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Press Release

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Revision of the Full Year Earnings Forecast for 2006 (January – December 2006)

TonenGeneral Sekiyu K.K. has revised its consolidated and parent income forecasts for January 1 through December 31, 2006, which were previously announced on February 24, 2006.

1. Revision of Income Forecast during January 1 – December 31, 2006

Consolidated:

(Unit: billion yen)

	Sales Revenue	Operating Income/Loss	Ordinary Income/Loss	Net Income/Loss
Revised Forecast (A)	3,176.0	21.0	27.0	16.0
Previous Forecast (B)	3,080.0	40.0	41.0	25.0
Difference (A-B)	96.0	▲19.0	▲14.0	▲9.0
Increase/Decrease(%)	3	▲48	▲34	▲36

(B) announced on February 24, 2006

Parent:

(Unit: billion yen)

	Sales Revenue	Operating Income/Loss	Ordinary Income/Loss	Net Income/Loss
Revised Forecast (A)	3,118.0	▲1.0	59.0	57.0
Previous Forecast (B)	3,030.0	27.0	52.0	40.0
Difference (A-B)	88.0	▲28.0	7.0	17.0
Increase/Decrease(%)	3	▲104	13	43

(B) announced on February 24, 2006

2. Reasons for the Revision

Consolidated operating income for the full year 2006 is forecast at 21.0 billion yen. The reduction from our prior full-year forecast made in February takes into account the results of the first half (operating income of 11.4 billion yen). Projections involved in the forecast include the following:

- (1) While the sharp increase in crude prices in July affected margins, we have assumed that this trend will not continue and that oil margins for the remainder of the year will be at levels similar to our original forecast in February.
- (2) Petroleum product sales volume for the second half is expected to increase versus the first half, though to levels slightly lower than previous forecast.
- (3) Earnings in the chemical sector for the second half are expected to be higher than the previous forecast due to continued margin improvement accompanying strong demand for olefins and other products.
- (4) We project that first-half inventory valuation gains will reverse in part during the remainder of the year.
