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March 9, 2005

To the Shareholders

G. W. Pruessing,
Representative Director, Chairman and President
TonenGeneral Sekiyu K.K.
16-1, Kaigan 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 85th 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., Friday, March 25, 2005
2. Venue: In the room "Palais Royal", B1F, Hotel Grand Pacific Meridien
   6-1, Odaiba 2-Chome, Minato-Ku, Tokyo
   (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 85th Business Term (January 1, 2004 through December 31, 2004), Audit Reports for Consolidated Financial Statements by Accounting Auditor and the Board of Statutory Auditors
   2. Balance Sheet and Income Statement for the 85th Business Term (January 1, 2004 through December 31, 2004)

   Items for Resolution:

   Item No.1: Approval of Proposed Retained Earnings Distribution for the 85th Business Term
   Item No.2: Election of Six Directors of the Board
   Item No.3: Election of One Alternate Statutory Auditor

Attachment to the Notice of Ordinary General Meeting of Shareholders

BUSINESS REPORT

(For the year ended December 31, 2004)

1. Business Overview

(1) Developments and Results of Operations

<General Business Conditions>

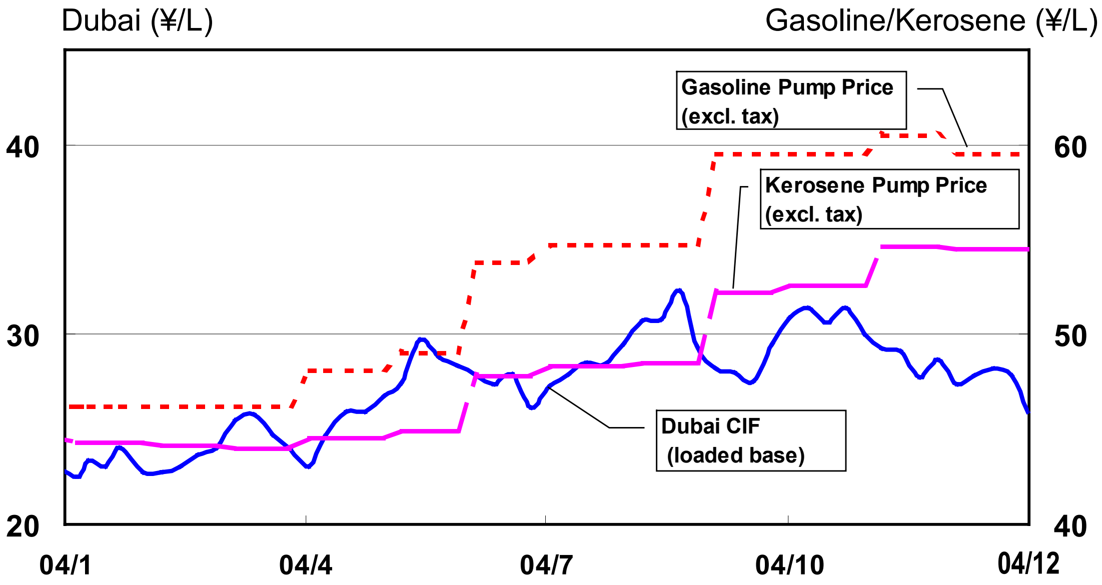
The economic expansion experienced in 2003 and early 2004 in Japan, driven by exports and capital investment, appears to have levelled off to longer-term sustainable levels.

The spot price for Dubai crude oil (generally used as a reference price for our industry in the Asia-Pacific region) started off the year below 29 dollars per barrel but then soared up, hitting a peak of 41.3 dollars per barrel in mid-August. Later, it showed a downward trend toward the end of the year and ended at 33 dollars. The 2004 average for the year of 33.6 dollars per barrel was about 6.8 dollars per barrel, or 25%, higher than that of last year. The average U.S. dollar-yen exchange rate for the year was around 109.2 yen per dollar, or about 7% lower than the 117.0 yen per dollar average in 2003. This stronger yen trend partly absorbed some of the dollar-based crude cost increases. The annual average of crude oil cost in yen per liter terms was 23.1 yen per liter, and this was about 3.4 yen per liter higher than in the same period of last year.

Crude cost increases were passed on in Gasoline, with an average increase in the retail pump prices for the year of about 5.7-yen per liter versus the previous year. As a result, the industry margin for Gasoline was higher than that of last year. For other products such as Kerosene and Diesel, market conditions did not permit cost increases to be passed on and industry margins for these two petroleum products deteriorated, compared with last year. As suggested in the chart below, margins struggled in the first half of 2004, but improved in the second half, especially for Gasoline. Overall profitability, of course, depends on the average of mix of margins for all products.

"Industry margin" is defined here as the difference between retail prices and the Dubai FOB spot price. It should be noted that TonenGeneral group accounts for crude purchases on a loaded basis, through which our earnings are almost immediately affected by changes in crude oil prices, whereas most of the industry employs an arrival basis which delays the effect of crude price changes on earnings.

Crude and Gasoline/Kerosene Market Selling Price



Looking at demand for petroleum products in the domestic market, Gasoline demand managed an increase over the previous year mainly due to high demand during the hot summer. On the other hand, in a continuing multi-year trend, diesel sales declined from a year ago due to more efficient operation in the transportation sector. Kerosene and Fuel Oil A demand experienced continued reduction due to warmer winter impacts in the first and fourth quarter of the year. Demand declined for Fuel Oil C, reversing the effects from nuclear plant shutdowns in early 2003.

Due to these demand factors, industry crude runs showed a slight decrease against the previous year.

Petrochemical products such as aromatics and olefins continued their strong trends both in terms of Japanese production and in terms of Asian spot market price, mainly due to strong Chinese demand. Japanese Benzene and Paraxylene production recorded historic highs in 2004. The utilization of ethylene production capacity in Japan reached 99% of effective capacity. Asian spot market prices in US dollars for petrochemical products increased significantly: Benzene +81%, Paraxylene +31%, Ethylene +94%, and Propylene +45 % compared with the last year. The spot price for Naphtha, a key input for petrochemical production, increased by 36%.

<Results for the Term>

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. We introduced new computer systems, which increased effectiveness and reduced costs, in our chemicals operations. We also began our project to unify our Tokyo head offices in one location, which we expect to complete by April 2005.

TonenGeneral sold its equity interests in Kygnus Sekiyu K.K. to San-ai Oil Company Limited on December 1, 2004. TonenGeneral will continue to supply petroleum products on a long-term basis to Kygnus even after the sale. We believe that the sale allowed us to improve capital efficiency through streamlining asset portfolio and to maximize the value of Kygnus's marketing assets, while avoiding the complexity of multiple branding and maintaining our supply outlet. We expect to further strengthen TonenGeneral's business relationship with San-ai Oil, already an important business partner, and Kygnus through this transaction.

TonenGeneral group has adopted, from 2004, early implementation of new asset-impairment accounting standards required by the Accounting Standards Board of Japan. The impairment amount was ¥3,370 million, recorded as an extraordinary charge to earnings, taking into account, chiefly, impairment of the value in service stations. This relatively small charge (compared to other impairment charges announced by industry) reflects the success of our intensive efforts over the several years since the Tonen/General merger to rigorously rationalize our capital assets and to eliminate non-performing properties.

With regard to the consolidated results for TonenGeneral, sales revenue for the current term increased by 9.7% from the previous year, and amounted to ¥2,342,276 million, mainly due to the elevated product selling prices following the rise in crude oil prices. On the other hand, sales volume in major petroleum products slightly decreased. Operating income amounted to ¥63,177 million, an increase of ¥29,185 million from the previous year. This result reflects operating cost reductions as well as significant margin improvement in almost all chemical lines, supported by active demand. The margins for fuel products slightly increased versus full year 2003; the margin in first half was very poor, offset by significant margin recovery in the second half of the year. The TonenGeneral group uses the LIFO/LOCOM method for inventory evaluation; inventory valuation effects from this method decreased operating income by ¥1.1 billion. These inventory valuation effects do not affect our cash earnings. Ordinary income amounted to ¥68,625 million, an increase of ¥30,329 million from the previous year due to net non-operating income of ¥5,447 million, which included equity earnings of affiliates and foreign exchange gains. Net extraordinary profit was ¥13,655 million, mainly from gains from the sale of stock in Kygnus Sekiyu and other portfolio stock investments, as well as net losses on sales of fixed assets. The net also includes a gain related to transfer to the government of certain portions of our company pension plans, losses from our employee early retirement programs, and negative impact from asset-impairment accounting. As a result, net income amounted to ¥48,243 million, ¥20,531 million higher than the previous year.

Total assets at the end of the term-totaled ¥945,537 million, or ¥12,951 million higher than the year before. Shareholders' equity increased by ¥23,967 million from the previous year to ¥249,849 million.

TonenGeneral paid interim dividends of ¥18.00 per share in accordance with the resolution made at the Board of Directors' Meeting held on August 23, 2004.

<Oil business results>

- Production -

Crude runs at the Kawasaki, Sakai and Wakayama refineries in the current term decreased by 2.7% as compared with the previous term to a total of 31,850 thousand kl, with topper utilization at 82.8%, reflecting sluggish domestic demand for oil products. The crude runs including Nishihara refinery of Nansei Sekiyu, an 87.5% subsidiary of TonenGeneral, decreased by 3.1% as compared with the previous term to a total of 35,005 thousand kl, with topper utilization at 79.1%.

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 procurement sources to non-middle-east crude oils, reduction in demurrage costs and number of port calls by efficient crude tanker operations, and introduction of a "Molecular Management Program" (“MMP”, 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 and the U.S. West Coast.

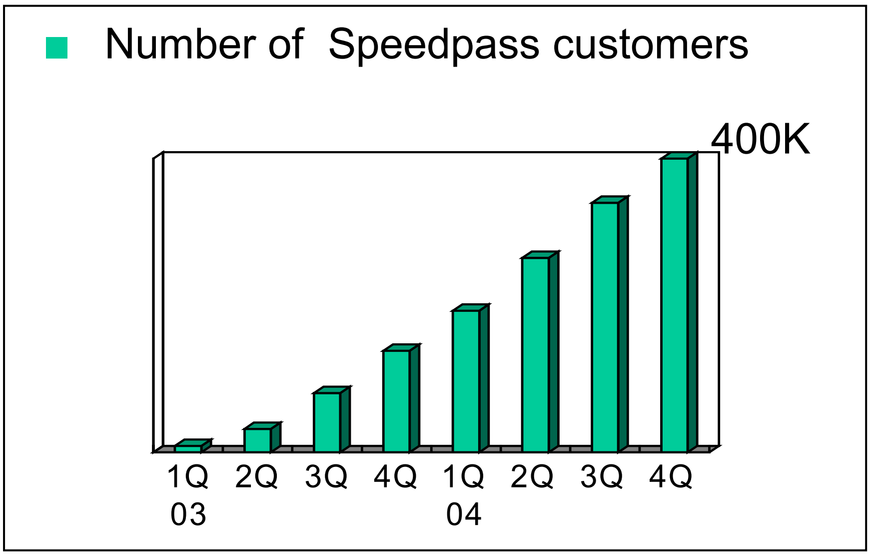
Our Sakai refinery has pursued a project to reduce energy use and to reduce costs by cooperative energy use among neighboring companies. This is a joint project supported by the Government, under a program in which our Kawasaki refinery previously participated.

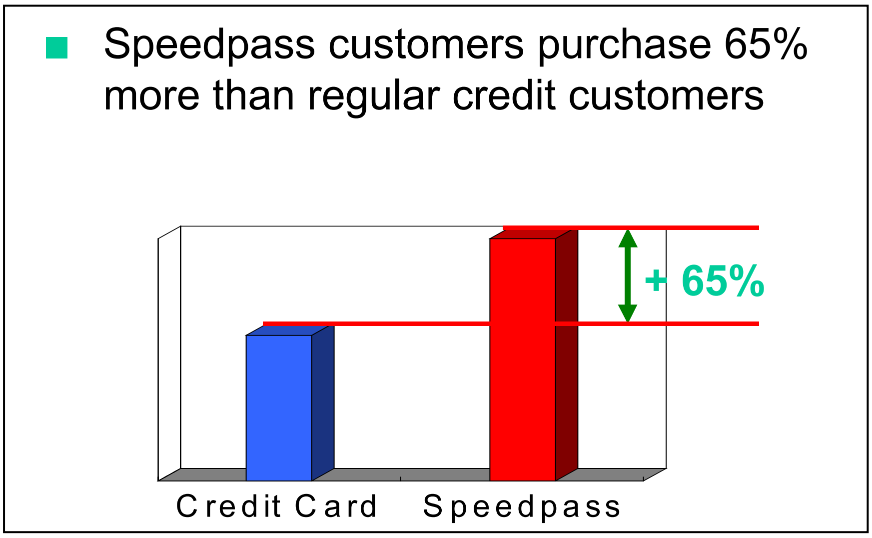
- Marketing -

Non-consolidated basis sales volumes for the term decreased by 6.1% to 45,676 thousand-kl.

Although TonenGeneral proactively enhanced marketing operations including expansion of self-service stations and increases in sales channels, we also continued to divest inefficient service stations. The net results for gasoline were almost same as the previous year. However, sales volume for middle distillates decreased from the previous year due to a warmer winter.

TonenGeneral is offering customers superior service and convenience of a powerful nation-wide network through one integrated marketing strategy for its General brand and the Esso and Mobil brands of the ExxonMobil Group in Japan. The main marketing initiative in 2004 was the rapid network expansion of “Speedpass,” an innovative payment system, for our branded self-service “Express” sites, supported by ExxonMobil Group technology. “Speedpass” gives customers quick, easy access to fuel, using Radio Frequency Identification technology to speed the payment process. As of December 2004, the number of Speedpass users was over 400 thousand. Speedpass users purchase 65 percent more than regular credit customers.





From November 2004, TonenGeneral has started delivery of Video Pump for service stations as strategic tools of "Express" sites. New Video Pump has a10.2-inch color liquid crystal display and speaker, which allows not only quick and easy operation but also sales promotions when ordering at the pump.

Video Pump

TonenGeneral continued to expand the exclusive alliance with Doutor at selected Express sites. This provides customers with the convenience of being able to enjoy quality Doutor products at Express stations.

After completing a successful test, we began expanding Mobil 1 Center's at selected Express sites. This provides customers with the opportunity to have their automobiles serviced with the highest quality lubricant products. Customers especially appreciate the quick and easy format.

Moreover, the ExxonMobil Group (with TonenGeneral participation) with Seven-Eleven Japan Co., Ltd. as of December 2003 concluded a partnership alliance for the development and operation of backcourt service station activities and convenience stores. Two pilot sites are now operating as of year-end 2004 to evaluate the synergy of convenience stores and self-service stations. If successful, the alliance is expected to be rolled out on a nation-wide basis.

As part of our efforts to strengthen capabilities of our independent dealers, TonenGeneral launched a nationwide rollout in 2004 of the Network Counseling

Program which combines analyses of both the service station network and dealer corporate management. This unique program includes counseling of dealers using ExxonMobil experience and expertise, to enable both the dealers and our business to grow together.

The following table shows our sales results in 2004.

Sales Result by Product (Non-consolidated)

Product	Sales Volume	Sales Revenue
	Thousand kl	Millions of yen
Gasoline/ Naphtha	16,917	1,480,885
Kerosene/ Diesel Oil	11,268	386,468
Fuel Oil/Crude Oil	11,663	317,770
Lubes	345	15,265
LPG	3,852	84,408
Chemicals/ Others	1,629	67,724
Sub Total	45,676	2,352,521
Other Revenue	—	18,028
Total	45,676	2,370,549

<Chemical business results>

Our chemical business strategy has been to concentrate on core business and to enhance chemical and refinery integration to improve business efficiency. In 2004, some non-core businesses were divested in line with this strategy. Chemical and refinery integration has also progressed in 2004. While TonenGeneral Kawasaki is one of the most highly integrated sites in the industry, a Chemical Coordination Department was established in 2004 to implement further integration. This organization planned and implemented further chemical and refinery optimization, maximum utilization of molecules and diversification of Steam Cracker and Aromatics feedstock. In the specialty business area of Micro Porous Film (MPF) which is used as a separator in lithium ion batteries, TonenGeneral's affiliate, Tonen Chemical Corporation, decided to install new two lines to satisfy very strong demand and high growth.

Segment Information by business lines

Millions of yen

	Oil	Chemicals	Others	Elimination	Consolidated
Net Sales	2,523,171	222,910	3,494	-407,298	2,342,276
Operating Income	20,581	42,384	14	197	63,177

<Capital Investment and Financing>

Capital expenditures during the current term totaled ¥16,281 million for activities including the improvement of production efficiency at our refineries and the remodeling of service stations. Specifically, TonenGeneral has moved ahead with the necessary investments in its Kawasaki, Sakai, and Wakayama refineries to meet new requirements for ultra-low sulfur diesel fuel and gasoline. In the chemical segment, through our affiliate, investments were made in MPF facilities to meet sharply growing market.

Last year, TonenGeneral group borrowed ¥4.8 billion under a government-subsidized loan program, for capital expenditures related to facilities for low sulfur diesel fuel (50ppm) production. . Other capital expenditures were financed by own funds, without depending on any new borrowings from banks or issuance of either stocks or corporate bonds. The outstanding debt balance of TonenGeneral group was ¥70.2 billion at the end of 2004, a reduction of ¥34.4 billion during 2004, resulting in a sound debt/equity ratio of 28.1%. We have maintained strong financial position with high quality debt ratings.

Our basic policy is to maximize profits through efficient operations, select the necessary business investments using strict criteria and return the remaining profit to shareholders. Our industry environment is expected to remain challenging, but our goal is to increase shareholder value over the medium to long term and provide stable returns. As such, we have been very selective in our investment program, and have focused on opportunities that will improve our overall performance.

(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. The economy will continue to rely on exports, especially to China, as the source of growth. We do not see any foreseeable changes in domestic growth as the key drivers 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 limited due to economic conditions, 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 from the previous year. 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.

There is continued strength in the global petrochemical industry. In addition, the Asian petrochemical market has become the largest market in the world and its high growth is expected to continue. Consequently, Asian supply and demand in 2005 is expected to continue to be tight. Although there are some concerns such as high price levels for petrochemical inputs such as naphtha, we believe that the Japanese petrochemical industry will be able to overcome those pressures through 2005.

In this environment, what is key to success is efficiency. 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 a global network, we believe TonenGeneral group has a competitive advantage to pursue further efficiencies.

In our oil segment, 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 its "Express” concept, including network expansion for Speedpass and New Video Pump. In addition, consistent with the rest of the oil industry, we are supplying ultra low-sulfur gasoline and diesel fuel from January 2005 to meet the needs of our customers and maintain a competitive position in the market. In meeting this requirement, we have focused on the most efficient supply, using the global ExxonMobil supply network, and on the most efficient use of our capital.

In our chemical segment, we will pursue further chemical and refinery integration. Also we will progress key profit improvement projects such the capital investments in our films business, debottlenecking for specialty products, and improving core business efficiency in this year.

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 are expected to significantly reduce our costs over a number of years, by taking advantage of global efficiencies. Finally, we are looking forward to rationalization of our head office building space in a project expected to complete April 2005, in order both to reduce costs and to improve communications across all of our functions.

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. TonenGeneral group believes that 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 all our operations.

TonenGeneral group adheres to OIMS (Operations Integrity Management System), the ExxonMobil Group world-class management system including all aspects of safety, health and environment. In order to enhance the quality of operations, we introduced LPS (Loss Prevention System), which puts the focus on human behavior to increase safety awareness and help prevent the occurrence of accidents. Furthermore, we issued the 2004 edition of ExxonMobil Japan Group’s Report on the Environment. The report introduced our approach on energy and the environment and the specific measures we are taking for environmental protection (available at our website). 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.

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. TonenGeneral group is confident that, by taking advantage of the ExxonMobil Group's superior strengths, we can make clear progress in raising our competitiveness and profitable and sustained growth. TonenGeneral group will continue working to achieve its goals and hopes for its shareholders' continued interest and support.

(3) Changes in Financial Results and Asset Status

Consolidated

Item \ Term	82nd Term Jan. 1,'01-Dec.31,'01	83 rd Term Jan. 1,'02-Dec.31,'02	84th Term Jan. 1,'03-Dec.31,'03	85th Term Jan. 1,'04-Dec.31,'04
Sales revenue (M ¥)	2,062,274	1,928,868	2,135,289	2,342,276
Operating income (M¥)	53,018	4,840	33,992	63,177
Ordinary income (M¥)	51,187	8,261	38,386	68,625
Net income (M ¥)	20,559	8,474	27,712	48,243
Net income per share (¥)	30.93	13.92	46.82	81.52
Total assets (M¥)	1,000,349	964,494	932,586	945,537
Shareholders' equity (M ¥)	271,747	216,638	225,882	249,849
No. of consolidated companies	14	13	11	8
No. of affiliates on equity basis	5	5	4	3

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

2. 82nd term

Profits were augmented due to higher margin of products, and reduced operating costs. Ordinary Income of Parent-Own basis was larger than that of Consolidated basis due to dividends received from its affiliates.

3. 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.

4. 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.

5. 85th term

Developments of the term are described in "Group Companies' Developments and Results of Operations."

Parent-own

Item \ Term	82nd Term Jan. 1,'01-Dec.31,'01	83 rd Term Jan. 1,'02-Dec.31,'02	84th Term Jan. 1,'03-Dec.31,'03	85th Term Jan. 1,'04-Dec.31,'04
Sales revenue (M ¥)	1,924,672	1,943,346	2,170,613	2,370,549
Operating income (M¥)	41,818	△ 2,911	27,170	42,549
Ordinary income (M¥)	85,406	2,919	32,742	52,316
Net income (M ¥)	57,864	5,267	23,913	40,542
Net income per share (¥)	87.04	8.65	40.40	68.51
Total assets (M¥)	921,833	880,213	870,873	889,420
Shareholders' equity (M ¥)	230,758	172,511	177,112	193,897

(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, 2004)

(1) Group Companies' Major Business

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
Chemical Products	Manufacturing, Processing and Sales of Petrochemical Products	Ethylene, Propylene, Benzene, Toluene, Paraxylene
Others	Engineering and Maintenance Service	

(2) Group Companies' Principal Place of Operation

Head Office:	Minato-Ku, Tokyo
Kawasaki Refinery:	Kawasaki-Shi, Kanagawa Pref.
Sakai Refinery:	Sakai-Shi, Osaka-Fu
Wakayama Refinery:	Arida-Shi, Wakayama Pref.
Research Center:	Kawasaki-Shi, Kanagawa Pref.
Tonen Chemical Kawasaki Plant:	Kawasaki-Shi, Kanagawa Pref.
Nansei Sekiyu Nishihara Refinery:	Nishihara-Cho, Okinawa Pref.

Note: The Company decided at the Board of Directors Meeting which was held on January 27, 2005 to relocate its head office from Kaigan, Minato-Ku, Tokyo to Kohnan, Minato-Ku, Tokyo as of April 4, 2005. .

(3) Shares of the Company

Total number of shares authorized to be issued:	890,081,000 shares
Total number of shares issued:	592,543,018 shares
Number of shareholders:	57,689 *

(* Increase of 4,789 compared to December 31, 2003)

(4) Major Shareholders

Shareholders' Name	Shares Held		Stock Ownership by the Company	
	Number of Shares	Ratio of Voting Rights	Number of Shares	Ratio of Voting Rights
	thousands	%	thousands	%
ExxonMobil Yugen Kaisha	296,394	50.78	—	—
Japan Trustee Services Bank, Ltd. (Trust Account)	15,022	2.57	—	—
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,694	1.83	—	—
Sompo Japan Insurance Inc.	9,937	1.70	—	—
Tokio Marine & Nichido Fire Insurance Co., Ltd.	9,156	1.57	—	—
The Chase Manhattan Bank NA London	6,624	1.13	—	—
Nippon Life Insurance Company	6,491	1.11	—	—
Aioi Insurance Company, Limited	3,786	0.65	—	—
The Dai-ichi Mutual Life Insurance Company	3,376	0.58	—	—
State Street Bank and Trust Company 505103	2,520	0.43	—	—

(5) Acquisition, Disposal and Retention of Own Shares

① Acquisition

Common stock: 277,745 shares
Total amount: ¥258,372 thousand

② Disposal

Common stock: 114,380 shares
Total amount: ¥105,308 thousand

③ Elimination

None

④ Retention at the closing of the current term

Common stock: 859,811 shares

(6) Group Companies' Employees

1) TonenGeneral group

Segment	No. of Employees	Change from End of Previous Term
Oil Products	2,031	Decrease of 100
Chemical Products	479	Increase of 30
Others	26	Decrease of 38
Total	2,536	Decrease of 108

2) TonenGeneral

No. of Employees	Change from End of Previous Term	Average Age	Average Years of Service
1,714	Decrease of 78	44.2	23.1

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 50.78 % of its total shareholders' voting rights. ExxonMobil Y.K. is a 100% subsidiary of Exxon Mobil Corporation who 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 Chemical Corp.	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: 1. Kygnus Sekiyu K.K., which was previously listed as an important affiliate, was excluded from the above list since the Company sold its entire equity ownership in Kygnus Sekiyu K.K. to San-ai Oil Co. Ltd. in December 2004.

2. Nippon Unicar K.K. sold its silicone business to Dow Corning Toray Silicone Co. Ltd. in September 2004 and reduced its capital from ¥5,000 million to ¥2,000 million in November 2004.

3. The Company indirectly owns 50% of the shares of Nippon Unicar K.K. through Tonen Chemical Corp.

3) Combined Results

Consolidated companies consist of eight subsidiaries and three affiliates on an equity basis, including the above-stated four principal subsidiaries and affiliates. Consolidated sales revenue for the current period increased by 9.7% from the previous year and amounted to ¥ 2,342,276 million. Consolidated ordinary income and consolidated net income for the current period increased by ¥30,239 million and ¥20,531 million from the previous year and stood at ¥68,625 million and ¥ 48,243 million respectively.

(8) Major Sources of Loans

Major Lenders	Amount of loan outstanding	Shares held of the Company	
	¥ million	thousands	%
Japan Oil, Gas and Metals National Corporation	35,279	—	—
Development Bank of Japan	14,072	—	—
Tonen Chemical Corporation	8,792		
ExxonMobil Asia Pacific Private Ltd.	8,398	—	—
Mobil International Petroleum Corporation	7,000	—	—
Sumitomo Mitsui Banking Corporation	3,940	—	—
Tonen Technology K.K.	1,399	—	—

Note: Japan Oil, Gas and Metals National Corporation succeeded the business from Japan National Oil Corp. on February 29, 2004.

(9) Directors and Statutory Auditors

Position	Name	Responsibility or Principal Occupation
Representative Director, Chairman and President	G. W. Pruessing	
Representative Director, Managing Director	K. Sugiyama	Kawasaki Refinery Manager
Representative Director, Managing Director	K. Suzuki	Supply 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. At the general meeting of shareholders held on March 26, 2004, T. Ohta was elected as an Alternate Statutory Auditor.

2. 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.

3. 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.

4. At the general meeting of shareholders held on March 26, 2004, J. F. Spruill and J. Mutoh were newly elected and appointed as Directors.

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

① Total amount of fee paid by the Company and its affiliates

¥40,500 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

¥40,500 thousand

③ Out of the amount shown in ② above, total amount which was paid by the Company in compensation for the audit and certification business

¥30,100 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, 2004

(Unit : Million Yen)

Account Title	Amount	Account Title	Amount
Assets	945,537	Liabilties	694,674
Current Assets	658,833	Current Liabilties	617,697
Cash and Cash Equivalents	431	Trade Accounts Payable	242,685
Notes and Accounts Receivable	464,412	Gasoline Tax etc., Payable	238,859
Inventories	178,490	Short-term Loans	53,595
Deferred Tax Assets	6,186	Accrued Income Tax	22,366
Short-term Loans Recivable	770	Accrued Comsumption Tax	12,028
Others	9,477	Guarantee Deposits Payable	11,853
Bad Debt Allowance	-935	Reserve for Bonus	1,455
		Others	34,853
Long Term Assets	286,703		
Property, Plant and Equipment	242,464		
Buildings and Structures	60,767	Long Term Liabilities	76,976
Tanks	7,332	Long-Term Debt	16,572
Machinery, Equipment, Cars and Transport Equipment	71,656	Deferred Tax Liabilities	859
		Reserve for Accrued Pension Costs	40,025
Tools, Furniture and Fixture	1,878	Reserve for Officers' Retirement Allowance	231
Land	94,335		
Incomplete Construction	6,494	Reserve for Repairs	13,859
		Reserve for Offshore Well Abandonment	1,608
Intangible Assets	5,778		
Leasehold	1,997	Others	3,821
Software	3,095		
Utility Rights	685	Minority Interests	1,014
Investments and Other Assets	38,460	Shareholders' Equity	249,849
Investment in Securities	16,910	Common Stock	35,123
Long-term Loans Recivable	1,976	Additional Paid-in Capital	20,753
Deferred Tax Assets	5,469	Legal Earned Reserve	193,069
Others	15,831	Unrealized Holding Gains on Securities	1,625
Bad Debt Allowance	-1,727	Treasury Stock	-723
Total Assets	945,537	Total Liabilities, Minority Interests and Shareholders' Equity	945,537

Consolidated Statement of Income

From January 1, 2004
To December 31, 2004

(Unit : Million Yen)

		Account Title	Amount	
Ordinary P/L	Operating P/L	Operating Revenue		
		Sales Revenue		2,342,276
		Operating Expenses		
		Cost of Sales	2,233,696	
		Selling, General and Administrative Expenses	45,402	2,279,098
		Operating Income		63,177
	Non-Operating P/L	Non-Operating Income		
		Interest Income	155	
		Dividends Received	133	
		Foreign Exchange Gain	2,914	
		Equity in Earnings of Affiliates	2,999	
		Others	545	6,748
		Non-Operating Expenses		
		Interest Expenses	722	
		Others	578	1,301
		Ordinary Income		68,625
Extraordinary P/L		Extraordinary Gain		
		Gain on Sales of Investment Securities	11,596	
		Settlement Gain on the Substitution Portion of Employees Pension Fund	6,937	
		Gain on Sales of Property, Plant and Equipment	3,290	
		Settement Package etc. Related to Withdrawal from Power Generation Business	1,929	
		Others	178	23,932
		Extraordinary Loss		
		Loss on Sales and Disposal Property, Plant Equipment	4,371	
		Loss on Asset Impairment	3,370	
		Additional Allowance for Early Retirement	2,387	
		Others	147	10,276
Income Before Income Taxes				82,280
Current Income Taxes				31,117
Deferred Income Taxes				2,817
Minority Interests				102
Net Income				48,243

Notes Related to Consolidated Balance Sheet and Consolidated Income Statement

I. Basics for the development of consolidated financial statements

1. Scope of Consolidation
   - Consolidated Subsidiaries (8 Companies):
     Nansei Sekiyu Kabushiki Kaisha, TonenGeneral Kaiun Yugen Kaisha, Tonen Technology Kabushiki Kaisha, Tonen Energy and Marine (Singapore) Private Limited,
     Tonen Chemical Corporation, Tonen Chemical Nasu Corporation,
     Kawasaki Polyolefin Holdings Yugen Kaisha, Chuo Sekiyu Hanbai Kabusiki Kaisha
   - Subsidiaries eliminated from Consolidation during the period (3 Companies):
     Tonen Sogo Service Company Limited, Kabushiki Kaisha General Sekiyu Hanbaisho,
     Exxon International Funding Limited
   - Non-consolidated Subsidiary (1 Company):
     Kyushu Eagle Kabushiki Kaisha

2. Application of Equity Method
   - Affiliates Accounted for by the Equity Method (3 Companies)
     Shimizu LNG Kabushiki Kaisha, Nippon Unicar Corporation, Tonex Corporation
   - Non-equity Method Companies :
     Non-consolidated Subsidiary (1 company): Kyushu Eagle Kabushiki Kaisha
     Affiliate (1 company): Emori Sekiyu Kabushiki Kaisha

3. Closing Date of Consolidated Subsidiaries
   The closing dates of consolidated subsidiaries are the same dates as that of TonenGeneral Sekiyu K.K.

4. Important Accounting Policies

(1) Evaluation Methods for Important Assets
   Inventories
   - Products, Goods, Unfinished Products and Crude
     --- LIFO at the Lower of Cost or Market
   - Supplies --- Moving Average Method

〈Change in Accounting Policies〉

Starting with this accounting period, Tonen Chemical Corporation (TCC) and Tonen Chemical Nasu Corporation, subsidiaries of TonenGeneral Sekiyu K.K., changed their evaluation method of products, semi products and raw materials from the gross average method at the lower of cost or market (LOCOM) to the LIFO method at LOCOM. This change is intended to align the companies' accounting policies with those of their parent company, in preparation for TCC's introduction of the same inventory management systems as those of its parent company. As a result, the inventory value for the petrochemical segment decreased by 451 million yen as compared with that using the old method, and both its Ordinary Income and Income Before Taxes decreased by the same amount.

Securities
- Stocks of Subsidiaries and Affiliated Companies--- Moving Average at Cost
- Others
  - Marketable --- Market Value at the Closing Date. (Unrealized Holding Gain or Loss is directly reflected to Shareholders' Equity and Cost of Sales is based on Moving Average Cost)
  - Non-Marketable --- Moving Average Method

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 range of major type 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

〈Change in Accounting Policies〉

Starting with this accounting period, TCC changed its depreciation method for plant, property and equipment from the straight line method to the declining balance method. This change is intended to align the company's accounting policies with its parent company, in preparation for introduction of the same fixed asset management systems as that of its parent company. As a result, the value of plant, property and equipment for the petrochemical segment decreased by 248 million yen as compared with that using the old method, and both its Ordinary Income and Income Before Taxes decreased by the same amount.

- Intangible Assets: Straight Line Method

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

(3) Accounting Standards for Major Reserves

- Bad Debt Allowance

  To provide for the losses due to bad debt, TG accrues an estimated bad debt allowance on ordinary receivables based on experienced bad debt ratio; and on highly doubtful receivables based on the financial position of individual customers.

- Reserve for Bonus

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

- Reserve for Accrued Pension Costs

  To provide for the payment of employees' post-retirement benefits, TG accrues an estimated reserve based on projected benefit obligation and estimated pension plan assets at the closing

  Any differences in cost caused by the actuarial calculation of retirement benefits are amortized starting from the next accounting period using the declining balance method over a period which is within the average employees' remaining service years (12 years). Prior service obligations are amortized by the straight-line method over the average employees' remaining service years (11.4, 12.9 and 15.5 years).

- Reserve for Retirement Allowance for Officers

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

- Reserve for Repairs

  TG accrues an estimated reserve for periodic tank opening inspection expenses, as required by The Fire Service Law, based on actual payments; and for turnaround repair expenses relating to machinery and equipment based on actual payments and the repair plan.

- Reserve for Offshore Well Abandonment

  In recognition of expenses required for offshore well abandonment when natural liquid gas production is terminated, TG accrues an estimated amount using the unit of production method.

(4) Accounting for Finance Lease Transactions

Finance lease transactions without transfer of ownership of leased items to lessee are treated using the same accounting method as ordinary operating lease transactions.

(5) The Income Statement does not include any consumption tax transactions.

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

With the implementation of Defined Benefit Pension Plan Act, TG and its consolidated subsidiary TCC were granted approval on February 25, 2004 by the Minister of Health, Labor and Welfare on the exemption of future payment obligations of the substitutional portion of EPF and also on December 1, 2004 approval on the return of its past substituional portion. The effect of the implementation of the act amounted to 6,937 million yen, and was listed as an extraordinary gain.

(7) Asset Impairment Accounting

As provisions of Accounting for the Impairment of Fixed Assets ("Opinions on the establishment of asset impairment accounting standards" (Business Acconting Council, August 9, 2002)) and "Guidelines on application of Accounting Standards for Impairment of Fixed Assets" (Accounting Standard Board of Japan, October 31, 2003), became effective after December 31, 2004, TG and its consolidated subsidiaries adopted and applied the accouting standards and guidelines beginning with this accounting period. 3,370 million yen was recognized as an extraordinary loss.

5. Scope of Assets and Liabilities

Assets and liabilities of the consolidated companies are evaluated using the part-market price basis method.

6. Scope of Amortization of Consolidation Adjustment Accounts

Consolidation adjustment accounts are amortized by the straight line method over five years. When the amount is immaterial, the consolidation adjustment is amortized on a lump-sum basis. However, if the period of the amortization can be estimated at less than five years, the consolidation adjustment accounts are amortized using the straight line method over the estimated years.

II. Notes to Consolidated Balance Sheet

1. Cumulative Depreciation amount of Tangible Fixed Assets:	731,330 M yen
2. Collateral Tangible Fixed Assets:	52,174 M yen
3. Guaranteed Liabilities:	4,791 M yen

III. Notes to Consolidated Income Statement

Current Profit per Share:	81.53 yen

IV. Amounts are shown in truncated million of yen.

Independent Auditors' Report

(Unofficial English translation of Japanese audit report)

February 14, 2004

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
Yasuhisa Yajima

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 85th fiscal year from January 1, 2004 to December 31, 2004. 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.

As discussed in notes to consolidated financial statements Ⅲ. 4. (8), provisions of Accounting for the Impairment of Fixed Assets ("Opinions on the establishment of asset impairment accounting standards" (Business Accounting Council, August 9, 2002)) and "Guidelines on application of Accounting Standards for Impairment of Fixed Assets" (Accounting Standard Board of Japan, October 31), became effective after December31, 2004, and the Company adopted and applied the accounting standards and guidelines beginning with this accounting period, with which we concur.

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.

(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 85th fiscal period from January 1, 2004 to December 31, 2004. 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 18, 2005

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, 2004

(Unit : Million Yen)

Account Title	Amount	Account Title	Amount
Assets	889,420	Liabilties	695,523
Current Assets	643,639	Current Liabilties	624,357
Cash and Cash Equivalents	19	Trade Accounts Payable	264,017
Trade Accounts Receivable	446,050	Gasoline Tax etc., Payable	228,455
Products and Goods	40,778	Short-term Loans	63,786
Unfinished Products	30,394	Other Accounts Payable	12,405
Crude Oil	87,665	Accrued Comsumption Tax	9,435
Supplies	2,877	Accrued Income Tax	14,770
Prepaid Expenses	2,189	Accrued Comsumption Tax	11,115
Deferred Tax Assets	4,356	Guarantee Deposits Payable	11,844
Short-term Loans Recivable	24,328	Advance from Customers	6,212
Other Accounts Recivable	5,575	Reserve for Bonus	1,194
Others	338	Others	1,119
Bad Debt Allowance	-935		
		Long Term Liabilities	71,165
Long Term Assets	245,780	Long-Term Debt	15,720
Property, Plant and Equipment	203,180	Reserve for Accrued Pension Costs	37,858
Buildings	18,498	Reserve for Officers'	228
Structures	34,772	Retirement Allowance	
Tanks	5,924	Reserve for Repairs	12,374
Machinery and Equipment	57,108	Reserve for	1,608
Cars and Transport Equipment	106	Offshore Well Abandonment	
Tools, Furniture and Fixture	1,688	Others	3,374
Land	78,854	Shareholders' Equity	193,897
Incomplete Construction	6,226	Common Stock	35,123
		Additional Paid-in Capital	20,753
Intangible Assets	5,433	Legal Capital Surplus	20,741
Leasehold	1,997	Other Legal Capital Surplus	11
Software	2,789	Gain on Treasury Stocks Disposal	11
Utility Rights	646		
Investments and Other Assets	37,167	Retained Earnings	138,417
Investment in Securities	6,859	Legal Earned Reserve	8,780
Stock of Subsidiaries	11,464	Voluntary Reserves	24,352
Unit of Subsidiaries	967	Reserve for Replacement	23,825
Long-term Loans Recivable	1,860	of Property	
Long-term Deposits	5,975	Reserve for Mine Exploration	265
Deferred Tax Assets	5,829	Reserve for Special Depreciation	262
Others	5,794	Unappropriated Retained Earnings	105,284
Bad Debt Allowance	-1,584	Unrealized Holding Gains on Securities	326
		Treasury Stock	-723
Total Assets	889,420	Total Liabilities and Shareholders' Equity	889,420

Statement of Income

From January 1, 2004
To December 31, 2004

(Unit : Million Yen)

Account Title			Amount	
Ordinary P/L	Operating P/L	Operating Revenue		
		Sales Revenue		2,370,549
		Operating Expenses		
		Cost of Sales	2,294,660	
		Selling, General and Administrative Expenses	33,338	2,327,999
		Operating Income		42,549
	Non-Operating P/L	Non-Operating Income		
		Interest Income	409	
		Dividends Received	7,116	
		Foreign Exchange Gain	3,058	
		Others	74	10,659
		Non-Operating Expenses		
		Interest Expenses	686	
		Others	205	892
	Ordinary Income			52,316
Extraordinary P/L	Extraordinary Gain			
	Gain on Sales of Investment Securities		11,332	
	Settlement Gain on the Substitution Portion of Employees Pension Fund		5,191	
	Gain on Sales of Property, Plant and Equipment		3,302	
	Settlement Package etc. Related to Withdrawal from Power Generation Business		1,929	21,755
	Extraordinary Loss			
	Loss on Sales and Disposal Property, Plant Equipment		4,404	
	Loss on Asset Impairment		3,370	
	Additional Allowance for Early Retirement		2,132	9,907
Income Before Income Taxes				64,165
Current Income Taxes				23,133
Deferred Income Taxes				489
Net Income				40,542
Unappropriated Retained Earnings Brought Forward				75,394
Interim Dividends Declared				10,652
Unappropriated Retained Earnings at End of Period				105,284

Notes Related to Balance Sheet and Income Statement

1. Important Accounting Policies

(1) Evaluation Methods for Securities

- Stocks of Subsidiaries and Affiliated Companies--- Moving Average at Cost

- Others

Marketable --- Market Value at the Closing Date.
(Unrealized Holding Gain or Loss is directly reflected to Shareholders' Equity and Cost of Sales is based on Moving Average Cost)

Non-Marketable --- Moving Average Method

(2) Evaluation Method for Derivative Transactions, etc.

- Derivatives --- Market Value at the Closing Date

(3) Evaluation Methods for Inventories

- Products, Goods, Unfinished Products and Crude
--- LIFO at the Lower of Cost or Market

- Supplies --- Moving Average Method

(4) Depreciation and Amortization Methods for Fixed Assets

- Property, Plant and Equipment : Declining Balance Method
The service life range of major type 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 : Straight Line Method
In-house computer software is amortized under the straight line method over its service life (5-15 years)

(5) Accounting Standards for Major Reserves

- Bad Debt Allowance
To provide for the losses due to bad debt, the company accrues an estimated bad debt allowance on ordinary receivables based on experienced bad debt ratio; and on highly doubtful receivables based on the financial position of individual customers.

- Reserve for Bonus
To provide for the payment of employees' bonus, 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 obligation and estimatedpension plan assets at the
Any differences in cost caused by the actuarial calculation of retirement benefits are amortized starting from the next accounting period using the declining balance method over a period which is within employees' average remaining service years (12 years). Prior service obligations are amortized by the straight-line method over employees' average remaining service years (12.9 years and 15.5 years).

- 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, on the basis that officers retire at the

- Reserve for Repairs
  The company accrues an estimated reserve for periodic tank opening inspection expenses, as required by The Fire Service Law, based on actual payments; and for turnaround repair expenses relating to machinery and equipment based on actual payments and the repair plan.

- Reserve for Offshore Well Abandonment
  In recognition of expenses required for offshore well abandonment when natural liquid gas production is terminated, the company accrues an estimated amount using the unit of production method.

(6) Accounting for Finance Lease Transactions
Finance lease transactions without transfer of ownership of leased items to lessee are treated using the same accounting method as ordinary operating lease transactions.

(7) Income Statement does not include any consumption tax transactions.

(8) Return of Substitutional Portion of Employee Pension Fund (EPF)
With the implementation of Defined Benefit Pension Plan Act, the company was granted approval on February 25, 2004 by the Minister of Health, Labor and Welfare on the exemption of future payment obligations of the substitutional portion of EPF and also on December 1, 2004 approval on the return of its past substituional portion. The effect of the implementation of the act amounted to 5,191 million yen, and was listed as an extraordinary gain.

(9) Asset Impairment Accounting
As provisions of Accounting for the Impairment of Fixed Assets ("Opinions on the establishment of asset impairment accounting standards" (Business Acconting Council, August 9, 2002)) and "Guidelines on application of Accounting Standards for Impairment of Fixed Assets" (Accounting Standard Board of Japan, October 31, 2003), became effective after December 31, 2004, the company adopted and applied the accouting standards and guidelines beginning with this accounting period. It recognized 3,370 million yen as an extraordinary loss.

2. Accumulated Depreciation on Tangible Fixed Assets : 622,733 M yen

3. S/T Accounts Receivable from Controlling Company : 287,187 M yen
   S/T Accounts Payable to Controlling Company : 81,442 M yen

4. S/T Accounts Receivable from Subsidiaries 48,900 M yen
   S/T Accounts Payable to Subsidiaries 49,171 M yen

5. Assets pledged as security for loan : Tangible Fixed Assets 42,855 M yen

6. Contingent Liabilities : 4,660 M yen

7. Reserve for Officers' Retirement Allowance, Reserve for Repairs and Reserve for Offshore Well Abandonment are applicable to the reserve stipulated in Enforcement Regulation of Japanese Commercial Code Article 43.

8. Net Assets to the reserve stipulated
in Enforcement Regulation of Japanese Commercial Code Article 124-3 ; 326 M yen

9. Transaction Amount with Controlling Company :

Sales Revenue, etc	1,286,938 M yen
Purchase, etc.	202,121 M yen

10. Transaction Amount with Subsidiaries :

Sales Revenue	229,348 M yen
Purchase, etc.	169,683 M yen
Non-Operating Transactions	2,536 M yen

11. Current Profit per Share : 68.51 yen

12. Amounts are shown in truncated million of yen.

Proposed Retained Earnings Distribution

(Unit : Yen)

Items	Amount	
Unappropriated Retained Earnings		105,284,315,371
Reversal of Voluntary Reserves		
Reserve for Replacement of Property	2,357,523,051	
Reserve for Mine Exploration	6,450,129	
Reserve for Special Depreciation	100,666,135	2,464,639,315
Total		107,748,954,686
Planned Distribution of Unappropriated Retained Earnings		
Dividend		
Regular Dividend (18.00yen per Share)		10,650,297,726
Balance Carried Forward after Planned Distribution		97,098,656,960

(Note) Interim dividend of 10,652,572,278 yen (18.00 yen par share) was paid to the company shareholders as of June 30, 2004.

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

February 14, 2004

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
Yasuhisa Yajima

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 85th fiscal year from January 1, 2004 to December 31, 2004. 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.

As discussed in notes to financial statements 3. (9), provisions of Accounting for the Impairment of Fixed Assets ("Opinions on the establishment of asset impairment accounting standards" (Business Accounting Council, August 9, 2002)) and "Guidelines on application of Accounting Standards for Impairment of Fixed Assets" (Accounting Standard Board of Japan, October 31), became effective after December31, 2004, and the Company adopted and applied the accounting standards and guidelines beginning with this accounting period, with which we concur.

(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.

(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 85th fiscal period from January 1, 2004 to December 31, 2004. Our opinion is as follows:

1. Outline of Statutory Audit

(1) On March 26, 2004, 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 review meetings and the quarterly sales meetings, which have been held by ExxonMobil Y.K. to whom we entrust our marketing operations. 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.), 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 necessary explanations regarding the results of the internal audits, which the Corporate Audit Services executed, by persons 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 18, 2005

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: 583,687

2. Items for Resolution

Item No.1: Approval of Proposed Retained Earnings Distribution for the 85th 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 per share to the shareholders as of December 31, 2004. As the Company paid an interim dividend of ¥18 per share, the total amount of dividends for the 85th term shall be ¥36 per share.

Item No.2: Election of Six Directors of the Board

Since the term of office for all directors (6) expires at the closing of the ordinary general meeting of shareholders for the 85th business term, the following six candidates shall be proposed for election as directors of the board.

No.	Name (Date of Birth)	Personal History & Title and Incumbent Representative Directorship of Other Companies	Number of Shares of the Company Held
1	G. W. Pruessing (Aug. 1, 1953)	1/1976 Joined Exxon Company U.S.A 12/1999 VP Project Execution of ExxonMobil Refining & Supply Company 3/2001 Director, Tonen Chemical Corporation 3/2001 Representative Director, President, Esso Sekiyu Y.K. (currently, ExxonMobil Y.K. (EMYK)) 3/2001 Representative Director, President, Mobil Sekiyu Y.K. (currently EMYK) 3/2001 Representative Director, President, TonenGeneral Sekiyu K.K. 3/2002 Representative Director, Chairman and President, TonenGeneral Sekiyu K.K. (Present) 6/2002 Representative Director, President, ExxonMobil Y.K. (Present) 7/2003 Representative Director, Tonen Chemical Corporation (Present)	1,000
2	K. Sugiyama (Oct. 18, 1946)	4/1971 Joined Tonen Corporation (currently TonenGeneral Sekiyu K.K.) 3/1996 Director, Tonen Corporation 3/1997 Director/Kawasaki Refinery Manager, Tonen Corporation 3/1999 Executive Officer/Kawasaki Refinery Manager, Tonen Corporation 7/2000 Executive Officer/Kawasaki Refinery Manager, TonenGeneral Sekiyu K.K. 3/2001 Director, Kyokuto Petroleum Industries Ltd. (Present) 3/2001 Director/Kawasaki Refinery Manager, TonenGeneral Sekiyu K.K. 3/2002 Representative Director, Managing Director/Kawasaki Refinery Manager, TonenGeneral Sekiyu K.K. (Present)	15,000

No.	Name (Date of Birth)	Personal History & Title and Incumbent Representative Directorship of Other Companies	Number of Shares of the Company Held
3	K. Suzuki (July 21, 1947)	4/1972 Joined Tonen Corporation (currently TonenGeneral Sekiyu K.K.) 3/1999 Executive Officer, Tonen Corporation 6/2000 Director, Kygnus Sekiyu K.K. 7/2000 Director, ExxonMobil Business Services Y.K. (currently EMYK) (Present) 7/2000 Executive Officer/Manager S&D, TonenGeneral Sekiyu K.K. 3/2001 Director/Manager S&D, TonenGeneral Sekiyu K.K. 7/2001 Representative Director, President, TonenGeneral Kaiun Y.K. (Present) 3/2002 Representative Director, Vice President, Kyokuto Petroleum Industries Ltd. (Present) 3/2002 Representative Director, Managing Director/Manager S&D, TonenGeneral Sekiyu K.K. 10/2003 Representative Director, Managing Director/Supply Manager, TonenGeneral Sekiyu K.K. (Present)	2,000
4	W. J. Bogaty (Sept. 13, 1947)	6/1972 Joined Mobil Corporation 3/1998 Treasurer, Worldwide Business Operation; Corporate Senior Assistant Treasurer, Mobil Corporation 2/2000 MSA General Manager of Esso Sekiyu / General Sekiyu 7/2000 Representative Director, President, ExxonMobil Business Services Y.K. (currently EMYK) 7/2000 Director, TonenGeneral Sekiyu K.K. (Present) 6/2002 Representative Director, Vice President, ExxonMobil Y.K. (Present)	5,000

No.	Name (Date of Birth)	Personal History & Title and Incumbent Representative Directorship of Other Companies	Number of Shares of the Company Held
5	J. F. Spruill (Dec. 11, 1952)	9/1974 Joined Exxon Company, U.S.A 6/1997 Senior Managing Director, General Manager of Marketing, General Sekiyu K.K. (Currently TonenGeneral Sekiyu K.K.) 1/1999 MSA General Managerof Esso Sekiyu /General Sekiyu 7/2000 Representative Director, President, ExxonMobil Marketing Services Y.K.(Currently EMYK) 6/2002 Representative Director, Vice President, EMYK(Present) 3/2004 Director, TonenGeneral Sekiyu K.K. (Present)	None
6	J. Mutoh (Aug. 20, 1959)	4/1982 Joined General Sekiyu K.K. (Currently TonenGeneral Sekiyu K.K.) 2/1999 Manager, Technical Center, General Sekiyu K.K. 6/2000 Manager, Project Services, Japan Regional Engineering Office, General Sekiyu K.K. 4/2002 Manager, Process/Equipment, Japan Regional Engineering Office, TonenGeneral Sekiyu K.K. 3/2003 Wakayama Refinery Manager, TonenGeneral Sekiyu K.K. 3/2004 Director/ Wakayama Refinery Manager, TonenGeneral Sekiyu K.K. (Present)	1,000

Notes: 1. The above candidates Messrs. G. W. Pruessing, W. J. Bogaty and J. F. Spruill have assumed offices of representative director 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 above candidate Mr. K. Suzuki has assumed an office of representative director of Kyokuto Petroleum Industries Ltd. which is engaged in the same business as the Company (refining of petroleum products) and there are purchase and sale transactions in petroleum unfinished products between the Company and Kyokuto Petroleum Industries Ltd.

3. The other candidates have no special interest with the Company.

Item No.3: Election of One Alternate Statutory Auditor

Although Mr. T. Ohta was elected as the Alternate Statutory Auditor of the Company at 84th 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*."