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Press Release

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ExxonMobil Yugen Kaisha Earnings Results for 2006

ExxonMobil Yugen Kaisha (EMYK), parent company of TonenGeneral Sekiyu K.K., today announces its earnings results for the 2006 fiscal year (January 1-December 31, 2006).

1. 2006 Financial Results

The results for 2006 have been significantly affected by transactions leading to the 2002 merger between Esso Sekiyu Pte. Ltd. and Mobil Sekiyu Pte. Ltd. For that reason, we provide below, in addition to our financial results prepared on a statutory accounting basis, our 2006 results presented on a pro forma basis to remove those effects, in particular goodwill amortization associated with the merger transactions.

Statutory Financial Results

(Unit: billion yen)

	Sales Revenue	Operating Income/Loss	Ordinary Income/Loss	Net Income/Loss
Jan – Dec 2006 (A)	2,074.9	1.2	11.8	▲0.3
Jan – Dec 2005 (B)	1,844.1	▲6.3	4.5	▲0.5
Difference (A-B)	230.8	7.6	7.2	0.3
Increase/Decrease (%)	12.5	-	159.1	-

Sales Revenue

Despite a decline in product sales volumes, sales revenue increased 13% versus the previous year to 2,074.9 billion yen due to higher product prices reflecting the increase in crude costs.

Operating Income

With the amortization of goodwill referred to above, operating income amounted to 1.2 billion yen, an increase of 7.6 billion yen versus the previous year. This was partly due to improved margins despite a decline in product sales volumes, along with increased earnings for chemicals as a result of the firm market. A 1.4 billion yen reduction in operating expenses versus the previous year resulting from factors such as reduced pension and wage expenses also contributed to the increase in operating income.

Net Income

Non-operating income consists mostly of dividends from TonenGeneral Sekiyu K.K. However, there was a net decrease of 0.3 billion yen versus the previous year to 10.5 billion yen, due mostly to foreign exchange effects on export sales. Ordinary income increased 7.2 billion yen versus the previous year to 11.8 billion yen.

Net extraordinary income was negative 5.1 billion yen, versus negative 2.0 billion yen in the prior period. Beginning in 2006, the Company adopted asset impairment accounting standards, and extraordinary results reflect a 3.5 billion yen impairment charge. Taking extraordinary losses into account, net after-tax income was negative 0.3 billion yen. Goodwill amortization and impairment charges are non-cash charges, and are not tax-deductible.

Pro Forma Financial Results

As discussed above, we believe that the pro forma presentation of our 2006 results reflects more appropriately the true 2006 operating performance of EMYK. The pro forma accounts shown below remove the key accounting earnings effects remaining from the transactions leading to the 2002 merger that formed EMYK. The chief of these was the establishment, and amortization, of goodwill recognized in connection with the acquisition by Esso Sekiyu of the stock of Mobil Sekiyu prior to the merger. The amortization began in 2002 and continued through 2006.

(Unit: billion yen)

	Sales Revenue	Operating Income	Ordinary Income	Net Income
Jan – Dec 2006 (A)	2,074.9	21.9	32.4	20.4
Jan – Dec 2005 (B)	1,844.1	14.3	25.2	20.1
Difference (A-B)	230.8	7.6	7.2	0.3
Increase/Decrease (%)	12.5	52.7	28.7	1.4

Given the effects of goodwill amortization over the past several years, as well as the charge for asset impairments, both of which are non-cash charges to income, the Company's cash flow has been surplus to its immediate needs, and over time it has reduced net debt and redeemed a portion of its preferred shares.

2. Corporate Initiatives

Sound Operations Considering Safety, Health and the Environment

Our most important role is to supply our products at a fair price, using safe and environmentally-conscious methods. Attention to safety, health and the environment is a top priority in all of our business activities, and our basic principle is to continuously improve the standards of excellence in all aspects of our operations.

Marketing

EMYK offers customers the superior service and convenience of a powerful nation-wide network through one integrated marketing strategy for the Esso, Mobil and General brands of the ExxonMobil Japan Group.

We have continued to enhance the development of self-service stations, and in September 2006 the ExxonMobil Japan Group became the first in the industry to have opened 1,000 self-service stations in Japan. In particular, the branded self-service site "Express", with the brand concept of "the quickest, easiest and cleanest" service, has expanded to nearly 700 locations within the ExxonMobil Japan Group. Membership for Speedpass, a non-contact payment tool which is a feature of "Express", and the Synergy Card, a credit card that can be used at Esso, Mobil and General brand sites, each reached over one million last year. For further brand differentiation and sales promotion of "Express", we will continue to introduce new technology in response to customer needs and offer improved service. In addition, based on a business agreement with Seven-Eleven Japan Co., Ltd., a pilot test for Express sites combined with convenience stores is currently in progress at 11 sites (as of December, 2006). If the pilot is successful, combined sites are expected to be rolled out on a nationwide basis. Other key initiatives include the further enhancement of the Doutor Coffee Shops network and expansion of "Mobil 1 Center" to provide customers with the opportunity for quick and easy oil changes using the highest quality lubricant products.

Chemicals

EMYK acts as agent for chemical sales and distribution for TonenGeneral Sekiyu K.K. and Tonen Kagaku K.K., key members of the ExxonMobil Japan Group. The ExxonMobil Japan Group has further enhanced efficiency through consolidation of the chemical marketing and distribution operations in Japan into EMYK.
