［ENGLISH TRANSLATION］

(Securities Code: 5012)
March 11, 2008

To the Shareholders

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

Notice of the Ordinary General Meeting of Shareholders

We hereby request your attendance at the Company's 88th Ordinary General Meeting of Shareholders, which is scheduled at the time and place specified below.

When you attend the meeting in person, you are kindly requested to submit the enclosed voting rights exercise form to the receptionist prior to entering the meeting.

If you are unable to attend the meeting, you may exercise your voting privileges 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. Time & Date: 10:00 a.m., Wednesday, March 26, 2008
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. Matters Constituting the Purpose of the Meeting:

   Items for Report:

   1. Report of Business Report, and Consolidated Financial Statements for the 88th Business Term (January 1, 2007 through December 31, 2007), and Audit Reports for Consolidated Financial Statements by Accounting Auditor and the Board of Statutory Auditors
   2. Report of Financial Statements for the 88th Business Term (January 1, 2007 through December 31, 2007)

   Items for Resolution:

   Item No.1: Approval of Proposed Retained Earnings Distribution
   Item No.2: Election of One Alternate 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 TonenGeneral Sekiyu K.K. Shareholders' Meeting on March 26, 2008. An English translation of these documents has been placed on the Company's web-site.

BUSINESS REPORT

(For the year ended December 31, 2007)

1. Business Overview

(1) Developments and Results of Operations

<General Business and Industry Conditions>

The 2007 Japanese economy continued to steadily expand with support of the corporate sector in the first half. However, in the second half, the economy began to slow reflecting, among other things, the increase in the costs of fuel and raw materials and the strengthening yen.

The spot price for Dubai crude oil (generally used as a reference price for our industry in the Asia-Pacific region) started at 57 dollars per barrel at the beginning of this year and dropped to 49 dollars per barrel toward the middle of January. Then, it rose to a peak of 90 dollars per barrel in November, after which spot prices remained between 83 and 90 dollars per barrel until the end of the year. The average price for 2007 was 68.4 dollars per barrel, 11% higher than that of the previous year. Although the yen strengthened at the end of 2007, the average U.S. dollar-yen exchange rate for the year was 118.84 yen per dollar, about 1.46 yen weaker than that of 2006. As a result, the average crude conversion cost (on a loaded basis) for 2007 was 51.1 yen per liter, which was 5.7 yen, or 13% higher than the average for the previous year. Driven by crude price increases, domestic retail market prices for gasoline, diesel and kerosene in 2007 rose 3.9 yen (5%), 5.6 yen (7%) and 0.8 yen (1%) per liter, respectively.

Overall demand for oil products decreased in 2007 versus the previous year. Gasoline demand continued to decrease over the previous year, due to a reduction in the gasoline-engine car population, coupled with lower consumption. Kerosene demand decreased due to a warmer winter in the first quarter versus the same period the previous year. In a continuing multi-year trend, sales of heavier products such as Diesel and Fuel Oil A declined due to more efficient operations in the transportation sector and fuel switching to other energy sources. Demand for Fuel Oil C for power generation increased after a mid-year nuclear power plant shutdown, but on a full-year basis demand was below the previous year.

Japanese basic chemical production continued to be high in 2007, supported by continued strong demand in Asia, especially China. Ethylene production in 2007 was at a record high, exceeding the prior record in 1999. Benzene production has also broken historical records. Supported by continued firm demand, the average Asian spot market prices, in US dollar terms, for ethylene and paraxylene in 2007 were almost the same as the previous year, and prices for benzene rose by 18%. Industry margins for petrochemical products in 2007 remained at relatively high levels in comparison with historical margins; ethylene margins were almost at the same levels as last year and paraxylene rose from last year.

<Results for the Term>

With regard to the consolidated financial results of TonenGeneral, Sales Revenue for the current period decreased by 0.9% from the previous year and amounted to ¥3,049,842 million. The decrease is mainly due to lower oil products sales volume reflecting weaker industry demand, partially offset by elevated product selling prices reflecting increases in crude costs.

Operating Income was ¥7,063 million, a decrease of ¥51,630 million from the previous year. The TonenGeneral group applies the LIFO/LOCOM method for inventory evaluation. 2007 Operating Income includes profit due to inventory evaluation of ¥15.3 billion, an increase of ¥7.4 billion from the previous year.

Downstream segment earnings were negative. There were two main factors contributing to this result. First, domestic product prices did not fully reflect rapidly rising crude oil prices, especially in the fourth quarter. Second, operating results were adversely affected by our crude cost recognition methods versus industry. The TonenGeneral group accounts for purchased crude when it is loaded, whereas most of the industry accounts for crude costs when it arrives in Japan, so that crude price changes affect our results approximately one month earlier than industry, and increasing crude prices impact adversely Operating Income. In 2007, overall crude price increases were much higher than in the previous year, adversely affecting our Downstream operating earnings by approximately ¥41 billion (about ¥30 billion greater than the impact in the previous year). Turning to the Chemical segment, favorable results continued into 2007 due to strong margins and growth in our Specialty businesses.

Net Non-operating Income, including earnings of equity affiliates and gains on foreign exchange, was ¥8,009 million. Ordinary Income amounted to ¥15,073 million, a decrease of ¥50,914 million from the previous year. Extraordinary items resulted in a Net Extraordinary Loss of ¥3,973 million; the major elements were loss from asset sales, asset impairment, and loss from anticipated sale of our shares in Nansei Sekiyu, a consolidated company. As a result, Net Income amounted to ¥7,014 million, ¥32,805 million lower than the previous year.

Total assets at the end of the period totaled ¥1,045,536 million, or ¥26,019 million higher than the year before. Net Assets (including Minority Interests) decreased by ¥34,875 million from the previous year to ¥214,279 million.

The following table shows segmented Sales Revenue and Operating Income in 2007.

Millions of yen

	Oil	Chemicals	Others	Elimination	Consolidated
Net Sales	2,717,571	330,785	1,486	-	3,049,842
Operating Income/Loss	-48,670	55,651	83	-	7,063

TonenGeneral paid interim dividends of ¥ 18.50 per share in accordance with the resolution made at the Board of Directors' Meeting held on August 14, 2007.

<Stock Repurchases>

TonenGeneral acquired a total of 118 million shares of its own stock at a cost of 110 billion yen through three stock buy-backs between 2001 and 2005, to adjust its capital structure and to provide financial benefits to all shareholders. In the current term, in a further stock buy-back, TonenGeneral repurchased an additional 18 million shares of its own stock at a cost of 20 billion yen and cancelled 18.21 million shares, including stock held through acquisition of less than a unit share. As a result, TonenGeneral has reduced its outstanding shares by 19.4% since 2001, and increased its earnings per share, as well as return on equity, versus the case without the share repurchases. TonenGeneral financed the funds for the 2007 stock repurchase by increasing its debt as it did in the prior three repurchases.

<Oil Business Results>

- Production -

Crude runs at the Kawasaki, Sakai and Wakayama refineries in the current term decreased by 2.3% versus the previous term to a total of 29,384 thousand kl, with topper utilization at 76.6%. Including the Nishihara refinery of Nansei Sekiyu K.K., an 87.5% subsidiary of TonenGeneral, crude runs decreased by 4.1% as compared with the previous term to a total of 31,178 thousand kl, with topper utilization at 70.6%.

In Refining, TonenGeneral continued to focus on raising efficiency and optimizing equipment configuration. To enhance its facilities, TonenGeneral has been making a series of investments, taking into account the regulatory requirements for gasoline and diesel fuel quality and structural changes in demand and crude oil prices. In the first half of 2007, facilities to produce ultra low sulfur fuel products started operation successfully at Kawasaki, Sakai and Wakayama. With completion of these facilities, TonenGeneral can more flexibly choose its portfolio of feedstocks for operations, and in particular can reduce raw material costs by processing a heavier mix of crude oils.

TonenGeneral is continuing to enhance and implement its “Profit Improvement Programs”. These programs include diversification of crude oil procurement and increase of profitable exports by expanding export facilities.

TonenGeneral Sekiyu continuously and rigorously assesses its business portfolio including business expansion, realignment and divestment opportunities based on strategic management objectives. Options for the future of Nansei Sekiyu were studied extensively as part of this process. As a result, TonenGeneral Sekiyu decided to divest its shareholding in Nansei Sekiyu, and in November agreed to sell its shares to Petrobras. The transaction is expected to close in the 1H 2008.

- Marketing -

Sales volumes of oil products for the term decreased by 9.2% to 34,865 thousand-kl. All major product groups decreased from the prior year.

TonenGeneral has entrusted its marketing business to ExxonMobil Yugen Kaisha (“EMYK”), TonenGeneral’s parent company. EMYK operates the marketing business as ExxonMobil Japan Group integrating its “ESSO” and “Mobil” brands and the Company’s “GENERAL” brand.

ExxonMobil Japan Group expanded the self-service brand “Express”, with the concept of “Quickest”, “Easiest”, and “Cleanest”, and has proactively shifted the format to self service stations and offered customers superior service. During 2007, the memberships in Speedpass, ExxonMobil Japan Group’s special key-chain attachment wireless device for payment, reached 1,500,000. ExxonMobil Japan Group developed a unique card reader that accepts contact-less IC credit cards which has been promoted by a number of credit card companies and installed at more than 650 “Express” stations. In addition, ExxonMobil Japan Group actively increased the “Mobil 1 Center” which provides oil change service with “Mobil 1”, the premier auto lubricant brand, at “Express” sites.

Moreover, based on the partnership alliance with Seven-Eleven Japan Co. Ltd, the ExxonMobil Japan Group has been developing and testing combined convenience stores and service stations.

Focusing on the management, efficiency and competitiveness of dealers, ExxonMobil Japan Group continuously promotes its “Network Counseling Program”, and “RSOI”, a retail site operation efficiency improvement program, which helps dealers improve efficiency.

The following table shows our sales results by product in 2007.

Oil Product	Sales Volume Thousand kl	Sales Revenue Millions of yen
Gasoline	13,175	1,499,654
Kerosene and Diesel Fuel	10,607	655,289
Fuel Oil and Crude	8,164	403,549
Lube	370	34,687
LPG and Others	2,549	124,392
Total	34,865	2,717,571

<Chemical Business Results>

Our Chemicals business’ two major strategy themes have been to capture specialty chemicals business growth and to increase the cost-competitiveness of the basic chemicals business. In the specialty business, we have continued to focus on battery separator film as one of our key business areas. Battery separator film is widely used in lithium-ion batteries for cell phones, laptop PCs and so on. This year, we operated our complete set of production lines, including two lines introduced in 2006, for the full year to meet firm demand. In December, we introduced to the market our new high-quality, high technology, separator film, which we expect to be the suitable film for the next generation of lithium-ion batteries to be applied to HEVs (Hybrid Electric Vehicles) and EVs (Electric Vehicles). In order to respond to the expected high demand growth in the near future, we started a feasibility study for the construction of new film production lines in Korea.

In 2007, we continued our planned implementation of business improvement plans aimed at improving the competitiveness of the specialty polyethylene business at Nippon Unicar Company Limited (Nippon Unicar), a 50/50% joint venture between its 100% subsidiary, Tonen Kagaku K.K., and a subsidiary of The Dow Chemical Company. In other specialty chemical areas, we increased production capacity at intermediates and adhesive plants. We continue to focus on synergies, chemical and refinery integration in our basic chemical segments such as olefins and aromatics. In this area, maximum utilization of molecules and diversification/optimization of feedstock have progressed in 2007.

The following tables show our sales results by product in 2007.

Chemical Product	Sales Volume Thousand ton	Sales Revenue Millions of yen
Olefins and Others	1,872	234,839
Aromatics	783	95,946
Total	2,655	330,785

(2) Capital Investment

Capital expenditures during the current term totaled ¥22,317 million for, among other things, the improvement of production efficiency at our refineries and the remodeling of service stations. Specifically, TonenGeneral completed investments projects at its Kawasaki and Sakai refineries to efficiently cope with new requirements for ultra-low sulfur products (similar investments as the Wakayama refinery were completed in 2006).

(3) Finance

Capital expenditures in the current term were financed by the Company's own funds, without depending on any new long-term bank borrowings or issuance of either stocks or corporate bonds. Due to the stock buy back through short-term debt financing in September and the working capital increase associated with hikes in crude prices, the outstanding debt balance of TonenGeneral consolidated was ￥111.6 billion at the end of 2007 or an increase of ￥54.5 billion during 2007, and the debt-to-equity ratio was 51% at the end of 2007.

(4) Future Prospects and Our Challenges

With respect to domestic demand for major oil products, the expected demand growth for gasoline will be weak due to decline of gasoline-engine cars and improving fuel efficiency, and demand is anticipated to decrease in other major petroleum products due to such factors as continued streamlining in the transportation industry, coupled with energy conservation and conversion by consumers to other energy sources resulted from soaring oil prices. Meanwhile, in the Japanese petroleum industry, there is still an excess in overall industry supply capacity, both in the refining and retail sectors. Thus the generally difficult conditions in the domestic supply/demand picture can be expected to remain unchanged.

Our Chemical segment needs to progress our strategy in timely manner in 2008 to be able to successfully confront cyclical changes in petrochemical business environment. Although market conditions were healthy in 2007, fluctuation of market prices due to supply and demand situation change in Asian region may occur. Also we need to cope with continuing high price level for petrochemical inputs such as naphtha in 2008.

In this severe industry environment, the TonenGeneral Group is increasingly taking an integrated approach to all segments of our business including refining, supply, marketing and petrochemicals, pursuing an optimal mix of feedstocks, product supply, and marketing channels to achieve maximum added value on an entire company basis. In this connection, TonenGeneral Group will continue to leverage our competitive advantage of access to the ExxonMobil Group's global network, especially in the areas of feedstock supply and analysis, use of ExxonMobil's global supply and product exchange network, and technology, as we pursue further synergies in full integration of our business lines.

In our oil segment, the TonenGeneral group will pursue the best balance between margins and sales volume and lead the shift to self-service stations to meet customer demand under the "Express" concept, including network expansion for Speedpass and wireless payment device acceptance. In Refining, most effective use of facilities is critical challenge given the significant decrease in domestic product demand. To cope with this, we are seeking optimal product outlets, including exports, by means of strong alliance with Marketing. We are also preparing for the bio-fuel supply to deal with environment issues.

In our chemical segment, we are working to fully optimize our specialty chemicals business lines, whose returns are not as subject to the cyclical change in profitability of our commodity chemicals such as aromatics and olefins. Especially, we will progress our growth strategies in our battery separator business to pursue potential demand growth for HEVs and EVs. We also continue to support specialty polyethylene business at Nippon Unicar. As for commodity products, it is essential to enhance cost competitiveness for coping with the cyclical change in the business. We will progress olefins and aromatics feedstock flexibility/optimization projects and de-bottlenecking /efficiency improvement projects, fully capitalizing on strong synergies with our oil refining operations.

The TonenGeneral 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. Our most important role is to supply our products at fair prices using safe and environmentally conscious methods. Thoroughgoing attention to safety, health and the environment is our top operational priority, and our basic principle is to continuously improve the standards of excellence in all aspects of our operations. The TonenGeneral group conducts its operations based on OIMS (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, we introduced LPS (Loss prevention System), which focuses on human behavior to increase safety awareness and prevent the occurrence of incidents. Regarding environmental activities, based on a program implemented globally by the ExxonMobil Group in 2005 called "Protect Tomorrow. Today," we have set specific targets at all of our refineries to achieve the highest level of environmental protection and we have implemented plans for achieving these targets. Under these plans, our target is to improve energy efficiency by 20% in 2010 compared to 1990.

A high standard of business conduct is another foundation of our business. Our reputation and our commitment to legal compliance and ethical conduct are true assets. With the enactment of the new corporate law in May 2006, our board of directors passed a resolution for review of all of our internal controls systems. We periodically implement refresher training for employees to increase understanding of business practices and compliance with the Antimonopoly Law. Information about our internal controls systems is available on our website.
(http://www.tonengeneral.co.jp/tonengeneral/english/index.html)

The TonenGeneral group will continue working to achieve above mentioned goals with all our efforts requests its shareholders' continued interest and support.

(5) Changes in Financial Results and Asset Status

Item \ Term	85th Term Jan. 1,'04-Dec.31,'04	86th Term Jan. 1,'05-Dec.31,'05	87th Term Jan. 1,'06-Dec.31,'06	88th Term Jan. 1,'07-Dec.31,'07
Sales revenue (M ¥)	2,342,276	2,856,182	3,078,772	3,049,842
Operating income (M¥)	63,177	19,978	58,694	7,063
Ordinary income (M¥)	68,625	22,822	65,987	15,073
Net income (M ¥)	48,243	13,015	39,820	7,014
Net income per share (¥)	81.52	22.01	68.27	12.12
Total assets (M¥)	945,537	968,334	1,019,517	1,045,536
Net assets (M ¥)	249,849	230,159	249,155	214,279
No. of consolidated companies	8	7	6	7
No. of affiliates on equity basis	3	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. From the 87th Term, TonenGeneral has applied "Accounting standard for presentation of net assets in the balance sheet". Net assets for the 85th and 86th terms shown above represent "Shareholders' equity" based on the accounting standard then in force.

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

1) Relationship with Parent Company (As of December 31, 2007)

TonenGeneral's parent company is ExxonMobil Yugen Kaisha ("EMYK," Head Office: Minato-ku, Tokyo), which holds 282,708 thousand shares, or 50.60 % of TonenGeneral's total shareholders' voting rights. 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 TonenGeneral Group and EMYK are as follows.

- TonenGeneral supplies petroleum products to EMYK.
- TonenGeneral is entrusted with certain logistic functions of EMYK.
- EMYK is entrusted with marketing functions and administrative functions of the TonenGeneral Group.
- Tonen Kagaku K. K., TonenGeneral's wholly-owned subsidiary, utilizes

EMYK as an agent to centralize its sales and logistics operations.

- TonenGeneral Group companies have concluded agreements in relation to crude oil, products and feedstocks supply, services, and technical support with some ExxonMobil affiliated companies abroad.
- Four directors of TonenGeneral are serving concurrently as directors of EMYK.
- Employees of either TonenGeneral Group companies or EMYK have been dispatched to the other.

2) Principal Subsidiaries and Affiliates (As of December 31, 2007)

TonenGeneral's consolidated companies and equity companies are the following:

① Consolidated Companies

Name of Company	Capital	Voting Ratio	Major Business
	¥ million	%	
Oil business			
Nansei Sekiyu K.K.	7,625	87.5	Manufacturing, processing and refining of petroleum products
TonenGeneral Kaiun Y.K.	243	100.0	Marine transportation of crude oil and petroleum products
Chuo Sekiyu Hanbai K. K.	30	100.0	Sales of petroleum products
Chemical business			
Tonen Kagaku K. K.	4,500	100.0	Manufacturing and sales of petrochemicals
Tonen Chemical Nasu Corp.	300	100.0	Manufacturing and sales of petrochemicals
Tonen Specialty Separator Godo Kaisha	101	100.0	Manufacturing and sales of petrochemicals
Others			
Tonen Technology K. K.	50	100.0	Engineering and maintenance service

Note: TonenGeneral indirectly owns the shares of Tonen Chemical Nasu Corp. and Tonen Specialty Separator Godo Kaisha through Tonen Kagaku K. K.

② Equity Companies

Name of Company	Capital	Voting Ratio	Major Business
	¥ million	%	
Oil business			
Shimizu LNG Co., Ltd	3,000	35.0	Purchases and sales of LNG
Chemical business			
Nippon Unicar K.K.	2,000	50.0	Manufacturing and sales of polyethylene

Note: TonenGeneral indirectly owns 50% of the shares of Nippon Unicar K.K. through Tonen Kagaku K. K.

3) Development of Business Affiliation

- Tonen Kagaku K. K. and Tonen Chemical Nasu Corp., both of which are consolidated companies of TonenGeneral, established Tonen Specialty Separator Godo Kaisha through incorporation-type company split in November 2007 to centralize the group’s battery separator business.
- TonenGeneral executed a share sale and purchase agreement with Petrobras International Braspetro B.V. in November 2007 to transfer all of TonenGeneral’s shares in Nansei Sekiyu K. K. Closing is expected in 1H 2008.

(7) Major Business of TonenGeneral Group (As of December 31, 2007)

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

(8) Principal Places of Operation of TonenGeneral Group (As of December 31, 2007)

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

(9) Employees of TonenGeneral Group (As of December 31, 2007)

Segment	No. of Employees	Change from Previous Term
Oil Products	1,828	Decrease of 19
Chemical Products	505	Decrease of 1
Others	24	Decrease of 1
Total	2,357	Decrease of 21

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

2. TonenGeneral Group companies have concluded business entrustment agreements with ExxonMobil Yugen Kaisha (“EMYK”), which resulted in 352 loaned-out employees to EMYK and 115 loaned-in employees from EMYK.

(10) Major Sources of Loans (As of December 31, 2007)

Major Lenders	Amount of Loan Outstanding
	¥ million
Japan Oil, Gas and Metals National Corporation	70,157
ExxonMobil Asia Pacific Private Limited	28,524
Development Bank of Japan	8,034
Sumitomo Mitsui Banking Corporation	4,369

(11) Other Important Items for TonenGeneral Group

There are no applicable items.

2. Shares of the Company (As of December 31, 2007)

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

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

(* Decrease of 18,218,000 shares compared to December 31, 2006 due to the cancellation of treasury shares)

3) Number of shareholders: 53,945**

(** Decease of 2,086 compared to December 31, 2006)

4) Top Ten Major Shareholders

Shareholders' Name	Shares Held	
	No. of Shares	Voting Ratio
	thousands	%
ExxonMobil Yugen Kaisha	282,708	50.60
Japan Trustee Services Bank, Ltd. (Trust Account)	16,172	2.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,368	1.85
Kochi Shinkin Bank	8,481	1.51
Sompo Japan Insurance Inc.	7,319	1.31
Nippon Life Insurance Company	4,544	0.81
Investors Bank and Trust Company (West) - Treaty	3,649	0.65
Trustee & Custody Services Bank, Ltd. (Securities Trust Account)	3,377	0.60
The Dai-ichi Mutual Life Insurance Company	3,376	0.60
National Mutual Insurance Federation Agricultural Cooperatives	3,036	0.54

3. Stock Options of the Company

TonenGeneral has not issued stock options.

4. Directors and Statutory Auditors of the Company

(1) Directors and Statutory Auditors (As of December 31, 2007)

Name	Position and Responsibility	Representative Positions / Concurrent Positions in Other Companies
D. G. Wascom	Representative Director, Chairman and President	Representative Director, President, ExxonMobil Yugen Kaisha ("EMYK") Representative Director, Tonen Kagaku K. K.
K. Suzuki	Representative Director, Vice President	Representative Director, President, TonenGeneral Kaiun Yugen Kaisha Director, EMYK
J. Mutoh	Representative Director, Managing Director Kawasaki Refinery Manager	Director, Kyokuto Petroleum Industries Ltd
W. J. Bogaty	Director	Representative Director, Vice President, EMYK
Y. Miyahara	Director	Retail Manager, Director, EMYK
N. Miyajima	Full-time Statutory Auditor	Statutory Auditor, Tonen Kagaku K. K.
H. Kobayakawa	Full-time Statutory Auditor	Statutory Auditor, Tonen Kagaku K. K.
T. Yamamoto	Statutory Auditor	Full-time Statutory Auditor, Tonen Kagaku K. K.

Notes: 1. H. Kobayakawa and T. Yamamoto are Outside Statutory Auditors.

2. N. Miyajima, Full-time Statutory Auditor, is qualified as a Certified Public Accountant of the U.S.A., and H. Kobayakawa, Full-time Statutory Auditor, is qualified as a Certified Public Accountant of Japan. T. 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.

3. T. Yamamoto was newly elected as Statutory Auditor at the general meeting of shareholders held on March 27, 2007.

4. S. Ikeda retired from the office of Statutory Auditor at the close of the general meeting of shareholders held on March 27, 2007 due to the expiration of his term of office.

5. Relationships of TonenGeneral with EMYK, Tonen Kagaku K. K. and TonenGeneral Kaiun Yugen Kaisha is described in "1. Business Overview - (6) Profile of

TonenGeneral Group and Development of Business Affiliation."

6. EMYK, TonenGeneral'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	5	217
Statutory Auditors	3	39
(Outside Statutory Auditors)	(2)	(21)

Notes: 1. The above amount includes an increase of ¥ 5 million in the reserve for retirement allowance for Statutory Auditors.

2. Besides the above amounts, two Outside Statutory Auditors were paid ¥ 5 million as remuneration by TonenGeneral's subsidiary, which is also a subsidiary of TonenGeneral's parent company, since they concurrently served as statutory auditor of the subsidiary.

(3) Matters concerning Outside Statutory Auditors

1) Concurrent positions in other companies as an Outside Statutory Auditor

H. Kobayakawa and T. Yamamoto are Outside Statutory Auditors of TonenGeneral. They also serve as Outside Statutory Auditors of Tonen Kagaku K. K., which is a subsidiary of TonenGeneral.

2) Major activities at Board Meetings

Ten Board of Directors' meetings and five Board of Statutory Auditors' Meetings were convened during this business term. H. Kobayakawa, Full-time Statutory Auditor, attended all the meetings, and demonstrating his expertise and useful experience, asked questions and offered opinions. TonenGeneral benefited from his active participation.

Eight Board of Directors' meetings and two Board of Statutory Auditors' Meetings were convened since T. Yamamoto assumed office of Statutory Auditor on March 27,

2007. He attended all the meetings and, demonstrating his expertise and useful experience, asked questions and offered opinions. TonenGeneral benefited from his active participation.

5. Accounting Auditor

(1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata

(2) Amount of fee to be paid to PricewaterhouseCoopers Aarata

1) Total amount of fee as an Accounting Auditor which was paid by TonenGeneral

12 ¥ million

2) Total amount of fee paid by TonenGeneral and its affiliates

15 ¥ million

Note: Since the amount of audit reward is not segregated between audit based on the Company Law of Japan and that based on the Securities and Exchange Law in the audit contract between the Company and the accounting auditor, the amount shown in 1) above indicates total amount for both 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

TonenGeneral 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 the appropriateness of practices

The following was adopted as the Internal Governance System for TonenGeneral:

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. 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, 2007)

(Unit: Million yen)

Account Title	Amount	Account Title	Amount
(ASSETS)		(LIABILITIES)	
Ⅰ Current Assets		Ⅰ Current Liabilities	
Cash and Cash Equivalents	614	Trade Accounts Payable	381,690
Trade Accounts Receivable	553,198	Gasoline Tax etc., Payable	219,836
Inventories	168,477	Short-tem Debt	101,429
Prepaid Expenses	2,761	Other Accounts Payable	13,711
Income Tax Refund Receivable	4,504	Accrued Expense	12,186
Deferred Tax Assets	16,053	Accrued Income Taxes	7,273
Short-term Loans Receivable	264	Accrued Consumption Taxes	6,814
Other Accounts Receivable	4,455	Guarantee Deposits Payable	11,213
Others	2,003	Advance from Customers	5,328
Bad Debt Allowance	△ 72	Reserve for Bonuses	1,298
Total Current Assets	**752,260**	Others	7,603
		Total Current Liabilities	**768,385**
Ⅱ Long-term Assets			
Property, Plant and Equipment		Ⅱ Long-term Liabilities	
Buildings and Structures	52,816	Long-tem Debt	10,153
Tanks	6,128	Deferred Tax Liabilities	2,352
Machinery, Equipment and Vehicles	86,710	Reserve for Accrued Pension Costs	31,561
Tools, Furniture and Fixtures	1,417	Reserve for Officers' Retirement Allowance	167
Land	87,946	Reserve for Repairs	15,428
Incomplete Construction	11,392	Reserve for Offshore Well Abandonment	2,069
Total Property, Plant and Equipment	**246,410**	Others	1,140
		Total Long-term Liabilities	**62,871**
Intangible Assets		**Total Liabilities**	**831,256**
Goodwill	1,306		
Software	3,144	(NET ASSETS)	
Others	2,267	Ⅰ Owners' Equity	
Total Intangible Assets	**6,718**	Paid-in Capital	35,123
		Capital Surplus	20,741
Investments and Other Assets		Earned Surplus	157,216
Investment Securities	15,063	Treasury Stock	△ 202
Long-term Loans Receivable	1,041	**Total Owners' Equity**	**212,878**
Long-term Deposits	4,991	Ⅱ Valuation and Translation Adjustments	
Deferred Tax Assets	5,728	Valuation Difference on Available-for-Sales Securities	357
Others	13,761		
Bad Debt Allowance	△ 439	**Total Valuation and Translation Adjustments**	**357**
Total Investments and Other Assets	**40,146**		
		Ⅲ Minority Interests	1,043
Total Long-term Assets	**293,275**	**Total Net Assets**	**214,279**
Total Assets	**1,045,536**	**Total Liabilities and Net Assets**	**1,045,536**

Consolidated Statement of Income

From: January 1, 2007
To: December 31, 2007

(Unit: Million yen)

Account Title	Amount	
Ⅰ Sales Revenues		3,049,842
Ⅱ Cost of Sales		3,009,758
Gross Margin		**40,084**
Ⅲ Selling, General and Administrative Expenses		33,020
Operating Income		**7,063**
Ⅳ Non-operating Income		
Interest Income	76	
Dividends Received	64	
Foreign Exchange Gain	7,069	
Equity Earnings of Affiliates	1,598	
Others	77	8,886
Ⅴ Non-operating Expenses		
Interest Expenses	719	
Loss on Sales and Disposal of Supplies	19	
Others	137	876
Ordinary Income		**15,073**
Ⅵ Extraordinary Gain		
Gain on Sales of Property, Plant and Equipment	386	
Gain on Sales of Golf Membership	66	453
Ⅶ Extraordinary Loss		
Accrued Loss on Sales of Subsidiary Company's Stock	2,803	
Loss on Sales and Disposals of Property, Plant and Equipment	749	
Loss on Asset Impairment	732	
Surcharge	142	4,427
Income Before Income Taxes		**11,099**
Current Income Taxes	11,219	
Deferred Income Tax	△ 7,243	3,975
Minority Interests		109
Net Income		**7,014**

Consolidated Statement of Changes in Net Assets

From: January 1, 2007
To: December 31, 2007

(Unit: Million yen)

	Owners' Equity					Valuation and Translation Adjustments			
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total	Valuation Difference on Available-for-Sales Securities	Total	Minority Interests	Total Net Assets
Balance at December 31, 2006	35,123	20,766	192,010	△ 206	247,693	527	527	933	249,155
Changes of Items during the Period									
Dividends from Surplus	-	-	△ 21,576	-	△ 21,576	-	-	-	△ 21,576
Net Income	-	-	7,014	-	7,014	-	-	-	7,014
Purchase of Treasury Stock	-	-	-	△ 20,301	△ 20,301	-	-	-	△ 20,301
Disposals of Treasury Stock	-	△ 24	△ 20,231	20,305	48	-	-	-	48
Net Changes of Items other than Owners' Equity	-	-	-	-	-	△ 170	△ 170	109	△ 60
Total Changes of Items during the Period	-	△ 24	△ 34,794	3	△ 34,814	△ 170	△ 170	109	△ 34,875
Balance at December 31, 2007	35,123	20,741	157,216	△ 202	212,878	357	357	1,043	214,279

Notes to Consolidated Statements

I. Notes to Basics for the Development of Consolidated Financial Statements

1. Scope of Consolidation

(1) Number and Name of Consolidated Subsidiaries:

① Number of consolidated subsidiaries: 7 companies

② Name of consolidated subsidiaries:
Nansei Sekiyu K.K., Tonen Kagaku K.K., Chuo Sekiyu Hanbai K.K., TonenGeneral Kaiun K.K., Tonen Kagaku Nasu K.K., Tonen Technology K.K., Tonen Specialty Separator G.K.

There was one company added to the scope of consolidation during this consolidated accounting period.
Detail is as follows;

- Newly established company Tonen Specialty Separator G.K.

(2) Name of Non-consolidated Subsidiary and Reason for Excluding the Subsidiary from Consolidation

① Name of non-consolidated subsidiary: Kyushu Eagle K.K.

② Reason for excluding the subsidiary from consolidation:
The non-consolidated subsidiary does not materially influence the consolidated financial statements in terms of total assets, sales revenues, net income/loss or retained earnings.

2. Application of the Equity Method

(1) Number and Name of Affiliates Accounted for by the Equity Method

① Number of Affiliates Accounted for by the Equity Method: 2 companies

② Name of Affiliates Accounted for by the Equity Method:
Shimizu LNG K.K., Nippon Unicar K.K.

(2) Name of Non Equity-method Companies and Reason for not applying the Equity Method

① Name of non equity-method companies Non-consolidated subsidiary: Kyushu Eagle K.K.
Affiliate: Emori Sekiyu K.K.

② Reason for not applying the equity method:
The non-consolidated subsidiary and the affiliate do not materially influence net income or retained earnings and the amounts have no material impacts on the consolidated financial

3. Summary of Significant Accounting Procedures

(1) Evaluation Standards and Methods for Important Assets

① Inventories

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

② Securities

- Other securities

Marketable: Market value at the closing date

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

Non-marketable: The moving-average method

③ Derivatives transactions: Market value at the closing date

(2) Depreciation and Amortization Method of Depreciable Assets

① Property, Plant and Equipment: Generally the declining-balance method

The service life ranges of major types of assets are:

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

〈Change of Accounting Method〉

In accordance with the revision of the Corporate Tax Law, the depreciation method for Property, Plant and Equipment, which was acquired on or after April 1, 2007, was aligned with the method under revised Corporate Tax Law from this accounting period.
As a result, Operating Income, Ordinary Income and Income Before Income Taxes decreased by 1,145million yen, respectively.

② Intangible Assets: The straight-line method

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

(3) Accounting Standard for Major Reserves

- Bad Debt Allowance

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 financial conditions of individual customers.

- Reserve 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.

- Reserve for Accrued Pension Costs

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 11.9 years, Consolidated Subsidiary 11.4 years, Since 2007: Parent 11.9 years, Consolidated Subsidiary 11.0 years).

- Reserve for Officers Retirement Allowance

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.

- Reserve for Repairs

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

- Reserve for Offshore Well Abandonment

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

(4) Other Important Items for Consolidated Financial Statements

① Translation Method for Foreign Currency Assets and Liabilities
Foreign currency assets and liabilities are translated into the yen at the spot rate at the closing date and any difference in exchange rate is reflected in income.

② Accounting for Major Lease Transactions
The accounting treatment for finance lease transactions, which ownership do not transfer to lessee, is as same as the method applied to ordinary operating lease transactions.

③ Consolidated Statement of Income does not include consumption tax.

4. Evaluation Method for Assets and Liabilities of Consolidated Subsidiaries
Assets and liabilities of the consolidated subsidiaries are evaluated using the partial fair value method.

Ⅱ. Notes to Consolidated Balance Sheet

1. Security Rights Established on Assets

(1) Mortgaged Assets

Assets	Amounts	Mortgage on Factory Foundation
Building and Structures	7,653 million yen	7,653 million yen
Tanks	1,551	1,551
Machinery, Equipment and Vehicles	24,138	24,138
Tools, Furniture and Fixtures	42	42
Land	27,196	8,168
Total	60,582	41,553

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

Liabilities	Amounts	Mortgage on Factory Foundation
Short-term Debt	422 million yen	- million yen
Long-term Debt	202	-
Gasoline Tax etc., Payable	56,489	36,768
Total	57,113	36,768

In addition to the above and the obligation for guarantees shown in the item 3, the company committed to offer a contract of mortgage on factory foundation for Short-term Debt (1,412 million yen) and Long-term Debt (5,998 million yen) .

Assets	Amounts
Building and Structures	13,668 million yen
Tanks	1,346
Machinery, Equipment and Vehicles	26,687
Tools, Furniture and Fixtures	362
Land	847
Total	42,912

2. Accumulated Depreciation Directly Deducted from Property, Plant and Equipment 772,646 million yen

3. Obligations for Guarantees

Guaranteed Parties	Amounts	Contents
Shimizu LNG K.K.	2,007 million yen	Reservation Guarantee for Bank Loan
Company Employees	283	Guarantee for Bank Loan
K.K. Ryuseki Nenryo	148	〃
Others (5 companies)	151	〃
Total	2,589	

(Note) For the debt (3,366 million yen) of Shimizu LNG K.K. from the Development Bank of Japan etc.. The Company has a contractual obligation reserve land for a mortagage, while its land (book value 747 million yen) was collateralized.

Ⅲ. Notes to Consolidated Statement of Changes in Net Assets

1. Number of Shares Issued as of December 31,2007

Category	Dec. 31,2006	Increase	Decrease	Dec. 31, 2007
Common Stock	583,400,000 Shares	- Shares	18,218,000 Shares	565,182,000 Shares

(Major Cause of Movement)

Decrease of Common Stock is due to cancellation of Treasury Stock.

2. Dividends

Resolution	Category	Total Amount of Dividend	Dividend per Share	Reference date	Effective date
Annual General Shareholder's Meeting held at March 27, 2007	Common Stock	10,789 million of yen	18.50 yen	December 31, 2006	March 28, 2007
Board of Directors held at August 14, 2007	Common Stock	10,787 million of yen	18.50 yen	June 30, 2007	September 18, 2007

3. Planned Resolution at Annual General Shareholder's Meeting on March 26, 2008

Planned Resolution	Category	Dividend Resource	Total Amount of Dividend	Dividend per Share	Reference date	Effective date
March 26, 2008	Common Stock	Earned Surplus	10,735 million of yen	19.00 yen	December 31, 2007	March 27, 2008

Ⅳ. Notes to Financial Data per Share

Net Assets per share	377.41 yen
Net Income per share	12.12 yen

Ⅴ. Other Notes

- Accrued Loss on Sales of Subsidiary Company's Stock

The Board of Directors of the Company which was held on November 9, 2007 approved the transfer by sale of 100% of its shareholding in Nansei Sekiyu K.K. to Petrobras International Braspetro B.V.. The accrued amount of 2,803 million yen was recognized as "Accrued Loss on Sales of Subsidiary's Stock" in Extraordinary Loss.

Ⅵ. Unit of Amount

Amounts are shown in truncated million of yen.

Balance Sheet

(As of December 31, 2007)

(Unit: Million yen)

Account Title	Amount	Account Title	Amount
(ASSETS)		(LIABILITIES)	
Ⅰ Current Assets		Ⅰ Current Liabilities	
Cash and Cash Equivalents	52	Trade Accounts Payable	405,988
Trade Accounts Receivable	556,362	Gasoline Tax etc., Payable	210,489
Products and Goods	36,816	Short-tem Debt	99,159
Unfinished Products	26,559	Other Accounts Payable	10,312
Crude Oil	87,461	Accrued Expense	13,738
Supplies	3,349	Accrued Consumption Taxes	3,205
Prepaid Expenses	2,363	Guarantee Deposits Payable	11,203
Income Tax Refund Receivable	4,504	Advance from Customers	5,368
Deferred Tax Assets	14,394	Reserve for Bonuses	1,025
Short-term Loans Receivable	17,011	Others	3,023
Other Accounts Receivable	4,948	**Total Current Liabilities**	**763,516**
Others	2,002	Ⅱ Long-term Liabilities	
Bad Debt Allowance	△ 72	Long-tem Debt	9,449
Total Current Assets	**755,752**	Reserve for Accrued Pension Costs	29,966
		Reserve for Officers' Retirement Allowance	164
Ⅱ Long-term Assets		Reserve for Repairs	14,269
Property, Plant and Equipment		Reserve for Offshore Well Abandonment	2,069
Buildings	14,912	Others	1,026
Structures	30,485	**Total Long-term Liabilities**	**56,944**
Tanks	4,998	**Total Liabilities**	**820,461**
Machinery and Equipment	72,069		
Cars and Vehicles	194	(NET ASSETS)	
Tools, Furniture and Fixtures	1,251	Ⅰ Owners' Equity	
Land	73,180	1 Paid-in Capital	35,123
Incomplete Construction	10,776	2 Capital Surplus	
Total Property, Plant and Equipment	**207,867**	(1) Capital Legal Surplus	20,741
		Total Capital Surplus	**20,741**
Intangible Assets		3 Earned Surplus	
Leasehold	1,917	(1) Earned Legal Surplus	8,780
Software	2,963	(2) Other Earned Surplus	
Utility Rights	324	Reserve for Replacement of Property	17,089
Total Intangible Assets	**5,204**	Reserve for Special Depreciation	8
		Earned Surplus Brought Forward	102,459
Investments and Other Assets		**Total Earned Surplus**	**128,337**
Investment Securities	5,547	4 Treasury Stock	△ 202
Stock of Subsidiaries	13,487	**Total Owners' Equity**	**184,000**
Long-term Loans Receivable	958		
Long-term Deposits	4,950	Ⅱ Valuation and Translation Adjustments	
Deferred Tax Assets	5,574	Valuation Difference on Available-for-Sales Securities	357
Others	5,861		
Bad Debt Allowance	△ 385	**Total Valuation and Translation Adjustments**	**357**
Total Investments and Other Assets	**35,993**		
Total Long-term Assets	**249,066**	**Total Net Assets**	**184,358**
Total Assets	**1,004,819**	**Total Liabilities and Net Assets**	**1,004,819**

Statement of Income

From: January 1, 2007
To: December 31, 2007

(Unit: Million yen)

Account Title	Amount	
Ⅰ Sales Revenues		3,014,375
Ⅱ Cost of Sales		3,016,220
Loss on Gross Margin		**1,844**
Ⅲ Selling, General and Administrative Expenses		22,285
Operating Loss		**24,130**
Ⅳ Non-operating Income		
Interest Income	626	
Dividends Received	16,061	
Foreign Exchange Gain	6,876	
Others	51	23,616
Ⅴ Non-operating Expenses		
Interest Expenses	668	
Loss on Sales and Disposal of Supplies	15	
Others	28	712
Ordinary Loss		**1,226**
Ⅵ Extraordinary Gain		
Gain on Sales of Golf Membership	66	
Gain on Sales of Property, Plant and Equipment	35	102
Ⅶ Extraordinary Loss		
Accrued Loss on Sales of Subsidiary Company's Stock	1,822	
Loss on Sales and Disposals of Property, Plant and Equipment	680	
Loss on Asset Impairment	564	3,067
Loss Before Income Taxes		**4,191**
Current Income Taxes	59	
Deferred Income Tax	△ 8,619	△ 8,560
Net Income		**4,368**

Statement of Changes in Net Assets

From: January 1, 2007
To: December 31, 2007

(Unit: Million yen)

	Owners' Equity			
		Capital Surplus		
	Paid-in Capital	Capital Legal Reserve	Other Capital Surplus	Total
Balance at December 31, 2006	35,123	20,741	24	20,766
Changes of Items during the Period				
Dividends from Surplus	-	-	-	-
Net Income	-	-	-	-
Purchase of Treasury Stock	-	-	-	-
Disposals of Treasury Stock	-	-	△ 24	△ 24
Addition/ Withdrawal of Other Earned Surplus	-	-	-	-
Net Changes of Items other than Owners' Equity	-	-	-	-
Total Changes of Items during the Period	-	-	△ 24	△ 24
Balance at December 31, 2007	35,123	20,741	-	20,741

	Owners' Equity							
	Earned Surplus							
		Other Earned Surplus						
	Earned Legal Reserve	Reserve for Replacement Property	Reserve for Mine Exploration	Reserve for Special Depreciation	Earned Surplus brought Forward	Total	Treasury Stock	Total
Balance at December 31, 2006	8,780	18,067	239	20	138,670	165,778	△ 206	221,461
Changes of Items during the Period								
Dividends from Surplus	-	-	-	-	△ 21,576	△ 21,576	-	△ 21,576
Net Income	-	-	-	-	4,368	4,368	-	4,368
Purchase of Treasury Stock	-	-	-	-	-	-	△ 20,301	△ 20,301
Disposals of Treasury Stock	-	-	-	-	△ 20,231	△ 20,231	20,305	48
Addition/ Withdrawal of Other Earned Surplus	-	△ 977	△ 239	△ 12	1,229	-	-	-
Net Changes of Items other than Owners' Equity	-	-	-	-	-	-	-	-
Total Changes of Items during the Period	-	△ 977	△ 239	△ 12	△ 36,210	△ 37,440	3	△ 37,460
Balance at December 31, 2007	8,780	17,089	-	8	102,459	128,337	△ 202	184,000

	Valuation and Translation Adjustments		
	Valuation Difference on Available-for-Sales Securities	Total	Total Net Assets
Balance at December 31, 2006	448	448	221,909
Changes of Items during the Period			
Dividends from Surplus	-	-	△ 21,576
Net Income	-	-	4,368
Purchase of Treasury Stock	-	-	△ 20,301
Disposals of Treasury Stock	-	-	48
Addition/ Withdrawal of Other Earned Surplus	-	-	-
Net Changes of Items other than Owners' Equity	△ 91	△ 91	△ 91
Total Changes of Items during the Period	△ 91	△ 91	△ 37,551
Balance at December 31, 2007	357	357	184,358

Notes to Statements

I. Notes to Important Accounting Policies

1. Evaluation Standard and Methods for Assets

(1) Inventories

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

(2) 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 Owners' equity, and cost of sales is calculated using the moving-average method.)

Non-marketable: The moving-average method at cost

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

2. Depreciation and Amortization Method of Fixed Assets

(1) Property, Plant and Equipment: Generally the declining-balance method

The service life ranges of major types of assets are:

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

〈Change of Accounting Method〉

In accordance with the revision of the Corporate Tax Law, the depreciation method for Property, Plant and Equipment, which was acquired on or after April 1, 2007, was aligned with the method under revised Corporate Tax Law from this accounting period.
As a result, Operating Loss, Ordinary Loss and Loss Before Income Taxes increased by 1,135 million yen, respectively.

(2) Intangible Assets: The straight-line method

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

3. Accounting Standard for Major Reserves

- Bad Debt Allowance

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 financial conditions of individual customers.

- Reserve for Bonuses

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

- Reserve for Accrued Pension Costs

To provide for the payment of employees' post-retirement benefits, the Company accrues an estimated reserve based on projected benefit obligations and estimated pension plan assets as of the closing date. Any difference 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).

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

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

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

4. Other Important Items for Financial Statements

(1) Translation Method for Foreign Currency Assets and Liabilities
Foreign currency assets and liabilities are translated into the yen at the spot rate at the closing date and any difference in exchange rate is reflected in income.

(2) Accounting for Major Lease Transactions
The accounting treatment for finance lease transactions, which ownership do not transfer to lessee, is as same as the method applied to ordinary operating lease transactions.

(3) Statement of Income does not include consumption tax.

II. Notes to Balance Sheet

1. Security Rights Established on Assets

(1) Mortgaged Assets

Assets	Amounts	Mortgage on Factory Foundation
Building	1,500 million yen	1,500 million yen
Structures	4,827	4,827
Tanks	771	771
Machinery and Equipment	21,746	21,746
Land	23,657	4,628
Total	52,503	33,474

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

Liabilities	Amounts	Mortgage on Factory Foundation
Short-term Debt	422 million yen	- million yen
Long-term Debt	202	-
Gasoline Tax etc., Payable	53,195	33,474
Total	53,819	33,474

In addition to the above and the obligation for guarantees shown in the item 3, the Company committed to offer a contract of mortgage on factory foundation for Short-term Debt (1,412million of yen) and Long-term Debt (5,998million of yen) .

Assets	Amounts
Building	2,017 million yen
Structures	11,650
Tanks	1,346
Machinery and Equipment	26,671
Land	847
Others	379
Total	42,912

2. Accumulated Depreciation Directly Deducted from Property, Plant and Equipment 654,658 million yen

3. Obligations for Guarantees

Guaranteed Parties	Amounts	Contents
Shimizu LNG K.K.	2,007 million yen	Reservation Guarantee for Bank Loan
Company Employees	210	Guarantee for Bank Loan
K.K. Ryuseki Nenryo	148	〃
Others (5 companies)	151	〃
Total	2,517	

(Note) For the debt (3,366million of yen) of Shimizu LNG K.K. from the Development Bank of Japan etc.. The Company has a contractual obligation reserve land for a mortgage, while its land (book value 747million of yen) was collateralized.

4. Details of Receivable from and Payable to Associated Companies

Receivable

Notes and Trade Accounts Receivable	383,139	million yen
Short-term Loans Receivable	16,854	million yen
Other Accounts Receivable	2,619	million yen

Payable

Notes and Trade Accounts Payable	115,361	million yen
Short-term Debt	2,156	million yen
Accrued Expense	4,201	million yen
Advance from Customers	2,001	million yen

Ⅲ. Notes to Statement of Income

Transaction with Subsidiaries

Trade Transaction	Sales Revenues	1,902,827	million yen
	Cost of Sales, etc.	498,493	million yen
	Total	2,401,320	million yen
Others		16,616	million yen

Ⅳ. Notes to Statement of Changes in Net Assets

Treasury Stock

Category	Dec. 31,2006	Increase	Decrease	Dec. 31, 2007
Common Stock	175,478 Shares	18,264,848 Shares	18,259,375 Shares	180,951 Shares

(Major Cause of Movement)

The Increases in Treasury Stock is due to TOB and repurchase of odd-lot stocks, and the decrease is due to cancellation 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	12,483	million yen
Reserve for Retirement Allowance	12,268	
Excess over Deduction Limit of Reserve for Turnaround	3,646	
Asset Impairment	1,752	
Variance from different Inventory Evaluations	1,175	
Accrued Loss on Sales of Subsidiary Company's Stock	741	
Others	2,596	
Total Deferred Tax Assets	34,664	
(Deferred Tax Liabilities)		
Reserve for Replacement of Property	△ 11,724	million yen
Accrued Enterprise Tax Receivable	△ 503	
Unrealized Holding Gains on Securities	△ 245	
Other	△ 2,222	
Total Deferred Tax Liabilities	△ 14,695	
Net of Deferred Tax Assets	19,969	

VI. Notes to Lease Transactions

Finance Leases without Transfer of Ownership to Lessees

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

Assets	Acquisition Amount Equivalent	Accumulated Depreciation Equivalent	Outstanding Balance
	million yen	million yen	million yen
Property, Plant, Equipment and Other	154	82	71

(Note) The acquisition cost equivalent amounts include interest-equivalent expenses, since the outstanding balance of accrued lease fee at the end of period is immaterial considering the total amount of property, plant and equipment.

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

Due within one year	27	million yen
Due over one year	44	
Total	71	

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

3. Lease Fees Paid and Depreciation Expense Equivalent

Lease Fees Paid	36	million yen
Depreciation Expenses Equivalent	36	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 Associated Companies

Subsidiary and Associated Companies

Category	Name of Company	Voting Ratio	Relationship with the Company	Detail of Transactions	Transaction Amount (Million yen)	Account Title	Closing Balance (Million yen)
Subsidiary	Nansei Sekiyu K.K.	Direct 87.5%	Vendor of Petroleum Product	Purchase of Petroleum Product	125,918	Trade Accounts Payable	21,305

(Note1) The price of petroleum product purchasing from Nansei Sekiyu K.K.(NSS) is reasonably determined based on an agreement between NSS and the Company.

(Note2) Transactions with parent company (ExxonMobil Y.K.) or other associated companies ,which are not shown in above table, are omitted because those transactions are "General transactions based on fair price such as market price, etc." or immaterial.

Ⅷ. Notes to Financial data per share

Net Assets per share	326.30	yen
Net Income per share	7.55	yen

Ⅸ. Other Notes

- Accrued Loss on Sales of Subsidiary Company's Stock

The Board of Directors of the company which was held on November 9, 2007 approved the transfer by sale of 100% of its shareholding in Nansei Sekiyu K.K. to Petrobras International Braspetro B.V.. The accrued amount of 1,822million yen was recognized as "Accrued Loss on Sales of Subsidiary's Stock" in Extraordinary Loss.

Ⅹ. Unit of Amount

Amounts are shown in truncated million of yen.

Independent Auditors' Report

(English Translation*)

February 18, 2008

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 Tonen General Sekiyu K.K. (hereinafter referred to as the "Company") for the fiscal year from January 1, 2007 to December 31, 2007. 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.

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 18, 2008

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 Tonen General Sekiyu K.K. (hereinafter referred to as the "Company") for the 88th fiscal year from January 1, 2007 to December 31, 2007. 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 88th fiscal period from January 1, 2007 to December 31, 2007. Our opinion is as follows:

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

(1) On March 27, 2007, 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 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 Board of Statutory Auditors or auditors' 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 22, 2008

The Board of Statutory Auditors
TonenGeneral Sekiyu Kabushiki Kaisha

Nobuaki Miyajima, Statutory Auditor-Full Time
Hisayoshi Kobayakawa, Statutory Auditor-Full Time (Outside Auditor)
Tetsuro Yamamoto, Statutory Auditor (Outside Auditor)

Reference Material for the General Meeting of Shareholders

Proposals and References

Item No.1: Approval of Proposed Retained Earnings Distribution

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 provide stable dividends to shareholders, while maintaining a sound financial structure and giving due consideration to trends in consolidates cash flows and future capital expenditures.

In accordance with the basic policy, as the term-end dividend for the 88th business term, it is proposed that the Company pay a dividend as described below.

- A dividend of ¥19.00 per common share, totaling ¥10,735,019,931
  As the Company paid an interim dividend of ¥18.50 per share, the total amount of dividends for the 88th term shall be ¥37.50 per share.
- Effective date for the dividend: March 27, 2008

Item No. 2: 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 a deficiency in the number of Statutory Auditors caused for any reason before expiration of his term of office, as the minimum number of Statutory Auditors required by law is three.

The board of Statutory Auditors has consented to submit this item to this ordinary general meeting of shareholders.

Name (Date of Birth)	Personal History, Incumbent Representative Directorship of Other Companies, and Incumbent Position/Responsibility of the Company	Number of Shares of the Company Held
S. Ikeda (Feb. 2, 1941)	4/1964 Joined Esso Standard Sekiyu K.K. (now ExxonMobil Y. K.) 8/1996 Representative Director, President, Exxon Chemical Japan Limited (now ExxonMobil Y. K.) 1/2001 Representative Director, General Manager, SNPE Japan K.K. 12/2001 Representative Director, Chairman, SNPE Japan K.K 3/2002 Statutory Auditor, Tonen Chemical Corporation 3/2002 Statutory Auditor, TonenGeneral Sekiyu K.K. 3/2007 Alternate Statutory Auditor, TonenGeneral Sekiyu K.K. (Present)	None

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

2. The above candidate, Mr. S. Ikeda, satisfies the qualification as an outside Statutory Auditor.
3. The Company has elected Mr. S. Ikeda as a candidate for alternate outside Statutory Auditor since he has served as an outside Statutory Auditor of the Company and its affiliate, and he can take advantage of his abundant expertise to perform duties as an outside Statutory Auditor from an independent position.