

TonenGeneral Sekiyu K.K. 1H 2005 Financial Results and Business Strategy

August 23, 2005
at TSE Arrows



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.

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- Business Overview G. W. Pruessing
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 - Refining & Supply J. Mutoh
 - Chemicals D. L. Schuessler

Business Overview

G. W. Pruessing

*Representative Director, Chairman and President,
TonenGeneral Sekiyu K.K.*

Japan Chairman of ExxonMobil Group Companies

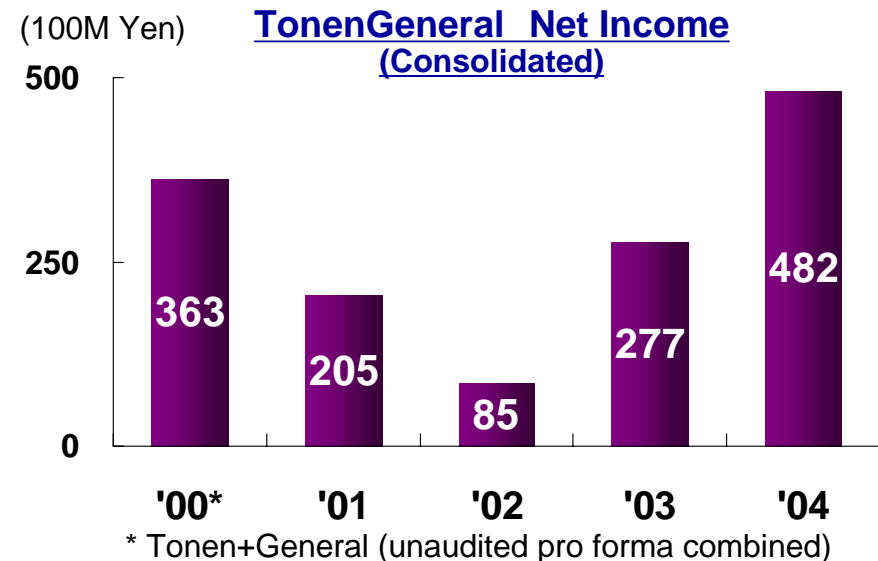
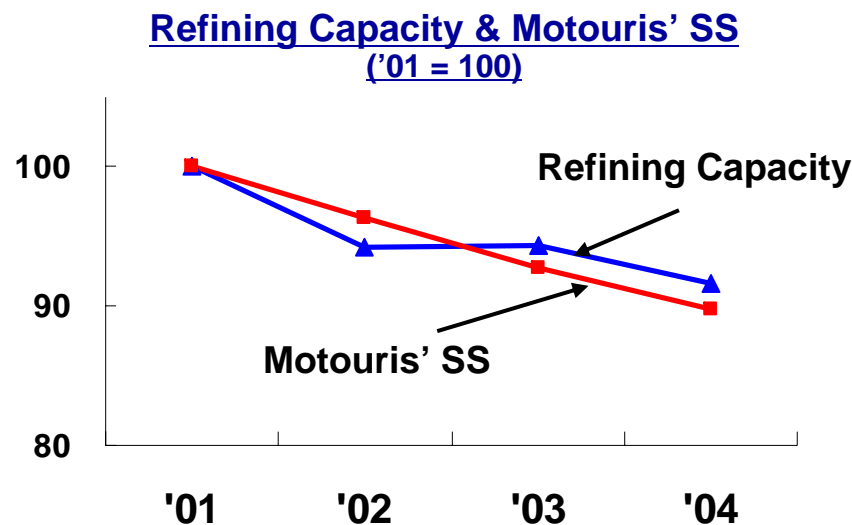
Five Years since the TonenGeneral Merger

■ Industry

- » Surplus capacity both in refining and marketing; reducing slowly
- » Crude price rising; sharp increases last 18 months
- » Low sulfur motor-fuels introduced; 2003 & 2005
- » Chemicals segment highly profitable from 2004

■ TonenGeneral has responded to meet industry challenges

- » Retain/create assets that will produce profits in our core business even in poor industry environment
- » Focus on profitability, return, and long-term perspective



Corporate Citizenship

■ Safety

- » The top priority in all our activities
- » Commitment to our vision: “Nobody Gets Hurt”

■ Governance and Integrity

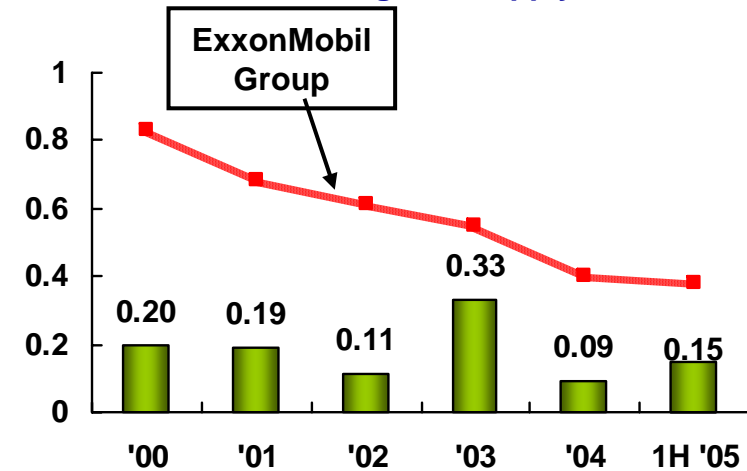
- » Clear standards of business conduct
- » Controls Integrity Management System
- » Effective statutory Audit process
- » Rigorous internal independent audit

■ Focus on the environment

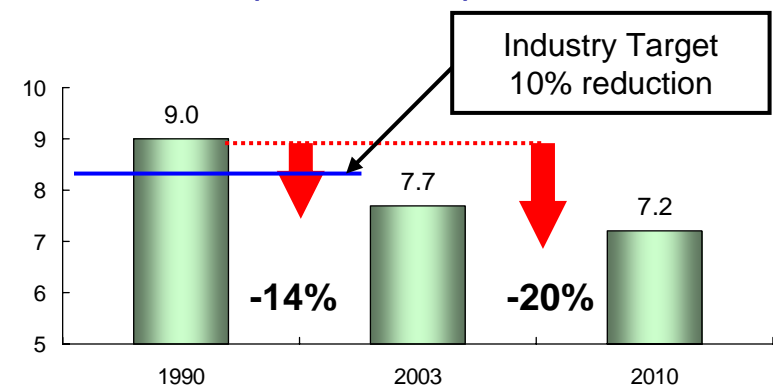
- » Actions to improve energy efficiency and reduce greenhouse gas emissions in our operations
 - Global Energy Management System (GEMS)
 - Cogeneration

Total Recordable Incident Rate (#/ 0.2Mil Hrs)

(TonenGeneral vs ExxonMobil Group, Refining and Supply)



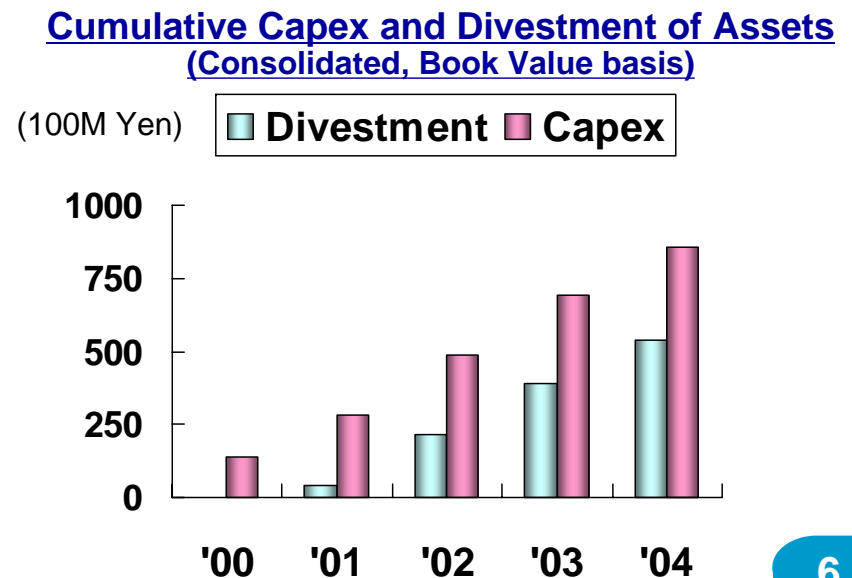
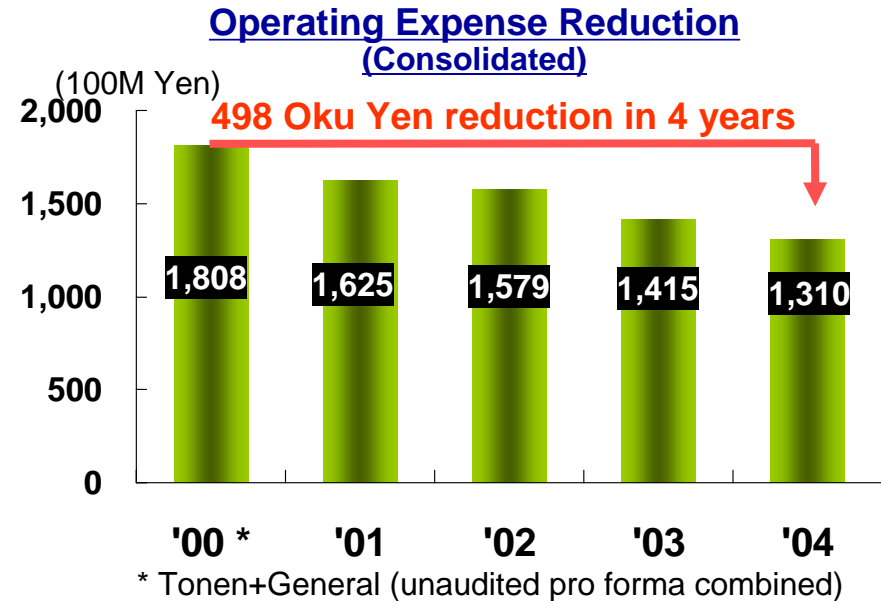
Unit Energy Consumption in refineries (Consolidated)



Energy consumption (KL)/ APS throughput (KKL)

Efficiency Leadership

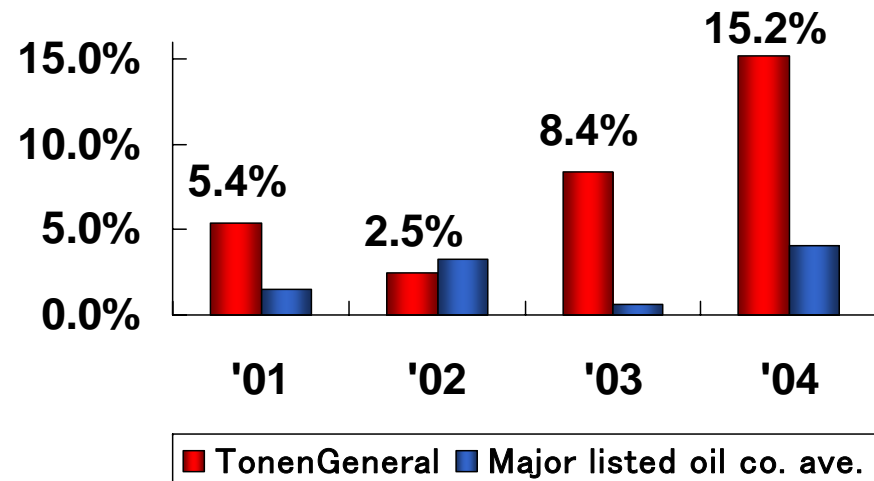
- Make maximum use of competitive advantages of our membership in the ExxonMobil group
 - » Best practices developed from global experience
 - » Leverage ExxonMobil's global presence
 - Business Centers for administration and services
 - Product & semi-product exchanges
- Rigorous attention to operating cost efficiency
 - » Opex reduction about 7% p.a. since merger
- Rigorous attention to capital investments
 - » Disciplined approach and long-term perspective
 - Renaissance Projects
 - Express branded self SS
 - MPF production capacity
 - » Selected divestment of assets higher value attained through sale



Industry-Leading Returns

- Superior returns measured by ROCE
 - » Pursue global competitiveness as an integrated downstream and chemicals company
 - » ROCE orientation
 - Meaningful to examine company performance over a long-period
 - Effective to measure the efficacy of prior investment decisions
 - » Our goal is not to increase profits at all cost but to increase the efficiency of our profitability
 - » Concentrate capital on our core businesses where we have commercial and technical competitive advantages and expertise

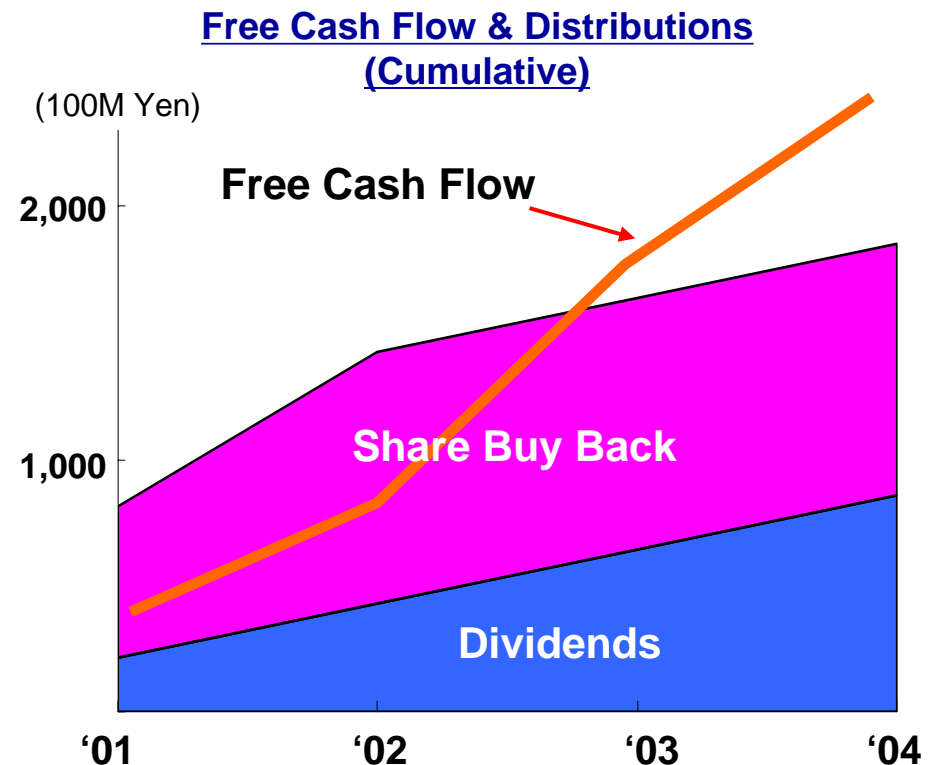
ROCE Trends
(TonenGeneral vs Major listed oil co. average)



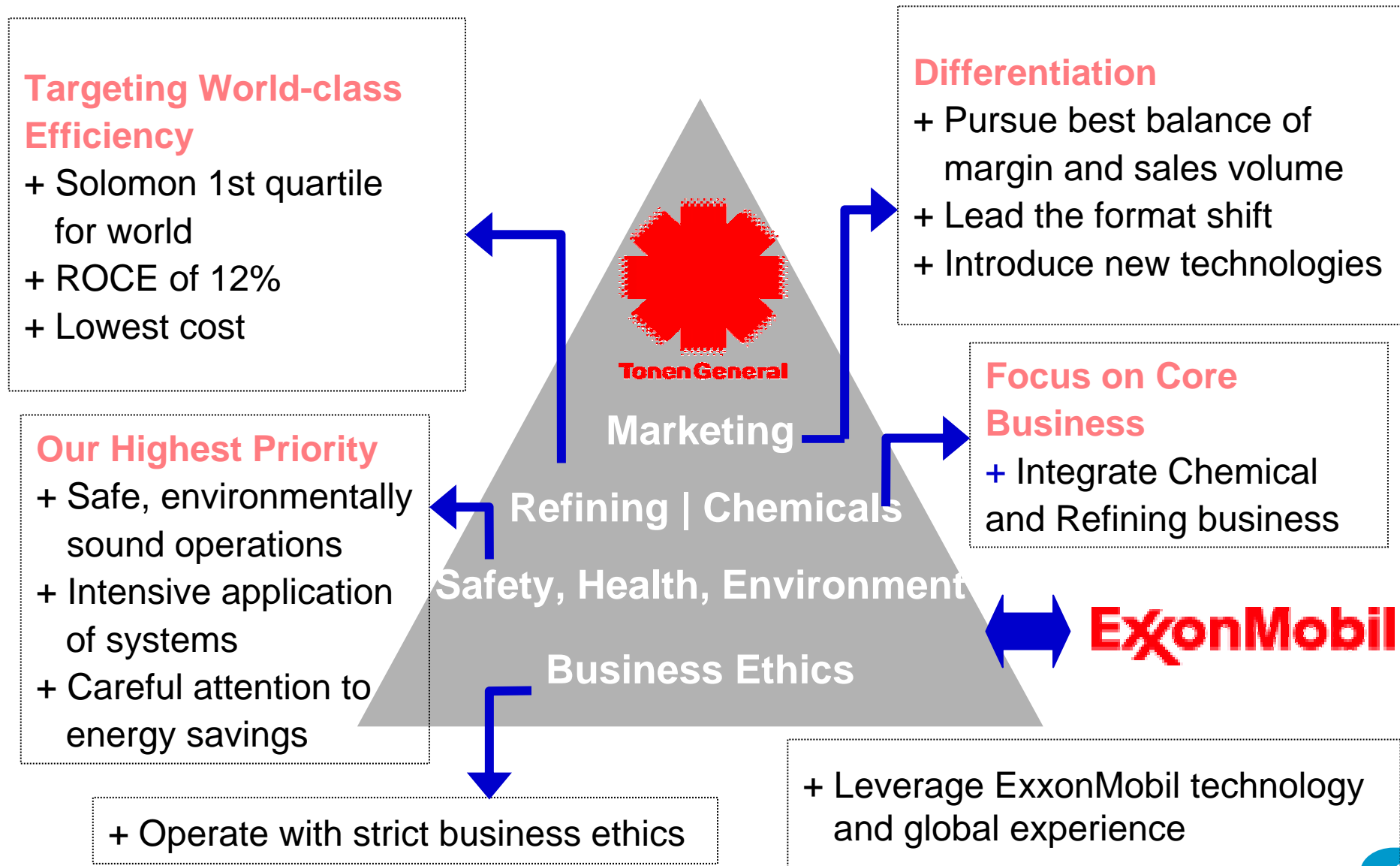
ROCE: $\text{Net income before interest and after tax} / (\text{Average shareholders' equity} + \text{Average net debt})$

Superior Shareholder Distributions

- Our principles
 - » Company wealth not required in our business should be returned to shareholders
 - » Balance creation of long-term shareholder value and distributions
- From cash flow generated in the last 4 years:
 - » 72G yen for capex
 - » 185G yen for distributions (85G yen for dividends and 100G yen for share buy back)
- Prudent review of trends in the business environment and analysis of best mix and timing of distributions



Key Corporate Themes & Strategies Remain Unchanged



1H 2005 Business Results and Revised FY 2005 Financial Forecast

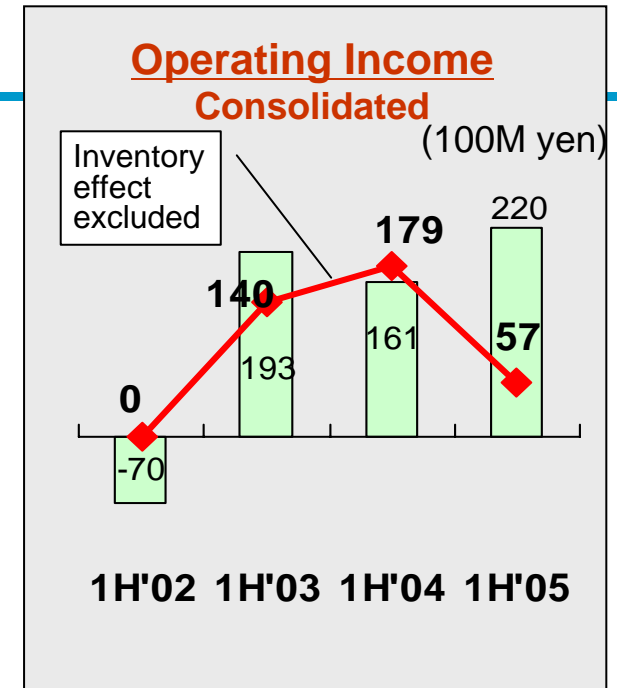
W. J. Bogaty

*Director,
TonenGeneral Sekiyu K.K.*

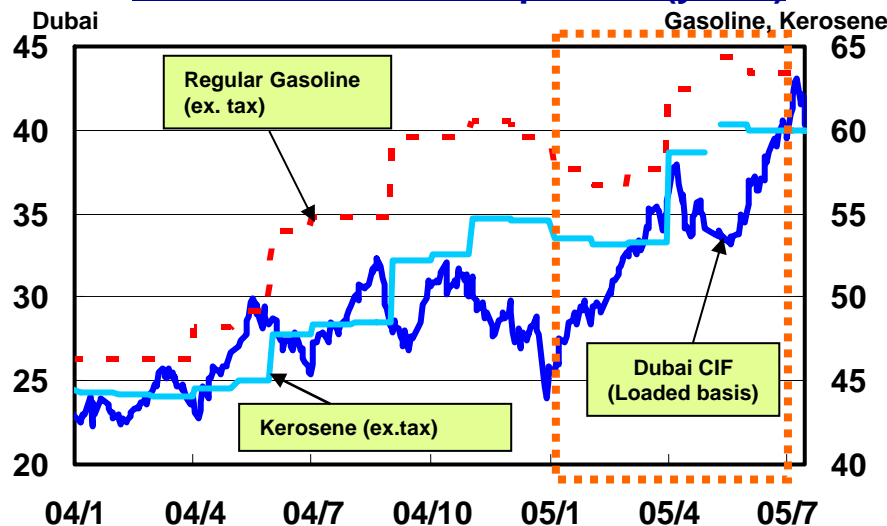
*Representative Director and Vice President,
ExxonMobil Y.K.*

Business Highlights

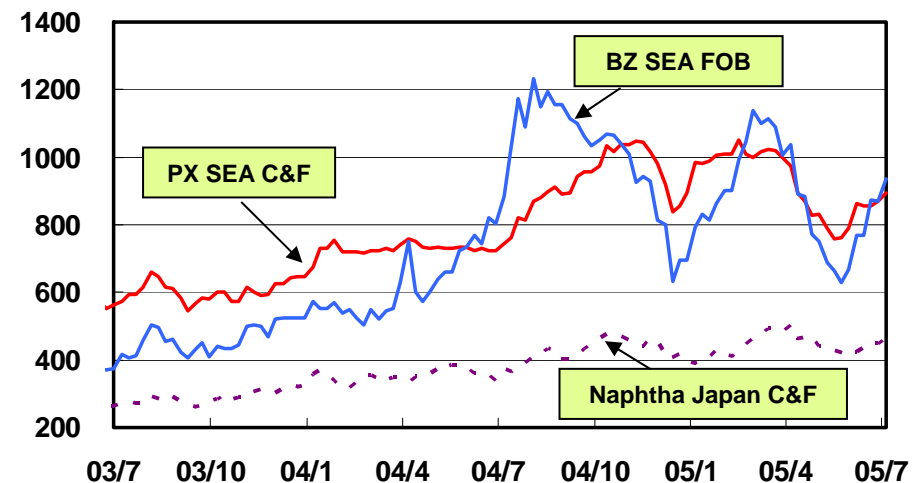
- Operating income rose vs. 1H '04;
Operating income (ex inventory effects) down
 - » All operating activities, including sales, manufacturing, and OPEX reduction were on or above plan
 - » Continued robust margin/profits in Chemicals
 - » Oil margin dropped sharply on large, rapid, crude price increase
 - Crude price accounted for on loaded basis, approx. one month ahead of rest of industry
 - » Positive inventory effects



Crude and Retail Pump Price (yen/L)



Aromatics Products Asian Spot Price Trend (\$/ton)

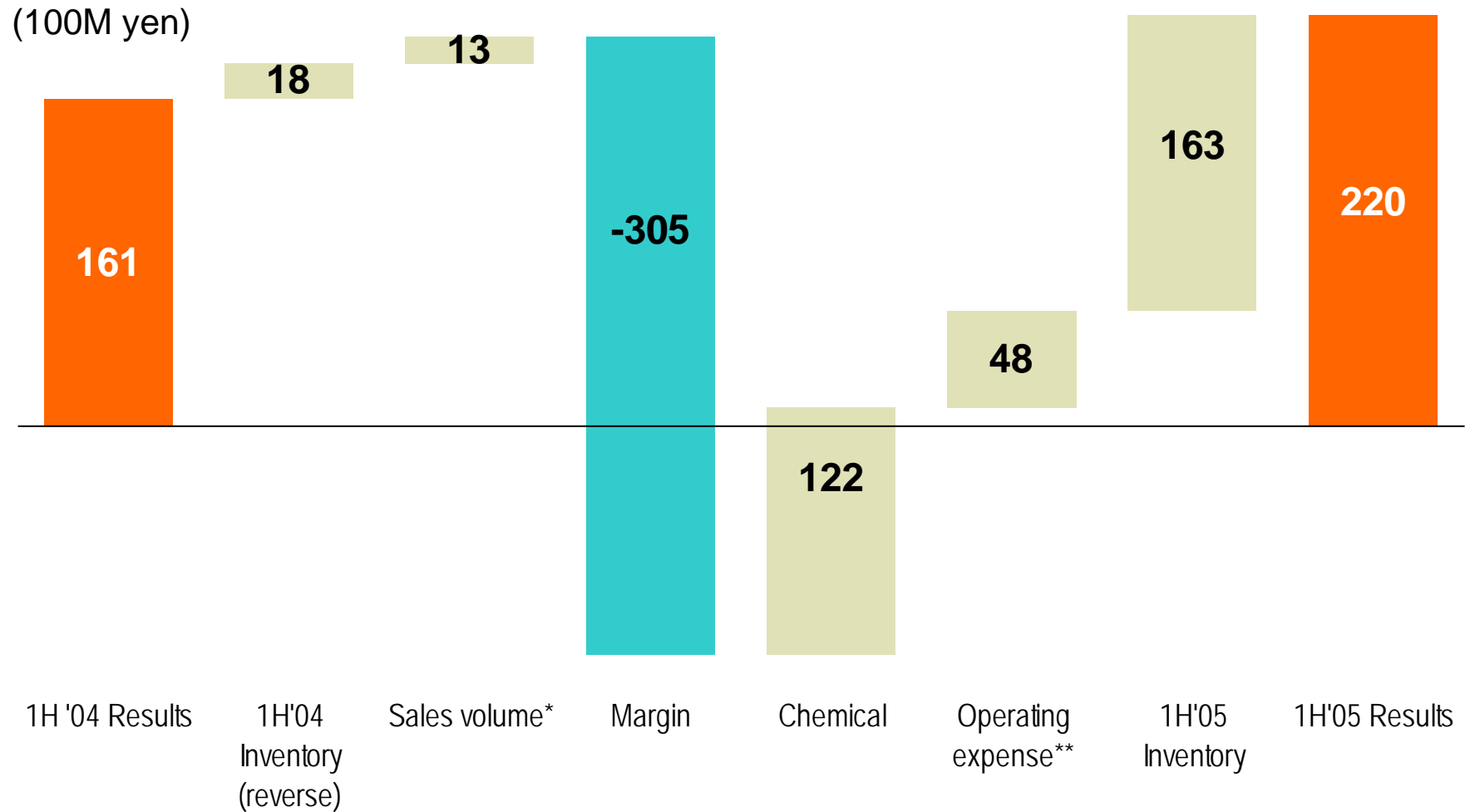


Earnings Results [Consolidated]

(100M yen)	<u>1H '04</u>	<u>1H '05</u>	<u>Inc./Dec.</u>
Sales revenue	10,773	13,249	2,475
– Operating income	161	220	59
Ordinary income	177	239	62
Extraordinary gain/loss	24	-1	-25
Net income	124	148	24
<hr/>			
Reverse inventory effects	+18	-163	-181
→ Adjusted operating income	179	57	-122
↙ Oil segment	22	-204	-226
↘ Chemical segment	157	261	104

Factor Analysis of Operating Income

[1H '05 Results vs. 1H'04 Results; Consolidated]



Oil

* Major products, per VG14

** Excluding change of accounting classification

Sales Volume/ Capacity Utilization

- Most fuels increased versus 1H 2004, especially in Kerosene due to colder winter and absence of turn-arounds
- Capacity utilization was higher than 1H 2004

Oil Products (Consolidated, Excluding Barter)

(KKL)		1H 2004	1H 2005	Inc./Dec.	Industry Inc./Dec.
by Product	Gasoline	5,696	5,981	5.0%	+1.8%
	Kerosene	2,134	2,649	24.2%	+6.4%
	Diesel fuel	2,203	2,531	14.9%	0.1%
	Fuel oil A	2,110	2,058	-2.5%	-0.7%
	Fuel oil C	1,709	1,565	-8.4%	-3.0%
	LPG and others	1,734	1,823	5.1%	N/A
by Channel	<i>General (Marketing)</i>	4,162	4,444	6.8%	
	<i>Esso/Mobil/Kygnus</i>	11,424	12,162	6.5%	
	Sub Total	15,586	16,606	6.5%	1.1%
	Others*	3,801	3,741	-1.6%	
	G. Total	19,387	20,347	5.0%	

Others includes lube, crude, exports, product exchanges within ExxonMobil Japan Group, etc.

Chemical Products (Consolidated)

(Kton)	Olefins and others (TCC)	942	939	-0.3%
	Aromatics (TG)	388	401	3.4%
	Chemical Total	1,329	1,340	0.8%

Capacity Utilization (Parent/Consoli.) 79%/76%

86%/80%

85%

One month lag effect of Crude cost / Inventory Effects

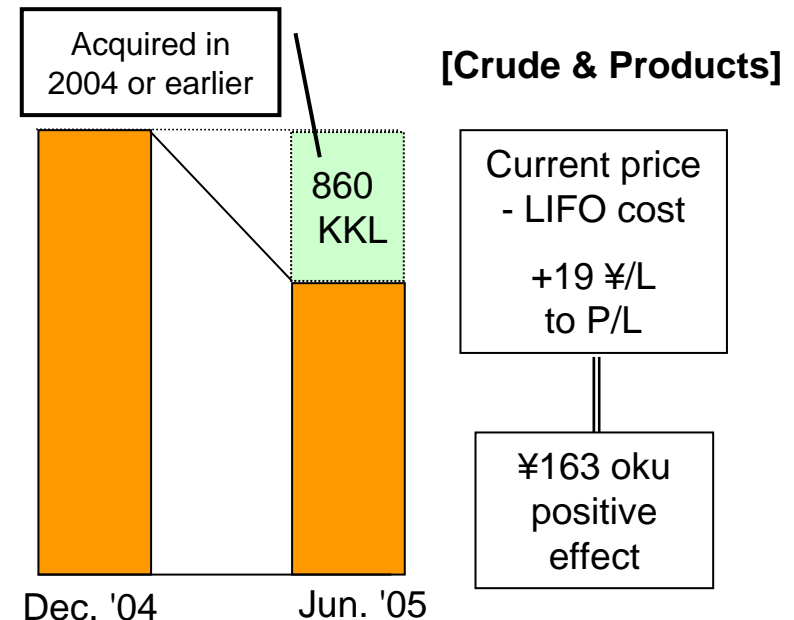
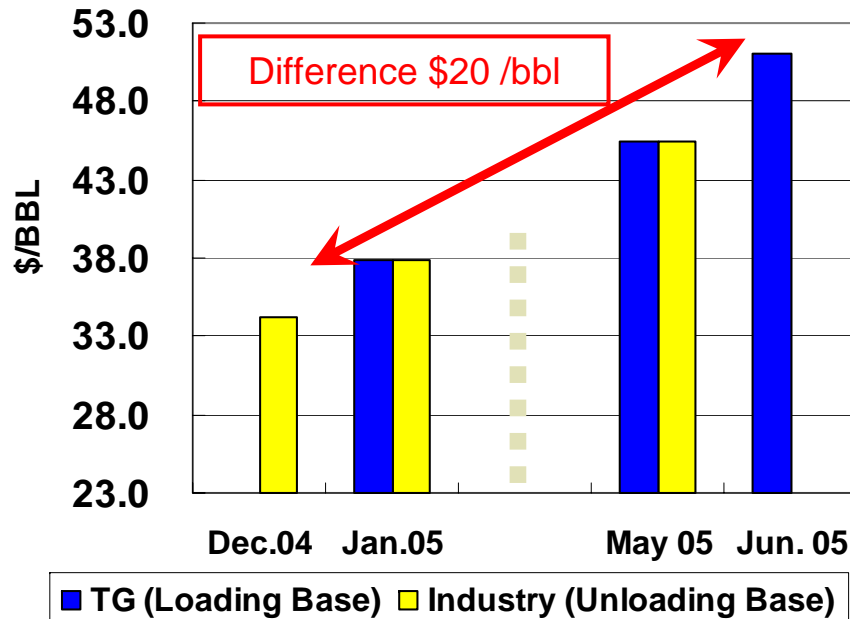
Sharp rise in crude price (in 1H '05: \$20/bbl Dubai) triggered one month lag and LIFO gain

One month lag effects

TG accounts for crude price on loaded base; this recognizes effects of changes in crude prices about one month earlier than rest of industry
 "Lag effect" on Dubai basis was approx. ¥260oku

LIFO profit from Draw-down

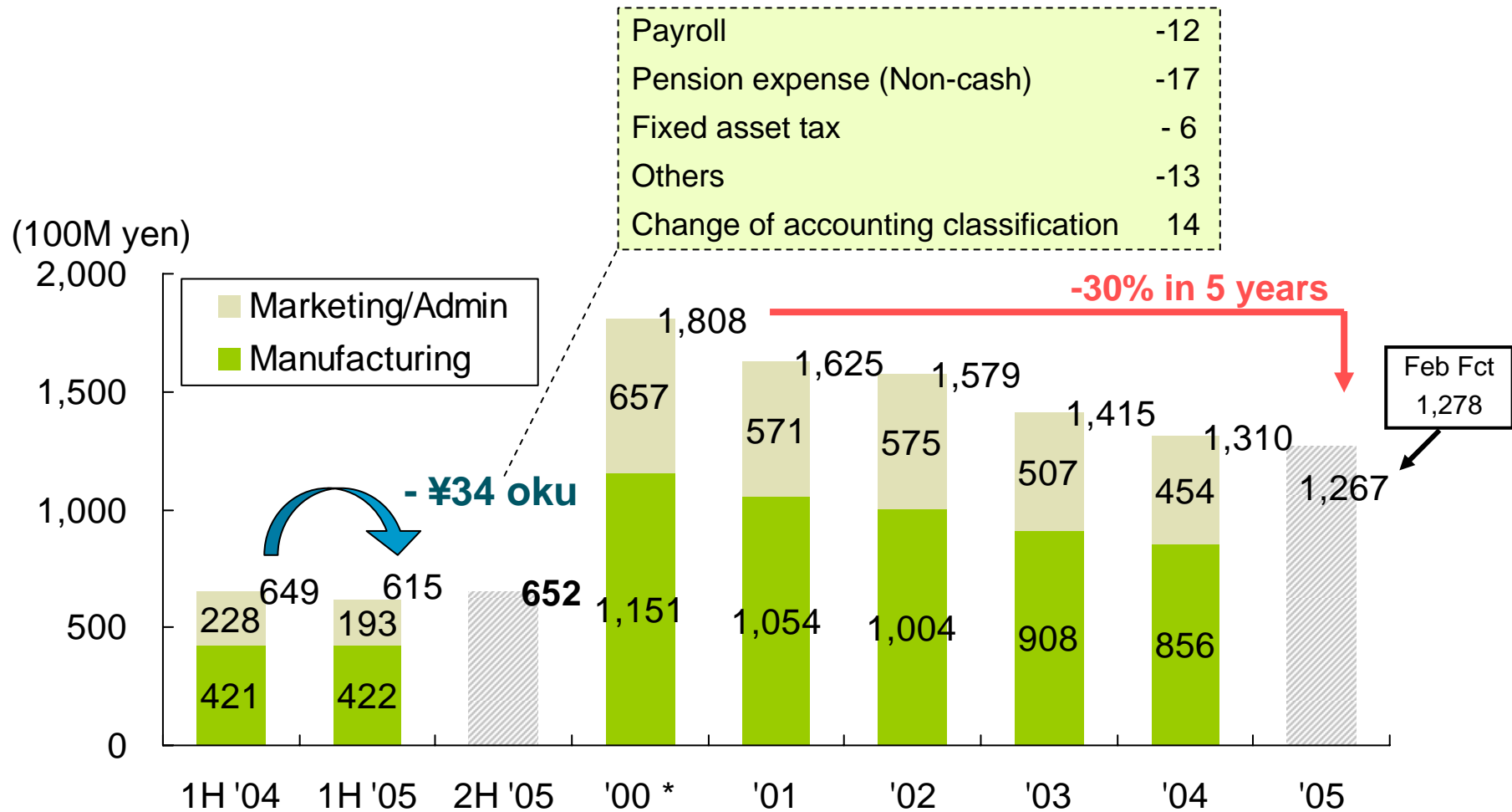
Net ¥163 oku inventory gain in operating income in from draw-down of crude and products



* Tonen+General (unaudited pro forma combined)

Operating Expenses [Consolidated]

- Continued reductions in opex; better than February forecast



Cash Flows, Debt, Equity [Consolidated]

(100M yen)

Operating / Investing Activities

Net income before taxes	238
Net capex / Depreciation	35
Asset disposal	17
Inventory	169
TAR/TAP/Gas tax payable, etc	-156
Income tax payment	-219
Others	-46

Financing Activities

Change in debt	87
S/T loan receivable	-14
Dividend to shareholders	-107

Net Cash Change

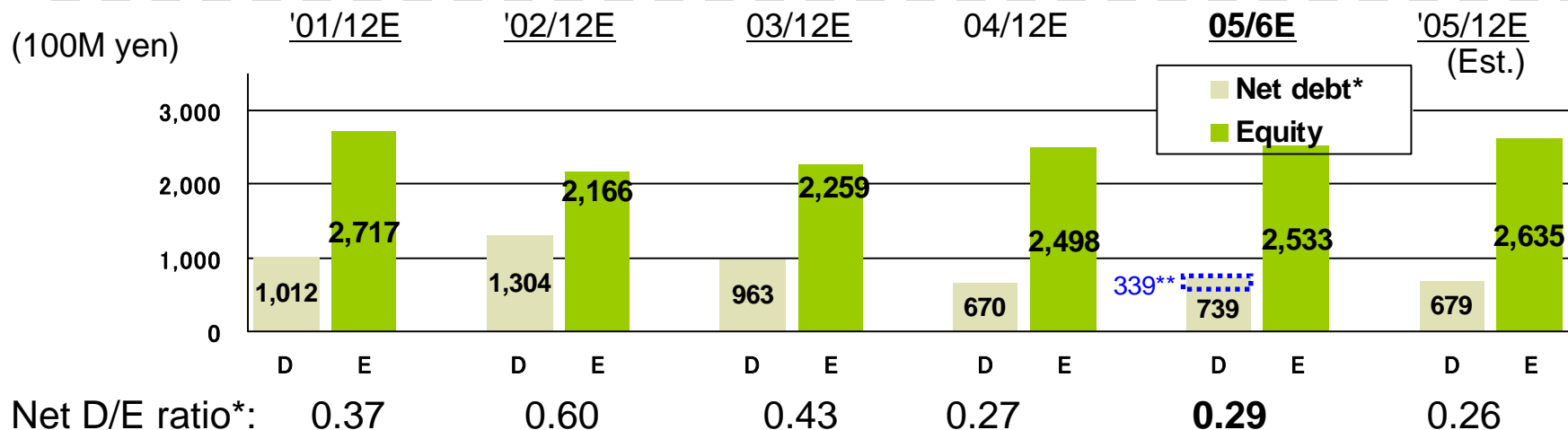
1H '05 Adj.(G tax)

38 377

■ Continued sound financial situation

183
-252

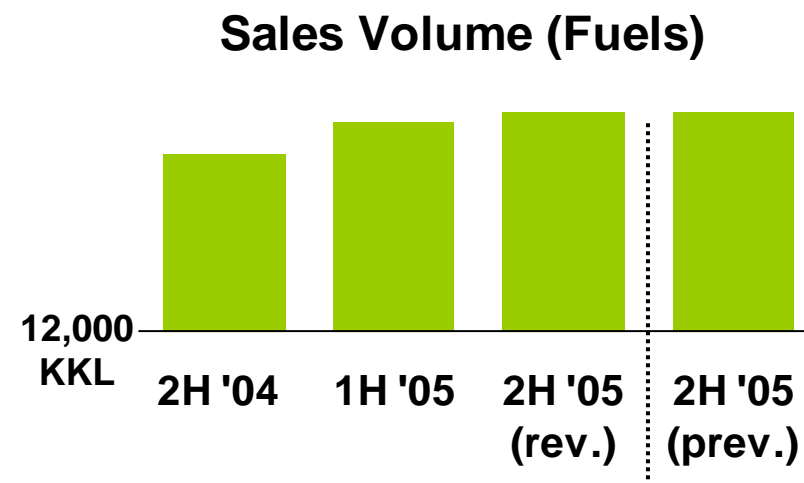
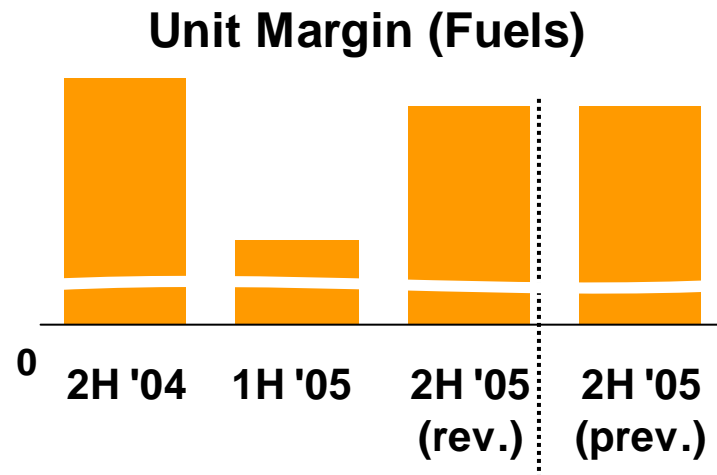
As a result of one-month extra payment of gas tax in 1H '05, net TAP (TAP + gas tax payable - TAR) decreased by 339 oku yen, resulted in higher debt to same extent



* Debt excl. cash, loans receivable, ** Effect of one-month gas tax

Revised Assumptions for 2H 2005

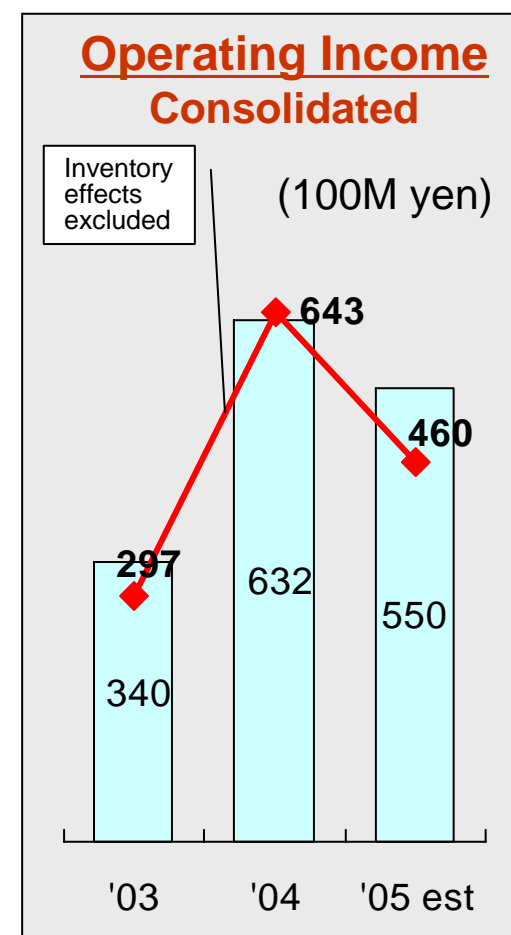
- Fuels Margins Higher than 1H '05 and slightly lower than previous forecast
- Fuels Sales volumes No change versus previous forecast, slightly higher than 1H'05
- Chemicals Margins Slightly higher than 1H'05
- Chemicals volumes Slightly higher than 1H'05
- Operating expense Continuing reduction (No change versus previous forecast)
- Inventory effects Assume ¥90 oku LIFO gain for full year
- Crude cost, FX 52.3 \$/BBL(Dubai), 111.6 ¥/\$ -- values as of June-end '05
[for sales revenues only]
- Inventory accounting LIFO/LOCOM



Revised Earnings Forecast [Consolidated]

- Adjusted operating income for full-year 2005 is projected to decrease by ¥183 oku from 2004
- Assuming draw-down of inventory from 2004, we anticipate ¥90 oku positive LIFO effect in 2005

(100M yen)	'04 act	'05 est.	1H act.	2H est.
Sales revenue	23,423	28,150	13,249	14,901
Operating income	632	550	220	330
Ordinary income	686	570	239	331
Extraordinary gain/loss	137	-15	-1	-14
Net income	482	350	148	202
Reverse inventory effects	11	-90	-163	73
Adjusted operating income	643	460	57	403
Oil segment and others	219	-81	-204	123
Chemical segment	424	541	261	280

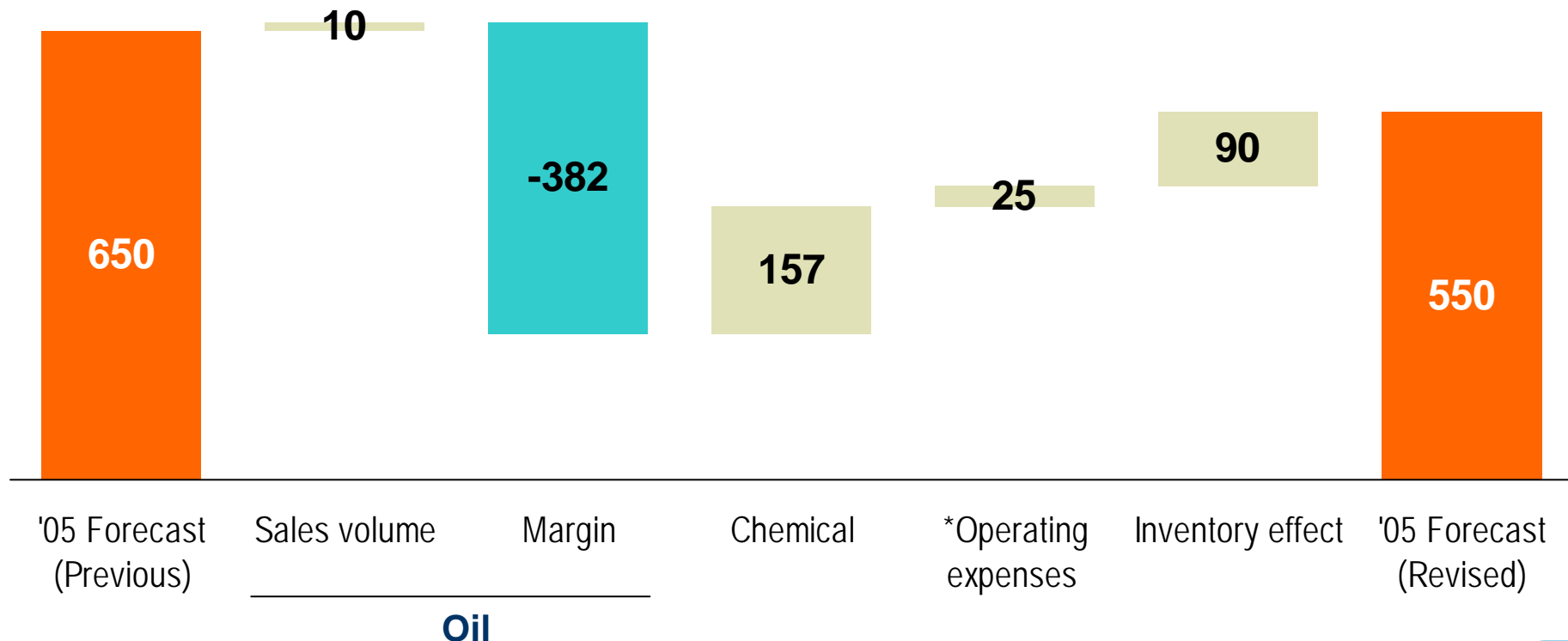


Factor Analysis of Operating Income

[FY '05 Forecast; Revised vs. Previous; Consolidated]

- Operating income for full-year 2005 is projected to decrease by ¥100 oku from the previous forecast in February
- Expect lower oil margin; higher chemical earnings; lower operating expense; and LIFO inventory effect

(100M yen)



* Excluding change of accounting classification

Dividend Policy and Projection for 2005

- Philosophy

- » Maintain appropriate capital structure
- » Maintain stable dividend payment levels
- » Consider free cash flows and needs; net income coverage
- » Focus on total return to shareholders

- Financial strength and shareholder focus unchanged

- » Strong free cash flows and D/E ratio
- » Project total dividend of 36 yen per share in 2005

Interim dividend of 18 yen per share and year-end of 18 yen per share

- » Continuous close study on various capital structure options in unclear industry environment

Refining & Supply

- Effective Use of ExxonMobil Global Network -

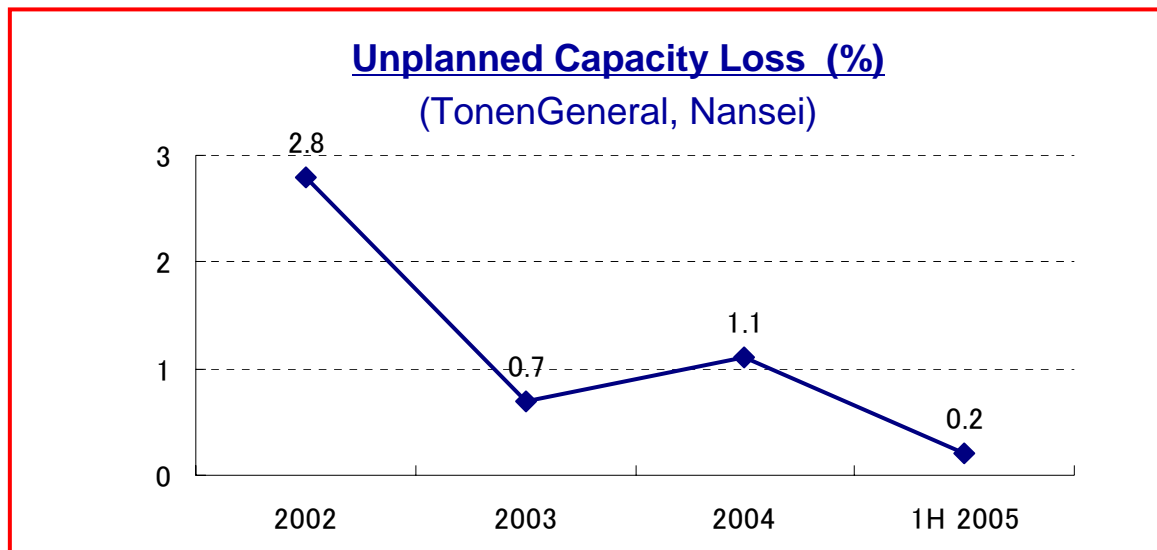
J. Mutoh

Director, Wakayama Refinery Manager

Tonen General Sekiyu K.K.

Improve Safety/ Reliability Performance

- Safety/Reliability performance steadily improving by utilize ExxonMobil's comprehensive systems
 - » OIMS (Operations Integrity Management System)
 - » LPS (Loss Prevention System)
 - » Facilities Reliability Improvement Initiatives

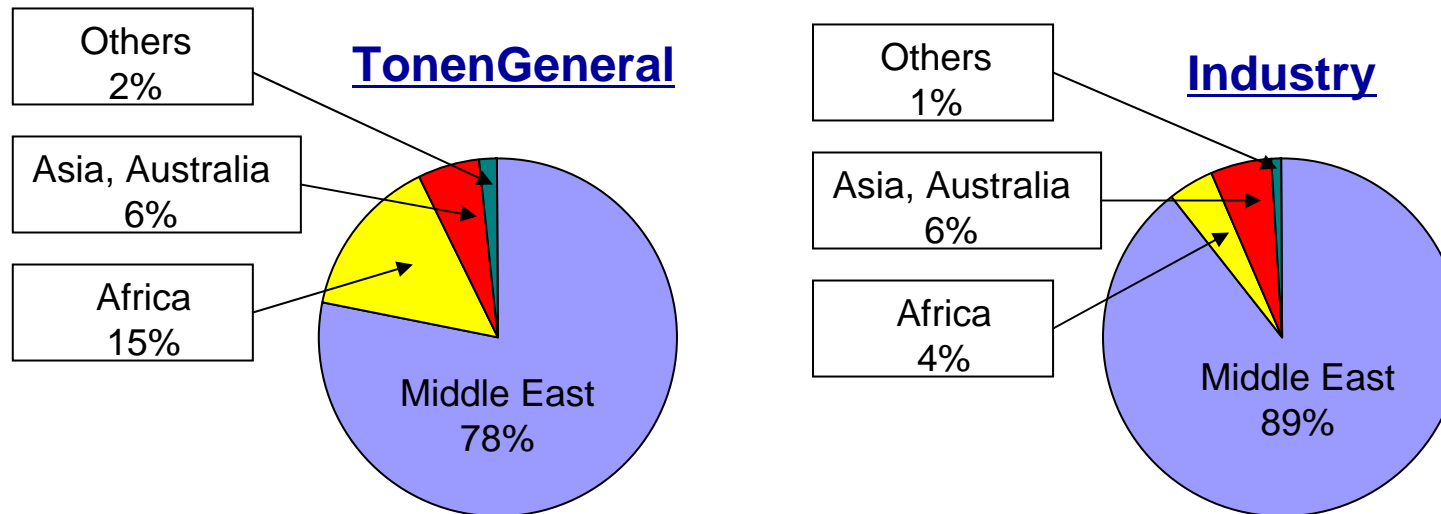


- Effective internal control
 - » CIMS (Control Integrity Management System)

Promote Crude Diversification

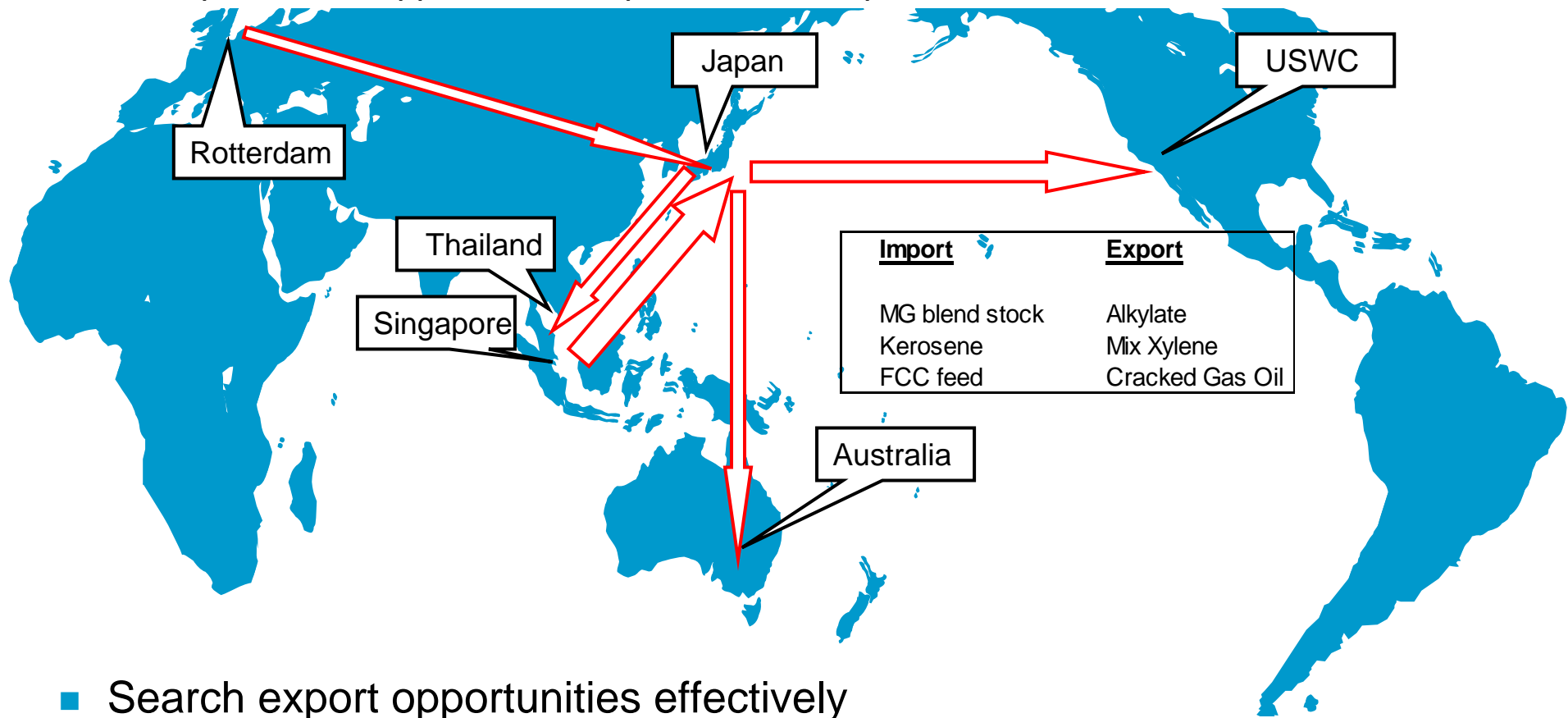
- Utilize crude supply capability of ExxonMobil
 - » Crude source diversified to West Africa, Sakhalin, etc
 - » Enjoy supply flexibility of equity crudes
- Share knowledge how to process “challenge” crude*
 - **crude oil priced low due to difficulty in processing*
 - » Experience of other refineries available
 - » Technical/Engineering support provided

Crude Import Source by Region (FY 2004)



Effective Use of Product/Semi-Products

- Realize synergy among refineries of ExxonMobil Group
 - » Enjoy mutual benefits by transfer of product/semi-product among refineries in Asia Pacific
 - » Optimization opportunities expanded to Europe and US West Coast



- Search export opportunities effectively
 - » Utilize overseas markets to maximize product value

Chemicals

-Specialties Growth and Commodities Optimization-

D.L. Schuessler

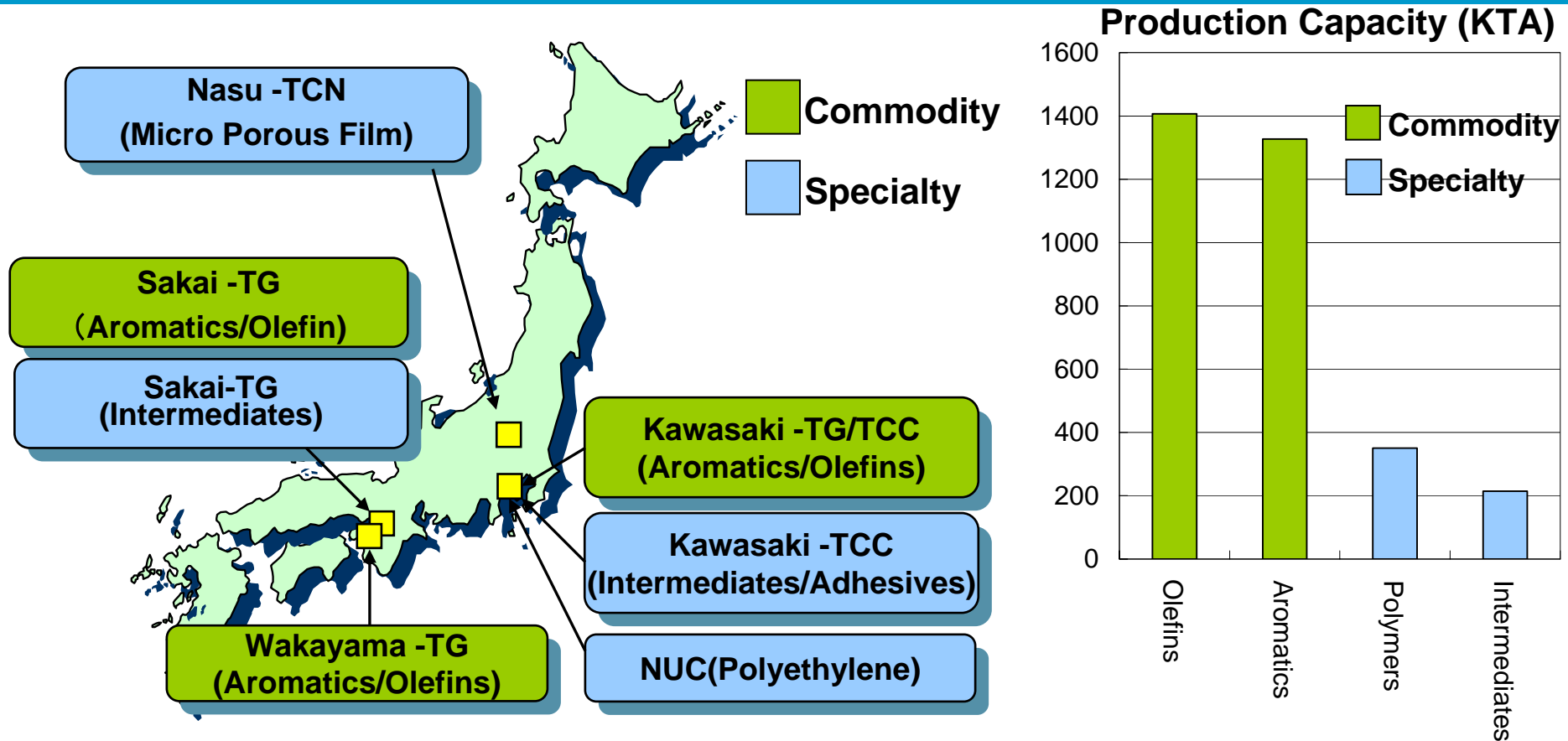
*Representative Director, President,
Tonen Chemical Corp.*

*Representative Director and Vice President,
ExxonMobil Y.K.*

Well positioned for the future with specialties investment and commodities optimization

- Grow our specialty business segments-Micro Porous Film, Intermediates, Polyethylene and Adhesives
- Capitalize on strong synergies with downstream operations
- Continuous focus on Cost Management and reliability improvement

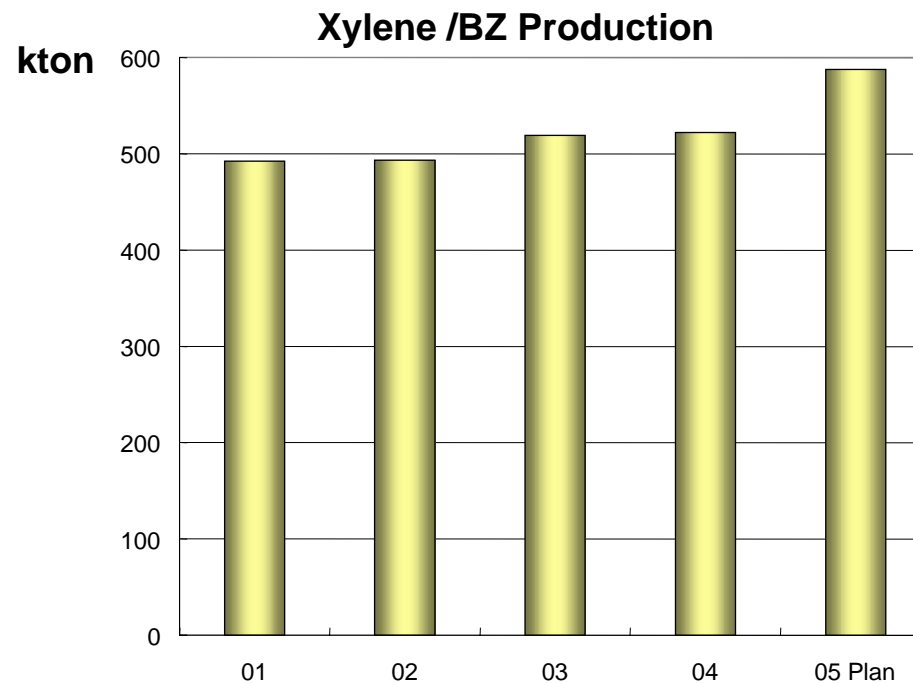
Grow Specialty Business Segments



- Focused on specialty business growth through investments in Micro Porous Film, Intermediates, Specialty Polyethylene and Adhesive business segments
 - » Micro Porous Film expansion
 - » Intermediates/Adhesives/Polyethylene specialty product debottleneck projects

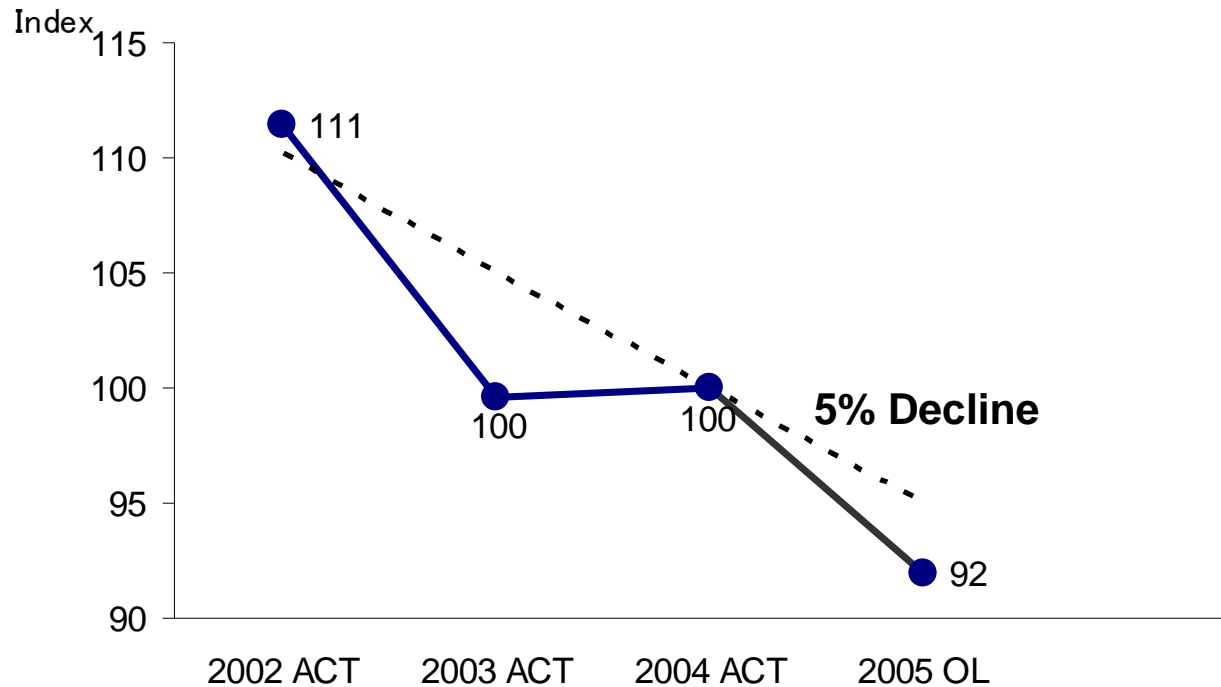
Capitalized on Strong Synergies with Downstream Operation

- Fully utilize Aromatics and Olefins Capacity
- Kawasaki Olefins feed flexibility/optimization projects
- Wakayama/Sakai Aromatics capacity creep/efficiency projects
 - » Strategy delivering results -Xylene/Benzene production in 2005 will increase by 13% vs. '03



Continuous Focus on Cost Management

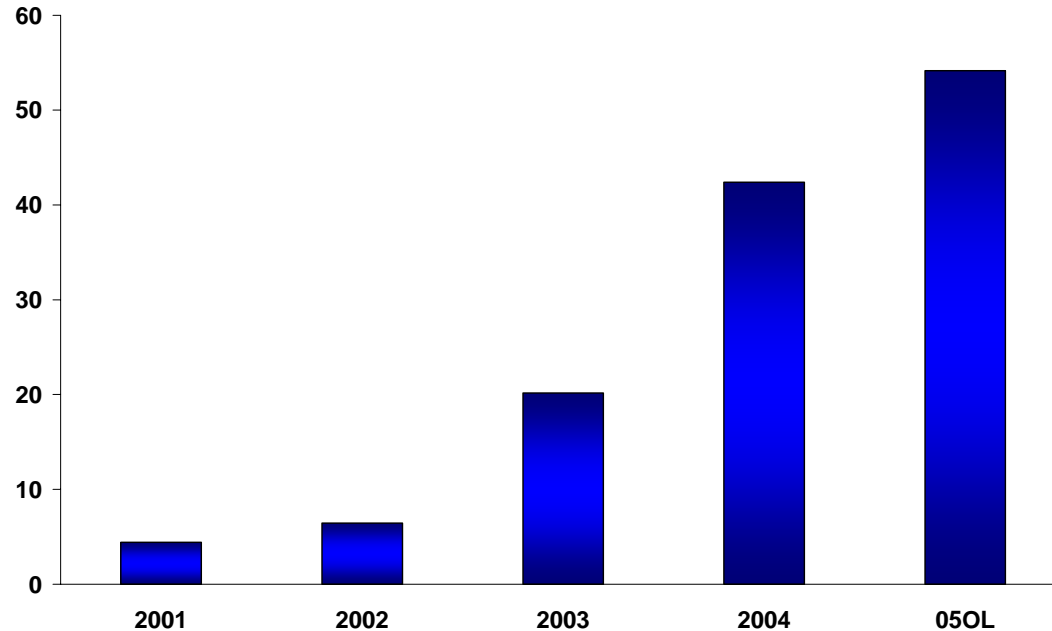
TCC Fixed Cost



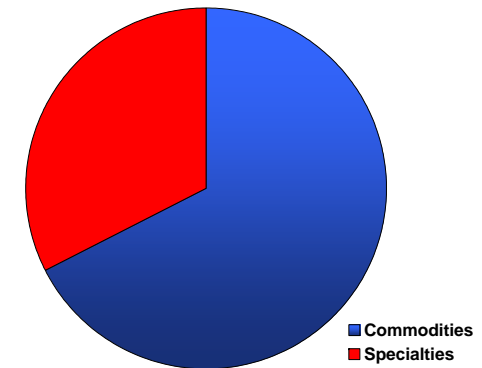
- Achieving 5% per year fixed cost reduction through restructuring and refining/chemicals synergies

Strategy has delivered increase in Chemical Earnings

Bil. Yen TonenGeneral/TCC Chemicals Operating Profit



Contribution to 2004 Earnings



- Commodities earnings improved through volume growth, cost reduction, feedstock optimization, and improved market environment
- Specialties earnings growth driven by recent investments in additional capacity