

TonenGeneral Sekiyu K.K. 2004 Financial Results and Business Strategy

March 1, 2005
at Tokyo Conference Center
Shinagawa



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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Overview and Strategy

G. W. Pruessing

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

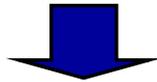
Japan Chairman of ExxonMobil Group Companies

Our Strategies

For profitable and sustained growth, we will strive to:

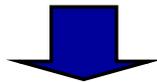
- » Focus on safe, environmentally sound, and reliable operations in all of our facilities

Our business foundation



- » Reduce operating expense over the long term through our many efficiency projects
- » Remain competitive in all aspects of business: Products, Offerings, Pricing
- » Actively invest in profitable growth areas, and where required to meet safety, reliability and environmental standards

Seek world class efficiency by leveraging ExxonMobil Net-work



- » Maximize cash generation for long term returns to shareholders
 - Maintain a long-term view to increase shareholders' wealth
 - Over 100 years in Japan and for another 100 years
- » Address the needs of our four constituencies (shareholders, customers, employees, and communities)

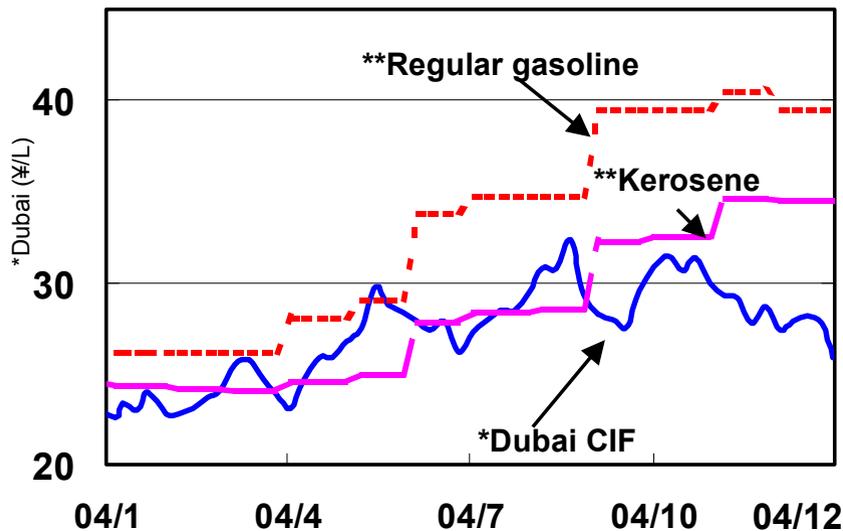
Targeting industry-leading returns

Industry Environment for 2004

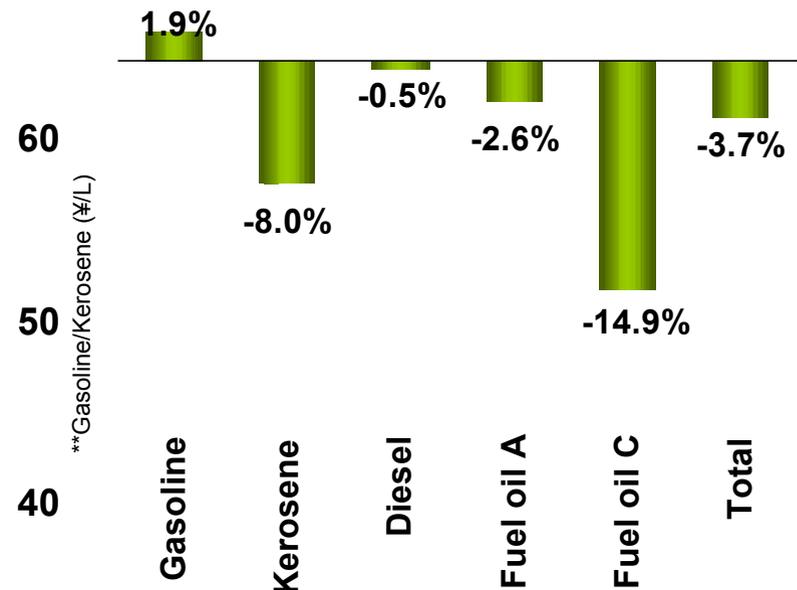
* Loaded base (left axis)
 ** Excluding tax (right axis)

- Continued crude price fluctuation
- Low growth in Mogas, lower demand in Middle Distillate and FOC
 - » Gasoline demand increased vs.'03 mainly due to high demand during the hot summer
 - » Weak demand for Kerosene due to warmer winter impacts in the first and fourth quarter
 - » Fuel Oil C demand from power companies decreased vs. '03

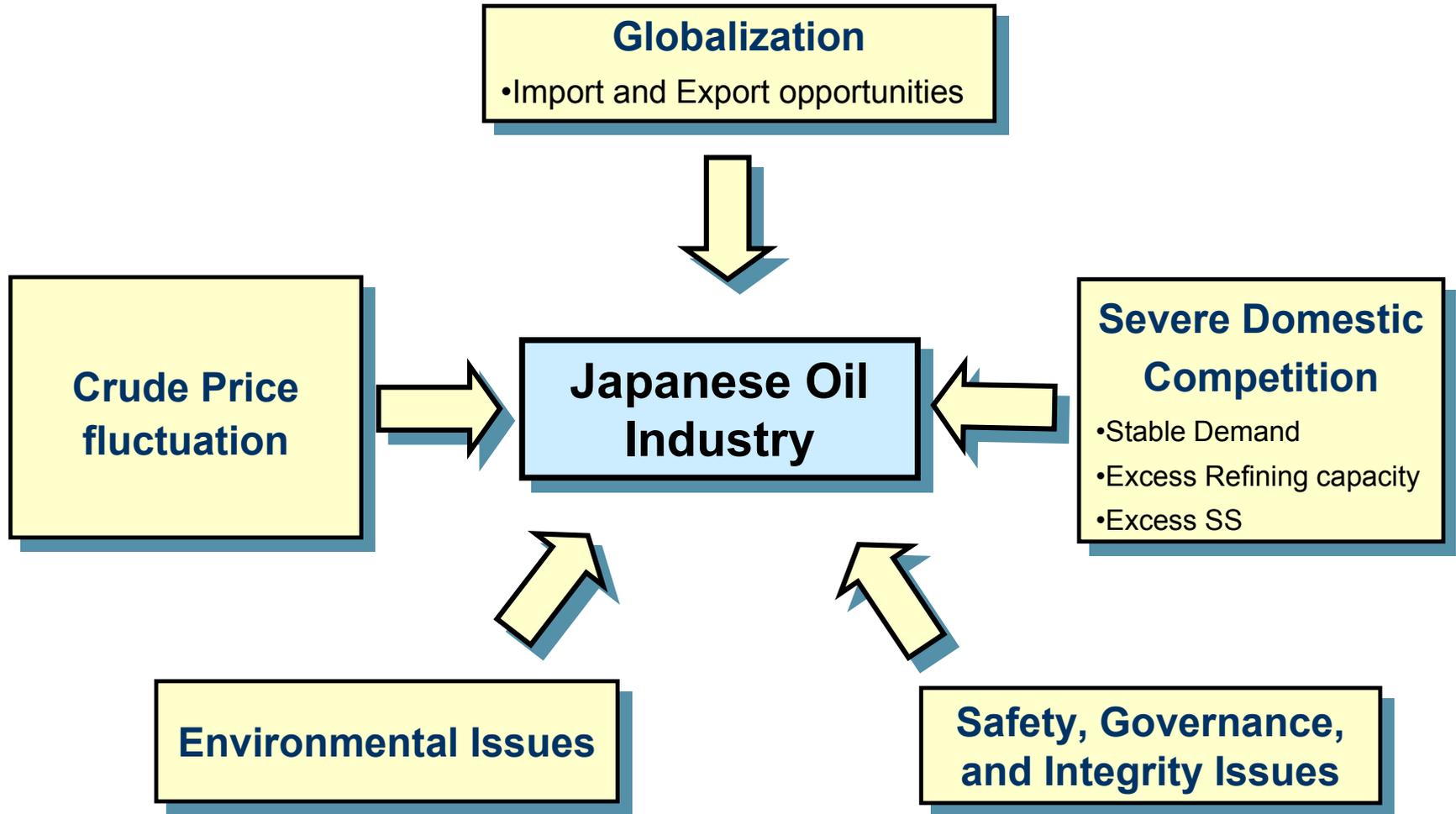
Industry Pump and Crude Oil Prices



Industry '04 Sales Volume Growth vs. '03



Industry Environment and Challenges



Industry Challenges (1) - Safety and Integrity

■ Safety

- » Top priority in all our activities
- » TonenGeneral is committed to achieving a level of performance where nobody gets hurt

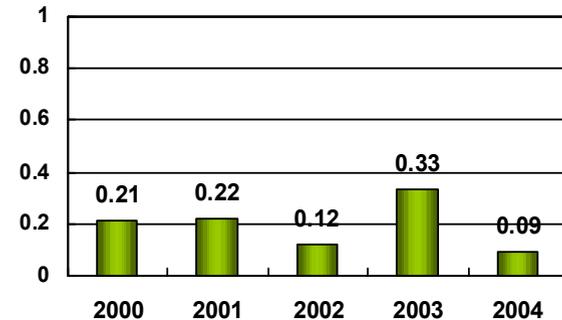
■ Governance and Integrity Issues

Increased concern for corporate governance and fair disclosure

- » TonenGeneral adopts rigorous Standard of Business conduct and Control management system (CIMS)
- » Periodic training to management and employees
- » Effective and efficient statutory Audit
 - Statutory Auditors check and actively participate the discussions at the Board meetings. They take regular advantage of full access to all of our businesses.
- » Rigorous independent Internal audit
- » Continue to disclose financial information of EMYK as the most influential parent company to make our group financial information transparent

Total Recordable Incident Rate (#/ 0.2Mil Hrs)

(TonenGeneral, Nansei, and Tonen Chemical)



Industry Challenges (2) - Environmental Issues

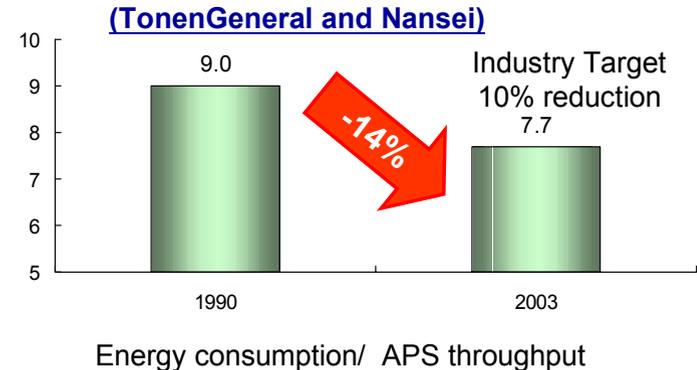
■ Focus on the environment

- » TonenGeneral participates in ExxonMobil research projects including Global climate and Fuel cell, etc.
- » Maximize energy efficiency at our refineries
 - Reduce unit energy consumption
 - Utilize co-generation system
- » Actively invest in facilities to reduce emissions
- » Supply environmentally friendly products (Sulfur free motor-fuel below 10ppmS, etc)

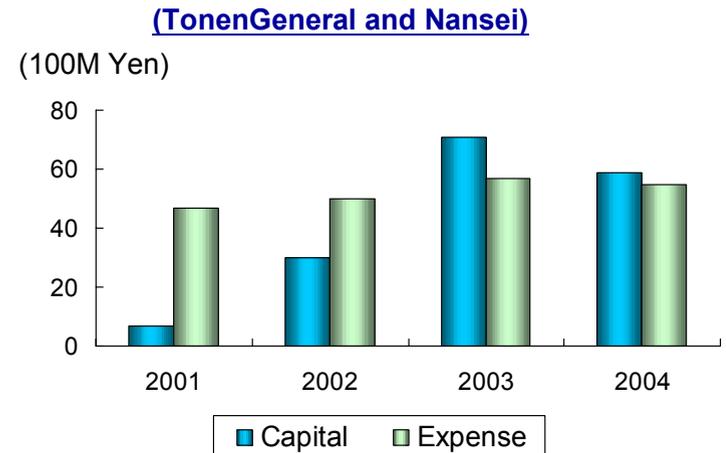
■ Anticipated possible competitive changes by sulfur-free Motor-fuel supply

- » TonenGeneral focuses on the most efficient supply, using global ExxonMobil supply network and the most efficient use of capital

Unit Energy Consumption in refineries



Environmental Conservation Expenditure



Industry Challenges (3) - Crude Price and Globalization

■ Crude price fluctuation

- » TonenGeneral uses ExxonMobil world-wide supply network, obtaining competitive market prices
 - Integrate refining and chemical to enhance efficiency
 - Diversify crude purchases to avoid excess reliance on any specific crude source and to achieve maximum value

■ Effects of globalization and increasing pressures for efficiency

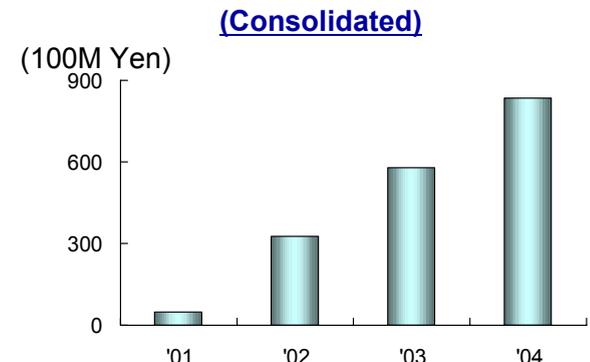
● Pursue export opportunities

- » TonenGeneral exports to US, Asia Pacific, etc, leveraging the ExxonMobil Group relationship

● Anticipated tariff reductions from 2006

- » TonenGeneral targets a world-class cost structure
- » Rigorous attention to capital and operating cost efficiency
 - Headquarters office consolidation
 - Admin. activities consolidation with other ExxonMobil companies
 - Early retirement programs
 - Asset divestment including Kygnus Sekiyu interests

Cumulative Divestment of Assets



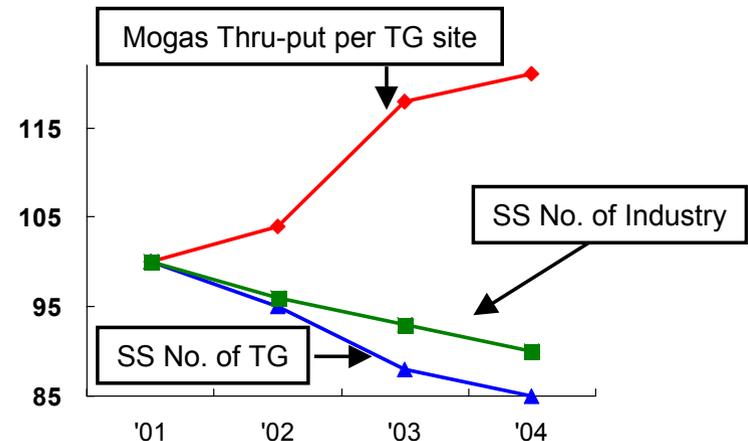
Industry Challenges (4) - Severe Domestic Competition

■ Surplus capacity both in refining and retail

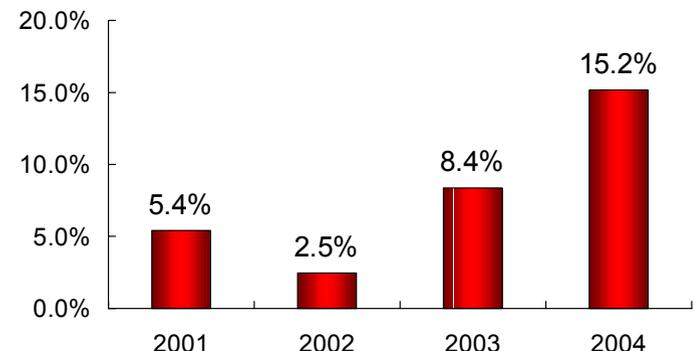
- **Estimate 15-20% in refining sector**
 - » TonenGeneral is balanced on the Japanese mainland
- **Number of service stations in industry decreasing by about 3% annually**
 - » TonenGeneral is using Network Counseling with dealers to determine economic and competitive sites and strengthen our advantage in retail
 - » Leading format shift to self SS
 - » Improving per SS efficiency including sales volume

TonenGeneral focuses on ROCE as a key indicator of capital efficiency.

Mogas Ave. Thruput & SS No. ('01=100)



Return on Capital Employed (ROCE)



ROCE: Net income before interest and after tax/(Average shareholders' equity+Average net debt)

Summary of Key Corporate Themes & Strategies

Targeting World-class Efficiency

- + Solomon 1st quartile for world
- + ROCE of 12%
- + Lowest cost

Our Highest Priority

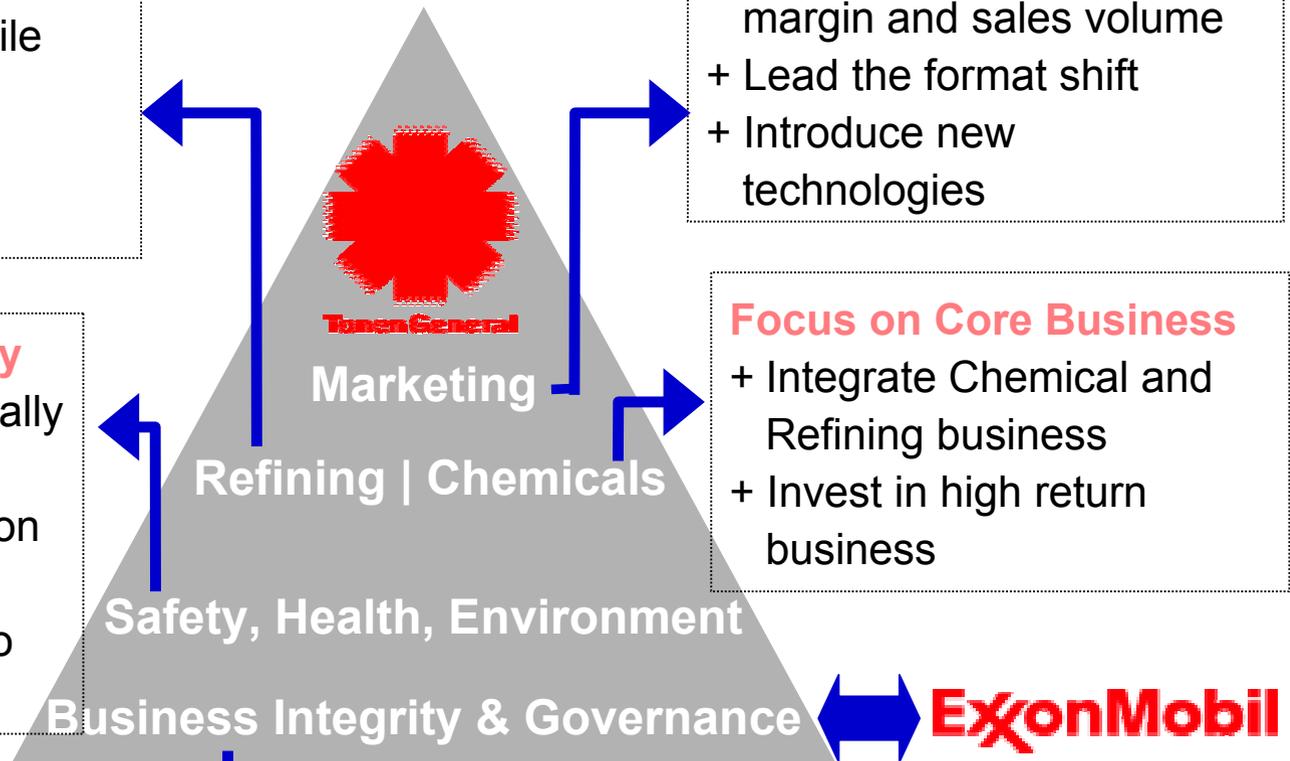
- + Safe, environmentally sound operations
- + Intensive application of systems
- + Careful attention to energy savings

Differentiation

- + Pursue best balance of margin and sales volume
- + Lead the format shift
- + Introduce new technologies

Focus on Core Business

- + Integrate Chemical and Refining business
- + Invest in high return business



+ Operate with strict business ethics

+ Leverage ExxonMobil technology network, and global experience

2004 Business Results and 2005 Financial Forecast

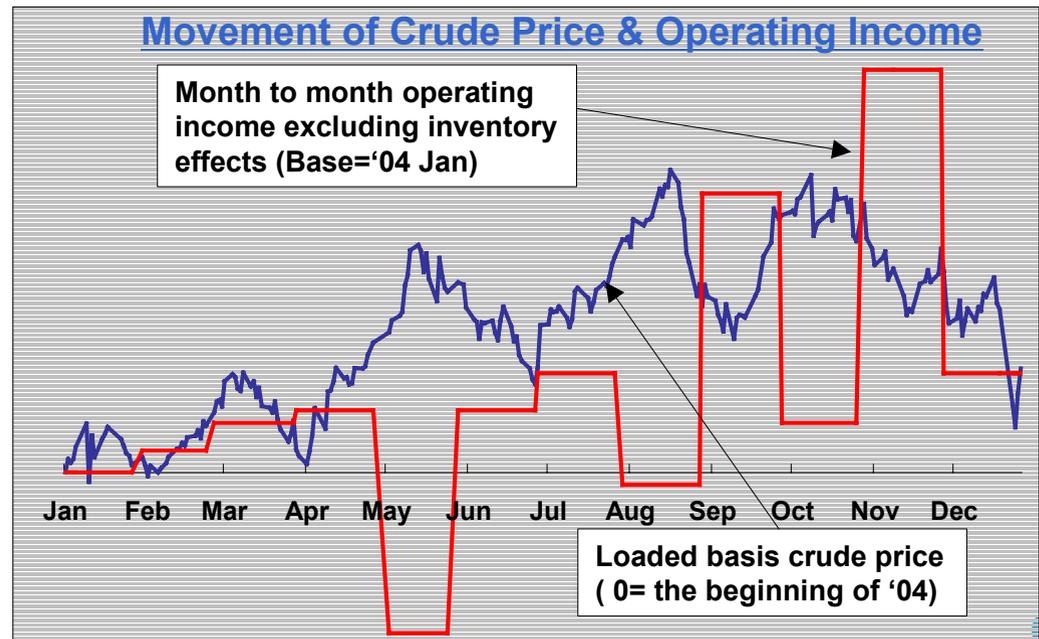
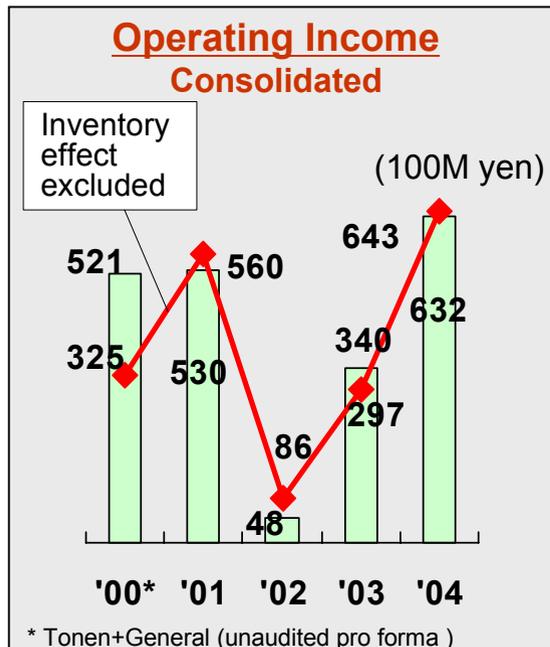
W. J. Bogaty

*Director,
TonenGeneral Sekiyu K.K.*

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

Business Highlights

- Highest operating income since the merger in 2000
 - » Chemicals a big contributor; Downstream margins increased in 2H
 - » Lower sales volume due to warmer winter, SS rationalization, and major refinery turn-arounds (periodic scheduled close-down/maintenance)
 - » Continued operating expense reduction
 - » Volatility of monthly operating earnings due to crude price fluctuation
 - Volatility of margins makes forecasting difficult



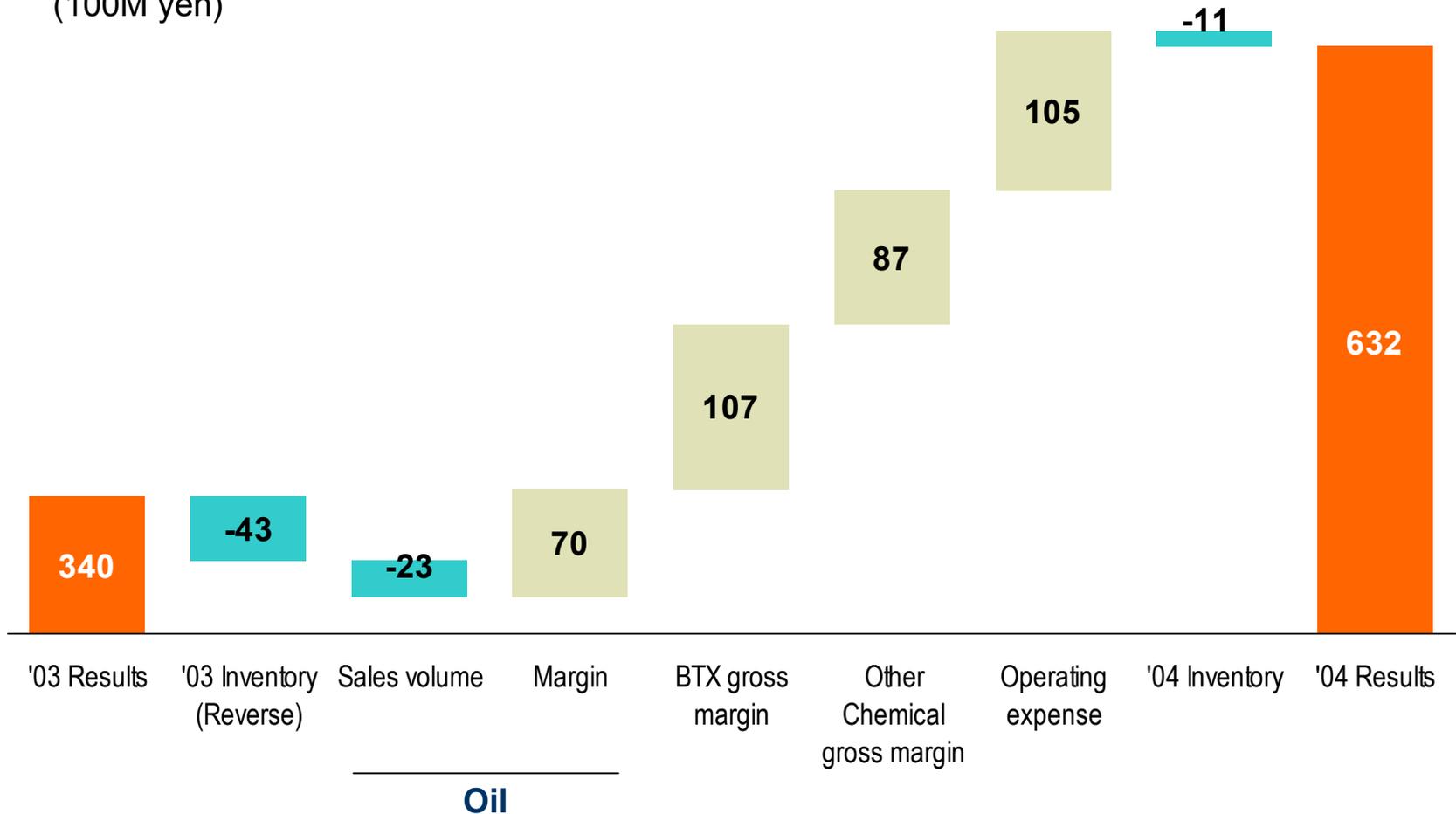
Earnings Results [Consolidated]

(100M yen)	<u>'03</u>	<u>'04</u>	<u>Inc./Dec.</u>
Sales revenue	21,353	23,423	2,070
– Operating income	340	632	292
Ordinary income	384	686	302
Extraordinary gain	71	137	65
Net income	277	482	205
Reverse inventory effects	-43	+11	+54
Adjusted operating income	297	643	346
Oil segment	96	219	123
Chemical segment	201	424	222

Factor Analysis of Operating Income

['04 Results vs. '03 Results; Consolidated]

(100M yen)



Sales Volume/ Capacity Utilization

- Most fuels decreased versus strong FY 2003
- Continued rationalization of SS network to enhance long-term profitability
- Capacity utilization down vs last year due to major turn-arounds at Kawasaki and Wakayama
- Monitored profitability of sales supported by imports (effect increased due to turn-arounds)

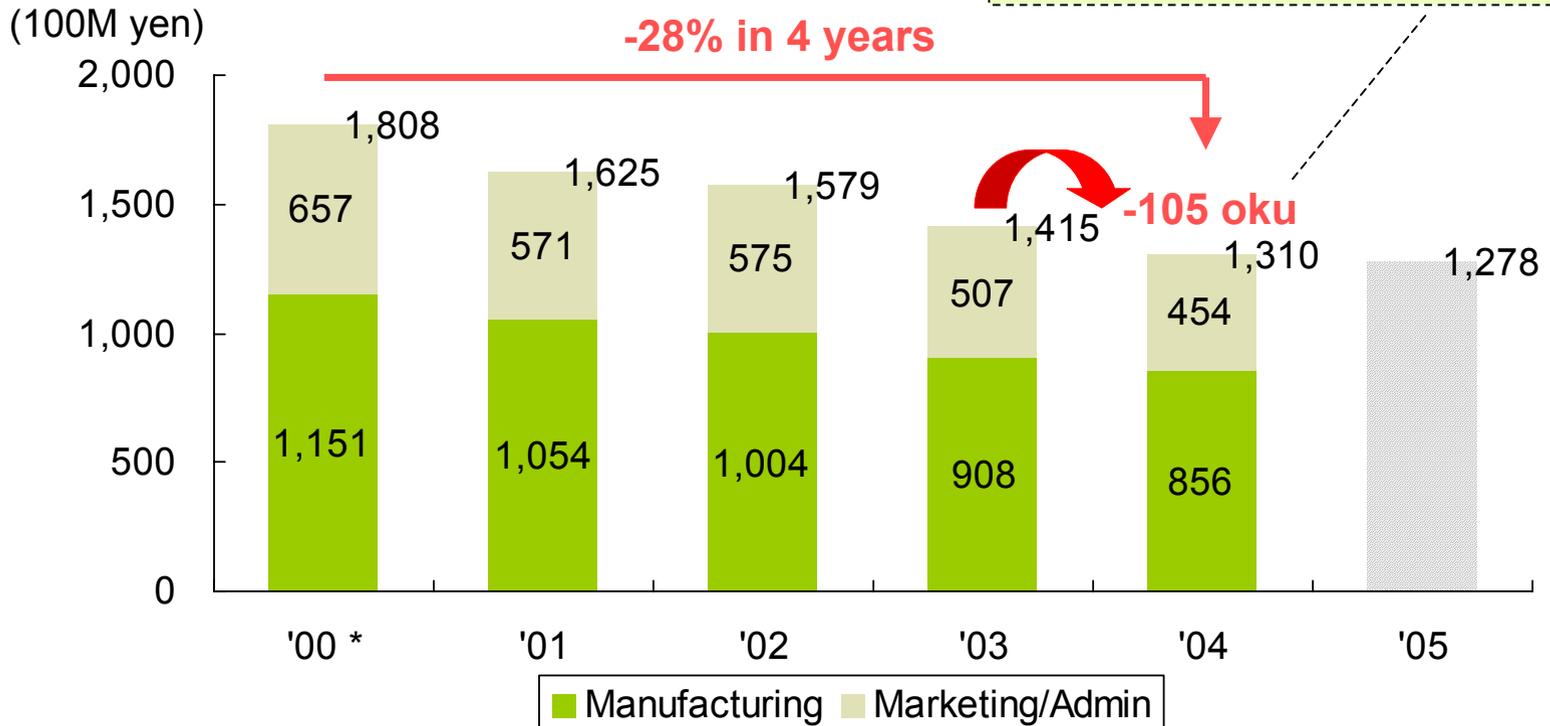
(Parent, Excluding Barter)				Industry	
	2003	2004	Inc./Dec.	Inc./Dec.	
by Product	(KKL)				
	Gasoline	12,000	11,951	-0.4%	1.9%
	Kerosene	4,318	3,746	-13.2%	-8.0%
	Diesel fuel	4,887	4,703	-3.8%	-0.5%
	Fuel oil A	4,377	4,320	-1.3%	-2.6%
	Fuel oil C	3,534	3,422	-3.2%	-14.9%
LPG and others	3,573	3,359	-6.0%	N/A	
by Channel	<i>General (Marketing)</i>	8,992	8,563	-4.8%	
	<i>Esso/Mobil/Kygnus</i>	23,695	22,937	-3.2%	
Sub Total	32,688	31,499	-3.6%	-3.7%	
Naphtha	3,035	3,187	1.0%		
Chemical Sales	1,106	1,109	0.0%		
Others*	11,838	9,880	-16.5%		
G. Total	48,667	45,675	-6.1%		
Capacity Utilization (Parent/Consoli.)	85%/82%	83%/79%		84%	

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

Operating Expenses [Consolidated]

- Continued reductions in opex; better than targets
- Lower pension expense due to the good performance of pension asset in 2003
- Include acquired Tonex opex in 2005

Pension expense (Non-cash)	-66
Payroll	-15
Fixed asset tax	-10
Business restructuring	-9
Others	-5



Cash Flows, Debt/Equity [Consolidated]

(100M yen)

Operating / Investing Activities '04

556

Net income before taxes	823
Net capex / Depreciation	52
Asset disposal	254
Inventory	-94
TAR/TAP/Other payables/Others	-325
Income tax payment	-246
Payment for early retirement	-10
Net decrease in Loans	49
Interest and dividend received	54

■ Financial position continuing to improve

■ Sound financial situation

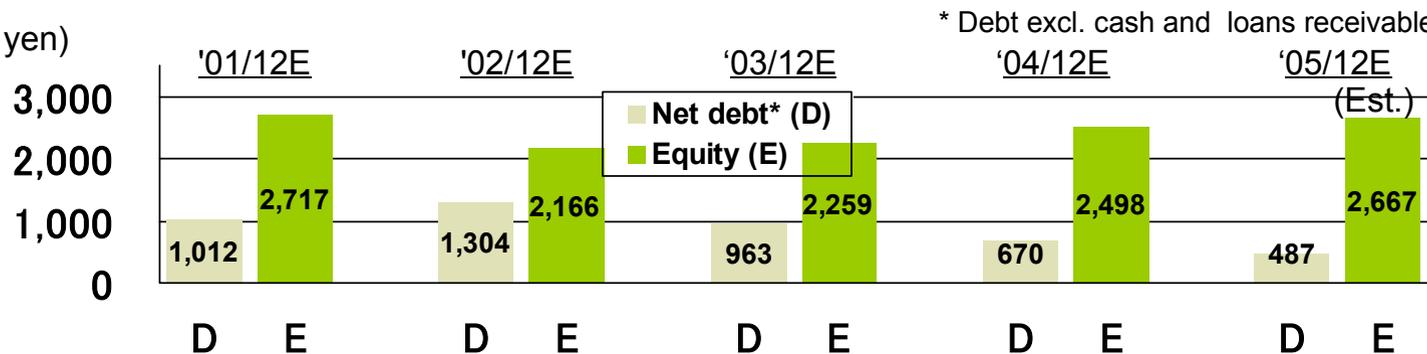
» Continuous close study on various capital structure options in unclear industry environment

Financing Activities -559

Change in debt	-346
Dividend to shareholders	-213

Net Cash Change -2

(100M yen)



* Debt excl. cash and loans receivable

Net D/E ratio*:

0.37

0.60

0.43

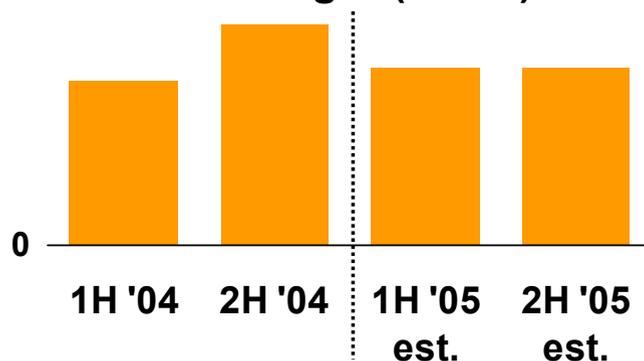
0.27

0.18

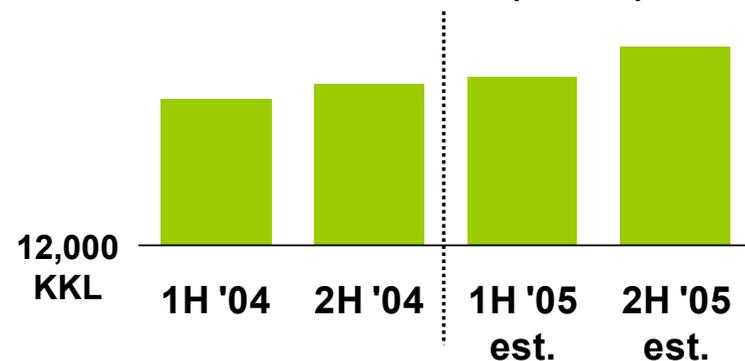
Assumptions for 2005

- Fuels Margins Slightly higher than 1H '04 but lower than 2H '04
- Fuels Sales volumes About 5% higher than '04 due to absence of major TA
- Chemicals Margins Slightly lower than '04 actual for PX and BZ
- Chemicals volumes Higher than '04 both for Olefins and Aromatics
- Operating expense Continuing reduction
- Inventory effects Assume zero impact in 2005
- Crude cost, FX 34.2 \$/BBL(Dubai), 104.2 ¥/\$ -- values as of year-end '04
[for sales revenues only]
- Inventory accounting LIFO/LOCOM

Unit Margin (Fuels)



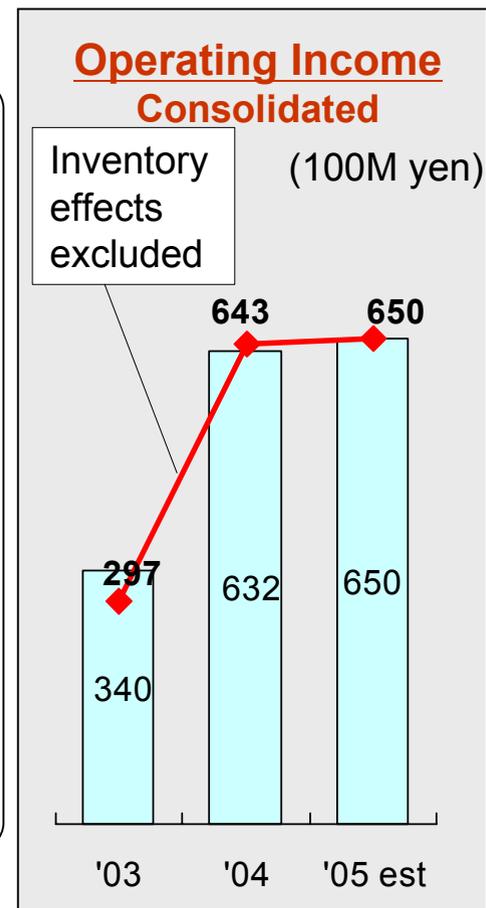
Sales Volume (Fuels)



Earnings Forecast [Consolidated]

- Adjusted operating income for full-year 2005 is projected to be approximately the same as 2004 results
- We assume no inventory gain/loss

(100M yen)	'04	'05 fct.	1H fct.	2H fct
Sales revenue	23,423	23,700	11,600	12,100
Operating income	632	650	330	320
Ordinary income	686	660	330	330
Extraordinary gain/loss	137	-17	-10	-7
Net income	482	400	200	200
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Reverse inventory effects	+11	0	0	0
Adjusted operating income	643	650	330	320
Oil segment and others	219	270	140	130
Chemical segment	424	380	190	190

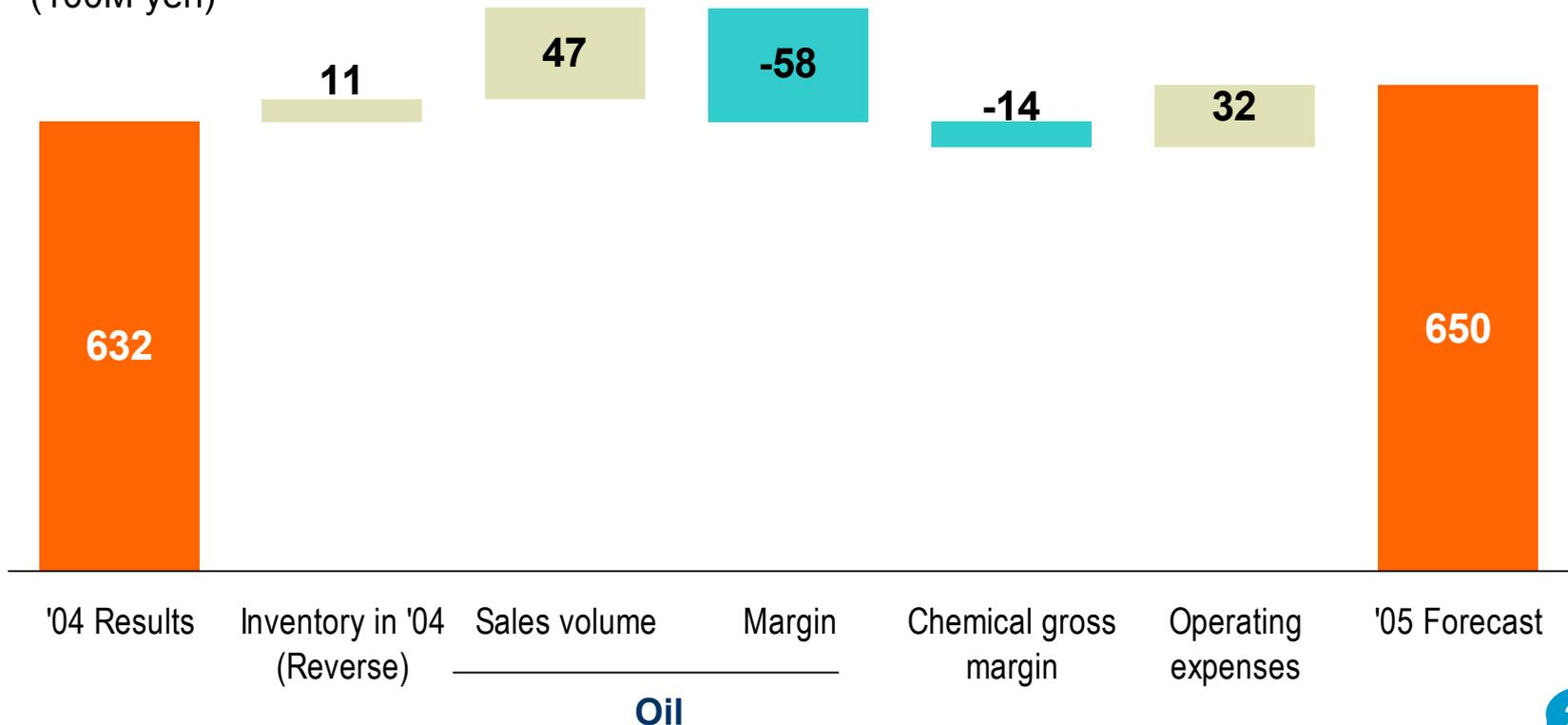


Factor Analysis of Operating Income

[FY '04 Results vs. '05 Forecast; Consolidated]

- Operating income for full-year 2005 is projected to increase by ¥18 oku from 2004 actual
- Expect +5% sales volume; lower margins in both Fuels and Chemicals; and lower operating expense

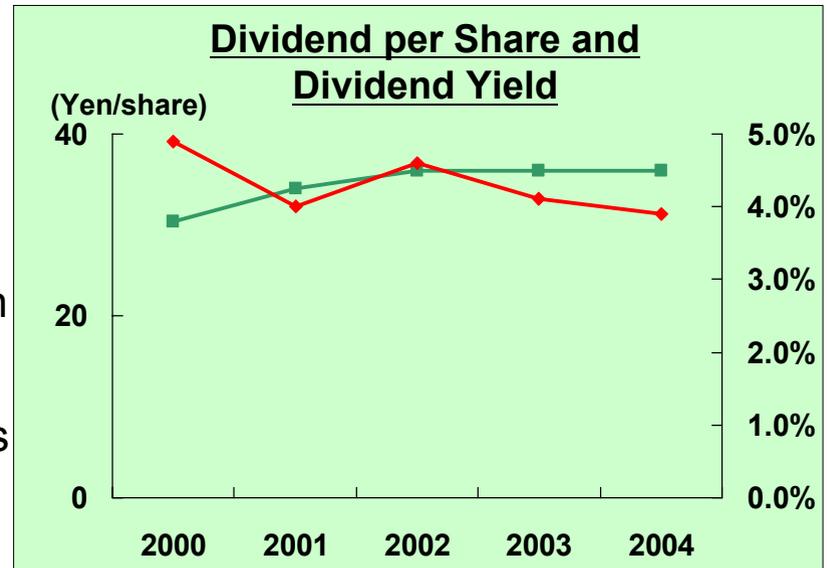
(100M yen)



Dividend Forecast for 2005

■ Dividend forecast

- » Project total dividend of 36 yen per share in 2005
- Interim and year-end dividend of 18 yen per share, respectively
- » Maintain stable dividend payment levels
- » Focus on total return to shareholders



— Dividend per Share (Yen/share)

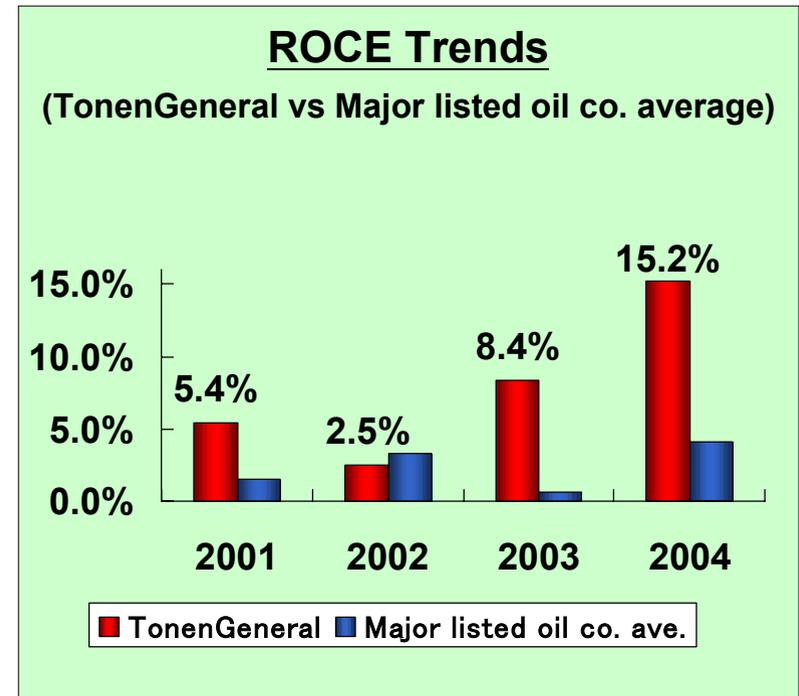
Note: Weighted average of h-GSK and h-Tonen for 2000

— Dividend Yield (%)

Note: Dividend per share against stock price at end of each calendar year

Focus on Shareholders' Wealth

- Rigorous attention to efficiency, measured by ROCE
 - » Operational efficiency: opex improvement
 - » Disciplined investment
 - » Divestment of assets that underperform or are worth more to others
- Continuation of our principles
 - » Company wealth not foreseeably required in our business should be returned to shareholders
 - » Prudent review of trends in the uncertain business environment and analysis of best mix of shareholder returns



$$\text{ROCE} = \frac{\text{Net income before interest and after tax}}{\text{Average shareholders' equity} + \text{Average net debt}}$$

Refining & Supply Overview

K. Suzuki

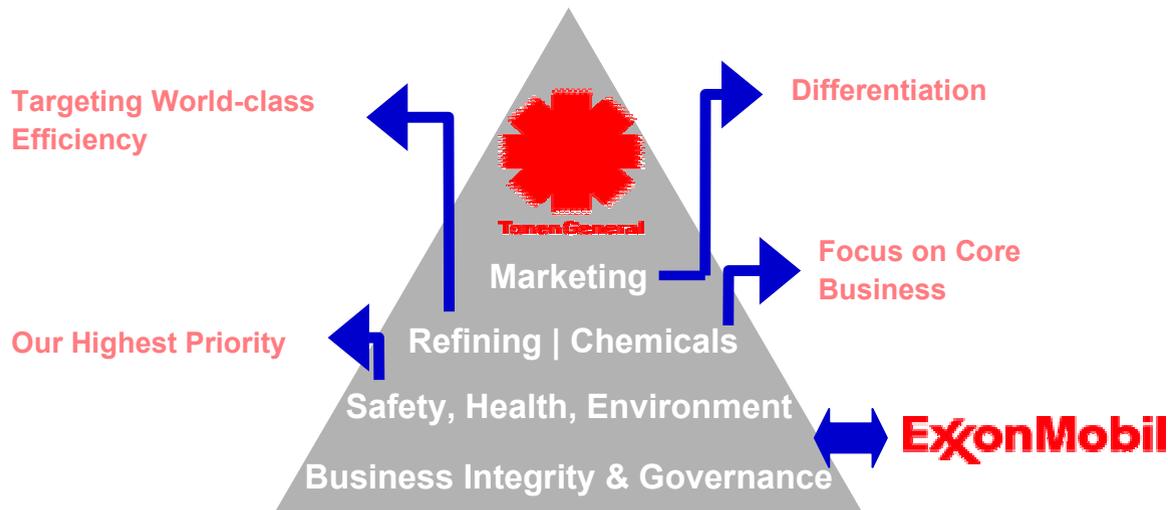
*Representative Director, Managing Director, Supply Manager,
Tonen General Sekiyu K.K.*

*Director,
ExxonMobil Y.K.*

R&S Business Strategy

- Based on “Key Corporate Themes & Strategies”, Refining & Supply is targeting world-class efficiency by means of
 - » Maintaining Safety, Health, Environment as our highest priority
 - » Operation with strict business ethics
 - » Aiming to be lowest cost supplier
 - » Cooperation with relevant functions, while
 - pursuing best balance of margin and sales volume
 - realizing Refining & Chemical integration
 - » Leveraging ExxonMobil Network

Key Corporate Themes & Strategies



Safety, Reliability

■ Continue/ Maintain Safe Operations

- » Promote comprehensive systems
 - OIMS (Operations Integrity Management System)
 - LPS (Loss Prevention System)

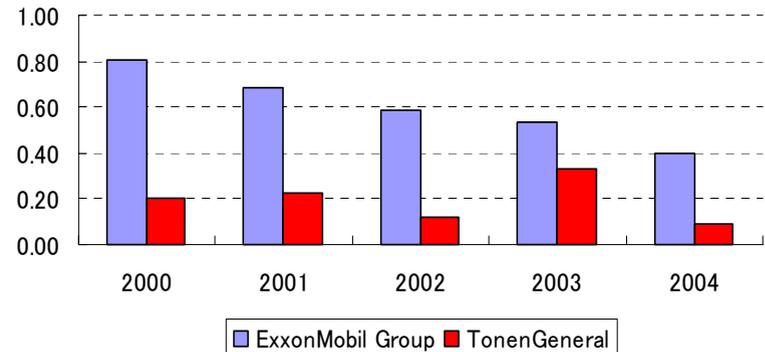
■ Reliability Improvement/ Maximum use of refining capacity

- » Facilities Reliability Improvement Initiatives
 - Maintain high utilization rate

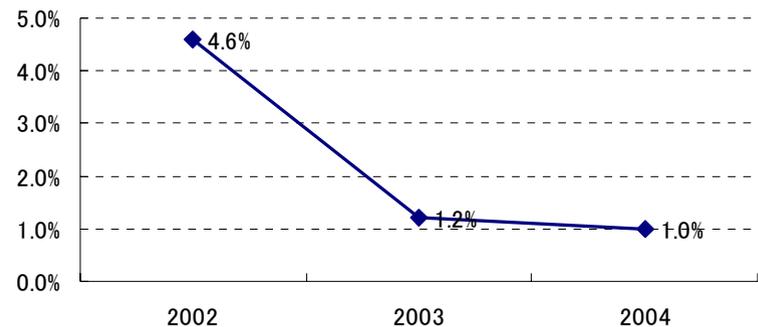
■ Effective Internal Control

- » CIMS (Control Integrity Management System)

Total Recordable Incident Rate (#/ 0.2Mil Hrs)



Unplanned Capacity Loss (%)



Self-help Initiatives

Drive profitability improvement / cost reduction efforts

» Promote self-help initiative to increase efficiency, effectiveness and speed of execute

■ Crude Optimization

- » Promote crude diversification initiatives
- » Pursue economic crude acquisition
 - Sakhalin crude
 - high quality, advantage in logistics
 - Condensate
 - high quality (especially for Mogas)

■ Promotion of MMP

(Molecule Management Program)

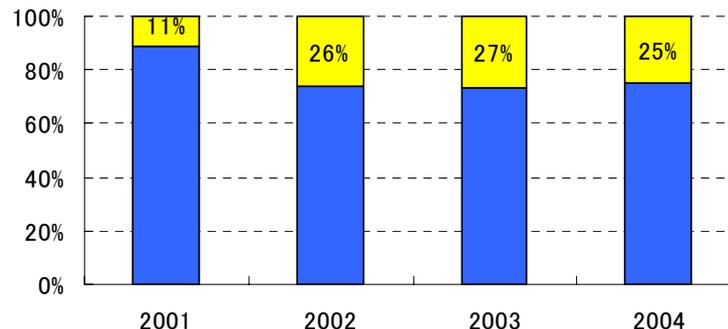
- » Progress on target
- » Estimated 60 Oku-yen/Yr benefit

■ ExxonMobil Trading Synergy

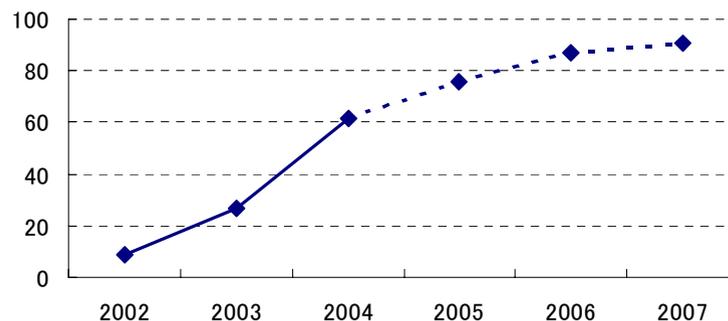
- » ADO/ FOC exports/ HFN import
- » Estimated 7 Oku-yen/Yr benefit

■ Demurrage/ OPEX reduction

Non-AG Crude (%)



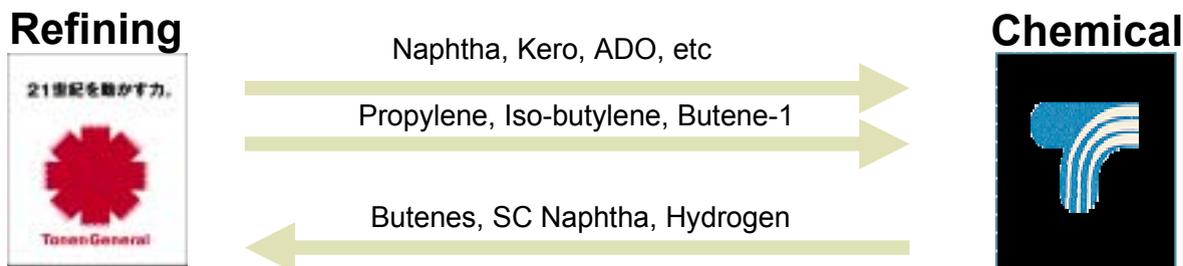
MMP Benefits (Oku-Yen)



C&RI (Chemical and Refining Integration)

■ Enjoy Chemical / Refining Integration

- » Maximum utilization of molecules



- » Integrated organizations at refinery
 - Administration, SHE, Maintenance, etc.

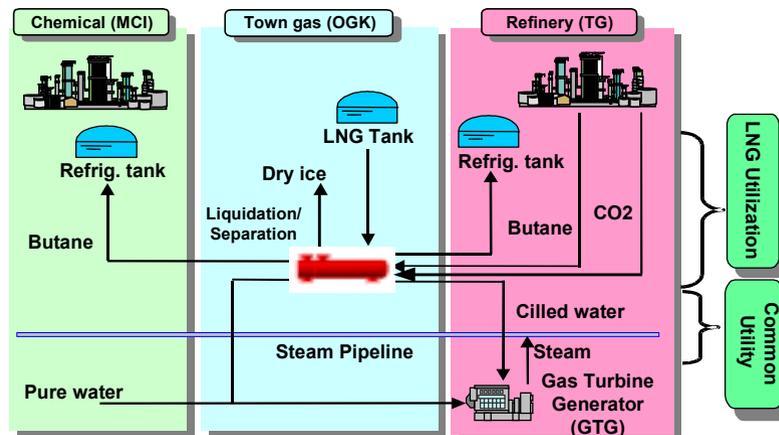
■ Chemical Coordination Dept established in Supply in May, 2004

- » Further optimize Chemical/ Refinery integrated production
 - Pursue optimal operational condition
- » Take prompt action in line with the change in business conditions
 - SC feed diversification
 - Pursue maximum value from each molecule (Esp. Aromatics)

Maximum Asset Utilization

■ Sakai Renaissance

- » Joint project with Osaka Gas and Mitsui Chemical
- » Mostly completed mechanically
 - Mechanical completion: Steam sales to Mitsui, CO2 recovery, Butane chiller
 - Under construction: GTG capacity creep (to be completed in Aug, 2005)



■ Kygnus Sekiyu sale

- » Successful sales of TonenGeneral's 50% interest to San-ai Oil Co., a nation wide distributor/ retailer
 - TonenGeneral retains product supply rights

Low Sulfur Mofuel Supply

- Successfully launched LS-MG/ADO delivery ahead of Jan 1, 2005
 - » Retained production capacity of LS MG/ ADO
 - » Fully utilized ExxonMobil Supply/ Tech Network with limited investment
 - Fully utilized FCC capability via;
 - Effective VGO hydrofiners operation
 - H-OIL conversion from resid cracking to VGO desulfurization
 - Flexibly change and optimize crude slate
 - Obtain economical feedstocks; Regional Supply Network

- Facilities installation in 2006 - 2007 to fully optimize supply scheme
 - » Developing optimal scheme considering various factors
 - Utilizing past study results and actual performance
 - Optimal use of existing facilities
 - Flexibility enhancement for raw materials
 - Utilizing most updated technology

Marketing Overview

J. F. Spruill

*Director,
TonenGeneral Sekiyu K.K.*

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

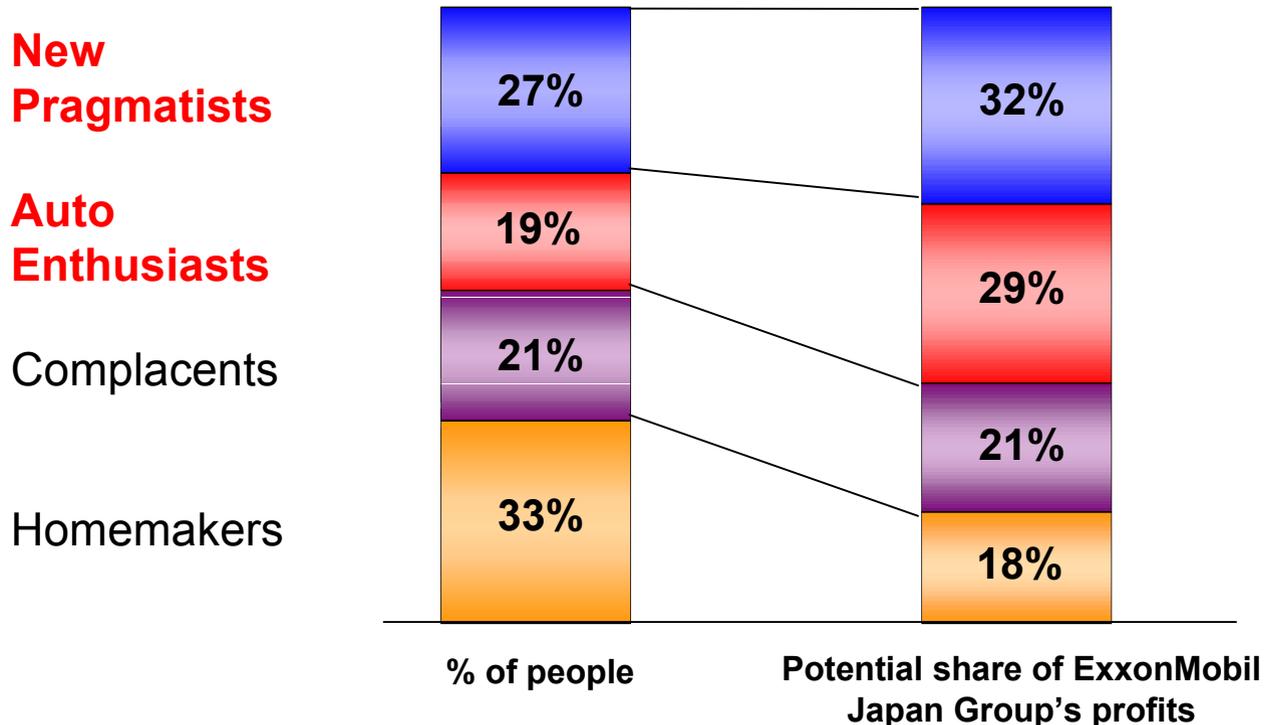
Strategic Focus

- Customer Focus: Value-conscious motorist who appreciate convenience and innovative concepts (Auto-Enthusiasts and New Pragmatist)
- Winning Proposition: Lead the format shift to self service by operating at the lowest cost in the industry while providing the quickest and easiest fueling in the cleanest and most pleasant facilities
- Key Priorities
 1. Superior Operational Efficiency: eliminate waste providing funds to enhance service
 2. RSOI: leader in on site and dealer head-office productivity
 3. Network Planning: best sites (divestment, rebuilds, NTIs)
 4. Technology: new concepts valued by customers
 5. Alliance: Doutor and 7-11
 6. Express: build the brand (quickest & easiest)

Customer Focus

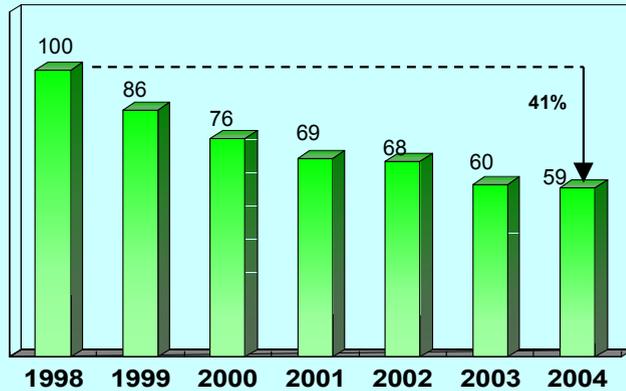
□ New Pragmatists and Auto Enthusiasts are targets

- » 61% of the potential ExxonMobil Japan Group profits with more mileage and premium gasoline preference
- » Both segments are attracted to our offerings, such as self-serve, Speedpass, Express Wash, Doutor Coffee Shop and 7-11

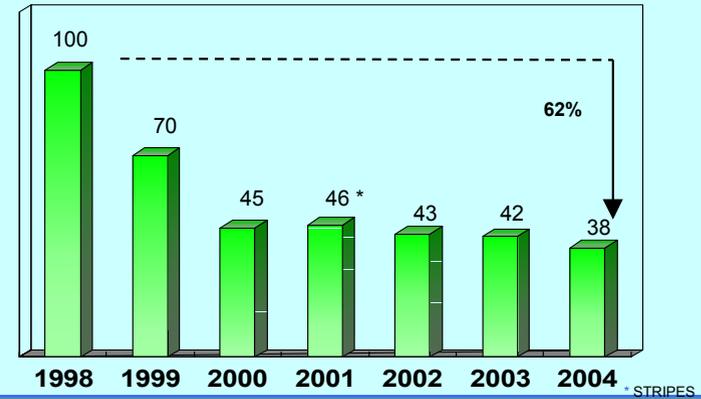


Superior Operational Efficiency

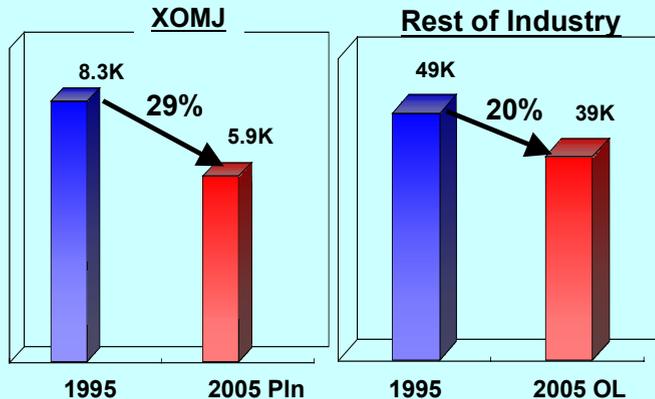
Market Cost Unit Index



Manpower Index



Rationalization

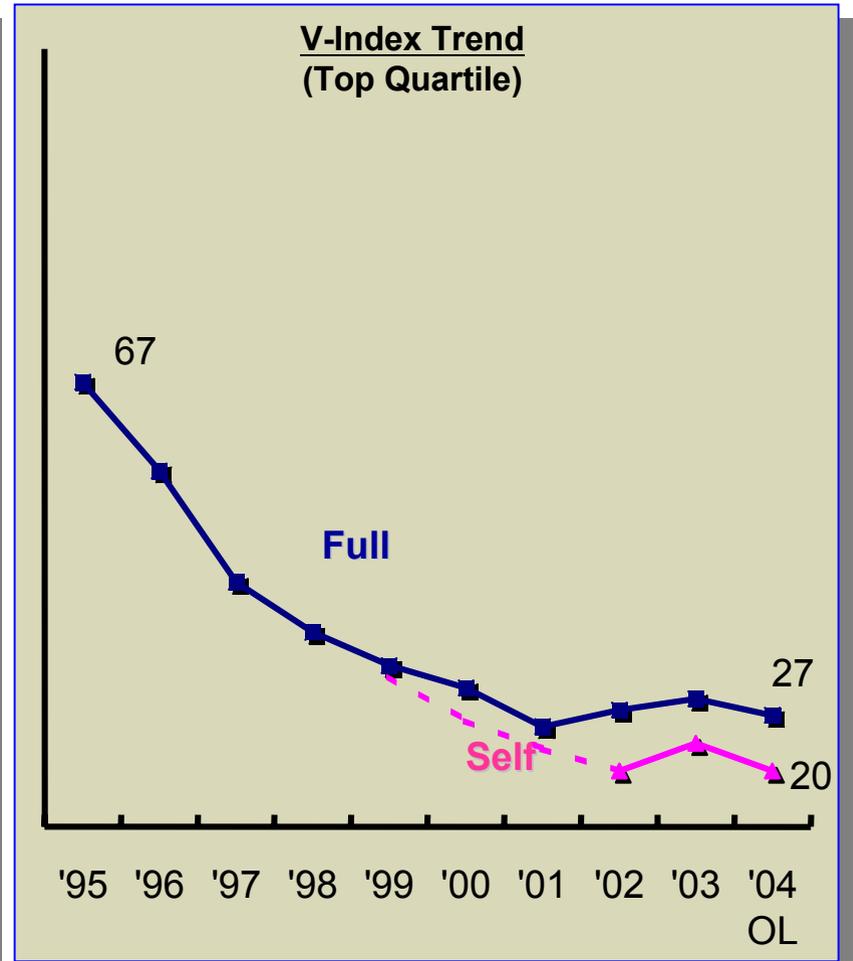
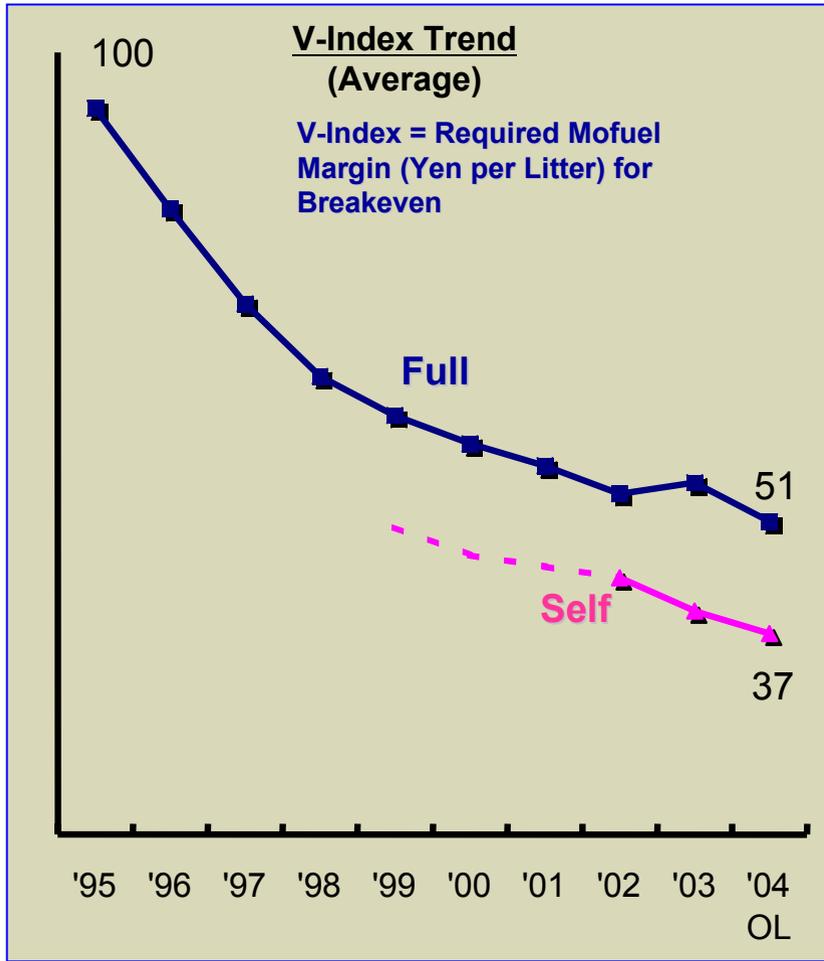


Enablers to Continue Trend in 2005

- * Network Rationalization: lead Industry
- * Office Consolidation: Reduction of 3000M²
- * CS Consolidation: Relocation to Bangkok
- * Fleet Efficiency: Implement plans

RSOI: leader in site productivity

'95 Full Serve Average = 100



Network Planning

- Expect Major Restructuring as Industry Moves to Self Service
- Models developed to support dealers business planning in dynamic environment
- Objective is to counsel dealers to promote their SS network restructuring and rapid expansion of Express

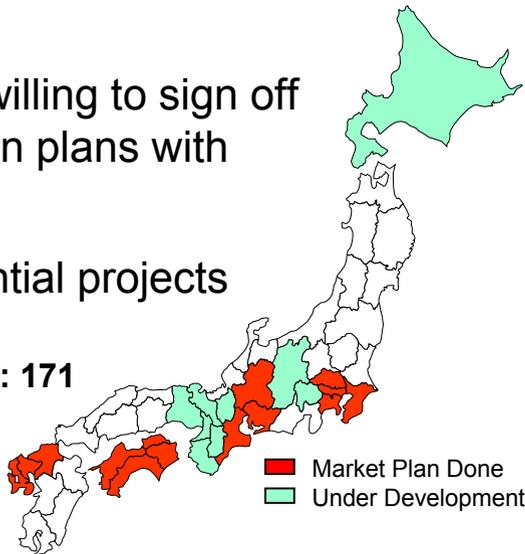
Accomplishments

- Developed 8 market plans and started counseling for 26 key dealers
- Dealers were willing to sign off mid.-term action plans with commitment
- Identified potential projects

NTI : 48

Self-serve conv. : 171

Closure : 458



Implementation Status (Aichi Market as an example)

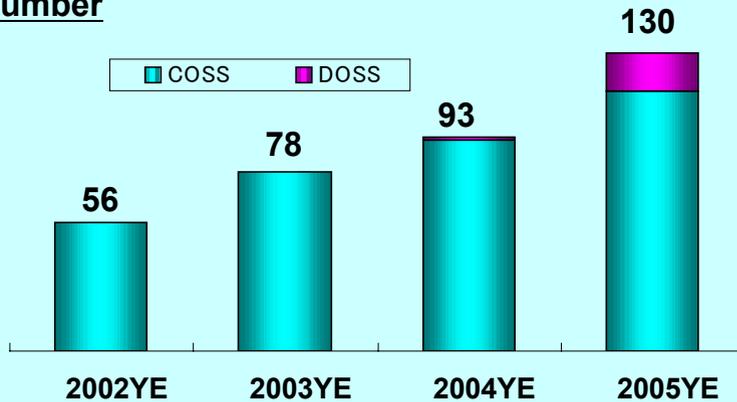
	Mid.-term Plan			2004 Actual		
	NTI	Self conv	Divest	NTI	Self conv	Divest
Dealer A	1	1	4			2
Dealer B		4			1	
Dealer C		2	1		2	
Dealer D		2	1		1	0
Dealer E		5	1		4	
Dealer F		1	1		1	1
Dealer G		1				
Dealer H		3				
	1	19	8	9	3	

2004 Overall Result

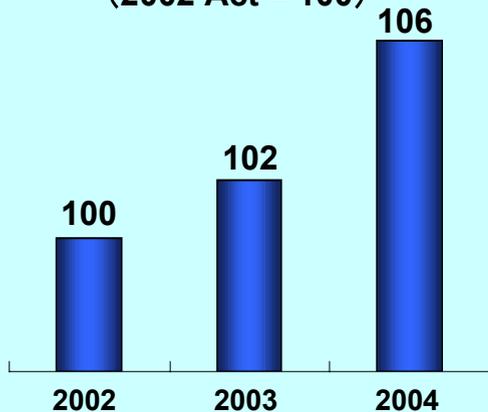
NTI	Self	Divest
20	113	282

Alliance: Doutor

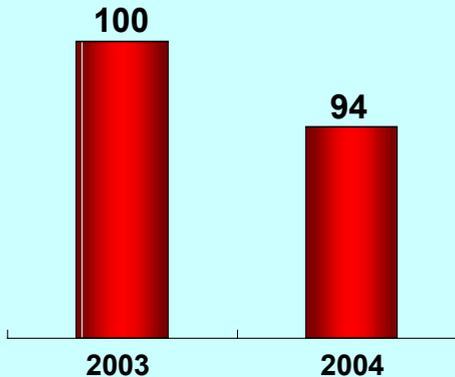
Shop Number



Same Store Sales Trend (2002 Act = 100)



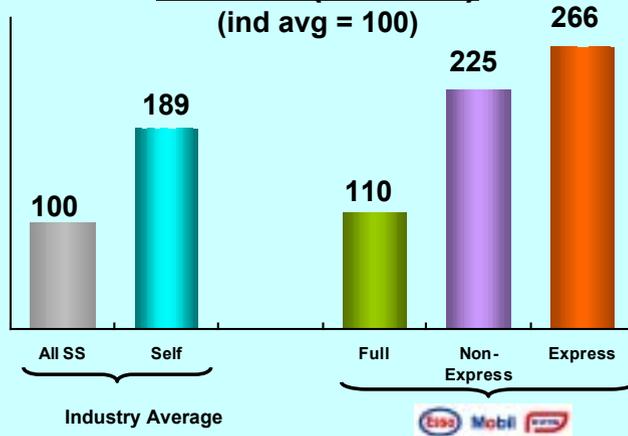
Same Store Cost Comparison (2003 Act = 100)



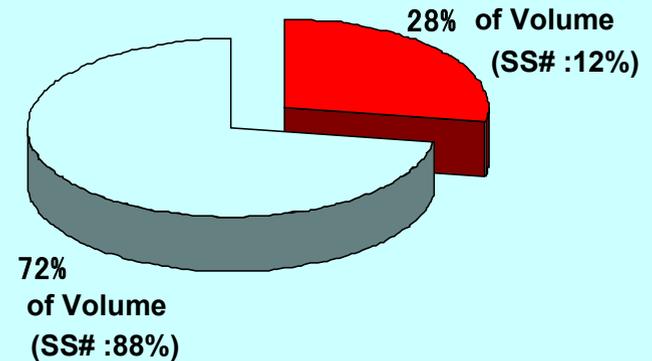
Express Brand: Quickest & Easiest

Mofuel (Vol/Mo)

(ind avg = 100)

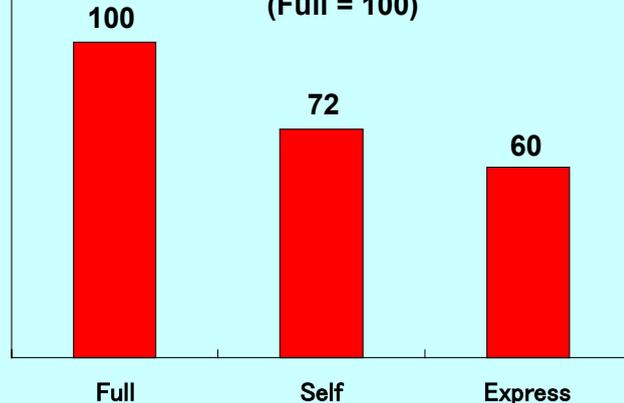


Sales through Self Serve



V-Index

(Full = 100)

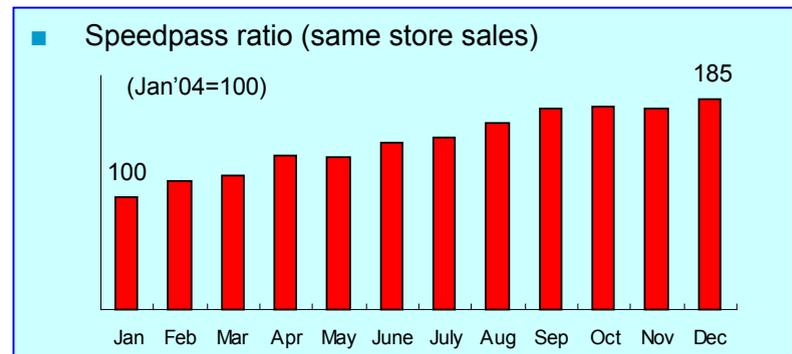
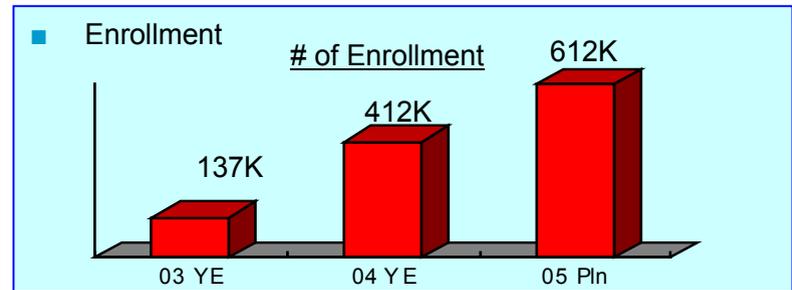
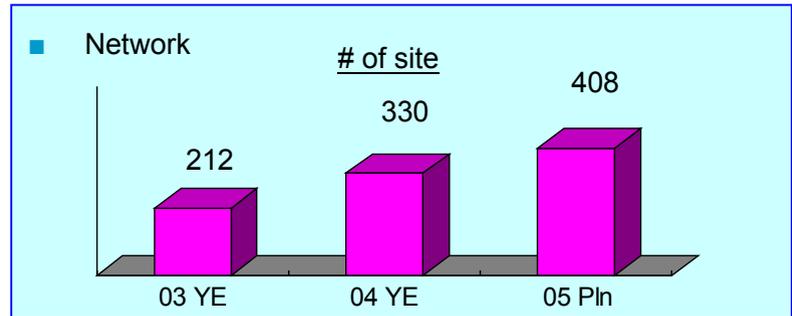


- Mofuel Thruput 40% above competitive self service sites
- Customer Satisfaction Survey Score 10+% higher than non-Express (92 point vs 82 point)

Speedpass: Quickest & Easiest

Status ('04 YE)

- 330 Speedpass sites
- 412K customer enrollment
- 60% Usage Rate
- Higher loyalty: purchase 65% more
- Speedpass G-shock released in Oct
 - Exposed in news media (34 magazines, 4 TV news)

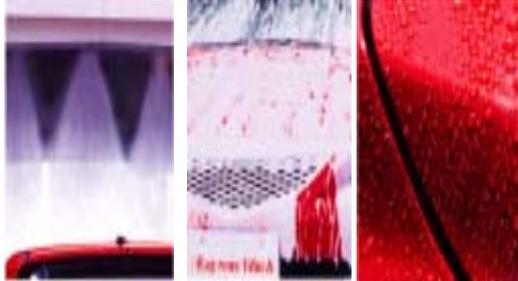


Express Wash: Quickest & Easiest

Differentiate Express Wash through

1) High Quality

2) New Technology



High pressure jet

Foam wash

Water repel coating

Speedpass at Express Wash

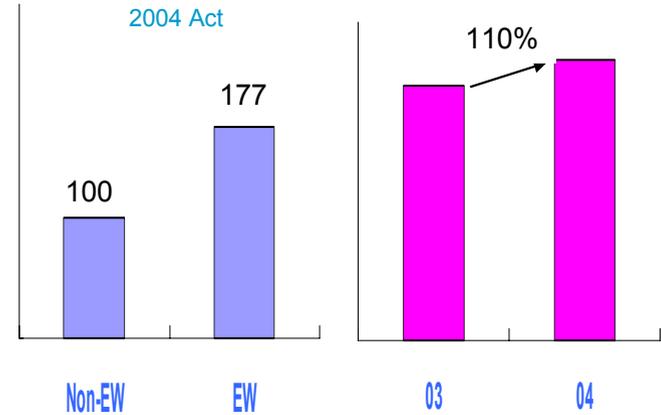


Implementation

- » 228 sites (48% of Express)
- » 302 sites by 2005 YE

Self Car Wash

(non-EW = 100)
2004 Act



CSK Profit

(Kyen/Mo)

Revenue	630
Other expense	200
Profit	430

Annual Profit	5,160
Equipment investment	6,200

Chemicals Overview

D.L. Schuessler

*Representative Director, President,
Tonen Chemical Corp.*

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

Business Results (Production)

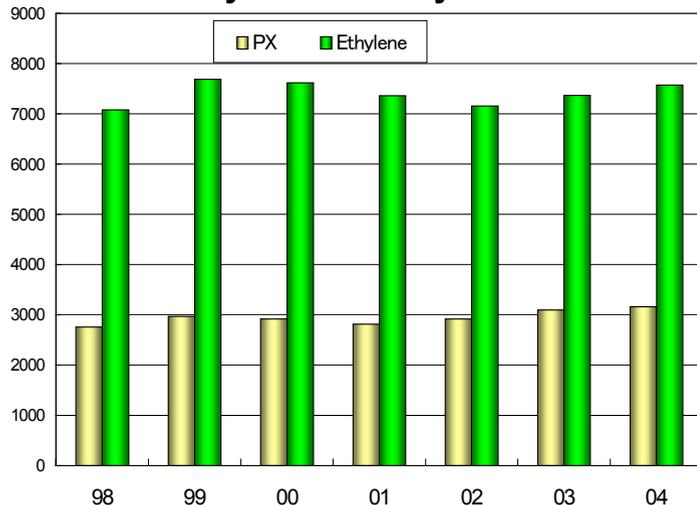
■ High production of basic chemicals in Japan

- » Mainly due to very strong demand of China
- » JPN Paraxylene (PX) production was historical high / 2% increase vs. '03
- » JPN Ethylene production recovered / 2.8% increase vs. '03

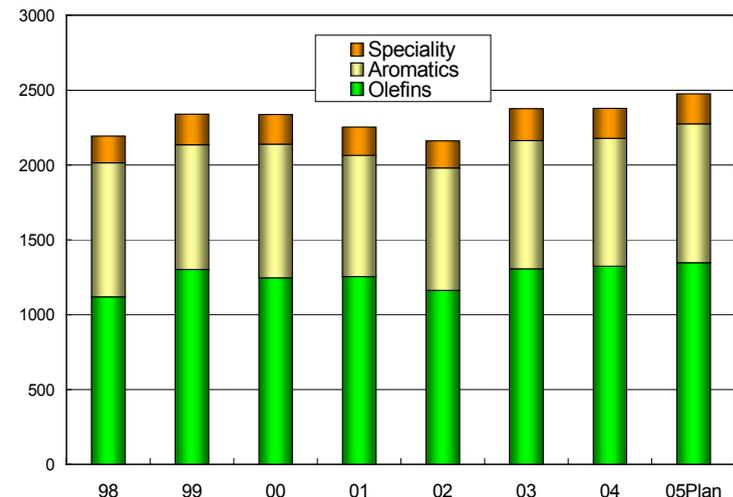
■ TonenGeneral Chemicals production

- » Increased effective capacity utilization of Olefins and Aromatics
- » Ethylene production increased by 3.2% vs. '03
- » PX production increased by 1.5 % vs. '03

Kton
JPN PX/Ethylene Industry Production Trend



ktton
Chemical Production in TonenGeneral



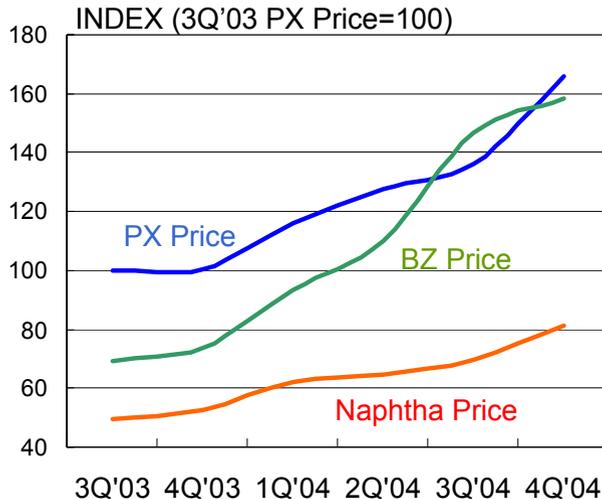
Business Results (Price)

■ Strong market price in basic chemicals

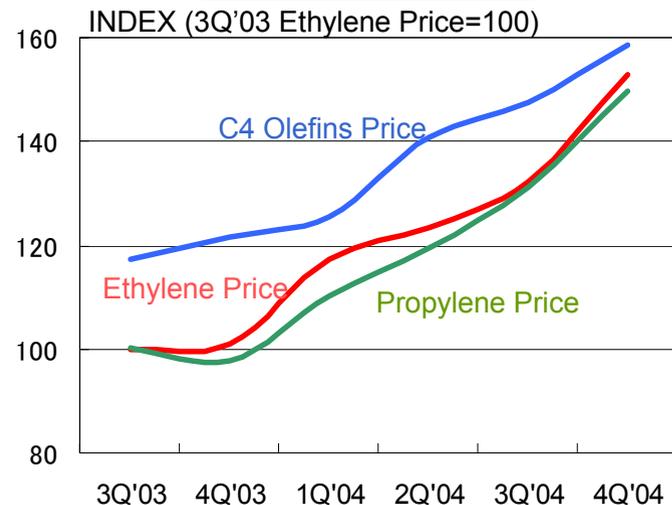
» Both domestic and export price

- Successfully achieved domestic price increase in '04
- More than 60% increase in Paraxylene (PX) and Benzene (BZ), More than 50% in Olefins

Aromatics Price Trend



Olefins Price Trend



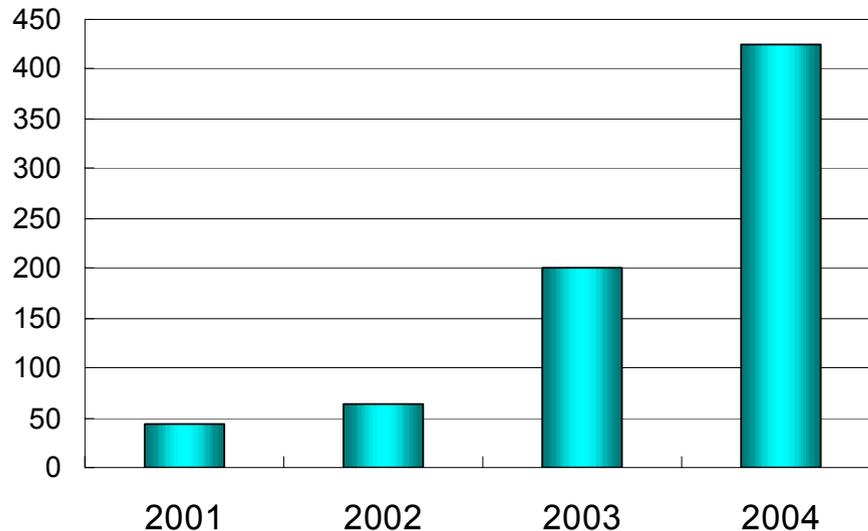
Business Results (Earnings)

■ Strong earnings result in chemical segment

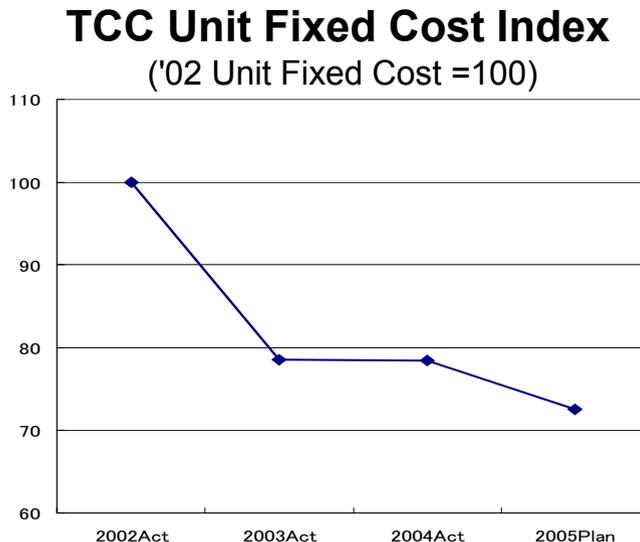
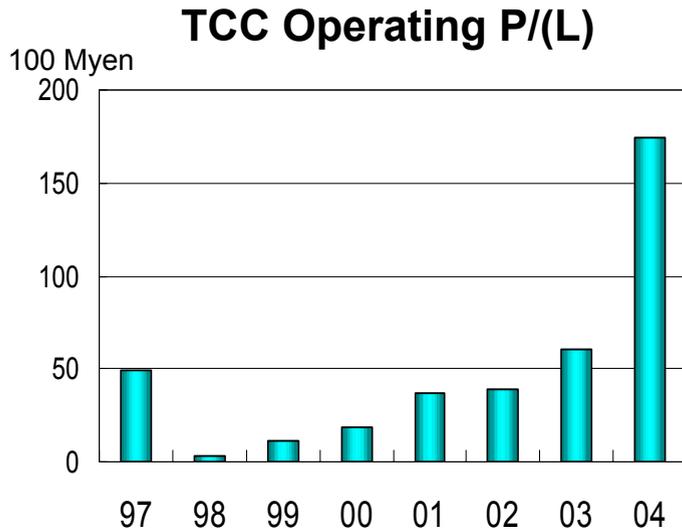
- » Operating profit: 424 oku-yen
- » Higher production and margin

TonenGeneral Chemical Segment Operating P/(L)

100 Myen



Business Result in Tonen Chemical Corp.



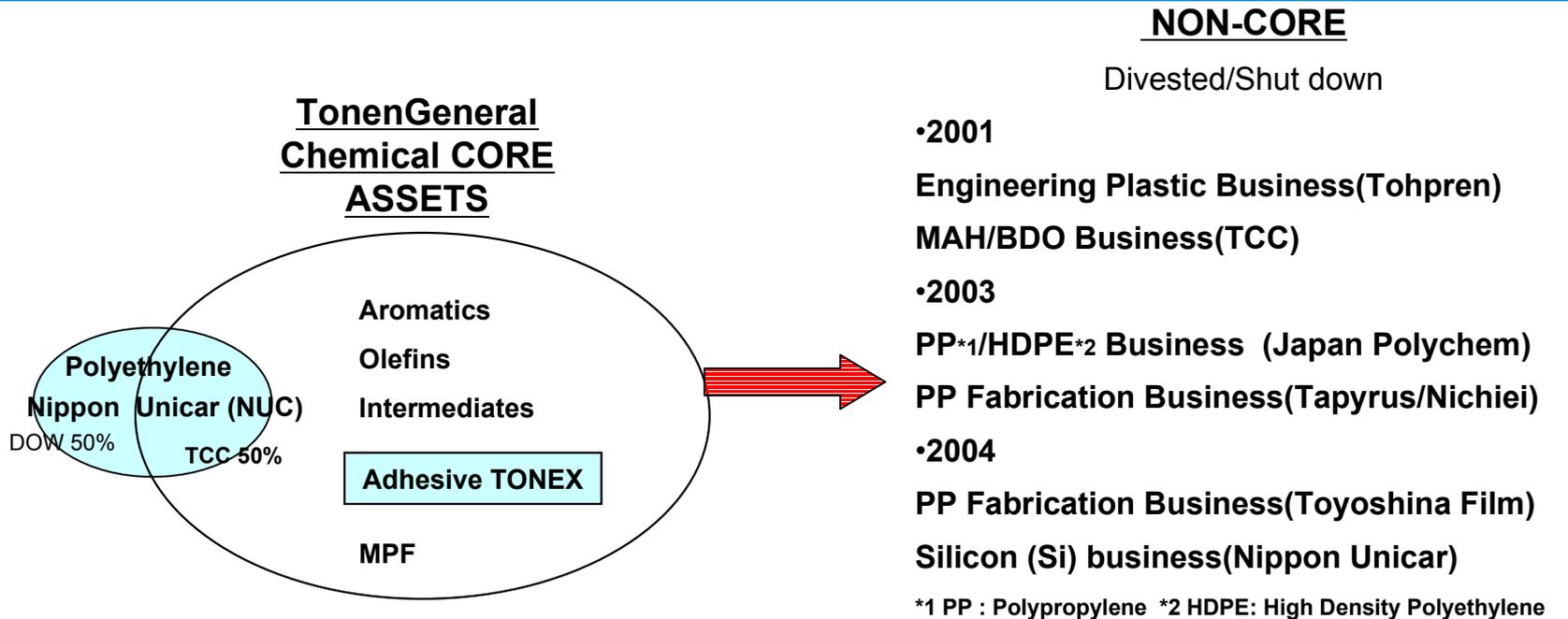
- **Tonen Chemical Corporation (TCC) recorded historical high earnings**
 - » Improve margin in all product segment
 - » Cost reduction achieved through refining synergies and restructuring
- **Unit fixed cost decline 10.7% during 2002-04 period**
 - » Expect 7.6 % reduction in 2005

Chemicals Business Strategy

- **Chemical segment strategy to be the most efficient and competitive basic chemicals, adhesive and intermediates supplier in Japan**
 - » Enhance our strength at highly integrated Chemicals/Refinery complexes in Kawasaki, Wakayama and Sakai
 - » Establish most-efficient core-business concentrated structure

- **Progress key Profit Improvement Plans**
 - » Fully utilize Aromatics and Olefins Capacity
 - » Progress Olefins and Aromatics feed flexibility/optimization projects
 - » Tonex (Adhesives) has recently become a wholly-owned subsidiary of TCC
 - » Progress specialty product growth projects (Intermediates, Adhesives, Micro Porous Film (MPF))

Chemicals Restructuring Status



- Overall strategy has been to improve competitiveness of Basic Chemicals and grow core specialty business segment
- Achieved cost reduction and Chemical/Refinery integration together with business restructuring for best efficiency
- Completed Toyoshina Film and Nippon Unicar-Si business divestitures in 2004
- TCC completed acquisition of 50% of TONEX from ExxonMobil Petroleum & Chemical Holding Inc.
- Progressing NUC cost reduction/business simplification Plan

Micro Porous Film (MPF) for Lithium Ion Battery Separator

- Enhance a position in growing world electronics segment

- » 15+% year growth
- » Balance in terms of customer/country/battery type

- Pursue Intellectual Property & Technology leadership

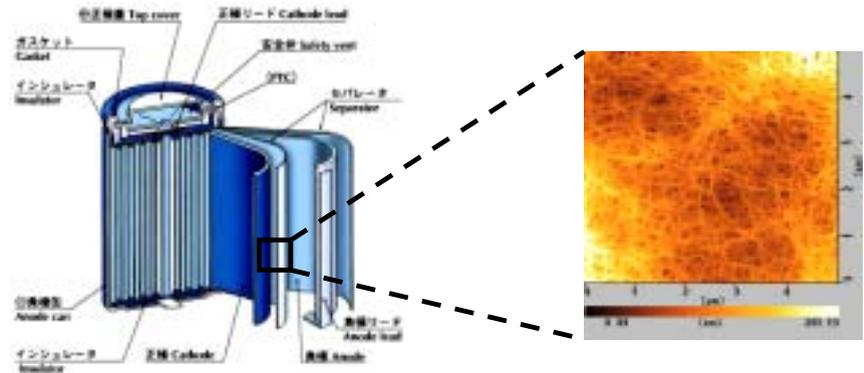
- » Over 130 patents in registration or process for registration

- Develop new applications for further growth

- » Hybrid Electric Vehicle Lithium Ion Battery application in synergy with ExxonMobil Group strength

- Expand MPF capacity to support growth plans

- » Additional two lines in 2005/2006



- Separator :

An insulating membrane, impregnated with electrolyte, providing failsafe shut-down features