



Press Release



November 1, 2016

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Announcement on Measures Taken in Response to the Second Announcement of Sophisticated Methods of Energy Supply Structures

Idemitsu Kosan Co.,Ltd. (3-1-1 Marunouchi, Chiyoda-ku, Tokyo; Representative Director & Chief Executive Officer: Takashi Tsukioka, hereinafter “Idemitsu” or the “Company”) announces that its refining capacity of refineries will be changed as follows, effective March 31, 2017, pursuant to the Second Announcement of Sophisticated Methods of Energy Supply Structures (hereinafter “Second Announcement of the Act”).

The Second Announcement of the Act demands an increase in residual oil cracking capacity or a reduction of refining capacity by March 31, 2017, with the aim of enhancing the residual oil cracking equipment ratio.

In light of the decreasing trend in domestic petroleum demand, Idemitsu’s refining capacity at its three refineries will be changed as shown in the chart below effective March 31, 2017, while placing the highest priority in providing a stable supply to meet demand for petroleum products nationwide and taking into account logistical alliances with other oil companies. Combined with the 20,000 bbl./day capacity reduction at Chiba Refinery implemented in March 2015, crude oil refining capacity will have been reduced by a total of 55,000 bbl./day compared to March 31, 2014, representing an 11% improvement in the equipment ratio and concluding response measures to the Second Announcement of the Act.

The Company will continue its efforts to maintain the stability of petroleum products supply going forward.

Note that these response measures have no impact on Idemitsu’s consolidated financial results in FY2016.

1. Change in Processing Capacity of Atmospheric Distillation Equipment at Idemitsu’s Refineries

(Units: 10,000 bbl./day)

	March 31, 2014	March 31, 2017	Change
Hokkaido Refinery	16	15	(1)
Chiba Refinery	22	19	(3) *2
Aichi Refinery	17.5	16	(1.5)
Total	55.5	50	(5.5)
Residual Oil Cracking Equipment Ratio *1	51.5%	57.2%	+5.7% *3

*1: Residual oil processor equipment ratio = Cracking capacity of residual oil / Refining capacity

*2: Includes the 20,000 bbl./day reduction in March 2015

*3: 5.7% change in equipment ratio / 51.5% equipment ratio as of 3/31/2014 = 11% improvement in the equipment ratio

2. Effective Date of Change March 31, 2017