Special Feature 4

Initiatives in the Power Generation Business

Actively Developing the Renewable Energy Business as an Integrated Energy Company

Moving into the **Mega-solar Power Business**

Cosmo Oil has moved aggressively into the mega-solar business in an effort to provide a clean and safe supply of renewable energy in Japan.

Hitachi Solar Power Plant (CSD Solar)

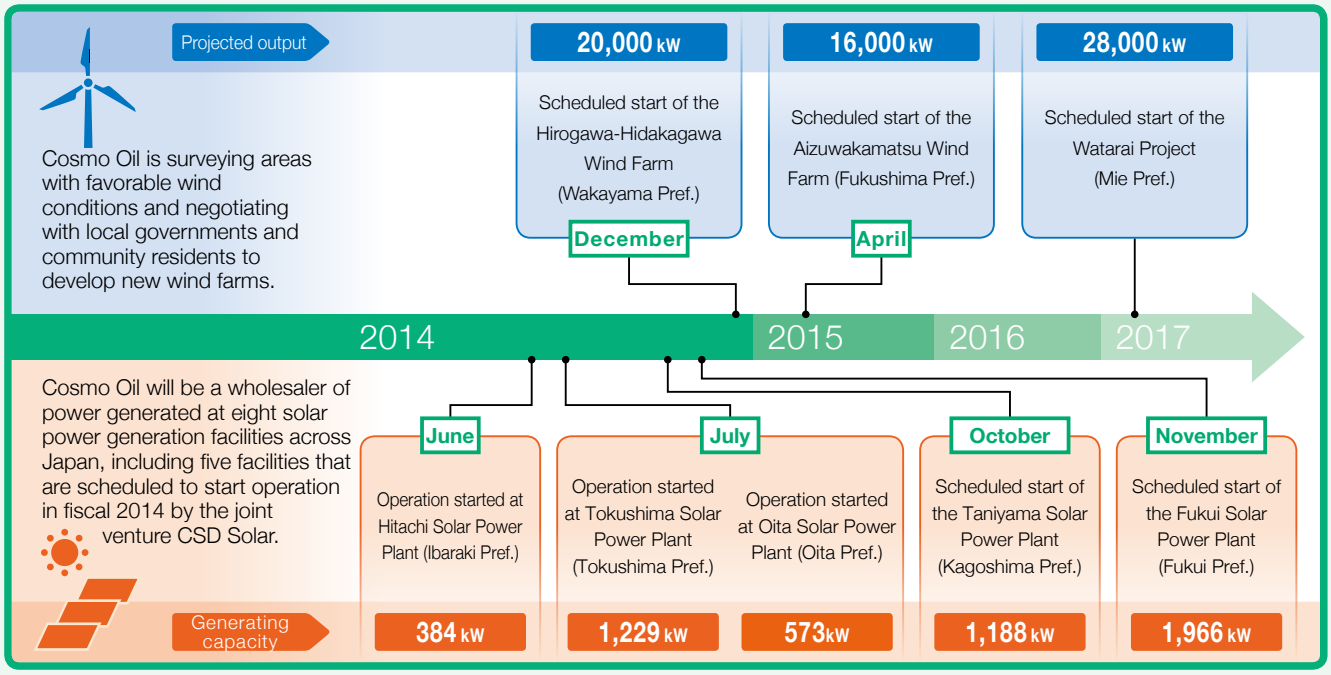
Oita Solar Power Plant (CSD Solar)

Solar Power Plant Built on Former Sites of Oil Depots

In March 2013, Cosmo Oil established CSD Solar, a joint venture with Showa Shell Sekiyu K.K. and the Development Bank of Japan Inc., marking the Company's full-scale entry into the mega-solar power business. Solar panels will be installed on eight sites, including the Company's former oil depots whose operations were ended due to streamlined logistics. The panels were made by Solar Frontier K.K., a subsidiary of Showa Shell Sekiyu.

The eight mega-solar sites, which will start operation sequentially as construction is completed, are expected to output a total of 24,000 kW.

Planned Power Generation Facilities



Since the Great East Japan Earthquake, renewable energy has been in the spotlight for its potential to help improve public energy security and serve as a major energy source for the future. As an integrated energy company, Cosmo Oil is contributing to the stable supply of energy by proactively expanding its power businesses encompassing wind and solar power generation.

Expanding the **Wind Power Generation Business**

Cosmo Oil is actively expanding the wind power generation business as a cornerstone of its future growth strategy, endeavoring to increase earnings at EcoPower Co., Ltd. in its renewable energy business under the Fifth Consolidated Medium-Term Management Plan.

Building New Wind Farms

Cosmo Oil is working to achieve the best mix of energy procurement to meet its responsibilities as an integrated energy company. The Company moved aggressively into the wind power generation business in 2010 with the acquisition of EcoPower Co., Ltd., a pioneering wind power generation company with a proven track record. The acquisition of EcoPower is part of Cosmo Oil's focus on renewable energy as a clean energy solution.

EcoPower currently operates 128 wind turbines across Japan, including in Hokkaido and Tohoku, with a total power generation capacity of some 145,000 kW. Responding to public expectations, Cosmo Oil and its group companies are expanding the wind power generation business by building new wind farms.

Group Effort to Realize Wind Power Generation

The Cosmo Oil Group works on the entire process of wind power generation, from initial surveying of potential wind farm sites to construction, operation, and maintenance, through the collaboration of EcoPower and Cosmo Engineering Co., Ltd., which also oversees plant construction.

Detailed information **EcoPower Co., Ltd.** http://www.eco-power.co.jp/crp_profile.html **Cosmo Engineering Co., Ltd.** http://www.cosmoeng.co.jp/english/

Report on Wind Turbine Accidents

On December 5, 2013, the wind turbine blade and other parts fell from the No. 1 turbine at the Ororon Wind Farm in Hokkaido operated by EcoPower. EcoPower formed a committee including an outside expert to investigate the accident. Below is a summary of the causes of the accident and preventative measures that were recommended.

Causes of Accident

1. Lightning conductor inside of blade broke and was no longer functional.
2. Lightning hit, causing the other lightning conductor to melt.
3. Pressure inside of turbine blade rose due to electric discharge, damaging the blade.

Preventative Measures

1. Improve the lightning protection system.
2. Improve the inspections to enhance safety.
3. Suspend turbine operation when indicated by lightning forecasts.

On January 31, 2014, the No. 2 turbine at the Oiwake Soran Wind Farm in Hokkaido was found to have a damaged blade tip and fallen parts. With input from outside experts, the inspection concluded that the damage was caused due to inadequate maintenance, and possible preventative measures were proposed.

These accidents are being taken seriously by EcoPower, which is working to improve operational safety by implementing preventative measures.