

[Translation]  
October 12, 2004

To whom it may concern:

INPEX CORPORATION  
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Representative Director and President  
(Code Number: 1604)  
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### **Notification of Issue of the Special Class Share**

We hereby notify you that the Meeting of the Board of Directors of the Company held on October 12, 2004 passed a resolution to issue a Special Class Share to be subscribed for by Japan National Oil Corporation (JNOC). Details of issuance of the Special Class Share and a description of the Special Class Share are as follows:

#### **1. Reason for issuing the Special Class Share**

As proposed in the “Policies regarding the Disposal of Development-Related Assets Held by Japan National Oil Corporation (JNOC)” (the “Report”) compiled by the Advisory Committee on Natural Resources and Energy in March 2003, the Company is expected to comprise part of the core enterprise and to be involved as a national flag company in effectively achieving a stable supply of energy to Japan. From this perspective and based on the Report, the Special Class Share will be issued as a highly transparent measure with the minimum required veto rights, so as to not unreasonably impede the efficiency and flexibility of management of the core enterprise, to eliminate the possibility of the core enterprise being subject to short-term measures for collection of funds or its management being controlled by foreign capital.

As the Company believes that, based on the proposals set out in the Report, the Special Class Share will be effective, even for the Company, in preventing risks such as hostile takeovers, and as it expects positive results in terms of negotiations and standing outside of Japan because it will clearly have the position of a national flag company, the Company has agreed with JNOC on the issuance of the Special Class Share, which was a condition to the Company being listed, and, based on this agreement, has decided to issue the Special Class Share.

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## 2. Details of Issuance of the Special Class Share

- |                                   |   |
|-----------------------------------|---|
| (1) Class of Share                | Special Class Share of the Company  |
| (2) Number of shares to be issued | 1 share   |
| (3) Issue price                   | The issue price per share shall be determined on November 8, 2004 (Monday), shall be at least one (1) yen, and shall be the same price as the offer price of the offering of the Company's common stock to be listed on the Tokyo Stock Exchange. |
| (4) Issuing Method                | The Special Class Share will be allotted to JNOC by way of a third-party allotment.   |
| (5) Issue Date                    | November 17, 2004 (Wednesday)   |

The Special Class Share is not scheduled to be listed.

## 3. Description of the Special Class Share

- (1) Matters to be resolved at meetings of the Special Class Shareholder
- The Articles of Incorporation of the Company provides that decisions on the following material matters concerning the management of the Company require a resolution of a meeting of the Special Class Shareholder in addition to a resolution of a meeting of common shareholders of the Company or a meeting of the Board of Directors.
- (i) Election or removal of Directors
- A resolution of a meeting of the Special Class Shareholder is required for the election or removal of a Director of the Company if, at the time of a resolution of a meeting of the common shareholders of the Company for the election or removal of such Director, 20% or more of the voting rights of such shareholders of common shares is held by a single shareholder other than the Government of Japan, JNOC or an independent administrative body that is fully funded by the Government of Japan ("Public Entity") or jointly held by such single shareholder and a "Joint Shareholder" as defined in the Articles of Incorporation of the Company (such independent shareholder and Joint Shareholder shall be referred to as a "Non-Public Entity") (provided, however, that, in accordance with (iv) below, this does not apply to any election or removal of a Director stipulated in a contract concerning a merger, share exchange or share transfer set out in (iv) below).

The Articles of Incorporation of the Company contains provisions that stipulate whether, in a given instance, a Non-Public Entity is deemed to hold or not hold 20% or more of the voting rights of the shareholders of common shares of the Company.

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(ii) Disposition of material assets

A resolution of a meeting of the Special Class Shareholder is required for the disposition of any material assets of the Company or the Company's subsidiaries ("disposition of material assets" means any disposition whose consideration is 20% or more of the total assets set out in the most recent audited consolidated financial statements of the Company or where a sale of such assets is 20% or more of the total consolidated sales set out in the most recent consolidated financial statements of the Company).

(iii) Amendments to the Articles of Incorporation

A resolution of a meeting of the Special Class Shareholder is required for any amendment to the Articles of Incorporation concerning (a) the objectives of the Company or (b) granting voting rights to any shares other than the common shares of the Company (except for the voting rights at meetings of the Special Class Shareholder already granted to the Special Class Share).

(iv) Integration

A resolution of a meeting of the Special Class Shareholder is required for (a) any merger where the Company becomes the dissolved company, or any merger where the Company becomes the surviving company and 20% or more of the voting rights of all the shareholders of common shares of the Company are held by a Non-Public Entity at the time such merger is complete, (b) any share exchange where the Company becomes a wholly-owned subsidiary, or any share exchange where the Company becomes a parent company owning 100% of the shares of and 20% or more of the voting rights of all the shareholders of common shares of the Company are held by a Non-Public Entity at the time such share exchange is complete, or (c) any share transfer where special class shares of the new holding company with the same rights as those held by the Special Class Shareholder of the Company under the Articles of Incorporation of the Company are not granted to the Special Class Shareholder of the Company, or any share transfer approved and resolved by a meeting of the common shareholders of the Company where special class shares of the new holding company with the same rights as those held by the Special Class Shareholder of the Company under the Articles of Incorporation of the Company are granted to the Special Class Shareholder of the Company but 20% or more of the voting rights of all the shareholders of common shares of such new holding company are held by a Non-Public Entity at the time such share transfer is complete.

With respect to (a) through (c) above, the Articles of Incorporation of the Company contains provisions that stipulate whether, in a given instance, a Non-Public Entity is deemed to hold or not hold 20% or more of the voting

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rights of all the shareholders of common shares of the Company or the new holding company.

(v) Capital Reduction

A resolution of a meeting of the Special Class Shareholder is required for any reduction of the Company's capital in order to repay funds to shareholders of the Company.

(vi) Dissolution

A resolution of a meeting of the Special Class Shareholder is required for dissolution of the Company by resolution of a meeting of the common shareholders.

(2) Voting rights of meetings of common shareholders, dividends, distribution of residual assets, redemption

Unless otherwise provided by laws or ordinances, the Special Class Share does not have any voting rights at meetings of common shareholders of the Company. The Special Class Share will receive the same amount of dividends, interim dividends and distributions of residual assets as common shares. The Special Class Share will be redeemed by resolution of the Board of Directors of the Company if (a) the Special Class Shareholder requests redemption, or (b) the Special Class Share is transferred to a party other than the Government of Japan or an independent administrative body that is fully funded by the Government of Japan.

#### **4. Guidelines regarding exercising voting rights at meetings of the Special Class Shareholder by the Allottee**

Guidelines have been established in (a) the Statement of Business Operations (the statement which has been authorized by the Minister of Economy, Trade and Industry pursuant to Article 20 of the Japan National Oil Corporation Law) of JNOC, which will subscribe for the Special Class Share and (b) the "Criteria for Exercising Voting Rights of the Special Class Share of INPEX" formulated with the approval of the Minister of Economy, Trade and Industry pursuant to the Statement of Business Operations, and these guidelines stipulate that matters may be rejected at meeting of the Special Class Shareholder in only certain cases, and that the prior approval of the Minister of Economy, Trade and Finance must be obtained if any action is to be taken at a meeting of the Special Class Shareholder.

#### **5. Handling of the Special Class Share and Guidelines after dissolution of JNOC**

JNOC, which will subscribe for the Special Class Share, is scheduled to be dissolved on or before July 25, 2005, after which the Special Class Share is scheduled to be assumed by the Government of Japan or another Public Entity. JNOC has stipulated a policy, with respect to the handling of the Guidelines if the Special Class Share is assumed by a Public Entity, that the Special Class Share will be assumed under the same terms as

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those set out in the Guidelines of JNOC at the time of its dissolution, provided there is no change in the energy policy of Japan. This policy has also been acknowledged by the Agency for Natural Resources and Energy.

## 6. Description of the Allottee

as of September 30, 2004

|                                 |   |  |   |
|---------------------------------|---|--|---|
| Name of Scheduled Allottee      |   | Japan National Oil Corporation                 |   |
| Number of shares to be allotted |   | 1 share  |   |
| Purchase price                  |   | To be determined on November 8, 2004 (Monday)  |   |
| Details of Allottee             | Address   |  | 2-2-2 Uchisaiwaicho, Chiyoda-ku, Tokyo                        |
|                                 | Representative  |  | Makoto Saito, Chairman  |
|                                 | Law on which establishment was based                    |  | Japan National Oil Corporation Law (Law No.99, July 29, 1967) |
|                                 | Business Activities                                     |  | Management and disposition of assets held by JNOC             |
| Relationship with INPEX         | Investment  | Number of shares of the Allottee held by INPEX | None  |
|                                 |   | Number of shares of INPEX held by the Allottee | 1,036,032.75 shares of common stock of INPEX                  |
|                                 | Business Relationship (April 1, 2003 to March 31, 2004) |  | Acquisition of securities                                     |
|                                 | Personnel Relationship                                  |  | None  |
|                                 |   |  |   |

End

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