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TonenGeneral Sekiyu K.K.

(Stock Code: 5012 Tokyo Stock Exchange)

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Company Split (Short-form Absorption-type Split) to Cosmo Petroleum Gas Co., Ltd.

TonenGeneral Sekiyu K.K. announces a resolution passed today by its Board of Directors for the split of its LP gas import and wholesale operations and the transfer of these operations to Cosmo Petroleum Gas Co., Ltd. ("Cosmo Petroleum Gas" hereinafter) effective April 1, 2015.

This company split is contingent on a resolution of the Cosmo Petroleum Gas General Meeting of Shareholders and approval by the relevant authorities.

As announced separately today in the TSE disclosure entitled "Preparations Begun for Integration of LP Gas Import and Wholesale Operations" ("Preparations Begun for Integration" hereinafter), this company split will be implemented as part of the preparations for the business integration ("the integration" hereinafter) agreed to by Cosmo Oil Company, Limited ("Cosmo" hereinafter), ShowaShell Sekiyu K.K. ("Showa Shell" hereinafter), Sumitomo Corporation ("Sumitomo" hereinafter) and TonenGeneral Sekiyu K.K. ("TonenGeneral" hereinafter). For the overall scheme of the integration, please refer to "Preparations Begun for Integration".

As a condition for the integration, before the company split described above, TonenGeneral will conclude an absorption-type company split agreement with its consolidated subsidiary EMG Marketing Godo Kaisha ("EMGM" hereinafter), and after assuming the LP gas import and wholesale operations of EMGM, will transfer those operations, along with its own LP gas import and wholesale operations, to Cosmo Petroleum Gas. For information regarding the absorption-type company split with EMGM, please refer to the "Company Split (Short-form Absorption-type Split) from EMG Marketing Godo Kaisha" announcement released today.

As this company split is a short-form absorption-type split that is anticipated to involve a change in the value of total assets of less than 10% of the value of net assets on the last day of the most recent fiscal year and a change in the sum of net sales of less than 3% versus the most recent fiscal year, some of the content of the split is disclosed herein in abbreviated form.

## 1. Purpose of company split

As previously announced in “Agreement Concluded on Integration of LP Gas Import and Wholesale Operations” on August 5, 2014 and “Preparations Begun for Integration”, TonenGeneral concluded an agreement on August 5 with Cosmo, Showa Shell, and Sumitomo for the integration of their LP gas import and wholesale operations. Based on the integration agreement, TonenGeneral will spin off the LP gas import and wholesale operations and transfer them to Cosmo Petroleum Gas.

The LP gas import and wholesale operations and 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 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. Overview of company split

### (1) Schedule of split

Board approval of split agreement (for Cosmo Petroleum Gas)	December 5, 2014
Board approval of split agreement (for TonenGeneral)	December 12, 2014
Approval of split at general meeting of shareholders (for Cosmo Petroleum Gas)	December 18, 2014 (planned)
Conclusion of agreement for split	December 18, 2014 (planned)
Effective date of split	April 1, 2015 (planned)

Note: As the split fulfills the requirements for a short-form split in accordance with Paragraph 3, Article 784 of the Companies Act, the resolution will be passed by TonenGeneral without submission to the General Meeting of Shareholders.

### (2) Method of split

TonenGeneral will be the split company and Cosmo Petroleum Gas the receiving company in an absorption-type split (short-form split).

### (3) Allotment of shares pertaining to split

The receiving company will allot 20,000 shares of common stock to TonenGeneral at the time of the split.

### (4) Share acquisition rights and corporate bonds with stock acquisition rights

The split will not result in any changes in share acquisition rights issued by TonenGeneral. TonenGeneral does not issue corporate bonds with stock acquisition rights.

(5) Changes in paid-in capital due to split

There will be no changes in paid-in capital due to the split.

(6) Rights and obligations assumed by receiving company

The receiving company will, at the time of the split, assume the assets, liabilities, contractual status and other rights and obligations deemed necessary for the execution of LP gas import and wholesale operations.

(7) Ability to fulfill obligations

No difficulties are anticipated in the fulfillment of obligations to be assumed by the receiving company with the split.

**3. Approach to calculation of allotment for company split**

In order to ensure that each company receives a fair and reasonable number of shares with the integration, Cosmo, Showa Shell, Sumitomo and TonenGeneral asked Deloitte Tohmatsu Financial Advisory Co., Ltd. to provide business value evaluations of the LP gas import and wholesale operations of each company to be transferred to Cosmo Petroleum Gas.

Referring to the results of these evaluations, Cosmo, Showa Shell, Sumitomo and TonenGeneral engaged in earnest discussions, and based on factors such as the cash flows, cash and other assets, and liabilities of the operations to be transferred to Cosmo Petroleum Gas, agreed that the number of shares to be allotted to each company was commensurate with the operations, assets and liabilities of each company to be transferred to Cosmo Petroleum Gas with the integration. The number of shares allotted to TonenGeneral by Cosmo Petroleum Gas with this absorption-type split was also determined by this process.

**4. Overview of companies involved in the split**

	Company to be split (TonenGeneral) (as of June 30, 2014)	Receiving company (Cosmo Petroleum Gas) (as of September 30, 2014)
(1) Name	TonenGeneral Sekiyu K.K.	Cosmo Petroleum Gas Co., Ltd.
(2) Head office	1-8-15 Konan, Minato-ku, Tokyo	5-29-14 Shiba, Minato-ku, Tokyo
(3) Position and name of representative	Representative director and president: Jun Mutoh	Representative director and president: Masayoshi Ishino
(4) Description of business	Transshipment of crude oil and petroleum products; manufacture,	Production, storage, transshipment and sale of LP

	processing and sale of petroleum products; manufacture, processing and sale of petrochemical products	gas and other products
(5) Paid-in capital	35,123 million yen	11,000 million yen
(6) Date established	July 26, 1947	June 19, 1986
(7) Number of shares issued	565,182,000	20,000
(8) Fiscal year-end	December 31	March 31
(9) Major shareholders and shareholding ratio <sup>1</sup>	Exxon Mobile Bay Limited Partnership <sup>2</sup> 7.79% Mitsui & Co., Ltd. 6.37% Japan Trustee Services Bank, Ltd. 2.25% The Master Trust Bank of Japan, Ltd. 2.03% Kochi Shinkin Bank 1.51%	Cosmo Oil Company, Ltd. 100%
(10) Financial condition and operating results for most recent fiscal year (unit: million yen, except where noted)		
	TonenGeneral (consolidated)	Cosmo Petroleum Gas
Accounting period	January 1 – December 31, 2013	April 1, 2013 – March 31, 2014
Net assets	294,640	4,894
Total assets	1,409,081	47,094
Net assets per share (yen)	805.77	489,480
Net sales	3,241,150	84,751
Operating income	52,289	1,476
Ordinary income	49,816	1,595
Net income	22,902	1,521
Net income per share (yen)	62.84	152,141

<sup>1</sup> As of June 30, 2014, TonenGeneral held 200,838,000 treasury shares; however, TonenGeneral has not been included among the major shareholders listed above.

<sup>2</sup> Effective October 9, 2014, major shareholder Exxon Mobile Bay Limited Partnership transferred the total number of shares of its stock owned by Exxon Mobile Bay Limited Partnership to Mobil Oil Exploration & Producing Southeast Inc.

## 5. Overview of business segment to be transferred

### (1) Description of business to be transferred

LP gas import and wholesale operations

### (2) Operating results of business to be transferred (fiscal year ending December 31, 2013)

	Operations to be transferred (a) <sup>1</sup>	TonenGeneral results (consolidated) (b)	Ratio (a/b)
Net sales	91,611 million yen	3,241,150 million yen	2.8%

<sup>1</sup> Figures calculated on a consolidated basis including EMGM.

### (3) Assets and liabilities to be transferred (planned)

Assets		Liabilities	
Liquid assets	5,578 million yen	Current liabilities	5,865 million yen
Noncurrent assets	210 million yen	Noncurrent liabilities	-
Total	5,789 million yen	Total	5,865 million yen

## 6. Status of companies involved after split (anticipated)

	Company to be split	Receiving company <sup>1</sup>
(1) Name	TonenGeneral Sekiyu K.K.	Cosmo Petroleum Gas Co., Ltd. <sup>2</sup>
(2) Head office	1-8-15 Konan, Minato-ku, Tokyo	5-29-14 Shiba, Minato-ku, Tokyo <sup>2</sup>
(3) Position and name of representative	Representative director and president: Jun Mutoh	Representative director and president: Kazunori Yamamoto <sup>3</sup>
(4) Description of business	Transshipment of crude oil and petroleum products; manufacture, processing and sale of petroleum products; manufacture, processing and sale of petrochemical products	LP gas production, storage, transshipment, purchase, sale, import, export, and other operations
(5) Paid-in capital	35,123 million yen	11,000 million yen
(6) Fiscal year-end	December 31	December 31 <sup>4</sup>

<sup>1</sup> Status after company split and succession with approval by all parties involved in the integration. For details, please refer to "Preparations Begun for Integration" disclosed on December 12, 2014.

<sup>2</sup> Changes in name and head office location anticipated on April 1, 2015 after company split and succession.

<sup>3</sup> Assignment anticipated on April 1, 2015 after company split and succession following submission to general meeting of shareholders and board of directors.

<sup>4</sup> Change of fiscal year-end to December 31 anticipated after company split and succession in accordance with resolution at general meeting of shareholders.

## 7. Financial outlook

TonenGeneral is currently assessing the impact of the split on its consolidated financial performance, and will disclose it promptly.

Reference: Anticipated consolidated financial results for current term (announced November 14, 2014) and consolidated financial results for previous term (unit: million yen)

	Net sales	Operating income or (loss)	Ordinary income or (loss)	Net income
Anticipated results for current term (Jan. 1 – Dec. 31, 2014)	3,400,000	(29,000)	(30,000)	26,000
Results for previous term (Jan. 1 – Dec. 31, 2013)	3,241,150	52,289	49,816	22,902

*[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.]*