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Press Release

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Announcement on Enhancement of Profitability of Chiba Chemicals Manufacturing LLP's Ethylene Manufacturing Facilities

Idemitsu Kosan Co.,Ltd. (Head Office: Chiyoda-ku, Tokyo; Representative Director and CEO: Takashi Tsukioka, hereinafter "Idemitsu") and Mitsui Chemicals, Inc. (Head Office: Minato-ku, Tokyo; President & CEO: Tsutomu Tannowa, hereinafter "Mitsui") are pleased to announce that Chiba Chemicals Manufacturing LLP (hereinafter "the LLP"), managed jointly by Idemitsu and Mitsui, will improve ethylene manufacturing facilities to enhance the profitability of the facilities.

The Japanese petrochemical industry must strengthen its international competitiveness in response to the new and additional installation of large-scale petrochemical facilities in the Middle East and China, the rise of ethylene generated from shale gas in North America, and other reasons. Idemitsu and Mitsui established the LLP in Chiba in 2010 for the joint operation of ethylene manufacturing facilities of both companies. With this joint operation, Idemitsu and Mitsui aim to form an ethylene center with top-level competitiveness in the Asian region.
The LLP will increase the propane processing capacity of ethylene manufacturing facilities of its Anegasaki Plant (located on the premises of Idemitsu). The purpose of this is to utilize the strength that the facilities are adjacent to an LPG import facility in Idemitsu's Chiba Refinery. This increase will enhance the profitability of the facilities because of diversified materials.

This decision will not affect Idemitsu's consolidated financial results in FY2016.

Reference:

Reference1.Outline of LLP

Item	Details
Name	Chiba Chemicals Manufacturing LLP
Operation Area	・ Joint operation of ethylene complex in Chiba ・ Manufacturing of ethylene, propylene, and by-products ・ Supply of products to Idemitsu and Mitsui
Role & Operation	・ Efforts to minimize costs of ethylene, propylene, and other petrochemical materials ・ LLP will serve as a cost center for production
Head Office	Marunouchi 3-1-1 Chiyoda-ku, Tokyo (within Idemitsu Head Office)
Capital Contribution	・ Capital ：200 million yen ・ Contribution ： Equal investment joint venture
Ethylene Production Capacity	920,000 tons per annum（Idemitsu: 370,000 tons / Mitsui 550,000 tons）
Responsible Corporate Officers	・ Hideki Gotoh (Deputy General Manager Petrochemical Business Department, Idemitsu) ・ Kazuto Okamoto(General Manager Petrochemical Feedstocks Div, Basic Materials Business Sector, Mitsui)

Reference2. Limited Liability Partnerships (LLP)

