

December 12, 2014

TonenGeneral Sekiyu K.K.

(Stock Code: 5012 Tokyo Stock Exchange)

Representative Director, President

Jun Mutoh

Contact:

EMG Marketing Godo Kaisha

Public and Government Relations

Media Relations Manager

Kosuke Kai

Tel: 03-6713-4400

Company Split (Short-form Absorption-type Split) from EMG Marketing Godo Kaisha

TonenGeneral Sekiyu K.K. announces a resolution passed today by its Board of Directors for the split of the LP gas import and wholesale operations of its 99%-owned consolidated subsidiary EMG Marketing Godo Kaisha (president: Takashi Hirose; "EMGM" hereinafter) and the transfer of these operations to TonenGeneral Sekiyu K.K. effective April 1, 2015.

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), Showa Shell Sekiyu K.K. ("Showa Shell" hereinafter), Sumitomo Corporation ("Sumitomo" hereinafter) and TonenGeneral Sekiyu K.K. ("TonenGeneral" hereinafter).

The integration is contingent on approval from the companies named in "Preparations Begun for Integration" and the relevant authorities. For the overall scheme of the integration, please refer to "Preparations Begun for Integration".

As this company split is a short-form split that will result in the transfer of a business segment of a consolidated subsidiary, 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 and assume the LP gas import and wholesale operations carried out by EMGM. As described in "Preparations Begun for Integration" and the "Company Split (Short-form

Absorption-type Company Split) to Cosmo Petroleum Gas Co., Ltd.” announcement released today, LP gas import and wholesale operations transferred through the split, along with the LP gas import and wholesale operations originally carried out by TonenGeneral, will be further split and transferred to Cosmo Petroleum Gas Co., Ltd. (“Cosmo Petroleum Gas” hereinafter) effective April 1, 2015.

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 TonenGeneral)	December 12, 2014
Approval of split agreement (for EMGM)	December 12, 2014
Conclusion of agreement for split	December 12, 2014
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 796 of the Companies Act, the resolution will be passed by TonenGeneral without submission to its general meeting of shareholders.

EMGM’s company form is a godo kaisha, and a resolution has been made by the authorities equivalent to the board of directors meeting or the shareholders meeting of a kabushiki kaisha.

(2) Method of split

EMGM is the company to be split and TonenGeneral the receiving company in an absorption-type split (short-form split).

(3) Allotment pertaining to split

TonenGeneral, as the receiving company, will allot 2.5 billion yen to EMGM 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

TonenGeneral, as 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 TonenGeneral, the receiving company, with the split.

3. Approach to calculation of allotment for company split

After earnest discussions between the two companies, and taking into account factors such as the operations transferred to the receiving company along with rights and obligations resulting from the split, the companies agreed to the split in accordance with the allotment stated above.

4. Overview of companies involved in company split

	Company to be split (EMGM) (as of June 30, 2014)	Receiving company (TonenGeneral) (as of June 30, 2014)
(1) Name	EMG Marketing Godo Kaisha	TonenGeneral Sekiyu K.K.
(2) Head office	1-8-15 Konan, Minato-ku, Tokyo	1-8-15 Konan, Minato-ku, Tokyo
(3) Position and name of representative	Representative: TonenGeneral President: Takashi Hirose	Representative director and president: Jun Mutoh
(4) Description of business	Production, import and sale of petroleum and petroleum products; purchase, storage, retention, transshipment, etc. of other products for transactions involving petroleum and petroleum products	Transshipment of crude oil and petroleum products; manufacture, processing and sale of petroleum products; manufacture, processing and sale of petrochemical products
(5) Paid-in capital	50,000 million yen	35,123 million yen
(6) Date established	December 12, 1961	July 26, 1947
(7) Number of shares issued	--	565,182,000
(8) Fiscal year-end	December 31	December 31
(9) Major shareholders or employees and	TonenGeneral Sekiyu 99% Exxon Mobile Bay Limited	Exxon Mobile Bay Limited Partnership ² 7.79%

shareholding ratio or equity ratio ¹	Partnership ²	1%	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%

(10) Financial condition and operating results for most recent fiscal year (unit: million yen, except where noted)³

	EMGM	TonenGeneral (consolidated)
Accounting period	January 1 – December 31, 2013	January 1 – December 31, 2013
Net assets	185,025	294,640
Total assets	451,683	1,409,081
Net assets per share (yen)	--	805.77
Net sales	1,713,365	3,241,150
Operating income	18,738	52,289
Ordinary income	21,635	49,816
Net income	11,427	22,902
Net income per share (yen)	--	62.84

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

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

³ Financial reporting for EMGM on a non-consolidated basis; for TonenGeneral on a consolidated basis that includes EMGM.

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)	TonenGeneral results (consolidated) (b)	Ratio (a/b)
Net sales	45,048 million yen	3,241,150 million yen	1.4%

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

Structures, signposts and other noncurrent assets, along with goodwill and cash involved in this business and security money for acceptance of assignment attached to this business as liabilities will be transferred as assets, and that amount will be disclosed once it is confirmed.

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

	Company to be split	Receiving company
(1) Name	EMG Marketing Godo Kaisha	TonenGeneral Sekiyu K.K.
(2) Head office	1-8-15 Konan, Minato-ku, Tokyo	1-8-15 Konan, Minato-ku, Tokyo
(3) Position and name of representative	Representative: TonenGeneral President: Takashi Hirose	Representative director and president: Jun Mutoh
(4) Description of business	Production, import and sale of petroleum and petroleum products; purchase, storage, retention, transshipment, etc. of other products for transactions involving petroleum and petroleum products	Transshipment of crude oil and petroleum products; manufacture, processing and sale of petroleum products; manufacture, processing and sale of petrochemical products
(5) Paid-in capital	20,000 million yen	35,123 million yen
(6) Fiscal year-end	December 31	December 31

7. Financial outlook

The effects of the split on consolidated financial results will be negligible.

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
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.]