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

Japan Petroleum Exploration Co., Ltd. (JAPEX) passed, in our Board of Directors Meeting, held on May 21, 2008, a resolution on the “Introduction of the Measures to Prevent Large-scale Acquisition of Our Company Shares (Takeover Defense Measures)” (hereinafter the “Former Plan”) and obtained the approval of our shareholders for the Former Plan at the ordinary general meeting of shareholders for the 38th financial year to be held on June 25, 2008. As the effective period of the Former Plan was determined to be until the close of the ordinary general meeting of shareholders regarding the latest fiscal year ending within three years after the close of the above-mentioned ordinary general meeting of shareholders, the Former Plan will expire at the close of the ordinary general meeting of shareholders for the 41st financial year (hereinafter the “Annual Shareholders’ Meeting”) to be held on June 24, 2011.

Prior to expiry of the effective period of the Former Plan, JAPEX has, in our Board of Directors meeting held on May 13, 2011, decided to partially revise the content of the Former Plan and renew it as undertakings based on the basic policy (refers to the policies in the provision in Article 118 Clause (3) of the Ordinance for Enforcement of the Companies Act, hereinafter the “Basic Policy”) to prevent the controlling of decision of policies of our finances and business by inappropriate persons (hereinafter the “Renewal” and the plan after Renewal is the “Plan”) (Article 118 Clause 3 (2) of the Ordinance for Enforcement of the Companies Act), subject to the approval of our shareholders at the Annual Shareholders’ Meeting, and therefore notifies the aforementioned Renewal as follows. All the directors including the Outside Director unanimously approved and adopted the Renewal at the aforementioned Board of Directors meeting.

The major points that have changed in the Renewal compared to the Former Plan are that (1) the procedures to be employed by the Acquirers (defined in (a) under III 3. (1) “Procedure for the Implementation of the Plan”; hereinafter the same applies) in conducting the Acquisitions (defined in (a) under III 3. (1) “Procedure for the Implementation of the Plan”; hereinafter the same applies) have been rationalized; (2) the items of information that JAPEX requests the Acquirers to provide have been summarized; (3) the requirements for executing the allotment of the Share Options (defined in (e) 1) under III 3. (1) “Procedure for the Implementation of the Plan”; hereinafter the same applies) without contribution have been arranged; and (4) the summary of the Share Option (including exercise conditions thereof) has been clarified.

I. Basic Policy Regarding the Person Controlling Decisions Relative to 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

We consider it extremely critical to sustain and increase our reserves, which otherwise only decrease due to production and sales. And bolstering our long-term, secure oil and natural gas supply system is equally critical for a company like our whose business is centered around exploration, development and distribution of these resources. And to keep pace with changes in business conditions surrounding the Company, such as the intensified competition in the domestic natural gas business and the sense of priority concerning global warming issues, the Company announced, in May 2008 its Mid-Term Business Plan, setting out three basic policies as key management tasks: 1) Sustaining and increasing reserves through exploration and development, 2) Strengthening our natural gas integrated operation system and 3) Pursuing technological R&D activities and initiatives to address global environmental challenges. The Company is thus determined to further enhance our corporate value by indentifying primary business objectives from a long-term perspective and establish policies to accomplish these objectives.

In this above Mid-Term Business Plan, specific quantitative targets were set to be achieved by fiscal 2013 for proved reserves of oil and gas, natural gas sales volume etc.. (The target concerning natural gas sales volume was set to be achieved by fiscal 2014.) With diverse initiatives taken during recent years, all these targets are estimated to be achieved during fiscal 2012. Given these circumstances, the Company has

newly formulated the new Medium-Term Business Plan covering five years from fiscal 2012 to fiscal 2016. (Please refer to the press release dated as of today "Notice of the Medium-Term Business Plan of the JAPEX Group".)

The Company anticipates increasing global competition for resource development, unstable energy prices, intensifying competition in the domestic natural gas business and the rising social consciousness of environmental issues. The E&P (the exploration, development and production of crude oil and natural gas) business, the domestic natural gas business, and the environment and innovative technology business will remain as basic policies to pursue for further expansion. The Company aims to raise its profitability through new investment in these three basic policies (especially overseas business) and maximize the value of its existing assets in Japan and overseas.

In the E&P business, three stages of quantitative targets are set toward the realization of our growth story: 1) Increasing the ratio of overseas investment in the period from fiscal 2012 through fiscal 2016, 2) Expanding consolidated daily production to 70,000 barrels of crude oil by fiscal 2016 and 3) Expanding the consolidated proved reserves to 450 million barrels of crude oil equivalent by fiscal 2021.

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 Audit Dept. under the direct 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, which was established in April 2006 as

the main actor, is continuing its 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 (the Plan)

1 Purpose of the Renewal

The Plan shall be renewed according to the Basic Policy described above I for the purpose of ensuring and improving our corporate value and the common interests of our shareholders.

The Board of Directors, as set forth in the Basic Policy, considers a person who performs the large-scale acquisition of JAPEX share certificates, etc., without contributing to our corporate value and/or the common interests of our shareholders inappropriate for making financial and business policy decisions regarding the Company. The Plan aims to prevent the control of our financial and business policies by such inappropriate persons and deter large-scale acquisition that is detrimental to our corporate value and/or the common interests of our shareholders. At the same time, the Plan shall allow the Company's Board of Directors to ensure the necessary information and time required to propose an alternative plan to our shareholders or for our shareholders to sufficiently judge whether such a large-scale acquisition of JAPEX share certificates, etc., is acceptable and/or allow negotiation and other measures to be taken on behalf of our shareholders.

Meanwhile, the state of major shareholders as of March 31, 2011, is as shown in the separate document 4, "Overview of Shareholding 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 65.74% 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

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

2. Overview of the Plan

The Plan determines the necessary procedure for achieving the aforementioned purpose, 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 JAPEX share certificates, etc.

In case the decision of not implementing the Plan has been made by the Board of Directors based on the procedures of the Plan, the acquirer shall be authorized to make a large-scale acquisition of JAPEX share certificates, etc., only after such a board decision.

In case the acquirer does not comply with the procedure set forth in the Plan or the intended large-scale acquisition of JAPEX share certificates, etc., has a risk of impairing our corporate value and/or the common interest of our shareholders and if the predetermined requirements for the implementation of the Plan are satisfied, JAPEX shall allot share options with exercise conditions in which the exercise of rights by the acquirer is, in principle, impermissible or with acquisition clauses where JAPEX may, in principle, acquire share options from persons other than the acquirer in exchange for JAPEX shares to all shareholders excluding JAPEX at that point of time, through an allotment of share options 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 holds may be diluted up to a maximum of approximately 50%.

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 the Board of Directors, it shall undergo the objective decision of the Independent Committee constituted only of outside director etc., who are independent from the Company's Board of Directors pursuant to the Independent Committee Provision. Moreover, in any of the predetermined cases in the Plan, the Board of Directors may convoke a general meeting of shareholders to confirm the intention of the shareholders concerning the implementation of the allotment of share options without contribution.

We aim to ensure transparency of the process of these procedures through the timely disclosure of appropriate information to our shareholders.

3. Content of the Plan

- (1) Procedure for the Implementation of the Plan (please refer to the separate document 1 "Flow of Procedures in the Plan" for the overview)
 - (a) Share purchases that are the Subject of the Plan's Application

in March 2003. As described in 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). The remaining JAPEX shares could possibly be sold out in the future.

The Plan shall be applied when a purchase or other acquisition of JAPEX share certificates, etc., that falls under 1) or 2) described subsequently or a similar act (including any proposal thereof) is pursued (excluding those on which the Board of Directors has otherwise approved of not applying the Plan); hereinafter the “Acquisition(s)”.

- 1) Share Purchase or other acquisition with an ownership ratio² of 20% or more of the holder³ with regard to share certificates, etc.,⁴ issued by JAPEX.
- 2) Tender offers⁵ with a total ownership ratio⁶ of 20% or more of the persons pursuing tender offers and their special associated persons⁷ with regard to share certificates, etc.,⁸ issued by JAPEX.

Persons who intend to perform the Acquisitions (hereinafter the “Acquirer(s)”) shall comply with the procedures set forth in the Plan, and they must not perform the Acquisitions before the Company’s Board of Directors passes a resolution not to implement the allotment of the Share Options without contribution based on the Plan.

(b) Submission of the Intent Statement

The Acquirers shall, prior to the relevant Acquisitions, submit a document (on which the signature or the seal of the Acquirers’ representative is placed) including covenant wordings, etc., that express the intention to comply with the procedure set forth in the Plan and a qualification certificate of the representative signed or sealed thereby, in a format specified by JAPEX (hereinafter collectively the “Intent Statement”) to JAPEX. The Intent Statement shall specify the name or designation, the address or location such as the head office and offices of the Acquirers, the governing law for incorporation, the name of the representative, the contact in Japan and the outline of the intended Acquisition. The language used in the Intent Statement and the Acquisition Statement, which is set forth in the following (c), must be only Japanese.

(c) Demand for Information Provision towards the Acquirers

JAPEX will deliver a form of the Acquisition Statement (defined below) (including a list of information items to be provided by the Acquirers to JAPEX) within 10 business days after receiving the Intent Statement. The Acquirers are required to submit a written statement, which provides the information stipulated in the following (hereinafter the “Required Information”) (hereinafter

² Defined in Article 27-23-4 of the Financial Instruments and Exchange Act. The term herein is subject to its definition.

³ Includes persons included in holders, based on Article 27-23-3 of the 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.

⁴ Defined in Article 27-23-1 of the Financial Instruments and Exchange Act. The term herein is subject to its definition, unless otherwise specified.

⁵ Defined in Article 27-2-6 of the Financial Instruments and Exchange Act. The term herein is subject to its definition.

⁶ Defined in Article 27-2-8 of the Financial Instruments and Exchange Act. The term herein is subject to its definition.

⁷ Defined in Article 27-2-7 of the 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.

⁸ Defined in Article 27-2-1 of the Financial Instruments and Exchange Act.

collectively the “Acquisition Statement”), to the Company’s Board of Directors in a format specified by JAPEX.

Upon receiving the Acquisition Statement, the Company’s Board of Directors will immediately send it to the Independent Committee (the appointment criteria of committee members, the requirements for adopting resolutions and matters for resolution are as described in the separate document 2 “Overview of the Independent Committee Provision” and personal careers of the members in the separate document 3 “Brief History of Independent Committee Members”).

When the Independent Committee has decided that the description on the Acquisition Statement falls short as Required Information, JAPEX may request the Acquirer to provide additional information, with an appropriate reply deadline. In this case, the Acquirers are required to additionally submit such information to JAPEX by the relevant deadline.

- 1) Details (including names, capital relationship, financial content, business performance, compliance with laws and other regulations, details of previous trade similar to the Acquisition of the relevant Acquirers, and the previous transactions of JAPEX share certificates, etc.) of the Acquirers, and their group (including joint shareholders⁹, special associated persons, and special associated persons of the parties whose controlled incorporations¹⁰ are the Acquirers)¹¹
- 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 information on the feasibility of the Acquisition)
- 3) Price and basis of the valuation of the relevant Acquisition
- 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, content of related trade, etc.)
- 5) Management policy, business plans, capital policy, and dividend policy, for JAPEX Group after the acquisition
- 6) Post-acquisition policy regarding our shareholders, employees, labor union, business partners, customers, and other stakeholders related to JAPEX Group
- 7) Specific information regarding the risk of infringement by the Acquirers 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)
- 8) Specific measures to prevent conflicts of interest with other shareholders of JAPEX shares
- 9) Other information reasonably decided by the Independent Committee as necessary

⁹ Refers to the joint holders stipulated in Article 27-23-5 of the 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.

¹⁰ Defined in Article 9-5 of the Enforcement Order of the Financial Instruments and Exchange Act.

¹¹ In case of funds, includes the information equivalent to that in 1) above for each union member or other members.

(d) 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 shall, when the Acquisition Statement and (if applicable) the additional information are submitted by the Acquirer, determine an appropriate reply deadline (in principle, 60 days maximum in view of the scale, characteristics and diversity of the JAPEX Group) with due consideration to the time required for the collection of information and the review and/or valuation of materials by the Board of Directors (including such examination by outside experts, as required). The Independent Committee may also request the Board of Directors to present its opinion (including suspension of opinion; hereinafter the same applies.) on the content of the Acquisition proposed by the Acquirer and the supporting materials, (if available) alternative plans, and other information deemed necessary by the Independent Committee, as appropriate, with the appropriate reply deadline.

2) Reviews and other considerations by the Independent Committee

The Independent Committee shall, within an appropriate period (in principle, a maximum of 60 days in view of the scale, characteristics and diversity of the JAPEX Group) (hereinafter the “Reviewing Period of the Independent Committee”) after the receipt of the information (including the additional information requested) from the Acquirer and the Board of Directors (if the provision of information has been requested to the Company’s Board of Directors as described in 1) above), 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 provided by the Board of Directors. Furthermore, the Independent Committee shall, directly or indirectly, consult and/or negotiate with the Acquirer, 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, certified tax accountants, 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.

(e) Procedure of advisory of the Independent Committee

The Independent Committee shall advise the Board of Directors as follows in compliance with the above procedure.

1) When advising the implementation of the Plan

When the Independent Committee judges that the Acquisition by the Acquirer falls under any of the causes for implementation (hereinafter collectively the “Cause for Implementation”) set forth in the following (2) “Requirements for the allotment of the Share Options without contribution,” the Independent Committee shall advise the implementation of the allotment of the share options (of which the major content shall be as set forth in the following (3) “Overview of the Allotment of the Share Options without Contribution”; hereinafter the “Share Options”) without contribution to the Board of Directors, except under special circumstances through which the further provision of information by and consultation and/or negotiation with the Acquirers are necessary. Meanwhile, the Independent Committee may issue a reservation that the shareholders’ intention should be heard and decided if the applicability of the second cause for implementation (hereinafter the “Second Cause for Implementation”) of the two causes specified in the following (2) “Requirements for the allotment of the Share Options without contribution” has come into question with regard to a certain Acquisition.

Regardless of the foregoing paragraph, even after the implementation of the allotment of the 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 the Share Options without contribution by two business days before the ex-rights day of the allotment of the Share Options without contribution, or, may issue a new advisory to acquire all the Share Options without contribution by one day before the date of commencing the Period of Exercise after the effective date of the allotment of the 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 the Cause for Implementation is no longer existent due to such reason that, for example, any change has occurred in the facts the decision of the advisory was based on.

2) When advising not to implement the Plan

When the Independent Committee determines that the Acquisition does not fall under any Cause for Implementation, the Independent Committee shall advise not to implement the allotment of the Share Options without contribution to the Board of Directors, irrespective of whether the Reviewing Period of the Independent Committee has commenced or has finished.

Regardless of the foregoing paragraph, even after the non-implementation of the allotment of the Share Options without contribution has been advised, if the Cause for Implementation becomes existent as a result of any change that occurred in the facts the decision of the advisory was based on, the Independent Committee may issue a new advisory to implement the allotment of the Share Options without contribution.

3) When extending the Reviewing Period of the Independent Committee

When the Independent Committee judges that issuing an advisory of implementation or

non-implementation of the allotment of the Share Options without contribution is not necessary before the expiration of the initial Reviewing Period of the Independent Committee (if already has been extended, include the term after the extension; hereinafter the same applies.), the Independent Committee may extend the Reviewing Period of the Independent Committee, within the reasonable range (however, the total extendable period shall, in principle, be up to 30 days at a maximum) required for the reviewing of the content of the Acquisition by the Acquirer and/or for the consultation and/or negotiation or other communication with the Acquirer.

In case the Reviewing Period of the Independent Committee is extended, the Independent Committee shall continue on with the collection of information, reviewing, consultation and/or negotiation and other activities, and shall exert its utmost effort to issue the advisory of implementation or non-implementation of the allotment of the Share Options without contribution within the extended period.

(f) Resolution of Board of Directors

In case an advisory as outlined above has been given by the Independent Committee, 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 the Share Options without contribution, in utmost deference to the above advisory of the Independent Committee.

However, in the case a general meeting of shareholders for decision hearing is held according to the following (g), the Board of Directors shall prepare a resolution based on the resolution of the General Meeting of Shareholders for Decision Hearing.

(g) Holding of the general meeting of shareholders for decision hearing

With regard to the implementation of the allotment of the Share Options without contribution according to the Plan, the Board of Directors may convoke a general meeting of shareholders (hereinafter the “General Meeting of Shareholders for Decision Hearing”) to hear the shareholders’ decision regarding the implementation of the allotment of the Share Options without contribution in the case (i) where the Independent Committee issued a reservation that shareholders’ decision be heard in advance with regard to the implementation of the allotment of the Share Options pursuant to the procedure in (e) above, or (ii) where the applicability of the Second Cause for Implementation has come into question with regard to a certain Acquisition and the Independent Committee judges it appropriate to hear the shareholders’ decision in light of various factors such as the time required for holding the general meeting of shareholders and the duty of care of a good manager.

(h) Information disclosure

In operating the Plan, JAPEX shall timely disclose the appropriate information as enumerated below in accordance with the governing laws and regulations and/or applicable rules and regulations of the stock exchanges: progress status of the respective procedures set forth in the Plan (including the

fact of the Intent Statement and the Acquisition Statement submitted; the fact of the revealed existence of an Acquirer who intends to make the Acquisition without submitting the Intent Statement or the Acquisition Statement; the fact of the commenced Reviewing Period of the Independent Committee; and the fact of the extended Reviewing Period of the Independent Committee together with the extended period and the reason therefor), outline of the advisory of the Independent Committee, outline of the resolution adopted by the Company's Board of Directors, outline of the resolution at the General Meeting of Shareholders for Decision Hearing, and any other matters deemed appropriate by the Independent Committee or the Board of Directors.

(2) Requirements for the allotment of the Share Options without contribution

The requirements for the implementation of the allotment of the Share Options without contribution pursuant to the Plan shall be as follows. As was described in (e) under (1) "Procedure for the Implementation of the Plan", whether the Acquisition falls under the following requirements shall be always be decided with and after the advisory of the Independent Committee.

First Cause for Implementation

When the Acquisition is not in conformity with the procedures prescribed in the Plan (including the case where time and/or information reasonably required to make judgments on the content of the Acquisition have not been provided by the Acquirer) and it is deemed suitable to implement the allotment of the Share Options without contribution;

Second Cause for Implementation

When the Acquisition by the Acquirer falls under any of the following and it is deemed suitable to implement the allotment of the Share Options without contribution;

- (a) 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.

- (b) 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);
- (c) When the Acquisition is such that the condition of the Acquisition (including value and type in consideration, time, legality of the method, feasibility, 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
- (d) When the Acquisition might cause significant damage to our corporate value and consequently to the common interest of our shareholders, with 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.

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

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

(a) Number of the Share Options

The number of the 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 the "Allotment Date") otherwise decided by resolution of the Board of Directors or by resolution at a general meeting of shareholders concerning the allotment of the Share Options without contribution (hereinafter the "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 registered on the final shareholder registry (hereinafter the "Shareholders Eligible for Allotment") 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 the 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 Options

The number of JAPEX shares as object of each Share Option (hereinafter the "Target Share

Number”) is, in principle, one share.

(e) Value of assets contributed upon the exercise of the Share Options

The object of contribution upon the exercise of the Share Options shall be money. The value per JAPEX share of the property to be contributed upon the exercise of the Share Options 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) Period of Exercise 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 shall be the “Commencing Date of the Period of Exercise”) of the Period of Exercise, and in principle the period otherwise prescribed in the Resolution for the Allotment of Share Options without Contribution within the range of one to six months shall be the Period of Exercise. However, in case JAPEX acquires the Share Options based on the provision of the following clause (i), the Period of Exercise of the Share Options for such acquisition shall be until the business day before such acquisition date. Furthermore, if the final date of the Period of Exercise 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 Period of Exercise.

(g) Conditions of exercise of the Share Options

(I) Specific large-scale holders¹², (II) joint holders of specific large-scale holders, (III) specific large-scale acquirers¹³, (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)

¹² 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.

¹³ In principle, refers to persons who made a public notice to purchase (Defined in Article 27-2-1 of the Financial Instruments and Exchange Act. The term herein is subject to its definition.) shares issued by JAPEX (Defined in Article 27-2-1 of the 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 the Enforcement Order of the 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.

without the approval of the Board of Directors, or (VI) persons who are in relation¹⁴ to persons that fall under (I) or (V) (hereinafter persons that fall under (I) or (VI) collectively shall be the “Unqualified Persons”) may not, excluding cases where certain exceptional causes¹⁵ exist, 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, cannot exercise the Share Options.

(h) Restriction on assignment of the Share Options

The acquisition of the Share Options through assignment requires the approval of our Board of Directors.

(i) Acquisition of the Share Options by JAPEX

1) In case the Board of Directors deem it appropriate for JAPEX to acquire the Share Options,

JAPEX may any time acquire all the 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 Period of Exercise.

2) JAPEX may, upon the coming of the date otherwise prescribed by the Board of Directors,

acquire all the Share Options held by persons other than the Unqualified Persons, which are not exercised by the day before the date prescribed by the Board of Directors, and in exchange of such unexercised Share Options, may delivery 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

¹⁴ “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).

¹⁵ Specifically, the following case is deemed to fall under such exceptional causes: (x) In case the Acquirer pauses or withdraws the Acquisition after the Resolution for the Allotment of Share Options without Contribution is adopted or if the Acquirer and other Unqualified Persons have pledged that they do not intend to make the Acquisitions subsequently and have delegated a disposition of JAPEX shares to a securities company that JAPEX admits, and additionally (y) in case a ratio authorized by JAPEX (hereinafter the “Unqualified Persons’ Ownership Ratio of JAPEX Share Certificates, etc.”) as the Acquirer’s ownership ratio of JAPEX share certificates, etc. (provided, however, that in calculating the ownership ratio of the JAPEX share certificates, etc., the Unqualified Persons other than the Acquirers and Joint Holders thereof shall be deemed to be the joint holders of the Acquirers, and the Share Options that do not satisfy the exercise conditions shall be excluded), is less than either (i) the Unqualified Persons’ Ownership Ratio of JAPEX Share Certificates, etc., prior to the Acquisition or (ii) 20%, whichever is lower, the Acquirer of the Acquisition and other Unqualified Persons who have made the disposition may exercise the Share Options targeting the number of shares that correspond to the disposed shares within the range below said lowering ratio. The exercise conditions for the Share Options to be exercised by the Unqualified Persons and the details of relevant procedures shall be otherwise prescribed by the Company’s Board of Directors.

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 the Share Options held by such persons that remained unexercised as of one business day 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 stock transfer

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

- (k) Issuance of share option certificates

Share option certificates will not be issued for the Share Options.

- (l) Other

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

- (4) Procedure for the Renewal

In accordance with Article 12 of the Articles of Incorporation, the Renewal shall be subject to the approval of our shareholders at the Annual Shareholders' Meeting on the delegation of the authority to decide on the matters regarding the allotment of the Share Options without contribution to the Company's Board of Directors, according to the conditions set forth in the Plan.

- (5) Effective period, abolition, and modification of the Plan

The effective period of the Plan shall be until the close of the ordinary general meeting of shareholders regarding the latest fiscal year ending within three years after the close of the Annual Shareholders' Meeting, which is the same as the delegation period of the authority to decide the matters concerning the allotment of the Share Options without contribution in the Plan to be in accordance with the resolution of the Annual Shareholders' Meeting.

However, even before the expiration of the effective period, 1) if a resolution for withdrawing the above delegation to the Board of Directors with regard to the decision on matters concerning the allotment of the Share Options without contribution in the Plan is made at a 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 the Annual Shareholders' Meeting, 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.

(6) Revision due to amendments in law

The provision of law referenced in the Plan is assumed as the provision in effect as of May 13, 2011, 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.

4. Impact on the Shareholders and Investors

(1) Impact on Our Shareholders and Investors upon the Renewal

With regard to the Renewal, we have our shareholders only delegate the decision-making authority concerning the allotment of the Share Options without contribution to the Board of Directors based on a resolution of a general meeting of shareholders and the allotment of the 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 the Share Options without Contribution

(i) Procedure for the allotment of the Share Options without contribution

In case a resolution to allot the Share Options without contribution is made by the Board of Directors, 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, to the Shareholders Eligible for Allotment. As the Shareholders Eligible for Allotment will consequently become holders of the Share Options on the effective date of the allotment of the Share Options without contribution, no application procedure is necessary for them.

Even after the resolution of the allotment of the Share Options without contribution has been made, JAPEX may, with utmost respect to the advisory of the Independent Committee described in (e) 1) under 3. (1) "Procedure for the Implementation of the Plan", pause the allotment of the Share Options without contribution until two business days before the ex-rights day of the

allotment of the Share Options without contribution, or may acquire all the Share Options without contribution by the Commencing Date of the Period of Exercise after the effective date of the allotment of the 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 incur unexpected loss due to fluctuations of share value.

(ii) Procedure for exercise of the Share Options

JAPEX shall, in principle, send the documents to be submitted for the exercise of the Share Options (in the form prescribed by JAPEX including the content and number of the 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, as well as information necessary for the money transfer regarding JAPEX shares into the accounts of the Shareholders Eligible for Allotment) and other documents necessary for the exercise of the rights of the Share Options, to the Shareholders Eligible for Allotment. After the allotment of the Share Options without contribution, we ask our shareholders to submit these necessary documents during the Period of Exercise 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 the 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, in principle, receive JAPEX shares without the exercise of the Share Options and the payment of money equivalent to the exercising value of the Share Options, and thus the dilution of share held will not, in principle, occur.

(iii) Procedure for the acquisition of the 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, in addition to information necessary for the money transfer regarding JAPEX shares into the accounts of the Shareholders Eligible for Allotment.

Furthermore, in a case where the acquisition of the Share Options held by the Unqualified Shareholders and other acquisition-related matters are prescribed in the Resolution for the Allotment of Share Options without Contribution, JAPEX may take measures according to such provisions.

With regard to the details concerning the method of allotment, 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 Plan

1. The Plan 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 JAPEX share certificates, etc.

2. The Plan 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 Renewal", JAPEX shall conduct the Renewal, subject to the approval of our shareholders at the Annual Shareholders' Meeting on the delegation of the authority to decide on the matters regarding the allotment of the Share Options without contribution in accordance with the relevant provision of the Articles of Incorporation.

Furthermore, in the case set forth in (g) under III 3. (1) “Procedure for the implementation of the Plan”, the Plan stipulates that the General Meeting of Shareholders for Decision Hearing be held to hear the shareholders’ decision regarding the implementation of the Plan.

In addition, as described in III 3. (5) “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 a 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 (e) under III 3. (1) “Procedure for the implementation of the Plan” and III 3. (2) “Requirements for the allotment of the Share Options without contribution”, the practical decisions on the operations of the Plan are 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

As described in (e) under III 3. (1) “Procedure for the implementation of the Plan” and III 3. (2) “Requirements for the allotment of the 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 (d) 2) under III 3. (1) “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, certified tax accountants, 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 3. (5) “Effective period, abolition, and modification of the Plan”, a large-scale purchaser of JAPEX share certificates, etc. can appoint directors of their own designation in a general meeting of shareholders and abolish this Plan through the Board of Directors constituted of such directors.

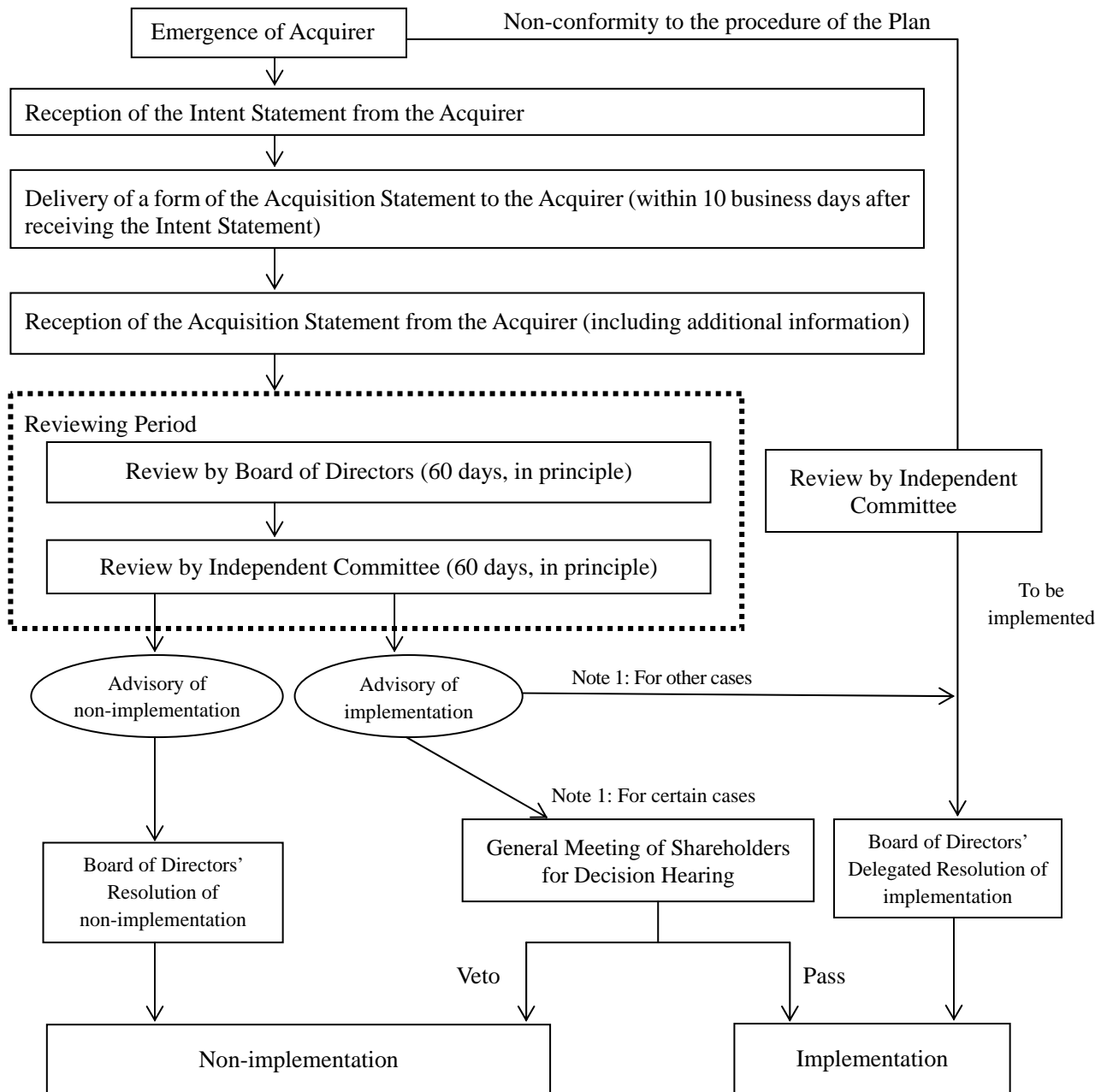
Therefore, the Plan is not a dead-hand type takeover defense measure (a takeover defense measure

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 staggered 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 41th fiscal year (to be held in June, 2011).

END

Flow of Procedures in the Plan



(Note 1) With regard to the implementation of the allotment of the Share Options without contribution according to the Plan, the Board of Directors may convoke a general meeting of shareholders to hear the shareholders' decision regarding the implementation of the allotment of the Share Options without contribution (i) in the case where the Independent Committee issued a reservation that shareholders' decision be heard in advance with regard to the implementation of the allotment of the Share Options without contribution, or (ii) where the applicability of the Second Cause for Implementation has come into question and the Independent Committee judges it appropriate to hear the shareholders' decision in the light of various factors such as the time required for holding the general meeting of shareholders and the duty of care of a good manager.

(Note 2) This flowchart was created for easy understanding of the flow of procedures in the Plan after having simplified the content of 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, who 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, certified tax accountants, 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 until the close of the ordinary general meeting of shareholders for the last fiscal year which ends within three years after the close of the Annual Shareholders' Meeting, 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 adopt the resolution as a body under the Companies Act regarding the implementation or non-implementation of the allotment of the Share Options without contribution. (However, for the implementation of the allotment of the Share Options without contribution set forth in 1), if a resolution is otherwise adopted at the General Meeting of Shareholders for Decision Hearing, 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 perspective of whether it will contribute to the corporate value of JAPEX and the common interest of our shareholders, and shall not exclusively consider the personal benefits of the member or the management.
 - 1) Implementation or non-implementation of the allotment of the Share Options without contribution
 - 2) Pause of allotment of the Share Options without contribution or Acquisition of the 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) Consultation and/or negotiation with the Acquirer
 - 5) Request of submission of an alternative plan / Review of alternative plan to the Company's Board of Directors
 - 6) Decision on the extension of the Reviewing Period of the Independent Committee
 - 7) Judgment on whether the General Meeting of Shareholders for Decision Hearing should be convoked with regard to the implementation or non-implementation of the allotment of the Share Options without contribution
 - 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 considers that the Acquisition Statement and information provided by the Acquirer fall short as the Required Information, both the Board of Directors and the Independent Committee shall be allowed to request the Acquirer to provide additional information. Furthermore, when the Acquirer has submitted the Acquisition Statement and the additional information requested by the Independent Committee, the Independent Committee may also request as appropriate to 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, certified tax accountants, 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; hereinafter the same applies.) 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 members of the Independent Committee as of the Renewal of the Plan are planned to be the following three persons:

Kazuo Kawakami

(Date of Birth: 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 Article 2 Clause 15 of under the Companies Act.

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

Masahiko Kadotani

(Date of Birth: 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)

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

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

Keizo Sakata

(Date of Birth: 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
July 2006	Dean of College of Law at Nihon University
July 2006	Trustee of Nihon University
January 2010	Professor emeritus 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, 2011)

1. Total number of authorized shares: 120,000,000
2. Total number of shares issued: 57,154,776 (including treasury shares: 2,105)
3. Number of shareholders: 17,404
4. Major shareholders (Top 10)

Rank	Name of shareholder	Stock ownership (shares)	Percentage of stocks outstanding
1	Ministry of Economy, Trade and Industry	19,432,724	34.00%
2	INPEX Corporation	2,852,212	4.99%
3	JX Holdings, Inc.	2,299,884	4.02%
4	The Master Trust Bank of Japan, Ltd. (Trust)	1,873,500	3.28%
5	JFE Engineering Corporation	1,848,012	3.23%
6	Japan Trustee Services Bank, Ltd. (Trust)	1,541,000	2.70%
7	Mizuho Corporate Bank, Ltd.	720,152	1.26%
8	ITOCHU Corporation	698,000	1.22%
9	Morgan Stanley & Co. Incorporated	694,582	1.22%
10	Sumitomo Metal Industries, Ltd.	610,316	1.07%

(Note) Percentage of stocks outstanding is rounded to the nearest second decimal place.