December 16, 2014

Press Release

Company Name: Idemitsu Kosan Co.,Ltd.
Representative Director & Chief Executive Officer: Takashi Tsukioka
(Company Code: 5019, TSE, First Sect.)
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Announcement of a (Simple/Abbreviated) Merger with 100% Subsidiary

Idemitsu Kosan Co.,Ltd. (the "Company") hereby announces that its board of directors approved an acquisitive merger of the Company's 100% subsidiary Idemitsu Oil & Gas Co., Ltd. at its board meeting today. The merger, detailed below, will become effective April 1, 2015.

Note that some disclosures have been omitted, as the transaction will take the form of a simple/abbreviated merger between the Company and its wholly-owned subsidiary.

1. Objective of the Merger

The objective of the merger is to centralize the monitoring function for the oil exploration and production business in order to further accelerate decision-making within the business and to enhance operating and capital efficiency.

Following the merger, the Company will conduct the management covering entire resource development businesses in oil exploration and production, coal, uranium, geothermal, and gas. The Company aims to enhance resource development business portfolio and expand the businesses.

2. Summary of the Merger

(1) Merger Schedule

Board Resolution Date	December 16, 2014
Contract Date	December 16, 2014
Effective Date	Planned for April 1, 2015

* Neither entity is required to achieve shareholder approval for the merger, as it qualifies as a simple merger as set forth in Article 796 Paragraph 3 of the Companies Act for the Company and as an abbreviated merger as set forth in Article 784 Paragraph 1 of the Companies Act for Idemitsu Oil & Gas Co., Ltd.

(2) Merger Method

The merger will take the form of an acquisitive merger with the Company as the surviving entity and Idemitsu Oil & Gas Co., Ltd. as the liquidated entity.

(3) Distributions Associated with the Merger

No equity or other monetary allocations will be made in association with the merger, as the Company owns 100% of shares outstanding in Idemitsu Oil & Gas Co., Ltd.

(4) Treatment of New Share Warrants and Convertible Bonds of the Acquired Entity

Idemitsu Oil & Gas Co., Ltd. has never issued new share warrants or convertible bonds.

3. Overview of Parties to the Agreement

	Surviving Entity of the Acquisitive Merger	
(1) Company Name	Idemitsu Kosan Co., Ltd.	
(2) Location	3-1-1 Marunouchi, Chiyoda-ku, Tokyo	
(3) Representative	Representative Director and CEO, Takashi Tsukioka	
(4) Business Description	Petroleum refining, manufacturing and sales of oil products	
(5) Paid-in Capital	108.6 billion yen	
(6) Established	March 30, 1940	
(7) Shares Outstanding	160,000,000 shares	
(8) Fiscal Year End	March 31	
(9) Major Shareholders (As of March 31, 2014)	Nissho Kosan K.K.	16.95%
	Idemitsu Culture and Welfare Foundation	7.75%
	Idemitsu Museum of Arts Foundation	5.00%
	Idemitsu Employee Stockholders Committee	4.12%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.22%
	Sumitomo Mitsui Banking Corporation	3.22%
	Sumitomo Mitsui Trust Bank, Limited	3.22%
	Japan Trustee Services Bank, Ltd.(Trust Account)	2.81%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	1.64%
	Masakazu Idemitsu	1.51%
	Masamichi Idemitsu	1.51%
(10) Financial Status and Performance in the Most Recent Fiscal Year (FY 3/2014)		
Consolidated Net Assets	743.7 billion yen	
Consolidated Total Assets	2,995.0 billion yen	
Consolidated Net Asset per Share	4,391.46 yen	
Consolidated Net Sales	5,034.9 billion yen	
Consolidated Operating Income	78.1 billion yen	
Consolidated Ordinary Income	81.9 billion yen	
Consolidated Net Income	36.2 billion yen	
Consolidated Net Income per Share	226.90 yen	

	Liquidated Entity of the Acquisitive Merger	
(1) Company Name	Idemitsu Oil and Gas Co., Ltd.	
(2) Location	3-1-1 Marunouchi, Chiyoda-ku, Tokyo	
(3) Representative	President and Representative Director, Kosuke Tsuji	
(4) Business Description	Surveying, exploration, and development of petroleum resources	
(5) Paid-in Capital	8,275 million yen	
(6) Established	August 18, 1989	
(7) Shares Outstanding	165,500 shares	
(8) Fiscal Year End	March 31	
(9) Major Shareholders (As of March 31, 2014)	Idemitsu Kosan Co.,Ltd.	100%
(10) Financial Status and Performance in the Most Recent Fiscal Year (FY 3/2014)		
Net Assets	22,288 million yen	
Total Assets	23,960 million yen	
Net Assets per Share	134,675.64 yen	

Net Sales	603 million yen
Operating Losses	202 million yen
Ordinary Income	1,804 million yen
Net Income	1,753 million yen
Net Income per Share	10,594.27 yen

4. Status After the Merger

	Surviving Entity of the Acquisitive Merger
(1) Company Name	Idemitsu Kosan Co.,Ltd.
(2) Location	3-1-1 Marunouchi, Chiyoda-ku, Tokyo
(3) Representative	Representative Director and CEO, Takashi Tsukioka
(4) Business Description	Petroleum refining, manufacturing and sales of oil products
(5) Paid-in Capital	108.6 billion yen
(6) Fiscal Year End	March 31

5. Future Outlook

The impact of the merger on the Company is negligible, as the transaction involves a merger between the Company and its wholly-owned subsidiary.

(Reference) Consolidated Performance Forecasts (announced November 4, 2014) and Consolidated Results from the Previous Fiscal Year

(Units: million yen)

	Consolidated Net Sales	Consolidated Operating Income	Consolidated Ordinary Income	Consolidated Net Income
Performance Forecasts (FY 3/2015)	5,000,000	67,000	71,000	30,000
Most Recent Results (FY 3/2014)	5,034,995	78,197	81,921	36,294