

TonenGeneral Sekiyu K.K.

1Q 2011 Financial Results

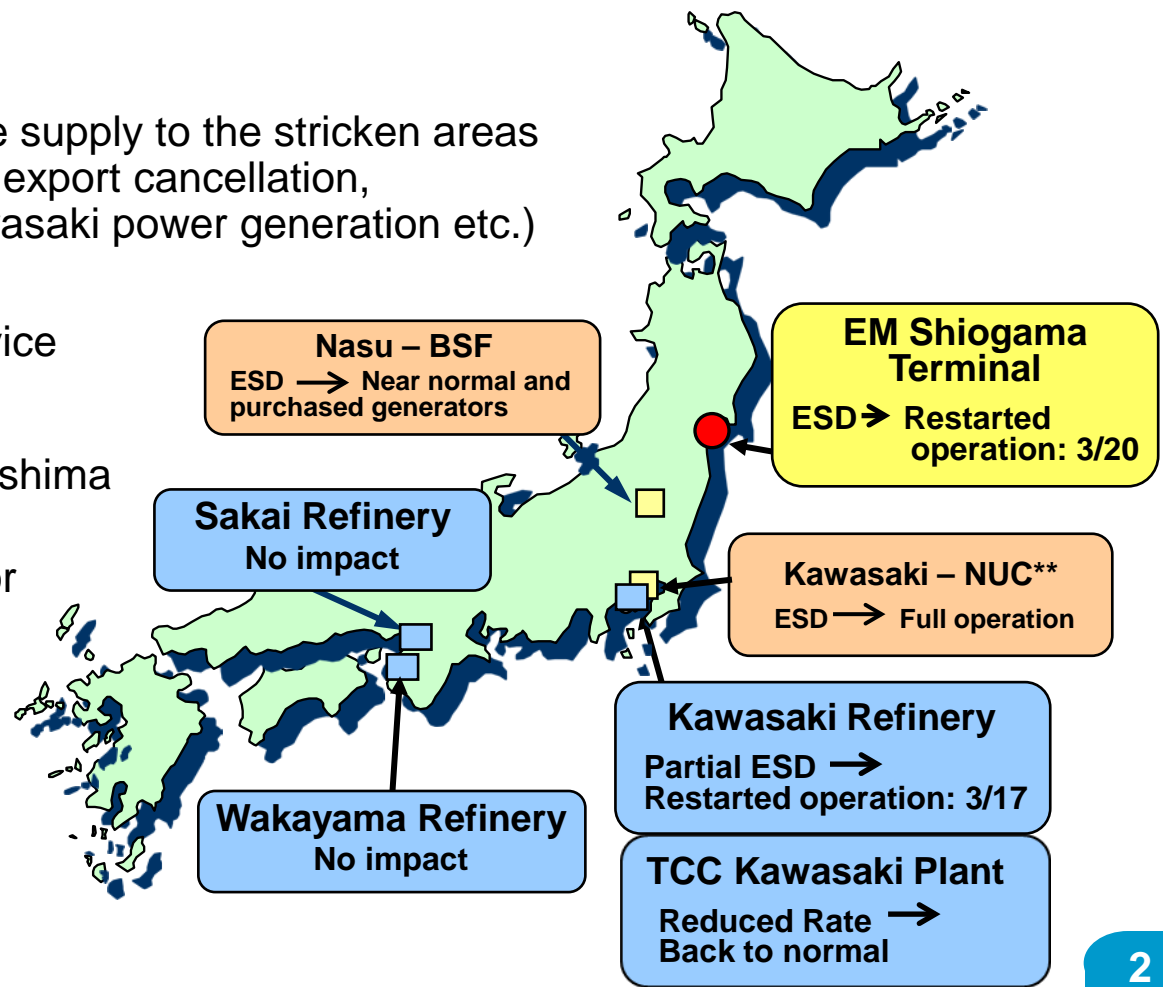
May 13, 2011



- 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.
- The official language for TonenGeneral's filings with the Tokyo Stock Exchange and Japanese authorities, and for communications with our shareholders, is Japanese. We have posted English versions of some of this information on this web site. While these English versions have been prepared in good faith, TonenGeneral does not accept responsibility for the accuracy of the translations, and reference should be made to the original Japanese language materials.

TG Earthquake Impacts

- ❑ **People:** No injuries / all employees confirmed safe
- ❑ **Assets:**
 - Minor damage to tanks at Kawasaki
 - Kawasaki refinery partial ESD* and quick re-start, conversion units slowest to recover
 - JV's impacted by power failure
 - EMJ SS chain near normal
- ❑ **Supply actions taken:**
 - Continued efforts to bring stable supply to the stricken areas (west to east product transfers, export cancellation, drummed product delivery, Kawasaki power generation etc.)
- ❑ **Donations (EMYK and TG):**
 - Innovative 40KL temporary service station to Rikuzen-Takata city
 - 1ML fuel coupons to municipal authorities in Iwate/Miyagi/Fukushima
- ❑ **Financial:**
 - Lost volume/opex impacts minor



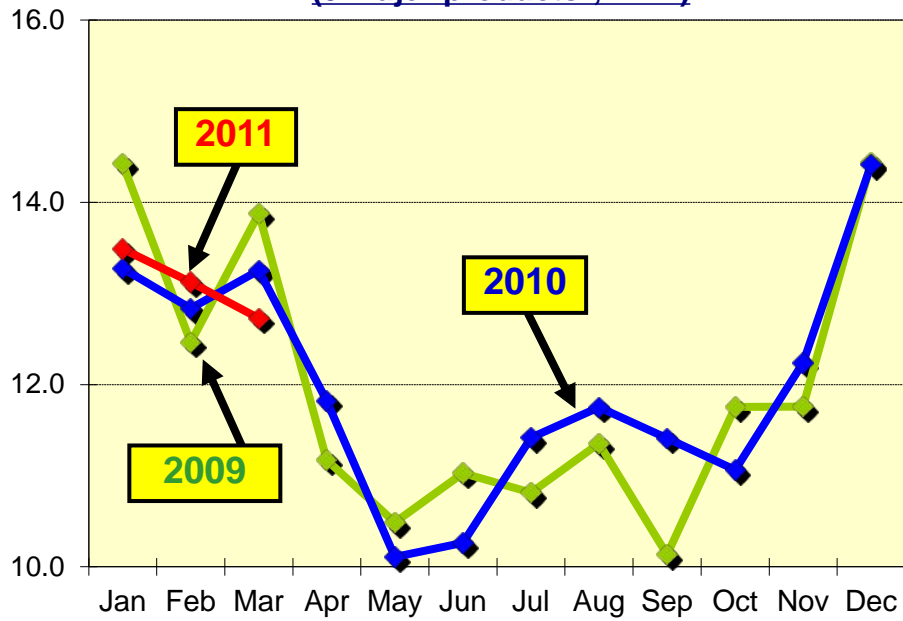
* ESD: Emergency shutdown

** NUC: Nippon Unicar

Business Environment

- ❑ The domestic petroleum demand environment changed before and after the earthquake
 - Before-earthquake: modest growth vs. 2010 partly supported by cold winter
 - After earthquake: weak demand expected to continue in April with recovering trend in 2Q11
- ❑ Domestic downstream margins in 1Q11 much improved vs. 1Q10, modest change vs. 4Q10
 - Product prices generally responsive to upward trend in crude
 - Pre-earthquake profitable opportunities in export market
- ❑ Further upturn in chemical margins vs. 4Q10

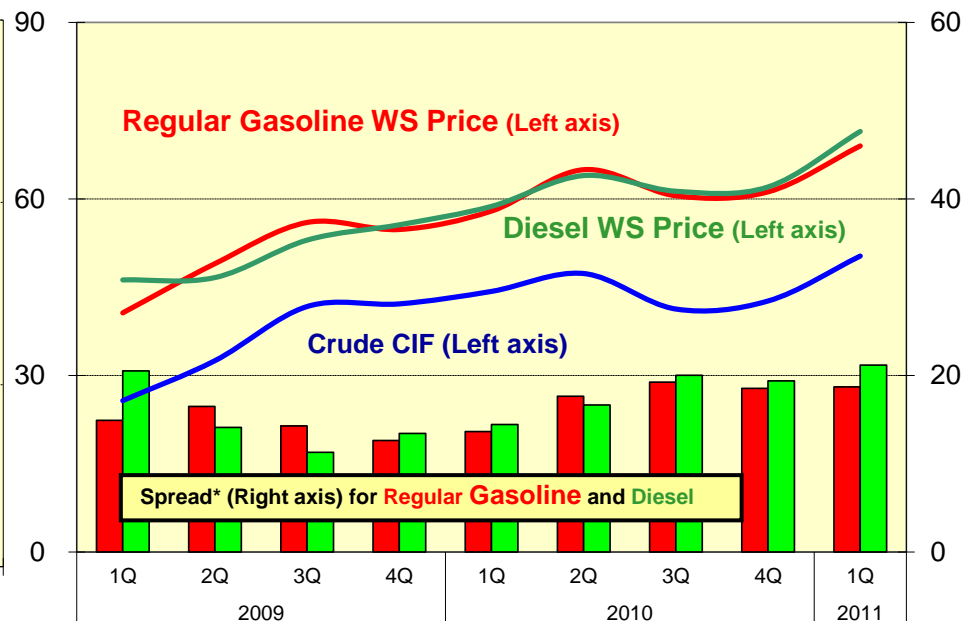
Domestic Petroleum Product Demand (2009-)
(5 Major products*, MKL)



* Gasoline/Diesel/Kerosene/FOA/FOC

Source: METI Statistics

Crude and Product Prices * (Yen/L)



* Spread: Domestic WS prices – crude CIF

Source: PAJ and Oil Information Center

Financial Highlights

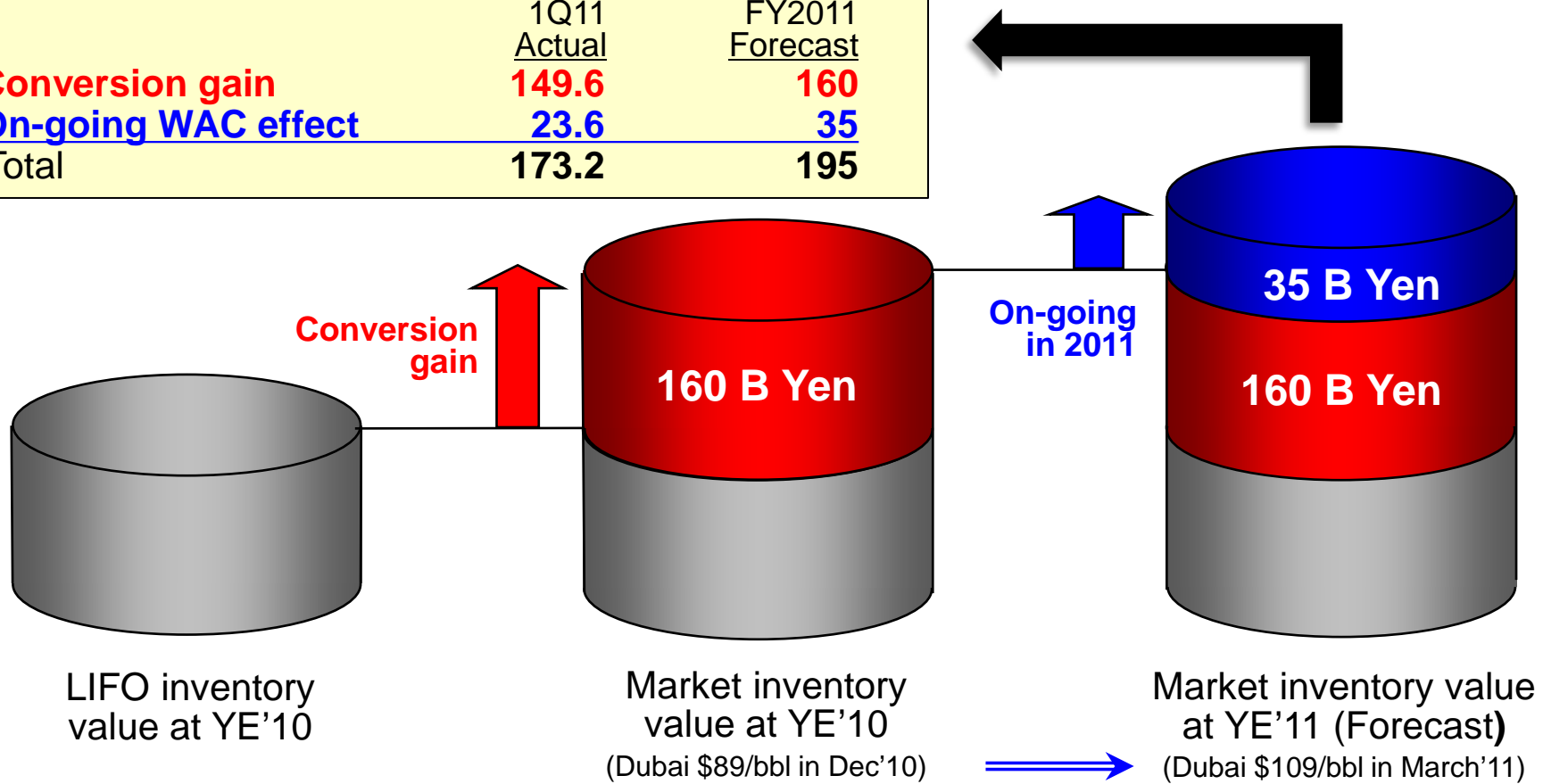
- ❑ Net sales increased by 81.3 billion yen largely reflecting rise in crude prices vs. 1Q10
- ❑ 1Q11 operating income was 191.1 billion yen, improved by 172.8 billion yen from 1Q10; includes 173.2 billion yen of inventory related gain due mainly to accounting change
- ❑ No material non-operating or extraordinary items in 1Q11
- ❑ Adjusted operating income was 17.9 billion yen, up 16.2 billion yen vs. 1Q10

(billion yen)	<u>1Q10</u>	<u>1Q11</u>	<u>Inc./Dec.</u>
Net sales	586.9	668.1	81.3
— Operating income	18.4	191.1	172.8
— Ordinary income	18.6	191.3	172.7
— Extraordinary gain/loss	20.3	-0.4	-20.6
— Net income	31.6	113.5	81.9
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— Reverse inventory effects	-18.7	-173.2	-154.5
— Reverse lead lag effects	2.0	-	-2.0
→ Adjusted operating income	1.7	17.9	16.2
↳ Oil segment	-4.8	10.7	15.5
↳ Chemical segment	6.4	7.2	0.8

2011 Inventory Related Effects

- 2011 inventory related effect is composed of two elements:
 - 1) **Conversion gain**: LIFO restated to WAC using December 2010 prices
 - 2) **On-going**: On-going WAC inventory effect as a result of change in crude price during 2011

2011 Inventory Related Effects (billion yen)		
	1Q11 Actual	FY2011 Forecast
1) Conversion gain	149.6	160
2) On-going WAC effect	23.6	35
Total	173.2	195

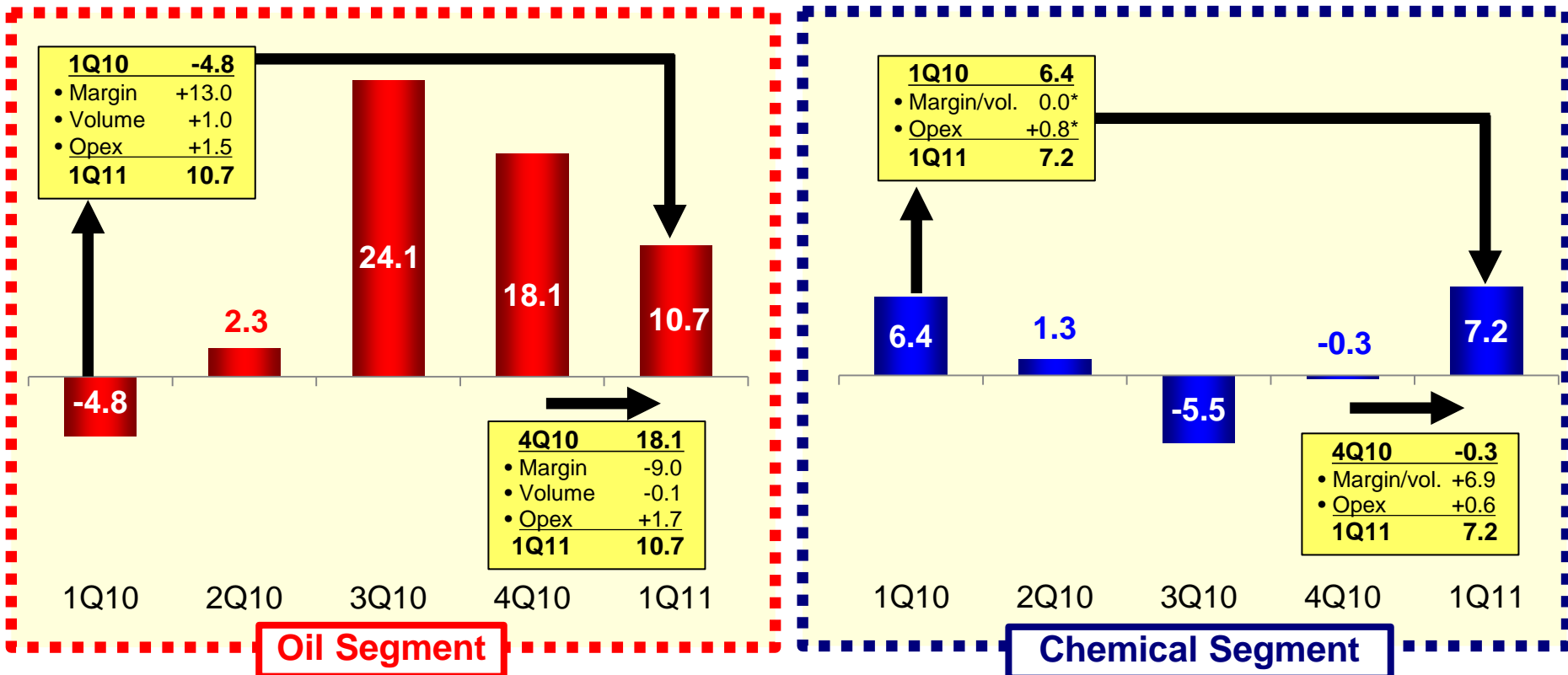


Factor Analysis of Operating Income: Consolidated

- 1Q11 Oil margins much improved vs. 1Q10 and in line with our Full Year forecast level announced in February
- Chemical 1Q11 margins at best level of the quarters shown and highest since 3Q08
- Opposing trends vs. 4Q10 in Oil and Chemical segments; Oil margin declined but continued recovery in Chemical

Quarter to Quarter Adjusted Operating Income (1Q10 through 1Q11)

(billion yen)



* Excludes impact of removal of BSF affiliates from consolidation

Sales Volume



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- 1Q11 domestic sales performance is almost in line with industry
 - Feedstock mix resulted in higher distillate / lower fuel oil production and sales volume
- Higher pre-earthquake export volume partly offset by export cancellation due to the earthquake
- Lower aromatics volume due to turnaround at Wakayama BTX plant in 1Q11

Oil Products*

(KKL)	1Q10	1Q11	Inc./Dec.	Industry Inc./Dec. ****	
Japan Inland Sales	Gasoline	2,517	2,501	-0.6%	-1.0%
	Kerosene	898	938	+4.5%	+1.3%
	Diesel fuel	721	743	+3.1%	-0.7%
	Fuel oil A	542	553	+2.1%	-4.4%
	Fuel oil C	446	398	-10.8%	+6.7%
	5 Major Fuels Total	5,124	5,134	+0.2%	-0.1%
	LPG/Jet/Others	707	884	+25.0%	
	Sub Total	5,831	6,018	+3.2%	
	Exports**	797	830	+4.1%	
	Others***	725	738	+1.8%	
G. Total	7,353	7,586	+3.2%		

Notes:
 * Consolidated and excluding Barter
 ** Excluding bonded sales
 *** Others include crude, product exchanges within ExxonMobil Japan Group, etc.
 **** Data Source; METI Statistics

Topper Utilization

72% 73%

Chemical Products (Consolidated)

(Kton) Olefins and others (TCC)	418	419	+0.1%
Aromatics and others (TG)	202	188	-6.8%
Chemical Total	620	607	-2.1%

2011 Consolidated Earnings Forecast

- 2011 operating income forecast revised upward by 40 billion yen from the February forecast
 - +35 billion yen inventory related gain (\$109/bbl in Mar. 2011 vs. \$89/bbl in Dec. 2010)
 - + 5 billion yen Chemical operating income reflecting higher 1Q results
- No material earnings impact from the Great East Japan Earthquake Disaster

(billion yen)	Actual <u>1Q11</u>	May Update*		Change from Feb Forecast	
		<u>2QYTD</u>	<u>FY11</u>	<u>2QYTD</u>	<u>FY11</u>
Net sales	668.1	1,300	2,800	-	200
Operating income	191.1	218	240	40	40
Ordinary income	191.3	219	242	40	40
Extraordinary income/loss	-0.4	0	0	-	-
Net income	113.5	130	145	23	24
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Reverse inventory effects	-173.2	-193	-195	-35	-35
Adjusted operating income	17.9	25	45	5	5
Oil segment	10.7	15	30	-	-
Chemical segment	7.2	10	15	5	5

Sensitivities for 2011 Earnings Forecast

Base assumption for May update

Key Factors	Unit	Base	Reference
Dubai FOB	US\$/Bbl	109	March 2011 average
Exchange Rate	Yen/US\$	82	March 2011 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)
Dubai FOB	US\$/Bbl	10	18* ¹
Exchange Rate	Yen/US\$	10	- 24* ¹
Refining margin	Yen/L	1	30* 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

Cash Flows, Debt/Equity



(billion yen)

Operating Activities

Net income before taxes	190.9
Change in inventories	-185.1
Depreciation	6.3
Change in working capital etc.	-40.6

Investing Activities

Financing Activities

Decrease in net debt etc.	40.7
Dividend to shareholders	-10.1

1Q11

-28.5

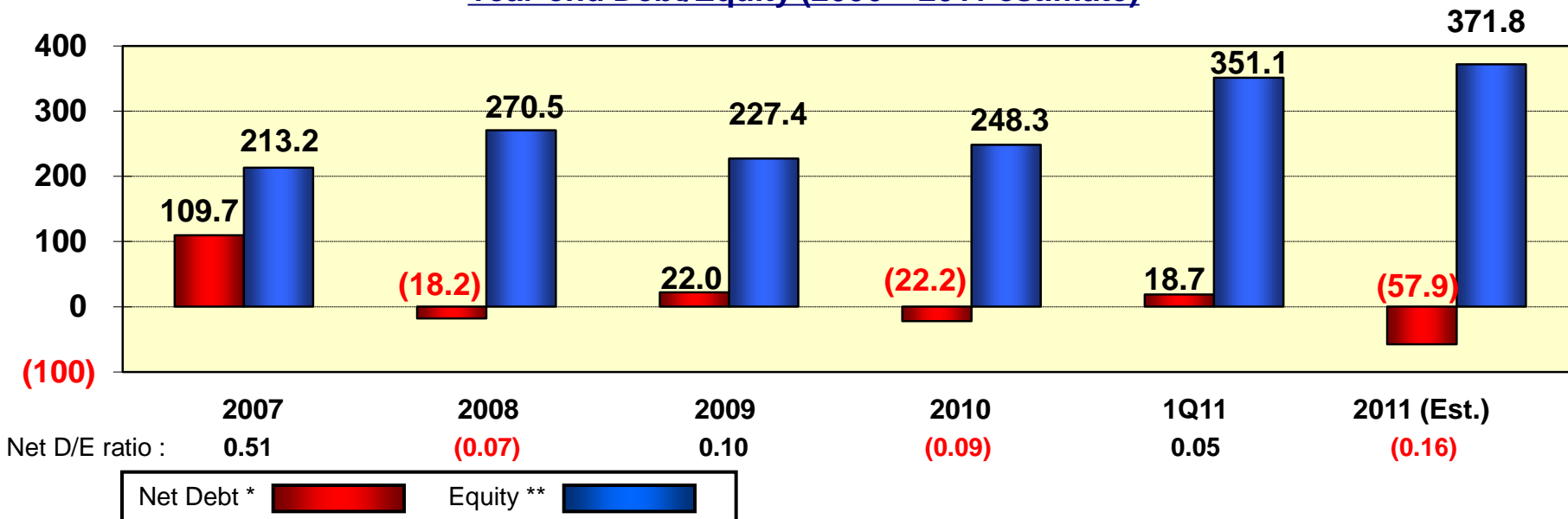
-2.3

30.6

- Net debt increased at 1Q11 end due to the calendar effect of excise tax payment
- D/E ratio boosted by rise in equity attributable to LIFO / WAC gain
- Industry leading financial position
- Solid dividend and attractive yield

(billion yen)

Year-end Debt/Equity (2006 – 2011 estimate)



* Net debt excludes cash and loans receivable ** Net Worth excl. Minority Interest

Supplemental Information

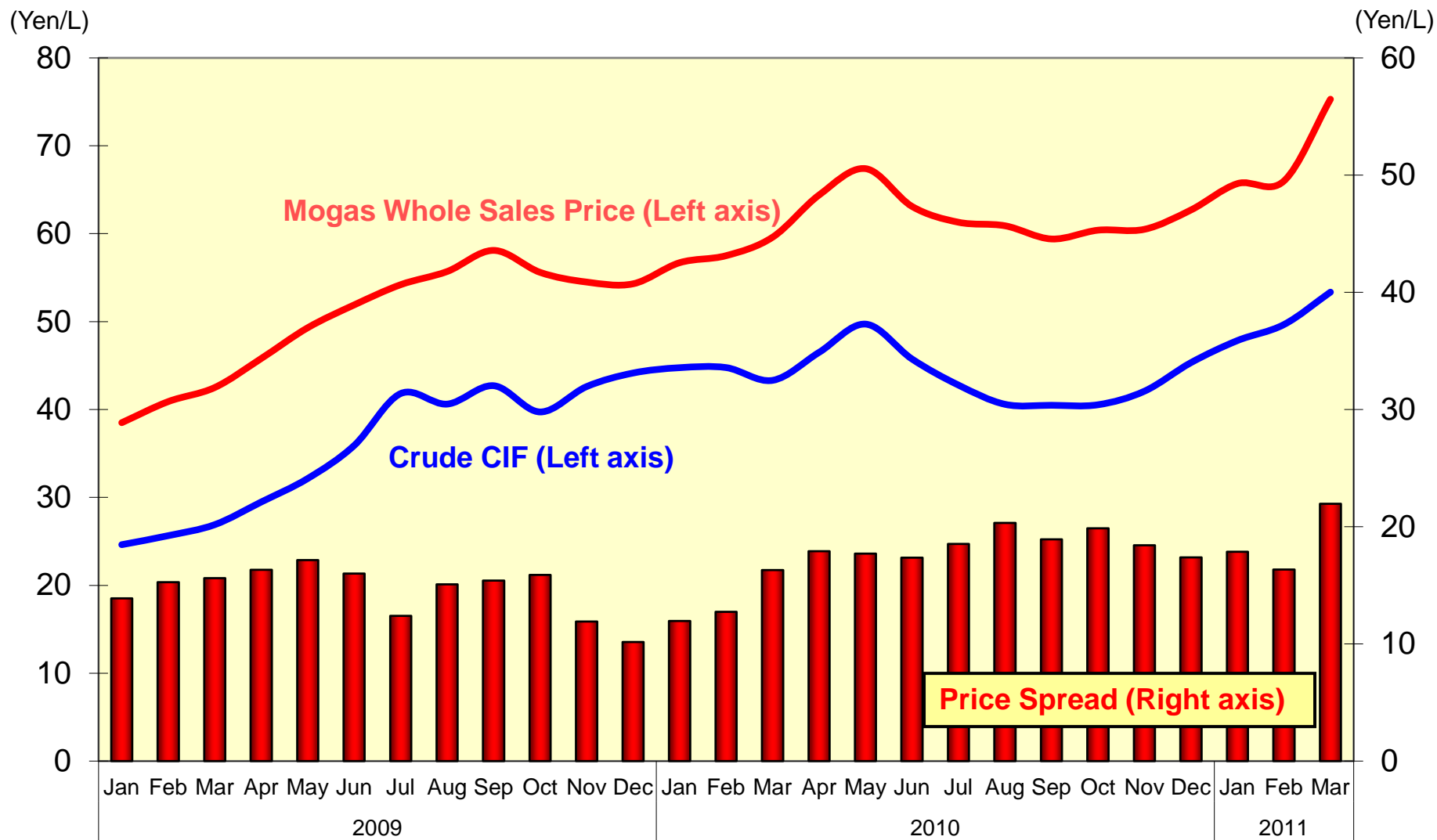
Financial Highlights – Net Income Comparison

- Reported 1Q11 net income increased by 81.9 billion yen from 1Q10 due to:
 - 91.6 billion yen increase in inventory related gains due to accounting change
 - Improved Oil and Chemical results
 - Partially offset by the absence of last year’s extraordinary gains
- Adjusted 1Q11 net income was 11.0 billion yen, a 9.5 billion yen increase from 1Q10

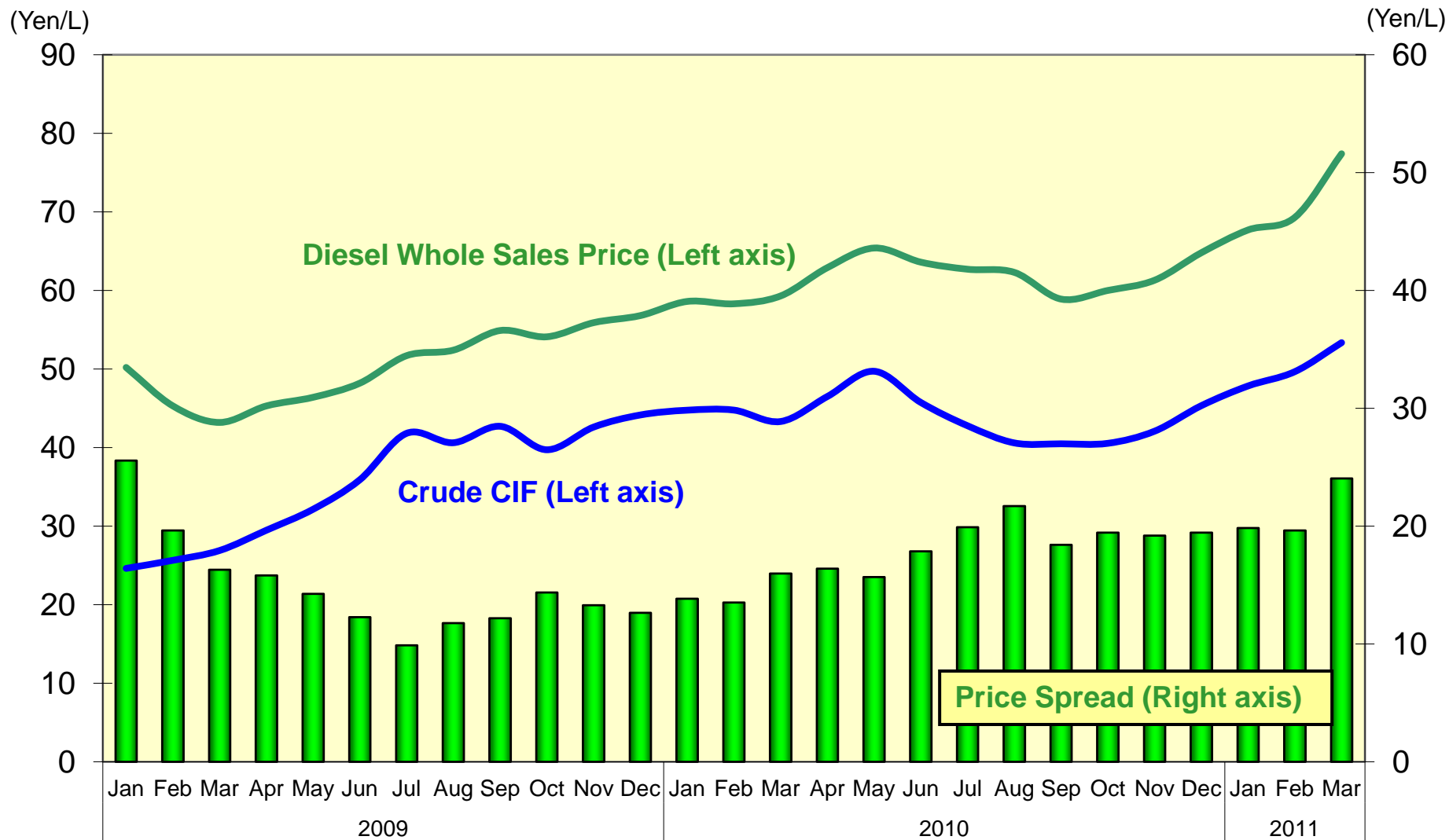
(After tax basis - billion yen)	<u>1Q10</u>	<u>1Q11</u>	<u>Inc./Dec.</u>
Net income	31.6	113.5	81.9

Exclude after tax effects of:			
Inventory gains	-11.1	-102.7	-91.6
Lead lag effects	1.2	-	-1.2
Extraordinary gains/loss	-20.2	0.2	20.4
Adjusted net income	1.5	11.0	9.5
Reference:			
Adjusted operating income (before tax)	1.7	17.9	16.2

Price Spread (Mogas Wholesale Price vs. Crude CIF)



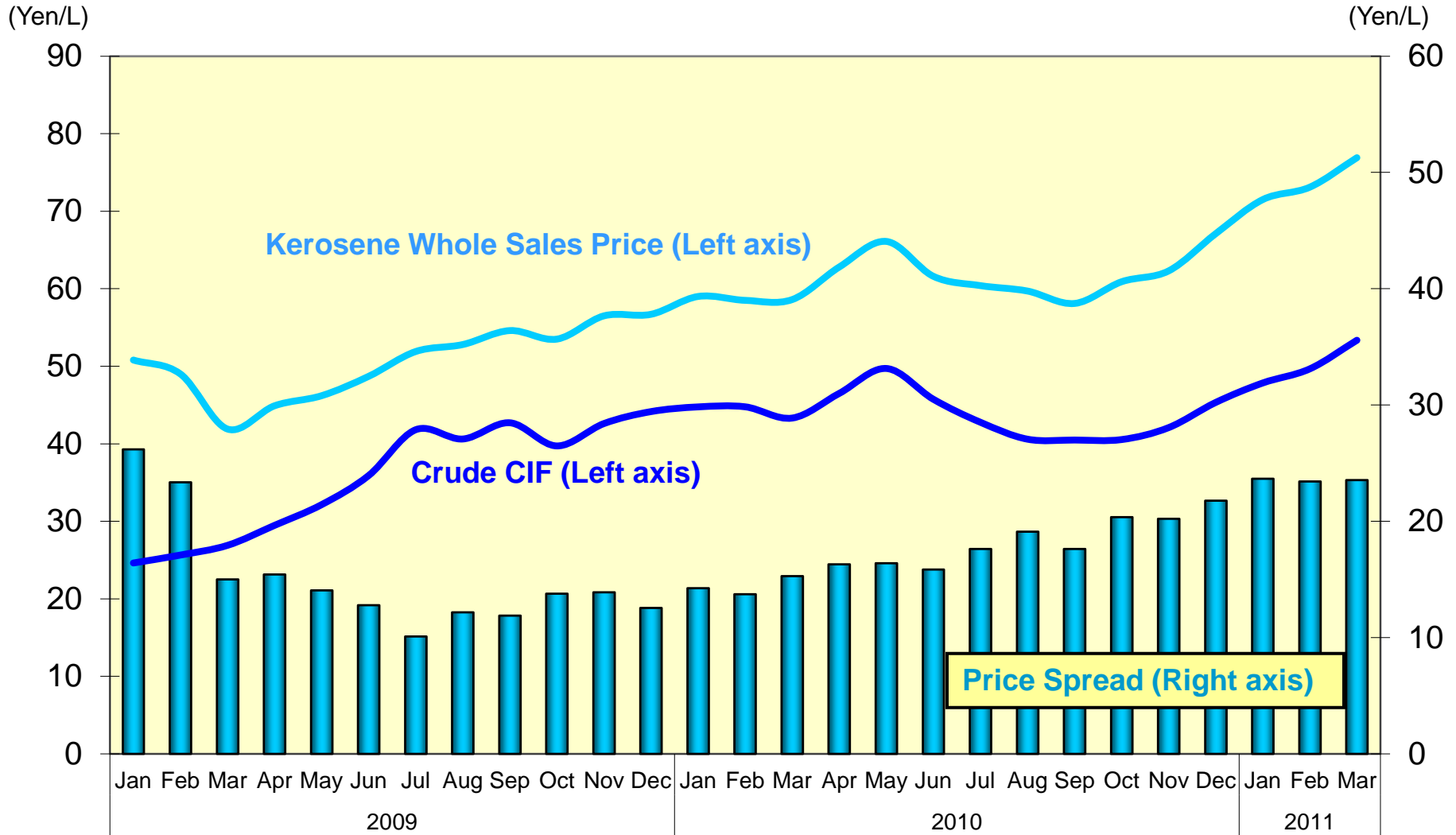
Price Spread (Diesel Wholesale Price vs. Crude CIF)



Price Spread (Kerosene Wholesale Price vs. Crude CIF)



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Details of Operating Income (1Q09 – 1Q11)



2011

(Unit: billion yen)

Breakdown of Operating Income	1Q11	2Q11	3Q11	4Q11	FY2011	1H11	3Q11YTD
Oil segment and others (Substantial)	10.7						
Chemical segment	7.2						
Inventory effects	173.2						
Total	191.1						

2010

Breakdown of Operating Income	1Q10	2Q10	3Q10	4Q10	FY2010	1H10	3Q10YTD
Oil segment and others (Substantial)	-4.8	2.3	24.1	18.1	39.7	-2.5	21.7
Chemical segment	6.4	1.3	-5.5	-0.3	2.0	7.8	2.3
Inventory effects	18.7	-9.4	4.0	-13.5	-0.2	9.3	13.3
Lead lag effects	-2.0	1.0	5.0	-12.0	-8.0	-1.0	4.0
Total	18.4	-4.7	27.6	-7.7	33.5	13.6	41.2

2009

Breakdown of Operating Income	1Q09	2Q09	3Q09	4Q09	FY2009	1H09	3Q09YTD
Oil segment and others (Substantial)	22.5	-7.4	-13.0	-12.9	-10.8	15.1	2.2
Chemical segment	-2.3	2.1	2.9	1.1	3.8	-0.2	2.7
Inventory effects	1.8	5.4	2.3	-2.1	7.4	7.2	9.5
Lead lag effects	-9.0	-24.0	5.0	-7.0	-35.0	-33.0	-28.0
Total	13.1	-23.9	-2.7	-21.0	-34.6	-10.9	-13.6