



## **IBM and Ricoh to Create Joint Venture Printing Systems Company**

### ***InfoPrint Solutions Company based on IBM's Printing Systems Division to evolve into fully owned Ricoh subsidiary***

Armonk, N.Y. & Tokyo, JAPAN – January 25, 2007 - Ricoh and IBM (NYSE: IBM) today announced formation of a joint venture company based on IBM's Printing Systems Division as Ricoh, a global leader in digital office solutions, strengthens its capabilities in output solutions, including production printing.

On closing of the agreement between Ricoh and IBM, Ricoh initially will acquire 51 percent of the joint venture, which will be called the InfoPrint Solutions Company, and will progressively acquire the remaining 49 percent over the next three years as the joint venture evolves into a fully owned subsidiary of Ricoh.

As consideration for the transaction, IBM will receive \$725 million in cash upon closing, which includes a management fee of \$35 million. The cash received is consideration for the initial 51 percent acquisition in the joint venture by Ricoh as well as a prepayment for the remaining 49 percent to be acquired and royalties and services to be provided by IBM to the InfoPrint Solutions Company. Final consideration for this transaction will be determined at the end of the three-year period based upon the participation in the profits and losses recorded by the equity partners. The initial transaction is planned to be completed in the second quarter of 2007.

"IBM and Ricoh have both benefited from a strong relationship for many years, and this agreement is a natural extension of that relationship," said Samuel J. Palmisano, IBM Chairman, President and CEO. "In addition to its proven track record in the print industry, Ricoh will provide the investment necessary for the InfoPrint Solutions Company to continue to innovate and grow, which will benefit current and future customers. The eventual transfer of the IBM Printing Systems Division to Ricoh enables IBM to continue to refine its focus on its strategic businesses and the clients of those businesses."

"This agreement is key to Ricoh's efforts to become a leading global provider of output and print solutions," said Masamitsu Sakurai, President and CEO, Ricoh. "We will invest the necessary resources to make InfoPrint Solutions Company into a core business. Building on our long association with IBM, we look forward to creating an infrastructure that can address complex solutions and mission critical environments."

Pending regulatory clearance and after completion of local Industrial Relations information and consultation processes as appropriate, the InfoPrint Solutions Company is expected to begin operations with about 1,200 employees. IBM will continue to provide maintenance services to InfoPrint Solutions Company clients under a service agreement. Over time, more than 1,000 IBM printer maintenance specialists may join the new company. This will depend on local business conditions and completion of local information and consultation processes.

InfoPrint Solutions Company will combine IBM's more than 40 years of enterprise printing experience with Ricoh's office solutions leadership, enabling the joint venture to become a leading provider of output solutions for customers of all sizes -- from small businesses to large enterprises. Drawing on the combined strengths of IBM and Ricoh, the InfoPrint Solutions Company will be able to provide the best value through expanded research and development, a broader range of products and services, increased sales capabilities and a more comprehensive set of market offerings.

The joint venture will benefit from access to IBM's powerful worldwide distribution and sales network, as well as the continued use of IBM's InfoPrint brand. IBM client teams, business partners and dealers will continue to offer complete information technology solutions, with the InfoPrint Solutions Company as a worldwide partner for printers. IBM's extensive printer development capabilities also will become part of the joint venture. IBM Global Financing will continue as a financing provider for InfoPrint Solutions Company as it provides the joint venture's clients and business partners with the industry's leading financial services.



IBM and Ricoh have been strategic partners for 20 years, collaborating on a number of innovations, including leading-edge imaging technologies and powerful production output solutions. InfoPrint Solutions Company will harness these advanced research and development capabilities in hardware, software and services and bring a richer set of offerings to the marketplace.

InfoPrint Solutions Company's worldwide headquarters will be located in Boulder, Colorado, currently the headquarters of the IBM Printing Systems Division. The General Manager of the IBM Printing Systems Division, Tony Romero, will head the new company as President and Chief Executive Officer.

Until the closing of the agreement and implementation in countries, the IBM Printing Systems Division will maintain its current business operations. There will be minimal charges associated with the transaction in the current quarter.

IBM's printing business generated approximately \$1 billion of revenue in 2006. The total pre-tax gain anticipated by IBM on the transaction with Ricoh will be between \$175 million and \$275 million. At closing, the pre-tax gain in that period is expected to be between \$100 million and \$150 million. The balance of the anticipated gain will be recognized over the next three years as Ricoh acquires IBM's 49 percent ownership in the InfoPrint Solutions Company. The exact amount of the gain is not yet determinable and will be disclosed when the transaction closes and that information is available. The variables that impact the final gain include valuation of the final net assets to be transferred at closing, valuation of other agreements signed with the joint venture, transaction related expenses, and the operational performance of the joint venture.

#### About Ricoh:

A global leader in digital office solutions, Ricoh constantly creates new value at the interface of people and information, offering a broad range of digital, networked products, including copiers, printers, fax machines, semiconductor related products, DVD/CD media and digital cameras. Ricoh operates in over 100 countries and employs 79,000 people worldwide. Consolidated revenue for the year ending March 2006 was \$16.4 billion. For additional information about Ricoh, please visit [www.ricoh.com](http://www.ricoh.com)

#### About IBM:

For additional information about IBM, please visit [www.ibm.com](http://www.ibm.com). For further detail concerning this announcement, see <http://www.ibm.com/investor/viewpoint/ircorner/2007/07-01-25-1.phtml>

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