

February 10, 2016

## **Notice Concerning the Issuance of Stock Options (Stock Acquisition Rights) as Stock-based Compensation for Directors upon Retirement**

MISUMI Group Inc. (the Company) announces that at a board of directors meeting held on February 10, 2016, it has decided to issue stock options (stock acquisition rights) as stock-based compensation for directors upon retirement, in accordance with Articles 238 & 240 of the Companies Act. See below for details.

### (1) Total Number of Stock Acquisition Rights

406rights. (100 of the Company's common shares per each stock acquisition right) When the number of shares is adjusted as defined in (2) below, the above total number of stock acquisition rights shall be adjusted similarly.

Note that the above total number of stock acquisition rights represents the total number of rights to be allocated. In the event that any of those eligible to receive rights do not apply for those rights or for any other reason the total number of stock acquisition rights is reduced, the total number of stock acquisition rights shall be modified to reflect the total number of rights actually allocated.

### (2) Type and Number of Shares Subject to the Stock Acquisition Rights

The number of the Company's common shares subject to each stock acquisition right (Number of Shares to be Granted) shall be 100 shares per right. Therefore, the number of shares subject to all stock acquisition rights shall be 40,600 in total initially.

However, on or after the date the stock acquisition rights are allotted (Allotment Date) should the Company's common shares be split or consolidated (reverse split), the Number of Shares to be Granted shall be adjusted based on the following formula. The adjustment in question will apply only to stock acquisition rights yet to be exercised as of the relevant time. Fractions of shares resulting from application of the formula shall be discarded.

Adjusted Number of Shares to be Granted = Number of Shares to be Granted (before adjustment) X Ratio of split (or reverse split) of shares

Furthermore, if on or after the Allotment Date the Company undergoes a merger or a business entity is spun off, if shares are allocated without compensation, or if any other event occurs that necessitates adjustment to the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted within a rational range after considering matters such as the terms of events including merger or spin-off of a business entity. Fractions of shares resulting from such adjustments shall be discarded.

### (3) Monetary Value of Assets to be Contributed upon Exercise of the Stock Acquisition Rights

Stock acquisition rights are to be exercised in lieu of a cash investment. The monetary value of assets to be contributed for the exercise of one stock acquisition right is the amount obtained by multiplying the Number of Shares to be Granted by the price per share (Exercise Price). The Exercise Price shall be one yen per share.

If after the Allotment Date the Company's shares are split or consolidated (reverse split), the treatment found to be necessary by the Company shall be applied in the event an adjustment to the Exercise Price is deemed appropriate.

(4) Amount to be Paid in for the Stock Acquisition Rights

The Company would provide these stock acquisition rights as compensation of an amount equivalent to the paid-in amount to the director receiving an allocation of stock acquisitions rights (Director). A Director would acquire the stock acquisition rights by offsetting the right to seek the said compensation with the paid-in amount for the stock acquisition rights. This issuance does not qualify as a discounted issuance.

(5) Allotment Date of Stock Acquisition Rights

February 25, 2016

(6) Exercise Period for the Stock Acquisition Rights

From February 26, 2016, to February 25, 2046

(7) Matters Related to the Increase to Capital and Capital Reserves upon Issuance of Shares under Execution of Stock Acquisition Rights

- (i) The amount of the increase in capital upon issuance of shares under execution of stock acquisition rights shall equal half the limit on increases to capital and other items, as calculated in accordance with stipulations set forth in Article 17, Paragraph 1 of the Corporate Accounting Regulations. Fractions of less than one yen resulting from said calculation are rounded up.
- (ii) The amount of the increase in capital reserves upon issuance of shares under execution of stock acquisition rights shall be equal to the limit on increases to capital and other items set forth in (i) above, less the amount of capital increase derived by (i) above.

(8) Conditions for the Exercise of Stock Acquisition Rights

- (i) A Director may exercise the stock acquisition rights up to ten days from the date he or she loses status as corporate officer or employee of the Company or a subsidiary or affiliate thereof.
- (ii) The conditions for the exercise of the stock acquisition rights other than the clause (i) above shall be based on this resolution of the Board of Directors, and shall be as set forth in the "Stock Acquisition Rights Allotment Agreement" to be entered into by and between the Company and each individual to whom the stock acquisition rights are allotted.

(9) Grounds for Acquiring Stock Acquisition Rights

- (i) Should any of the following proposals be approved at a shareholders meeting of the Company (or approved at a board meeting of the Company where shareholder approval is not required):
  - merger agreement wherein the Company becomes a non-surviving company;
  - agreement where the Company is spun off into and absorbed by another entity or plan where the Company is spun off into a newly established entity;
  - stock swap agreement wherein the Company becomes the wholly owned subsidiary of another entity; or
  - plan for stock transfer,on a date determined separately by the Company's Board of Directors the Company may acquire without providing compensation all stock acquisition rights remaining as of said date.
- (ii) In case a director is no longer qualified to exercise his/her stock acquisition rights pursuant to (8) provided above, on a date determined separately by the Company's Board of Directors the Company may acquire without providing compensation all stock acquisition rights still owned by the Director as of said date.

#### (10) Restrictions on Acquisition of Stock Acquisition Rights By Means of Transfer

Acquisition of stock acquisition rights by means of transfer requires approval by the Company's Board of Directors.

#### (11) Discard of Fractions of Shares Resulting from Exercise of Stock Acquisition Rights

Should any of the shares granted to a Director result in fractions of shares, those fractions shall be discarded.

#### (12) Persons Eligible for Allotment

To be allotted to a total of five Directors of the Company (outside directors not eligible), provided that those to receive the allotment submit an application as per Article 242, Paragraph 2 of the Companies Act.

#### (13) Treatment of Stock Acquisition Rights upon Corporate Reorganization

Should the Company be merged (only when the Company becomes the non-surviving entity due to said merger), be spun off and absorbed by another entity, be spun off into a newly established entity, swap its shares, or transfer its shares (collectively called Corporate Reorganization), owners of stock acquisition rights remaining as of the effective date of the Corporate Reorganization (Remaining Stock Acquisition Rights) shall be granted the relevant stock acquisition rights of the relevant joint-stock corporation (Company Subject to Reorganization) set forth in Article 236, Paragraph 1, (viii) (a)-(e) of the Companies Act. Said stock acquisition rights shall be granted in accordance with conditions documented in the agreement, plan or other document concluded at the time of the relevant Corporate Reorganization if said agreement, plan or other document concluded at the time of the relevant Corporate Reorganization does indeed set forth such conditions. In such case, the Remaining Stock Acquisition Rights expire and stock acquisition rights of the Company Subject to Reorganization shall be newly issued.

#### (14) Grounds for Losing Rights Stipulated in Stock Acquisition Rights Allotment Agreement

- (i) When the person is terminated or relieved of the person's position as officer or employee of the Company, its subsidiaries or its affiliates.
- (ii) When a document stipulating abandonment of the stock acquisition rights is submitted to the Company by a Director.
- (iii) When a Director files for personal bankruptcy or declares commencement of bankruptcy proceedings.

#### Reference

The present stock acquisition rights are to be allotted to directors as stock-based compensation upon retirement. The annual issuance of up to ¥220 million, or up to 2,700 stock acquisition rights (900 rights prior to the stock split implemented with a date of record of June 30, 2015) was approved at the Company's 52nd Annual General Meeting of Shareholders held June 13, 2014.