

Report on Performance in the First Quarter Ended June 30, 2007

(from April 1, 2007 to June 30, 2007)

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<http://www.eneos.co.jp>

July 31, 2007



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Highlights of Consolidated Financial Results for the First Quarter ended June 30, 2007

* "FY2007" or "fiscal2007" refers to the fiscal year ending March 31,2008 and other fiscal years are referred to in a corresponding manner.

< Highlights of Consolidated Income (FY07 1Q) >

<'07/4-'07/6>

(JPY billion)

	FY06 1Q ('06/4-'06/6)	FY07 1Q ('07/4-'07/6)	Changes
Operating income	43.4	79.3	+ 35.9
〔 Excluding inventory valuation factors 〕	〔 16.5 〕	〔 25.1 〕	〔 +8.6 〕
Non-Operating income and loss, net	11.8	8.7	-3.1
Ordinary income	55.2	88.0	+ 32.8
〔 Excluding inventory valuation factors 〕	〔 <u>28.3</u> 〕	〔 <u>33.8</u> 〕	〔 <u>+5.5</u> 〕

Due to increased operating income of Refining & Marketing Business, ordinary income excluding inventory valuation factors increased by ¥5.5 billion

< Operating Results for FY07 1Q >

<'06/4-'07/3>

	FY06 1Q <'06/4-'06/6>	FY07 1Q <'07/4-'07/6>	Changes
Crude Oil Price (\$/Bbl)	63.7	63.3	- 0.4
Exchange Rate (Yen/\$)	115.2	119.4	+ 4.2
Sales volume excluding Barter trade & others (million KL)	16.7	15.9	- 0.7
Net Sales	Billion Yen 1,506.9	Billion Yen 1,575.8	Billion Yen + 68.9
Operating income	43.4	79.3	+ 35.9
(Excluding inventory valuation factors)	(16.5)	(25.1)	(+ 8.6)
Non-Operating income and loss,net	11.8	8.7	- 3.1
Ordinary income	55.2	88.0	+ 32.8
(Excluding inventory valuation factors)	(28.3)	(33.8)	(+ 5.5)
Special gains and loss,net	+ 1.9	+ 6.0	+ 4.1
Net income	28.7	52.7	+ 24.0

< Changes in Operating Income by Business Segment (YoY) (FY07 1Q) >

<'07/4-'07/6>

Operating income	FY06 1Q <'06/4-'06/6>	FY07 1Q <'07/4-'07/6>	Changes
I. Refining & Marketing	Billions of yen 14.8	Billions of yen 55.4	Billions of yen + 40.6
[Excluding inventory valuation factors]	[- 12.1]	[1.2]	[+ 13.3]
Petrochemicals	11.0	19.4	+ 8.4
II. E&P of Oil & Natural Gas	28.8	24.1	- 4.7
III. Construction & Others	- 0.2	- 0.2	±0.0
Total	43.4	79.3	+ 35.9
[Excluding inventory valuation factors]	[16.5]	[- 25.1]	[+ 8.6]

Ordinary income

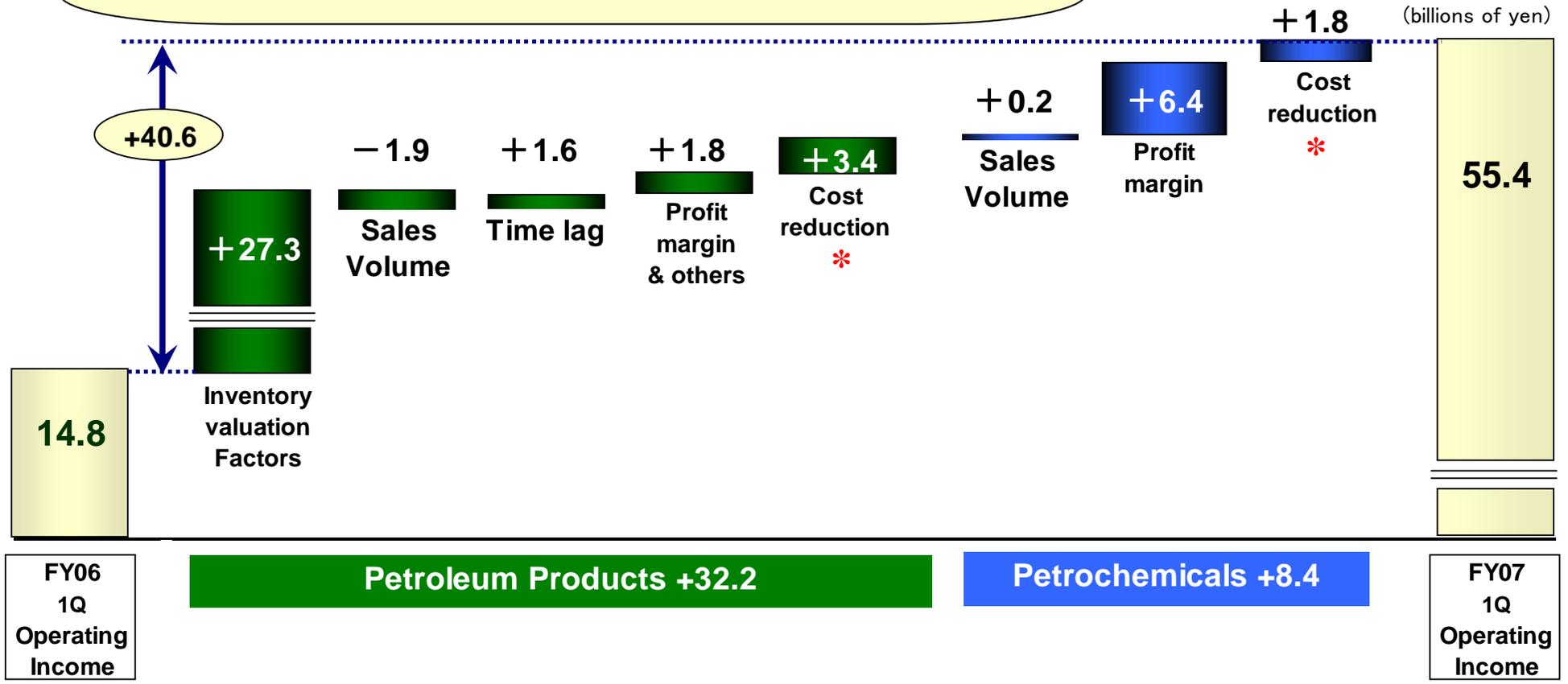
FY07 1Q <'07/4-'07/6>
Billions of yen 64.3
[10.1]
19.1
23.6
0.1
88.0
[33.8]

< Analysis of Changes in Operating income - Refining and Marketing (YoY) FY07 1Q > <'07/4-'07/6>

**Operating income
(Increase of 40.6 billion Yen)**

- The positive effect of inventory valuation factors on profitability greatly increased.
- Decreased expenses due to cost reductions.
- Increase in profit margin of petrochemicals centered on Paraxylene and Propylene

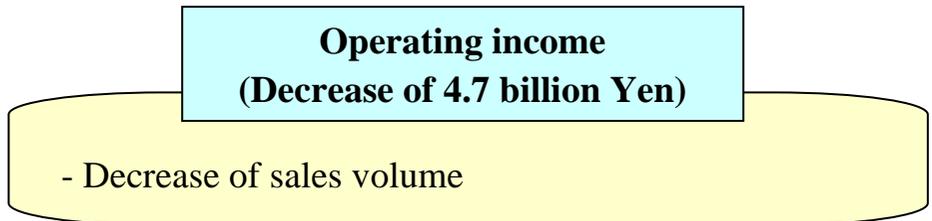
- * Cost reductions +4.9
- Petroleum Products +3.4 billion Yen
- Petrochemical Products +1.8
- Construction & Others -0.3



< Analysis of Changes in Operating income

- E&P of Oil and Natural Gas (YoY) FY07 1Q >

<'07/4-'07/6>



(billions of yen)



Forecast for Consolidated Income (FY07)

<'07/4-'08/3>

Forecast for Consolidated Income (FY07)

<'07/4-'08/3>

(JPY billion)

	Original forecast 07FY ('07/4-'08/3)	Revised forecast 07FY ('07/4-'08/3)	Changes
Operating income	190.0	237.0	+ 47.0
〔 Excluding inventory valuation factors 〕	〔 172.0 〕	〔 173.0 〕	〔 +1.0 〕
Non-Operating income and loss, net	18.0	17.0	-1.0
Ordinary income	208.0	254.0	+ 46.0
〔 Excluding inventory valuation factors 〕	<u>190.0</u>	<u>190.0</u>	<u>±0.0</u>

Increased income of E&P of Oil and Natural Gas offset decreased income of Refining & Marketing and forecasted ordinary income excluding inventory valuation factors unchanged.

Forecast for Consolidated Income (FY07)

<'07/4-'08/3>

	Original Forecast 07FY	Revised Forecast 07FY	Changes
Crude Oil Price (\$/Bbl)	58.5	64.0	+ 5.5
Exchange Rate (Yen/\$)	119.8	120.3	+ 0.5
Sales volume excluding Barter trade & others (million KL)	68.0	67.5	- 0.5
	Billion Yen	Billion Yen	Billion Yen
Net Sales	6,760.0	6,990.0	+ 230.0
Operating income	190.0	237.0	+ 47.0
[Excluding inventory valuation factors]	[172.0]	[173.0]	[+ 1.0]
Non-Operating income and loss,net	18.0	17.0	- 1.0
Ordinary income	208.0	254.0	+ 46.0
[Excluding inventory valuation factors]	[190.0]	[190.0]	[±0.0]
Special gains and loss,net	+ 15.0	18.0	+ 3.0
Net income	118.0	146.0	+ 28.0

< Changes Forecast for Operating Income by Business Segment (YoY) FY07 > <'07/4-'08/3>

Operating income	Original Forecast	Revised Forecast	Changes	Ordinary income	
	07FY <'07/4-'08/3>	07FY <'07/4-'08/3>		07FY <'07/4-'08/3>	07FY <'07/4-'08/3>
I. Refining & Marketing	Billions of yen 73.2	Billions of yen 105.2	Billions of yen +32.0	Billions of yen 123.4	
〔 Excluding inventory valuation factors 〕	〔 55.2 〕	〔 41.2 〕	〔 -14.0 〕	〔 -59.4 〕	
Petrochemicals	66.0	67.4	+1.4	66.2	
II. E&P of Oil & Natural Gas	101.9	116.9	+ 15.0	116.6	
III. Construction & Others	14.9	14.9	±0.0	14.0	
Total	190.0	237.0	+47.0	254.0	
〔 Excluding inventory valuation factors 〕	〔 172.0 〕	〔 173.0 〕	〔 +1.0 〕	〔 190.0 〕	

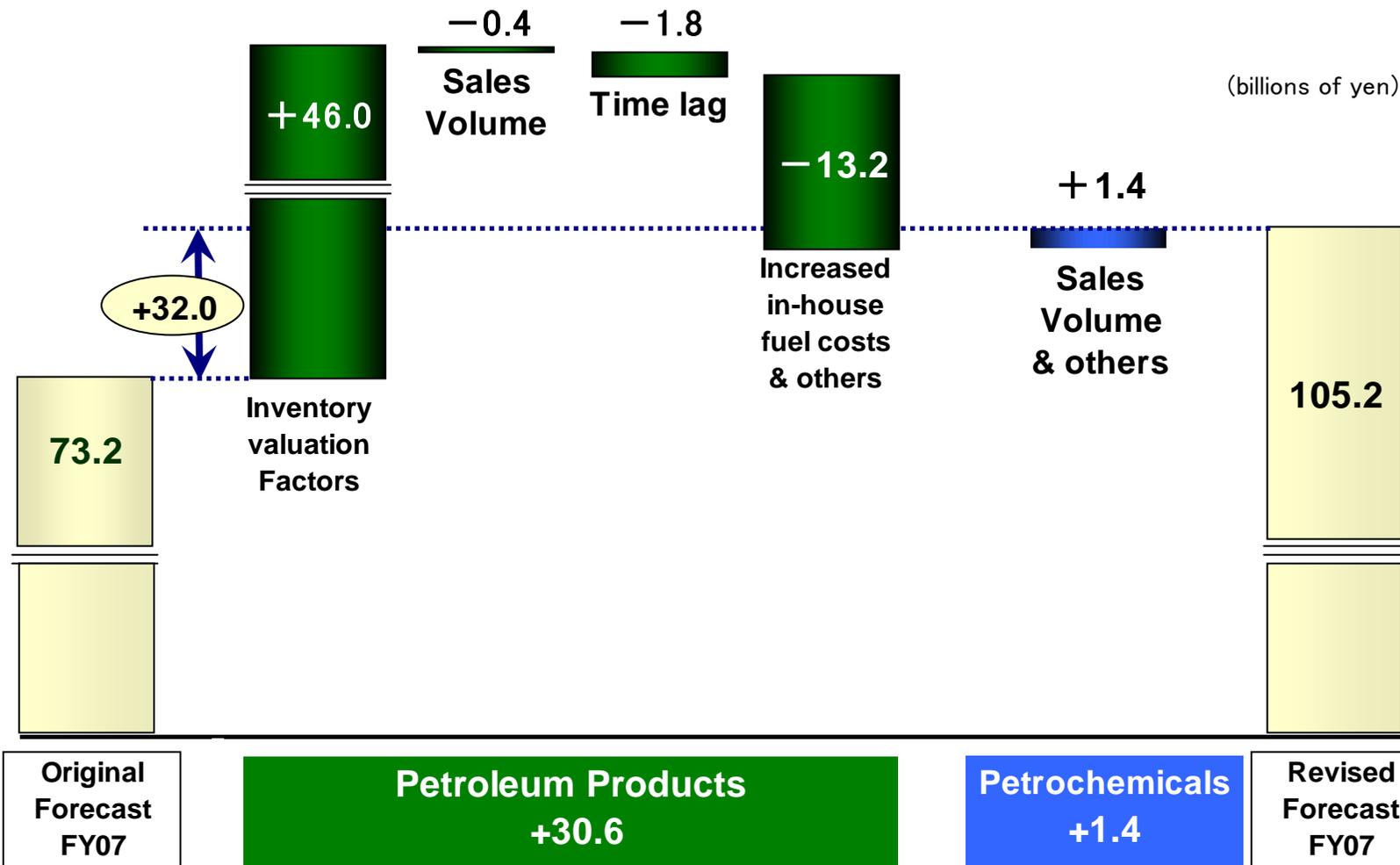
< Changes in Forecast for Operating Income

- Refining and Marketing FY07 >

<'07/4-'08/3>

Operating income
(Increase of 32.0 billion Yen)

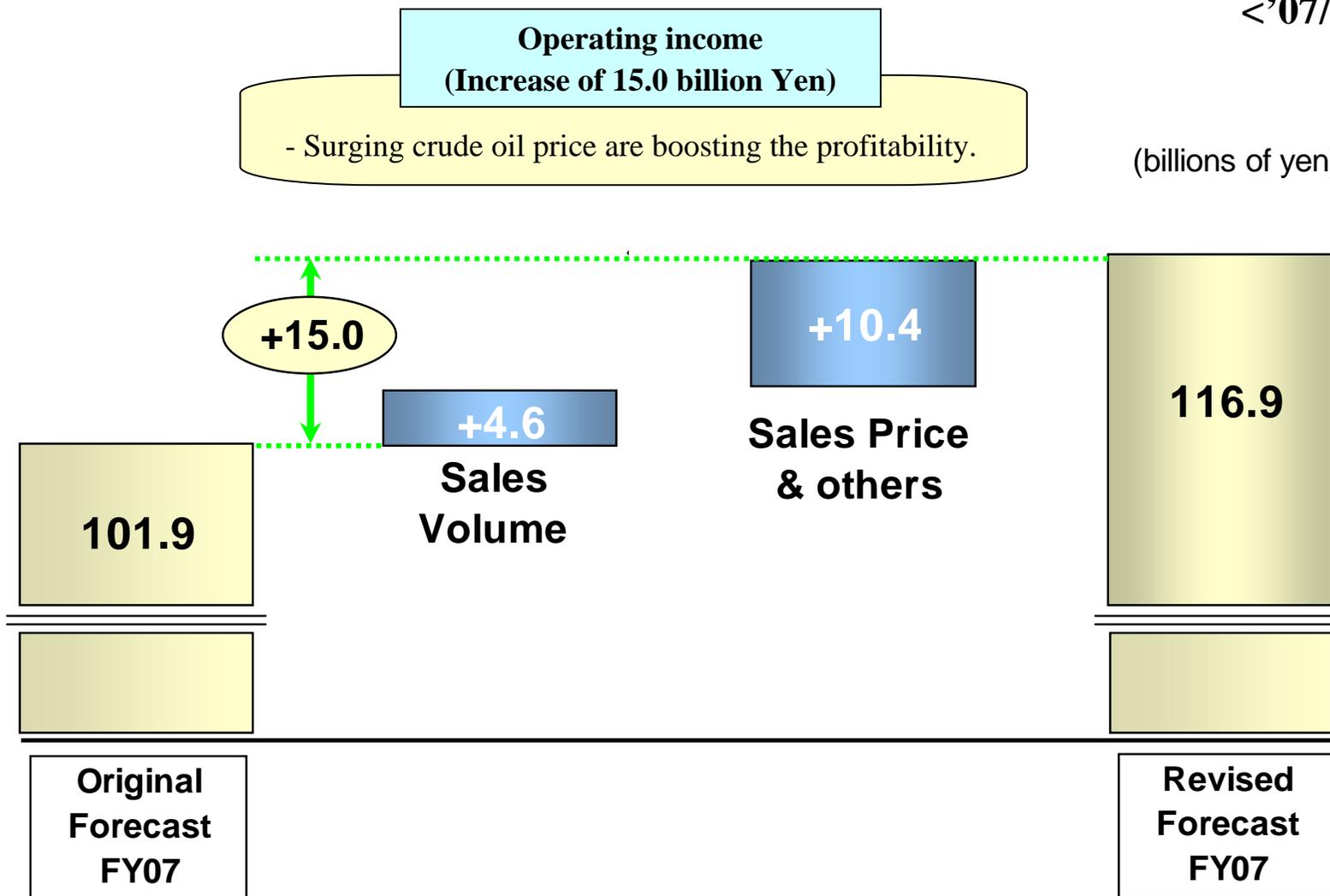
- The positive effect of inventory valuation factors on profitability greatly increased.
- Decrease in profit margin of petroleum products due to increased in-house fuel costs.



< Changes in Forecast for Operating Income

- E&P of Oil and Natural Gas FY07 >

<'07/4-'08/3>



Cautions with Respect to Forward-Looking Statements

The financial forecasts, management targets, and any other estimates and projections of the Company presented in this report are based on information available to management as of the date set forth within.

Please note that actual results may vary significantly from projected forecasts due to various uncertain factors, and as such, readers should take care when making investment decisions based solely on the forecasts herein.

The factors affecting actual results include but are not limited to economic conditions, crude oil prices, demand for and market conditions of petroleum and petrochemical products, and exchange rate and interest rate trends.

Report on Performance in the First Quarter Ended June 30, 2007

(from April 1,2007 to June 30, 2007)

Supplementary Information

July 31, 2007

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Supplementary Information (1)

Net Sales & Operating income by Business Segment (YoY) FY07 1Q

(1) Sales

(billions of yen)

Total 1,575.8 (+68.9)					
Refining and Marketing			E&P* of Oil and Natural Gas	Construction	Other
Petroleum Products	Petrochemical Products				
1,330.2 (+56.3)	123.6 (+16.0)	1,453.8 (+72.3)	46.2 (-3.2)	61.7(+4.5)	14.1(-4.7)

*Exploration & Production

(2) Operating Income

(billions of yen)

Total 79.3 (+35.9)					
Refining and Marketing			E&P* of Oil and Natural Gas	Construction	Other
Petroleum Products	Petrochemical Products				
36.0 (+32.2)	19.4 (+8.4)	55.4 (+40.6)	24.1 (-4.7)	-2.1(-0.5)	1.9(+0.5)

Supplementary Information (1)

Net Sales & Operating income by Business Segment Forecast for FY07 (Changes from previous forecast)

(1) Sales

(billions of yen)

Total 6,990.0 (+230.0)					
Refining and Marketing			E&P* of Oil and Natural Gas	Construction	Other
Petroleum Products	Petrochemical Products				
5,759.0 (+167.0)	546.5 (+39.9)	6,305.5 (+206.9)	231.8 (+22.2)	399.4(+2.2)	53.3(-1.3)

*Exploration & Production

(2) Operating Income

(billions of yen)

Total 2,37.0 (+47.0)					
Refining and Marketing			E&P* of Oil and Natural Gas	Construction	Other
Petroleum Products	Petrochemical Products				
37.8 (+30.6)	67.4 (+1.4)	105.2 (+32.0)	116.9 (+ 15.0)	8.6(±0)	6.3(±0)

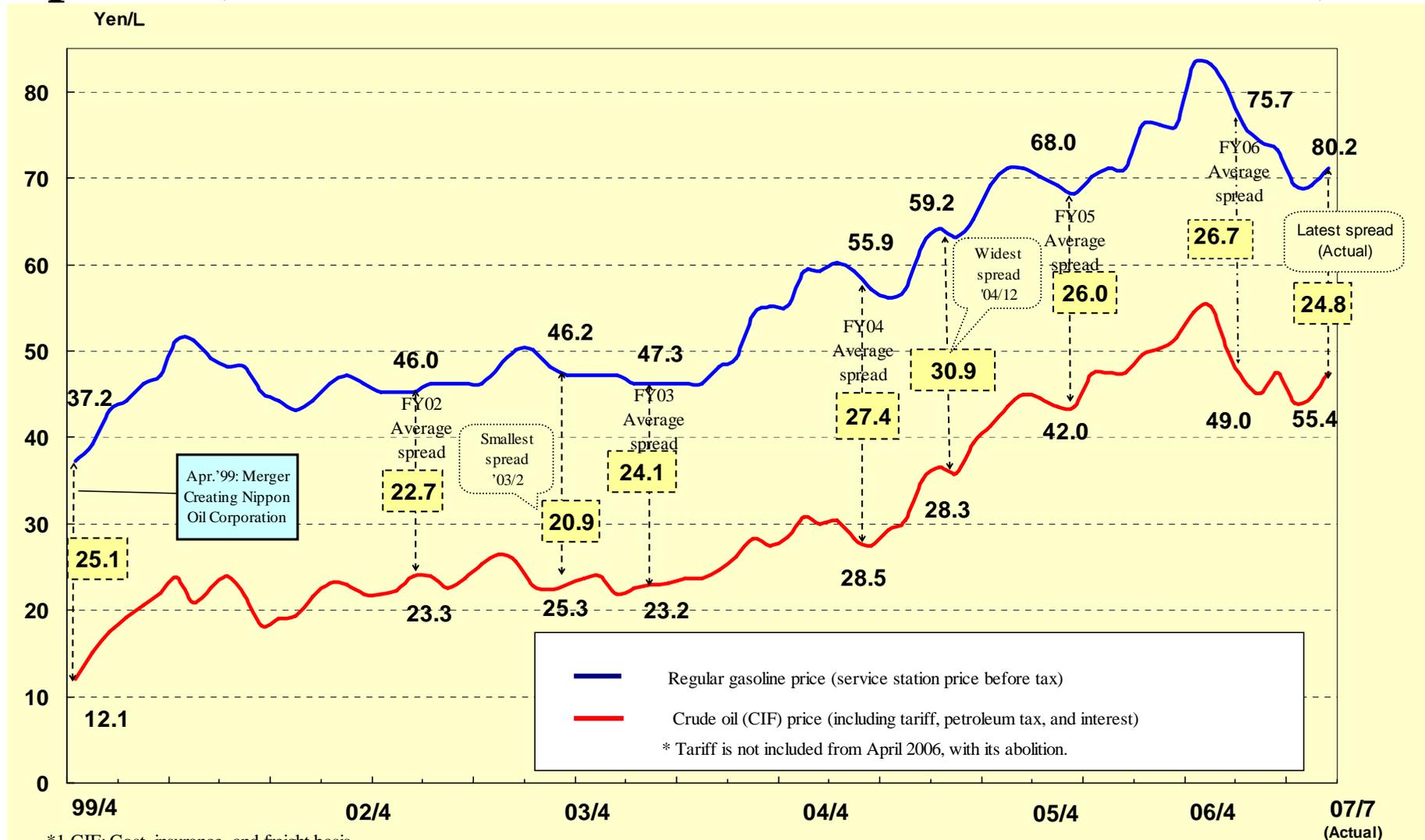
Supplementary Information (3)

Sales Volume by Petroleum Product Type

	April - June, 2006	April - June, 2007	Changes
	million KL	million KL	%
Gasoline	35.5	34.0	- 4.0
(Premium)	6.4	5.9	- 6.0
(Regular)	28.7	27.7	- 3.4
Naphtha	4.8	4.1	- 14.4
JET	2.8	3.0	+ 7.3
Kerosine	12.3	9.6	- 21.8
Diesel Fuel	20.7	20.4	- 1.2
Heavy fuel oil A	17.8	14.4	- 18.9
Heavy fuel oil C	19.5	16.3	- 16.2
(For Electric Power)	10.1	8.5	- 15.6
(For General Use)	9.4	7.8	- 16.8
Total - Domestic Fuel Oil	113.4	101.8	- 10.2
Crude Oil	6.1	7.4	+ 21.5
Petrochemicals	6.7	6.4	- 4.7
Lubricants & Specialities	9.4	9.5	+ 0.9
Exported Fuel Oil	30.9	34.0	+ 9.7
Total - Excluding Barter trade & others	166.5	159.1	- 4.5
Barter trade & others	47.9	42.1	- 12.0
Total	214.4	201.2	- 6.1

Supplementary Information (4)

< Spread (Retail Gasoline Price — Crude Oil CIF Price) >

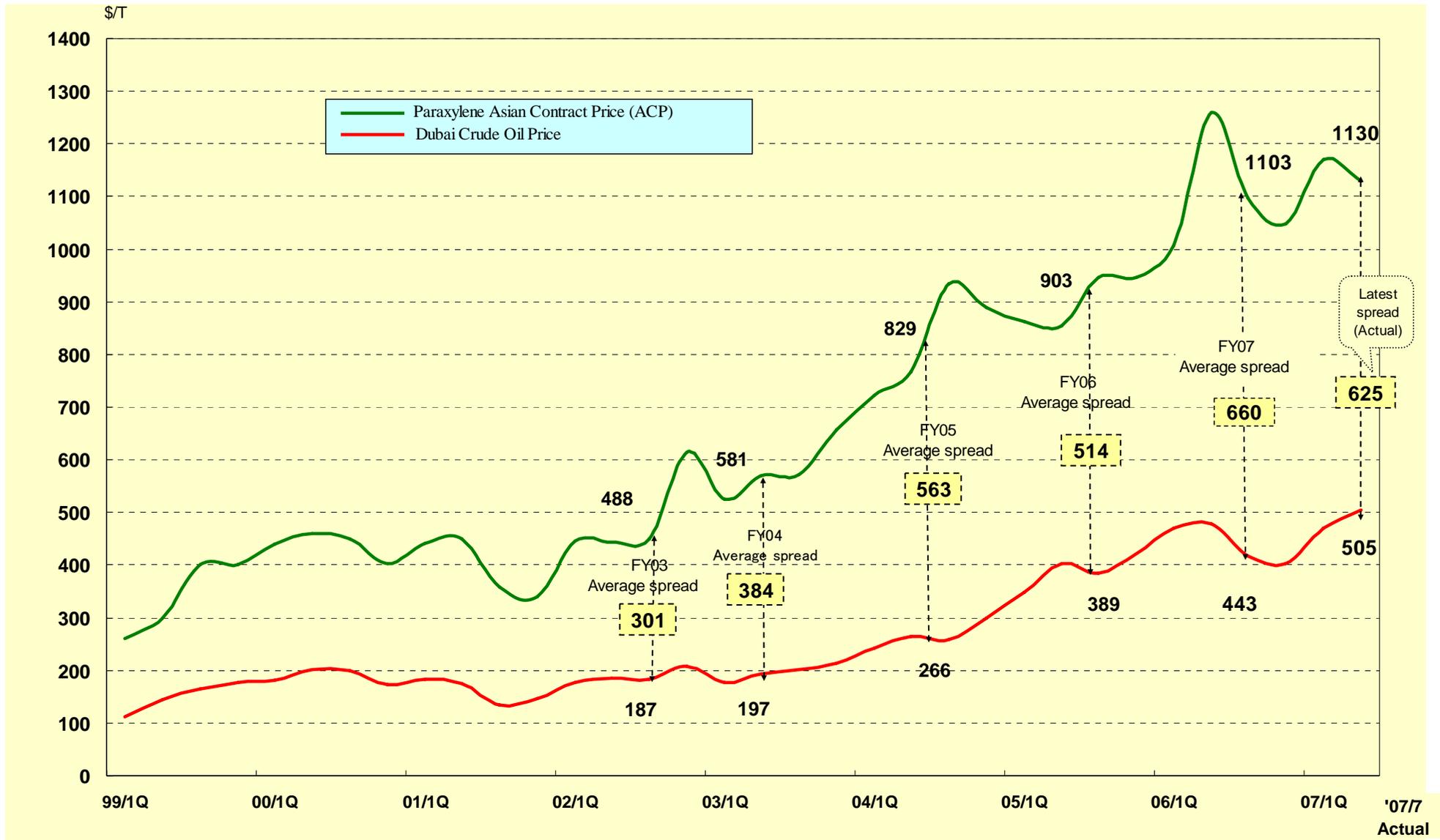


*1 CIF: Cost, insurance, and freight basis

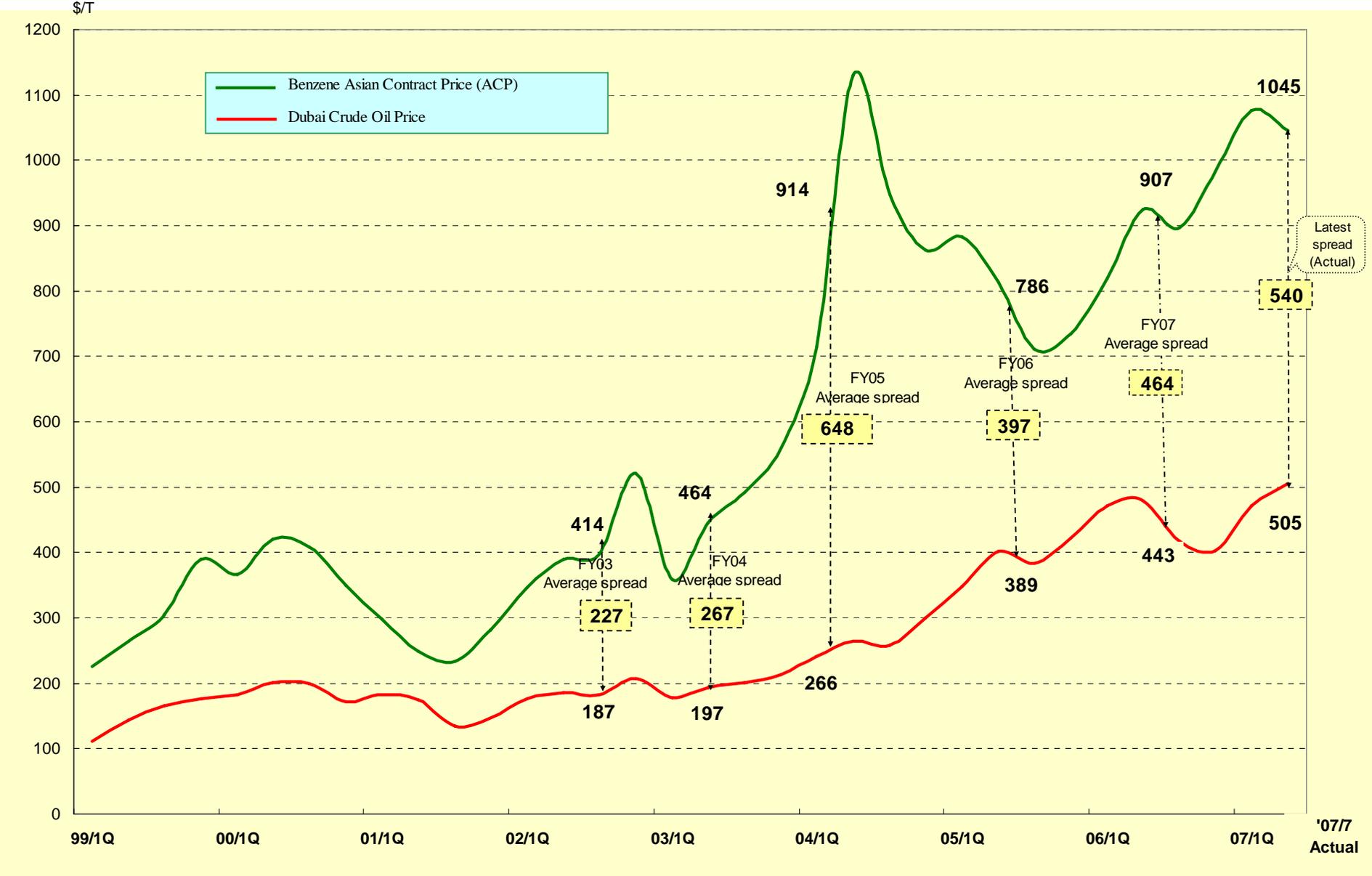
*2 The Repeal of the Specific Petroleum Product Law is officially known as the Provisions Measures Law on the Importation of Specific Petroleum Refined Products.

Note: Figures are calculated by the Company based on publicly announced data from the Agency for Natural Resources and Energy.

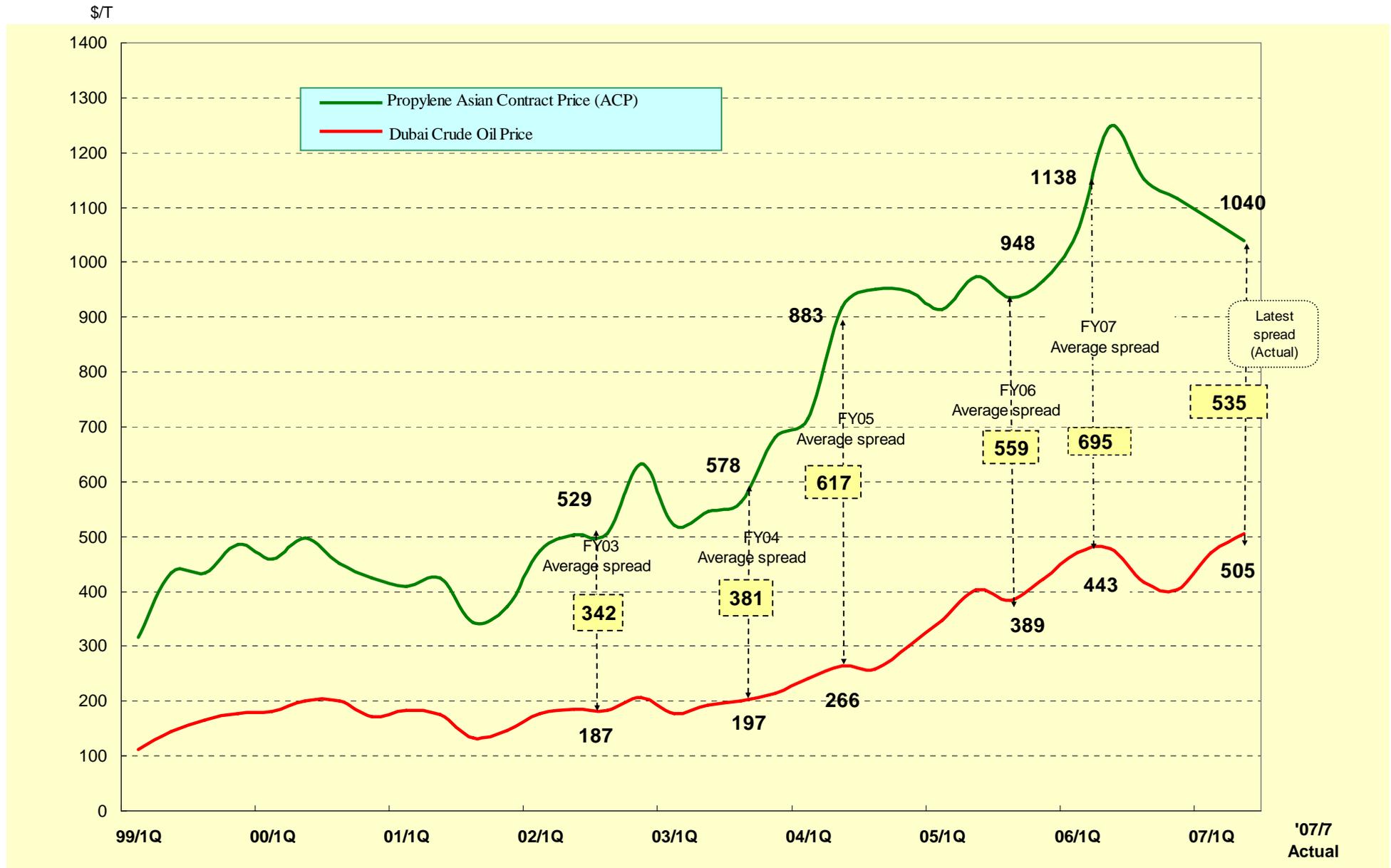
< Spread (PX Price – Dubai Crude Oil Price) >



< Spread (Benzene Price – Dubai Crude Oil Price) >



< Spread (Propylene Price – Dubai Crude Oil Price) >



Supplementary Information (4)

< Number of Service Stations (Fixed-Type) >

	FY03 (^{04/3})	FY04 (^{05/3})	FY05 (^{06/3})	FY06 (^{07/3})	'07/6
Nippon Oil	11,333	11,059	10,807	10,368	10,266
Company-Owned Service Stations	2,607	2,518	2,436	2,309	2,270

< Number of Self Service Stations >

	FY03 (^{04/3})	FY04 (^{05/3})	FY05 (^{06/3})	FY06 (^{07/3})	'07/6
Nippon Oil	520	651	794	1,055	1,112
Total for Japan	3423*	3493*	4257*	5,315*	

*This figure includes only self-service stations that are affiliated to oil wholesale companies

Sources : Agency of National Resources and Energy, *The Daily Nenryo Yushi*

< Number of Dr. Drive Service Stations >

	FY03 (^{04/3})	FY04 (^{05/3})	FY05 (^{06/3})	FY06 (^{07/3})	'07/6
Nippon Oil	1,871	1,963	2,505	2,403	2,379

Supplementary Information (5)

< Refinery Utilization Rates >

Unit: %

	FY03 ('03/4 - '04/3)	FY04 ('04/4 - '05/3)	FY05 ('05/4 - '06/3)	FY06 ('06/4 - '07/3)	FY07 1Q ('07/4 - '07/06)
Nippon Oil Group	83	87	88	84	76

< Number of Depots >

	'04/4	'05/4	'06/4	'07/4	'07/7
Nippon Oil	51	50	50	48	48

< E&P of Oil and Natural Gas - Production Volume >

Unit: Thousand BD

	'03/1-12	'04/1-12	'05/1-12	'06/1-12	2007/1-3 Ave
Nippon Oil Group	66	111	156	152	145

* PC Basis

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