January 15, 2013

Press Release

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# Letter of Award Issued for Nghi Son Refinery and Petrochemical Complex

Idemitsu Kosan Co., Ltd. (Head office: Chiyoda-ku, Tokyo; President: Kazuhisa Nakano; hereinafter "Idemitsu") established Nghi Son Refinery and Petrochemical LLC(hereinafter "NSRP") in 2008, together with Mitsui Chemicals, Inc. (Head Office: Minato-ku, Tokyo; President & CEO: Toshikazu Tanaka; hereinafter "Mitsui"), Kuwait Petroleum International (hereinafter "KPI"), and PetroVietnam (hereinafter "PVN") in order to develop a workable concrete business scheme for the possible refinery business in Vietnam as well as conducting Front-End Engineering Design work (FEED) for an international bidding.

We decided to select a construction consortium for the Nghi Son Refinery and Petrochemical Complex and issued "Letter of Award (LOA)" through NSRP to the consortium for that Engineering, Procurement and Construction (EPC) as outlined below.
NSRP will launch syndication procedures of a co-financing arrangement with international commercial banks, Export Credit Agencies (ECAs) and Multi-Lateral Agency (MLA) shortly.

The goal of this challenge is to develop a world-class refinery and petrochemical complex utilizing technical and operational expertise that Idemitsu has developed in its petroleum and petrochemicals business in Japan.
Idemitsu believes that the refinery will be able to contribute to supply petroleum products in the rapidly growing domestic market of Vietnam. Idemitsu also has intent to have a strategic advantage in growing markets of Southeast Asia strengthening business partnerships with oil-producing countries.

Details

**1. Date of issue of LOA**

January 15, 2013

**2. Total investment amount**

US $9 billion (including working capital and financing costs (estimated))
Plans call for raising funds on a project finance basis (co-financing arrangement with international commercial banks, Export Credit Agencies (ECAs) and Multi-Lateral Agency (MLA), with a target amount of US $5 billion.

## 3. Members of construction consortium

JGC Corporation, Chiyoda Corporation, Technip Group (France, Malaysia), SK Engineering & Construction (South Korea), and GS Engineering & Construction (South Korea)

## 4. Future schedule (planned)

January 2013: Syndication launch, Signing of the EPC contract
Mid 2013: Finance close, EPC commencement
End 2016: Mechanical Completion
Mid 2017: Commencement of the commercial operation

Reference information:

1. Overview of Nghi Son Refinery and Petrochemical LLC

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|---|---|
| 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 |
| Capital | USD 200 million |
| 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 hydrodesulfurization 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

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|---|---|
| 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. |
| October 2006: | Joint studies end with completion of review of detailed feasibility studies.<br>Negotiations begin on the joint-venture contract and government support. |
| April 2008: | Negotiations reach agreement. Four companies conclude a joint-venture agreement (publicly announced March 27).<br>Investment license acquired and joint-venture company established and registered. |
| July 2008: | Basic design process begins by Foster Wheeler. |
| December 2009: | Basic design (front-end engineering design [FEED] package) completed. |
| February 2010: | Bidding by construction contractors begins. |
| January 2013: | LOA issued |