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Press Release

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Revision of the Earnings Forecast for 2005

(January – December 2005)

TonenGeneral Sekiyu K.K. has revised its consolidated and parent income forecasts for January 1 through December 31, 2005, which were previously announced on November 15, 2005.

1. Revision of Income Forecast during January 1 – December 31, 2005

Consolidated:

(Unit: Billion yen)

	Sales revenue	Operating income	Ordinary income	Net income
Revised Forecast (A)	2,856.2	20.0	22.8	13.0
Previous Forecast (B)	2,877.0	30.0	33.0	20.0
Difference (A-B)	▲20.8	▲10.0	▲10.2	▲7.0
Increase/Decrease(%)	▲1	▲33	▲31	▲35

(B) announced on November 15, 2005

Parent:

(Unit: Billion yen)

	Sales revenue	Operating income	Ordinary income	Net income
Revised Forecast (A)	2,800.9	▲1.4	7.1	4.1
Previous Forecast (B)	2,840.0	9.0	17.0	11.0
Difference (A-B)	▲39.1	▲10.4	▲9.9	▲6.9
Increase/Decrease(%)	▲1	—	▲58	▲63

(B) announced on November 15, 2005

2. Reasons for the Revision

Consolidated operating income for 2005 is estimated to be 20.0 billion yen, a decrease by 10.0 billion yen from the previous forecast. The revision is mainly due to the following factors:

(1) Petroleum products: Petroleum product margins were lower than those previously forecast. Refined product prices trended lower in the period (except for kerosene prices at the end of December), while crude oil prices fluctuated. Ocean freight costs rose.

(2) Petrochemicals: Profits in the petrochemical segment for 2005 continued to be robust, reflecting the continuous strong demand in major products such as olefins and aromatics, but not to the extent previously forecast.

(3) Operating cost reduction: Reductions in our operating costs exceeded the levels we had previously forecast.

(4) Inventory valuation effects: TonenGeneral applies the LIFO/LOCOM method for inventory evaluation. Higher draw-down than anticipated of crude and product inventories, especially kerosene, brought 23 billion yen of favorable valuation effects, whereas our previous forecast included an estimated 13 billion yen of favorable effects. These inventory valuation effects do not affect our cash earnings.

Parent ordinary income for 2005 is estimated at 7.1 billion yen, down 58%, or a decrease by 9.9 billion yen from the previous forecast. The most significant difference between the consolidated results and non-consolidated results is the contribution to consolidated earnings of our major Chemicals subsidiary, Tonen Kagaku K.K.

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