

This document is an English translation of a news release on April 28, 2017, made initially in Japanese. The Japanese original should be considered as the primary version.

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**Notice Regarding the Introduction of
a Performance-Linked and Stock-Based Remuneration Plan for Directors**

Itochu Enex Co., Ltd. (hereinafter the “Company”) hereby announces that at the Board of Directors’ meeting held on April 28, 2017 the Company resolved to introduce a new performance-linked and stock-based remuneration plan utilizing a trust (hereinafter the “Plan”) for its Directors (excluding Outside Directors and Non-executive Directors; the same shall apply hereinafter). A proposal concerning the introduction of the Plan will be submitted at the 57th Ordinary General Meeting of Shareholders scheduled to be held in June 21, 2017 (hereinafter the “Shareholders Meeting”).

1. Objective for introduction of the Plan

The Company resolved to introduce the Plan for Directors for the purpose of raising their awareness of contribution to improving medium- and long-term business performance and enhancing its corporate value by better clarifying the link between Director remuneration and both business performance and share value, having these Directors benefit from the advantages of rising share prices while at the same time assuming the risks of falling share prices, and sharing the benefits and risks of share price fluctuations with shareholders.

Specifically, new performance-linked and stock-based remuneration separate from the maximum remuneration payable to Directors (500 million yen annually, but not including the employee salary portion) as approved at the 52nd Ordinary General Meeting of Shareholders held on June 21, 2012 will be paid to those serving as Directors at the Company during the two years between the fiscal year ending March 31, 2018 and that ending March 31, 2019 (hereinafter the “Plan Period”).

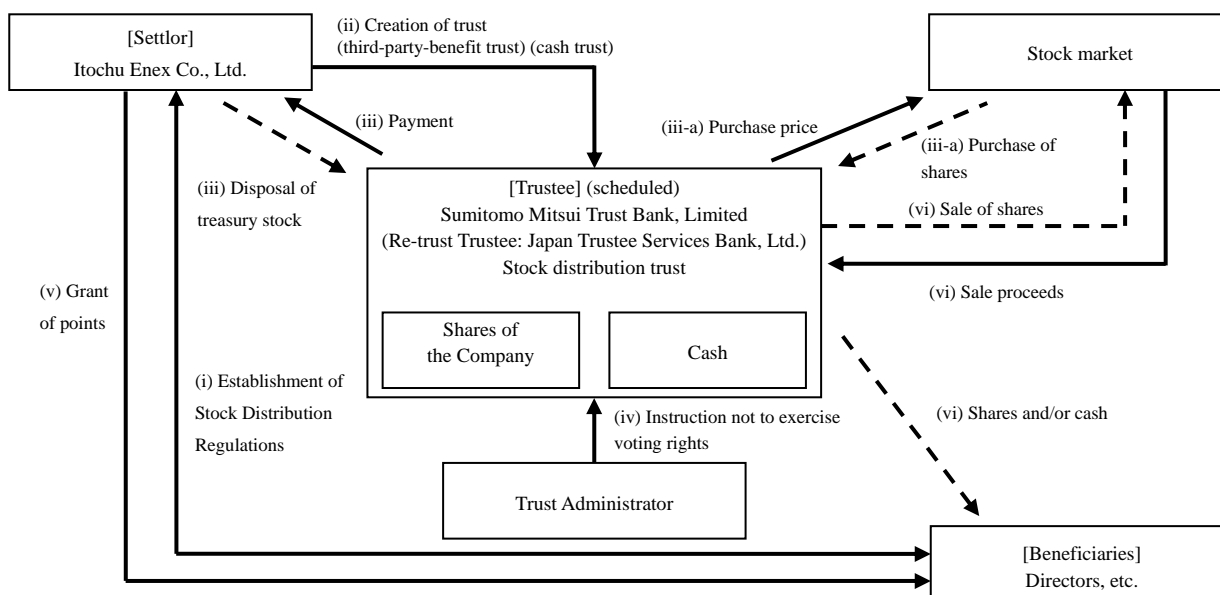
The introduction of the Plan is subject to approval of the resolution at the Shareholders Meeting.

2. Overview of the Plan

(1) Overview of the Plan

The Plan is a performance-linked and stock-based remuneration system, in which a trust created and funded with money by the Company (hereinafter the “Trust”) shall acquire shares of the Company, and a number of such shares corresponding to the number of points granted to each Director by the Company according to certain criteria including the attainment of the performance targets shall be distributed to the Director through the Trust. Such shares shall be distributed to each Director at the time of his/her retirement from office, in principle.

(Overview of structure of the Plan)



- (i) The Company will establish Stock Distribution Regulations intended for its Directors.
- (ii) The Company will create a stock distribution trust (third-party-benefit trust) for Directors as Beneficiaries. When doing so, the Company will leave such amount of cash as to be equivalent to that for funds to acquire shares (limited to an amount within the purview approved by the Shareholders Meeting) in trust with the Trustee.
- (iii) The Trustee will acquire, in one lump, a sufficient enough number of shares of the Company that are expected to be distributed in the future (either by disposing of treasury stock or by purchasing from the stock market (including off-hour trading)).
- (iv) Throughout the trust period, the Company will appoint a Trust Administrator (to be limited to be a party independent of the Company and its Directors and Audit & Supervisory Board Members) who is responsible for protecting the interests of the Beneficiaries who are covered by the Stock Distribution Regulations and supervising the Trustee. The Trust Administrator instructs Trustee not to exercise any voting rights associated with the shares of the Company kept within the Trust. Pursuant to these instructions, Trustee will not exercise voting rights throughout the trust period.
- (v) Pursuant to the Stock Distribution Regulations, the Company will grant points to the eligible Directors.
- (vi) The Directors fulfilling requirements prescribed in the Stock Distribution Regulations and the Trust Agreement will receive, as Beneficiaries of the Trust, a distribution of shares of the Company equivalent to the cumulative number of points from the Trustee. In certain specific cases set forth in advance in the Stock Distribution Regulations and the Trust Agreement, the Company may sell part of the distributable shares of the Company on the stock market and distribute cash.

Sumitomo Mitsui Trust Bank, Limited, the Trustee for the Plan, will entrust administration of its trust property (re-trust) to Japan Trustee Services Bank, Ltd.

(2) Creation of the Trust

Subject to approval of the proposed introduction of the Plan being given by the Shareholders Meeting, the Company will create the Trust by contributing the funds necessary for the Trust to acquire, in advance for a certain specific period of time, such number of shares of the Company as is reasonably expected to be required for distribution pursuant to (7) below. As discussed in (5) below, the Trust will acquire shares of the Company by applying the funds contributed by the Company as a source of its funds.

Sumitomo Mitsui Trust Bank, Limited, the Trustee for the Plan, will entrust administration of its trust property (re-trust) to Japan Trustee Services Bank, Ltd.

(3) Trust period

The trust period will be approximately two years, starting in August 2017 (scheduled) and ending in September 2019 (scheduled); provided, however, as stated in (4) below, this trust period may be extended.

(4) Upper limit on the amount of Trust Money to be contributed to the Trust as a source of funds with which to acquire shares of the Company

The initial trust period of the Trust will be two years. During this trust period, the Company will contribute cash for acquiring shares of the Company that would need to be distributed to eligible Directors under the Plan. A maximum of 120 million yen will be contributed as remuneration for Directors serving during the Plan Period, and the Trust whose Beneficiaries are Directors who satisfy certain criteria will be created. The Trust will use cash left in trust by the Company as the source of funds and acquire shares of the Company either through the stock market (including off-hour trading) or by undertaking disposal of treasury stock of the Company.

(Note) The actual amount of cash to be left in trust by the Company will be equal to the sum of the abovementioned funds for acquisition of the shares of the Company and associated necessary expenses including trust fee and fee for the Trust Administrator.

At the time of expiration of the trust period, the Company may, by resolution of the Board of Directors, continue the Plan by extending the trust period every two years (including the case where the trust property of the Trust is transferred to a trust that has the same purpose as that of the Trust, which was created by the Company, effectively extending the Trust Agreement; the same shall apply hereinafter). In this instance, the Company will contribute additional cash of up to 120 million yen for each extended trust period as the fund to be used to acquire additional shares of the Company that would need to be distributed to eligible Directors under the Plan. In that event, the Plan Period would be extended in response to the continuation of the Plan and the extension of the trust period; the granting of points as described in (6) below and distribution of the shares of the Company as described in (7) below would continue during the extended trust period.

However, in the event that the Company does not continue to grant points as described above, if there is a Director who, at the time of expiration of the trust period, has not received distribution of all shares of the Company equivalent to points granted despite all points having already been granted, the trust period for the Trust may be extended up until that Director receives the undistributed shares of the Company, and distribution of such shares is completed.

(5) Method of acquisition by the Trust of shares of the Company

The initial acquisition of shares of the Company by the Trust will be through the disposition of treasury stock from the Company or through the stock market (including off-hour trading) up to the maximum funds for acquisition of shares of the Company as described in (4) above. Details concerning the method of acquisition will be determined and disclosed following a resolution at the Shareholders Meeting.

If, during the trust period, due to an increase in the number of Directors or any other cause, the number of shares of the Company kept within the Trust becomes short of that corresponding to the number of points to be granted to the eligible Directors during the trust period, the Company may have the Trust acquire additional shares by leaving additional cash in trust within the scope of the upper limit on the trust money approved by the Shareholders Meeting as stated in (4) above.

(6) Method of calculating points to be granted to each Director

Pursuant to the Stock Distribution Regulations established by the Company's Board of Directors, the Company will grant to each Director a number of points objectively calculated according to his/her position and the attainment of the performance targets during the trust period on the date prescribed by the Company. The total number of points granted to Directors by the Company is not to exceed 82,000 points per fiscal year.

(7) Distribution of shares of the Company to each Director

Pursuant to the procedure below, Directors will receive distribution of shares of the Company according to the number of points granted as described in (6) above.

The number of shares of the Company to be distributed to each Director will be the number of points granted to him/her multiplied by a factor of 1.0; provided, however, that if any share split, reverse share split or any other event for which it would be considered reasonable to adjust the number of shares occurs with respect to the shares of the Company, then the Company will make reasonable adjustments depending on the ratio of such share split or reverse share split.

Shares of the Company will be distributed from the Trust to each eligible Director after he/she performs the established beneficiary determination procedures at the time of his/her retirement. However, a certain specific portion of such shares will be sold and converted into cash within the Trust, and may be distributed in cash instead of the shares. If the shares of the Company left within the Trust are converted into cash such as when a tender offer is accepted and settled with respect to such shares, the Company may make a distribution in cash instead of the shares.

(8) Exercise of the voting rights

Pursuant to the instructions of the Trust Administrator who will be independent of the Company and its Directors and Audit & Supervisory Board Members, the voting rights associated with the shares kept within the Trust will not be exercised without exception, which will assure the neutrality of the Company's management in relation to exercise of the voting rights of such shares.

(9) Handling of dividends

Dividends on the shares of the Company kept within the Trust will be received by the Trust, and will be applied towards payment for acquisition of the shares of the Company, trust fees for the Trustee associated with the Trust, etc.

(10) Handling of trust property at the time of termination of the Trust

Of the residual property left within the Trust at the time of termination of the Trust, the Company plans to acquire all of the residual shares of the Company without charge and retire them by a resolution of the Board of Directors. A certain portion of cash in residual property within the Trust at the time of Trust termination is scheduled to be donated to specified public-service promotion corporations having no interest in the Company or its Directors and Audit & Supervisory Board Members, pursuant to the provisions of Stock Distribution Regulations and the Trust Agreement determined in advance.

(Reference: Overview of the Trust)

- (i) Name: Stock Distribution Trust for Directors
- (ii) Settlor: Itochu Enex Co., Ltd.
- (iii) Trustee: Sumitomo Mitsui Trust Bank, Limited
(Re-trust Trustee: Japan Trustee Services Bank, Ltd.)
- (iv) Beneficiaries: Eligible Directors fulfilling requirements of the Beneficiaries
- (v) Trust Administrator: The Company will select a third party who does not have any interest in the Company
- (vi) Trust type: Trust of money other than money trust (third-party-benefit trust)
- (vii) Date of Trust Agreement: August 2017 (scheduled)
- (viii) Date on which cash will be entrusted: August 2017 (scheduled)
- (ix) Trust period: From August 2017 (scheduled) to September 2019 (scheduled)