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March 10, 2006

To the Shareholders

G. W. Pruessing,
Representative Director, Chairman and President
TonenGeneral Sekiyu K.K.
8-15, Kohnan 1-chome, Minato-ku, Tokyo

Notice of the Ordinary General Meeting of Shareholders

We hereby notify you to request your attendance at the Company's 86th Ordinary General Meeting of Shareholders, which meeting is scheduled at the time and place specified below. When you attend the meeting in person, you are kindly requested to submit the enclosed voting rights exercise form to the receptionist prior to entering the meeting.

If you are unavailable to attend the meeting, you may exercise your voting privileges in writing as follows: review the attached reference materials; to exercise your voting rights, respond "yes" or "no" to each agenda item on the enclosed form; affix your seal and return the form to us.

1. Time & Date: 10:00 a.m., Tuesday, March 28, 2006
2. Venue: In the room "Pegasus", 1F, Hotel Nikko Tokyo
   9-1, Odaiba 1-Chome, Minato-Ku, Tokyo
   (The venue was changed from previous year. Please confirm the venue with the attached map.)
3. Matters Constituting the Purpose of the Meeting:
   Items for Report:
   1. The Business Report, Consolidated Balance Sheet and Income Statement for the 86th Business Term (January 1, 2005 through December 31, 2005), Audit Reports for Consolidated Financial Statements by Accounting Auditor and the Board of Statutory Auditors
   2. Balance Sheet and Income Statement for the 86th Business Term (January 1, 2005 through December 31, 2005), and acquisition of own shares in accordance with the resolution of the board of directors' meeting based on the provision of the Articles of Incorporation

   Items for Resolution:

Item No.1: Approval of Proposed Retained Earnings Distribution for the 86th Business Term

Item No.2: Partial Amendment to the Articles of Incorporation

The substance of this item is described in the attached “Reference Materials Regarding the Exercise of the Voting Rights.”

Item No.3: Election of Two Directors of the Board

Item No.4: Election of One Alternate Statutory Auditor

Item No.5: Presentation of Retirement Rewards to Retiring Directors of the Board

Attachment to the Notice of Ordinary General Meeting of Shareholders

BUSINESS REPORT

(For the year ended December 31, 2005)

1. Business Overview

(1) Developments and Results of Operations

<General Business Conditions>

The 2005 Japanese economy maintained healthy, moderate, growth, as it transitioned from growth led by export, mainly due to the strength of Chinese economy, to one supported by domestic private demand including corporate investment and personal consumption.

The spot price for Dubai crude oil (generally used as a reference price for our industry in the Asia-Pacific region) started at 34 dollars per barrel at the beginning of this year and rose dramatically, hitting a peak of 59 dollars per barrel in September. Later, it showed a moderate downward trend toward the end of the year, ending at 53 dollars per barrel. The 2005 average for the year of 49.3 dollars per barrel was about 15.7 dollars per barrel, or 47%, higher than that of last year. The average U.S. dollar-yen exchange rate for the year was around 111.2 yen per dollar or about 2.0 yen higher than that of 2004. The annual average of crude oil cost in yen per liter terms was 34.5 yen per liter, about 11.4 yen (49%) per liter higher than the average price in 2004. Domestic retail market prices for major products such as gasoline, kerosene and diesel in this year showed a firm trend. However, industry could not recover increased crude oil prices in the petroleum product market during the second half of 2005.

Looking at demand for petroleum products in the domestic market, Gasoline demand slightly increased over the previous year, even though there was high demand during the hot summer of 2004. On the other hand, in a continuing multi-year trend, Diesel sales declined from a year ago due to more efficient operations in the transportation sector. Kerosene demand increased due to colder winter impacts in the first and fourth quarter of the year, while Fuel Oil A decreased due to conversion by consumers to other energy sources due to soaring oil prices. Demand declined for Fuel Oil C as nuclear plants restarted, coupled with lower power demand in the summer versus the hot summer of 2004. Due to these factors, overall demand for oil products increased slightly, leading to slight increases in industry crude runs versus the previous year

Japanese basic chemical production continued to increase, mainly due to continuing strong demand in China. Japanese ethylene production was the second highest in history, next to 1999, and paraxylene production broke the historical high record of 2004. On the other hand, the Asian spot market price for these products fluctuated widely, reflecting both the start-up of new plants in China and Middle East and inventory adjustments by Chinese buyers. Especially, ethylene spot price showed a down trend since the 2Q of last year, and benzene prices declined since the 3Q. Consequently, Asian spot market prices in US dollar for petrochemicals varied based on the supply and demand of respective products: benzene - 0.9%, paraxylene +13%, ethylene - 3%, propylene +16%, compared with the previous year. Against this market price fluctuation, industry margins for petrochemical products in 2005 remained high in comparison with historical margin levels.

<Results for the Term>

The TonenGeneral group has worked to improve corporate value by focusing on enhancing efficiency and competitiveness. For example, we took advantage of synergies by combining a number of administrative activities with other ExxonMobil affiliates across the world, resulting in lower costs. In addition, in April 2005, we consolidated our Tokyo head offices into one.

With regard to the consolidated results for TonenGeneral, sales revenue for the current term increased by 21.9% from the previous year, and amounted to ¥2,856,182 million, mainly due to elevated product selling prices due to the rise in crude oil price and increased sales volume. Operating income was ¥19,978 million, a decrease of ¥43,199 million from the previous year. This result reflects not only the industry-wide market factors referred to “General Business Conditions section”, but also our inventory accounting policy: the TonenGeneral group accounts for purchased crude when it is loaded, whereas most of industry accounts for crude when it arrives in Japan, so that crude price changes affect our results approximately one month earlier than industry.

Therefore, the full effects of the extreme crude price increases seen in 2005 are reflected in our financial results in the same period. On the other hand, our operating costs continued their multi-year decline, and chemical margins improved, supported by active demand. Finally, our earnings were favorably affected by inventory profits.

The TonenGeneral group uses the LIFO/LOCOM method for inventory evaluation; the results of this method increased operating income by ¥23.2 billion. These inventory valuation effects do not affect our cash earnings. Net non-operating income was ¥2,844 million, which included equity earnings of affiliates and foreign exchange gains. Ordinary income amounted to ¥22,822 million, a decrease of ¥45,802 million from the previous year. Extraordinary items resulted in a net extraordinary loss of ¥2,404 million, the main elements of which included costs of an early retirement program for employees, the negative impact from asset-impairment accounting, and gains on sales of investment securities. As a result, net income amounted to ¥13,015 million, ¥35,228 million lower than the previous year.

Total assets at the end of the term totaled ¥968,334 million, or ¥22,796 million higher than the year before. Shareholders' equity decreased by ¥19,689 million from the previous year to ¥230,159 million.

The following table shows Segment Information by business lines in 2005.

Millions of yen

	Oil	Chemicals	Others	Elimination	Consolidated
Net Sales	2,611,974	242,635	1,573	-	2,856,182
Operating Income/Loss	-25,444	45,495	55	-126	19,978

With regard to the non-consolidated results for TonenGeneral, operating income was negative ¥1,363 million, a decrease of ¥43,913 million from the previous year. This result reflects decreased petroleum product margins due mainly to the extreme effects of the rapid crude price increase, while chemical earnings continued to be robust. Net non-operating income was ¥8,439 million, which included dividend income mainly from our subsidiaries. Ordinary income amounted to ¥7,075 million, a decrease of ¥45,241 million from the previous year. Extraordinary items resulted in a net loss of ¥4,980 million, the main element of which included costs of an early retirement program for employees and the negative impact from asset-impairment accounting, As a result, net income amounted to ¥4,055 million, ¥36,486 million lower than the previous year. The most significant difference between these non-consolidated results and the consolidated results discussed above is the contribution to consolidated earnings of our major Chemicals subsidiary, Tonen Kagaku K.K.

TonenGeneral paid interim dividends of ¥18.00 per share in accordance with the resolution made at the Board of Directors' Meeting held on August 22, 2005.

<Stock Repurchases>

TonenGeneral acquired 68 million shares of its own stock at a cost of ¥60 billion in 2001, and 42 million shares at a cost of ¥40 billion in 2002, to adjust its capital structure to the appropriate level and to provide financial benefits to all shareholders. In the current term, TonenGeneral repurchased a further 8 million shares of its own stock at a cost of ¥10 billion, taking into account its current capital structure and cashflow projections in accordance with the resolution made at the Board of Directors' Meeting held on November 15, 2005. As a result, TonenGeneral has reduced its outstanding shares by 16.9% since 2001, allowing a relative increase in earnings per share and return on equity.

TonenGeneral funded the 2005 stock repurchase with debt, as was the case for the 2001 and 2002 repurchases. The outstanding debt balance at 2005 year-end was ¥75.5 billion, and ¥5.4 billion increase during 2005, and the debt-to-equity ratio was 32.8% at the end of 2005 in comparison with 28.1% of year-end 2004.

<Oil Business Results>

- Production -

Crude runs at the Kawasaki, Sakai and Wakayama refineries in the current term increased by 3.8% as compared with the previous term to a total of 33,075 thousand kl, with topper utilization at 86.3%, reflecting the absence of large turnarounds conducted in the previous year. Including the Nishihara refinery of Nansei Sekiyu K.K., an 87.5% subsidiary of TonenGeneral, crude runs increased by 2.0% as compared with the previous term to a total of 35,699 thousand kl, with topper utilization at 80.9%.

TonenGeneral group has implemented several Profit Improvement Programs aimed to achieve the ability to secure reasonable financial results even under the severe market conditions. Those programs include diversification of our crude oil procurement to include non-Middle-East sources such as West Africa, processing crude oils whose specifications lead to price discounts, and introduction of a "Molecular Management Program" (a sophisticated production optimization system) that is a standard worldwide tool for the ExxonMobil Group. In addition, we have realized greater value for our production by actively trading products and semi-finished products with other ExxonMobil Group refineries in the Asia-Pacific region, the U.S. West Coast and Europe. Effective use of ExxonMobil's global information network has also made it possible to take advantage of economic incentives to export to third party buyers.

- Marketing -

Sales volumes of oil products for the term increased by 5.1% to 40,443 thousand-kl versus prior year. Specifically major products, including Gasoline Kerosene, and Diesel Fuel, experienced gains.

TonenGeneral proactively enhanced marketing operations including expansion of self-service stations and expansion of our sales channels. We also continued to divest inefficient service stations. TonenGeneral offers customers superior service and convenience through the powerful nation-wide network of "GENERAL" brand service stations. The General network is complimented by the integration with the ExxonMobil Japan Group's "ESSO" and "Mobil" brands. During 2005 we continued to expand our network of "Express" service stations under the brand concept of "Quickest", "Easiest", and "Cleanest". TonenGeneral and the ExxonMobil Japan Group have consistently led the industry in the self-service station format shift.

Express service stations offer the speed and convenience of "Speedpass", enabling customers to pay by using a special key-chain attachment. Other Express features include "Express Wash", which provides customers with a quick and easy high quality car wash. TonenGeneral has also started the installation of the "Express Video Pump" which will further increase customer convenience. At the end of 2005, Speedpass members numbered more than 730,000, and 170 Express sites have introduced the Express Video Pump.

TonenGeneral is also expanding the "Doutor Coffee Shop" at selected Express stations. This concept has proven very popular with busy motorists who want to take a few minutes to relax or who want to takeaway quality Doutor products. Another convenience available at selected sites is the “Mobil 1 Center”. Customers are able to have their vehicles quickly serviced at sparkling clean facilities by trained technicians using world-renown Mobil 1 lubricants.

Moreover, the ExxonMobil Group (with TonenGeneral participation) concluded a partnership alliance with Seven-Eleven Japan Co., Ltd. in December 2003 for the development and operation of backcourt service station activities and convenience stores. As of year-end 2005, five pilot sites were operating to evaluate the synergy of convenience stores and self-service stations. If the pilots are successful, the alliance is expected to be rolled out on a nation-wide basis.

TonenGeneral and ExxonMobil Japan Group are also emphasizing the management efficiency and competitiveness of Dealers, and continue to promote our “Dealer Counseling Program”, which combines analysis of both the service station network and dealer corporate management. This unique program includes counseling of Dealers, using ExxonMobil’s experience and expertise, to enable both the Dealers and our business to grow together.

Moreover, in 2005, we continued to expand “GINA+”, a sales volume forecast model, which analyzes the site potential and earnings projections of service stations, and helps TonenGeneral and our dealers establish plans for future network development. We also continued to promote RSOI, a retail site operation efficiency improvement program, which helps our dealers improve site efficiency. During the last ten years this tool has helped improve productivity more than 50 percent. Safety and protecting the environment continues to be our highest priority. TonenGeneral works to maintain safe and highly reliable operations at each service station, taking full advantage of the ExxonMobil global OIMS (Operations Integrity Management System).

The following table shows our sales results by product in 2005.

The following table shows our sales results by product in 2005.

Oil Product	Sales Volume Thousand kl	Sales Revenue Millions of yen
Gasoline	14,286	1,544,895
Kerosene and Diesel Fuel	12,136	558,282
Fuel Oil	9,892	356,422
Lube	337	20,342
LPG and Others	3,791	132,031
Total	40,443	2,611,974

<Chemical Business Results>

Sales volumes of chemical products for the term increased by 2.4% to 2,672 thousand tons.

Our chemicals strategy has been to concentrate on our core businesses and to enhance chemical and refinery integration to improve business efficiency. Divestment of our non-core businesses was essentially complete in 2004, and we have initiated new strategies for growing our specialty business segments since that time. In the specialty business area, we decided in 2004 to install two new production lines for our microporous film lithium ion battery separator to satisfy very strong demand and high growth. Construction has been progressing and the new lines are expected to be in operation early in 2006. To enhance our specialty chemicals adhesive business and to improve its business efficiency, our 100% subsidiary, Tonen Kagaku K.K., acquired all the shares of its former 50% subsidiary Tonex, which then merged into Tonen Kagaku K.K. This merger was completed last August. Chemical and refinery integration has progressed in 2005 by further chemical plant and refinery optimization, maximum utilization of molecules and diversification of Steam Cracker and Aromatics feedstock.

The following tables show our sales results by product in 2005.

Chemical Product	Sales Volume Thousand ton	Sales Revenue Millions of yen
Olefins and Others	1,852	168,194
Aromatics	820	74,440
Total	2,672	242,635

<Capital Investment and Financing>

Capital expenditures during the current term totaled ¥18,744 million for activities including the improvement of production efficiency at our refineries and the remodeling of service stations. Specifically, TonenGeneral continued to invest in its Kawasaki, Sakai, and Wakayama refineries to efficiently cope with new requirements for ultra-low sulfur diesel fuel and gasoline. In the chemical segment, investments continued to be made to increase microporous film production facilities.

Capital expenditures in the current term were financed by own funds, without depending on any new bank borrowings or issuance of either stocks or corporate bonds specifically to fund investments. TonenGeneral repurchased ¥10 billion of its own stock by financing through additional borrowings. The outstanding debt balance of TonenGeneral consolidated was ¥75.5 billion at the end of 2005 or an increase of ¥5.4 billion during 2005.

Our basic policy is to maintain a healthy financial condition and continue stable distributions to shareholders while maximizing profits through efficient operations and selection of business investments that meet rigorous return criteria.

(2) Future Prospects and Our Challenges

Although we expect moderate economic growth will continue, we cannot rely on an improving economy to support increases in our profitability. We do not see major support from domestic growth as a key driver of our industry, but international trade in our products, both in fuels and chemicals, may become more important in the future as the globalization of the industry continues.

The expected demand growth for gasoline will be subdued due to limits on automobile growth and improving fuel efficiency of gasoline cars, while demand is anticipated to decrease in other major petroleum products due to such factors as continued streamlining in the transportation industry. Overall, domestic demand for major oil products as a whole is anticipated to slightly decline in the future. Meanwhile, in the Japanese petroleum industry, there is still an excess in overall industry supply capacity, both in the refining and retail sectors, and thus the generally difficult conditions in the domestic supply/demand picture can be expected to remain unchanged, at least in the short term.

Since strong demand growth is expected in the Asian petrochemical market, favorable market conditions in this sector will continue in 2006. However, as we saw in 2005, fluctuation of market prices due to start-up of new industry capacity and adjustments in supply/demand may occur in the Asian region, and there are some concerns about a continuing high price level for petrochemical inputs such as naphtha in 2006.

In this environment, what is key to success is efficiency. The TonenGeneral group plans to continue our drive to be the most efficient industry player in all aspects: efficient in costs and cost structure, efficient in feedstock supply and usage, and efficient in capital structure. Based on participation in our global network, we believe TonenGeneral group has a competitive advantage to pursue further efficiencies.

In our oil segment, the TonenGeneral group will pursue the best balance between margins and sales volume and lead the shift to self-service stations to meet customer demand under the "Express" concept, including network expansion for Speedpass and New Video Pumps. In addition, since January of last year we have been supplying ultra low-sulfur gasoline and diesel fuel while focusing on the most efficient supply, using the ExxonMobil global supply network. We are installing facilities over the next few years to enhance our flexibility to make these products at lower production cost.

In our chemical segment, we are working to fully optimize our specialty chemicals business lines, whose returns are not subject to the cyclical change in profitability of our commodity chemicals such as aromatics and olefins. As described above, our two new microporous film production lines will start early this year, and we will continue to pursue strategies to pursue the potential demand growth for HEVs (Hybrid Electric

Vehicle) and EVs (Electric Vehicle). Also, we will progress key profit improvement projects through capital investments to improve production facilities for other specialty products. As for commodity products, we will progress olefins and aromatics feedstock flexibility/optimization projects and aromatics de-bottlenecking /efficiency improvement projects, fully capitalizing on strong synergies with our oil refining operations.

We are participating in efforts by the ExxonMobil Group on a global basis to centralize and globalize a number of administrative and support activities. These efforts have reduced our costs, and we expect this trend to continue.

The TonenGeneral group's aim is to be a good corporate citizen. High standards of business practices are a foundation of our business. Our reputation and commitment to legal compliance and ethical conduct is a true asset. We continuously implement refresher training for employees in business practices, and in compliance with the Antimonopoly Law.

Maintaining safe, highly reliable and environmentally responsible operations is another foundation of our business and provides us our "license" to operate in the society. It is our most important duty and role to supply our products at a fair price, using safe and environmentally conscious methods. Thoroughgoing attention to safety, health and the environment is our top operational priority, and our basic principle is to continuously improve the standards of excellence in these aspects of our operations. The TonenGeneral group adheres to the OIMS System referred to previously. In order to enhance the quality of operations, we introduced LPS (Loss Prevention System), which focuses on human behavior to increase safety awareness to prevent the occurrence of accidents. We will continue to put the technology, knowledge, and experience of the ExxonMobil global network to work in our ongoing efforts to protect the environment.

We issued the 2005 edition of ExxonMobil Japan Group's Corporate Citizenship Report. The report introduced our approaches and specific measures on compliance, corporate ethics, corporate governance, social contribution activities, safety, health, and environment (available at our website http://www.tonengeneral.co.jp).

Although the difficult business environment surrounding us is projected to continue into the future, we will strive to continue to implement and improve on these initiatives, drive toward a greater efficiency across our operations, and provide high quality services and products for today's customers, as well as maintain strict business ethics in our overall operations. The TonenGeneral group is confident that we can make clear progress in raising our competitiveness and profitable and sustained growth. The TonenGeneral group will continue working to achieve its goals, and asks for its shareholders' continued interest and support.

(3) Changes in Financial Results and Asset Status

Consolidated

Item \ Term	83rd Term Jan. 1,'02-Dec.31,'02	84th Term Jan. 1,'03-Dec.31,'03	85th Term Jan. 1,'04-Dec.31,'04	86th Term Jan. 1,'05-Dec.31,'05
Sales revenue (M ¥)	1,928,868	2,135,289	2,342,276	2,856,182
Operating income (M¥)	4,840	33,992	63,177	19,978
Ordinary income (M¥)	8,261	38,386	68,625	22,822
Net income (M ¥)	8,474	27,712	48,243	13,015
Net income per share (¥)	13.92	46.82	81.52	22.01
Total assets (M¥)	964,494	932,586	945,537	968,334
Shareholders' equity (M ¥)	216,638	225,882	249,849	230,159
No. of consolidated companies	13	11	8	7
No. of affiliates on equity basis	5	4	3	2

(Notes) 1. Net income per share amount is based on the weighted-average number of shares outstanding during the term.

2. 83rd term

Profits sharply declined due to weak product demand and lower product margins. Shareholders' equity decreased, reflecting repurchase and retirement of the Company's own shares.

3. 84th term

Profits were augmented due to increases in sales volume, higher margin of products, and reduced operating costs, as well as extraordinary gains related to asset sales.

4. 85th term
   Profits were augmented due to higher margin of products, reduced operating costs, as well as extraordinary gains related to asset sales.
5. 86th term
   Developments of the term are described in "Group Companies' Developments and Results of Operations."

Parent-own

Term / Item	83rd Term Jan. 1,'02-Dec.31,'02	84th Term Jan. 1,'03-Dec.31,'03	85th Term Jan. 1,'04-Dec.31,'04	86th Term Jan. 1,'05-Dec.31,'05
Sales revenue (M ¥)	1,943,346	2,170,613	2,370,549	2,800,894
Operating income (M¥)	△ 2,911	27,170	42,549	△1,363
Ordinary income (M¥)	2,919	32,742	52,316	7,075
Net income (M ¥)	5,267	23,913	40,542	4,055
Net income per share (¥)	8.65	40.40	68.51	6.86
Total assets (M¥)	880,213	870,873	889,420	917,982
Shareholders' equity (M ¥)	172,511	177,112	193,897	166,442

(Notes) 1. △ represents loss.
2. From the 84th term, we show "net income" and "net income per share" as "*touki-jun-rieki" and "touki-jun-rieki per share*" respectively in Japanese instead of "*touki-rieki" and "touki-rieki per share*" due to the amendment to the regulations for the enforcement of the Commercial Code.
3. Net income per share amounts are based on the weighted-average number of shares outstanding during the term.

2. Company Profile (as of December 31, 2005)

(1) Major Business of TonenGeneral Group

Segment	Business	Major Products Handled
Oil Products	Transportation of Crude oil and Petroleum Products, and Manufacturing, Processing and Sales of Petroleum Products	Gasoline, Naphtha, Kerosene, Jet Fuel, Automotive Diesel Oil, Fuel Oils, Lube Oils, and LPG, etc.
Chemical Products	Manufacturing, Processing and Sales of Petrochemical Products	Ethylene, Propylene, Benzene, Toluene, Paraxylene, Microporous film, etc.
Others	Engineering and Maintenance Service	

(2) Principal Places of Operation of TonenGeneral Group

Company Name	Division	Location
TonenGeneral Sekiyu K.K.	Head Office Kawasaki Refinery Sakai Refinery Wakayama Refinery Research Center	Minato-ku, Tokyo Kawasaki-shi, Kanagawa Pref. Sakai-shi, Osaka-fu Arida-shi, Wakayama Pref. Kawasaki-shi, Kanagawa Pref.
Tonen Kagaku K.K.	Head Office Kawasaki Plant	Minato-ku, Tokyo Kawasaki-shi, Kanagawa Pref.
Nansei Sekiyu K.K.	Head Office/Nishihara Refinery	Nishihara-cho, Okinawa Pref.

(3) Shares of the Company

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

Total number of shares issued: 583,400,000 shares

Number of shareholders: 53,148*

(* Decrease of 4,541 compared to December 31, 2004)

Note: As of December 22, 2005, the Company retired 9,143,018 of its own shares in accordance with the resolution made at the Board of Directors' Meeting held on December 15, 2005. As a result the total number of shares authorized to be issued and shares issued decreased by that same number of shares as compared to December 31, 2004.

(4) Major Shareholders

Shareholders' Name	Shares Held		Stock Ownership by the Company	
	Number of Shares	Ratio of Voting Rights	Number of Shares	Equity Ratio
	thousands	%	thousands	%
ExxonMobil Yugen Kaisha	291,821	50.65	—	—
Japan Trustee Services Bank, Ltd. (Trust Account)	20,279	3.52	—	—
Sompo Japan Insurance Inc.	9,423	1.64	—	—
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,420	1.64	—	—
Tokio Marine & Nichido Fire Insurance Co., Ltd.	8,208	1.42	—	—
Nippon Life Insurance Company	6,491	1.13	—	—
The Chase Manhattan Bank NA London	5,036	0.87	—	—
Mitsubishi UFJ Trust and Banking Corporation (Trust Account)	4,101	0.71	—	—
Aioi Insurance Company, Limited	3,590	0.62	—	—
The Dai-ichi Mutual Life Insurance Company	3,376	0.59	—	—

(5) Acquisition, Disposal and Retention of Own Shares

① Acquisition

Common stock: 8,413,853 shares

Total amount: ¥10,429,985 thousand

Note: Above figures include "*Kaitori*" transaction and acquisition of own shares shown in ⑤ below.

② Disposal

Common stock: 60,141 shares

Total amount: ¥69,782 thousand

Note: Above figures include "*Kaimashi*" transaction.

③ Elimination

Common Stock: 9,143,018 shares

Note: This elimination was due to the retirement of shares in accordance with the resolution of the Board of Directors' Meeting based on the Article

212 of the Commercial Code.

④ Retention at the closing of the current term

Common stock: 70,505 shares

⑤ Acquisition of own shares in accordance with the resolution of the board of directors' meeting based on the provision of the Articles of Incorporation after the 85th annual general meeting of shareholders

Common stock: 8,051,000 shares

Total amount: ¥9,999, 342 thousand

Reason of Acquisition: As a measure to adjust its capital structure

(6) Employees of TonenGeneral Group

① Number of Employees of TonenGeneral Group

Segment	No. of Employees	Change from End of Previous Term
Oil Products	1,963	Decrease of 68
Chemical Products	509	Increase of 30
Others	25	Decrease of 1
Total	2,497	Decrease of 39

② Employee Data of the Company

No. of Employees	Change from End of Previous Term	Average Age	Average Years of Service
1,656	Decrease of 58	44.8	23.7

Notes 1. The number of employees does not include loaned-out employees, but includes loaned-in employees.

2. The number of employees decreased during the term mainly due to retirements relating to the implementation of an "Early Retirement Program."

(7) Business Affiliation

1) Important Business Affiliation

1. ExxonMobil Yugen Kaisha (Y.K.) is a Controlling Company (*Shihai Kabunushi*) of TonenGeneral, holding 50.65 % of its total shareholders' voting rights. ExxonMobil Y.K. is a 100% subsidiary of Exxon Mobil Corporation which indirectly owns equity in ExxonMobil Y.K.

2. TonenGeneral has concluded an agreement relating to supply and offtake for petroleum products with ExxonMobil Y.K. to supply petroleum products.

3. TonenGeneral has concluded an agreement for ExxonMobil Y.K. under which

TonenGeneral is entrusted with certain logistic functions of ExxonMobil Y.K.

4. TonenGeneral has concluded agreements for comprehensive services with ExxonMobil Y.K. to entrust marketing functions and administrative functions.
5. TonenGeneral has concluded agreements in relation to crude oil, products and feedstocks supply, services, and research with some ExxonMobil affiliated companies abroad.
6. Tonen Chemical Corp. has concluded an agency agreement with ExxonMobil Y.K., utilizing ExxonMobil Y.K. as an agent to centralize its sales and logistics operations.

2) Principal Subsidiaries and Affiliates

Name of Company	Capital	Ratio of Voting Rights	Main Business
	¥ million	%	
〈Subsidiaries〉			
Tonen Kagaku K. K.	4,500	100.0	Manufacturing and sales of petrochemicals
TonenGeneral Kaiun Y.K.	243	100.0	Shipping operations
Nansei Sekiyu K.K.	7,625	87.5	Import and refining of crude oil
〈Affiliate〉			
Nippon Unicar K.K.	2,000	50.0	Manufacturing and sales of polyethylene

Notes: The Company indirectly owns 50% of the shares of Nippon Unicar K.K. through Tonen Kagaku K. K.

3) Development of Business Affiliation

Tonen Kagaku K. K. acquired 50% of stocks issued of Tonex Company Limited (“Tonex”) from ExxonMobil Petroleum & Chemical Holdings Inc. in January 2005. Tonex therefore became a wholly-owned subsidiary of Tonen Kagaku K. K. It then merged into Tonen Kagaku K.K. in August 2005.

4) Combined Results

Consolidated companies consist of seven subsidiaries and two affiliates on an equity basis, including the above-stated four principal subsidiaries and affiliates.

Consolidated sales revenue for the current period increased by 21.9% from the previous year and amounted to ¥ 2,856,182 million. Consolidated ordinary income and consolidated net income for the current period decreased by ¥45,802 million and ¥35,228 million from the previous year and stood at ¥22,822 million and ¥ 13,015 million respectively.

(8) Major Sources of Loans (parent-own basis)

Major Lenders	Amount of loan outstanding	Shares held of the Company	
	¥ million	thousands	%
Tonen Kagaku K. K.	21,080	—	—
Japan Oil, Gas and Metals National Corporation	20,003	—	—
ExxonMobil Asia Pacific Private Ltd.	16,946		
Development Bank of Japan	11,787	—	—
Mobil International Petroleum Corporation	7,001	—	—
Nansei Sekiyu K.K.	6,355	—	—
Sumitomo Mitsui Banking Corporation	3,933	—	—

(9) Directors and Statutory Auditors

Position	Name	Responsibility or Principal Occupation
Representative Director, Chairman and President	G. W. Pruessing	
Representative Director, Vice President	K. Suzuki	
Representative Director, Managing Director	K. Sugiyama	Kawasaki Refinery Manager
Director	W. J. Bogaty	Representative Director, Vice President, ExxonMobil Y. K.
Director	J. F. Spruill	Representative Director, Vice President, ExxonMobil Y. K.
Director	J. Mutoh	Wakayama Refinery Manager
Statutory Auditor (Full-time)	N. Miyajima	
Statutory Auditor (Full-time)	H. Kobayakawa	
Statutory Auditor	S. Ikeda	

Notes: 1. T. Ohta was elected as an Alternate Statutory Auditor at the general meeting of shareholders held on March 25, 2005.

2. K. Suzuki, Representative Director and Managing Director, promoted to Representative Director and Vice President as of June 1, 2005.

3. G. W. Pruessing, Representative Director, Chairman and President of the Company, serves concurrently as Representative Director and President of ExxonMobil Y. K., which is a Controlling Company of the Company.

4. H. Kobayakawa and S. Ikeda are outside statutory auditors provided for in Paragraph 1 of Article 18 of the Special Law of the Commercial Code concerning Audit, etc. of Stock Corporations of Japan.

(10) Amount of fee to be paid to Accounting Auditor

① Total amount of fee paid by the Company and its affiliates
¥28,940 thousand

② Out of the amount shown in ① above, total amount which was paid by the Company and its affiliates in compensation for audit and certification business which is stipulated in Paragraph 1, Article 2 of the Certified Public Accountant Law of Japan
¥28,940 thousand

③ Out of the amount shown in ② above, total amount which was paid by the Company (parent own basis) in compensation for the audit and certification

business
¥24,370 thousand

Note: Since the amount of audit reward is not segregated between audit based on the Special Law of the Commercial Code concerning Audit, etc. of Stock Corporations of Japan and that based on the Securities and Exchange Law in the audit contract between the Company and the accounting auditor, the amount shown in ③ above indicates total amount for both audits.

Consolidated Balance Sheet

As of December 31, 2005

(Unit : Million Yen)

Account Title	Amount	Account Title	Amount
Assets	968,334	Liabilities	737,159
Current Assets	686,625	Current Liabilities	660,721
Cash and Cash Equivalents	569	Notes and Trade Accounts Payable	294,663
Notes and Trade Accounts Receivable	492,618	Gasoline Tax etc., Payable	236,899
Inventories	166,899	Short-term Debt	45,877
Income Tax Receivable	12,202	Commercial Paper	15,000
Deferred Tax Assets	6,633	Accrued Income Tax	4,769
Short-term Loans Receivable	714	Accrued Consumption Tax	13,517
Others	7,611	Guarantee Deposits Payable	12,344
Bad Debt Allowance	-623	Reserve for Bonuses	1,428
		Others	36,220
Long-term Assets	281,708		
Property, Plant and Equipment	237,090		
Buildings and Structures	57,234	Long-term Liabilities	76,437
Tanks	6,924	Long-term Debt	14,653
Machinery, Equipment and Vehicles	66,614	Deferred Tax Liabilities	1,348
		Reserve for Accrued Pension Costs	39,995
Tools, Furniture and Fixtures	1,549	Reserve for Officers' Retirement Allowance	238
Land	91,550		
Incomplete Construction	13,216	Reserve for Repairs	16,395
		Reserve for Offshore Well Abandonment	1,567
Intangible Assets	8,231		
Leasehold	1,974	Others	2,239
Software	3,143		
Consolidation Adjustment Account	2,613	Minority Interests	1,015
Others	500	Shareholders' Equity	230,159
Investments and Other Assets	36,385	Common Stock	35,123
Investment Securities	13,495	Additional Paid-in Capital	20,770
Long-term Loans Receivable	1,390	Legal Earned Reserve	173,772
Deferred Tax Assets	6,993	Net Unrealized Holding Gains on Securities	579
Others	15,201		
Bad Debt Allowance	-694	Treasury Stock	-85
Total Assets	968,334	Total Liabilities, Minority Interests and Shareholders' Equity	968,334

Consolidated Statement of Income

From: January 1, 2005
To: December 31, 2005

(Unit : Million Yen)

Account Title			Amount	
Ordinary P/L	Operating P/L	Operating Revenues		
		Sales Revenues		2,856,182
		Operating Expenses		
		Cost of Sales	2,797,434	
		Selling, General and Administrative Expenses	38,769	2,836,203
		Operating Income		19,978
	Non-operating P/L	Non-operating Income		
		Interest Income	100	
		Dividends Received	72	
		Foreign Exchange Gain	1,770	
		Equity Earnings of Affiliates	1,670	
		Others	135	3,749
		Non-operating Expenses		
		Interest Expenses	605	
		Others	299	905
	Ordinary Income			22,822
Extraordinary P/L	Extraordinary Gain			
	Gain on Sales of Property, Plant and Equipment		2,815	
	Gain on Sales of Investment Securities		2,138	
	Gain on Sale of Marketing Goodwill		377	
	Others		41	5,373
	Extraordinary Loss			
	Additional Allowance for Employees' Early Retirement		3,380	
	Loss on Sales and Disposals of Property, Plant and Equipment		2,864	
	Loss on Asset Impairment		868	
	Evaluation Loss on Investment Securities		664	7,778
Income Before Income Taxes				20,417
Current Income Taxes				8,120
Deferred Income Tax				-719
Minority Interests				1
Net Income				13,015

Notes to Consolidated Balance Sheet and Statement of Income

I. Basics for the Development of Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated Subsidiaries (7 companies):

Nansei Sekiyu K.K., TonenGeneral Kaiun Y.K., Tonen Technology K.K., Tonen Kagaku K.K., Tonen Chemical Nasu Corp., Kawasaki Polyolefin Holdings Y.K., Chuo Sekiyu Hanbai K.K.

There was one company added to and two removed from consolidation during this consolidated accounting period. Details follow:

-Subsidiary added to consolidation due to purchase of stocks by Tonen Kagaku K.K.:
Tonex Co., Ltd.
-Subsidiary removed from consolidation due to liquidation:
Tonen Energy and Marine (Singapore) Private Ltd.
-Subsidiary removed from consolidation due to merger into Tonen Kagaku K.K.:
Tonex Co., Ltd.

(2) Non-consolidated Subsidiary (1 company):

Kyushu Eagle K.K.

Reason for excluding the subsidiary from consolidation:

The non-consolidated subsidiary does not materially influence the consolidated financial statements in terms of total assets, sales revenues, net income/loss or retained earnings.

2. Application of the Equity Method

(1) Affiliates Accounted for by the Equity Method (2 companies):

Shimizu LNG K.K., Nippon Unicar K.K.

Affiliates Removed due to Purchase of Stocks by Tonen Kagaku K.K.

Tonex Co., Ltd.

(2) Non Equity-method Companies

Non-consolidated Subsidiary: Kyushu Eagle K.K.
Affiliate: Emori Sekiyu K.K.

(3) Reason for not applying the Equity Method

The non-consolidated subsidiary and the affiliate do not materially influence net income or retained earnings.

3. Closing Date of Consolidated Subsidiaries

Closing dates of consolidated subsidiaries are the same as that of the Company.

4. Summary of Significant Accounting Procedures

(1) Evaluation Methods for Assets

Inventories

- Products, goods, unfinished products and crude: generally LIFO at the lower of cost or market
- Supplies: the moving-average method at cost

Securities

- Other securities

Marketable: market value at the closing date
(Unrealized holding gain/loss is directly reflected in shareholders' equity, and cost of sales is calculated using the moving-average method.)

Non-marketable: the moving-average method at cost

Derivatives: market value at the closing date

(2) Depreciation and Amortization of Fixed Assets

- Property, Plant and Equipment: generally the declining-balance method

The service life ranges of major types of assets are:

Buildings and Structures:	10 years to 50 years
Tanks:	10 years to 25 years
Machinery and Equipment:	8 years to 15 years

- Intangible Assets: the straight-line method

In-house computer software is amortized over its service life (5 to 15 years) using the straight-line method.

(3) Accounting for Major Reserves

- Bad Debt Allowance

To provide for the losses due to bad debt, the Company and its consolidated subsidiaries accrue estimated bad debt allowances on ordinary receivables based on historical bad debt ratios, and on highly doubtful receivables based on the financial conditions

- Reserve for Bonuses

To provide for the payment of employees' bonuses, the Company and its consolidated subsidiaries accrue estimated reserves for the consolidated accounting period.

- Reserve for Accrued Pension Costs

To provide for the payment of employees' post-retirement benefits, the Company and its consolidated subsidiaries accrue estimated reserves based on projected benefit obligations and estimated pension plan assets as of the closing date. Any difference in actuarial calculations of retirement benefits are amortized beginning with the next accounting period, where the declining-balance method is employed over a period which is set within employees' average remaining service years (12 years). Prior service obligations are amortized using the straight-line method over employees' average remaining service years (15.5 years for 2003 and before, 12.9 and 11.4 years thereafter for the Company and its consolidated subsidiary, respectively).

- Reserve for Officers' Retirement Allowance

To provide for the payment of officers' post-retirement allowance, the Company and its consolidated subsidiaries accrue estimated amounts of lump sum retirement allowance assuming that officers retire at the closing date.

- Reserve for Repairs

To provide for periodic tank inspections required under the Fire Service Law and for periodic repairs of machinery and equipment, the Company and two of its consolidated subsidiaries accrue estimated reserves for the consolidated accounting period, based on actual payments and repair plans, respectively.

- Reserve for Offshore Well Abandonment

To provide for expenses for offshore well abandonment to be incurred when natural gas production is terminated, the Company accrues an estimated amount using the unit-of-production method.

(4) Accounting for Finance Lease Transactions

The same accounting treatment as that for ordinary operating lease transactions is employed for finance lease transactions without transfer of ownership of leased items to lessee.

(5) Amounts on the Consolidated Financial Statements do not include consumption taxes.

(6) Return of Substitutional Portion of Employee Pension Fund (EPF)

With the implementation of the Defined Benefit Pension Plan Act, the Company and its consolidated subsidiary Tonen Kagaku K.K. were granted approval by the Minister of Health, Labor and Welfare on the return of the substitutional portion of the Employee Pension Fund (EPF) in the previous consolidated accounting period. The return was completed on May 31, 2005. The variance in the return amounts between the estimate in the previous consolidated accounting period and the actual amount determined in the current consolidated accounting period amounted to 118 million yen. As a result, Operating Income for this consolidated accounting period increased by 118 million yen.

(7) Pro Forma Standard Taxation

With the promulgation of amendments to the Local Tax Law (Law No.9 for 2003) on March 31, 2003, and the implementation of the Pro Forma Standard Taxation effective with accounting periods that started after April 1, 2004, the Company recognized the value-added and capital-proportionate portions of Enterprise Tax as Cost of Sales and Selling, General and Administrative Expense in accordance with "the guideline on how to show pro forma portions of Enterprise Tax on the Income Statement" (Corporate Accounting Standards Committee - Accounting Practice Report No.12). As a result, Cost of Sales and Selling, General and Administrative Expenses increased by 121million yen and 153 million yen, respectively, and Operating Income, Ordinary Income and Income before Taxes decreased by 275 million yen.

5. Evaluation Method for Assets and Liabilities of Consolidated Subsidiaries

Assets and liabilities of the consolidated subsidiaries are evaluated using the partial fair value method.

6. Amortization Method for Consolidation Adjustment Accounts

Consolidation adjustment accounts are amortized over five years using the straight-line method. When the amounts are immaterial, they are amortized in a lump-sum in the consolidated accounting period. When the number of amortization years is reasonably estimable, and it is shorter than 5 years, consolidation adjustment accounts are amortized over the estimated years using the straight-line method.

II. Notes to Consolidated Balance Sheet

1. Accumulated Depreciation of Property, Plant and Equipment: 746,567 Million Yen
2. Collateralized Property, Plant and Equipment: 55,570 Million Yen
3. Guarantee Liabilities: 3,867 Million Yen

III. Notes to Consolidated Statement of Income

Net Income per Share: 22.01 Yen

IV. Unit of Amount

Amounts are shown in truncated millions of yen.

<u>Independent Auditors' Report</u>
(Unofficial English translation of Japanese audit report)

February 15, 2006

To the Board of Directors
TonenGeneral Sekiyu K.K.

ChuoAoyama PricewaterhouseCoopers

Representative and
Engagement Partner, CPA
Norio Igarashi
Representative and
Engagement Partner, CPA
Takahiro Nakazawa
Engagement Partner, CPA
Akio Kobayashi

We have audited, pursuant to Article 19-2, paragraph 3 of the "Special Law of the Commercial Code Concerning the Audit, etc. of Stock Corporations (Kabusiki-Kaisya)" of Japan, the consolidated financial statements, which consist of the consolidated balance sheet and consolidated profit and loss statement figures of TonenGeneral Sekiyu K.K. and its subsidiaries (hereinafter referred to as the "Company") for the 86th fiscal year from January 1, 2005 to December 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Our audit included auditing procedures applied to subsidiaries of the Company as were considered necessary.

As a result of our audit, consolidated balance sheet and consolidated profit and loss statement present fairly the consolidated financial position and results of operation of the Company in conformity with the applicable laws and regulations of Japan and the Articles of Incorporation.

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Law of Japan.

Notice to Readers:

The original financial statements, which consist of the balance sheet, profit and loss statement, business report and proposal for appropriation, and supplementary schedules, are written in Japanese. The business report and supplementary schedules have been omitted in the accompanying financial statements.

(Translation)

Audit Report for Consolidated Financial Statements

The Board of Statutory Auditors has reached the conclusion by putting together the results of each auditor's examination and prepared the Audit Report, as presented herewith, by having discussion among the auditors who have conducted the audits regarding Consolidated Financial Statements for the 86th fiscal period from January 1, 2005 to December 31, 2005. Our opinion is as follows:

1. Outline of Statutory Audit

According to the audit policy and assignment of work resolved by the Board of Statutory Auditors, we received briefings from management and the Accounting Auditor regarding the Consolidated Financial Statements. We also examined the business performance and financial conditions of subsidiaries and affiliates by visiting those companies as necessary.

2. Result of the audit

It is our opinion that:

(1) the methods and results of audits conducted by ChuoAoyama Audit Corporation, our Accounting Auditor, are appropriate.

(2) as a result of the examination of subsidiaries, there is no particular item to be noted regarding the Consolidated Financial Statements.

February 22, 2006

The Board of Statutory Auditors
TonenGeneral Sekiyu Kabushiki Kaisha

Nobuaki Miyajima, Statutory Auditor-Full Time
Hisayoshi Kobayakawa, Statutory Auditor-Full Time
Shunji Ikeda, Statutory Auditor

Note: H. Kobayakawa and S. Ikeda are outside statutory auditors who satisfy the qualification required under Paragraph 1, Article 18 of "The Audit Special Exception Law of the Commercial Code".

Balance Sheet

As of December 31, 2005

(Unit : Million Yen)

Account Title	Amount	Account Title	Amount
Assets	917,982	Liabilities	751,539
Current Assets	680,000	Current Liabilities	681,973
Cash and Cash Equivalents	115	Trade Accounts Payable	311,043
Trade Accounts Receivable	492,211	Gasoline Tax etc., Payable	226,730
Products and Goods	30,989	Short-term Debt	75,069
Unfinished Products	30,433	Commercial Paper	15,000
Crude Oil	86,852	Other Accounts Payable	11,428
Supplies	2,828	Accrued Expense	11,565
Prepaid Expenses	2,283	Accrued Consumption Tax	10,458
Income Tax Receivable	11,979	Guarantee Deposits Payable	12,335
Deferred Tax Assets	5,186	Advance from Customers	5,786
Short-term Loans Receivable	13,172	Reserve for Bonuses	1,165
Other Accounts Receivable	4,547	Others	1,391
Others	23		
Bad Debt Allowance	-623	Long-term Liabilities	69,566
Long-term Assets	237,982	Long-term Debt	13,801
Property, Plant and Equipment	195,448	Reserve for Accrued Pension Costs	37,588
Buildings	16,756	Reserve for Officers' Retirement Allowance	233
Structures	33,297		
Tanks	5,626	Reserve for Repairs	14,371
Machinery and Equipment	53,504	Reserve for Offshore Well Abandonment	1,567
Cars and Vehicles	81		
Tools, Furniture and Fixtures	1,366	Others	2,004
Land	76,024	Shareholders' Equity	166,442
Incomplete Construction	8,789	Common Stock	35,123
		Additional Paid-in Capital	20,770
Intangible Assets	5,322	Legal Capital Surplus	20,741
Leasehold	1,974	Other Legal Capital Surplus	28
Software	2,891	Gain on Treasury Stocks Disposal	28
Utility Rights	457		
Investments and Other Assets	37,211	Retained Earnings	110,160
Investment Securities	6,776	Legal Earned Reserve	8,780
Stock of Subsidiaries	11,464	Voluntary Reserves	21,887
Investment in Subsidiaries	967	Reserve for Replacement of Property	21,467
Long-term Loans Receivable	1,288		
Long-term Deposits	5,518	Reserve for Mine Exploration	258
Deferred Tax Assets	6,531	Reserve for Special Depreciation	161
Others	5,303	Unappropriated Retained Earnings	79,491
Bad Debt Allowance	-638	Net Unrealized Holding Gains on Securities	474
		Treasury Stock	-85
Total Assets	917,982	Total Liabilities and Shareholders' Equity	917,982

Statement of Income

From: January 1, 2005
To: December 31, 2005

(Unit : Million Yen)

Account Title			Amount	
Ordinary P/L	Operating P/L	Operating Revenues		
		Sales Revenues		2,800,894
		Operating Expenses		
		Cost of Sales	2,774,637	
		Selling, General and Administrative Expenses	27,621	2,802,258
		Operating Loss		1,363
	Non-operating P/L	Non-operating Income		
		Interest Income	383	
		Dividends Received	7,364	
		Foreign Exchange Gain	1,362	
		Others	53	9,164
		Non-operating Expenses		
		Interest Expenses	617	
		Others	107	725
	Ordinary Income			7,075
Extraordinary P/L	Extraordinary Gain			
	Gain on Sales of Property, Plant and Equipment		2,536	
	Gain on Sales of Golf Membership		37	2,574
	Extraordinary Loss			
	Additional Allowance for Employees' Early Retirement		3,203	
	Loss on Sales and Disposals of Property, Plant and Equipment		2,818	
	Loss on Asset Impairment		868	
	Evaluation Loss on Investment Securities		664	7,554
Income Before Income Taxes				2,095
Current Income Taxes				32
Prior Year's Income Taxes				-359
Deferred Income Tax				-1,633
Net Income				4,055
Unappropriated Retained Earnings Brought Forward				97,098
Retirement of Treasury Stocks				11,014
Interim Dividends Declared				10,648
Unappropriated Retained Earnings at End of Period				79,491

Notes to Balance Sheet and Statement of Income

I. Important Accounting Policies

1. Evaluation Methods for Securities
   - Stocks of subsidiaries and affiliated companies: the moving-average method at cost
   - Others

     Marketable: market value at the closing date
     (Unrealized holding gain/loss is directly reflected in shareholders' equity, and cost of sales is calculated using the moving-average method.)

     Non-marketable: the moving-average method at cost

2. Evaluation Method for Derivative Transactions, etc.: market value at the closing date

3. Evaluation Methods for Inventories
   - Products, goods, unfinished products and crude: generally LIFO at the lower of cost or market
   - Supplies: the moving-average method at cost

4. Depreciation and Amortization of Fixed Assets
   - Property, Plant and Equipment: generally the declining-balance method

     The service life ranges of major types of assets are:

Buildings and Structures:	10 years to 50 years
Tanks:	10 years to 25 years
Machinery and Equipment:	8 years to 15 years

   - Intangible Assets: the straight-line method

     In-house computer software is amortized over its service life (5 to 15 years) using the straight-line method.

5. Accounting Standards for Major Reserves
   - Bad Debt Allowance

     To provide for the losses due to bad debt, the Company accrues estimated bad debt allowances on ordinary receivables based on historical bad debt ratios, and on highly doubtful receivables based on the financial conditions of individual customers.

   - Reserve for Bonuses

     To provide for the payment of employees' bonuses, the Company accrues an estimated reserve for the accounting period.

   - Reserve for Accrued Pension Costs

     To provide for the payment of employees' post-retirement benefits, the Company accrues an estimated reserve based on projected benefit obligations and estimated pension plan assets as of the closing date. Any difference caused in actuarial calculations of retirement benefits is amortized beginning with the next accounting period, where the declining balance method is employed over a period which is set within employees' average remaining service years (12 years). Prior service obligations are amortized using the straight-line method over employees' average remaining service years (15.5 years for 2003 and before, and 12.9 years thereafter).

   - Reserve for Officers' Retirement Allowance

     To provide for the payment of officers' post-retirement allowance, the Company accrues an estimated amount of lump sum retirement allowance assuming that officers retire at the closing date.

- Reserve for Repairs

  To provide for periodic tank inspections required under the Fire Service Law and for periodic repairs of machinery and equipment, the Company accrues estimated reserves for the accounting period, based on actual payments and on actual payments and repair

- Reserve for Offshore Well Abandonment

  To provide for expenses for offshore well abandonment to be incurred when natural gas production is terminated, the Company accrues an estimated amount using the unit-of-production method.

6. Accounting for Finance Lease Transactions
   The same accounting treatment as that for ordinary operating lease transactions is employed for finance lease transactions without transfer of ownership of leased items to lessee.

7. Amounts on the financial statements do not include consumption taxes.

8. Return of Substitutional Portion of Employee Pension Fund (EPF)
   With the implementation of the Defined Benefit Pension Plan Act, the Company was granted approval by the Minister of Health, Labor and Welfare on the return of its past substitutional government portion in the previous accounting period. The return was completed on May 31, 2005. The variance in the return amounts between the estimate in the previous accounting period and the actual amount determined in the current accounting period amounted to 89 million yen. As a result, operating loss for this accounting period decreased by 89 million yen.

9. Pro Forma Standard Taxation
   With the promulgation of amendments to the Local Tax Law (Law No.9 for 2003) on March 31, 2003, and the implementation of the Pro Forma Standard Taxation effective with accounting periods that started after April 1, 2004, the Company recognized the value-added and capital-proportionate portions of Enterprise Tax as Cost of Sales and Selling, General and Administrative Expense in accordance with "the guideline on how to show pro forma portions of Enterprise Tax on the Income Statement" (Corporate Accounting Standards Committee - Accounting Practice Report No.12). As a result, Cost of Sales, Selling, General and Administrative Expenses and Operating Loss increased by 108 million yen, 31 million yen and 140 million yen, respectively, and Ordinary Income and Income before Taxes decreased by 140 million yen.

II. Notes to Balance Sheet

1. Accumulated Depreciation of Property, Plant and Equipment: 632,874 Million Yen

2. Short-term Accounts Receivable from Controlling Shareholder: 333,220 Million Yen
   Short-term Accounts Payable to Controlling Shareholder: 81,748 Million Yen

3. Short-term Accounts Receivable from Subsidiaries: 57,854 Million Yen
   Short-term Accounts Payable to Subsidiaries: 65,457 Million Yen

4. Collateralized Property, Plant and Equipment: 46,692 Million Yen

5. Guarantee Liabilities: 3,760 Million Yen

6. Reserve for Officers' Retirement Allowance, Reserve for Repairs and Reserve for Offshore Well Abandonment are those stipulated in Enforcement Regulation of Japanese Commercial Code Article 43.

7. Shareholders' Equity Stipulated in Enforcement Regulation of Japanese Commercial Code Article 124-3: 474 Million Yen

III. Notes to Statement of Income

1. Transaction Amounts with Controlling Shareholder:

Sales Revenues, etc	1,519,046	Million Yen
Purchases, etc.	224,845	Million Yen

2. Transaction Amounts with Subsidiaries:

Sales Revenues	207,657	Million Yen
Purchases, etc.	133,963	Million Yen
Non-operating Transactions	7,426	Million Yen

3. Net Income per Share: 6.86 Yen

IV. Unit of Amount

Amounts are shown in truncated millions of yen.

Proposed Retained Earnings Distribution

(Unit : Yen)

Items	Amount	
Unappropriated Retained Earnings		79,491,559,009
Reversal of Voluntary Reserves		
Reserve for Replacement of Property	1,980,242,594	
Reserve for Mine Exploration	8,659,339	
Reserve for Special Depreciation	103,028,620	2,091,930,553
Total		81,583,489,562
Would like to dispose of the above as follows:		
Dividends to Shareholders (18.50 yen per share)		10,791,595,658
Balance Carried Forward after Proposed Distribution		70,791,893,904

(Note) Interim dividends of 10,648,135,134 yen (18.00 yen per share) were paid to shareholders registered as of June 30, 2005.

Independent Auditors' Report
(Unofficial English translation of Japanese audit report)

February 15, 2006

To the Board of Directors
TonenGeneral Sekiyu K.K.

ChuoAoyama PricewaterhouseCoopers

Representative and
Engagement Partner, CPA
Norio Igarashi
Representative and
Engagement Partner, CPA
Takahiro Nakazawa
Engagement Partner, CPA
Akio Kobayashi

We have audited, pursuant to Article 2, paragraph 1 of the "Special Law of the Commercial Code Concerning the Audit, etc. of Stock Corporations (Kabusiki-Kaisya)" of Japan, the financial statements, which consist of the balance sheet, profit and loss statement, business report (limited to the accounting figures included therein) and proposal for appropriation, and supplementary schedules (limited to the accounting figures included therein) of TonenGeneral Sekiyu K.K. (hereinafter referred to as the "Company") for the 86th fiscal year from January 1, 2005 to December 31, 2005. The portion of the business report and supplementary schedules subject to our audit are those derived from the accounting books and records of the Company. These financial statements and supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we obtain reasonable assurance about whether the financial statements and supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Our audit included auditing procedures applied to subsidiaries of the Company as were considered necessary.

As a result of our audit, it is our opinion that:

(1) The balance sheet and profit and loss statement present fairly the financial position and results of operation of the Company in conformity with the applicable laws and regulations of Japan and the Articles of Incorporation.

(2) The business report of the Company (limited to the accounting figures included therein) presents fairly the Company's affairs in conformity with the applicable laws and regulations of Japan and the Articles of Incorporation.

(3) The proposal for appropriation is presented in conformity with the applicable laws and regulations of Japan and the Articles of Incorporation.

(4) There is nothing in respect of the supplementary schedules (limited to the accounting figures included therein) that is required to be mentioned by the provisions of the Commercial Code of Japan.

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Law of Japan.

Notice to Readers:

The original financial statements, which consist of the balance sheet, profit and loss statement, business report and proposal for appropriation, and supplementary schedules, are written in Japanese. The business report and supplementary schedules have been omitted in the accompanying financial statements.

(Translation)

Audit Report

The Board of Statutory Auditors has reached the conclusion by putting together the results of each auditor's examination and prepared the Audit Report, as presented herewith, by having discussion among the auditors who have conducted the audits regarding Directors' execution of duties for the 86th fiscal period from January 1, 2005 to December 31, 2005. Our opinion is as follows:

1. Outline of Statutory Audit

(1) On March 25, 2005, the Board of Statutory Auditors held the meeting with attendance of all the statutory auditors, and resolved the audit policy, audit plan, and assignment of work among the auditors. The statutory auditors have conducted the audit based on the resolution. For those items deemed necessary or appropriate, individual auditors conducted audit from time to time, despite the above resolution.

(2) As to the BOD meetings, all the statutory auditors have examined proposals in advance, and observed the process and results of their reviews covering the matters brought up for resolution and/or report by attending the meetings. Also we have asked questions and expressed opinions from time to time as necessary.

(3) In addition, the statutory auditors have attended the meetings where the important business issues have been discussed, such as the R&S monthly and quarterly review meetings. We also have reviewed the important documents and had briefings of business operations from the functional management.

(4) We have audited the HQ departments (including business operations entrusted to ExxonMobil Y.K.), an ExxonMobil overseas affiliate whom we entrust our administrative operations, the refineries, the research laboratory, the terminals and the major branches of ExxonMobil Y.K., by visiting those sites based on the responsibility assignment.

(5) For the important subsidiaries, we have audited in the same manner as the Company. Also, we have examined the business performance and financial conditions of the other subsidiaries and affiliates including matters for the group companies described in the Business Report as necessary.

(6) Throughout these audits, we have always paid attention to the state of compliance with the relevant laws and the business ethics policy, and the state of the internal control systems including risk management in the entire operations of the

Company. We have received an advanced briefing on the annual audit plan and in-depth explanations regarding the results of the internal audits, which the Corporate Audit Services executed, from internal auditors in charge of those audits as those audits were completed.

(7) For accounting audit matters, we received explanation of the audit plan from the Accounting Auditors in advance, had discussion with them, and received the reports of their audit results.

(8) We have held periodically the Board of Statutory Auditors and other periodic meetings in order to discuss the results of the audits conducted by individual auditors and to exchange opinions in order to share information in common. We have communicated our opinion as necessary, in writing or orally, about the result of our survey or audit to the representative director and responsible manager of the department.

2. Result of the audit

It is our opinion that:

(1) the methods and results of audits conducted by ChuoAoyama Audit Corporation, our Accounting Auditor, are appropriate.

(2) the Business Report presents fairly the status of the Company's business conditions in conformity with the applicable regulations and the Articles of Incorporation.

(3) there is no item to be noted on the proposed appropriation of retained earnings in light of the Company's financial condition and other situations.

(4) the Supplementary Schedules present correctly all matters that need to be presented and there is no particular item to be noted.

(5) there is no indication of important wrongdoings or violation of laws and the Articles of Incorporation in Directors' execution of duties. Also, we do not see any matter we should point out in Directors' execution of duties covering subsidiaries.

(6) there is no indication that any Director acted against his duties with regard to competitive business transactions, conflict of interest transactions, any free benefit given to outside people from the Company, any unusual transactions with a subsidiary or a shareholder, and acquisition and disposition of treasury stock.

(7) there is no item to be noted on the Directors' executions of duties regarding the establishment and maintenance of internal control systems.

February 22, 2006

The Board of Statutory Auditors
TonenGeneral Sekiyu Kabushiki Kaisha

Nobuaki Miyajima, Statutory Auditor-Full Time
Hisayoshi Kobayakawa, Statutory Auditor-Full Time
Shunji Ikeda, Statutory Auditor

Note: H. Kobayakawa and S. Ikeda are outside statutory auditors who satisfy the qualification required under Paragraph 1, Article 18 of "The Audit Special Exception Law of the Commercial Code".

Reference Materials Regarding the Exercise of Voting Rights

1. Total number of shareholders’ voting rights: 576,101

2. Items for Resolution

Item No.1: Approval of Proposed Retained Earnings Distribution for the 86th Business Term

This item shall be proposed as per attached “Proposed Retained Earnings Distribution” on page 35.

Our basic policy is to deliver appropriate and stable dividends to shareholders, while maintaining a sound financial structure and giving due consideration to cash flow trends. As the term-end dividend for the 85th business term, it is proposed that the Company pay ¥18.50 per share to the shareholders as of December 31, 2005. As the Company paid an interim dividend of ¥18 per share, the total amount of dividends for the 85th term shall be ¥36.50 per share.

Item No.2: Partial Amendment to the Articles of Incorporation

(1) Reasons for

(a) Based on the provision of Article 212 of the Commercial Code, the company cancelled 9,143,018 shares of treasury stock on December 22, 2005. Due to this cancellation of shares, the total number of authorized shares decreased by 9,143,018. In order to reflect this decrease, an amendment is proposed to the current Article 5, which stipulates the total number of authorized shares.

(b) In connection with the "Law concerning Partial Revision to the Commercial Code, etc. related to introduction of system of Public Notice on Electronic" (Law No. 87 of 2004) which became effective on February 1, 2005, a company may now make required public notices by electronic public notice if such means are provided in its Articles of Incorporation. In line with the Law, it is proposed to amend the current Article 4 for the Company to allow for electronic public notice.

(c) The Company Law (Law No. 86 of 2005, hereinafter referred to as "New Company Law") and Law Concerning Preparation, Etc. for Relevant Laws Due to Enforcement of New Company Law (Law No. 87 of 2005, hereinafter referred to as "Preparation Law") were promulgated on July 26, 2005 and are expected to come into force in May 2006. The current Articles 5 (except for the amendment of the total number of authorized shares), 5-2, 6, 6-2, 8, 9, 10, 13, 16, 17, 22-2, 23, 24, 27, 28, 29 and 30 need to be amended to conform to technical requirements in the New Company Law that differed from those in the Commercial Code. It is proposed that the relevant, conforming amendments be made.

(d) It is proposed that new provisions as Articles 4, 10-1 and 32 be adopted to meet new requirements of the Preparation Law.

(e) It is proposed that a new Article 23 be adopted to allow for BOD resolutions in writing, to be adopted in lieu of meeting, as now allowed under the New Company Law.

(f) In line with aforementioned amendments and new provisions, it is proposed that conforming changes to Chapter and Articles numbers be made, as appropriate, to the Articles of Incorporation.

(g) As the New Company Law and the Preparation Law are expected to be enforced in May 2006, it is proposed that a Supplementary Provision be adopted providing that the relevant amendments and new provisions become effective date as of the effective date of the Laws.

(2) Proposed draft of the amendment

Described below are the proposed amendment and the current provisions of the Articles of Incorporation.

(The amendments are under-lined.)

Current Provisions	Provisions to be amended
(New provision)	Article 4. (Organs) The Company shall have the following organs. (1)The Board of Directors (2)The Statutory Auditor (3)The Statutory Auditors' Committee (4)The Accounting Auditor
Article 4. (Method of Public Notices) Public Notices of the Company shall be placed in the Nihon Keizai Shinbun published in Tokyo.	Article 5. (Method of Public Notices) The method of the public notices of the Company shall be made through the public notice on electronic. Provided, however, in case of unavoidable circumstances such as an accident which renders the use of the public notice on electronic impracticable, they shall be placed in the Nihon Keizai Shinbun.
CHAPTER 2 STOCK Article 5. (Total Number of Shares to be Issued) The total number of shares to be issued by the Company shall be 890,081,000 shares. Provided, however, that in circumstances where the shares have been retired, such total number shall be reduced by the number of shares retired.	(Same as current provision) Article 6. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be 880,937,982 shares. (Proviso shall be deleted.)
Article 5-2 (Acquisition of own shares) The Company may acquire its own shares by resolution of the Board of Directors in accordance with the provision of Article 211-3 paragraph 1 item 2 of the	Article 7 (Acquisition of own shares) The Company may acquire its own shares by resolution of the Board of Directors in accordance with the provision of Article 165 paragraph 2 of the New Company

Commercial Code	Law
Article 6. (Number of Shares for One Unit Stock and No Issuance of Share Certificates Representing Less Than One Unit Stock) 1) The number of shares for one unit stock of the Company shall be one thousand (1,000) shares. 2) The company shall not issue share certificates representing shares numbering less than one unit stock, except as otherwise may be provided by the Stock Handling Rules.	Article 8. (Number of Shares Constituting One Voting Unit and No Issuance of Certificates of Shares Representing Less Than One Voting Unit) 1) The number of shares constituting one voting unit of the Company shall be one thousand (1,000) shares. 2) The company shall not issue certificates of shares representing less than one voting unit, except as otherwise may be provided by the Stock Handling Rules.
Article 6-2 (*Kaimashi* for shares less than one unit stock) A shareholder (including the beneficial owner; to be applied hereinafter) who holds shares less than one unit stock may request the Company to sell him a number of shares which, when added to the shareholder's existing shares, shall constitute one unit stock in accordance with the Stock Handling Rules.	Article 9. (*Kaimashi* for Shares Representing Less than One Voting Unit) A shareholder (including the beneficial owner; to be applied hereinafter) who holds shares representing less than one voting unit may request the Company to sell him a number of shares which, when added to the number of shareholder's owning shares, shall constitute the number of shares constituting one voting unit in accordance with the Stock Handling Rules.
Article 7. (Denominations of Share Certificates) (New provision) The denominations of share certificates to be issued by the Company shall be specified in the Stock Handling Rules established by resolution of the Board of Directors.	Article 10. (Share Certificates) 1) The Company shall issue share certificates of its shares. 2) The denominations of share certificates to be issued by the Company shall be specified in the Stock Handling Rules established by resolution of the Board of Directors.
Article 8. (Transfer Agent)	Article 11. (Shareholder Register Manager)

The Company shall have a transfer agent with respect to its shares. The transfer agent and its place of business shall be designated by resolution of the Board of Directors and public notice thereof shall be given. The register of shareholders and the beneficial owners' list (hereinafter called 'the register of shareholders, etc.'), and the list of lost share certificates of the Company shall be maintained at the place of business of the transfer agent, and procedure relating to shares such as the registration of transfer of shares, recording in the beneficial owners' list, purchase of and *Kaimashi* for shares less than one unit stock, etc. shall be handled by the transfer agent and not by the Company.	The Company shall have a shareholder register manager. The shareholder register manager and its place of business shall be designated by resolution of the Board of Directors and public notice thereof shall be given. The shareholder register and the beneficial owners' list (hereinafter called 'the shareholder register, etc.'), the list of lost share certificates and register of stock acquisition rights of the Company shall be maintained at the place of business of the shareholder register manager , and procedure relating to shares and stock acquisition rights such as the registration or recording in the shareholder register, the list of lost share certificates and register of stock acquisition rights , and purchase of and selling for shares representing less than one voting unit, etc. shall be handled by the shareholder register manager and not by the Company.
Article 9. (Record date) 1) The Company shall identify shareholders registered or recorded in the final shareholders list, etc., as of each year's book-closing date, as the shareholders (including the beneficial owners; to be applied hereinafter) who are qualified to execute the shareholders' rights at the ordinary general meeting of shareholders for said business term. 2) In addition to the preceding paragraph, in case of necessity, the Company may fix a record date, by giving prior public notice by resolution of the Board of Directors.	Article 12. (Record date) 1) The Company shall identify shareholders written or recorded in the final shareholder register, etc., as of December 31 of each year, as the shareholders who are qualified to execute the shareholders' rights at the ordinary general meeting of shareholders for said business year. 2) (Same as current provision)
Article 10. (Stock Handling Rules)	Article 13. (Stock Handling Rules)

Registration of transfer of shares, recording in the beneficial owners' list, purchase of and *Kaimashi* for shares less than one unit stock and other procedures relating to shares shall be governed by the Stock Handling Rules adopted by the Board of Directors.	Procedure relating to shares and stock acquisition rights such as the registration or recording in the shareholder register, etc. the list of lost share certificates and register of , stock acquisition rights, and purchase of and selling for shares representing less than one voting unit, etc. shall be governed by the Stock Handling Rules adopted by the Board of Directors.
CHAPTER 3 GENERAL MEETING OF SHAREHOLDERS Article 11. (Convocation of General Meeting of Shareholders) Ordinary general meeting of shareholders shall be convened in March of each year and an extraordinary general meeting of shareholders shall be convened whenever necessary.	(Same as current provision) Article 14. (Convocation of General Meeting of Shareholders) (Same as current provision)
Article 12. (Chairman) The President of the Company shall be the Chairman of the general meeting of shareholders. In case the President is unable to act, one of the other Directors shall be the Chairman in accordance with the order predetermined by resolution of the Board of Directors.	Article 15. (Chairman) (Same as current provision)
Article 13. (Method of Adopting Resolutions) 1) Resolutions of a general meeting of shareholders shall be adopted by a majority of the votes of the shareholders present thereat, unless otherwise provided by law. 2) Notwithstanding the preceding	Article 16. (Method of Adopting Resolutions) 1) (Same as current provision) 2) Notwithstanding the preceding

paragraph, to adopt a resolution to elect Directors, Statutory Auditors, or Alternate Statutory Auditors, shareholders holding voting rights representing not less than one-third of the total number of voting rights of the Company shall be present.	paragraph, to adopt a resolution to elect Directors, Statutory Auditors or Alternate Statutory Auditors, shareholders holding voting rights representing not less than one-third of the number of voting rights of the shareholders who are entitled to exercise their voting rights, shall be present.
3) No cumulative voting shall be used for a resolution to elect Directors.	3) (Same as current provision)
4) Special resolutions of a general meeting of shareholders as stipulated under Article 343 of the Commercial Code shall be adopted by not less than two-third of the votes of the shareholders present thereat holding voting rights representing not less than one-third of the total number of voting rights of the Company.	4) Resolutions of a general meeting of shareholders as stipulated under Article 309 Paragraph 2 of the New Company Law shall be adopted by not less than two-third of the votes of the shareholders present thereat holding voting rights representing not less than one-third of the number of voting rights of the shareholders who are entitled to exercise their voting rights at the general meeting in question.
Article 14. (Exercise of Voting Rights by Proxy) A shareholder may exercise his voting rights by proxy. A document evidencing the authority shall be submitted to the Company at the time of each general meeting of shareholders.	Article 17. (Exercise of Voting Rights by Proxy) (Same as current provision)
CHAPTER 4 DIRECTORS AND BOARD OF DIRECTORS Article 15. (Number of Directors) The Company shall have nineteen (19) or fewer Directors.	(Same as current provision) Article 18. (Number of Directors) (Same as current provision)
Article 16. (Term of Office of Directors) 1) The term of office of Directors shall expire at the conclusion of the ordinary	Article 19. (Term of Office of Directors) 1) The term of office of Directors shall expire at the conclusion of the ordinary

general meeting of shareholders relating to the date of closing of account last to occur within two (2) years after their assumption of office. 2) The term of office of any Director elected due to an increase in the number of Directors or elected to fill a vacancy caused by a resignation of a Director before expiration of his term of office shall expire at the same time as the expiration of the term of office of the other Directors.	general meeting of shareholders following the business year last to occur within two (2) years after their election to office. 2) (Same as current provision in English)
Article 17. (Representative Directors and Titled Directors) 1) By resolution of the Board of Directors, President shall be elected and he shall be a Representative Director. 2) In addition to the preceding paragraph, Chairman of the Board of Directors and a certain number of Vice Presidents, Senior Managing Directors and/or Managing Directors shall be elected and all or some of them may be appointed as Representative Directors.	Article 20. (Representative Directors and Titled Directors) (Same as current provision in English)
Article 18. (Execution of Business Affairs) The execution of business affairs of the Company shall be decided by the Board of Directors. Provided, however, that the daily operations of the Company shall be carried out by each Representative Director on his own authority.	Article 21. (Execution of Business Affairs) (Same as current provision)
Article 19. (Convocation of a Meeting of the Board of Directors) Notice for convening a meeting of the Board of Directors shall be dispatched to each Director and each Statutory Auditor seven (7) days prior to the date of such meeting. Provided, however, that such	Article 22. (Convocation of a Meeting of the Board of Directors) (Same as current provision)

period may be shortened in case of urgency.	
(New provision)	<u>Article 23. (Omission of Board of Directors Resolution)</u> <u>In case that upon proposal by a Director with respect to a subject matter of a resolution of the Board of Directors, all of Directors (who shall be the Directors who can vote on such matter) have expressed their consent to the proposal in writing or by electromagnetic record and no Statutory Auditor has objected to the proposal, such proposal shall be deemed a resolution of the Board of Directors duly approved with respect to the said matter and duly adopted.</u>
Article <u>20</u>. (By-Law of the Board of Directors) Any matter regarding the operation of the Board of Directors not provided by law or this Articles of Incorporation shall be governed by the By-Law of the Board of Directors adopted by the Board of Directors.	Article <u>24</u>. (By-Law of the Board of Directors) (Same as current provision)
Article <u>21.</u> (Counselor) The Company may choose counselor(s) by resolution of the Board of Directors.	Article <u>25</u>. (Counselor) (Same as current provision)
CHAPTER 5 STATUTORY AUDITORS AND STATUTORY AUDITORS' COMMITTEE Article <u>22</u>. (Number of Statutory Auditors) The Company shall have five (5) or fewer Statutory Auditors.	(Same as current provision) Article <u>26</u>. (Number of Statutory Auditors) (Same as current provision)

<table>
<tr><td>Article<u>22-2.</u> (Alternate Statutory Auditors)
1) The Company may elect Alternate Statutory Auditor(s) by resolution of an ordinary general meeting of shareholders in order to fill a potential future lack in the number of Statutory Auditors required by law.
2) The term of an Alternate Statutory Auditor shall expire at the commencement of the ordinary general meeting of shareholders <u>relating to the date of closing of account</u> first to occur after their election.
3) An Alternate Statutory Auditor shall assume the office of Statutory Auditor when a lack in the number of Statutory Auditors required by law occurs.</td><td>Article <u>27.</u> (Alternate Statutory Auditors)
1) (Same as current provision in English)
2) The term of an Alternate Statutory Auditor shall expire at the commencement of the ordinary general meeting of shareholders <u>first</u> to occur after their election.
3) (Same as current provision in English)</td></tr>
<tr><td>Article <u>23</u>. (Term of Office of Statutory Auditors)
1) The term of office of Statutory Auditors shall expire at the conclusion of the ordinary general meeting of shareholders <u>relating to the date of closing of account</u> last to occur within four (4) years <u>after their assumption of office.</u>
2) The term of office of any Statutory Auditor elected to fill a vacancy caused by a resignation of a Statutory Auditor before expiration of his term of office or assumed by an Alternate Statutory Auditor shall be the same as the remainder of the term of office of his predecessor.</td><td>Article <u>28</u>. (Term of Office of Statutory Auditors)
1) The term of office of Statutory Auditors shall expire at the conclusion of the ordinary general meeting of shareholders <u>following the business year</u> last to occur within four (4) years <u>after their election to office.</u>
2) (Same as current provision in English)</td></tr>
<tr><td>Article <u>24</u>. (Statutory Auditors <u>of Full-Time)</u></td><td>Article <u>29</u>. (<u>Full-Time</u> Statutory Auditors)
The Statutory Auditors' Committee shall</td></tr>
</table>

Statutory Auditors settle Statutory Auditor(s) of full-time by mutual election.	elect full-time Statutory Auditor(s) from Statutory Auditors.
Article <u>25</u>. (Convocation of a Meeting of The Statutory Auditors' Committee) Notice for convening a meeting of the Statutory Auditors' Committee shall be dispatched to each Statutory Auditor seven (7) days prior to the date of such meeting. Provided, however, that such period may be shortened in case of urgency.	Article <u>30</u>. (Convocation of a Meeting of The Statutory Auditors' Committee) (Same as current provision)
Article <u>26</u>. (By-Law of the Statutory Auditors' Committee) Any matter regarding the operation of the Statutory Auditors' Committee not provided by law or this Articles of Incorporation shall be governed by the By-Law of the Statutory Auditors' Committee adopted by the Statutory Auditors' Committee.	Article <u>31</u>. (By-Law of the Statutory Auditors' Committee) (Same as current provision)
(New provision) (New provision)	<u>**CHAPTER 6 ACCOUNTING AUDITOR**</u> <u>Article 32. (Term of Office of Accounting Auditor)</u> <u>1) The term of office of Accounting Auditor shall expire at the conclusion of the ordinary general meeting of shareholders following the business year last to occur within one (1) years after its election to office.</u> <u>2) Unless other resolution is made at the ordinary general meeting of shareholders provided in the preceding paragraph, the Accounting Auditor shall be deemed to</u>

	re-elected at the said meeting.
CHAPTER 6 ACCOUNTS Article 27. (Date of Closing of Accounts) The accounts of the Company shall be closed on December 31 of each year.	**CHAPTER 7 ACCOUNTS** Article 33. (Business Year) The business year of the Company shall be from January 1 each year to December 31 same year.
Article 28. (Dividends to Shareholders) Dividends shall be paid to the shareholders or registered pledgees appearing on or recorded in the final register of shareholders, etc. as of the date of the closing of accounts.	Article 34.(Dividends from Surplus) Dividends from surplus shall be made to the shareholders or registered stock pledgees written or recorded in the final shareholders register, etc. as of the date of December 31 each year.
Article 29. (Interim Dividends) By resolution of the Board of Directors, the Company may distribute money under the provisions of Article 293-5 of the Commercial Code to the shareholders or registered pledgees appearing on or recorded in the final register of shareholders, etc. as of June 30.	Article 35. (Interim Dividends) By resolution of the Board of Directors, the Company may pay Interim Dividends to the shareholders or registered stock pledgees written or recorded in the final shareholder register, etc. as of June 30 each year.
Article 30. (Non-Receipt of Dividends, etc. by Shareholders) With respect to dividends to shareholders or the interim dividends described in the preceding Article, in case that such dividends are not received within five (5) full years from the date the Company tenders payment of such dividends, the Company shall be relieved from the obligation to pay such dividends. Unpaid dividends to shareholders or the interim dividends described in the preceding Article shall bear no interest.	Article 36. (Terms of receivable for Dividend Assets by Shareholders) With respect to dividend from surplus (including the interim dividends), in case that such dividends are not received within five (5) full years from the date the Company tenders payment of such dividends, the Company shall be relieved from the obligation to pay such dividends. Unpaid dividends from surplus (including the interim dividends) shall bear no interest.
(New provision)	Supplementary Provision

	The amendments to the current Articles 5 (except for the amendment of the total number of authorized shares), 5-2, 6, 6-2, 8, 9, 10, 13, 16, 17, 22-2, 23, 24, 27, 28, 29 and 30, and establishment to new provision of Article 4, 10-1, 23 and 32, and conforming changes to Chapter and Articles numbers are to become effective as of the effective date of the New Company Law and the Preparation Law.

Item No.3: Election of Two Directors of the Board

Since Messrs. K. Sugiyama and J. F. Spruill, Directors, are going to resign at the closing of this meeting, the following candidates shall be proposed for the office of Director to fill a vacancy caused by their resignation before expiration of their terms of office.

No.	Name (Date of Birth)	Personal History & Title and Incumbent Representative Directorship of Other Companies	Number of Shares of the Company Held
1	D. G. Wascom (Apr. 17, 1956)	2/1979 Joined Exxon Company USA 1/2000 Manager, Beaumont Refinery, Exxon Mobil Refining and Supply Company, a Division of Exxon Mobil Corporation 1/2004 Manager, Global Logistic Optimization, Exxon Mobil Refining and Supply Company, a Division of Exxon Mobil Corporation 2/2005 Vice President, Industrial and Wholesale Fuels, Exxon Mobil Fuels Marketing Company, a Division of Exxon Mobil Corporation (Present)	None
2	Y. Miyahara (June 7, 1958)	4/1982 Joined Mobil Sekiyu K.K. (currently, ExxonMobil Y.K. (EMYK)) 3/2000 Planning Executive, General Sekiyu K. K. (currently, TonenGeneral Sekiyu K. K.) 10/2001 Strategy Study Manager, EMYK 6/2002 Marketing Support Manager, EMYK 7/2004 Executive Coordinator, EMYK 7/2005 Director, Retail Manager, EMYK (Present) 7/2005 Director, Chuo Sekiyu Hanbai K. K. (Present)	None

Notes: 1. The above candidate Mr. Y. Miyahara has assumed office of director, retail manager, of ExxonMobil Y.K. which is engaged in the same business as the Company (sales of petroleum products) and to which the Company supplies petroleum products and entrusts its marketing and administrative functions. In addition, ExxonMobil Y.K. entrusts logistics services to the Company.

2. The other candidate has no special interest with the Company.

Item No.4: Election of One Alternate Statutory Auditor

Although Mr. T. Ohta was elected as the Alternate Statutory Auditor of the Company at 85th general meeting of shareholders, the term of the Alternate Statutory Auditor shall expire at the commencement of this general meeting of shareholders. Therefore, based on the provisions in the Articles of Incorporation of the Company, the following candidate shall be proposed for election as an Alternate Statutory Auditor in order to fill a deficiency in the number of statutory auditors, three (3) which is the minimum number the laws requires, caused for any reason before expiration of his term of office.

The Alternate Statutory Auditor shall assume the office of Statutory Auditor when a deficiency occurs in the number of Statutory Auditors required by law. The term of office of Statutory Auditor assumed by the Alternate Statutory Auditor shall be the same as the remainder of the term of office of his predecessor. The term of the Alternate Statutory Auditor shall expire at the commencement of the next ordinary general meeting of shareholders.

The board of statutory auditors has consented to submit this item to this ordinary general meeting of shareholders.

Name (Date of Birth)	Personal History & Title and Incumbent Representative Directorship of Other Companies	Number of Shares of the Company Held
T. Ohta (Nov. 25, 1937)	12/1965 Joined Esso Standard Sekiyu K.K. (currently EMYK) 7/1992 Manager, Information Systems Department, Esso Sekiyu K.K. 3/1993 Statutory Auditor, Tonen Corporation (currently TonenGeneral Sekiyu K.K.) 8/1999 Statutory Auditor, Esso Sekiyu K.K. 3/2004 Alternate Statutory Auditor, TonenGeneral Sekiyu K.K.(Present)	None

Notes: 1. The above candidate has no special interest with the Company.

2. The above candidate, Mr. T. Ohta, satisfies the qualification as an outside statutory auditor as stipulated under Paragraph 1, Article 18 of “the Law for Special Exceptions to the Commercial Code concerning Audit, etc. of *Kabushiki Kaisha*.”

Item No.5: Presentation of Retirement Reward to Retiring Director of the Board

It shall be proposed that a presentation of retirement reward, in reasonable amounts, be made in accordance with the standard set by the Company to Mr. K. Sugiyama, Director who will retire from his respective office at the closing of the ordinary general meeting of shareholders for the 86th business term in consideration of their meritorious services during the term of office. It shall also be proposed that the specific amount, timing and manner, etc. of presentation be left to the resolution of the board of directors for the retiring director.

His personal history is as follows:

Name	Personal History
K. Sugiyama	3/2001 Director, TonenGeneral Sekiyu K.K. 3/2002 Representative Director, Managing Director, TonenGeneral Sekiyu K.K. (Present)