

## Conclusion of Separation and Merger Agreements, and Organizational Reform Accompanying Business Integration

Nippon Oil Corporation (Nippon Oil; Head Office: Minato Ward, Tokyo; President: Shinji Nishio) and Kyushu Oil Co., Ltd. (Kyushu Oil; Headquarters: Chiyoda Ward, Tokyo; President: Makoto Kihara) today concluded separation and merger agreements relating to the previously announced business integration scheduled for October 1, 2008.

Nippon Oil and Nippon Petroleum Refining Co., Ltd. (Nippon Petroleum Refining), a wholly owned subsidiary of Nippon Oil, also announced today some organizational reforms, which will take effect on October 1 when the business integration with Kyushu Oil takes place.

### 1. Outline of Business Integration

(1) Nippon Oil plans to make Kyushu Oil a wholly owned subsidiary in late August 2008 ahead of the business integration.

(2) Thereafter, the integration is scheduled to be conducted on October 1, 2008 using the following method.

a) Kyushu Oil will separate production operations for petroleum and other products at its Oita Refinery as well as ancillary businesses, and Nippon Petroleum Refining will take over these operations.

b) Nippon Oil will merge with Kyushu Oil after the above separation.

### 2. Separation Agreement

(1) Parties Nippon Petroleum Refining and Kyushu Oil

(2) Date concluded July 31, 2008

(3) Separation date October 1, 2008 (planned)

(4) Separation method

The production operations for petroleum and other products at Kyushu Oil's Oita Refinery and ancillary businesses will be taken over by Nippon Petroleum Refining.

(5) Exchange of shares and other consideration

Nippon Petroleum Refining will not exchange any shares or other consideration upon this separation.

(6) Other

There will be no change to Nippon Petroleum Refining's corporate name, headquarters address, names or titles of representatives, or fiscal year-end.

### 3. Merger Agreement

(1) Parties Nippon Oil and Kyushu Oil

(2) Date concluded July 31, 2008

(3) Merger date October 1, 2008 (planned)

(4) Merger method

a) Nippon Oil will be the surviving company, while Kyushu Oil will be dissolved.

b) Nippon Oil will take over Kyushu Oil's assets and liabilities after the abovementioned separation when the two companies merge.

(5) Exchange of shares and other consideration

Nippon Oil will not exchange any shares or other consideration when the merger takes place.

(6) Other

a) There will be no change to Nippon Oil's corporate name, headquarters address, names or titles of representatives, or fiscal year-end.

b) The effect of the business integration on Nippon Oil's consolidated operating results will be announced as soon as it is determined.

● 4. Organizational Reforms (Effective October 1, 2008)

(1) Details of Reforms

a) The Fukuoka Depot will be established (Nippon Oil)

b) The Oita Refinery will be established (Nippon Petroleum Refining)

The following groups will be established at the Oita Refinery: Administration Group, Environment & Safety Group, Quality Management Group, Supply & Manufacturing Group, Technical Service Group, Engineering Group, Inspection & Engineering Service Group, Maintenance & Construction Group, Instruments & Electrical Equipment Group, Refining Group 1, Refining Group 2, Refining Group 3, Independent Power Producer Group, Oil Blending & Transfer Group, and Power & Utilities Group.

(2) Reason

The reforms will be implemented so as to establish on October 1, 2008 the directly operated Fukuoka Oil Depot at Nippon Oil and the Oita Refinery at Nippon Petroleum Refining accompanying the business integration with Kyushu Oil.

Attachments

Summaries of Nippon Oil, Nippon Petroleum Refining and Kyushu Oil Operating Results for Three Most Recent Fiscal Years

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[Attachments]

 [Overview](#)(PDF:58KB)

 [Three-year Financial Summary](#)(PDF:57KB)