

Cosmo Oil Co., Ltd. New Consolidated Medium-Term Management Plan Progress Made in the First Half of FY2006 and Future Policy

November 8, 2006

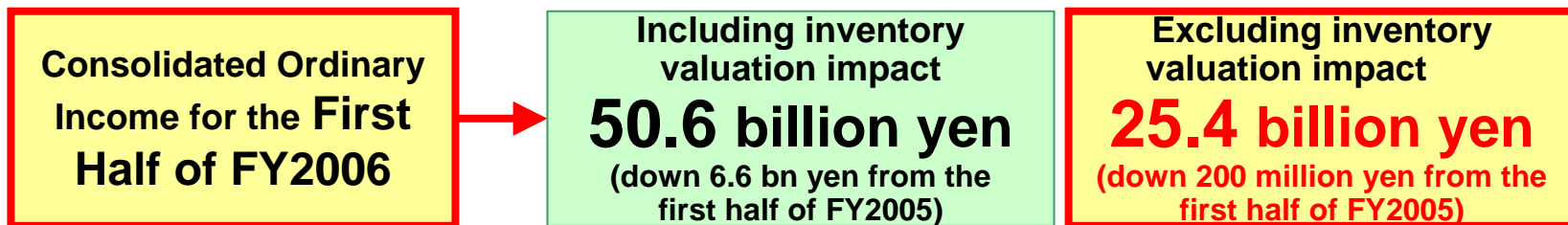
Yaichi Kimura, President

**Naomasa Kondo, Satoshi Miyamoto,
Managing Director**

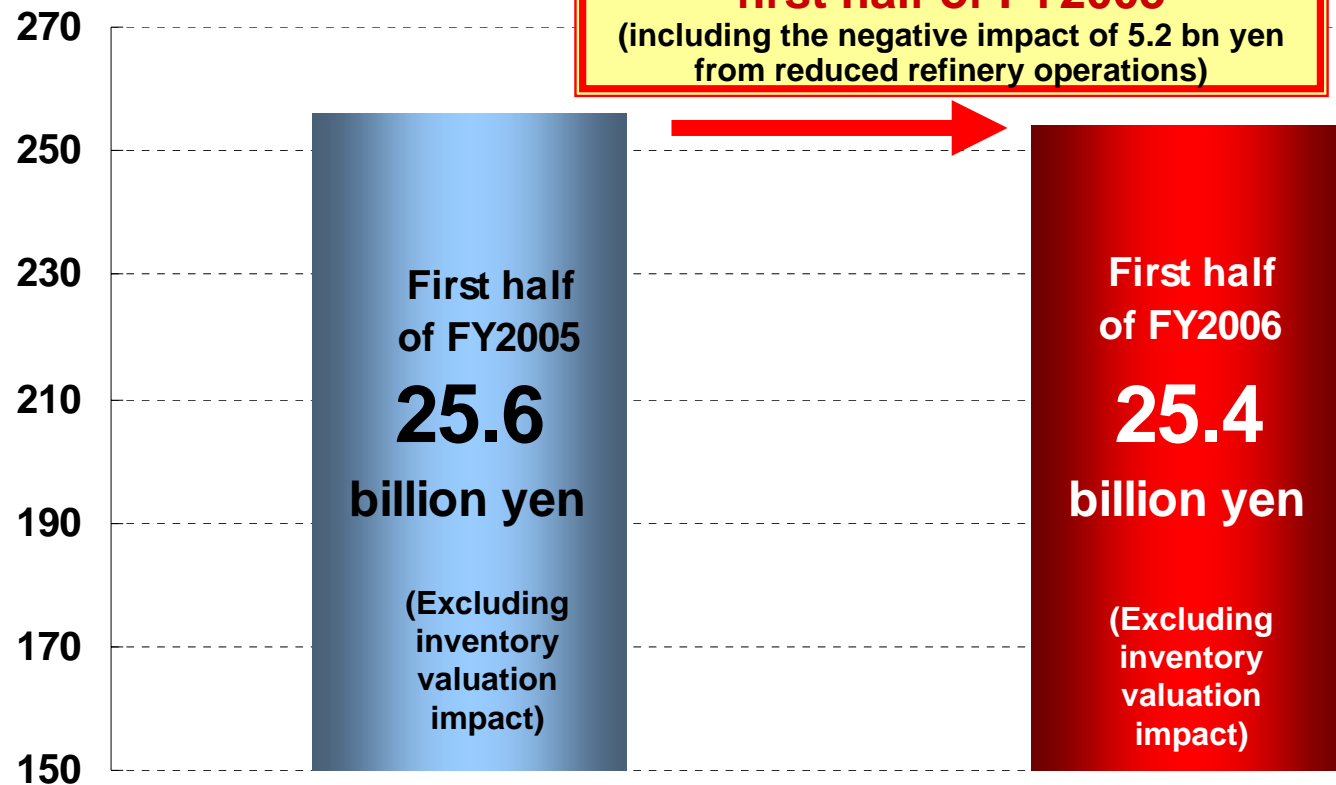
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Review of Results for the First Half of FY2006



Unit: 100 million yen



Consolidated and non-consolidated ordinary income by segment

	1HFY06 - actual	Change from 1HFY05
Cosmo Oil alone	-9	-76
Crude oil exploration and production	242	74
Other subsidiaries, etc.	21	0
Total (consolidated)	254	-2

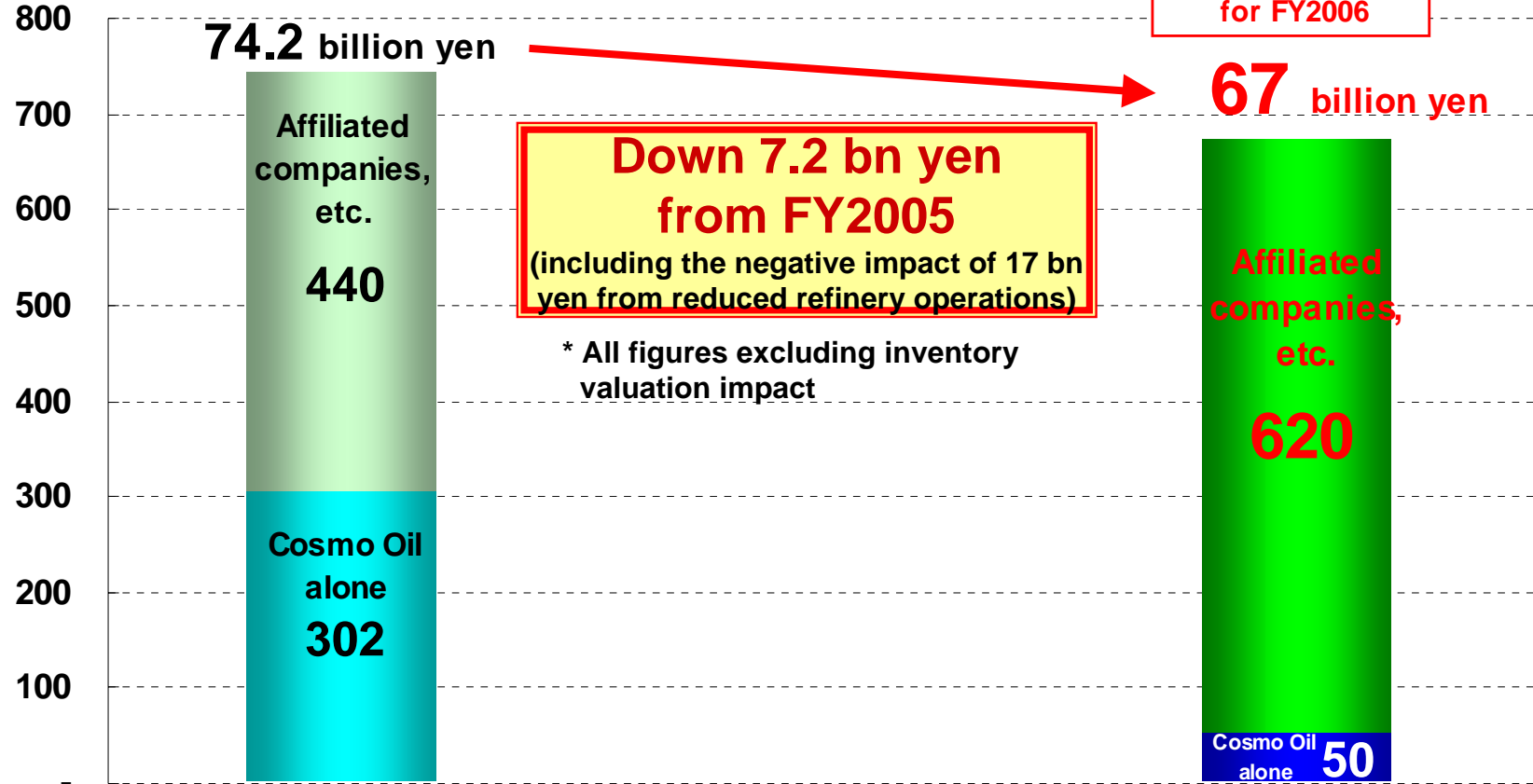
* Unit: 100 million yen
* Crude oil exploration and production business results include those of subsidiaries accounted for under the equity method.

Outline of Forecasts for Full Year of FY2006

Assumption – Crude oil price
(for 2H FY2006): 58 USD/bbl
Assumption – Foreign exchange
rate (for 2H FY2006): 120 yen/USD

Full-year ordinary income
forecast for FY2006
(Excluding inventory valuation impact)
67 billion yen

Unit: 100 million yen FY2005



Ensure that various programs for the MTMP will be put into action

<Cosmo Oil alone>
Promote value creation and rationalization

<Crude oil exploration and production>
Maintain and increase the production volume

<Petrochemical>
Mixed xylene business

<CSR enhancement>
Enhance safety management system and corporate ethics compliance

Consolidated ordinary income
Down 7.2 bn yen from FY2005

(FY2005) (Forecast for FY2006)
74.2 bn yen → 67.0 bn yen

Cosmo Oil alone:
Decrease by 25.2 bn yen

(FY2005) (Forecast for FY2006)
30.2 bn yen → 5.0 bn yen

Affiliated companies:
Increase by 18.0 bn yen

(FY2005) (Forecast for FY2006)
44.0 bn yen → 62.0 bn yen

Value creation and rationalization effectiveness:
To increase by 5.4 bn yen

Impact from reduced refinery operations: down 17 bn yen

Other factors: To reduce by 13.6 bn yen

Oil exploring and producing subsidiaries: 15.0 bn yen

CM Aromatics Co., Ltd.:
To increase by 2.4 bn yen

Other affiliated companies, etc.:
To increase by 0.6 bn yen

Note:

- * Figures above are for a full year
- * Excluding inventory valuation impact
- * Crude oil exploration and production business results include those of subsidiaries accounted for under the equity method.

	1H of FY2006	Change from 1H FY2005
Consolidated ordinary income	50.6 billion yen	-6.6 billion yen
Inventory valuation impact	25.2 billion yen	-6.4 billion yen
Consolidated ordinary income (Excluding inventory valuation impact)	25.4 billion yen	-0.2 billion yen



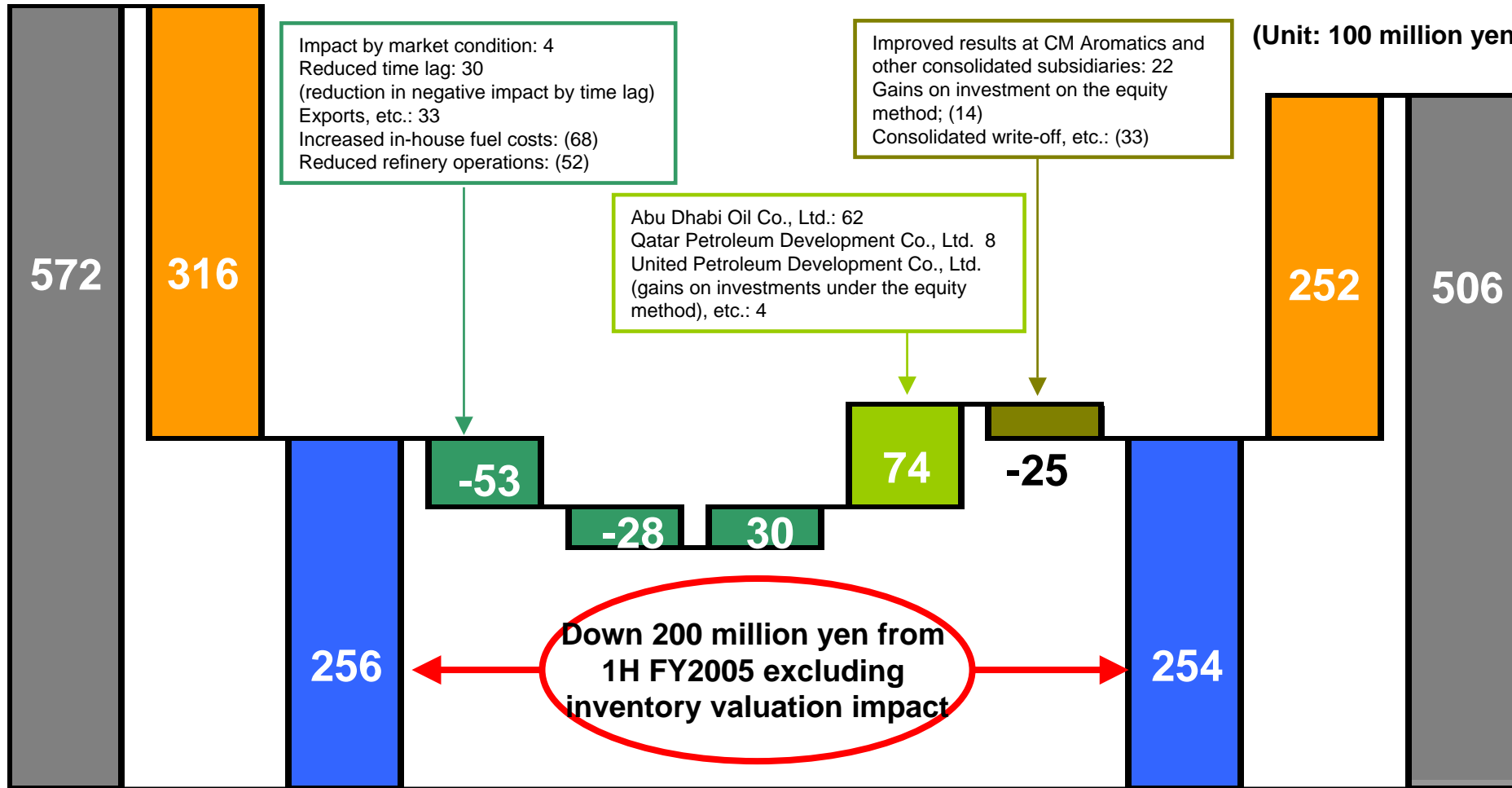
**Consolidated ordinary income excluding impact of inventory valuation:
Key factors affecting a decrease of 200 million yen from 1H FY2005**

Positive factors	Improved market conditions, benefits brought by MTMP execution, strong exports
	Contribution from improved results of the crude oil exploration and production business and petrochemical and other consolidated subsidiaries, etc.
Negative factors	Increased in-house fuel costs, reduced sales volume
	Impact from reduced refinery operations (5.2 bn yen)

* For information about crude oil prices, selling volumes and their growth, selling prices, etc. please refer to Supplementary Information – 1

[Results of 1H FY2006] Consolidated Ordinary Income – Analysis of Decrease of 6.6 Billion yen from 1H FY2005

(Unit: 100 million yen)



1H FY2005 results

1H FY2006 results

Ordinary Income	Inventory valuation impact	Ordinary income excluding inventory valuation impact	Cosmo Oil alone			Oil exploring and producing subsidiaries	Other	Ordinary income excluding inventory valuation impact	Inventory valuation impact	Ordinary Income
			Impact by market condition/ Higher supply costs, etc.	Reduced sales volume	Benefit from the MTMP Plan					
572	316	256	-53	-28	30	74	-25	254	252	506

[Results for 1H FY2006] Consolidated Subsidiaries - Results of Major Consolidated Subsidiaries and Subsidiaries Owned Under the Equity Method

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<Major Consolidated Subsidiaries – Ordinary Income>

(Unit: 100 million yen)

		1H FY06	Change from 1H FY05	Description for key factors affecting results
Major crude Oil Exploration And Production subsidiaries	Abu Dhabi Oil Co., Ltd.	214	62	1. Crude oil price hike (48.2 → 64.7USD/ BRL) 2. Yen's depreciation (105.3 yen/USD→116.2 yen/USD), etc.
	Qatar Petroleum Development Co., Ltd.	10	8	1. Crude oil production started in March 2006 2. Crude oil price at USD 65.14/brl and foreign exchange of 115.3 yen/USD
	United Petroleum Development Co., Ltd. (owned by the Cosmo Group on the equity method)	18	4	1. Crude oil price hike (48.5 → 65.1USD/ BRL) 2. Yen's depreciation (106.1 yen/USD→115.7 yen/USD), etc.
	Total	242	74	
Marketing subsidiaries		-15	-23	Reduced margins and increased expenses due to self- service SS promotion
Cosmo Matsuyama Oil Co., Ltd.		11	3	Increased spread owing to improved market conditions
CM Aromatics Co., Ltd.		22	21	Production volume increased to 270,000 tons a year in July 2006 (from 100,000 tons) Increased spread owing to improved market conditions
Other consolidated subsidiaries		33	21	

<Gains (losses) from investments in subsidiaries and
affiliates accounted for under the equity method>

* Please refer to Supplementary Information -3 for information on actual
results by major consolidated subsidiary and by business segment

	1H FY06	Change from 1H FY05
Gains (losses) from investments	40	-10

[Results of 1H FY2006]

Outline of Consolidated Cash Flows and Balance Sheets

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(Unit: 100 million yen)

	As of Sept. 30, 2006	Change from as of Mar. 31, 2006	Major factor
Cash flow from operating activities	-551	-	Increased accounts receivable, inventories, etc. due to crude oil price increases
Cash flow from investing activities	-146	-	
Cash flow from financing activities	803	-	
Cash and cash equivalents at end of the period	672	106	

	As of Sept. 30, 2006	As of Mar. 31, 2006	Change
Total Assets	16,119	14,636	1,483
Net assets	3,533	—	—
Shareholders' Equity	—	3,125	—
Shareholders' equity *	3,365	3,125	240
Net worth ratio *	20.9%	21.4%	Down 0.5 % points
Interest-bearing debts (including zero coupon corporate bonds)	6,081	5,224	857
Debt dependence ratio	37.7%	35.7%	Up 2% points
Debt Equity Ratio	1.8	1.7	Up 1% point
Net interest-bearing debt (including zero coupon corporate bonds)	5,429	4,658	771
Debt dependence ratio	33.7%	31.8%	Up 1.9% points
Debt Equity Ratio*	1.6	1.5	Up 0.1% point

* "Shareholders' equity" in the first half of FY2006 (above) is "net assets less minority interests." The amount of "shareholders' equity" in the first half of FY2005 was calculated based on the former definition of "shareholders' equity."

[Forecast for Full Year of FY2006]
Consolidated Operating Forecast – 1. Ordinary Income

	Full Year FY2006	Change from FY2005
Consolidated ordinary income	79.0 bn yen	-40.6 bn yen
Inventory valuation impact	12.0 bn yen	-33.4 bn yen
Consolidated ordinary income (Excluding impact of inventory valuation)	67.0 bn yen	-7.2 bn yen

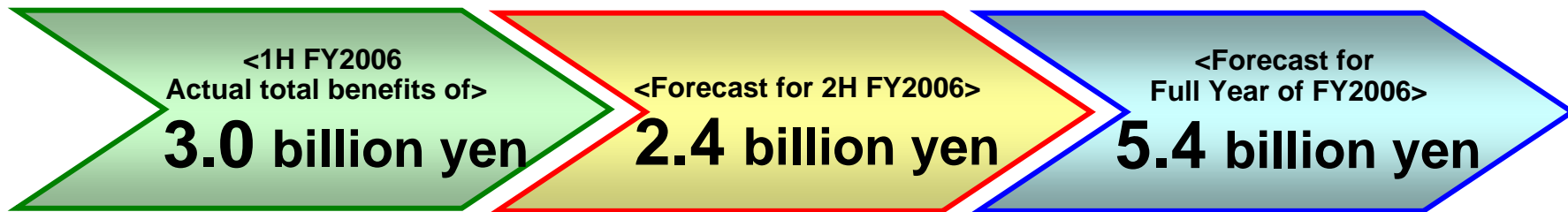
**Consolidated ordinary income excluding inventory valuation impact:
 Key factors for a decrease of 7.2 billion yen from FY2005**

Positive factors	Improvement in market conditions, benefits expected to be brought by MTMP execution
	Contribution by crude oil exploration and production, as well as petrochemicals and other consolidated subsidiaries, etc.
Negative factors	Increase in in-house fuel cost, reduction in sales volume
	Impact from reduction in refinery operations (17 bn yen)

* For information about detailed assumptions for forecast results, please refer to Supplementary Information – 1

* For information about forecast results by major consolidated subsidiary and business segment, please refer to Supplementary Information – 4

[Non-Consolidated MTMP] Non-Consolidated – Progress Made in “Added Value Creation and Rationalization” Benefits and Full-Year Forecast



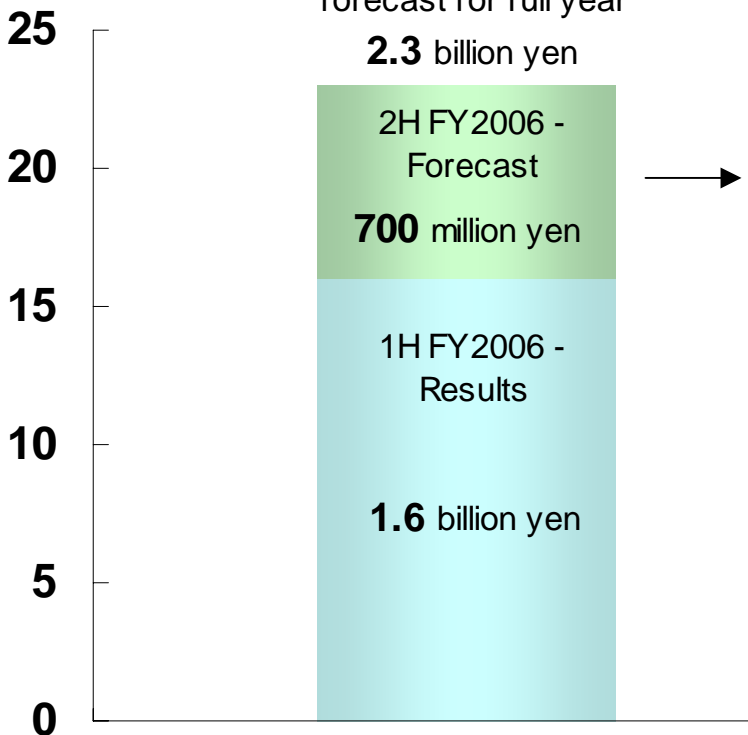
* (Unit: 100 million yen), %

Item	Department	1H FY2006			FY2006 – 2H plan	FY2006 - Full-year plan
		Previous forecast	Actual results	Achievement (%)		
Value creation		(①)	(②)	(②÷①)	(③)	(②+③)
	Supply Department	14	13	96%	3	16
	Sales Department	9	7	77%	15	22
	Other departments	1	0	N.A.	0	0
	Subtotal	24	20	83%	18	37
Rationalization	Supply Department	4	3	78%	4	7
	Sales Department	5	5	100%	0	5
	Other departments	2	2	75%	3	5
	Subtotal	11	10	87%	7	17
Grand total	Supply Department	18	16	92%	7	23
	Sales Department	14	12	84%	15	27
	Other departments	3	2	67%	3	5
	Total	35	30	84%	24	54

Ensure safe, stable operations and improve added-value creation in the refinery business

(Unit: 100 million yen)

FY2006 - Total benefits forecast for full year



- **Enhanced production capacity at CM Aromatics Co., Ltd. (from July 2006)**
- **Reduction in energy costs, etc.**

* Please refer to slide 15 for the operating highlights of CM Aromatics

Forecast for FY2006

Changes in Business Environment

Prolonged increase in retail prices at SSs due to crude oil price hikes

- Growing demand for lower prices
- Intensifying SS and brand selection by consumers

Basic Policy

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

Targets to enhance (continued from the past)

Distribution

Marketing subsidiaries and independent local SS operators

Oil products

Gasoline and diesel fuel

Retail channel

Service stations (SSs)

Strategic themes

Marketing subsidiaries

Continue enhancement strategies

Self-Service SSs

Respond to the growing need for self-service SS

Auto B-cle network

Improve car care service

Cosmo The Card

Provide convenience

Independent SS operators

Enhance Cosmo Oil's partnerships with them

Self-Service SSs

Auto B-cle network

Cosmo The Card

Improve management of independent SS operators

Horizontal deployment of Cosmo Oil's expertise

Self-Service SS Business

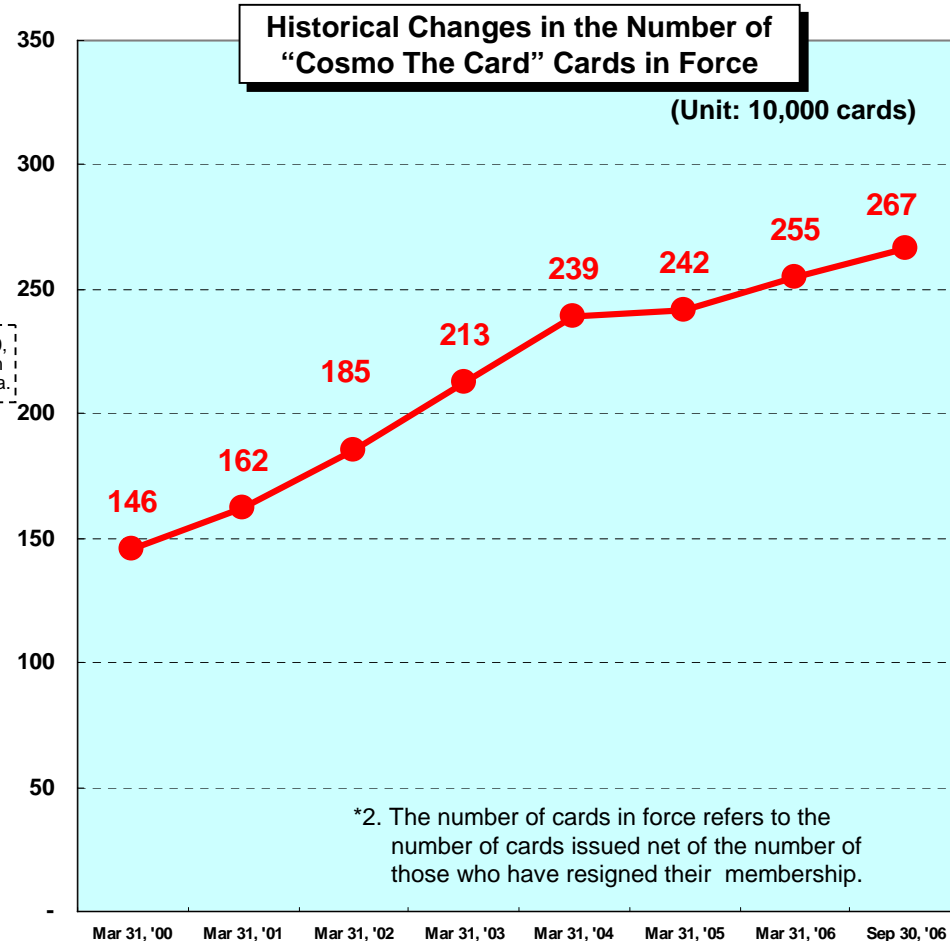
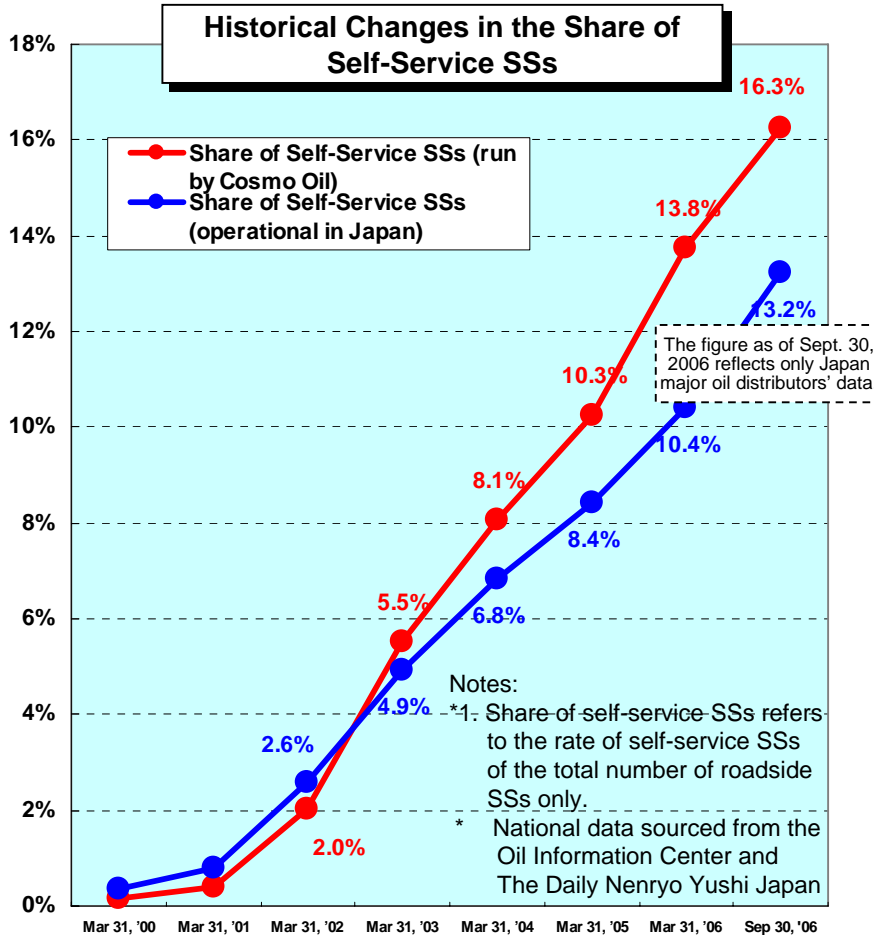
No. of SSs operational as of Sept. 30, 2006: 720
 (No. of Self-Service SSs newly opened during 1H FY2006: 94)

Share of self-service SSs of total SSs operational: 16.3%

Cosmo The Card *2

No. of cards in force as of September 30, 2006: 2.67 million

(Net increase during 1H FY2006: 120,000 cards)



[Crude Oil Exploration & Production] Results of Subsidiaries and Future Plans

◆ Operating Highlights of the Crude Oil Exploration & Production Business Segment

Item and company name		Unit	H1 FY2006 - results	FY2006 - Full year forecast
Dubai crude oil (*1)		USD/BRL	61.4	62.5
Ordinary Income	Abu Dhabi Oil Co., Ltd.	100 million yen	214	430
	Qatar Petroleum Development Co., Ltd.	100 million yen	10	35
	United Petroleum Development Co., Ltd.	100 million yen	168	350
Net income (*2)	Abu Dhabi Oil Co., Ltd.	100 million yen	66	135
	Qatar Petroleum Development Co., Ltd.	100 million yen	3	15
	United Petroleum Development Co., Ltd.	100 million yen	57	131

Notes:

*1 Source: Statistical data from PLATT'S (for Jan-Sept. 2006) and Cosmo Oil's forecast (for Oct.-Dec. 2006); The figure for the first half of FY2006 is an average for Jan.- June 2006 and the figure for the full-year forecast for FY2006 is an average estimated for Jan.-Dec. 2006.

*2 Net income: The amount equivalent to the equity share owned by Cosmo Oil in each subsidiary above contributed to consolidated profit and loss statement

◆ Progress made in Qatar Project

Project Outline

<Outline of Commercial Production Plan>

Production period: FY2006 - FY2016

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

To be shipped as Qatar Marine Oil from Halul Island

<Outline of Qatar Petroleum Development Co., Ltd.>

Established in: September 1997

Capital: 3,148 million yen

Invested by: Cosmo Oil at 85.8% and Sojitz corp. at 14.2%

Crude Oil Production Volume

Commercial production started in March 13, 2006

Period of time	Production volume (barrels per day)
March-June 2006	5,967
July to Sept. 2006	6,261

Note: The production volume for the month of March 2006 was computed on a calendar basis.

● July 2005:

- CM Aromatics Co., Ltd. started manufacturing and marketing mixed xyelene (with the production capacity of 100,000 tons a year)

● July 2006:

- Increased its production capacity to 270,000 tons a year as expected in the MTMP (When the above figure is combined with the production capacity of Cosmo Matsuyama Oil (30,000 tons a year), the Group's total production capacity is 300,000 tons a year.)



● Results for the First Half of FY2006 and Forecasts for the Full Year

- During the first half of FY2006, the xyelene market grew rapidly following strong demand in the Asian market, led by China, and the U.S.'s voluntary restraint on manufacturing MTBE. Revenues exceeded increased raw material costs from higher crude oil prices.
- The company plans to continue to operate at full capacity in the second half of FY2006.

Income Statement	Item	H1 FY2006		Full-year of FY2006	
		Actual	Change from 1H FY2005	Forecast	Change from FY2005
	Net Sales	219	167	505	336
	Ordinary income	22	21	34	24

* (Unit: 100 million yen)

(1) Restructuring the safety control system

- ◆ We have learned important lessons from the April 2006 accident. We will give top priority to addressing problems associated with fixed measurement points and structural changes, which were the main causes of the accident, by reviewing all the measurement points set for the equipment and by verifying all the structural changes made in the past decade.

(2) Improvements in awareness of compliance with corporate ethics

- ◆ We will form a compliance committee (chaired by the director of each oil refinery) at each refinery as a subordinate organization of the Corporate Ethics Committee, which will always support and supervise the compliance committee to improve the awareness of compliance at the refinery.
- ◆ We will review and strictly follow both the regulatory procedures involved in equipment changes and the reporting system for risk management during abnormal events.

(3) Enhancement of the checking functions for the manufacturing department of the refinery

- ◆ We will modify the work rules to allow the Safety and Environment Control Office to function independently of the refinery.
- ◆ We will keep separate the executive responsible for safety from the executive responsible for manufacturing and appoint two people for the two duties.
- ◆ We will review and improve the work flows:
The Safety and Environment Office will, in advance, make a decision on whether a regulatory request or notification will be required for each work project so that each project cannot get start until all the necessary regulatory procedures are completed.
- ◆ Improve internal auditing and inspection
In addition to an internal audit at each refinery, the headquarters' Safety and Environmental Control Department and each refinery's Safety and Environment Office will regularly inspect the resulting work and all regulatory procedures conducted at the refinery, On top of that, the Internal Audit Office of the headquarters will carry out a second audit.

Supplementary Information

1. **[Actual Results & Forecast] Crude Oil Procurement and Processing Costs, Selling Prices and Volume, Crude Oil Production Volume**
2. **[Actual Results & Forecast] Overall Review of Progress Made by Non-Consolidated Oil Business in Medium-Term Management Plan (MTMP)**
3. **[Actual Results] Results of 1H 2006 by Major Consolidated Subsidiary and Business Segment Vs. Results of 1H FY2005**
4. **[Forecast of FY2006] Full-Year Forecast by Major Consolidated Subsidiary and Business Segment Vs. Full-Year Results of FY2005**
5. **[Forecast of FY2006] Full-Year Forecast by Major Consolidated Subsidiary and Business Segment Vs. Previously Announced Forecast (on May 16, 2006)**
6. **[Forecast of FY2006] Forecast Consolidated Ordinary Income for FY2006 - Analysis of Expected Changes from Previously Announced Forecast (on May 16, 2006)**
7. **[Forecast of FY2006] Historical Changes in Consolidated EBIDA Excluding Inventory Valuation Impact**
8. **[Actual Results of H1 FY2006] Historical Changes in the Number of Employees, Oil Storage Depots, SSSs and Cards in Force**

[Actual Results vs. Forecast] Crude Oil Procurement and Processing Costs, Selling Prices and Volume, Crude Oil Production Volume

Supplementary Information – 1

		1H FY06 - actuals	Change	% change	2H FY06 assumption
Purchased price of crude oil	Crude oil (FOB) USD/BRL	65.93	14.09	—	58.00
	JPY/USD exchange rate	115.70	6.84 ^(W eaker yen)	—	120.0
	Purchased price of crude oil (tax inclusive) yen/KL	51,325	12,498	—	—
Crude oil refining	Refined crude oil volume (1,000 KL)	14,516	-331	97.8%	—
	Atmospheric distillation operating ratio (Calendar Day)	83.8%	-2.0%	—	—
	Atmospheric distillation operating ratio (Streaming Day ^{*1})	94.5%	-1.1%	—	—
Selling price	Selling price (yen/KL)	52,140	12,210	—	—
Sales volume	Gasoline	3,451	-95	97.3%	97.6%
	Kerosene	843	-96	89.8%	95.7%
	Diesel fuel	2,341	-68	97.2%	97.6%
	Heavy fuel oil A	1,561	-210	88.2%	93.3%
	Combined sales of 4 volume products above (1,000 KL)	8,198	-467	94.6%	96.4%
	Naphtha	3,296	-307	91.5%	95.5%
	Jet fuel	198	42	127.0%	138.0%
	Heavy fuel oil C	1,334	-172	88.6%	90.2%
	Total sales volume in Japan (1,000 KL)	13,025	-905	93.5%	96.0%
	Total sales volume (1,000 KL)	21,292	-347	98.4%	97.5%
	High-octane gasoline ratio (%)	15.49%	-1.31%	—	—
Crude oil exploration and production subsidiary production volume^{*2}	Abu Dhabi Oil Co., Ltd. (B/D)	24,678	(Invested by Cosmo Oil at 63.0%)		—
	Qatar Petroleum Development Co., Ltd. (B/D)	5,967	(Invested by Cosmo Oil at 85.8%)		—
	United Petroleum Development Co., Ltd. (B/D)	18,412	(Invested by Cosmo Oil at 35.0%)		—

*1. Streaming day indicates operating ratio excluding impact of suspended operations due to regular repairs and maintenance, etc.

*2. Each figure represents the average crude oil production volume at a project company during the year. Cosmo Oil undertakes the volume equivalent to its investment ratio in the company.

[Actual Results & Forecast] Overall Review of Progress Made by Non-Consolidated Oil Business in Medium-Term Management Plan (MTMP)

Supplementary Information – 2

Item	Department	First Half of FY2006					2H FY2006 - forecast	FY2006 – Full-Year Forecast		
		Original plan (announced on May 16)	Revised plan (announced on Aug. 7)	Actual results	Achievement level (vs. original plan)	Achievement level (vs. revised plan)		Original plan (announced on May 16)	Updated Forecast	Achievement level (vs. original plan)
		(100 million yen)	(100 million yen)	(100 million yen)	(%)	(%)	(100 million yen)	(100 million yen)	(%)	
Rationalization	Supply Department	6	4	3	56%	78%	4	11	7	66%
	Sales Department	5	5	5	100%	100%	0	5	5	100%
	Administrative, Othsr	2	2	2	82%	75%	3	5	5	90%
	Subtotal	13	11	10	77%	87%	7	21	17	80%
Value creation	Supply Department	12	14	13	111%	96%	3	15	16	101%
	Sales Department	11	9	7	63%	77%	15	24	22	92%
	Other	1	1	0	—	—	0	1	0	—
	Subtotal	24	24	20	84%	83%	18	40	37	91%
Grand total		36	35	30	81%	84%	24	61	54	87%

[Actual Results] Results of 1H 2006 by Major Consolidated Subsidiary and Business Segment Vs. Results of 1H FY2005

Supplementary Information – 3

<Operating highlights by major consolidated subsidiary>

(Unit: 100 million yen)

	Net Sales		Operating Income		Ordinary Income		Net Income	
		Change from H1FY05		Change from H1FY05		Change from H1FY05		Change from H1FY05
Cosmo Oil Co., Ltd.	13,669	2,428	246	-115	243	-140	107	-122
Abu Dhabi Oil Co., Ltd.	348	95	217	71	214	62	41	8
Qatar Petroleum Development Co., Ltd.	43	43	13	13	10	8	3	1
Marketing subsidiaries	1,928	234	-14	-24	-15	-23	-22	-24
Cosmo Oil Lubricants Co., Ltd.	198	37	13	7	13	7	8	4
Cosmo Matsuyama Oil Co., Ltd.	153	40	10	3	11	3	7	2
CM Aromatics Co., Ltd.	219	167	22	21	22	21	8	8

* Net income of each subsidiary above is equivalent to the equity share owned by Cosmo Oil in the subsidiary.

<Gains on investments under the equity method>

	Actual results	Change from H1FY05
Gains (losses) from investments	40	-10

<Capital investment and depreciation>

	Actual results	Change from H1FY05
Capital investment	164	22
Depreciation expense amount	176	36

<Operating highlights by business segment>

	Net Sales	Operating Income	
			Change from H1FY05
Petroleum business	14,344	304	-88
Oil exploration and production business	392	226	81
Other business	386	5	6
Write-off	-427	-49	-20

[Forecast of FY2006] Full-Year Forecast by Major Consolidated Subsidiary and Business Segment Vs. Full-Year Results of FY2005

Supplementary Information – 4

<Operating highlights by major consolidated subsidiary>

(Unit: 100 million yen)

	Net Sales		Operating Income		Ordinary Income		Net Income	
		Change from FY05		Change from FY05		Change from FY05		Change from FY05
Cosmo Oil Co., Ltd.	29,600	4,646	200	-551	170	-586	60	-405
Abu Dhabi Oil Co., Ltd.	690	168	428	122	430	110	85	24
Qatar Petroleum Development Co., Ltd.	128	128	41	42	35	35	13	13
Marketing subsidiaries	3,961	445	-1	-23	-3	-20	-36	-32
Cosmo Oil Lubricants Co., Ltd.	400	66	26	14	26	13	15	7
Cosmo Matsuyama Oil Co., Ltd.	305	55	14	-2	13	-3	8	-1
CM Aromatics Co., Ltd.	505	336	34	24	34	24	13	9

* Net income of each subsidiary above is equivalent to the equity share owned by Cosmo Oil in the subsidiary.

<Gains on investments under the equity method>

	FY06 forecast	Change from FY05
Gains (losses) from investments	90	-6

<Capital investment and depreciation>

	FY06 forecast	Change from FY05
Capital investment	440	122
Depreciation expense amount	383	100

<Operating highlights by business segment>

	Net Sales	Operating Income	
			Change from FY05
Petroleum business	30,890	310	-525
Oil exploration and production business	820	460	166
Other business	790	20	10
Write-off	-800	0	27

[Forecast of FY2006] Full-Year Forecast by Major Consolidated Subsidiary and Business Segment Vs. Previously Announced Forecast (on May 16, 2006)

Supplementary Information – 5

<Operating highlights by major consolidated subsidiary>

(Unit: 100 million yen)

	Net Sales		Operating Income		Ordinary Income		Net Income	
		Change from the May 16 forecast		Change from the May 16 forecast		Change from the May 16 forecast		Change from the May 16 forecast
Cosmo Oil Co., Ltd.	29,600	4,600	200	30	170	40	60	-5
Abu Dhabi Oil Co., Ltd.	690	46	428	18	430	27	85	4
Qatar Petroleum Development Co., Ltd.	128	24	41	20	35	19	13	14
Marketing subsidiaries	3,961	122	-1	-8	-3	-8	-36	-34
Cosmo Oil Lubricants Co., Ltd.	400	35	26	15	26	14	15	9
Cosmo Matsuyama Oil Co., Ltd.	305	44	14	7	13	6	8	4
CM Aromatics Co., Ltd.	505	76	34	18	34	19	13	7

* Net income of each subsidiary above is equivalent to the equity share owned by Cosmo Oil in the subsidiary.

<Gains on investments under the equity method>

	FY06 forecast	Change from the May 16 forecast
Gains (losses) from investments	90	32

<Capital investment and depreciation>

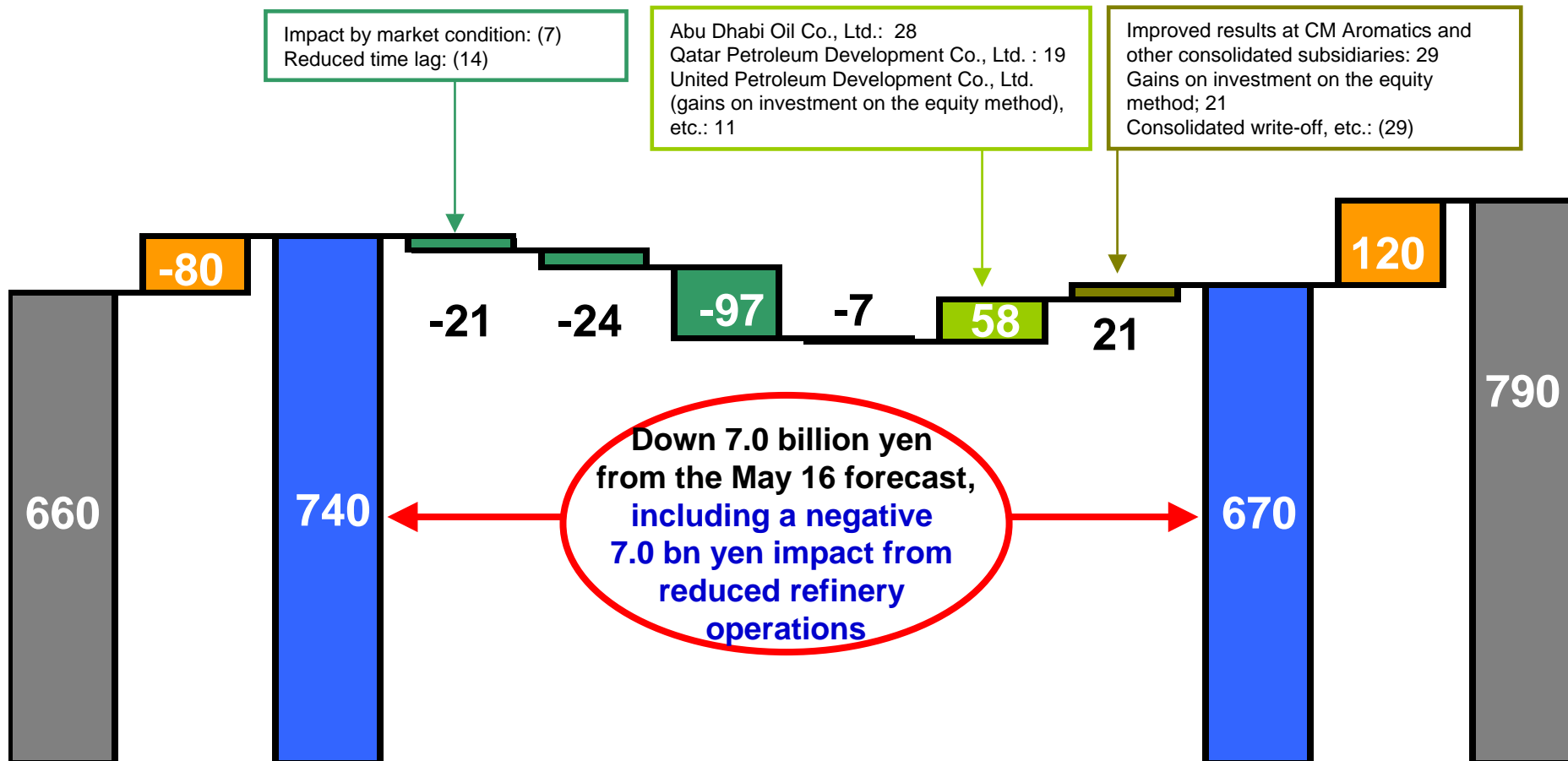
	FY06 forecast	Change from the May 16 forecast
Capital investment	440	-10
Depreciation expense amount	383	42

<Operating highlights by business segment>

	Net Sales	Operating Income	
			Change from the May 16 forecast
Petroleum business	30,890	310	50
Oil exploration and production business	820	460	40
Other business	790	20	5
Write-off	- 800	0	5

[Forecast of FY2006] Forecast Consolidated Ordinary Income for FY2006 - Analysis of Expected **Changes from Previously Announced Forecast (on May 16, 2006)**

(Unit: 100 million yen)



FY2006 - Full-year forecast announced on May 16

FY2006 – Updated forecast

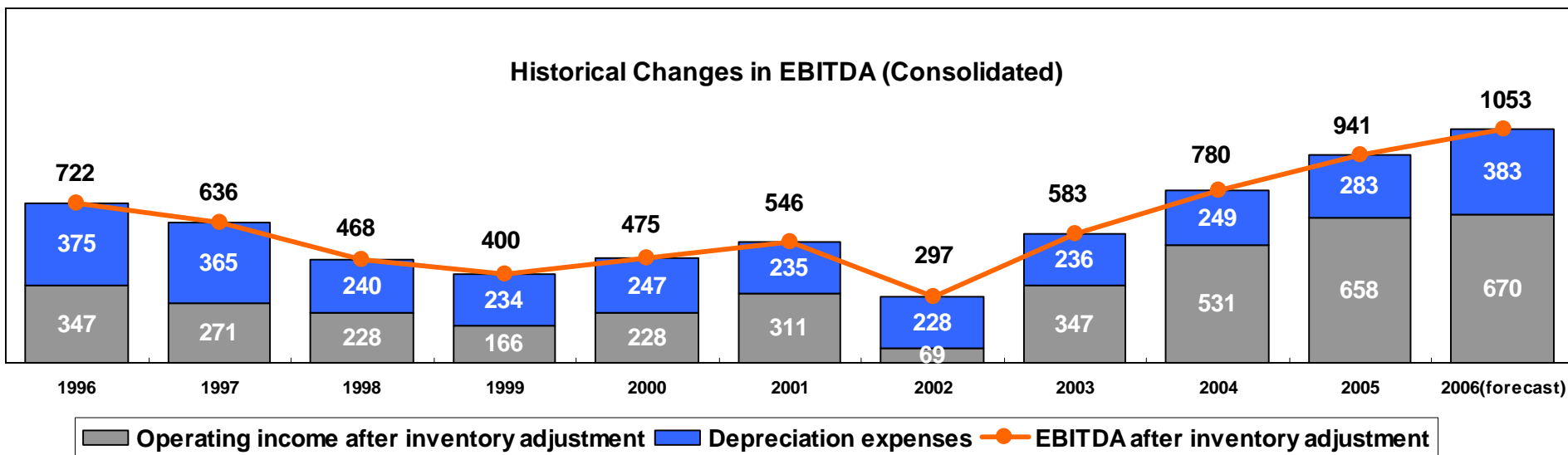
FY2006 - Full-year forecast announced on May 16			FY2006 – Updated forecast										
Ordinary Income	Inventory valuation impact	Ordinary income excluding inventory valuation impact	Cosmo Oil alone				Oil exploring and producing subsidiaries	Other	Ordinary income excluding inventory valuation impact	Inventory valuation impact	Ordinary Income		
			Impact by market condition	Decrease in sales volume	Higher supply costs, etc.	Benefit from the MTMP Plan							
660	-80	740	(7)	(14)	28	19	11	29	21	(29)	670	120	790

[Forecast of FY2006] Historical Changes in Consolidated EBIDA Excluding Inventory Valuation Impact

Supplementary Information - 7

(Unit: 100 million yen)

Historical Changes in EBITDA (Consolidated)



	2001	2002	2003	2004	2005	2006 (forecast)
Operating income on an accounting basis	221	242	252	657	1,112	790
Impact by inventory valuation on the weighted average method (on operating income)	-90	173	-95	126	454	120
Operating income after inventory adjustment (accounting operating income net of inventory valuation impact)	311	69	347	531	658	670

The inventory valuation method has been changed since FY2000

[Actual Results of H1 FY2006] Historical Changes in the Number of Employees, Oil Storage Depots, SSs and Cards in Force

Supplementary
Information – 8

Workforce size (No. of persons)

	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Sep 30, '06
Cosmo Oil alone	2,677	2,048	1,970	1,892	1,837	1,764	1,729	1,718	1,898
Cosmo Oil Group	5,256	4,600	4,416	3,978	3,736	3,565	3,480	3,451	3,400

* Cosmo Oil Group = No. of employees at Cosmo Oil alone + Transfers from Cosmo Oil

No. of oil storage depots (DTs)

	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Sep 30, '06
No. of DTs	52	45	41	39	39	38	38	38	38

No. of Cosmo Oil-affiliated SSs (including mobile stations)

	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Sep 30, '06
Cosmo Oil-owned	1,105	1,065	1,010	977	959	930	899	886	895
Individually-owned	5,376	5,040	4,769	4,564	4,313	4,112	3,912	3,760	3,592
Total	6,481	6,105	5,779	5,541	5,272	5,042	4,811	4,646	4,487

Number of Self-Service SSs and Auto B-cle SSs

	Mar 31, '99	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Sep 30, '06
Self-Service SSs	5	8	23	109	285	398	483	626	720
Auto B-Cle SSs	-	-	-	217	428	652	652	469	456*

* The adoption of the more rigorous definition of Auto B-cle SSs reduced the number of such SSs, while the number of Auto B-cle SS networks (59) remained unchanged.

Cosmo The Card – Number of cards issued (including the Opus Card, effective end of September 2006)

	Mar 31, '00	Mar 31, '01	Mar 31, '02	Mar 31, '03	Mar 31, '04	Mar 31, '05	Mar 31, '06	Sep 30, '06
No. of cards in force (10,000 cards)	146	162	185	213	239	242	255	267

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.