

Report of Independent Accountants

**To the Board of Directors
SHOWA SHELL SEKIYU K.K.**

We have audited the accompanying consolidated balance sheets of SHOWA SHELL SEKIYU K.K. and its consolidated subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of SHOWA SHELL SEKIYU K.K. and its consolidated subsidiaries as of December 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 1) and applied on a consistent basis, except for the changes, with which we concur, in the method of accounting for the special reserve for repairs as described in Note 2 (5).

As described in Note 2 (12), effective January 1, 2002, SHOWA SHELL SEKIYU K.K. and its consolidated subsidiaries have adopted the new Japanese accounting standard for financial instruments.

ChuoAoyama Audit Corporation

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Tokyo, Japan

March 28, 2003