〔ENGLISH TRANSLATION〕

(Securities Code: 5012)
March 10, 2010

To the Shareholders

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

Notice of the Ordinary General Meeting of Shareholders

You are cordially invited to attend the 90th Ordinary General Meeting of Shareholders of TonenGeneral Sekiyu K. K. ("TG" or the "Company") to be held as specified below.

When you attend the meeting in person, please present the enclosed voting rights exercise form to the reception desk.

In the event you are unable to attend, you are kindly requested to exercise your voting rights in writing as follows: review the attached Reference Materials for the Shareholders' Meeting; to exercise your voting rights, respond "yes" or "no" to each agenda item on the enclosed form; and return the form to us.

1. Date & Time: Friday, March 26, 2010 at 10:00 a.m.
2. Venue: In the room "Pegasus", 1F, Hotel Nikko Tokyo
   9-1, Odaiba 1-chome, Minato-ku, Tokyo
   (Please confirm the venue with the attached map on the last page.)
3. Purposes:

Items for Report:

Item No.1: Report of Business Report, and Consolidated Financial Statements for the 90th Business Term (from January 1, 2009 to December 31, 2009), and Audit Reports for Consolidated Financial Statements by Accounting Auditor and the Board of Statutory Auditors

Item No.2: Report of Financial Statements for the 90th Business Term (from January 1, 2009 to December 31, 2009)

Items for Resolution:

Proposal No. 1: Approval of Proposed Retained Earnings Distribution
Proposal No. 2: Election of One Statutory Auditor
Proposal No. 3: Election of One Alternate Statutory Auditor
Proposal No. 4: Presentation of Retirement Allowances to Retiring Director and Retiring Statutory Auditor

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- Any required corrections to the Attachment to the Notice of Ordinary General Meeting of Shareholders (the Business Report, Consolidated Financial Statements and/or Financial Statements) and/or the Reference Materials for the Shareholders' Meeting, will be placed on the Company's web-site. (http://www.tonengeneral.co.jp)
- This is a convocation notice, attachments (the Business Report, Consolidated Financial Statements and Financial Statements), and Reference Materials for the TG Shareholders' Meeting on March 26, 2010. An English translation of these documents has been placed on the Company's web-site.

Attachment to the Notice of Ordinary General Meeting of Shareholders

The 90th Business Term (from January 1, 2009 to December 31, 2009)

- Business Report
- Consolidated Balance Sheet
- Consolidated Income Statement
- Consolidated Statement of Changes in Net Assets
- Notes to Consolidated Statements
- Balance Sheet
- Income Statement
- Statement of Changes in Net Assets
- Notes to Statements
- Audit Report for Consolidated Financial Statements by Accounting Auditor
- Audit Report by Accounting Auditor
- Audit Report by the Board of Statutory Auditors

BUSINESS REPORT

(For the year ended December 31, 2009)

1. Business Overview

(1) Developments and Results of Operations

< General Business and Industry Conditions >

The world economy has suffered from the effects of the global financial crisis that began in 2008. In 2009, the economy gradually moved to a recovery track after the spring, but each country and region moved at a different pace. While China and certain other developing countries experienced a stronger recovery, Europe, the United States and Japan showed signs of only moderate growth. In the case of Japan, in particular, exports have gradually recovered in response to demand increases in Asia, but private-sector capital investment, residential housing investment and consumer spending have continued to struggle.

In 2009, the crude market exhibited a moderate upward trend compared to the 2008 price surge when record highs were observed and subsequent steep decline. The price per barrel for Dubai crude, generally used as a reference price for our industry in the Asia-Pacific region, began in 2009 in the 40 to 49 dollar range, but started an upward trend in mid-March, arriving at between 60 and 80 dollars in the latter half of the period. As a result, the 2009 year-end level of 77 dollars was around 42 dollars higher than at the end of 2008. The average for the year was 62 dollars per barrel, 32 dollars (34%) lower than the previous period. The yen began and ended the year at around 90 yen per dollar, though with both up and down trends during the period. The yen-US dollar exchange rate (TTS) averaged 94.6 yen per dollar for the year, 9.8 yen stronger than the previous year. The average Dubai price for 2009, in yen terms, on a loaded basis, was 36.9 yen per liter, 25.0 yen per liter (40%) less than 2008.

Overall domestic demand for petroleum products continued to decrease in 2009, continuing a trend from 2006. Gasoline demand slightly surpassed that of 2008, which was depressed due to high retail pump prices. Kerosene, Diesel, Fuel Oil A and Fuel Oil C demand continued to decrease. The main reasons for these decreases, other than the effects of the economic downturn referred to above, were a warm winter, a shift to alternative energy sources such as electricity and gas instead of Kerosene, more efficient operation in the transportation sector, fuel switching to other energy sources for Diesel and Fuel Oil A, and the absence of the demand for Fuel Oil C for electricity generation that accompanied nuclear power plant shutdowns in 2008.

In the Petrochemical sector, domestic demand suffered a significant drop in the fourth quarter 2008, reached the bottom in the first quarter 2009, and then gradually recovered in the remainder of 2009 driven by strong economic growth in China. On a full year basis, paraxylene and ethylene production slightly increased compared to the previous year while benzene and propylene production decreased by a few percentage points versus 2008. Balanced to long supply/demand conditions combined with relatively low crude and naphtha prices led to relatively low market prices for aromatics and olefins products in 2009. The market prices of petrochemical products gradually increased in the second half of 2009, following the rise of crude oil and other feedstock prices. However, the average market prices in 2009 ended up lower than in 2008 due to the significant decrease in the first half of 2009. The Asian spot market price for ethylene dropped from an average 1,198 $/Ton in 2008 to 850 $/Ton in 2009, and paraxylene dropped from 1,184 $/Ton to 996$/Ton.

< TonenGeneral's Results for the Term >

TonenGeneral Sekiyu K. K. ("TG") consolidated Net Sales for 2009 amounted to ¥2,111.8 billion (¥1,160.7 billion, a 35.5% decrease from the previous year) primarily due to the lower prices for petroleum products versus 2008 reflecting significant crude oil price decreases.

Consolidated Operating Income was a loss of ¥34.6 billion (¥156.3 billion decrease from the previous year). By Segments, Operating Income showed a loss of ¥38.4 billion for Downstream (¥146.1 billion decrease from the previous year), and a ¥3.8 billion profit in the Chemicals segment (¥10.1 billion decrease from the previous year). Downstream results were adversely affected to the extent of negative ¥35 billion by our use of prompt cost recognition accounting methods (positive ¥74.5 billion in the previous year). In addition, we experienced pressure on margins associated with the decline in domestic and overseas demand for fuel products. The decline in Chemical results versus the prior year was due mainly to low margins and volumes in the severe economic conditions of 2009.

Consolidated Ordinary Income was a loss of ¥34.5 billion (¥165.8 billion decrease from the previous year) with a Net non-Operating Income of ¥13 million, including gains in foreign exchange and a loss from equity earnings.

Extraordinary items resulted in a Net Extraordinary Loss of ¥1.6 billion, including losses from idle asset divestments and asset impairments. As a result, including the effects from Income Taxes of ¥14.4 billion, Consolidated Net Income amounted to a loss of ¥21.7 billion (¥101.0 billion decrease from the previous year).Total assets at the end of 2009 were ¥875.2 billion, ¥26.4 billion lower than the previous year, associated mainly with decreases in Inventories and Short Term Loans Receivable. Net Assets decreased in 2009 by ¥43.1 billion from the previous year to ¥227.4 billion, due to dividends paid and losses in the current year.

The following table shows segment Net Sales and Operating Income in 2009.

Millions of yen

	Oil	Chemicals	Others	Consolidated
Net Sales	1,917,453	193,518	781	2,111,753
Operating Income/(Loss)	(38,414)	3,821	33	(34,559)

TG paid an interim dividend of ¥19 per share in accordance with the resolution made at the Board of Directors' Meeting held on August 14, 2009.

<Oil Business Results>

- Production -

Crude runs at the Kawasaki, Sakai and Wakayama refineries in 2009 increased by

2.5% versus the previous year to a total of 28,277 thousand kl, with topper utilization at 74%.

In Refining, TG continued to focus on raising efficiency and making optimal use of existing facilities, especially secondary units. In 2009, TG made capital investments for energy conservation, bio-ETBE blending and export capacity enhancements in addition to minor facility modifications. These facilities gave TG more flexibility to improve energy efficiency, supply bio-ETBE blended gasoline from our own refineries and export fuel products.

TG is continuing to enhance and implement its "Profit Improvement Programs". These programs include optimal utilization of secondary units, full use of integration synergies among the refining and chemical businesses, and diversification of our sources of refining feedstocks.

- Marketing -

Overall sales volumes for oil products for the term decreased by 4.3% to 30,691 thousand-kl, affected by the continuous downward trend of domestic petroleum demand, although gasoline domestic sales grew slightly.

TG has entrusted its marketing business to ExxonMobil Yugen Kaisha ("EMYK"), TG's parent company. EMYK operates the marketing business through one integrated marketing strategy for the ExxonMobil Japan Group, using the "ESSO" and "Mobil" brands and the Company's "GENERAL" brand.

We believe that in a fiercely competitive market, the key to success is to maintain a firm brand, which corresponds to the customers needs, in addition to the operational efficiency in service stations. Thus, we have continued to improve competitiveness though optimization of marketing channels and the shift to the self service stations. As a result, Branded Self-serve "Express" with top class customer satisfaction accounted for around 20% of our total SS number but over 50% of total retail gasoline and diesel volume of the ExxonMobil Japan Group, including TG, as of the end of 2009.

In order to strengthen and more firmly establish the Express brand value, we have also continued enhancing various related services and programs such as Video Pump, Speedpass, Express Wash, Mobil 1 Center and exclusive alliances with Doutor coffee and Seven-Eleven Japan. Speedpass, the ExxonMobil Japan Group's special key-chain attachable wireless payment device, increased its membership to over 2,400,000, as increasing numbers of customers recognize its convenience. During 2009, we have expanded our exclusive alliance with Seven-Eleven for Express across the country.

In addition, we have continued to provide more efficient and higher value-added business offerings through our credit card strategy and services using our Synergy Card (for motor fuel personal use) and our corporate commercial card EMCC as well as improving high standards of customer service and cleanliness at sites.

The following table shows 2009 sales results by product in 2009.

Oil Product	Sales Volume Thousand kl	Net Sales Millions of yen
Gasoline	11,789	1,152,326
Kerosene & Diesel Fuel	10,382	448,529
Fuel Oil and Crude	5,968	219,732
Lube	332	22,714
LPG and Others	2,220	74,149
Total	30,691	1,917,453

<Chemical Business Results>

There are two fundamental long-term strategic themes in our Chemical business. The first is to increase the cost competitiveness of our basic chemicals business and the second is to continue to grow our specialty chemicals business.

In our basic chemicals business, especially in olefins and aromatics production, we continued to focus on feedstocks diversification, fixed cost reduction, energy efficiency improvement and the reliability of operations. We have also pursued chemical and refinery integration for its synergy effects, and to support the optimum utilization of molecules across the refining and chemicals activities in our group.

The following table shows our sales results by product in 2009.

Chemical Product	Sales Volume Thousand ton	Net Sales Millions of yen
Olefins and Others	1,615	132,250
Aromatics	807	61,268
Total	2,422	193,518

In specialty chemicals, we have continued to focus on battery separator film (BSF) as well as special solvents and adhesives. BSF is used primarily in lithium-ion batteries for small electronics (i.e., cell phone, laptop PC) and power tools, and expected to be widely used for hybrid vehicles and electric vehicles in future. In order to respond to the expected long term demand growth, in October 2008 we initiated a major expansion of our capacity through construction of a new production facility in Korea. This new plant construction has progressed as planned and the first production line started its test operation in the fourth quarter 2009, while the second production line started test operations in the first quarter 2010. To further the enhance BSF business, the TG group agreed with Toray Industries Inc., to establish a joint venture (TG group 50% and Toray 50%) for development, production, and sales of BSF. The joint venture started operations on February 1, 2010. Through this alliance with Toray, development of BSF technology can be accelerated to support the rapidly evolving lithium ion battery market, with the goal of capturing the demand of a growing market for lithium-ion batteries.

<Corporate Citizenship>

The TG group strives to be a good corporate citizen in all of its business activities. Maintaining safe, reliable and environmentally responsible operations is the foundation of our business and is our “license” to operate in local communities. The TG group conducts its operations based on the “Operations Integrity Management System”, a system for ensuring the highest standards in the areas of safety, health and the environment. In order to further enhance the quality of operations in the areas, we introduced the “Loss Prevention System”, which focuses on human behavior to increase safety awareness and prevent the occurrence of incidents.

Based on a program implemented globally by the ExxonMobil Group in 2005, called “Protect Tomorrow. Today.,” TG has formulated and is implementing Environmental Business Plans at each of our refineries to achieve the highest level of environmental protection performance in our industry. In particular, we have improved the energy efficiency of our refineries and chemical plants rationally and deliberately by utilizing the “Global Energy Management System”, which was developed by ExxonMobil.

High standards of business conduct constitute another foundation of our business. Our reputation and our commitment to legal compliance and ethical conduct are true assets. We periodically implement refresher training for employees to increase their understanding of business ethics and compliance with the law. The detail of our activities about “Corporate Citizenship” is available on our website.

(http://www.tonengeneral.co.jp/apps/tonengeneral/english/index.html)

(2) Financing

Capital expenditures in the current term were financed by the Company’s own funds, without depending on new long-term bank borrowings or issuance of either equity or corporate bonds. The outstanding debt balance of TG on a consolidated basis was ¥88.6 billion at the end of 2009, an increase of ¥14.0 billion versus 2008. Our basic policy is to maintain healthy financial conditions while maximizing profits through efficient operations and selection of business investments that meet rigorous return criteria.

(3) Capital Investment

Capital expenditures for the year totaled ¥26.2 billion. In the refinery segment, TG enhanced its Bio-ETBE blending facilities in Kawasaki refinery and invested in its Kawasaki, Sakai and Wakayama refineries to enhance export capacity. In the chemical segment, the construction of a new facility to manufacture battery separator films in Korea continued in the current term.

(4) Issues to be Addressed By The TG Group

The business environment in which the TG group operates is forecast to continue to be severe in 2010. Even in this business environment, in order to achieve our goal of maintaining a prominent position in our industry, all functions of our oil and chemical segments will continue to work together to pursue efficiency and profitability improvement.

In the oil business, we will continue to focus on effective utilization of secondary units, full use of integration synergies among the refining and chemical businesses, as well as maximum utilization of the ExxonMobil global network. In marketing, we will continue to focus on further enhancement of our "Express" brand value and further expansion of the alliance network with Seven-Eleven Japan.

In the Chemical business, we will continue to enhance cost competitiveness of our basic chemicals business and to further enhance our specialty chemicals business. In particular, we will progress the execution of our growth strategies in our battery separator film business through the joint venture with Toray Industries Inc.

To steadily enhance shareholders' value from long-term perspective is another important objective for us. We continue with our view that the company's wealth that is not otherwise required in our business in a way that meets our rigorous profitability standards should be returned to shareholders.

The TG group firmly determined to ensure the implementation of the above measures in the respective business segments and will continue working to achieve safe and reliable operations, stable supply of high-quality products, high level of environmental protection, while maintaining commitment to our legal compliance and ethical conduct. Shareholders' continued interest and support will always be highly appreciated.

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

Term / Item	87th Term Jan. 1,'06-Dec.31,'06	88th Term Jan. 1,'07-Dec.31,'07	89th Term Jan. 1,'08-Dec.31,'08	90th Term Jan. 1,'09-Dec.31,'09
Sales revenue (M ¥)	3,078,772	3,049,842	3,272,429	2,111,753
Operating income (M¥)	58,694	7,063	121,742	(34,559)
Ordinary income (M¥)	65,987	15,073	131,290	(34,545)
Net income (M ¥)	39,820	7,014	79,285	(21,718)
Net income per share (¥)	68.27	12.12	140.34	(38.46)
Total assets (M¥)	1,019,517	1,045,536	901,598	875,177
Net assets (M ¥)	249,155	214,279	270,500	227,359
Number of consolidated companies	6	7	7	7
Number of affiliates on equity basis	2	2	2	2

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

2. ( ) represents loss.

(6) Profile of TG Group and Development of Business Affiliation

1) Relationship with Parent Company

TG's parent company is ExxonMobil Yugen Kaisha ("EMYK," Head Office: Minato-ku, Tokyo), which holds 282,708 thousand shares, or equity ratio of 50.02%. The capital amount of EMYK is ¥50 billion and its main business is sales of petroleum products. EMYK is a 100% indirect subsidiary of Exxon Mobil Corporation of the U.S.A.

The main elements of the relationship between TG Group and EMYK are as follows.

- TG supplies petroleum products to EMYK.
- TG is entrusted with certain logistic functions of EMYK.
- EMYK is entrusted with marketing functions and administrative functions of the TG Group.
- TG and Tonen Chemical Corporation, TG's wholly-owned subsidiary, utilize EMYK as an agent to centralize its sales and logistics operations in chemical

business.

- Employees of both TG Group and EMYK have been dispatched to the other in relation to the entrustment agreements above.
- Seven Directors of TG are serving concurrently as Directors of EMYK.
- TG Group has concluded agreements in relation to crude oil, products and feedstocks supply, services, and technical support with some ExxonMobil affiliated companies abroad.

2) Principal Subsidiaries and Affiliates

The numbers of consolidated companies and equity companies are seven and two respectively as follows:

(i) Consolidated Companies

Name of Company	Capital	Equity Ratio	Major Business
	¥ million	%	
Oil Segment			
TonenGeneral Kaiun Yugen Kaisha	243	100.0	Marine transportation of crude oil and petroleum products
Chuo Sekiyu Hanbai Kabushiki Kaisha	30	100.0	Sales of petroleum products
Chemical Segment			
Tonen Chemical Corporation	4,500	100.0	Manufacture and sale of petrochemicals
Tonen Chemical Nasu Corporation	300	100.0	Manufacture and sale of petrochemicals
Tonen Specialty Separator Godo Kaisha	101	100.0	Manufacture and sale of petrochemicals
Tonen Specialty Separator Korea Limited	58.8 won billion	100.0	Manufacture and sale of petrochemicals
Others			
Tonen Technology Kabushiki Kaisha	50	100.0	Construction management

Notes: 1. TG indirectly owns the shares of Tonen Chemical Nasu Corporation, Tonen Specialty Separator Godo Kaisha, and Tonen Specialty Separator Korea Limited through Tonen Chemical Corporation.

2. Tonen Chemical Nasu Corporation changed its corporate form from a *kabushiki kaisha* to a *godo kaisha* as of October 1, 2009.

3. The capital of Tonen Specialty Separator Godo Kaisha became 301 yen million as of January 8, 2010.

4. The capital of Tonen Specialty Separator Korea Limited became 61 won billion as of January 20, 2010.

5. Tonen Specialty Separator Godo Kaisha became a joint venture company through the investment by Toray Industries, Inc., and it was renamed Toray Tonen Specialty Separator Godo Kaisha on January 29, 2010, and the TG group's equity ratio became 50.0%.

6. Tonen Specialty Separator Godo Kaisha became a joint venture company through the investment by Toray Industries, Inc. and Tonen Specialty Separator Korea Limited, a 100% subsidiary of Tonen Specialty Separator Godo Kaisha, was renamed Toray Tonen Specialty Separator Korea Limited as of January 29, 2010, and TG Group's equity ratio became 50.0%.

7. Toray Tonen Services Godo Kaisha was established as of January 29, 2010 to act as a services company for Toray Tonen Specialty Separator Godo Kaisha. The equity ratio of the TG Group in Toray Tonen Services Godo Kaisha is 50.0%.

(ii) Equity Companies

Name of Company	Capital	Voting Ratio	Major Business
	¥ million	%	
Oil Segment			
Shimizu LNG Co., Ltd	3,000	35.0	Purchase and sale of LNG
Chemical Segment			
Nippon Unicar Company Limited	2,000	50.0	Manufacture and sale of polyethylene

Note: TG indirectly owns 50% of the shares of Nippon Unicar Company Limited through Tonen Chemical Corporation.

(7) Major Business of TG Group (As of December 31, 2009)

Segment	Business	Major Products Handled
Oil Segment	Manufacturing, Processing and Sales of Petroleum Products, and Transportation of Crude oil and Petroleum Products	Gasoline, Naphtha, Kerosene, Jet Fuel, Automotive Diesel Oil, Fuel Oils, Lube Oils, and LPG, etc.
Chemical Segment	Manufacturing, Processing and Sales of Petrochemical Products	Ethylene, Propylene, Benzene, Toluene, Paraxylene, Battery Separator Film, etc.
Others	Construction Management	

(8) Principal Places of Operation of TG Group (As of December 31, 2009)

Company Name	Division	Location
TG	Head Office	Minato-ku, Tokyo
	Kawasaki Refinery	Kawasaki City, Kanagawa Pref.
	Sakai Refinery	Sakai City, Osaka-fu
	Wakayama Refinery	Arida City, Wakayama Pref.
	Research Center	Kawasaki City, Kanagawa Pref.
Tonen Chemical Corporation	Head Office	Minato-ku, Tokyo
	Kawasaki Plant	Kawasaki City, Kanagawa Pref.
Tonen Specialty Separator Godo Kaisha	Head Office / Plant	Nasushiobara City, Tochigi Pref.

(9) Employees of TG Group (As of December 31, 2009)

Segment	Number of Employees	Change from Previous Term
Oil Segment	1,741	Increase of 16
Chemical Segment	588	Increase of 61
Others	25	Decrease of 1
Total	2,354	Increase of 76

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

2. TG Group has concluded business entrustment agreements with EMYK as shown in "1) Relationship with Parent Company of (6) Profile of TG Group and Development of Business Affiliation," which resulted in 322 loaned-out employees to EMYK and 120 loaned-in employees from EMYK.

3. Increase in the number of employees during the term occurred mainly in the Battery Separator Film business.

(10) Major Sources of Loans (As of December 31, 2009)

Lender	Amount of Loan Outstanding
	¥ million
Japan Oil, Gas and Metals National Corporation	80,054
Development Bank of Japan	4,586
Sumitomo Mitsui Banking Corporation	2,907

(11) Other Important Items for the Company

There are no applicable items.

2. Shares of the Company (As of December 31, 2009)

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

2) Total number of shares issued: 565,182,000 shares

3) Number of shareholders: 52,864

(Decrease of 292 from the end of the previous term)

4) Major Shareholders (Top 10)

Name	Number of Shares Held	Shareholding Ratio
	thousands	%
ExxonMobil Yugen Kaisha	282,708	50.08
Japan Trustee Services Bank, Ltd. (Trust Account)	11,474	2.03
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,353	1.83
Kochi Shinkin Bank	8,514	1.51
Sompo Japan Insurance Inc.	7,319	1.30
Nippon Life Insurance Company	4,544	0.81
State Street Bank West Client - Treaty	3,302	0.58
SSBT OD05 Omnibus China Treaty Clients	2,811	0.50
Tokio Marine & Nichido Fire Insurance Co. Ltd.	2,579	0.46
Japan Trustee Services Bank, Ltd. (Trust Account 1)	2,172	0.38

Note: Shareholding ratio represents the number of common shares held, divided by the number of common shares issued (excluding 619,801 TG treasury shares).

3. Stock Options of the Company

The Company has not issued stock options.

4. Directors and Statutory Auditors of the Company

(1) Directors and Statutory Auditors (As of December 31, 2009)

Name	Position and Responsibility	Important Concurrent Status
M. J. Aguiar	Director and Chairman of the Board	Director, ExxonMobil Yugen Kaisha (“EMYK”) Refining Director, ExxonMobil Asia Pacific Pte. Ltd.
Kazuo Suzuki	Representative Director and President	Representative Director, Tonen Chemical Corporation (“TCC”) Director, EMYK
Jun Mutoh	Representative Director and Managing Director, Kawasaki Refinery Manager	Director, Kyokuto Petroleum Industries, Ltd
W. J. Bogaty	Representative Director and Managing Director	Representative Director and President, EMYK Director, TCC
Kyoji Yoshida	Director, General Manager (External Relations)	Director, EMYK
S. K. Arnet	Director	Representative Director and Vice President, EMYK
D. R. Csapo	Director	Director, EMYK
P. P. Ducom	Director	Representative Director and President, TCC Representative Director and Vice President, EMYK
Nobuaki Miyajima	Full-time Statutory Auditor	Statutory Auditor, TCC
Tetsuro Yamamoto	Statutory Auditor	Full-time Statutory Auditor, TCC
Masaaki Ayukawa	Full-time Statutory Auditor	Statutory Auditor, TCC

Notes: 1. Mr. M. J. Aguiar, Mr. Kyoji Yoshida, Mr. S. K. Arnet, Mr. D. R. Csapo, and Mr. P. P. Ducom were first elected as Directors at the Ordinary General Meeting of Shareholders held on March 26, 2009, and assumed their positions on the same date.

2. Mr. Masaaki Ayukawa was first elected as Statutory Auditor at the Ordinary General Meeting of Shareholders held on March 26, 2009, and assumed his position on the same date.

3. Mr. M. J. Aguiar, Director, assumed the position of Chairman of the Board as of July 27, 2009.

4. Resigned Director and Statutory Auditor during the current term

Mr. Hisayoshi Kobayakawa resigned from the position of Full-time Statutory Auditor as of March 26, 2009.

Mr. D. G. Wascom resigned from the position of Representative Director and Chairman of the Board as of July 27, 2009.

5. Mr. Tetsuro Yamamoto and Mr. Masaaki Ayukawa are Outside Statutory Auditors.

6. Mr. Nobuaki Miyajima, Full-time Statutory Auditor, is qualified as a Certified Public Accountant of the U.S.A., and Mr. Masaaki Ayukawa, Full-time Statutory Auditor, is qualified as a Certified Public Accountant of Japan. Mr. Tetsuro Yamamoto, Statutory Auditor, served as a Director of a financial institution, and as a full-time statutory auditor of a business corporation. Therefore they have a significant amount of knowledge and experience concerning accounting and finance.

7. Relationship of the Company with EMYK and TCC is described in “1. Business Overview - (6) Profile of TG Group and Development of Business Affiliation.”

8. ExxonMobil Asia Pacific Pte. Ltd. is a 100% indirect subsidiary of Exxon Mobil Corporation, which is the same as EMYK, a parent company of TG.

9. EMYK, TG’s parent company, owns 50% of shares of Kyokuto Petroleum Industries, Ltd whose major business is manufacturing, processing and refining of petroleum products.

(2) Remuneration Paid to Directors and Statutory Auditors

	Number	Current Payment
		¥ Million
Directors	4	152
Statutory Auditors	4	52
(Outside Statutory Auditors)	(3)	(30)

Notes: 1. The above amount includes an increase of ¥ 10 million in the reserve for retirement allowance for Statutory Auditors. (Within ¥ 10 million, ¥ 6 million for Outside Statutory Auditors)

2. In addition to the above amounts, one Outside Statutory Auditor was paid ¥ 8 million as remuneration by TG's subsidiary since he concurrently served as Statutory Auditor of the subsidiary.

3. In addition to the above amounts, the Company paid retirement rewards of 44 million yen to a retired Outside Statutory Auditor based on the resolution made at the Annual General Meeting of Shareholders held on March 26, 2009.

4. In addition to the above amounts, the Company paid retirement rewards of 9 million yen to a retired Director based on the resolution made at the Annual General Meeting of Shareholders held on June 26, 1998. This is because the retired Director was hired by the Company after his retirement as Director and retired from the Company during the current term.

(3) Matters concerning Outside Officers

Major activities at Board Meetings

Mr. Tetsuro Yamamoto, Statutory Auditor, attended all the Board of Directors' meetings and Board of Statutory Auditors' Meetings which were convened thirteen times and five times respectively during the current term, demonstrating his expertise and useful experience, asked questions and offered opinions. The Company benefited from his active participation.

Mr. Masaki Ayukawa, Full-time Statutory Auditor, attended all the Board of Directors' meetings and Board of Statutory Auditors' Meetings which were convened eleven times and three times respectively during the current term after his assumption of office, demonstrating his expertise and useful experience, asked questions and offered opinions. The Company benefited from his active participation.

5. Accounting Auditor

(1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata

(2) Compensation Paid to Accounting Auditor

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

21 ¥ million

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

23 ¥ million

Note: The amount in 1) above is the total of the compensation for auditing pursuant to the Companies Act and the compensation for auditing pursuant to the Financial Instruments and Exchange Law since the audit contract between the Company and the Accounting Auditor does not segregate these audits.

(3) Contents of Non-Auditing Activities

There are no applicable items.

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

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

6. Systems for Ensuring Appropriate Business Conduct

The following was adopted as the Internal Governance System for the Company.

Since the regulation on internal controls system for financial reporting based on the Financial Instruments and Exchange Law was implemented, the Board of Directors resolved at its February 20, 2009 meeting to add (5) in 4. below, “Systems to ensure that the execution of Directors' and employees' duties shall be performed in conformity with applicable laws or regulations and the articles of incorporation."

1. System for maintenance and preservation of information pertaining to exercise of Directors' duties

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

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

To ensure appropriate management of risk of loss, the following shall be required:

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

(2) The Company's Controls Integrity Management System ("CIMS") which has been adopted by the Company and information relating to which has been made available to all employees, shall be complied with to ensure: (i) systematic framework for the effective execution of controls; (ii) a structured, standardized, prevention-based approach to managing risks and concerns; and (iii) a process for ensuring that corporate policies are implemented and effectively sustained over time. The system is comprised of a number of elements including management leadership; commitment and accountability; risk assessment; business procedure management and improvement; personnel and training; management of change; reporting and resolution of control weakness; and controls integrity assessment.

3. Systems to ensure that Directors' duties are executed efficiently

To ensure Directors' duties are executed efficiently, the following shall be required:

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

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

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

4. Systems to ensure that the execution of Directors' and employees' duties shall be performed in conformity with applicable laws or regulations and the articles of incorporation.

To ensure that the execution of Directors' and employees' duties shall be performed in conformity with applicable laws and regulations and the articles of incorporation, the following shall be required:

(1) Directors and employees shall comply with the Company's System of Management Control Basic Standards ("SMC"), which have been made available to all employees and defines the basic principles, concepts and standards that form our internal control system. Internal controls comprise the means to direct, restrain, govern and check upon various activities. The basic purpose of such controls is to assure that business is conducted properly in accordance with management's general and specific directives. The SMC consists of four major elements. The Foundation and Framework section sets out the standards for the formulation and administration of company policies. The Administrative and Operating Controls section deals with standards for activities such as budgeting, financing, contracting and computer systems. The Internal Accounting Controls section deals with standards to ensure the integrity and objectivity of accounting records. Lastly, Checks on the System describes the roles of organizations which serve as checks on the system's effectiveness.

(2) Directors and employees shall comply with the Company's Standards of Business Conduct ("SBC"), which apply both to the Directors and employees. The SBC

has been made available to all Directors and employees and they are expected to review these policies annually in order to ensure compliance and to apply them to all aspects of their work. The SBC contains foundation policies and major guidelines, and also contains provisions and related procedures for receiving and handling questions, concerns and suggestions regarding our business practices, and open communication. These policies include, among others, the Company's Ethics Policy, Conflicts of Interest Policy and Antitrust Policy. Also, formal Business Practices Review training sessions, Antitrust Compliance training, and new employee training shall be conducted periodically for employees to bring about appropriate understanding of the relevant requirements.

(3) The Company shall continue to follow the Statutory Auditor system. The Board of Statutory Auditors ("BOSA") is an independent organ from the Board of Directors. Its major role is to audit the execution of business by Directors. It monitors business decisions and execution by the Board of Directors to confirm compliance with laws and the Company's articles of incorporation as well as the SBC. It also confirms establishment and state of implementation of the Company's internal control systems, including the SMC to ensure that the shareholders' interests are properly protected.

(4) Internal audit review shall be conducted by the Corporate Audit Service Department ("CAS") of ExxonMobil Yugen Kaisha ("EMYK"), the Company's parent company, pursuant to an agreement between the Company and EMYK under which administrative and service functions are entrusted by the Company to EMYK (the "Comprehensive Service Agreement"). CAS shall independently assess compliance with policies and procedures, and evaluate the effectiveness of all control systems related to the business. Directors and managers shall be obligated to consider all internal audit findings and recommendations and take appropriate actions.

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

5. Systems for ensuring the appropriateness of practices of corporate groups formed by the company, its parent companies and its subsidiaries.

To ensure the appropriateness of practices of corporate groups formed by the Company, its parent companies and its subsidiaries (the "Group"), the following shall be required:

(1) consistent with the requirements of other members of the Group, employees and Directors of the Company shall comply with the SMC and SBC;

(2) consistent with the requirements of other members of the Group, internal audit reviews of the Company shall be conducted by CAS under the Comprehensive Service Agreement in order to assess compliance with appropriate policies and procedures;

(3) consistent with the requirements of other members of the group, Directors and employees of the Company, as appropriate, shall receive training to ensure awareness of the principles applicable to appropriate interactions among members of the Company's corporate group; and

(4) the Company shall also cause those subsidiaries which it controls to adopt the system provided for in this Paragraph 5.

6. Items concerning employees who will assist the Statutory Auditors where requested by the Statutory Auditors to provide such assistance

Assistance to the Statutory Auditors shall, upon their request, be provided by CAS pursuant to the Comprehensive Service Agreement. This assistance shall consist of:

(1) discussions with the Statutory Auditors of the Company on Annual Audit Plans;

(2) regarding the implementation of each internal audit:

i) provision to the Statutory Auditors of the engagement letter,
ii) invitation to attend the Closing Meeting between CAS and the relevant department, and
iii) provision of a report on the internal audit results;

(3) report to and consultation with the Statutory Auditors semiannually regarding material items; and

(4) investigations based on requests by the Statutory Auditors.

7. Items concerning such employees' independence from the Directors

CAS is the internal audit service for the ExxonMobil group in Japan including the Company. It is a separately established organization within EMYK, and functions independently from the Directors of the Company.

8. Systems for reports to the Statutory Auditors from Directors and employees

(1) A Director who has found a fact that is likely to cause significant damage to the Company shall present himself to the BOSA and report the fact at the BOSA.

(2) In support of the foregoing, each Director shall submit a written statement in the form attached to BOSA at the end of each year.

(3) CAS shall report timely to the BOSA any information it receives from an employee or any other source regarding a Director's breach of duty.

(4) Law, Controllers and other departments of EMYK shall report material items to BOSA periodically and as required by the BOSA, based on the Comprehensive Service Agreement.

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

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

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

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

(2) The Statutory Auditors shall have access to the Company's external audit firm and other appropriate outside professionals.

(3) The Statutory Auditors shall also have access to the services and assistance of Law, Controllers and other service functions pursuant to the Comprehensive Services Agreement.

****

Date:

To: Statutory Auditor, TonenGeneral Sekiyu K.K.

From: Director

STATEMENT

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

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

Consolidated Balance Sheet

(As of December 31, 2009)

(Unit: Million yen)

Account Title	Amounts	Account Title	Amounts
(Assets)		(Liabilities)	
I Current assets		I Current liabilities	
Cash and deposits	789	Account payable-trade	267,188
Account receivable-trade	397,307	Gasoline taxes payable	185,983
Inventories	123,614	Short-term loans payable	82,823
Prepaid expenses	3,018	Accounts payable-other	17,904
Income taxes receivable	130	Accrued expenses	10,355
Deferred tax assets	7,120	Income taxes payable	2,342
Short-term loans receivable	65,077	Accrued consumption taxes	1,547
Accounts receivable-other	5,288	Guarantee deposits payable	9,009
Other	1,783	Advances received	3,920
Allowance for doubtful accounts	(42)	Provision for bonuses	1,314
Total current assets	604,086	Provision for offshore well abandonment	2,549
		Other	1,356
		Total current liabilities	586,295
II Noncurrent assets			
Property, plant and equipment		II Noncurrent liabilities	
Buildings and structures	46,348	Long-term loans payable	5,739
Tanks	4,773	Deferred tax liabilities	1,391
Machinery, equipment and vehicles	64,522	Provision for retirement benefits	35,027
Tools, furniture and fixtures	1,296	Provision for directors' retirement benefits	126
Land	79,265	Provision for repairs	17,847
Construction in progress	18,924	Other	1,391
Total property, plant and equipment	215,130	Total noncurrent liabilities	61,523
		Total liabilities	647,818
Intangible assets			
Software	3,760	(Net assets)	
Other	1,953	I Shareholders' equity	
Total Intangible assets	5,714	Capital stock	35,123
		Capital surplus	20,741
		Retained earnings	171,814
Investments and other assets		Treasury stock	(539)
Investment securities	12,786	Total shareholders' equity	227,140
Long-term loans receivable	674		
Long-term deposits	3,459	II Valuation and translation adjustments	
Deferred tax assets	21,972	Valuation difference on available-for-sale securities	162
Other	11,692		
Allowance for doubtful accounts	(339)	Foreign currency translation adjustment	56
Total Investments and other assets	50,246	Total valuation and translation adjustments	219
Total noncurrent assets	271,090	Total net assets	227,359
Total assets	875,177	Total liabilities and net assets	875,177

Consolidated Statement of Income

From: January 1, 2009
To: December 31, 2009

(Unit: Million yen)

Account Title	Amounts	
Ⅰ Net sales		2,111,753
Ⅱ Cost of sales		2,109,076
Gross profit		2,676
Ⅲ Selling, general and administrative expenses		37,236
Operating loss		34,559
Ⅳ Non-operating income		
Interest income	98	
Dividends income	93	
Foreign exchange gains	1,283	
Other	92	1,566
Ⅴ Non-operating expenses		
Interest expenses	366	
Equity in losses of affiliates	1,007	
Other	178	1,552
Ordinary loss		34,545
Ⅵ Extraordinary income		
Gain on sales of noncurrent assets	1,005	1,005
Ⅶ Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,602	
Impairment loss	436	
Early extra retirement payments	328	
Settlement package	213	2,580
Loss before income taxes and minority interests		36,121
Income taxes - current	3,354	
Income taxes - deferred	(17,757)	(14,402)
Net loss		21,718

Consolidated Statement of Changes in Net Assets

From: January 1, 2009
To: December 31, 2009

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at December 31, 2008	35,123	20,741	215,002	(307)	270,559
Changes of items during the period					
Dividends from surplus	-	-	(21,462)	-	(21,462)
Net Loss	-	-	(21,718)	-	(21,718)
Purchase of treasury stock	-	-	-	(293)	(293)
Disposal of treasury stock	-	-	(6)	61	55
Changes of items other than Shareholders' Equity, net	-	-	-	-	-
Total changes of items during the period	-	-	(43,187)	(231)	(43,419)
Balance at December 31, 2009	35,123	20,741	171,814	(539)	227,140

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustment	
Balance at December 31, 2008	135	(194)	(59)	270,500
Changes of items during the period				
Dividends from surplus	-	-	-	(21,462)
Net Loss	-	-	-	(21,718)
Purchase of treasury stock	-	-	-	(293)
Disposal of treasury stock	-	-	-	55
Changes of items other than Shareholders' Equity, net	26	251	278	278
Total changes of items during the period	26	251	278	(43,140)
Balance at December 31, 2009	162	56	219	227,359

Notes to Consolidated Statements

I. Notes to Fundamental and Important Items for Consolidated Financial Statements

1. Scope of Consolidation
   (1) Number and Name of Consolidated Subsidiaries:
      a. Number of consolidated subsidiaries: 7 companies
      b. Name of consolidated subsidiaries:
         Tonen Chemical Corporation, Chuo Sekiyu Hanbai K.K., TonenGeneral Kaiun Y.K., Tonen Chemical Nasu Corporation, Tonen Technology K.K., Tonen Specialty Separator G.K., Tonen Specialty Separator Korea Limited

2. Application of the Equity Method
   (1) Number and Name of Affiliated Companies Accounted for by the Equity Method
      a. Number of affiliated companies accounted for by the equity method: 2 companies
      b. Name of affiliated companies accounted for by the equity method:
         Shimizu LNG K.K., Nippon Unicar Corporation Ltd.
   (2) Name of Non Equity-method Companies and Reason for not Applying the Equity Method
      a. Name of non equity-method companies: Affiliated company: Emori Sekiyu K.K.
      b. Reason for not applying the equity method:
         The affiliated company do not have material influence on net income or retained earnings and the amounts have no material impacts on the consolidated financial statements

3. Summary of Significant Accounting Procedures
   (1) Valuation Rules and Methods for Important Assets
      a. Securities
         - Other securities
            Marketable: Market value at the closing date
               (Valuation difference on available-for-sales securities is directly reflected in Shareholders' Equity, and cost of sales is calculated using the moving-average method.)

            Non-marketable: The moving-average method

      b. Derivatives transactions: Market value at the closing date

      c. Inventories
         Generally the lower of acquisition cost determined by the LIFO method and their net realizable value

         〈Change in Accounting Policy〉

         With regard to inventories held for sale in the ordinary course of business, last-in first-out (LIFO) method at the lower of cost or market had been applied to merchandise and finished goods, semi-finished goods and raw materials, and the moving-average method had been applied to supplies. In accordance with the introduction of "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 issued on July 5, 2006), inventories are generally stated on the balance sheet at the lower of acquisition cost determined by the LIFO method or their net realizable value beginning in this consolidated accounting period. There is no earnings impact from this change.

(2) Depreciation and Amortization Method of Depreciable Assets

a. Property, Plant and Equipment (except lease assets)

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, Equipment and Vehicles:	7 years to 15 years

b. Intangible Assets (except lease assets)

The straight-line method

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

c. Lease Transactions

Straight-line method is employed, where leasing period is deemed as the service life and residual value is set as zero.

The accounting treatment for finance lease transaction, in which ownership is not transferred to lessee and which became effective before the beginning of this consolidated accounting period, is the same as the method applied to ordinary operating lease transactions.

〈Change in Accounting Policy〉

The accounting treatment for finance lease transactions, in which ownership is not transferred to the lessee, had been the same as the method applied to ordinary operating lease transactions.

Revisions in "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 issued on June 17, 1993, amended on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 issued on January 18, 1994, amended on March 30, 2007) which is applied for the consolidated accounting period beginning after April 1, 2008, were applied to finance leases in which ownership is not transferred to the lessee, so that they are treated in the same way as ordinary purchase and sale transactions beginning in this consolidated accounting period.

As to the depreciation method for lease assets related to finance lease transactions in which ownership is not transferred to the lessee, straight-line is employed, where leasing period is deemed as the service life and residual value is set as zero.

The accounting treatment for finance lease transactions in which ownership is not transferred to the lessee and which became effective before the beginning of this period, is the same as the method applied to ordinary operating lease transactions.

There is no earnings impact from this change.

(3) Accounting Standard for Major Reserves

- Allowance for doubtful accounts

To provide for the losses due to bad debt, the Company and its consolidated subsidiaries accrue an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios, and on highly doubtful receivables based on the recoverability from individual customers.

- Provision for bonuses

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

- Provision for retirement benefits

  To provide for the payment of employees' post-retirement benefits, the Company and its consolidated subsidiaries accrue an estimated reserve based on the projected benefit obligations and estimated pension plan assets as of the closing date. Any differences 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 (Before 2004: 15.5 years, Since 2004: Parent 12.9 years, Consolidated Subsidiary 11.4 years, Since 2007: Parent 11.9 years, Consolidated Subsidiary 11.0 years).

- Provision for directors' retirement benefits

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

- Provision 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 one of its consolidated subsidiary accrue an estimated reserves for the consolidated accounting period, based on actual payments and repair plans, respectively.

- Provision for offshore well abandonment

  To provide for expenses for offshore well abandonment accompanied by the termination of gas production, the Company accrues the estimated amount anticipated to be spent.

(4) Other Important Items for Consolidated Financial Statements

a. Translation Method for Foreign Currency Assets and Liabilities

Foreign currency assets and liabilities are translated into Yen at the spot rate at the closing date and any difference from exchange rate change is reflected in income.

b. Accounting Method for Consumption Taxes

Each item in the consolidated statement of income does not include consumption taxes.

4. Valuation Method for Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities excluding minority interests of consolidated subsidiaries are evaluated using the fair market value at each time when the Company acquired equity interest of the respective subsidiaries.

5. Amortization of Goodwill and Negative Goodwill

Goodwill and negative goodwill are both amortized over 5 years using the straight-line method.

6. Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

"Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18 issued on May 17, 2006) is applied beginning in this consolidated accounting period.
There is no earnings impact from this change.

Ⅱ. Notes to Consolidated Balance Sheet

1. Security Rights Established on Assets

(1) Mortgaged Assets

Assets	Amounts	Including Plant Mortgage of
Buildings and structures	5,008 million yen	5,008 million yen
Tanks	514	514
Machinery, equipment and vehicles	15,664	15,664
Land	23,657	4,628
Total	44,845	25,816

(2) Mortgaged Liabilities by Security Rights Corresponding with the Mortgaged Assets Above

Liabilities	Amounts	Including Plant Mortgage of
Gasoline taxes payable	51,186 million yen	25,816 million yen

In addition to the above and the obligation for guarantees shown in the item 3, the Company committed to offer on lender's demand a contract of plant mortgage over the assets noted below for Short-term loans payable (1,412 million yen) and Long-term loans payable (3,174 million yen) .

Assets	Amounts
Buildings and structures	12,520 million yen
Tanks	1,155
Machinery, equipment and vehicles	21,465
Tools, furniture and fixtures	423
Land	847
Total	36,411

2. Accumulated Depreciation Directly Deducted from Property, Plant and Equipment 775,713 million yen

3. Obligations for Guarantees

(1) Letter of Credit

Guarantees	Amounts (USD)	(Equivalent amounts)
Japan Biofuels Supply LLP	11,137 thousand USD	(1,025 million yen)

(2) Bank Borrowing

Guarantees	Amounts
Shimizu LNG K.K.	1,174 million yen
Japan Biofuels Supply LLP	376
Company Employees	206
Others (5 companies)	130
Total	1,887

(Note) For the debt (892 million yen) of Shimizu LNG K.K. from the Development Bank of Japan etc., the Company has a contractual obligation to reserve its land for mortgage. (book value 747 million yen)

(3) Deferral of Import Consumption Tax Payment

Guarantees	Amounts
Japan Biofuels Supply LLP	292 million yen

Ⅲ. Notes to Consolidated Statement of Changes in Net Assets

1. Number of Shares Issued as of December 31, 2009

Category	Dec. 31, 2008	Increase	Decrease	Dec. 31, 2009
Common stock	565,182,000 shares	- shares	- shares	565,182,000 shares

2. Dividends

Resolution	Type of shares	Total dividends	Dividend per share	Record date	Effective date
Annual General Shareholder's Meeting held at March 26, 2009	Common stock	10,732 million of yen	19.00 yen	December 31, 2008	March 27, 2009
Board of Directors held at August 14, 2009	Common stock	10,730 million of yen	19.00 yen	June 30, 2009	September 15, 2009

3. Planned resolution at Annual General Shareholder's Meeting on March 26, 2010

Planned resolution	Type of shares	Source of dividend	Total dividends	Dividend per share	Record date	Effective date
March 26, 2010	Common stock	Retained earnings	10,726 million of yen	19.00 yen	December 31, 2009	March 29, 2010

Ⅳ. Notes to Financial Data per Share

Net assets per share	402.72 yen
Net loss per share	38.46 yen

Ⅴ. Important Subsequent Events

- Start-up of Battery Separator Film Joint Venture

On January 29, 2010, the Company started a 50:50 joint venture in the Battery Separator Film business through a new contribution of about 60 billion yen by Toray Industries Inc. into Tonen Specialty Separator Godo Kaisha, in which the Company held a 100% interest through fully-owned subsidiaries Tonen Chemical Corporation and Tonen Chemical Nasu Corporation.
Overview of the joint venture company is as follows:

1. Name: Toray Tonen Specialty Separator Godo Kaisha
2. Capital stock: 301 million yen
3. Start-up Date: January 29, 2010
4. Business description: Development, production and sales of Battery Separator Film
5. Name of joint venture partner: Toray Industries, Inc.
6. Equity holding ratio: TonenGeneral group 50%, Toray Industries, Inc. 50%

Tonen Specialty Separator Korea Limited., which is fully-owned by Tonen Specialty Separator Godo Kaisha was renamed Toray Tonen Specialty Separator Korea Limited on January 29, 2010.

As a result, the Company will recognize an estimated 20 billion yen as "Gain on change in equity" and shown as an Extraordinary Gain on the Consolidated Statement of Income in the next consolidated accounting period.
Toray Tonen Specialty Separator Godo Kaisha (former Tonen Specialty Separator Godo Kaisha) and Toray Tonen Specialty Separator Korea Limited (former Tonen Specialty Separator Korea Limited) which were the consolidated subsidiaries of the Company will become equity companies from the next consolidated accounting period.

Ⅵ. Other Notes

〈Additional Information〉

- Change in Service Life of Tangible Fixed Assets

  In accordance with the revision of the useful life stipulated in the Corporate Tax Law, the service life for machinery such as refining and electric power generation assets owned by the Company and its domestic subsidiaries was changed beginning in this consolidated accounting period.

  As a result, Operating loss, Ordinary loss and Loss before income taxes increased by 2,139 million yen, respectively.

Ⅶ. Unit of Amount

Amounts are shown in truncated million of yen.

Balance Sheet

(As of December 31, 2009)

(Unit: Million yen)

Account Title	Amounts	Account Title	Amounts
(Assets)		(Liabilities)	
Ⅰ Current assets		Ⅰ Current liabilities	
Cash and deposits	44	Account payable-trade	269,309
Account receivable-trade	393,552	Gasoline taxes payable	185,983
Merchandise and finished goods	26,044	Short-term loans payable	83,292
Semi-finished goods	22,996	Accounts payable-other	12,639
Raw materials	65,536	Accrued expenses	11,637
Supplies	3,800	Accrued consumption taxes	272
Prepaid expenses	2,208	Guarantee deposits payable	3,958
Deferred tax assets	6,240	Advances received	8,999
Short-term loans receivable	74,354	Provision for bonuses	1,022
Accounts receivable-other	4,861	Provision for offshore well abandonment	2,549
Other	1,915	Other	1,123
Allowance for doubtful accounts	(42)	Total current liabilities	580,787
Total current assets	601,513		
		Ⅱ Noncurrent liabilities	
Ⅱ Noncurrent assets		Long-term loans payable	5,739
Property, plant and equipment		Provision for retirement benefits	33,669
Buildings	12,753	Provision for directors' retirement benefits	126
Structures	27,753	Provision for repairs	16,010
Tanks	4,541	Other	591
Machinery and equipment	56,347	Total noncurrent liabilities	56,136
Vehicles	121	Total liabilities	636,924
Tools, furniture and fixtures	1,118		
Land	68,985	(Net assets)	
Construction in progress	8,554	Ⅰ Shareholders' equity	
Total property, plant and equipment	180,175	1 Capital stock	35,123
		2 Capital surplus	
Intangible assets		(1) Legal capital surplus	20,741
Leasehold right	1,678	Total capital surplus	20,741
Software	3,049	3 Retained earnings	
Right of using facilities	248	(1) Legal retained earnings	8,780
Total intangible assets	4,976	(2) Other retained earnings	
		Reserve for property replacement	15,165
Investments and other assets		Retained earnings brought forward	111,473
Investment securities	4,520	Total retained earnings	135,419
Stock of subsidiaries and affiliates	6,596	4 Treasury stock	(539)
Long-term loans receivable	617	Total shareholders' equity	190,745
Long-term deposits	3,379		
Deferred tax assets	21,745	Ⅱ Valuation and translation adjustments	
Other	4,644	Valuation difference on available-for-sales securities	162
Allowance for doubtful accounts	(339)		
Total investments and other assets	41,165	Total valuation and translation adjustments	162
Total noncurrent assets	226,318	Total net assets	190,907
Total assets	827,831	Total liabilities and net assets	827,831

Statement of Income

From: January 1, 2009

To: December 31, 2009

(Unit: Million yen)

Account Title	Amounts	
Ⅰ Net sales		2,089,668
Ⅱ Cost of sales		2,103,690
Gross loss		14,021
Ⅲ Selling, general and administrative expenses		25,072
Operating loss		39,094
Ⅳ Non-operating income		
Interest income	195	
Dividends income	896	
Foreign exchange gains	815	
Other	59	1,968
Ⅴ Non-operating expenses		
Interest expenses	362	
Other	28	391
Ordinary loss		37,517
Ⅵ Extraordinary income		
Gain on sales of noncurrent assets	934	934
Ⅶ Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,515	
Impairment loss	436	
Early extra retirement payments	328	
Settlement package	213	2,494
Loss before income taxes		39,077
Income taxes - current	32	
Income taxes for prior periods	(148)	
Income taxes - deferred	(16,411)	(16,527)
Net loss		22,550

Statement of Changes in Net Assets

From: January 1, 2009
To: December 31, 2009

(Unit: Million yen)

	Shareholders' equity		
		Capital surplus	
	Capital stock	Legal capital surplus	Total capital surplus
Balance at December 31, 2008	35,123	20,741	20,741
Changes of items during the period			
Dividends from surplus	-	-	-
Net loss	-	-	-
Purchase of treasury stock	-	-	-
Disposal of treasury stock	-	-	-
Reversal of reserve for property replacement	-	-	-
Changes of items other than shareholders' equity	-	-	-
Total changes of items during the period	-	-	-
Balance at December 31, 2009	35,123	20,741	20,741

	Shareholders' equity					
	Retained earnings					
		Other retained earnings				
	Legal retained earnings	Reserve for property replacement	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at December 31, 2008	8,780	16,371	154,286	179,439	△ 307	234,996
Changes of items during the period						
Dividends from surplus	-	-	△ 21,462	△ 21,462	-	△ 21,462
Net loss	-	-	△ 22,550	△ 22,550	-	△ 22,550
Purchase of treasury stock	-	-	-	-	△ 293	△ 293
Disposal of treasury stock	-	-	△ 6	△ 6	61	55
Reversal of reserve for property replacement	-	△ 1,206	1,206	-	-	-
Changes of items other than shareholders' equity	-	-	-	-	-	-
Total changes of items during the period	-	△ 1,206	△ 42,812	△ 44,019	△ 231	△ 44,250
Balance at December 31, 2009	8,780	15,165	111,473	135,419	△ 539	190,745

	Valuation and translation adjustments		
	Valuation difference on available-for-sales securities	Total valuation and translation adjustments	Total net assets
Balance at December 31, 2008	137	137	235,133
Changes of items during the period			
Dividends from surplus	-	-	△ 21,462
Net loss	-	-	△ 22,550
Purchase of treasury stock	-	-	△ 293
Disposal of treasury stock	-	-	55
Reversal of reserve for property replacement	-	-	-
Changes of items other than shareholders' equity	24	24	24
Total changes of items during the period	24	24	△ 44,226
Balance at December 31, 2009	162	162	190,907

Notes to Statements

I. Notes to Major Accounting Policies

1. Valuation Rules and Methods for Assets

(1) Securities

- Stock of subsidiaries and affiliated companies: The moving-average method
- Other securities

Marketable: Market value at the closing date

(Valuation difference on available-for-sales securities is directly reflected in Shareholders' equity, and cost of sales is calculated using the moving-average method.)

Non-marketable: The moving average method

(2) Derivatives Transactions: Market value at the closing date

(3) Inventories

Generally the lower of acquisition cost determined by the LIFO method and their net realizable value

〈Change in Accounting Policy〉

With regard to inventories held for sale in the ordinary course of business, last-in first-out (LIFO) method at the lower of cost or market had been applied to merchandise and finished goods, semi-finished goods and raw materials, and the moving-average method had been applied to supplies. In accordance with the introduction of "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 issued on July 5, 2006), inventories are generally stated on the balance sheet at the lower of acquisition cost determined by the LIFO method or their net realizable value beginning in this accounting period.
There is no earnings impact from this change.

2. Depreciation and Amortization Method of Fixed Assets

(1) Property, Plant and Equipment (except lease assets)

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 equipment and vehicles:	7 years to 15 years

(2) Intangible Assets (except lease 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) Lease Transactions

Straight-line method is employed, where leasing period is deemed as the service life and residual value is set as zero.
The accounting treatment for finance lease transaction, in which ownership is not transferred to lessee and which became effective before the beginning of this accounting period, is the same as the method applied to ordinary operating lease transactions.

〈Change in Accounting Policy〉

The accounting treatment for finance lease transactions, in which ownership is not transferred to the lessee, had been the same as the method applied to ordinary operating lease transactions.

Revisions in "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 issued on June 17, 1993, amended on March 30, 2007) and " Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 issued on January 18, 1994, amended on March 30, 2007) which is applied for the accounting period beginning after April 1, 2008, were applied to finance leases in which ownership is not transferred to the lessee, so that they are treated in the same way as ordinary purchase and sale transactions beginning in this accounting period.

As to the depreciation method for lease assets related to finance lease transactions in which ownership is not transferred to the lessee, straight-line is employed, where leasing period is deemed as the service life and residual value is set as zero.

The accounting treatment for finance lease transactions in which ownership is not transferred to the lessee, and which became effective before the beginning of this period, is the same as the method applied to ordinary operating lease transactions.

There is no earnings impact from this change.

3. Accounting Standard for Major Reserves

- Allowance for doubtful accounts

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

- Provision for bonuses

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

- Provision for retirement benefits

  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 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 (Before 2004: 15.5 years, Since 2004: 12.9 years, Since 2007: 11.9 years).

- Provision for directors' retirement benefits

  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.

- Provision 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 an estimated reserves for the accounting period, based on actual payments and repair plans, respectively.

- Provision for offshore well abandonment

  To provide for expenses for offshore well abandonment accompanied by the termination of gas production, the Company accrues the estimated amount anticipated to be spent.

4. Other Important Items for Financial Statements

(1) Translation Method for Foreign Currency Assets and Liabilities

Foreign currency assets and liabilities are translated into Yen at the spot rate at the closing date and any difference from exchange rate change is reflected in income.

(2) Accounting Method for Consumption Taxes

Each item in the statement of income does not include consumption taxes.

Ⅱ. Notes to Balance Sheet

1. Security Rights Established on Assets

(1) Mortgaged Assets

Assets	Amounts	Including Plant Mortgage of
Buildings	1,350 million yen	1,350 million yen
Structures	3,657	3,657
Tanks	514	514
Machinery and equipment	15,664	15,664
Land	23,657	4,628
Total	44,845	25,816

(2) Mortgaged Liabilities by Security Rights Corresponding with the Mortgaged Assets Above

Liabilities	Amounts	Including Plant Mortgage of
Gasoline taxes payable	51,186 million yen	25,816 million yen

In addition to the above and the obligation for guarantees shown in the item 3, the Company committed to offer on lender's demand a contract of plant mortgage over the assets noted below for Short-term loans payable (1,412 million yen) and Long-term loans payable (3,174 million yen) .

Assets	Amounts
Buildings	2,009 million yen
Structures	10,510
Tanks	1,155
Machinery and equipment	21,465
Land	847
Others	423
Total	36,411

2. Accumulated Depreciation Directly Deducted from Property, Plant and Equipment 691,115 million yen

3. Obligations for Guarantees

(1) Letter of Credit

Guarantees	Amounts (USD)	(Equivalent Amounts)
Japan Biofuels Supply LLP	11,137 thousand USD	(1,025 million yen)

(2) Bank Borrowing

Guarantees	Amounts
Shimizu LNG K.K.	1,174 million yen
Japan Biofuels Supply LLP	376
Company Employees	171
Others (5 companies)	130
Total	1,852

(Note) For the debt (892 million yen) of Shimizu LNG K.K. from the Development Bank of Japan etc., the Company has a contractual obligation to reserve its land for mortgage. (book value 747 million yen)

(3) Tax Deferral of Import Consumption Tax

Guarantees	Amounts
Japan Biofuels Supply LLP	292 million yen

4. Details of Receivable from and Payable to Associated Companies

Receivable

Accounts receivable-trade	269,899 million yen
Short-term loans receivable	35,486 million yen
Accounts receivable-other	2,221 million yen

Payable

Accounts payable-trade	72,321 million yen
Short-term loans payable	1,484 million yen
Accrued expenses	3,315 million yen
Advances received	2,030 million yen

Ⅲ. Notes to Statement of Income

Transaction with Subsidiaries

Trade transaction	Net sales	1,260,196 million yen
	Cost of sales	245,765 million yen
	Total	1,505,961 million yen
Others		965 million yen

Ⅳ. Notes to Statement of Changes in Net Assets

Treasury Stock

Category	Dec. 31,2008	Increase	Decrease	Dec. 31, 2009
Common stock	328,555 shares	359,766 shares	68,520 shares	619,801 shares

(Major Cause of Movement)

Increase and decrease of Treasury stock is due to purchase and sales of odd-lot stocks.

V. Notes to Deferred Tax Accounting

Breakdown of Deferred Tax Assets and Deferred Tax Liabilities

(Deferred tax assets)

Tax loss carry forward	16,238	million yen
Provision for retirement benefits	13,751	
Provision for repair	4,550	
Asset impairment	1,912	
Variance from different inventory valuations	1,298	
Provision for offshore well abandonment	1,037	
Others	1,633	
Total deferred tax assets	40,421	

(Deferred tax liabilities)

Reserve for property replacement	(10,404)	million yen
Others	(2,030)	
Total deferred tax liabilities	(12,435)	
Net of deferred tax assets	27,986	

VI. Notes to Lease Transactions

Finance Leases without Transfer of Ownership to Lessees
(Effective on or before December 31, 2008)

1. Acquisition Cost Equivalent, Accumulated Depreciation Equivalent and Net Book Value Equivalent at the Closing Date

Assets	Acquisition cost equivalent	Accumulated depreciation equivalent	Net book value equivalent at the closing date
Buildings	89 million yen	5 million yen	84 million yen
Machinery and equipment	210	28	182
Vehicles	95	74	20
Total	395	109	286

(Note) The acquisition cost equivalent includes interest-equivalent expenses, since the outstanding balance of accrued lease fees at the closing date is immaterial considering the total value of property, plant and equipment.

2. Outstanding Balance of Accrued Lease Fees at the Closing Date

Due one year	48 million yen
Due over one year	238
Total	286

(Note) The outstanding balances of accrued lease fees include interest-equivalent expenses, since the outstanding balance of accrued lease fees at the closing date is immaterial considering the total value of property, plant and equipment.

3. Lease Fees Paid and Depreciation Expense Equivalent

Lease fees paid	47 million yen
Depreciation expenses equivalent	47 million yen

4. Calculation Method for Depreciation Expense Equivalent

The straight-line method with no residual value, where a lease period is treated as a period of depreciation.

Ⅶ Notes to Transactions with Related Parties

〈Additional Information〉

The Company applies "Accounting Standard for Related Party Disclosures" (ASBJ Statement No.11 issued on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No.13 issued on October 17, 2006) beginning in this accounting period.

As a result, there is no change in the scope of disclosure.

Ⅷ. Notes to Financial data per share

Net assets per share	338.15	yen
Net loss per share	39.93	yen

Ⅸ. Other Notes

〈Additional Information〉

- Change in Service Life of Tangible Fixed Assets

In accordance with the revision of the useful life stipulated in the Corporate Tax Law, the service life for machinery such as refining and electric power generation assets owned by the Company was changed beginning in the accounting period.

As a result, Operating loss, Ordinary loss and Loss before income taxes increased by 2,072 million yen,

Ⅹ. Unit of Amount

Amounts are shown in truncated million of yen.

Independent Auditors' Report
(English Translation*)

February 15, 2010

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

PricewaterhouseCoopers Aarata

Masahiro Yamamoto, CPA
Designated and Engagement Partner

Kazuhiko Tomoda, CPA
Designated and Engagement Partner

We have audited, pursuant to Article 444 (4) of the "Corporate Law" of Japan, the consolidated financial statements, which consist of the consolidated balance sheet, consolidated profit and loss statement, consolidated statement of change in net assets and notes to the consolidated financial statements of TonenGeneral Sekiyu K.K. (hereinafter referred to as the "Company") for the fiscal year from January 1, 2009 to December 31, 2009. 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 is performed on a test basis and includes assessing the accounting principles used by management including how they are applied and estimates made by management, as well as examining the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

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

Supplemental Information

As described in "Important Subsequent Events", Tonen Specialty Separator Godo Kaisha which had been a consolidated subsidiary became a joint venture.

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.

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

<u>Independent Auditors' Report</u>
(English Translation*)

February 15, 2010

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

PricewaterhouseCoopers Aarata

Masahiro Yamamoto, CPA
Designated and Engagement Partner

Kazuhiko Tomoda, CPA
Designated and Engagement Partner

We have audited, pursuant to Article 436 (2) 1 of the "Corporate Law" of Japan, the financial statements, which consist of the balance sheet, profit and loss statement, statement of change in net assets and notes to the financial statements, and the supplementary schedules of TonenGeneral Sekiyu K.K. (hereinafter referred to as the "Company") for the 90th fiscal year from January 1, 2009 to December 31, 2009. 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 is performed on a test basis and includes assessing the accounting principles used by management including how they are applied and estimates made by management, as well as examining the overall presentation of the financial statements and supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations for the period covered by the financial statements and supplementary schedules in conformity with accounting principles generally accepted in 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.

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

(Translation)

Audit Report

The Board of Statutory Auditors (BOSA) has reviewed the audit reports individually prepared by each auditor and reached the consensus to prepare this Audit Report, after deliberation among the auditors, regarding Directors' execution of duties for the 90th fiscal period from January 1, 2009 to December 31, 2009, as follows:

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

(1) On March 26, 2009, the BOSA held the meeting with attendance of all the statutory auditors, and resolved on the audit standards, audit policy, audit plan, and assignment of work among the auditors. The statutory auditors conducted the audit based on the resolution. However, for those items deemed necessary or appropriate, individual auditors conducted audit from time to time, despite the above resolution.

(2) Individual statutory auditors made their best efforts to keep good communications with the directors and the internal audit and other functions and to collect information and maintain an appropriate audit environment. At the same time, we attended the Board of Directors (BOD) meetings, monthly management meetings and other important meetings. As to the BOD meetings, all the statutory auditors 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 BOD meetings. Also we asked questions and expressed opinions as necessary.

(3) We audited the Head Office departments (including business operations entrusted to ExxonMobil Y. K.), the refineries, the research laboratory, the terminals, the major branches of ExxonMobil Y. K., and an ExxonMobil overseas affiliate, with whom the Company entrusts its administrative operations, by visiting those sites based on the assigned responsibilities.

(4) For the subsidiaries, we maintained communications and exchanged information with their directors and Statutory Auditors. Also, we periodically received reports on their business performance and visited their sites as necessary based on the assigned responsibilities.

(5) Regarding the internal control systems that ensure directors' execution of duties be in compliance with applicable laws, regulations and the Articles

of Incorporation and ensure appropriate business conduct of the Company, we examined the BOD resolution thereon and monitored the state of their implementation.

(6) As to the internal audit function, we received briefings in advance on the audit plans and detailed explanations regarding the results of the internal audits, from both auditees and auditors at the managerial level as those audits were completed. Also, we discussed the state of the internal control systems, from time to time, and confirmed that the necessary countermeasures for the audit comments were implemented in a timely manner.

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

(8) We periodically held the BOSA and auditors' periodic meetings in order to discuss the results of the audits conducted by individual auditors and to exchange opinions in order to share information. We communicated our opinion as necessary, in writing or verbally, about the result of our survey or audit to the responsible director or manager in charge of each business unit.

(9) Based on the above stated steps, we examined the business report for the current fiscal year. We also examined the financial statements (balance sheet, income statement, statement of changes in net assets, and notes thereon), the attached specifications, and the consolidated financial statements (consolidated B/S, consolidated I/S, consolidated statement of changes in net assets, and consolidated notes thereon).

2. Result of the audit

(1) Result of the business report audit

It is our opinion that:

(i) the business report presents fairly the status of the Company's business conditions in conformity with the applicable laws and the Articles of Incorporation.

(ii) there is no indication of significant wrongdoings or violation of laws and the Articles of Incorporation in Directors' execution of duties.

(iii) the contents of the BOD resolution on the internal control systems were appropriate.

Also, there is no item to be noted on the Directors' executions of duties regarding the internal control systems.

(2) Result of the financial statements /attached specifications audit

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

(3) Result of the consolidated financial statements audit

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

February 18, 2010

The Board of Statutory Auditors
TonenGeneral Sekiyu Kabushiki Kaisha

Nobuaki Miyajima, Full-time Statutory Auditor

Tetsuro Yamamoto, Statutory Auditor (Outside Auditor)

Masaaki Ayukawa, Full-time Statutory Auditor (Outside Auditor)

Reference Materials for the General Meeting of Shareholders

Proposals and References

Proposal No.1: Approval of Proposed Retained Earnings Distribution

Matters concerning the term-end dividend

The Company considers providing superior total returns to shareholders as one of its top management priorities, with the objective of steadily increasing shareholder value over time. Our basic policy is to continue to deliver stable dividends to shareholders, while maintaining a sound financial structure and giving due consideration to trends in consolidated cash flows and future capital expenditures. We continue with our view that the company's wealth that is not otherwise required in our business in a way that meets our rigorous profitability standards should be returned to shareholders.

In accordance with the basic policy, it is proposed that the Company pay a term-end dividend for the 90th Business Term, as described below:

1. A dividend of ¥19.00 per common share, totaling ¥10,726,681,781
   (As the Company paid an interim dividend of ¥19.00 per share, the total amount of dividends for the 90th term shall be ¥38.00 per share.)
2. The dividend will take effect on March 29, 2010

Proposal No. 2: Election of One Statutory Auditor

Since Mr. Nobuaki Miyajima, Statutory Auditor, is going to resign at the close of this meeting, the following candidate is proposed for the office of Statutory Auditor to fill the vacancy caused by Mr. Nobuaki Miyajima's resignation before expiration of his term of office.

The Board of Statutory Auditors has consented to this proposal.

Name (Date of Birth)	Personal History, Incumbent Position, and Important Concurrent Status		Number of Shares of the Company Held
Masahiro Iwasaki (March 13, 1949)	4/1973	Joined Toa Nenryo Kogyo K. K. (Currently TonenGeneral Sekiyu K. K.("TG"))	2,000
	3/2001	Sakai Refinery Manager, TG	
	4/2006	Project Executive, TG	
	6/2006	Representative Director/President, Nansei Sekiyu K. K.	
	3/2009	Retired from TG	
	4/2009	Advisor, Mitsubishi Chemical Corporation (Present)	

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

2. Mr. Masahiro Iwasaki will retire from the position of Advisor, Mitsubishi Chemical Corporation on March 25, 2010.

Proposal No. 3: Election of One Alternate Statutory Auditor

Since the term of the Alternate Statutory Auditor expires at the commencement of this General Meeting of Shareholders, the following candidate is proposed for election as an Alternate Statutory Auditor in order to fill any vacancy caused by a Statutory Auditor not fulfilling his term for any reason, as the minimum number of Statutory Auditors required by law is three.

The Board of Statutory Auditors has consented to this proposal.

Name (Date of Birth)	Personal History, Incumbent Position, and Important Concurrent Status	Number of Shares of the Company Held
Hisayoshi Kobayakawa (Jan. 18, 1941)	10/1964 Joined Price Waterhouse Accounting Office 7/1996 Executive Representative Partner, Aoyama and Senior Partner of P&W Japan 3/2000 Statutory Auditor, General Sekiyu K. K. (currently TonenGeneral Sekiyu K. K., "TG") 7/2000 Full-time Statutory Auditor, TG 3/2004 Statutory Auditor, Tonen Chemical Corporation ("TCC") 3/2007 Full-time Statutory Auditor, TCC 3/2007 Statutory Auditor, TG 6/2007 Full-time Statutory Auditor, TG 6/2007 Statutory Auditor, TCC 3/2009 Alternate Statutory Auditor, TG (Present)	10,000

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

2. Mr. Hisayoshi Kobayakawa is a candidate for an Alternate Outside Statutory Auditor.

3. The Company has nominated Mr. Hisayoshi Kobayakawa as a candidate for Alternate Outside Statutory Auditor since he has served for years as an Outside Statutory Auditor of the Company and its affiliates, and he can take advantage of his abundant expertise to perform duties as an Outside Statutory Auditor from an independent position.

Proposal No. 4: Presentation of Retirement Allowances to Retiring Director and Retiring Statutory Auditor

In consideration of meritorious services of Mr. Kazuo Suzuki and Mr. Nobuaki Miyajima, it is proposed that retirement allowances, in a reasonable amount, be presented in accordance with the standards set by the Company, to Mr. Kazuo Suzuki, Director, and Mr. Nobuaki Miyajima, Statutory Auditor, who will retire at the close of the Ordinary General Meeting of Shareholders for the 90th Business Term. It shall also be proposed that the specific amount, timing and manner of presentation be left to the resolution of the Board of Directors for the retiring director and the discretion of the Statutory Auditors for the retiring statutory auditor.

Their personal histories are as follows:

Name	Personal History
Kazuo Suzuki	3/2001 Director, TonenGeneral Sekiyu K. K. ("TG") 3/2002 Representative Director and Managing Director, TG 6/2005 Representative Director and Vice President, TG 3/2008 Representative Director and President, TG (Present)
Nobuaki Miyajima	7/2000 Statutory Auditor, TG 3/2002 Full-time Statutory Auditor, TG (Present)