(Translation)

Securities Code: No. 5019
November 27, 2018

To the Shareholders:

NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued good offices.

Please take notice that the Extraordinary General Meeting of Shareholders of the Company will be held as described below and you are cordially requested to attend the meeting.

If you do not expect to be present at the meeting, you may exercise your voting rights either by returning to us by mail the enclosed voting form indicating your approval or disapproval of the propositions or by accessing the website for the exercise of voting rights stated in the enclosed voting form and exercising your voting rights by an electronic method (such as the Internet). Hence, please review the accompanying Reference Document for the General Meeting of Shareholders and exercise your voting rights in accordance with the information on page 4 and page 5 no later than 5:00 p.m., Monday, December 17, 2018.

Yours very truly,

Shunichi Kito
Representative Director & Chief Executive Officer

Idemitsu Kosan Co.,Ltd.
1-1, Marunouchi 3-chome,
Chiyoda-ku, Tokyo, Japan

Description

1. Date and hour of the meeting:

   Tuesday, December 18, 2018, at 10:00 a.m.

2. Place of the meeting:

   "Grand Ball Room", 3F, Grand Hyatt Tokyo
   10-3, Roppongi 6-chome, Minato-ku, Tokyo, Japan

3. Matters forming the objects of the meeting:

   Matters to be resolved:

Proposition No. 1:	Approval for the Share Exchange Agreement
Proposition No. 2:	Election of seven (7) Directors
Proposition No. 3:	Election of two (2) Statutory Auditors
Proposition No. 4:	Identification of Statutory Auditors to Be Substituted by a Substitute Statutory Auditor
Proposition No. 5:	Amendment to the Articles of Incorporation

4. Matters regarding exercise of voting rights:

   1. If you expect to be present by proxy, please make a document evidencing his/her power of attorney presented to a receptionist at the place of the meeting, together with the voting form. (Such proxy must be another shareholder (being one (1) person) of the Company entitled to vote.)

   2. If any institutional investor or any other shareholder who holds shares on behalf of third parties desires to diversely exercise voting rights, please give notice to that effect and of the reason therefor to the Company in writing no later than three (3) days prior to the date of this Extraordinary General Meeting of Shareholders.

   3. All fees payable to Internet service providers and telecommunication carriers (such as phone line charges) in accessing the website for the exercise of voting rights must be borne by the shareholders.

- The reception of this meeting will open at 9:00 a.m. on the date of this Extraordinary General Meeting of Shareholders.

- Of the documents to be provided upon giving notice of this Extraordinary General Meeting of Shareholders, the details of financial statements, etc. of Showa Shell Sekiyu K.K. for the most recent business year (from January 1, 2017 to December 31, 2017), which are posted on our Internet website (http://www.idemitsu.co.jp) in accordance with the applicable laws and ordinances and Article 15 of the Articles of Incorporation of the Company, are not included in the Reference Document for the General Meeting of Shareholders to the notice of this Extraordinary General Meeting of Shareholders.

- In the event of the revision of the Reference Document for the General Meeting of Shareholders prior to the date of this Extraordinary General Meeting of Shareholders, it will be posted on our Internet website set forth above.

** Please note that no souvenirs will be given to our shareholders who personally attend the meeting. Your kind understanding is highly appreciated.

Instructions for Exercising Voting Rights

The right to vote at the General Meeting of Shareholders is an important right of all shareholders.
Please review the accompanying Reference Document for the General Meeting of Shareholders before exercising your voting rights.
There are three methods for voting at the General Meeting of Shareholders.

1. Voting by Attendance at the General Meeting of Shareholders

Please present the enclosed voting form to the reception desk if you are present at the meeting.
Date and hour of the meeting: Tuesday, December 18, 2018, at 10:00 a.m.

2. Postal Voting

Please indicate "Approve" or "Disapprove" with respect to each proposition on the enclosed voting form and submit the form.
Votes must be received by: Monday, December 17, 2018, 5:00 p.m.

3. Electronic Voting via the Internet

Please input "Approve" or "Disapprove" in conformance with the guidance on the next page.
Votes must be completed by: Monday, December 17, 2018, 5:00 p.m.

<Instructions for filling out the voting form>

Please indicate approval or disapproval with respect to each proposition.

Propositions No. 1, No. 4, and No. 5

Approval:	Mark ○ in the box labelled "賛"
Disapproval:	Mark ○ in the box labelled "否"

Propositions No. 2 and No. 3

Approval of all candidates:	Mark ○ in the box labelled "賛"
Disapproval of all candidates:	Mark ○ in the box labelled "否"
Disapproval of certain candidates:	Mark ○ in the box labelled "賛" and indicate the number of each candidate you wish to disapprove.

If you vote both by post and via the Internet, only the vote exercised via the Internet will be treated as valid.
If you vote more than once via the Internet, only the most recent vote will be treated as valid.

<Instructions for electronic voting via the Internet, etc.>

Scan Method for the QR Code (“Smart Exercise”)

You can log into the voting website without inputting the voting code and password.

1. Please scan the QR Code located at the lower right of the voting form.
   * “QR Code” is a registered trademark of Denso Wave Incorporated.

2. Please input “Approve” or “Disapprove” in conformance with the instructions on the display.
   You may only vote by “Smart Exercise” once.
   If you would like to change your vote after submitting your vote, please access the PC version of the voting website, log into the website by inputting your “voting code” and “password” included in the voting form, and submit your vote again.
   * If you rescan the QR Code, you will be able to access the PC version of the voting website.

Input method for the “voting code” and “password”

Voting website: https://www.web54.net

1. Please access the voting website.
   (Click on “次へすすむ” (NEXT))

2. Please input the “voting code” included in the voting form.
   (Enter “議決権行使コード” (the voting code)) (Click on “ログイン” (Log in))

3. Please input the “password” included in the voting form.
   (Enter “パスワード” (the password)) (Click on “次へ” (NEXT))

4. Please follow the instructions on the display, and input “Approve” or “Disapprove”.

If you have any inquiries regarding the operation of a PC, smartphone or mobile phone for electronic voting via the Internet, please contact:

Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Web Support
Phone No. 0120-652-031 (toll-free)
(9:00 a.m. to 9:00 p.m.) (JST)

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

Reference Document for the General Meeting of Shareholders

Proposition No. 1: Approval for the Share Exchange Agreement

Regarding the business integration (the "Business Integration") by a share exchange (the "Share Exchange") in which the Company will become the wholly-owning parent company and Showa Shell Sekiyu K.K. ("Showa Shell") will become the wholly-owned subsidiary company, the Company and Showa Shell executed an agreement regarding the business integration (the "Business Integration Agreement") on July 10, 2018, and an agreement regarding the Share Exchange (the "Share Exchange Agreement") on October 16, 2018.

This proposition is submitted to obtain approval for the Share Exchange Agreement in order to consummate the Business Integration.

Matters regarding this proposition, such as reasons for the Share Exchange, terms and conditions of the Share Exchange Agreement, the details of allocation in the Share Exchange, and matters regarding the appropriateness of the provisions concerning the Company's capital and capital reserve are as described below.

1. Reasons for the Share Exchange

The core businesses of the Company and Showa Shell are oil refining and distribution services in Japan. Both companies have operated their businesses in order to accomplish their social missions to provide a stable supply of energy, which is fundamental for the lives of people, and to support energy security in Japan.

The domestic oil industry faces structural challenges such as a medium to long-term decline in the demand for oil products, and overcapacity, which materially influences current and future management not only of both companies but also of dealers, distributors, transport companies, and cooperative companies that have been working alongside both companies. Considering that the business environment surrounding both companies is becoming more challenging, it is not acceptable that the synergies that will be created by the business collaboration and the benefits to be enjoyed are delayed any further because the business integration is behind schedule. Also, both companies, which are energy related companies, are facing a number of challenges such as environmental countermeasures represented by ESG and SDGs, and higher social demands regarding the governance.

In this challenging business environment, on July 30, 2015, the Company executed a share purchase agreement to acquire Showa Shell shares from the subsidiary companies of Royal Dutch Shell plc, the largest shareholder of Showa Shell, and entered full-scale discussions with Showa Shell toward the business integration. Also, on November 12, 2015, both companies executed the "Execution of Memorandum of Understanding Regarding the Business Integration of Showa Shell Sekiyu K.K. and Idemitsu Kosan Co., Ltd.", and held progressive discussions with each other concerning the business integration in order to create an industry-leading company with an unparalleled competitive position by combining the respective strengths and consolidating the management resources of both companies

Also, in order to use the time in the run-up to realizing the business integration in the most effective manner, both companies executed the "Agreement Regarding the

Enhancement and Promotion of the Business Collaboration of Showa Shell Sekiyu K.K. and Idemitsu Kosan Co., Ltd." on May 9, 2017, and under the alliance name "Brighter Energy Alliance", both companies are energetically examining measures to realize synergies in the respective overlapping business areas (crude oil & marine, refining, demand-supply, logistics, distribution, and corporate sectors). As a result, both companies now anticipate achieving on their objectives early, deriving synergies from the alliance amounting to 25 billion yen in three years. Furthermore, both companies are setting their sights on achieving synergies amounting to 30 billion yen in three years.

However, considering that the business environment surrounding both companies is becoming more challenging, both companies recognize that they urgently need to implement the business integration of both companies, and produce further synergies.

In this connection, on July 10, 2018, both companies executed the Business Integration Agreement in relation to realizing the Business Integration on April 1, 2019. Following such execution, both companies consulted with each other many times, and on October 16, 2018, executed the Share Exchange Agreement. The Company and Showa Shell intend to reinforce the enterprise value of both companies by implementing the Business Integration, (i) in the short term, by maximizing synergies and aiming to create an entity with industry-leading competitiveness, and (ii) in the medium to long-term, by evolving into a resilient corporate entity through promoting the optimization of their business structure and of their environment, society and governance initiatives.

2. Terms and Conditions of the Share Exchange Agreement

Share Exchange Agreement

This share exchange agreement (this "Agreement") is made between Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan") and Showa Shell Sekiyu K.K. ("Showa Shell") with respect to the share exchange between the parties.

1 Share Exchange

Upon the terms of this Agreement, Idemitsu Kosan and Showa Shell shall implement a share exchange through which Idemitsu Kosan will become the wholly-owning parent company and Showa Shell will become the wholly-owned subsidiary company (the "Share Exchange").

2 Trade Names and Addresses of the Wholly-owning Parent Company after the Closing of the Share Exchange and the Wholly-owned Subsidiary Company after the Closing of the Share Exchange

The respective trade names and addresses of the wholly-owning parent company and wholly-owned subsidiary company after the closing of the Share Exchange are set forth below.

(1) Wholly-owning parent company after the closing of the Share Exchange
Trade name: Idemitsu Kosan Co., Ltd.
Address: 3-1-1 Marunouchi, Chiyoda-ku, Tokyo

(2) Wholly-owned subsidiary company after the closing of the Share Exchange
Trade name: Showa Shell Sekiyu K.K.
Address: 2-3-2 Daiba, Minato-ku, Tokyo

3 Matters Regarding the Shares to Be Delivered at the Share Exchange and Allotment of Those Shares

3.1 Upon the Share Exchange, Idemitsu Kosan shall, in exchange for the shares of Showa Shell's common stock, (i) deliver to each shareholder of Showa Shell (such shareholders that exist after Showa Shell cancels its treasury shares pursuant to Article 11, and excluding Idemitsu Kosan) as of the time immediately before the acquisition by Idemitsu Kosan of all issued shares in Showa Shell through the Share Exchange (the "Reference Time") the number of shares of Idemitsu Kosan's common stock obtained by multiplying the total number of shares of Showa Shell common stock held by each such shareholder by 0.41, and (ii) allot 0.41 shares of Idemitsu Kosan common stock for one share of Showa Shell common stock held by each such shareholder.

3.2 If the number of shares of Idemitsu Kosan common stock to be allotted pursuant to the preceding paragraph includes a fraction equal to less than one share, Idemitsu Kosan shall treat such fraction in accordance with Article 234 of the Companies Act.

4 Amounts of Capital and Capital Reserve of the Wholly-owning Parent Company after the Closing of the Share Exchange

The amounts of the capital, capital reserve, and profit reserve of Idemitsu Kosan to be increased upon the Share Exchange are set forth below.

(1) Capital:	0 yen
(2) Capital reserve:	Amount of changes in net assets as set forth in Article 39 of the Ordinance on Company Accounting
(3) Profit reserve:	0 yen

5 Effective Date

The Share Exchange shall be effective on April 1, 2019 (the "Effective Date"); provided, however, that if required due to the progress of the Share Exchange procedures, Idemitsu Kosan and Showa Shell may, pursuant to mutual consultations, amend such date by mutual agreement.

6 Approval by the General Meeting of Shareholders

Idemitsu Kosan and Showa Shell shall each hold an extraordinary general meeting of shareholders on December 18, 2018 (however, if required due to the progress of the Share Exchange procedures, Idemitsu Kosan and Showa Shell may, pursuant to mutual consultation, amend such date by mutual agreement) (the "Idemitsu Kosan Extraordinary General Meeting of Shareholders" and the

"Showa Shell Extraordinary General Meeting of Shareholders", respectively) and submit this Agreement for approval at such extraordinary general meeting.

7 Amendment to the Articles of Incorporation

7.1 Idemitsu Kosan shall submit a proposal for amendment to its articles of incorporation with respect to the following matters at the Idemitsu Kosan Extraordinary General Meeting of Shareholders. The amendment to the articles of incorporation shall be effective on the Effective Date subject to the condition that the Share Exchange is effective.

<Proposed amendment of the articles of incorporation> (Amendments are underlined)

Current Articles of Incorporation	Amended Articles of Incorporation
Article 14 (*Convening of Meetings and Chairperson*)	Article 14 (*Convening of Meetings and Chairperson*)
1. The Chief Executive Officer (hereinafter "CEO") of this company shall convene and act as chairperson at all general meetings of shareholders.	1. The director appointed by the Board of Directors shall convene and act as chairperson at all general meetings of shareholders.
2. In the event that the CEO is unable to convene or act, another director shall convene or act as chairperson at the relevant general meeting of shareholders in accordance with the order predetermined by the Board of Directors, as the case may be.	2. In the event that the director prescribed in the preceding paragraph is unable to convene or act, another director shall convene or act as chairperson at the relevant general meeting of shareholders in accordance with the order predetermined by the Board of Directors, as the case may be.
Article 21 (*Representative Directors and Titled Directors*)	Article 21 (*Representative Directors and Titled Directors*)
1. (Description omitted)	1. (No change)
2. One (1) each of Chairman and CEO, one or more Executive Vice-Presidents, Senior Managing Directors and Managing Directors may be elected by a resolution of the Board of Directors.	2. One (1) each of Chairman and CEO, one or more Executive Vice-Presidents, Senior Managing Directors, Managing Directors and other executive directors may be elected by a resolution of the Board of Directors.
Article 22 (*Convening of Meetings and Chairperson*)	Article 22 (*Convening of Meetings and Chairperson*)
1. Except as otherwise provided for by laws or ordinances, the CEO of this	1. The director appointed by the Board of Directors shall convene and act as

company shall convene and act as chairperson at the meetings of the Board of Directors. 2. In the event that the CEO is unable to convene or act, another director shall convene or act as chairperson at the relevant meeting of the Board of Directors in accordance with the order predetermined by the Board of Directors, as the case may be.	chairperson at the meetings of the Board of Directors. 2. In the event that the director prescribed in the preceding paragraph is unable to convene or act, another director shall convene or act as chairperson at the relevant meeting of the Board of Directors in accordance with the order predetermined by the Board of Directors, as the case may be.
Article 27 (*Limitation of Liability of Directors*) 1. (Description omitted) 2. According to Article 427, Paragraph 1 of the Companies Act, this company may make an agreement with outside director(s) to exempt the director from his or her liability regarding damages arising from the negligence in performing his or her duties as a director, provided however that the limitation of the liability thereof shall be up to the amount that is prescribed in laws or ordinances.	Article 27 (*Limitation of Liability of Directors*) 1. (No change) 2. According to Article 427, Paragraph 1 of the Companies Act, this company may make an agreement with director(s) (excluding those who are Executive Directors, etc.) to exempt the director from his or her liability regarding damages arising from the negligence in performing his or her duties as a director, provided however that the limitation of the liability thereof shall be up to the amount that is prescribed in laws or ordinances.
Article 35 (*Limitation of Liability of ASB Members*) 1. (Description omitted) 2. According to Article 427, Paragraph 1 of the Companies Act, this company may make an agreement with outside ASB Member(s) to exempt the outside ASB Member from his or her liability regarding damages arising from the negligence in performing his or her duties as an ASB Member, provided however that the limitation on the liability thereof shall be up to the amount that is prescribed in laws or ordinances.	Article 35 (*Limitation of Liability of ASB Members*) 1. (No change) 2. According to Article 427, Paragraph 1 of the Companies Act, this company may make an agreement with ASB Member(s) to exempt the ASB Member from his or her liability regarding damages arising from the negligence in performing his or her duties as an ASB Member, provided however that the limitation on the liability thereof shall be up to the amount that is prescribed in laws or ordinances.

7.2 Showa Shell shall submit a proposal for amendment to its articles of incorporation with respect to the following matters at the Showa Shell Extraordinary General Meeting of Shareholders. The amendment to the articles of incorporation shall be effective on March 30, 2019 subject to the condition that this Agreement remains effective.

<Proposed amendment of the articles of incorporation> (Amendments are underlined)

Current Articles of Incorporation	Amended Articles of Incorporation
Article 15 (Specific Date for Rights concerning Annual General Meeting of Shareholders) Shareholders recorded in the Register of Shareholders as of 31st March each year shall be the shareholders having rights exercisable in the annual general meeting of shareholders held in relation to corresponding business year. Articles 16 through 39 (Provisions omitted)	(Deleted) Articles 15 through 38 (Provisions omitted)
Supplementary Provisions Article 1 The amendment to Article 14 shall take effect as of 1st July 2018. Article 2 The amendment to Articles 15 and 37 shall take effect as of 1st April 2018. Article 3 Regardless of Article 22, the term of office of the Directors appointed at the 106th Annual General Meeting of Shareholders held on 28th March 2018 shall expire at the end of the 107th Annual General Meeting of Shareholders. Article 4 Regardless of Article 36, the 107th business year of the Company shall be	Supplementary Provisions (Deleted) (Deleted) Article 1 Regardless of Article 21, the term of office of the Directors appointed at the 106th Annual General Meeting of Shareholders held on 28th March 2018 shall expire at the end of the 107th Annual General Meeting of Shareholders. Article 2 Regardless of Article 35, the 107th business year of the Company shall be

	15 months commencing on 1st January 2018 and ending on 31st March 2019. Article 5 The amendment to Article 38 shall take effect as of 1st October 2018. Article 6 (Omitted) Article 7 (Omitted)	15 months commencing on 1st January 2018 and ending on 31st March 2019. (Deleted) Article 3 (Omitted) Article 4 (Omitted)

8 Appointment of Directors and Statutory Auditors, and Identification of Statutory Auditors to be Substituted by a Substitute Statutory Auditor at the Idemitsu Kosan Extraordinary General Meeting of Shareholders, and Representative Directors as of the Effective Date

8.1 Idemitsu Kosan shall, at the Idemitsu Kosan Extraordinary General Meeting of Shareholders, submit a proposal that appoints Tsuyoshi Kameoka, Tomonori Okada, Katsuaki Shindome, Masakazu Idemitsu, Kazunari Kubohara, Norio Otsuka, and Yuko Yasuda as candidates for the position of director of Idemitsu Kosan and proposes that each candidate will assume office as a director of Idemitsu Kosan as of the Effective Date subject to the condition that the Share Exchange is effective; provided, however, that if before the Idemitsu Kosan Extraordinary General Meeting of Shareholders such individual becomes unable to so act as a director or as otherwise required, Idemitsu Kosan and Showa Shell may, pursuant to mutual consultation, change any of such candidates by mutual agreement.

8.2 Idemitsu Kosan shall, at the Idemitsu Kosan Extraordinary General Meeting of Shareholders, submit a proposal that appoints Kenji Takahashi and Kenji Yamagishi as candidates for the position of statutory auditor of Idemitsu Kosan and proposes that each candidate will assume office as a Statutory Auditor of Idemitsu Kosan as of the Effective Date subject to the condition that the Share Exchange is effective; provided, however, that if before the Idemitsu Kosan Extraordinary General Meeting of Shareholders such individual becomes unable to so act as a statutory auditor or as otherwise required, Idemitsu Kosan and Showa Shell may, pursuant to mutual consultation, change any such candidate by mutual agreement.

8.3 Idemitsu Kosan shall, at the Idemitsu Kosan Extraordinary General Meeting of Shareholders, submit a proposal that identifies the statutory auditors to be substituted by a substitute statutory auditor, identifying Taigi Ito, a statutory auditor of Idemitsu Kosan, and Kenji Yamagishi, who will assume office of statutory auditor of Idemitsu Kosan as of the Effective Date when the proposal for appointment of Statutory Auditors mentioned in the preceding paragraph is approved, as statutory auditors to be substituted by Junko Kai, the substitute statutory auditor of Idemitsu Kosan; provided, however, that if before the Idemitsu Kosan Extraordinary General Meeting of Shareholders such individual becomes unable to so act as a Substitute Statutory Auditor or as otherwise required, Idemitsu Kosan and Showa Shell may, pursuant to mutual consultation, change any such Substitute Statutory Auditor of Idemitsu Kosan by mutual agreement.

8.4 Idemitsu Kosan shall obtain a resolution of the board of directors and conduct other procedures necessary for Takashi Tsukioka, Tsuyoshi Kameoka, Shunichi Kito, and Tomonori Okada to be appointed as representative directors of Idemitsu Kosan as of the Effective Date (however, pursuant to Article 8.1, the appointment of such individuals appointed as candidates for directors at the Idemitsu Kosan Extraordinary General Meeting of Shareholders shall be subject to the condition that they assume office of director of Idemitsu Kosan as of the Effective Date); provided, however, that if before the Effective Date such individual becomes unable to so act or as otherwise required, Idemitsu Kosan and Showa Shell may, pursuant to mutual consultation, change any such candidate by mutual agreement.

8.5 Idemitsu Kosan shall, by the day immediately preceding the Effective Date, obtain a letter of resignation from each of Susumu Nibuya, Kazuo Maruyama, Toshiaki Sagishima, Kiyoshi Homma, Eri Yokota, Ryosuke Ito, Sakae Hirano, and Shoichiro Niwayama stating that such individual will resign from office of director or statutory auditor (as the case may be) of Idemitsu Kosan as of the day immediately preceding the Effective Date.

9 Dividend of Surplus and Acquisition of Treasury Shares

9.1 Idemitsu Kosan may pay the following dividends of surplus:

(1) interim dividends of surplus in an amount up to a total of 10.4 billion yen, 50 yen per share, to the shareholders or the registered pledgees of shares recorded in the last shareholder register as of September 30, 2018; and

(2) year-end dividend of surplus in an amount up to a total of 10.4 billion yen, 50 yen per share, to the shareholders or the registered pledgees of shares recorded in the last shareholder register as of March 31, 2019.

9.2 Among the following acquisition of treasury shares as resolved at the board of directors' meeting held on July 10, 2018, Idemitsu Kosan may conduct an acquisition of its treasury shares on or after the execution date of this Agreement.

(1)	Type of shares to be acquired:	Idemitsu Kosan common shares
(2)	Aggregate number of shares to be acquired:	12 million shares (maximum)
(3)	Aggregate amount of purchase price:	55 billion yen (maximum)
(4)	Acquisition period:	July 17, 2018 to December 28, 2018
(5)	Acquisition method:	Market purchase based on a discretionary transaction

9.3 Showa Shell may pay a year-end dividend of surplus in an amount up to a total of 31.9 billion yen, 85 yen per share, to the shareholders or the registered pledgees of shares recorded in the last shareholder register as of March 31, 2019.

9.4 Unless otherwise determined in the preceding paragraphs, after the execution of this Agreement, Idemitsu Kosan and Showa Shell shall not pass a resolution with

respect to (i) a dividend of surplus with a reference time that is on a day prior to the Effective Date, or (ii) an acquisition of its treasury shares with an acquisition date that is on a day prior to the Effective Date (excluding the acquisition of its treasury shares in the case where pursuant to the applicable laws and regulations, such treasury shares must be acquired in response to the exercise of the shareholders rights).

10 Management of Corporate Assets

During the period from the execution of this Agreement until the Effective Date, Idemitsu Kosan and Showa Shell shall each respectively execute their business and manage and operate their assets with the due care of a prudent manager; and except as otherwise set forth in this Agreement or separately agreed by the parties, Idemitsu Kosan and Showa Shell may conduct an act that may materially affect their assets, rights or obligations only after mutual consultation.

11 Cancellation of Treasury Shares

As of the Reference Time, Showa Shell shall cancel all treasury shares that it holds at such Reference Time (including shares that Showa Shell obtains in response to a demand by dissenting shareholders in connection with the Share Exchange that Showa Shell purchase their shares under Article 785, paragraph 1 of the Companies Act) pursuant to the resolution of the Showa Shell board of directors' meeting, which is to be held by the day immediately preceding the Effective Date.

12 Exercise of Voting Rights at the FY2019 Annual General Meeting of Shareholders of Idemitsu Kosan

Subject to the condition that the amendment to the articles of incorporation set forth in Article 7.2 is effective and the Share Exchange is effective, by the Effective Date, Idemitsu Kosan shall, under Article 124, paragraph 4 of the Companies Act, adopt a resolution at its board of directors' meeting granting to the shareholders of Showa Shell to whom the shares of Idemitsu Kosan common stock will be allotted and delivered upon the Share Exchange voting rights for the allotted and delivered shares of Idemitsu Kosan common stock that are exercisable at the annual general meeting of shareholders of Idemitsu Kosan to be held in June 2019.

13 Amendment of the Share Exchange Conditions and Discontinuance of the Share Exchange

If, during the period between the execution of this Agreement and the Effective Date, a material change in the financial condition or business performance of Idemitsu Kosan or Showa Shell occurs or is discovered, an event that may be a material obstacle to the implementation of the Share Exchange in accordance with this Agreement occurs or is discovered, or it otherwise becomes difficult to achieve the purpose of the Share Exchange, Idemitsu Kosan and Showa Shell may, pursuant to good faith discussions, amend or terminate this Agreement.

14 Effect of this Agreement

This Agreement shall cease to be effective if:

(1) either of the approvals for this Agreement, as set forth in Article 6, has not been obtained from the Idemitsu Kosan Extraordinary General Meeting of Shareholders or the Showa Shell Extraordinary General Meeting of Shareholders by the day immediately preceding the Effective Date; or

(2) any approval, etc. necessary for the Share Exchange has not been obtained from any relevant governmental authorities, etc. in compliance with laws and regulations (including foreign laws and regulations) by the day immediately preceding the Effective Date.

15 Jurisdiction

Any dispute arising in connection to this Agreement shall be subject to the exclusive jurisdiction of the Tokyo District Court as the court of first instance.

16 Good Faith Discussions

Except as otherwise set forth herein, Idemitsu Kosan and Showa Shell shall, in accordance with the purpose of this Agreement, determine any matters required for the Share Exchange through good faith discussions.

IN WITNESS WHEREOF, Idemitsu Kosan and Showa Shell execute this Agreement in duplicate and affix their respective names and seal impressions, and each shall retain one copy.

October 16, 2018

Idemitsu Kosan:
3-1-1 Marunouchi, Chiyoda-ku, Tokyo
Idemitsu Kosan Co., Ltd.
Shunichi Kito, Representative Director and Chief Executive Officer

Showa Shell:
2-3-2 Daiba, Minato-ku, Tokyo
Showa Shell Sekiyu K.K.
Tsuyoshi Kameoka, Representative Director, President, Executive Officer, CEO

3. Matters Regarding Appropriateness of Provisions Concerning Matters Set Forth in Article 768, Paragraph (1), Items (ii) and (iii) of the Companies Act

(1) Matters regarding the appropriateness of provisions concerning the number of shares to be delivered at the share exchange or the method for its calculation, and the allotment of

those shares

① Details of allocation in the Share Exchange (the share exchange ratio)

	The Company	Showa Shell
Share exchange ratio	1	0.41

(Note 1) Share allocation ratio

0.41 shares of the Company common stock will be allocated for every one share of Showa Shell common stock.

(Note 2) Number of shares to be delivered through the Share Exchange

At the time of the Share Exchange, the Company will allocate and deliver 105 million shares (planned) of common stock to the shareholders of Showa Shell (meaning shareholders after the cancellation of Showa Shell's treasury shares described below, and excluding the Company and Showa Shell) as of the time immediately before the Company acquires all of the issued shares of Showa Shell through the Share Exchange (the "Reference Time"). the Company will, at the allotment and delivery of its shares, appropriate the treasury shares it holds, although the number of treasury shares to be appropriated has not been decided to date.

Showa Shell will at the Reference Time cancel all treasury shares it holds as of the Reference Time (including shares to be acquired by Showa Shell in response to dissenting shareholders' demands in relation to the Share Exchange to purchase their shares as stipulated in Article 785, paragraph 1 of the Companies Act) upon a resolution of Showa Shell's board of directors meeting to be held by the day immediately preceding the effective date of the Share Exchange (the "Effective Date"). The number of shares to be allocated and delivered through the Share Exchange may change due to change of the number of Showa Shell's treasury shares and for other reasons.

The Company's board of directors meeting held on July 10, 2018 resolved to acquire its treasury shares, the upper limit of which is 12 million shares of the Company's common stock and 55 billion yen, and the Company completed such acquisition on November 9, 2018. The aggregate number of the shares acquired is 10,439,700 shares, and the aggregate amount of purchase price is 54,999,551,500 yen.

(Note 3) Treatment of shares constituting less than one unit

It is expected that some shareholders will hold shares constituting less than one unit (100 shares) of the Company stock as a result of the Share Exchange. Such shareholders will not be able to sell such shares constituting less than one unit of the Company on any financial instruments exchange markets.

Shareholders who will hold shares constituting less than one unit of the Company may use the following systems on and after the Effective Date.

i. System to demand purchase of shares constituting less than one unit (sale of shares constituting less than one unit)

Shareholders who will hold shares constituting less than one unit of the Company stock may demand that the Company purchase their shares constituting less than one unit pursuant to Article 192, paragraph 1 of the Companies Act.

ii. System to further purchase shares constituting less than one unit (purchase shares required to constitute one unit)
Shareholders who will hold shares constituting less than one unit of the Company stock may purchase from the Company the number of shares required, together with the number of shares constituting less than one unit they hold, to constitute one unit (100 shares) pursuant to Article 194, paragraph 1 of the Companies Act and the relevant provision of the Company's articles of incorporation.

(Note 4) Treatment of any fractional shares

For the current shareholders of Showa Shell who will receive a fraction less than one share of the Company stock upon the Share Exchange, the Company will pay cash to each such shareholder for the value of such fractional shares pursuant to Article 234 of the Companies Act and other relevant laws and regulations.

② Voting rights of shareholders of Showa Shell to whom the Company's common stock will be allotted and delivered at the Share Exchange

The Company's board of directors meeting will resolve, by the Effective Date, to grant to shareholders of Showa Shell to whom the Company's common stock will be allotted and delivered at the Share Exchange, voting rights in relation to such Company's common stock which will be able to be exercised at its annual shareholders' meeting to be held in June, 2019 pursuant to Article 124, paragraph 4 of the Companies Act, subject to a condition precedent that (i) the amendment to Showa Shell's articles of incorporation, in which the provision regarding the record date to exercise voting rights is deleted, becomes effective, and (ii) the Share Exchange becomes effective.

③ Basis for the Share Exchange Ratio of the Share Exchange, etc.

(i) Basis and reasons for the share exchange ratio

The Company and Showa Shell carefully negotiated and discussed the share exchange ratio, referring to the share exchange ratio calculated by third party financial advisors appointed by each company, using the respective share prices as the main criterion, and based on the results of due diligence reviews mutually carried out by both companies and the profit of both companies' shareholders, etc. After prudent and thorough discussions, both companies have come to an agreement and concluded that the share exchange ratio (the "Share Exchange Ratio") described in 1. (4) above is appropriate.

(ii) Matters related to the calculation

(a) Names of the financial advisors and their relationships with both companies

In order to ensure the fairness of the share exchange ratio of the Share Exchange for each company's shareholders, each company appointed third party financial advisors for the calculation of the ratio. Showa Shell retained Lazard Frères K.K. ("Lazard") and Mizuho Securities Co., Ltd. ("Mizuho Securities"), and the Company retained JPMorgan Securities Japan Co., Ltd., Goldman Sachs Japan Co., Ltd., and Daiwa Securities Co. Ltd. Although the Company and Showa Shell have obtained loans from a bank in Mizuho Securities' group, Mizuho Securities and its group banks have developed and implemented appropriate conflict of interest management systems in accordance with the applicable laws. As Showa Shell determined that appropriate measures to prevent inappropriate practices had been implemented in connection with the calculation of the share exchange ratio, Showa Shell retained Mizuho Securities as a third party financial advisor. None of the other third party financial advisors of the Company or Showa Shell has any material interest to be noted in connection with the Share Exchange.

(b) Overview of the calculation

Please refer to Schedule "Overview of the calculation related to the share exchange ratio by each third party financial advisor of the Company" for an overview of the results of their calculation.

④ Measures to ensure fairness

(i) Obtaining valuation reports and written fairness opinions from independent third party financial advisors

The Company (i) received valuation reports with respect to the Share Exchange Ratio from its independent third party financial advisors stated in ③ (ii) (a) above, and (ii) obtained a written fairness opinion from each independent third party financial advisor to the effect that, as of the date of such opinion and based on the assumptions set forth by each independent third party financial advisor in Schedule "Overview of the calculation related to the share exchange ratio by each third party financial advisor of the Company" and other conditions, the share exchange ratio is fair, from a financial point of view, to the Company.

Showa Shell (i) received valuation reports with respect to the Share Exchange Ratio from its independent third party financial advisors stated in ③ (ii) (a) above, and (ii) obtained written fairness opinions to the effect that the Share Exchange Ratio is reasonable or fair, from a financial point of view.

(ii) Advice from independent law firms

The Company has obtained advice while conducting the due diligence and the various procedures for the Business Integration from legal consultants from Nishimura & Asahi.

Showa Shell has obtained advice while conducting the due diligence and the various procedures for the Business Integration from legal consultants from Mori Hamada & Matsumoto.

(iii) Advice from independent accounting and tax firms

The Company has obtained advice while conducting the due diligence from accounting and tax consultants from Deloitte Tohmatsu Financial Advisory LLC.
Showa Shell has obtained advice while conducting the due diligence from financial and tax consultants from Ernst & Young Transaction Advisory Services Co., Ltd. and Ernst & Young Tax Co.

(vi) Establishment of a special committee at Showa Shell and obtaining its report

In relation to the Business Integration with the Company, in order to secure a transparent and fair decision-making process, Showa Shell's board of directors has established a special committee consisting of its independent officers, with which it has consulted as to whether: (a) the special committee can reasonably determine that the Share Exchange will enhance the corporate value; (b) the special committee can reasonably determine that the Share Exchange will be implemented through a fair procedure for the shareholders, and respect their interests, and (c) the Share Exchange is not detrimental to the minority shareholders, and Showa Shell has obtained from the special committee a report stating that (A) it is reasonable for Showa Shell's Board of Directors to decide to implement the Share Exchange based on the fact that (a) it can be reasonably concluded that the Share Exchange contributes to enhancing Showa Shell's corporate value, and (b) it can be reasonably concluded that Showa Shell's shareholders' interests in the Share Exchange have been considered through fair procedures, and (B) it can be reasonably concluded that the minority shareholders of Showa Shell are not disadvantaged by the Share Exchange. For more details, please see ⑤ (i) below.

(v) Obtaining a written calculation and opinion from Showa Shell's special committee's own independent financial advisor

Showa Shell's special committee has independently nominated Nomura Securities Co., Ltd. ("Nomura Securities") as its independent financial advisor and third-party calculation agent, by which it has been advised regarding the points to be noted, etc. in relation to the Share Exchange, and from which it has obtained a written calculation of the share exchange ratio of the Share Exchange. Further, the special committee has obtained a written fairness opinion to the effect that the Share Exchange Ratio is reasonable, from a financial point of view, to shareholders of Showa Shell, excluding the Company.

(vi) Advice from Showa Shell's special committee's own independent legal advisor

Showa Shell' special committee has independently nominated Nakamura, Tsunoda & Matsumoto as its independent legal advisor, from which it has obtained advice, from a legal perspective, with respect to the special

committee's deliberation methods and process, and the points to be noted, etc. in relation to the Share Exchange.

⑤ Measures to avoid conflicts of interest

In order to secure a transparent and fair decision-making process in relation to the execution of the Share Exchange Agreement, Showa Shell took the following measures, because the Company owns 117,761,200 shares, which is equivalent to 31.25% of the outstanding shares, of Showa Shell, and has interests in the Business Integration.

(i) Establishment of a special committee at Showa Shell and obtaining its report

On February 10, 2015, in relation to the Business Integration with the Company, in order to secure a transparent and fair decision-making process, Showa Shell's board of directors meeting established a special committee consisting of Showa Shell's independent officers at the time. The special committee has, since March 28, 2018, collected information and deliberated on the propriety of the Business Integration and decision-making process regarding the Business Integration, with the four committee members being Norio Otsuka and Yuko Yasuda, both of whom are Showa Shell's outside directors, and have been filed with the Tokyo Stock Exchange as independent officers, and Midori Miyazaki and Kenji Yamagishi, both of whom are Showa Shell's outside statutory auditors, and have been filed with the Tokyo Stock Exchange as independent officers. Also, on September 6, 2018, after the decision to realize the Business Integration by way of share exchange, Showa Shell's board of directors meeting, when specifying what matters the special committee would be consulted about and deliberating on with respect to the Share Exchange, consulted with the special committee as to whether: (a) the special committee can reasonably determine that the Share Exchange will enhance the corporate value; (b) the special committee can reasonably determine that the Share Exchange will be implemented through a fair procedure for the shareholders, and respect their interests; and (c) the Share Exchange is not detrimental to the minority shareholders.
In addition to holding a total of 16 meetings from March 28, 2018 to October 16, 2018, the special committee carefully deliberated on the Business Integration, by mutually consulting each other from time to time between those meeting dates through e-mails, etc., as well as collecting information individually, or through independent advisors. At the time of those deliberations, the special committee received an explanation from Showa Shell, regarding the purposes of the Business Integration, the management structure after the Business Integration, integration synergies from the Business Integration, results of the due diligence conducted in the course of deliberating on the Share Exchange, the details and formulation procedures for the business plan which will be used as the basic materials for the calculation of the share exchange ratio of the Share Exchange, and the terms and conditions of the Share Exchange. Also, as well as discussing the negotiation policy on the share exchange ratio of the Share Exchange, the special committee (i) obtained a detailed report regarding information sharing on the status of the negotiations, (ii) represented and exchanged opinions

regarding the share exchange ratio based on advice from Nomura Securities, an independent financial advisor, and of Nakamura, Tsunoda & Matsumoto, an independent legal advisor, and (iii) was substantially involved in negotiations regarding the share exchange ratio of the Share Exchange.
Further, submitting a report, the special committee has obtained advice from Nomura Securities, in addition to Mizuho Securities and Lazard, both of whom are Showa Shell's third-party financial advisors, from a financial perspective, regarding the share exchange ratio of the Share Exchange.
Further, the special committee respectively obtained, (i) from Mori Hamada & Matsumoto, Showa Shell's legal advisor, advice, from a legal perspective, on the decision-making methods, processes, and points to be noted about Showa Shell's board of directors meeting regarding the Share Exchange, and (ii) from Nakamura, Tsunoda & Matsumoto, a legal advisor appointed by the special committee independently from Showa Shell, advice, from a legal perspective, on the deliberating methods, processes, and points to be noted about the special committee regarding the Share Exchange.
As a result, on October 16, 2018, the special committee submitted, to Showa Shell's board of directors meeting, a report which substantially contained the details below.

(A) In the petroleum wholesale industry that Showa Shell belongs to, the reinforcement of companies' competitiveness through business integration has become a pressing task, but synergies are reasonably expected to increase to up to a maximum of 60.0 billion yen as a result of the Business Integration, and the Share Exchange can be reasonably concluded to contribute to enhancing Showa Shell's corporate value.
(B) In addition to (a) the plan to appropriately disclose information in relation to the Share Exchange, (b) guaranteeing a structure for the Share Exchange that respects the special committee's conclusion, (c) the plan to obtain approval from all directors (excluding directors who have interests), and an opinion of no objection from all statutory auditors, (d) obtaining advice from multiple independent financial advisors and legal advisors, (e) obtaining share exchange ratio calculation reports and fairness opinions from multiple independent third party financial advisors (i.e., two financial advisors of Showa Shell and one financial advisor independent from the special committee for a total of three companies), (f) attaching a premium to the Share Exchange Ratio that exceeds the median premium of the most recent, similar precedent cases within the scope of the evaluated ranges of the results calculated by Mizuho Securities and Lazard (i.e., Showa Shell's third party financial advisors) and Nomura Securities (i.e., the special committee's third party financial advisor), and (g) the agreement reached as a result of sincere negotiations with the Company, (h) it can be reasonably expected that synergies will increase to up to a maximum of 60.0 billion yen as a result of the Share Exchange, and that Showa Shell's shareholders can enjoy those synergies by remaining as shareholders of the Company after the Share Exchange. Based on the above, it can be reasonably concluded that the shareholders' interests in the Share Exchange have been considered through fair procedures.

(C) Based on (A) and (B) above, it is reasonable for Showa Shell's Board of Directors to decide to implement the Share Exchange.

(D) Since, as described in (A) and (B) above, it can be reasonably concluded that the Share Exchange contributes to enhancing Showa Shell's corporate value, and the shareholders' interests in the Share Exchange have been considered through fair procedures, it can be reasonably concluded that the minority shareholders of Showa Shell are not disadvantaged by the Share Exchange.

(ii) Approval from all directors (excluding directors who have interests) and an opinion of no objection from all statutory auditors of Showa Shell

The proposal regarding the execution of the Share Exchange Agreement submitted at Showa Shell's board of directors meeting was unanimously approved and passed by all directors of Showa Shell (excluding Daisuke Saki and Katsumi Saito, both of whom may have interests in the Business Integration through having been directors of the Company in the past), and all statutory auditors of Showa Shell stated their opinions that they have no objection to the implementation of the Share Exchange.
Neither Daisuke Seki nor Katsumi Saito attended the deliberation or the resolution on the proposal regarding the Share Exchange at Showa Shell's board of directors meeting, in order to avoid any conflicts of interest.
Neither of them attended the consultations or negotiations regarding the Share Exchange with the Company, from the standpoint of Showa Shell.

(2) Matters regarding appropriateness of provisions concerning the Company's capital and capital reserve

The provisions concerning the Company's capital, capital reserve and profit reserve that will increase through the share exchange are as follows. These provisions were determined within the scope of laws and regulations taking into account the present amount of capital and capital reserve of the Company and the financial status of the Company after the share exchange and other circumstances comprehensively, and are believed to be appropriate.

① Amount of capital to be increased: 0 yen
② Amount of capital reserve to be increased: Changes in net assets set forth in Article 39 of the Ordinance on Company Accounting
③ Amount of profit reserve to be increased: 0 yen

4. Matters Regarding Appropriateness of Provisions for Share Options

There is no applicable matter.

5. Matters Regarding Wholly-owned Subsidiary of the Share Exchange

(1) Details of financial statements, etc. of Showa Shell for the most recent business year (from January 1, 2017 to December 31, 2017)

Details of the financial statements, etc. of Showa Shell for the most recent business year have been disclosed on the Company's website (http://www.idemitsu.co.jp) pursuant to laws and regulations, and Article 15 of the Articles of Incorporation of the Company.

(2) Details of events that have material effects on the status of corporate assets that occurred after the last day of the last business year (from January 1, 2017 to December 31, 2017)

① Acquisition and cancellation of treasury shares

Showa Shell's board of directors meeting held on August 9, 2018 resolved to acquire its treasury shares in accordance with Article 156 of the Companies Act, as applied pursuant to Article 165, paragraph 3 of the Companies Act, and to cancel its treasury shares in accordance with Article 178 of the Companies Act, as follows.

(i) Reasons for the acquisition of treasury shares

In order to enhance "additional shareholder return" and "strategic investment for the future growth" based on the mid-term business strategy.

(ii) Details of resolved matters regarding the acquisition of treasury shares

(a) Type of shares
Common shares
(b) Aggregate number of shares to be acquired
6 million shares (upper limit)
(1.59% of the total number of the issued shares, excluding treasury shares)
(c) Aggregate amount of purchase price
10 billion yen (upper limit)
(d) Acquisition period
From August 16, 2018 to October 31, 2018
(e) Acquisition method
Market purchase at the Tokyo Stock Exchange

(iii) Results of the acquisition of treasury shares

As a result of the acquisition through market purchase at the Tokyo Stock Exchange above, Showa Shell acquired its 4,254,400 common shares, the aggregate amount of purchase price of which is 9,999,883,800 yen.

(vi) Details of resolved matters regarding the cancellation of treasury shares

(a) Type of shares
Common shares
(b) Aggregate number of shares to be cancelled
All of the shares of common share to be acquired pursuant to (ii) above
(c) Scheduled date of cancellation
November 30, 2018

② Dividend of surplus

In order to enhance "additional shareholder return" and "strategic investment for the future growth" based on the mid-term business strategy newly formulated in 2017, Showa Shell's board of directors meeting held on October 16, 2018 resolved to pay dividends of surplus, the record date of which is March 31, 2019, the effective date of which is June 28, 2019, and dividends per share of which is 85 yen (the aggregate amount of dividends is 31,810 million yen (planned)). The dividends will be officially decided at the extraordinary general meeting of shareholders to be held on December 18, 2018.

③ Execution of the Business Integration Agreement and the Share Exchange Agreement with the Company

Showa Shell executed the Business Integration Agreement as of July 10, 2018, and the Share Exchange Agreement as of October 16, 2018, with the Company.

6. Details of Events that Have Material Effects on the Status of Corporate Assets that Occurred to the Company after the Last Day of the Last Business Year (from April 1, 2017 to March 31, 2018)

① Acquisition of treasury shares

The Company's board of directors meeting held on July 10, 2018 resolved to acquire its treasury shares as follows pursuant to the Articles of Incorporation, under the provision of Article 459, paragraph 1 of the Companies Act.

(i) Reasons for the acquisition of treasury shares

In order to appropriately return profits to the Company's shareholders before the implementation of the Business Integration, and to improve the capital efficiency and earnings per share through the decrease in number of shares.

(ii) Details of resolved matters regarding the acquisition of treasury shares

(a) Type of shares
Common shares
(b) Aggregate number of shares to be acquired
12 million shares (upper limit)
(5.77% of the total number of the issued shares, excluding treasury shares)
(c) Aggregate amount of purchase price
55 billion yen (upper limit)
(d) Acquisition period
From July 17, 2018 to December 28, 2018
(e) Acquisition method
Market purchase based on the discretionary dealing contract

(iii) Results of the acquisition of treasury shares

As a result of the acquisition through market purchase based on the discretionary dealing contract above, the Company acquired its 10,439,700 common shares, the aggregate amount of purchase price of which is 54,999,551,500 yen.

② Issuance of unsecured straight bonds

The Company's board of directors meeting held on September 12, 2018 resolved to issue unsecured straight bonds (the "Bonds") as follows.

(a) Name of bonds	Idemitsu Kosan Co., Ltd. 6th Series Unsecured Straight Bonds (with inter-bond pari passu clause)	Idemitsu Kosan Co., Ltd. 7th Series Unsecured Straight Bonds (with inter-bond pari passu clause)
(b) Total amount of issue	10 billion yen	10 billion yen
(c) Denomination of each bond	100 million yen	100 million yen
(d) Application of the Act on Book-Entry Transfer of Company Bonds, Shares, etc.	The Bonds are subject to the application of provisions of the Act on Book-Entry Transfer of Company Bonds, Shares, etc. (the "Act"). Pursuant to a provision of Article 67, paragraph 1 of the Act, bond certificates shall not be issued for the Bonds.	
(e) Interest rate	0.270% per annum	0.414% per annum
(f) Issue price	100 yen per face value 100 yen	
(g) Redemption price	100 yen per face value 100 yen	
(h) Term and redemption method	7 years (a) Maturity date The principal of the Bonds shall be redeemed in a hump sum on September 19, 2025.	10 years (a) Maturity date The principal of the Bonds shall be redeemed in a hump sum on September 19, 2028.
	(b) Retirement by purchase The Company may repurchase the Bonds on or after the day after the closing date, unless otherwise provided for by the book-entry transfer institution.	
(i) Interest payment date	March 19 and September 19 of each year	
(j) Offering period	September 12, 2018	
(k) Closing date	September 19, 2018	
(l) Method of offering	Public offering in Japan	
(m) Collateral	The Bonds are neither secured by any collateral nor guaranteed, and	

	there are no particular assets reserved for the payment of the Bonds.	
(n) Financial covenants	Negative pledge clause (with inter-bond pari passu clause) attached.	
(o) Underwriters	Daiwa Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., SMBC Nikko Securities Inc., and Mizuho Securities Co., Ltd.	SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Daiwa Securities Co., Ltd., and Mizuho Securities Co., Ltd.
(p) Place for application	Head offices and domestic branch offices of the underwriters	
(q) Fiscal, issuing and paying agent	Sumitomo Mitsui Trust Bank, Limited	
(r) Book-entry transfer institution	Japan Securities Depository Center, Incorporated	
(s) Rating	A (Japan Credit Rating Agency, Ltd.)	

③ Execution of the Business Integration Agreement and the Share Exchange Agreement with Showa Shell

The Company executed the Business Integration Agreement as of July 10, 2018, and the Share Exchange Agreement as of October 16, 2018, with Showa Shell.

Schedule

Overview of the calculation related to the share exchange ratio by each third party financial advisor of the Company

(J.P. Morgan)

J.P. Morgan performed an average market share price analysis on the common stock of the Company and Showa Shell, as well as a discounted cash flow ("DCF") analysis based on the projections prepared and furnished to J.P. Morgan by the managements of the Company and Showa Shell in order to take into account the state of future business operations in the valuation. The calculated ranges of the Share Exchange Ratio for the Share Exchange based on each method are as indicated below. The calculated ranges of the Share Exchange Ratio below show the range of the number of shares of the Idemitsu Kosan common stock to be allotted for each share of common stock of Showa Shell.

In performing the average market share price analysis, J.P. Morgan used October 15, 2018 as the base date ("Base Date"), and reviewed the per share closing price trading data of Idemitsu Kosan and Showa Shell on the Base Date and the average daily closing share prices of the Company and Showa Shell on the Tokyo Stock Exchange ("TSE") for one-month, three-month and six-month periods through the Base Date.

The business plan of the Company for the fiscal years ending March 2019 to March 2023, used as the basis for the DCF analysis by J.P. Morgan, does not include fiscal years

with an expected substantial earnings increase or decrease. On the other hand, the business plan of Showa Shell for the fiscal years ending March 2019 to March 2023, used as the basis for the DCF analysis by J.P. Morgan, includes fiscal years with an expected substantial earnings increase or decrease. Specifically, the earnings for the fiscal year ending March 2019 is expected to increase substantially on a year-on-year basis, due to improvement in profitability of the Oil Business, earnings for the fiscal year ending March 2020 is expected to decrease substantially on a year-on-year basis due to, among other things, an unfavorable petroleum products market condition and periodic maintenances of refineries, and earnings for the fiscal year ending March 2021 is expected to increase substantially on a year-on-year basis due to, among other things, profit improvement due to recovery of overseas petroleum products market condition along with changes in regulations and completion of periodic maintenances of refineries.

	Valuation Method	Calculated Range of the Share Exchange Ratio
1	Average Share Price Analysis	0.39 ～ 0.41
2	DCF Analysis	0.39 ～ 0.45

J.P. Morgan delivered to the Board of Directors of the Company a written opinion, as of October 16, 2018, that the share exchange ratio to be used in the Share Exchange ("Share Exchange Ratio") was, as of the same date, fair, from a financial point of view, to the Company.

The written opinion was provided solely for the benefit of the Board of Directors of the Company in connection with evaluation of the Share Exchange and for the purposes of reference in performing such evaluation. The written opinion does not constitute a recommendation to any shareholder of the Company as to how such shareholder should vote with respect to the Share Exchange or any other matter.

In giving its opinion and conducting analyses with respect to the Share Exchange Ratio, which was the basis for the written opinion, J.P. Morgan has relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by the Company and Showa Shell or otherwise reviewed by or for J.P. Morgan. J.P. Morgan has not independently verified any such information or its accuracy or completeness and, J.P. Morgan did not assume any obligation to undertake any such independent verification. J.P. Morgan has not conducted or been provided with any valuation or appraisal of any assets or liabilities of the Company or Showa Shell, nor has it evaluated the solvency of the Company or Showa Shell under any laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom, J.P. Morgan has assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Company and Showa Shell to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts or the assumptions on which they were based. J.P. Morgan has also assumed that the Share Exchange and the other transactions contemplated by the share exchange agreement (the "Agreement") will qualify as a tax-free reorganization for Japanese income tax purpose, and will be consummated as described in the Agreement, and that the definitive Agreement will not differ in any material respects from the draft thereof furnished to J.P. Morgan. J.P.

Morgan has also assumed that the representations and warranties made by the Company and Showa Shell in the Agreement and the related agreements are and will be true and correct in all respects material to J.P. Morgan's analysis. J.P. Morgan is not a legal, regulatory, tax or accounting expert and relied on the assessments made by advisors of the Company with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Share Exchange would be obtained without any adverse effect on the Company or Showa Shell or on the contemplated benefits of the Share Exchange. In addition, with the approval of the Company, J.P. Morgan has assumed that the proposed buyback by the Company of its common stock announced on July 10, 2018 will be completed in full as announced.

The opinion and analyses with respect to the Share Exchange Ratio, which was the basis for the written opinion, provided by J.P. Morgan were necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of October 16, 2018. It should be understood that subsequent developments may affect the opinion and that J.P. Morgan does not have any obligation to update, revise, or reaffirm such analyses and opinion. The written opinion was limited to the fairness, from a financial point of view, to the Company of the Share Exchange Ratio in the proposed Share Exchange and J.P. Morgan expressed no opinion as to the fairness of the Share Exchange to the holders of any class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the Share Exchange. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the Stock Exchange, or any class of such persons relative to the Share Exchange Ratio in the Transaction or with respect to the fairness of any such compensation. J.P. Morgan expressed no opinion as to the price at which common stock of the Company or Showa Shell will trade at any future time.

The financial projections for the Company and Showa Shell furnished to J.P. Morgan by the two companies were prepared by the managements of the Company and Showa Shell, respectively. Neither the Company nor Showa Shell publicly discloses internal management projections of the type provided to J.P. Morgan in connection with J.P. Morgan's analysis of the Share Exchange, and such projections were not prepared with a view toward public disclosure. These projections were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of management, including, without limitation, factors related to general economic and competitive conditions and prevailing interest rates. Accordingly, actual results could vary significantly from those set forth in such projections.

The foregoing summary of the analysis with respect to the Share Exchange Ratio and the valuation method thereof does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In providing its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form a view as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in providing its

opinion. None of the selected companies reviewed as described in the above analysis as a comparison is identical to the Company or Showa Shell or any of their respective operating units or subsidiaries. However, the companies selected were chosen because they are publicly traded companies with businesses that, for purposes of JPMorgan's analysis, may be considered similar to those of the Company and Showa Shell, as the case may be. The analyses necessarily involve complex considerations and judgments concerning differences in financial and business characteristics of the companies involved and other factors that could affect the companies compared to the Company and Showa Shell.

J.P. Morgan has acted as financial advisor to the Company with respect to the proposed Share Exchange and will receive a fee from the Company for its services. In addition, the Company has agreed to indemnify J.P. Morgan against certain liabilities arising out of its engagement. During the two years preceding the date of the written opinion, J.P. Morgan and its affiliates have had commercial or investment banking relationships with the Company for which J.P. Morgan and such affiliates have received customary compensation. Such services during such period have included acting as financial advisor to the Company in relation to its acquisition of shares of Showa Shell from Royal Dutch Shell plc, which was closed in December 2016, and acting as a joint global coordinator for the Company's global offering of its common stock, which was closed in July 2017. In addition, J.P. Morgan and its affiliates hold, on a proprietary basis, less than 1% of the outstanding common stock of each of the Company and Showa Shell. In the ordinary course of businesses of J.P. Morgan and its affiliates, they may actively trade the debt and, equity securities or financial instruments (including derivatives, bank loans or other obligations) of the Company or Showa Shell for their own account or for the accounts of customers and, accordingly, J.P. Morgan and its affiliates may at any time hold long or short positions in such securities.

(Goldman Sachs)

Goldman Sachs Japan Co., Ltd and its affiliates (collectively, "Goldman Sachs"), as part of the process of preparing its written opinion referred to in Item "2.(4) Measures to ensure fairness", performed a historical stock price analysis and discounted cash flow ("DCF") analysis, which DCF analysis was based upon publicly available information and certain internal financial analyses and forecasts for the Company and certain financial analyses and forecasts for Showa Shell, in each case, on a stand-alone basis and as prepared by the Company's management and approved for Goldman Sachs' use by the Company. The results of the respective analyses are shown below. The below ranges of the stock exchange ratio are for a number of shares of common stock of the Company ("Company Common Stock") to be issued in exchange for one share of Showa Shell common stock ("Showa Shell Common Stock"). In performing the stock price analysis, Goldman Sachs used October 15, 2018, as the base date, and reviewed as a basis for the analysis the exchange ratio calculated based on the closing market prices of Company Common Stock and Showa Shell Common Stock during the period beginning on July 20, 2017, the day on which the Company completed its global offering of newly issued shares of common stock announced on July 3, 2017 in a press release entitled "Notice on Issuance of New Shares by Way of Global Offering", and ending on the base date as a basis for the analysis. The business plan of the Company prepared by the Company's management for the fiscal years ending March 2019 to March 2023, which the Company provided to, and approved for use by Goldman Sachs as the basis for the DCF analysis, does not include any fiscal years with an expected substantial earnings increase or decrease. On the other hand, the business plan of Showa

Shell prepared by the Company's management for the fiscal years ending March 2019 to March 2023, which the Company provided to, and approved for use by Goldman Sachs as the basis for the DCF analysis, includes fiscal years with an expected substantial earnings increase or decrease. Specifically, earnings for the fiscal year ending March 2019 are expected to increase substantially on a year-on-year basis, due to improvement in profitability of the Oil Business, earnings for the fiscal year ending March 2020 are expected to decrease substantially on a year-on-year basis due to, among other things, unfavorable petroleum products market conditions and periodic maintenances of refineries, and earnings for the fiscal year ending March 2021 are expected to increase substantially on a year-on-year basis due to, among other things, profit improvement due to a recovery in overseas petroleum products market conditions along with changes in regulations and the completion of the periodic maintenance of refineries.

Goldman Sachs delivered to the Company a written opinion, approved by a fairness committee of Goldman Sachs, that, as of October 16, 2018, and based upon and subject to certain conditions, including the assumptions described below, the exchange ratio pursuant to the Share Exchange Agreement was fair from a financial point of view to the Company. Goldman Sachs provided its advisory services, the opinion and its financial analysis report (*santei-sho*) regarding the exchange ratio (the "GS Exchange Ratio Report") solely for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Share Exchange and neither such opinion nor the GS Exchange Ratio Report constitutes a recommendation as to how any holder of Company Common Stock should vote with respect to the Share Exchange or any other matter. Goldman Sachs did not recommend any specific stock exchange ratio to the Company or its Board of Directors or that any specific stock exchange ratio constituted the only appropriate stock exchange ratio. Please refer to Note below which sets forth in more detail, the assumptions made, procedures followed, matters considered and limitations on the review undertaken.

Methodology	Range of the stock exchange ratio
Stock Price Analysis	0.34 ～ 0.47
DCF Analysis	0.21 ～ 0.46

Goldman Sachs also conducted a contribution analysis and present value of future stock price analysis. Goldman Sachs reviewed and considered such analyses as a whole in preparing its opinion and did not attribute any particular weight to any factor or analysis considered by it. Goldman Sachs' analyses (including the GS Exchange Ratio Report) and opinion are necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of October 16, 2018, and Goldman Sachs assumes no responsibility for updating, revising or reaffirming its opinion or analyses (including the GS Exchange Ratio Report) based on circumstances, developments or events occurring after such date. Goldman Sachs assumed with the Company's consent that certain internal financial analyses and forecasts for Idemitsu and certain financial analyses and forecasts for Showa Shell and certain operating synergies projected by the Company and Showa Shell to result from the Share Exchange have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company. Except as otherwise noted, the quantitative information used in Goldman Sachs' financial analyses (including the GS Exchange Ratio Report), to the extent it is based on market data, is based on market data as it existed on or before October 15, 2018 and is not necessarily indicative of current market conditions.

(Note)
Goldman Sachs is engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs and its employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of the Company, Showa Shell and any of their respective affiliates and third parties, including Saudi Arabian Oil Company ("Saudi Aramco"), a significant shareholder of Showa Shell, and its affiliates, including the Kingdom of Saudi Arabia (together with its agencies and instrumentalities, the "Kingdom of Saudi Arabia") or any currency or commodity that may be involved in the Share Exchange. Goldman Sachs has acted as financial advisor to the Company in connection with, and has participated in certain of the negotiations leading to, the Share Exchange. Goldman Sachs expects to receive fees for its services in connection with the Share Exchange, the principal portion of which is contingent upon consummation of the Share Exchange, and the Company has agreed to reimburse certain of Goldman Sachs' expenses arising, and indemnify Goldman Sachs against certain liabilities that may arise, out of Goldman Sachs' engagement. Goldman Sachs has provided certain financial advisory and/or underwriting services to the Company and/or its affiliates from time to time for which Goldman Sachs' Investment Banking Division has received, and may receive, compensation, including having acted as a joint lead manager and book runner in connection with a global offering of 41,739,200 shares of Company Common Stock in July 2017 and financial advisor to the Company in connection with an acquisition of 117,761,200 shares of Showa Shell Common Stock in December 2016. Goldman Sachs has also provided certain financial advisory and/or underwriting services to Saudi Aramco and/or its affiliates from time to time for which our Investment Banking Division has received, and may receive, compensation, including having acted as financial advisor to Saudi Aramco in connection with an acquisition of Gunvor Petroleum's Rotterdam interest in Maasvlakte Olie Terminal in October 2017. Goldman Sachs has also provided certain financial advisory and/or underwriting services to the Kingdom of Saudi Arabia and its affiliates from time to time for which our Investment Banking Division has received, and may receive, compensation. Goldman Sachs may also in the future provide financial advisory and/or underwriting services to the Company, Showa Shell, Saudi Aramco, the Kingdom of Saudi Arabia and their respective affiliates for which Goldman Sachs' Investment Banking Division may receive compensation.

In connection with preparing its opinion and the GS Exchange Ratio Report, Goldman Sachs has reviewed, among other things, the Agreement; the Annual Securities Reports (*Yuka Shoken Houkoku-Sho*) and annual reports to stockholders of each of the Company and Showa Shell for the five fiscal years ended March 31, 2018 and December 31, 2017, respectively; certain interim reports to stockholders and the Quarterly Reports (*Shihanki Houkoku-Sho*) of the Company and Showa Shell; certain other communications from Idemitsu and Showa Shell to their respective stockholders; certain publicly available research analyst reports for Idemitsu and Showa Shell; certain internal financial analyses and forecasts for Showa Shell prepared by its management; and certain internal financial analyses and forecasts for the Company and certain financial analyses and forecasts for Showa Shell, in each case, as prepared by the management of the Company and approved for Goldman Sachs' use by the Company (the "Forecasts"), and certain operating synergies projected by the managements of the Company and Showa Shell to result from the Share Exchange, as approved for Goldman Sachs' use by the Company (the "Synergies"). Goldman Sachs has also held discussions with members of the senior management of the Company regarding their assessment of the past and current business operations, financial condition and future prospects of Showa Shell and the Company and the strategic rationale for, and the potential benefits of, the Share Exchange; reviewed the reported price and trading activity for the shares of Company Common Stock and the shares of Showa Shell Common Stock; compared certain financial and stock market information for the Company and Showa Shell with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the oil refinery industry and in other industries; and performed such other studies and analyses, and considered such other factors, as Goldman Sachs deemed appropriate.

For purposes of rendering its opinion and the GS Exchange Ratio Report, Goldman Sachs has, with the Company's consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, Goldman Sachs, without assuming any responsibility for independent verification thereof. In that regard, Goldman Sachs has assumed with the Company's consent that the Forecasts and the Synergies, have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company. Goldman Sachs has not made an independent evaluation or appraisal of the assets and liabilities (including any

contingent, derivative or other off-balance-sheet assets and liabilities) of the Company or Showa Shell or any of their respective subsidiaries and Goldman Sachs has not been furnished with any such evaluation or appraisal. Goldman Sachs has assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Share Exchange will be obtained without any adverse effect on the Company or Showa Shell or on the expected benefits of the Share Exchange in any way meaningful to Goldman Sachs' analysis. Goldman Sachs also has assumed that the Share Exchange will be consummated on the terms set forth in the Agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to Goldman Sachs' analysis.

Neither Goldman Sachs' opinion nor the GS Exchange Ratio addresses the underlying business decision of the Company to engage in the Share Exchange, or the relative merits of the Share Exchange as compared to any strategic alternatives that may be available to the Company; nor does it address any legal, regulatory, tax or accounting matters. Goldman Sachs' opinion addresses only the fairness from a financial point of view to the Company, as of the date hereof, of the Exchange Ratio pursuant to the Agreement. Goldman Sachs does not express any view on, and Goldman Sachs' opinion does not address, any other term or aspect of the Agreement or Share Exchange or any term or aspect of any other agreement or instrument contemplated by the Agreement or entered into or amended in connection with the Share Exchange, including, the fairness of the Share Exchange to, or any consideration received in connection therewith by, the holders of any class of securities, creditors, or other constituencies of the Company; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company or Showa Shell, or any class of such persons in connection with the Share Exchange, whether relative to the Exchange Ratio pursuant to the Agreement or otherwise. Goldman Sachs is not expressing any opinion as to the prices at which shares of the Company Common Stock will trade at any time or as to the impact of the Share Exchange on the solvency or viability of the Company or Showa Shell or the ability of the Company or Showa Shell to pay their respective obligations when they come due. Goldman Sachs' opinion and the GS Exchange Ratio Report are necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, the date hereof and Goldman Sachs assumes no responsibility for updating, revising or reaffirming its opinion or the GS Exchange Ratio Report based on circumstances, developments or events occurring after the date hereof. Goldman Sachs' advisory services, the opinion expressed by Goldman Sachs, and the GS Exchange Ratio Report are provided solely for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Share Exchange and neither such opinion nor the GS Exchange Ratio Report constitutes a recommendation as to how any holder of Company Common Stock should vote with respect to such Share Exchange or any other matter. Goldman Sachs' opinion has been approved by a fairness committee of Goldman Sachs.

(Daiwa)

In performing its analysis, Daiwa reviewed the financial information of both companies, in addition to reviewing the terms and conditions of the Share Exchange. Daiwa used a stock price analysis, since the shares of both companies are listed on a securities exchange and market share prices are publicly available. In addition, to evaluate future business operations, Daiwa performed a valuation based on a discounted cash flow ("DCF") analysis. The valuation ranges of the Share Exchange Ratio set forth below represent the valuation ranges for the number of shares of the Company common stock to be allocated in exchange for one share of Showa Shell common stock.

Analysis Method	Calculation Range of Share Exchange Ratio
Stock Price Analysis	0.39 - 0.41
DCF Analysis	0.32 - 0.48

In performing the stock price analysis, Daiwa used October 15, 2018 as the reference date and reviewed the closing share prices from the Tokyo Stock Exchange on the reference date and the average of the closing share prices during the most recent month, the most recent three (3) months and the most recent six (6) months, each ending on the reference date.

Daiwa rendered its fairness opinion to the Company, dated October 16, 2018, stating that from a financial point of view, the agreed upon Share Exchange Ratio is fair to the Company, subject to the conditions set forth below and certain other conditions.

In preparing its fairness opinion, Daiwa analyzed and reviewed the Share Exchange Ratio. For such analysis and review, Daiwa used, in principle, as-is material and information provided by both companies as well as publicly available information. Daiwa assumed and relied on the accuracy and completeness of all information that Daiwa reviewed or analyzed, and did not independently verify or assume any obligation to independently verify the accuracy or completeness of such information. Daiwa did not undertake an independent evaluation, appraisal or assessment of any of the assets or liabilities (including, but not limited to, financial derivative products, off-balance-sheet assets and liabilities and other contingent liabilities), on an aggregate or individual basis, of the Company, Showa Shell or any of their respective affiliates (as defined in Article 8(8) of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. of Japan) (hereinafter, "Affiliates"), nor did Daiwa make any request to a third party for any such valuation, appraisal or assessment. In preparing its fairness opinion, Daiwa assumed that there were no undisclosed facts (including contingent liabilities and litigation) in the present or future relating to the Company, Showa Shell or any of their respective Affiliates that might affect its opinion. Daiwa did not evaluate the solvency or creditworthiness of the Company, Showa Shell or any of their respective Affiliates under any applicable laws relating to bankruptcy, insolvency or similar matters. Daiwa did not conduct any physical inspection of the properties or facilities of the Company, Showa Shell or any of their respective Affiliates, nor did Daiwa assume any obligation to do so. Daiwa understands that the Company's accounting, tax, and legal advisors performed financial, tax and legal due diligence, respectively, on Showa Shell based on the scope of due diligence agreed upon between the respective advisors and the Company. Daiwa did not independently verify such scope or assume any obligation with respect to such due diligence.

In preparing its opinion, Daiwa assumed that the business plans, financial forecasts and other information regarding the future furnished to Daiwa by both companies were prepared according to reasonable procedures and reflect the best then-available estimates and judgment of the management of both companies, respectively, and Daiwa neither conducted independent verifications of the accuracy, validity or feasibility of the business plans nor assumed any obligation or responsibility to do so. Daiwa assumed that all assumptions in the preparation of the business plans and financial forecasts were accurate and feasible. Daiwa conducted no independent verifications of the accuracy or feasibility thereof, nor did Daiwa assume any obligation to do so.

Daiwa performed the DCF analysis based on the business plans, financial forecasts and other information regarding the future of both companies provided by the Company. The business plan of Idemitsu for the fiscal years ending March 2019 to March 2023, used as the basis for the DCF analysis by Daiwa, does not include fiscal years with an expected substantial earnings increase or decrease. On the other hand, the business plan of Showa Shell for the fiscal years ending March 2019 to March 2023, used as the basis for the DCF analysis by Daiwa, includes fiscal years with an expected substantial earnings increase or decrease. Specifically, the earnings for the fiscal year ending March 2019 is expected to increase substantially on a year-on-year basis, due to improvement in profitability of the Oil Business, earnings for the fiscal year ending March 2020 is expected to decrease substantially on a year-on-year basis due to, among other things, an unfavorable petroleum

products market condition and periodic maintenances of refineries, and earnings for the fiscal year ending March 2021 is expected to increase substantially on a year-on-year basis due to, among other things, profit improvement due to recovery of overseas petroleum products market condition along with changes in regulations and completion of periodic maintenances of refineries.

Daiwa assumed that the Share Exchange Agreement would be properly and validly executed by both companies with terms and conditions substantially the same as those set forth in the draft of the Share Exchange Agreement that Daiwa reviewed, and that the Share Exchange would be legally and validly performed and completed pursuant to the terms and conditions of the Share Exchange Agreement, without any waiver, revision or amendment of any material terms or conditions thereof. Further, Daiwa assumed that the transaction would be legally and validly performed, that the tax effects arising from the transaction would not be different from the anticipated tax effects by both companies, and that the governmental, regulatory or other consents or approvals necessary for the execution of the transaction would be obtained without any prejudice to the benefits expected to be brought by transaction. Therefore, Daiwa has no obligation to conduct the independent verifications thereof. Daiwa did not evaluate the decision of the Company with respect to its execution of the transaction or the relative merits of the transaction as compared to any strategic alternatives that might be available to the Company, nor was Daiwa requested by the Company to do so. Daiwa is not an accounting, tax or legal expert and neither independently reviewed or analyzed nor assumed any obligation to independently review or analyze the legality or validity of any matter regarding the transaction or the appropriateness of the accounting and tax treatment of any matter regarding the transaction. Daiwa also assumed that the anticipated tax effects of the transaction communicated to Daiwa by the Company would be realized.

Daiwa Securities Group, mainly consisting of Daiwa Securities Group Inc., which is the parent company of Daiwa, conducts investment and financing services business concentrating on securities-related business as the principle business. Daiwa has provided to the Company, Showa Shell and their respective Affiliates its services, for which Daiwa has received compensation in the past and the present, and may do so in the future. The Company fully understands that Daiwa and its affiliates have provided, or may provide in the future, services for other transactions to Showa Shell and its Affiliates, for which Daiwa has received, or may receive, compensation, and has given prior consent to the provision of such services without any objection. In addition, Daiwa and its affiliates may actively trade or hold financial products, including securities and derivatives products, of the Company, Showa Shell or any of their respective Affiliates, for its own and its Affiliates' accounts or for the accounts of customers.

Daiwa's opinion was prepared solely for the use and benefit of the board of directors of the Company in connection with its review of the Share Exchange Ratio. The Company may not cause Daiwa's opinion to be disclosed, referred or communicated to any third party, nor to be used for any third party opinion to be disclosed without Daiwa's prior written consent. The Company will be also solely responsible for such disclosure with Daiwa's prior consent, and Daiwa will not be responsible for such disclosure. Moreover, Daiwa's opinion does not constitute a recommendation or solicitation to any holders of shares of common stock of the Company as to how such holder of shares should vote on the transaction (including exercise of the appraisal right of opposing holders of shares), the assignment and receipt of shares of the Company or any other related matters.

Daiwa's opinion addresses only the fairness of the Share Exchange Ratio from a financial point of view to the holders of the shares of the common stock of the Company, and the Company did not ask Daiwa to address, and Daiwa's opinion does not address, the fairness to, or any other consideration of, any third party other than the holders of shares of common stock of the Company. Daiwa does not provide any opinion on any premise or assumption upon which the determination of the Share Exchange Ratio was based or the underlying business decision of the Company to proceed with the transaction. Daiwa does not express any opinion as to the prices at which the shares of common stock of the Company or Showa Shell will be traded at any time after the date of its opinion. In addition, Daiwa expresses no opinion with respect to the fairness of the amount or nature of any compensation to be received in relation to the Share Exchange Ratio by any officers, directors, employees or any similar such persons involved in the transaction.

Daiwa's opinion is based on financial information prepared in accordance with accounting principles generally accepted in Japan, and did not take into consideration any possible difference in such financial information if prepared under IFRS. Daiwa's opinion is also based upon financial, economic, market and other conditions as they existed as of October 16, 2018, and relied on information made available to Daiwa by October 16, 2018. However, some materials and information used for the calculation were made at different points in time because the availability of materials and information was restricted. Additionally, although Daiwa's opinion may be affected by future changes in conditions, Daiwa does not assume any obligation to revise, renew, supplement or reaffirm its opinion.

Proposition No. 2: Election of seven (7) Directors

In connection with the business integration of the Company and Showa Shell, in order to realize the best composition of the Company's officers to realize the vision of the Company after the business integration, the Company proposes that seven (7) new Directors be elected.

The candidates for Directors are set forth below. The appointment of each candidate under this proposition shall become effective as of the effective date of the share exchange (scheduled to be April 1, 2019) subject to the resolution of Proposition No. 1 as proposed and the share exchange under Proposition No. 1 becoming effective.

There are currently eleven (11) Directors (including four (4) Outside Directors), and as of the effective date of the appointment of each candidate, it is expected that there will be twelve (12) Directors (including five (5) Outside Directors).

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
1	[For new election] Tsuyoshi Kameoka (October 18, 1956)	April 1979 Joined Shell Sekiyu K.K. April 2003 Oil Products Division Manager, Showa Shell April 2005 Senior Officer and Kinki Area Manager, Showa Shell March 2006 Executive Officer, Showa Shell March 2009 Corporate Executive Officer, Showa Shell March 2013 Executive Officer Vice President, Oil Business COO, Showa Shell March 2014 Executive Officer, Oil Business COO, Showa Shell March 2015 President & Representative Director, Group CEO, Energy Solution Business COO, Showa Shell March 2016 President & Representative Director, Group CEO, Showa Shell March 2018 Representative Director, President, Executive Officer, CEO, Showa Shell (to date)	-
	(Reason for nomination as candidate for Director) Mr. Tsuyoshi Kameoka, who has been responsible for the management of Showa Shell as its President & Representative Director since 2015, has accumulated wide experience, knowledge, and expertise. He caused the Showa Shell Sekiyu group to achieve its Medium Term Business Action Plan. Further, with a focus on the future changes in the oil market, he formulated and promoted the Medium Term Business Strategy, and delivered solid results. Thus, management has judged that he will be able to execute the business of the Company properly, fairly and effectively.		

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
2	[For new election] Tomonori Okada (May 12, 1954)	April 1980 Joined Showa Sekiyu K.K. April 2003 Head of Logistics Business Division, Showa Shell Sep. 2006 Senior Officer & Keihin Vice Chief, TOA OIL Co., Ltd. ("TOA OIL") March 2007 Director, TOA OIL March 2009 Managing Director, TOA OIL March 2011 Corporate Executive Officer, Showa Shell March 2013 Senior Corporate Executive Officer, Showa Shell June 2014 Director & Vice President, Seibu Oil Co., Ltd. ("Seibu Oil") June 2015 Representative Director & President, Seibu Oil March 2016 Representative Director, Vice President, Showa Shell March 2018 Representative Director, Vice President, Executive Officer and Oil Business COO, Showa Shell (to date)	-
	(Reason for nomination as candidate for Director) Mr. Tomonori Okada, who served as Representative Director & President of Seibu Oil, has served as Representative Director, Vice President of Showa Shell since 2016. Therefore, he has accumulated wide experience, knowledge, and expertise. Further, he has demonstrated his leadership abilities in the business development of the Showa Shell Sekiyu group, and delivered solid results. Thus, management has judged that he will be able to execute the business of the Group properly, fairly and effectively.		

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Brief history and position and duties in the Company
(and important concurrent office)</th><th>Number of shares of the Company held by Candidate</th></tr>
<tr><td rowspan="2">3</td><td>[For new election]

Katsuaki Shindome
(August 25, 1957)</td><td>April 1980
April 2006

Nov. 2008
March 2009
March 2013</td><td>Joined Shell Sekiyu K.K.
Kyushu Branch Manager, Showa Shell
Kinki Branch Manager, Showa Shell
Executive Officer, Showa Shell
Corporate Executive Officer, Showa Shell (to date)</td><td>-</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Katsuaki Shindome, who was responsible for the sales department and the corporate department which includes health, safety, security and environmental (HSSE) and internal control, as Executive Officer and Corporate Executive Officer of Showa Shell, has accumulated wide experience, knowledge, and expertise. He has promoted the enhancement of the competitiveness and compliance of the Showa Shell Sekiyu group, the improvement of its organizational capacity, and creation of its corporate culture, etc., and delivered solid results. Thus, management has judged that he will be able to execute the business of the Company properly, fairly and effectively.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Brief history and position and duties in the Company
(and important concurrent office)</th><th>Number of shares of the Company held by Candidate</th></tr>
<tr><td rowspan="2">4</td><td>[For new election]

Masakazu Idemitsu
(October 15, 1968)</td><td>April 2010 Councilor, Public Interest Incorporated Foundation Idemitsu Museum of Arts
Councilor, Public Interest Incorporated Foundation Idemitsu Culture and Welfare Foundation
Dec. 2015 Director and Vice President, Nissho Kosan Co., Ltd. (“Nissho Kosan”)
April 2016 Representative Director and President, Nissho Kosan (to date)</td><td>2,421,795 shares</td></tr>
<tr><td colspan="3">(Reason for nomination as candidate for Director)
Mr. Masakazu Idemitsu has been recommended as a candidate for Director by the major shareholders of the Company, based on an agreement entered into between the Company and its major shareholders on July 10, 2018. He has an essential understanding of the details of the Company’s business, and its management philosophy, “respect for human beings,” as a grandson of Mr. Sazo Idemitsu, the founder of the Company. Thus, management has judged that, from the long-term perspective, he will be able to perform his duties as Director properly.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Brief history and position and duties in the Company
(and important concurrent office)</th><th>Number of shares of the Company held by Candidate</th></tr>
<tr><td rowspan="2">5</td><td>[For new election]

Kazunari Kubohara
(July 16, 1967)</td><td>Dec. 2008
April 2010

April 2011

June 2016

July 2017

March 2018
April 2018</td><td>Registered as an attorney, established Kyuhodo Law Firm
Committee Member, Tokyo Local Third-Party Committee to Check Pension Records, Ministry of Internal Affairs and Communications
Delegate, Dai-Ichi Tokyo Bar Association
Statutory Auditor, Class Technology Co., Ltd. (to date)
Auditor, Medical Corporation Hakueikai Miyake Dental Clinic (to date)
Delegate, Japan Federation of Bar Associations (to date)
Vice Chairperson of the Legal Services Obstruction Countermeasures Committee, Dai-Ichi Tokyo Bar Association (to date)</td><td>-</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Kazunari Kubohara has been recommended as a candidate for Director by the major shareholders of the Company, based on an agreement entered into between the Company and its major shareholders on July 10, 2018. It is hereby proposed that he be elected as Outside Director to reflect his long experience and wide knowledge as an attorney. He has an experience working in a corporate environment before he registered as an attorney, is familiar with corporate legal affairs as an attorney, and has extensive knowledge of corporate management. Thus, management has judged that he will be able to perform his duties as Director properly.

(Business relationship between the candidate and the Company)
Mr. Kubohara acts as a representative with regard to legal affairs, etc. of Nissho Kosan, which is the biggest shareholder of the Company. There is no business relationship between the Company and the candidate or his law firm.</td></tr>
</table>

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
6	[For new election] Norio Otsuka (July 5, 1950)	April 1973 Joined NSK Ltd. ("NSK") Dec. 1999 Deputy Head of Corporate Planning Division HQ, NSK April 2000 Vice President, Head of Corporate Planning Division HQ, NSK June 2002 Director, Senior Vice President, Head of Corporate Strategy Division HQ, NSK June 2004 Representative Executive Vice President, Responsible for Administrative Divisions, Head of Corporate Strategy Division HQ, NSK June 2007 Representative Executive Officer and Senior Executive Vice President, NSK June 2009 President and Chief Executive Officer, Chairperson of the Nomination Committee, NSK June 2015 Director, Chairman, NSK June 2016 Chairman, the Japan Bearing Industry Association (to date) March 2017 Outside Director, Showa Shell (to date) June 2017 Honorary Chairman, NSK June 2018 Outside Director, Sojitz Corporation (to date) Advisor, NSK (to date)	-
	(Reason for nomination as candidate for Director) Mr. Norio Otsuka, who served as President and Chief Executive Officer, and Director, Chairman of NSK, has promoted its global growth strategy, and enhanced its corporate governance, involvements through which he has accumulated wide experience and advanced insight regarding corporate management. It is hereby proposed that he be elected as Outside Director, as he has served as Outside Director of Showa Shell since 2017, and contributed to the improvement of the discussion quality of Showa Shell's board of directors, and to the enhancement of its effectiveness. (Business relationship between the candidate and the Company) The Company has business relationships with NSK in relation to the transaction of lubricants, etc.; however, the transaction amount is an extremely insignificant amount of 5,510,000 yen for fiscal year 2017.		

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
7	[For new election] Yuko Yasuda (September 16, 1961)	April 1985 Joined IBM Japan, Ltd. Sep. 1991 Joined Booz Allen Hamilton Inc. Sep. 1993 Joined Russell Reynolds Associates Japan Inc. ("Russell Reynolds Associates Japan") June 1995 Managing Director, Russell Reynolds Associates Japan (to date) April 2001 Associate Representative in Japan, Russell Reynolds Associates Japan April 2003 Representative in Japan, Russell Reynolds Associates Japan Member of Executive Committee, Russell Reynolds Associates Inc. (until March 2006) April 2013 Member of Executive Committee, Russell Reynolds Associates Inc. (reappointed, until March 2016) June 2015 Outside Director, SCSK Corporation (to date) March 2017 Outside Director, Showa Shell (to date)	-
	(Reason for nomination as candidate for Director) Ms. Yuko Yasuda, who served as Representative in Japan of Russell Reynolds Association Japan, and engaged in the executive assessment of a corporation and in the training of CEO successors, has accumulated wide experience and broad knowledge about the training of global leaders. It is hereby proposed that she be elected as Outside Director, as she has served as Outside Director of Showa Shell since 2017, and contributed to Showa Shell's sustainable growth, and to the improvement of the transparency and fairness of its management. (Business relationship between the candidate and the Company) There is no business relationship between the candidate and the Company.		

(Notes)

1. Mr. Masakazu Idemitsu is Representative Director and President of Nissho Kosan, which is the biggest shareholder of the Company. The Company conducts real estate lease transactions with Nissho Kosan, the terms of which have been determined based on the market rate in adjacent areas, and the transaction amount of which is approximately 140 million yen per annum.

   Other than Mr. Masakazu Idemitsu, there are no special relationships between the candidates for Director and the Company.

2. Mr. Kazunari Kubohara, Mr. Norio Otsuka, and Ms. Yuko Yasuda are candidates for Outside Director.

3. If the election of Mr. Masakazu Idemitsu, Mr. Kazunari Kubohara, Mr. Norio Otsuka, and Ms. Yuko Yasuda is approved, under Article 427, paragraph 1 of the Companies Act of Japan, the Company plans to enter into agreements with each of them to limit the liability for damages provided for in Article 423, paragraph 1 of the Companies Act of Japan. Under the agreement, the liability will be limited to the amount provided for under law. The execution of the agreement with Mr. Masakazu Idemitsu is subject to the resolution Proposition No. 5 as proposed.

4. The Company plans to register Mr. Norio Otsuka and Ms. Yuko Yasuda as independent officers with the Tokyo Stock Exchange in accordance with its rules as both of them satisfy the requirements for independent officers under such rules.

5. The number of shares of the Company held by a candidate for Director includes the candidate's interests in the Idemitsu Employee Stockholders Committee.

Proposition No. 3: Election of two (2) Statutory Auditors

In connection with the business integration of the Company and Showa Shell, in order to realize the best composition of the Company's officers to realize the vision of the Company after the business integration, the Company proposes that two (2) new Statutory Auditors be elected.

The candidates for Statutory Auditors are set forth below, and the Board of Statutory Auditors has consented to this proposition. The appointment of each candidate under this proposition shall become effective as of the effective date of the share exchange (scheduled to be April 1, 2019) subject to the resolutions of Proposition No. 1 as proposed and the share exchange under Proposition No. 1 becoming effective.

Further, there are currently four (4) Statutory Auditors (including two (2) Outside Statutory Auditors), and as of the effective date of the appointment of each candidate, it is expected that there will be also four (4) Statutory Auditors (including two (2) Outside Auditors).

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Brief history and position in the Company
(and important concurrent office)</th><th>Number of shares of the Company held by Candidate</th></tr>
<tr><td rowspan="2">1</td><td>[For new election]

Kenji Takahashi
(Sep. 24, 1959)</td><td>April 1984
April 2007
April 2009
April 2010
April 2013
March 2016</td><td>Joined Shell Sekiyu K.K.
Procurement Team Leader, Showa Shell
Division Manager of Personnel Division and General Affairs Division, Showa Shell
Division Manager of General Affairs Division, Showa Shell, and President and Representative Director, CRECO Corporation
Division Manager of Audit Division, Showa Shell
Full- Time Statutory Auditor, Showa Shell (to date)</td><td>-</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Statutory Auditor)
Mr. Kenji Takahashi, who served as Division Manager of Audit Division of Showa Shell after serving in research laboratories, human affairs, general affairs, and procurement divisions, has served as full-time Statutory Auditor since 2016. He has a wealth of business experiences and specialized knowledge about auditing, and has contributed to the improvement of the effectiveness of auditing function for the sound development of the Showa Shell Sekiyu group's business. Thus, management has judged that he will be able to conduct audits of, and supervise, the Company properly, fairly and effectively.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Brief history and position in the Company
(and important concurrent office)</th><th>Number of shares of the Company held by Candidate</th></tr>
<tr><td rowspan="2">2</td><td>[For new election]

Kenji Yamagishi
(February 27, 1948)</td><td>April 1973
April 1997

April 2004

July 2007

March 2008
April 2009

May 2012</td><td>Registered as an attorney
Vice President, Tokyo Bar Association

Secretary General, Japan Federation of Bar Associations

Committee Member, Central Third-Party Committee to Check Pension Records, Ministry of Internal Affairs and Communications
Outside Statutory Auditor, Showa Shell Sekiyu K.K. (to date)
President, the Tokyo Bar Association

Vice President, the Japan Federation of Bar Associations
President, the Japan Federation of Bar Associations</td><td>-</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Statutory Auditor)
It is hereby proposed that Mr. Kenji Yamagishi be elected as Outside Statutory Auditor to reflect his long experience and wide knowledge as an attorney. Other than serving as an outside officer, he has not engaged in corporate management in any manner. However, he satisfies the “Requirements for Independence of Outside Officers” of the Company, is familiar with corporate legal affairs based on his experience as an attorney, and has extensive knowledge of corporate legal affairs. Thus, management has judged that he will be able to perform his duties as an Outside Statutory Auditor properly.
(Business relationship between the candidate and the Company)
There is no business relationship between the candidate and the Company.</td></tr>
</table>

(Notes)

1. There are no special relationships between any candidate for Statutory Auditor and the Company.
2. Mr. Kenji Yamagishi is a candidate for Outside Statutory Auditor.
3. If the election of Mr. Kenji Yamagishi is approved, under Article 427, paragraph 1 of the Companies Act of Japan, the Company plans to enter into an agreement with him to limit the liability for damages provided for in Article 423, paragraph 1 of the Companies Act of Japan. Under the agreement, the liability is limited to the amount provided for under law.
4. The Company plans to register Mr. Kenji Yamagishi as an independent officer with the Tokyo Stock Exchange in accordance with its rules as he satisfies the requirements for an independent officer under such rules.

Proposition No. 4: Identification of Statutory Auditors to Be Substituted by a Substitute Statutory Auditor

Under Proposition No. 3 "Election of one (1) Substitute Statutory Auditor" of the 103rd Ordinary General Meeting of Shareholders held on June 28, 2018, Ms. Junko Kai was appointed as a Substitute Outside Statutory Auditor for the Outside Statutory Auditors, Mr. Taigi Ito and Mr. Shoichiro Niwayama. However, in connection with the business integration with Showa Shell, Mr. Shoichiro Niwayama will resign from his position as Outside Statutory Auditor immediately preceding the effective date of the share exchange under Proposition No. 1 (scheduled to be April 1, 2019). Therefore, the Company proposes that, as of the effective date of such share exchange, Mr. Taigi Ito, an Outside Statutory Auditor, and Mr. Kenji Yamagishi, who will assume office of Statutory Auditor as of the effective date of such share exchange under Proposition No. 1 when Proposition No. 3 is approved, be identified as Statutory Auditors to be substituted by Ms. Junko Kai, Substitute Statutory Auditor.

The identification of Statutory Auditors to be substituted by a Substitute Statutory Auditor under this proposition shall become effective as of the effective date of the share exchange under Proposition No. 1 subject to the resolutions of Propositions No. 1 and No. 3 as proposed and the share exchange becoming effective.

Further, the Board of Statutory Auditors has consented to this proposition.

(Note) If Ms. Junko Kai assumes office of Outside Statutory Auditor, the Company plans to register her as an independent officer with the Tokyo Stock Exchange in accordance with its rules as she satisfies the requirements for an independent officer under such rules.

Proposition No. 5: Amendment to the Articles of Incorporation

1. Reason for the Amendments to the Articles of Incorporation

(1) In order to ensure the flexibility of the operation of the general meetings of shareholders and the meetings of the Board of Directors, the Company intends to amend the Articles of Incorporation regarding the conveners of meetings and chairpersons of the general meetings of shareholders and the meetings of the Board of Directors (Articles 14 and 22 of the proposed amendments of the Articles of Incorporation).

(2) In connection with the implementation of the business integration of the Company and Showa Shell, in order to strengthen the supervisory functions of the Board of Directors and to establish an expeditious management structure, the Company intends to amend the Articles of Incorporation so that it can elect new positions of executive directors in addition to the existing positions of executive directors (Article 21 paragraph 2 of the proposed amendments of the Articles of Incorporation).

(3) The Act for Partial Revision of the Companies Act (Act No 90 of 2014) enforced on May 1, 2015, has changed the scope of Directors and Audit and Supervisory Board Members ("ASB Members") with whom companies can enter into liability limitation agreements. The Company intends to amend the provisions of the Articles of Incorporation regarding the limitation of liability of Directors and ASB Members, so that it can enter into liability limitation agreements with Directors who do not execute the business and ASB Members who are not outside ASB Members (Articles 27 paragraph 2 and 35 paragraph 2 of the proposed amendments of the Articles of Incorporation). The consent of each ASB Member regarding the amendments of Article 27 paragraph 2 has been obtained.

2. Details of the Amendments to the Articles of Incorporation

The Articles of Incorporation shall be changed as follows.

The amendments to the Articles of Incorporation under this Proposition No. 5 shall become effective as of the effective date of the share exchange (scheduled to be April 1, 2019) subject to the resolution of Proposition No. 1 as proposed and the share exchange becoming effective.

(Amendments are underlined)

Current Articles of Incorporation	Amended Articles of Incorporation
Article 14. *(Convening of Meetings and Chairperson)* 1. The Chief Executive Officer (hereinafter "CEO") of this company shall convene and act as chairperson at all general meetings of shareholders. 2. In the event that the CEO is unable to convene or act, another director shall convene or act as chairperson at the	Article 14. *(Convening of Meetings and Chairperson)* 1. The director appointed by the Board of Directors, shall convene and act as chairperson at all general meetings of shareholders. 2. In the event that the director prescribed in the preceding paragraph, is unable to

Current Articles of Incorporation	Amended Articles of Incorporation
relevant general meeting of shareholders in accordance with the order predetermined by the Board of Directors, as the case may be.	convene or act, another director shall convene or act as chairperson at the relevant general meeting of shareholders in accordance with the order predetermined by the Board of Directors, as the case may be.
Article 21. *(Representative Directors and Titled Directors)*	Article 21. *(Representative Directors and Titled Directors)*
1. (Description omitted)	1. (No change)
2. One (1) each of Chairman and CEO, one or more Executive Vice-Presidents, Senior Managing Directors and Managing Directors may be elected by a resolution of the Board of Directors.	2. One (1) each of Chairman and CEO, one or more Executive Vice-Presidents, Senior Managing Directors, Managing Directors and other executive directors may be elected by a resolution of the Board of Directors.
Article 22. *(Convening of Meetings and Chairperson)*	Article 22. *(Convening of Meetings and Chairperson)*
1. Except as otherwise provided for by laws or ordinances, the CEO of this company shall convene and act as chairperson at the meetings of the Board of Directors.	1. The director appointed by the Board of Directors, shall convene and act as chairperson at the meetings of the Board of Directors.
2. In the event that the CEO is unable to convene or act, another director shall convene or act as chairperson at the relevant meeting of the Board of Directors in accordance with the order predetermined by the Board of Directors, as the case may be.	2. In the event that the director prescribed in the preceding paragraph, is unable to convene or act, another director shall convene or act as chairperson at the relevant meeting of the Board of Directors in accordance with the order predetermined by the Board of Directors, as the case may be.
Article 27. *(Limitation of Liability of Directors)*	Article 27. *(Limitation of Liability of Directors)*
1. (Description omitted)	1. (No change)
2. According to Article 427, Paragraph 1 of the Company Act, this company may make an agreement with outside director(s) to exempt the director from his or her liability regarding damages arising from the negligence in performing his or her duties as a director, provided however that the limitation of the liability thereof shall be up to the amount that is prescribed in laws or ordinances.	2. According to Article 427, Paragraph 1 of the Company Act, this company may make an agreement with director(s) (excluding those who are Executive Directors, etc.), to exempt the director from his or her liability regarding damages arising from the negligence in performing his or her duties as a director, provided however that the limitation of the liability thereof shall be up to the amount that is prescribed in laws or ordinances.
Article 35. *(Limitation of Liability of ASB Members)*	Article 35. *(Limitation of Liability of ASB Members)*
1. (Description omitted)	1. (No change)
2. According to Article 427, Paragraph 1	2. According to Article 427, Paragraph 1

Current Articles of Incorporation	Amended Articles of Incorporation
of the Company Act, this company may make an agreement with outside ASB Member(s) to exempt the outside ASB Member from his or her liability regarding damages arising from the negligence in performing his or her duties as an ASB Member, provided however that the limitation of the liability thereof shall be up to the amount that is prescribed in laws or ordinances.	of the Company Act, this company may make an agreement with ASB Member(s) to exempt the ASB Member from his or her liability regarding damages arising from the negligence in performing his or her duties as an ASB Member, provided however that the limitation of the liability thereof shall be up to the amount that is prescribed in laws or ordinances.

- END -