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Press Release

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Revision of the Earnings Forecast for 2004

(January – December 2004)

TonenGeneral Sekiyu K.K. has revised its consolidated and parent income forecasts for January 1 through December 31, 2004, which were previously announced on November 18, 2004.

1. Revision of Income Forecast during January 1 – December 31, 2004

Consolidated:

(Unit: Billion yen)

	Sales revenue	Operating income	Ordinary income	Net income
Revised Forecast (A)	2,342.3	63.2	68.6	48.2
Previous Forecast (B)	2,330.0	51.0	55.0	39.0
Difference (A-B)	12.3	12.2	13.6	9.2
Increase/Decrease(%)	0.5	23.9	24.7	23.6

(B) announced on November 18, 2004

Parent:

(Unit: Billion yen)

	Sales revenue	Operating income	Ordinary income	Net income
Revised Forecast (A)	2,370.5	42.5	52.3	40.5
Previous Forecast (B)	2,360.0	32.0	40.0	32.0
Difference (A-B)	10.5	10.5	12.3	8.5
Increase/Decrease(%)	0.4	32.8	30.8	26.6

(B) announced on November 18, 2004

2. Reasons for the Revision

Consolidated operating income for 2004 is estimated to be 63.2 billion yen, an increase of 12.2 billion yen from the previous forecast. The revision is mainly due to the following factors:

(1) Increased product margins: Although fuel product sales volumes were somewhat lower than the previous forecast mainly due to a warmer-than-normal weather, overall petroleum product margins exceeded the previous forecast owing to a considerable improvement seen in November. In addition, margins in the chemical segment contributed to the higher profit, supported by strong demand, especially in aromatic products.

(2) Operating cost reduction: the upward revision somewhat reflects lower operating cost versus the previous forecast.

(3) Inventory valuation effects: TonenGeneral applies the LIFO/LOCOM method for inventory evaluation. Estimated operating income includes net inventory valuation losses of around 1.1 billion yen during the January-December period, while in our prior forecast, it was assumed that the 1st half negative inventory effects would be reversed to zero in the 2nd half. These inventory valuation effects do not affect our cash earnings.

Parent ordinary income for 2004 is expected to be 52.3 billion yen, an increase of 30.8% or 12.3 billion yen from the previous forecast. The same factors referred to above contributed to this upward revision. In addition, non-operating income is expected to be higher than previously forecast, due among other things to exchange gains.

Dividend Forecast

The company projects a payment to its shareholders as of December 31, 2004, of an 18 yen per share as dividend for the latter half of the term ended December 31, 2004. This will be subject among other things to the decisions of the Board of Directors and of the general meeting of shareholders, taking into account of the full-year business performance and cash flow. We have made no revision to our original projection of total dividend payments, 36 yen per share for the year.

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