March 09, 2020

Press Release

Company name: Idemitsu Kosan Co.,Ltd.
President and Representative Director: Shunichi Kito
(Company Code: 5019, TSE 1st Section)
Contact person: Koji Tokumitsu, General Manager,
Investor Relations Office, Finance Department
(TEL: +81-3-3213-9307)

Announcement Regarding the Commencement of Discussions on the Transfer of the Shell-Branded Lubricants Business

Idemitsu Kosan Co., Ltd. (the "Company") hereby announces that the Company has determined to commence concrete discussions (the "Discussions") with Shell International Petroleum Company Limited ("Shell International") on the transfer of all of the shares of Shell Lubricants Japan K.K. ("SLJ"), a wholly-owned subsidiary of the Company, and certain assets and rights currently held by the Company for the use of SLJ's Shell-branded lubricants business (the "Transfer") to Shell International's affiliate ("Shell") and that the Company and Shell International have signed a Memorandum of Understanding for the Discussions.

1. Purpose for the Discussions

The Company has been operating the Idemitsu-branded lubricants business through the Company, and the Shell-branded lubricants business through SLJ, a wholly-owned subsidiary of the Company, with the goal of sustaining and expanding the lubricants business.

With consideration for a proposal from Shell International, the Company has determined at this time to commence the Discussions in order to establish an independent operating structure for the mutually competitive business of each brand and achieve the further development and expansion thereof, through the transfer to Shell of all of the shares of SLJ and certain assets and rights in the Shell-branded lubricants business currently held by the Company.

2. Overview of the Discussions

The Company and Shell International plan to implement the Transfer through the acquisition by Shell from the Company of all of the shares of SLJ upon the assignment by the Company to SLJ of the assets and rights in SLJ's Shell-branded lubricants business currently held by the Company.

The details of the Transfer will be determined hereafter through discussions between the Company and Shell International.

3. Future Outlook

The effect on the financial performance for the current term of the Company is insignificant. The effect on the financial performance for subsequent terms of the Company has not been determined to date. We will promptly inform you of any matters requiring disclosure that arise hereafter.

End