■JX Holdings (5020) analysts' meeting Q&A for Fiscal 2011 4Q

1. Date & time: Friday, May 11, 2012, 15:15–16:45
2. Attendees: 161
3. Principal questions:

—This document contains forward-looking statements. A cautionary statement appears in the endnote. —

Q. Profits in the Petroleum Refining and Marketing business were down ¥98.0 billion in fiscal 2011 compared with fiscal 2010 due to margins and other factors. Could you elaborate on this?

A. In addition to the erosion of light oil, export, and naphtha margins, other factors impacting profits included the effects from products with selling prices unaffected by rising crude oil prices, and problems at refineries.

Q. In the Oil and Natural Gas Exploration and Production business, you forecast an approximately ¥14.0 billion erosion in earnings in fiscal 2012 due to expenses and other factors. What other details can you provide?

A. The forecast includes increasing investment and maintenance and repair costs for expanding and maintaining existing oil field production and higher exploration costs resulting from increased new exploration development activities.

Q. What progress has been made on the Caserones Copper Mine development project? When will it begin to contribute to earnings?

A. Development of the Caserones Copper Mine is progressing steadily and is about 60% complete. In January 2013, we will begin production of refined copper using the SX-EW (solvent extraction-electrowinning) process. In September 2013, production of copper concentrate is slated to start. While the mine will begin to contribute to earnings in 2013, it will not begin producing copper concentrate in large volumes until September of that year, and full-scale production will not begin until 2014.

Q. What is the current status of the electronic materials business?

A. Sales in fiscal 2011 were below those of fiscal 2010. However, my feeling is that we bottomed out in the fourth quarter. Although we haven’t fully recovered, we should recover to some extent in the second half.

Q. Speaking of the synergistic effects of the merger, the initial net sales target was raised from ¥109.0 billion to ¥115.0 billion. Does this mean that we can expect a certain amount of rationalization and efficiency improvement targeted in the next medium-term management plan?

A. Though we are considering cost reductions in fiscal 2013 and beyond in the next medium-term management plan, we would also like to make additional efficiency improvements. We need to think this over with those working on-site and determine what it is that we want to achieve. We will implement an additional 200,000 barrel per day capacity reduction, cost reductions and efficiency improvements will result. These are some of the various things we will have to consider.

Q. Could you tell us something about the next medium-term management plan’s approach?

A. Although an official announcement will be released around this time next year, our investment strategy for maximizing corporate value will be a major part of the plan. The next medium-term management plan must address each project on an ongoing basis including paraxylene, lubricating oil, and coal projects in the Petroleum Refining and Marketing business, exploration projects yielding tangible results in the Oil and Natural Gas Exploration business, and the Quechua Copper Mine project in the Metals business. We will continue to prioritize these and other new projects as well, starting with those that offer the greatest opportunity, and allocate business resources accordingly.

This document contains forward-looking statements. Actual results may differ materially from those expressed or implied by forward-looking statements due to various factors, including but not limited to the following:

(1) macroeconomic conditions and changes in the competitive environment in the energy, resources, or materials industries;

(2) revision of laws and tightening of regulations;

(3) risk of lawsuits and other legal risks.