

April 10, 2014

Determination of the Amount of Stock Option-based Remuneration for Directors and Details Thereof

Star Micronics Co., Ltd. has announced that at a meeting of the Board of Directors held today, the Company resolved to make a proposal concerning the determination of the amount of stock option-based remuneration for Directors and details thereof (“the Proposal”) at the 89th Ordinary General Meeting of Shareholders scheduled for May 22, 2014. Details are as follows.

The amount of remuneration, etc., for the Company’s Directors was approved at the 82nd Ordinary General Meeting of Shareholders held on May 24, 2007, with the amount of remuneration for Directors not to exceed 130 million yen per annum, and the amount of bonuses for Directors not to exceed 100 million yen per annum. Furthermore, Stock Options (so-called Ordinary Stock Options with a paid-in amount per share determined based on fair value, for each share that can be granted due to the exercise of Stock Acquisition Rights (“SARs”)) are granted to Directors as remuneration, after approval by the General Meeting of Shareholders on a case by case basis. Separately from the abovementioned remuneration amounts, the Company hereby requests approval for allotting the following two types of SARs to the Company’s Directors (excluding Outside Directors), within a scope not to exceed 100 million yen per annum: 1) Ordinary Stock Options and 2) Stock Compensation-type Stock Options (stock options with a paid-in amount of 1 yen per share, for each share that can be granted due to the exercise of SARs). The purpose of these Stock Options is to further increase the resolve and enthusiasm of Directors for improving business results and corporate value over the medium and long terms.

The amount of stock option-based remuneration shall be calculated by multiplying the fair value per SAR to be allotted by the number of SARs to be allotted.

If a proposal to elect Directors that will be made separately is approved at the 89th Ordinary General Meeting of Shareholders scheduled for May 22, 2014, the number of Directors will be six (including one Outside Director).

Furthermore, after the Proposal has been approved, SARs shall be issued within the scope of the Proposal by resolution of the Company’s Board of Directors.

The reasons for allotting SARs to the Company’s Directors (excluding Outside Directors) as Stock Compensation-type Stock Options and Ordinary Stock Options along with the specific details of the SARs are set forth as follows. The particulars of the SARs and other details thereof shall be determined by the Company’s Board of Directors.

I. SARs as Stock Compensation-type Stock Options

1. Reason for Issuing SARs as Remuneration to Directors

The reason for issuing SARs to the Company’s Directors (excluding Outside Directors) is to further increase their resolve and enthusiasm for improving business results and corporate value over the long term. This will be accomplished by aligning the interests of Directors and shareholders by having the Directors share the benefits of an increase in the stock price as well as the risk of a decrease in the stock price.

2. Details of the SARs

(1) Class and Number of Shares Underlying the SARs

The maximum number of shares of the Company's common stock that may be granted due to the exercise of SARs issued on any day within one year of the day of the Ordinary General Meeting of Shareholders for each fiscal year shall be 120,000.

In the event that the Company conducts a stock split or stock consolidation after the day on which the SARs are allotted ("the allotment date") or in other cases that require the adjustment of the number of shares, the Company shall be able to adjust the number of shares within a scope deemed rational under the circumstances.

(2) Total number of SARs

The maximum number of SARs to be issued on any day within one year of the day of the Ordinary General Meeting of Shareholders for each fiscal year shall be 1,200 (100 shares of common stock per SAR).

(3) Amount to be paid in upon exercise of SARs

The amount to be paid in per SAR shall be determined by the Board of Directors based on the fair value of the SARs computed using impartial calculation methods such as the Black-Scholes model upon allocation of SARs.

The persons who have received an allocation of SARs ("SAR Holders") shall offset the amount to be paid in with monetary compensation receivable from the Company, in lieu of payment.

(4) Total amount to be invested upon exercise of SARs

The total amount to be invested upon exercise of SARs shall be the amount to be paid-in per share, for each share that can be granted due to the exercise of SARs ("the exercise price"), which shall be 1 yen, multiplied by the number of shares granted.

(5) Exercise period for SARs

The Company's Board of Directors shall determine the exercise period within a period not to exceed 30 years from the allotment date.

(6) Conditions for issuing SARs

If the Company posts a consolidated net loss in the fiscal year preceding a given fiscal year, the Company shall not issue SARs for one year from the day of the Ordinary General Meeting of Shareholders for the given fiscal year.

(7) Conditions for exercising SARs

SAR Holders who have lost their position as a Director of the Company during the period stipulated in (5) above may exercise their SARs in a lump-sum within 10 days from the day after the day they lose their position (if the 10th day falls on a Company holiday, the following business day). Other conditions on exercising SARs shall be determined by the Company's Board of Directors.

(8) Limits on acquisition of SARs via assignment

Approval of the Board of Directors of the Company shall be required for the acquisition of SARs via assignment.

II. SARs as Ordinary Stock Options

1. Reason for Issuing SARs as Remuneration to Directors

The reason for issuing SARs to the Company's Directors (excluding Outside Directors) is to further increase their resolve and enthusiasm for improving business results and corporate value over the medium term.

2. Details of SARs

(1) Class and Number of Shares Underlying the SARs

The maximum number of shares of the Company's common stock that may be granted due to the exercise of SARs issued on any day within one year of the day of the Ordinary Annual General Meeting of Shareholders for each fiscal year shall be 140,000.

In the event that the Company conducts a stock split or stock consolidation after the allotment date, or in other cases that require the adjustment of the number of shares, the Company shall be able to adjust the number of shares within a scope deemed rational under the circumstances.

(2) Total number of SARs

The maximum number of SARs to be issued on any day within one year of the day of the Ordinary General Meeting of Shareholders for each fiscal year shall be 1,400 (100 shares of common stock per SAR).

(3) Amount to be paid in upon exercise of SARs

No payment shall be required in exchange for the SARs. The SARs are granted as incentive-based remuneration. Accordingly, the fact that the payment of money is not required does not mean that the SARs are issued on advantageous terms.

(4) Total amount to be invested upon exercise of SARs

The total amount to be invested upon the exercise of SARs shall be the exercise price, which shall be 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 the allotment date falls (except on dates where there was no trading) and the amount shall be rounded up to the nearest 1 yen. 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 cases where a change in the exercise price is necessary, such as a stock split, stock consolidation or other comparable event conducted after the allotment date, the Company shall be able to adjust the exercise price within a scope deemed rational under the circumstances.

(5) Exercise period for SARs

The Company's Board of Directors shall determine the exercise period within a period not less than 2 years after the day that the Company's Board of Directors decides upon the subscription terms of the SARs to no more than 10 years after the day of this decision.

(6) Conditions for issuing SARs

If the Company posts a consolidated net loss in the fiscal year preceding a given fiscal year, the

Company shall not issue SARs for one year from the day of the Ordinary General Meeting of Shareholders for the given fiscal year.

(7) Conditions for exercising SARs

- (1) SAR Holders shall, at the time of exercising the SARs, be Directors of the Company. However, this paragraph shall not apply to SAR Holders who have lost their position as Directors or ceased to hold office due to the expiration of their term of office or as a result of actions taken at the Company's discretion.
- (2) Upon the death of an SAR Holder, this right may not pass by way of succession.
- (3) SARs are non-negotiable instruments and may not be pledged or transferred in any form whatsoever.

(8) Limits on acquisition of SARs via assignment

Approval of the Board of Directors of the Company shall be required for the acquisition of SARs via assignment.

Note: The foregoing shall be subject to the approval of the proposal "Determination of Amount of Stock Option-based Remuneration for Directors and Details Thereof" at the 89th Ordinary General Meeting of Shareholders scheduled for May 22, 2014.

End.