



May 21, 2014

Press Release

Announcement of Construction of Asphalt Pitch-Fired Boiler Turbine Generator

We hereby announce that the Board of Directors adopted a resolution at its meeting held today to construct a private boiler turbine generator that consumes asphalt pitch as fuel on the premises of our Sodegaura Refinery. The details are as described below.

1. Purpose of Construction

At our Sodegaura Refinery, part of the asphalt pitch (hereinafter “ASP”) produced from the vacuum residue thermal cracking unit (Eureka Thermal Cracking Unit) is used as fuel for the boiler. However, the boiler is now so aged that it needs to be replaced or otherwise dealt with. In addition, although the refinery has more than one private power generator, it purchases a relatively high ratio of electric power from outside suppliers. Especially with electricity costs soaring following the suspension of nuclear plants in the wake of the Great East Japan Earthquake, reducing electric power costs is one of the challenges we must address to bolster competitiveness.

Under these circumstances, we will discontinue operations of the existing ASP-fired boiler, petroleum gas-fired boiler, and some of the private power generation units and will instead introduce a boiler turbine generator using the low-cost ASP as fuel to cover almost all demand for electric power and steam in the Sodegaura Refinery.

This move is expected to improve energy efficiency and to substantially cut the power purchase cost and the fuel cost for private power generation in the Sodegaura Refinery in tandem with the replacement of the aged equipment.

2. Outline of the System

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| Expected Construction Site: | On the premises of our Sodegaura Refinery, 1 Kitasode, Sodegaura, Chiba Prefecture, Japan |
| Fuel: | ASP (a maximum of 23 metric tons consumed per hour) |
| Maximum Steam Production: | 295 metric tons per hour |
| Power Generation Output: | 36,000 kilowatts |
| Date of Inauguration: | July 2017 (planned) |

3. Future Outlook

This move will have a minor impact on our consolidated financial results for the current fiscal year. We will announce at a later date its specific impact on our consolidated financial results for FY2017, when the unit is scheduled to come into operation, and for subsequent years in the form of a revision to the medium-term business plan or other materials.

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Appendix 1: System Flow Schematic

Appendix 1

<System Flow Schematic>

