July 26, 2007

Press Release

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Revision of the Interim Earnings Forecast for the First Half, 2007

(January 1 – June 30, 2007)

TonenGeneral Sekiyu K.K. has revised its interim consolidated and parent income forecasts for the January 1 - June 30, 2007 period, which were previously announced on February 19, 2007.

1. Revision of the Interim Earnings Forecast for the First Half, 2007

Consolidated:

(Unit: Billion yen)

	Sales revenue	Operating income	Ordinary income	Net income
Revised forecast (A)	1,405.4	26.4	28.4	17.1
Previous forecast (B)	1,510.0	22.0	22.0	13.0
Difference (A-B)	▲104.6	4.4	6.4	4.1
Increase/decrease (%)	▲6.9%	20.0%	29.1%	31.5%

(B) announced on February 19, 2007

Parent:

(Unit: Billion yen)

	Sales revenue	Operating income	Ordinary income	Net income
Revised forecast (A)	1,378.2	10.0	14.3	9.9
Previous forecast (B)	1,480.0	10.0	13.0	9.0
Difference (A-B)	▲101.8	0	1.3	0.9
Increase/decrease (%)	▲6.9%	0%	10.3%	9.6%

(B) announced on February 19, 2007

2. Reasons for the Revision

Consolidated operating income for the first half of 2007 is estimated to be 26.4 billion yen, an increase of 4.4 billion yen versus the previous forecast announced in February 2007. The revision is mainly due to the following factors:

(1) Increased margins for petrochemical products

Margins for major products such as olefins and aromatics were higher than expected at the time of the previous announcement in February, reflecting continued strong demand for petrochemical products.

(2) Lower earnings for petroleum products

Petroleum product margins were significantly lower than expected at the time of the previous announcement in February. This was mainly due to increased feedstock costs resulting from higher crude prices in the first half (January-June) of 2007, particularly the sharp increase in the first quarter (January-March). In addition, TonenGeneral accounts for purchased crude when it is loaded, whereas most of the industry accounts for crude when it arrives in Japan, so that crude price changes affect our results approximately one month earlier than other industry participants. For this reason, crude price increases during the first half of 2007 (14 dollars per barrel on Dubai basis) are fully reflected in our first half results. On the other hand, the increase in crude oil and product price levels contributed to inventory valuation gains calculated using the LIFO/LOCOM accounting method for inventory valuation applied by TonenGeneral. Inventory valuation effects were assumed to be zero in our earnings forecast announced in February, whereas we now forecast them to be at least 18 billion yen. These gains offset to some extent the decrease in petroleum product margins referred to above.

As a result of the above, net income for the first half of 2007 is estimated to be 17.1 billion yen, 4.1 billion yen higher than the forecast announced in February. We will reconsider our projection for full-year earnings at the time of our disclosure of the first half earnings results in August.

Parent operating income for the first half of 2007 is estimated to be 10 billion yen, as forecast in February. The most significant difference between the consolidated results and the parent results is the contribution of strong chemicals earnings by our major subsidiary, Tonen Kagaku K.K., in the consolidated earnings.

3. Dividends Forecast

There is no change in the original full-year dividends forecast of 37 yen per share announced in February.

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