
■JX Holdings (5020) Analysts' meeting Q&A for the Fiscal Year ended March 31, 2014

1. Date & time: Friday, May 9, 2014 (16:15–17:30)
 2. Attendees: 145
 3. Principal questions:
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—This document contains forward-looking statements. A cautionary statement appears in the endnote.—

Q. The refining margin is improving at the moment, but what types of measures will JX consider in order to maintain and further improve this margin?

A. Currently, the refining margin is improving, as supply has been adjusted due to factors such as oil companies' efforts to comply with the Sophistication of Energy Supply Structure Act, as well as regular springtime repairs. Going forward, we will continue to maintain an appropriate supply platform to match demand.

Q. JX is expecting a return of ¥25 billion on strategic investments in fiscal 2014, but what is the breakdown of this by segment? Also, what level of return does the company expect in fiscal 2015 when the projects are operating at full steam?

A. Of the ¥25 billion in return on strategic investments in fiscal 2014, we expect ¥5 billion to come from the Energy Business, ¥10 billion to come from the Oil and Natural Gas Exploration and Production Business, and ¥10 billion to come from the Metals Business. Most of the strategic investment projects that will start in fiscal 2014 will start operating at full steam in the second half of the calendar year. In fiscal 2015, if these projects continue to operate at full capacity in a stable manner, we are expecting a return of ¥110 billion, which is the target in the Second Medium-Term Management Plan.

Q. JX announced at this release of operating results that the company will implement measures to bolster the balance sheet. What will the details of those measures be?

A. We will construct measures to enhance our balance sheet to enable us to strengthen our financial condition and to achieve future growth. Specifically, we will consider a variety of measures across all of the Group's businesses, including curbing investment, revising investment plans, and selling stock and other assets. However, we plan to continue to steadily make long-term investments, including investments in resource development.

Q. What are JX's plans for shareholder returns in the Second Medium-Term Management Plan? Will the measures to strengthen the balance sheet have an impact on JX's policy concerning shareholder returns?

A. The policy on shareholder returns in the Second Medium-Term Management Plan remains unchanged from before. We will expand shareholder returns centering on increasing dividends when we secure stable profitability in existing businesses and foresee the realization of returns from strategic investments. This is unrelated to our efforts to strengthen the balance sheet.

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.