

REVIEW OF OPERATIONS

BUSINESS TECHNOLOGIES

OVERVIEW OF RESULTS FOR FY MARCH 2010

Sales for FY March 2010 showed a trend toward recovery, with steady quarterly increases, and some regions and product segments even delivering results exceeding the previous period. However, this was not enough to redeem sluggish sales in the first half, or the continuing effects of a strong yen, and sales fell 13.3% from the previous period to ¥540.8 billion, with operating income decreasing 25.9% to ¥38.9 billion.

STATUS BY SEGMENT

OFFICE MFPs

We focused on introduction of new products in the first half, refreshing the *bizhub* series with two new high-speed color models and four new middle- and low-speed color models. We worked aggressively to generate new demand even as companies continued to reduce costs and limit investment. These new products help reduce customers' total cost of ownership (TCO) compared to previous products through significantly improved energy efficiency and use of extended-life parts. They also deliver higher image quality through use of our proprietary polymerized toner, feature the latest network and security functions, and have superior low-noise design. Due to the impact of these new products, unit sales of color models for the office grew steadily quarter to quarter, and sales in the second half were up compared to the same period in the previous fiscal year. In the U.S. market, our acquisition of Danka Office Imaging Company (DOIC, a major independent sales firm involved in office information technology equipment, software, and support) contributed to higher unit sales of monochrome models for offices than the previous period.

PRINTERS

We worked to expand sales of A4 tandem printers and A4 color MFPs for the office. Strong growth in sales of color models in Europe and OEM markets resulted in printer sales during the period significantly exceeding those of the previous period.

PRODUCTION PRINTING

Affected by the global economic downturn, demand for color models was sluggish across all markets. At the same time, with a lineup enhanced by the introduction of two new products, *bizhub PRO 1200 and 1051*, sales of monochrome models were robust, particularly in North American and Asian markets, with sales exceeding results for the previous period.

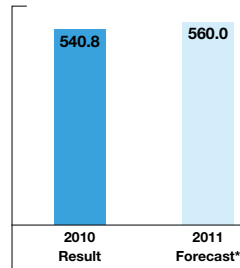
STRATEGY GOING FORWARD

Our keyword for FY March 2011 will be "Growth," as we shift to a strategy emphasizing sales growth. In the office MFP segment, we will continue to introduce new products, while also working to sharpen our genre-top strategy and further enhance our services, including our Optimized Print Services (OPS), which offers new value in the form of improved productivity and reduced TCO. In the production printing segment, we will introduce new products including the *bizhub PRESS C8000, C7000 and C6000* models. Our aim in this is to accelerate our efforts to expand from light production, where our greatest strengths lie, into the commercial printing domain to capture demand in the medium and heavy commercial printing segment, which represents by far the largest segment in the market.

Regionally, we will strengthen our efforts in emerging markets, with a focus on China and India. Our aim is to expand our business by targeting demand in emerging nations through the introduction of new products that meet the local needs, and by expanding our organizational structure to support these new initiatives.

NET SALES

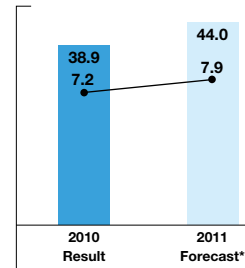
(Billions of yen)



* Forecast: Announced
May 13, 2010

OPERATING INCOME AND OPERATING INCOME RATIO

(Billions of yen, %)



■ Operating Income
— Operating Income Ratio

Color Production Printing System
bizhub PRESS C8000



Color MFP for Office
bizhub C652



Color Laser Printer
magicolor 1650EN