



February 2, 2016

Press Release

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Announcement on the Reporting of Extraordinary Losses and Revisions to Earnings Estimates

Idemitsu Kosan Co.,Ltd. (“Idemitsu”) hereby announces that it has reported extraordinary losses and revised its earnings estimates for the fiscal year ending March 31, 2016, previously announced on November 4, 2015, in light of recent operating trends, as follows.

1. Reporting of Extraordinary Losses in the Resources Business

Idemitsu has confirmed the earnings impact of the decline of the 2015’s last half in crude oil prices on its oil exploration and production business and will report that the oil exploration and production businesses in the North Sea and the waters off Vietnam will record impairment losses of approximately 24.3 billion yen, in the third quarter for the fiscal year ending March 31, 2016, for production facilities at some oil fields from which full recovery of investment cannot be expected.

The above extraordinary losses will lead Idemitsu to report extraordinary losses of approximately 12.1 billion yen in its non-consolidated financial statements for the third quarter as a loss on valuation of stocks of affiliates.

2. Revisions to Consolidated Earnings Estimates for the Fiscal Year Ending March 31, 2016

(Units: JPY millions, JPY)

| | Net Sales (JPY millions) | Operating Income (JPY millions) | Ordinary Income (JPY millions) | Net Income attributable to owners of the parent (JPY millions) | Net Income per Share (JPY) |
|--|-----------------------------|---------------------------------------|--------------------------------------|--|----------------------------------|
| Previous Estimate (A) | 4,090,000 | 40,000 | 39,000 | 28,000 | 175.05 |
| Revised Estimate (B) | 3,750,000 | 3,000 | 2,000 | (13,000) | (81.27) |
| Change (B-A) | (340,000) | (37,000) | (37,000) | (41,000) | |
| Change (%) | (8.3) | (92.5) | (94.9) | — | |
| (Reference) Previous Fiscal Year Performance(FY 3/2015) | 4,629,732 | (104,798) | (107,618) | (137,958) | (862.50) |

3. Reasons for the Revision in Earnings Estimates

(Assumptions)

(Units: USD/bbl., USD/ton, JPY/USD)

| | Previous Forecast | Revised Forecast | Change |
|-------------------------|-------------------|------------------|--------|
| Crude Oil Price (Dubai) | 52.8 | 46.7 | (6.1) |
| Naphtha Price | 495 | 489 | (6) |
| Exchange Rate | 121.4 | 122.0 | 0.6 |

The net sales forecast was revised downwards, reflecting the forecasted decrease in crude oil prices, among other factors.

Operating and ordinary income forecasts were also revised downward due to the forecasted increase in inventory valuation losses* resulting from the significant fall in crude oil prices.

The net income attributable to owners of the parent forecast was revised downward to reflect the extraordinary losses explained above in addition to factors affecting operating and ordinary income.

* forecasted increase in inventory valuation losses:

Previous Forecast: (43,000) JPY millions, Revised Forecast: (80,000) JPY millions

4. Dividend Forecast

The forecasted fiscal year-end dividend remains unchanged at 25 yen per share.

* The above earnings forecasts are based on information available as of the announcement date of this document. Actual results may differ from forecasted figures for various subsequent events.