

December 24, 2013

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

## Commencement of Discussions Concerning Integration of LPG Import and Wholesale Operations

Cosmo Oil Co., Ltd. (Head Office: Minato-ku, Tokyo; President, Representative Director, Chief Executive Officer: Keizo Morikawa; hereinafter, "Cosmo"), Showa Shell Sekiyu K.K. (Head Office: Minato-ku, Tokyo; Chairman, Representative Director, Chief Executive Officer: Shigeya Kato; hereinafter, "Showa Shell"), Sumitomo Corporation (Head Office: Chuo-ku, Tokyo; President and CEO: Kuniharu Nakamura), and TonenGeneral Sekiyu K.K. (Head Office: Minato-ku, Tokyo; Representative Director, President: Jun Mutoh; hereinafter, "TonenGeneral") have agreed to begin discussions on the integration of their liquefied petroleum gas (LPG) business operations owned by their respective corporate groups. The discussions for integration will be made on an equal basis.

### 1. Background and objectives

Demand in the domestic LPG market continues to remain sluggish due to accelerated energy-saving efforts and competition with other energy sources including electricity and city gas. At the same time, structural changes are occurring in the overseas LPG market in terms of both supply and demand, as exemplified by the expected increase in demand primarily in Asia and Central and South America, and a rise in the supply of gas from the United States driven by shale gas development.

Under such circumstances, the four corporate groups led by Cosmo, Showa Shell, Sumitomo Corporation, and TonenGeneral, respectively, will commence discussions on the establishment of an integrated business structure by merging all operations of their LPG business ranging from domestic wholesaling to logistics, shipment terminal operation, import/procurement, and overseas trading, aiming to establish a top-tier LPG wholesale company in Japan (hereinafter, "integrated wholesale company"). The new integrated wholesale company will efficiently leverage its wholesale/logistics networks and diversify its procurement sources by taking advantage of its scale, striving to contribute to the stable supply of LPG in Japan, expand overseas trading, and develop its LPG wholesale operation on a sustainable basis.

The following operations will be considered for integration.

- LPG import/wholesale operations of Cosmo, Showa Shell, and TonenGeneral
- LPG wholesale operation of Enessance Holdings Co., Ltd. (Established in 2008 by Showa Shell and Sumitomo Corporation with equity stakes of 51% and 49%, respectively; hereinafter "Enessance.")
- LPG trading operation of Sumitomo Corporation

## 2. Structure for discussion

An Integration Examination Committee will be established in order to discuss the type of integration, corporate business strategy/management structure, governance structure, and other matters. Specific details of the integration will be decided upon during discussions.

## 3. Planned future schedule

April–June 2014	Conclusion of a basic agreement
October–December 2014	Establishment of the integrated wholesale company and commencement of sales operations

\*Integration will be implemented upon approval by the relevant authorities.

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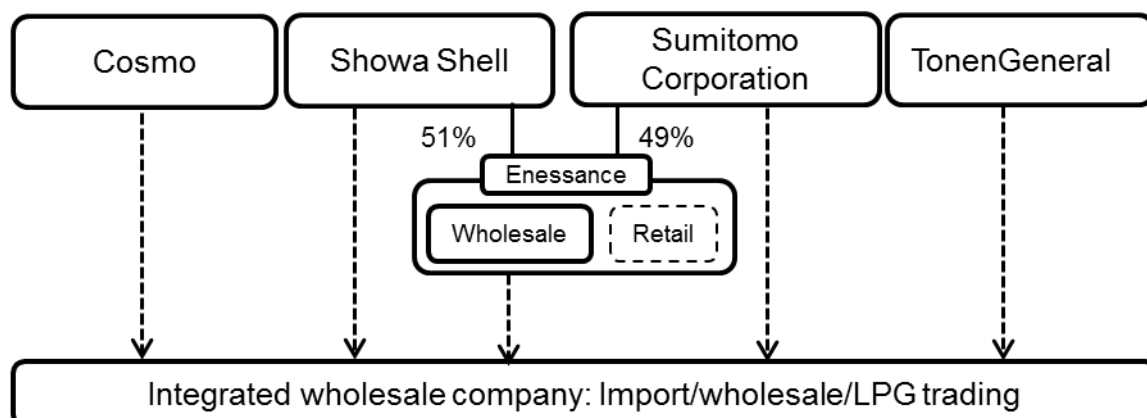
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*[The official language for TonenGeneral Sekiyu's filings with the Tokyo Stock Exchange and Japanese authorities, and for communications with our shareholders, is Japanese. We have posted English versions of some of this information on this website. 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.]*

[Reference]

1. Framework for the integration of LPG business operations

←----- Transfer of import/wholesale/LPG trading operations  
 —— Capital ties



2. Outline of the integrated wholesale company's LPG business

	Integrated wholesale company
Sales	Approx. 400.0 billion yen p.a.
Domestic sales volume (excluding LPG used as electric power and raw material)	Approx. 3.6 million tons p.a.
Import volume	Approx. 3 million tons p.a.
–Import terminals	7 locations (Kashima, Chiba, Kawasaki, Hekinan, Yokkaichi, Sakai, Oita)
–Secondary terminals	4 locations (Shimizu, Sakaide, Matsuyama, Hiroshima)
Overseas trading volume	Approx. 1 million tons p.a.