

May 21, 2008, Tokyo
Japan Petroleum Exploration Co., Ltd.

**Introduction of the Measures to Prevent Large-scale Acquisition of Our Company Shares
(Takeover Defense Measures)**

Japan Petroleum Exploration Co., Ltd. (JAPEX) has, in our Board of Directors Meeting, held on May 21, 2008, set forth the basic policy (refers to the policies in the provision in Article 127 of the Ordinance for Enforcement of the Companies Act, hereinafter as “Basic Policy”) for the person controlling financial and business policy decisions. In addition to the establishment of the Basic Policy, as an approach to prevent controlling of the decision of the policies for our finances and business by an inappropriate person (Article 127 Clause 2(2) of the Ordinance for Enforcement of the Companies Act) according to the Basic Policy, JAPEX has decided to introduce measures to prevent large-scale acquisition of our company shares (takeover defense measures) (hereinafter as the “Plan”) on subject to the approval of our shareholders in the ordinary general meeting of shareholders for the 38th financial year to be held on June 25, 2008, and therefore notifies the aforementioned introduction as follows.

I. Basic Policy of How the Person Controlling the Decision of the Policies for Our Finances and Business

JAPEX considers that the person controlling our financial and business policy decisions should fully understand the content of our finances and business and the source of our corporate value, and is eligible to ensure and improve the corporate value and consequently, the common interest of the shareholders in a continuing, sustainable manner.

JAPEX believes the decision on an acquisition proposal with which is associated the transfer of corporate control should ultimately be made based on the general decision of our shareholders. Furthermore, JAPEX does not disapprove of large-scale share acquisition that contributes to our corporate value and consequently the common interest of the shareholders.

Nevertheless, among large-scale share acquisitions, there are many that do not contribute to the corporate value and the common interest of the shareholders, in the light of their purpose, including such that cause a clear infringement on the corporate value and the common interest of the shareholders, such that has the risk of a de facto coercion against the shareholders to sell their shares, such that does not provide sufficient time and/or information for the Board of Directors and the shareholders consideration of the content of the large-scale share acquisition or for the Board of Directors to propose an alternative plan, and such that require consultation and negotiation with the acquirer to draw out a more favorable condition than the conditions presented from the acquirer.

The large-scale share acquirer should understand the source of our corporate value as described in the following II 1., not to mention the content of JAPEX's finances and business, and unless he or she ensures and improves them for the medium-and-long term, our corporate value, and consequently the common interest of the shareholders will be damaged.

JAPEX considers such a large-scale acquirer that does not contribute to our corporate value and the common interest of our shareholders inappropriate as the controlling person to determine the policies of our finances and business, and thus consider necessary to protect our corporate value and consequently the common interest of our shareholders by taking essential and substantial measures against such attempts.

II. Special Undertakings that Contribute to the Source of Our Corporate Value and to the Realization of the Basic Policy

1. Source of Our Corporate Value

JAPEX has developed its business focusing on the improvement of the self-sufficiency of oil and natural gas since its foundation in 1955. Starting out with zero reserves, JAPEX has established its current business base in the compounding discoveries of new oil and gas fields one after another, and is operating the businesses of exploration, development, and distribution of oil and natural gas resources as its core business.

The source of our corporate value lies in our business model where we conduct exploration, development, and distributing in continuity, upon our ownership of oil and natural gas interests. Moreover, JAPEX conducts a business with a highly public nature, as well as taking on a crucially important responsibility in terms of maintaining and ensuring stable supply and safe operation as an enterprise involved in the supply of energy, which is the bloodstream of industrial activity and civic life. This business model is backed with JAPEX's 1) advanced exploration technology for oil and natural gas, 2) oil/gas field development technology and operation know how in and out of Japan, and 3) construction of a natural gas pipeline network in Japan, as well as trust relationships with customer, stockholder and community stakeholders, based on the buildup of a stable, long-term supply record due to the aforementioned network.

It is not uncommon for it to take more than 10 years to reach the production stage from the discovery of a new oil or gas field. A social contribution with considerations given to environmental conservation as well as business deployment with a long-term perspective, are needed. Also, in the view of today's international energy situation, in which the global competition with regard to the securement of energy resources is expected to intensify, improvement of corporate technology and know how, securing human resources, and efforts for the further enrichment of trust relationships with each stakeholder are essential for the continuing growth of the business and enhancement of our corporate value. This, we believe, is still

what brings the future maintenance and improvement of our corporate value and thus of the common interest of our stockholders.

2. Undertakings for the Improvement of Corporate Value

JAPEX is working on the exploration of oil and gas fields in and out of Japan and acquiring new interests in order to compensate for and expand on reserves that are decreasing due to production, as well as aiming to increase production and sales from the existing oil and gas fields for the maximization of our corporate value.

Oil and natural gas are expected to continue to play the role of primary energy source in the future, but with the recent progress of regulatory flexibility associated with the revision of the Electricity Business Act and the Gas Business Act, price surges in natural resources including crude oil, and changes in social conditions such as the increasing importance of global warming prevention, the management environment surrounding JAPEX is rapidly changing. Therefore, in order to clarify the working policies for achieving priority business challenges in the long-term perspective, we have recently created a mid-term business plan. (Please refer to the press release dated as of today “JAPEX Group Mid-term Business Plan” for details.)

Under the Mid-term Business Plan, JAPEX aims to increase our group’s currently owned recoverable reserves of approximately 170 million barrels of oil equivalent (BOE) to its double, approximately 350 million barrels, in the next five years, as well as increase the sales of domestic natural gas (including LNG satellite) from 1.7 billion m³ as of Fiscal 2007 to sales performance of 2.0 billion m³, a 0.3 billion m³ increase, by Fiscal 2012.

3. Fortification of Corporate Governance

JAPEX plans to implement the above measures, and intends to acquire and improve our corporate value and consequently the common interest of our shareholders. Furthermore, we recognize the importance of corporate governance in order to earn profits from efficient management and to stay, as an enterprise, socially accepted as a valuable entity. Thus we aim to develop and enhance the relevant system as described hereinafter.

First of all, in June 2005, JAPEX introduced a system of non-statutory executive officers for clarification of the business execution system. Then in June 2007, by appointing one outside director who is uninvolved in business operations in addition to the two existing outside auditors, we intend to strengthen the supervision function for the Board of Directors.

Currently, the Board of Directors hold a monthly general meeting, where decisions on important business executions are made, and reports on the business execution situation is given by the directors or executive officers, redeeming the supervision function. Auditors attend the Board of Directors Meeting

and the full-time statutory auditors also attend the other important meetings as well as exchange opinions with directors who execute business operations or executive officers as appropriate, thus serving in the supervision function. Furthermore, as an internal audit, the Auditing Dept. under the control of the President supervises compliance with the laws and corporate regulations and conducts audits on whether business operations are properly conducted, including the verification of effectiveness of internal control in the departments.

On the other hand, concerning the internal control, JAPEX developed the framework necessary to ensure due business operation as set forth in the Companies Act and the Ordinance for Enforcement of the Companies Act in May 2006, and the Internal Control Committee and the Internal Control Dept., established in April 2006 as main actors, are continuing their inspection and development of the framework to ensure due business operation.

Furthermore, in addition to such corporate governance in management mechanism, we anticipate to attain the optimal business execution appropriately, through improved transparency of management brought by IR activities such as results briefings and enrichment of the website.

III. Undertakings Based on the Basic Policy to Prevent the Controlling of Decision of Policies of Our Finances and Business by Inappropriate Persons

1. The Purpose of the Plan

The Plan aims to ensure and improve our corporate value and the common interest of our shareholders, and shall be introduced according to the Basic Policy described above I.

The Board of Directors, as set forth in the Basic Policy, considers a person who performs large-scale acquisition that do not contribute to our corporate value and/or the common interest of our shareholders inappropriate as a person controlling our financial and business policy decisions. Furthermore, it has been decided that, in order to prevent the control of our financial and business policies decisions by such inappropriate persons and deter large-scale acquisition that is detrimental to our corporate value and/or the common interest of our shareholders, information and time required for the proposal of an alternative plan from our Board of Directors to our shareholders or for the judgment by our shareholders whether to accept the large-scale acquisition must be ensured upon the large-scale share acquisition. We also consider a framework that enables negotiation and other measures to be taken on behalf of our shareholders to be essential for such prevention.

Therefore, the Board of Directors has decided on the introduction of the Plan under the condition that it shall be approved by our shareholders in this ordinary general meeting of the shareholders.

Meanwhile, the state of major shareholders as of March 31, 2008 is as shown in the separate document Number 4, "The Overview of the Shareholding State of JAPEX Shares". As of today, we have received no proposals concerning the act of large-scale acquisition of JAPEX shares.

JAPEX was listed on the first section of the Tokyo Stock Exchange market due to the partially sell-out of shares owned by then-Japan National Oil Corporation (JNOC) in December 2003, but as a result, the ratio of share owned by JNOC was reduced from 66.74% to 49.94%.

Furthermore, JAPEX shares owned by JNOC were succeeded by the state (Minister of Economy, Trade and Industry) as of April 1, 2005, upon the abolition of JNOC. These shares were then sold to be delivered as of June 15, 2007, and as a result of the sale of shares valued at 15.94% of relevant owned shares, the ratio of share ownership of the Minister has decreased to 34.00% and remains so up to this date.¹

2. Content of the Plan

(1) Overview of the Plan

(a) Objective

The Plan aims to deter takeovers that run counter to our corporate value and the common interest of our shareholders, ensure and improve our corporate value and the common interest of our shareholders, through securing sufficient information and time necessary for the appropriate decision-making of shareholders alongside securing the opportunity to negotiate with the acquirers, in the event of large-scale acquisition of our company shares.

(b) Procedural Setup

The Plan determines the necessary procedure for achieving the objective described in the above (a), such as demanding the prior provision of information from the acquirer, upon the emergence of a person who intends to acquire 20% or more of the company's share (Please refer to the following (2) "Procedure for the Implementation of the Plan" for details.). Meanwhile, in case the procedures of the Plan commence, the acquirer is prohibited from pursuing the takeover of JAPEX shares, until the decision not to implement the Plan has been made in the Board of Directors or at the General Meeting of the Shareholders.

(c) Implementation of the Plan by Allotment of Share Options without Contribution

In case the acquirer pursues the takeover of JAPEX share without conforming to the procedure set forth in the Plan, or in case there is a risk of clear infringement on our corporate value and/or the common interest of our shareholders (please refer to the following (3) "Requirements for the Allotment of Share Options without Contribution" for details of the requirements), JAPEX shall allot share options with restrictive conditions in which the exercise of rights by the acquirer is

¹ After the endorsement of the "Reorganization and Rationalization Plan for Special Public Corporations" by the Cabinet in December 2001, the assets related with the development of oil and natural gas (Assets) (including JAPEX shares) of JNOC went through due handling, including reorganization or sale, upon impartial asset evaluation, under this Plan, alongside with the enactment of the Abolishment Act of JNOC in July 2002. Under such policies, the Ministry of Economy, Trade and Industry designed the "Policy for the Handling of Assets held by the JNOC" at the Advisory Committee on Energy and Natural Resources in March 2003. As described in the body of this document, the sale of JAPEX shares has been proceeded due to the public listing (December 2003) of JAPEX shares and the sell out that followed (June 2007).

impermissible or with acquisition clauses where JAPEX may acquire share options from persons other than the acquirer in exchange for the company shares (the main details will be described in the following (4) “Overview of the Allotment of Share Options without Contribution”, and it shall be referred to as “Share Option” hereinafter), to all shareholders excluding JAPEX at that point of time, without contribution.

In the event that the allotment of share options without contribution is executed according to the Plan, and associated by its execution or acquisition by JAPEX, when JAPEX shares are issued to all shareholders except for the acquirer, the percentage of voting rights the acquirer has held may be diluted by, at most, approximately 50%.

(d) Setup of the Mechanism that Enhances the Rationality of the Plan

With regard to the decision whether to implement or not implement the allotment of share options without contribution, or to acquire, according to the Plan, in order to eliminate the arbitrary decision of directors, it shall undergo the objective decision of the independent committee (please refer to the following (6) “Establishment of the Independent Committee” for the details) constituted by independent outside directors and other persons of an independent nature.

Moreover, in case the independent committee suspends the implementation of the allotment of share options without contribution by reason of undergoing the decision at the general meeting of the shareholders, the Board of Directors is to convoke a general meeting of shareholders and confirm the intention of the shareholders concerning the implementation of the allotment of share options without contribution (please refer to the following (2) “Procedure for the Implementation of the Plan” for its details). Furthermore, we aim to ensure transparency of the process of these procedures through information disclosure to our shareholders.

(2) Procedure for the Implementation of the Plan (please refer to the separate document 1 “Flow of Procedure Concerning the Plan” for the overview)

(a) Share purchase that are the Subject of the Plan’s Application

The Plan shall be applied when an act that falls under 1) or 2) described subsequently or a similar act is pursued, or when such acts are suggested² (excluding those that have been otherwise approved by the Board of Directors; hereinafter shall be referred to as “Acquisitions”). Persons pursuing share acquisition (hereinafter as “Acquirers”) shall act in compliance with the procedures predefined in the Plan.

1) Share purchase or other acquisition with an ownership ratio³ of 20% or more of the holder⁴ with

² “Suggested acts” shall include solicitation acts.

³ Defined in Article 27-23-4 of Financial Instruments and Exchange Act. The term herein is subject to its definition.

⁴ Includes persons included in holders, based on Article 27-23-3 of Financial Instruments and Exchange Act (includes persons the Board of Directors deemed that they will fall under the definition). The term herein is subject to its definition.

regard to share certificates, etc⁵ issued by JAPEX.

- 2) Tender offers⁶ with a total ownership ratio⁷ of 20% or more of the persons pursuing tender offers and their special associated persons⁸, with regard to share certificates, etc⁹ issued by JAPEX.

(b) Demand for Information Provision towards Acquirers

Acquirers who perform Acquisitions shall, prior to the relevant Acquisition, submit a document written in Japanese, in a format specified by JAPEX, that includes the information stipulated in the following (hereinafter as “Required Information”) and covenant wordings, etc that express the intention to comply with the procedure set forth in the Plan upon the Acquisition of the relevant Acquirers, to JAPEX (Board of Directors and the Independent Committee).

When the Independent Committee has decided that the description on the relevant acquisition statement falls short as Required Information, JAPEX may request additional information from the Acquirers, with an appropriate reply deadline. In this case, the Acquirers shall additionally submit such information to JAPEX by the relevant deadline.

- 1) Details (includes specific names, capital structure, financial content, compliance with laws and other regulations, details of previous trade similar to the Acquisition of the relevant Acquirers, and the resulting influence on corporate value of the target company) of the Acquirers, and their group (includes joint shareholders¹⁰, special associated persons, and (in case of funds) each union member or other members)
- 2) Purpose, method, and content of the acquisition (includes value and type in consideration of the acquisition, time of acquisition, mechanism of related trade, legality of the method of acquisition, and the possibility of the execution of acquisition)
- 3) Basis of the valuation of the acquisition price (includes facts and presumptions the valuation is based on, valuation methods, numerical information used for the valuation, the content of synergy expected to emerge from the series of trade in connection with the acquisition (including the content of synergy allocated to minority shareholders) and its basis for valuation)
- 4) Proof of funds for the acquisition (includes the specific names of providers of the funds for the acquisition (including the beneficial providers), procurement methods, and content of related trade)

⁵ Defined in Article 27-23-1 of Financial Instruments and Exchange Act. The term herein is subject to its definition, unless otherwise specified.

⁶ Defined in Article 27-2-6 of Financial Instruments and Exchange Act. The term herein is subject to its definition.

⁷ Defined in Article 27-2-8 of Financial Instruments and Exchange Act. The term herein is subject to its definition.

⁸ Defined in Article 27-2-7 of Financial Instruments and Exchange Act (includes persons the Board of Directors deemed that they will fall under the definition). However, with regard to the persons stipulated in Article 27-2-7 (1), those who fall under Article 3-2 of the Cabinet Office order concerning the disclosure of tender offers of share certificates by persons other than the issuer, shall be excluded. The term herein is subject to its definition.

⁹ Defined in Article 27-2-1 of Financial Instruments and Exchange Act.

¹⁰ Refers to the joint holders stipulated in Article 27-23-5 of Financial Instruments and Exchange Act, and includes persons deemed joint holder based on Article 27-23-6 (includes persons the Board of Directors deemed that they will fall under the definition). The term herein is subject to its definition.

- 5) Management policy, business plans, capital policy, and distribution policy, for JAPEX group after the acquisition
- 6) Details of the previous acquisition condition of JAPEX shares, etc, and the details on the agreements with a third party concerning JAPEX shares (includes the other party, time, and content)
- 7) Post-acquisition policy regarding our shareholders, employees, labor union, business partners, customers, and other stakeholders related to JAPEX group
- 8) Specific information regarding the risk of infringement by the acquirer to the laws and regulations in and out of Japan (includes the Act of Prohibition of Private Monopolization and Maintenance of Fair Trade and foreign competition law)
- 9) Specific measures to prevent conflicts of interest with other shareholders of JAPEX shares
- 10) Other information reasonably decided by the Independent Committee as necessary

The Independent Committee shall, when it deems that the acquirer has commenced the acquisition without conforming to the procedure set forth in the Plan, in principle, advise the Board of Directors to implement the allotment of share options without contribution as prescribed in the following 1) of d), unless there is a particular reason to consult and/or negotiate with the acquirer to continue requesting the submission of the acquisition statement (including additional information).

(c) Consideration of the Content of Acquisition / Consideration of Negotiation with the Acquirer or of an Alternative Plan

1) Request to the Board of Directors for the submission of information

The Independent Committee may, when the acquisition statement and (if applicable) the additional information are submitted by the Acquirer, also request the Board of Directors to present its opinion (includes suspension of opinion; hereinafter the same applies) on the content of the Acquisition of the Acquirer and the supporting materials, (if available) alternative plans, and other information deemed necessary by the Independent Committee, as appropriate, with an appropriate reply deadline (in principle, 60 days maximum).

2) Reviews and other considerations by the Independent Committee

The Independent Committee shall, in principle, within a maximum of 60 days (hereinafter as “Reviewing Period of the Independent Committee”) after the receipt of the information from the Acquirer and the Board of Directors, review the content of the Acquisition, collect information on and comparatively investigate the management and business plans of the Acquirer and the Board of Directors, and review the alternative plan presented by the Board of Directors. Furthermore, the Independent Committee shall, directly or indirectly, consult and/or negotiate with the Acquirer, or present or otherwise inform our shareholders of the alternative plan submitted by the Board of Directors, if necessary to improve the content of the relevant Acquisition in view of ensuring and

improving our corporate value and the common interest of our shareholders.

In order to ensure that the Independent Committee makes the decision to the benefit of the corporate value and the common interest of our shareholders, the Independent Committee may seek advice from an independent third party (includes financial advisors, certified public accountants, lawyers, consultants, and other experts) at the expense of the company. The Acquirer shall promptly respond to the direct or indirect request of the Independent Committee to provide reviewing materials or other information, or for consultation, negotiation, or other communication.

3) Information Disclosure

JAPEX shall disclose information at the point of time the Independent Committee decides appropriate, with regard to the fact that the submission of the acquisition statement has been made by the Acquirer, the fact that the Reviewing Period of the Independent Committee has begun, and information included and not included in the Required Information that the Independent Committee deems appropriate to disclose.

(d) Advisory of the Independent Committee

The Independent Committee shall advise the Board of Directors as follows in case of an emergence of an Acquirer. Furthermore, in case the Independent Committee issues an advisory or holds other communication with according to the following 1) or 3) to the Board of Directors, or otherwise deems appropriate, the Independent Committee shall promptly disclose information with regard to the overview of the relevant advice and other matters (if the Reviewing Period of the Independent Committee is extended, includes the period and reason for extension) deemed appropriate by the Independent Committee.

1) When advising the implementation of the Plan

The Independent Committee shall advise the implementation of the allotment of share options without contribution to the Board of Directors, irrespective of whether the Reviewing Period of the Independent Committee has commenced or has finished, when the Acquisition by the Acquirer falls under any of the requirements set forth in the following (3) “Requirements for the allotment of share options without contribution” and has been deemed suitable to implement the allotment of share options without contribution.

However, even after the implementation of the allotment of share options without contribution has been advised, if the Independent Committee deems that any of the conditions specified below applies, the Independent Committee may pause the allotment of share options without contribution by two business days before the ex-rights day of the allotment of share options without contribution, or, may issue a new advisory to acquire all share options without contribution by one day before the commencing of the execution period after the effective date of the allotment of share options without contribution (defined in (4) under the following (4) “Overview of the allotment of share options without contribution”).

- (i) When the Acquisition is withdrawn by the Acquirer after the advisory or when the Acquisition is otherwise no longer existent; or
- (ii) When a change occurs in the facts the decision of the advisory was based on, and thus the Acquisition by the Acquirer no longer falls under any of the requirements set forth in the following (3) “Requirements of the allotment of share options without contribution”, or even if it remains applicable, the implementation or execution of the allotment of share options without contribution are no longer appropriate.

Furthermore, the Independent Committee may, upon the issuance of an advisory for the implementation of allotment of share options without contribution, issue a suspension/reservation for a prior approval of the relevant implementation at the general meeting of the shareholders, with consideration to whether the Acquisition conforms to the procedure set forth in the Plan, the degree of detriment to the corporate value or the common interest of our shareholders caused by the Acquisition, and the circumstances including the time allowed for the holding of the general meeting of shareholders.

2) When advising not to implement the Plan

The Independent Committee shall advise not to implement the allotment of share options without contribution to the Board of Directors, irrespective of whether the Reviewing Period of the Independent Committee has commenced or has finished, when it has been deemed that the Acquisition by the Acquirer does not fall under any of the requirements set forth in the following (3) “Requirements for the allotment of share options without contribution” or even if any applied, it has been deemed unsuitable to implement the allotment of share options without contribution, as a result of the review on the content of the Acquisition of the Acquirer or of the consultation and/or negotiation with the Acquirer.

However, even after not implementing the allotment of share options without contribution has been advised, if a change occurs in the facts the decision of the advisory was based on, and thus the requirement in above 1) is appropriated, the Independent Committee may issue a new advisory to implement the allotment of share options without contribution.

3) When extending the Reviewing Period of the Independent Committee

When the Independent Committee deems that there is a reasonable reason for not reaching the point of issuing an advisory of implementation of non-implementation of the allotment of share options without contribution before the expiration of the initial Reviewing Period of the Independent Committee (if already has been extended, includes the term after the extension; same applies hereinafter), the Independent Committee shall execute a resolution for an extension of the Reviewing Period of the Independent Committee, within the reasonable range (in principle, shall not exceed 30 days) required for the reviewing of the content of the Acquisition by the Acquirer and/or for the negotiation or other communication with the Acquirer.

In case the Reviewing Period of the Independent Committee is extended due to the above

resolution, the Independent Committee shall continue on with the collection of information, reviewing and other activities, and shall exert its utmost effort to issue the advisory of implementation or non-implementation of the allotment of share options without contribution within the extended period.

(e) Resolution of Board of Directors / Convocation of General Meeting of Shareholders for Decision Hearing

The Board of Directors shall make a resolution as a body under the Companies Act regarding the implementation or non-implementation of the allotment of share options without contribution, in utmost deference to the above advisory of the Independent Committee.

However, in the case the Independent Committee issued a reservation for the approval at the general meeting of shareholders, the Board of Directors shall, upon the implementation of the allotment of share options without contribution according to the Plan, convoke a general meeting of shareholders (hereinafter as “General Meeting of Shareholders for Decision Hearing”) and hear the shareholders’ decision regarding the implementation of the allotment of share options without contribution, unless the holding of the general meeting of shareholders is practically difficult (in this case, the Board of Directors shall make the above resolution regarding the implementation or non-implementation of the allotment of share options without contribution, in the light of the intention of the advisory issued from the Independent Committee).

The Acquirer, and its joint shareholders and special associated persons shall not pursue the Acquisition until the Board of Directors has made its resolution to not implement the allotment of share options without contribution, or until the agenda to implement the allotment of share options without contribution is voted down at the General Meeting of Shareholders for Decision Hearing.

(f) Information disclosure regarding the resolution and other decisions of the Board of Directors

The Board of Directors shall promptly disclose information regarding the outline of the resolution and other matters deemed appropriate by the Board of Directors (in case of proviso in the above (e), when the holding of the general meeting of shareholders is practically difficult, the reason shall be provided as such), when the Board of Directors has made a resolution to implement or not implement the allotment of share options without contribution, or when it has made a resolution to convoke the General Meeting of Shareholders for Decision Hearing.

(3) Requirements of the allotment of share options without contribution

JAPEX plans to implement the allotment of share options without contribution upon the resolution of the Board of Directors or at the General Meeting of Shareholders for Decision Hearing prescribed in (e) under (2) “Procedure for the Implementation of the Plan”, when the Acquisition by the Acquirer falls under any of the following and deemed suitable to implement the allotment of share options without

contribution. Furthermore, as set forth in (d) under (2) “Procedure for the Implementation of the Plan”, whether the Acquisition falls under the following requirements and whether the implementation of the allotment of share options without contribution is appropriate or not will always be decided with and after the advisory of the Independent Committee.

- (a) When the Acquisition is not in conformity with the procedures prescribed in the Plan;
- (b) When the Acquisition clearly risks infringing on our corporate value and consequently to the common interest of our shareholders, by reason of the acts listed below:
 - 1) Act in which the Acquirer corners the share certificates and such, and demands that JAPEX purchase such share certificates for a high price;
 - 2) Act in which the Acquirer temporarily controls the management of JAPEX to perform management for the benefit of the Acquirer that is based on the sacrifice of JAPEX, such as acquiring JAPEX’s important assets and other properties at low cost;
 - 3) Act in which the Acquirer appropriates the assets of JAPEX group as collateral for debt and/or as a resource to perform obligations of the Acquirer or its group companies, etc.; or
 - 4) Act in which the Acquirer temporarily controls the management of JAPEX to dispose of expensive assets and/or other properties that are not active in the business of JAPEX group for the foreseeable future, and with the disposal income, perform temporary high dividend payouts or sell-out of shares on the occasion of sharp rises in share prices due to such temporary high dividend payouts.
- (c) When the Acquisition has a risk of a de facto coercion towards the shareholders to sell their shares, such as coercive two-tiered tender offers (refers to an act in which shares are purchased in tender offers and such, without soliciting/offering the purchase of all shares in the initial purchase, but set the second tier purchase condition disadvantageously or without clarifying the second tier purchase condition);
- (d) When the Acquisition is such that does not provide the reasonable period of time required for the Board of Directors to present an alternative plan for the Acquisition;
- (e) When the Acquisition is such that does not sufficiently provide the Required Information or other information reasonably required to make judgments on the content of the Acquisition;
- (f) When the Acquisition is such that the condition of the Acquisition (includes value and type in consideration of the acquisition, time of acquisition, legality of the method of acquisition, and the possibility of the execution of acquisition, post-Acquisition management policy and business plans, post-Acquisition shareholders other than JAPEX, and policy regarding the employees, customers, business partners, and other stakeholders related to JAPEX group) is insufficient or inadequate with consideration to JAPEX’s intrinsic value; or
- (g) When the Acquisition has a risk of causing a serious hindrance in ensuring a stable supply of energy or ensuring customer convenience, due to the insufficiency or inadequacy of the content of post-Acquisition management policy or business plans.

(4) Overview of the Allotment of Share Options without Contribution

The overview of the allotment of share options without contribution planned to be implemented based on the Plan is as follows:

(a) Number of share options

The number of share options shall be equal to the final total number of shares (provided, however, that the number of JAPEX shares held by JAPEX at point of certain date is deducted) issued as of a certain date (hereinafter as “Allotment Date”) otherwise decided by resolution of the Board of Directors or by resolution at the general meeting of shareholders concerning the allotment of share options without contribution (hereinafter as “Resolution for the Allotment of Share Options without Contribution”).

(b) Shareholders eligible for allotment

The share options shall be allotted to shareholders other than JAPEX who are listed or registered on the final shareholder registry or practical shareholder registry as of the Allotment Date, in proportion of one share option per one JAPEX share held by the shareholder.

(c) Effective date of allotment of share options without contribution

The effective date shall be otherwise decided by the Resolution for the Allotment of Share Options without Contribution.

(d) Number of shares as object of the share option

The number of JAPEX shares as object of each share option (hereinafter as “Target Share Number”) is, in principle, one share.

(e) Value of assets contributed upon the exercise of share option

The object of contribution upon the exercise of share option shall be money. The value per JAPEX share of the property to be contributed upon the exercise of the share option shall be otherwise decided in the Resolution for the Allotment of Share Options without Contribution, within the value range of one yen as lower limit and one half of the market value of one JAPEX share as higher limit.

Furthermore, “market value” is equivalent to the value corresponding to the average closing price (includes quotations) for 90 days (excludes dates without contracted trade) of ordinary exchange dates for ordinary JAPEX shares at the Tokyo Stock Exchange, prior to the Resolution for the Allotment of Share Options without Contribution, and fractions shall be rounded up.

(f) Exercising period of the share options

The date otherwise prescribed in the Resolution for the Allotment of Share Options without Contribution shall be the initial date (hereinafter the initial date of such period of exercise will be referred to as the “Commencing Date of the Period of Exercise”) of the exercising period, and the period otherwise prescribed in the Resolution for the Allotment of Share Options without Contribution within the range of one to three months shall be the exercising period. However, in case JAPEX acquires the share options based on the provision of the following clause (i), the exercising period of the share options for such acquisition shall be until the day before such acquisition date. Furthermore, if the final date of the exercising period falls on a non-business day of the payment handling institution where the money shall be paid upon the exercise, the last business day before such date shall be the final date of the exercising period.

(g) Condition of exercise of share options

(I) Specific large-scale holders¹¹, (II) joint holders of specific large-scale holders, (III) specific large-scale acquirers¹², (IV) special associated persons of specific large-scale acquirers, or (V) persons who was assigned or succeeded the share options from persons that fall under (I) or (IV) without the approval of the Board of Directors, or (VI) persons who are in relation¹³ to persons that fall under (I) or (V) (hereinafter collectively referred to persons that fall under (I) or (VI) as “Unqualified persons”) may not, in principle, exercise the share options. Furthermore, under the applicable foreign law, non-residents, as they require prescribed procedures for the exercise of the share options, may not, in principle, exercise the share options. (However, on the condition that the share options held by the non-resident shall also comply with the applicable law, they may become the object of acquisition by JAPEX in consideration of JAPEX shares as described in the following (i) 2.) In addition, persons who do not submit a covenant in a form prescribed by JAPEX containing a representation warrant clause with regard to that the person satisfies the requirements for exercise of the share options, compensation clause and other covenant wordings, may not exercise the share

¹¹ In principle, refers to holders of share certificates issued by JAPEX and the ratio of whose ownership of such shares is 20% or more (includes persons the Board of Directors deemed that they will fall under the definition). However, persons whose acquisition or holding of the shares are deemed harmless to our corporate value or the common interest of our shareholders by the Board of Directors, and other persons who are otherwise designated by the Board of Directors in the Resolution for the Allotment of Share Options without Contribution, shall not fall under specific large-scale holders. The term herein is subject to its definition.

¹² In principle, refers to persons who made a public notice to purchase (Defined in Article 27-2-1 of Financial Instruments and Exchange Act. The term herein is subject to its definition.) shares issued by JAPEX (Defined in Article 27-2-1 of Financial Instruments and Exchange Act. The term herein is subject to its definition.) by tender offer and whose ratio of share ownership (as pursuant to this, shall include cases stipulated in Article 7-1 of Enforcement Order of Financial Instruments and Exchange Act) combined that of the person’s special associated person become 20% or more after such purchase (includes persons the Board of Directors deemed that they will fall under the definition). However, persons whose acquisition or holding of the shares are deemed harmless to our corporate value or the common interest of our shareholders by the Board of Directors, and other persons who are otherwise designated by the Board of Directors in the Resolution for the Allotment of Share Options without Contribution, shall not fall under specific large-scale acquirers. The term herein is subject to its definition.

¹³ “Those who are in relation” to refers to a person who substantially control the other person, or is controlled by the other person, or under the same control as the other person (includes persons the Board of Directors deemed that they will fall under the definition), or a person approved by the Board of Directors as acting substantially in cooperation with the other person. Furthermore, “control” refers to “the case where controlling the determination of financial and business policies” of another organization (defined in Article 3-3 of Regulation for Enforcement of Companies Act).

options.

(h) Assignment of share options

The acquisition of share options through assignment requires the approval of our Board of Directors.

(i) Acquisition of share options by JAPEX

1) In case the Board of Directors deem it appropriate for JAPEX to acquire share options, JAPEX may acquire all share options without contribution upon the coming of the date otherwise prescribed by the Board of Directors, until the day before the Commencing Date of the Exercising Period.

2) JAPEX may, upon the coming of the date otherwise prescribed by the Board of Directors, acquire all share options held by persons other than unqualified persons, which are not exercised by the day before the date prescribed by the Board of Directors, and in exchange of such share options, may deliver the number of JAPEX shares equivalent to the Target Share Number per one share option.

Furthermore, in the event that the Board of Directors acknowledges the presence of persons other than the unqualified persons among the holders of the share options after the date of such an acquisition, upon the coming of the date prescribed by the Board of Directors that is after the date of the above acquisition, all share options held by such persons that remained unexercised as of the date before the date assigned by the Board of Directors shall be acquired by JAPEX and in exchange for this, JAPEX may deliver shares equivalent to the Target Share Number per one share option, and the same principle shall apply hereafter.

(j) Delivery of share options in case of merger, demerger, incorporation-type company split, share exchange, and share transfer

They shall be otherwise prescribed in the Resolution for the Allotment of Share Options without Contribution.

(k) Issuance of share option certificate

Share option certificates will not be issued for the share options.

(l) Other

Details on the content of the share option (includes matters concerning the handling of the share options held by unqualified persons) other than prescribed above shall be otherwise stipulated in the Resolution for the Allotment of Share Options without Contribution.

(5) Introductory procedure of the Plan

The introduction of the Plan is subject to the approval of our shareholders at this ordinary general

meeting of shareholders as describing in the following.

According to the proviso in Article 278 Clause 3 of the Companies Act, we submit an agenda of amendment to the Articles of Incorporation, which includes the integration of the following provision to Article 13 of the Articles of Incorporation, to this ordinary general meeting of shareholders.

(Takeover defense measure)

Article 13 The Company may introduce a takeover defense measure based on the resolution of a general meeting of shareholders. “Takeover defense measure” refers to a measure which serves the purpose of ensuring and improving the corporate value of the Company and consequently the common interest of the shareholders, among those which interfere with the realization of takeovers against the Company, including issue or allotment of share options executed by the Company that does not have business purposes such as financing as its main purpose.

2 The Company may decide on matters concerning the allotment of share options without contribution as a part of the takeover defense measure, by the resolution of the Board of Directors based on the resolution of a general meeting of shareholders or the delegation by the resolution of a general meeting of shareholders, or by the resolution of the Board of Directors.

3 In case of determining the matters regarding the allotment of share options without contribution bases on the preceding clause, the Company may stipulate the following matters as a content of the share options:

1. That certain persons specified in the takeover defense measure (hereinafter as “Unqualified Persons”) may not exercise the share options; and
2. That, upon the acquisition of such share options by the Company, the presence and content of the consideration delivered in exchange for such share options may be treated separately and differently between Unqualified Persons and persons other than the Unqualified Persons.

Based on the provision of the revised Article 13 of the Articles of Incorporation, the Plan shall be introduced by the resolution of the ordinary general meeting of shareholders and the authority to decide on the matters regarding the allotment of share options without contribution according to the conditions set forth in the Plan shall be delegated to the Board of Directors.

(6) Establishment of the Independent Committee

JAPEX establishes the Independent Committee as a body to objectively make practical judgments for our shareholders upon the operation of the implementation of the Plan, eliminating the arbitrary decision of the Board of Directors. The members of the Independent Committee at the point of the introduction of the Plan consist of one outside director, one outside auditor, and one outside expert, whom are

independent from the management of JAPEX. (The appointment criteria of the Independent Committee members, requirements for resolution, matters of resolution, and other details of the Independent Committee are as described in the separate document 2 “Overview of the Articles of Independent Committee” and the Independent Committee members at the point of the introduction of the Plan are as described in the separate document 3 “Brief History of the Independent Committee Members”.)

(7) Effective period, abolition, and modification of the Plan

The effective period of the Plan shall be until the end of the ordinary general meeting of shareholders regarding the latest fiscal year ending within three years after the end of the ordinary general meeting of shareholders, the same as the delegation period of the authority to decide the matters concerning the allotment of share options without contribution in the Plan based on the resolution of the ordinary general meeting of shareholders.

However, even when before the expiration of the effective period, 1) if a resolution withdrawing the above delegation to the Board of Directors with regard to the decision on matters concerning the allotment of share options without contribution in the Plan is made at the general meeting of shareholders, or 2) if a resolution to abolish the Plan is made by the Board of Directors, the Plan shall be abolished at that point in time.

Furthermore, even during the effective period of the Plan, when an addition, revision, and/or abolishment of laws, financial instruments, or stock exchange rules concerning the Plan are appropriate to reflect on the Plan, when appropriate to correct the wordings by reason of typographical errors, or when the change of the Plan does not act against the intention to delegate based on the resolution of an ordinary general meeting of shareholders, such as when such changes are not detrimental to our shareholders, the Board of Directors may revise or modify the Plan upon the approval of the Independent Committee.

JAPEX shall promptly disclose information regarding the fact of the abolition, revision or modification of the Plan, (in case of a revision and/or a modification) the content of such revision and/or modification, and other matters.

(8) Revision due to amendments in law

The provision of law referenced in the Plan is assumed as the provision in effect as of May 21, 2008, and should any addition, revision, or abolition of the law occur after the date and thus necessitates a revision to the clauses prescribed above or meaning of terms, such clauses or meaning of terms shall be appropriately interpreted within a reasonable range, upon consideration of the intention of the addition, revision, or abolition.

3. Impact on the Shareholders

(1) Impact on Our Shareholders and Investors upon the Introduction of the Plan

With regard to the introduction of the Plan, we have our shareholders only delegate the decision-making authority concerning the allotment of share options without contribution to the Board of Directors based on a resolution of a general meeting of shareholders and the allotment of share options without contribution itself will not be executed. Hence there is no direct and specific impact on our shareholders and investors.

(2) Impact on Our Shareholders and Investors upon the Allotment of Share Options without Contribution

(i) Procedure for the allotment of share options without contribution and procedure for share transfer

In case a resolution to allot share options without contribution is made by the Board of Directors or at the general meeting of shareholders, the allotment date shall be decided in the relevant resolution and publicly notified. In this case, one share option shall be allotted without contribution for each JAPEX share our respective shareholder holds, to the shareholder (hereinafter as “Shareholders Eligible for Allotment”) stated or recorded in the latest shareholder registry or the practical shareholder registry as of the allotment date. Therefore, we ask our shareholders to transfer their shares at their earliest and in time for the allotment date. (Transfer of shares is not required of depositary share certificates at the Japan Securities Depository Center.) Furthermore, as the Shareholders Eligible for Allotment will consequently become holders of the share options on the effective date of the allotment of share options without contribution, no application procedure is necessary.

Even after the resolution of the allotment of share options without contribution has been made, JAPEX may, with utmost respect to the advisory of the Independent Committee described in (d) 1) under 2. (2) “Procedure for the Implementation of the Plan”, pause the allotment of share options without contribution until two business days before the ex-rights day of the allotment of share options without contribution, or may acquire all share options without contribution by the Commencing Date of the Period of Exercise after the effective date of the allotment of share options without contribution. In such cases, the dilution of value per one share shall not occur and thus shareholders purchasing and selling upon the assumption of such dilution may be affected by the corresponding fluctuations of share value.

(ii) Procedure for exercise of share options

JAPEX shall, in principle, send the request for the exercise of share options (prescribed form including the content and number of share options to be exercised, required information such as the date of such exercise, clauses for the representation warrant concerning the eligibility of the shareholder to exercise the share options, compensation clause and other covenant wordings) and other documents necessary for the exercise of the rights of share options to the Shareholders Eligible for Allotment. After the allotment of share options without contribution, we ask our shareholders to submit these necessary documents during the exercising period of the share options. In principle,

JAPEX shares shall be issued, one share per one share option, by paying the money value equivalent to one half of the exercising value decided in the Resolution for the Allotment of Share Options without Contribution within the range of one yen per one share option as the lower limit and one half of the market value of one JAPEX share as the higher limit, to the payment handling institution.

If the shareholders do not exercise the share options, or pay the money equivalent to the exercising value, the JAPEX shares held by such shareholders will be diluted from the exercising of share options by the other shareholders.

Nevertheless, JAPEX may deliver JAPEX shares in exchange for the share options acquired from the shareholders other than the unqualified persons, according to the description in the following (iii). In case JAPEX takes procedures for such acquisition, the shareholders other than the unqualified persons shall receive JAPEX shares without the exercise of the share options or the payment of money equivalent to the exercising value of the share options, and thus the dilution of share held will not, as a rule, occur.

(iii) Procedure for the acquisition of share options by JAPEX

In case the Board of Directors makes a decision to acquire the share options, JAPEX may, according to the statutory procedures, upon the coming of the date otherwise determined by the Board of Directors, acquire the share options from the shareholders other than the unqualified persons and deliver JAPEX shares in exchange of the share options. In this case, such shareholders shall receive, in principle, one JAPEX share for each share option as consideration of the acquisition of the share options by JAPEX, without the payment of money equivalent to the exercising value. However, in this case, such shareholders may be asked otherwise to submit a covenant in a form prescribed by JAPEX containing a representation warrant clause with regard to that the shareholder is not an unqualified person, compensation clause and other covenant wordings.

Furthermore, in a case where the handling of the share options held by unqualified shareholders is prescribed in the Resolution for the Allotment of Share Options without Contribution, JAPEX may take measures according to such provision.

With regard to the details concerning the method of allotment, method of share transfer, method of exercise, and method of acquisition by JAPEX, please review the content of such details in the information disclosures or notifications released to the shareholders after their decision in the Resolution of the Allotment of Share Options without Contribution.

IV. Decision and its Reason of the Board of Directors Concerning the Above Undertakings

1. Special undertakings contributing to the implementation of the Basic Policy (undertakings described under II)

The measures including the Mid-term Business Plans described in II. and other measures such as efforts to improve corporate value and enhance corporate governance, are designed as specific measures to improve JAPEX's corporate value and the common interest of the shareholders continuously and sustainably, and that contributes to the implementation of the Basic Policy.

Therefore, these respective measures are in accordance with the Basic Policy, conforming to the common interest of our shareholders, and do not serve the purpose of retaining the position of JAPEX's corporate officers.

2. Undertakings in the light of the Basic Policy to prevent the controlling of the determination of our financial and business policy by an inappropriate person (undertakings described under III)

(1) The undertaking must be in accordance with the Basic Policy.

The Plan is a framework in accord with the Basic Policy that ensures our corporate value and consequently the common interest of our shareholders, by enabling the decision-making of shareholders concerning the acceptance of the Acquisition, or ensuring the information and time necessary for the proposal of an alternative plan by the Board of Directors, and/or enabling negotiation or other communication with the Acquirer on behalf of the shareholders, in the event of Acquisition of our company share certificates.

(2) The undertaking must not be such that is detrimental to the common interest of our shareholders and does not serve the purpose of retaining the position of our corporate officers.

JAPEX considers the Plan to be not detrimental to the common interest of our shareholders and that it does not serve the purpose of retaining the position of our corporate officers for the following reasons:

1) That the Plan satisfies the guiding requirements of the takeover defense measure:

The Plan satisfies the three principles set forth in the guidance regarding the takeover defense measure for the maintenance and improvement of corporate value and the common interest of shareholders announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

2) That the Plan respects the intention of the shareholders:

As described in III 1. "Purpose of the Plan", the introduction of the Plan is planned to be subject to the resolution of a general meeting of shareholders, to determine the intention of the shareholders.

Furthermore, as described in (e) under III 2. (2) "Procedure for the implementation of the Plan", the Board of Directors shall refer to the intention of the shareholders by way of obtaining a resolution of a general meeting of shareholders concerning the implementation of the Plan under

certain conditions prescribed in the Plan, to respect the intention of the shareholders.

In addition, as described in III 2. (7) “Effective period, abolition, and modification of the Plan”, the Plan contains a sunset provision that stipulates an effective period of approximately three years. Alongside, even before the expiration of the effective period, if a resolution withdrawing the above delegation resolution is made at the general meeting of shareholders or if a resolution abolishing the Plan is made by the Board of Directors, the Plan shall be abolished at that point of time. In that context, the intention of our shareholders will be reflected on the prevalence of the Plan.

3) Respect for the decision of the outsider directors and Information disclosure

As described in III 2. (6) “Establishment of Independent Committee”, the practical decisions on the operations of the Plan including its implementation, is executed by the Independent Committee which only consists of outside directors who are independent.

Furthermore, the overview of the decision is to be disclosed to our shareholders, ensuring the framework for a transparent operation of the Plan to serve the corporate value and the common interest of our shareholders.

4) Establishment of reasonable objective requirements

The Plan, as described in (d) under III 2. (2) “Procedure for the implementation of the Plan” and in III 2. (3) “Requirements for the allotment of share options without contribution”, the Plan shall not be implemented if it does not meet the reasonable objective requirements, ensuring the framework to prevent the arbitrary implementation by the Board of Directors.

5) Hearing of opinions from third party experts

As described in (c) 2) under III 2. (2) “Procedure for the implementation of the Plan”, when an Acquirer emerges, the Independent Committee may receive advice from an independent third party (includes financial advisors, certified public accountants, lawyers, consultants, and other experts) at the expense of JAPEX. This creates a mechanism for securing fairness and objectivity of the decisions given by the Independent Committee to a stronger degree.

6) That the takeover defense measure is not a dead-hand or slow-hand type measure

As described in III 2. (7) “Effective period, abolition, and modification of the Plan”, a large-scale purchaser of our shares can appoint directors of their own designation in the general meeting of shareholders and abolish this Plan through the Board of Directors constituted of such directors.

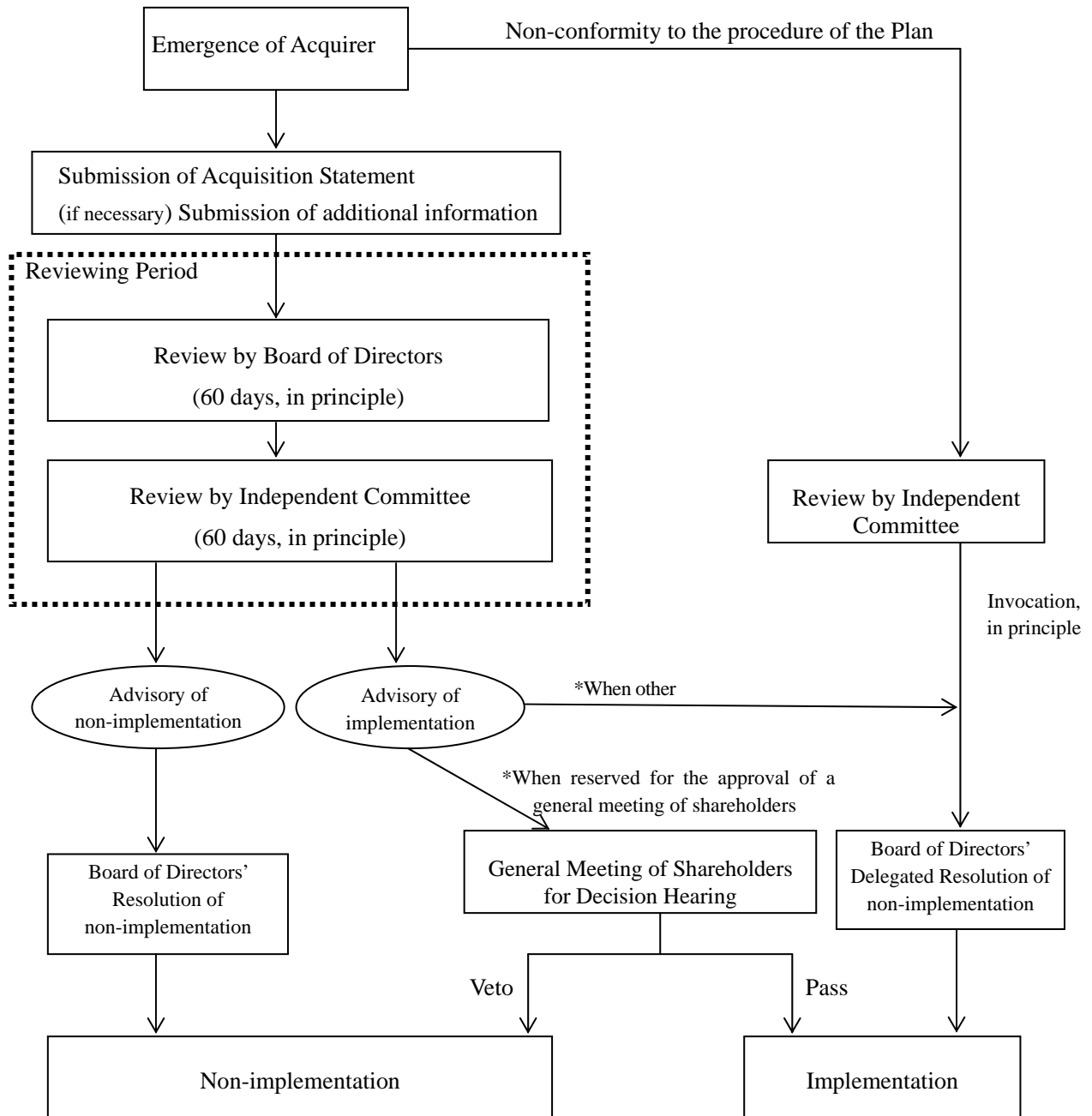
Therefore, the Plan is not a dead-hand type takeover defense measure (a takeover defense measure of which implementation cannot be deterred even with the replacement of over half of the constituting members of the Board of Directors). Furthermore, the assumption of directors at

JAPEX does not employ the classified term system, which does not make the Plan a slow-hand type takeover defense measure (a takeover measure of which implementation takes time to deter due to the impossibility of an all-together replacement of the constituting members of the Board of Directors).

Meanwhile, the Articles of Incorporation stipulates that the directors' term of office is to expire at the close of the ordinary general meeting of shareholders for the last fiscal year which ends within two years after their assumption of office. The term of office for the directors as of today is up to the close of the ordinary general meeting of shareholders for the 39th fiscal year (to be held in June 2009).

END

Flow of Procedures in the Plan



(Note 1) In case of *, where it is practically difficult to hold the general meeting of shareholders, the Board of Directors shall make the resolution regarding the implementation or non-implementation of the allotment of share options without contribution, in the light of the intention of the advisory issued from the Independent Committee.

(Note 2) This flowchart was created for easy understanding of the flow of procedures in the Plan.

Please refer to the body of the press release for details of the Plan.

Overview of the Independent Committee Provision

- The Independent Committee shall be established by the resolution of the Board of Directors.
- The members of the Independent Committee shall be three or more, whom are appointed by the Board of Directors from persons who are independent of management involved in business operations of JAPEX and are any of the following: (i) Outside director (includes persons planned to be elected), (ii) Outside auditor (includes persons planned to be elected), or (iii) outside expert. However, an expert must be a proven business administrator, post-bureaucrat, expert in investment banking, lawyer, certified public accountant, or a researcher with his or her main field of research as corporate law or such, or must be pursuant to the aforementioned. Furthermore, the members of the Independent Committee must enter into an agreement with JAPEX that includes provisions for the duty of care of a good manager, otherwise designated by the Board of Director.
- The term of office for Independent Committee members shall be to the close of the ordinary general meeting of shareholders for the last fiscal year which ends within three years after this ordinary general meeting of shareholders, provided that there is no resolution by the Board of Directors otherwise determining the term. Furthermore, in case a Independent Committee member who was a outsider director or outside auditor is no longer an outsider director or outside auditor (excludes cases where he or she is re-elected as one), the term of office as an Independent Committee member shall terminate at the same time.
- The Independent Committee shall decide on the matters described in the following, and issue advisory to the Board of Directors with the content of the decision and its reasoning. The Board of Directors shall pay utmost respect to the advisory of the Independent Committee described and make decision as a body under the Companies Act. (However, for the implementation of the allotment of share options without contribution set forth in 1), if a resolution is made at the general meeting of shareholders that otherwise decided, then the Independent Committee shall abide by such resolution.) Furthermore, each member of the Independent Committee and each director of JAPEX is required to make such decisions from the exclusive perspective of whether it will contribute to the corporate value of JAPEX and the common interest of our shareholders, and shall not consider the personal benefits of the member or the management.
 - 1) Implementation or non-implementation of the allotment of share options without contribution
 - 2) Pause of allotment of share options without contribution or Acquisition of share options without contribution
 - 3) Other matters to be decided by the Board of Directors, which the Board of Directors seek the advice of the Independent Committee
- In addition to the above, the Independent Committee shall perform the matters listed below:
 - 1) Judgment of whether the Acquisition falls under the object of the Plan

- 2) Decision on the information to be submitted to the Independent Committee by the Acquirer and the Board of Directors and its reply deadline
 - 3) Investigation and review on the content of the Acquisition by the Acquirer
 - 4) Direct or indirect negotiation and/or consultation with the Acquirer
 - 5) Request of submission of an alternative plan / Review of alternative plan
 - 6) Extension of the Reviewing Period of the Independent Committee
 - 7) Information disclosure concerning the overview of the advisory to the Board of Directors
 - 8) Approval of the revision of or modifications to the Plan
 - 9) Other matters prescribed in the Plan as executable by the Independent Committee
 - 10) Matters otherwise prescribed by the Board of Directors as executable by the Independent Committee
- When the Independent Committee has decided that the description on the relevant acquisition statement falls short as Required Information, JAPEX may request additional information from the Acquirers. Furthermore, when the Acquirer has submitted the acquisition statement and the additional information requested, the Independent Committee may also request as appropriate from the Board of Directors the submission of opinion on the content of the Acquisition by the Acquirer and its supporting materials, (if available) alternative plans, and other information deemed necessary, within the prescribed period.
 - The Independent Committee may disclose information received from the Acquirer to the Board of Directors.
 - The Independent Committee shall directly or indirectly hold consultations and/or negotiations with the Acquirer and/or present the alternative plan of the Board of Directors to the shareholders, when it is necessary to improve the content of the Acquisition by the Acquirer from the perspective of ensuring and improving our corporate value and the common interest of our shareholders.
 - The Independent Committee may request the attendance of directors, auditors, executive officers, employees, and other persons the Independent Committee deem necessary for the collection of necessary information, and may request explanation regarding matters requested by the Independent Committee.
 - The Independent Committee may seek advice from an independent third party (includes financial advisors, certified public accountants, lawyers, consultants, and other experts) at the expense of the company.
 - Each member of the Independent Committee may convene the Independent Committee when an Acquisition has taken place or at any other time.
 - The resolution of the Independent Committee shall, in principle, be made upon the full attendance (includes attendance by TV conferences and telephone conferences; same applies hereinafter) of the members of the Independent Committee and with a majority vote. However, under unavoidable circumstances, a majority of the voting rights of a majority attendance shall produce a resolution.

Brief History of Independent Committee Members

The initial members of the Independent Committee as of the introduction of the Plan are planned to be the following three persons:

Kazuo Kawakami

(Born April 26, 1933)

CAREER

April 1958	Appointed prosecutor
January 1983	Head of Special Investigation Force, The Tokyo District Public Prosecutors Office
September 1989	Chief of Trial Proceedings, Supreme Public Prosecutors' Office
May 1991	Recorded attorney at the Daiichi Tokyo Bar Association (up to the present date)
June 2007	Director at JAPEX (up to the present date)

*Mr. Kazuo Kawakami is JAPEX's outside director as stipulated in Number 15 of Article 2 under the Companies Act.

*No particular relationship is existent between Mr. Kawakami and JAPEX.

Masahiko Kadotani

(Born February 14, 1936)

CAREER

April 1958	Joined the Ministry of Finance
June 1990	Director-General of the National Tax Agency
December 1994	President of the Japan Finance Corporation for Small Business
April 2002	Advisor at Mizuho Corporate Bank, Ltd.
June 2003	Auditor at JAPEX (up to the present date)
June 2004	Auditor at Mizuho Financial Group, Inc. (up to the present date)

*Mr. Masahiko Kadotani is JAPEX's outside auditor as stipulated in Number 16 of Article 2 under the Companies Act.

*No particular relationship is existent between Mr. Kadotani and JAPEX.

Keizo Sakata

(Born January 4, 1940)

CAREER

April 1966	Appointed prosecutor
April 1969	Full-time instructor at College of Law, Nihon University
June 1969	Recorded attorney at Tokyo Bar Association (up to the present date)
July 1974	Assistant professor at College of Law, Nihon University
April 1980	Professor at College of Law, Nihon University (up to the present date)
July 2006	Dean of College of Law at Nihon University (up to the present date)
July 2006	Trustee of Nihon University (up to the present date)

*No particular relationship is existent between Mr. Sakata and JAPEX.

Overview of Shareholding of JAPEX Shares (as of March 31, 2008)

1. Total number of authorized shares: 120,000,000
 2. Total number of shares issued: 57,154,776 (including treasury shares: 1,407)
 3. Number of shareholders: 19,571
 4. Major shareholders (Top 10)

Rank	Name of shareholder	Stock ownership (shares)	Ratio of voting right
1	Ministry of Economy, Trade and Industry	19,432,724	34.00%
2	State Street Bank and Trust Company	2,855,359	5.00%
3	Teikoku Oil Co., Ltd.	2,847,612	4.98%
4	JFE Engineering Corporation	1,848,012	3.23%
5	The Master Trust Bank of Japan, Ltd. (Trust)	1,499,700	2.62%
6	Morgan Stanley & Co. Incorporated	1,031,750	1.81%
7	Mizuho Corporate Bank, Ltd.	920,152	1.61%
8	Nippon Petroleum Refining Co., Ltd.	872,456	1.53%
9	Japan Trustee Services Bank, Ltd. (Trust)	772,500	1.35%
10	Nippon Oil Corporation	763,400	1.34%

(Note 1) Ratio of voting right is rounded to the nearest second decimal place.

(Note 2) We have received a copy of modification report of a large-scale holding report from Southeastern Asset Management Inc. as of August 3, 2007 and have received a report on the holding of the share as described below, as of the same date by Southeastern Asset Management Inc., but since JAPEX was unable to confirm the actually owned number of shares as of March 31, 2008, it was not included in the major shareholders (Top 10).

Name	Number of owned shares (share)	Ratio of share holding
Southeastern Asset Management Inc.	5,872,800	10.28%