

August 5, 2014

Cosmo Oil Co., Ltd.  
Showa Shell Sekiyu K.K.  
Sumitomo Corporation  
TonenGeneral Sekiyu K.K.

## **Agreement Concluded on Integration of LP Gas Import and Wholesale Operations**

Cosmo Oil Company, Limited (President: Keizo Morikawa; hereinafter, "Cosmo"), Showa Shell Sekiyu K.K. (Chairman/Group CEO: Shigeya Kato; hereinafter, "Showa Shell"), Sumitomo Corporation (President: Kuniharu Nakamura), and TonenGeneral Sekiyu K.K. (President: Jun Mutoh; hereinafter, "TonenGeneral") began discussions in December 2013 on integrating their LP gas import and wholesale operations, and we are pleased to inform you that these four companies today concluded an integration agreement to establish an integrated import and wholesale company on April 1, 2015. This integration is contingent on approval from the relevant authorities.

### **1. Purpose of business integration**

The LP gas import and wholesale operations (LP gas import/procurement, shipping terminal operation, logistics, and domestic wholesaling) and overseas trading operations of the four corporate groups will be consolidated into an integrated structure to create one of Japan's top-class LP gas import and wholesale companies. To achieve that aim, the four corporate groups will strive to:

- (1) Ensure reliable LP gas supply in Japan and strengthen partnerships with the dealers
- (2) Improve logistics efficiency and cut redundant costs in the four companies operations
- (3) Enhance operational efficiency and diversify sales channels
- (4) Diversify procurement sources/methods and reduce procurement costs, and actively develop overseas trading on a global scale to ensure the new company is competitive

### **2. Business integration method**

#### (1) Scope of integration

- The LP gas import and wholesale operations of Cosmo, Showa Shell and TonenGeneral
- The LP gas wholesaling operations of Enessance Holdings Co., Ltd. (established in 2008 by Showa Shell and Sumitomo Corporation with equity stakes of 51% and 49%, respectively)
- The LP gas trading operations of Sumitomo Corporation

#### (2) Integration method

The four corporate groups will carry out absorption-type spin-offs of their LP gas import and

wholesale operations and integrate these operations, with Cosmo Petroleum Gas Co., Ltd. (a wholly-owned subsidiary of Cosmo) as the receiving company. Cosmo, Showa Shell, Sumitomo Corporation, and TonenGeneral will each acquire a 25% stake in the integrated import and wholesale company. The new company's trade name is due to be changed in conjunction with the effective integration date of April 1, 2015.

### 3. Planned business integration schedule

Conclusion of integration agreement	August 5, 2014
Conclusion of agreements on absorption-type company splits	Dec 2014 – Jan 2015
Integration deadline (effective date)	April 1, 2015

### 4. Profile of integrated import and wholesale company (tentative)

(1) Trade name (new company name)	Notification of the trade name to be used from April 1, 2015 will be provided as soon as a final decision has been reached	
(2) Head office location	Tokyo (head office site now being selected in conjunction with integration)	
(3) Representatives and executives	<p>Notification of the names of representatives will be provided as soon as a final decision has been reached</p> <ul style="list-style-type: none"> <li>• Four full-time directors (president, three vice-presidents) and four other directors to be appointed</li> <li>• One full-time corporate auditor and three other corporate auditors to be appointed</li> </ul>	
(4) Description of business	Manufacture, storage, transport, sale and import/export of LP gas	
(5) Capital	11 billion yen	
(6) Settlement period	December	
(7) Shareholders and ownership	Cosmo (25%), Showa Shell (25%) Sumitomo Corporation (25%), TonenGeneral (25%)	
(8) Sales revenue	Approx. 400 billion yen	
(9) Domestic sales volume	Approx. 3.6 million tons	
(10) Import volume	Approx. 3 million tons	
(11) Overseas trading volume	Approx. 1 million tons	
(12) Principal offices	Seven LP gas import terminals	Kashima, Chiba, Kawasaki, Hekinan (in Aichi Prefecture), Yokkaichi, Sakai, Oita
	Four LP gas secondary terminals	Shimizu, Sakaide, Matsuyama, Hiroshima
(13) Principal subsidiaries and	Yokkaichi LPG Terminal Co., Ltd.	

affiliates	Kashima LPG Joint Stockpiling Co., Ltd. Oita LPG Joint Stockpiling Co., Ltd. Hiroshima LPG Terminal Co., Ltd.
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## 5. Other

Further details on the company splits will be provided as soon as they have been finalized.

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[Inquiries on this matter]

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*[The official language for TonenGeneral Sekiyu's filings with the Tokyo Stock Exchange and Japanese authorities, and for communications with our shareholders, is Japanese. We have posted English versions of some of this information on this website. While these English versions have been prepared in good faith, TonenGeneral Sekiyu does not accept responsibility for the accuracy of the translations, and reference should be made to the original Japanese language materials.]*