

Cosmo Oil Co., Ltd.
New Consolidated Medium-Term
Management Plan
(for Fiscal Years 2005-2007)

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Understanding business environment

1. Changing market demand both domestic and abroad
 - Structural changes in demand of the Japanese market (decreased demand for heavy fuel oil C)
 - Increase in demands of the Asia and Pacific region (for crude oil, oil products and petrochemical products)
2. Japanese market
 - Despite the pressure between supply and demand, risks of diminishing margins continue to exist (in self-service SS and other businesses)
3. Shrinking room for further rationalization

Establish the stable management infrastructure

1. Enhance the earnings base:

Shift from rationalization toward added-value creativity enhancement (to improve values added to refining products, the distribution structure, and earnings at affiliates)

2. Enhance the financial structure:

Establish a financial structure strong enough to withstand risks for changing the earnings environment and large-scale investment

Shift to the growth strategy

1. Enhance earnings at oil refineries:

Upgrade the refineries mainly through capital investments

2. Expand business fields:

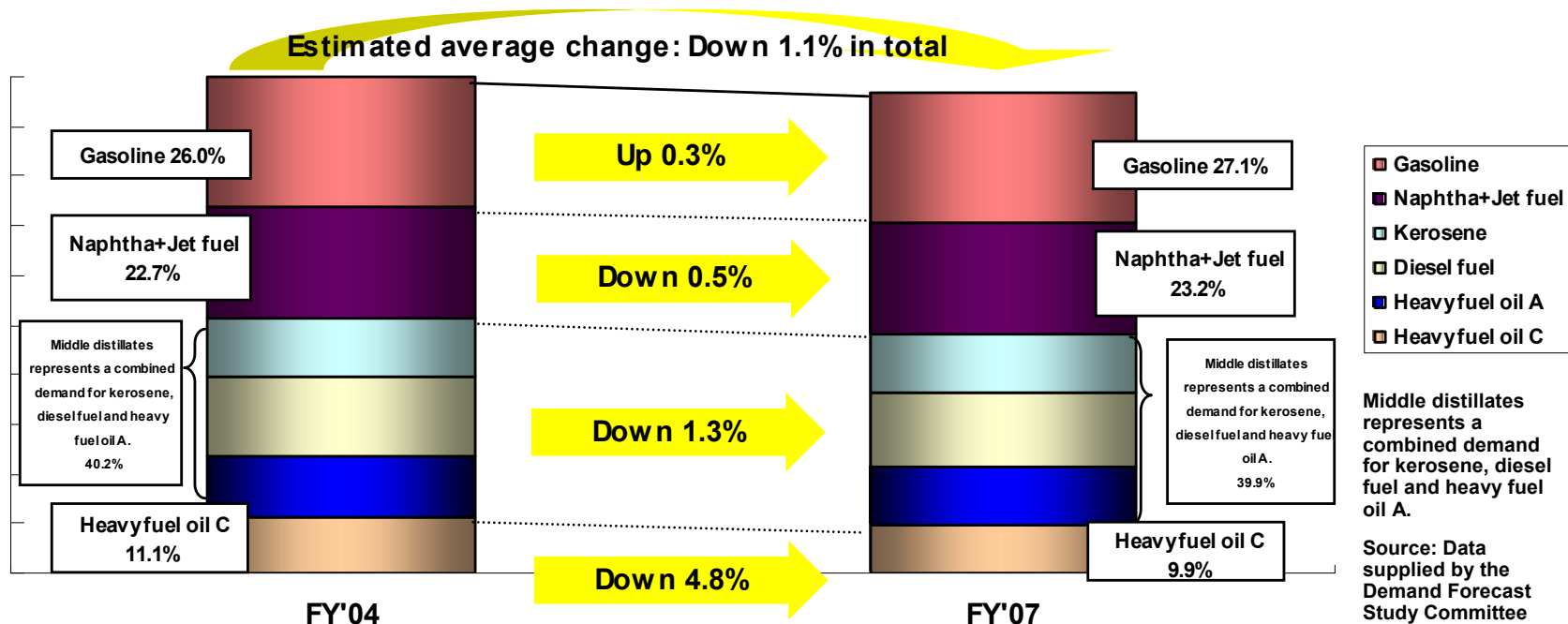
Scale up the crude oil exploration and production and petrochemical businesses

Basic Policy for New Medium-Term Management Plan

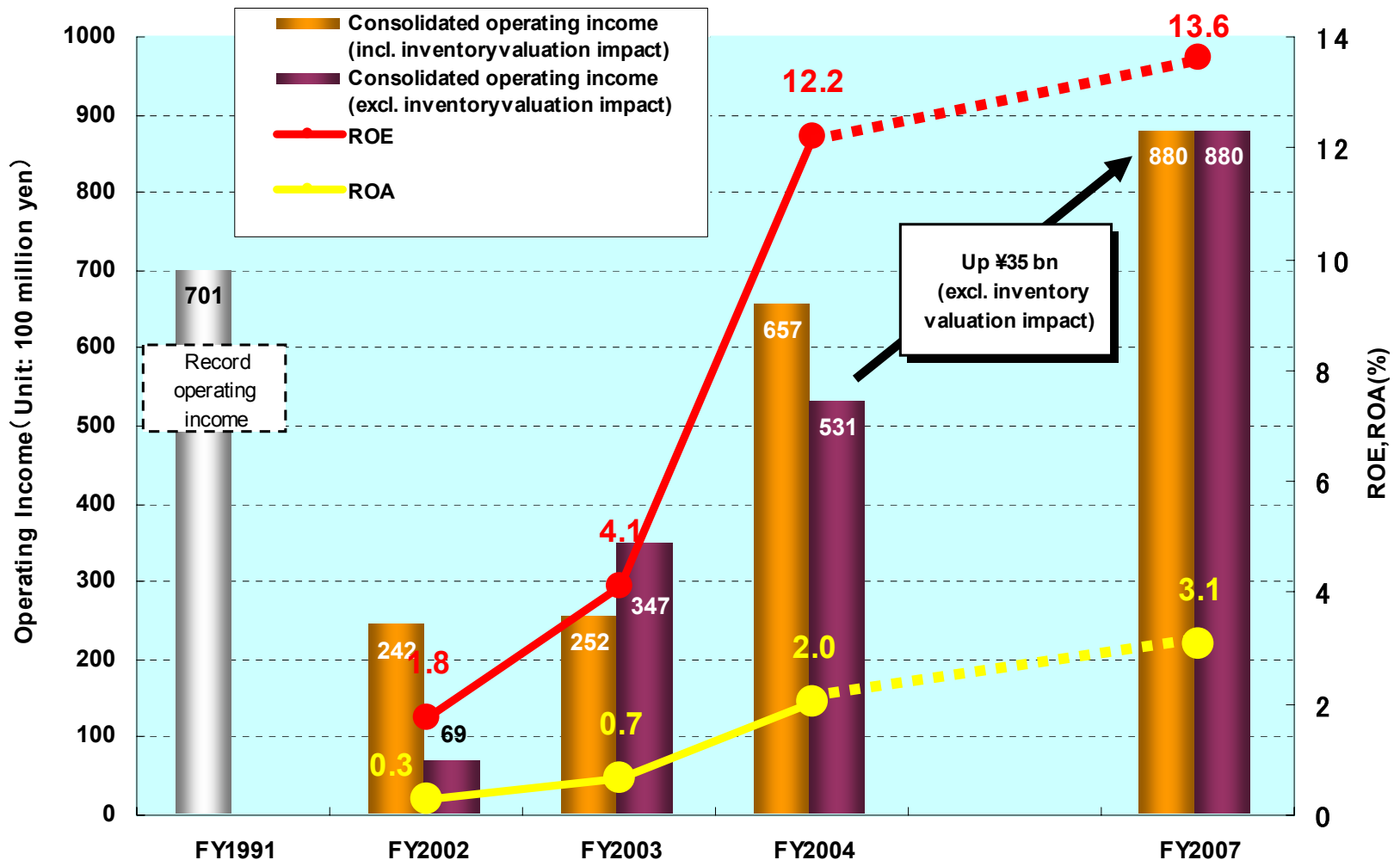
<Outlook for Crude Oil Prices >

Item	Currency unit	FY2004 actual			Future outlook		
		1H	2H	Full-year	FY2005	FY2006	FY2007
Dubai crude oil	USD/barrel	34.8	38.4	36.6	38.0	32.0	32.0
Yen-dollar exchange rate (TTM)	Yen/USD	109.9	106.2	108.0	105.0	105.0	105.0
Dubai crude oil	Yen/liter	24.1	25.7	24.9	25.1	21.1	21.1

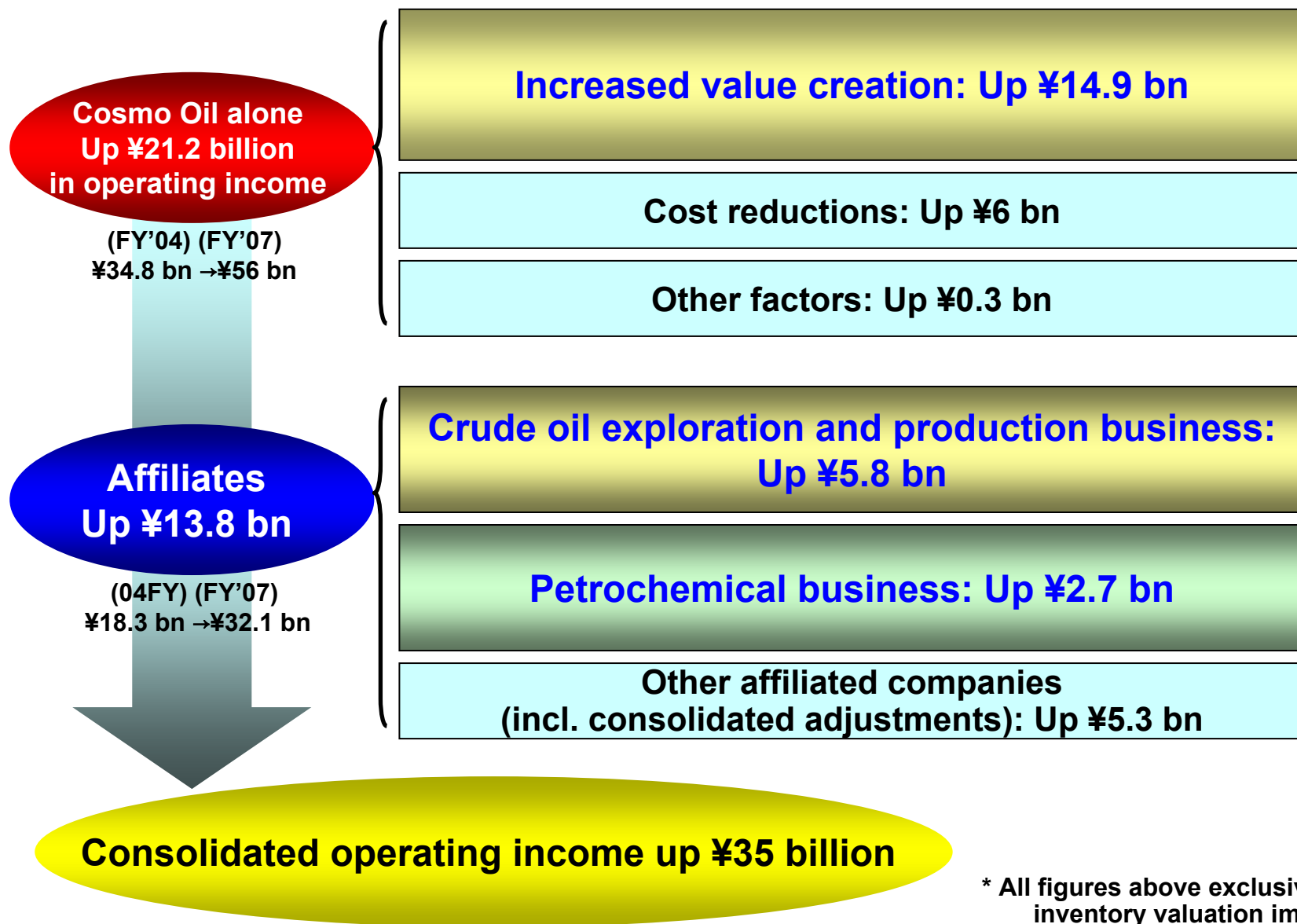
<Outlook for Demands by Oil Product>



**Goal for Consolidated Operating Income for FY2007: ¥88 Billion
(Up ¥35 billion from FY2004, excluding inventory valuation impact)**



Expected Operating Income for FY2007 – Major Factors for Anticipated Improvements



**Total capital investment budget for FY2005-07: ¥140 billion
(Strategic investment ratio of 71%)**

<Consolidated capital investment plan>

Category	Department	FY2005-07 total (100 mill yen)
Strategic investment	Sales and Marketing (Self-service SS investment)	150
	Crude oil exploration & production	300
	Supply (MX business)	40
	Supply (increased value creation of refineries)	400
	Other	100
	Subtotal	990
	Maintenance and renewal, etc.	410
	Total investment amount	1,400
	Strategic investment ratio	71%
	Depreciation expense amount	910

<Breakdown by department >

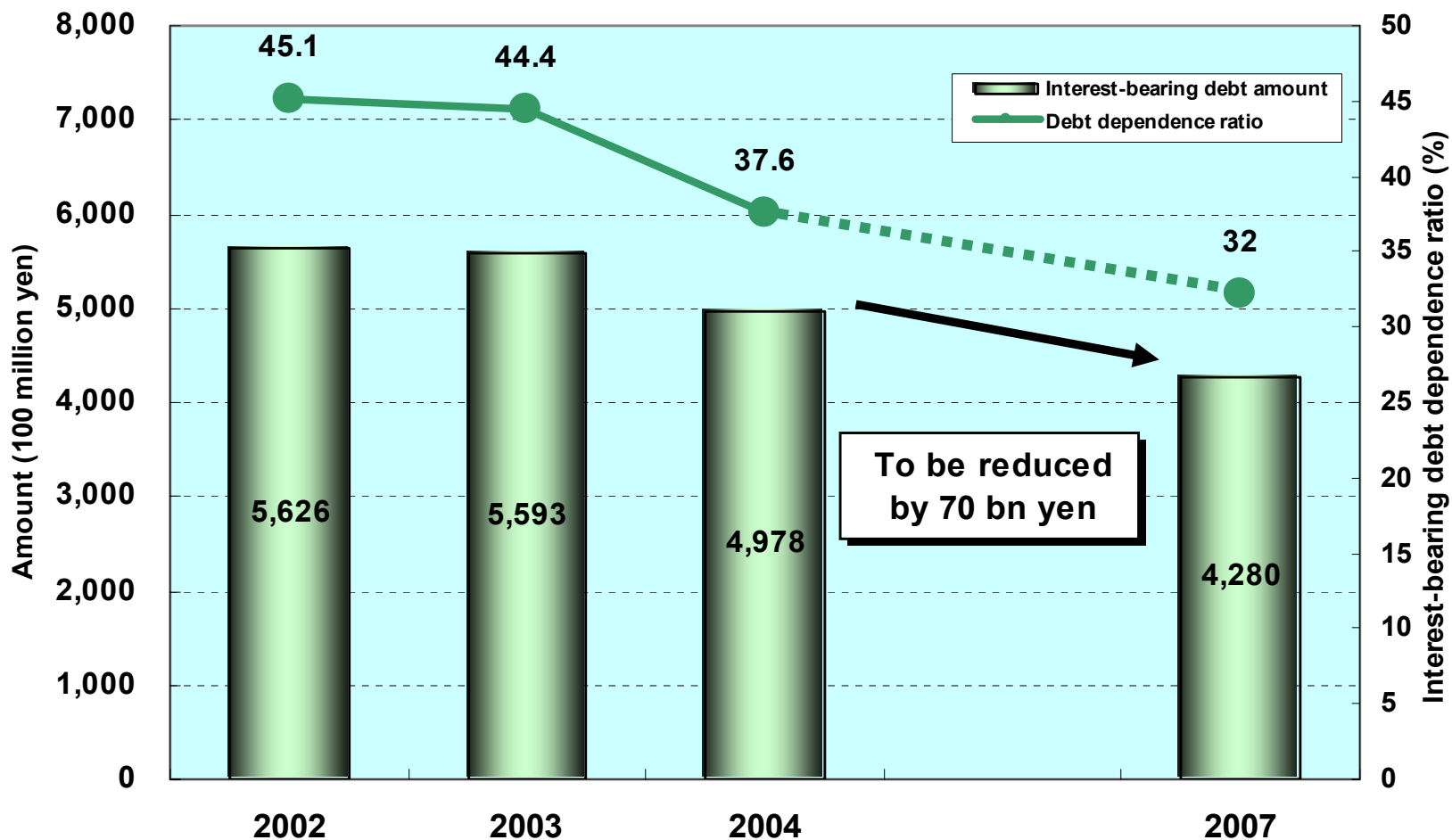
Department	FY2005-07 total (100 mill yen)
Sales and Marketing	220
Supply	610
Oil exploration and production	300
Other	270
Total	1,400

* On an acquisition basis

* MX refers to mixed xylene

Interest-Bearing Debt Reduction Goal

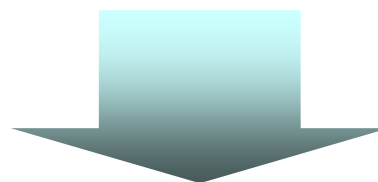
**Goal set for interest-bearing debt to be reduced to ¥428 billion as of FY2007-End (March 31, 2008)
(Down ¥70 billion as of FY2004-End (March 31, 2005))**



<Total amount of cash flows expected to be generated for FY2005-07>

(Unit: ¥100 million)

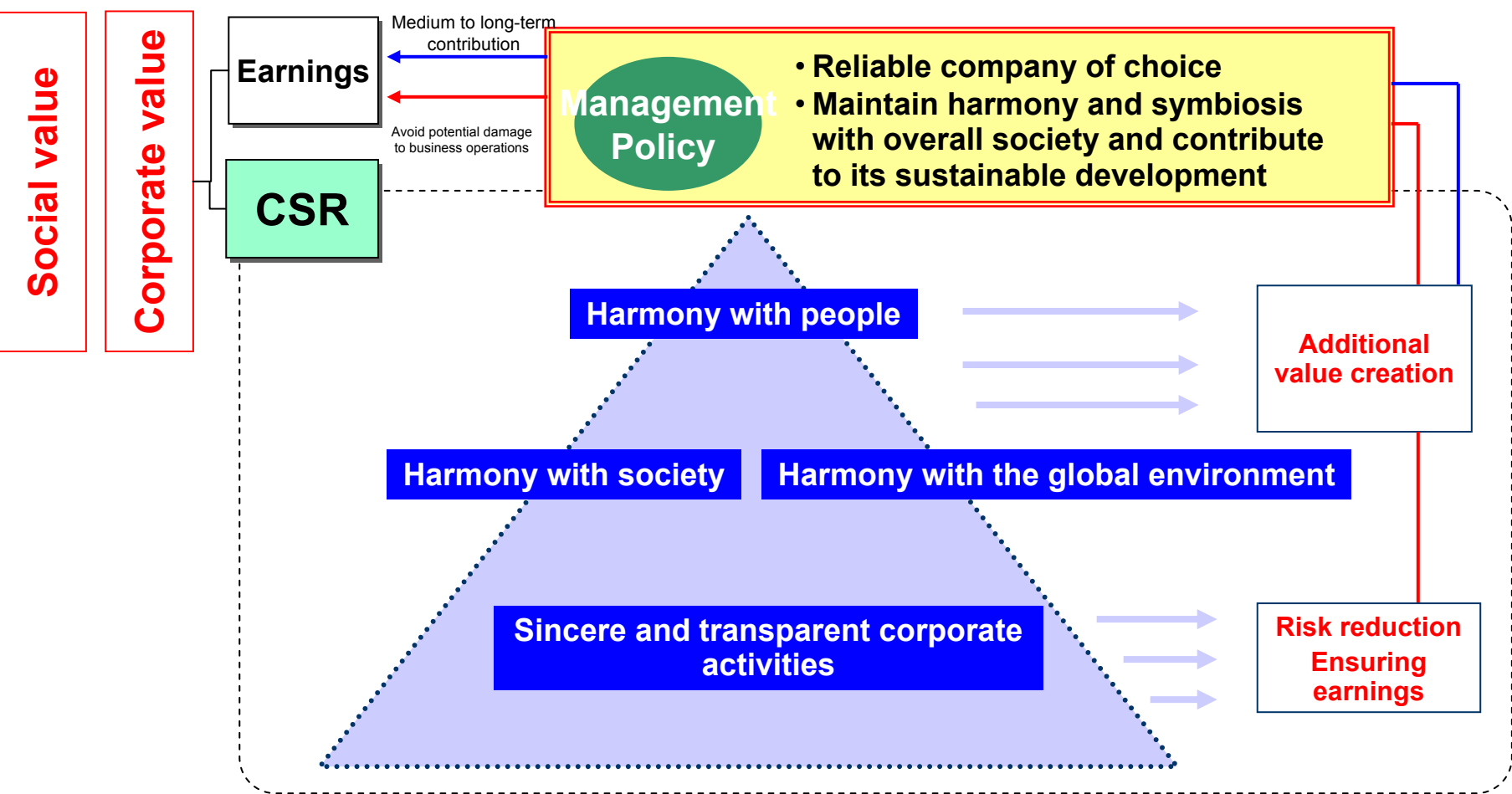
Cash in 2,260	Net income	Depreciation expenses	Other
	1,150	910	200



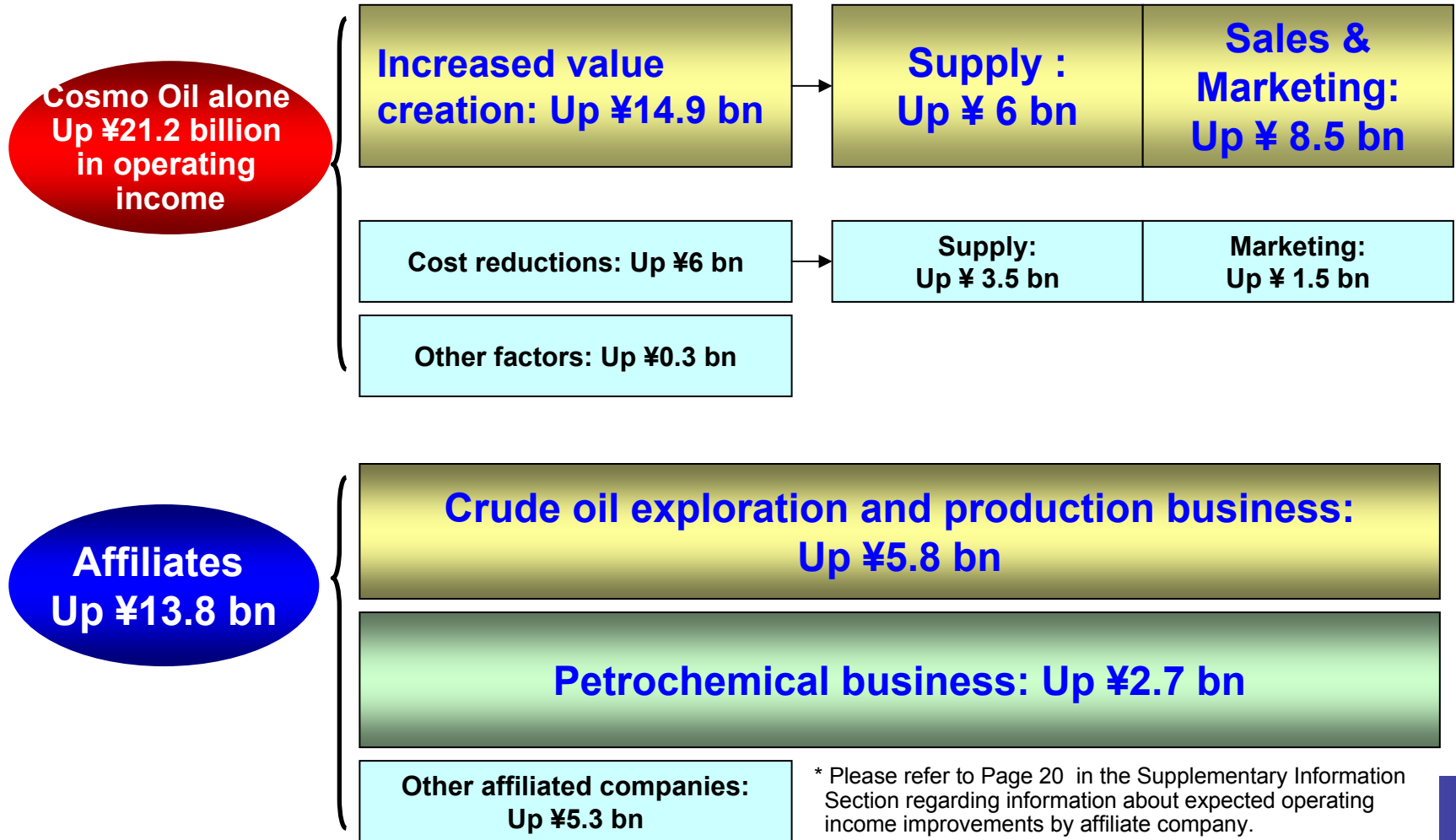
Cash out 2,260	Capital investment	Dividend payable	Interest-bearing reduction
	1,400	160	700

* Dividend payable at an estimated amount of ¥8 per share

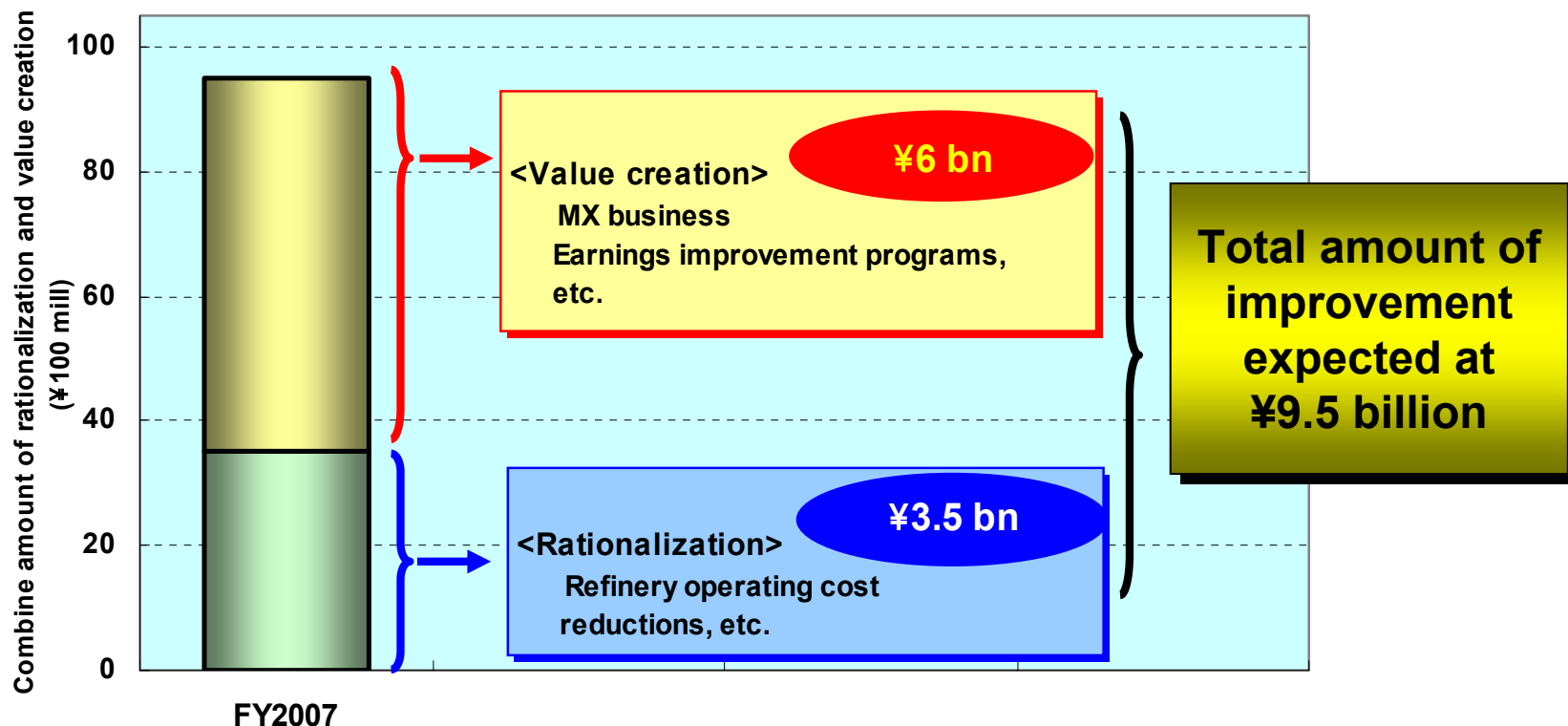
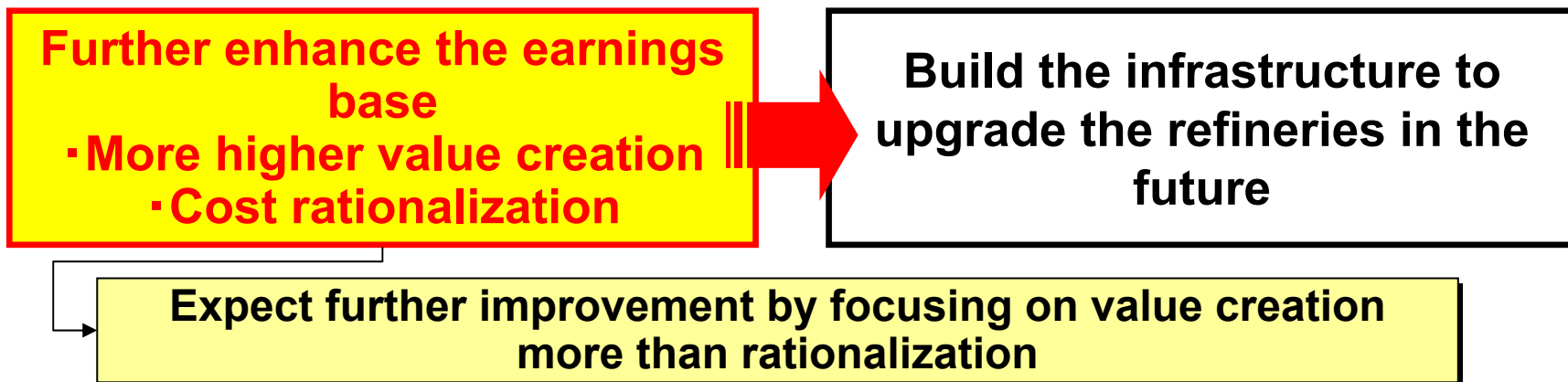
Promotion of corporate social responsibility (CSR) and establishment of the stable earnings base are two important, inseparable elements supporting the corporate management aimed at ensuring sustainability of Cosmo Oil Group and sustainable development of society



<Improvements expected by category and department at the time of completion of the Plan in FY2007>



* Please refer to Page 20 in the Supplementary Information Section regarding information about expected operating income improvements by affiliate company.

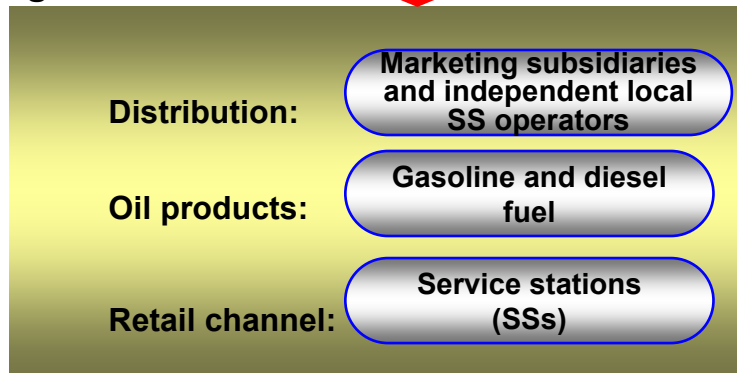


Improve distribution and oil product structures and further enhance the mass sales channel

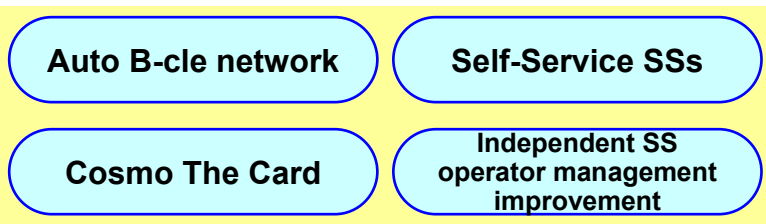
¥10 billion expected in improvement
(¥8.5 bn via value creation and ¥1.5 bn via rationalization)

More focus on increasing sales by addressing more profitable oil products, channel and SS operators to improve the distribution and sales structure

<Targets to enhance>

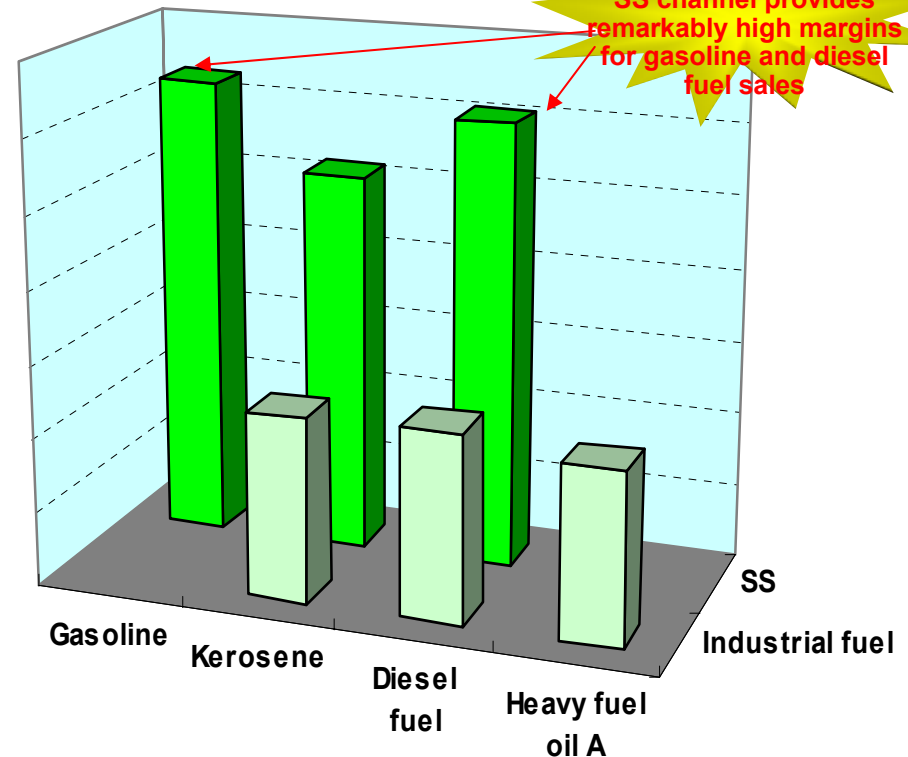


<Challenges to meet>



<Margins by Oil Product and Sales Channel (national average)>

* Based on Cosmo Oil simulation



Marketing subsidiaries

Continue enhancement strategies

Self-Service SSs

Continue active roll-out of such outlets and further improve investment efficiency

Auto B-cle network

Strengthen the network

Cosmo The Card

Continue active issuance

Horizontal deployment of Cosmo Oil's expertise

Independent local SS operators

Enhance Cosmo Oil's partnerships with them

Self-Service SSs

Continue active roll-out of such outlets and further improve investment efficiency

Auto B-cle network

Encourage them to join the network

Cosmo The Card

Continue active issuance

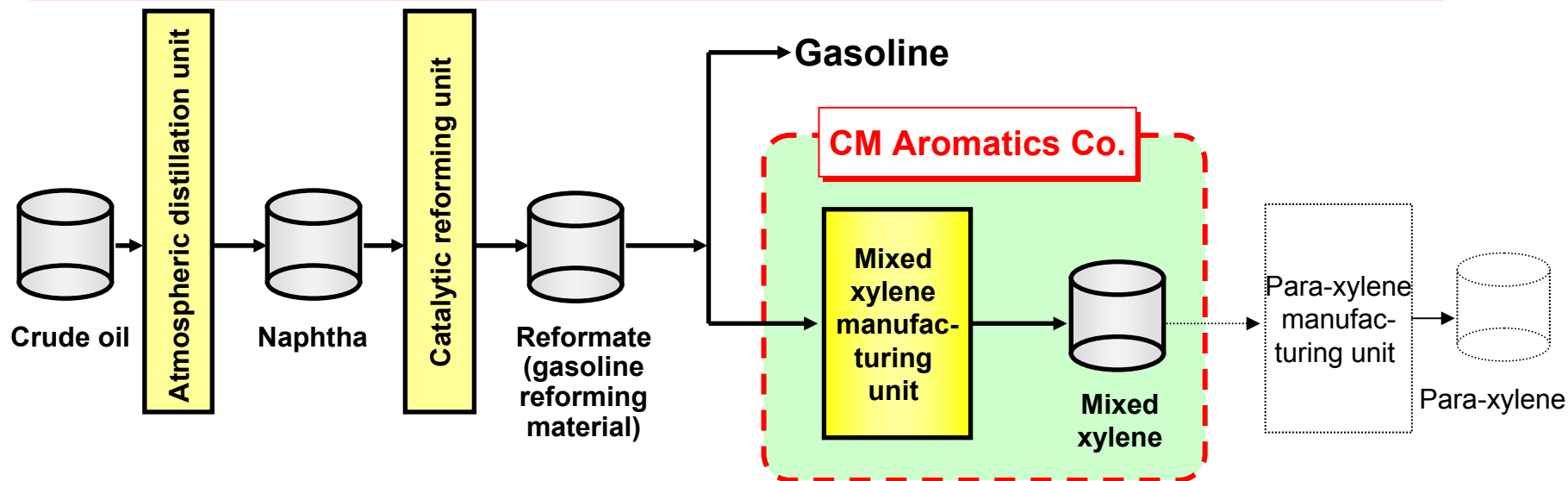
SS operator management improvement

Motivate operators to draw up and execute their action programs for management improvement



CM AROMATICS CO., LTD.

Goal for operating income for 2007: ¥2.7 billion



<Outline of CM Aromatics Co., Ltd. >

- Established on: April 1, 2005
- Capital: ¥100 million
- Invested by: Cosmo Oil Co., Ltd. at 65%
Maruzen Petrochemical Co., Ltd. at 35%
- President: Masahide Furuzono
(Managing director, Cosmo Oil)
- Line of Business: Material procurement, manufacturing, storage and marketing of mixed xylene

<Business outlook of CM Aromatics >

- July 2005 (scheduled):
To acquire, from Maruzen Petrochemical Co., Ltd., the mixed xylene manufacturing unit (with annual capacity of 100,000 tons) of its Chiba Plant to start manufacturing and marketing of mixed xylene
- July 2006 (scheduled):
Enhance the capacity of the manufacturing unit to manufacture up to 270,000 tons per year
(This will be combined with annual production capacity of 30,000 tons at Cosmo Matsuyama Oil Co., Ltd. to achieve total production capacity of 300,000 tons per year.)

<Major crude oil development subsidiaries>

* Shareholders and their shares as of April 1, 2005

		Abu Dhabi Oil Co., Ltd.	Mubarraz Oil Co., Ltd.	Qatar Petroleum Development Co., Ltd.	<Equity method-based ownership> United Petroleum Development Co., Ltd.
Average crude oil production during the new medium-term management plan (Barrels/day)		18,000	8,500	7,300	16,000
Shareholders (% share)	Cosmo Oil Co., Ltd.	62.6%	--	85.2%	35.0%
	Abu Dhabi Oil Co., Ltd.	--	100.0%	--	--
	Other private companies	37.4%	--	14.8%	65.0%
FY2007 financial forecast (100 mill yen)	Net Sales	231	104	116	178
	Ordinary Income	97	51	25	95
	Net income	26	17	6	32

★Qatar Petroleum Development Co., Ltd.
Currently under development aimed at starting production during FY2005
(including platform construction and oil well drilling)

< Outline of Commercial Production Plan >

Production period: FY2005~FY2016

Production volume: Early stage: About 6,000 BD
Max: About 10,000 BD

Crude oil quality: API: About 40

To be shipped as Qatar Marine Oil from Halul Island

Acquired oil field lot location map



[Initial-Year Forecast] Overview of Business Outlook for FY2005

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<Business forecast for FY2005>

(Unit: ¥100 million)

	Consolidated basis		Non-consolidated basis	
		Change from FY'04		Change from FY'04
Sales	21,600	54	19,700	50
Operating income	710	53	400	-74
(excl. inventory valuation impact)	(750)	(219)	(440)	(92)
Ordinary income	700	68	380	-37
Net income	320	56	210	73

<Expected operating incomes by major subsidiary and business segment >

(Unit: ¥100 million)

		Expected operating income	
			Change from FY '04
Operating income by major subsidiary	Abu Dhabi Oil Co., Ltd.	152	26
	Mubarraz Oil (*)	69	69
	Marketing subsidiaries	27	7
	Cosmo Oil Lubricants Co., Ltd.	17	7
	Cosmo Matsuyama Oil Co., Ltd.	11	-6
	Cosmo Petroleum Gas Co., Ltd	22	2
Operating income by business segment	Oil business	480	-67
	Crude oil exploration & production business	220	100
	Other businesses, write-offs, etc.	10	20

<Assumptions for business forecast >

		Full-year assumptions
Crude oil price (FOB)		38 USD/BBL
Yen-dollar exchange rate		105 JPY/USD
Total sales volume (% based on the 2004 level as 100%)		98.9 %
Sales volume in Japan (% based on the 2004 level as 100%)	Gasoline	100.3 %
	Kerosene	101.9 %
	Diesel fuel	97.0 %
	Heavy fuel oil A	99.3 %
	Combined sales of 4 volume products above	99.5 %
	Naphtha	99.7 %
	Jet fuel	98.2 %
	Heavy fuel oil C	92.1 %
	Total	98.7 %

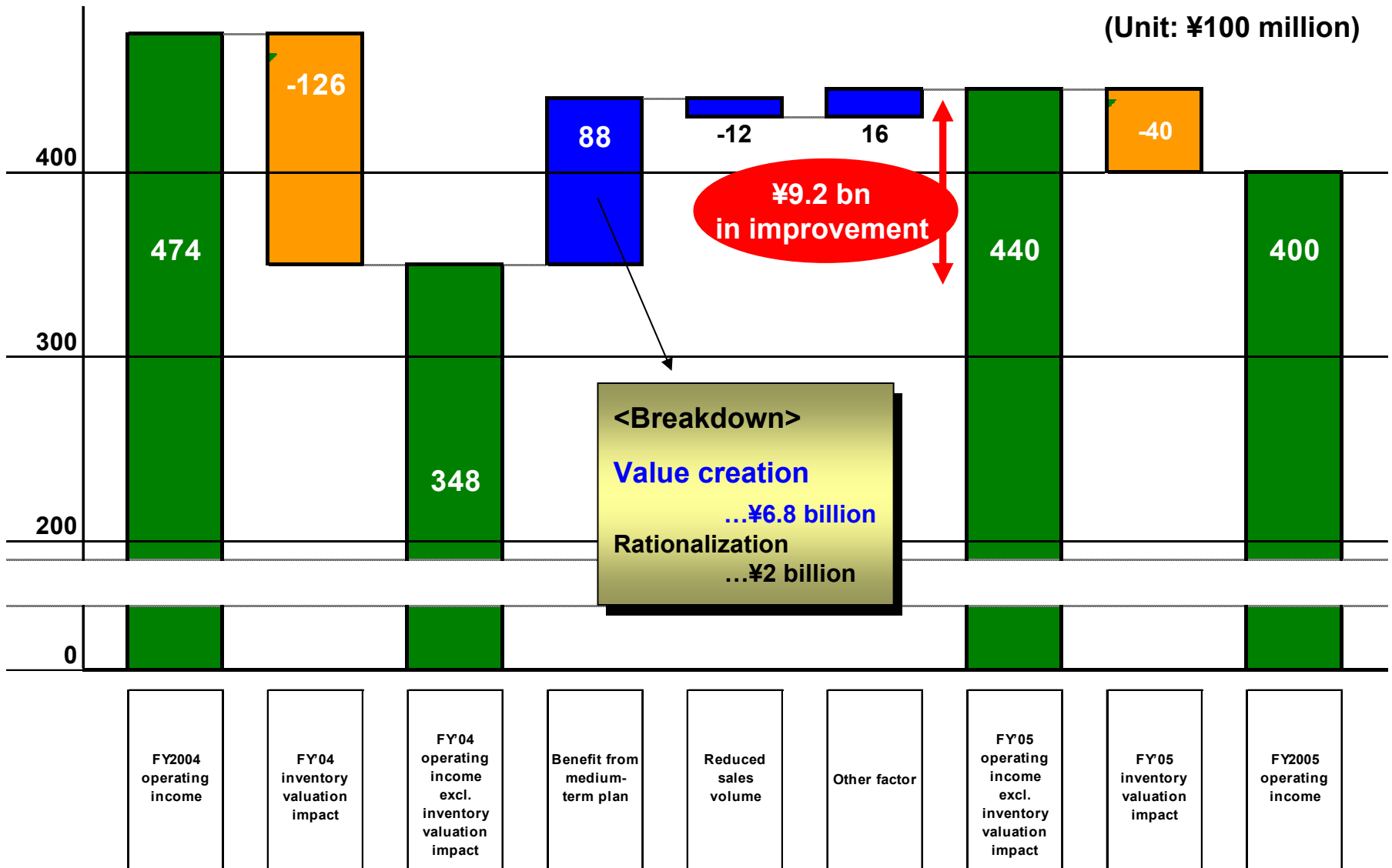
<Dividend payment >

Note: * Mubarraz Oil joined consolidated subsidiaries, effective FY2005

Expected dividend to be paid per share	8 yen unchanged from FY'04
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[Initial-Year Forecast] Key Factors for Increase and Decrease in Operating Income on A Non-Consolidated Basis

(Unit: ¥100 million)



(Unit: ¥100 million)

Category	Department	FY2005 Goal for improvement
Value creation	Supply	28
	Sales & Marketing	39
	Other	1
	Total	68
Rationalization	Supply	17
	Other	3
	Total	20
Grand total		88

Supplementary Information

<Supplementary Information to the 3-Year Medium-Term Management Plan>

- **Highlights of Forecast Financial Statements (both Consolidated and Non-Consolidated)**
- **Factor-Specific Analysis of Forecast Improvements in Non-consolidated Earnings**
- **Statement of Earnings Forecast by Subsidiary/Affiliate**

<Supplementary Information to Initial-Year Business Forecast>

- **Historical Changes in Consolidated EBITDA**

[Medium-Term Management Plan] Highlights of Forecast Financial Statements (both Consolidated and Non-Consolidated)

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* (Unit: ¥100 million), %

	Consolidated				Non-Consolidated			
	FY'04 actual	FY'05 planned	FY'06 planned	FY'07 planned	FY'04 actual	FY'05 planned	FY'06 planned	FY'07 planned
Net Sales	21,546	21,600	18,900	19,200	19,650	19,700	16,300	16,500
Operating Income	657	710	770	880	474	400	460	560
Ordinary Income	632	700	720	820	417	380	400	500
Net Income	264	320	342	412	137	210	222	282
Total Assets	13,231	13,171	13,500	13,300	11,634	11,400	11,700	11,400
Interest-Bearing Debts	4,978	4,662	4,480	4,280	4,608	4,247	4,150	4,080
Shareholders' Equity	2,279	2,548	2,840	3,200	1,813	1,972	2,140	2,370
ROE	12.2%	13.3%	12.7%	13.6%	7.8%	11.1%	10.8%	12.5%
ROA	2.0%	2.4%	2.6%	3.1%	1.2%	3.7%	3.8%	4.9%
Debt dependence ratio	38%	35%	33%	32%	40%	37%	35%	36%
Shareholders' Equity Ratio	17.2%	19.3%	21.0%	24.1%	15.6%	17.3%	18.3%	20.8%

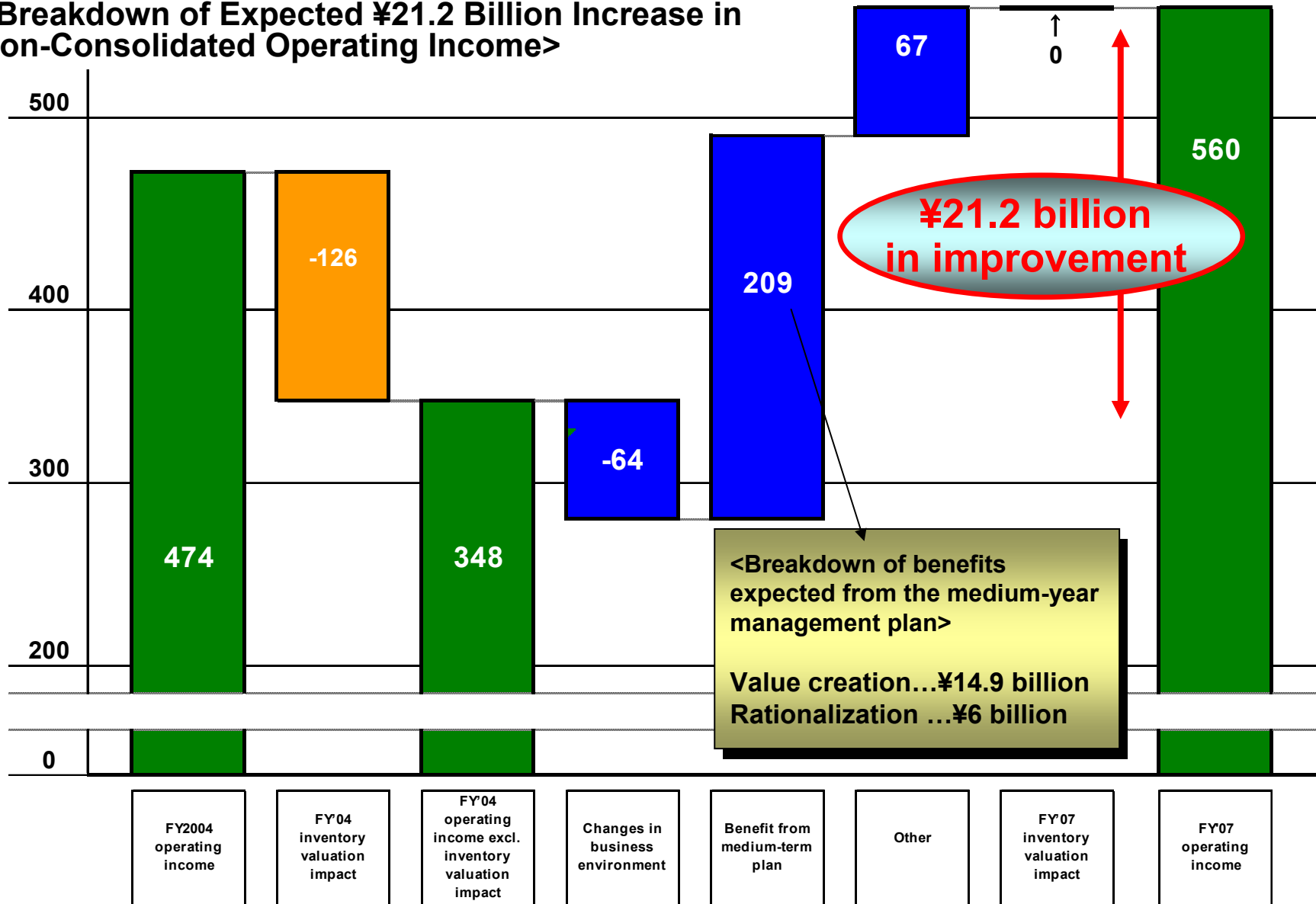
<Excluding inventory valuation impact>

Inventory valuation impact*	-126	40	50	0	-126	40	50	0
Operating Income	531	750	820	880	348	440	510	560
Ordinary Income	506	740	770	820	291	420	450	500

Note: * An inventory valuation impact figure with a ▲ (minus) mark before it indicates that it did and would work as a factor to push down crude oil prices in an accounting period (if an accounting profit for the period was or is expected to be larger.)

[Medium-Term Management Plan] Factor-Specific Analysis of Forecast Improvements (in Non-Consolidated Earnings, FY2004 Vs. FY2007)

<Breakdown of Expected ¥21.2 Billion Increase in Non-Consolidated Operating Income>



[Medium-Term Management Plan] Statement of Earnings Forecast by Subsidiary/Affiliate

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<Statement of Forecast of Operating Income by Subsidiary/Affiliate >

* (Unit: ¥100 million)

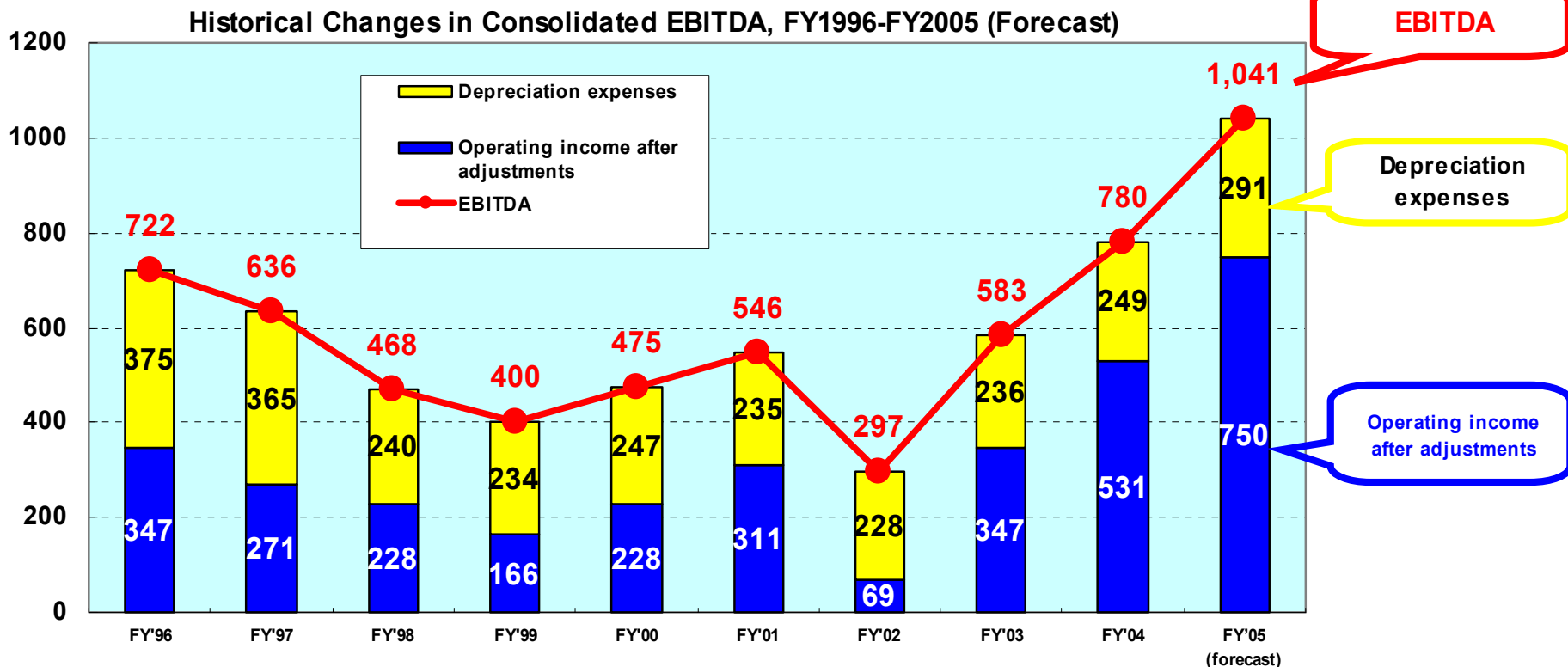
Company name		FY2004 actual	FY2007 planned	Expected improvement amount
Crude oil exploration & production subsidiaries	Abu Dhabi Oil Co., Ltd.	126	102	-24
	Mubarraz Oil Co., Ltd.	(48*)	51	51
	Qatar Petroleum Development Co., Ltd.	----	31	31
	Total	126	184	58
Cosmo Petroleum Gas Co., Ltd.		20	27	7
Marketing subsidiaries		20	27	7
Cosmo Oil Lubricants Co., Ltd.		10	20	10
Cosmo engineering Co., Ltd.		-4	8	12
Cosmo Trade and Service, Co., Ltd.		5	12	7
Cosmo Matsuyama Oil Co., Ltd.		17	13	-4
CM Aromatics Co., Ltd.		----	27	27
Other (incl. accounting consolidation adjustments)		-11	3	14
Grand total		183	321	138

Note: * Mubarraz Oil Co., Ltd. was an affiliated company to which the equity method was applied in FY2004 (thus its value was not included in the total amount for the period.)

[Initial-Year Business Forecast] Historical Changes in Consolidated EBITDA

* Consolidated operating income after inventory valuation impact adjustments

* (Unit: ¥100 million)



	FY'00	FY'01	FY'02	FY'03	FY'04	FY'05 (forecast)
Accounting operating income	366	221	242	252	657	710
Inventory valuation impact by weighted average method*	-138	90	-173	95	-126	40
Operating income after inventory valuation impact adjustments	228	311	69	347	531	750

Notes: * Inventory valuation impact shows a minus figure by putting a ▲ mark before it as it works as a factor to push down crude oil prices (if an accounting profit is greater).

* The weighted average method has been adopted since FY2004.

Cautionary Statement Regarding Forward-Looking Scenarios

This presentation contains statements that constitute forward-looking scenarios. While such forward-looking scenarios may include statements based on a variety of assumptions and relating to our plans, objectives or goals for the future, they do not reflect our commitment or assurance of the realization of such plans, objectives or goals.