

Acquisition of Mitsui Oil Co., Ltd. Stock

December 18, 2013

- This material contains forward-looking statements based on projections and estimates that involve many variables. TonenGeneral Sekiyu 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 and product 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.
- The official language for TonenGeneral Sekiyu's filings with the Tokyo Stock Exchange and Japanese authorities, and for communications with our shareholders, is Japanese. We have posted English versions of some of this information on this website. While these English versions have been prepared in good faith, TonenGeneral Sekiyu does not accept responsibility for the accuracy of the translations, and reference should be made to the original Japanese language materials.

Outline of the Transaction

- ❑ TonenGeneral (TG) and Mitsui & Co., Ltd. have reached an agreement for the acquisition by TG of Mitsui & Co. Ltd.'s entire 89.93% interest in the stock of Mitsui Oil Co., Ltd.
- ❑ Purchase price : 24.9 billion yen
 - Planned acquisition date : February 4, 2014
 - Acquisition of certain minority interests of Mitsui Oil also under discussion
- ❑ Mitsui Oil and Kyokuto Petroleum Industries, Ltd. will become consolidated subsidiaries of TG as a result of the transaction
- ❑ The combined business is described below:

Combined Business Portfolio (As of September 30, 2013)

	TonenGeneral Group	Mitsui Oil Group	Total
<u>Fuels Marketing</u>			
# of Service Stations	3,422	267	3,689
(Company owned incl. above)	(718)	(99)	(817)
<u>Refining</u> ^{*1}			
# of Refineries	3.5	0.5	4
Capacity, thousand barrel per day ^{*2}	643.5	87.5	731

*1 Both groups refinery numbers and capacities include 50% of Kyokuto Petroleum Chiba refinery

*2 Capacity excludes Kawasaki and Wakayama 2 toppers to be decommissioned

Business Rationale (1)

- Achieve Mid-Term Plan goal to further strengthen core businesses
 1. Increase profitability due to the inclusion of Mitsui Oil group's strong businesses
 2. Synergy effects taking advantage of economies of scale and best practices

TG Group's Existing Business Portfolio

Refining / Chemical



Kawasaki



Sakai



Wakayama

Fuels and Lubricants Marketing / Distribution



1. Mitsui Oil's Efficient Businesses to be added

- 50% interest of Kyokuto Petroleum
 - High energy efficiency and competitiveness



- Competitive sales network and synchronized marketing strategies
 - High per site volume
 - High ratio of self-serve SS
 - Sales channel focusing on strategic sites



2. Anticipated Large Synergy Effects

Business Rationale (2)

- Achieve Mid-Term Plan goal to further strengthen core businesses
 1. Increase profitability due to the inclusion of Mitsui Oil group's strong businesses
 2. Synergy effects taking advantage of economies of scale and best practices

TG Group's Existing Business Portfolio

Refining / Chemical

Fuels and Lubricants Marketing / Distribution

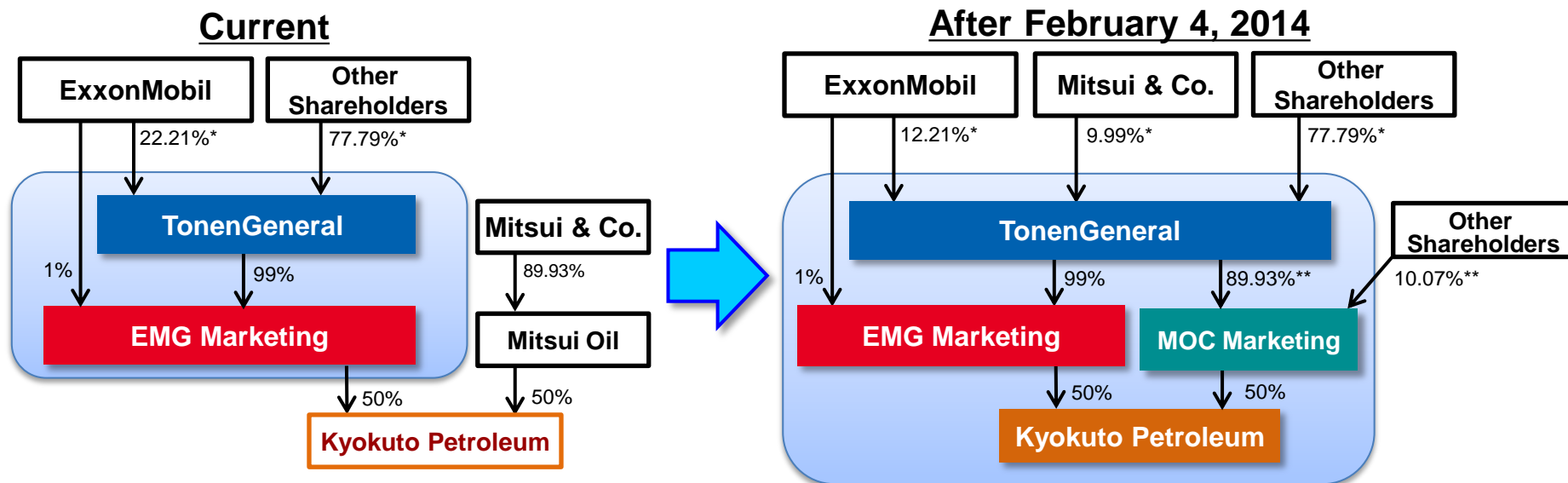
1. Mitsui Oil's Efficient Businesses to be added

2. Anticipated Large Synergy Effects

- Optimize crude oil and stock purchases, tanker chartering and operation
- Production shift to Chemical products
- Accelerate collaboration opportunities with Cosmo Oil at Chiba
- Effective application of advanced marketing programs and best practices
- Enhance competitiveness by SS network expansion
- Enhance efficiency in distribution and delivery
- Consolidation of back office work and streamlining organizations
- Savings in sales and general expenses due to economies of scale


New Capital Relationship of TonenGeneral Group

- Mitsui Oil and Kyokuto Petroleum will become TG's consolidated subsidiaries
 - The company name of Mitsui Oil will change to MOC Marketing K.K. effective February 4, 2014
- Separate agreement was reached between ExxonMobil and Mitsui & Co. for the purchase of 36 million shares of TG stock by Mitsui & Co. from ExxonMobil
 - Mitsui & Co. will become TG's second-largest shareholder after ExxonMobil while continuing long and successful business relations
 - TG will maintain the cooperative relationship with ExxonMobil



* Percentage of voting rights in TG

** TG is in consultation with other Mitsui Oil shareholders concerning acquisition of Mitsui Oil stock and intends to have acquired approx. 95% of Mitsui Oil's issued shares by March end, 2014

 TonenGeneral Group (Consolidated)

Financial Impacts of this Transaction

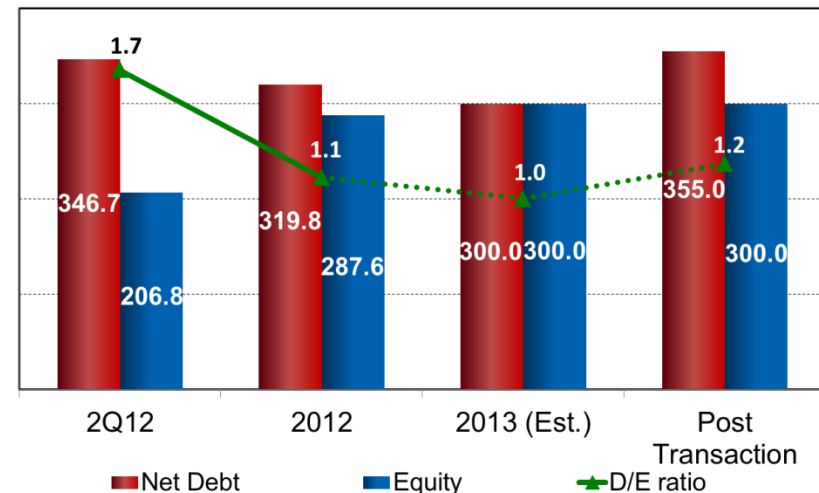
Earnings Effects

- Profit from the acquired Mitsui Oil businesses
 - Operating income averaged 5.0+ billion yen over the last 5 years
- Synergy effects expected to improve profits
- Goodwill amortization - amount to be determined after closing of the transaction

Financial Impacts

- Post transaction debt level remains in manageable range
 - Expected increase in debt is 55 billion yen on a consolidated basis including the consolidation effect of Kyokuto Petroleum
- No changes in our financial policies, i.e. fund attractive investments, maintain resilient financial condition and stable dividend

D/E Ratio



Supplemental Information

Mitsui Oil Co., Ltd. Overview

- ❑ Representative Tsuneyoshi Doi, President
- ❑ Head Office Saiwai Bldg., 1-3-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo, Japan
- ❑ Business Sales of petroleum products
- ❑ Established February 18, 1961
- ❑ Employees 131 as of October 31, 2013
- ❑ Major Investment Toyo Sekiyu Hanbai K.K. (100% of shares)
Kyokuto Petroleum Industries, Ltd. (50% of interest)
- ❑ Major Assets Service Station - Company owned : 99 as of September 30, 2013
(Total number of service stations: 267)

- ❑ Consolidated Financials in billion yen (Fiscal year ended : March 2013)

Sales revenue	367.5
Operating income	3.4
Ordinary income	4.9
Net income	3.5
Total equity	38.1
Total assets	109.9

Historical 3-Year Financials for Mitsui Oil (Consolidated)

(Million yen)

Fiscal year ended	March 2011	March 2012	March 2013
Net sales	433,786	488,479	367,505
Operating income	13,209	7,080	3,390
Ordinary Income	17,120	8,089	4,907
Net income	8,935	4,792	3,534
Fiscal year ended	March 2011	March 2012	March 2013
Total assets	107,158	116,511	109,869
Total equity	31,409	35,205	38,149

Note: Mitsui Oil plans to distribute 18.2 billion yen in dividends before February 4, 2014