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Press Release

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**Announcement on Expansion of Production Capacity and
Installation of Evaluation Equipment at Korean OLED Factory**

Idemitsu Kosan Co.,Ltd. (headquarters: Chiyoda-ku, Tokyo; Representative Director & Chief Executive Officer: Takashi Tsukioka; hereinafter, “Idemitsu” or the “Company”) announces its decision to expand production capacity of the OLED materials at its 100% subsidiary Idemitsu Electronic Materials Korea Co., Ltd. (location: Paju, Gyeon-do, South Korea; president: Kazuki Maeda) to respond to the expected increase in demand for OLED materials due to increased penetration of OLED displays as well as to install additional evaluation equipment in order to strengthen technological customer support capabilities.

1. Background and Objectives of the Expansion

Idemitsu has supplied various OLED materials to both domestic and foreign OLED display manufacturers after completing construction of its OLED materials manufacturing factory in Omaezaki-shi, Shizuoka in April 2007 and establishing Idemitsu Electronic Materials Korea Co., Ltd. in South Korea in October 2011.

In addition to the recent increase in the use of OLED displays in Smartphones and large TVs, further use in on-vehicle displays and other products can be expected. The Company will expand production capacity in order to meet the accompanying increase in demand for OLED materials and to fulfill its responsibility of supplying its customers. While evaluation equipment had been installed in the Korean OLED factory from the past, the Company will also install additional evaluation equipment in order to respond to customers' broad needs and to become able to make proposals for newly developed materials in a more rapid and effective manner.

Idemitsu aims to continue to establish a stable supply and evaluation framework both domestically and overseas as well as to strengthen and expand its OLED materials business in order to adapt to the expanding OLED market.

2. Overview of the Expansion

(1) Entity

Idemitsu Electronic Materials Korea Co., Ltd.

(2) Description

A) Expansion of Capacity

Production capacity will be increased from 5t/year to 8t/year.

Combined with Omaezaki Factory, Idemitsu Group's overall production capacity will increase from 7t/year to 10t/year as a result.

B) Installation of Additional Evaluation Equipment

In addition to evaluation equipment for OLED materials, evaluation equipment for OLED light-emitting devices will be newly installed.

(3) Schedule

Both construction projects are expected to begin in December 2016 and end in the first half of fiscal year 2017.

3. Future Outlook

This decision has no impact on the Company's consolidated performance in fiscal year 2016.

Reference:

(Overview of Idemitsu Electronic Materials Korea Co., Ltd.)

Name	Idemitsu Electronic Materials Korea Co., Ltd.
Location	Paju, Gyeong-do, South Korea
Representative	Kazuki Maeda, Representative Director and President
Established	October 2011
Paid-in Capital	30 billion KRW
Shareholders	Idemitsu Kosan: 100%
Business Description	Manufacturing of OLED materials