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Agreement to Seek Synergy Opportunities in Oil Product Supply

TonenGeneral Sekiyu K.K. (head office: Minato-ku, Tokyo; Representative Director and President: Jun Mutoh) has concluded a basic agreement with Showa Shell Sekiyu K.K. (head office: Minato-ku, Tokyo; Representative Director and President: Jun Arai) to seek synergy opportunities in the following four limited areas of their Refining/Supply and Distribution businesses. The objective is to make each company's oil product supply system more stable and efficient relative to the significant changes taking place in the downstream oil business environment.

1. Refining and Supply

- 1) Increased synergy effects for feedstocks in the Kawasaki refineries
- 2) Joint operation of crude vessels

2. Distribution

- 1) Joint operation of depots/terminals
- 2) Domestic marine transport of oil products and products exchange (including import/export)

The two companies have already been working to achieve synergy effects for feedstocks through a pipeline between the Kawasaki Refinery of TonenGeneral Sekiyu K.K. and the Keihin Refinery of Toa Oil Co., Ltd., a subsidiary of Showa Shell Sekiyu K.K. In addition to this arrangement in the Kawasaki area, the companies have exchange arrangements in place at refineries and depots/terminals.

The agreement therefore builds on and strengthens the existing cooperative relationship.

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[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.]