Code No. 1662
June 4, 2020
Masahiro Fujita, President
Japan Petroleum Exploration Co., Ltd. (JAPEX)
1-7-12 Marunouchi, Chiyoda-ku, Tokyo

To All Shareholders:

Notification of the Convocation to the 50th Ordinary General Meeting of the Shareholders

The 50th Ordinary General Meeting of the Shareholders of Japan Petroleum Exploration Co., Ltd. (hereinafter referred to as the "JAPEX") will be held according to the details below, and we kindly ask for your attendance.

If you are unable to attend the meeting, you may exercise your voting rights through a written document (Voting Rights Exercise Form) or by electronic means (via the Internet). Please read the attached "Reference Documents for Shareholders' Meeting," and exercise your voting rights after referring to "4. Guidance on the Exercise of Voting Rights" on the following page, prior to 5:35 p.m., Thursday, June 25, 2020.

Thank you very much for your attention and cooperation.

Details:

1. Date and Time: 10:00 a.m., June 26, 2020 (Friday)
2. Location: Station Conference Tokyo "Sapia Hall" (Sapia Tower 5F)
   1-7-12 Marunouchi, Chiyoda-ku, Tokyo
3. Agenda:
   Announcements:
   1) Business report and consolidated financial report of the 50th Term (from April 1, 2019 to March 31, 2020), and audit reports from the accounting auditor and Board of Corporate Auditors on the consolidated financial report
   2) Financial report of the 50th Term (from April 1, 2019 to March 31, 2020)

   Resolution items:
   - Item 1: Appropriation of Surplus
   - Item 2: Partial Amendment of Articles of Incorporation
   - Item 3: Election of Twelve (12) Directors
   - Item 4: Payment of Bonuses to Directors
   - Item 5: Introduction of a Performance-linked Share-based Compensation Plan for Directors, etc.
   - Item 6: Renewal of the Measures to Prevent Large-scale Acquisition of Our Company Shares (Takeover Defense Measures)

NOTE: This document is an abridged translation of the Japanese "Notification of the Convocation to the 50th Ordinary General Meeting of the Shareholders" "Reference Documents for Shareholders' Meeting" and "Financial Report" of JAPEX. This translation is intended for reference and convenience purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail. JAPEX does not guarantee the accuracy and/or the completeness of this translation and shall have no liability for any errors or omissions therein.

4. Guidance on the Exercise of Voting Rights

[Exercise of Voting Rights in Writing (Voting Rights Exercise Form)]

Please indicate your approval or disapproval of each proposition on the enclosed Voting Rights Exercise Form and then send it back so that it reaches us no later than 5:35 p.m., Thursday, June 25, 2020.

[Exercise of Voting Rights by Electronic Means (via the Internet)]

(1) To exercise your voting rights via the Internet, you must use the following voting service website (https://soukai.mizuho-tb.co.jp/) designated by the Company. You are cordially requested to exercise your voting rights via the Internet prior to 5:35 p.m., Thursday, June 25, 2020.

(2) Please register your approval or disapproval of each proposition, by using the code and password provided on your Voting Rights Exercise Form enclosed herewith and following the directions on the screen. Please check the "Guidance on the Exercise of Voting Rights via the Internet" shown on page 37 of this notice for the details.

[Treatment of Voting Rights Exercised Repeatedly]

(1) If you exercise your voting rights both in writing and via the Internet, we will only accept the exercise of your voting rights via the Internet as valid.

(2) If you exercise your voting rights more than once via the Internet, we will only accept the last exercise of your voting rights as valid.

END

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

*The following matters are not described in the Reference Documents of this Notification since they are posted on the JAPEX website (https://www.japex.co.jp/) in accordance with laws and regulations and with Article 17 of the Company's Articles of Incorporation.

1) "(5) System to Ensure Proper Business Operations and the State of Its Operation" and "(6) Basic Policy on Control of the Company" included in "2. Current State of the Company" of the business report
2) "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" of the consolidated financial report
3) "Statement of Changes in Equity" and "Notes to Financial Statements" of the financial report

The business report, consolidated financial report and financial report audited by Corporate Auditors comprise the business report, consolidated financial report and financial report, which are attached to this Notification, as well as the items 1) to 3) above, which are posted on the JAPEX website.

The consolidated financial report and financial report audited by the Accounting Auditor comprise the consolidated financial report and financial report, which are attached to this Notification, as well as the items 2) and 3) above, which are posted on the JAPEX website.

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

* The notification of resolutions at the ordinary general meeting of the shareholders will no longer be delivered by mail. The results of this general meeting of shareholders will be posted on the JAPEX website (https://www.japex.co.jp/) after the meeting.

Reference Documents for Shareholders' Meeting

Item 1: Appropriation of Surplus

JAPEX employs the basic policy of long-term, stable distribution of dividends, comprehensively taking into account, among other factors, the profit or loss situation of each fiscal period and funding needs in the future, in the light of considering retained earnings to secure new oil and gas reserves and invest in the improvement and expansion of supply infrastructure, etc.

The year-end dividends for the 50th term will be as follows:

Details Concerning the Year-End Dividends

(1) Type of dividend property: Money

(2) Distribution and total amount of dividend property:
25 yen per share of common stock
Total amount of dividends: 1,428,811,825 yen

(3) Effective date of distribution of surplus: June 29, 2020

Item 2: Partial Amendment of Articles of Incorporation

1. Reason for the amendment

The term of office of directors will be shortened from the current two-year term to one year, in order to build a management structure that is capable of responding to future changes in the business environment, clarify management responsibilities, and further strengthen corporate governance by increasing opportunities to gain trust from our shareholders, and the necessary changes will be made to the current Article 23 (Directors' Term of Office).

2. Details of the amendment

The proposed amendment will be made as per the table below.

(Amendments are underlined)

Current	Proposed Amendment
Article 23 (Directors' Term of Office) 1. The term of office of the directors shall expire at the close of the Annual General Meeting of Shareholders for the last business year which ends within <u>two (2)</u> year<u>s</u> of their election. 2. <u>The term of office of a Director elected to increase the total number of Directors and/or to fill a vacancy of the board created by earlier termination of a Director shall be the remainder of the term of office of the other current incumbent Directors.</u>	Article 23 (Directors' Term of Office) The term of office of the directors shall expire at the close of the Annual General Meeting of Shareholders for the last business year which ends within <u>one (1)</u> year of their election. [To be deleted]

Item 3: Election of Twelve (12) Directors

Subject to the approval of Item 2 and the shortening of the Directors' term of office, upon the closing of this general meeting of shareholders, the terms of office of all Directors, Osamu Watanabe, Masahiro Fujita, Yosuke Higai, Takahisa Inoue, Kazuhiko Ozeki, Hajime Ito, Toshiyuki Hirata, Michiro Yamashita, Yoshitaka Ishii, Akira Kojima, Tetsuo Ito, and Yukari Yamashita will expire. We kindly ask our shareholders to elect a total of twelve (12) Directors, including one (1) additional Outside Director, in order to strengthen the management structure for the future and further promote the Company's long-term vision and mid-term business plan.

The candidates for Director are as listed below:

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
1	Osamu Watanabe (December 6, 1940) Renominated	April 1964 Joined Ministry of International Trade and Industry (hereinafter referred to as the "MITI") July 1997 Vice Minister of International Trade and Industry July 2002 Chairman at Japan External Trade Organization June 2007 Executive Vice President at JAPEX June 2008 President June 2016 Chairman (up to the present date) <Significant positions concurrently held> Director at Canada Oil Sands Co., Ltd. Director at JAPEX Offshore, Ltd.	44,600 shares
	[Attendance at the Board of Directors meetings held in the fiscal year ended March 31, 2020] 12 out of 13 meetings (92%) [Reasons for nomination as a candidate for Director] In addition to having distinguished insights through extensive administrative experience including energy administration in government positions, etc., Osamu Watanabe has held the positions of Executive Vice President and President at JAPEX in the period between 2007 and 2016, significantly contributing to the Group's business development. Since assuming the position of Chairman, he has appropriately provided management guidance from a broader perspective; therefore, we have continuously nominated him as a candidate for Director.		
2	Masahiro Fujita (November 12, 1954) Renominated	April 1977 Joined MITI July 2008 Director-General of Trade and Economic Cooperation Bureau, METI Nov. 2010 Executive Officer at SUMITOMO CORPORATION June 2018 Representative Director, Executive Vice President at SUMITOMO CORPORATION April 2019 Representative Director, Assistant to President and CEO at SUMITOMO CORPORATION June 2019 Representative Director, Executive Vice President at JAPEX Oct. 2019 Representative Director, President, Chief Executive Officer (up to the present date) <Significant positions concurrently held> President at JAPEX Offshore, Ltd. President at JAPEX Garraf Ltd. Chairman at JAPEX Montney Ltd.	1,000 shares
	[Attendance at the Board of Directors meetings held in the period between his appointment on June 27, 2019 and March 31, 2020] 10 out of 10 meetings (100%) [Reasons for nomination as a candidate for Director] Masahiro Fujita has distinguished insights through extensive administrative experience including energy administration in government positions and a management career in other private sectors doing international resource and energy business. In addition, since assuming the position of Representative Director and Executive Vice President in 2019, and subsequently the position of President that same year, he has helmed the Group's business development amid the tough business environment; therefore, we have continuously nominated him as a candidate for Director.		

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
3	Yosuke Higai (April 9, 1955) Renominated	April 1978 Joined JAPEX Sep. 2003 General Manager of Procurement Dept. June 2007 General Manager of Administration Dept. June 2009 Executive Officer, General Manager of Administration Dept. June 2010 Executive Officer June 2012 Managing Executive Officer June 2013 Managing Director June 2015 Managing Director, President of Marketing & Sales Division and Vice President of Soma Project Division June 2016 Senior Managing Director, President of Marketing & Sales Division and Vice President of Soma Project Division June 2018 Director, Senior Managing Executive Officer, President of Marketing & Sales Division June 2019 Representative Director, Executive Vice President, President of Marketing & Sales Division (up to the present date) <Significant positions concurrently held> Director at Japex Energy Co., Ltd. Director at Kitakyushu LNG Sales and Lorry Transport Corp.	6,400 shares
	[Attendance at the Board of Directors meetings held in the fiscal year ended March 31, 2020] 13 out of 13 meetings (100%) [Reasons for nomination as a candidate for Director] Yosuke Higai has extensive experience in and knowledge of operations in the areas of our procurement, administration, and marketing & sales divisions. Currently assisting the President as Representative Director and Executive Vice President in charge of the Secretary Office, Procurement Dept. and President of the Marketing & Sales Division, he has significantly contributed to appropriate administration and management of JAPEX as well as the Group's business development; therefore, we have continuously nominated him as a candidate for Director.		

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
4	Kazuhiko Ozeki (January 19, 1957) Renominated	April 1980 Joined JAPEX June 2005 General Manager of Iraq Project Dept., International Oil & Gas Division Feb. 2010 Vice President of Iraq Project Division June 2010 Executive Officer, Vice President of Iraq Project Division June 2011 Executive Officer, Advisor to President of Middle East, Africa & Europe Project Division June 2013 Managing Executive Officer, Advisor to President of Middle East, Africa & Europe Project Division Aug. 2013 Managing Executive Officer, Vice President of Middle East, Africa & Europe Project Division Jan. 2014 Managing Executive Officer June 2015 Managing Director, President of Environment and Innovative Technology Projects Division June 2016 Managing Director June 2018 Director, Managing Executive Officer Aug. 2019 Director, Managing Executive Officer, President of Asia & Oceania Project Division Oct. 2019 Director, Managing Executive Officer Feb. 2020 Director, Managing Executive Officer, President of Asia & Oceania Project Division (up to the present date)	5,200 shares
	[Attendance at the Board of Directors meetings held in the fiscal year ended March 31, 2020] 13 out of 13 meetings (100%) [Reasons for nomination as a candidate for Director] Kazuhiko Ozeki has extensive experience in and knowledge of operations in the areas of our overseas project, and environment and innovative technology projects divisions. Currently serving as Director and Managing Executive Officer, managing overall overseas business and being in charge of the Commercial Office for Overseas Projects, New Business Promotion Office and President of Asia & Oceania Project Division, he has significantly contributed to appropriate administration and management of JAPEX; therefore, we have continuously nominated him as a candidate for Director.		

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
5	Yoshitaka Ishii (April 3, 1957) Renominated	April 1981 Joined JAPEX April 2010 General Manager of Technical Dept., Nagaoka Division Office June 2014 Executive Officer, General Manager of Nagaoka Division Office, Domestic Project Division April 2017 Executive Officer, General Manager of Nagaoka District Office June 2017 Managing Executive Officer, General Manager of Nagaoka District Office Nov. 2017 Managing Executive Officer, Vice President of Inter-regional Gas Supply Division and Vice President of Soma Project Division June 2018 Director, Managing Executive Officer, President of Inter-regional Gas Supply Division and President of Soma Project Division Oct. 2018 Director, Managing Executive Officer, President of Inter-regional Gas Supply Division and President of Soma Project & Power Business Division (up to the present date) <Significant positions concurrently held> President at Fukushima Gas Power Co., Ltd.	2,400 shares
	[Attendance at the Board of Directors meetings held in the fiscal year ended March 31, 2020] 13 out of 13 meetings (100%) [Reasons for nomination as a candidate for Director] In addition to specializing in drilling technology in the oil and mining industries, Yoshitaka Ishii has extensive experience in and knowledge of our domestic project division. Currently serving as Director and Managing Executive Officer in charge of the Gas Pipeline Transportation Dept., President of Inter-regional Gas Supply Division and President of Soma Project & Power Business Division, he has significantly contributed to the Group's business development; therefore, we have continuously nominated him as a candidate for Director.		

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Brief history, Position and responsibilities in JAPEX or
Significant positions concurrently held</th><th>JAPEX shares owned</th></tr>
<tr><td rowspan="2">6</td><td>Hajime Ito
(May 27, 1957)

Renominated</td><td>April 1980 Joined MITI
July 2006 Deputy Director-General, METI
Oct. 2010 Advisor to President at JAPEX
June 2012 Executive Officer, Vice President of Americas & Russia Project Division
June 2015 Managing Executive Officer, Vice President of Americas & Russia Project Division
June 2016 Managing Director, Vice President of Americas & Russia Project Division
June 2018 Director, Managing Executive Officer, President of Americas & Russia Project Division
(up to the present date)
<Significant positions concurrently held>
President at JAPEX Montney Ltd.
Director at Sakhalin Oil and Gas Development Co., Ltd.</td><td>3,300 shares</td></tr>
<tr><td colspan="3">[Attendance at the Board of Directors meetings held in the fiscal year ended March 31, 2020]
13 out of 13 meetings (100%)
[Reasons for nomination as a candidate for Director]
Hajime Ito has international experience in government positions, as well as extensive experience and knowledge of energy administration in government offices and our overseas project divisions. Currently serving as Director, Managing Executive Officer and President of the Americas & Russia Project Division, he has significantly contributed to the Group’s business development; therefore, we have continuously nominated him as a candidate for Director.</td></tr>
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<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Brief history, Position and responsibilities in JAPEX or
Significant positions concurrently held</th><th>JAPEX shares owned</th></tr>
<tr><td rowspan="2">7</td><td>Toshiyuki Hirata
(January 5, 1958)

Renominated</td><td>April 1981 Joined JAPEX
June 2005 President at Japan Canada Oil Sands Limited
June 2012 Executive Officer at JAPEX
June 2015 Managing Executive Officer
June 2017 Managing Director
June 2018 Director, Managing Executive Officer
(up to the present date)
<Significant positions concurrently held>
Chairman at Japan Canada Oil Sands Limited
President at Canada Oil Sands Co., Ltd.</td><td>2,200 shares</td></tr>
<tr><td colspan="3">[Attendance at the Board of Directors meetings held in the fiscal year ended March 31, 2020]
12 out of 13 meetings (92%)
[Reasons for nomination as a candidate for Director]
In addition to specializing in oil and gas field development and production and operations management in Japan and overseas, Toshiyuki Hirata has extensive experience in and knowledge of the oil sand business. Currently serving as Director and Managing Executive Officer in charge of the Canada Oil Sands Project Dept., he has significantly contributed to the Group’s business development; therefore, we have continuously nominated him as a candidate for Director.</td></tr>
<tr><td rowspan="2">8</td><td>Michiro Yamashita
(October 27, 1959)

Renominated</td><td>April 1982 Joined JAPEX
June 2005 General Manager of Corporate Planning Dept.
April 2010 Vice President of Environment and Innovative Technology Projects Division
June 2011 Vice President of Environment and Innovative Technology Projects Division
June 2013 Executive Officer
June 2016 Managing Executive Officer
June 2018 Director, Managing Executive Officer
(up to the present date)
<Significant positions concurrently held>
Director at Japan Canada Oil Sands Limited
Director at Canada Oil Sands Co., Ltd.</td><td>2,000 shares</td></tr>
<tr><td colspan="3">[Attendance at the Board of Directors meetings held in the fiscal year ended March 31, 2020]
13 out of 13 meetings (100%)
[Reasons for nomination as a candidate for Director]
Michiro Yamashita has extensive experience in and knowledge of operations in the areas of our finance & accounting division. Currently serving as Director and Managing Executive Officer in charge of the Finance & Accounting Dept., he has significantly contributed to appropriate administration and management of JAPEX; therefore, we have continuously nominated him as a candidate for Director.</td></tr>
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<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Brief history, Position and responsibilities in JAPEX or
Significant positions concurrently held</th><th>JAPEX shares owned</th></tr>
<tr><td rowspan="2">9</td><td>Akira Kojima
(July 18, 1942)

Renominated</td><td>April 1965 Joined Nikkei Inc.
May 1997 Director and Chief Editor at Nikkei Inc.
May 2000 Managing Director and Chief Editor at Nikkei Inc.
May 2003 Senior Managing Director at Nikkei Inc.
May 2004 Chairman at Japan Center for Economic Research
July 2009 Adjunct Professor at National Graduate Institute for Policy Studies
April 2011 Member, Board of Trustees and Adjunct Professor at National Graduate Institute for Policy Studies (up to the present date)
June 2015 Director at JAPEX (up to the present date)
<Significant positions concurrently held>
Member, Board of Trustees and Adjunct Professor at National Graduate Institute for Policy Studies
President, Center for International Economic Collaboration</td><td>—</td></tr>
<tr><td colspan="3">[Number of years served as Director]
Five years
[Attendance at the Board of Directors meetings held in the fiscal year ended March 31, 2020]
13 out of 13 meetings (100%)
[Reasons for nomination as a candidate for Outside Director]
Akira Kojima has extensive experience and distinguished insights gained through his career in a newspaper company, etc. Currently serving as an Outside Director, he has supervised and provided wide-ranging proposals for JAPEX management; therefore, we have continuously nominated him as a candidate for Outside Director.</td></tr>
<tr><td rowspan="2">10</td><td>Tetsuo Ito
(March 15, 1948)

Renominated</td><td>April 1975 Appointed prosecutor
June 2001 Head of Special Investigation Force, Tokyo District Public Prosecutors Office
Jan. 2009 Deputy Prosecutor-General, Supreme Public Prosecutors Office
April 2011 Recorded attorney (Daiichi Tokyo Bar Association) (up to the present date)
April 2011 Of Counsel at Nishimura & Asahi (up to the present date)
June 2016 Director at JAPEX (up to the present date)
<Significant positions concurrently held>
Of Counsel at Nishimura & Asahi
Outside Corporate Auditor at Takasago Thermal Engineering Co., Ltd.
Outside Corporate Auditor at Asahi Kasei Corp.</td><td>—</td></tr>
<tr><td colspan="3">[Number of years served as Director]
Four years
[Attendance at the Board of Directors meetings held in the fiscal year ended March 31, 2020]
10 out of 13 meetings (77%)
[Reasons for nomination as a candidate for Outside Director]
Although Tetsuo Ito has no experience of being directly involved in corporate management, he has extensive knowledge and experience as a legal specialist. Currently serving as an Outside Director, he has supervised and provided wide-ranging proposals for JAPEX management; therefore, we have continuously nominated him as a candidate for Outside Director.</td></tr>
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<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Brief history, Position and responsibilities in JAPEX or
Significant positions concurrently held</th><th>JAPEX shares owned</th></tr>
<tr><td rowspan="2">11</td><td>Yukari Yamashita
(October 23, 1959)

Renominated</td><td>Oct. 1985
June 2011

July 2011

June 2019

</td><td>Joined The Institute of Energy Economics, Japan
Board Member, Unit Manager of Global Environment & Sustainable Development Unit at The Institute of Energy Economics, Japan
Board Member, Director, Charge of Energy Data and Modelling Center at The Institute of Energy Economics, Japan
(up to the present date)
Director at JAPEX (up to the present date)
<Significant positions concurrently held>
Board Member, Director, Charge of Energy Data and Modelling Center at The Institute of Energy Economics, Japan
President at International Association for Energy Economics, Inc.</td><td>—</td></tr>
<tr><td colspan="4">[Number of years served as Director]
One year
[Attendance at the Board of Directors meetings held in the period between her appointment on June 27, 2019 and March 31, 2020]
10 out of 10 meetings (100%)
[Reasons for nomination as a candidate for Outside Director]
Although Yukari Yamashita has no experience of being directly involved in corporate management, she has extensive knowledge through her research activities in a research lab studying energy economics and energy and environmental policy, etc. Currently serving as an Outside Director, she has supervised and provided wide-ranging proposals for JAPEX management; therefore, we have continuously nominated her as a candidate for Outside Director.</td></tr>
<tr><td rowspan="2">12</td><td>Hideichi Kawasaki
(January 10, 1947)

Newly nominated</td><td>April 1970
April 2001
April 2004
June 2005
April 2009

June 2009

April 2016

June 2018

</td><td>Joined Oki Electric Industry Co., Ltd.
Executive Officer at Oki Electric Industry Co., Ltd.
Senior Vice President at Oki Electric Industry Co., Ltd.
Managing Director at Oki Electric Industry Co., Ltd.
Senior Executive Vice President, Representative Director at Oki Electric Industry Co., Ltd.
President, Representative Director at Oki Electric Industry Co., Ltd.
Chairman of the Board, Representative Director at Oki Electric Industry Co., Ltd.
Chairman of the Board at Oki Electric Industry Co., Ltd.
(up to the present date)
<Significant positions concurrently held>
Chairman of the Board at Oki Electric Industry Co., Ltd.</td><td>1,000 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Outside Director]
Hideichi Kawasaki has distinguished insights regarding corporate management, in general, through his extensive corporate management experience at an entity engaged in global operations in telecommunications and other fields. We expect him to supervise and provide wide-ranging proposals for JAPEX management and have therefore newly nominated him as a candidate for Outside Director.</td></tr>
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(Notes) 1. Candidates Masahiro Fujita and Hajime Ito are concurrently serving as the Chairman and President of JAPEX Montney Ltd., respectively, to which JAPEX is providing loans and debt guarantee. Candidate Toshiyuki Hirata is concurrently serving as the Chairman of Japan Canada Oil Sands Limited, to which JAPEX is providing debt guarantee. Candidate Masahiro Fujita is concurrently serving as the President of JAPEX Garraf Ltd., with which JAPEX is engaged in crude oil transactions. In addition, he is concurrently serving as the President of JAPEX Offshore, Ltd., with which JAPEX is entrusted funds via the cash management system. Candidate Yoshitaka Ishii is concurrently serving as the President of Fukushima Gas Power Co., Ltd., to which JAPEX is providing collateral, and with which JAPEX has concluded an outsourcing agreement.
No significant interest-based relationship exists between other candidates for Director and JAPEX.

2. Akira Kojima, Tetsuo Ito and Yukari Yamashita are candidates for Outside Director. These three candidates have been registered with the Tokyo Stock Exchange as Independent Officers, pursuant to the rules of the Exchange, and they are scheduled to continue to be Independent Officers, subject to the approval of their reappointment under this proposal.

3. Hideichi Kawasaki is a candidate for Outside Director. He will be registered with the Tokyo Stock Exchange as Independent Officer, pursuant to the rules of the Exchange.
4. Regarding Asahi Kasei Corp., for which Candidate Tetsuo Ito has served as Outside Corporate Auditor since June 2015, its subsidiary received administrative dispositions in January 2016 by MLIT for the violation of the Construction Business Act. MLIT ordered to suspend business for 15 days and business improvement, together with an instruction to take steps to prevent recurrence of the violation.
   He was not involved in any of the above operations that were subject to reprimand and he successfully fulfilled his duties by making opinions to prevent recurrence of a similar event.
5. The Company has concluded a limited liability agreement with Candidates Akira Kojima, Tetsuo Ito and Yukari Yamashita to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act. The amount of liability under the agreement is limited to the amount provided by laws and regulations. The Company is scheduled to renew this agreement with each candidate, subject to the approval of their reappointment under this proposal.
6. When the election of Candidate Hideichi Kawasaki is approved, JAPEX plans to enter into a limited liability agreement with him in accordance with the provision of Article 427, Paragraph 1, of the Companies Act, to limit his liability as stipulated in Article 423, Paragraph 1, of the Companies Act. The amount of liability under the agreement is limited to the amount provided by laws and regulations.
7. The registered name of Candidate Yukari Yamashita is Yukari Niwa. This document adopts the name she uses in her business duties.

Item 4: Payment of Bonuses to Directors

In consideration of the amounts paid in the past and the business performance, etc. of the fiscal year ended March 31, 2020, the Company proposes to pay a total bonus amount of 23,872,000 yen to the twelve (12) Directors that are not Outside Directors (of the total of fifteen (15) Directors) tenured during the fiscal year ended March 31, 2020.

Item 5: Introduction of a Performance-linked Share-based Compensation Plan for Directors, etc.

This proposal requests approval for the introduction of a new performance-linked share-based compensation plan called the "Board Benefit Trust (BBT)" (hereinafter referred to as the "Plan") for the Company's Directors (excluding Outside Directors; the same shall apply hereinafter in this proposal, unless otherwise indicated) and Executive Officers who do not concurrently serve as Directors (hereinafter collectively referred to as "Directors, etc.").

1. Reason for the proposal

The purpose of this proposal is to further clarify the linkage between compensation for Directors, etc. and the corporate performance and share value of the Company, and to ensure that not only the benefits of increases in share prices, but also the risk of a decrease in share prices is shared between Directors, etc. and the shareholders, in order to further motivate Directors, etc. to contribute to the improvement of the business performance and corporate value of the Company over the medium and long term. In light of such purpose, the Company believes that this proposal is appropriate.

The Company has established the Nomination and Compensation Advisory Committee under the Board of Directors, in order to make the procedures for determining compensation, etc. transparent and objective, and the introduction of the Plan has been deliberated by said Nomination and Compensation Advisory Committee. With the introduction of the Plan, the compensation of the Company's Directors will consist of monthly compensation, bonus, and performance-linked share-based compensation. The ratio of performance-linked compensation (bonus and performance-linked share-based compensation) to total compensation is expected to be roughly 20%, after the introduction of the Plan.

This proposal requests the approval of the amount of compensation, etc. to provide Directors of the Company with a new form of share-based compensation, separately from the amount of compensation for Directors approved at the 46th Ordinary General Meeting of the Shareholders held on June 24, 2016 (up to 50 million yen monthly, including up to 4 million yen monthly for Outside Directors; however, this does not include the portion representing employee salaries for Directors who serve concurrently as employees). The details of the Plan shall be decided by the Board of Directors, within the framework of Section 2 below.

The number of Directors eligible to benefit from the Plan will be eight (8), if Item 3 is approved and adopted as originally proposed.

2. Amount of compensation, etc. and reference information for the Plan

(1) Outline of the Plan

The Plan is a performance-linked share-based compensation plan under which the Company's shares are acquired through a trust, using money contributed by the Company as the financial funds (hereinafter the trust that is established based on the Plan is referred to as the "Trust"), and Directors, etc. are provided with the Company's shares and an amount of money equivalent to the market value of the Company's

shares (hereinafter referred to as the "Company's Shares, etc.") through the Trust, in accordance with the Rules on Provision of Shares to Officers established by the Company. The Directors, etc. shall receive the Company's Shares, etc. upon their retirement from office, in principle.

(2) Persons eligible for the Plan

Directors (excluding Outside Directors) and Executive Officers who do not concurrently serve as Directors

(3) Trust period

From August 2020 (planned) until the termination of the Trust. (With regard to the trust period, we shall not set a specific date for the termination of the Trust, and the Trust will continue as long as the Plan continues. The Plan will terminate upon the delisting of the Company's shares or abolition of the Rules on Provision of Shares to Officers, or in certain other cases.)

(4) Trust amount (amount of compensation, etc.)

Subject to approval of this proposal, the Company will introduce the Plan for the three fiscal years from the fiscal year ending March 31, 2021 to the fiscal year ending March 31, 2023 (hereinafter, such three-fiscal-year period is referred to as the "Initial Period," while the Initial Period and each five consecutive fiscal year period following the Initial Period are respectively referred to as the "Applicable Period"), as well as each Applicable Period that follows, and contribute money as defined below to the Trust, as the financial funds for the Trust to acquire the Company's shares for the purpose of providing the Company's Shares, etc. to Directors, etc.

The Company will initially contribute funds of up to 141 million yen (including 63 million yen for Directors) to the Trust, as the necessary funds for the Initial Period, upon establishing the Trust (August 2020 (planned)).

Furthermore, after the expiration of the Initial Period, in principle, the Company will make additional contributions to the Trust of up to 235 million yen (including 105 million yen for Directors) for each Applicable Period until the termination of the Plan. However, in the case that such additional contributions are made, if the Company's shares (excluding the number of the Company's shares that have not yet been provided to Directors, etc. equivalent to points granted to them for each Applicable Period up to the immediately preceding Applicable Period) and money remain in the Trust (such shares and money are collectively referred to as the "Remaining Shares, etc."), the total amount of the Remaining Shares, etc. (the amount for the Company's shares shall be the book value on the final day of the immediately preceding Applicable Period) and additionally contributed money shall not exceed 235 million yen (including 105 million yen for Directors).

Moreover, the Company shall disclose information in a timely and appropriate manner, in the event of a decision to make additional contributions.

(5) Acquisition method of the Company's shares and number of shares to be acquired

The Trust shall acquire the Company's shares through the stock market on which the Company's shares are listed, or by way of subscribing to a disposition of the Company's treasury shares, using the money contributed in accordance with (4) above as the funds.

Up to 94,200 shares shall be acquired without delay, after the establishment of the Trust in the Initial Period.

The details of the acquisition of the Company's shares by the Trust shall be disclosed in a timely and appropriate manner.

(6) Calculation method of the number of Company's Shares, etc. to be provided to Directors, etc.

Based on the Rules on Provision of Shares to Officers, the Company shall grant Directors, etc. a specified number of points determined after having given consideration to factors related to the respective fiscal years, such as their positions and the Company's business performance (from the perspective of maintaining the basic policy for long-term stable dividends, the Company plans to use the annual dividend amount as an indicator for evaluation of performance during the Initial Period, and to set a target value of 50 yen per share, with a range of fluctuation from 0% to 120%, assuming that the payout ratio at the target value is 100%). The total number of points granted to Directors, etc. per fiscal year shall be limited to 31,400 points (including 14,000 points for Directors). This was decided based on a comprehensive consideration of the current level of officer compensation, as well as trends and future prospects, etc. for the number of Directors, etc., and was judged to be appropriate.

Each point granted to the Directors, etc. shall be converted into one common share of the Company at the time of the provision of the Company's Shares, etc., as explained in (7) below (provided, however, in

the case where the Company's shares become the subject of a share split, allotment of shares without contribution, or consolidation of shares, etc. after this proposal is approved, the limit on the number of points, accumulated number of points granted, or the conversion rate shall be adjusted in a reasonable manner, in proportion to the relevant ratio, etc.).

The number of shares equivalent to the maximum number of points granted to Directors, etc. per fiscal year (31,400 shares), as a percentage of the total number of issued shares (as of March 31, 2020; excluding treasury shares) is approximately 0.05%.

The number of points for Directors, etc. to be used as the basis for the provision of the Company's Shares, etc. described in (7) below shall be the accumulated points granted to Directors, etc. by the time of their retirement from office, in principle (hereinafter referred to as the "Number of Points Held" for the points calculated in this manner).

(7) Provision of the Company's Shares, etc.

If a Director, etc. retires from office and fulfills the beneficiary requirements stipulated in the Rules on Provision of Shares to Officers, the Director, etc. may receive the provision of the Company's shares from the Trust after his/her retirement from office, in accordance with the Number of Points Held as explained in (6) above, in principle, by completion of the prescribed procedures to become a beneficiary. However, if the requirements stipulated in the Rules on Provision of Shares to Officers are fulfilled, a Director, etc. can receive monetary provisions equivalent to the market value of the Company's shares, in place of provision of the Company's shares, for a certain proportion. In this case, the Trust may sell the Company's shares in order to make the monetary provisions.

(8) Exercising voting rights

Voting rights of the Company's shares held in the Trust shall not be exercised, without exception, at the instruction of the trust administrator. This is intended to ensure that the exercise of voting rights of the Company's shares held in the Trust is neutral with respect to the management of the Company.

(9) Handling of dividends

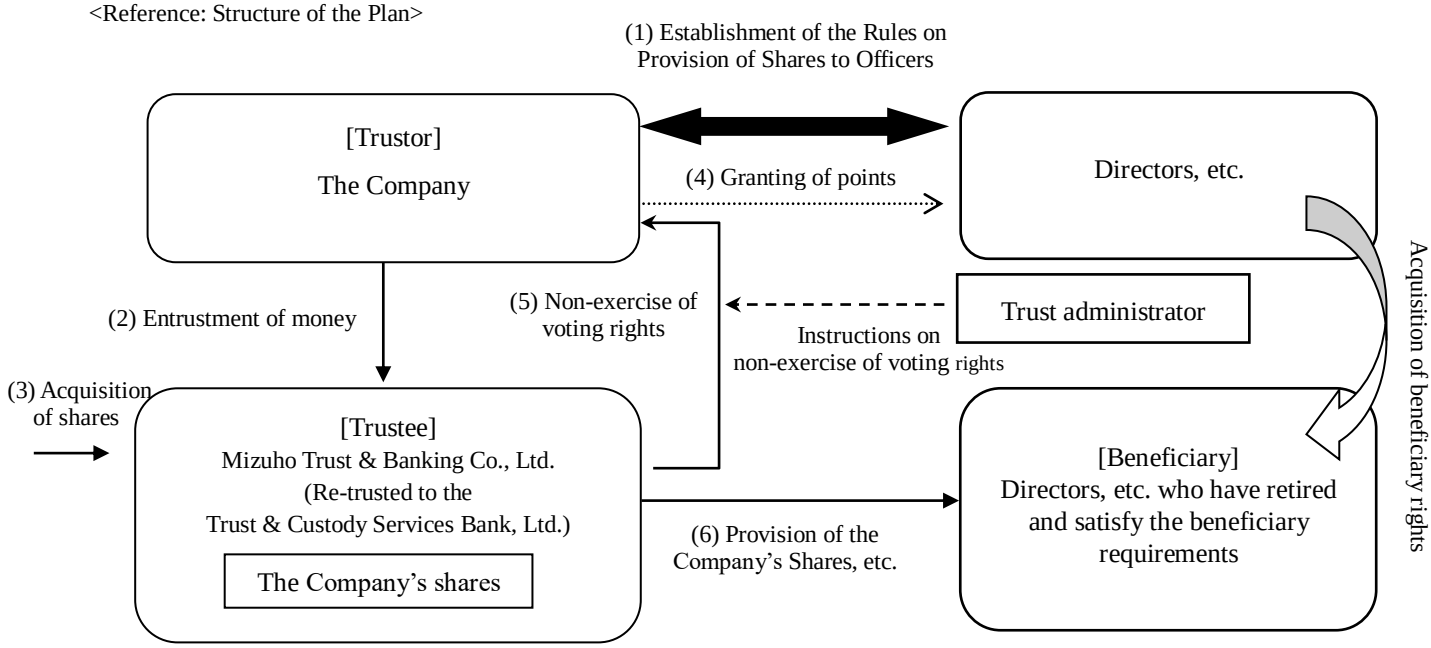
The dividends of the Company's shares held in the Trust shall be received by the Trust, and shall be used primarily for acquisition of the Company's shares, or for trust fees to the trustee pertaining to the Trust. Upon any termination of the Trust, any dividends, etc. remaining in the Trust shall be donated to organizations that have no conflict of interest with the Company or its officers, or provided to the Directors, etc. in office at that point in time in a proportionate manner, depending on the number of points respectively held.

(10) Handling of the termination of the Trust

The Trust will terminate in cases such as the delisting of the Company's shares or abolition of the Rules on Provision of Shares to Officers.

With regard to the Company's shares among the residual assets of the Trust at the time of termination of the Trust, the Company plans to acquire all such shares without consideration, and cancel them by resolution of the Board of Directors. Of the residual assets of the Trust at the time of termination of the Trust, the balance of said money excluding money donated to organizations or provided to Directors, etc. in accordance with (9) above, will be provided to the Company.

<Reference: Structure of the Plan>



(1) The Company will establish the Rules on Provision of Shares to Officers within the scope of the framework approved in this proposal.

(2) The Company will entrust money within the scope approved in this proposal.

(3) The Trust will acquire the Company's shares through the stock market on which the Company's shares are listed, or by way of subscribing to a disposition of the Company's treasury shares, using the money entrusted as in (2) above as the funds.

(4) The Company will grant points to Directors, etc. in accordance with the Rules on Provision of Shares to Officers.

(5) The Trust will not exercise voting rights of the Company's shares held in the Trust in accordance with the instructions of the trust administrator, who is independent from the Company.

(6) The Trust will provide those individuals who retire from office as Directors, etc. and fulfill the beneficiary eligibility requirements stipulated in the Rules on Provision of Shares to Officers (hereinafter referred to as the "Beneficiaries") with the Company's shares, according to the number of points granted to the relevant Beneficiary. However, if a Director, etc. fulfills the requirements stipulated in the Rules on Provision of Shares to Officers, the Company will provide the Director, etc. with money equivalent to the market price of the Company's shares, for a certain proportion of the number of granted points.

Item6: Renewal of the Measures to Prevent Large-scale Acquisition of Our Company Shares (Takeover Defense Measures)

Japan Petroleum Exploration Co., Ltd. (hereinafter the "Company" or "JAPEX") renewed, in the 47th Ordinary General Meeting of the Shareholders, held on June 28, 2017, the "Measures to Prevent Large-scale Acquisition of Our Company Shares (Takeover Defense Measures)" (hereinafter the renewed measures are referred to as the "Former Plan"). The Former Plan will expire at the close of the 50th Ordinary General Meeting of the Shareholders (hereinafter the "Annual Shareholders' Meeting") to be held on June 26, 2020.

Prior to expiry of the effective period of the Former Plan, JAPEX has, in our Board of Directors Meeting held on May 14, 2020, decided to partially revise the content of the Former Plan and renew it (hereinafter the "Renewal" and the plan after the Renewal is the "Plan") as undertakings based on the basic policy regarding the person controlling decisions relative to policies for our finances and business (refers to the policies in the provision in Article 118, Clause 3 of the Ordinance for Enforcement of the Companies Act, hereinafter the "Basic Policy") to prevent the controlling of decision of policies of our finances and business by inappropriate persons (Article 118, Clause 3 (b) (2) of the Ordinance for Enforcement of the Companies Act), subject to the approval of our shareholders at the Annual Shareholders' Meeting.

The main amendments to the Former Plan are: 1) In the event that the allotment of share options without contribution is implemented according to the Plan, the Board of Directors shall, in principle, convoke a general meeting of the shareholders to confirm the decision of the shareholders concerning said implementation of the allotment of share options without contribution; 2) The reply deadline of the Board of Directors for the demands posed by the Independent Committee has been changed from 60 days to 45 days; and, 3) The Reviewing Period of the Independent Committee has been changed from 60 days to 45 days.

Therefore, we would like to request our shareholders to delegate to our Board of Directors the right to determine the matters related to the "allotment of share options without contribution" pursuant to the procedure mentioned in the following Item 2 "Details of the Proposal" in accordance with Article 12 of the Articles of Incorporation of our company.

1. Cause of the Proposal

(1) Basic Policy Regarding the Person Controlling Decisions Relative to Policies for Our Finances and Business

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

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

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

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

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

against such attempts.

(2) Purpose of the Renewal

The Plan shall be renewed according to the Basic Policy described above (1) for the purpose of ensuring and improving our corporate value and the common interests of our shareholders.

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

2. Content of the Plan

(1) Overview of the Plan

The Plan determines the necessary procedure for achieving the aforementioned purpose, such as demanding the prior provision of information from the acquirer, upon the emergence of a person who intends to acquire 20% or more of JAPEX share certificates, etc.

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

In case the acquirer does not comply with the procedure set forth in the Plan or the intended large-scale acquisition of JAPEX share certificates, etc., has a risk of impairing our corporate value and/or the common interest of our shareholders and if the predetermined requirements for the implementation of the Plan are satisfied, JAPEX shall allot share options with exercise conditions in which the exercise of rights by the acquirer is, in principle, impermissible or with acquisition clauses where JAPEX may, in principle, acquire share options from persons other than the acquirer in exchange for JAPEX shares to all shareholders excluding JAPEX at that point of time, through an allotment of share options without contribution.

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

With regard to the decision whether to implement or not implement the allotment of share options without contribution, or to acquire, according to the Plan, in order to eliminate the arbitrary decision of the Board of Directors, it shall undergo the objective decision of the Independent Committee constituted only of Outside Director etc., who are independent from the Company's Board of Directors pursuant to the Independent Committee Provision. Moreover, in the event that the allotment of share options without contribution is implemented according to the Plan, the Board of Directors shall, in principle, convoke a general meeting of the shareholders to confirm the decision of the shareholders concerning said implementation of the allotment of share options without contribution.

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

(2) Procedure for the Implementation of the Plan

(a) Share purchases that are the subject of the Plan's application

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

1) Share purchase or other acquisition with an ownership ratio[1] of 20% or more of the holder[2] with regard to share certificates, etc.,[3] issued by JAPEX.
2) Tender offers[4] with a total ownership ratio[5] of 20% or more of the persons pursuing tender offers and their special associated persons[6] with regard to share certificates, etc.,[7] issued by JAPEX.

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

(b) Submission of the Intent Statement

The Acquirers shall, prior to the relevant Acquisitions, submit a legally binding document (on which the signature or the seal of the Acquirers' representative is placed and no conditions or reservations imposed) including covenant wordings, etc., that expresses the intention to comply with the procedure set forth in the Plan and a qualification certificate of the representative signed or sealed thereby, in a format specified by JAPEX (hereinafter collectively the "Intent Statement") to JAPEX. The Intent Statement shall specify the name or designation, the address or location such as the head office and offices of the Acquirers, the governing law for incorporation, the name of the representative, the contact in Japan and the outline of the intended Acquisition. The language used in

the Intent Statement and the Acquisition Statement, which is set forth in the following (c), and any other material that is submitted by the Acquirers to JAPEX or the Independent Committee must be only Japanese.

(c) Demand for information provision towards the Acquirers

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

Upon receiving the Acquisition Statement, the Company's Board of Directors will immediately send it to the Independent Committee (the appointment criteria of committee members, the requirements for adopting resolutions and matters for resolution are as described in the separate document 1 "Overview of the Independent Committee Provision" and personal careers of the members in the separate document 2 "Brief History of Independent Committee Members").

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

1) Details (including names, capital relationship, financial content, business performance, compliance with laws and other regulations, details of previous trade similar to the Acquisition of the relevant Acquirers, and the previous transactions of JAPEX share certificates, etc.) of the Acquirers, and their group (including joint shareholders[8], special associated persons, and special associated persons of the parties whose controlled incorporations[9] are the Acquirers)[10]
2) Purpose, method, and content of the Acquisition (includes value and type in consideration of the Acquisition, time of Acquisition, mechanism of related trade, legality of the method of Acquisition, and information on the feasibility of the Acquisition)
3) Price and basis of the valuation of the relevant Acquisition
4) Whether there have been agreements on JAPEX share certificates, etc. between the Acquirers and a third party, and other communication on the Acquisition
5) Proof of funds for the Acquisition (includes the specific names of providers of the funds for the Acquisition (including the beneficial providers), procurement methods, content of related trade, etc.)
6) Management policy, business plans, capital policy, and dividend policy, for JAPEX Group after the Acquisition
7) Post-acquisition policy regarding our shareholders, employees, labor union, business partners, customers, and other stakeholders related to JAPEX Group
8) Specific information regarding the risk of infringement by the Acquirers to the laws and regulations in and out of Japan (includes the Act of Prohibition of Private Monopolization and Maintenance of Fair Trade and foreign competition law)
9) Information regarding relationships with antisocial forces or organizations related to terrorism
10) Specific measures to prevent conflicts of interest with other shareholders of JAPEX shares
11) Other information reasonably decided by the Independent Committee as necessary

(d) Consideration of the content of Acquisition / Consideration of negotiation with the Acquirer or of an alternative plan

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

The Independent Committee shall, when the Acquisition Statement and (if applicable) the additional information are submitted by the Acquirer, determine an appropriate reply deadline (45 days maximum in view of the scale, characteristics and diversity of the JAPEX Group) with due consideration to the time required for the collection of information and the review and/or valuation of materials by the Board of Directors (including such examination by outside experts, as required). The Independent Committee may also request the Board of Directors to present its opinion (including suspension of opinion; hereinafter the same applies.) on the content of the Acquisition proposed by the Acquirer and the supporting materials, (if available) alternative plans, and other

information deemed necessary by the Independent Committee, as appropriate, with the appropriate reply deadline.

2) Reviews and other considerations by the Independent Committee

The Independent Committee shall, within an appropriate period (45 days maximum in view of the scale, characteristics and diversity of the JAPEX Group) (hereinafter the "Reviewing Period of the Independent Committee") after the receipt of the information (including the additional information requested) from the Acquirer and the Board of Directors (if the provision of information has been requested to the Company's Board of Directors as described in 1) above), review the content of the Acquisition, collect information on and comparatively investigate the management and business plans of the Acquirer and the Board of Directors, and review the alternative plan provided by the Board of Directors.

In order to ensure that the Independent Committee makes the decision to the benefit of the corporate value and the common interest of our shareholders, the Independent Committee may seek advice from financial advisors, certified public accountants, lawyers, certified tax accountants, consultants and other experts at the expense of the Company.

In addition, the Independent Committee may, directly or indirectly, consult and/or negotiate with the Acquirer, if necessary, to improve the content of the relevant Acquisition in view of ensuring and improving our corporate value and thus the common interest of our shareholders. The Acquirer shall promptly respond to the direct or indirect request of the Independent Committee to provide reviewing materials or other information, or for consultation and/or negotiation.

Furthermore, the Independent Committee may extend the Reviewing Period of the Independent Committee, within a reasonable range (however, the total extendable period shall, in principle, be up to 30 days at a maximum) required for the reviewing of the content of the Acquisition by the Acquirer, for the consideration of the alternative plan, and for consultation and/or negotiation with the Acquirer.

(e) Procedure of advisory of the Independent Committee

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

1) When advising the implementation of the Plan

When the Independent Committee judges that the Acquisition by the Acquirer falls under any of the causes for implementation (hereinafter collectively the "Cause for Implementation") set forth in the following (3) "Requirements for the Allotment of the Share Options Without Contribution," the Independent Committee shall advise the implementation of the allotment of the share options (of which the major content shall be as set forth in the following (4) "Overview of the Allotment of the Share Options Without Contribution"; hereinafter the "Share Options") without contribution to the Board of Directors, except under special circumstances through which the further provision of information by or consultation and/or negotiation with the Acquirers is necessary. Meanwhile, the Independent Committee may issue a reservation that the shareholders' decision should be heard and decided.

Regardless of the foregoing paragraph, even after the implementation of the allotment of the Share Options without contribution has been advised, if the Independent Committee deems that any of the conditions specified below applies, the Independent Committee may pause the allotment of the Share Options without contribution by two business days before the ex-rights day of the allotment of the Share Options without contribution, or, may issue a new advisory to acquire all the Share Options without contribution by one day before the date of commencing the Period of Exercise after the effective date of the allotment of the Share Options without contribution.

(i) When the Acquisition is withdrawn by the Acquirer after the advisory or when the Acquisition is otherwise no longer existent; or
(ii) When the Cause for Implementation is no longer existent due to such reason that, for example, any change has occurred in the facts the decision of the advisory was based on.

2) When advising not to implement the Plan

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

Reviewing Period of the Independent Committee has commenced or has finished.

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

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

With regard to the implementation of the allotment of the Share Options without contribution according to the Plan, the Board of Directors shall, in principle, convoke a general meeting of the shareholders (hereinafter the "General Meeting of the Shareholders for Decision Hearing") to hear the shareholders' decision regarding the implementation of the allotment of the Share Options without contribution in the case (i) where the Independent Committee issued a reservation that shareholders' decision be heard in advance with regard to the implementation of the allotment of the Share Options without contribution pursuant to the procedure in (e) above, or (ii) where it has been judged that it is appropriate to hear the shareholders' decision in light of various factors such as the time required for holding the general meeting of the shareholders and the duty of care of a good manager.

(g) Resolution of Board of Directors

In the case the General Meeting of the Shareholders for Decision Hearing is held according to (f) above, the Board of Directors shall make a resolution based on the resolution of the General Meeting of the Shareholders for Decision Hearing.

On the other hand, in case an advisory has been given by the Independent Committee according to (e) above, but the General Meeting of the Shareholders for Decision Hearing is not to be held, the Board of Directors shall make a resolution as a body under the Companies Act regarding the implementation or non-implementation of the allotment of the Share Options without contribution, in utmost deference to the above advisory of the Independent Committee.

(h) Information disclosure

In operating the Plan, JAPEX shall timely disclose the appropriate information as enumerated below in accordance with the governing laws and regulations and/or applicable rules and regulations of the stock exchanges: progress status of the respective procedures set forth in the Plan (including the fact of the Intent Statement and the Acquisition Statement submitted; the fact of the revealed existence of an Acquirer who intends to make the Acquisition without submitting the Intent Statement or the Acquisition Statement; the fact of the commenced Reviewing Period of the Independent Committee; and the fact of the extended Reviewing Period of the Independent Committee together with the extended period and the reason therefor), outline of the advisory of the Independent Committee, outline of the resolution adopted by the Company's Board of Directors, outline of the resolution at the General Meeting of the Shareholders for Decision Hearing, and any other matters deemed appropriate by the Independent Committee or the Board of Directors.

(3) Requirements for the Allotment of the Share Options Without Contribution

The requirements for the implementation of the allotment of the Share Options without contribution pursuant to the Plan shall be as follows. As was described in (e) under (2) "Procedure for the Implementation of the Plan", whether the Acquisition falls under the following requirements shall be always be decided with and after the advisory of the Independent Committee.

First Cause for Implementation

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

Second Cause for Implementation

When the Acquisition by the Acquirer falls under any of the following and it is deemed suitable

to implement the allotment of the Share Options without contribution;

(a) When the Acquisition clearly risks infringing on our corporate value and consequently to the common interest of our shareholders, by reason of the acts listed below:

1) Act in which the Acquirer corners the share certificates, etc., and demands that JAPEX or parties related to JAPEX purchase such share certificates at a high price;
2) Act in which the Acquirer temporarily controls the management of JAPEX to perform management for the benefit of the Acquirer that is based on the sacrifice of JAPEX, such as acquiring JAPEX's important assets and other properties at low cost;
3) Act in which the Acquirer appropriates the assets of JAPEX Group as collateral for debt and/or as a resource to perform obligations of the Acquirer or its group companies, etc.; or
4) Act in which the Acquirer temporarily controls the management of JAPEX to dispose of expensive assets and/or other properties that are not active in the business of JAPEX Group for the foreseeable future, and with the disposal income, perform temporary high dividend payouts or sell-out of shares on the occasion of sharp rises in share prices due to such temporary high dividend payouts.

(b) When the Acquisition has a risk of a de facto coercion towards the shareholders to sell their shares, such as coercive two-tiered tender offers (refers to an act in which shares are purchased in tender offers and such, without soliciting/offering the purchase of all shares in the initial purchase, but set the second tier purchase condition disadvantageously or without clarifying the second tier purchase condition);

(c) When the Acquisition is such that the condition of the Acquisition (including value and type in consideration, time, legality of the method, feasibility, post-acquisition management policy and business plans, post-acquisition shareholders other than JAPEX, and policy regarding the employees, customers, business partners, and other stakeholders related to JAPEX Group) is insufficient or inadequate with consideration to JAPEX's intrinsic value; or

(d) When the Acquisition might cause significant damage to our corporate value and consequently to the common interest of our shareholders, with a risk of causing a serious hindrance in ensuring a stable supply of energy or ensuring customer convenience, due to the insufficiency or inadequacy of the content of post-acquisition management policy or business plans.

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

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

(a) Number of the Share Options

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

(b) Shareholders eligible for allotment

The Share Options shall be allotted to shareholders other than JAPEX who are registered on the final shareholder registry (hereinafter the "Shareholders Eligible for Allotment") as of the Allotment Date, in proportion of one Share Option per one JAPEX share held by the shareholder.

(c) Effective date of allotment of the Share Options without contribution

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

(d) Number of shares as object of the Share Options

The number of JAPEX shares as object of each Share Option (hereinafter the "Target Share Number") is, in principle, one share.

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

The object of contribution upon the exercise of the Share Options shall be money. The value per JAPEX share of the property to be contributed upon the exercise of the Share Options shall be otherwise decided in the Resolution for the Allotment of Share Options Without Contribution, within the value range of one yen as lower limit and one half of the market value of one JAPEX share as higher limit. Furthermore, "market value" is equivalent to the value corresponding to the average closing price (includes quotations) for 90 days (excludes dates without contracted trade) of ordinary exchange dates for ordinary JAPEX shares at the Tokyo Stock Exchange, prior to the Resolution for the Allotment of Share Options Without Contribution, and fractions shall be rounded up.

(f) Period of exercise of the Share Options

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

(g) Conditions of exercise of the Share Options

(I) Specific large-scale holders[11], (II) joint holders of specific large-scale holders, (III) specific large-scale acquirers[12], (IV) special associated persons of specific large-scale acquirers, or (V) persons who was assigned or succeeded the Share Options from persons that fall under (I) or (IV) without the approval of the Board of Directors, or (VI) persons who are in relation[13] to persons that fall under (I) or (V) (hereinafter persons that fall under (I) or (VI) collectively shall be the "Unqualified Persons") may not, excluding cases where certain exceptional causes[14] exist, exercise the Share Options. Furthermore, under the applicable foreign law, non-residents, as they require prescribed procedures for the exercise of the Share Options, may not, in principle, exercise the Share Options. (However, on the condition that it is confirmed that the Share Options held by the non-resident does not infringe on the applicable law, they may become the object of acquisition by JAPEX in consideration of JAPEX shares as described in the following (i) 2)). In addition, persons who do not submit a covenant in a form prescribed by JAPEX containing a representation warrant clause with regard to that the person satisfies the requirements for exercise of the Share Options, compensation clause and other covenant wordings, cannot exercise the Share Options.

(h) Restriction on assignment of the Share Options

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

(i) Acquisition of the Share Options by JAPEX

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

2) JAPEX may, upon the coming of the date otherwise prescribed by the Board of Directors, acquire all the Share Options held by persons other than the Unqualified Persons, which are not exercised by the day before the date prescribed by the Board of Directors, and in exchange of such unexercised Share Options, may delivery the number of JAPEX shares equivalent to the Target Share Number per one Share Option.

Furthermore, in the event[15] that the Board of Directors acknowledges the presence of persons other than the Unqualified Persons among the holders of the Share Options after the date of such an acquisition, upon the coming of the date prescribed by the Board of Directors that is after the date of the above acquisition, all the Share Options held by such persons that remained unexercised as of one business day before the date assigned by the Board of Directors shall be acquired by JAPEX and in exchange for this, JAPEX may deliver shares equivalent to the Target Share Number per one Share Option, and the same principle shall apply hereafter.

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

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

(k) Issuance of share option certificates

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

(l) Other

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

(5) Effective Period, Abolition, and Modification of the Plan

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

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

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

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

(6) Revision due to Amendments in Law

The provision of law referenced in the Plan is assumed as the provision in effect as of May 14, 2020, and should any addition, revision, or abolition of the law occur after the date and thus necessitates a revision to the clauses prescribed above or meaning of terms, such clauses or meaning of terms shall be appropriately interpreted within a reasonable range, upon consideration of the intention of the addition, revision, or abolition.

1. Defined in Article 27-23-4 of the Financial Instruments and Exchange Act. The term herein is subject to its definition.
2. Includes persons included in holders, based on Article 27-23-3 of the Financial Instruments and Exchange Act (includes persons the Board of Directors deemed that they will fall under the definition). The term herein is subject to its definition.
3. Defined in Article 27-23-1 of the Financial Instruments and Exchange Act. The term herein is subject to its definition, unless otherwise specified.
4. Defined in Article 27-2-6 of the Financial Instruments and Exchange Act. The term herein is subject to its definition.
5. Defined in Article 27-2-8 of the Financial Instruments and Exchange Act. The term herein is subject to its definition.
6. Defined in Article 27-2-7 of the Financial Instruments and Exchange Act (includes persons the Board of Directors deemed that they will fall under the definition). However, with regard to the persons stipulated in Article 27-2-7 (1), those who fall under Article 3-2 of the Cabinet Office order concerning the disclosure of tender offers of share certificates, etc. by persons other than the issuer, shall be excluded. The term herein is subject to its definition.
7. Defined in Article 27-2-1 of the Financial Instruments and Exchange Act.
8. Refers to the joint holders stipulated in Article 27-23-5 of the Financial Instruments and Exchange Act, and includes persons deemed joint holder based on Article 27-23-6 (includes persons the Board of Directors deemed that they will fall under the definition). The term herein is subject to its definition.
9. Defined in Article 9-5 of the Enforcement Order of the Financial Instruments and Exchange Act.
10. In case of funds, includes the information equivalent to that in 1) above for each union member or other members.
11. In principle, refers to holders of share certificates, etc. issued by JAPEX and the ratio of whose ownership of such shares is 20% or more (includes persons the Board of Directors deemed that they will fall under the definition). However, persons whose acquisition or holding of the shares are deemed harmless to our corporate value or the common interest of our shareholders by the Board of Directors, and other persons who are otherwise designated by the Board of Directors in the Resolution for the Allotment of Share Options without Contribution, shall not fall under specific large-scale holders. The term herein is subject to its definition.
12. In principle, refers to persons who made a public notice to purchase (defined in Article 27-2-1 of the Financial Instruments and Exchange Act. The term herein is subject to its definition.) shares issued by JAPEX (defined in Article 27-2-1 of the Financial Instruments and Exchange Act. The term herein is subject to its definition.) by tender offer and whose ratio of share ownership (as pursuant to this, shall include cases stipulated in Article 7-1 of the Enforcement Order of the Financial Instruments and Exchange Act) combined that of the person's special associated person become 20% or more after such purchase (includes persons the Board of Directors deemed that they will fall under the definition). However, persons whose acquisition or holding of the shares are deemed harmless to our corporate value or the common interest of our shareholders by the Board of Directors, and other persons who are otherwise designated by the Board of Directors in the Resolution for the Allotment of Share Options without Contribution, shall not fall under specific large-scale acquirers. The term herein is subject to its definition.
13. "Those who are in relation" to refers to a person who substantially control the other person, or is controlled by the other person, or under the same control as the other person (includes persons the Board of Directors deemed that they will fall under the definition), or a person approved by the Board of Directors as acting substantially in cooperation with the other person. Furthermore, "control" refers to "the case where controlling the determination of financial and business policies" of another organization (defined in Article 3-3 of the Ordinance for Enforcement of the Companies Act).
14. Specifically, the following case is deemed to fall under such exceptional causes: (x) In case the Acquirer pauses or withdraws the Acquisition after the Resolution for the Allotment of Share Options without Contribution is adopted or if the Acquirer and other Unqualified Persons have pledged that they do not intend to make the Acquisitions subsequently and have delegated a disposition of JAPEX shares to a securities company that JAPEX admits, and additionally (y) in case a ratio authorized by JAPEX (hereinafter the "Unqualified Persons' Ownership Ratio of JAPEX Share Certificates, etc.") as the Acquirer's ownership ratio of JAPEX share certificates, etc. (provided, however, that in calculating the ownership ratio of the JAPEX share certificates, etc., the Unqualified Persons other than the Acquirers and Joint Holders thereof shall be deemed to be the joint holders of the Acquirers, and the Share Options that do not satisfy the exercise conditions shall be excluded), is less than 20%, the Acquirer of the Acquisition and other Unqualified Persons who have made the disposition may exercise the Share Options targeting the number of shares that correspond to the disposed shares within the range below 20%. The exercise conditions for the Share Options to be exercised by the Unqualified Persons and the details of relevant procedures shall be otherwise prescribed by the Company's Board of Directors.
15. Examples include cases where persons who were initially special associated persons of specific large-scale acquirers resolve their relationship with the relevant specific large-scale acquirer after the implementation of the Plan and cease to be Unqualified Persons.

END

Separate Document 1

Overview of the Independent Committee Provision

- The Independent Committee shall be established by the resolution of the Board of Directors.
- The members of the Independent Committee shall be three or more, who are appointed by the Board of Directors from persons who are independent of management involved in business operations of JAPEX and are any of the following: (i) Outside Director (includes persons planned to be elected), (ii) Outside Corporate Auditor (includes persons planned to be elected), or (iii) outside expert. However, an expert must be a proven business administrator, post-bureaucrat, expert in investment banking, lawyer, certified public accountant, certified tax accountants, or a researcher with his or her main field of research as corporate law or such, or must be pursuant to the aforementioned. Furthermore, the members of the Independent Committee must enter into an agreement with JAPEX that includes provisions for the duty of care of a good manager, otherwise designated by the Board of Director.
- The term of office for Independent Committee members shall be until the close of the ordinary general meeting of the shareholders for the last fiscal year which ends within three years after the close of the Annual Shareholders' Meeting, provided that there is no resolution by the Board of Directors otherwise determining the term. Furthermore, in case an Independent Committee member who was an Outsider Director or Outside Corporate Auditor is no longer an Outsider Director or Outside Corporate Auditor (excludes cases where he or she is re-elected as one), the term of office as an Independent Committee member shall terminate at the same time.
- The Independent Committee shall decide on the matters with implementation or non-implementation of the allotment of the Share Options without contribution, pause of allotment of the Share Options without contribution or Acquisition of the Share Options without contribution, matters to be decided by the Board of Directors, on which the Board of Directors seeks the advice of the Independent Committee and other matters that may be executed by the Independent Committee as defined under the Plan.
- The resolution of the Independent Committee shall, in principle, be made upon the full attendance (includes attendance by TV conferences and telephone conferences; hereinafter the same applies.) of the members of the Independent Committee and with a majority vote. However, under unavoidable circumstances, a majority of the voting rights of a majority attendance shall produce a resolution.

END

Separate Document 2

Brief History of Independent Committee Members

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

Keiichiro Tsuchiya
(Date of Birth: December 23, 1946)

CAREER

April 1980	Lecturer of the School of Law, Meiji University
April 1985	Assistant Professor of the School of Law, Meiji University
April 1993	Professor of the School of Law, Meiji University
April 2004	Dean of the School of Law, Meiji University
April 2008	Executive Trustee, Meiji University
April 2016	President, Meiji University

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

Akira Kojima
(Date of Birth: July 18, 1942)

CAREER

April 1965	Joined Nikkei Inc.
May 1997	Director and Chief Editor, Nikkei Inc.
May 2000	Managing Director and Chief Editor, Nikkei Inc.
May 2003	Senior Managing Director, Nikkei Inc.
May 2004	Chairman, Japan Center for Economic Research
July 2009	Adjunct Professor, National Graduate Institute for Policy Studies
April 2011	Member, Board of Trustees and Adjunct Professor, National Graduate Institute for Policy Studies (up to the present date)
June 2015	Director, JAPEX (up to the present date)
August 2019	President, Center for International Economic Collaboration (up to the present date)

*Mr. Akira Kojima is JAPEX's Outside Director as stipulated in Article 2, Clause 15 of the Companies Act.
*No particular relationship is existent between Mr. Kojima and JAPEX

Hiroyasu Watanabe
(Date of Birth: April 11, 1945)

CAREER

July 1969	Joined The Ministry of Finance
July 2002	Director-General, National Tax Agency
April 2004	Professor, Graduate School of Finance, Accounting and Law, Waseda University
June 2015	Corporate Auditor, JAPEX (up to the present date)
December 2016	Advisor, Hibiya Park Law Offices (up to the present date)
May 2019	Chairman, Japan Tariff Association (up to the present date)

*Mr. Hiroyasu Watanabe is JAPEX's Outside Corporate Auditor as stipulated in Article 2, Clause 16 of the Companies Act.
*No particular relationship is existent between Mr. Watanabe and JAPEX.

END

(Reference)

'Qs and As' about Allotment of Share Options without Contribution as Takeover Defense Measures

These 'Qs and As' are attached hereto not as reference documents for the ordinary general meeting of shareholders but as guide to plainly explain the Plan. For more accurate and detailed information, please refer to the explanations made in and after page 16 and the press release dated May 14, 2020 "Renewal of the Measures to Prevent Large-scale Acquisition of Our Company Shares (Takeover Defense Measures)."

Q1. What is the purpose of renewing the Takeover Defense Measures?

A. The Plan, for which we kindly ask your approval in Item6, describes procedures to be taken by JAPEX when a large-scale acquisition of JAPEX shares occurs. It ensures the information and time necessary for our shareholders to decide whether to accept the acquisition or not and for the Board of Directors to propose an alternative plan, as well as to secure the opportunities for consultation, negotiation, or any other communication with the Acquirer. As mentioned above, we believe the Plan will contribute to ensuring and improving of our corporate value and the common interests of our shareholders. Therefore, we decided to renew the current Takeover Defense Measures, which will expire on the designated date.

Q2 What are the differences between the Former Plan and the renewed Plan?

A. The main amendments to the Former Plan are: 1) In the event that the allotment of share options without contribution is implemented according to the Plan, the Board of Directors shall, in principle, convoke a general meeting of the shareholders to confirm the decision of the shareholders concerning said implementation of the allotment of share options without contribution; 2) The reply deadline of the Board of Directors for the demands posed by the Independent Committee has been changed from 60 days to 45 days; and, 3) The Reviewing Period of the Independent Committee has been changed from 60 days to 45 days.

Q3. Please explain the outline of the Plan.

A. The Plan is a Prior Warning-type Rights Plan under which Share Options are allotted without contribution in the case of threat of acquisition. In particular, the Plan includes the following.

(1) Acquirers who intend to acquire 20% or more of the shares issued by JAPEX, are required to submit, in advance, the Intent Statement containing covenant wordings, etc., that express the intention to comply with the procedure set forth in the Plan and provide such information on the Acquisition Statement, etc., that is needed for examining the content of the acquisition.

(2) The Board of Directors will immediately send the Acquisition Statement to the Independent Committee. The Independent Committee may request the Board of Directors to present its opinion on the content of the acquisition, the supporting materials and, (if available) alternative plans.

(3) After receipt of the information from an Acquirer and Board of Directors, Independent Committee will review the content of the acquisition and the alternative plan provided by the Board of Directors and consult and/or negotiate with the Acquirer, while seeking advice from experts, etc.

(4) JAPEX will reach a resolution concerning the implementation of the allotment of Share Options without contribution, only after obtaining a judgment from the Independent Committee, under the situation where Acquirers fail to comply with the procedures set forth in the Plan, or the Acquisition clearly infringes on our corporate value and the common interests of our shareholders, and where resist to such Acquisition is deemed appropriate. JAPEX may confirm the intention of our shareholders concerning the implementation of the allotment of Share Options without contribution.

(5) The Share Options allotted in relation to the exercise of the Plan includes an exercising condition which restricts the exercise of share option rights to Acquirers and an acquisition condition that JAPEX can acquire share options in exchange for JAPEX shares from holders other than the Acquirer. If JAPEX shares are issued to our shareholders other than the Acquirer according to this, the ratio of the voting rights of JAPEX held by the Acquirer may be diluted to a maximum of 50%.

Q4. The company's Takeover Defense Measures are deemed highly reasonable. In what specific ways is the JAPEX's Takeover Defense Measure highly reasonable?

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

Item	The company's Takeover Defense Measures
Shareholders' intention	・The intention of our shareholders will be reflected by obtaining the approval of the Plan at this shareholders meeting. ・Even before the expiration of its term, the Plan will be instantly abolished, if the general meeting of shareholders or the Board of Directors resolves to abolish the plan. Therefore, the continuity or discontinuity of the Plan can depend on the shareholders. ・In the event that the allotment of share options without contribution is implemented according to the Plan, the said implementation shall, in principle, be decided with a general meeting of the shareholders.
Independent Committee	・An Independent Committee comprised of independent Outside Directors, etc., is established. ・The members of the Company's Independent Committee are one (1) Outside Director, one (1) Outside Auditor and one (1) outside expert, each with high independency. ・The implementation of the Plan must be made on the advice of the Independent Committee, which is given after consideration of the specific designated requirement. ・The Independent Committee may receive advice from experts at the Company's cost.
Condition for initiating the procedure	Holding 20% or more of the voting rights, or a tender offer that intends the acquisition of 20% or more of the voting rights.
Conditions for implementation	Reasonable and objective conditions are established.
Validity (sunset clause)	Three (3) years
Members of the Board of Directors	Twelve (12) Directors (if the candidates of Directors mentioned in page 4 to page 11 of this notice are elected at this shareholders meeting), including three (4) independent Outside Directors.
Abolition	The Plan may be abolished at any time by resolution of the general meeting of shareholders or the Board of Directors (the Plan is neither a dead-hand type takeover defense measure [whereby the implementation of a takeover defense measure cannot be deterred even with the replacement of over half of the constituting members of the Board of Directors] nor a slow-hand type takeover defense measure [where the implementation of a takeover defense measure takes time]).
Disclosure of purpose, conditions for implementation, and procedures	Information is fully disclosed through press releases, resolution items and reference documents for the general meeting of shareholders, and at the general meeting of shareholders.
Delivery of notification of the convocation	The notification of convocation will be delivered on June 4, 2020 (Thursday), three (3) weeks before the day of the ordinary general meeting of shareholders.

Q5. How will shareholders be impacted, if the Plan is renewed?

A. At the point of renewal of the Plan, the allotment of Share Options without contribution will not be made. Therefore, there will be no direct and specific impact on shareholders.
Meanwhile, in the case where Acquirers appear and the Plan is implemented, Share Options will be allocated free of charge to shareholders excluding the Company. The shareholders to whom Share Options without contribution are allotted are entitled to receive, on and after the commencing date of the period of exercise, in principle, one share per one share option, by paying the money value equivalent to the exercising value decided in the Resolution for the Allotment of Share Options without Contribution within the range of one yen per one share for the purpose of the Share Options as the lower limit and one half of the market value of one JAPEX share as the upper limit. If certain shareholders do not exercise their Share Options, the shares held by those shareholders will be diluted as a result of the exercise of the Share Options by other

shareholders.

If JAPEX delivers JAPEX shares in exchange of acquiring the Share Options from shareholders, shareholders other than Acquirers will receive the corresponding JAPEX shares without following the exercising procedure on the part of the shareholders. If JAPEX follows such an acquisition procedure, the shareholders other than Acquirers will receive JAPEX shares without exercising their Share Options and paying a monetary amount equivalent to the exercise price, and therefore the dilution of owned JAPEX shares held will not, in principle, occur.

Q6. If an allotment of Share Options without contribution is implemented, what procedures should be followed by the shareholders?

A. (1) Exercise of Share Options

When exercising Share Options allotted through the allotment of share options without contribution, in principle, the shareholders will be required to submit, during the period of the exercise of the Share Options, the documents necessary for the exercise of Share Options (in the form prescribed by JAPEX which contains the clauses of representation, warrant, etc., that the shareholders meet the exercise conditions) and other documents necessary for the exercise of Share Options, and pay, in principle during the period of exercise of the Share Options, a monetary amount equivalent to the exercise price.

(2) Procedure for the Acquisition of the Share Options by JAPEX

If the Board of Directors makes the decision to deliver JAPEX shares to shareholders in exchange for the acquisition of Share Options, JAPEX will, according to statutory procedures, acquire the Share Options on the date determined by the Board of Directors, and deliver JAPEX shares in exchange for the Share Options. In this case, the shareholders may be required to submit a document in the form prescribed by JAPEX.

Q7. Among the conditions relating to the exercise of the Share Options allocated by the allotment of Share Options without contribution, it is mentioned that non-residents (foreign residents), who are required under the applicable foreign laws and regulations to follow the prescribed procedures for the exercise of Share Options, may not, in principle, exercise their Share Options. Will non-residents be adversely affected by the Plan?

A. First of all, if non-resident shareholders are not required under the applicable foreign laws and regulations to follow the prescribed procedures for the exercise of the Share Options, such as obligations to register securities, such non-residents may exercise their Share Options.

Secondly, even if non-resident shareholders are required under the applicable foreign laws and regulations to follow the prescribed procedures for the exercise of Share Options, such as obligation to register securities, but if an exemption clause applies, the non-residents may, in principle, exercise their Share Options on condition that they meet the conditions of the said exemption clause.

Furthermore, if it was confirmed that the acquisition by JAPEX of the Share Options held by the relevant non-resident by means of the implementation of the terms and conditions for acquisition does not conflict with applicable laws and regulations, JAPEX's shares will also be delivered to these non-residents upon acquisition by JAPEX of the Share Options.

END

Consolidated Balance Sheet

(As of March 31, 2020)

(Unit: millions of yen)

Accounting titles	Amount	Accounting titles	Amount
(Assets)		**(Liabilities)**	
Current assets	**213,054**	**Current liabilities**	**35,738**
Cash and deposits	160,077	Notes and accounts payable-trade	12,237
Notes and accounts receivable-trade	27,510	Provision for bonuses for directors (and other officers)	75
Securities	4,000	Other	23,425
Merchandise and finished goods	5,223	**Non-current liabilities**	**151,236**
Work in process	167	Long-term borrowings	118,774
Raw materials and supplies	11,141	Deferred tax liabilities	9,878
Short-term loans receivable	19	Provision for retirement benefits for directors (and other officers)	88
Other	4,946	Retirement benefit liability	3,528
Allowance for doubtful accounts	(31)	Asset retirement obligations	15,432
Non-current assets	**414,078**	Other	3,535
Property, plant and equipment	**294,038**	**Total liabilities**	**186,975**
Buildings and structures	173,682		
Wells	26,984		
Machinery, equipment and vehicles	34,129	**(Net assets)**	
Land	16,670	**Shareholders' equity**	**365,212**
Construction in progress	31,466	**Share capital**	**14,288**
Other	11,103	**Retained earnings**	**350,934**
Intangible assets	**6,823**	**Treasury shares**	**(11)**
Other	6,823	**Accumulated other comprehensive income**	**37,494**
Investments and other assets	**113,216**		
Investment securities	88,922	**Valuation difference on available-for-sale securities**	**33,061**
Long-term loans receivable	43		
Deferred tax assets	8,003	**Deferred gains or losses on hedges**	**181**
Retirement benefit asset	971	**Foreign currency translation adjustment**	**3,494**
Other	16,034		
Allowance for doubtful accounts	(44)	**Remeasurements of defined benefit plans**	**756**
Allowance for overseas investment loss	(715)		
		Non-controlling interests	**37,450**
		Total net assets	**440,157**
Total assets	**627,132**	**Total liabilities and net assets**	**627,132**

(Amounts truncated to millions of yen)

Consolidated Statement of Income

(From April 1, 2019 To March 31, 2020)

(Unit: millions of yen)

Accounting titles	Amount	
Net sales		**318,822**
Cost of sales		**271,780**
Gross profit		**47,042**
Exploration expenses		**893**
Selling, general and administrative expenses		**31,864**
Operating profit		**14,283**
Non-operating income		
Interest income	1,096	
Dividend income	5,618	
Gain on sales of securities	240	
Share of profit of entities accounted for using equity method	11,960	
Foreign exchange gains	2,425	
Other	2,313	23,654
Non-operating expenses		
Interest expenses	4,641	
Loss on sales of securities	1	
Other	660	5,303
Ordinary profit		**32,635**
Extraordinary income		
Gain on sales of non-current assets	1	1
Extraordinary losses		
Loss on sales of non-current assets	14	
Loss on retirement of non-current assets	193	
Impairment loss	524	733
Profit before income taxes		**31,903**
Income taxes-current	4,318	
Income taxes-deferred	469	4,788
Profit		**27,114**
Profit attributable to non-controlling interests		299
Profit attributable to owners of parent		**26,815**

(Amount truncated to millions of yen)

Consolidated Statement of Changes in Equity

(From April 1, 2019 To March 31, 2020)

(Unit: millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	14,288	157	331,306	(10)	345,741	66,296	(2)	3,338	1,114	70,747	33,668	450,156
Changes in items during period												
Dividends of surplus			(3,143)		(3,143)							(3,143)
Profit attributable to owners of parent			26,815		26,815							26,815
Change in ownership interest of parent due to transactions with non-controlling interests		(4,192)			(4,192)							(4,192)
Change in scope of consolidation			(7)		(7)							(7)
Purchase of treasury shares				(0)	(0)							(0)
Transfer from retained earnings to capital surplus		4,035	(4,035)		—							—
Net changes in items other than shareholders' equity						(33,235)	184	156	(357)	(33,252)	3,782	(29,470)
Total changes in items during period	—	(157)	19,628	(0)	19,470	(33,235)	184	156	(357)	(33,252)	3,782	(9,999)
Balance at end of current period	14,288	—	350,934	(11)	365,212	33,061	181	3,494	756	37,494	37,450	440,157

(Amount truncated to millions of yen)

Balance Sheet

(As of March 31, 2020)

(Unit: millions of yen)

Accounting titles	Amount	Accounting titles	Amount
(Assets)		**(Liabilities)**	
Current assets	**132,488**	**Current liabilities**	**38,812**
Cash and deposits	87,614	Accounts payable-trade	7,618
Accounts receivable-trade	16,821	Lease obligations	213
Securities	1,000	Accounts payable-other	1,438
Merchandise and finished goods	3,832	Accrued expenses	5,582
Raw materials and supplies	9,870	Income taxes payable	121
Advance payments-trade	8	Deposits received	131
Prepaid expenses	499	Deposits received from subsidiaries and associates	23,333
Accrued income	2	Provision for bonuses for directors (and other officers)	69
Short-term loans receivable from subsidiaries and associates	9,651	Asset retirement obligations	228
Accounts receivable-other	1,780	Other	73
Advances paid	617	**Non-current liabilities**	**23,381**
Other	789	Lease obligations	1,791
Non-current assets	**310,148**	Deferred tax liabilities	6,873
Property, plant and equipment	**91,195**	Provision for retirement benefits	2,603
Buildings	10,788	Asset retirement obligations	11,774
Structures	30,207	Other	339
Wells	318	**Total liabilities**	**62,194**
Machinery and equipment	30,245		
Vessels	2		
Vehicles	4		
Tools, furniture and fixtures	2,093		
Land	14,136	**(Net assets)**	
Leased assets	1,622	**Shareholders' equity**	**347,203**
Construction in progress	1,774	**Share capital**	**14,288**
Intangible assets	**1,323**	**Retained earnings**	**332,926**
Leasehold interests in land	174	Legal retained earnings	3,572
Software	975	Other retained earnings	329,353
Other	173	Reserve for overseas investment loss	2,540
Investments and other assets	**217,630**	Reserve for mine prospecting	13,700
Investment securities	70,740	Reserve for special depreciation	144
Shares of subsidiaries and associates	154,976	Reserve for tax purpose reduction entry of non-current assets	568
Long-term loans receivable from subsidiaries and associates	4,986	Reserve for exploration	47,246
Long-term prepaid expenses	1,742	General reserve	171,600
Prepaid pension cost	40	Retained earnings brought forward	93,554
Other	1,074	**Treasury shares**	**(11)**
Allowance for doubtful accounts	(17)	**Valuation and translation adjustments**	**33,239**
Allowance for overseas investment loss	(15,913)	**Valuation difference on available-for-sale securities**	**33,057**
		Deferred gains or losses on hedges	**181**
		Total net assets	**380,442**
Total assets	**442,637**	**Total liabilities and net assets**	**442,637**

(Amount truncated to millions of yen)

Statement of Income

(From April 1, 2019 To March 31, 2020)

(Unit: millions of yen)

Accounting titles	Amount	
Net sales		**217,079**
Cost of sales		**186,680**
Gross profit		**30,399**
Exploration expenses		**828**
Selling, general and administrative expenses		**21,677**
Operating profit		**7,893**
Non-operating income		
Interest income	608	
Dividend income	18,095	
Gain on sales of securities	240	
Other	4,163	23,108
Non-operating expenses		
Interest expenses	338	
Inactive facility related expenses	316	
Inactive mine administrative expenses	52	
Foreign exchange losses	410	
Other	166	1,282
Ordinary profit		**29,718**
Extraordinary income		
Gain on sales of non-current assets	1	1
Extraordinary losses		
Loss on sales of non-current assets	0	
Loss on retirement of non-current assets	158	
Impairment loss	524	683
Profit before income taxes		**29,035**
Income taxes-current	3,107	
Income taxes-deferred	514	3,622
Profit		**25,413**

(Amount truncated to millions of yen)

Statement of Changes in Equity

(From April 1, 2019 To March 31, 2020)

(Unit: millions of yen)

	Shareholders' equity											
		Retained earnings										
			Other retained earnings									
	Share capital	Legal retained earnings	Reserve for overseas investment loss	Reserve for mine prospecting	Reserve for special depreciation	Reserve for tax purpose reduction entry of non-current assets	Reserve for exploration	General reserve	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,288	3,572	3,567	14,600	216	593	47,246	171,600	69,259	310,655	(10)	324,933
Changes in items during period												
Reversal of reserve for overseas investment loss			(1,027)						1,027	—		—
Provision of reserve for mine prospecting				3,500					(3,500)	—		—
Reversal of reserve for mine prospecting				(4,400)					4,400	—		—
Reversal of reserve for special depreciation					(72)				72	—		—
Reversal of reserve for tax purpose reduction entry of non-current assets						(25)			25	—		—
Dividends of surplus									(3,143)	(3,143)		(3,143)
Profit									25,413	25,413		25,413
Purchase of treasury shares											(0)	(0)
Net changes in items other than shareholders' equity												
Total changes in items during period	—	—	(1,027)	(900)	(72)	(25)	—	—	24,295	22,270	(0)	22,270
Balance at end of current period	14,288	3,572	2,540	13,700	144	568	47,246	171,600	93,554	332,926	(11)	347,203

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	66,294	(2)	66,291	391,225
Changes in items during period				
Reversal of reserve for overseas investment loss				—
Provision of reserve for mine prospecting				—
Reversal of reserve for mine prospecting				—
Reversal of reserve for special depreciation				—
Reversal of reserve for tax purpose reduction entry of non-current assets				—
Dividends of surplus				(3,143)
Profit				25,413
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	(33,236)	184	(33,052)	(33,052)
Total changes in items during period	(33,236)	184	(33,052)	(10,782)
Balance at end of current period	33,057	181	33,239	380,442

(Amounts truncated to millions of yen)

Guidance on the Exercise of Voting Rights via the Internet

1. Exercising voting rights via the Internet

(1) You may, in lieu of exercising voting rights by a written ballot, exercise your voting rights via the Internet by accessing the website (see URL shown below) designated by the Company. If you intend to exercise your voting rights via the Internet, you are required to login the page entering a code for the exercise of voting rights and a password provided on the right-hand side of the enclosed Voting Rights Exercise Form. Then, please follow instructions on the screen. For security reasons, it is necessary to change the password at the first time of logging in.

https://soukai.mizuho-tb.co.jp/

(2) Voting via internet must be completed no later than 5:35 pm on Thursday, June 25, 2020. The Company kindly request for voting to be carries out promptly.

(3) If you exercise your voting rights both in writing and via the Internet, the Company will only accept the exercise of your voting rights via the Internet as valid. If you exercise your voting rights more than once via the Internet, the Company will only accept the last exercise of your voting rights as valid.

(4) The cord and the password sent to you are valid only for this General Meeting of Shareholders. For the next General Meeting of Shareholders, a new code and a password will be issued.

(5) Any access charges or costs related to the Internet shall be borne by shareholders.

(Note)
- Password is important data to verify whether the person voting is a legitimate shareholder. The Company never asks for a password of shareholders for any purpose.
- If you enter your password incorrectly several times, your password is automatically locked out and you won't be able to login the page afterwards. Should that happen, please follow the instructions on the screen and follow the procedures.
- Operationality of the website for exercising voting rights is checked under the normal equipment/requirements for internet access. However, the website may not be available depending on your usage environment of the internet or device model you use.

2. Inquiries

If you have any questions about the exercise of voting rights via the Internet, please contact the transfer agent, Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd. (see below)

[For inquiries about how to exercise your voting rights via the Internet]
Phone: 0120-768-524 (toll free)
Hours: 9:00 a.m. to 9:00 p.m., excluding Saturdays, Sundays and national holidays

[To Institutional Investors]
Institutional investors may use the electronic platform for the exercise of voting rights operated by ICJ Inc. if you apply in advance.

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