                                 | Oct. 2011   | General Manager of Japan Marketing Group (Current)  |
|                        |                                 | June 2012   | Director (Current)  |
|                        |                                 | June 2012   | Corporate Executive Vice President (Current)  |

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| <b>Name</b>            | <b>Current Position</b>         |             |  |
|------------------------|---------------------------------|-------------|--|
| <b>(Date of Birth)</b> | <b>(Function/Business area)</b> | <b>Date</b> | <b>Business Experience</b>   |
| Kenichi Kanemaru       | Director                        | Apr. 1973   | Joined the Company   |
|                        |                                 | June 1999   | President of Ricoh UK Products Ltd.  |
| (November 19, 1952)    |                                 | June 2004   | Group Executive Officer, Senior Vice President   |
|                        |                                 | Oct. 2004   | Senior Vice President  |
|                        |                                 | Apr. 2006   | General Manager of Imaging System Production Business Group  |
|                        |                                 | Apr. 2008   | Corporate Senior Vice President  |
|                        |                                 | Apr. 2008   | General Manager of Production Business Group   |
|                        |                                 | Feb. 2011   | General Manager of Global Procurement Division (Current)   |
|                        |                                 | June 2013   | Director (Current)   |
|                        |                                 | June 2013   | Corporate Executive Vice President (Current)   |
|                        |                                 | June 2013   | CHO (Chief Human Resource Officer) (Current)   |
|                        |                                 | June 2013   | In charge of Corporate Social Responsibility (Current)   |
|                        |                                 | June 2013   | In charge of environmental management (Current)  |
| Mochio Umeda           | Outside Director                | Jan. 1988   | Joined Arthur D. Little (Japan) Inc.   |
|                        |                                 | Oct. 1994   | Director of Arthur D. Little, Inc.   |
| (August 30, 1960)      |                                 | May 1997    | Founded MUSE Associates, LLC. (U.S.A)  |
|                        |                                 | May 1997    | President of MUSE Associates, LLC. (U.S.A) (Current)   |
|                        |                                 | Aug. 2000   | Founded Pacifica Fund I, LP.   |
|                        |                                 | Aug. 2000   | Managing Director of Pacifica Fund I, LP. (Current)  |
|                        |                                 | June 2010   | Outside Director (Current)   |
|                        |                                 | Mar. 2012   | Outside Director of ASATSU-DK INC. (Current)   |
|                        |                                 | June 2012   | Founded MUSE ASSOCIATES INC.   |
|                        |                                 | June 2012   | President of MUSE ASSOCIATES INC. (Current)  |
| Kunio Noji             | Outside Director                | Apr. 1969   | Joined KOMATSU LTD.  |
|                        |                                 | June 1997   | Director of KOMATSU LTD.   |
| (November 17, 1946)    |                                 | June 2001   | Managing Director and President of Production Division and e-Komatsu Technical Center of KOMATSU LTD.                  |
|                        |                                 | Apr. 2003   | Director and Senior Executive Officer, President of Construction & Mining Equipment Marketing Division of KOMATSU LTD. |
|                        |                                 | Apr. 2005   | Supervising Construction & Mining Equipment Business and e-Komatsu technical Center of KOMATSU LTD.                    |
|                        |                                 | July 2006   | General Manager of KOMATSU Way Division of KOMATSU LTD   |
|                        |                                 | June 2007   | President and CEO of KOMATSU LTD.  |
|                        |                                 | June 2012   | Outside Director (Current)   |
|                        |                                 | Apr. 2013   | Chairman of the Board of KOMATSU LTD. (Current)  |
|                        |                                 | June 2013   | Outside Director of NEC Corporation (Current)  |

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| <b>Name</b>            | <b>Current Position</b>                  |             |   |
|------------------------|--|-------------|---|
| <b>(Date of Birth)</b> | <b>(Function/Business area)</b>          | <b>Date</b> | <b>Business Experience</b>  |
| Kunihito Minakawa      | Audit & Supervisory Board Member         | Apr. 1978   | Joined the Company  |
| (August 15, 1954)      |  | Jan. 2008   | General Manager of Business Strategy & Planning Center of International Business Group  |
|                        |  | Apr. 2009   | General Manager of Finance and Accounting Division  |
|                        |  | Jan. 2010   | General Manager of Group Management System Planning Office of Finance and Accounting Division                                       |
|                        |  | Apr. 2010   | Corporate Vice President  |
|                        |  | Apr. 2011   | General Manager of CRGP Office  |
|                        |  | Apr. 2012   | Corporate Senior Vice President   |
|                        |  | June 2013   | Audit & Supervisory Board Member (Current)  |
| Mitsuhiro Shinoda      | Audit & Supervisory Board Member         | Apr. 1978   | Joined the Company  |
| (November 23, 1953)    |  | Oct. 2000   | General Manager of Group Management Department of Corporate Planning Division   |
|                        |  | Apr. 2001   | General Manager of Audit Office   |
|                        |  | June 2003   | General Manager of Finance Department of Finance and Accounting Division  |
|                        |  | Nov. 2004   | General Manager of Internal Management & Control Office of Finance and Accounting Division  |
|                        |  | Apr. 2007   | General Manager of Internal Management & Control Division   |
|                        |  | June 2011   | Audit & Supervisory Board Member (Current)  |
| Takao Yuhara           | Outside Audit & Supervisory Board Member | Apr. 1969   | Joined Nippon Chemical Industrial Co., Ltd.   |
| (June 7, 1946)         |  | May 1971    | Joined SONY CORPORATION   |
|                        |  | June 2003   | Corporate Executive Officer and Group CFO (Chief Financial Officer) of SONY CORPORATION   |
|                        |  | Dec. 2007   | Managing Executive Officer of ZENSHO CO., LTD. (ZENSHO CO., Ltd. is changed its name to ZENSHO HOLDINGS CO., Ltd. in October. 2011) |
|                        |  | June 2008   | Outside Audit & Supervisory Board Member (Current)  |
|                        |  | May 2011    | Managing Director and CFO of ZENSHO CO., LTD.   |

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| <b>Name<br/>(Date of Birth)</b>           | <b>Current Position<br/>(Function/Business area)</b> | <b>Date</b> | <b>Business Experience</b>  |
|---|--|-------------|---|
| Kimitoshi Yabuki<br><br>(August 22, 1956) | Outside Audit & Supervisory Board Member             | Apr. 1987   | Qualified as an attorney-at-law in Japan                              |
|   |  | Apr. 1987   | Joined Nagashima & Ohno   |
|   |  | Sep. 1991   | Graduated from Columbia Law School, NY (LLM)                          |
|   |  | Sep. 1991   | Joined Covington and Burling in Washington DC and Brussels            |
|   |  | May 1996    | Joined Yabuki Law Office (Current)                                    |
|   |  | Mar. 2000   | Outside Audit & Supervisory Board Member of UPS Japan K.K.            |
|   |  | June 2008   | Outside Director of the Board of Eisai Co., Ltd.,                     |
| Kiyohisa Horie<br><br>(March 7, 1948)     | Substitute Audit & Supervisory Board Member          | June 2013   | Outside Audit & Supervisory Board Member (Current)                    |
|   |  | Apr.1970    | Joined Horie Morita Audit Office (now: Meiji Audit Corporation)       |
|   |  |             | Joined Showa Accounting Office  |
|   |  | Aug.1980    | Registered as Certified Public Accountant                             |
|   |  | Mar.1988    | Registered as Tax Accountant  |
|   |  | Apr.1988    | Senior Partner of Meiji Audit Corporation (Current)                   |
|   |  | May.1988    | Representative Director of Showa Accounting Office (Current)          |
|   |  | May.1988    | Managing Partner of Meiji Audit Corporation (Current)                 |
|   |  | May.1998    | Vice-Chairman & Managing Partner of Meiji Audit Corporation (Current) |

Directors and Audit & Supervisory Board Members are elected at a general meeting of shareholders for two and four years terms, respectively, and may serve any number of consecutive terms. The Board of Directors appoints from among its members a Chairman and one or more Representative Directors in accordance with the Corporation Law of Japan.

The Company maintains an executive officer system and under such system there are 28 such officers each with one of the following roles:

Executive officers: Oversee operations under the authority granted from the president and report to the president.

Group executive officers: Assist the president with the management of Ricoh group.

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Executive Officers of the Company as of June 21, 2013 were as follows:

| <b>Current Position</b> |   |  |                            |
|-------------------------|---|--|----------------------------|
| <b>Name</b>             | <b>(Function/Business area)</b>   | <b>Date</b>  | <b>Business Experience</b> |
| Shiro Kondo             | Chairman and  | See above for his business experience and other information. |                            |
| (October 7, 1949)       | Chairman of the Board   |  |                            |
| Zenji Miura             | President and   | See above for his business experience and other information. |                            |
| (January 5, 1950)       | Chief Executive Officer   |  |                            |
| Shiro Sasaki            | Corporate Executive Vice President  | See above for his business experience and other information. |                            |
| (December 23, 1949)     | (Chief Marketing Officer)<br>(General Manager of Production<br>Printing Business Group)                 |  |                            |
|                         | (General Manager of Trade Affairs &<br>Export/Import Administration<br>Division)                        |  |                            |
|                         | (Chairman and CEO (Chief<br>Executive Officer) of Ricoh<br>Production Print Solutions LLC)              |  |                            |
| Nobuo Inaba             | Corporate Executive Vice President  | See above for his business experience and other information. |                            |
| (November 11, 1950)     | (Chief Information Officer)   |  |                            |
|                         | (President of Ricoh Institute of<br>Sustainability and Business)  |  |                            |
| Yohzoh Matsuura         | Corporate Executive Vice President  | See above for his business experience and other information. |                            |
| (April 15, 1956)        | (General Manager of MFP Business<br>Group)  |  |                            |
|                         | (General Manager of Research and<br>Development Group)  |  |                            |
| Yoshinori Yamashita     | Corporate Executive Vice President  | See above for his business experience and other information. |                            |
| (August 22, 1957)       | (In charge of Internal Management<br>and Control)   |  |                            |
|                         | (General Manager of Corporate<br>Planning Division)   |  |                            |
| Kunihiko Satoh          | Corporate Executive Vice President  | See above for his business experience and other information. |                            |
| (October 21, 1956)      | (Representative Director, President<br>and CEO (Chief Executive Officer)<br>of Ricoh Japan Corporation) |  |                            |



|                     |  |   |
|---------------------|--|---|
|                     | (General Manager of Japan Marketing Group)       |   |
| Kenichi Kanemaru    | Corporate Executive Vice President               | See above for his business experience and other information |
| (November 19, 1952) | (CHO (Chief Human Resource Officer))             |   |
|                     | (In charge of Corporate Social Responsibility)   |   |
|                     | (In charge of environmental management)          |   |
|                     | (General Manager of Global Procurement Division) |   |

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| <b>Name</b>                            | <b>Current Position<br/>(Function/Business area)</b>  | <b>Date</b> | <b>Business Experience</b>   |
|--|---|-------------|--|
| Soichi Nagamatsu<br>(March 25, 1951)   | Corporate Senior Vice President<br>(General Manager of Legal & Intellectual Property Division)            | July 2004   | Joined the Company   |
|  |   | July 2004   | Deputy General Manager of Research and Development Group   |
|  | (General Manager of Network Appliance Business Group)   | Apr. 2006   | Corporate Vice President   |
|  |   | Apr. 2006   | General Manager of Research and Development Group  |
|  |   | Apr. 2006   | General Manager of Corporate Technology Planning Division  |
|  |   | Apr. 2007   | General Manager of Office System Development Center of Research and Development Group                      |
|  |   | Dec. 2007   | General Manager of Advanced Prototyping Center of Research and Development Group                           |
|  |   | Apr. 2008   | General Manager of Corporate Technology Development Group  |
|  |   | Apr. 2008   | General Manager of Office Solution Technology Development Center of Corporate Technology Development Group |
|  |   | Apr. 2008   | General Manager of Advanced Technology R&D Center of Research and Development Group                        |
|  |   | Apr. 2008   | Chairman of Ricoh Software Research Center (Beijing) Co., Ltd.   |
|  |   | Apr. 2009   | General Manager of Corporate Planning Division   |
|  |   | Oct. 2009   | General Manager of New Business Development Center of Corporate Planning Division                          |
|  |   | Apr. 2010   | Corporate Senior Vice President (Current)  |
|  |   | Apr. 2011   | General Manager of Network Appliance Business Group (Current)  |
|  |   | Oct. 2011   | General Manager of Eco Solution Division   |
|  |   | Apr. 2012   | General Manager of Eco Solution Center of Network Appliance Business Group                                 |
|  |   | Apr. 2013   | General Manager of Legal & Intellectual Property Division (Current)  |
| Kenichi Matsubayashi<br>(June 5, 1948) | Corporate Senior Vice President<br><br>(General Manager of Chemical Technology & Products Business Group) | Apr. 1971   | Joined the Company   |
|  |   | Apr. 2001   | Deputy General Manager of RS Products Division of Production Business Group                                |
|  |   | Apr. 2003   | Deputy General Manager of Procurement Control Center of Production Business Group                          |
|  |   | Oct. 2003   | General Manager of RS Products Division of Production Business Group                                       |
|  |   | June 2005   | Corporate Vice President   |
|  |   | Oct. 2008   | Representative Director, President of Yamanashi Electronics Co., Ltd.                                      |
|  |   | Apr. 2011   | Corporate Senior Vice President (Current)  |
|  |   | Oct. 2012   | General Manager of Chemical Technology & Products Business Group (Current)                                 |

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| Current Position                       |   |           |   |
|--|---|-----------|---|
| Name                                   | (Function/Business area)  | Date      | Business Experience   |
| Hidetsugu Nonaka<br>(December 5, 1953) | Corporate Senior Vice President<br>(General Manager of Global Marketing Group)<br>(General Manager of China & Emerging Markets Strategy Center of Global Marketing Group) | Apr. 1978 | Joined the Company  |
|  |   | Apr. 2006 | General Manager of Document Solutions & Services Division                                       |
|  |   | Apr. 2009 | Corporate Vice President  |
|  |   | June 2009 | Associate Director  |
|  |   | Apr. 2011 | Deputy General Manager of Global Marketing Group  |
|  |   | Apr. 2012 | Corporate Senior Vice President (Current)   |
|  |   | Apr. 2012 | General Manager of Global Marketing Group (Current)   |
|  |   | Apr. 2012 | General Manager of Service & Support Center of Global Marketing Group                           |
|  |   | Apr. 2012 | Chairman of Ricoh China Co., Ltd.   |
|  |   | May 2012  | General Manager of Imaging Product Business Center of Global Marketing Group                    |
|  |   | Apr. 2013 | General Manager of China & Emerging Markets Strategy Center of Global Marketing Group (Current) |
| Katsumi Kurihara<br>(March 24, 1956)   | Corporate Senior Vice President<br><br>(General Manager of Quality of Management Division)<br><br>(General Manager of Process Innovation Group)                           | Apr. 1978 | Joined the Company  |
|  |   | Apr. 2006 | General Manager of Engineering Process Innovation Center of MFP Business Group                  |
|  |   | Apr. 2007 | Deputy General Manager of Office Business Planning Center                                       |
|  |   | Apr. 2007 | General Manager of Engineering Process Innovation Center of Office Business Planning Center     |
|  |   | Apr. 2009 | General Manager of Quality of Management Division (Current)                                     |
|  |   | Apr. 2010 | Corporate Vice President  |
|  |   | Apr. 2011 | General Manager of Quality and Process Innovation Center of Quality Management Division         |
|  |   | Oct. 2011 | Deputy General Manager of Business Process Reengineering Group                                  |
|  |   | Oct. 2011 | General Manager of Quality and Process Innovation Center of Quality of Management Division      |
|  |   | Apr. 2012 | Corporate Senior Vice President (Current)   |
|  |   | Apr. 2012 | Deputy General Manager of Process Innovation Group  |
|  |   | June 2012 | General Manager of Process Innovation Group (Current)   |

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| <b>Name</b>                                | <b>Current Position<br/>(Function/Business area)</b>   | <b>Date</b> | <b>Business Experience</b>   |
|--|--|-------------|--|
| Seiji Sakata<br><br>(September 12, 1958)   | Corporate Senior Vice President                        | Apr. 1981   | Joined the Company   |
|  |  | Apr. 2008   | Deputy General Manager of MFP Business Group   |
|  | (General Manager of Human Resources Division)          | Oct. 2008   | General Manager of 2nd Designing Center of MFP Business Group                                    |
|  |  | Apr. 2009   | General Manager of Controller Development Division   |
|  | (General Manager of Corporate Sports Promotion Center) | Apr. 2010   | Corporate Vice President   |
|  |  | Apr. 2011   | General Manager of Human Resources Division (Current)  |
|  |  | Apr. 2011   | General Manager of General Administration Corporate Strategic Center of Human Resources Division |
|  |  | Apr. 2011   | Deputy General Manager of Corporate Sports Promotion Center                                      |
|  |  | Apr. 2012   | Corporate Senior Vice President (Current)  |
|  |  | Oct. 2012   | General Manager of General Administration Strategic Center                                       |
|  |  | Oct. 2012   | General Manager of Corporate Sports Promotion Center (Current)                                   |
| Daisuke Segawa<br><br>(July 21, 1954)      | Corporate Senior Vice President                        | Mar. 1980   | Joined the Company   |
|  |  | Oct. 2004   | General Manager of Corporate Planning Division   |
|  | (General Manager of Finance and Accounting Division)   | June 2005   | Corporate Vice President   |
|  |  | Apr. 2006   | General Manager of Finance and Accounting Division   |
|  |  | July 2008   | Group Executive Officer, Corporate Vice President  |
|  |  | Apr. 2009   | Associate Director   |
|  |  | May 2009    | President and CEO (Chief Executive Officer) of InfoPrint Solutions Company, LLC                  |
|  |  | June 2009   | Group Executive Officer, Corporate Vice President  |
|  |  | Dec. 2010   | General Manager of NPPC Preparation Office   |
|  |  | Apr. 2011   | Deputy General Manager of Production Printing Business Group                                     |
|  |  | Apr. 2011   | President and COO (Chief Operating Officer) of Ricoh Production Print Solutions, LLC.            |
|  |  | Apr. 2013   | Associate Director   |
|  |  | Apr. 2013   | Deputy General Manager of Finance and Accounting Division  |
|  |  | June 2013   | Corporate Senior Vice President (Current)  |
|  |  | June 2013   | General Manager of Finance and Accounting Division (Current)                                     |
| Masayuki Ishihara<br><br>(August 20, 1956) | Corporate Senior Vice President                        | Mar. 1979   | Joined the Company   |
|  |  | Apr. 2011   | Deputy General Manager of Production Business Group  |
|  | (General Manager of Production Business Group)         | Apr. 2012   | Corporate Vice President   |
|  |  | Apr. 2012   | General Manager of Production Business Group (Current)   |
|  |  | July 2012   | General Manager of Service Parts Center of Production Business Group                             |
|  | (President of RICOH Industry Co., Ltd.)                | Apr. 2013   | Corporate Senior Vice President (Current)  |
|  |  | Apr. 2013   | President of RICOH Industry Co., Ltd. (Current)  |

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| <b>Name</b>                                 | <b>Current Position<br/>(Function/Business area)</b>                                       | <b>Date</b> | <b>Business Experience</b>   |
|---|--|-------------|--|
| Katsunori Nakata<br><br>(November 4, 1961)  | Corporate Senior Vice President  | Apr. 1985   | Joined the Company   |
|   |  | Apr. 2012   | Deputy General Manager of Imaging Systems Business Group   |
|   | (General Manager of Imaging Systems Business Group)  | Apr. 2012   | General Manager of Industrial Optical Systems Division of Imaging Systems Business Group (Current) |
|   |  | Apr. 2013   | Corporate Senior Vice President (Current)  |
|   | (General Manager of Industrial Optical Systems Division of Imaging Systems Business Group) | Apr. 2013   | General Manager of Imaging Systems Business Group (Current)  |
| Junichi Matsuno<br><br>(April 18, 1954)     | Corporate Vice President   | Apr. 2008   | Joined the Company   |
|   |  | Apr. 2009   | General Manager of GJ Design & Development Division (Current)                                      |
|   | (General Manager of GJ Design & Development Division)                                      | Apr. 2009   | General Manager of Technology Strategy Center of GJ Design & Development Division                  |
|   |  | Apr. 2010   | Corporate Vice President (Current)   |
|   |  | Apr. 2011   | General Manager of GC Development Center of GJ Design & Development Division                       |
| Masahiro Nakamura<br><br>(December 7, 1955) | Corporate Vice President   | Mar. 1979   | Joined the Company   |
|   |  | Apr. 2011   | Deputy President of Electronic Devices Company   |
|   | (President of Electronic Devices Company)  | Oct. 2011   | Corporate Vice President (Current)   |
|   |  | Oct. 2011   | President of Electronic Devices Company (Current)  |
|   | (Chairman of Ricoh Electronic Devices Shanghai Co., Ltd.)                                  | Oct. 2011   | Chairman of Ricoh Electronic Devices Shanghai Co., Ltd. (Current)                                  |
| Hidenobu Endoh<br><br>(January 17, 1959)    | Corporate Vice President   | Apr. 1981   | Joined the Company   |
|   |  | Apr. 2007   | General Manager of GJ Designing Center of Printer Business Group                                   |
|   | (General Manager of Printer Business Group)  | Oct. 2009   | Deputy General Manager of Printer Business Group   |
|   |  | Apr. 2011   | Corporate Vice President (Current)   |
|   |  | Apr. 2011   | General Manager of Printer Business Group (Current)  |
| Kazuo Nishinomiya<br><br>(August 22, 1960)  | Corporate Vice President   | Apr. 1983   | Joined the Company   |
|   |  | Jan. 2007   | President of Ricoh Industrie France S.A.S.   |
|   | (President of PC Unit Products Company)  | Feb. 2010   | Deputy President of PC Unit Products Company   |
|   |  | Apr. 2010   | President of PC Unit Products Company (Current)  |
|   |  | Apr. 2011   | Corporate Vice President (Current)   |
| Hisao Murayama<br><br>(June 26, 1958)       | Corporate Vice President   | Mar. 1981   | Joined the Company   |
|   |  | Apr. 2011   | General Manager of Imaging Engine Development Division (Current)                                   |
|   | (General Manager of Imaging Engine Development Division)                                   | Apr. 2012   | Corporate Vice President (Current)   |
|   |  | Apr. 2012   | General Manager of Platform Development Center of Imaging Engine Development Division              |

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| <b>Name</b>                             | <b>Current Position<br/>(Function/Business area)</b>                      | <b>Date</b> | <b>Business Experience</b>  |
|---|---|-------------|---|
| Yasutomo Mori<br><br>(December 5, 1960) | Corporate Vice President  | Mar. 1986   | Joined the Company  |
|   |   | Apr. 2011   | President of Thermal Media Company (Current)                                      |
|   | (Deputy General Manager of Chemical Technology & Products Business Group) | Apr. 2011   | Chairman of Ricoh Thermal Media (Beijing) Co., Ltd. (Current)                     |
|   |   | Apr. 2011   | Chairman of Ricoh Thermal Media (Wuxi) Co., Ltd. (Current)                        |
|   |   | Apr. 2011   | Chairman of Ricoh International (Shanghai) Co., Ltd. (Current)                    |
|   | (Chairman of Ricoh Thermal Media (Beijing) Co., Ltd.)                     | Apr. 2012   | Corporate Vice President (Current)  |
|   |   | Oct. 2012   | Deputy General Manager of Chemical Technology & Products Business Group (Current) |
|   | (Chairman of Ricoh Thermal Media (Wuxi) Co., Ltd.)                        |             |   |
| Mariko Azuma<br><br>(November 21, 1952) | Corporate Vice President  | Apr. 1973   | Joined the Company  |
|   |   | June 2007   | General Manager of Corporate Social Responsibility Office                         |
|   | (General Manager of CSR and Environmental Management Division)            | Apr. 2013   | Corporate Vice President (Current)  |
|   |   | Apr. 2013   | General Manager of CSR and Environmental Management Division (Current)            |

Group Executive Officers of the Company as of June 21, 2013 were as follows:

| <b>Name</b>                              | <b>Current Position<br/>(Function/Business area)</b>            | <b>Date</b> | <b>Business Experience</b>  |
|--|---|-------------|---|
| Sadahiro Arikawa<br><br>(March 31, 1949) | Group Executive Officer, Corporate Senior Vice President        | Apr. 1971   | Joined the Company  |
|  |   | Apr. 2001   | General Manager of Fukuoka Branch of Marketing Group                    |
|  |   | Dec. 2001   | President of Ricoh Kyusyu Co., Ltd.                                     |
|  | (Representative Director, President of Ricoh Leasing Co., Ltd.) | Apr. 2004   | General Manager of Major Accounts Marketing Division of Marketing Group |
|  |   | June 2004   | Senior Vice President   |
|  |   | June 2005   | Corporate Vice President  |
|  |   | Apr. 2009   | Associate Director  |
|  |   | June 2009   | Representative Director, President of Ricoh Leasing Co., Ltd. (Current) |
| Nobuaki Majima<br><br>(May 24, 1952)     |   | June 2009   | Group Executive Officer, Corporate Senior Vice President (Current)      |
|  | Group Executive Officer, Corporate Vice President               | Apr. 1981   | Joined the Company  |
|  |   | Apr. 2006   | President of Ricoh Asia Pacific, Pte. Ltd. (Current)                    |
|  |   | Apr. 2009   | Group Executive Officer, Corporate Vice President (Current)             |
|  | (President of Ricoh Asia Pacific, Pte. Ltd.)                    | June 2009   |   |
| Akira Oyama<br><br>(January 6, 1961)     | (General Manager of Asia Pacific Marketing Group)               |             | General Manager of Asia Pacific Marketing Group (Current)               |
|  | Group Executive Officer, Corporate Vice President               | July 1986   | Joined the Company  |
|  |   | Apr. 2011   | President and COO of Ricoh Europe PLC                                   |
|  | (CEO of Ricoh Europe PLC)                                       | Aug. 2012   | Group Executive Officer, Corporate Vice President (Current)             |
|  |   | Aug. 2012   | CEO of Ricoh Europe PLC (Current)                                       |

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|   |           |   |
|---|-----------|---|
| (Chairman of Ricoh Europe B.V.)             | Aug. 2012 | Chairman of Ricoh Europe B.V. (Current)             |
|   | Aug. 2012 | General Manager of Europe Marketing Group (Current) |
| (General Manager of Europe Marketing Group) |           |   |

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| <b>Name</b>                              | <b>Current Position<br/>(Function/Business area)</b> | <b>Date</b> | <b>Business Experience</b>                                  |
|--|--|-------------|---|
| Martin Brodigan<br><br>(August 22, 1961) | Group Executive Officer, Corporate Vice President    | Oct. 1991   | Joined Gestetner Plc  |
|  |  | May 2012    | Chairman and CEO of Ricoh Americas Corporation (Current)    |
|  |  | May 2012    | Chairman and CEO of Ricoh USA, Inc. (Current)               |
|  | (Chairman and CEO of Ricoh Americas Corporation)     | Apr. 2013   | Group Executive Officer, Corporate Vice President (Current) |
|  |  | Apr. 2013   | General Manager of Americas Marketing Group (Current)       |
|  | (Chairman and CEO of Ricoh USA, Inc.)                |             |   |
|  | (General Manager of Americas Marketing Group)        |             |   |
| Jeffrey Briwick<br><br>(May 8, 1963)     | Group Executive Officer, Corporate Vice President    | Dec. 1987   | Joined Ricoh Electronics, Inc.                              |
|  |  | Apr. 2009   | EVP of California Operations Group, Ricoh Electronics, Inc. |
|  |  | Apr. 2011   | President and CEO of Ricoh Electronics, Inc. (Current)      |
|  | (President and CEO of Ricoh Electronics, Inc.)       | Apr. 2013   | Group Executive Officer, Corporate Vice President (Current) |

There are no family relationships between any Director, Audit & Supervisory Board Member or Executive Officer and any other Director, Audit & Supervisory Board Member or Executive Officer of the Company. There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any person named above was selected as a Director, Audit & Supervisory Board Member, Executive Officer, or a Group Executive Officer.

**B. Compensation**

The aggregate remuneration, including bonuses but excluding retirement allowances, for fiscal year 2013 to all Directors, Audit & Supervisory Board Members, Executive Officers and Group Executive Officers of the Company who served during fiscal year 2013 was ¥1,159 million.

Bonuses to be received by the director are determined by a resolution of an ordinary general meeting of shareholders of the Company. Bonuses so paid are not deductible by the Company for tax purposes and, for financial reporting purposes, are reported under selling, general and administrative expenses as a charge against income and are based on the Company's financial performance for the fiscal year. During fiscal year 2014, the Company will pay bonuses in the total amount of ¥98 million to Directors as a group in their capacity as such (excluding bonuses for their services as employees) in respect of fiscal year 2014, as approved by the Company's shareholders at the Ordinary General Meeting of Shareholders held on June 21, 2013.



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In accordance with customary Japanese business practice, when a Director or Audit & Supervisory Board Member retires, a proposal to pay a lump-sum retirement allowance is submitted to the shareholders for their approval. After shareholders' approval is obtained, the amount of the retirement allowance for a Director or Audit & Supervisory Board Member is fixed by the Board of Directors or Audit & Supervisory Board and generally reflects his remuneration and position at the time of retirement, the length of his service as a Director or Audit & Supervisory Board Member and his contribution to the Company's performance. At the Ordinary General Meeting of Shareholders held on June 27, 2007, the shareholders approved the abolishment of this retirement allowance system. Accordingly, the Company will pay incumbent Directors and Audit & Supervisory Board Members their final retirement allowances corresponding to their tenure through June 27, 2007 in accordance with standards prescribed by the Company. The amount of such final retirement allowance through June 27, 2007 is ¥498 million, for which the Company has established a reserve.

The Company abolished the retirement system as described above, in its place the Company introduced stock price-linked remuneration for its Directors by enhancing of the bonuses for directors with the Company's financial performance. Under this new system, the Company will pay a specified amount of remuneration to Directors each month, which amount will be contributed to the stock purchasing system to purchase the Company's stock. Each Director will be required to hold the Company's stock purchased under this system for the tenure of their office. One of the objectives of this system is to align the interests of the Directors with the interests of the shareholders on a long-term basis, which Ricoh believes will also strengthen the incentives to enhance shareholder value.

**C. Board Practices**

Under the Corporation Law of Japan, all Directors and Audit & Supervisory Board Members shall be elected at the General Meeting of Shareholders. In general, under the Articles of Incorporation of the Company, the terms of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within two years after their election, and the terms of office of Audit & Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within four years after their election. However, both the Directors and Audit & Supervisory Board Members may serve any number of consecutive terms.

From among the Directors, the Board of Directors shall elect one or more Representative Directors. Each of the Representative Directors has the statutory authority to represent the Company in the conduct of its affairs.

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The Audit & Supervisory Board Members of the Company are not required to be and are not certified public accountants. However, at least half of the Audit & Supervisory Board Members must be a person who has not been a Director, executive officer, manager, or employee of the Company or any of its subsidiaries prior to his or her election as an Audit & Supervisory Board Member. The Audit & Supervisory Board Members may not at the same time be Directors, executive officers, managers, or employees of the Company or any of its subsidiaries. Each Audit & Supervisory Board Member has the statutory duty to examine the financial statements and business reports to be submitted by the Board of Directors at the General Meeting of Shareholders and also to supervise the administration by the Directors of the Company's affairs. Audit & Supervisory Board Members are entitled and obligated to participate in meetings of the Board of Directors but are not entitled to vote. Under the Corporation Law, the Audit & Supervisory Board has a statutory duty to prepare and submit its audit report to the Board of Directors each year. An Audit & Supervisory Board Member may note his or her opinion in the audit report if it is different from the opinion of the Audit & Supervisory Board that is expressed in the audit report. The Audit & Supervisory Board is empowered to establish audit principles, the method of examination by the Audit & Supervisory Board Members of the Company's affairs and financial position, and other matters concerning the performance of the Audit & Supervisory Board Members' duties. The Company does not have an audit committee.

There are no Director's service contracts with Ricoh providing for benefits upon termination of service. For additional information regarding director compensation, see Item 6.B.

**D. Employees**

The table below provides information about employees.

|   | As of March 31, |                |                |
|---|-----------------|----------------|----------------|
|   | 2011            | 2012           | 2013           |
| <b>Categorized by Operating Segment</b>   |                 |                |                |
| Imaging & Solutions                       | 100,959         | 99,074         | 96,741         |
| Industrial Products                       | 3,056           | 3,101          | 3,247          |
| Other                                     | 3,868           | 5,888          | 6,257          |
| Headquarters                              | 1,131           | 1,178          | 1,186          |
| <b>Total</b>                              | <b>109,014</b>  | <b>109,241</b> | <b>107,431</b> |
| <b>Categorized by Geographic Location</b> |                 |                |                |
| Domestic                                  | 40,072          | 38,519         | 37,401         |
| Overseas                                  | 68,942          | 70,722         | 70,030         |
| <b>Total</b>                              | <b>109,014</b>  | <b>109,241</b> | <b>107,431</b> |

A union is organized in the Company and certain subsidiaries. There has been no significant labor dispute in fiscal year 2013 and Ricoh generally believes its employee relations to be good.

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## E. Share Ownership

The following table lists the number of Common Stock owned by each Director, Audit & Supervisory Board Member and Executive Officer of the Company as of June 21, 2013. None of the Company's Directors, Audit & Supervisory Board Members or Executive Officers is a beneficial owner of more than 1% of the Company's Common Stock. Collectively, the Directors, Audit & Supervisory Board Members and Executive Officers beneficially own approximately 0.03% of the total Company Common Stock issued.

| Name                 | Position  | Number of Shares |
|----------------------|---|------------------|
| Shiro Kondo          | Chairman of the Board and Representative Director | 43,000           |
| Zenji Miura          | Representative Director                           | 45,000           |
| Shiroh Sasaki        | Director  | 19,000           |
| Nobuo Inaba          | Director  | 11,000           |
| Yozoh Matsuura       | Director  | 4,000            |
| Yoshinori Yamashita  | Director  | 6,000            |
| Kunihiko Satoh       | Director  | 9,000            |
| Kenichi Kanemaru     | Director  | 9,000            |
| Mochio Umeda         | Outside Director                                  | 7,000            |
| Kunio Noji           | Outside Director                                  | 1,000            |
| Mitsuhiro Shinoda    | Audit & Supervisory Board Member                  | 3,000            |
| Kunihito Minakawa    | Audit & Supervisory Board Member                  | 3,000            |
| Soichi Nagamatsu     | Corporate Senior Vice President                   | 7,000            |
| Kenichi Matsubayashi | Corporate Senior Vice President                   | 13,000           |
| Hidetsugu Nonaka     | Corporate Senior Vice President                   | 5,000            |
| Katsumi Kurihara     | Corporate Senior Vice President                   | 3,000            |
| Seiji Sakata         | Corporate Senior Vice President                   | 5,000            |
| Daisuke Segawa       | Corporate Senior Vice President                   | 1,000            |
| Masayuki Ishihara    | Corporate Senior Vice President                   | 5,000            |
| Katsunori Nakata     | Corporate Vice President                          | 6,000            |
| Junichi Matsuno      | Corporate Vice President                          | 3,000            |
| Masahiro Nakamura    | Corporate Vice President                          | 7,000            |
| Kazuo Nishinomiya    | Corporate Vice President                          | 11,000           |
| Hisao Murayama       | Corporate Vice President                          | 6,790            |
| Mariko Azuma         | Corporate Vice President                          | 5,000            |
| Sadahiro Arikawa     | Corporate Senior Vice President                   | 4,000            |
| Nobuaki Majima       | Corporate Vice President                          | 9,000            |
| Akira Oyama          | Corporate Vice President                          | 7,000            |
| Total                |   | 257,790          |

All shares of Common Stock of the Company carry the same voting rights.

No options to purchase securities from the Company or any of its subsidiaries were outstanding on June 21, 2013.

**Table of Contents**Item 7. Major Shareholders and Related Party Transactions

## A. Major Shareholders

Major shareholders that are beneficial owners of 5% or more of the Common Stock as of March 31, 2013 are as follows:

| Title of Class | Name   | Number of<br>Shares Owned<br>(in<br>thousands) | Percentage<br>of<br>Outstanding<br>Shares<br>Owned |
|----------------|--|--|--|
| Common Stock   | The Master Trust Bank of Japan, Ltd. (Trust account) | 79,058   | 10.90%   |
| Common Stock   | Japan Trustee Services Bank, Ltd. (Trust account)    | 57,891   | 7.98   |
| Common Stock   | Nippon Life Insurance Company                        | 36,801   | 5.08   |

The Master Trust Bank of Japan, Ltd. is a joint venture managed by Mitsubishi UFJ Trust and Banking Corporation, Nippon Life Insurance Company, Meiji Yasuda Life Insurance Company and the Norinchukin Trust and Banking Co., Ltd.

Japan Trustee Services Bank, Ltd. is a joint venture managed by Resona Bank, Ltd., the Sumitomo Trust and Banking Co., Ltd. and Chuo Mitsui Trust Holdings, Inc.

As far as is known to the Company, there has not been any significant change in the percentage ownership held by any major shareholders during fiscal year 2013. The major shareholders do not have different voting rights.

American Depositary Receipts ( ADRs ) evidencing American Depositary Shares are issued by The Bank of New York Mellon. The normal trading unit is 5 American Depositary Shares. As of March 31, 2013, 223,676 American Depositary Shares were held of record by one institutional registered holder in the United States of America.

As far as is known to the Company as of this date, it is not directly or indirectly owned or controlled by any other corporation or by the Japanese or any foreign government. As far as is known to the Company as of this date, there is no arrangement, the operation of which may at a subsequent date result in a change in control of the Company.

## B. Related Party Transactions

Ricoh sells or purchases products, materials, supplies and services to or from affiliated companies on normal commercial terms and conditions. See Note [6] to the Consolidated Financial Statements.

MUSE Associates, LLC is a limited liability company wholly owned by the Company's outside director, Mr. Mochio Umeda.

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For the years ended March 31, 2012 and 2013, Ricoh paid the consulting fee of ¥35 million and ¥25 million to MUSE Associates, LLC respectively, which were recorded in selling, general and administrative expenses. There are no account balances relating to this transaction at March 31, 2012 and 2013. Fees and other transaction terms are determined through negotiations, based on consideration of the general market transaction data.

### **C. Interest of Experts and Counsel**

Not applicable.

## **Item 8. Financial Information**

### **A. Consolidated Statements and Other Information**

See Item 18. Financial Statements and pages F-1 through F-52.

### **Legal or arbitration proceedings**

There are no material pending legal or arbitration proceedings to which Ricoh is a party.

### **Dividend Policy**

Ricoh endeavors to provide stable dividends to its shareholders by boosting profitability. At the same time, Ricoh undertakes to increase retained earnings to reinforce its corporate structure and to cultivate new businesses. Ricoh uses such retained earnings to strengthen its core businesses and invest in new fields with medium- and long-term perspectives. See Item 10 Dividends for important information on the Company's dividend payment procedure and restrictions.

### **B. Significant Changes**

No significant changes have occurred since the date of the Consolidated Financial Statements included in this report.

## **Item 9. The Offer and Listing**

### **A. Offer and Listing Details**

The primary market for the Company's Common Stock is the Tokyo Stock Exchange (the "TSE") in the form of original Common Stock.

The Company's Common Stock has been listed on the TSE since 1949, and in Japan it is also listed on the Osaka Stock Exchange, the Nagoya Stock Exchange, the Fukuoka Stock Exchange and the Sapporo Stock Exchange. In addition, the Company's Common Stock is listed outside of Japan on Euronext Paris.

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In the United States, the Company's American Depositary Shares are traded on the Over-the-Counter Market in the form of ADRs and are issued and exchanged by The Bank of New York Mellon, as depositary. The following table sets forth for the periods indicated the reported high and low sales prices of the Company's Common Stock on the TSE and the reported high and low sales prices per share of the Company's ADSs on the Over-the-Counter Market.

|                                 | Tokyo Stock Exchange<br>Price<br>Per Share of Common<br>Stock<br>(Japanese Yen) |       | Over-the-Counter Market<br>Price<br>Per American Depositary<br>Share<br>(5 shares of Common Stock)<br>(U.S. Dollars) |       |
|---------------------------------|---|-------|--|-------|
|                                 | High  | Low   | High   | Low   |
| <b>Annual highs and lows</b>    |   |       |  |       |
| Fiscal Year 2009                | 1,986   | 770   | 93.50  | 41.50 |
| Fiscal Year 2010                | 1,473   | 1,089 | 79.85  | 58.69 |
| Fiscal Year 2011                | 1,647   | 818   | 87.95  | 53.25 |
| Fiscal Year 2012                | 977   | 588   | 57.94  | 39.15 |
| Fiscal Year 2013                | 1,113   | 486   | 62.11  | 31.69 |
| <b>Quarterly highs and lows</b> |   |       |  |       |
| Fiscal Year 2012                |   |       |  |       |
| 1 <sup>st</sup> quarter         | 977   | 825   | 57.94  | 50.11 |
| 2 <sup>nd</sup> quarter         | 938   | 622   | 57.39  | 41.00 |
| 3 <sup>rd</sup> quarter         | 711   | 599   | 46.05  | 39.15 |
| 4 <sup>th</sup> quarter         | 852   | 588   | 50.42  | 39.23 |
| Fiscal Year 2013                |   |       |  |       |
| 1 <sup>st</sup> quarter         | 840   | 529   | 50.49  | 34.35 |
| 2 <sup>nd</sup> quarter         | 738   | 486   | 46.85  | 31.69 |
| 3 <sup>rd</sup> quarter         | 975   | 641   | 59.35  | 40.10 |
| 4 <sup>th</sup> quarter         | 1,113   | 863   | 62.11  | 50.43 |
| <b>Monthly highs and lows</b>   |   |       |  |       |
| December 2012                   | 975   | 730   | 59.35  | 44.90 |
| January 2013                    | 1,113   | 863   | 62.11  | 50.43 |
| February 2013                   | 1,064   | 933   | 57.10  | 51.48 |
| March 2013                      | 1,102   | 981   | 57.00  | 52.59 |
| April 2013                      | 1,239   | 919   | 62.39  | 50.76 |
| May 2013                        | 1,422   | 1,036 | 66.30  | 53.56 |

Notes: (1) Price per share of Common Stock is as reported by the TSE.

(2) Price per ADSs is based upon one ADS representing 5 shares of Common Stock as reported by the Over-the-Counter Market Bulletin Board®.

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B. Plan of Distribution

Not applicable.

C. Markets

See Item 9.A. for a list of the stock exchanges on which the securities are listed.

See Item 10.B. for certain information relating to the Common Stock of the Company.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

**Organization**

Ricoh Company, Ltd. was incorporated in Japan under the Commercial Code of Japan and is deemed to remain to exist under the Corporation Law (*Kaisha-ho*; Law No. 86 of 2005) which took effect as of May 1, 2006. It is registered in the Commercial Register (*shogyo tokibo*) maintained by the Tokyo Legal Affairs Bureau of the Ministry of Justice.

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### **Objectives and Purposes**

Article 3 of the Articles of Incorporation of the Company provides that its purpose is to engage in the following business activities:

1. Manufacture and sale of optical equipment, office equipment, printing equipment, audio equipment, electrical equipment, electronic equipment, communication equipment, precision equipment, measuring equipment, lighting equipment, healthcare equipment, other general machinery, and accessories and supplies thereof;
2. Manufacture and sale of electronic devices relating to the products described in any of the foregoing items and other products, as well as production and sale of software relating to the products described in any of the foregoing items and other products;
3. Installation work and electrical communication work of the products described in any of the foregoing items;
4. Manufacture and sale of photographic sensitive materials and duplicating papers;
5. Manufacture and sale of various raw materials for photographic sensitive materials, and various chemical materials for chemical industries;
6. Manufacture, processing and sale of papers, pulps, textiles, general merchandise and by-products thereof;
7. Investment in, or sale of the products of, other companies.
8. Import and Export of the goods described in any of the foregoing items and other goods of every kind and description;
9. Collection, recycling, and trading of used items relating to the products described in any of the foregoing items;
10. Telecommunication business, and information services business, such as information processing, information provision, etc;
11. Provision of business representative service;
12. Investigation and analysis concerning the environment, and consulting concerning the reduction of the environmental impact;
13. Brokerage business for casualty insurance and insurance brokerage under the Automobile Liability Security Law of Japan;
14. Direct marketing through the Internet, facsimile, telephone, etc;
15. Business relating to printing, publishing, leasing, financing, cargo handling, transport, warehousing, clothing, hotel, as well as leasing, sale, brokering and administration of real estate;
16. Investigation, Survey, research and development, establishment of system, and consulting incidental or relating to any of the foregoing items; and
17. Any and all business incidental or relating to any of the foregoing items.

### **Directors**

Under the Corporation Law, the Board of Directors has executive powers and duties to manage the affairs of the Company and each Representative Director, who is elected from among the Directors by the Board of Directors, has the statutory authority to represent the Company in all respects. Under the Corporation Law, the Directors must refrain from engaging in any business competing with the Company unless approved by the Board of Directors and any Director who has a material interest in the subject matter of a resolution to be taken by the Board of Directors cannot vote in such resolution. The total amount of remuneration to Directors and to Audit & Supervisory Board Members is subject to approval at the General Meeting of Shareholders. Within such authorized amounts the Board of Directors and the Audit & Supervisory Board respectively determine the compensation to each Director and Audit & Supervisory Board Member.



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Except as stated below, neither the Corporation Law nor the Company's Articles of Incorporation make a special provision as to the Director's or Audit & Supervisory Board Member's power to vote in connection with their compensation, borrowing powers exercisable by a Representative Director (or a Director who is given power by a Representative Director to exercise such powers), their retirement age or requirement to hold any shares of capital stock of the Company. The Corporation Law specifically requires the resolution of the Board of Directors for a corporation to acquire or dispose of material assets; to borrow substantial amounts of money; to employ or discharge from employment important employees, such as managers (*shihainin*); to establish, change or abolish a material corporate organization such as a branch office; to decide certain important matters related to the offering as to subscription of bonds; to establish a system necessary to ensure appropriateness of business operations of a joint stock corporation (*kabushiki kaisha*), including compliance with the laws and regulations and the Articles of Incorporation by the Directors in performing their duties. The Regulations of the Board of Directors of the Company require a resolution of the Board of Directors for the Company's borrowing or lending of a significant amount of money or giving of a guarantee in a large amount.

Set forth below is certain information relating to the Common Stock of the Company, including brief summaries of certain provisions of the Company's Articles of Incorporation and Share Handling Regulations, as currently in effect, and of the Corporation Law of Japan relating to a joint stock company (*kabushiki kaisha*) and certain related legislation.

### **General**

The presently authorized capital stock of the Company is 1,500,000,000 shares. Under the Corporation Law, shares of the Company (which chose under Article 7 of its Articles of Incorporation to issue share certificates) are transferable by delivery of share certificates, but in order to assert shareholders' rights against the Company, the transferee must generally have his name registered in the Company's register of shareholders. Shareholders are required to file their names, addresses and seals with Sumitomo Mitsui Trust Bank, Limited (formerly The Chuo Mitsui Trust & Banking Co., Ltd.), the custodian of the shareholders' register (*kabu-nushi meibo kanrinin*), transfer agent for the Company's Common Stock, and shareholders not resident in Japan are required to file a mailing address in Japan or appoint a resident proxy in Japan. These requirements do not apply to the holders of ADRs.

The central clearing system of share certificates under the Law Concerning Central Clearing of Share Certificates and Other Securities of Japan applies to the shares of Common Stock of the Company. Pursuant to this system a holder of shares of Common Stock is able to choose, at his discretion, to participate in this system and all certificates of shares of Common Stock elected to be put into this system are deposited with the central clearing system and all such shares are registered in the name of the clearing house in the Company's register of shareholders. Each participating shareholder is in turn registered in the register of beneficial shareholders and treated the same way as shareholders registered in the Company's register of shareholders.

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### **Dividends**

The Articles of Incorporation of the Company provide that the accounts shall be closed on March 31 of each year and that dividends, if any, shall be paid to the shareholders of record as of the end of such fiscal period. After the close of the fiscal period, the Board of Directors prepares, among other things, accounting documents (financial statements) and the attachments thereto for dividends and other purposes; these documents are to be submitted to the Audit & Supervisory Board Members of the Company and to the Accounting Auditors and then submitted for approval by an annual Ordinary General Meeting of Shareholders, which is normally held in June of each year and the distribution of surplus (*joyo-kin*) is to be decided upon by shareholders at such Meeting. In addition to provisions for dividends, if any, and for the reserve, bonuses to Directors and Audit & Supervisory Board Members will also be decided upon at this Meeting. In addition to a distribution of annual dividends, the Board of Directors of the Company may by its resolution declare an interim dividend pursuant to Article 454, paragraph 5 of the Corporation Law to shareholders who are registered in the Company's register of shareholders at the end of each September 30, subject to the limitations described below.

The Corporation Law provides that the Company may not make any distribution of surplus by way of dividends in cash unless it has set aside in its reserve an amount equal to at least one-tenth of any amount paid out as an appropriation of retained earnings (including any payment by way of annual dividend and bonuses to Directors and Audit & Supervisory Board Members) or equal to one-tenth of any interim dividend. The Corporation Law permits the Company to distribute surplus by way of dividends. First, surplus is calculated by adding (i), (ii), (iii) and (iv) described below and subtracting (v), (vi) and (vii) described below from such aggregate of (i) through (iv): (i) amount determined by subtracting the aggregate of (c), (d) and (e) described below from the aggregate of (a) and (b) described below as of the final date of the last fiscal year; (a) amount of assets, (b) the aggregate amount of the book value of the treasury stock, (c) amount of liabilities, (d) the aggregate amount of the stated capital and the reserve and (e) the aggregate of each amount entered under respective accounting titles (*kanjo kamoku*) set forth under the relevant Ordinance of the Ministry of Justice, (ii) amount determined by subtracting the book value of the treasury stock from the consideration for the treasury stock disposed of, if any, after the final date of the last fiscal year, (iii) amount of reduction of the stated capital, if any, after the final date of the last fiscal year, (iv) amount of reduction of the reserve, if any, after the final date of the last fiscal year, (v) book value of the treasury stock, if any, cancelled after the final date of the last fiscal year, (vi) amount determined by adding (a) through (c) described below in the event that surplus is distributed after the final date of the last fiscal year: (a) the aggregate of the book value of assets for distribution set forth under Article 454, paragraph 1, item 1 of the Corporation Law (regarding distribution of surplus), (b) the aggregate of each sum of the money given to the shareholders who exercised the right to monetary distribution set forth under Article 454, paragraph 4, item 1 of the Corporation Law (regarding distribution in kind) and (c) the aggregate of each sum of the money given to each shareholder holding shares of which number is less than a certain number to be set forth by the Company pursuant to Article 454, paragraph 4, item 2 of the Corporation Law (regarding distribution in kind), (vii) the aggregate of each amount entered under respective accounting titles set forth under the relevant Ordinance of the Ministry of Justice. Second, the distributable amount is calculated by subtracting the aggregate of (iii), (iv), (v) and (vi) described below from the aggregate of (i) and (ii) described below: (i) surplus; (ii) the aggregate of the following items (a) and (b) in the event that extraordinary accounting documents are approved by the shareholders' meeting or by the Board of Directors, as the case may be; (a) the aggregate of each amount entered as profit under respective accounting titles set forth under the relevant Ordinance of the Ministry of Justice during a period of time in question, (b) consideration for the treasury stock disposed of, if any, during such period; (iii) the book value of the treasury stock; (iv) the consideration for treasury stock disposed of, if any, after the final date of the last fiscal year; (v) the aggregate of each amount entered as loss under respective accounting titles set forth under the relevant Ordinance of the Ministry of Justice during the same period as stated in (ii) above; and (vi) the aggregate of each amount entered under the respective accounting titles set forth under the relevant Ordinance of Ministry of Justice. The Company may distribute such distributable amount to shareholders.

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The Corporation Law does not provide for stock dividends but provides for free share allotment under Article 185. The Board of Directors may by resolution issue and allot new shares to the shareholders on a prorated basis without receiving any consideration/contribution as issue price. In addition, under the Corporation Law, the Board of Directors may by resolution issue additional shares by way of a stock split, while the General Meeting of Shareholders by resolution transfers any amount which is distributable as dividends to stated capital, and thus the same effect as a stock dividend can be achieved.

In Japan, the ex-dividend date and the record date for dividends precede the date of determination of the amount of the dividend to be paid.

In accordance with the Company's Articles of Incorporation, once a right to any dividends is accrued and has become due and payable, such right to dividends will lapse after three years from the due date.

### **Transfer of reserve to stated capital and stock splits**

When the Company issues new shares of Common Stock, the entire amount of the issue price of such new shares is required to be accounted for as stated capital, although the Company may account for an amount not exceeding one-half of such issue price as capital surplus. The General Meeting of Shareholders may by resolution transfer the whole or any part of reserve to stated capital. On the other hand, the Board of Directors may by resolution issue to shareholders additional shares of Common Stock without receiving any consideration/contribution as issue price by way of free allotment of shares or stock split without referring to the whole or any part of the amount of reserve so transferred to stated capital.

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### **General meeting of shareholders**

The Ordinary General Meeting of Shareholders to settle accounts of the Company for each fiscal period is normally held in June each year in Ota-ku, Tokyo, Japan. In addition, the Company may hold an extraordinary General Meeting of Shareholders whenever necessary by giving at least two weeks' advance notice to shareholders.

Notice of a Shareholders' Meeting setting forth the place, time and purpose thereof, must be mailed to each shareholder having voting rights (or, in the case of a non-resident shareholder, to his resident proxy or mailing address in Japan) at least two weeks prior to the date set for the meeting. Such notice may also be furnished to shareholders by electronic means with such shareholders' consent.

Any shareholders' holding at least 300 voting shares or 1% of the total number of outstanding voting shares for six months or more may propose a matter to be considered at a General Meeting of Shareholders by submitting a written request to Directors at least eight weeks prior to the date set for such Meeting. Such request may be submitted by electronic means with the Company's consent.

### **Voting rights**

A shareholder is entitled to one vote per share subject to the limitations on voting rights set forth in the following paragraph below and in the sections entitled "Unit share system" through "Voting rights of a holder of shares representing less than one unit" below. Except as otherwise provided by law or by the Company's Articles of Incorporation, a resolution can be adopted at a General Meeting of Shareholders by a majority of the shares having voting rights represented at the meeting. Special resolutions provided for in paragraph 2, Article 309 of the Corporation Law shall be adopted by the vote of the shareholders not less than two-thirds (2/3) of those present at a meeting whereby one-third (1/3) of voting rights of all of the shareholders shall constitute a quorum. The Corporation Law and the Company's Articles of Incorporation provide, however, that the quorum for the election of Directors and Audit & Supervisory Board Members shall not be less than one-third of the total number of outstanding shares having voting rights. The Company's shareholders are not entitled to cumulative voting in the election of Directors. A corporate shareholder, more than one-quarter of whose outstanding voting shares are directly or indirectly owned by the Company, may not exercise its voting rights in respect of the shares of the Company. The Company has no voting rights with respect to its own Common Stock. Shareholders may exercise their voting rights through proxies provided that the proxies are also shareholders holding voting rights. The Company's shareholders also may cast their votes in writing.

The Corporation Law provides that in order to amend the Articles of Incorporation and in certain other instances, including an increase in the total number of shares authorized to be issued, a reduction of the stated capital, the removal of a Director or Audit & Supervisory Board Member, dissolution, merger (with an exception of a merger with a company of very small business) or consolidation of a corporation, the transfer of the whole or an important part of the business, the taking over of the whole of the business of any other corporation (with an exception of a merger with a company of very small business), any offering of new shares at a specially favorable price (or any offering of convertible bonds or debentures with specially favorable conversion conditions or of bonds or debentures with warrants or rights to subscribe for new shares with specially favorable conditions) to persons other than shareholders, the quorum shall be one-third of the total number of shares having voting rights outstanding and the approval of the holders of at least two-thirds of the shares having voting rights represented at the Meeting is required (the "special shareholders resolution").

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**Subscription rights (*kabushiki wariatewo ukeru kenri*)**

Holders of the Company's Common Stock have no preemptive rights under its Articles of Incorporation. Authorized but unissued shares may be issued at such times and upon such terms as the Board of Directors determines, subject to the limitations as to the offering of new shares at a specially favorable price mentioned above. The Board of Directors may, however, determine that shareholders shall be given subscription rights regarding a particular issue of new shares, in which case such rights must be given on uniform terms to all shareholders and a notice must be given to shareholders not less than two weeks prior to the date when such rights are to be vested to shareholders. The Corporation Law provides that if a shareholder to whom such rights are given does not apply for subscription by a certain date of subscription, such shareholder will lose such rights.

Rights to subscribe for new shares may be made generally transferable by the Board of Directors. In such case, such transferable right is called call option of new shares (*shinkabu yoyakuken*). Whether the Company will make subscription rights generally transferable in future rights offerings will depend upon the circumstances at the time of such offerings. If subscription rights are not made generally transferable, transfers by a non-resident of Japan or a corporation organized under the laws of a foreign country or whose principal office is located in a foreign country will be enforceable against the Company and third parties only if the Company's consent to each such transfer is obtained. When such consent is necessary in the future for the transfer of subscription rights, the Company intends to consent, on request, to all such transfers by such a non-resident or foreign corporation.

**Dilution**

In the future it is possible that market conditions and other factors might make a rights offering to shareholders substantially below the market price of shares of Common Stock desirable. If the number of shares offered in a rights offering is substantial in relation to the number of shares outstanding and the market price exceeds the subscription price at the time of the offering, a shareholder who does not exercise and is unable otherwise to realize the full value of his subscription rights would suffer economic dilution of his equity interest in the Company.

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### **Liquidation rights**

In the event of a liquidation of the Company, the assets remaining after payment of all debts and liquidation expenses and taxes will be distributed among the shareholders in proportion to the respective numbers of shares held.

### **Liability to further calls or assessments**

All the Company's presently outstanding shares of Common Stock including shares represented by the American Depositary Shares are fully paid and non-assessable.

### **Custodian of the shareholders' register**

Sumitomo Mitsui Trust Bank, Limited (formerly The Chuo Mitsui Trust and Banking Co., Ltd.) is the custodian of the shareholders' register of the Company's Common Stock; as such custodian, it keeps the Company's register of shareholders and register of the lost share certificates in its office at 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan, and makes transfer of record ownership upon presentation of the certificates representing the transferred shares.

### **Record date**

March 31 is the record date for the Company's year-end dividends. The shareholders who are registered as the holders of 1,000 shares or more in the Company's register of shareholders at the end of each March 31 are also entitled to exercise shareholders' rights at the Ordinary General Meeting of Shareholders with respect to the fiscal period ending on such March 31. September 30 is the record date for interim dividends. In addition, the Company may set a record date for determining the shareholders entitled to other rights and for other purposes by giving at least two weeks' public notice.

The price of the shares generally goes ex-dividend or ex-rights on Japanese stock exchanges on the third business day prior to a record date (or if the record date is not a business day, the fourth business day prior thereto), for the purpose of dividends or rights offerings.

### **Purchase by the Company of its common stock**

The Company may purchase its own shares only in case of the events falling under Article 155 of the Corporation Law. As a matter of manner of such purchase, the Company may purchase of its own shares (i) through the Tokyo Stock Exchange or other stock exchange on which the shares are listed or by way of tender offer, if authorized by a resolution of the Board of Directors, (ii) from a specific party, if authorized by a special resolution of an Ordinary General Meeting of Shareholders, or (iii) from the Company's own subsidiary, if authorized by a resolution of the Board of Directors.

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When a repurchase is made by the Company from a specified party pursuant to an authorization by a special resolution of an Ordinary General Meeting of Shareholders as noted above, shareholders may make a demand to a Representative Director, five days or more prior to the relevant Shareholders Meeting, that the Company also repurchase the shares held by that shareholder. Purchase of shares falling under Article 461, paragraph 1 of the Corporation Law must satisfy, among others, the requirement that the total amount of the repurchase price (of book value) may not exceed the distributable amount as described in Dividends above. The Company may hold its own shares as treasury stock so purchased without restriction as to a period of time to hold. However, the Company is not entitled to any voting rights or right to dividends as to such treasury stock. The Company may cancel its treasury stock that it holds by a resolution of the Board of Directors. The Company may otherwise dispose of its treasury stock by a resolution of the Board of Directors.

### **Unit share system (*tangenkabu seido*)**

Pursuant to the Corporation Law the Company has adopted 1,000 shares as one unit of shares.

### **Transferability of shares representing less than one unit**

As adopted in the Company's Articles of Incorporation, the Company will not issue certificates for shares representing less than one unit. Since the transfer of shares normally requires delivery of the certificates therefor, fractions of a unit for which no share certificates are issued are not transferable. Shares representing less than one unit for which share certificates have been issued continue to be transferable.

### **Right of a holder of shares representing less than one unit to require the Company to purchase such shares**

A holder of shares representing less than one unit may at any time require the Company to purchase such shares at their last reported sale price on the Tokyo Stock Exchange on the day when such request is made less applicable brokerage commission. The usual securities transfer tax is applicable to such transactions.

### **Right of the holder of shares to demand the purchase of shares representing less than one unit**

As adopted in the Company's Articles of Incorporation and set forth in the Share Handling Regulations, a holder of shares of less-than-one-unit may request the Company to sell additional shares so that their less-than-one-unit can share constitute one unit of shares.

### **Other rights of a holder of shares representing less than one unit**

A holder of shares representing less than one unit has certain rights in respect of such shares, including the following: (i) the right to receive dividends (including interim dividends), (ii) the right to receive shares and/or cash by way of a stock split or upon consolidation or subdivision of shares or upon a capital decrease or merger of the Company, (iii) the right to be allotted subscription rights with respect to new shares, convertible bonds and bonds with warrants to subscribe for shares when such rights are granted to shareholders and (iv) the right to participate in the distribution of surplus assets in the event of the liquidation of the Company. Other rights, including voting rights, cannot be exercised with respect to shares representing less than one unit.

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### **Voting rights of a holder of shares representing less than one unit**

A holder of shares representing less than one unit cannot exercise any voting rights with respect to such shares. A holder of shares representing one or more whole units will have one vote for each such unit, except as stated in "Voting rights" above.

### **C. Material Contracts**

All contracts entered into by Ricoh or any member of the Ricoh group during the two years preceding this report were entered into in the ordinary course of business.

### **D. Exchange Controls**

The Foreign Exchange and Foreign Trade Law of Japan, as amended, and the cabinet orders and ministerial ordinances thereunder (the Exchange Law) govern certain matters relating to the issuance of equity-related securities by the Company and the acquisition and holding of shares of Common Stock or ADSs representing such shares by exchange non-residents and by foreign investors as hereinafter defined. The Exchange Law currently in effect does not affect the right of an exchange non-resident to purchase or sell an ADS outside of Japan.

Exchange non-residents are defined under the Exchange Law as individuals who are not resident in Japan and corporations whose principal offices are located outside of Japan. Generally branches and other offices of Japanese corporations located outside of Japan are regarded as exchange non-residents, but branches and other offices located within Japan of non-resident corporations are regarded as residents of Japan.

Foreign investors are defined to be (i) individuals not resident in Japan, (ii) corporations which are organized under the laws of foreign countries or whose principal offices are located outside of Japan, and (iii) corporations of which (a) 50% or more of the shares are held by (i) and/or (ii) above, (b) a majority of officers consists of non-resident individuals or (c) a majority of the officers having the power of representation consists of non-resident individuals.

### **Dividends and Proceeds of Sales**

Under the Exchange Law, dividends paid on, and the proceeds of sales in Japan of, shares of Common Stock held by exchange non-residents in general may be converted into any foreign currency and repatriated abroad. The acquisition of shares of Common Stock by exchange non-resident shareholders by way of stock splits is not subject to any requirements under the Exchange Law.



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### Acquisition of Shares

Under the Exchange Law, acquisition of shares of a Japanese company listed on any Japanese stock exchange or traded on the over-the-counter market in Japan ( listed shares ) by an exchange non-resident from a resident of Japan is generally not subject to a prior filing requirement. In case a foreign investor acquires listed shares (whether from a resident of Japan or an exchange non-resident, from another foreign investor or from or through a designated securities company) and as a result of such acquisition the number of shares held directly or indirectly by such foreign investor would become 10% or more of the total outstanding shares of the company, the foreign investor is required to make a subsequent report on such acquisition to the Minister of Finance and other Ministers having jurisdiction over the business of the subject company (the Competent Ministers ). In certain exceptional cases, a prior filing is required and the Competent Ministers may recommend the modification or abandonment of the proposed acquisition and, if the foreign investor does not accept the recommendation, order its modification or prohibition. The deposit of shares of Common Stock by an exchange non-resident of Japan, the issuance of ADRs in exchange therefor and the withdrawal of the underlying shares of Common Stock by an exchange non-resident upon surrender of ADRs are not subject to any requirements under the Exchange Law, except where as a result of such deposit or withdrawal the aggregate number of shares of Common Stock held by the Depositary (or its nominee) or the holder surrendering ADRs, as the case may be, would be 10% or more of the total outstanding shares of Common Stock, in which event a subsequent reporting may be required as described above.

### E. Taxation

#### **Japanese Taxation**

Generally, a non-resident of Japan or a non-Japanese corporation is subject to Japanese withholding tax on dividends paid by a Japanese corporation. Generally, stock splits are not subject to Japanese income tax. According to the Income Tax Law of Japan, the rate of Japanese national withholding tax applicable to dividends paid on listed shares issued by the Company to non-residents of Japan or non-Japanese corporations is (i) 7% for the period from January 1, 2004 to March 31, 2008, and (ii) 15% thereafter, except for dividends paid to any individual shareholder who holds 5% or more of the outstanding total of the shares issued by the Company, for which the applicable rate is 20%. Under the new income tax convention between the U.S. and Japan (the Convention ) ratified in March 2004, the maximum rate of Japanese withholding tax that may be imposed on dividends paid to a U.S. resident or corporation not having a permanent establishment (as defined therein) in Japan is generally 10%. This 10% withholding tax rate is applicable to dividends declared on or after July 1, 2004. The 15% withholding tax rate under the old income tax convention is still applicable to dividends declared before July 1, 2004. If the tax rate under the domestic tax law is lower than that under the Convention, the domestic tax rate is still applicable.

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Gains derived by a non-resident of Japan or a non-Japanese corporation from the sale of Common Stock or ADRs outside of Japan, or from the sale of Common Stock within Japan by a non-resident of Japan or by a non-Japanese corporation not having a permanent establishment in Japan, are in general not subject to Japanese income or corporation tax. Japanese inheritance or gift tax at progressive rates may be payable by an individual who has acquired Common Stock or ADRs as a legatee, heir or donee.

For purposes of the Convention and the U.S. Internal Revenue Code of 1986, as amended (the Code), U.S. holders of ADRs will be treated as the owners of the Common Stock underlying the American Depositary Shares evidenced by the ADRs.

### **U.S. Taxation**

This summary describes the material U.S. federal income tax consequences for a U.S. holder (as defined below) of owning and disposing of shares of Common Stock or American Depositary Shares evidenced by the ADRs. This summary applies to you only if you hold shares of Common Stock or American Depositary Shares as capital assets for U.S. federal income tax purposes. This summary does not apply to you if you are a member of a class of holders subject to special rules, such as:

a dealer in securities or currencies;

a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;

a bank;

a life insurance company;

a tax-exempt organization;

a person that holds shares of Common Stock or American Depositary Shares that are a hedge or that are hedged against interest rate or currency risks;

a person that is subject to the alternative minimum tax;

a person that holds shares of Common Stock or American Depositary Shares as part of a straddle or conversion transaction for tax purposes;

a person whose functional currency for U.S. federal income tax purposes is not the U.S. Dollar; or

a person that actually or constructively owns or is deemed to own 10% or more of any class of our stock.

This summary is based on laws, treaties, and regulatory interpretations in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Moreover, this summary assumes that the Company will not be treated as a passive foreign investment company (a PFIC) for U.S. federal income tax purposes. See the summary below under the heading PFIC Rules.



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Please consult your own tax advisers concerning the U.S. federal, state, local, and other tax consequences of purchasing, owning, and disposing of shares of Common Stock or American Depositary Shares in your particular circumstances.

For purposes of this summary, you are a U.S. holder if you are a beneficial owner of a share of Common Stock or an American Depositary Share that is for U.S. federal income tax purposes: (i) a citizen or a resident of the United States, (ii) a corporation or a partnership (including an entity treated as a corporation or a partnership for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia (unless, in the case of a partnership, Treasury regulations are adopted that provide otherwise), (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. Certain trusts not described in clause (iv) above in existence on August 20, 1996 that elect to be treated as a United States person will also be a U.S. holder for purposes of this discussion.

In general, if you hold ADRs evidencing American Depositary Shares, you will be treated as the owner of the shares of Common Stock represented by those American Depositary Shares for U.S. federal income tax purposes, and no gain or loss will be recognized if you exchange an American Depositary Share for the shares of Common Stock represented by that American Depositary Share.

### *Dividends*

The gross amount of cash dividends paid out of the Company's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, that a U.S. holder receives (prior to deduction of Japanese taxes) generally will be subject to U.S. federal income taxation as foreign source ordinary dividend income. However, in certain circumstances, all or a portion of the cash dividends paid by the Company may be treated as U.S. source dividend income. You should consult your tax advisers regarding the U.S. federal income tax consequences of all or a portion of the cash dividends paid by the Company being treated as U.S. source dividend income.

Dividends paid in Japanese Yen will be included in your income in a U.S. Dollar amount calculated by reference to the exchange rate in effect on the date of your (or, in the case of American Depositary Shares, the depositary's) receipt of the dividend, regardless of whether the payment is in fact converted into U.S. Dollars. If such a dividend is converted into U.S. Dollars on the date of receipt, you generally should not be required to recognize a foreign currency gain or loss in respect of the dividend income. You should consult your own tax adviser regarding the treatment of any foreign currency gain or loss realized with respect to any Japanese Yen received by you (or, in the case of American Depositary Shares, the depositary) that are converted into U.S. Dollars on a date subsequent to receipt. Dividends paid by the Company generally will not be eligible for the dividends-received deduction allowed to corporations that are U.S. holders.

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Notwithstanding the foregoing, pursuant to recently enacted legislation, certain dividends received by individual U.S. holders that constitute qualified dividend income will be subject to a reduced maximum marginal U.S. federal income tax rate. Qualified dividend income generally includes, among other dividends, dividends received during the taxable year from qualified foreign corporations. In general, the term qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the U.S. Treasury Department determines to be satisfactory, and which includes an exchange of information program. In addition, a foreign corporation is treated as a qualified foreign corporation with respect to any dividend paid by the corporation with respect to stock of the corporation that is readily tradable on an established securities market in the United States. Notwithstanding this previous rule, dividends received from a foreign corporation that was a foreign investment company (as defined in section 1246(b) of the Code), a passive foreign investment company (as defined in section 1297 of the Code), or a foreign personal holding company (as defined in section 552 of the Code) in either the taxable year of the corporation in which the dividend was paid or the preceding taxable year will not constitute qualified dividend income. In addition, the term qualified dividend income will not include, among other dividends, any (i) dividends on any share of stock which is held by a taxpayer for 60 days or less during the 121-day period beginning on the date which is 60 days before the date on which such share becomes ex-dividend with respect to such dividends (as measured under section 246(c) of the Code) or (ii) dividends to the extent that the taxpayer is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respects to positions in substantially similar or related property. Moreover, special rules apply in determining a taxpayer's foreign tax credit limitation under section 904 of the Code in the case of qualified dividend income. Individual U.S. holders should consult their own tax advisors to determine whether or not amounts received as dividends from the Company will constitute qualified dividend income subject to a reduced maximum marginal U.S. federal income tax rate and, in such case, the effect, if any, on the individual U.S. holder's foreign tax credit.

In addition to the foregoing, you should consult your own tax advisers to determine whether any rules limit your ability to make effective use of foreign tax credits, including the possible adverse impact of failing to take advantage of benefits under the income tax treaty between the United States and Japan. If no such rules apply, you generally may claim a credit against your U.S. federal income tax liability for Japanese taxes withheld from dividends on shares of Common Stock or American Depositary Shares, so long as you have owned the shares of Common Stock or American Depositary Shares (and not entered into specified kinds of hedging transactions) for at least a 16-day period that includes the ex-dividend date. Instead of claiming a credit, you may, at your election, deduct such Japanese taxes in computing your taxable income, subject to generally applicable limitations under U.S. federal income tax law. The calculation of foreign tax credits and, in the case of a U.S. holder that elects to deduct foreign taxes, the availability of deductions involve the application of complex rules that depend, in part, on a U.S. holder's particular circumstances. You should consult your own tax advisers regarding the creditability or deductibility of such taxes.

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### *Sales and Other Dispositions*

A U.S. holder will recognize a gain or loss on the sale or other disposition of shares of Common Stock or American Depositary Shares evidenced by ADRs in an amount equal to the difference between the U.S. Holder's adjusted tax basis in such shares of Common Stock or American Depositary Shares (in U.S. Dollars) and the amount realized on the disposition (in U.S. Dollars, generally determined at the spot rate on the date of disposition if the amount realized is denominated in a foreign currency). For U.S. federal income tax purposes, a gain or loss realized by a U.S. holder on a sale or other disposition of shares of Common Stock or American Depositary Shares will be a capital gain or loss, and will be a long-term capital gain or loss if the shares of Common Stock or American Depositary Shares were held for more than one year. Such gain or loss generally will be treated as U.S. source gain or loss for U.S. foreign tax credit purposes. Your ability to offset capital losses against ordinary income is limited. Long-term capital gain recognized by an individual U.S. holder generally is subject to taxation at a reduced maximum marginal U.S. federal income tax rate.

### *PFIC Rules*

The Company believes that it will not be treated as a PFIC for U.S. federal income tax purposes. However, that is a factual determination made annually and therefore may be subject to change. If the Company was treated as a PFIC, a U.S. holder of shares of Common Stock or American Depositary Shares evidenced by ADRs would be subject to certain adverse U.S. federal income tax consequences.

## **U.S. Information Reporting and Backup Withholding Rules**

Payments in respect of the shares of Common Stock or American Depositary Shares that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding unless the holder (i) is a corporation or other exempt recipient or (ii) provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred (and certain other conditions are met).

### **F. Dividends and Paying Agents**

Not applicable.

### **G. Statement by Experts**

Not applicable.

### **H. Documents on Display**

The Company is subject to the informational requirements of the Securities and Exchange Act of 1934, as amended. In accordance with these requirements, the Company files reports and other information with the U.S. Securities and Exchange Commission (the "SEC"). These materials, including this annual report and exhibits thereto, may be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Copies of the materials may be obtained from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. The public may obtain information on the operation of the Public Reference Room by calling the SEC in the United States at 1-800-SEC-0330. The documents filed via the Electronic Data Gathering, Analysis, and Retrieval system are also available for inspection on the SEC's website (<http://www.sec.gov>).

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**I. Subsidiary Information**

Not Applicable.

**Item 11. Quantitative and Qualitative Disclosures About Market Risk**

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 the fiscal year 2013, and there are no material quantitative changes in market risk exposure at March 31, 2013 when compared to March 31, 2012. 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 currency contracts and foreign currency option 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 and foreign currency option 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.

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## Foreign Currency Contracts

|                  | Year Ended March 31,            |   |   |                                 |   |   |
|------------------|---------------------------------|---|---|---------------------------------|---|---|
|                  | Average<br>contractual<br>rates | 2012<br>Contract<br>amounts<br>(Millions of<br>Yen) | Estimated<br>fair value<br>(Millions of<br>Yen) | Average<br>contractual<br>rates | 2013<br>Contract<br>amounts<br>(Millions of<br>Yen) | Estimated<br>fair value<br>(Millions of<br>Yen) |
| US\$/¥           | 82.19                           | ¥ 146,989   | ¥ (4,677)                                       | 94.05                           | ¥ 166,506   | ¥ (19,363)                                      |
| EUR/¥            | 109.80                          | 15,998  | (776)   | 120.73                          | 24,460  | (109)   |
| EUR/US\$         | 1.34                            | 492   | (32)  | 1.28                            |   |   |
| Other currencies |                                 | 27,064  | (347)   |                                 | 23,546  | (445)   |
| Total            |                                 | ¥ 190,543   | ¥ (5,832)                                       |                                 | ¥ 214,512   | ¥ (19,917)                                      |

## Foreign Currency Option Contracts

|  | Year Ended March 31,            |   |   |                                 |   |   |
|--|---------------------------------|---|---|---------------------------------|---|---|
|  | Average<br>contractual<br>rates | 2012<br>Contract<br>amounts<br>(Millions of<br>Yen) | Estimated<br>fair value<br>(Millions of<br>Yen) | Average<br>contractual<br>rates | 2013<br>Contract<br>amounts<br>(Millions of<br>Yen) | Estimated<br>fair value<br>(Millions of<br>Yen) |
| Options purchased to sell foreign currencies |                                 |   |   |                                 |   |   |
| US\$/¥                                       | 82.19                           | 4,274   | 10  | 94.05                           |   |   |
| EUR/¥  | 109.80                          | 14,164  | 26  | 120.73                          | 4,829   | (15)  |
| Total  |                                 | ¥ 18,438  | ¥ 36  |                                 | ¥ 4,829   | ¥ (15)  |
| Options written to buy foreign currencies    |                                 |   |   |                                 |   |   |
| US\$/¥                                       | 82.19                           | 2,137   | (156)   | 94.05                           |   |   |
| EUR/¥  | 109.80                          | 7,082   | (900)   | 120.73                          | 3,622   | 99  |
| Total  |                                 | ¥ 9,219   | ¥ (1,056)                                       |                                 | ¥ 3,622   | ¥ 99  |

**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. Notional amounts are generally used to calculate the contractual payments to be exchanged under the contract.



**Table of Contents****LONG-TERM INDEBTEDNESS****Year ended March 31, 2012****Millions of Yen****Expected maturity date**

| (Excluding Capital Lease Obligations and ASC815 fair value adjustment) | Average pay rate | Total     | 2013      | 2014      | 2015      | 2016     | 2017     | Thereafter | Fair Value |
|--|------------------|-----------|-----------|-----------|-----------|----------|----------|------------|------------|
| Bonds  | 1.21%            | ¥ 204,332 | ¥         | ¥ 70,000  | ¥ 35,000  | ¥ 60,000 | ¥        | ¥ 39,332   | ¥ 202,602  |
| Convertible Bonds  |                  |           |           |           |           |          |          |            |            |
| Loans  | 0.91             | 424,756   | 104,235   | 87,588    | 126,231   | 27,235   | 78,321   | 1,146      | 425,106    |
| <b>TOTAL</b>   |                  | ¥ 629,088 | ¥ 104,235 | ¥ 157,588 | ¥ 161,231 | ¥ 87,235 | ¥ 78,321 | ¥ 40,478   | ¥ 627,708  |

**LONG-TERM INDEBTEDNESS****Year ended March 31, 2013****Millions of Yen****Expected maturity date**

| (Excluding Capital Lease Obligations and ASC815 fair value adjustment) | Average pay rate | Total     | 2014      | 2015      | 2016      | 2017     | 2018     | Thereafter | Fair Value |
|--|------------------|-----------|-----------|-----------|-----------|----------|----------|------------|------------|
| Bonds  | 1.15%            | ¥ 224,966 | ¥ 70,000  | ¥ 35,000  | ¥ 60,000  | ¥        | ¥ 40,000 | ¥ 19,966   | ¥ 225,576  |
| Convertible Bonds  |                  |           |           |           |           |          |          |            |            |
| Loans  | 0.84             | 410,643   | 90,301    | 125,417   | 52,657    | 76,799   | 41,924   | 23,545     | 408,670    |
| <b>TOTAL</b>   |                  | ¥ 635,609 | ¥ 160,301 | ¥ 160,417 | ¥ 112,657 | ¥ 76,799 | ¥ 81,924 | ¥ 43,511   | ¥ 634,246  |

**INTEREST RATE SWAPS****Year ended March 31, 2012****Millions of Yen****Expected maturity date****Notional amounts**

| (Millions) | Type of swap                | Average receive rate | Average pay rate | Total     | 2013     | 2014     | 2015      | 2016     | 2017     | Thereafter | Fair Value |
|------------|-----------------------------|----------------------|------------------|-----------|----------|----------|-----------|----------|----------|------------|------------|
| ¥ 336,383  | Receive floating /Pay fixed | 0.35%                | 0.68%            | ¥ 336,383 | ¥ 64,500 | ¥ 81,500 | ¥ 113,000 | ¥ 17,500 | ¥ 59,883 | ¥          | ¥ (2,119)  |
| GBP 22     | Receive floating /Pay fixed | 0.71%                | 2.92%            | ¥ 2,851   | ¥ 1,184  | ¥        | ¥ 1,667   | ¥        | ¥        | ¥          | ¥ (63)     |

**INTEREST RATE SWAPS****Year ended March 31, 2013****Millions of Yen****Expected maturity date****Notional amounts**

| (Millions) | Type of swap                | Average receive rate | Average pay rate | Total     | 2014     | 2015      | 2016     | 2017     | 2018     | Thereafter | Fair Value |
|------------|-----------------------------|----------------------|------------------|-----------|----------|-----------|----------|----------|----------|------------|------------|
| ¥ 311,883  | Receive floating /Pay fixed | 0.38%                | 0.72%            | ¥ 311,883 | ¥ 52,500 | ¥ 117,000 | ¥ 40,500 | ¥ 60,883 | ¥ 41,000 | ¥          | ¥ (1,410)  |

**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.



**Table of Contents****Debt/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 mainly 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 instruments.

|                                       | (Millions of Yen)         |                 |                 |                 |
|---------------------------------------|---------------------------|-----------------|-----------------|-----------------|
|                                       | Year ended March 31, 2012 |                 | 2013            |                 |
|                                       | Cost                      | Fair Value      | Cost            | Fair Value      |
| Debt Securities                       |                           |                 |                 |                 |
| Due within one year                   | ¥                         | ¥               | ¥               | ¥               |
| Due after one year through five years | 537                       | 539             | 693             | 696             |
| Due over five years                   | 1,160                     | 1,240           | 1,143           | 1,256           |
| Equity Securities                     | 35,489                    | 41,854          | 35,378          | 50,367          |
| Other                                 |                           |                 |                 |                 |
| <b>TOTAL</b>                          | <b>¥ 37,186</b>           | <b>¥ 43,633</b> | <b>¥ 37,214</b> | <b>¥ 52,319</b> |

Item 12. Description of Securities Other Than Equity Securities

## A. Debt Securities

Not applicable.

## B. Warrants and Rights

Not applicable.

## C. Other Securities

Not applicable.

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## D. American Depositary Shares

Under the terms of the deposit agreement for Ricoh's ADRs, an ADR holder may have to pay the following service fees to The Bank of New York Mellon, (the Depositary):

| <b>Fee:</b>   | <b>Depositary actions:</b>  |
|---|---|
| \$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)  | Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property   |
| \$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)  | Cancellation of ADSs for the purpose of withdrawal, including when the deposit agreement terminates   |
| \$.02 (or less) per ADS   | Any cash distribution to ADS registered holders   |
| A fee equivalent to the fee that would be payable if securities distributed to holders of deposited securities had been shares and the shares had been deposited for issuance of ADSs   | Distribution of securities distributed to holders of deposited securities which are distributed by the Depositary to ADS registered holders                     |
| \$.02 (or less) per ADSs per calendar year  | Depositary services   |
| Registration or transfer fees   | Transfer and registration of shares on the Depositary's share register to or from the name of the Depositary or its agent when depositing or withdrawing shares |
| Expenses of the Depositary  | Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)   |
| Expenses of the Depositary  | Converting foreign currency to U.S. dollars   |
| Taxes and other governmental charges the Depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes  | As necessary  |
| Any charges incurred by the depositary or its agents for servicing the deposited securities   | As necessary  |
| The Depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may collect its annual fee for depositary services by deducting such fee from cash distributions, by directly billing investors or by charging the book-entry system accounts of participants acting for them. The Depositary may generally refuse to provide services until its fees for those services are paid. |   |

## Payments made by the Depositary in Fiscal Year 2013

For fiscal year 2013, the Company did not receive any reimbursement funds from the Depositary.

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### Payments to be made by the Depositary in the Future

The Depositary, has agreed to reimburse the Company for expenses incurred by the Company that relate to the establishment and maintenance of the ADR program. The Depositary has also agreed to pay the standard out-of-pocket maintenance costs for the ADRs, which consist of the expenses for postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls. The Depositary has also agreed to reimburse the Company annually for certain investor relations programs or special investor relations promotional activities. In certain instances, the Depositary has agreed to provide additional payments to the Company based on any applicable performance indicators relating to the ADR facility. While there are limits on the amount of expenses for which the Depositary will reimburse the Company, the amount of reimbursement available to the Company is not necessarily tied to the amount of fees the Depositary collects from investors.

## **PART II**

### Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

### Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

### Item 15. Controls and Procedures

#### *Disclosure Controls and Procedures*

Ricoh's disclosure controls and procedures are designed with the objective of ensuring that information required to be disclosed by Ricoh in the reports it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to Ricoh's management, including its Chief Executive Officer ( CEO ) (Ricoh's principal executive officer) and the General Manager of its Finance and Accounting Division (the Finance & Accounting Division Head ) (Ricoh's principal financial officer), as appropriate, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of its management, including the CEO and the Finance & Accounting Division Head, Ricoh evaluated its disclosure controls and procedures. Based on this evaluation, the CEO and the Finance & Accounting Division Head concluded that Ricoh's disclosure controls and procedures were effective as of March 31, 2013 at a reasonable assurance level, provided that it be understood that any system of control is based in part upon certain assumptions designed to obtain reasonable (but not absolute) assurance as to its effectiveness, and there can be no assurance that Ricoh's system of control will succeed in achieving its stated objectives.

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*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.

Ricoh's management assessed the effectiveness of Ricoh's internal control over financial reporting as of March 31, 2013. 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, 2013, Ricoh's internal control over financial reporting was effective based on the criteria set forth by COSO.

Ricoh's independent registered accounting firm has issued an audit report on the effectiveness of Ricoh's internal control over financial reporting as of March 31, 2013, which is included on page F-2.

*Changes in Internal Control Over Financial Reporting*

There has been no change in Ricoh's internal control over financial reporting that occurred during the period covered by this Form 20-F that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

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Item 16. [RESERVED]

Item 16A. Audit Committee Financial Expert

The Board of Directors of the Company has determined that it does not have an audit committee financial expert as defined in Item 16A. of Form 20-F serving on the Audit & Supervisory Board.

The Company is considering the issues related to and the ramifications of such a designation. In Japan, there are limited numbers of qualified persons who meet all of the criteria established by the SEC for financial experts to be designated by issuers. Accordingly, it is taking some time for the Company to identify such a qualified person. Although the Board of Directors is satisfied that that members of the Audit & Supervisory Board possess the appropriate skills and experience, as a group, to carry out their duties as members of the Audit & Supervisory Board, the Company will continue to strive to identify potential candidates that might qualify for this position. The Audit & Supervisory Board will keep under active review the financial expert matter during fiscal year 2014 as part of their overall risk management and compliance program.

Item 16B. Code of Ethics

Ricoh has adopted a code of ethics that applies to its employees, including the President, Chief Executive Officer, Chief Operating Officer, and the senior management of accounting and finance. Such code of ethics of Ricoh is provided hereto as Exhibit 11.

Item 16C. Principal Accountant Fees and Services

The aggregate fees for professional services and other services rendered by KPMG AZSA LLC and the various member firms of KPMG International to Ricoh for the years ended March 31, 2012 and 2013, were:

|                    | (Millions of Yen)    |              |
|--------------------|----------------------|--------------|
|                    | Year ended March 31, |              |
|                    | 2012                 | 2013         |
| Audit Fees         | 1,422                | 1,368        |
| Audit-related Fees | 4                    | 97           |
| Tax Fees           | 39                   | 33           |
| All Other Fees     | 86                   | 44           |
| <b>TOTAL</b>       | <b>1,551</b>         | <b>1,542</b> |

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Audit Fees consist of fees for the annual audit of Ricoh's consolidated financial statements, and audit services that are normally provided by our independent accountants.

Audit-related Fees consist of fees that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under Audit Fees.

Tax Fees consist of fees for tax compliance, tax advice and tax consulting associated with international transfer prices.

All Other Fees primarily consist of permitted IFRS advisory fees.

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### **Audit Committee Pre-Approval Policies and Procedures**

In accordance with Japanese law, the Company's independent accountants (*Kaikei Kansanin*) (Accounting Auditors) are appointed by the shareholders at the Ordinary General Meeting of Shareholders with the consent of the Company's Audit & Supervisory Board. In addition, the Audit & Supervisory Board may, by its resolution, request the Company's Board of Directors to submit a proposal as to the appointment of Accounting Auditors at the Ordinary General Meeting of Shareholders. Subsequent to the appointment of the Accounting Auditors, the Audit & Supervisory Board is responsible, among other matters, for the oversight of the Accounting Auditors, subject to the requirements of Japanese law. No proposal was submitted to discharge KPMG AZSA LLC as the Company's Accounting Auditors at the most recent Ordinary General Meeting of Shareholders held on June 21, 2013.

The Audit & Supervisory Board has adopted policies and procedures to pre-approve all audit and permissible non-audit services provided by the Accounting Auditor (Pre-approval Policies). Under the Pre-approval Policies, proposed services either (i) may be pre-approved by the Audit & Supervisory Board without specific consideration on a case-by-case basis if such services do not exceed pre-approved fee levels (general pre-approval), or (ii) require the specific pre-approval of the Audit & Supervisory Board (specific pre-approval). The Audit & Supervisory Board may delegate its specific pre-approval authority to one or more of its independent members who shall be designated by the Audit & Supervisory Board. Under the Pre-approval Policies, the Accounting Auditors are not allowed to perform any non-audit services which may impair the auditors independence under the rules of the SEC. The appendices to the Pre-approval Policies set out the audit, audit-related, tax and other services, including those described above, that have received the general pre-approval of the Audit & Supervisory Board.

The term of any general pre-approval is twelve months from the date of pre-approval, unless the Audit & Supervisory Board specifically provides for a different period and sets forth such different period in the relevant appendix to the Pre-approval Policies. The Audit & Supervisory Board will annually review the Pre-approval Policies and revise the list of services that it has provided general pre-approval. Requests or applications to provide services that require specific pre-approval by the Audit & Supervisory Board will be submitted to the Audit & Supervisory Board by the Chief Officer of a company or division to which services are provided, accompanied by a draft engagement letter from the Accounting Auditor.

During fiscal year 2013, none of the services provided to the Company by KPMG AZSA LLC were approved by the Audit & Supervisory Board pursuant to the de minimis exception to the pre-approval requirement provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

### **Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

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Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Not applicable.

Item 16H. Mine Safety Disclosure

Not applicable.

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**PART III**

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

See Consolidated Financial Statements and Schedule attached hereto.

Item 19. Exhibits

Documents filed as exhibits to this annual report:

- 1.1 Articles of Incorporation, as amended (English translation)
- 1.2 Share Handling Regulations, as amended (English translation)
- 1.3 Regulations of the Board of Directors, as amended (English translation)
- 1.4 Regulation of the Audit & Supervisory Board, as amended (English translation)
- 8.1 List of Significant Subsidiaries (See Organizational structure in Item 4.C. of this Form 20-F)
- 11 Code of Ethics (English translation)
- 12.1 Certification Pursuant to Rule 13a-14(a)/15d-14(a)
- 12.2 Certification Pursuant to Rule 13a-14(a)/15d-14(a)
- 13.(a)(1) Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code
- 13.(a)(2) Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code
- 101 Instance Document
- 101 Schema Document

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101 Calculation Linkbase Document

101 Definition Linkbase Document

101 Labels Linkbase Document

101 Presentation Linkbase Document

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**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

RICOH COMPANY, LTD.

By:                   /s/   ZENJI MIURA  
                              Zenji Miura  
                              Representative Director, President and  
  
                              Chief Executive Officer  
  
                              (principal executive officer)

Date: July 31, 2013

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**Ricoh Company, Ltd.**

Consolidated Financial Statements and Schedule

For the years ended March 31, 2011, 2012 and 2013

With Report of Independent Registered Public Accounting Firm Thereon

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**Ricoh Company, Ltd. and Consolidated Subsidiaries**

**Index to Consolidated Financial Statements**

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| <u>Consolidated Balance Sheets as of March 31, 2012 and 2013</u>   | F-4 to F-5   |
| <u>Consolidated Statements of Operations for the years ended March 31, 2011, 2012 and 2013</u>   | F-6          |
| <u>Consolidated Statements of Comprehensive Income for the years ended March 31, 2011, 2012 and 2013</u>   | F-7          |
| <u>Consolidated Statements of Changes in Equity for the years ended March 31, 2011, 2012 and 2013</u>  | F-8          |
| <u>Consolidated Statements of Cash Flows for the years ended March 31, 2011, 2012 and 2013</u>   | F-9          |
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| Schedule:  |              |
| <u>II. Valuation and Qualifying Accounts and Reserves</u>  | F-52         |
| All schedules not listed have been omitted because they are not applicable, or the required information has been otherwise supplied in the consolidated financial statements or the notes thereto. |              |

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### **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, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended March 31, 2013. In connection with our audits of the consolidated financial statements, we also have audited the related financial statement schedule. We also have audited Ricoh Company, Ltd.'s internal control over financial reporting as of March 31, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Ricoh Company, Ltd.'s management is responsible for these consolidated financial statements, the financial statement schedule, and 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 these consolidated financial statements and financial statement schedule, and an opinion on Ricoh Company, Ltd.'s internal control over financial reporting 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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.



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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, 2013 and 2012, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2013, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein. Also in our opinion, Ricoh Company, Ltd. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2013, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission .

As discussed in Note 2(j) to the consolidated financial statements, Ricoh Company, Ltd. and domestic subsidiaries have elected to change its method of accounting for computing depreciation of property, plant and equipment in the year ended March 31, 2013.

/s/ KPMG AZSA LLC

Tokyo, Japan

July 31, 2013

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**Table of Contents****Ricoh Company, Ltd. and Consolidated Subsidiaries****Consolidated Balance Sheets****March 31, 2012 and 2013**

|  | <b>Millions of Yen</b> |             |
|--|------------------------|-------------|
|  | <b>2012</b>            | <b>2013</b> |
| <b>ASSETS</b>  |                        |             |
| Current assets:  |                        |             |
| Cash and cash equivalents                                | ¥ 156,210              | ¥ 117,051   |
| Time deposits  | 2,461                  | 3,280       |
| Trade receivables:                                       |                        |             |
| Notes  | 43,921                 | 36,772      |
| Accounts   | 439,673                | 488,233     |
| Less - Allowance for doubtful receivables                | (16,380)               | (15,424)    |
| Current maturities of long-term finance receivables, net | 219,716                | 235,889     |
| Inventories:   |                        |             |
| Finished goods   | 101,165                | 101,568     |
| Work in process and raw materials                        | 93,844                 | 93,799      |
| Deferred income taxes and other                          | 65,896                 | 65,051      |
| Total current assets                                     | 1,106,506              | 1,126,219   |
| Property, plant and equipment, at cost:                  |                        |             |
| Land   | 45,893                 | 45,809      |
| Buildings  | 265,843                | 271,272     |
| Machinery and equipment                                  | 659,503                | 701,590     |
| Construction in progress                                 | 9,576                  | 17,891      |
| Total  | 980,815                | 1,036,562   |
| Less - accumulated depreciation and amortization         | (712,288)              | (745,687)   |
| Net property, plant and equipment                        | 268,527                | 290,875     |
| Investments and other assets:                            |                        |             |
| Long-term finance receivables, net                       | 468,004                | 466,608     |
| Investment securities                                    | 45,470                 | 54,102      |
| Investments in and advances to affiliates                | 444                    | 1,026       |
| Goodwill   | 195,251                | 221,217     |
| Other intangible assets                                  | 112,914                | 107,702     |
| Lease deposits and other                                 | 92,242                 | 92,948      |
| Total investments and other assets                       | 914,325                | 943,603     |
| Total assets   | ¥ 2,289,358            | ¥ 2,360,697 |

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|   | Millions of Yen |             |
|---|-----------------|-------------|
|   | 2012            | 2013        |
| <b>LIABILITIES AND EQUITY</b>   |                 |             |
| Current liabilities:  |                 |             |
| Short-term borrowings   | ¥ 111,272       | ¥ 65,219    |
| Current maturities of long-term indebtedness  | 105,160         | 161,180     |
| Trade payables:   |                 |             |
| Notes   | 11,553          | 15,197      |
| Accounts  | 240,656         | 241,341     |
| Accrued income taxes  | 13,448          | 12,091      |
| Accrued expenses and other  | 190,935         | 205,339     |
| Total current liabilities   | 673,024         | 700,367     |
| Long-term liabilities:  |                 |             |
| Long-term indebtedness, less current maturities   | 525,435         | 476,381     |
| Accrued pension and severance costs   | 164,757         | 164,289     |
| Deferred income taxes and other   | 47,124          | 61,002      |
| Total long-term liabilities   | 737,316         | 701,672     |
| Commitments and contingent liabilities (Note 17)  |                 |             |
| Equity:   |                 |             |
| Ricoh Company, Ltd. shareholders' equity:   |                 |             |
| Common stock;   |                 |             |
| Authorized - 1,500,000,000 shares in 2012 and 2013 Issued and outstanding - 744,912,078 shares and 725,081,018 shares in 2012 and 744,912,078 shares and 725,036,416 shares in 2013 | 135,364         | 135,364     |
| Additional paid-in capital  | 186,083         | 186,083     |
| Retained earnings   | 742,549         | 759,783     |
| Accumulated other comprehensive loss  | (204,175)       | (146,088)   |
| Treasury stock at cost; 19,831,060 shares in 2012 and 19,875,662 shares in 2013   | (37,117)        | (37,146)    |
| Total Ricoh Company, Ltd. shareholders' equity  | 822,704         | 897,996     |
| Noncontrolling interests  | 56,314          | 60,662      |
| Total equity  | 879,018         | 958,658     |
| Total liabilities and equity  | ¥ 2,289,358     | ¥ 2,360,697 |

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

**Table of Contents****Ricoh Company, Ltd. and Consolidated Subsidiaries****Consolidated Statements of Operations****For the Years Ended March 31, 2011, 2012 and 2013**

|  | 2011             | Millions of Yen<br>2012 | 2013             |
|--|------------------|-------------------------|------------------|
| Net sales:   |                  |                         |                  |
| Products   | ¥ 935,280        | ¥ 876,399               | ¥ 868,128        |
| Post sales and rentals   | 901,402          | 920,827                 | 941,564          |
| Other revenue  | 104,654          | 106,251                 | 114,805          |
| <b>Total</b>   | <b>1,941,336</b> | <b>1,903,477</b>        | <b>1,924,497</b> |
| Cost of sales:   |                  |                         |                  |
| Products   | 647,155          | 626,426                 | 628,509          |
| Post sales and rentals   | 427,796          | 448,478                 | 446,302          |
| Other revenue  | 77,444           | 75,951                  | 81,085           |
| <b>Total</b>   | <b>1,152,395</b> | <b>1,150,855</b>        | <b>1,155,896</b> |
| Gross profit   | 788,941          | 752,622                 | 768,601          |
| Selling, general and administrative expenses                           | 729,220          | 703,511                 | 690,735          |
| Restructuring charges  | 885              | 30,169                  | 13,053           |
| Loss on impairment of goodwill   |                  | 27,491                  |                  |
| Loss on impairment of long-lived assets                                | 765              | 9,519                   | 1,379            |
| Operating income (loss)  | 58,071           | (18,068)                | 63,434           |
| Other (income) expenses:   |                  |                         |                  |
| Interest and dividend income   | (2,985)          | (3,129)                 | (3,048)          |
| Interest expense   | 8,528            | 6,979                   | 7,377            |
| Foreign currency exchange loss, net                                    | 5,956            | 4,355                   | 121              |
| Loss on impairment of securities                                       | 1,844            | 5,012                   | 332              |
| Other, net   | 559              | 652                     | 479              |
| <b>Total</b>   | <b>13,902</b>    | <b>13,869</b>           | <b>5,261</b>     |
| Income (loss) before income taxes and equity in earnings of affiliates | 44,169           | (31,937)                | 58,173           |
| Provision for income taxes:  |                  |                         |                  |
| Current  | 21,501           | 32,309                  | 21,079           |
| Deferred   | 909              | (24,086)                | (241)            |
| <b>Total</b>   | <b>22,410</b>    | <b>8,223</b>            | <b>20,838</b>    |
| Equity in earnings (losses) of affiliates                              | (22)             | 39                      | 31               |
| Net income (loss)  | 21,737           | (40,121)                | 37,366           |
| Net income attributable to noncontrolling interests                    | 3,107            | 4,439                   | 4,899            |
| Net income (loss) attributable to Ricoh Company, Ltd.                  | ¥ 18,630         | ¥ (44,560)              | ¥ 32,467         |

|  | 2011     | Yen<br>2012 | 2013     |
|--|----------|-------------|----------|
| Per share of common stock:   |          |             |          |
| Net income (loss) attributable to Ricoh Company, Ltd.:                     |          |             |          |
| Basic  | ¥ 25.68  | ¥ (61.42)   | ¥ 44.78  |
| Diluted  | 25.15    | (61.42)     |          |
|  |          |             |          |
| Cash dividends paid  | 33.00    | 33.00       | 21.00    |
|  |          |             |          |
| Per American Depositary Share, each representing 5 shares of common stock: |          |             |          |
| Net income (loss) attributable to Ricoh Company, Ltd.:                     |          |             |          |
| Basic  | ¥ 128.40 | ¥ (307.10)  | ¥ 223.90 |
| Diluted  | 125.75   | (307.10)    |          |
|  |          |             |          |
| Cash dividends paid  | 165.00   | 165.00      | 105.00   |

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

**Table of Contents****Ricoh Company, Ltd. and Consolidated Subsidiaries****Consolidated Statements of Comprehensive Income****For the Years Ended March 31, 2011, 2012 and 2013**

|   | <b>Millions of Yen</b> |                 |               |
|---|------------------------|-----------------|---------------|
|   | <b>2011</b>            | <b>2012</b>     | <b>2013</b>   |
| Net income (loss)   | ¥ 21,737               | ¥ (40,121)      | ¥ 37,366      |
| Other comprehensive income (loss), net of tax:                  |                        |                 |               |
| Net unrealized holding gains and losses on securities           | 88                     | 1,208           | 5,033         |
| Pension liability adjustments                                   | (165)                  | (20,163)        | 3,407         |
| Net unrealized gains and losses on derivatives                  | (33)                   | 83              | 423           |
| Foreign currency translation adjustments                        | (37,938)               | (15,066)        | 49,370        |
| <b>Total</b>  | <b>(38,048)</b>        | <b>(33,938)</b> | <b>58,233</b> |
| Comprehensive income (loss)                                     | (16,311)               | (74,059)        | 95,599        |
| Comprehensive income attributable to noncontrolling interests   | 3,341                  | 4,228           | 5,045         |
| Comprehensive income (loss) attributable to Ricoh Company, Ltd. | ¥ (19,652)             | ¥ (78,287)      | ¥ 90,554      |

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

**Table of Contents****Ricoh Company, Ltd. and Consolidated Subsidiaries****Consolidated Statements of Changes in Equity****For the Years Ended March 31, 2011, 2012 and 2013**

|  | Millions of Yen |                                  |                      |   |                   | Total<br>Ricoh<br>Company,<br>Ltd. | Noncontrolling<br>interests | Total equity |
|--|-----------------|----------------------------------|----------------------|---|-------------------|------------------------------------|-----------------------------|--------------|
|  | Common<br>stock | Additional<br>paid-in<br>capital | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>loss | Treasury<br>stock | shareholders<br>equity             |                             |              |
| Balance at March 31, 2010  | ¥ 135,364       | ¥ 186,083                        | ¥ 816,833            | ¥ (132,166)                                   | ¥ (36,756)        | ¥ 969,358                          | ¥ 50,533                    | ¥ 1,019,891  |
| Cumulative effect of a change<br>in accounting principle -<br>adoption of accounting standard<br>for a variable interest entity, net<br>of tax |                 |                                  | (410)                |   |                   | (410)                              | (392)                       | (802)        |
| Balance at April 1, 2010, as<br>adjusted   | 135,364         | 186,083                          | 816,423              | (132,166)                                     | (36,756)          | 968,948                            | 50,141                      | 1,019,089    |
| Loss on disposal of treasury<br>stock  |                 |                                  | (28)                 |   |                   | (28)                               |                             | (28)         |
| Dividends declared and<br>approved to Ricoh Company,<br>Ltd. shareholders  |                 |                                  | (23,943)             |   |                   | (23,943)                           |                             | (23,943)     |
| Comprehensive income (loss):   |                 |                                  |                      |   |                   |                                    |                             |              |
| Net income   |                 |                                  | 18,630               |   |                   | 18,630                             | 3,107                       | 21,737       |
| Net unrealized gains and losses<br>on securities   |                 |                                  |                      | 94  |                   | 94                                 | (6)                         | 88           |
| Pension liability adjustments  |                 |                                  |                      | (158)   |                   | (158)                              | (7)                         | (165)        |
| Net unrealized losses on<br>derivatives  |                 |                                  |                      | (11)  |                   | (11)                               | (22)                        | (33)         |
| Foreign currency translation<br>adjustments  |                 |                                  |                      | (38,207)                                      |                   | (38,207)                           | 269                         | (37,938)     |
| Total comprehensive income<br>(loss)   |                 |                                  |                      |   |                   | (19,652)                           | 3,341                       | (16,311)     |
| Net changes in treasury stock  |                 |                                  |                      |   | (82)              | (82)                               |                             | (82)         |
| Dividends to noncontrolling<br>interests   |                 |                                  |                      |   |                   |                                    | (595)                       | (595)        |
| Balance at March 31, 2011  | ¥ 135,364       | ¥ 186,083                        | ¥ 811,082            | ¥ (170,448)                                   | ¥ (36,838)        | ¥ 925,243                          | ¥ 52,887                    | ¥ 978,130    |
| Loss on disposal of treasury<br>stock  |                 |                                  | (31)                 |   |                   | (31)                               |                             | (31)         |
| Dividends declared and<br>approved to Ricoh Company,<br>Ltd. shareholders  |                 |                                  | (23,942)             |   |                   | (23,942)                           |                             | (23,942)     |
| Comprehensive income (loss):   |                 |                                  |                      |   |                   |                                    |                             |              |

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|   |           |           |           |             |            |           |          |           |          |
|---|-----------|-----------|-----------|-------------|------------|-----------|----------|-----------|----------|
| Net income (loss)   | (44,560)  |           |           |             |            | (44,560)  |          | 4,439     | (40,121) |
| Net unrealized gains and losses on securities                       | 1,215     |           |           |             |            | 1,215     |          | (7)       | 1,208    |
| Pension liability adjustments                                       | (20,085)  |           |           |             |            | (20,085)  |          | (78)      | (20,163) |
| Net unrealized gains on derivatives                                 | 15        |           |           |             |            | 15        |          | 68        | 83       |
| Foreign currency translation adjustments                            | (14,872)  |           |           |             |            | (14,872)  |          | (194)     | (15,066) |
| Total comprehensive income (loss)                                   |           |           |           |             |            | (78,287)  |          | 4,228     | (74,059) |
| Net changes in treasury stock                                       | (279)     |           |           |             |            | (279)     |          |           | (279)    |
| Dividends to noncontrolling interests                               |           |           |           |             |            |           |          | (603)     | (603)    |
| Equity transactions with noncontrolling interests                   |           |           |           |             |            |           |          | (198)     | (198)    |
| Balance at March 31, 2012   | ¥ 135,364 | ¥ 186,083 | ¥ 742,549 | ¥ (204,175) | ¥ (37,117) | ¥ 822,704 | ¥ 56,314 | ¥ 879,018 |          |
| Loss on disposal of treasury stock                                  | (7)       |           |           |             |            | (7)       |          |           | (7)      |
| Dividends declared and approved to Ricoh Company, Ltd. shareholders | (15,226)  |           |           |             |            | (15,226)  |          |           | (15,226) |
| Comprehensive income (loss):  |           |           |           |             |            |           |          |           |          |
| Net income  | 32,467    |           |           |             |            | 32,467    |          | 4,899     | 37,366   |
| Net unrealized gains and losses on securities                       | 4,984     |           |           |             |            | 4,984     |          | 49        | 5,033    |
| Pension liability adjustments                                       | 3,312     |           |           |             |            | 3,312     |          | 95        | 3,407    |
| Net unrealized gains on derivatives                                 | 292       |           |           |             |            | 292       |          | 131       | 423      |
| Foreign currency translation adjustments                            | 49,499    |           |           |             |            | 49,499    |          | (129)     | 49,370   |
| Total comprehensive income (loss)                                   |           |           |           |             |            | 90,554    |          | 5,045     | 95,599   |
| Net changes in treasury stock                                       | (29)      |           |           |             |            | (29)      |          |           | (29)     |
| Dividends to noncontrolling interests                               |           |           |           |             |            |           |          | (697)     | (697)    |
| Balance at March 31, 2013   | ¥ 135,364 | ¥ 186,083 | ¥ 759,783 | ¥ (146,088) | ¥ (37,146) | ¥ 897,996 | ¥ 60,662 | ¥ 958,658 |          |

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



**Table of Contents****Ricoh Company, Ltd. and Consolidated Subsidiaries****Consolidated Statements of Cash Flows****For the Years Ended March 31, 2011, 2012 and 2013**

|   | 2011            | Millions of Yen<br>2012 | 2013             |
|---|-----------------|-------------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                 |                         |                  |
| Net income (loss)   | ¥ 21,737        | ¥ (40,121)              | ¥ 37,366         |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities |                 |                         |                  |
| Depreciation and amortization   | 93,677          | 91,137                  | 85,905           |
| Equity in earnings of affiliates, net of dividends received                             | 22              | (39)                    | (31)             |
| Deferred income taxes   | 909             | (24,086)                | (241)            |
| Loss on impairment of long-lived assets   | 842             | 10,070                  | 1,379            |
| Loss on impairment of goodwill  |                 | 27,491                  |                  |
| Pension and severance costs, less payments  | (1,106)         | (5,386)                 | (5,973)          |
| Changes in assets and liabilities, net of effects from acquisition:                     |                 |                         |                  |
| (Increase) decrease in trade receivables  | 1,072           | (20,393)                | (16,292)         |
| (Increase) decrease in inventories  | (12,515)        | (17,126)                | 14,010           |
| (Increase) decrease in lease receivables  | 13,917          | (25,667)                | 4,725            |
| Increase (decrease) in trade payables   | (11,850)        | (5,096)                 | 781              |
| Increase (decrease) in accrued income taxes and accrued expenses                        | 13,868          | (5,623)                 | (2,616)          |
| (Increase) decrease in other current assets   | 1,018           | (970)                   | 661              |
| (Increase) decrease in other assets   | (3,030)         | 4,932                   | 97               |
| Increase (decrease) in other current liabilities  | (388)           | 2,626                   | 5,146            |
| Increase (decrease) in other liabilities  | (820)           | 9,635                   | 8,505            |
| Other, net  | 11,283          | 9,822                   | (8,896)          |
| <b>Net cash provided by operating activities</b>  | <b>128,636</b>  | <b>11,206</b>           | <b>124,526</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                 |                         |                  |
| Proceeds from sales of property, plant and equipment                                    | 1,389           | 1,532                   | 1,712            |
| Expenditures for property, plant and equipment, including interest capitalized          | (66,875)        | (73,271)                | (86,569)         |
| Expenditures for intangible assets  | (18,807)        | (14,504)                | (12,226)         |
| Payments for purchases of available-for-sale securities                                 | (235)           | (93)                    | (93)             |
| Proceeds from sales of available-for-sale securities                                    | 126             | 68                      | 208              |
| Increase in time deposits   | (401)           | (385)                   | (374)            |
| Purchase of business, net of cash acquired  | (1,415)         | (14,816)                | (2,774)          |
| Other, net  | (5,688)         | (10,974)                | (6,351)          |
| <b>Net cash used in investing activities</b>  | <b>(91,906)</b> | <b>(112,443)</b>        | <b>(106,467)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                 |                         |                  |
| Net proceeds (repayments) of debt with original maturities of three months or less      | (31,873)        | 68,948                  | (59,046)         |
| Proceeds from debt with original maturities of more than three months                   | 64,478          | 148,403                 | 153,361          |
| Repayments of debt with original maturities of more than three months                   | (92,714)        | (82,533)                | (162,677)        |
| Proceeds from issuance of long-term debt securities                                     | 79,741          |                         | 20,000           |
| Repayments of long-term debt securities   | (87,975)        | (22,444)                |                  |
| Dividends paid  | (23,943)        | (23,942)                | (15,226)         |
| Payments for purchase of treasury stock   | (157)           | (23)                    | (39)             |
| Other, net  | (520)           | (586)                   | (694)            |
| <b>Net cash provided by (used in) financing activities</b>                              | <b>(92,963)</b> | <b>87,823</b>           | <b>(64,321)</b>  |

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|   |           |           |           |
|---|-----------|-----------|-----------|
| EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS | (8,647)   | (2,597)   | 7,103     |
| NET DECREASE IN CASH AND CASH EQUIVALENTS                   | (64,880)  | (16,011)  | (39,159)  |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR              | 237,101   | 172,221   | 156,210   |
| CASH AND CASH EQUIVALENTS AT END OF YEAR                    | ¥ 172,221 | ¥ 156,210 | ¥ 117,051 |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

CASH PAID DURING THE YEAR FOR-

|  |         |         |         |
|--|---------|---------|---------|
| Interest, excluding interest capitalized | ¥ 9,683 | ¥ 8,419 | ¥ 8,579 |
| Income taxes                             | 18,878  | 17,051  | 19,625  |

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

**Table of Contents****Ricoh Company, Ltd. and Consolidated Subsidiaries****Notes to Consolidated Financial Statements****1. NATURE OF OPERATIONS**

Ricoh Company, Ltd. (the Company) was established in 1936 and is headquartered in Tokyo, Japan. The Company and 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 Lanier, Savin and Infotec.

Ricoh manufactures its products primarily in 14 plants in Japan and 11 plants overseas, which are located in the United States, United Kingdom, France, China and Thailand.

**2. SIGNIFICANT ACCOUNTING AND REPORTING POLICIES**

Significant accounting and reporting policies are summarized below:

**(a) Basis of Presentation**

The accompanying consolidated financial statements of Ricoh have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

The accompanying consolidated financial statements for each of the years in the three-year period ended March 31, 2013 are presented in Japanese yen, the functional currency of the Company and its domestic subsidiaries.

**(b) Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Company, all majority-owned subsidiaries and variable interest entity (VIE) which of Ricoh is a primary beneficiary. Investments in entities in which Ricoh has the ability to exercise significant influence over the entities' operating and financial policies, but not a controlling financial interest, are accounted for on an equity method. All significant inter-company balances and transactions have been eliminated in consolidation.

During the year ended March 31, 2012, certain subsidiaries of the Company changed their fiscal year-ends from December 31 to March 31. As a result, Ricoh eliminated the previously existing three months difference between the reporting periods of the Company and the subsidiaries in the consolidated financial statements. Prior-year consolidated financial statements have been retrospectively adjusted in order to reflect the elimination of the lag period.

The effect of the retrospective application is as follows.

|   | Millions of Yen           |             |
|---|---------------------------|-------------|
|   | Year ended March 31, 2011 |             |
|   | As originally reported    | As adjusted |
| Net sales   | ¥ 1,942,013               | ¥ 1,941,336 |
| Income before income taxes and equity in earnings of affiliates                     | 45,400                    | 44,169      |
| Net income attributable to Ricoh Company, Ltd.                                      | 19,650                    | 18,630      |
| Net income attributable to Ricoh Company, Ltd. shareholders per share-basic (yen)   | 27.08                     | 25.68       |
| Net income attributable to Ricoh Company, Ltd. shareholders per share-diluted (yen) | 26.53                     | 25.15       |



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### **(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 are 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. Consideration in a multiple-element arrangement is allocated at the inception of the arrangement to all deliverables on the basis of the relative selling price if both of the following criteria are met: the delivered item(s) has value to the customer on a stand-alone basis; and the delivery of the undelivered item must be probable and controlled by Ricoh if the arrangement includes the right of return. If these criteria are not met, revenue is deferred until the undelivered elements are fulfilled and accounted for 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) and noncontrolling interests in equity.

All foreign currency transaction gains and losses are included in other income and expenses in the period incurred.

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### **(e) Cash Equivalents**

Cash and cash equivalents include highly liquid investments such as certificates of deposits (CD) and time deposits with maturities of three months or less.

In addition, short term investments such as money management funds (MMF) and free financial funds (FFF) with maturities of three months or less are also classified into cash and cash equivalents, as they are readily convertible to cash and present insignificant risk of changes in value.

### **(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.

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 changes 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 change in fair value of the hedged item. 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.

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### **(h) Securities**

Ricoh's investments in debt and marketable equity securities are classified as available-for-sale securities. Available-for-sale securities are reported at fair value with unrealized gains and losses, net of related taxes, reported in accumulated other comprehensive income (loss) and noncontrolling interests in equity.

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: 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.

Investments in affiliated companies over which Ricoh has the ability to exercise significant influence, but does not hold a controlling financial interest, are accounted for by the equity method.

Non-marketable equity securities owned by Ricoh primarily relate to less than 20% owned companies and funds are stated at cost unless indication of impairment exist, which require the investment to be written down to its estimated fair value.

### **(i) Inventories**

Inventories are mainly stated at the lower of average cost or market. Inventory costs include raw materials, labor and manufacturing overheads.

### **(j) Property, Plant and Equipment**

Property, plant and equipment are stated at cost and depreciated over their estimated useful lives. The depreciation period generally ranges from 5 years to 50 years for buildings and 2 years to 12 years for machinery and equipment.

On April 1, 2012, the Company and its domestic subsidiaries changed their depreciation method from the declining-balance method to the straight-line method. The Company believes that the straight-line method better reflects the pattern of consumption of the estimated future benefits to be derived from those assets being depreciated and provides a better matching of costs and revenues over the assets' estimated useful lives. In accordance with ASC 250, *Accounting Changes and Error Corrections*, the effects of the change are accounted for prospectively beginning with the period of change, as a change in accounting estimate. Management believes that this change did not have a material impact on Ricoh's consolidated financial statements.

Most of the foreign subsidiaries have adopted the straight-line method for computing depreciation.

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**

Ricoh capitalizes certain internal and external costs incurred to acquire or create internal use software during the application development stage as well as upgrades and enhancements that result in additional functionality. The capitalized software is amortized on a straight line basis generally from 3 years to 10 years.

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**(l) Goodwill and Other Intangible Assets**

Goodwill is not amortized and is required to be tested at least annually for impairment. Acquired intangible assets with definite useful lives are amortized over their respective estimated useful lives and reviewed for impairment when an indication of impairment is identified. Other intangible assets with definite useful lives, consisting primarily of software, customer relationships and trademarks are amortized on a straight line basis over 3 year to 20 years. Any acquired intangible assets determined to have an indefinite useful life are not amortized, but instead are tested annually for impairment based on its fair value until its life would be determined to no longer be indefinite. In performing the goodwill impairment test, Ricoh utilizes the two-step approach prescribed. The first step requires a comparison of the carrying amount of the reporting units to the fair value of these units. If the carrying amount of a reporting unit exceeds its fair value, Ricoh will perform the second step of the goodwill impairment test to measure the amount of impairment loss, if any.

Ricoh completed its annual impairment assessment of goodwill and indefinite-lived intangible assets for the years ended March 31, 2011, 2012 and 2013.

**(m) Pension and Retirement Allowances Plans**

Ricoh recognizes the overfunded or underfunded status of the defined benefit plans as an asset or liability in the consolidated balance sheets, with a corresponding adjustment to accumulated other comprehensive income (loss) and noncontrolling interests, net of tax. 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**

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.

Ricoh recognizes the effects of tax positions when it is expected to be more likely than not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authority. Tax benefits that meet the more likely than not recognition threshold are measured at the largest amount that is greater than 50% likely of being realized upon settlement. Interest and penalties accrued related to unrecognized tax benefits are included in income taxes in the consolidated statements of operations.

**(o) Research and Development Expenses and Advertising Costs**

Research and development expenses and advertising costs are expensed as incurred.



**Table of Contents****(p) Shipping and Handling Costs**

Shipping and handling costs, which mainly include transportation to customers, are included in selling, general and administrative expenses in the consolidated statements of operations.

**(q) Impairment or Disposal of Long-Lived Assets**

Long-lived assets and acquired intangible assets with definite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group 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 asset group. If an asset or asset group is considered to be impaired, the impairment charge to be recognized is measured as the amount by which the carrying amount of the asset or asset group exceeds fair value. Long-lived assets meeting the criteria to be considered as held for sale are reported at the lower of their carrying amount or fair value less costs to sell.

**(r) Net Income Attributable to Ricoh Company, Ltd. per Share**

Basic net income attributable to Ricoh Company, Ltd. per share of common stock is calculated by dividing net income attributable to Ricoh Company, Ltd. by the weighted-average number of shares of common stock outstanding during the period. The calculation of diluted net income attributable to Ricoh Company, Ltd. per share of common stock is similar to the calculation of basic net income attributable to Ricoh Company, Ltd. 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 Investing and Financing Transactions**

Non-cash investing and financing transactions are as follows:

|   | Millions of Yen |      |      |
|---|-----------------|------|------|
|   | 2011            | 2012 | 2013 |
| Debt assumed in connection with adoption of new accounting standard for VIE | ¥ 20,229        |      |      |

**(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 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 seven 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, uncertain tax positions, realizability of deferred tax assets, the valuation of assets and liabilities in business combinations and pension accounting.

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### **(u) Recently Adopted New Accounting Standards**

In the fiscal year ended March 31, 2013, Ricoh adopted Accounting Standards Update (ASU) 2011-05 Presentation of Comprehensive Income which requires an entity to present net income and other comprehensive income either in a single continuous statement (one-statement approach) or in two separate, but consecutive, statements (two-statement approach).

Ricoh has elected the two-statement approach, which has been applied retrospectively for all periods presented.

### **(v) New Accounting Standards Not Yet Adopted**

In December 2011, the FASB issued ASU 2011-11 Disclosures about Offsetting Assets and Liabilities. This ASU requires an entity to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on its financial position, and to allow investors to better compare financial statements prepared under U.S. GAAP with financial statements prepared under International Financial Reporting Standards (IFRS). In January 2013, ASU 2013-01 replaced ASU 2011-11. The updates create new disclosure requirements requiring entities to disclose both gross and net information for derivatives and other financial instruments that are either offset in the Statement of assets and liabilities or subject to an enforceable master netting arrangement or similar agreement. Both ASU's are effective for fiscal years beginning on or after January 1, 2013 and interim periods within those annual periods. Retrospective application is required. These ASU's impact disclosures only and will have no impact on Ricoh's consolidated financial position.

### **(w) Immaterial Corrections of the Prior Year's Consolidated Statements of Cash Flows**

The Company had presented cash flows related to short-term debt in financing activities on a net basis through the year ended March 31, 2012. Effective from the year ended March 31, 2013, the Company has presented these cash flows on a net basis only for those debts for which the original maturities are three months or less. The consolidated statements of cash flows for the years ended March 31, 2011 and 2012 have also been revised to properly present this cash flow information.

These revisions do not have any impact on previously reported net cash flows from financing activities.

## **3. ACQUISITIONS**

Ricoh completed certain immaterial business combinations during the years ended March 31, 2011, 2012 and 2013 resulting in cash expenditure of ¥1,415 million, ¥14,816 million and ¥2,774 million, net of cash acquired, respectively.

**Table of Contents****4. FINANCE RECEIVABLES**

Finance receivables as of March 31, 2012 and 2013 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. Most of these leases are accounted for as sales-type leases. 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, 2012 and 2013 are as follows:

|   | <b>Millions of Yen</b> |             |
|---|------------------------|-------------|
|   | <b>2012</b>            | <b>2013</b> |
| Future minimum lease payments to be received    | ¥ 645,010              | ¥ 648,347   |
| Estimated non-guaranteed residual values        | 8,954                  | 11,881      |
| Unearned income                                 | (41,133)               | (38,661)    |
| Allowance for doubtful receivables              | (8,472)                | (8,727)     |
| Lease receivables, net                          | 604,359                | 612,840     |
| Less - Current portion of lease receivable, net | (212,101)              | (227,866)   |
| Amounts due after one year, net                 | ¥ 392,258              | ¥ 384,974   |

As of March 31, 2013, the future minimum lease payments to be received due in each of the next five years and thereafter are as follows:

| <b>Years ending March 31</b> | <b>Millions of Yen</b> |
|------------------------------|------------------------|
| 2014                         | ¥ 237,741              |
| 2015                         | 167,343                |
| 2016                         | 123,217                |
| 2017                         | 76,956                 |
| 2018                         | 32,084                 |
| 2019 and thereafter          | 11,006                 |
| Total                        | ¥ 648,347              |

The Company's subsidiary, Ricoh Leasing Company, Ltd., has also extended certain types of loans as part of its business activity, which are primarily residential housing loans in Japan secured by the underlying real estate properties. The total balance of these loans, net of allowance for doubtful receivables, as of March 31, 2012 and 2013 was ¥83,361 million and ¥89,657 million, respectively. The current portion of loans receivable was ¥7,615 million and ¥8,023 million, respectively, as of March 31, 2012 and 2013, and was included in current maturities of long-term finance receivables, net in the accompanying consolidated balance sheets. Loan activities for the years ended March 31, 2011, 2012 and 2013 are as follows:

|                                | <b>Millions of Yen</b> |             |             |
|--------------------------------|------------------------|-------------|-------------|
|                                | <b>2011</b>            | <b>2012</b> | <b>2013</b> |
| New loans                      | ¥ 15,465               | ¥ 22,222    | ¥ 22,398    |
| Repayment of outstanding loans | 9,777                  | 11,519      | 16,327      |

Ricoh Leasing Company, Ltd. made: (1) transferring its lease receivables to a trust and received the beneficial interests in the trust originated from the transferred assets; and subsequently, (2) transferring the non-subordinated beneficial interests to and receiving cash as consideration from transferees, such as Special Purpose Entity ( SPE ) that are different from the trust mentioned above, as a part of securitization programs. The retained subordinated interests were considered as variable interests, since the subordinated interests had the obligation to absorb the

expected loss of the trust.

The new consolidation provisions, which came into effect on April 1, 2010, eliminated the concept of excluding qualifying SPE from the scope of consolidation. In accordance with the new consolidation provisions, Ricoh performed a qualitative analysis to determine the primary beneficiary of a Variable Interest Entity ( VIE ). The primary beneficiary of a VIE has both the: (1) power to direct the activities of a VIE that most significantly impact the entity's economic performance and (2) obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Ricoh Leasing Company, Ltd. was considered as the primary beneficiary since Ricoh Leasing Company, Ltd. acted as a special servicer for lease receivables transferred to the trust and therefore, deemed to meet the criteria (1) and (2) above.

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As a result of the above consideration, for the year beginning on April 1, 2010, Ricoh consolidated the trust, which had been unconsolidated prior to March 31, 2010, at the carrying amounts of the trust's assets and liabilities as of April 1, 2010, eliminating the retained subordinated beneficial interests on the consolidated balance sheet. The main effects on Ricoh's consolidated financial position are as follows:

|  | <b>Millions of Yen</b> |             |
|--|------------------------|-------------|
|  | <b>2012</b>            | <b>2013</b> |
| Current maturities of long-term finance receivables, net | ¥ 15,487               | ¥ 12,039    |
| Long-term finance receivables, net                       | 30,225                 | 24,442      |
| Current maturities of long-term indebtedness             | 12,487                 | 10,161      |
| (Including secured loans caused by lease transactions)   | (11,835)               | (10,161)    |
| Long-term indebtedness                                   | 24,371                 | 20,624      |
| (Including secured loans caused by lease transactions)   | (23,096)               | (20,624)    |

For the difference between the net amount added to the balance sheet and the amount of previously recognized interest in the newly consolidated VIE, Ricoh recognized a cumulative effect adjustment of ¥410 million to retained earnings and ¥ 392 million to noncontrolling interests as of April 1, 2010. Servicing assets or liabilities related to securitization transactions initiated were not recorded, because the servicing fees adequately compensate Ricoh.

From April 1, 2010, the transferring of the non-subordinated beneficial interests was recorded as secured loans, since Ricoh Leasing Company, Ltd. retained subordinated beneficial interests and such interests did not meet the definition of participating interest. Lease receivables are only to be used to settle obligation of the trust's liabilities or transferee's liabilities in substantially.

Apart from the transactions mentioned above, Ricoh's foreign subsidiaries transferred lease receivables with recourse. Ricoh recorded these transfers as secured loans, since these transactions did not meet the derecognition criteria of financial assets. The assets and liabilities that were accounted for as secured loans are as follows:

|  | <b>Millions of Yen</b> |             |
|--|------------------------|-------------|
|  | <b>2012</b>            | <b>2013</b> |
| Current maturities of long-term finance receivables, net | ¥ 1,397                | ¥ 1,743     |
| Long-term finance receivables, net                       | 6,919                  | 5,575       |
| Current maturities of long-term indebtedness             | 1,397                  | 1,743       |
| Long-term indebtedness                                   | 6,919                  | 5,575       |

In the year ended March 31, 2013, certain of Ricoh's consolidated subsidiaries sold lease receivables of ¥27,605 million without recourse to third-party financial institutions for cash proceeds of ¥29,570 million, which were reported as operating cash flows in the consolidated statement of cash flows. Since Ricoh's consolidated subsidiaries did not maintain effective control over the transferred lease receivables, such arrangements of lease receivable transfers were accounted for as sales, and a pre-tax gain of ¥1,965 million was recognized on these sales and reported in other revenue in the consolidated statements of operations. Although Ricoh's consolidated subsidiaries have continued to service the sold lease receivables without any servicing fee, servicing assets or liabilities were not recorded as the related costs were not significant.

**Table of Contents****5. INVESTMENT SECURITIES**

Securities as of March 31, 2012 and 2013 consist of the followings:

|                                  | Millions of Yen |          |
|----------------------------------|-----------------|----------|
|                                  | 2012            | 2013     |
| Non-current:                     |                 |          |
| Available-for-sale securities    | ¥ 43,633        | ¥ 52,319 |
| Non-marketable equity securities | 1,837           | 1,783    |
|                                  | ¥ 45,470        | ¥ 54,102 |

The respective cost, gross unrealized holding gains, gross unrealized holding losses and fair values of available-for-sale securities as of March 31, 2012 and 2013 are as follows:

|                           | 2012     |                                |                                 |            | 2013     |                                |                                 |            |
|---------------------------|----------|--------------------------------|---------------------------------|------------|----------|--------------------------------|---------------------------------|------------|
|                           | Cost     | Gross unrealized holding gains | Gross unrealized holding losses | Fair value | Cost     | Gross unrealized holding gains | Gross unrealized holding losses | Fair value |
| Non-current:              |          |                                |                                 |            |          |                                |                                 |            |
| Equity securities         | ¥ 35,489 | ¥ 6,590                        | ¥ 225                           | ¥ 41,854   | ¥ 35,378 | ¥ 15,058                       | ¥ 69                            | ¥ 50,367   |
| Corporate debt securities | 1,697    | 82                             |                                 | 1,779      | 1,836    | 116                            |                                 | 1,952      |
|                           | ¥ 37,186 | ¥ 6,672                        | ¥ 225                           | ¥ 43,633   | ¥ 37,214 | ¥ 15,174                       | ¥ 69                            | ¥ 52,319   |

Gross unrealized holding losses and the fair value of available-for-sale securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2012 and 2013 are as follows:

|                     | 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 |
| Non-current:        |                     |                                 |                     |                                 |            |                                 |
| Available-for-sale: |                     |                                 |                     |                                 |            |                                 |
| Equity securities   | ¥ 781               | ¥ 129                           | ¥ 467               | ¥ 96                            | ¥ 1,248    | ¥ 225                           |

|                     | 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 |
| Non-current:        |                     |                                 |                     |                                 |            |                                 |
| Available-for-sale: |                     |                                 |                     |                                 |            |                                 |

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|                   |      |     |       |      |       |      |
|-------------------|------|-----|-------|------|-------|------|
| Equity securities | ¥ 61 | ¥ 5 | ¥ 288 | ¥ 64 | ¥ 349 | ¥ 69 |
|-------------------|------|-----|-------|------|-------|------|

Gross unrealized holding losses of available-for-sale securities as of March 31, 2013 consist of 13 security holdings. Ricoh concluded that the decline in fair value of investment securities at year end to be temporary, by considering such factors as financial and operating conditions of the issuer, the industry in which the issuer operates and other relevant factors. Ricoh judged the degree of decline in fair value of investment securities against the fair value to be immaterial.

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The contractual maturities of debt securities classified as available-for-sale securities as of March 31, 2013, regardless of their balance sheet classification, are as follows:

|                                       | Millions of Yen |            |
|---------------------------------------|-----------------|------------|
|                                       | Cost            | Fair value |
| Due after one year through five years | ¥ 693           | ¥ 696      |
| Over five years                       | 1,143           | 1,256      |
|                                       | ¥ 1,836         | ¥ 1,952    |

Proceeds from the sales of available-for-sale securities was ¥208 million for the years ended March 31, 2013. There were no significant proceeds from the sales of available-for-sale securities for the years ended March 31, 2012. Proceeds from the sales of available-for-sale securities was ¥126 million for the years ended March 31, 2011.

There were no significant realized gains and losses from the sales of available-for-sale securities for the years ended March 31, 2011, 2012 and 2013.

The loss on impairment of available-for-sale securities were ¥1,844 million, ¥5,012 million and ¥332 million for the years ended March 31, 2011, 2012 and 2013, respectively, which is presented as loss on impairment of securities on the consolidated statements of operations. The number of impaired available-for-sale securities were 14, 14 and 10 for the years ended March 31, 2011, 2012 and 2013, respectively. The cause of the impairment was the decline of the stock markets. Ricoh regarded these losses as other-than-temporary impairments because it did not believe that the quoted market price of such securities would recover to its cost basis within the near term, as of March 31, 2011, 2012 and 2013.

As for net unrealized gains and losses on securities in accumulated other comprehensive income (loss) and related reclassification adjustments for gains and losses realized in net income for the years ended March 31, 2011, 2012 and 2013, refer to Note 14.

**6. INVESTMENTS IN AND ADVANCES TO AFFILIATES**

The investments in and advances to affiliates primarily relate to less than majority-owned companies. Ricoh's equity in the underlying net book values of the companies is approximately equal to their individual carrying values of ¥444 million and ¥1,026 million at March 31, 2012 and 2013, respectively.

Summarized financial information for all affiliates as of March 31, 2011, 2012 and 2013 is omitted because these investees are insignificant to Ricoh's consolidated financial position or results of operations.

Transactions of Ricoh with these affiliates for the years ended March 31, 2011, 2012 and 2013, and the related account balances at March 31, 2012 and 2013 are omitted because there were no significant transactions or balances with these affiliates.

**7. RELATED PARTY TRANSACTIONS**

MUSE Associates, LLC is a limited liability company wholly owned by the Company's outside director, Mr. Mochio Umeda.

For the years ended March 31, 2012 and 2013, Ricoh paid the consulting fee of ¥35 million and ¥25 million to MUSE Associates, LLC respectively, which were recorded in selling, general and administrative expenses. There are no account balances relating to this transaction at March 31, 2012 and 2013. Fees and other transaction terms are determined through negotiations, based on consideration of the general market transaction data.



**Table of Contents****8. GOODWILL, OTHER INTANGIBLE ASSETS AND LONG-LIVED ASSETS**

Intangible asset acquired during the year ended March 31, 2013 totaled ¥12,625 million and consist of software of ¥12,204 million and trademarks and customer relationships of ¥421 million. The weighted average amortization period of software and trademarks and customer relationships are 5 years and 4 years, respectively.

The information for intangible assets subject to amortization and for intangible assets not subject to amortization as of March 31, 2012 and 2013 are as follows:

|   | Millions of Yen       |                                  |                     |                       |                                  |                     |
|---|-----------------------|----------------------------------|---------------------|-----------------------|----------------------------------|---------------------|
|   | Gross carrying amount | 2012<br>Accumulated amortization | Net carrying amount | Gross carrying amount | 2013<br>Accumulated amortization | Net carrying amount |
| Other intangible assets subject to amortization:    |                       |                                  |                     |                       |                                  |                     |
| Software  | ¥ 154,358             | ¥ (99,252)                       | ¥ 55,106            | ¥ 166,779             | ¥ (113,554)                      | ¥ 53,225            |
| Trademarks and customer relationships               | 62,791                | (20,712)                         | 42,079              | 70,564                | (30,541)                         | 40,023              |
| Other   | 28,802                | (13,894)                         | 14,908              | 26,788                | (13,159)                         | 13,629              |
| <b>Total</b>  | <b>245,951</b>        | <b>(133,858)</b>                 | <b>112,093</b>      | <b>264,131</b>        | <b>(157,254)</b>                 | <b>106,877</b>      |
| Other intangible assets not subject to amortization |                       |                                  | 821                 |                       |                                  | 825                 |
| <b>Total other intangible assets</b>                |                       |                                  | <b>¥ 112,914</b>    |                       |                                  | <b>¥ 107,702</b>    |

The aggregate amortization expense of other intangible assets subject to amortization for the years ended March 31, 2011, 2012 and 2013 were ¥26,446 million, ¥26,153 million and ¥25,434 million, respectively. The future amortization expense for each of the next five years relating to existing intangible assets is estimated to be the followings at March 31, 2013:

| Years ending March 31 | Millions of Yen |
|-----------------------|-----------------|
| 2014                  | ¥ 24,240        |
| 2015                  | 20,254          |
| 2016                  | 15,165          |
| 2017                  | 12,404          |
| 2018                  | 10,435          |

The changes in the carrying amounts of goodwill by segment for the years ended March 31, 2012 and 2013 are as follows:

|                                   | Millions of Yen     |         |           |                     |         |           |
|-----------------------------------|---------------------|---------|-----------|---------------------|---------|-----------|
|                                   | 2012                |         | 2013      |                     |         |           |
|                                   | Imaging & Solutions | Other   | Total     | Imaging & Solutions | Other   | Total     |
| Beginning balance                 |                     |         |           |                     |         |           |
| Goodwill - gross                  | ¥ 221,092           |         | ¥ 221,092 | ¥ 220,103           | ¥ 3,726 | ¥ 223,829 |
| Accumulated impairment            |                     |         |           | (28,578)            |         | (28,578)  |
| Goodwill                          | 221,092             |         | 221,092   | 191,525             | 3,726   | 195,251   |
| Goodwill acquired during the year | 3,254               | ¥ 3,726 | 6,980     | 1,605               |         | 1,605     |
| Impairment                        | (27,491)            |         | (27,491)  |                     |         |           |
| Translation adjustments and other | (5,330)             |         | (5,330)   | 24,347              | 14      | 24,361    |

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|                        |           |         |           |           |         |           |
|------------------------|-----------|---------|-----------|-----------|---------|-----------|
| Ending balance         |           |         |           |           |         |           |
| Goodwill - gross       | 220,103   | 3,726   | 223,829   | 250,199   | 3,740   | 253,939   |
| Accumulated impairment | (28,578)  |         | (28,578)  | (32,722)  |         | (32,722)  |
| Goodwill               | ¥ 191,525 | ¥ 3,726 | ¥ 195,251 | ¥ 217,477 | ¥ 3,740 | ¥ 221,217 |

As a result of annual goodwill impairment test date of December 31, 2010 and 2012, there was no reporting unit which goodwill was considered impaired.

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As a result of annual goodwill impairment test date of December 31, 2011, goodwill assigned to Production Printing reporting unit was considered impaired due to worsening economic circumstances. Ricoh performed a reconciliation of the aggregate fair value of multiple reporting units to market capitalization at a goodwill impairment test date. Consequently Ricoh recognized an impairment loss of ¥27,491 million in operating expenses in the consolidated statements of operations for the year ended March 31, 2012. Refer to Note 19 for method of measurement of fair value of goodwill.

Ricoh recognized impairment losses of long-lived assets of ¥842 million, ¥10,070 million and ¥1,379 million for the years ended March 31, 2011, 2012 and 2013, respectively.

For the year ended March 31, 2013, impairment losses of ¥1,379 million were recorded. Impairment losses of ¥903 million were related to land and buildings primarily with the closure of the business office. The fair value of these assets was determined based on a combination of repurchase cost approach and market approach. The impairment losses were included in the results of Imaging & Solutions segment.

For the year ended March 31, 2012, machinery and equipment, intangible assets such as maintenance contract of Production Printing business were impaired by ¥9,519 million, and toolings, jigs and other assets of digital camera manufacturing facilities were impaired by ¥551 million, as a result of worsening economic circumstances. Ricoh estimated that the carrying amounts would not be recoverable through future undiscounted cash flows. The fair value of these assets was determined using discounted cash flow method. The impairment losses of ¥9,519 million and ¥551 million were included in the results of Imaging & Solutions segment and Other segment, respectively.

For the year ended March 31, 2011, impairment losses of ¥842 million were recorded mainly consisting of ¥332 million and ¥374 million. Impairment losses of ¥332 million were recorded, related to toolings, jigs and other assets of digital camera manufacturing facilities, as a result of worsening economic circumstances. Ricoh estimated that the carrying amounts would not be recoverable through future cash flows. The fair value of these assets was determined using discounted cash flow method. The impairment losses were included in the results of other segment. Buildings, building-associated assets and structures which were not expected to use as business assets were impaired by ¥374 million with the closure of the business office in April 2011. The fair value of these assets was determined based on a quoted market price. The impairment losses were included in the results of Imaging & Solutions segment and Industrial Products segment.

The aggregate costs included in property, plant and equipment and related accumulated amortization for certain leased buildings, machinery and equipment accounted as of March 31, 2012 and 2013 are as follows:

|  | Millions of Yen |         |
|--|-----------------|---------|
|  | 2012            | 2013    |
| Aggregate cost   | ¥ 7,627         | ¥ 8,872 |
| Accumulated amortization   | 6,299           | 7,269   |
| The related future minimum lease payments and the present values of the net minimum lease payments as of March 31, 2013 are ¥1,952 million and ¥1,889 million, respectively. |                 |         |

**Table of Contents****9. INCOME TAXES**

Income (loss) before income taxes and equity in earnings of affiliates and provision for income taxes for the years ended March 31, 2011, 2012 and 2013 are as follows:

|  | Millions of Yen |            |           |
|--|-----------------|------------|-----------|
|  | 2011            | 2012       | 2013      |
| Income (loss) before income taxes and equity in earnings of affiliates |                 |            |           |
| Domestic   | ¥ (11,415)      | ¥ (21,001) | ¥ 17,156  |
| Foreign  | 55,584          | (10,936)   | 41,017    |
|  | ¥ 44,169        | ¥ (31,937) | ¥ 58,173  |
| Provision for income taxes:  |                 |            |           |
| Current:   |                 |            |           |
| Domestic   | ¥ (2,821)       | ¥ 13,302   | ¥ 5,647   |
| Foreign  | 24,322          | 19,007     | 15,432    |
|  | ¥ 21,501        | ¥ 32,309   | ¥ 21,079  |
| Deferred:  |                 |            |           |
| Domestic   | ¥ 415           | ¥ (15,443) | ¥ (1,873) |
| Foreign  | 494             | (8,643)    | 1,632     |
|  | ¥ 909           | ¥ (24,086) | ¥ (241)   |
| Consolidated provision for income taxes                                | ¥ 22,410        | ¥ 8,223    | ¥ 20,838  |

Total income taxes are allocated as follows:

|  | Millions of Yen |           |          |
|--|-----------------|-----------|----------|
|  | 2011            | 2012      | 2013     |
| Provision for income taxes relating to continuing operations | ¥ 22,410        | ¥ 8,223   | ¥ 20,838 |
| Equity:  |                 |           |          |
| Foreign currency translation adjustments                     | (20)            | (25)      | 121      |
| Net unrealized gains and losses on securities                | 61              | 832       | 2,807    |
| Net unrealized gains and losses on derivatives               | (23)            | 39        | 259      |
| Pension liability adjustments                                | (98)            | (10,970)  | 1,994    |
| Total  | ¥ 22,330        | ¥ (1,901) | ¥ 26,019 |

The Company and its domestic subsidiaries are subject to a number of income taxes, which, in the aggregate, represent a statutory income tax rate of approximately 41% for the years ended March 31, 2011 and 2012 and 38% for the year ended March 31, 2013.

The reconciliation of the statutory income tax (benefit) rate to the effective income tax rate is as follows:

|                              | 2011 | 2012  | 2013 |
|------------------------------|------|-------|------|
| Statutory tax (benefit) rate | 41%  | (41)% | 38%  |

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|   |      |     |      |
|---|------|-----|------|
| Nondeductible expenses                                    | 5    | 6   | 3    |
| Change in valuation allowance                             | 22   | 25  | 6    |
| Tax credit for research and development and other         | (2)  |     | (2)  |
| Unrecognized tax benefits                                 | 0    | 14  | 2    |
| Taxes on undistributed earnings of foreign subsidiaries   | 0    | 1   | 0    |
| Prior period tax accrual adjustment                       | 0    | (9) | 0    |
| Difference in statutory tax rates of foreign subsidiaries | (13) | (4) | (12) |
| Nondeductible goodwill impairment loss                    |      | 13  |      |
| Change in tax law and rate                                |      | 23  |      |
| Other, net  | (2)  | (2) | 1    |
| Effective tax rate  | 51%  | 26% | 36%  |

The corporate tax rate has been changed due to the new laws enacted by the Japanese government on November 30, 2011. As a result of this change in tax law, the statutory tax rate has been reduced from approximately 41% to 38% during the period of March 31, 2013 to March 31, 2015, and to approximately 36% from March 31, 2016 onward. Consequently, the statutory tax rate of calculating deferred tax assets and liabilities that are expected to be settled and realized during the period of April 1, 2013 to March 31, 2015 is approximately 38% and from April 1, 2015 onward is approximately 36%.

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Net deferred tax assets that existed at the enactment date were re-measured and reduced by ¥7,484 million and the resulting charge is reflected to provision for income taxes in the consolidated statements of operations for the fiscal year ended March 31, 2012.

The tax effects of temporary differences and carryforwards giving rise to the consolidated deferred tax assets and liabilities as of March 31, 2012 and 2013 are as follows:

|   | <b>Millions of Yen</b> |              |
|---|------------------------|--------------|
|   | <b>2012</b>            | <b>2013</b>  |
| <b>Deferred tax assets:</b>   |                        |              |
| Accrued expenses  | ¥ 20,126               | ¥ 21,853     |
| Property, plant and equipment                                       | 5,049                  | 7,828        |
| Accrued pension and severance costs                                 | 60,436                 | 61,097       |
| Net operating loss carryforwards                                    | 51,895                 | 51,194       |
| Goodwill and other intangible assets                                | 6,453                  | 7,204        |
| Other   | 25,354                 | 29,774       |
| <br>Total gross deferred tax assets                                 | <br>169,313            | <br>178,950  |
| Less - Valuation allowance  | (42,553)               | (56,081)     |
| <br>Total deferred tax assets                                       | <br>126,760            | <br>122,869  |
| <br><b>Deferred tax liabilities:</b>                                |                        |              |
| Sales-type leases   | (1,375)                | (1,091)      |
| Undistributed earnings of foreign subsidiaries and affiliates, etc. | (9,770)                | (10,514)     |
| Net unrealized gains and losses on securities                       | (2,815)                | (6,183)      |
| Other intangible assets   | (15,531)               | (14,993)     |
| Other   | (4,778)                | (3,734)      |
| <br>Total deferred tax liabilities                                  | <br>(34,269)           | <br>(36,515) |
| <br>Net deferred tax assets   | <br>¥ 92,491           | <br>¥ 86,354 |

Net deferred tax assets as of March 31, 2012 and 2013 are included in the consolidated balance sheets as follows:

|   | <b>Millions of Yen</b> |              |
|---|------------------------|--------------|
|   | <b>2012</b>            | <b>2013</b>  |
| Deferred income taxes and other (Current assets)        | ¥ 52,369               | ¥ 49,098     |
| Lease deposits and other (Investments and other assets) | 53,343                 | 51,154       |
| Accrued expenses and other (Current liabilities)        | (2,957)                | (1,383)      |
| Deferred income taxes and other (Long-term liabilities) | (10,264)               | (12,515)     |
| <br>Total   | <br>¥ 92,491           | <br>¥ 86,354 |

The valuation allowance during the years ended March 31, 2011, 2012 and 2013 increased by ¥6,942 million, ¥5,419 million and ¥13,528 million, 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.

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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 deferred tax assets 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, 2013, the Company and certain subsidiaries had net operating losses carried forward for income tax purposes of approximately ¥216,897 million which were available to reduce future taxable income, if any. Approximately ¥30,123 million of the operating losses will expire within 3 years, ¥59,940 million will expire within 4 years to 9 years and ¥100,736 million will expire within 10 years to 20 years. The remainder have indefinite carryforward period.

Ricoh has not recognized deferred tax liability for certain portion of the undistributed earnings of its foreign subsidiaries of ¥349,948 million as of March 31, 2013 because Ricoh intends to permanently reinvest such earnings. The calculation of the amount of unrecognized deferred tax liability related to these earnings is not practicable.

Reconciliations of the beginning and ending amount of unrecognized tax benefits are as follows:

|   | Millions of Yen |          |          |
|---|-----------------|----------|----------|
|   | 2011            | 2012     | 2013     |
| Beginning balance                           | ¥ 12,050        | ¥ 10,453 | ¥ 16,293 |
| Additions for tax positions of current year | 12              | 4,588    | 2,817    |
| Additions for tax positions of prior years  | 148             | 1,692    | 512      |
| Reductions for tax positions of prior years | (313)           | (269)    | (436)    |
| Settlements                                 | (243)           | (103)    | (103)    |
| Effect of exchange rate changes             | (1,201)         | (68)     | 2,620    |
| Ending balance                              | ¥ 10,453        | ¥ 16,293 | ¥ 21,703 |

Total amount of unrecognized tax benefits as of March 31, 2012 and 2013 that would reduce the effective tax rate, if recognized, are ¥11,489 million and ¥14,716 million, respectively.

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 as of March 31, 2013, no significant changes to the unrecognized tax benefits are expected within the next twelve months.

Ricoh recognizes interest and penalties related to unrecognized tax benefits in provision for income taxes in the consolidated statements of operations. Both interest and penalties accrued as of March 31, 2012 and 2013 and interest and penalties included in provision for income taxes for the years ended March 31, 2011, 2012 and 2013 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 fiscal years before 2009. 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 fiscal years after 2006. In other major foreign tax jurisdictions, Ricoh is no longer subject to income tax examinations by tax authority for fiscal years before 2006 and 2011 in the United States and United Kingdom, respectively.

**Table of Contents****10. SHORT-TERM BORROWINGS**

Short-term borrowings as of March 31, 2012 and 2013 consist of the followings:

|                                    | Weighted average interest rate |      | Millions of Yen |          |
|------------------------------------|--------------------------------|------|-----------------|----------|
|                                    | 2012                           | 2013 | 2012            | 2013     |
| Borrowings, principally from banks | 0.9%                           | 2.0% | ¥ 33,667        | ¥ 34,933 |
| Commercial paper                   | 0.1                            | 0.2  | 77,605          | 30,286   |
|                                    |                                |      | ¥ 111,272       | ¥ 65,219 |

These short-term borrowings included borrowings, principally from banks and commercial paper denominated in foreign currencies amounting to ¥44,397 million and ¥38,558 million as of March 31, 2012 and 2013, respectively.

The Company and certain subsidiaries enter into the contracts with financial institutions regarding lines of credit and overdrafts. Those same financial institutions hold the issuing programs of commercial paper. Ricoh had aggregate lines of credit of ¥675,149 million and ¥703,653 million as of March 31, 2012 and 2013, respectively. Unused lines of credit amounted to ¥544,062 million and ¥639,554 million as of March 31, 2012 and 2013, respectively, of which ¥197,052 million and ¥276,144 million related to commercial paper programs and the unused portion is available for immediate borrowings.

**11. LONG-TERM INDEBTEDNESS**

Long-term indebtedness as of March 31, 2012 and 2013 consists of the followings:

|   | Millions of Yen |          |
|---|-----------------|----------|
|   | 2012            | 2013     |
| <b>Bonds:</b>   |                 |          |
| 1.39%, straight bonds, payable in yen, due March 2014   | ¥ 50,000        | ¥ 50,000 |
| 2.08%, straight bonds, payable in yen, due March 2019   | 15,000          | 15,000   |
| 0.57%, straight bonds, payable in yen, due June 2015  | 40,000          | 40,000   |
| 0.88%, straight bonds, payable in yen, due June 2017  | 20,000          | 20,000   |
| 6.75%, straight bonds, payable in yen, due December 2025 issued by a consolidated subsidiary        | 2,411           | 2,764    |
| 7.30%, straight bonds, payable in yen, due November 2027 issued by a consolidated subsidiary        | 1,921           | 2,202    |
| 1.47%, straight bonds, payable in yen, due April 2014 issued by a consolidated subsidiary           | 35,000          | 35,000   |
| 0.61%, straight bonds, payable in yen, due January 2014 issued by a consolidated subsidiary         | 20,000          | 20,000   |
| 0.61%, straight bonds, payable in yen, due May 2015 issued by a consolidated subsidiary             | 20,000          | 20,000   |
| 0.35%, straight bonds, payable in yen, due November 2017 issued by a consolidated subsidiary        |                 | 20,000   |
| Total bonds   | 204,332         | 224,966  |
| <b>Unsecured loans-</b>   |                 |          |
| Banks and insurance companies, weighted average interest rate due 2019                              | 0.95%           | 0.88%    |
|   | 379,135         | 372,318  |
| <b>Secured loans-</b>   |                 |          |
| Banks, insurance companies and other financial institution, weighted average interest rate due 2014 | 0.01%           | 0.00%    |
|   | 447             | 222      |



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|  |           |           |
|--|-----------|-----------|
| Long-term indebtedness caused by lease transactions (see Note 4) | 45,174    | 38,103    |
| Capital lease obligations (see Note 8)                           | 1,507     | 1,952     |
| Total  | 630,595   | 637,561   |
| Less - Current maturities included in current liabilities        | (105,160) | (161,180) |
|  | ¥ 525,435 | ¥ 476,381 |

Secured loans are collateralized by land, buildings and lease receivables with book values of ¥512 million and ¥314 million as of March 31, 2012 and 2013.

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All bonds outstanding as of March 31, 2013 are redeemable at the option of Ricoh under certain conditions as provided in the applicable agreements.

Bonds are subject to certain covenants such as restrictions on additional secured indebtedness, as defined in the agreements. Ricoh was in compliance with such covenants as of March 31, 2013.

As is customary in Japan, substantially all of the bank borrowings are subject to general agreements with respective banks. Banks may request for additional security for these loans if there is reasonable and probable cause and may treat the additional security, as well as cash deposits, as security for present and future indebtedness. Ricoh has never been requested to submit such additional security with respect to any material borrowings.

The aggregate annual maturities of long-term indebtedness outstanding at March 31, 2013 are as follows:

| <b>Years ending March 31</b> | <b>Millions of Yen</b> |
|------------------------------|------------------------|
| 2014                         | ¥ 161,180              |
| 2015                         | 160,807                |
| 2016                         | 112,829                |
| 2017                         | 76,971                 |
| 2018                         | 82,094                 |
| 2019 and thereafter          | 43,680                 |
| <b>Total</b>                 | <b>¥ 637,561</b>       |

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

From April 1, 2013, the Company and some of its subsidiaries in Japan have modified a portion of the existing defined benefit pension plans into defined contribution plan. As a result of this modification, Ricoh recognized curtailment gain in accumulated other comprehensive income (loss) for the year ended March 31, 2013.

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The changes in the benefit obligations and plan assets of the pension plans for the years ended March 31, 2012 and 2013 are as follows:

|   | Millions of Yen |             |
|---|-----------------|-------------|
|   | 2012            | 2013        |
| <b>Domestic plans</b>   |                 |             |
| Change in benefit obligations:                                      |                 |             |
| Benefit obligations at beginning of year                            | ¥ 275,690       | ¥ 277,598   |
| Service cost  | 11,023          | 11,170      |
| Interest cost   | 5,509           | 4,354       |
| Actuarial loss  | 14,068          | 8,015       |
| Prior service cost  |                 | (285)       |
| Curtailments  |                 | (6,914)     |
| Benefits paid   | (31,082)        | (17,325)    |
| Benefit obligations assumed in connection with business acquisition | 2,390           |             |
| Benefit obligations at end of year                                  | 277,598         | 276,613     |
| Change in plan assets:  |                 |             |
| Fair value of plan assets at beginning of year                      | 159,831         | 153,212     |
| Actual return on plan assets  | 599             | 14,033      |
| Employer contribution   | 8,297           | 7,361       |
| Partial withdrawal of plan assets                                   | (260)           | (170)       |
| Benefits paid   | (15,255)        | (10,183)    |
| Fair value of plan assets at end of year                            | 153,212         | 164,253     |
| Funded status   | ¥ (124,386)     | ¥ (112,360) |
| <b>Foreign plans</b>  |                 |             |
| Change in benefit obligations:                                      |                 |             |
| Benefit obligations at beginning of year                            | ¥ 166,957       | ¥ 192,411   |
| Service cost  | 1,266           | 1,335       |
| Interest cost   | 8,486           | 8,844       |
| Plan participants' contributions                                    | 538             | 553         |
| Actuarial loss  | 25,303          | 14,163      |
| Prior service cost  |                 | (43)        |
| Settlement  | (1,846)         | (100)       |
| Benefits paid   | (5,591)         | (6,823)     |
| Foreign exchange impact and other                                   | (2,702)         | 24,924      |
| Benefit obligations at end of year                                  | ¥ 192,411       | ¥ 235,264   |
| Change in plan assets:  |                 |             |
| Fair value of plan assets at beginning of year                      | ¥ 142,042       | ¥ 151,196   |
| Actual return on plan assets  | 13,730          | 14,119      |
| Employer contribution   | 3,860           | 6,114       |
| Plan participants' contributions                                    | 538             | 553         |
| Settlement  | (952)           |             |
| Benefits paid   | (5,591)         | (6,823)     |
| Foreign exchange impact   | (2,431)         | 19,446      |
| Fair value of plan assets at end of year                            | ¥ 151,196       | ¥ 184,605   |

|               |            |            |
|---------------|------------|------------|
| Funded status | ¥ (41,215) | ¥ (50,659) |
|---------------|------------|------------|

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Net amounts recognized in the consolidated balance sheets as of March 31, 2012 and 2013 consist of:

|                                     | Millions of Yen |             |
|-------------------------------------|-----------------|-------------|
|                                     | 2012            | 2013        |
| <b>Domestic plans</b>               |                 |             |
| Lease deposits and other            | ¥ 3,493         | ¥ 2,691     |
| Accrued expenses and other          | (5,513)         | (2,590)     |
| Accrued pension and severance costs | (122,366)       | (112,461)   |
| Net amount recognized               | ¥ (124,386)     | ¥ (112,360) |

|                                     | Millions of Yen |            |
|-------------------------------------|-----------------|------------|
|                                     | 2012            | 2013       |
| <b>Foreign plans</b>                |                 |            |
| Lease deposits and other            | ¥ 1,244         | ¥ 1,297    |
| Accrued expenses and other          | (68)            | (128)      |
| Accrued pension and severance costs | (42,391)        | (51,828)   |
| Net amount recognized               | ¥ (41,215)      | ¥ (50,659) |

Net amounts recognized in accumulated other comprehensive income (loss) as of March 31, 2012 and 2013 consist of:

|                       | Millions of Yen |          |
|-----------------------|-----------------|----------|
|                       | 2012            | 2013     |
| <b>Domestic plans</b> |                 |          |
| Net actuarial loss    | ¥ 99,344        | ¥ 84,736 |
| Prior service credit  | (29,571)        | (25,840) |
| Net amount recognized | ¥ 69,773        | ¥ 58,896 |

|                       | Millions of Yen |          |
|-----------------------|-----------------|----------|
|                       | 2012            | 2013     |
| <b>Foreign plans</b>  |                 |          |
| Net actuarial loss    | ¥ 37,501        | ¥ 42,965 |
| Prior service credit  | (807)           | (795)    |
| Net amount recognized | ¥ 36,694        | ¥ 42,170 |

The accumulated benefit obligations as of March 31, 2012 and 2013 are as follows:

|                                 | Millions of Yen |           |
|---------------------------------|-----------------|-----------|
|                                 | 2012            | 2013      |
| <b>Domestic plans</b>           |                 |           |
| Accumulated benefit obligations | ¥ 272,199       | ¥ 272,236 |
| <b>Foreign plans</b>            |                 |           |
| Accumulated benefit obligations | ¥ 186,191       | ¥ 230,312 |



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|  |           |           |
|--|-----------|-----------|
| Fair value of plan assets  | 153,212   | 152,170   |
| Plans with accumulated benefit obligations in excess of plan assets: |           |           |
| Accumulated benefit obligations                                      | ¥ 272,199 | ¥ 263,025 |
| Fair value of plan assets  | 153,212   | 152,170   |

|  | Millions of Yen |           |
|--|-----------------|-----------|
|  | 2012            | 2013      |
| <b>Foreign plans</b>   |                 |           |
| Plans with projected benefit obligations in excess of plan assets:   |                 |           |
| Projected benefit obligations  | ¥ 187,597       | ¥ 229,611 |
| Fair value of plan assets  | 148,472         | 177,655   |
| Plans with accumulated benefit obligations in excess of plan assets: |                 |           |
| Accumulated benefit obligations                                      | ¥ 183,486       | ¥ 221,869 |
| Fair value of plan assets  | 148,472         | 174,679   |

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The three levels of input used to measure fair value are more fully described in Note 19. The fair values of Ricoh's benefit plan assets as of March 31, 2012 and 2013, by asset class, are as follows:

|   | Millions of Yen<br>March 31, 2012 |                  |         |                  |
|---|-----------------------------------|------------------|---------|------------------|
|   | Level 1                           | Level 2          | Level 3 | Total            |
| <b>Domestic plans</b>                   |                                   |                  |         |                  |
| Equity securities:                      |                                   |                  |         |                  |
| Domestic companies                      | ¥ 14,744                          |                  |         | ¥ 14,744         |
| Pooled funds <sup>(a)</sup>             |                                   | ¥ 25,303         |         | 25,303           |
| Debt securities:                        |                                   |                  |         |                  |
| Domestic bonds                          | 4,934                             |                  |         | 4,934            |
| Foreign bonds                           |                                   |                  |         |                  |
| Pooled funds <sup>(b)</sup>             |                                   | 58,237           |         | 58,237           |
| Life insurance company general accounts |                                   | 38,019           |         | 38,019           |
| Other assets                            | 21                                | 11,954           |         | 11,975           |
| <b>Total assets</b>                     | <b>¥ 19,699</b>                   | <b>¥ 133,513</b> |         | <b>¥ 153,212</b> |

|   | Millions of Yen<br>March 31, 2013 |                  |         |                  |
|---|-----------------------------------|------------------|---------|------------------|
|   | Level 1                           | Level 2          | Level 3 | Total            |
| <b>Domestic plans</b>                   |                                   |                  |         |                  |
| Equity securities:                      |                                   |                  |         |                  |
| Domestic companies                      | ¥ 17,759                          |                  |         | ¥ 17,759         |
| Pooled funds <sup>(c)</sup>             |                                   | ¥ 30,787         |         | 30,787           |
| Debt securities:                        |                                   |                  |         |                  |
| Domestic bonds                          | 5,182                             |                  |         | 5,182            |
| Foreign bonds                           |                                   |                  |         |                  |
| Pooled funds <sup>(d)</sup>             |                                   | 61,286           |         | 61,286           |
| Life insurance company general accounts |                                   | 36,984           |         | 36,984           |
| Other assets                            | 110                               | 12,145           |         | 12,255           |
| <b>Total assets</b>                     | <b>¥ 23,051</b>                   | <b>¥ 141,202</b> |         | <b>¥ 164,253</b> |

|   | Millions of Yen<br>March 31, 2012 |                 |                 |                  |
|---|-----------------------------------|-----------------|-----------------|------------------|
|   | Level 1                           | Level 2         | Level 3         | Total            |
| <b>Foreign plans</b>                    |                                   |                 |                 |                  |
| Equity securities:                      |                                   |                 |                 |                  |
| Domestic companies                      |                                   |                 |                 |                  |
| Foreign companies                       | ¥ 16,724                          |                 |                 | ¥ 16,724         |
| Pooled funds <sup>(e)</sup>             | 6,673                             | ¥ 13,408        | ¥ 5,618         | 25,699           |
| Debt securities:                        |                                   |                 |                 |                  |
| Domestic bonds                          | 1,171                             |                 |                 | 1,171            |
| Foreign bonds                           | 37,605                            |                 |                 | 37,605           |
| Pooled funds <sup>(f)</sup>             | 26,921                            | 15,276          | 6,344           | 48,541           |
| Life insurance company general accounts |                                   | 17,996          |                 | 17,996           |
| Other assets                            | 1,731                             | 1,433           | 296             | 3,460            |
| <b>Total assets</b>                     | <b>¥ 90,825</b>                   | <b>¥ 48,113</b> | <b>¥ 12,258</b> | <b>¥ 151,196</b> |



|   | Millions of Yen<br>March 31, 2013 |          |          |           |
|---|-----------------------------------|----------|----------|-----------|
| Foreign plans                           | Level 1                           | Level 2  | Level 3  | Total     |
| Equity securities:                      |                                   |          |          |           |
| Domestic companies                      |                                   |          |          |           |
| Foreign companies                       | ¥ 5,819                           |          |          | ¥ 5,819   |
| Pooled funds <sup>(e)</sup>             |                                   | ¥ 23,510 | ¥ 16,627 | 40,137    |
| Debt securities:                        |                                   |          |          |           |
| Domestic bonds                          |                                   |          |          |           |
| Foreign bonds                           | 57,848                            |          |          | 57,848    |
| Pooled funds <sup>(f)</sup>             | 15,873                            | 38,699   |          | 54,572    |
| Life insurance company general accounts |                                   | 20,468   |          | 20,468    |
| Other assets                            | 3,832                             | 1,829    | 100      | 5,761     |
| Total assets                            | ¥ 83,372                          | ¥ 84,506 | ¥ 16,727 | ¥ 184,605 |

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- (a) These funds invest in listed equity securities consisting of approximately 50% domestic companies and 50% foreign companies for domestic plans.
- (b) These funds invest in listed debt securities consisting of approximately 90% domestic bonds and 10% foreign bonds for domestic plans.
- (c) These funds invest in listed equity securities consisting of approximately 45% domestic companies and 55% foreign companies for domestic plans.
- (d) These funds invest in listed debt securities consisting of approximately 90% domestic bonds and 10% foreign bonds for domestic plans.
- (e) These funds invest in equity securities consisting of mainly foreign companies for foreign plans.
- (f) These funds invest in debt securities consisting of mainly foreign bonds for foreign plans.

Level 1 assets are comprised principally of listed equity securities and government bonds, which are valued using unadjusted quoted market prices in active markets with sufficient and frequency of transactions. Level 2 assets are comprised principally of pooled funds that invest in equity and debt securities and investments in life insurance company general accounts. Pooled funds are valued at their net asset values provided by the sponsor of the fund and have daily liquidity. Investments in life insurance company general accounts are valued at conversion value. Common stock and bonds of the Company and certain of its domestic subsidiaries included in plan assets were immaterial at March 31, 2012 and 2013.

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 speculative 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's model portfolio for domestic plans consists of three major components: approximately 30% is invested in equity securities, approximately 40% is invested in debt securities and approximately 30% is invested in other investment vehicles, primarily consisting of investments in life insurance company general accounts.

Outside Japan, investment policies vary by country, but the long-term investment objectives and strategies remain consistent. Ricoh's model portfolio for foreign plans has been developed as follows: approximately 25% is invested in equity securities, approximately 60% is invested in debt securities, and approximately 15% is invested in other investment vehicles, primarily consisting of investments in life insurance company general accounts.

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The following table presents a reconciliation of activity for the assets classified as Level 3 in the fair value hierarchy for the years ended March 31, 2012 and 2013.

|                                       | Millions of yen<br>2012              |                                 |              |                 |
|---------------------------------------|--------------------------------------|---------------------------------|--------------|-----------------|
|                                       | Equity securities<br>Pooled<br>funds | Debt securities<br>Pooled funds | Other assets | Total           |
| <b>Foreign plans</b>                  |                                      |                                 |              |                 |
| Beginning balance                     | ¥ 2,445                              | ¥ 6,346                         | ¥ 2,175      | ¥ 10,966        |
| Actual return on plan assets:         |                                      |                                 |              |                 |
| Net unrealized gains                  | 329                                  | 460                             |              | 789             |
| Realized gains                        |                                      |                                 |              |                 |
| Purchases, sales and settlements, net | 2,752                                | (391)                           | (1,783)      | 578             |
| Foreign exchange impact               | 92                                   | (71)                            | (96)         | (75)            |
| <b>Ending balance</b>                 | <b>¥ 5,618</b>                       | <b>¥ 6,344</b>                  | <b>¥ 296</b> | <b>¥ 12,258</b> |

|                                       | Millions of yen<br>2013              |                                 |              |                 |
|---------------------------------------|--------------------------------------|---------------------------------|--------------|-----------------|
|                                       | Equity securities<br>Pooled<br>funds | Debt securities<br>Pooled funds | Other assets | Total           |
| <b>Foreign plans</b>                  |                                      |                                 |              |                 |
| Beginning balance                     | ¥ 5,618                              | ¥ 6,344                         | ¥ 296        | ¥ 12,258        |
| Actual return on plan assets:         |                                      |                                 |              |                 |
| Net unrealized gains (losses)         | 992                                  | (1,785)                         |              | (793)           |
| Realized gains (losses)               | (293)                                | 2,496                           |              | 2,203           |
| Purchases, sales and settlements, net | 8,307                                | (6,831)                         | (210)        | 1,266           |
| Foreign exchange impact               | 2,003                                | (224)                           | 14           | 1,793           |
| <b>Ending balance</b>                 | <b>¥ 16,627</b>                      |                                 | <b>¥ 100</b> | <b>¥ 16,727</b> |

Ricoh expects to contribute ¥15,340 million to its pension plans for the year ending March 31, 2014. The estimated net actuarial loss and prior service credit for Ricoh's pension fund plans that will be amortized from accumulated other comprehensive income (loss) into net periodic pension cost over the year ending March 31, 2014 are ¥7,872 million and ¥(4,153) million, respectively.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

| Years ending March 31 | Domestic plans<br>Millions of Yen | Foreign plans<br>Millions of Yen |
|-----------------------|-----------------------------------|----------------------------------|
| 2014                  | ¥ 10,638                          | ¥ 8,241                          |
| 2015                  | 12,444                            | 8,419                            |
| 2016                  | 12,562                            | 8,608                            |
| 2017                  | 12,324                            | 9,030                            |
| 2018                  | 13,799                            | 9,560                            |
| 2019 - 2023           | 81,758                            | 55,966                           |

The Company and certain subsidiaries have defined contribution plans. The cost of defined contribution plans for the years ended March 31, 2011, 2012 and 2013 were ¥6,620 million, ¥6,515 million and ¥7,018 million, respectively.

**Table of Contents****13. RICOH COMPANY, LTD. SHAREHOLDERS EQUITY**

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 or exceeds 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 are restricted from being used as dividend distributions.

The Corporation Law of Japan requires a company to obtain the approval of shareholders for transferring amounts between common stock and additional paid-in capital. The Corporation Law of Japan 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 21, 2013, the shareholders approved the declaration of a cash dividend (¥16.50 per share) on the common stock totaling ¥11,963 million, which would be paid to shareholders of record as of March 31, 2013. The declaration of this dividend has not been reflected in the consolidated financial statements as of March 31, 2013.

The amount of retained earnings legally available for dividend distribution is recorded in the Company's non-consolidated books and amounts to ¥264,137 million as of March 31, 2013.

**14. OTHER COMPREHENSIVE INCOME (LOSS)**

Tax effects allocated to each component of other comprehensive income (loss), including amounts attributable to noncontrolling interests, are as follows:

|  | Before-tax<br>amount | Millions of Yen<br>Tax benefit<br>(expense) | Net-of-tax<br>amount |
|--|----------------------|---|----------------------|
| 2011:  |                      |   |                      |
| Foreign currency translation adjustments                                       | ¥ (37,958)           | ¥ 20  | ¥ (37,938)           |
| Unrealized gains and losses on securities:                                     |                      |   |                      |
| Unrealized gains and losses arising during the year                            | (1,668)              | 680   | (988)                |
| Less - Reclassification adjustment for gains and losses realized in net income | 1,817                | (741)                                       | 1,076                |
| Net unrealized gains and losses on securities                                  | 149                  | (61)  | 88                   |
| Unrealized gains and losses on derivatives:                                    |                      |   |                      |
| Unrealized gains and losses arising during the year                            | (270)                | 110   | (160)                |
| Less - Reclassification adjustment for gains and losses realized in net income | 214                  | (87)  | 127                  |
| Net unrealized gains and losses on derivatives                                 | (56)                 | 23  | (33)                 |
| Pension liability adjustments:   |                      |   |                      |
| Unrealized gains and losses arising during the year                            | (3,058)              | 1,186                                       | (1,872)              |
| Less - Reclassification adjustment for gains and losses realized in net income | 2,795                | (1,088)                                     | 1,707                |
| Net pension liability adjustment   | (263)                | 98  | (165)                |
| Other comprehensive income (loss)  | ¥ (38,128)           | ¥ 80  | ¥ (38,048)           |
| 2012:  |                      |   |                      |
| Foreign currency translation adjustments                                       | ¥ (15,091)           | ¥ 25  | ¥ (15,066)           |

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## Unrealized gains and losses on securities:

|  |         |         |         |
|--|---------|---------|---------|
| Unrealized gains and losses arising during the year                            | (2,975) | 1,213   | (1,762) |
| Less - Reclassification adjustment for gains and losses realized in net income | 5,015   | (2,045) | 2,970   |

|   |       |       |       |
|---|-------|-------|-------|
| Net unrealized gains and losses on securities | 2,040 | (832) | 1,208 |
|---|-------|-------|-------|

## Unrealized gains and losses on derivatives:

|  |      |      |      |
|--|------|------|------|
| Unrealized gains and losses arising during the year                            | (47) | 30   | (17) |
| Less - Reclassification adjustment for gains and losses realized in net income | 169  | (69) | 100  |

|  |     |      |    |
|--|-----|------|----|
| Net unrealized gains and losses on derivatives | 122 | (39) | 83 |
|--|-----|------|----|

## Pension liability adjustments:

|  |          |        |          |
|--|----------|--------|----------|
| Unrealized gains and losses arising during the year                            | (33,355) | 11,843 | (21,512) |
| Less - Reclassification adjustment for gains and losses realized in net income | 2,222    | (873)  | 1,349    |

|                                  |          |        |          |
|----------------------------------|----------|--------|----------|
| Net pension liability adjustment | (31,133) | 10,970 | (20,163) |
|----------------------------------|----------|--------|----------|

|                                   |            |          |            |
|-----------------------------------|------------|----------|------------|
| Other comprehensive income (loss) | ¥ (44,062) | ¥ 10,124 | ¥ (33,938) |
|-----------------------------------|------------|----------|------------|

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|  |          |           |          |
|--|----------|-----------|----------|
| <b>2013:</b>   |          |           |          |
| Foreign currency translation adjustments                                       | ¥ 49,491 | ¥ (121)   | ¥ 49,370 |
| <b>Unrealized gains and losses on securities:</b>                              |          |           |          |
| Unrealized gains and losses arising during the year                            | 7,554    | (2,705)   | 4,849    |
| Less - Reclassification adjustment for gains and losses realized in net income | 286      | (102)     | 184      |
| Net unrealized gains and losses on securities                                  | 7,840    | (2,807)   | 5,033    |
| <b>Unrealized gains and losses on derivatives:</b>                             |          |           |          |
| Unrealized gains and losses arising during the year                            | 544      | (207)     | 337      |
| Less - Reclassification adjustment for gains and losses realized in net income | 138      | (52)      | 86       |
| Net unrealized gains and losses on derivatives                                 | 682      | (259)     | 423      |
| <b>Pension liability adjustments:</b>  |          |           |          |
| Unrealized gains and losses arising during the year                            | 2,141    | (803)     | 1,338    |
| Less - Reclassification adjustment for gains and losses realized in net income | 3,260    | (1,191)   | 2,069    |
| Net pension liability adjustment   | 5,401    | (1,994)   | 3,407    |
| Other comprehensive income (loss)  | ¥ 63,414 | ¥ (5,181) | ¥ 58,233 |

For the year ended March 31, 2013, unrealized gains and losses resulting from the pension liability adjustments of net actuarial loss and prior service cost were ¥1,813 million and ¥328 million, respectively. The reclassification adjustment for gains and losses realized in net income consists of amortizations of net actuarial loss and prior service cost of ¥(7,331) million and ¥4,071 million, respectively. The income tax benefits (expenses) allocated to above were ¥(688) million, ¥(115) million, ¥2,643 million and ¥(1,452) million, respectively.

For the year ended March 31, 2012, unrealized gains and losses resulting from the pension liability adjustments of net actuarial loss was ¥(33,355) million. The reclassification adjustment for gains and losses realized in net income consists of amortizations of net actuarial loss and prior service cost of ¥(6,698) million and ¥4,476 million, respectively. The income tax benefits (expenses) allocated to above were ¥11,843 million, ¥2,685 million and ¥(1,812) million, respectively.

For the year ended March 31, 2011, unrealized gains and losses resulting from the pension liability adjustments of net actuarial loss and prior service cost were ¥(2,356) million and ¥(702) million, respectively. The reclassification adjustment for gains and losses realized in net income consists of amortizations of net actuarial loss and prior service cost of ¥(6,380) million and ¥3,585 million, respectively. The income tax benefits (expenses) allocated to above were ¥924 million, ¥262 million, ¥2,542 million and ¥(1,454) million, respectively.

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

|  | 2011        | Millions of Yen<br>2012 | 2013        |
|--|-------------|-------------------------|-------------|
| Foreign currency translation adjustments:        |             |                         |             |
| Beginning balance                                | ¥ (86,046)  | ¥ (124,253)             | ¥ (139,125) |
| Current period other comprehensive income (loss) | (38,207)    | (14,872)                | 49,499      |
| Ending balance                                   | ¥ (124,253) | ¥ (139,125)             | ¥ (89,626)  |
| Unrealized gains and losses on securities:       |             |                         |             |
| Beginning balance                                | ¥ 2,372     | ¥ 2,466                 | ¥ 3,681     |
| Current period other comprehensive income        | 94          | 1,215                   | 4,984       |
| Ending balance                                   | ¥ 2,466     | ¥ 3,681                 | ¥ 8,665     |
| Unrealized gains and losses on derivatives:      |             |                         |             |
| Beginning balance                                | ¥ (1,157)   | ¥ (1,168)               | ¥ (1,153)   |
| Current period other comprehensive income (loss) | (11)        | 15                      | 292         |
| Ending balance                                   | ¥ (1,168)   | ¥ (1,153)               | ¥ (861)     |
| Pension liability adjustments:                   |             |                         |             |
| Beginning balance                                | ¥ (47,335)  | ¥ (47,493)              | ¥ (67,578)  |
| Current period other comprehensive income (loss) | (158)       | (20,085)                | 3,312       |
| Ending balance                                   | ¥ (47,493)  | ¥ (67,578)              | ¥ (64,266)  |
| Total accumulated other comprehensive loss:      |             |                         |             |
| Beginning balance                                | ¥ (132,166) | ¥ (170,448)             | ¥ (204,175) |
| Current period other comprehensive income (loss) | (38,282)    | (33,727)                | 58,087      |
| Ending balance                                   | ¥ (170,448) | ¥ (204,175)             | ¥ (146,088) |

**15. PER SHARE DATA**

Dividends per share shown in the consolidated statements of operations 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 net income (loss) attributable to Ricoh Company, Ltd. are as follows:

|   | 2011    | Thousands of shares<br>2012 | 2013    |
|---|---------|-----------------------------|---------|
| Weighted average number of shares of common stock outstanding | 725,555 | 725,483                     | 725,063 |
| Effect of dilutive securities:                                |         |                             |         |
| Euro Yen Zero Coupon Convertible Bonds - due December 2011    | 13,739  |                             |         |
| Diluted shares of common stock outstanding                    | 739,294 | 725,483                     | 725,063 |

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|   | Millions of Yen |            |          |
|---|-----------------|------------|----------|
|   | 2011            | 2012       | 2013     |
| Net income (loss) attributable to Ricoh Company, Ltd.         | ¥ 18,630        | ¥ (44,560) | ¥ 32,467 |
| Effect of dilutive securities:                                |                 |            |          |
| Euro Yen Zero Coupon Convertible Bonds - due December 2011    | (38)            |            |          |
| Diluted net income (loss) attributable to Ricoh Company, Ltd. | ¥ 18,592        | ¥ (44,560) | ¥ 32,467 |

|  | 2011    | Yen<br>2012 | 2013    |
|--|---------|-------------|---------|
| Net income (loss) attributable to Ricoh Company, Ltd. per share: |         |             |         |
| Basic  | ¥ 25.68 | ¥ (61.42)   | ¥ 44.78 |
| Diluted  | 25.15   | (61.42)     |         |

Diluted net income (loss) per share attributable to Ricoh Company, Ltd. for the year ended March 31, 2013 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

Euro Yen Zero Coupon Convertible Bonds was excluded as anti-dilutive for the year ended March 31, 2012 due to Ricoh incurring a net loss attributable to Ricoh Company, Ltd.



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### **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 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 currency 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 (including interest rate and currency 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 operations. There is no hedging ineffectiveness nor are net gains or losses excluded from the assessment of hedge effectiveness for the years ended March 31, 2011 as the critical terms of the interest rate swap match the terms of the hedged debt obligations. Because hedging instruments and hedging items have expired during the year ended March 31, 2011, there are no fair value hedges as of March 31, 2012 and 2013.

**Table of Contents***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) and noncontrolling interests 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, 2011, 2012 and 2013 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 ¥25 million gain of the balance of accumulated other comprehensive income (loss) as of March 31, 2013.

*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 operations.

Contract amounts of derivative instruments at March 31, 2012 and 2013 are shown in the following tables:

|                               | Millions of Yen |           |
|-------------------------------|-----------------|-----------|
|                               | 2012            | 2013      |
| Interest rate swap agreements | ¥ 339,234       | ¥ 311,883 |
| Foreign currency contracts    | 190,543         | 214,512   |
| Foreign currency options      | 27,657          | 8,451     |

The location and fair value amounts of derivative instruments in consolidated balance sheets at March 31, 2012 and 2013 are shown in the following tables:

## Derivatives designated as hedging instruments

|                               | Current<br>Fair value              |                              | Long-term<br>Fair value            |                              |
|-------------------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|
|                               | Balance sheet<br>Location          | Millions of Yen<br>2012 2013 | Balance sheet<br>Location          | Millions of Yen<br>2012 2013 |
| <b>Asset derivatives</b>      |                                    |                              |                                    |                              |
| Interest rate swap agreements | Deferred income<br>taxes and other |                              | Lease deposits<br>and other        | ¥ 45 ¥ 835                   |
|                               |                                    | 2012 2013                    |                                    | 2012 2013                    |
| <b>Liability derivatives</b>  |                                    |                              |                                    |                              |
| Interest rate swap agreements | Accrued expenses<br>and other      | ¥ 452 ¥ 217                  | Deferred income<br>taxes and other | ¥ 1,526 ¥ 1,781              |

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Derivatives not designated as hedging instruments

|                               | Current<br>Fair value              |                 |              | Long-term<br>Fair value     |                 |      |
|-------------------------------|------------------------------------|-----------------|--------------|-----------------------------|-----------------|------|
|                               | Balance sheet<br>Location          | Millions of Yen |              | Balance sheet<br>Location   | Millions of Yen |      |
|                               |                                    | 2012            | 2013         |                             | 2012            | 2013 |
| <b>Asset derivatives</b>      |                                    |                 |              |                             |                 |      |
| Interest rate swap agreements | Deferred income<br>taxes and other | ¥ 389           | ¥ 531        | Lease deposits<br>and other | ¥ 79            |      |
| Foreign currency contracts    |                                    | 36              | 99           |                             |                 |      |
| Foreign currency options      |                                    |                 |              |                             |                 |      |
| <b>Total</b>                  |                                    | <b>¥ 425</b>    | <b>¥ 630</b> |                             | <b>¥ 79</b>     |      |

|                               |                               | 2012           | 2013            |                                    | 2012           | 2013            |
|-------------------------------|-------------------------------|----------------|-----------------|------------------------------------|----------------|-----------------|
| <b>Liability derivatives</b>  |                               |                |                 |                                    |                |                 |
| Interest rate swap agreements | Accrued expenses<br>and other | ¥ 27           | ¥ 3             | Deferred income<br>taxes and other | ¥ 222          | ¥ 238           |
| Foreign currency contracts    |                               | 3,112          | 10,114          |                                    | 3,188          | 10,334          |
| Foreign currency options      |                               | 1,056          | 15              |                                    |                |                 |
| <b>Total</b>                  |                               | <b>¥ 4,195</b> | <b>¥ 10,132</b> |                                    | <b>¥ 3,410</b> | <b>¥ 10,572</b> |

Total fair value amounts of derivative instruments

|                             | Millions of Yen<br>Fair value |          |
|-----------------------------|-------------------------------|----------|
|                             | 2012                          | 2013     |
| Total asset derivatives     | ¥ 549                         | ¥ 1,465  |
| Total liability derivatives | ¥ 9,583                       | ¥ 22,702 |

The location and amount of gains and losses related to derivatives reported in the consolidated statements of operations for the years ended March 31, 2011, 2012, 2013 are shown in the following tables.

Derivatives designated as hedging instruments for the year ended March 31, 2011

|                               | Millions of Yen   |   |         |  |  |
|-------------------------------|---|---|---------|--|--|
|                               | Gain<br>(loss)<br>recognized in OCI<br>on<br>derivative<br>(effective<br>portion)<br>Amount | Gain (loss) reclassified from<br>accumulated OCI into income<br>(effective portion)<br>Location |         | Gain (loss) recognized<br>in income on<br>derivative<br>(ineffective<br>portion)<br>Location |  |
| Cash flow hedge               |   |   |         |  |  |
| Interest rate swap agreements | ¥ (270)   | Interest expense  | ¥ (214) |  |  |

Gain (loss) recognized  
in income on derivativeGain (loss) recognized in  
income on hedged item

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|                               | instruments     |        |                  |        |
|-------------------------------|-----------------|--------|------------------|--------|
|                               | Location        | Amount | Location         | Amount |
| Fair value hedge              | Interest and    |        |                  |        |
| Interest rate swap agreements | dividend income | ¥ 68   | Interest expense | ¥ (90) |

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Derivatives designated as hedging instruments for the year ended March 31, 2012

|                               | Millions of Yen   |   |         |  |        |
|-------------------------------|---|---|---------|--|--------|
|                               | Gain<br>(loss)<br>recognized in OCI<br>on<br>derivative<br>(effective<br>portion)<br>Amount | Gain (loss) reclassified from<br>accumulated OCI into income<br>(effective portion) |         | Gain (loss) recognized in<br>income on derivative<br>(ineffective portion) |        |
|                               |   | Location  | Amount  | Location   | Amount |
| Cash flow hedge               |   |   |         |  |        |
| Interest rate swap agreements | ¥ (47)  | Interest expense  | ¥ (169) |  |        |

Derivatives designated as hedging instruments for the year ended March 31, 2013

|                               | Millions of Yen  |   |         |  |        |
|-------------------------------|--|---|---------|--|--------|
|                               | Gain<br>(loss)<br>recognized in OCI<br>on derivative<br>(effective<br>portion)<br>Amount | Gain (loss) reclassified from<br>accumulated OCI into income<br>(effective portion) |         | Gain (loss) recognized in<br>income on derivative<br>(ineffective portion) |        |
|                               |  | Location  | Amount  | Location   | Amount |
| Cash flow hedge               |  |   |         |  |        |
| Interest rate swap agreements | ¥ 544  | Interest expense  | ¥ (138) |  |        |

Derivatives not designated as hedging instruments

|                               | Location                  | Millions of Yen |           |            |
|-------------------------------|---------------------------|-----------------|-----------|------------|
|                               |                           | 2011            | 2012      | 2013       |
| Interest rate swap agreements | Other, net                | ¥ 67            | ¥ (153)   | ¥ 8        |
| Foreign currency contracts    | Foreign currency          |                 |           |            |
|                               | exchange (gain) loss, net | 1,446           | (3,640)   | (14,085)   |
| Foreign currency options      | Foreign currency          |                 |           |            |
|                               | exchange (gain) loss, net | 254             | (976)     | 1,104      |
| Total                         |                           | ¥ 1,767         | ¥ (4,769) | ¥ (12,973) |

**17. COMMITMENTS AND CONTINGENT LIABILITIES**

As of March 31, 2013, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥40,539 million.

As of March 31, 2013, there were no significant contingent liabilities.

Ricoh made rental payments totaling ¥46,718 million, ¥47,819 million and ¥47,597 million for the years ended March 31, 2011, 2012 and 2013, respectively, under cancelable and non-cancelable operating lease agreements for office space, warehouse, machinery and equipment.



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The minimum rental payments required under non-cancelable operating lease that have lease terms in excess of one year as of March 31, 2013 are as follows:

| <b>Years ending March 31</b> | <b>Millions of Yen</b> |
|------------------------------|------------------------|
| 2014                         | ¥ 24,001               |
| 2015                         | 19,530                 |
| 2016                         | 12,926                 |
| 2017                         | 7,601                  |
| 2018                         | 4,773                  |
| 2019 and thereafter          | 11,128                 |
| <b>Total</b>                 | <b>¥ 79,959</b>        |

As of March 31, 2013, the Company and certain subsidiaries were parties of 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) Investment securities**

The fair value of investment securities is principally based on quoted market price. Ricoh have not estimated the fair value of non-marketable equity securities, as it is not practicable. Because there were no quoted market prices for non-marketable equity securities and each security had different nature and characteristics, reasonable estimates of fair values could not be made without incurring excessive costs. The carrying amounts of non-marketable equity securities were ¥1,837 million and ¥1,783 million as of March 31, 2012 and 2013, respectively.

**(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. Installment loans using inputs described above are classified as Level 2 under the fair value measurement and disclosure framework.

**(d) Long-term indebtedness**

The fair value of each of the long-term indebtedness instruments is based on the present value of future cash flows associated with each instrument discounted using the current borrowing rate for similar instruments of comparable maturity. Long-term indebtedness using inputs described above are classified as Level 2 under the fair value measurement and disclosure framework.

**(e) Interest rate swap agreements**

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

**Table of Contents****(f) Foreign currency contracts and Foreign currency options**

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

The estimated fair value of the financial instruments as of March 31, 2012 and 2013 is summarized as follows:

|                                | Millions of Yen    |                         |                    |                         |
|--------------------------------|--------------------|-------------------------|--------------------|-------------------------|
|                                | 2012               |                         | 2013               |                         |
|                                | Carrying<br>amount | Estimated<br>fair value | Carrying<br>amount | Estimated<br>fair value |
| Investment securities          | ¥ 43,633           | ¥ 43,633                | ¥ 52,319           | ¥ 52,319                |
| Installment loans              | 83,361             | 84,441                  | 89,657             | 90,655                  |
| Long-term indebtedness         | (525,435)          | (524,056)               | (476,381)          | (475,018)               |
| Interest rate swap agreements: |                    |                         |                    |                         |
| assets                         | 45                 | 45                      | 835                | 835                     |
| liabilities                    | 2,227              | 2,227                   | 2,239              | 2,239                   |
| Foreign currency contracts:    |                    |                         |                    |                         |
| assets                         | 468                | 468                     | 531                | 531                     |
| liabilities                    | 6,300              | 6,300                   | 20,448             | 20,448                  |
| Foreign currency options:      |                    |                         |                    |                         |
| assets                         | 36                 | 36                      | 99                 | 99                      |
| liabilities                    | 1,056              | 1,056                   | 15                 | 15                      |

Limitations: Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. 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. FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy that prioritizes the inputs used to measure fair value is established. The three levels of inputs used to measure fair value are as follows:

Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3 - Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The following tables present the fair-value hierarchy levels of Ricoh's assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2012 and 2013.

|                                | Millions of Yen<br>March 31, 2012 |         |         | Total    |
|--------------------------------|-----------------------------------|---------|---------|----------|
|                                | Level 1                           | Level 2 | Level 3 |          |
| Assets:                        |                                   |         |         |          |
| Available-for-sale securities: |                                   |         |         |          |
| Domestic equity securities     | ¥ 35,734                          |         |         | ¥ 35,734 |
| Foreign equity securities      | 6,120                             |         |         | 6,120    |
| Foreign corporate bonds        | 1,779                             |         |         | 1,779    |
| Derivative instruments:        |                                   |         |         |          |



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|                               |          |       |          |
|-------------------------------|----------|-------|----------|
| Interest rate swap agreements | ¥        | 45    | 45       |
| Foreign currency contracts    |          | 468   | 468      |
| Foreign currency options      |          | 36    | 36       |
|                               |          |       |          |
| Total assets                  | ¥ 43,633 | ¥ 549 | ¥ 44,182 |
|                               |          |       |          |
| Liabilities:                  |          |       |          |
| Derivatives instruments:      |          |       |          |
| Interest rate swap agreements | ¥ 2,227  |       | ¥ 2,227  |
| Foreign currency contracts    |          | 6,300 | 6,300    |
| Foreign currency options      |          | 1,056 | 1,056    |
|                               |          |       |          |
| Total liabilities             | ¥ 9,583  |       | ¥ 9,583  |

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|                                | Millions of Yen<br>March 31, 2013 |              |         |              |
|--------------------------------|-----------------------------------|--------------|---------|--------------|
|                                | Level 1                           | Level 2      | Level 3 | Total        |
| <b>Assets:</b>                 |                                   |              |         |              |
| Available-for-sale securities: |                                   |              |         |              |
| Domestic equity securities     | ¥ 41,622                          |              |         | ¥ 41,622     |
| Foreign equity securities      | 8,745                             |              |         | 8,745        |
| Foreign corporate bonds        | 1,952                             |              |         | 1,952        |
| Derivative instruments:        |                                   |              |         |              |
| Interest rate swap agreements  |                                   | ¥ 835        |         | 835          |
| Foreign currency contracts     |                                   | 531          |         | 531          |
| Foreign currency options       |                                   | 99           |         | 99           |
| <br>Total assets               | <br>¥ 52,319                      | <br>¥ 1,465  |         | <br>¥ 53,784 |
| <b>Liabilities:</b>            |                                   |              |         |              |
| Derivatives instruments:       |                                   |              |         |              |
| Interest rate swap agreements  |                                   | ¥ 2,239      |         | ¥ 2,239      |
| Foreign currency contracts     |                                   | 20,448       |         | 20,448       |
| Foreign currency options       |                                   | 15           |         | 15           |
| <br>Total liabilities          |                                   | <br>¥ 22,702 |         | <br>¥ 22,702 |

*Available-for-sale securities*

Available-for-sale securities classified as Level 1 in the fair value hierarchy contain marketable equity securities and bonds. Marketable equity securities and bonds are valued using a market approach based on the quoted market prices of identical instruments in active markets.

*Derivative instruments*

Derivative instruments consist of foreign currency contracts, currency swap agreements, foreign currency options and interest rate swap agreements (including interest rate and currency swap agreements). These derivative instruments are classified as Level 2 in the fair value hierarchy, since they are valued using observable market data such as LIBOR-based yield curves.

*Assets and liabilities measured at fair value on a non-recurring basis*

During the year ended March 31, 2013, long-lived assets with a carrying amount of ¥ 2,088 million were written down to their fair value of ¥ 709 million, resulting in an impairment charge of ¥ 1,379 million, which was included in operating expenses in the consolidated statements of operations. Ricoh determined the fair value based on a combination of repurchase cost approach and market approach using unobservable inputs such as residual value ratio and classified the long-lived assets as Level 3.

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During the year ended March 31, 2012, goodwill with a carrying amount of ¥27,491 million were written down to their fair value of ¥0 million, resulting in an impairment charge of ¥27,491 million, which was included in operating expenses in the consolidated statements of operations. Ricoh determined the fair value based on a combination of cost approach and market approach using unobservable inputs, such as estimated realization or liquidity level and discount rate, which considered prices and other relevant information generated by market transactions involving comparable assets and liabilities, and therefore this measurement is classified as Level 3.

During the year ended March 31, 2012, long-lived assets held and used with a carrying amount of ¥10,070 million were written down to their fair value of ¥0 million, resulting in an impairment charge of ¥10,070 million, which was included in cost of sales of ¥551 million and operating expenses of ¥9,519 million in the consolidated statements of operations. Ricoh determined the fair value by discounted cash flow method based upon the most recent business plan. These measurements are classified as Level 3 because significant unobservable inputs, such as projections of future cash flows, were considered in the fair value measurements

**20. CREDIT QUALITY OF FINANCING RECEIVABLES AND THE ALLOWANCE FOR DOUBTFUL RECEIVABLES****(a) Financing receivables and Allowance for doubtful receivables**

The financial subsidiaries of the Company have financing receivables and Ricoh classifies them into three categories; lease receivables, installment loans and installment receivables and other. These receivables consist of a large number of smaller-balance homogenous loans, lease receivables and installment receivables. Financing receivables classified as lease receivables and installment receivables and other are resulting from sale and lease transactions of mainly office equipment. Financing receivables classified as installment loans are resulting from financial services.

Ricoh continuously monitors overdue financing receivables, which Ricoh considers as uncollectible risk receivables. For financing receivables with specific customer collection issues, Ricoh individually evaluates their collectability in order to determine the amount of allowance for doubtful receivables. For other financing receivables, Ricoh categorizes these receivables into groups by their nature and characteristics. Ricoh collectively evaluates the collectability by each group, using its historical experience of write-off and determines the amount of allowance for doubtful receivables.

Financing receivables and allowance for doubtful receivables as of March 31, 2012 and 2013 are as follows:

|                                     | Millions of Yen<br>March 31, 2012 |                      |   |           |
|-------------------------------------|-----------------------------------|----------------------|---|-----------|
|                                     | Lease<br>receivables              | Installment<br>loans | Installment<br>receivables<br>and other | Total     |
| Allowance for doubtful receivables: |                                   |                      |   |           |
| Beginning balance                   | ¥ 10,527                          | ¥ 1,772              | ¥ 2,485                                 | ¥ 14,784  |
| Charge-offs                         | (1,288)                           | (31)                 | (78)                                    | (1,397)   |
| Recoveries                          | (7)                               |                      |   | (7)       |
| Provision                           | (655)                             | 6                    | 195                                     | (454)     |
| Translation adjustments             | (105)                             |                      | (7)                                     | (112)     |
| Ending balance                      | ¥ 8,472                           | ¥ 1,747              | ¥ 2,595                                 | ¥ 12,814  |
| Individually evaluated              | 2,069                             | 662                  | 2,061                                   | 4,792     |
| Collectively evaluated              | 6,403                             | 1,085                | 534                                     | 8,022     |
| Financing receivables:              |                                   |                      |   |           |
| Individually evaluated              | ¥ 64,622                          | ¥ 927                | ¥ 5,258                                 | ¥ 70,807  |
| Collectively evaluated              | 548,209                           | 84,181               | 42,194                                  | 674,584   |
| Total: Financing receivables        | ¥ 612,831                         | ¥ 85,108             | ¥ 47,452                                | ¥ 745,391 |



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|                                     | Millions of Yen<br>March 31, 2013 |                      |   |           |
|-------------------------------------|-----------------------------------|----------------------|---|-----------|
|                                     | Lease<br>receivables              | Installment<br>loans | Installment<br>receivables<br>and other | Total     |
| Allowance for doubtful receivables: |                                   |                      |   |           |
| Beginning balance                   | ¥ 8,472                           | ¥ 1,747              | ¥ 2,595                                 | ¥ 12,814  |
| Charge-offs                         | (1,825)                           | (61)                 | (569)                                   | (2,455)   |
| Recoveries                          | (51)                              |                      |   | (51)      |
| Provision                           | 1,794                             | (164)                | (761)                                   | 869       |
| Translation adjustments             | 337                               |                      |   | 337       |
| Ending balance                      | ¥ 8,727                           | ¥ 1,522              | ¥ 1,265                                 | ¥ 11,514  |
| Individually evaluated              | 2,247                             | 457                  | 669                                     | 3,373     |
| Collectively evaluated              | 6,480                             | 1,065                | 596                                     | 8,141     |
| Financing receivables:              |                                   |                      |   |           |
| Individually evaluated              | ¥ 48,352                          | ¥ 592                | ¥ 3,879                                 | ¥ 52,823  |
| Collectively evaluated              | 573,215                           | 90,587               | 52,737                                  | 716,539   |
| Total: Financing receivables        | ¥ 621,567                         | ¥ 91,179             | ¥ 56,616                                | ¥ 769,362 |

**(b) Age analysis**

Ricoh ascribes the fact of past due to credit quality indicators and classifies financing receivables into Overdue and Current.

Analysis of the age of the recorded financing receivables as of March 31, 2012 and 2013 is as follows:

|                              | Millions of Yen<br>March 31, 2012 |                      |   |           |
|------------------------------|-----------------------------------|----------------------|---|-----------|
|                              | Lease<br>receivables              | Installment<br>loans | Installment<br>receivables<br>and other | Total     |
| Current                      | ¥ 608,336                         | ¥ 84,274             | ¥ 45,049                                | ¥ 737,659 |
| Overdue                      | 4,495                             | 834                  | 2,403                                   | 7,732     |
| Total: Financing receivables | ¥ 612,831                         | ¥ 85,108             | ¥ 47,452                                | ¥ 745,391 |

|                              | Millions of Yen<br>March 31, 2013 |                      |   |           |
|------------------------------|-----------------------------------|----------------------|---|-----------|
|                              | Lease<br>receivables              | Installment<br>loans | Installment<br>receivables<br>and other | Total     |
| Current                      | ¥ 616,658                         | ¥ 90,606             | ¥ 54,649                                | ¥ 761,913 |
| Overdue                      | 4,909                             | 573                  | 1,967                                   | 7,449     |
| Total: Financing receivables | ¥ 621,567                         | ¥ 91,179             | ¥ 56,616                                | ¥ 769,362 |

**21. RESTRUCTURING CHARGES**

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Ricoh initiated restructuring activities in order to enhance competitiveness and improve profitability.

For the year ended March 31, 2012, Ricoh recognized restructuring charges of ¥34,102 million in total, consisting of ¥26,533 million recorded by the Company and its domestic subsidiaries, and ¥7,569 million by the overseas subsidiaries. Restructuring charges mainly consist of severance-related expenses which are included in cost of sales of ¥3,933 million and operating expenses of ¥30,169 million in the consolidated statements of operations.

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For the year ended March 31, 2013, Ricoh recognized restructuring charges of ¥16,626 million in total, consisting of ¥8,641 million recorded by the Company and its domestic subsidiaries, and ¥7,985 million by the overseas subsidiaries. Restructuring charges mainly consist of severance-related expenses which are included in cost of sales of ¥3,573 million and operating expenses of ¥13,053 million in the consolidated statements of operations.

The changes of the accrued restructuring charges for the years ended March 31, 2012 and 2013 are as follows:

|                       | Millions of Yen |          |
|-----------------------|-----------------|----------|
|                       | 2012            | 2013     |
| Beginning balance     | ¥ 885           | ¥ 3,402  |
| Restructuring charges | 34,102          | 16,626   |
| Cash payments         | (31,585)        | (18,193) |
| Ending balance        | ¥ 3,402         | ¥ 1,835  |

The following table represents significant restructuring activities for the years ended March 31, 2012 and 2013:

|                     | Millions of Yen |          |
|---------------------|-----------------|----------|
|                     | 2012            | 2013     |
| Imaging & Solutions | ¥ 29,737        | ¥ 13,440 |
| Industrial Products | 1,426           | 197      |
| Other               | 357             | 2,003    |
| Corporate           | 2,582           | 986      |
| Total               | ¥ 34,102        | ¥ 16,626 |

**Imaging & Solutions**

For the year ended March 31, 2012, Imaging & Solutions segment continued its restructuring activities, consisting mainly of voluntary early retirement in Japan and human resource optimization associated with IT system unification overseas.

For the year ended March 31, 2013, Imaging & Solutions segment continued its restructuring activities, consisting mainly of human resource optimization in Japan and consolidation of overseas bases.

**Industrial Products, Other and Corporate**

For the year ended March 31, 2012, Industrial Products segment, Other segment and Corporate activities continued its restructuring activities, mainly consisting of voluntary early retirement.

For the year ended March 31, 2013, Industrial Products segment, Other segment and Corporate activities continued its restructuring activities, mainly consisting of human resource optimization in Japan and reallocation of domestic bases.

**22. SEGMENT INFORMATION**

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

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Segment profit (loss) is determined by subtracting cost of sales and selling, general and administrative expenses from sales, and is used by Ricoh's chief operating decision maker in deciding how to allocate resources and in assessing performance. Segment profit (loss) excludes certain corporate expenses, such as costs related to human resources, legal relations, investor relations, public relations, corporate planning and environmental activities.

The following tables present certain information regarding Ricoh's operating segments and geographic areas for the years ended March 31, 2011, 2012 and 2013. Intersegment sales are made at arm's-length prices. No single customer accounted for 10% or more of the total revenues for the years ended as of March 31, 2011, 2012 and 2013.

**(a) Operating Segment Information**

|  | 2011        | Millions of Yen<br>2012 | 2013        |
|--|-------------|-------------------------|-------------|
| Segment sales:   |             |                         |             |
| Imaging & Solutions  | ¥ 1,712,630 | ¥ 1,671,100             | ¥ 1,685,391 |
| Industrial Products  | 112,445     | 102,783                 | 97,408      |
| Other  | 121,674     | 134,325                 | 146,012     |
| Intersegment sales   | (5,413)     | (4,731)                 | (4,314)     |
| Total segment sales  | ¥ 1,941,336 | ¥ 1,903,477             | ¥ 1,924,497 |
| Segment profit (loss):   |             |                         |             |
| Imaging & Solutions  | ¥ 132,286   | ¥ 54,968                | ¥ 137,956   |
| Industrial Products  | 998         | (1,665)                 | (854)       |
| Other  | (4,903)     | (4,758)                 | (5,270)     |
| Total segment profit   | ¥ 128,381   | ¥ 48,545                | ¥ 131,832   |
| Reconciling items:   |             |                         |             |
| Corporate expenses and elimination                                     | ¥ (70,310)  | ¥ (66,613)              | ¥ (68,398)  |
| Interest and dividend income   | 2,985       | 3,129                   | 3,048       |
| Interest expense   | (8,528)     | (6,979)                 | (7,377)     |
| Foreign currency exchange loss, net                                    | (5,956)     | (4,355)                 | (121)       |
| Losses on impairment of securities                                     | (1,844)     | (5,012)                 | (332)       |
| Other, net   | (559)       | (652)                   | (479)       |
| Income (loss) before income taxes and equity in earnings of affiliates | ¥ 44,169    | ¥ (31,937)              | ¥ 58,173    |

Intersegment sales represent sales of Industrial Products segment to Imaging & Solutions segment.



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Certain products were reclassified into Imaging & Solutions and Industrial Products from Other in this fiscal year. The reclassification was made to the prior year's figures.

|   | 2011        | Millions of Yen<br>2012 | 2013        |
|---|-------------|-------------------------|-------------|
| Total assets:                                   |             |                         |             |
| Imaging & Solutions                             | ¥ 1,770,074 | ¥ 1,773,196             | ¥ 1,878,221 |
| Industrial Products                             | 73,894      | 79,945                  | 68,228      |
| Other   | 80,527      | 108,701                 | 121,232     |
| Elimination                                     | (1,664)     | (1,724)                 | (1,789)     |
| Corporate assets                                | 332,733     | 329,240                 | 294,805     |
| Consolidated                                    | ¥ 2,255,564 | ¥ 2,289,358             | ¥ 2,360,697 |
| Expenditures for property, plant and equipment: |             |                         |             |
| Imaging & Solutions                             | ¥ 59,282    | ¥ 66,110                | ¥ 75,257    |
| Industrial Products                             | 3,235       | 3,095                   | 5,386       |
| Other   | 2,487       | 2,730                   | 4,455       |
| Corporate assets                                | 1,871       | 1,336                   | 1,471       |
| Consolidated                                    | ¥ 66,875    | ¥ 73,271                | ¥ 86,569    |
| Expenditures for intangible fixed assets:       |             |                         |             |
| Imaging & Solutions                             | ¥ 10,670    | ¥ 8,916                 | ¥ 7,988     |
| Industrial Products                             | 434         | 157                     | 215         |
| Other   | 1,672       | 1,401                   | 1,659       |
| Corporate assets                                | 6,031       | 4,030                   | 2,364       |
| Consolidated                                    | ¥ 18,807    | ¥ 14,504                | ¥ 12,226    |
| Depreciation of property, plant and equipment:  |             |                         |             |
| Imaging & Solutions                             | ¥ 59,261    | ¥ 58,034                | ¥ 54,571    |
| Industrial Products                             | 4,190       | 3,132                   | 2,746       |
| Other   | 2,044       | 2,620                   | 2,566       |
| Corporate assets                                | 1,736       | 1,198                   | 588         |
| Consolidated                                    | ¥ 67,231    | ¥ 64,984                | ¥ 60,471    |
| Amortization of intangible fixed assets:        |             |                         |             |
| Imaging & Solutions                             | ¥ 19,320    | ¥ 18,594                | ¥ 18,598    |
| Industrial Products                             | 625         | 705                     | 700         |
| Other   | 1,226       | 1,188                   | 1,663       |
| Corporate assets                                | 5,275       | 5,666                   | 4,473       |
| Consolidated                                    | ¥ 26,446    | ¥ 26,153                | ¥ 25,434    |

Assets of each segment are defined as total assets, excluding the corporate assets consisting primarily of cash and cash equivalents and securities maintained for general corporate purposes, deferred income tax assets.

The following tables present certain information regarding Ricoh's impairment loss on long-lived assets and goodwill recorded in each segment asset for the years ended March 31, 2011, 2012 and 2013.

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|                                       | Millions of Yen |          |         |
|---------------------------------------|-----------------|----------|---------|
|                                       | 2011            | 2012     | 2013    |
| Impairment loss on long-lived assets: |                 |          |         |
| Imaging & Solutions                   | ¥ 359           | ¥ 9,519  | ¥ 1,379 |
| Industrial Products                   | 56              |          |         |
| Other                                 | 427             | 551      |         |
| Total                                 | ¥ 842           | ¥ 10,070 | ¥ 1,379 |
| Impairment loss on goodwill:          |                 |          |         |
| Imaging & Solutions                   |                 | ¥ 27,491 |         |
| Total                                 |                 | ¥ 27,491 |         |

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**Table of Contents****(b) Net Sales by Product Category**

Information for net sales by product category is as follows:

|                          | Millions of Yen |             |             |
|--------------------------|-----------------|-------------|-------------|
|                          | 2011            | 2012        | 2013        |
| Imaging & Solutions:     | ¥ 1,712,630     | ¥ 1,671,100 | ¥ 1,685,391 |
| Office Imaging           | 1,381,175       | 1,323,263   | 1,329,608   |
| Production Printing      | 150,044         | 148,564     | 147,040     |
| Network System Solutions | 181,411         | 199,273     | 208,743     |
| Industrial Products      | 107,032         | 98,052      | 93,094      |
| Other                    | 121,674         | 134,325     | 146,012     |
| Total net sales          | ¥ 1,941,336     | ¥ 1,903,477 | ¥ 1,924,497 |

Each category includes the following product line:

Office Imaging: MFPs (multifunctional printers), copiers, laser printers, digital duplicators, facsimile, scanners, related parts & supplies, services, support and software

Production Printing: Cut sheet printer, continuous feed printer, related parts & supplies, services, support and software

Network System Solutions: Personal computers, servers, network equipment, related services, support and software

Industrial Products: Thermal media, optical equipment, semiconductor devices, electronic components and measuring equipment

Other: Digital cameras

The Product Categories in Imaging & Solutions were reclassified into Office Imaging, Production Printing and Network System Solutions in this fiscal year 2013 from the previous product categories of Imaging Solutions and Network System Solutions as previous category. In addition, certain products were reclassified into the Network System Solutions product category in Imaging & Solutions and Industrial Products from Other in this fiscal year 2013. Figures for the prior fiscal years set forth in the above table have been reclassified to reflect such changes.

**(c) Geographic Information**

Net sales based on the location of customers and long-lived assets consisting of property, plant and equipment as of and for the years ended March 31, 2011, 2012 and 2013 are as follows:

|   | Millions of Yen |             |             |
|---|-----------------|-------------|-------------|
|   | 2011            | 2012        | 2013        |
| Net sales:                                      |                 |             |             |
| Japan   | ¥ 875,819       | ¥ 886,425   | ¥ 870,397   |
| The Americas                                    | 520,000         | 468,728     | 496,605     |
| Europe, Middle East and Africa                  | 428,519         | 421,373     | 421,740     |
| Other   | 116,998         | 126,951     | 135,755     |
| Consolidated                                    | ¥ 1,941,336     | ¥ 1,903,477 | ¥ 1,924,497 |
| The United States<br>(included in The Americas) | ¥ 445,433       | ¥ 396,876   | ¥ 414,441   |

Property, plant and equipment:

|                                |           |           |           |
|--------------------------------|-----------|-----------|-----------|
| Japan                          | ¥ 201,841 | ¥ 199,663 | ¥ 206,968 |
| The Americas                   | 24,823    | 27,527    | 33,402    |
| Europe, Middle East and Africa | 19,401    | 21,527    | 26,293    |
| Other                          | 18,753    | 19,810    | 24,212    |

|              |           |           |           |
|--------------|-----------|-----------|-----------|
| Consolidated | ¥ 264,818 | ¥ 268,527 | ¥ 290,875 |
|--------------|-----------|-----------|-----------|

|   |        |        |        |
|---|--------|--------|--------|
| The United States<br>(included in The Americas) | 20,086 | 23,210 | 27,325 |
|---|--------|--------|--------|

The Middle East and Africa were reclassified from the Other geographic area into the Europe geographic area in this fiscal year 2013. Figures for the prior fiscal years set forth in the above table have been reclassified to reflect such changes.

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Apart from Japan and the United States, net sales and long-lived assets in any individual country are less than 10% of consolidated net sales and consolidated tangible long-lived assets.

Uncertainty surrounding the sovereign debt of several European countries has negatively affected consumer spending trends in Europe and in the global economy generally and may continue to have an adverse impact on economic conditions, including in Japan. Economic downturns have been, and may continue to be, characterized by diminished product and service demand.

**23. SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF OPERATIONS**

The following amounts are charged to selling, general and administrative expenses for the years ended March 31, 2011, 2012 and 2013.

|                                | Millions of Yen |           |           |
|--------------------------------|-----------------|-----------|-----------|
|                                | 2011            | 2012      | 2013      |
| Research and development costs | ¥ 110,553       | ¥ 119,027 | ¥ 112,006 |
| Advertising costs              | 10,858          | 10,875    | 11,393    |
| Shipping and handling costs    | 19,935          | 22,830    | 23,672    |

**24. EFFECT OF THE GREAT EAST JAPAN EARTHQUAKE AND FLOODS IN THAILAND**

As a result of the Great East Japan Earthquake on March 11, 2011, Ricoh recorded costs and expenses of ¥ 4,978 million in total for the year ended March 31, 2011, consisting of the followings.

|  | Millions of yen<br>2011 |  |                             |
|--|-------------------------|--|-----------------------------|
|  | Cost of sales           | Selling, general and<br>administrative<br>expenses | Total costs and<br>expenses |
| Bad debt expense for trade receivables and finance receivables                     | ¥                       | 3,434  | ¥ 3,434                     |
| Losses due to write-downs of damaged inventories and property, plant and equipment | ¥ 1,005                 | 167  | 1,172                       |
| Other  | 12                      | 360  | 372                         |
| Total  | ¥ 1,017                 | ¥ 3,961  | ¥ 4,978                     |

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The following is breakdown of these costs and expenses by operating segments and corporate.

|                     | <b>Millions of Yen<br/>2011</b> |
|---------------------|---------------------------------|
| Imaging & Solutions | ¥ 4,516                         |
| Industrial Products | 80                              |
| Other               | 139                             |
| Corporate           | 243                             |
| Ending balance      | ¥ 4,978                         |

In addition to above, Ricoh experienced idle production facilities or production levels below a normal capacity. In periods of abnormally low production, unallocated overhead costs were expensed in the period in which they were incurred. Ricoh recognized unallocated overhead costs of ¥1,057 million as cost of sales for the year ended March 31, 2011. The costs in Imaging & Solutions and Industrial products operating segment were ¥1,005 million and ¥52 million, respectively.

The effect of the Great East Japan Earthquake for the year ended March 31, 2012 and 2013 are mainly for loss of business opportunity and cost increase of air freight for urgent delivery. Direct effect to assets and production activity for the year ended March 31, 2012 and 2013 were immaterial.

Floods in Thailand in summer of 2011 also affected but the direct effect to Ricoh's production activity for the year ended March 31, 2012 and 2013 were immaterial.

**Table of Contents****Ricoh Company, Ltd. and Consolidated Subsidiaries****Schedule II. Valuation and Qualifying Accounts and Reserves****For the Three Years Ended March 31, 2011, 2012 and 2013**

| Description   | (Millions of Yen)              |  |                           |                              |                         | Balance at end of period |
|---|--------------------------------|--|---------------------------|------------------------------|-------------------------|--------------------------|
|   | Balance at beginning of period | Additions<br>Charged to costs and expenses | Charged to other accounts | Deductions <sup>(2)(3)</sup> | Translation adjustments |                          |
| For the year ended March 31, 2011:                  |                                |  |                           |                              |                         |                          |
| Allowance for doubtful receivables <sup>(1)</sup> : |                                |  |                           |                              |                         |                          |
| Trade receivables                                   | ¥ 16,908                       | ¥ 3,111                                    |                           | ¥ (2,472)                    | ¥ (783)                 | ¥ 16,764                 |
| Finance receivables                                 | 11,919                         | 3,132                                      |                           | (2,596)                      | (156)                   | 12,299                   |
| Deferred tax assets valuation allowance             | 30,192                         | 11,164                                     |                           | (1,185)                      | (3,037)                 | 37,134                   |
| For the year ended March 31, 2012:                  |                                |  |                           |                              |                         |                          |
| Allowance for doubtful receivables <sup>(1)</sup> : |                                |  |                           |                              |                         |                          |
| Trade receivables                                   | ¥ 16,764                       | ¥ 1,528                                    |                           | ¥ (1,485)                    | ¥ (427)                 | ¥ 16,380                 |
| Finance receivables                                 | 12,299                         | (656)                                      |                           | (1,319)                      | (105)                   | 10,219                   |
| Deferred tax assets valuation allowance             | 37,134                         | 11,860                                     |                           | (6,300)                      | (141)                   | 42,553                   |
| For the year ended March 31, 2013:                  |                                |  |                           |                              |                         |                          |
| Allowance for doubtful receivables <sup>(1)</sup> : |                                |  |                           |                              |                         |                          |
| Trade receivables                                   | ¥ 16,380                       | ¥ 1,668                                    |                           | ¥ (3,465)                    | ¥ 841                   | ¥ 15,424                 |
| Finance receivables                                 | 10,219                         | 1,579                                      |                           | (1,886)                      | 337                     | 10,249                   |
| Deferred tax assets valuation allowance             | 42,553                         | 4,621                                      | 2,890                     | (994)                        | 7,011                   | 56,081                   |

## Notes:

- (1) See Note 2(g) to Consolidated Financial Statements.  
(2) Receivables - Write-offs  
(3) Deferred tax - Realization of tax benefits, removal of deferred tax assets that had valuation allowances