TonenGeneral Sekiyu K.K.
1Q 2014 Financial Results

May 15, 2014

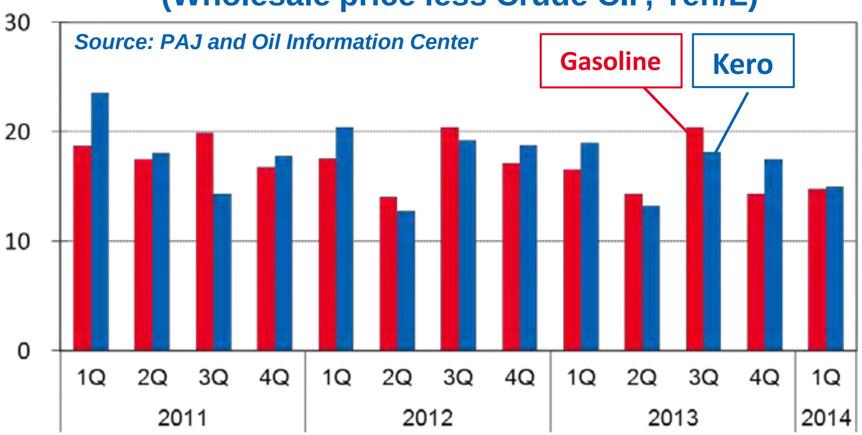
東燃ゼネラル石油株式会社

1Q14 Company Key Items

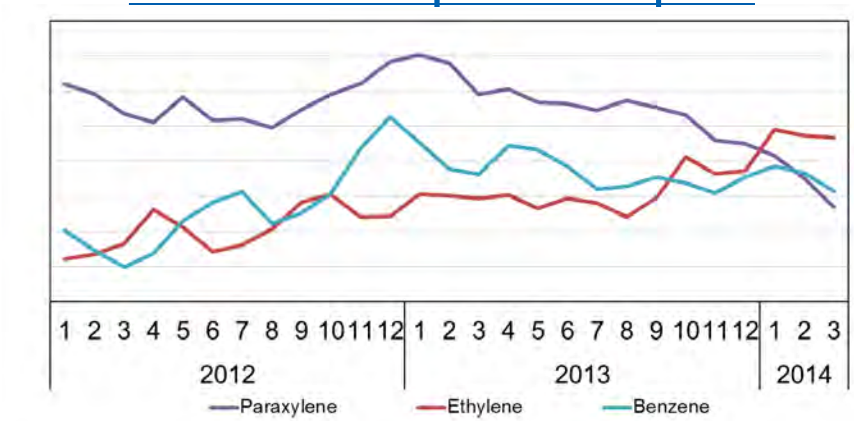
- Optimization of manufacturing capabilities achieved by March end
  - Decommissioned the 2 TG toppers on schedule and reduced Kyokuto Petroleum Industries Ltd. (KPI) topper capacity by 23KBD to 152KBD
  - Expanded H-Oil capacity to 34.5 KBD
    - Minimal schedule and economic impact from Kawasaki H-Oil early March fire incident
- Continue to advance collaboration in industrial complexes
  - Further expanded feedstock optimization with Toa Oil in Kawasaki
  - Discussions on-going regarding collaboration with Cosmo in Chiba area
    - Captured feedstock optimization and product exports co-loading opportunities
- Smooth integration with MOC Marketing K.K. (MOCM)
  - For accounting purposes, consolidated MOCM and KPI at March end
  - 10.5 billion yen of goodwill, to be amortized over 20 years
  - Integration of supply and marketing operations advancing swiftly
- Due to weak domestic Oil margins crude runs managed at 83% of capacity
  - 5% lower sales volume vs. 1Q13
- Strong olefins margins and record quarter of aromatics sales

1Q14 Business Environment

Domestic Petroleum Product Margins
(Wholesale price less Crude CIF, Yen/L)



Chemical Price Spread vs. Naphtha



Data derived from Bloomberg

Oil Segment

- Intense competition pressured 1Q14 prices while supply costs rose

	vs. 1Q13
Crude CIF (Yen/L)	11.4%
Gasoline (Yen/L)	7.0%

- 1Q14 domestic major fuel demand: -0.7%
  - G&D +1.2% helped by pre-lifting in March
  - Fuel Oil C -9.3% less power use demand
- Export distillate margins above domestic while FOC export values deteriorated

Chemical Segment

- Ethylene margins favorable due to tighter supply from turnarounds in the region
- Downward vector for aromatics
  - New paraxylene capacity additions coupled with modest polyester / PTA demand

1Q14 Financial Highlights

- Operating income was negative 13.6 billion yen, a 56.3 billion yen decline from 1Q13
  - Absence of 1Q13 inventory gains (-25.7 billion yen)
  - Oil Segment depressed (-30.9 billion yen) while Chemical almost flat (+0.3 billion yen)
- 0.7 billion yen non-operating loss mainly from interest expense and 1.3 billion yen extra-ordinary loss mainly from settlement of the late 1990's SDF bidding case

billion yen	1Q13	1Q14	Inc./Dec.
Net Sales	797.6	**821.4**	23.8
Operating income	42.7	**-13.6**	**-56.3**
Ordinary income	41.5	**-14.3**	-55.8
Extraordinary gain/loss	-0.1	**-1.3**	-1.2
Net income	25.2	**-10.7**	**-35.9**

(Breakdown of operating income)

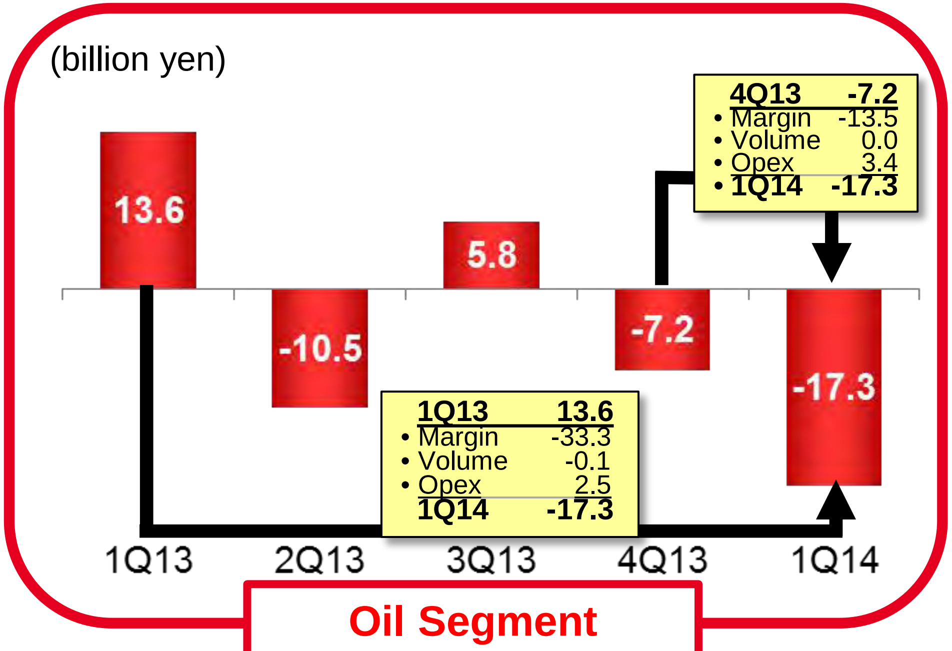
Inventory gain/loss	25.7	**0.1**	-25.7
Goodwill amortization	-4.2	**-4.2**	-
Adjusted Operating income	21.2	**-9.4**	**-30.6**
Oil segment	13.6	**-17.3**	-30.9
Chemical segment	7.6	**7.8**	0.3

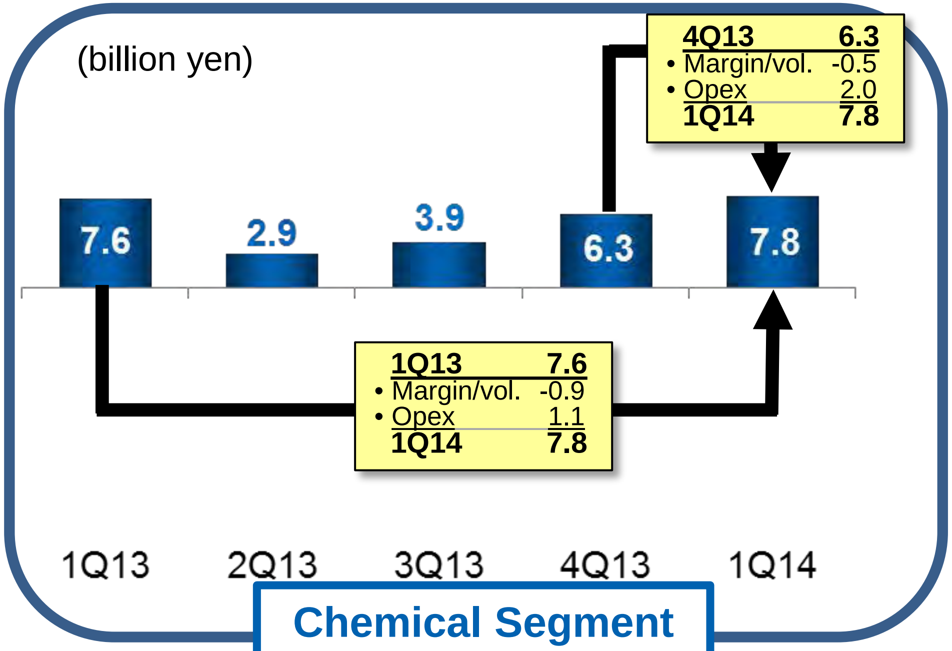
Factor Analysis of 1Q14 Operating Income

Oil
- Versus 1Q13 and 4Q13, depressed margins and H-Oil unit maintenance were partly offset by opex savings
- Distillate export advantage to domestic shrank and FOC's export disadvantage grew

Chemical
- Favorable olefins (mainly ethylene) margins and opex savings offset by weakening paraxylene margins

Quarter to Quarter Adjusted Operating Income (1Q13 through 1Q14)





Sales Volume

Product	1Q13	1Q14	Inc./Dec.	Inc./Dec. Industry
Oil products (KKL)				
Gasoline	2,619	**2,281**	-12.9%	1.4%
Kerosene	1,059	**779**	-26.5%	-1.5%
Diesel Fuel	827	**816**	-1.3%	4.0%
Fuel Oil A	436	**383**	-12.2%	0.2%
Fuel Oil C	508	**533**	4.8%	-9.3%
LPG/Jet/Others	874	**1,056**	+20.8%	
Domestic sales total *1	6,324	**5,847**	-7.5%	
Export	1,355	**1,438**	6.1%	
Oil products	7,678	**7,284**	-5.1%	
Chemical Products (Kton)				
Olefins and others	397	**414**	4.5%	
Aromatics	180	**213**	18.3%	
Specialties	61	**62**	1.1%	
Chemical products	638	**690**	8.1%	
				Industry
Topper Utilization*2	92%	**83%**	-9%	2%

- Topper utilization cut by 9% vs. 1Q13 while industry crude throughput remained the same
  - Lowest margin domestic sales reduced
  - Some upturn in domestic FOC sales to reduce low value exports
  - Gasoline and Distillate exports grew vs. 1Q13
- Another record quarter for aromatics
  - Incremental aromatics reduced gasoline by 49 KKL in 1Q14

*1 Bonded sales volume included in domestic sales

*2 Utilization for TonenGeneral three refineries and excluding the decommissioned 2 toppers for both periods

FY2014 Earnings Forecast

- FY2014 operating income 23 billion yen, 12 billion yen lower than Feb. projection
  - Oil : Lowered by 13 billion yen to 27 billion yen reflecting weak 1Q results
  - Chemical : Plus 1 billion yen with all profits in 1H as growing weakness in paraxylene margins leads to breakeven in 2H
- 38 yen per share dividend forecast reaffirmed

billion yen	1Q14 Actual	May Update		Change from Feb Forecast	
		1H14	FY14	1H14	FY14
Net Sales	821.4	**1,700**	**3,700**	-100	-200
Operating income	-13.6	**0**	**23**	-7	-12
Ordinary income	-14.3	**-1**	**21**	-7	-13
Extraordinary gain/loss	-1.3	**-1**	**-1**	-1	-1
Net income	-10.7	**-4**	**7**	-5	-8
(Breakdown of operating income)					
Inventory gain/loss	0.1	**0**	**0**	-	-
Goodwill amortization	-4.2	**-8.5**	**-17**	-	-
Adj. Operating income	-9.4	**8.5**	**40**	-6.5	-12
Oil segment	-17.3	**-4.5**	**27**	-12.5	-13
Chemical segment	7.8	**13**	**13**	6	1

Note) Assumed Mar Dubai ($104/bbl) and Forex (102Yen/$) continues through 2014

Cash Flows, Debt/Equity

- 1Q14 net debt increased by 154 billion yen vs. 2013 end

	billion yen
Negative free cash flow	75
Dividend payment	6
MOCM/KPI debt consolidation	73
Total	154

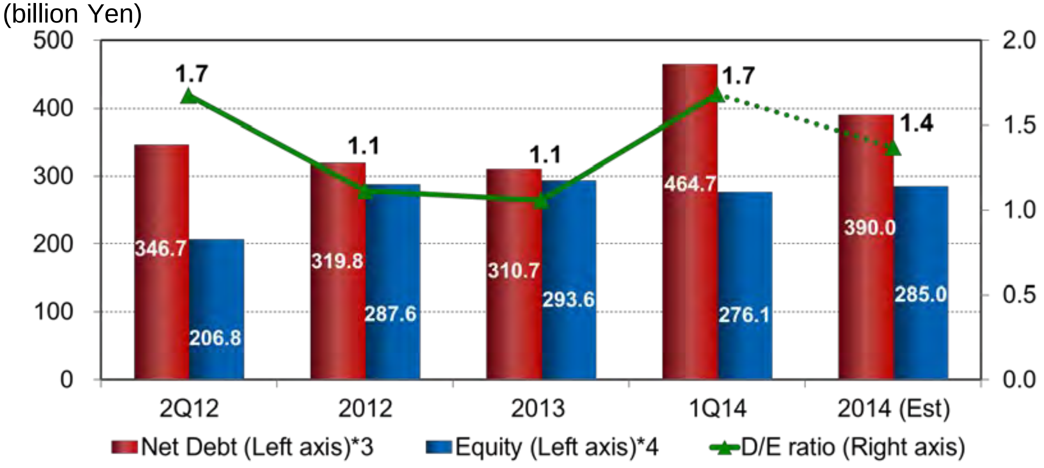
- Continue to diversify debt structure in 1Q14
  - Straight bond issuance (35 billion yen)
  - Long-term bank debt (30 billion yen)
    - Included 10 billion yen employee's health management loan from DBJ

- Net D/E ratio to improve from 1.7 at 1Q14 end to 1.4 toward year end
  - Absence of excise tax timing effects
  - Working capital optimization of newly acquired businesses

1Q14 Cash flow (billion yen)

Net income before taxes		-15.6
Depreciation*1 / (Capex)		5.1
Inventory (increase) / decrease		16.2
Income tax payment / others		-13.7
Adjusted Free Cash Flow	**-8.0**	
MOCM acquisition		-25.5
Timing of excise taxes payment		-41.7
Free Cash Flow *2	**-75.2**	

Period end Debt/Equity (2012 – 2014)



*1 Include goodwill amortization
*2 Sum of cash flows from operating and investing activities
*3 Debt deducting cash and cash equivalents
*4 Net assets deducting minority interests and subscription rights to shares

Supplemental Information

Sensitivities for 2014 Earnings Forecast

- Base assumptions for the earnings forecast

Key Factors	Unit	Base	Reference
Dubai FOB	US$/Bbl	104	March 2014 average
Exchange Rate	Yen/US$	102	March 2014 average

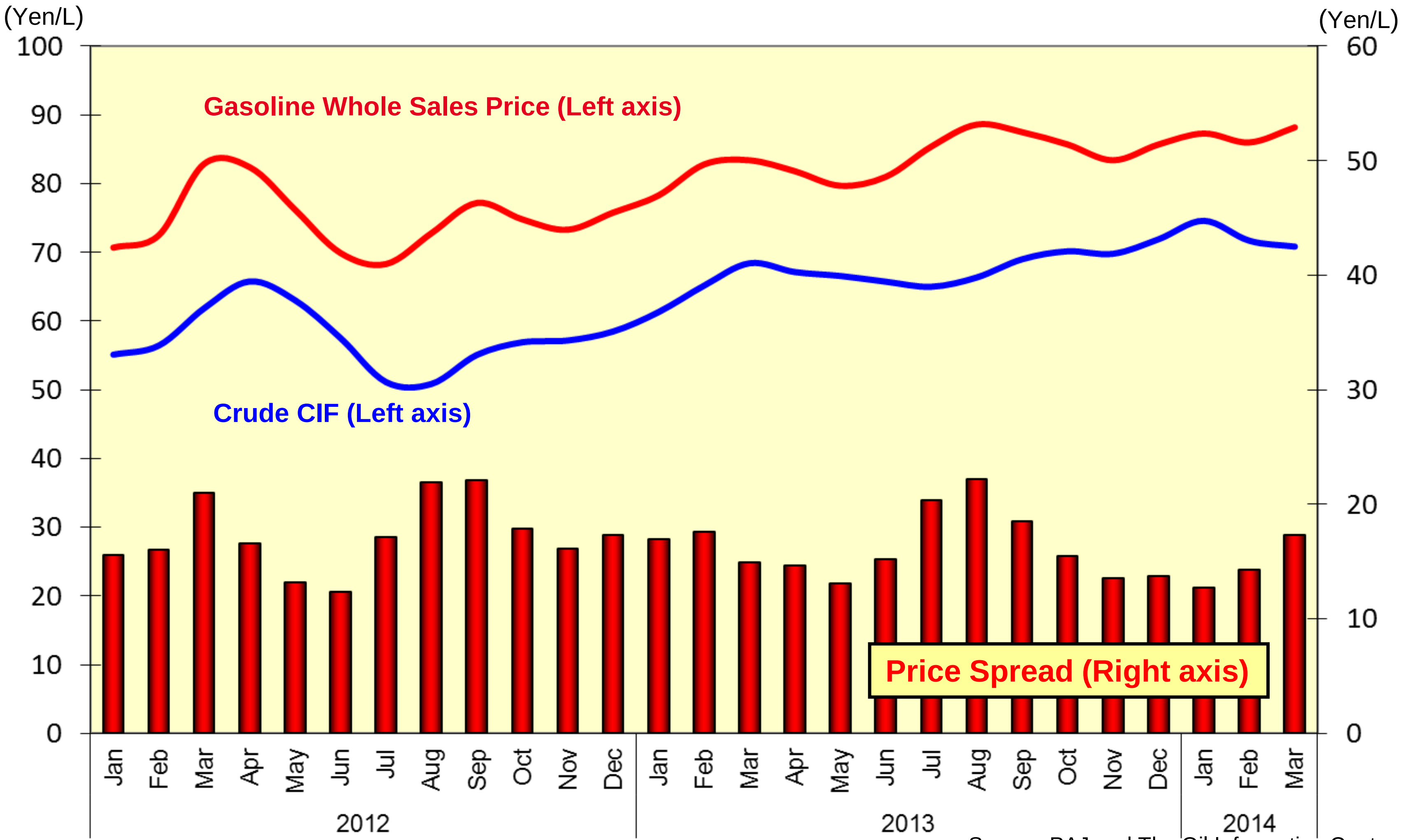
Above assumptions used for net sales and inventory effects calculation

- Full year sensitivities in the future operating income

Key Factors	Unit	Appreciation by	Annual Impact (billion yen) Operating income*1
Dubai FOB	US$/Bbl	10	25*1
Exchange Rate	Yen/US$	10	-26 *1
Refining margin	Yen/L	1	37*2

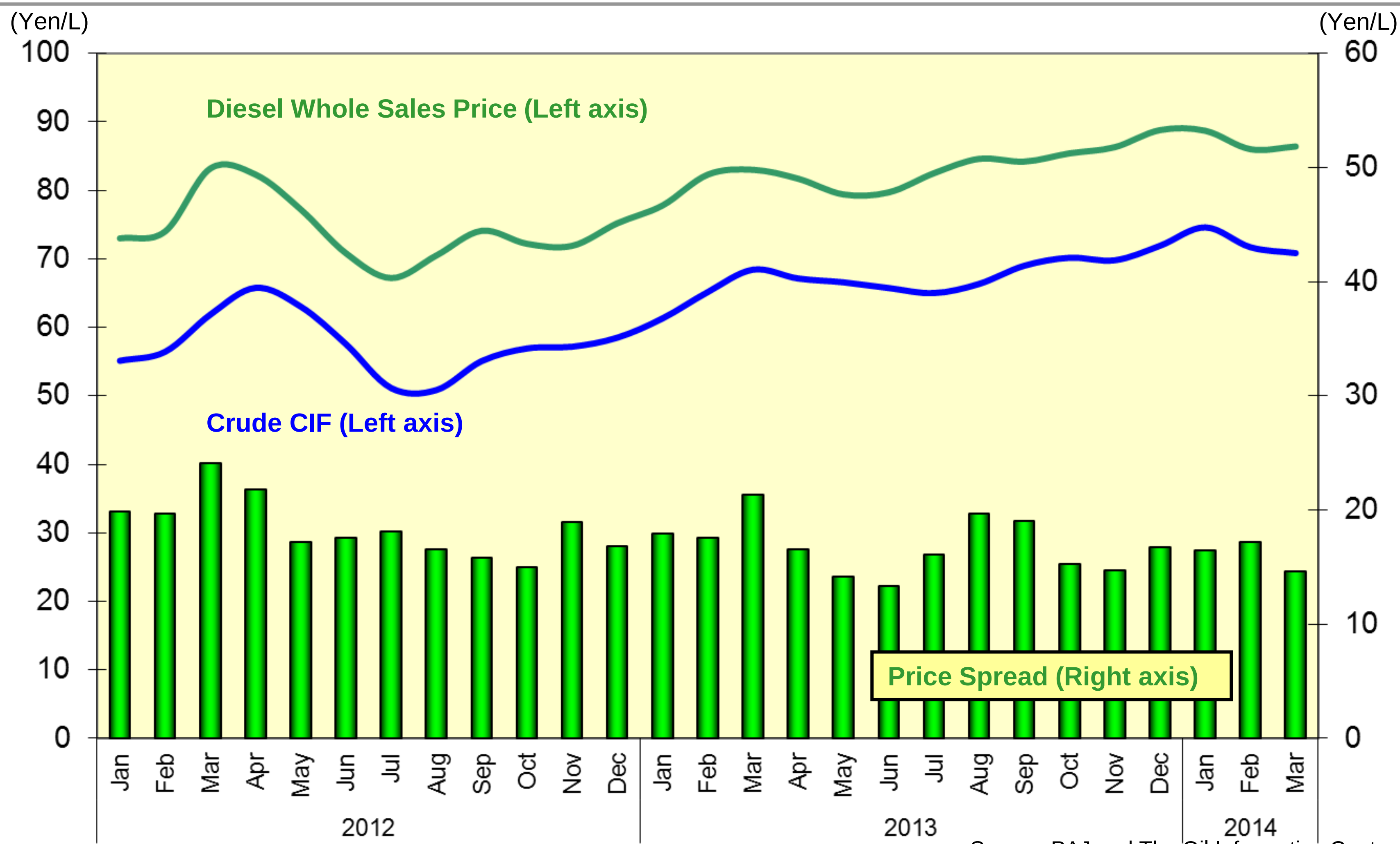
*1 Inventory effects only, the sensitivity would change subject to timing of crude price fluctuation and inventory volume
*2 Impact to operating income on annual basis rounded to nearest billion yen subject to change in sales volume

Price Spread (Gasoline Wholesale Price vs. Crude CIF)



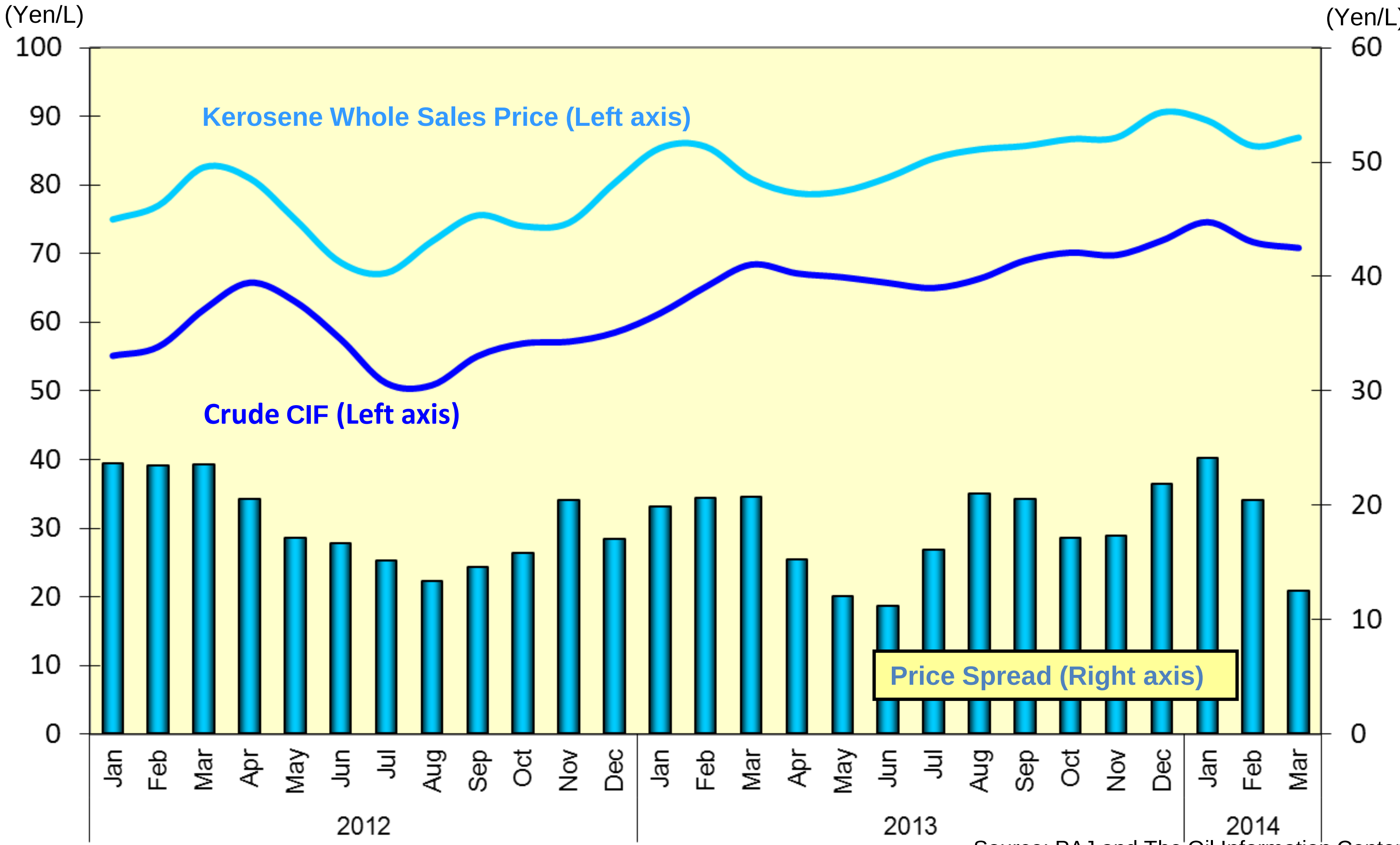
Source: PAJ and The Oil Information Center

Price Spread (Diesel Wholesale Price vs. Crude CIF)



Source: PAJ and The Oil Information Center

Price Spread (Kerosene Wholesale Price vs. Crude CIF)



Source: PAJ and The Oil Information Center

Details of Operating Income (2012 – 1Q14)

2014

(Unit: billion yen)

Breakdown of Operating Income	1Q14	2Q14	3Q14	4Q14	FY2014	1H14	3Q14YTD
Oil segment (Substantial)	-17.3						
Chemical segment (Substantial)	7.8						
Inventory effects	0.1						
Goodwill amotization	-4.2						
Total	-13.6						

2013

Breakdown of Operating Income	1Q13	2Q13	3Q13	4Q13	FY2013	1H13	3Q13YTD
Oil segment (Substantial)	13.6	-10.5	5.8	-7.2	1.7	3.1	8.9
Chemical segment (Substantial)	7.6	2.9	3.9	6.3	20.6	10.5	14.3
Inventory effects	25.7	0.1	13.2	7.9	47.0	25.9	39.0
Goodwill amotization	-4.2	-4.2	-4.2	-4.2	-16.9	-8.5	-12.7
Total	42.7	-11.8	18.6	2.8	52.3	30.9	49.5

2012

Breakdown of Operating Income	1Q12	2Q12	3Q12	4Q12	FY2012	1H12	3Q12YTD
Oil segment (Substantial)	9.1	-13.0	20.8	14.7	31.5	-4.0	16.8
Chemical segment (Substantial)	2.1	-3.5	0.8	0.4	-0.1	-1.4	-0.6
Inventory effects	19.2	-28.3	4.0	9.5	4.4	-9.1	-5.1
Goodwill amotization	-	-	-4.2	-4.2	-8.5	-	-4.2
Total	30.4	-44.8	21.3	20.4	27.3	-14.4	6.9