

# Report on Performance in the Six Months Ended September 30, 2008

(from April 1, 2008 to September 30, 2008)

**Shinji Nishio**  
Representative Director, President

October 29, 2008

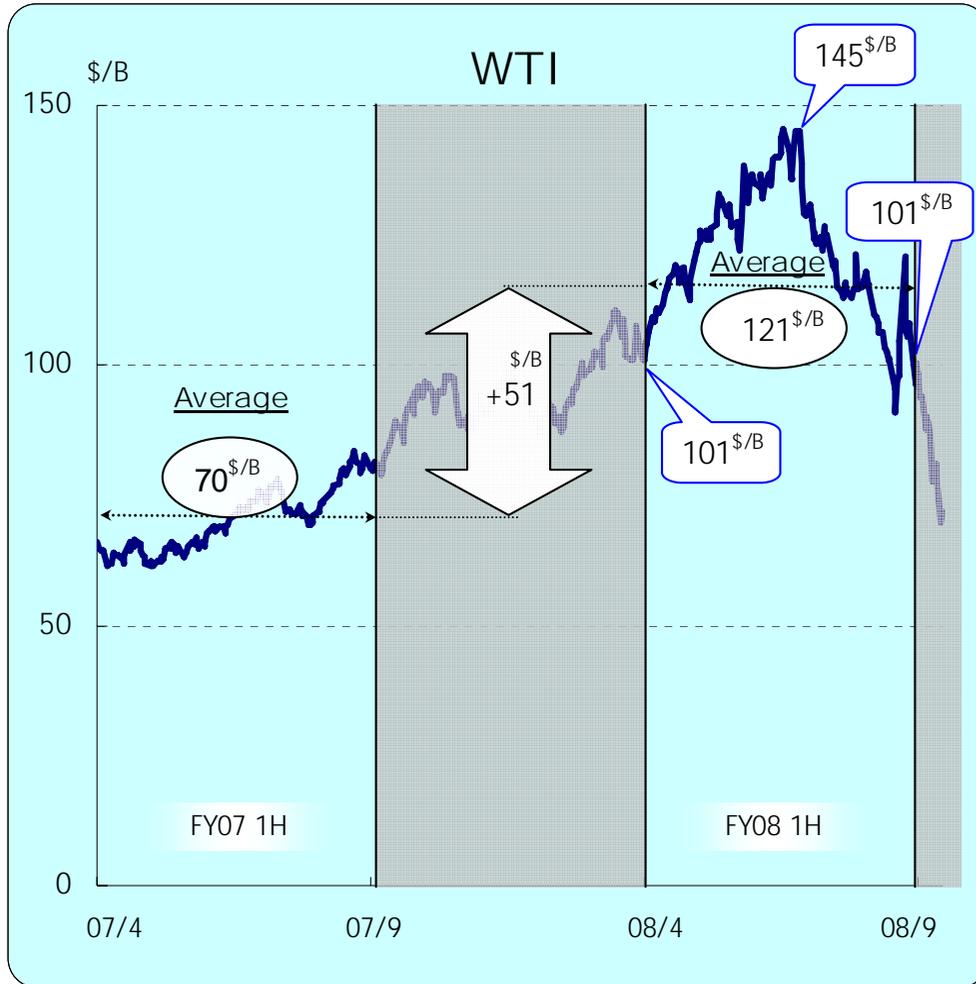


**NIPPON OIL**  
Your Choice of Energy

# I. Business Environment and Major Activities in FY08 1<sup>st</sup> Half <'08/4~'08/9>

# Business Environment (FY08 1H) (1)

## Crude Oil Price



FY07 1H : Continuous rise

FY08 1H : Rapid rise and Sharp drop

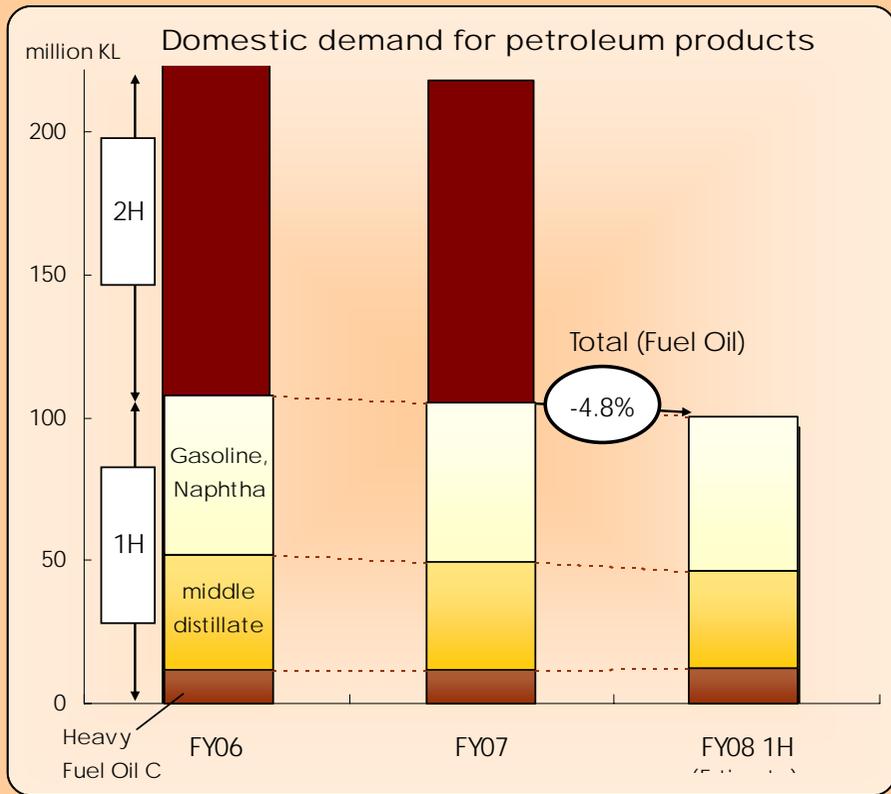
The average price in 1H increased about 50\$/B

FY07 1H → FY08 1H  
70\$/B → 121\$/B

# Business Environment (FY08 1H) (2)

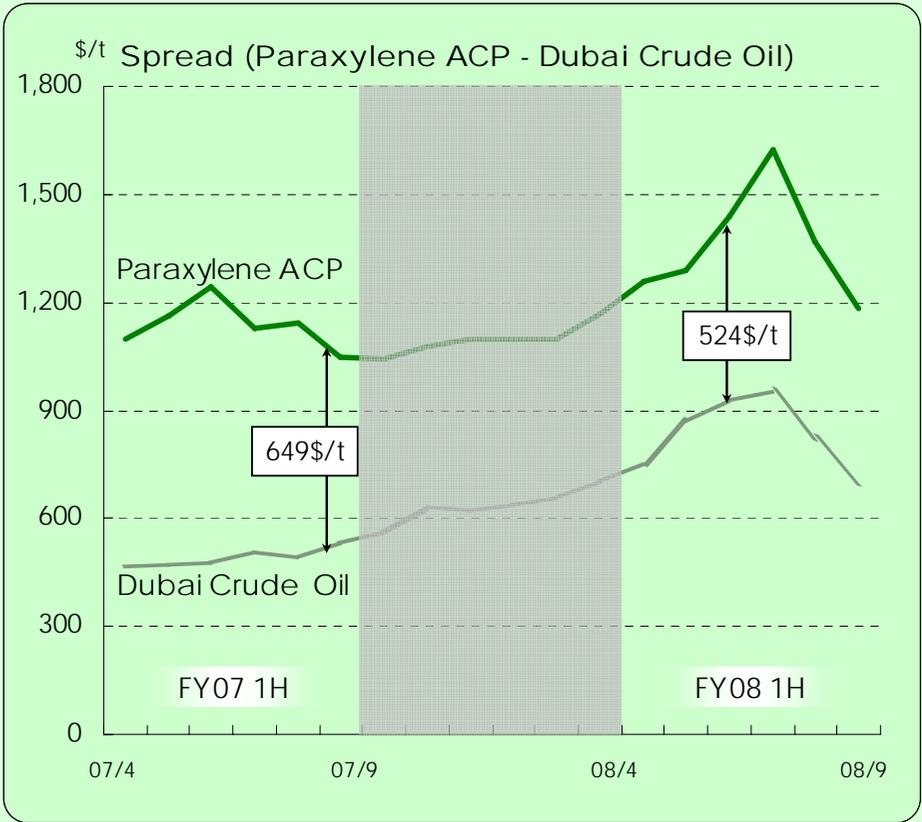
## Business Environment of Petroleum and Petrochemical Products

### -Petroleum Products Business-



Accelerated decrease in domestic demand for petroleum products

### -Petrochemical Products Business-



Declining profit margins

# Major Activities (FY08 1H) (1)

## 1. Refining and Marketing

### Integration with Kyushu Oil

- <2008>
- July Conclusion of Separation and Merger Agreements
- August Nippon Oil made Kyushu Oil a wholly owned subsidiary
- October Business Integration (Separation and Merger)



**Strengthen Refining & Marketing Business  
with Integration synergy**

**Expand business in Asia-Pacific Rim region  
(expand export)**

### Conversion into joint refinery at Osaka

- <2008>
- May Nippon Oil and CNPC\* Signed "Letter of Intent to Establish a Joint Refinery"
- October Set up an organization for preparation

#### Kyushu Oil

<Marketing>

Domestic sales share of petroleum Product  
2.5%(FY2007)

Number of Service Stations  
605(Sep 2008)

<Refining>

Refining Capacity 160,000BD

Paraxylene Production Capacity 210,000t

Electric Power under IPP contract 137,000KW

<Osaka Refinery>

Refining Capacity 115,000BD

\*China National Petroleum Corporation

# Major Activities (FY08 1H) (2)

## 2. Oil and Natural Gas Exploration and Production

Acquisition the interest offshore the Malay Peninsula

Acquisition the shares in MOC Exploration (U.K.) Limited

## 3. New Technology Businesses

Building plan of a new residential-use fuel cell plant

Capital expenditure : 2 billion yen (FY2008-FY2009)

Production Capacity : 10,000 units/year(FY2010) 40,000 units/year(FY2015)

Basic agreement to explore Thin Film Solar Cells joint-project possibility with SANYO

Establishment : April 2009 (Plan)



Aim for early commercialization of Thin Film Solar Cells Business

# Directions for 2<sup>nd</sup> Half

## Refining and Marketing

### Introduction of new wholesale pricing system

Transition Date : Products shipped on and after October 1, 2008

Product : gasoline, Kerosine, Diesel Fuel, Heavy fuel oil A

Outline : domestic petroleum market-linked, weekly revision



Build a Highly Transparent Pricing Structure

### Cease refining operation of Nihonkai Oil's Toyama Refinery

<2009>

March Cease of Refining Operations  
July Convert Facility into an Oil Terminal

<Toyama Refinery>

Refining Capacity 60,000BD

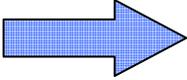
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## II. Highlights of Consolidated Financial Results in FY 08 1<sup>st</sup> Half <'08/4~'08/9>

# Highlights of Consolidated Income FY08 1H <'08/4 ~ '08/9>

	FY07 1H <'07/4-'07/9>		FY08 1H <'08/4-'08/9>	
Crude Oil Price ( \$/Bbl )	66.5	+50.7	117.2	
Exchange Rate ( Yen/\$ )	119.7	-14.3	105.4	
Sales volume excluding Barter trade & others ( 10,000 KL )	3,279	-14.0	3,265	
<b>Net Sales</b>	JPY billion <b>3,335.8</b>	JPY billion <b>+947.8</b>	JPY billion <b>4,283.6</b>	
<b>Operating income</b>	<b>142.7</b>	<b>-56.2</b>	<b>86.5</b>	Inventory valuation Factors +188.7
( inventory valuation factors )	77.2	+1.9	79.1	
( Excluding inventory valuation factors )	65.5	-58.1	7.4	
<b>Non-Operating income and loss, net</b>	<b>16.5</b>	<b>-44.8</b>	<b>-28.3</b>	Inventory Write-down -109.6
<b>Ordinary income</b>	<b>159.2</b>	<b>-101.0</b>	<b>58.2</b>	
( Excluding inventory valuation factors )	82.0	-102.9	-20.9	
<b>Special gains and loss, net</b>	<b>-3.8</b>	<b>-10.6</b>	<b>-14.4</b>	
<b>Net income</b>	<b>84.8</b>	<b>-64.6</b>	<b>20.2</b>	

# Changes in Ordinary income by Business Segment (YoY) FY08 1H <'08/4 ~ '08/9>

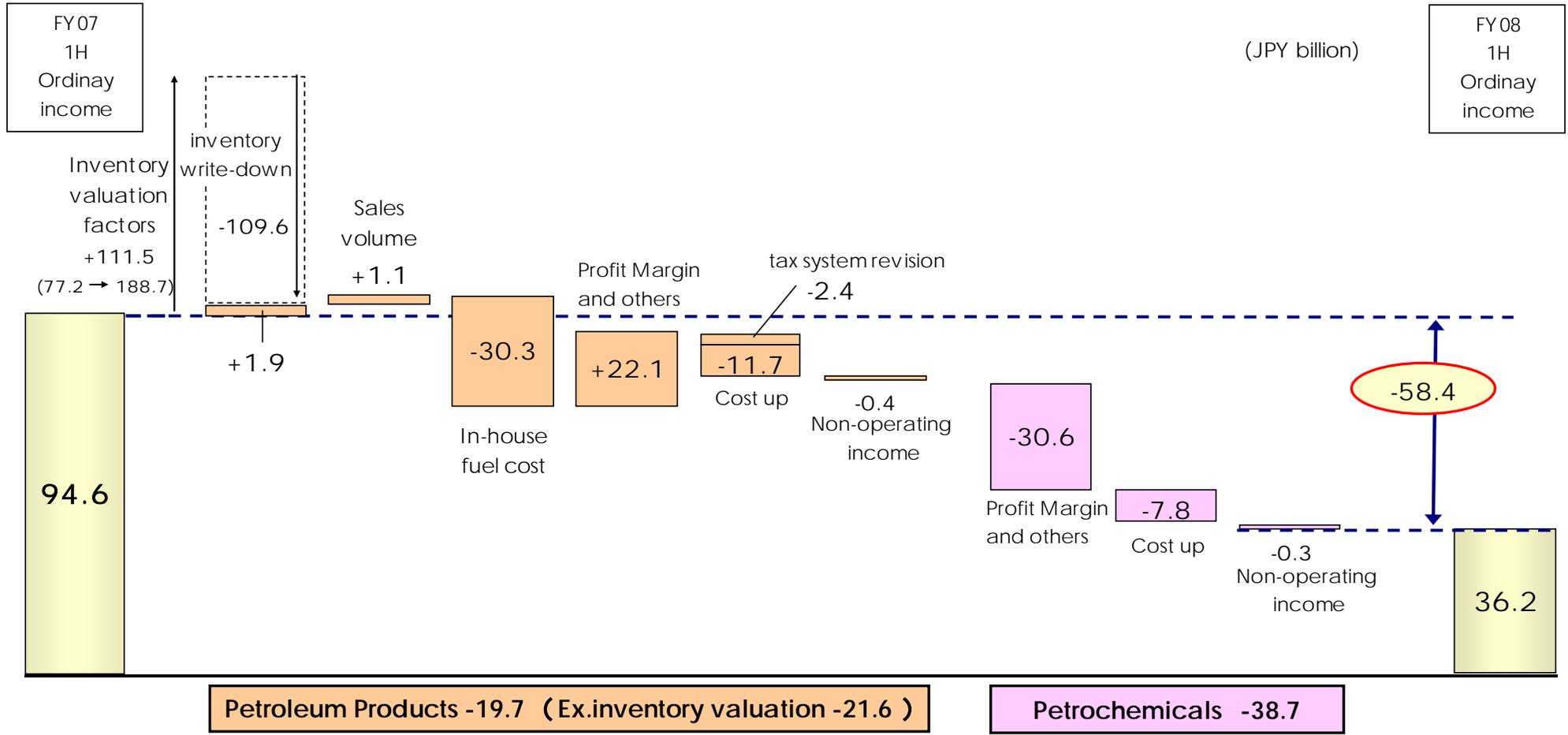
	FY07 1H <'07/4-'07/9>		FY08 1H <'08/4-'08/9>
	(JPY billion)		(JPY billion)
<b>I. Refining &amp; Marketing</b>	<b>94.6</b>	<b>-58.4</b>	<b>36.2</b>
Petroleum Products	67.3	-19.7	47.6
Inventory valuation factors	77.2	+1.9	79.1
Excluding inventory valuation factors	-9.9	-21.6	-31.5
Petrochemicals	27.3	-38.7	-11.4
<b>II. E&amp;P of Oil &amp; Natural Gas</b>	<b>61.9</b>	<b>-40.0</b>	<b>21.9</b>
<b>III. Construction &amp; Others</b>	<b>2.7</b>	<b>-2.6</b>	<b>0.1</b>
<b>Total</b>	<b>159.2</b>	<b>-101.0</b>	<b>58.2</b>
Excluding inventory valuation factors	82.0	-102.9	-20.9

# Analysis of Changes in Ordinary income

## - Refining and Marketing (YoY) FY08 1H <'08/4 ~ '08/9>

### Ordinary income -58.4 JPY billion

In-house fuel cost drastically increased due to high crude oil price  
 Margins for petrochemicals decreased considerably

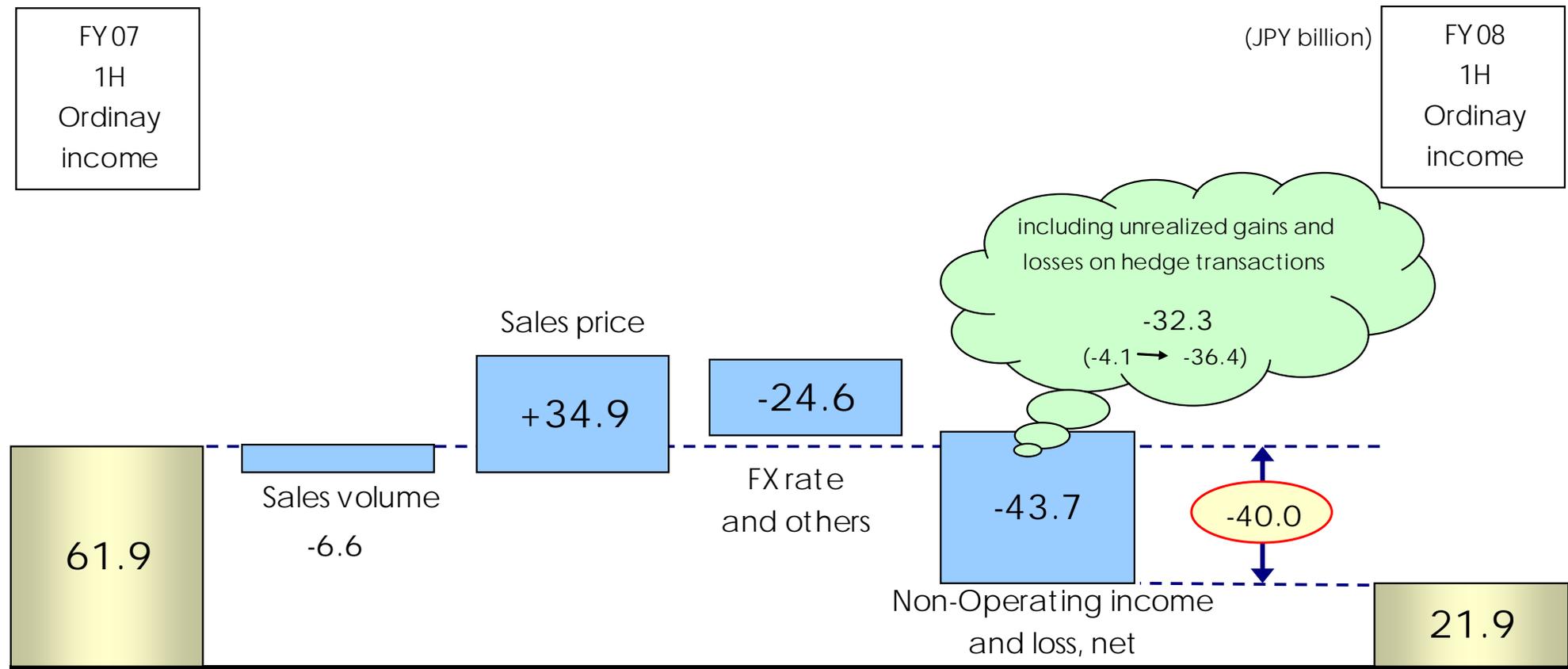


# Analysis of Changes in Ordinary income

## - E&P of Oil and Natural Gas (YoY) FY08 1H <'08/4 ~ '08/9>

### Ordinary income -40.0 JPY billion

Although Sales price increased, ordinary income decreased due to negative impact of sales volume decrease and increase of non-operating losses



### III. Forecast for Consolidated Income (FY08) <'08/4~'09/3>

# Forecast for Consolidated Income (FY08) <'08/4 ~ '09/3>

	Original Forecast 08FY (announced in July)		Revised Forecast 08FY
Crude Oil Price ( \$/Bbl )	111.8	-14.0	97.8
Exchange Rate ( Yen/\$ )	104.7	+0.6	105.3
Sales volume excluding Barter trade & others ( 10,000 KL )	7,000	+166	7,166
	JPY billion	JPY billion	JPY billion
Net Sales	8,920.0	-70.0	8,850.0
Operating income	197.0	-209.0	-12.0
( inventory valuation factors )	90.0	-163.0	-73.0
( Excluding inventory valuation factors )	107.0	-46.0	61.0
Non-Operating income and loss, net	3.0	+14.0	17.0
Ordinary income	200.0	-195.0	5.0
( Excluding inventory valuation factors )	110.0	-32.0	78.0
Special gains and loss, net	-17.0	-4.0	-21.0
Net income	95.0	-118.0	-23.0



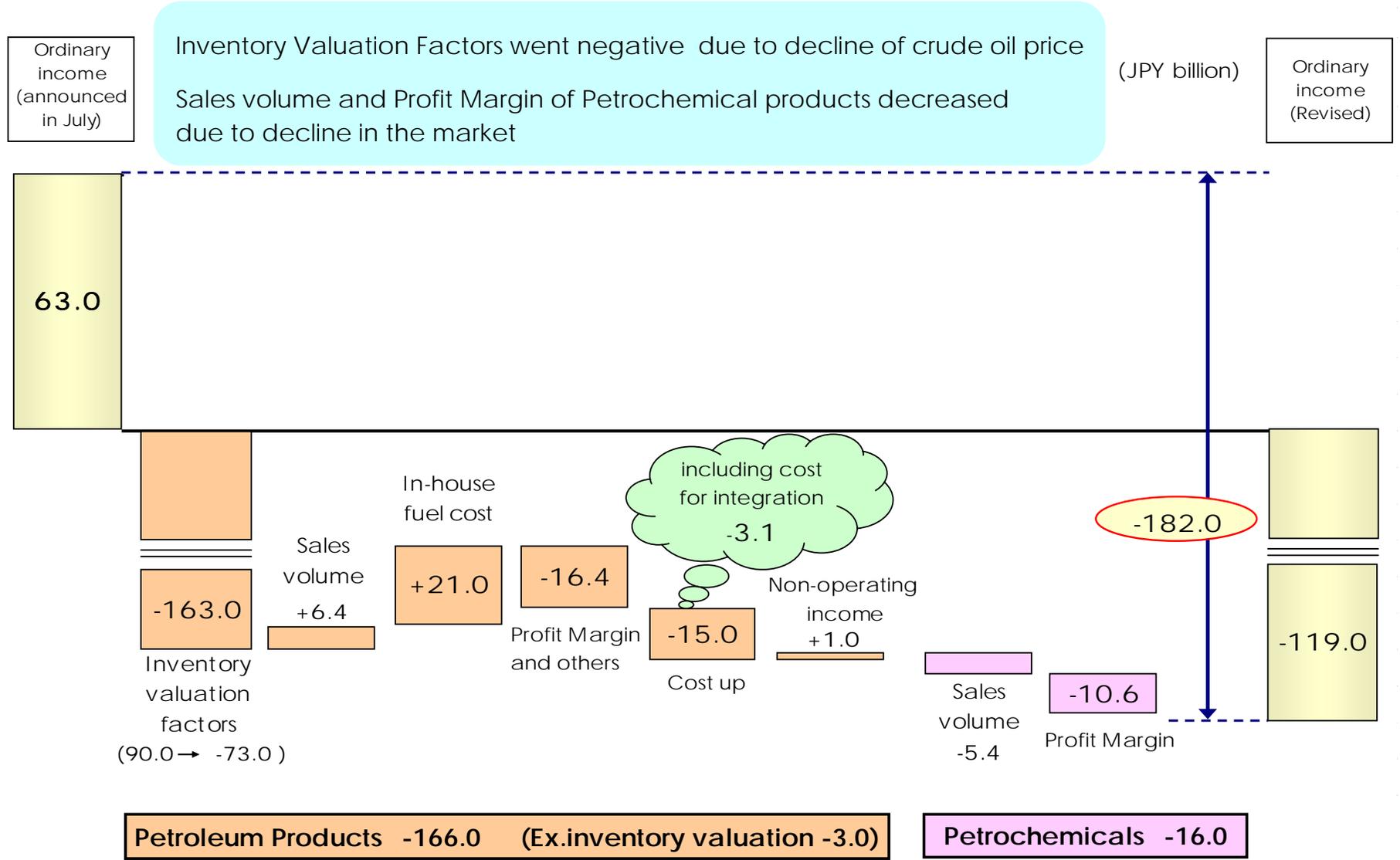
including  
Kyushu Oil 2H  
330

# Changes Forecast for Ordinary income by Business Segment (YoY) FY 08 <'08/4 ~ '09/3>

	Original Forecast 08FY (announced in July)		Revised Forecast 08FY
	(JPY billion)		(JPY billion)
<b>I. Refining &amp; Marketing</b>	63.0	-182.0	-119.0
Petroleum Products	75.0	-166.0	-91.0
Inventory valuation factors	90.0	-163.0	-73.0
Excluding inventory valuation factors	-15.0	-3.0	-18.0
Petrochemicals	-12.0	-16.0	-28.0
<b>II. E&amp;P of Oil &amp; Natural Gas</b>	125.0	-12.0	113.0
<b>III. Construction &amp; Others</b>	12.0	-1.0	11.0
<b>Total</b>	200.0	-195.0	5.0
Excluding inventory valuation factors	110.0	-32.0	78.0

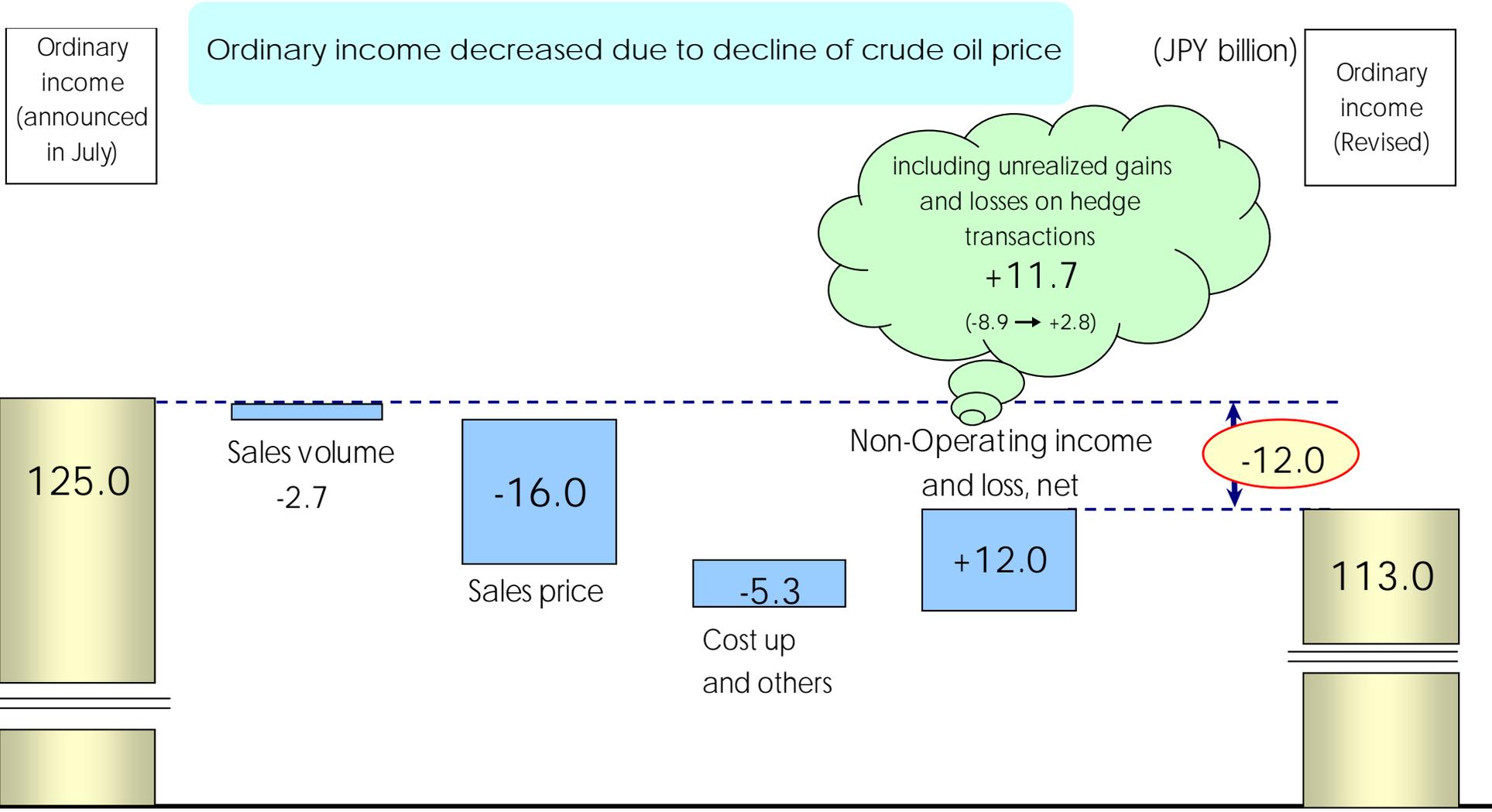
# Changes in original forecast for Ordinary income -Refining and Marketing FY 08 <'08/4 ~ '09/3>

## Ordinary income -182.0 JPY billion

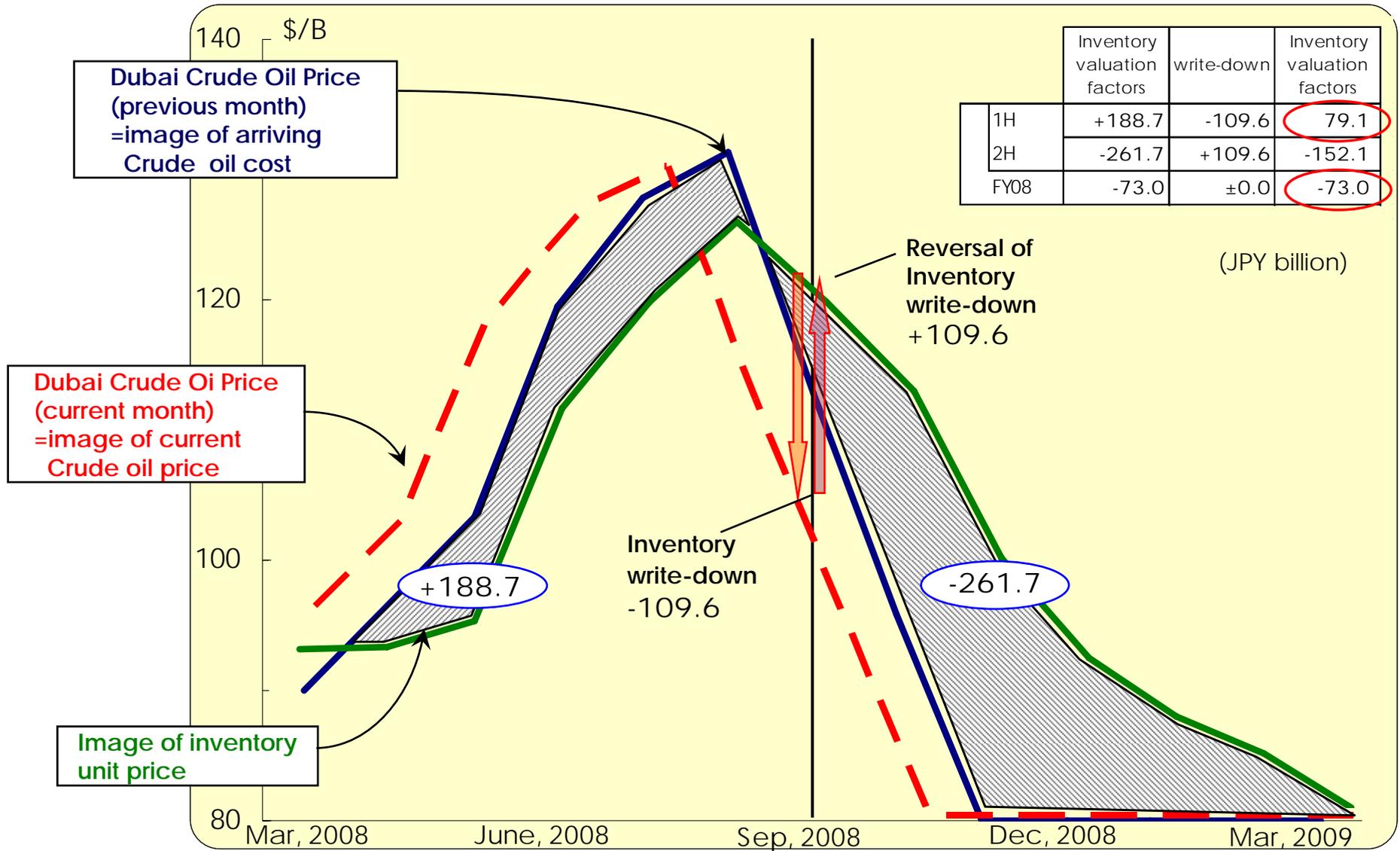


# Changes in original forecast for Ordinary income -E&P of Oil and Natural Gas FY 08 <'08/4 ~ '09/3>

## Ordinary income -12.0 JPY billion



# <Reference> FY08 Inventory Valuation Factors and Inventory write-down (image)



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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 Six Months Ended September 30, 2008

(from April 1, 2008 to September 30, 2008)

### Supplementary Information

October 29, 2008

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# 1.Data Related Financial Results for FY08 First Half ('08/4-'08/9)

# Net sales and Ordinary Income by Business Segment (YoY) FY08 1H <'08/4~'08/9>

(JPY billion)

	FY07 1H		Changes		FY08 1H	
	Net sales	Ordinary Income	Net sales	Ordinary Income	Net sales	Ordinary Income
Refining and Marketing	3,052.6	94.6	+940.7	-58.4	3,993.3	36.2
excl. inventory valuation factors	-	17.4	-	-60.3	-	-42.9
Petroleum Products	2,805.2	67.3	+906.2	-19.7	3,711.4	47.6
inventory valuation factors	-	77.2	-	+1.9	-	79.1
excl. inventory valuation factors	-	-9.9	-	-21.6	-	-31.5
Petrochemical Products	247.4	27.3	+34.5	-38.7	281.9	-11.4
E&P of Oil and Natural Gas	113.3	61.9	+15.7	-40.0	129.0	21.9
Construction	140.5	1.2	-1.5	-2.8	139.0	-1.6
Other	29.4	1.5	-7.1	+0.2	22.3	1.7
Total	3,335.8	159.2	+947.8	-101.0	4,283.6	58.2
excl. inventory valuation factors	-	82.0	-	-102.9	-	-20.9

# Net Sales and Ordinary Income by Business Segment-Forecast for FY08 (Changes from the previous forecast)

(JPY billion)

	Original Forecast FY08 (announced in July)		Changes		Revised Forecast FY08	
	Net sales	Ordinary Income	Net sales	Ordinary Income	Net sales	Ordinary Income
Refining and Marketing	8,206.0	63.0	-49.0	-182.0	8,157.0	-119.0
excl. inventory valuation factors	-	-27.0	-	-19.0	-	-46.0
Petroleum Products	7,579.0	75.0	+2.0	-166.0	7,581.0	-91.0
inventory valuation factors	-	90.0	-	-163.0	-	-73.0
excl. inventory valuation factors	-	-15.0	-	-3.0	-	-18.0
Petrochemical Products	627.0	-12.0	-51.0	-16.0	576.0	-28.0
E&P of Oil and Natural Gas	274.0	125.0	-17.0	-12.0	257.0	113.0
Construction	388.0	7.0	-5.0	-2.0	383.0	5.0
Other	52.0	5.0	+1.0	+1.0	53.0	6.0
Total	8,920.0	200.0	-70.0	-195.0	8,850.0	5.0
excl. inventory valuation factors	-	110.0	-	-32.0	-	78.0

# Sales Volume (Unconsolidated)

	FY07 1H <'07/4-'07/9>	FY08 1H <'08/4-'08/9>	Changes
	10,000 KL	10,000 KL	%
Gasoline	711	667	-6.2
Premium	122	104	-14.2
Regular	582	556	-4.5
Naphtha	84	91	+8.1
JET	63	59	-7.4
Kerosine	163	134	-17.9
Diesel Fuel	415	408	-1.7
Heavy fuel oil A	280	252	-10.2
Heavy fuel oil C	348	398	+14.7
For Electric Power	193	271	+40.5
For General Use	155	127	-17.6
Total-Domestic Fuel Oil	2,064	2,009	-2.7
Crude Oil	151	148	-1.6
Lubricants & Specialities	128	121	-5.3
Petrochemicals	185	182	-1.7
LPG & Coal	398	363	-8.8
Exported Fuel Oil	353	442	+25.4
Total-Excluding Barter trade & others	3,279	3,265	-0.4
Barter trade & others	883	855	-3.2
Total	4,162	4,120	-1.0

# Impact of forecast change of crude oil price and exchange rate

Assumption for FY08 forecast (From October 08)

Crude oil WTI 90\$/Bbl  
 Dubai 80\$/Bbl  
 Exchange rate 105yen/\$

(JPY billion)

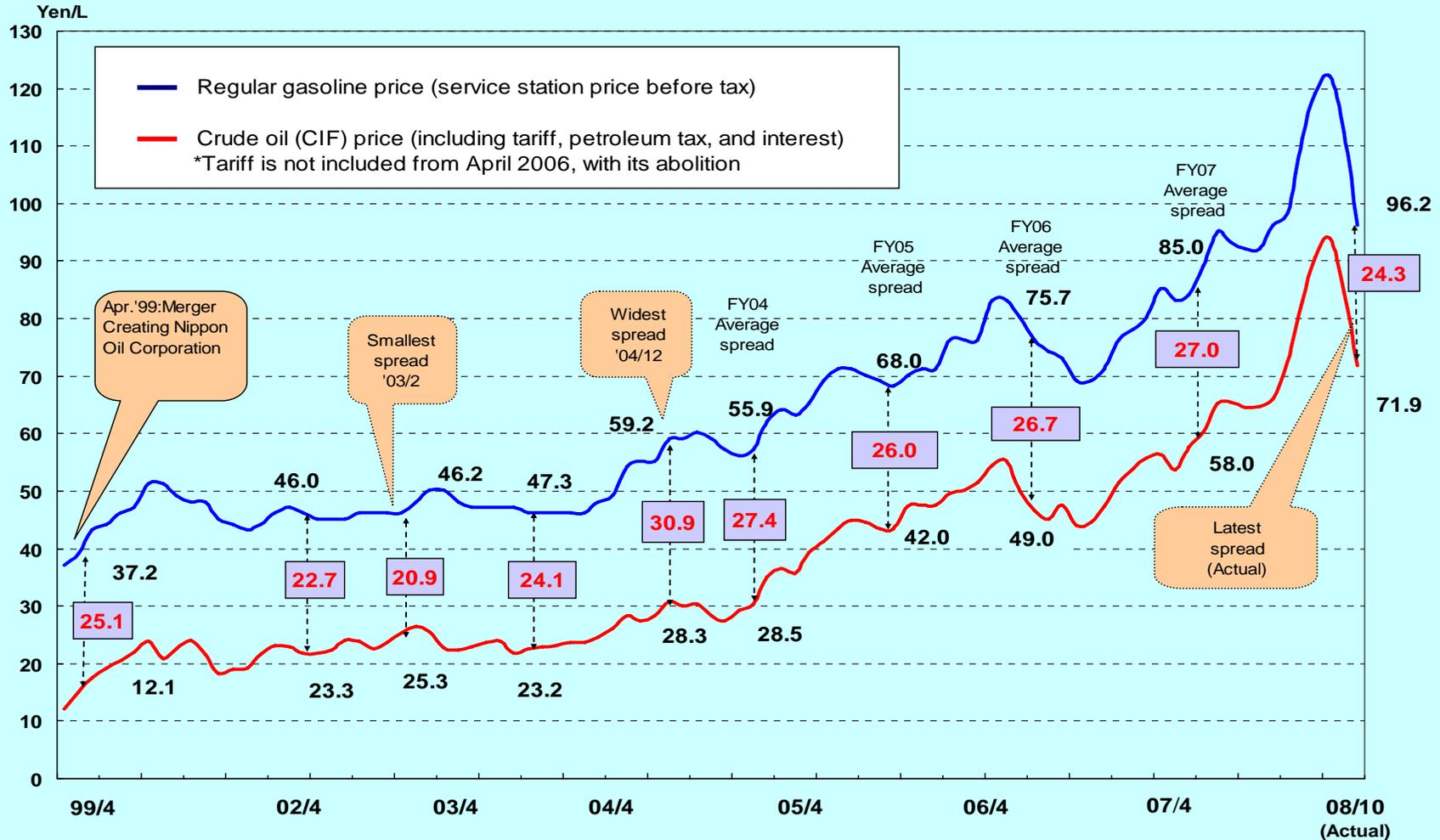
	Crude Oil Price	Exchange rate
	1\$/Bbl (drop)	1Yen/\$ (rise of Yen)
Refining & Marketing	+2.0	+1.0
E&P of Oil & Natural Gas (3months from Oct to Dec)	±0.0	-1.0
<b>Subtotal</b> (Excluding Inventory valuation factors)	+2.0	±0
<b>Inventory valuation factors</b>	-6.5	-5.5
<b>Total</b> (Including Inventory valuation factors)	-4.5	-5.5

Note: The above impacts are theoretical figures based on one set conditions. Actual results may vary from projected forecasts due to the various factors include the moving way of crude oil prices, exchange rates and volume of production, sales and inventory.

## 2. Data Related to markets trend (Gasoline and Petrochemicals)

# Spread (Retail Gasoline Price – Crude Oil CIF Price)

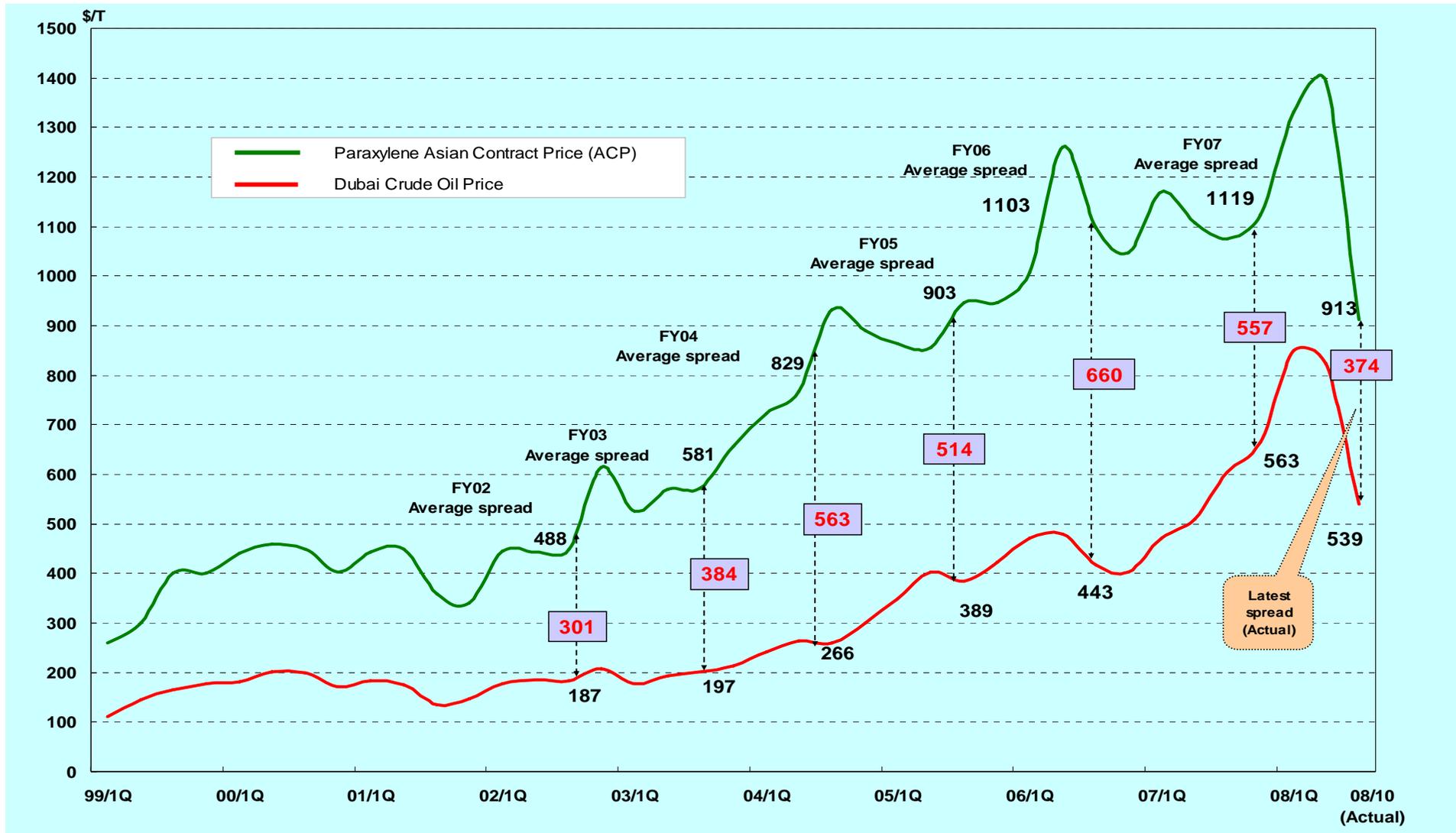
06/1H	06/2H	06FY	07/4-6	07/7-9	07/1H	07/10-12	08/1-3	07/2H	07FY	08/4-6	08/7-9	08/1H
26.3	27.3	26.7	24.3	27.7	26.0	28.5	27.7	28.1	27.0	28.0	28.2	28.1



\* CIF: Cost, insurance, and freight basis

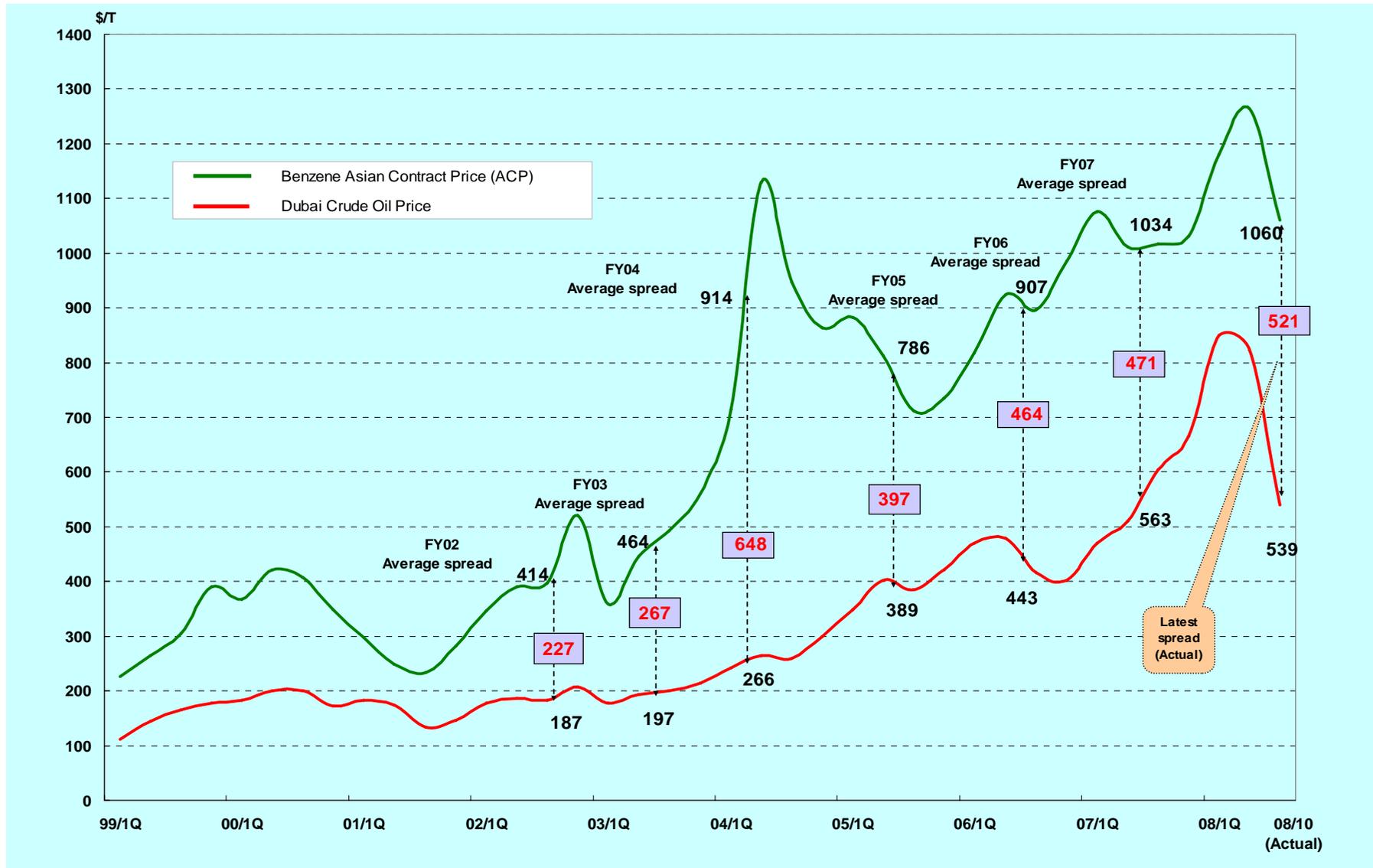
Note: Figures are calculated by the Company based on publicly announced data from The institute of Energy Economics, Japan The Oil Information Center

# Spread (PX Price - Dubai Crude Oil Price)

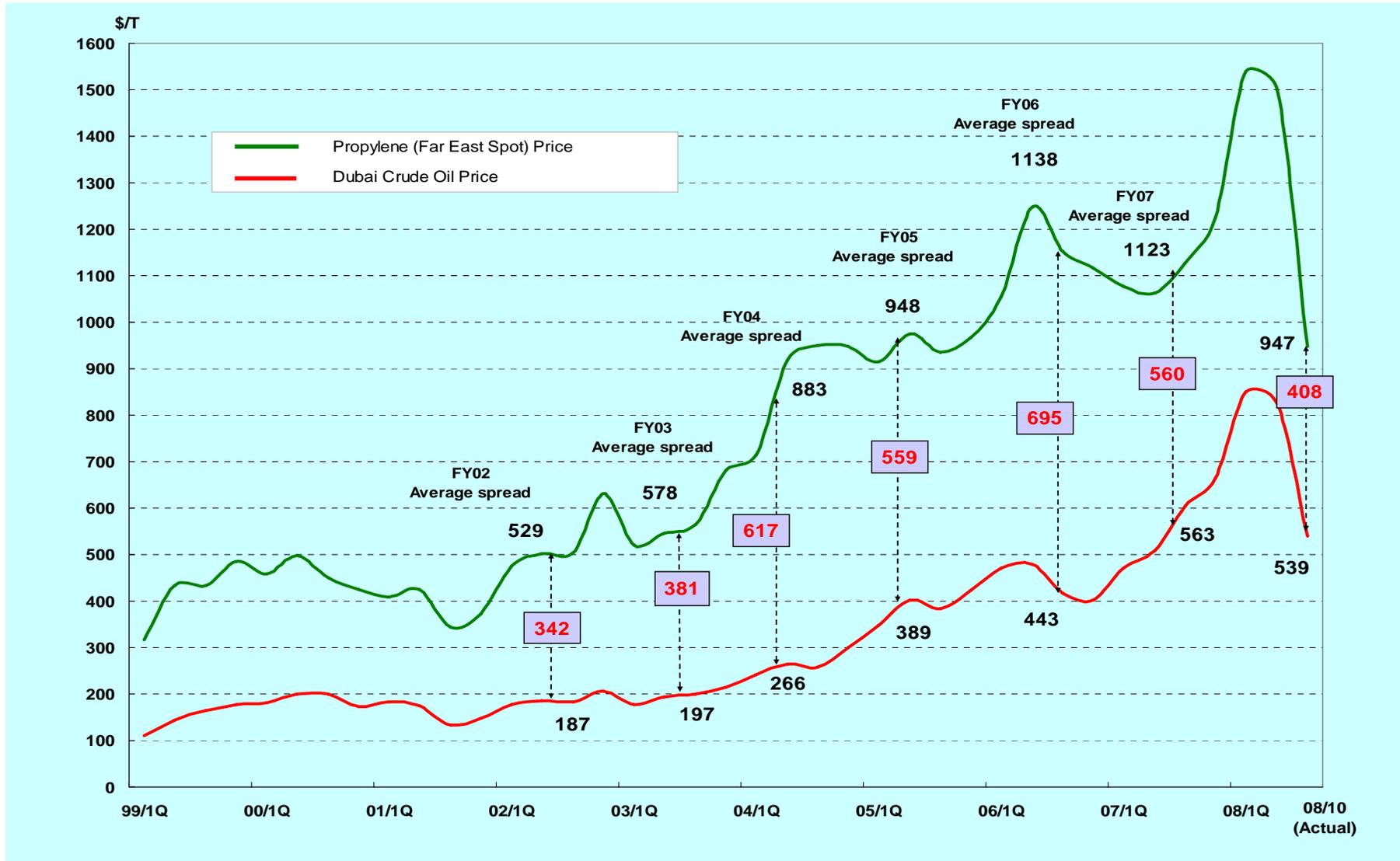


Note: ACP of Sep '08 and Oct '08 are undecided. The prices on the graph above adopted average of spot market. Sep '08(1,183\$/T), Oct '08 (913\$/T)

# Spread (Benzene Price - Dubai Crude Oil Price)



# Spread (Propylene Price – Dubai Crude Oil Price)



## 3.Data Related to Business Operations (Refining & Marketing)

# Refining Capacity and Utilization Rates

		Merger						(million BD)
	FY99 ( '99/4 - '00/3)	FY00 ( '00/4 - '01/3)	FY01 ( '01/4 - '02/3)	FY02 ( '02/4 - '03/3)	FY03 ( '03/4 - '04/3)	FY04 ( '04/4 - '05/3)	FY05 ( '05/4 - '06/3)	
Nippon Oil Group <sup>*1</sup>	1.35 (74%)	1.35 (76%)	1.23 (81%)	1.22 (84%)	1.27 (83%)	1.22 <sup>*3</sup> (87%)	1.22 (88%)	
Total for Japan	5.35 (77%)	5.27 (79%)	4.97 (81%)	4.98 (81%)	4.89 <sup>*2</sup> (83%)	4.77 <sup>*3</sup> (84%)	4.77 (87%)	
		FY06			FY07			FY08
		1H (Apr.-Sep.)	2H (Oct.-Mar.)	Total	1H (Apr.-Sep.)	2H (Oct.-Mar.)	Total	1H (Apr.-Sep.)
		1.22 (83%)	1.22 (85%)	1.22 (84%)	1.22 (79%)	1.22 (88%)	1.22 (84%)	1.22 (79%)
		4.77 (81%)	4.83 <sup>*4</sup> (86%)	4.83 <sup>*4</sup> (83%)	4.84 <sup>*5</sup> (79%)	4.89 <sup>*5</sup> (87%)	4.89 <sup>*5</sup> (83%)	4.89 (-)

Notes: \*1. Figures of Refining Capacity are as of end of fiscal years.

Figures in parentheses of Utilization Rates are averages for the fiscal years.

\*2. Discontinuation of crude oil processing at the Idemitsu Kosan Hyogo Refinery in Apr. '03 and the Idemitsu Kosan Group Okinawa Refinery in Nov. '03.

\*3. Discontinuation of crude oil processing at Idemitsu Kosan Group Toho Oil in Apr. '04, and partial discontinuation of crude oil processing at the Nippon Oil Negishi Refinery in Apr.'04 and Showa Shell Oil Group's Showa Yokkaichi Oil in June '04.

\*4. The capacity of Cosmo Oil Yokkaichi Refinery and Sakaide Refinery increased in Dec '06 and Kashima Oil of Japan Energy Group increased in Jun and Oct '06.

\*5. The capacity of Kyushu Oil increased in Jun '07 and Kashima Oil of Japan Energy Group increased in Nov '07).

Sources: Ministry of Economy, Trade and Industry; Petroleum Association of Japan; and others

# Nippon Oil's Share of Sales of the Four Light Oil Products (Consumption Basis)

Type of product	Merger											
	FY99 ( <sup>'99/4</sup> - <sup>'00/3</sup> )	FY00 ( <sup>'00/4</sup> - <sup>'01/3</sup> )	FY01 ( <sup>'01/4</sup> - <sup>'02/3</sup> )	FY02 ( <sup>'02/4</sup> - <sup>'03/3</sup> )	FY03 ( <sup>'03/4</sup> - <sup>'04/3</sup> )	FY04 ( <sup>'04/4</sup> - <sup>'05/3</sup> )	FY05 ( <sup>'05/4</sup> - <sup>'06/3</sup> )	FY06 ( <sup>'06/4</sup> - <sup>'07/3</sup> )	FY07 ( <sup>'07/4</sup> - <sup>'08/4</sup> )	FY08 1H ( <sup>'08/4</sup> - <sup>'08/9</sup> )	(Reference) Kyushu Oil share added	
Gasoline	23.2	22.9	22.8	23.2	23.3	23.9	23.6	23.2	23.1	22.8	24.9	
(Premium)	23.4	23.2	24.1	24.6	24.6	25.4	26.2	25.2	25.0	24.6	-	
Kerosene	23.4	23.3	23.9	24.4	24.3	27.6	27.7	26.2	26.7	29.3	33.2	
Diesel Fuel	22.8	22.4	22.0	22.7	22.6	23.0	23.2	22.8	23.6	24.3	27.2	
Heavy fuel oil A	23.4	23.9	24.3	26.3	28.1	30.4	29.1	29.3	29.6	30.6	33.9	
Total	23.2	23.0	23.1	23.9	24.2	25.5	25.3	24.6	24.8	24.6	-	

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

# Number of Service Stations (Fixed-Type)

		Merger									
	FY99 (‘99/4 – ‘00/3)	FY00 (‘00/4 – ‘01/3)	FY01 (‘01/4 – ‘02/3)	FY02 (‘02/4 – ‘03/3)	FY03 (‘03/4 – ‘04/3)	FY04 (‘04/4 – ‘05/3)	FY05 (‘05/4 – ‘06/3)	FY06 (‘06/4 – ‘07/3)	FY07 (‘07/4-‘08/3)	FY07 FY99	FY2008 1H (‘08/4-‘08/9)
Nippon Oil Corporation	13,162	12,669	11,987	11,694	11,333	11,059	10,807	10,368	9,919	75.4%	10,242 <sup>*4</sup>
EMGK <sup>*1</sup>	8,101	7,898	7,597	7,278	6,904	6,701	6,464	6,044	5,635	69.6%	5,371 <sup>*5</sup>
Idemitsu Kosan	6,493	6,114	5,896	5,624	5,508	5,358	5,249	5,059	4,913	75.7%	4,747 <sup>*5</sup>
Showa Shell Sekiyu	5,962	5,642	5,402	5,153	4,968	4,808	4,689	4,560	4,481	75.2%	4,391 <sup>*5</sup>
Cosmo Oil	5,916	5,600	5,373	5,152	4,926	4,709	4,552	4,359	4,188	70.8%	4,080 <sup>*5</sup>
Japan Energy	4,952	4,646	4,476	4,296	4,150	4,023	3,833	3,708	3,608	72.9%	3,492 <sup>*5</sup>
Others <sup>*2</sup>	2,128	1,916	1,733	1,642	1,593	1,500	1,439	1,388	1,383	65.0%	695 <sup>*6</sup>
<b>Oil Companies</b>	<b>46,714</b> 87.6%	<b>44,485</b> 85.6%	<b>42,464</b> 83.4%	<b>40,839</b> 82.3%	<b>39,382</b> 80.4%	<b>38,158</b> 79.5%	<b>37,033</b> 78.8%	<b>35,486</b> 78.9%	<b>34,127</b> 79.4%	<b>73.1%</b>	<b>33,018</b>
<b>Private brands and other</b>	<b>6,593</b> 12.4%	<b>7,472</b> 14.4%	<b>8,436<sup>*3</sup></b> 16.6%	<b>8,761<sup>*3</sup></b> 17.7%	<b>9,618<sup>*3</sup></b> 19.6%	<b>9,842<sup>*3</sup></b> 20.5%	<b>9,967<sup>*3</sup></b> 21.2%	<b>9,514<sup>*3</sup></b> 21.1%	<b>8,873<sup>*3</sup></b> 20.6%	<b>134.6%</b>	<b>-</b>
<b>Total</b>	<b>53,307</b>	<b>51,957</b>	<b>50,900<sup>*3</sup></b>	<b>49,600<sup>*3</sup></b>	<b>49,000<sup>*3</sup></b>	<b>48,000<sup>*3</sup></b>	<b>47,000<sup>*3</sup></b>	<b>45,000<sup>*3</sup></b>	<b>43,000<sup>*3</sup></b>	<b>80.7%</b>	<b>-</b>

Notes: \*1. Figures are pro forma summations of Esso, Mobil, Tonen General Sekiyu, and Kygnus Sekiyu.

\*2. Figures are pro forma summations of Kyushu Oil, Taiyo Petroleum, and Mitsui Oil & Gas.

\*3. Estimates by Nippon oil

\*4. As of September 2008 (Figures are pro forma summations of Nippon Oil of 9,367 and Kyushu Oil of 605.)

\*5. As of June 2008

\*6. Figures are pro forma summations of Taiyo Petroleum and Mitsui Oil & Gas. (As of June 2008)

Source: Agency of Natural Resources and Energy

# Number of Company-Owned Service Stations, Number of Self-Service Facilities, Number of Doctor Drive Service Stations

## <Number of Company-Owned Service Stations>

	Merger									
	FY99 ( <sup>'99/04-</sup> <sup>'00/03)</sup>	FY00 ( <sup>'00/4-'01-</sup> <sup>/03)</sup>	FY01 ( <sup>'01/04-</sup> <sup>'02/03)</sup>	FY02 ( <sup>'02/04-</sup> <sup>'03/03)</sup>	FY03 ( <sup>'03/04-</sup> <sup>'04/03)</sup>	FY04 ( <sup>'04/04-</sup> <sup>'05/03)</sup>	FY05 ( <sup>'05/04-</sup> <sup>'06/03)</sup>	FY06 ( <sup>'06/04-</sup> <sup>'07/03)</sup>	FY07 ( <sup>'07/04-</sup> <sup>'08/03)</sup>	FY07 1H ( <sup>'08/04-</sup> <sup>'08/09)</sup>
Nippon Oil Corporation	3,053	2,945	2,857	2,746	2,607	2,518	2,436	2,309	2,175	2,172 <sup>*1</sup>

Notes: \*1. Figures are pro forma summations of Nippon Oil of 2,084 and Kyushu Oil of 88.

## <Number of Self-Service Stations>

	Merger									
	FY99 ( <sup>'99/04-</sup> <sup>'00/03)</sup>	FY00 ( <sup>'00/4-'01/03)</sup>	FY01 ( <sup>'01/04-</sup> <sup>'02/03)</sup>	FY02 ( <sup>'02/04-</sup> <sup>'03/03)</sup>	FY03 ( <sup>'03/04-</sup> <sup>'04/03)</sup>	FY04 ( <sup>'04/04-</sup> <sup>'05/03)</sup>	FY05 ( <sup>'05/04-</sup> <sup>'06/03)</sup>	FY06 ( <sup>'06/04-</sup> <sup>'07/03)</sup>	FY07 ( <sup>'07/04-</sup> <sup>'08/03)</sup>	FY07 1H ( <sup>'08/04-</sup> <sup>'08/09)</sup>
Nippon Oil Corporation	21	54	142	342	520	651	794	1,055	1,230	1,457 <sup>*3</sup>
Total for Japan <sup>*2</sup>	191	422	1,353	2,522	3,423	3,493	4,257	5,203	6,009	6,149 <sup>*4</sup>

Notes: \*2. This figure includes only self-service retail outlets that are affiliated to oil wholesale companies.

\*3. Figures are pro forma summations of Nippon Oil of 1,280 and Kyushu Oil of 177.

\*4. As of June 2008

Sources: Agency of Natural Resources and Energy; *The Daily Nenryo yushi*

## <Number of Doctor Drive Service Stations>

	Merger									
	FY99 ( <sup>'99/04-</sup> <sup>'00/03)</sup>	FY00 ( <sup>'00/4-'01-</sup> <sup>/03)</sup>	FY01 ( <sup>'01/04-</sup> <sup>'02/03)</sup>	FY02 ( <sup>'02/04-</sup> <sup>'03/03)</sup>	FY03 ( <sup>'03/04-</sup> <sup>'04/03)</sup>	FY04 ( <sup>'04/04-</sup> <sup>'05/03)</sup>	FY05 ( <sup>'05/04-</sup> <sup>'06/03)</sup>	FY06 ( <sup>'06/04-</sup> <sup>'07/03)</sup>	FY07 ( <sup>'07/04-</sup> <sup>'08/03)</sup>	FY07 1H ( <sup>'08/04-</sup> <sup>'08/09)</sup>
Nippon Oil Corporation	44	390	1,283	1,610	1,871	1,963	2,505	2,403	2,287	2,218

# Number of Depots, Number of Employees

## <Number of Depots>

	Merger					
	'99/04	'00/04	'01/04	'02/04	'03/04	
Nippon Oil Corporation	109	93	75	62	55	
	'04/04	'05/04	'06/04	'07/04	08/04	08/09
	51	50	50	48	46	49

## <Number of Employees>

	Merger					
	'99/04	'00/04	'01/04	'02/04	'03/04	
Nippon Oil Group	15,964	15,570	14,895	14,368	13,882	
Nonconsolidated + NPRC	5,163	4,602	4,290	4,108	4,990 <sup>*1</sup>	
	'04/04	'05/04	'06/04	'07/04	08/04	08/09
	14,347 <sup>*2</sup>	13,424	13,628	13,214 <sup>*4</sup>	12,697 <sup>*6</sup>	14,257 <sup>*7</sup>
	4,920	4,437	4,705 <sup>*3</sup>	4,907 <sup>*5</sup>	4,894	5,447 <sup>*8</sup>

Notes: <sup>\*1</sup>. The number of employees increased because of the merger(in Apr. '02) of the former NISSEKI Mitsubishi Refining, the former Tohoku Oil, and the former Koa Oil.

<sup>\*2</sup>. The number of employees increased as a result of the inclusion of Dai Nippon Construction Co., Ltd., within the scope of consolidation.

<sup>\*3</sup>. The number of employees increased because of the merger of Nippon Oil Petroleum Gas Company, Limited.

<sup>\*4</sup>. The number of employees decreased because of the removal of IDOMCO Communications Co.,Ltd. from the scope of consolidation.

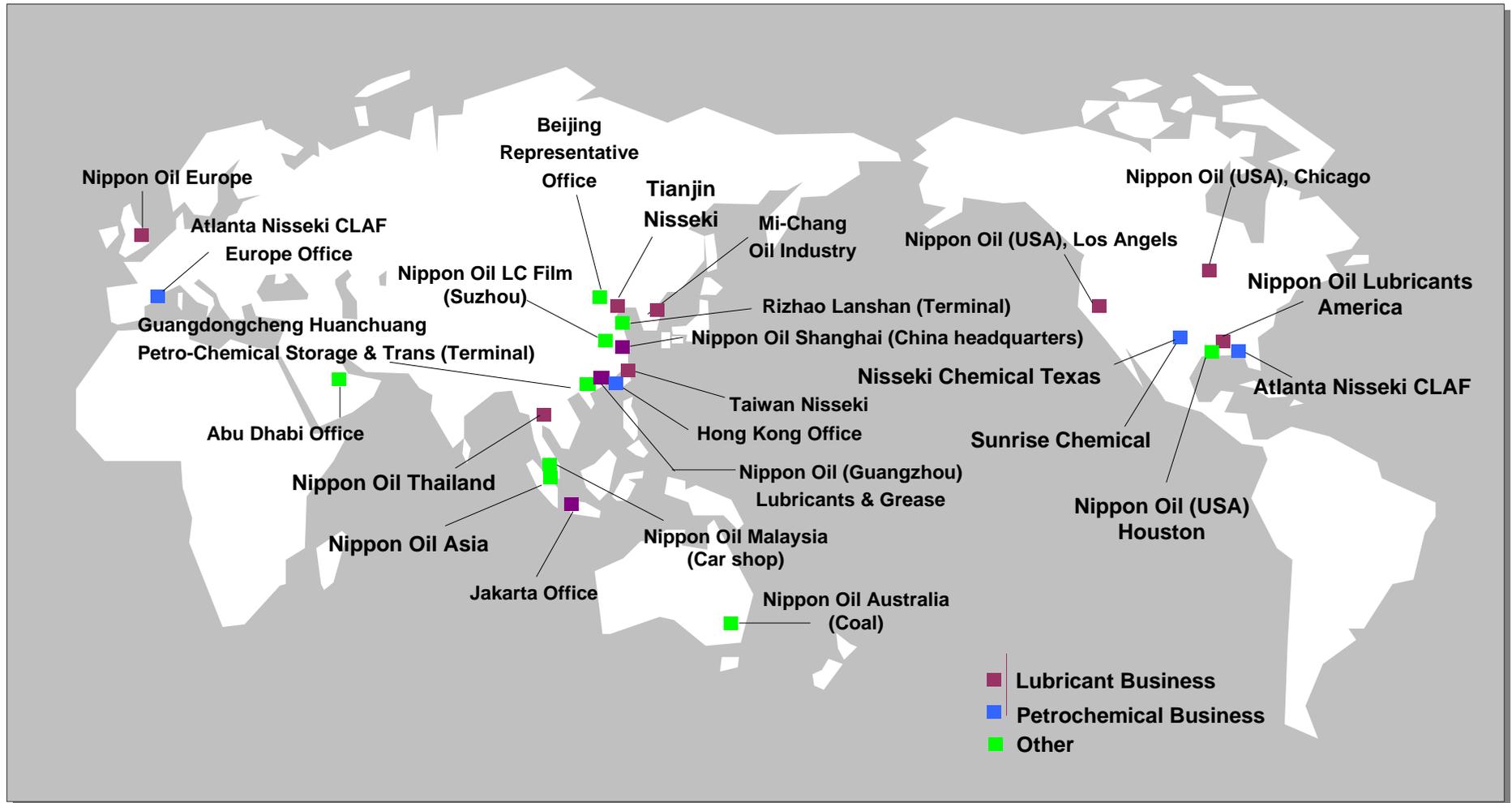
<sup>\*5</sup>. The number of employees increased because of the merger of R&D, management & sales function of Nippon Petrochemicals Company, Limited.

<sup>\*6</sup>. The number of employees decreased because of transfer of employment from the group due to reorganization of affiliated service station operating companies.

<sup>\*7</sup>. The number of employees increased as a result of the consolidation of ENEOS Frontier's 14 equity method affiliates(in Apr. '08) and Nippon Oil made Kyushu Oil wholly-owned subsidiary (in Sep. '08).

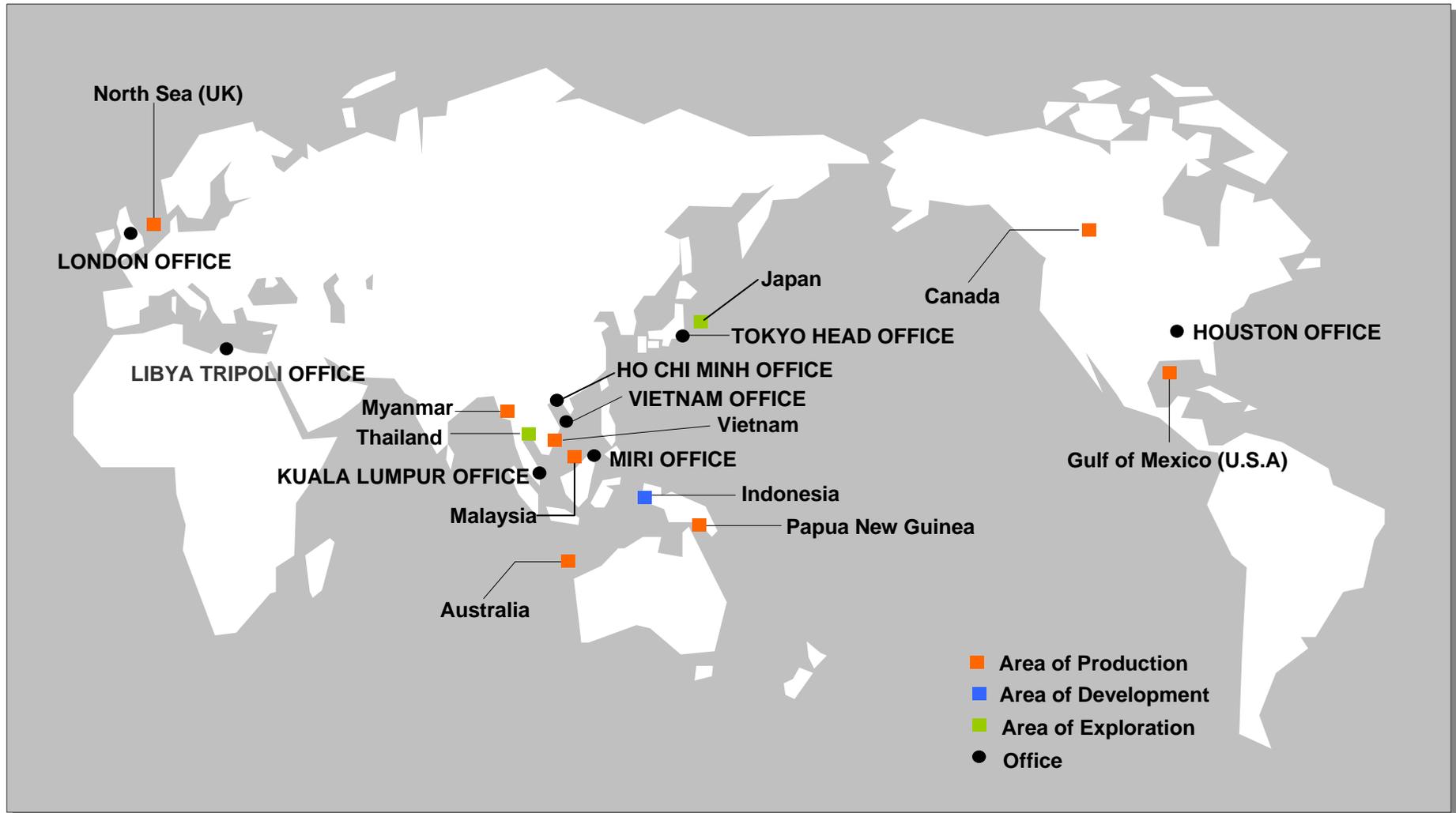
<sup>\*8</sup>. The number of employees increased because of merger of Nippon Petrochemicals Company to Nippon Oil Petroleum Refining Company.

# Principal Overseas Operating Bases



## 4. Data Related to Business Operations (E&P of Oil and Natural Gas)

# Principal Overseas Operating Bases



# Outline of Principal E&P of Oil and Natural Gas Projects

Project Name/Company	Total Petroleum	Oil Rights (1,000BD)		Reserves*
	(1,000BD)	PC Basis	Nippon Oil Ownership Basis	PC Basis (1 million Bbl)
<U.S.A.> Gulf of Mexico (U.S.A.) Nippon Oil Exploration U.S.A. Limited	50	11	11	48
<U.K.> North Sea, U.K. MOC Exploration (U.K.) Limited	105	7	4	13
Nippon Oil Exploration and Production U.K. Limited	108	7	7	25
<Southeast Asia> Vietnam Japan Vietnam Petroleum Co., Ltd.	45	16	16	<Southeast Asia Total>
Myanmar Nippon Oil Exploration (Myanmar), Limited	77	9	4	
Malaysia Nippon Oil Exploration (Malaysia), Limited Nippon Oil Exploration (Sarawak), Limited	47 164	22 33	18 25	
<Oceania> Papua New Guinea Japan Papua New Guinea Petroleum Company, Limited	41	2	1	<Oceania Total>
Austraria Nippon Oil Exploration (Australia) Pty Ltd	10	3	3	9
<Canada> Canada Mocal energy Limited	283	14	14	261
Total	930	124	103	708

\*Proved reserves and probable reserves as of Dec. '07. Including reserves from projects currently under development.

# Nippon Oil's Reserve Standards

Nippon Oil's criteria for evaluating reserves conforms to the SPE Standards, drafted by the SPE (Society of Petroleum Engineers), WPC (World Petroleum Congress), AAPG (American Association of Petroleum Geologists), and SPEE (Society of Petroleum Evaluation Engineers) and announced in March 2007.

SPE Standards is aiming to become global standards that embody current technological innovation and economic realities, SPE Standards reflect the opinions of a large number of companies. They incorporate surveys on defining and categorizing reserves from every oil firm and country worldwide, as well as input solicited from outside sources.

Nippon Oil's reported reserves are in line with reserves as defined by the SPE Standards. The degree of certainty of the reserve values is categorized, in order, as either Proved, Probable, or Possible. Following trends common at other industry firms, Nippon Oil has used Proven and Probable reserves to arrive at its total reserves (for details to the next page).

# Definition of Proved and Probable Reserves

## Definition of Proved Reserves:

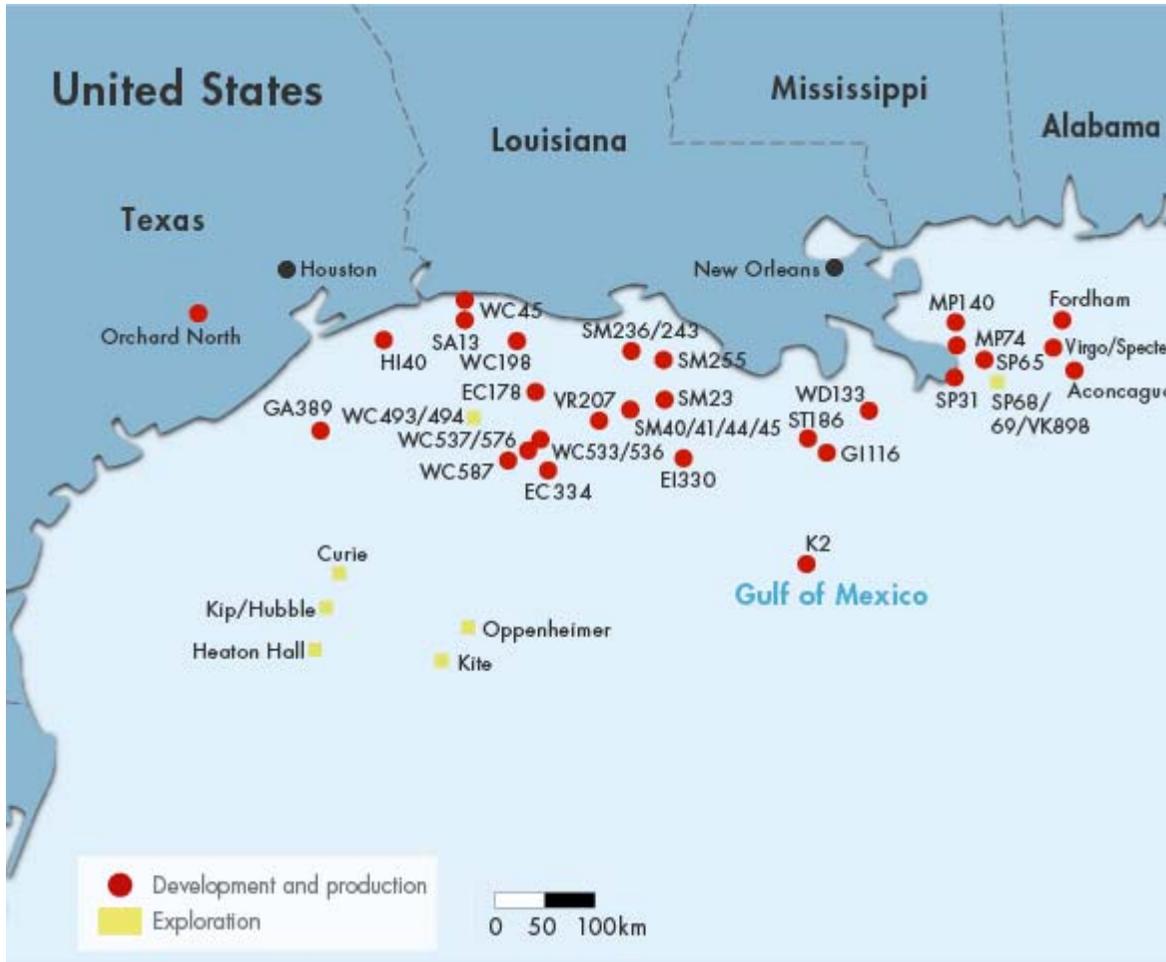
Reserves judged to have a high level of certainty from analysis of geoscience and production/petroleum engineering data, based on economic conditions, operational methods and laws and regulations assumed by Nippon Oil in light of discovered reservoirs—there is at least a 90% probability that actual recovered volume will equal or exceed estimates of oil and natural gas deposits reasonably evaluated as commercially recoverable.

## Definition of Probable Reserves:

There is at least a 50% probability that additional oil and natural gas reserves will equal or exceed actual recovered volume of the total of estimated proved and probable reserves. While these additional reserves are evaluated in the same manner as proved reserves, the probability of recoverability of probable reserves is lower than proved reserves, but higher than possible reserves.

# Individual E&P Project Overview

## Gulf of Mexico



'08 Jan - Sep Production Volume  
10,900BOED  
(oil: 4,600b/d, gas: 38mmcf/d)

### Project Company

Nippon Oil Exploration U.S.A. Limited (NOEX USA) (100%)  
(%) = Nippon Oil Group Shareholding

### Range of Interests in Individual Fields

1.6% to 100%

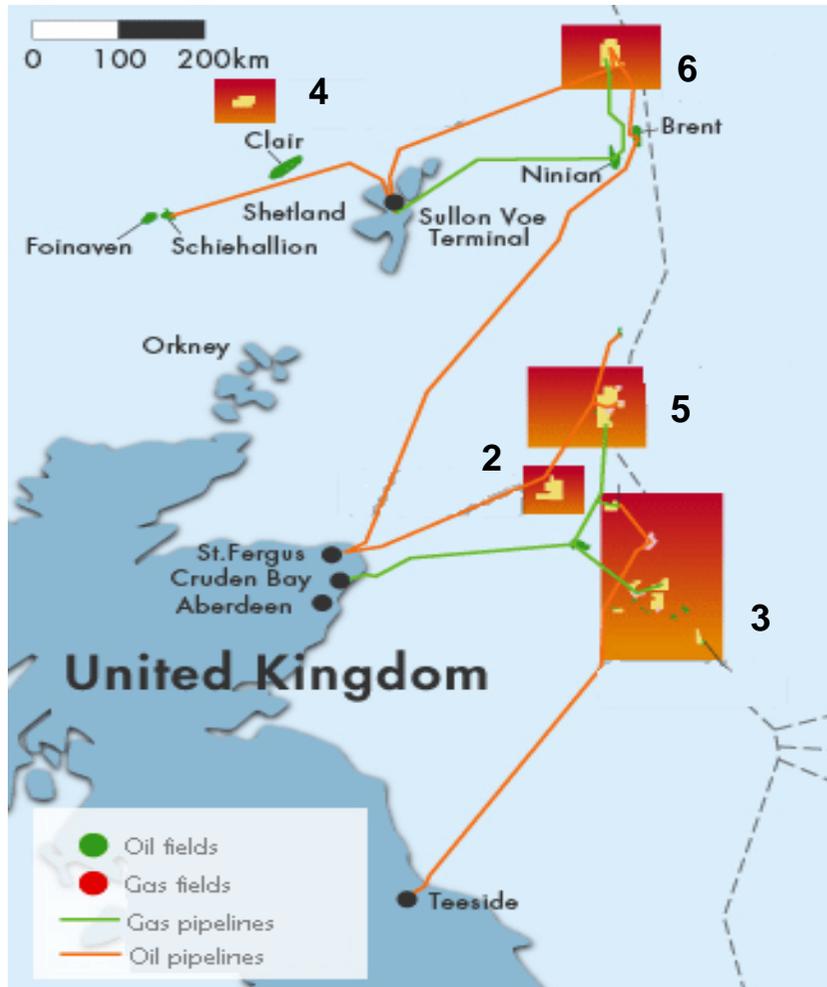
### Operators

NOEX USA, ConocoPhillips, Total, other

In 1990, NOEX USA began exploration, development, and production operations at an onshore field in Texas and offshore blocks in both deep as well as shallow waters in the Gulf of Mexico. In addition to continuing such existing operations as those in the Orchard North Gas Field, Aconcagua Gas Field, and Virgo Gas Field, NOEX USA purchased interests in certain producing assets in the Gulf of Mexico from Devon in 2005 and from Anadarko in 2007.

# Individual E&P Project Overview

## U.K. North sea 1



### '08 Jan - Sep Production Volume

13,500BOED

(oil: 8,200b/d, gas: 31mmcf/d)

### Project Company

MOC Exploration (U.K. ) Limited (MOEX) (100%)

Nippon Oil Exploration and Production U.K. Ltd. (NOEP UK) (100%)

(%) = Nippon Oil Group Shareholding

### Range of Interests in Individual Fields

4.0% to 50%

### Operators

BP, Shell, Marathon, other

#### ● MOEX

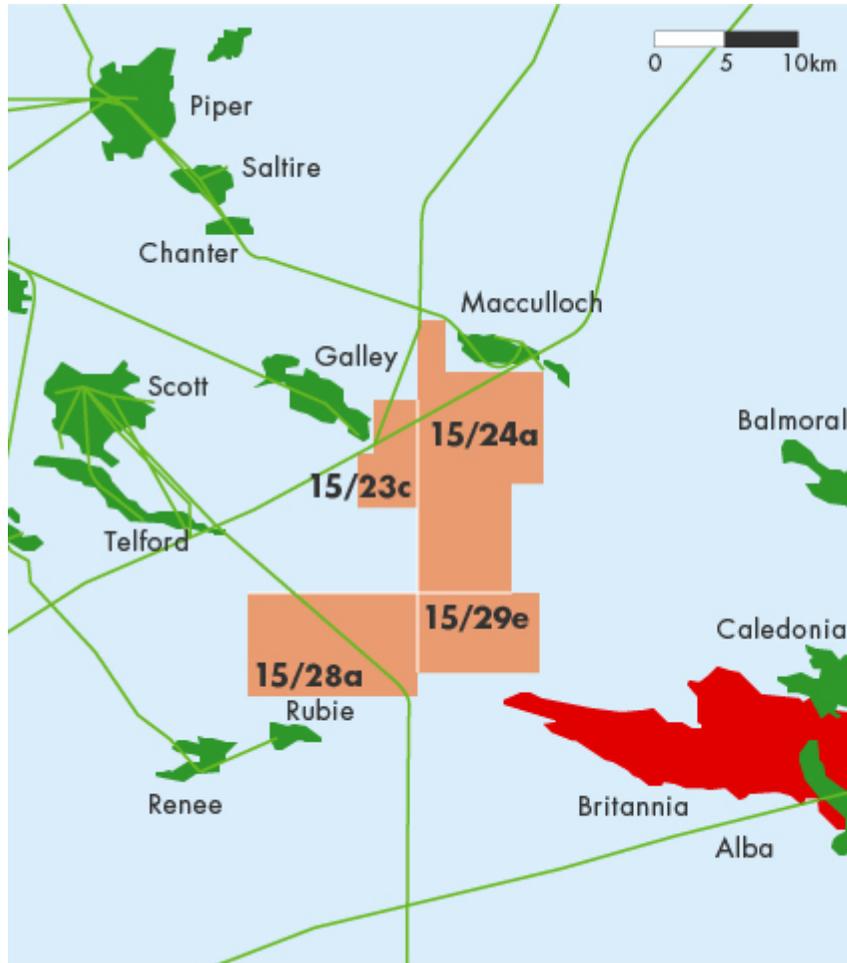
In 1994, MOEX acquired a working interest in blocks, including those in the Andrew Oil Field, the Mungo/Monan Oil Fields, the Pierce Oil Field, the Mirren/Madoes Oil Fields, and the Blane Oil Field. It is currently expanding its exploration, development, and production operations.

#### ● NOEP UK

In 1996, NOEP UK acquired an interest in the Magnus Oil Field, and in 2002 it acquired interests in the Brae Gas Fields and the Fiddich Oil Field. It is currently engaged in development preparation and production operations.

# Individual E&P Project Overview

## U.K. North Sea 2



## The 24<sup>th</sup> Licensing Round 2006- U.K. North Sea (1)

In February 2007, Nippon Oil Exploration and Production U.K. Ltd was, in the 24th Licensing Round, awarded 6 new exploration blocks which includes 4 operating blocks. Nippon Oil will be the first Japanese operator in the North sea.

**Range of Interests in Individual Fields**  
17.1% to 30%

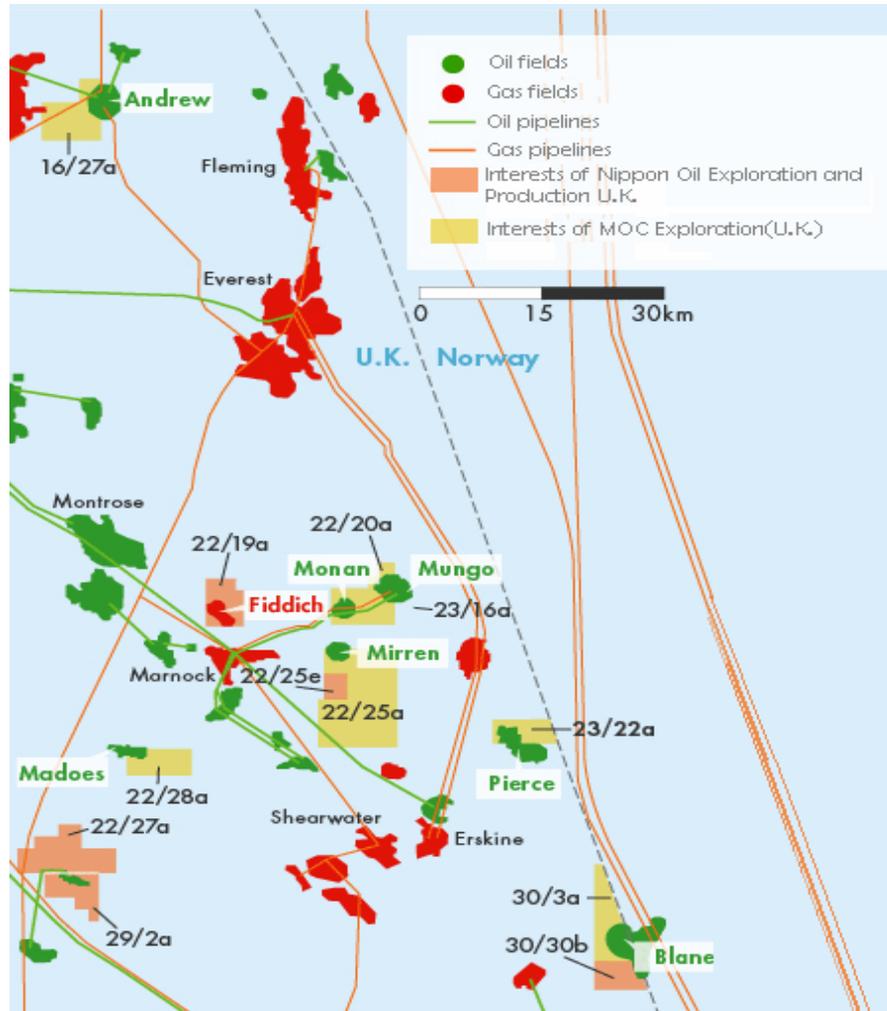
### Operators

15/23c, 15/24a, 15/28a, 15/28e  
-Nippon Oil Exploration and Production U.K. Ltd  
22/25c, 30/3b  
-Maersk oil North Sea UK Limited

# Individual E&P Project Overview

## U.K. North Sea 3

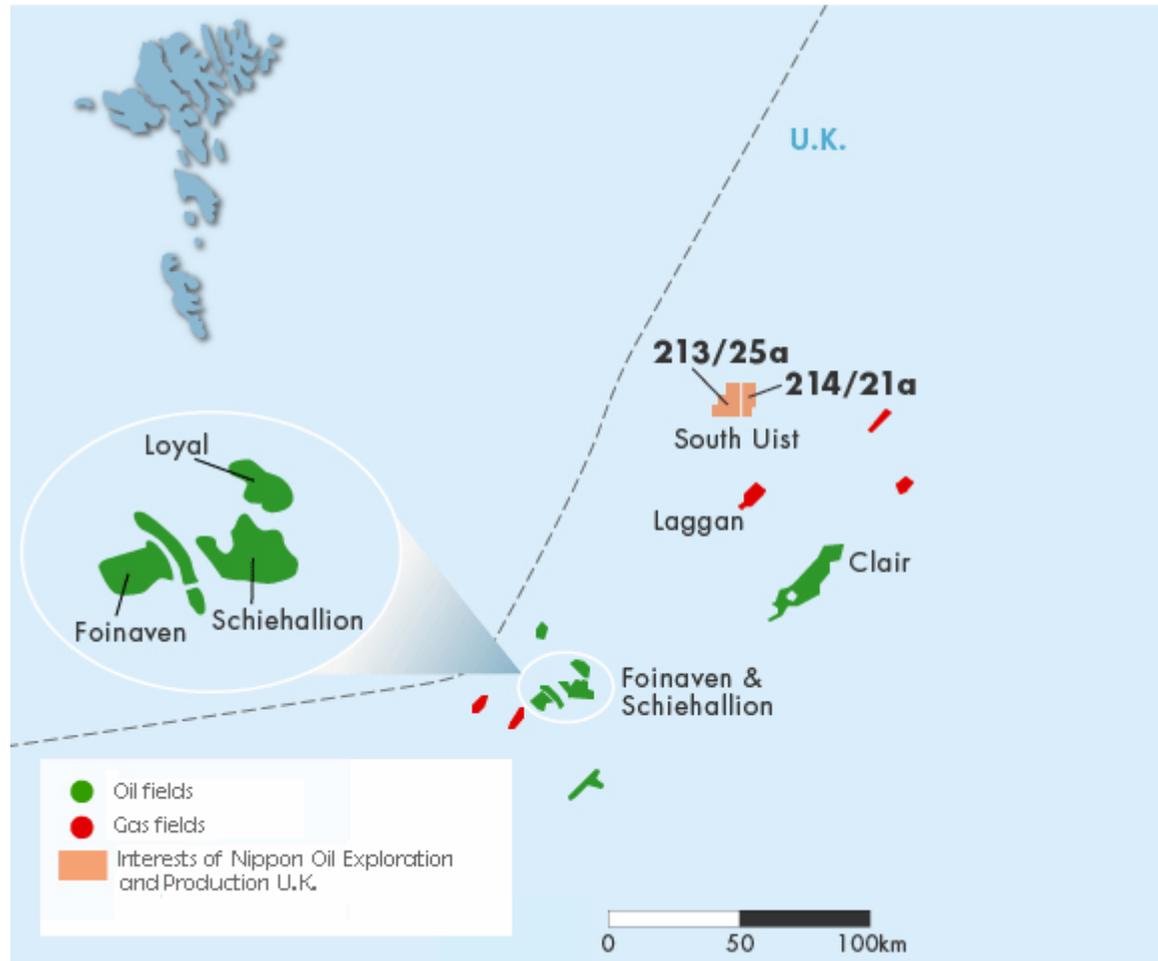
(NOEX non-operator area)



The 24<sup>th</sup> Licensing Round  
2006- U.K. North Sea (2)

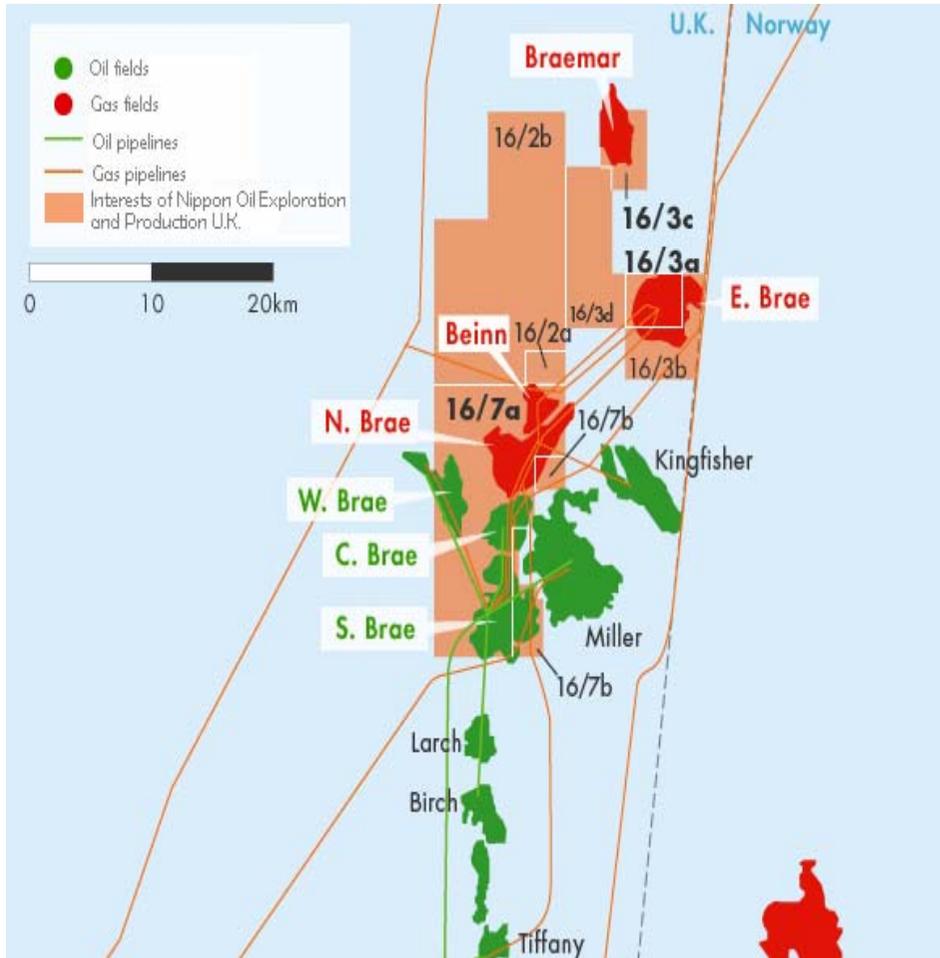
# Individual E&P Project Overview

## U.K. North Sea 4

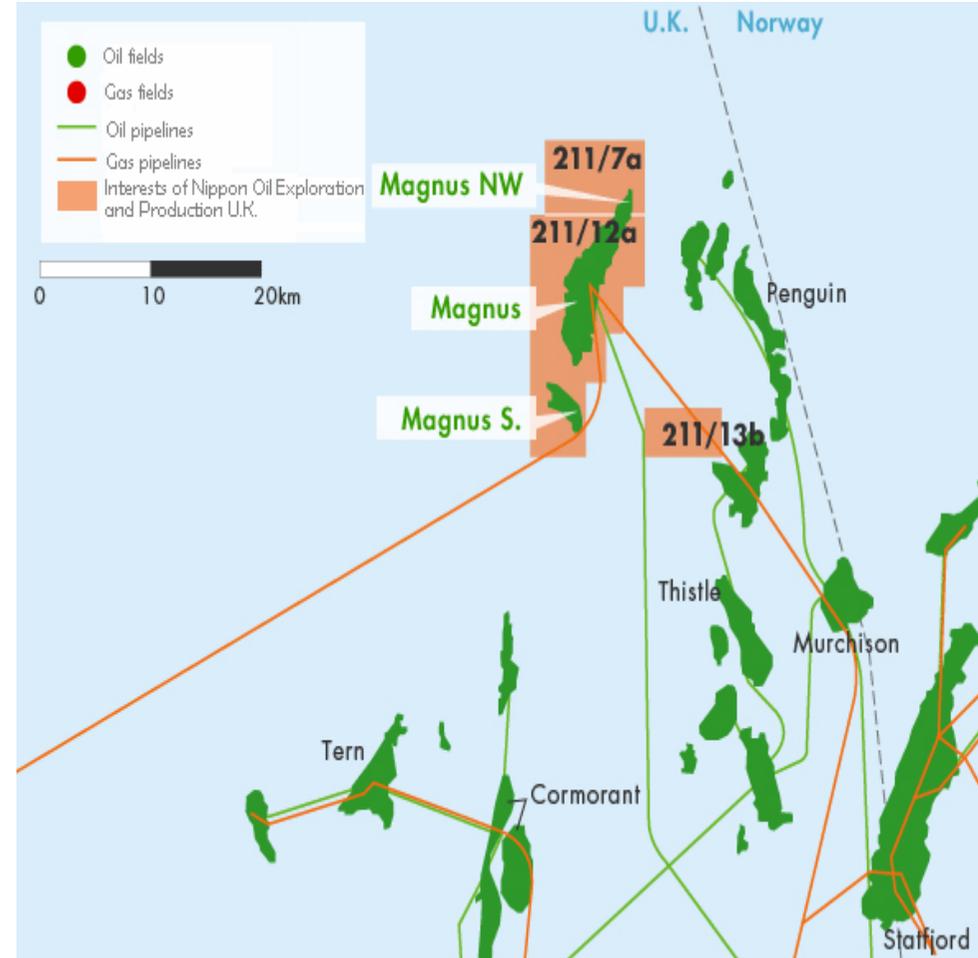


# Individual E&P Project Overview

## U.K. North Sea 5

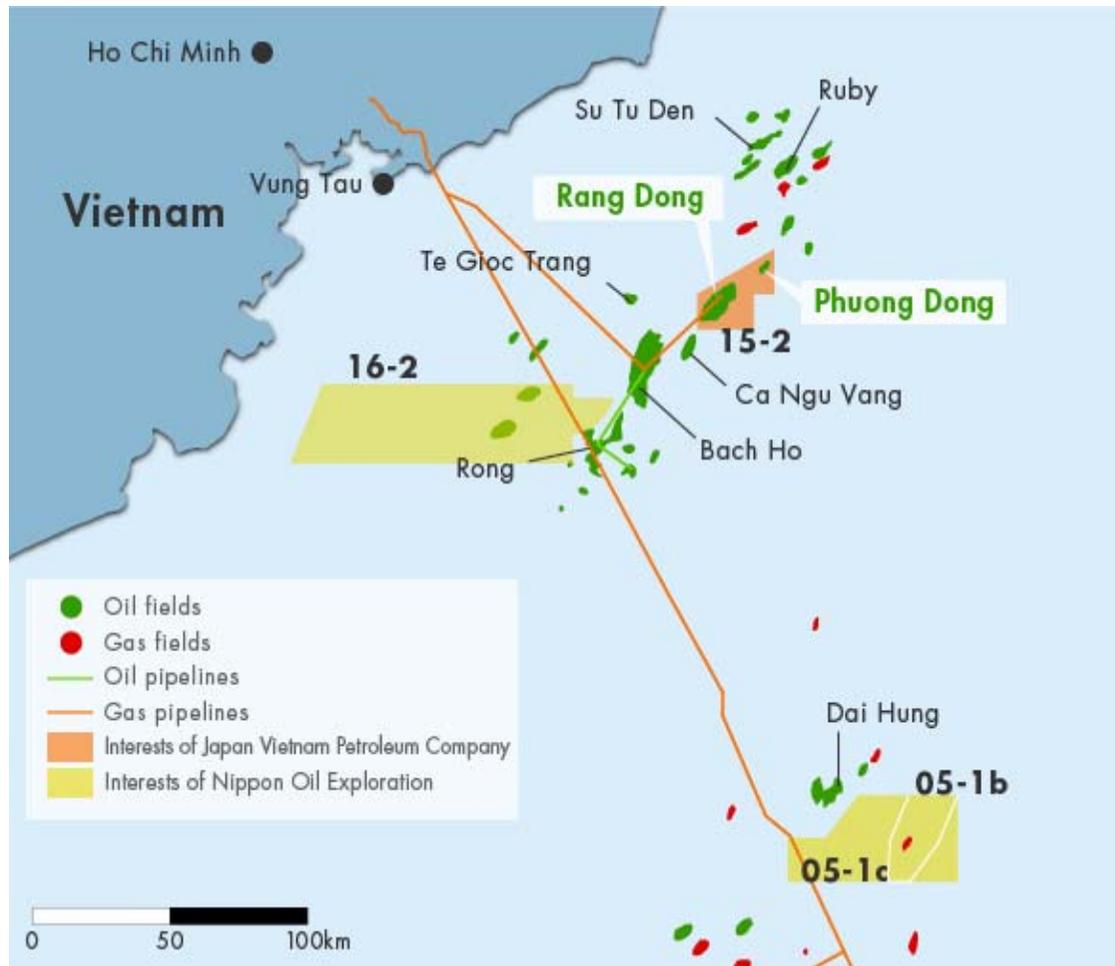


## U.K. North Sea 6



# Individual E&P Project Overview

## Vietnam



### '08Jan - Sep Production Volume

16,700BOED

(oil: 11,200b/d, gas: 33mmcf/d)

### Project Company

Nippon Vietnam Petroleum Co., Ltd. (JVPC)

(97.1%)

(%) = Nippon Oil Group Shareholding

### Interest in Individual Fields

46.5%

### Operator

JVPC

- In 1992, JVPC acquired a working interest in block 15-2 offshore Vietnam.
- In 1994, JVPC discovered the Rang Dong Oil Field within block 15-2, and it began production in that field from 1998.
- In 2006, the Rang Dong Oil Field associated gas recovery and utilization project was approved as a Clean Development Mechanism (CDM) system under the Kyoto Protocol.
- Production Sharing Contract for 16-2 exploration block off the southern coast of Vietnam signed with PetroVietnam in November 2007.

# Individual E&P Project Overview

## Myanmar



### '08 Jan - Sep Production Volume

8,600BOED

(oil: 800b/d, gas: 47mmcf/d)

### Project Company

Nippon Oil Exploration (Myanmar), Limited  
(NOEX Myanmar) (50%)

(%) = NOC Group Shareholding

### Interest in Individual Fields

19.3%

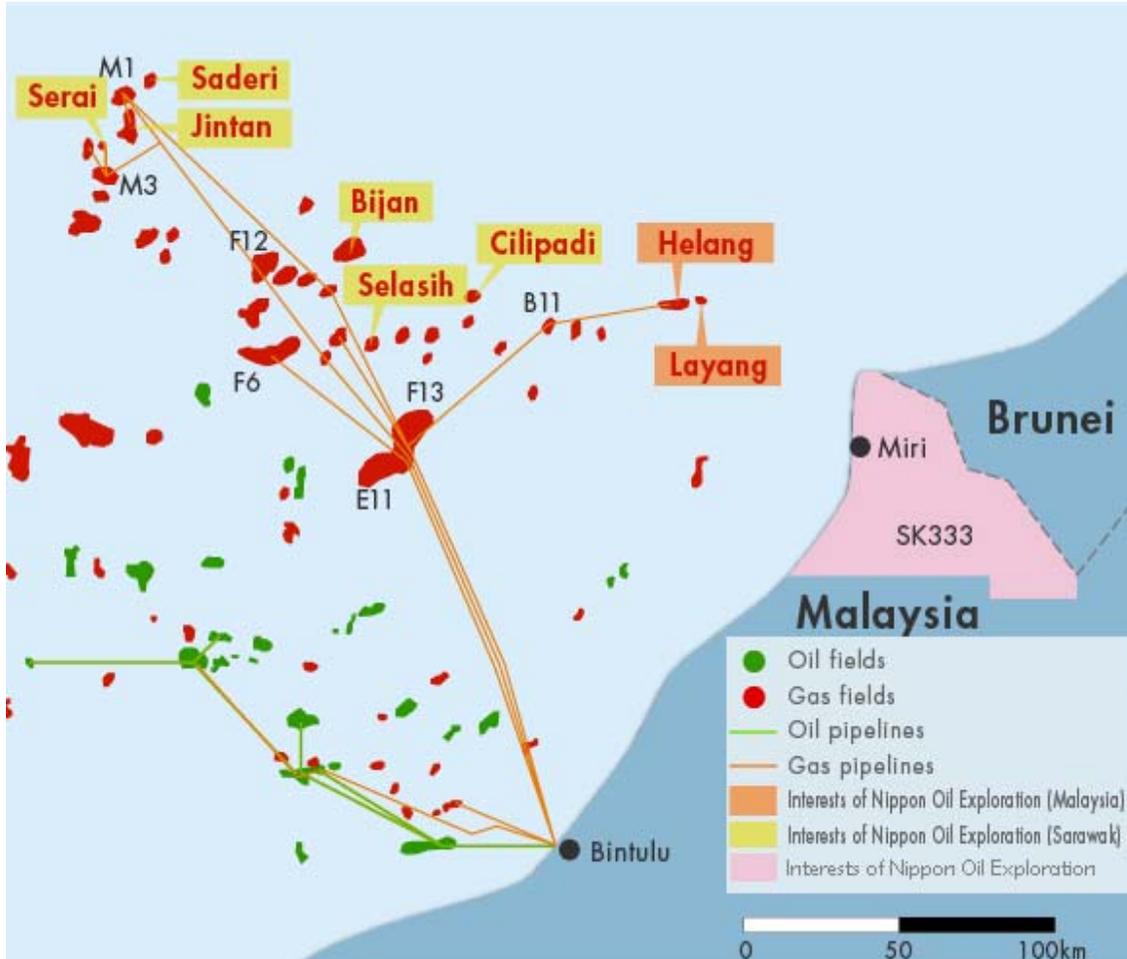
### Operator

Petronas

- In 1991, NOEX Myanmar acquired a working interest in blocks M-13/14 offshore Myanmar. The following year, it acquired a working interest in block M-13/1 and discovered the Yetagun Gas Field in that block.
- In 2000, production at the Yetagun Gas Field commenced, with the produced gas supplied to the Ratchaburi power plants in Thailand.

# Individual E&P Project Overview

## Malaysia



### '08 Jan - Sep Production Volume

22,500BOED

(oil: 3,500b/d, gas: 114mmcf/d)

### Project Company

Nippon Oil Exploration (Malaysia), Limited (NOMA)

(78.7%)

(%) = Nippon Oil Group Shareholding

### Range of Interest in Individual Fields

75%

### Operator

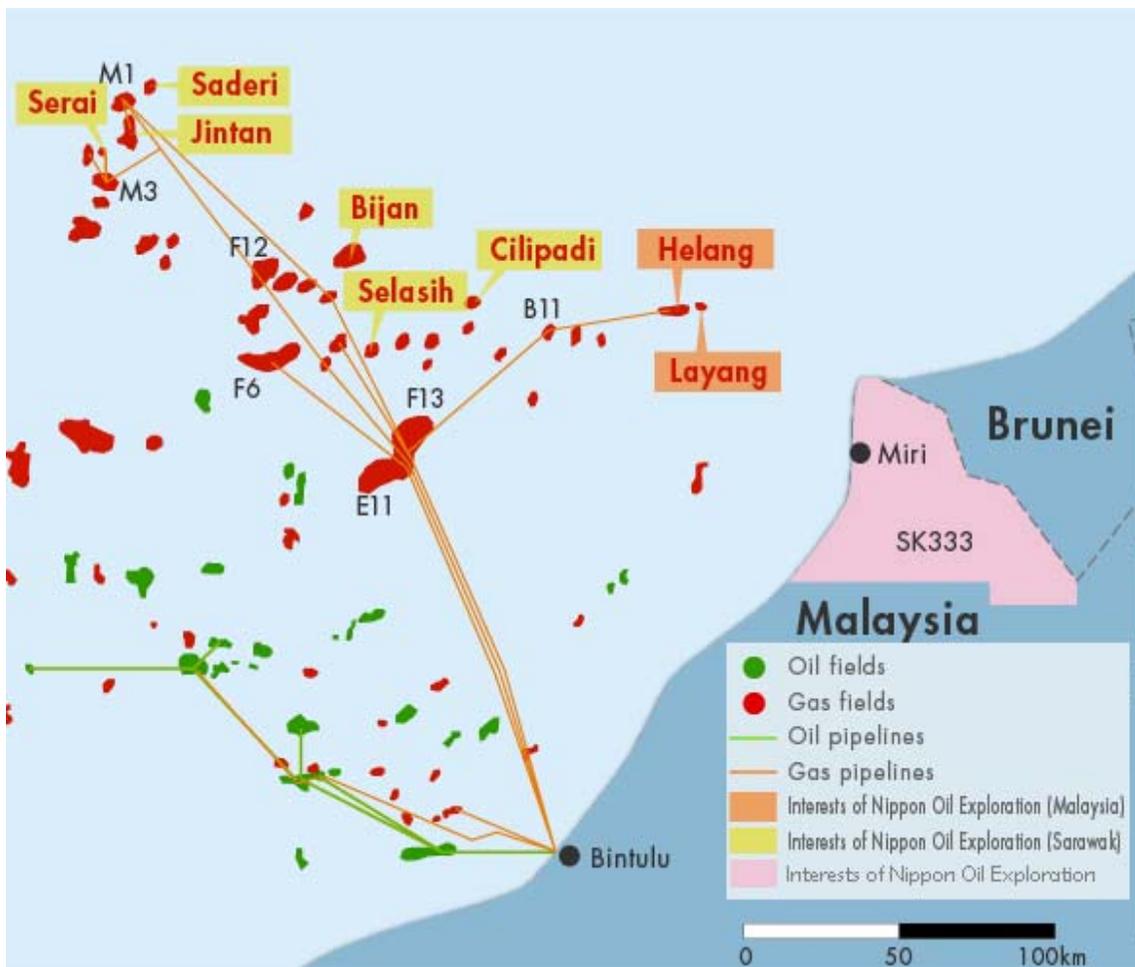
NOMA

● In 1987, NOMA acquired a working interest in Block SK-10 offshore Sarawak, Malaysia.

● In 1990, NOMA discovered the Helang Gas Field, where production commenced in 2003.

# Individual E&P Project Overview

## Sarawak



### '08 Jan - Sep Production Volume

33,600BOED

(oil: 3,300b/d, gas: 182mmcf/d)

### Project Company

Nippon Oil Exploration (Sarawak), Limited  
(NOSA)

(76.5%)

(%) = Nippon Oil Group Shareholding

### Interest in Individual Fields

37.5%

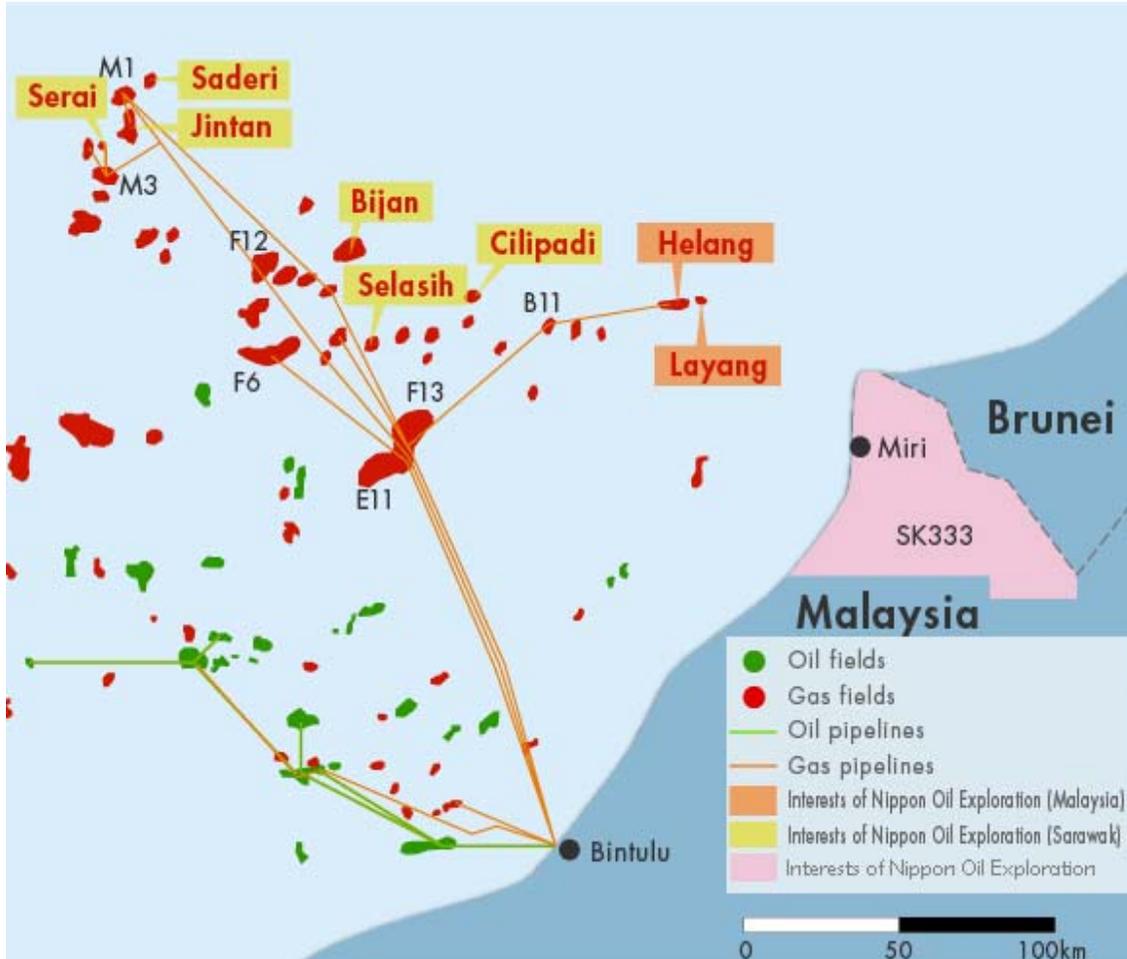
### Operator

Shell

- In 1991, NOSA acquired a working interest in Block SK-8 offshore Sarawak, Malaysia.
- From 1992 through 1994, the Jintan and Serai Gas Fields were discovered in that block, and production there commenced in 2004.
- In 2007, Shell discovered the Layang Gas field.

# Individual E&P Project Overview

## Onshore Sarawak



'08 Jan – Sep Production Volume

-

**Project Company**

Nippon Oil Exploration Limited (NOEX)

**Interest in Individual Fields**

75%

**Operator**

● NOEX acquired SK333 and onshore exploration block in Sarawak, Malaysia, in December 2007.

NOEX has also signed a Production Sharing Contract with Petronas, Malaysia's state-owned petroleum firm.

# Individual E&P Project Overview

## Offshore Peninsular Malaysia



'08 Jan - Sep Production Volume

-

### Project Company

Nippon Oil Exploration (Peninsula Malaysia) Limited

### Interest in Individual Fields

20%

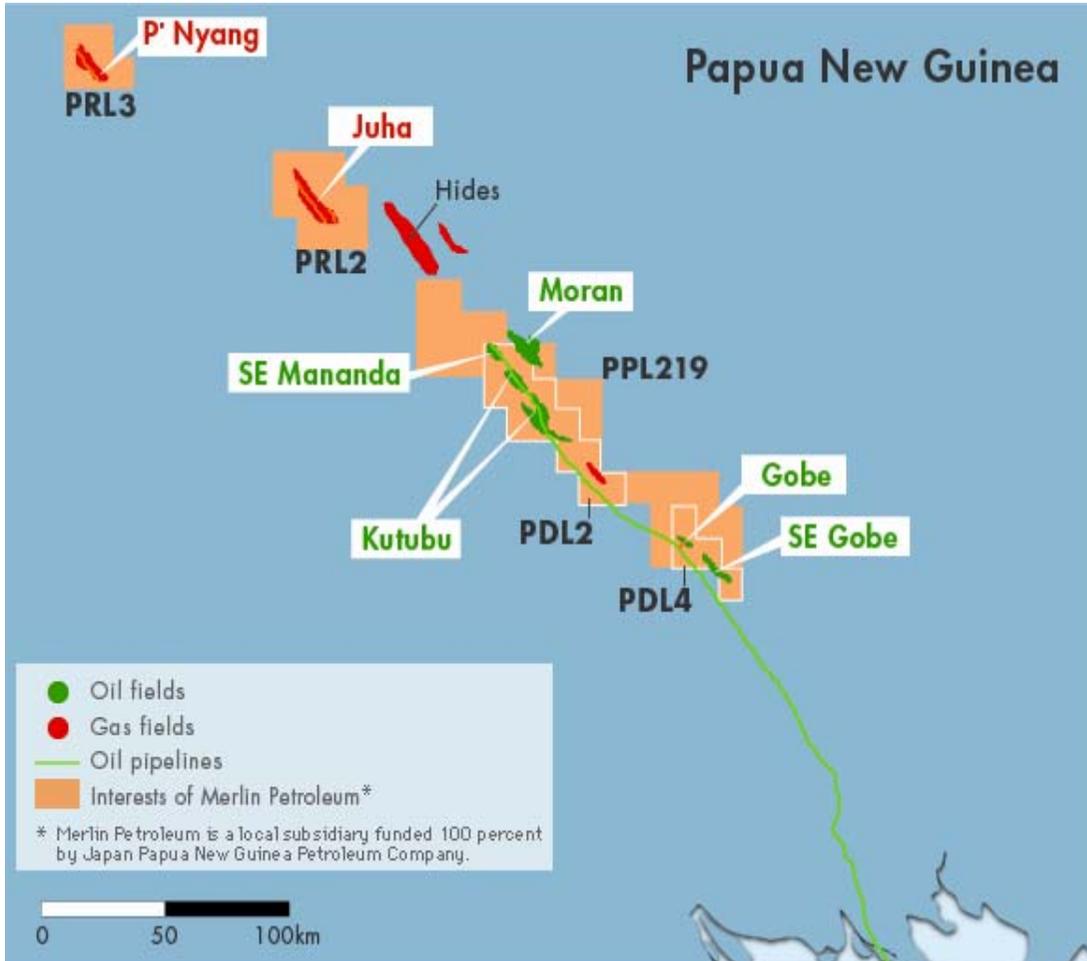
### Operator

Lundin Malaysia B.V.

- NOEX acquired exploration block PM308A in waters off the coast of Peninsular Malaysia in April 2008. NOEX also signed a Production Sharing Contract with Petronas, Malaysia's state-owned petroleum firm.

# Individual E&P Project Overview

## Papua New Guinea



'08 Jan - Sep Production Volume  
2,000b/d

### Project Company

Japan Papua New Guinea Petroleum Co., Ltd.  
(36.4%)  
(%) = Nippon Oil Group Shareholding

### Range of Interests in Individual Fields

2.8 to 12.5%

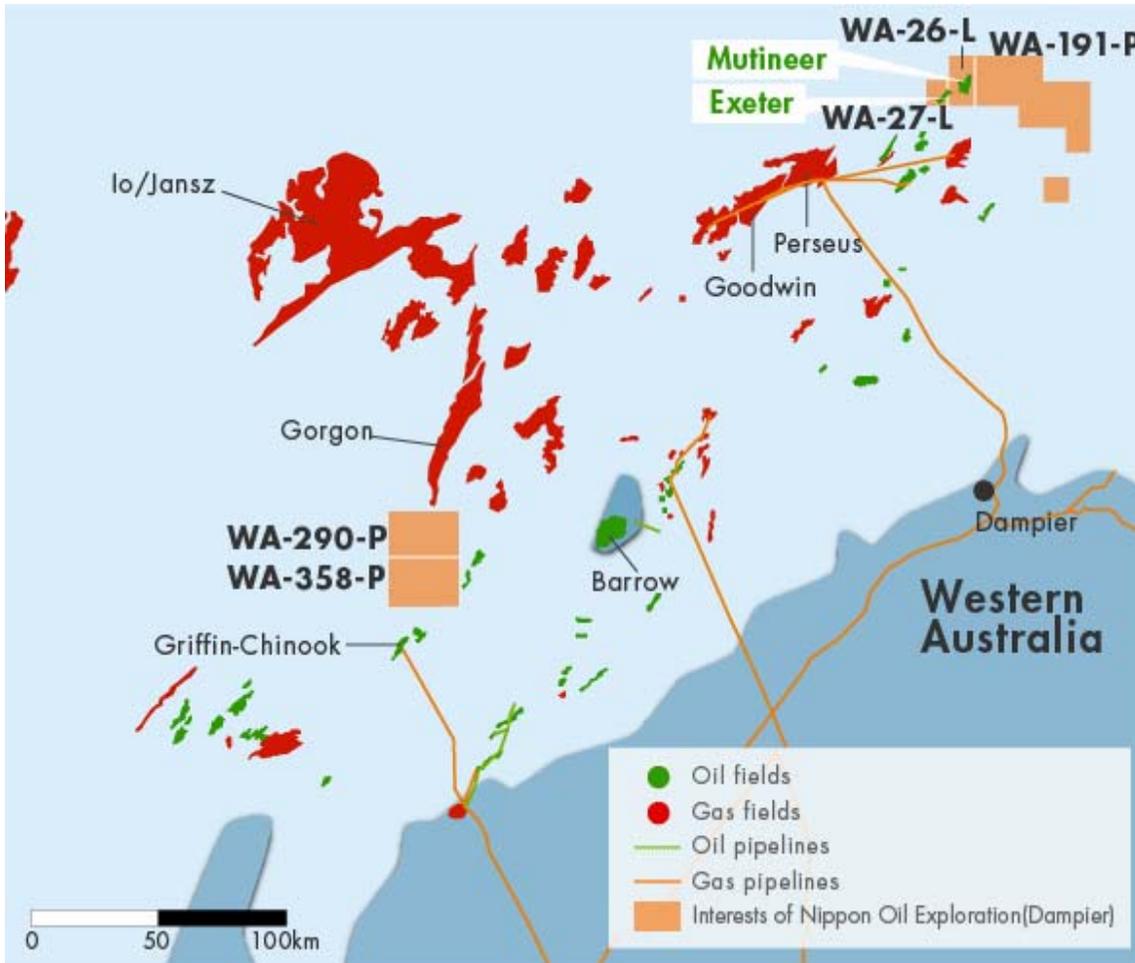
### Operator

Oil Search, Exxon Mobil

- In 1990, Japan Papua New Guinea Petroleum acquired exploration rights in Papua New Guinea from Merlin. Subsequently, exploration, development, and production activities have been undertaken in the Kutubu, Moran, Gobe, and SE Gobe oil fields.
- In March 2008, Japan Papua New Guinea Petroleum signed a joint business contract for LNG project to conduct feasibility studies with other participants to determine the project's commercial viability.

# Individual E&P Project Overview

## Australia 1



'08 Jan - Sep Production Volume  
2,600b/d

### Project Company

Nippon Oil Exploration (Dampier) Pty Ltd.  
(NOEX (Dampier))  
(100%)  
(%) = Nippon Oil Group Shareholding

### Interest in Individual Fields

25%

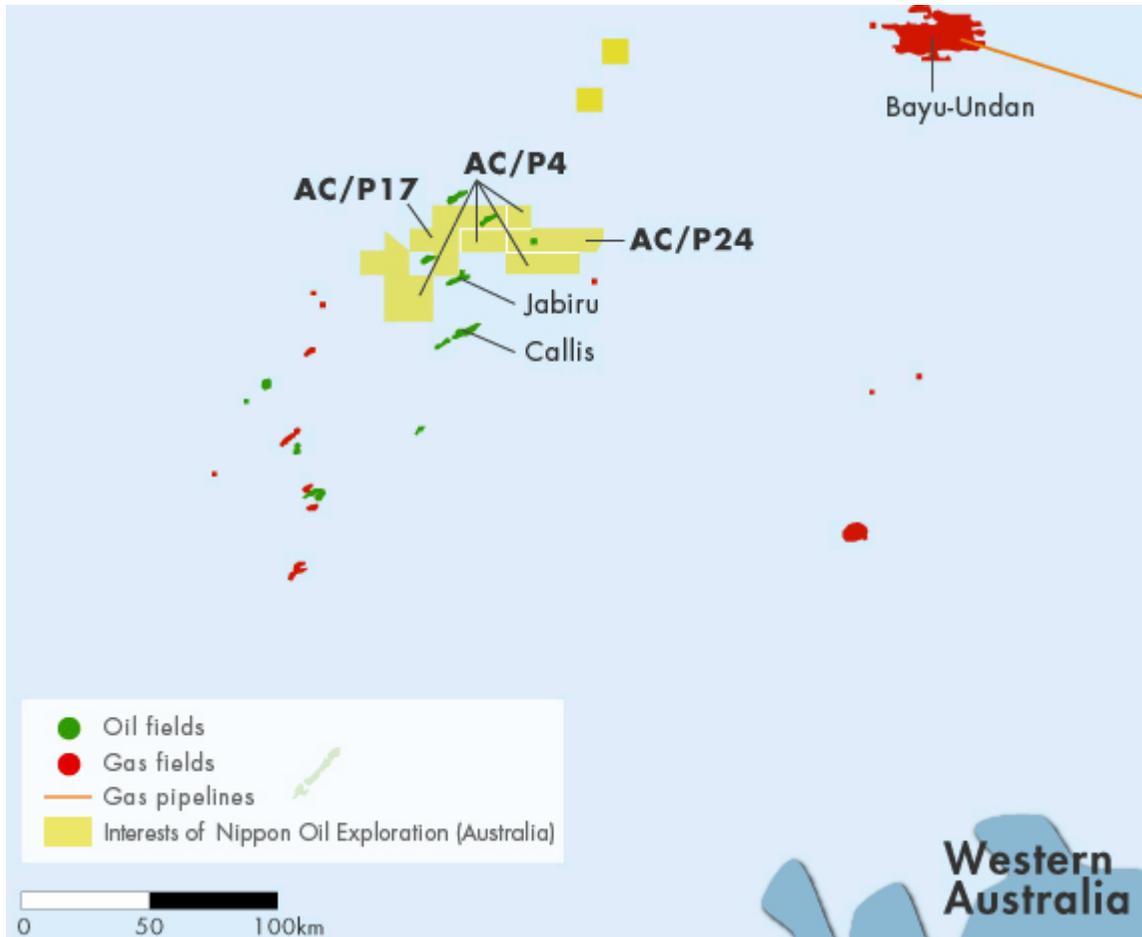
### Operator

Santos

- In 1997, NOEX (Dampier) acquired a 25% working interest in Block WA-191-P. Subsequently, the Mutineer and Exeter gas fields were discovered in that block, and production there commenced in 2005.

# Individual E&P Project Overview

## Australia 2



'08 Jan - Sep Production Volume

-

### Project Company

Nippon Oil Exploration (Australia) Pty Ltd  
(NOEX (Australia))

(100%)

(%) = Nippon Oil Group Shareholding

### Interest in Individual Fields

30%

### Operator

OMV

- In 2004, NOEX (Australia) acquired a 30% interest in Block AC/P24.
- In 2005, NOEX (Australia) acquired a 30% working interest in Block AC/P4, AC/P17, AC/RL4b and AC/RL5 .

# Individual E&P Project Overview

## Canada



'08 Jan - Sep Production Volume  
14,100b/d

### Project Company

Japan Canada Oil Co., Ltd.  
(100%)

(%) = Nippon Oil Group Shareholding

### Interest in Individual Fields

5%

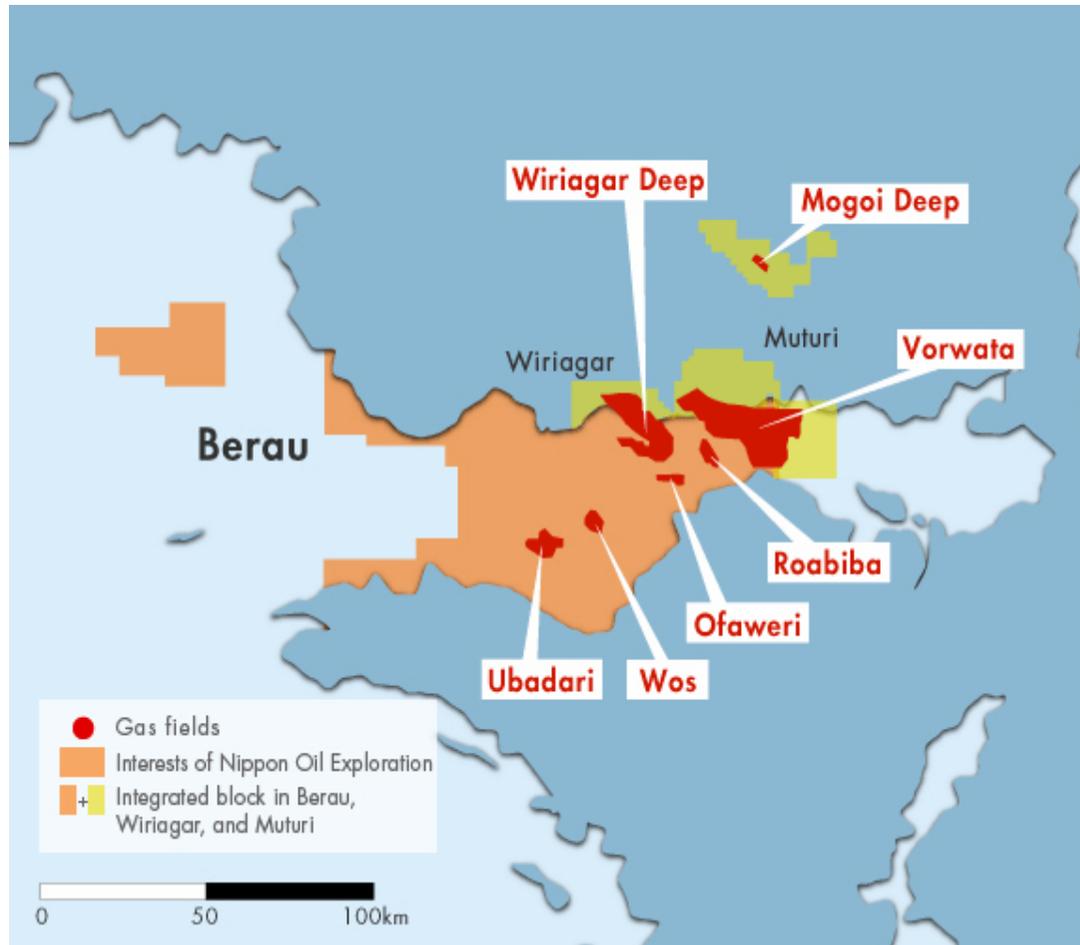
### Operator

Syncrude

● In 1992, NOEX acquired a 5% stake in the Syncrude project from PetroCanada. Subsequently, this stake was transferred to Mocal Energy Limited (a wholly owned subsidiary of NOEX).

# Individual E&P Project Overview

Indonesia



'08 Jan – Sep Production Volume

-

## Project Company

Nippon Oil Exploration (Berau), Limited  
(NOEX(Berau))

(51%)

(%) = Nippon Oil Group Shareholding

## Interest in Individual Fields

12.2% (after unitization)

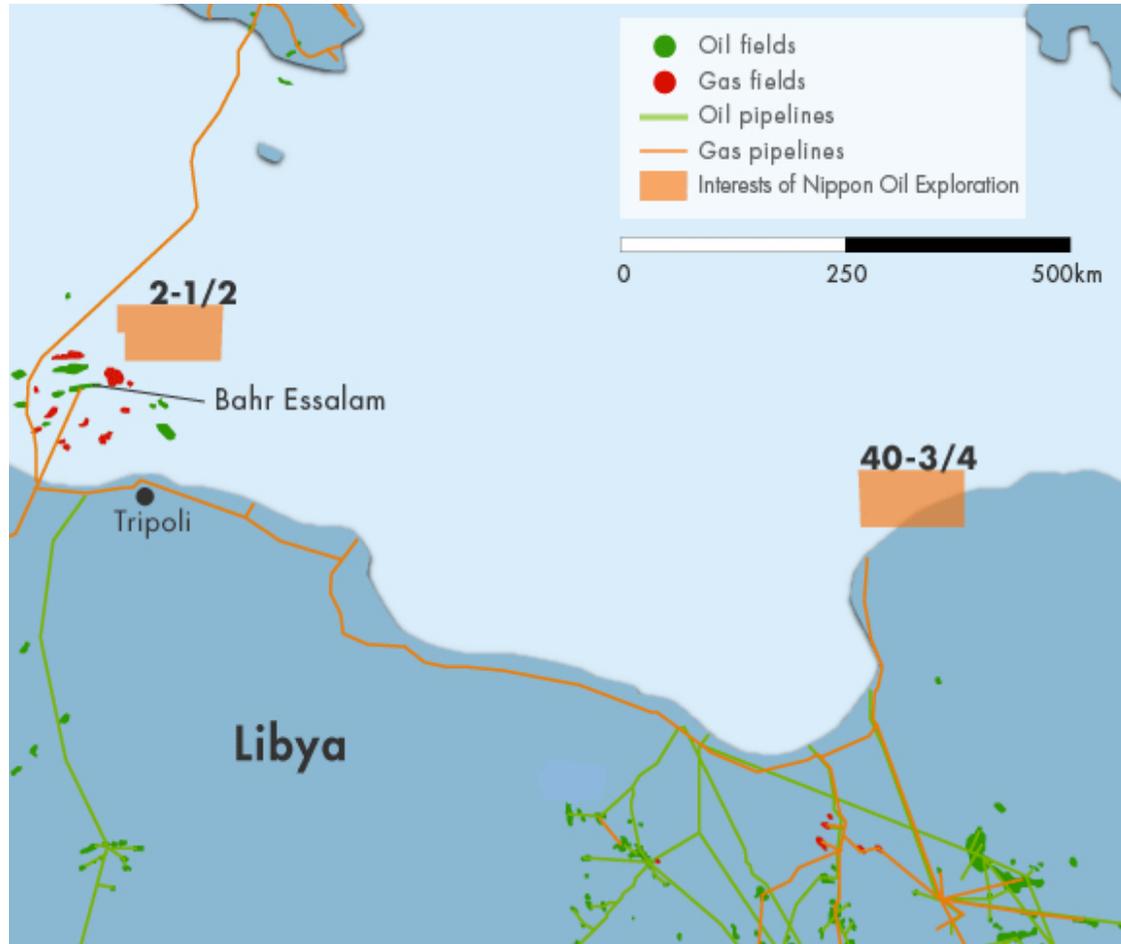
## Operator

BP

- From 1990, using three test wells natural gas was discovered in the area. Subsequently, the Vorwata Gas Field, Wiriagar Deep Gas Field, and other gas structures were discovered.
- From 2003, those with interests in the Berau, Wiriagar, and Muturi blocks agreed to become partners in unitizing the blocks and undertake development work cooperatively.
- In 2008, production is scheduled to begin.

# Individual E&P Project Overview

## Libya



'08 Jan - Sep Production Volume

-

**Project Company**

Nippon Oil Exploration Limited (NOEX)

**Interests in Individual Fields**

90% (2-1/2 block)

38% (40-3/4 block)

**Operators**

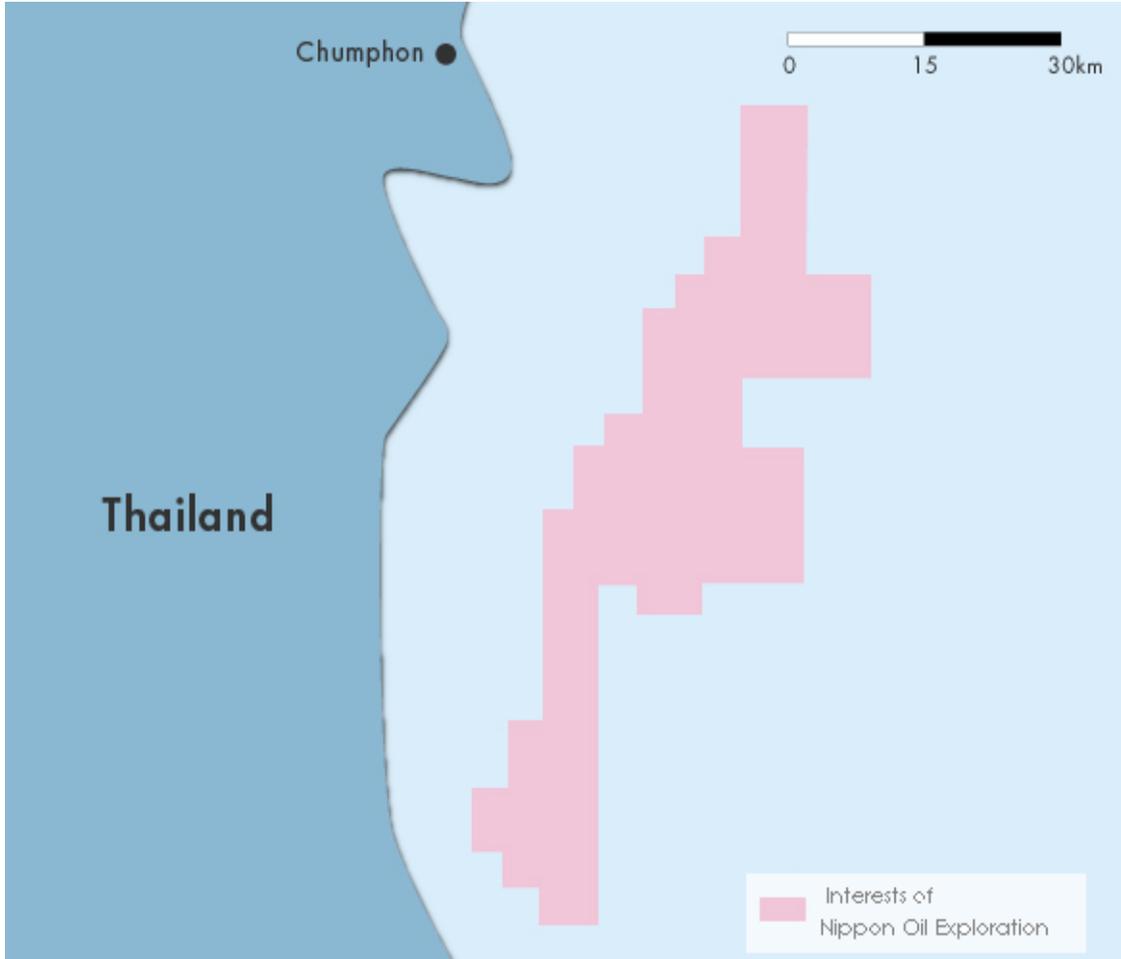
NOEX (2-1/2 block)

Japex Libya Ltd. (40-3/4 block)

● NOEX won interests in two blocks (2-1/2 and 40-3/4) in a round of public bidding held in October 2005. Plans call for beginning exploration activities in those blocks.

# Individual E&P Project Overview

Thailand



'08 Jan - Sep Production Volume

-

Project Company

Nippon Oil Exploration Limited (NOEX)

Interests in Individual Fields

40%

Operators

PTTEP

● In December 2007, NOEX concluded a contract for the acquisition of an interest in exploration block B6/27, located in the Gulf of Thailand. Exploration work is set to commence in the near future.

# 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.