

March 19, 2019

Press Release

Company name: Idemitsu Kosan Co., Ltd.
Showa Shell Sekiyu K.K.

Announcement Regarding Commencement of Deliberation on Company Split

Idemitsu Kosan Co., Ltd. (“Idemitsu Kosan”) and Showa Shell Sekiyu K.K. (“Showa Shell”) have continued discussions on measures to proceed even further with the business integration (the “Business Integration”) through the share exchange (the “Share Exchange”) to be effective on April 1, 2019 between Idemitsu Kosan and Showa Shell. Both companies hereby announce as follows, since they have decided to commence deliberating concretely the implementation of a company split (the “Company Split”) which will cause Idemitsu Kosan to succeed to Showa Shell’s entire business by way of an absorption-type company split (such deliberation, the “Deliberation”).

1. Purpose for the Deliberation

Both companies will proceed with the Business Integration and aim to create even more synergies by transferring Showa Shell’s assets, liabilities, and rights and obligations to Idemitsu Kosan through the Company Split, and integrating their organizations and businesses.

2. Overview of the Deliberation

(1) Method for the Company Split

Both companies will implement an absorption-type company split in which Showa Shell will be a splitting company and Idemitsu Kosan will be a succeeding company. The details will be determined hereafter through both companies’ discussions.

(2) Schedule for the Company Split

Resolution of the board of directors meetings of both companies concerning approval of the execution of an absorption-type company split agreement	Late April, 2019 (scheduled)
Execution of the absorption-type company split agreement	Late April, 2019 (scheduled)
Effective date of the Company Split	July 1, 2019 (scheduled)

(Note) The Company Split falls under a simplified company split stipulated in Article 796, paragraph 2 of the Companies Act for Idemitsu Kosan, and an informal company split stipulated in Article 784, paragraph 1 of the Companies Act for

Showa Shell. Accordingly, neither of Idemitsu Kosan nor Showa Shell will hold shareholders meetings to approve the absorption-type company split agreement. The details will be determined hereafter through both companies' discussions.

(3) Rights and Obligations to Be Succeeded to by the Succeeding Company

Idemitsu Kosan will succeed to, from Showa Shell, the assets, liabilities, and rights and obligations which belong to Showa Shell's entire business through the Company Split. The details will be determined hereafter through both companies' discussions.

(4) Others

The details of the Company Split, including matters other than (1) through (3) above, will be determined hereafter through both companies' discussions.

3. Future Outlook

The effect on the financial performance for the current term of Showa Shell and Idemitsu Kosan is insignificant. The effect on the financial performance for the subsequent terms of both companies has not been determined to date. If any matters required to be disclosed arise hereafter, they will be promptly announced.

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