



(English Translation)

9 August 2018

To whom it may concern

Company	Showa Shell Sekiyu K.K.
Representative	Representative Director, President, Executive Officer, CEO Tsuyoshi Kameoka
Code Number	5002 Tokyo Stock Exchange 1st Section
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Announcement Regarding Share Repurchase and Cancellation of Treasury Shares

(Share Repurchase under the provisions of Articles of Incorporation pursuant to paragraph 2 of Article 165 of the Companies Act of Japan and cancellation of a part of treasury shares in accordance with Article 178 of the Act)

Showa Shell Sekiyu K.K. has announced that the Board of Directors resolved at the meeting held today to repurchase its shares in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the Companies Act of Japan and to cancel a part of treasury shares in accordance with Article 178 of the Act. Details of the repurchase and cancellation are as follows:

1. Reasons for share repurchase

In the Mid-Term Business Strategy formulated in 2017, the Company stated that further enhance “additional shareholder return” and “strategic investment for the future growth” as our basic policy of cash allocation.

As stated in the document “Announcement of Revisions in the Financial Forecasts for FY2018” released today, we expect a record-high profit for this accounting period with free cash flow far exceeding the original estimate. Given such circumstances, we decided to repurchase shares as an additional shareholder return based on the Mid-Term Business Strategy.

If the year-end dividend is resolved at the extraordinary general meeting of shareholders to be held in December 2018 at the level announced in the document released today, “Announcement of revisions in the forecast for the year-end dividends (dividend increase) for fiscal year 2018”, total payout ratio will be around 50% for the fiscal year 2018.

2. Details of share repurchase

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| (1) Class of share | : | Common share of the Company |
| (2) Total number of shares to be repurchased | : | 6 million shares (upper limit)
(equal to 1.59% of total issued shares excluding treasury shares) |
| (3) Total amount of purchase price | : | 10 billion yen (upper limit) |
| (4) Period for share repurchase | : | From August 16, 2018 to October 31, 2018 |
| (5) Repurchase method | : | |

Market purchase at the Tokyo Stock Exchange, Japan



3. Details of cancellation

- (1) Class of share : Common share of the Company
- (2) Total number of shares of treasury shares to be cancelled :
All of the shares of common share to be repurchased pursuant to 2 above
- (3) Scheduled date of cancellation : November 30, 2018

(Reference)

Number of outstanding shares excluding treasury shares : 376,680,466

Number of treasury shares as of June 30, 2018 : 169,934

End