



July 30, 2015

Press Release

Company Name: Idemitsu Kosan Co., Ltd.
Representative Director & Chief Executive
Officer: Takashi Tsukioka
(Company Code: 5019, TSE, First Sect.)
Contact person:
Taiji Hashidoko, General Manager, Investor
Relations Office, Treasury Department
(TEL: +81-3-3213-3115)

Announcement Regarding Acquisition of Showa Shell Sekiyu K.K. Shares (33.3% of the voting rights) from Royal Dutch Shell plc

Idemitsu Kosan Co., Ltd. (hereinafter “we” or “Idemitsu”) hereby announces that its board of directors meeting reached a resolution today to purchase Showa Shell Sekiyu K.K. (Headquarters: Minato-ku, Tokyo; Representative Director CEO: Tsuyoshi Kameoka; hereinafter “Showa Shell”) shares from subsidiary companies (for a detailed overview of the sellers, please refer to Section 3 below) of Royal Dutch Shell plc (Headquarters: Hague, Netherland; CEO: Ben van Beurden; hereinafter “Royal Dutch Shell”) and that a Share Purchase Agreement has been entered into by and between Idemitsu and such subsidiary companies.

1. Reasons for Share Acquisition

Although the oil business in Japan is a significant industry that ensures national energy security, it is facing various structural challenges such as the medium and long-term fall-off in demand for petroleum products and a low earnings structure caused by overcapacity and excessive competition. Forming competitive business groups that have a solid management foundation, that is, industry consolidation is necessary in order for the oil business to perform its social mission. Given this business environment, we have conducted merger discussions with Showa Shell in the context of considering wide-scale strategic options.

We have entered into a Share Purchase Agreement to acquire 125,261,200 shares (33.3% of the voting rights) of Showa Shell from the subsidiary companies of Royal Dutch Shell (this acquisition of Showa Shell shares is referred to hereinafter as the “Transaction”).

Through the Transaction, we would like to advance these merger discussions with Showa Shell even further. We firmly believe that Showa Shell is an excellent company with outstanding human resources and a high level of competitiveness and together, both Showa Shell and Idemitsu could maximize their overall corporate value as an “Integrated Energy Company” that possesses a clear-cut growth strategy and market presence by integrating the management resources and know-how of both Showa Shell and Idemitsu.

We are aiming for a merger based on a spirit of equals that would lead to benefits for all stakeholders, including customers, business partners, dealers, employees, labor unions, and shareholders of both Showa Shell and Idemitsu.

Both Showa Shell and Idemitsu have agreed to sincerely advance the discussions toward a merger, and we would like to progress discussions in good faith with Showa Shell.

For the Transaction, we have retained JPMorgan Securities Japan Co., Ltd. (hereinafter “JPMorgan”) as our financial advisor. We asked for a valuation of Showa Shell shares and received a valuation reference report from JPMorgan. We also have retained Nishimura & Asahi as our legal advisor and received legal advice regarding the Transaction.

2. Overview of Showa Shell Sekiyu K.K. (as of December 31, 2014)

(1)	Company Name	Showa Shell Sekiyu K.K.		
(2)	Head Office	2-3-2 Daiba, Minato-ku, Tokyo		
(3)	Representative	Tsuyoshi Kameoka, Representative Director, CEO		
(4)	Main Business	Oil business and energy solutions business		
(5)	Capital	JPY 34,197,585,900		
(6)	Date Established	August 1, 1942		
(7)	Main Shareholders and Share Ownership Ratio	The Shell Petroleum Company Limited, 33.24% Aramco Overseas Company B.V., 14.96% Nihon Master-Trust Trust Bank K.K. (Custody Account), 3.33% Nihon Trusty Service Trust Bank K.K. (Custody Account), 2.90% The Anglo-Saxon Petroleum Company Limited, 1.80%		
(8)	Relationship With Listed Company	Capital	None	
		Personnel	None	
		Business Transactions	None	
(9)	Consolidated financial results and position for most recent three years			
Accounting Period (For Fiscal Year Ended)		December 2012	December 2013	December 2014
Consolidated Net Assets		273,783	325,352	296,317
Consolidated Total Assets		1,233,193	1,295,831	1,176,282
Consolidated Net Assets Per Share (JPY)		663.33	798.17	722.33
Consolidated Sales		2,629,261	2,953,808	2,997,984
Consolidated Operational Profit or Loss		14,697	75,430	-18,057
Consolidated Ordinary Profit or Loss		12,674	76,204	-16,723
Profit Attributable to Owners of Parent		1,013	60,295	-9,703
Consolidated Net Income Per Share (JPY)		2.69	160.09	-25.76
Dividend Per Share (JPY)		18	36	38

(Unit: millions of JPY)

3. Overview of Sellers

(1) The Shell Petroleum Company Limited (as of December 31, 2014)

(1)	Company Name	The Shell Petroleum Company Limited	
(2)	Head Office	Shell Centre, London SE1 7NA, United Kingdom	
(3)	Representative	Gary Thomson	
(4)	Main Business	General oil related business	
(5)	Capital	2,697 (called up share capital)	
(6)	Date Established	June 29, 1903	
(7)	Net Assets	27,135	
(8)	Total Assets	58,601	
(9)	Main Shareholders and Share Ownership Ratio	The Shell Transport and Trading Company Limited (100%)	
(10)	Relationship with Listed Company	Capital	None
		Personnel	None
		Business Transactions	None
		Status of Related Parties	None

(Unit: millions of USD)

(2) The Anglo-Saxon Petroleum Company Limited (as of December 31, 2013)

(1)	Company Name	The Anglo-Saxon Petroleum Company Limited	
(2)	Head Office	Shell Centre, London SE1 7NA, United Kingdom	
(3)	Representative	Gary Thomson	
(4)	Main Business	General oil related business	
(5)	Capital	10,000 (called up share capital)	
(6)	Date Established	June 29, 1907	
(7)	Net Assets	1,133,213	
(8)	Total Assets	1,133,213	
(9)	Main Shareholders and Share Ownership Ratio	The Shell Petroleum Company Limited (100%)	
(10)	Relationship with Listed Company	Capital	None
		Personnel	None
		Business Transactions	None
		Status of Related Parties	None

(Unit: GBP)

4. Number of Shares to be Purchased, Purchase Price, and Shareholding before and after Purchase

(1)	Number of Shares before Purchase	0 (Total Number of Voting Rights: 0) (Voting Rights Ratio: 0%)
(2)	Number of Shares to be Purchased	125,261,200 (Total Number of Voting Rights: 1,252,612)
(3)	Purchase Price	JPY 169,103 million (JPY 1,350 per Share)
(4)	Number of Shares after Purchase	125,261,200 (Total Number of Voting Rights: 1,252,612) (Voting Rights Ratio: 33.3%)

5. Schedule

(1)	Date of Meeting of the Board of Directors	July 30, 2015
(2)	Date of Execution of Share Purchase Agreement	July 30, 2015
(3)	Date of Transfer of Shares	The first half of 2016 (planned) Note)

Note) Execution of the share transfer is contingent upon the completion of the Japan Fair Trade Commission's corporate merger review, potential merger reviews in a small number of other jurisdictions and other conditions.

6. Future Outlook

We are currently analyzing the impact of the Transaction on our consolidated business results forecasts for the current term. Should any matter that we are obliged to disclose occur, we will make an announcement swiftly.

(For reference) Consolidated Business Results Forecasts For the Year Ending March 2016 (released on May 7, 2015) and Consolidated Business Results For the Year Ended March 2015

	Consolidated Sales	Consolidated Operational Profit or Loss	Consolidated Ordinary Profit or Loss	Profit Attributable to Owners of Parent
March 2016 (forecasts)	4,350,000	92,000	89,000	56,000
March 2015	4,629,732	-104,798	-107,618	-137,958

(Unit: millions of JPY)