The official language for TonenGeneral'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 web site. While these English versions have been prepared in good faith, TonenGeneral does not accept responsibility for the accuracy of the translations, and reference should be made to the original Japanese language materials.

〔ENGLISH TRANSLATION〕

Securities Code: 5012

March 6, 2017

To Shareholders

Jun Mutoh
Representative Director and President
TonenGeneral Sekiyu K.K.
8-15, Kohnan 1-chome, Minato-ku, Tokyo

Notice of Ordinary General Meeting of Shareholders

You are cordially invited to attend the 97th Ordinary General Meeting of Shareholders of TonenGeneral Sekiyu K.K. ("TG" or the "Company") to be held as specified below. If you attend the meeting, please present the enclosed voting rights exercise form to the reception desk.

In the event you are unable to attend, you are kindly requested to exercise your voting rights in writing or via the Internet as follows: review the attached Reference Materials for the Shareholders' Meeting; to exercise your voting rights in writing, respond "yes" or "no" to each agenda item on the enclosed form and return the form to us by 5:00 p.m. on Thursday, March 23, 2017; or to vote via the Internet, access the website (http://www.web54.net) that has been designated by the Company and exercise your voting rights by 5:00 p.m. on Thursday, March 23, 2017, in accordance with "Procedures For Exercising Voting Rights" on page 55.

1. Date & Time: Friday, March 24, 2017 at 10 a.m.
2. Venue: "Pegasus" room, 1F, Hilton Tokyo Odaiba (formerly Hotel Nikko Tokyo)
   9-1, Daiba 1-chome, Minato-ku, Tokyo
   (Directions are provided on the last page.)
3. Agenda:

Reporting Items:

Item No. 1: Business Report, Consolidated Financial Statements for the 97th Business Term (from January 1, 2016 to December 31, 2016), and Audit Reports for Consolidated Financial Statements by the Accounting Auditor and the Board of

Statutory Auditors

Item No. 2: Report of Non-consolidated Financial Statements for the 97th Business Term (from January 1, 2016 to December 31, 2016)

Items for Resolution:

Proposal No. 1: Retained Earnings Distribution

Proposal No. 2: Election of 10 Directors of the Board

4. Exercise of Voting Rights:

<Internet Disclosure>

Information concerning the items below is not included in the Attachment to the Notice of Ordinary General Meeting of Shareholders, but is posted on the Company's website at (http://www.tonengeneral.co.jp/ir/stockinformation/g-mtg.html), pursuant to the Laws of Japan and Article 15 of the Company's Articles of Incorporation.

① Notes to the Consolidated Financial Statements

② Notes to the Non-consolidated Financial Statements

<How we handle Multiple Votes for the Same Proposal>

(1) If the voting right is exercised multiple times both in writing and via the Internet, the exercise of the voting right via the Internet will be deemed effective.

(2) If the voting right is exercised multiple times via the Internet, the last exercise of the voting right via the Internet will be deemed effective. If the voting right is exercised multiple times both by personal computer and by mobile phone, the last exercise of the voting right will be deemed effective.

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- Any required corrections to the Attachment to the Notice of Ordinary General Meeting of Shareholders (the Business Report, Consolidated Financial Statements and/or Financial Statements) and/or the Reference Materials for the Shareholders' Meeting, will be placed on the Company's website. (http://www.tonengeneral.co.jp)
- A convocation notice, attachments (the Business Report, Consolidated Financial Statements and Financial Statements), and Reference Materials, as well as an English translation of these documents, have been placed on the Company's website.

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BUSINESS REPORT

(For the year ended December 31, 2016)

1. Business Overview

(1) Developments and Results of Operations

<General Business and Industry Conditions>

In this period, Japan's overall economy showed a moderate recovery trend, although exports and production have been sluggish due mainly to the effects of the slowdown in emerging economies. Towards the end of the year, depreciation of the Japanese yen against the dollar, attributable to the higher interest rates and expectations of the set of future economy measures of the United States, positively affected the business performance of export-oriented firms and their share prices.

The Dubai spot price, used as a crude price benchmark in Asia, underwent wide swings during the year. The price began at 32 dollars per barrel, and once declined to 23 dollars per barrel in January. The expectation for OPEC production adjustment steadily raised the price and it eventually reached over 50 dollars per barrel at the year-end followed by OPEC's production cut agreement in November-end. The average price for the year was 41 dollars per barrel, a decrease of 9 dollars (around 19 percent) versus the previous year.

The yen-US dollar exchange rate (TTS) began at upper 110 yen per dollar, and appreciated to almost 100 yen per dollar in August. After Trump's victory in the US presidential election and following US interest rate hikes, the exchange rate returned to the higher 110 yen per dollar range. The average rate for the year was 110 yen per dollar, an appreciation of 12 yen versus the previous year. As a result, the yen equivalent average price for Dubai crude (at loading point) for the period was 29 yen per liter, a decrease of 10 yen (around 27 percent) versus the previous period.

In domestic fuels markets, underlying structural changes such as the dwindling birth rate and an aging population, the increase in hybrid vehicles, and reduced fuel oil use for power generation continued, contributing to lower demand than the previous term. Nonetheless, the decline in gasoline demand was mitigated to some extent by lower prices.

In petrochemical markets, ethylene margins were continuously favorable reflecting favorable market conditions. With respect to aromatics, paraxylene margins turned out to be more solid than generally anticipated in the beginning of the term.

<TonenGeneral Sekiyu's Results for the Term>

In this business environment, consolidated net sales were 2,089.4 billion yen, 20.5% (538.5 billion yen) lower than last year, due to a decline in product prices resulting from lower crude prices, as well as decreased sales volumes.

Consolidated operating income was 81.0 billion yen, compared to 2.0 billion yen last year, including 54.1 billion yen in the oil segment, compared to a loss of 4.4 billion last year, 44.4 billion yen in the chemical segment, compared to 23.9 billion yen last year, and 17.5 billion yen of goodwill amortization, which is not allocated by segment. Excluding inventory valuation gains of 8.5 billion yen resulting from crude and product price fluctuations, compared to losses of 84.3 billion yen last year, oil segment income was 45.6 billion yen, compared to 79.8 billion yen last year, reflecting factors that lowered profits, such as a reduction in sales volume due to the turnaround at the Kawasaki refinery and a decline in the margins for gasoline, a major product. In the chemical segment, excluding inventory valuation losses, income was 44.9 billion yen, compared to 26.7 billion yen last year, mainly due to the favorable margin environment for olefins, as well as improvement in aromatics margins.

Consolidated ordinary income, which incorporates non-operating items including dividend income, foreign exchange losses, interest expenses, and share of loss of entities accounted for using the equity method, was 76.7 billion yen, compared to 3 billion yen last year. Profit attributable to owners of parent, which incorporates extraordinary items and income taxes, was 64.4 billion yen, compared to 5.1 billion yen last year. Income taxes reflect adjustments in line with revisions to the statutory effective tax rate and other effects arising from the amendment of the Income Tax Act.

The following table shows net sales and segment income by segment in 2016.

Unit: Million yen

	Oil	Chemicals	Total	Adjustment	Consolidated Statement Income Amount
Net Sales	1,850,832	238,554	2,089,386	-	2,089,386
Segment Income	54,082	44,418	98,500	(17,451)	81,049

Note: 1. Goodwill amortization of 17,451 million yen is shown in the adjustment column as it is not allocated to each segment.

2. Segment income in the “Total” column plus the figure in the “Adjustment” column is the same as operating income in the Consolidated Statement of Income column.

The Company paid an interim dividend of 19 yen per share in accordance with a resolution made at the Board of Directors Meeting held on August 12, 2016.

<Oil Business Results>

- Production -

Crude runs of the four refineries of the Company in 2016 were 32,512 thousand kl and utilization of the pipestills was 80%. At the Kawasaki and Wakayama refineries, we accomplished scheduled turnarounds and at the same time implemented product supply infrastructure improvement projects and facility modifications in order to improve reliability. In addition to the above, we conducted various margin improvement activities including optimal utilization of secondary units, full capture of integration synergies among the refining and chemical businesses, and diversification of our sources of manufacturing feedstock. Closer sales and production coordination contributed to profit improvement as well.

Operating Efficiency

We operated our four refineries in a fully integrated way to promote operational optimization ranging from crude oil procurement to production and supply, and effected an increase in the yield of higher value products and moderation of inventory levels. In addition to exporting premium gasoline, which has been performing well, with the aim of shifting to high value-added product exports making full use of quality merits, we increased the diesel blending stocks export volume, expected to have a high margin in 2016. In addition, we pursued logistics optimization through the use of large ships and product co-loading. In addition, in the production of lubricant base oil at the Wakayama refinery, we responded flexibly to overseas market conditions, maximized high-value-added production volume and contributed greatly to profit improvement.

With an intense focus on the effective use of energy, the Company was recognized by the Ministry of Economy, Trade and Industry for achieving the energy benchmarks included in the

Energy Conservation Law. TonenGeneral Sekiyu is the only company to have achieved the benchmarks for the five consecutive years since 2012, when the benchmark evaluation began.

Collaboration in Industrial Complex

The Company and Cosmo Oil Co., Ltd. formed Keiyo Seisei JV G.K. in 2015 and started construction of a pipeline between the two companies' refineries located in the Chiba area. We have been steadily proceeding with projects aiming at the completion in mid-2018 to increase the competitiveness of the two refineries on a global basis through the integration and connection of pipelines.

-Marketing -

Overall sales volumes and net sales for oil products in 2016 decreased by 3.9 percent to 31,225 thousand kl and by 21.4 percent to 1,850,832 million yen, respectively.

The following table shows sales results by product.

Oil Product	Sales Volume Thousand kl	Net Sales Million yen
Gasoline	11,861	1,092,116
Kerosene & Diesel Fuel	8,611	338,169
Fuel Oil and Crude	5,524	159,204
Lube	569	71,894
LPG and Other	4,659	189,447
Total	31,225	1,850,832

Fundamental activities for mutual prosperity with our dealers

Targeting mutual prosperity with our dealers, Fuels Marketing continued to set the year’s slogan, “The One – endeavor to be the best” and worked on fundamental strategies in order to be selected by customers. We have also made efforts to be selected by dealers as the best partner to enhance their overall business.

Especially for the Retail Sales channel, which is the core of our Fuels Marketing business, we have continued strengthening our service station (SS) network and our marketing programs to meet individual customer requirements and to make our and our dealers’ retail business competitive and differentiated. As for SS network enhancement, we continued to convert existing full-service SS to Express SS, develop alliance sites with Seven-Eleven convenience stores and also renovate existing alliance sites with Doutor coffee shops. With the development of 28 new Express SS with Seven-Eleven convenience stores in 2016, the total site number had reached 145 by the end of the year. We also introduced a new type of alliance site with Doutor coffee shops, which offers drive-through ordering services, in December 2016. To meet customers' requirements in our existing network, we started acceptance of Apple Pay in October 2016 and the number of sites where electronic payment tools can be used was increased to around 1,700. We offered new options to nanaco users such as reloading cash into their nanaco accounts at our SS. The number of Speedpass+ nanaco users has continued to grow, reaching over 1.9 million at the end of 2016. "Drivers'Link", our new car care program, successfully launched in 2016, and 1,166 SS, far more than our original plan, were participating in the program as of the end of 2016.

As for aviation fuels and marine fuels, we maintained steady sales in cooperation with our Supply team and other related functions.

In our Lubricants business, we have focused on marketing activities related to the environment and fuel efficiency, which were similar themes last year. For Mobil 1™, our flagship automotive lubricants, we have increased sales volume for five consecutive years, especially in the expansion of the market share in the car dealer channel. In addition, Mobil Super™ High Mileage, which was launched the previous year, also demonstrated a favorable volume trend in the auto accessory chain. For industrial lubricants, we achieved volume growth, especially for Mobil SHC, a product line of advanced-technology synthetic industrial lubricants with applications in the electric power sector. Furthermore, in close cooperation with the Wakayama refinery, we continued to increase specialties exports and to optimize the baseoil export mix. We also achieved higher lubricants blending capacity utilization at our Tsurumi plant by maintaining stable operations for Cosmo Oil consignment manufacturing throughout the year.

<Chemical Business Results>

Overall sales volumes and net sales for chemical products in 2016 increased by 7.9% to 2,891 thousand tons and decreased by 12.4% to 238,554 million yen, respectively.

The following table shows sales results by product.

Chemical Product	Sales Volume Thousand tons	Net Sales Million yen
Olefins and Other	1,490	114,379
Aromatics	1,014	74,866
Specialties	387	49,308
Total	2,891	238,554

In the petrochemical markets, ethylene margins were continuously favorable, reflecting favorable market conditions. With respect to aromatics, para-xylene margins turned out to be more solid than generally anticipated in the beginning of the year. Regardless of the favorable market environment, we continued focusing on integrated operation between petrochemical and refining, and enhanced profit maximization through deepened integrated business team activities covering the whole supply chain.

As for the Olefins business, securing stable product outlets and enhancing export shipping capacity are crucial given the continued decline in domestic demand. We continued to enhance export shipping capacity, providing improved logistics and greater flexibility for product exports as well as strengthening the business relationship with prospective overseas customers. With regard to an integrated optimization between aromatics and fuel products, a new mixed xylene recovery unit at the Chiba refinery went on stream as planned. This new unit enables us to maximize and optimize utilization of aromatics fractions at our four refineries in a more flexible manner. As for Specialty chemicals, enhanced R&D functionality at our Technical Research Center and a new pilot plant for petroleum resin at our Kawasaki refinery are expected to contribute to new product development, as well as applications development for petroleum resin products. In addition, NUC Corporation, a wholly-owned subsidiary, successfully developed new high-voltage cable products to meet customer needs, and expanded their sales of wire and cable products. In terms of cost reduction and efficiency improvement, we continuously focused on efficiency improvement and energy cost reduction under the integrated operation of petrochemical and refining, and also further integrated production, distribution and marketing. Tonen Chemical Corporation has been officially recognized for having achieved the standards required for energy benchmarks based on the Energy Conservation Law, and was the only company out of the petrochemical base product manufacturers evaluated to have achieved the benchmarks for four consecutive years.

<Electric Power Business Results>

The Company established our Electric Power Business Department in April 2014, having designated the electric power business, an energy business related to our core businesses, as a growth option in our medium-term management plan.

In our electric power generation business, we have acquired a 10% stake in eREX New Energy

Saiki Co., Ltd., which operates a biomass power generation business, and we are steadily executing procedures (environmental impact statement, environmental assessment method statement, and environmental surveys) for environmental assessments for our Shimizu Natural Gas Power Plant and Ichihara Thermal Power Plant projects. In addition, in September 2016 we announced the establishment of a biomass power generation business in Muroran. In our electric power generation business, we are seeking diversification of power generation sources to ensure a competitive, long-term, stable supply of electric power.

In our electric power retail business, with deregulation of the electric power sector in April, we entered the low-voltage market and began offering services in the Tokyo Electric, Chubu Electric, and Kansai Electric service areas under our own "my denki" brand as well as individual dealer brands, receiving around 45,000 applications for service contracts. In the high-voltage market, we gained new contracts totaling around 300,000 kW from commercial and industrial use customers, significantly expanding our electric power sales overall in terms of both sales volume and profitability. As a result, in a ranking included in the Electric Power Survey Statistics (Based on Sales Volume), released by the Agency for Natural Resources and Energy, our sales performance had advanced from 72nd place among 119 companies as of January 2016 to 24th place among 346 companies as of August 2016, surpassing that of many of our competitors despite the fact that we are a newcomer into the market. We will continue to work toward the further expansion of our business.

<Overseas Business Results>

In August 2015, we established TQ Holdings Australia Pty Limited (TQH), a 50/50 joint venture company with Qube Holdings Limited, a major provider of import and export logistics services in Australia. TQH continued a study to establish a highly cost-competitive, integrated supply chain from product import to domestic sales, which was an objective of the foundation of TQH, and also continued the development of design work for a fuel storage facility at Port Kembla in New South Wales, which is located approximately 90 kilometers southwest of Sydney.

＜Business Integration with the JX Group＞

The Company and JX Holdings, Inc., have agreed to the consummation of a share exchange on April 1, 2017, in which JX Holdings, Inc., becomes the wholly-owning parent company and the Company becomes the wholly-owned subsidiary, followed by the consummation of an absorption-type merger on the same date in which JX Nippon Oil & Energy Corporation, a wholly-owned subsidiary of JX Holdings, Inc., is the surviving company and the Company is the absorbed company, for the integration of the energy businesses of the two company groups. On August 31, 2016, the Company executed a share exchange agreement with JX Holdings, Inc., and an absorption-type merger agreement with JX Nippon Oil & Energy Corporation.

Demand for petroleum products in Japan has declined over the past 10 years, and this decline is expected to continue. Meanwhile, with the anticipated construction of new, highly competitive petroleum and petrochemical plants in Asia, competition in both domestic and international markets is expected to increase dramatically. Believing that combining the business resources of their company groups and carrying out intensive business reforms is the best course of action for maximizing their corporate value in this severe business climate, the two companies agreed to the consummation of a business integration.

All required items for the business integration were approved at the respective extraordinary general meetings of shareholders of the two companies, held on December 21, 2016.

In addition, prior to the business integration with the JX Group, the Company conducted an absorption-type merger of EMG Marketing Godo Kaisha, a subsidiary of which 99% ownership was held by the Company, on January 1, 2017. It is expected that by simplifying the business structure and operations of the Company group prior to the business integration with the JX Group, the benefit of such business integration will be more likely to be achieved and will be completed more expediently.

Preparations are steadily underway for the launch of the new company group on April 1, 2017. With the share exchange scheduled for April 1, 2017, the day of the business integration, 2.55 shares of JXTG Holdings, Inc. (currently JX Holdings, Inc.; company name to be changed on April 1, 2017) common stock will be allocated for every one share of the Company’s common stock.

< Basic Policy on Corporate Governance >

In February, the Company set forth its Basic Policy on Corporate Governance in order to build an appropriate cooperative relationship with its stakeholders, including customers, employees, shareholders, business partners and local community members, and to enhance its corporate value in the medium and long term. This policy has been disclosed on the Company's website below.

http://www.tonengeneral.co.jp/english/citizenship/governance/corporategovernance.html.

In the Basic Policy on Corporate Governance, the Group has set forth a policy regarding evaluation of the effectiveness of the Board of Directors and disclosure of a summary thereof. Regarding analysis and evaluation of the effectiveness of the Board of Directors, the Group has completed a survey of all of its directors and statutory auditors with the advice of an external organization. Based on the results of the survey, several discussions were conducted to analyze and evaluate the effectiveness of the Board of Directors, and the Company disclosed the results in February 2017.

<CSR Management>

Approach to CSR

Our mission, as stated in our Corporate Philosophy, is to provide a stable supply of energy and high-quality products and services, make effective use of limited resources and seek to maintain a sustainable environment, and create value that is chosen and appreciated by our stakeholders. The TG Group believes that energy is an integral aspect of the social infrastructure, and therefore the Group has the important social responsibility of ensuring a safe, stable, sustainable supply of high-quality products and helping to support day-to-day life, while maintaining attention to the environment, local communities and society as a whole.

Throughout our long history, we have adhered to an approach that includes rigorous safety standards, solid business controls, the implementation of global standards and best practices, and a relentless focus on continuous improvement. These activities are now firmly rooted in our corporate culture and are a source of strength for the TG Group. We will maintain these corporate ethics and continue to comply with relevant laws and regulations as we improve and expand initiatives that contribute to the development and vitalization of the communities around us.

Promotion of CSR Activities

The TG Group promotes CSR activities through the CSR Promotion Council, which has been established as an advisory board and is chaired by the president of the Company. The council formulates and revises CSR policy and action plans, advances and promotes CSR principles, provides guidance on policy for CSR-related matters, and confirms the effectiveness of CSR-related activities. It comprises seven committees: 1) Corporate Ethics Committee, 2) Security, Safety, Health & Environment Committee, 3) Human Rights Promotion and Human Resource Development Committee, 4) Contribution Committee, 5) Product Quality Committee, 6) Risk Management Committee, and 7) Disclosure Committee. The seven committees review the CSR-related activities within their respective areas and report the status to the CSR Promotion Council, thereby contributing to the monitoring and improvement of the 18 policies in the Company's Standards of Business Conduct.

In carrying out our mission, the TG Group places great importance on communication with our stakeholders, including customers, employees, shareholders, business partners, and local communities, and endeavors to build up cooperative relationships with them. Please refer to our CSR Report, which we issue periodically, for more information about our CSR activities.

Social Contribution Activities

The Group fulfills its social responsibility primarily by providing a stable supply of energy and ensuring safety and reliability. We also believe that contributing to the development and vitalization of the communities where we operate is a key part of our mission. Accordingly, we are working to strengthen our ties with local citizens through social contributions and activities in such diverse areas as culture, the arts, sports, education, the environment, local communities, health, disaster response and prevention, and diversity.

In October 2016, the TonenGeneral Children's Culture Award received the "Half-century of Giving Dreams to Children" Award for Excellence in the 2016 Japan Mecenat Awards, presented by the Association for Corporate Support of the Arts. Japan Mecenat Awards are presented in recognition of company activities that contribute to an affluent society by promoting the arts and culture. The TonenGeneral Children's Culture Award received the Award for Excellence in recognition of the following.

- Highlighting the depth and breadth of children's culture through the continuation of the award for over 50 years
- The development of the award from an awards system to and event that gives dreams to children

(2) Financing

The outstanding net debt balance of TG on a consolidated basis was 170.0 billion yen at the end of 2016, a decrease of 64.1 billion yen versus 2015. This was mainly due to a contribution of free cash flow of 79.6 billion yen driven by strong operating income in 2016. Our basic policy is to maximize earnings by efficient operation and selected investments meeting our rigorous return criteria while maintaining a resilient financial condition, i.e., maintaining a net D/E ratio within a reasonable range in the mid-long term.

(3) Capital Investment

Capital expenditures for 2016 totaled 31.7 billion yen. In Refining, we continued our storage tank modification program at each refinery to improve safety in case of earthquakes. In addition, we invested in reliability improvements to the H-Oil unit at the Kawasaki refinery, and also invested in pipelines connecting our Chiba refinery and the neighboring Chiba refinery of Cosmo Oil Co., Ltd., to promote operational cooperation between the two refineries. In Fuels Marketing, investments continued for service stations with Seven-Eleven convenience stores and for the conversion of full-service service stations to Express service stations. In Chemicals, investments in the new mixed xylene recovery unit at the Chiba refinery continued.

(4) Issues to be addressed by the TG Group

The Company will consummate a business integration with the JX Group on April 1, 2017. This will enable the pursuit of rationalization and efficiency improvement that neither company would likely be able to achieve individually, and therefore the two companies will combine the business resources of their company groups and carry out intensive business reforms.

With the establishment of the JXTG Group resulting from the business integration, the two companies will establish a strong corporate group under a holding company in order to develop into one of the most prominent and internationally-competitive comprehensive energy, natural resource, and material companies groups in Asia, and contribute to the development of a sustainable and vigorous economy and society.

First, to achieve a more resilient foundation for its energy business, the JXTG Group will conduct thorough structural reforms, aiming to achieve at least 100 billion yen in profit improvements per fiscal year within three years after the business integration. In addition, recognizing that refinery closure is necessary for the reduction of fixed costs, refinery closure will be implemented soon after the business integration in order to capture further profit improvements. The JXTG Group will also endeavor to improve its financial structure by all feasible means, such as control of investment, sale of unneeded assets, and thorough reduction of working capital, thereby increasing its resilience to risks and solidifying the foundation for future growth. It will also develop and expand its businesses, such as overseas businesses, electricity, gas, new energy, lubricants and specialty chemicals, which will be mainstays of the future.

In respect to investments, the JXTG Group will establish a management system capable of implementing capital efficiency-oriented strategies for investments and business portfolios while enhancing its risk management system.

The Company and the JX Group are incorporating the above into a long-term vision and a medium-term management plan for the JXTG Group, which will be disclosed in May of this year. In preparing the long-term vision and medium-term management plan, the following financial goal will be set in principle. However, in light of the International Financial Reporting Standards (IFRS) to be applied by the integrated holding company from consolidated financial statements on Yuho reporting for the accounting period ending in March 2017, the JXTG financial goal will be replaced by figures based on IFRS, which will be announced soon after the business integration along with the long-term vision and medium-term management plan, and we will implement measures to achieve this goal.

Goal for the final year (FY2019) of the medium-term management plan	
(1) Adjusted consolidated before-tax ordinary income[1]	500 billion yen or more
(2) Consolidated return on equity[2]	10% or more
(3) Consolidated net debt-to-equity ratio[3]	0.9 times or less
(4) Consolidated free cash flows: accumulated total from FY2017 to FY2019	500 billion yen or more

1. Ordinary income not including inventory effects due to crude and product prices fluctuations and other factors
2. Return on equity = profit attributable to owners of parent ÷ equity
3. Net debt-to-equity ratio = (debt－cash) ÷ equity

Finally, to ensure the success of a business integration of this size, all members of the JXTG Group must share an awareness of the JXTG Group corporate philosophy and the challenges to be addressed while maintaining a spirit of innovation along with a willingness to embrace changes when they occur. In the new organization, we will foster an environment that promotes this kind of flexibility.

In addition, through the firm establishment of the new corporate philosophy and code of conduct we have formulated with the business integration and the efforts, based on this philosophy and code of conduct, of all members of the group, we will fulfill our social responsibility while maintaining the utmost attention to compliance, safety, environmental protection, health, respect for human rights, fairness and integrity.

The corporate philosophy of the JXTG Group is as follows.

① Mission

Harnessing the Earth’s power for the common good and for the day-to-day life of each individual, we will contribute to the development of our communities and help to ensure a vibrant future through creation and innovation in energy, resources and materials

② Our five core values

a) As a member of the community

• High ethical standards

Based on our core principles of integrity and fairness, we conduct all of our business activities in accordance with our high ethical standards.

• Health, safety, and environment

We give the highest priority to health, safety and environmental initiatives, which are vital to the well-being of all living things.

b) Supporting day-to-day life

• Focus on customers

We strive to meet the expectations and evolving needs of our valued customers and of society as a whole through the stable provision of products and services while creating new value as only we can.

c) For a vibrant future

• Taking on challenges

Taking changes in stride, we rise to the challenge of creating new value while seeking innovative solutions for today and tomorrow.

• Moving forward

Looking to the future, we continue to grow, both as individuals and a company, through the personal and professional development of each and every employee.

The TG Group shall endeavor to meet the challenges which we have stated. The continued interest and support of our shareholders is highly appreciated.

(5) Changes in Financial Results and Asset Status of the Group

	94th Term (2013)	95th Term (2014)	96th Term (2015)	97th Term (2016)
Sales revenue (M ¥)	3,241,150	3,451,097	2,627,850	2,089,386
Operating income (M¥)	52,289	△72,948	2,017	81,049
Ordinary income (M¥)	49,816	△73,383	△294	76,651
Profit attributable to owners of parent (M ¥)	22,902	△13,975	51	64,410
Net income per share (¥)	62.84	△38.36	0.14	176.84
Total assets (M¥)	1,409,081	1,376,212	1,209,364	1,249,089
Net assets (M ¥)	294,640	262,753	234,106	277,242

Note: 1. The business year of the Company is from January 1 each year to December 31 same year.

2. Net income per share is calculated on the basis of the average number of shares outstanding during the term (excluding the number of treasury shares held during the term).

3. "△" represents loss.

4. Incomes of the 95th term showed a large loss which was mainly due to inventory valuation losses of 85.7 billion yen caused by the sharp crude price decline at that year end.

5. Developments of the 97th term are described in "(1) Developments and Results of Operations - < TonenGeneral Sekiyu's Results for the Term >.

(6) Major Affiliates

As of December 31, 2016, the numbers of consolidated companies and equity companies are seven and four, respectively, as follows.

(i) Consolidated Companies

Name of Company	Capital	Ownership	Major Business
	Million yen	%	
Oil Segment			
TonenGeneral Kaiun Yugen Kaisha	243	100.0	Marine transportation of crude oil and petroleum products
TGSH Godo Kaisha	50	100.0	Stock and equity share holding
Chuo Sekiyu Hanbai Kabushiki Kaisha	30	100.0	Sales of petroleum products
EMG Marketing Godo Kaisha	20,000	99.0	Sales of petroleum products
EMG Lubricants Godo Kaisha	350	99.0	Manufacture, import and sales of lubricants
Chemical Segment			
Tonen Chemical Corporation	1,000	100.0	Manufacture and sales of petrochemicals
NUC Corporation	2,000	100.0	Manufacture and sales of petrochemicals

Note: 1. Ownership ratio includes a portion of indirect holding via subsidiaries.

2. MOC Marketing Godo Kaisha, which was a consolidated company, dissolved on June 30, 2015 and was liquidated on March 16, 2016, and hence was delisted from the consolidated companies.

3. EMG Lubricants Godo Kaisha, established on December 15, 2016, was wholly owned by EMG Marketing Godo Kaisha and became a consolidated company.

4. The Company merged EMG Marketing Godo Kaisha on January 1, 2017 and hence it was delisted from the consolidated companies.

(ii) Equity Companies

Name of Company	Capital	Ownership	Major Business
	Million yen	%	
Oil Segment			
Standard Sekiyu Osaka Hatsubaisho Co., Ltd.	198	36.3	Sales of petroleum products
Shimizu LNG Co., Ltd	3,000	35.0	Purchase and sale of LNG
Gyxis Corporation	11,000	25.0	Manufacture, storage, transport, sale and import/export of LPG
Japan Biofuels Supply Limited Liability Partnership	400	24.5	Procurement and delivery of biofuels

Note: 1. Ownership ratio includes a portion of indirect holding via subsidiaries.

2. The Company sold shares of Kobe Standard Sekiyu K. K. and Nissei Corporation, which were equity companies, on August 31, 2016 and November 30, 2016, respectively, and hence these companies were delisted from the equity companies.

(7) Important Business Contracts

The Company has entered into alliance agreements with Exxon Mobil Corporation subsidiaries. The major agreements are those pertaining to trademark licensing in the area of fuel products, a business alliance regarding the manufacture and sale of lubricant products (including trademark and technical licenses), and licensing for technologies and intellectual properties regarding production of petroleum and petrochemical products.

(8) Major Business of the Group (as of December 31, 2016)

Segment	Business	Major Products Handled
Oil Segment	Manufacturing, processing and sales of petroleum products, and transportation of crude oil and petroleum products	Gasoline, Naphtha, Kerosene, Jet Fuel, Automotive Diesel Oil, Fuel Oils, Lube Oils, LPG, etc.
Chemical Segment	Manufacturing, processing and sales of petrochemical products	Olefins (Ethylene and other), Aromatics (Paraxylene and other), Hydrocarbon Fluids, Petroleum Resins, Polyethylene, etc.

(9) Principal Places of Operation of the Group (as of December 31, 2016)

Company Name	Division	Location
TonenGeneral Sekiyu K.K.	Head Office	Minato-ku, Tokyo
	Kawasaki Refinery	Kawasaki City, Kanagawa Pref.
	Sakai Refinery	Sakai City, Osaka Pref.
	Wakayama Refinery	Arida City, Wakayama Pref.
	Chiba Refinery	Ichihara City, Chiba Pref.
	Research Center	Kawasaki City, Kanagawa Pref.
	Singapore Branch	Singapore
	Abu Dhabi Office	United Arab Emirates
	Doha Office	Qatar
Tonen Chemical Corporation	Head Office	Minato-ku, Tokyo
	Kawasaki Plant	Kawasaki City, Kanagawa Pref.
EMG Marketing Godo Kaisha	Head Office	Minato-ku, Tokyo
	Tsurumi Lube Oil Blending Plant	Yokohama City, Kanagawa Pref.
	East Japan Branch	Sendai City, Miyagi Pref.
	Kanto Branch	Chiyoda-ku, Tokyo
	Tokyo No. 1 Branch	Chiyoda-ku, Tokyo
	Tokyo No.2 Branch	Yokohama City, Kanagawa Pref.
	Nagoya Branch	Nagoya City, Aichi Pref.
	Osaka No. 1 Branch	Toyonaka City, Osaka Pref.
	Osaka No.2 Branch	Toyonaka City, Osaka Pref.
	Chushikoku Branch	Takamatsu City, Kagawa Pref.
	Kyushu Branch	Fukuoka City, Fukuoka Pref.

Note: TonenGeneral Sekiyu K.K. (the Company) merged EMG Marketing Godo Kaisha (EMGM) on January 1, 2017 and hence above places of principal operations of EMGM except for head office became places of principal operations of the Company.

(10) Employees of the Group (as of December 31, 2016)

Segment	Number of Employees	Change from Previous Term
Oil Segment	2,794	Increase of 8
Chemical Segment	599	Increase of 2
Total	3,393	Increase of 10

Note: 1. The number of employees above indicates the number of regular employees.

2. In addition to the above, the average numbers of temporary employees during the current term are 2,789, including 2,673 for the Oil segment and 116 for the Chemical segment.

3. The decrease vs. previous term end is mainly due to the increase in the number of compulsory retirees.

(11) Major Sources of Loans (as of December 31, 2016)

Lender	Amount of Loan Outstanding
	Million yen
Japan Oil, Gas and Metals National Corporation	63,925

Note: In addition to the above, there were borrowings via syndicated loans of 90,000 million yen in total.

(12) Other Important Items for the Group

A fire occurred in the lubricant oil processing facilities of the Wakayama refinery on January 22, 2016, at around 3:40 p.m., and was extinguished on January 24, 2016, at 8:27 a.m. Arida City, Wakayama Prefecture, where the Wakayama refinery is located, issued an evacuation order to local residents from the evening of January 22 to early in the morning of January 23. There were no injuries in connection with the fire. The Company, taking the occurrence of the fire seriously, has established an incident investigation committee headed by an external specialist and has been conducting a thorough investigation of the cause of the fire and developing appropriate measures to prevent reoccurrence.

2. Shares of the Company (as of December 31, 2016)

(1) Total number of shares authorized to be issued: 880,937,982 shares

(2) Total number of shares issued: 366,000,000 shares

(Number of treasury shares included in the above: 1,681,526 shares)

(3) Number of shareholders: 38,903

(4) Major Shareholders (Top 10)

Name	Number of Shares Held	Shareholding Ratio
	Thousands	%
Japan Trustee Services Bank, Ltd. (Trust account)	17,908	4.92
Mitsui & Co., Ltd.	17,000	4.67
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,107	4.42
Kochi Shinkin Bank	8,908	2.45
State Street Bank West Client – Treaty 505234	6,449	1.77
Barclays Securities Japan Limited	6,000	1.65
Chase Manhattan Bank GTS Clients Account Escrow	5,372	1.47
Nomura Securities Co., Ltd.	4,844	1.33
State Street Bank – West Pension Fund Clients – Exempt 505223	4,801	1.32
Japan Trustee Services Bank, Ltd.(Trust account 9)	4,309	1.18

Note: 1. The Company canceled 199,182,000 treasury shares on February 29, 2016.

2. Shareholding ratio represents the number of common shares held, divided by the number of common shares issued excluding treasury shares.

3. Stock Acquisition Rights of the Company

(1) Stock acquisition rights held by the Directors of the Company at the end of the current term

There are no applicable items.

(2) Stock acquisition rights granted to employees of the Company during the current term

There are no applicable items.

(3) Other important items on stock acquisition rights

An agenda concerning the share exchange agreement with JX Holdings, Inc., under which the Company would be a wholly-owned subsidiary, was approved at the extraordinary general meeting of shareholders of the Company, which was held on December 21, 2016. As a result, all the stock acquisition rights totaling 2,100 held by the Directors of the Company were exercised or acquired by the Company by the end of the current term based on the terms and conditions of stock acquisition rights of the Company and the share exchange agreement. All the stock acquisition rights acquired by the Company will be canceled by the end of February 2017.

4. Directors and Statutory Auditors of the Company

(1) Directors and Statutory Auditors (as of December 31, 2016)

Name	Position	Responsibility and Important Concurrent Status
Jun Mutoh	Representative Director and President	(Coverage) Chemical; Corporate Planning; Audit; Treasurer's; Controller's; IR; Human Resources & General Affairs; Law; Public Relations & CSR; Safety, Health & Environment; Executive Support; Procurement; Information Systems
Takashi Hirose	Representative Director and Vice President	(Coverage) Refining & Distribution; Manufacturing, Technology & Engineering; Research; Marketing & Sales; Lubricants & Specialties; Marketing & Supply Coordination; Supply & Trading; Product Quality; Electric Power Business President, EMG Marketing Godo Kaisha
Tomohide Miyata	Senior Managing Director	Refining &Distribution; Manufacturing, Technology & Engineering; Research; Electric Power Business
Yasushi Onoda	Senior Managing Director	Treasurer's; Controller's; IR; Human Resources & General Affairs; Law; Public Relations &CSR; Safety, Health & Environment; Executive Support; Procurement
Yuji Saita	Managing Director	Supply & Trading, Product Quality
Yoshikazu Yokoi	Managing Director	Marketing & Sales, Lubricants & Specialties, Marketing & Supply Coordination Vice President, EMG Marketing Godo Kaisha
Hiroyuki Yokota	Director	Chemical President, Tonen Chemical Corporation
Yasuhiko Oshida	Director	Information Systems General Manager, Office of Energy Business Integration
Makoto Matsuo	Outside Director	Attorney-at- law, Outside Director, Capcom Co., Ltd.; Outside Director, Demel Japan Co., Ltd.; Outside Statutory Auditor, Nike Japan Inc.; Outside Statutory Auditor, Burberry Japan K. K.; Outside Statutory Auditor, Solasia Pharma K. K.; Outside Statutory Auditor, Ceolia Pharma Co., Ltd.; Outside Statutory Auditor, K. K. Katokichi Resort
Yoshiiku Miyata	Outside Director	Outside Director, Audit & Supervisory Board Member, Kobe Steel, Ltd.
Masahiro Iwasaki	Full-time Statutory Auditor	
Yoji Kuwano	Statutory Auditor	
Kyoichi Ikeo	Outside Statutory Auditor	Professor, Meiji Gakuin University
Nobuko Takahashi	Outside Statutory Auditor	Outside Director (Audit and Supervisory Committee Member), Nishi-Nippon Financial Holdings, Inc. Outside Director, Aioi Nissay Dowa Insurance Co., Ltd. Outside Statutory Auditor, Japan Finance Corporation

Note: 1. Mr. Yasuhiko Oshida assumed the office of Director after having been newly elected at the Ordinary General Meeting of Shareholders held on March 25, 2016.

2. Mr. Yoji Kuwano assumed the office of Statutory Auditor after having been newly elected at the Ordinary General Meeting of Shareholders held on March 25, 2016.

3. Mr. D. R. Csapo, Managing Director and Mr. Masaaki Ayukawa, Outside Statutory Auditor, retired

as Director and Statutory Auditor, respectively, by resignation at the conclusion of the Ordinary General Meeting of Shareholders held on March 25, 2016.

4. The Company has notified the Tokyo Stock Exchange that Messrs. Makoto Matsuo and Yoshiiku Miyata, Directors, are Independent Directors, and Mr. Kyoichi Ikeo and Ms. Nobuko Takahashi, Statutory Auditors, are Independent Statutory Auditors.

5. Mr. Yoji Kuwano, Statutory Auditor, had been working for the accounting department and was executive officer in charge of accounting before assumption of office. Mr. Kyoichi Ikeo, Statutory Auditor, has been a professor majoring in business administration. Therefore they have a significant amount of knowledge and experience concerning accounting and finance.

6. The Company merged EMG Marketing Godo Kaisha on January 1, 2017.

7. Changes in positions and responsibilities of Directors during the current term

Name	New	Previous	Date of Change
Tomohide Miyata	Senior Managing Director	Managing Director	March 25, 2016
Yasushi Onoda	Senior Managing Director, Treasurer's; Controller's; IR; Human Resources & General Affairs; Law; Public Relations &CSR; Safety, Health & Environment; Executive Support; Procurement	Managing Director, Treasurer's; Human Resources & General Affairs; Law; Public Relations & CSR; Safety, Health & Environment; Executive Support; Procurement	March 25, 2016
Yuji Saita	Managing Director	Director	March 25, 2016
Yoshikazu Yokoi	Managing Director	Director	March 25, 2016
Yasuhiko Oshida	Director, Information Systems General Manager, Office of Energy Business Integration	(Newly assumed post of Director)	March 25, 2016

(2) Amount of Remuneration Paid to Directors and Statutory Auditors in 2016

	Current Payment	Number
Directors (Outside Directors listed above)	Million yen 328 (24)	11 (2)
Statutory Auditors (Outside Statutory Auditors listed above)	58 (24)	5 (3)
Total	387 (48)	16 (5)

(3) Matters concerning Outside Directors and Statutory Auditors

Major activities at Board Meetings

Mr. Makoto Matsuo, Director, attended all the Board of Directors' meetings, which were convened thirteen times during the current term, demonstrating his expertise as an attorney-at-law specializing in corporate law and useful experience derived from having been an outside director and outside statutory auditor of other companies, asking questions and offering opinions. The Company benefited from his active participation.

Mr. Yoshiiku Miyata, Director, attended all the Board of Directors' meetings, which were convened thirteen times during the current term, demonstrating his expertise and useful experience as a corporate executive, asking questions and offering opinions. The Company benefited from his active participation.

Mr. Kyoichi Ikeo, Statutory Auditor, attended all the Board of Directors' meetings and the Board of Statutory Auditors' Meetings, which were convened thirteen times and fifteen times, respectively, during the current term, demonstrating his expertise and useful experience as a professor specializing in business administration, asking questions and offering opinions. The Company benefited from his active participation.

Ms. Nobuko Takahashi, Statutory Auditor, attended all the Board of Directors' meetings and the Board of Statutory Auditors' Meetings, which were convened thirteen times and fifteen times, respectively, during the current term, demonstrating her useful experience as a freelance journalist, expertise concerning economics, and useful experience derived from having been an outside director and outside statutory auditor of other companies, asking questions and offering opinions. The Company benefited from her active participation.

(4) Outline of Limited Liability Contracts

The Company has entered into limited liability contracts with Messrs. Makoto Matsuo and Yoshiiku Miyata, Outside Directors, and Mr. Kyoichi Ikeo and Ms. Nobuko Takahashi, Outside Statutory Auditors, to limit their liability for damages provided by Article 423, Paragraph 1 of the Companies Act to the amount provided by laws and ordinances.

5. Accounting Auditor

(1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata LLC

(2) Compensation Paid to Accounting Auditor

1) Compensation amount as an Accounting Auditor paid by the Company

268 million yen

2) Compensation amount of fee paid by the Company and its affiliates

277 million yen

Note: The amount in 1) above is the total of the compensation for auditing pursuant to the Companies Act and the compensation for auditing pursuant to the Financial Instruments and Exchange Law since the audit contract between the Company and the accounting auditor does not segregate these audits. The Company paid 130 million yen as compensation for auditing consolidated financial statements to be described in the registration statement to be submitted to the Securities and Exchange Commission of the U.S.A. in relation to the business integration which is included in the amount in 1) above.

(3) Reasons for the Board of Statutory Auditors to Consent to the Compensation Amount as an Accounting Auditor

After comprehensively assessing the previous year’s audit results and evaluating the plan for this year including the time, expertise and resources required, the quoted compensation amount was considered reasonable.

(4) Content of Non-Auditing Activities

There are no applicable items.

(5) Policies for Decision-making on Dismissal or Non-reappointment of Accounting Auditor

The Company would propose dismissal or non-reappointment of the Accounting Auditor if it were judged that exercise of their duties could not be relied upon due to the occurrence of incidents such as those stipulated in Paragraph 1 of Article 340 of the Companies Act.

6. Systems and Actions for Ensuring Appropriate Business Conduct

(1) Systems for Ensuring Appropriate Business Conduct

The following was approved by a resolution of the Board of Directors as the Internal Governance System for the Company Group.

a. System for maintenance and preservation of information pertaining to exercise of duties of Directors and executing persons

To provide a system for the maintenance and preservation of information pertaining to the exercise of the duties of Directors and executing persons, all Directors and executing persons and employees shall comply with the Company Group's Information Protection and Management Guidelines and Records Management Guidelines, which have been previously adopted and made available to all Directors and executing persons and employees.

b. Regulations and other systems for management of risk of loss

To ensure appropriate management of risk of loss incurred by the Company Group, the following shall be required.

(1) All of the Company Group's plants, terminals, and owned and operated service stations shall be operated in accordance with the Operations Integrity Management System (OIMS) to help ensure management of risk of loss and to ensure safety, health and environmental soundness in all aspects of the Company Group's operations. OIMS has been adopted by the Company Group and information relating to it has been made available to all employees. The OIMS framework includes a number of elements, each with clearly defined expectations that must be achieved by all functions in the Company Group. These include: management leadership, commitment and accountability; risk assessment; facilities design and construction; information and documentation; personnel and training; operations and maintenance; management of change; third party services; incident investigation and analysis; community awareness and emergency preparedness; and assessment and improvement of OIMS.

(2) The Company Group's Controls Integrity Management System (CIMS), information relating to which has been made available to all employees, shall be complied with to ensure: (i) a systematic framework for the effective execution of controls, (ii) a structured, standardized, prevention-based approach to managing risks and control-related concerns, and (iii) a process for ensuring that corporate policies are implemented and effectively sustained over time. The system comprises a number of elements including management leadership, commitment and accountability; risk

assessment and management; business procedure management and improvement; personnel and training; management of change; reporting and resolution of control weaknesses; and controls integrity assessment.

c. Systems to ensure that the duties of Directors and executing persons are executed efficiently

To ensure that the duties of Directors and executing persons are executed efficiently, the following shall be required.

(1) Board of Directors meetings shall be held in accordance with the Company's Articles of Incorporation and the Rules of the Board of Directors. Items to be reviewed shall be decided in accordance with such rules and proposed by responsible functions.

(2) Directors and executing persons shall be required to follow the Company Group's established delegations of authority regarding review, endorsement and approval of business and other matters relating to the Company Group.

(3) Issuance of powers of attorney and use of corporate seals shall be implemented appropriately in accordance with the Guidelines for Powers of Attorney and Company Seal Administration Guide, respectively, to ensure, among other things, compliance with the authority delegations referred to in item 2) above.

d. Systems to ensure that the execution of duties of Directors and executing persons and employees are performed in conformity with applicable laws and regulations and the Articles of Incorporation

To ensure that the execution of duties of the Company Group's Directors and executing persons and employees are performed in conformity with applicable laws and regulations and the Articles of Incorporation, the following shall be required.

(1) Directors and executing persons and employees shall comply with the System of Management Control (SMC), which has been made available to all employees and defines the basic principles, concepts and standards that form our internal controls system. Internal controls comprise the means to direct, restrain, govern and check upon various business activities. The basic purpose of such internal controls is to assure that business is conducted properly in accordance with management's general and specific directives.

(2) Directors and executing persons and employees shall comply with the Standards of Business Conduct (SBC), which apply to all Directors and executing persons and employees. The SBC has been made available to all Directors and executing persons

and employees and they are expected to review these policies annually in order to ensure compliance of all aspects of their work with the SBC. The foundation policies include, among others, the Ethics Policy, Conflicts of Interest Policy and Antitrust Policy. Also, formal Business Practices Review training sessions, Antitrust Compliance training, and new employee training are conducted periodically for employees to bring about appropriate understanding of the relevant requirements.

(3) The Company shall continue to follow the Statutory Auditor system. The Statutory Auditors and the Board of Statutory Auditors (BOSA) are independent from the Board of Directors. Their major role is to audit the execution of duties by Directors. They monitor business decisions and execution by the Board of Directors for compliance with laws and regulations, the Company's Articles of Incorporation, and the SBC. They also monitor the establishment and state of implementation of the Company's internal controls systems, including the SMC, to ensure that the shareholders' interests are properly protected.

(4) Internal audit for the Company Group shall be conducted by the Audit Department. The Audit Department shall independently assess compliance with policies and procedures of the Company and other Company Group companies, and evaluate the effectiveness of all controls systems related to the business and financial reporting. Directors and managers shall be obligated to consider all internal audit findings and recommendations by the Audit Department and take appropriate actions.

(5) Using its existing internal controls system, the Company shall, under the Financial Instruments and Exchange Act, evaluate the reliability and effectiveness of the Company's and the Company Group's financial reporting, and prepare a report on internal controls.

(6) The Company Group has reporting hotlines in place based on the Open Door Communication Policy of the Company Group, and Directors and Statutory Auditors shall periodically receive a report on utilization of the hotlines and trends/statistics relative to information reported.

(7) Directors and employees of the Group, as appropriate, shall receive training to ensure awareness of the principles applicable to appropriate interactions among Group members.

e. Systems for ensuring the appropriateness of practices of the Company Group

Directors and employees shall be required to follow the Group's established delegations of authority regarding review, endorsement and approval of business and other matters relating to the Group. The common Delegation of Authority Guide shall be adopted by the Company's subsidiaries and all matters exceeding the authority granted to subsidiaries shall require review, endorsement and approval of the Company.

f. **Items concerning employees who will assist the Statutory Auditors in cases where such assistance is requested by the Statutory Auditors**

Assistance to the Statutory Auditors shall, upon their request, be provided by all employees, including those in the Audit Department. This assistance shall consist of:

(1) Discussions with the Statutory Auditors of the Company on Annual Audit Plans;
(2) Regarding the implementation of each internal audit:
   (i) provision to the Statutory Auditors of the internal audit plan,
   (ii) provision of a report on the internal audit results;
(3) Reporting to and consultation with the Statutory Auditors semiannually regarding material audit findings; and
(4) Investigations based on requests by the Statutory Auditors.

g. **Items concerning independence of employees, stated in paragraph f. above, from the Directors and executing persons, and implementation assurance of the Statutory Auditors' instruction**

Assistance to the Statutory Auditors is primarily provided by the Audit Department. The accountability for the Audit Department's duties, including assistance to the Statutory Auditors, is defined in the Internal Audit Charter to assure implementation of the Statutory Auditors' instructions.

h. **Systems for reports to the Statutory Auditors from Directors and executing persons and employees, and other systems for reports to the Statutory Auditors**

(1) A Director who has found a fact that is likely to cause significant damage to the Company shall present himself to the BOSA and report the fact at the BOSA.
(2) In support of the foregoing, each Director shall submit a written statement in the form attached to the BOSA at the end of each period.
(3) The Audit Department shall report in a timely manner to the BOSA any information it receives from an employee or any other source regarding the breach of duty of a Director or executing person. Reporting hotlines are available to all employees of the Group, who have been informed of the hotlines. No action shall be taken against any employee for reporting via the hotlines unless the employee acts with willful disregard

of the truth, and retaliatory moves shall be considered a violation of the Open Door Communication Policy and may result in disciplinary action.

(4) Law, Controllers and other departments shall report material items to the BOSA periodically and as necessary.

(5) Pursuant to the Rules of the BOSA, the Statutory Auditors shall have meetings with Representative Directors of the Company as required and exchange opinions on important audit-related matters.

i. System (in addition to the foregoing) to ensure that Statutory Auditors' audits are performed effectively

To ensure that the Statutory Auditors' audits are performed effectively, the following shall apply.

(1) The Statutory Auditors shall have access to important information of the Company Group, including receiving explanations of relevant matters in advance and access to employees who may have knowledge of such information.

(2) The Statutory Auditors shall have access to the Company Group's Accounting Auditor and other appropriate outside professionals.

(3) The Statutory Auditors shall also have access to the services and assistance of Law, Controllers and other departments.

(4) Expenses for the Statutory Auditors' duties shall be budgeted in an annual plan and settled following the Statutory Auditors' Audit Outline. When urgent or unplanned extra expenses are incurred, such spending shall be reimbursed to Statutory Auditors subsequently.

****

Date:
To: Statutory Auditor, TonenGeneral Sekiyu K.K.
From: Director

STATEMENT

I confirm that there is nothing that I should report to the Statutory Auditors under the provisions of Article 357 of the New Company Law for the year ended December 31, XXXX.

[Note]
Article 357: A director who has found a fact that is likely to cause significant damage to the Company shall immediately report it to the Statutory Auditors.

(2) Actions for Ensuring Appropriate Business Conduct

Information relating to the above systems for ensuring appropriate business conduct has been made available to all Directors, Statutory Auditors, and employees. Assessment is in place for each system to evaluate the effectiveness of existing processes and the assessment results are reported for the timely resolution of findings. When improvement opportunities are identified across the organizations, the lessons learned are shared to enhance the effectiveness of the systems.

Actions for ensuring appropriate business conduct of the Company Group include:

(1) System to ensure safety, health and environmental soundness in all aspects of the Company Group's operations

OIMS involves regular assessment by specialized Group staff, along with participants from other business sites, to gauge the degree to which the expectations are being satisfied. In 2016 the assessments were completed at the Wakayama refinery, the Kawasaki refinery and chemical plant, and General Services Department. Utilizing the feedback from these assessments and the lessons of serious incidents both from the Company Group and the industry, the functional OIMS committees improve supportive management systems in quality continuously. Furthermore, the central OIMS committee, chaired by the president, provided high-level reviews on OIMS activities to ensure the involvement of the top managements and the implementation of its PDCA (plan-do-check-act) cycle.

(2) Effective internal audit system to independently assess compliance with policies and procedures of the Company Group and provide assistance to the Statutory Auditors

The Audit Department of EMGM conducts internal audits for the Company Group based on the Annual Audit Plans approved by Board of Directors meetings. The Audit Department conducted internal audits for nine audit units in the Company Group and two contractors in 2016. Results of each internal audit are shared with Directors and the Statutory Auditors of the Company and significant audit comments are explained and discussed with the Statutory Auditors. The Audit Department also reports the status for compliance with policies and procedures of the Company and utilization and trends/statistics of the hotlines based on the Open Door Communication Policy at Board of Directors meetings on a quarterly basis.

(3) System to assure that business is conducted properly in conformity with applicable laws and regulations, the Articles of Incorporation, and the Company Group's policies

CIMS is utilized to ensure that the policies are understood, implemented and effectively sustained over time. The SBC is annually communicated to and reviewed by all Directors, Statutory Auditors and employees. Each Managing Director, supervisor and employee in a required role or position completes a checklist and submits a compliance statement to certify compliance in writing. Through the compliance certification process, it is confirmed that if there are questions or concerns about any matter related to the SBC or related guidelines, each person can and should raise his or her questions or concerns with his or her supervisor or through the alternate channels described in the SBC.

Consolidated Balance Sheet

As of December 31, 2016

(Unit: Million yen)

Account Title		Account Title	Amounts
Assets		**Liabilities**	
Current assets	**547,284**	**Current liabilities**	**622,327**
Cash and deposits	99,999	Notes and accounts payable-trade	174,326
Notes and accounts receivable-trade	200,451	Gasoline taxes payable	252,725
Merchandise and finished goods	67,080	Short-term loans payable	78,989
Semi-finished goods	31,353	Current portion of bonds	10,000
Raw materials	113,479	Income taxes payable	10,144
Supplies	9,946	Accrued consumption taxes	8,011
Income taxes receivable	1,550	Guarantee deposits payable	23,612
Deferred tax assets	7,371	Provision for bonuses	1,701
Other	16,059	Other	62,816
Allowance for doubtful accounts	(7)	**Noncurrent liabilities**	**349,518**
		Bonds payable	75,000
		Long-term loans payable	105,962
Noncurrent assets	**701,804**	Deferred tax liabilities	3
Property, plant and equipment	**310,145**	Net defined benefit liability	138,118
Buildings and structures	63,222	Provision for repairs	23,151
Tanks	8,768	Asset retirement obligations	3,347
Machinery, equipment and vehicles	42,163	Other	3,934
Tools, furniture and fixtures	3,142	**Total liabilities**	**971,846**
Land	173,195	**Net assets**	
Construction in progress	19,653	**Shareholders' equity**	**302,306**
Intangible assets	**293,511**	Capital stock	35,123
Goodwill	271,413	Capital surplus	49,796
Leasehold right	7,431	Retained earnings	218,586
Software	9,762	Treasury shares	(1,199)
Other	4,903	**Accumulated other comprehensive income**	**(25,301)**
Investments and other assets	**98,147**	Valuation difference on available-for-sale securities	1,128
Investment securities	32,302		
Deferred tax assets	48,525	Revaluation reserve for land	(47)
Net defined benefit asset	4,259	Remeasurements of defined benefit plans	(26,382)
Other	13,113	**Subscription rights to shares**	**17**
Allowance for doubtful accounts	(53)	**Non-controlling interests**	**220**
		Total net assets	**277,242**
Total assets	**1,249,089**	**Total liabilities and net assets**	**1,249,089**

Consolidated Statement of Income

January 1, 2016 through December 31, 2016

(Unit: Million yen)

Account Title	Amounts	
Net sales		**2,089,386**
Cost of sales		**1,896,940**
Gross profit		**192,446**
Selling, general and administrative expenses		**111,396**
Operating profit		**81,049**
Non-operating income		
Interest income	109	
Dividends income	194	
Gain on sales of spent catalyst	28	
Compensation income	65	
Other	264	662
Non-operating expenses		
Interest expenses	2,071	
Foreign exchange losses	756	
Share of loss of entities accounted for using equity method	2,004	
Other	228	5,060
Ordinary profit		**76,651**
Extraordinary income		
Gain on sales of noncurrent assets	2,649	
Compensation income for expropriation	179	2,829
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,944	
Impairment loss	252	
Loss on sales of investment securities	738	2,934
Profit before income taxes and minority interests		**76,545**
Income taxes - current	16,389	
Income taxes - deferred	(4,798)	11,590
Profit		**64,955**
Profit attributable to non-controlling interests		544
Profit attributable to owners of parent		**64,410**

Consolidated Statement of Changes in Net Assets

January 1, 2016 through December 31, 2016

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders'
Balance at the beginning of current	**35,123**	**48,473**	**309,049**	**(142,278)**	**250,367**
Changes of items during the period					
Dividends of surplus			(13,841)		(13,841)
Profit attributable to owners of parent			64,410		64,410
Purchase of treasury shares				(37)	(37)
Disposal of treasury shares		15		77	93
Retirement of treasury shares		(6)	(141,032)	141,038	—
Deferred tax adjustment due to purchase of treasury share of prior year		1,313			1,313
Net changes of items other than shareholders' equity					
Total changes of items during period	—	**1,322**	**(90,462)**	**141,079**	**51,939**
Balance at the end of current period	**35,123**	**49,796**	**218,586**	**(1,199)**	**302,306**

	Accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of current period	**1,054**	**(32)**	**(18,412)**	**(17,390)**
Changes of items during the period				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Disposal of treasury shares				
Retirement of treasury shares				
Deferred tax adjustment due to purchase of treasury share of prior year				
Net changes of items other than shareholders' equity	73	(14)	(7,969)	(7,911)
Total changes of items during period	**73**	**(14)**	**(7,969)**	**(7,911)**
Balance at the end of current period	**1,128**	**(47)**	**(26,382)**	**(25,301)**

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of current period	**170**	**959**	**234,106**
Changes of items during the period			
Dividends of surplus			(13,841)
Profit attributable to owners of parent			64,410
Purchase of treasury shares			(37)
Disposal of treasury shares			93
Retirement of treasury shares			—
Deferred tax adjustment due to purchase of treasury share of prior year			1,313
Net changes of items other than shareholders' equity	(152)	(738)	(8,802)
Total changes of items during period	**(152)**	**(738)**	**43,136**
Balance at the end of current period	**17**	**220**	**277,242**

Balance Sheet

As of December 31, 2016

(Unit: Million yen)

Account Title	Amounts	Account Title	Amounts
Assets		**Liabilities**	
Current assets	**616,233**	**Current liabilities**	**680,536**
Cash and deposits	97,313	Notes payable-trade	22,903
Accounts receivable-trade	296,745	Accounts payable-trade	175,125
Merchandise and finished goods	45,006	Gasoline taxes payable	249,834
Semi-finished goods	31,206	Short-term loans payable	72,925
Raw materials	113,024	Current portion of long-term loans payable	1,064
Supplies	5,987	Current portion of bonds	10,000
Prepaid expenses	3,945	Short-term loans payable from subsidiaries and affiliates	84,980
Income taxes receivable	485		
Deferred tax assets	5,726	Accounts payable-other	21,297
Short-term loans receivable from subsidiaries and affiliates	9,150	Accrued expenses	12,217
		Income taxes payable	2,744
Accounts receivable-other	6,390	Accrued consumption taxes	5,851
Other	1,251	Advances received	4,900
		Guarantee deposits payable	14,480
		Provision for bonuses	1,006
Noncurrent assets	**673,250**	Other	1,203
Property, plant and equipment	**196,808**	**Noncurrent liabilities**	**244,854**
Buildings	13,060	Bonds payable	75,000
Structures	28,036	Long-term loans payable	105,962
Tanks	8,325	Provision for retirement benefits	39,717
Machinery and equipment	33,467	Provision for repairs	20,778
Vehicles	107	Asset retirement obligation	1,487
Tools, furniture and fixtures	1,959	Other	1,908
Land	93,995	**Total liabilities**	**925,391**
Construction in progress	17,855	**Net assets**	
Intangible assets	**11,432**	**Shareholders' equity**	**363,418**
Goodwill	639	**Capital stock**	**35,123**
Leasehold right	1,494	**Capital surplus**	**20,757**
Software	4,699	Legal capital surplus	20,741
Technology royalty	4,307	Other capital surplus	15
Right of using facilities	291	**Retained earnings**	**308,747**
Investments and other assets	**465,009**	Legal retained earnings	8,780
Investment securities	9,996	Other retained earnings	
Stocks of subsidiaries and affiliates	4,366	Reserve for property replacement	13,248
Investment in capital of subsidiaries and affiliates	432,156	Retained earnings brought forward	286,718
		Treasury shares	**(1,209)**
Long-term deposits	3,459	**Valuation and translation adjustment**	**656**
Deferred tax assets	10,176	Valuation difference on available-for-sale securities	656
Other	4,881		
Allowance for doubtful accounts	(28)	**Subscription rights to shares**	**17**
		Total net assets	**364,092**
Total assets	**1,289,483**	**Total liabilities and net assets**	**1,289,483**

Statement of Income

January 1, 2016 through December 31, 2016

(Unit: Million yen)

Account Title	Amounts	
Net sales		**2,013,004**
Cost of sales		**1,917,758**
Gross profit		**95,245**
Selling, general and administrative expenses		**34,072**
Operating income		**61,173**
Non-operating income		
Interest income	173	
Dividends income	2,872	
Other	172	3,218
Non-operating expenses		
Interest expenses	1,341	
Interest on bonds	645	
Foreign exchange losses	43	
Other	144	2,174
Ordinary income		**62,217**
Extraordinary income		
Gain on sales of noncurrent assets	1,209	
Compensation income for expropriation	179	1,388
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	803	
Impairment loss	239	
Loss on liquidation of subsidiaries	30	1,073
Profit before income taxes		**62,531**
Income taxes – current	7,848	
Income taxes – deferred	(9,972)	(2,124)
Profit		**64,656**

Statement of Changes in Net Assets

January 1, 2016 through December 31, 2016

(Unit: Million yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of current period	35,123	20,741	6	20,748
Changes of items during the period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Disposal of treasury shares			15	15
Retirement of treasury shares			(6)	(6)
Reversal of reserve for property replacement				
Net changes of items other than shareholders' equity				
Total changes of items during period	-	-	9	9
Balance at the end of current period	35,123	20,741	15	20,757

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
		Reserve for property replacement	Retained earnings brought forward			
Balance at the beginning of current period	**8,780**	**13,217**	**377,955**	**399,954**	**(143,277)**	**312,547**
Changes of items during the period						
Dividends of surplus			(13,841)	(13,841)		(13,841)
Profit			64,656	64,656		64,656
Purchase of treasury shares					(37)	(37)
Disposal of treasury shares					77	93
Retirement of treasury shares			(142,021)	(142,021)	142,027	—
Reversal of reserve for property replacement		31	(31)	—		—
Net changes of items other than shareholders' equity						
Total changes of items during period	**-**	**31**	**(91,237)**	**(91,206)**	**142,067**	**50,871**
Balance at the end of current period	**8,780**	**13,248**	**286,718**	**308,747**	**(1,209)**	**363,418**

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	**360**	**360**	**170**	**313,078**
Changes of items during the period				
Dividends of surplus				(13,841)
Profit				64,656
Purchase of treasury shares				(37)
Disposal of treasury shares				93
Retirement of treasury shares				—
Reversal of reserve for property replacement				—
Net changes of items other than shareholders' equity	295	295	(152)	142
Total changes of items during period	**295**	**295**	**(152)**	**51,013**
Balance at the end of current period	**656**	**656**	**17**	**364,092**

Independent Auditors' Report
(English Translation*)

February 15, 2017

To the Board of Directors of TonenGeneral Sekiyu K.K.

PricewaterhouseCoopers Aarata LLC

Masahiro Yamamoto, CPA
Designated Limited Liability Partner
Engagement Partner

Takayoshi Yano, CPA
Designated Limited Liability Partner
Engagement Partner

Yuichiro Amano, CPA
Designated Limited Liability Partner
Engagement Partner

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the consolidated financial statements, which comprise the consolidated balance sheet, consolidated profit and loss statement, consolidated statement of change in net assets and notes to the consolidated financial statements of TonenGeneral Sekiyu K.K. (hereinafter referred to as the "Company") for the fiscal year from January 1, 2016 to December 31, 2016.

Management's Responsibility for the financial statements and the supplementary schedules
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements, that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as examining the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the Company and its subsidiaries for the period covered by the consolidated financial statements in accordance with accounting principles generally accepted in Japan.

Conflict of Interest
We have no interest in or relationship with the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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* The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

<u>Independent Auditor's Report</u>

(English Translation*)

February 15, 2017

To the Board of Directors of TonenGeneral Sekiyu K.K.

PricewaterhouseCoopers Aarata LLC

Masahiro Yamamoto, CPA
Designated Limited Liability Partner
Engagement Partner

Takayoshi Yano, CPA
Designated Limited Liability Partner
Engagement Partner

Yuichiro Amano, CPA
Designated Limited Liability Partner
Engagement Partner

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the balance sheet, profit and loss statement, statement of changes in net assets and notes to the financial statements, and the supplementary schedules of TonenGeneral Sekiyu K.K. (hereinafter referred to as the "Company") for the 97rd fiscal year from January 1, 2016 to December 31, 2016.

Management's Responsibility for the financial statements and the supplementary schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as examining the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter
As stated in significant subsequent event, the Company merged with EMG Marketing as of January 1, 2017.

Our opinion is not qualified in respect of this matter.

Conflict of Interest
We have no interest in or relationship with the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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* The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

（Translation）

Audit Report

The Board of Statutory Auditors (BOSA) has reviewed the audit reports individually prepared by each Statutory Auditor (Auditor) and reached a consensus to prepare this Audit Report, after deliberation among the Auditors, regarding Directors' execution of duties for the 97th fiscal period from January 1, 2016, to December 31, 2016, as follows.

1. The methods and results of the Statutory Audit by individual Auditors and by the BOSA.

(1) On March 25, 2016, the BOSA held a meeting attended by all Auditors, and passed a resolution on the audit policy, audit plan, and assignment of work among the Auditors. However, for those items deemed necessary or appropriate, individual Auditors conducted audits from time to time, outside the scope of the above resolution.

(2) We periodically held BOSA and Auditors meetings in order to discuss the results of the audits conducted by individual Auditors and to exchange opinions for the purpose of sharing information. We received a report from the Directors and the Accounting Auditor on their execution of duties and asked for explanations as necessary. We communicated our opinion as necessary, in writing or verbally, about the result of our survey or audit to the responsible Director or manager in charge of each business unit.

(3) Individual Auditors made every effort to maintain good communication with the Directors and Internal Audit and other functions and to collect information and maintain an appropriate audit environment. At the same time, we attended the Board of Directors (BOD) meetings, monthly management meetings and other important meetings.

(4) As to the BOD meetings, all Auditors examined proposals in advance, and observed the process and results of their reviews covering the matters brought up for resolution and report by attending the BOD meetings. We also asked questions and expressed opinions.

(5) We audited the Head Office departments, the refineries, the terminals, the major subsidiaries, the head office and the major branches of EMG Marketing G.K., and related oil storage facilities, by visiting these sites.

(6) For the subsidiaries, we maintained communications and exchanged information with the members of the Management Committee of the Godo Kaishas, and the Directors and Auditors of the Kabushiki Kaisha. In addition, we periodically received reports on their business performance and visited the sites.

(7) We examined the content and monitored the implementation of the BOD resolution regarding

the Internal Controls Systems that ensure compliance of Directors' execution of duties with applicable laws and regulations and the Articles of Incorporation, and appropriate business conduct of the Company.

(8) As to the Internal Audit function, we received briefings in advance on the audit plans and detailed explanations regarding the results of the internal audits, from both auditiees and auditors at the managerial level. Also, we discussed the state of the internal controls systems, from time to time, and audited how necessary countermeasures were implemented.

(9) For the accounting audit, we received an explanation of the audit plan from the Accounting Auditor in advance, had discussions with them, and received the reports of their audit results. Furthermore, we monitored and verified that they maintained independence and conducted appropriate audits, received reports on the status of their audit work, and asked for explanations as necessary. We were also advised by the Accounting Auditor that they had their own internal controls systems in place in accordance with the Quality Control Standards for Audit.

(10) As to the issue of business integration with JX Holdings, Inc., we audited the Directors' execution of their duties concerning the setting of objectives for the integration, the policy of negotiation, the contents of various contracts, and the process of negotiation and integration.

(11) Based on the above stated steps, we examined the business report and supplements for the current fiscal year. We also examined the financial statements (balance sheet, income statement, statement of changes in net assets, and notes thereon), supplements, and the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in net assets, and consolidated notes thereon).

2. Result of the audit

(1) Result of the audit of the business report and supplements

It is our opinion that

(i) The business report and supplements present fairly the status of the Company's business conditions in conformity with the applicable laws and regulations and the Articles of Incorporation,

(ii) There is no indication of significant wrongdoing or violation of laws and regulations or the Articles of Incorporation in the Directors' execution of duties,

(iii) The content of the BOD resolution on the internal controls systems was appropriate. Also, there are no significant items to be noted on the Directors' execution of duties regarding the internal controls systems.

(2) Result of the audit of the financial statements and supplements

The methods and results of audits conducted by PricewaterhouseCoopers Aarata LLC, our Accounting Auditor, are appropriate.

(3) Result of the audit of the consolidated financial statements

The methods and results of audits conducted by PricewaterhouseCoopers Aarata LLC, our Accounting Auditor, are appropriate.

February 21, 2017

The Board of Statutory Auditors
TonenGeneral Sekiyu K.K.

Masahiro Iwasaki, Full-time Statutory Auditor

Yoji Kuwano, Statutory Auditor

Kyoichi Ikeo, Statutory Auditor (Outside Auditor)

Nobuko Takahashi, Statutory Auditor (Outside Auditor)

Materials for General Meeting of Shareholders

Proposals and References

Proposal No. 1: Retained Earnings Distribution

The Company considers providing superior total returns to shareholders to be one of its top management priorities, with the objective of steadily increasing shareholder value over time. Our basic policy is to continue to deliver stable dividends to shareholders, while maintaining a sound financial structure and giving due consideration to trends in cash flows / profits, and capital expenditure plans.

It is proposed that the Company pay an ordinary dividend of ¥19.00 per share in accordance with the basic policy, as well as a special dividend of ¥9.50 per share for the period between the term-end and one day prior to the effective date of the share exchange with JX Holdings, part of the business integration with the JX Group on April 1, 2017, as a term-end dividend for the 97th Business Term, as described below.

1. A dividend of ¥28.50 per common share, totaling ¥10,383,076,509
   (As the Company paid an interim dividend of ¥19.00 per share, the total amount of dividends for the 97th term shall be ¥47.50 per share.)

2. The dividend will take effect on March 27, 2017.

Proposal No.2: Election of 10 Directors of the Board

The term of office of all (10) of the Directors will expire at the close of this Ordinary General Meeting of Shareholders. Hence, it is hereby proposed that 10 Directors be elected.

In accordance with the approval obtained at the extraordinary general meetings of shareholders held on December 21, 2016, the absorption-type merger with JX Nippon Oil & Energy Corporation, the surviving company, as part of the business integration with the JX Group, will take place on April 1, 2017, and therefore the term of office of the Directors to be elected will be until March 31, 2017.

Taking the above into consideration, the Company would like to propose that all the incumbent Directors be candidates for Directors.

The candidates for Directors are as follows.

No.	Name (Date of Birth)	Brief History, Position and Business in Charge in the Company, and Important Concurrent Status	Number of Shares of the Company Held
1	Jun Mutoh (August 20, 1959)	4/1982 Joined General Sekiyu K.K. (currently TonenGeneral Sekiyu K.K.) 3/2004 Director, Wakayama Refinery Manager 3/2006 Representative Director and Managing Director, Wakayama Refinery Manager 4/2006 Representative Director and Managing Director, Kawasaki Refinery Manager 2/2012 Representative Director and Managing Director 6/2012 Representative Director and President (to present) [Business in charge] (Coverage) Chemical; Corporate Planning; Audit; Treasurer’s; Controller’s; IR; Human Resources & General Affairs; Law; Public Relations & CSR; Safety, Health & Environment; Executive Support; Procurement; Information Systems	37,400

No.	Name (Date of Birth)	Brief History, Position and Business in Charge in the Company, and Important Concurrent Status	Number of Shares of the Company Held
2	Takashi Hirose (March 29, 1961)	11/1988 Joined Mobil Sekiyu K.K. (currently TonenGeneral Sekiyu K.K. “TG”) 9/2008 Director, Retail Manager, ExxonMobil Yugen Kaisha (currently TG) 3/2012 Director 6/2012 Representative Director and Vice President (to present) 6/2012 President, EMG Marketing Godo Kaisha (currently TG) [Business in charge] (Coverage) Refining & Distribution; Manufacturing, Technology & Engineering; Research; Marketing & Sales; Lubricants & Specialties; Marketing & Supply Coordination; Supply & Trading; Product Quality; Electric Power Business	19,600
3	Tomohide Miyata (May 8, 1965)	4/1990 Joined Tonen Corporation (currently TonenGeneral Sekiyu K.K. “TG”) 7/2008 General Manager and Wakayama Refinery Manager 3/2011 Director, Wakayama Refinery Manager 2/2012 Director, Kawasaki Refinery Manager 6/2012 Managing Director, Kawasaki Refinery Manager 3/2013 Managing Director, Refining &Distribution Manager and Kawasaki Refinery Manager 10/2013 Managing Director, Refining & Distribution Manager 2/2014 President, Kyokuto Petroleum Industries, Ltd. (currently TG) 3/2016 Senior Managing Director (to present) [Business in charge] Refining & Distribution; Manufacturing, Technology & Engineering; Research; Electric Power Business	12,000

No.	Name (Date of Birth)	Brief History, Position and Business in Charge in the Company, and Important Concurrent Status	Number of Shares of the Company Held
4	Yasushi Onoda (December 30, 1962)	4/1985 Joined Tonen Corporation (currently TonenGeneral Sekiyu K.K.) 7/2008 General Manager and Sakai Refinery Manager 12/2009 SHE Senior Advisor, Exxon Mobil Corporation 3/2011 Director 6/2012 President, Tonen Chemical Corporation (to present) 6/2012 President, Tonen Technology G.K. (to present) 6/2012 Representative Director and Chairman, Nippon Unicar Company Limited (currently NUC Corporation) (to present) 9/2013 Director, Chemical Division Manager 3/2014 Managing Director, Chemical Division Manager 3/2015 Managing Director 3/2016 Senior Managing Director (to present) [Business in charge] Treasurer's; Controller's; IR; Human Resources & General Affairs; Law; Public Relations & CSR; Safety, Health & Environment; Executive Support; Procurement	17,600
5	Yuji Saita (September 29, 1956)	4/1979 Joined Kyokuto Petroleum Industries, Ltd. (currently TonenGeneral Sekiyu K.K. "TG") 11/1988 Joined Mobil Sekiyu K.K. (currently TG) 1/2011 Product Trading Manager 2/2012 Executive Officer, Supply and Trading Manager 3/2014 Director, Supply and Trading Manager 3/2016 Managing Director (to present) [Business in charge] Supply & Trading; Product Quality	9,000

No.	Name (Date of Birth)	Brief History, Position and Business in Charge in the Company, and Important Concurrent Status	Number of Shares of the Company Held
6	Yoshikazu Yokoi (August 15, 1957)	4/1984 Joined Mobil Sekiyu K.K. (currently TonenGeneral Sekiyu K.K. "TG") 12/2008 Manager, Investor Relations, ExxonMobil Yugen Kaisha (currently TG) 9/2012 Strategy Development Manager 3/2013 Executive Officer, EMG Marketing Godo Kaisha (currently TG, "EMGM") (Public & Government Relations) 3/2013 Manager, Public and Government Relations Division, EMGM 11/2014 Executive Officer (Marketing & Sales Strategy) 11/2014 Executive Officer, Marketing & Sales Deputy Manager, EMGM 3/2015 Director 3/2015 Vice President, EMGM 3/2016 Managing Director (to present) [Business in charge] Marketing & Sales; Lubricants & Specialties; Marketing & Supply Coordination	4,100
7	Hiroyuki Yokota (July 19, 1965)	4/1989 Joined Tonen Chemical Corporation 8/2010 Tax Manager, ExxonMobil Yugen Kaisha (currently TonenGeneral Sekiyu K.K.) 6/2012 Executive Officer, Law and Secretariat 3/2014 Director (to present) 3/2015 President, Tonen Chemical Corporation (to present) 3/2015 President, TGSH Godo Kaisha (to present) 3/2015 Representative Director and Chairman, NUC Corporation (to present) [Business in charge] Chemical [Important concurrent status] President, Tonen Chemical Corporation	8,300

No.	Name (Date of Birth)	Brief History, Position and Business in Charge in the Company, and Important Concurrent Status	Number of Shares of the Company Held
8	Yasuhiko Oshida (November 15, 1968)	11/1993 Joined Esso Sekiyu K.K. (currently TonenGeneral Sekiyu K.K.) 12/2009 Executive Officer, Sakai Refinery Manager 11/2012 Deputy Supply & Trading Manager 1/2015 Vice President, Keiyo Seisei JV G.K. 4/2015 Executive Officer, Deputy Supply & Trading Manager 1/2016 Executive Officer, General Manager, Office of Energy Business Integration 3/2016 Director (to present) [Business in charge] Information Systems; General Manager, Office of Energy Business Integration	1,200
9	[Outside] Makoto Matsuo (May 28, 1949)	4/1975 Admitted to Japanese Bar (The Dai-ichi Tokyo Bar Association) 3/1979 Admitted to New York Bar 9/1980 Partner, Ozaki & Momo-o 4/1989 Partner, Momo-o, Matsuo & Namba (to present) 3/2015 Outside Director (to present) [Important concurrent positions] Partner, Momo-o, Matsuo & Namba Outside Director, CAPCOM Co., Ltd. Outside Director, Demel Japan Co., Ltd.* Outside Statutory Auditor, Nike Japan Inc.* Outside Statutory Auditor, Burberry Japan K.K.* Outside Statutory Auditor, Solasia Pharma K.K.* Outside Statutory Auditor, Ceolia Pharma Co., Ltd.* Outside Statutory Auditor, K.K. Katokichi Resort* * Unlisted companies	None

No.	Name (Date of Birth)	Brief History, Position and Business in Charge in the Company, and Important Concurrent Status	Number of Shares of the Company Held
10	[Outside] Yoshiiku Miyata (April 24, 1953)	4/1977 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation) 4/2007 Executive Officer, Matsushita Electric Industrial Co., Ltd. 4/2009 Managing Executive Officer, Panasonic Corporation 4/2011 Senior Managing Executive Officer, Panasonic Corporation 6/2011 Senior Managing Director, Member of the Board, Panasonic Corporation. 6/2014 Corporate Advisor, Panasonic Corporation 3/2015 Outside Director (to present) [Important concurrent position] Outside Director, Audit & Supervisory Board Member, Kobe Steel, Ltd.	None

Note: 1. There are no special interests between any candidate and the Company.

2. Mr. Makoto Matsuo and Mr. Yoshiiku Miyata are candidates for the office of Outside Director.

3. Reasons for nomination of candidates for Outside Director:

Mr. Makoto Matsuo has sufficient years of experience as an attorney-at-law specializing in corporate law and has significant knowledge, and he has taken advantage of his abundant expertise to perform duties as an Outside Director of the Company. Mr. Matsuo will have served for two years in the position of Outside Director of the Company at the close of this General Meeting of Shareholders.

Mr. Yoshiiku Miyata has sufficient years of experience in company management and has significant knowledge, and he has taken advantage of his abundant expertise to perform duties as an Outside Director of the Company. Mr. Matsuo will have served for two years in the position of Outside Director of the Company at the close of this General Meeting of Shareholders.

4. Mr. Makoto Matsuo has not been involved in company management other than holding office as an Outside Director or Outside Statutory Auditor, however, the Company assesses that he is qualified to appropriately perform duties as an Outside Director for the reasons above.

5. Mr. Makoto Matsuo and Mr. Yoshiiku Miyata are independent directors based on the rules of the Tokyo Stock Exchange, on which the Company is listed. If their reelection is approved, they will remain independent directors.

6. The Company has entered into an agreement with Mr. Makoto Matsuo and Mr. Yoshiiku Miyata to limit liability for damages pursuant to the provision of Article 427, Paragraph 1 of the Companies Act. The limit on liability for damages under the agreement shall be provided by laws and ordinances. The Company intends to enter into the same agreement with Mr. Makoto Matsuo and Mr. Yoshiiku Miyata if their reelection is approved.

Procedures for Exercising Voting Rights via the Internet

Please exercise your voting rights via the Internet after confirming the following items. If you attend the meeting, compliance with the procedures for exercising voting rights either in writing or via the Internet will not be necessary.

Website for Exercising Voting Rights

(1) The website can be accessed by a computer, a smartphone or a mobile phone with an Internet connection. Please log in to the designated site (http://www.web54.net) using the voting code and tentative password on the voting form.

For inquiries regarding the Internet voting system, please call the contact number below. Please note that any connection fees imposed by a provider or telephone charges, etc., imposed for accessing the site during the exercise voting rights shall be borne by the Shareholder.

(2) The exercise of voting rights via the Internet will be accepted until 5:00 p.m. on Thursday, March 23, 2017. However, the Company recommends that you vote earlier than this time.

(3) Depending on your Internet access connection, you may have difficulty exercising voting rights by personal computer or smartphone.

(4) Depending on the model of your mobile phone, you may have difficulty exercising your voting rights by mobile phone.

(5) The Company requests that you change the tentative password to a new password in order to avoid unauthorized access ('spoofing') to the website or tampering with the exercise of voting rights by third parties.

(6) If a voting right is exercised multiple times both in writing and via the Internet, only the exercise of the voting right via the Internet will be deemed effective. If a voting right is exercised multiple times via the Internet, only the last exercise of the voting right via the Internet will be deemed effective.

(7) Shareholders who utilize ICJ's "Electric Voting Platform for Institutional Investors" service can exercise their voting rights using the electric voting platform.

Contact: Sumitomo Mitsui Trust Bank, Ltd. Transfer Agency Web Support

Telephone: 0120-652-031 (toll free) (available in Japanese only)

Service Hours: 9:00 – 21:00 (Japan time)