

TonenGeneral Sekiyu K.K. Business Strategy and 2QYTD 2009 Financial Results

August 17, 2009
at TSE Arrows



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.

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- Business Overview K. Suzuki
 - 2QYTD 2009 Financial Results and Revised FY 2009 Financial Forecast W. J. Bogaty
 - Q & A

Business Overview

K. Suzuki

*Representative Director, President
TonenGeneral Sekiyu K.K.*

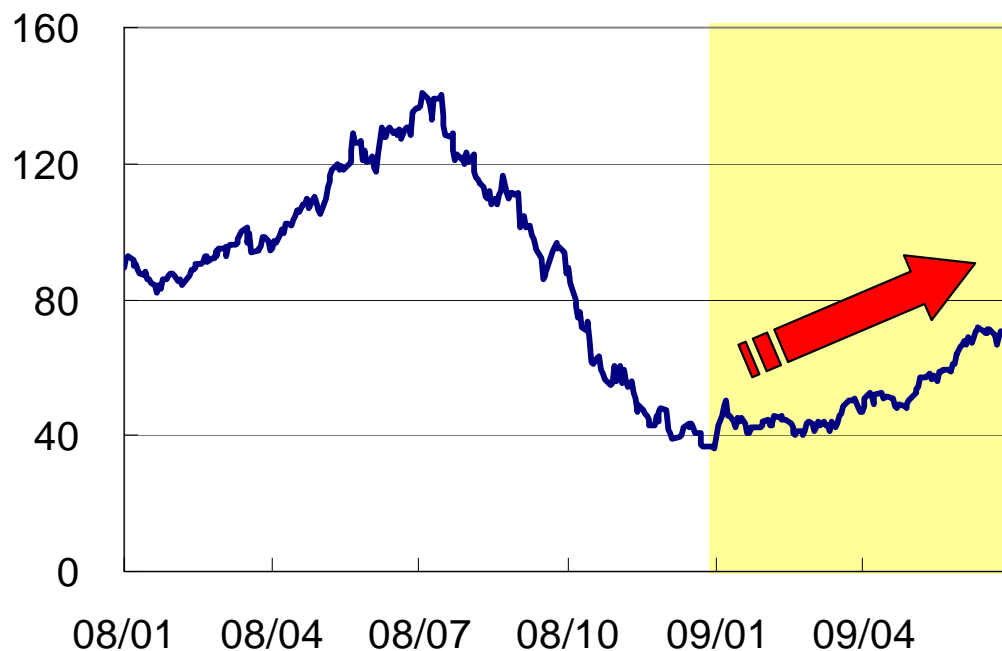
■ Rise in crude prices

- » Monthly average Dubai prices in June increased by about \$33/Bbl from the end Dec'08
 - Adversely affected our earnings compared with other companies in the industry due to our crude cost accounting method (especially in 2Q09)

■ Continuous slump in the Japanese economic environment

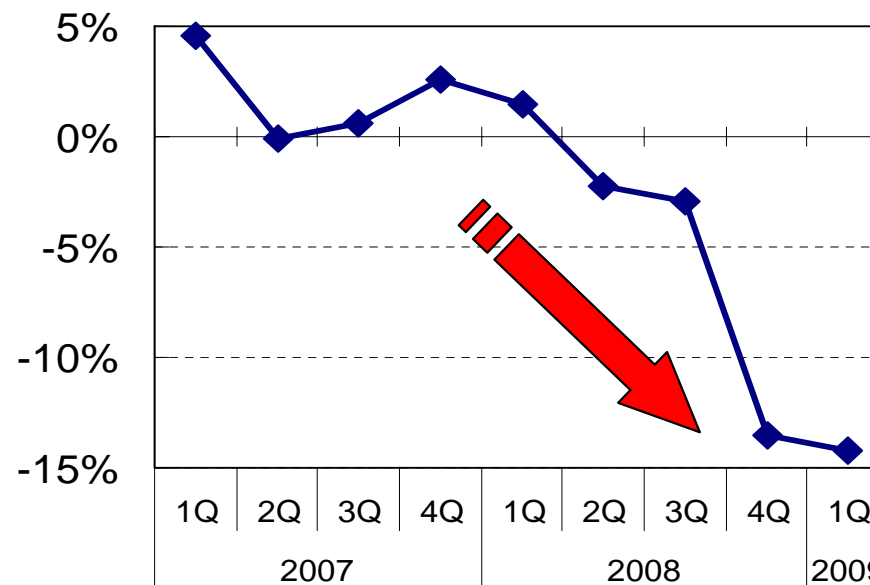
- » Large fall in real GDP continuing from 4Q into 2009 1Q, in double digits on annualized basis.

Dubai Prices (\$/Bbl)



Source: Platts

Real GDP (vs. last Quarter, pa.%)



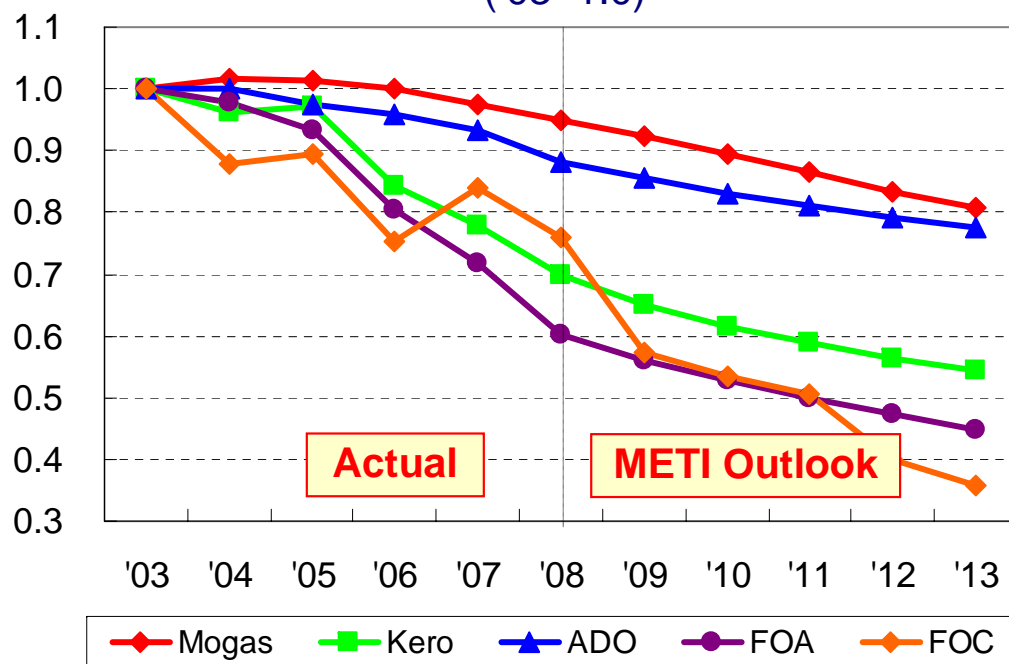
Source: Cabinet Office Statistics

Business Environment (2)

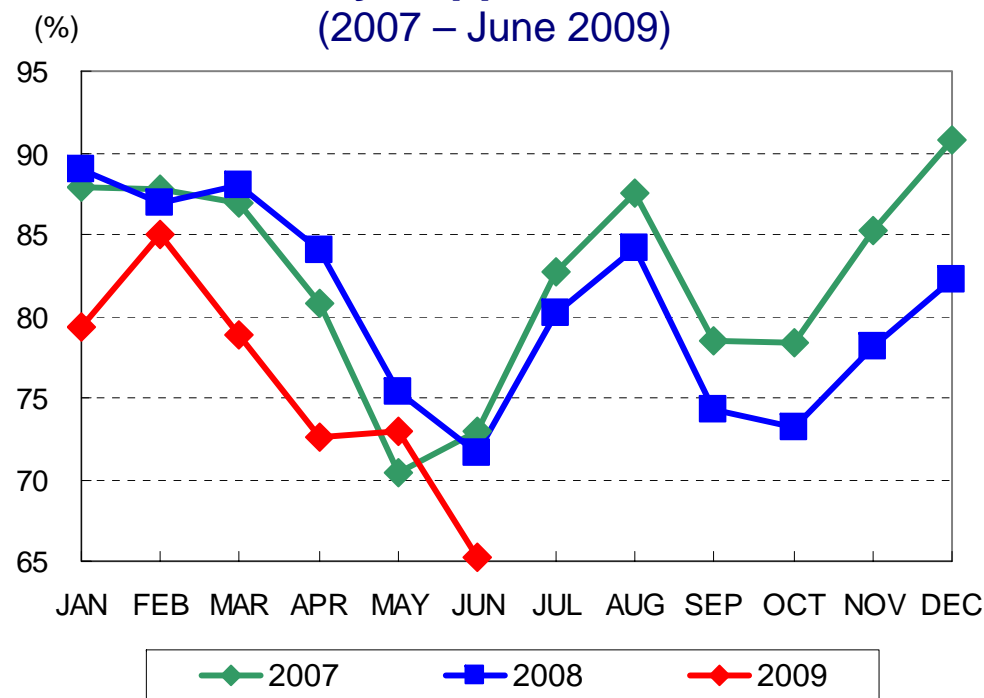


- **Domestic demand of petroleum products continues to decline**
 - » FY2013 Forecast: Total fuel oil will decrease by 16% vs. FY2008 actual (METI 5-year Demand Outlook)
 - » 1H2009 Actual: Total fuel oil decreased by 11% vs. 1H2008 (faster than METI Outlook)
- **Decrease in crude runs and topper utilization**
 - » Surplus capacity issues become more serious
- **Signs of recovery in product demand and market conditions in Chemical Segment**

Domestic Product Demand Index
(’03=1.0)



Monthly Topper Utilization
(2007 – June 2009)



Source: METI Statistics

Long-term Vision:

- Establish “Prominent Position” in the Japanese Oil Industry and within the Global ExxonMobil Group

< Concentration on our Core Businesses >

Basic Management Philosophy:

■ Ensure Flawless Operations

- » Safety: “Nobody gets hurt”
- » Environmental Protection: “Protect Tomorrow, Today.”
 - Measures for “Climate Change”
- » Effective internal controls
- » Corporate Governance / Integrity

■ Improve Efficiency & Profitability

- » Pursue efficiency / profitability across all segments of the business
- » Effective asset management

■ Increase shareholders’ value

- » Increase shareholders’ value through optimal combination of business investment and return to shareholders, from long-term perspective

**In this severe business environment,
Steady, concerted self-help efforts are essential**

Ensure Flawless Operations: Measures for “Climate Change”

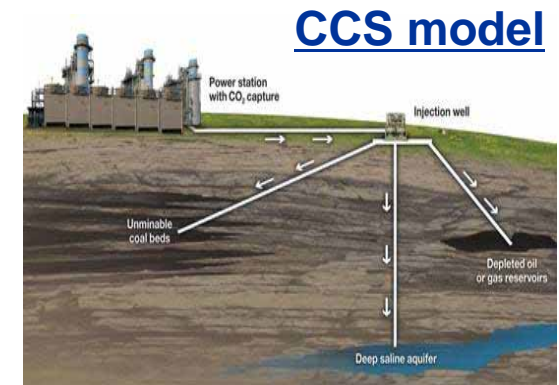


Reducing Greenhouse Gases (GHG) - Basic stance of TonenGeneral and ExxonMobil

- GHG cost should be transparent, uniform across the economy and predictable
 - » To facilitate appropriate judgment for investments for GHG reduction from a long-term perspective
- Reduction initiatives should be truly effective and based on scientific principles
- Systems requiring complex management and across-the-board regulations should be avoided

Measures being taken by the ExxonMobil Group

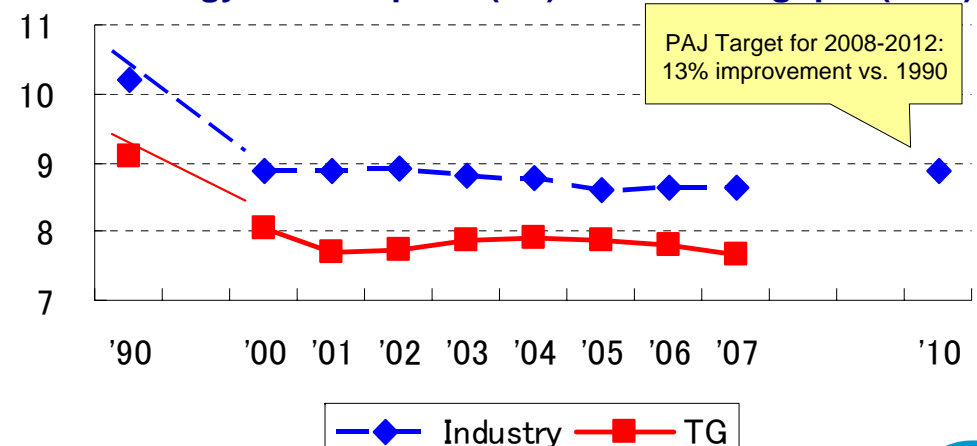
- ExxonMobil Group internal research
 - » CCS study/ Develop lubricants to improve mileage
 - » Gasification (coal/biomass) technology development, etc.
- Joint research with third parties
 - » Participation in research (GCEP) conducted by Stanford Univ.
 - » Joint development of new-generation biofuels with SGI



TonenGeneral’s own initiatives

- Energy conservation, efficiency improvement
 - » TG has produced the best results
 - » Front runner in unit energy consumption in refineries in both absolute level and improvement rate
- Contribution to development of efficient rechargeable batteries
 - » Manufacture “Battery Separator Films” for Lithium-ion batteries

Unit Energy Consumption in Refineries Energy Consumption (KL) / APS Throughput (KKL)



Source: PAJ

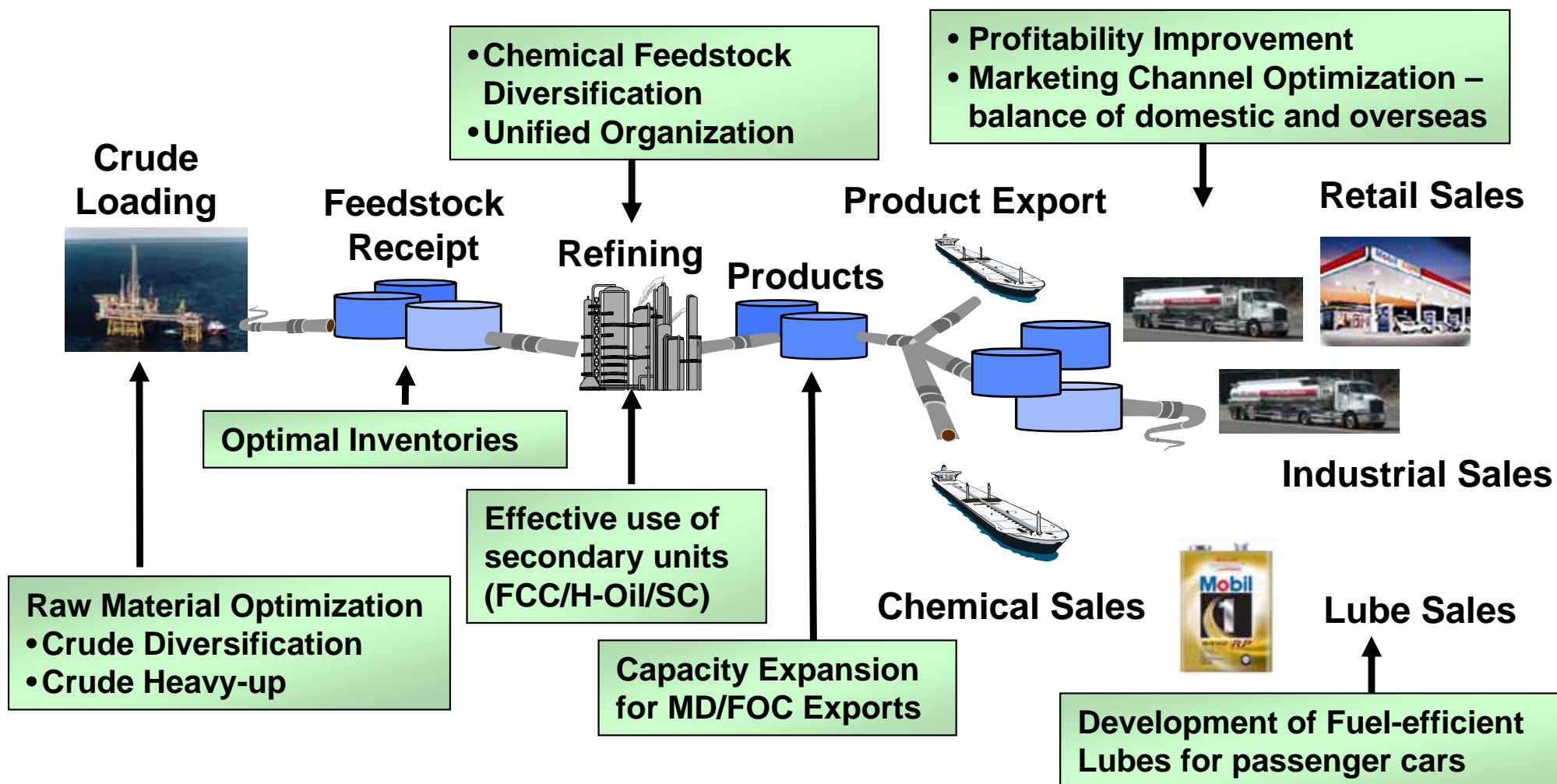
Improve Efficiency & Profitability



TonenGeneral

■ Continuous enhancement of integrated approach as an ExxonMobil Group

- » Optimization of feedstock procurement, product supply system and marketing channels
- » Full use of integration synergies with refining and chemical s business
- » Effective asset management

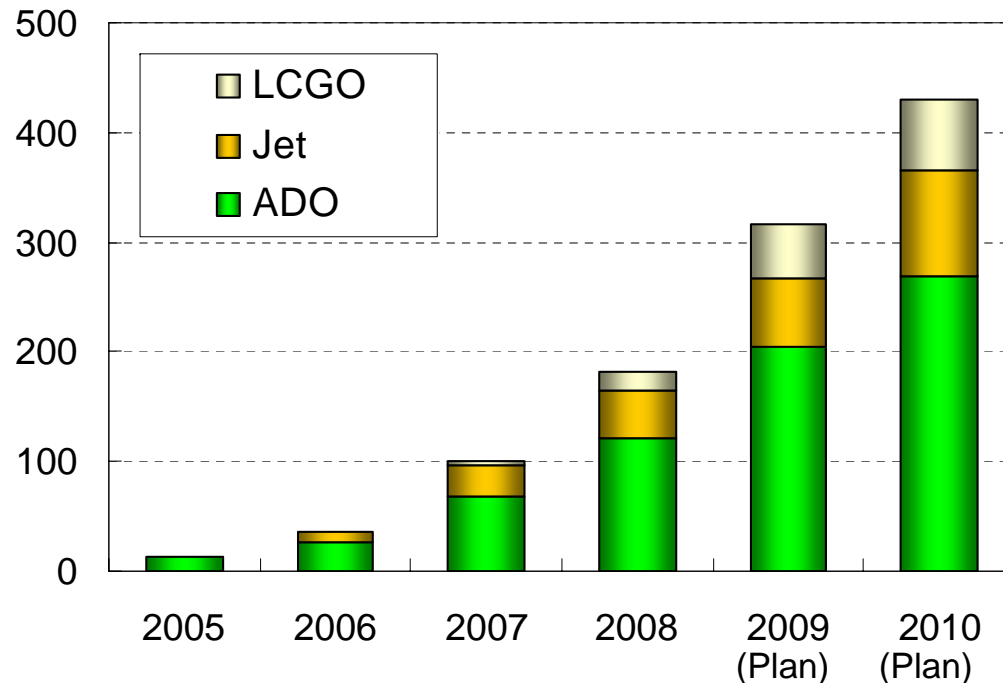


Improve Efficiency & Profitability: 2009 Achievements (1)

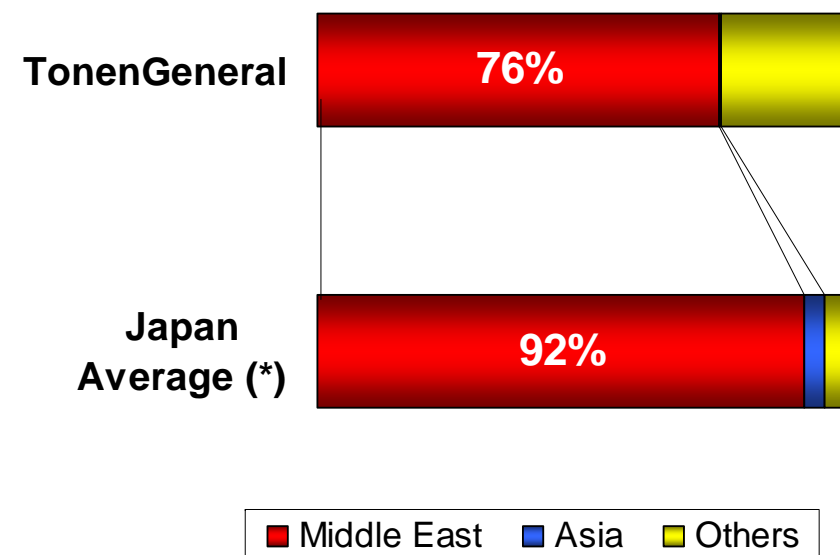


- **Product export expansion especially for middle distillates through export capacity enhancement**
 - » Product export is an important sales channel as well as domestic sales
 - » Full use of secondary facilities
- **Most effective feedstock procurement to address changing environment, both domestic and overseas**
 - » Taking full advantage of the ExxonMobil global network
 - Crude diversification

Export Capacity Expansion Index
(Middle Distillates, '07=100)



Crude Import by Region
(2Q09 YTD, %)



(*) Excl. TG

Improve Efficiency & Profitability: 2009 Achievements (2)



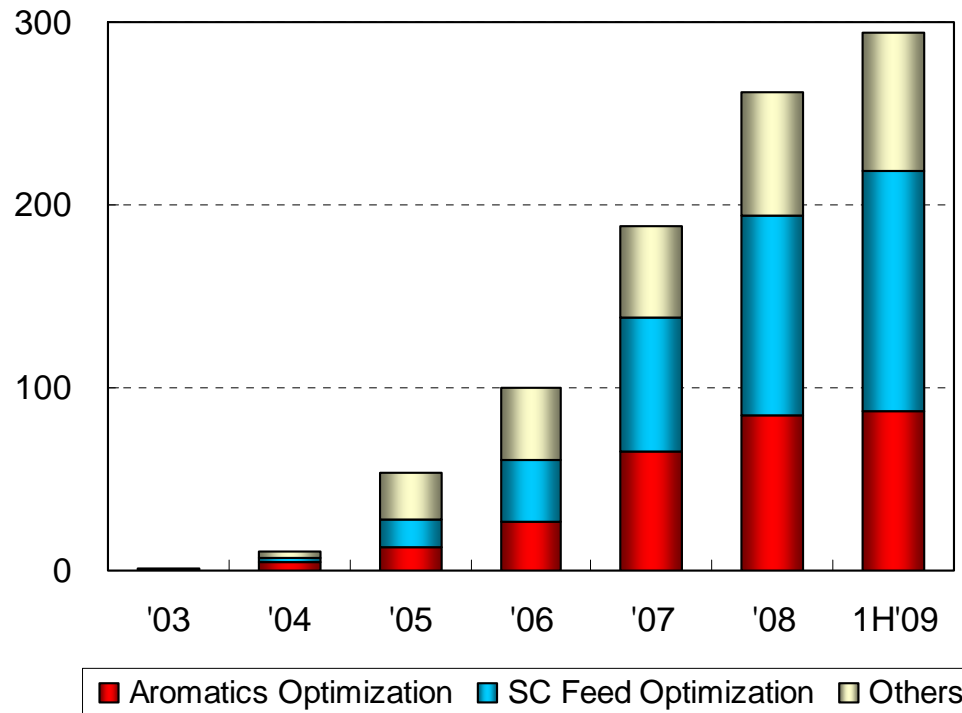
■ Maximizing advantage of Refining/Chemicals integration

- Feedstock diversification – Effective utilization of C4 feed
- » Maximum production of Aromatics (BTX) – Maximum recovery of Aromatics feed from the petroleum plants / Optimization of the catalysts
- » Unified Organization

■ Expansion of Specialty Chemicals business

- » Pursuing Battery separator films business in Korea

Synergy Effects of Ref/Chem Integration
(Cumulative Amount, '06=100)



New BSF Production Facility Construction
(Gumi City in Korea)



Improve Efficiency & Profitability: 2009 Achievements (3)



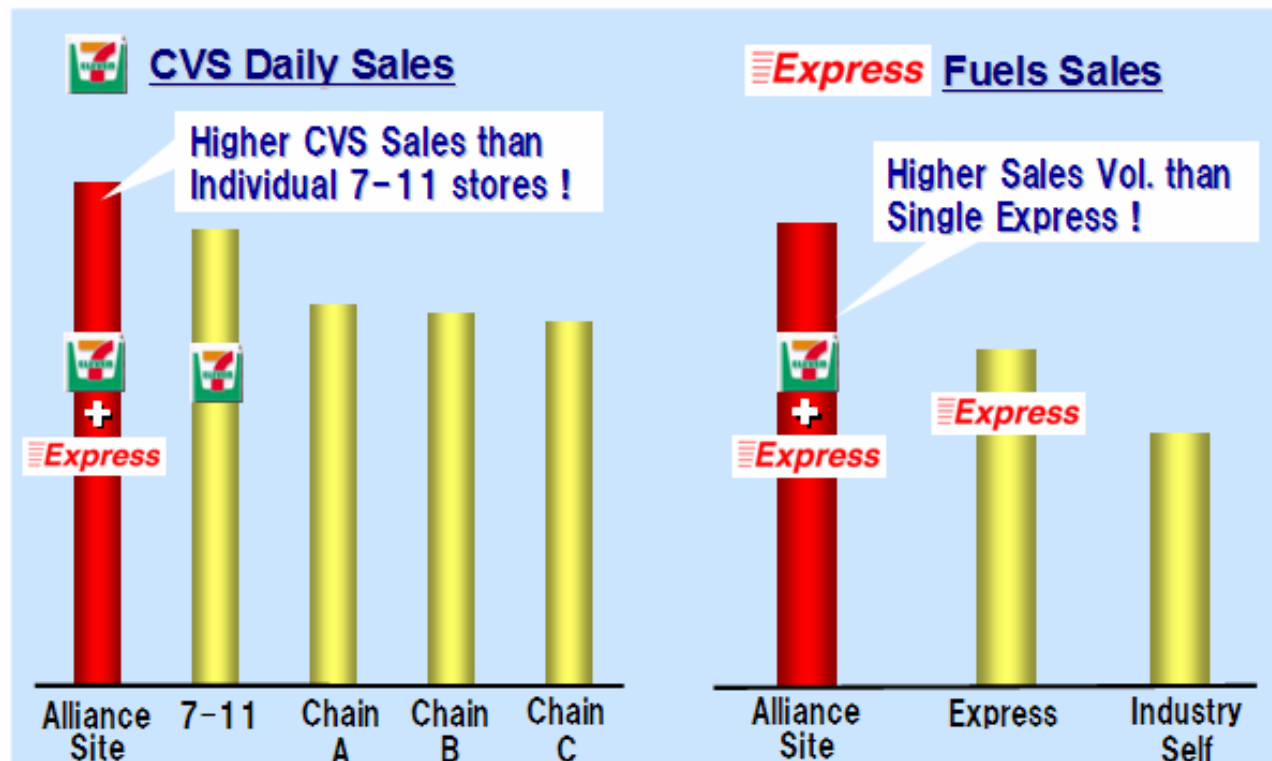
■ Strengthening of the “Express” brand value

- » Enhancement of services and programs with high customer satisfaction
 - Continuous offering of “Speedpass”, “Video Pump” and alliances

■ Started expansion of the alliance with Seven-Eleven across Japan

- » Synergy effect of SS and Seven-Eleven than the average of single Express and individual Seven-Eleven store
 - Strong competitive superiority in fuel sales, CVS sales and operating costs

Merit of Alliance Sites – Sales



Increase Shareholders' Value



■ Our Principles

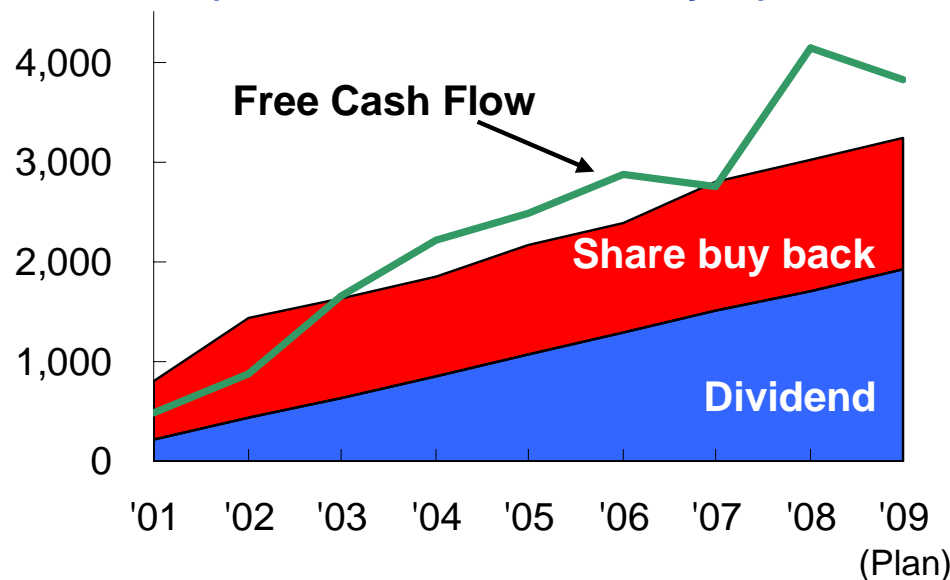
- » Focus on return of wealth to shareholders
- » Balance long-term shareholder value with distributions
- » Maintain stable dividend payment levels

■ Dividend in 2009

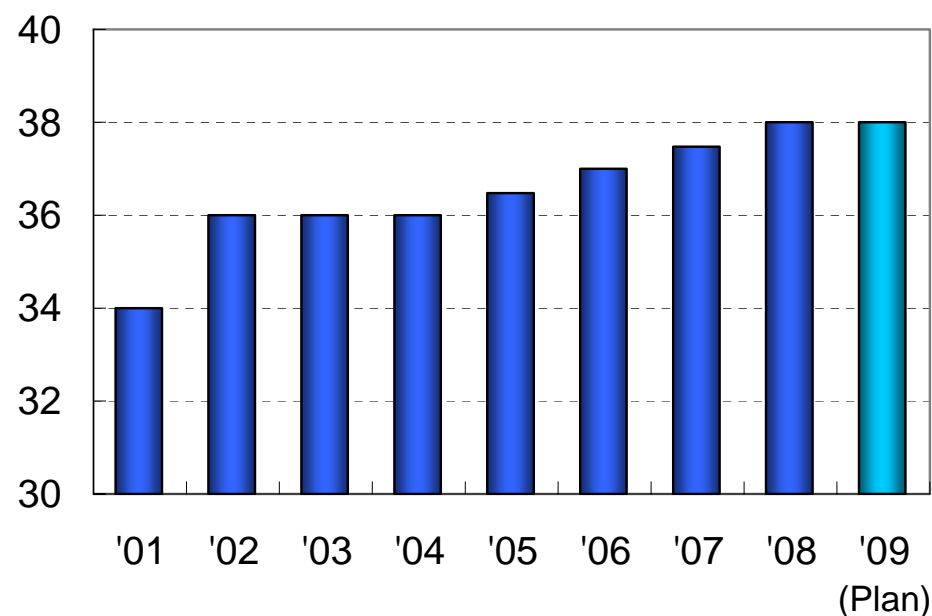
- » Plan to pay a full-year dividend of 38 yen per share (same as 2008)

Free Cash Flow and Distribution

(Cumulative, 100 million yen)



Dividend History (yen per share)



Our Basic Policy on shareholder returns remains unchanged, even in the changing business environment

2QYTD 2009 Business Results and Revised FY 2009 Financial Forecast

W. J. Bogaty

*Representative Director, Managing Director
TonenGeneral Sekiyu K.K.*

*Representative Director, President
ExxonMobil Y.K.*

Financial Highlights



- Operating income declined by 85 oku yen vs. 2Q08YTD
- After adjustment for inventory-related and accounting lead lag effects, operating income in 2Q09YTD was similar to 2Q08YTD
 - » Drop in chemical earnings mostly offset by better 1Q downstream margins

(100M yen)	<u>2Q08YTD</u>	<u>2Q09YTD</u>	<u>Inc./Dec.</u>
Net sales	16,926	9,646	-7,280
— Operating income	-23	-109	-85
— Ordinary income	38	-107	-145
— Extraordinary gain/loss	56	-9	-65
— Net income	59	-64	-123

— Reverse inventory effects	-196	-72	124
— Reverse lead lag effects	385	330	-55
↳ Adjusted operating income	165	149	-16
↳ Oil segment and others	-14	151	165
↳ Chemical segment	179	-2	-181

- Net sales decreased by 43% reflecting lower crude prices than 2Q08YTD
- No significant non-operating and extraordinary gain/loss in 2009, vs. 2008

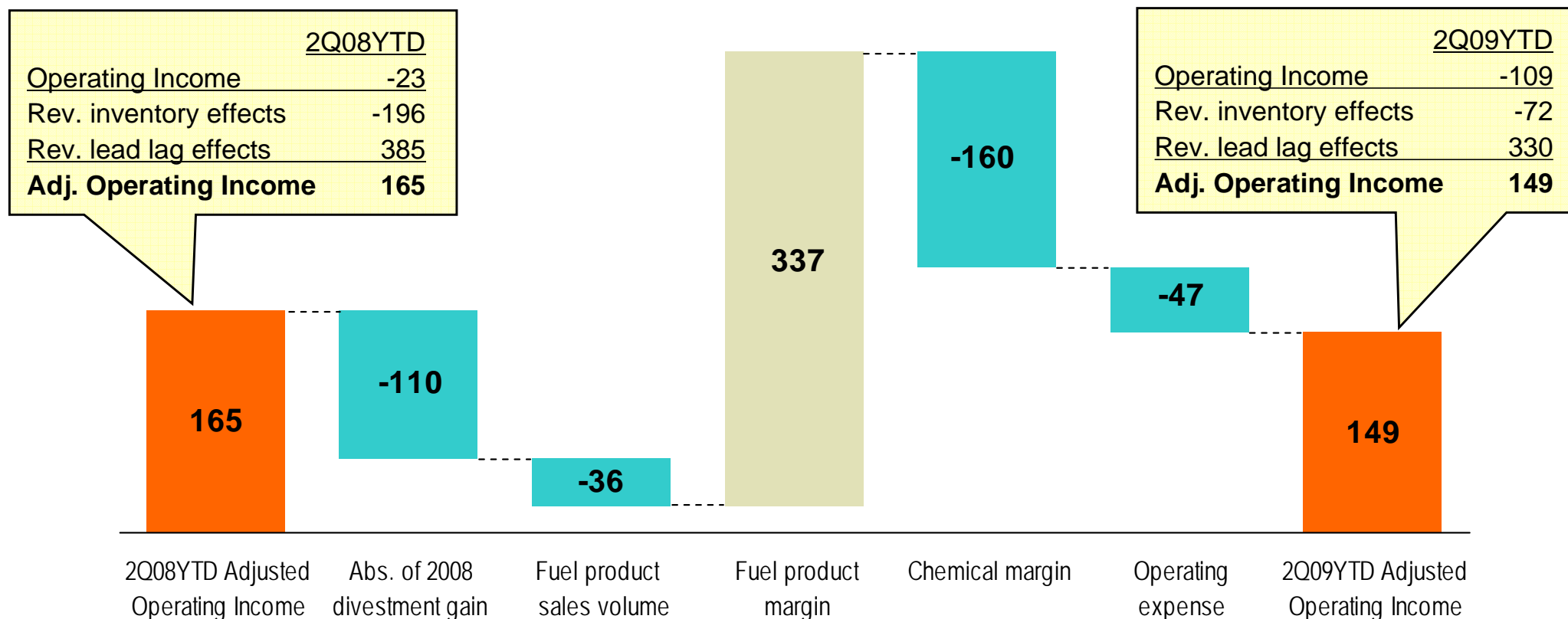
Factor Analysis of Operating Income



[2Q09YTD Results vs. 2Q08YTD Results; Consolidated]

- Adjusted downstream operating income significantly improved, especially in 1Q, supported by higher domestic margin
- Chemical operating income deteriorated, along with general industry pattern, due to lower margin and volume. Some improvement seen in 2Q09 vs 1Q09.

(100M yen)



Sales Volume/ Capacity Utilization



- Lower domestic distillate volumes in 2Q09YTD due to weak industry demand
- Continued focus on export channels
 - » Middle Distillates exports increased by 20% vs previous year
- Lower olefins volume due to low demand in 1Q09 and lower aromatics volume mainly due to turn-around at Sakai in May/June 2009

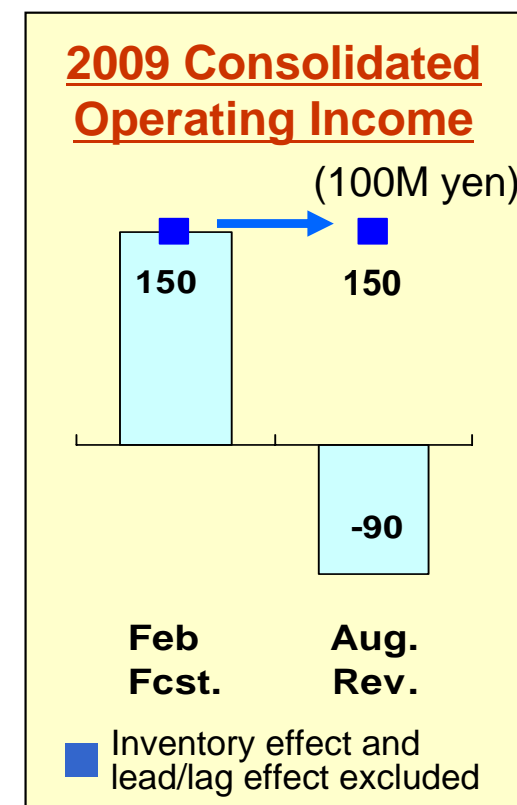
Oil Products*		2Q08YTD	2Q09YTD	Inc./Dec.	Industry Inc./Dec.****
(KKL)					
Japan Inland Sales	Gasoline	4,969	5,168	+4.0%	-2.1%
	Kerosene	1,670	1,522	-8.9%	-8.7%
	Diesel fuel	1,527	1,428	-6.5%	-8.5%
	Fuel oil A	1,315	1,033	-21.5%	-18.6%
	Fuel oil C	901	716	-20.5%	-28.5%
	5 Major Fuels Total	10,381	9,866	-5.0%	-10.9%
	LPG and others	1,365	1,255	-8.1%	
	Sub Total	11,745	11,121	-5.3%	
	Exports**	2,342	2,683	+14.6%	
	Others***	2,380	1,670	-29.8%	
G. Total	16,467	15,474	-6.0%		
Notes: * Consolidated and excluding Barter ** Excluding bond sales *** Others include crude, product exchanges within ExxonMobil Japan Group, etc. **** Data Source; METI Statistics					
Chemical Products (Consolidated)					
(Kton) Olefins and others (TCC)	927	791	-14.7%		
Aromatics and others (TG)	432	395	-8.6%		
Chemical Total	1,360	1,185	-12.8%		
Topper Utilization	72%	76%		75%	

Revised Earnings Forecast [Consolidated]



- Inventory and lead lag adjusted operating income for FY2009 unchanged from original forecast at February disclosure (150 Oku-yen)
- Revised full year projection includes 270 oku yen adverse effects of accounting lead lag and 30 oku yen inventory related gains, associated with increases in crude prices not in original forecast
- Dividend forecast unchanged (38 yen/share in 2009)

(100M yen)	<u>2008</u>	<u>2009 Forecast</u> (*)	
	<u>Actual</u>	<u>Feb. Disc</u>	<u>Aug Rev.</u>
Net Sales	32,724	23,000	21,000
Operating income	1,217	150	-90
Ordinary income	1,313	160	-80
Extraordinary gain/loss	24	-20	-20
Net income	793	90	-50
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Reverse inventory effects	-141	0	-30
Reverse Lead lag effects	-740	0	270
Adj. operating income	337	150	150
Oil segment and others	198	100	100
Chemical segment	139	50	50



(*) 64.8 \$/Bbl (Dubai), 94.5 ¥/\$
<July 09 month average>

Cash Flows, Debt/Equity [Consolidated]



(100M yen) **1H '09**

Operating / Investing Activities

-130

Net income before taxes	-116
Net capex/Depreciation/Asset Disposal	23
Inventory	17
TAR/TAP/Gas tax & other payables	266
Income tax payment	-396
Others	76

Financing Activities

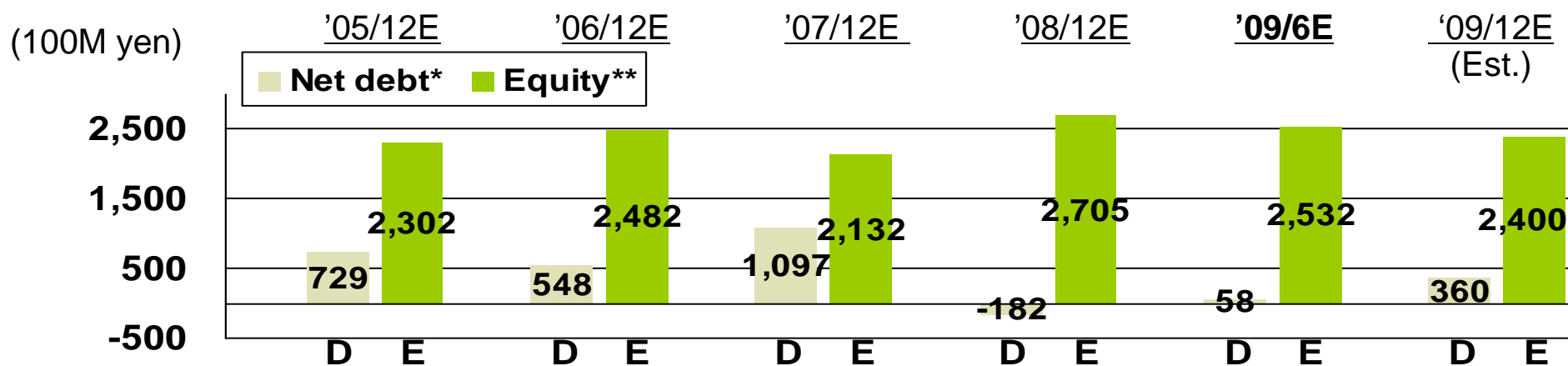
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Change in debt	240
Dividend to shareholders	-107
Others	-1

Net Cash Change

1

- Net debt increased at 1H '09 end mainly due to negative earnings and large income tax payment associated with FY08 earnings
- Financial position remains strong
- Revised year-end 2009 Net D/E Ratio forecast at 15%



Net D/E ratio : 0.32 0.22 0.51 - 0.07 **0.02** 0.15

* Debt excl. cash and loans receivable

** Net Worth excl. Minority Interest

Supplemental Information

Factor Analysis of Operating Income



[2Q09 Results vs. 1Q09 Results; Consolidated]

- Adjusted downstream operating income deteriorated. Distillate margin declined compared with 1Q09
- Chemical operating income recovered, mainly due to higher volume for olefins and specialty products and higher aromatics margin

(100M yen)

	1Q09
Operating Income	131
Rev. inventory effects	-18
Rev. lead lag effects	90
Adj. Operating Income	203

	2Q09
Operating Income	-239
Rev. inventory effects	-54
Rev. lead lag effects	240
Adj. Operating Income	-53

