
■ JX Holdings (5020) Analysts' Meeting Q&A for the second quarter ended September 30, 2014

1. Date & time: Tuesday, November 4 (16:00—17:30)
 2. Attendees: 180
 3. Principal questions:
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—This document contains forward-looking statements. A cautionary statement appears in the endnote.—

- Q.** The Petroleum Refining and Marketing business posted an ordinary loss of ¥14.0 billion in the April – September period. What were the main factors behind this loss?
- A.** There was a higher-than-usual concentration of periodic repairs during the fiscal first half, which led to an increase in one-time repair costs, etc. In addition, the inclement summer weather brought about a larger-than-expected decline in sales. The increase in refining costs due to the impact of the decline in sales offset the improvement in petroleum product margins. Going forward, we will continue to work to improve profits by implementing cost-cutting measures at each stage in the supply chain.
- Q.** In your strategic investment projects, there have been delays in the launches of both the Caserones Project in the Metals business and the oil field project in the UK North Sea in the Oil and Natural Gas Exploration and Production business. What are the reasons for these delays?
- A.** With respect to the Caserones Project, defects were found in some of the equipment, and it took time to replace those parts. We are now working hard to reach full operation during November. Concerning the Kinnoull Field Project in the UK North Sea, the start of production has been delayed in conjunction with delays in the completion of large-scale repairs to shipment-related facilities. We are currently aiming to begin production during November.
- Q.** Profits have been lackluster in fiscal 2013 and so far in fiscal 2014. Is it possible to reach the target ordinary income of ¥400 billion set in your Second Medium-Term Management Plan?
- A.** The business environment, including resource prices and exchange rates, has changed since March 2013 when we announced the Second Medium-Term Management Plan. However, we feel that we can achieve our targets if we work on improving profits in the Petroleum Refining and Marketing business, thereby ensuring stable profits from existing businesses, and also earn the returns that we expect from our strategic investments.

Q. Have you made any changes to your shareholder return policy in this announcement of financial results?

A. We have made no changes to our shareholder return policy. At the point when we are securing stable profits from existing businesses and foresee the realization of returns from our strategic investments, we will increase shareholder returns, centering on dividend increases.

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.