

COSMO REPORT 2017

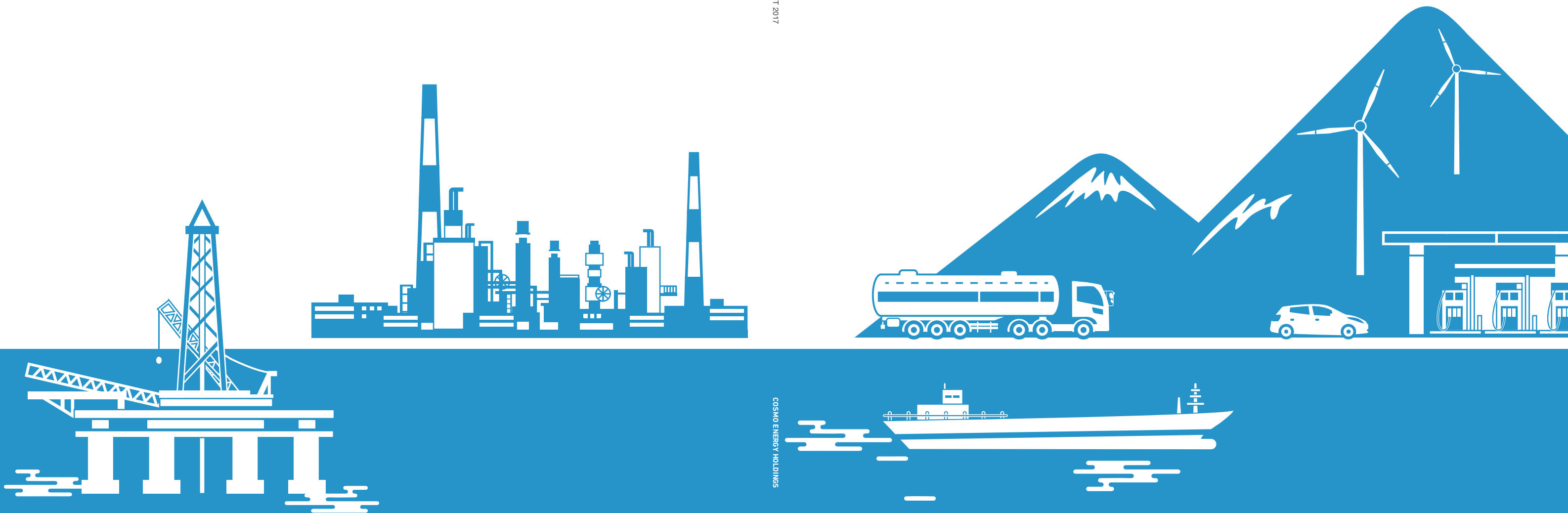
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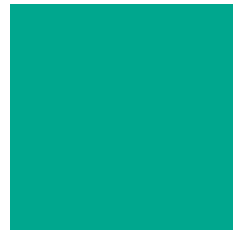


COSMO ENERGY HOLDINGS COSMO REPORT 2017

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COSMO ENERGY HOLDINGS



Filling Up Your Hearts, Too

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This slogan is the Cosmo Energy Group's message to customers, conveying how we want to be, since 1997.

Twenty years have already passed but our passion incorporated in the slogan remains the same.

We are committed to the stable supply of energy while we keep filling up the hearts of our customers.



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Aiming at the Sustainable Development

SOCIAL ISSUES



Low energy self-sufficiency rate



Frequent occurrence of natural disasters



Aging population, a decline in working population



Environmental problems

INPUT

The Cosmo Energy Group's business (capital investment)

Oil Exploration and Production Business



Oil development and procurement; transportation to refineries

Strength
Relationships of trust with Middle East oil producing countries for approximately 50 years



Strength
Operatorship (self-operation)

Oil exploration and production, Procurement

Crude oil procurement through independent development and from oil producing countries; Strong competitiveness by use of operatorship (self-operation)



Marine transportation

Transportation by tankers of purchased or independently developed crude oil and petroleum products based on supply and demand.

Petroleum Business (Refining and Sales)



Refining and sales of petroleum products
Car leasing for individuals



Storage

Stockpile of petroleum for 70 days or more in case of emergency



Research & development

Advanced research on manufacturing technologies



Oil refining and production

Production of gasoline, diesel oil, kerosene, and feedstock for petrochemicals, in accordance with market needs



Domestic transportation

Use of appropriate transportation methods in consideration of costs and regional characteristics. Supply of petroleum products to customers of various industries and service station operators, in accordance with their needs



Export of petroleum products

Export of petroleum products, in accordance with overseas demand



Domestic sales

Industrial use

Strength
Approx. 4,440,000 Number of the "Cosmo the Card" Holders



Domestic sales

Service stations and service station operators
Sales of gasoline, diesel oil, and other products, and general support of customers' car-life

Cosmo's target
¥36 trillion car-life-related market



Car leases for individuals

A low-risk business model with no vehicle inventory, targeting the ¥36 trillion car-life-related market. We take advantage of the high frequency of customer contact at service stations.

Number of visits by customers
500,000 cars/day

Petrochemical Business



Manufacturing and sales of petrochemical products



Manufacturing of petrochemical products

Manufacturing of raw materials for plastics, textiles, and other products, in accordance with market needs

Wind power generation capacity
No. 3 in Japan
Market share of 6%



Renewable energy

Nationwide operation of wind power and solar power generation facilities, and distribution of electricity

Renewable Energy Business



Wind power generation

OUTPUT

Products and services

OUTCOME

Generated value

Social value



Securing of stable energy sources



Stable energy supply



Support social infrastructure
Provision of life line in disasters



Empowerment of seniors and women by offering new motoring lifestyle value



Stable supply of materials for daily necessities



Expanding production of domestic clean energy



Petroleum products

Gasoline, kerosene, diesel oil, fuel oil, etc.

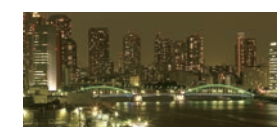


Motoring lifestyle solutions



Petrochemical products

Materials for products for daily life
Plastic shopping bags, plastic bottles, clothes, tires, frames of electric appliances, etc.



Electric power

Economic value

Return on Equity (ROE)

Target for FY2017

11.6%

* Service Station member card

Long-term Performance

What have not changed

Stable supply of energy
“Customer First” mindset
Energy-related business domains

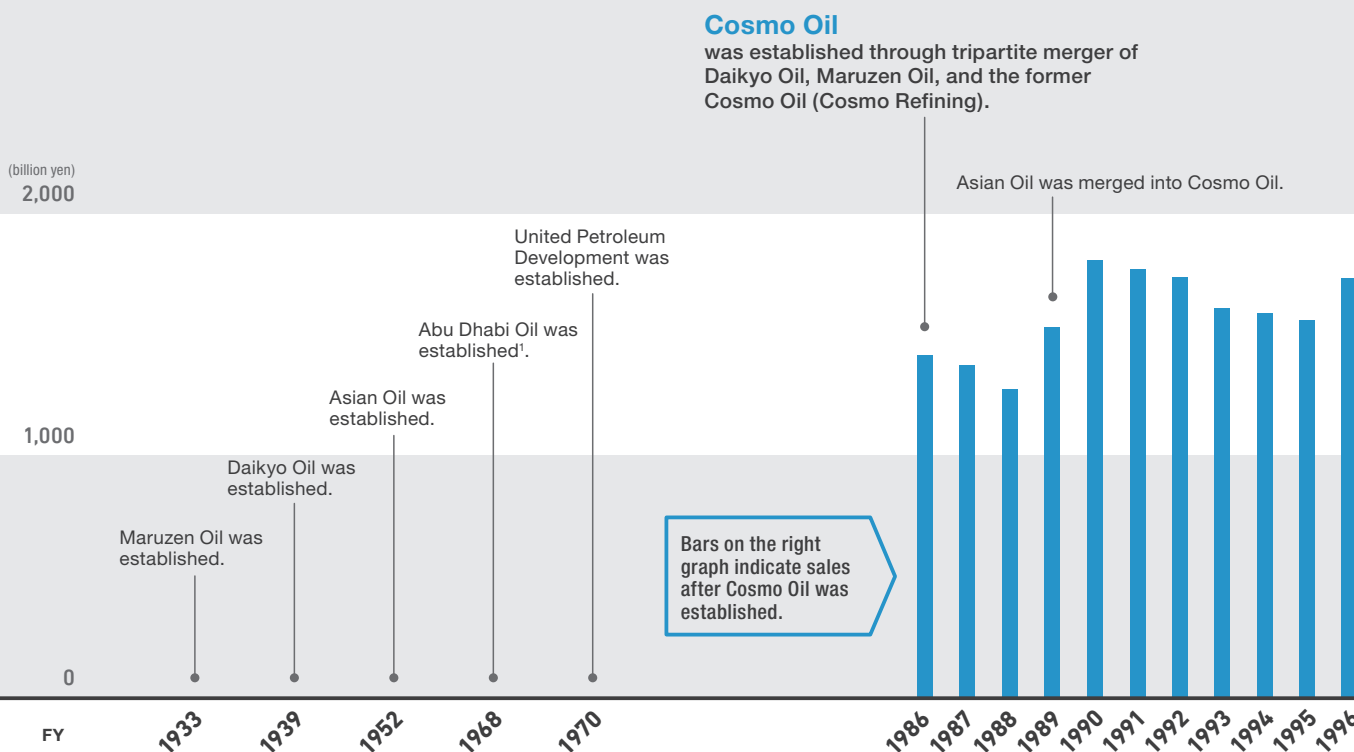
What have changed

Business portfolio

Expansion of the oil exploration & production business
 Enhancement of the petrochemical business
 Entry into the wind power generation business

Aiming for sustainable growth and harmony with our planet and society

We have always been engaged in the energy business. We will not fear change and take up challenges so that we can continue to contribute to the development of society in the energy field.



1. Maruzen Oil, Daikyo Oil (Cosmo Energy Holdings, currently), and Nippon Mining (JXTG Holdings, currently) made joint investments to establish Abu Dhabi Oil.

Change in profit composition

(ordinary income excluding inventory valuation by business segment)

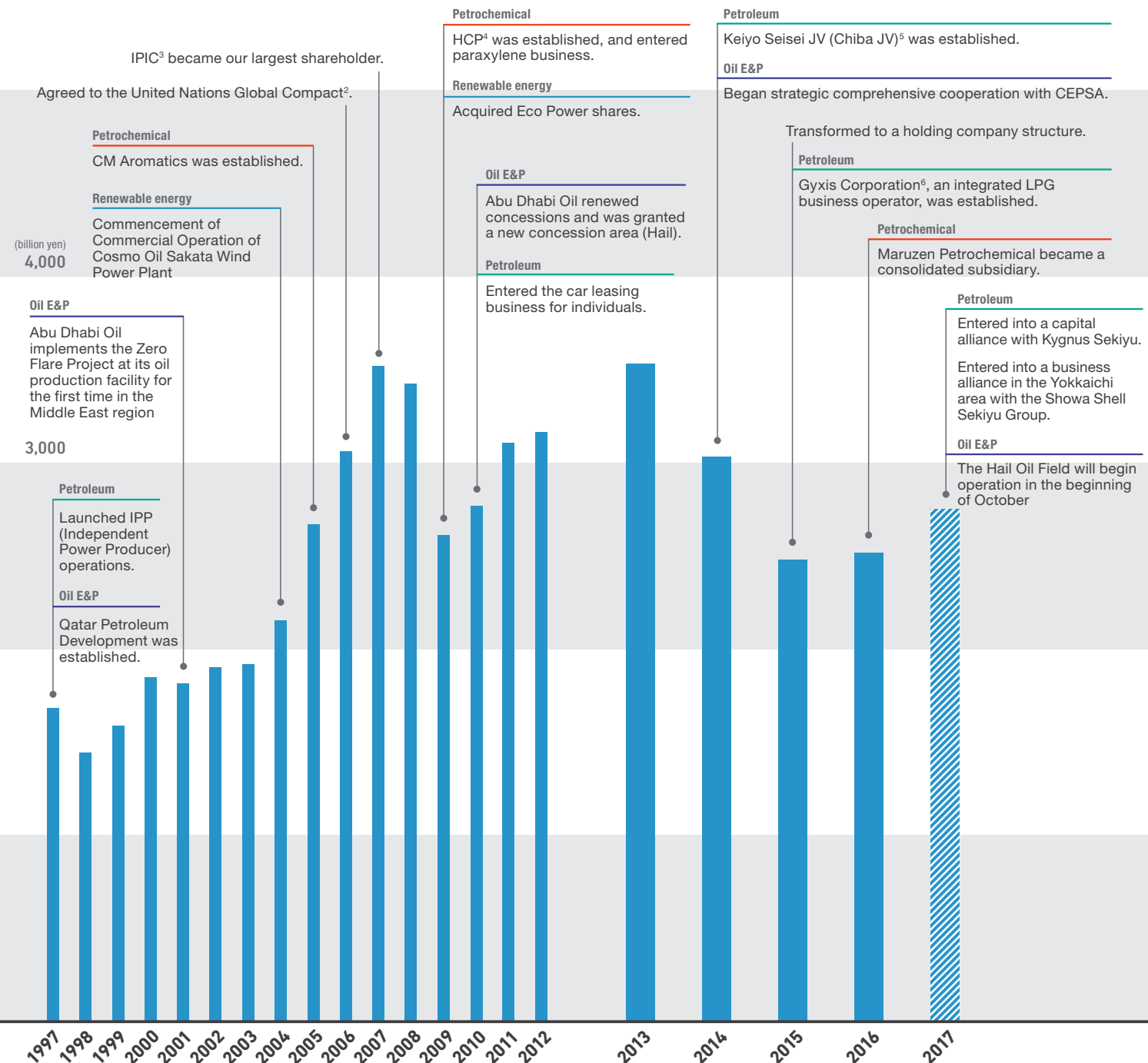
* The size of the circle shows the size of ordinary income.

The first half of the 2000's

* oil exploration & production
 ** "Petroleum and other" includes petrochemical.

FY2017

Final year of the Fifth Consolidated Medium-term Management Plan



2. GC: Global Compact
 3. International Petroleum Investment Company (IPIC) merged with Mubadala Development Company (MDC), an energy-related investment management company fully owned by the Emirate of Abu Dhabi, to become Mubadala Investment Company (MIC) at present.
 4. HCP: Hyundai Cosmo Petrochemical
 5. 50:50 joint venture with TonenGeneral Sekiyu (currently JXTG Energy)
 6. Cosmo Oil (currently Cosmo Energy Holdings), Showa Shell Sekiyu, Sumitomo Corporation, and TonenGeneral Sekiyu (currently JXTG Energy) jointly invested to establish Gyxis.



Our aim is to construct a resilient business portfolio to changes in the environment and to promptly improve financial strength at an early stage.

President and CEO
Hiroshi Kiriya

Goals to realize sustainable growth

- 1 Profitability that enables reinvestment
- 2 Resilient business portfolio
- 3 Healthy financial condition
- 4 Corporate social responsibility

Commitment to raising long-term corporate value

I am Hiroshi Kiriya and was appointed President of Cosmo Energy Holdings in June 2017. I am humbled to become President at this time of significant changes in Cosmo Energy Group's surrounding environment but at the same time I am confident that our Group can exploit our potential and create more value. I will strive my utmost to raise long-term corporate value by keeping in mind our management vision - "In striving for harmony and symbiosis among our planet, humankind, and society, we aim for sustainable growth toward a future of limitless possibilities" and by devotedly sticking to our corporate message - "Filling Up Your Hearts, Too."

The purport of our corporate message includes conveying to our stakeholders our commitment to endeavor every day to provide products and services that can satisfy each of our customers. I also think that this corporate message well demonstrates how much our employees care about our customers and how much satisfaction they find in co-existing harmoniously in the society, as stated in our vision of management. I believe that the value we provide lies in helping to enrich customers' lives through a reliable supply of energy. Our strength is derived from our employees' sharing of the feelings behind our corporate message - "Filling Up Your Hearts, Too" and from the natural manner by which this is evidenced at each work site.

FY2017, ending March 31, 2018, is the last year of our current medium-term management plan (FY2013 to FY2017). We are making our utmost efforts to achieve its targets while planning our

next medium-term management plan, which will start in FY2018. As an overall policy we intend to realize profitability that allows us to reinvest to build a business portfolio that is resilient to changes of business environment such as a gradual decrease in domestic demand as well as promptly achieve healthy finances that support sustainable growth. We will also deliver corporate social responsibility to our various stakeholders through our business activities, including social contribution and environmental preservation efforts.

By generating appropriate profit and contributing to society, all of us at the Cosmo Energy Group will strive hard, aiming at becoming a greater, long-prevailing corporate group in which employees and their families can be proud of.

FY2016 results and FY2017 forecasts

In FY2016, ended March 31, 2017, ordinary income improved ¥117.5 billion from the previous year to ¥81.4 billion and net profit attributable to owners of parent improved ¥103.4 billion to ¥53.2 billion. Ordinary income excluding inventory valuation increased by ¥9.4 billion to ¥42.0 billion. On top of the positive effect from inventory, the petroleum business increased ordinary income from the previous year due to an improved operating ratio at our refineries, mainly at the Chiba refinery which commenced the two-year long-run operation of skipping regular maintenance in the fall. The petrochemical business also increased profit due to favorable product market conditions and the inclusion of Maruzen

Petrochemical, which became a consolidated subsidiary in FY2015. The oil exploration & production (E&P) business recorded profit despite a decline in selling prices of crude oil. At the end of FY2016, the equity ratio improved 3.1 points from a year ago to 10.8% and the net debt-to-equity ratio (based on the credit rating) improved 1.0 point to 3.6 times. For FY2017, ending March 31, 2018, which is the final year of the medium-term management plan, we are forecasting ordinary income of ¥54.0 billion and net profit attributable to owners of parent of ¥20.0 billion. Ordinary income excluding the inventory valuation, is expected to increase ¥22.0 billion to ¥64.0 billion. We are projecting an increase in ordinary income excluding inventory valuation in the petroleum business, mainly due to a start of business alliance in the Yokkaichi Refinery and due to higher operating ratio at our refineries, as well as in the oil E&P business, due to an increase in production volume driven by a production start at the Hail Oil Field in the second half of FY2017 and due to higher oil prices. The petrochemical business is expected to decrease its ordinary income excluding inventory valuation, in view of our conservative margin projection between ethylene and naphtha.

Speedy management and alliances in order to prevail within industry consolidation

Japan's oil industry is surrounded by a challenging business environment and is undergoing realignment so as to make the market more appropriate and to reduce fixed costs. The

emergence of a rival group with a high market share has created a wide gap with our Group. However, we are intent on leveraging our strength of agility and speed in management and operations, and on promptly building a balanced business portfolio that is resilient to changes in the environment. I believe that in the current rapidly-changing environment, the size of a company is not necessarily an advantage and the two critical elements are speedy management decision and efficient use of management resources, which are our characteristics.

FY2016 Results and FY2017 Forecasts

	(Billion yen)	
	FY2016 Results	FY2017 Forecasts
Ordinary income	81.4	54.0
Impact of inventory valuation	39.4	-10.0
Ordinary income excluding inventory valuation	42.0	64.0
Each Segment		
Oil exploration and production business	9.3	26.0
Petroleum business	1.8	14.0
Petrochemical business	22.2	14.0
Other*	8.7	10.0
Profit attributable to owners of parent	53.2	20.0
Dividend per share	¥50	¥50(plan)
* Including consolidated adjustment		
Reference		
Dubai crude oil price (US\$ /barrel)	46.9	50.0
Foreign exchange rate (¥/US\$)	108.4	110.0

In the next medium-term plan, we intend to present a vision for the Cosmo Energy Group in 2030



Establishing a resilient business portfolio to environmental changes

Oil prices and currency fluctuations greatly affect our earnings but are beyond control of individual companies. In light of this, we focus on achieving stable earnings by balancing the upstream oil E&P business with the downstream oil refining and oil product sales business and by strengthening businesses that are less sensitive to oil prices and currency fluctuation, such as the petrochemical business and the wind power generation business. As specific measures, in the oil E&P business, we are expanding production in the cost-competitive Middle East. In the oil refining and oil product sales business, we are enhancing competitiveness through business alliances. At the same time, we are enhancing profitability of the businesses which are less sensitive to oil prices and other external factors. In the petrochemical business, with attention given to the growth potential of Asia and elsewhere where we are active, we strive to enhance competitiveness and to generate synergies with the oil refining business, while we are expanding capacity in the wind power generation business and strengthening retail business focusing on car leasing business for individuals.

Enhanced competitiveness through alliances, and execution of large-scale investments for future growth in the current medium-term management plan

The current medium-term management plan (FY2013 - 2017) was launched in the midst of a crucial challenging environment with the Chiba Refinery being shut down, mainly due to the accident after the Great East Japan Earthquake of March 2011. I was directly involved in that situation as Director from 2013 and then as Representative Director and Executive Vice President from 2016. We have also recorded a significant inventory valuation loss (over ¥180 billion), due to a crash of oil prices. We are therefore unlikely to achieve the financial targets set for the final year of the medium-term management plan. On a positive side, we have made steady and solid progress in raising competitiveness, thanks to alliances in each business and each region, and in making growth investments for the

future. The alliances include a joint venture business in Chiba, a business alliance with Showa Shell Sekiyu Group in Yokkaichi, a strategic comprehensive alliance with Compañía Española de Petróleos, S.A.U. (CEPSA)¹, and a capital and business alliance with Kygnus Sekiyu. Further, our major investments for growth in the future include the Hail Oil Field (Abu Dhabi) and development of multiple new sites for wind power generation. These investments will generate a full-scale investment return from FY2018 and we are expecting a significant improvement in cash flow.

Top priority in the next medium-term management plan: Financial improvement

Many challenges still remain to be addressed in the next medium-term management plan. While aggressive investment aiming for growth will contribute to the creation of corporate value in the long term, our balance sheet has been significantly impaired in the short term, coinciding with the huge inventory valuation loss caused by a drop in oil prices. We plan to stipulate the return to a healthy balance sheet as one of the top priorities in the next medium-term

management plan, which starts in FY2018.

Cash flow generated from collection of returns from the past investments and positive impacts from alliances will be used to repay debts, and we aim to swiftly return to a net debt/equity ratio of 2 times or less, its former level before the 2011 earthquake. Concerning return from investment, we are expecting a contribution especially from start-up of production in the Hail Oil Field in FY2017 and synergies from Chiba JV from FY2018. Meanwhile, large-scale investments, such as for the Hail Oil Field, Chiba JV, and the IPP's upgrade work, will peak in FY2017, and significant decline in the amount of current investment is expected in FY2018. We will continue to make investment to raise our long-term competitiveness but we plan to do it efficiently with minimal burden on the balance sheet. We have identified oil E&P, retail, and wind power generation as the three growth businesses. With a focus on alliances, we will expand areas of strength (e.g. the alliance with CEPSA¹ in oil E&P) and complement areas of weakness (e.g. the Chiba JV and business alliance in Yokkaichi) in order to make our business portfolio resilient to environmental changes. Ultimately, we wish to present a vision for Cosmo Energy Group as it should be in 2030, which is far beyond the period covered by the next medium-term plan.

Strength in the oil E&P business: Strong partnership with Abu Dhabi

Our Group's strength in the oil E&P business derives from our participation in oil development as an operator, based on our strong relationship of trust -- for nearly 50 years so far -- with the Emirate of Abu Dhabi. As we can take the lead position in development projects as an operator, make independent investment decisions, and control costs well, we are highly competitive. This is evidenced by generating profit (¥1.5 billion) when the Dubai oil price was averaged at \$30 in the January-March period of 2016. In the oil E&P business, our Group does not start from high-risk exploration work to detect deposits of oil. We are engaged in a low-risk operation by mainly developing discovered but undeveloped oil fields. The Hail Oil Field project that Abu Dhabi Oil is currently developing, is cost-competitive, similar to our other fields which are now in production. The Hail Oil Field is scheduled to launch production in FY2017 and to operate at full capacity from the beginning of FY2018, contributing to about a 50% increase in total production of our three operating companies in FY2018 compared to the level in FY2016. Furthermore, we can lower operating cost per unit along with increase in production as the Hail Oil Field, being adjacent to the existing oil field, can share existing facilities. We are therefore expecting that the combination of output growth and a decline in per-unit operating cost will make the project a significant profit contributor from FY2018 and onward. Moreover, both Cosmo Energy Holdings and CEPSA have MIC (formerly IPIC)² as a major shareholder. Through our respective relationships with Abu Dhabi National Oil Company, Cosmo and CEPSA are considering joint business opportunities such as in new oil concessions, marketing of crude oil and oil products, and sales assistance in the retail area.

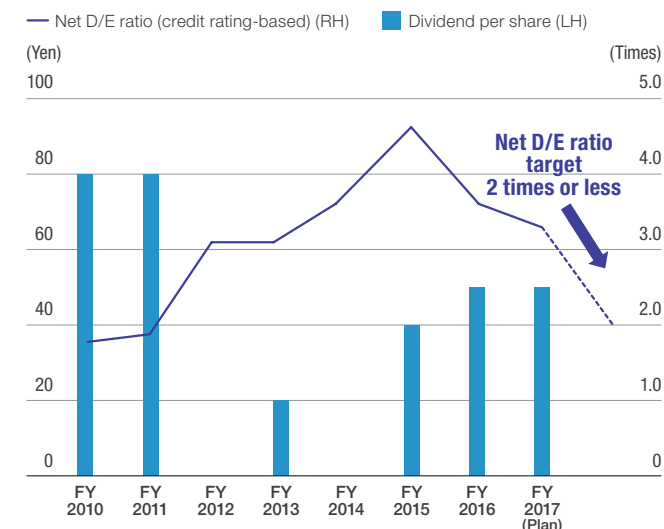
Strength in the retail business: Points of contact with customers and highly satisfactory products in the ¥36 trillion car-life market

Our strengths in the retail business include our entry in Japan's massive car-life-related market, which is estimated to be roughly ¥36 trillion, mainly in the form of car leasing for individuals; the service station infrastructure, to which about as many as 500,000 cars visit per day; our staff who share

Business alliances

- 2013** > Commenced operation of one of Asia's largest new Paraxylene manufacturing facilities at HCP*
* Hyundai Cosmo Petrochemical. A joint venture with Hyundai Oilbank (HDO) in South Korea.
- 2014** > Entered into a strategic comprehensive alliance with CEPSA, a major Spain-based oil company invested by the Abu Dhabi government.
> Integrated LPG business with Showa Shell Sekiyu, Sumitomo Corp, and TonenGeneral Sekiyu (currently JXTG Nippon Oil & Energy).
- 2015** > Established KeiyoSeisei JV G.K. with TonenGeneral Sekiyu (currently JXTG Nippon Oil & Energy).
> Business alliance with Showa Shell Sekiyu in Yokkaichi area.
- 2016** > Acquired shares of Maruzen Petrochemical and made it a consolidated subsidiary.
- 2017** > Entered into a capital and business alliance with Kygnus Sekiyu.

Net Debt-to-Equity Ratio* and Dividend per Share



* One of indicators to measure a company's financial soundness. Measured by dividing net interest bearing debts by shareholders' equity. A lower ratio generally means that a company is financially more sound.

the vision “Filling Up Your Hearts, Too” and approximately 4.44 million “Cosmo the Card” members. Our “Cosmo Smart Vehicle³” leasing program, which provides a new vehicle leasing contract to consumers for around ¥30,000 – 50,000 per month, has been favorably received especially by women and seniors. The cumulative total number of contracts has exceeded 39,000. At present, Cosmo Group’s service stations are the point of contact with customers but expansion of the platform through alliances can be one of our options in the future. In addition, as the vehicle ownership pattern is changing in Japan, we may be able to explore opportunities in the peripheral businesses of leasing. From a broad perspective, we are targeting a ¥36 trillion car-life-related market as a whole and to enhance competence of our service stations. Furthermore, Cosmo Oil Eco Card Fund⁴, launched in 2002, is our unique initiative, which also works to enhance competitiveness of our service stations, as we can lock in eco-conscious customers. The Fund is also an important part of our environmental preservation activities.

Strength in the wind power generation business: stable profits in the market with high demand growth potential

Watarai Wind Farm (28,000 kW) commenced operation in FY2016 and the wind power generating capacity of our group company Eco Power Co., Ltd. has increased to about 211,300 kW, Japan’s third largest wind power generation capacity. Its ordinary income is expected to be about ¥4.0 billion in FY2017. Due to environmental consideration, the wind power market has further growth potential but the number of entrants is limited requires high-level expertise in location selection, environment assessment, etc. We are identifying this business as one of our group’s growth drivers, as stable profit can be expected based on the 20-year feed-in tariff (FIT) scheme, and reduction in CO₂ emissions can be achieved. As one of our options, we are considering the use of leasing and other financial methods in expanding this business without impairing our balance sheet. Our target is to reach about 500,000 kW in the near term and to further expand generation capacity.

Promoting CSR management

Although our Group provides stable energy that is essential to everyone’s daily lives, we are also aware that we inevitably place some degree of burden on the global environment, as we mainly handle fossil fuels. Based on our full awareness and consideration of this fact, our group is promoting CSR management that combines the management plan and our CSR initiatives policy. We believe that profit generation and

CSR activities should go hand in hand and that we must achieve both to expand corporate value. Furthermore, we have been a signatory of the “Global Compact” since 2006 and have been promoting CSR management by respecting basic principles on human rights, labor, the environment, and the prevention of corruption.

For example, concerning promotion of diversity, we believe we can raise productivity by incorporating various ideas and opinions of employees with diverse backgrounds. Other important initiatives include fostering human resources capable of global operations, promoting the active engagement of women, and mid-career hiring of specialists in specific fields. As different work fields create different types of work, workstyles should also vary. We will adopt flexible workstyles, including work-at-home and work for short hours. My longstanding motto is “Be strict at work, be happy during off duty hours.” I encourage our employees to work in a highly-productive and intense manner and enjoy a private time with family or pursuing their interests, as I strongly believe that such balanced way of life can be fulfilling and also result in raising corporate value.

Conversion to a holding company structure has led to progress in corporate governance

Roughly a year and a half have passed since we converted to a holding company structure. We have steadily begun to see some outcome. For example, the Board of Directors now has four Outside Directors out of a total of ten and a sense of healthy tension has been emerging in the meetings. The delegation of more authority and responsibility to core business companies in oil E&P, oil refining, and petrochemicals as well as oil product sales has also resulted in more thorough cooperation of management and work sites, and enhanced motivation at work. Managers can better see details of each business operation. In the oil refining business, for example, this has led to initiatives aimed at shorter regular maintenance periods, as well as safer operation and stability of supply, based on the corporate-wide unified operation management system.

Message to shareholders

In the current medium-term management plan, we have already achieved one of its targets to resume dividend payments at an early stage. We paid dividend of ¥50 per share in FY2016, up ¥10 from FY2015. As a top executive, I am keenly aware of importance of rewarding shareholders. Looking at FY2017 and beyond, I am determined to make sustainable and stable dividend payments with due consideration being given to profitability and financial

conditions, and to assign priority to improving financial strength at the same time. I sincerely appreciate our shareholders’ understanding in these matters. Cosmo Energy Group provides oil products such as gasoline and numerous other products and services that support people their daily lives. Our mission is to fulfill the needs of our customers by safely and stably providing high-quality products and services, as we declared to our customers, shareholders, and all other stakeholders, “Filling Up Your Hearts, Too”. We can create sustainable value only if we are needed and desired by society. We sincerely hope that our shareholders understand our management vision and will continue to extend their support to us for many years to come.

Reasons for selection of President and Representative Director

Hiroshi Kiriya spent many years in the Corporate Planning Department and has in-depth insights and ample experience for the overall business domains of the Cosmo Energy Group. In addition to a strong ability with figures and business expertise, Kiriya is cheerful and extroverted and has established a wide network of contacts in and out of the industry. In the past year, as Representative Director and Executive Vice President, he was heavily involved in corporate management from a top executive position, proving his impeccable credentials to become President. I am confident that Kiriya is capable of making flexible and prompt decision making in the rapidly changing business environment and to lead the Group to achieve sustainable growth.

Concerning nomination of the new president, the Nomination and Remuneration Advisory Committee discussed the matter and the Board of Directors subsequently resolved it.

**Chairman and Representative Director
Keizo Morikawa**

**Chairman and Representative Director
Keizo Morikawa**

**President and CEO
Hiroshi Kiriya**

1. Major general oil company in Spain

2. An energy-related investment company wholly owned by the government of Abu Dhabi. Formerly International Petroleum Investment Company (IPIC) and formerly Mubadala Development Company (MDC) merged and formed a holding company Mubadala Investment Company (MIC).

3. Vehicle sales business, with car leasing as a core business

4. A program to support environmental NPOs and projects, funded by ¥500 a year donation by eco card members and a part of the sales of the Cosmo Energy Group

Fifth Consolidated Medium-Term Management Plan

We started the fifth Medium-Term Management Plan (FY2013 - 2017) with the aim of improving our financial position and resuming dividend payments at an early stage, under the four basic policies. We have steadily executed measures aligned with the four basic policies and resumed the payment of dividends in FY2013. However, the competitiveness disparity of refineries compared to other companies and the weak balance sheet still remain to be challenged. The competitiveness disparity of refineries is expected to be resolved due to the start of the 2-year long-run operation of the main Chiba Refinery since

FY2016, and alliances in Yokkaichi and Chiba going forward. The financial issue is also likely to be improved. The sharp drop in oil prices in FY2014-2015 resulted in an inventory valuation loss (approx. ¥180 billion) but gradual upturn of crude price in FY2016 resulted in regaining as inventory gain. Also thanks to the collection of investments and a decline in investments going forward, cash flow began to improve and the financial position is expected to improve. In FY2017, the final year of the current Medium-Term Plan, we will continue to strengthen our earning power and improve the financial position.

Four Basic Policies and their Steady Execution

Enhance profitability in the oil refining sector

- Closure of Sakaide Refinery (¥10 billion in rationalization impact)
- Establishment of Keiyo Seisei JV (¥10 billion/year in Chiba JV synergy)
- Chiba Refinery's 2-year long-run operation (¥7 billion in profit improvement)
- Start of business alliance in Yokkaichi (¥1 billion/year in synergies at Cosmo)

Collect return from investments made in the previous medium-term plan

- The Hail Oil Field's start of operation
- HCP's newly-established paraxylene production facilities started operation¹
- Expansion of wind power generation capacity

Strengthen alliances

- Strategic comprehensive alliance with CEPESA, fully-owned by MIC² (formerly IPIC)
- Integration of four companies in LPG business
- Capital and business alliance with Kygnus Sekiyu
- Maruzen Petrochemical became a consolidated subsidiary

Enhance CSR management

- Thorough safety management
- Working style reform to raise work efficiency
- Promotion of environmental measures
- Enhancement of governance system

1. Hyundai Cosmo Petrochemical. A joint venture with Hyundai Oilbank (HDO) in South Korea.

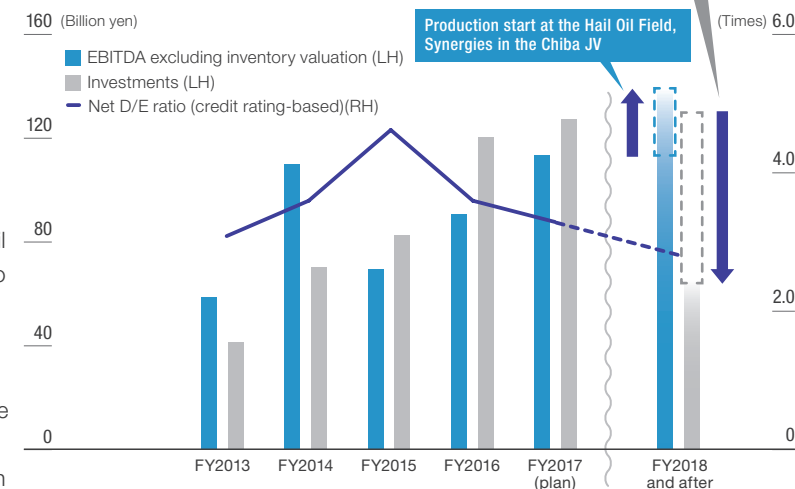
2. Mubadala Investment Company (MIC), a holding company was established by an integration of International Petroleum Investment Company (IPIC), an energy investment company that is fully owned by the Abu Dhabi government and Mubadala Development Company (MDC).

Steady execution of measures is helping to improve earning power while large-scale investments aimed at growth are peaking out under the current Medium-Term Plan

We have steadily executed various measures, in particular through alliances by business and by region, and have enhanced our earning power. From FY2018, the profit contribution from the initial stage of the Hail Oil Field and synergies from the Chiba JV are anticipated to boost earnings. On the otherhand, while we have carried out multiple large-scale investments aimed at growth during the current medium-term management plan. However, investments will substantially decline due to the completion of the Hail Oil Field's development, IPP upgrade work, and Chiba JV's pipeline construction etc.

	FY2013	FY2014	FY2015	FY2016	FY2017 (announced in May)
Dubai crude oil price (US\$/barrel)	104.6	83.5	45.7	46.9	50.0
Foreign exchange rate (¥/US\$)	100.2	109.9	120.1	108.4	110.0
Ordinary income	41.8	-49.6	-36.1	81.4	54.0
Ordinary income excluding inventory valuation	25.8	66.5	32.6	42.0	64.0
Profit attributable to owners of parent	4.3	-77.7	-50.2	53.2	20.0

EBITDA, Investments, and Net Debt-to-Equity Ratio (credit rating-based)



	FY2013	FY2014	FY2015	FY2016	FY2017 (announced in May)
EBITDA excluding inventory valuation	58.9	110.1	69.7	90.6	113.4
Investments	41.2	70.4	82.8	120.3	127.6
Net Debt-to-Equity Ratio (credit rating-based) (Times)	3.1	3.6	4.6	3.6	3.3

		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 and after
Large-Scale Investments Aiming for Growth		The Hail Oil Field development, new wind farms, etc.					Investment to decline
Oil E&P	The Hail Oil Field	Acquisition of mining areas → development					3 operating companies' production volume Up 1.5 times vs. FY2016
	Alliance with CEPESA	Strategic comprehensive alliance					CEPSA's capital participation in Abu Dhabi Oil → New interests to acquire
Petroleum refining and sales	Chiba Refinery	Agreed on alliance with TonenGeneral Sekiyu (currently JXTG Energy)					Completion of the pipeline in FY2018 → ¥10 billion/year in JV synergy
	Acquisition of factory certification						Aiming at 4-year long-run operation → More reduction in refining cost
	Sakai Refinery	Operation of a new Delayed Coker Unit (heavy oil thermal cracking unit) ¹ → Enhancement of competitiveness					
	Yokkaichi Refinery	Agreed on business alliance with Showa Shell Sekiyu Group					Began business alliance → ¥1 billion/year in synergies at Cosmo
	Sakaide Refinery	Closure → ¥10 billion in rationalization impact					Transformation to an oil terminal
	IPP (Independent Power Producer)	Power selling capacity: 200,000 kW					Resumption of operation → Highly-competitive electricity supply
	Capital and business alliance with Kygnus Sekiyu	Concluded the capital and business alliance agreement → Acquired a 20% equity stake					Start of fuel supply (aiming in 3 years)
	Car leasing for individuals	Reached 19,000 units, cumulative					Further business expansion
	LPG business integration	Integration contract of distribution and retail businesses					Establishment of Gyxis (integration of four companies ³)
Petrochemical	HCP (Aroma business)	Start of the new PX production plant ²					Establishment of profit base resistant to market fluctuations
	Maruzen Petrochemical (Olefin business)	Energy-saving investment and rationalization					Made into a subsidiary
Renewable energy	Wind power generation	Feed-in Tariff (FIT, 20-year fixed-price purchase agreement)					Generation of synergies with oil refining
		Power generation capacity 150,000 kW in total					Further business expansion → 500,000 kW in total

1. A heavy oil thermal cracking unit used to produce naphtha, jet oil, and diesel oil from asphalt fraction. Upgrading heavy oil to middle distillates and cracking heavier crude oil will lead to reducing costs and thereby raise profitability.

2. Paraxylene is an aromatic product and is a raw material of plastic bottles and polyester fabric etc.

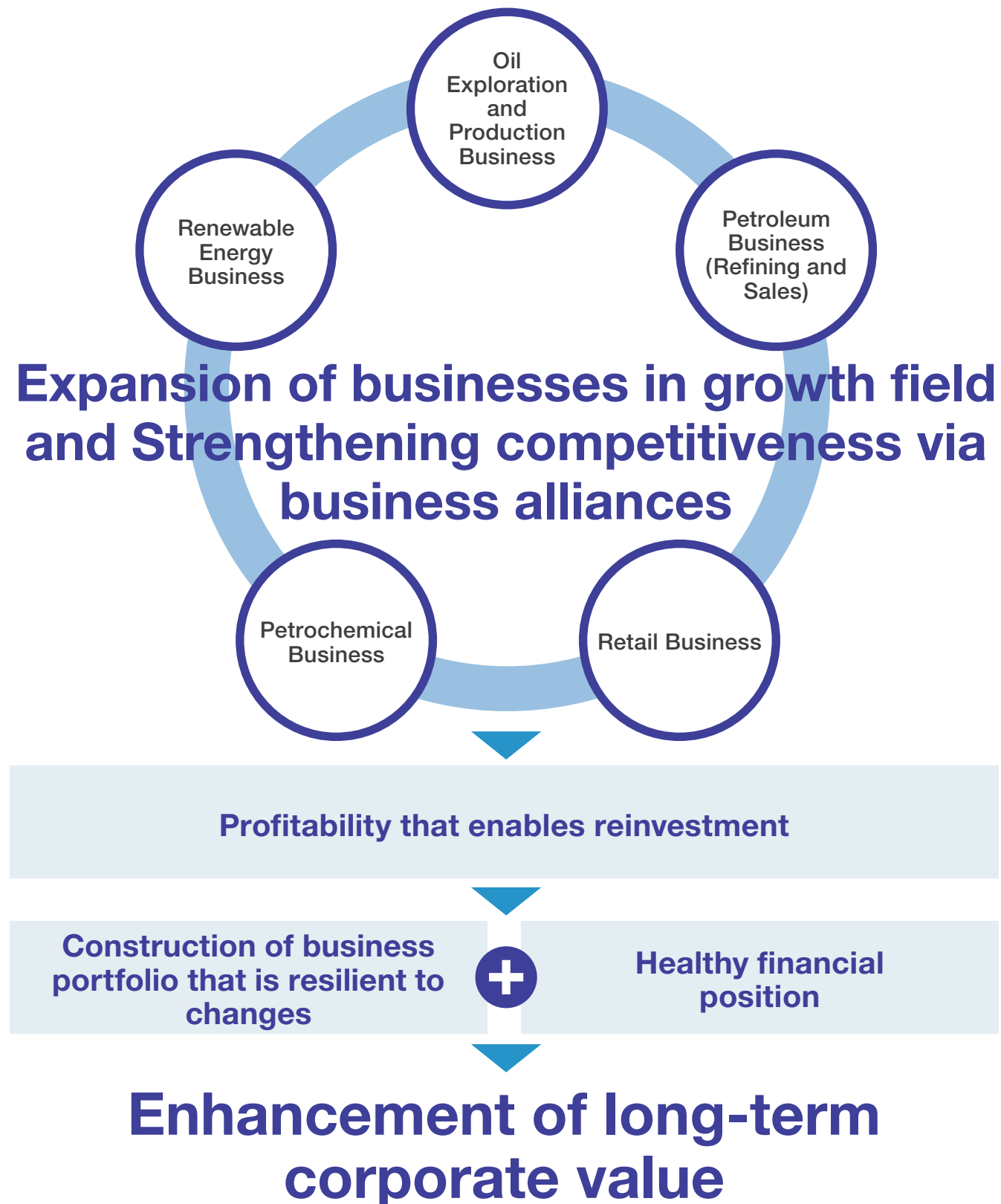
3. Cosmo Oil, Showa Shell Sekiyu, Sumitomo Corporation and TonenGeneral Sekiyu (currently JXTG Energy)

Next Medium-Term Management Plan: Strengthen financial position and construct a business portfolio that is resilient to environmental changes

Moving ahead into the next management plan, which starts from FY2018, heavy investments such as those for the Hail Oil Field and the Chiba JV will be completed, and those projects will enter the stage of returning profits. The cash flow generated will be allocated first to improving the financial position but also to shareholder returns, according to earning power and the financial position, and to investment needed for long-term growth. We will also continue alliances to grow areas of strength (such as the alliance with CEPESA in the Oil E&P Business) and to reinforce areas of weakness (such as the business alliances in the Chiba JV and in the Yokkaichi Refinery). At the same time, we will expand earning power in the petrochemical, wind power generation, retail etc., which are less sensitive to oil prices, in order to construct a business portfolio that is resilient to environmental changes and as a result, maintain sustainable growth.

Growth Strategy

The Cosmo Energy Group aims to generate profits that will enable it to reinvest in two ways —expanding business in growth markets and strengthening competitiveness mainly via business alliances. We will also realize a healthy financial position at an early stage and build a business portfolio, which is resilient to environmental changes, such as a decline in domestic demand. Our ultimate mission is the enhancement of long-term corporate value.



Oil Exploration and Production Business

Amid the prospect of firm global oil demand due to increasing population, we have been engaged in highly competitive oil exploration and production, based on strong relationships of trust with Middle East oil producing countries for about a half century. The Hail Oil Field will start production in the middle of FY2017, and we aim to expand production volume by acquiring new oil fields in the long-term.

See pages 19-20



Petroleum Business (Refining and Sales)

We have established a joint-venture company with TonenGeneral Sekiyu (currently JXTG Energy) at the Chiba Refinery and a business alliance with the Showa Shell Sekiyu Group in Yokkaichi area to enhance competitiveness. We are also raising our competitiveness through alliances in the petroleum product sales business. For example, we have entered into a capital and business alliance agreement with Kygnus Sekiyu.

See pages 21-22



Retail Business

The retail business is targeting the entire car-life-related market in Japan, which is worth roughly ¥36 trillion, including vehicle sales and vehicle safety inspections and insurance etc, in addition to the domestic gasoline and diesel fuel market, which is worth around ¥9 trillion. By leveraging our service station strengths (i.e., frequent visits by customers and the number of card members), we aim to become a motoring lifestyle value provider, with car leasing for individuals as a core business, and to enhance the profitability of service stations.

See pages 23-24



Petrochemical Business

Measures to enhance our competitiveness include cost reduction through energy-saving modification work at Hyundai Cosmo Petrochemical (HCP), a joint venture with South Korea's Hyundai Oilbank (HDO). We also aim to generate synergies at refineries with Maruzen Petrochemical, which became a consolidated subsidiary of Cosmo Energy Group.

See pages 25



Renewable Energy Business

The market for wind power generation is expected to grow mainly due to environmental measures. With the 20-year feed-in tariff (FIT) scheme acting as a tailwind, Japan's first wind power generation specialist Eco Power, a group company of the Cosmo Energy Group, is using its know-how to achieve a high level of availability at sites in operation. By developing new sites as well, we aim to further increase power generation capacity.

See pages 26



Business Overview

Oil Exploration and Production Business



Business of exploration and production of crude oil in Abu Dhabi in the United Arab Emirates (UAE) and in the State of Qatar

Petroleum Business (Refining and Sales)



Business to refine imported crude oil and sell the products to nationwide service stations, factories, and other places including overseas

Petrochemical Business



Business to manufacture raw materials of polyester fiber, pet bottles, plastics, synthetic rubber, etc.

Other Businesses (Renewable Energy)



Businesses that are not related to oil or petroleum. Mainly engaged in wind power generation as renewable energy.

Total

Business summary

Net sales ¹	44.5 billion yen	2,099.9 billion yen	378.4 billion yen	60.6 billion yen	2,292.3 billion yen ³
Ordinary income ¹	9.3 billion yen	41.2 billion yen	22.2 billion yen	3.8 billion yen	81.4 billion yen ³
Ordinary income ¹ (excl. inventory valuation)	9.3 billion yen	1.8 billion yen	22.2 billion yen	3.8 billion yen	42.0 billion yen ³
Number of employees ²	285	4,541	1,098	935 ⁴	6,859

Major assets

Crude Oil Reserves (Proved and Probable)
154.0 million barrels
Equivalent to approx. 23 years of supply

Crude Oil Production (of the Group)⁵
Approx. 40,000 barrels/day
Comparison with refining capacity:
Approx. 10%

Partnerships
**Solid relationship of trust
with oil producing countries
for nearly 50 years**

Crude Oil Processing Capacity²
400,000 barrels/day
Domestic market Share:
Approx. 11.4%

Number of service stations
in Japan²
2,957
Number of Cosmo brand
stations

Number of the
"Cosmo the Card" Holders
Approx. 4,440,000²
Cumulative total
37,077 cars
Car leasing business
for individuals²

Ethylene production capacity²
1,290,000 tons/year
Domestic market share:
Approx. 18%

Paraxylene production capacity²
1,180,000 tons/year

Wind power generation capacity²
211,300 kW
No. 3 in Japan and a 6%
domestic share

Corporate brand
awareness
98.5%
Survey of 1,239 customers (men and
women, 18-64 years old) who used a
service station in the past one month
(as of January 16, 2017)

Major business companies related companies

**Cosmo Energy
Exploration & Production**
Abu Dhabi Oil
Qatar Petroleum
Development
United Petroleum
Development

Cosmo Oil
Cosmo Oil Lubricants
Keiyo Seisei JV
Gyxis
Cosmo Oil Marketing
Cosmo Oil Sales
Sogo Energy

Maruzen Petrochemical
Cosmo Matsuyama Oil
CM Aromatics
Hyundai Cosmo Petrochemical

Eco Power
Cosmo Engineering
Cosmo Trade and Service
neo ALA

1. Results in FY2016
2. As of March 31, 2017
3. Including consolidating adjustment
4. Including 96 employees of the wind power
generation business (EcoPower)
5. Results for 2016 (January – December 2016)

Impact of inventory valuation

The "impact of inventory valuation" indicates the impact on the cost of sales in the financial statements, according to the inventory valuation method, when there is a change in the price of crude oil. It can be separated into the following two categories:

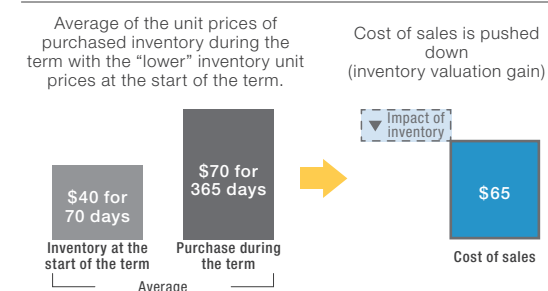
1 Inventory valuation impact based on the periodic average method

This indicates the impact in terms of income based on the "periodic average method," which is an inventory valuation method. In a phase when crude oil prices rise, the cost of sales is pushed down (cost decrease = inventory valuation gain) because the unit prices of purchased inventory that have risen during the term are averaged with the lower inventory unit prices at the start of the term. Conversely, in a phase when crude oil prices fall, the cost of sales is pushed up (cost increase = inventory valuation loss) because the unit prices of purchased inventory that have fallen during the term are averaged with the higher inventory unit prices at the start of the term.

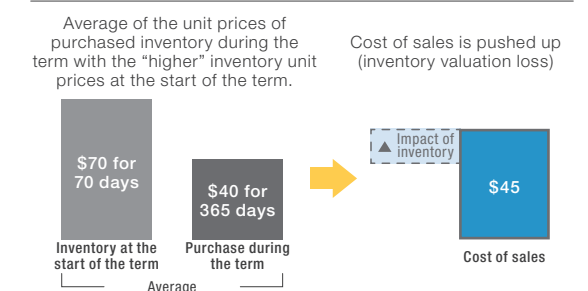
2 Inventory valuation impact based on reduction in book value

If the market value of inventory at the end of the term falls below the book value, it is necessary to reduce the book value to the market value, and this indicates that a resulting loss is incurred (cost increase = inventory valuation loss).

When crude oil prices rise



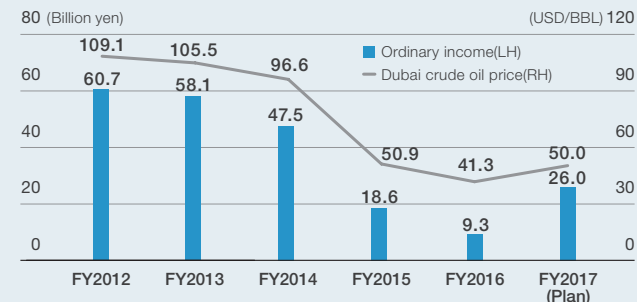
When crude oil prices fall



Oil Exploration and Production Business



Ordinary income



* Operating companies (Abu Dhabi Oil, Qatar Petroleum Development, and United Petroleum Development) end their FY on December 31.

Strengths

- Strong relationships of trust based on the stable off-shore oil fields production in Abu Dhabi extending for approximately 50 years
- Extension of interests in three existing oil fields of Abu Dhabi Oil for 30 years and acquisition of the Hail Oil Field
- Alliance with CEPSA¹, a wholly-owned company of our largest shareholder MIC² (formerly IPIC)

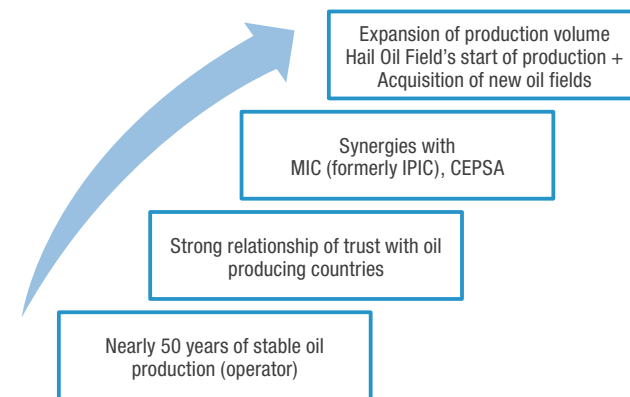
¹ CEPSA is a Compañía Española de Petróleos, S.A.U. (CEPSA) is a major Spain-based oil company.

² Mubadala Investment Company (MIC), a holding company was established by an integration of International Petroleum Investment Company (IPIC), an energy investment company that is fully owned by the Abu Dhabi government and Mubadala Development Company (MDC).

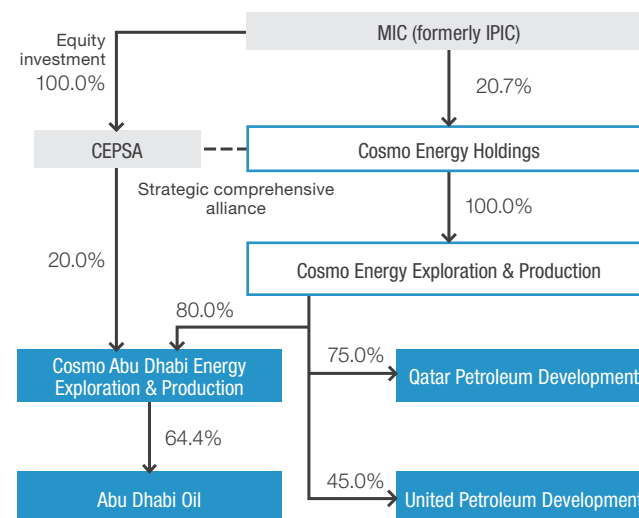
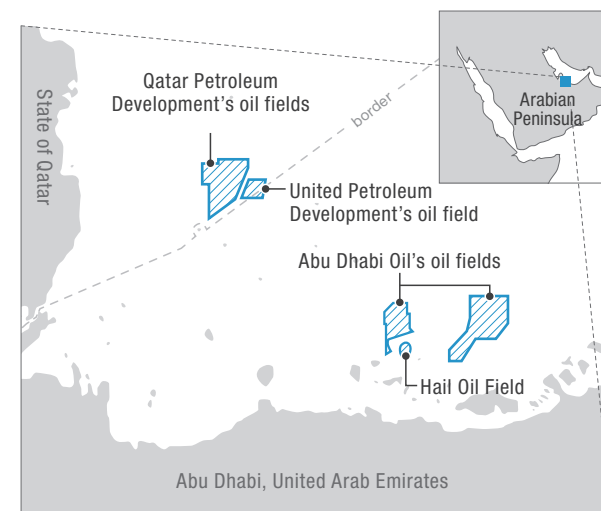
Operatorship (the right to operate one's own oil source) in the Middle East is valuable for expanding production

The Cosmo Energy Group produces the largest volume of crude oil in the Middle East region for a Japanese operator. We have realized low-risk and low-cost development, based on strong relationships of trust with Abu Dhabi in the United Arab Emirates (UAE), which was developed through the stable production of about 50 years. In December 2012, Abu Dhabi Oil Company (ADOC) renewed existing concessions for three oil-producing fields for 30 years. In addition, ADOC acquired a concession for a new oil field (The Hail Oil Field), which is as large as the three existing fields.

Moreover, through the ACC Workshop, which comprises Abu Dhabi National Oil Company, Cosmo Energy Group, and CEPSA (owned by MIC or former IPIC), we aim to acquire new concessions.



Cosmo Energy Group's Oil Fields



Operating Performance

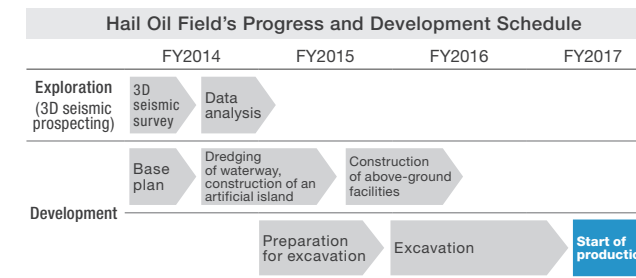
In FY2016, owing to depressed crude oil prices, the Oil E&P Business segment struggled but strived to reduce operating costs, which resulted in ordinary income of ¥9.3 billion. For FY2017, assuming an average crude oil price of US\$50/barrel (versus an actual \$41.3/barrel in Jan-Dec 2016) and an exchange rate of ¥110 per U.S. dollar (versus an actual ¥108.8

per U.S. dollar in Jan-Dec 2016), we are expecting segment ordinary income to grow by ¥16.7 billion to ¥26.0 billion. This growth will be driven by an increase in production volume resulting from the start-up of production at the Hail Oil Field in mid-FY2017 and the expansion of production at existing oil fields, in addition to a rise in crude oil prices.

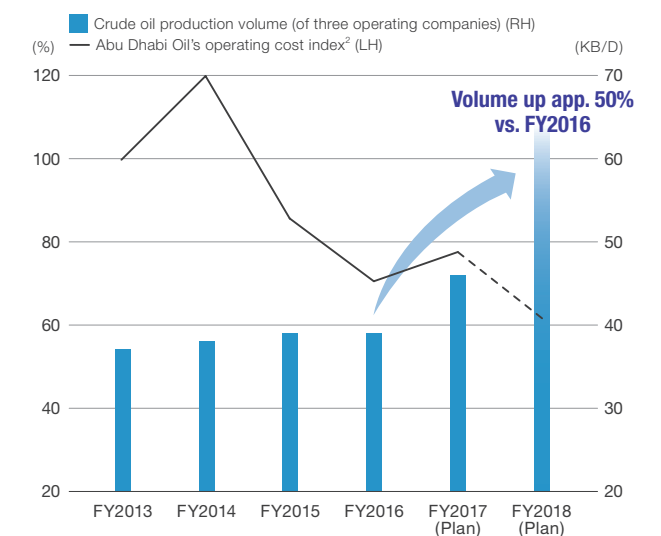
The Hail Oil Field's production start-up and its impacts

The Hail Oil Field is expected to begin production in the middle of FY2017 and to reach peak volume in FY2017. Full-year production at the Hail Oil Field in FY2018 will lead to an increase of about 50% in the Cosmo Energy Group's overall production volume from the three operating companies* compared to that of FY2016. As the Hail Oil Field is adjacent to the existing fields, the existing facilities can be shared, and the unit operating cost is projected to decline along with an increase in production volume, thereby resulting in a significant profit contribution beginning in FY2018.

* Abu Dhabi Oil, Qatar Petroleum Development, and United Petroleum Development.



Crude Oil Production Volume (of the three operating companies) and Abu Dhabi Oil's Operating Cost¹



¹ Includes oil fields' renovation expenses, facility utility, repair expenses, personnel costs, etc.
² Abu Dhabi Oil's operating cost in FY2013 = 100

Contributing to a better society — CSV (Creating Shared Value) —

Going beyond countries and cultures

Stable supply of energy is critical for resource-poor Japan, which heavily relies on imports. The Cosmo Energy Group has focused on building relationships with Middle East oil producing countries from an early stage. Especially with the Emirates of Abu Dhabi, the United Arab Emirates(UAE), we have built strong relationships of trust for about 50 years, starting before the foundation of the UAE, by maintaining stable production in addition to environmental preservation activities and education.

Safe and stable operation

Abu Dhabi Oil was established in 1968, before the foundation of the UAE, and has maintained safe and stable operation for about 50 years.



Environmental preservation activities

Abu Dhabi Oil received the ADNOC Health, Safety & Environment (HSE) Performance Award in FY2014. This is the highest award given by Abu Dhabi National Oil Company (ADNOC) to honor the best practices in HSE at companies under their supervision.



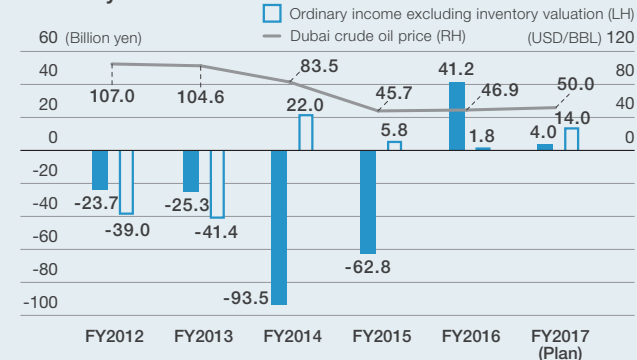
Japanese-language training

In conjunction with the Ritsumeikan Trust in Japan, we provide Japanese-language programs to Applied Technology High School (ATHS), a local high school in Abu Dhabi. Eleven students who completed the program are currently studying in Japan with the support of a scholarship from Abu Dhabi National Oil Company.



Petroleum Business

Ordinary Income



Strengths

- Enhanced competitiveness of refineries through promotion of alliances
- Aiming at tapping into the ¥36 trillion car-life-related market with car leasing business for individuals at the core

Alliances help eliminate the gap in competitiveness of our refineries compared to other companies

The Cosmo Energy Group has three refineries across Japan—in Chiba, Yokkaichi and Sakai—and aims to strengthen the competitiveness of each refinery mainly by promoting alliances with other companies. At the Chiba Refinery, it commenced two-year long run operation in FY2016, we realized profit improvement of about ¥7 billion. Also, Keiyo Seisei JV G.K. (Chiba JV), which was established with TonenGeneral Sekiyu (currently JXTG Energy), is expecting to generate ¥10 billion in synergies at both companies from FY2018. The Sakai Refinery is highly competitive thanks to the installation of the Delayed Coker Unit (heavy oil thermal cracking unit) in FY2010. In Yokkaichi, at the end of March 2017, we launched a business alliance with Showa Yokkaichi Sekiyu (Showa Shell Group), which is expected to generate about ¥1 billion in synergies for the Cosmo Energy Group.

The Group's Crude Oil Processing Capacity

400,000BD¹

* Including the supply of petroleum product/semi product (37,000 barrels/day equivalent) from Showa Shell Sekiyu with "Business Alliance".
* As of April 1, 2017

Former Sakaide Refinery

* Closed in July 2013

140,000BD
Conversion to an oil terminal

Streamlining effect
About ¥10 billion

Yokkaichi Refinery

86,000BD

Business alliance with Showa Yokkaichi Sekiyu

Synergy for Cosmo
¥1.0 billion/year (from April 2017)

Sakai Refinery

100,000BD

Enhanced competitiveness due to higher yield of jet and diesel fuels.

- Delayed Coker Unit began operation in 2010
- Higher value-added products

Chiba Refinery

177,000BD

Established Chiba JV with TonenGeneral Sekiyu (currently JXTG Energy)

Integration of both refineries (after the pipelines are constructed)
Synergy for both sides

¥10 billion/year (FY2018 and after)

See page 22

Enhancing competitiveness of service stations with the core car leasing business for individuals

The Cosmo Energy Group sold 12,904 thousand kiloliters of four main products (gasoline, kerosene, diesel oil, and heavy fuel oil A). By making use of our nationwide network of 2,957 service stations (SS), the Group is strengthening efforts to capture the car-related market, in addition to sales of fuel oils such as gasoline and diesel fuel. "Cosmo Smart Vehicle," the core car leasing business for individuals, has been particularly supported by seniors and women and the cumulative total number of contracts exceeded over 39,000. (as of June 30, 2017)

Domestic Sales Volume of Petroleum Products (thousand KL)

	FY2012	FY2013	FY2014	FY2015	FY2016
Gasoline	5,999	6,053	5,722	5,673	5,544
Kerosene	2,246	2,261	1,941	1,823	1,820
Diesel oil	4,414	4,399	4,150	4,133	4,120
Heavy fuel oil A	1,963	1,847	1,555	1,420	1,420
Sub-total	14,622	14,560	13,368	13,049	12,904
Naphtha	5,916	6,556	6,240	6,204	6,027
Jet fuel	476	486	468	519	520
Heavy fuel oil C	2,993	2,038	1,663	1,578	1,370
Total	24,007	23,640	21,739	21,350	20,821

Number of Service Stations and Self Service Stations

	FY2012	FY2013	FY2014	FY2015	FY2016
Cosmo SS	3,325	3,228	3,133	3,054	2,957
Cosmo self SS	999	1,011	1,031	1,036	1,038
SS in Japan	36,349	34,706	33,510	32,333	31,467
Self SS in Japan	8,862	9,275	9,530	9,728	9,856

* The number of SS includes the number of self SS.

* Source: Ministry of Economy, Trade and Industry for the number of SS in Japan; The Oil Information Center for the number of self SS in Japan

Operating Performance

In FY2016, the Petroleum Business segment recorded ordinary income of ¥41.2 billion, up ¥104.0 billion from the previous year. The positive impact of profit originated from time lag for naphtha and jet fuel, which was generated during the period of crude price decline in FY2015, disappeared. However, profit was boosted by an increase in capacity utilization resulting from the start of the two-year long-run operation of the Chiba Refinery and a decline in the cost of sales reflecting lower price for inventory stored at the

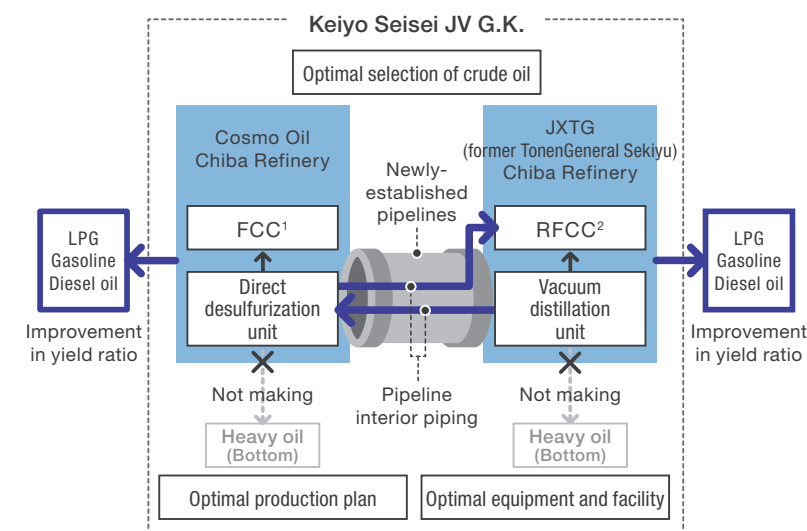
beginning of the year while crude price rose during the year. For FY2017, ordinary income is expected to decrease by ¥37.2 billion to ¥4.0 billion, due to the absence of inventory valuation gains generated in FY2016. However, ordinary income excluding the impact of inventory valuation is projected to increase by ¥12.2 billion from the previous year to ¥14.0 billion, mainly due to domestic product market improvement, the business alliance with Showa Yokkaichi Sekiyu, and higher capacity utilization at refineries.

Example of the Chiba JV synergy

Bottomless refinery

(Improve refinery economics by maximizing production of gasoline and diesel oil)

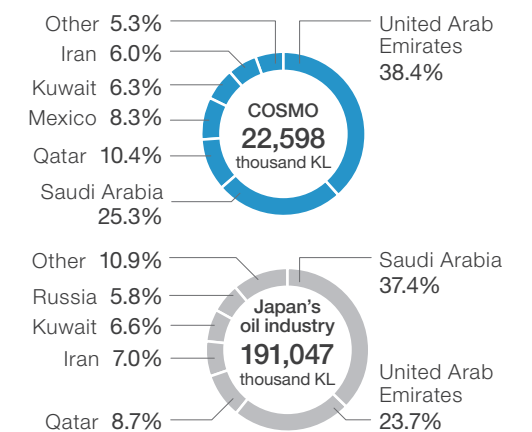
¥10 billion in JV synergy



Becoming a top-class competitive refinery in Asia

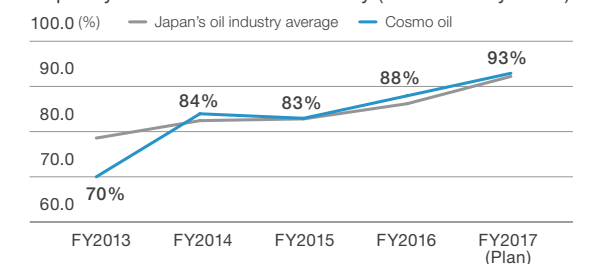
1 Fluid Catalytic Cracking (FCC) is an equipment to convert heavy oil to LPG, gasoline, diesel oil etc.
2 Residue Fluid Catalytic Cracking (RFCC) is an equipment to convert extra heavy oil to LPG, gasoline, diesel oil etc.

Crude Oil Import Share by Country (FY2016)



* Other includes countries where percentage of imports is less than 5%.
* Source for Japan's oil industry: Petroleum Association of Japan, "Crude Oil Import by Countries"

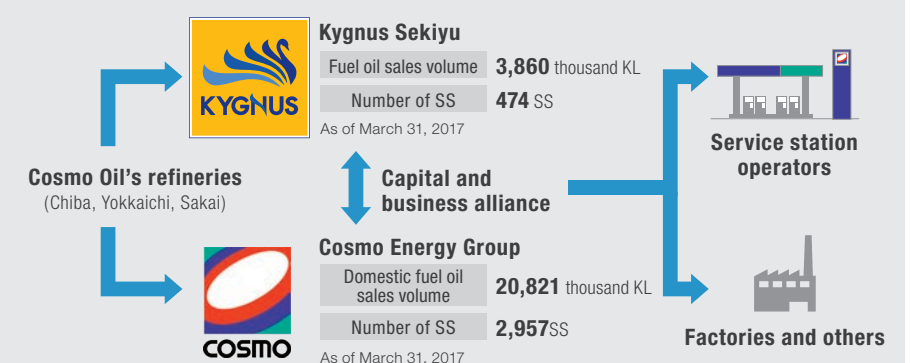
Capacity Utilization Rate at Refinery (calendar-day basis)



* Source for Japan's oil industry average: Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry

TOPICS Alliance with Kygnus Sekiyu to enhance competitiveness

- Entered into a capital and business alliance with Kygnus Sekiyu in February 2017 and acquired a 20% equity stake of Kygnus Sekiyu in May 2017.
- Will begin to supply fuel oil to Kygnus Sekiyu in about three years.
- Will discuss and study further business alliances, without being limited to the supply of fuel oil.



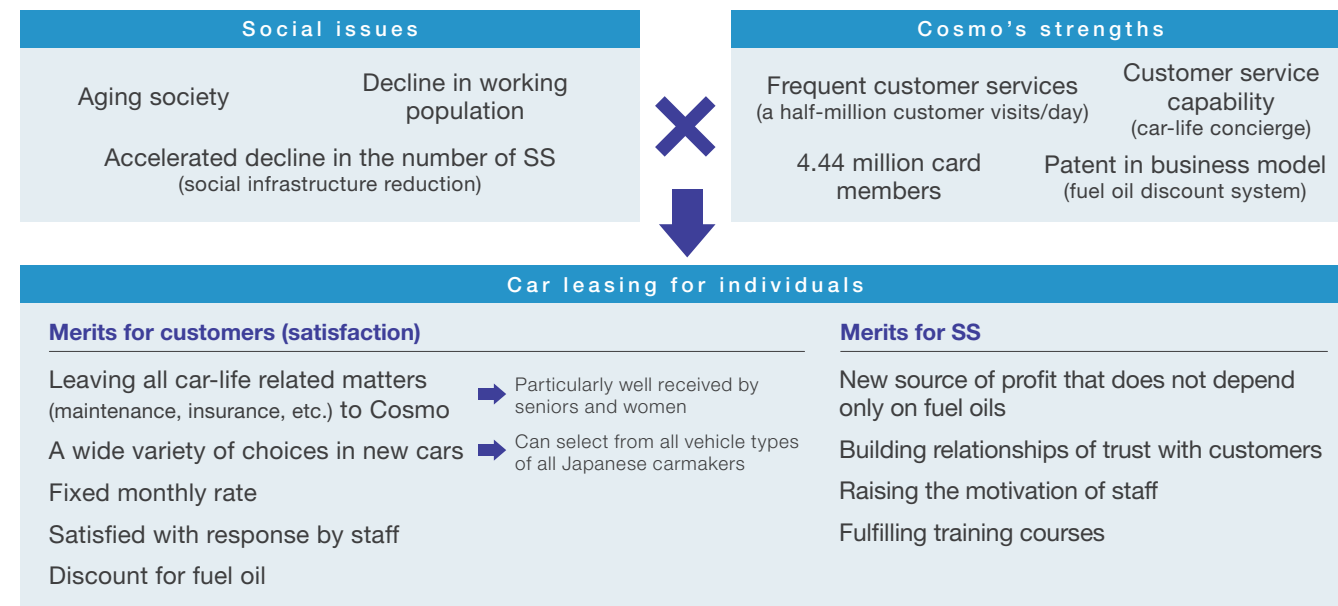
Petroleum Business

Contributing to
— CSV (Creatinga better society
Shared Value) —

Utilizing Cosmo's Strength in Providing a Pleasant Car-life

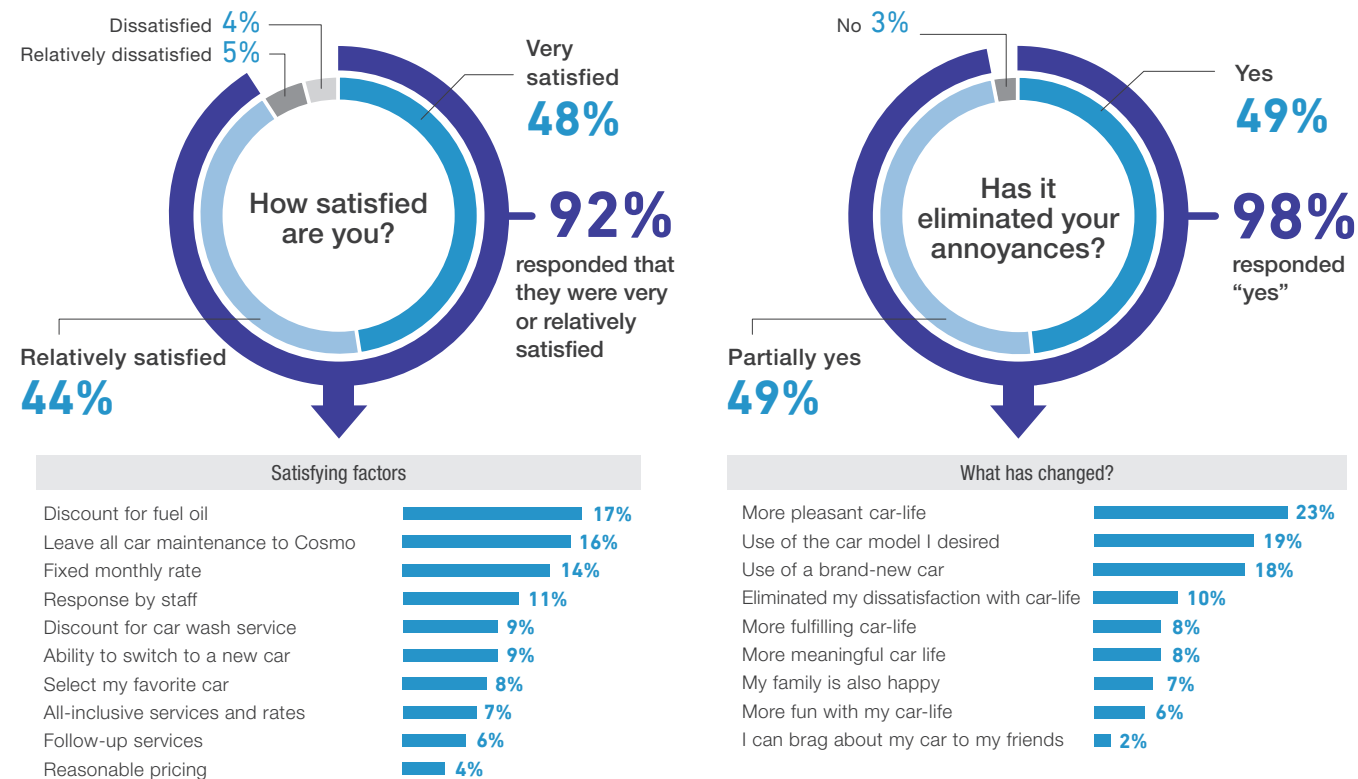
The Cosmo Energy Group is moving ahead on transforming itself from an oil retailer to a value provider for customers' motoring lifestyles, by proactively selling and expanding the "Cosmo Smart Vehicle", a car leasing business for individuals. This service offers all vehicle types of all Japanese car makers at favorable terms.

Since April 2011, when the "Cosmo Smart Vehicle" was launched, it has been favorably received particularly by seniors and women who want to avoid various car-life related annoyances. We are committed to continuing to provide the distinctive services of our SS to ensure customers enjoy a pleasant car-life.



Customer Evaluation of "Cosmo Smart Vehicle"

* Based on a questionnaire provided to "Cosmo Smart Vehicle" lease-signers (conducted in October 2016, n=82)



Voice of service station owners



Three attractive points of the "Cosmo Smart Vehicle"

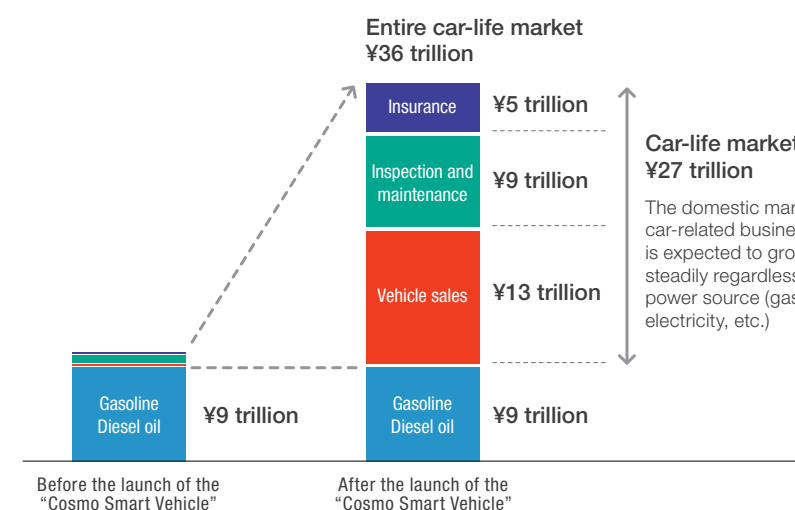
The "Cosmo Smart Vehicle" has three attractive points for us who run service stations: Use of the Cosmo Oil brand, good training courses, and easy-to-understand concepts. We believe that the "Cosmo Smart Vehicle" is a tool to convert customers' trust into profits.



Expanding customer base with value only SS can provide

Car dealers recently tried harder to lock in customers, who then increasingly resign the first mandatory car inspection service to the dealers. We therefore handled fewer cars for these inspections. In order to stop this trend, we decided to sell cars, which prompted us to handle the "Cosmo Smart Vehicle." We now want to expand our customer base by providing services that dealers cannot provide and value only SS can offer.

Expansion of Target Market



Number of "Cosmo Smart Vehicle" Contracts



Win-win Business Model

Customers

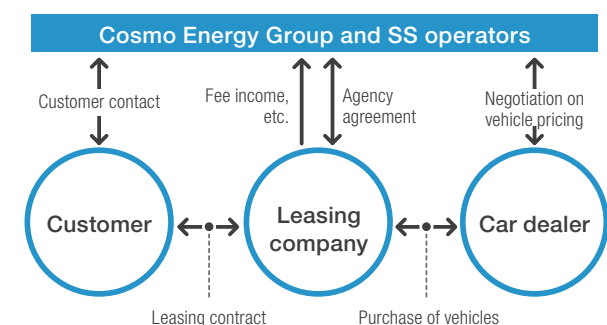
- ▶ Drive a brand-new car of any model made by any manufacturer at a favorable price
- ▶ No more annoying procedures
Example: Expense smoothing when owning a car (monthly fixed rate, including mandatory car inspection, tax, insurance, etc.)

Leasing companies

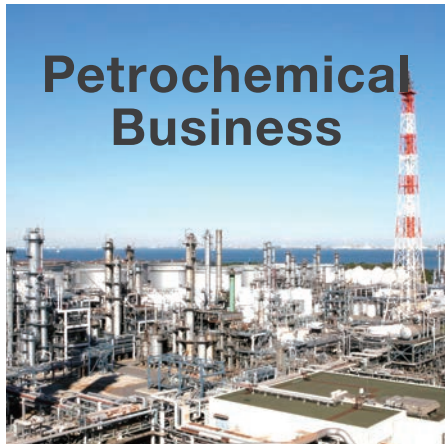
- ▶ Capture a new customer base

Cosmo Energy Group and SS operators

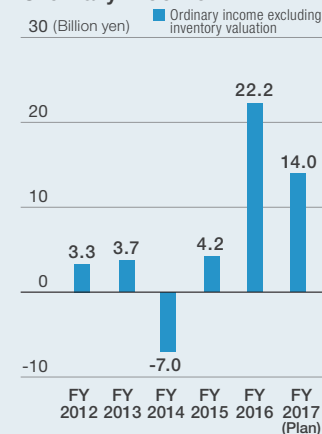
- ▶ Ensure a source of profit that does not depend only on fuel oil



Petrochemical Business



Ordinary Income

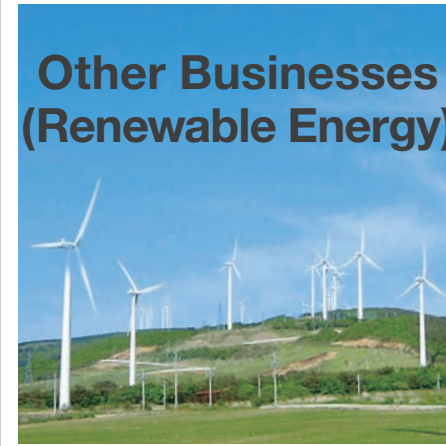


Operating Performance

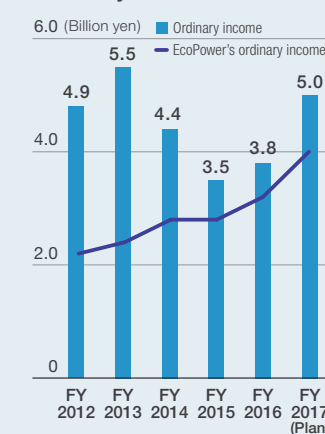
In FY2016, the Petrochemical Business segment increased ordinary income by ¥18.0 billion from the previous year to ¥22.2 billion, mainly due to the full operation of Maruzen Petrochemical excluding the period of regular maintenance and the favorable ethylene market.

In FY2017, segment ordinary income is expected to decrease by ¥8.2 billion to ¥14.0 billion, as we have adopted a conservative projection for the margin between ethylene and naphtha market. However, as Maruzen Petrochemical's plan to fully operate highly-competitive ethylene production units through the fiscal year (non-shut down maintenance year) is anticipated profit at high levels.

Other Businesses (Renewable Energy)



Ordinary Income



Operating Performance

In FY2016, Other Businesses segment increased ordinary income by ¥0.3 billion from the previous year to ¥3.8 billion. EcoPower increased wind power generation capacity by about 15% year-on-year to approximately 211,300 kW, due to the start of operation at the Watarai Project (Mie Prefecture).

In FY2017, EcoPower plans to start production at the Sakata Port (Yamagata Prefecture) and the Ishikari Bay New Port (Hokkaido) to further increase generation capacity by about 8%. The Other Businesses segment is expected to increase ordinary income by ¥1.2 billion to ¥5.0 billion.

Strengths

- Established production chain in Asia, a world-leading region in demand
- Cost competitiveness based on Japan's largest-scale ethylene production capacity (Maruzen Petrochemical)
- Cost competitiveness based on one of the largest-scale paraxylene production capacity in Asia (Hyundai Cosmo Petrochemical*)

* A joint venture with Hyundai Oilbank (HDO) in South Korea.

Augmenting competitiveness in a growth market

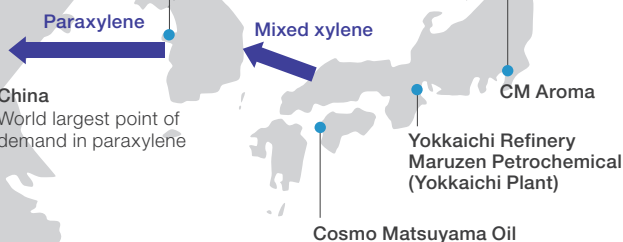
In the Cosmo Energy Group, Maruzen Petrochemical, which boasts Japan's largest-scale ethylene production capacity, and Hyundai Cosmo Petrochemical (HCP), which owns world-leading paraxylene production facilities, are highly competitive, as they are continuing to run at full capacity. Moreover, Maruzen Petrochemical is considering joint commercialization of hydrogenated polymer resins with Cosmo Energy Holdings and Arakawa Chemical Industries. At the same time, Maruzen Petrochemical is aiming to materialize synergies with the Cosmo Oil Chiba Refinery at an early stage and thereby augment the competitiveness of petrochemical complexes through integrated operation with the oil refining business.

Maruzen Petrochemical (Chiba Plant)

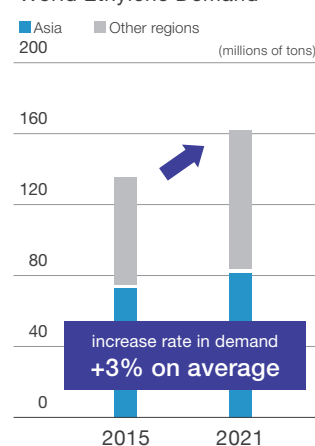
- Located in the Keiyo Industrial Complex, one of the top class in the world
- Japan's largest-scale ethylene production capacity
- High capacity utilization of competitive facilities (partially exporting ethylene)
- Going forward, pursuing synergy with refinery

Hyundai Cosmo Petrochemical

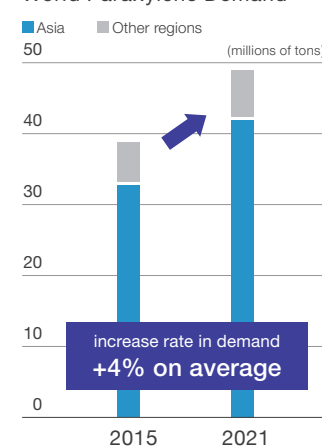
- Located near area of demand (China)
- Asia's largest-class paraxylene production capacity



World Ethylene Demand



World Paraxylene Demand



Cosmo Energy Group's Production Capacity

Product		Company	Production Capacity (tons/year)
Olefin	Ethylene	Maruzen Petrochemical	1,290,000
	Paraxylene	Hyundai Cosmo Petrochemical	1,180,000
Aromatics	Benzene	Maruzen Petrochemical	600,000
		Hyundai Cosmo Petrochemical	250,000
		Cosmo Matsuyama Oil	90,000
		Subtotal	940,000
Mixed xylene		Cosmo Oil (Yokkaichi Refinery)	300,000
		CM Aroma	270,000
		Cosmo Matsuyama Oil	50,000
		Subtotal	620,000
		Aromatics total	2,740,000

* Includes production capacity of Keiyo Ethylene (55% owned, consolidated subsidiary of Maruzen Petrochemical)

Strengths

- Group incorporation in 2010 of EcoPower, a pioneer in the wind power generation business (established in 1997)
- Realization of a high level of availability (at least 90%), as development, construction, operation and maintenance are carried out within the Cosmo Energy Group
- Plan to expand business over the long term by expanding land-based sites as well as participating in offshore site projects*

* The Akita offshore wind farm project is a large-scale one led by the private sector.

Secure stable profit, supported by FIT, in a growing market

The Cosmo Energy Group acquired EcoPower, Japan's first wind power development specialist, in 2010, when the renewable energy market was anticipated to grow mainly due to the implementation of environmental measures. Supported by the FIT (Feed-in Tariff), which was implemented in FY2012, wind power generation has been identified as a growth area. EcoPower has about 211,300 kW capacity as of March 31, 2017 and ranks third in the domestic market based on generation capacity. We are aiming to further boost capacity to reach 500,000 kW in the medium term. In solar power generation, as well, CSD Solar, which was established jointly with another company, is steadily supplying power at eight locations nationwide.

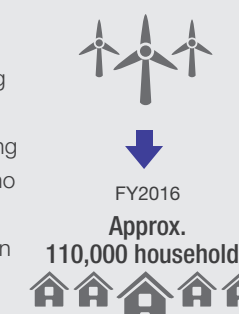
EcoPower's Key Data (As of March 31, 2017)

Capital	¥7.1 billion	Power generation capacity	211,300kW
Number of power generators	157 (23 areas)	Industry share	Approx. 6% (third ranked)

Contributing to a better society — CSV (Creating Shared Value) —

Boosting the energy self-sufficiency rate

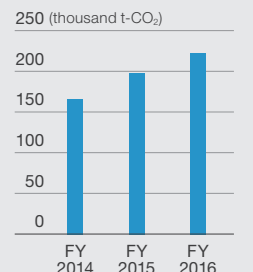
In resource-poor Japan, we are expanding the use of renewable energy, mainly wind power generation, which is highly promising as a purely domestic energy source with no environmental burden, so as to contribute to raising the energy self-sufficiency rate. In FY2016, we provided electricity to around 110,000 households.



Reduction in CO₂ emissions by wind power generation

The Cosmo Energy Group is proactively involved in environmental preservation activities and contribute to reduction in CO₂ emissions through provision of clean energy. In FY2016 we reduced CO₂ emissions by 222,861 t-CO₂.

Reduction volume in CO₂ emissions



Corporate Governance

Basic Governance Structure and Business Execution System

The Cosmo Energy Group transitioned to a holding company structure in October 2015 and became a company with a supervisory committee structure in order to increase the ratio of outside directors and strengthen the audit and supervisory functions of the Board of Directors. Moreover, with the aim of clearly separating management oversight and business execution, the Company has adopted an executive officer system. As a result, some authority has been transferred to executive officers in order to enable the Company to respond promptly to changes in the business environment and carry out swift decision-making.

Board of Directors

The Board of Directors is composed of ten members in total, and comprises 6 internal directors (1 of whom is a member of the Supervisory Committee) and 4 outside directors (2 of whom are members of the Supervisory Committee). It decides important matters such as the basic management policy and also supervises the execution of business duties. To reinforce the supervisory function of the Board of Directors and realize fair and highly transparent management, the Company increased the number of outside directors by 2 members (2 of the 4 outside directors are independent outside directors) in tandem with the transition to a holding company structure. Outside directors have immediate access to necessary information via the Corporate Planning Department.

Supervisory Committee

The Supervisory Committee, which is composed of 3 Supervisory Committee members that include 2 independent outside directors, uses the internal control system to audit and supervise the business execution of directors as well as the state of execution of other business duties in general that are related to the management of the Group. The Chairperson is an independent outside director.

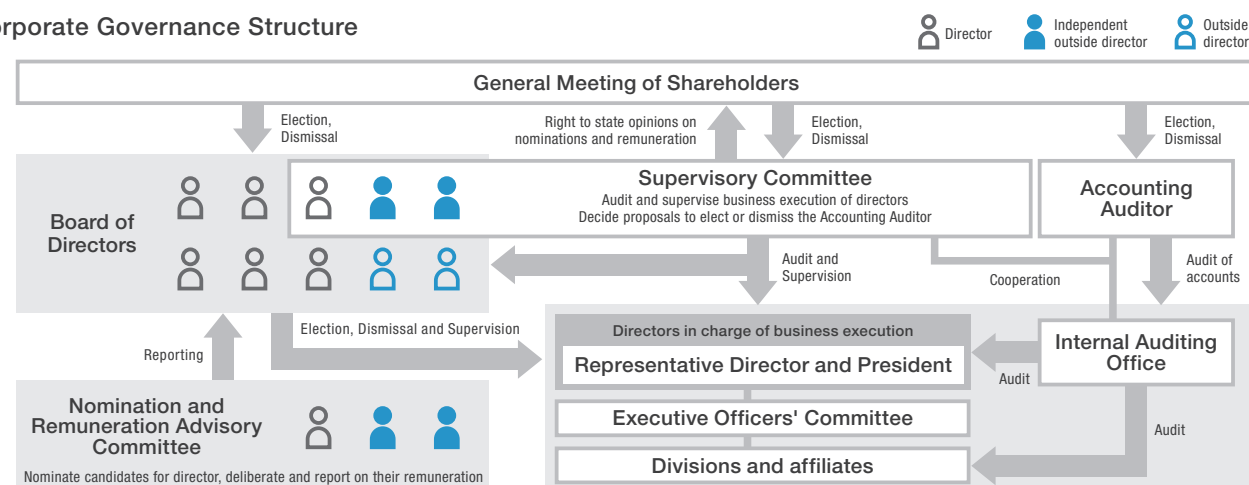
Executive Officers' Committee

The Company has adopted the executive officers' system to clarify the roles and responsibilities of "Directors" in charge of decision-making and management oversight, and "Executive Officers" in charge of business execution. The Executive Officers' Committee comprises major executive officers, including the Chief Executive Officer, and directors that are members of the Supervisory Committee, and functions as an advisory body to the President. The committee makes decisions concerning the execution of business in accordance with management policies determined by the Board of Directors.

Nomination and Remuneration Advisory Committee

The Company has established the Nomination and Remuneration Advisory Committee, which is an advisory body to the Board of Directors, to ensure transparency and objectivity in the selection of director candidates and the compensation determination process. This committee is composed of three members in total, namely, one internal director and two independent outside directors, and deliberates on the nomination and remuneration of executive officers. The Chairperson is an internal director.

Corporate Governance Structure



Reflecting our corporate mission and our responsibility to society at large, we have established the “Cosmo Energy Group Management Vision” and the “Cosmo Energy Group Code of Conduct,” which serves as a specific set of guidelines to fulfill this vision. On this basis, we aim to satisfy the requirements of all stakeholders including shareholders to the utmost by seeking to achieve “sustainable growth and medium- to long-term growth in corporate value”, “improvement in transparency and efficiency of corporate management”, “swift operational executions”, and “thorough risk management and compliance”. Furthermore, the Company has implemented all of the principles related to Japan’s Corporate Governance Code.

Executives' Remuneration Plan

The Company has introduced a remuneration plan linked to business performance with the purpose of enhancing medium-term business performance, increasing corporate value, and sharing profits with shareholders. It applies to directors (excluding outside directors and directors who are Supervisory Committee members) and executive officers. This plan consists of annual incentive remuneration (bonuses) linked to consolidated performance indices for each fiscal year and long-term incentive remuneration (stock remuneration) linked to the level of achievement of targets in the Consolidated Medium-Term Management Plan. A ratio of 5:3:2 has been established for basic remuneration, annual incentive remuneration, and long-term incentive remuneration. The stock remuneration plan is an incentive plan that uses a trust system, and is a mechanism that creates management motivation based on awareness of increasing corporate value in the long term, as directors and executive officers share changes in shareholder value with shareholders.

Stock remuneration plan

Mechanism	Shares, which a trust company acquires using the money contributed by the holding company, are granted in accordance with the degree of achievement of target performance indices for the 5th Consolidated Medium-Term Management Plan (ROA consolidated ordinary income, and net D/E ratio).
Recipients	Directors (excluding Outside Directors, and Directors who are members of the Supervisory Committee) and Executive Officers

Evaluation period	Fiscal year ending March 31, 2016 through fiscal year ending March 31, 2018
Trust term	November 6, 2015 to August 31, 2018
Timing of share grants	July 2018, promptly after the end of the final year of the Consolidated Medium-Term Management Plan (FY2017)

Upper Limit of Remuneration for Executives

Cash remuneration (basic remuneration + bonuses)

Directors (who are not members of the Supervisory Committee)	500 million yen or less (total amount per year; no more than 12, the number of such Directors prescribed in the Articles of Incorporation of the holding company)
Directors (who are members of the Supervisory Committee)	90 million yen or less (total amount per year; no more than 5, the number of such Directors prescribed in the Articles of Incorporation of the holding company)

Stock remuneration

Trust money contributed during the trust term	687 million yen
Maximum number of shares granted	380,000 shares

Inclusion in the ESG indices

The Cosmo Energy Holdings has been selected as a constituent of the “FTSE Blossom Japan Index”, which the Government Pension Investment Fund (GPIF)¹ has adopted as a passive investment index for Japanese equities. This index, developed by FTSE Russell² is composed of Japanese companies with outstanding performance in the Environmental, Social and Governance (ESG) standards. In addition, the Cosmo Energy Holdings has been included in the “FTSE4Good Index Series” for 15 consecutive years since 2003 when the Company was adopted as the first Japanese oil company.



FTSE Blossom
Japan



FTSE4Good

1. The Government Pension Investment Fund (GPIF) is the world's largest pension fund. The GPIF manages and invests the reserve funds of the Employee's Pension Insurance and National Pension Programs out of Japan's public pension funds.
2. FTSE Russell belongs to the London Stock Exchange Group plc and is a major provider that constructs and manages indices on a global basis.

Directors and Executive Officers

(As of June 22, 2017)

**Chairman,
Representative Director
Keizo Morikawa**



April 1971 Joined Daikyo Oil Co., Ltd.
June 2000 Director of Cosmo Oil Co., Ltd.
June 2002 Managing Director
June 2004 Senior Managing Director
June 2006 Representative Senior Managing Director
June 2008 Executive Vice President, Representative Director
June 2010 Executive Vice President, Representative Director, Executive Officer
June 2012 President, Representative Director, Chief Executive Officer
October 2015 President, Representative Director, Chief Executive Officer of the Company
June 2017 Chairman, Representative Director (current position)

**President, Representative Director,
Chief Executive Officer
Hiroshi Kiriya**



April 1979 Joined Daikyo Oil Co., Ltd.
June 2011 Senior Executive Officer, General Manager, Corporate Planning Dept. and Change Promotion Dept., Cosmo Oil Co., Ltd.
June 2012 Senior Executive Officer
June 2013 Director, Senior Executive Officer
October 2015 Director, Senior Managing Executive Officer of the Company
June 2016 Representative Director, Executive Vice President
June 2017 President, Representative Director, Chief Executive Officer of the Company (current position)

**Director,
Senior Managing Executive Officer
Yasushi Ohe**



April 1979 Joined Daikyo Oil Co., Ltd.
June 2009 Executive Officer, General Manager, Supply & Demand Coordination Dept., Cosmo Oil Co., Ltd.
June 2012 Senior Executive Officer, General Manager, Crude Oil & Tanker Dept.
June 2013 Senior Executive Officer
June 2014 Director, Senior Executive Officer
October 2015 Director, Senior Executive Officer of the Company
June 2016 Director, Senior Managing Executive Officer (current position)

**Director, Senior Executive Officer
Kenichi Taki**



April 1975 Joined Daikyo Oil Co., Ltd.
June 2008 General Manager, Internal Auditing Office, Cosmo Oil Co., Ltd.
June 2012 Executive Officer, General Manager, Accounting Dept.
June 2014 Senior Executive Officer, General Manager, Accounting & Finance Dept.
June 2015 Senior Executive Officer, General Manager, Accounting Dept.
October 2015 Senior Executive Officer, General Manager, Accounting Dept. of the Company
April 2016 Senior Executive Officer
June 2016 Director, Senior Executive Officer (current position)

**Director,
Senior Executive Officer
Koji Moriyama**



April 1984 Joined Daikyo Oil Co., Ltd.
June 2008 General Manager, Sales Support Dept., Cosmo Oil Co., Ltd.
June 2014 Executive Officer, General Manager, Corporate Planning Dept.
October 2015 Executive Officer, General Manager, Corporate Planning Dept. of the Company
June 2016 Senior Executive Officer, General Manager, Corporate Planning Dept.
April 2017 Senior Executive Officer
June 2017 Director, Senior Executive Officer (current position)

**Outside Director
Musabbah Al Kaabi**



October 1997 Joined Abu Dhabi National Oil Company
July 2007 Manager, Exploration Division
October 2013 Chief Growth Officer, Mubadala Petroleum
December 2014 Chief Executive Officer
February 2017 Chief Executive Officer, Petroleum and Petrochemicals, Mubadala Investment Company (current position)
June 2017 Director of the Company (current position)

**Outside Director
Khalifa Al Suwaidi**



September 2000 Joined Abu Dhabi Polymers Company
October 2008 Senior Vice President, Corporate Planning & Support Unit, Abu Dhabi National Chemical Company
October 2010 Deputy Chief Executive Officer
February 2016 Acting Chief Executive Officer
March 2017 Executive Director, Refining & Petrochemicals, Mubadala Investment Company (current position)
June 2017 Director of the Company (current position)

**Independent Outside Director,
Supervisory Committee Member
Sakae Kanno**



April 1971 Joined The Kansai Electric Power Co., Inc.
June 2003 Managing Director, The Kansai Electric Power Co., Inc.
June 2007 Executive Vice President and Director, The Kansai Electric Power Co., Inc.
June 2011 Audit & Supervisory Board Member, The Kansai Electric Power Co., Inc.
June 2013 Audit & Supervisory Board Member, Cosmo Oil Co., Ltd.
October 2015 Director of the Company (Supervisory Committee Member) (current position)

**Independent Outside Director,
Supervisory Committee Member
Teruo Miyamoto**



April 1969 Joined Tokyo Electric Co., Ltd. (Currently Toshiba Tec Corporation)
February 1997 Acting General Manager on Corporate Planning of General Affairs Group and Acting General Manager on International Affairs of General Affairs Group, Toshiba Tec Corporation
June 1999 Deputy General Manager of General Affairs Department and Acting General Manager on Legal Affairs of General Affairs Group, Toshiba Tec Corporation
June 2002 Full-time Audit & Supervisory Board Member, Toshiba Tec Corporation
October 2009 Managing Director & Assistant Secretary General, Japan Audit & Supervisory Board Members Association
October 2010 Executive Managing Director & Secretary General, Japan Audit & Supervisory Board Members Association
October 2011 Representative Executive Managing Director & Secretary General, Japan Audit & Supervisory Board Members Association
November 2014 Advisor, Japan Audit & Supervisory Board Members Association
October 2015 Director of the Company (Supervisory Committee Member) (current position)

**Director, Full-time Supervisory
Committee Member
Katsuhisa Ohtaki**



April 1978 Joined Daikyo Oil Co., Ltd.
June 2005 General Manager, Sendai Branch Office, Cosmo Oil Co., Ltd.
June 2007 Executive Officer, General Manager, Industrial Fuel Marketing Dept.
June 2009 Executive Officer, General Manager, Yokkaichi Refinery
June 2011 Senior Executive Officer, General Manager, Yokkaichi Refinery
March 2012 Senior Executive Officer, General Manager, Chiba Refinery
June 2014 Director, Senior Executive Officer
October 2015 Director, Full-time Supervisory Committee Member (current position)

Reasons for Selection of Outside Directors

Musabbah Al Kaabi has engaged in the Oil Exploration and Production Business at Abu Dhabi National Oil Company, and has experience serving as an officer at many corporations in the energy industry outside of Japan. The Company judges him capable of properly executing the duties of an Outside Director with his international viewpoint on the petroleum industry.

Khalifa Al Suwaidi has worked at Abu Dhabi National Chemical Company for many years and possesses abundant knowledge and management experience regarding petrochemicals. The Company judges that he will provide proper oversight of management as an Outside Director.

Sakae Kanno has experience as a director and audit & supervisory board member at the Kansai Electric Power Co., Inc. He has served as an Audit & Supervisory Board Member of Cosmo Oil Co., Ltd. since 2013, and as an Outside Director who is a Member of the Supervisory Committee of the Company since 2015. The Company judges him capable of properly executing duties from his wide-ranging viewpoint, which extends beyond the industry to which the Company belongs.

Teruo Miyamoto, after serving as an Audit & Supervisory Board Member at Toshiba Tec Corporation and holding important positions at the Japan Audit & Supervisory Board Members Association, has served as an Outside Director who is a Member of the Supervisory Committee of the Company since 2015. The Company judges him capable of properly executing duties while making the most of his experience and knowledge as a corporate governance specialist.

Engagement with Shareholders and Investors

IR activities are conducted mainly by the IR Office, which was established within the Corporate Communication Department, and it actively visits institutional investors in Japan and overseas. Besides individual meetings, the IR Office is increasing opportunities for dialogue with shareholders and investors, including business results briefings for investors that are held each quarter and oil refinery tours that are regularly conducted. Moreover, the Company is striving to enhance tools for constructive dialogue. This includes expanding investor information on the Company website as well as issuing shareholder communications and integrated report of "Cosmo Report."

Interview with Outside Directors

Enhancement of long-term corporate value

Accelerating management speed in a rapidly changing business environment

Independent Outside Director, Supervisory Committee Member
Sakae Kanno

* See details of his biography on p. 30.



Q How do you see the Cosmo Energy Group? Please also tell us what you think the advantage or strengths and the issues of the Cosmo Energy Group.

A As a general oil and energy company, Cosmo Energy Group operates an integrated business from oil exploration and production (upstream) to oil refining and marketing (downstream) and petrochemical business, has a strong profit structure, and has established a robust value chain structure as the third strongest player among its peers despite being small in scale. Our challenge going forward is to complete the measures for the Medium-Term Management Plan and to infallibly profit from all the outcome.

Q How do you evaluate the management as an outside director?

A I evaluate the fact that the Medium-Term Management Plan is identified as the main pillar of all management plans, not merely as a wish list. Cosmo has overcome tremendous handicaps from the major earthquake in 2011 and have speedily strengthened foundation of each business. This has resulted in exceeding the targets in improving business portfolio and significant enhancement of profit structure.

Q Do you see any change in management after the transformation to a holding company structure?

A Due to separation of supervision and execution, the roles for each have been clarified: the holding company to take an overview of the whole group and each core operating company to take responsibility for execution. As a result, specific issues and challenges for each business segment have been identified. As each takes responsibility in addressing to the issue, I feel a sense of speed in management and that outcome is emerging.

Q What role do you intend to play as an outside director?

A In addition to attending meetings of the Board of Directors, I have discussions with each segment. I try to speak out candidly on issues emerging from these meetings in order to contribute to active discussions at the Board meetings.

Q Is there anything you particularly keep in mind when speaking out at the Board meetings?

A Whatever an agenda item is, I try to understand the logic behind it. In particular, I think the current and future market assessment and visualizing risks are important.

Q What do you think is needed for Cosmo Energy Group to further raise corporate value?

A As roles of the holding company and each core operating company have become clear, I feel that the management speed has increased. However, given a rapid change in the business environment, we need to accelerate more.

Q Will you give a message to shareholders?

A In the Fifth Consolidated Medium-Term Management Plan, triggered by the transformation to a holding company structure, the development of the business portfolio and the enhancement of competitiveness for refining segment have been advanced more than planned. As their impact should appear on earnings over time, I sincerely hope that you keep looking forward to the future of the Group.

The Cosmo Energy Group currently has 4 outside directors out of 10 directors. Two outside directors are from Japan and the remaining two from the Emirate of Abu Dhabi.

We interviewed two of them and received candid feedback and useful suggestions: from Mr. Kanno, Independent Outside Director, mainly on the changes in the management before and after the transforming to a holding company structure; and from Mr. Kaabi who joined the Board as Outside Director in June 2017, mainly on measures for further enhancing corporate value.

Improve free cash flow generation for realizing more robust financial position and stable and attractive dividends

Outside Director
Musabbeh Al Kaabi

* See details of his biography on p. 29.



Q Please tell us what you think the advantages or strengths and the issues of the Cosmo Energy Group.

A I think that Cosmo's strengths are a long-standing history and extensive experience in the Japanese downstream sector, which has enabled it to respond to drastically changing business environment. On the other hand, Cosmo is facing a very challenging business environment in Japan. The biggest issue at this stage is its highly leveraged balance sheet, which may limit its ability to pursue new growth opportunities and withstand volatility in the energy market.

Q What do you think is necessary for the Cosmo Energy Group to further improve its corporate value?

A I believe that Cosmo should develop a solid five-year strategy, which should focus on enhancing the profitability of the refining and marketing business. In addition, a strong emphasis should be put on the expansion of its wind power business and petrochemical segments. Cosmo should strive to improve its free cash flow generation to improve its financial position and pay stable and attractive dividends to its shareholders.

Q As you join the Board of Directors as an outsider director, will you share with us what kind of role you hope to play?

A As an outside director, I intend to bring an objective and external perspective to the evaluation of a company's prospects, assist in setting and revising strategy and objectives, support the company as it navigates through an uncertain commodity prices outlook, and consider management's plans for succession planning.

Q What does MIC, as a top shareholder of the Cosmo Energy Holdings, want Cosmo management to do?

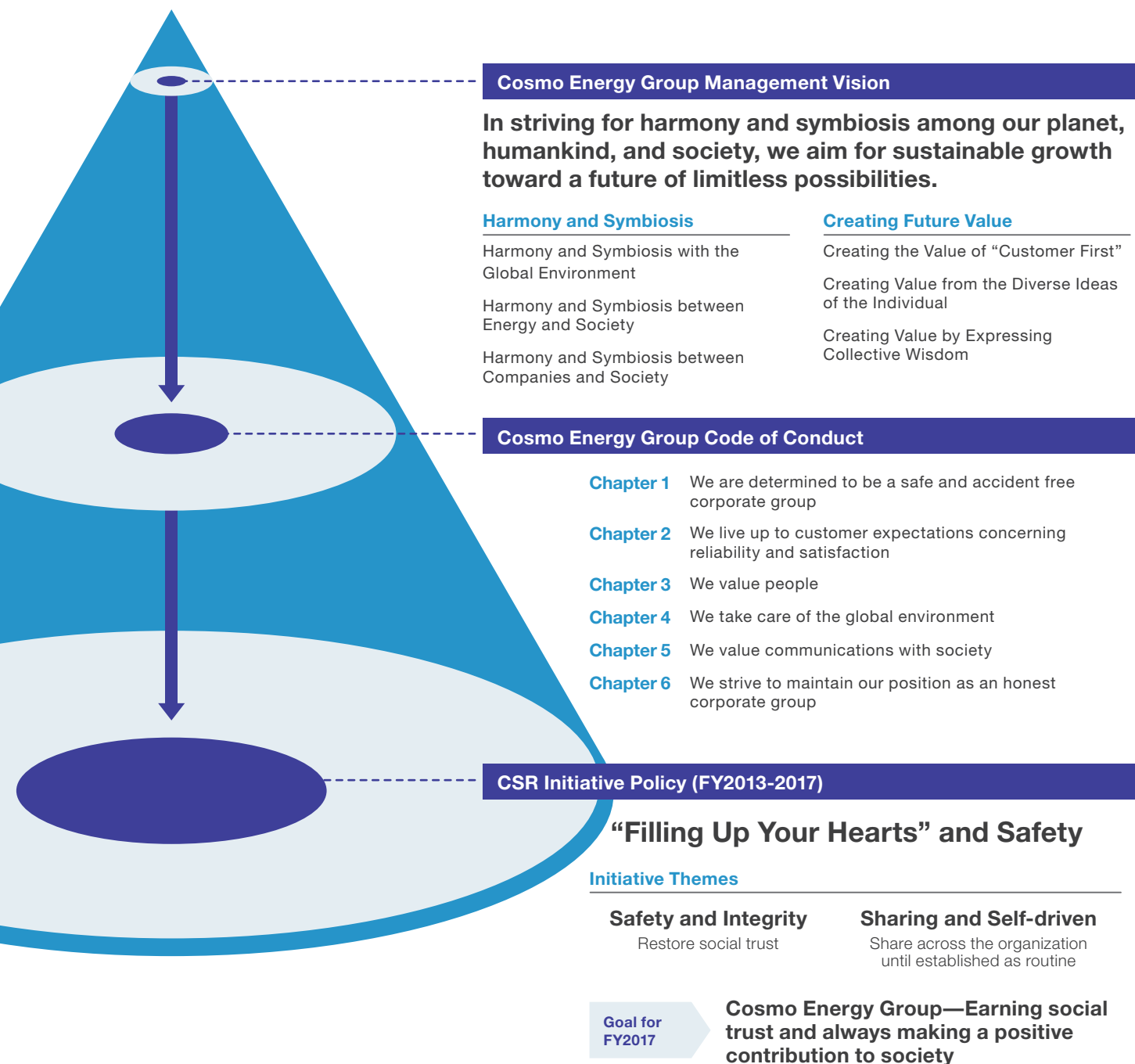
A Since its transformation to a holding company structure in October 2015, as separating the supervisory function from operational execution, Board of Directors of the holding company is focusing more clearly on the strategic management of the group. We support several business transformation initiatives taken by management since the transformation to the holding company. We expect Cosmo management to strive to improve cash flows and the balance sheet, ensure stable dividends, and identify new areas of growth in local and overseas markets.

Q Will you give a message to shareholders?

A The demand for oil products in Japan has been in structural decline, driven by the aging population and improved fuel efficiency. Cosmo Energy Group has responded to the challenges by undertaking several initiatives to enhance competitiveness of its refining, marketing and petrochemical segments, as well as developing the Hail Oil Field in Abu Dhabi and increasing its footprint in wind power business. All these measures are expected to strengthen Cosmo's position.

CSR Initiatives of the Cosmo Energy Group

In order to realize the Management Vision of the Cosmo Energy Group, all employees are conscientiously engaged in CSR activities. CSR management is being promoted under the Consolidated Medium-Term Management Plan and the CSR Initiative Policy, based on the Cosmo Energy Group Code of Conduct.



Major Initiatives by Business Segment

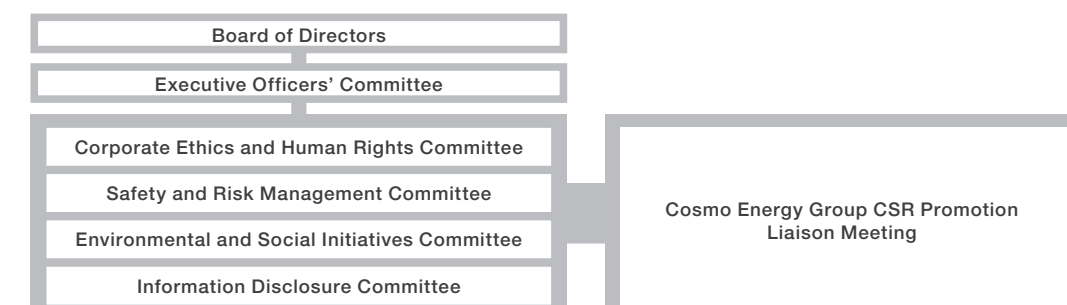
CSR Initiative Policy	Oil Exploration and Production Business	Petroleum Business	Petrochemical Business	Renewable Energy Business
Strict Safety Management	Enhanced risk management P.35 Promotion of safety management activities P.35			
	Safe stable operations P.20	Adoption of OMS P.36		
Business Operation with Integrity; Raising Customer Satisfaction	Corporate ethics promotion structure P.37 Penetration of Code of Conduct P.37			
		CSR initiatives at service stations P.38 Ensuring customer support P.38 Evaluation for three Promises P.38		
Enhancing Human Rights / Personnel Policies	Initiatives on diversity P.39 Facilitating work-life balance P.40 Reducing long working hours P.40			
	Human resources development and human resources capable of global operations P.39			
Promoting Environmental Initiatives	Environmental impact of business activities P.42			
	Environmental preservation activities P.20	Energy conservation at refineries P.41 Use of water and wastewater measures P.41		Boosting the energy self-sufficiency rate P.26 Reduction in CO ₂ emissions P.26
Implementing Better Communication with Society	Business Continuity Plan (BCP) P.43			
	Japanese language lessons P.20	Cosmo Oil Eco Card Fund P.44 Cleanup campaign P.44 Social contribution activities P.44		

Internal Control System

In order to implement its Management Vision and Code of Conduct while ensuring that operations are carried out in an appropriate and efficient manner, the Cosmo Energy Group has established and maintained systems for carrying out director and employee duties of the Company and its Group companies, risk management and internal audit systems, and audit performed by the Supervisory Committee. We also have an organization for internal control by

establishing four committees, chaired by each director in charge. These committees evaluate the performance of CSR activities, bring important matters to the Executive Officers' Committee for discussion, and forward them to the Board of Directors. Such matters are also brought to the Cosmo Energy Group CSR Promotion Liaison Meeting to be shared by Group companies for the control of the entire Group companies.

Cosmo Energy Holdings Committee Structure





CSR Initiatives of the Cosmo Energy Group

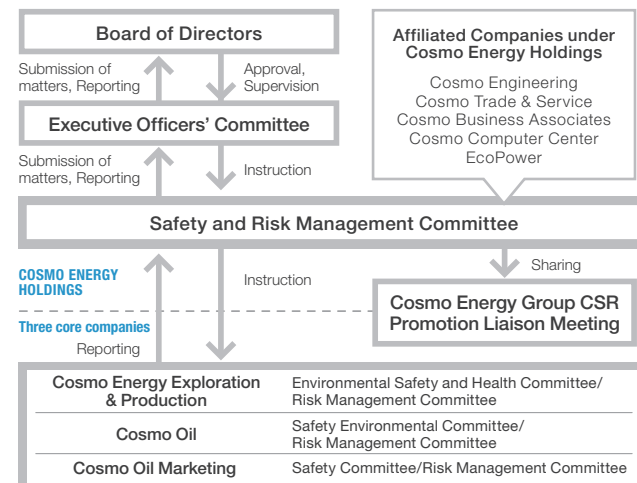
Strict Safety Management

The Cosmo Energy Group prioritizes strict safety management as part of the CSR Initiative Policy. Under the Consolidated Medium-Term Safety Plan (FY2013–2017), by holding strong commitment to the stable supply of energy, the Safety and Risk Management Committee is promoting safety management at the group-wide level. Committee strives to eliminate work-related accidents and incidents in each office and each division and to secure safe operations and stable supply.

Enhanced Risk Management of the Entire Group

Safety and risk management committee

The Group convenes a Safety and Risk Management Committee meeting twice a year to discuss the group-wide safety policy and to verify progress in safety initiatives for the enhancement of safety management. Each of the three core companies has a committee that matches its business and functions: the Environmental Safety and Health Committee in Cosmo Energy Exploration & Production, the Safety Environmental Committee in Cosmo Oil and the Safety Committee in Cosmo Oil Marketing. These committees make planning for safety initiatives and conduct inspections to verify and supervise initiatives for safety management.



Promotion of Safety Management Activities

Safety initiatives

Based on the Group's Safety Policy "Establish a culture of safety for compliance in good faith," safety initiatives have been implemented. In FY2016, the number of work-related accidents was 118 (30 accidents requiring time off from work and 88 accidents not requiring time off), and the number of work-related accidents during commuting was 20. There were no fatal accidents from work or during commuting. From FY2017, the scope of the survey is expanding to include employees of subcontracting companies in addition to directly-hired employees of Group companies. We will continue our strong efforts to reduce work-related accidents.

Number of Work-Related Accidents in FY2016

	Total work-related accidents		Accidents involving directly-hired employees		Accidents at subcontracting companies, etc.	
	Accidents requiring time off from work	Accidents not requiring time off from work	Accidents requiring time off from work	Accidents not requiring time off from work	Accidents requiring time off from work	Accidents not requiring time off from work
Accidents during work	30	88	13	52	17	36
Accidents during commuting	1	19	1	14	0	5

Accidents during work

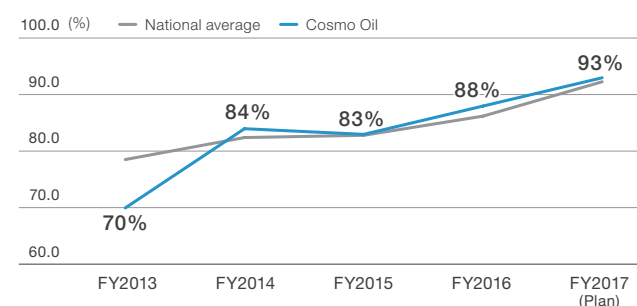
Accidents during commuting

* Including Cosmo Energy Holdings, Cosmo Energy Exploration & Production, Cosmo Oil, Cosmo Oil Marketing, Maruzen Petrochemical, and 33 related companies

Increase in capacity utilization

Since the Great East Japan Earthquake of 2011, we had suffered from our main Chiba Refinery not being in operation for roughly two years. From FY2013, the Chiba Refinery gradually resumed operation and it has significantly improved its capacity utilization by achieving two-year long run in FY2016. Our entire manufacturing division is striving to further enhance safe operation and stable supply by introducing a new Operations Management System in January 2016. In addition, we will begin a business alliance with another company in Yokkaichi in FY2017 and integrate the refining operation once the Chiba JV pipeline is completed in FY2018 in order to further enhance our competitiveness.

Capacity Utilization Rate at Refinery (calendar-day basis)



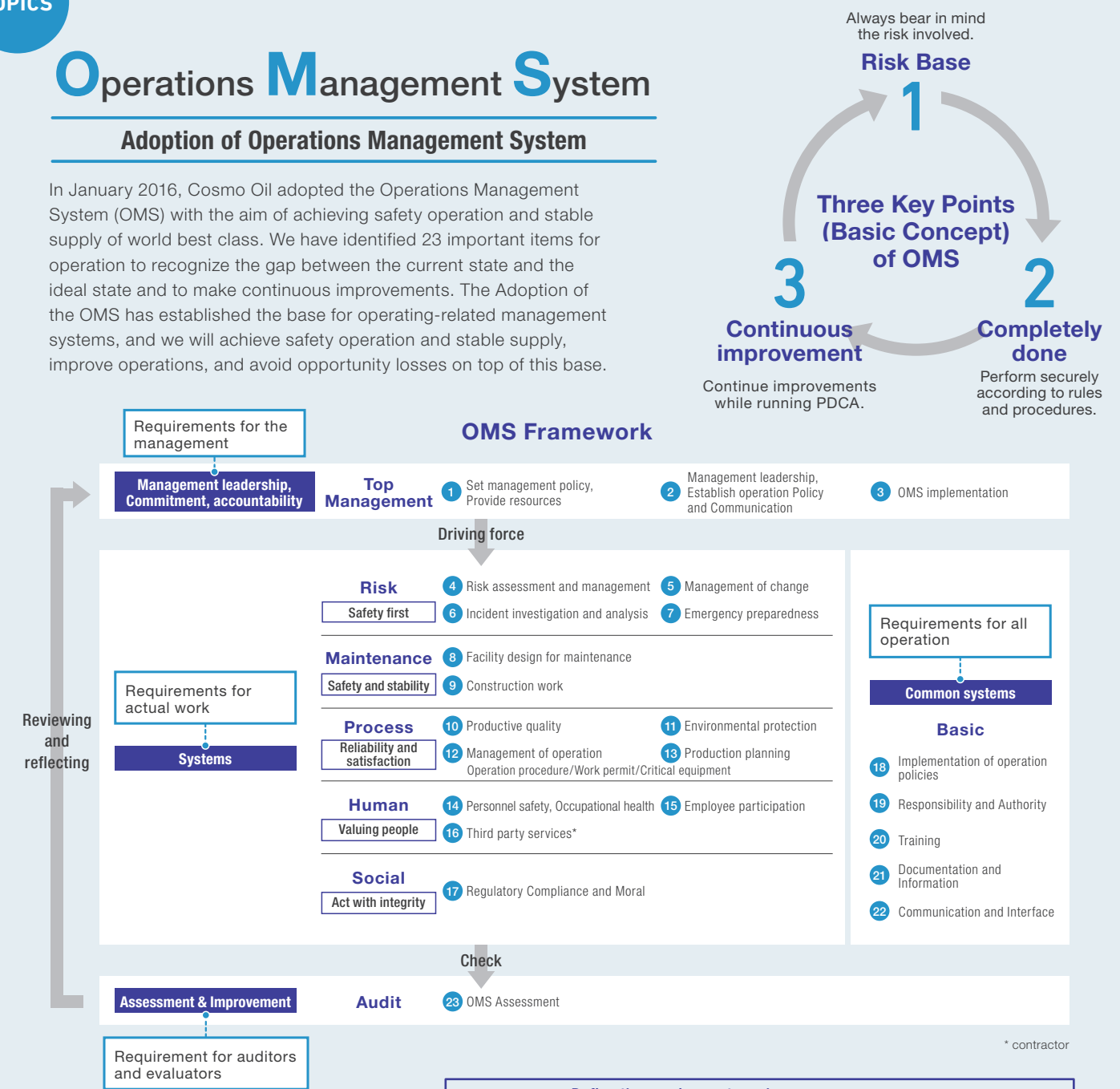
* Source for national data: Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry

TOPICS

Operations Management System

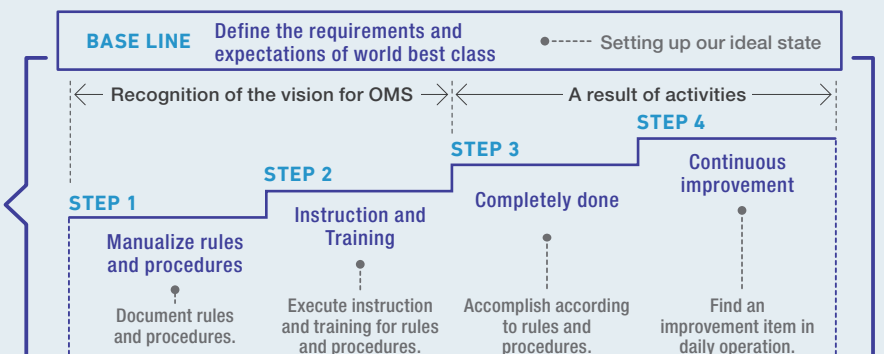
Adoption of Operations Management System

In January 2016, Cosmo Oil adopted the Operations Management System (OMS) with the aim of achieving safety operation and stable supply of world best class. We have identified 23 important items for operation to recognize the gap between the current state and the ideal state and to make continuous improvements. The Adoption of the OMS has established the base for operating-related management systems, and we will achieve safety operation and stable supply, improve operations, and avoid opportunity losses on top of this base.



Four steps of OMS

The OMS comprises (1) Manualize rules and procedures; (2) Instruction and Training; (3) Completely done; and (4) Continuous improvement. By repeating the process step by step, the OMS enables us to be closer to our ideal state (safety operation and stable supply of world best class). We are embedding this process of documentation-training-accomplishment-improvement in our culture to improve ourselves further.



One year after adoption of the OMS, some changes began to appear in employees' mindsets

Although we are still at the starting phase one year after the adoption of OMS, gradual changes have appeared in employees' mindsets. In FY2016, the first year, we focused on STEP 1 (Manualize rules and procedures) and STEP 2 (Instruction and Training). As a result, employees have become more conscious of the three key points of the OMS (risk base; completely done; and continuous

improvement), and have begun to incorporate them in their actual work. In FY2017, the second year of adoption, we plan to implement the OMS concept more deeply by finding more opportunities to execute STEP 3 (Completely done) and STEP 4 (Continuous improvement).



CSR Initiatives of the Cosmo Energy Group

Business Operation with Integrity; Raising Customer Satisfaction

All employees of the Cosmo Energy Group are engaged in their work with social responsibility and integrity, and high morale. We provide products and services that deliver comfort, peace of mind, and trust to customers, in order to fulfill their satisfaction.

Corporate Ethics Promotion Structure

The CEG corporate ethics consultation helpline

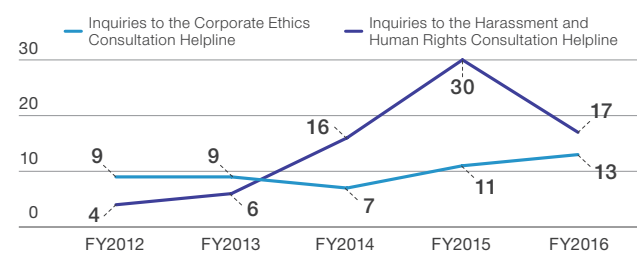
The Cosmo Energy Group (CEG) has established the Corporate Ethics and Human Rights Committee to promote and implement the CEG's Code of Conduct, and check its status. The Committee's operation is supported by the CEG Corporate Ethics Office. The CEG Corporate Ethics Consultation Helpline, by which compliance issues or ethical issues can be reported or consulted anonymously, has also been established within the Corporate Ethics Office and at an outside law firm. Details of the reported and consulted issues and the response by the respective office are forwarded to the Supervisory Committee and are reflected in future CSR activities. There were zero incidents involving serious compliance violations* in FY2016. From FY2017, the Harassment and Human Rights Consultation Helpline is eliminated and integrated into the CEG Corporate Ethics Consultation Helpline.

* The most serious violations stipulated in the internal rules or accidents.

Corporate Ethics Promotion Framework Structure



Number of Inquiries



Penetration of Code of Conduct

Corporate ethics training

To promote employee training for appropriate work execution and thorough ethical corporate activities, the Corporate Ethics Training was held 65 times in total from October 2016 to March 2017 and was attended by 47 related companies. Our aim in FY2016 was to "learn the right behavior and ways of thinking as Cosmo people." Group discussion was conducted on how to practice CSR management and the Code of Conduct, as well as human rights and diversity measures, according to the CEG Code of Conduct.



Corporate Ethics Training

Employees who took the training
92.4%
4,195 employees

Corporate ethics e-learning course

As a follow-up study to the Corporate Ethics Training, the e-Learning Course was implemented in February-March 2017 for all Group employees to individually take online. Using the original textbook, it is aimed at better understanding the Code of Conduct and maintaining high morale.



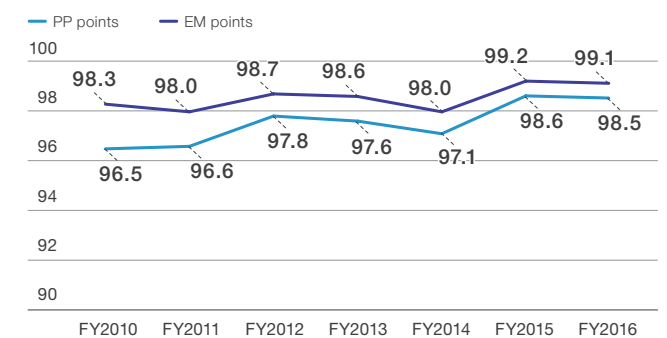
e-learning log-in screen

Raising Customer Satisfaction

CSR initiatives at Service Stations

Cosmo Oil's service stations are promoting CSR activities such as thorough compliance and consideration of the environment, and believe appreciation of this will be good for the Cosmo Brand. As a CSR survey, the Cosmo Energy Group conducts annual privacy policy (PP) surveys to check proper management of personal information and environmental management (EM) surveys to check if environment/safety-related equipment and facilities are properly managed to prevent oil leakage, prevent its diffusion, and treat contamination at service stations. In FY2016, inspectors visited 1,198 service stations, while 1,529 service stations conducted their own self-assessments.

PP Points and EM Points



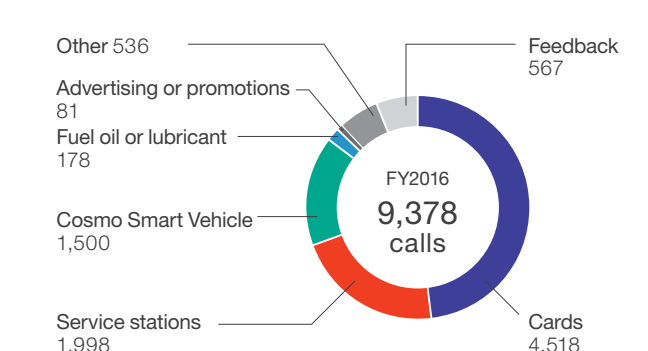
Ensuring customer support

The Cosmo Oil Customer Center operates a customer support hotline 24 hours a day. In FY2016 the support hotline received 9,378 calls, down 768 from the previous year. Among the calls, the smart vehicle-related inquiries increased 616 from the previous year, suggesting some impacts of TV commercials and internet ads. On the other hand, the support line also received feedback accounting for 567 calls, of which 539 concerned service stations. We heed those voices of customers so that we can better provide satisfying services, as declared in our message "Filling Up Your Hearts, Too."

Calls to the Customer Support Hotline

Praise	
Reply from an operator in charge	I signed a contract for a Cosmo My Car Lease, expecting the car to be delivered soon. However, the car I was using today didn't start and I was in big trouble. I called the head of the Cosmo Oil service station for help and he arranged a substitute vehicle for me. Thank you very much.
	Although it is a part of our job to dispose of the current vehicle and arrange a substitute vehicle, we appreciate your compliment very much.

Customer Support Hotline Calls by Type



Feedback	
Reply from an operator in charge	I used a self-service gas station for the first time and didn't know how to use it, but the staff member at the station was not helpful.
	We take your feedback seriously, share it within the company, and strive to thoroughly train our staff and further improve services.

TOPICS

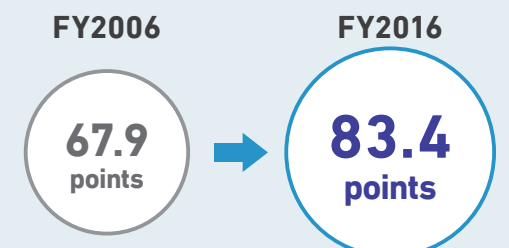
Regular Checking of Service Stations for Fulfillment of Three Promises

True to the "Filling Up Your Hearts, Too," declaration, Cosmo Oil service stations are working to fulfill the following three brand promises to customers. We are confident that keeping these promises at all service stations will result in favorable attitudes toward the Cosmo Brand and its being preferred by more customers. To check the status of our initiatives and enhancing services, outside mystery examiners investigate services at stations three times a year.

"Filling Up Your Hearts, Too" Declaration Three brand promises

- **Comfort** Customers will be greeted with a welcome and a smile at clean Cosmo Oil service stations.
- **Peace of mind** Cosmo Oil service stations will offer quality-assured products and services.
- **Trust** Cosmo Oil service station staff will be responsible for their answers to customers' queries.

Total Scores of the Survey by Outside Mystery Examiners (100 points at best)



CSR Initiatives of the Cosmo Energy Group

Enhancing Human Rights /
Personnel Policies

The Cosmo Energy Group believes that our human resources are the source of our value creation. We strive to develop people who proactively tackle issues of the changing business environment with a sense of speed. At the same time, we respect diversity and make efforts to encourage employees to play an active role by making use of their diverse backgrounds.

Human Resources Development and “Global Human Resources”

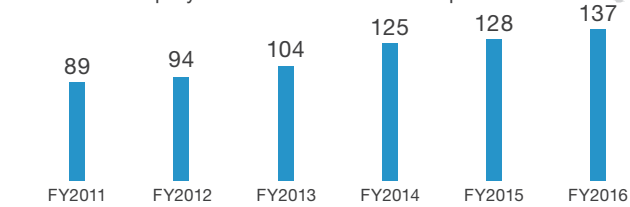
Development of professionals and dealing with globalization

The personnel system has identified a desired employee as a professional with aspirations and willingness to improve. We depart from conventional seniority-based personnel management in favor of aiming at selectively developing personnel that match objectives. We have included knowledge and skills needed for business as an item included in promotion reviews, as one means we encourage personal development. We have conducted training courses for managers to improve their fostering of subordinates and have enhanced the training course for female employees to further encourage their development. The Cosmo Energy Group has 137 employees stationed in seven countries outside Japan. Aiming to become a vertically integrated global energy company, we urgently need to foster global human resources with diverse experience and skills. Therefore we send young and mid-career employees to work on projects outside Japan and to study abroad for continuing education. We have sponsored select employees study at overseas universities or international universities in Japan (12 employees in the past five years.)

Number of Employees Stationed Outside Japan by Country:



Number of Employees Stationed Outside Japan:



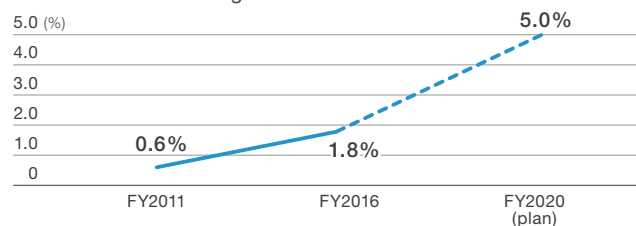
* The number of employees includes employees of Cosmo Oil and Cosmo Engineering, Cosmo Trade & Service, and Cosmo Energy Exploration & Production (as of March 31, 2017)

Initiatives on Diversity

Focus on empowering women in the workplace

The Cosmo Energy Group is committed to achieve diversity in its workplace. We aim to achieve high productivity and continue to grow by having a workplace that allows motivated employees with diverse backgrounds go about their work proactively. For that purpose, the Diversity Promotion Office was established in June 2015 to promote development and use of diverse human resources and the human rights measures. In particular, we are focusing on encouraging female employees' work, by implementing an action plan targeting the ratio of female managers at 5% of total by 2020 (compared to 1.8% as of March 31, 2017.)

Ratio of Female Managers



* Employees of Cosmo Oil (including those seconded outside, and excluding seconded employees to Cosmo Oil from other companies)

Respecting for human rights

We respect the human rights of each employee and endeavor to make pleasant positive workplaces by preventing harassment. The CEG Corporate Ethics Consultation Helpline is open to dispatched workers and part-timers in addition to full-time employees, to consult on issues concerning human rights and harassment for improving workplaces.

Respecting diversity

Under the continuing theme of promoting diversity and offering fair employment opportunities, we are striving to increase our employment of persons with disabilities. The persons with disabilities as of June 1, 2016 fell short of the 2.0% rate mandated in Japan but increased to 2.36% as of June 1, 2017, exceeding the mandate rate. We are also striving for development of workplaces and promotion of employment for persons with disabilities. In FY2016, we hosted internships for one student with mental disabilities and another student with hearing disabilities as one measure to expand workplaces for such persons.

Facilitating Work-life Balance

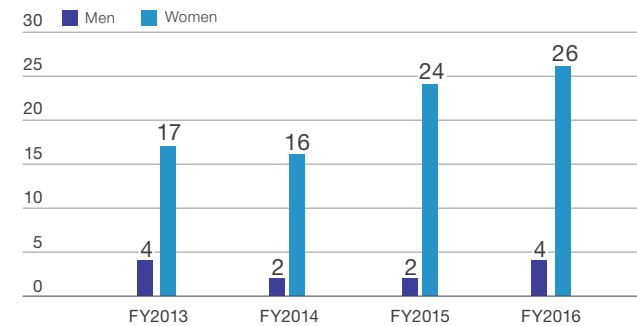
Creating the system that allows employees to continue to work

The Cosmo Energy Group has adopted various programs so that our employees can work in good mental and physical personal condition and balance their work with their life events. Employees who are having babies and raising children can utilize childcare leave and also the arrangements for working reduced hours or the work-at-home program. Moreover, we encourage employees to take the special occasion paid holidays that we provide for each child's first birthday. We have also prepared some programs that allow employees with a change in family circumstances to continue to work: namely, a program with limited workplace options due to childcare or elderly care; a re-employment program for employees who have forced to leave a company due to needs related to childcare or elderly care; and a work-leave program due to work re-assignment of a spouse. We also have a career support program for employees who take child care leave to facilitate their return to work.

Child Care Support Programs

Leave of absence for child care (up to the end of a fiscal year after the child turns 3)	Work-at-home program
Short working hours for child care (up to the beginning of the 4th grade of the child)	Limited workplace options
Time-off for child care (only for female employees)	Subsidy for use of child care and other facilities
Limit to overtime and night work	Use of outside services to find a nursery
Off-days needed for child care and nursing care	Use of support services of wiwiw, inc.
Special occasion paid holidays	Benefits for child care leave (Mutual aid associations)

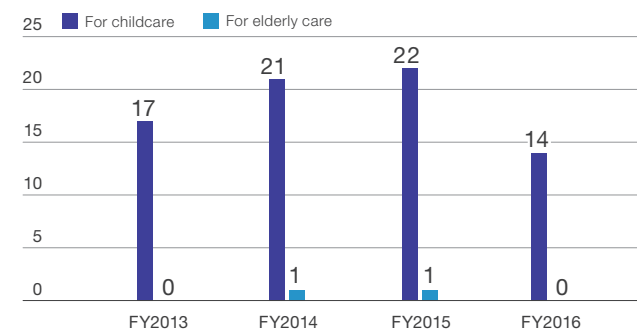
Number of Employees Taking Childcare Leave



* Employees taking childcare leave ranging over two years are counted in both years.

* Employees of Cosmo Oil (including those seconded outside, and excluding seconded employees to Cosmo Oil from other companies)

Employees Working Reduced Hours



* Employees taking childcare leave ranging over two years are counted in both years.

* Employees of Cosmo Oil (including those seconded outside, and excluding seconded employees to Cosmo Oil from other companies)

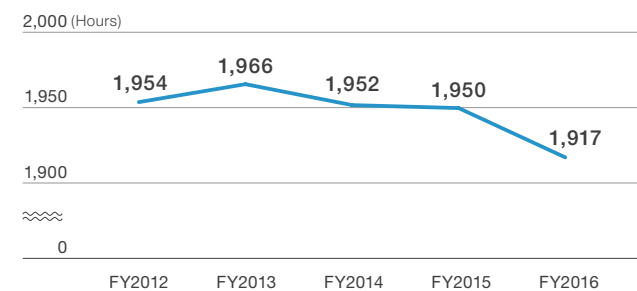
Reducing Long Working Hours

Enhancing productivity and achieving appropriate working hours

Valuing the health of employees and working to facilitate work-life balance, we have aimed to optimize working hours by improving productivity since FY2014.

Targeting at 1,900 total annual work hours, initiatives in FY2015 include the encouragement of employees to work mornings rather than nights (revision in additional pay rate for overtime), to take a so-called “refresh day” (no-after-hours work day), to turn off the light in the workplace at 20pm (to discourage non-essential after-hours work), and to factor in the actual number of hours worked by subordinates and its improvement into personnel assessment of managers. These efforts have resulted in a decline in working hours for the third consecutive year and more employees have made plans to take their paid holidays. In FY2017, we plan to continue these initiatives and also to introduce a new IT system for achieving higher productivity and workstyle innovation.

Total Annual Work Hours



* Cosmo Energy Holdings, Cosmo Energy Exploration & Production, Cosmo Oil, and Cosmo Oil Marketing (including employees seconded from Cosmo Engineering and Cosmo Trade & Service)

Average Monthly Overtime Hours and Average Annual Paid Holidays Taken

	FY2012	FY2013	FY2014	FY2015	FY2016
Average monthly overtime hours	22.5 hours	23.2 hours	22.3 hours	22.5 hours	19.6 hours
Paid holidays taken	17.8 days	17.4 days	17.7 days	18.4 days	18.5 days

* In the case of employees who join the company in April: 15 paid holidays in their first year, then 17 days after one year of employment, 19 days after two consecutive years, and 21 days after three consecutive years.



CSR Initiatives of the Cosmo Energy Group

Promoting Environmental Initiatives

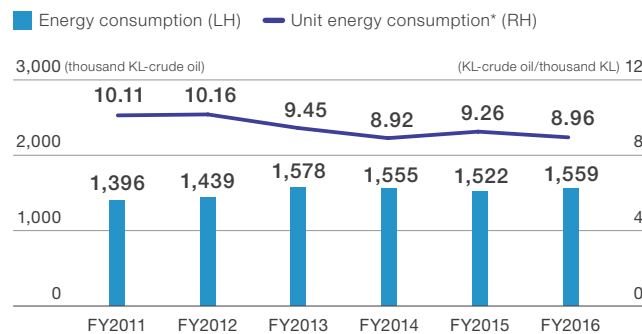
The Cosmo Energy Group advocates “promoting environmental initiatives” as one of the priorities of our CSR Initiative Policy. In the Consolidated Medium-Term Environmental Plan (FY2013-2017), we have three priorities: responding strategically to global warming while ensuring business continuity, reducing environmental impact, and promoting environmental contribution activities. We are taking action to realize the corporate messages of “Living with Our Planet” addressed to society.

Initiatives in Response to Global Warming

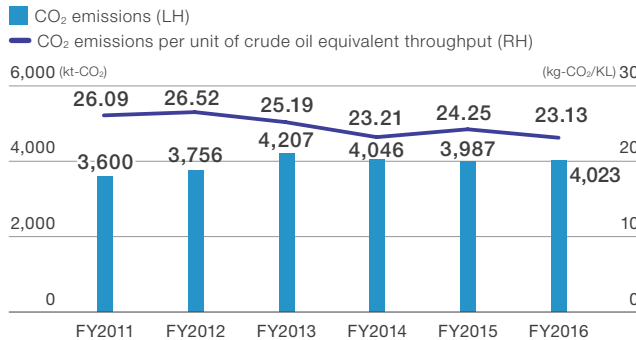
Energy conservation at refineries

The Cosmo Energy Group's refineries represent over 60% of CO₂ emissions generated by the Group. The Group is working to reduce this figure and conserve energy by introducing high-efficiency equipment and improving operational performance. In FY2016, an increase in crude oil refining volume resulted in an increase of the aggregate amount of energy consumption. However, due to the promotion of energy conservation activities at refineries, unit energy consumption and CO₂ emissions per unit of crude oil equivalent throughput decreased compared to the previous year.

Energy Consumption and Unit Energy Consumption



* Unit energy consumption indicates total energy consumption divided by the total crude oil equivalent throughput, taking into account the complexity of refining technology. The unit used is kiloliters of crude oil equivalent/thousand kiloliters (KL-crude oil/thousand KL). Total energy consumption is calculated by converting heat, electricity, and other energy use into the thousand kiloliters of crude oil equivalent (thousand KL-crude oil).

CO₂ Emissions and CO₂ Emissions per Unit of Crude Oil Equivalent Throughput

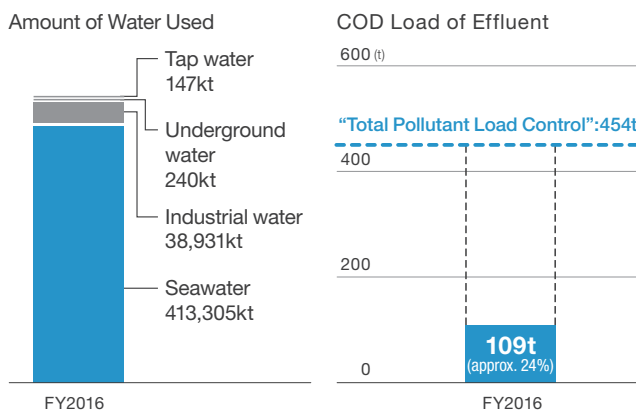
* As the Sakaike Refinery was turned into a distribution terminal in FY2014, the data has been collected from three refineries since FY2014, compared to from four refineries up to FY2013.
* In addition to the figures shown in the graph, N₂O released from the catalyst regeneration tower amounted to 17 kt of CO₂ equivalent in FY2016.

Reducing Environmental Impact

Use of water and water discharge measures

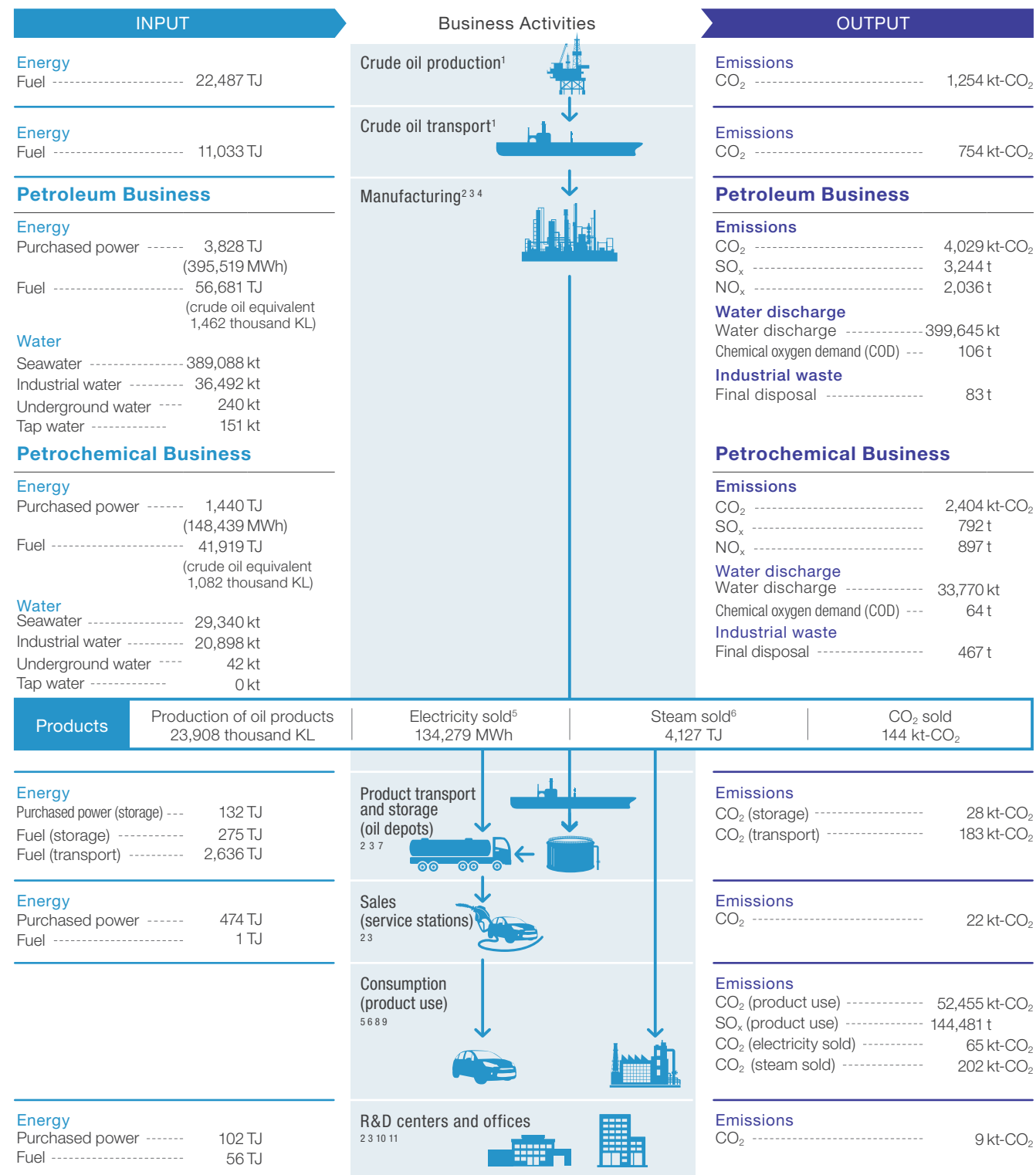
The Cosmo Energy Group's refineries and plants use a vast amount of water (over 90% is seawater) mainly for cooling but also for cleaning and boiler feed water. In FY2016, 452,622kt of water was used, of which 38,931kt was industrial water. We are striving to use water efficiently, including the reuse and recycle of water.

Concerning water discharge, we discharge the seawater used for cooling into the sea, and properly treat the water used for cleaning and other operating processes at stricter levels than required by the legal standard levels for minimizing environmental impact when discharged. In FY2016, the total amount of Chemical Oxygen Demand (COD, an indicator used to quantify the amount of oxidizable pollutants found in water discharge) was at a low level, equivalent to about 24% of the “Total Pollutant Load Control amount” (annual value for reference.)



* The amount is an aggregate amount for refineries and plants of Cosmo Oil, Cosmo Matsuyama Oil, and Cosmo Oil Lubricants.
* Total Pollutant Load Control amount (annual value for reference): The prescribed daily load is multiplied by 365 to get an annual amount. In the case that the amount temporarily exceeds the legal limit, we report to the relevant authority and promptly take measures to make the amount fall below the legal limit.

Environmental Impact of Business Activities in FY2016



- “Crude oil production” and “Crude oil transport” are estimated based on LCI for Petroleum Products by Fuel and Environmental Impact Assessment for Petroleum Products, published in March 2000 by the Japan Petroleum Energy Center.
- For “Manufacturing” and subsequent stages, energy consumption is calculated in accordance with the Act on the Rational Use of Energy.
- CO₂ emissions for “Manufacturing,” “Product transport and storage (oil depots),” and “Sales (service stations)” (based on data from Cosmo Oil Sales Corp.), “R&D centers, offices, and other facilities” are calculated in accordance with a manual for GHG emissions accounting, reporting, and disclosure systems published by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry.
- Figures given for “Manufacturing” include data from Cosmo Oil's three refineries, Yokkaichi Kasumi Power Station, and Cosmo Oil Lubricants in the Petroleum Business and Cosmo Matsuyama Oil and Maruzen Petrochemical in the Petrochemical Business. However, figures for SO_x and NO_x exclude data from Cosmo Oil Lubricants.

- “Electricity sold” refers to electricity supplied externally by Cosmo Oil's Chiba Refinery and Maruzen Petrochemical's Chiba Plant. CO₂ emissions from “Manufacturing” were calculated by deducting the portion of CO₂ emissions attributable to electricity sold. CO₂ emissions from utility (power) were included in the CO₂ emissions from “Manufacturing.”
- “Steam sold” refers to steam sold by the Chiba Refinery, Cosmo Matsuyama Oil, and Maruzen Petrochemical's Chiba Plant. CO₂ emissions for “Manufacturing” were calculated after deducting the portion of CO₂ emissions that results from the generated steam sold.
- CO₂ emissions from “Product transport” include data from the specified consigners in accordance with the Act on the Rational Use of Energy.

- CO₂ emissions for “Consumption (product use)” are calculated by multiplying shipped volume of fuel products (such as gasoline and heavy fuel oil) by CO₂ emission coefficient. CO₂ emissions attributable to generated “Electricity sold” and “Steam sold” are calculated separately.
- SO_x emissions for “Consumption (product use)” are for reference, and were estimated from the sulfur content of products without accounting for sulfur reduction during use. Accordingly, actual SO_x emissions are lower than the estimate.
- Data for “R&D Centers” includes the R&D Center of Cosmo Oil, the R&D Laboratory of Cosmo Oil Lubricants, and Research Center of Maruzen Petrochemical.
- Figures given for “Offices and other facilities” are the amount of electricity use of Cosmo Energy Holdings, Cosmo Energy Exploration & Production, Cosmo Oil, Cosmo Oil Marketing, Group companies that share the eco-office activities, and Maruzen Petrochemical.

* The Cosmo Energy Group's total direct (Scope 1) emissions from business activities were 6,060kt CO₂ equivalent, and its indirect (Scope 2) emissions were 431kt CO₂ equivalent.



CSR Initiatives of the Cosmo Energy Group

Implementing Better Communication with Society

Our mission and role as a company that supports energy infrastructure centered on oil are substantial. We believe that our obligations are to establish a system to maintain the stable supply of energy and to continue our own environmental activities through our business activities in order to resolve social issues in the world.

Structure to Persistently Protect Stable Supply

Business continuity plan (BCP)

We have revised the Earthquake BCP Manual in tandem with the transition to a holding company structure, established Crisis Response Headquarters respectively at the holding company and other Group companies, and changed the system to initiate the BCP. Moreover, even if we are unable to establish the Crisis Response Headquarters at the head office due to factors such as an earthquake directly under the Tokyo metropolitan area, we have prepared manuals for the Provisional Crisis Response Headquarters to be established at the Cosmo Oil Sakai Refinery and the Kansai Branch of Cosmo Oil Marketing. In FY2017, we are planning to conduct more effective training.

BCP facilities at head office

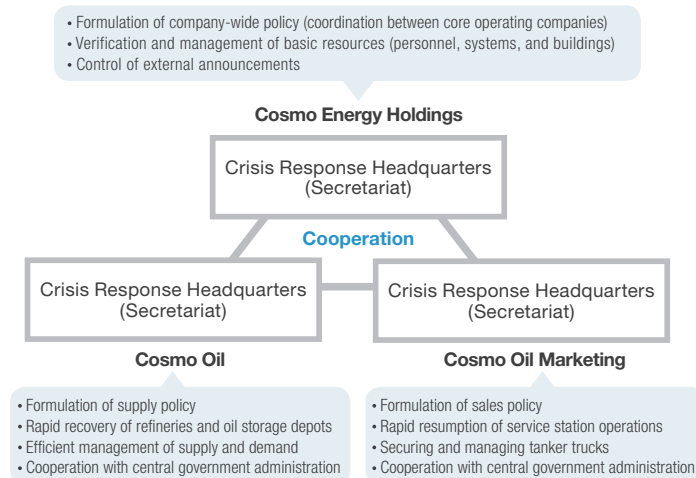
The Group has installed satellite phones and MCA wireless* at each business site, and has a system that enables communication to be conducted even in situations where fixed phones and mobile phones cannot be used. Furthermore, at the head office, emergency-use generators have been installed while, in the main conference room, which is to be used as the Crisis Response Headquarters, power switching boards for normal use and emergency use (BCP enabled boards) and electrical outlets that can be used when using emergency-use power sources (BCP enabled electrical outlets) have been installed.

* A Multi-Channel Access (MCA) radio system is a business-use mobile communication system that can be used at the time of a major disaster in Japan.

Crisis response headquarters training

Since FY2015, we have been conducting training to ensure business continuity, based on the assumption that an earthquake may occur directly under the Tokyo metropolitan area and the headquarters will be unable to function. On October 17, 2016, we carried out a drill to set up a provisional crisis response headquarters at a refinery and branch in the Kansai region, on behalf of the headquarters in Tokyo. By collecting damage information and conducting procedures to maintain supply, we verified the items required until the resumption of shipments. After resolving the issues extracted from this training, we have reflected improvement points in manuals, and we intend to capitalize on them. As part of risk management, we will continue to conduct BCP training in an integrated way and strive for the stable supply of petroleum products.

BCP organizational structure



Summary of Earthquake BCP of Cosmo Energy Group

Key points	<ul style="list-style-type: none"> Unifies disaster estimation in the BCP framework and the BCP manuals of each division Estimates damage at each company and each division based on disaster assumptions Clarifies business continuity objectives in terms of the Company, based on disaster assumptions and damage estimations Separates operational flow at each company and each division chronologically, clarifies operational details during this period, and strengthens inter-divisional cooperation
Basic policy	(1) Priority on human life, prevent secondary disaster, secure stable supply (2) Rapid restoration of sequential supply chain BCP (encompassing the scope from refineries and oil depots to service stations) (3) Consistency with "Japan's Petroleum Supply Plan for Disasters" based on the Oil Stockpiling Act
Scenarios	Major earthquake in Tokyo and/or Nankai Trough great earthquake
Business continuity objectives	We will strive to continue oil refinery shipments to service station operations to prevent suspension of the stable supply of oil products or enable resumption within 24 hours.
Advance response (disaster prevention, disaster mitigation)	<ul style="list-style-type: none"> Regular implementation of earthquake BCP training Hardware countermeasures against earthquakes and tsunami (safe shutdown of equipment, lateral flow countermeasures, etc.)

* Plans where oil refiners supply oil by cooperating in implementing joint operations, including the establishment of a joint operating system, joint use of facilities, and cooperation relating to transportation



Training at the provisional crisis response headquarters

Unique Environmental Social Contributions Utilizing Business Activities

"Cosmo Oil Eco Card Fund"

The Cosmo Energy Group has been issuing the Eco Card as a membership card to our loyal customers who frequently use our service stations and have a high level of environmental consciousness since 2002. There are 64,000 card holders. This Eco Card has an add-on feature to contribute to environmental activities: both card members and the Cosmo Energy Group make donations to fund the Cosmo Oil Eco Card Fund, which supports projects to counter environmental problems across the world. In FY2016, the Fund supported 14 projects, and was involved in a project to plant 35,000 trees as well as another to preserve a 38,000 hectare forest. The roots of climate change problems are often poverty, education, economic growth, and other social issues in emerging countries. The projects the Fund supports tend to help resolve these issues as well. In FY2016, we received an award from a local government for our contribution to a project in the Solomon Islands in the South Pacific. This project, which began in 2002, aimed to balance the preservation of tropical rain forest and economic growth. We will continue to help resolve social issues in the world jointly with our Eco Card members.



Cosmo the Card Eco



Award ceremony in the Solomon Islands

Detailed information Cosmo Oil Eco Card Fund Activity Report 2017
<https://ceh.cosmo-oil.co.jp/eng/envi/ecoreport/index.html>

"Cosmo Earth Conscious Act" cleanup campaign

Since 2001, the Cosmo Energy Group, in a partnership with the Japan FM Network Association, has been promoting Cosmo Earth Conscious Act initiatives for the preservation and conservation of the global environment. These efforts include cleanup campaigns, where participants enjoy nearby nature while cleaning up throughout Japan. At 631 locations over the past 16 years, 239,590 participants of these campaigns have collected a total of 6,852,072 liters of garbage. Each summer, a cleanup campaign is also held at Mt. Fuji. Ken Noguchi, a Japanese alpinist, and 160 volunteers from all over Japan clean up Mt. Fuji while enjoying eco trekking.



Cleanup Campaign in Mt. Fuji



Digging up and collecting garbage that was unlawfully dumped and buried on Mt. Fuji

Social contribution activities

Based on "Harmony and Symbiosis between Companies and Society," one of the principles of the management philosophy, the Cosmo Energy Group is undertaking various social contribution activities. The Cosmo Waku Waku Camp, a nature camp for elementary school-aged children who have lost their parent(s) in traffic accidents, is a representative project that was launched in 1993. At the 24th camp in FY2016, 42 children and nine voluntary employees participated. The children experienced gorge climbing, thinning of trees, and craft production using the felled trees to appreciate nature for three days.



Cosmo Waku Waku Camp

Detailed information Website on social contribution
<https://ceh.cosmo-oil.co.jp/eng/social/index.html>

11-Year Selected Financial and Operating Data

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2016
For The Year	Millions of yen											Thousands of U.S. dollars¹
Dubai crude oil price (US\$ /barrel)	60.8	77.1	82.8	69.6	84.1	110.1	107.0	104.6	83.5	45.7	46.9	—
Foreign exchange rate (¥/US\$)	117.0	114.5	100.6	92.9	85.8	79.1	83.0	100.2	109.9	120.1	108.4	—
Net sales	¥3,062,744	¥3,523,087	¥3,428,211	¥2,612,141	¥2,771,523	¥3,109,746	¥3,166,689	¥3,537,782	¥3,035,818	¥2,244,306	¥2,292,280	\$20,432,130
Cost of sales	2,852,242	3,290,688	3,389,408	2,435,366	2,539,032	2,918,238	2,989,274	3,369,007	2,944,919	2,154,615	2,079,727	18,537,549
Selling, general and administrative expenses	140,859	148,602	145,809	142,568	128,393	127,937	124,992	129,060	129,346	119,433	120,370	1,072,920
Operating income (loss)	69,643	83,797	(107,006)	34,207	104,097	63,570	52,422	39,715	(38,447)	(29,742)	92,182	821,662
Inventory valuation gain (loss)²	2,800	45,000	(180,100)	52,600	22,300	25,200	15,264	16,068	(116,177)	(68,703)	39,400	351,190
Operating income (loss) excluding the impact of inventory valuation	66,843	38,797	73,094	(18,393)	81,797	38,370	37,158	23,647	77,730	38,961	52,782	470,472
Ordinary income (loss)	74,789	94,330	(125,004)	36,411	96,094	61,420	48,439	41,847	(49,640)	(36,121)	81,448	725,987
Ordinary income (loss) excluding the impact of inventory valuation	71,989	49,329	55,095	(16,189)	73,829	36,238	33,173	25,778	66,537	32,644	42,048	374,793
Petroleum	23,254	1,450	5,022	(43,283)	36,124	(17,181)	(38,960)	(41,394)	22,067	5,784	1,770	15,777
Petrochemical	—	—	—	—	(329)	2,075	3,343	3,692	(6,977)	4,291	22,177	197,674
Oil exploration and production	48,607	46,864	45,900	29,418	34,657	52,023	60,688	58,141	47,538	18,637	9,347	83,314
Other	128	1,015	4,173	(2,324)	3,377	(679)	8,102	5,339	3,909	3,932	8,754	78,028
Profit (loss) before income taxes	71,243	95,561	(117,180)	35,527	73,451	35,381	(2,536)	49,443	(44,599)	(43,797)	78,565	700,292
Profit (loss) attributable to owners of parent³	26,536	35,153	(92,430)	(10,741)	28,933	(9,084)	(85,882)	4,348	(77,729)	(50,230)	53,235	474,508
Capital expenditures	36,127	48,958	67,025	87,677	64,369	27,933	83,429	41,243	70,396	82,775	120,302	1,072,309
R&D expenses	3,753	3,840	3,863	3,657	3,834	3,791	3,765	3,271	3,077	3,104	4,269	38,055
Depreciation and amortization⁴	37,788	42,776	41,492	42,746	51,068	50,601	44,953	35,330	32,399	30,713	37,769	336,661
Cash flows from operating activities	25,005	(4,215)	82,136	2,262	26,297	43,616	(20,950)	35,837	163,384	18,427	47,625	424,505
Cash flows from investing activities	(35,868)	(32,806)	(55,953)	(93,306)	(73,109)	(25,805)	(80,481)	(61,007)	(30,126)	(32,839)	(112,038)	(998,650)
Cash flows from financing activities	80,023	(5,229)	57,854	159,302	(86,077)	11,606	104,695	12,555	(178,920)	32,499	9,626	85,803
At Year-End	Millions of yen											Thousands of U.S. dollars
Total assets	¥1,579,156	¥1,627,904	¥1,440,396	¥1,645,048	¥1,579,424	¥1,675,070	¥1,743,492	¥1,696,831	¥1,428,628	¥1,409,615	¥1,525,679	\$13,599,068
Non-controlling interests⁵	21,912	26,815	19,016	15,833	17,508	20,506	26,475	29,214	40,326	94,665	108,063	963,218
Net assets excluding non-controlling interests	339,701	442,912	328,434	315,747	332,730	316,931	230,456	231,927	167,194	108,046	164,722	1,468,247
Total current assets	882,082	933,722	688,310	845,337	793,363	920,412	967,148	921,790	621,578	516,254	561,604	5,005,830
Total current liabilities	811,846	812,028	683,883	744,174	622,173	744,275	816,611	799,199	603,860	555,519	655,473	5,842,530
Net interest-bearing debt⁶	483,784	438,930	438,689	548,832	605,789	598,773	713,190	723,257	597,701	666,179	727,259	6,482,386
Number of outstanding shares (thousands)⁷	671,705	847,705	847,705	847,705	847,705	847,705	847,705	847,705	847,705	84,770	84,770	—
Per Share Data⁸	Yen											U.S. dollar
Profit (loss) attributable to owners of parent	¥ 39.54	¥ 46.72	¥ (109.11)	¥ (12.68)	¥ 34.16	¥ (10.72)	¥ (101.39)	¥ 5.13	¥ (91.77)	¥ (594.85)	¥ 633.32	\$5.65
Diluted profit attributable to owners of parent	37.91	44.98	—	—	33.58	—	—	—	—	—	—	—
Net assets	506.15	522.84	387.71	372.74	392.80	374.15	272.07	273.81	197.39	1,286.03	1,958.91	17.46
Cash dividends	8.00	8.00	8.00	8.00	8.00	8.00	0.00	2.00	0.00	40.00	50.00	0.45
Ratios												
Return on assets (ROA) (%)	1.7	2.2	(6.0)	(0.7)	1.8	(0.6)	(5.0)	0.3	(5.0)	(3.5)	3.6	—
Return on equity (ROE) (%)	8.0	9.0	(24.0)	(3.3)	8.9	(2.8)	(31.4)	1.9	(39.0)	(36.5)	39.0	—
Equity ratio (%)	21.5	27.2	22.8	19.2	21.1	18.9	13.2	13.7	11.7	7.7	10.8	—
Debt-to-total capital ratio (%)	38.6	32.0	41.6	47.3	44.3	43.1	48.3	50.9	48.5	53.7	50.6	—
Net debt-to-equity ratio (times)⁹	1.4	1.0	1.3	1.7	1.8	1.9	3.1	3.1	3.6	4.6	3.6	—

1. U.S. dollar amounts are translated from Japanese yen, for the convenience of readers only, at the rate of ¥112.19 to US\$1.00, the approximate exchange rate prevailing on March 31, 2017.

2. "Inventory valuation gain (loss)" from FY2006 through FY2007 are based on the periodic average method of inventory valuation, whereas "Inventory valuation gain (loss)" from FY2009 are based on the lower of cost or market method as dictated by ASBJ (Accounting Standards Board of Japan) Statement No.9, "Accounting Standard for Measurement of Inventories."

3. Up to FY2014, "Net income (loss)" is presented.

4. Depreciation and amortization includes cost recovery under production sharing. In FY2011 and FY2012, depreciation and amortization includes recovery of recoverable accounts under production sharing as well as depreciation applicable to fixed assets idled as a result of the fire at the Chiba Refinery caused by the Great East Japan Earthquake.

5. Up to FY2014, "Minority interests" is presented.

6. Up to FY2012, "Cash and deposits" and "Short-term investment securities" are deducted from "Interest-bearing debt." From FY2013, "Cash and deposits" is deducted from "Interest-bearing debt." In FY2015, "Cash and deposits" and "Securities" are deducted from "Interest-bearing debt."

7. On October 1, 2015, Cosmo Energy Holdings Co., Ltd. was established as the wholly-owing parent company of Cosmo Oil Co., Ltd. through the share transfer. To one common share of the former Cosmo Oil, 0.1 common share of the holding company was allocated (for example 1,000 Cosmo Oil shares to 100 Cosmo Energy Holdings shares).

8. "Per share data" for FY2015 and FY2016 are data for one share of Cosmo Energy Holdings, according to the allocation of 0.1 share of the holding company to 1 share of the former Cosmo Oil.

9. The ratio from FY2015 is credit rating-based.

10. Up to FY2009, the figures are rounded up or down to the nearest million. From FY2010 onward, the figures are rounded off to the nearest million.

11. The Petrochemical Business, which had previously been included in the Petroleum Business segment, was separated into a different segment from FY2010.

Consolidated Balance Sheets

ASSETS

FY2015 (As of March 31, 2016)

FY2016 (As of March 31, 2017)

Millions of yen

Current assets		
Cash and deposits	¥ 60,972	¥ 45,292
Notes and accounts receivable-trade	192,572	216,602
Securities	30,000	—
Merchandise and finished goods	87,825	111,905
Work in process	391	279
Raw materials and supplies	94,211	131,181
Accounts receivable-other	28,709	36,010
Deferred tax assets	3,812	3,760
Other	17,954	16,752
Allowance for doubtful accounts	(195)	(181)
Total current assets	516,254	561,604
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	129,074	150,866
Oil storage depots, net	32,693	33,027
Machinery, equipment and vehicles, net	149,609	161,690
Land	320,971	320,496
Lease assets, net	761	674
Construction in progress	53,586	99,980
Other, net	6,571	6,584
Total property, plant and equipment	693,267	773,320
Intangible assets		
Software	3,158	3,032
Goodwill	1,452	721
Other	42,812	40,830
Total intangible assets	47,423	44,585
Investments and other assets		
Investment securities	112,040	105,720
Long-term loans receivable	2,048	2,857
Long-term prepaid expenses	7,986	6,716
Net defined benefit asset	1,738	1,928
Cost recovery under production sharing	16,917	17,302
Deferred tax assets	2,437	2,608
Other	9,330	8,899
Allowance for doubtful accounts	(481)	(365)
Total investments and other assets	152,019	145,667
Total noncurrent assets	892,710	963,573
Deferred assets		
Bond issuance cost	651	502
Total deferred assets	651	502

Total assets

¥1,409,615

¥1,525,679

LIABILITIES

FY2015 (As of March 31, 2016)

FY2016 (As of March 31, 2017)

Millions of yen

Current liabilities		
Notes and accounts payable-trade	¥ 115,803	¥ 170,539
Short-term loans payable	200,619	225,169
Commercial paper	12,000	51,400
Accounts payable-other	94,582	92,428
Accrued volatile oil and other petroleum taxes	93,788	66,528
Income taxes payable	8,094	11,237
Accrued expenses	3,716	3,182
Provision for bonuses	4,962	5,326
Provision for directors' bonuses	293	315
Deferred tax liabilities	52	266
Provision for business structure improvement	4,534	2,001
Other	17,070	27,079
Total current liabilities	555,519	655,473
Noncurrent liabilities		
Bonds payable	46,700	46,700
Long-term loans payable	497,831	449,282
Deferred tax liabilities	31,202	33,608
Deferred tax liabilities for land revaluation	5,249	5,243
Provision for special repairs	15,078	13,781
Provision for business structure improvement	1,171	212
Provision for environmental measures	3,416	1,997
Net defined benefit liability	9,586	5,516
Provision for executive remuneration BIP trust	41	296
Asset retirement obligations	11,375	19,338
Other	29,730	21,441
Total noncurrent liabilities	651,384	597,420
Total liabilities	¥1,206,903	¥1,252,893
NET ASSETS		
Shareholders' equity		
Capital stock	¥ 40,000	¥ 40,000
Capital surplus	84,509	84,359
Retained earnings	259	49,985
Treasury shares	(1,223)	(1,113)
Total shareholders' equity	123,545	173,231
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,042	4,794
Deferred gains or losses on hedges	(1,601)	(233)
Revaluation reserve for land	(20,660)	(20,576)
Foreign currency translation adjustment	8,507	7,215
Remeasurements of defined benefit plans	(4,786)	292
Total accumulated other comprehensive income	(15,499)	(8,508)
Non-controlling interests	94,665	108,063
Total net assets	202,712	272,786

Total liabilities and net assets

¥1,409,615

¥1,525,679

Consolidated Statements of Income

	FY2015 (From April 1 2015 to March 31,2016)	FY2016 (From April 1 2016 to March 31,2017)
	Millions of yen	
Net sales	¥2,244,306	¥2,292,280
Cost of sales	2,154,615	2,079,727
Gross profit	89,691	212,553
Selling, general and administrative expenses	119,433	120,370
Operating income (loss)	(29,742)	92,182
Non-operating income		
Interest income	167	218
Dividends income	1,322	671
Rent income on noncurrent assets	870	1,144
Equity in earnings of associates	3,012	1,796
Other	3,907	2,764
Total non-operating income	9,280	6,594
Non-operating expenses		
Interest expenses	12,758	12,274
Foreign exchange losses	—	1,058
Other	2,899	3,995
Total non-operating expenses	15,658	17,328
Ordinary income (loss)	(36,121)	81,448
Extraordinary income		
Gain on sales of noncurrent assets	160	322
Gain on sales of investment securities	161	910
Gain on sales of shares of subsidiaries and associates	—	1,282
Subsidy income	5,716	3,346
Gain on change in equity	1,565	—
Gain on bargain purchase	16,302	493
Other	554	558
Total extraordinary income	24,460	6,914
Extraordinary loss		
Loss on sales of noncurrent assets	484	195
Loss on disposal of noncurrent assets	6,189	6,274
Impairment loss	6,241	842
Loss on valuation of investment securities	692	808
Business structure improvement expenses	6,923	802
Loss on litigation	405	—
Loss on step acquisitions	10,190	—
Land trust expenses	1,010	—
Other	—	873
Total extraordinary losses	32,137	9,796
Profit (loss) before income taxes	(43,797)	78,565
Income taxes—current	13,293	18,267
Income taxes—deferred	(12,690)	644
Total income taxes	602	18,912
Profit (loss)	(44,400)	59,652
Profit (loss) attributable to non-controlling interests	5,829	6,417
Profit (loss) attributable to owners of parent	¥ (50,230)	¥ 53,235

Consolidated Statements of Cash Flows

	FY2015 (From April 1 2015 to March 31,2016)	FY2016 (From April 1 2016 to March 31,2017)
	Millions of yen	
Cash flows from operating activities		
Profit (loss) before income taxes	¥ (43,797)	¥ 78,565
Depreciation	27,447	34,507
Amortization of negative goodwill	(16,302)	(493)
Amortization of goodwill	730	730
Loss (gain) on step acquisitions	10,190	—
Impairment loss	6,241	842
Loss (gain) on sales of non-current assets	324	(127)
Business structure improvement expenses	6,923	802
Loss (gain) on disposal of non-current assets	6,189	6,274
Loss (gain) on sales of investment securities	(161)	(910)
Loss (gain) on valuation of investment securities	692	808
Loss (gain) on sales of shares of subsidiaries and associates	—	(1,282)
Subsidy income	(5,716)	(3,346)
Interest and dividend income	(1,489)	(890)
Interest expenses	12,758	12,274
Foreign exchange losses (gains)	119	754
Share of (profit) loss of entities accounted for using equity method	(3,012)	(1,796)
Increase (decrease) in allowance for doubtful accounts	(59)	(148)
Increase (decrease) in provision for special repairs	234	(2,375)
Increase (decrease) in provision for environmental measures	(314)	(583)
Increase (decrease) in net defined benefit liability	753	581
Decrease (increase) in notes and accounts receivable-trade	53,968	(23,948)
Recovery of recoverable accounts under production sharing	3,265	3,262
Decrease (increase) in inventories	79,904	(61,495)
Increase (decrease) in notes and accounts payable-trade	(96,090)	55,031
Decrease (increase) in other current assets	24,245	(1,528)
Increase (decrease) in other current liabilities	(18,151)	(22,773)
Decrease (increase) in investments and other assets	860	1,699
Increase (decrease) in other non-current liabilities	4,171	(2,306)
Other, net	(75)	1,535
Subtotal	53,849	73,665
Interest and dividend income received	2,154	1,014
Interest expenses paid	(13,490)	(12,407)
Payments for business structure improvement expenses	(5,107)	(3,916)
Proceeds from subsidy income	4,978	3,487
Payments for land trust expenses	(1,010)	—
Income taxes paid	(22,945)	(14,218)
Net cash provided by (used in) operating activities	¥ 18,427	¥ 47,625

Consolidated Statements of Cash Flows

FY2015

(From April 1 2015 to March 31, 2016)

FY2016

(From April 1 2016 to March 31, 2017)

Millions of yen

Cash flows from investing activities

Purchase of investment securities	¥ (976)	¥ (1,341)
Proceeds from sales and redemption of investment securities	243	7,190
Purchase of shares of subsidiaries and associates	(8,401)	(1,240)
Proceeds from sales and liquidation of shares of subsidiaries and associates	—	178
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,261
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	35,502	—
Purchase of property, plant and equipment	(55,743)	(108,683)
Payments for disposal of property, plant and equipment	(4,645)	(4,310)
Proceeds from sales of property, plant and equipment	1,243	593
Payments for purchases of intangible assets and long-term prepaid expenses	(16,126)	(5,977)
Decrease (increase) in short-term loans receivable	2,713	399
Payments of long-term loans receivable	(1,840)	(1,425)
Collection of long-term loans receivable	1,074	589
Payments into time deposits	(100)	(489)
Proceeds from withdrawal of time deposits	14,193	—
Proceeds from withdrawal of investments in anonymous association	—	1,233
Other, net	23	(15)
Net cash provided by (used in) investing activities	(32,839)	(112,038)

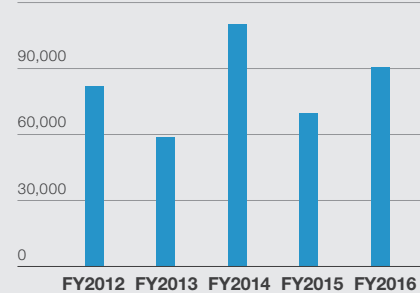
Cash flows from financing activities

Net increase (decrease) in short-term loans payable	(13,138)	(2,828)
Proceeds from long-term loans payable	73,692	43,861
Repayment of long-term loans payable	(45,165)	(66,333)
Payments into deposits of restricted withdrawals	—	(6,393)
Proceeds from issuance of bonds	8,886	—
Net increase (decrease) in commercial paper	12,000	39,400
Cash dividends paid	—	(3,359)
Cash dividends paid to non-controlling shareholders	(1,578)	(947)
Proceeds from share issuance to non-controlling shareholders	—	6,229
Other, net	(2,196)	(4)
Net cash provided by (used in) financing activities	32,499	9,626
Effect of exchange rate change on cash and cash equivalents	(189)	(621)
Net increase (decrease) in cash and cash equivalents	17,898	(55,408)
Cash and cash equivalents at beginning of period	80,765	89,418
Increase in cash and cash equivalents from newly consolidated subsidiary	—	2,107
Increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries	—	8
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(9,245)	—
Cash and cash equivalents at end of period	¥ 89,418	¥ 36,126

Major Indicators

EBITDA excluding the Impact of Inventory Valuation

EBITDA excluding the impact of inventory valuation
120,000 (Millions of yen)



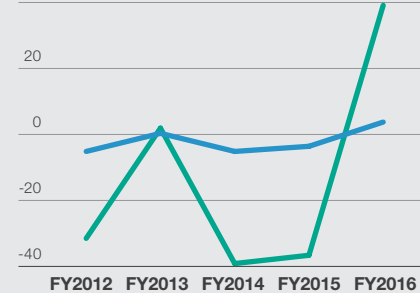
	FY2012	FY2013	FY2014	FY2015	FY2016
Operating income excluding the impact of inventory valuation	¥37,158	¥23,647	¥ 77,730	¥38,961	¥52,782
Depreciation and amortization ¹	44,953	35,330	32,399	30,713	37,769
EBITDA excluding the impact of inventory valuation ²	82,111	58,977	110,129	69,674	90,551

1. Including "Recovery of recoverable accounts under production sharing"

2. EBITDA excluding the impact of inventory valuation = Operating income excluding the impact of inventory valuation + Depreciation and amortization

ROA and ROE

Return on assets (ROA) Return on equity (ROE)



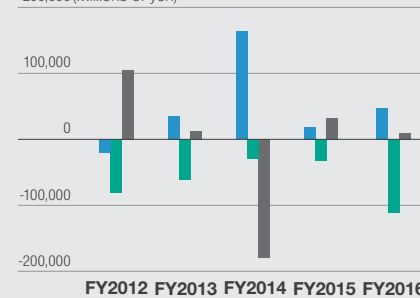
	FY2012	FY2013	FY2014	FY2015	FY2016
Profit (loss) attributable to owners of parent	¥(85,882)	¥ 4,348	¥(77,729)	¥(50,230)	¥ 53,235
Total assets	1,743,492	1,696,831	1,428,628	1,409,615	1,525,679
Total shareholders' equity	230,456	231,927	167,194	108,046	164,722
Return on assets (ROA ¹) (%)	(5.0)	0.3	(5.0)	(3.5)	3.6
Return on equity (ROE ²) (%)	(31.4)	1.9	(39.0)	(36.5)	39.0

1. ROA = Profit (loss) attributable to owners of parent/Average total assets at beginning and end of the fiscal year × 100

2. ROE = Profit (loss) attributable to owners of parent/Average shareholders' equity at beginning and end of the fiscal year × 100

Cash Flows by Activity

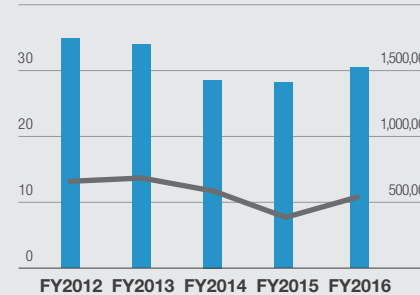
Cash flows from operating activities Cash flows from investing activities Cash flows from financing activities



	FY2012	FY2013	FY2014	FY2015	FY2016
Cash flows from operating activities	¥(20,950)	¥35,837	¥163,384	¥18,427	¥47,625
Cash flows from investing activities	(80,481)	(61,007)	(30,126)	(32,839)	(112,038)
Cash flows from financing activities	104,695	12,555	(178,920)	32,499	9,626
Cash and cash equivalents at the end of year	129,699	123,280	80,765	89,418	36,126

Total Assets, Equity Ratio, and Net Debt-to-Equity Ratio (credit rating-based)

Equity ratio (LH) Total assets (RH)

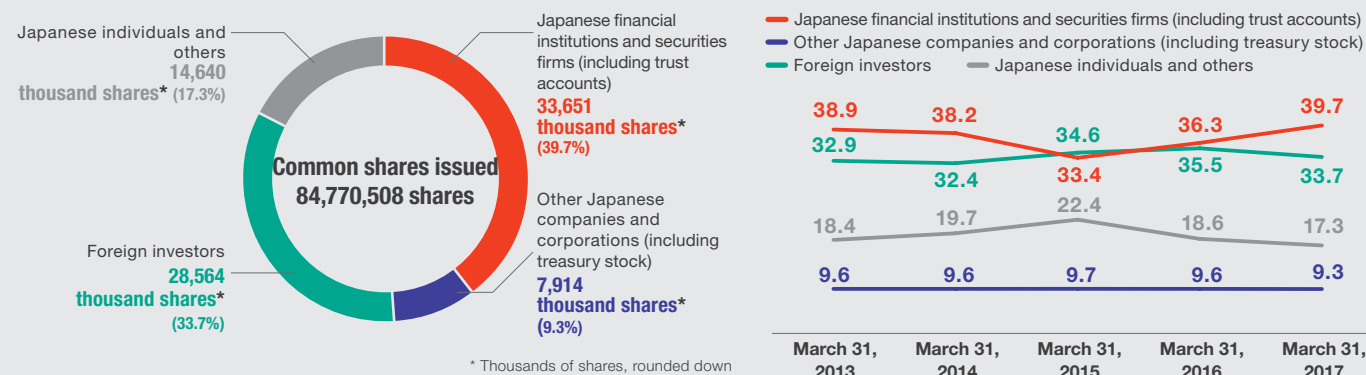


	FY2012	FY2013	FY2014	FY2015	FY2016
Total assets	¥1,743,492	¥1,696,831	¥1,428,628	¥1,409,615	¥1,525,679
Net interest-bearing debt	713,190	723,257	597,701	666,179	727,259
Net assets excluding non-controlling interests	230,456	231,927	167,194	108,046	164,722
Equity ratio (%)	13.2	13.7	11.7	7.7	10.8
Net debt-to-equity ratio (times) (credit rating-based)	3.1	3.1	3.6	4.6	3.6

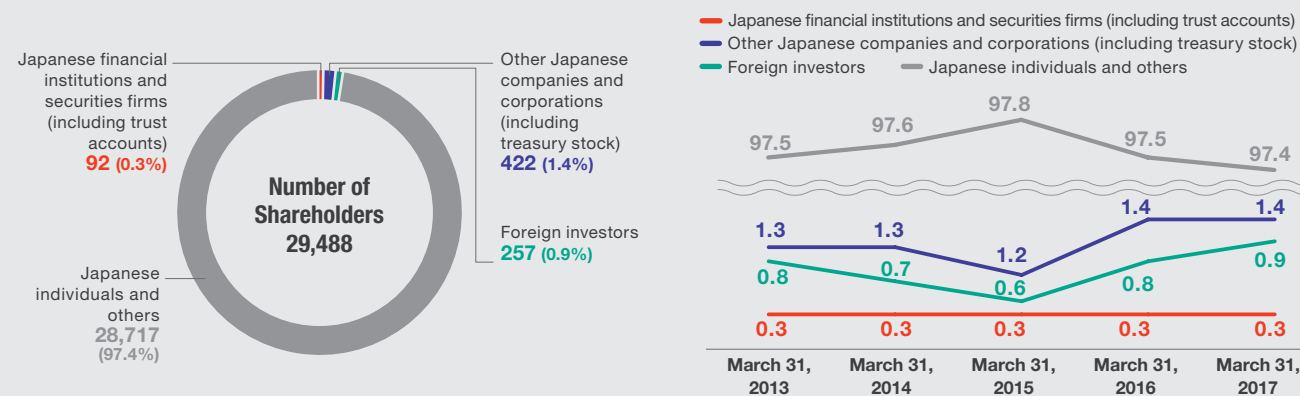
Share Information (As of March 31, 2017)

General meeting of shareholders	every June	Record date for term-end dividend payment	March 31
Shareholder registration agent	Sumitomo Mitsui Trust Bank, Limited	Number of shares per trading unit	100 shares
Number of common shares issued	84,770,508 shares	Stock listing	Tokyo Stock Exchange, First Section

Number of Shares by Type of Shareholders and their Trend



Number of Shareholders by Type and their Trend



Principal Shareholders (As of March 31, 2017)

Shareholder	Number of shares owned (Thousands)	Percentage of shares owned (%)
Infinity Alliance Limited	17,600	20.76
Japan Trustee Services Bank, Ltd. (Trust account)	5,757	6.79
Mizuho Bank, Ltd.	3,153	3.71
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,975	2.32
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,899	2.24
The Kansai Electric Power Co., Inc.	1,860	2.19
Mitsui Sumitomo Insurance Co., Ltd.	1,767	2.08
Aioi Nissay Dowa Insurance Co., Ltd.	1,580	1.86
Sompo Japan Nipponkoa Insurance Inc.	1,579	1.86
Cosmo Energy Holdings Client Stock Ownership	1,529	1.80

* Three decimal places are rounded down.

* In calculating the percentage of total shares issued, total shares issued excludes treasury stock.

Corporate Data

Company Name	Cosmo Energy Holdings Co., Ltd.	
Securities Code	5021	
Head Office	1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8302 Phone +81-3-3798-3180	
Established	October 1, 2015	
Capital	¥40 billion	
Type of Business	Management of subsidiaries involved in oil businesses ranging from upstream to downstream and others	
Corporate History	April 1, 1986	Cosmo Oil was established through tripartite merger of Daikyo Oil Co., Ltd., Maruzen Oil Co., Ltd., and former Cosmo Oil (Cosmo Refining)
	October 1, 1989	Asian Oil Co., Ltd. was merged into Cosmo Oil.
	October 1, 2015	Cosmo Energy Holdings Co., Ltd. was established.
Main Banks	Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; and Sumitomo Mitsui Banking Corporation	

Key Data of the Cosmo Energy Group

Number of SS Operators	224
Branches	Eastern Japan, Kanto, Chubu, Kansai, Western Japan
Refineries	Chiba, Yokkaichi, Sakai

Editorial policy	For a better understanding of the Cosmo Energy Group's creation of values to all stakeholders, the Annual Report and the Corporate Report have been integrated into the Cosmo Report since FY2016.
Period covered	Mainly the fiscal year from April 1, 2016 to March 31, 2017 (including some information for FY2017)
Report boundary	Cosmo Energy Holdings Co., Ltd. and major consolidated subsidiaries and affiliated companies. * The section on CSR covers mainly Cosmo Energy Holdings and 54 Group companies, which share the "CSR Initiative Policy" but includes data on employees of Cosmo Oil, data for three core companies, and data only for some other companies. The scope of coverage for these data is provided individually in appended notes.
Month of issue	August 2017 (next publication scheduled for August 2018: to be issued every year)
Cosmo Report, IR website, and CSR website	Cosmo Report (booklet) is designed to be easily looked at, while further details are available on our IR website and CSR website. CSR activity reporting is focused on priority issues while using GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 4th edition and Environmental Reporting Guidelines (2012 Version) established by the Ministry of the Environment of Japan as reference. The links to Cosmo Energy Holdings' official websites are as follows: IR website http://ceh.cosmo-oil.co.jp/eng/ir/ CSR website http://ceh.cosmo-oil.co.jp/eng/csr/
Cautionary notes on forward-looking statements	This report contains forward-looking statements about the plans, strategies and performance of Cosmo Energy Group. These statements include assumptions and judgments that are based on information currently available to us. As such, the actual results may differ from those mentioned herein, due to various factors in the external environment.