

1. Date & time: Wednesday, May 11, 2016 (17:30–19:00)
 2. Attendees: 160
 3. Principal questions:
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—This document contains forward-looking statements. A cautionary statement appears in the endnote.—

Q. You explained that fiscal 2015 ordinary income in the midstream and downstream businesses exceeded the targets set in the 2nd Medium-Term Management Plan, but what is your assessment of the midstream and downstream businesses?

Also, you explained that you will shift the weight of investment from the upstream business to the midstream and downstream businesses. Please discuss your future investment stance.

A. Ordinary income in the midstream and downstream businesses include the impacts of low crude oil prices and the weaker yen, both of which positively impact profits, so we are not satisfied. In fiscal 2015, resource prices dropped, which hurt earnings in the upstream business and improved earnings in the midstream and downstream businesses, but we are not going to reduce investment in the upstream business and expand investment in the midstream and downstream businesses just because of these outcomes.

Q. You talked about curbing future investment in the upstream business and striving to build a portfolio capable of withstanding low crude oil prices, but do you intend to not increase investment no matter what happens to crude oil prices?

A. We believe that investments in the upstream business are highly-profitable and a growth strategy that will become the base for stable supply. We will consider investments, taking our balance sheet and our portfolio's ability to withstand oil price declines into consideration.

Q. Cost reductions were not included in your explanation of the fiscal 2016 forecast. Does this mean that you think that you don't need to reduce costs because you are seeing decent profit excluding inventory effects?

A. We are proactively working to reduce costs in all business areas in the upstream business as well as the midstream and downstream businesses. We are also aggressively working to improve cash flow, including asset sales, and reviewing our investments, as well as prioritizing investments in projects which will allow us to quickly earn a return on the investment.

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.