

NIPPON OIL CORPORATION

Report on Performance in the Third Quarter Ended December 31, 2007

(from April 1, 2007 to December 31, 2007)

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Executive Director of the Corporate Management Division I

January 31, 2008



NIPPON OIL
Your Choice of Energy

Outline of Today's Presentation

I. Highlights of Consolidated Income (FY07 1Q-3Q) ^{<'07/4 - '07/12>}

II. Forecast for Consolidated Income (FY07) ^{<'07/4 - '08/3>}

<'07/4 - '07/12>

I. Highlights of Consolidated Income (FY07 1Q-3Q)

Performance in the 1Q-3Q of Fiscal 2007

<'07/4 - '07/12>

	<'06/4 - '06/12> FY06 1Q-3Q (JPY billion)	➔	<'07/4 - '07/12> FY07 1Q-3Q (JPY billion)
Operating income	130.1	+ 93.4	223.5
Excluding inventory valuation factors	118.5	- 41.0	77.5
Non-Operating income and loss, net	25.2	- 4.1	21.1
Ordinary income	155.3	+ 89.3	244.6
Excluding inventory valuation factors	<u>143.7</u>	<u>- 45.1</u>	<u>98.6</u>

Ordinary income increased due to positive effect of inventory valuation factors

Ordinary income excluding inventory valuation factors decreased due to shrinkage in margins for Petroleum and Petrochemicals, and increase of unrealized losses on hedge transactions in E&P business despite progress of cost reductions and improvements in efficiency

Result for the 1Q-3Q of Fiscal 2007

<'07/4 - '07/12>

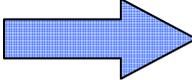
<'06/4 - '06/12>

<'07/4 - '07/12>

	<'06/4 - '06/12>		<'07/4 - '07/12>	
	FY06 1Q-3Q		FY07 1Q-3Q	3Q('07/10-12)
Crude Oil Price (\$/Bbl)	63.5	+8.6	72.1	82.6
Exchange Rate (Yen/\$)	116.1	+1.5	117.6	113.6
Sales volume excluding Barter trade & others (10,000KL)	5,016	+121	5,137	1,858
Net Sales	(JPY billion) 4,881.2	(JPY billion) +436.6	(JPY billion) 5,317.8	(JPY billion) 1,982.0
Operating income	130.1	+93.4	223.5	80.8
Excluding inventory valuation factors	118.5	-41.0	77.5	12.0
Non-Operating income and loss, net	25.2	-4.1	21.1	4.6
Ordinary income	155.3	+89.3	244.6	85.4
Excluding inventory valuation factors	143.7	-45.1	98.6	16.6
Extraordinary income and loss, net	-0.9	+2.5	1.6	5.4
Net income	71.6	+64.1	135.7	50.9

Changes in ordinary income by business segment (YoY) FY07 1Q -3Q

<'07/4~'07/12>

	<'06/4 - '06/12>		<'07/4 - '07/12>
	06FY 1Q-3Q		07FY 1Q-3Q
	(JPY billion)		(JPY billion)
I. Refining & Marketing	48.8		146.0
Petroleum Products	4.5	+115.5	120.0
Inventory valuation factors	11.6	+134.4	146.0
Excluding inventory valuation factors	-7.1	-18.9	-26.0
Petrochemicals	44.3	-18.3	26.0
II. E&P of Oil & Natural Gas	99.6	-6.5	93.1
III. Construction & Others	6.9	-1.4	5.5
Total	155.3	+89.3	244.6
Excluding inventory valuation factors	143.7	-45.1	98.6

Analysis of Changes in ordinary income - Refining and Marketing (YoY) FY07 1Q - 3Q

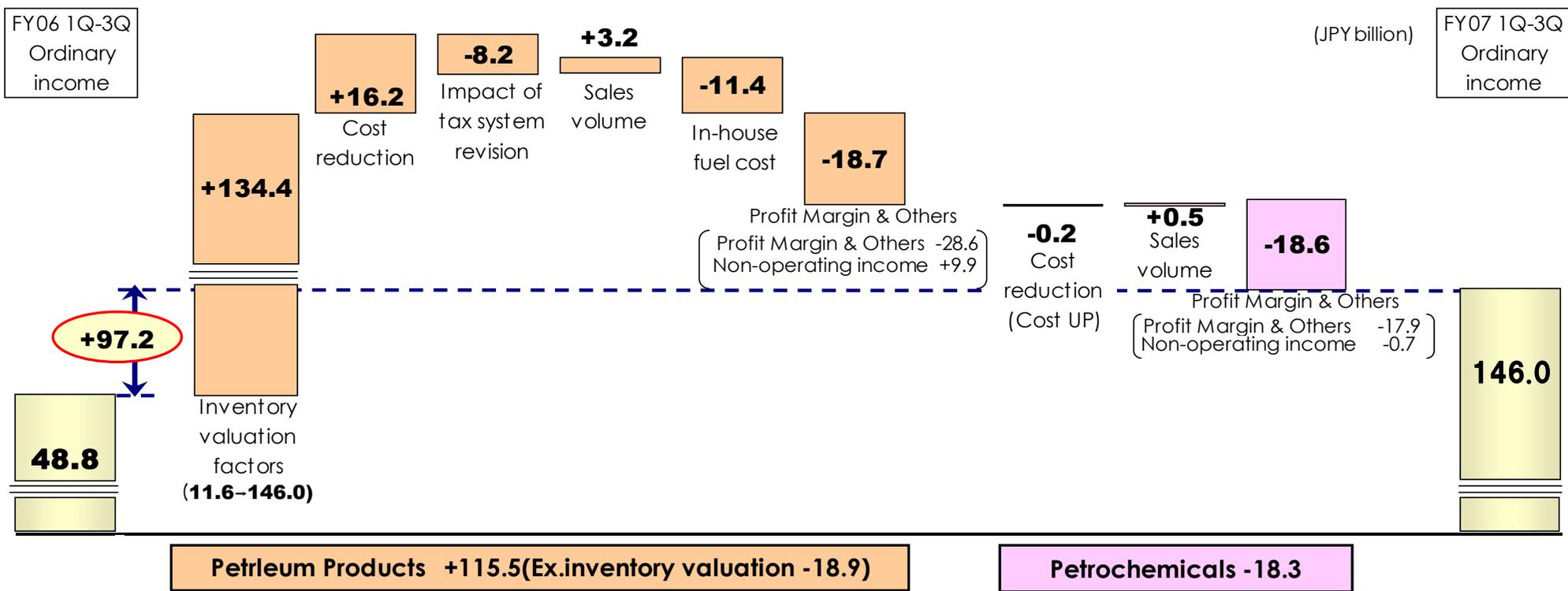
<'07/4~'07/12>

Ordinary income +97.2 JPY billion

- Positive effect of inventory valuation factors on profitability increased due to high crude oil price
- Cost reduction plan is going on schedule
- Depreciation increased due to revision of Japanese tax system
- Shrinkage in margins for petroleum Products and Petrochemicals

Detail of Cost reduction & tax system revision impact

	Cost reduction	Tax revision impact
Petroleum Products	+16.2	-8.2
Petrochemicals	-0.2	-1.2
Construction & Others	-0.9	-0.4
Total	+15.1	-9.8



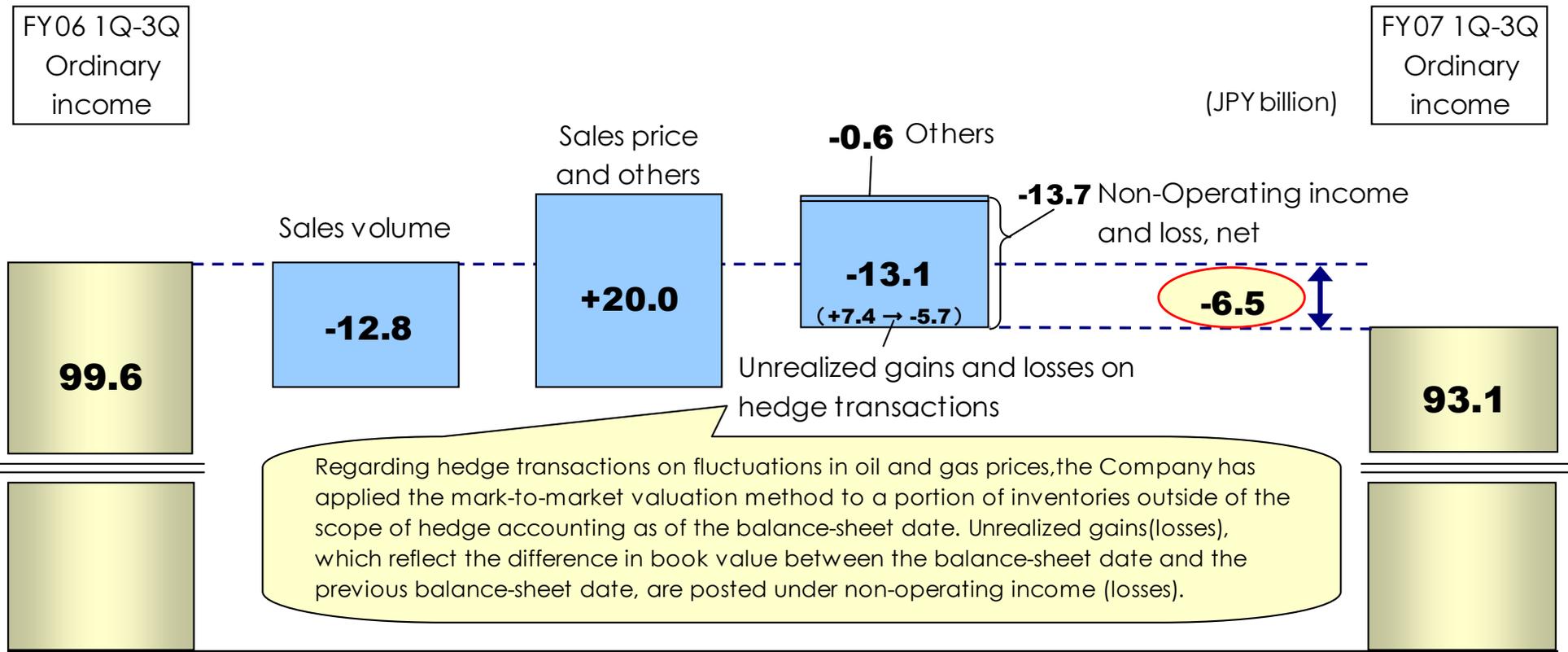
Analysis of Changes in ordinary income

<'07/4~'07/12>

- E&P of Oil and Natural Gas (YoY) FY07 1Q - 3Q

Ordinary income -6.5 JPY billion

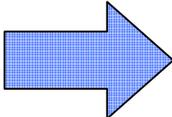
● Ordinary income decreased due to decreased sales volume and changes of losses on hedge transactions, despite positive effect on increase in sales price due to surging crude oil price



<'07/4~'08/3>

4. Forecast for Consolidated Income (FY07)

Highlights of forecast for fiscal year ended Mar 31, 2008

	Original Forecast (announced in Oct) (JPY billion)		Revised Forecast (JPY billion)
Operating income	240.0	+ 30.0	270.0
Excluding inventory valuation factors	155.0	- 43.0	112.0
Non-Operating income and loss, net	20.0	- 12.0	8.0
Ordinary income	260.0	+ 18.0	278.0
Excluding inventory valuation factors	175.0	- 55.0	120.0

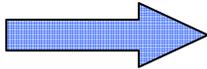
Forecasted ordinary income increased due to positive effect of inventory valuation factors

Forecasted ordinary income excluding the inventory valuation factors decreased due to shrinkage in margins for petroleum products and petrochemicals and increase of unrealized losses on hedge transactions in E&P business.

Revision of Forecast for Consolidated Income (FY07)

	FY07 (Announced in Oct)		FY07	06FY
Crude Oil Price (\$/Bbl)	69.2	+6.8	76.0	61.3
Exchange Rate (Yen/\$)	117.2	-1.5	115.7	117.0
Sales volume excluding Barter trade & others (10,000KL)	6,890	+120	7,010	6,717
Net Sales	(JPY billion) 7,190.0	(JPY billion) +270.0	(JPY billion) 7,460.0	(JPY billion) 6,624.3
Operating income	240.0	+30.0	270.0	159.7
Excluding inventory valuation factors	155.0	-43.0	112.0	168.9
Non-Operating income and loss, net	20.0	-12.0	8.0	26.9
Ordinary income	260.0	+18.0	278.0	186.6
Excluding inventory valuation factors	175.0	-55.0	120.0	195.8
Extraordinary income and loss, net	5.0	±0.0	5.0	-14.4
Net income	144.0	+4.0	148.0	70.2

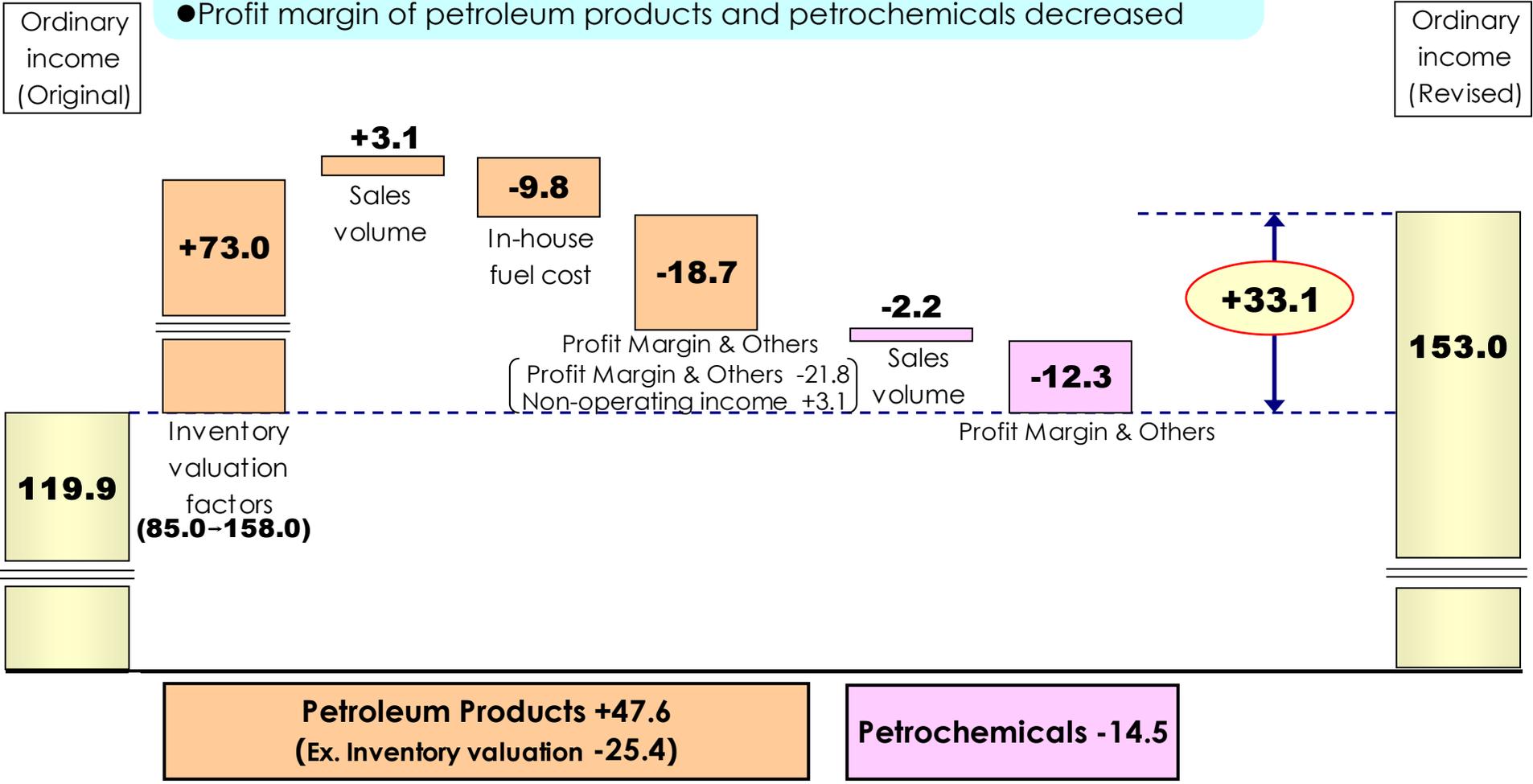
Changes in original forecast for <'07/4~'08/3> Ordinary income FY 07 by business segment

	FY07 (Announced in Oct)		FY07
	(JPY billion)	(JPY billion)	(JPY billion)
I. Refining & Marketing	119.9	+33.1	153.0
Petroleum Products	82.4	+47.6	130.0
Inventory valuation factors	85.0	+73.0	158.0
Excluding inventory valuation factors	-2.6	-25.4	-28.0
Petrochemicals	37.5	-14.5	23.0
II. E&P of Oil & Natural Gas	127.4	-15.4	112.0
III. Construction & Others	12.7	+0.3	13.0
Total	260.0	+18.0	278.0
Excluding inventory valuation factors	175.0	-55.0	120.0

Changes in original forecast for ordinary income - Refining and Marketing FY07 ^{<'07/4~'08/3>}

Forecasted Ordinary income +33.1 JPY billion

- Positive effect of inventory valuation factors on profitability increased due to high crude oil price
- Profit margin of petroleum products and petrochemicals decreased

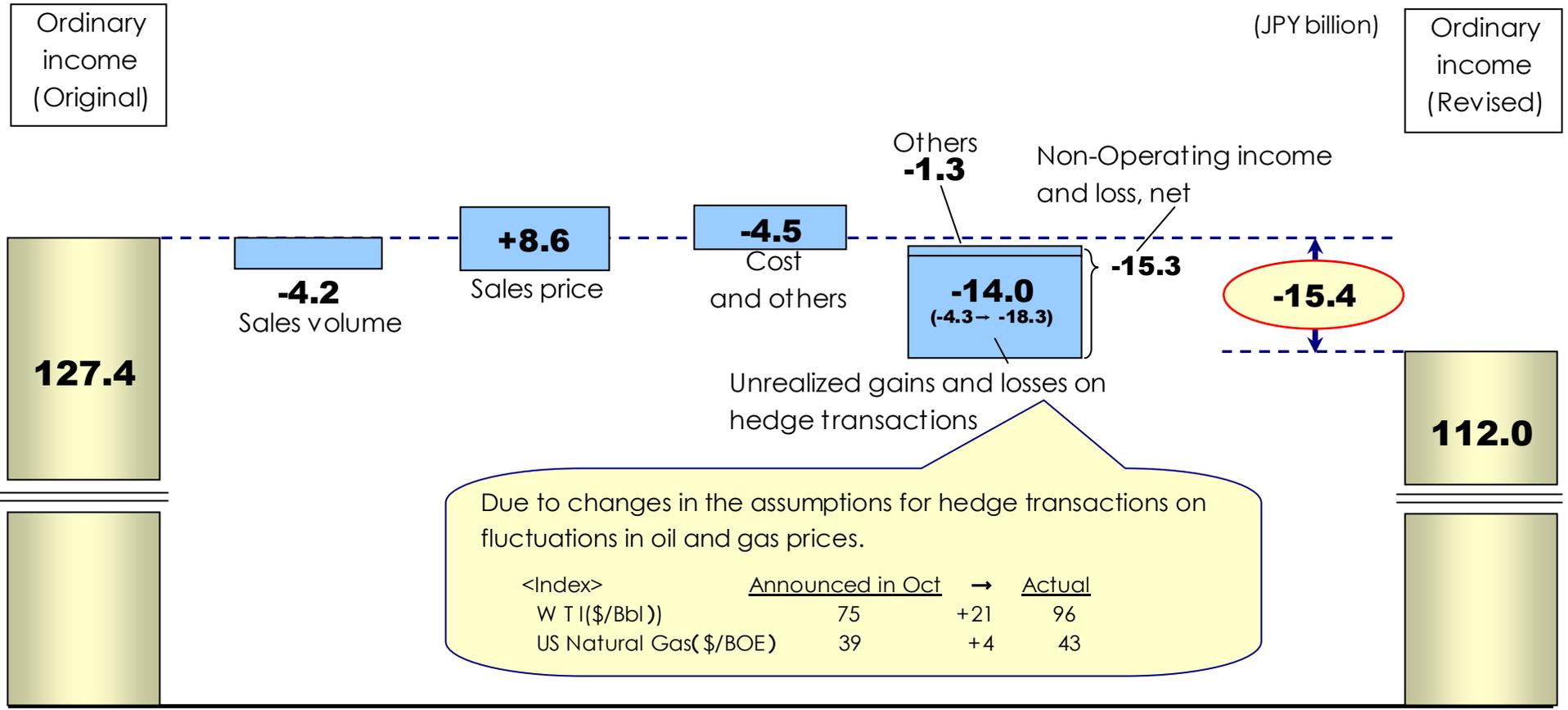


Changes in original forecast for ordinary income - E&P of Oil and Natural Gas FY07

<'07/4~'08/3>

Forecasted Ordinary income -15.4 JPY billion

● Forecasted ordinary income decreased due to decreased sales volume and increase of losses on hedge transactions, despite Increase in sales price due to higher crude oil price



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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, exchange rate and interest rate trends.

Nippon Oil Corporation

Report on Performance in the Third Quarter of Fiscal 2007

(from April 1, 2007 to December 31, 2007)

Supplementary Information

January 31, 2008

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Net sales, Operating Income and Ordinary Income by Operating Segment (YoY) (FY07 1Q-3Q)

(1) Net Sales

(billions of yen)

		Total			
		5,317.8(+436.6)			
Refining and Marketing		E&P of Oil and Natural Gas	Construction	Other	
Petroleum Products	Petrochemical Products				
4,496.4(+397.0)	384.4(+35.4)	4,880.8(+432.4)	172.6(+19.9)	221.2(-13.9)	43.2(-1.8)

Changes from the previous period

(2) Operating income

(billions of yen)

		Total			
		223.5(+93.4)			
Refining and Marketing		E&P of Oil and Natural Gas	Construction	Other	
Petroleum Products	Petrochemical Products				
95.3 (+105.6)	26.7(-17.6)	122.0(+88.0)	96.2(+7.2)	1.1(-1.0)	4.2(-0.8)

(3) Ordinary income

(billions of yen)

		Total			
		244.6(+89.3)			
Refining and Marketing		E&P of Oil and Natural Gas	Construction	Other	
Petroleum Products	Petrochemical Products				
120.0 (+115.5)	26.0(-18.3)	146.0(+97.2)	93.1(-6.5)	2.5(-1.0)	3.0(-0.4)

Net sales, Operating Income and Ordinary Income by Operating Segment (YoY) (FY07 3Q)

(1) Net Sales

(billions of yen)

		Total			
			1,982.0(+299.1)		
Refining and Marketing			E&P of Oil and Natural Gas	Construction	Other
Petroleum Products	Petrochemical Products				
1,691.2(+287.8)	137.0(+18.0)	1,828.2(+305.8)	59.3(+3.2)	80.7(-9.6)	13.8(-0.3)

Changes from the previous period

(2) Operating income

(billions of yen)

		Total			
			80.8(+65.5)		
Refining and Marketing			E&P of Oil and Natural Gas	Construction	Other
Petroleum Products	Petrochemical Products				
45.7 (+85.0)	-0.9(-16.6)	44.8(+68.4)	33.2(-0.8)	0.8(-1.9)	2.0(-0.2)

(3) Ordinary income

(billions of yen)

		Total			
			85.4(+62.1)		
Refining and Marketing			E&P of Oil and Natural Gas	Construction	Other
Petroleum Products	Petrochemical Products				
52.7 (+88.7)	-1.3(-16.8)	51.4(+71.9)	31.2(-7.9)	1.3(-2.0)	1.5(+0.1)

Forecast Net Sales, Operating Income and Ordinary Income by Operating Segment (Change from the October forecast) (FY07)

(1) Net Sales

(billions of yen)

Total						7,460.0(+270.0)
Refining and Marketing			E&P of Oil and Natural Gas	Construction	Other	
Petroleum Products	Petrochemical Products					
6,250.6(+281.1)	522.0(-9.5)	6,772.6(+271.6)	236.4(+0.4)	398.0(-1.0)	53.0(-1.0)	
Changes from the previous forecast						

(2) Operating income

(billions of yen)

Total						270.0(+30.0)
Refining and Marketing			E&P of Oil and Natural Gas	Construction	Other	
Petroleum Products	Petrochemical Products					
104.5 (+44.5)	24.4(-14.2)	128.9(+30.3)	128.1(-0.1)	8.5(-0.1)	4.5(-0.1)	

(3) Ordinary income

(billions of yen)

Total						278.0(+18.0)
Refining and Marketing			E&P of Oil and Natural Gas	Construction	Other	
Petroleum Products	Petrochemical Products					
130.0 (+47.6)	23.0(-14.5)	153.0(+33.1)	112.0(-15.4)	10.0(-0.2)	3.0(+0.5)	

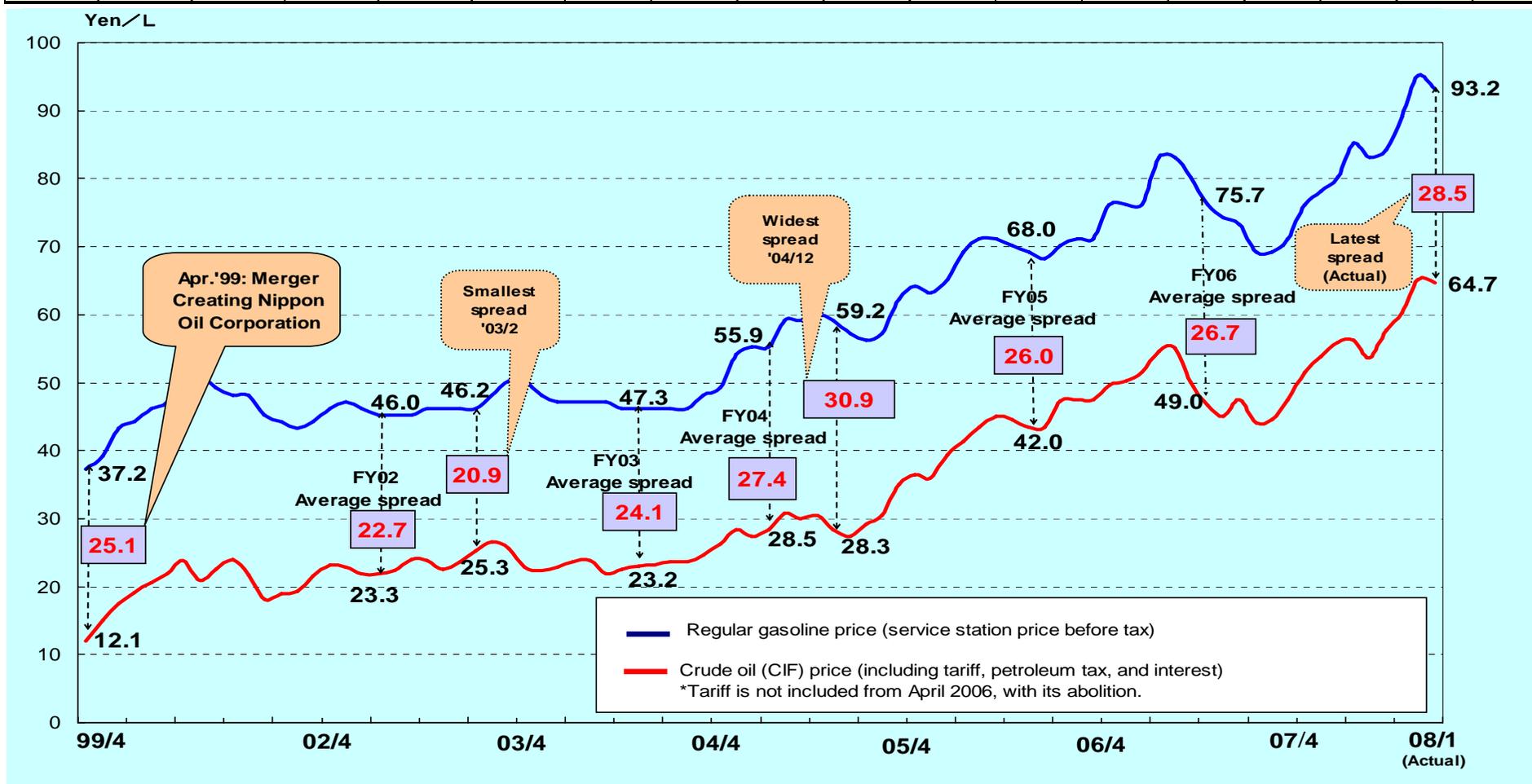
Sales Volume (Unconsolidated)

	2007 1-3Q (April- December)	3Q (October- December)	Changes
	0,000 KL	0,000KL	%
Gasoline	1,052	341	- 2.9
(Premium)	178	56	- 6.6
(Regular)	863	281	- 2.0
Naphtha	130	46	+ 1.3
JET	95	32	+ 5.3
Kerosine	347	184	- 8.7
Diesel Fuel	634	219	- 0.1
Heavy fuel oil A	449	169	- 13.2
Heavy fuel oil C	562	214	+ 6.1
(For Electric Power)	329	136	+ 23.6
(For General Use)	233	78	- 11.6
Total-Domestic Fuel Oil	3,269	1,205	- 2.8
Crude Oil	258	107	+ 39.2
Lubricants & Specialities	196	68	- 2.6
Petrochemicals	281	96	- 1.5
Exported Fuel Oil	1,133	382	+ 15.4
Total-Excluding Barter trade & others	5,137	1,858	+ 2.4
Barter trade & others	1,373	490	- 8.2
Total	6,510	2,348	±0.0

Spread (Retail Gasoline Price – Crude Oil CIF Price)

Quarterly spread trend (since Apr. 2005)

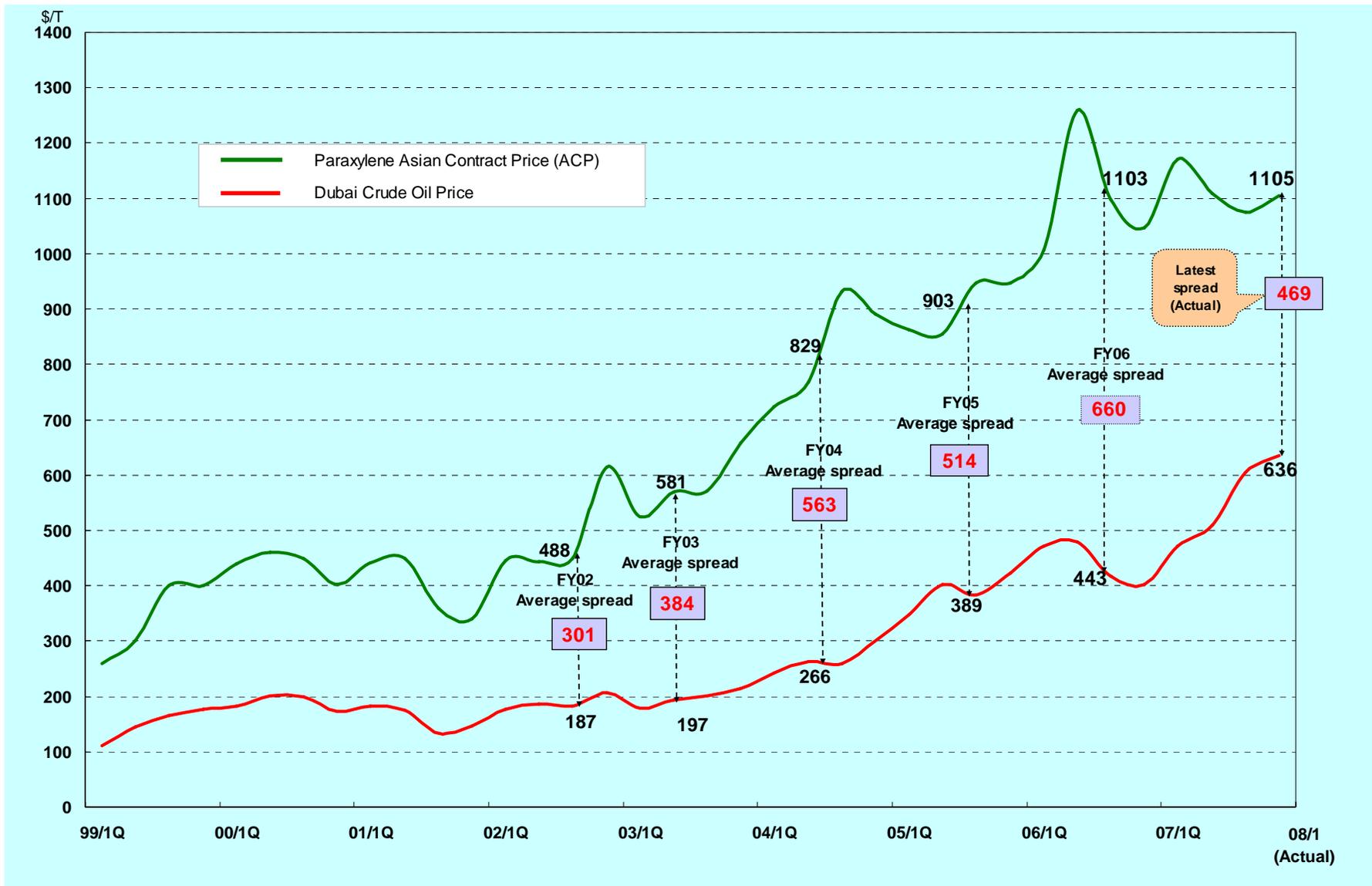
'05/4-6	'05/7-9	'05/1H	'05/10-12	'06/1-3	'05/2H	05FY	'06/4-6	'06/7-9	'06/1H	'06/10-12	'07/1-3	'06/1H	06FY	'07/4-6	'07/7-9	'07/1H	'07/10-12
27.4	27.1	27.3	25.9	23.8	24.9	26.0	25.4	27.2	26.3	29.6	25.1	27.3	26.7	24.3	27.6	26.0	28.5



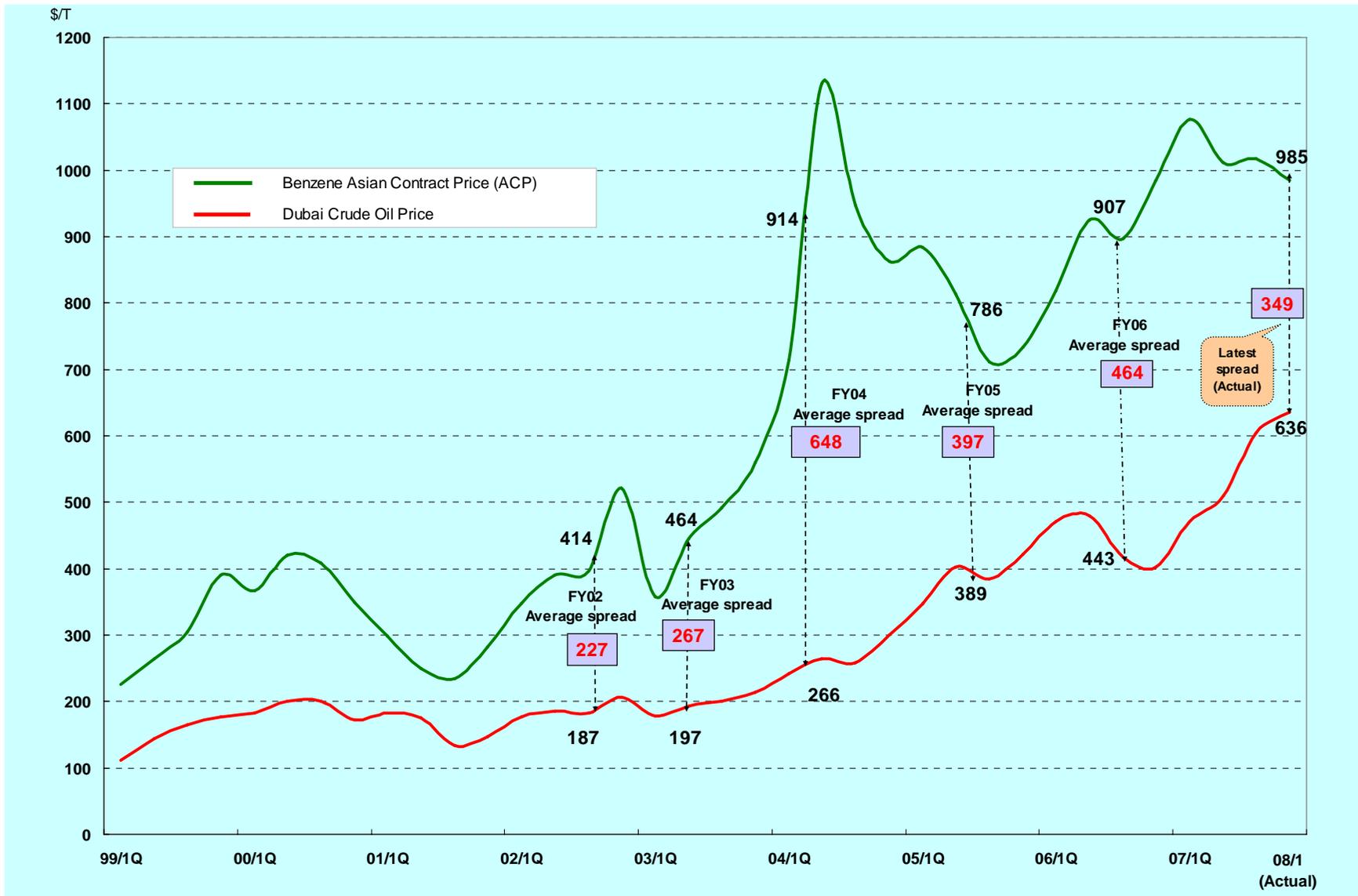
* CIF: Cost, insurance, and freight basis

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

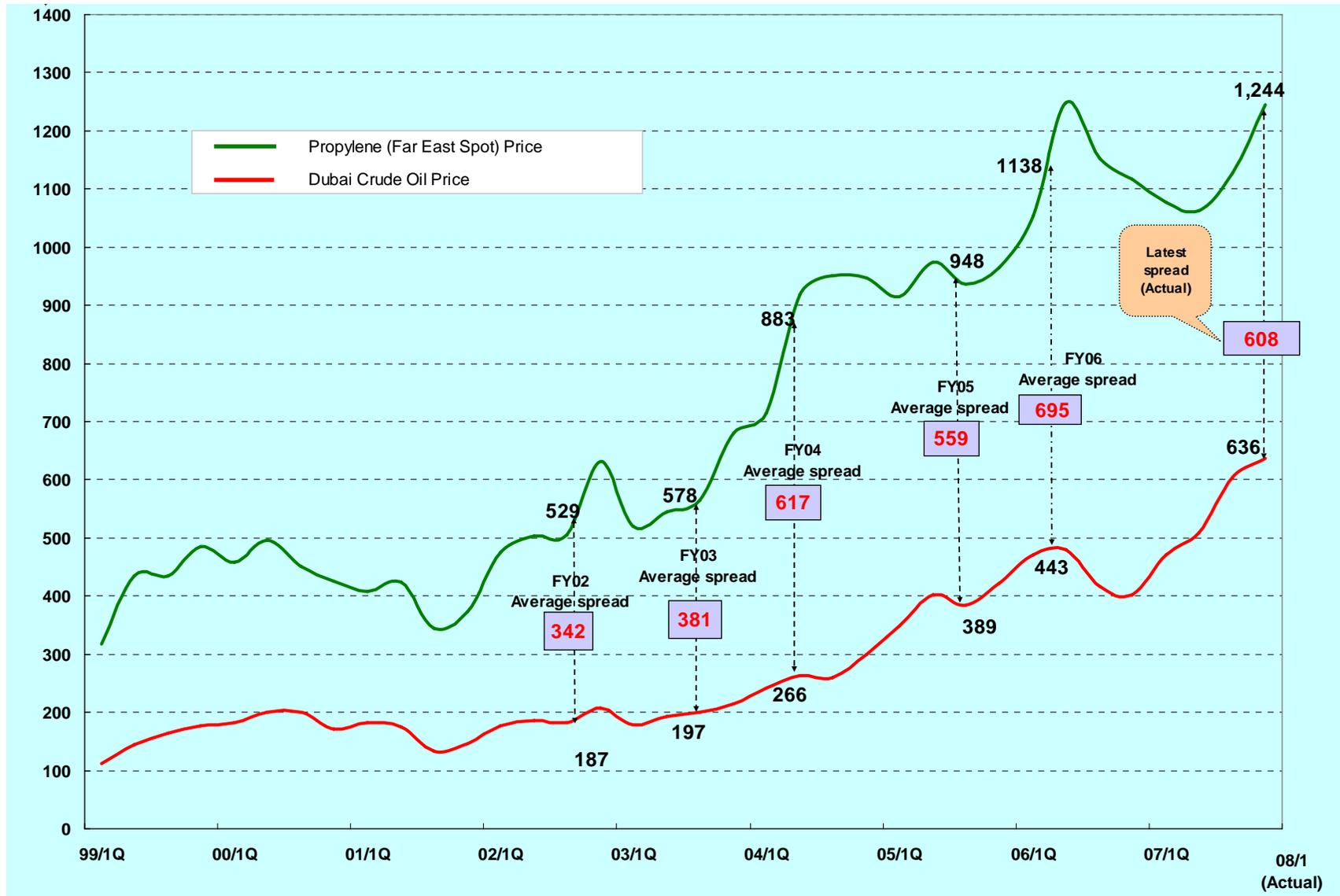
Spread (PX Price - Dubai Crude Oil Price)



Spread (Benzene Price - Dubai Crude Oil Price)



Spread (Propylene Price – Dubai Crude Oil Price)



Number of Service Stations (Fixed-Type>, Self-Service Stations and Dr. Drive Service Stations

<Number of Service Stations(Fixed-Type)>

	FY04 ('04/04-'05/03)	FY05 ('05/04-'06/03)	FY06 ('06/04-'07/03)	'07 September	'07 December
Nippon Oil Corporation	11,059	10,807	10,368	10,183	10,068
Company-Owned Service Stations	2,518	2,436	2,309	2,241	2,218

<Number of Self-Service Stations>

	FY04 ('04/04-'05/03)	FY05 ('05/04-'06/03)	FY06 ('06/04-'07/03)	'07 September	'07 December
Nippon Oil Corporation	651	794	1,055	1,159	1,210
Total for Japan	3,493 *	4,257 *	5,203 *	5,525 *	

*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>

	FY04 ('04/04-'05/03)	FY05 ('05/04-'06/03)	FY06 ('06/04-'07/03)	'07 September	'07 December
Nippon Oil Corporation	1,963	2,505	2,403	2,362	2,324

Refinery Utilization Rates, Number of Depots and E&P of Oil and Natural Gas - Production Volume

< Refinery Utilization Rates >

Unit: %

	FY04 ('04/4 - '05/3)	FY05 ('05/4 - '06/3)	FY06 ('06/4 - '07/3)	FY07 1H ('07/4 - '07/9)	FY07 3Q ('07/10 - '07/12)
Nippon Oil Group	87	88	84	79	84

< Number of Depots >

	'05/4	'06/4	'07/4	'07/10	'07/12
Nippon Oil Corporation	50	50	48	47	47

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

Unit: Thousand B Unit: Thousand BD

	'04/1-12	'05/1-12	'06/1-12	'07/1-12
Nippon Oil Group	111	156	153	145

* PC Basis

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