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Press Release

TonenGeneral Sekiyu K.K.
(Stock Code: 5012 Tokyo Stock Exchange)
Representative Director, President
Kazuo Suzuki
Contact:
Public Affairs, ExxonMobil Y.K.
Tel: 03-6713-4400

TonenGeneral Sekiyu Consolidated Earnings Results (January 1 – September 30, 2008)

TonenGeneral Sekiyu K.K. today announces its consolidated earnings for January 1 – September 30, 2008.

1. Consolidated financial results for January 1-September 30, 2008

(Unit: million yen)

	Sales Revenue	Operating Income/Loss	Ordinary Income/Loss	Net Income/Loss
3Q YTD 2008 (A)	2,631,488	45,781	52,996	34,150
3Q YTD 2007 (B)	2,191,526	54,815	59,398	35,511
Difference (A-B)	439,962	△9,033	△6,402	△1,361
Increase/Decrease	20.1%	△16.5%	△10.8%	△3.8%

Sales Revenue

Consolidated sales revenue increased 440.0 billion yen versus the same period last year to 2,631.5 billion yen. While petroleum product sales decreased with the downturn in domestic demand, rising product prices and an increase in refined product export volumes contributed to the sales revenue increase.

Operating Income

Consolidated operating income for January-September period decreased 9.0 billion versus the same period last year to 45.8 billion yen principally due to the following factors:

(1) Oil segment earnings

Operating income for the January-September period increased 11.0 billion yen versus the same period last year to 20.9 billion yen. Excluding the inventory-related effects described below, operating income would have shown a loss of 11.8 billion yen despite an improvement of 17.5 billion yen versus the same period last year.

Inventory valuation gains resulting from application of the LIFO inventory method and the effects of cost differences associated with inventory changes during the period contributed 32.6 billion yen to earnings (versus 39.1 billion yen in the same period last year) .

TonenGeneral recognizes crude oil prices in its cost of goods when the crude is purchased at load port, whereas other Japanese oil companies account for crude cost when it arrives in Japan, so that crude price changes affect our accounting results approximately one month earlier than other industry participants. Due to the rapid decrease in crude oil prices toward the end of the third quarter, there was a significant positive reversal from our position at the end of the first half. More specifically, we estimate that this difference positively affected our January-September results by 6.0 billion yen (versus a loss of 25.0 billion yen in the same period last year) in comparison with other companies' accounting methods.

(2) Chemical segment earnings

Although our Chemical segment continued to contribute to consolidated operating income, operating income in this segment fell by 20.1 billion yen, from the historical high of 45.0 billion yen, to 24.9 billion yen in the January-September 2007 period.

Ordinary Income

Non-operating income was 7.9 billion yen, an increase of 2.6 billion yen versus the same period last year, principally due to foreign exchange gains. Ordinary income was 53.0 billion yen, a reduction of 6.4 billion yen versus the same period last year.

Net Income

Net income for the January-September 2008 period decreased 1.4 billion yen versus the same period last year to 34.2 billion yen.

2. Consolidated Earnings Forecast Revision for the Full Year 2008

(Unit: million yen)

	Sales Revenue	Operating Income/Loss	Ordinary Income/Loss	Net Income/Loss
Revised Forecast (A)	3,300,000	49,000	56,000	36,000
Previous Forecast (B)	3,900,000	18,000	25,000	19,000
Difference (A-B)	△600,000	31,000	31,000	17,000
Increase/Decrease	△15.4%	172.2%	124.0%	89.5%

(B) announced on August 14, 2008

We have increased our full-year forecast for operating income by 31.0 billion yen from the previous forecast announced on August 14, 2008, to 49.0 billion yen.

The key contributor to this forecast change is the drop in crude oil prices since third quarter. Due to our early recognition of crude oil prices in our cost of goods accounting, as mentioned above, the very large drop in crude oil prices that we have experienced so far in the fourth quarter (Dubai crude FOB was 87.6 dollars per barrel at September-end, versus 56.0 dollars per barrel at October-end) can be expected to make a significant positive impact in our fourth quarter accounting results. As we now assume crude oil prices to remain, in general, at the October levels through year end 2008, we have adjusted our 2008 full year earnings forecast result to be much higher as compared to our previous forecasts.

We have also assumed that inventory-related earnings of 32.6 billion yen observed in the January-September period will reverse in part in the fourth quarter this year, due to increases in inventory levels above the end- third quarter levels.

Apart from the crude accounting and inventory effect noted above, we assume no significant change in margins for major products in the Oil segment. Margins in the Chemical segment, on the other hand, are expected to decrease from the previous forecast and from prior quarters.

There is no change in the original projected full-year dividends forecast of 38 yen per share.

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