

TonenGeneral Sekiyu K.K.

2005 1Q Results and 1H/FY Forecast

May 16, 2005

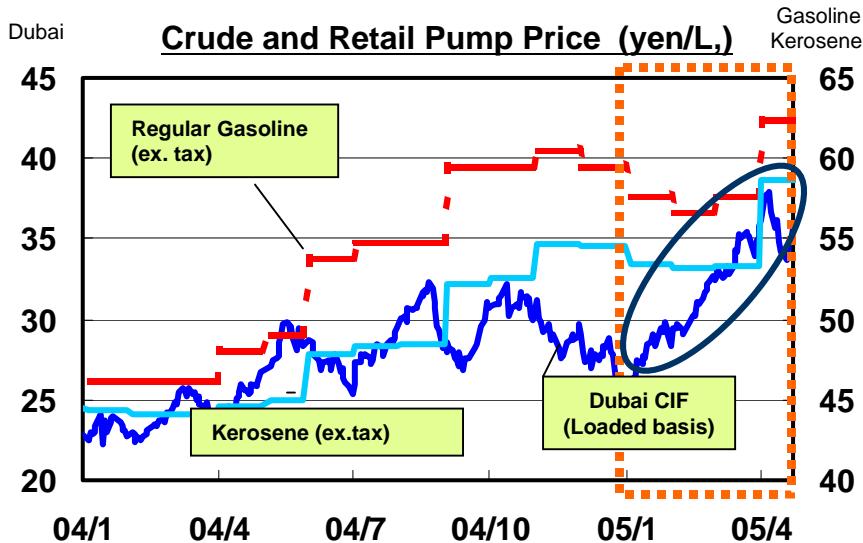
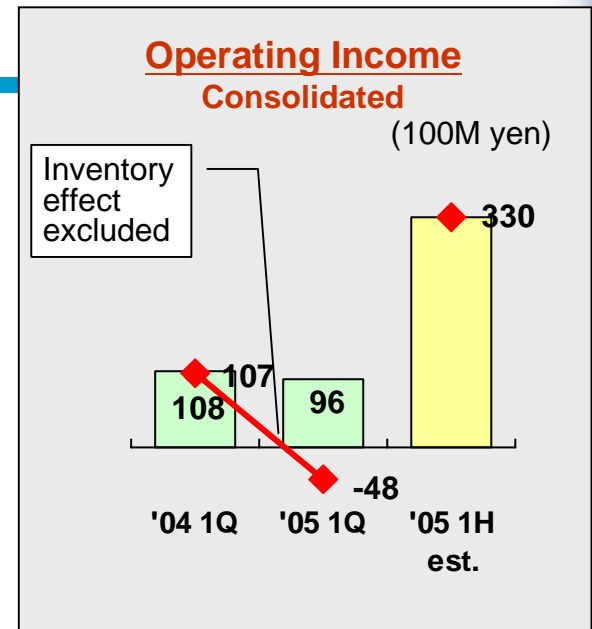


This material contains forward-looking statements based on projections and estimates that involve many variables. TonenGeneral operates in an extremely competitive business environment and in an industry characterized by rapid changes in supply-demand balance.

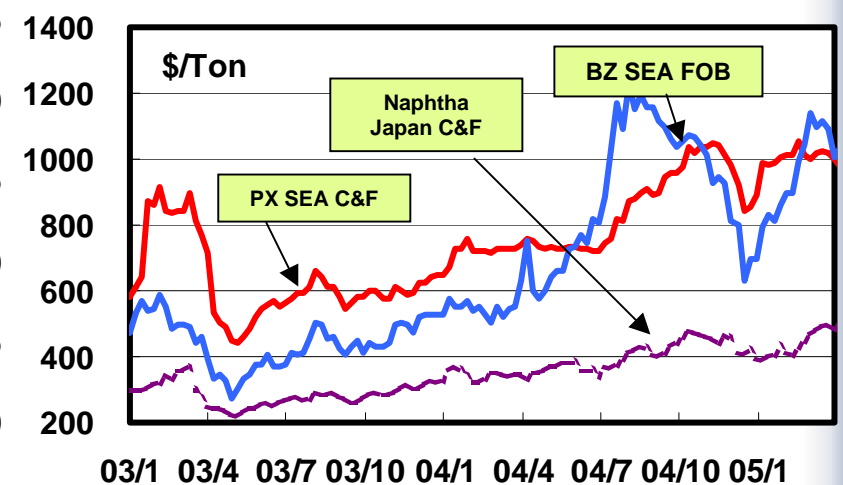
Certain risks and uncertainties including, without limitation, general economic conditions in Japan and other countries, crude prices and the exchange rate between the yen and the U.S. dollar, could cause the Company's results to differ materially from any projections and estimates presented in this publication.

Business Highlights

- Operating income slightly decreased vs. 1Q '04
 - » All operating activities, including sales, manufacturing, and OPEX reduction were on or above plan
 - » Continued robust margin/profits in Chemicals
 - Margins supported by active demand
 - » Oil margin dropped sharply on large, rapid, crude price increase
 - Crude price accounted for on loaded basis, approx. one month ahead of rest of industry
 - Margin recovery seen in 2Q.
- Dividend / Earnings forecast unchanged



Aromatics Products Asian Spot Price Trend (\$/ton)

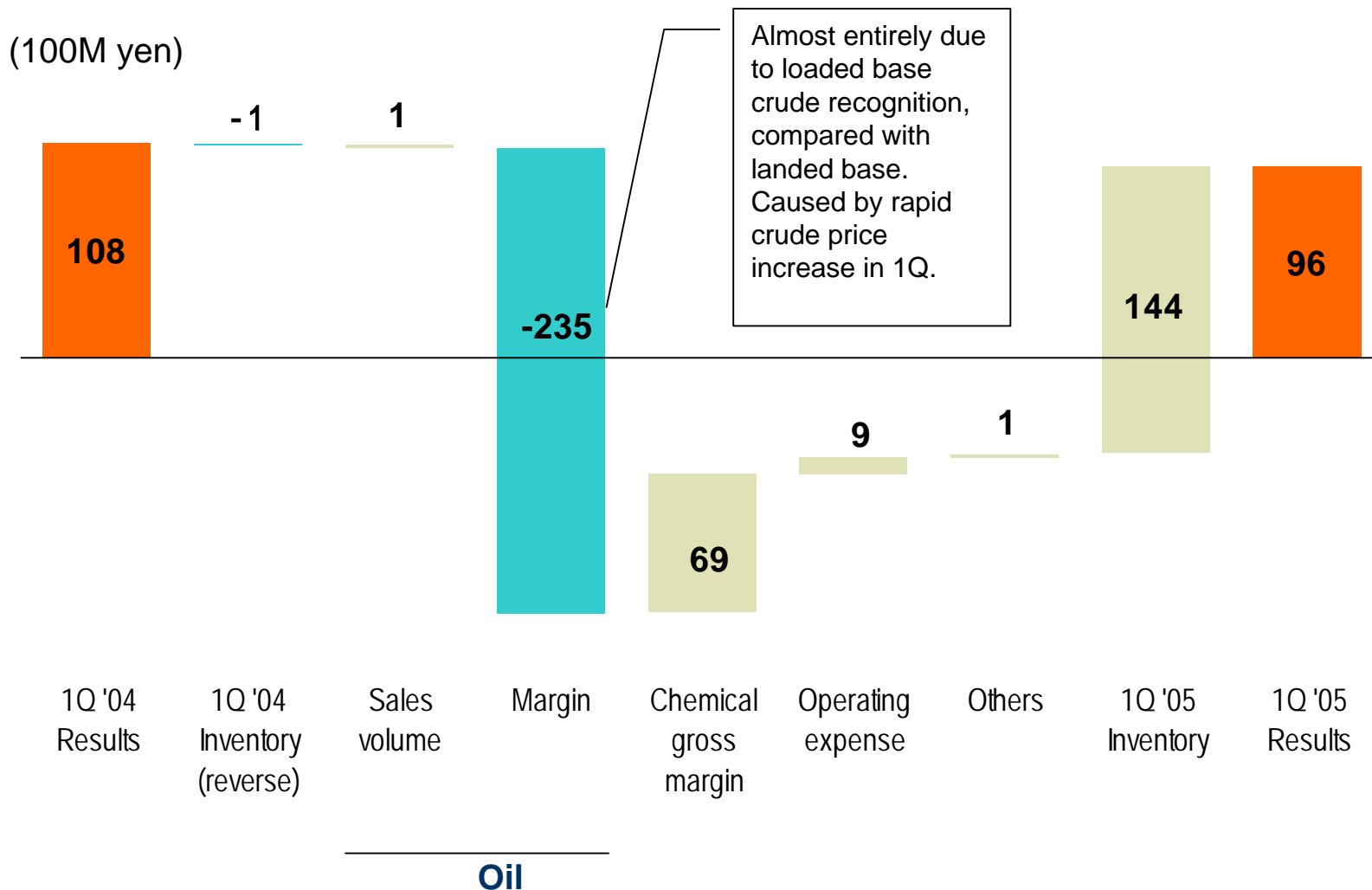


Earnings Results [1Q, Consolidated]

(100M yen)	<u>1Q '04</u>	<u>1Q '05</u>	<u>Inc/Dec</u>
Sales revenue	5,574	6,633	1,059
Operating income	108	96	-12
Ordinary income	120	104	-16
Extraordinary P/L	0	-4	-4
Net income	77	64	-13
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Reverse inventory effects	-1	-144	-143
Adjusted operating income	107	-48	-155
Oil segment and others	29	-205	-234
Chemical segment	78	157	78

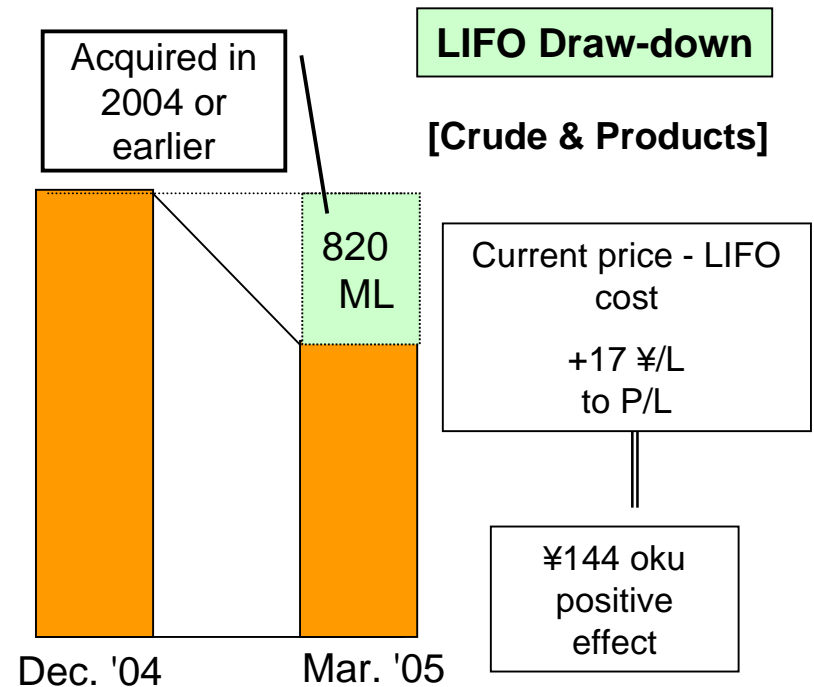
Factor Analysis of Operating Income

[1Q '05 Results vs. 1Q '04 Results; Consolidated]



Inventory Effect

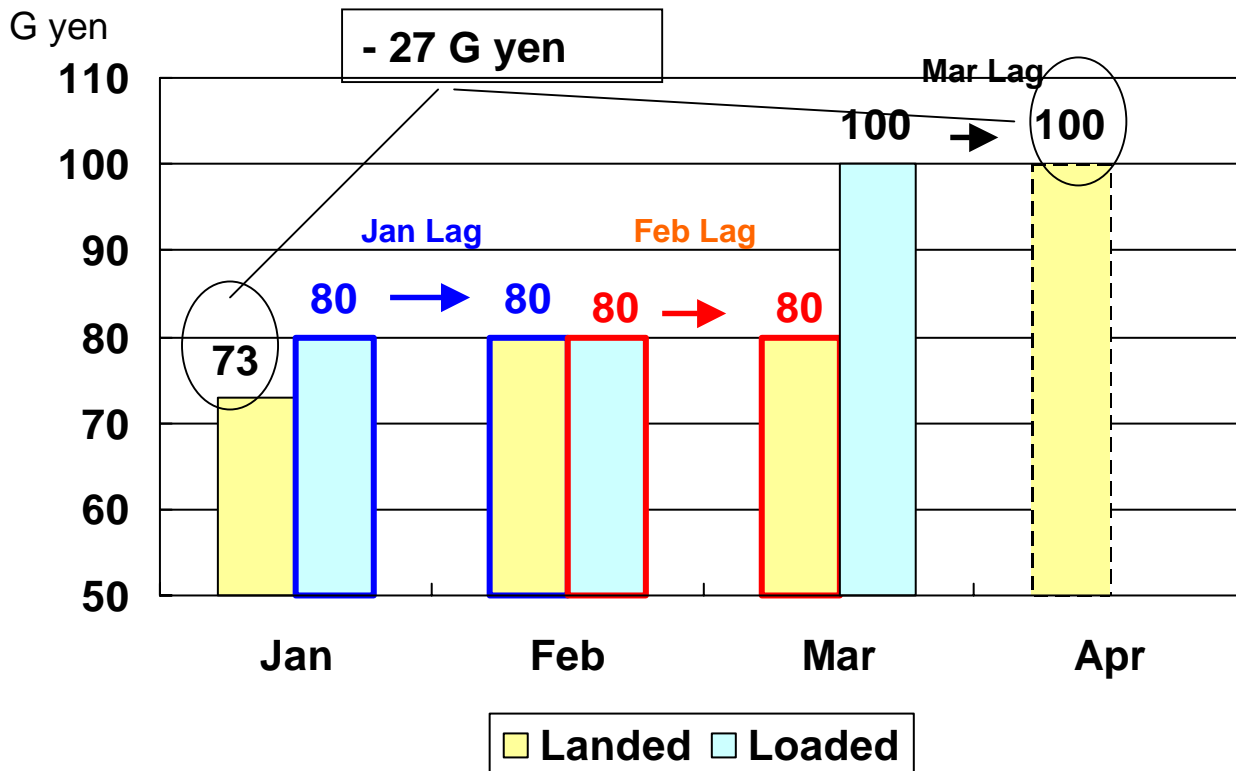
- Net ¥144 oku inventory gain in operating income in 1Q'05
 - » Positive LIFO effects from draw-down of crude and products
- Half year/ Full year inventory effects
 - » Assume positive LIFO effect in 1Q will be reversed in 2Q



- Most of industry accounts for crude purchases on an arrival basis and average method. Under the average method, higher crude price leads to higher inventory gain when crude price hike such as 1Q 2005.

One month lag effect of Crude cost

- TG accounts for crude price on loaded base; this recognizes effects of changes in crude prices about one month earlier than rest of industry
- Sharp rise in crude price in 1Q '05: \$13/bbl Dubai
- On TG accounting method, Dubai based cost recognition was approx. 3 yen/ L higher than industry in 1Q
- “Lag effect” on Dubai basis was approx. 27G yen; assume this will substantially reverse in 2Q



Sales Volume/ Capacity Utilization

- Most fuels increased versus 1Q 2004, especially in kerosene due to colder winter
- Capacity utilization was higher than 1Q 2004 and industry

(Parent, Excluding Barter)					Industry
		1Q 2004	1Q 2005	Inc./Dec.	Inc./Dec.
by Product	(KKL)				
	Gasoline	2,919	3,005	2.9%	1.7%
	Kerosene	1,637	1,936	18.3%	5.1%
	Diesel fuel	1,211	1,294	6.8%	1.3%
	Fuel oil A	1,218	1,126	-7.5%	-1.0%
	Fuel oil C	883	906	2.6%	-7.5%
	LPG and others	927	971	4.8%	N/A
by Channel	<i>General (Marketing)</i>	2,267	2,448	8.0%	
	<i>Esso/Mobil/Kygnus</i>	6,527	6,789	4.0%	
	Sub Total	8,795	9,237	5.0%	0.6%
	Naphtha	845	762	-9.8%	
	Chemical Sales	264	280	6.3%	
	Others*	2,775	2,610	-6.0%	
	G. Total	12,679	12,890	1.7%	
Capacity Utilization (Parent/Consoli.)		90%/87%	93%/87%		91%

*"Others" includes lube, crude, exports, product exchanges within ExxonMobil Japan Group, etc.

Cash Flows, Debt/Equity [Consolidated]

(100M yen)

Operating / Investing Activities

	1Q '05	Adj.(G tax)
Net income before taxes	100	
Net capex / Depreciation	-16	
Asset disposal	3	
Inventory	157	
TAR/TAP/Gas tax payable, etc	-42	299
Income tax payment	-223	
Others	-1	

Financing Activities

	1Q '05	Adj.(G tax)
Change in debt	122	-219
Dividend to shareholders	-99	

Net Cash Change

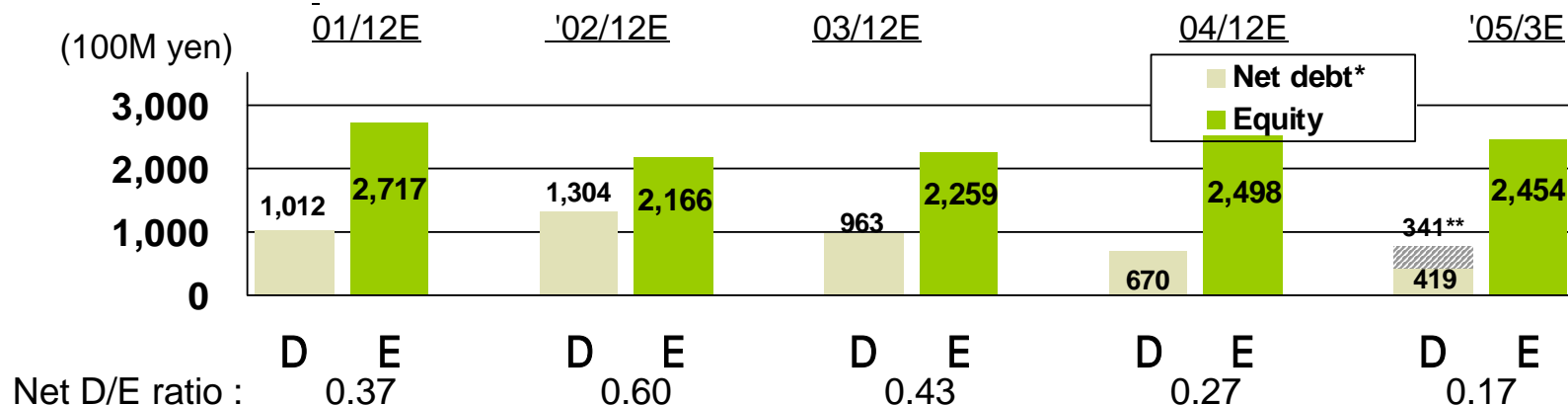
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■ Financial position continuing to improve

■ Sound financial situation

» Continuous close study on various capital structure options in unclear industry environment

One-month extra payment of gas tax in 1Q due to calendar effects. Net TAP (TAP + gas tax payable - TAR) decreased by 341 oku yen, reflected in higher debt to same extent.



* Debt excl. cash, loans receivable, Extra Gas Tax, ** Effect of one-month gas tax

Earnings Forecast [Consolidated]

- We have not changed 2005 earnings and dividends forecast announced in February.

(100M yen)	<u>February Forecast</u>			(Bal. to Forecast)
	<u>1Q '05</u> Act. (B)	<u>1H '05</u> (A)	<u>FY '05</u>	<u>2Q '05</u> (A)-(B)
Sales Revenue	6,633	11,600	23,700	4,967
Operating Income	96	330	650	234
Ordinary Income	104	330	660	226
Extraordinary Gain/(Loss)	-4	-10	-17	-6
Net Income	64	200	400	136
Reverse Inventory Effects	-144	0	0	+144
Adjusted Operating Income	-48	330	650	378