The Forth Consolidated Medium-Term Management Plan (for Fiscal Years 2010-2012)

May 11, 2010

COSMO OIL CO., LTD.
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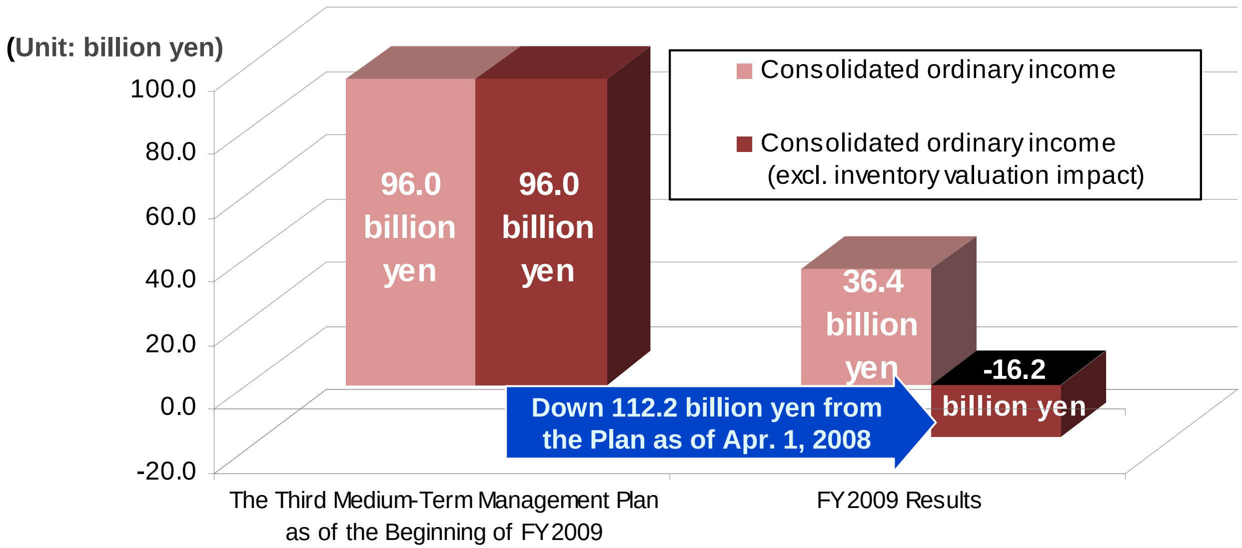
Today's Agenda

[The 3rd Medium-Term Management Plan] Review of FY2008-2009

Business Environment

- Crude oil prices moved from "wild fluctuations" to "hovering at a high level."
- Stagnancy in overseas oil demand due to global economic recession and accelerated reduction in demand in Japan
- Sluggish oil product market in Japan



Review of the Third Medium-Term Management Plan

- Inability of securing appropriate margins got the Plan's earnings goals unmet and the Company's financial position aggravated.
- Made steady investments to provide "solutions to the issues" and "strategic moves for further growth"

Oil refining and marketing business	・Completion of the new coker facilities ・Completion of the export business infrastructure ・Reduction in published refinery capacity (down 80,000 BD) ・Increased quality market share
Petrochemical business	・Established a new para-xylene (PX) business joint venture with Hyundai Oilbank
Oil E & P business	・Investment for stable crude oil production

[The 4th Medium-Term Management Plan]
Business Environment Recognition and Basic Policy, and Goal Vision

Business Environment Recognition

■ <u>Global economy shifting toward moderate improvement ⇒ Crude oil prices increasing and hovering high</u>

<Global> Expected recovery in the oil and petrochemical product demand led by China
NB. IEA global oil demand forecast for FY 2010 = +2.0% (from 2009)

<Japan> Lower demand for oil products and acceleration in structural changes in the demand (higher demand for light distillate products)

<Industry> Trends of “oil product pricing formula revisions” and “refinery capacity reductions”

Basic Policy of the Fourth Medium-Term Management Plan

1. The oil refining and marketing business to return to profitability
   ⬅ “Rationalization” and “securing appropriate margins”
2. Increase the portfolio of petrochemical and oil exploration and production businesses
   ⬅ “Promotion of the mid-to-long-term growth strategy”

Vision of the Fourth Medium-Term Management Plan: Goals

“Establish the business base toward sustainable growth” (Goal for consolidated ordinary income for FY2012: 65 billion yen)
“Re-enhance the financial base” (Goal of net debt-to-equity (D/E) ratio as of the end of FY2012: 1.3 times)

[The 4th Medium-Term Management Plan] Vision

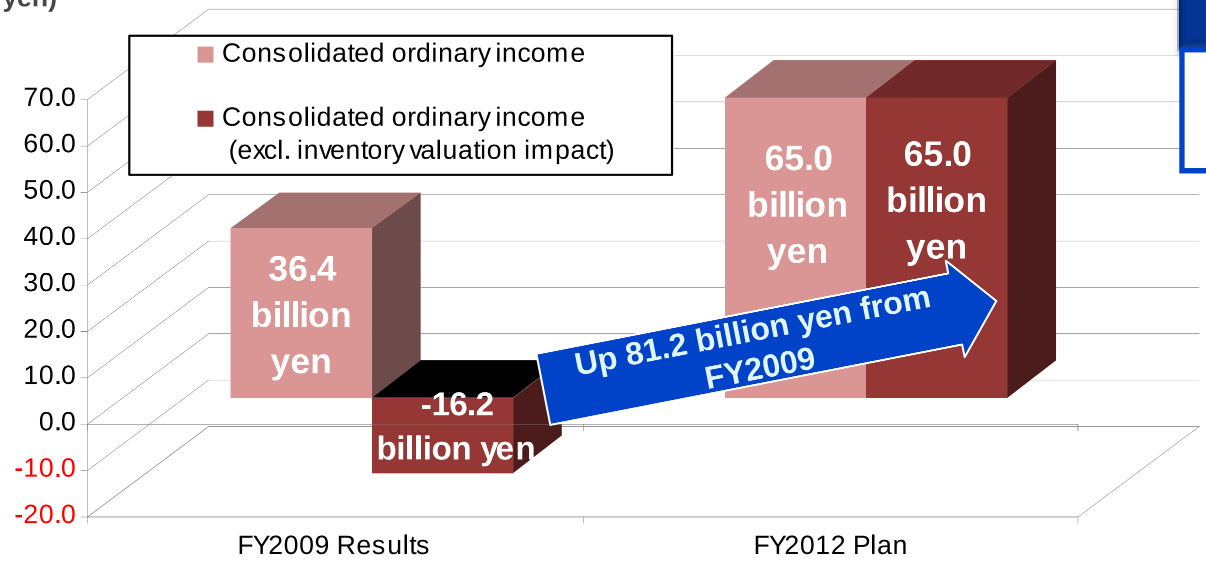
*MX=Mixed xylene
*PX=Paraxylene

Investments necessary for making **"strategic moves for further growth"** were executed in the 3rd Medium-Term Management Plan.
In the 4th Medium-Term Management Plan, the Company will make the maximum use of results built up so far and promote the rationalization of operations at the same time, while continuing to invest in the petrochemical and oil exploration and production businesses, thereby **"establishing its business base"** and **"re-enhancing its financial base."**
Keeping further collaboration with IPIC in view, the Company will also aim at **"maximizing its corporate values."**

	The 3rd medium-term management plan "Strategic moves for further growth"	The 4th medium-term management plan "The oil refining and marketing business to return to profitability" "Increase the portfolio of petrochemical and oil exploration and production businesses"	Vision of the fourth medium-term management plan: goals "establishing its business base" "re-enhancing its financial base"
Oil refining and marketing business	Build the coker facilities Improve the export business infrastructure	Maximize the use of the coker, diesel fuel hydrodesulfurization unit Rationalization and cost reduction	Establish the business base through the core businesses Keep the refineries more competitive by maximizing the use of the coker facilities and a shift toward petrochemical businesses
Petrochemical business	Establish a PX joint venture	Establish new mixed xylene (MX) manufacturing facilities Start building new PX manufacturing facilities	
Oil E & P business		Extension of the term for the Company's interest in oil exploration and production in Abu Dhabi under negotiations	Maximize relations with oil producing countries to increase the oil E & P business portfolio
Environmental and new energy businesses	ALA, wind power generation, solar power generation, concentrated solar power (CSP) generation	Commercialization promotion	Diversify environmental and new energy businesses
IPIC	Overseas business development		

[The 4th Medium-Term Management Plan] FY2012 Earnings and Financial Goals

(Unit: billion yen)



Assumptions (FY2010-12)

Crude oil price: USD75/bbl
Exchange rate: 90 yen/USD

Segment-Specific Improvement Plans (FY2012 vs. FY2009)

Oil refining and marketing business	83.2billion yen (-48.2 billion yen ⇒35.0 billion yen) * (out of which above 25.0 billion yen is to be improved through rationalization)
Petrochemical business	-0.9 billion yen (4.9 billion yen ⇒4.0 billion yen)
Oil E & P business	-5.4 billion yen (29.4 billion yen ⇒24.0 billion yen)
Other	4.3 billion yen (-2.3 billion yen ⇒2.0 billion yen)
Total	81.2 billion yen (-16.2 billion yen ⇒65.0 billion yen)

Management Goals (FY2012 vs. FY2009)

	FY2009 Results	FY2012 Goal	Change from FY2009
ROE (%)	-3.3%	9.1%	Improved by 12.4 points
Net worth ratio (%)	19.2%	25.4%	Improved by 5.6 points
Debt-to-equity (D/E) ratio (times)	2.5	1.6	Improved by 0.9 points
Net D/E ratio (times)	1.7	1.3	Improved by 0.4 points

[The 4th Medium-Term Management Plan] Cash Flow Balance Forecast (FY2010-12)

Cash Flow Balance Forecast

Cash Outflow Policy

- Stable return of profits to shareholders (in the form of dividends)
- Strict selections of projects for investments and loans to reduce interest-bearing debts

Cash Inflows 290.0 billion yen	Profits 100.0 billion yen	Depreciation expenses 190.0 billion yen	
Cash Outflows 290.0 billion yen	Dividends 20.0 billion yen	Investments and loans 180.0 billion yen	Reduction in interest-bearing debts, etc. 90.0 billion yen

Notes:
1) The dividend is assumed to be 8 yen per year
2) Reduction in interest-bearing debts: 60 billion yen; Timing difference in gasoline tax payments: 30 billion yen

[The 4th Medium-Term Management Plan] Investment Plan (FY2010-12)

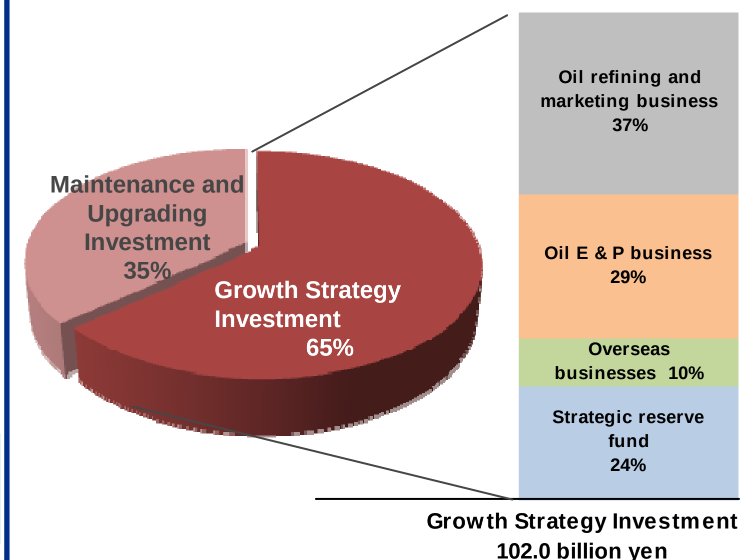
Investment Policy

- Direct about 65% of the total investment budget to growth strategy investment projects
- Make strict selection of growth strategy investments in the oil refining and marketing business, while expanding the portfolio of growth strategy investment projects for the oil exploration and production, and export oil and petrochemical businesses.

Breakdown of the Investment Plan

Growth Strategy Investment 102.0 billion yen	Oil refining and marketing business - New MX facility construction and self-service SS openings, etc.	38.0
	Oil E & P business - Increase in crude oil production in Qatar and Australia	30.0
	Overseas businesses - PX business expansion	10.0
	Strategic reserve fund - For additional growth strategy investment projects	24.0
Maintenance and Upgrading Investment	Oil refinery/SS repair and maintenance and up grading Stable production in existing oil development mining lots, etc.	58.0
Total (FY2010-12)		160.0

Investment Portfolio by Segment



Notes:
- The investment plan above does not consist with the cash outflow plan since it is developed on an acquisition basis.
- The "strategic reserve fund" will be used for new investment projects for the oil exploration and production business and overseas businesses.

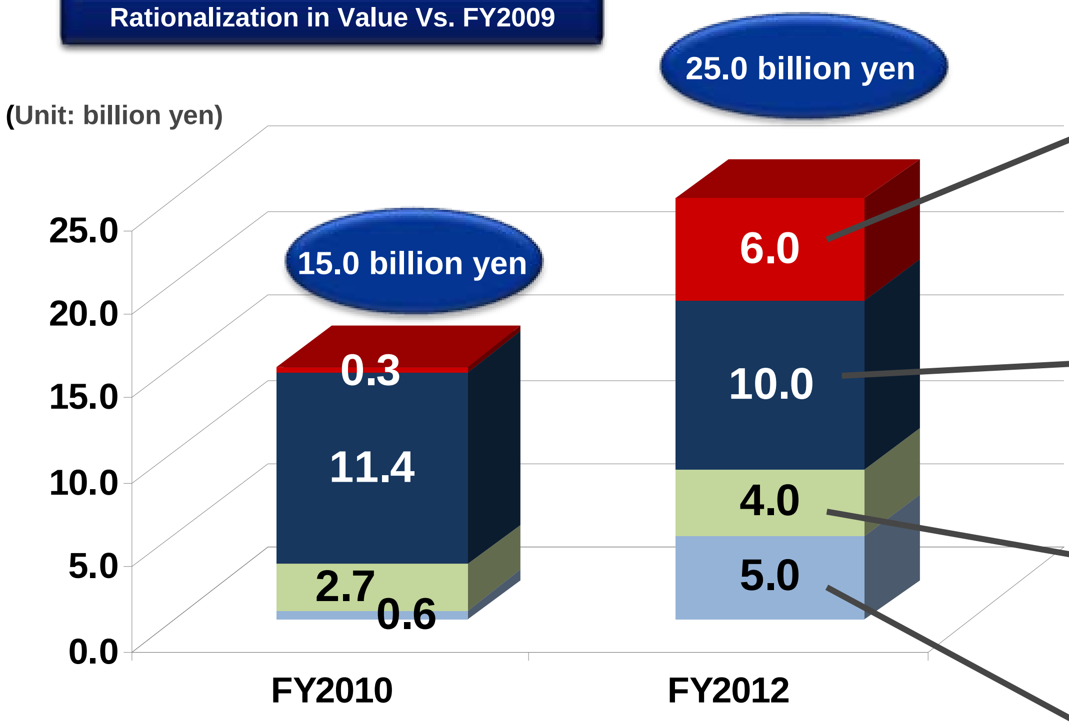
[The 4th Medium-Term Management Plan] Basic Policy (1) - The oil refining and marketing business to return to profitability (through Rationalization)

Rationalization Plan

Policy

- ■ Reduce costs by rationalizing operations toward establishing the business base:
  - ⇒ Right-sizing of the employee
  - ⇒ Keep a good balance between "safe operations" and "repair and maintenance cost reduction"

Rationalization in Value Vs. FY2009



■ Right-sizing of the employee
- Attritions through compulsory retirement
- Use of the re-employment after compulsory retirement system
- Clamp-down on new hiring
- Cosmo Oil Group: Total 4,500 employees ⇒ Total 4,000 employees

■ Repair and maintenance cost reduction:
- Maintenance optimization
- Repair and maintenance cost reductions by suspended operations of facilities
- Reduction in regular maintenance expenses

■ Rationalization at the marketing department, etc.:
- Reduction in SS facility rental and sales promotion costs
- Logistic efficiency improvement

■ Rationalization at overhead cost administration and affiliates:
- Reduction in advertising and publicity and other controllable costs

Note: A reduction in repair and maintenance cost in FY2012 vs. FY2010 is estimated to be smaller due to an anticipated increase in regular maintenance cost for FY2012.

[The 4th Medium-Term Management Plan] Basic Policy (1) - The oil refining and marketing business to return to profitability (Oil Refining)

Oil Refining

Achievements made up to the end of the Third Consolidated Medium-Term Management

- Safe and stable operations of the refineries
- Improved heavy fuel oil cracking capacity by coker facility construction

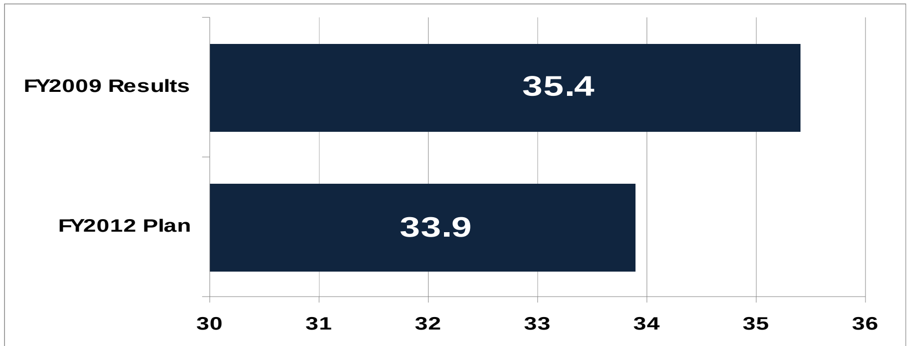
Programs of the Fourth Consolidated Medium-Term Management

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

Objective of the Fourth Consolidated Medium-Term Management

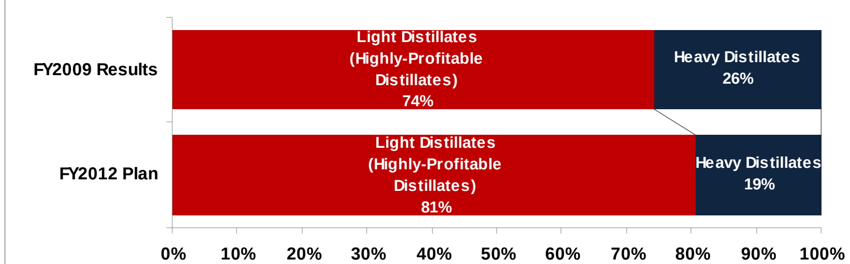
- Improve the competitiveness of the refineries

Reductions in crude oil procurement cost by using heavy crude oil as a raw material for product refining (changes in API gravity)



Note: Excluding condensate.

Improve product mix



Note:
- Light distillates : Naphtha, Gasoline, Jet fuel, Kerosene, Diesel fuel
- Heavy distillates : Heavy fuel oil A, Heavy fuel oil C, other
- Excluding in-house fuel.

[The 4th Medium-Term Management Plan] Basic Policy (1) - The oil refining and marketing business to return to profitability (Domestic Sales of Petroleum Products)

Domestic Sales of Petroleum Products

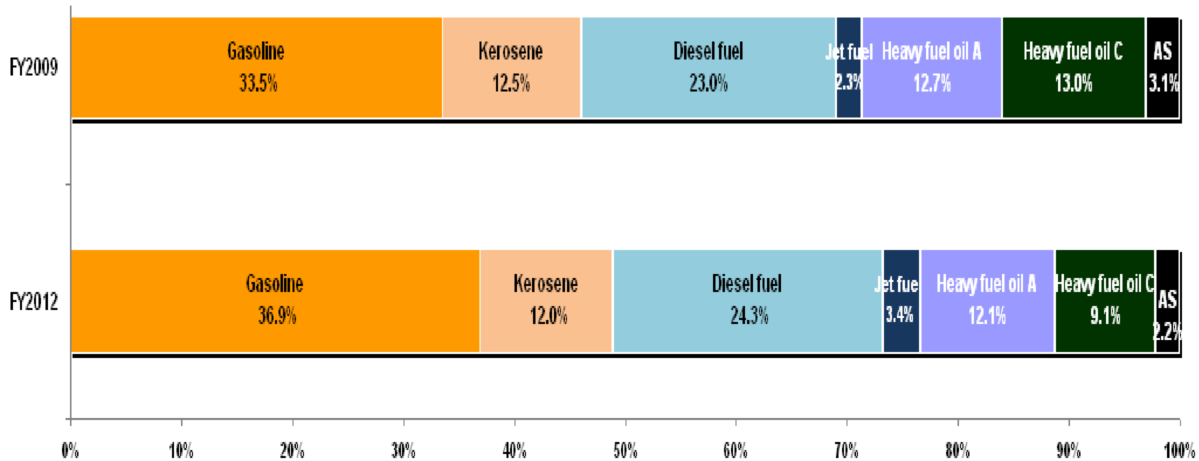
Achievements made up to the end of the Third Consolidated Medium-Term Management

- ■Expanded highly-profitable sales channels (high-quality share) mainly through marketing subsidiaries (44% in FY2007→46% in FY2009)
- ■Maintained competitiveness and retained customers by opening self-service SSs and issuing Cosmo The Card credit cards.

Programs of the Fourth Consolidated Medium-Term Management

- ■Maximize brand values →
  - Increase the sales ratio of highly-profitable distillates (light distillates)
  - Decrease the sales ratio of low-profitable distillate (heavy distillates)
  - Revise the product market-linked wholesale pricing formula plan
- ■Reduce costs by rationalizing

Structural Changes in Oil Products for Sales



Objective of the Fourth Consolidated Medium-Term Management

- ■Improve the distilled product structure for sale
- ■Secure appropriate margins

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[The 4th Medium-Term Management Plan] Basic Policy (1) - The oil refining and marketing business to return to profitability (Overseas Sales of Petroleum Products)

Overseas Sales of Petroleum Products

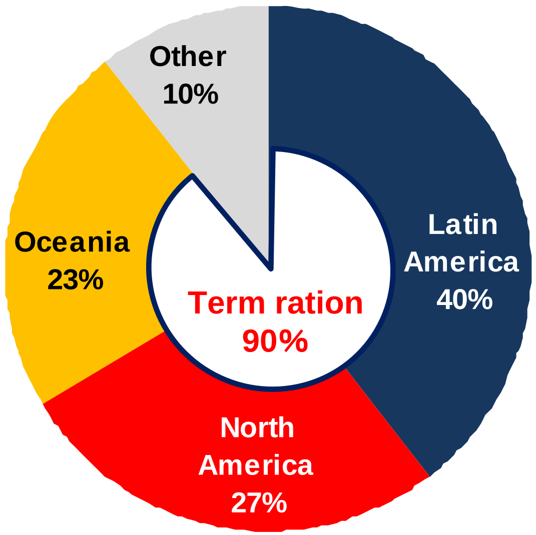
Achievements made up to the end of the Third Consolidated Medium-Term Management

- Secured stable sales channels through long-term contracts directly with overseas end-users.
- Entered the wholesale market (in North America)
- Established the infrastructure capable of exporting 4 million kl of petroleum products.

Programs of the Fourth Consolidated Medium-Term Management

- "Expand existing stable sales channels" and "diversify sales channels by acquiring new customers" in the Asian and Pacific Rim region.
- Increase overseas sales of middle distillates (jet fuel and diesel fuel) by making the maximum use of the coker unit.

Overseas Sales by Region (FY2009 Results)



Note: Including local product procurement and sales

Objective of the Fourth Consolidated Medium-Term Management

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

  Ratio of overseas sales to total sales (13% in FY2009 → About 19% in FY2012)

[The 4th Medium-Term Management Plan] Basic Policy (1) - The oil refining and marketing business to return to profitability (Summary)

Through Rationalization

- Reduce costs through right-sizing of the staff, repair and maintenance cost reductions, etc.

Oil Refining

- Improve the competitiveness of the refineries

Domestic Sales of Petroleum Products

- Improve the distilled product structure for sale
- Secure appropriate margins

Overseas Sales of Petroleum Products

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

The oil refining and marketing business to return to profitability

Goal for FY2012
Ordinary Income of 35 billion yen
(up 83.2 billion yen from FY2009)
*** Including 25 billion yen through rationalization.**

[The 4th Medium-Term Management Plan] Basic Policy (2) Increase the portfolio of petrochemical businesses

Petrochemical business

*MX＝Mixed xylene
*PX＝Paraxylene

Achievements made up to the end of the Third Consolidated Medium-Term Management

■Use the supply facilities of CM Aromatics Co., Ltd. Cosmo Matsuyama Oil Co., Ltd. and Maruzen Petrochemical Co., Ltd. (to produce 300,000 tons of MX/year)
■Launched a PX joint venture company* with Hyundai Oilbank Co., Ltd. (HDO) (to produce 380,000 tons of PX/year)

Note: * HC Petrochem Co., LTD

Programs of the Fourth Consolidated Medium-Term Management

■Establish new mixed xylene (MX) manufacturing facilities (300,000 tons/year)
⇒ MX production capacity: 300,000 tons/year ⇒ 600,000 tons/year
■ Start building new PX manufacturing facilities (800,000 tons/year)
⇒ PX production capacity: 380,000 tons/year ⇒ 1,180,000 tons/year

Objective of the Fourth Consolidated Medium-Term Management

■Diversify the petrochemical product portfolio in pursuit of scale merit
■Take measures against the shrinking demand for gasoline in Japan

Goal for FY2012:
Ordinary Income of 4.0 billion yen
(down 900 million yen from FY2009)

Roll out the petrochemical business in Asia

Outlook for Ordinary Income for FY2013 onwards:
8-16 billion yen

- Ordinary income of the petrochemical business represents a combination of that of four subsidiaries of CMA, CMO and MP.
- Income from the newly built MX facilities (300,000 tons/year) is included in the petroleum business.

[The 4th Medium-Term Management Plan] Basic Policy (2) Increase the portfolio of oil E & P businesses

Oil E & P business

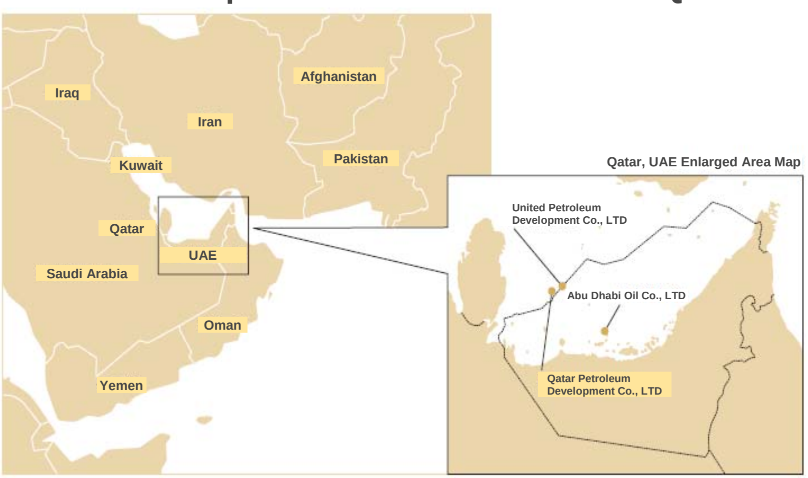
Achievements made up to the end of the Third Consolidated Medium-Term Management

- The Oil E & P business based on reliable relations with oil producing countries
- Stable production of the existing oil fields in Abu Dhabi and Qatar.

Programs of the Fourth Consolidated Medium-Term Management

- Extension of the term for the Company’s interest in oil exploration and production in Abu Dhabi under negotiations
- 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.

<Oil fields operational in Abu Dhabi and Qatar>



Objective of the Fourth Consolidated Medium-Term Management

- Maximize relations with oil producing countries to increase the oil E & P business portfolio

Goal for FY2012:
Ordinary Income of 24.0 billion yen
(down 5.4 billion yen from FY2009)

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[The 4th Medium-Term Management Plan] Basic Policy (2) Increase the portfolio of environmental and new energy businesses

Environmental and new energy businesses

	Programs of the Fourth Consolidated Medium-Term Management	Objective of the Fourth Consolidated Medium-Term Management
ALA	Accelerate commercialization and enhance sales and marketing power	Increase profit contribution to the Company
Wind Power Generation	Enter the market on a full scale by acquiring EcoPower Co., Ltd.	Ensure a stable income stream from the business
Solar Power Generation	Establish the low-cost production technology for polysilicon	Determine the feasibility of the commercialization
Concentrated Solar Power (CSP) Generation	Complete the construction of the demo plant in Abu Dhabi	Execute the feasibility studies based on stored data

<Concentrated Solar Power (CSP) Generation
The verification test plant>

■ Accelerate commercialization to diversify the environmental and new energy business portfolio

**Goal for FY2012:
Ordinary Income of 1.0 billion yen
(included in the petroleum business)**

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[Appendix - Supplementary Information Materials 1]

■ the Forth Consolidated Medium-Term Management Plan

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[The 4th Medium-Term Management Plan] Financial Highlights in FY2009 and Assumptions for the Three-Year Plan

Supplementary Information – 1

■Consolidated Business Outlook (Unit: billion yen)

	Results	Plan		
	FY2009	FY2010	FY2011	FY2012
Net sales	2,612.1	2,550.0	2,642.0	2,643.0
Operating income	34.2	63.0	74.0	69.0
Consolidated ordinary income	36.4	58.0	68.0	65.0
Net income	-10.7	18.0	28.0	33.0
Impact of the inventory valuation	52.6	0.0	0.0	0.0

■Consolidated Ordinary Income by Business Segment

	Results	Plan		
	FY2009	FY2010	FY2011	FY2012
Petroleum business	9.3	19.5	31.0	39.0
Petrochemical	4.9	2.5	3.0	4.0
Impact of the inventory valuation	52.6	0.0	0.0	0.0
NET petroleum business	-48.2	17.0	28.0	35.0
Oil E & P business	29.4	36.0	36.0	24.0
Other	-2.3	2.5	1.0	2.0

■Assumptions

	Results	Plan		
	FY2009	FY2010	FY2011	FY2012
Crude oil price（USD/BBL）	68.0	75.0		
Exchange rate（yen/USD）	92.9	90.0		

* The figure for the plan refers to the Dubai crude oil price. The FY2009 actual figure refers to the price of crude oil handled during the fiscal year.

■Balance Sheet and Other Financial Variables

	Results	Plan		
	FY2009	FY2010	FY2011	FY2012
Total assets	1,645.0	1,532.0	1,517.0	1,477.0
Net worth	315.7	327.0	348.0	374.0
Interest-bearing debts	777.7	703.0	660.0	602.0
Net interest-bearing debt	548.8	596.0	556.0	490.0
ROE	-3.3%	5.6%	8.3%	9.1%
ROA	-0.7%	0.3%	0.5%	0.6%
Net worth ratio	19.2%	21.3%	23.0%	25.4%
Debt equity ratio (Times)	2.5	2.1	1.9	1.6
Net debt equity ratio (Times)	1.7	1.8	1.6	1.3

■**Sales Volume Plan (FY2009-12)** (Unit: 1000KL)

	FY2009 Results	Change between FY2009 and FY2012
Gasoline	6,584	-1.6%
Kerosene	2,458	-6.0%
Diesel fuel	4,526	-3.0%
Heavy fuel oil A	2,489	-6.2%
Combined sales of 4 oil products above	16,057	-3.4%
Naphtha	6,749	-0.9%
Jet fuel	443	8.7%
Heavy fuel oil C	2,553	-15.4%
for power generation	1,157	-20.7%
for industrial use	1,396	-11.4%
Total fuel sales in Japan	25,802	-3.5%

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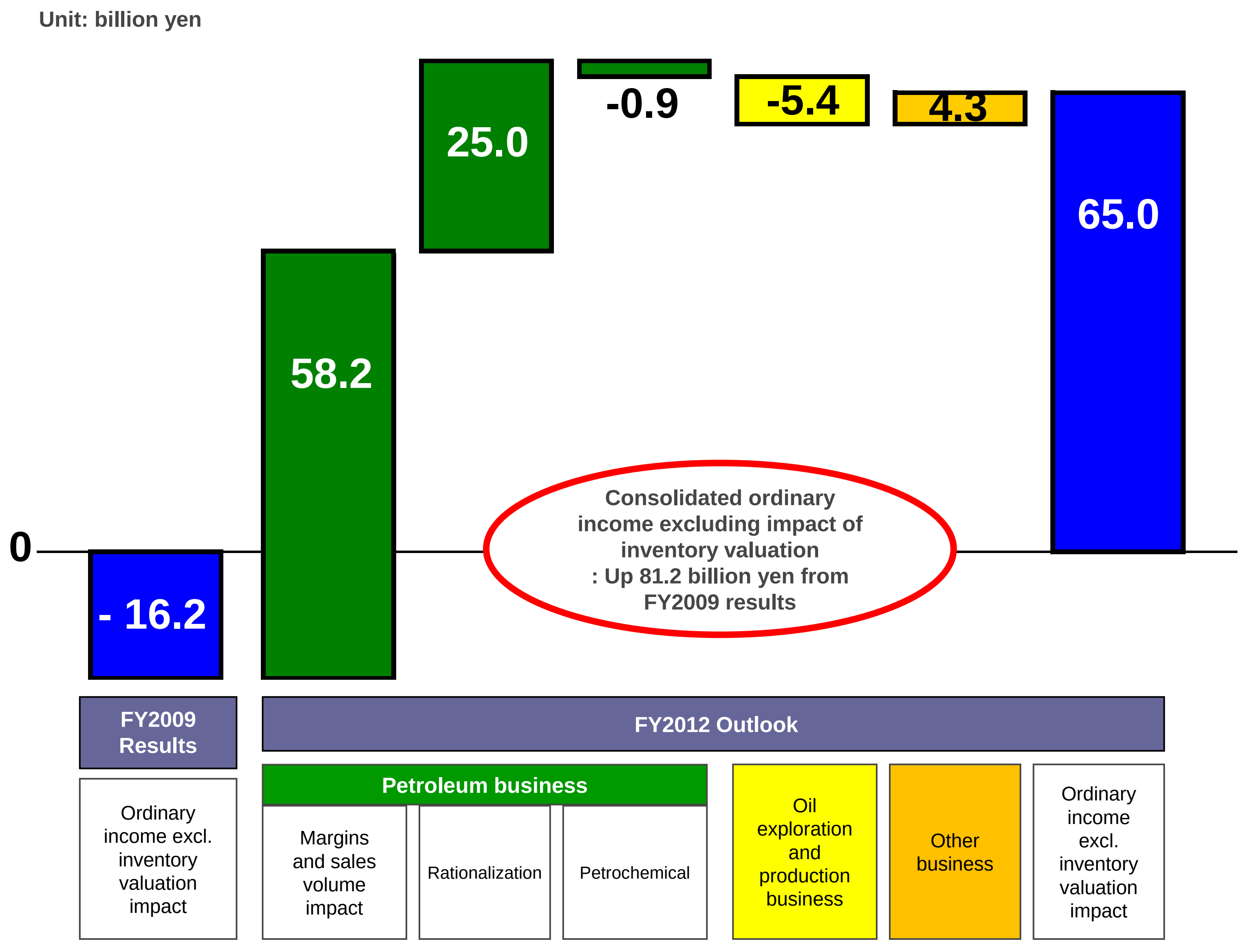
[The 4th Medium-Term Management Plan] Goal for FY2012 Ordinary Income (Change from FY2009 Results)



[The 4th Medium-Term Management Plan]
Three Key Programs for Profitability Improvement

Supplementary Information – 3

Overseas Markets Environment: Increasing demand for petroleum and petrochemical products, but inadequate supply capacity

Domestic Markets Environment:
- Heavy fuel oil A / Heavy fuel oil C Falling demand
- Kerosene / Diesel fuel Falling demand
- Gasoline Falling demand

Three Actions

Strengthen the competitiveness of refineries

■Construct a coker unit
→Crack heavy fuel oil A and heavy fuel oil C fractions for diesel fuel and kerosene production

Expand overseas sales channels

■Upgrade export infrastructure
→Open overseas sales channels
→Sell high-quality products through long-term agreements

Enter the para-xylene business

■Construct a new MX facility
Enter the PX business
→Separate and recover MX from gasoline for supply to the PX facility

Address problems and expand earnings

Benefits

1. Reduce production of heavy fuel oils A and C
2. Increase production of high-value-added products (kerosene and diesel fuel)

1. Receive margins on overseas sales
2. Optimized domestic supply-demand balance
= Optimized domestic margins

1. Reduced production of gasoline
2. Increased earnings through entry into the PX business

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[The 4th Medium-Term Management Plan]
Oil refining and marketing business (Oil Refining)

Maximize utilization of the coker unit at Sakai Refinery

Respond to declining demand for heavy oil fraction
⇒ Realize the oil product composition for production that can meet the demand structure

Coker (25,000 barrels a day)

- Crack heavy fuel oil C fraction
- Use more heavy crude oil for refining → Crude oil procurement at lower cost

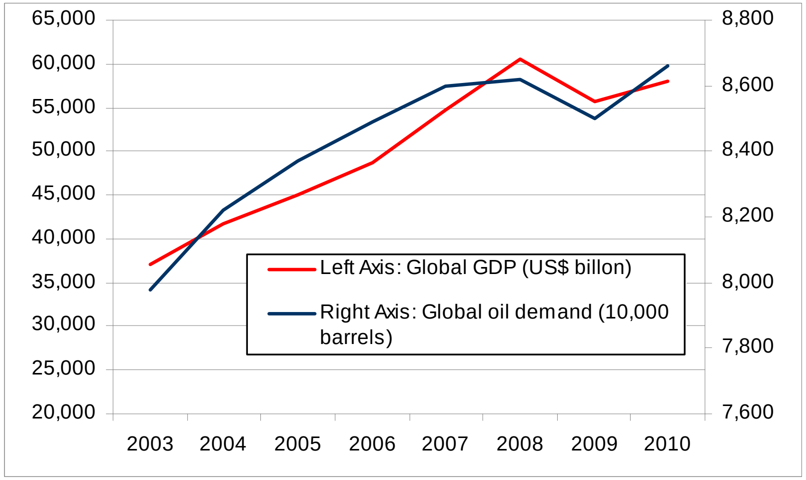
+

Diesel fuel hydrodesulfurization unit (25,000 barrels a day)

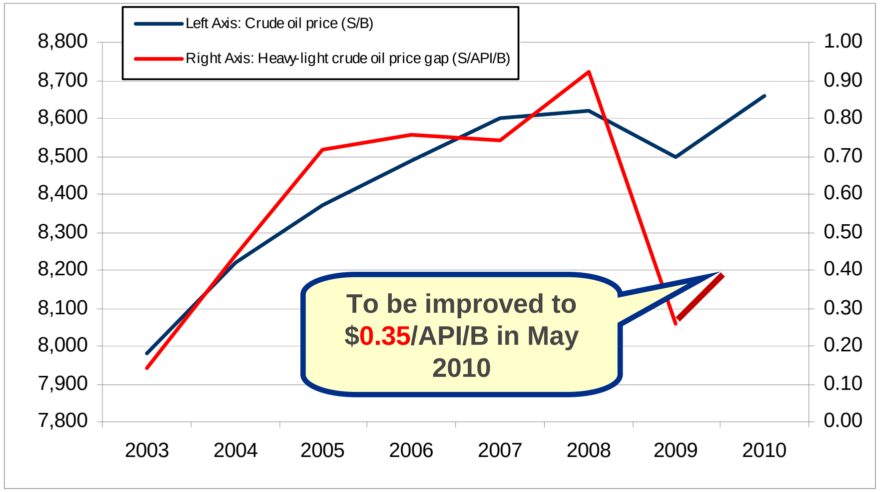
- Heavy fuel oil A fraction ⇒ Jet fuel (kerosene) and diesel fuel

Note: No gasoline production

Global GDP and Oil Demand Trends



Changes in Crude Oil Prices and Heavy-Light Crude Oil Price Gaps



*The global oil demand forecast above sourced from the IEA "Oil Market Report" (published in March 2010).
*The global GDP forecast above sourced from the IMF "World Economic Outlook" (published in April 2010).

[The 4th Medium-Term Management Plan] Oil refining and marketing business (Domestic Sales of Petroleum Products)

Price formula plan	Market-linked wholesale price formula plan and weekly price setting plan (adopted in April 2009)
	■ 100% market-linked ■ 50% market-linked + 50% crude oil cost (+ variable costs + brand charge - VOL incentive)

Key Points of Revision of the Pricing Formula Plan (adopted in April 2010)

Revised brand charge	**Improved brand value (reflecting stable supply, quality maintenance and improved brand perception)**
Revised floor value	**Recover the minimum cost necessary for stable supply.**
Change in the pricing calculation period	**Rectify a gap between market and wholesale prices through eliminating timing difference.**

[The 4th Medium-Term Management Plan] Oil refining and marketing business (Overseas Sales of Petroleum Products)

Sales expansion targeted at areas from which higher demand is expected

◆ The decreasing demand for oil products in Japan ⇒ Secure stable overseas sales channels

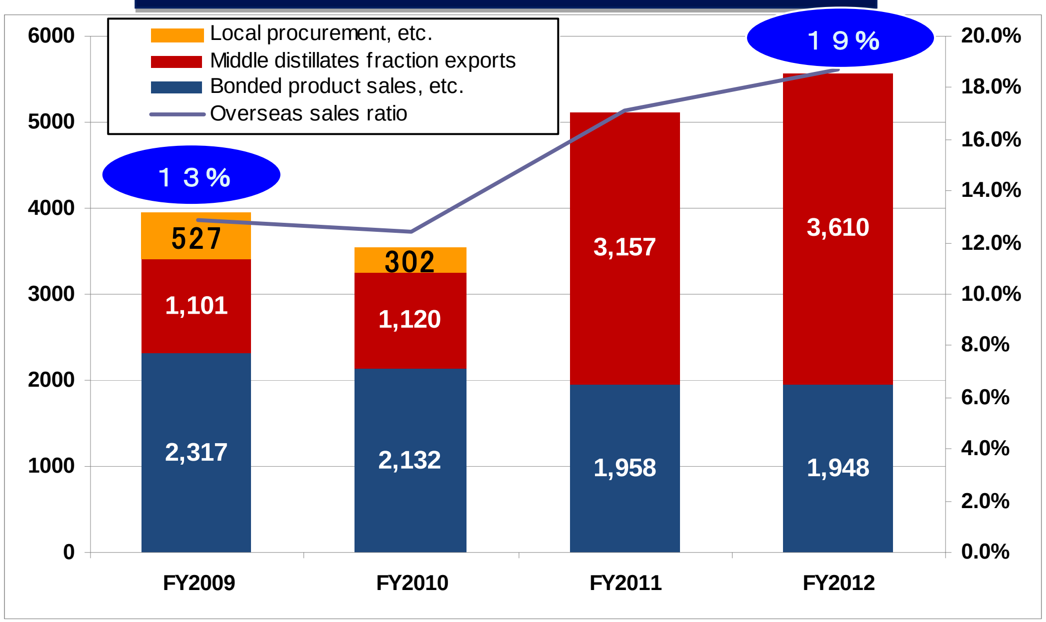
■ Oil products for overseas sales: Middle distillates (diesel fuel, jet fuel and kerosene)/Gasoline and heavy fuel oil exports under consideration

■ Overseas sales markets: Long-term contract-based export sales/Entry barrier of rigorous environmental regulations

Oceania	Strong demand backed by strong mining business and economic recovery earlier than expected
Latin America (Chile)	Higher demand for diesel fuel backed by increasing power demand and strong mining business
North America	Current economic aggravation expected to bottom out in FY2010 toward recovery

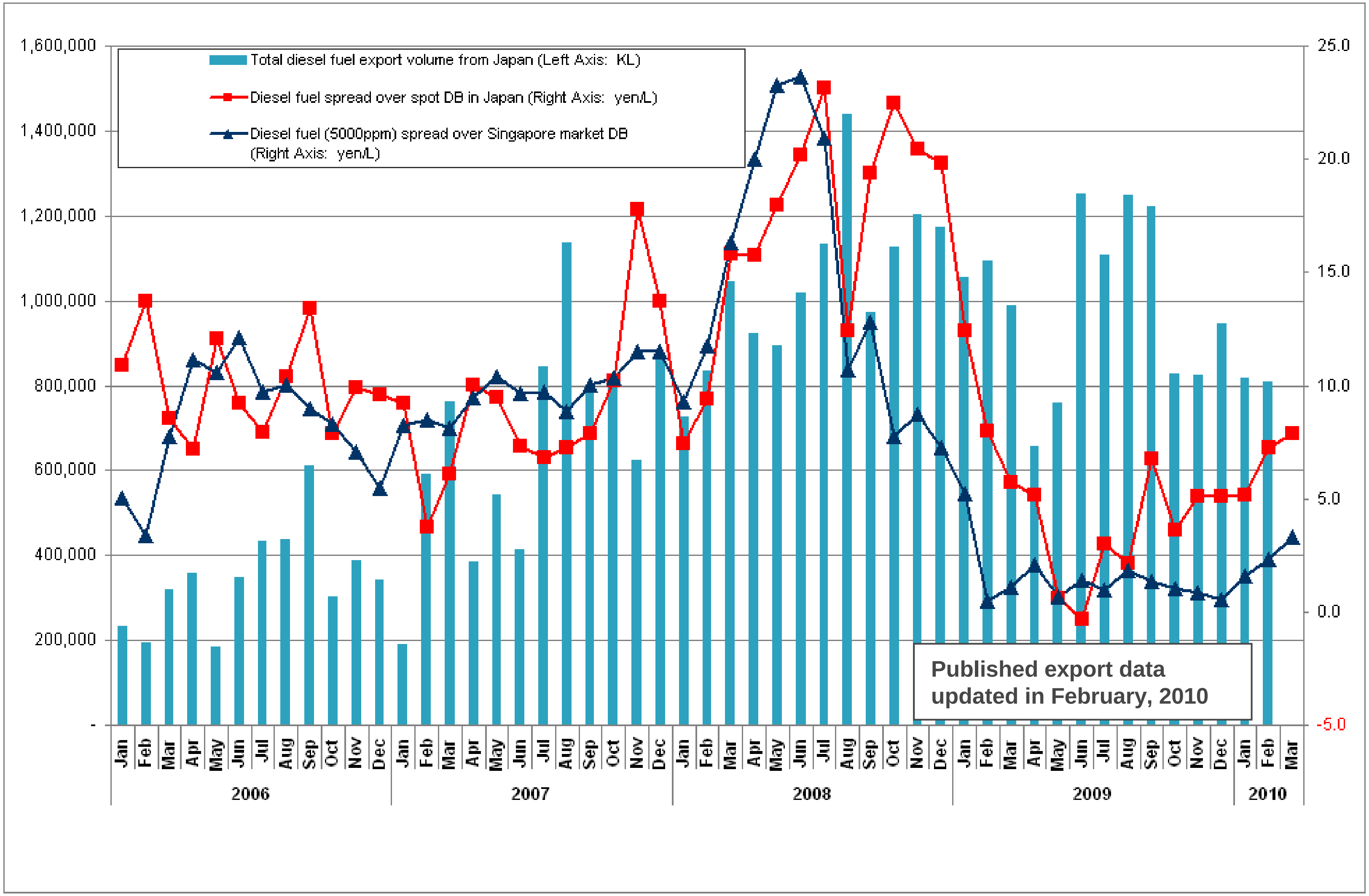
*Also develop sales channels in Asia (Indonesia, Vietnam, China, etc.) with remarkable growth in oil demand.

Overseas Seles Volume and Sales Ratio



[Reference] Historical Changes in Diesel Fuel Export Volume and in Domestic and Overseas Margins

Historical Changes in Diesel Fuel Export Volume and in Domestic and Overseas Margins



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[The 4th Medium-Term Management Plan] Petrochemical Business (Enter the Paraxylene Business (1))

Signing of Agreement with Hyundai Oilbank (HDO), an IPIC group company, in relation to the establishment of a Paraxylene Business Joint Venture Company (JVC)

◆ **Outline of the Joint Venture Business Plan:**

- Company name: HC Petrochem Co.,LTD (established in November 2009)
- Investment ratio: Cosmo 50%, HDO 50%
- Production structure and scale:
  - a) Existing PX plant using naphtha as feedstock (with production capacity of 380,000 tons/year, as assigned from HDO in February 2010)
  - b) New PX plant using MX as feedstock (with production capacity of 800,000 tons/year, to be operational in 2013)
- Investment value of about 100 billion yen:
  - Money invested: About 30 bn yen (about 15 bn yen by Cosmo Oil)
  - Money borrowed: About 70 bn yen (by the JVC)

Establish a new MX distillation plant at Yokkaichi Refinery

◆ **Outline of the investment plan:**

- **Operations to be started in 2011**
- **Production scale: 300,000 tons/year**
  - **⇒ Gasoline Reduction of 700,000 kl/year**
- **Investment value: About 5 billion yen**

Overwhelmingly strong cost competitiveness owing to scale merit

Responding to the decrease in the domestic demand for gasoline

Enrich the product portfolio through integrated crude oil-PX production

PX: Paraxylene
MX: Mixed xylene

[The 4th Medium-Term Management Plan] Petrochemical Business (Enter the Paraxylene Business (2))

Overwhelmingly strong cost competitiveness owing to scale merit

◆The world's largest PX production scale -- 800,000 tons a year at the new plant and 1.18 mil tons a year at a single refinery

PX business entry to enrich the product portfolio covering highly value added business areas

◆ Capturing the margin between crude oil and PX

◆ PX is the raw material for various essential commodities such as polyester fiber, PET resins, etc. that has no direct substitutes

⇒ Demand for polyester is correlated with the rising population and PX is expected to expand at a steady rate

Taking advantage of the best timing to invest

◆ An investment plan aiming at an expected increase in the PX margin after 2013

Enjoying the merits of expanding business abroad (Korea)

◆ Utilization of the preferential tax treatment

Korea

- Lower corporation tax rate: currently 24.2% which will decrease down to 22.0% from 2010
- Preferential tax treatment for foreign companies (foreign investment ratio 50%): preferential tax rate for 7 years(*) (1st -5th year: 11%, 6th -7th year: 16.5%, 22.0% thereafter)

Japan

- Exemption of tax charge against dividends received from a foreign subsidiary. From Apr. 2009, only the foreign tax rate will apply against almost all taxable income

Note: The application of the above preferential tax treatment subject to the examination by the ROK authorities. 7 years of application after taxable income generation.

Utilizing HDO's know-how and resources

◆ Utilization of HDO's business know-how and resources (e.g. human capital, land, plant infrastructure)

[The 4th Medium-Term Management Plan] Petrochemical Business (Enter the Paraxylene Business (3))

Cosmo

50% investment

◆Existing MX unit
(CM Aroma, etc., 300kton/year)

◆ New MX Plant
(Yokkaichi Refinery
300Kton, 2011)

◆ MX supply

◆ Outsourced MX

HDO

50% investment

◆PX business transfer

◆ Naphtha supply

■Joint Venture Company
(name: to be agreed in due course)
To be established: Nov. 2009
Operations to be started: Feb. 2010
Capital (at the time of establishment):
10 billion won

◆Existing PX-BZ plant assigned from HDO
(PX production of 380,000 tons/year;
BZ production of 120,000 tons/year)
Assignment slated for December 2009

◆Establish a new PX-BZ plant
(PX: 800,000 tons/year; BZ: 110,000 tons/year)
Operations slated to get started in FY2013

◆ PX sales 1,180kton/year
◆ BZ sales 230kton/year

PX : Paraxylene
MX : Mixed xylene
BZ : Benzene

[Reference] Petrochemical Business - Aromatic Product Market Conditions (1)

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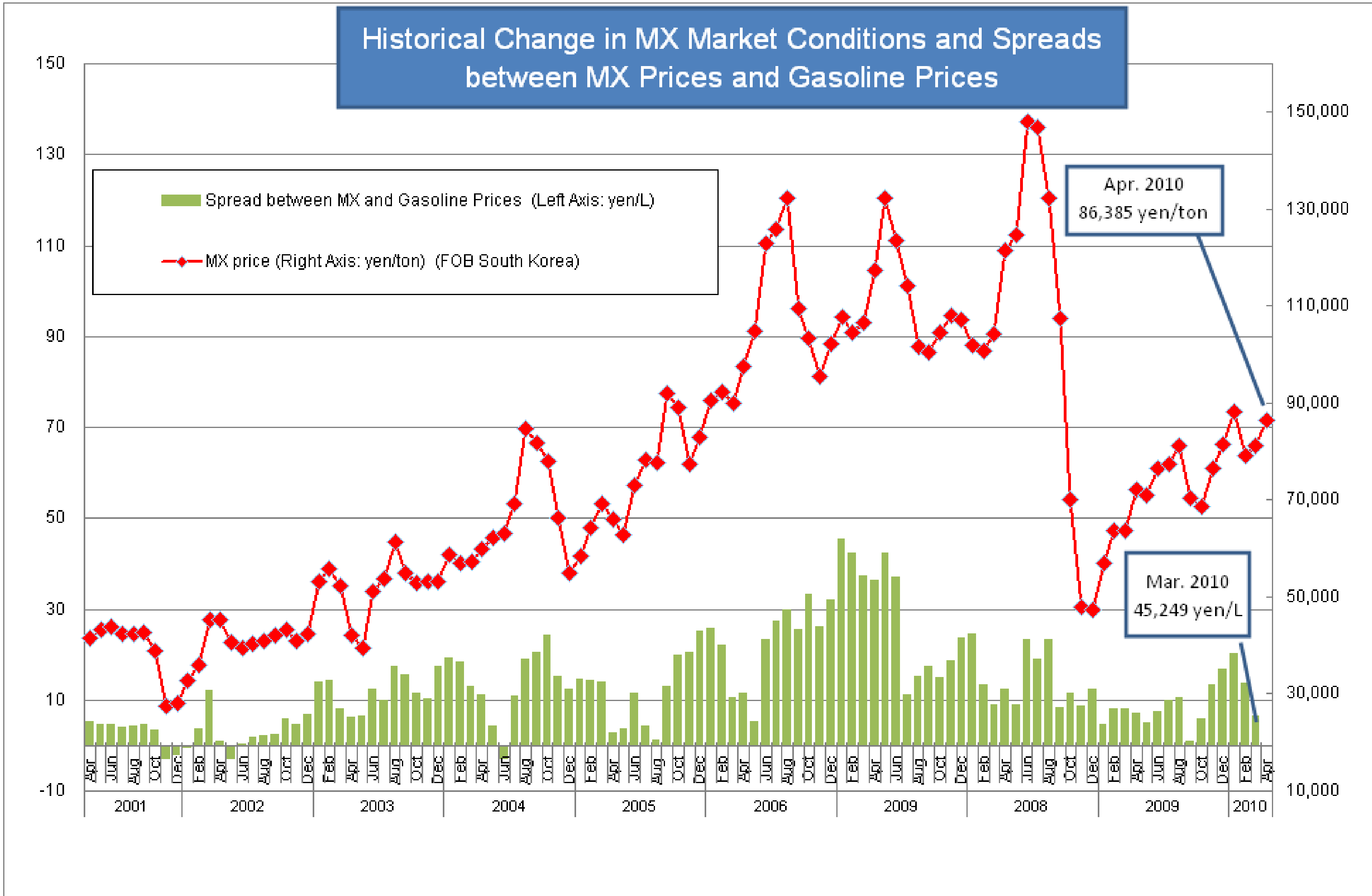

COSMO OIL CO., LTD.
http://www.cosmo-oil.co.jp

[Reference] Petrochemical Business - Aromatic Product Market Conditions (2)

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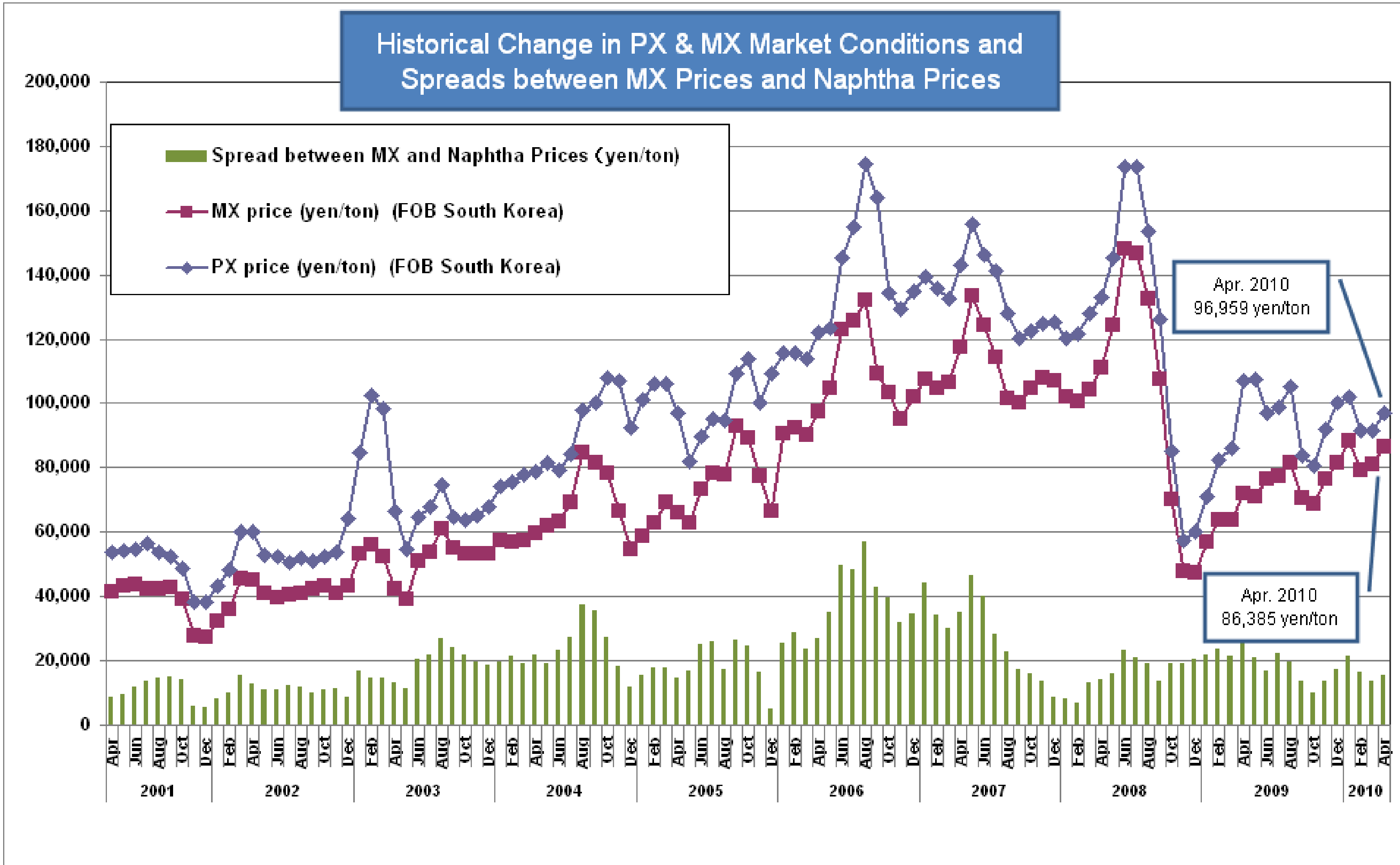

http://www.cosmo-oil.co.jp

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[The 4th Medium-Term Management Plan] Environmental and New Energy Businesses (ALA (1))

New business evolution in the field of environment & ecology
⇒ expected to grow into a pillar ensuring the future income stream

◆ Projects in blue indicate businesses commercially launched

Raw material

Raw material business

- ◆ Currently manufacturing and selling the technical product for fertilizers, healthy food, animal feed and reagents for lab tests
- ◆ Currently preparing for the systems for manufacturing and selling the technical product for pharmaceutical products

Cosmo Oil supplies for about 80% of the global ALA demand

Finalized product

Fertilizer business

- ◆ Currently selling liquid fertilizers of "Pentakeep" (for the agriculture market) and "PentaGarden" (for horticulture market)
  - ⇒ Increase sales volume (both in Japan and Europe) and develop new markets (in China and the U.S.)
  - ⇒ Established "Cosmo Oil (Shanghai)," a local subsidiary in China to start marketing the products (from Sept. 2009)
  - ⇒ Got regulatory registration procedures as fertilizers completed in the U.S. (already approved in the Washington and Oregon States, and subject to approval in the California State)
- ◆ Develop and sell solid fertilizers ⇒ Demo-test currently underway by using prototype products

■Fertilizer business

	Remark	FY2009		FY2010	FY2011 onwards
		First Half	Second Half		
Liquid fertilizers	Japan	Now available →			
	Europe	Now available →			
	China		Local subsidiary establishment (in September 2009) ⇒ Product launch →		
	US	Regulatory registration	Sales channel development →		Scheduled for product launch →
Solid fertilizers		Under product development →			

[The 4th Medium-Term Management Plan] Environmental and New Energy Businesses (ALA (2))

New business evolution in the field of environment & ecology
⇒ expected to grow into a pillar ensuring the future income stream

Finalized product

Animal feed business

◆ Projects in blue indicate businesses commercially launched

- ◆ Already got a newly-developed product registered with the regulator as a raw material for fish feed and currently selling in Japan (finished product now being sold by Intervet)
- ◆ Develop and sell animal feed for Japan ⇒ Regulatory registration as an animal feed raw material and sample shipment launch

■ **Animal feed business**

	Remark	FY2009 First Half	FY2009 Second Half	FY2010	FY2011 onwards
Marine fish feed		Now available			
Animal feed		Under product development		Scheduled for product launch	
Animal pet feed		Under product development			Scheduled for product launch

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[The 4th Medium-Term Management Plan] Environmental and New Energy Businesses (ALA (3))

New business evolution in the field of environment & ecology
⇒ expected to grow into a pillar ensuring the future income stream

Finalized product

Pharmaceutical, cosmetics and healthy food businesses

◆ Projects in blue indicate businesses commercially launched

- ◆ Cosmetics (hand and face cream products currently sold by a partner company)
- ◆ Substance used for diagnostic tests during brain tumor surgeries and cancer treatment
  ⇒Inception of clinical trial for an intraoperative diagnostic drug for brain tumors
- ◆ Healthy food ⇒Nutritional supplement product launched by a partner company (in Japan)

Being promoted by joint venture company SBI ALA Promo Co., Ltd.

- ◆ Hair growth reagents ⇒Signed a joint venture agreement with Milbon Corp. to develop and manufacture a hair growth reagents product (in Nov. 2008)
  Clinical trial started for filing an application for marketing authorization for the product in the non-pharmaceutical category with the Ministry of Health, Labour and Welfare.

■Pharmaceutical, cosmetics and healthy food businesses

	Remark	FY2009 First Half	FY2009 Second Half	FY2010	FY2011 onwards
Cosmetics	Hand and face cream	Now available →			
Pharmaceutical category product	Brain tumor (Diagnostic tests)			Clinical trial →	Application; Marketing authorization certification; Scheduled for product launch →
Healthy food	Supplement	Under product development →		Product launch →	
Non-pharmaceutical category product	Hair growth reagents	Under product development →		Application	Marketing authorization certification; Scheduled for product launch →

COSMO OIL CO., LTD.

[The 4th Medium-Term Management Plan] Environmental and New Energy Businesses (Other New Energy Businesses)

Wind Power Generation

- Objective: Renewable energy commercialization
- Progress in business development: The wind power generation business launched in Sakata City, Yamagata Prefecture (Cosmo Oil Sakata Wind Power Plant (1,500 kw) operational since December 2004).
  Acquisition of EcoPower Co., Ltd. (in March 2010, running 130 units in 25 sites (147,000 kw, the 4th largest wind power company in Japan)

Solar Power Generation

- Objective: Determine the feasibility of commercializing the business to manufacture polysilicon (polycrystalline silicon).
- Progress in business development: Make research-level development of the technology to manufacture polysilicon (polycrystalline silicon) at lower cost.

Concentrated Solar Power (CSP) Generation

- Partner: MASDAR (an organization funded by the Abu Dhabi government) and the Tokyo Institute of Technology
- Objective: Launch a new CSP generation business in the area which is in the sunbelt region and which has a high demand for power in particular.
- Progress in business development: Signed a joint research and development agreement with the partners to develop the CSP generation technology (in Dec. 2007)
  The demo plant being constructed in Abu Dhabi (to be completed in October 2009) to start demo tests

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.