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Company Name: Ricoh Company, Ltd.  
President and C.E.O.: Yoshinori Yamashita  
(Code Number: 7752 First Section of the Tokyo  
Stock Exchange)  
Contact: Kiyoshi Hashimoto  
General Manager, PR Department  
Tel. 050-3814-2806

## **Notice Regarding Introduction of a Stock-based Incentive System with Stock Price Conditions for Directors of Ricoh**

Ricoh Company, Ltd. announced today that it has resolved to adopt a Stock-based Incentive System with Stock Price Conditions (“the System”) for the Company’s Directors (excluding Outside and Non-Executive Directors). The resolution is subject to approval at the Company’s 119th Ordinary General Meeting of Shareholders, scheduled for Friday, June 21, 2019.

### 1. System Adoption

Currently, compensation for the Company’s Directors consists of “basic compensation”, “bonus”, “compensation to acquire stock” and “stock price-linked compensation”. The System will replace the stock price-linked compensation.

The goals of adopting the System are to help improve corporate earnings over the medium and long term and to enhance an awareness of contributions to corporate value gains by more clearly linking Company Director’s compensation to corporate earnings. This will expose the Company’s Directors to the same benefits and risks associated with share price fluctuations as shareholders.

The System would be separate to the remuneration approved at the 107th Ordinary General Meeting of Shareholders on June 27, 2007 (¥46.0 million per month, of which ¥7.0 million per month for Outside Directors was approved at the 116th Ordinary General Meeting of Shareholders on June 17, 2016; director remuneration does not include employee salaries) for incumbent Directors for the three consecutive fiscal years through to March 31, 2022 (“the Period”).

With the introduction of the System, the Company’s Director’s compensation will consist of basic compensation, a bonus, compensation to acquire stock, and the stock-based incentive.

The System is subject to approval of Company Director’s compensation at the Ordinary General Meeting of Shareholders.

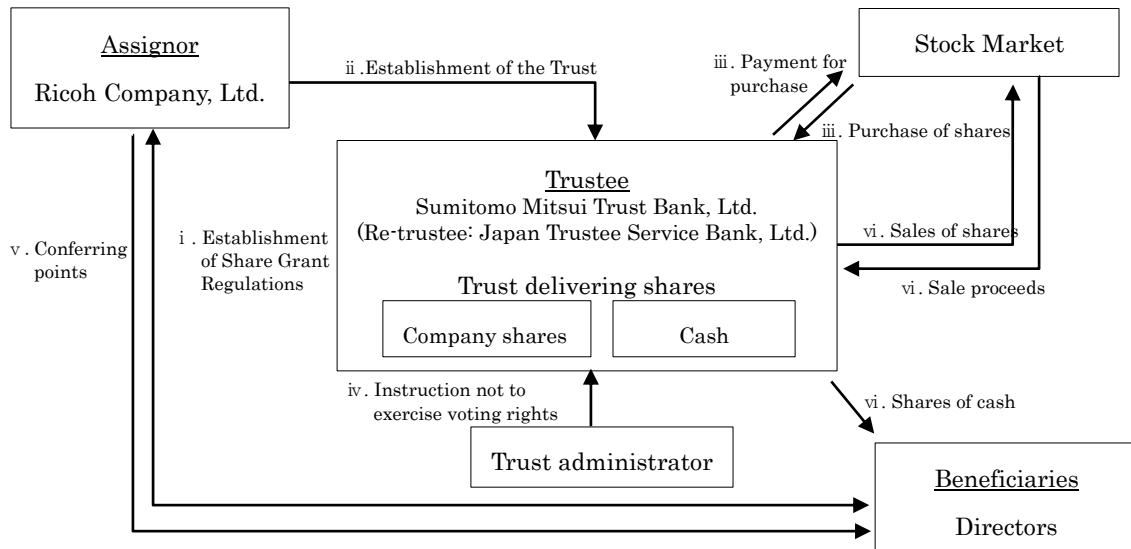
### 2. System Overview

#### (1) System Structure

Ricoh will establish this System by paying cash through a trust (the “Trust”) to acquire the Company’s shares. Through the Trust, the Company’s Directors would be granted Ricoh shares equivalent to points conferred to them.

In principle, shares would be granted upon retirement of a Company Director.

## System Structure



- i. The Company will establish Share Grant Regulations for the Company's Directors.
- ii. The Company will set up the Trust to grant Ricoh shares (a third-party benefit trust) with the Company's Directors as beneficiaries ("the Trust"). In doing so, the Company entrusts an amount of money to the trustee equivalent to that for funds to acquire shares (provided, however, that amounts are approved at the Ordinary General Meeting of Shareholders).
- iii. The trustee will acquire, in a single tranche, the number of shares in the Company sufficient for the expected future grant of shares (from the stock market, including in after-hours trading.)
- iv. The Company will appoint a trust administrator (independent of the Company and the its employees) to be responsible for protecting the interests of the beneficiaries subject to the Share Grant Regulations and to supervise the trustee throughout the trust period. The Trust administrator will instruct the trustee not to exercise any voting rights associated with Ricoh shares held in the Trust throughout the Trust Period. The trustee will comply with these instructions.
- v. The Company will confer points to the Company's Directors in accordance with the Share Grant Regulations.
- vi. Company Directors meeting the requirements set forth in the Share Grant Regulations and the trust agreement will receive, as beneficiaries of the Trust, a grant of shares in the Company corresponding to the points conferred from the trustee. In certain specific cases set forth in advance in the Share Grant Regulations and the trust agreement, the trustee can sell a portion of the shares to be granted in the stock market and can grant cash instead.

Of the residual assets in the Trust at the termination of the Trust, some money would be donated to a special public-interest promotion corporation with no interest among Ricoh's Directors, subject to prior arrangement under the Share Grant Regulations and Trust agreement.

The System's trustee, Sumitomo Mitsui Trust Bank, Limited, will commission (re-trust) Japan Trustee Services Bank, Ltd., to manage Trust assets.

(2) Trust Establishment

Subject to the approval of the System at the Ordinary General Meeting of Shareholders, the Company will establish the Trust by contributing funds necessary for the Trust to acquire the number of Ricoh shares proportionate to a certain period of time reasonably expected to be delivered pursuant to (6) below. The Trust will acquire Ricoh shares using funds from the Company as described in (5) below.

The System's trustee, Sumitomo Mitsui Trust Bank, Limited, will commission (re-trust) Japan Trustee Services Bank, Ltd., to manage Trust assets.

(3) Trust term

The Trust term will be around three years from August 2019 to August 2022, provided, however, that the term could be extended as set-out in (4) below.

(4) Maximum contribution to the Trust to fund share purchases

During the Trust Period, the Company will contribute no more than ¥300 million in remuneration for the Company's Directors serving during the Period to fund purchases of Ricoh shares for delivery to the Company's Directors under the System, thereby establishing the Trust, whose beneficiary Directors would meet certain requirements. The Trust would use Ricoh-entrusted funds to acquire Ricoh shares from the stock market (including off-floor trades).

Note: The money that Ricoh actually entrusts to the Trust will be the sum of the aforementioned funds for acquiring Ricoh shares and the estimated required expenses, including Trust and Trust administrator fees.

Based on a resolution of the Board of Directors, Ricoh can extend the Period up to five fiscal years and accordingly extend the Trust term to continue the System (including through transferring Trust assets to another Ricoh-established trust for the same purpose as the Trust, thereby effectively extending the Trust Period; hereinafter the same). In such a case, the Company will, to secure funds needed to acquire shares for the Company's Directors under the System, additionally contribute to the Trust during the extended Period an amount not exceeding that calculated by multiplying the number of fiscal years during the extended Period by ¥100 million, and will continue to grant points and Ricoh shares as described in (6) below.

If the Period is not extended as described above, thus discontinuing the System, and a Company Director granted points remains in service at the expiry of the Trust term, that term could extend until the delivery of Ricoh shares is completed upon that Director's retirement.

(5) Trust acquisition of Ricoh shares

The Trust will initially acquire Ricoh shares from the stock market, up to the maximum described in (4) above. Details of the acquisition method will be finalized and disclosed following a resolution in the Ordinary General Meeting of Shareholders. If the Trust is likely to hold fewer Ricoh shares than needed to cover the points granted to the Company's Directors during the Trust term, perhaps because the number of Directors increases during that time, Ricoh can additionally entrust money to the Trust up to the maximum described in (4) above and acquire additional Ricoh shares.

- (6) Method for calculating the number of Ricoh shares delivered to directors, and the maximum amount thereof
- (i) Method for granting points to Company Directors  
The Company will, pursuant to the Share Grant Regulations that Ricoh's Board of Directors has determined, grant each Company Director a number of points corresponding to that person's position, Ricoh's share price growth rate relative to that of TOPIX (Tokyo Stock Price Index), and other factors on the grant date set out under the Share Grant Regulations during the Trust term.  
The total number of points granted each fiscal year to Company Directors as compensation for each year during the Period, will not exceed 100,000.
- (ii) Delivery of Ricoh shares corresponding to points granted  
Directors will, pursuant to the procedure in (iii) below, receive Ricoh shares corresponding to the number of points granted in (i) above.  
One point would equal one Ricoh share. If, however, it is deemed reasonable to adjust the number of Ricoh shares for delivery, such as for a share split or reverse share split, such an adjustment would reflect share splits, reverse share splits, or other factors.
- (iii) Delivery of Ricoh shares to Company Directors  
The Trust will deliver Ricoh shares to a Director under (ii) above upon retirement in accordance with a prescribed beneficiary determination procedure.  
However, a certain proportion of Ricoh shares can be converted into cash through sale within the Trust for Ricoh to make deductions at source to fund such tax payments as withholding income tax, with payments to Directors being in lieu of Ricoh shares. Payments can also be made in cash to Directors in lieu of Ricoh shares if shares in Trust are converted to cash, notably upon settlement of shares held in Trust owing to acceptance of a tender offer.
- (7) Exercise of voting rights  
Voting rights for Ricoh shares in Trust will not be exercised altogether, and will be subject to trust administrator instructions . The goal of such a policy would be to ensure the neutrality regarding Ricoh's management in exercising voting rights in Ricoh shares held in Trust.
- (8) Treatment of dividends  
The Trust will receive dividends on Ricoh shares, appropriating them to cover such payments as the costs of acquiring the shares and trust fees.
- (9) Treatment of Ricoh shares and money upon Trust termination  
Of the residual entrusted assets held upon the Trust's termination, a certain amount will be donated to a special public-interest promotion corporation with no interest among Ricoh's directors, subject to a prior arrangement under the Share Grant Regulations and the Trust agreement.

(Reference) Overview of the trust agreement concerning the Trust

Assignor:	Ricoh Company, Ltd.
Trustee:	Sumitomo Mitsui Trust Bank, Ltd. (Re-trustee: Japan Trustee Service Bank, Ltd.)
Beneficiaries:	Ricoh Directors fulfilling beneficiary requirements
Trust administrator:	A third party independent of Ricoh and its employees
Non-exercise of voting rights:	Voting rights associated with Ricoh shares held in the Trust would not be exercised at throughout the Trust term
Type of Trust:	Trust of money other than money trusts (third-party-benefit trust)
Scheduled Trust agreement date:	August 2019
Scheduled Trust period:	August 2019 to August 2022
Trust purpose:	To deliver Ricoh shares to beneficiaries pursuant to Share Grant Regulations

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