

Report on Performance in Fiscal 2005

(from April 1, 2004 to March 31, 2005)

Executive Vice President
Shinji Nishio

<http://www.eneos.co.jp>

May 23, 2005



NIPPON OIL
Your Choice of Energy

< Highlights of Consolidated Income (FY05) >

('04/4-'05/3)

(¥ billion)

	FY04 ('03/4-'04/3)	FY05 ('04/4-'05/3)	Change
Crude oil price (\$/Bbl)	27.8	36.7	+8.9
Yen/dollar exchange rate (¥/\$)	113.4	107.5	-5.9
Domestic fuel oil sales, including crude oil (10,000kl)	5,646	5,753	+107
Net sales	4,279.8	4,924.2	+644.4
Operating income	55.9	201.5	+145.6
Non-operating income and loss, net	1.2	10.9	+9.7
Recurring income	57.1	212.4	+155.3
(Excluding inventory valuation factors)	(81.3)	(151.7)	(+70.4)
Extraordinary income and loss, net	-206.8	8.6	+215.4
Net income (loss)	-133.5	131.5	+265.0

< FY05 of Changes in Recurring Income (YoY) > (’04/4-’05/3)

<Recurring Income> ¥81.3 billion ¥151.7 billion (+¥70.4 billion)
(excluding inventory valuation factors)

(¥ billion)

(1) Increase in sales volume	+ 5.3
(2) Cost reductions and improvements in efficiency	+34.6
(3) Recurring income in the oil E&P^{*1} division	+ 6.2
(4) Profit margins, time lag^{*2}, other	+24.3
Recurring income (Excluding inventory valuation factors)	+70.4
< Inventory valuation factors + 84.9 >	
	(-24.2 + 60.7)

*1 Time lag between the cost increase and selling prices

*2 Exploration and production

< Forecast for Consolidated Income (FY06) >

(‘05/4-’06/3)

(¥ billion)

	FY05 (‘04/4-’05/3) (Actual)	FY06 (‘05/4-’06/3) (Forecast)	Change
Crude oil price (\$/Bbl)	36.7	41.5	+4.8
Yen/dollar exchange rate (¥/\$)	107.5	105.0	-2.5
Domestic fuel oil sales, including crude oil (10,000kl)	5,753	5,390	-363
Net sales	4,924.2	4,990.0	+65.8
Operating income	201.5	156.0	-45.5
Non-operating income and loss, net	10.9	3.0	-7.9
Recurring income	212.4	159.0	-53.4
(Excluding inventory valuation factors)	(151.7)	(150.0)	(-1.7)
Extraordinary income and loss, net	8.6	-3.0	-11.6
Net income	131.5	88.0	-43.5

< FY06 of Changes in Recurring Income (YoY) > (^{'05/4-}'06/3)

< Recurring Income > ¥151.7 billion ¥150.0 billion (-¥1.7 billion)
(excluding inventory valuation factors)

(¥ billion)

(1) Decrease in sales volume	-2.8
(2) Recurring income in the oil E&P^{*1} division	+ 20.0
(3) Profit margins, time lag^{*2}, other	-18.9
Recurring income (Excluding inventory valuation factors)	-1.7
< Inventory valuation factors -51.7 >	
	(+ 60.7 + 9.0)

*¹ Time lag between the cost increase and selling prices

*² Exploration and production

Report on Performance

in Fiscal 2005

(from April 1, 2004 to March 31, 2005)

Appendix

May 23, 2005



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1. Data Related Financial Results for FY05

('04/4 ~ '05/3)

<FY05 Sales Volume (Unconsolidated) >

	FY04 ('03/4-'04/3)	Change	FY05 ('04/4-'05/3)
	(10,000 kl)	%	(10,000 kl)
Gasoline	1,409	+4.5	1,472
(Premium)	(276)	(+0.8)	(278)
(Regular)	(1,118)	(+5.4)	(1,179)
Naphtha	605	+3.8	628
Jet fuel	122	-1.1	121
Kerosene	707	+9.2	771
Diesel fuel	861	+1.8	877
Heavy fuel oil A	836	+5.7	884
Heavy fuel oil C	894	-11.1	795
(For electric power)	(426)	(-16.8)	(355)
(For general use)	(468)	(-6.0)	(440)
Total domestic fuel oil sales	5,434	+2.1	5,548
Crude oil	212	-3.2	205
Total domestic fuel oil sales, including crude oil	5,646	+1.9	5,753
Barter joint, other	2,972	+0.6	2,991
Total	8,618	+1.5	8,744

< FY05 Principal Data by Operating Segment >

(1) Net sales

(¥ billion)

Total 4,924.2 (+ 644.4)					
Petroleum fuel and crude oil			Oil E&P	Construction	Other
Refining and Marketing 4,062.6 (+523.7)	Petrochemical operations 358.3 (+104.5)	4,420.9 (+628.2)	67.7 (+6.1)	359.5 (+5.9)	76.1 (+4.2)

Note: Figures in parentheses are YoY changes.

(2) Operating income

(¥ billion)

Total 201.5 (+ 145.6)					
Petroleum fuel and crude oil			Oil E&P	Construction	Other
Refining and Marketing 99.3 (+97.5)	Petrochemical operations 60.2 (+43.2)	159.5 (+140.7)	27.1 (+3.5)	6.7 (+1.2)	8.2 (+0.2)

Note: Figures in parentheses are YoY changes.

→ **Recurring income
of Oil E&P
31.1 (+6.2)**

< FY05 Breakdown of Extraordinary Income and Loss, Net >

(¥ billion)

(1) Profit on disposal of assets	13.1
(2) Fixed asset impairment loss	-4.2
(3) Other	-0.3
<hr/>	
Total	-8.6

2. 2nd Mid-Term Management Plan Data

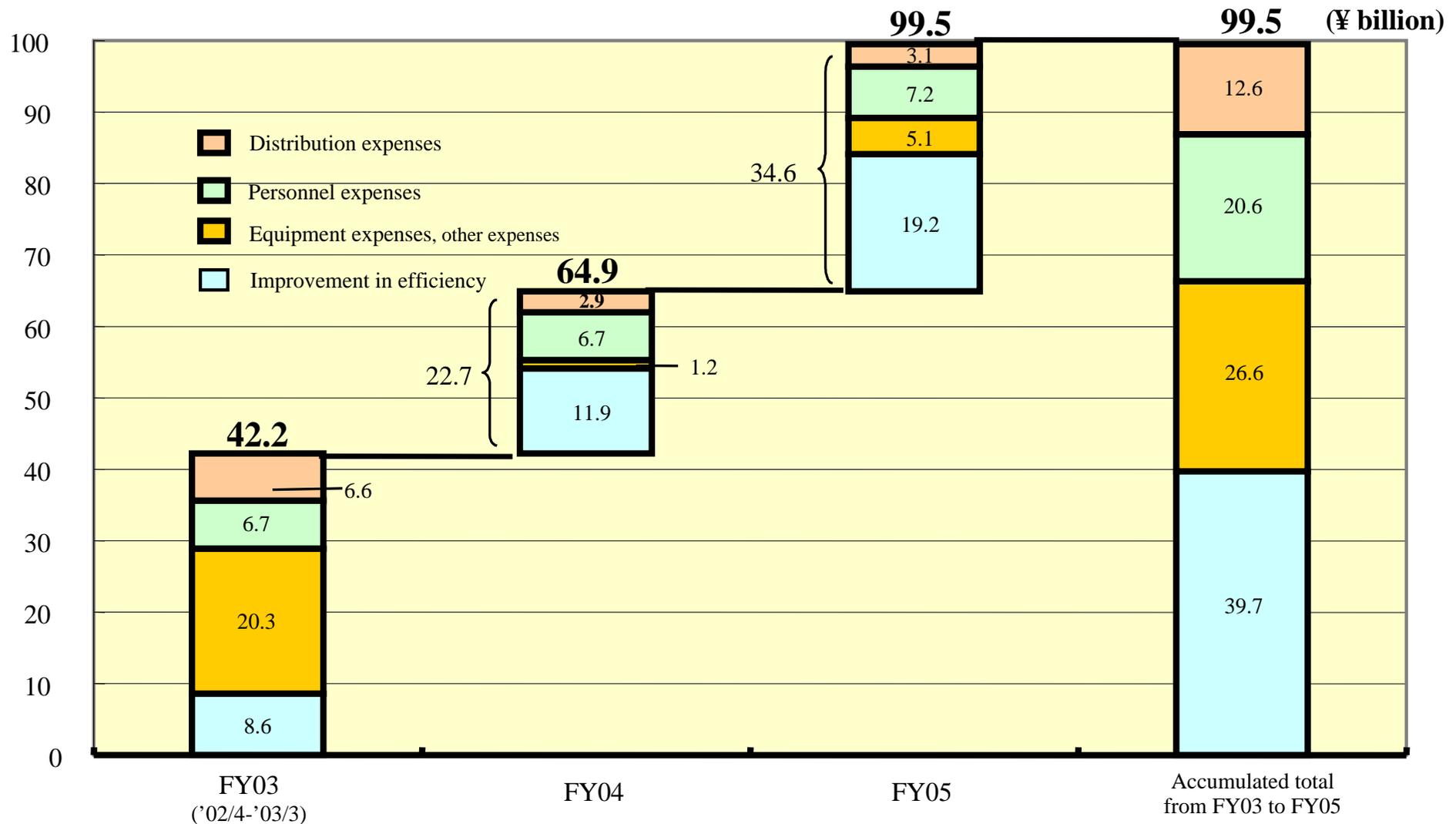
< Attainment of 2nd Mid-Term Management Plan Targets (FY03–FY05) >

		(¥ billion)				
		FY03 (’02/4-’03/3)	FY04 (’03/4-’04/3)	FY05 (’04/4-’05/3) Actual		
Crude oil price	(\$ /Bbl)	26.3	27.8	36.7		
Yen/dollar exchange rate	(¥/\$)	122.4	113.4	107.5		
Domestic fuel oil sales, including crude oil	(10,000kl)	5,666	5,646	5,753		
Fixed asset impairment loss - ¥171.5 billion					Change from initial plan	
Recurring income		90.8	57.1	212.4	< + 82.4 >	
(Excluding inventory valuation factors)		(42.7)	(81.3)	(151.7)	< + 21.7 >	
Net income (loss)		32.3	-133.5	131.5	< + 66.5 >	
Consolidated ROE		3.5%	-	14.8%	< + 8.3% >	
Excluding inventory valuation factors				10.7%	< + 4.2% >	
					(¥ billion)	
					Total for FY03 through FY05	Change from initial plan
Cost reduction and increase in efficiency		42.2	22.7	34.6	(99.5)	< - 0.5 >
Interest-bearing debt		1,064.0	946.0	965.0	(-124.0)	< + 70.0 >
Capital expenditure (Actual expenditure basis)		148.5	136.9	153.0	(438.4)	< + 78.4 >

<Cost Reductions and Improvements in Efficiency>

Actual: ¥99.5 billion over three years

Virtually attain goal of ¥100 billion over three years



3. Data Related Financial Results for FY06 ('05/4 ~ '06/3)

<FY06 Sales Volume (Unconsolidated)>

	FY05 ('04/4-'05/3) (Actual)	Change	FY06 ('05/4-'06/3) (Forecast)
	(10,000 kl)	%	(10,000 kl)
Gasoline	1,472	+0.4	1,478
(Premium)	(278)	(+9.4)	(304)
(Regular)	(1,179)	(-1.7)	(1,159)
Naphtha	628	+3.6	650
Jet fuel	121	-6.8	113
Kerosene	771	-2.9	749
Diesel fuel	877	-2.4	856
Heavy fuel oil A	884	-5.1	839
Heavy fuel oil C	795	-19.3	641
(For electric power)	(355)	(-35.3)	(230)
(For general use)	(440)	(-6.4)	(411)
Total domestic fuel oil sales	5,548	-4.0	5,326
Crude oil	205	-68.7	64
Total domestic fuel oil sales, including crude oil	5,753	-6.3	5,390
Barter joint, other	2,991	+11.7	3,340
Total	8,744	-0.2	8,730

< FY06 Principal Data by Operating Segment >

(1) Net sales

(¥ billion)

Total 4,990.0 (+65.8)					
Petroleum fuel and crude oil			Oil E&P	Construction	Other
Refining and Marketing	Petrochemical operations				
4,086.6 (+24.0)	338.9 (-19.4)	4,425.5 (+4.6)	122.5 (+54.8)	368.0 (+8.5)	74.0 (-2.1)

Note: Figures in parentheses are YoY changes.

(2) Operating income

(¥ billion)

Total 156.0 (-45.5)					
Petroleum fuel and crude oil			Oil E&P	Construction	Other
Refining and Marketing	Petrochemical operations				
38.9 (-60.4)	50.2 (-10.0)	89.1 (-70.4)	52.4 (+25.3)	7.4 (+0.7)	7.1 (-1.1)

Note: Figures in parentheses are YoY changes.

Recurring income
of Oil E&P
51.1 (+20.0)

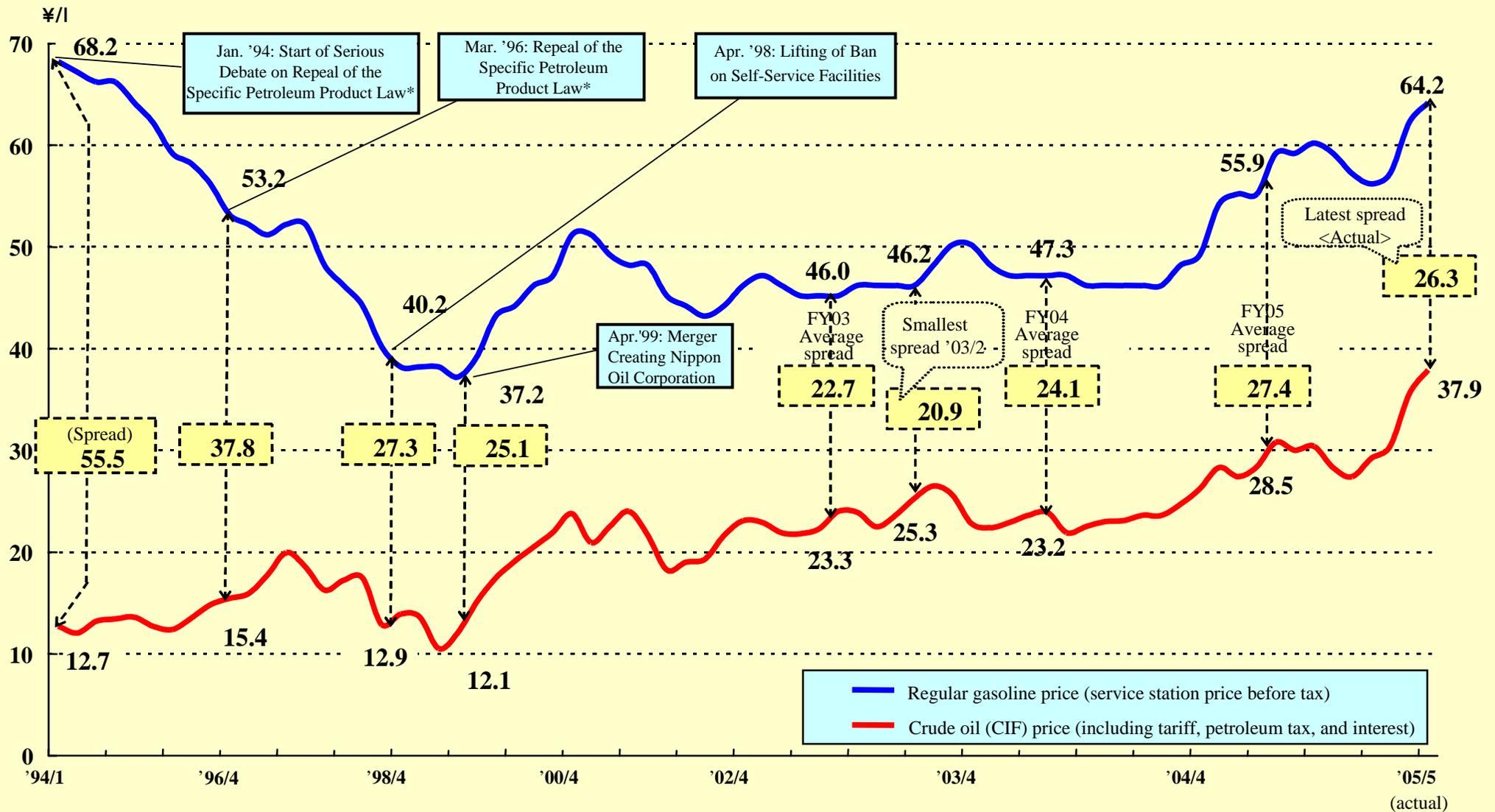
< FY06 Breakdown of Extraordinary Income and Loss, Net >

(¥ billion)

(1) Loss on disposal of assets	-1.5
(2) Write-downs of investments in securities	-0.8
(3) Others	-0.7
<hr/>	
Total	-3.0

4. Data Related to Business Operations

< Spread (Retail Gasoline Price – Crude Oil CIF Price) >

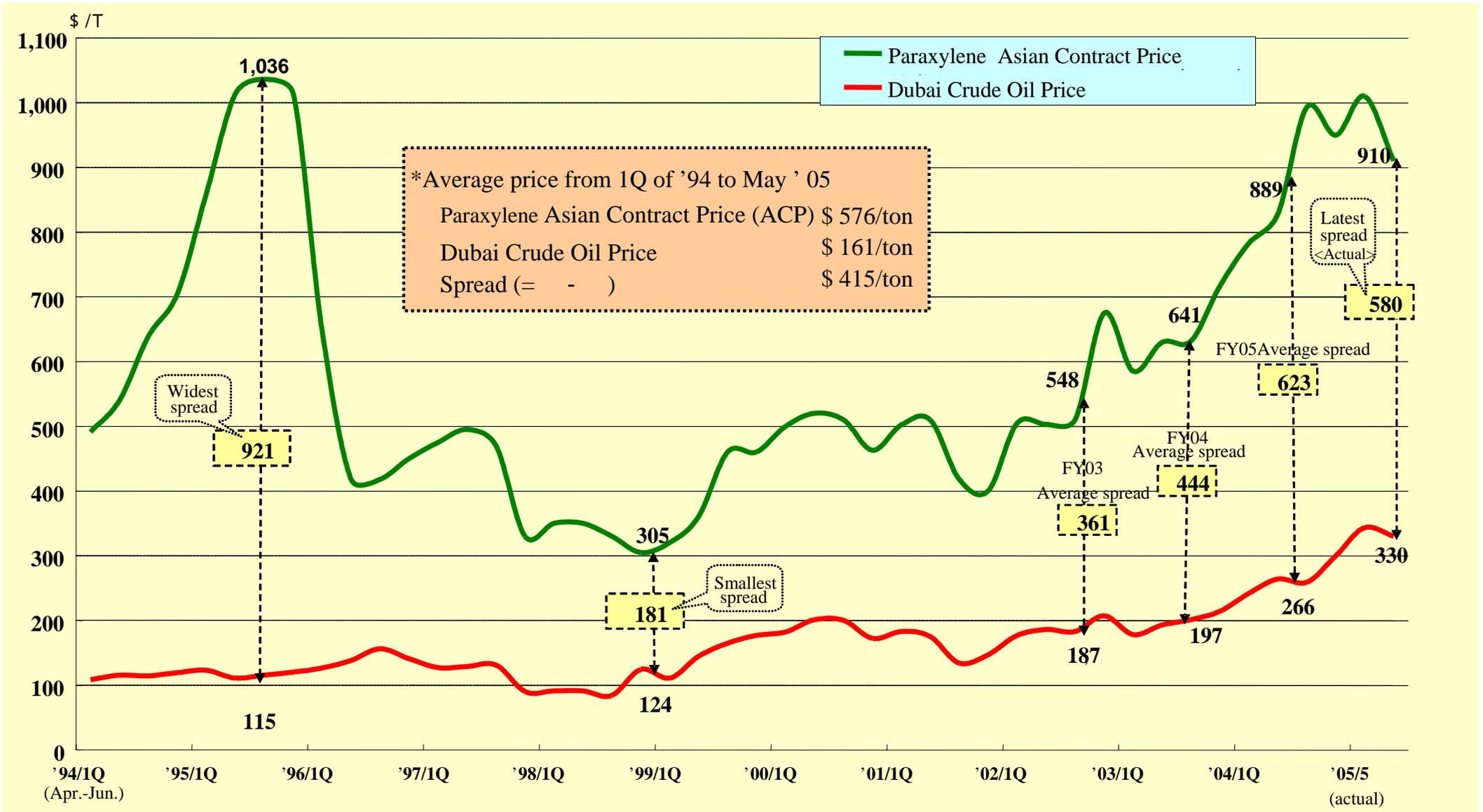


CIF: Cost, insurance, and freight basis

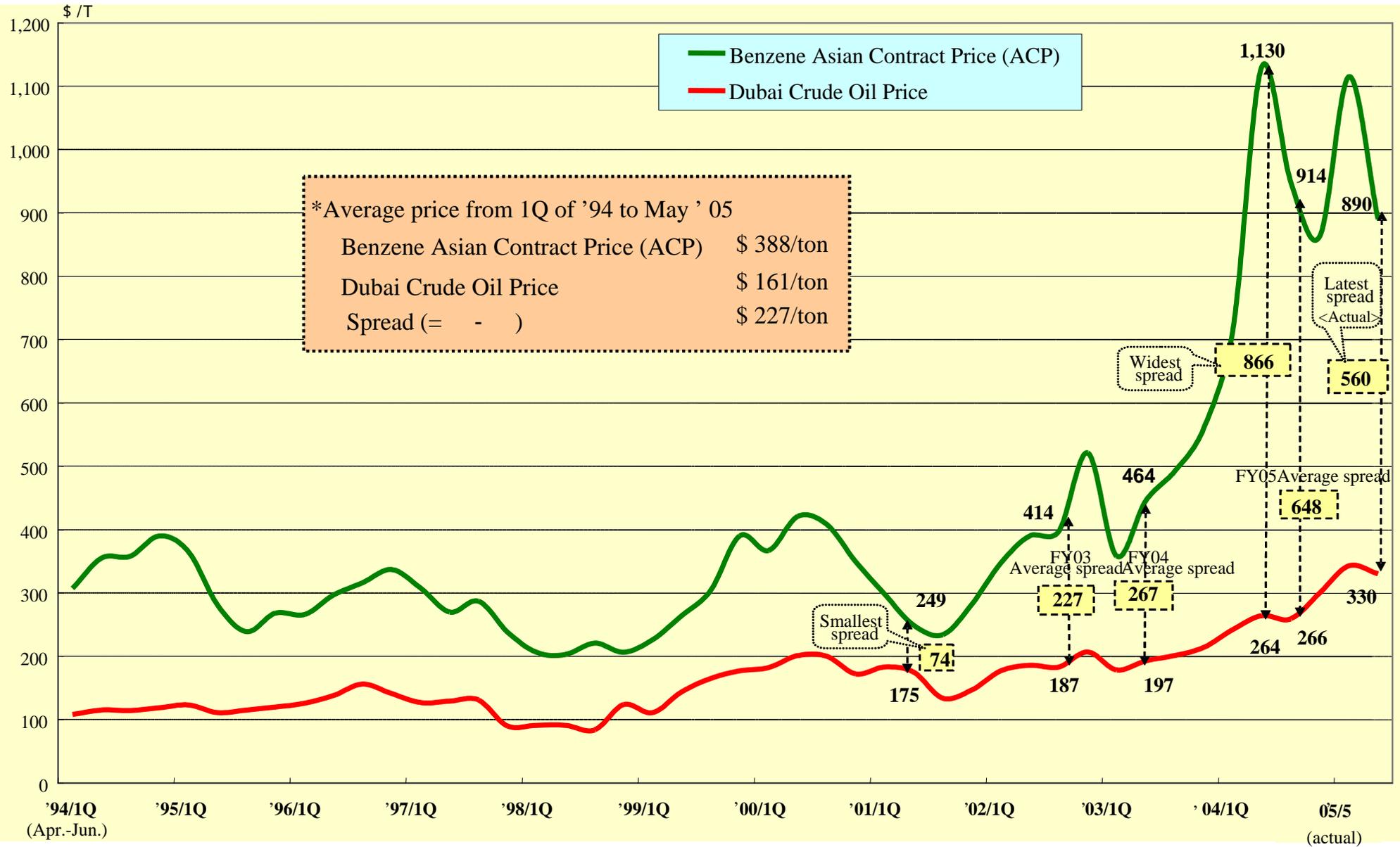
The Repeal of the Specific Petroleum Product Law is officially known as the Provisions Measures Law on the Importation of Specific Petroleum Refined Products.

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

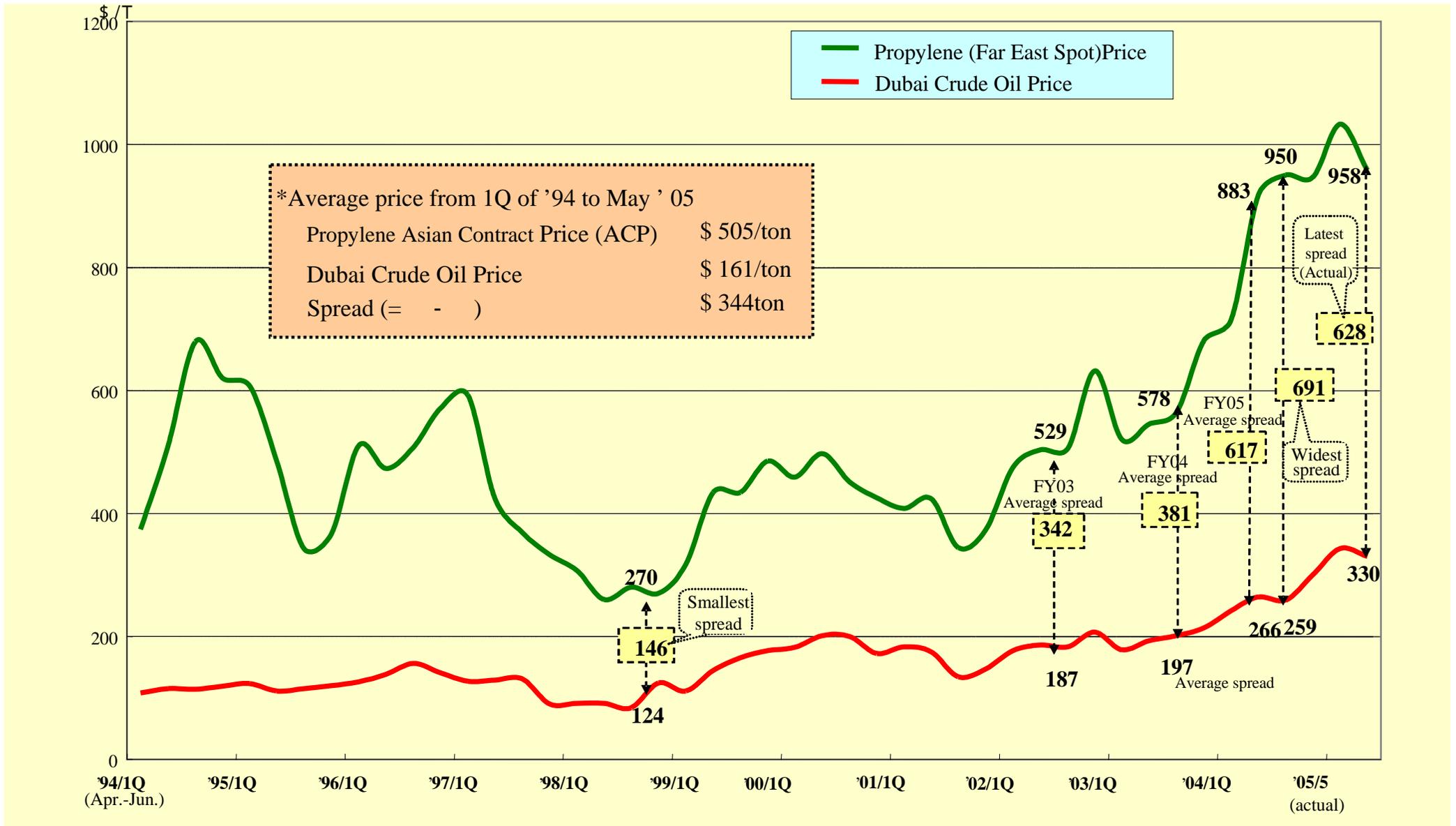
< Spread (PX Price - Dubai Crude Oil Price) >



< Spread (Benzene Price - Dubai Crude Oil Price) >



< Spread (Propylene Price - Dubai Crude Oil Price) >



<Refining Capacity and Utilization Rates>

	FY96	FY97	FY98	FY99	Merger Creating NOC	FY00	FY01	FY02
	('95/4 - '96/3)	('96/4 - '97/3)	('97/4 - '98/3)	('98/4 - '99/3)		('99/4 - '00/3)	('00/4 - '01/3)	('01/4 - '02/3)
NOC Group*1	1.35 (77%)*2	1.35 (75%)	1.35 (80%)	1.37 (78%)		1.35 (74%)	1.35 (76%)	1.23 (81%)
Total for Japan	5.27 (79%)*2	5.27 (79%)	5.32 (81%)	5.37 (78%)		5.35 (77%)	5.27 (79%)	4.97 (81%)

	FY03 ('02/4 - '03/3)			FY04 ('03/4 - '04/3)			FY05 ('04/4 - '05/3)		
	1H (Apr.-Aug.)	2H (Sep.-Mar.)	Total	1H (Apr.-Aug.)	2H (Sep.-Mar.)	Total	1H (Apr.-Aug.)	2H (Sep.-Mar.)	Total
NOC Group	1.23 (77%)*2	1.22 (91%)	1.22 (84%)	1.22 (79%)	1.27 (88%)	1.27 (83%)	1.22 (83%)	1.22 (92%)	1.22 (87%)
Total for Japan	4.97 (75%)*2	4.98 (88%)	4.98 (81%)	4.92*3 (80%)	4.89*4 (86%)	4.89 (83%)	4.77*5 (80%)	4.77 (89%)	4.77 (84%)

Notes: *1. Figures through FY99 are the sum of figures for Nippon Oil Company and Mitsubishi Oil Company, which merged in Apr. '99.

*2. Figures in parentheses are averages for the fiscal years.

*3. Discontinuation of crude oil processing at the Idemitsu Kosan Hyogo Refinery in Apr. '03

*4. Discontinuation of crude oil processing at the Idemitsu Kosan Group Okinawa Refinery in Nov. '03

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

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

<NOC's Share of Sales of the Four Light Oil Products> (Consumption Basis)

Type of product	Merger Creating NOC						(%)
	FY00 ('99/4 - '00/3)	FY01 ('00/4 - '01/3)	FY02 ('01/4 - '02/3)	FY03 ('02/4 - '03/3)	FY04 ('03/4 - '04/3)	FY05 ('04/4 - '05/3)	
Gasoline	23.2	22.9	22.8	23.2	23.3	23.9	
Kerosene	23.4	23.3	23.9	24.4	24.3	27.6	
Diesel fuel	22.8	22.4	22.0	22.7	22.6	22.9	
Heavy fuel oil A	23.4	23.9	24.3	26.3	28.1	30.4	
Total	23.2	23.0	23.1	23.9	24.2	25.5	

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

<Number of Service Stations (Fixed-Type)>

	Repeal of the Specific Petroleum Product Law*5				Merger Creating NOC							FY96 FY05
	FY96 (*95/4 - '96/3)	FY97 (*96/4 - '97/3)	FY98 (*97/4 - '98/3)	FY99 (*98/4 - '99/3)	FY00 (*99/4 - '00/3)	FY01 (*00/4 - '01/3)	FY02 (*01/4 - '02/3)	FY03 (*02/4 - '03/3)	FY04 (*03/4 - '04/3)	FY05 (*04/4 - '05/3)		
NOC*1	14,895	14,690	14,283	13,739	13,162	12,669	11,987	11,694	11,333	11,059	74.2%	
EMGK*2	9,283	9,276	8,893	8,459	8,101	7,898	7,597	7,278	6,904	6,701	72.2%	
Idemitsu Kosan	9,037	8,879	7,706	7,032	6,493	6,114	5,896	5,624	5,508	5,358	59.3%	
Showa Shell Sekiyu	7,091	6,937	6,728	6,229	5,962	5,642	5,402	5,153	4,968	4,808	67.8%	
Cosmo Oil	6,857	6,802	6,573	6,278	5,916	5,600	5,373	5,152	4,926	4,709	68.7%	
Japan Energy	6,384	6,232	6,079	5,217	4,952	4,646	4,476	4,296	4,150	4,023	63.0%	
Others*3	2,314	2,510	2,418	2,300	2,128	1,916	1,733	1,642	1,593	1,500	64.8%	
Oil companies	55,861 (96.9%)	55,326 (96.4%)	52,680 (93.8%)	49,254 (90.4%)	46,714 (87.6%)	44,485 (85.6%)	42,464 (83.4%)	40,839 (82.3%)	39,382 (80.4%)	38,158 (79.5%)	68.3%	
Private brands and other	1,792 (3.1%)	2,079 (3.6%)	3,469 (6.2%)	5,236 (9.6%)	6,593 (12.4%)	7,472 (14.4%)	8,436*4 (16.6%)	8,761*4 (17.7%)	9,618*4 (19.6%)	9,842 (20.5%)	549.2%	
Total	57,653	57,405	56,149	54,490	53,307	51,957	50,900*4	49,600*4	49,000*4	48,000*4	83.3%	

Notes: *1. Figures through FY99 are pro forma summations of figures for the former Nippon Oil Company and the former Mitsubishi Oil Company.

*2. Figures are pro forma summations of figures for Esso, Mobil, Tonen General Sekiyu, and Kygnus Sekiyu.

*3. Figures are pro forma summations of figures for Kyushu Oil, Taiyo Petroleum, and Mitsui Oil & Gas.

*4. Estimates by Nippon Oil

*5. The Repeal of the Specific Petroleum Product Law is officially known as the Provisions Measures Law on the Importation of Specific Petroleum Refined Products.

Source: Agency of Natural Resources and Energy

< Number of Company-Owned Service Stations >

	Merger Creating NOC					
	FY00 (^{'99/4} - ^{'00/3})	FY01 (^{'00/4} - ^{'01/3})	FY02 (^{'01/4} - ^{'02/3})	FY03 (^{'02/4} - ^{'03/3})	FY04 (^{'03/4} - ^{'04/3})	FY05 (^{'04/4} - ^{'05/3})
NOC	3,053	2,945	2,857	2,746	2,607	2,518

< Number of Self-Service Facilities >

	Merger Creating NOC					
	FY00 (^{'99/4} - ^{'00/3})	FY01 (^{'00/4} - ^{'01/3})	FY02 (^{'01/4} - ^{'02/3})	FY03 (^{'02/4} - ^{'03/3})	FY04 (^{'03/4} - ^{'04/3})	FY05 (^{'04/4} - ^{'05/3})
NOC	21	54	142	342	520	651
Total for Japan	191	422	1,353	2,522	3,423	3,493*

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

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

< Number of Dr. Drive Service Stations >

	Merger Creating NOC					
	FY00 (^{'99/4} - ^{'00/3})	FY01 (^{'00/4} - ^{'01/3})	FY02 (^{'01/4} - ^{'02/3})	FY03 (^{'02/4} - ^{'03/3})	FY04 (^{'03/4} - ^{'04/3})	FY05 (^{'04/4} - ^{'05/3})
NOC	44	390	1,283	1,610	1,871	1,961

< Number of Depots >

	Merger Creating NOC							
	99/4	00/4	01/4	02/4	03/4	04/4	05/4	
NOC	109	93	75	62	55	51	50	

< Number of Employees >

	Merger Creating NOC							
	99/3	00/3	01/3	02/3	03/3	04/3	05/3	
NOC Group	15,964	15,570	14,895	14,368	13,882	14,347 ^{*2}	13,424	
(portion from NOC and NPRC ^{*3})	(5,163)	(4,602)	(4,290)	(4,108)	(4,990) ^{*1}	(4,920)	(4,437)	

Notes: *1. The number of employees increased because of the merger (in Apr. 02) of the former NiSSEKI Mitsubishi Refining, the former Tohoku Oil, and the former Koa Oil.

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

*3. NPRC: Nippon Petroleum Refining Company, Limited

<Principal Overseas Operating Bases>



<Principal E&P Projects >



< Outline of Principal E&P Projects >

(Average for Jan.-Dec.'04)

Project Name/Company *2	Name of Oil/Gas Field	Total Production (1,000 BD)	Oil Rights (1,000 BD)		Reserves *3
			PC Basis	NOC Ownership Basis	PC Basis (1 million Bbl)
<U.S.A.>					
Gulf of Mexico (U.S.A.) Nippon Oil Exploration U.S.A. Limited	Orchard North, Fordham, Virgo, Aconcagua and others	40	7	7	10
<U.K.>					
North Sea, U.K. NOC Exploration (U.K.) LTD. Nippon Oil Exploration and Production U.K.	Andrew, Mungo, Monan, Pierce Magnus, Brae	115 174	6 11	3 11	37
<Southeast Asia>					
Vietnam					
Japan Vietnam Petroleum Co., Ltd.	Rang Dong	52	19	10	
Myanmar					
Nippon Oil Exploration (Myanmar), Limited	Yetagun	56	8	4	
Malaysia*4					
Nippon Oil Exploration (Malaysia), Limited	Helang	54	32	13	
Nippon Oil Exploration (Sarawak), Limited	Serai, Jintan	54	14	6	526
<Oceania>					
Papua New Guinea					
Japan Papua New Guinea Petroleum Company, Limited	Kutubu, Moran, Gobe	42	2	1	16
<Canada>					
Canada*5					
Mocal Energy Limited	Syncrude	238	12	12	276
Total*1		825	111	66	865

Notes: *1. Due to rounding, the sum of figures for individual projects sometimes may differ from the figures given as totals.

*2. The E&P activities of the Nippon Oil Group are administered by Nippon Oil Exploration Limited, a wholly owned subsidiary of Nippon Oil Corporation.

*3. Proved reserves and probable reserves as of Dec.'03. Including reserves from projects currently under development.

*4. Figures for daily production in Malaysia (Serai and Jintan gas fields) were computed by dividing accumulated daily production volume at each gas field since the start-up (June 9 for Serai and Aug. 31 for Jintan) through the end of Dec. by the total number of days from Jan. through Dec.

*5. Synthetic oil

Cautions with Respect to Forward-Looking Statements

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

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

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