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(Securities Code 5541)
June 1, 2018

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 92ND ANNUAL GENERAL SHAREHOLDERS MEETING**

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

You are cordially invited to attend the 92nd 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 Tuesday, June 26, 2018.

- 1. Date and Time:** Wednesday, June 27, 2018 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 92nd Fiscal Year (April 1, 2017 - March 31, 2018) 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 92nd Fiscal Year (April 1, 2017 - March 31, 2018)
 - Proposals to be resolved:**
 - Proposal 1:** Election of nine (9) Directors
 - Proposal 2:** Election of one (1) Auditor

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

Wednesday, June 27, 2018 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

Tuesday, June 26, 2018 at 5:30 p.m. Japan time

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

Please access the voting website (<https://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 4.

Deadline for exercising voting rights

Tuesday, June 26, 2018 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 (<https://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 Tuesday, June 26, 2018 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: 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 6 to 12.

| No. | Name | Term of office | Position | Responsibilities | Attendance at Board of Directors meeting |
|-----|--|----------------|--|--|--|
| 1 | Akira Sasaki Reappointment | 11 years | President Director | Representative Director | 22 out of 22 meetings (100.0%) |
| 2 | Tamaki Fujiyama Reappointment | 8 years | Director & Senior Managing Executive Officer | Assistant to the President, In charge of Internal Controls and General Affairs, and General Manager, Personnel & Labor Relation Dept. | 22 out of 22 meetings (100.0%) |
| 3 | Keiichi Koide Reappointment | 8 years | Director & Managing Executive Officer | In charge of Corporate Planning and Ore Purchasing & Mining Engineering | 22 out of 22 meetings (100.0%) |
| 4 | Masayuki Aoyama Reappointment | 4 years | Director & Senior Executive Officer | General Manager, Production Dept., Production Div. | 22 out of 22 meetings (100.0%) |
| 5 | Yoshiharu Inomata Reappointment | 1 year | Director & Senior Executive Officer | In charge of Safety & Health Management, Quality Control & Environmental Management, and General Manager, Technical Research & Development Dept. | 16 out of 16 meetings (100.0%) |
| 6 | Kenichi Hara New candidate | — | — | — | — |
| 7 | Terunobu Matsuyama New candidate | — | — | — | — |
| 8 | Shinya Matsumoto Reappointment Outside Independent | 5 years | Outside Director | — | 18 out of 22 meetings (81.8%) |
| 9 | Hikari Imai Reappointment Outside Independent | 2 years | Outside Director | — | 22 out of 22 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 Yoshiharu Inomata'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, 2017.

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 & Maintenance Dept., Production Div.</p> <p>June 2006 Director and General Manager, Utility & 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 & Representative Director (to present)</p> | 5,305 |
| | 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. | |

| No. | Name (Date of birth) | Career summary, positions, responsibilities and significant concurrent positions | Number of shares of the Company held |
|-----|---|--|--|
| 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 & Health Management, Environmental Management, Quality Control and Technical Research & Development</p> <p>June 2014 Senior Managing Executive Officer (to present)</p> <p>June 2014 Assistant to President (to present)</p> <p>June 2017 In charge of Internal Controls and General Affairs (to present)</p> <p>April 2018 General Manager, Personnel & Labor Relation Dept. (to present)</p> | 3,600 |
| | 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, internal audit divisions, general affairs and personnel & labor relation, 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 & Mining Engineering Dept.</p> <p>December 2003 Associate General Manager, Ore Purchasing & Mining Engineering Dept.</p> <p>December 2008 General Manager, Ore Purchasing & 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 & Mining Engineering Dept.</p> <p>June 2014 Managing Executive Officer (to present)</p> <p>June 2014 In charge of Ore Purchasing & Mining Engineering (to present)</p> <p>February 2016 General Manager, Corporate Planning Dept.</p> <p>June 2017 In charge of Corporate Planning (to present)</p> | 3,300 |
| | 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), has demonstrated leadership in corporate planning, 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 |
|-----|---|---|--|
| 4 | Masayuki Aoyama (December 7, 1954) | <p>April 1975 Joined the Company</p> <p>December 2004 Deputy General Manager, Utility & Maintenance Dept., Production Div. and Manager, Electric Power Sec.</p> <p>December 2008 Associate General Manager, Utility & Maintenance Dept., Production Div.</p> <p>April 2009 General Manager, Utility & Maintenance Dept., Production Div.</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 & Representative Director, Pacific Gas Center Co., Ltd. (to present)</p> | 1,700 |
| | 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 |
|-----|---|---|---|
| 5 | 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 & Environmental Management Dept.</p> <p>September 2016 Senior Executive Officer, General Manager, Quality Control & Environmental Management Dept., General Manager, Technical Research & Development Dept. and Manager, Pyrometallurgy Development Sec.</p> <p>June 2017 Director (to present)</p> <p>June 2017 In charge of Safety & Health Management, Quality Control & Environmental Management (to present)</p> <p>June 2017 Senior Executive Officer and General Manager, Technical Research & Development Dept. (to present)</p> | 1,627 |
| | 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, environmental management fields and technical research & development, 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 |
|-----|---|--|---|
| 6 | [New candidate] Kenichi Hara (May 20, 1964) | <p>April 1988 Joined the Company</p> <p>October 2010 Assistant General Manager, Environment & Recycle Business Dept.</p> <p>December 2011 Assistant General Manager, Ferro Nickel Sales Dept.</p> <p>December 2012 Associate General Manager, Ferro Nickel Sales Dept.</p> <p>June 2014 Executive Officer</p> <p>June 2014 General Manager, Ferro Nickel Sales Dept. (to present)</p> <p>June 2017 Senior Executive Officer (to present)</p> <p>March 2018 Director, Pacific Sowa Corporation (to present)</p> | 900 |
| | Reason for nomination as candidate for Director | The Company nominated Kenichi Hara as a candidate for Director because he has extensive experience in the sales 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 his past experience and track record. | |
| 7 | [New candidate] Terunobu Matsuyama (December 16, 1969) | <p>April 1988 Joined the Company</p> <p>December 2010 Assistant General Manager, Finance & Accounting Dept.</p> <p>December 2013 Associate General Manager, Finance & Accounting Dept.</p> <p>May 2014 Auditor, Pacific Gas Center Co., Ltd.</p> <p>June 2014 General Manager, Finance & Accounting Dept., the Company (to present)</p> <p>June 2017 Executive Officer (to present)</p> | 443 |
| | Reason for nomination as candidate for Director | The Company nominated Terunobu Matsuyama as a candidate for Director because he has a wealth of knowledge in the accounting/financial 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. Candidates Mr. Kenichi Hara and Mr. Terunobu Matsuyama are candidates for new Directors.
 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 five years at the conclusion of this Annual General Shareholders Meeting.
 - (ii) Mr. Hikari Imai will have served as Outside Director of the Company for two years 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.

Proposal 2: Election of one (1) Auditor

Auditor Mr. Fumiaki Yamamoto will resign at the conclusion of this year's Annual General Shareholders Meeting. Accordingly, the election of one (1) Auditor is proposed.

Candidate for Auditor Mr. Ken Yasuda is to be elected as a substitute of Mr. Fumiaki Yamamoto; his term of office will thus end at the time which the term of office of the resigning Auditor would have otherwise expired under the provisions of Article 33, paragraph 2 of the Company's Articles of Incorporation.

This proposal has prior consent of the Board of Auditors.

Detail about the candidate for Auditor is as follows.

| Name (Date of birth) | Career summary, positions and significant concurrent positions | Number of shares of the Company held |
|--|--|--------------------------------------|
| [New candidate] [Candidate for Outside Auditor] Ken Yasuda (May 24, 1953) | <p>April 1976 Joined The Kyowa Bank, Ltd.</p> <p>April 1995 Manager of Kawachi Chiyoda Branch, The Asahi Bank, Ltd.</p> <p>April 1997 Manager of Kosaka Branch, The Asahi Bank, Ltd.</p> <p>June 1999 Manager of Kudan Branch, The Asahi Bank, Ltd.</p> <p>April 2001 Manager of Tokyo Chuo Branch and General Manager of Branch Sales Dept. No.1, The Asahi Bank, Ltd.</p> <p>July 2001 General Manager of Tokyo Chuo Region Sales Dept. and General Manager of Regional Sales Dept. No.1, The Asahi Bank, Ltd.</p> <p>January 2003 Manager of Tokyo Chuo Branch, The Asahi Bank, Ltd.</p> <p>June 2003 Executive Officer, General Manager of Tokyo Sales Administration Dept. and In Charge of Tokyo Real Estate Dept., Resona Bank, Limited</p> <p>October 2003 Executive Officer and General Manager of Tokyo Sales Dept., Resona Bank, Limited</p> <p>June 2006 General Manager of General Affairs Dept., JCB Co., Ltd.</p> <p>June 2007 Standing Corporate Auditor, Hibiya Engineering, Ltd.</p> <p>June 2016 External Auditor, Nihon Plast Co., Ltd. (to present)</p> | 0 |
| Reason for nomination as candidate for Outside Auditor | The Company nominated Ken Yasuda as a candidate for Auditor because we determined that he is capable of properly performing his duties as Auditor based on his broad insight and wealth of knowledge and experience as auditor at other companies. | |

- Notes:
1. Candidate Mr. Ken Yasuda is a candidate for a new Auditor.
 2. There are no special interests between Mr. Ken Yasuda and the Company.
 3. Contract for limited liability with Auditor
The Company plans to enter into a contract that limits liability for damages referred to in Article 423, Paragraph 1 of the Companies Act with candidate for Auditor Mr. Ken Yasuda pursuant to the provisions of Article 423, Paragraph 1 of the Companies Act and Article 39 of the Articles of Incorporation, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, subject to the approval of his appointment at this Annual General Shareholders Meeting.
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. Ken Yasuda has acted in good faith and without gross negligence in performing his duties as Auditor.
 4. Matters concerning Auditor are as follows.
 - (1) Candidate Mr. Ken Yasuda is a candidate for Outside Auditor provided for in Article 2, Paragraph 3(viii) of the Ordinance for Enforcement of the Companies Act.
The Company plans to appoint Mr. Ken Yasuda as Independent Officer pursuant to the regulations set forth by Tokyo Stock Exchange and submit a notification of his appointment to said exchange subject to the approval of his appointment as Outside Auditor of the Company.
 - (2) Candidate Mr. Ken Yasuda has 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.

<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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