

December 12, 2014

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Notice of Commencement of Preparations for Integration of LP Gas Import and Wholesale Operations

Cosmo Oil Company, Limited (hereinafter, "Cosmo"), Showa Shell Sekiyu K.K. (hereinafter, "Showa Shell"), Sumitomo Corporation, and TonenGeneral Sekiyu K.K. (hereinafter, "TonenGeneral") agreed to the integration of their LP gas import and wholesale operations (hereinafter, "the Business Integration"), and concluded an integration agreement to establish an integrated import and wholesale company, as announced in the "Notice of Agreement Concluded on Integration of LP Gas Import and Wholesale Operations" dated August 5, 2014.

Each of the above-mentioned companies has respectively been making preparations for implementing the Business Integration with April 1, 2015 as the integration deadline. Thus, this notice is to inform the public of the status of the developments having occurred after the above-mentioned press release and to outline anew details of the overall scheme of the Business Integration as well as the future schedule.

The Business Integration is contingent on decision-making mentioned in Item 3 below by the governing body of each of the companies involved as well as on approval from the relevant authorities. The status of decision-making by the governing body of each of the companies involved as well as details of the decision-making will be disclosed to the public for its viewing on an individual

basis each time such decision has been made.

1. Scope of integration

The scope of the Business Integration is as shown below.

- The LP gas import and wholesale operations pursued by Cosmo and its wholly-owned subsidiary Cosmo Petroleum Gas Co., Ltd. (hereinafter, "Cosmo Petroleum Gas")
- The LP gas import and wholesale operations pursued by Showa Shell
- The LP gas import and wholesale operations pursued by TonenGeneral and EMG Marketing Godo Kaisha (the former's 99%-owned subsidiary; hereinafter, "EMGM")
- The LP gas trading operations pursued by Sumitomo Corporation
- The LP gas wholesale operations pursued by Enessance Holdings Co., Ltd. (established in 2008 by Showa Shell and Sumitomo Corporation with equity stakes of 51% and 49%, respectively; hereinafter, "Enessance")

2. Business integration method

The four corporate groups will implement the Business Integration by carrying out absorption-type spin-offs of the operations mentioned in the preceding paragraph with Cosmo Petroleum Gas as the receiving company (absorption-type spin-off succeeding company). Following the Business Integration, Cosmo, Showa Shell, Sumitomo Corporation and TonenGeneral will ultimately own 20,000 shares in the succeeding company, respectively (equivalent to 25% of the total number of shares outstanding). While the succeeding company's trade name is planned to be changed on April 1, 2015, the integration deadline date, no decision on the new trade name has yet to be made as of the time of writing. The succeeding company will hereinafter in this notice be referred to as "Integrated Import and Wholesale Company"

The following outlines details of the Business Integration scheme.

- Cosmo will use the simplified absorption-type spin-off method stipulated by the Companies Act to let Cosmo Petroleum Gas succeed to the rights and obligations (cash and deposits and software) the former has concerning its LP gas import and wholesale operations. In this absorption-type spin-off transaction, Cosmo will not be paid any consideration. Cosmo, currently owning 20,000 shares in Cosmo Petroleum Gas as of December 12, 2014, will continue to own these shares. Prior to the Business Integration, Cosmo Petroleum Gas sold and transferred shares in Tohoku Cosmo Gas Co., Ltd. to Cosmo for the purpose of specializing in the LP gas import and wholesale operations.
- Prior to the Business Integration, TonenGeneral will succeed to the LP gas import and wholesale operations owned by EMGM (hereinafter, "Prior Preparation"). This succession will be carried out by the simplified absorption-type spin-off method stipulated by the Companies Act, and TonenGeneral will pay to EMGM 2,500 million yen as consideration for the succession. Subsequently, TonenGeneral will use the simplified absorption-type spin-off method stipulated by the Companies Act to let Cosmo Petroleum Gas succeed to the former's LP gas import and wholesale operations as well as the LP gas import and wholesale operations previously succeeded to by TonenGeneral through prior preparation, following which it will be delivered 20,000 shares of common stock in Cosmo Petroleum Gas by the company as consideration for the succession.
- Showa Shell will let Cosmo Petroleum succeed to the former's LP gas import and wholesale operations by the simplified absorption-type spin-off method stipulated by the Companies Act, and will be delivered 18,164 shares of common stock in Cosmo Petroleum by the company as consideration for the succession.
- Sumitomo Corporation will let Cosmo Petroleum succeed to the former's LP gas trading

operations by the simplified absorption-type spin-off method stipulated by the Companies Act, and will be delivered 18,236 shares of common stock in Cosmo Petroleum by the company as consideration for the succession.

- Enessance will let Cosmo Petroleum Gas succeed to the former's LP gas wholesale operations by the simplified absorption-type spin-off method stipulated by the Companies Act, and will be delivered 3,600 shares of common stock in Cosmo Petroleum by the company as consideration for the succession. Deeming the 3,600 shares delivered from Cosmo Petroleum to be dividend assets, Enessance will pay dividend of surplus to Showa Shell and Sumitomo Corporation, shareholders of Enessance, and deliver 1,836 shares to Showa Shell and 1,764 shares to Sumitomo Corporation, respectively. As a result of these actions, Showa Shell and Sumitomo Corporation will ultimately own 20,000 shares in the integrated import and wholesale company, respectively, including the shares respectively delivered to them as consideration for the absorption-type spin-offs.

Reference

The Attachment shows a diagram that outlines the scheme of the above Business Integration.

Cosmo Petroleum Gas resolved at its Board of Directors meeting held on August 27, 2014 to issue 10,000 new shares of its stock in a third-party allotment capital increase program with Cosmo as the allottee, and was paid the price for the shares on September 17, 2014.

The executive team for the integrated LP gas import and wholesale company will be as announced in the Notice on Executive Team for Integrated LP Gas Import and Wholesale Company dated November 28, 2014.

3. Future schedule of the Business Integration (tentative)

Resolution for, and conclusion of, the absorption-type spin-off agreement between EMGM and TonenGeneral (Prior Preparation)	December 12, 2014
The Board of Directors meeting of TonenGeneral to approve the absorption-type spin-off agreement with Cosmo Petroleum Gas	December 12, 2014
The Board of Directors meeting of Showa Shell to approve the absorption-type spin-off agreement with Cosmo Petroleum Gas	December 16, 2014
The Board of Directors meeting of Sumitomo Corporation to approve the absorption-type spin-off agreement with Cosmo Petroleum Gas	December 18, 2014
The Board of Directors meeting of Cosmo to approve the absorption-type spin-off agreement with Cosmo Petroleum Gas	December 18, 2014
The General Meeting of Shareholders of Cosmo Petroleum to approve the absorption-type spin-off agreement with the other firms involved	December 18, 2014
Conclusion of the absorption-type spin-off agreement between Cosmo Petroleum Gas and the other firms involved	December 18, 2014
The General Meeting of Shareholders of Enessance to approve the absorption-type spin-off agreement with Cosmo Petroleum Gas	December 26, 2014 (*1)
Integration deadline (effective date) (*2)	April 1, 2015 (tentative)

(*1) To approve the payment of dividend of surplus with shares in Cosmo Petroleum Gas as the dividend assets

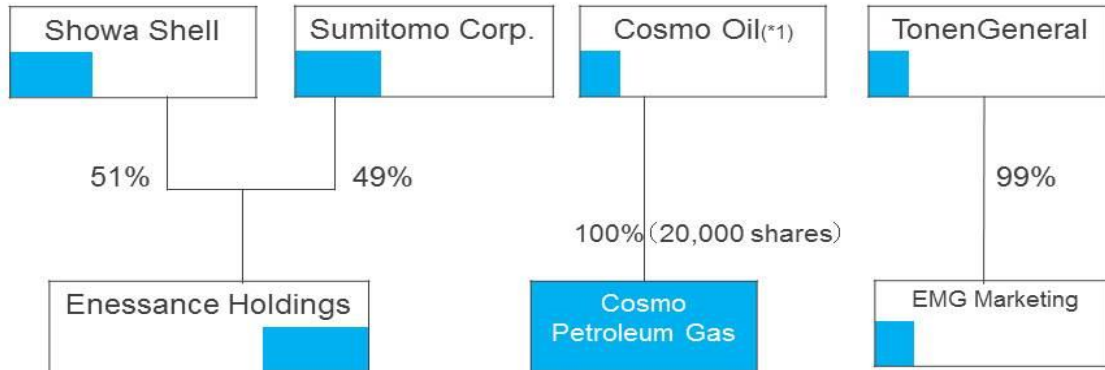
(*2) On the same day, TonenGeneral will implement the simplified absorption-type spin-off with EMGM as the former's Prior Preparation and Enessance will pay dividend of surplus with shares in Cosmo Petroleum as the dividend assets

4. Profile of integrated import and wholesale company (tentative)

(1) Trade name (new company name)	Notification of the trade name to be used from April 1, 2015 will be provided as soon as a final decision has been reached.	
(2) Head office location	Notification of the head office location from April 1, 2015 onwards will be provided as soon as a final decision has been reached.	
(3) Representatives and executives	<p>President and Representative Director Kazunori Yamamoto Executive Vice President and Director Shigeki Nara Executive Vice President and Director Toshiyuki Yokota Executive Vice President and Director Yoshihiro Masuda</p> <p>Other than those listed above, four directors (part-time directors) will be installed. Cosmo, Showa Shell, Sumitomo Corporation and TonenGeneral will designate one candidate, respectively.</p> <p>Four corporate auditors will be installed. Cosmo, and Showa Shell, Sumitomo Corporation and TonenGeneral will designate one candidate, respectively.</p>	
(4) Description of business	Manufacture, storage, transport, sale and import/export of LP gas	
(5) Capital	11 billion yen	
(6) Number of issued shares	80,000 shares	
(7) Settlement period	December	
(8) Major shareholders and ratio of shareholding	Cosmo (25%), Showa Shell (25%) Sumitomo Corporation (25%), TonenGeneral (25%)	
(9) Sales revenue	Approx. 450 billion yen	
(10) Domestic sales volume (excluding LPG used as electric power and raw material)	Approx. 3.7 million tons	
(11) Import volume	Approx. 2.8 million tons	
(12) Overseas trading volume	Approx. 10 million tons	
(13) Principal offices	Seven LP gas import terminals	Kashima, Chiba, Kawasaki, Hekinan (in Aichi Prefecture), Yokkaichi, Sakai, Oita
	Four LP gas secondary terminals	Shimizu, Sakaide, Matsuyama, Hiroshima
	Seven business bases	Sendai, Tokyo, Nagoya, Osaka, Takamatsu, Fukuoka, Naha
(14) Principal subsidiaries and affiliates	Yokkaichi LPG Terminal Co., Ltd. Kashima LPG Joint Stockpiling Co., Ltd. Oita LPG Joint Stockpiling Co., Ltd. Hiroshima LPG Terminal Co., Ltd.	

LPG Business Integration

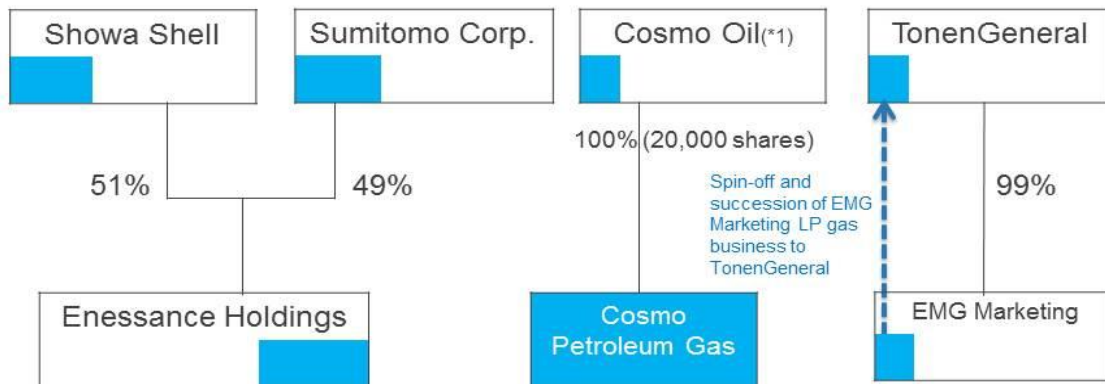
1. Current



LP gas import and wholesale operations, LP gas trading operations, LP gas wholesale operations

(*1) LP gas import and wholesale operations of Cosmo Oil are limited to software used by Integrated LP gas import and wholesale company and cash.

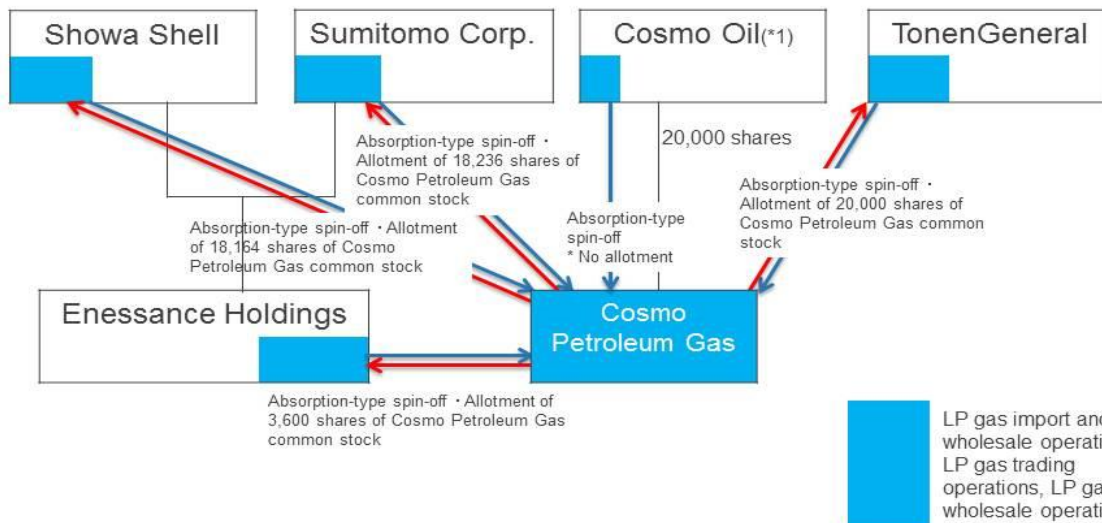
2. Prior Preparation by TonenGeneral



LP gas import and wholesale operations, LP gas trading operations, LP gas wholesale operations

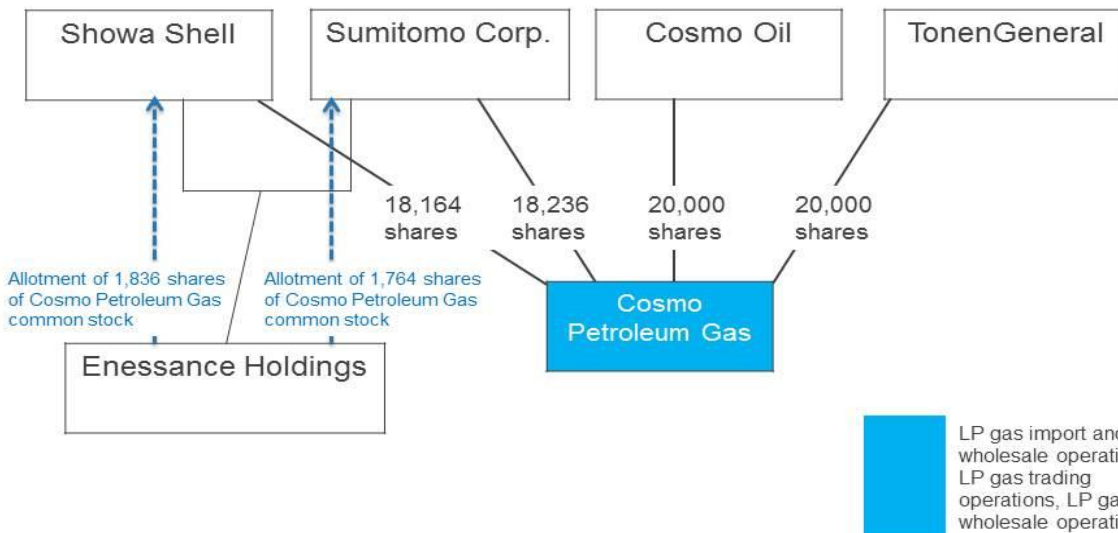
(*1) LP gas import and wholesale operations of Cosmo Oil are limited to software used by Integrated LP gas import and wholesale company and cash.

3. Company Split with Cosmo Petroleum Gas



(*1) LP gas import and wholesale operations of Cosmo Oil are limited to software used by Integrated LP gas import and wholesale company and cash.

4. Stock Dividend by Enessance Holdings



5. Completion of Integration

