

# Restructuring of Refinery Supply

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## Outline

- July 2013      Close Sakaide Refinery and will continue to operate it as an oil terminal and for other purposes

## Background Information on the Decision Made and Points for Consideration

- Recognition of Business Environment:
  - Reduction in domestic demand (for gasoline and LSC heavy fuel oil) more than expected
  - Intensifying competition in the oil export market due to the construction of new overseas refineries
    - Urgent issue to keep the Cosmo Oil refineries more competitive through excess capacity elimination and cost reduction
- Points for Consideration:
  - Structural changes in demand and secondary unit configuration
  - Geographical relations with consumption markets
  - Partnerships with industrial complex operating companies
- Assumption for Establishing the 3-Refinery System:
  - Resumption of operations of Chiba Refinery and ensuring safe and secure operation thereof

### Objectives

- Enhancement of Competitiveness of the Refineries
  - Cost reduction                      10 billion yen / year
  - High-capacity operations:    70% → 90% plus (on an SD\* basis)
  - Optimization of unit configuration: 29% → 32% (secondary unit equipping ratio\*\*)
- Optimization of Balance of Demand and Supply of Petroleum Products in Japan
  - Enjoy appropriate petroleum product margins in Japan
  - Inventory reduction



Establishment of Efficient Supply System

Note: \*SD : Stream Day

\*\*Secondary unit equipping ratio = (Fluid Catalyst cracking unit + Coker + Hydrodesulfurization unit) ÷ Topper unit capacity

## 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.