
■JX Holdings (5020) analysts' meeting Q&A for Fiscal 2011 3Q

1. Date & time: Friday, February 3, 2012, 16:00–17:00
 2. Attendees: 92
 3. Principal questions:
-

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

Q. What were the market conditions for petroleum products in the third quarter (October-December)?
Also, what are your assumptions for the fourth quarter (January-March)?

A. Third quarter market conditions were harsh, with rising crude oil prices. However, market conditions have picked up in January, so our assumption is that this will continue in the fourth quarter.

Q. What is the status of the Sendai Refinery?

A. It began trial operation on January 14, but this is only one step toward restoring operation after it has been suspended for almost one year. However, if the trial goes as planned, we may have a chance to go into full operation sometime in February.

Q. If the Sendai Refinery begins full operation, how will this affect the profit?

A. As the Sendai Refinery possesses one of Japan's leading cracking capacities, if it resumes full operation, its impact should be positive since we will be able to reduce transportation cost from our western refineries to northern markets and also our purchases of petroleum products from outside, which is relatively more expensive than that which we produce.

Q. It is said that market conditions for petrochemical products have recently picked up, what is the future outlook?

A. While it depends on the product, demand for polyester, the final product of paraxylene, our principal product, is strong and so paraxylene market conditions should remain steady.

Q. What was the impact of the landslide near your LNG plant in Papua New Guinea that is now under construction?

A. On January 24, there was a landslide that briefly interrupted construction work on the LNG project-related facility, but the operator of the site, ExxonMobil, conferring with the Papua New Guinea government, supported restoration of the affected area and construction work was resumed. We are now checking what impact this had on the project.

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

A. Sales of all electronic materials products fell below our forecast announced in November. Slumping home electronics and IT-related products (which electronic materials are used in) along with related

inventory adjustments have had a significant impact. The adjustments are going, but they should recover in the second half of 2012.

Q. In addition to the targets set out in the Medium-Term Management Plan, JX Holdings has an ordinary income view of ¥500 billion in its Long-Term Vision towards Fiscal 2015. Have subsequent changes altered this target?

A. While our recent focus has been on achieving our first Medium-Term Management Plan targets, we are now formulating our second Medium-Term Management Plan. Looking at recent crude oil and copper prices and the synergy we have built up, we believe that we can fully achieve our first Medium-Term Management Plan targets. If the Caserones Copper Mine commences production next year and recent copper prices continue, that should contribute more than ¥40 billion to ordinary income. If these sorts of things continue, ordinary income of ¥500 billion could become possible.

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.