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Press Release

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Notice Regarding Commencement of Tender Offer for Shares of TOA Oil Co., Ltd. (Securities Code: 5008)

Idemitsu Kosan Co., Ltd. (the "Tender Offeror") hereby announces that pursuant to a resolution adopted at its board of directors' meeting held on December 15, 2020, it has resolved to acquire the shares of common stock (the "Target Company Shares") of TOA Oil Co., Ltd. (Code: 5008, Second Section of Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange"); the "Target Company") through a tender offer (the "Tender Offer") under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "Act"), as described below.

1. Purpose of the Purchase

(1) Overview of the Tender Offer

The Tender Offeror, as of today, owns 6,234,425 shares (ownership ratio (Note): 50.12%) of the Target Company Shares listed on the Second Section of the Tokyo Stock Exchange, and the Target Company is a consolidated subsidiary of the Tender Offeror.

(Note) The "ownership ratio" refers to the ratio to the number of shares (12,439,909 shares) obtained by subtracting the number of treasury shares owned by the Target Company as of September 30, 2020 (3,591 shares) from the total number of issued shares as of September 30, 2020 as stated in the "Second Quarterly Report for the 148th Fiscal Year" submitted on November 13, 2020 by the Target Company (the "Target Company's Second Quarterly Report") (12,443,500 shares) (rounded to the nearest hundredth, which also applies with regard to subsequent descriptions of ownership ratio).

At the board of directors' meeting held on December 15, 2020, the Tender Offeror resolved to implement the Tender Offer as part of a transaction intended to acquire all of the Target Company Shares (excluding, however, the Target Company Shares owned by the Tender Offeror, as well as the treasury shares owned by the Target Company; the same applies hereinafter) and to make the Target Company a wholly-owned subsidiary of the Tender Offeror (the "Transaction").

With respect to the Tender Offer, the Tender Offeror has set a minimum planned purchase quantity of 2,058,875

shares (ownership ratio: 16.55%), and if the total number of shares tendered in response to the Tender Offer (the "Tendered Shares") falls below this minimum planned purchase quantity, the Tender Offeror will purchase no Tendered Shares. On the other hand, as stated above, the Tender Offeror intends to acquire all of the Target Company Shares and has therefore not set a maximum planned purchase quantity, and if the total number of Tendered Shares is equal to or exceeds the minimum planned purchase quantity, the Tender Offeror will purchase all of the Tendered Shares. The minimum planned purchase quantity (2,058,875 shares) is intended for the Tender Offeror to make the Target Company its wholly-owned subsidiary through the Transaction. When implementing the procedures for the share consolidation necessary for the Tender Offeror to make the Target Company its wholly-owned subsidiary as stated in "(II) Share Consolidation" of "(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called "Two-Step Acquisition")" below, a special resolution of the shareholders' meeting as set forth in Article 309(2) of the Companies Act is required. Therefore, the minimum planned purchase quantity (2,058,875 shares) was set as to allow the Tender Offeror alone to satisfy the requirement. Furthermore, the minimum planned purchase quantity (2,058,875 shares) was set as the number obtained by the following formula: (i) the number of treasury shares owned by the Target Company as of September 30, 2020 (3,591 shares) is subtracted from the total number of issued shares of the Target Company as of September 30, 2020 as stated in the Target Company's Second Quarterly Report (12,443,500 shares); this amounts to 12,439,909 shares, which corresponds to 124,399 voting rights; (ii) such number of voting rights is then multiplied by 2/3 (82,933 voting rights) (rounded up to the nearest whole number); (iii) such number of voting rights (as rounded) is multiplied by 100 shares, which is the share unit number of the Target Company; and (iv) the number of the Target Company Shares owned by the Tender Offeror as of today (6,234,425 shares) is subtracted from the product calculated in step (iii).

As the Tender Offeror intends to make the Target Company its wholly-owned subsidiary, if the Tender Offeror fails to acquire all of the Target Company Shares during the Tender Offer, the Tender Offeror will acquire all of the remaining Target Company Shares by implementing the procedures as described in "(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called "Two-Step Acquisition")" below to make the Tender Offeror the sole shareholder of the Target Company.

Furthermore, according to the "Statement of Opinion on Approval of the Tender Offer for TOA Oil Shares by Our Parent Company Idemitsu Kosan Co., Ltd. and Recommendation for Tender" (the "Target Company Press Release") published by the Target Company on December 15, 2020, at the Target Company's board of directors' meeting held on December 15, 2020, the Target Company resolved to express its opinion to support the Tender Offer and to recommend that the Target Company shareholders tender their shares in the Tender Offer.

For details regarding the Target Company's board of directors resolutions stated above, please refer to the Target Company Press Release, as well as "(vi) Approval of All Directors (Including Those Who are Audit and Supervisory Committee Members) of the Target Company Without Conflicts of Interest" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" below.

(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy

(I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer

As of September 30, 2020, the Tender Offeror, its 163 subsidiaries, including the Target Company, and 70 affiliates (collectively, the "Tender Offeror Group") conduct (i) fuel oil business, (ii) basic chemicals business, (iii) functional materials business, (iv) power and renewable energy business, (v) resources business, and (iv) other businesses. The Tender Offeror was established by Mr. Sazo Idemitsu, the founder, as Idemitsu Shokai in Moji City, Fukuoka Prefecture (currently, Moji Ward, Kitakyushu City) in June 1911 and started sales of petroleum mainly in the Kanmon area. In March 1940, Mr. Sazo Idemitsu established Idemitsu Kosan Co., Ltd. in Tokyo, and Idemitsu Shokai merged with Idemitsu Kosan Co., Ltd. in November 1947. The Tender Offeror was listed on the First Section of the Tokyo Stock Exchange in October 2006 and still remains listed thereon.

In December 2016, the Tender Offeror acquired 117,761,200 shares in Showa Shell K.K. ("Showa Shell") (equivalent to 31.3% of the total number of issued shares at that time) from The Shell Petroleum Company Limited and The Anglo-Saxon Petroleum Company Limited, which were subsidiaries of Royal Dutch Shell plc, and thereafter, the Tender Offeror made Showa Shell its wholly-owned subsidiary through a share exchange which resulted in the Tender Offeror becoming the wholly-owning parent company and Showa Shell becoming the wholly-owned subsidiary company, effective on April 1, 2019. Thereafter, the Tender Offeror conducted an absorption-type company split in which the Tender Offeror was the succeeding company and Showa Shell was the splitting company, which became effective on July 1, 2019 (the "Absorption-type Company Split"), and the Tender Offeror succeeded to all of the businesses of Showa Shell from Showa Shell.

On the other hand, the Target Company was established as Nippon Juyu Co., Ltd. in February 1924, and its purpose was to import and sell petroleum products. In April 1942, upon accepting a transfer of some of the operating assets of Nichibei Koyu Co., Ltd., Nippon Juyu Co., Ltd. changed its name to TOA Oil Co., Ltd. The Target Company was listed on the Tokyo Stock Exchange in May 1950, and it built a refinery and commenced the operations of an atmospheric distillation unit in Kawasaki City, Kanagawa Prefecture in July 1955 in order to enter into the petroleum refining business. The Target Company was listed on the Osaka Securities Exchange Co., Ltd. (the "Osaka Securities Exchange") in January 1953 and was also listed on the Nagoya Stock Exchange, Inc. (the "Nagoya Stock Exchange") in October 1961. However, the Target Company was delisted from the Nagoya Stock Exchange based on its own application in March 2006 and was delisted from the Osaka Securities Exchange based on its own application in April 2006. Currently, the Target Company is listed on the Second Section of the Tokyo Stock Exchange. In addition, the Target Company entered into an electric power purchase agreement with Tokyo Electric Power Company, Co., Ltd. in January 1998 and commenced and has continued to this day the business of efficiently generating electricity using by-produced gas and residual oil generated in the process of refining crude oil as fuels and supplying electricity to outside parties. As of today, the Target Company engages in petroleum refining and electric power generation exclusively for the Tender Offeror and delivers the entire quantity of each produced petroleum product and electricity to the Tender Offeror (the Target Company thereafter purchases a part of the electricity from the Tender Offeror and sells it to TEPCO Energy Partner, Incorporated). The Target Company, as an operator of a core refinery of the Tender Offeror Group, which has undertaken the role of supplying petroleum products to eastern Japan, among others, with the Tokyo metropolitan area having the largest domestic demand, conducts electric power generation business using by-produced gas and residual oil generated in the refining business and the refining process in which crude oil and raw oil are processed into various petroleum products in accordance with the master agreement between the Target Company and the Tender Offeror, dated May 31, 2018, regarding the outsourcing of crude oil refining and electric power generation.

The Keihin Refinery of the Target Company (Kawasaki City, Kanagawa Prefecture) has various facilities, including a flexicoker (Note 1), and has an installation ratio of residual oil processing units of 99% (rounded to the nearest whole number). Compared to the average installation ratio of residual oil processing units of domestic refineries of approximately 50.5% as of the end of March 2017, as stated in the "Annual Report with respect to Energy for Fiscal Year 2019 (Energy White Paper 2020)" published by the Agency for Natural Resources and Energy, the Keihin Refinery has a high installation ratio of residual oil processing units. The Target Company believes that by utilizing these facilities, it specializes in refining of heavy oils and raw oils, and efficiently refines them into high value-added products, such as gasoline, kerosene, and diesel oil. In addition, operations of the refinery and the electric power plant have been efficiently integrated and have achieved high energy efficiency and effective use of resources.

(Note 1) A flexicoker is a kind of heat treatment equipment unit that pyrolyzes vacuum residual oil, which is a raw material of C heavy oil and asphalt, at a high temperature, and enhances the yield of high value-added products, such as gasoline and diesel oil, etc.

With regard to the capital relationship between the Tender Offeror and the Target Company, in December 1979, Showa Sekiyu K.K. purchased 24,806,250 Target Company Shares (equivalent to approximately 25% of the total number of issued shares of the Target Company at that time) from ITOCHU Corporation and Showa Sekiyu K.K. replaced ITOCHU Corporation as the largest shareholder of the Target Company. Thereafter, Showa Sekiyu K.K. merged with Shell Sekiyu K.K. and became Showa Shell. For the purposes of strengthening the alliance between Showa Shell and the Target Company through Showa Shell's further capital participation in the Target Company, improving the Target Company's financial structure by enhancing its shareholder equity and ensuring the continuous development of its business, the Target Company conducted a capital increase through a third-party allocation to Showa Shell in October 2005 (25,210,000 shares, which was equivalent to approximately 20.26% of the total number of issued shares of the Target Company after the capital increase at that time, were allocated to Showa Shell). As a result of the capital increase through a third-party allocation, the number of the Target Company Shares held by Showa Shell became 62,344,250 shares (equivalent to approximately 50.10% of the total number of issued shares of the Target Company at that time), and the Target Company became a consolidated subsidiary of Showa Shell. Prior to the capital increase through a third-party allocation, Showa Shell acquired 12,328,000 Target Company Shares (equivalent to approximately 12% of the total number of issued shares of the Target Company immediately before the capital increase through a third-party allocation), although the Tender Offeror is unable to confirm the time of the acquisition, method of the acquisition, and other details regarding this acquisition. Thereafter, as a result of the share consolidation conducted by the Target Company in which 10 shares of common stock were consolidated into one share, which became effective on October 1, 2018, the number of the Target Company Shares held by Showa Shell became 6,234,425 shares (equivalent to approximately 50.11% of the total number of issued shares of the Target Company at that time). In addition, the Tender Offeror succeeded to all of the Target Company Shares held by Showa Shell through the Absorption-type Company Split which became effective on July 1, 2019, and the Target Company became and has remained a consolidated subsidiary of the Tender Offeror to the present.

In the petroleum industry to which the Tender Offeror and the Target Company belong, the domestic demand for petroleum products reached a peak in 1999 and has since been on a gradual decrease due to the declining population and proliferation of eco-cars. It is anticipated that this trend will be accelerated in the future and, according to the

projections by the International Energy Agency (IEA), demand will decrease by approximately 20% to 30% compared to the current demand in 2030 (Note 2) due to the movement toward a decarbonized society aimed at addressing climate change and due to the change from ownership to shared use of cars. Furthermore, the decrease in the crude oil price due to the recent COVID-19 pandemic and the decrease in the demand for petroleum products for cars and airplanes have also made the business environment more severe.

(Note 2) Source: IEA (2020) World Energy Outlook. All rights reserved.

The Tender Offeror, aiming at "achieving a resilient business portfolio" that can flexibly and tenaciously respond no matter what changes occur in the business environment, which was adopted as a basic policy in the mid-term management plan (FY 2020 to FY 2022) formulated and published on November 14, 2019, has made efforts to enhance its corporate value by reforming the structure of its revenue base businesses, such as the fuel oil business, by expanding its growing businesses, and by promoting the creation of next-generation businesses, under its long-term vision. The Target Company has also made efforts to enhance its corporate value by utilizing the above-mentioned flexicoker and its electric power generation capability, exerting its high technical strength, and fostering human resources. However, in the current circumstances where both the Tender Offeror and the Target Company independently operate their businesses as listed companies, it is necessary to carefully consider the availability of the Target Company's management resources and the objective fairness of transactions by taking into account the Target Company's minority interests. Therefore, the Tender Offeror believes that management optimization of the Tender Offeror Group has not been fully realized.

Given these circumstances, the Tender Offeror commenced deliberations on its group strategies in mid-November 2019 when it published the mid-term management plan (FY 2020 to FY 2022). As a result of the deliberations, in early April 2020, the Tender Offeror realized that in order to strengthen the fuel oil business, which is its revenue base, and to achieve maximization of the entire corporate value of the Tender Offeror Group, with regard to the Target Company, which has undertaken the role of supplying petroleum products to the Tokyo metropolitan area having the largest domestic demand and has operated a core refinery of the Tender Offeror Group, it would be essential to, rather than maintaining its independence as a listed company, make the Target Company its wholly-owned subsidiary and achieve integrated management of the Tender Offeror Group, and to thereby streamline and optimize management, to achieve more flexible and faster decision making. In other words, the Tender Offeror realized that it would be essential to address the decrease in the domestic demand for petroleum products, mainly gasoline, and the movement toward a decarbonized society by making the Target Company its wholly-owned subsidiary, which would allow the Target Company to (i) expeditiously make management decisions from a long-term perspective without being preoccupied with the risk of short-term fluctuations in its revenue, while aiming at optimization of the Target Company Group's structure for producing petroleum products, and (ii) decisively streamline operations and expeditiously respond to changes in the business environment with the Tender Offeror's cooperation if doing so would lead to strengthening its future competitiveness. Furthermore, the Tender Offeror has come to believe that by making the Target Company its wholly-owned subsidiary, it would be possible to flexibly and expeditiously respond in the Tender Offeror Group's production of petroleum products and investments in petroleum refining facilities in response to the decrease in the domestic demand for those products, and that it would be possible to strengthen the coordination of the entire Tender Offeror Group in addressing climate change and to strengthen its efforts to reduce greenhouse gas emissions. Moreover, the Tender Offeror has been convinced that it would be possible to ensure optimization of the entire Tender

Offeror Group's production of petroleum products, investments in the petroleum refining facilities, personnel allocation, etc., and that this would lead to continuous growth of both the Tender Offeror and the Target Company. For details of the effects of the Tender Offeror's making the Target Company its wholly-owned subsidiary, please refer to "(a) Streamlining of Operations and Prompt Action Towards Changes in the Business Environment" below.

Therefore, in early April 2020, the Tender Offeror commenced initial discussions regarding making the Target Company a wholly-owned subsidiary of the Tender Offeror, from legal, financial, and other perspectives, and in mid-August 2020, the Tender Offeror appointed Nishimura & Asahi as its legal advisor, which is independent of the Tender Offeror Group, including the Tender Offeror and the Target Company, and Goldman Sachs Japan Co., Ltd. ("Goldman Sachs") as its financial advisor, which is independent of the Tender Offeror Group, including the Tender Offeror and the Target Company, and the Tender Offeror commenced discussions regarding the specifics of the Transaction. The Tender Offeror considered that providing a reasonable opportunity for the Target Company's shareholders, other than the Tender Offeror, to sell their shares will contribute to the interests of the Target Company's shareholders other than the Tender Offeror, and thus the Tender Offeror has engaged in multiple deliberations on the terms, conditions, methods, etc. of the Transaction, presuming a tender offer as the transaction form of the Transaction, between late August 2020 to early September 2020. As a result, the Tender Offeror reached the conclusion that the Transaction may lead to enhancement of corporate value for both the Tender Offeror and the Target Company. In early September 2020, the Tender Offeror made an initial approach to the Target Company to commence discussions toward implementing the Transaction, and on September 9, 2020, it received a response from the Target Company stating that it will also commence deliberations on the Transaction. Upon this, and after conducting further deliberations on the terms, conditions, methods, etc. of the Transaction, the Tender Offeror submitted a written proposal regarding the Transaction (the "Written Proposal") to the Target Company on September 28, 2020.

In response, for the purpose of ensuring fairness of the purchase price per Target Company Share in the Tender Offer (the "Tender Offer Price") and the Transaction, including the Tender Offer, in late September, the Target Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as its financial advisor and third party valuation organization, and Anderson Mōri & Tomotsune as its legal advisor, both of which are independent of the Tender Offeror and the Target Company, and on October 16, 2020, it established a special committee (the "Special Committee"; for the composition of the Special Committee and details of specific activities, please refer to "(iii) Establishment of an Independent Special Committee and Acquisition of a Report from the Committee by the Target Company" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase") in order to conduct discussions, negotiations, and other activities with respect to the Transaction from a position independent from the Tender Offeror. Furthermore, the Special Committee approved the appointment by the Target Company of Nomura Securities as its financial advisor and third party valuation organization, and Anderson Mōri & Tomotsune as its legal advisor, and established the framework necessary for discussions and negotiations related to the Tender Offer.

After submission of the Written Proposal, the Tender Offeror and the Target Company commenced specific discussions and deliberations towards implementing the Transaction. Simultaneously with the Tender Offeror's performance of the due diligence to investigate the feasibility of the Transaction from early October 2020 to early December 2020, the Tender Offeror engaged in multiple discussions and deliberations with the Target Company regarding the various conditions to the Transaction, such as more detailed discussions and deliberations concerning the significance and the purpose of the Transaction, and the managerial structure and business policy following the

Transaction.

As a result, on December 15, 2020, the Tender Offeror and the Target Company agreed that making the Target Company a wholly-owned subsidiary of the Tender Offeror would be the best measure to respond to the changes in the business environment surrounding the Tender Offeror and the Target Company and that doing so would contribute to enhancing the corporate value of both companies. Specifically, the Tender Offeror considers that the following effects are expected to occur as a result of making the Target Company a wholly-owned subsidiary of the Tender Offeror.

(a) Streamlining of Operations and Prompt Action Towards Changes in the Business Environment

Firstly, by the Target Company going private through the Transaction, it is expected that the Target Company will be able to promptly make management decisions based on a long-term vision that aims at the optimization of the Tender Offeror Group's manufacturing structure for petroleum products without being restricted by the risk of short-term revenue fluctuations.

As part of the business environment surrounding the Target Company, the domestic demand for petroleum products, centered on gasoline, is continuously declining, and competition between refineries is expected to increase. Furthermore, as the society switches over to carbon-free options, the societal demand for reducing carbon dioxide (CO2) emissions is also expected to become stronger. From these perspectives, the Target Company acknowledges that taking prompt action towards the changes in the business environment, such as streamlining the operations of existing refineries and strengthening the approach towards carbon neutrality, to maintain competitiveness even in the situation where the domestic demand for petroleum products is declining is an important issue for the future. The Tender Offeror expects that there will be limitations to the streamlining of operations and prompt action towards changes in the management environment if the Target Company continues to exist as a listed company, because attention will also need to be paid to the interests of the Target Company's minority shareholders (including dividends for shareholders). However, by the Target Company going private through the Transaction, it will be possible to take action decisively, with the cooperation of the Tender Offeror, if such action will lead to strengthening future competitiveness, and from a long-term perspective, it is expected that it will contribute to enhancing the Target Company's corporate value.

Moreover, if the Target Company becomes a wholly-owned subsidiary of the Tender Offeror through the Transaction, it will be possible to conduct more accurate deliberations from a financial perspective as well as a management-decision perspective, on whether strategic and flexible investments will enhance the Target Company's corporate value from a long-term perspective as the Target Company would be able to streamline its operations and take prompt action towards changes to the business environment by utilizing the capital strength, credit capability, and human resources of the Tender Offeror, which was difficult for the Target Company to do alone.

(b) Stabilization of Management by the Target Company Becoming a Wholly-Owned Subsidiary of the Tender Offeror

The Transaction is a transaction by which the Tender Offeror will increase the capital ratio of the Target Company in the oil refinement industry, in which its domestic demand is declining as stated above.

The Tender Offeror determined that, by the Target Company becoming a wholly-owned subsidiary of the Tender Offeror through the Transaction, it will become possible for the Tender Offeror to align its management to be completely consistent with the business strategies of the Tender Offeror Group, and thus will enhance the stability of the Tender Offeror Group's supply chain for fuel oil business.

(c) Utilization of Human Resources of the Group as a Whole

The Tender Offeror believes that securing the employment and effective utilization of human resources are important measures. The employees who work at the Target Company as of the time of completion of the procedures, which will occur after the Tender Offer and which constitutes the Transaction to make the Target Company a wholly-owned subsidiary of the Tender Offeror (the "Procedures to Make the Target Company a Wholly-Owned Subsidiary") will in principle continue to be employed by the Target Company for a certain period of time after the Transaction. Furthermore, from the perspective of effectively utilizing human resources and providing employees growth opportunities, the Tender Offeror plans to further intensify personnel exchanges within the Tender Offeror Group, including the Target Company, as a whole in the fuel oil business and other businesses, and among finite human resources, executing appropriate human resource allocations. It is expected that this will enable the Tender Offeror to effectively utilize the Target Company's human resources in the Tender Offeror Group, which will lead to securing human resources and vitalizing the Tender Offeror Group.

Disadvantages of making the Target Company a wholly-owned subsidiary include, in addition to general disadvantages of becoming unlisted, increasing the burden on the Tender Offeror in the case where the Target Company's business performance deteriorates due to causes such as decreases in the demand for energy. However, as stated above, there are advantages that outweigh the general disadvantages of becoming unlisted. Furthermore, considering that the Tender Offeror has already made the Target Company its consolidated subsidiary and the Tender Offeror comprises 90% of the Target Company's business partners (please refer to page 13 of the Target Company's Securities Report for the 147th Term), it is possible to deduce that the Tender Offeror already bears a burden comparable to the burden it would bear in the case where the Target Company becomes its wholly-owned subsidiary. Therefore, no special disadvantages are considered to arise from the Tender Offeror making the Target Company its wholly-owned subsidiary.

Furthermore, the Tender Offeror has repeatedly discussed and negotiated with the Target Company concerning the Tender Offer Price since mid-November 2020. Specifically, on November 16, 2020, the Tender Offeror made the first proposal that the Tender Offer Price be 2,050 yen per share as the fair share value as of then, using as a reference the results of financial advisors' analyses based mainly on the market price analysis and the Discounted Cash Flow (the "DCF") analysis, which are share valuation methods generally used when a parent company converts a consolidated listed subsidiary into a wholly-owned subsidiary. On November 18, 2020, the Target Company requested that the Tender Offer Price be increased, because the proposed price (2,050 yen) was lower than the past trading price of the Target Company Shares in the exchange-traded market and was at a level lower than the level of premiums in recent tender offer transactions for listed subsidiaries targeting to make much listed subsidiaries wholly-owned subsidiaries. Therefore, on November 24, 2020, the Tender Offeror made the second proposal that the Tender Offer Price be 2,150 yen per share. On November 26, 2020, the Tender Offeror received questions from the Target Company on the share valuation of and level of the premium for shares of the Target Company, which considered that the proposed price (2,150 yen) still did not sufficiently reflect the Target Company's corporate value. Therefore, on December 1, 2020, discussions were held between the financial advisors of both the Tender Offeror and the Target Company, in light of the results of such discussions, on December 2, 2020, the Tender Offeror made the third proposal that the Tender Offer Price be 2,250 yen per share. On December 4, 2020, the Target Company requested that the Tender Offer Price be increased because the Target Company considered that the proposed price (2,250 yen) did not include a sufficient

premium compared to the level of premiums in recent tender offer transactions for listed subsidiaries targeting to make such listed subsidiaries wholly-owned subsidiaries. The Tender Offeror considered this request, and on December 8, 2020, the Tender Offeror made the fourth proposal that the Tender Offer Price be 2,400 yen per share. On December 9, 2020, the Target Company requested that the Tender Offer Price be further increased from the proposed price (2,400 yen). The Tender Offeror considered this request, and on December 10, 2020, the Tender Offeror made the fifth proposal that the Tender Offer Price be 2,450 yen per share. As a result of such discussions and negotiations, the Tender Offeror and the Target Company reached an agreement on the per-share Tender Offer Price of 2,450 yen on December 11, 2020. Based on the above background, the Tender Offeror concluded that making the Target Company the Tender Offeror's wholly-owned subsidiary would enhance the corporate value of the group as a whole. Accordingly, the Tender Offeror decided to implement the Tender Offer pursuant to a resolution of its board of directors on December 15, 2020.

(II) Process of and Reasons for the Decision Making by the Target Company

(i) Background to the Establishment of the Framework for Consideration

According to the Target Company Press Release, in early September 2020, the Target Company was informed by the Tender Offeror of its intention to commence discussions regarding the Transaction, and responded to the Tender Offeror that the Target Company would also consider the Transaction on September 9, 2020. The Target Company then decided to hold discussions with the Tender Offeror and received the Written Proposal from the Tender Offeror on September 28, 2020. Upon receiving the Written Proposal, in late September, the Target Company appointed Anderson Mōri & Tomotsune as its legal advisor independent from the Tender Offeror and the Target Company, and Nomura Securities as its financial advisor and third-party valuation organization independent from the Tender Offeror and the Target Company, in relation to the Transaction,. As the Target Company is a consolidated subsidiary of the Tender Offeror and the Transaction constitutes a transaction that typically presents issues of structural conflicts of interest, in order to address these issues and ensure the fairness of the Transaction, and based on Anderson Mōri & Tomotsune's advice, the Target Company immediately set up a framework to review, negotiate and make decisions on the Transaction independent of the Tender Offeror from the perspective of enhancing the Target Company's corporate value and securing the interests of its minority shareholders.

Specifically, from late September 2020, the Target Company started making arrangements for the establishment of the Special Committee consisting of its independent outside directors and outside experts. Then, by resolution at the board of directors meeting held on October 16, 2020, the Target Company established the Special Committee (for the background of the establishment of the Special Committee, the details of its consideration, and the details of its decision, please refer to "(iii) Establishment of an Independent Special Committee and Acquisition of a Report from the Committee by the Target Company" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" below) consisting of five members, Mr. Arata Nakamura (an independent outside director of the Target Company (audit and supervisory committee member); attorney-at-law, Ginza Minami Law Office), Mr. Shigeru Kimura (an independent outside director of the Target Company (audit and supervisory committee member); an outside director of erex Co., Ltd.), Mr. Keiichi Kubo (an independent outside director of the Target Company (audit and supervisory committee member); certified public accountant at Keiichi Kubo CPA Office), Mr. Shinsuke Hasegawa (certified public accountant at Hasegawa Certified Public Accountant Office) and Mr. Akito Takahashi (attorney-at-law at Takahashi & Katayama). The Target Company then consulted the Special Committee as to whether: (i) the purpose of the Transaction is found to be reasonable

(including the point of whether the Transaction will contribute to the enhancement of the Target Company's corporate value); (ii) the fairness of the procedures for the Transaction has been ensured; (iii) the appropriateness of the terms and conditions of the Transaction (including the Tender Offer Price) has been ensured; (iv) based on (i) to (iii) above, the Transaction is not considered to be disadvantageous to the Target Company's minority shareholders; and (v) the board of directors of the Target Company should express its opinion to agree to the Tender Offer and resolve to recommend that the Target Company's shareholders tender their shares in the Tender Offer (collectively, the "Advisory Matters"). In addition, in establishing the Special Committee, the board of directors of the Target Company resolved to ensure that its decision making in relation to the Transaction will respect the decisions of the Special Committee to the maximum extent possible and, in particular, if the Special Committee determines that any of the terms and conditions of the Transaction is not appropriate, the board of directors of the Target Company will not approve the Transaction under such terms and conditions. The board of directors of the Target Company also resolved that it will grant the Special Committee: (i) the authority to appoint its own financial advisor, legal advisor and other advisors (the reasonable cost thereof will be borne by the Target Company), or approve the Target Company's advisors, if the Special Committee deems it necessary; (ii) the authority to receive information necessary for the consideration of, and decisions on, the Transaction from the Target Company's officers and employees or other persons deemed necessary by the Special Committee; and (iii) the authority to discuss and negotiate the terms and conditions of the Transaction and other matters with the Tender Offeror if the Special Committee deems it necessary (for the method of resolution at such board of directors meeting, please refer to "(iii) Establishment of an Independent Special Committee and Acquisition of a Report from the Committee by the Target Company" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" below).

In addition, as described in "(iii) Establishment of an Independent Special Committee and Acquisition of a Report from the Committee by the Target Company" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" below, the Target Company has confirmed with the Special Committee that there are no issues with the independence and expertise of Nomura Securities as its financial advisor and third-party valuation organization, and of Anderson Mōri & Tomotsune as its legal advisor, and has received the Special Committee's approval for their appointment.

(II) Details of the Decision

Based on the background stated above, the Target Company took into consideration guidance and other legal advice received from Anderson Mōri & Tomotsune regarding measures to ensure fairness of the procedures in the Transaction, as well as reports regarding the results of the share valuation of the Target Company Shares, advice regarding policies for negotiating with the Tender Offeror, and other advice from a financial perspective, received from Nomura Securities, and then carefully discussed and considered whether the Transaction, including the Tender Offer, would contribute to the improvement of the Target Company's corporate value and whether the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate.

In the discussions and consideration by the Target Company, and during the negotiation process with the Tender Offeror, the Special Committee received reports from the Target Company and its advisors, as necessary, and confirmed and stated opinions regarding relevant matters. When negotiating with the Tender Offeror, the Target Company's

financial advisor discussed the relevant matters with the Target Company in advance of any such negotiations with the Tender Offeror and took measures in accordance with the negotiation policy while taking into consideration the Special Committee's opinions. In addition, when the Target Company's financial advisor received proposals regarding the Tender Offer Price from the Tender Offeror, it immediately reported such proposals to the Special Committee, discussed the proposals with the Target Company while taking into consideration the Special Committee's advice, and took other relevant measures.

On December 14, 2020, the Target Company received a written report (the "Report") from the Special Committee to the effect that the Special Committee concluded that (i) the purpose of the Transaction, including the Tender Offer, was reasonable (the Transaction would contribute to the improvement of the Target Company's corporate value), (ii) due consideration was given to the interests of the Target Company's shareholders through the fair procedures in the Transaction, (iii) the appropriateness and fairness of the conditions for the Transaction (including the Tender Offer Price) were ensured, (iv) given (i) through (iii) above, the Transaction would not be disadvantageous to the Target Company's minority shareholders, and (v) given (i) through (iv) above, it would be reasonable for the Target Company's board of directors to make a decision to express its opinion to support the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer at the current stage (for an outline of the Report, please refer to "(iii) Establishment of an Independent Special Committee and Acquisition of a Report from the Committee by the Target Company" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" below).

As a result, as stated below, on December 15, 2020, the Target Company also reached the conclusion that, by becoming a wholly-owned subsidiary of the Tender Offeror, it can expect to generate synergies and contribute to the improvement of its corporate value.

The Target Company's two main core businesses consist of: "petroleum refining business" in which it processes crude oil and raw oil into various petroleum products on behalf of the Tender Offeror pursuant to the outsourcing arrangements with the Tender Offeror; and "electricity generation business" in which it generates electric power using by-produced gas and residual oil generated in the petroleum refining process. In the petroleum refining business, the Target Company owns a competitive facility called "flexicoker," and when compared with general refineries, the Target Company's facility has higher capacities in cracking in upper-stream facilities enabling it to produce higher value-added product per unit. In addition, it also generates electric power by using low-calorie gases generated in the process of cracking in its steam boilers.

However, with respect to demand for petroleum products, there is a strong tendency for supply to exceed demand. In light of the energy-saving efforts in society, among other things, demand is expected to continue to decrease hereafter. In addition, due to the COVID-19 pandemic, demand for such products is currently decreasing more significantly than expected. The Target Company generates profit by cracking heavy oil into light oil products, and the greater the price difference between heavy oil and light oil, the more its profit increases; however, the current price difference is not as large as expected, and this has also affected the Target Company's competitiveness and its recent business performance.

In order for the Target Company to further develop its business even under such circumstances, the Target Company believes that it is necessary to enhance its business and operations integration with the Tender Offeror In

other words, the Target Company reached the conclusion that, by unifying the perspectives within the Tender Offeror Group and making the decision making process faster, it will be able to respond flexibly to the drastically changing business environment and to more effectively utilize the facilities of the Target Company's workplaces and that, as a listed company, although the Target Company is currently becoming inflexible as an organization, by concentrating on daily operations, the Target Company will be able to realize more efficient management.

In addition, in order to promptly and appropriately respond to changes in the business environment, such as the trend towards a decarbonized society and demand for ESG management, the Target Company's dependence on the oil refining business limits its performance and thus it is desirable for the Target Company to become a wholly-owned subsidiary of the Tender Offeror Group able to utilize the Tender Offeror Group's assets, technology, and capital, among other resources.

Furthermore, as the Target Company is concerned with the limited business scale and shortage of human resources that may constrain future business development, it is hopeful that through a stronger alliance with the Tender Offeror, the Target Company would be able to implement strategic and timely investments and develop strong human resources who are familiar with various businesses.

Also, as a listed company, the Target Company has respected the interests of minority shareholders and ensured its own independence. Accordingly, the Target Company has put considerable efforts to balance interests between the Tender Offeror Group and those of minority shareholders of the Target Company, resulting in additional work in maintaining the Target Company's independence while sharing the management infrastructure of the Tender Offeror Group. Upon closing of the Transaction and after becoming a wholly-owned subsidiary of the Tender Offeror, the Target Company would no longer need to put in excessive efforts to avoid conflicts of interest between the Tender Offeror Group and the minority shareholders of the Target Company and to respond to restrictions against its independence, and would be able to contribute to the improvement of the corporate value of the Tender Offeror Group as a whole, including the Target Company, over a medium to long period of time by aligning with the Tender Offeror Group its perspectives on achieving such medium- to long-term growth and by efficiently using management resources in a fast and smooth manner.

With respect to the background of negotiations concerning the Tender Offer Price, since the Target Company received an initial offer from the Tender Offeror on November 16, 2020, with the Tender Offer Price being set at 2,050 yen per share, the Target Company has been continuously discussing and negotiating the terms and conditions of the Transaction, including the Tender Offer Price, with the Tender Offeror. Specifically, the Target Company received a proposal to set the Tender Offer Price at 2,150 yen per share on November 24, 2020, a proposal to set the Tender Offer Price at 2,250 yen per share on December 2, 2020, and a proposal to set the Tender Offer Price at 2,400 yen per share on December 8, 2020. Thereafter, the Target Company engaged in discussions and negotiations with the Tender Offeror continuously through the financial advisor of the Target Company, and as a result thereof, on December 10, 2020, the Target Company ultimately received the final proposal from the Tender Offeror, including the proposal to set the Tender Offer Price at 2,450 yen per share. With respect to the Tender Offer Price, based on the following points, among other factors, the Target Company determined that the Tender Offer Price of 2,450 yen per share is an appropriate price ensuring the interests of the Target Company's minority shareholders and that the Tender Offer provides to the Target Company's minority shareholders reasonable opportunities to sell their Target Company Shares at a price including an appropriate premium.

(a) The Tender Offer Price is a price agreed upon as a result of the Target Company sufficiently taking measures to ensure fairness of the terms and conditions of the Transaction, including the Tender Offer Price, as described in "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" below, and then sufficiently negotiating with the Tender Offeror a number of times, with the substantial involvement of the Special Committee.

(b) The Tender Offer Price exceeds the amount calculated using the market price analysis and is within the range calculated using the DCF analysis included in the share valuation of the Target Company Shares prepared by Nomura Securities in the share valuation report regarding the results of the share valuation of the Target Company Shares submitted by Nomura Securities on December 14, 2020 (the "Share Valuation Report") as stated in "(ii) Acquisition of a Share Valuation Report by the Target Company from an Independent Financial Advisor and a Third-party Valuation Organization" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" below.

(c) The Tender Offer Price includes a premium of 23.05% (rounded to the nearest hundredth; the same applies hereinafter to the calculation of the premium rate) on 1,991 yen, which is the closing price of the Target Company Shares on the Second Section of the Tokyo Stock Exchange on December 14, 2020, the business day immediately preceding the announcement date of the implementation of the Tender Offer, a premium of 35.58% on the simple average of the closing price of 1,807 yen (rounded to the nearest whole number; the same applies hereinafter to the calculation of the simple average of the closing price) for the latest one-month period from December 14, 2020, a premium of 39.05% on the simple average of the closing price of 1,762 yen for the latest three-month period from December 14, 2020, and a premium of 34.76% on the simple average of the closing price of 1,818 yen for the latest six-month period from December 14, 2020 Therefore, in light of similar cases of tender offers conducted by a parent company to make its listed subsidiary a wholly-owned subsidiary, the Tender Offer Price is found to be within a range of a reasonable level.

(d) As stated in "(iii) Establishment of an Independent Special Committee and Acquisition of a Report from the Committee by the Target Company" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" below, it has also been determined in the Report acquired from the Special Committee that the Tender Offer Price has been found to be appropriate.

Based on the above, the Target Company determined that the Transaction contributes to the improvement of its corporate value and that the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate, and during its board of directors meeting held on December 15, 2020, resolved to express an opinion to support the Tender Offer and to recommend that its shareholders tender in the Tender Offer.

For the method of resolution in the board of directors meeting, please refer to "(vi) Approval of All Directors (Including Those Who are Audit and Supervisory Committee Members) of the Target Company Without Conflicts of Interest " of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of

the Purchase Price" of "2. Overview of the Purchase" below.

(III) Management Policy After the Tender Offer

As stated in "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" above, after the Tender Offeror submitted the Written Proposal to the Target Company on September 28, 2020, the Tender Offeror and the Target Company repeatedly discussed the management policy to be implemented after the Tender Offer during the period from early October 2020 to early December 2020. The Tender Offeror explained to the Target Company's board of directors and the Special Committee the details stated in "(a) Streamlining of Operations and Prompt Action Towards Changes in the Business Environment," "(b) Stabilization of Management by the Target Company Becoming a Wholly-Owned Subsidiary of the Tender Offeror," and "(c) Utilization of Human Resources of the Group as a Whole" of "(I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer" of "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" above. Thereafter, the Target Company reached a shared understanding with the Tender Offeror.

Going forward, the Tender Offeror and the Target Company will discuss and decide on specific business strategies of the Tender Offeror Group and the Target Company after the Tender Offeror makes the Target Company its wholly-owned subsidiary. The Tender Offeror and the Target Company intend as a basic policy that as part of the efforts to strengthen the Tender Offeror's domestic business foundation, which is one of the Tender Offeror's main mid-term management plans, the Target Company's refining business will be fully incorporated into the Tender Offeror Group's fuel oil business supply chain, and that the Tender Offeror Group, including the Target Company, will work together to enhance its competitiveness and will respond to any severe business environment in the future by providing financial support, sharing technology and knowhow, exchanging personnel, and utilizing personnel via deploying appropriate personnel to appropriate places. In addition, with regard to the Target Company's power generation business, it is planned that while operating and managing the power generation plan using by-produced gas and residual oil generated from the existing petroleum refining facilities, efforts relating to various forms of energy sought by society will be enhanced by combining the management resources of the Tender Offeror Group and the Target Company, based on the Target Company's knowledge and experience from its power generation business. Furthermore, the Tender Offeror Group, including the Target Company, will work together to engage in efforts toward realizing a decarbonized society.

As of today, the board of directors of the Target Company consists of nine directors, including outside directors, and one of them was an executive officer of the Tender Offeror until June 23, 2020 and one of them concurrently serves as an executive officer of the Tender Offeror. The management structure after the Target Company becomes a wholly-owned subsidiary of the Tender Offeror has not yet been determined as of today. However, it is expected that establishment of an optimal structure will be considered through discussions with the Target Company.

(3) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest

The Tender Offeror and the Target Company, recognizing that the Target Company is a consolidated subsidiary of the Tender Offeror, that the Transaction, which includes the Tender Offer, is connected to vital transactions with a controlling shareholder, and that conflicts of interest could arise in the Target Company considering the Transaction, have both implemented the measures below in order to ensure fairness of the Tender Offer Price, eliminate arbitrariness in decision-making concerning the Transaction, ensure fairness, transparency, and objectivity with respect to the Target

Company's decision-making process, and avoid conflicts of interest.

As described in "(1) Overview of the Tender Offer" above, since the Tender Offeror already owns 6,234,425 Target Company Shares (ownership ratio: 50.12%) as of today, the Tender Offeror believes that if a minimum planned purchase quantity that would satisfy the so-called "majority of minority" is set with respect to the Tender Offer, this would destabilize completion of the Tender Offer and actually undercut the interests of minority shareholders who seek to participate in the Tender Offer. Thus, the Tender Offeror has not included such "majority of minority" condition. However, as both the Tender Offeror and the Target Company have put in place the measures described below, the Tender Offeror believes that sufficient care and thought have been put into the interests of minority shareholders of the Target Company.

The measures described below implemented with respect to the Target Company were based on explanations received from the Target Company.

(i) Acquisition of a Share Valuation Report by the Tender Offeror from an Independent Financial Advisor

(ii) Acquisition of a Share Valuation Report by the Target Company from an Independent Financial Advisor and a Third-party Valuation Organization

(iii) Establishment of an Independent Special Committee and Acquisition of a Report from the Committee by the Target Company

(iv) Acquisition of Advice by the Target Company from an Independent Legal Advisor

(v) Establishment of an Independent Structure for Consideration by the Target Company

(vi) Approval of All Directors (Including Those Who are Audit and Supervisory Committee Members) of the Target Company Without Conflicts of Interest

(vii) Measures to Secure Purchase Opportunities from Other Buyers

For details regarding the above, please refer to "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" below.

(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called "Two-Step Acquisition")

As is stated in "(1) Overview of the Tender Offer" above, the Tender Offeror's policy is to make the Target Company its wholly-owned subsidiary. Thus, if the Tender Offeror fails to acquire all of the Target Company Shares through the Tender Offer, once the Tender Offer is complete, the Tender Offeror will implement procedures for acquiring all of the Target Company Shares by using the following methods:

(I) Demand for Sale of Shares

If, upon completion of the Tender Offer, the Tender Offeror holds 90% or more of the total shareholder voting rights of the Target Company and the Tender Offeror becomes a Special Controlling Shareholder as prescribed in Article 179(1) of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act"), the Tender Offeror will, in accordance with Part II, Chapter 2, Section 4-2 of the Companies Act, request Target Company shareholders (excluding the Tender Offeror and the Target Company) to sell all of their Target Company Shares to the Tender Offeror promptly after completion of the settlement of the Tender Offer (the "Demand for Sale of Shares"). With respect to the

Demand for Sale of Shares, a monetary amount equivalent to the Tender Offer Price will be provided to Target Company shareholders (excluding the Tender Offeror and the Target Company) as consideration per Target Company Share. In such event, the Tender Offeror will notify the Target Company of, and seek approval from the Target Company for, the Demand for Sale of Shares. If the Target Company approves the Demand for Sale of Shares by a resolution of its board of directors, the Tender Offeror will acquire all of the Target Company Shares from all Target Company shareholders (excluding the Tender Offeror and the Target Company) as of the acquisition date designated in the Demand for Sale of Shares without the need for each shareholder's individual approval, in accordance with the procedures set forth in the relevant laws and regulations. The Tender Offeror will provide each Target Company shareholder a monetary amount equivalent to the Tender Offer Price as consideration per Target Company Share owned by such Target Company shareholder. According to the Target Company Press Release, if the Target Company receives notice from the Tender Offeror that it intends to make a Demand for Sale of Shares and notice concerning each item in Article 179-2(1) of the Companies Act, the Target Company will approve the Demand for Sale of Shares at the Target Company's board of directors meeting. For the purpose of protecting the rights of minority shareholders in relation to a Demand for Sale of Shares, it is stipulated that the Target Company shareholders may, in accordance with Article 179-8 of the Companies Act and other relevant laws and regulations, petition a court for a decision on the sale price of their Target Company Shares.

(II) Share Consolidation

On the other hand, if, following the completion of the Tender Offer, the total number of the Target Company's voting rights owned by the Tender Offeror is less than 90% of all of the voting rights for the Target Company, the Tender Offeror will, promptly after completion of the settlement of the Tender Offer, request the Target Company to hold a special shareholders' meeting (the "Special Shareholders' Meeting") and for proposals to be submitted which will include (i) implementation of consolidation of Target Company Shares in accordance with Article 180 of the Companies Act (the "Share Consolidation"), and (ii) subject to the Share Consolidation being effective, changes to the Target Company's articles of incorporation that will eliminate provisions on a share unit number. The Tender Offeror considers that it is desirable for the Target Company to hold the Special Shareholders' Meeting as soon as possible from the perspective of improving the Target Company's corporate value. Therefore, the Tender Offeror plans to ask the Target Company to make a public notice during the purchase period of the Tender Offer (the "Tender Offer Period") setting the record date for the Special Shareholders' Meeting so that such record date will be a date shortly after the start date of the settlement of the Tender Offer (as of today, such date is planned to be February 10, 2021) and to target to hold the Special Shareholders' Meeting in late March or early April of the same year. The Tender Offeror will approve each of the proposals above at the Special Shareholders' Meeting.

If proposals concerning the Share Consolidation are approved at the Special Shareholders' Meeting, the Target Company shareholders will each, as of the effective date of the Share Consolidation, retain a number of the Target Company Shares corresponding to the share consolidation ratio approved at the Special Shareholders' Meeting. If the Share Consolidation results in fractional shares that are less than one share, in accordance with the procedures set forth in Article 235 of the Companies Act and other relevant laws and regulations, the Target Company shareholders retaining such fractional shares will be provided with money to be obtained through the sale of Target Company Shares equivalent to the sum of such fractional shares (if the sum of such fractional shares is less than one share, such fractional shares will be discarded; the same applies hereinafter) to the Target Company or the Tender Offeror. With respect to the sale price of the Target Company Shares equivalent to the sum of such fractional shares, the Tender Offeror will request

the Target Company to petition a court for permission for voluntary sale, after ensuring that as a result of such sale of fractional shares, the monetary amount provided to Target Company shareholders who did not apply for the Tender Offer (excluding the Tender Offeror and the Target Company) will be the same as the value obtained when the number of the Target Company Shares owned by each shareholder is multiplied by the Tender Offer Price. Furthermore, although the consolidation ratio of the Target Company Shares has not yet been decided as of today, the consolidation ratio will be determined such that as a result of the Share Consolidation, the shareholders of the Target Company who did not tender their Target Company Shares into the Tender Offer (excluding the Tender Offeror and the Target Company) will each hold fractional shares less than one share and that after the settlement of the sale of the sum of such fractional shares, the Tender Offeror will own all of the Target Company Shares.

For the purpose of protecting the rights of minority shareholders in relation to the Share Consolidation, if the Share Consolidation is implemented, and this results in fractional shares that are less than one share, the Companies Act allows Target Company shareholders to demand that the Target Company purchase all fractional shares less than one share owned by them at a fair price, as well as to petition a court for a decision regarding the sale price of their Target Company Shares, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. As described above, in connection with the Share Consolidation, the Target Company Shares to be owned by Target Company shareholders who did not apply for the Tender Offer (excluding the Tender Offeror and the Target Company) will be fractional shares less than one share. Therefore, the Target Company shareholders who oppose the Share Consolidation will be able to petition a court for a decision regarding the sale price of their Target Company Shares, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations.

The Tender Offer is not intended to solicit the Target Company shareholders to approve the relevant proposals at the Special Shareholders' Meeting.

Implementing each procedure described in (I) and (II) above may take extra time, or implementation methods may change, depending on the status of amendments to, execution of, and interpretation by relevant authorities of, the relevant laws and regulations. However, even in such event, if the Tender Offer is completed, measures will be taken by which monetary consideration will be ultimately provided to Target Company shareholders who did not apply for the Tender Offer (excluding the Tender Offeror and the Target Company), and the value of such consideration will be calculated to be the price obtained when the number of Target Company Shares owned by the relevant Target Company shareholders is multiplied by the Tender Offer Price. However, in the event Target Company shareholders petition a court for a decision on the sale price of their Target Company Shares in response to a Demand for Sale of Shares, or for a decision on the price of shares in response to a share purchase demand made in relation to a Share Consolidation, the sale price or the price for a share purchase demand of their Target Company Shares will be ultimately determined by a court.

The Target Company will promptly announce the specific procedures for, and implementation timing of, each situation described above, once they are determined after consultation between the Tender Offeror and the Target Company. The Target Company shareholders are each personally responsible for consulting with tax experts regarding the handling of taxes relating to applications for the Tender Offer, and each of the procedures described above.

Furthermore, if by completing the above procedures, the Procedures to Make the Target Company a Wholly-Owned Subsidiary are expected to be completed by June 30, 2021, the Tender Offeror plans to request that, subject to completion of the Procedures to Make the Target Company a Wholly-Owned Subsidiary, the Target

Company make changes to the Target Company's articles of incorporation that will eliminate the provision on the record date for voting rights for regular shareholders' meetings, in order to make shareholders eligible to exercise their rights at the Target Company's regular shareholders' meeting for the fiscal year ending March 2021 (the "Regular Shareholders' Meeting") shareholders of the Target Company after the Procedures to Make the Target Company a Wholly-Owned Subsidiary (meaning the Tender Offeror). Accordingly, shareholders, even if listed or recorded in the Target Company's shareholder register as of March 31, 2021, might not be eligible to exercise their rights at the Regular Shareholders' Meeting.

(5) Possibility of Delisting and Reasons Therefor

As of today, although the Target Company Shares are listed on the Second Section of the Tokyo Stock Exchange, since the Tender Offeror has not set a maximum planned purchase quantity with respect to the Tender Offer, depending on the results of the Tender Offer, it is possible that the Target Company Shares may become delisted following the designated procedures, in accordance with the delisting standards established by the Tokyo Stock Exchange. Furthermore, even in the event that the delisting standards do not apply as of completion of the Tender Offer, as described in "(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called "Two-Step Acquisition")" above, the Tender Offeror plans to implement procedures for the purpose of acquiring all of the Target Company Shares after completion of the Tender Offer. In such case, the Target Company Shares will become delisted following such designated procedures, in accordance with the delisting standards established by the Tokyo Stock Exchange. After being delisted, it will be impossible to trade the Target Company Shares on the Second Section of the Tokyo Stock Exchange.

(6) Items Regarding Critical Agreements Related to the Tender Offer

Not applicable.

2. Overview of the Purchase

(1) Overview of the Target Company

(I)	Name	TOA Oil Co., Ltd.	
(II)	Address	3-1 Mizuecho, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture	
(III)	Title and name of representative	Kazuhisa Harada, President and Representative Director	
(IV)	Business outline	Refinement of oil, electricity supply business, and businesses incidental thereto	
(V)	Capital stock	8,415,000 thousand yen	
(VI)	Date of establishment	February 6, 1924	
(VII)	Major shareholders and shareholding ratios (as of September 30, 2020)	Idemitsu Kosan Co., Ltd.	50.12%
		BNYM AS AGT/CLTS NON TREATY JASDEC (MUFG Bank, Ltd. as Standing Proxy)	14.01%
		CORNWALL MASTER LP (MUFG Bank, Ltd. as Standing Proxy)	3.22%
		Tokio Marine & Nichido Fire Insurance Co., Ltd.	1.76%
		MSIP CLIENT SECURITIES (Morgan Stanley MUFG Securities Co., Ltd. as Standing Proxy)	1.45%
		GOLDMAN, SACHS & CO. REG (Goldman Sachs Japan Co., Ltd. as Standing	1.19%

	Proxy)	
	Custody Bank of Japan, Ltd. (Trust Account 4)	1.15%
	DFA INTL SMALL CAP VALUE PORTFOLIO (Citibank, N.A., Tokyo Branch as Standing Proxy)	1.07%
	Mitsui Sumitomo Insurance Company, Limited	0.80%
	GOLDMAN SACHS INTERNATIONAL (Goldman Sachs Japan Co., Ltd. as Standing Proxy)	0.80%

(VIII) Relationship between the Tender Offeror and the Target Company		
	Capital relationship	As of today, the Tender Offeror holds 6,234,425 Target Company Shares (ownership ratio: 50.12%), which makes the Target Company the Tender Offeror's consolidated subsidiary.
	Personnel relationship	Mr. Hiroshi Maezawa, a director of the Target Company, serves concurrently as a managing executive officer of the Tender Offeror. Furthermore, 16 employees of the Tender Offeror are seconded to the Target Company, and 29 employees of the Target Company are seconded to the Tender Offeror.
	Business relationship	The Tender Offeror consigns refinement of oil to the Target Company (amount of consigned refinement in the Target Company's FY 2020: 24,045 million yen). The Tender Offeror consigns power generation to the Target Company (amount of consigned power generation in the Target Company's FY 2020: 1,428 million yen).
	Status as related Party	The Target Company is a consolidated subsidiary of the Tender Offeror, and therefore, the Target Company is regarded as a related party of the Tender Offeror.

(Note) Information in "Major shareholders and shareholding ratios (as of September 30, 2020)" is based on the "Status of major shareholders" in the Target Company's Second Quarterly Report.

(2) Schedule, Etc.

(I) Schedule

Resolution by board of directors	December 15, 2020 (Tuesday)
Date of public notice of commencement of tender offer	December 16, 2020 (Wednesday)
Name of newspaper in which public notice is to be published	Public notice will be made electronically via the Internet, and a notice to that effect will be published in the Nihon Keizai Shimbun. (URL of the electronic notice: https://disclosure.edinet-fsa.go.jp/)
Filing date of tender offer registration statement	December 16, 2020 (Wednesday)

(II) Purchase Period Originally Specified in the Registration Statement

From December 16, 2020 (Wednesday) until February 2, 2021 (Tuesday) (30 business days)

(III) Possibility of Extension Upon Request of the Target Company

Not applicable.

(3) Purchase Price

2,450 yen per share of common stock

(4) Basis for Valuation of the Purchase Price

(I) Basis for the Valuation

In determining the Tender Offer Price, the Tender Offeror requested Goldman Sachs, its financial advisor, to perform financial analyses of the value of the Target Company Shares, and subsequently received the financial analysis report relating thereto dated December 15, 2020 (the "Analysis Report (GS)") prepared by Goldman Sachs. Goldman Sachs is not a related party of the Tender Offeror or the Target Company and does not have any material interest in the Tender Offer. Further, the Tender Offeror has not obtained from Goldman Sachs, and Goldman Sachs has not expressed, any opinion concerning the fairness of the Tender Offer Price or the Tender Offer (a fairness opinion).

Goldman Sachs, in the Analysis Report (GS) referred to above, performed a market price analysis and a DCF analysis. The DCF analysis was based on the Forecasts (as defined below). The respective analyses resulted in a range of implied values per share of the Target Company shown below.

1. Market price analysis: 1,568 yen – 2,509 yen

In performing the market price analysis, Goldman Sachs used December 14, 2020 as the base date and reviewed the closing prices of the Target Company for the 52-week period ending on such date. Based on this review, Goldman Sachs derived the implied per-share value for the Target Company Shares to range from 1,568 yen to 2,509 yen.

2. DCF Analysis: 1,245 yen – 2,930 yen

In performing the DCF analysis, Goldman Sachs analyzed the value of the Target Company Shares by discounting the Target Company's future free cash flow estimated with certain assumptions reflected in the Forecasts to present value. Based on the analysis, Goldman Sachs derived the implied per-share value for the Target Company Shares to range from 1,245 yen to 2,930 yen. The Forecasts, which consist of six fiscal years (fiscal years ending March 2021, 2022, 2023, 2024, 2025 and 2026), were used by Goldman Sachs for the DCF analysis. The Forecasts, which cover the fiscal years ending from March 2021 to March 2026 and were used by Goldman Sachs for the DCF analysis, include fiscal years during which a significant increase or decrease in profit are expected. Specifically, profits for the fiscal years ending March 2021 and March 2022 are forecasted to significantly increase compared to each previous fiscal year as a result of returning to a steady operation from the shutdown of the facility due to the fire accident at the Keihin refinery in the fiscal year ending March 2020. Profit for the fiscal year ending March 2026 is forecasted to significantly decrease compared to the previous fiscal year because the operation of the refinery and the power plant is planned to shut down for a certain period for regular repair. In addition, the Forecasts were prepared on a stand-alone basis and do not reflect synergies because it is difficult to specifically estimate the synergies expected to be realized upon consummation of the Transaction.

(Note) The following is a supplemental explanation of the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with performing Goldman Sachs' financial analyses

of the Target Company Shares and preparing the Analysis Report (GS).

Goldman Sachs and its affiliates (collectively, "Goldman Sachs Group") are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs Group and its employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities , derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of the Tender Offeror, the Target Company and any of their respective affiliates and third parties, including Cornwall Capital Management LP, a significant shareholder of the Target Company, or any currency or commodity that may be involved in the Tender Offer. Goldman Sachs has acted as financial advisor to the Tender Offeror in connection with, and has participated in certain of the negotiations leading to, the Transaction. Goldman Sachs expects to receive fees for its services in connection with the Transaction, the principal portion of which is contingent upon consummation of the Tender Offer, and the Tender Offeror has agreed to reimburse certain of Goldman Sachs' expenses arising, and indemnify Goldman Sachs against certain liabilities that may arise, out of Goldman Sachs' engagement. Goldman Sachs has provided certain financial advisory and/or underwriting services to the Tender Offeror and/or its affiliates from time to time for which its Investment Banking Division has received, and may receive, compensation, including having acted as financial advisor to the Tender Offeror in connection with the business integration with the Showa Shell Sekiyu K. K. in April 2019. Goldman Sachs may also in the future provide financial advisory and/or underwriting services to the Tender Offeror, the Target Company and their respective affiliates for which Goldman Sachs' Investment Banking Division may receive compensation. Affiliates of Goldman Sachs also may have co-invested with affiliates of the Target Company and their respective affiliates from time to time and may have invested in limited partnership units of affiliates of the Target Company from time to time and may do so in the future.

In connection with preparing the Analysis Report (GS), Goldman Sachs has reviewed, among other things, the Annual Securities Reports (Yuka Shoken Hokoku-sho) of the Target Company for the fiscal year ended March 31, 2020 and for each of the fiscal years ended December 31, 2018, 2017, 2016 and 2015; the Quarterly Report (Shihanki Hokoku-sho) of the Target Company for the second fiscal quarter ended September 30, 2020; certain other communications from the Target Company to its stockholders; and certain internal financial analyses and forecasts for the Target Company, as prepared by its management and reflecting certain adjustments by the Tender Offeror and approved for Goldman Sachs' use by the Tender Offeror (the "Forecasts"). Goldman Sachs has also held discussions with members of the senior management of each of the Tender Offeror and the Target Company regarding their respective assessments of the past and current business operations, financial condition and future prospects of the Target Company and with the members of senior management of the Tender Offeror regarding their assessment of the past and current business operations, financial condition and future prospects of the Tender Offeror and the strategic rationale for, and the potential benefits of, the Tender Offer; reviewed the reported price and trading activity for the shares of the Target Company's common shares; compared certain financial and stock market information for the Target Company with similar information for certain other companies the securities of which are publicly traded; and performed such other studies and analyses, and considered such other factors, as Goldman Sachs deemed appropriate.

For purposes of performing its financial analyses and preparing the Analysis Report (GS), Goldman Sachs has, with the Tender Offeror's consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, Goldman Sachs, without assuming any responsibility for independent verification thereof. In that regard, Goldman Sachs has assumed with

Tender Offeror's consent that the Forecasts have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Target Company. Goldman Sachs has not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of the Target Company or any of its respective subsidiaries and Goldman Sachs has not been furnished with any such evaluation or appraisal.

The Analysis Report (GS) does not address the underlying business decision of the Tender Offeror to engage in the Transaction, or the relative merits of the Transaction as compared to any strategic alternatives that may be available to the Tender Offeror; nor does it address any legal, regulatory, tax or accounting matters. Goldman Sachs does not express any view on, and any term or aspect of the Transaction or any term or aspect of any other agreement or instrument contemplated by the Transaction or entered into or amended in connection with the Transaction, including, the fairness of the Tender Offer to, or any consideration received in connection therewith by, the holders of any class of securities, creditors, or other constituencies of the Target Company; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Target Company, or any class of such persons in connection with the Tender Offer. Goldman Sachs is not expressing any opinion as to the prices at which the Target Company's common shares will trade at any time, as to the potential effects of volatility in the credit, financial and stock markets on the Target Company or the Tender Offeror, or as to the impact of the Tender Offer on the solvency or viability of the Tender Offeror or the Target Company or the ability of the Tender Offeror or the Target Company to pay their respective obligations when they come due. The Analysis Report (GS) is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, the date thereof and Goldman Sachs assumes no responsibility for updating, revising or reaffirming the Analysis Report (GS) based on circumstances, developments or events occurring after the date thereof. Goldman Sachs' advisory services and the Analysis Report (GS) expressed herein are provided solely for the information and assistance of the Board of Directors of the Tender Offeror in connection with its consideration of the Tender Offer. Goldman Sachs did not recommend any specific offer prices to the Tender Offeror, or that any specific offer prices constituted the only appropriate offer price. The Analysis Report (GS) is not necessarily susceptible to partial analysis or summary description. Selecting portions of the Analysis Report (GS) or the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying the Analysis Report (GS). Goldman Sachs did not attribute any particular weight to any factor or any analysis it performed.

The 2,450 yen per share Tender Offer Price is a price that includes the following premiums for each of the following prices and average prices: a premium of 23.05% on the closing price of the Target Company Shares listed on the Second Section of the Tokyo Stock Exchange of 1,991 yen on December 14, 2020, the business day immediately preceding the announcement date of the implementation of the Tender Offer; a premium of 35.58% on the simple average closing price of 1,807 yen for the latest one-month period from November 16, 2020 until December 14, 2020, a premium of 39.05% on the simple average closing price of 1,762 yen for the latest three-month period from September 15, 2020 until December 14, 2020, and a premium of 34.76% on the simple average closing price of 1,818 yen for the latest six-month period from June 15, 2020 until December 14, 2020.

(II) Details of the Valuation

(How the Decision on the Tender Offer Price was Reached)

As stated in "(I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the

Tender Offer" of "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" of "1. Purpose of the Purchase," the Tender Offeror commenced initial discussions in early April 2020 regarding making the Target Company a wholly-owned subsidiary of the Tender Offeror, from legal, financial, and other perspectives, and in mid-August 2020, appointed Nishimura & Asahi as its legal advisor, which is independent of the Tender Offeror Group, including the Tender Offeror and the Target Company, and Goldman Sachs as a financial advisor, which is independent of the Tender Offeror Group, including the Tender Offeror and the Target Company, and commenced discussions on the specifics of the Transaction thereafter. The Tender Offeror considered that providing a reasonable opportunity for the Target Company's shareholders, other than the Tender Offeror, to sell their shares will contribute to the interests of such Target Company's shareholders other than the Tender Offeror, and thus the Tender Offeror has engaged in multiple deliberations on the terms, conditions, methods, etc. of the Transaction, assuming a tender offer as the transaction form of the Transaction, between late August 2020 to early September 2020. As a result, the Tender Offeror reached the conclusion that the Transaction may lead to enhancement of corporate value for both the Tender Offeror and the Target Company. In early September 2020, the Tender Offeror made an initial approach to the Target Company to commence discussions toward implementing the Transaction, and on September 9, 2020, it received a response from the Target Company stating that it will also commence deliberations on the Transaction. Upon this, and after conducting further deliberations on the terms, conditions, methods, etc. of the Transaction, the Tender Offeror submitted a Written Proposal to the Target Company on September 28, 2020.

In response, according to the Target Company, for the purpose of ensuring fairness of the Tender Offer Price and the Transaction, including the Tender Offer, in late September, the Target Company appointed Nomura Securities as its financial advisor and third party valuation organization, and Anderson Mōri & Tomotsune as its legal advisor, both of which are independent of the Tender Offeror and the Target Company, and on October 16, 2020, it established the Special Committee (for the composition of the Special Committee and details of specific activities, please refer to "(iii) Establishment of an Independent Special Committee and Acquisition of a Report from the Committee by the Target Company" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase")) in order to conduct discussions, negotiations, and other activities with respect to the Transaction from a position independent from the Tender Offeror. Furthermore, according to the Target Company, the Special Committee approved the appointment by the Target Company of Nomura Securities as its financial advisor and third party valuation organization, and Anderson Mōri & Tomotsune as its legal advisor, and established the framework for discussions and negotiations related to the Tender Offer.

After submission of the Written Proposal, the Tender Offeror and the Target Company commenced specific discussions and deliberations towards implementing the Transaction. Simultaneously with the Tender Offeror's performance of the due diligence to investigate the feasibility of the Transaction from early October 2020 to early December 2020, the Tender Offeror engaged in multiple discussions and deliberations with the Target Company regarding the various conditions to the Transaction, such as more detailed discussions and deliberations concerning the significance and the purpose of the Transaction, and the managerial structure and business policy following the Transaction.

As a result, on December 15, 2020, the Tender Offeror and the Target Company agreed that making the Target Company a wholly-owned subsidiary of the Tender Offeror would be the best measure to respond to the changes in the business environment surrounding the Tender Offeror and the Target Company and that doing so would contribute to

enhancing the corporate value of both companies. Specifically, the Tender Offeror considers that the following effects are expected to occur as a result of making the Target Company a wholly-owned subsidiary of the Tender Offeror.

(a) Streamlining of Operations and Prompt Action Towards Changes in the Business Environment

Firstly, by the Target Company going private through the Transaction, it is expected that the Target Company will be able to promptly make management decisions based on a long-term vision that aims at the optimization of the Tender Offeror Group's manufacturing structure for petroleum products without being restricted by the risk of short-term revenue fluctuations.

As part of the business environment surrounding the Target Company, the domestic demand for petroleum products, centered on gasoline, is continuously declining, and competition between refineries is expected to increase. Furthermore, as the society switches over to carbon-free options, the societal demand for reducing carbon dioxide (CO2) emissions is also expected to become stronger. From these perspectives, the Target Company acknowledges that taking prompt action towards the changes in the business environment, such as streamlining the operations of existing refineries and strengthening the approach towards carbon neutrality, to maintain competitiveness even in the situation where the domestic demand for petroleum products is declining is an important issue for the future. The Tender Offeror expects that there will be limitations to the streamlining of operations and prompt action towards changes in the management environment if the Target Company continues to exist as a listed company, because attention will also need to be paid to the interests of the Target Company's minority shareholders (including dividends for shareholders). However, by the Target Company going private through the Transaction, it will be possible to take action decisively, with the cooperation of the Tender Offeror, if such action will lead to strengthening future competitiveness, and from a long-term perspective, it is expected that it will contribute to enhancing the Target Company's corporate value.

Moreover, if the Target Company becomes a wholly-owned subsidiary of the Tender Offeror through the Transaction, it will be possible to conduct more accurate deliberations from a financial perspective as well as a management-decision perspective, on whether strategic and flexible investments will enhance the Target Company's corporate value from a long-term perspective as the Target Company would be able to streamline its operations and take prompt action towards changes to the business environment by utilizing the capital strength, credit capability, and human resources of the Tender Offeror, which was difficult for the Target Company to do alone.

(b) Stabilization of Management by the Target Company Becoming a Wholly-Owned Subsidiary of the Tender Offeror

The Transaction is a transaction by which the Tender Offeror will increase the capital ratio of the Target Company in the oil refinement industry, in which its domestic demand is declining as stated above.

The Tender Offeror determined that, by the Target Company becoming a wholly-owned subsidiary of the Tender Offeror through the Transaction, it will become possible for the Tender Offeror to align its management to be completely consistent with the business strategies of the Tender Offeror Group, and thus will enhance the stability of the Tender Offeror Group's supply chain for fuel oil business.

(c) Utilization of Human Resources of the Group as a Whole

The Tender Offeror believes that securing the employment and effective utilization of human resources are important measures. The employees who work at the Target Company as of the time of completion of the procedures, which will occur after the Tender Offer and which constitutes the Transaction to make the Target Company a

wholly-owned subsidiary of the Tender Offeror (the "Procedures to Make the Target Company a Wholly-Owned Subsidiary") will in principle continue to be employed by the Target Company for a certain period of time after the Transaction. Furthermore, from the perspective of effectively utilizing human resources and providing employees growth opportunities, the Tender Offeror plans to further intensify personnel exchanges within the Tender Offeror Group, including the Target Company, as a whole in the fuel oil business and other businesses, and among finite human resources, executing appropriate human resource allocations. It is expected that this will enable the Tender Offeror to effectively utilize the Target Company's human resources in the Tender Offeror Group, which will lead to securing human resources and vitalizing the Tender Offeror Group.

Disadvantages of making the Target Company a wholly-owned subsidiary include, in addition to general disadvantages of becoming unlisted, increasing the burden on the Tender Offeror in the case where the Target Company's business performance deteriorates due to causes such as decreases in the demand for energy. However, as stated above, there are advantages that outweigh the general disadvantages of becoming unlisted. Furthermore, considering that the Tender Offeror has already made the Target Company its consolidated subsidiary and the Tender Offeror comprises 90% of the Target Company's business partners (please refer to page 13 of the Target Company's Securities Report for the 147th Term), it is possible to deduce that the Tender Offeror already bears a burden comparable to the burden it would bear in the case where the Target Company becomes its wholly-owned subsidiary. Therefore, no special disadvantages are considered to arise from the Tender Offeror making the Target Company its wholly-owned subsidiary.

Furthermore, the Tender Offeror has repeatedly discussed and negotiated with the Target Company concerning the Tender Offer Price since mid-November 2020. Specifically, on November 16, 2020, the Tender Offeror made the first proposal that the Tender Offer Price be 2,050 yen per share as the fair share value as of then, using as a reference the results of financial advisors' analyses based mainly on the market price analysis and the Discounted Cash Flow (the "DCF") analysis, which are share valuation methods generally used when a parent company converts a consolidated listed subsidiary into a wholly-owned subsidiary. On November 18, 2020, the Target Company requested that the Tender Offer Price be increased, because the proposed price (2,050 yen) was lower than the past trading price of the Target Company Shares in the exchange-traded market and was at a level lower than the level of premiums in recent tender offer transactions for listed subsidiaries targeting to make much listed subsidiaries wholly-owned subsidiaries. Therefore, on November 24, 2020, the Tender Offeror made the second proposal that the Tender Offer Price be 2,150 yen per share. On November 26, 2020, the Tender Offeror received questions from the Target Company on the share valuation of and level of the premium for shares of the Target Company, which considered that the proposed price (2,150 yen) still did not sufficiently reflect the Target Company's corporate value. Therefore, on December 1, 2020, discussions were held between the financial advisors of both the Tender Offeror and the Target Company, in light of the results of such discussions, on December 2, 2020, the Tender Offeror made the third proposal that the Tender Offer Price be 2,250 yen per share. On December 4, 2020, the Target Company requested that the Tender Offer Price be increased because the Target Company considered that the proposed price (2,250 yen) did not include a sufficient premium compared to the level of premiums in recent tender offer transactions for listed subsidiaries targeting to make such listed subsidiaries wholly-owned subsidiaries. The Tender Offeror considered this request, and on December 8, 2020, the Tender Offeror made the fourth proposal that the Tender Offer Price be 2,400 yen per share. On December 9, 2020, the Target Company requested that the Tender Offer Price be further increased from the proposed price (2,400

yen). The Tender Offeror considered this request, and on December 10, 2020, the Tender Offeror made the fifth proposal that the Tender Offer Price be 2,450 yen per share. As a result of such discussions and negotiations, the Tender Offeror and the Target Company reached an agreement on the per-share Tender Offer Price of 2,450 yen on December 11, 2020. Based on the above background, the Tender Offeror concluded that making the Target Company the Tender Offeror's wholly-owned subsidiary would enhance the corporate value of the group as a whole. Accordingly, the Tender Offeror decided to implement the Tender Offer pursuant to a resolution of its board of directors on December 15, 2020. For details of the background to the Tender Offeror's decision to implement the Tender Offer, please refer to "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" of "1. Purpose of the Purchase" above.

(i) Name of the Third Party from Which Opinions were Obtained at the Time of the Valuation

For the decision on the Tender Offer Price, the Tender Offeror requested that Goldman Sachs, financial advisor to the Tender Offeror, conduct a financial analysis of the value of the Target Company Shares, and received the Analysis Report (GS) in regard to this. Goldman Sachs is not a related party to the Tender Offeror Group, including the Tender Offeror and the Target Company, and has no material interest in relation to the Tender Offer. The Tender Offeror has not received a fairness opinion regarding the appropriateness of the Tender Offer Price or the Tender Offer from Goldman Sachs, and Goldman Sachs has not expressed an opinion thereon.

(ii) Overview of the Analysis Report

1. Market price analysis: 1,568 yen – 2,509 yen
2. DCF analysis: 1,245 yen – 2,930 yen

For details, please refer to "(I) Basis for the Valuation" above.

(iii) Details on How the Tender Offer Price was Decided Based on the Results of the Financial Analysis

By referring to the result of the financial analysis by Goldman Sachs and, cumulatively considering the examples of premiums provided in deciding the tender offer prices in previous cases of tender offers for shares, etc. conducted by parties other than issuers (tender offers where parent companies aimed to make their listed subsidiaries wholly-owned subsidiaries), the possibility of obtaining support for the Tender Offer from the Target Company's board of directors, fluctuations in the market price of the Target Company Shares, the results of the due diligence conducted with respect to the Target Company from early October 2020 to early December 2020, as well as the prospects of participation in the Tender Offer, and based also on the results of the discussions and negotiations with the Target Company, the Tender Offeror ultimately decided on a Tender Offer Price of 2,450 yen per share at the resolution of the board of directors meeting held on December 15, 2020. For details, please refer to "(I) Basis for the Valuation" above.

(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)

The Tender Offeror and the Target Company, realizing that the Target Company is a consolidated subsidiary of the Tender Offeror and that the Transaction, which includes the Tender Offer, constitutes a significant transaction with a controlling shareholder, have both implemented the following measures as measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest. Mr. Kazuhisa

Harada, President and Representative Director of the Target Company, was an executive officer of the Tender Offeror until June 23, 2020, and Mr. Hiroshi Maezawa, who is an executive officer of the Tender Offeror, serves concurrently as a director of the Target Company. In order to avoid conflicts of interest, Mr. Kazuhisa Harada and Mr. Hiroshi Maezawa did not participate on behalf of the Target Company in any discussions or negotiations with the Tender Offeror regarding the Transaction.

(i) Acquisition of a Share Valuation Report by the Tender Offeror from an Independent Financial Advisor

In order to ensure fairness of the Tender Offer Price, the Tender Offeror, when deciding on the Tender Offer Price, requested that Goldman Sachs, its financial advisor who is independent from the Tender Offeror Group, including the Tender Offeror and the Target Company, conduct a financial analysis of the share value of the Target Company.

For details, please refer to "(I) Basis for the Valuation" above.

(ii) Acquisition of a Share Valuation Report by the Target Company from an Independent Financial Advisor and Third-party Valuation Organization

A. Name of the Valuation Organization and its Relationship with the Target Company and the Tender Offeror

In expressing its opinion on the Tender Offer Price, in order to ensure the fairness of the decision making on the Tender Offer Price proposed by the Tender Offeror, the Target Company requested Nomura Securities, its financial advisor and third-party valuation organization who is independent from the Tender Offeror and the Target Company, to calculate the value of the Target Company Shares, and acquired the Share Valuation Report as of December 14, 2020. Nomura Securities is not a related party of the Target Company or the Tender Offeror and has no material interest in relation to the Transaction, including the Tender Offer. In addition, at its first meeting, the Special Committee approved Nomura Securities as the Target Company's financial advisor and third-party valuation organization after confirming that there were no issues with the independence and expertise of Nomura Securities. The Target Company has not received a written opinion on the fairness of the Tender Offer Price (fairness opinion) from Nomura Securities.

The fees payable to Nomura Securities in connection with the Transaction include a contingency fee to be paid contingent upon the consummation of the Transaction and other conditions.

B. Overview of the Valuation of the Target Company Shares

Nomura Securities considered the valuation method to be applied to the valuation of the Target Company Shares from among various valuation methods and, based on the idea that the valuation of our shares should be evaluated from various perspectives on the premise the Target Company is a going concern, Nomura Securities calculated the valuation of the Target Company Shares using the average market price analysis since the Target Company Shares are listed on the Second Section of the Tokyo Stock Exchange, and the DCF analysis to reflect the status of future business activities in the calculation. The Target Company has acquired the Share Valuation Report from Nomura Securities as of December 14, 2020.

The ranges of values per share of the Target Company Shares calculated by each of the above methods in the Share Valuation Report are as follows.

Average market price analysis:	1,762 yen to 1,991 yen
DCF analysis:	2,017 yen to 3,212 yen

In the average market price analysis, the range of the value per share of the Target Company Shares was calculated to be 1,762 yen to 1,991 yen based on the closing price of the Target Company Shares on the Second Section of the Tokyo Stock Exchange on the base date of December 14, 2020, which was 1,991 yen, the simple average of the closing prices for the five business days prior to the base date, which was 1,947 yen, the simple average of the closing prices for the one month prior to the base date, which was 1,807 yen, the simple average of the closing prices for the three months prior to the base date, which was 1,762 yen, and the simple average of the closing prices for the six months prior to the base date, which was 1,818 yen.

In the DCF analysis, the range of the value per share of the Target Company Shares was calculated to be 2,017 yen to3,212 yen based on the corporate value and share value of the Target Company, which was calculated by discounting to present value at a certain discount rate the free cash flow expected to be generated by the Target Company in and after the third quarter of the fiscal year ending March 2021 on the assumption of various factors, including the earnings forecasts and investment plans in the business prospects for the six fiscal years from the fiscal year ending March 2021 to the fiscal year ending March 2026 prepared by the Target Company as well as publicly available information. The discount rate ranged from 3.75% to 4.25%. In calculating the terminal value, the perpetuity growth rate model was used and the value per share of the Target Company Shares was calculated with the perpetuity growth rate ranging from -0.25% to 0.25%.

The business prospects prepared by the Target Company, which were used by Nomura Securities for the calculation by the DCF analysis, include fiscal years in which significant increases or decreases in profits are expected. Specifically, in the fiscal years ending March 2021 and 2022, a significant increase in profits from the previous fiscal year is expected as a result of the resumption of normal operation following the shutdown of all units at the Keihin Refinery in the fiscal year ended March 2020 due to a fire accident in the heavy oil cracking units. Meanwhile, in the fiscal year ending March 2026, a significant decrease in profits from the previous fiscal year is expected due to the scheduled temporary suspension of the operations of refineries and power plants for periodic repairs. In addition, the synergies expected to be realized from the execution of the Transaction are not taken into account in the following financial forecasts because those amounts are difficult to estimate specifically at this time.

The financial forecasts assumed in the analysis by the DCF analysis are as follows:

	FY ending March 2021 (6 months)	FY ending March 2022	FY ending March 2023	FY ending March 2024	FY ending March 2025	FY ending March 2026
Sales	13,969	29,517	29,486	29,804	29,188	31,020
Operating income	478	3,899	3,022	3,481	3,964	2,482
EBITDA	2,629	8,293	7,627	8,973	9,277	9,170
Free cash flow	-290	5,310	-12,018	10,280	7,622	-22,629

(Note) In calculating the value of the Target Company Shares, Nomura Securities assumed that the public information and all information provided by the Target Company was accurate and complete, and has not independently verified the accuracy and completeness of such information. The assets and liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target Company and its affiliates have not been independently evaluated, appraised or assessed, including analysis and evaluation of individual assets and liabilities, nor has any third-party organization requested to appraise or assess those assets and liabilities. Nomura Securities assumed that the

business prospects of the Target Company had been reasonably reviewed or prepared by its management based on the best and good faith forecasts and judgments currently available. The valuation by Nomura Securities reflects the information obtained by Nomura Securities and the economic conditions prior to December 14 2020. The sole purpose of the valuation by Nomura Securities is to serve as a reference for board of directors of the Target Company to consider the value of the Target Company Shares.

(iii) Establishment of an Independent Special Committee and Acquisition of a Report from the Committee by the Target Company

A. Background to its Establishment

As stated in "(II) Process of and Reasons for the Decision Making by the Target Company" of "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" of "1. Purpose of the Purchase" above, the Target Company established the Special Committee by resolution of the board of directors meeting held on October 16, 2020. With the advice from Anderson Mōri & Tomotsune, we ascertained the independence, eligibility and other criteria of the independent outside directors of the Target Company, who were to be candidates for members of the Special Committee. After confirming that the prospective candidates were independent of the Tender Offeror (it having been confirmed that Messrs. Arata Nakamura, Shigeru Kimura, Keiichi Kubo, Shinsuke Hasegawa and Akito Takahashi have no material interest in the Tender Offeror or the Target Company), and that they did not have any material interest in the success or failure of the Transaction that differed from that of minority shareholders, with the view to forming an adequately-sized Special Committee while ensuring a balance of knowledge, experience and ability within the Special Committee as a whole, the Target Company selected, with the advice of Anderson Mōri & Tomotsune, the following five persons as candidates for the Special Committee members: Mr. Arata Nakamura (an independent outside director of the Target Company (audit and supervisory committee member); attorney-at-law at Ginza Minami Law Office), who possesses abundant experience and expertise gained through his long-standing career in corporate legal affairs and other legal matters; Mr. Shigeru Kimura (an independent outside director of the Target Company (audit and supervisory committee member); outside director of erex Co., Ltd.), an expert in the electric power industry with abundant experience and expertise gained through his long-standing career in the electric power industry; Mr. Keiichi Kubo (an independent outside director of the Target Company (audit and supervisory committee member); certified public accountant at Keiichi Kubo CPA Office), who possesses expertise regarding finance and accounting gained through his experience as a certified public accountant; Mr. Shinsuke Hasegawa (certified public accountant at Hasegawa Certified Public Accountant Office), an outside expert with expertise regarding finance and accounting gained through his experience as a certified public accountant; and Mr. Akito Takahashi (attorney-at-law at Takahashi & Katayama), an outside expert with abundant experience and expertise gained through his long-standing career in corporate legal affairs and other legal matters (the membership of the Special Committee has not been changed since the establishment, and a fixed-amount fee is to be paid to each of the members of the Special Committee in consideration of their work, irrespective of the contents of their report). Thereafter, as stated in "(II) Process of and Reasons for the Decision Making by the Target Company" of "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" of "1. Purpose of the Purchase" above, the Target Company established the Special Committee by resolution of the board of directors meeting held on October 16, 2020, and consulted with the Special Committee on the Advisory Matters. In addition, in establishing the Special Committee, the board of directors of the Target Company resolved that it should respect the Special Committee's determinations to the

fullest extent in making decisions regarding the Transaction (in particular, if the Special Committee determines that the terms of the Transaction are not appropriate, the board of directors of the Target Company should not agree to the Transaction on such terms). The board of directors of the Target Company further resolved, among other things, to grant to the Special Committee: (i) authority to appoint its financial advisors, legal advisors or other advisors as it deems necessary (at the reasonable expense of the Target Company), or to approve the Target Company's advisors; (ii) authority to receive information required for considering and deciding on the Transaction from the Target Company's officers and employees or other persons that the Special Committee deems necessary; and (iii) authority to consult and negotiate with the Tender Offeror the terms of the Transaction or otherwise, if the Special Committee deems it necessary.

In light of the fact that, among the nine directors of the Target Company, Mr. Kazuhisa Harada served as an executive officer of the Tender Offeror in the past and that Mr. Hiroshi Maezawa is concurrently serving as an executive officer of the Tender Offeror, in order to eliminate the possibility of the deliberations and resolutions at the board of directors meetings being tainted by any issue of structural conflicts of interest in the Transaction and in order to ensure the fairness of the Transaction, these two directors were excluded from the deliberation at the above-mentioned board of directors meeting, and the remaining seven directors (including those who are audit and supervisory committee members) unanimously adopted the above-mentioned resolution after deliberation.

B. Details of the consideration

During the period from October 20, 2020 through December 10, 2020, a total of eight meetings of the Special Committee were held, and a total of approximately 14.5 hours were spent in the meetings. In addition, the Special Committee made deliberations and considerations on the Advisory Matters between meeting dates by way of sharing reports and information, and engaging in discussions and decisions via electronic mail.

Specifically, at its first meeting, the Special Committee approved the appointment of Nomura Securities as the Target Company's financial advisor and third-party valuation organization and Anderson Mōri & Tomotsune as the Target Company's legal advisor after confirming that there were no issues regarding their independence and expertise, and confirmed that the Special Committee also may receive professional advice from each entity, if needed.

Thereafter, the Special Committee conducted a review of the measures that should be taken to ensure fairness in the process of evaluating the Transaction, taking into account the opinion obtained from Anderson Mōri & Tomotsune.

The Special Committee sent to the Tender Offeror, through the board of directors of the Target Company, a written questionnaire regarding, among other things, the purposes, reasons and the like of the Transaction, the background and purpose of choosing to implement the Transaction at this time, the management policy, governance and the like of the Target Company after the Transaction, any disadvantages of the Transaction, and the process, terms and the like of the Transaction. Regarding these matters, the Special Committee received explanations directly from the Tender Offeror, and held a question-and-answer session.

In addition, the Special Committee received from the Target Company an explanation on the substance of the business plan prepared by the Target Company and the background of the preparation thereof, among other things, and confirmed the reasonableness of these matters. Furthermore, since Nomura Securities conducted the valuation of the Target Company Shares based on the business plan prepared by the Target Company, the Special Committee received from Nomura Securities an explanation on the calculation methods used for the valuation of the Target Company Shares, the reason for adopting such calculation methods, the results of the valuation by each calculation method, and important assumptions. The Special Committee confirmed the reasonableness of these matters after a

question-and-answer session, deliberations and consideration.

The Special Committee, which was given reports from time to time by the Target Company and Nomura Securities about negotiations by the Target Company with the Tender Offeror, held deliberations and reviews, and provided necessary opinions on the Target Company's negotiation policies, as appropriate. In particular, on November 16, 2020, the Special Committee received from the Target Company a report that the Target Company had received an initial offer from the Tender Offeror, which offered, among other things, to set the Tender Offer Price at 2,050 yen per share. Thereafter, on November 24, December 2, and December 8 of the same year, the Special Committee was given a report that the Target Company had received an offer to set the Tender Offer Price at 2,150 yen per share, 2,250 yen per share, and 2,400 yen per share, respectively .The Special Committee deliberated on the matter after hearing Nomura Securities' opinion as to how it should respond to the offers and negotiate with the Tender Offeror, taking into consideration the opinion obtained from Anderson Mōri & Tomotsune. On all of these occasions, the Special Committee provided the Target Company with an opinion that it had no objection to the Target Company's intention to request that the Tender Offeror reconsider the Tender Offer Price, and also stated its opinion regarding the matters that the Target Company should discuss with the Tender Offeror in order to attain the Target Company's aim and purpose of the Transaction. Thus, the Special Committee was involved in all aspects of discussions and negotiations regarding the terms and conditions of the Transaction, including the Tender Offer Price, between the Target Company and the Tender Offeror. As a result, on December 10, 2020, the Target Company received an offer from the Tender Offeror, which offered, among others things, to set the Tender Offer Price at 2,450 yen per share. This represents a total of four increases in price and a 19.51 % (rounded to the nearest hundredth) increase from the price proposed in the initial offer.

Moreover, on multiple occasions, the Special Committee received from Anderson Mōri & Tomotsune an explanation on the substance of a draft of the Target Company Press Release that the Target Company was to announce or submit, and has confirmed that sufficient information disclosure is to be made by the Target Company.

C. Details of the decision

Under the circumstances described above, the Special Committee carefully discussed and reviewed the Advisory Matters on multiple occasions, and finally, based on unanimous consent of the members, submitted to the board of directors of the Target Company the Report as of December 14, 2020, as summarized below.

(a) Contents of the Report

i. The Special Committee believes that the purpose of the Transaction, including the Tender Offer, is reasonable (the Transaction will contribute to enhancement of the Target Company's corporate value).

ii. The Special Committee believes that sufficient consideration has been given to the interests of the Target Company shareholders through fair procedures in the Transaction.

iii. The Special Committee believes that the appropriateness and fairness of the terms of the Transaction (including the Tender Offer Price) has been ensured.

iv. Based on i. through iii. above, the Special Committee does not believe that the Transaction is disadvantageous to minority shareholders of the Target Company.

v. Based on i. through iv. above, the Special Committee believes that at present, it is reasonable for board of directors of the Target Company to decide to express an opinion in support of the Tender Offer and to recommend that the Target Company shareholders tender their shares in the Tender Offer.

(b) Reasons for the proposals made in the Report

i. Regarding "whether the purpose of the Transaction is found to be reasonable (including whether the Transaction will contribute to enhancement of the Target Company's corporate value)"

・ "(a) The purpose, necessity and background of the Transaction" and "(b) the merits of the Tender Offer and subsequent Transaction" as described in "(2) Grounds and Reasons for our Opinion on the Tender Offer" of "3. Details of, and Grounds and Reasons for, our Opinion on the Tender Offer" in the Target Company Press Release, which were explained by the Target Company and other parties, are considered to be concrete and premised on, among other things, the current business and management status of the Target Company, and the forecasts of future trends of, and expected issues facing the Target Company's industry.

・ The matters mentioned in (a) and (b) above are considered to conform to what is generally explained as the environment of the industry and market of the Target Company.

・ The matters mentioned in (a) and (b) above are also considered to be realistic for the purpose of increasing the Target Company's future competitive advantage.

・ It can be said that the Target Company and the Tender Offeror have considered the necessity and merits of the Transaction taking into consideration, among other things, the environment of the market of the Target Company and forecasts of future trends.

・ It can be said that the future prospects of the Target Company's business and growth as well as the measures and plans that have been considered for implementation after the Transaction, which were explained by the Target Company and other parties, are premised on the details of our business and our management status, and based on the Tender Offeror's management policies, and are based on future issues in the Target Company's industry and market, and will contribute to maintenance and enhancement of the Target Company's corporate value amid the expected significant changes in the business environment in the future. Thus, none of such prospects, plans and measures is found to be unreasonable.

ii. Regarding "whether fairness of the procedures for the Transaction has been ensured"

・ In considering how to deal with the Transaction, the Target Company set up the Special Committee, which is independent of both the Target Company and the Tender Offeror, with the intention of eliminating the Tender Offeror's influence over the process of consideration and decision-making at the Target Company. Three of the Special Committee members are outside directors of the Target Company, and the remaining two are a certified public accountant and an attorney-at-law, who are outside professionals.

・ With the aim of ensuring fairness of the terms of the Tender Offer, in particular the Tender Offer Price, in considering how to deal with the Transaction, the Target Company requested Nomura Securities, a third-party valuation organization, which is independent of both the Target Company and the Tender Offeror, to calculate the value of the Target Company Shares and obtained an intended share valuation report. In addition, the Special Committee confirmed the independence of Nomura Securities after receiving necessary explanations on such independence.

・ The Target Company appointed Anderson Mōri & Tomotsune as a legal advisor, which is independent of both the Target Company and the Tender Offeror, to obtain legal advice regarding the Transaction. In addition, the Special Committee confirmed the independence of Anderson Mōri & Tomotsune after receiving necessary explanations on such independence.

・ The Transaction, including the procedures scheduled for the Transaction after the Procedures to Make the Target Company a Wholly-Owned Subsidiary, may result in structural and typical conflicts of interest

because it is to be implemented with the Tender Offeror, the Target Company's controlling shareholder (parent company). It can be said, however, that within such framework, the Target Company was aware that it needed to ensure the appropriateness and fairness of the terms of the Transaction even more carefully, and requested, from an early stage of consultation process, that the Tender Offeror propose transaction terms with due consideration of the interests of the minority shareholders.

- With respect to the policies on consultations and negotiations between the Target Company and the Tender Offeror, the Special Committee received from the Target Company and Nomura Securities, which is the Target Company's financial advisor, an explanation of the negotiation policies and related matters. Then, the negotiations with the Tender Offeror were conducted in line with such negotiation policies confirmed by the Special Committee.
- The specific status of consultation and negotiations between the Target Company and the Tender Offeror has been reported to the Special Committee in a timely manner. In particular, in a critical phase of the negotiations for the Tender Offer Price, based on the substance of such reports, the Special Committee stated its opinions to, and made suggestions and requests to, the Target Company and its financial advisor, as needed. Thus, a system is in place that allows the Special Committee to be substantially involved in the process of negotiation for the terms of the Tender Offer, in particular the Tender Offer Price.
- Then, after exhaustive consideration of various circumstances, including the appropriateness and fairness, and reality of the terms, and multiple discussions with the Tender Offeror (in particular, after the Target Company's tenacious requests to the Tender Offeror to raise the Tender Offer Price), the Target Company engaged in a final adjustment of the price to be resolved at its board of directors meeting.
- Following that, the Target Company and the Tender Offeror finally reached an agreement on the terms of the Transaction, including the Tender Offer Price. Such agreed price was determined to be the Tender Offer Price to be approved by resolution of board of directors of the Target Company.
- Furthermore, with respect to the "two-step acquisition" and related matters, it can be said that the Tender Offeror has made efforts to secure opportunities for the Target Company shareholders to make a proper decision because the Tender Offeror states that it plans to provide them with a detailed disclosure and explanation at an early stage. In addition, information deemed necessary and appropriate for the shareholders (in particular, minority shareholders) of the Target Company to determine the appropriateness and other characteristics of each of the terms of the Transaction, including the Tender Offer, is expected to be disclosed in the disclosure documents to be prepared by the Tender Offeror and the Target Company.
- With the view to enhancing fairness, transparency and objectivity of the decision-making process, directors who were or are associated with the Tender Offeror have not participated in the consideration of the Transaction at the Target Company, and will not participate in the deliberations and resolution at the board of directors meetings to be held in regard to the Transaction. Thus, it can be said that the Target Company is making efforts to eliminate arbitrariness in its decision-making process.
- In the Tender Offer, a lower limit will be set on the number of shares to be acquired, as described in the Target Company Press Release. As a result, if the number of shares tendered in the Tender Offer is below the lower limit, the purchase of the Target Company Shares through the Tender Offer will not occur. Such a measure can serve to pay respect to the intention of minority shareholders of the Target Company to the fullest extent possible.
- The purchase period under the Tender Offer is expected to be 30 business days in length, which is longer

than the statutorily required minimum period of 20 business days. In addition, the Target Company has not made any agreement with the Tender Offeror that prohibits us from contacting any competing offerors for acquisition, such as an agreement containing a "deal protection clause," under which the Target Company is restricted from contacting a competing offeror for acquisition. Judging from these factors, it is considered that there are no particularly unreasonable circumstances in terms of the "market-check." From the viewpoint of information management, it is not necessarily easy in practice to implement a proactive "market-check" to investigate and consider the existence (or inexistence) of potential acquirers in the market. Therefore, in this case, the mere fact that such an investigation has not been made is not considered to result in an unreasonable situation with respect to the market-check.

- In the Transaction, the procedures for the "two-step acquisition" are scheduled to be implemented to take the Target Company private (at present, either the Demand for Sale of Shares or the Share Consolidation is planned to be implemented as the said procedures, depending on the results of the Tender Offer). Pursuant to a provision of the Companies Act for the protection of minority shareholders' interest in relation to the Demand for Sale of Shares, such shareholders may file a petition with the court for determination of the purchase price. In addition, pursuant to a provision under the Companies Act for the protection of minority shareholders' interest in relation to the Share Consolidation, a Target Company shareholder may, subject to certain conditions, demand that the Target Company purchase at a fair price all of the common shares owned by that shareholder that will become a fraction less than one share and may file a petition with the court for determination of the price of the Target Company Shares. If such a petition is filed, the purchase price will be ultimately determined by the court and the Target Company's minority shareholders will be able to secure economic benefit through such procedures.
- As described above, one may consider that specific measures have been taken to ensure, among others, objective circumstances for the purpose of securing fairness of the conditions for the Procedures to Make the Target Company a Wholly-Owned Subsidiary. One may also consider that in the Transaction, sufficient attention has been given to the interests of the Target Cocmpany shareholders through fair procedures.

iii. Regarding "whether the appropriateness of the terms of the Transaction (including the Tender Offer Price) has been ensured"

- With the objective of ensuring the fairness and appropriateness of the terms of the Transaction (in particular, the Tender Offer Price), in reviewing and judging such terms, the Target Company appointed an independent third-party valuation organization for the valuation of the Target Company Shares, obtained the Share Valuation Report from the third-party valuation organization and used such Share Valuation Report as a reference.
- With respect to the calculation process leading to the conclusion of the Share Valuation Report prepared by the third-party valuation organization, the calculation method used therein is considered to be orthodox and reasonable in the light of current practice.
- The results of the above-mentioned valuation are also considered to be appropriate in the light of current practice. Furthermore, based on the explanation of the Target Company and the third-party valuation organization to the Special Committee regarding the substance of our business plans on which such valuation was premised, the Special Committee verified reasonableness of those business plans by first verifying the process of preparation of the Target Company's business plans and the current state of the

Target Company, and checking whether there are any unreasonable elements that do not conform with them. In conclusion, the Special Committee believes that such business plans, which set the petroleum refining business and the electricity generation business as the two main cores of the Target Companys business, are reasonable.

- Based on the above factors, it is considered that there is no particularly unreasonable element or serious problem in the Share Valuation Report prepared by the third-party valuation organization.
- It can be said that based on such Share Valuation Report, the Target Company has also considered the Tender Offer Price generally taking into account such circumstances as the necessity and merits of the Transaction and possible impacts on the Target Company's future businesses.
- It can be said that the Target Company appointed an experienced financial advisor (third-party valuation organization) and conducted multiple negotiations with the Tender Offeror for the overall terms of the Transaction, including the Tender Offer Price.
- It can be said that an appropriate premium is included in the Tender Offer Price to be finally approved by resolution of board of directors of the Target Company.
- The above-mentioned actions taken by the Target Company are considered to be reasonable and appropriate as means to ensure fairness and appropriateness of the Tender Offer Price and other terms of the Transaction, including the Tender Offer, and to eliminate arbitrariness in the process of judgment and decision making by the Target Company regarding the relevant matters.
- According to our explanation, with respect to the conditions for the Procedures to Make the Target Company a Wholly-Owned Subsidiary, in the absence of any future extraordinary circumstances, the squeeze-out price is expected to be calculated and determined on the basis of a price that is the same as the Tender Offer Price.
- In this regard, given that the Procedures to Make the Target Company a Wholly-Owned Subsidiary are expected to be implemented after the Tender Offer as procedures subsequent to the Tender Offer (the procedures for "two-step acquisition"), it is considered to be reasonable that the transaction terms of the procedures that are close in time are made to be the same.

iv. Regarding "whether, based on i. through iii. above, the Transaction is not considered to be disadvantageous to minority shareholders of the Target Company"

- With respect to matters other than those discussed in i. through iii. above, at present, there are no particular circumstances that make the Special Committee believe that the Transaction (including the Tender Offer) is disadvantageous to minority shareholders of the Target Company. Hence, the Special Committee believes that the Transaction is not disadvantageous to minority shareholders of the Target Company.

v. Regarding "whether board of directors of the Target Company should resolve to express an opinion in support of the Tender Offer and to recommend that the Target Company shareholders tender their shares in the Tender Offer"

- As described above, (i) the purpose of the Transaction, including the Tender Offer, is considered to be reasonable (the Transaction will contribute to enhancement of the Target Company's corporate value), (ii) it is considered that, in the Transaction, sufficient consideration has been given to the interests of the Target Company shareholders through fair procedures, (iii) it is considered the appropriateness and fairness of the terms of the Transaction (including the Tender Offer Price) has been ensured, and (iv) based on i. through iii. above, the Transaction is not considered to be disadvantageous to minority shareholders of the Target

Company. Therefore, the Special Committee believes that at present, it is reasonable for board of directors of the Target Company to decide to express an opinion in support of the Tender Offer and to recommend that the Target Company shareholders tender their shares in the Tender Offer, and at present, it has found no particular circumstances to the contrary.

(iv) Acquisition of Advice by the Target Company from an Independent Legal Advisor

The Target Company appointed Anderson Mōri & Tomotsune as the legal advisor independent of the Tender Offeror and the Target Company, and received legal advice, including advice on the measures to be implemented to ensure fairness in the process of evaluating the Transaction, the procedures for the Transaction and the methods, processes and the like of our decision making regarding the Transaction.

Anderson Mōri & Tomotsune is not a related party of the Tender Offeror or the Target Company, and has no material interest in the Transaction, including the Tender Offer. The Special Committee approved, at its first meeting, Anderson Mōri & Tomotsune as the legal advisor of the Target Company after confirming that there is no issue with respect to its independence and expertise.

(v) Establishment of a Structure for Independent Review by the Target Company

According to the Target Company Press Release, the Target Company established an internal structure to review, negotiate and make decisions on the Transaction independent of the Tender Offeror. To be specific, from the viewpoint of eliminating structural conflicts of interest, since early September 2020, when the Target Company received an initial offer from the Tender Offeror indicating that it would like to start considering making the Target Company a wholly-owned subsidiary of the Tender Offeror, the Target Company has excluded the officers and employees of the Target Company who are serving as officers or employees of companies of the Tender Offeror Group other than the Target Company Group (meaning the Target Company and TOA TECS CO., LTD., a consolidated subsidiary of the Target Company) from the process of negotiation between the Target Company and the Tender Offeror on the terms of the Transaction, including the Tender Offer Price, and the process of drafting of our business forecast, which is used as a basis for the valuation of the TOA Oil Shares.

(vi) Approval of All Directors (Including Those Who are Audit and Supervisory Committee Members) of the Target Company Without Conflicts of Interest

According to the Target Company Press Release, and as described in "(II) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" of "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" of "1. Purpose of the Purchase," the board of directors of the Target Company carefully discussed and considered whether the Transaction, including the Tender Offer, contributes to enhancement of its corporate value, and whether the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate, based on the legal advice received from Anderson Mōri & Tomotsune and the financial advice from Nomura Securities as well as the substance of the Share Valuation Report, respecting to the fullest extent the Special Committee's determinations presented in the Report.

As a result, the board of directors of the Target Company determined that the Transaction would contribute to enhancement of our corporate value and that the terms of the Transaction, including the Tender Offer Price, are

reasonable, and resolved at its meeting held today, by a unanimous vote (six directors of the nine directors who participated in the deliberation and the resolution) (including those who are audit and supervisory committee members), to express an opinion in support of the Tender Offer, and to recommend that the Target Company shareholders tender their shares in the Tender Offer.

In light of the fact that Mr. Kazuhisa Harada served as an executive officer of the Tender Offeror in the past, and that Mr. Hiroshi Maezawa is concurrently serving as an executive officer of the Tender Offeror, in order to eliminate the possibility of the deliberations and resolutions at the board of directors meetings being tainted by any issue of structural conflicts of interest in the Transaction and in order to ensure the fairness of the Transaction, these two directors refrained from participating in the deliberations and the resolutions of all proposals in relation to the Transaction at the board of directors meetings of the Target Company, including the above-mentioned board of directors meeting held today, and refrained from participating on behalf of the Target Company in the discussions or negotiations with the Tender Offeror. Mr. Shigeru Kimura was absent from the above-mentioned board of directors meeting held today for personal reasons. However, he attended all eight meetings of the Special Committee and participated in the discussions. Moreover, the board of directors of the Target Company separately confirmed with Mr. Shigeru Kimura, who was absent from the relevant board of directors meeting, that he agreed that the board of directors was to express its opinion in support of the Tender Offer and to recommend that the Target Company shareholders tender their shares in the Tender Offer.

(vii) Measures to Secure Purchase Opportunities from Other Buyers

The Tender Offeror has not entered into any agreement with the Target Company that limits the opportunities for the Target Company to have contact with a competing offeror, such as an agreement that includes deal protection provisions which prohibit the Target Company from having contact with a competing offeror.

Furthermore, the Tender Offeror has set a Tender Offer Period of 30 business days, which is longer than the minimum period of 20 business days provided by relevant laws and regulations. By setting such a comparatively long Tender Offer Period, the Tender Offeror intends to secure an appropriate opportunity to allow the Target Company shareholders to decide whether to tender their shares in the Tender Offer, and at the same time, to ensure opportunities for a potential purchaser other than the Tender Offeror to make a competing offer and to ensure the appropriateness of the Tender Offer Price.

As is described in "(1) Overview of the Tender Offer" of "1. Purpose of the Purchase" above, since the Tender Offeror already owns 6,234,425 Target Company Shares (ownership ratio: 50.12%) as of today, the Tender Offeror believes that if a minimum planned purchase quantity that would satisfy the so-called "majority of minority" is set with respect to the Tender Offer, this would destabilize completion of the Tender Offer and actually undercut the interests of minority shareholders who seek to participate in the Tender Offer. Thus, the Tender Offeror has not included such "majority of minority" condition. However, as both the Tender Offeror and the Target Company have put in place the measures described above, the Tender Offeror believes that sufficient care and thought have been put into the interests of minority shareholders of the Target Company. The measures described above implemented with respect to the Target Company were based on explanations received from the Target Company.

(III) Relationship with the Financial Advisor

Goldman Sachs, the financial advisor to the Tender Offeror, is not a related party to the Tender Offeror Group,

including the Tender Offeror and the Target Company, and has no material interest in relation to the Tender Offer.

(5) Number of Shares Planned for Purchase

Planned Purchase Quantity	Minimum Planned Purchase Quantity	Maximum Planned Purchase Quantity
6,205,484 (shares)	2,058,875 (shares)	- (shares)

(Note 1) If the total number of Tendered Shares does not reach the minimum planned purchase quantity (2,058,875 shares), none of the Tendered Shares will be purchased. If the total number of Tendered Shares equals or exceeds the minimum planned purchase quantity (2,058,875 shares), all Tendered Shares will be purchased.

(Note 2) No maximum planned purchase quantity has been set with respect to the Tender Offer. Therefore, the planned purchase quantity lists the maximum number of Target Company Shares that the Tender Offeror can acquire through the Tender Offer (6,205,484 shares). The planned purchase quantity is the remainder after the number of treasury shares held by the Target Company as of September 30, 2020, as described in the Target Company's Second Quarterly Report (3,591 shares), and the number of shares held by the Tender Offeror as of today (6,234,425 shares) have been subtracted from the total number of issued shares as of September 30, 2020, as described in the Target Company's Second Quarterly Report (12,443,500 shares).

(Note 3) Shares which constitute less than one unit are also targets of the Tender Offer. In the event that the Target Company shareholders exercise their right to demand a purchase of shares less than one unit in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with the relevant laws and regulations.

(Note 4) There are no plans for the Tender Offeror to acquire the treasury shares owned by the Target Company through the Tender Offer.

(6) Changes in the Ownership Ratio as a Result of the Purchase

Number of voting rights associated with shares held by the Tender Offeror prior to the Tender Offer	62,344	(Percentage of shares held prior to the Tender Offer 50.12%)
Number of voting rights associated with shares held by special related parties prior to the Tender Offer	0	(Percentage of shares held prior to the Tender Offer 0.00%)
Number of voting rights associated with shares held by the Tender Offeror following the Tender Offer	124,398	(Percentage of shares held following the Tender Offer 100.00%)
Number of voting rights associated with shares held by special related parties following the Tender Offer	0	(Percentage of shares held following the Tender Offer 0.00%)
Number of voting rights held by all shareholders of the Target Company	124,304	

(Note 1) "Number of voting rights associated with shares held by the Tender Offeror prior to the Tender Offer" indicates the number of voting rights associated with shares held by the Tender Offeror (6,234,425 shares) as of today (62,344).

(Note 2) "Number of voting rights associated with shares held by special related parties prior to the Tender Offer"

indicates the total number of voting rights associated with shares held by the special related parties (excluding, however, special related parties who are excluded from being a special related party under Article 3(2)(i) of the Cabinet Office Order on Disclosure Required for a Tender Offer for Shares by Persons Other than the Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; the "Cabinet Office Order") for the purpose of calculating the percentage of ownership of shares, etc., under each item of Article 27-2(1) of the Act). Given that shares owned by special related parties (excluding treasury shares owned by the Target Company) are also targets of the Tender Offer, the "Number of voting rights associated with shares held by special related parties following the Tender Offer" is indicated as 0. Furthermore, the Tender Offeror will check shares of the Target Company held by special related parties, and if it is necessary to make any corrections, the Tender Offeror will promptly publish such corrections.

(Note 3) "Number of voting rights held by all shareholders of the Target Company" indicates the number of voting rights held by all shareholders (the number of one unit: 100 shares) as of September 30, 2020, as described in the Target Company's Second Quarterly Report. However, given that shares less than one unit are also targets of the Tender Offer, for the purpose of calculating the "Percentage of shares held prior to the Tender Offer" and the "Percentage of shares held following the Tender Offer," the "Number of voting rights held by all shareholders of the Target Company" was 124,399, and the number of shares associated with the voting rights (12,439,909 shares) was obtained after subtracting the total number of treasury shares owned by the Target Company as of September 30, 2020, as described in the Target Company's Second Quarterly Report (3,591 shares), from the total number of issued shares as of the same date as described in the Target Company's Second Quarterly Report (12,443,500 shares).

(Note 4) "Percentage of shares held prior to the Tender Offer" and "Percentage of shares held following the Tender Offer" are both rounded to the nearest hundredth.

(7) Amount of Consideration for the Tender Offer 15,203,435,800 yen

(Note) The amount of consideration for the Tender Offer is calculated by multiplying the planned purchase quantity (6,205,484 shares) by the Tender Offer Price (2,450 yen).

(8) Settlement Method

(I) Name and Main Office Location of Financial Instruments Business Operators, Banks, and Other Institutions Conducting Settlement of Purchases

Daiwa Securities Co., Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(II) Commencement Date of Settlement

February 9, 2021 (Tuesday)

(III) Settlement Method

Promptly following the expiration of the Tender Offer Period, notifications of the purchases by the Tender Offeror of the Tendered Shares will be mailed to the addresses or locations of the tendering shareholders (or the addresses of standing proxies for foreign shareholders).

Purchases are made in cash. At the tendering shareholders' instruction and promptly after commencement of the settlement procedures, proceeds of sales received from the Tender Offeror in connection with its purchases of the

Tendered Shares will be (i) remitted from the tender offer agent to a place designated by the tendering shareholders (or standing proxies for foreign shareholders) (money transfer fees may apply), or (ii) paid into an account of the tendering shareholders whose applications to tender their shares in the Tender Offer were accepted by the tender offer agent.

(IV) Method of Return of Shares

If no shares are purchased in accordance with the conditions described in "(i) Existence of Conditions Described in Each Item of Article 27-13(4) of the Act and Details Thereof" or "(ii) Existence of Conditions for Withdrawal of the Tender Offer, the Details Thereof, and Method for Disclosing Withdrawal" of "(9) Other Conditions and Methods for Purchase" below, all shares that need to be returned will be promptly returned to the tendering shareholder by restoring the state of the tendering shareholders' account opened by the tender offer agent upon the tender, on or after the second business day following the last day of the Tender Offer Period (or, if the Tender Offer is withdrawn, the date of such withdrawal).

(9) Other Conditions and Methods for Purchase

(I) Existence of Conditions Described in Each Item of Article 27-13(4) of the Act and Details Thereof

If the total number of Tendered Shares does not reach the minimum planned purchase quantity (2,058,875 shares), none of the Tendered Shares will be purchased. If the total number of Tendered Shares equals or exceeds the minimum planned purchase quantity (2,058,875 shares), all Tendered Shares will be purchased.

(II) Existence of Conditions for Withdrawal of the Tender Offer, the Details Thereof, and Method for Disclosing Withdrawal

If any of the circumstances set forth in Article 14(1)(i)(a) to (i) and (l) to (o), 14(1)(iii)(a) to (h) and (j), and Article 14(2)(iii) to (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended, the "Order") should occur, the Tender Offer may be withdrawn.

If the Tender Offer is withdrawn, an electronic public notice will be made, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, announcement will be made via the methods prescribed in Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter.

(III) Existence of Conditions for Reduction in the Purchase Price, the Details Thereof, and Method for Disclosing Such Reduction

In accordance with Article 27-6(1)(i) of the Act, in the event that the Target Company engages in any of the actions described in Article 13(1) of the Order during the Tender Offer Period, the purchase price may be reduced in accordance with the standards provided in Article 19(1) of the Cabinet Office Order. If the purchase price is reduced, an electronic public notice will be made, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, announcement will be made via the methods prescribed in Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter. If the purchase price is reduced, purchases will be made at the newly reduced price even with respect to the Tendered Shares that were tendered on or before the date on which such public notice was made.

(IV) Matters Relating to Rights Held by Tendering Shareholders to Terminate their Agreements to Tender Shares and to Withdraw Any Tendered Shares

Tendering shareholders may terminate their agreements related to the Tender Offer at any time during the Tender Offer Period. When terminating an agreements to tender shares, please submit or mail the termination documents (which refers to a form of acceptance of application for the Tender Offer and a document indicating an intention to terminate such application) to the main office or the domestic branch of the tender offer agent where you submitted your original application no later than 4:00 pm on the last day of the Tender Offer Period. However, if you choose to mail the termination documents, the documents must arrive by 4:00 pm on the last day of the Tender Offer Period.

Party authorized to receive the termination documents

Daiwa Securities Co., Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(Or other domestic branches of Daiwa Securities Co., Ltd.)

Even if tendering shareholders terminate their agreements related to the Tender Offer, the Tender Offeror will not seek payment of damages or penalties from such tendering shareholders. Furthermore, any expenses associated with returning Tendered Shares will be borne by the Tender Offeror. In the case of any termination of any such agreements, Tendered Shares will be returned promptly after completing procedures for such termination by means described in "(IV) Method of Return of Shares" of "(8) Settlement Method" above.

(V) Disclosure Method Where Terms and Conditions of Purchase are Changed

Except when prohibited under Article 27-6(1) of the Act and Article 13 of the Order, the Tender Offeror may change the purchase conditions during the Tender Offer Period.

If the Tender Offeror changes any purchase conditions, an electronic public notice will be made regarding such changes, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, announcement will be made via the methods prescribed in Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter. If the Tender Offeror changes any purchase conditions, purchases of Tendered Shares will be made in accordance with the newly changed purchase conditions even with respect to Tendered Shares that were tendered into the Tender Offer on or before the date on which such public notice was made.

(VI) Disclosure Method Where an Amended Statement is Submitted

If an amended statement is submitted to the Director-General of the Kanto Finance Bureau (excluding, however, the proviso contained in Article 27-8(11) of the Act), details indicated in the amended statement relating to the content described in the public notice for commencing a tender offer will be immediately announced via the methods prescribed in Article 20 of the Cabinet Office Order. Furthermore, the Tender Offeror will immediately amend the tender offer explanation statement, and any tendering shareholders who have already received an original tender offer explanation statement will be provided with an amended version thereof. However, if the scope of the amendment is narrow, a document containing reasons for the amendment, the amended items, and the content following the amendment will be prepared and such document will be sent to the tendering shareholders for the purpose of amending the previously provided tender offer explanation statement.

(VII) Disclosure Method for Results of the Tender Offer

The results of the Tender Offer will be publicly announced on the day following the last day of the Tender Offer Period in accordance with the methods prescribed in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Order.

(10) Date of Public Notice for Commencement of the Tender Offer

December 16, 2020 (Wednesday)

(11) Tender Offer Agent

Daiwa Securities Co., Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

3. Post-Tender Offer Policies and the Future Outlook

(1) Post-Tender Offer Policies

Please refer to "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy," "(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called "Two-Step Acquisition")," and "(5) Possibility of Delisting and Reasons Therefor" of "1. Purpose of the Purchase" above.

(2) Future Outlook

Any facts concerning the impact of the Tender Offer on the Tender Offeror's performance that should be disclosed will be promptly published if they arise.

4. Other Information

(1) Existence and Details of Agreements Between the Tender Offeror and the Target Company or the Target Company Officers

(I) Existence and Details of Agreements Between the Tender Offeror and the Target Company

According to the Target Company Press Release, at the board of directors' meeting held on December 15, 2020, the Target Company resolved to (i) express its opinion to support the Tender Offer, and (ii) recommend that its shareholders tender their shares in the Tender Offer.

For details regarding the decision-making of the Target Company, please refer to the Target Company Press Release as well as "(vi) Approval of All Directors (Including Those Who are Audit and Supervisory Committee Members) of the Target Company Without Conflicts of Interest" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" above.

(II) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy

Please refer to "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" of "1. Purpose of the Purchase" above.

(III) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest

Please refer to "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" above.

(2) Other Information Deemed Necessary for the Investors in Deciding Whether to Apply for the Tender Offer

At the board of directors meeting of the Target Company held today, the Target Company resolved not to pay year-end dividends for the fiscal year ending 2021, revising its dividend forecast for the fiscal year ending 2021, subject to the successful completion of the Tender Offer. For the details, please refer to the "Announcement Concerning Revision of Dividend Forecast for Fiscal Year Ending 2021 (Non-payment of Dividends)" published today by the Target Company.

Soliciting Regulations

This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should read the tender offer explanation statement concerning the Tender Offer first and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or solicitation to sell or purchase any securities, and neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

Forward-Looking Statements

This press release contains forward-looking statements concerning future plans and strategies of the Tender Offeror and the Tender Offeror Group in the case of acquisition by the Tender Offeror of Target Company Shares. These statements are based on the Tender Offeror's assumptions and beliefs in light of information currently available to the Tender Offeror. The Tender Offeror, therefore, wishes to caution readers that actual results might differ materially from the Tender Offeror's expectations due to various risks and uncertainty. The Tender Offeror is under no obligation to update the information in the forward-looking statements to reflect matters such as actual performance or other circumstances, or changes in terms.

U.S. Regulations

The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the "1934 Securities Exchange Act") or the rules promulgated under such Article do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. It may be the case that not all financial information contained in this press release is the same as the financial information of a U.S. company. In addition, because the Tender Offeror and the Target Company are corporations established outside the United States and their officers are not U.S. residents, it may be difficult for investors to exercise their rights or demands that may be asserted based on U.S. securities laws. It may also not be possible to initiate legal proceedings in a court outside the United States against a corporation outside the United States and its officers based on a violation of U.S. securities laws. Furthermore, a corporation outside the United States and its subsidiaries and affiliates may not necessarily be subject to the jurisdiction of U.S. courts.

Unless otherwise stated, all procedures in connection with the Tender Offer shall be conducted in the Japanese language. While a part or all of the documents in connection with the Tender Offer may be prepared in English, the Japanese-language documents shall prevail in case of any discrepancies between the Japanese-language documents and the corresponding English-language documents.

This press release contains "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the 1934 Securities Exchange Act. The actual results may be grossly different from the projections implied or expressly stated as "forward-looking statements" due to known or unknown risks, uncertainties, or other factors. The Tender Offeror and its related parties, including related companies, are not in the position to covenant that the projections implied or expressly stated as "forward-looking statements" will actually be realized. "Forward-looking statements" contained herein were prepared based on information available to the Tender Offeror as of the date of this press release and, unless required by laws and regulations, neither the Tender Offeror nor its related parties, including related companies shall have an obligation to update or correct the statements made herein in order to reflect future events or circumstances.

Other Countries

The announcement, issuance, or distribution of this press release may be legally restricted in some countries or territories. In such cases, shareholders should be aware of, and comply with, such restrictions. The announcement, issuance, or distribution of this press release shall not be interpreted as an offer to purchase or a solicitation of an offer to sell, but simply as the dissemination of information.