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Press Release

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Revision of the Full Year Earnings Forecast for 2007

(January – December, 2007)

TonenGeneral Sekiyu K.K. has revised its consolidated and parent income forecasts for January 1 through December 31, 2007, which were previously announced on November 14, 2007.

1. Revision of Income Forecast for January 1 – December 31, 2007

Consolidated:

(Unit: billion yen)

	Sales Revenue	Operating Income/Loss	Ordinary Income/Loss	Net Income
Revised Forecast (A)	3049.8	7.1	15.1	7.0
Previous Forecast (B)	3090.0	47.0	51.0	29.0
Difference (A-B)	▲40.2	▲39.9	▲35.9	▲22.0
Increase/Decrease	▲1%	▲85%	▲70%	▲76%

(B) announced on November 14, 2007

Parent:

(Unit: billion yen)

	Sales Revenue	Operating Income/Loss	Ordinary Income/Loss	Net Income
Revised Forecast (A)	3014.4	▲24.1	▲1.2	4.4
Previous Forecast (B)	3040.0	14.0	34.0	26.0
Difference (A-B)	▲25.6	▲38.1	▲35.2	▲21.6
Increase/Decrease	▲1%	▲272%	▲104%	▲83%

(B) announced on November 14, 2007

2. Reasons for the Revision

Full-year consolidated operating income for 2007 is estimated at 7.1 billion yen, 39.9 billion yen less than the forecast announced in November, 2007.

The main reason for the revision is the significant reduction in margins for petroleum products versus the previous forecast. Cost increases in the fourth quarter were much greater than previously forecast, including crude price increases and a steep rise in ocean freight costs in December. However, these cost increases were not sufficiently reflected in product sales prices.

In addition, for accounting purposes TonenGeneral recognizes crude oil price in its cost of goods when the crude is loaded, whereas most of the industry accounts for crude cost when it arrives in Japan, so that crude price changes affect our accounting results approximately one month earlier than other industry participants. For this reason, the steep increase in crude prices during the fourth quarter is fully reflected in our 2007 results. This adverse effect (using Dubai crude price as a benchmark) versus the accounting method of the industry (arrival basis) is estimated at about 41 billion yen, about 19 billion yen greater than the previous forecast.

Although inventory valuation gains of 13 billion yen for the full year (January-December) were estimated in the November 2007 forecast, gains of approximately 15 billion yen are now expected based on the LIFO/LOCOM inventory valuation accounting method.

Full-year operating income for the petrochemicals segment is expected to reach its highest level to date, although fourth quarter petrochemical margins are expected to be slightly lower than previously forecast.

A loss of 24.1 billion yen is expected in parent operating income for the full year, which is 38.1 billion yen lower than the November 2007 forecast. The contribution of strong chemicals earnings by our major subsidiary, Tonen Kagaku K.K., is included only in consolidated earnings, which accounts for the difference between the parent results and the consolidated earnings described above.

3. Dividends Forecast

There is no change in the original projected full-year dividends forecast of 37.5 yen per share. The company projects a payment to its shareholders as of December 31, 2007, of 19.0 yen per share as a final dividend for the term ended December 2007, subject to the decision of the general meeting of shareholders.

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