

TonenGeneral Sekiyu K.K.

2007 3QYTD/3Q Results and FY Forecast

November 14, 2007



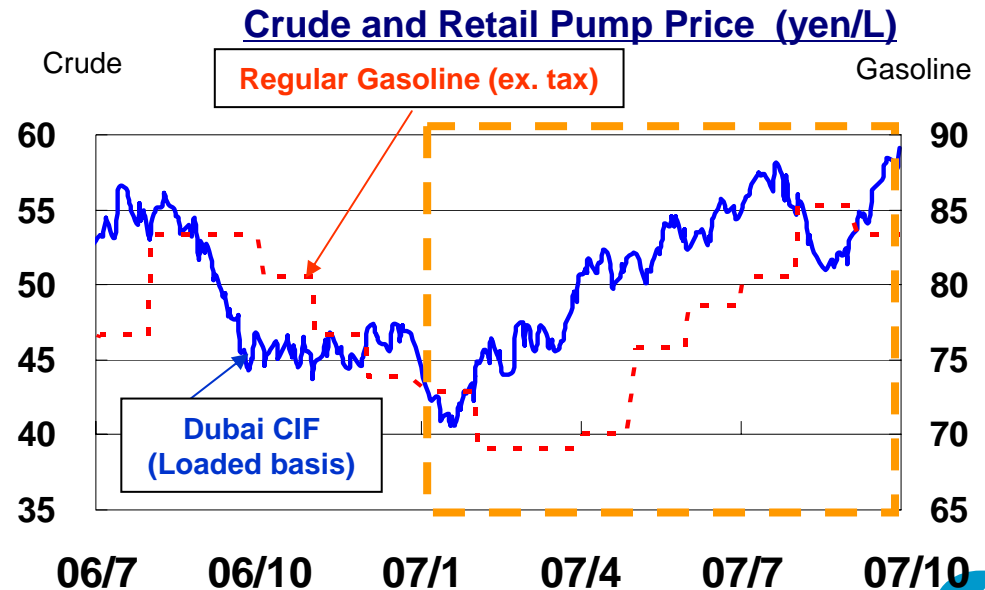
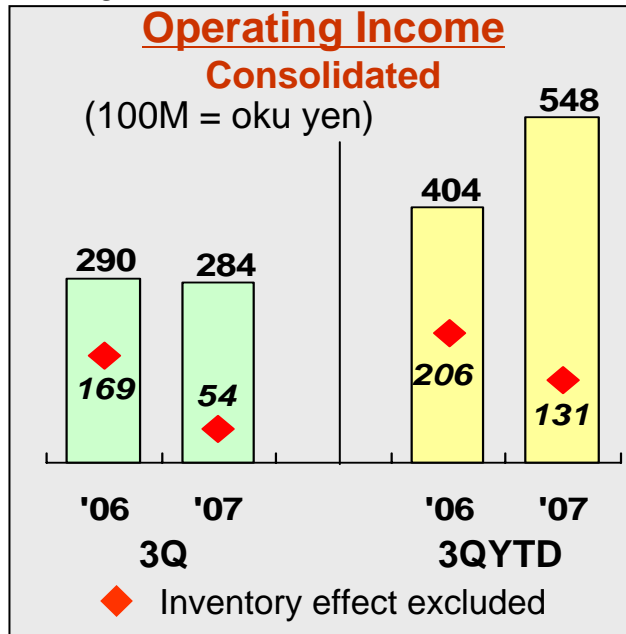
TonenGeneral

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 '06, on inventory gains and chemicals
 - » TonenGeneral's downstream margins (ex. Inventory effects) decreased
 - Domestic demand decreased
 - Margin dropped on large and rapid crude price increase (with temporary crude price decline in August)
 - Large negative effect from prompt crude cost recognition accounting vs. competitors
 - » Chemicals' strong contribution to profits increased
 - Olefins market continues to be strong, while PX margin retreated somewhat from peak levels
 - » Large YTD inventory gains forecast to reverse in part during 4Q, but to remain high
 - » 20B yen Stock Buy-back completed in 3Q
 - Updated year end dividend projection from 18.5 to 19.0 yen/share
 - » Rigorous approach to asset management
 - Agreed divestment of our shares in Nansei Sekiyu KK



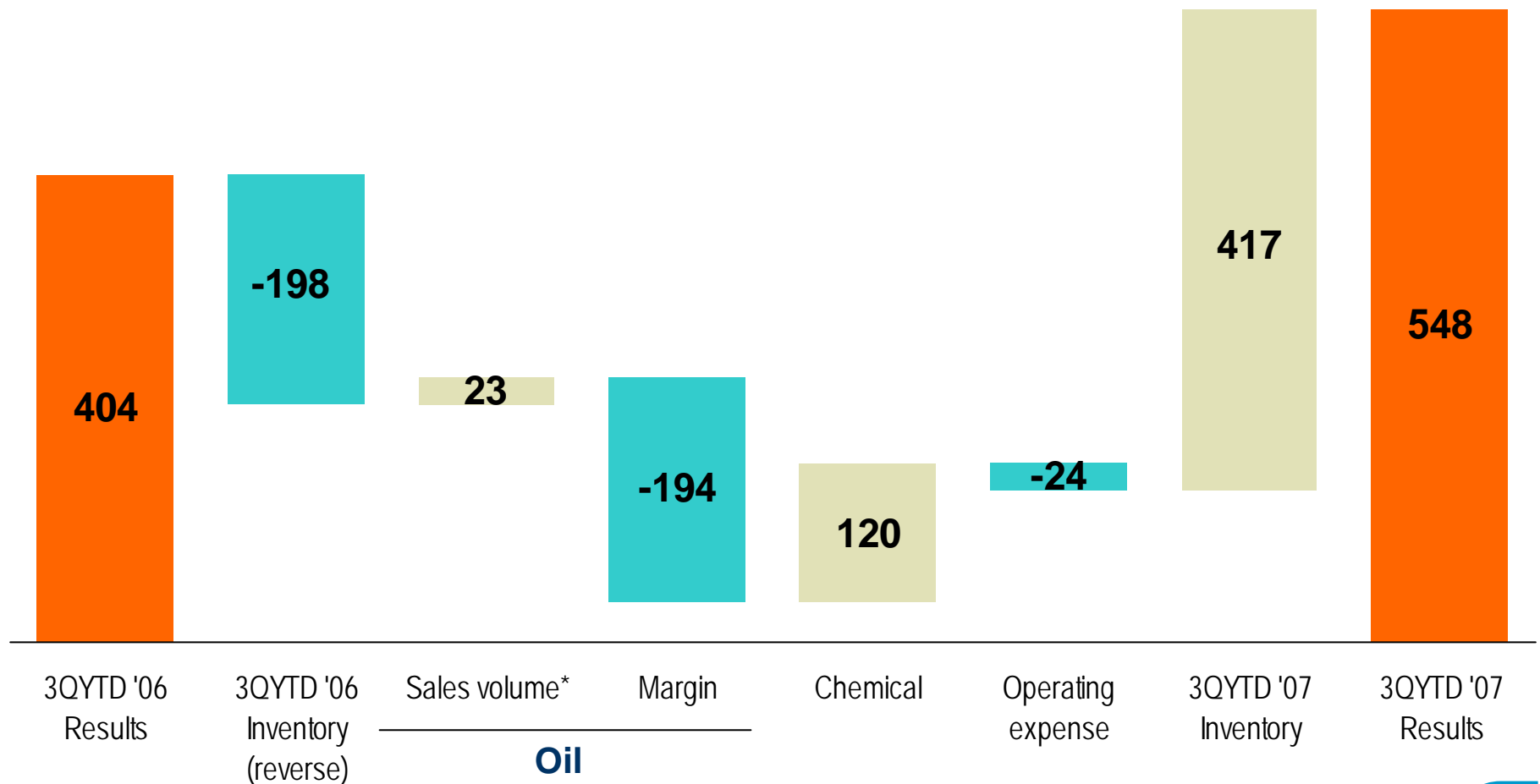
Earnings Results [3Q YTD, Consolidated]

(100M yen)	<u>'06</u>	<u>'07</u>			<u>Inc/Dec</u>
	<u>3Q YTD</u>	1H	3Q	<u>3Q YTD</u>	
Sales revenue	22,895	14,054	7,861	21,915	-980
Operating income	404	264	284	548	144
Ordinary income	459	284	310	594	135
Extraordinary P/L	-13	-6	-1	-6	7
Net income	279	171	184	355	77
Reverse inventory effects	-198	-188	-229	-417	-219
Adjusted operating income	206	77	54	131	-75
Oil segment and others	-122	-266	-53	-319	-197
Chemical segment	327	343	107	450	123
<Note> Lead/lag effect on Dubai FOB basis	-130			-220	-90

Factor Analysis of Operating Income

[3QYTD '07 Results vs. 3QYTD '06 Results; Consolidated]

(100M yen)



* Major products, per VG5

Sales Volume/ Capacity Utilization

- All fuels volumes lower versus 3QYTD '06 due to slow demand and warmer winter
- Continuing attention to profitability of sales channels including export opportunities
 - » Gasoline and Middle Distillates exports: Twice 3QYTD '06 actual
- Lower Aromatics sales due to turn-around of aromatics plant at Wakayama in 1Q and higher Olefins sales due to absence of Steam Cracker turn-around at Kawasaki in 3Q'06
- Lower Topper Utilization due to planned shut-downs at Kawasaki, Sakai, and Okinawa in 2Q. No notable turn-around in 3Q

Oil Products (Consolidated, Excluding Barter)					Industry
(KKL)		<u>3QYTD 2006</u>	<u>3QYTD 2007</u>	<u>Inc./Dec.</u>	<u>Inc./Dec.</u>
Japan Inland Sales	Gasoline	8,732	8,382	-4.0%	-1.1%
	Kerosene	2,650	2,490	-6.0%	-14.3%
	Diesel fuel	3,244	2,722	-16.1%	-1.7%
	Fuel oil A	2,557	2,484	-2.8%	-15.9%
	Fuel oil C	2,070	1,583	-23.5%	-10.2%
	5 Major Fuels Total	19,253	17,661	-8.3%	-6.7%
	LPG and others	2,239	1,823	-18.6%	
	Sub Total	21,492	19,484	-9.3%	
	Others*	6,769	6,456	-4.6%	
	G. Total	28,261	25,940	-8.2%	

(* Others include exports, crude, product exchanges within ExxonMobil Japan Group, etc.

Chemical Products (Consolidated)				
(Kton)				
	Olefins and others (TCC)	1,304	1,392	6.7%
	Aromatics (TG)	570	558	-2.2%
	Chemical Total	1,874	1,949	4.0%

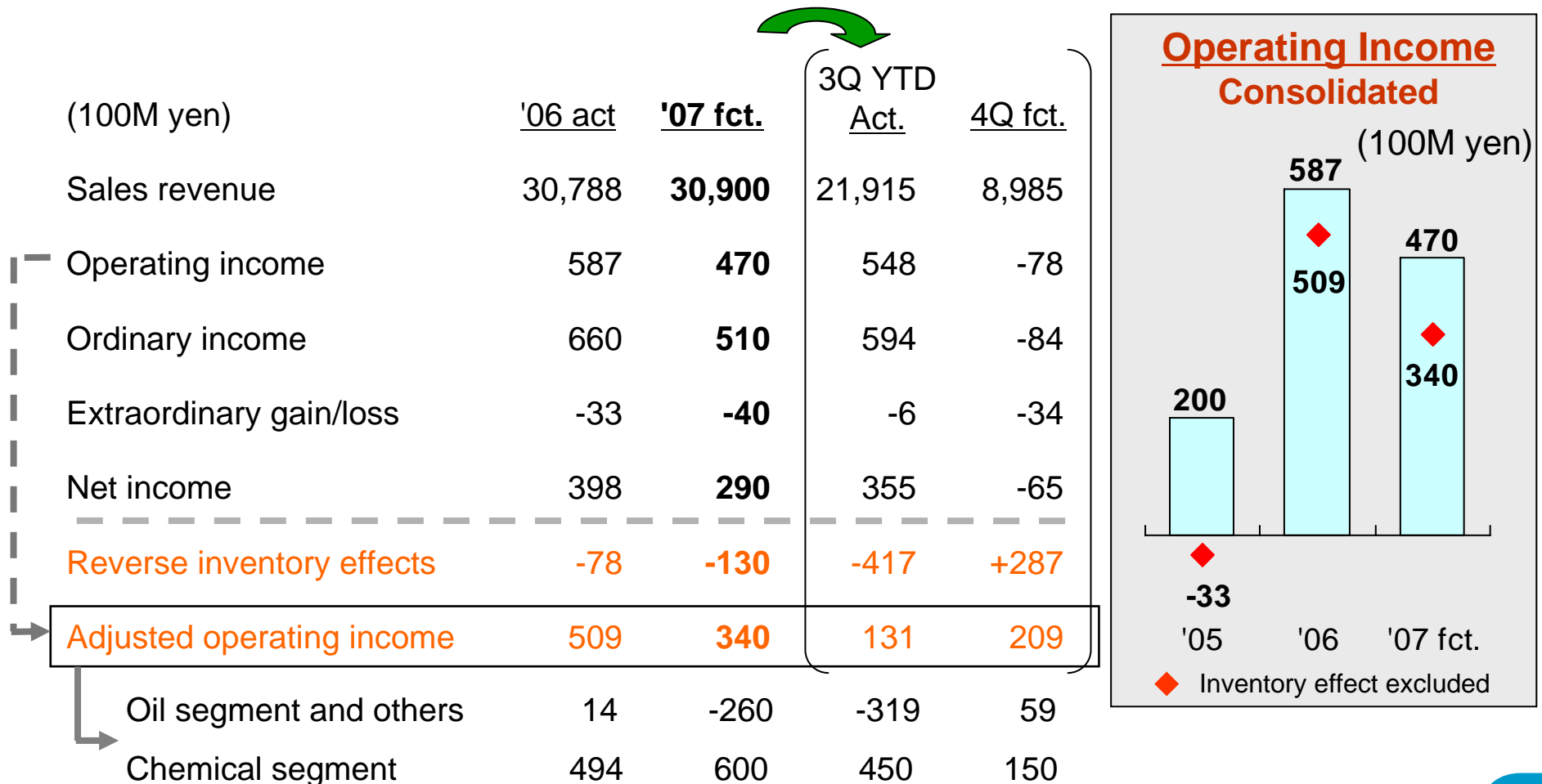
Topper Utilization (Parent/Consoli.) 78%/74% 76%/70% 82%

Assumptions for 4Q 2007

- Fuels margins Same as prior forecast
- Fuels sales volumes Same as prior forecast
- Chemicals margins Higher Olefins and lower Aromatics for 4Q versus prior forecast
- Chemicals volumes Same as prior forecast
- Operating expenses Same as prior forecast
- Inventory accounting LIFO/LOCOM
- Inventory effects Reversal of large temporary inventory drawdown
3QYTD 41.7 G yen → 13.0 G yen at year end
- Crude cost, FX 76.7 \$/BBL(Dubai), 115.4 ¥/\$ -- values as of Sept.-end '07
[for sales revenue only]
- Nansei Sekiyu stock sales Operating P/(L) 2.0 G yen from inventory arrangement
Extraordinary P/(L) Negative 2.9 G yen (Consolidated)

Revised Earnings Forecast [Consolidated]

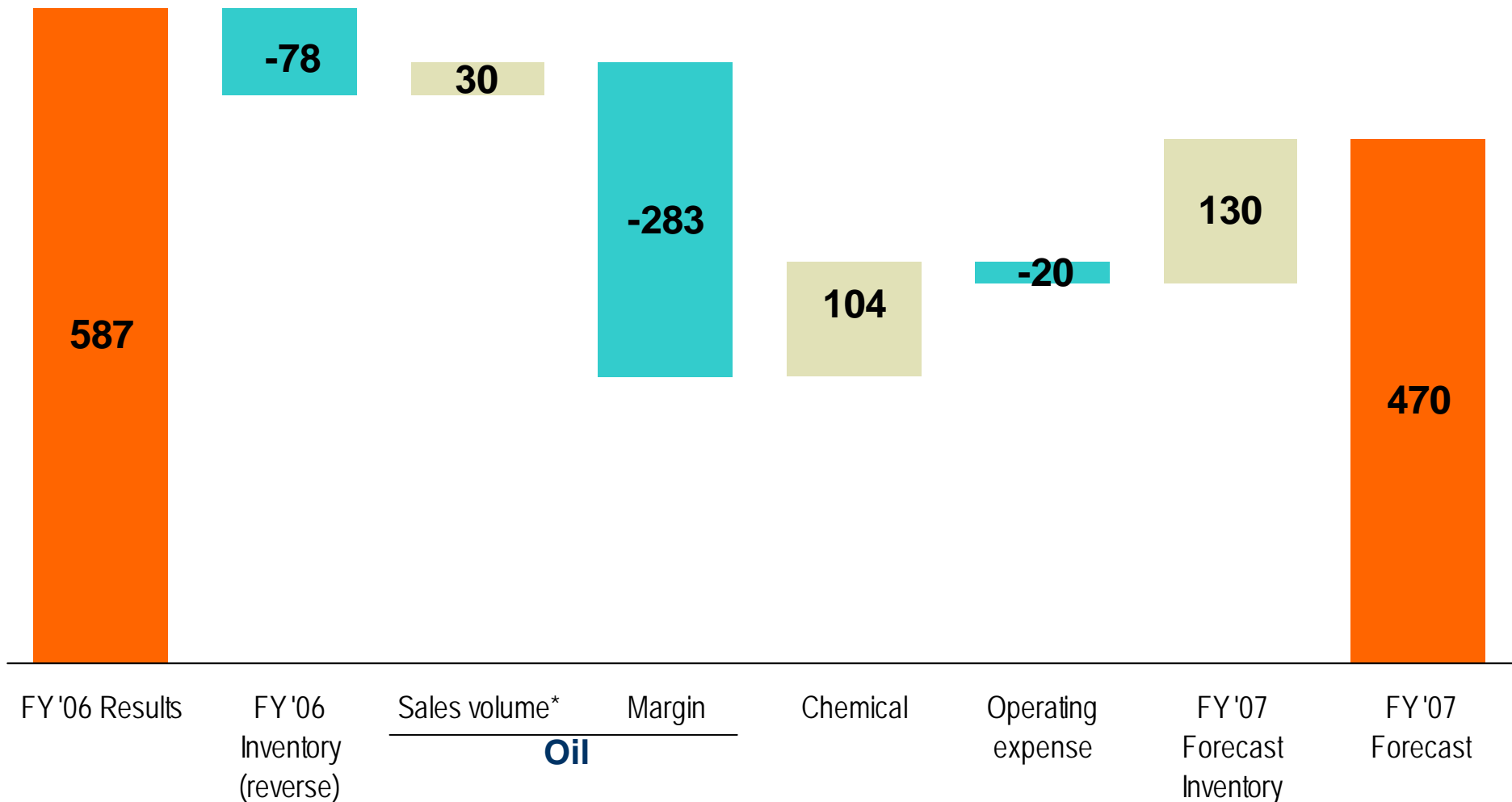
- Adjusted operating income for FY '07 is projected to be 340 oku yen
- 130 oku yen final positive LIFO effect in 2007, taking into account projected inventory levels; assumes no material change in crude prices during rest of year



Factor Analysis of Operating Income

[FY '07 Forecast vs. FY '06 Results; Consolidated]

(100M yen)



* Major products, per VG5

Supplemental Information

November 14, 2007

Stock Sales of Nansei Sekiyu

Overview of Nansei Sekiyu

- Capital 7,625 M yen
- Total number of shares issued 250,000 shares
- Major shareholders TonenGeneral Sekiyu 87.5%
Sumitomo Corporation 12.5%
- Earnings results for recent fiscal years (Jan. – Dec.)

[M yen]	2005	2006
Sales revenue	138,715	153,872
Operating income/loss	228	- 371
Ordinary income/loss	20	- 604
Net income/loss	10	- 381
Total assets	42,053	37,912
Net assets	8,172	7,521
Dividend per share	1,080 yen/share	—

Summary of the deal

- Stock recipient Petrobras International Braspetro B.V.
- Number of shares to be transferred 218,750 shares (Shareholder voting rights 87.5%)
- Stock sales price 5.5 G yen (25,143 yen/share)
- Expected date of stock transfer March, 2008

Major impact to TG consolidated earnings

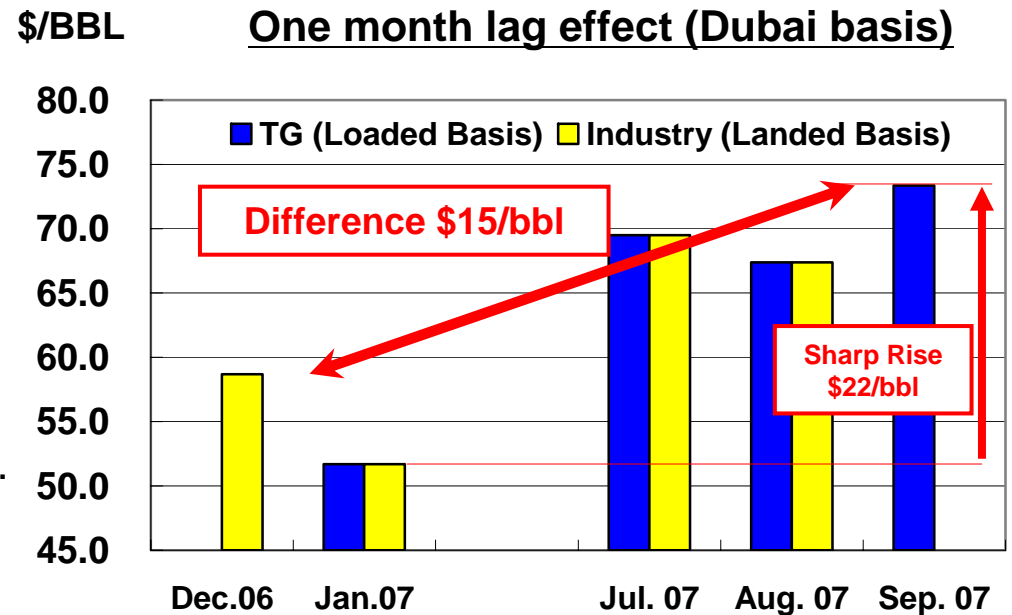
- P/L on stock sales(*1) : Extraordinary loss of 2.9 G yen in 2007
(*1): subject to adjustment based on assets and liabilities at the date of stock transfer
- Gain from inventory arrangement (*2) : Operating profit of 2 G yen in 2007
Operating profit of 8 G yen in 2008
(*2): estimate based on current assumptions and market valuations as of September 2007

One Month Lag Effect of Crude Cost Recognition

- TG accounts for crude price on loaded base; this recognizes effects of changes in crude prices about one month earlier than rest of industry

Product sales price in the Domestic market refers to crude price of the prior month's loaded cost in most cases

- "Lag effect" of crude cost recognition vs. industry on Dubai basis was approx. 220 oku yen for 3Q'07 YTD



TG	Crude applied to COGS	Jan. load	Jul. load	Aug. load	Sep. load
	Pricing base in Dome. Market	Dec. load	Jun. load	Jul. load	Aug. load
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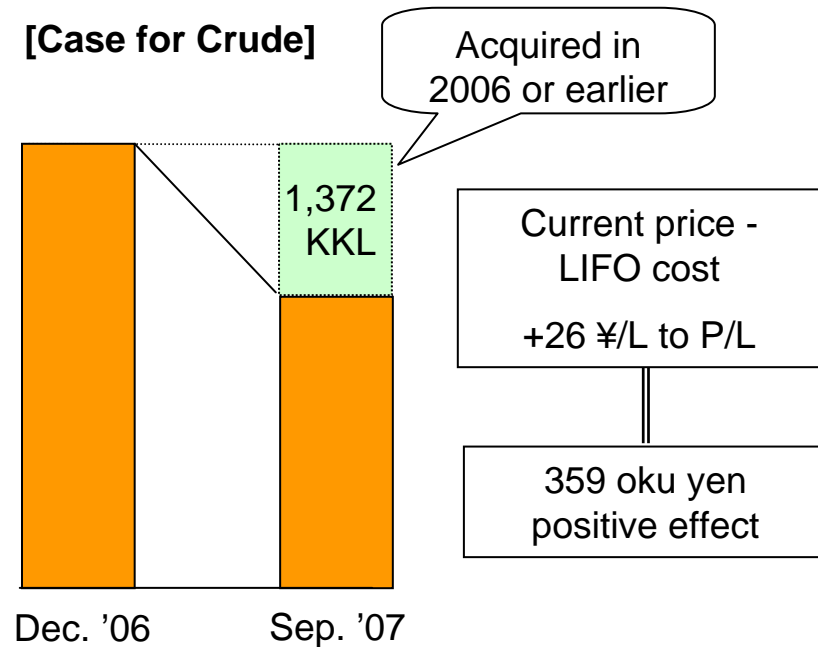
Inventory Effects

- TonenGeneral's accounting principle for inventory
 - » LIFO
 - » Lower of cost or market

- Net inventory gain for 3QYTD '07

Crude	359 oku yen
Products	58 oku yen
<u>Total</u>	<u>417 oku yen</u>

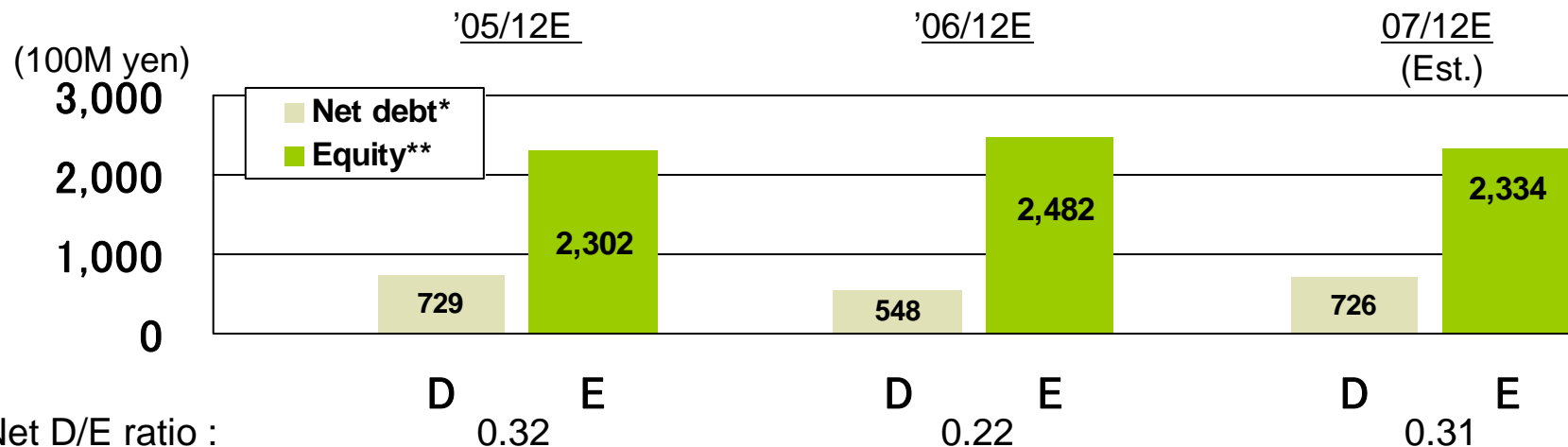
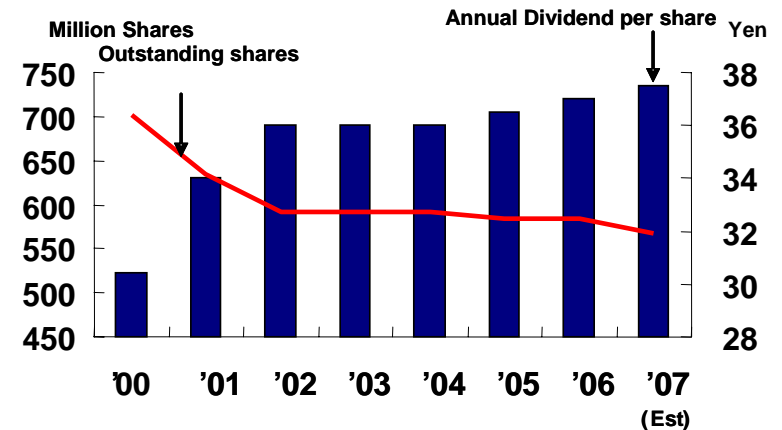
[Case for Crude]



Financial Policies; 2007 Dividends

- Robust financial condition; focus on return to shareholders
 - » Maintain appropriate capital structure
 - » Strong free cash flows and D/E ratio
 - » 200 oku yen Share Buy Back in 2007; 4th Share Buy Back since 2000
 - » Project total dividend of 37.5 yen per share in 2007
 - Interim dividend of 18.5 yen per share and year-end of 19.0 yen per share
 - » Continuing close review of capital structure options in unclear industry environment

No. of Outstanding Shares at year end and Annual Dividend per Share



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

Chemicals Market Trend

Asian Spot Price Trend

