

June 18, 2014

Cosmo Oil Co., Ltd.
TonenGeneral Sekiyu K.K.

Conclusion of Memorandum to Discuss Collaboration Opportunities at Chiba Refineries

As previously reported, Cosmo Oil Co. Ltd. (president, representative director: Keizo Morikawa) and TonenGeneral Sekiyu K.K. (representative director and president: Jun Mutoh) have been discussing collaboration opportunities at their respective refineries in Chiba (Cosmo Oil Chiba refinery: capacity: 240,000 bbl/day; Chiba refinery of TonenGeneral Group company Kyokuto Petroleum Industries: capacity: 152,000 bbl/day; "the refineries" herein).

Based on discussions thus far, the two companies have identified specific matters for further discussion regarding the implementation of collaboration opportunities, and announce the conclusion today of a memorandum, described below, regarding their agreement to continue their discussions to this end.

Background: The two companies seek to increase their two refineries' competitiveness both internationally and domestically through the integration of the refineries. In accordance with the memorandum, they will continue consultation regarding the implementation of collaboration opportunities at these two sites, and intend to conclude a basic contract to this effect by the end of this year.

Date concluded: June 18, 2014

Content: Matters for further discussion (progress of discussion thus far and further discussion concerning the following)

- Establishment by January 2015 of a joint organization in the form of a *godo kaisha* (limited liability company) for fair and equitable management of the collaboration between the two sites.
- Efforts toward synergy capture in refinery operations following establishment of the joint organization
- Commencement of detailed design of pipelines linking the refineries, to be completed in 2016
- Integration of refining facilities upon completion of pipelines to achieve integration of the two refineries
- Discuss optimization of facilities, including atmospheric distillation unit, to ensure synergy capture from integration.

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[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.]