



November 10, 2007

Press Release

TonenGeneral Sekiyu K.K.  
(Stock Code: 5012 Tokyo Stock Exchange)  
1-8-15 Konan, Minato-ku,  
Tokyo  
Representative Director,  
Chairman and President  
D.G. Wascom  
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### **Stock Transfer of Nansei Sekiyu K.K.**

The Board of Directors of TonenGeneral Sekiyu Kabushiki Kaisha (hereafter referred to as TonenGeneral Sekiyu) approved the transfer by sale of 100% of its shareholding in Nansei Sekiyu Kabushiki Kaisha (hereafter referred to as Nansei Sekiyu), to Petrobras International Braspetro B.V. (hereafter referred to as Petrobras), a subsidiary of Petr leo Brasileiro S.A. The parties have agreed to a sale and purchase agreement for the transaction. The transaction is expected to close sometime next year.

#### 1. Reasons for and objective of stock transfer

TonenGeneral Sekiyu continuously and rigorously assesses its business portfolio including business expansion, realignment and divestment opportunities based on strategic management objectives. Options for the future of Nansei Sekiyu have been studied extensively as part of this process. As a result, TonenGeneral Sekiyu has decided to sell its shareholding in Nansei Sekiyu to Petrobras.

TonenGeneral Sekiyu and its parent company, ExxonMobil Yugen Kaisha, will continue to supply products in Okinawa after the stock sale.

#### 2. Overview of Nansei Sekiyu

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|------------------------------|---|
| (1) Company name:            | Nansei Sekiyu Kabushiki Kaisha                            |
| (2) Representative:          | Representative Director and President<br>Masahiro Iwasaki |
| (3) Location of head office: | 858 Aza Onaha, Nishihara-cho, Nakagami-gun,<br>Okinawa    |

- (4) Date of founding: May 24, 1968
- (5) Fiscal year: January 1-December 31
- (6) Number of employees: 114 (as of December 31, 2006)
- (7) Main business: Manufacture, processing and sales of petroleum products
- (8) Capital: 7.625 billion yen
- (9) Total number of shares issued: 250,000
- (10) Major shareholders/  
percentage of ownership: TonenGeneral Sekiyu 87.5 %  
Sumitomo Corporation 12.5 %
- (11) Earnings results for recent fiscal years:

(Unit: Million yen)

	2005 (January 1 – December 31)	2006 (January 1 – December 31)
Sales revenue	138,715	153,872
Operating income/loss	228	△ 371
Ordinary income/loss	20	△ 604
Net income/loss	10	△ 381
Total assets	42,053	37,912
Net assets	8,172	7,521
Dividend per share	1,080 yen	—

### 3. Stock transfer recipient

- (1) Company name: Petrobras International Braspetro B.V.
- (2) Managing Board Members: Mr. Marcos Antonio Zacarias  
Mr. Cornelis Franciscus Jozef Looman  
Mr. Claudio Castejon
- (3) Location of head office: Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands
- (4) Main business: Holding and financing activities, exploration and production of oil and gas through branches in Colombia, Angola and Libya
- (5) Relationship with TonenGeneral Sekiyu: No capital or personnel relationship or business connection

### 4. Number of shares to be sold by TonenGeneral Sekiyu, stock ownership after the sale, and sale method

TonenGeneral Sekiyu intends to sell its Nansei Sekiyu stock directly to Petrobras.

- (1) Number of shares before sale: 218,750 (Shareholder voting rights 87.5%)
- (2) Number of shares sold: 218,750 (Shareholder voting rights 87.5%)
- (3) Number of shares after sale: 0 (Shareholder voting rights 0%)

(4) Stock sale price (projected\*1): 5.5 billion yen (25,143 yen per share)

\*1 The projected figures above have been calculated based on Nansei Sekiyu assets and liabilities as of December end 2006. The final stock price will be determined after adjustment based on certain of Nansei Sekiyu assets and liabilities as of the stock delivery date.

## 5. Schedule

November 8, 2007:	Signing of stock purchase agreement *2
	*2 The agreement was signed conditioned upon approval of the transaction and the agreement by the Boards of Directors of both companies, expected on November 9 (local times)
November 9, 2007:	Resolution by TonenGeneral Sekiyu Board of Directors
November 10, 2007:	Resolution by Petrobras Board of Directors (November 9, 2007 Rio de Janeiro time)
March, 2008:	Expected timing of stock delivery

## 6. TonenGeneral Sekiyu Earnings Effects

With this stock sale, TonenGeneral Sekiyu anticipates that it will record extraordinary losses of 2.9 billion yen (consolidated book basis) and 1.9 billion yen (parent only book basis) as a Nansei Sekiyu stock divestment loss reserve for the fiscal year ending December 31, 2007. As stated above (section 4), this amount may be adjusted at the stock delivery date.

In addition, the parties to the transaction have agreed certain arrangements related to Nansei Sekiyu's crude and refined product inventories, as the result of which TonenGeneral Sekiyu anticipates that it will realize the market value of its ownership share of such inventories. Based on current volume assumptions and market valuations prevailing at the end of September, 2007, we project that TonenGeneral Sekiyu's operating earnings may increase by about 2 billion yen in 2007 and about 8 billion yen in 2008 as the result of those arrangements. The actual amounts realized may differ from these estimates depending on actual market prices and volumes.

Other than as outlined above, it is not anticipated that the sale of Nansei Sekiyu shares and related arrangements will have material effects on TonenGeneral Sekiyu's 2007 full-year consolidated/parent earnings. The events described above will be incorporated into consideration of TonenGeneral Sekiyu's 2007 full-year earnings forecast, which is currently under review in connection with its disclosure of third-quarter earnings scheduled for November 14, 2007.

In addition, excluding the inventory arrangements referred to above, the sale of Nansei Sekiyu shares is not expected to have material effects on the TonenGeneral Sekiyu consolidated/parent earnings in 2008 or subsequent years.

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