

## **Investment Plan to Cope with Decreasing Demand for Heavy Fuel Oil**

March 30, 2007

In March 2007, the Board of Directors of AOC Holdings Inc. gave an approval on Fuji Oil's investment plan worth 12 billion yen for upgrading the Sodegaura Refinery so as to meet demand shift from heavy fuel oil to lighter products in Japan. Under the plan, Fuji Oil is to expand the capacity of the existing vacuum residue thermal cracking unit (Eureka unit) by 6,000 barrels per day to 30,000 barrels per day, aimed at increasing lighter petroleum products and reducing high-sulfur grade-C fuel oil. In addition, Fuji Oil is to construct a new hydrogen manufacturing unit to secure hydrogen for the existing hydro-desulfurization units as measures to make lighter petroleum products instead of grade-A fuel oil.