

Code No. 1662

June 3, 2008

Yuji Tanahashi, Representative Director – President

Japan Petroleum Exploration Co., Ltd. (JAPEX)

1-7-12 Marunouchi, Chiyoda-ku, Tokyo

To All Shareholders:

Notification of the Convocation to the 38th Ordinary General Meeting of the Shareholders

The 38th Ordinary General Meeting of the Shareholders of JAPEX will be held according to the details below, and we kindly ask for your attendance.

If you cannot attend on the day of the meeting, you may exercise your voting rights through a written document. Please review the “Reference Document for Shareholders Meeting” described below, and express your vote on the enclosed Voting Right Exercise Form. When sending the Voting Right Exercise Form, please send so it will arrive at our office by Tuesday, June 24, 2008.

Thank you very much for your attention and cooperation.

Details:

1. Date and Time: 10:00 a.m., June 25, 2008 (Wednesday)
 2. Location: Tokyo Station Conference “Sapia Hall” (Sapia Tower 5F)
1-7-12 Marunouchi, Chiyoda-ku, Tokyo
 3. Agenda:
 - Announcements: 1) Business report and consolidated financial report of the 38th Term (from April 1, 2007 to March 31, 2008), and audit reports from the accounting auditor and Board of Statutory Auditors on the consolidated financial report
 - 2) Financial report of the 38th Term (from April 1, 2007 to March 31, 2008)
- Resolution items:
- Item 1: Appropriation of surplus
 - Item 2: Amendments to the Articles of Incorporation
 - Item 3: Election of two (2) Directors
 - Item 4: Awarding of Retirement Benefits to Retiring Director
 - Item 5: Payment of Bonuses to Directors and Auditors
 - Item 6: Introduction of Measures to Prevent Large-scale Acquisition of JAPEX Shares (Takeover Defense Measures)

*Upon your arrival at the Ordinary General Meeting of Shareholders, please submit the enclosed Voting Rights Exercise Form to the venue reception. Thank you.

*In case the Reference Document for Shareholders Meeting, or business report, financial report or consolidated financial report is modified, such modification shall be posted on the JAPEX website (<http://www.japex.co.jp/>)

NOTE: This document is an abridged translation of the Japanese “Notification of the Convocation to the 38th Ordinary General Meeting of the Shareholders” “Reference Documents for Shareholders Meeting” and “Financial Report” of Japan Petroleum Exploration Co., Ltd. This translation is intended for reference and convenience purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail. Japan Petroleum Exploration Co., Ltd. does not guarantee the accuracy and/or the completeness of this translation and shall have no liability for any errors or omissions therein.

Reference Documents for Shareholders Meeting

Item 1: Appropriation of Surplus

1. Details concerning the Year-end Dividends

JAPEX employs the basic policy of long-term, stable distribution of dividends in considering the retained earnings for investment in new oil and gas reserves and the development of transportation systems, including pipelines, as well as respecting the return of profits to our shareholders.

The 38th term dividends will be as follows:

(1) Type of dividend property: Money

(2) Distribution and amount of dividend property:

20 yen per share of common stock

Total amount of dividends: 1,143,067,380 yen

(3) Effective date of distribution of surplus: June 26, 2008

2. Other Appropriations of Surplus

(1) Item and amount of reduced surplus:

Accumulated deficit carried forward: 10,000,000,000 yen

(2) Item and amount of increased surplus:

Contingent reserves: 10,000,000,000 yen

Item 2: Amendments to the Articles of Incorporation

1. Reasons for Amendment

The Board of Directors of JAPEX considers the need to introduce the allotment of share options without contribution, as a takeover defense measure, inevitable, in order to prevent inappropriate takeovers that are detrimental to the corporate value of JAPEX and the common interest of our shareholders. This will also ensure and improve JAPEX's corporate value and the common interest of our shareholders on account of the reasons described in 1 of Item 6 of the agenda (Introduction of Measures to Prevent Large-scale Acquisition of JAPEX Shares).

However, the final decision on proposals for takeovers, which indicate a transfer of corporate control, shall be made based on the intention of our shareholders as a whole.

According to the above idea, the suggested amendments Article 13 Clause 1 and 2 for the Articles of Incorporation is to enable introduction of the takeover defense measure based on the resolution at the general meeting of the shareholders. Furthermore, while the Companies Act stipulates, unless otherwise determined, the resolution of the Board of Directors as sufficient for the allotment of share options without contribution (Article 278-3, Companies Act), the Board of Directors deems it preferable that delegation of the allotment, under certain conditions, be made to the Board of Directors by the shareholders at the general meeting of shareholders. In case of executing the allotment of share options without contribution as part of a takeover defense measure, it shall be based on the intention of shareholders and not solely on the resolution of the Board of Directors. Therefore, the Board of Directors consider it preferable to (1) have a resolution passed at the general meeting of shareholders for approval concerning the allotment of share options without contribution, or (2) have the shareholders delegate execution of the allotment of share options without contribution to the Board of Directors with certain conditions attached, which the Board of Directors shall follow when executing the delegated allotment. Hence, based on the premise that the takeover defense measure may be

introduced through the resolution at the general meeting of shareholders, a supporting provision according to the proviso in Article 278-3 of the Companies Act is necessitated in order to enable the methods described in (1) and (2) above concerning the allotment of share options without contribution.

The suggested amendments Article 13 Clause 3 for the Articles of Incorporation stipulate and clarify the restrictive conditions for the acquisition and the exercise of share options upon the allotment of share options without contribution as part of takeover defense measure, in relation to the persons who deemed inappropriate under the provision of the takeover defense measure.

2. Content of Amendments

The suggested amendments are described in the following comparison chart.

(differing parts are underlined)

Current Articles of Incorporation	Suggested Amendments
<p>(New)</p> <p>Article <u>13</u> (Convocation) ~ Article <u>43</u> (Statute of Limitation for Dividend Payments) [skipped]</p>	<p>(Takeover Defense Measure)</p> <p><u>Article 13</u> <u>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.</u></p> <p><u>2</u> <u>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.</u></p> <p><u>3</u> <u>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:</u></p> <p><u>1. That certain persons specified in the takeover defense measure (hereinafter as "Unqualified Persons") may not exercise the share options; and</u></p> <p><u>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.</u></p> <p>Article <u>14</u> (Convocation) ~ Article <u>44</u> (Statute of Limitation for Dividend Payments) [same as current]</p>

Item 3: Election of two (2) Directors

Upon closing of this general meeting of shareholders, Mr. Tadashi Sagai, one of our Directors, will be resigning, and therefore in order to fill his vacancy one (1) Director of the Board will be elected, along with addition of one (1) Director position to strengthen the

management base. We kindly ask our shareholders to elect two (2) new Directors of the Board.

The candidates for the Directors are as listed below:

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or representations in other corporations	JAPEX shares owned
1	Junichi Matsumoto (September 27, 1949)	April 1973 Joined JAPEX June 2006 Executive officer at JAPEX June 2007 Managing executive officer, General Manager of Development Division (up to the present date)	200 shares
2	Nobuyuki Ogura (May 14, 1952)	April 1975 Joined JAPEX April 2001 General Manager of Exploration Division, Overseas Exploration Dept. II April 2003 General Manager of Exploration Division, Overseas Exploration Dept. June 2006 Executive Officer at JAPEX (up to the present date) Jan. 2007 Executive Vice President of Japex Libya Ltd. (up to the present date)	100 shares

(Note) No significant interest-based relationship exists between candidates for directors and JAPEX.

Item 4: Awarding Retirement Benefits to Retiring Director

Upon closing of this general meeting of shareholders, Director Tadashi Sagai will be resigning from his post.

Therefore, retirement benefits shall be awarded according to the standards specified by JAPEX in recognition of services during his tenure. We kindly ask our shareholders to allow discretion to the Board of Directors with regard to the specific amount, period and method of awarding, etc.

Mr. Tadashi Sagai's brief history is as follows:

Name	Brief History
Tadashi Sagai	June 1997 Director; Manager of Production Dept.
	June 1999 Director; General Manager of Nagaoka Division Office
	June 2002 Managing Director; President of Development Division
	June 2004 Senior Managing Director; President of Development Division
	Feb. 2005 Senior Managing Director; President of Development Division, also General Manager of International Oil & Gas Division
	June 2006 Executive Vice President (up to the present date)
	Jan. 2007 President of Japan Canada Oil Sands Limited(JACOS) (up to the present date)

Item 5: Payment of Bonuses to Directors and Auditors

A total amount of bonus of 87,000,000 yen (82,934,000 yen to Directors, 4,066,000 yen to Auditors) will be paid to seventeen (17) Directors (including 1 Outside Director) and four (4) Auditors tenured during the fiscal year ended March 31, 2008, in view of the traditionally paid bonus amounts and the performance of the fiscal year ended March 31, 2008.

Item 6: Introduction of Measures to Prevent Large-scale Acquisition of JAPEX Shares (Takeover Defense Measures)

JAPEX has, at the meeting of the Board of Directors held on May 21, 2008, passed a resolution to introduce the "Measures to Prevent Large-scale Acquisition of JAPEX Shares (Takeover Defense Measures)" (hereinafter as the "Plan") on the condition that it is approved

by our shareholders in this ordinary general meeting of shareholders. Therefore, we kindly ask our shareholders to introduce the Plan and delegate the decision-making of the matters concerning the allotment of share options without contribution according to the guidelines described in 3. The contents of the Plan (below) to the Board of Directors, based on Article 13 of the Articles of Incorporation (post-amendment), provided that 'Item 2: Amendments to the Articles of Incorporation' will be approved and voted for.

1. 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, 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.

2. 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 1.

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.

3. Contents of the Plan

(1) Overview of the Plan

(a) 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 to not implement the Plan has been made in the Board of Directors or at the General Meeting of the Shareholders.

(b) 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 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%.

(c) 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 (5) “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

(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 suggested¹ (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 ratio² of 20% or more of the holder³, with regard to share certificates, etc⁴ 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, etc⁸ 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 “Suggested acts” shall include solicitation acts.

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

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

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

⁷ 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.

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

- 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 shareholders⁹, 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) 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

⁹ 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.

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 the 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 up most 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 the 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 holders¹⁰, (II) joint holders of specific large-scale holders, (III) specific

¹⁰ 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

large-scale acquirers¹¹, (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 relation¹² 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 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 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 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

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.

¹¹ 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.

¹² “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).

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) 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”.)

- (6) 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.

(7) 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.

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 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 disclose information received from the Acquirer to the Board of Directors.
- 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.

(Reference)

Q's &A's Concerning the Allotment of Share Options without Contribution in Takeover Defense Measures

* This Q's &A's are not attached as part of the Reference Materials for Shareholders, but for the purpose of explaining the Plan lucidly. For more and accurate details, please refer to pages 4 of this convocation notification document and the press release "Introduction of the Measures to Prevent Large-scale Acquisition of Our Company Shares (Takeover Defense Measures)" as of May 21, 2008.

Q1. What is the purpose of JAPEX's introduction of the takeover defense measure?

A. The Plan, for which we kindly ask your approval in Item 6, sets forth the procedures to follow in the occurrence of a large-scale acquisition of JAPEX shares. It ensures the information and time necessary for our shareholders to decide whether to accept the acquisition or not and for the Board of Directors to propose an alternative plan, as well as to secure the opportunities for consultation, negotiation, or any other communication with the Acquirer.

Through this, we further aim to protect our (1) advanced oil and gas exploration technology, (2) developmental technology and operational know-how for oil and gas fields both in Japan and abroad, and (3) establishment of national pipeline networks for natural gas transportation and the trust relationship with stakeholders including customers, shareholders, and communities based on the accumulation of a stable, long-term supply achievements that uses the above resources. The Plan also serves the purpose of preventing harm to our unified business model in which JAPEX conduct exploration, development and distribution, in continuity, upon our ownership of oil and gas interests, and thus ensures and improves our corporate value and consequently the common interest of our shareholders.

Q2. Describe the overview of the Plan.

A. This Plan is an in-advance warning type rights plan that involves the allotment of share options without contribution at the time of emergency. Specifically, the plan involves the following matters:

(1) Acquirers who wish to purchase 20% or more of the shares issued by JAPEX shall submit the document including information required to review the contents of acquisition prior to the acquisition and a covenant that pledges compliance with the procedures stipulated in the Plan.

(2) The Independent Committee may request the submission of opinions and its supporting materials, and an alternative plan (if such exists) concerning the above contents of acquisition, to the Board of Directors.

(3) The Independent Committee shall, after receiving the information from the Acquirer and the Board of Directors, upon obtaining advice from outside experts, review the contents of acquisition submitted by the Acquirer and the alternative plan from the Board of Directors, negotiate with the Acquirer, and disclose information to our shareholders.

(4) In case the Acquirer does not comply with the Plan or when it is clearly recognizable that the Acquirer will infringe the common interest of our shareholders, and deemed appropriate to counter this, JAPEX will pass a resolution on the implementation of the allotment of share options without contribution by judgment of the Independent Committee.

(5) The share options allotted in relation to the exercise of the Plan includes an exercising condition which restricts the exercise of share option rights to Acquirers and an acquisition condition that

JAPEX can acquire share options in exchange for JAPEX shares from holders other than the Acquirer. If JAPEX shares are issued to our shareholders other than the Acquirer according to this, the ratio of the voting rights of JAPEX held by the Acquirer may be diluted to a maximum of 50%.

Q3. In what specific ways is the JAPEX's takeover defense measure highly reasonable?

A. The characteristics representing the Plan's reasonableness are listed below:

Item	JAPEX's Takeover Defense Measure
Intention of the shareholders	<ul style="list-style-type: none"> • The introduction of the Plan is subject to the approval of our shareholders at the 38th ordinary general meeting of shareholders. • The implementation of the Plan is also subject to the approval of our shareholders at a general meeting of shareholders, in the case prescribed in the Plan. • The plan may be abolished on the spot upon the resolution at a general meeting of shareholders or the resolution of the Board of Directors, even prior to its expiration --- the continuity or discontinuity of the Plan can depend on the shareholders.
Independent Committee	<ul style="list-style-type: none"> • An Independent Committee, with high independency, that consists of outside directors, etc. is established. • The initial members of the Independent Committee are 1 outside director, 1 outside auditor, and 1 outside expert, each with high independency. • The Plan must undergo the advisory of the Independent Committee who come to their decision upon considering the specific designated requirements before the exercise of the Plan. • The Independent Committee may receive advice from a third-party expert at the expense of the company.
Requirements for commencing the procedure	Holding 20% or more of the voting rights or tender offers that intend the acquisition of 20% or more of the voting rights
Requirements for exercise	Reasonable and objective requirements
Effective period (Sunset provision)	3 years
Abolition	May be abolished at any time by a resolution at a general meeting of shareholders or a resolution of the Board of Directors (not a dead-hand measure of which implementation cannot be deterred even with the replacement of over half of the constituting members of the Board of Directors and also not a slow-hand type that takes time to deter the exercise)
Purpose / Requirements for exercise / Information disclosure (including procedure)	Sufficient information disclosure through press releases, agendas and reference documents for the general meetings of shareholders, and at the general meetings of shareholders
Sending of Convocation Notices	Sent out on June 3 (Tuesday), 3 weeks before the 38th ordinary general meeting of shareholders

Q4. What effects are expected for shareholders from the introduction of the Plan?

A. The allotment of share options without contribution will not be performed at the point of introduction of the Plan, and therefore, there will be no direct and specific impact on our

shareholders.

In case an Acquirer emerges and the Plan is thus exercised, the allotment of share options without contribution will be exercised to the shareholders other than the Acquirer. Shareholders who received the allotment of the share options without contribution will, after the commencing date of the period of exercise, be issued, in principle, 1 JAPEX share per share option through paying money equivalent to the exercising amount specified in the resolution concerning 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.

However, in case JAPEX is issuing JAPEX shares in exchange of acquiring share options, the shareholders other than the Acquirer will be issued the corresponding JAPEX shares without performance of the exercising procedures on the part of the shareholders. In case JAPEX performs such an acquisition procedure, the shareholders other than the Acquirer will receive JAPEX shares without the exercise of share options and the monetary payment equivalent to the exercising value. As a result, in principle, the dilution of owned JAPEX shares shall not occur to the shareholders other than the Acquirer.

Q5. In case the allotment of share options without contribution is implemented, what procedures are required on the part of the shareholders?

A. (1) Transfer of shareholder's names in the registry

In case the Board of Directors pass the resolution on implementation of the allotment of share options without contribution, JAPEX will release a public notice concerning the date of allotment for the allotment of share options without contribution. The allotment of share options without contribution will be exercised to the shareholders whose names are listed or recorded in the latest shareholder registry or substantial shareholder registry as of the date of allotment. Therefore, we kindly ask our shareholders to proceed to the procedure for transfer of shareholder's name at their earliest before the date of allotment. However, transfer of shares is not required of depositary share certificates at the Japan Securities Depository Center. Furthermore, the shareholders whose names are listed or recorded in the latest shareholder registry or substantial shareholder registry as of the date of allotment will consequently become holders of the share options on the effective date of the allotment of share options without contribution, with no other procedures.

(2) Exercise of share options

In the case where share options allotted through the allotment of share options without contribution are to be exercised, shareholders, in principle, are asked to submit the request for the exercise of share options (form designated by JAPEX including a provision with a covenant pledging that the relevant shareholders are not Acquirers) of the share options and other documents necessary for the exercise of share option rights, during the period of exercise of share option rights. In principle, we ask our shareholders to pay the money equivalent to the exercising amount specified in the resolution concerning 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.

(3) Procedures for the acquisition of the share options by JAPEX

In case the Board of Directors has decided to issue JAPEX shares in exchange of acquiring share options, JAPEX will, according to statutory procedures, acquire the share options on the date otherwise determined by the Board of Directors. In this case, shareholders are exempt from performing the exercising procedures, but may be asked to submit a document in a designated form, including a provision with a covenant pledging that the relevant shareholder is not an Acquirer.

Q6. Among the condition for exercise of the share option rights allocated by the allotment of share options without contribution, it is prescribed that, under the applicable foreign law, non-residents (residents in foreign countries), who require prescribed procedures for the exercise of the share options, may not, in principle, exercise the share options. Do non-residents suffer losses from the Plan?

A. First of all, if the applicable foreign law of the country in which the non-resident shareholder resides does not require prescribed procedures including registration of securities upon the exercise of share options, such non-residents can exercise the share options.

Secondly, even if the above prescribed procedures are necessary in the country that the non-resident shareholder resides when share options are exercised, in cases where such shareholder can be exempted from such procedures, the shareholder, in principle, can exercise the share option rights under the condition that requirements for such exemption are satisfied.

Furthermore, in case JAPEX acquires share options in consideration of JAPEX shares, the share options held by non-residents would also be the objects of the acquisition, according to the applicable laws. When such condition arises, JAPEX shares shall also be issued to the non-residents.

END of Document

Consolidated Balance Sheets

(As of March 31, 2008)

(Unit: millions of yen)

Accounting titles	Amount	Accounting titles	Amount
(Assets)		(Liabilities)	
Current assets	89,008	Current liabilities	38,857
Cash and deposits in banks	27,794	Trade notes and accounts payable	13,469
Trade notes and accounts receivable	25,865	Accrued income taxes	1,414
Marketable securities	17,724	Accrued bonuses to officers	102
Inventories	10,492	Accrual for losses resulting from disasters	487
Deferred tax assets	2,295	Other	23,382
Other	4,846		
Allowance for doubtful accounts	(10)	Long-term liabilities	133,862
		Long-term debt	21,922
Fixed assets	531,937	Deferred tax liabilities	101,477
		Accrued retirement benefits for employees	5,272
Property, plant and equipment	141,162	Accrued retirement benefits for officers	511
Buildings and structures	54,722	Accrued estimated cost of abandonment	4,126
Wells	18,751	Accrual for losses on projects	310
Machinery, equipment and vehicles	35,046	Other	241
Land	15,305	Total liabilities	172,720
Construction in progress	12,893		
Other	4,443	(Net assets)	
		Shareholders' equity	259,506
Intangible fixed assets	6,179	Common stock	14,288
Goodwill	2,092	Retained earnings	245,225
Other	4,086	Treasury stock	(7)
Investments and other assets	384,595	Valuation, translation adjustments and others	180,346
Investments in securities	376,137	Unrealized holding gain on securities	179,629
Long-term loans receivable	7,489	Unrealized gain on hedging instruments	(0)
Long-term accounts receivable	2,065	Translation adjustments	716
Deferred tax assets	749		
Other	5,872	Minority interests in consolidated subsidiaries	8,373
Allowance for doubtful accounts	(97)		
Allowance for losses on overseas investments	(7,621)	Total net assets	448,226
Total assets	620,946	Total liabilities and net assets	620,946

(Amounts truncated to millions of yen)

Consolidated Statements of Income

(From April 1, 2007
To March 31, 2008)

(Unit: millions of yen)

Accounting titles	Amount	
Net sales		207,638
Cost of sales		143,682
Gross profit		63,955
Exploration expenses		13,559
Selling, general and administrative expenses		30,770
Operating income		19,625
Non-operating income		
Interest income	1,606	
Dividend income	5,184	
Gain on sales of securities, net	85	
Equity in earnings (losses) of non-consolidated subsidiaries and affiliates accounted for under equity method, net	2,193	
Reversal of allowance for losses on overseas investments	1,110	
Reversal of accrual for losses on projects	291	
Other	1,580	12,051
Non-operating expenses		
Interest expense	313	
Loss on sales of securities, net	172	
Loss on devaluation of securities	1,578	
Provision for accrued estimated cost of abandonment	748	
Foreign exchange loss	1,242	
Other	375	4,430
Ordinary profit		27,247
Extraordinary gain		
Reversal of allowance for doubtful accounts	1	
Gain on sales of fixed assets	1	2
Extraordinary loss		
Loss on disposal of fixed assets	218	
Restoration expense for earthquake disasters	709	
Other	18	945
Income before income taxes		26,305
Current	6,165	
Deferred	(738)	5,426
Minority interests		780
Net income		20,097

(Amount truncated to millions of yen)

Consolidated Statement of Changes in Net Assets

(From April 1, 2007
To March 31, 2008)

(Unit: millions of yen)

	Shareholder's equity				Valuation, translation adjustments and others				Minority interests	Total net assets
	Common stock	Retained earnings	Treasury stock	Total shareholder's equity	Unrealized holding gain on securities	Unrealized gain from hedging instruments	Translation adjustments	Total valuation, translation adjustments and others		
Balance as of March 31, 2007	14,288	227,413	(5)	241,696	168,234	55	707	168,997	8,234	418,929
Net changes during consolidated fiscal year										
Cash dividends paid		(2,286)		(2,286)						(2,286)
Net income		20,097		20,097						20,097
Purchase of treasury stock			(1)	(1)						(1)
Net changes in items other than those in shareholders' equity					11,394	(56)	9	11,348	138	11,487
Total changes during the period	-	17,811	(1)	17,810	11,394	(56)	9	11,348	138	29,297
Balance as of March 31, 2008	14,288	245,225	(7)	259,506	179,629	(0)	716	180,346	8,373	448,226

(Amount truncated to millions of yen)

Balance Sheets

(As of March 31, 2008)

(Unit: millions of yen)

Accounting titles (Assets)	Amount	Accounting titles (Liabilities)	Amount
Current assets	50,194	Current liabilities	27,328
Cash and deposits in banks	3,681	Accounts payable	12,002
Accounts receivable	19,906	Long-term debt to be returned within a year	2,278
Marketable securities	11,015	Accrued liabilities	4,653
Commodities	7	Accrued expense	7,224
Products	3,809	Accrued income tax	453
Raw materials	2,437	Deposits payable	141
Inventory	2,457	Accrued bonuses to officers	87
Advances account	0	Accrual for losses resulting from disasters	487
Advance expense	423		
Deferred tax assets	2,117	Long-term liabilities	131,326
Accrued revenue	81	Long-term debt	21,922
Short-term loans to affiliated companies	885	Deferred tax liabilities	101,370
Accrued receivable	876	Accrued retirement benefits for employees	4,628
Advance money	1,721	Accrued retirement benefits for officers	460
Other	772	Accrued estimated cost of abandonment	2,917
		Other	27
Fixed assets	517,275		
Property, plant and equipment	118,783	Total Liabilities	158,655
Buildings	8,207		
Structures	39,892		
Wells	15,361		
Machinery and equipment	26,796		
Vessels	2		
Vehicle and delivery equipment	8		
Tools, instruments, and equipments	2,412		
Land	12,761		
Construction in progress	11,807		
Drilling in progress	1,533		
Intangible fixed assets	1,282		
Lease tenant right	178		
Software	880		
Other	223		
Investment and other assets	397,209		
Investments in securities	330,139		
Affiliated company shares	76,017		
Long-term loans receivable	926		
Long-term loans to affiliated companies	11,469		
Long-term advance expense	1,566		
Long-term accrued receivable from affiliated companies	1,701		
Other	2,664		
Allowance for doubtful accounts	(64)		
Allowance for losses on overseas Investments	(27,212)		
Total assets	567,469		
		(Net assets)	
		Shareholders' equity	229,023
		Common stock	14,288
		Retained earnings	214,742
		Earned surplus reserve	3,572
		Other retained earnings	211,170
		Reserve for the allowance for losses on overseas investments	399
		Reserve for exploration	17,800
		Reserve for extraordinary amortization	96
		Reserve for advanced depreciation of fixed assets	295
		Reserve for exploration investment	47,246
		Contingent reserves	131,600
		Retained earnings carryforward	13,732
		Treasury stock	(7)
		Valuation, translation adjustments and others	179,791
		Unrealized holding gain on securities	179,791
		Total net asset	408,814
		Total liabilities and net assets	567,469

(Amounts truncated to millions of yen)

Statements of Income

〔 From April 1, 2007
To March 31, 2008 〕

(Unit: millions of yen)

Accounting titles	Amount	
Net sales		171,563
Cost of sales		124,244
Gross profit		47,319
Exploration expenses		6,135
Selling, general and administrative expenses		22,623
Operating income		18,560
Non-operating income		
Interest income	645	
Interest on securities	342	
Dividend income	5,761	
Other	974	7,724
Non-operating expenses		
Interest expense	310	
Loss on devaluation of securities	1,417	
Provision for allowance for losses on overseas investments	4,500	
Provision for accrued estimated cost of abandonment	532	
Foreign exchange loss	1,437	
Other	361	8,559
Ordinary profit		17,726
Extraordinary gain		
Gain on residual property	194	194
Extraordinary loss		
Loss on disposal of fixed assets	125	
Restoration expenses for earthquake disasters	717	843
Income before income tax		17,077
Current	3,517	
Deferred	(719)	2,798
Net income		14,279

(Amounts truncated to millions of yen)

Statement of Changes in Net Assets

〔 From April 1, 2007
To March 31, 2008 〕

(Unit: millions of yen)

	Shareholder's equity											
	Common Stock	Retained earnings									Treasury stock	Total shareholder's equity
		Earned surplus Reserve	Other retained earnings							Total retained earnings		
			Reserve for loss on overseas investments	Reserve for exploration	Reserve for extraordinary amortization	Reserve for advanced depreciation of fixed assets	Reserve for exploration investment	Contingent reserves	Retained earnings carryforward			
Balance as of March 31, 2007	14,288	3,572	399	16,100	120	306	47,246	120,600	14,403	202,749	(5)	217,032
Net changes during fiscal year												
Funding on reserve for exploration				5,200					(5,200)	—		—
Appropriation of reserve for exploration				(3,500)					3,500	—		—
Appropriation of reserve for extraordinary amortization					(24)				24	—		—
Appropriation of reserve for advanced depreciation of fixed assets						(11)			11	—		—
Reserve for contingent reserves								11,000	(11,000)	—		—
Cash dividends paid									(2,286)	(2,286)		(2,286)
Net income									14,279	14,279		14,279
Purchase of treasury stock											(1)	(1)
Net changes in items other than those in shareholders' equity												
Total changes during the fiscal year	—	—	—	1,700	(24)	(11)	—	11,000	(671)	11,993	(1)	11,991
Balance as of March 31, 2008	14,288	3,572	399	17,800	96	295	47,246	131,600	13,732	214,742	(7)	229,023

	Valuation, translation adjustments and others			Total net assets
	Unrealized holding gain on securities	Unrealized gain from hedging instruments	Total of valuation, translation adjustments and others	
Balance as of March 31, 2007	167,913	44	167,957	384,989
Net change during fiscal year				
Funding on reserve for exploration				—
Appropriation of reserve for exploration				—
Appropriation of reserve for extraordinary amortization				—
Appropriation of reserve for advanced depreciation of fixed assets				—
Reserve for contingent reserves				—
Cash dividends paid				(2,286)
Net income				14,279
Purchase of treasury stock				(1)
Net changes in items other than those in shareholders' equity	11,877	(44)	11,833	11,833
Total changes during the fiscal year	11,877	(44)	11,833	23,825
Balance as of March 31, 2008	179,791	—	179,791	408,814

(Amounts truncated to millions of yen)