

TonenGeneral Sekiyu K.K.

Business Strategy and 2007 Financial Results

February 15, 2008
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
 - 2007 Business Results and
2008 Financial Forecast
 - Q&A

D. G. Wascom

W. J. Bogaty

Business Overview

D. G. Wascom

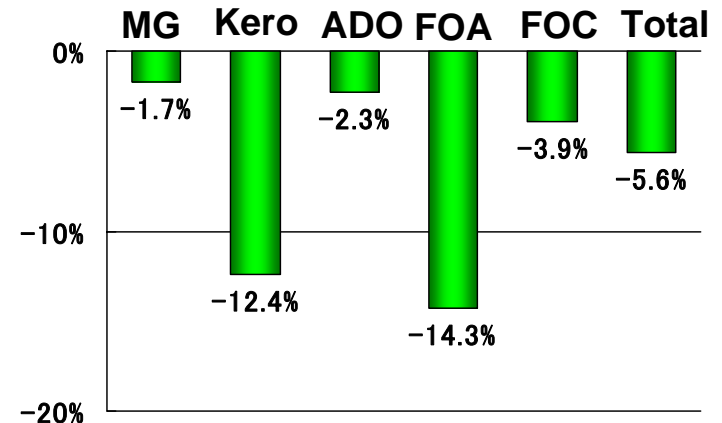
*Representative Director, Chairman and President,
TonenGeneral Sekiyu K.K.*

Chairman of ExxonMobil Japan Group

2007 Business Environment

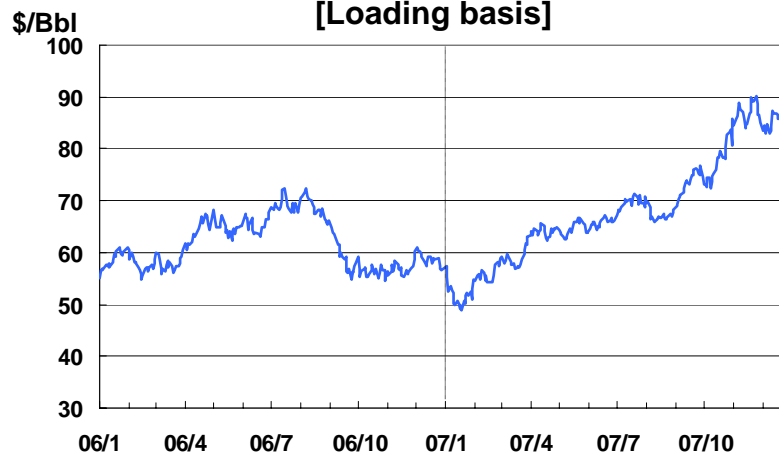
- Oil demand dropped
 - » Kerosene and Fuel Oil steep decline vs. 2006
 - » Gasoline demand decreased vs. previous year for two consecutive years
- Crude price
 - » Continuously increased through the year
 - » Very steep increase in 4Q
- Petrochemical market robust
 - » High olefins prices and margins due to strong demand
 - » Another good year for aromatics margins, though slightly narrower margins in 2H

**Japan Industry Sales Volume in '07
(Growth vs. '06)**

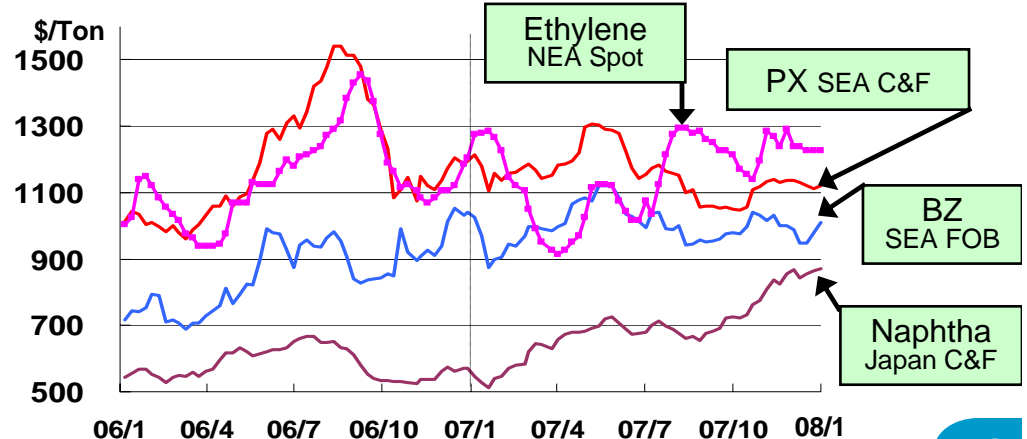


Crude Oil (Dubai) Spot Price Trend

[Loading basis]

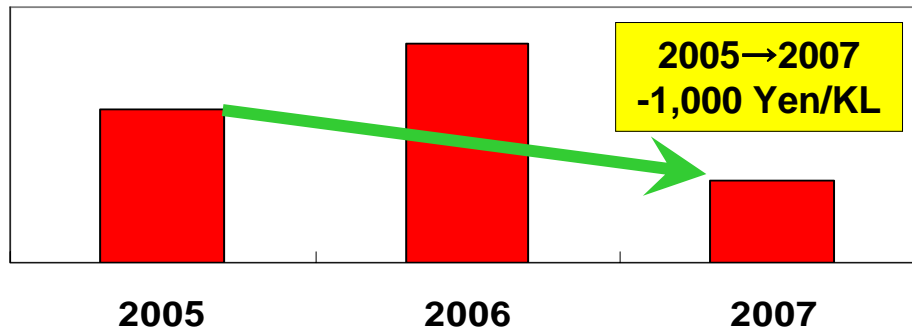


Chemical Products Asian Spot Price Trend



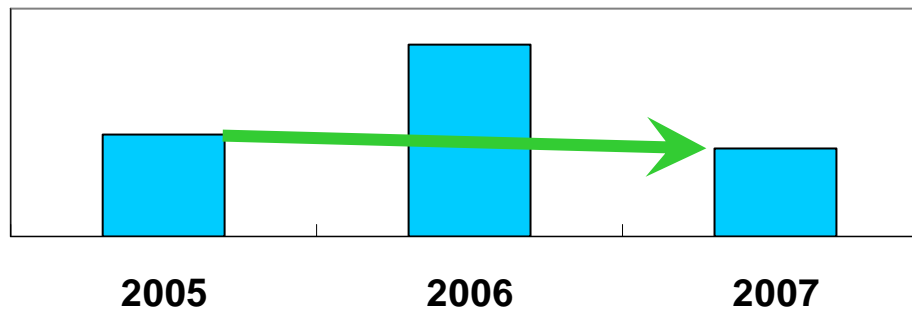
Our Basic Strategies to Offset Margin Decrease

D/S Industry Market Trend (Unit Margin)



Our estimate of industry margin based on typical refining yield and typical Motouri margins, on a loaded basis

TonenGeneral Oil Segment Gross Margin Trend



Adjusted for temporary inventory effects

2005→2007
- 30 B Yen

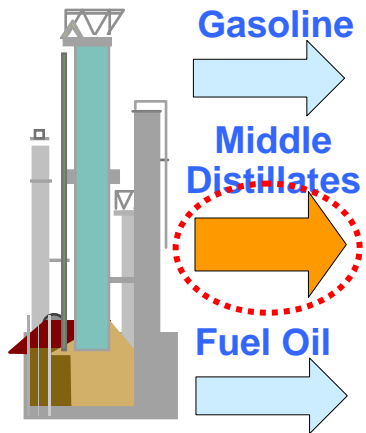
Self help through our basic strategies

- Functional excellence
- Fully integrated approach across businesses
- Cost effectiveness
- Asset optimization

2005→2007
- 8 B Yen

Our Integrated Approach

Conventional Production Yield

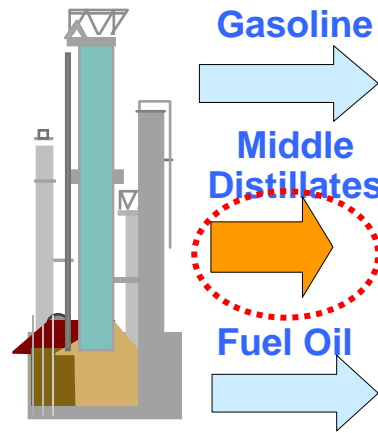


Environmental change in middle distillates

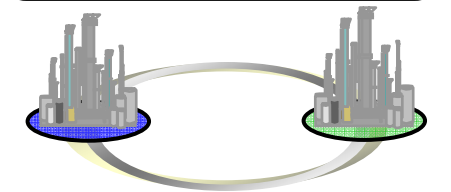
- Lower demand
- Domestic margin decrease
- Higher export margin

Improved Production Yield and Economies

Change crude cocktail to reduce cost, add flexibility and fit changing demand pattern



Chemical feedstock diversification (petroleum products to chemical feed)



Refining Chemical

Sales Channels

Optimizing sales strategy given decreasing demand in domestic market



Expansion of exports



ExxonMobil Network
- World market
- Technical information



2007 Achievements and 2H Topics (1)

■ Safety

- » Top priority in all our activities
- » Commitment to our vision: “Nobody Gets Hurt”
- » 4th consecutive year without any employee incurring a Lost Time Injury

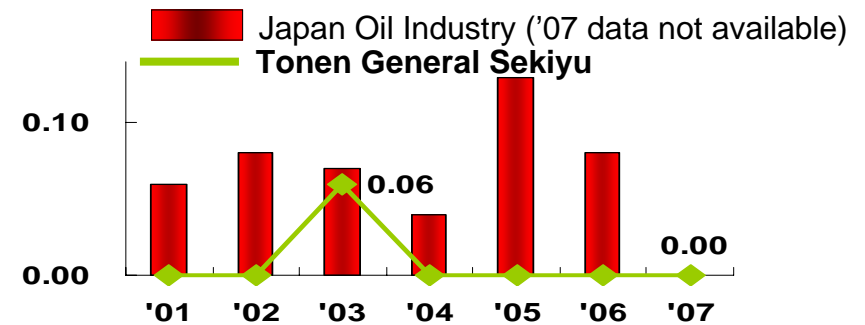
■ Further expansion of exports

- » Expansion of export facilities
 - Started exporting from Shimizu terminal
- » Middle distillates and gasoline: Twice 2006 actual

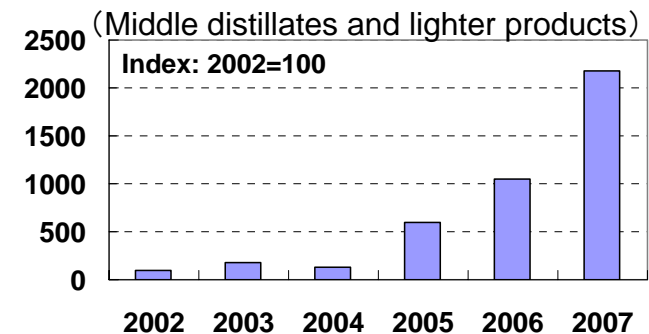
■ Crude heavy-up

- » Continued crude heavy-up to reduce raw material costs
- » Best mix to meet domestic product demand, e.g. decrease in middle distillates
- » Processing lower cost crude, technically difficult to run in refinery operation

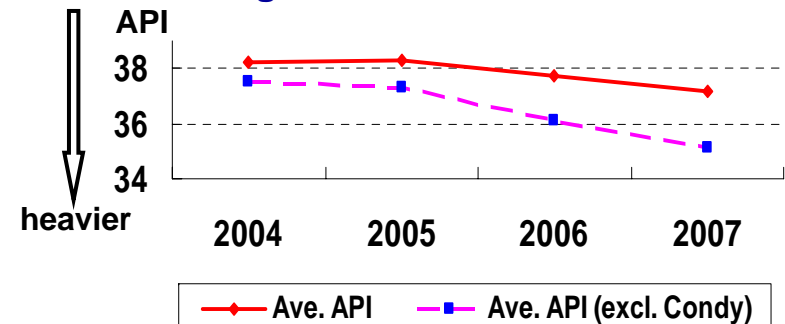
**Lost Time Injury Rate of Employees (#/ 0.2Mil Hrs)
(Refining and Supply)**



Product Exports



Average API of Our Process Crudes

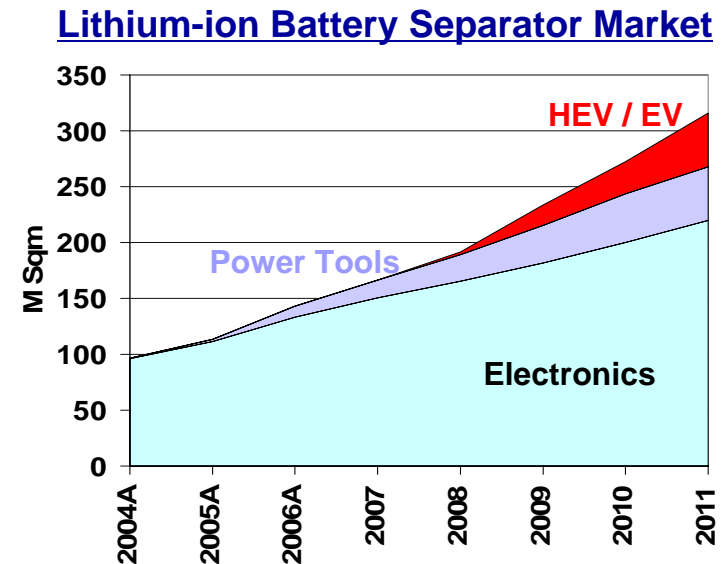
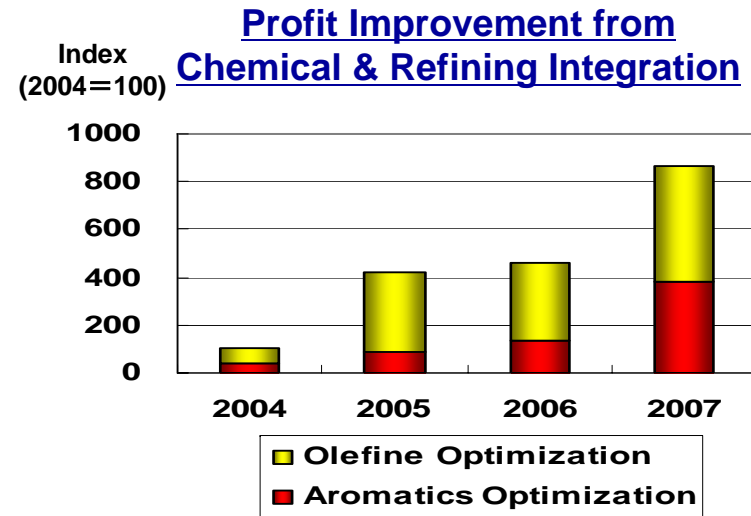


2007 Achievements and 2H Topics (2)

- Expanding synergies between refining and chemical
 - » Feedstock diversification at chemical plants including LPG and kerosene feed
 - » Increase of propylene recovery from refining facilities
 - » Maximum utilization of aromatics feedstock including inter-refinery transfer

- Pursue growing opportunities in BSF business
 - » Introduction of new grade films for application in batteries for HEVs and EVs
 - Presented at the 23rd International Electric Vehicle Symposium and Exhibition in Anaheim
 - » Studying investment in new BSF plant in Korea

- Agreement to sell our equity in Nansei Sekiyu
 - » Buyer: Petrobras International Braspetro B.V.
 - » Voting rights 87.5%
 - » Stock sales price: 5.5 G yen (plus monetization of our share of inventory)



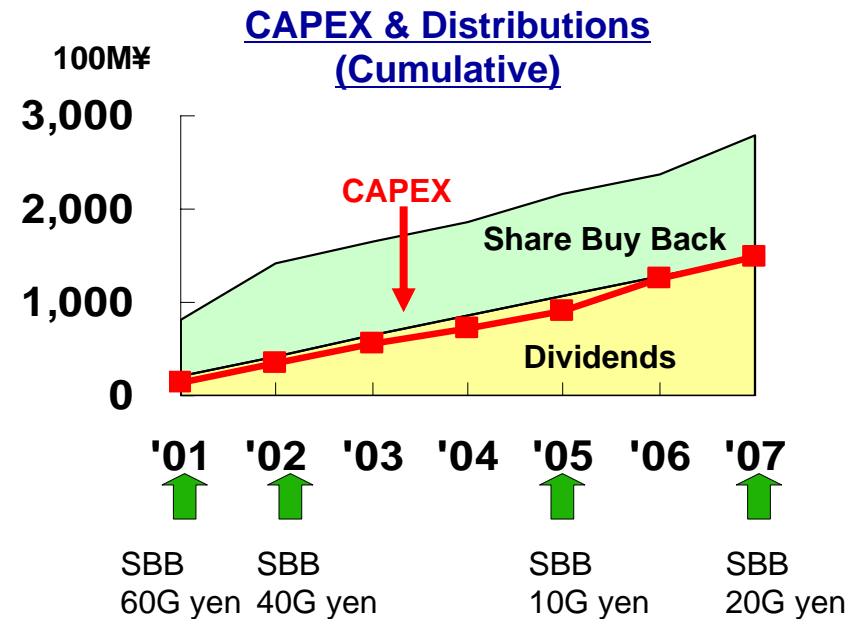
Superior Shareholder Distributions

■ Our principles

- » Best balance of long-term shareholder value through **investments** and **distributions**
- » Company wealth not required in our business should be returned to shareholders

■ From cash flow generated in the last 7 years :

- » 148G yen for capex
- » 280G yen for distributions (150G yen for dividends and 130G yen for share buy backs)
 - 20G yen Share Buy Back in 2007



2007 Business Results and 2008 Financial Forecast

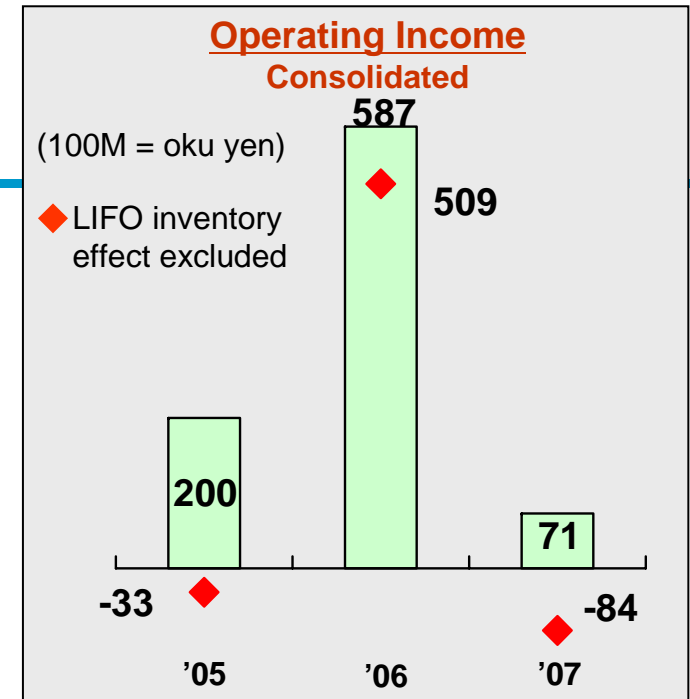
W. J. Bogaty

*Director,
TonenGeneral Sekiyu K.K.*

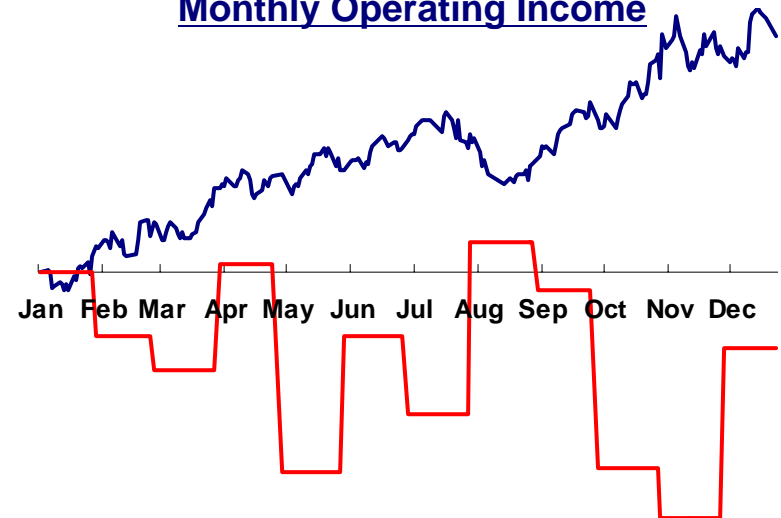
*Representative Director and Vice President,
ExxonMobil Y.K.*

Business Highlights

- Business strategies and operations are addressing challenging industry conditions
 - » Disciplined capex for growth
 - » Efficiency enhancements
 - » Rigorous approach to asset management
- Operating income in '07 decreased vs. '06
 - » TonenGeneral downstream margin significantly decreased
 - Large and rapid crude price increase especially in 4th quarter
 - Feedstock cost increases were not sufficiently reflected in product sales prices
 - Negative effect from prompt crude cost recognition
 - Domestic demand decreased
 - » Chemicals' strong contribution to profits
 - Historically high full-year segment earnings
 - Good Olefins and Aromatics performance supported by strong demand
 - » Positive LIFO inventory effect
- Financial position remains healthy
 - » No revision to total dividend payment of 37.5 yen/share for the year



2007: Movement of Crude Price & Monthly Operating Income



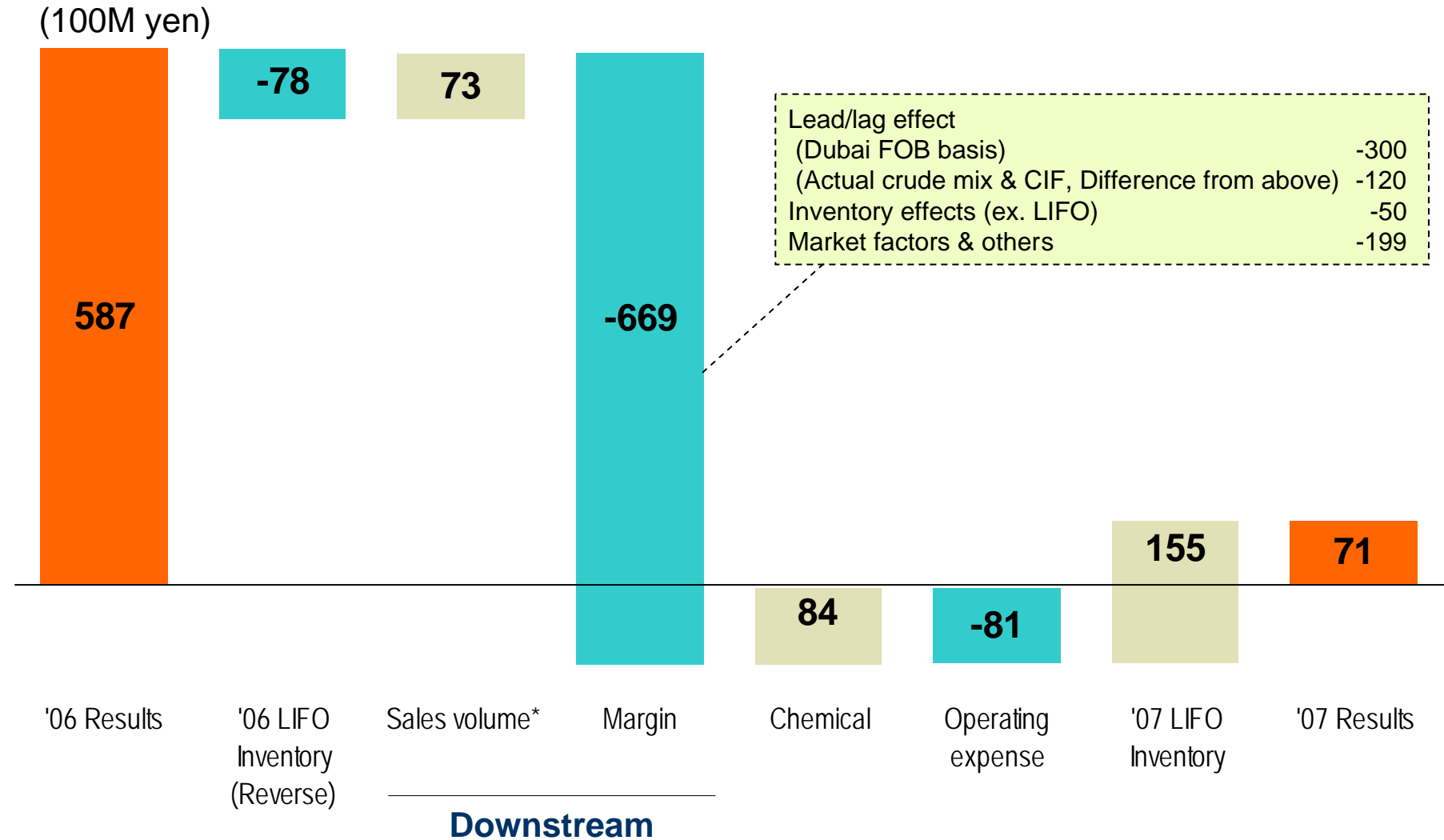
Note: Dubai on loading basis & TonenGeneral's operating income including inventory effect on consolidated basis; '07 Jan = base

Earnings Results [Consolidated]

(100M yen)	<u>'06</u>	<u>'07</u>			<u>Inc/Dec</u>
	<u>Full Year</u>	3Q YTD	4Q	<u>Full Year</u>	
Sales revenue	30,788	21,915	8,583	30,498	-289
Operating income	587	548	-478	71	-516
Ordinary income	660	594	-443	151	-509
Extraordinary gain/loss	-33	-6	-33	-40	-7
Net income	398	355	-285	70	-328
Reverse inventory effects	-78	-417	263	-155	-76
Adjusted operating income	509	131	-215	-84	-592
Oil segment and others	14	-319	-321	-640	-655
Chemical segment	494	450	107	557	62
<Note> Lead/lag effect on Dubai FOB basis	-110	-220	-190	-410	

Factor Analysis of Operating Income

['07 Results vs. '06 Results; Consolidated]



* Major products, per VG14

Sales Volume/ Capacity Utilization

- All domestic fuel sales decreased versus FY '06 reflecting industry demand trend
- Continuing attention to profitability of sales channels including export opportunities
 - » Gasoline and Middle Distillates exports increased to more than double of FY '06 actual and partially off-set inactive domestic demand
- Higher Olefins sales due to absence of Steam Cracker turn-around at Kawasaki in 3Q'06, and higher Aromatics sales in 4Q off-set the impact of turn-around at Wakayama plant in 1Q
- Lower Topper Utilization mainly due to turnarounds at Kawasaki, Sakai, and Okinawa in 2Q

<u>Oil Products*</u>					Industry
(KKL)		<u>2006</u>	<u>2007</u>	<u>Inc./Dec.</u>	<u>Inc./Dec.</u>
Japan Inland Sales	Gasoline	11,775	11,192	-5.0%	-1.7%
	Kerosene	3,797	3,468	-8.7%	-12.4%
	Diesel fuel	4,333	3,577	-17.4%	-2.3%
	Fuel oil A	3,515	3,264	-7.1%	-14.3%
	Fuel oil C	2,734	2,051	-25.0%	-3.9%
	5 Major Fuels Total	26,155	23,552	-10.0%	-5.6%
	LPG and others	2,927	2,408	-17.7%	
	Sub Total	29,082	25,961	-10.7%	
	Exports**	2,610	3,630	+39.1%	
	Others***	6,693	5,274	-21.2%	
G. Total	38,385	34,865	-9.2%		

Notes:
 *: Consolidated and excluding Barter
 **: Excluding bond sales
 ***: Others include crude, product exchanges within ExxonMobil Japan Group, etc.

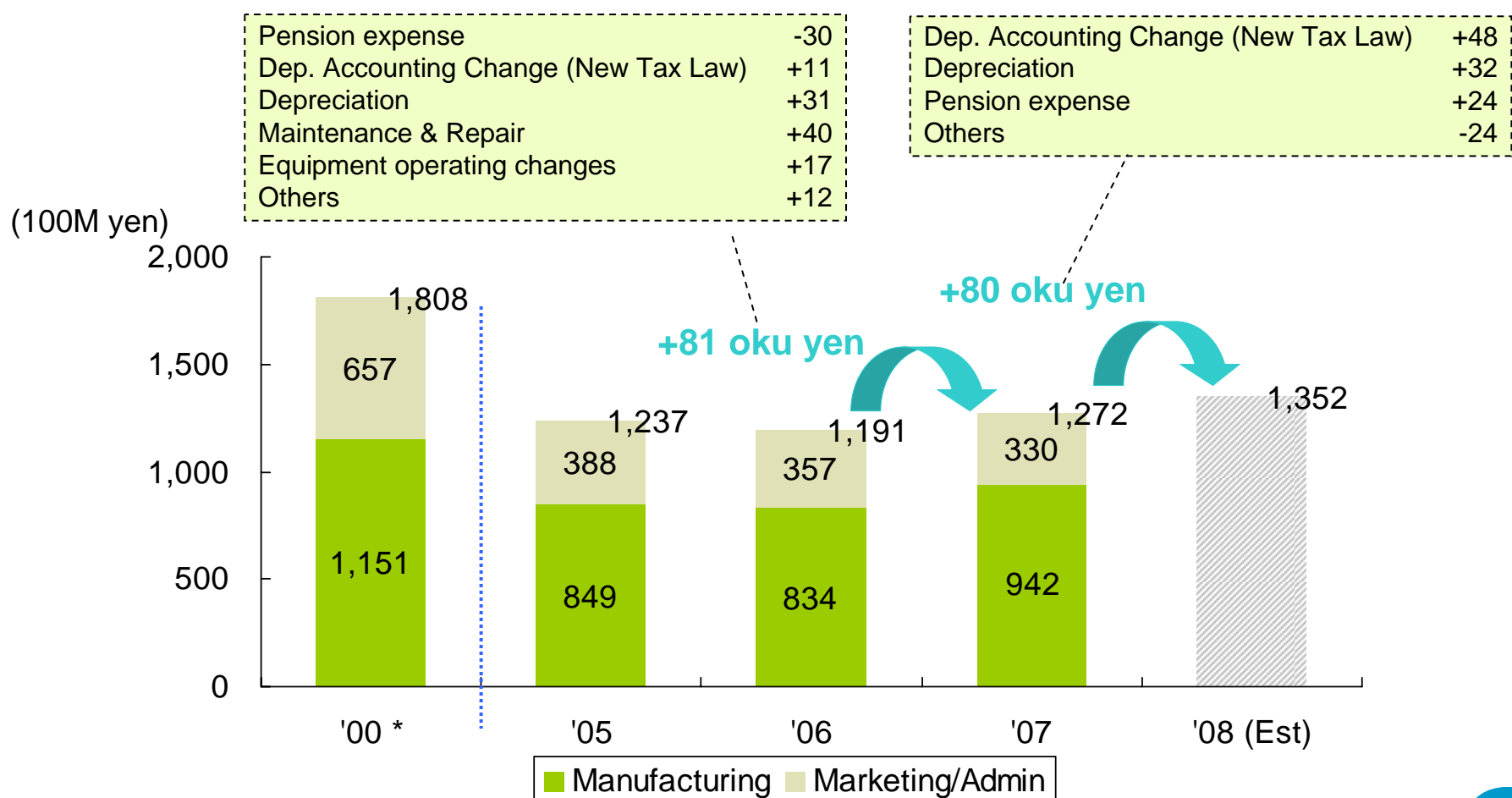
<u>Chemical Products</u> (Consolidated)				
(Kton)				
	Olefins and others (TCC)	1,778	1,872	5.3%
	Aromatics (TG)	785	783	-0.3%
	Chemical Total	2,563	2,655	3.6%

Topper Utilization (Parent/Consoli.) **79%/74%** **77%/71%**

84%

Operating Expenses [Consolidated]

- Continued drive to contain non-energy operating costs
- Change in depreciation method due to New Tax Law
- Increased depreciation expenses for the new facilities
- Tight contracting market – challenge to control maintenance



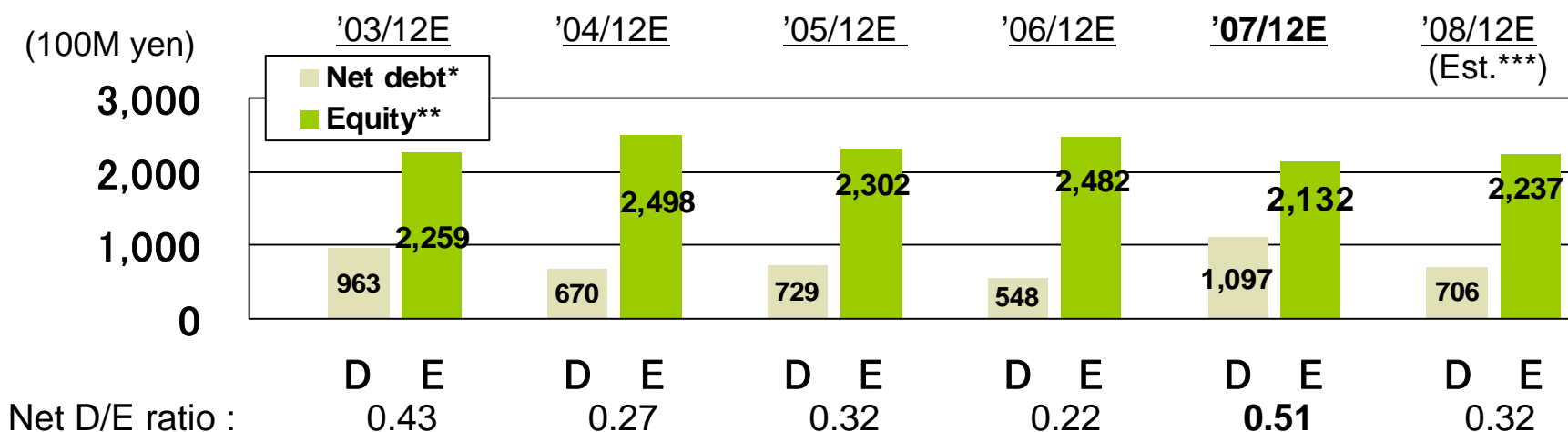
*:Tonen+General (unaudited pro forma combined)

Cash Flows, Debt/Equity [Consolidated]

(100M yen)

	<u>2007</u>
Operating / Investing Activities	-128
Net income before taxes	111
Net capex / Depreciation	11
Inventory	196
TAR/TAP/Gas tax payables	-228
Corporate tax payment/refund	-151
Others	-66
Financing Activities	127
Change in debt	545
Dividend to shareholders	-216
Stock Repurchase & Others	-202
Net Cash Change	0

- Net debt increased at '07 year end
 - » Lower cash earnings
 - » Negative changes in TAR/TAP/Gas tax payables largely offset in lower inventories
 - » Large tax payment in 2007
- Distributed 416 Oku yen to shareholders through dividends and stock repurchase
- Financial position expected to remain healthy toward '08 year end

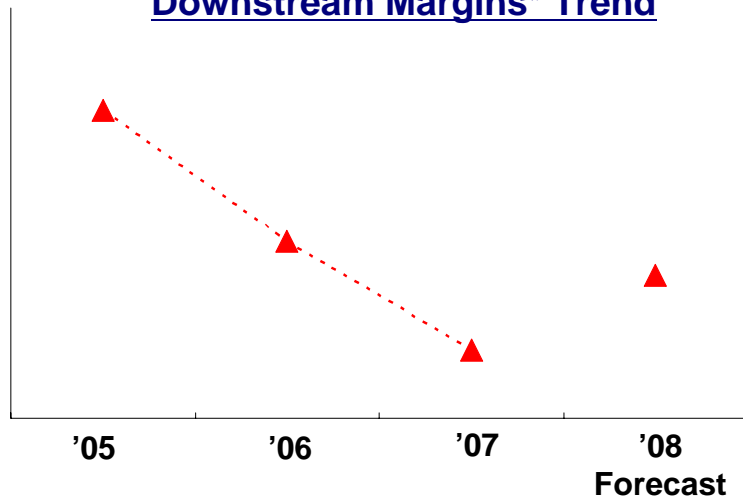


* Debt excl. cash and loans receivable ** Net Worth excl. Minority Interest *** Assumed no Mogas Tax change impact

Assumptions for 2008

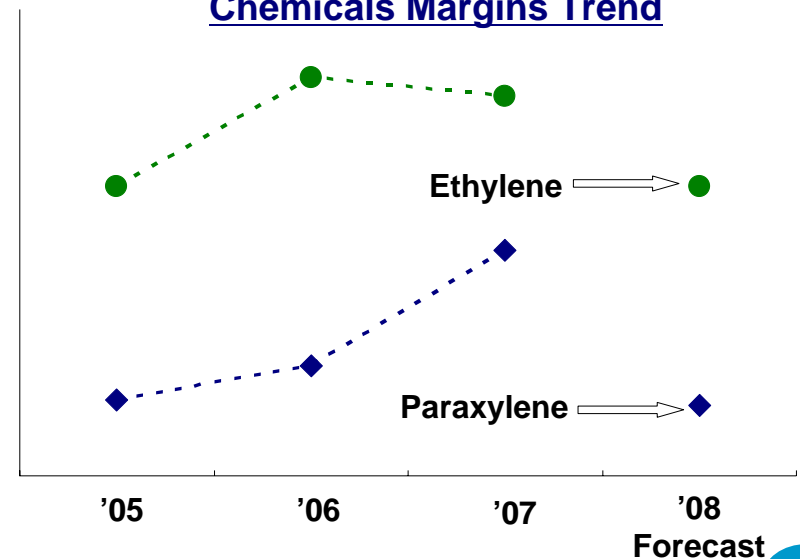
- Downstream margins Almost same as '06 actuals excl. crude price leads/lags
- Downstream volumes Almost same as '06 actual, but exports to more than double of '06 actual
- Chemicals margins Almost same level as '05 actuals for both Aromatics and Olefins
- Chemicals volumes Higher than '07 actuals for both Aromatics and Olefins
- Operating expenses 80 oku yen higher than '07 actual
- Inventory effects Assume zero impact in '08
- Crude cost, FX 87.4 \$/BBL(Dubai), 106.4 ¥/\$ -- values as of end of Jan '08
[for sales revenues only]
- Inventory accounting LIFO/LOCOM

Downstream Margins* Trend



(*: Marketing & refining combined margin on TonenGeneral current cost basis excluding inventory accounting factors)

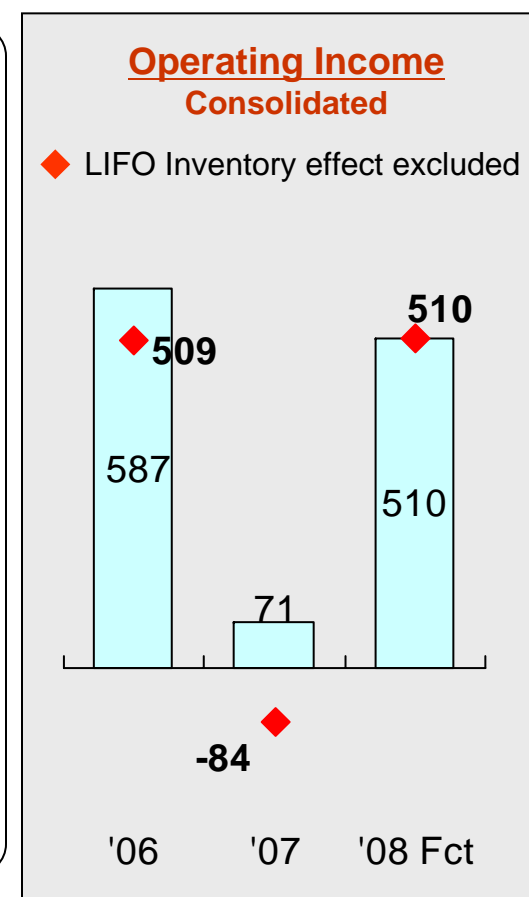
Chemicals Margins Trend



Earnings Forecast [Consolidated]

- Adjusted operating income for FY '08 is projected to be 510 Oku yen
- We assume no benefit or further adverse effect from crude lead/lag effect
- Zero inventory gain/loss assumed

(100M yen)	'07	'08 fct.	1H fct.	2H fct
Sales revenue	30,498	35,000	17,500	17,500
Operating income	71	510	250	260
Ordinary income	151	520	260	260
Extraordinary gain/loss	-40	0	0	0
Net income	70	320	160	160
Reverse inventory effects	-155	0	0	0
Adjusted operating income	-84	510	250	260
Oil segment and others	-640	50	20	30
Chemical segment	557	460	230	230



Factor Analysis of Operating Income

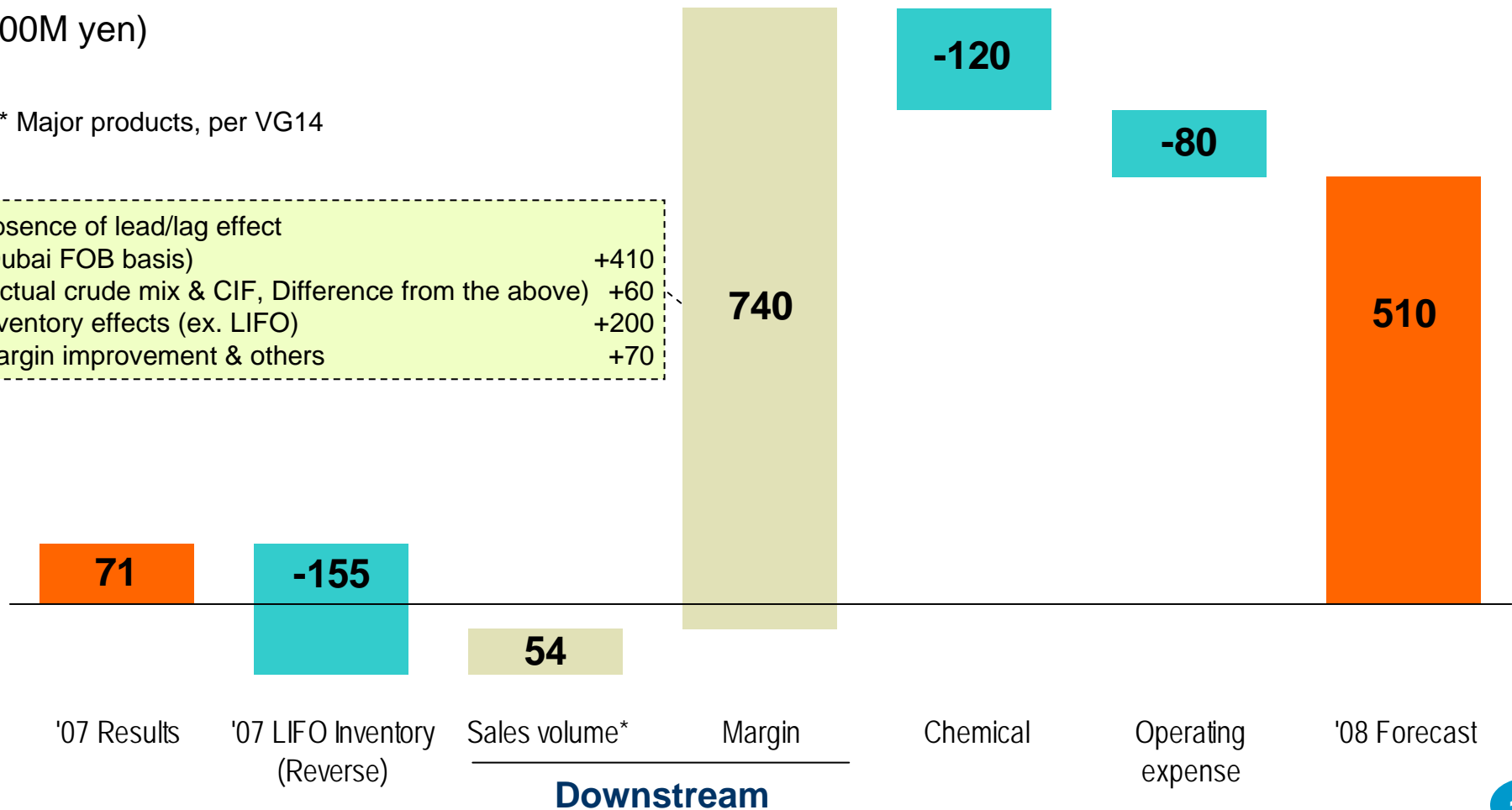
[FY '07 Results vs. '08 Forecast; Consolidated]

- Although Chemical earnings are expected to decline, operating income for full-year '08 is projected to increase by ¥439 Oku from '07 actual mainly due to the absence of negative factors in Downstream earnings seen in '07

(100M yen)

* Major products, per VG14

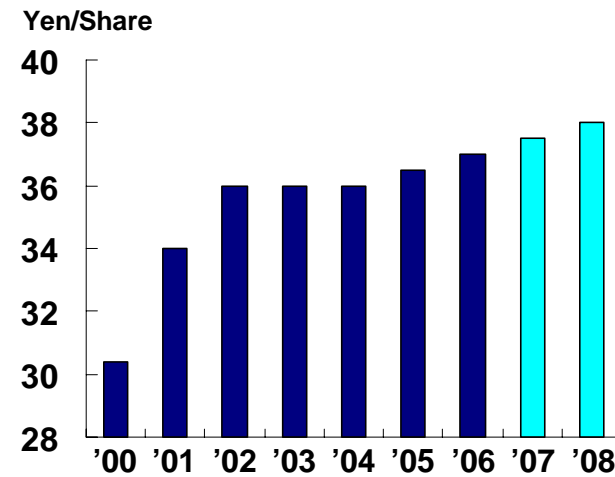
Absence of lead/lag effect (Dubai FOB basis)	+410
(Actual crude mix & CIF, Difference from the above)	+60
Inventory effects (ex. LIFO)	+200
Margin improvement & others	+70



Dividend Policy and Projection for 2008

- Philosophy
 - » Maintain appropriate capital structure
 - » Maintain stable dividend payment levels
 - » Consider free cash flows and cash needs; net income coverage
 - » Focus on total return to shareholders
- Financial strength and shareholder focus unchanged
 - » Sound financial structure
 - » Project total dividend of 38 yen per share in '08, increasing 0.5 yen per share vs '07; 19 yen per share for both interim and year-end dividends
 - » Continue close study of various capital structure options in changing industry environment

Trend of Full-year dividends



•Dividend for '00 is the combination of average interim dividend before merger and final dividend after merger

•Dividend for '07 and '08 are based on our forecasts

Annual Dividend Payout vs Parent's Retained Earnings

