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Press Release

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Revision of the Full Year Earnings Forecast for 2006

(January – December 2006)

TonenGeneral Sekiyu K.K. has revised its consolidated and parent income forecasts for January 1 through December 31, 2006, which were previously announced on November 14, 2006.

1. Revision of the Full Year Earnings Forecast for January 1 – December 31, 2006

Consolidated:

(Unit: Billion yen)

	Sales revenue	Operating income	Ordinary income	Net income
Revised Forecast (A)	3,078.8	58.7	66.0	39.8
Previous Forecast (B)	3,140.0	39.0	45.0	27.0
Difference (A-B)	▲61.2	19.7	21.0	12.8
Increase/Decrease(%)	▲1.9%	50.5%	46.7%	47.4%

(B) announced on November 14, 2006

Parent:

(Unit: Billion yen)

	Sales revenue	Operating income	Ordinary income	Net income
Revised Forecast (A)	3,027.1	33.7	95.1	77.2
Previous Forecast (B)	3,080.0	21.0	81.0	69.0
Difference (A-B)	▲52.9	12.7	14.1	8.2
Increase/Decrease(%)	▲1.7%	60.5%	17.4%	11.9%

(B) announced on November 14, 2006

2. Reasons for the Revision

Consolidated operating income for the full year 2006 is estimated to be 58.7 billion yen, an increase of 19.7 billion yen (50.5%) versus the previous forecast. The revision is mainly due to the following factors:

(1) Improved earnings in the petroleum sector

Earnings in the petroleum sector were higher than previously forecast as a result of improved margins for petroleum products, due principally to a decline in crude prices in the fourth quarter of 2006. TonenGeneral accounts for purchased crude when it is loaded, whereas most of industry accounts for crude when it arrives in Japan, so that crude price changes affect our results approximately one month earlier than other industry participants. In the final quarter, this benefited our earnings. Reduced ocean freight costs also contributed to improved margins.

(2) Strong trends in petrochemical product earnings

Earnings for petrochemical products were higher than previously forecast due to favorable market conditions, especially for benzene, in the October-December period.

(3) Inventory valuation effects

TonenGeneral applies the LIFO/LOCOM method for inventory evaluation. Favorable inventory valuation effects, estimated at 5.0 billion yen in the November forecast, are expected to be approximately 8.0 billion yen.

The revised forecast consolidated operating income of 58.7 billion yen and net income of 39.8 billion yen compare to final 2005 consolidated operating income and net income of 20.0 billion yen and 13.0 billion yen, respectively.

3. Dividend Forecast

There is no change in the original projected full-year dividends forecast of 37 yen per share. The company projects a payment to its shareholders as of December 31, 2006, of 18.5 yen per share as a final dividend for the term ended December 2006, subject to the decision of the general meeting of shareholders.

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