

At a Glance

Looking at sales by segment for 2007, sales in our oil business—which includes our main fuel sales business, LP gas business, petrochemicals business, and export/trading business—increased 5.7% over the previous year to 3.47 yen trillion thanks to factors such as increased sales of gasoline and strong export results of diesel oil. Our real estate business, which includes leasing office building space, posted sales of 4.2 yen billion (a 0.3% decrease from the previous year). Our CIS solar powered cells business, power generation business at our large-scale natural gas fired power plant, and other businesses listed under the “other businesses” category, most of which are in the preliminary stages of scaling up to full operations,

Main Business

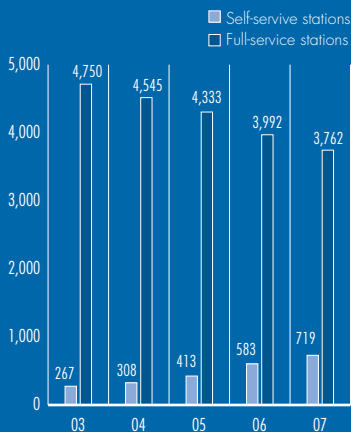
- Sales of gasoline, diesel oil, and automotive lubricants.
- Sales of kerosene for home-use.
- Sales of fuel for industrial use.

Topics

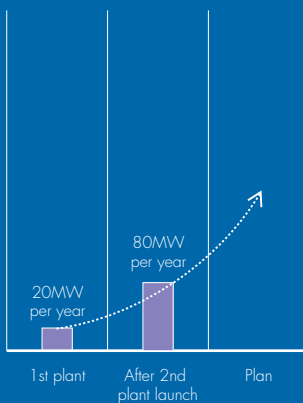
We are developing service stations that meet the needs of customers in different regions and promoting the enhancement of the competitiveness of existing service stations. Additionally, we are pursuing new business development with service stations connected to shopping centers and convenience store models. Thus, in 2007 we were again able to increase our market share of gasoline sales in Japan.

MAIN FUEL SALES

Number of Service Stations



CIS Solar Powered Cells Business Production Scale



CIS SOLAR POWERED CELLS

Main Business

- Production and sales of next generation CIS solar powered cells

Topics

Construction of the Miyazaki Plant (1st plant, annual production of 20 Megawatt worth of modules) of Showa Shell Solar K.K. was completed. Commercial production began in July 2007. We have begun construction of a second plant to meet the worldwide strong demand for solar powered cells. We are moving the project along with the aim of putting the plant into operation in the first half of 2009.

Main Business

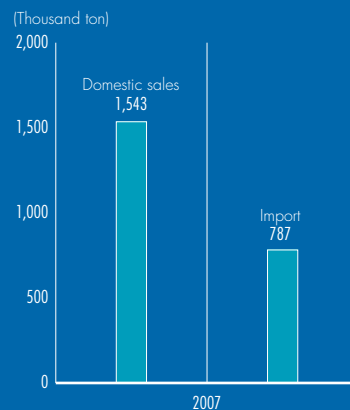
- Production and sales of Clean Propane used in homes and commercial stores.
- Production and sales of Clean Auto for automobiles.
- Production and sales of Clean Butane for industrial and consumer gas applications and as a raw material for chemical products.
- Production and sales of Clean Mix, a mixture of propane and butane.

Topics

In December 2007, we concluded a basic agreement with Sumitomo Corporation to integrate the two companies' LP gas businesses. Based on that agreement, Enessance Holdings Co., Ltd. is to be established in July 2008 as a holding company to administer LP gas marketing subsidiaries.

LP GAS

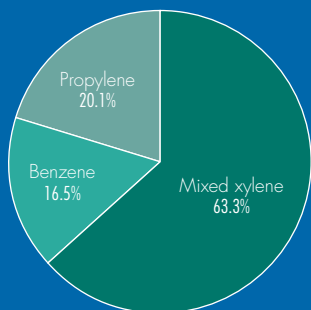
Domestic Sales and Import of LP gas (2007)



recorded sales of 31.3 yen billion (6.6% decrease from the previous year).

Operating income in our main fuel sales business increased significantly due to the inventory valuation effects as a result of the sharp rise in crude oil prices. Consequently, operating income in our oil business increased 14.5 yen billion over the previous year to 84.5 yen billion. Disregarding the impact of the inventory valuation effects, operating income fell 14.2 yen billion to 36.1 yen billion as cost increases could not be sufficiently passed on to product prices. Our real estate business posted operating income of 2.8 yen billion and our other businesses recorded operating income of 1.4 yen billion.

2007 Production Portfolio of Feedstocks for Petrochemicals



PETROCHEMICALS (FEEDSTOCKS)

Main Business

- Production and sales of mixed xylene.
- Production and sales of benzene.
- Production and sales of propylene.

Topics

In the field of xylene, we established a joint venture in the paraxylene business with Teijin Fibers Ltd and Mitsubishi Corporation. The company started sales in April 2008. To reinforce our production capacity of mixed xylene, we will construct an additional Continuous Catalytic Regenerator (CCR) at group company Seibu Oil Co., Ltd., aiming to start operation by the end of 2009.

Main Business

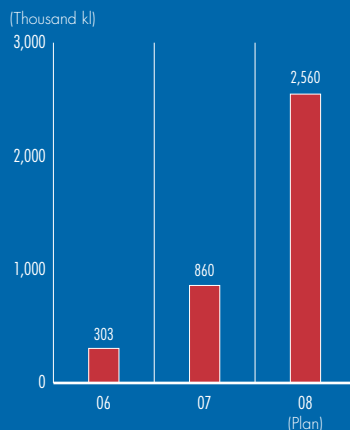
- Export of diesel oil and other oil related products.
- Cargo trade focusing on naphtha (this business has been leased to the Shell Group as of August 2007).

Topics

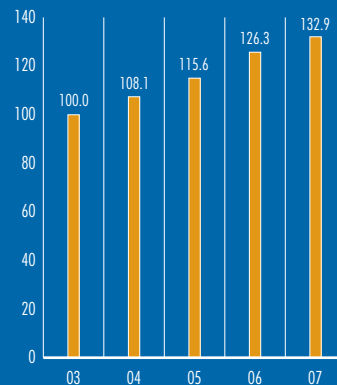
Operation of our trading business focusing on naphtha was integrated with the Shell Group in August 2007 to make more effective use of the Shell Group global network.

EXPORT/TRADING

Volume of Exports



Sales of High Grade Lubricants (2003=100)



SPECIAL PRODUCTS (LUBRICANTS, BITUMEN, AND INTERNATIONAL SALES)

Main Business

- Production and sales of lubricants and greases.
- Production and sales of bitumen for road paving, compounds for civil engineering foundation work, and other road and construction material products.
- Sales of fuel and lubricants for jets and tankers.

Topics

We are promoting the development of high value-added products including diesel engine oil that reduces environmental impact through energy conservation and long service life and environmentally-friendly bitumen that helps prevent the heat island phenomenon.