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[Additional Volume]

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Nippon Mining Holdings, Inc.

[The 194th Fiscal Term]

BUSINESS REPORT

April 1, 2008 － March 31, 2009

NIPPON OIL CORPORATION

[Attached Document and Reference Material for the General Meeting of Shareholders]

BUSINESS REPORT

April 1, 2008 — March 31, 2009

1. Issues Concerning Present Situation of the Enterprise Group

(1) Progress and Achievements in Business

A. General Economic Situation and Operating Environment Surrounding the Nippon Oil Corporation ("NOC") Group

The Japanese economy fell into a serious recession during fiscal year 2008, due to a sharp decline in both exports and capital expenditure, with weaker consumer spending triggered by the financial and economic crisis in the United States and Europe.

Meanwhile, on the global crude oil scene, following the upward trend from the previous fiscal year, the crude oil price hit the historic high of over US$ 140 per barrel for Dubai crude in July 2008. Subsequently, due to the impact of the sluggish global economy, the crude oil price witnessed a steep decline to US$ 46 for Dubai crude at the end of fiscal year 2008, which overall resulted in a year of unprecedented oil price fluctuations.

Under these circumstances, domestic demand for all kinds of petroleum products dropped below that of previous fiscal year levels. This is attributable to the impact of the trend of decreased automobile use and a reduction of production activities due to economic recession, as well as the increased use of fuel-efficient cars and advances of conversion to alternative energy such as gas and electricity. Further, the demand for petroleum products and petrochemical products in Asia also followed a trend of deceleration in the worsening economic conditions.

B. Progress and Achievements in Business Activities

Under the above-mentioned circumstances, the NOC Group launched its "Fourth Medium-Term Management Plan" ("4th Mid-Term Plan") in April 2008, and positioned the three-year period from the fiscal year 2008 through to fiscal year 2010 as the period of "Challenge for Change." Challenge for Change means the "structural reform of existing businesses and reinforcement of foundations for new businesses" with the aim of establishing an integrated operating framework and to become a comprehensive energy company group. NOC is determined to work together with its Group companies to establish a stable position in the domestic market as well as to capture overseas business opportunities, particularly in Asia, for further business development in the future. Under the 4th Mid-Term Plan, NOC has implemented several measures within each business area in fiscal year 2008, as described below:

(a) Petroleum Refining and Marketing Business (including Petrochemical Business)

(i) Measures taken concerning production of petroleum and petrochemical products

Establishment of optimum production systems

In terms of production, the NOC group first sought to optimize Group-wide production systems to respond appropriately to changes in the business environment, in which the domestic demand for petroleum products is anticipated to decrease in the future while mid-to-long term overseas demand for petroleum products will increase, particularly in Asia.

Firstly, Nihonkai Oil Co., Ltd. stopped refining at its Toyama Refinery, which was converted into an oil terminal in April 2009. The reason for this conversion was that the refinery, with no heavy oil-cracking units, had to use light crude oil for refining and became less competitive, thus experiencing a continued deterioration of its refining margin in recent years. On the other hand, the NOC Group decided to convert Nippon Petroleum Refining Co., Ltd.'s Osaka Refinery into an export-oriented refinery of petroleum products for Asia Pacific markets, on which discussions with China National Petroleum Corporation ("CNPC") are in progress.

Reinforcement of competitiveness of refineries

Secondly, in order to enhance the competitiveness of refineries, steps were taken to increase the production of high value-added products in response to changes in demand structure.

The NOC Group completed the construction of production facilities for cumene, a petrochemical product, at Muroran Refinery in October 2008. Cumene is a material for phenol resin and polycarbonate resin used for information and communication equipment components in electronic equipment (such as personal computers and mobile phones) and lenses for automotive lamps, for which a growth in demand is expected principally in Asia. In addition, in March 2009, the NOC Group completed Solvent De-Asphalting facilities at Mizushima Refinery to extract light distillate materials, such as light diesel oil, from heavy distillates such as asphalt. The operation of these facilities will enable the NOC Group to process heavier crude oil, reduce the production of fuel oil C, for which demand is sharply falling, and increase the production of more profitable light oil. At the same time, supplying residual oil produced by its facilities to neighboring petrochemical companies as boiler fuel will help promote energy-saving activities in the Mizushima petrochemical complex area.

(ii) Marketing side Measures

In relation to marketing, NOC concentrated its efforts on improving the profitability of its domestic businesses, as well as expanding overseas business. NOC also focused on introducing plant-derived biomass fuels as part of measures against further global warming.

To this end, as a first measure, NOC introduced a new pricing system in October 2008 that links the wholesale price of its gasoline, kerosene, diesel oil and fuel oil A products to the prices quoted in the domestic wholesale market for petroleum products, in an attempt to establish a more transparent and fair product pricing system. Further, NOC enhanced its marketing activities for petroleum products with a particular emphasis on overseas markets where mid-to-long term demand growth is expected. As NOC has worked hard to increase the capabilities of refineries to actively export petroleum products, the total export volume of petroleum products reached a record high of 5,520,000 kiloliters in fiscal year 2008, a 50% increase from the previous year. This was partly due to the increased volume of commissioned refining transactions with the CNPC Group. In lubricants, with an aim of reinforcing marketing activities in Asia and Central and South America, NOC acquired shares in a Singapore-incorporated company which owned a lubricant manufacturing facility and turned it into a subsidiary. In addition, NOC established a representative office in New Delhi, India, and a local company in Sao Paulo, Brazil, respectively.

Further, NOC has been introducing plant-derived biomass fuel, considered effective in combating global warming, and has begun trial sales of biogasoline containing ETBE (Ethyl Tertiary Buty1 Ether), a substance derived from bioethanol, since 2007, together with other members of the Petroleum Association of Japan. In fiscal year 2008, trial sales of biogasoline were conducted at 30 service stations, an increase from 13 at the end of the previous fiscal year. From June 2009, NOC will significantly increase the number of service stations to sell biogasoline to approximately 1,000, mainly in Tokyo, Kanagawa, Yamanashi, Saitama and Nagano. In February 2009, NOC established the Research Association of Innovative Bioethanol Technology, together with Mitsubishi Heavy Industries, Ltd., TOYOTA MOTOR CORPORATION, KAJIMA CORPORATION, SAPPORO ENGINEERING LTD. and TORAY INDUSTRIES, INC., and commenced joint research towards establishing technology for the integrated production of cellulosic bioethanol, which makes effective use of plant materials that cannot be utilized for food.

(iii) Business Integration with Kyushu Oil Co., Ltd.

On October 1, 2008, the NOC Group integrated Kyushu Oil Co., Ltd., which had been in a close business relationship, in an effort to further reinforce its business base and establish international competitiveness in refining and marketing. As a result of this integration, the NOC Group took over from Kyushu Oil the Oita Refinery, the only refinery in the Kyushu region, and further reinforced its operating structure even more towards expanding exports of petroleum products and petrochemical products to the Asia and Pacific regions, while achieving higher efficiency in both crude oil procurement and distribution.

(iv) Sale of Gas, Electricity and Coal

In addition to its core petroleum and petrochemical products, NOC is also engaged in the supply of other diverse energy sources including gas, electricity, and coal.

In gas operations, NOC owns an LNG (Liquefied Natural Gas) terminal at Mizushima

Refinery in partnership with The Chugoku Electric Power Co., Inc., and another LNG terminal of its own at a former oil terminal site in Hachinohe City, Aomori Prefecture, each of which supplies natural gas and LNG to customers in their respective areas. New LNG tanks are now undergoing construction to expand the supply capacities of the LNG terminal at Mizushima Refinery to meet increasing demand, with completion expected by the end of fiscal year 2011. Further, in July 2008, jointly with The Chugoku Electric Power Co., Inc., NOC established Okayama Pipeline Company to expand the sales coverage for natural gas supplied from the LNG terminal at Mizushima Refinery by laying natural gas pipelines from the Mizushima LNG terminal to the Okayama City area.

In electric power operations, the NOC Group is engaged in the wholesale supply and the retail marketing of electricity at its refineries and operating facilities nationwide. In fiscal year 2008, the total electricity sold by the NOC Group amounted to 1.89 million kilowatt. This resulted from the commencement of operations of an 800 thousand kilowatt natural gas generator by Kawasaki Natural Gas Generation Co., Ltd., a joint venture established with TOKYO GAS CO., LTD., and the acquisition of the wholesale supply of electricity from Oita Refinery following the integration of Kyushu Oil Co., Ltd.

Where coal operations are concerned, NOC sold a total of 7.75 million tons, mainly to electric power and steel companies.

(v) New energy business

In an effort to continue to grow as an “integrated energy company” into the future, the NOC Group took the following measures to strengthen its new energy business, such as fuel cells and solar cells, of which future growth is expected.

Firstly, NOC installed 1,338 residential-use fuel cell systems during the four-year period from fiscal year 2005 through to fiscal year 2008, the largest share among Japan’s fuel cell business operators, as a result of actively introducing such systems under the government-led Stationary Fuel Cell Large-Scale Demonstration Project. In April 2008, NOC established ENEOS CELLTECH Co., Ltd. (“CELLTECH”) to acquire the stationary fuel cell business of SANYO Electric Co., Ltd. (“SANYO Electric”), a partner of NOC in the fields of fuel cell development and manufacturing. Accordingly, NOC will accelerate its efforts to improve the reliability and durability of residential-use fuel cells and reduce manufacturing costs by consolidating technologies fostered by NOC and SANYO Electric. CELLTECH has been expanding manufacturing facilities to establish the capacity to manufacture approximately 10,000 units per year from fiscal year 2010. NOC will adopt the name ENE FARM for its products, an industry fuel cell brand approved by the Fuel Cell Commercialization Conference of Japan, for the fully-fledged marketing of residential-use fuel cells starting from fiscal year 2009.

Secondly, NOC has been focusing on the future expansion of its business into the development, manufacturing and marketing of solar cells, which have attracted attention as an environmentally friendly energy system that generates solar-powered electricity. As a first step, NOC purchased certain newly issued shares of SPACE ENERGY CORPORATION ("SEC"), which manufactures silicon wafer, a key material in used in solar cells. As a result, NOC currently holds a total of 46% of SEC's shares. In addition, NOC has established a strategic alliance with SANYO Electric. in connection with its solar cell business, and both companies launched a joint company in January 2009 called SANYO ENEOS Solar Co., Ltd. for the development of technologies for producing thin-film solar panels, and their manufacturing and marketing. Thin-film solar panels allow manufacturing at lower cost by using less silicon and are expected to bring about the future expansion of the solar power market, mainly in use in large-scale power generation such as at factories and power plants.

Further, in January 2009, NOC entered into a joint venture agreement with GS Caltex Corporation, a Korean petroleum company to establish Power Carbon Technology Co., Ltd., a joint company incorporated in Korea, for the purpose of developing, manufacturing and marketing carbon materials for capacitor electrodes. A capacitor is an efficient electric storage device that can store as electricity the energy released when automobile brakes are applied and can discharge a large volume of electricity in a short time. Demand is expected to increase in the future for applications such as construction machinery, trucks, and railway rolling stock. While Power Carbon Technologies Co., Ltd. plans to construct a plant in Korea to manufacture carbon materials for capacitors and start production from the spring of 2010, NOC will, by applying the expertise gained from the manufacture of electrode coke at Marifu Refinery, supply coke produced at Marifu as a raw material for capacitor carbon.

In addition to those described above, NOC has been developing and verifying the efficiency of operation methods in an effort to cut residential CO_2 (carbon dioxide) emissions and offer the most suitable energy system in light of regional characteristics and individual lifestyles, by combining residential equipment such as fuel cells, solar cells, and electricity storage devices in an effective way. As part of this effort, NOC launched its "ENEOS Home Energy Generation Project" with the cooperation of experts from residential design and energy-related areas, completing an Energy-Generating House in Yokohama City in March 2009 as a base for verification tests.

(b) Exploration & production ("E&P") of Oil and Natural Gas Business

The following steps have been taken towards the sustainable growth of the future E&P Oil and Natural Gas business during fiscal year 2008:

In production operations, in August 2008, the NOC Group commenced crude oil production at the Phuong Dong oil field located in Vietnam, followed, in September 2008, by production of natural gas and condensate (super-light crude oil) in the Saderi gas field located in Malaysia.

Turning to development operations, in May 2008, the NOC Group commenced the construction of production facilities at the West Don oil field in the U.K. North Sea upon receiving approval of a development plan from the U.K. Government. In the U.S. Gulf of Mexico, the NOC Group confirmed new gas reserves that are available for a commercialization, and started preparations for transition to the development phase. In addition, the Tangguh LNG Project in Indonesia is now in the final phase of gas field development and construction of the LNG plant, which the NOC Group expects will commence production by the end of this year.

In exploration operations, the NOC Group continued to prepare for test drilling in exploration concessions off the coast of Libya. In addition, we discovered new promising gas reserves in the U.K. North Sea. In January 2009, four exploration fields located onshore and offshore of Papua New Guinea were newly acquired.

Moreover, in July 2008, the NOC Group acquired from the Government of Japan 50% of the issued shares of MOC Exploration (U.K.) Limited, which owns interests in oil and gas fields operating in the U.K. North Sea, making the company a wholly owned subsidiary of NOC. In Papua New Guinea, the NOC Group is preparing for the commencement of LNG business with its business partner to produce, transport and liquefy natural gas in an integrated system, and acquired exploration interests in December 2008 from AGL Energy Limited, an Australian gas and power supplier, increasing the percentage of its interest in the project.

(c) Construction Business

In the construction business, NIPPO CORPORATION, which plays a leading role in the business, faced a difficult management environment due to decreased public works, and the impact of reduced capital expenditure in Japan. Under these circumstances, NIPPO Corporation focused on the improvement of its profitability by utilizing its competitive technologies, reducing costs and streamlining its operations, as well as passing on the rise in materials costs due to the higher crude oil price to customers.

(d) Business Integration with NIPPON MINING HOLDINGS, INC.

Details of the business integration with NIPPON MINING HOLDINGS, INC., which was announced in December 2008, are set out in this section.

Both the NOC Group and the NIPPON MINING HOLDINGS GROUP are engaged in the business of energy, resources and materials, and share as the same top priority the pursuit of sustainable future growth and development while taking appropriate measures against the current challenges amid the business environment that is expected to change more significantly than ever. Since June 2006, the NOC Group had been in a business alliance with JAPAN ENERGY CORPORATION, a NIPPON MINING HOLDINGS GROUP oil company, in the areas of exploration and refining of petroleum and its distribution. However, in order to preempt the fundamental structural changes in the business environment and succeed amidst intensifying competition, both groups reached an agreement that the best choice would be to move beyond their alliance by integrating their management and to progress under a new management philosophy.

The specific method for integrating NOC and NIPPON MINING HOLDINGS will be to establish an integrated holding company by the joint transfer of stocks scheduled for April 2010, followed by the integration, restructuring or liquidation of all businesses of both parties under the integrated holding company. Three core business companies in the "Petroleum Refining and Marketing," "E&P of Oil and Natural Gas" and "Metals" areas will be established for July 2010. For a smooth integration, NOC will continue to make preparations together with NIPPON MINING HOLDINGS. NOC will seek approval for the transfer of stocks relating to establishment of the integrated holding company at an extraordinary general meeting of shareholders.

(e) Promotion of CSR Management

Guided by the Group philosophy of "Creating the energy future and promoting prosperity and harmony with nature", the NOC Group intends constantly to conduct business activities that reflect the importance it places on Corporate Social Responsibility ("CSR").

As a part of its CSR activities, the NOC Group considers "Harmony with the Global Environment" to be a vital mission of every company engaged in the supply of energy, and launched a "Medium-Term Environmental Management Plan" covering the three years from the fiscal year 2008 through to fiscal year 2010. Under this plan, the NOC Group continues its efforts against global warming and to reduce environmental load by attempting to cut CO_2 across the entire supply chain, in addition to curbing the generation of VOCs (Volatile Organic Compounds) from refineries and oil terminals, and further reducing the percentage of waste finally disposed (i.e., the volume of waste that is non-recyclable or cannot be reduced by dehydration or any other means) against the volume of waste generated by each operating facility.

In social contribution activities continued from the previous fiscal year, NOC provided funding support for original basic research relating to hydrogen energy through the "ENEOS Hydrogen Trust Fund", which was established in the hope of broadly disseminating hydrogen energy systems in society. Additional social contributions included the NOC Group's donation of funds for building a junior high school in Vietnam, where the NOC Group has been producing crude oil, with the aim of improving the educational environment in that country. In addition, the NOC Group conducted various activities such as organizing "ENEOS Environmental Classes" at elementary schools in Japan so that children can easily learn about issues such as the relationship between petroleum and peoples' lives, global warming, and hydrogen energy.

(f) Summary of Business Performance

As a result of business activities described above, the consolidated performance for fiscal year 2008 is as follows: Net sales dropped by 1.8% from the previous year to

7,389.2 billion yen, with an operating loss of 312.5 billion yen, an ordinary loss of 275.4 billion yen and net loss of 251.6 billion yen, reflecting the impact of inventory valuation factors (effect of inventory valuation loss by using gross average method) due to the significant decline of the crude oil price after July 2008. On the other hand, if excluding the impact of inventory value, ordinary income reached 171.6 billion yen, an increase of 59.2% over the previous fiscal year, which was attributable to improved revenues of petroleum products in the Refining and Marketing Business.

Consolidated net sales and operating income (loss) by segment are as shown below:

Segment	Net Sales		Operating Income (Loss)	
	Fiscal Year 2008	Change	Fiscal Year 2008	Change
Refining and Marketing	(Million yen) 6,760,525	(%) △1.5	(Million yen) △434,402	(%) —
E & P of Oil and Natural Gas	218,623	△6.9	106,377	△16.0
Construction	356,540	△3.9	7,499	23.7
Other	53,545	△4.5	8,019	65.3
Total	7,389,234	△1.8	△312,506	—

The interim dividend paid in fiscal year 2008 was 10 yen per share, which was an increase of 4 yen per share from the previous year, to raise the level of profit distributed to shareholders.

(2) Tasks for the NOC Group

A. Business Environment surrounding the NOC Group

Given the outlook for the Japanese economy, NOC anticipates that the bottoming out of the economy toward self-sustained recovery driven by private sector demands will still take a considerable amount of time, despite the extensive economic measures taken by the government to tackle the current economic crisis. In addition, the Asian economy, as a whole, is expected to maintain its decelerated pace for the time being.

Under these circumstances, it is likely that the trend of declining domestic demand for petroleum products will continue into the future. This is due to current stagnant distribution and production activities arising from the economic recession, as well as structural factors such as declining automobile ownership, the progress of energy savings and conversion of energy to gas and electricity. Meanwhile, NOC expects that the demand for petroleum products and petrochemical products in Asia will turn upward from the mid-to-long term as the world economy will depart from recession, whilst the current economic doldrums are placing pressure on the speed of such demand and therefore growth.

During this situation, given a business environment in which the Japanese domestic demand for petroleum products will be declining, the oil industry faces a pressing challenge to tackle issues of excessive refining capacity and the number of Service Stations in Japan, and a fundamental reinforcement of its management base is required against global competition among energy companies for resource development.

B. Challenges Facing the NOC Group

Under these circumstances, the NOC Group is determined to focus all its efforts to address the current challenges and achieve the structural reform of existing businesses and reinforcing foundations for new business, as set out in the 4th Mid-Term Plan. Further, The NOC Group will prepare for its great leap to become an integrated energy, resources and materials company group by completing the management integration with NIPPON MINING HOLDINGS GROUP.

As to specific management challenges, the NOC Group will firstly continue to implement necessary steps to secure stable profitability in the core business of Refining and Marketing. On the production-side, efforts will focus on safe and stable operations, more efficient operations in the procurement and refining of crude oil, and the distribution and sales of the NOC Group as a whole, including those of the Oita Refinery, which was acquired from Kyushu Oil Co., Ltd. On the marketing-side, the NOC Group will strive to implement the new pricing system and undertake the reorganization and consolidation of the service stations network to reinforce its competitiveness, as well as engage in the flexible export of products depending on customer demands. Further, through the integration with NIPPON MINING HOLDINGS, INC., fundamental streamlining of the refining and marketing business will be sought by reducing the total refining capacity of both companies by 400,000 barrels a day within two years of the business integration. Additional reduction of the refining capacity will be considered depending on circumstances.

Secondly, in relation to the E&P of Oil and Natural Gas business, which is a pillar of mid-to-long term growth strategies, the NOC Group will focus on preparations to develop the currently developing business to the production phase as soon as possible, while maintaining and expanding production volumes in its production operations. In addition, the NOC Group will continue to concentrate on investments in the key areas of Southeast Asia, Oceania, the U.S. Gulf of Mexico and the U.K. North Sea to seek further business development, while paying careful attention to profitability and risk management.

Thirdly, in relation to its new energy business, the NOC Group will actively focus its efforts on nurturing and developing promising businesses to secure the future growth. Initially, quick commercial production and expansion of residential-use fuel cell sales channels is a critical issue towards full-scale marketing. Meanwhile, NOC will work towards the commercialization of thin-film solar panels, and actively prepare for the full-scale launch of business at SANYO ENEOS Solar Co., Ltd. NOC will continue its efforts to strengthen its new energy business by putting, for example, the manufacturing and sales of carbon materials for capacitor electrodes for use in electric storage devices on track, and seeking successful results as soon as possible.

As stated above, the NOC Group is firmly determined to ensure the implementation of the above measures in the respective business segments, bringing the integration with the NIPPON MINING HOLDINGS GROUP to success, and contributing to the sustainable development of the economy and society through the stable and efficient supply of energy, resources and materials. The strong support and trust from shareholders will always be highly appreciated.

(3) Capital Investment of the NOC Group

Total capital invested in fiscal year 2008 amounted to 179.5 billion yen, and expenditure by business segment is as stated below:

Segment	Amount	Major Investment
Refining and Marketing	(million yen) 94,687	New construction of solvent deasphalting facility, cumene production facility, etc.
E&P of Oil and Natural Gas	75,163	Capital investments for development of oil and gas fields
Construction	8,675	Renewal and upgrade of manufacturing equipment at asphalt mixing plants
Others	991	Renewal of information systems, etc.
Total	179,517	

(4) Succession of Rights and Obligations of the Business of Other Enterprises through Acquisition of Shares, Merger or Absorption-type Split

On August 22, 2008, NOC acquired the shares of Kyushu Oil Co., Ltd. from 13 companies including NIPPON STEEL CORPORATION, thereby obtaining 100% of the voting rights of the acquired company. On October 1, 2008, Nippon Petroleum Refining Co., Ltd. succeeded to the business of Kyushu Oil Co., Ltd. at Oita Refinery through an absorption-type split, and then NOC merged with Kyushu Oil Co., Ltd. on the same date.

(5) Financing

The aggregate amount borrowed by the NOC Group, including outstanding corporate bonds, as of the end of fiscal year 2008, was 1,457.4 billion yen. The major financing activities during the current fiscal year are listed below.

A. Issue of corporate bonds

Issuer	Name	Total Amount Issued	Date of Redemption at Maturity	Issued Date
NOC	28th Unsecured Bonds (Publicly offered)	30 billion yen	June 11, 2018	June 11, 2008
NOC	29th Unsecured Bonds (Publicly offered)	20 billion yen	June 11, 2014	June 11, 2008

B. Long-term Loans

Borrower	Lender Name	Total Amount	Period
NOC	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Meiji Yasuda Life Insurance Company Development Bank of Japan, Inc. Mitsubishi UFJ Trust and Banking Corporation SUMITOMO LIFE INSURANCE COMPANY Etc.	180.5 billion yen	4-12 years

(6) Main Lenders and Outstanding Borrowings (as of March 31, 2009)

Borrower	Lender Name	Balance
		(million yen)
NOC	Japan Oil, Gas and Metals National Corporation	183,188
	Mizuho Corporate Bank, Ltd.	93,662
	Sumitomo Mitsui Banking Corporation	59,958
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	59,533
	Meiji Yasuda Life Insurance Company	59,350
	SUMITOMO LIFE INSURANCE COMPANY	40,750
	Nippon Life Insurance Company	30,620

(7) Operating Results and Financial Position of the NOC Group

Item \ FY	2005	2006	2007	2008 (Current FY)
Number of consolidated subsidiaries	57	57	54	53
Number of unconsolidated subsidiaries/affiliates accounted for under the equity method	39	40	38	25
Net Sales (million yen)	6,117,988	6,624,256	7,523,990	7,389,234
Ordinary income/loss (million yen)	309,088	186,611	275,666	△275,448
Net income/loss (million yen)	166,510	70,221	148,306	△251,613
Net income/loss per share (yen)	114.08	48.12	101.49	△172.42
Total assets (million yen)	4,231,814	4,385,533	4,594,197	3,969,730
Net assets (million yen)	1,130,328	1,331,981	1,429,266	1,016,306

(8) Core Business of the NOC Group (as of March 31, 2009)

Main business activities of the NOC Group are as shown below:

Segment	Main Business Activities
Refining and Marketing	Manufacture and marketing of various petroleum and petrochemical products
E&P of Oil and Natural Gas	Exploration, development and production of oil and natural gas
Construction	Road repairs, paving work, and other contracted construction work
Other	Marketing of automobile-related supplies; sale, purchase, lease and management of real estate

(9) Principal Consolidated Subsidiaries and Subsidiaries/Affiliates Accounted for under the Equity Method (as of March 31, 2009)

The NOC Group held 53 consolidated subsidiaries and 25 subsidiaries/affiliates that were accounted for under the equity method as of March 31, 2009. Among those indicated, 24 principal consolidated subsidiaries and 3 main such subsidiaries/affiliates are stated as set out below in A and B:

A. Principal Consolidated Subsidiaries

Segment	Company Name	Head Office	Capital	Voting Rights	Business
Refining and Marketing	Nippon Petroleum Refining Co., Ltd.	Minato-ku, Tokyo	(million yen) 5,000	(%) 100.0	Manufacture of petroleum and petrochemical products
	Nippon Oil Staging Terminal Co., Ltd.	Kagoshima City, Kagoshima Pref.	6,000	100.0	Operation of petroleum storage and terminal facilities
	Nippon Oil Tanker Corporation	Naka-ku, Yokohama City	4,000	100.0	Ocean transport of crude oil and petroleum products
	Nihonkai Oil Co., Ltd.	Toyama City, Toyama Pref.	4,000	100.0	Marketing of petroleum products
	ENEOS Frontier Co., Ltd.	Shinagawa-ku, Tokyo	495	100.0	Marketing of petroleum products
	NISSEKI PLASTO Co., Ltd.	Minato-ku, Tokyo	200	100.0	Manufacture, purchase and marketing of non-woven fabrics, sheet pallets, and synthetic resins processing-related products
	Wakayama Petroleum Refining Co., Ltd.	Kainan City, Wakayama Pref.	4,420	99.0	Manufacture and marketing of petroleum products
	Okinawa CTS Corporation	Uruma City, Okinawa Pref.	495	65.0	Operation of petroleum storage and terminal facilities
	Kawasaki Natural Gas Generation Co., Ltd.	Minato-ku, Tokyo	3,750	51.0	Supply of electricity
	Nippon Oil (U.S.A.) Ltd.	U.S.A.	US$ 3,000,000	100.0	Marketing of petroleum products
	Nippon Oil Lubricants (America) LLC	U.S.A.	US$ 23,000,000	100.0	Manufacture and marketing of lubricants
	Nisseki Chemical Texas Inc.	U.S.A.	US$ 30,100,000	100.0	Marketing of ethylidene norbornene and production and marketing of solvents used in the manufacture of carbonless copy paper and high voltage capacitor insulating fluids, etc.
	Atlanta Nisseki CLAF, Inc.	U.S.A.	US$ 8,934,000	100.0	Manufacture and marketing of non-woven fabrics
	Nippon Oil (Asia) Pte. Ltd.	Singapore	S$ 300,000	100.0	Purchase and marketing of crude oil and petroleum products
	Nippon Oil Europe Ltd.	U.K.	US$ 6,000,000	100.0	Purchase and marketing of crude oil and petroleum products
	Nippon Oil (Australia) Pty. Ltd.	Australia	A$ 76,780,000	100.0	Purchase and marketing of coal and other mineral resources
	Nippon Oil (Guanzhou) Lubricants Corporation	China	US$ 17,000,000	90.0	Manufacture and marketing of lubricants
	Nippon Oil LC Film (Suzhou) Corporation	China	US$ 41,000,000	100.0	Manufacture and marketing of liquid crystal films

Segment	Company Name	Head Office	Capital	Voting Rights	Business
			(million yen)		
E&P of Oil and Natural Gas	Nippon Oil Exploration Ltd.	Minato-ku, Tokyo	9,815	100.0	Overall control of oil and natural gas exploration
Construction	NIPPO Corporation	Chuo-ku, Tokyo	15,324	57.2	Road repairs, paving, civil engineering work, and planning, designing and construction of oil-related facilities
Other	Nippon Oil Real Estate Co., Ltd.	Naka-ku, Yokohama City	500	100.0	Purchase and marketing, lease and management of real estate
	Nippon Oil Trading Corporation	Minato-ku, Tokyo	330	100.0	Marketing of automobile-related products, leasing of equipment, insurance agency, travel agency and operation of sports facilities
	Nippon Oil Business Services Co., Ltd.	Naka-ku, Yokohama City	50	100.0	Provision of accounting, payroll-related and welfare-related services for the NOC Group
	Nippon Oil Information Technology Corporation	Naka-ku, Yokohama City	300	51.0	Development and operation of data processing and communications networks

Notes:
1. NOC's voting rights in each company are inclusive of the voting right(s) held by the consolidated subsidiaries.
2. Nippon Petroleum Refining Co., Ltd. merged with Nippon Petrochemicals Co., Ltd. effective April 1, 2008.
3. ENEOS Frontier Co., Ltd. merged with Taiheiyo Sekiyu Hanbai Co., Ltd. and Takanawa Energy Corporation effective April 1, 2008.
4. NOC acquired the shares of Nihonkai Oil Co., Ltd. from Hokuriku Electric Power Company and Nissan Chemical Industries, Ltd., thereby obtaining 100% of the voting rights of the acquired company as of March 27, 2009. Nihonkai Oil Co., Ltd. has changed its main business to "Operation of petroleum storage and terminal facilities," effective from April 1, 2009.
5. Kawasaki Natural Gas Generation Co., Ltd. launched the electricity supply operation in the current fiscal year and its operation has come to have a material impact on the NOC Group business. The company has therefore been newly included in the list of principal consolidated subsidiaries.

B. Other Main Subsidiaries/Affiliates that are Accounted for Under the Equity Method

Segment	Company Name	Head Office	Capital	Voting Rights	Business
			(million yen)	(%)	
Refining and Marketing	Mizushima LNG Co., Ltd.	Kurashiki City, Okayama Pref.	800	50.0	Receiving, storage, vaporization and transmission of LNG
	Japan Oil Transportation Co., Ltd.	Shinagawa-ku, Tokyo	1,661	29.4	Land transportation of petroleum products
	Tianjin Nisseki Lubricants & Grease Co., Ltd.	China	RMB 61,000,000	40.0	Manufacture and marketing of lubricants

(10) The NOC Group's Main Place of Business (as of March 31, 2009)

A. Refining and Marketing Segment

Company Name	Division	Head Office and Branch Offices	
NOC	Head Office	3-12, Nishi Shimbashi 1-chome, Minato-ku, Tokyo, Japan	
	Laboratory	Central Technical Research Laboratory (Naka-ku, Yokohama City)	
	Branch Offices	Hokkaido	(Chuo-ku, Sapporo City)
		Tohoku	(Aoba-ku, Sendai City)
		Tokyo	(Minato-ku, Tokyo)
		Kanto I	(Minato-ku, Tokyo)
		Kanto II	(Omiya-ku, Saitama City)
		Kanto III	(Naka-ku, Yokohama City)
		Chubu	(Nakamura-ku, Nagoya City)
		Kansai	(Nishi-ku, Osaka City)
		Chugoku	(Minami-ku, Hiroshima City)
		Kyushu	(Hakata-ku, Fukuoka City)
		Okinawa	(Naha City, Okinawa Pref.)
	Terminal	Kawasaki (Kawasaki-ku, Kawasaki City)	
	Overseas Offices	Abu Dhabi Office (United Arab Emirates)	
		Jakarta Office (Indonesia)	
		Beijing Office (China)	
Nippon Petroleum Refining Co., Ltd.	Head Office	3-12, Nishi Shimbashi 1-chome, Minato-ku, Tokyo, Japan	
	Refineries and Plants	Muroran Refinery	(Muroran City, Hokkaido)
		Sendai Refinery	(Miyagino-ku, Sendai City)
		Negishi Refinery	(Isogo-ku, Yokohama City)
		Osaka Refinery	(Takaishi City, Osaka)
		Mizushima Refinery	(Kurashiki City, Okayama Pref.)
		Marifu Refinery	(Waki-cho, Kuga-gun, Yamaguchi Pref.)
		Oita Refinery	(Oita City, Oita Pref.)
		Kawasaki Plant	(Kawasaki-ku, Kawasaki City)
		Yokohama Plant	(Kanagawa-ku, Yokohama City)

Notes: 1. NOC relocated the Kyushu Branch from Chuo-ku, Fukuoka City to the aforementioned place on October 14, 2008, and established the New Delhi Office in India on April 1, 2009.

2. Nippon Petroleum Refining Co., Ltd. merged with Nippon Petrochemicals Co., Ltd. effective April 1, 2008. As a result, Nippon Petroleum Refining Co., Ltd. changed the name of “Kawasaki Operating Center,” which was inherited from the latter company, to “Kawasaki Plant,” as well as changing the name of “Yokohama Refinery” to “Yokohama Plant.”
3. Nippon Petroleum Refining Co., Ltd. succeeded to the business of Kyushu Oil Co., Ltd. at Oita Refinery through an absorption-type split on October 1, 2008.

B. Oil and Natural Gas E&P Segment

Company Name	Division	Head Office and Branch Offices
Nippon Oil Exploration Ltd.	Head Office	3-12, Nishi Shimbashi 1-chome, Minato-ku, Tokyo, Japan
	Overseas Bases	Tripoli Office (Libya) Ho Chi Minh Office (Vietnam) Nippon Oil Exploration U.S.A. Ltd. (U.S.A.) Nippon Oil Exploration and Production U.K. Ltd. (U.K.) Japan Vietnam Petroleum Co., Ltd., Vietnam Office (Vietnam) Nippon Oil Exploration (Malaysia), Ltd., Miri Office (Malaysia)

Notes: 1. Nippon Oil Exploration U.S.A. Ltd.; Nippon Oil Exploration and Production U.K. Ltd.; Japan Vietnam Petroleum Co., Ltd. and Nippon Oil Exploration (Malaysia) Ltd. are subsidiaries of Nippon Oil Exploration Ltd. (Nippon Oil Exploration Ltd.’s voting rights in each company are inclusive of the voting right(s) held by the consolidated subsidiaries.)
2. Nippon Oil Exploration Ltd. newly established its Ho Chi Minh Office in Vietnam effective April 1, 2008. The company also established its Brisbane Office in Australia and its Jakarta Office in Indonesia on April 1, 2009.

C. Construction Segment

Company Name	Division	Head Office and Branch Office	
NIPPO Corporation	Head Office	19-11, Kyobashi 1-chome, Chuo-ku, Tokyo, Japan	
	Branch Offices	Hokkaido	(Toyohira-ku, Sapporo City)
		Tohoku	(Aoba-ku, Sendai City)
		Kanto Daiichi	(Shinjuku-ku, Tokyo)
		Kanto Daini	(Shinagawa-ku, Tokyo)
		Hoku-shinetsu	(Chuo-ku, Niigata City)
		Chubu	(Naka-ku, Nagoya City)
		Kansai	(Chuo-ku, Osaka City)
		Shikoku	(Takamatsu City, Kagawa Pref.)
		Chugoku	(Minami-ku, Hiroshima City)
		Kyushu	(Chuo-ku, Fukuoka City)
		Kanto Architectural	(Chiyoda-ku, Tokyo)

(11) Employees of the NOC Group (as of March 31, 2009)

Segment	Number of Employees	
Refining and Marketing	9,442	(2,797)
E&P of Oil and Natural Gas	562	(34)
Construction	3,404	(2,446)
Other	736	(243)
Total	14,144	(5,520)

Notes: 1. The number of employees covers those working in the operations of the NOC Group, excluding the NOC Group employees that are dispatched to work outside the group business, but including external workers working within the NOC Group.

2. The numbers in parentheses represent the annual average of temporarily employed staff (not included in the left column).

3. The total number of employees increased by 1,447 compared with March 31, 2008. This happened mainly because of the increase in the number of employees in the Refining and Marketing Segment as a result of merger of ENEOS Frontier Co., Ltd. with its sales subsidiaries and integration of NOC with Kyushu Oil Co., Ltd.

(12) Others

A. In connection with bidding for petroleum product supplies to the Defense Agency during the period from April 1995 to November 1998, NOC was delivered a judgment dated February 14, 2007, by the Fair Trade Commission ("FTC") of Japan, to the effect that the FTC ordered an exclusory disposition against NOC. NOC filed an administrative lawsuit with the Tokyo High Court on March 15, 2007, to appeal the judgment and rescind it. The Tokyo High Court dismissed NOC's claim on April 24, 2009, and NOC decided not to make a final appeal to the Supreme Court.

On January 16, 2008, NOC received a fine payment order from the FTC to an aggregate amount of 2,156.01 million yen in connection with the same bidding issue. NOC requested that the FTC initiate hearing procedures against this order on February 14, 2008, and hearing procedures are currently being conducted.

B. In connection with the business of petroleum fuel-based cogeneration systems, or the "Total Energy System (TES) business," NOC uses swap instruments to hedge risks from fluctuations in crude oil prices and maintain steady cash flows. NOC received a notice of correction disposition dated October 31, 2006, by the Tokyo Regional Taxation Bureau for transactions of this kind made in fiscal years 2003 and 2004. NOC filed a request for reinvestigation to the head of the National Tax Tribunal on December 22, 2006, to appeal against the correction and rescind it, but the Tribunal delivered a decision to dismiss NOC's appeal on January 22, 2009. NOC has decided to file an administrative lawsuit with the Tokyo District Court to appeal the decision and rescind the notice of correction disposition by the Tokyo Regional Taxation Bureau.

2. Issues Concerning Shares of NOC (as of March 31, 2009)

(1) Total number of shares authorized to be issued by NOC: 5,000,000 thousand

(2) Total number of shares issued: 1,464,508 thousand

(3) Number of shareholders at fiscal year-end: 102,130
(decrease of 1,714 from the preceding term)

(4) Major Shareholders (Top 10)

Name	Investment by Shareholders in NOC	
	Number of Shares Held	Capital Contribution
	(thousands of shares)	(%)
Japan Trustee Services Bank, Ltd. (Trust Unit)	109,674	7.5
The Master Trust Bank of Japan, Ltd. (Trust Unit)	93,543	6.4
Japan Trustee Services Bank, Ltd. (Trust Unit 4G)	74,601	5.1
Mizuho Corporate Bank, Ltd.	47,298	3.2
Mitsubishi Corporation	45,435	3.1
Sumitomo Mitsui Banking Corporation	40,398	2.8
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	30,617	2.1
Tokio Marine & Nichido Fire Insurance Co., Ltd.	29,323	2.0
INPEX CORPORATION	17,557	1.2
Mitsui Sumitomo Insurance Company, Limited	16,722	1.1

Note: Percentage of capital contribution represents the number of common shares held, divided by the number of common shares issued and outstanding (excluding 4,489,000 NOC treasury stocks).

3. Issues Concerning Directors and Corporate Auditors

(1) Names, Titles, and Primary Responsibilities of Directors and Corporate Auditors (as of March 31, 2009)

Name	Title	Primary Responsibilities at NOC and Details of Positions on the Boards of Other Organizations
Fumiaki Watari	Representative Director, Chairman of the Board	
Shinji Nishio	Representative Director, President	President and Executive Officer
Makoto Satani	Representative Director	Executive Vice President and Executive Officer
Toshikazu Kobayashi	Representative Director	Executive Vice President and Executive Officer
Ikutoshi Matsumura	Representative Director	Executive Vice President, Executive Officer, Executive Director of the Energy System Business Division and Executive Director of Research & Development Division
Masahito Nakamura	Director	Senior Vice President, Executive Officer and Executive Director of Fuel Retail Sales Division
Shigeo Hirai	Director	Senior Vice President, Executive Officer and Executive Director of Corporate Management Division Ⅰ
Kan Ueno	Director	Senior Vice President, Executive Officer and Executive Director of Chemicals Division
Yasushi Kimura	Director	Senior Vice President, Executive Officer and Executive Director of Energy Solution Division
Yasuo Kamino	Director	Senior Vice President, Executive Officer and Executive Director of Lubricants & Specialties Business Division
Junichi Kohashi	Director	Senior Vice President, Executive Officer, Executive Director of Environment, Safety & Quality Management Division and Executive Director of Manufacturing Technology & Engineering Division
Naoaki Tsuchiya	Director	Senior Vice President, Executive Officer and Executive Director of Overseas Business Division and Executive Director of Supply Division
Makoto Kuramochi	Director	Senior Vice President, Executive Officer and Deputy Director of Overseas Business Division
Yukio Yamagata	Director	Senior Vice President, Executive Officer and Executive Director of Corporate Management Division Ⅱ
Akira Kitamura	Director	Executive Officer and General Manager of Secretariat
Michio Ikeda	Director	Executive Officer and General Manager of Corporate Planning & Management Department
Hajime Okazaki	Director	Executive Officer and General Manager of Central Technical Research Laboratory of Research & Development Division

Hiroshi Ono	Director	Representative Director and President of Nippon Petroleum Refining Co., Ltd.
Makoto Koseki	Director	Representative Director and President of Nippon Oil Exploration Ltd.
Hiroshi Maru	Standing Corporate Auditor	
Hideo Tabuchi	Standing Corporate Auditor	
Masao Fujii	Corporate Auditor	
Hidehiko Haru	Corporate Auditor	
Masahiro Sakata	Corporate Auditor	Administrative Director of Japan Deafblind Association

Notes: 1. Mr. Yukio Yamagata, Mr. Hajime Okazaki and Mr. Makoto Koseki were newly appointed as directors at the 193rd Ordinary General Meeting of Shareholders held on June 24, 2008, and assumed their positions.

2. Mr. Hideo Tabuchi and Mr. Teruo Omori retired from their positions as directors as of June 24, 2008, on the closing of the 193rd Ordinary General Meeting of Shareholders.
3. Mr. Hideo Tabuchi, Mr. Hidehiko Haru and Mr. Masahiro Sakata were newly appointed as corporate auditors at the 193rd Ordinary General Meeting of Shareholders held on June 24, 2008, and assumed their position.
4. Mr. Seiji Sakamoto, Mr. Setsuo Umezawa and Mr. Koji Furukawa retired from their positions as corporate auditors as of June 24, 2008, on the closing of the 193rd Ordinary General Meeting of Shareholders.
5. Mr. Masao Fujii, Mr. Hidehiko Haru and Mr. Masahiro Sakata are outside auditors.
6. Mr. Hiroshi Maru has experience in working for the accounting and finance departments of the NOC group companies, and Mr. Hideo Tabuchi has experience in working for the IR department of NOC. Both of them have significant knowledge concerning accounting and finance. Mr. Masao Fujii has experience as a judge. Mr. Hidehiko Haru worked for the accounting division of the Tokyo Electric Power Company, Inc, after which he served as Member of the Policy Board of the Bank of Japan. Mr. Masahiro Sakata has worked for the Ministry of Finance and the Cabinet Legislation Bureau. All of the auditors therefore have significant knowledge and experience concerning accounting and finance.
7. Mr. Masao Fujii is a lawyer and an outside director of Marubeni Corporation.
8. Mr. Hidehiko Haru doubles as an outside auditor of NIPPON YUSEN KABUSHIKI KAISHA (NYK LINE).
9. Mr. Masahiro Sakata is a lawyer and concurrently serves as an outside auditor of Tokio Marine & Nichido Fire Insurance Co., Ltd. and THE NISHI-NIPPON CITY BANK, LTD.

(2) Remuneration Paid to Directors and Corporate Auditors

Grantee	Number of People	Total Remuneration	Remarks
		(million yen)	
Directors	21	832	The total remuneration for directors is up to 1.1 billion yen for a business year (excluding employees salaries and bonuses for employee-directors), and the total remuneration for corporate auditors is up to 160 million yen for a business year. (Resolved at the General Meeting of Shareholders held on June 29, 2006.)
Corporate Auditors (Outside auditors)	8 (5)	104 (30)	

Notes: 1. The above figures include the remuneration paid to Mr. Hideo Tabuchi and Mr. Teruo Omori, who retired from their positions as directors as of June 24, 2008, on the closing of the 193rd Ordinary General Meeting of Shareholders. The remuneration paid to Mr. Seiji Sakamoto, Mr. Setsuo Umezawa and Mr. Koji Furukawa, who retired from their positions as corporate auditors on the same date, is also included in the above figures. Since Mr. Hideo Tabuchi has assumed the position of corporate auditor on the same day he retired from the director position, the remuneration paid to Mr. Tabuchi is included in both the remuneration paid to directors and those paid to corporate auditors.

2. Total remuneration shown above includes total bonuses of 170 million yen paid to directors and of 20 million yen paid to corporate auditors.

3. Employee salaries and bonuses of 46 million yen paid to three employee-directors are excluded from the total remuneration shown above.

4. NOC has abolished the retirement benefit system for directors and corporate auditors as of June 29, 2005, on the closing of the 190th Ordinary General Meeting of Shareholders. At the same General Meeting, it was resolved that NOC will pay an appropriate amount of retirement benefits to the directors and corporate auditors, based on the period of service until the closing of the 190th General Meeting and in accordance with the criteria set out by NOC, and decision with respect to the specific amount, payment schedule, terms of payment, etc. regarding the retirement benefits for the directors is entrusted to Board of Directors, and regarding the retirement benefits for the corporate auditors, will be determined in consultation with the corporate auditors.

   Based on this resolution, NOC paid retirement benefits for the fiscal year 2008 in the amounts shown below, in addition to the remuneration stated above, to retired directors and corporate auditors .

   159 million yen to 2 directors

   3 million yen to 3 corporate auditors (including 1 million yen of which was paid to 2 outside auditors)

(3) Issues Concerning Outside auditors

A. Attendance at Board Meetings and Auditors' Meetings

(a) NOC convened 13 board meetings (11 ordinary board meetings and 2 extraordinary board meetings). Mr. Masao Fujii attended all board meetings, while Mr. Hidehiko Haru and Mr. Masahiro Sakata attended 8 of the 10 board meetings held after their assumption of the post.

(b) NOC convened 12 auditors' meetings. Mr. Masao Fujii attended 11 meetings. Mr. Hidehiko Haru and Mr. Masahiro Sakata attended 7 and 8 meetings respectively, out of 9 auditors' meetings held after their assumption of the post.

B. Statements Made at Board Meetings and Auditors' Meetings

(a) Outside auditors, capitalizing on their rich expertise and experience, asked questions and offered opinions at the board meetings from an objective and fair standpoint, concerning issues such as oil and natural gas exploration projects, management integration with NIPPON MINING HOLDINGS, INC., etc.

(b) Outside auditors asked questions and offered opinions at the auditors' meetings, from the standpoint of auditing the execution of duties by directors and employees, concerning matters such as initiatives based on the 4th Mid-term Management Plan, establishment of an internal control system under the Financial Instruments and Exchange Law.

C. Other Activities

As well as the above-mentioned items, outside auditors, together with standing corporate auditors, regularly exchanged views with representative directors on how the corporate governance of NOC should function. They have been actively contributing to further improving the soundness of NOC management.

D. Outline of Contractual Provisions (so-called limited liability contract) under Article 427, Paragraph 1 of the Companies Act

NOC, pursuant to Article 427, Paragraph 1 of the Companies Act and Article 28 of its Articles of Incorporation, has entered into contracts with three outside auditors to limit liability for damages provided by Article 423, Paragraph 1 of the Companies Act. Hence, unless gross negligence has been committed and if an outside auditor attends to his or her job with bona fide intention, the liability of outside auditors shall be limited to the amount stipulated in Article 425, Paragraph 1 of the Companies Act (an amount equal to two years' remuneration for the outside auditor held responsible).

4. Issues Concerning the Accounting Auditor of NOC

(1) Name of the Accounting Auditor

Ernst & Young ShinNihon LLC

Note: Effective July 1, 2008, Ernst & Young Shin Nihon has become a limited liability auditing firm under Article 1-3, Paragraph 4 of the Certified Public Accountant Law and has changed its corporate name to Ernst & Young ShinNihon LLC.

(2) The Total Amount of Fees and Other Interests with Financial Worth to be Paid to Ernst & Young ShinNihon LLC by NOC and its Subsidiaries (for FY 2008).

391 million yen

Note: Among primary consolidated subsidiaries listed in 1.(9)A, financial statements of 9 overseas subsidiaries are audited by a certified public accountant or an accounting firm other than Ernst & Young ShinNihon LLC.

(3) Remuneration as an Accounting Auditor out of the Total Amount Described in the above (2) (for FY 2008)

137 million yen

Note: The audit agreement between NOC and the accounting auditor does not distinguish audit fees under the Companies Act from those under the Financial Instruments and Exchange Law, and they are virtually indistinguishable; therefore, the amount indicated above shows the total amount of such audit fees.

(4) Contents of Non-Auditing Activities

Operations other than auditing and certifying activities as stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Law that NOC entrusted to Ernst & Young ShinNihon LLC are as follows:

a. Advising on English translations of financial statements and accounting auditors' reports (for FY 2008)

b. Consultation on the Form F-4 registration documents to be submitted to the Securities and Exchange Commission of the United States in connection with the joint share transfers with NIPPON MINING HOLDINGS, INC.

(5) Policies for Decision-Making on the Dismissal or Non-Reappointment of the Accounting Auditor

The board of directors, in the case of occurrences of incidents such as breaches of occupational obligations or misconduct by the accounting auditor, upon the request of, or consent from, the board of auditors, shall propose a motion concerning dismissal or non-reappointment of the said accounting auditor to the general meeting of shareholders. In addition, in the case of occurrences of incidents such as breaches of occupational obligations or misconduct by the accounting auditor and if the board of auditors determines that the accounting auditor should be dismissed immediately without requiring the process of resolution at the general meeting of shareholders, the board of auditors shall dismiss the said accounting auditor, based on the unanimous agreement of all auditors, according to the provision of Article 340 of the Companies Act.

5. Contents of the Resolution Concerning Development of the Internal Control System of NOC

Contents of the resolution concerning development of the internal control system of NOC as stipulated in Article 362, Paragraph 4, Item 6 of the Companies Act (internal control system) are as follows.

I. The Basic Concept of NOC Concerning the Internal Control System

NOC and its primary group companies have formulated the following "NOC Group Management Philosophy," and all directors and employees undertake their daily operations to realize this management philosophy:

NOC Group Management Philosophy	
○ Group Philosophy：	Your Choice of Energy Creating the energy future and promoting prosperity and harmony with nature
○ Six Values We Respect：	**E**thics **N**ew Ideas **E**nvironmental Harmony **R**elationships **G**lobal Approach **Y**ou!

To ensure that this Group Philosophy is realized and corporate social responsibility is fulfilled, NOC established the NOC CSR Meeting (hereinafter referred to as the "CSR Meeting") for NOC and primary group companies, with the Representative Director and President of NOC serving as chair. Under the CSR Meeting, six committees, "Compliance," "Human Rights," "Information Security," "Corporate Citizenship," "Environment & Safety" and "Quality Assurance," with an executive director of a division of NOC as chair of each committee, have been established. In this way, CSR-oriented management will be strongly promoted in each area.

Compliance, in particular, is being positioned as the most significant duty of the management of NOC, and not only directors, but each and every employee has been fully informed of its importance.

NOC, as part of the above CSR-oriented management, is engaged in development of systems to secure proper operations, and an internal control system has been established as described below. NOC continuously reviews the system as internal and external situations, and the operational environment change, with the aim of improving the internal control system.

II. Status of Establishing the Internal Control System as Stipulated in Article 362, Paragraph 4, Item 6 of the Companies Act

1. System to ensure that execution of duties by directors complies with laws and regulations, and Articles of Incorporation

(1) NOC enacted the “Compliance Rules” to thoroughly implement open and fair business activities and to maintain and strengthen the confidence of society in the NOC Group. In every sphere of their duties, all directors shall comply with laws and regulations, contracts, and internal rules etc. Furthermore, NOC has taken every possible measure to prevent insider trading from occurring by establishing the “Rules Governing Internal Transactions etc.” for directors.

(2) The board of directors has established the “Board Meeting Rules” to provide for procedures to convene meetings, and criteria for submitting resolution matters and reporting matters to the board. The board is thus making efforts towards its enhanced management and deliberation.

(3) Corporate auditors monitor the execution of duties by directors by attending all board meetings, and as appropriate, receive reports from directors and examine approval documents to ensure effectiveness in their auditing. Furthermore, the accounting auditor conducts thorough auditing through close communication with the corporate auditors.

2. System to ensure that execution of duties by employees complies with laws and regulations, and the Articles of Incorporation

(1) Education concerning full implementation of compliance is provided to employees by utilizing various opportunities. In addition, based on the “Compliance Rules,” employees are fully informed of the expected standard of conduct, such as prioritizing compliance in every sphere of operations, and researching the laws and regulations to be complied with at all times in conducting business. Finally, the “Guidelines Concerning Prevention of Insider Transactions” have been established to prevent insider trading by employees.

(2) Under the CSR Meeting, the “NOC Group Compliance Committee” has been established with the Executive Director of the Corporate Management Division II as chair. Through the planning and deliberation of this committee, measures to increase awareness of compliance, research compliance-related laws and regulations, inspection of status of compliance, and other compliance-relevant activities are being implemented across the organization. In particular, with respect to inspections of compliance status, August and September of each year are being set as enhanced inspection months, when the compliance of all operations is to be reconfirmed.

(3) To ensure the earliest correction of conduct that violates, or possibly violates, laws and regulations, an internal reporting system (Compliance Hotline) has been introduced as a window to receive reports from employees. It is prohibited to unfavorably treat a whistle-blower with a legitimate objective. In addition, the CSR Department—which reports directly to the president—has been established and conducts internal auditing independently of other departments.

(4) From the standpoint of maintaining peace and security in the international community, and preventing the proliferation of weapons of mass destruction, thorough export controls are being implemented with respect to cargoes and technologies in accordance with the provisions of the “Foreign Exchange and Foreign Trade Control Law.” As a part of these efforts, a self-control system to prevent trading which threatens international security has been developed with the president as chief officer.

3. System to retain and manage information concerning execution of duties by directors and employees

(1) Execution of duties by directors and employees, in principle, shall be done in writing. To clarify this procedure, the "Documentation Rules" have been introduced regarding preparing, receiving and sending, and retaining documents; preparing and circulating documents requiring approval by the president (approval documents), reports to the president (inspection documents) and other documents requiring approval; and handling official seals and signatures.

(2) Pursuant to the provisions of the laws and regulations, minutes of the general meetings of shareholders and board meetings are properly prepared and made available. Furthermore, the "Electronic Approval/Inspection Document System" and the "General, Branch and Store Manager's Electronic Approval System" have been developed to efficiently and properly prepare, circulate, retain, and manage documents for approval by the president (approval), reporting to the president (inspection), and approval by the general, branch and store manager. Materials for senior-vice-presidents' meetings (a consultative function for approval by the president, comprising the president, executive vice presidents, senior vice presidents, and others designated by the president) are properly retained and managed by utilizing a dedicated electronic folder.

(3) By enacting the "Corporate Information Security Standard Rules," the "Classified Information Handling Rules," and the "Personal Information Protection Rules," improper use, disclosure, and leakage of corporate information are prevented, and proper handling procedures for classified information and personal information are clearly defined. Both directors and employees are thoroughly informed of such rules. In addition, with the objective of thorough implementation of proper handling of corporation information, the "NOC Group Information Security Committee" has been established under the CSR Meeting, with the general manager of Corporate Management II as chair.

(4) Business reports, accounting documents, consolidated accounting documents, financial statement reports, internal control reports, and other reports are carefully prepared in accordance with the Companies Act, the Financial Instruments and Exchange Law, and the timely-disclosure rules set by the stock exchange. In addition, the IR department responsible for communicating information to investors has been established to realize timely and appropriate disclosure of corporate information (such as business results, decisions, and events). Finally, the customer service office, a function dedicated to the proper response to inquiries from customers has also been introduced.

4. Rules and structure concerning loss-risk management

(1) "Investment Profitability Guidelines" have been prepared, which provide for profitability criteria and the follow-up for capital investments. In making investment decisions on individual capital investments, profitability is vigorously verified, and identification and analysis of projected risks are fully implemented. Then, according to the size of investment, the individual

capital investment is deliberated and resolved at either a meeting of the board of directors, the board of senior vice presidents, or the Investment Deliberative Council (a deliberative function concerning capital investment of the Group, comprising the president, executive vice presidents, relevant senior vice presidents and relevant general managers, etc.). Only after these processes are complete is an investment undertaken.

(2) To ensure all possible means are used to prevent accidents and problems in the areas of procurement, manufacturing, distribution and sale of oil, a full product quality control system is in place. As part of such efforts, with the purpose of planning and deliberation of various measures concerning "environment safety" and "quality assurance," the "NOC Group Environment & Safety Committee" and the "NOC Group Quality Assurance Committee" have been introduced under the CSR Meeting, and the Executive Director of the Environment, Safety & Quality Management Division serves as chair of these committees.

(3) With respect to the oil development and the transactions of futures, exchange futures, financial derivatives and financing of funds that are associated with purchase of oil products/semi-finished products/oil and sales of oil products, criteria applicable to such transactions have been predetermined, transaction policies are promptly formulated and implemented, and the status of transactions is regularly reported to the president. In addition, exclusive distributors, users, and other sales outlets are adequately examined for credit standing, and a security or guarantee is obtained from those with credit standings lower than the criteria set by NOC. Through these measures, NOC proactively reduces the risks associated with its transactions.

(4) To prepare for an incident that may significantly affect the management of NOC, the "Crisis and Emergency Response Rules" have been enacted and the relevant system is in place. In the event of an emergency, a response headquarters shall be established with the president and other directors at the head in order to protect those that have suffered, prevent the damage from spreading, and rapidly communicate and control information. The system has also been developed to prevent such incidents from recurring. Furthermore, to respond to a large-scale disaster, such as a major earthquake, the "Anti-Earthquake Measures: Basic Rules" have been prepared to develop comprehensive countermeasures against such an event.

5. System to ensure that directors and employees efficiently execute their duties

(1) To promote the efficient execution of duties by directors and employees, the "Organization Rules" provide for the structure, offices, and division of duties, while the "Authority Rules" provide for approval matters and authorities by office and function. Furthermore, to secure rapid and effective decision-making, and to articulate functional responsibilities, the number of directors is set at an appropriate level, and a division system and an executive officer system have been introduced.

(2) To allow for approval by the president (approval documents) to be efficiently and properly undertaken, approval by the president is subject to prior deliberation at a meeting of senior vice presidents, where executive vice presidents, senior vice presidents, and others designated by the

president support the president in making decisions from both a company-wide standpoint and the expert view of each executive officer.

(3) Towards the strategic and efficient management of businesses under the system of management by objective, a consolidated Medium-Term Management Plan is formulated every three years, together with department-level business plans based on the Medium-Term Management Plan. On top of this, a budget system has been developed and appropriate business administration based upon this budget system is being pursued. In addition, an IT platform and individual systems have been effectively installed and are utilized to improve the efficiency of company operations.

6. System to secure the proper operation of the Corporate Group, comprising the concerned company, its parent company, and its subsidiaries

(1) The "Group Philosophy" and the "Six Values We Respect" have been defined as management philosophies to be shared across the NOC Group. Not only the directors and employees of NOC, but also those of primary group companies are thoroughly informed of these guidelines.

(2) To ensure that the operations of primary group companies are properly performed, the membership of the CSR Meeting includes the presidents (or chairmen) of primary group companies. In addition, primary group companies participate in six CSR committees: "Compliance," "Human Rights," "Information Security," "Corporate Citizenship," "Environment & Safety," and "Quality Assurance," as necessary. In this way, the activities of the entire Group are being promoted as one. Furthermore, an internal reporting system (Compliance Hotline) has been installed as a system available to directors and employees of primary group companies.

(3) Towards the proper management of group companies, the "Group Companies Management Rules" have been stipulated, and a lead office is assigned to each group company based on its business content. With respect to the execution of operations by group companies, various matters that require prior approval from NOC and those that require reporting to NOC have been defined. Finally, directors and employees of NOC are regularly dispatched to group companies as directors and auditors, to secure the proper operations of group companies.

(4) Opportunities are provided for the president (or director in charge) of NOC and the president of a primary group company to exchange views on important issues, etc. and to progress the management plan of group companies. A consultative body comprising the chairman, president, executive vice presidents, and senior vice presidents of NOC, and presidents of primary group companies, has also been established for communication, confirmation, and full implementation of basic policies, as well as to share information and exchange views, in order to maximize the corporate value of the Group.

(5) The corporate auditors and accounting auditor of NOC also audit group companies, if necessary. In addition, opportunities are provided for the corporate auditors of NOC and those of group companies to exchange information and receive training, in order to improve the effectiveness of the auditing of the entire Group.

7. System to ensure effective auditing by auditors

(1) To ensure effective auditing, auditors receive prior reports concerning the agenda of the board meetings. Furthermore, auditors attend important meetings of NOC and its group companies, and inspect documents and receive reports concerning all matters requiring approval by the president, as well as reporting matters resolved or deliberated at the meetings of senior vice presidents.

(2) Auditors have established the "Auditing Standard for Auditors" to delineate the responsibility and attitude of auditors as well as to define the auditing structure, criteria, and action guidelines for auditing. In addition, regarding the board of auditors, the "Auditors' Meeting Rules" have been stipulated, which provide for procedures such as convocation, guidelines for preparing auditors' reports, and matters requiring resolution, reporting, and consultation. These rules aim at the proper management of and fuller deliberation at auditors' meetings.

(3) Auditors have regular discussions with representative directors and exchange views with the internal auditing department, in order to maintain good communication with the executive branch. Auditors proactively have face-to-face meetings with the general managers of departments, as well as employees of departments and branch offices, to accurately understand the actual operation of individual departments. Auditors also actively meet with presidents and employees of group companies to ensure soundness in the management of the entire NOC Group.

(4) The "Secretariat of Auditors" has been established as an organization independent of the executive branch. This Secretariat is responsible for the clerical work of the corporate auditors. Employees of the Secretariat of Auditors work independently of the executive branch and are engaged full-time in the execution of operations under the command and control of the auditors. With respect to the treatment of these employees, such as evaluation, transfer, promotion or demotion, these are decided through prior agreement with the standing auditor.

Consolidated Balance Sheet

(as of March 31, 2009)

194th Fiscal Year NIPPON OIL CORPORATION

Item	Amount	Item	Amount
	Million yen		Million yen
Assets	**3,969,730**	**Liabilities**	**2,953,424**
Current assets	**1,758,489**	**Current liabilities**	**1,890,264**
Cash and bank deposits	227,533	Notes and accounts payable	366,208
Notes and accounts receivable	540,409	Short-term loans payable	382,538
Inventories	664,560	Commercial paper	242,000
Deferred income taxes	55,132	Accrued liabilities	557,017
Other current assets	274,139	Accrued income taxes	30,452
Allowance for doubtful receivables	(3,285)	Deposits received	142,879
		Accrued directors' bonuses	440
Fixed assets	**2,211,234**	Other current liabilities	168,727
Property, plant and equipment	**1,336,444**		
Buildings and structures	242,972	**Long-term liabilities**	**1,063,159**
Oil tanks	30,517	Bonds	185,021
Machinery and automobiles	355,144	Long-term loans payable	607,894
Land	663,813	Deferred income tax	114,417
Construction in progress	30,780	Accrued retirement benefits	54,482
Other tangible fixed assets	13,216	Reserve for inspection of oil tanks, machinery and equipment, and ships	36,321
		Accrued estimated cost for abandonment of wells	24,650
Intangible fixed assets	**48,336**	Other long-term liabilities	40,372
Software	15,927		
Other intangible fixed assets	32,408	**Net Assets**	**1,016,306**
		Shareholders' equity	**918,118**
Investments and other assets	**826,454**	**Common stock**	**139,437**
Investment securities	358,245	**Capital surplus**	**275,698**
Long-term loans receivable	10,030	**Retained earnings**	**507,371**
Deferred income tax	173,073	**Treasury stock**	**(4,389)**
Exploration and development investments	211,985		
Other investments	79,776	**Unrealized gain/loss and other**	**(2,712)**
Allowance for doubtful receivables	(6,656)	**Net unrealized gain on securities**	**25,534**
		Net gain on deferred hedges	**9,218**
Deferred assets	**5**	**Translation adjustments**	**(37,465)**
		Minority interests	**100,900**
Total assets	**3,969,730**	**Total liabilities and net assets**	**3,969,730**

Consolidated Statement of Income

(Year ended March 31, 2009)

from April 1, 2008
to March 31, 2009

194th Fiscal Year | NIPPON OIL CORPORATION

	Million yen	Million yen
Net sales		7,389,234
Cost of sales		7,414,998
Gross loss on sales		**25,763**
Selling, general, and administrative expenses		286,743
Operating loss		**312,506**
Non-operating income		
Interest income	5,735	
Dividend income	27,115	
Asset rental income	8,142	
Amortization of negative goodwill	1,339	
Equity in earnings of unconsolidated subsidiaries and affiliates	5,822	
Gain on valuation of derivatives	15,451	
Foreign exchange gain	8,101	
Miscellaneous income	8,379	80,088
Non-operating expenses		
Interest expenses	28,727	
Miscellaneous expenses	14,302	43,030
Ordinary loss		**275,448**
Extraordinary gain		
Gain on sales of fixed assets	14,610	
Other extraordinary gains	490	15,100
Extraordinary losses		
Loss on sales of fixed assets	3,950	
Loss on disposal of fixed assets	8,155	
Loss on impairment of fixed assets	75,404	
Loss on devaluation of investment securities	7,861	
Other extraordinary losses	9,848	105,221
Income before income taxes and minority interests		**365,569**
Income taxes: Current		49,672
Deferred		(170,473)
Minority interests		6,846
Net loss		**251,613**

Consolidated Statement of Changes in Net Assets

194th Fiscal Year (from April 1, 2008 to March 31, 2009)

NIPPON OIL CORPORATION

	Shareholders' equity					Unrealized gain/loss and other					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on securities	Net gain on deferred hedges	Translation adjustments	Total unrealized gain/loss and other	Minority interests	Total Net Assets
	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen
Balance as of March 31, 2008	139,437	275,782	782,037	(2,595)	1,194,662	85,725	18,355	11,045	115,125	119,478	1,429,266
Accounting policies changed at overseas subsidiaries			(452)		(452)						(452)
Changes in the consolidated fiscal year											
Dividends of surplus			(23,383)		(23,383)						(23,383)
Net income			(251,613)		(251,613)						(251,613)
Acquisition of treasury stock				(2,191)	(2,191)						(2,191)
Disposition of treasury stock		(83)		397	313						313
Changes in scope of consolidation			765		765						765
Changes in scope of equity-method			17		17						17
Changes in the consolidated fiscal year in items other than shareholders' equity (net amount)						(60,191)	(9,136)	(48,510)	(117,838)	(18,577)	(136,415)
Total changes in the consolidated fiscal year	-	(83)	(274,214)	(1,794)	(276,091)	(60,191)	(9,136)	(48,510)	(117,838)	(18,577)	(412,507)
Balance as of March 31, 2009	139,437	275,698	507,371	(4,389)	918,118	25,534	9,218	(37,465)	(2,712)	100,900	1,016,306

Notes to Consolidated Financial Statements

1. Basis of Presentation of Consolidated Financial Statements

(1) Scope of consolidation

1) Number of consolidated subsidiaries and names of principal consolidated subsidiaries

a. Number of consolidated subsidiaries: 53 companies

b. Names of principal consolidated subsidiaries:

The names of principal consolidated subsidiaries are omitted here as they are shown in “Business Report, 1. Issues Concerning Present Situation of the Enterprise Group, (9) Principal Consolidated Subsidiaries and Subsidiaries/Affiliates Accounted for Under the Equity Method.”

During the consolidated fiscal year, three companies are included in the scope while four are excluded. The details are as follows:

(a) Companies included in the scope of consolidation due to significance increased during the consolidated fiscal year:

Kawasaki Natural Gas Generation Co., Ltd.

Nippon Oil Exploration (Berau), Limited

(b) Company included in the scope of consolidation due to establishment during the consolidated fiscal year:

Nippon Oil Exploration (PNG) Pty. Ltd.

(c) Companies excluded from the scope of consolidation due to a merger with a consolidated subsidiary of NOC during the consolidated fiscal year:

Nippon Petrochemicals Co., Ltd.

The above company was merged into Nippon Petroleum Refining Co., Ltd., a consolidated subsidiary of NOC, as of April 1, 2008.

Takanawa Energy Corporation / Taiheiyo Sekiyu Hanbai Company, Limited

The above two companies were merged into ENEOS Frontier Co., Ltd., a consolidated subsidiary of NOC, as of April 1, 2008.

Nippon Oil Resources Development Co., Ltd.

The above company was merged into Nippon Oil Exploration Limited, a consolidated subsidiary of NOC, as of December 1, 2008.

2) Names of principal non-consolidated subsidiaries

Shibushi Oil Storage Company, Ltd.

(Reason for exclusion from the scope of consolidation)

The non-consolidated subsidiaries are insignificant based on size and their total assets, sales, net income (on the equity basis), retained earnings (on the equity basis), etc., and have no significant impact on the consolidated financial statements.

(2) Application of equity method

1) Number of non-consolidated subsidiaries accounted for under the equity method and names of principal non-consolidated subsidiaries accounted for under the equity method:

a. Number of non-consolidated subsidiaries accounted for under the equity method: 1 company

b. Name of a principal non-consolidated subsidiary accounted for under the equity method:

Shinsui Marine Co., Ltd.

During the consolidated fiscal year, 14 companies were excluded from the scope of non-consolidated subsidiaries accounted for under the equity method. The details are as follows:

Company excluded from the scope of non-consolidated subsidiaries accounted for under the equity method due to a merger with a non-consolidated subsidiary of NOC during the consolidated fiscal year:

ENEOS Frontier Tokyo Company, Ltd. / ENEOS Frontier West Tokyo Company, Ltd. /

ENEOS Frontier Chiba Company, Ltd. / ENEOS Frontier Saitama Company, Ltd. /

ENEOS Frontier Gumma Company, Ltd. / ENEOS Frontier Nagano Company, Ltd. /

ENEOS Frontier Kanagawa Company, Ltd. / ENEOS Frontier Chubu Company, Ltd. /

ENEOS Frontier Kansai Company, Ltd. / ENEOS Frontier Hanshin Company, Ltd. /

ENEOS Frontier Shiga Company, Ltd. / ENEOS Frontier Chugoku Company, Ltd. /

ENEOS Frontier Kyushu Company, Ltd. / ENEOS Frontier South Kyushu Company, Ltd.

The above 14 companies were merged into ENEOS Frontier Company, Limited., a consolidated subsidiary accounted for under the equity method of NOC, as of April 1, 2008.

2) Number of affiliates and principal affiliates accounted for under the equity method:

a. Number of affiliates accounted for under the equity method: 24 companies

b. Names of principal affiliates accounted for under the equity method:

The names of principal affiliates accounted for under the equity method are omitted here as they are shown in “Business Report, 1. Issues Concerning the Present Situation of Enterprise Group, (9) Principal Consolidated Subsidiaries and Subsidiaries/Affiliates Accounted for Under the Equity Method.”

During the consolidated fiscal year, two companies were included in the scope of affiliates accounted for under the equity method while one was excluded. The details are as follows:

(a) Companies included in the scope of affiliates accounted for under the equity method due to increased significance during the consolidated fiscal year:

Hokkaido Energy Co., Ltd. / Kawasaki Gas Pipeline Co., Ltd.

(b) A company excluded from the scope of affiliates accounted for under the equity method due to liquidation during the consolidated fiscal year:

Oita Paraxylene Co., Ltd.

3) The non-consolidated subsidiaries and affiliates that are not accounted for under the equity method (including Saibu Nissou Co., Ltd.) have very little impact on the consolidated net income (for the proportion of equity) and retained earnings (for the proportion of equity) and have no significance as a whole.

4) Regarding non-consolidated subsidiaries and affiliates accounted for under the equity method whose year-end date differs from that of the consolidated financial statements, the financial statements for the year to the year-end date of such companies are included for consolidation purposes.

(3) Fiscal period of consolidated subsidiaries

Among the consolidated subsidiaries, the year-end date of 11 domestic companies (including Nippon Oil Exploration Ltd., Japan Canada Oil Co., Ltd., and Japan Vietnam Petroleum Co., Ltd.) and 18 overseas companies (including Nippon Oil Exploration U.S.A. Ltd., Nippon Oil Exploration and Production U.K. Ltd.) is December 31.

As the difference between the year-end date of the consolidated financial statements and those of such subsidiaries does not exceed three months, the financial statements for the years ended as of year-end dates of such companies are included in the consolidated financial statements.

However, necessary adjustments are made with regard to significant transactions in this period for consolidation purposes.

(4) Accounting standards

1) Basis and method of valuation of important assets

a. Securities

(a) Held-to-maturity securities: stated at their amortized cost (straight-line method).

(b) Other securities

Marketable securities are stated at fair market value based on the quoted market price as of the consolidated fiscal year-end. (Any changes in unrealized holding gains or losses are included directly in the net assets. Cost of securities sold is primarily determined by the moving average method.)

Non-marketable securities are stated at cost, which is primarily determined by the moving average method.

b. Derivative financial instruments are stated at fair market value.

c. Inventories

Inventories are stated at cost (devalued when profit declines), which is primarily determined by the average method.

(Changes in accounting policies)

Effective April 1, 2009, “Accounting Standards for Valuation of Inventories” (ASBJ Statement No. 9 issued July 5, 2006) is applied to the relevant accounts.

As a result, operating loss, ordinary loss and loss before income taxes increased by 30,027 million yen, respectively.

2) Depreciation of material depreciable assets

a. Tangible fixed assets (other than lease assets)

Depreciation of buildings is primarily computed by the straight-line method and that of other tangible fixed assets is primarily computed by the declining-balance method. Useful lives and remaining values are compliant with standards defined by the Corporation Tax Law. The useful life of service stations is defined as 15 years.

(Supplemental information)

The length of useful years for oil-refining machinery and equipment at NOC and the domestic consolidated subsidiaries were revised in consideration of the operational status of each item in line with the amendment of the Corporation Tax Law, and the revised statutory useful years are applied to the items effective April 1, 2008.

This change resulted in a 5,778 million yen rise in depreciation, increasing operating loss, ordinary loss and loss before income taxes by 5,520 million yen during the consolidated fiscal year.

b. Intangible fixed assets (other than lease assets)

Intangible fixed assets are primarily amortized by the straight-line method. Useful lives are compliant with standards defined by the Corporation Tax Law. Software for internal use is amortized by the straight-line method over its expected useful life as determined by NOC (five years).

Mining rights, which are reported by three consolidated subsidiaries, are amortized over the estimated useful life in one of them and are amortized by the production output method in the other two.

c. Lease assets

Lease assets are depreciated to zero residual value over the lease periods stated as the useful lives on a straight-line basis.

However, finance lease transactions that do not transfer ownership and dated back to March 31, 2008 or before are accounted for in a manner similar to the accounting treatment for ordinary rental transactions.

(Changes in accounting policies)

Finance lease transactions that do not transfer ownership had been accounted for in a manner similar to the accounting treatment for ordinary rental transactions. However, effective April 1, 2008, those transactions are accounted for in a manner similar to ordinary sale and purchase transactions as prescribed in “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 originally issued by the Corporate Accounting Council, First Subcommittee, on June 17, 1993, and revised on March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 originally issued by the Japanese Institute of Certified Public Accountants, Accounting Practice Committee, on January 18, 1994 and revised on March 30, 2007).

Besides, finance lease transactions that do not transfer ownership and date back to March 31, 2008 or before are accounted for in a manner similar to the accounting treatment for ordinary rental transactions as before.

This change did not affect the result for this consolidated fiscal year.

3) Significant accounting of allowances and reserves

a. Allowance for doubtful receivables

General allowances for losses on doubtful receivables, such as trade receivables and loans, are provided for possible bad debts at an amount determined based on the historical experience of bad debts for normal receivables, and specific allowances are provided for estimated amounts considered to be uncollectable after reviewing the individual collectability of certain doubtful receivables.

b. Accrued directors’ bonuses

Accrued directors’ bonuses are provided for the payment of bonuses to directors and corporate auditors at the estimated amount of directors’ bonuses payments.

c. Accrued retirement benefits

Accrued retirement benefits are provided for payment of employees’ retirement benefits at an estimated amount calculated based on the present value of the retirement benefit obligation and pension plan assets as of the current consolidated fiscal year-end.

Prior service cost is amortized from the consolidated fiscal year incurred by the straight-line method over the years within the employees’ average years of service remaining (primarily five years).

Any actuarial gains or losses are amortized from the following consolidated fiscal year by the straight-line method over the years within the employees’ average years of service remaining when incurred (primarily five years).

d. Reserve for inspection of oil tanks, machinery and equipment, and ships

To pay for future repair expenses, a reserve for the inspection and repair of oil tanks, machinery and equipment at refineries, and ships, which is required by the Fire Services Law and other related regulations, is provided for in the current portion of the estimated total costs for such work.

e. Accrued estimated cost for abandonment of wells

The accrued estimated cost for abandonment of wells is provided to cover the costs to be incurred upon the abandonment of wells at an estimated amount allocated over a scheduled period based on the consolidated subsidiaries' plans for the abandonment of such wells.

4) Other significant items related to consolidated financial statements

a. Accounting for consumption tax

Transactions subject to consumption tax are recorded as amounts exclusive of consumption tax.

b. Accounting for exploration and development investments

Expenditures relating to exploration and development under certain agreements are capitalized and recovered in accordance with the terms of the respective agreements.

(5) Valuation of consolidated subsidiaries' assets and liabilities

All assets and liabilities of consolidated subsidiaries are valuated at fair value at the time of acquisitions.

(6) Amortization of goodwill and negative goodwill

Goodwill and negative goodwill are amortized by the straight-line method equally over the estimated useful life, if the year of goodwill or negative goodwill reported can be substantially determined, or amortized over five years otherwise.

(7) Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force Report No. 18, issued May 17, 2006) has been adopted during the consolidated fiscal year, and some modifications have been made as needed in consolidating the results.

This change has a negligible impact on the results for the consolidated fiscal year.

2. Notes to Consolidated Balance Sheet

(1) Details of pledged assets

1) Details and amounts of pledged assets

a. Property, plant, and equipment	586,568 million
b. Investment securities	120 million
c. Others	1,405 million

2) Amounts of debts guaranteed by above assets

a. Short-term loans payable	3,925 million
b. Long-term loans payable	18,174 million
c. Accrued liabilities	173,244 million
d. Others	2,999 million

(Note) Other than the above, the following debts are secured by pledged assets.

a. Long-term borrowing (92 million yen) and Short-term borrowing (54 million yen) by Shonan Step-up Co., Ltd. from Mizuho Bank, Ltd.

b. Long-term borrowing (10,313 million yen) by Mizushima Eco-works Co., Ltd. from Development Bank of Japan, Inc.

(2) Accumulated depreciation of tangible fixed assets 2,200,794 million

(3) Debt guarantees

1) Guarantees of non-consolidated subsidiaries' debts from financial institutions

38,572 million

2) Guarantees of employees' debts (property accumulation residence fund loans)

10,051 million

(4) Advanced depreciation by government subsidies

1) Buildings and structures	¥4 million
2) Machinery and automobiles	¥4,901 million
3) Other tangible fixed assets	¥38 million

3. Notes to Consolidated Statement of Changes in Net Assets

(1) Total number of outstanding shares of NOC as of the end of this consolidated fiscal year

1,464,508,343 shares

(2) Dividends of surplus paid during this consolidated fiscal year

1) The following were resolved at the Ordinary General Meeting of Shareholders held on June 24, 2008.

a. Total amount of dividends	¥8,783 million
b. Dividend per share	¥6
c. Date of record	March 31, 2008
d. Date of effectuation	June 25, 2008

2) The following were resolved at the Board of Directors' meeting held October 29, 2008.

a. Total amount of dividends	¥14,600 million
b. Dividend per share	¥10
c. Date of record	September 30, 2008
d. Date of effectuation	December 8, 2008

(3) Dividends of surplus to be paid after the year-end date of this consolidated fiscal year

The following matter will be proposed at the Ordinary General Meeting of Shareholders scheduled on June 23, 2009.

a. Total amount of dividends	¥14,600 million
b. Funds for dividends	Retained earnings
c. Dividend per share	¥10
d. Date of record	March 31, 2009
e. Date of effectuation	June 24, 2009

4. Notes to Information per Share

(1) Net assets per share	¥627.90
(2) Net income per share	¥172.42

5. Other Notes

Conclusion of a memorandum on management integration

NOC and Nippon Mining Holdings, Inc. signed a Memorandum on Management Integration on December 4, 2008. In this memorandum, the two companies agree to bring management resources together from their corporate groups and to seek sustainable growth and development in order to preempt structural changes evolving in the business environment and secure a solid business platform.

The two parties will work together to develop an action plan to carry out the integration and plan to sign an Agreement on Management Integration by around October 2009.

Balance Sheet

(as of March 31, 2009)

194th Fiscal Year NIPPON OIL CORPORATION

Item	Million yen	Item	Million yen
Assets	**2,868,804**	**Liabilities**	**2,121,884**
Current assets	**1,494,711**	**Current liabilities**	**1,462,696**
Cash and bank deposits	70,388	Accounts payable	228,795
Notes receivable	235	Short-term loans payable	255,685
Accounts receivable	423,854	Commercial paper	242,000
Securities	40,000	Bonds (due within one year)	40,000
Merchandise and finished products	238,535	Accrued liabilities	529,455
Raw materials and supplies	248,337	Accrued income taxes	1,051
Prepaid expenses	1,055	Accrued expenses	24,759
Deferred income taxes	39,832	Lease obligations	214
Short-term loans receivable	263,589	Deposits received	114,260
Income tax refund receivable	83,197	Accrued directors' bonuses	190
Other current assets	90,793	Other current liabilities	26,282
Allowance for doubtful receivables	(5,108)	**Long-term liabilities**	**659,188**
		Bonds	180,000
Fixed assets	**1,374,092**	Long-term loans payable	436,776
Property, plant and equipment	**461,662**	Accrued retirement benefits	28,892
Buildings	65,177	Reserve for inspection of oil tanks	2,059
Structures	33,855	Negative goodwill	329
Oil Tanks	3,547	Lease obligations	2,933
Machinery and equipment	28,804	Other long-term liabilities	8,197
Automobiles	20	**Net assets**	**746,920**
Tools and equipment	3,506	**Shareholders' equity**	**719,748**
Land	320,026	**Common stock**	**139,437**
Lease assets	2,980	**Capital surplus**	**266,345**
Construction in progress	3,743	Capital reserve	265,679
Intangible fixed assets	**15,989**	Other capital surplus	665
Leaseholds	7,838	**Retained earnings**	**316,378**
Utility rights	453	Earned surplus reserve	28,026
Software	7,687	Other retained earnings	288,352
Other intangible fixed assets	10	Reserve for special depreciation	0
Investments and other assets	**896,440**	Reserve for advanced depreciation of fixed assets	34,596
Investment securities	181,344	Reserve for oil resources development	33,000
Investment in common stock of affiliates	410,169	General reserve	61,830
Long-term loans receivable	97,229	Retained earnings carried forward	158,924
Deferred income tax	166,193	**Treasury stock**	**(2,412)**
Guarantee deposits	17,973		
Long-term prepaid expenses	2,234	**Unrealized gain/loss and other**	**27,171**
Other investments	22,409	**Net unrealized gain on securities**	**17,611**
Allowance for doubtful receivables	(1,114)	**Net gain on deferred hedges**	**9,560**
Total assets	**2,868,804**	**Total liabilities and net assets**	**2,868,804**

Statement of Income

(Year Ended March 31, 2009)

(from April 1, 2008 to March 31, 2009)

194th Fiscal Year NIPPON OIL CORPORATION

	Million yen	Million yen
Net sales		6,658,071
Cost of sales		6,865,921
Gross loss on sales		**207,849**
Selling, general, and administrative expenses		233,240
Operating loss		**441,090**
Non-operating income		
Interest income	3,295	
Dividend income	296,788	
Asset rental income	9,379	
Foreign exchange gains	5,756	
Miscellaneous income	6,123	321,343
Non-operating expense		
Interest expenses	20,536	
Miscellaneous expenses	6,762	27,298
Ordinary loss		**147,045**
Extraordinary gains		
Gain on sales of fixed assets	3,805	
Difference on retired acquiree's shares	2,719	
Other extraordinary gains	637	7,163
Extraordinary losses		
Loss on sales of fixed assets	2,779	
Loss on disposal of fixed assets	5,140	
Loss on impairment of fixed assets	9,740	
Unrealized loss on investment securities	15,626	
Other extraordinary losses	6,506	39,792
Loss before income taxes		**179,673**
Income taxes: Current		637
Deferred		(195,034)
Net income		**14,723**

Statement of Changes in Net Assets

194th fiscal year (from April 1, 2008 to March 31, 2009) NIPPON OIL CORPORATION

	Shareholders' equity											
		Capital surplus			Retained earnings							
						Other retained earnings						
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Earned surplus reserve	Reserve for special depreciation	Reserve for overseas investment losses	Reserve for advanced depreciation of fixed assets	Reserve for oil resources development	General reserve	Retained earnings carried forward	Total retained earnings
	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen
Balance as of the end of previous fiscal year	139,437	265,679	749	266,428	28,026	–	168	42,888	33,000	61,830	159,123	325,037
Change in the fiscal year												
Dividends of surplus				–							(23,383)	(23,383)
Net income				–							14,723	14,723
Acquisition of treasury stock				–								–
Disposition of treasury stock			(83)	(83)								–
Increase due to merger				–								–
Provision of special depreciation reserve				–		0					(0)	–
Reversal of reserve for overseas investment losses				–			(168)				168	–
Reversal of reserve for advanced depreciation of fixed assets				–				(8,291)			8,291	–
Changes in the fiscal year in items other than shareholders' equity (net amount)												
Total changes in the fiscal year	–	–	(83)	(83)	–	0	(168)	(8,291)	–	–	(199)	(8,659)
Balance as of the end of this fiscal year	139,437	265,679	665	266,345	28,026	0	–	34,596	33,000	61,830	158,924	316,378

	Shareholders' equity		Unrealized gain/loss and other			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gain on securities	Net gain on deferred hedges	Total unrealized gain/loss and other	
	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen
Balance as of the end of previous fiscal year	(632)	730,272	72,177	24,803	96,981	827,253
Change in the fiscal year						
Dividends of surplus		(23,383)				(23,383)
Net income		14,723				14,723
Acquisition of treasury stock	(1,176)	(1,176)				(1,176)
Disposition of treasury stock	397	313				313
Increase due to merger	(1,001)	(1,001)				(1,001)
Provision of special depreciation reserve		–				–
Reversal of reserve for overseas investment losses		–				–
Reversal of reserve for advanced depreciation of fixed assets		–				–
Changes in the fiscal year in items other than shareholders' equity (net amount)			(54,566)	(15,243)	(69,809)	(69,809)
Total changes in the fiscal year	(1,780)	(10,523)	(54,566)	(15,243)	(69,809)	(80,332)
Balance as of the end of this fiscal year	(2,412)	719,748	17,611	9,560	27,171	746,920

Notes to Non-Consolidated Financial Statements

1. Notes to Matters Concerning Significant Accounting Policies

(1) Basis and method of valuation of assets

1) Basis and method of valuation of securities

a. Held-to-maturity securities are stated at their amortized cost (straight-line method)

b. Stocks of subsidiaries and affiliates are stated at cost, as determined by the moving average method

c. Other securities

(a) Marketable securities are stated at fair market value based on the quoted market price as of the fiscal year-end. (Any changes in unrealized holding gain or loss are included directly in net assets.

Cost of securities sold is determined by the moving average method.)

(b) Non-marketable securities are stated at cost, as determined by the moving average method.

2) Basis and method of valuation of net assets and liabilities due to derivatives

Derivative financial instruments are stated at fair value.

3) Basis and method of valuation of inventories

Stated at cost (as devaluated where profit declines) as determined by the average method. Merchandise in transit and raw materials in transit included in the relevant accounts are calculated by the specific cost method (as devaluated where profit declines).

(Changes of accounting policies)

Effective the year ended March 31, 2009, "Accounting Standards for Valuation of Inventories" (ASBJ Statement No. 9 issued July 5, 2006) is applied to the relevant accounts.

The effect of this change was to increase operating loss, ordinary loss and loss before income taxes by 23,772 million yen, respectively.

(2) Depreciation of fixed assets

1) Tangible fixed assets (other than lease assets)

Depreciation of buildings is calculated by the straight-line method and that of other tangible fixed assets is calculated by the declining-balance method. Useful lives and remaining values are compliant with standards defined by the Corporation Tax Law. The useful life of service stations is defined as 15 years.

(Supplemental information)

Useful lives of machinery and equipment were revised in consideration of the operational situation of each item in line with the amendment of the Corporation Tax Law coming into force, and the revised statutory useful lives are applied effective the year ended March 31, 2009.

The impact of this change was negligible on the results of the year under review.

2) Intangible fixed assets (other than lease assets)

Intangible fixed assets are amortized using the straight-line method. Useful lives are compliant with standards defined by the Corporation Tax Law. Software for internal use is amortized using the straight-line method over its expected useful life as determined by NOC (five years).

3) Lease assets

Depreciated to zero residual value for the lease periods as the useful lives on a straight-line basis.

However, finance lease transactions that do not transfer ownership and dated March 31, 2008 or before are accounted for in a manner similar to the accounting treatment for ordinary rental transactions.

(Changes of accounting policies)

Finance lease transactions that do not transfer ownership had been accounted for in a manner similar to the accounting treatment for ordinary rental transactions. However, effective the year ended March 31, 2009, those transactions are accounted for in a manner similar with ordinary sale and purchase transactions as prescribed in "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 originally issued (by the Corporate Accounting Council, First Subcommittee) on June 17, 1993, and revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 originally issued (by the Japanese Institute of Certified Public Accountants, Accounting Practice Committee) on January 18, 1994 and revised on March 30, 2007).

On the other hand, finance lease transactions that do not transfer ownership and dated from March 31, 2008 or before are accounted for in a manner similar to the accounting treatment for ordinary rental transactions as before.

There was no impact of this change on the results for the year ended March 31, 2009.

4) Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method. The depreciation period is compliant with standards defined by the Corporation Tax Law.

(3) Accounting of allowances and reserves

1) Allowance for doubtful receivables

General allowances for losses on doubtful receivables, such as trade receivables and loans, are provided for possible bad debts at an amount determined based on the historical experience of bad debts for normal receivables, and specific allowances are provided for estimated amounts considered to be uncollectable after reviewing the individual collectability of certain doubtful receivables.

2) Accrued directors' bonuses

Accrued directors' bonuses are provided for the payment of bonuses to directors and corporate auditors at the estimated amount of directors' bonus payments.

3) Accrued retirement benefits

Accrued retirement benefits are provided for payment of employee retirement benefits at an estimated amount calculated as of March 31, 2009, based on the present value of the retirement benefit obligation and pension plan assets as of the said date.

Prior service cost is amortized using the straight-line method from the fiscal year incurred over the years within the employees' average years of service remaining (five years).

Any actuarial gains or losses recognized as at each fiscal year-end are amortized using the straight-line method from the following fiscal year over the years within the employees' average years of service remaining when incurred (five years).

4) Reserve for inspection of oil tanks

To pay for future repair expenses, a reserve for the inspection and repair of oil tanks, which is required by the Fire Services Law, is provided for the current portion of the estimated total costs for such work.

(4) Other significant matters constituting the basis for the preparation of statements

Accounting for consumption tax

Transactions subject to consumption taxes are recorded as amounts exclusive of consumption tax.

(5) Changes in representation

The account titles which had previously been stated as “containers” and “semi-finished products” until the year ended March 31, 2008 were merged as “finished products and merchandise” effective the year ended March 31, 2009.

Similarly, the account title of “crude oil” was changed to “raw materials and supplies.”

2. Notes to Balance Sheet

(1) Pledged assets

1) Pledged assets

a. Property, plant and equipment	¥109 million
b. Investment securities	¥20 million
c. Investment in common stock of affiliates	¥3,495 million
d. Long-term loans receivable	¥1,070 million

2) Amount of debts guaranteed by above assets

a. Short-term loans payable	¥518 million
b. Long-term loans payable	¥553 million
c. Accrued liabilities	¥11,024 million

(Note) In addition to the above, the debt covered by the pledged assets includes long-term loans payable (¥92 million) and short-term loans payable (¥54 million) of Shonan Step Up Co., Ltd. to Mizuho Bank Ltd.

(2) Accumulated depreciation of tangible fixed assets ¥430,325 million

(3) Debt guarantees

1) Guarantee of debts of affiliates ¥212,623 million

2) Guarantees of employees’ debts (property accumulation residence fund loans) ¥9,637 million

3) Keep-well agreements and others* ¥46,188 million

* Keep-well agreements and others are mainly agreements entered into between NOC and subsidiaries to enhance the creditworthiness of subsidiaries.

(4) Advanced depreciation by government subsidies

1) Buildings	¥1 million
2) Machinery and equipment	¥4,828 million
3) Tools and equipment	¥38 million

(5) Due from/to affiliates

1) Due from affiliates

a. Short-term due from affiliates	¥322,537 million
b. Long-term due from affiliates	¥98,448 million

2) Due to affiliates

a. Short-term due to affiliates	¥380,946 million
b. Long-term due to affiliates	¥3,013 million

3. Notes to Statement of Income

Transactions from/to affiliates

(1) Operating transactions

1) Sales	¥1,026,794 million
2) Purchases	¥1,063,415 million
3) Selling, general, and administrative expenses	¥48,461 million
(2) Non-operating transactions	¥321,701 million

4. Notes to Statement of Changes in Net Assets

Number of treasury stocks as of the end of this fiscal year	4,489,870 units

5. Notes to Tax Effect Accounting

Details of deferred income taxes-assets and deferred income taxes-liabilities

Deferred income taxes-assets	
Loss on impairment of fixed assets	¥43,917 million
Accrued retirement benefits	¥11,756 million
Loss on devaluation of investment securities/investment in common stock of affiliates	¥18,406 million
Deficit carried over	¥207,544 million
Others	¥31,385 million
Subtotal of deferred income taxes-assets	¥313,011 million
Valuation allowance	(¥59,007 million)
Total deferred income taxes-assets	¥254,004 million
Deferred income taxes-liabilities	
Net unrealized gain on securities	(¥10,162 million)
Reserve for advanced depreciation of fixed assets	(¥23,733 million)
Others	(¥14,082 million)
Total deferred income taxes-liabilities	(¥47,978 million)
Net deferred income taxes-assets	¥206,025 million

6. Notes Concerning Leased Fixed Assets

Fixed assets used under lease contracts

Other than the tangible assets stated on the balance sheet, there are some in-house power generation facilities, diesel generators and their peripheral devices, which are mainly used in the cogeneration business, under finance lease contracts by which the ownerships of the leased assets do not transfer.

7. Notes to Transactions with Related Companies

(Supplemental information)

Effective the year ended March 31, 2009, "Accounting Standard for Related Party Disclosures" (ASBJ Statement No. 11 issued on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No. 13 issued on October 17, 2006) are adopted here.

As a result, there were no related parties in addition to those who should have fallen within the previous disclosure scope.

Subsidiaries and affiliates

Type	Name of company	Share of voting rights owned	Relationship with the party	Details of transactions	Transaction amount	Name of accounts	Balance at year-end
					Million yen		Million yen
Subsidiary	Nippon Petroleum Refining Co., Ltd.	100% directly owned	Contract manufacturing of NOC's products / Interlocking directorate	Temporary payment of gasoline taxes on behalf (*1)	601,279	Accrued liabilities (Gasoline taxes payable)	230,177
				Contract manufacturing (*2)	236,182	Accrued liabilities	48,290
				Loan of funds (*3)	177,789	Short-term loans receivable	204,654
Subsidiary	Nihonkai Oil Co., Ltd.	100% directly owned	Manufacturing of NOC's products / Interlocking directorate	Repayment of funds (*3)	9,859	Short-term loans receivable	10,170
Subsidiary	Nippon Global Tanker Co., Ltd.	65% directly owned	Transport of crude oil and other / Interlocking directorate	Repayment of funds (*3)	1,588	Short-term loans receivable	4,315
Subsidiary	ENEOS Frontier Co., Ltd.	100% directly owned	Sales of NOC's products / Interlocking directorate	Repayment of funds (*3)	3,292	Short-term loans receivable	3,795
Subsidiary	Nippon Oil Exploration Limited	100% directly owned	Loan for working capital / Guarantee of debts / Interlocking directorate	Loan of funds (*4)	69,000	Long-term loans receivable	69,000
				Guarantee of debts (*5)	92,750	–	–
Subsidiary	Nippon Oil Exploration U.S.A. Ltd.	100% indirectly owned	Guarantee of debts	Guarantee of debts and others (*6)	65,910	–	–
Affiliate	Tozai Oil Terminal Co., Ltd.	50% directly owned	Contract management of NOC's oil tank sites / Interlocking directorate	Sale of oil tank facilities and other assets (*7)		–	–
				Proceeds from sales	1,842		
				Gain on sales	318		
Subsidiary	Nippon Oil Real Estate Co., Ltd.	100% directly owned	Contract management of real estate / Interlocking directorate	Sale of idle land and others (*7)		–	–
				Proceeds from sales	622		
				Gain on sales	392		
Subsidiary	Nippon Oil Trading Corporation	100% directly owned	Purchase of PR items for service station / Interlocking directorate	Sale of service station facilities and others (*7)		–	–
				Proceeds from sales	108		
				Gain on sales	16		
Affiliate	Hokkaido Energy Co., Ltd.	50% indirectly owned	Sales of NOC's products / Interlocking directorate	Sale of service station facilities and others (*7)		–	–
				Proceeds from sales	32		
				Gain on sales	19		

Of the amounts shown above, the transaction amounts do not include consumption taxes.

Policies in setting terms and conditions of transactions

(*1) Gasoline taxes are paid temporarily by Nippon Petroleum Refining Company, Limited on behalf of NOC, because the manufacturers of gasoline are obliged under the Gasoline Tax Law to pay gasoline taxes etc. for the gasoline shipped from their factories.

(*2) The relevant costs and margins according to the contract are paid for contract manufacturing of petroleum products.

(*3) The interest rate on and maturities of loans of funds are determined reasonably in consideration of market rates for similar payment schedules. Each day, NOC lends working funds of respective subsidiaries, while the respective subsidiaries allocate the idle funds to the repayment of loans. Therefore loans and repayments are shown as net amounts.

(*4) The interest rate on loans of funds is determined reasonably in consideration of market rates.

(*5) The Guarantee rate of bank loan and others of Nippon Oil Exploration Limited is determined based on the business actual influence on negotiating every time.

(*6) The Guarantee rate of bank loan and others of Nippon Oil Exploration U.S.A. Ltd. is determined based on the business actual influence on negotiating every time.

(*7) The price and other conditions on sale of fixed assets are determined as in a general arm's-length transaction with a third party.

8. Notes to Per-share Information

(1) Net assets per share	¥511.58
(2) Net income per share	¥10.07

9. Other Notes

Conclusion of a memorandum on management integration

As for the conclusion of a memorandum on management integration, see "Notes to Consolidated Financial Statements, 5. Other notes."

Independent Auditors' Report (Consolidated Financial Statements)

The Board of Directors
Nippon Oil Corporation

May 12, 2009

Ernst & Young ShinNihon LLC

Haruo Senba (seal)
Designated and Engagement Partner
Certified Public Accountant
Kazuhiko Umemura (seal)
Designated and Engagement Partner
Certified Public Accountant
Yoshio Yukawa (seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with Article 444, Paragraph 4 of the Companies Act, we audited the consolidated financial statements of Nippon Oil Corporation (the "Company") for the consolidated fiscal year (April 1, 2008, to March 31, 2009), comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to the consolidated financial statements. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion, based on our audit, on these consolidated financial statements.

We conducted our audit in accordance with the auditing standards, procedures, and practices that are generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform our audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and their methods of application and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the conditions of the financial position and the results of operations of the business group comprising Nippon Oil Corporation and its consolidated subsidiaries for the period covered by these consolidated statements in conformity with the accounting principles generally accepted in Japan.

Note:
As mentioned in Notes concerning the basis of presentation of consolidated financial statements (4) 1) c, the Company applied "Accounting Standards for Valuation of Inventories" for the year ended March 31, 2009 and thereby prepared the financial statements under applicable accounting standards.

We have no interest in the Company that should be disclosed pursuant to the Certified Public Accountants Act.

Independent Auditors' Report

The Board of Directors
Nippon Oil Corporation

May 12, 2009

Ernst & Young ShinNihon LLC
Haruo Senba (seal)
Designated and Engagement Partner
Certified Public Accountant
Kazuhiko Umemura (seal)
Designated and Engagement Partner
Certified Public Accountant
Yoshio Yukawa (seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with Article 436, Paragraph 2, Item 1 of the Companies Act, we audited the financial statements of Nippon Oil Corporation (the "Company") for the 194th fiscal year (April 1, 2008, to March 31, 2009), comprising the balance sheet, the statement of income, the statement of changes in net assets, the notes to the non-consolidated financial statements, and the supplementary schedules. The financial statements and the supplementary schedules are the responsibility of the Company's management. Our responsibility is to independently express an opinion, based on our audit, on the financial statements and the supplementary schedules.

We conducted our audit in accordance with the auditing standards, procedures, and practices that are generally accepted and applied in Japan. Those standards, procedures, and practices require that we plan and perform our audit to obtain reasonable assurance as to whether the financial statements and the supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the supplementary schedules. An audit also includes assessing the accounting principles used and their methods of application and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the conditions of the Company's financial position and the results of its operations for the period covered by those financial statements and the supplementary schedules in conformity with the accounting principles generally accepted in Japan.

Note:
As mentioned in Notes to matters concerning significant accounting policies (1) 3) the Company applied "Accounting Standards for Valuation of Inventories" for the year ended March 31, 2009 and thereby prepared the financial statements under applicable accounting standards.

We have no interest in the Company that should be disclosed pursuant to the Certified Public Accountants Act.

Corporate Auditors' Report

The Board of Corporate Auditors of Nippon Oil Corporation (the "Company"), having received the audit report from and consulted with each of the Corporate Auditors concerning the performance by Directors of their duties during the 194th fiscal year, from April 1, 2008, to March 31, 2009, prepared this audit report.

1. Audit method and contents

In compliance with the standards for the Corporate Auditors' audit determined by the Board of Corporate Auditors, and in accordance with developed auditing plans, each of the Corporate Auditors completed their auditing. In which, they held discussions with the Directors and the Company's internal audit staff and other employees and attempted to collect information and developed improved environment for auditing. Furthermore, each of the Corporate Auditors attended the meetings of the Board of Directors and other important meetings, received reports from the Directors and employees on the performance of duties by the Directors, requested explanations where necessary, inspected documents and so on containing important decisions, and investigated operations and assets at the Company's head office and other important offices. The Corporate Auditors also monitored and verified the contents of the resolutions adopted at the Board of Directors' meetings concerning improvements and operating effectiveness of the internal control systems. Auditors also monitored and verified the status of the internal control systems. Regarding internal control over financial reporting, the Corporate Auditors received reports from the Directors and Ernst & Young ShinNihon LLC on the evaluation of applicable internal control and audit status, requested explanations where necessary With respect to the Company's subsidiaries, the Corporate Auditors promoted communications and information sharing with the directors and corporate auditors of those subsidiaries and, where necessary, received reports from the subsidiaries on their businesses.

In connection with the accounting audit, we received explanations of the audit plans in advance from the statutory auditors, held discussions with them, and received reports on the accounting audit results. In addition, the Corporate Auditors monitored and verified whether the statutory auditors maintained their independence and conducted their audits appropriately, and received reports from them on the performance of their duties, and, where necessary, requested explanations. In this regard, the Corporate Auditors received notification from the statutory auditors that they had taken steps to improve the system for ensuring appropriate execution of accounting audits, and requested their explanations as to this notification, where necessary. Based on the above methods, the Corporate Auditors reviewed the financial statements and the supplementary schedules, and the consolidated financial statements for the fiscal year then ended.

2. Results of the audit

(1) Result of the audit of the business report

1) The business report and the supplementary schedules are recognized as presenting properly the conditions of the Company in accordance with the applicable laws and regulations and the Articles of Incorporation.

2) With respect to the performance of their duties by Directors, no improper act or material facts that violated the applicable laws and regulations or the Articles of Incorporation are recognized.

3) The contents of the resolutions by the Board of Directors with regard to internal control systems are recognized as being appropriate, and no matters are recognized to be pointed out with regard to the performance of the internal control systems by the Directors.

(2) Result of the audit of the financial statements and the supplementary schedules

The auditing methods and results of statutory auditors, Ernst & Young ShinNihon LLC, are recognized as being appropriate.

(3) Result of the audit of the consolidated financial statements

The auditing methods and results of statutory auditors, Ernst & Young ShinNihon LLC, are recognized as being appropriate.

May 12, 2009

The Board of Corporate Auditors
Nippon Oil Corporation

Hiroshi Maru, Standing Corporate Auditor
Hideo Tabuchi, Standing Corporate Auditor
Masao Fujii, Corporate Auditor (Outside auditor)
Hidehiko Haru, Corporate Auditor (Outside auditor)
Masahiro Sakata, Corporate Auditor (Outside auditor)