

(Translation)

Securities Code: No. 5019
June 7, 2017

To the Shareholders:

NOTICE OF THE 102ND ORDINARY GENERAL MEETING
OF SHAREHOLDERS

Dear Shareholders:

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

Please take notice that the 102nd Ordinary General Meeting of Shareholders of the Company will be held as described below and you are cordially requested to attend the meeting.

If you do not expect to be present at the meeting, you may exercise your voting rights either by returning to us by mail the enclosed voting form indicating your approval or disapproval of the propositions or by accessing the website for the exercise of voting rights stated in the enclosed voting form and exercising your voting rights by an electronic method (such as the Internet). Hence, please review the accompanying Reference Document for the General Meeting of Shareholders and exercise your voting rights in accordance with the information on page 3 through page 5 no later than 5:00 p.m., Wednesday, June 28, 2017.

Yours very truly,

Takashi Tsukioka
President and Representative Director

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

Description

1. Date and hour of the meeting:

Thursday, June 29, 2017, at 10:00 a.m.

2. Place of the meeting:

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

3. Matters forming the objects of the meeting:

Matters to be reported:

1. Report on the business report, the consolidated financial statements and the results of audit of the consolidated financial statements by the account auditors and the Board of Statutory Auditors for the 102nd fiscal year (from April 1, 2016 to March 31, 2017)
2. Report on the non-consolidated financial statements for the 102nd fiscal year (from April 1, 2016 to March 31, 2017)

Matters to be resolved:

Proposition No. 1: Election of twelve (12) Directors

Proposition No. 2: Election of one (1) substitute Statutory Auditor

- END -

Notes on the General Meeting of Shareholders

- The place of this meeting will be open to the shareholders at 9:00 a.m. on the date of this Ordinary General Meeting of Shareholders.
- In attending this Ordinary General Meeting of Shareholders, please present the enclosed voting form to a receptionist at the place of the meeting.
- Of the documents to be provided upon giving notice of this Ordinary General Meeting of Shareholders, the "notes to consolidated financial statements" and the "notes to non-consolidated financial statements", which are posted on our Internet website (<http://www.idemitsu.co.jp>) in accordance with the applicable laws and ordinances and Article 15 of the Articles of Incorporation of the Company, are not included in the attached documents to the notice of this Ordinary General Meeting of Shareholders.

The attached documents to the notice of this Ordinary General Meeting of Shareholders, as well as all matters to be presented as the notes to consolidated financial statements and the notes to non-consolidated financial statements, are part of the consolidated financial statements or non-consolidated financial statements that have been audited by the Statutory Auditors in preparing their audit report and by the independent auditors in preparing their independent auditors' reports, respectively.

- In the event of the revision of any matter in the business report, the consolidated financial statements, the non-consolidated financial statements and the Reference Document for the General Meeting of Shareholders prior to the date of this Ordinary General Meeting of Shareholders, it will be posted on our Internet website set forth above.

Information Concerning Exercise of Voting Rights

- I. If you expect to be present by proxy, please make a document evidencing his/her power of attorney presented to a receptionist at the place of the meeting, together with the enclosed voting form. (Such proxy must be another shareholder (being one (1) person) of the Company entitled to vote.)
- II. If any institutional investor or any other shareholder who holds shares on behalf of third parties desires to diversely exercise voting rights, please give notice to that effect and of the reason therefor to the Company in writing no later than three (3) days prior to the date of this Ordinary General Meeting of Shareholders.
- III. If you do not expect to be present at the meeting, please exercise your voting rights by either of the following methods:

1. [Exercise of voting rights by sending the voting form by mail]

Please indicate your votes for or against each of the propositions in the enclosed voting form and return the form to reach us no later than 5:00 p.m., Wednesday, June 28, 2017.

2. [Exercise of voting rights via the Internet]

- (1) Any exercise of voting rights via the Internet will be possible only on the following website for the exercise of voting rights specified by the Company. The website for the exercise of voting rights is also accessible via mobile-phone Internet.*

URL of the website for the exercise of voting rights: <http://www.web54.net>

* By using a mobile phone installed with a bar-code reader, please read the "QR Code[®]" in the right and access the website for the exercise of voting rights. For more information on the operation procedure, please refer to the instruction manual of your mobile phone.



("QR Code" is a registered trademark of Denso Wave Incorporated.)

- (2) To exercise voting rights via the Internet, please enter your votes for or against each of the propositions in accordance with the guidance on the screen, by using the "code for the exercise of voting rights" and the "password" printed in the enclosed voting form.
- (3) Any exercise of voting rights via the Internet will be acceptable no later than 5:00 p.m., Wednesday, June 28, 2017. However, for the expedient counting of the voting rights exercised, it would be appreciated if you could exercise your voting rights early.
- (4) If voting rights are exercised both in writing and via the Internet, the voting rights exercised via the Internet shall be treated as effective.
- (5) If voting rights are exercised via the Internet twice or more, the voting rights last exercised shall be treated as effective.
- (6) All fees payable to Internet service providers and telecommunication carriers (such as phone line charges) in accessing the website for the exercise of voting rights must be borne by the shareholders.
- (7) To access the website for the exercise of voting rights, the following system environments are necessary:
- (i) Website for PCs:
 - a. The display resolution must be at least 800 pixels from side to side and 600 pixels from top to bottom (SVGA).

b. The PC must be installed with the following application software:

- (a) Microsoft[®] Internet Explorer ver.5.01 SP 2 or above as a Web-browser; and
- (b) Adobe[®] Acrobat[®] Reader[®] ver.4.0 or above or Adobe[®] Reader[®] ver. 6.0 or above as a PDF file-browser.

(Internet Explorer is a registered trademark, trademark and product name of Microsoft Corporation of the United States in the United States and other nations. Adobe[®] Acrobat[®] Reader[®] and Adobe[®] Reader[®] are registered trademarks, trademarks and product names of Adobe Systems Incorporated of the United States in the United States and other nations.)

- (ii) If voting rights are exercised by using a mobile phone, it must be the one that enables 128 bit SSL communications (encrypted communications).
(To ensure security, the website is compatible only with mobile phones that enable 128 bit SSL communications (encrypted communications) and some mobile phones may have no access thereto. Voting rights can be exercised via full-browser functions of mobile phones, including smart phones; please be advised in advance, however, that such service is not available to some models.)

3. [Platform for Electronic Exercise of Voting Rights for Institutional Investors]

"ICJ Platform", a platform for electronic exercise of voting rights for institutional investors operated by ICJ Inc., a joint company incorporated by Tokyo Stock Exchange, Inc. and others, will be available to nominee shareholders (including standing proxies), such as custodian trust banks, as an electronic method of exercise of voting rights at this Ordinary General Meeting of Shareholders in addition to the above-mentioned method via the Internet if they apply for the use of the platform in advance.

[Contact for Inquires about Exercise of Voting Rights via the Internet]

If you have any questions about the exercise of voting rights via the Internet, please contact:

Share Registrar: Sumitomo Mitsui Trust Bank, Limited
Web Support Dedicated Dial
Stock Transfer Agency Business Planning Dept.

Dedicated Phone No.: 0120-652-031 (available at 9:00 a.m. through 9:00 p.m.)

(Attached document)

BUSINESS REPORT

(April 1, 2016 to March 31, 2017)

1. Current state of the Idemitsu Group (the "Group")

(1) Business activities for the fiscal year under review:

(i) General economic conditions and environment surrounding the Group:

During consolidated fiscal year 2016, the Japanese economy continued to gradually recover amid the improvement in consumer spending and employment conditions as well as the upturn in business confidence centered on the manufacturing industry in a steady US economy, the progress of a weakened yen and the recovery of China's economic performance.

As for the domestic demand for petroleum products during fiscal year 2016, in response to increased demand in fiscal year 2015 caused by favorable summer weather, the domestic demand for gasoline in fiscal year 2016 slightly decreased. However, the demand for middle distillates such as kerosene slightly increased due to lower temperatures as compared to the previous fiscal year. While there was an increase in the operation of ethylene manufacturing facilities due to an increased demand for petrochemical raw materials, demand for heavy fuel oil for the power industry decreased as a result of the diversification of power sources. As a result, the overall demand for petroleum products remained almost unchanged from the previous fiscal year.

Dubai crude oil prices remained on an upward trend around spring of 2016. However, the prices dropped as summer approached amid a widening recognition of an excess supply. Thereafter, prices turned to an upward trend and exceeded \$50/bbl because OPEC agreed to cut its oil production in late September and furthermore, they also agreed with non-OPEC countries to make a concerted effort to cut output in December. Nonetheless, they turned to a downward trend in March on account of the effect of increasing crude oil inventory in the US. Consequently, the average price of Dubai crude oil for fiscal year 2016 rose \$1.4/bbl from the preceding fiscal year to \$46.9/bbl.

Demand for petrochemical products during fiscal year 2016 increased from the previous fiscal year. Domestic production fared relatively well supported by a decrease in import volume due to the weaker yen. The annual average price of naphtha, a petrochemical raw material, dropped \$48/ton from the previous fiscal year to \$438/ton.

The underlying trend of the exchange rate of the Japanese yen to the US dollar was that the yen continued to strengthen until the middle of the year as a result of the influence of the "Brexit victory," the vote in the United Kingdom to leave the EU. However, a weak yen trend resulted due to the expectation of economic stimulus measures from Donald Trump, the winner of the US presidential election. The average exchange rate for fiscal year 2016 increased by ¥11.7/\$ from the previous fiscal year to ¥109.4/\$.

(ii) Operating results:

Under these circumstances, the Group's net sales for consolidated fiscal year 2016 were ¥3,190.3 billion, down 10.6% from the previous fiscal year, due to drops in crude oil prices on a yen basis affected by the strong yen.

Operating income was ¥135.2 billion, improving by ¥154.9 billion in comparison with the previous fiscal year, affected chiefly by the improved margins of petroleum products, the increased profit in the resources business, and the effect of inventory valuation which turned profitable after a significant loss in the previous consolidated fiscal year. Net non-operating income was ¥4.7 billion due mainly to the decreased currency revaluation loss, an increase by ¥7.0 billion from net non-operating loss for the previous fiscal year. Ordinary income improved by ¥161.9 billion from the previous fiscal year to ¥140.0 billion.

Net extraordinary loss was ¥17.0 billion, representing a reduction of ¥16.1 billion from the previous fiscal year, helped chiefly by decreased impairment loss in the resources business.

In addition, the Company recorded income taxes of ¥32.5 billion and net income for this fiscal year that is attributable to noncontrolling interests of ¥2.4 billion.

As a result, net income attributable to owners of the parent company for this fiscal year was ¥88.2 billion, an improvement of ¥124.2 billion from the previous fiscal year.

(iii) Progress and results of business:

The progress and results of our business by segment are as follows:

Segment	Net sales		Operating income	
	Fiscal year under review	Year-to-year change (decrease)	Fiscal year under review	Year-to-year change (decrease)
	(billion yen)	(%)	(billion yen)	(%)
Petroleum products	2,438.2	(11.4)	77.0	—
(excluding effect of inventory valuation)	—	—	46.0	(10.3)
Petrochemical products	461.2	(11.4)	40.0	(5.5)
(excluding effect of inventory valuation)	—	—	37.9	(17.4)
Resources	227.3	(0.7)	16.6	—
Others	63.6	(8.6)	5.1	(42.3)
Adjustment	—	—	(3.4)	—
Total	3,190.3	(10.6)	135.2	—
(excluding effect of inventory valuation)	—	—	102.1	(0.4)

[Petroleum products segment]

In the petroleum products segment, the Company set as its basic strategy the reinforcement of the competitiveness of the domestic supply and marketing systems and the expansion of business in overseas markets, and took the following actions:

(Fuel oil business)

In the supply of petroleum products, the Company carried out crude oil processing, taking supply-demand and sales conditions into account, and strived to promote reductions in supply costs while still securing a stable supply of products. Pursuant to the Second Announcement of Sophisticated Methods of Energy Supply Structures, the Company cut its crude distillation unit capacity at the Hokkaido Refinery by 10,000 bbl/day, the Chiba Refinery by 10,000 bbl/day, and the Aichi Refinery by 15,000 bbl/day by the end of March 2017, respectively. The Company responded to changes in the balance of domestic supply and demand, which was steadily decreasing, and decided to integrate the Chiba Refinery and Petrochemical Plant within fiscal year 2017, working toward the construction of a more competitive production structure.

In the marketing and sales of petroleum products, the Company continuously reinforced its network of service stations through opening new service stations, and remodeling and revitalizing the existing ones. It also introduced a POS system before its competitors and started to handle the SoftBank Card (prepaid card). In this way, the Company attempted to increase customer convenience by leveraging the strength of its nationwide network.

As for business efforts in overseas markets, the construction of Nghi Son Refinery and Petrochemical Complex in Vietnam has been completed at the end of April 2017, with a view to embarking on commercial production in fiscal year 2017. Also, in order to develop the fuel oil wholesale and retail business in Vietnam, the Company established Idemitsu Q8 Petroleum LLC with Kuwait Petroleum International Ltd.

In Qatar, the Middle East, Laffan Refinery 2, constructed by Laffan Refinery Company Limited 2, in which the Company has invested, was completed and started production. In order to expand the business in growing overseas markets such as the Pacific Rim region and the Middle East, the Company improved the structure of its overseas branches centering on IDEMITSU INTERNATIONAL (ASIA) PTE.LTD., a subsidiary in Singapore.

(Lubricants business)

In fiscal year 2016, the total amount of lubricants sold in Japan and abroad was close to 1.2 million kiloliters, hitting an all-time high. Moreover, working toward the construction of a strong sales and supply structure as well as the development and expansion of highly functional products for the global market, the Company started operations of a new factory in Thailand and enhanced R&D functions in the US.

Consequently, net sales in the petroleum products segment for fiscal year 2016 fell 11.4% from the previous fiscal year to ¥2,438.2 billion, owing primarily to decreases in crude oil prices on a yen basis. Operating income was ¥77.0 billion, improving by ¥144.4 billion in comparison with the previous consolidated fiscal year, on account of the improved product margins and the effect of inventory valuation which turned profitable after a significant loss in the previous fiscal year. Profit arising from inventory valuation included in operating income was ¥31.0 billion.

[Petrochemical products segment]

In the petrochemical products segment, the Company set as its basic strategy the reinforcement of the competitiveness of the basic chemicals business through restructuring of the supply system and enhancement of the profitability through structural reforms of the performance materials business, and took the following actions:

(Basic chemicals business)

In the basic chemicals business, working toward enhanced competitiveness through the diversification of raw materials, the Company decided to improve ethylene manufacturing facilities of the Chiba Chemical Manufacturing LLP, which was jointly operated with Mitsui Chemicals, Inc. Also, under a favorable market environment, it maintained the stable operation of its major facilities and equipment such as manufacturing facilities for ethylene and aromatic compounds, thereby ensuring a stable supply of olefin and aromatic compounds to petrochemical complexes as well as for manufacture of the Company's derivative products.

(Performance materials business)

In the engineering plastics business, the Company had pressed ahead step by step since 2013 with the consolidation of the production of polycarbonate resin (Product name: TARFLON®) into Formosa Chemicals & Fibre Corporation ("FCFC") of Taiwan, to which the Company had granted a license. In fiscal year 2016, the Company completed the consolidation of the production of special grade polycarbonates into FCFC and started supply for high value-added applications such as chassis for information equipment and optical components for vehicles. In this way, stable supply systems with greater competitive advantages were established. With regard to syndiotactic polystyrene resin (Product name: XAREC®), which has excellent properties such as superior heat resistance, electrical insulation, and chemical resistance, used for electrical components for vehicles and mobile devices, the Company stepped up efforts to find new applications and expanded the annual production capacity of the Chiba Plant from 7,000 tons to 9,000 tons in April 2016.

In the adhesive materials business, the Company began constructing, in cooperation with Formosa Petrochemical Corporation of Taiwan, a new plant to manufacture hydrogenated petroleum resin (Product name: I-MARV®), whose demand has been on the rise as an excellent tackifier for hot-melt adhesives, in order to suit growing customer needs. The Company also strived to expand both domestic and overseas markets for functional soft polypropylene (Product name: L-MODU®), which has a melting point that is significantly lower than that of existing crystalline polypropylene, while conducting research to find product applications, other than its traditional use as an adhesive for sanitary items and a modifier for non-woven fabrics.

Consequently, net sales in the petrochemical products segment for fiscal year 2016 were ¥461.2 billion, down 11.4% from the previous fiscal year, due mainly to drops in naphtha prices. Operating income fell 5.5% from the previous fiscal year to ¥40.0 billion because of such factors as the impact of currency exchange, owing to the strong yen, which surpassed favorable factors including the expanded margins of products like styrene monomer. Profit arising from inventory valuation included in operating income was ¥2.1 billion.

[Resources segment]

In the resources segment, the Company set as its basic policy the continuation of stable production, the appreciation of assets held by the Company through thorough cost reduction and productivity improvement, and reviewing the asset portfolio. Actions taken are as follows:

(Oil exploration and production business)

With regard to exploration activities, the Company discovered accumulations of oil and gas in the Cara structure of the Norwegian North Sea in September 2016. Moreover, the Company conducted studies related to the future development of oil and gas fields which were discovered off the coast of Vietnam in 2014.

In the existing oil fields, the Company carried out operation improvement activities in addition to stable operation and production. Therefore, it produced crude oil and natural gas in an amount of 43 thousand barrels of crude oil-equivalent per day in the Norwegian North Sea, the UK North Sea, and Vietnam.

Net sales in the oil exploration and production business for fiscal year 2016 decreased by 1.4% from the previous fiscal year to ¥73.6 billion, affected mainly by a drop in crude oil prices despite an increase in production volume. Operating income was ¥8.5 billion, an improvement of ¥11.4 billion from the previous fiscal year, as favorable factors, such as the depreciation in commodity currencies, offset the lower crude oil prices.

(Coal business and other business)

Regarding the coal business, amid a wide swing in coal prices due mainly to China's policy trend, the Company made efforts to enhance competitiveness through improving productivity at all of its mines, including those in Indonesia, and cost reduction through integrated purchasing and others. Consequently, the Company produced a record-high of approximately 13 million tons of coal in total from its own mines in Australia and Indonesia. Moreover, three companies, namely the Company, NYK Trading Corporation, and NYK Line, agreed to jointly sell "ULTY", NYK Trading's optimization system to control coal boilers, and to jointly develop a new ULTY model that integrates the existing ULTY with the Company's highly efficient coal combustion technique.

As for the uranium business, the Company sells uranium concentrates produced at the Cigar Lake Mine in Canada.

With regard to the geothermal energy business, the Company continued smooth operations in the Takigami area of Oita Prefecture and started commercial operations of a binary cycle power station with a generating capacity of 5,050 kW in the area from March 2017. In addition, the Company carried out surveys aimed at expanding its business in the Amemasudake district of Hokkaido, the Oyasu district of Akita Prefecture, and the Bandai district of Fukushima Prefecture.

Net sales in the coal business and others for fiscal year 2016 decreased by 0.3% from the preceding fiscal year to ¥153.7 billion due mainly to the depreciation in commodity currencies against the yen despite increases in coal prices. Operating income was ¥8.1 billion, an improvement of ¥5.9 billion from the preceding fiscal year, due to the depreciation in commodity currencies and the effect of cost reduction.

As a result, total net sales of the resources segment decreased by 0.7% from the preceding fiscal year to ¥227.3 billion with operating income of ¥16.6 billion, an increase in ¥17.2 billion from the preceding fiscal year.

[Other segments]

Among other segments, as for the electronic materials business, the agricultural biotechnology business, the gas business, and the renewable energy business, the Company had achieved the following:

(Electronic materials business)

In the field of OLED materials, the Company enhanced the production capacity of its factory in Paju-si, Korea and added more evaluation equipment in the factory allowing the Company to respond to the rising demand for OLED materials along with the future expansion of the use of OLED displays. Furthermore, with the aim of facilitating the development of high-performance OLED materials, the Company concluded with Merck KGaA of Germany a collaboration agreement concerning the mutual utilization of both companies' patents in the field of OLED materials. It also established an OLED materials development company in Basel, Switzerland to succeed to the development structure from BASF Schweiz AG, a partner for technological exchanges.

(Agricultural biotechnology business)

In the field of agriculture and greening materials, the Company is currently working on activities to expand the sales of its microbe control agent, a disinfectant, to advanced producers' groups through its sales subsidiary, Idemitsu Agri co., ltd.

In the field of feed additives, the Company progressed with efforts to increase the adoption of "RUMINUP®," which has the effect of maintaining normal intestinal conditions of cows and beef cattle, and "Crosstop®" which has the same effect on chickens at mainly large-scale farms in Japan, as well as efforts to develop channels to sell these products overseas.

(Gas business)

In order to move ahead with studies on and preparation for the natural gas power generation business, the Company established Himeji Natural Gas Power Generation Co., Ltd. in April 2016 through a joint capital investment with Osaka Gas Co., Ltd. on the site of the Company's former Hyogo Refinery (Himeji City, Hyogo Prefecture) and is currently implementing a commercialization study.

Petrogas Energy Corp., whose shares the Company holds through AltaGas Idemitsu Joint Venture Limited Partnership, which the Company jointly established with AltaGas Ltd. of Canada, endeavored to enhance exports of LPG (liquefied petroleum gas) from the Ferndale terminal (the State of Washington) on the West Coast of the US to Japan and other Asian countries.

(Renewable energy business)

As part of efforts to utilize idle land in the renewable energy business, the Company operates solar power generation facilities (mega-solar power plants) in Moji Ward, Kitakyushu City; Himeji City, Hyogo Prefecture; and Iwaki City, Fukushima Prefecture. In the field of biomass power generation, Tosa Green Power Co., Ltd. with an output capacity of 6,250 kW, 50% of whose shares are held by the Company, and Fukui Green

Power Co., Ltd. with an output capacity of 7,000 kW, 10% of whose shares are held by the Company, are in operation.

As a result, net sales for other segments for fiscal year 2016 decreased by 8.6% to ¥63.6 billion, and operating income decreased by ¥3.7 billion to ¥5.1 billion, compared with the preceding fiscal year.

(iv) Investment in plant and equipment:

The amount of investment in plant and equipment of the Group for the consolidated fiscal year under review totaled ¥46.1 billion, which was principally used as follows:

Segment	Principal investment in plant and equipment
Petroleum products	Restructuring, maintenance and renewal of facilities of the refineries; enhancement, maintenance and renewal of sales facilities of service stations
Petrochemical products	Restructuring, maintenance and renewal of production facilities
Resources	Development and maintenance of oil fields; expansion, maintenance and renewal of coal production facilities; maintenance and renewal of geothermal facilities, etc.
Others	Development related to electronic materials and enhancement of manufacturing facilities, etc.

(v) Financing:

The Group's working capital requirements derive mainly from purchases of raw materials to manufacture products, and fluctuate in response to crude oil prices and foreign exchange rates. During the consolidated fiscal year under review, since its working capital requirements increased due to a rise in oil prices, and due to, among other matters, the acquisition of shares in Showa Shell Sekiyu K.K. from the subsidiary companies of Royal Dutch Shell plc ("RDS"), the balance of short-term borrowings increased by ¥63.6 billion compared with the previous fiscal year.

With regard to capital investment, for the consolidated fiscal year under review, an investment of ¥46.1 billion was made and the Group raised a loan of approximately ¥45.7 billion required. ¥2.8 billion of the loan was raised through foreign currency debts payable, whereby diversifying financing methods.

As a result, the balance of interest-bearing debt as at the end of the consolidated fiscal year under review for the Group was ¥1,052.3 billion, an increase of ¥142.8 billion compared with the previous fiscal year.

(vi) Acquisition or disposition of shares and other interests in or stock acquisition rights, etc. of another company:

The Company acquired 117,761,200 shares (31.3% of the voting rights) of Showa Shell Sekiyu K.K. from RDS on December 19, 2016.

(2) Assets and income/loss:

Item	99th year April 1, 2013 - Mar. 31, 2014	100th year April 1, 2014 - Mar. 31, 2015	101st year April 1, 2015 - Mar. 31, 2016	102nd year (current year) April 1, 2016 - Mar. 31, 2017
Net sales (million yen)	5,034,995	4,629,732	3,570,202	3,190,347
Ordinary income (loss) (million yen)	81,921	(107,618)	(21,903)	139,968
Net income (loss) attributable to owners of the parent (million yen)	36,294	(137,958)	(35,993)	88,164
Net income (loss) per share (yen)	226.90	(862.50)	(225.03)	551.19
Total assets (million yen)	2,995,063	2,731,001	2,402,118	2,641,633
Net assets (million yen)	743,786	630,384	537,660	619,932
Net assets per share (yen)	4,391.46	3,671.39	3,129.93	3,649.83

(Note) As of January 1, 2014, the Company conducted a stock split at the rate of four shares for each share for the shareholders appearing in the final register of shareholders on December 31, 2013. Net income (loss) per share and net assets per share were calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2014.

(3) Major parent company and subsidiaries:

(i) Relationship with the parent company:

Not applicable.

(ii) Major subsidiaries:

Name	Capital	Ratio of voting rights of the Company (%)	Main business
Idemitsu Tanker Co., Ltd.	¥1,000 million	100.0	Transportation of crude oil and petroleum products
Idemitsu Retail Marketing Co., Ltd.	¥80 million	100.0	Sale of petroleum products
Idemitsu Supervising Co., Ltd.	¥10 million	100.0	Sale of petroleum products
S.I. Energy Co., Ltd.	¥500 million	100.0	Sale of petroleum products
IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.	US\$245,156 thousand	100.0	Import, export and trading of crude oil, petroleum products, etc.
IDEMITSU APOLLO CORPORATION	US\$165 thousand	100.0	Import, export and sale of petroleum products, etc.
Idemitsu Unitech Co., Ltd.	¥2,600 million	100.0	Manufacture and sale of plastic products
Idemitsu Petroleum Norge AS	NOK727,900 thousand	100.0	Investigation, exploration, development and sale of oil resources
IDEMITSU AUSTRALIA RESOURCES PTY LTD	A\$106,698 thousand	100.0	Investigation, exploration, development and sale of coals
Idemitsu Canada Resources Ltd.	C\$131,167 thousand	100.0	Investigation, exploration, development and sale of uranium resources in Canada
Idemitsu Canada Corporation	C\$334,000 thousand	100.0	Investigation and promotion of gas and related businesses in Canada
SDS Biotech K.K.	¥810 million	69.7	Production, import and sales of agricultural chemicals

(Notes) 1. The "Ratio of voting rights of the Company" is shown by including those held indirectly through its subsidiaries.

2. The "Ratio of voting rights of the Company" is shown by calculating down to the third decimal place and thereafter rounding upward or downward to the nearest second decimal place, as the case may be.

(4) Issues to be addressed:

[Mid-term and long-term management strategy]

[Management policy]

The Group sets the management policy "to contribute to the development of a society with harmony between the economy and the environment by securing and effectively using energy and by developing functional materials business on a global scale."

Under this policy, the Company is committed to "Contributing to the domestic energy

security and the economic development of Asian countries" and "Contributing to the realization of a society in harmony with the environment based on its proprietary technologies."

[Matters to be addressed by the Company]

(i) Environment recognition:

The Japanese economy has continued to follow a moderate recovery path in terms of consumer spending and employment conditions. Although economy overseas, with a focus on the U.S. and Asia, is generally expected to shift steadily, there are uncertainties due to increased geopolitical risks such as protectionist policy trends in certain developed nations, and issues related to North Korea and Syria.

Although the decrease in mid-term to long-term demand for petroleum products in the domestic market is inevitable due to dissemination of electric automobiles, plug-in hybrid vehicles (PHVs) as well as the development in energy conservation technologies, steady growth in demand for energy is expected overseas, particularly in the Asian emerging countries.

(ii) Consideration of business integration with Showa Shell Sekiyu K.K.:

The Company entered into a Share Purchase Agreement on July 30, 2015 to acquire Showa Shell Sekiyu K.K. shares from the subsidiary companies of Royal Dutch Shell plc ("RDS"), and has since been proceeding with discussions for business integration with Showa Shell Sekiyu K.K.

The Company has received a notice from the Japan Fair Trade Commission on December 19, 2016, to the effect that the Japan Fair Trade Commission will not issue a cease and desist order, provided that remedial measures proposed by the Company and Showa Shell Sekiyu K.K. are taken and the Company has completed the acquisition of 117,761,200 shares of Showa Shell (31.3% of the voting rights) from RDS.

In addition, the Company signed an agreement on May 9, 2017 regarding the formation of an alliance with Showa Sekiyu K.K. to enhance and promote the business collaboration.

The substance of the agreement is as follows.

a. Objectives

We will form the alliance as equal partners, and extensively deepen our business collaboration while restarting or accelerating the processes for the integration, and make the most use of our time prior to achievement of the integration and realize synergies during that period in order to further enhance the corporate value of the companies.

b. Name of the alliance: Brighter Energy Alliance

c. Details of the alliance

- (a) Realization of synergies from the integration in the domestic petroleum business
 - Optimization of crude oil purchase and transport, as well as optimization of production planning
 - Interchange of finished products and intermediate products, especially at the scheduled shut down maintenance period of a refinery to optimize production
 - Improvement of efficiency of logistics network (land and marine)
 - Reduction of refinery costs
 - Implementation of best practices to save energy and improve refinery margin
 - Reduction of procurement costs by enhancing joint procurement
- (b) Synergy target
We will strive to realize 25 billion yen or more of annual synergies within three years from April 2017
- (c) Alignment of business strategies in overlapping business areas between the companies
- (d) Consideration of strategies for the alliance group and the integrated new company
- (e) Promotion of harmonization between personnel of the companies
- (f) Development of new services from the perspective of customers
- (g) Further promotion of social contribution activities
- (h) Promotion of initiatives to realize a low-carbon society

As set out above, in order to make substantial breakthroughs as a leading company in the industry with an outstanding competitiveness and a new energy company of Japanese origin, the Company intends to accelerate its efforts for the business collaboration with Showa Sekiyu K.K., and will continue with discussions for business integration.

(iii) The Company's mid-term to long-term management strategy

In the Fourth Medium-term Management Plan for the period from the 2013 fiscal year to the 2015 fiscal year, the Company determined that its management vision would be "to contribute to the development of a society with harmony between the economy and the environment by securing and effectively using energy and by developing functional materials business on a global scale," promoted business restructure in order to realize sustainable growth, and implemented active and strategic investments.

We will consider the period from the 2017 fiscal year to the 2020 fiscal year to be a phase to reap fruits of the Fourth Medium-term Management Plan and expand further into growth areas, and will address business issues.

The specific issues for each segment is as explained in the following.

a. Petroleum products segment

In the domestic fuel oil business, the Company will aim to promptly create synergies through enhancement and promotion of the business collaboration with Showa Sekiyu K.K. Overseas, the Company intends to expand its business in Asian markets where the demand for petroleum products is expected to grow, through the commencing commercial operations of the Nghi Son Refinery and Petrochemical Complex in Vietnam and the petroleum products marketing based in Singapore.

In the lubricants business, the Company will promote the development of environment-friendly products and products of functional materials in response to technological innovation. The Company will also accelerate global deployment through the expansion of production bases in overseas countries.

b. Petrochemical products segment

In the basic chemicals business, the Company will move ahead with optimization of the supply chain, including derivative products. It will promote integration with refineries, diversification of raw materials, etc., thereby endeavoring to further strengthen its competitiveness.

As part of these efforts, the Company will integrate the Chiba Refinery and Petrochemical Plant and establish the Chiba office in October 2017. In addition, the Company commenced commercial operations of the Nghi Son Refinery and Petrochemical Complex in Vietnam, and the Company will increase sale of paraxylene and benzene.

In the performance materials business, in order to accelerate the expansion of the business, the Company will concentrate its management resources on and develop the field of engineering plastics such as syndiotactic polystyrene resin and polycarbonate resin, as well as that of adhesive materials such as hydrogenated petroleum resin and functional soft polypropylene, positioning such fields as core businesses.

With regard to hydrogenated hydrocarbon resin, the Company has decided in September 2016 to construct a manufacturing facilities with an annual production capacity of 25,000 tons in Taiwan with Formosa Petrochemical Corporation. (“FPCC”), and has established a joint venture, Idemitsu Formosa Specialty Chemicals Corporation, with FPCC.

c. Resources segment

The common issue of the resources business is to steadily reap fruits of the series of measures such as expanded investment in production capacities (including but not limited to Knarr oil field/Boggabri coal mine) as well as the portfolio review and cost reduction implemented during the period of the Fourth Medium-term Management Plan.

In the oil exploration and production business, while making efforts to reduce costs and investments, the Company will secure stable production in existing oil fields and

reserves through carefully selected exploration activities.

In the coal business, the Company will strive to further strengthen the competitiveness of its entire value chain composed of operation of mines owned by the Company, procurement, logistics and marketing. Further, as part of measures to promote the realization of a low-carbon society, the Company will support combustion technology and promote biomass combustion through its Coal & Environment Research Laboratory

In the uranium business, the Company aims to promote stable production at the Cigar Lake Mine in Canada and its sales.

d. Other segments

In the electronic materials business, in January 2017, the Company established Idemitsu OLED Materials Europe AG in Switzerland to conduct research on OLED materials, reinforcing its research structures. The Company will steadily capture growing demand and expand sales driven by continuous technology development, which will ensure high performance of OLED materials and lower manufacturing costs, and accelerate measures to put its business on a growth track.

In the agricultural biotechnology business, the Company will deploy businesses which cater to the demands that contribute to food safety and address the increasing demand for food through disseminating and reinforcing sales overseas, including existing biological pesticides, chemical pesticides, the RUMINUP® series products that provide feed mixes for cows and beef cattle, and Crosstop®, which provides feed mixes for chickens.

In the gas business, the Company will conduct studies on commercialization of the business through Himeji Natural Gas Power Generation Co., Ltd. and will make efforts to further expand export and sales to Asian countries of LPG from North America.

In the renewable energy business, the Company will conduct studies on the development of electric power sources, such as wind power, biomass, solar light, geothermal heat, and hydraulic power, and expand the electricity retailing business, which will actively utilize renewable energy sources.

The three points are the priority issues for the Group as a whole:

- Continue the domestic core business (fuel oil and basic chemicals) structural reforms
- Continue expansion of the overseas businesses
- Expand the functional materials business (lubricants, performance materials, electronic materials)

The Company will make efforts toward enhancing its corporate values through the establishment of a stable profit base and creation of sustainable growth strategies. The Company sincerely hopes that its shareholders will continue giving the Company their full support and encouragement.

The information regarding future forecasts above are based on information available as of the date of publication of this document. The actual operating results may differ from the forecasts due to various factors in the future.

(5) Major businesses (as of March 31, 2017):

Segment	Major business
Petroleum products	Import, refining, production and sale of crude oil, petroleum products and lubricants, and transportation and storage relating thereto; sale of service station products
Petrochemical products	Production and sale of petrochemical products
Resources	Investigation, exploration, development and sale of oil resources, coal, uranium and geothermal resources
Others	Import, purchase and sale of gas; production and sale of electronic materials; design, construction, maintenance and management of petroleum-related facilities; insurance sales business; credit card services; production, import and sale of agricultural chemicals; renewable energy business; oil and energy solutions business

(6) Major business offices and plants (as of March 31, 2017):

(i) The Company:

Category	Offices
Head office	1-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
Refineries	Hokkaido (Tomakomai), Chiba (Ichihara), Aichi (Chita)
Petrochemical plant, etc.	Chiba plant (Ichihara), Tokuyama complex (Shunan)
Branch Office	Hokkaido First, Second, Third (Sapporo), Tohoku First (Sendai), Tohoku Second (Morioka), Kanto First, Second, Third (Chuo-ku, Tokyo), Kita-Kanto First, Second (Saitama), Niigata (Niigata), Matsumoto (Matsumoto), Tokai First, Second (Nagoya), Hokuriku (Kanazawa), Kansai First (Kyoto), Kansai Second (Osaka), Kansai Third (Kobe), Chugoku First (Hiroshima), Chugoku Second (Okayama), Shikoku (Takamatsu), Kyushu First, Second (Fukuoka), Kyusyu Third (Kagoshima)
Industrial Fuel Sales Office	Hokkaido (Sapporo), Tohoku (Sendai), Kanto (Chuo-ku, Tokyo), Tokai (Nagoya), Kansai (Osaka), Chugoku/Shikoku (Hiroshima), Kyushu (Fukuoka)
Overseas offices	Middle East (Abu Dhabi), Hanoi (Vietnam)
Laboratories	Advance Technology Research Laboratories (Sodegaura), Lubricants Research Laboratory (Ichihara), Performance Materials Laboratories (Ichihara)

(Note) The Company made the following structural changes as of April 1, 2017:

- (a) The “Tohoku Industrial Fuel Sales Office ” was abolished and integrated into the Kanto Industrial Fuel Sales Office . At the same time, the name of the “Kanto Industrial Fuel Sales Office ” was changed to the “East Japan Industrial Fuel Sales Office .”
- (b) The “Kansai Industrial Fuel Sales Office ” was abolished and integrated into the Tokai Industrial Fuel Sales Office . At the same time, the name of the “Tokai Industrial Fuel Sales Office ” was changed to the “Middle Japan Industrial Fuel Sales Office .”

(ii) Subsidiaries:

Name	Address
Idemitsu Tanker Co., Ltd.	105, Kanda Jimbocho 1-chome, Ciyoda-ku, Tokyo
Idemitsu Retail Marketing Co., Ltd.	18-8, Shintomi 1-chome, Chuo-ku, Tokyo
Idemitsu Supervising Co., Ltd.	7-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo
S.I. Energy Co., Ltd.	1-18, Agebacho, Shinjuku-ku, Tokyo

IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.	Singapore
IDEMITSU APOLLO CORPORATION	Sacramento, U.S.A.
Idemitsu Unitech Co., Ltd.	2-3, Shiba 4-chome, Minato-ku, Tokyo
Idemitsu Petroleum Norge AS	Oslo, Norway
Idemitsu Australia Resources Pty Ltd	Brisbane, Australia
Idemitsu Canada Resources Ltd.	Calgary, Canada
Idemitsu Canada Corporation	Calgary, Canada
SDS Biotech K.K.	1-5, Higashi Nihonbashi 1-chome, Chuo-ku, Tokyo

(7) Employees (as of March 31, 2017):

(i) Employees of the Group:

Segment	Number of employees	Change from the end of the previous fiscal year
Petroleum products	5,888 (3,059)	- 32
Petrochemical products	1,522 (170)	- 86
Resources	671 (43)	+ 12
Others	1,058 (244)	+ 42
Total	9,139 (3,516)	- 64

(Note) The number of employees represents the number of those actually at work: the number of temporary workers is shown in the parentheses separately.

(ii) Employees of the Company:

Number of employees	Change from the end of the previous fiscal year	Average years of age	Average length of service
4,001 (678)	- 89	42 y/s and 1 m	19 y/s and 9 m/s

(Note) The number of employees represents the number of those actually at work: the number of temporary workers is shown in the parentheses separately.

(8) Major lenders (as of March 31, 2017):

Lender	Debt payable
Sumitomo Mitsui Banking Corporation	¥242,439 million
Japan Oil, Gas and Metals National Corporation	¥87,610 million
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥63,631 million
Development Bank of Japan Inc.	¥61,210 million

Sumitomo Mitsui Trust Bank, Limited	¥45,942 million
Japan Bank for International Cooperation	¥30,602 million
Mizuho Bank, Ltd.	¥30,456 million
Mitsubishi UFJ Trust and Banking Corporation	¥28,834 million

(9) Other important matters concerning the current state of the Group:

Not applicable.

2. Current state of the Company

(1) Shares (as of March 31, 2017):

(i) Total number of authorized shares: 436,000,000 shares

(ii) Total number of issued shares: 160,000,000 shares

(iii) Number of shareholders: 10,566 persons

(iv) Major shareholders (top 11):

Name	Number of shares (thousand shares)	Shareholding ratio (%)
Nissho Kosan K.K.	27,120	16.96
Idemitsu Culture and Welfare Foundation	12,392	7.75
Idemitsu Museum of Arts Foundation	8,000	5.00
Idemitsu Employee Stockholders Committee	5,531	3.46
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,142	3.22
Sumitomo Mitsui Banking Corporation	5,142	3.22
Sumitomo Mitsui Trust Bank, Limited	5,142	3.22
Japan Trustee Services Bank, Ltd. (Trust account)	3,850	2.41
The Master Trust Bank of Japan, Ltd. (Trust account)	3,161	1.98
Masakazu Idemitsu	2,416	1.51
Masamichi Idemitsu	2,416	1.51

(Note) The shareholding ratios are calculated by excluding the shares of treasury stock of the Company (47,236 shares).

(2) Stock acquisition rights, etc.:

Not applicable.

(3) Corporate officers:

(i) Directors and Statutory Auditors (as of March 31, 2017):

Position	Name	Duties and major concurrent office
Representative Director & Chief Executive Officer	Takashi Tsukioka	
Executive Vice President and Representative Director	Yoshihisa Matsumoto	Assistant to President (petrochemicals and functional materials divisions)
Executive Vice President and Representative Director	Daisuke Seki	Assistant to President (fuel business division)
Executive Vice President and Representative Director	Hiroshi Seki	Assistant to President (resources division)
Managing Director	Katsumi Saito	In charge of general affairs, personnel affairs and information systems (General Affairs Department, Personnel Department and Information System Department), in charge of restructuring promotion, and Chairman of Compliance & Risk Management Committee
Managing Director	Takashi Matsushita	In charge of Vietnam project, research, intellectual property, agribio, and electronic materials (Vietnam Business Department, Advance Technology Laboratory, Intellectual Property Department, Agribio Department, Electronic Materials Department, Safety and Environmental Protection and Quality Assurance Department), and Division Manager, Safety and Environmental Protection Division, and Division Manager, Quality Assurance Division
Managing Director	Shunichi Kito	In charge of accounting, public relations and CSR (Accounting Department and Public Relations and CSR Office)
Director	Susumu Nibuya	In charge of corporate planning and General Manager, Corporate Planning Department
Director	Eri Yokota	Professor, Faculty of Commerce, Keio University Director, TOLI Corporation
Director	Ryosuke Ito	Attorney at law (TMI Associates)
Full-time Statutory Auditor	Takanori Kuniyasu	
Full-time Statutory Auditor	Sakae Hirano	

Position	Name	Duties and major concurrent office
Statutory Auditor	Taigi Ito	Certified Public Accountant (Ito Taigi Office) Statutory Auditor, TIS Inc. Director, Mitsubishi Chemical Holdings Corporation Corporate Auditor, Mitsubishi Chemical Corporation
Statutory Auditor	Michiyoshi Kuriyama	Corporate Auditor, The Zenitaka Corporation Director, Hanshin Electric Railway Co., Ltd.
Statutory Auditor	Shoichiro Niwayama	Attorney at law (Asahi Law Office)

- (Notes)
1. Directors Ms. Eri Yokota and Mr. Ryosuke Ito are Outside Directors.
 2. Statutory Auditor Messrs. Taigi Ito, Michiyoshi Kuriyama and Shoichiro Niwayama are Outside Statutory Auditors.
 3. Statutory Auditor Mr. Sakae Hirano, who has had experience in accounting practices as a Manager of Accounting Section and Deputy General Manager of Accounting Department of the Company, has considerable knowledge of financing and accounting.
 4. Statutory Auditor Mr. Taigi Ito, who has had experience as a certified public accountant and a university professor, has considerable knowledge of financing and accounting.
 5. Statutory Auditor Mr. Michiyoshi Kuriyama, who has had experience as an officer of a financial institution, has considerable knowledge of financing and accounting.
 6. Directors Ms. Eri Yokota and Mr. Ryosuke Ito and Statutory Auditors Messrs. Taigi Ito, Michiyoshi Kuriyama and Shoichiro Niwayama are independent officers who have been registered in accordance with the rules of the Tokyo Stock Exchange.

(ii) Total amount of remuneration, etc. payable to corporate officers:

- (a) Total amount of remuneration, etc. by categories of officers, the total number of remuneration, etc. by types thereof and the number of officers eligible therefor:

Category	Number	Total amount of remuneration, etc.
Director (Outside Director)	10 (2)	¥522 million (¥20 million)
Statutory Auditor (Outside Statutory Auditor)	5 (3)	¥79 million (¥30 million)
Total (Outside Director and outside Statutory Auditor)	15 (5)	¥601 million (¥50 million)

(Note) Remuneration of the Directors and Statutory Auditors includes basic remuneration but does not include any stock options, bonuses, salaries and wages of employees or retirement gratuities.

- (b) Contents and the method of determination, of the policy on the determination of the amount of remuneration, etc. of officers and the method of calculation thereof:

With regard to remuneration, etc. of officers, the maximum amount of remuneration of Directors was determined to be ¥1,200 million per annum and that of Statutory Auditors was determined to be ¥120 million per annum, respectively, by resolution of the 91st Ordinary General Meeting of Shareholders held on June 27, 2006. The remuneration, etc. of individual Directors are determined by the Board of Directors in accordance with a report from the Nomination and Remuneration Advisory Committee, which shall be comprised of independent Outside Directors and independent Outside Statutory Auditors, and the remuneration, etc. of individual Statutory Auditors are determined upon consultation among the Statutory Auditors.

(iii) Matters concerning outside officers:

- (a) Outside officers' major concurrent offices of executive directors, etc. for other corporations and the Company's relationships with such other corporations:

Not applicable.

- (b) Outside officers' major concurrent offices of outside offices of other corporations and the Company's relationships with such other corporations:

Director Ms. Eri Yokota is serving as an Outside Director for TOLI Corporation. The Company has no special relationship with the corporation.

Statutory Auditor Mr. Taigi Ito is serving as an Outside Statutory Auditor for TIS Inc., as an Outside Corporate Auditor for Mitsubishi Chemical Corporation, and as an Outside Director for Mitsubishi Chemical Holdings Corporation.

The Company has no special relationship with these corporations.

Statutory Auditor Mr. Michiyoshi Kuriyama is serving as an Outside Corporate Auditor for The Zenitaka Corporation and as an Outside Director for Hanshin Electric Railway Co., Ltd. The Company has no special relationship with these corporations.

- (c) Outside officers' kinship with the executives, etc. of the Company or other businesses having specific relationships with the Company:

Not applicable.

- (d) Major activities during the fiscal year under review:

Attendance at the meetings of the Board of Directors and the Board of Statutory Auditors:

		Board of Directors		Board of Statutory Auditors	
		Meetings attended	Rate of attendance	Meetings attended	Rate of attendance
Director	Eri Yokota	22/23	96%	-	-
Director	Ryosuke Ito	23/23	100%	-	-
Statutory Auditor	Taigi Ito	22/23	96%	14/14	100%
Statutory Auditor	Michiyoshi Kuriyama	22/23	96%	13/14	93%
Statutory Auditor	Shoichiro Niwayama	23/23	100%	14/14	100%

Director Ms. Eri Yokota, principally from the standpoint of accounting as a university professor, and Director Mr. Ryosuke Ito, principally from a legal standpoint as an attorney at law, have respectively expressed their opinions at the meetings of the Board of Directors and provided advice and recommendations for securing the properness of decision-making by the Board of Directors.

Statutory Auditor Mr. Taigi Ito, principally from the standpoint of accounting with broad experience as a certified public accountant and a university professor, Statutory Auditor Mr. Michiyoshi Kuriyama, principally from the standpoint as a corporate management professional with broad experience as an officer of a banking institution, and Statutory Auditor Mr. Shoichiro Niwayama, principally from a legal standpoint as an attorney at law, have respectively expressed their opinions at the meetings of the Board of Directors and the Board of Statutory Auditors and provided advice and recommendations for securing the properness of decision-making by the Board of Directors.

(e) Outline of the content of liability limitation agreements:

In accordance with Article 427, paragraph 1 of the Companies Act of Japan, the Company has entered into an agreement with each outside Director and each outside Statutory Auditor to limit the liability for any damage as provided for in Article 423, paragraph 1 of the said act. The maximum liability amount under such agreement is an amount as provided for in laws or ordinances.

(4) Account auditors:

(i) Names of the account auditors:

Deloitte Touche Tohmatsu LLC

(ii) Amount of remuneration, etc. payable to the account auditors for the fiscal year under review:

	Amount of remuneration, etc.
Amount of remuneration, etc. payable to the account auditors for the fiscal year under review:	¥168 million
Total amount of money and other proprietary benefits payable to the account auditors by the Company and its subsidiaries:	¥247 million

(Notes) 1. The amount of remuneration, etc. payable to the account auditors for audits under the Companies Act of Japan and the amount of remuneration, etc. payable for audits under the Financial Instruments and Exchange Act of Japan are not separated in the audit agreement between the Company and the account auditors. Hence, the above amount of remuneration, etc. payable to the account auditors for the fiscal year under review includes both amounts.

2. The total amount of money and other proprietary benefits payable to the account auditors by the Company and its subsidiaries includes remuneration for services (non-auditing services), which are not covered by Article 2, paragraph 1 of the Certified Public Accountant Act of Japan, entrusted to Deloitte Touche Tohmatsu LLC.

3. Among the important subsidiaries of the Company, the overseas subsidiaries were audited by a certified public accountant or audit firm (including those who have an equivalent certification in a foreign country) other than the Company's account auditors.

(iii) Reasons for the Board of Statutory Auditors to consent to the remuneration, etc. of the account auditors:

The Board of Statutory Auditors obtained necessary materials and received reports from the relevant divisions of the Company and the account auditors, and confirmed and verified the content of the audit plan of the account auditors, the status of the execution of their account auditing duties, the basis for calculation of the remuneration estimate, etc. As a result, the Board of Statutory Auditors determined that the remuneration, etc. of the account auditors was appropriate and consented thereto pursuant to Article 399, paragraph 1 of the Companies Act of Japan.

(iv) Content of non-auditing services:

The Company has paid the account auditors remuneration for services of assisting internal audits of its subsidiaries, which are services (non-auditing services) not covered by Article 2, paragraph 1 of the Certified Public Accountant Act of Japan.

(v) Policy on the determination of dismissal or non-reappointment of the account auditors:

In the event that there arises any problem with the performance by the account auditors of their duties or otherwise the Board of Statutory Auditors considers it necessary, it shall take a procedure to dismiss or not to reappoint the account auditors pursuant to the Companies Act of Japan.

(5) Policy on the determination of distribution of retained earnings, etc.:

The Board of Directors of the Company considers the return of profits to its shareholders as one of the most important management issues.

The Company will continue to pay dividends on a constant basis after taking into due consideration strategic investments to enhance existing businesses and develop future business operations, the improvement of corporate financial structure and balance with business performances. With respect to the payment of the year-end dividends for the fiscal year ended March 31, 2017, the Company has decided to pay ¥25 per share. As a result, annual dividends for the fiscal year will be ¥50 per share.

As provided for in its Articles of Incorporation, the Company may make distributions of retained earnings by a resolution of its Board of Directors pursuant to the provisions of Article 459, paragraph 1 of the Companies Act. For the year ended March 31, 2008 and thereafter, the Company has paid dividends twice a year, as interim dividends and year-end dividends.

(6) Systems to secure the properness of business activities (so-called "internal control systems") and the summary of the status of the operation of the systems:

[Systems to secure the properness of business activities (so-called "internal control systems")]

With regard to basic policies on internal control systems, the Board of Directors has adopted resolutions as described below, for the systems to secure the properness of business activities.

In addition, the Board of Directors checks whether the internal control systems have properly been established and operated and revises them to make them more effective.

(i) Systems to secure the execution by the Directors and employees of the Company and its subsidiaries of their duties to comply with laws or ordinances and the

Articles of Incorporation:

- (a) The Board of Directors of the Company shall, pursuant to the Regulations of the Board of Directors, determine important matters and supervise the execution of business.
 - (b) Pursuant to the Compliance Regulations, the Company shall establish a Compliance Committee to promote compliance activities for the Company and its subsidiaries.
 - (c) The Company shall make use of the Compliance Handbook that sets action guidelines on compliance with law to raise awareness of compliance.
 - (d) The Company shall allow the employees of the Company and its subsidiaries to make use of Compliance Contact Offices established within and outside of the Company to help solve questions and problems with regard to compliance.
 - (e) The Internal Audit Office shall conduct audits to verify the appropriateness of business activities and the state of execution of business pursuant to the internal rules at each business division of the Company and its subsidiaries.
- (ii) Systems concerning storage and management of information on the execution by the Directors of the Company of their duties:
- Information on the execution by the Directors of their duties shall be stored and managed pursuant to the Regulations of the Board of Directors, the Document Handling Regulations, the Circular Decision Document Handling Regulations and other internal rules.
- (iii) Regulations concerning management of exposure to the risk of loss of the Company and its subsidiaries and other systems:
- (a) Pursuant to the Risk Management Regulations, the Company shall establish a Risk Management Committee to promote risk management activities.
 - (b) Pursuant to the Manual for Measures upon Outbreak of Crises and other internal rules, the Company shall take measures promptly and properly upon the outbreak of any serious crisis to the Company or any of its subsidiaries.
 - (c) The Company shall institute a Business Continuity Plan (BCP) for measures against an epicentral earthquake in the Tokyo metropolitan area, measures against a new type of influenza, etc., and exert group-wide efforts to implement, maintain and manage the BCP.
 - (d) Each business division shall, pursuant to the Self-Management Regulations, inspect risks to business by using the voluntary inspection list, etc.
 - (e) The Internal Audit Office shall, pursuant to the Internal Control Regulations, conduct audits to verify the state of risk management by each business

division.

- (iv) Internal control over financial reporting:
 - (a) Pursuant to the Regulations of Internal Control over Financial Reporting, the Company shall establish a system to ensure reliability of financial reporting of the whole Group for the purpose of adequate improvement and administration of internal control on financial reporting.
 - (b) Pursuant to the regulations set forth in (a) above, the Company shall establish a Committee for Evaluation of Internal Control over Financial Reporting, which shall deliberate on and investigate matters concerning annual improvement and administration policies and evaluation plans, matters concerning the determination of the evaluation scope, etc.
 - (c) The Internal Audit Office shall conduct periodic evaluation of the effectiveness of internal control, as well as necessary improvements thereof.
- (v) Severance of all relations with antisocial forces:
 - (a) The Company shall deal with any person or group, including any crime syndicate and corporate racketeer, who engages in antisocial activities, violence and illegitimate demand in a resolute attitude and sever all relations therewith.
 - (b) In the event that any antisocial force sets on, the Company shall resolutely refuse without giving in and act properly pursuant to the Manual for Measures against Antisocial Forces.
- (vi) Systems to secure efficient execution by the Directors of the Company of their duties:
 - (a) To secure efficient execution of business, the Company shall have Executive Officers.
 - (b) Pursuant to the Regulations of Duties and Powers and the Regulations of Execution of Business, the Company shall clearly define the roles and authorities of the Board of Directors, Representative Directors and other Directors.
 - (c) As an organ to discuss and deliberate on management strategies and managerial issues of the whole Group and each business division, the Company shall establish a Management Committee comprised of the President acting as chairman and other members appointed by the chairman, which shall meet twice a month, in principle.

- (vii) Systems to secure the properness of business activities of the corporate group comprised of the Company, its parent company and its subsidiaries:
 - (a) In the Affiliated Companies Management Regulations, the Company shall specify subsidiaries under direct control of the President and subsidiaries for which the supervising office shall be responsible, to clearly define responsibilities for business administration. Each subsidiary shall periodically file reports on its performance and other matters.
 - (b) In the Affiliated Companies Management Regulations, the Company shall provide a fundamental policy to the effect that "transactions with affiliated companies shall be based on market prices, in principle", to prevent conflicts of interest.
 - (c) In the Affiliated Companies Management Regulations, the Company shall provide for the rules for assumption of office of directors and statutory auditors of its subsidiaries, pursuant to which the Directors of the Company shall not assume office of directors of the subsidiaries, in principle.
 - (d) The Company shall improve operational efficiencies by utilizing the Group-standard IT infrastructures and integrating the tasks of overhead divisions.

- (viii) Matters concerning the employees to assist the Statutory Auditors of the Company to execute their duties when the Statutory Auditors request the assignment thereof:

The Company shall, upon request from the Statutory Auditors, assign its employees as staff of the Statutory Auditors' Secretariat to assist the Statutory Auditors to execute their duties.

- (ix) Matters to secure the independence of the employees set forth in (viii) above from the Directors and the effectiveness of directions given to the employees:
 - (a) Staff at the Statutory Auditors' Secretariat shall serve on a full-time basis. The final decision on personnel changes, evaluations, etc. of the Statutory Auditors' staff shall be subject to consent of the Statutory Auditors, which shall be provided for in the internal rules of the Personnel Department.
 - (b) In the Regulations of Segregation of Duties, the Company shall provide for the duties of the Statutory Auditors' Secretariat.
- (x) System for reporting by the Directors and employees of the Company and its subsidiaries and the statutory auditors of the subsidiaries to the Statutory Auditors (the Board of Statutory Auditors) of the Company and other systems for reporting to the Statutory Auditors of the Company:
 - (a) The Directors, the Executive Officers, the Senior Executive Officers, the head of each business division and the General Manager of Safety and Environmental Protection and Quality Assurance Department shall, pursuant to the Regulations of Execution of Business, report the specified matters to the Statutory Auditors.

- (b) The Internal Audit Office shall, pursuant to the Internal Audit Regulations, report the results of audits to the Statutory Auditors.
 - (c) The Compliance Committee shall periodically report the state of consultations and measures at the Compliance Contact Offices to the Statutory Auditors.
- (xi) System to ensure the prevention of unfair treatment of the person who has given a report under (x) above because of such report:
- (a) It shall be prohibited to treat unfairly the person who has given a report under (x) above because of such report.
 - (b) The Compliance Committee shall decree that any person shall not be treated unfairly because of consulting with the Compliance Contact Offices and stipulate in the Compliance Handbook to that effect and make it thoroughly educated through training and other sessions.
- (xii) Matters concerning the policy to pay expenses incurred by the Statutory Auditors in executing their duties:
- All expenses necessary for the Statutory Auditors in performing their roles and duties, including audits of the execution by the Directors of their duties, election and dismissal of the account auditors, shall be borne by the Company.
- (xiii) Other systems to ensure effective audits by the Statutory Auditors (the Board of Statutory Auditors) of the Company:
- (a) The Representative Directors shall hold a regular meeting with the Statutory Auditors quarterly, in principle.
 - (b) The Internal Audit Office shall closely coordinate and cooperate with the Statutory Auditors and the account auditors with regard to internal audit schedules, visiting audits, etc.

[Summary of the status of the operation of the systems to secure the properness of business activities (so-called "internal control systems")]

The Company, in accordance with the "systems to secure the properness of business activities (so-called "internal control systems")" resolved by its Board of Directors, has established and operated the internal control systems of the Company and its subsidiaries.

The Company plans to revise the "systems to secure the properness of business activities (so-called "internal control systems")" every year after the institution thereof. The systems resolved in March 2016 contained no flaws or deficiencies that required corrected; therefore, it was resolved at the meeting of the Board of Directors held in March 2017 that the systems would continue operating with no change.

As a result of the discussions by the Board of Directors, it was evaluated that the effectiveness of the Board of Directors was ensured during the fiscal year under

review. In addition to the above, major activities for internal control that were considered important during the fiscal year under review are as described below:

- (i) Activities for compliance:
 - (a) During the fiscal year under review, the Compliance Committee held four meetings, and the compliance status was confirmed and the compliance efforts were deliberated.
 - (b) The Company has exerted its efforts to raise awareness of compliance by disseminating the Compliance Handbook and compliance-related cases in and outside of the Company through training sessions held by the Compliance Committee for its business offices and subsidiaries nationwide, training sessions held by its human resources division for new employees and training sessions for new managers, as well as by utilizing its intranet.
 - (c) The details of consultations handled and measures taken by the Compliance Contact Offices have been reported to the Compliance Committee to respond to each case and implement measures to promote compliance in the future.
- (ii) Activities for risk management:
 - (a) During the fiscal year under review, the Risk Management Committee held four meetings. The Committee annually identifies material risks that require group-wide continued monitoring, and formulates a plan for preparedness and confirms the implementation of the plan. For the 2016 fiscal year, the Committee identified environmental pollution, information system failure, terrorism, etc. as material risks and made efforts to control these risks. Based on the progress of such efforts, the Committee has set the material risks for the 2017 fiscal year.
 - (b) For the purpose of risk management, the Company has focused its efforts on requiring an immediate report as soon as any accident, disaster or other emergency is recognized and taking a group-wide countermeasure in an early stage to keep it from enlarging to a minimum.
 - (c) With regard to the Business Continuity Plan (BCP) instituted for measures against an epicentral earthquake in the Tokyo metropolitan area, an immense earthquake in the Nankai Trough area and a new type of influenza, the Company has organized comprehensive disaster management drills on a regular basis to ensure it efficient. Simultaneously, by taking into consideration any amendment to the government's disaster projections, the development of earthquake resistant construction of its facilities, including tanks and jetties and points for consideration of the comprehensive disaster management drills, the Company has regularly reviewed the plan to make it updated at all times. In addition, each of the refineries, plants, departments and stores has conducted disaster management drills in preparation for any emergency.
- (iii) Measures to ensure effective audits by the Statutory Auditors:

- (a) Through regular meetings held by the Representative Directors with the Statutory Auditors, and sessions of the Management Committee, the Compliance Committee, the Risk Management Committee, etc., the Company has shared with the Statutory Auditors various issues, including those of compliance and risk management.

In addition, the Company has exerted its efforts to make better information exchanges between the Statutory Auditors and the account auditors of the Company and between the statutory auditors of its subsidiaries and the Internal Audit Office and enhance cooperation between the Outside Directors and the Outside Statutory Auditors by holding regular meetings.

- (b) By providing more opportunities to visit its business offices and subsidiaries in and outside of Japan, the Company has enhanced the efficiencies of the audits by the full-time Statutory Auditors, as well as the outside Statutory Auditors.

(iv) Measures for internal audits:

- (a) In accordance with its annual internal audit plan, the Company has specified the "status of achievement of management targets", "schemes to prevent and mitigate risks", "status of compliance" and "effectiveness and efficiency of business operations" as key items of internal audits and conducted internal audits of its business offices and subsidiaries in and outside of Japan. During the fiscal year under review, internal audits of 20 departments (including 16 affiliates) were conducted.
- (b) With regard to internal control over financial reporting, the Company has evaluated the status of establishment and operation of the systems and schemes (group-wide internal control) and the status of documentation and operation of business processes (business process control) and has obtained confirmation from the Committee for Evaluation of Internal Control over Financial Reporting.

(v) Measures for management of subsidiaries:

- (a) The Company has formulated Regulations of Duties and Powers universally applicable to the Company and its subsidiaries, and with regard to any issue concerning any of the subsidiaries that is important to the Group, the Company, following careful considerations at its Board of Directors, Management Committee, Investment Committee, etc. in accordance with such regulations, has made a decision.

During the fiscal year under review, the Affiliated Companies Management Regulations were revised and then applied for the purpose of strengthening the function of checking the subsidiaries.

- (b) The Company has been conducting a study on standardizing and unifying the business processes and systems of the entire Group and centralizing clerical work concerning employee's welfare programs or otherwise to make the

business operations of the Group more efficient.

- (c) Audits of the subsidiaries by the Statutory Auditors are as described in item (iii) (b) above and internal audits of the subsidiaries are as described in item (iv) (a) above.

- (7) Fundamental policy on corporate control:

The Company has exerted its efforts to attain constant and sustainable growth to secure and enhance the corporate value of the Group and the common interests of its shareholders.

Hence, in the event that any party engages in any large purchase action with regard to the shares of the Company and consequently, it threatens to prejudice the corporate value of the Group and the common interests of its shareholders, it is the Company's fundamental policy to take any appropriate measure to the extent permitted by laws or ordinances and the Articles of Incorporation.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2017)

(million yen)

ASSETS

Current assets:	959,770
Cash and deposit	91,423
Notes and accounts receivable, trade	327,402
Inventories	430,861
Deferred tax assets	16,763
Other current assets	95,948
Allowance for doubtful accounts	(2,629)
Fixed assets:	1,681,863
Tangible fixed assets	1,022,086
Buildings and structures	182,869
Machinery, equipment and vehicles	203,493
Lands	584,350
Construction in progress	7,808
Other tangible fixed assets	43,564
Intangible fixed assets	22,124
Goodwill	7,623
Other intangible fixed assets	14,501
Investment and other assets	637,652
Investment securities	414,455
Investments in capital of affiliates	23,180
Long-term loans receivable	36,666
Assets for employees' retirement benefits	362
Deferred tax assets	57,188
Oil field premium assets	30,617
Other investments	75,638
Allowance for doubtful accounts	(457)
TOTAL ASSETS	2,641,633

(Note) Figures are indicated by discarding fractions of one million yen.

(million yen)

LIABILITIES

Current liabilities:	1,144,978
Notes and accounts payable, trade	331,602
Short-term borrowings	357,566
Commercial paper	104,005
Current portion of bonds	10,000
Accounts payable, other	231,990
Accrued income taxes	14,529
Deferred tax liabilities	328
Allowance for bonuses	8,247
Other current liabilities	86,708
Long-term liabilities:	876,722
Bonds	55,000
Long-term debt	524,115
Deferred tax liabilities	9,968
Deferred tax liabilities upon revaluation	93,951
Liability for employees' retirement benefits	15,093
Reserve for repair works	28,357
Asset retirement obligations	78,132
Oil field premium liabilities	38,114
Other long-term liabilities	33,988
Total liabilities	2,021,700

NET ASSETS

Shareholders' equity	429,156
Common stock	108,606
Additional paid-in capital	71,131
Retained earnings	249,549
Treasury stocks	(131)
Accumulated other comprehensive income	154,644
Unrealized holding gains on other securities	7,617
Deferred gains (loss) on hedges	(7,713)
Revaluation difference of lands	155,541
Translation adjustments	318
Retirement benefit liability adjustment	(1,119)
Noncontrolling interests	36,132
Total net assets	619,932
TOTAL LIABILITIES AND NET ASSETS	2,641,633

(Note) Figures are indicated by discarding fractions of one million yen.

CONSOLIDATED STATEMENT OF INCOME

(April 1, 2016 to March 31, 2017)

(million yen)

Net sales		3,190,347
Cost of sales		2,770,857
Gross profit		419,489
Selling, general and administrative expenses		284,254
Operating income		135,234
Non-operating income		
Interest income	2,555	
Dividend income	5,338	
Subsidy income	870	
Equity in earnings of affiliates	7,976	
Others	2,390	19,131
Non-operating expenses		
Interest expenses	9,258	
Loss on foreign exchange, net	1,047	
Others	4,092	14,397
Ordinary income		139,968
Extraordinary gain		
Gain on sales of fixed assets	1,504	
Gain on sales of investment securities	1,320	
Gain on sale of affiliate stock	39	
Others	3	2,868
Extraordinary expenses		
Impairment loss on fixed assets	10,897	
Loss on sales of fixed assets	212	
Loss on disposal of fixed assets	6,178	
Others	2,539	19,827
Income before income taxes		123,008
Income taxes - current	27,393	
Income taxes - deferred	5,091	32,484
Net income		90,524
Net income attributable to noncontrolling interests		2,359
Net income attributable to owners of the parent		88,164

(Note) Figures are indicated by discarding fractions of one million yen.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.

(April 1, 2016 to March 31, 2017)

(million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stocks	Total shareholders' equity
Balance at April 1, 2016	108,606	71,131	168,990	(130)	348,597
Changes during the year					
Distribution of retained earnings			(7,997)		(7,997)
Net income attributable to owners of the parent			88,164		88,164
Acquisition of treasury stock				(0)	(0)
Reversal of revaluation difference of lands			392		392
Change in items other than shareholders' equity during the year (net)					
Total changes during the year	-	-	80,559	(0)	80,558
Balance at March 31, 2017	108,606	71,131	249,549	(131)	429,156

	Accumulated other comprehensive income						Noncontrolling interests	Total net assets
	Unrealized holding gains on other securities	Deferred gains (loss) on hedges	Revaluation difference of lands	Translation adjustments	Retirement benefit liability adjustment	Total accumulated other comprehensive income		
Balance at April 1, 2016	4,527	(12,854)	154,263	10,764	(4,656)	152,045	37,018	537,660
Changes during the year								
Distribution of retained earnings								(7,997)
Net income attributable to owners of the parent								88,164
Acquisition of treasury stock								(0)
Reversal of revaluation difference of lands			(392)			(392)		-
Change in items other than shareholders' equity during the year (net)	3,089	5,140	1,670	(10,446)	3,537	2,991	(885)	2,105
Total changes during the year	3,089	5,140	1,277	(10,446)	3,537	2,599	(885)	82,272
Balance at March 31, 2017	7,617	(7,713)	155,541	318	(1,119)	154,644	36,132	619,932

(Note) Figures are indicated by discarding fractions of one million yen.

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2017)

(million yen)

ASSETS

Current assets:	737,295
Cash and deposit	13,764
Notes receivable, trade	110
Accounts receivable, trade	247,398
Merchandise and finished goods	197,007
Raw material and supplies	173,242
Prepaid expenses	2,858
Short-term loans receivable	30,663
Deferred tax assets	13,698
Other current assets	61,250
Allowance for doubtful accounts	(2,699)
Fixed assets:	1,421,583
Tangible fixed assets	808,718
Buildings	48,688
Structures	62,181
Oil tanks	24,440
Machinery and equipment	80,745
Vehicles and transportation equipment	666
Tools, furniture and fixtures	5,674
Lands	582,862
Construction in progress	3,459
Intangible fixed assets	11,166
Leasehold rights	8,280
Software	2,600
Other intangible fixed assets	285
Investments and other assets:	601,698
Investment securities	35,254
Investments in shares of affiliates	465,669
Long-term loans receivable	7,475
Deferred tax assets	46,653
Other investments	47,093
Allowance for doubtful accounts	(447)
TOTAL ASSETS	2,158,878

(Note) Figures are indicated by discarding fractions of one million yen.

(million yen)

LIABILITIES

Current liabilities:	1,059,341
Accounts payable, trade	271,479
Short-term borrowings	335,870
Commercial paper	104,005
Current portion of bonds	10,000
Accounts payable, other	227,439
Accrued expenses	2,505
Accrued income taxes	9,869
Advances received	21,521
Deposit received	56,756
Allowance for bonuses	6,278
Other current liabilities	13,615
Long-term liabilities:	676,159
Bonds	55,000
Long-term debt	461,349
Deferred tax liabilities upon revaluation	93,951
Retirement allowances for employees	11,119
Reserve for repair works	27,106
Other long-term liabilities	27,631
Total liabilities	1,735,500
NET ASSETS	
Shareholders' equity	264,215
Common stock	108,606
Additional paid-in capital	67,599
Capital reserve	57,245
Other additional paid-in capital	10,354
Retained earnings	88,140
Retained earnings reserve	1,081
Other retained earnings	87,059
Reserve for special depreciation	1,254
Reserve for loss on overseas investment, etc.	424
Reserve for deferred income tax on fixed assets	33,449
Retained earnings carried forward	51,932
Treasury stocks	(131)
Valuation and translation adjustments	159,162
Unrealized holding gains on other securities	6,445
Deferred gains (loss) on hedges	(2,824)
Revaluation difference of lands	155,541
Total net assets	423,377
TOTAL LIABILITIES AND NET ASSETS	2,158,878

(Note) Figures are indicated by discarding fractions of one million yen.

NON-CONSOLIDATED STATEMENT OF INCOME

(April 1, 2016 to March 31, 2017)

(million yen)

Net sales		2,455,694
Cost of sales		2,162,302
Gross profit		293,391
Selling, general and administrative expenses		205,689
Operating income		87,701
Non-operating income		
Interest income	661	
Dividend income	18,150	
Subsidy income	870	
Others	1,072	20,754
Non-operating expenses		
Interest expenses	6,517	
Loss on foreign exchange, net	1,092	
Others	3,899	11,509
Ordinary income		96,946
Extraordinary income		
Gain on sales of fixed assets	1,402	
Gain on sales of investment securities	1,320	
Gain on sale of affiliate stock	39	2,763
Extraordinary expenses		
Impairment loss on fixed assets	3,616	
Loss on sale of fixed assets	122	
Loss on disposal of fixed assets	6,013	
Others	2,123	11,875
Income before income taxes		87,834
Income taxes - current	9,519	
Income taxes - deferred	13,016	22,535
Net income		65,298

(Note) Figures are indicated by discarding fractions of one million yen.

NON-CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.

(April 1, 2016 to March 31, 2017)

(million yen)

	Shareholders' equity									
	Common stock	Additional paid-in capital			Retained earnings reserve	Retained earnings				Total retained earnings
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital		Other retained earnings			Retained earnings carried forward	
						Reserve for special depreciation	Reserve for loss on overseas investment, etc.	Reserve for deferred income tax on fixed assets		
Balance at April 1, 2016	108,606	57,245	10,354	67,599	1,081	1,566	448	35,099	(7,748)	30,447
Changes during the year										
Distribution of retained earnings									(7,997)	(7,997)
Net income									65,298	65,298
Acquisition of treasury stock										
Additions to other retained earnings								992	(992)	-
Reversal of other retained earnings						(312)	(24)	(2,642)	2,980	-
Reversal of revaluation difference of lands									392	392
Changes in items other than shareholders' equity during the year (net)										
Total changes during the year	-	-	-	-	-	(312)	(24)	(1,650)	59,680	57,693
Balance at March 31, 2017	108,606	57,245	10,354	67,599	1,081	1,254	424	33,449	51,932	88,140

(million yen)

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Treasury stocks	Total shareholders' equity	Unrealized holding gains on other securities	Deferred gains (loss) on hedges	Revaluation difference of lands	Total valuation and translation adjustments	
Balance at April 1, 2016	(130)	206,523	3,376	(6,062)	154,263	151,578	358,101
Changes during the year							
Distribution of retained earnings		(7,997)					(7,997)
Net income		65,298					65,298
Acquisition of treasury stock	(0)	(0)					(0)
Additions to other retained earnings		-					-
Reversal of other retained earnings		-					-
Reversal of revaluation difference of lands		392			(392)	(392)	-
Changes in items other than shareholders' equity during the year (net)			3,068	3,237	1,670	7,976	7,976
Total changes during the year	(0)	57,692	3,068	3,237	1,277	7,583	65,276
Balance at March 31, 2017	(131)	264,215	6,445	(2,824)	155,541	159,162	423,377

(Note) Figures are indicated by discarding fractions of one million yen.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

May 10, 2017

To: The Board of Directors
Idemitsu Kosan Co.,Ltd.

Deloitte Touche Tohmatsu LLC

Kappei Isomata (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Masahiko Inoue (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Motoyuki Suzuki (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Naoaki Inagaki (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

We have audited the consolidated financial statements, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements of Idemitsu Kosan Co., Ltd. (the "Company"), applicable to its consolidated fiscal year from April 1, 2016 to March 31, 2017 pursuant to Article 444, paragraph 4 of the Companies Act of Japan.

Management's Responsibility for Consolidated Financial Statements

The responsibility of the Company's management is to prepare and present properly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these consolidated financial statements free of material misstatement by fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements from an independent standpoint, based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these consolidated financial statements are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amount in consolidated financial statements and disclosure thereof. Audit procedures, on our own judgment, are selected and applied based on our risk assessment of material misstatement in the consolidated financial statements by fraud or error. An audit is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these consolidated financial statements to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

Opinion

We are of the opinion that the above consolidated financial statements present properly the financial position and profit and loss of the corporate group comprised of Idemitsu Kosan Co., Ltd. and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Emphasis of Matter

As discussed in "Additional Information", the Company, at the meeting of its Board of Directors held on July 30, 2015, adopted a resolution to acquire the shares of Showa Shell Sekiyu K.K. ("Showa Shell") and entered into a share transfer agreement with regard to the shares of Showa Shell with the subsidiary companies of Royal Dutch Shell plc, the shareholders of Showa Shell, on the same day. Further, the Company, at the meeting of its Board of Directors held on December 19, 2016, adopted a resolution to enter into an amendment agreement to the share transfer agreement mentioned above, and entered into the amendment agreement with the subsidiary companies of Royal Dutch Shell plc and completed the acquisition of the shares of Showa Shell (31.3% of the voting rights) on the same day.

Our opinion is not qualified in respect of this matter.

Interest

Our firm and the engagement partners do not have any interest in the Company which should be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END -

AUDITORS' REPORT ON THE NON-CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

May 10, 2017

To: The Board of Directors
Idemitsu Kosan Co.,Ltd.

Deloitte Touche Tohmatsu LLC

Kappei Isomata (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Masahiko Inoue (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Motoyuki Suzuki (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Naoaki Inagaki (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

We have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements, and the accompanying supplemental schedules of Idemitsu Kosan Co., Ltd. (the "Company"), applicable to its 102nd fiscal year from April 1, 2016 to March 31, 2017 pursuant to Article 436, paragraph 2, item 1 of the Companies Act of Japan.

Management's Responsibility for Financial Statements, etc.

The responsibility of the Company's management is to prepare and present properly these financial statements and the accompanying supplemental schedules in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these financial statements and the accompanying supplemental schedules free of material misstatement by fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules based on our audit conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to formulate an audit plan and conduct an audit based thereon to obtain reasonable assurance about whether these non-consolidated financial statements and the accompanying supplemental schedules are free of material misstatement.

In an audit, procedures are taken to obtain audit evidence as to the amount in non-consolidated financial statements and accompanying supplemental schedules and disclosure thereof. Audit procedures, on our own judgment, are selected and applied based on our risk assessment of material misstatement in the non-consolidated financial statements and the accompanying supplemental schedules by fraud or error. An audit is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, we assess internal control related to the preparation and proper presentation of these non-consolidated financial statements and the accompanying supplemental schedules to form a plan for adequate audit procedures according to conditions. An audit also includes assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall presentation of these non-consolidated financial statements and the accompanying supplemental schedules.

We believe that our audit provides sufficient and appropriate audit evidence forming a basis for our opinion.

Opinion

We are of the opinion that the non-consolidated financial statements and the accompanying supplemental schedules referred to above present properly the financial position and profit and loss of the Company for the period related to the non-consolidated financial statements and the accompanying supplemental schedules in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Emphasis of Matter

As discussed in "Additional Information", the Company, at the meeting of its Board of Directors held on July 30, 2015, adopted a resolution to acquire the shares of Showa Shell Sekiyu K.K. ("Showa Shell") and entered into a share transfer agreement with regard to the shares of Showa Shell with the subsidiary companies of Royal Dutch Shell plc, the shareholders of Showa Shell, on the same day. Further, the Company, at the meeting of its Board of Directors held on December 19, 2016, adopted a resolution to enter into an amendment agreement to the share transfer agreement mentioned above, and entered into the amendment agreement with the subsidiary companies of Royal Dutch Shell plc and completed the acquisition of the shares of Showa Shell (31.3% of the voting rights) on the same day.

Our opinion is not qualified in respect of this matter.

Interest

Our firm and the engagement partners do not have any interest in the Company which should be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END -

THE BOARD OF STATUTORY AUDITORS' AUDIT REPORT

AUDIT REPORT

We, the Board of Statutory Auditors of the Company, based on the audit report prepared by each Statutory Auditor on the performance by the Directors of their duties during the 102nd fiscal year from April 1, 2016 to March 31, 2017, have prepared this audit report upon deliberation and hereby report as follows:

1. Method of audit by the Statutory Auditors and the Board of Statutory Auditors and the particulars thereof:

- (1) The Board of Statutory Auditors determined the audit policy, assignment of duties among them, etc., received from each Statutory Auditor reports on the state of his performance of audits and the results thereof, and also received from the Directors, etc. and the account auditors Deloitte Touche Tohmatsu LLC (the "Account Auditors") reports on the state of performance of their duties and demanded their explanations whenever necessary.
- (2) Each Statutory Auditor, pursuant to the rules of audits by the Statutory Auditors determined by the Board of Statutory Auditors and in accordance with the audit policy, assignment of duties among them, etc., maintained constant communication with the Directors, the Internal Audit Office and other employees, etc. in an effort to collect information and improve the environment for auditing and conducted our audits in the following methods:
 - (a) We attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc. reports on the state of performance of their duties, demanded their explanations whenever necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company. With regard to its subsidiaries, we maintained constant communication and exchanged information with the directors, statutory auditors, etc. thereof and required the subsidiaries to render reports on their business operations whenever necessary.
 - (b) With regard to the details of the resolutions of the Board of Directors for establishing systems to secure that the performance by the Directors of their duties will comply with laws or ordinances and the Articles of Incorporation as described in the business report and such other systems provided for in Article 100, paragraphs 1 and 3 of the Regulations to Enforce the Companies Act of Japan as necessary to secure the adequacy of business of a corporate group comprising a joint-stock corporation and its subsidiaries, as well as the systems (internal control systems) established pursuant to such resolutions, we received from the Directors, employees, etc. reports on a regular basis, demanded their explanations whenever necessary, and expressed our opinions, on the status of the formulation and operation of the systems. With regard to internal control over financial reporting, we received from the Directors, etc. and the Account Auditors reports on the state of evaluation and audits of the internal control and demanded explanations whenever necessary.

- (c) With regard to the fundamental policy under Article 118, paragraph 3, item (a) of the Ordinance for Enforcement of the Companies Act as described in the business report, we, taking into consideration the deliberations thereof, etc. by the Board of Directors or otherwise, investigated the content thereof.
- (d) We also monitored and verified whether the Account Auditors had maintained an independent position and conducted adequate audits, and received from the Account Auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the Account Auditors a notice that "systems to secure adequate performance of duties" (as listed in the items of Article 131 of the Rules of Corporate Accounting) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary.

In accordance with such methods, we investigated the business report and its supplemental schedules, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements) and their accompanying supplemental schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements), for the fiscal year under review.

2. Results of audit:

(1) Results of audit of the business report, etc.:

We are of the opinion:

- (a) That the business report and its supplemental schedules present fairly the state of the Company in accordance with laws or ordinances and the Articles of Incorporation;
 - (b) That in connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws or ordinances or the Articles of Incorporation exists;
 - (c) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the descriptions in the business report and the performance by the Directors of their duties concerning such internal control systems contain nothing to be pointed out. With regard to internal control over financial reporting, we have received from the Directors, etc. and the Account Auditors reports that there exists no material inadequacy to be disclosed at the time of preparing this audit report; and
 - (d) That the fundamental policy on the ideal of the persons who shall control the determination of financial and business policies of the Company as described in the business report contains nothing to be pointed out.
- (2) Results of audit of the non-consolidated financial statements and their accompanying supplemental schedules:

We are of the opinion that the method and results of the audit made by the Account Auditors are proper.

(3) Results of audit of the consolidated financial statements:

We are of the opinion that the method and results of the audit made by the Account Auditors are proper.

May 12, 2017

The Board of Statutory Auditors
Idemitsu Kosan Co., Ltd.

Takanori Kuniyasu (seal)
Full-time Statutory Auditor

Sakae Hirano (seal)
Full-time Statutory Auditor

Taigi Ito (seal)
(Outside) Statutory Auditor

Michiyoshi Kuriyama (seal)
(Outside) Statutory Auditor

Shoichiro Niwayama (seal)
(Outside) Statutory Auditor

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Reference Document for the General Meeting of Shareholders

Proposition No. 1: Election of twelve (12) Directors

The term of office of all of the Directors will expire at the close of this Ordinary General Meeting of Shareholders. Hence, it is hereby proposed that twelve (12) Directors be elected.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
1	[For reelection] Takashi Tsukioka (May 15, 1951)	April 1975 Joined the Company July 2002 General Manager of Kobe Branch April 2005 General Manager of Chubu Branch June 2007 Executive Officer and General Manager of Supply and Demand Department June 2008 Managing Executive Officer and General Manager of Supply and Demand Department June 2009 Director and General Manager of Supply and Demand Department June 2010 Managing Director and Executive Corporate Officer and General Manager of Corporate Planning Department April 2011 Managing Director June 2012 Executive Vice President and Director June 2013 Representative Director & Chief Executive Officer (to date)	40,797 shares
(Reason for nomination as candidate for Director) Mr. Takashi Tsukioka, who serves as the Representative Director & Chief Executive Officer of the Company, has demonstrated a strong leadership for strengthening its domestic main business, expanding overseas business, contributing to energy security of Japan and contributing to the realization of a society in harmony with the environment and delivered solid results. He is familiar with the business of the Company and issues to be addressed by the Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.			

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
2	[For reelection] Daisuke Seki (September 2, 1954)	<p>April 1977 Joined the Company</p> <p>April 2007 Deputy General Manager of Chiba Refinery and Deputy General Manager of Chiba Plant</p> <p>June 2009 Executive Officer and General Manager of Sales Department</p> <p>April 2011 Executive Officer and General Manager of Supply and Demand Department</p> <p>July 2011 Managing Executive Officer and General Manager of Supply and Demand Department</p> <p>June 2012 Director, Managing Executive Officer and General Manager of Supply and Demand Department</p> <p>June 2013 Managing Director</p> <p>June 2014 Executive Vice President and Representative Director (to date)</p> <p>Current duties: Assistant to Representative Director & Chief Executive Officer (fuel business division)</p>	24,939 shares
<p>(Reason for nomination as candidate for Director)</p> <p>Mr. Daisuke Seki has engaged in the fuel oil business in general, covering procurement, transportation, refinery and sale of crude oil and accumulated wide experience, knowledge and expertise. He has promoted restructuring of the crude oil business division and delivered solid results. He is familiar with the business of the Company and issues to be addressed by the Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>			

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
3	<p>[For reelection]</p> <p>Takashi Matsushita (July 9, 1956)</p>	<p>April 1979 Joined the Company</p> <p>Oct. 2004 Deputy General Manager of Hokkaido Refinery</p> <p>April 2007 Deputy General Manager of Manufacturing Department</p> <p>April 2010 Executive Officer and General Manager of Tokuyama Refinery and General Manager of Tokuyama Plant</p> <p>April 2013 Executive Officer and General Manager of Manufacturing and Engineering Department</p> <p>June 2013 Director, Managing Executive Officer and General Manager of Manufacturing & Technology Department</p> <p>June 2014 Managing Director (to date)</p> <p>Current duties: In charge of Vietnam project, research, intellectual property, agribio and electronic materials (Vietnam Business Department, Advance Technology Laboratory, Intellectual Property Department, Agribio Department, Electronic Materials Department and Safety and Environmental Protection and Quality Assurance Department), and concurrently serves as Division Manager, Safety and Environmental Protection Division, and Division Manager, Quality Assurance Division</p>	12,209 shares
<p>(Reason for nomination as candidate for Director)</p> <p>Mr. Takashi Matsushita has long served in the business of the manufacturing division and accumulated wide experience, including overseas experience, knowledge and expertise. He has promoted restructuring of the manufacturing division and delivered solid results. He is familiar with the business of the Company and issues to be addressed by the Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>			

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
4	[For reelection] Shunichi Kito (April 6, 1956)	<p>April 1980 Joined the Company</p> <p>April 2005 Deputy General Manager of Personnel Department</p> <p>July 2008 Deputy General Manager of Accounting Department</p> <p>June 2011 Executive Officer and General Manager of Accounting Department</p> <p>June 2013 Director, Managing Executive Officer and General Manager of Accounting Department</p> <p>June 2014 Managing Director (to date)</p> <p>Current duties: In charge of accounting, public relations and CSR (Accounting Department and Public Relations and CSR Office)</p>	13,371 shares
<p>(Reason for nomination as candidate for Director)</p> <p>Mr. Shunichi Kito has served in sale and human resources divisions and worked as top manager in the accounting division. He has accumulated wide experience, knowledge and expertise. He has promoted talks with the shareholders and other stakeholders at various occasions to contribute to sustainable growth and the enhancement of the corporate value of the Group on a medium- and long-term basis and delivered solid results. He is familiar with the business of the Company and issues to be addressed by the Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>			

5	[For reelection] Susumu Nibuya (November 22, 1959)	<p>April 1982 Joined the Company</p> <p>June 2008 Managing Director, Idemitsu Engineering Co., Ltd.</p> <p>April 2011 General Manager, Internal Audit Office</p> <p>April 2013 Executive Officer and General Manager, Corporate Planning Department</p> <p>June 2015 Director and General Manager, Corporate Planning Department (to date)</p> <p>Current duties: In charge of corporate planning</p>	9,084 shares
<p>(Reason for nomination as candidate for Director)</p> <p>Mr. Susumu Nibuya has served in sale, corporate planning and manufacturing divisions, as well as management of associated companies, and worked as top manager in the internal audit division. He has accumulated wide experience, knowledge and expertise. As the officer responsible for the corporate planning division, he has promoted the formulation and implementation of the business policy of the Group and delivered solid results. He is familiar with the business of the Company and issues to be addressed by the Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>			

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
6	[For new election] Kazuo Maruyama (September 29, 1957)	<p>April 1981 Joined the Company</p> <p>July 2009 Deputy General Manager of Basic Chemicals Department</p> <p>July 2010 Deputy General Manager of Chemicals Department</p> <p>June 2011 Executive Officer and General Manager of Basic Chemicals Department</p> <p>July 2014 Managing Executive Officer and General Manager of Petrochemical Business Department</p> <p>July 2015 Senior Executive Officer and General Manager of Petrochemical Business Department (to date)</p>	5,410 shares
<p>(Reason for nomination as candidate for Director)</p> <p>Mr. Kazuo Maruyama has long engaged in services of petrochemicals division, and accumulated wide experience, knowledge and expertise in fields such as sales, accounting, information systems, and overseas business, etc. He has promoted the restructuring of the petrochemicals division, and delivered solid results. He is familiar with the business of the Company and issues to be addressed by the Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>			

7	[For new election] Toshiaki Sagishima (January 31, 1960)	<p>April 1982 Joined the Company</p> <p>July 2008 Vice President, Idemitsu Apollo Corporation</p> <p>July 2010 President, Idemitsu Apollo Corporation</p> <p>July 2012 Deputy General Manager(U.S Business) of International Petroleum Business Department and President, Idemitsu Apollo Corporation</p> <p>June 2013 General Manager of U.S. Alpha Olefin Development Office, Basic Chemicals Department</p> <p>June 2014 Executive Officer and General Manager of Treasury Department (to date)</p>	2,090 shares
<p>(Reason for nomination as candidate for Director)</p> <p>Mr. Toshiaki Sagishima has engaged in services of overseas business and corporate planning, etc. and also worked as top manager in the accounting & finance division, and accumulated wide experience, knowledge and expertise.</p> <p>He has promoted the expansion of overseas business and reinforced the management base of the Group, and delivered solid results. He is familiar with the business of the Company and issues to be addressed by the Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>			

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
8	[For new election] Kiyoshi Honma (February 17, 1961)	April 1984 Joined the Company July 2010 Deputy General Manager of Supply and Demand Department July 2013 Executive Officer and General Manager of Supply and Demand Department April 2014 Executive Officer and General Manager of Integrated Supply & Trading Department (to date)	11,090 shares
<p>(Reason for nomination as candidate for Director)</p> <p>Mr. Kiyoshi Honma has engaged in the fuel oil business in general, covering procurement, transportation, and sale of crude oil, worked as top manager in the overseas business division, and accumulated wide experience, knowledge and expertise. He has promoted restructuring of fuel oil business and expansion of overseas business, and delivered solid results. He is familiar with the business of the Company and issues to be addressed by the Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>			

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
9	[For reelection] Eri Yokota (August 25, 1960)	April 1995 Full-time Lecturer, Faculty of Economics of Musashi University April 2001 Professor of Musashi University after serving as Assistant Professor April 2005 Professor, Faculty of Business and Commerce of Keio University (to date) June 2014 Director (to date) Director, TOLI Corporation (to date)	694 shares
(Reason for nomination as candidate for Director) It is hereby proposed that Ms. Eri Yokota be elected as outside Director to reflect her long experience and wide knowledge as a university professor. She has not engaged in corporate management in any manner other than serving as an outside officer. However, management has judged that she will be able to perform her duties as an outside Director properly as she satisfies the "Requirements for Independence of Outside Officers" of the Company, is familiar with corporate accounting as a university professor and has full knowledge about corporate management.			

10	[For reelection] Ryosuke Ito (January 26, 1955)	April 1983 Registered as attorney at law Joined Nishimura and Sanada June 1988 Graduated from New York University School of Law (M.C.J.) Joined De Bandt, van Hecke & Lagae in Brussels, Belgium Sept. 1988 Joined Graham & James in San Francisco June 1989 Admitted to the bar in New York Nov. 1990 Admitted to the bar in California Dec. 1991 Joined TMI Associates as partner (to date) June 2001 Part-time Lecturer, Doshisha University, Graduate School (to date) Oct. 2005 Part-time Lecturer, Hitotsubashi University, Law School (to date) June 2014 Director (to date)	-
(Reason for nomination as candidate for Director) It is hereby proposed that Mr. Ryosuke Ito be elected as outside Director to reflect his long experience and wide knowledge as an attorney at law. He has not engaged in corporate management in any manner other than serving as an outside officer. However, management has judged that he will be able to perform his duties as an outside Director properly as he satisfies the "Requirements for Independence of Outside Officers" of the Company, is familiar with corporate legal affairs as an attorney at law and has full knowledge about corporate management.			

Candidate No.	Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
11	[For new election] Takeo Kikkawa (August 24, 1951)	<p>April 1987 Assistant Professor, Aoyama Gakuin University School of Business</p> <p>Oct. 1993 Assistant Professor, Institute of Social Science, University of Tokyo</p> <p>April 1996 Professor, Institute of Social Science, University of Tokyo</p> <p>April 2007 Professor, Hitotsubashi University Graduate School of Commerce and Management</p> <p>Jan. 2013 President, Business History Society of Japan</p> <p>June 2013 Director, Mitsubishi Chemical Holdings Corporation (to date)</p> <p>April 2015 Professor, Graduate School of Innovation Studies, Tokyo University of Science (to date)</p>	-
<p>(Reason for nomination as candidate for Director)</p> <p>It is hereby proposed that Mr. Takeo Kikkawa be elected as outside Director to reflect his long experience and wide knowledge as a university professor. He has not engaged in corporate management in any manner other than serving as an outside officer. However, management has judged that he will be able to perform his duties as an outside Director properly as he satisfies the "Requirements for Independence of Outside Officers" of the Company, and has full knowledge about corporate management as a professor in business administration studies and especially as an expert in energy industry theory.</p>			

12	[For new election] Mackenzie Clugston (June 19, 1950)	<p>June 1982 Joined Department of Foreign Affairs and International Trade of the Canadian Government</p> <p>August 2000 Canadian Consul General in Osaka</p> <p>August 2003 Minister, Canadian Embassy in Japan</p> <p>August 2009 Ambassador of Canada to Indonesia, Timor-Leste and the ASEAN</p> <p>Nov. 2012 Ambassador of Canada to Japan</p> <p>June 2016 Director, Kameda Seika Co., Ltd. (to date)</p> <p>Sept. 2016 Advisor, Sapporo Holdings Limited (to date) Professor, Kwansei Gakuin University (to date)</p>	-
<p>(Reason for nomination as candidate for Director)</p> <p>It is hereby proposed that Mr. Mackenzie Clugston be elected as outside Director to reflect his long and global experience and wide knowledge as a diplomat and a university professor. He has not engaged in corporate management in any manner other than serving as an outside officer. However, management has judged that he will be able to perform his duties as an outside Director properly as he satisfies the "Requirements for Independence of Outside Officers" of the Company, is familiar with business, administration, and international affairs as a former diplomat and a university professor and has full knowledge about corporate management.</p>			

(Notes) 1. There is no special relationship between any candidate for Director and the Company.

2. Ms. Eri Yokota, Mr. Ryosuke Ito, Mr. Takeo Kikkawa and Mr. Mackenzie Clugston are candidates for outside Director.
3. Ms. Eri Yokota and Mr. Ryosuke Ito, who are currently outside Directors of the Company, will have served as outside Directors for three years at the close of this Ordinary General Meeting of Shareholders, respectively.
4. The Company has entered into an agreement with each of Ms. Eri Yokota and Mr. Ryosuke Ito to limit the liability for damages provided for in Article 423, paragraph 1 of the Companies Act of Japan pursuant to the provision of Article 427, paragraph 1 of the said act. The limit on the liability under the agreement shall be the amount as provided for in laws or ordinances. If the reelection of Ms. Eri Yokota and Mr. Ryosuke Ito is approved, the Company plans to continue such agreement with each of them. The Company is scheduled to enter into a similar agreement with each of Mr. Takeo Kikkawa and Mr. Mackenzie Clugston if they are appointed as Directors.
5. The Company has registered Ms. Eri Yokota and Mr. Ryosuke Ito as independent officers with the Tokyo Stock Exchange in accordance as provided for in its rules. Further, Mr. Takeo Kikkawa and Mr. Mackenzie Clugston meet the requirements for independent officers based on the provisions of the Tokyo Stock Exchange, and the Company is scheduled to register them as independent officers with the Tokyo Stock Exchange.
6. The number of shares of the Company held by each Candidate for Director includes his/her interests in the Idemitsu Officer Stockholders Committee and/or the Idemitsu Employee Stockholders Committee.

Proposition No. 2: Election of one (1) Substitute Statutory Auditor

In order to prepare for situations where there is a deficiency in the number of statutory auditors, it is hereby proposed that one (1) Substitute Statutory Auditor be elected.

The Board of Statutory Auditors has consented to this proposition.

The candidate for Substitute Statutory Auditor is as follows:

Name (Date of birth)	Brief history and position and duties in the Company (and important concurrent office)	Number of shares of the Company held by Candidate
<p style="text-align: center;">Junko Kai (September 29, 1967)</p>	<p>April 1992 Registered as attorney at law (Daini Tokyo Bar Association)</p>	-
	<p>June 2006 Committee Member, Disciplinary Enforcement Committee, Daini Tokyo Bar Association</p>	
	<p>March 2007 Lecturer of Criminal Defense, Legal Training and Research Institute</p>	
	<p>April 2010 Tokyo Family Court Conciliation Committee Member (to date)</p>	
	<p>July 2010 Reserve Committee Member, Disciplinary Committee, The Japanese Institute of Certified Public Accountants</p>	
	<p>Oct. 2010 Bar Examiner (Code of Criminal Procedure)</p>	
	<p>Examiner for the Preliminary Bar Examination (Code of Criminal Procedure)</p>	
	<p>June 2014 Committee Member, Pension Special Account Public Procurement Committee, Ministry of Health, Labour and Welfare (to date)</p>	
	<p>Oct. 2015 Special Committee Member, Central Committee for Adjustment of Construction Work Disputes, Ministry of Land, Infrastructure, Transport and Tourism (to date)</p>	
<p>Feb. 2016 Committee Member, Disciplinary Committee, Daini Tokyo Bar Association (to date)</p>		
<p>(Reason for nomination as candidate for Substitute Statutory Auditor)</p> <p>It is hereby proposed that Ms. Junko Kai be elected as substitute outside Statutory Auditor to reflect her long experience and wide knowledge as an attorney at law. She has not engaged in corporate management in any manner other than serving as an outside officer. However, management has judged that she will be able to perform her duties as an outside Statutory Auditor properly as she satisfies the "Requirements for Independence of Outside Officers" of the Company, is familiar with corporate legal affairs as an attorney at law, and has full knowledge about corporate management.</p>		

- (Notes)
1. There is no special relationship between the candidate for Substitute Statutory Auditor and the Company.
 2. Ms. Junko Kai is a candidate for substitute outside Statutory Auditor.
 3. The Company is scheduled to enter into an agreement with Ms. Junko Kai to limit the liability for damages provided for in Article 423, paragraph 1 of the Companies Act of Japan pursuant to the provisions of Article 427, paragraph 1 of the said act if she is appointed as the outside Statutory Auditor of the Company. The limit on the liability under the agreement shall be the amount as provided for in laws or ordinances.

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