



June 5, 2013

Press Release

Company Name: Idemitsu Kosan Co., Ltd.  
President: Kazuhisa Nakano  
(Company Code: 5019, TSE, First Sect.)  
Contact person:  
Taiji Hashidoko, Manager, Investor  
Relations Office, Treasury Department  
(TEL: +81-3-3213-9307)

## **Final Invest Decision on Nghi Son Refinery/Petrochemical Complex**

Idemitsu Kosan Co.,Ltd. (Headquarters: Chiyoda-ku, Tokyo; President: Kazuhisa Nakano) hereby announces that it has reached a final invest decision on petroleum refinery and related projects by Nghi Son Refinery and Petrochemical Limited Liability Company (NSRP) with co-investors Mitsui Chemicals, Inc. (Headquarters: Minato-ku, Tokyo; President: Toshikazu Tanaka), Kuwait Petroleum International, and PetroVietnam. In parallel, NSRP signed project financing agreements in the aggregate amounts of up to US\$5 billion with public financial institutions and commercial banks (hereafter collectively referred to as “Lenders”).

### **1. Overview of the Project Financing Agreement**

Following the signing of the EPC contract with a construction consortium in January 2013, NSRP engaged in efforts to organize project financing with public financial institutions and commercial banks. As a result, the company reached to sign project financing agreements in the aggregate amounts of up to US\$5 billion composed of direct loans of US\$2.3 billion from The Japan Bank for International Cooperation (JBIC) and The Export-Import Bank of Korea (KEXIM) and total loans of US\$2.7 billion from commercial banks. Loans from commercial banks are insured/ guaranteed by Nippon Export and Investment Insurance (NEXI) or other overseas export credit agencies (ECA). In particular, JBIC will provide Overseas Investment Loan of up to US\$1.65 billion and NEXI will provide Overseas Untied Loan Insurance for up to US\$1.3 billion loan provided by commercial banks. KEXIM will also provide US\$1.1 billion (US\$0.66 billion in loan, US\$0.44 billion in guarantee).

In addition, Idemitsu will provide a completion guarantee of 35.1% of NSRP’s liabilities to Lenders until the completion of project construction, corresponding to its interest percentage in shares.

### **2. Expected amounts of this investment from Idemitsu**

The expected total investment for this project is US\$9 billion. As US\$5 billion will be raised through project financing, the remaining US\$4 billion will be directly borne by sponsors. Of this amount, Idemitsu will provide investments/loans of approximately US\$1.4 billion, corresponding to its interest percentage in shares.

### **3. Expected Schedule**

Following this final invest decision and the cofinancing agreement, construction for this project is expected to commence in July 2013. Construction is expected to be completed in 2016 and commercial operations are expected to commence in 2017.

### **4. Impact on Consolidated Forecasts**

This decision has no impact on FY2013 consolidated forecasts.

Reference information:

1. Overview of Nghi Son Refinery and Petrochemical LLC

Name	Nghi Son Refinery and Petrochemical Limited Liability Company
Location	Nghi Son Economic Zone, Thanh Hoa Province, Socialist Republic of Viet Nam
Established	April 14, 2008
Investment ratios	35.1% by Idemitsu, 35.1% by KPI, 25.1% by PVN, 4.7% by Mitsui

2. Outline of the Nghi Son Refinery and Petrochemical Complex

- (1) Location: Nghi Son Economic Zone, Thanh Hoa Province, Socialist Republic of Viet Nam
- (2) Refining capacity: 200,000 barrels/day in crude distillation unit (CDU)
- (3) Main unit: Residue hydrosulfurization unit (RHDS) 105,000 barrels/day  
Residue fluid catalytic cracking (RFCC) unit 80,000 barrels/day  
Aroma Complex production unit p-xylene 700,000 ton/year
- (4) Crude oil feed: Kuwait heavy crude oil (designed API gravity: 30.2)
- (5) Planned site of the Nghi Son Refinery



### 3. Background of related studies

October 2004: After signing a contract on acquisition of the oil exploration and production concession, PetroVietnam (PVN) approaches Idemitsu asking it to consider participation in this project.

January 2006: Joint studies begin with PVN.

February 2006: Idemitsu approaches Kuwait Petroleum Corporation and Mitsui Chemicals on participation in the project.

April 2008: Four companies conclude a joint-venture agreement.  
Investment license acquired and joint-venture company established and registered.

January 2013: LOA issued

June 2013: Final invest decision

### 4. Advisors to the Project Financing Arrangements

Financial advisor: The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Legal counsel: Allens Linklaters