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(Securities Code 5541)  
June 2, 2017

**To Shareholders with Voting Rights:**

Akira Sasaki  
President Director & Representative  
Director  
PACIFIC METALS CO., LTD.  
6-1, Otemachi 1-Chome, Chiyoda-ku,  
Tokyo, Japan

**NOTICE OF CONVOCATION OF  
THE 91ST ANNUAL GENERAL SHAREHOLDERS MEETING**

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 91st Annual General Shareholders Meeting of PACIFIC METALS CO., LTD. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Shareholders Meeting and exercise your voting rights by 5:30 p.m. Japan time on Wednesday, June 28, 2017.

- 1. Date and Time:** Thursday, June 29, 2017 at 10:00 a.m. Japan time
- 2. Place:** Iidabashi Rainbow Building (7F) located at  
11 Ichigayafunagawaramachi, Shinjuku-ku, Tokyo  
(For the location of the venue, please refer to the map of the venue of the  
General Shareholders Meeting at the end of this document.)
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 91st Fiscal Year (April 1, 2016 - March 31, 2017) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Auditors
  2. Non-consolidated Financial Statements for the Company's 91st Fiscal Year (April 1, 2016 - March 31, 2017)
- Proposals to be resolved:**
- Proposal 1:** Reverse Stock Split
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of nine (9) Directors

**4. Exercise of voting rights:**

**If attending the General Shareholders Meeting**

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Please also bring this Notice with you.

**Date & time of General Shareholders Meeting**

Thursday, June 29, 2017 at 10:00 a.m. Japan time

**If unable to attend the General Shareholders Meeting**

● **Exercise your voting rights by postal mail (in writing)**

Please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and send it back so that it is received by the voting deadline below.

**Deadline for exercising voting rights**

Wednesday, June 28, 2017 at 5:30 p.m. Japan time

● **Exercise your voting rights via the Internet**

Please access the voting website (<http://www.web54.net>) (Japanese only), use the “Voting Right Exercise Code” and “Password” indicated on the enclosed Voting Rights Exercise Form and enter your vote for or against each proposal by following the instructions displayed on the screen.

When exercising your voting rights via the Internet, please read the “Guide to Exercising Voting Rights via the Internet” on page 3.

**Deadline for exercising voting rights**

Wednesday, June 28, 2017 at 5:30 p.m. Japan time

\* The reception desk at the venue is scheduled to open at 9:00 a.m.

\* Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements are posted on the Company’s website in accordance with provisions of laws and regulations as well as Article 17 of the Company’s Articles of Incorporation and therefore are not provided in the Appendix to this Notice. If there are any revisions in the Reference Documents for the General Shareholders Meeting, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, the revised versions will be posted on the Company’s website (Japanese only).

**The Company’s website: <http://www.pacific-metals.co.jp>**

## Guide to Exercising Voting Rights via the Internet

If you wish to exercise your voting rights via the Internet, please confirm the following matters before voting.

1. You may exercise your voting rights via the Internet only by accessing the voting website designated by the Company (<http://www.web54.net>) (Japanese only). Please note that you cannot vote on the voting website by accessing the Internet from a mobile phone.
2. Please exercise your voting rights via the Internet by 5:30 p.m. Japan time on Wednesday, June 28, 2017 to allow for vote counting.
3. If you exercise your voting rights both in writing and via the Internet, whichever vote that is received later will be treated as valid. If your vote in writing and your vote via the Internet are received on the same day, only the latter will be treated as valid.
4. If you exercise your voting rights more than once via the Internet, only your last vote will be treated as valid.
5. If you fail to indicate your vote for or against a proposal (or your abstention from voting on a proposal), you will be deemed to have voted in favor of that proposal.
6. The password is important information for confirming that the person who is exercising the voting rights is the actual shareholder. Please treat it with utmost care, in the same manner as your seal and personal identification number. Please bear in mind that we cannot respond to any inquiries about your Voting Right Exercise Code or password.
7. If you enter the wrong password more than a certain number of times, it will become unusable. If you wish to have a new password issued, please follow the on-screen instructions on how to apply for a new password.
8. The Voting Right Exercise Code included in the Voting Rights Exercise Form is valid exclusively at the upcoming General Shareholders Meeting.
9. Shareholders will be required to bear any connection fees payable to internet service providers and communication fees (telephone charges, etc.) payable to communication carriers that may be incurred upon using the voting website.
10. Inquiries regarding the use of devices such as personal computer
  - (1) If you are unsure of how to use your device such as personal computer with regard to exercising your voting rights via the Internet, please contact:

**Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Web Support**

**TEL: 0120-652-031 (Business hours: 9:00 – 21:00)**

- (2) If you have any other inquiries, please contact the following.
  - (a) Shareholders who have an account with a securities company: Please contact your securities company.
  - (b) Shareholders who do not have an account with a securities company (i.e., Shareholders who have a special account): Please contact the following.

**Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Center**

**TEL: 0120-782-031 (Business hours: 9:00 – 17:00, excluding Saturdays, Sundays and national holidays)**

# Reference Documents for the General Shareholders Meeting

## Proposals and References

### Proposal 1: Reverse Stock Split

#### 1. Reasons the reverse stock split is required

Japanese stock exchanges collectively announced the “Action Plan for Consolidating Trading Units,” which aims to standardize the trading units for common stock (the number of shares per share unit) of listed domestic corporations at 100 shares. The deadline for companies to make this transition is October 1, 2018.

As a corporation listed on the Tokyo Stock Exchange, the Company respects the purpose of the said plan, and will change the trading units for its common stock from 1,000 shares to 100 shares, and also execute a reverse stock split (1-for-10 share consolidation) for the purpose of maintaining investments at an appropriate level.

#### 2. Class and ratio of shares subject to the reverse stock split

Every ten shares of the Company's common stock will be consolidated into one share.

However, with respect to shareholders who hold fractional shares of less than one share that arise from the reverse stock split, the Company will dispose of all such fractional shares in accordance with the Companies Act and distribute the proceeds from the disposal thereof to such shareholders in amounts proportional to their respective holdings of such fractional shares.

#### 3. Effective date of reverse stock split: October 1, 2017

#### 4. Total number of authorized shares as of the effective date: 50,000,000

#### 5. Other

The reverse stock split referred to in this proposal is subject to the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation”.

The Company requests that other important matters be entrusted to the Board of Directors.

Note: As a result of the reverse stock split, the total number of outstanding shares will decrease by 10% of the original number. However, there are no changes to the amount of total assets, etc., and therefore, the amount of net assets per share increases tenfold and there is no change in the asset value of the shares of the Company if other factors such as market fluctuations are excluded.

**Proposal 2: Partial Amendments to the Articles of Incorporation**

**1. Reasons for the amendments**

The Article of Incorporation is to be partially amended in order to change the number of shares per share unit from 1,000 shares to 100 shares, subject to Proposal 1 “Reverse Stock Split” being approved and coming into effect.

A supplementary provision has been included stipulating that the partial amendments to the Articles of Incorporation shall come into effect on the effective date of the reverse stock split will be established. This supplementary provision will be deleted from the Articles of Incorporation after the effective date of the reverse stock split.

**2. Details of the amendments**

Details of the partial amendments to the Articles of Incorporation are as follows. (Amended parts are underlined.)

Current	Proposed amendment
<p>CHAPTER 2. SHARES AND SHAREHOLDERS</p> <p>(Total Number of Shares Authorized to be Issued by the Company)</p> <p>Article 6</p> <p>The total number of Shares authorized to be issued by the Company shall be <u>five hundred million shares</u>.</p> <p>(Number of Share Units)</p> <p>Article 8</p> <p>The Share Unit of the Company shall be <u>one thousand shares</u>.</p> <p>(New provision)</p>	<p>CHAPTER 2. SHARES AND SHAREHOLDERS</p> <p>(Total Number of Shares Authorized to be Issued by the Company)</p> <p>Article 6</p> <p>The total number of Shares authorized to be issued by the Company shall be <u>fifty million shares</u>.</p> <p>(Number of Share Units)</p> <p>Article 8</p> <p>The Share Unit of the Company shall be <u>one hundred shares</u>.</p> <p><u>Supplementary Provision</u></p> <p><u>The amendments to Articles 6 and 8 shall come into effect on October 1, 2017. This supplementary provision shall be deleted after October 1, 2017.</u></p>

Note: Pursuant to Article 182, Paragraph 2 of the Companies Act, Article 6 (Total Number of Shares Authorized to be Issued by the Company) of the Articles of Incorporation referred to above shall be deemed to have been amended on the effective date of the reverse stock split, i.e., October 1, 2017.

### Proposal 3: Election of nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this year's Annual General Shareholders Meeting. Accordingly, the election of nine (9) Directors is proposed. The candidates are as follows.

Details about each candidate such as career summary, reason for nomination and other information are stated in pages 7 to 11.

No.	Name	Term of office	Position	Responsibilities	Attendance at Board of Directors meeting
1	Akira Sasaki <u>Reappointment</u>	10 years	President Director	Representative Director	22 out of 22 meetings (100.0%)
2	Tamaki Fujiyama <u>Reappointment</u>	7 years	Director & Senior Managing Executive Officer	Assistant to the President and In charge of Safety & Health Management, Environmental Management, Quality Control and Technical Research & Development	22 out of 22 meetings (100.0%)
3	Keiichi Koide <u>Reappointment</u>	7 years	Director & Managing Executive Officer	In charge of Ore Purchasing & Mining Engineering and General Manager, Corporate Planning Dept.	22 out of 22 meetings (100.0%)
4	Tetsuo Hatakeyama <u>Reappointment</u>	6 years	Director & Managing Executive Officer	In charge of Purchasing & Materials	22 out of 22 meetings (100.0%)
5	Kazuyuki Sugai <u>Reappointment</u>	5 years	Director & Managing Executive Officer	In charge of Internal Controls, IR, General Affairs and Finance & Accounting	22 out of 22 meetings (100.0%)
6	Masayuki Aoyama <u>Reappointment</u>	3 years	Director & Senior Executive Officer	General Manager, Production Dept., Production Div. and General Manager, Utility & Maintenance Dept.	22 out of 22 meetings (100.0%)
7	Yoshiharu Inomata <u>New candidate</u>	—	—	—	—
8	Shinya Matsumoto <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	4 years	Outside Director	—	18 out of 22 meetings (81.8%)
9	Hikari Imai <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	1 year	Outside Director	—	15 out of 15 meetings (100.0%)

- Notes: 1. Term of office, position and responsibilities are as at the time of this Annual General Shareholders Meeting.  
2. Candidate for Director Hikari Imai's attendance at the Board of Directors meetings is based on the Board of Directors meetings held after his appointment to Director on June 29, 2016.

Reappointment: Candidate for Director to be reappointed

New candidate: Candidate for Director to be newly appointed

Outside: Candidate for Outside Director

Independent: Independent Director

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Akira Sasaki (October 8, 1949)	<p>April 1972      Joined the Company</p> <p>December 1997      Deputy General Manager, Production Dept. No.1, Hachinohe Plant</p> <p>July 1999      Deputy General Manager, Production Dept., Production Div.</p> <p>April 2001      General Manager, Utility &amp; Maintenance Dept., Production Div.</p> <p>June 2006      Director and General Manager, Utility &amp; Maintenance Dept., Production Div.</p> <p>April 2008      and General Manager, Environmental Business Dept., Production Div.</p> <p>April 2009      Director and Assistant General Manager, Production Div.</p> <p>April 2009      and General Manager, Environmental Management Dept.</p> <p>June 2009      Senior Executive Officer and Assistant General Manager, Production Div.</p> <p>June 2010      Director</p> <p>June 2010      Senior Executive Officer</p> <p>June 2010      General Manager, Production Div. and General Manager, Production Dept.</p> <p>June 2011      Managing Executive Officer</p> <p>December 2012      General Manager, Production Dept., Production Div.</p> <p>June 2014      President Director &amp; Representative Director (to present)</p>	45,050
	Reason for nomination as candidate for Director	The Company nominated Akira Sasaki as a candidate for Director because he has extensive experience and broad insight as a corporate manager, has demonstrated leadership as the Company's top management executive, is well versed in not only the production division but also the facility construction division, overseas affiliates and other divisions, and we determined that he has the experience and abilities suited to Representative Director of the Company.	
2	Tamaki Fujiyama (February 25, 1950)	<p>April 1973      Joined the Company</p> <p>December 1997      Deputy General Manager, Quality Control Dept., Hachinohe Plant</p> <p>April 2001      General Manager, Quality Control Dept., Production Div.</p> <p>June 2006      General Manager, Internal Audit Dept.</p> <p>June 2009      Senior Executive Officer</p> <p>June 2010      Director (to present)</p> <p>June 2012      Managing Executive Officer</p> <p>June 2013      In charge of Safety &amp; Health Management, Environmental Management, Quality Control and Technical Research &amp; Development (to present)</p> <p>June 2014      Senior Managing Executive Officer (to present)</p> <p>June 2014      Assistant to President (to present)</p>	30,000
	Reason for nomination as candidate for Director	The Company nominated Tamaki Fujiyama as a candidate for Director because he has extensive experience and broad insight in various fields of the Company such as quality control and internal audit divisions, has demonstrated leadership as the Company's management executive, and we determined that he has the experience and abilities suited to a Director who can take charge of the management of the Company.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Keiichi Koide (October 22, 1950)	<p>April 1974      Joined the Company</p> <p>July 1999      Deputy General Manager, Ore Purchasing &amp; Mining Engineering Dept.</p> <p>December 2003      Associate General Manager, Ore Purchasing &amp; Mining Engineering Dept.</p> <p>December 2008      General Manager, Ore Purchasing &amp; Mining Engineering Dept.</p> <p>June 2009      Executive Officer</p> <p>June 2010      Director, Rio Tuba Nickel Mining Corporation (to present)</p> <p>June 2010      Director, Taganito Mining Corporation (to present)</p> <p>June 2010      Director, the Company (to present)</p> <p>June 2010      Senior Executive Officer</p> <p>June 2010      General Manager, Ore Purchasing &amp; Mining Engineering Dept.</p> <p>June 2014      Managing Executive Officer (to present)</p> <p>June 2014      In charge of Ore Purchasing &amp; Mining Engineering, (to present)</p> <p>February 2016      General Manager, Corporate Planning Dept. (to present)</p>	27,000
	Reason for nomination as candidate for Director	The Company nominated Keiichi Koide as a candidate for Director because he is engaged in the exploration and purchasing of nickel ore (i.e., the main raw material), is involved in the management of overseas affiliates (suppliers) as well, and we determined that he has the experience and abilities suited to a Director who can take charge of the management of the Company.	
4	Tetsuo Hatakeyama (March 31, 1951)	<p>April 1974      Joined the Company</p> <p>July 1999      Deputy General Manager, Purchasing &amp; Materials Dept.</p> <p>December 2003      General Manager, Purchasing &amp; Materials Dept.</p> <p>June 2009      Executive Officer</p> <p>June 2010      Senior Executive Officer</p> <p>June 2011      Director (to present)</p> <p>May 2014      President &amp; Representative Director, Pacific Gas Center Co., Ltd.</p> <p>June 2014      Managing Executive Officer, the Company (to present)</p> <p>June 2014      In charge of Purchasing &amp; Materials (to present)</p>	21,000
	Reason for nomination as candidate for Director	The Company nominated Tetsuo Hatakeyama as a candidate for Director because he has extensive experience in the raw materials purchasing field, and we determined that he has the experience and abilities suited to a Director who can take charge of the management of the Company by leveraging such experience and track record.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Kazuyuki Sugai (December 4, 1951)	<p>April 1975      Joined the Company</p> <p>December 2002      Deputy General Manager, Purchasing &amp; Materials Dept.</p> <p>December 2004      Associate General Manager, Finance &amp; Accounting Dept.</p> <p>May 2006      Director, Pacific Kosan Co., Ltd. (to present)</p> <p>December 2008      General Manager, Finance &amp; Accounting Dept., the Company</p> <p>June 2010      Director, Rio Tuba Nickel Mining Corporation (to present)</p> <p>June 2010      Executive Officer, the Company</p> <p>May 2011      Auditor, Pacific Energy Center Co., Ltd. (to present)</p> <p>June 2012      Director, the Company (to present)</p> <p>June 2012      Senior Executive Officer</p> <p>June 2014      Managing Executive Officer (to present)</p> <p>June 2014      In charge of Internal Controls, IR, General Affairs and Finance &amp; Accounting (to present)</p> <p>March 2017      Director, Pacific Sowa Corporation (to present)</p>	20,000
	Reason for nomination as candidate for Director	The Company nominated Kazuyuki Sugai as a candidate for Director because he is well versed in the fields of general and personnel affairs based on his experience in management involvement/administration of an overseas affiliate, in addition to his accounting/financial knowledge and experience, and we determined that he has the experience and abilities suited to a Director who can take charge of the management of the Company.	
6	Masayuki Aoyama (December 7, 1954)	<p>April 1975      Joined the Company</p> <p>December 2004      Deputy General Manager, Utility &amp; Maintenance Dept., Production Div. and Manager, Electric Power Sec.</p> <p>December 2008      Associate General Manager, Utility &amp; Maintenance Dept., Production Div.</p> <p>April 2009      General Manager, Utility &amp; Maintenance Dept., Production Div. (to present)</p> <p>May 2010      Director, Pacific Energy Center Co., Ltd. (to present)</p> <p>June 2011      Executive Officer, the Company</p> <p>June 2014      Director, Rio Tuba Nickel Mining Corporation (to present)</p> <p>June 2014      Director, Taganito Mining Corporation (to present)</p> <p>June 2014      Director, the Company (to present)</p> <p>June 2014      Senior Executive Officer (to present)</p> <p>June 2014      General Manager, Production Dept., Production Div. (to present)</p> <p>May 2017      President &amp; Representative Director, Pacific Gas Center Co., Ltd. (to present)</p>	14,000
	Reason for nomination as candidate for Director	The Company nominated Masayuki Aoyama as a candidate for Director because he has experience in engaging in the creation of new ferronickel manufacturing technologies/facilities and maintenance of existing ones and dealing in electric power facilities, etc., and is also involved in the management of overseas affiliates, and we determined that he has the experience and abilities suited to a Director who can take charge of the management of the Company by leveraging such experience and track record.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	[New candidate] Yoshiharu Inomata (June 6, 1954)	<p>April 1975      Joined the Company</p> <p>December 2004      Deputy General Manager, Quality Control Dept., Production Div. and Manager, Analysis Sec.</p> <p>December 2006      Deputy General Manager, Quality Control Dept., Production Div., Manager, Quality Assurance Sec. and Manager, Analysis Sec.</p> <p>December 2007      Associate General Manager, Quality Control Dept., Production Div., Manager, Quality Assurance Sec. and Manager, Analysis Sec.</p> <p>July 2008      General Manager, Quality Control Dept., Production Div., Manager, Quality Assurance Sec. and Manager, Analysis Sec.</p> <p>April 2009      General Manager, Quality Control Dept. and Manager, Quality Assurance Sec.</p> <p>June 2012      Executive Officer and General Manager, Quality Control Dept.</p> <p>June 2014      Senior Executive Officer, General Manager, Quality Control Dept. and General Manager, Environmental Management Dept.</p> <p>July 2016      Senior Executive Officer and General Manager, Quality Control &amp; Environmental Management Dept.</p> <p>September 2016      Senior Executive Officer, General Manager, Quality Control &amp; Environmental Management Dept., General Manager, Technical Research &amp; Development Dept. and Manager, Pyrometallurgy Development Sec. (to present)</p>	13,274
	Reason for nomination as candidate for Director	The Company nominated Yoshiharu Inomata as a candidate for Director because he has extensive experience in quality control and environmental management fields, and we determined that he has the experience and abilities suited to a Director who can take charge of the management of the Company by leveraging such experience and track record.	
8	[Candidate for Outside Director] Shinya Matsumoto (August 12, 1959)	<p>April 1987      Registered as attorney, joined Marunouchi Sogo Law Office</p> <p>July 1996      Partner and attorney</p> <p>June 2001      Outside Corporate Auditor, Impress Corporation (now Impress Holdings, Inc.) (to present)</p> <p>June 2006      Member of Special Committee, the Company (to present)</p> <p>June 2007      Outside Director, The Shibusawa Warehouse Co., Ltd. (to present)</p> <p>October 2011      Partner and Representative Attorney, Marunouchi Sogo Law Office (to present)</p> <p>June 2013      Outside Director, the Company (to present)</p>	0
	Reason for nomination as candidate for Outside Director	The Company nominated Shinya Matsumoto as a candidate for Outside Director because we determined that he is capable of properly performing his duties as Outside Director in order to promote the enhancement of compliance and improvement of corporate governance from a technical perspective and based on his broad insight as an attorney.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	[Candidate for Outside Director] Hikari Imai (July 23, 1949)	<p>April 1974      Joined Yamaichi Securities Co., Ltd.</p> <p>January 1986    Joined Morgan Stanley Japan Securities Co., Ltd.</p> <p>April 1993      Joined Merrill Lynch Japan Incorporated</p> <p>January 1999    Deputy Chairman, and Chairman, Investment Banking Division, Merrill Lynch Japan Securities Co., Ltd</p> <p>November 2007   Vice-President and Director, RECOF Corporation</p> <p>April 2008      President</p> <p>July 2010       Advisor, Ebara Foods Industry, Inc.</p> <p>April 2012      Outside Director, Olympus Corporation</p> <p>June 2015      Outside Director, CYBERDYNE Inc. (to present)</p> <p>June 2016      Outside Director, the Company (to present)</p>	0
	Reason for nomination as candidate for Outside Director	The Company nominated Hikari Imai as a candidate for Outside Director because we determined that he is capable of properly performing his duties as Outside Director based on his extensive experience as a corporate manager over many years.	

- Notes:
1. Candidate Mr. Yoshiharu Inomata is a candidate for a new Director.
  2. There are no special interests between each candidate and the Company.
  3. Contract for limited liability with Directors  
The Company has entered into a contract for limited liability with each of the candidates for Directors Mr. Shinya Matsumoto and Mr. Hikari Imai pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 30 of the Articles of Incorporation, and plans to continue the said contract subject to the approval of their reappointment.  
The gist of the said contract for limited liability is that the liability referred to in Article 423, Paragraph 1 of the Companies Act shall be limited to the amount provided for in laws and regulations when Mr. Shinya Matsumoto and Mr. Hikari Imai have acted in good faith and without gross negligence in performing their duties as Directors.
  4. Matters concerning Outside Directors are as follows.
    - (1) Candidates Mr. Shinya Matsumoto and Mr. Hikari Imai are candidates for Outside Directors provided for in Article 2, Paragraph 3(vii) of the Ordinance for Enforcement of the Companies Act.  
The Company has appointed Mr. Shinya Matsumoto and Mr. Hikari Imai as Independent Directors pursuant to the regulations set forth by Tokyo Stock Exchange and submitted a notification of their appointment to said exchange.
    - (2) Number of years served as Outside Directors by candidates for Outside Directors since their appointment
      - (i) Mr. Shinya Matsumoto will have served as Outside Director of the Company for four years at the conclusion of this Annual General Shareholders Meeting.
      - (ii) Mr. Hikari Imai will have served as Outside Director of the Company for one year at the conclusion of this Annual General Shareholders Meeting.
    - (3) Candidates Mr. Shinya Matsumoto and Mr. Hikari Imai have not been an Executive or Officer (excluding those who are Executives) of a Specified Associated Service Provider (Article 2, Paragraph 3(xix) of the Ordinance for Enforcement of the Companies Act) of the Company over the past five years.
    - (4) Candidates Mr. Shinya Matsumoto and Mr. Hikari Imai each have held office as a director of other stock companies over the past five years, and there are no circumstances indicating unfair execution of business during their term of office at these companies.

**<Reference> Criteria for determining independence of independent officers**

The Company has established the criteria for determining independence of its independent officers as follows.

1. An independent officer shall be an Outside Director or an Outside Auditor with no risk of conflict of interest arising with general shareholders.
2. An independent officer shall not be a major business partner (supplier or buyer) of the Company or a director, executive or auditor thereof.
3. An independent officer shall not be a consultant, attorney, certified public accountant, certified tax accountant, etc. to whom the Company pays annual compensation amounting to one million yen or more other than officer's compensation.
4. An independent officer shall not be a shareholder of the Company.
5. An independent officer shall not be a friend of a Director or Auditor of the Company.
6. An independent officer shall not formerly or currently be:
  - (1) A director, executive, auditor or accounting advisor of the Company or the Company's subsidiaries, etc.;
  - (2) A shareholder who holds 5% or more of the Company's shares or a director, executive or auditor of an institutional shareholder who holds 5% or more of the Company's shares;
  - (3) A director, executive or auditor of the parent company of the shareholder referred to in paragraph (2) above;
  - (4) A member of a corporation organized by a consultant, attorney, certified public accountant, certified tax accountant, etc. to whom the Company pays annual compensation amounting to one million yen or more other than officer's compensation;
  - (5) A major business partner (supplier or buyer) of the Company or a former member of such client other than director, executive or auditor thereof;
  - (6) A shareholder who holds 5% or more of the Company's shares or a former member of an institutional shareholder who holds 5% or more of the Company's shares other than director, executive or auditor thereof;
  - (7) A former member of the parent company of the shareholder referred to in paragraph (6) above other than director, executive or auditor of such parent company;
  - (8) A member of a company whose relationship with the Company involves having outside officers from both parties;
  - (9) A recipient of donations from the Company or a former member thereof; or
  - (10) A relative within third degree of kinship to any of the aforementioned persons.

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