

(Translation)



January 29, 2021

To whom it may concern:

Company: TOA Oil Co., Ltd.
Representative: Kazuhisa Harada,
President and Representative Director
Code No. 5008 (Second Section,
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Announcement of Partial Amendment to “Statement of Opinion on Approval of the Tender Offer for TOA Oil Shares by Our Parent Company Idemitsu Kosan Co., Ltd. and Recommendation for Tender”

TOA Oil Co., Ltd. (“our company” or “we”) hereby announces that there are certain matters that should be amended in the “Statement of Opinion on Approval of the Tender Offer for TOA Oil Shares by Our Parent Company Idemitsu Kosan Co., Ltd. and Recommendation for Tender” as published by us on December 15, 2020 (such amendment shall be hereinafter referred to as the “Amendment”) as follows.

As described in the “ (Amendment) Notice Regarding Amendment to “Notice Regarding Commencement of Tender Offer for Shares of TOA Oil Co., Ltd. (Securities Code: 5008)” in Connection with Submission of Amended Statement of Tender Offer Registration Statement” published by Idemitsu Kosan Co., Ltd. (the “Tender Offeror”) as of today, the Amendment was made as a result of the decision by the Tender Offeror to extend the purchase period of the tender offer (the “Tender Offer Period”) to be made by the Tender Offeror for all of the common shares of our company (excluding the treasury stock held by our company) through February 15, 2021, and to set the number of days of the Tender Offer Period to be a total of 38 business days. The underlined text below indicates the amendments.

3. Details of, and Grounds and Reasons for, our Opinion on the Tender Offer

(2) Grounds and Reasons for our Opinion on the Tender Offer

As for the grounds and reasons for our opinion on the Tender Offer, descriptions related to the Tender Offeror are based on the explanation we received from the Tender Offeror.

(I) Overview of the Tender Offer
(Before Amendment)

(Omitted)

According to the Tender Offeror, as the Tender Offeror intends to make our company its wholly-owned

subsidiary, if the Tender Offeror fails to acquire all of the remaining TOA Oil Shares during the Tender Offer, the Tender Offeror will acquire all of the TOA Oil Shares by implementing the procedures to make the Tender Offeror the sole shareholder of our company as described in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called “Two-Step Acquisition”)” below.

(After Amendment)

(Omitted)

According to the Tender Offeror, as the Tender Offeror intends to make our company its wholly-owned subsidiary, if the Tender Offeror fails to acquire all of the remaining TOA Oil Shares during the Tender Offer, the Tender Offeror will acquire all of the TOA Oil Shares by implementing the procedures to make the Tender Offeror the sole shareholder of our company as described in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called “Two-Step Acquisition”)” below.

Subsequently, according to the Tender Offeror, since our company published the “Announcement of Revision of the Consolidated Business Results Forecast for the Fiscal Year Ending 2021” on January 29, 2021, and revised the figures contained in the consolidated business results forecast for the fiscal year ending 2021 (i.e. April 1, 2020 to March 31, 2021) as published by us on July 31, 2020, there are material changes in the matters that should be described in the Tender Offer Registration Statement. Therefore, the Tender Offeror filed an Amendment to the Tender Offer Registration Statement to the Director of the Kanto Local Finance Bureau pursuant to Article 27-8, Paragraph 2 of the Financial Instruments and Exchange Act, and, at the same time, extended the Tender Offer Period (as defined below) through February 15, 2021, i.e. 10 business days after the filing date of the Amendment (i.e. January 29, 2021), pursuant to Article 27-8, Paragraph 8 of the Financial Instruments and Exchange Act.

(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called “Two-Step Acquisition”)

(II) Share Consolidation

(Before Amendment)

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

(Omitted)

(After Amendment)

On the other hand, according to the Tender Offeror, if, following the completion of the Tender Offer, the total number of our company's voting rights owned by the Tender Offeror is less than 90% of all of the voting rights for our company, the Tender Offeror will, promptly after completion of the settlement of the Tender Offer, request our company to hold a special shareholders' meeting (the "Special Shareholders' Meeting") and for proposals to be submitted which will include (i) implementation of consolidation of the TOA Oil Shares in accordance with Article 180 of the Companies Act (the "Share Consolidation"), and (ii) subject to the Share Consolidation being effective, changes to our articles of incorporation that will eliminate provisions on a share unit number. The Tender Offeror considers that it is desirable for our company to hold the Special Shareholders' Meeting as soon as possible from the perspective of improving our corporate value. Therefore, the Tender Offeror plans to ask our company to make a public notice during the purchase period of the Tender Offer (the "Tender Offer Period") setting the record date for the Special Shareholders' Meeting so that such record date will be a date shortly after the start date of the settlement of the Tender Offer (as of today, such date is planned to be February 23, 2021) and to target to hold the Special Shareholders' Meeting in early April or late April of the same year. The Tender Offeror will approve each of the proposals above at the Special Shareholders' Meeting.

(Omitted)

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

(VI) Measures to Secure Purchase Opportunities from Other Buyers

(Before Amendment)

(Omitted)

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

(Omitted)

(After Amendment)

(Omitted)

Furthermore, the Tender Offeror has set a Tender Offer Period of 30 business days, which is longer than the minimum period of 20 business days provided by relevant laws and regulations. Subsequently, according to the Tender Offeror, since our company published the "Announcement of Revision of the Consolidated Business Results Forecast for the Fiscal Year Ending 2021" on January 29, 2021, and revised the figures contained in the consolidated business results forecast for the fiscal year ending 2021 (i.e. April 1, 2020 to March 31, 2021) as published by us on July 31, 2020, there are material changes in the matters that should be described in the Tender Offer Registration Statement. Therefore, the Tender Offeror filed an Amendment to the Tender Offer Registration

Statement to the Director of the Kanto Local Finance Bureau pursuant to Article 27-8, Paragraph 2 of the Financial Instruments and Exchange Act, and, at the same time, extended the Tender Offer Period through February 15, 2021, i.e. 10 business days after the filing date of the Amendment (i.e. January 29, 2021), pursuant to Article 27-8, Paragraph 8 of the Financial Instruments and Exchange Act, resulting in an increase in the number of days of the Tender Offer Period to 38 business days. According to the Tender Offeror, by setting such a comparatively long Tender Offer Period, it intends to secure an appropriate opportunity to allow our shareholders to decide whether to tender their shares into the Tender Offer, and at the same time, to ensure opportunities for a potential purchaser other than the Tender Offeror to make a competing offer and to ensure the appropriateness of the Tender Offer Price.

(Omitted)

11. Other Information

(Before Amendment)

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

(After Amendment)

(1) At our board of directors meeting held on December 15, 2020, our company resolved not to pay year-end dividends for the fiscal year ending 2021, revising its dividend forecast for the fiscal year ending 2021, subject to the successful completion of the Tender Offer. For the details, see the “Announcement Concerning Revision of Dividend Forecast for Fiscal Year Ending 2021 (Non-payment of Dividends)” published on December 15, 2020 by our company.

(2) Our company published the “Announcement of Revision of the Consolidated Business Results Forecast for the Fiscal Year Ending 2021” on January 29, 2021, and revised the figures contained in the consolidated business results forecast for the fiscal year ending 2021 (i.e. April 1, 2020 to March 31, 2021) as published by us on July 31, 2020. The revised figures contained in the consolidated business results forecast are as follows. For details, see the contents of the Announcement.

| | <u>Net sales</u> <u>(millions of</u> <u>yen)</u> | <u>Operating</u> <u>income</u> <u>(millions of</u> <u>yen)</u> | <u>Ordinary</u> <u>income</u> <u>(millions of</u> <u>yen)</u> | <u>Net income</u> <u>attributable to</u> <u>shareholders of</u> <u>the parent</u> <u>company</u> <u>(millions of</u> <u>yen)</u> | <u>Net income</u> <u>per share</u> <u>(yen)</u> |
|--|--|---|--|--|---|
| <u>Previously announced</u> <u>forecast (A)</u> | <u>26,400</u> | <u>410</u> | <u>350</u> | <u>370</u> | <u>29.40</u> |
| <u>Present forecast (B)</u> | <u>28,420</u> | <u>2,500</u> | <u>2,420</u> | <u>1,920</u> | <u>154.34</u> |

| | | | | | |
|---|---------------|--------------|--------------|----------------|-----------------|
| <u>Changes (B-A)</u> | <u>2,020</u> | <u>2,090</u> | <u>2,070</u> | <u>1,550</u> | <u>=</u> |
| <u>Changes (%)</u> | <u>7.7</u> | <u>509.8</u> | <u>591.4</u> | <u>418.9</u> | <u>=</u> |
| <u>(FYI) Results for the previous fiscal year (Fiscal year ending 2020)</u> | <u>34,596</u> | <u>(383)</u> | <u>(400)</u> | <u>(1,421)</u> | <u>(114.28)</u> |

End