

MISUMI Group Inc.

(Ticker Code 9962)

May 16, 2005

Issuance of Subscription Rights (Stock Options)

MISUMI Group Inc. announces that at the meeting of its Board of Directors on May 16, 2005, it was resolved to submit the matter of the free issuance of subscription rights as stock options pursuant to the provisions of Article 280-20 and 280-21 of the Commercial Code to the 43rd ordinary general meeting of shareholders of the company due to be held on June 23, 2005. Details of the matter are given below.

1. Reason for issuance of subscription rights at advantageous terms to persons other than shareholders

In order to provide a greater incentive for the improvement of the business performance of the company and its subsidiaries and affiliated companies, to further the development of its business with a view to increasing shareholder value, as well as to secure high-quality human resources, subscription rights (stock options) are to be issued free of cost as laid out below in 3 "Summary of shares for which subscription rights are to be issued".

2. Persons to whom the subscription rights are to be allotted

Corporate officers and employees of MISUMI Group Inc. and its subsidiaries and affiliated companies

3. Summary of the shares for which subscription rights are to be issued

- (1) Class and number of shares for which subscription rights are to be issued

Maximum of 600,000 MISUMI Group Inc. common stock shares

In the event that a stock split or reverse split takes place, the number of shares for which subscription rights are to issued shall be adjusted in accordance with the following formula. However, these adjustments shall be made only in respect of the number of shares for which subscription rights have not been exercised at these times, and in the event that a number of less than one share arises as a result of an adjustment, it shall be ignored.

No. of shares after adjustment = Initial no. of shares x Split (reverse split) ratio

In addition, in the event that MISUMI Group conducts a statutory merger or statutory consolidation with another company and these subscription rights are transferred, or that it effects an exchange of shares with another company and becomes a 100% parent company, or that it undergoes a demerger by absorption or a demerger by the creation of a new entity, it may adjust the number of shares as it deems necessary.

(2) Aggregate number of subscription rights

The maximum number shall be 6,000. (The number of shares per subscription right shall be 100 shares of the company's common stock, provided that in the event of an adjustment being made as provided in paragraph (1) above, an identical adjustment shall be made hereto.)

(3) Issue price of subscription rights

Free

(4) Amount to be paid upon exercise of subscription rights

The amount to be paid per subscription right shall be the payment amount per share determined as follows multiplied by the number of shares pertaining to each subscription right as provided in (2) above.

The payment amount per share shall be calculated by multiplying by 1.05 the average daily closing price of MISUMI Group's common stock traded on the Tokyo Stock Exchange (TSE) on each day during the month prior to the month of the date of issue of the subscription rights (excluding days on which no trading took place). Fractions of one yen shall be rounded up to the nearest yen. However, in the event that this value is lower than the closing price of MISUMI Group's common stock traded on the TSE on the issue date (if no trading takes place on that date, the closing price on the immediately preceding day), the closing price shall be the payment amount.

In the event that the company carries out a stock split or reverse split after the issue date, the payment amount shall be adjusted in accordance with the following formula. Fractions of a yen shall be rounded up to the nearest yen.

$$\text{Adjusted payment amount} = \text{Initial payment amount} \times \frac{1}{\text{Split (reverse split) ratio}}$$

In the event that the company issues new shares at a price below market price after the issue date, (excluding cases of capital increases by public offering at market price, etc., and the issue of shares through the exercise of subscription rights or warrants), the payment amount shall be adjusted in accordance with the following formula. Fractions of a yen shall be rounded up to the nearest yen.

$$\text{Adjusted payment amount} = \text{Initial payment amount} \times \frac{\text{No. of shares already issued} + \frac{\text{No. of new shares} \times \text{Payment amount per share}}{\text{Share price before new issue}}}{\text{No. of shares already issued} + \text{No. of new shares}}$$

In addition, in the event that MISUMI Group conducts a statutory merger or statutory consolidation with another company and these subscription rights are transferred, or that it effects an exchange of shares with another company and becomes a 100% parent company, or that it undergoes a demerger by absorption or a demerger by the creation of a new entity, it may adjust the number of shares as it deems necessary.

(5) Exercise period for subscription rights

From August 1, 2007 through July 31, 2012

(6) Conditions for the exercise of subscription rights

- a. Persons who receive subscription rights must be corporate officers or employees of the company or of its subsidiaries or affiliated companies when they exercise their subscription rights. If a person is no longer officially a director or an employee of the company during the period of exercise of subscription, it will still be possible for them to exercise their subscription rights either for up to two years from the day after they retired or left their post or till the completion of the period of exercise of subscription, whichever date is the earlier.
- b. If a person who receives subscription rights dies, that person's heir shall succeed to the right to exercise the right, provided that if after succeeding to the rights the heir dies before exercising them, the heir's right to exercise the subscription rights becomes void.
- c. No pledging or disposal of subscription rights in any other manner is permitted.
- d. Other conditions for the exercise of subscription rights shall be determined by the meeting of the Board of Directors convened for the issuance of subscription rights, and shall be prescribed in a subscription rights agreement to be concluded between the company and the corporate officers and employees of the company and its subsidiaries and affiliated companies.

(7) Reasons and conditions for cancellation of subscription rights

- a. In the event that a general meeting of shareholders approves an agreement for a merger in which the company will not be the surviving company or approves a proposal for a share-exchange agreement or share transfer in which the company becomes a wholly owned subsidiary, the company may cancel existing subscription rights without compensation.
- b. In the event that persons to be allotted subscription rights fail to satisfy the conditions stipulated in (6) a, b, or d above, and forfeit their rights, the company may cancel those subscription rights without compensation. In these cases the Company may wait until after the end of the exercise period to execute the cancellation procedure in a single composite manner.

(8) Limitation on transfer of subscription rights

Any transfer of subscription rights requires the approval of the Board of Directors.

Note: The above details are contingent upon the approval, at the company's 43rd ordinary general meeting of shareholders, scheduled to be held on Thursday, June 23, 2005, of the proposal for the issuance of subscription rights (stock options) to directors and employees of the company, its subsidiaries, and affiliated companies.