

December 17, 2007

Notice Concerning the Issuance of Stock Options to Company Employees

MISUMI Group Inc. announces that at a meeting held on December 17, 2007, its Board of Directors resolved to issue stock options to employees pursuant to Article 238 and Article 240 of the Companies Act.

(1) Reason for issuance of stock options

The stock options are intended to provide added incentive for the employees of MISUMI Group Inc. and its wholly-owned subsidiaries (limited to MISUMI Group division presidents and general managers) to improve performance.

(2) Total number of stock options

A total of 600 stock options will be issued. (One stock option will have an exchange value of 100 shares of the Company's common stock. If, however, an adjustment is made in the number of the Company's shares as stipulated in (3) below, the number of stock options to be issued will be adjusted accordingly.)

The total number of stock options to be issued at this time will affect the number of the Company's outstanding shares (excluding treasury stock) by 0.07 percent.

(3) Categories and shares of stock covered by stock options

The number of shares covered by one stock option ("number of shares covered") will be 100 shares of the Company's common stock. (Furthermore, a total of 60,000 shares of the Company's common stock will initially be covered by the stock options.)

However, should the Company implement a stock split or reverse split of its common stock after the date that stock options are allotted ("allotment date"), the number of shares covered will be adjusted accordingly, using the formula listed below. Said adjustment applies only to shares covered by stock options that have not yet been exercised as of the adjustment date. Fractions of a single share resulting from the adjustment will be discarded.

$$\begin{array}{r} \text{Number of shares covered} \\ \text{after adjustment} \end{array} \times \begin{array}{r} \text{Number of shares covered} \\ \text{before adjustment} \end{array} = \begin{array}{r} \text{ratio of stock split (or} \\ \text{reverse split)} \end{array}$$

In the event the Company undergoes a merger or split-up, implements a gratis issue of shares after the stock option allotment date, or other extenuating circumstances arise that warrant an adjustment of the number of shares covered by stock options, the Company may adjust the number of shares covered within reasonable limits reflecting considerations for the terms and conditions of the merger, split-up, etc. Fractions of a single share resulting from such adjustments will be discarded.

(4) Value of assets to be contributed for the exercise of stock options

The value of assets to be contributed for the exercise of one stock option is the amount obtained by multiplying the total number of shares covered by said stock option by the price per share as determined below ("exercise price").

The exercise price is the amount obtained by multiplying by 1.05 the average of the closing price of the Company's common stock on the Tokyo Stock Exchange on all trading days of the month preceding the month in which stock options are to be allotted. Fractions of less than one yen resulting from said calculation is rounded up. However, if this calculated exercise price is

less than the closing price of the Company's common stock on the Tokyo Stock Exchange on the date said stock option is allotted (or on the previous trading day if said allotment date is not a trading day), then said closing price will be the exercise price.

In the event the Company implements a stock split or reverse split of its common stock after the stock option allotment date, the exercise price will be adjusted proportionally by multiplying by the inverse of the ratio of the stock split or reverse split. Any fractions of less than one yen resulting from said calculation will be rounded up.

Additionally, should the Company issue new shares of common stock (except in cases involving the exercise of stock options pursuant to provisions of Article 236, Article 238, and Article 240 of the Companies Act) or retire treasury stock at a price below the market value of said common stock after the allotment date, the exercise price will be adjusted using the formula listed below, and fractions of less than one yen resulting from said calculation will be rounded up.

$$\begin{array}{rcccl}
 \text{Adjusted} & & & & \text{Number of} \\
 \text{exercise} & & & & \text{newly} \\
 \text{price} & = & \text{Exercise price} & \times & \text{issued} \\
 & & \text{before} & & \text{shares} \\
 & & \text{adjustment} & \times & \text{Amount to be} \\
 & & & & \text{paid per share} \\
 & & & & \text{shares} \\
 & & & & \text{Market price per share} \\
 & & \text{Number of outstanding} & + & \text{Number of newly} \\
 & & \text{shares} & & \text{issued shares}
 \end{array}$$

In the above formula, the "number of outstanding shares" is the total number of shares issued by the Company less shares retained as treasury stock. In the event treasury stock is to be retired, replace the expression "number of newly issued shares" with "number of shares of treasury stock for retirement."

In the event the Company undergoes a merger or split-up, implements a gratis issue of shares after the stock option allotment date, or other extenuating circumstances arise that warrant an adjustment of the number of shares covered by stock options, the exercise price will be adjusted within reasonable limits reflecting considerations for the terms and conditions of the merger, split-up, etc.

(5) Amount to be paid in exchange for stock options

Monetary payment will not be required in exchange for stock options. Forfeiture of the payment requirement does not make this an issue on favorable terms.

(6) Allotment date for stock options

January 11, 2008

(7) Exercise period for stock options

The exercise period for stock options is from February 1, 2010, to January 31, 2015.

(8) Matters concerning increases of capital and capital reserves in the event new shares are issued through the exercise of stock options

(i) The amount of capital to be increased in the event new shares are issued upon the exercise of stock options will be one-half of the limit amount of the capital increase calculated in accordance with the provisions of Article 40, Paragraph 1 of the Corporate Accounting Regulations. Fractions of less than one yen resulting from said calculation will be rounded up.

(ii) The amount of capital reserves to be increased in the event new shares are issued upon the exercise of stock options is obtained by deducting the capital increase derived in accordance with the provisions of (i) above from the limit amount of the capital increase as provided in (i) above.

(9) Conditions for the exercise of stock options

- (i) An individual who has received an allotment of stock options may exercise those stock options provided he or she currently retains status as a director or employee of the Company or a subsidiary or affiliate thereof. However, an individual who has lost said status may nevertheless exercise his or her allotted stock options within two years from the day following his or her date of resignation or retirement or until the exercise period for the stock options expires, whichever occurs first.
- (ii) Conditions other than those listed in (i) above for the exercise of stock options will be stipulated in stock options agreements between the Company and directors to whom stock options are allotted, in accordance with this Board of Directors resolution.

(10) Grounds for acquisition of stock options by the Company

- (i) In the event the General Meeting of Shareholders (or the Board of Directors when approval by the General Meeting of Shareholders is not required) approves a merger agreement under which the Company is to be dissolved, an absorption-type split agreement or an incorporation-type split agreement under which the Company is to be split up, a stock exchange agreement or a stock transfer plan under which the Company is to become a wholly-owned subsidiary, the Company may acquire all remaining stock options at gratis upon the arrival of a date designated by the Board of Directors.
- (ii) In the event a holder of stock options does not satisfy the conditions set forth in (9) above for the exercise of rights, the Company may acquire all remaining stock options at gratis upon the arrival of a date designated by the Board of Directors.

(11) Limitations on the acquisition of stock options through transfer

The acquisition of stock options through transfer requires approval by the Company's Board of Directors.

(12) Disposal of fractional sums resulting from the exercise of stock options

Fractions of less than one share in the total number of shares to be issued to a party allotted stock options will be discarded.

(13) Persons eligible for allotment

Stock options will be allotted to a total of 15 employees of MISUMI Group Inc. and its wholly-owned subsidiaries (limited to MISUMI Group division presidents and general managers).

(14) Handling of stock options in the event of corporate reorganization

In the event that the Company undergoes a merger (limited to mergers in which the Company is dissolved), is split and acquired, is split and established as a new company, or carries out a share exchange or share transfer (collectively called "corporate reorganization"), stock options will be handled as follows. The Company will grant stock options in the joint stock company as provided for in Article 236, Paragraph 1, Item (viii), (a) through (e) of the Companies Act ("reorganized company") to the holders of stock options that are outstanding as of the day the corporate reorganization takes effect. If contracts or plans that stipulate conditions are effected at the time of corporate reorganization, stock options will be granted in accordance with those contracts or plans. In cases of corporate reorganization, stock options outstanding as of the day the reorganization takes effect will be cancelled and the reorganized company will issue new stock options.

(15) Grounds for forfeiture of rights

- (i) Removal from the position of director or termination of employment with the Company, its subsidiaries, or affiliates
- (ii) Written statement filed with the Company by the stock options holder, declaring forfeiture of stock options
- (iii) Bankruptcy filing by, or bankruptcy adjudication of, the stock options holder