

The JFTC Reviewed the Proposed Acquisition of Shares of Showa Shell Sekiyu K.K. by Idemitsu Kosan Co., Ltd. and the Proposed Acquisition of Shares of TonenGeneral Sekiyu K.K. by JX Holdings, Inc.

(Tentative Translation)

December 19, 2016
Japan Fair Trade Commission

Receiving notifications regarding the proposed acquisition of shares of Showa Shell Sekiyu K.K. (JCN5010401014535) (hereinafter referred to as “Showa Shell”) by Idemitsu Kosan Co., Ltd. (JCN9010001011318) (hereinafter referred to as “Idemitsu”) (hereinafter referred to as “the Idemitsu Integration”) and the proposed acquisition of shares of TonenGeneral Sekiyu K.K. (JCN2010401015916) (hereinafter referred to as “TonenGeneral”) by JX Holdings, Inc. (JCN9010001131743) (hereinafter referred to as “JXHD”) (hereinafter referred to as “the JX Integration”), the Japan Fair Trade Commission (JFTC) reviewed the Idemitsu Integration and the JX Integration¹ and reached the conclusion that, given the remedies proposed by the parties of a concern, competition in any particular fields of trade is unlikely to be substantially restrained. Accordingly, the JFTC has notified Idemitsu and JXHD respectively that it will not issue a cease and desist order, resulting in the completion of its review.

(※) JCN : Japan Corporate Number

I. Overview of the transactions

(i) Idemitsu plans to acquire the shares of Showa Shell and thereby to obtain more than 20 percent of Showa Shell’s voting rights.

(ii) JXHD plans to acquire the shares of TonenGeneral and thereby to obtain more than 50 percent of TonenGeneral’s voting rights.

II. Reviewing Process

(i) The Idemitsu Integration

Receipt of the notification regarding the Idemitsu Integration on December 16th, 2015
(the start of the primary review)

Request for reports, etc. by the JFTC on January 15th, 2016 (the start of the secondary review)

Receipt of all requested reports, etc. on December 1st, 2016 (the due date for a prior notice was set on March 2nd, 2017)

¹ The JFTC reviewed a number of fields of trade including LP gas, gasoline, kerosene, gas oil, fuel oil A and so on.

Clearance notification on December 19th, 2016

(ii) The JX Integration

Receipt of the notification regarding the JX Integration on February 29th, 2016 (the start of the primary review)

Request for reports, etc. by the JFTC on March 30th, 2016 (the start of the secondary review)

Receipt of all requested reports, etc. on November 30th, 2016 (the due date for a prior notice was set on March 1st, 2017)

Clearance notification on December 19th, 2016

III. Conclusion

As a result of its review, based on the premise that the parties of a concern will implement the proposed remedies, the JFTC concludes that the Idemitsu Integration and the JX Integration would not substantially restrain competition in the particular fields of trade.

(Footnote)

The JFTC has been authorized to conduct reviews on whether business combination plans may be substantially to restrain competition in particular fields of trade by following procedures prescribed in the Antimonopoly Act (hereinafter referred to as the “AMA”). When a notifying corporation submits a notification form to the JFTC and the JFTC receives it, the notifying corporation is prohibited from effecting the planned business combination in question by the expiration of the 30-day waiting period from the date of receipt of the said notification. During the waiting period, concerning the business combination in question, the JFTC will either; (1) judge that the said business combination is not problematic in light of the AMA, or; (2) judge that more detailed review is necessary and request submission of the necessary reports, information or materials.

In the case of (1) above, to improve transparency of the review of business combination, the JFTC shall give notification to the effect that it will not issue a cease and desist order.

In the case of (2) above, the period when the JFTC may give notice of hearing of opinions shall be extended until 120 days after the date of receipt of the notification or 90 days after the date of receipt of all reports etc., whichever is later. In case the JFTC judges, within this extended period, that the business combination plan in question is not problematic in light of the AMA, it shall give notification to the effect that it will not issue a cease and desist order, same as the case of (1).