

**April 11, 2012**

**Issuance of Stock Acquisition Rights as Stock Options**

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Star Micronics Co., Ltd. resolved at a meeting of the Board of Directors held today, to make the following proposals at the 87<sup>th</sup> Ordinary Annual General Meeting of Shareholders scheduled for May 24, 2012: 1) that Stock Acquisition Rights (“SARs”) be issued for no consideration as Stock Options to Company’s Directors, Executive Officers and employees pursuant to Articles 236, 238 and 239 of the Companies Act of Japan; 2) that the determination of the matters regarding the offering be delegated to the Board of Directors; and 3) that SARs be issued for remuneration to Directors. The Company hereby announces the following:

1. Reasons necessitating the offering of preferential SARs

Reasons are as follows: 1) For the purpose of further increasing the resolve and enthusiasm to improve the Company’s consolidated business results; 2) To issue SARs to the Company’s Directors, Executive Officers and present employees for no consideration; and 3) To enhance corporate value in the long term.

2. Individuals to Receive SAR Allotments

SARs will be allotted to the Company’s Directors, Executive Officers and employees.

3. Summary of SARs issue

(1) Share types and numbers of new shares targeted for SARs

A maximum of 120,000 shares of the Company’s common stock.

In the event that the Company conducts a stock split or stock consolidation after the day on which the SARs were allotted (“the allotment date”), the number of shares shall be adjusted using the formula listed below. However, any required adjustments will apply to the number of shares associated with SARs that remain unexercised at the time. Fractional shares of less than 1 share that result from such adjustments will be rounded off.

$$\begin{array}{l} \text{Number of shares} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of shares} \\ \text{prior to adjustment} \end{array} \times \begin{array}{l} \text{Stock split or} \\ \text{consolidation ratio} \end{array}$$

In addition to the above, should reasons arise that necessitate adjustments to the number of shares, the number of shares may be adjusted within a scope deemed rationale under the circumstances.

(2) Number of SARs

A maximum number of SARs of 1,200 (100 shares of common stock per SAR. However, in the event of an adjustment to the number of shares stipulated in (1) above, the same adjustment will be applied)

(3) Amount to be paid in exchange of SARs

No payment will be required for SARs the upcoming General Meeting of Shareholders delegates the Board of Directors to offer.

(4) Amount of capital assets subscribed upon exercise of SARs

The amount of capital assets subscribed upon the exercise of SARs will be the paid amount per share deliverable upon the exercise of SARs (“the exercise price”) multiplied by the number of shares granted.

The exercise price shall be an amount 1.05 times the average of the prices of the Company’s common stock on the Tokyo Stock Exchange as at the closing of regular trading for each day in the month prior to the month in which SARs were issued (except on dates where there was no trading) and the amount shall be rounded up to the closest 1 yen unit. However, where that

amount is less than the closing price of the Company's common stock at the end of regular trading on the Tokyo Stock Exchange on the allotment date (where there was no trading on that day, the closing price on the last day of trading prior to that date), the amount shall be the closing price on that date.

In the event of a stock split or stock consolidation by the Company after the allotment date, the exercise price will be adjusted using the following formula, with fractional shares less than 1 yen resulting from this adjustment rounded up.

$$\text{Exercise price after adjustment ratio} = \text{Exercise price prior to adjustment} \times \frac{1}{\text{Stock split or consolidation}}$$

In the event that the Company issues new shares at a price below market value, or conducts a cancellation of treasury stock (excluding the exercise of SARs), the exercise price shall be adjusted using the following formula, with fractional amounts less than 1 yen resulting from the adjustment rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price Prior to adjustment} \times \frac{\text{Number of shares previously issued} + \frac{\text{Number of new shares to be issued} \times \text{Paid amount per share}}{\text{Market value per share}}}{\text{Number of shares previously issued} + \text{Number of new shares to be issued}}$$

“Number of shares previously issued” in the above formula is the figure after deduction of total shares of treasury stock held by the Company from its total number of issued shares. In the event of a cancellation of treasury stock, “Number of new shares to be issued” shall be read as “Number of shares of treasury stock for cancellation.”

Should an adjustment in exercise price become necessary due to a stock consolidation, corporate separation, reduction in capital, or other comparable events after the allotment date, the Company may adjust the exercise price within a scope deemed rationale and appropriate under the circumstances.

(5) Period of exercise of SARs

From June 30, 2014 to June 29, 2018

(6) Requirements for the exercise of SARs

- a) The persons who have received an allocation of SARs (“SAR Holders”) shall, at the time of the exercise of those rights, be the Directors, Executive Officers or current employees of the Company or the Company's consolidated subsidiaries. However, this paragraph shall not apply to SAR Holders who have lost their position or ceased to hold office due to reaching compulsory retirement age or through the expiration of their term of office or as a result of actions taken at the Company's discretion.
- b) Upon the death of a SAR Holders, this right may not pass by way of succession.
- c) SARs are non-negotiable instruments and may not be pledged or transferred in any form whatsoever.

(7) Matters regarding increase in capital and capital surplus resulting from the exercise of SARs

- a) The amount of increase in capital shall be one-half the allowable maximum for capital, etc. calculated pursuant to Article 17 of the Corporate Accounting Rules; amounts under 1 yen resulting from this accounting treatment shall be rounded up.
- b) The amount of increase in capital surplus is equal to the allowable maximum for capital applicable to 7 (a) above, minus the amount of increase in capital from 7 (a) above.

(8) Reasons and requirements for acquisition of SARs

- a) In the event that the SAR Holder can no longer meet the requirements for the exercise of SARs stipulated in (6) above, the Company may acquire the SARs in question without consideration.
- b) In cases where the Company approves a merger contract under which the Company ceases to exist, or where a proposal for approval of a share swap agreement under which the Company becomes a wholly owned subsidiary, or where a proposal for a total share transfer is approved at an Ordinary Annual General Meeting of Shareholders (or by resolution of the Board of Directors in cases in which approval by the Ordinary General Meeting of Shareholders is not required), the Company may, on a separate date stipulated by the Board of Directors, acquire the unexercised SARs without consideration.

(9) Limitations on assignment of SARs

Approval of the Board of Directors is required for an assignment of SARs.

(10) Handling of SARs in instances of organizational realignment

In cases where the Company conducts a merger (limited to instances in which the Company ceases to exist), corporate absorption and separation, new corporate establishment and separation, share exchanges or share transfers (all of the preceding shall be classified as “organizational realignment”), at the time that the organizational realignment comes into force, the Company shall issue new SARs from the resulting new Stock Company (“the reorganized company”), as described in Article 236-1 (viii) (a) to (e) of the Companies Act, to SAR Holders for any remaining SARs individually held. In such cases, the remaining SARs shall be cancelled and replaced with new SARs issued by the reorganized company. However, the issue of new SARs is limited to cases in which the delivery of new SARs to SAR Holders in line with the requirements stated below is expressly stipulated in the applicable merger contract, corporate absorption and separation contract, new corporate establishment and separation plan, share exchange contract, or share transfer plan.

a) Number of SARs deliverable by the reorganized company

The number of SARs deliverable shall equal the number of SARs held by each individual SARs Holder possessing remaining SARs.

b) Type of shares of the reorganized company to be used for SARs

Shares of common stock of the reorganized company

c) Number of shares of the reorganized company to be used for SARs

The number shall be decided in reference to (1) above, taking requirements and other factors regarding the reorganized company into account.

d) Amount of capital assets to be subscribed upon exercise of SARs

The amount of capital assets to be subscribed upon the exercise of each SAR deliverable, after accounting for requirements and other factors regarding the reorganized company, shall be derived by multiplying the paid amount after reorganization following adjustments to the exercise price stipulated in (4) above by the number of shares of the reorganized company to be used for the applicable SARs, determined pursuant to (c) above.

e) Period of exercise of SARs

The period of exercise of SARs shall begin with the starting date for the exercise of SARs stated in (5) above or the effective date of the organizational realignment, whichever is later, and shall expire on the end date for the exercise of SARs stipulated in (5) above.

f) Matters regarding increase in capital and capital surplus associated with the issue of shares by the reorganized company due to the exercise of SARs

Determined in reference to (7) above.

g) Limits on acquisition of SARs via assignment

Approval of the Board of Directors of the reorganized company is required for the acquisition of SARs via assignment.

h) Reasons and requirements for acquisition of SARs

Determined in reference to (8) above.

(11) Handling of fractional numbers

Any fractional share amounts of less than 1 share deliverable to SAR Holders upon the exercise of SARs shall be rounded off.

(12) Other details concerning SARs

Other details concerning SARs shall be defined by the Board of Directors, which shall be responsible for determining matters regarding solicitations pertaining to SARs.

4. Specific methods for calculating remuneration, etc. for Directors

The amount of SARs issued for remuneration, etc. for the Company's Directors is equal to the fair value per SAR on the allotment date multiplied by the total number of SARs (750 or less SARs) to be allocated to sitting Directors on the allotment date. The fair value of SARs shall be calculated using the Black-Scholes model, with reference to any applicable requirements on the allotment date. Upon the approval of Proposal 3 regarding election of Directors at the 87<sup>th</sup> Ordinary Annual General Meeting of Shareholders, the number of Directors shall be six persons.

(Note)The fore going shall be subject to approval of the proposal "Issuance of Stock Acquisition Rights as Stock Options" at the 87<sup>th</sup> Ordinary Annual General Meeting of Shareholders scheduled for May 24, 2012.

End.