TEIKOKU OIL CO., LTD.

INVESTORS' GUIDE 2004

For the year ended December 31, 2004

Our Incessant Challenge >

> During the approximate 60 years since its founding in 1941, Teikoku Oil Co., Ltd. has discovered many oil and gas fields and has been instrumental in securing both domestic and international energy resources as a pioneer of Japan's oil development. As the result of pipeline expansion from 1996, the Company's Minami Nagaoka gas field has over the years become a cash engine gas field with world-class market potential. In addition, Teikoku Oil has diversified overseas energy development operations in the Congo, Egypt, and Venezuela, in addition to other countries. Going forward, supported by the abundant recoverable reserves of the Minami Nagaoka gas field, Teikoku Oil will continue expanding the recovery and reproduction cycle of this field, while seeking to expand its business domain and establish a second cash engine with a special geographical focus on Middle and South America and North Africa. At the same time, Teikoku Oil will seek to maximize corporate value while achieving the most efficient allocation of management resources in order to maintain a strong balance sheet.

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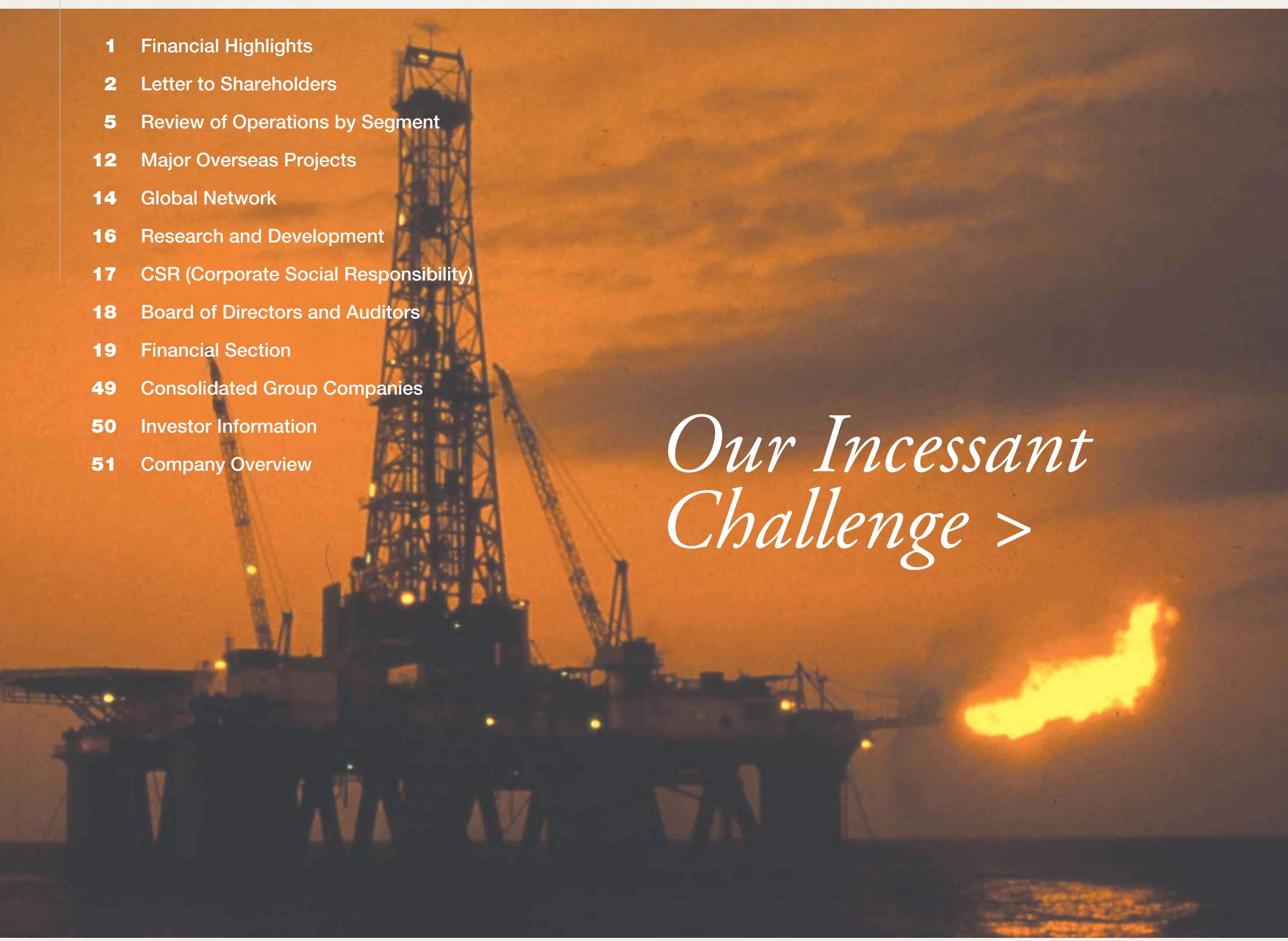


Cautionary Statement regarding Forward-Looking Statements

With the exception of historical facts, forward-looking statements such as present plans, strategies and forecasts made in this report are rational determinations by management based on information that was currently available at the time of the report. These forward-looking statements may differ from actual results due to various factors, including potential risks and uncertainties that may affect performance, such as various social and economic factors—including but not limited to business conditions in the energy industry and natural gas markets, crude oil prices, exchange rate fluctuations, and the results from as well as changes in domestic and international mining operations. As a result, these statements should not be relied on as the sole source upon which to make investment decisions.

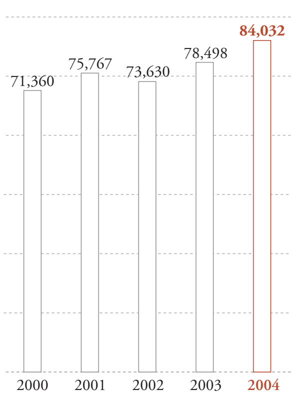
Financial Highlights

Teikoku Oil Co., Ltd. and Consolidated Subsidiaries
For the Fiscal Years Ended December 31

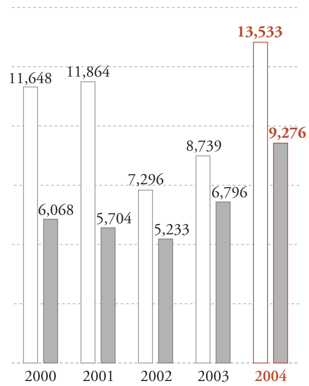
	Millions of yen (except per share data)			Millions of U.S. dollars (except per share data)
	2004	2003	2002	2004
Net Sales	¥ 84,032	¥ 78,498	¥ 73,630	$ 808
Operating Income	13,533	8,739	7,296	130
Ordinary Income	16,523	11,158	10,744	159
Net Income for the Period	9,276	6,796	5,233	89
Gross Cash Flow*	19,436	16,749	13,753	187
Total Assets	240,513	226,280	203,986	2,313
Shareholder's Equity	165,936	156,463	135,911	1,596
Return on Equity (ROE) (%)	5.8	4.6	3.9	5.8
Return on Assets (ROA) (%)	4.0	3.2	2.6	4.0
Per Share Indicators:				
Net Income	¥ 30.22	¥ 22.09	¥ 17.11	$0.29
Shareholder's Equity	543.62	512.18	444.90	5.23

Notes: (1) Fiscal years from January 1 to December 31 of each year. Reference dollar amounts are calculated using a yen-U.S. dollar exchange rate of ¥104.00 as of the end of December 2004.
(2) Gross Cash Flow = Net income + Depreciation and amortization

Net Sales
(Millions of yen)



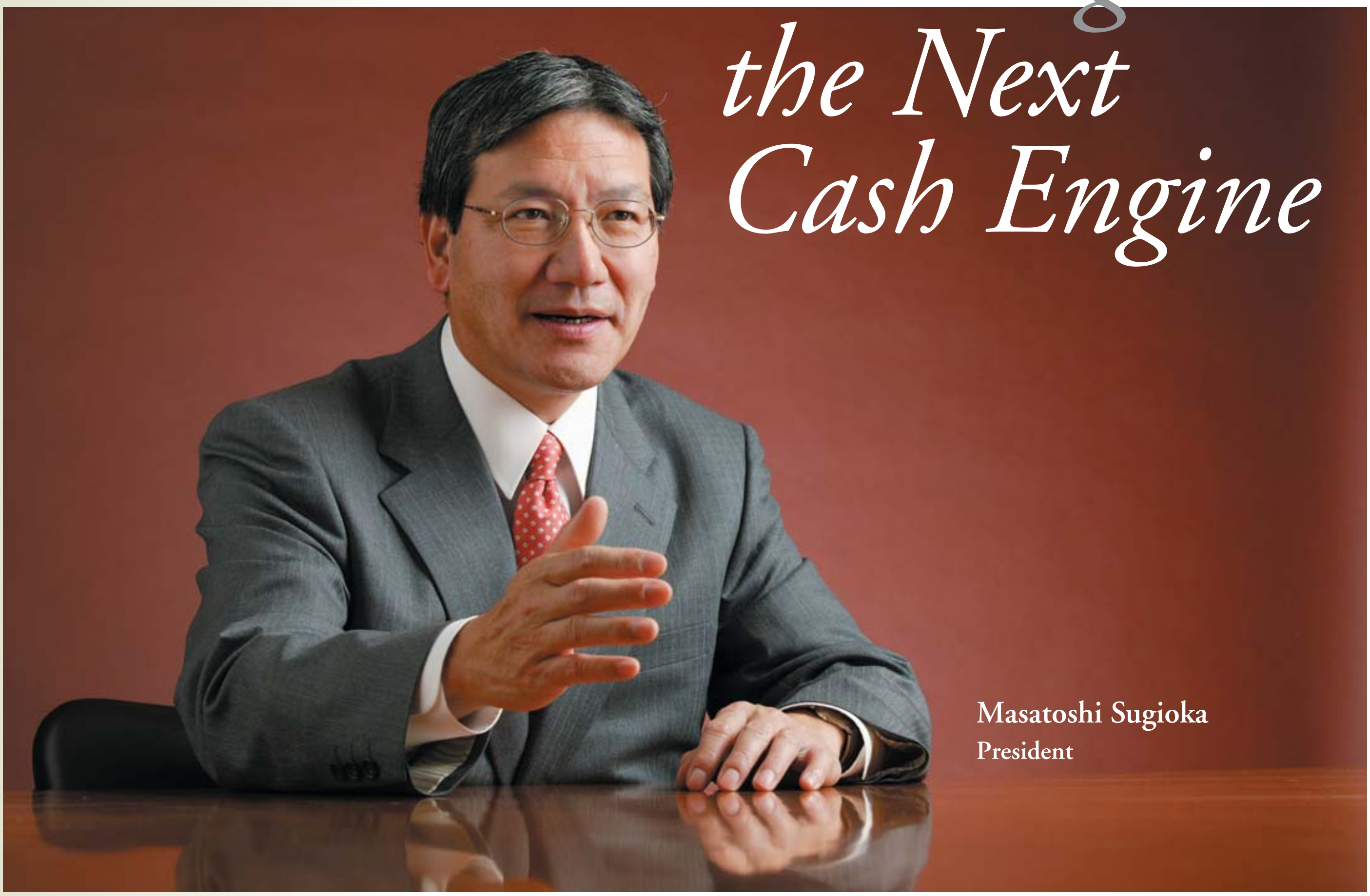
Operating Income □
Net Income for the Period ■
(Millions of yen)



Shareholder's Equity □
(Millions of yen)
ROE – (%)

Total Assets □
(Millions of yen)
ROA – (%)

Creating the Next Cash Engine



Management Strategy That Has Produced Significant Results

> "A clear management strategy is the source of consistent results". Looking back on Teikoku Oil's business results for fiscal 2004 to December 2004, I have reconfirmed my strong conviction in these words. In fiscal 2004, the business development strategy that the Teikoku Oil Group has been pursuing produced a substantial improvement in business results, and it was a year in which our management strategy was vindicated.

Based on a corporate philosophy that is committed to the creation of an abundant society through the stable, long-term supply of the energy that supports everyday living and industry, the Teikoku Oil Group's wide-ranging business development encompasses the entire energy flow cycle of oil and natural gas—from upstream areas such as exploration, development and production to downstream areas such as distribution and marketing. As the source of the Group's value-added is in upstream operations, our long-term vision places priority on first leveraging domestic gas reserves to establish a strong gas business base that can provide a stable, long-term source of earnings, and then utilizing the cash flow generated from this business to invest in upstream businesses overseas, thereby creating both domestic and overseas growth drivers. Over the past several years, we have been exerting every effort to further build our gas business base in Japan, while rebuilding our overseas business strategy.

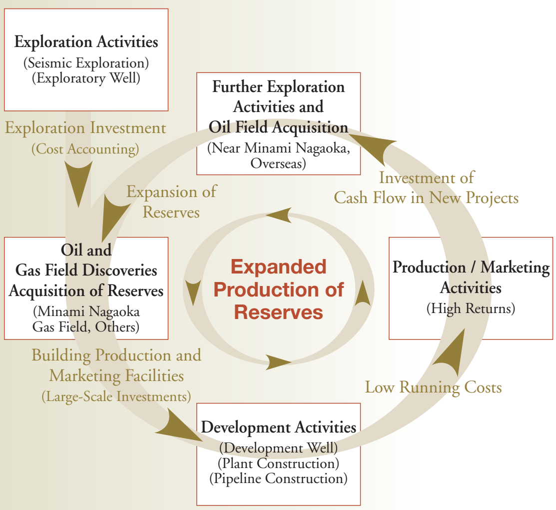
Fiscal 2004 Business Results (New Historical Highs in Earnings)

> Before explaining the Group's specific strategies, I would like to report on fiscal 2004 results for the year to December 2004. The biggest accomplishment for the fiscal year was the new historical high recorded in net income, which grew 36.5% for the year to ¥9,276 million. Growth in domestic natural gas sales volumes and profits from overseas projects in particular significantly contributed to these earnings. In addition, rising crude oil and petrochemical product prices supported 7.0% year-on-year growth in net sales to ¥84,032 million, and 54.9% growth in operating income to ¥13,533 million.

High Market Potential of the Minami Nagaoka Gas Field

> It goes without saying that the bedrock of the upstream businesses of the Teikoku Oil Group is its holdings of oil and natural gas reserves. Furthermore, the key to sustainable growth is the cyclical expansion of the "process of using the cash flow generated from producing and selling existing reserves to invest in exploration and purchases of oil fields to acquire new reserves", or in other words, the continuation of the reserve expansion and reproduction cycle.

Oil and Gas Upstream Companies Growth Scenario



Presently, the cornerstone of our energy flow cycle is the Minami Nagaoka gas field located in Niigata prefecture. The Minami Nagaoka gas field is Japan's largest deposit of natural gas reserves, and it already has a 20-year history of production operations. However, based on a technological reassessment of the various data on the field accumulated so far, we have been able to confirm reserves in excess of 30 billion cubic meters in this field. Moreover, with the successful development of new technology that had been under development for the past 10 years, Teikoku Oil has been able to solve the problem of low productivity in the northern sector of the field due to the properties of the gas reservoir. Consequently, we believe this will add several billion cubic meters to the field's total commercially recoverable reserves.

The efficient production of the abundant reserves of the Minami Nagaoka gas field requires the development of equivalent demand. Given the close proximity of the field and the fact that the region represents substantial potential consumption, we have been actively expanding its pipeline network in the Kanto Koshinetsu region. As a result, the direct connection of this gas field with a huge natural gas market via pipeline has dramatically increased the value of the field. Consequently, the market potential of the field is one of the highest in the world.

Expanded Scale Makes the Domestic Gas Business a Stable Cash Engine

> The first step of our long-term vision was to complete the construction of our domestic gas business by strengthening natural gas supply capacity centering on the Minami Nagaoka gas field and expanding our pipeline network to increase transmission capacity. Over the past several years, we have worked to steadily create new demand by expanding and developing our gas business base, and have balanced new investments with new demand development in an effort to efficiently expand the scale of the business. While the original goals of the Teikoku Oil Group's original long-term vision will be completed over the next two years following investment of over ¥140 billion to date, natural gas sales have risen by 37% over the past five years, and we are confident we can achieve our domestic goal of 1 billion cubic meters in annual gas sales by fiscal 2006. Moreover, we have set a new goal of 1.2 billion cubic meters in gas sales by 2010.

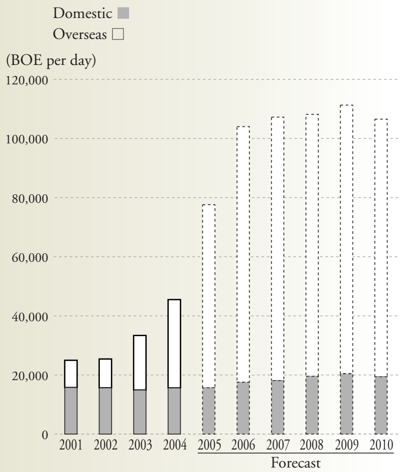
Following the completion of investments to build the basic infrastructure for the domestic gas business, the scale merits of further expansion will multiply, as the incremental cost of increased production will be limited. The net result will be enhanced price competitiveness, which is the strong point of our natural gas business.

On the other hand, plans are under way to receive and store LNG (liquefied natural gas) supplied from the Pacific Ocean side as a long-term supplement to the Minami Nagaoka gas field, and we are constructing new pipelines in conjunction with this alternative supply. In the future, we aim to establish a firm natural gas supply system where domestic natural gas is produced from the Japan Sea side and LNG is introduced from the Pacific Ocean side, thereby achieving dramatically enhanced supply stability. The plan is to gradually begin introducing LNG from 2010 onward, while at the same time ensuring there is adequate infrastructure to further develop demand.

Overseas Business Blooms into the Second Cash Engine

> Overseas, we are leveraging our accumulated experience and achievements to date in rebuilding our business strategy, and we have actively pursued a core area strategy over the past several years in parallel with the ongoing scale expansion of our domestic business.

Production Volume of Domestic and Overseas Projects



※BOE = Barrels of Oil Equivalent (bbl equivalent)

Specifically, the regional focus has been narrowed to Middle/South America and North Africa, where we are aiming for continuous business development of a combination of various projects that involve service businesses and asset purchases in addition to exploration in an effort to consistently create a portfolio of upstream assets. This strategy is recently beginning to produce clear results, which demonstrates the effectiveness of the strategy.

In Middle/South America in particular, we are moving to a full-scale expansion of production in Venezuela in response to growing domestic demand for natural gas. We are also participating in a new gas project in Mexico and have been able to acquire large-scale participating interests in Ecuador. We believe these achievements are a reflection of the good reputation that we have earned among local governments and oil companies regarding our operating capabilities and technological level, which was demonstrated during the course of business development in these regions. This good reputation has led to better information regarding new projects and more opportunities to participate. On the other hand, while production is proceeding smoothly in Egypt and Algeria in North Africa, more effort is needed for the business base in North Africa to become as established as it is in Middle /South America.

In 2004, the dissolution of the Japan National Oil Corporation resulted in the liquidation of the stock held by the corporation in overseas projects. Seeing this as an opportunity to expand our holdings of valuable assets, we purchased, after careful evaluation and selection, the stock in leading projects in selected overseas regions in which we are emphasizing, thereby ensuring enhanced profit potential of existing overseas projects.

Through such multi-dimensional efforts, we project that equity production of domestic and overseas oil and gas projects will exceed to 100,000 BOE/day (Barrels of Oil Equivalent) in 2006. In other words, the Teikoku Oil Group is well on its way toward establishing its overseas business as the future second cash engine that will drive breakthrough growth.

Enhancing Corporate Governance

> The Teikoku Oil Group is striving to improve corporate value by earning the continued trust of shareholders, customers and society as a whole through enhanced management efficiency and transparency, and because we consider thorough compliance to be an important management issue, are working to strengthen our corporate governance.

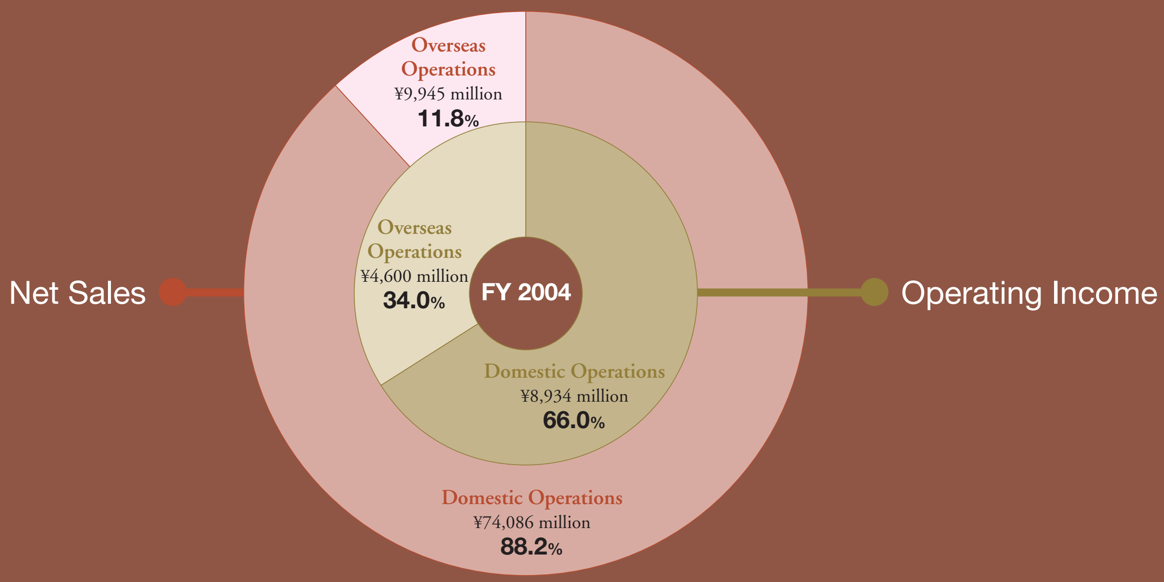
In fiscal 2004, we created the “Teikoku Oil Charter of Corporate Behavior” which outlines our corporate philosophy and code of conduct. In addition, we have established the “Compliance Committee” to ensure thorough compliance with legal statutes and the corporate ethics, have also established the “Internal Audit Department” to strengthen the internal auditing function for the Group as a whole, and have also recently set up an inquiry desk for compliance issues.

We are also working to maximize shareholder value through the most efficient allocation of management resources and the maintenance of a strong financial position. With regard to earnings appropriation, our basic policy is to assure stable, long-term shareholder returns by maintaining stable dividends that are commensurate with earnings growth, while also investing in strengthening our business base in preparation for future growth.

Going forward, we solicit your understanding and support as the Teikoku Oil Group strives to achieve these goals.

March 2005

Masatoshi Sugioka
President



Domestic Operations

> Teikoku Oil is actively expanding production capacity at its main Minami Nagaoka gas field, and in addition is working to develop new natural gas demand as it strengthens and expands its pipeline network. As the result of proactive sales expansion and the development of new users, natural gas sales volume increased 61 million cubic meters to 942 million cubic meters (including Offshore Iwaki Petroleum Co., Ltd. sales). Total sales in Japan, including natural gas, LPG, crude oil, petroleum products, iodine and other sales, reached ¥74,086 million, while operating income was ¥8,934 million.

Overseas Operations

> Teikoku Oil is actively developing its overseas business focusing on Middle/South America and North Africa. In fiscal 2004, Teikoku Oil continued to expand its holdings of valuable overseas assets, purchasing additional shares that were sold as a result of the disposal of Japan National Oil Corporation assets in The Egyptian Petroleum Development Co., Ltd., Teikoku Oil (Sanvi-Guere) Co., Ltd., Teikoku Oil (Venezuela) Co., Ltd. and Teikoku Oil (D.R. Congo) Co., Ltd. As a result, overseas sales reached ¥9,945 million, while operating income was ¥4,600 million.

Building the Right Production Infrastructure

Reserves at the Minami Nagaoka Gas Field Ensure a Long-Term, Stable Supply

> The main source of supply for the domestic natural gas business is the Minami Nagaoka gas field. Production at the Koshijihara Plant began in 1984, and the field has provided a steady supply ever since. Data acquired over many years of operations along with geological assessments and other leading-edge reservoir evaluation technologies have been used to reevaluate reserve capacity, revealing that the southern region of the field contains total recoverable reserves of approximately 31 billion cubic meters. This places the Minami Nagaoka field among the top natural gas fields in the world, and even after subtracting the production volume extracted to this point, there is enough remaining to allow us to continue production at current levels for nearly 30 years.

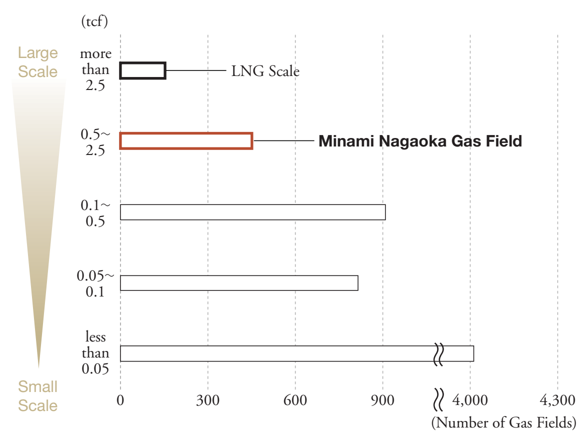
The northern region of the field contains a layer of gas with low productivity and so far has remained untouched, but we are planning to develop it using new technologies called hydraulic fracturing. In this method, a fluid is injected at high pressure through a well, producing artificial fractures in the geological stratum surrounding the well, thereby enhancing productivity. By applying this technology to develop the northern region of the field we expect to add several billions of cubic meters of reserves.

Keiji Yamashita
Managing Director
(President of
Domestic Operating Division)

Establishing a Structure for Annual Production of 1 billion Cubic Meters by 2006

> We forecast that sales volumes of natural gas will be 1 billion cubic meters annually by 2006, and we are enhancing production capacity to meet this target. We plan to expand the gas processing line at the Koshijihara Plant to handle an additional daily output of 1.5 million cubic meters, combining this with the plant's existing capacity of 1.7 million cubic meters and the 1.5 million cubic meters from the Oyazawa Plant, for a total daily output of 4.7 million cubic meters.

Scale of Global Gas Field Reserves



(Notes:)
1. Derived from Information Center for Petroleum Exploration and Production data (January 2001)
2. Includes only constructive gas fields
3. Excluding U.S. and Canadian gas fields
4. 1tcf (trillion cubic feet) = 26.8 billion cubic meters

Additional capacity for daily output of 1.6 million cubic meters is held in underground storage at the nearby Sekihara gas field to provide natural gas in response to fluctuations in demand or in times of emergency. This underground storage facility makes use of a depleted gas field, making it an efficient backup system since it needs little capital investment and has low operating costs.

This series of production infrastructure enhancements will allow for the most efficient utilization of capacity considering the size of current reserves at the Minami Nagaoka gas field and will provide a production structure sufficient to support an expansion of sales to more than 1 billion cubic meters annually.

A Steadily Expanding Pipeline Network

> The expansion of the pipeline network that will drive the growth of natural gas sales is proceeding steadily. We acquired the Ryomo pipeline in 2004 to exploit latent demand in the northern Kanto region and began construction of an extension to the Shin Tokyo Line to enhance transport capacity to that region. We also extended the Iruma Line in Saitama prefecture in response to growing demand in areas near the pipeline and began full-scale construction of the Shizuoka Line and Minamifuji Line that will carry LNG.

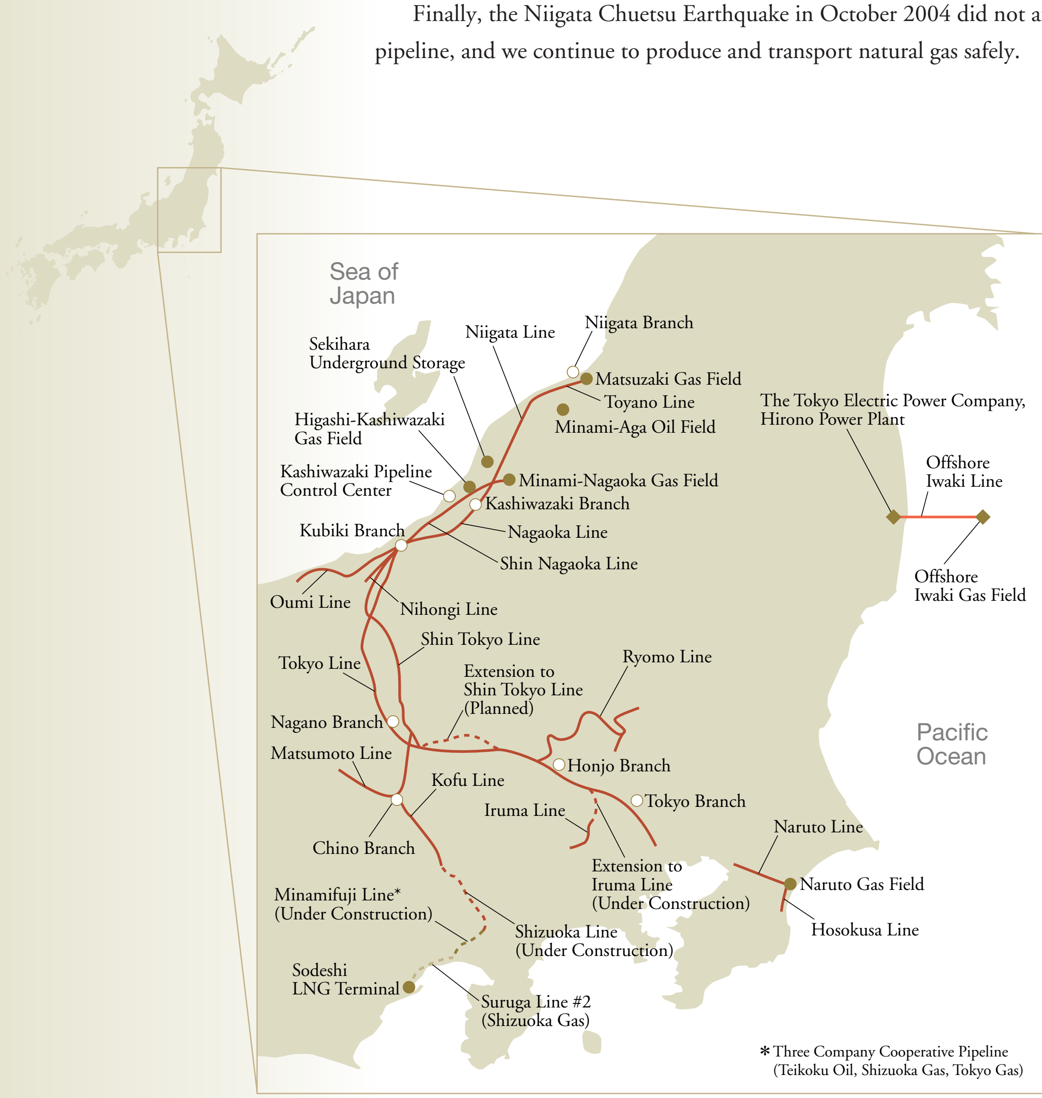
The extension to the Iruma Line is planned for completion in 2005, the Shizuoka Line and Minamifuji Line in 2006, and the extension to the Shin Tokyo Line in 2007.

This work will complete a pipeline network structure stretching a total of 1,300 kilometers, roughly equivalent to the distance between Tokyo and Hakata, and is a step toward a reliable supply structure in which domestically produced natural gas is supplied from the Japan Sea side of the country and LNG from the Pacific Ocean. This LNG will contribute to the diversification of gas sources and security of supply. Introduction of LNG is planned from 2010.

Finally, the Niigata Chuetsu Earthquake in October 2004 did not affect our production facilities or pipeline, and we continue to produce and transport natural gas safely.

Pipeline Network

(As of December 31, 2004)



A Strong Competitiveness-Driven Marketing Strategy

Hisatake Matsuno
Executive Vice President
(President of
Marketing Division)

Greater Competitiveness through Expansion of the Natural Gas Business

> Natural gas is a clean form of energy that burns with less of an environmental burden than other types of fuel, driving growing demand for both the household gas that is indispensable to modern life and for use as an industrial fuel.

Approximately 3% of all natural gas used in Japan is produced domestically, while the remainder is imported in the form of liquefied natural gas (LNG). As a result, the price of natural gas fluctuates in proportion to the market price of imported LNG.

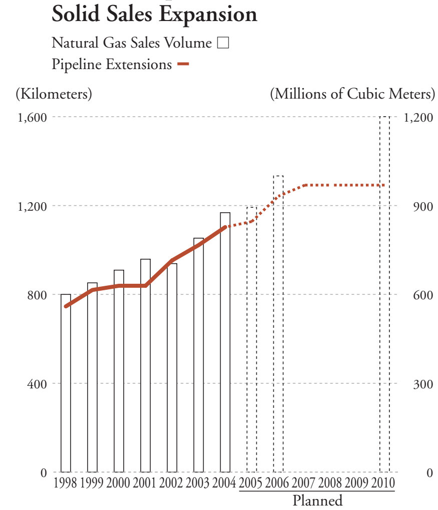
Teikoku Oil's principal source of gas is the natural gas it produces domestically rather than imported LNG, so any increases in production made to support business expansion generates a significant rise in cost competitiveness. Exploiting this advantage, we actively stepped up sales activity, raising annual production volume from 640 million cubic meters in 1999 to 880 million cubic meters in 2004.

Emphasizing the Superior Environmental Advantages of Natural Gas

> Competition in the natural gas market has increased with deregulation that allowed the entry of companies from other industries, while expectations for environmentally friendly natural gas continue to rise.

With the implementation of the Kyoto Protocol in February 2005 that sets targets for reductions in greenhouse gases, and the ongoing debate over environmental taxes, greater pressure is being placed on companies to implement solid measures to address environmental problems. Curbing emissions of carbon dioxide—the representative greenhouse gas—is a particular area where aggressive measures are necessary.

Network Expansion and Solid Sales Expansion



Because our domestically produced natural gas does not require liquefaction, marine transport or regasification, in terms of its life cycle assessment (LCA, a quantitative measure of the total environmental burden of a product from production to consumption) it generates a lower volume of carbon dioxide than LNG. Emphasizing this advantage has helped to increase sales. The Japanese government also offers subsidies and other measures to promote the use of natural gas, which has added a significant incentive.

Cooperation with Gas Companies Promotes Sales Growth

> The cornerstone of natural gas demand is the consumer, and the volume of natural gas used per household has been rising as a result of sales promotion activities by gas companies, especially initiatives to encourage greater adoption of bathroom and under-floor heaters. We support these activities by continually providing a stable supply of economical domestic natural gas.

The principal driver for growth in demand for natural gas, however, is industrial applications, and the use of cogeneration systems that allow efficient energy in buildings and factories is rapidly increasing.

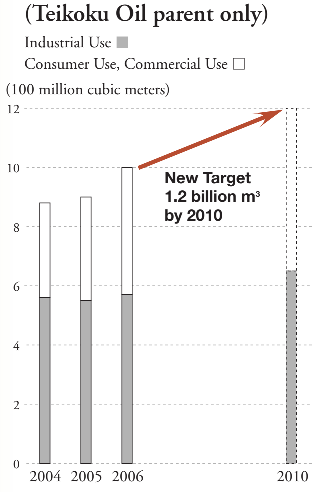
Electric and gas companies are also developing a business for these systems, but as we are able to hold repeated discussions with companies interested in adopting such systems, we are able to clarify the differences from other companies and can offer a more efficient system. These proposals also emphasize our close relationships with gas companies. By employing a collaborative approach with the gas companies that has created strong relationships and a deep level of trust with local companies, we are able to generate synergies from the gas companies' networks and enhance our ability to offer proposals for large-scale industrial systems.

New Target for Sales Expansion Is 1.2 billion Cubic Meters by 2010

> The rising price of crude oil, which reached record levels in 2004, has been a significant factor in driving up the import price of LNG. The price of natural gas in Japan has been declining, however, on account of greater competition in the energy market in general. We have managed to stay ahead of the competition as a result of our cost competitiveness and overall ability to provide solutions, and as a result we have consistently achieved our forecasts for sales expansion.

The previous domestic goal of annual sales volume of 1 billion cubic meters by 2006 has nearly been achieved. Consequently, we have set a new goal of 1.2 billion cubic meters by 2010 and will further enhance our sales activity to meet this goal.

Targeted Sales Expansion (Teikoku Oil parent only)



A Portfolio Strategy for Optimal Risk/Return

Masaharu Sano
Managing Director
(President of
International Projects Division /
Domestic Offshore Division)

Concentration of Management Resources in Two Core Areas

> The Teikoku Oil Group is focusing on Middle/South America and North Africa as a means of optimizing management resources and is seeking sustained business development in those regions while combining businesses with varied risk profiles, such as exploration, development and services. Moreover, in April 2005 the organizational structure was reorganized to create an International Projects Division / Domestic Offshore Division, providing a responsive business development structure.

Several projects are under way in Middle/South America. In Venezuela, we are the operator for two types of projects—production and exploration—while in Mexico we are participating in a gas development project. We are also pursuing active business development in Ecuador, acquiring interests in early 2005 in oilfields that are currently in the production and development stages.

In North Africa, the Group has maintained steady production in the Ohanet region of Algeria since 2003. This project marks the first time that a Japanese company has participated in a large-scale gas development business in Algeria, which possesses some of the best natural gas reserves in the world. In onshore Egypt, we have been producing crude oil for more than 20 years since 1980, and we are participating in a new offshore exploration project as well.

We also began commercial production of natural gas in the offshore Sarawak project in Malaysia in 2003.

Overseas Projects Generate a Steady Stream of Successes

> The offshore D.R. Congo project in West Africa has been a long-term contributor to earnings. We first became involved in the project after the first oil shock of 1975 and have since developed nine oilfields. In 2003—the 27th year since production first began—cumulative production volume reached 200 million barrels, and the area is currently producing approximately 20,000 barrels a day.

In Venezuela, more than a decade has passed since operations began in 1992, with the Teikoku Oil Group being the first Japanese company to enter into the upstream business in Venezuela. Since that time, production volume in the region has nearly tripled. With demand for natural gas rising in Venezuela, we are increasing production capacity by building new natural gas pipelines and adding new wells in expectation of a sharp rise in the natural gas business in the region.

Area	Overseas Project Company Name	Country Name	Exploration Phase	Development Phase	Production Phase
Middle / South America	Teikoku Oil (Venezuela) Co., Ltd. / Teikoku Oil (Sanvi-Guere) Co., Ltd.	Venezuela	▲	▲	●
	Teikoku Gas Venezuela, C.A.	Venezuela	●		
	Teikoku Oil de Burgos S.A. de C.V.	Mexico		▲	●
	Teikoku Oil Ecuador	Ecuador		▲	B18 ●
			B31 ▲	●	
North Africa	Japan Ohanet Oil & Gas Co., Ltd.	Algeria			●
	Teikoku Oil Algeria (El Ouar) Co., Ltd.	Algeria	● →	○	
	The Egyptian Petroleum Development Co., Ltd.	Egypt	▲		●
	Teikoku Oil Suez SEJ Co., Ltd.	Egypt	●		
Others	Teikoku Oil (D.R. Congo) Co., Ltd.	D.R. Congo			●
	Nippon Oil Exploration (Malaysia), Ltd. / Nippon Oil Exploration (Sarawak), Ltd.	Malaysia			●
	Teikoku Oil (Con Son) Co., Ltd.	Vietnam	●		

※1 ● represents the current phase, while ▲ the phase that is also proceeding in parallel.
※2 Teikoku Oil Algeria (El Ouar) is currently studying moving to development.

In Ecuador, we have acquired fields currently in production from which returns can be promptly realized, along with fields currently being developed that promise additional reserves through exploration. Opportunities such as these have won the Teikoku Oil Group acclaim for its initiatives in Middle/South America, and we expect these will be a driving force for the growth of our business in the region.

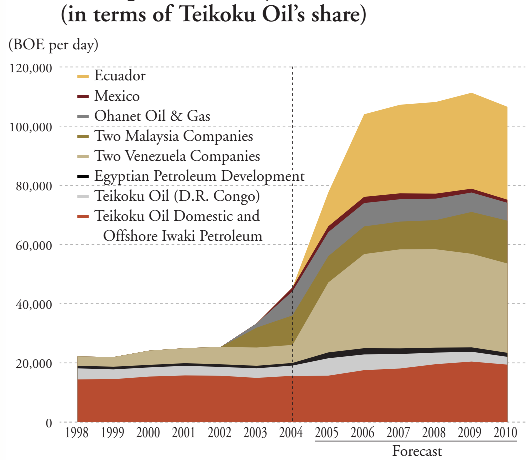
Political and other uncertainties in the oil producing nations in Middle/South America and North Africa present a degree of country risk compared to Europe or the U.S. However, these countries place great importance on the oil industry as the real support for their economies. In addition, the Teikoku Oil Group through its continuous business development has successfully gained the trust of the local governments and parties concerned and built cooperative relationships with oil developers in these regions. As our deep understanding of local conditions allows us to provide a proper response, we believe that we can limit the damage from any problems that should arise.

Formulating the Optimal Portfolio

> In 2004, the Japan Oil, Gas and Metals National Corporation (JOGMEC) was established to take over the functions of the Japan National Oil Corporation (JNOC), and JNOC began selling shares held in overseas oil and natural gas upstream projects. We considered this to be an excellent opportunity to increase the Group's holdings of high-quality interests and have acquired shares in four projects in which we played a leading role, including projects located in Egypt, Venezuela and D.R. Congo. These acquisitions strengthened the foundation of the overseas business, and we anticipate that they will make a greater contribution to consolidated performance.

Considerable lead time is required to develop oil and natural gas, so it is necessary not to place a disproportionate emphasis on exploration alone, but to make a continual effort while at the same time controlling risks by combining projects in different phases, specifically development and production. Enhancing our presence in core areas by utilizing our wealth of experience in project execution, we will continually seek to uncover superior opportunities and formulate an optimal portfolio.

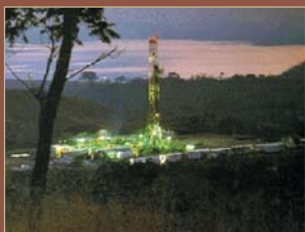
Production Projections for Existing Overseas Projects (in terms of Teikoku Oil's share)



※Gas conversions at 5,800cf = 1bbl

Major Overseas Projects

(2004 average daily production volume,
based on 100% of project production volume)



Venezuela

Teikoku Oil (Venezuela) Co., Ltd. / Teikoku Oil (Sanvi-Guere) Co., Ltd.

> In 1991, the Venezuelan national petroleum company PDVSA announced it was opening bidding to foreign companies through international tenders for work to reactivate suspended oil fields and to facilitate new petroleum exploration. Teikoku Oil participated in this project from the first bidding round and was awarded two central onshore areas (the East Guarico Unit and the Sanvi Guere Unit), both of which are operated by Teikoku Oil.

■ **Crude Oil: 4,000 barrels/day** ■ **Natural Gas: 70 million cubic feet/day**

Teikoku Gas Venezuela, C.A.

> Teikoku Oil participated in the exploration and development project in the San Carlos and Tinaco Blocks in October 2002, where exploratory operations continue.

Egypt

The Egyptian Petroleum Development Co., Ltd.

> In June 1975, the Egyptian Petroleum Development Co., Ltd. signed a cooperative agreement with the Arab Republic of Egypt for petroleum exploration and development in the West Bakr area, a desert region on the west bank of Egypt's Gulf of Suez, and it is conducting exploration activities as the de facto operator of the project. As a result, three oil fields were discovered and commercial production has been under way since 1980. The Egyptian Petroleum Development Co., Ltd. continues to drill additional wells to develop new reserves.

■ **Crude Oil: 4,600 barrels/day**

Teikoku Oil Suez SEJ Co., Ltd.

> Teikoku Oil Suez SEJ Co., Ltd. was established in December 2003 and is participating in the exploration and development of the South East July (SEJ) block in the Gulf of Suez, Arab Republic of Egypt. Drilling activity began in the SEJ block in July 2004.

Democratic Republic of Congo

Teikoku Oil (D.R. Congo) Co., Ltd.

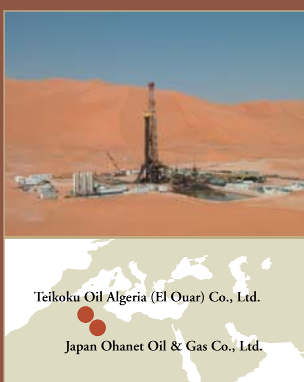
> Teikoku Oil (D.R. Congo) Co., Ltd. was established in August 1970 and participated in a joint oil project operated by U.S. and Belgium companies. Teikoku Oil (D.R. Congo) Co., Ltd. acquired a 32.28% interest of this project, and production began in November 1975 at approximately 25,000 barrels/day. In addition, water flooding was introduced in 1978 to improve crude oil recovery, and new oil fields have also been discovered in the surrounding areas. Teikoku Oil (D.R. Congo) Co., Ltd. is actively exploring other new fields in the area, and expects to maintain a stable supply with this production base in Africa.

■ **Crude Oil: 19,000 barrels/day**

Ecuador

Teikoku Oil Ecuador

> Teikoku Oil Ecuador was established in January 2005 and has acquired a 40% participating interest in the Block 18 and Block 31 in Ecuador. Approximately 20,000 barrels/day of crude oil is being produced in Block 18, and daily production volume is expected to expand further with the development of more wells. In addition, four oil fields have been found in Block 31, from which Teikoku Oil foresees 30,000 barrels/day production from 2006.



Algeria

Japan Ohanet Oil & Gas Co., Ltd.

> Demand for gas in Western Europe across the Mediterranean Sea is expected to continue increasing in the years to come, and it is estimated that Algeria-produced natural gas in the future will account for 25% of total demand. Teikoku Oil invested in Japan Ohanet Oil & Gas Co., Ltd. in January 2001. Japan Ohanet Oil & Gas Co., Ltd. is participating in the Ohanet gas field development project which is operated by Australia's BHP, and production has been under way since October 2003.

■ **LPG • Condensate: 45,000 barrels/day (crude oil equivalent)**

Teikoku Oil Algeria (El Ouar) Co., Ltd.

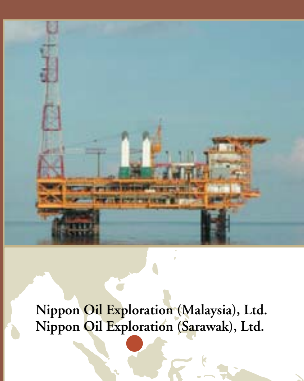
> Teikoku Oil Algeria (El Ouar) Co., Ltd. was established in December 2001 and participated in the exploration and development project of the El Ouar 1 and 2 blocks. The company is currently studying the feasibility of shifting to the development stage.

Mexico

Teikoku Oil de Burgos S.A. de C.V.

> Teikoku Oil de Burgos S.A. de C.V. was established in September 2003 and is involved in the gas development services business in Mexico. Operations began in February 2004, and the company is the first Japanese corporation to participate in the gas development business in Mexico.

■ **Natural Gas: 24 million cubic feet/day**



Malaysia

Nippon Oil Exploration (Malaysia), Ltd. / Nippon Oil Exploration (Sarawak), Ltd.

> Two projects being developed offshore around the Miri Gas Fields in Sarawak, Malaysia are Nippon Oil Exploration (Malaysia), Ltd. (SK-10 unit) established in 1987 and Nippon Oil Exploration (Sarawak), Ltd. (SK-8 unit) established in 1991.

The three gas fields discovered in these blocks are in the future expected to produce a maximum of 1 billion cubic feet/day of natural gas and 42,000 barrels/day of condensate. The natural gas produced will be supplied to Japan and South Korea as LNG. Teikoku Oil invested in both of these projects in November 2000 as part of its operational alliance with the Nippon Oil Group.

Global Network

(As of December 31, 2004 / Teikoku Oil Ecuador was established in January 2005)

Overseas

> Teikoku Oil is actively committed to overseas exploration and development projects and aims to make its overseas operations its second cash engine, with a particular emphasis on Middle/South America and North Africa as core overseas business development areas. The London, Houston and Caracas representative offices function to collect global oil business information and help to make plans for participation in promising overseas projects.

•Middle / South America	Venezuela	Teikoku Oil (Venezuela) Co., Ltd. / Teikoku Oil (Sanvi-Guere) Co., Ltd. Teikoku Gas Venezuela, C.A.
	Mexico	Teikoku Oil de Burgos S.A. de C.V.
	Ecuador	Teikoku Oil Ecuador
	America	Teikoku Oil (North America) Co., Ltd.
•North Africa	Egypt	The Egyptian Petroleum Development Co., Ltd. Teikoku Oil Suez SEJ Co., Ltd.
	Algeria	Japan Ohanet Oil & Gas Co., Ltd. Teikoku Oil Algeria (El Ouar) Co., Ltd.
•Other Areas	D.R. Congo	Teikoku Oil (D.R. Congo) Co., Ltd.
	Malaysia	Nippon Oil Exploration (Malaysia), Ltd. / Nippon Oil Exploration (Sarawak), Ltd.
	Vietnam	Teikoku Oil (Con Son) Co., Ltd.

Portfolio Diversification

Japan

> The solid cash engine of Teikoku Oil's wide-ranging businesses which encompasses the upstream and downstream of the energy flow cycle, is complemented by various Teikoku Oil Group companies. This large group of affiliated companies provides powerful, integrated support for Teikoku Oil's exploration, development, production and marketing operations.

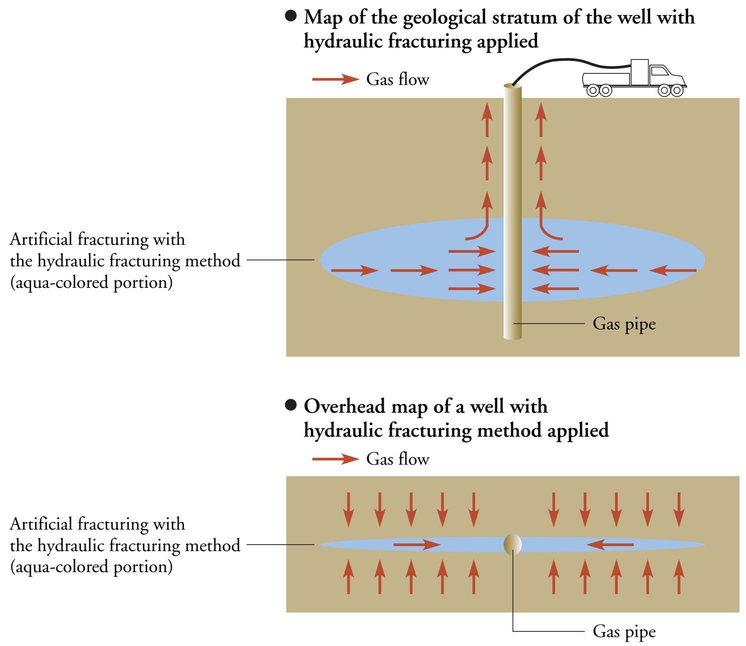
• Petroleum development businesses	**Offshore Iwaki Petroleum Co., Ltd.**	Supply of natural gas to Tokyo Electric Power Co., Inc.'s Hirono thermal power station
	Teiseki Drilling Co., Ltd.	Geothermal production wells, crust activity observation wells, wells for hot springs, civil engineering
• Petroleum refining and distribution related businesses	**Teiseki Topping Plant Co., Ltd.**	Petroleum refining related production, storage and shipment of petroleum products
	Teiseki Transport System Co., Ltd.	Equipment and materials shipping, transport and sales of petrochemical products
• Pipeline related businesses	**Teiseki Pipeline Maintenance Service Co., Ltd.**	Natural gas transportation, pipeline operation, maintenance and management
• City gas, LPG sales businesses	**Teiseki Propane Co., Ltd.**	Sales of LPG and petroleum products
	Saitama Gas Co., Ltd.	City gas, LPG sales
• Other related businesses	**Teiseki Real Estate Co., Ltd.**	Real estate rental, management and insurance agency services
	Daiichi Warehouse Co., Ltd.	Warehousing services

"Minami Nagaoka MHF-1" Success

> Teikoku Oil's Minami Nagaoka gas field is one of Japan's largest gas fields, but as this gas reservoir is entrapped in volcanic rock, the variations in lithologic character are severe, and due to differences in the ease with which gas flows (permeability), the production capacity of each well differs greatly by area. The areas of this gas field that are currently being developed are in the southern region, where the volcanic rock has relatively high permeability and it is possible to drill wells with high production capacity. However, as large deposits of natural gas have also been confirmed in the northern area, Teikoku Oil has been developing new technologies to economically produce this gas.

Hydraulic fracturing is a technology where high pressure water is pumped into the well to create artificial fractures in the surrounding geological stratum and achieve dramatic improvements in the production capacity of a well. At Teikoku Oil's Minami Nagaoka MHF-1 well, which was drilled in the northern section of the Minami Nagaoka gas field, the Company was able to achieve the first application of this technology for deep subterranean drilling in volcanic rock and has succeeded in improving it to the point of commercialization. Application of hydraulic fracturing to six intervals at levels nearly 5,000 meters underground in a green tuff formation with low permeability has improved well production capacity by eight-fold, resulting in natural gas production capacity equal to the natural gas production capacity of current wells of 300,000 cubic meters/day. With the application of this technology, the northern section of the Minami Nagaoka gas field has become a new target for development.

Hydraulic Fracturing Method



Artificial fracturing is caused by injecting highly viscous fluids into the well from above ground. Gas accumulates in the direction of the arrow through the fracture, raising productivity.

Enhancing "Corporate Value"

> The foundation of Teikoku Oil's CSR (Corporate Social Responsibility) is embodied in the Teikoku Oil Group's corporate philosophy. Teikoku Oil's corporate philosophy is the commitment to "the creation of an abundant society through the stable, long-term supply of the energy that supports everyday living and industry". In order to realize this ethos, Teikoku Oil needs to continue being a company that is trusted by its shareholders, customers, employees, the local community and society as a whole. Recognizing that management needs to be more efficient and transparent, and that thorough compliance is an important issue, Teikoku Oil is working to enhance corporate governance.

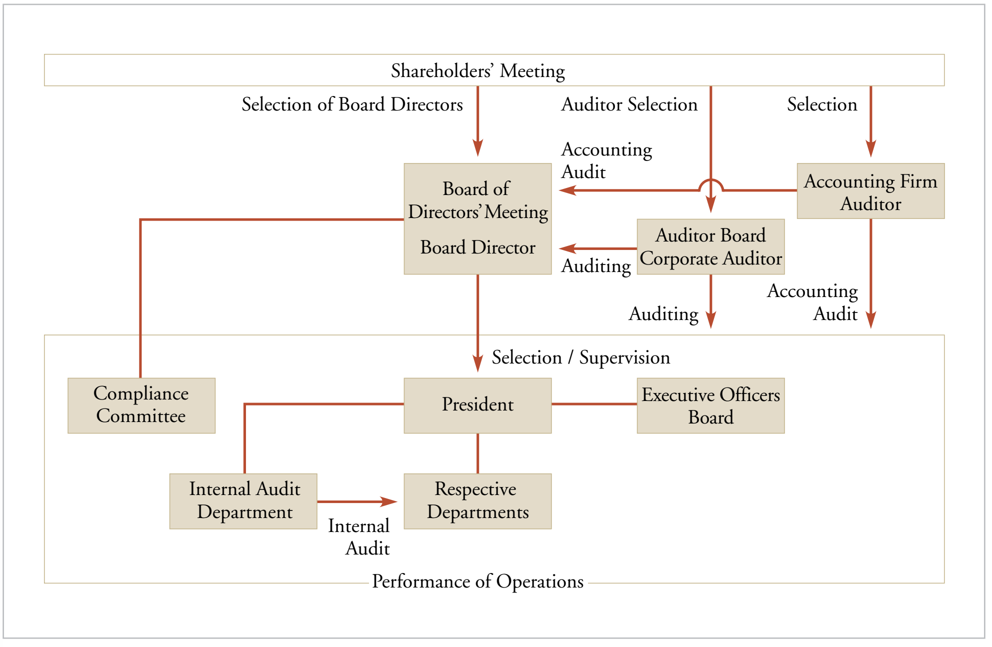
In addition, awareness of environmental preservation is growing year by year. As the proliferation of greenhouse gases (carbon dioxide, methane, etc.) leads to global warming and threatens the ecological system, the Kyoto Protocol (Framework Convention on Climate Change) was adopted to stabilize the density of greenhouse gases. As a result, demand for natural gas, which is a cash engine for Teikoku Oil, is expected to continue expanding as an environmentally friendly source of energy.

Moreover, Teikoku Oil is actively promoting new environmentally friendly businesses in Japan and overseas, such as the use of natural gas for wholesale electricity supply, and the first verification tests in Japan of underground storage for atmospheric carbon dioxide.

In January 2004, the Teikoku Oil Group established the "Teikoku Oil Charter of Corporate Behavior", which contains the Company's corporate philosophy and code of conduct. In fulfilling the social responsibilities that are becoming more important in communicating with its stakeholders, Teikoku Oil believes it is necessary to enhance its role in society.

Moreover, Teikoku Oil believes that responding to the expectations of all its stakeholders will work to enhance corporate value.

Administrative System of Corporate Governance



Board of Directors and Auditors

(As of March 31, 2005)

(Standing, from left)
Masaharu Sano   Kyosuke Furukawa   Shigeru Hayashi   Keiji Yamashita   Yoshitsugu Takai

(Seated, from left)
Kensuke Takase   Hisatake Matsuno   Akira Isono   Masatoshi Sugioka   Takeshi Maki   Masami Ayabe

Chairman	**Akira Isono**	
President	**Masatoshi Sugioka**	
Executive Vice President	**Hisatake Matsuno**	President of Marketing Division
Executive Vice President	**Takeshi Maki**	
Senior Managing Director	**Kensuke Takase**	
Senior Managing Director	**Masami Ayabe**	President of Pipeline Construction Division
Managing Director	**Shigeru Hayashi**	Vice President of Marketing Division
Managing Director	**Kyosuke Furukawa**	
Managing Director	**Keiji Yamashita**	President of Domestic Operating Division Vice President of Pipeline Construction Division
Managing Director	**Masaharu Sano**	President of International Projects Division / Domestic Offshore Division
Managing Director	**Yoshitsugu Takai**	
Director	**Akinori Sakamoto**	Vice President of Domestic Operating Division General Manager of Niigata District Office Vice President of Pipeline Construction Division
Director	**Kasaburo Tamura**	General Manager of Natural Gas Marketing Department, Marketing Division
Director	**Kazuo Yamamoto**	General Manager of Technical Planning Department
Director	**Takahiko Ikeda**	General Manager of Production Department, Domestic Operating Division
Director	**Hiroaki Tsuburaya**	
Director	**Teruo Omori**	

Senior Corporate Auditor	**Kazuhiko Taniguchi**
Senior Corporate Auditor	**Satoshi Tono**
Corporate Auditor	**Nagayoshi Kudo**
Corporate Auditor	**Takao Ohtake**

FINANCIAL SECTION

Table of Contents

11-Year Financial Data Summary

Teikoku Oil Co., Ltd. and Consolidated Subsidiaries
For the Fiscal Years Ended December 31

	1994	1995	1996	1997
Net Sales	¥ 49,684	¥ 53,192	¥ 60,254	¥ 55,714
Cost to Sales	29,170	32,442	35,504	31,237
Gross Profit	20,514	20,749	24,750	24,476
Exploration Expenses	3,999	2,009	2,652	1,934
Selling, General and Administrative Expenses	12,062	12,972	13,148	13,271
Operating Income	4,451	5,768	8,948	9,271
Ordinary Income	4,103	4,613	7,347	2,997
Net Income for the Period	2,802	2,783	4,247	703
Depreciation and Amortization	—	—	8,332	8,964
Gross Cash Flow	—	—	12,579	9,667
Capital Expenditures			5,934	23,099
Total Shareholders' Equity	101,733	104,443	107,177	106,369
Total Assets	130,446	136,236	148,381	147,160
Shareholders' Equity Ratio (%)	77.99	76.66	72.23	72.28
Debt Ratio (%)	4.74	6.31	5.88	5.56
Cash Flows from Operating Activities	—	—	—	—
Cash Flows from Investing Activities	—	—	—	—
Cash Flows from Financing Activities	—	—	—	—
Return on Equity (ROE) (%)	2.8	2.7	4.0	0.7
Return on Assets (ROA) (%)	2.2	2.1	3.0	0.5
Earnings per Share (EPS) (Yen)	10.53	10.46	15.96	2.64
Book-Value per Share (BPS) (Yen)	382.19	392.36	402.63	399.59
Cash Flow per Share (Yen)	—	—	47.25	36.31
Dividend per Share (Yen)	5.50	5.50	5.50	5.50

Gross Cash Flow = Net income + Depreciation expenses
ROE = Net income / Average shareholders' equity x 100
ROA = Net income / Average total assets x 100
EPS = Net income / Average number of shares outstanding for the fiscal year
Book Value Per Share (BPS) = Total shareholders' equity / Number of shares outstanding at the fiscal year-end
Cash Flow Per Share = (Net income + Depreciation expences) / Average number of shares outstanding for the fiscal year

Notes: (1) Gross cash flow and cash flow per share for 1994 and 1995 are not disclosed.
(2) Statements of cash flows not disclosed prior to 1999.

Millions of yen, unless otherwise indicated

1998	1999	2000	2001	2002	2003	2004
¥ 49,363	¥ 55,655	¥ 71,360	¥ 75,767	¥ 73,630	¥ 78,498	¥ 84,032
25,980	30,108	41,371	45,036	44,931	47,062	48,455
23,383	25,547	29,988	30,730	28,699	31,436	35,576
2,461	2,392	3,051	2,645	4,666	4,918	4,339
14,025	13,976	15,288	16,220	16,736	17,779	17,703
6,896	9,177	11,648	11,864	7,296	8,739	13,533
5,948	8,421	10,855	10,136	10,744	11,158	16,523
3,249	4,490	6,068	5,704	5,233	6,796	9,276
6,887	6,798	8,224	7,263	8,520	9,953	10,160
10,136	11,288	14,292	12,967	13,753	16,749	19,436
17,665	19,518	13,298	24,565	23,149	4,486	20,827
108,104	111,080	126,563	134,307	135,911	156,463	165,936
150,597	160,363	182,893	202,369	203,986	226,280	240,513
71.78	69.27	69.20	66.37	66.63	69.15	68.99
5.01	15.23	12.23	17.50	18.84	13.89	10.81
—	—	19,974	15,971	15,004	19,955	19,225
—	—	(27,336)	(19,666)	(27,166)	(8,284)	(20,018)
—	—	9,390	6,238	(407)	(5,914)	(5,824)
3.0	4.1	5.1	4.4	3.9	4.6	5.8
2.2	2.9	3.5	3.0	2.6	3.2	4.0
12.21	16.87	20.37	18.63	17.11	22.09	30.22
406.11	417.29	413.43	438.79	444.90	512.18	543.62
38.08	42.40	46.69	42.36	45.02	54.85	63.66
5.50	5.50	5.50	7.00	6.00	6.00	7.50

Management Discussion and Analysis

(1) Operating Environment

During the year, a full-fledged recovery in Japan's economy proved elusive, as personal consumption waned and decelerating export growth offset an increase in capital expenditures that was supported by recovering corporate profits.

In the oil industry, international oil prices continued to trend at extremely high levels throughout the year. There was strong oil demand in China and the United States, while declining producer capacity at OPEC and other producers was exacerbated by political instability in oil producing nations, resulting in a sharp appreciation in international oil prices. As a result, oil and oil product prices continued to rise in Japan as well. On the other hand, the domestic operating environment for the gas market deteriorated further. There was increased competition for sales from new entrants as well as more aggressive competition with electric power and other energy sources, as market liberalization continues to progress.

Given this environment, Teikoku Oil further expanded production capacity at its main Minami Nagaoka gas field while accelerating domestic exploration activities, with the aim of providing stable long-term energy supply. In addition, we continued developing new demand for natural gas while expanding and upgrading our pipeline network. In addition to extending the Iruma Line, acquiring the Ryomo Line and starting construction on the Shizuoka Line as well as the Minamifuji Line, we initiated the extension of the Shin Tokyo Line, as we continue to significantly expand our transportation capacity.

At the same time, we actively pursued the development of our overseas business, centering on the strategically important Middle/South America and North Africa regions, and thus continue to expand our portfolio of valuable overseas interests. Due to the liquidation of stock held by Japan National Oil Corporation, Teikoku Oil was able to purchase the stock of four companies for overseas projects which it manages (The Egyptian Petroleum Development Co., Ltd., Teikoku Oil (Sanvi-Guere) Co., Ltd., Teikoku Oil (Venezuela) Co., Ltd. and Teikoku Oil (D.R. Congo) Co., Ltd.). Moreover, we won the right to participate in a new exploration project in Vietnam, and established Teikoku Oil (Con Son) Co., Ltd. for the project.

(2) Consolidated Operating Results

1. Scope of Consolidation

In terms of the scope of consolidation for the fiscal year ended December 31, 2004, 25 subsidiaries were fully consolidated (representing an increase of 9 consolidated subsidiaries from the previous year), while equity in one affiliate was accounted for under the equity method (representing the addition of one new company and a decrease of two companies due to full consolidation).

The newly consolidated subsidiaries included Egyptian Petroleum Development, Teikoku Oil (Venezuela), and Teikoku Oil (Sanvi-Guere), in which our ownership increased with the purchase of shares held by the Japan National Oil Corporation. In addition, three other subsidiaries established to promote our Venezuelan operations were added (Teikoku Oil de Sanvi-Guere, C.A., Teikoku Oil de Venezuela, C.A. and Teikoku Oil Venezuela B.V.). In addition, three exploration project companies (Teikoku Oil (North America) Co., Ltd., Teikoku Oil (Con Son) Co., Ltd. and Teikoku Gas Venezuela, C.A.) were also newly consolidated.

As mentioned above, Teikoku Oil (Venezuela) and Teikoku Oil (Sanvi-Guere), the equity in which had been reflected under the equity method until the previous fiscal year, were converted to fully consolidated subsidiaries, while equity in Japan Ohanet Oil & Gas Co., Ltd. was newly reflected under the equity method as full-fledged production began during the year.

2. Impact on Results from the Purchase of Stock Owned by Japan National Oil Corporation

The purchase of the stock held by Japan National Oil Corporation in Egyptian Petroleum Development, Teikoku Oil (Venezuela), Teikoku Oil (Sanvi-Guere) and Teikoku Oil (D.R.Congo) had the following impact on consolidated results due to the timing of these purchases.

As stock in Egyptian Petroleum Development was purchased in September, the purchase date of the stock for accounting purposes was considered as the first day of the second half of Teikoku Oil's fiscal accounting year, meaning that the financial contribution of this subsidiary was reflected in the second half of the fiscal year. As the effective accounting date for the purchase of Teikoku Oil (Venezuela), Teikoku Oil (Sanvi-Guere) and Teikoku Oil (D.R. Congo) stock was the fiscal year-end of December 31, these transactions did not have an impact on the consolidated results of operations.

Earnings from investments in Teikoku Oil (Venezuela) and Teikoku Oil (Sanvi-Guere) , held from the past years, were instead reflected as equity in earnings of affiliates.

3. Financial Results

Consolidated net sales for the period increased by ¥5,534 million (+7.0% YoY) to ¥84,032 million. Operating income and net income for the period increased by ¥4,794 million (+54.9%) to ¥13,533 million and by ¥2,480 million (+36.5%) to ¥9,276 million, respectively.

4. Net Sales

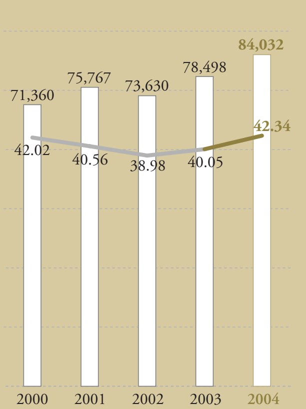
In terms of consolidated sales by segment, "Oil and Gas Businesses" sales grew by ¥6,415 million (+8.5% YoY) to ¥81,809 million, while sales of "Other Businesses" declined by ¥882 million (-28.4%) to ¥2,222 million.

(A) Natural Gas

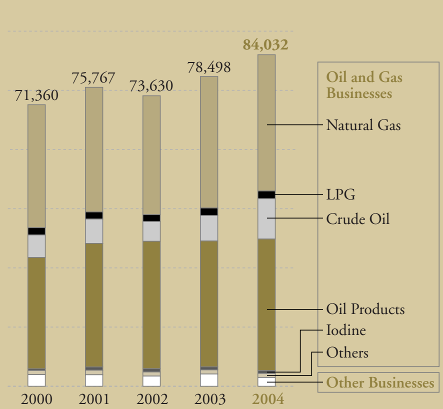
Natural gas sales volume increased by 61 million m^3 to 942 million m^3, while sales value grew by ¥1,215 million to ¥34,534 million. Sales by major company were as follows.

Sales volumes for Teikoku Oil Co., Ltd. grew by 81 m^3 to 838 million m^3, with city gas companies accounting for 65 million m^3 and direct sales to factories and other users accounting for 17 million m^3. While sales volumes were negatively affected because supply to Tokyo Gas's Utsunomiya branch was discontinued in October 2004, a full year of operations of the Kofu Line completed in May 2003 and expanded sales efforts contributed to the increase. Sales volumes for Offshore Iwaki Petroleum Co., Ltd. declined by 21 million m^3 to 95 million m^3, reflecting an unusually high level of sales volumes in fiscal 2003 owing to temporary supply to thermal electric power stations.

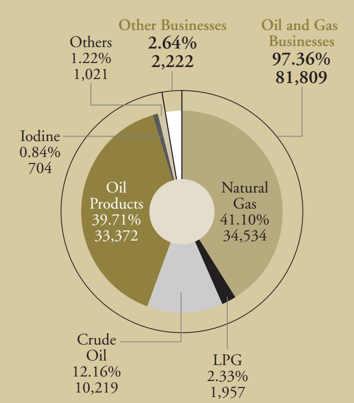
Net Sales □ (Millions of yen)
Gross Profit Margin – (%)



Net Sales by Product Category
(Millions of yen)



Breakdown of Net Sales by Product Category
(Millions of yen)



Consolidated average unit prices declined by ¥1.17 per m^3, reflecting a normal review of unit pricing and larger growth in sales to large volume users. In addition, as unit prices for Teikoku Oil are fixed annually in individual contract negotiations with users, there is no short-term impact from market or exchange rate fluctuations.

(B) Oil

Consolidated oil sales volume increased by 698,000 barrels to 2.847 million barrels, resulting in a sales value increase of ¥3,764 million to ¥10,219 million. In addition to higher oil prices, the consolidation of Egyptian Petroleum Development from the second half of the year added 352,000 barrels, while an increase in Teikoku Oil (D.R. Congo) tanker shipments of one tanker to a total of seven added another 337,000 barrels. The average unit price per barrel sold was US$24.74 for Egyptian Petroleum Development, while unit prices for Teikoku Oil (D.R. Congo) rose by US$7.73 to US$35.62 per barrel.

(C) Other Oil and Gas Businesses

Consolidated oil product sales volume was limited to a slight increase, while sales value grew by ¥1,476 million to ¥33,372 million, owing mainly to higher sales prices. LPG sales value increased by ¥53 million to ¥1,957 million, reflecting higher sales volumes and unit prices.

Iodine sales volumes declined, but the decline in sales value by ¥64 million to ¥704 million was limited by a slight rise in unit selling prices. Sales of other services and products including oil product storage, inbound and outbound shipping, transportation, instrument sales and contracted construction declined by ¥29 million to ¥1,021 million.

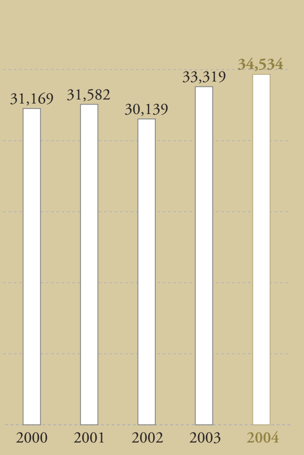
(D) Other Businesses

Other businesses consist of real estate rental, management and transactions, civil engineering and well drilling, and warehousing. Consolidated sales in this segment declined by ¥882 million to ¥2,222 million, reflecting the absence of large overseas civil engineering projects.

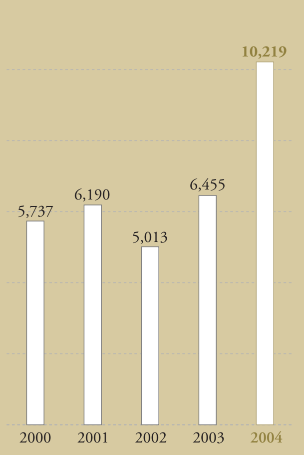
5. Operating Expenses and Operating Income

Cost of sales increased by ¥1,393 million to ¥48,455 million, largely because of a ¥775 million increase from the inclusion of

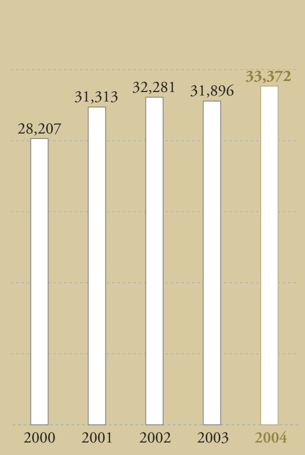
Natural Gas Sales
(Millions of yen)



Crude Oil Sales
(Millions of yen)



Oil Product Sales
(Millions of yen)



Egyptian Petroleum Development from the second half of the year and a ¥591 million increase in natural gas purchase costs. Exploration expenses declined by ¥579 million to ¥4,339 million reflecting reduced workload. Domestic exploration expenses excluding exploration subsidies declined by ¥163 million to ¥3,485 million, and overseas exploration expenses for consolidated subsidiaries declined by ¥416 million to ¥854 million. In addition, because exploration investment including geological surveys, geophysical surveys, test well drilling and other costs for oil and gas exploration involves a degree of risk, these costs are expensed in the accounting year that the work is initiated.

Selling, general and administrative expenses declined by ¥76 million to ¥17,703 million. While there was a ¥413 million increase in depreciation expenses for pipelines such as the Kofu Line, Ryomo Line and others that began operating during the fiscal year, there was an offsetting ¥443 million decline as depreciation charges were discontinued for the existing Shin Nagaoka Line.

As a result, operating income increased by ¥4,794 million (+54.9% YoY) to ¥13,533 million.

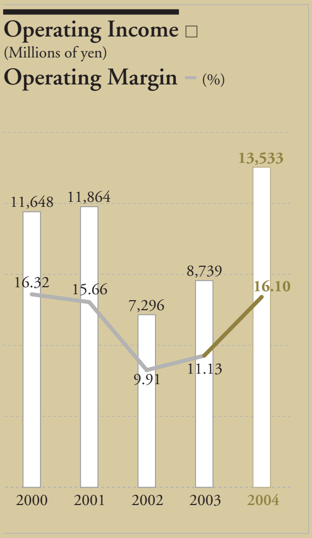
6. Other Non-Operating and Pretax Income

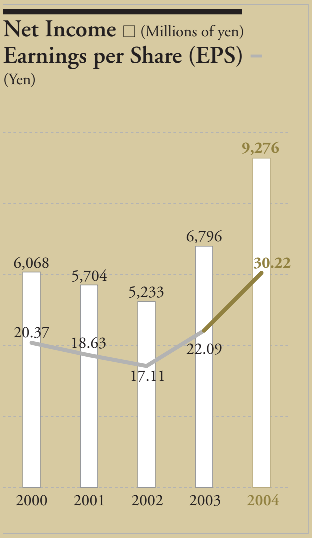
Other net non-operating income increased by ¥837 million to ¥3,142 million, largely reflecting a ¥326 million increase in earnings from companies reflected under the equity method, and a ¥199 million reversal in allowance for losses on overseas investments versus an increase of ¥100 million in this allowance in the previous fiscal year. Equity in earnings of affiliates included under the equity method reflected a ¥110 million decline in the contributions from Teikoku Oil (Venezuela) and Teikoku Oil (Sanvi-Guere) to ¥918 million and a ¥436 million contribution from newly added Japan Ohanet Oil & Gas.

As a result, income before income taxes and minority interests increased by ¥5,632 million (51.0% YoY) to ¥16,676 million.

7. Corporate Taxes and Net Income for the Period

Corporation, inhabitants' and enterprise taxes increased by ¥3,576 million to ¥7,360 million. This reflected the higher profits recorded by Teikoku Oil Co., Ltd. and a ¥1,946 million increase resulting from a lower allocation to the reserve for special depreciation. In addition, there was a ¥1,707 million tax increase related to the profit increase at





Teikoku Oil (D.R. Congo).

Adjustments for income taxes and minority interests declined by ¥740 million and were minus ¥581 million, mainly reflecting the lower allocation to the reserve for special depreciation for Teikoku Oil Co., Ltd.

As a result, net income for the period grew by ¥2,480 million (+36.5% YoY) to ¥9,276 million.

8. Capital Expenditures and Depreciation

Capital expenditures during the fiscal year increased by ¥16,341 million to ¥20,827 million mainly due to increases in pipeline investment. Capital expenditures consisted mainly of construction for the Shizuoka Line of ¥5,446 million, acquisition of the Ryomo Line of ¥5,028 million, construction to extend the Iruma Line of ¥2,624 million, and construction for the Koshijihara Power Plant of ¥1,349 million.

Depreciation expenses increased by ¥207 million for the year to ¥10,160 million, mainly reflecting full year depreciation expenses for the debottlenecking of the Koshijihara Plant, which was completed in the previous fiscal year.

(3) Analysis of Financial Position

1. Balance Sheet Analysis

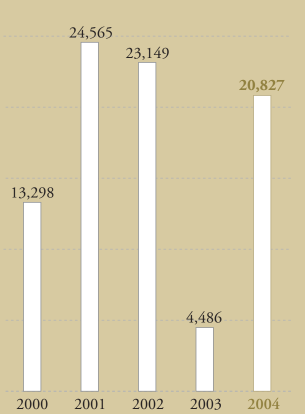
Total consolidated assets at the end of the fiscal year increased by ¥14,233 million to ¥240,513 million. Current assets declined by ¥4,508 million to ¥45,658 million, while tangible fixed assets increased by ¥10,552 million to ¥114,220 million.

Total liabilities increased by ¥5,663 million to ¥72,425 million, of which current liabilities increased by ¥6,778 million to ¥27,439 million. Long-term liabilities on the other hand declined by ¥1,115 million to ¥44,986 million.

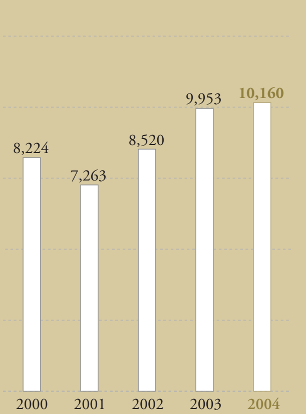
During the year, Teikoku Oil worked to further strengthen the foundations of its business by constructing more new pipelines, acquiring the Ryomo Line and purchasing stock held by Japan National Oil Corporation.

To meet this active fund demand, we worked to improve the efficiency of funds available within the Group, including the recovery of ¥2,000 million in dividends from Offshore Iwaki Petroleum. In addition, we worked to minimize new borrowings and to cope with the decrease in available funds by obtaining a finance commitment line (with a

Capital Expenditures
(Millions of yen)



Depreciation and Amortization
(Millions of yen)



maximum loan value of ¥10.0 billion). As a result of these efforts, we were able to avoid having to procure funds with new borrowings and moreover were able to reduce long-term borrowings by ¥3,625 million to ¥13,529 million.

As described above, Teikoku was able to maintain its balance sheet health and achieve an equity ratio of 69.0% for the period despite the significant increase in fund demand resulting from large-scale investments and the purchase of stock from Japan National Oil Corporation.

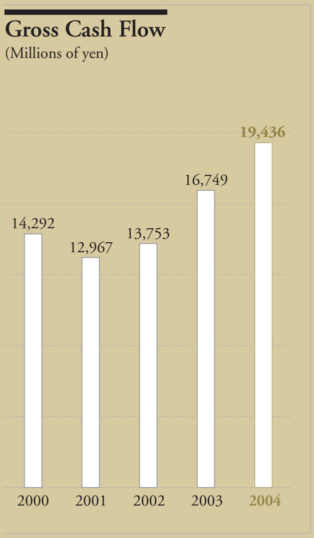
2. Cash Flow Analysis

While net cash flow from operating activities was a positive ¥19,225 million for the period, the purchase of fixed assets resulted in a net cash outflow from investing activities of ¥20,108 million, resulting in a free cash flow deficit of ¥793 million. In addition, cash dividend payments and repayment of long-term borrowings resulted in a net cash outflow from financing activities of ¥5,824 million. As a result, consolidated cash and cash equivalents at the end of the period decreased by ¥6,555 million to ¥22,234 million as compared with the previous year. As described above, while this net cash decrease was the result of concentrated capital expenditures, we believe that our cash flow position will improve as pipelines currently under construction begin operating and expand our market for natural gas.

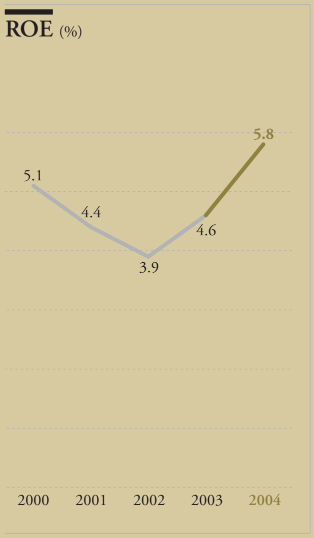
3. Financial Policies

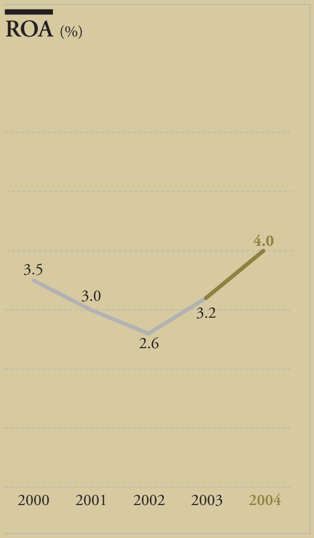
As an oil and gas development company, Teikoku Oil is working to expand and reproduce its domestic and overseas reserves by establishing and expanding the infrastructure to efficiently produce and market the reserves it acquires. We believe the salient characteristic of our business is the length of time it takes from the initiation to completion of projects, while we foresee growing competition in the future between energy domains. In order to increase competitiveness in the business environs in which we operate, we believe it is important to build a solid financial structure and to maintain our financial health.

In addition, in order to ensure the future ability to maintain our exploration activities, we continue to add to our reserves for exploration on the one hand, while also allocating funds to our allowance for losses on overseas investments, accruals for the estimated cost of abandoned wells and other reserves in order to be well prepared for unavoidable future expenses.



Note: Gross Cash Flow = Net income + Depreciation and amortization





(4) Dividend Policy

The basis of Teikoku Oil's philosophy is to provide stable dividends to shareholders. As we were able to achieve good financial performance despite a severe operating environment, we have declared an annual dividend of ¥7.50 per share (¥3.0 per share in the first half and ¥4.50 per share in the second half), which represents a dividend increase of ¥1.50 over the previous year.

(5) Business and Other Risks

1. Characteristic Risks of the Business

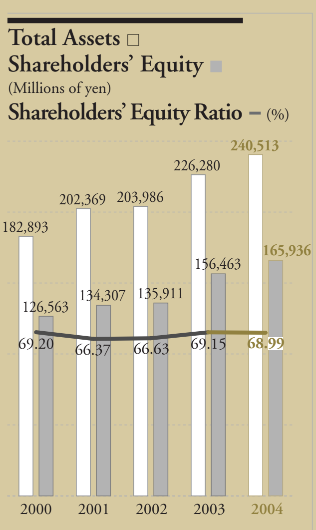
The oil and natural gas exploration activities of the Teikoku Oil Group normally involve a significant amount of investment and long periods of time between project start and recovery of capital invested. Moreover, exploration activities involve risk as there is no guarantee the resources found will be of sufficient scale to be commercially developed. In addition, the probability of discovery is low. After commercialization, there is the risk that fluctuations in crude oil prices and exchange rates among others could lead to changes in the operating environment that result in increased investment and operating costs, thereby worsening profitability and possibly having a negative impact on the Group's financial performance.

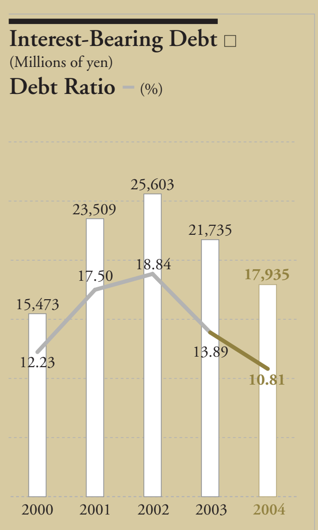
In order to mitigate these risks, the Teikoku Oil Group seeks to manage investments in exploration activities within levels that do not pose a serious risk to its financial health, while at the same time endeavoring to improve the Group's technological and project evaluation capabilities and working to create an optimal business portfolio composed of different types of businesses.

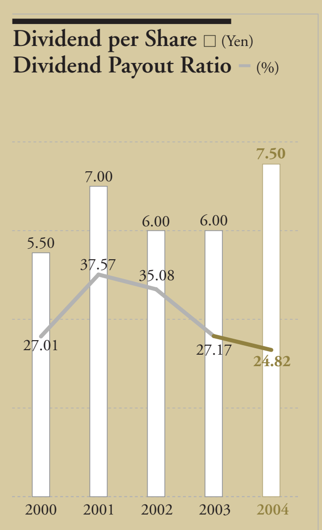
2. Country Risk

The Group's overseas oil and natural gas development activities are often in regions with a high degree of country risk, and it is possible that economic difficulties or political, legal and tax system changes in countries in which the Group operates could impact its overseas operations.

Currently, the Group's strategic regional focus for overseas operations is Middle/South America and North Africa. By accumulating understanding, knowledge and experience of the political, economic and social conditions in these regions, we are







working to strengthen our ability to analyze and respond to potential risks. In addition, we are working to minimize business risk by combining different types of businesses and developing partnerships with companies having a well-established track record in these regions.

3. Oil Price, Exchange Rate and LNG Price Fluctuations

As the Group sells crude oil and oil products in Japan and in overseas markets, fluctuations in crude oil prices and exchange rates can have an impact on our business. In natural gas sales, price fluctuations in energy sources that compete with LNG can exert downward pressure on selling prices and therefore have an impact on the Group's financial performance.

On the other hand, as the majority of the natural gas sold in the Japanese market is sold under contracts with yen-denominated selling prices that are fixed annually, there is minimal impact from short-term market fluctuations.

4. Natural Gas Demand Fluctuations

Demand for natural gas, which is a major product for the Group, can fluctuate significantly and as a result have an impact on the Group's financial performance. Fluctuations in natural gas demand caused by unusually warm or cold weather conditions could have an impact on temperature and humidity-sensitive household demand. In addition, recently growing industrial demand could fluctuate significantly as corporate restructuring and other factors cause large users to curtail consumption.

5. Changes in the Market Environment Caused by Deregulation

Competition in the domestic natural gas business is intensifying with the liberalization of energy markets and the entry of new competitors crossing traditional business domains in electric power, gas, and oil. In addition, the ratification of the amended Gas Business Law in April 2004 has intensified competition for Teikoku Oil and other "gas pipeline operators" who remain obligated to provide contracted supply. As a result, we expect more price competition as well as competition for new and existing supply customers. Such changes in the market environment could have an impact on the Group's financial performance.

In response, Teikoku Oil is working to strengthen its price competitiveness and to enhance its market advantage by efficiently utilizing abundant domestic natural gas reserves.

6. Natural Disasters and Accidents

The Group's excavation, oil and natural gas development, production and transportation activities incur operational accident and natural disaster risks that are inherent to the nature of the mining business. In addition, the occurrence of a large natural disaster or an accident would not only cause direct losses, but also possibly result in compensation being paid to third parties and administrative penalties that could damage the Company's reputation and cause intangible losses.

In response, the Teikoku Oil Group is working to mitigate such risk by strengthening everyday safety and compliance, establishing crisis management procedures and maintaining sufficient amounts of property and casualty insurance.

Consolidated Balance Sheets

Teikoku Oil Co., Ltd. and Consolidated Subsidiaries
Fiscal years ended December 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	2004
Assets			
Current assets:			
Cash and cash equivalents	¥22,234	¥28,789	$213,788
Time deposits	1,681	581	16,163
Marketable securities (Note 4)	1,651	4,388	15,875
Notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	16	16	154
Trade	12,377	8,924	119,010
Less: Allowance for doubtful receivables	(10)	(21)	(96)
	12,383	8,919	119,067
Inventories (Note 5)	5,514	4,701	53,019
Other current assets	2,193	2,785	21,087
Total current assets	45,658	50,166	439,019
Investments and long-term receivables:			
Investments in securities (Notes 4, 6 and 7)	68,381	67,930	657,510
Less: Allowance for losses on overseas investments (Note 6)	(2,253)	(5,075)	(21,663)
	66,127	62,855	635,837
Oil and gas investments	2,582	—	24,827
Other long-term receivables	712	208	6,846
Total investments and long-term receivables	69,422	63,064	667,519
Property, plant and equipment (Note 7):			
Land	8,644	8,099	83,115
Buildings and structures	132,709	126,332	1,276,048
Wells	58,029	56,916	557,971
Machinery and equipment	89,067	87,770	856,413
Construction in progress	11,743	1,339	112,913
	300,194	280,457	2,886,481
Less: Accumulated depreciation	(185,974)	(176,789)	(1,788,212)
Property, plant and equipment, net	114,220	103,668	1,098,269
Other assets	11,212	9,380	107,808
Total assets	¥240,513	¥226,280	$2,312,625

Teikoku Oil Co., Ltd. and Consolidated Subsidiaries
Fiscal years ended December 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	2004
Liabilities and shareholders' equity			
Current liabilities:			
Short-term bank loans (Note 7)	¥575	¥560	$5,529
Current portion of long-term debt (Note 7)	3,831	4,021	36,837
Notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	65	129	625
Trade	2,420	2,250	23,269
Other	14,211	8,483	136,644
	16,698	10,862	160,558
Accrued income taxes (Note 8)	2,834	1,175	27,250
Accrued expenses	1,781	1,810	17,125
Other current liabilities	1,718	2,230	16,519
Total current liabilities	27,439	20,661	263,837
Long-term liabilities:			
Long-term debt (Note 7)	13,529	17,154	130,087
Accrued retirement benefits for employees (Note 9)	6,466	6,552	62,173
Accrued estimated cost of abandonment of wells	9,611	7,942	92,413
Deferred tax liabilities (Note 8)	12,611	11,856	121,260
Other long-term liabilities	2,766	2,594	26,596
Total long-term liabilities	44,986	46,101	432,558
Minority interests in consolidated subsidiaries	2,150	3,053	20,673
Shareholders' equity (Notes 10 and 17):			
Common stock:			
Authorized – 800,000,000 shares			
Issued – 306,130,000 shares	19,579	19,579	188,260
Capital surplus	11,225	11,222	107,933
Retained earnings	114,999	107,735	1,105,760
Unrealized holding gain on securities, net of deferred income taxes	20,533	18,205	197,433
Translation adjustments	78	60	750
	166,415	156,804	1,600,144
Less: Treasury stock, at cost; 978,622 shares in 2004 and 743,270 shares in 2003	(479)	(340)	(4,606)
Total shareholders' equity	165,936	156,463	1,595,538
Contingent liabilities (Note 14)			
Total liabilities and shareholders' equity	¥240,513	¥226,280	$2,312,625

See notes to consolidated financial statements.

Consolidated Statements of Income

Teikoku Oil Co., Ltd. and Consolidated Subsidiaries
Fiscal years ended December 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	2004
Net sales	¥84,032	¥78,498	$808,000
Cost of sales	48,455	47,062	465,913
Gross profit	35,576	31,436	342,077
Exploration expenses	4,339	4,918	41,721
Selling, general and administrative expenses (Note 12)	17,703	17,779	170,221
Operating income	13,533	8,739	130,125
Other income (expenses):			
Interest and dividend income	764	649	7,346
Equity in earnings of affiliates	1,354	1,028	13,019
Interest expense	(368)	(443)	(3,538)
Loss on devaluation of real estate for sale	—	(324)	—
Other, net	1,392	1,395	13,385
	3,142	2,305	30,212
Income before income taxes and minority interests	16,676	11,044	160,346
Income taxes (Note 8):			
Current	7,360	3,784	70,769
Deferred	(581)	159	(5,587)
	6,778	3,943	65,173
Income before minority interests	9,897	7,100	95,163
Minority interests in earnings of consolidated subsidiaries	(621)	(303)	(5,971)
Net income	¥9,276	¥6,796	$89,192

	Yen		U.S. dollars (Note 3)
	2004	2003	2004
Amounts per share:			
Net income	¥30.22	¥22.09	$0.29
Cash dividends	7.5	6.0	0.07

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Teikoku Oil Co., Ltd. and Consolidated Subsidiaries
Fiscal years ended December 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	2004
Common stock			
Beginning of year	¥19,579	¥19,579	$188,260
End of year	¥19,579	¥19,579	$188,260
Capital surplus			
Beginning of year	¥11,222	¥11,222	$107,904
Profit on sales of treasury stock	2	—	19
End of year	¥11,225	¥11,222	$107,933
Retained earnings			
Beginning of year	¥107,735	¥102,900	$1,035,913
Net income for the year	9,276	6,796	89,192
Cash dividends paid	(1,832)	(1,909)	(17,615)
Bonuses to directors and statutory auditors	(50)	(50)	(481)
Loss on sales of treasury stock	—	(2)	—
Adjustment for inclusion in consolidation or equity method of accounting	(130)	—	(1,250)
End of year	¥114,999	¥107,735	$1,105,760
Unrealized holding gain on securities			
Beginning of year	¥18,205	¥2,629	$175,048
Net change during the year	2,327	15,576	22,375
End of year	¥20,533	¥18,205	$197,433
Translation adjustments			
Beginning of year	¥60	¥(125)	$577
Net change during the year	17	186	163
End of year	¥78	¥60	$750
Treasury stock			
Beginning of year	¥(340)	¥(293)	$(3,269)
Net change during the year	(138)	(46)	(1,327)
End of year	¥(479)	¥(340)	$(4,606)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Teikoku Oil Co., Ltd. and Consolidated Subsidiaries
Fiscal years ended December 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	2004
Operating activities			
Income before income taxes and minority interests	¥16,676	¥11,044	$160,346
Depreciation and amortization	10,160	9,953	97,692
Loss on devaluation of investments in securities	124	0	1,192
Loss on devaluation of real estate for sale	—	324	—
(Decrease) increase in accrued retirement benefits	(183)	59	(1,760)
Increase in accrued estimated cost of abandonment of wells	246	87	2,365
(Decrease) increase in allowance for losses on overseas investments	(199)	100	(1,913)
Other provision	150	206	1,442
Interest and dividend income	(764)	(649)	(7,346)
Interest expense	368	443	3,538
Equity in earnings of affiliates	(1,354)	(1,028)	(13,019)
Loss (gain) on sales of investments in securities	29	(45)	279
Gain on sales of property, plants and equipment	(138)	(201)	(1,327)
Increase in notes and accounts receivable	(1,620)	(352)	(15,577)
(Increase) decrease in inventories	(78)	3,774	(750)
Decrease (increase) in other current assets	1,004	(522)	9,654
Increase (decrease) in notes and accounts payable	82	(148)	788
Increase consumption taxes payable	157	384	1,510
Increase (decrease) in other current liabilities	430	(1,263)	4,135
Bonuses to directors and statutory auditors	(50)	(50)	(481)
Recovery of oil and gas investments	454	—	4,365
Other, net	(814)	649	(7,827)
Subtotal	24,682	22,767	237,327
Interest and dividend received	820	657	7,885
Interest paid	(373)	(453)	(3,587)
Income taxes paid	(5,903)	(3,016)	(56,760)
Net cash provided by operating activities	19,225	19,955	184,856
Investing activities			
(Increase) decrease in time deposits	(2,091)	1,020	(20,106)
Decrease (increase) in marketable securities	2,737	(1,708)	26,317
Decrease in short-term receivables	0	0	0
Additions to property, plant and equipment	(15,964)	(5,765)	(153,500)
Proceeds from sales of property, plant and equipment	156	272	1,500
Additions to intangible fixed assets	(136)	(53)	(1,308)
Increase in investments in securities	(2,011)	(2,121)	(19,337)
(Increase) decrease in other long-term receivables	(474)	50	(4,558)
Acquisition of subsidiaries stock resulting	(2,421)	—	(23,279)
Acquisition of subsidiaries stock resulting in changes in scope of consolidation (Note 16)	618	—	5,942
Payments of oil and gas investments	(56)	—	(538)
Other, net	(375)	21	(3,606)
Net cash used in investing activities	(20,018)	(8,284)	(192,481)
Financing activities			
Increase (decrease) in short-term bank loans	15	(5)	144
Proceeds from long-term debt	260	200	2,500
Repayment of long-term debt	(4,050)	(4,061)	(38,942)
Cash dividends paid	(1,912)	(1,999)	(18,385)
Other, net	(136)	(48)	(1,308)
Net cash provided by financing activities	(5,824)	(5,914)	(56,000)
Effect of exchange rate changes on cash	16	11	154
Net (decrease) increase in cash and cash equivalents	(6,601)	5,768	(63,471)
Cash and cash equivalents at beginning of year	28,789	23,020	276,817
Increase arising from inclusion of subsidiaries in consolidation	46	—	442
Cash and cash equivalents at end of year	¥22,234	¥28,789	$213,788

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Teikoku Oil Co., Ltd. and Consolidated Subsidiaries
Fiscal years ended December 31, 2004 and 2003

1. Basis of Preparation

The accompanying consolidated financial statements of Teikoku Oil Co., Ltd. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and its consolidated foreign subsidiaries, in conformity with those of their countries of domicile, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

As permitted by the regulations under the Securities and Exchange Law of Japan, amounts less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

2. Significant Accounting Policies

(a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant companies controlled directly or indirectly by the Company. Significant companies over which the Company exercises substantial influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

The excess cost over underlying net equity at fair value of investments in consolidated subsidiaries and in companies accounted for by the equity method is being amortized by the straight-line method over a period no more than 20 years.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost or less. Where there has been permanent impairment in the value of such investments, the Company has written down its investments to reflect such impairment.

(b) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet dates.

All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange gains and losses are credited or charged to income.

The balance sheet accounts of the foreign consolidated subsidiaries, except for shareholders' equity, the components of which are translated at the historical exchange rates, are translated into yen at the rate of exchange in effect at the balance sheet date. Revenue and expense accounts are also translated at the rate of exchange in effect at the balance sheet date.

(c) Cash equivalents

The Company and its consolidated subsidiaries consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(d) Securities

In general, securities are classified into three categories: trading, held-to-maturity or other securities. Securities held by the Company and its consolidated subsidiaries are all classified as other securities. Other securities with a determinable market value are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Other securities without a determinable market value are stated at cost. Cost of securities sold is determined by the moving average method.

(e) Inventories

Finished products are mainly stated at the lower of cost or market, cost being determined by the moving average method. Other inventories are stated at cost determined by the moving average method except for construction projects in progress which are determined by the specific identification method.

(f) Accounting procedure for oil and gas investments

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

(g) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost.

Depreciation is mainly computed by the straight-line method over the estimated useful lives of the respective assets. Significant renewals and improvements are capitalized at cost. Maintenance and repairs are charged to income.

(h) Leases

Noncancelable leases are primarily accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(i) Retirement benefits

Accrued retirement benefits for employees are provided principally at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of balance sheet dates, as adjusted for unrecognized actuarial gain or loss. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees. Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a period of 10 years which is shorter than the average remaining years of service of the employees.

In addition, directors and statutory auditors of the Company and certain consolidated subsidiaries are customarily entitled to lump-sum payments under their respective unfunded retirement allowances plans. The provision for retirement benefits for these officers has been made at an estimated amount.

(j) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(k) Accrued estimated cost of abandonment of wells

The accrued estimated cost of 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 Company's or consolidated subsidiaries' plans for the abandonment of such wells.

(l) Allowance for losses on overseas investments

Allowance for losses on overseas investments is provided for possible losses arising from investments in the development of natural resources at an amount determined by the Company with reference to the net worth of the investees and certain other factors.

(m) Research and development expenses

Research and development expenses are charged to income when incurred.

(n) Appropriation of retained earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriation. (See Note 17.)

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetical computation only, at the rate of ¥104 = U.S.$1.00, the approximate rate of exchange on December 31, 2004. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

4. Securities

(a) Information regarding marketable securities classified as other securities as of December 31, 2004 and 2003 is as follows:

	Millions of yen			Thousands of U.S. dollars		
	December 31, 2004			December 31, 2004		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stock	¥21,062	¥53,701	¥32,638	$202,519	$516,356	$313,827
Bonds:						
Government bonds	1,049	1,065	15	10,087	10,240	144
Corporate bonds	300	301	0	2,885	2,894	0
Other debt securities	149	149	0	1,433	1,433	0
Others	—	—	—	—	—	—
Subtotal	22,563	55,218	32,654	216,952	530,942	313,981
Securities whose acquisition cost exceeds their carrying value:						
Stock	1,014	683	(331)	9,750	6,567	(3,183)
Bonds:						
Government bonds	30	30	(0)	288	288	(0)
Corporate bonds	415	415	(0)	3,990	3,990	(0)
Other debt securities	1,599	1,599	(0)	15,375	15,375	(0)
Others	—	—	—	—	—	—
Subtotal	3,061	2,729	(332)	29,433	26,240	(3,192)
Total	¥25,624	¥57,947	¥32,322	$246,385	$557,183	$310,788

	Millions of yen		
	December 31, 2003		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥20,165	¥49,152	¥28,986
Bonds:			
Government bonds	—	—	—
Corporate bonds	742	742	0
Other debt securities	149	149	0
Others	700	700	0
Subtotal	21,758	50,745	28,987
Securities whose acquisition cost exceeds their carrying value:			
Stock	997	656	(341)
Bonds:			
Government bonds	1,273	1,143	(129)
Corporate bonds	2,400	2,397	(2)
Other debt securities	3,700	3,699	(0)
Others	—	—	—
Subtotal	8,371	7,897	(474)
Total	¥30,129	¥58,642	¥28,512

(b) Information regarding sales of securities classified as other securities for the years ended December 31, 2004 and 2003 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Proceeds from sales	¥84	¥302	$808
Gain on sales	0	45	0
Loss on sales	(30)	—	(288)

(c) The redemption schedule for securities with maturity dates classified as other securities is summarized as follows:

	Millions of yen		
	December 31, 2004		
	Due in one year or less	Due after one year through five years	Due after five years
Government bonds	¥314	¥781	¥—
Corporate bonds	616	100	—
Other debt securities	1,749	—	—
Total	¥2,681	¥881	¥—

	Thousands of U.S. dollars		
	December 31, 2004		
	Due in one year or less	Due after one year through five years	Due after five years
Government bonds	$3,019	$7,510	$—
Corporate bonds	5,923	962	—
Other debt securities	16,817	—	—
Total	$25,779	$8,471	$—

5. Inventories

Inventories at December 31, 2004 and 2003 were composed of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Merchandise and finished products	¥2,553	¥2,672	$24,548
Work in progress	451	330	4,337
Real estate for sale	263	244	2,529
Raw materials and supplies	2,246	1,453	21,596
	¥5,514	¥4,701	$53,019

6. Investments in Securities and Allowance for Losses on Overseas Investments

Investments in securities and allowance for losses on overseas investments at December 31, 2004 and 2003 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Unconsolidated subsidiaries and affiliates	¥3,374	¥6,581	$32,442
Less: Allowance for losses on overseas investments	(2,253)	(1,970)	(21,663)
	1,120	4,611	10,769
Other securities:			
Listed stocks	54,384	49,808	522,923
Marketable debt securities	1,196	1,244	11,500
Unlisted stocks and other	9,425	10,296	90,625
Less: Allowance for losses on overseas investments	—	(3,105)	—
	65,006	58,244	625,058
	¥66,127	¥62,855	$635,837

7. Short-Term Loans and Long-Term Debt

Short-term bank loans are principally unsecured and generally represent notes. The weighted average interest rates for the years ended December 31, 2004 and 2003 were approximately 1.48% and 1.47%, respectively.

Long-term debt at December 31, 2004 and 2003 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Loans from banks and others, at interest rates ranging from 0.84% to 5.9%, due through 2016:			
Secured	¥9,874	¥11,485	$94,942
Unsecured	7,485	9,690	71,971
	17,360	21,176	166,923
Less: Current portion	(3,831)	(4,021)	(36,837)
	¥13,529	¥17,154	$130,087

Assets pledged as collateral for long-term debt and other liabilities at December 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Investments in securities	¥10,713	¥11,081	$103,010
Property, plant and equipment – at net book value	8,321	8,935	80,010
	¥19,034	¥20,017	$183,019

Aggregate annual maturities of long-term debt subsequent to December 31, 2004 are as follows:

Year ending December 31,	Millions of yen	Thousands of U.S. dollars
2005	¥3,831	$36,837
2006	3,573	34,356
2007	3,207	30,837
2008	2,214	21,288
2009 and thereafter	4,533	43,587
	¥17,360	$166,923

8. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporation, enterprise and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of approximately 36.1% for 2004 and 2003.

The effective tax rates reflected in the consolidated statements of income for the years ended December 31, 2004 and 2003 differ from the statutory tax rate for the following reasons:

	2004	2003
Statutory tax rate	36.1%	36.1%
Effect of:		
Foreign tax	26.6	26.1
Exploration cost deducted for income tax purposes	(9.4)	(15.2)
Expenses not deductible for income tax purposes	0.6	1.0
Dividend income deductible for income tax purposes	(0.6)	(4.2)
Foreign tax credit	(12.2)	(10.6)
Equity in earnings of affiliates	(2.9)	(3.4)
Changes in valuation allowance	2.3	3.6
Other, net	0.1	2.3
Effective tax rate	40.6%	35.7%

The significant components of deferred tax assets and liabilities at December 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Deferred tax assets:			
Allowance for losses on overseas investments	¥3,628	¥3,489	$34,885
Depreciation	3,069	2,608	29,510
Foreign tax credit carryforward	4,620	3,238	44,423
Accrued severance benefits	2,519	2,370	24,221
Loss on devaluation of securities	776	754	7,462
Accrued estimated cost of abandonment of wells	974	855	9,365
Property, plant and equipment	606	606	5,827
Net operating loss carryforward	498	343	4,788
Advanced depreciation of fixed assets	394	425	3,788
Foreign exchange loss	1,032	—	9,923
Loss on revaluation of exploration, investment and development	559	—	5,375
Other	1,347	1,294	12,952
Subtotal	20,027	15,986	192,567
Valuation allowance	(12,715)	(9,660)	(122,260)
Total deferred tax assets	7,311	6,326	70,298
Deferred tax liabilities:			
Reserve for exploration	4,358	4,158	41,904
Reserve for special depreciation	1,257	1,401	12,087
Reserve for advanced depreciation of fixed assets	414	338	3,981
Reserve for losses on overseas investments	287	287	2,760
Unrealized holding gains on securities	11,788	10,465	113,346
Other	100	158	962
Total deferred tax liabilities	18,207	16,809	175,067
Net deferred tax liabilities	¥10,896	¥10,482	$104,769

9. Retirement Benefit Plans

The Company, its domestic subsidiaries and certain foreign subsidiaries have defined benefit plans, i.e., tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet as of December 31, 2004 and 2003 for the Company's and the subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	December 31,		December 31,
	2004	2003	2004
Retirement benefit obligation	¥(13,259)	¥(13,615)	$(127,490)
Plan assets at fair value	7,216	7,320	69,385
Unfunded retirement benefit obligation	(6,042)	(6,294)	(58,096)
Unrecognized actuarial gain or loss	(423)	(257)	(4,067)
Accrued retirement benefits for employees	¥(6,466)	¥(6,552)	$(62,173)

The components of retirement benefit expenses for the years ended December 31, 2004 and 2003 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended December 31,		Year ended December 31,
	2004	2003	2004
Service cost	¥576	¥641	$5,538
Interest cost	253	262	2,433
Expected return on plan assets	(35)	(70)	(337)
Amortization of actuarial gain or loss	(21)	27	(202)
Total	¥773	¥860	$7,433

The assumptions used in accounting for the above plans were as follows:

	December 31,	
	2004	2003
Discount rates	2.0%	2.0%
Expected return on plan assets	0.5%	1.0%

10. Capital Surplus and Retained Earnings

In accordance with the Commercial Code of Japan, the Company has provided a legal reserve which is included in retained earnings. This reserve amounted to ¥3,401 million ($32,702 thousand) as of December 31, 2004 and 2003. The Code provides that neither capital surplus nor the legal reserve is, in principle, available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Code, however, does provide that if the total amount of capital surplus and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

11. Depreciation and Amortization

Depreciation and amortization of property, plant and equipment and other assets charged to income for the years ended December 31, 2004 and 2003 amounted to ¥10,160 million ($97,692 thousand) and ¥9,953 million, respectively.

12. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended December 31, 2004 and 2003 were ¥96 million ($923 thousand) and ¥39 million, respectively.

13. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of leased property as of December 31, 2004 and 2003 which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance lease transactions currently accounted for as operating leases:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Acquisition costs:			
Machinery and equipment	¥768	¥773	$7,385
Other	—	23	—
	¥768	¥796	$7,385
Accumulated depreciation:			
Machinery and equipment	¥350	¥310	$3,365
Other	—	20	—
	¥350	¥331	$3,365
Net book value:			
Machinery and equipment	¥418	¥463	$4,019
Other	—	2	—
	¥418	¥465	$4,019

Lease payments relating to finance lease transactions accounted for as operating leases amounted to ¥144 million ($1,385 thousand) and ¥148 million, which were equal to the depreciation expense of the leased assets computed by the straight-line method over the lease terms, for the years ended December 31, 2004 and 2003, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to December 31, 2004 for finance lease transactions accounted for as operating leases are summarized as follows:

Year ending December 31,	Millions of yen	Thousands of U.S. dollars
2005	¥129	$1,240
2006 and thereafter	289	2,779
	¥418	$4,019

14. Contingent Liabilities

At December 31, 2004, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
As guarantor of indebtedness of others	¥8,364	$80,423

15. Segment Information

(a) Business segments

The Company and its consolidated subsidiaries are primarily engaged in the oil and gas business. The oil and gas segment comprises natural gas, liquid petroleum gas, crude oil, petroleum products, iodine, petrochemical refining, and the transportation of natural gas and petroleum products; and the other segment comprises real estate leasing and management, drilling wells and warehousing.

The business segment information for the Company and its consolidated subsidiaries for the years ended December 31, 2004 and 2003 is outlined as follows:

	Millions of yen				
	Oil and Gas	Other	Total	Eliminations and other	Consolidated
2004:					
I. Sales and operating income					
Sales to third parties	¥81,809	¥2,222	¥84,032	¥—	¥84,032
Intergroup sales and transfers	23	602	626	(626)	—
Total sales	81,833	2,825	84,658	(626)	84,032
Operating expenses	68,622	2,588	71,211	(712)	70,498
Operating income	¥13,211	¥236	¥13,447	¥85	¥13,533
II.Assets, depreciation and capital expenditures					
Total assets	¥234,784	¥6,688	¥241,473	¥(960)	¥240,513
Depreciation and amortization	10,008	181	10,189	(29)	10,160
Capital expenditures	20,814	23	20,837	(10)	20,827

(a) Business segments (continued)

	Millions of yen				
	Oil and Gas	Other	Total	Eliminations and other	Consolidated
2003:					
I. Sales and operating income					
Sales to third parties	¥75,394	¥3,104	¥78,498	¥—	¥78,498
Intergroup sales and transfers	16	458	474	(474)	—
Total sales	75,411	3,562	78,973	(474)	78,498
Operating expenses	66,660	3,674	70,334	(575)	69,759
Operating income (loss)	¥8,751	¥(112)	¥8,638	¥100	¥8,739
II.Assets, depreciation and capital expenditures					
Total assets	¥220,524	¥6,895	¥227,419	¥(1,139)	¥226,280
Depreciation and amortization	9,800	185	9,985	(31)	9,953
Capital expenditures	3,992	494	4,486	—	4,486

Teikoku Oil Co., Ltd. and Consolidated Subsidiaries
Fiscal years ended December 31, 2004 and 2003

	Thousands of U.S. dollars				
	Oil and Gas	Other	Total	Eliminations and other	Consolidated
2004:					
I. Sales and operating income					
Sales to third parties	$786,625	$21,365	$808,000	$—	$808,000
Intergroup sales and transfers	221	5,788	6,019	(6,019)	—
Total sales	786,856	27,163	814,019	(6,019)	808,000
Operating expenses	659,827	24,885	684,721	(6,846)	677,865
Operating income	$127,029	$2,269	$129,298	$817	$130,125
II.Assets, depreciation and capital expenditures					
Total assets	$2,257,538	$64,308	$2,321,856	$(9,231)	$2,312,625
Depreciation and amortization	96,231	1,740	97,971	(279)	97,692
Capital expenditures	200,135	221	200,356	(96)	200,260

(b) Geographical areas

The geographical areas segment information for the Company and its consolidated subsidiaries for the years ended December 31, 2004 and 2003 is outlined as follows:

The disclosure of geographical segment information for the year ended December 31, 2003, has been omitted as net sales and total assets of the operations in Japan constituted over 90% of the consolidated totals.

	Millions of yen						
	Japan	The Africa	The Central and South America	Other	Total	Eliminations and other	Consolidated
2004:							
Sales to third parties	¥74,086	¥9,945	¥—	¥—	¥84,032	¥—	¥84,032
Interarea sales and transfers	—	—	—	—	—	—	—
Total	74,086	9,945	—	—	84,032	—	84,032
Operating expenses	65,152	4,883	—	462	70,498	0	70,498
Operating income (loss)	¥8,934	¥5,062	¥—	¥(462)	¥13,533	¥(0)	¥13,533
Total assets	¥216,922	¥15,265	¥9,543	¥101	¥241,833	¥(1,320)	¥240,513

	Thousands of U.S. dollars						
	Japan	The Africa	The Central and South America	Other	Total	Eliminations and other	Consolidated
2004:							
Sales to third parties	$712,365	$95,625	$—	$—	$808,000	$—	$808,000
Interarea sales and transfers	—	—	—	—	—	—	—
Total	712,365	95,625	—	—	808,000	—	808,000
Operating expenses	626,462	46,952	—	4,442	677,865	0	677,865
Operating income (loss)	$85,904	$48,673	$—	$(4,442)	$130,125	$(0)	$130,125
Total assets	$2,085,788	$146,779	$91,760	$971	$2,325,317	$(12,692)	$2,312,625

(c) Overseas sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries, and sales (other than exports to Japan) of its foreign consolidated subsidiaries for the years ended December 31, 2004 and 2003 are outlined as follows:

The disclosure of overseas sales information for the year ended December 31, 2003, has been omitted as overseas sales constituted less than 10% of consolidated net sales.

	Millions of yen		
	North America	Other	Total
2004:			
Overseas sales	¥9,270	¥1,379	¥10,650
Consolidated net sales			84,032
	Thousands of U.S. dollars		
Overseas sales	$89,135	$13,260	$102,404
Consolidated net sales			808,000
Overseas sales as a percentage of consolidated net sales	11.0%	1.6%	12.7%

16. Supplementary Cash Flow Information

Summary of assets and liabilities of subsidiaries included in consolidation upon acquisition of their stock.

The following is a summary of the assets and liabilities of subsidiaries which were included in consolidation upon acquisition of their stock and a reconciliation of the related acquisition cost and net cash inflows for the year ended December 31, 2004:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥8,402	$80,788
Non-current assets	3,432	33,000
Excess of cost over net assets acquired	987	9,490
Current liabilities	(1,420)	(13,654)
Non-current liabilities	(1,548)	(14,885)
Minority interests	(1,963)	(18,875)
Already acquired cost before consolidation	(377)	(3,625)
Carrying value on an equity basis	(3,138)	(30,173)
Acquisition cost	4,372	42,038
Cash and cash equivalents held by subsidiaries	(4,991)	(47,990)
Net cash inflows	¥(618)	$(5,942)

Teikoku Oil Co., Ltd. and Consolidated Subsidiaries
Fiscal years ended December 31, 2004 and 2003

17. Subsequent Events

(a) Appropriations of retained earnings

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended December 31, 2004, were approved at a shareholders' meeting held on March 30, 2005:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥4.50 = $0.04 per share)	¥1,373	$13,202
Bonuses to directors and statutory auditors	50	481

(b) The foundation of affiliate

We have established a new affiliate, "Teikoku Oil Ecuador," and have entered into an agreement to acquire the right of the development of 40% of oil in the east land of the republic of Ecuador through the affiliate on January 24, 2005. The agreement will officially come into effect after approval by the government of Ecuador.

The outline of the affiliate is as follows:

Name	Teikoku Oil Ecuador
Representative	Akira Isono
Date of establishment	January 11, 2005
Description of business	The exploration, development, production and sales of oil resources in the east land of the republic of Ecuador
Capital Stock	US$10,000
Ratio of shares held	100%

Report of Independent Auditors

The Board of Directors
Teikoku Oil Co., Ltd.

We have audited the accompanying consolidated balance sheets of Teikoku Oil Co., Ltd. and consolidated subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Teikoku Oil Co., Ltd. and consolidated subsidiaries at December 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2004 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon

March 30, 2005

Consolidated Group Companies

(As of December 31, 2004)

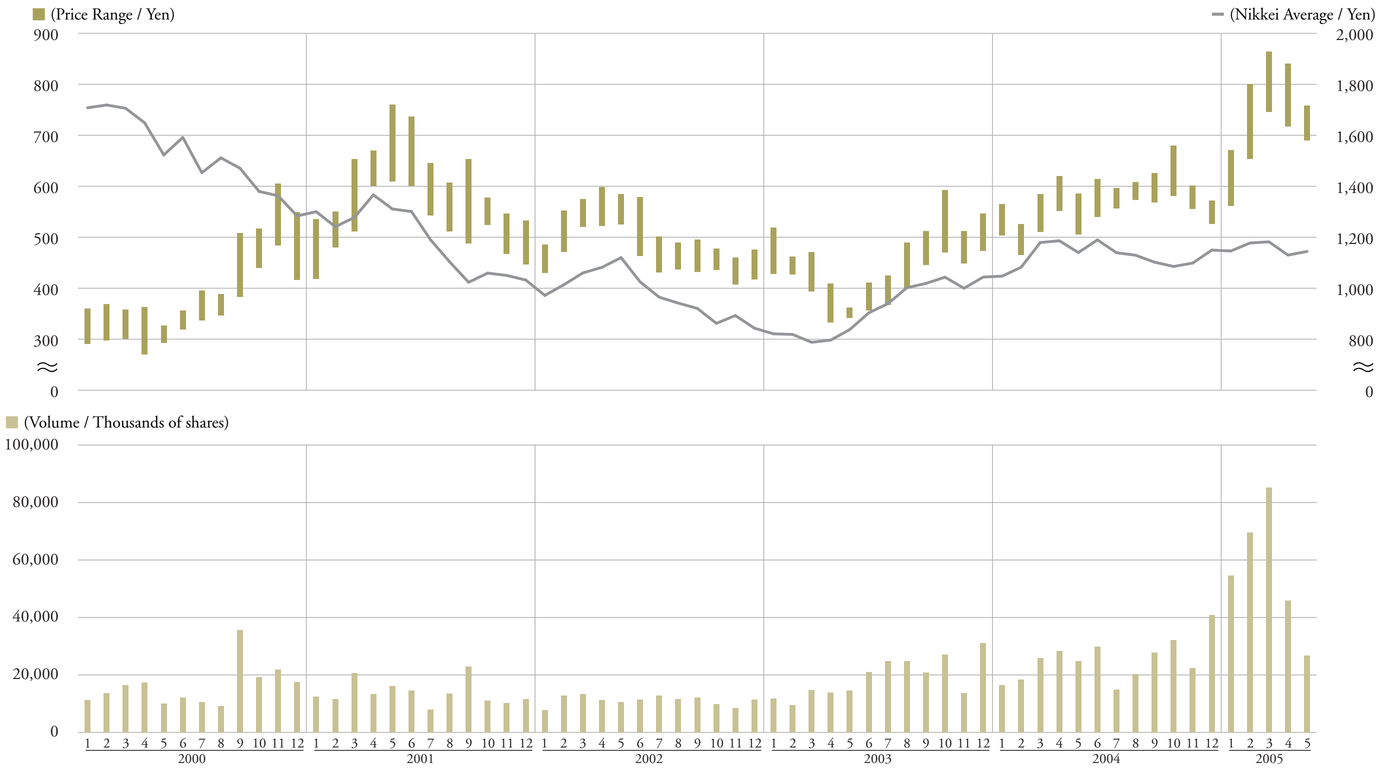
Company	Paid-in Capital (Millions of yen)	Percent Ownership (%)	Business Operations
Teiseki Real Estate Co., Ltd.	2,500	100.0	Real estate management, rental, brokerage services and well boring materials
Teikoku Oil (D.R. Congo) Co., Ltd.	2,040	100.0	Oil exploration, development, production and sales in the Democratic Republic of Congo
Teikoku Oil SCT Exploration B.V.	*5,300	100.0	Exploration and extraction of crude oil and natural gas in the San Carlos and Tinaco blocks in Venezuela
Teikoku Oil Algeria (El Ouar) Co., Ltd.	663	100.0	Exploration and extraction of crude oil in the east of Algeria
Teikoku Oil (North America) Co., Ltd.	**4,303	100.0	Exploration and extraction of crude oil in the United States
Teikoku Oil Suez SEJ Co., Ltd.	454	100.0	Exploration and extraction of crude oil and natural gas in Suez bay, Arab Republic of Egypt
Teiseki Drilling Co., Ltd.	395	100.0	Oil, geothermal and large diameter drilling
Teiseki Pipeline Maintenance Service Co., Ltd.	200	100.0	Contract-based maintenance services for Teikoku Oil's natural gas pipelines
Teiseki Propane Co., Ltd.	80	100.0	Sale of liquified petroleum gas and petroleum products
Teiseki Topping Plant Co., Ltd.	70	100.0	Contract-based refining of crude oil from domestic fields; storage and shipment of petroleum products
Teikoku Oil (Con Son) Co., Ltd.	20	100.0	Offshore exploration and extraction of crude oil south of the Socialist Republic of Vietnam
Offshore Iwaki Petroleum Co., Ltd.	10	100.0	Development, production and sales of petroleum and natural gas from the Offshore Iwaki Gas Field
Teikoku Oil Company Panama, S.A.	**10	100.0	Sale of crude oil developed overseas
Teikoku Oil (Sanvi-Guere) Co., Ltd.	8,304	99.6	Oil and gas recovery, exploration and development under an operating service agreement in the Sanvi-Guere region of the Bolivar republic of Venezuela
Teikoku Oil (Venezuela) Co., Ltd.	8,189	99.6	Oil and gas recovery, exploration and development under an operating service agreement in the East Guarico region of the Bolivar republic of Venezuela
Saitama Gas Co., Ltd.	60	62.0	Sale of natural gas
The Egyptian Petroleum Development Co., Ltd.	10,722	44.1	Extraction, development, production and sales of petroleum and natural gas in the West Bakr region of the Arab Republic of Egypt
Teiseki Transport System Co., Ltd.	10	100.0	Logistics services and the sale of petroleum products
Daiichi Warehouse Co., Ltd.	200	94.0	Ordinary and refrigerated warehousing services

Six Other Companies

* Thousands of euros
** Thousands of U.S. dollars

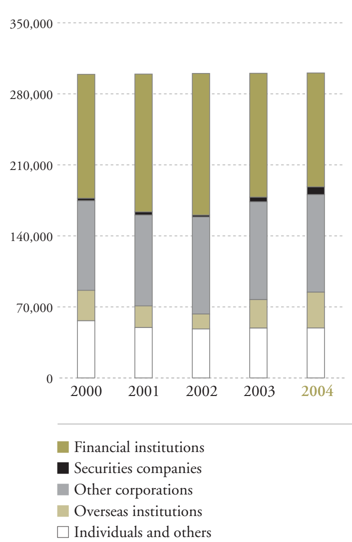
(Fiscal years ended December 31)

Price Range and Volume



Number of Shares by Shareholder Category

(Thousands of shares)



10 Biggest Shareholders

Name	Number of Shares (Truncated to nearest thousand)	Percentage (%)
Nippon Oil Corporation	50,443	16.8
Japan Trustee Services Bank, Ltd.	33,459	11.2
Japan Energy Corporation	15,634	5.2
Sumitomo Mitsui Banking Corporation	14,968	5.0
The Master Trust Bank of Japan, Ltd.	12,912	4.3
Trust & Custody Services Bank, Ltd.	7,503	2.5
Japan Petroleum Exploration Co., Ltd.	6,123	2.0
Mitsui Asset Trust and Banking Company, Ltd.	5,866	2.0
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,644	1.6
Nippon Life Insurance Company	4,516	1.5

Company Overview

(As of December 31, 2004)

Company Name	Teikoku Oil Co., Ltd.
Head Office	31-10 Hatagaya 1-chome, Shibuya-ku, Tokyo 151-8565, Japan
Phone	+81-3-3466-1242
Fax	+81-3-3468-3511
Date Established	September 1, 1941
Paid-in Capital	¥19,579 million
Shares of Common Stock Issued	306,130,000 shares
Stock Listings	Tokyo, Osaka
Transfer Agent for the Shares	UFJ Trust Bank Limited
URL	http://www.teikokuoil.co.jp/
E-mail	ir@teikokuoil.co.jp

Offices

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	Phone: +81-18-862-4131 Fax: +81-18-862-4139
Niigata District Office	3-1, Higashi-Odori 1-chome, Niigata City, Niigata Pref. 950-8512 Japan
	Phone: +81-25-247-2171 Fax: +81-25-247-5390
Chiba District Office	3319, Aza Hachimandai, Oaza Naruto, Naruto Town, Sanbu Gun, Chiba Pref. 289-1326 Japan
	Phone: +81-475-82-0830 Fax: +81-475-82-0836
London Representative Office	9 Berkeley Street, London W1J8DW, U.K.
	Phone: +44-20-7495-8718 Fax: +44-20-7495-8697
Houston Representative Office	Williams Tower 2800 Post Oak Blvd., #5200, Houston, TX 77056, U.S.A.
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