

**FOR IMMEDIATE RELEASE**

December 2, 2016

Listed Company Name:	Zeon Corporation
Representative:	Kimiaki Tanaka President
Securities Code:	4205
Stock Exchange Listings:	First Section of the Tokyo Stock Exchange
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**Announcement Concerning the Consolidation of the S-SBR Business with Sumitomo Chemical Company, Limited by Absorption-type Split and the Establishment of a New Joint Venture Company**

Zeon Corporation (the “Company”) and Sumitomo Chemical Company, Limited (“Sumitomo Chemical”) have reached an agreement to execute a Joint Venture Agreement to consolidate both companies’ Solution Styrene Butadiene Rubber (“S-SBR”) businesses.

As stipulated in the Joint Venture Agreement, the new company will be a wholly owned subsidiary of Zeon, and will succeed the S-SBR businesses through an absorption-type company split (“Company Split”).

**1. Purpose of the Business Consolidation**

The Company’s S-SBR is a material used in the production of fuel efficient tires. As environment awareness increases throughout the world combined with stricter regulations, the demand for fuel-efficient tires is expected to grow steadily in the future, while competition is intensifying due to increases in production capacity at various manufactures.

Amid this business environment, the Company and Sumitomo Chemical conducted a study looking into consolidating their S-SBR businesses, including those of their respective subsidiaries, with the aim of strengthening the business. As a result of the study, the Company and Sumitomo Chemical found that consolidating their S-SBR business will have a synergistic effect and have decided to form a new Joint Venture Company. Through fusing together the Company’s and Sumitomo Chemicals technological expertise, this new partnership will accelerate new product development to meet customer needs, enhance cost competitiveness and secure a stable product supply.

**2. Outline of the Business Consolidation**

**(1) Details**

As set forth in the Joint Venture Agreement, the Company will establish a new wholly owned subsidiary called ZS Elastomers Co., Ltd. (“ZSE”). The Company and Sumitomo Chemical will then succeed the rights and obligations of the sales and R&D functions of each company’s respective S-SBR business to ZSE.

It should be noted that this Business Consolidation is contingent on the approval of the board of directors of

Sumitomo Chemicals and the relevant domestic and international authorities.

**(2) Outline of the Joint Venture Company (Scheduled)**  
**(Status of the Succeeding Company after the Company Split)**

Company Name	ZS Elastomers Co., Ltd.
Location	1-6-2 Marunouchi, Chiyoda-ku, Tokyo 100-8246, Japan
Representative	Not determined
Scope of business	Buying, selling, research and developing, manufacturing, and processing of synthetic rubbers.
Capital	450 million yen
Date established	December 8, 2016 (scheduled)
Fiscal year end	March 31
Net assets	Not determined
Total assets	Not determined
Shareholders and ratio of shares held	Zeon Corporation : 60% Sumitomo Chemical Company, Limited : 40%

**3. Business Consolidation Partner**

Company Name	Sumitomo Chemical Company, Limited
Location	27-1, Shinkawa 2-chome, Chuo-ku, Tokyo 104-8260, Japan
Representative	Masakazu Tokura, President
Scope of business	Petrochemicals (manufacture and sales of synthetic plastics, etc.), Energy and Functional Materials (manufacture and sales of synthetic rubber, etc), IT-related Chemicals (manufacture and sales of optical products), Health and Crop Sciences (manufacture and sales of agricultural chemicals), Pharmaceuticals (manufacture and sales of ethical drugs)
Capital	89,699 million yen
Date established	June 1, 1925
Major shareholders and ratio of shares held (as of September 30, 2016)	Japan Trustee Services Bank, Ltd. (Trust Account) 5.85%
	The Master Trust Bank of Japan, Ltd. (Trust Account) 5.49%
	Sumitomo Life Insurance Company 4.29%
	Nippon Life Insurance Company 2.48%
	Sumitomo Mitsui Banking Corporation 2.32%
Relationship between Partner and the Company	No notable capital, personnel, or trade relationships exist

**Performance and Financial Results of the Past Three Fiscal Years (consolidated)**

Yen in millions, unless otherwise noted

Fiscal Year End	March 31, 2014	March 31, 2015	March 31, 2016
Net assets	934,506	1,118,216	1,090,776
Total assets	2,788,507	2,880,396	2,662,150
Net assets per share (yen)	393.58	484.17	469.25
Net sales	2,243,794	2,376,697	2,101,764
Operating income	100,842	127,346	164,446
Ordinary income	111,109	157,414	171,217
Net income attributable to owners of parent	36,977	52,192	81,451
Net income per share (yen)	22.62	31.93	49.84
Dividend per share (yen)	9	9	14

#### 4. Outline of the Company Split

##### (1) Company Split Schedule

Approval of the Joint Venture Agreement (by resolution of the Board of Directors)	November 29, 2016
Execution of Joint Venture Agreement	December 2, 2016
Establishment of the Succeeding Company	December 8, 2016 (scheduled)
Approval of the Company Split Agreement (by resolution of the Board of Directors)	January 30, 2017 (scheduled)
Execution of the Company Split Agreement	January 30, 2017 (scheduled)
Effective date of the Company Split	April 1, 2017 (scheduled)

\*Please note that the schedule above is subject to change based on the progress of relative domestic and international regulatory approvals and other procedures concerning the transaction

##### (2) Company Split Method

This is an absorption-type company split in which the Company is the splitting company and ZSE is the successor company.

\*The Company will conduct the Company Split without obtaining the approval of the shareholders' meeting of the Company pursuant to the provision of the "simple absorption-type company split" set forth in Article 784, Paragraph 2 of the Companies Act of Japan.

##### (3) Details of Stock Allocation

As consideration of the Company Split, 3,599 shares of stock to be issued by ZSE will be allotted to the Company. As a result, the Company's total shares of ZSE will equal 3,600.

Furthermore, ZSE will allocate 2,400 shares to Sumitomo Chemicals as part of the Company Split. As a result Zeon Corporation and Sumitomo Chemicals will hold 60% and 40% of shares, respectively.

##### (4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying the Company Split

Not applicable

##### (5) Capitalization Changes Accompanying the Company Split

There will be no change in the Company's capital stock related to the Company Split.

##### (6) Succession of Rights and Obligations

ZSE will succeed the rights and obligations of the sales and R&D functions of the S-SBR business at the time of the effective date based on the Company Split Agreement.

Note that of the assets and liabilities recorded in the Company's balance sheet, only cash deposits will be succeeded.

##### (7) Capability of Satisfying Liabilities

The Company has determined that ZSE will not have any problem in performing its obligation relating to the liabilities it will bear following the Company Split.

#### 5. Summary of Companies Involved in the Company Split

	Splitting Company	Succeeding Company As of March 31, 2017 (Scheduled)
Company name	Zeon Corporation	ZS Elastomers Co., Ltd.

Location	1-6-2 Marunouchi, Chiyoda-ku, Tokyo	1-6-2 Marunouchi, Chiyoda-ku, Tokyo
Representative	Kimiaki Tanaka, President	Not determined
Scope of business	Manufacturing and selling of elastomer materials and specialty materials	Buying, selling, research and developing, manufacturing, and processing of synthetic rubbers.
Capital	24,211 million yen	0.1 million yen
Date established	April 12, 1950	December 8, 2016
Number of shares issued	237,075,556 shares	1 share
Fiscal year end	March 31	March 31
Major shareholders and ratio of shares held (As of September 30, 2016)	The Yokohama Rubber Co., Ltd. 9.57%	Zeon Corporation 100.0%
	Japan Trustee Services Bank, Ltd (Trust Account) 5.05%	
	Mizuho Bank, Ltd. 4.67%	
	Asahi Mutual Life Insurance Company 3.24%	
	National Mutual Insurance Federation of Agricultural Cooperatives 2.94%	
Performance and Financial Condition of the Fiscal Year Ended March 31, 2016 (Consolidated)		
Yen in millions, unless otherwise noted		
Net assets		215,586
Total assets		384,753
Net assets per share (yen)		949.91
Net sales		295,647
Operating income		29,856
Ordinary income		32,153
Net income attributable to owners of parent		18,079
Net income per share (yen)		79.86

## 6. Overview of the Business to be Split

### (1) Contents of the Business to be Split

The only portion of the business to be split is the Company's sales and R&D functions of the S-SBR business. Currently, production functions of the S-SBR business are not included in the Company Split, though there are plans to succeed these functions in the future. For the period until the succession, ZSE will purchase products produced by the Company and Sumitomo Chemical to use for sales.

### (2) Financial Results of the Business to be Split

Net Sales: 10,467 million yen (as of March 31, 2016)

\*The amount above is the net sales of Zeon Corporation's S-SBR business and does not include sales figures by Zeon Chemicals Singapore.

### (3) Assets and Liabilities to be Split

Cash deposit of 360 million yen

\*No other assets or liabilities are included in this Company Split

## 7. Status after the Company Split

### (1) Status of the Splitting Company (Zeon Corporation)

There will be no change in the trade name, address, headquarters, representative, business type, paid-in capital or fiscal year due to the company split.

**(2) Status of the Succeeding Company after Company Split (ZSE)**

Please refer to 2. *Outline of the Business Consolidation (2) Outline of the Joint Venture Company* above for details.

**8. Future Outlook**

After this Company Split, the Company and Sumitomo Chemical plan to succeed other functions of the S-SBR business in addition to the sales and R&D functions, including both companies' S-SBR production subsidiaries in Singapore.

The effect of the Company Split on the Company's consolidated financial results will be negligible.

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