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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, 2015, previously announced on November 4, 2014, 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 recent decline in resource prices on its resources business and will report impairment losses of approximately 26.7 billion yen in the third quarter for the fiscal year ending March 31, 2015 pertaining to its Australian coal mines and its oil exploration and production business in the North Sea.

(1) The Australian coal business will record losses of approximately 16.2 billion yen for production facilities mainly at Ensham coal mine from which full recovery of investment cannot be expected as a result of the decline in coal prices

(2) The oil exploration and production businesses in the British and Norwegian North Sea will record losses of approximately 10.5 billion yen for production facilities at some oil fields from which full recovery of investment cannot be expected as a result of the decline in crude oil prices

While impairment losses reported with respect to the British oil exploration and production business will lead Idemitsu to report extraordinary losses of approximately 32.4 billion yen in its non-consolidated financial statements for the third quarter as a loss on valuation of stocks of affiliates, there will be no impact on consolidated financial performance.

2. Revisions to Consolidated Earnings Estimates for the Fiscal Year Ending March 31, 2015

(Units: JPY millions, JPY)

	Net Sales (JPY millions)	Operating Income (JPY millions)	Ordinary Income (JPY millions)	Net Income (JPY millions)	Net Income per Share (JPY)
Previous Estimate (A)	5,000,000	67,000	71,000	30,000	187.55
Revised Estimate (B)	4,540,000	(120,000)	(122,000)	(98,000)	(612.68)
Change (B-A)	(460,000)	(187,000)	(193,000)	(128,000)	
Change (%)	(9.2)	—	—	—	
(Reference) Previous Fiscal Year Performance (FY 3/2014)	5,034,995	78,197	81,921	36,294	226.90

Note) Idemitsu executed a 4-for-1 stock split of its common shares effective January 1, 2014. For the sake of comparison, net income per share for the previous fiscal year has been adjusted to figures which assume that the stock spilt took place at the beginning of the previous fiscal year.

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)	96.9	82.7	(14.2)
Naphtha Price	886	820	(66)
Exchange Rate	107.0	110.9	3.9

Note) Assumptions for February 2015 and beyond: crude oil price of 50 USD/bbl., naphtha price of 436 USD/ton, exchange rate of 120 JPY/USD

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 as well as the forecasted short-lived decrease in petroleum and petrochemical product margins. The net income 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: (20,000) JPY millions, Revised Forecast: (137,000) 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.