

1. Date & time: Tuesday, November 8, 2016 (16:00—17:00)
 2. Attendees: 126
 3. Principal questions:
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—This document contains forward-looking statements. A cautionary statement appears in the endnote.—

Q. Please tell us the status of the Japan Fair Trade Commission's review of the management integration with TonenGeneral Sekiyu?

A. The review is currently in progress, so I will not comment on this.

Q. Why were the margins in the Petroleum Refining Business lower in the July – September period than your announced forecasts? Are you concerned that margins will be weak in the fiscal second half?

A. The main reason was that the margins in July deteriorated due to the time lag at the time when crude oil prices were declining. We expect margins to be as forecast in the fiscal second half.

* Time lag refers to the difference in timing of the selling price and cost of petroleum products. The selling price of petroleum products reflects the latest crude oil prices, while costs reflect the price of crude oil purchased approximately 1 month earlier (the price of crude oil in the shipment month in oil producing countries). As a result, a temporary discrepancy between selling prices and costs arises during periods of fluctuating crude oil prices.

Q. What is the status of the Caserones Project?

A. The operating rate was approximately 70% of full-scale in the fiscal first half, partially due to deteriorating weather conditions. Currently, the improvement program we established based on discussions with a consultant is progressing on schedule.

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.