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## **Abolition of Directors Retirement Benefits Program and Introduction of Stock Compensation-Type Stock Options**

TonenGeneral Sekiyu K.K. (“the Company” herein; head office: Minato-ku, Tokyo; president: Jun Mutoh) announces a resolution adopted at its Board of Directors meeting today to abolish its retirement benefits program for Directors, along with a resolution to propose the introduction of stock compensation-type stock options at the 93<sup>rd</sup> Annual General Meeting of Shareholders scheduled for March 26, 2013. The details of the board resolutions are as follows:

1. Abolition of retirement benefits program for Directors

In accordance with the review of the remuneration system for Directors, the retirement benefits program for Directors will be abolished<sup>(1)</sup> effective July 1, 2013. For Directors who continue to serve after the Annual General Meeting of Shareholders scheduled for March 26, 2013, final payment of retirement benefits will be made in recognition of services up to the abolition of the retirement benefits program for Directors. Final payments will be made after the retirement of the Directors in question. The final payment of retirement benefits to Directors will be proposed at the Annual General Meeting of Shareholders.

2. Introduction of stock compensation-type stock options

The Company will grant Directors<sup>(2)</sup> stock acquisition right that is designed as “stock compensation-type” stock options (stock acquisition right which requires a cash contribution of one yen per share upon the exercise of each stock acquisition right, “the Stock Option”). The purpose of introduction of the Stock Option is for Directors to share the interests in stock price movement with shareholders and to further motivate them for contributing to the enhancement of corporate value of the Company. Compensation for Directors in the Stock Options will be proposed at the Annual General Meeting of Shareholders. The details of the Stock Option to be granted to Directors<sup>(2)</sup> are as follows:

(1) Class and number of shares underlying the stock acquisition rights

The class of shares to be issued upon the exercise of stock acquisition rights shall be Company’s common stock, and the number of shares underlying each stock acquisition right (the “Number of Shares Granted”) shall be 100; provided, however, that in the event the

Company carries out a stock split<sup>(3)</sup> or share consolidation of common stock of the Company, after the date of the resolution of this proposal (the "Resolution Date"), the Number of Shares Granted shall be adjusted according to the following formula below, with any fractional shares resulting from such adjustment being rounded down.

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment x Ratio of stock split<sup>(3)</sup> or share consolidation

If an event occurs after the Resolution Date that makes it necessary to adjust the Number of Shares Granted, the Company shall appropriately adjust the Number of Shares Granted as reasonable to keeping with the above.

(2) Total number of stock acquisition rights

The maximum number of stock acquisition rights that may be allocated to Directors<sup>(2)</sup> within one year after the date of the Annual General Meeting of Shareholders for the corresponding business year is 4,000.

(3) Amount of assets to be contributed upon the exercise of stock acquisition rights

The amount of assets to be contributed by the holder of the stock acquisition rights upon the exercise of each stock acquisition right shall be 100 yen, the amount obtained by multiplying (i) the exercise price per shares times (ii) the Number of Shares Granted, where the exercise price per shares to be received upon the exercise of stock acquisition rights shall be one (1) yen.

(4) Exercise period of stock acquisition rights

The exercise period of the stock acquisition rights shall be 30 years starting from the day following the Allocation Date which means the day on which the stock acquisition rights shall be allocated (the "Allocation Date").

(5) Restriction on acquisition of stock acquisition rights by transfer

Any transfer of stock acquisition rights shall be subject to the approval of the Board of Directors of the Company by resolution.

(6) Conditions for the exercise of stock acquisition rights

The person who has been granted stock acquisition rights shall be entitled to exercise such rights the earlier of the day 4 years after the day following the Allocation Date, and the day following the person's retirement from a Director's position in the Company. Any other conditions for the exercise of stock acquisition rights shall be determined by the Board of Directors of the Company by resolution.

(1) Amendment of the Defined Benefits Pension Plan with the abolition of the retirement benefits program for Directors is subject to the approval of the Ministry of Health, Labor and Welfare.

(2) Excluding Outside Directors

(3) Including a gratis allocation of the Company's common stock

*[The official language for TonenGeneral Sekiyu's filings with the Tokyo Stock Exchange and Japanese authorities, and for communications with our shareholders, is Japanese. We have posted English versions of some of this information on this website. While these English versions have been prepared in good faith, TonenGeneral Sekiyu does not accept responsibility for the accuracy of the translations, and reference should be made to the original Japanese language materials.]*