

TonenGeneral Sekiyu K.K.

3QYTD 2012 Financial Results

November 14, 2012

- This material contains forward-looking statements based on projections and estimates that involve many variables. TonenGeneral Sekiyu 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 and product 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.
- The official language for TonenGeneral Sekiyu's filings with the Tokyo Stock Exchange and Japanese authorities, and for communications with our shareholders, is Japanese. We have posted English versions of some of this information on this website. While these English versions have been prepared in good faith, TonenGeneral Sekiyu does not accept responsibility for the accuracy of the translations, and reference should be made to the original Japanese language materials..

3Q12 Company Key Items

- ❑ Successful full quarter of integrated operation
 - Operating income from acquired business above historical average
 - Synergies on-track and one-time transition costs lower

- ❑ Oil margins improved significantly versus depressed 2Q12
 - Distillate export prices above domestic

- ❑ TonenGeneral (TG) board approved purchase of TG shares from EMG Marketing Godo Kaisha (EMGM) satisfying requirement under Company Act for EMGM to dispose of shares

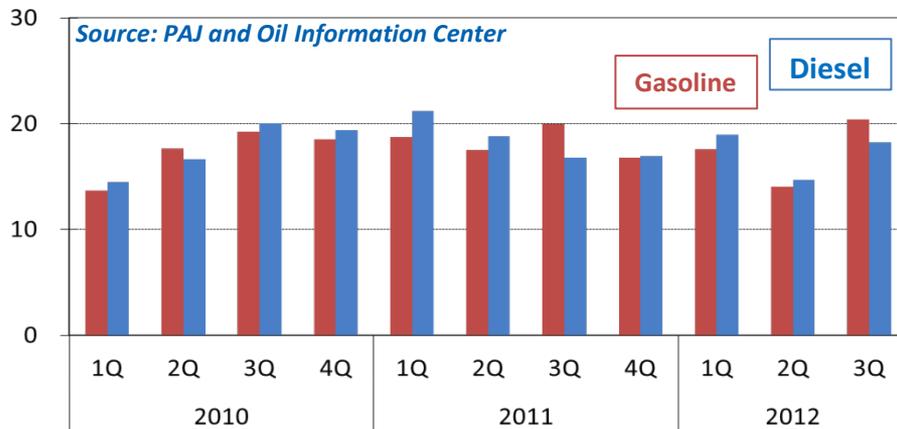
- ❑ 2012 Full year earnings outlook increased due to favorable 3Q results and income tax effects

- ❑ 3 week delay of turn around start-up at Kawasaki in July and emergency shut-down due to lightning at Sakai in September

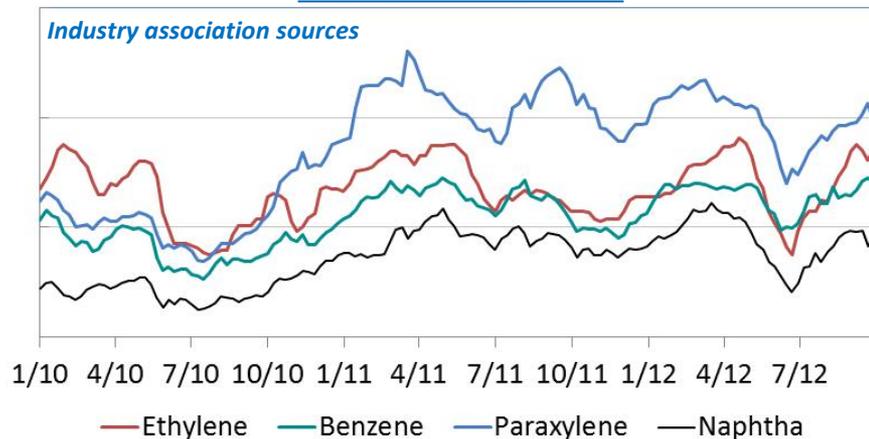
- ❑ Company deeply regretful of June 2011 Sakai sulfur leak and failure to report
 - Independent Investigation Committee recommended actions being implemented at Sakai in September

3Q12 Business Environment

Domestic Petroleum Product Margins (Wholesale price less Crude CIF, Yen/L)



Chemical Price Trend



Oil Segment

- 3Q12 margins recovered significantly versus weak 2Q12
 - Product price rise outpaced increase in arrival based crude costs: reversal of 2Q12 situation
 - Export margins favorable in 3Q12
- 3Q12 YTD domestic product demand: +8%
 - Gasoline +0.8% and middle distillate +1.7%
 - Continue strong FOC demand (+56%) driven by power use

Chemical Segment

- Modest commodity margin continue in 3Q12
 - Upward vector in prices helped recover rising feedstock costs
 - Overall weak demand / customer inventory correction limited margin growth

3Q12 YTD Financial Highlights

- Operating income was positive 6.9 billion yen, a 205 billion yen decrease from 3Q11 YTD
 - 194.1 billion yen lower inventory gains reflecting absence of LIFO/WAC change in 2011
 - Average Oil margins weaker offset by favorable EMGM performance
 - 4.2 billion yen of goodwill amortization resulting from the EMGM acquisition
 - Chemical continues to be in a YTD loss position despite modest profit this quarter
- One-time transition costs (2 billion yen in 3Q12YTD) below forecast and synergy effects on-track (1 billion yen in 3Q12YTD)

billion yen	3Q11 YTD	3Q12 YTD	Inc./Dec.
Net Sales	1,980.7	2,041.7	61.0
Operating income	212.0	6.9	-205.0
Ordinary income	214.4	6.1	-208.3
Extraordinary gain/loss	-0.2	16.3	16.6
Net income	127.4	8.4	-119.1

Breakdown of operating income

Inventory gain/loss	189.0	-5.1	-194.1
Goodwill amortization	-	-4.2	-4.2
Adjusted Operating income	23.0	16.3	-6.7
Oil segment	17.7	16.8	-0.8
Chemical segment	5.3	-0.6	-5.9

Oil segment	
3Q11YTD	17.7
• Margin	-10.2
• Volume	-0.2
• Opex	1.0
• EMGM	8.5
3Q12YTD	16.8

Chemical segment	
3Q11YTD	5.3
• Margin/vol.	-7.0
• Opex	1.1
3Q12YTD	-0.6

Factor Analysis of 3Q12 Operating Income

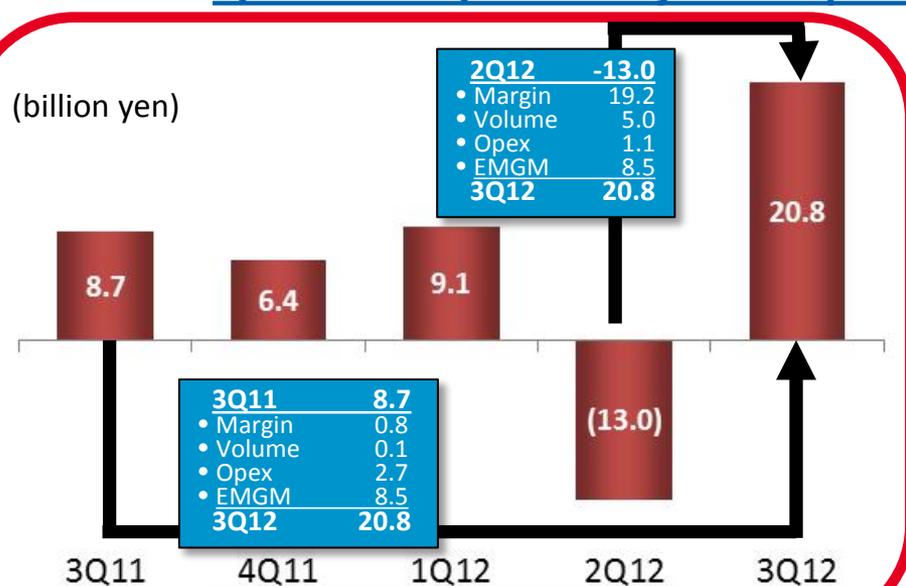
Oil

- Domestic and export margins significantly improved from depressed 2Q12
- Acquired business contributed well above the historical average
- Delayed Kawasaki start-up, Sakai lightning impacted 3Q12 volumes

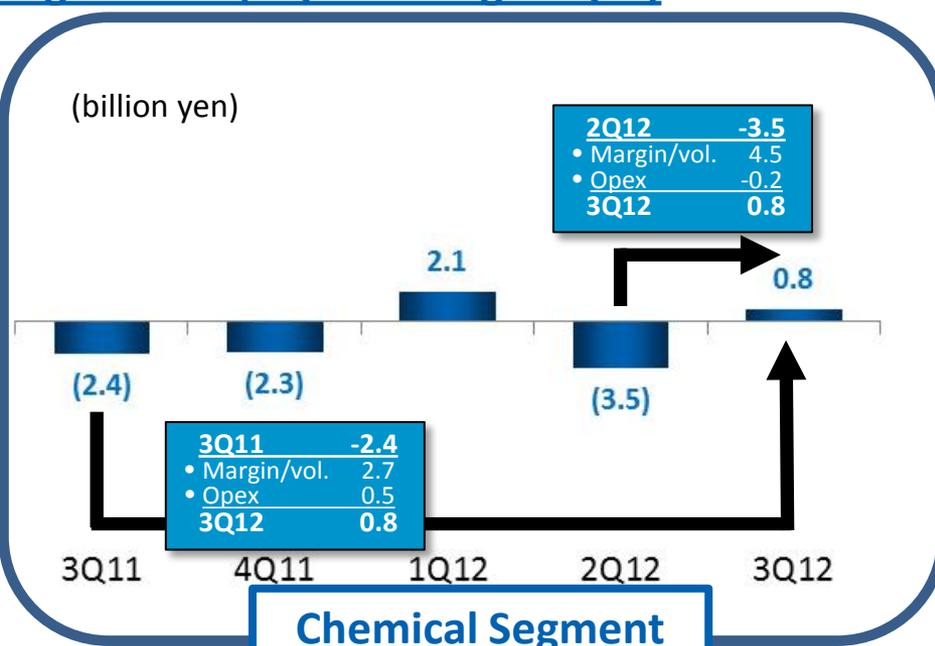
Chemical

- 3Q12 stable specialties, aromatics and olefins recovered from 2Q12 but still weak

Quarter to Quarter Adjusted Operating Income (3Q11 through 3Q12)



Oil Segment



Chemical Segment

Sales Volume

- ❑ 3Q12YTD volume was almost flat versus 3Q11YTD
 - Turnaround effects and downtime about equal in both periods
- ❑ Maximized 3Q12 export opportunities to capture favorable margin
- ❑ Chemical increase due primarily to absence of 1H11 maintenance in Sakai and Wakayama

Product	3Q11YTD*	3Q12YTD*	Inc./Dec.	Inc./Dec. Industry	EMGM effects**	New base 3Q12YTD
Oil products (KKL)						
Gasoline	7,318	7,145	-2.4%	+0.8%	348	7,493
Kerosene	1,692	1,892	+11.8%	+2.2%	33	1,925
Diesel Fuel	2,070	1,974	-4.6%	+2.5%	123	2,097
Fuel Oil A	1,296	1,145	-11.6%	-1.2%	48	1,193
Fuel Oil C	1,239	1,336	+7.8%	+55.6%	94	1,430
LPG/Jet/Others	2,136	1,993	-6.7%		98	2,091
Domestic sales total	15,750	15,484	-1.7%		744	16,228
Export	3,038	3,226	+6.2%		251	3,477
Oil products	18,789	18,710	-0.4%		995	19,705
Chemical Products (Kton)						
Olefins and others	1,153	1,180	+2.4%		-	1,180
Aromatics	432	484	+12.1%		-	484
Specialties	134	151	+13.1%		15	166
Chemical products	1,718	1,815	+5.7%		15	1,830
Topper Utilization	67%	67%	-			

* Previous TG basis before EMGM acquisition

** Added volume in 3Q12 resulting from EMGM acquisition

FY2012 Earnings Projection

- ❑ Operating income forecast increased by 6 billion yen from the August case
 - Oil: +8 billion yen reflecting favorable 3Q, 4Q margins weaker
 - Chemical: -2 billion yen, reflecting unfavorable 3Q results, full year just above breakeven
 - Inventory: Zero for the year, +5 billion yen in 4Q
- ❑ Net income: 42 billion yen plus includes tax effects on TG share purchase from EMGM

(billion yen)	3Q12YTD Actual	FY2012 Forecast		Delta
		Aug. Rev.	Nov. Rev.	
Net Sales	2041.7	2,800	2,800*	0
Operating income	6.9	12	18	6
Ordinary income	6.1	11	17	6
Extraordinary gain/loss	16.3	17	16	-1
Net income	8.4	10	52	42

(Breakdown of operating income)

Inventory gain/loss	-5.1	0	0*	0
Goodwill amortization	-4.2	-8	-8	0
Adjusted Operating income	16.3	20	26	6
Oil segment	16.8	17	25	8
Chemical segment	-0.6	3	1	-2

* Assumed September Dubai (\$111/bbl) and Forex (78Yen/\$) continues through 2012

- ❑ 38 yen per share dividend forecast reaffirmed

Cash Flows, Debt/Equity

- D/E ratio at 2012 end: expected to decline due to increase in equity from upward revision of 2012 earnings projection and seasonal working capital changes
- 100 billion yen shelf registration for straight bond issuance filed in 3Q
- 4 billion yen lower dividend due to decline in shares outstanding at interim dividend payment - stable dividend remains a priority

3Q12YTD Cash flow

Free Cash Flow *

Net income before taxes**	6.1
Depreciation / (Capex)***	9.8
Income taxes paid	-38.4
Cash flow from BSF dissolution	23.1
EMGM Acquisition	-380.8
All others	11.0

Financing Activities

Increase in net debt. etc.	436.2
Dividend to shareholders	-17.3

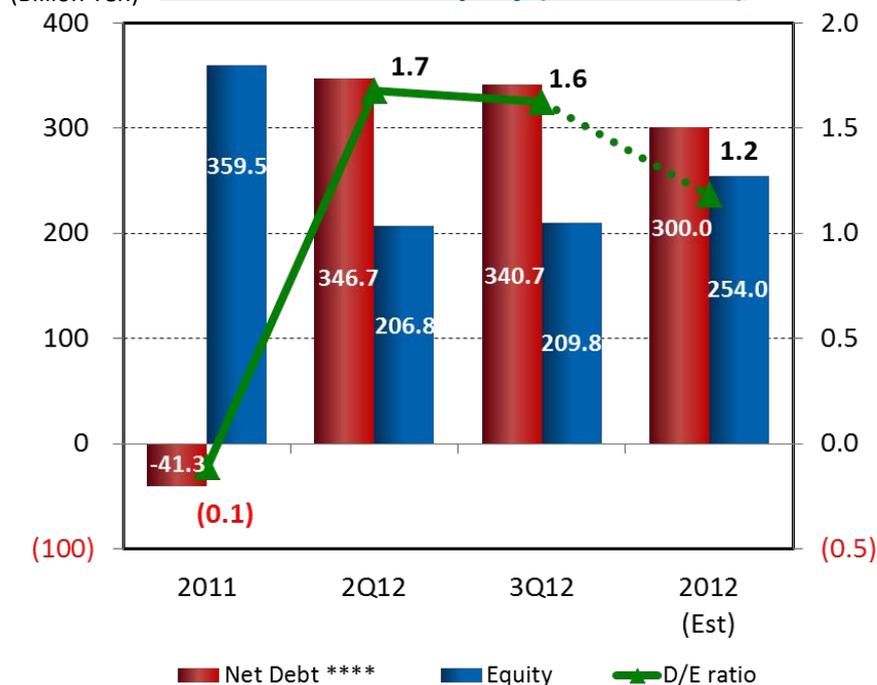
Net Cash Increase / (Decrease) 49.8

3Q12YTD

-369.2

- * Sum of cash flows from operating and investing activities
- ** Exclude BSF dissolution extra-ordinary gain
- *** Include goodwill amortization
- **** Deduct cash and cash equivalents

(Billion Yen) **Period end Debt/Equity (2011 – 2012)**



Supplemental Information

Sales Volume (EMGM effects restated)

□ Restated volume data to include EMGM acquisition effects for both 2011 and 2012

Product	3Q11YTD	3Q12YTD	Inc./Dec.	Inc./Dec.
Oil products (KKL)				Industry
Gasoline	8,159	8,156	-0.0%	+0.8%
Kerosene	1,908	2,130	+11.6%	+2.2%
Diesel Fuel	2,458	2,351	-4.3%	+2.5%
Fuel Oil A	1,436	1,320	-8.1%	-1.2%
Fuel Oil C	1,423	1,607	+13.0%	+55.6%
LPG/Jet/Others	2,351	2,301	-2.3%	
Domestic sales total	17,738	17,866	+0.7%	
Export	3,666	3,773	+2.9%	
Oil products	21,404	21,679	+1.1%	
Chemical Products (Kton)				
Olefins and others	1,153	1,180	+2.4%	
Aromatics	432	484	+12.1%	
Specialties	179	195	+8.7%	
Chemical products	1,764	1,859	+5.4%	
Topper Utilization	67%	67%	-	

Sensitivities for 2012 Earnings Forecast

□ Base assumption for November disclosure

Key Factors	Unit	Base	Reference
Dubai FOB	US\$/Bbl	111	September 2012 average
Exchange Rate	Yen/US\$	78	September 2012 average

Above assumptions used for net sales and inventory effects calculation

□ Full year sensitivities in the future operating income

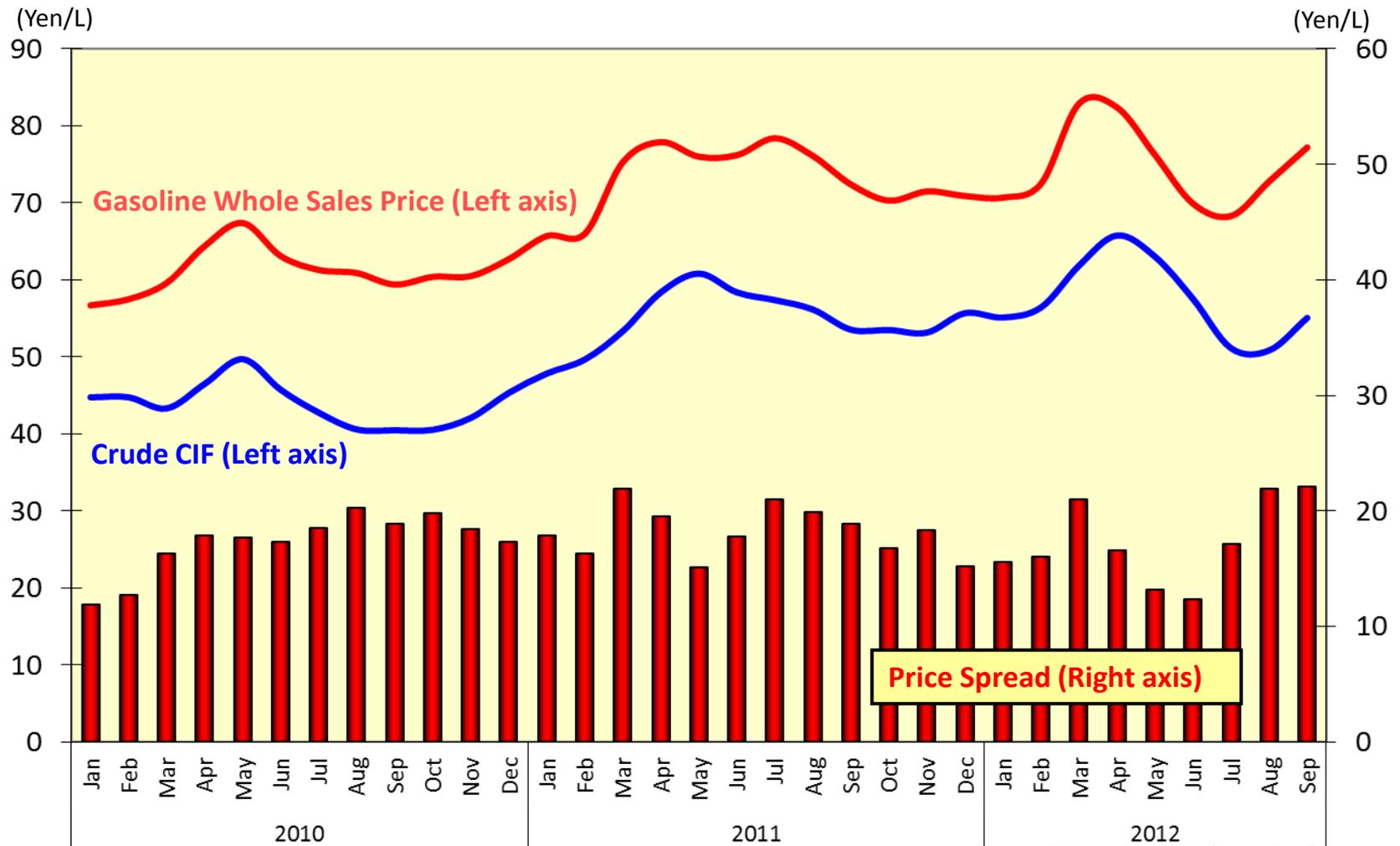
Key Factors	Unit	Appreciation by	Annual Impact (billion yen) Operating / Ordinary income* ¹
Dubai FOB	US\$/Bbl	10	18 / 20* ²
Exchange Rate	Yen/US\$	10	- 26 / -28 * ²
Refining margin	Yen/L	1	33* ³

*¹ Including equity earnings for Kyokuto Petroleum Industry (50% after tax) as non-operating income

*² Inventory effects only, the sensitivity would change subject to timing of crude price fluctuation and inventory volume

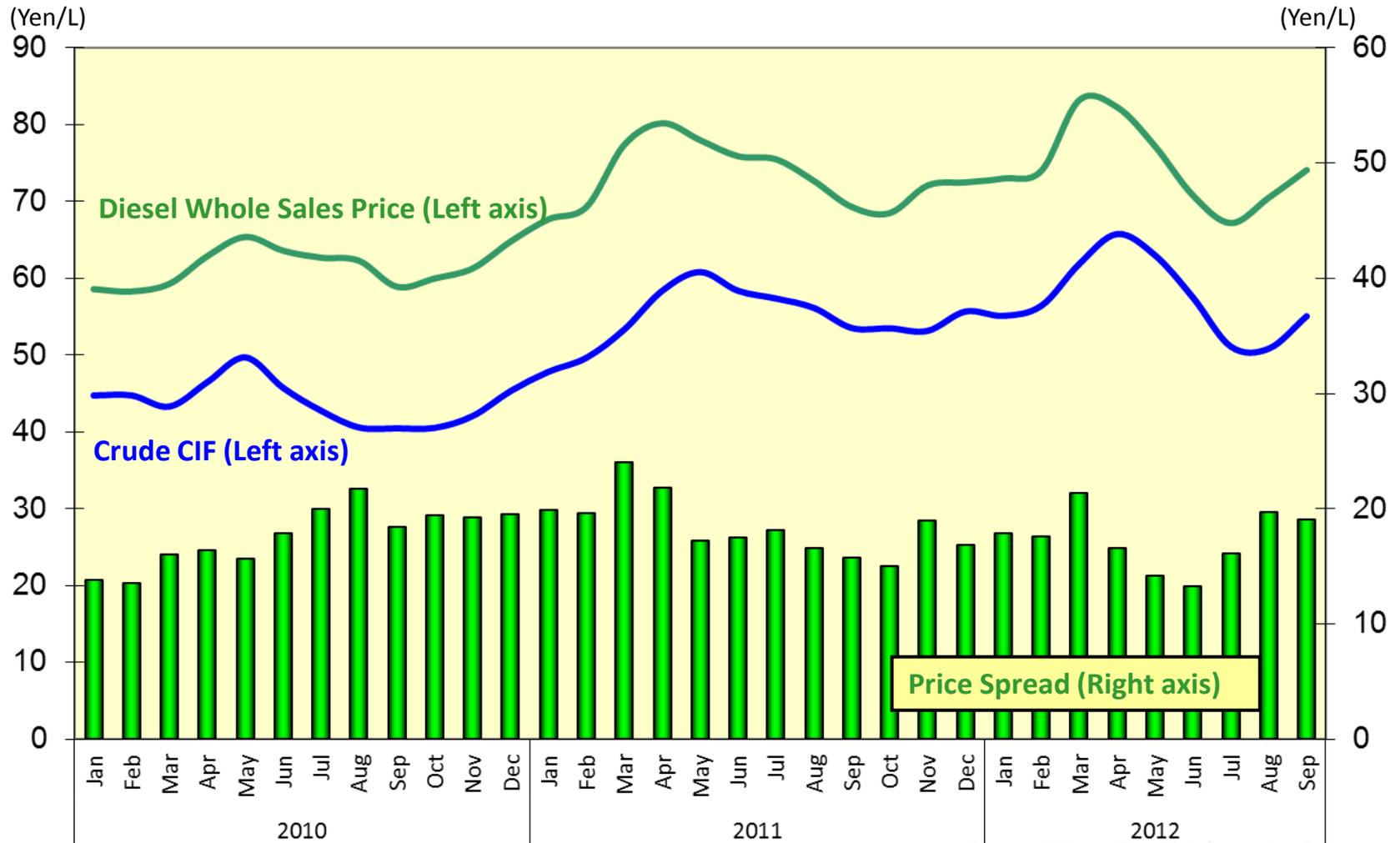
*³ Impact to operating income on annual basis rounded to nearest billion yen subject to change in sales volume

Price Spread (Gasoline Wholesale Price vs. Crude CIF)



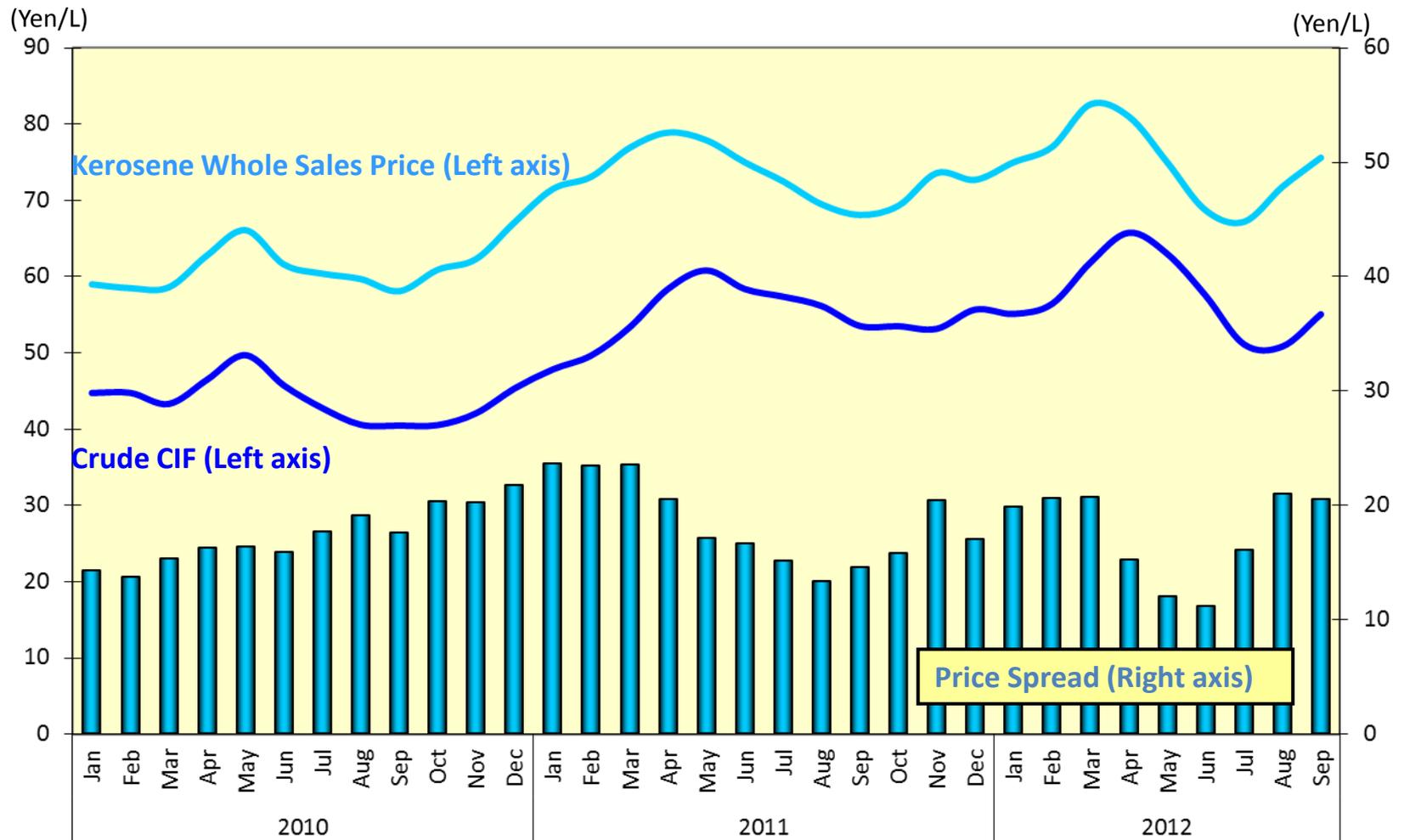
Source: PAJ and The Oil Information Center

Price Spread (Diesel Wholesale Price vs. Crude CIF)



Source: PAJ and The Oil Information Center

Price Spread (Kerosene Wholesale Price vs. Crude CIF)



Source: PAJ and The Oil Information Center

Details of Operating Income (2010 – 3Q12)

2012 (Unit: billion yen)

Breakdown of Operating Income	1Q12	2Q12	3Q12	4Q12	FY2012	1H12	3Q12YTD
Oil segment and others (Substantial)	9.1	-13.0	20.8			-4.0	16.8
Chemical segment	2.1	-3.5	0.8			-1.4	-0.6
Inventory effects	19.2	-28.3	4.0			-9.1	-5.1
Goodwill amortization			-4.2				-4.2
Total	30.4	-44.8	21.3			-14.4	6.9

2011

Breakdown of Operating Income	1Q11	2Q11	3Q11	4Q11	FY2011	1H11	3Q11YTD
Oil segment and others (Substantial)	10.7	-1.8	8.7	6.4	24.1	8.9	17.7
Chemical segment	7.2	0.5	-2.4	-2.3	3.0	7.7	5.3
Inventory effects	173.2	28.0	-12.2	0.1	189.1	201.2	189.0
Total	191.1	26.7	-5.9	4.2	216.2	217.8	212.0

2010

Breakdown of Operating Income	1Q10	2Q10	3Q10	4Q10	FY2010	1H10	3Q10YTD
Oil segment and others (Substantial)	-4.8	2.3	24.1	18.1	39.7	-2.5	21.7
Chemical segment	6.4	1.3	-5.5	-0.3	2.0	7.8	2.3
Inventory effects	18.7	-9.4	4.0	-13.5	-0.2	9.3	13.3
Lead lag effects	-2.0	1.0	5.0	-12.0	-8.0	-1.0	4.0
Total	18.4	-4.7	27.6	-7.7	33.5	13.6	41.2