

**The Strategic Partnership between
COSMO OIL COMPANY, LIMITED
and International Petroleum Investment Company
and the Allotment of New Shares**

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Today's Agenda

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- **Cosmo Oil will issue 176 million new shares of its common stock by allotting them to Infinity Alliance Limited (IAL), a special purpose company established by IPIC. This third-party allotment of new shares is equivalent to about 20% of the total number of shares issued by Cosmo Oil combining outstanding shares and latent shares.**
- **IAL's acquisition of Cosmo Oil shares is designed to strengthen long-term and strategic relations between Cosmo Oil and IPIC. Cosmo Oil will be closely working with IPIC to maximize the interests of all of its stakeholders by increasing its corporate value.**
- **Subject to approval at a general meeting of its shareholders, Cosmo Oil will accept two directors from IPIC onto its board of directors as part-time directors.**
- **A committee will also be established within Cosmo Oil where representatives from both parties will discuss opportunities for joint projects and other matters on a regular basis.**

- The first joint projects to be evaluated include upgrading and increasing added values of the Cosmo Oil refineries (including the petrochemical business), expanding oil product sales across the Asia-Pacific region (including the US West Coast area), new oil field exploration outside of the Emirate of Abu Dhabi (namely in Asia and other regions), internationalization of the LPG business, the fertilizer business utilizing ALA and other businesses, and the two parties will explore opportunities in a variety of business fields that may help them increase profitability.
- Cosmo Oil will also work with energy companies in Asia and Europe, which are in close relationships with IPIC, to build an international and mutually beneficial network for product trading and joint investments.
- This partnership is non-exclusive and will not adversely affect any relations either party of the partnership has already established with other partners. Both parties may continue to explore new opportunities for business alliances or joint business projects, either solely or jointly.

- **Establishment of strong partnership with oil-producing countries (Strengthening of stable oil supply)**

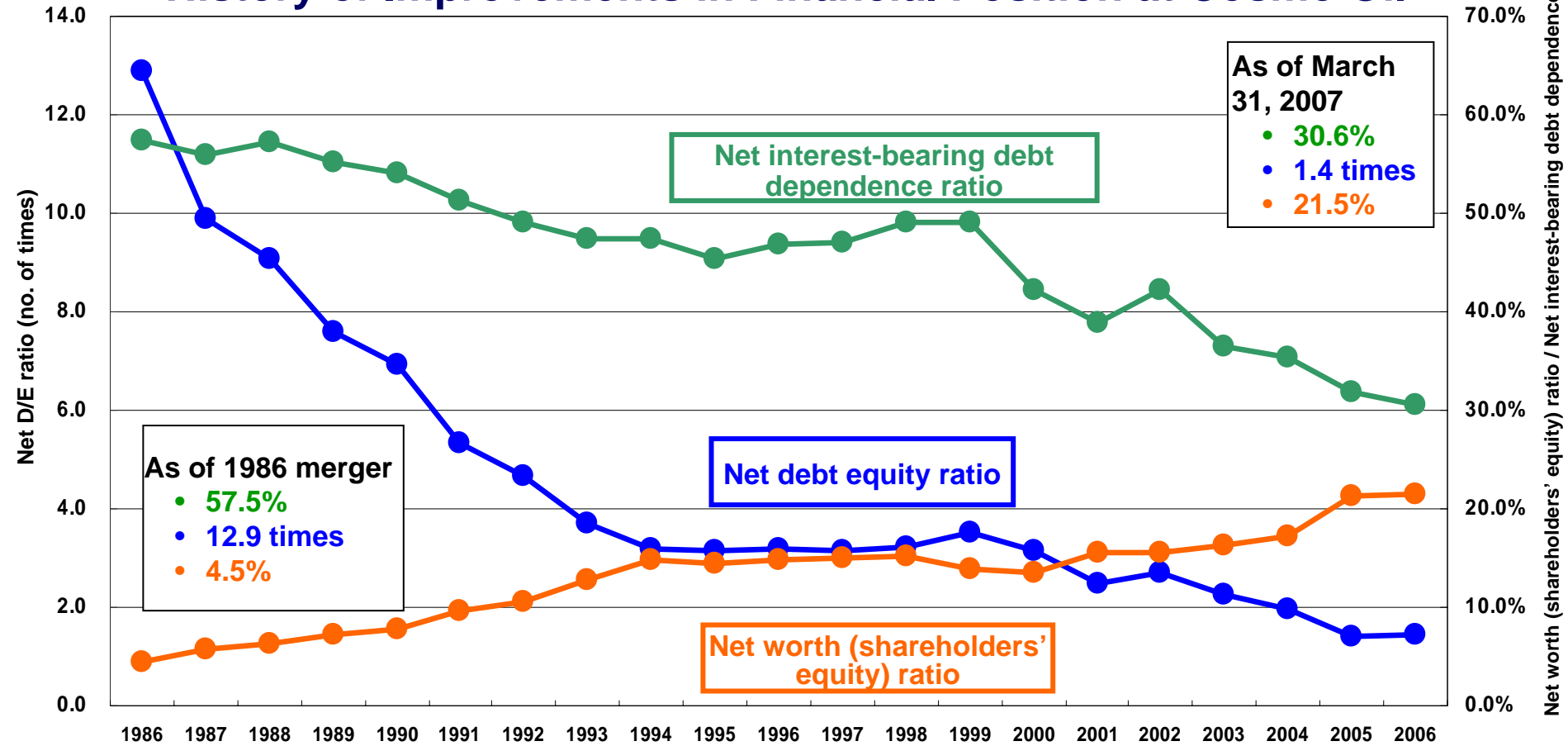


The United Arab Emirates (UAE) is one of the most important countries for Cosmo Oil and we have built mutual reliable relations with it through a variety of exchanges.

- **Maintaining its amicable and strong partnership with the UAE would allow Cosmo Oil to enhance its long-term and stable supply system for oil.**
- **This would also have an impact of significance beyond the role of a private enterprise by means of strengthening the energy security for Japan as a whole.**

Strengthening of the financial ground for strategic growth

History of Improvements in Financial Position at Cosmo Oil



■ Upgrade of and heightening the added value of refineries (including petrochemicals), enhancement of competitiveness and profitability in oil exploration & production (E&P) and start-up businesses by the execution of joint projects with IPIC

Mid- and long-term growth strategy for the Company

- Upgrade of the supply chain system including refineries
- Strengthen E&P
- Further development of export sales
- Enhancement of new start-up businesses

Third-party allotment for stable financial basis

Execution of strategic partnership (joint projects)

Cosmo Oil
Management
resources



IPIC
• International network
of companies
• Affluent funds

[Upgrade of the supply chain system including refineries]

Upgrade of and heightening the added value of refineries (including petrochemicals)

[Further development of export sales]

Further development of petroleum products sales in the Asia-Pacific region (including US West Coast)

[Strengthen E&P]

Strengthen E&P outside Abu Dhabi

[Enhancement of new start-up businesses]

Enhancement of start-up businesses such as ALA

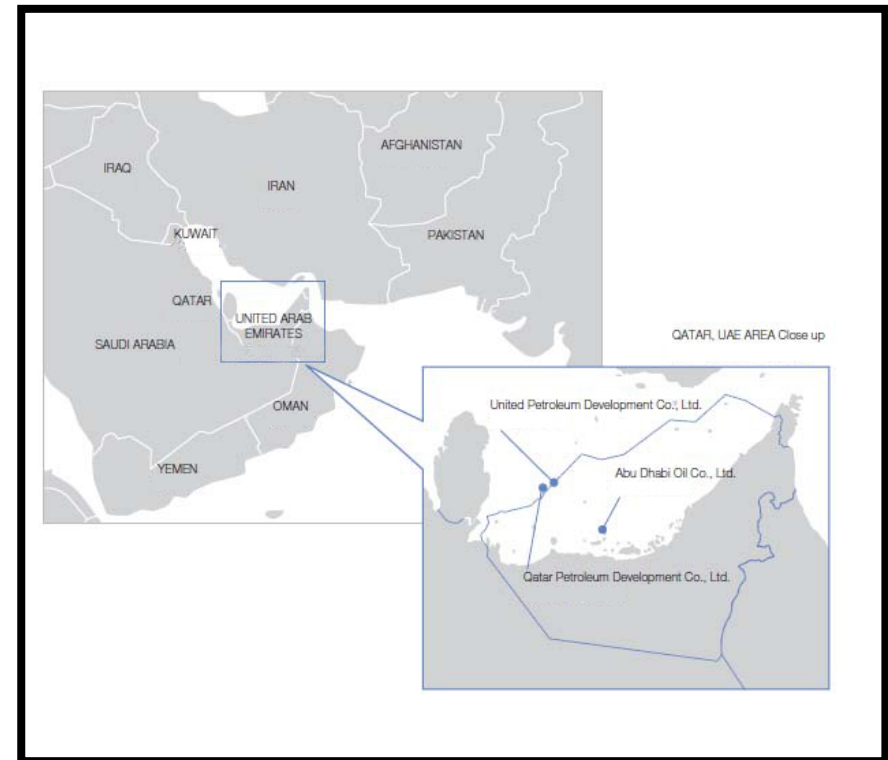
LPG business

Cosmo Oil shall also work closely together with energy companies which have close relationships with IPIC.

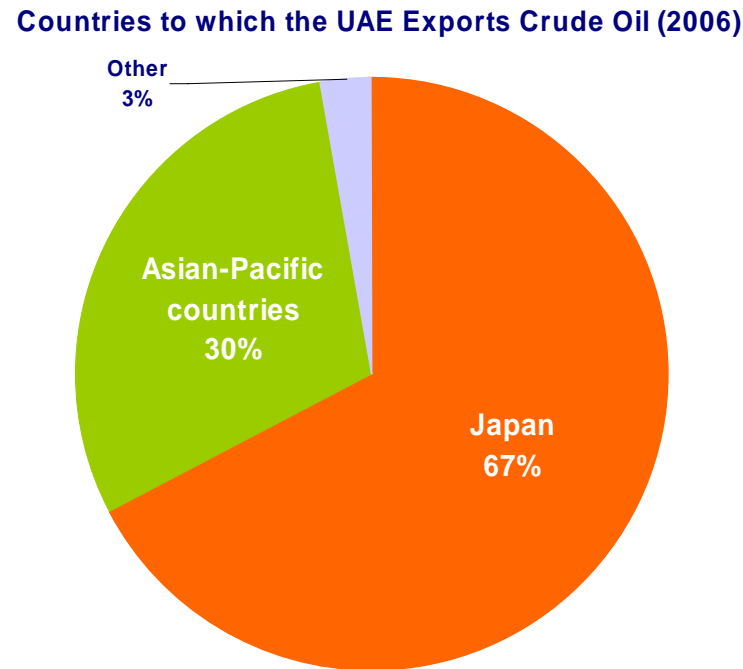
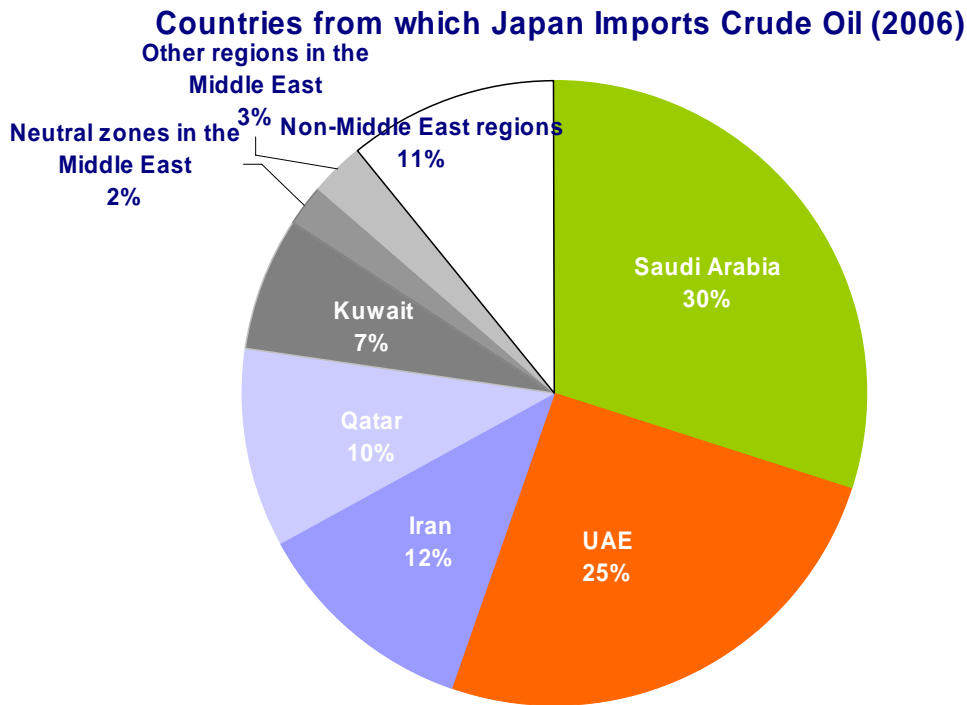
- **IPIC is a state-run investment company in the Emirate of Abu Dhabi and invests in international oil and gas-related projects outside the country on long-term basis.**
- **Established in 1984, IPIC has invested in eight companies abroad and continues to own their shares today.**
- **IPIC's total investment portfolio is estimated at more than US\$10 billion.**
- **IPIC is a company wholly owned by the government of the Emirate of Abu Dhabi.**

The UAE is the federation of seven autonomous emirates (consisting of Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Qaiwain, Ras al-Khaimah and Fujairah).

- Official Name: United Arab Emirates (UAE)
- Capital: Abu Dhabi
- National Foundation Day: December 2, 1971
- Location: Located in the southeast part of the Arabian Peninsula, the territory of UAE is shaped like a triangle spanning from the southern to southeast coast of the Persian Gulf and to the west coast of the Gulf of Oman.
- Area: About 83,600 square kilometers
- Natural Resources: Major natural resources include crude oil and natural gas, many of which are in underground reservoirs in Abu Dhabi.
- Population: 4.1 million (according to the 2005 national census)
- Official Language: Arabic



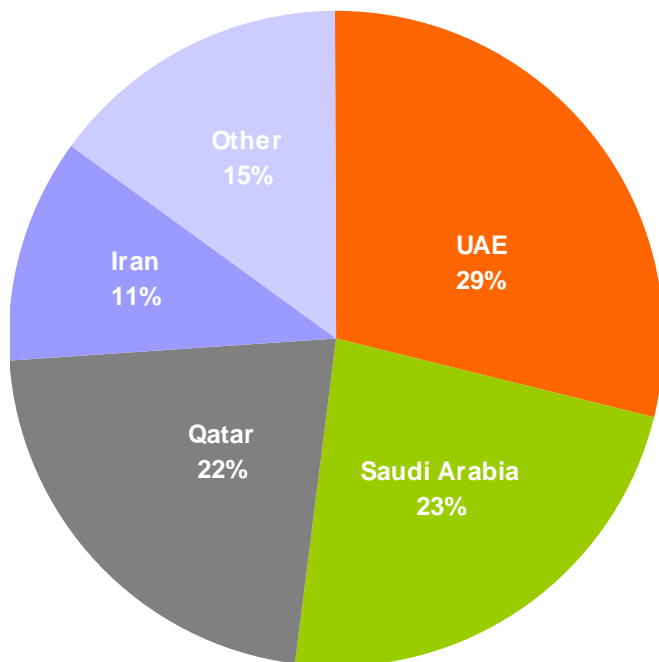
[Close Relations between Japan and the United Arab Emirates]



**The UAE is the second largest supplier of crude oil to Japan next to Saudi Arabia.
Japan is the largest crude oil importer from the UAE.**

[Close Relations with the UAE]

■ Countries from which Cosmo Oil Imports Crude Oil



(FY2006 import volume: 477,000 barrels per day)

■ Activities Cosmo Oil Is Engaged in in the UAE

[Crude Oil Resource Development]

- **Abu Dhabi Oil Co., Ltd.**
(62.6% invested in by Cosmo Oil)
Established in 1968 (Commercial production started in 1973)
In 2006 production volume: 22,000 barrels a day
- **United Petroleum Development Co., Ltd.**
(35% invested in by Cosmo Oil)
Established in 1970 (Commercial production started in 1975)
In 2006 production volume: 18,000 barrels a day

Cosmo Oil has been making efforts to build reliable relations with the UAE through crude oil purchases and crude oil exploration, development and production.

[Need for Energy Security in the Asia-Pacific Region]

■ Outlook for Global Trends for Oil Demand and Supply

Global Demand Assumptions (Reference Scenario)

Unit: 1 million barrels per day

Year	2005	2010	2015	2030	2005-30 growth rate
OECD - North America	24.9	26.3	28.2	30.8	0.8%
OECD - Europe	14.4	14.9	15.4	15.4	0.3%
OECD – Pacific Rim	8.3	8.6	8.8	8.9	0.3%
Russia	2.5	2.7	2.9	3.2	1.0%
Other East European former Soviet Union countries	1.8	2.0	2.1	2.5	1.3%
China	6.6	8.4	10.0	15.3	3.3%
India	2.6	3.2	3.7	5.4	2.9%
Other Asian developing countries	5.4	6.1	6.9	9.0	2.0%
Brazil	2.1	2.3	2.7	3.5	2.0%
Other Latin American countries	2.8	2.8	2.9	3.5	0.9%
North Africa	1.4	1.6	1.8	2.5	2.3%
Other African countries	1.3	1.5	1.7	2.4	2.4%
Middle East	5.8	7.1	8.1	9.7	2.0%
International marine fuel oil	3.6	3.8	3.9	4.3	0.7%
Total	83.5	91.3	99.1	116.4	1.3%

Global Supply Assumptions (Reference Scenario)

Unit: 1 million barrels per day

Year	2005	2010	2015	2030	2005-30 growth rate
Non-OPEC	48.1	53.4	55.0	57.6	0.7%
OPEC	33.6	35.9	42.0	56.3	2.0%
Saudi Arabia (Incl.)	10.6	11.6	13.3	17.3	1.9%
UAE (Incl.)	3.0	3.4	4.0	5.1	2.1%
Improved liquefaction efficiency through processing	1.9	2.0	2.3	2.5	1.1%
Total	83.6	91.3	99.3	116.4	1.3%

Tighter oil supplies and demand are expected in the Asian region including Japan in the foreseeable future, likely to increase the region's reliance on oil imports from the Middle East.

Cosmo Oil will continue to contribute to energy security in Japan based on its close relations with the UAE so that it can increase its presence in Japan as a company.

Note: Source: IEA

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 **COSMO OIL CO., LTD.**

<http://www.cosmo-oil.co.jp>

[Reference Information] Summarized Consolidated Financial Statements and Number of Outstanding Shares

■ Summarized Consolidated Financial Statements

Unit: ¥100 Million, %, Number of times

	FY2003	FY2004	FY2005	FY2006
Net sales	19,163	21,546	26,706	30,627
Operating income	252	657	1,112	696
Ordinary income	195	632	1,196	748
Net income	82	264	618	265

Total assets	12,601	13,231	14,636	15,792
Net interest-bearing debt	4,598	4,688	4,658	4,838
Net worth ^{*1}	2,048	2,279	3,125	3,397

ROE	4.1%	12.2%	22.9%	8.0%
ROA	0.7%	2.0%	4.4%	1.7%
Net interest-bearing debt dependence ratio	36.5%	35.4%	31.8%	30.6%
Net worth ratio ^{*2}	16.3%	17.2%	21.4%	21.5%
Net debt equity ratio (times)	2.0	2.0	1.4	1.4

*1 Data for FY2003, 04 and 05 are based on the former definition of "shareholder' equity".

*2 Data for FY2003, 04 and 05 are calculated based on the former definition of "shareholder' equity to total asset.

■ Number of Outstanding Shares

Number of outstanding shares	631,705,087	631,705,087	671,705,087	671,705,087
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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.