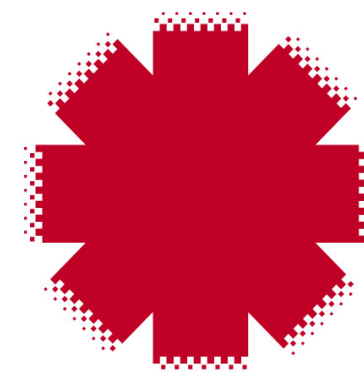


# TonenGeneral Sekiyu K.K.

## 2006 3QYTD/3Q Results and FY Forecast

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November 14, 2006



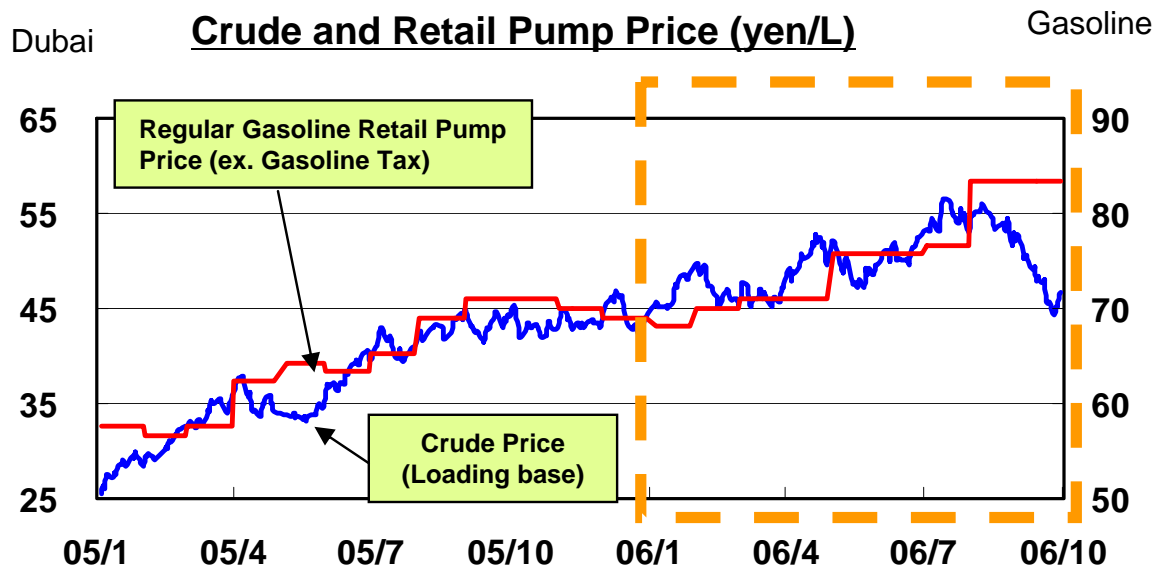
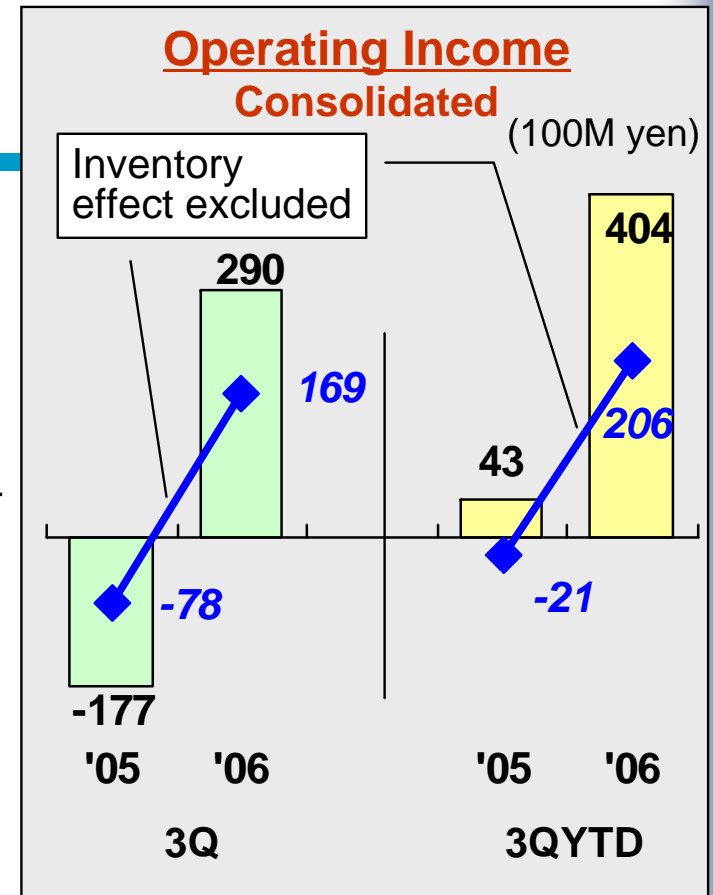
**TonenGeneral**

This material contains forward-looking statements based on projections and estimates that involve many variables. TonenGeneral operates in an extremely competitive business environment and in an industry characterized by rapid changes in supply-demand balance.

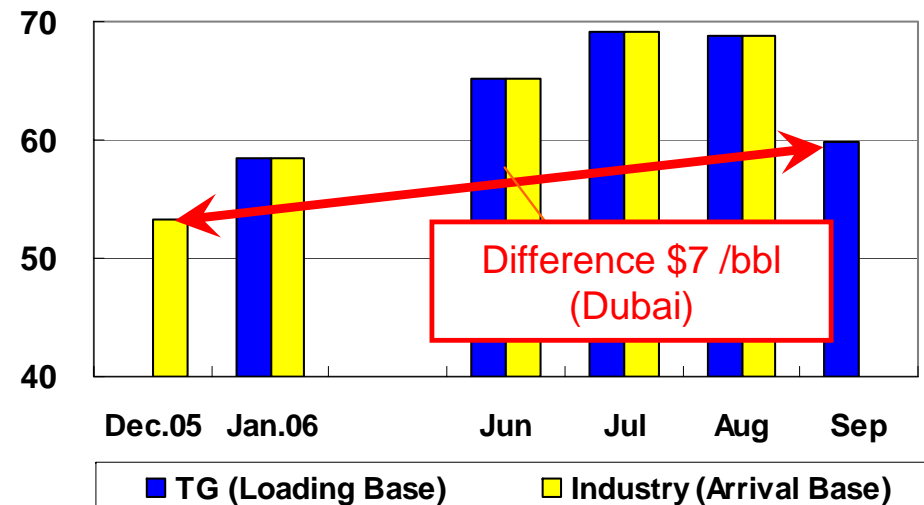
Certain risks and uncertainties including, without limitation, general economic conditions in Japan and other countries, crude prices and the exchange rate between the yen and the U.S. dollar, could cause the Company's results to differ materially from any projections and estimates presented in this publication.

# Business Highlights

- Operating income significantly up vs. 3QYTD '05 and vs. prior quarters 2006
  - » Downstream margin increased
    - Lower negative effect from prompt crude cost recognition mainly due to crude price dip in September
    - But crude prices and earnings remain highly volatile on month-to-month basis
  - » Chemicals continued to contribute to profits
    - Good Olefins and PX performance supported by strong demand
  - » OPEX reduction on plan
  - » Positive inventory effect
  - » No revision of total dividend payment of 37 yen per share for the year



**Prompt Crude Cost Recognition Effect (\$/bbl)**



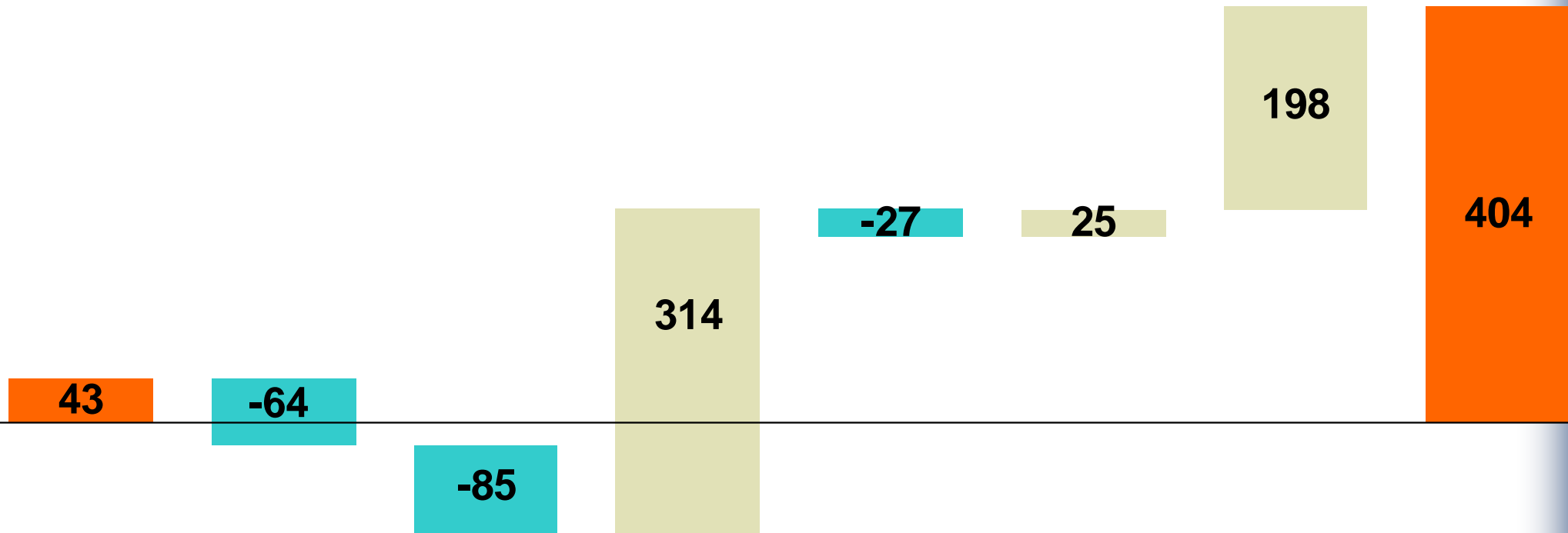
# Earnings Results [3Q YTD, Consolidated]

(100M yen)	<u>'05</u>	<u>'06</u>			<u>Inc/Dec</u>
	<u>3Q YTD</u>	1H	3Q	<u>3Q YTD</u>	
Sales revenue	20,747	14,798	8,097	<b>22,895</b>	2,148
Operating income	43	114	290	<b>404</b>	361
Ordinary income	71	153	306	<b>459</b>	388
Extraordinary P/L	11	-5	-8	<b>-13</b>	-24
Net income	59	101	178	<b>279</b>	220
Reverse inventory effects	-64	-77	-121	<b>-198</b>	-134
<b>Adjusted operating income</b>	<b>-21</b>	<b>36</b>	<b>169</b>	<b>206</b>	<b>227</b>
Oil segment and others	-389	-183	61	-122	267
Chemical segment	367	219	108	327	-40

# Factor Analysis of Operating Income

[3QYTD '06 Results vs. 3QYTD '05 Results; Consolidated]

(100M yen)



3QYTD '05  
Results

3QYTD '05  
Inventory  
(reverse)

Sales volume\*

Margin

Chemical

Operating  
expense

3QYTD '06  
Inventory

3QYTD '06  
Results

**Oil**

\* Major products, per VG5

# Sales Volume/ Capacity Utilization

- Most fuels volumes lower versus a very strong 2005, particularly Kerosene due to warmer winter  
In addition, for all fuels, absence of special demand factors that prevailed in 1H 2005
- Attention to profitability of sales including export opportunities
- Lower Chemical production: Steam Cracker turn-around at Kawasaki in 3Q
- Lower capacity utilization: refinery shut down & turn-around at Sakai; turn-around at Kawasaki and Okinawa

## Oil Products (Consolidated, Excluding Barter)

(KKL)

		<u>3QYTD 2005</u>	<u>3QYTD 2006</u>	<u>Inc./Dec.</u>	<u>Industry Inc./Dec.</u>
by Product	Gasoline	9,211	<b>8,732</b>	-5.2%	-1.6%
	Kerosene	3,369	<b>2,650</b>	-21.3%	-9.7%
	Diesel fuel	3,773	<b>3,244</b>	-14.0%	-2.6%
	Fuel oil A	3,055	<b>2,557</b>	-16.3%	-11.2%
	Fuel oil C	2,337	<b>2,070</b>	-11.4%	-5.1%
	LPG and others	2,628	<b>2,239</b>	-14.8%	N/A
by Channel	<i>General (Marketing)</i>	<i>6,492</i>	<i><b>5,554</b></i>	<i>-14.4%</i>	
	<i>Esso/Mobil/Kygnus</i>	<i>17,879</i>	<i><b>15,937</b></i>	<i>-10.9%</i>	
	Sub Total	24,371	<b>21,492</b>	-11.8%	-5.1%
	Others*	5,800	<b>6,769</b>	16.7%	*"Others" includes lube, crude, exports, product exchanges within ExxonMobil Japan Group, etc.
	G. Total	30,171	<b>28,261</b>	-6.3%	

## Chemical Products (Consolidated)

(Kton)	Olefins and others (TCC)	1,382	<b>1,304</b>	-5.6%
	Aromatics (TG)	612	<b>570</b>	-6.9%
	Chemical Total	1,994	<b>1,874</b>	-6.0%

Topper Utilization (Parent/Consoli.)

**87%/82%**

**78%/74%**

**85%**

# Revised Assumptions for 4Q 2006

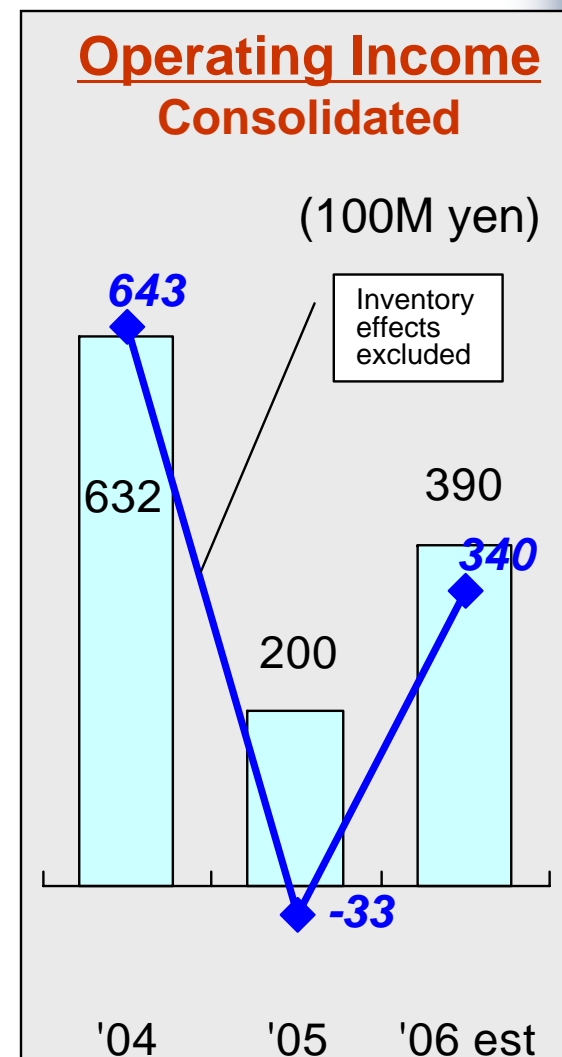
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- Fuels Margin Slightly higher than previous forecast for 4Q
- Fuels sales volumes Almost same as previous forecast for 4Q
- Chemicals Margins Higher than previous forecast for 4Q other than BZ
- Chemicals volumes No change for 4Q versus previous forecast
- Operating expenses No change for 4Q versus previous forecast
- Inventory effects Assume ¥50 oku LIFO gain for full year  
[No change versus previous forecast]
- Crude cost, FX 57.9 \$/BBL(Dubai), 117.9 ¥/\$ -- values as of Sep-end '06  
[for sales revenues only]
- Inventory accounting LIFO/LOCOM

# Revised Earnings Forecast [Consolidated]

- Adjusted operating income for full-year 2006 is projected to increase by ¥373 oku from 2005
- ¥50 oku residual positive LIFO effect in 2006, taking account projected inventory levels

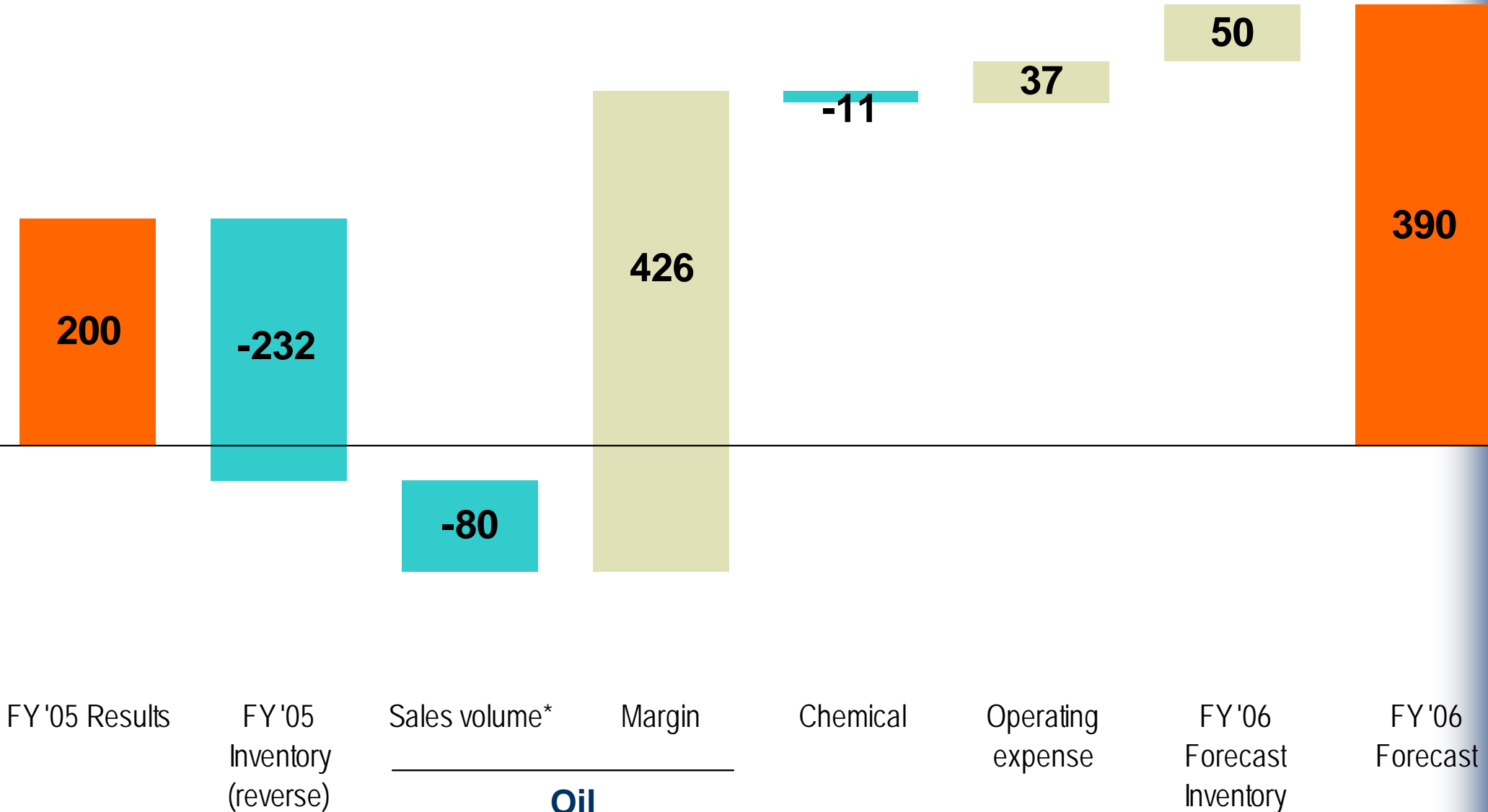
(100M yen)	'05 act	'06 est.	3Q YTD Act.	4Q est.
Sales revenue	28,562	<b>31,400</b>	22,895	8,505
Operating income	200	<b>390</b>	404	-14
Ordinary income	228	<b>450</b>	459	-9
Extraordinary gain/loss	-24	<b>-20</b>	-13	-7
Net income	130	<b>270</b>	279	-9
Reverse inventory effects	-232	<b>-50</b>	-198	+148
<b>Adjusted operating income</b>	<b>-33</b>	<b>340</b>	<b>206</b>	<b>134</b>
Oil segment and others	-487	-90	-122	32
Chemical segment	455	430	327	103



# Factor Analysis of Operating Income

[FY '06 Forecast vs. FY '05 Results; Consolidated]

(100M yen)



\* Major products, per VG5



## Supplemental Information

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November 14, 2006

# Cash Flows, Debt/Equity [Consolidated]

(100M yen)

**3QYTD '06**

## Operating / Investing Activities

**-340**

Net income before taxes	446
Net capex / Depreciation	-107
Inventory	-244
TAR/TAP/Gas tax & other payables	-426
Others	-9

## Financing Activities

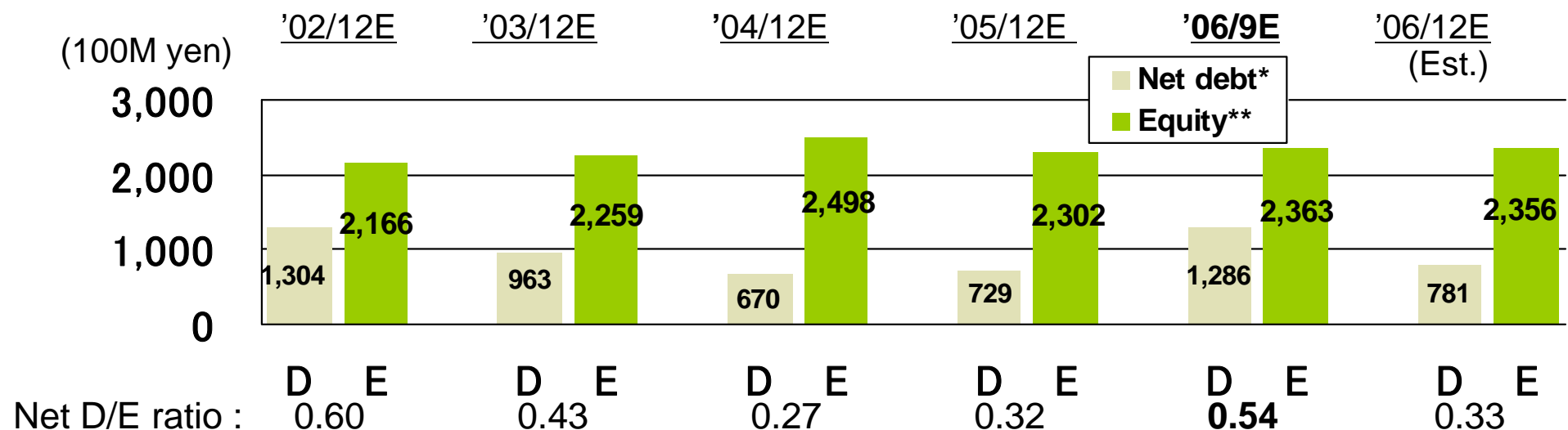
**338**

Change in debt	549
Dividend to shareholders	-208
Treasury stock repurchase	-7
Others	4

## Net Cash Change

**-2**

- Net debt increased at 3Q end due to temporary factors affecting working capital (higher inventory, lower payables for crude related to turn-around at Wakayama refinery, bank holiday at quarter-end affecting receivables, etc.)
- Year-end Net D/E Ratio forecast to be close to last year's actual, as 3Q factors reverse
- Financial position remains healthy



\* Debt excl. cash and loans receivable \*\* Net Worth excl. Minority Interest