

April 12, 2016

Notice Regarding the Transition to a Company with an Audit and Supervisory Committee and Amendments to the Company's Articles of Incorporation

Star Micronics Co., Ltd. ("the Company") decided, at its Board of Directors' meeting held today, to transition to a Company with an Audit and Supervisory Committee and to put forward a proposal to amend its articles of incorporation at its 91st General Meeting of Shareholders scheduled for May 26, 2016. Brief details are presented as follows.

Furthermore, the Company has today issued the separate release, "Notice Regarding Executive Appointments Following the Transition to a Company with an Audit and Supervisory Committee".

1. Transition to a Company with an Audit and Supervisory Committee

(1) Reasons for transition

The Company has decided to adopt the policy of transitioning to a Company with an Audit and Supervisory Committee and has put in place the Audit and Supervisory Committee and granted voting rights relating to the Board of Directors to those directors (including multiple outside directors) who serve as an Audit and Supervisory Committee Member. As a result, the Company will further strengthen the supervisory functions of the Board of Directors while upgrading corporate governance.

(2) Timing of transition

In specific terms, the Company will obtain the necessary approval to amend its articles of incorporation at the Company's 91st General Meeting of Shareholders scheduled for May 26, 2016. Plans are then in place to transition to a Company with an Audit and Supervisory Committee.

2. Partial amendments of the Articles of Incorporation

(1) Reasons for amendments

- i) In conjunction with the transition to a Company with an Audit and Supervisory Committee, the Company will newly establish rules relating to directors, who serve as an Audit and Supervisory Committee Member, and the Audit and Supervisory Committee. At the same time, the Company will rescind the rules relating to Audit & Supervisory Board members as well as the Audit & Supervisory Board.
- ii) For flexible management of the Board of Directors, the person entitled to convene meetings of the Board of Directors and chairman set forth in Article 23 (Person Entitled to Convene Meetings of the Board of Directors and Chairman) of the current Articles of Incorporation has been amended from the President and Director to the Director designated by the Board of Directors.
- iii) The Revised Corporate Law amends the range of officers, etc. who can execute a liability limitation agreement. In line with this revision, the Company has amended Article 28 (Liability Limitation Agreement with Outside Directors) of the current Articles of Incorporation in order to enable the non-executive directors to execute a liability limitation agreement and thereby fully demonstrate their roles. This amendment has been approved by all Audit & Supervisory Board Members of the Company.
- iv) In order to implement flexible capital policy and dividend policy, the Company has added Article 34 (Organ Determining Dividends from Retained Earnings, etc.), amended Article 37 of the current Articles of Incorporation (Record Dates for Dividends from Retained Earnings), and deleted Article 7 (Acquisition of Company's Own Stock) of the current Articles of Incorporation, which overlaps with the new provisions. This amendment does not preclude the General Meeting of Shareholders from determining dividends from retained earnings.
- v) With the establishment and deletion of the provisions above, the Company has amended some article numbers and some words and made necessary overall amendments to the Articles of Incorporation.

(2) Details of amendments

Details of the proposed amendment are as per the attached sheet.

(3) Schedule of Amendment

Date of the General Meeting of Shareholders for the Amendment to the Articles of Incorporation:

May 26, 2016 (scheduled)

Effective date of the revised Articles of Incorporation:

May 26, 2016 (scheduled)

“The attached sheet”

(The amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 1 (Content omitted) (Corporate Purposes)</p> <p>Article 2 The purposes of the Company shall be to carry on the following business: (1) through (6) (Content omitted) (7) <u>To invest and provide loan financing in or to real property and real property businesses;</u> (8) To act as non-life insurance agents, insurance agents under the Automobile Liability Insurance Act, as amended, and solicitors of life insurance contracts; and (9) (Content omitted)</p> <p>Article 3 (Content omitted) (Organs)</p> <p>Article 4 The Company has the following organs in addition to the general shareholders’ meeting and directors. (1) Board of Directors (2) <u>Audit & Supervisory Board Members</u> (3) <u>Audit & Supervisory Board</u> (4) <u>Accounting Auditors</u></p> <p>Article 5 (Content omitted)</p>	<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 1 (Unchanged) (Corporate Purposes)</p> <p>Article 2 The purposes of the Company shall be to carry on the following business: (1) through (6) (Unchanged) (7) <u>To engage in the lease and management of real property;</u> (8) <i>[This Paragraph will be amended to make partial modifications of description only in Japanese. No modification of English translation of this Paragraph is necessary.]</i> (9) (Unchanged)</p> <p>Article 3 (Unchanged) (Organs)</p> <p>Article 4 The Company has the following organs in addition to the general shareholders’ meeting and directors. (1) Board of Directors (2) <u>Audit and Supervisory Committee</u> (Deleted) (3) <u>Accounting Auditors</u></p> <p>Article 5 (Unchanged)</p>
<p style="text-align: center;">CHAPTER II SHARES</p> <p>Article 6 (Content omitted) <u>(Acquisition of Company’s Own Stock)</u> Article 7 <u>The Company may, pursuant to the provisions of Article 165, Paragraph 2, of the Corporate Law, acquire its own stock through market trading or other means by a resolution of the Board of Directors.</u> Article <u>8</u> through <u>12</u> (Content omitted)</p>	<p style="text-align: center;">CHAPTER II SHARES</p> <p>Article 6 (Unchanged) (Deleted) Article <u>7</u> through <u>11</u> (Unchanged)</p>
<p style="text-align: center;">CHAPTER III GENERAL MEETINGS OF SHAREHOLDER</p> <p>Article <u>13</u> through <u>18</u> (Content omitted)</p>	<p style="text-align: center;">CHAPTER III GENERAL MEETINGS OF SHAREHOLDER</p> <p>Article <u>12</u> through <u>17</u> (Unchanged)</p>
<p style="text-align: center;">CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</p> <p>(Number <u>and Election</u> of Directors)</p> <p>Article <u>19</u> The Company shall have ten (10) or fewer Directors, <u>who shall be elected by shareholders at the General Meeting of Shareholders.</u></p>	<p style="text-align: center;">CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</p> <p>(Number of Directors)</p> <p>Article <u>18</u> The Company shall have ten (10) or fewer Directors <u>(excluding Directors who serve as an Audit and Supervisory Committee Member).</u></p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">(New)</p> <p><u>2. A resolution on the election of Directors shall be adopted at the General Meeting of Shareholders by a majority of the voting rights held by the shareholders present with not less than one-third (1/3) of the voting rights of all shareholders who can exercise voting rights.</u></p> <p><u>3. A resolution on the election of Directors shall not be made by cumulative voting.</u></p>	<p><u>2. The Company shall have four (4) or fewer Directors who serve as an Audit and Supervisory Committee Member.</u></p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p>
<p style="text-align: center;">(New)</p>	<p><u>(Election of Directors)</u></p> <p><u>Article 19 The directors who serve as an Audit Supervisory Committee Member shall be distinguished from other directors and be elected by shareholders at the General Meeting of Shareholders.</u></p> <p><u>2. A resolution on the election of Directors shall be adopted at the General Meeting of Shareholders by a majority of the voting rights held by the shareholders present with not less than one-third (1/3) of the voting rights of all shareholders who can exercise voting rights.</u></p> <p><u>3. A resolution on the election of Directors shall not be made by cumulative voting.</u></p>
<p>(Term of Office of Directors)</p> <p>Article 20 The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one (1) year after his or her appointment.</p>	<p>(Term of Office of Directors)</p> <p>Article 20 The term of office of a Director <u>(excluding Directors who serve as an Audit and Supervisory Committee Member)</u> shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one (1) year after his or her appointment.</p>
<p style="text-align: center;">(New)</p>	<p><u>2. The term of office of a Director who serves as an Audit and Supervisory Committee Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within two (2) years after his or her appointment.</u></p>
<p style="text-align: center;">(New)</p>	<p><u>3. The term of office of a Director serving as an Audit and Supervisory Committee Member who is elected to fill a vacancy created by another Director serving as an Audit and Supervisory Committee Member who retires before the expiry of the term of his or her office shall expire when the term of office of the retired Director would otherwise expire.</u></p>
<p>(Representative Directors)</p> <p>Article 21 The Board of Directors shall appoint Representative Directors by resolution.</p>	<p>(Representative Directors)</p> <p>Article 21 The Board of Directors shall appoint Representative Directors by resolution <u>from among Directors (excluding Directors who serve as an Audit and Supervisory Committee Member).</u></p>
<p>(Executive Directors)</p>	<p>(Executive Directors)</p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 22 The Board of Directors may appoint, by resolution, one Chairman of the Board and President and Director, and one or more Senior Managing Directors and Managing Directors; provided, however, that the President and Director shall be appointed from among the Representative Directors.</p>	<p>Article 22 The Board of Directors may appoint, by resolution, one Chairman of the Board and President and Director, and one or more Senior Managing Directors and Managing Directors <u>from among Directors (excluding Directors who serve as an Audit and Supervisory Committee Member)</u>; provided, however, that the President and Director shall be appointed from among the Representative Directors.</p>
<p>(Person Entitled to Convene Meetings of the Board of Directors and Chairman)</p>	<p>(Person Entitled to Convene Meetings of the Board of Directors and Chairman)</p>
<p>Article 23 <u>The President and Director</u> shall convene a Meeting of the Board of Directors and shall act as chairman thereof. Should the <u>President and</u> Director be unable to act, one of the other Directors, in the order fixed in advance by the Board of Directors, shall act in his place.</p>	<p>Article 23 <u>The Director designated by the Board of Directors</u> shall, <u>unless otherwise provided for in laws and regulations</u>, convene a Meeting of the Board of Directors and shall act as chairman thereof. Should the Director be unable to act, one of the other Directors, in the order fixed in advance by the Board of Directors, shall act in his place.</p>
<p>(Notice of Convocation of Meetings of the Board of Directors)</p>	<p>(Notice of Convocation of Meetings of the Board of Directors)</p>
<p>Article 24 Notice of convocation of a meeting of the Board of Directors shall be dispatched to each Director <u>and Audit & Supervisory Board Member</u> at least three (3) days prior to the date set for such meeting; provided, however, that such period may be shortened in case of emergency.</p>	<p>Article 24 Notice of convocation of a meeting of the Board of Directors shall be dispatched to each Director at least three (3) days prior to the date set for such meeting; provided, however, that such period may be shortened in case of emergency.</p>
<p>(Abbreviated Form of Resolution by the Board of Directors)</p>	<p>(Abbreviated Form of Resolution by the Board of Directors)</p>
<p>Article 25 The Company may deem that a resolution of the Board of Directors on matters to be resolved at a meeting of the Board of Directors is adopted if there is the consent, in writing or via electromagnetic recording, of all Directors with voting rights concerning such matters; <u>provided, however, that this shall not apply whenever an Audit & Supervisory Board Member expresses an objection.</u></p>	<p>Article 25 The Company may deem that a resolution of the Board of Directors on matters to be resolved at a meeting of the Board of Directors is adopted if there is the consent, in writing or via electromagnetic recording, of all Directors with voting rights concerning such matters.</p>
<p>(New)</p>	<p><u>(Delegation of Decisions on Important Business Execution)</u></p>
<p>Article <u>26</u> (Content omitted)</p>	<p><u>Article 26 Under Article 399-13, Paragraph 6 of the Corporate Law, the Company may delegate to a Director, by a resolution of the Board of Directors, all or part of decisions on important business execution (excluding the matters listed in each item of Paragraph 5 of the same article).</u></p>
<p>(Compensation for Directors)</p>	<p>Article <u>27</u> (Unchanged)</p>
<p>Article <u>27</u> Remuneration and bonuses payable to the Directors and the financial benefits they may receive from the Company in consideration of execution of their duties <u>(hereinafter collectively referred to as</u></p>	<p>(Compensation for Directors)</p> <p>Article <u>28</u> Remuneration and bonuses payable to the Directors and the financial benefits they may receive from the Company in consideration of execution of their duties shall be determined by a resolution of</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>“compensation”</u>) shall be determined by a resolution of shareholders at their General Meeting.</p>	<p>shareholders at their General Meeting, <u>distinguishing the Directors serving as an Audit and Supervisory Committee Member from other Directors.</u></p>
<p>(Liability Limitation Agreement with <u>Outside Directors</u>)</p>	<p>(Liability Limitation Agreement with Directors)</p>
<p>Article <u>28</u> Pursuant to the provisions of Article 427, Paragraph 1 of the Corporate Law, the Company may enter into agreements with <u>Outside Directors</u> to limit liability due to professional negligence; provided, however, that the limit on liability under the relevant agreement shall be an amount set forth by law.</p>	<p>Article <u>29</u> Pursuant to the provisions of Article 427, Paragraph 1 of the Corporate Law, the Company may enter into agreements with Directors (<u>excluding Executive Directors</u>) to limit liability due to professional negligence; provided, however, that the limit on liability under the relevant agreement shall be an amount set forth by law.</p>
<p><u>CHAPTER V AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD</u></p>	<p>(Deleted)</p>
<p>(<u>Number and Election of Audit & Supervisory Board Members</u>)</p>	<p>(Deleted)</p>
<p><u>Article 29</u> The Company shall have four (4) or fewer <u>Audit & Supervisory Board Members, who shall be elected by shareholders at their General Meeting.</u></p>	
<p><u>2. A resolution on the election of Audit & Supervisory Board Members shall be adopted at the General Meeting of Shareholders by a majority of the voting rights held by the shareholders present with not less than one-third (1/3) of the voting rights of all shareholders who can exercise voting rights.</u></p>	
<p>(<u>Term of Office of Audit & Supervisory Board Members</u>)</p>	<p>(Deleted)</p>
<p><u>Article 30</u> The term of office of an <u>Audit & Supervisory Board Member shall expire upon full adjournment of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four (4) years after his or her appointment as such; provided, however, that the term of office of an Audit & Supervisory Board Member elected to fill a vacancy shall expire when the term of office of his or her predecessor would otherwise expire.</u></p>	
<p>(<u>Full-Time Audit & Supervisory Board Member</u>)</p>	<p>(Deleted)</p>
<p><u>Article 31</u> <u>Full-Time Audit & Supervisory Board Members shall be elected by a resolution of the Audit & Supervisory Board.</u></p>	
<p><u>Article 32</u> <u>Notice of convocation of a meeting of the Audit & Supervisory Board shall be dispatched to each Audit & Supervisory Board Member by three (3) days prior to the date set for such meeting; provided, however, that such period may be shortened in case of emergency.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Regulations of the Audit & Supervisory Board)</u> <u>Article 33 Matters concerning the Audit & Supervisory Board shall be governed by laws and regulations, these Articles of Incorporation, as well as the Regulations of the Audit & Supervisory</u></p>	(Deleted)
<p><u>(Compensation for Audit & Supervisory Board Members)</u> <u>Article 34 Compensation for Audit & Supervisory Board Members shall be determined by a resolution of shareholders at their General Meeting.</u></p>	(Deleted)
<p><u>(Liability Limitation Agreement with Outside Audit & Supervisory Board Members)</u> <u>Article 35 Pursuant to the provisions of Article 427, Paragraph 1 of the Corporate Law, the Company may enter into agreements with Outside Audit & Supervisory Board Members to limit liability due to professional negligence; provided, however, that the limit on liability under the relevant agreement shall be an amount set forth by law.</u></p>	(Deleted)
(New)	<p><u>CHAPTER V AUDIT AND SUPERVISORY COMMITTEE</u></p>
(New)	<p><u>(Full-Time Audit and Supervisory Committee Members)</u></p>
(New)	<p><u>Article 30 Full-Time Audit and Supervisory Committee Members may be elected by a resolution of the Audit and Supervisory Committee.</u></p>
(New)	<p><u>(Notice of Convocation of Meetings of the Audit and Supervisory Committee)</u> <u>Article 31 Notice of convocation of a meeting of the Audit and Supervisory Committee shall be dispatched to each Audit and Supervisory Committee Member by three (3) days prior to the date set for such meeting; provided, however, that such period may be shortened in case of emergency.</u></p>
(New)	<p><u>2. The Audit and Supervisory Committee may be convened without the convocation procedure being followed if all the Audit and Supervisory Committee Members agree to doing so.</u></p>
(New)	<p><u>(Regulations of the Audit and Supervisory Committee)</u> <u>Article 32 Matters concerning the Audit and Supervisory Committee shall be governed by laws and regulations, these Articles of Incorporation, as well as the Regulations of the Audit and Supervisory Committee adopted by the Audit and Supervisory Committee.</u></p>
CHAPTER VI ACCOUNTS	CHAPTER VI ACCOUNTS

Current Articles of Incorporation	Proposed Amendments
<p>Article <u>36</u> (Content omitted) (New)</p> <p>(Record Dates for Dividends from Retained Earnings)</p> <p>Article <u>37</u> (Content omitted) (New)</p> <p><u>2. In addition to the foregoing, the Company may make interim dividends for which the record date shall be August 31 of any year, if authorized by resolution of the Board of Directors.</u></p> <p>Article <u>38</u> (Content omitted) (New)</p>	<p>Article <u>33</u> (Unchanged) <u>(Organ Determining Dividends from Retained Earnings, etc.)</u></p> <p><u>Article 34 The Company may determine, by a resolution of the Board of Directors, dividends from retained earnings, etc. and other matters listed in each item of Paragraph 1 of Article 459 of the Corporate Law, unless otherwise provided by laws.</u></p> <p>(Record Dates for Dividends from Retained Earnings)</p> <p>Article <u>35</u> (Unchanged)</p> <p><u>2. The record date for the Company’s interim dividends shall be August 31 of each year.</u></p> <p><u>3. In addition to the preceding two paragraphs, the Company may distribute dividends by determining any record date.</u></p> <p>Article <u>36</u> (Unchanged)</p> <p><u>Supplementary Provisions</u> <u>(Transitional Measure for a Liability Limitation Agreement with Outside Audit & Supervisory Board Members)</u></p> <p><u>An agreement limiting the liability for damages set forth in Article 423, Paragraph 1 of the Corporate Law with regard to the actions of Outside Audit & Supervisory Board Members (including former Outside Audit & Supervisory Board Members) performed before the conclusion of the 91st Ordinary General Meeting of Shareholders on May, 2016 shall be governed by the provisions of Article 35 of the Articles of Incorporation before the amendment made by a resolution of the said Ordinary General Meeting of Shareholders.</u></p>