



May 11, 2018

Dear Sir or Madam:

Company name Mitsui Matsushima Co., Ltd.
Representative Tsuneo Amano, Representative
Director and President
(Stock Code 1518, First Section of the Tokyo Stock
Exchange, Fukuoka Stock Exchange)
Contact person Yasushi Yoshioka, Managing
Executive Officer and General
Manager of Business Planning
Department
(TEL. +81-92-771-2171)

**Notice Concerning Transition to Holding Company System through Company Split
and Partial Amendments to the Articles of Incorporation
(Changes in Trade Name and Purpose)**

This is to notify you that Mitsui Matsushima Co., Ltd. (the “Company”) has resolved at its Board of Directors’ meeting held today to implement a company split of its coal sales business (incorporation-type split) (hereinafter referred to as the “Split”), in order to transition to a holding company system on October 1, 2018 and, in conjunction with the Split as of the same day, change its trade name to “Mitsui Matsushima Holdings Co., Ltd.” and its business purpose to one that is appropriate for the holding company system, as follows.

Further, the transition to a holding company system is subject to the approval of proposals related to partial amendments to the Articles of Incorporation (changes in trade name and purpose) to be presented at the Annual General Meeting of Shareholders scheduled for June 22, 2018. Since the Split is being implemented solely by the Company, certain disclosure matters and contents have been omitted herein.

Particulars

I. Transition to holding company system by company split

1. Background and purpose of transition to holding company system

Since its establishment in Matsushima, Nagasaki Prefecture in January 1913 (second year of the Taisho era), the Company has promoted its coal-related businesses focusing particularly on coal mining operations and sales of coal for over 100 years.

Meanwhile, the coal-related business is one where performance tends to fluctuate significantly depending on external factors such as coal prices and foreign exchange volatility. Therefore, the Company group has steadily promoted its transition to a business structure that can generate stable profits by diversifying its revenue base through active business acquisitions and other related transactions, aiming to transition to a sustainable business structure unaffected by changes in the natural resource business environment.

Given these circumstances, the Company has decided to transition to a holding company system based on the idea that it is necessary to move toward a group structure that enables rapid and flexible decision-making and business operations, and promptly adapt to changes in the business environment by further promoting management efficiencies through a transition of authority and clarification of responsibilities, thereby achieving sustainable growth of the Company group and maximization of corporate value.

After the transition, the Company will continue to list its shares on financial instrument exchanges and strive to maximize its corporate value by planning a whole-group management strategy, optimally

allocating management resources and enhancing governance.

2. Overview of company split

(1) Schedule for the Split

Board of directors' meeting approval of incorporation-type split plan May 11, 2018

Effective date of split (planned) October 1, 2018

* The Split will be carried out without the approval of a general shareholders' meeting since it will be a simplified one as provided for by Article 805 of the Companies Act.

(2) Incorporation-type split method

The incorporation-type split method will be adopted, through which the Company will be the splitting company, currently conducting the coal sales business, and the newly incorporated Mitsui Matsushima Co., Ltd. (the Company to change its trade name to Mitsui Matsushima Holdings Co., Ltd. as of October 1, 2018) will be the succeeding company, succeeding the coal sales business split from the Company.

(3) Allotment of the Split

All 1,000 ordinary shares issued by the newly incorporated Mitsui Matsushima Co., Ltd. will be allotted to the Company.

(4) Share acquisition rights and bonds with share acquisition rights in connection with the Split

This item is not applicable.

(5) Change in stated capital through the Split

No change.

(6) Rights and duties assumed by newly incorporated company

The newly incorporated company will assume the assets, liabilities, contractual statuses and employment contracts that belong to the business to be split from the Company on the effective date of the Split within the scope specified by the Incorporation-type Split Plan. With respect to the assumption of obligations succeeded from the Company, the newly incorporated company will assume, and in doing so release the Company from, such obligations.

(7) Outlook for fulfillment of obligations

The Company and newly incorporated company expect to still have assets in excess of liabilities after the Split, and, in terms of revenue status, we do not at present envision the occurrence of any events that would impede the performance of obligations to be assumed. Therefore, we believe there will be no issues with performing our obligations.

3. Overview of companies involved in the Split

	Splitting company (as of March 31, 2018)	Newly incorporated company (planned for incorporation on October 1, 2018)
(1) Trade name	Mitsui Matsushima Co., Ltd. (trade name to be changed to Mitsui Matsushima Holdings Co., Ltd. as of October 1, 2018)	Mitsui Matsushima Co., Ltd.
(2) Address	1-1-12 Otemon, Chuo-ku, Fukuoka-shi, Fukuoka	4-12-6 Higashishinagawa, Shinagawa-ku, Tokyo
(3) Name and title of representative	Shinichiro Kushima, Representative Director and Chairman Tsuneo Amano, Representative Director and President	Tsuneo Amano, Representative Director and Chairman Shinji Koyanagi, Representative Director and President

(4) Business description	<ol style="list-style-type: none"> 1. Mining, processing, purchase and sale of coal 2. Management services for corporate recreational facilities, guest houses and public lodging facilities 3. Manufacture and sale of drinking straws, paper and plastic food containers and packaging materials 4. Manufacture, sewing, processing and sale of clothing, including men's and women's clothing and dress shirts 5. Manufacture and sale of thin film products, including mask blanks, and processing equipment 6. Businesses related to nursing care and welfare for the elderly and establishment and management of homes for the elderly 7. Renewable energy power generation business, management and operation thereof, and businesses related to supply and sale of electric power 	<ol style="list-style-type: none"> 1. Mining, processing, purchase and sale of coal, oil and other minerals, and purchase and sale of processed mineral products 2. Manufacture, repair, purchase, sale and lease of mining machinery, construction machinery, machine tools, transport machinery and other general industrial machinery, precision equipment, electrical equipment, measuring equipment, tools, vehicles and vessels 3. Development of mineral resources and related investigation, research, facility design, technical guidance, execution and supervision; investigation, evaluation and development planning of resources; and design and supervision of construction related to development 4. Wholesale, agency and import-export businesses related to the products referred to in Items 1 and 2 5. Any business incidental or related to any of the preceding items 																						
(5) Stated capital	8,571 million yen	100 million yen																						
(6) Date of incorporation	January 25, 1913	October 1, 2018 (planned)																						
(7) No. of issued shares	13,064,400 shares	1,000 shares																						
(8) End of fiscal year	March 31	March 31																						
(9) No. of employees	49 employees (consolidated)	7 employees																						
(10) Major shareholders and shareholding ratio	<table border="0"> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust account)</td> <td>9.64%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust account 9)</td> <td>5.20%</td> </tr> <tr> <td>Mr. Isao Nasu</td> <td>4.31%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust account)</td> <td>3.10%</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>2.54%</td> </tr> <tr> <td>The Shinwa Bank, Ltd.</td> <td>2.50%</td> </tr> <tr> <td>Mr. Naohiko Nakajima</td> <td>2.30%</td> </tr> <tr> <td>DFA International Small Cap Value Portfolio</td> <td>2.20%</td> </tr> <tr> <td>BNY GCM Client Account</td> <td>1.82%</td> </tr> <tr> <td>JPRD AC ISG (FE-AC)</td> <td></td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust account 5)</td> <td>1.66%</td> </tr> </table>	Japan Trustee Services Bank, Ltd. (Trust account)	9.64%	Japan Trustee Services Bank, Ltd. (Trust account 9)	5.20%	Mr. Isao Nasu	4.31%	The Master Trust Bank of Japan, Ltd. (Trust account)	3.10%	Sumitomo Mitsui Banking Corporation	2.54%	The Shinwa Bank, Ltd.	2.50%	Mr. Naohiko Nakajima	2.30%	DFA International Small Cap Value Portfolio	2.20%	BNY GCM Client Account	1.82%	JPRD AC ISG (FE-AC)		Japan Trustee Services Bank, Ltd. (Trust account 5)	1.66%	Mitsui Matsushima Holdings Co., Ltd. 100%
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(Financial condition and operating results of the splitting company for the last three fiscal years (consolidated))

Fiscal year ending	March 31, 2016	March 31, 2017	March 31, 2018
Net assets (million yen)	32,891	31,721	33,574
Total assets (million yen)	55,281	59,113	58,284
Net assets per share (yen)	2,371.71	2,427.07	2,569.94
Net sales (million yen)	58,564	53,086	66,322
Operating income (million yen)	1,007	1,027	1,531
Ordinary income (million yen)	1,379	959	2,100
Net income belonging to shareholders of the parent company (million yen)	1,512	1,323	1,520
Net income per share (yen)	109.11	98.74	116.36

(Note) As of October 1, 2016, the Company consolidated 10 shares of its common stock into one share. In the table above, however, net assets per share and net income per share are calculated on the assumption that the share consolidation was conducted at the beginning of FY 2016 to enable a comparison of the last three fiscal years.

4. Overview of business divisions subject to split

(1) Business description of divisions subject to split

Coal sales business

(2) Operating results of divisions subject to split (fiscal year ending March 31, 2018)

	Actual results of divisions to be split off (a)	Consolidated results (b)	Ratio (a/b)
Sales (million yen)	42,463	66,322	64.0%

(3) Items and amounts of assets and liabilities to be transferred (as of March 31, 2018)

(million yen)

Assets		Liabilities	
Item	Carrying amount	Item	Carrying amount
Current assets	122	Current liabilities	9
Non-current assets	0	Non-current liabilities	13
Total	122	Total	22

(Note) The amounts of assets and liabilities to be transferred will reflect any increases or decreases made to the above amounts up to the day immediately preceding the effective date of the Split.

5. Status after the Split

	Splitting company	Newly incorporated company
Trade name	Mitsui Matsushima Holdings Co., Ltd.	Mitsui Matsushima Co., Ltd.
Address	1-1-12 Otemon, Chuo-ku, Fukuoka-shi, Fukuoka	4-12-6 Higashishinagawa, Shinagawa-ku, Tokyo
Name and title of representative	Shinichiro Kushima, Representative Director and Chairman Tsuneo Amano, Representative Director and President	Tsuneo Amano, Representative Director and Chairman Shinji Koyanagi, Representative Director and President
Business description	Holding company	1. Mining, processing, purchase and sale of coal, oil and other minerals, and purchase and sale of processed mineral products 2. Manufacture, repair, purchase, sale and lease of mining machinery, construction machinery, machine tools, transport machinery and other general industrial machinery, precision equipment, electrical equipment, measuring equipment, tools, vehicles and vessels 3. Development of mineral resources and related investigation, research, facility design, technical guidance, execution and supervision; investigation, evaluation and development planning of resources; and design and supervision of construction related to development 4. Wholesale, agency and import-export businesses related to the products referred to in Items 1 and 2 5. Any business incidental or related to any of the preceding items
Stated capital	8,571 million yen	100 million yen
End of fiscal year	March 31	March 31

6. *Outlook*

Because the newly incorporated company succeeding the business through the Split is a wholly-owned subsidiary of the Company, it has no direct impact on the Company's consolidated financial results.

II. Change of trade name and partial amendments to the Articles of Incorporation

1. *Reason for changes*

As set forth in "I. Transition to holding company system by company split" above, the Company will transition to a holding company system and change its trade name to "Mitsui Matsushima Holdings Co., Ltd." as of October 1, 2018. Therefore, the Company will make the necessary amendments to Article 1 (Trade Name) and Article 2 (Purpose) of the current Articles of Incorporation, to change its trade name and purpose, to become effective on October 1, 2018.

2. *Amendments to the Articles of Incorporation*

The particulars are as described in the Appendix.

3. *Schedule*

Resolution by the Board of Directors	May 11, 2018
Annual General Meeting of Shareholders for approval of amendments to the Articles of Incorporation	June 22, 2018 (planned)
Effective date of amendments to the Articles of Incorporation	October 1, 2018 (planned)

[Appendix] Particulars of amendments (Amended parts are underlined.)

Current Articles of Incorporation	Proposed amendments
<p>(Trade Name) Article 1 The name of the Company shall be <u>Mitsui Matsushima Co., Ltd.</u></p> <p>(Purpose) Article 2 The Company shall engage in the following businesses:</p> <p>1. ~ (Provisions omitted) 25.</p> <p>Articles 3 - 44 (Provisions omitted)</p> <p>Supplementary Provision 1. (Provisions omitted) (Newly established)</p>	<p>(Trade Name) Article 1 The name of the Company shall be <u>Mitsui Matsushima Holdings Co., Ltd.</u></p> <p>(Purpose) Article 2 The Company shall <u>engage in the control and management of business activities performed by companies (including foreign companies), associations (including counterparts in foreign countries) and other entities engaged in the following businesses by holding their shares or equities, and itself also</u> engage in the following businesses:</p> <p>1. ~ (Not amended) 25.</p> <p>Articles 3 - 44 (Provisions omitted) (Not amended)</p> <p>Supplementary Provision 1. (Not amended) <u>2. The amendments to the provisions in Article 1 and Article 2 become effective on the effective date of the company split from the Company on the condition that the company split approved at the meeting of the Board of Directors held on May 11, 2018 becomes effective. This supplementary provision shall be deleted after the amendments to the Articles of Incorporation above become effective.</u></p>