



February 22, 2017

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**Notice Regarding Company Split (Simplified Absorption-type Company Split)  
to a wholly-owned subsidiary, EMG Lubricants Godo Kaisha**

TonenGeneral Sekiyu K.K. (“TonenGeneral”) announces its decision to transfer some of the rights and obligations of its lubricants manufacturing and sales business to EMG Lubricants Godo Kaisha (“EMGL”; head office: 1-8-15 Kohnan, Minato-ku, Tokyo; President: Takahiro Honda), a wholly-owned subsidiary of TonenGeneral, by means of a company split (the “Company Split”), effective April 1, 2017, based on a resolution adopted at the Board of Directors meeting held today.

As this Company Split will be conducted through a simplified absorption-type company split, some of the items and contents to be disclosed have been omitted herein.

**1. Objectives of the Company Split**

TonenGeneral will consummate a business integration with JX Group companies on April 1, 2017, based on a business integration agreement with JX Holdings, Inc. (“JXHD”), signed on August 31, 2016, and preparations for such business integration are being carried out on schedule. After the business integration, the lubricants brands used by the two companies will continue to be used. TonenGeneral will transfer some of the rights and obligations of its lubricants manufacturing and sales business to EMGL, a wholly-owned subsidiary which TonenGeneral formed in December 2016, from a viewpoint of segregating and managing intellectual property, etc., in order to conduct an appropriate transition.

**2. Outline of the Company Split**

**(1) Schedule of the Company Split**

February 22, 2017 (today)	Board approval of the company split agreement Execution of the company split agreement
April 1, 2017 (scheduled)	Effective date of the Company Split

Note: As TonenGeneral meets the requirements of a simplified absorption-type company split, as set forth in Article 784, Paragraph 2, of the Companies Act, the company split will be executed without a resolution of TonenGeneral's general meeting of shareholders.

**(2) Method of the Company Split**

A simplified absorption-type company split, with TonenGeneral as the splitting company and EMGL as the succeeding company.

**(3) Details of stock allocation for the Company Split**

There will be no issuance of shares or cash payments or any other consideration in connection with the Company Split, as EMGL is a wholly-owned subsidiary of TonenGeneral.

**(4) Handling of stock options and convertible bonds associated with the Company Split**

No changes will be made to stock acquisition rights issued by TonenGeneral. TonenGeneral has not issued bonds with stock acquisition rights.

**(5) Decrease in the splitting company's paid-in capital in connection with the Company Split**

There will be no increase or decrease in TonenGeneral's paid-in capital in connection with the Company Split.

**(6) Rights and obligations succeeded to the succeeding company**

TonenGeneral will succeed some of the contracts and intellectual property (including contracts related to intellectual property) of its lubricants manufacturing and sales business to EMGL.

**(7) Matters pertaining to the expectation of the performance of obligations**

It has been determined that there are no issues with the expectation of the performance of the obligations assumed by EMGL on and after the effective date of the Company Split.

**3. Overview of the companies relevant to the Company Split (as of December 31, 2016)**

	The splitting company	The succeeding company
(1) Company name	TonenGeneral Sekiyu K.K.	EMG Lubricants Godo Kaisha
(2) Head office	1-8-15 Kohnan, Minato-ku, Tokyo	1-8-15 Kohnan, Minato-ku, Tokyo
(3) Names and titles of representatives	Jun Mutoh, Representative Director and President	Takahiro Honda, President
(4) Main business	Manufacturing, processing and sales of petroleum and petrochemical products, supply of electricity, and other	Manufacturing, sales, import/export of lubricants products and related business
(5) Paid-in capital	35,123 million yen	350 million yen
(6) Date established	July 26, 1947	December 15, 2016
(7) Number of issued shares	366,000,000 shares	N. A.

(8) Fiscal year-end	December 31	March 31
(9) Major shareholders and shareholding ratio	Japan Trustee Services Bank, Ltd. (trust account) 4.92% Mitsui & Co., Ltd. 4.67% The Master Trust Bank of Japan, Ltd. (trust account) 4.42% Kochi Shinkin Bank 2.45% State Street Bank West Client – Treaty 505234 1.77%	TonenGeneral Sekiyu K.K. 100.0%

- 1: On February 20, 2017, Mitsui & Co., Ltd., filed an amendment report on the holding of a large number of shares, stating that its shareholding ratio was reduced to 4.24% (15,534,000 shares) on February 14, 2017 (the date when the reporting obligation arose).
- 2: As EMGL, a Godo Kaisha, has not issued any shares, data regarding members and their ownership are stated in “(9) Major shareholders and shareholding ratio”.

#### Financial conditions and operating results for the latest fiscal year

	TonenGeneral Sekiyu K.K. (consolidated for the fiscal year ending 12/2016)	EMG Lubricants Godo Kaisha
Consolidated net assets	277,242 million yen	EMG Lubricants Godo Kaisha was founded on December 15, 2016, and there is no fixed fiscal year.
Consolidated total assets	1,249,089 million yen	
Consolidated net assets per share	760.34 yen	
Consolidated net sales	2,089,386 million yen	
Consolidated operating income	81,049 million yen	
Consolidated ordinary income	76,651 million yen	
Consolidated net income	64,410 million yen	
Consolidated net income per share	176.84 yen	

#### 4. Overview of the splitting division of business

##### (1) Business description of the splitting division

Some of the contracts and intellectual property (including contracts related to intellectual property) of its lubricants manufacturing and sales business.

## **(2) Operating results of the splitting division**

There will be no operating results, as TonenGeneral will transfer some of the contracts and intellectual property (including contracts related to intellectual property) of its lubricants manufacturing and sales business.

## **(3) Items and amounts of assets and liabilities to be succeeded**

The amounts of assets and liabilities have not yet been determined, as TonenGeneral will transfer some of the contracts and intellectual property (including contracts related to intellectual property) of its lubricants manufacturing and sales business.

## **5. Status after the Company Split**

### **(1) Splitting company**

(1) Company name	JXTG Nippon Oil & Energy Corporation (see Note)
(2) Head office	1-2 Otemachi, 1-chome, Chiyoda-ku, Tokyo
(3) Names and titles of representatives	Representative Director and President: Tsutomu Sugimori Representative Director and Executive Vice President: Takashi Hirose
(4) Business description	Refining, production and marketing of petroleum products (gasoline, heating oil, lubricants, etc.) and petrochemical products, import and sale of gas and coal, supply of electricity, and other businesses
(5) Paid-in capital	30,000 million yen
(6) Fiscal year-end	March 31

Note: TonenGeneral will consummate a share exchange with JXHD on April 1, 2017, in which JXHD becomes the wholly-owning parent company and TonenGeneral becomes the wholly-owned subsidiary, followed by the consummation of an absorption-type merger on the same date in which JX Nippon Oil & Energy Corporation ("JXE"), a wholly-owned subsidiary of JXHD, is the surviving company and TonenGeneral is the absorbed company. JXE will be renamed JXTG Nippon Oil & Energy Corporation on that date.

### **(2) Succeeding company**

There will be no change in the company name, head office, name and title of representative, business description, paid-in capital and fiscal year-end of EMGL after the Company Split.

## **6. Future outlook**

The impact of the Company Split on TonenGeneral's consolidated financial results will be minor, as EMGL is a wholly-owned subsidiary of TonenGeneral.

[Reference] Projected consolidated operating results for the fiscal year ending in December 2017 (disclosed on February 22, 2017), and actual performance for the fiscal year ending in December 2016.

(Unit: million yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Projected performance for the period ending 12/2017	N. A.	N. A.	N. A.	N. A.
Actual performance for the period ending 12/2016	2,089,386	81,049	76,651	64,410

Note: As TonenGeneral will conduct a merger with JXE on April 1, 2017, TonenGeneral has not made a consolidated earnings forecast for the fiscal year ending December 31, 2017.

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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.]*