

Report on Performance in the Third Quarter of Fiscal 2004

(from October 1, 2003 to December 31, 2003)

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NIPPON OIL
Your Choice of Energy

Highlights of the Consolidated Income

	FY2004 Q3 <Oct.-Dec. 2003> (actual)	Change from November forecast	(Jan-Mar 2004) 28.4	FY2004 <ended March 31,2004> (forecast)	Change from November forecast	(Yen billion) Apr.-Dec. 2003 (Actual)
Crude Oil Price (\$ / Bbl)	27.9	+ 1.5		27.4	+ 0.9	27.1
Yen/dollar exchange rate (Yen/\$)	110.6	+ 0.6		112.7	-1.3	115.8
Domestic fuel demand including crude oil (10,000kl)	1,455	+ 97	(Jan-Mar 2004) 105	5,460	+ 95	3,997
Net sales	1,089.8	+ 19.8		4,245.0	+ 35.0	3,083.9
Operating income	9.4	+ 0.9		44.0	-1.5	27.9
Net non-operating loss	-1.4	-0.6		0	+ 1.5	-0.1
Recurring income	8.0	+ 0.3		44.0	±0	27.8
Excluding inventory factors	17.3	-8.5		81.6	-3.9	54.4
Net extraordinary loss	1.7	+ 2.1		-5.5	±0	3.1
Net income	5.2	+ 0.9		14.0	±0	15.4

Sales Volume (Unconsolidated)

(10,000 Kl)

Type of Product	FY2004 Q3 (Oct.-Dec. 2003)	FY2004 Q3		FY2004 <ended March 31,2004> (forecast)	FY2004	
		Change from November forecast %	% YoY Change		Change from November forecast %	% YoY change
Gasoline	359	+ 0.8	+ 1.7	1,399	+ 0.2	+ 0.7
{ High octane }	{71}	{-4.8}	{ + 2.7}	{279}	{-1.3}	{ + 0.2}
{ Regular }	{284}	{ + 2.4}	{ + 1.5}	{1,105}	{ + 0.6}	{ + 0.8}
Naphtha	156	+ 3.9	+ 3.3	607	+ 1.0	+ 1.3
Jet fuel	29	+ 1.0	-5.1	121	+ 0.2	+ 0.9
Kerosene	201	-8.7	-14.6	681	-2.7	-5.7
Diesel fuel	221	-0.9	-4.8	845	-0.2	-4.3
Fuel oil A	198	+ 6.6	+ 4.5	763	+ 1.6	+ 5.2
Fuel oil C	237	+ 35.8	-6.4	859	+ 7.9	-2.7
{ For electric power }	{123}	{ + 158.7}	{ + 5.9}	{390}	{ + 24.1}	{ + 4.4}
{ For general use }	{114}	{-10.4}	{-16.9}	{469}	{-2.8}	{-7.9}
Total domestic fuel sales	1,401	+ 4.7	-3.0	5,275	+ 1.2	-0.9
Crude oil	54	+ 166.8	-43.0	185	+ 22.3	-17.6
Domestic fuel demand including crude oil	1,455	+ 7.1	-5.5	5,460	+ 1.8	-1.6
Barter joint, other	804	+ 0.5	+ 5.8	2,960	+ 0.2	+ 4.5
Total	2,259	+ 4.7	-1.8	8,420	+ 1.2	+ 0.4

Recurring Income: Analysis of change from November forecast (3Q of FY2004)

Oct-Dec 2003

3Q of FY2004 : ¥25.8 billion ¥17.3 billion (-¥8.5 billion)
 (excluding inventory factors)

	(Yen billion)
(1) Decreases in profit margin, sales volume of high octane gasoline and kerosene, etc.	-8.2
{Decreases in sales volume and profit margin}	{-5.3}
(2) Operating income in the oil E&P division	+ 0.3
<hr/>	
Operating Income (excluding inventory factors)	-7.9
(3) Decrease in non-operating income	-0.6
<hr/>	
Recurring income	-8.5
<Inventory factors +8.8 (-18.1 -9.3)>	

Recurring Income: Analysis of change from November forecast (FY2004)

FY2004 (forecast) **¥85.5 billion** **¥81.6 billion (-¥3.9 billion)**
 (excluding inventory factors)

	(Yen billion)
(1)Decreases in profit margin,sales volume of high octane gasoline and kerosene, etc. {Decreases in sales volume and profit margin}	-7.7 {-5.5}
(2)Operating income in the oil E&P division	+ 2.3
<hr/>	
Operating Income (excluding inventory factors)	-5.4
(3)Increase in non-operating income	+ 1.5
<hr/>	
Recurring income	-3.9
<Inventory factors +3.9 (-41.5 -37.6)>	

Supplementary Information (1)

Net Sales and Operating Income by Segment (Q3of FY2004 <Oct-Dec 2003>)

(1) Net sales

(Yen billion)

Total 1,089.8(+19.8)			
Petroleum fuel and crude oil 928.1(+23.1)	Petrochemical operations 58.0(-2.0)	Construction 83.9(-1.1)	Other 19.8(-0.2)

→ Figures include ¥12.5(±0) billion in net sales of the oil E&P division

Note: Figures in parentheses are changes from November forecast.

(2) Operating income

(\ billion)

Total 9.4(+0.9)			
Petroleum fuel and crude oil 3.2(+0.1)	Petrochemical operations 1.9(+0.1)	Construction 1.3(+0.1)	Other 3.0(+0.6)

→ Figures include ¥4.8(+0.3) billion in operating income of the oil E&P division

Note: Figures in parentheses are changes from November forecast.

Supplementary Information (2)

Net Sales and Operating Income by Segment (FY2004<forecast>)

(1) Net sales

(Yen billion)

Total 4,245.0(+35.0)			
Petroleum fuel and crude oil 3,567.0(+35.0)	Petrochemical operations 235.0(±0)	Construction 375.0(±0)	Other 68.0(±0)

→ Figures include ¥ 62.3(+3.0) billion in net sales of the oil
E&P division

Note: Figures in parentheses are changes from November forecast.

(2) Operating income

(Yen billion)

Total 44.0(-1.5)			
Petroleum fuel and crude oil 21.0(-2.2)	Petrochemical operations 7.5(+0.1)	Construction 7.1(±0)	Other 8.4(+0.6)

→ Figures include ¥ 23.6(+2.3) billion in operating income of the oil
E&P division

Note: Figures in parentheses are changes from November forecast.

Supplementary Information (3)

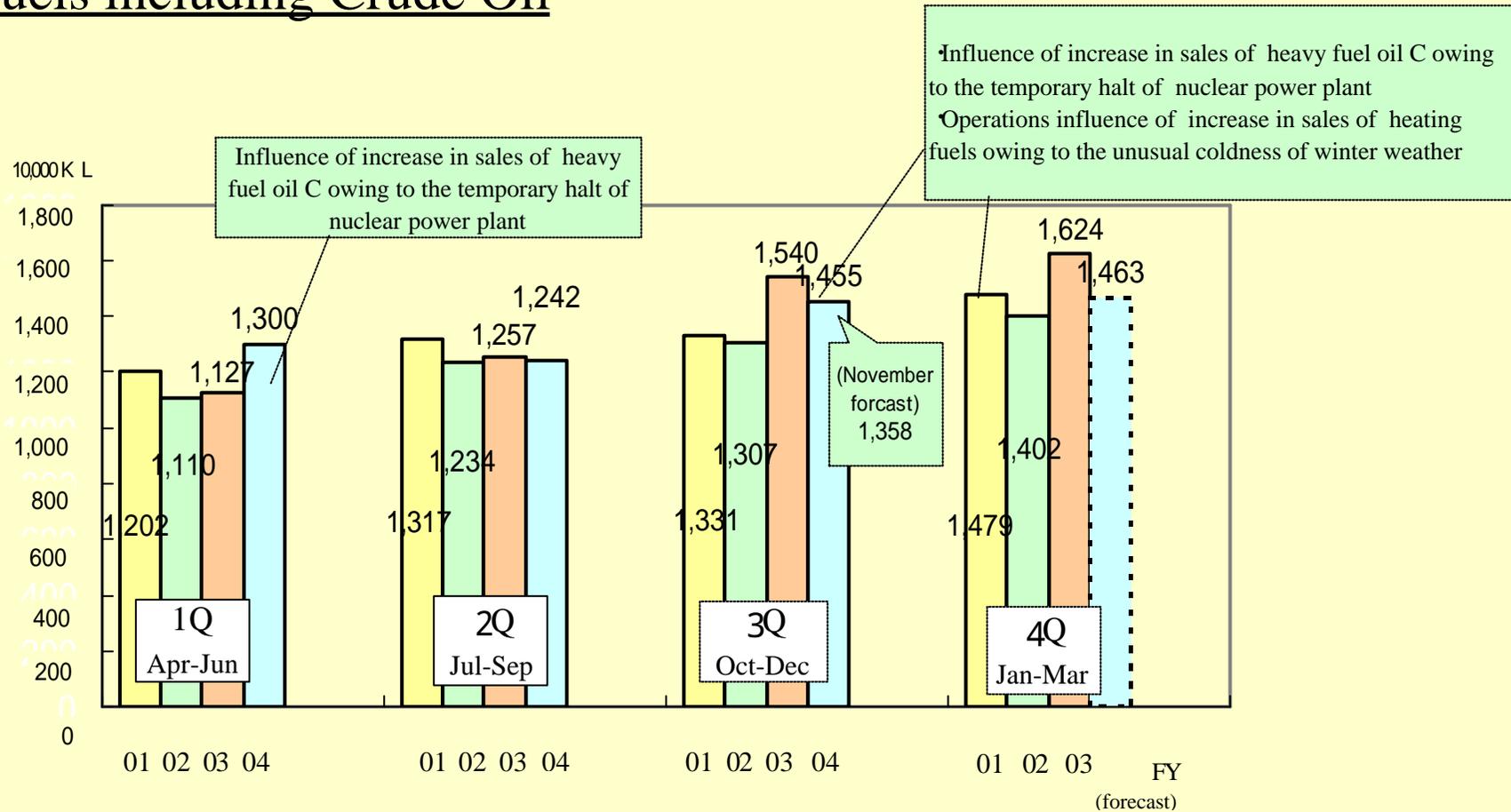
Fuel Oil Demand, NOC, Sales, Share of Sales

Type of Product	Fuel Oil Demand (% Change from the same quarter of the previous year)		NOC Sales (% Change from the same quarter of the previous year)		Share of Sales (Consumption basis, %)			
	3Q Oct-Dec 2003	1Q-3Q Apr-Dec 2003	3Q Oct-Dec 2003	1Q-3Q Apr-Dec 2003	FY2002 (ended March 31,2002)	FY2003 (ended March 31,2003)	FY2004 (ended March 31,2004)	
							3Q Oct-Dec 2003	1Q-3Q Apr-Dec 2003
Total	-2.8	±0.0	-3.0	+ 1.6	20.7	21.9	21.8	22.0
{ Gasoline }	{ + 1.8 }	{ + 0.5 }	{ + 1.7 }	{ + 0.8 }	{22.8}	{23.2}	{23.2}	{23.2}
{ Kerosene }	{-11.3}	{-5.1}	{-14.6}	{-6.1}	{23.0}	{23.6}	{22.1}	{22.9}
{ Diesel fuel }	{-3.4}	{-4.1}	{-4.8}	{-4.7}	{21.7}	{22.4}	{22.1}	{22.2}
{ Fuel oil A }	{-3.8}	{-0.8}	{ + 4.5 }	{ + 9.3 }	{22.6}	{24.1}	{25.4}	{25.9}
{ Fuel oil C }	{-8.2}	{ + 11.4 }	{-6.4}	{ + 9.9 }	{26.5}	{29.9}	{31.1}	{29.5}

Source: Agency of Natural Resources and Energy

Supplementary Information (4)

Quarterly Trends in Domestic Sales Volume of Petroleum Fuels including Crude Oil



Supplementary Information (5)

Number of Service Stations (Fixed type)

	31-Mar-01	Change	31-Mar-02	Change	31-Mar-03	Change	30-Sep-03	Change	31-Dec-03
N O C	12,669	-682.0	11,987	-293.0	11,694	-151.0	11,543	-75.0	11,468
(NOC-owned)	(2,945)	(-88)	(2,857)	(-111)	(2,746)	(-61)	(2,685)	(-30)	(2,655)

Number of Self-service Retail Outlets

	31-Mar-01	Change	31-Mar-02	Change	31-Mar-03	Change	30-Sep-03	Change	31-Dec-03
N O C	54	+ 88	142	+ 200	342	+ 87	429	+ 65	494
(Total for Japan)	(422)	(+ 931)	(1,353)	(+ 1,169)	(2,522)	(+ 448)	(2,970)	(-)	(2,840)*

*Estimate

Source : Oil Information Service Center and Others.

Number of Dr. Drive Service stations

	31-Mar-01	Change	31-Mar-02	Change	31-Mar-03	Change	30-Sep-03	Change	31-Dec-03
Dr. Drive Service stations	390	+ 893	1,283	+ 327	1,610	+ 65	1,675	+ 63	1,738

Supplementary Information (6)

Number of Transport Depots

	<u>1-Apr-01</u>	<u>Change</u>	<u>1-Apr-02</u>	<u>Change</u>	<u>1-Apr-03</u>	<u>Change</u>	<u>30-Sep-03</u>	<u>Change</u>	<u>31-Dec-03</u>
Transport Depots	75	-13.0	62	-7.0	55	-1.0	54	±0	54

Topper Capacity Utilization Rates

	<u>First half of FY2002</u>	<u>Second half of FY2002</u>	<u>FY2002</u>	<u>First half of FY2003</u>	<u>Second half of FY2003</u>	<u>FY 2003</u>	<u>First half of FY2004</u>	<u>Oct-Dec of FY2004</u>
	%	%	%	%	%	%	%	%
Utilization Rates	77	85	81	77	91	84	79	83

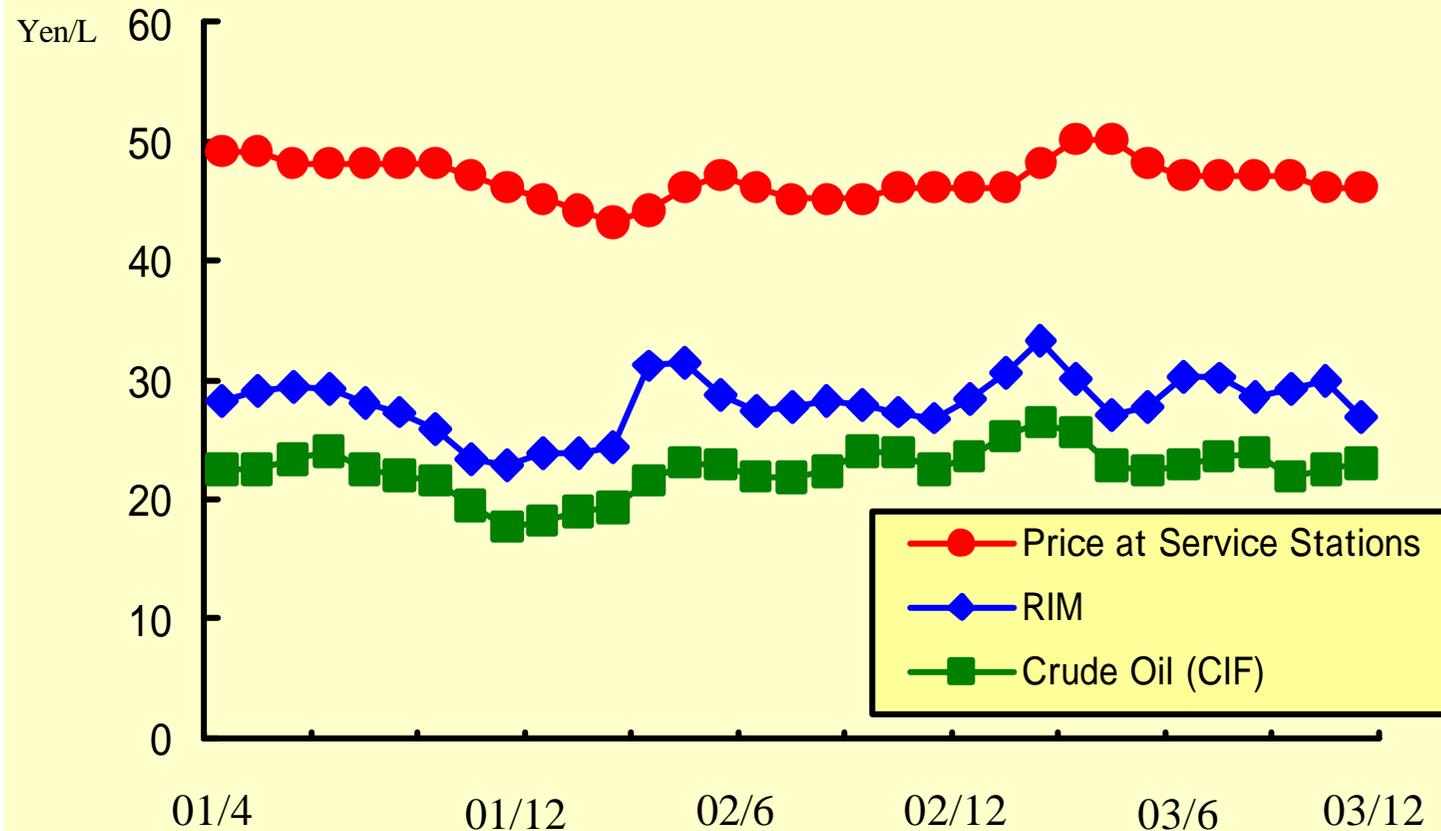
Production Volume of Oil Developed by the Company

	<u>Av. for Jan-Dec 2001</u>	<u>Change</u>	<u>Av. for Jan-Dec 2002</u>	<u>Change</u>	<u>Av. for Jan-Sep 2003</u>
	(1,000 BOED)		(1,000 BOED)		(1,000 BOED)
Production Volume of Oil Developed by the Company (Converted to a daily basis)	47	+ 3	50	+ 11	61

Note: On basis of volume received from project companies.

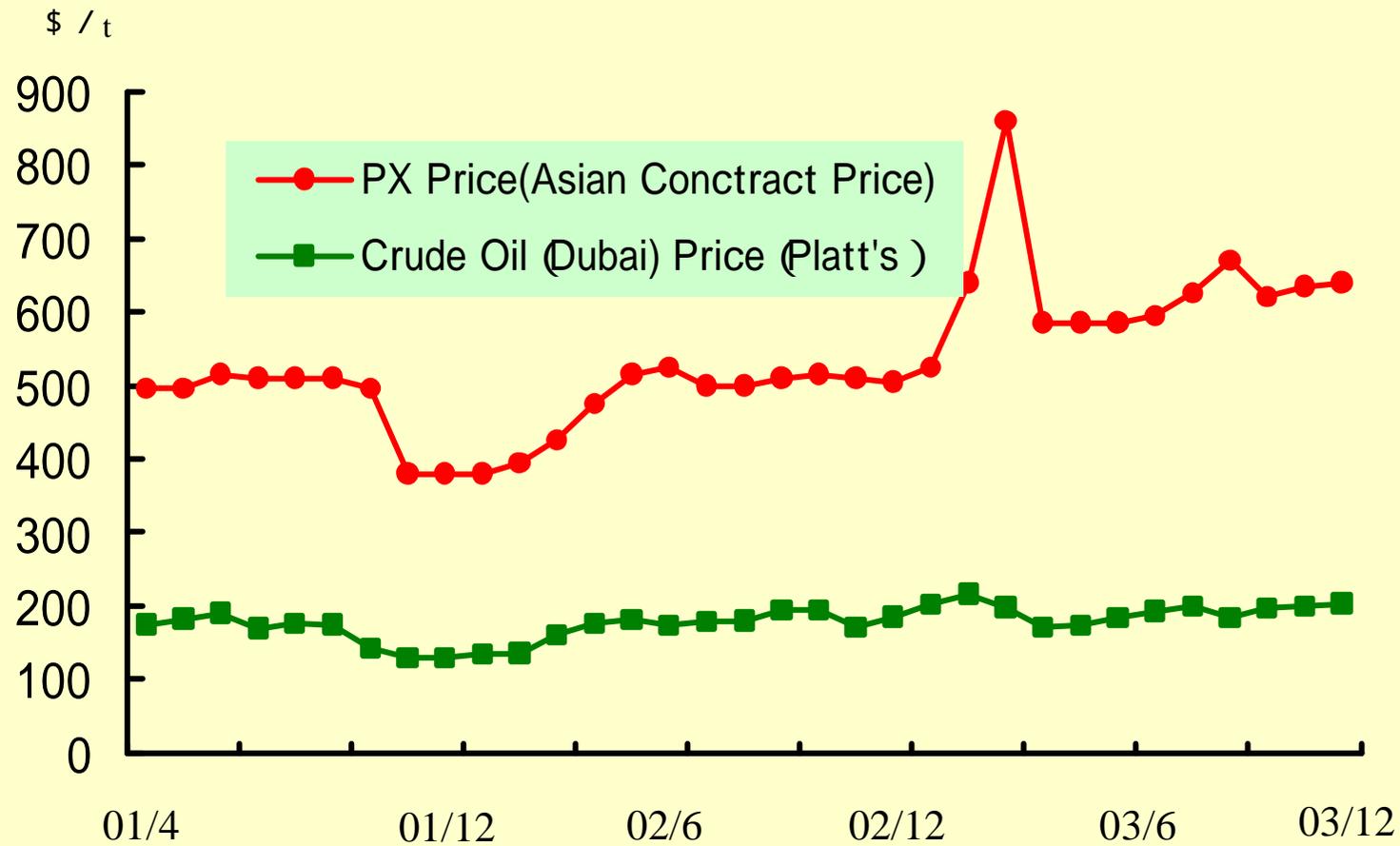
Supplementary Information (7)

Trends in Gasoline at Service Stations, RIM, and Crude Oil CIF Price



Supplementary Information (8)

Trends in Paraxylene and Crude Oil (Dubai) Price



< Cautionary Note on Forward-Looking Statements >

The financial forecasts, management targets, and any other estimates and projections of the Company presented in this report are based on information available to management as of the date set forth within.

Please note that actual results may vary significantly from projected forecasts due to various uncertain factors, and as such, readers should take care when making investment decisions based solely on the forecasts herein.

The factors affecting actual results include but are not limited to economic conditions, crude oil prices, demand for and market conditions of oil-related products, and exchange rate and interest rate trends.