BUILDING A PLATFORM FOR FUTURE GROWTH

Q.01 | What are your thoughts after completing your first year as president? Taking stock, can you give us your views on the Cosmo Oil Group's mission?

A.01 |

Over the past 12 months, management has been called on to address several key issues. In particular, decisions were made regarding the closure of the Sakaide Refinery and the acquisition of Sojitz Energy Corporation. As we embark on a new journey under our Fifth Consolidated Medium-Term Management Plan in fiscal 2013, we will focus on increasing profitability and building a robust operating platform.

The petroleum products that we handle help protect people's lives and lifestyles. The Great East Japan Earthquake again reaffirmed the important roles played by such essential items as kerosene, which brings us warmth, and diesel fuel and gasoline, which transport much needed emergency supplies to disaster-stricken areas. At the same time, oil is a basic ingredient in the manufacture of a broad spectrum of petrochemical products. As an indispensable component of daily life, oil products can be found in a host of essential commodities.

Against this backdrop, the Cosmo Oil Group is united in its mission to deliver stable, high-quality petroleum products to its customers.

Q.02 | How do you view operating and macroeconomic conditions in the energy sector?

A.02 |

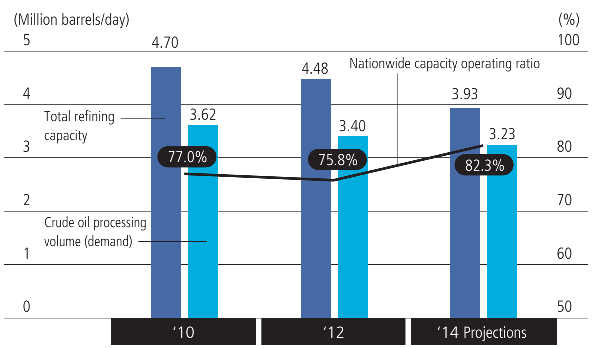
Demand for oil in Japan is currently on the decline. In contrast, global demand is projected to expand modestly. Buoyed by the continuous growth in demand in emerging countries, coupled with an estimated upswing in the supply of shale oil and gas, the price of crude oil is forecast to hover between US$90/barrel to US$110/barrel going forward.

Turning to foreign currency exchange rates, future movements are shrouded in uncertainty. This is attributable to a variety of factors including shifts in financial policies in Japan, trends in the domestic trade balance, and economic conditions in the U.S. and Europe. Under these circumstances, the US$ is anticipated to fluctuate between ¥80 to ¥100.

Looking at the environment for petroleum product margins, Japan's Act on Sophisticated Methods of Energy Supply Structures* is accelerating cutbacks in refining capacities at each company and narrowing the demand gap. While margins are anticipated to stabilize in the future, there remains little room for complacency.

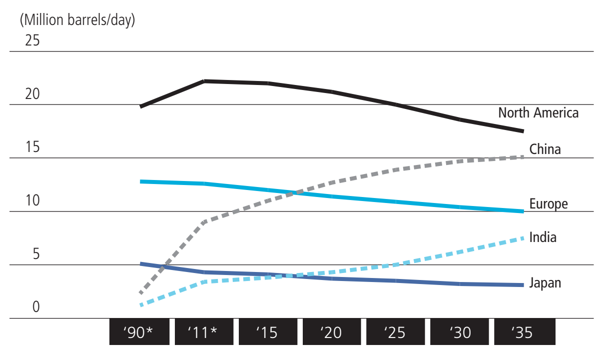
*This act promotes the use of non-fossil resources and more effective use of fossil sources by energy supply businesses.

Total Refining Capacity in Japan/Crude Oil Processing Volume/ Nationwide Capacity Operating Ratio



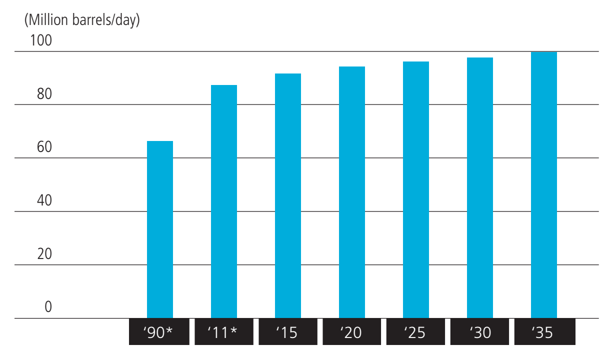
Source: The Ministry of Economy, Trade and Industry (METI) of Japan, "Natural Resources and Energy Statistics"
*Total refining capacity and crude oil processing volume data are averages for the 12-month January to December period.
*2014 total refining capacity data represent the figure after factoring in the refining capacity reduction plans of each company publicly disclosed as of March 2013.
*2014 crude oil processing volume data are based on 2012 results (3.4 million barrels/day) and calculated on the assumption of an annualized decline of 2.5%.

International Oil Demand Outlook



Source: IEA "World Energy Outlook 2012"
*Results

World Oil Demand Outlook



Source: IEA "World Energy Outlook 2012"
*Results

Basic Policy

Five years to establish a solid business foothold for further expansion	• Regain profitability in the refining & marketing sector • Secure stable income from investments made during the previous medium-term management plan • Further strengthen alliances with IPIC and Hyundai Oilbank • Further enhance CSR management	Improvement in the Group's financial framework through profitability and pursuit of an early resumption of dividend payments to shareholders

Over the long term, the Cosmo Oil Group aims to become a vertically integrated global energy company.

Q.03 Please tell us about the basic policies of the Fifth Consolidated Medium-Term Management Plan?

A.03

Under our new five-year medium-term management plan, we will establish a solid business foothold for further expansion. Under this overarching theme, we have identified four basic policies. (Please refer to the diagram above.)

First and foremost, we will pursue measures to arrest the decline in profitability caused by the prolonged shutdown of operations at the Chiba Refinery. From a marketing perspective, we will establish an earnings structure that is insulated from downturns in domestic oil demand, place considerable emphasis on expanding car care earnings, and take bold steps toward transforming our business model as a company that provides car life value.

From fiscal 2013, we will harvest the seeds sown during the period of the previous plan, taking steps to realize returns on strategic investments. As a result, we will generate concrete earnings in our three oil exploration and production, petrochemicals, and renewable energy businesses.

We will strengthen our alliances with International Petroleum Investment Company (IPIC),* our principal shareholder, and South Korea-based Hyundai Oilbank Co., Ltd. (HDO), with whom we have formed a joint venture. We engage in periodic discussions with IPIC, focusing on upstream businesses with an eye toward uncovering new opportunities in our value chain.

Finally, we engage in CSR management in order to fulfill our corporate social responsibility. In addition to complying with regulations and engaging in business activities in a conscientious manner, we employ a thoroughgoing PDCA cycle to ensure ongoing improvement of our operating structure.

Based on the aforementioned policies, we aim to become a vertically integrated global energy company over the long term.

*Established in 1984, IPIC is an energy-related investment company that is wholly owned by the Emirate of Abu Dhabi. The company invests in oil and gas projects outside the Emirate over the long term. IPIC acquired approximately 20% of the Company's shares following a third-party allocation on September 18, 2007.

Q.04 What are your profit and other financial goals for fiscal 2017, the final year of the plan?

A.04

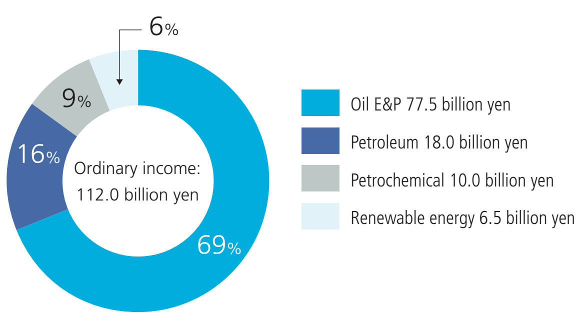
Regaining profitability is our foremost priority through to fiscal 2017. Our goal is to lift ordinary income (excluding inventory valuation impact) by ¥78.9 billion from ¥33.1 billion in fiscal 2012 to ¥112 billion over the next five years. Breaking this ordinary income* target down by business, we expect oil exploration and production, oil refining and marketing, petrochemicals, and renewable energy activities to contribute 69%, 16%, 9%, and 6%, respectively. Moreover, we plan to raise our net worth ratio by 8.3 percentage points to 21.5% and our net debt-to-equity ratio by 1.5 points to 1.6 times between fiscal 2012 and fiscal 2017 by increasing profitability and enhancing our financial position. Building on these figures, we will focus on curtailing interest-bearing debt while taking into consideration current conditions. We will also consider measures aimed at streamlining our balance sheet including the disposal of select businesses.

*This and similar subsequent references to ordinary income all exclude inventory valuation impact.

Assumptions

Item	Assumption
Dubai crude oil price	100 USD/bbl
JPY/USD exchange rate	90 yen/USD
Demand in Japan (Annualized)	-2.1%

FY2017 Ordinary Income Target by Segment (Consolidated)
(excluding inventory valuation impact)

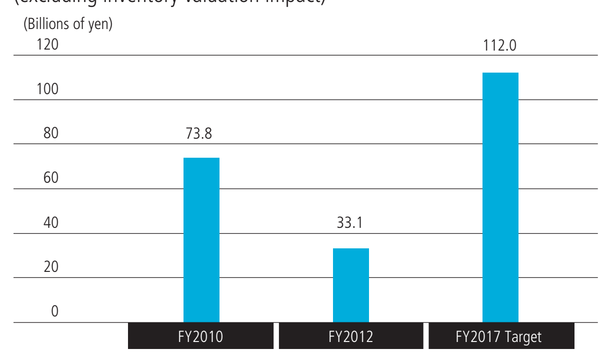


Profit & Other Financial Goals

Item	FY2012	FY2017 Target	Change
Ordinary income* (billion yen)	33.1	112.0	+78.9
Net income (billion yen)	-85.9	45.0	+130.9
Net assets (billion yen)	256.9	415.5	+158.6
Net worth ratio (%)	13.2	21.5	+8.3 pts.
Net debt/equity ratio (times)	3.1	1.6	+1.5 pts.

*excluding inventory valuation impact

Historical Changes in Consolidated Ordinary Income
(excluding inventory valuation impact)

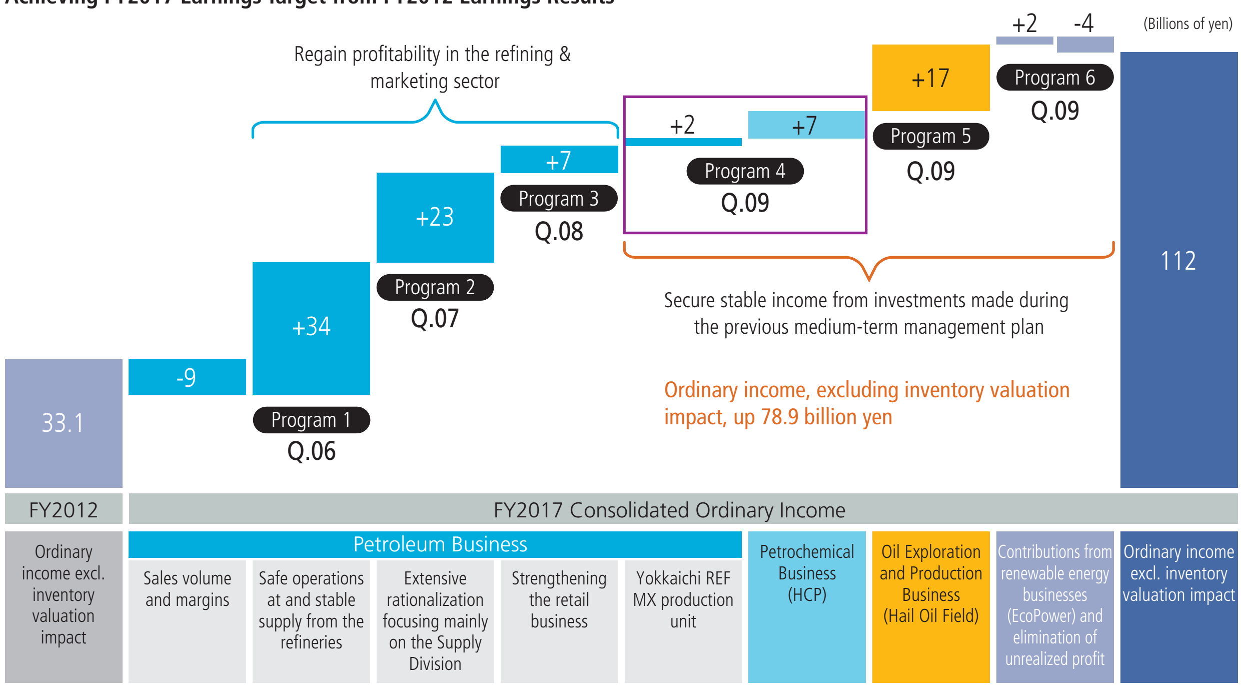


Q.05 | What measures do you plan to take to achieve your fiscal 2017 profit and other financial goals?

A.05

Details of how we plan to lift ordinary income from the level recorded in fiscal 2012 by ¥78.9 billion to ¥112 billion in fiscal 2017 are outlined in the diagram below. Our ability to achieve this goal rests on two broad initiatives: regaining profitability in the refining and marketing sector, and securing stable income from investments made during the previous medium-term management plan. In specific terms, we anticipate reducing the cost of finding alternative supplies by ensuring the complete resumption of operations at the Chiba Refinery from July 2013. In addition to curtailing costs following the closure of the Sakaide Refinery, we will adhere strictly to a policy of fixed cost reduction. At the same time, we will increase profitability particularly in our petrochemical as well as oil exploration and production businesses. A detailed explanation of these six programs is provided in response to questions six to ten.

Achieving FY2017 Earnings Target from FY2012 Earnings Results



"Six Programs" under the Basic Policy

Achieving 112 billion yen in ordinary income for FY2017

Regain profitability in the refining & marketing sector	
Program 1 Further Enhancement of Safe Refinery Operation and Stable Supply	+ 34 billion yen
Program 2 Extensive Rationalization Focusing Mainly on the Supply Division	+ 23 billion yen
Program 3 Strengthening the Retail Business	+ 7 billion yen
Secure stable income from investments made during the previous medium-term management plan	
Program 4 Petrochemical Business: Para-xylene (PX) production from new unit at Hyundai Cosmo Petrochemical	+ 9 billion yen
Program 5 Oil Exploration & Production Business: Production from Hail Field by Abu Dhabi Oil Co., Ltd.	+ 17 billion yen
Program 6 Renewable Energy Businesses: Increase in earnings at EcoPower Co., Ltd.	+ 2 billion yen

Note: In addition to the above, other factors that may affect ordinary income for FY2017 include an impact of -9 billion yen brought about by changes in sales volume and margins, and -4 billion yen attributable to the elimination of unrealized profit.

Q.06 The first program entails the further enhancement of safe refinery operations and stable supply. What concrete measures do you have in mind?

A.06

Our Chiba Refinery was forced to suspend operations for two years due to damage following the Great East Japan Earthquake in 2011 and asphalt leakage in June 2012. This placed considerable downward pressure on profits. As one initiative under our Fifth Consolidated Medium-Term Management Plan we will further enhance the safety of refinery operations and bolster efforts aimed at securing stable supply. Of the Chiba Refinery's two atmospheric distillation (topper) units, operations were resumed using one unit with a capacity of 120,000 barrels/day in January 2013. With both units projected to come back on line this summer, we anticipate an increase in profits due mainly to subsequent cutbacks in the cost of finding alternative supplies and the resumption of export activities.

Accounting for these measures, the positive impact on ordinary income in fiscal 2017 is estimated at approximately ¥34 billion compared with the level recorded in fiscal 2012.

We also took steps to put in place the Chiba Refinery Revival Plan in order to ensure long-term safety and approved the allocation of ¥28 billion, representing 10% of the total investments identified under our Medium-Term Management Plan. This investment is earmarked as a part of our exhaustive structural improvement program at the refinery.

In the past, the partial replacement of equipment has made up the bulk of our repairs and maintenance strategy. Moving forward, we will substantially enhance safety by adopting a broad-based approach. This will entail placing greater emphasis on updating and improving facilities. While investment costs will rise over the short term, this initiative will help to minimize repairs and maintenance expenses on a long-term basis. We expect investors will recognize the positive impact of this forward-looking investment on securing safe operations and profitability at the refinery.

Outline of the Rationalization Plan

FY2017 (vs. FY2012)			Major Programs
Oil Refining Department	-12.6 billion yen	▶	Effect of closing the Sakaide Refinery, reductions in repair costs, etc.
Staff-related Costs	-3.3 billion yen	▶	Staff downsizing, etc.
Controllable Costs	-1.7 billion yen	▶	Review of general and administrative expenses, etc.
Other	-5.0 billion yen	▶	Integration and realignment of logistics stations, etc.
Total:	-22.7 billion yen		Positive impact on ordinary income for FY2017 is estimated at 23 billion yen

Q.07 Please tell us more about your plans for extensive rationalization, the second program, focusing mainly on the Supply Division.

A.07

A central program of our rationalization plan and the review of our supply structure is the proposed proactive closure of the Sakaide Refinery in July 2013. In addition to the direct benefit of a cutback in fixed expenses, reducing the number of refineries from four to three is expected to help maintain a high operating ratio and keep our refinery network more competitive. Rationalization will extend across all areas, including personnel, with plans to curtail fixed costs by approximately 20% over the next five years. We will also take up the challenge of selecting a variety of crude oils in our procurement endeavors. By using heavy crude oil in the refining process, we will work to lower procurement costs.

Through these means, the positive impact on ordinary income for fiscal 2017 is estimated at around ¥23 billion compared with fiscal 2012.

Q.08 Amid the steady decline in demand for petroleum products in Japan, you have identified strengthening the retail business as a third program in efforts to regain profitability in the retail and marketing sector. Can you elaborate further on this program?

A.08

The Cosmo Oil Group has worked diligently to reform its earnings structure. In order to address the decline in demand for petroleum products, we have stepped up efforts to move away from our conventional focus on fuel oil margins to place greater emphasis on total car life, a field which is estimated at ¥27 trillion. Of this total, the car care market, which comprises components and after-sales service and excludes automobile sales and insurance, accounts for around ¥10 trillion with service stations representing less than 10%. In order to lift this share, we will focus our attention on service stations that put forward car life value propositions. By transforming our business model, we will better ensure our standing as a viable going concern.

Particular attention will be paid to aggressively promoting the auto-leasing activities of Cosmo B-cle Lease. Since adopting a nationwide development approach in April 2011, we have achieved significant progress. On a cumulative basis, the number of auto-leasing contracts surpassed 5,000 as of March 31, 2013, up from 3,000 four months earlier. With an annual target of 10,000 vehicles in fiscal 2017, we will strive to further expand this business going forward.

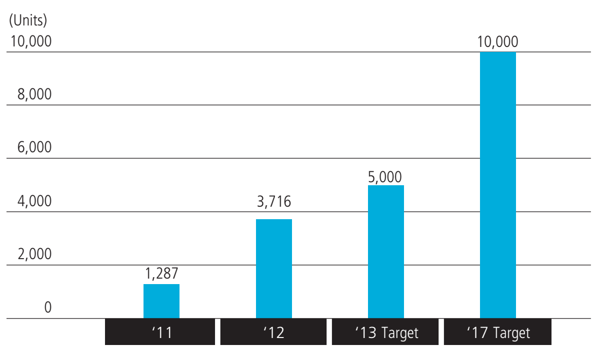
In addition, we will bolster ties with the AEON Group* and pursue partnerships in different sectors in order to promote the reciprocal transfer of customers while increasing our customer base. In this manner, every effort will be made to maximize synergy effects.

In January 2013, we included Sojitz Energy Corporation in our scope of consolidation as a subsidiary company, boasting annual oil marketing capabilities totaling two million kiloliters. Operations were re-launched under the new name, Sogo Energy Corporation, in February 2013. By combining the vast procurement resources, customer base, personnel, and know-how of Sojitz Energy Corporation with the proven brand prowess of our marketing business in Japan, we are confident of our ability to reinforce our retail presence.

The positive impact of these endeavors on ordinary income in fiscal 2017 is estimated at approximately ¥7 billion compared with fiscal 2012.

*Japan's largest shopping mall developer and operator

The Number of Cosmo B-cle Lease Annual Contracts



Q.09 Looking at efforts to secure stable income from investments made during the previous medium-term management plan, please provide details of strategic investments and any projections regarding recoveries on investments during the period of the new plan.

A.09

As a countermeasure aimed at addressing the decline in gasoline demand in Japan, we are targeting further growth in our petrochemical business by diverting surplus gasoline constituents to para-xylene (PX) production. We are also bolstering production capabilities for PX and mixed xylene (MX), basic raw materials in the manufacture of such everyday commodities as polyester fiber and PET bottles, which are enjoying a sudden surge in demand in emerging countries. As a part of these endeavors, we brought online an MX production unit (annual capacity 300,000 tonnes) at our Yokkaichi Refinery in 2011. Moreover, we established Hyundai Cosmo Petrochemical Co., Ltd. (HCP), a joint-venture company with Hyundai Oilbank Co., Ltd. (HDO), and commenced commercial PX production with an annual capacity of 800,000 tonnes in January 2013. Together with its existing capacity of 380,000 tonnes, this will bring HCP's annual production to a world leading 1,180,000 tonnes. **On this basis, contributions to ordinary income in fiscal 2017 from the petrochemical business are estimated at ¥9 billion compared with fiscal 2012.**

In our oil exploration and production business, our subsidiary Abu Dhabi Oil Co., Ltd. executed a new 30-year concession agreement over the three existing Mubarraz, Umm Al Anbar, and Neewat Al Ghalan oil fields in December 2012, while acquiring additional concessions over the Hail Oil Field, which includes undeveloped reservoirs. This new oil field is estimated to have a similar production capacity (approximately 20,000 barrels) to those of the existing three fields. Amid expectations that the price of crude oil will continue to hover at a high level, the start of production from 2016 is projected to contribute significantly to earnings. **Taking the aforementioned into consideration, the oil exploration and production business is forecast to boost ordinary income by ¥17 billion in fiscal 2017 compared with fiscal 2012.**

Turning finally to activities in the renewable energy sector, the introduction of Japan's feed-in tariff (FIT) scheme in July 2012 has fixed the rate that can be charged by wind power generation firms producing more than 20 kW at ¥23.10/kWh over the next 20 years. EcoPower Co., Ltd., which was included in the Group's scope of consolidation as a subsidiary company in 2010, has taken a strong first step toward harnessing its full potential. By enhancing its maintenance capability, the company has increased its operating rate and turned a profit in its first year of operations. Building on our existing generation capacity of 145,810 kW, we plan to construct three new sites, which will add a further 90,000 kW by fiscal 2016. This is expected to substantially boost profits. In the solar power business, we established the joint-venture company, CSD Solar,* with a generation capacity of 26,000 kW in January 2013. Plans are in place to commence partial commercial operations at the end of 2013. **Based on these factors, the renewable energy business is projected to have an estimated ¥2 billion positive impact on ordinary income in fiscal 2017 compared with fiscal 2012.**

*A joint-venture mega-solar business formed by Cosmo Oil Co., Ltd., Showa Shell Sekiyu K.K., and Development Bank of Japan Inc. (DBJ).

Hyundai Cosmo Petrochemical Co., Ltd. para-xylene (PX) production unit

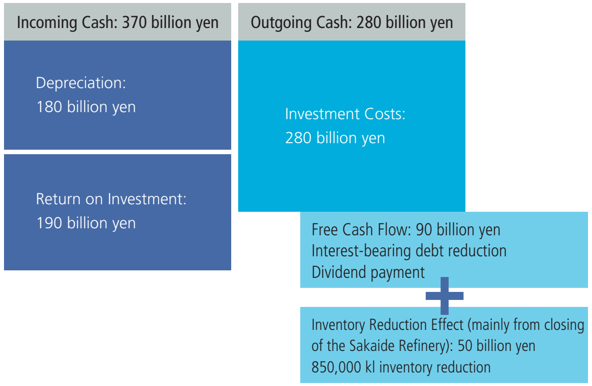
Signing of the new Hail Field concession agreement

EcoPower Co., Ltd. Hasaki Wind Farm

Secure Stable Income from Investments Made during Fourth Consolidated Medium-term Management Plan

Program 4 **Petrochemical Business:** Keep the refinery competitive by shifting more toward petrochemical production	Cosmo Oil Co., Ltd. (Yokkaichi Refinery)	Started operations of the MX production unit.	Positive impact on ordinary income for FY2017 is estimated at 9 billion yen
	Hyundai Cosmo Petrochemical Co., Ltd.	Commercial production of PX at the new production unit started in January 2013, earlier than the original plan.	
Program 5 **Oil Exploration and Production Business:** Diversify project portfolio by making effective use of the Company's good relations with oil producing countries	Abu Dhabi Oil Co., Ltd.	December 2012 saw the concession agreement renewed for the existing oil fields and another concession agreement become effective for the new Hail Field development. Aim at starting commercial production at the Hail Field before the end of 2016.	Positive impact on ordinary income for FY2017 is estimated at 17 billion yen
Program 6 **Renewable Energy Businesses:** Growth in the wind power generation business	EcoPower Co., Ltd.	The enhanced maintenance capability led to EcoPower achieving and maintaining profitability. A tailwind from the Japanese government's FIT introduction allowed the subsidiary to speed up new site development.	Positive impact on ordinary income for FY2017 is estimated at 2 billion yen

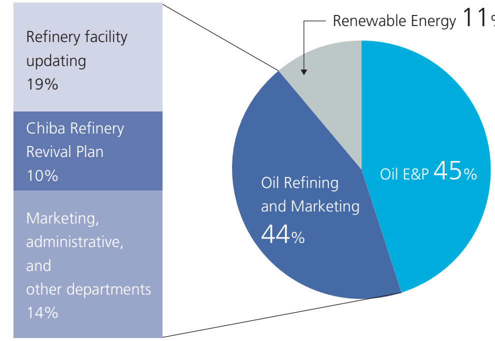
Outlook for Cash Balance (FY2013-2017)



Breakdown of the Investment Plan

Oil Exploration and Production Business:	
– New Hail Field development, etc.	127 billion yen
Oil Refining and Marketing Business:	122 billion yen
– Refinery facility updating	Approx. 54 billion yen
– Chiba Refinery Revival Plan	Approx. 28 billion yen
– Marketing, administrative, and other departments	Approx. 40 billion yen
Renewable Energy Businesses:	
Overseas and Other Projects:	31 billion yen
– Investments in new wind turbine construction, etc.	
FY2013-17	Total 280 billion yen

Business-Specific Investment Shares



Q.10 During the Fifth Consolidated Medium-Term Management Plan, the Group is clearly working to stabilize its oil refining and marketing operations while reaping the benefits of its growth initiatives. Could you please elaborate on how the Group plans to utilize the cash generated going forward?

A.10

Please refer to the diagram above left. Incoming cash over the five-year period from fiscal 2013 to fiscal 2017 is projected to total ¥370 billion. Outgoing cash, on the other hand, is estimated at ¥280 billion. Plans are in place to fund investments from retained earnings, with the largest portion amounting to ¥127 billion, or 45% allocated to the principal oil exploration and production business as a growth driver. As a part of efforts to secure safer operations and stable supply in the oil refining and marketing business, we will allocate ¥122 billion, or 44%. This includes the previously mentioned ¥28 billion which has been earmarked to help carry out the Chiba Refinery Revival Plan. With the bulk of the Group's investment in the oil exploration and production business channeled toward discovered as well as undeveloped areas of the Hail Oil Field, we remain confident that our exposure differs greatly from the excessive risks generally associated with development investments and that there is a high probability of securing a substantial return.

For the aforementioned reasons, free cash flow over the five-year period of the plan is anticipated to total ¥90 billion. After factoring in a further ¥50 billion attributable to inventory reduction effects mainly from the closing of the Sakaide Refinery, we plan to bolster our financial position by reducing interest-bearing debt.

With an eye toward providing adequate returns to shareholders, we are focusing on the early resumption of dividend payments from fiscal 2013. The amount of cash dividends paid will be determined each fiscal year based on the Group's business earnings.

Q.11 | In closing, could you please pass on a message to overseas institutional investors?

A.11 |

The suspension of operations over an extended period at the Chiba Refinery in the aftermath of the Great East Japan Earthquake has substantially impacted our bottom line. I would like to extend my sincere apologies to all investors for the considerable anxiety and concern this has caused.

In fiscal 2013, each and every member of the Cosmo Oil Group will work in unison to secure the safety of refinery operations and stable supply, refocus energies toward boosting earnings at each individual business unit, ensure a definitive return to profit, and realize the early resumption of dividend payments.

At the same time, we will redouble our efforts in the area of CSR management in order to fulfill our responsibilities to society. Moving forward, our aim is to become an energy company that is consistently held in high esteem.

As we work toward achieving our established goals, we kindly request the continued support and understanding of all shareholders and investors.

President, Chief Executive Officer

K. Morikawa

Keizo Morikawa