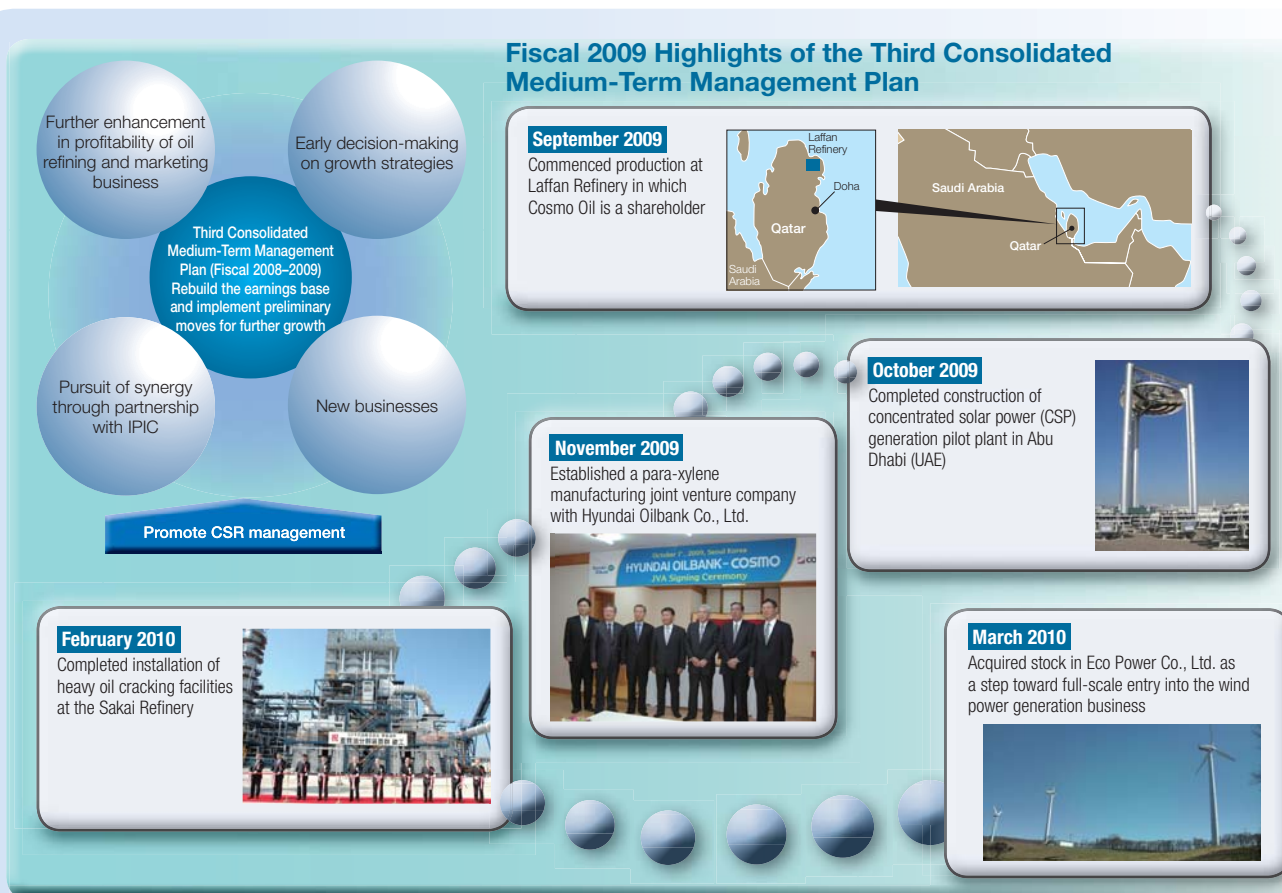


Medium-Term Management Plan and CSR Promotion

The Cosmo Oil Group has developed a new medium-term management plan and a medium-term CSR management plan. Both new three-year plans that begin in fiscal 2010 aim to fortify the Group structure in order to respond to dramatic change in the management environment and to further increase corporate value.



Fiscal 2009 Initiatives and Results under the Second Consolidated Medium-Term CSR Management Plan

Degree of achievement: ○ Achieved △ Partially achieved × No progress

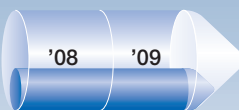
	Key Action Areas	Major Goals	Fiscal 2009 Activities	Achievement of Goal
Second Consolidated Medium-Term CSR Management Plan	Strengthen CSR promotion structures on a consolidated group basis	<ul style="list-style-type: none"> Organizational structures for improving implementation The CSR Promotion Committee to oversee all efforts to improve the degree of implementation for the entire Group Redevelop and ensure the dissemination of the Code of Conduct and other systems Increase awareness and understanding of the Code of Conduct Ensure compliance with risk management/internal control 	<ul style="list-style-type: none"> Had CSR Promotion Committee verify fiscal 2009 CSR performance and issues and adopt policy on activities to start in fiscal 2010 Conducted internal control activities to improve Code of Conduct awareness and understanding through corporate ethics training based on CSR Status Survey results (implemented March 2009) 	○
	Build safety management systems (Second Consolidated Medium-Term Safety Plan) → See page 22 for details.	<ul style="list-style-type: none"> Goals by operational area A) Refining (petroleum and petrochemicals): Reduce unsafe and failure incidents by 90% or more from the benchmark year (Sep. 2006–Aug. 2007) by 2010 B) Manufacturing/Terminal (lubricating oil and gas): Reduce leakages of hazardous materials and combustible gases C) Distribution: Reduce mixing of oil, oil spills, and traffic accidents; maintain zero work-related injuries D) Sales and other operations: Maintain zero work-related injuries in service station construction 	<ul style="list-style-type: none"> Manufacturing Divisions: safety problems and abnormalities reduced to 126 cases in fiscal 2009 compared to 143 cases in fiscal 2008, through safety management activities in both facility and human aspects of manufacturing Accidents or incidents in gas operations: 0 Work-related injuries at oil depots: 0 fire, 1 oil spill Mixing-oil accidents in ground transportation: 6; marine oil spills: 2; ships run aground: 0 Work-related injuries in sales operations: 0 	△
	Strengthen human rights and personnel policies (Second Consolidated Medium-Term Human Rights/Personnel Plan) → See page 24 for details.	<ul style="list-style-type: none"> Shared Group themes (1) Improve the sense of participation (2) Respect for diversity and equal opportunity (3) Cultivate personnel and develop skills (4) Promote physical and mental health care (5) Support balance between work and home life (6) Support employment stability and re-employment 	<ul style="list-style-type: none"> Participation rate of employees' of human rights training sessions improved: 77% in fiscal 2009 compared to 70% in fiscal 2008 Days of paid leave taken by employees' increased using company-specified holiday system and other schemes Childcare leave taken by 6 employees, including all eligible female employees Achieved goal of reducing average annual work hours of employees' to 1,900 hours 	○
	Promote environmentally friendly activities (Third Consolidated Medium-Term Environmental Plan) → See page 28 for details.	<ul style="list-style-type: none"> Improve environmental efficiency (1) Implement global warming countermeasures (2) Minimize environmental impact Strengthen environmental management (3) Develop environmentally friendly businesses and technologies (4) Share and disseminate environmental information 	<ul style="list-style-type: none"> Unit energy consumption at the Group's four refineries improved over the previous fiscal year, but decline in demand made achieving fiscal 2010 reduction goal difficult Achieved goal of reducing amount of copy paper used and amount of electricity used at offices, but fell short of the goal to reduce fuel consumption of company vehicles Achieved goal of reducing amount of industrial waste Conducted soil environment surveys at service stations with single-shell tanks on schedule Entered wind power generation sector with full-scale business 	△
	Strengthen relationships with stakeholders	<ul style="list-style-type: none"> Strengthen communications regarding social activities and activities for the environment Strengthen social and environmental activities in local communities Strengthen participation-based projects funded by the Cosmo Oil Eco Card Fund Enhance communication with stakeholders Encourage two-way, mutual communications 	<ul style="list-style-type: none"> Total of 16,817 participants in Clean Campaign; 1,515 Christmas Card project cards made; continued providing support for 12 projects as part of Cosmo Oil Eco Card Fund activities Conducted survey on individual stockholders and collected approx. 7,300 responses (an increase of 1,300 respondents over the previous year); improved CSR evaluation in "Filling Up Your Hearts, Too" Declaration activities over the previous year 	○

1. Excluding shift-work employees

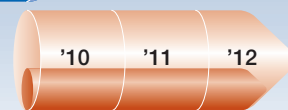
Formulating Fourth Consolidated Medium-Term Management Plan

Owing to the major impact of the fluctuating crude oil prices and the "Lehman Brothers Shock," recovery in general consumer demand has been extremely slow. These circumstances make it difficult to formulate projections for the market environment in which the Cosmo Oil Group operates. In order to facilitate prompt adaptation to such changes in the market environment, the Group has drafted a new consolidated medium-term management plan to commence in fiscal 2010. As one of the basic policies under the new plan, the Group will maintain and advance CSR and environmental management measures, and has adopted the Third Consolidated Medium-Term CSR Plan (2010-2012) to direct these efforts.

Third Consolidated Medium-Term Management Plan
(Second Consolidated Medium-Term CSR Management Plan)



Fourth Consolidated Medium-Term Management Plan
(Third Consolidated Medium-Term CSR Management Plan)



Basic Policy, Earnings, and Financial Goals of the Fourth Consolidated Medium-Term Management Plan

Basic Policy 1

Return oil refining and marketing business to profitability

Basic Policy 2

Enhance the portfolio of petrochemical and oil exploration and production businesses

Basic Policy 3

Maintain and promote CSR and environmental management

	Consolidated Ordinary Income	Consolidated Ordinary Income ¹	Return on Equity (ROE)	Shareholders' Equity Ratio	Debt-to-Equity (D/E) Ratio	Net D/E Ratio
Fiscal 2009 Results	36.4 billion yen	-16.2 billion yen	-3.3%	19.2%	2.5 times	1.7 times
Fiscal 2012 Goals	65.0 billion yen	65.0 billion yen	9.1%	25.4%	1.6 times	1.3 times

1. Excludes inventory evaluation impact

Basic Policy 1

Return Oil Refining and Marketing Business to Profitability

1. Rationalization

- Right-sizing of workforce
- Keep a good balance between "safe operations" and "repair and maintenance cost reduction"

2. Oil refining

- "Reduce crude oil procurement cost" and "improve product mix" through maximum use of the heavy oil cracking facilities
- Maximize the supply-demand balancing mechanism through appropriate operations of the refineries

3. Oil sales in Japan

- Improve the distilled product structure for sale
- Secure appropriate margins in both distribution and wholesale

4. Oil sales outside of Japan

- Expand stable sales channels in the Asian and Pacific Rim region

Basic Policy 2

Enhance the Portfolio of Petrochemical and Oil Exploration and Production Businesses

1. Petrochemical Business

- Establish new mixed xylene (MX) manufacturing facilities (300 kilotonnes/year)
- Start building new para-xylene (PX) manufacturing facilities (800 kilotonnes/year)

2. Oil Exploration and Production Business

- Obtain renewal of Abu Dhabi Oil's concession
- Start commercial production in the "A-Structure South oil field" being developed by Qatar Petroleum Development Co., Ltd.
- Start early production in the Audacious and Tenacious oil fields off the coast of Australia.

3. Environmental and Renewable Energy Businesses

- ALA: Accelerate commercialization and enhance sales and marketing power
- Wind power generation: Enter the market on a full scale by acquiring stock in Eco Power Co., Ltd.
- Solar photovoltaic power generation: Establish the low-cost production technology for polysilicon
- Concentrated solar power (CSP) generation: Verify feasibility of commercialization

Basic Policy 3

Third Consolidated Medium-Term CSR Management Plan (FY2010-2012)

	Priority Items	Themes	Major Activity Policy/Targets
Third Consolidated Medium-Term CSR Management Plan	Improve functioning of CSR promotion structure	Strengthen structures for improving implementation	Review the appointment and duties of personnel in charge of CSR promotion to enhance the Group's CSR promotion system
		Further increase recognition and understanding of Code of Conduct	<ul style="list-style-type: none"> • Continue regular internal training • Implement monitoring (CSR Status Survey)
		Promote proper and efficient operations in conformity with company rules and manuals	<ul style="list-style-type: none"> • Standardize and simplify business operations by using internal infrastructures, and strengthen information management
	Strengthen safety management (Third Consolidated Medium-Term Safety Plan)	Restructure risk management structure	<ul style="list-style-type: none"> • Identify risks on a company-wide basis and establish countermeasures • Conduct continual education and training on business continuity plan (BCP)
		Raise safety level by setting quantitative targets for reducing accidents, assessing results and making improvements	<ul style="list-style-type: none"> • Refineries and Cosmo Matsuyama Oil Co., Ltd. Achieve and maintain a record of zero accident: Reduce unsafe and failure incidents by 90% or more from the benchmark year (Sep. 2006-Aug. 2007) by 2010 • Other departments (offices/Group companies) Continue and develop safety management activities to meet specific objectives, i.e. reduce or eliminate work-related injuries, reduce or eliminate accidents/incidents
	Enhance human rights/personnel policies (Third Consolidated Medium-Term Human Rights/Personnel Plan)	Respect human rights: Prevent harassment and eliminate discrimination	<ul style="list-style-type: none"> • Achieve participation rate of 80% or more for employees (excluding shift workers) in human rights training
		Respect diversity/equal opportunity: Maintain fairness in hiring	<ul style="list-style-type: none"> • Maintain and improve employment rate of people with disabilities
		Promote physical and mental health care: Prohibit overwork and implement specified health exams	<ul style="list-style-type: none"> • Gradually decrease excessive working hours
	Promote environmental initiatives (Fourth Consolidated Medium-Term Environment Plan)	Support balance between work and home life: Promote childcare leave and support leisure activities	<ul style="list-style-type: none"> • Maintain or improve percentage of employees (excluding shift workers) taking paid leave (Cosmo Oil: 80% or more, Group companies: improve current records)
		Respond strategically to prevent global warming while ensuring continuation of business	<ul style="list-style-type: none"> • Reduce CO₂ by amount equivalent to approx. 3% (220 kilotonnes) or more of annual emissions in Group's current business areas¹ by fiscal 2012 (compared to level before implementation of measures). Reductions achieved by the wind power generation business will be included in overall amount. • Control the volume of greenhouse gas emissions in manufacturing, product transportation and storage processing as well as in offices and the R&D Center
Reduce environmental impact		<ul style="list-style-type: none"> • Identify environmental risks that may arise at times of normal operations and times of irregular operations; implement response measures for each • Reduce industrial waste: achieve final disposal rate of less than 0.5% at Cosmo Oil and less than 5.0% in total at target companies² • Enhance internal/external audits for thorough environmental management • Adopt rigorous measures to ensure soil preservation • Promote Eco Office activities (Group-wide goal set based on result averages of activities conducted in FY2007-2009: Reduce copy paper by 9%, company car fuel consumption by 6%, and office electricity consumption by 7%) • Promote green purchasing 	
Promote communication activities that respond to society	Promote environmental contribution activities	<ul style="list-style-type: none"> • Promote environmental contribution activities through Cosmo Oil Eco Card Fund • Protect biodiversity 	
	Establish effective communication activities based on stakeholder feedback	<ul style="list-style-type: none"> • Maintain communication with all stakeholders, including customers, local communities, shareholders, investors and societies around the world 	

1. Current business areas include crude oil extraction, crude oil transportation, refining, and product transportation and storage at oil depots.

2. Target companies include Cosmo Oil Co., Ltd., Cosmo Engineering Co., Ltd., Cosmo Matsuyama Oil Co., Ltd., Cosmo Oil Lubricants Co., Ltd., Cosmo Petroleum Gas Co., Ltd., and Hokuto Kougyo Co., Ltd.