

Security Code

Tokyo 5020

# JX Group Strategy Presentation

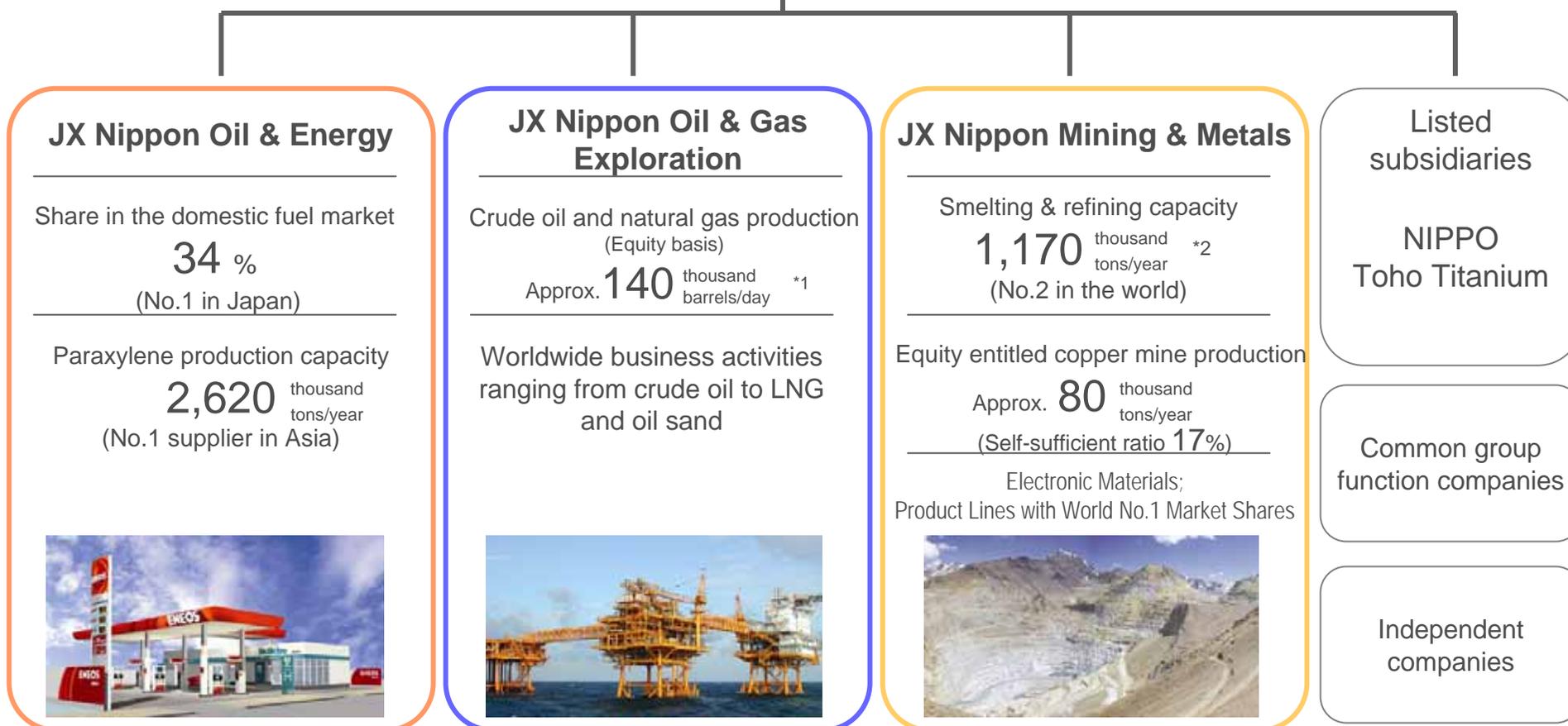
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June, 2010





## JX Holdings, Inc.



### JX Nippon Oil & Energy

Share in the domestic fuel market

**34 %**  
(No.1 in Japan)

Paraxylene production capacity

**2,620** thousand tons/year  
(No.1 supplier in Asia)



### JX Nippon Oil & Gas Exploration

Crude oil and natural gas production  
(Equity basis)

Approx. **140** thousand barrels/day \*1

Worldwide business activities ranging from crude oil to LNG and oil sand



### JX Nippon Mining & Metals

Smelting & refining capacity

**1,170** thousand tons/year \*2  
(No.2 in the world)

Equity entitled copper mine production

Approx. **80** thousand tons/year  
(Self-sufficient ratio **17%**)

Electronic Materials;  
Product Lines with World No.1 Market Shares



Listed subsidiaries

**NIPPO**  
**Toho Titanium**

Common group function companies

Independent companies

\*1 Crude Oil Equivalent

\*2 Pan Pacific Copper 610 thousand tons/year (66.0% equity stake) + LS-Nikko Copper 560 thousand tons/year (39.9% equity stake)

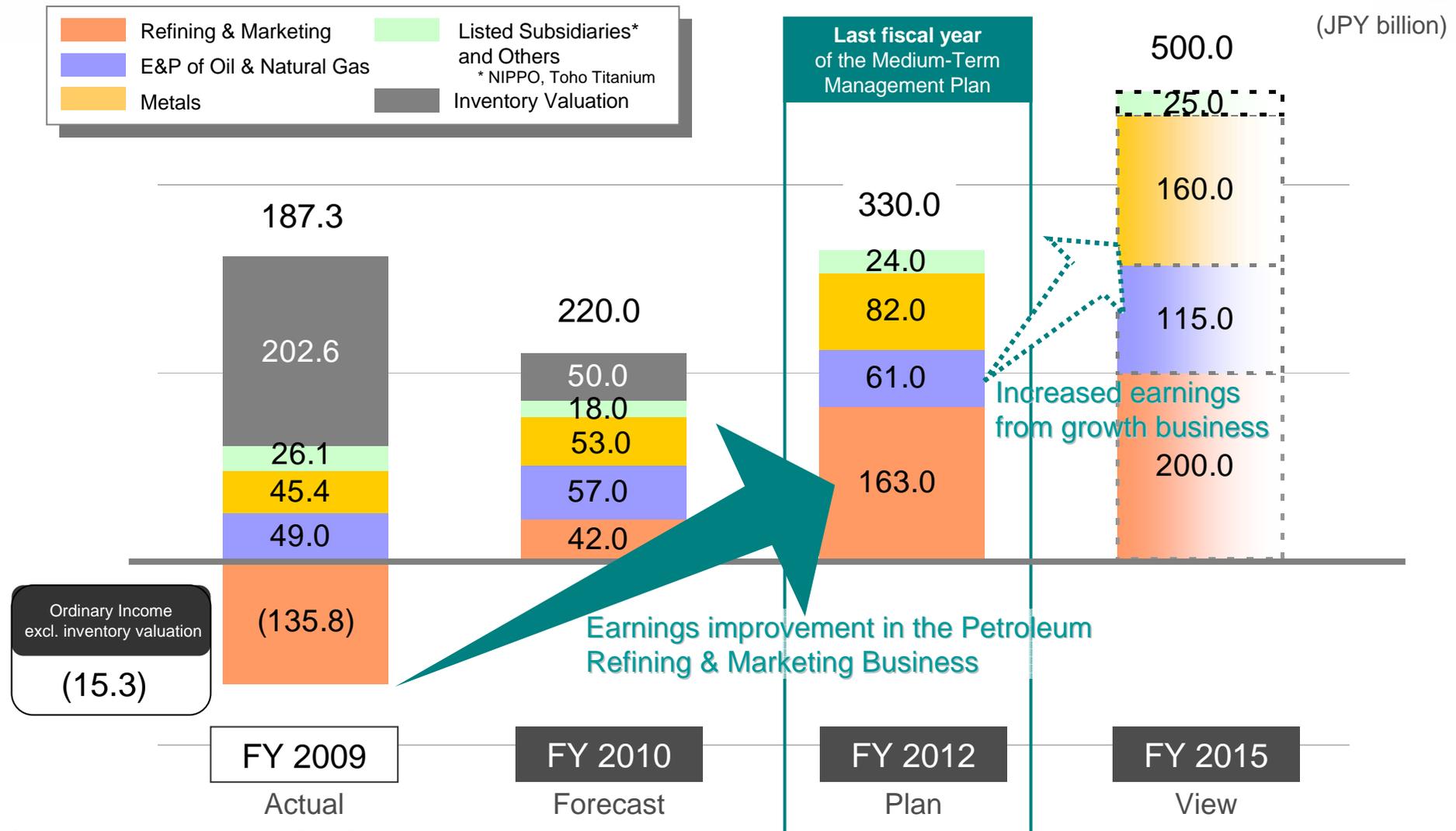
# Medium-Term Management Plan for FY 2010-2012 (Key Factors and Targets)



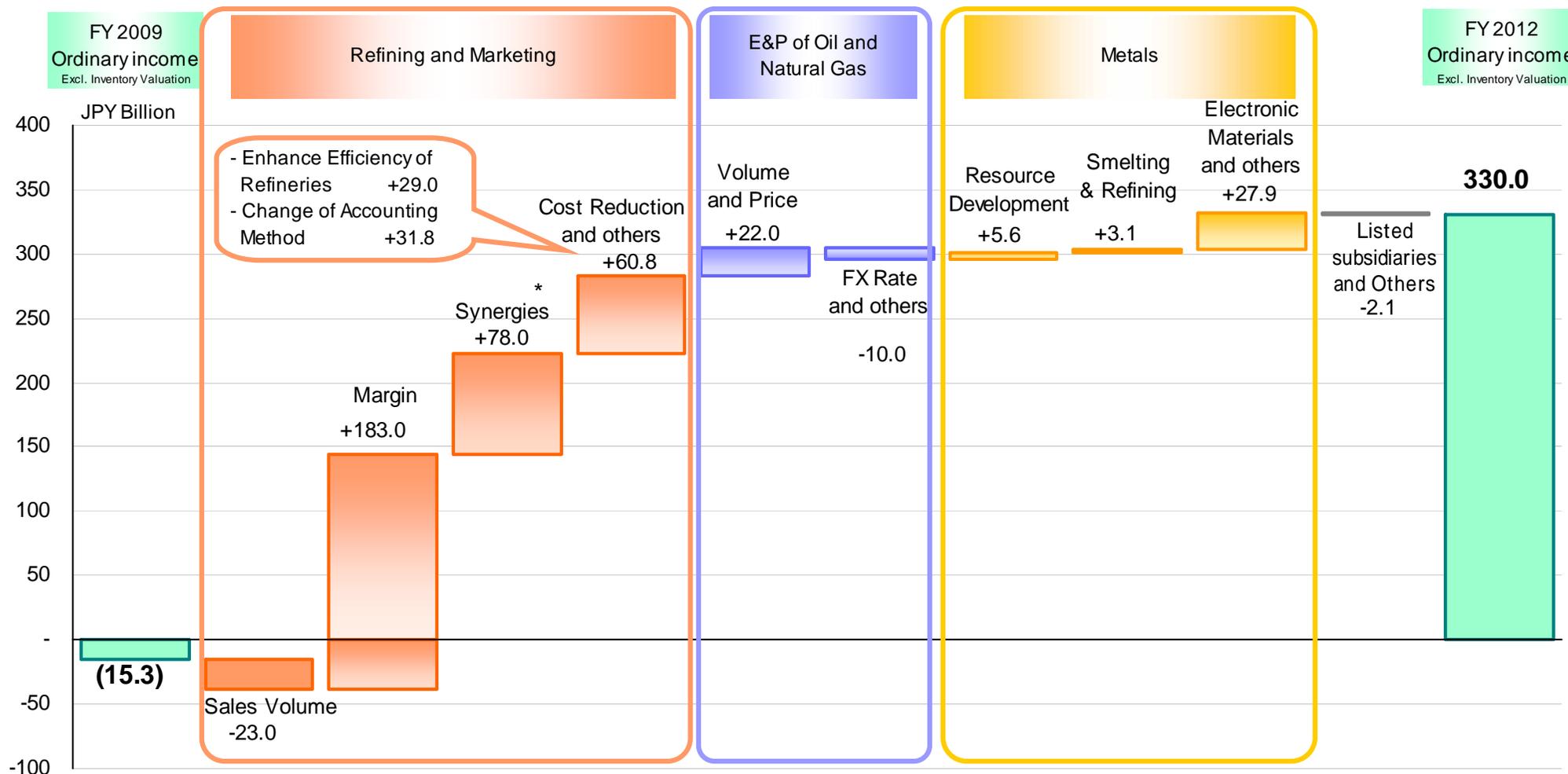
Key Factors (FY 2012)	Exchange rate	90 ¥/\$
	Crude oil FOB (Dubai spot)	80 \$/bbl
	Copper price (LME)	280 ¢/lb
Targets (FY 2012)	Ordinary Income	¥ 300.0 billion or more
	ROE	10% or higher
	Net Debt / Equity ratio	1.0 times
	Capital expenditure and investments	¥ 960.0 billion (FY2010-2012 total)
	Dividend policy	Redistribute profits by reflecting consolidated business results while striving to maintain stable dividends

Note: Market values of assets and liabilities are currently being calculated in conjunction with the business integration. Although the assessed market values may affect various assumptions, the above numerical targets exclude these valuation effects.

# Earnings Plan (Ordinary Income)



# Changes in Ordinary Income by Segment FY 2009 Actual vs. FY 2012 Plan



\*Total of Synergies will be ¥80.0 billion including Metals business

# Refining & Marketing Business (JX Nippon Oil & Energy)

## Basic Strategy

### ➤ Dramatically transform the business

- Realize integration synergies
- Develop the No.1 competitiveness of Refining & Marketing in Japan
- Enhance overseas business to meet increasing demand in Asia
- Develop new energy businesses

## Major Tasks

- (1) Realize integration synergies of ¥80.0 billion and enhance efficiency of refineries
- (2) Reduce refining capacity by 400 thousand barrels/day
- (3) Formulate a growth strategy for the future



¥300.0 billion improvement

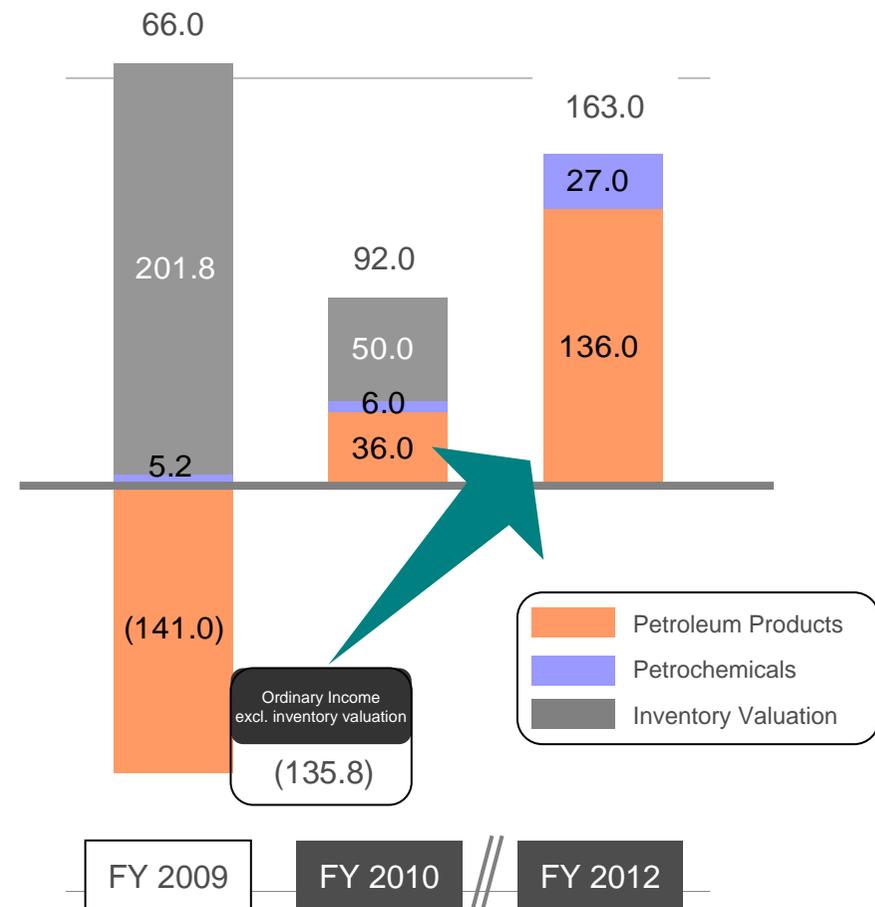
in ordinary income (excl. inventory valuation) in FY 2012 (vs. FY 2009)

Three-year total:

Disciplined investments equivalent to around 80% of depreciation and amortization

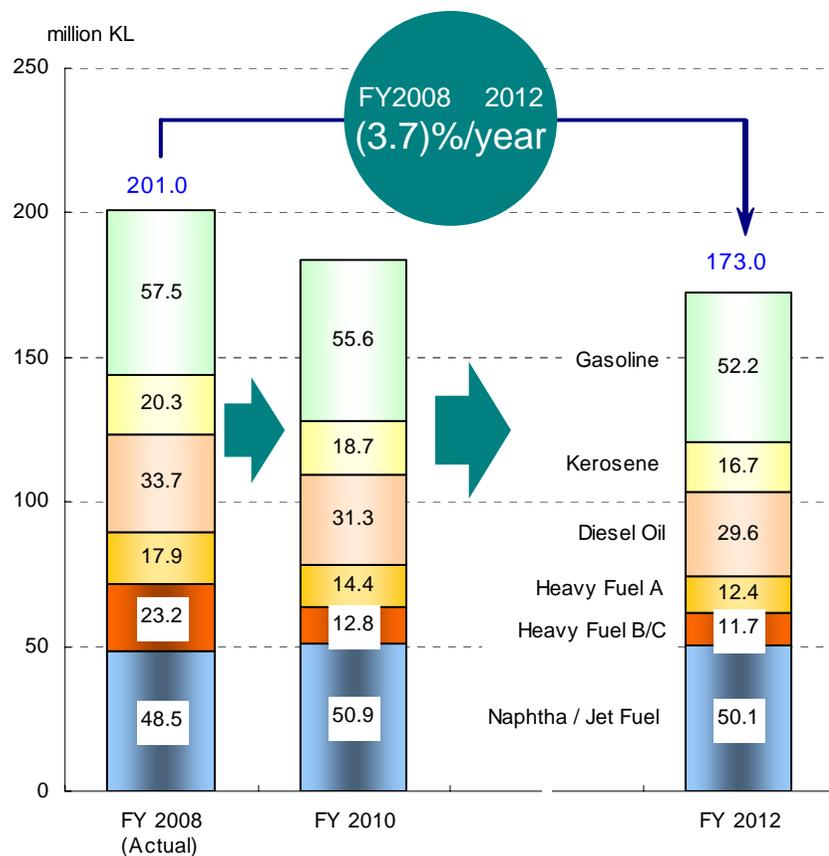
## Ordinary Income (Refining & Marketing)

(JPY billion)



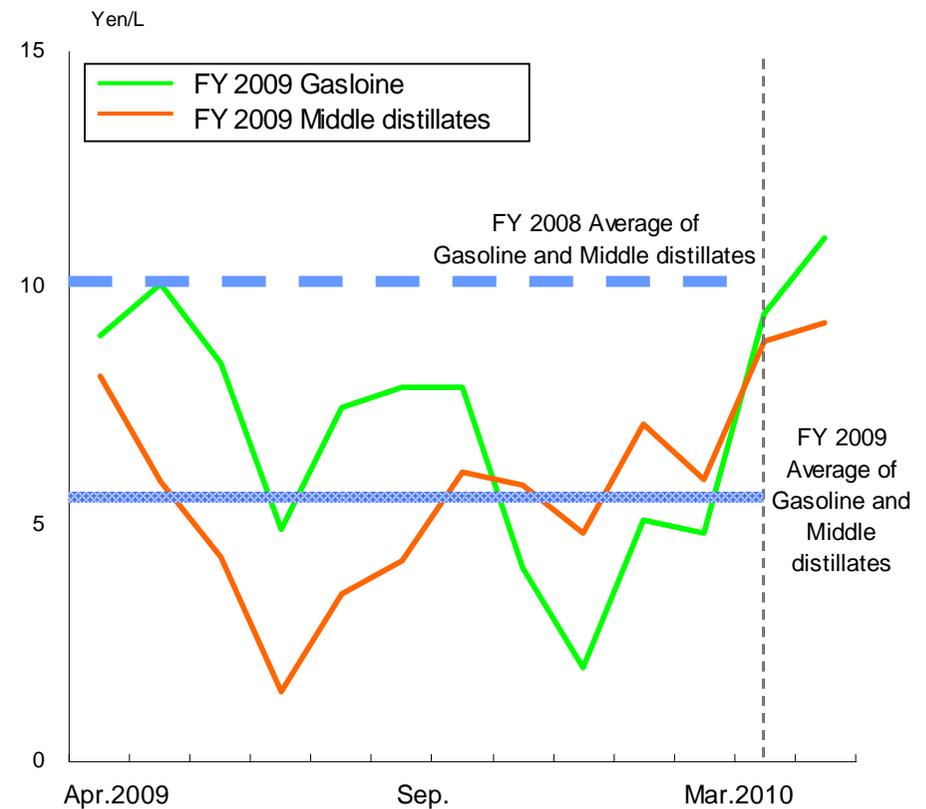
# Trends in the Domestic Petroleum Products Market

## Domestic Demand Outlook for Fuel



Source: Advisory Committee on Energy and Natural Resources information

## Price Spread \* for Petroleum Products

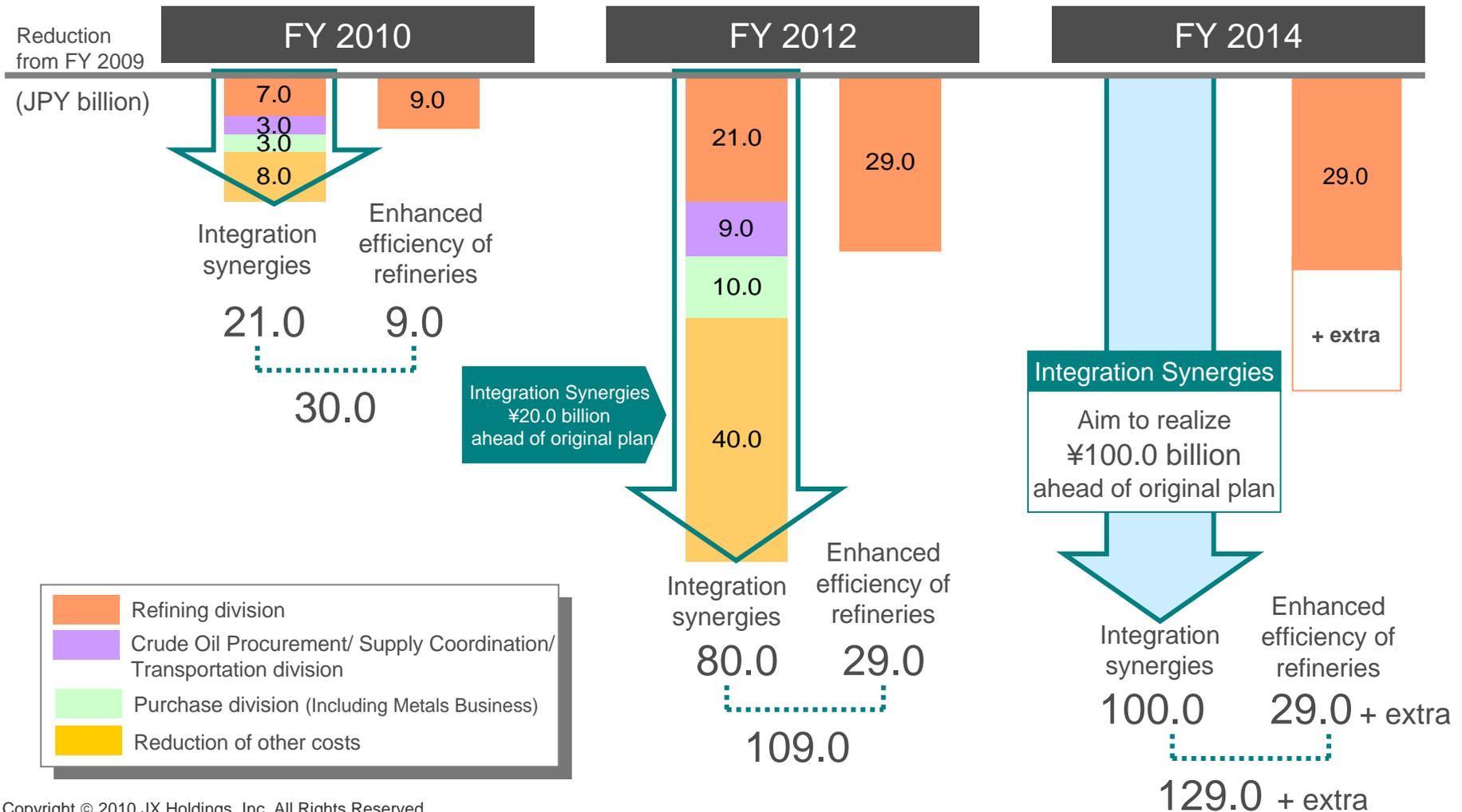


\* Spot price - Crude Oil CIF Japan (including petroleum tax and interest)



(1) Realize integration synergies of ¥80.0 billion and enhance efficiency of refineries

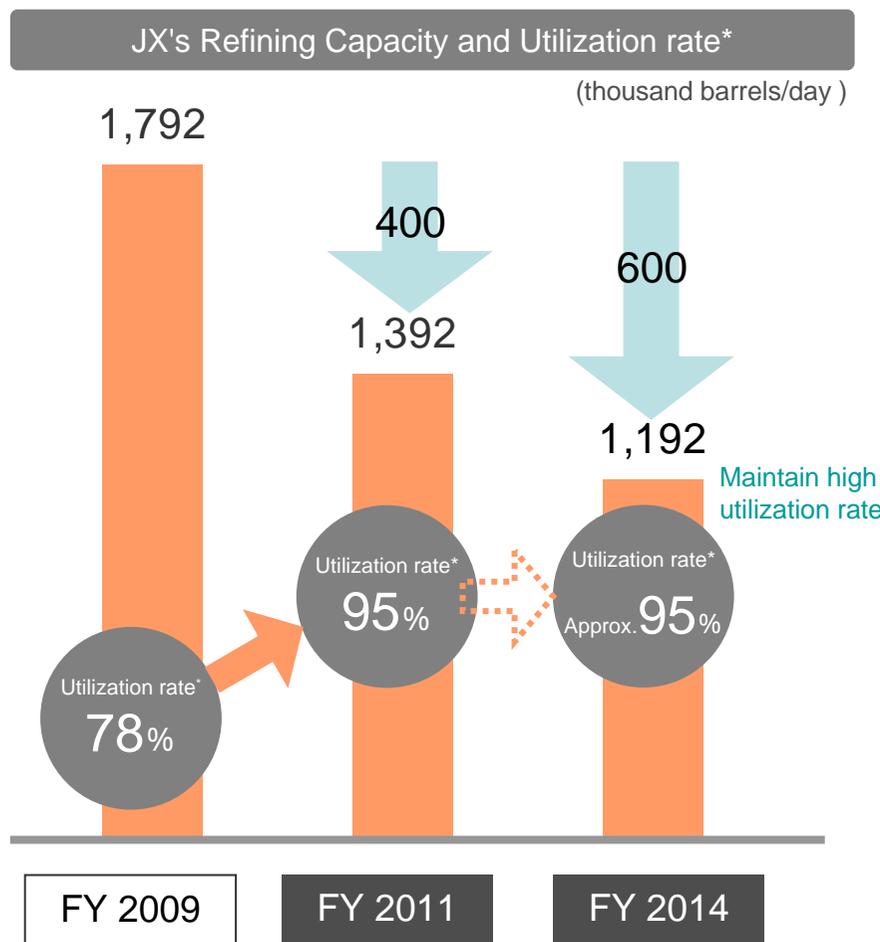
Synergy effects of ¥80.0 billion (¥20.0 billion ahead of schedule) + ¥29.0 billion from enhanced oil refinery efficiency





(2) Reduce refining capacity by 400 thousand barrels/day

Streamline Japan's leading oil refinery operation ahead of a demand decline



**Refining Capacity Reduction Schedule**

**By March 2011**

- Capacity reduction -  
**400** thousand barrels/day

<breakdown list>

Refinery	Refining Capacity (thousand barrels/day)	Time Schedule	Notes
Negishi	70	Oct. 2010	Expected to terminate operation of CDU No.2
Osaka	115	End of FY 2010	Expected to be redirected and operated by a joint venture with China National Petroleum Corporation
Mizushima	110	Jun. 2010	Expected to terminate operation of CDU No.2
Oita	24	May 2010	Expected to terminate operation of CDU No.1
Kashima	21	May 2010	Expected to reduce refining capacity of CDU No.1
Toyama	60	Mar. 2009	Already reduced
<b>Total</b>	<b>400</b>		

**1 year ahead of original schedule**  
**By the end of March 2014**

- Further Capacity reduction -  
**200** thousand barrels/day

Consider further accelerating capacity reduction depending on the supply/demand environment

\*1 Utilization rate of Crude Distillation Unit excluding the impact of periodic repair



## Basic Strategy

- Maintain and expand production over the medium/long term

## Major Tasks

- (1) Lay the groundwork for growth
- (2) Restructure the asset portfolio

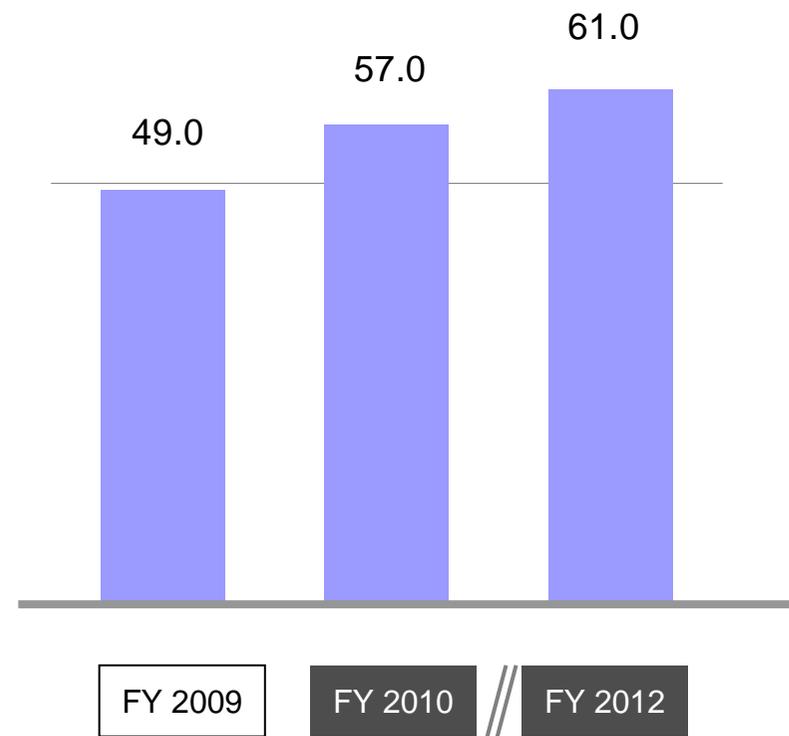


Three-year total:

Investment of ¥320.0 billion

## Ordinary Income (E&P of Oil & Natural Gas)

(JPY billion)





# (1) Lay the groundwork for growth

## ■ Reserve replacement & expansion

Primarily through exploration  
 Increase future production  
 Asset acquisition with (comprehensive pre-investment) risk analysis

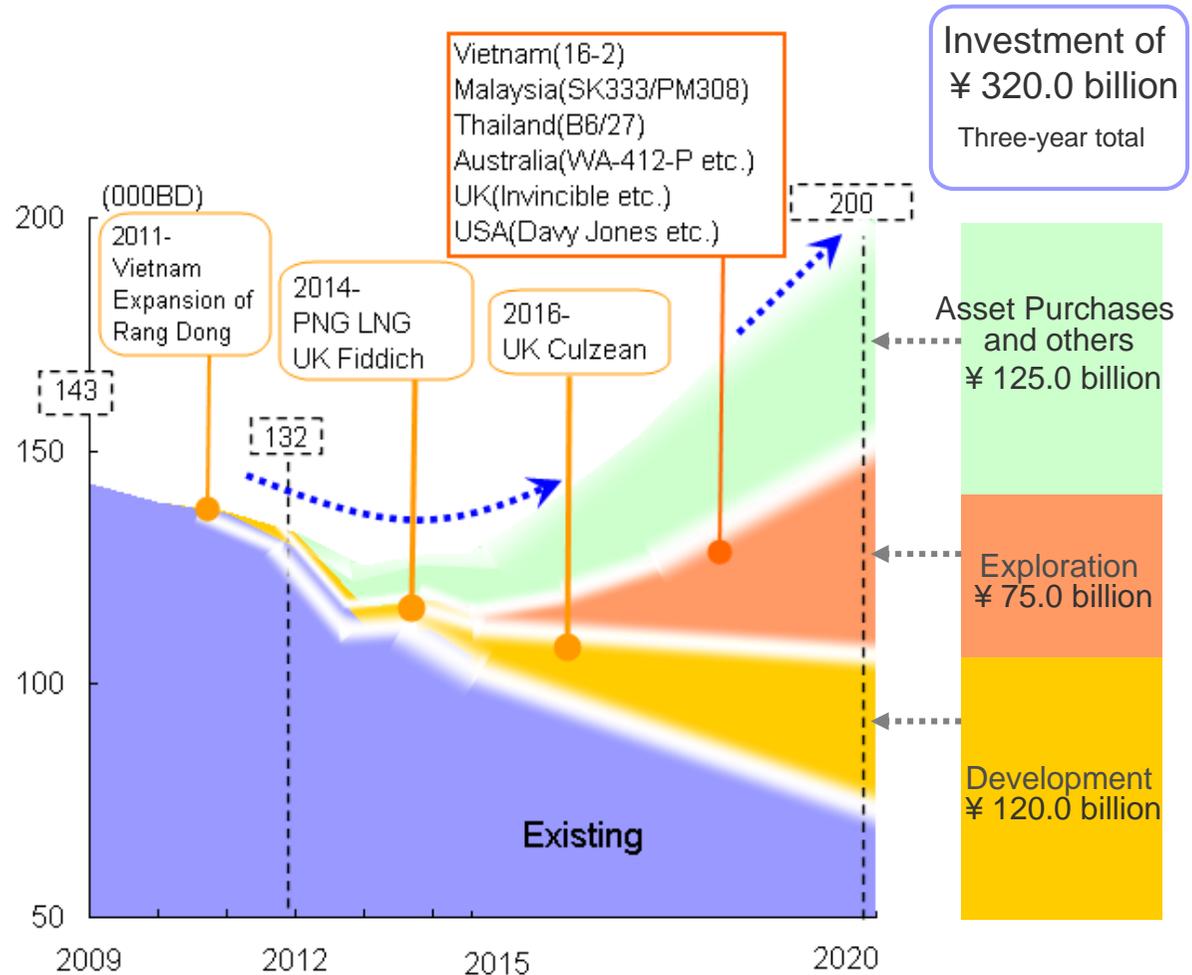
## ■ Pursuit of additional development projects

Pursuit of additional development mainly on core countries of operation

## ■ Involvement in new technologies

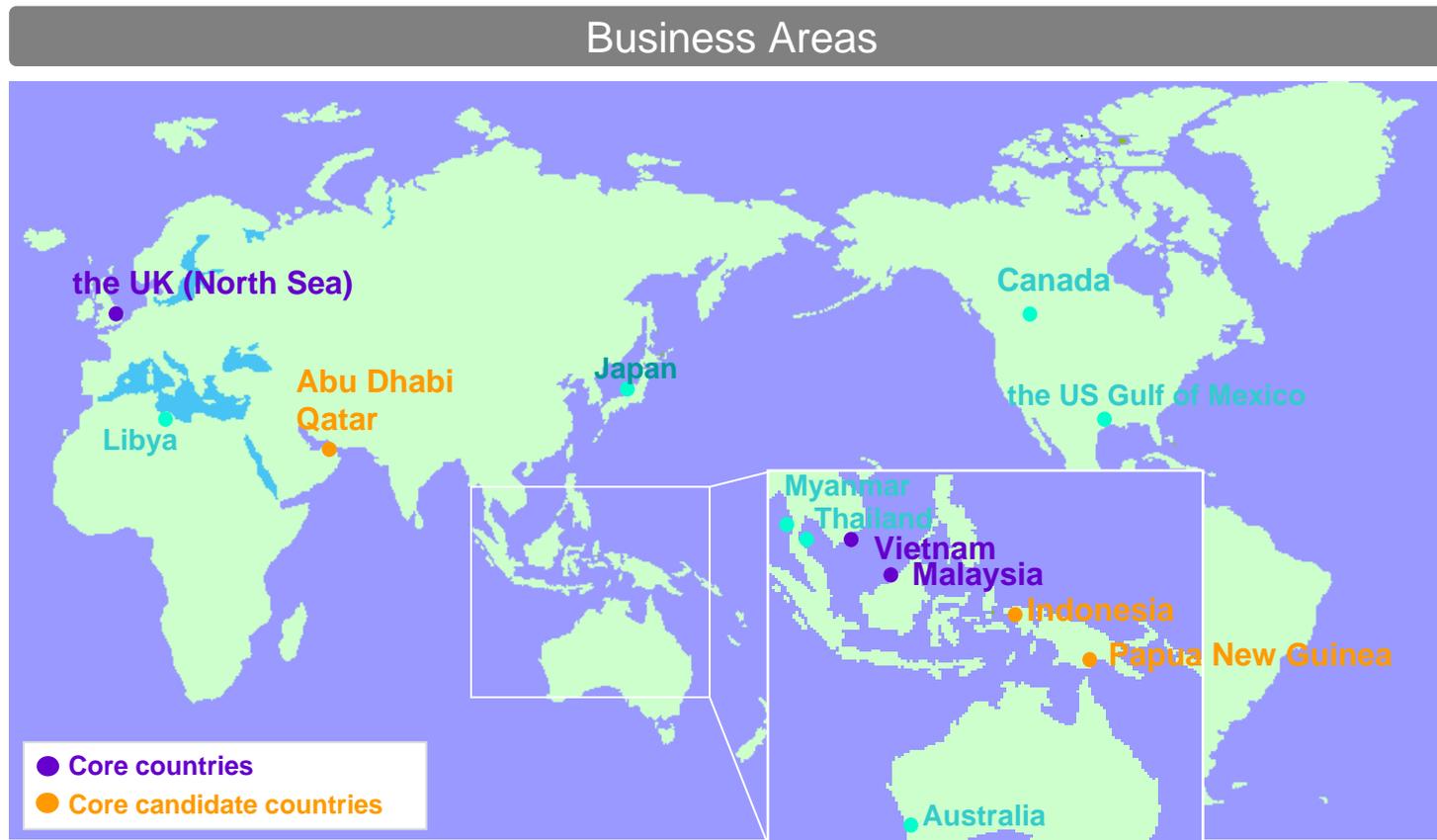
Apply the knowledge accumulated as an operator  
 Involvement in new technologies for enhanced oil recovery etc.

## Production Schedule / Investment Plan



## (2) Restructure the asset portfolio

Allocate resources with a focus on core countries of operation (Vietnam, Malaysia, the UK (North Sea))



We play a central role in production activities as an operator in Japan, Vietnam, Malaysia, the US Gulf of Mexico, and the Middle East. We are also active as an operator in exploration operations in the UK North Sea and Australia.



# Metals Business (JX Nippon Mining & Metals)

## Basic Strategy

- (Resource Development / Smelting & Refining)
  - Development of a balanced, highly profitable business structure by increasing the equity entitled copper mine production
- (Recycling & Environmental Services and Electronic Materials, etc.)
  - Profitability improvement from business development satisfying high-growth market needs

## Major Tasks

- (Resource Development / Smelting & Refining)
  - (1) Mine development / Development of new copper-refining technology
- (Recycling & Environmental services and Electronic Materials, etc.)
  - (2) Product development and market creation targeting growth sectors

Three-year total:  
 Investment of ¥300.0 billion (of which, ¥200.0 billion in Resource Development)

## Ordinary Income (Metals)





# (1) Mine development / Development of new copper-refining technology

## ■ Mine development

Caserones Mine in Chile

(Construction phase)

> Start production in FY 2013

Quechua Mine in Peru

(Feasibility study phase)

> Start construction in 2012, start production in 2014

## ■ Development of new copper-refining technology

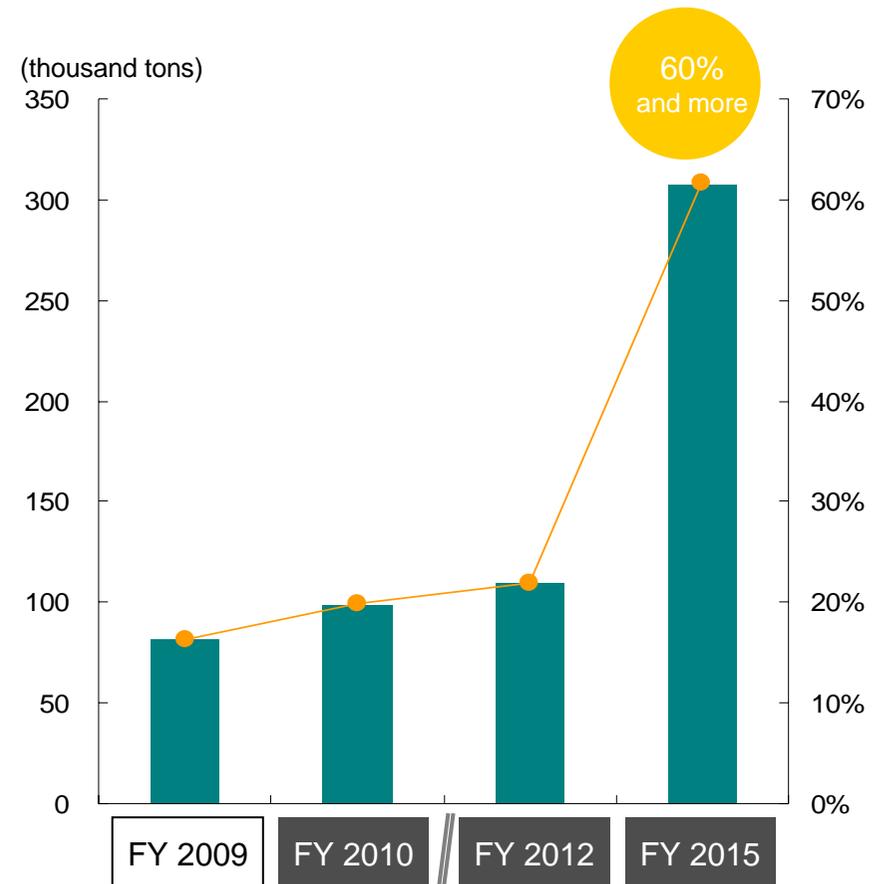
N-Chlo Process technology

Bio-mining technology

Application to low-grade ore

Expand range of potential mining interests

Equity entitled copper mine production\*1 (Left) and Self-sufficient ratio\*2 (Right)



\*1 Total of Nippon Mining & Metals and Pan Pacific Copper

\*2 Equity entitled copper mine production / Necessary amount of concentrates (copper tons) for PPC, excluding scrap



## (2) Product development and market creation targeting growth sectors

### ■ Recycling & Environmental Services

Put the Hitachi Metal Recycling Complex (HMC) plant into full operation  
 Quickly bring overseas scrap collecting facility (Taiwan) up to full strength  
 Develop and commercialize used-battery recycling technologies

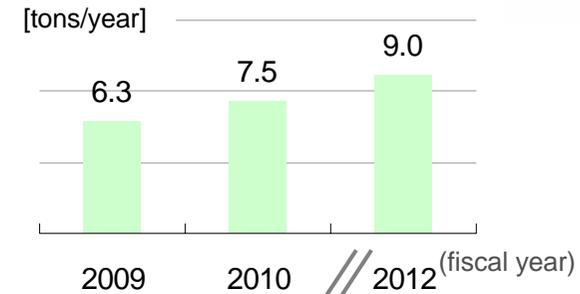
### ■ Electronic Materials

Increase HA foil sales; enhance rolled copper foil performance  
 (bending durability, heat-cool durability, etc.)  
 Increase market share of target material in leading-edge  
 semiconductor lines  
 Enhance copper sheet & strip business through the integrated “Rolling  
 + Plating + Pressing” structure after integration of Nikko Fuji  
 Electronics and acquisition of Sanyu Electronic  
 Commercialize UBM plating, cathode materials for automotive lithium-  
 ion batteries, etc.

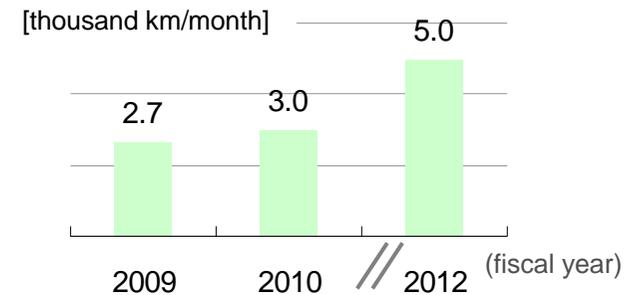
### ■ Polysilicon for photovoltaic power generation

promote the Japan Solar Silicon (JSS) business  
 Rapidly build 4,500 tons/year production capacity

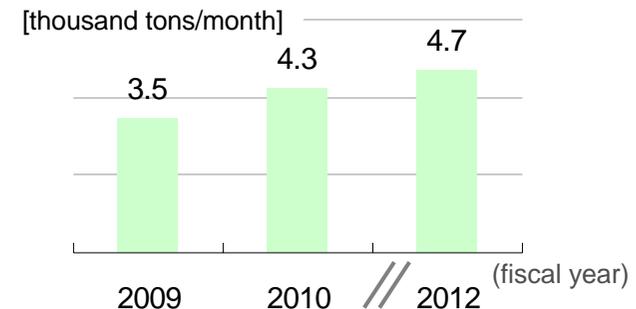
Gold recovery volume by Metals Recycling



Treated Rolled Copper Foil Sales



Precision Rolled Products Sales



# Capital Expenditure & Investments



(JPY billion)

Capital expenditure & investments		Depreciation & amortization	
Refining & Marketing	300.0		375.0
<i>Strategic investments</i>	150.0		
<i>Maintenance and others</i>	150.0		
E&P of Oil & Natural Gas ( <i>Strategic investments</i> )	320.0		148.0
Metals	300.0		82.0
<i>Strategic investments</i>	220.0		
<i>Maintenance and others</i>	80.0		
Listed Subsidiaries and Others ( <i>Maintenance and others</i> )	40.0		51.0
<b>Capital expenditure &amp; investments (3 years total)</b>	<b>960.0</b>	<b>Three-year total</b>	<b>656.0</b>
<i>Strategic investments total</i>	<b>690.0</b>		

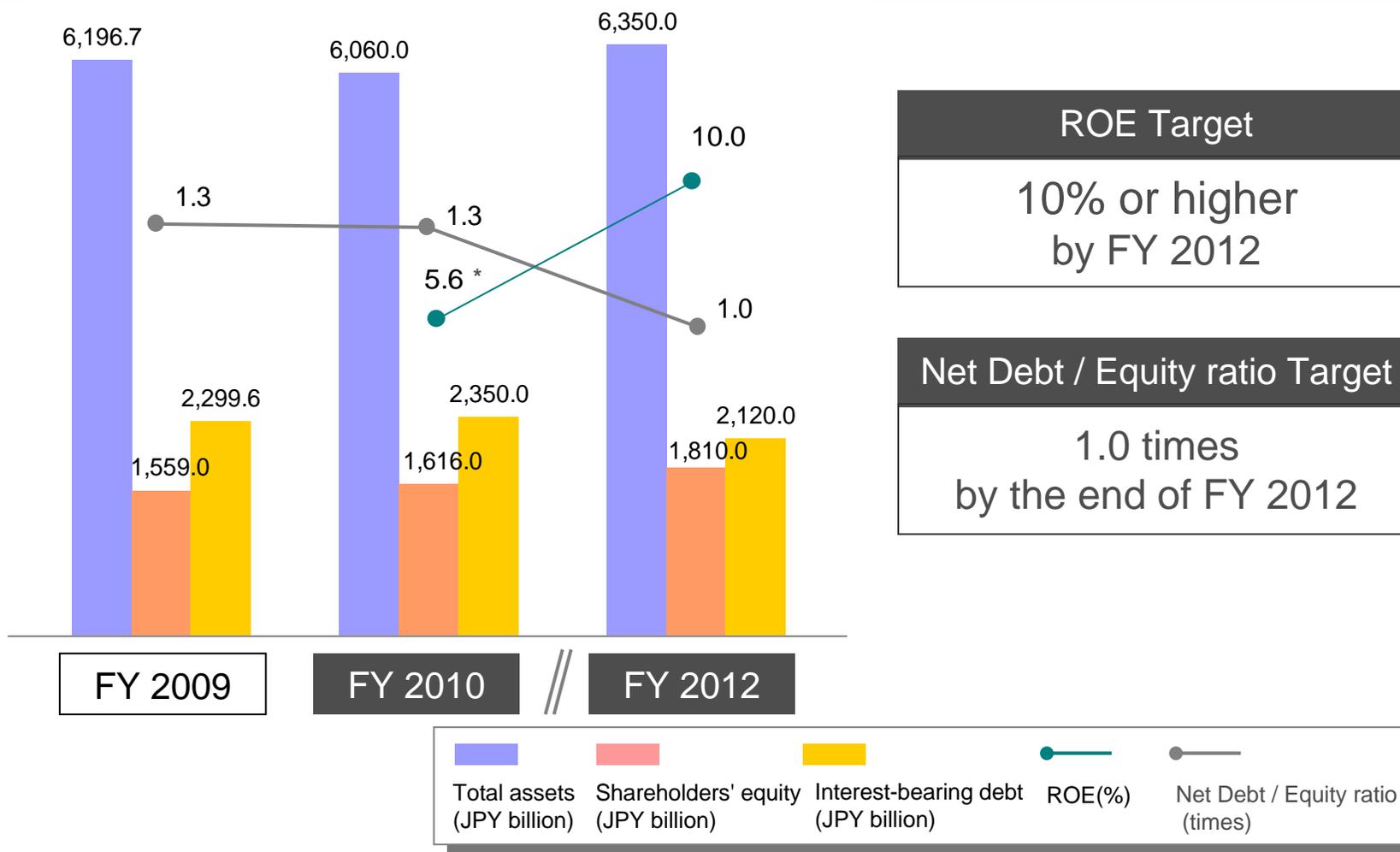
Investment greatly exceeding depreciation and amortization in E&P and Metals Businesses

70% into strategic investments

# Financial Position



Balance growth investment with improvements in financial condition





## Basic Dividend Policy

Redistribute profits by reflecting consolidated business results while striving to maintain stable dividends

## FY 2010 Dividends (Forecast)

Cash dividend per share (Forecast)			Payout ratio * (consolidated) (excluding special gain/loss)	Dividends on equity ratio (consolidated)
End of 2nd quarter	Year-end	Full year	(Forecast)	(Forecast)
¥7.5	¥7.5	¥15.0	30%	2.3%

\* Pro forma figures that exclude the impact of special gains and losses, net of ¥140.0 billion, which includes ¥180.0 billion in special gains due to one-time write-down of negative goodwill in the fiscal year ending March 31, 2011.

# Formulate a growth strategy for the future

Dramatically transform the business

Develop the No.1 competitiveness of Refining & Marketing in Japan



- Bolster refinery competitiveness
- Restructure the LPG business
- Execute LNG import facility project etc.

- Increasing petrochemicals production (paraxylene, specialty & performance chemicals, etc.)
- Forge ahead in new energy businesses (fuel cells, solar cells, storage cells)



- Expand the overseas lubricants business
- Acquire additional coal interests

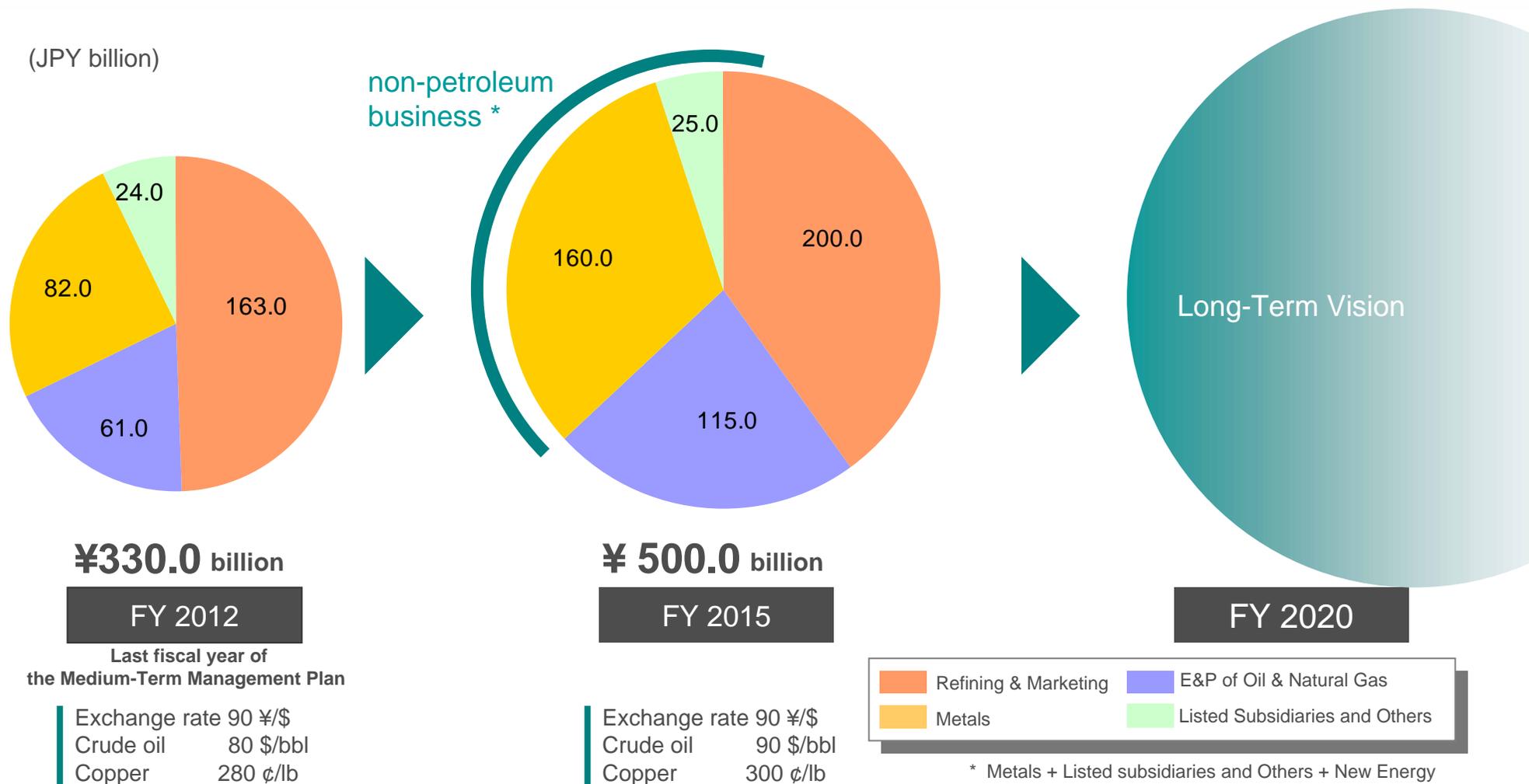
Enhance overseas business to meet increasing demand in Asia

Long-Term Vision

# Business Portfolio for FY 2015 (Ordinary Income)



Increase ordinary income from non-petroleum businesses\* to ¥200.0 billion (around 40% of total)

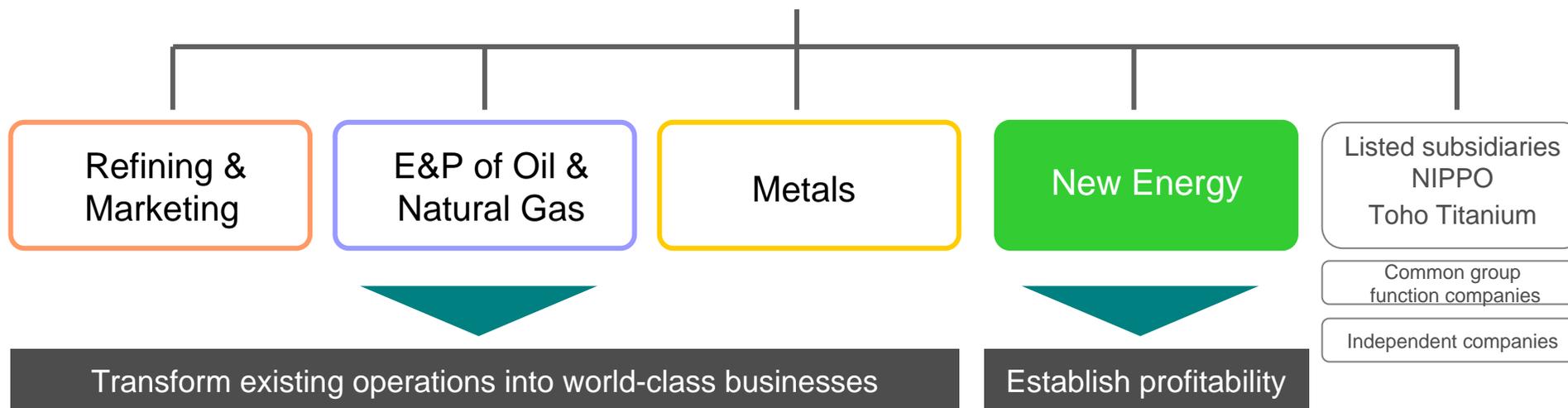


# Long-Term Vision for FY 2020



## Long-Term Vision

Become a world's leading integrated energy, resources and materials business group with new energy-related businesses



Build sustainable business structure against market fluctuation  
Continue strategic investment in growth areas

# JX Group's Vision for FY 2020



## Refining & Marketing

Slim, robust production operations aligned with demand (Goal: Refining capacity of 1,000 thousand barrels/day)

- Boost production of aromatic products through proprietary technologies Restructure of refineries (= transform into petrochemical plants)
- Bolster specialty & performance chemicals business
- Consider constructing new heavy oil cracking units

## E&P of Oil & Natural Gas

Become an oil and natural gas E&P company that achieves sustained growth on the basis of operatorship

- Goal: Produce 200 thousand barrels/day of crude oil and natural gas (equity basis)
- Efficient application of personnel and knowledge accumulated at existing business facilities worldwide
- Reserve replacement rate of 100% or higher

## Metals

Securement of resources and business development to meet societies' Eco needs

- Goal: Equity entitled copper mine production ratio of 80%
- Develop low-grade copper mines applicable new hydrometallurgy refining technologies
- Supply metallic materials for eco-friendly products
- Introduce a resource recycling system in collaboration with users

## New Energy

Establish profitability

- Goal: Fuel cell unit sales of 300 thousand units/year\*
- Forge ahead in the solar cell business
- Establish positive and negative electrode materials technologies for lithium-ion batteries

\*Including exports

The Future



## Reference Materials

# Outlook of Business Performance



JPY billion	FY 2009 <sup>* 2</sup>	FY 2010	FY 2012
	Actual	Forecast	Plan
<b>Net Sales</b>	<b>9,008.0</b>	<b>9,160.0</b>	<b>9,360.0</b>
Refining & Marketing	7,607.6	7,760.0	7,840.0
E&P of Oil & Natural Gas	145.9	160.0	180.0
Metals	780.7	810.0	940.0
Listed Subsidiaries*1 and Others	473.8	430.0	400.0
<b>Operating Income</b>	<b>130.4</b>	<b>170.0</b>	<b>275.0</b>
Refining & Marketing	56.5	91.0	161.0
E&P of Oil & Natural Gas	28.5	49.0	55.0
Metals	16.9	16.0	41.0
Listed Subsidiaries*1 and Others	28.5	14.0	18.0
<b>Non-Operating Income (Expenses), Net</b>	<b>56.9</b>	<b>50.0</b>	<b>55.0</b>
Refining & Marketing	9.5	1.0	2.0
E&P of Oil & Natural Gas	20.5	8.0	6.0
Metals	30.5	37.0	41.0
Listed Subsidiaries*1 and Others	(3.6)	4.0	6.0
<b>Ordinary Income</b>	<b>187.3</b>	<b>220.0</b>	<b>330.0</b>
Refining & Marketing	66.0	92.0	163.0
E&P of Oil & Natural Gas	49.0	57.0	61.0
Metals	47.4	53.0	82.0
Listed Subsidiaries*1 and Others	24.9	18.0	24.0
<b>Net Income</b>	<b>73.1</b>	<b>270.0</b>	<b>175.0</b>
<b>Impact of Negative Goodwill</b>	<b>-</b>	<b>180.0</b>	<b>-</b>

Note: "Listed Subsidiaries and Others" includes "Eliminations or Corporate".

\*1 NIPPO, Toho Titanium

\*2 Unaudited pro forma combined financial results of Nippon Oil and Nippon Mining

# Ordinary Income by Segment



JPY billion	FY 2009 <sup>*2</sup> Actual	FY 2010 Forecast	FY 2012 Plan
<b>Ordinary Income (Loss)</b>	<b>187.3</b>	<b>220.0</b>	<b>330.0</b>
<b>Refining &amp; Marketing</b>	<b>66.0</b>	<b>92.0</b>	<b>163.0</b>
Petroleum Products	(141.0)	36.0	136.0
Petrochemicals	5.2	6.0	27.0
Inventory Valuation	201.8	50.0	-
<b>E&amp;P of Oil &amp; Natural Gas</b>	<b>49.0</b>	<b>57.0</b>	<b>61.0</b>
<b>Metals</b>	<b>47.4</b>	<b>53.0</b>	<b>82.0</b>
Resource Development	27.4	31.0	33.0
Smelting & Refining	4.9	5.5	8.0
Recycling & Environmental Services	4.9	5.0	10.0
Electronic Materials	5.4	11.5	30.0
Internal Adjustment and Others	2.8	-	1.0
Inventory Valuation	2.0	-	-
<b>Listed Subsidiaries<sup>*1</sup> and Others</b>	<b>24.9</b>	<b>18.0</b>	<b>24.0</b>

\*1 NIPPO, Toho Titanium

\*2 Unaudited pro forma combined financial results of Nippon Oil and Nippon Mining

# Key Factors



		FY 2009 <sup>*2</sup>	FY 2010	FY 2012
		Actual	Forecast	Plan
All segments	Exchange rate [¥/\$]	93	90	90
Refining & Marketing	Crude oil FOB [Dubai spot] *1 [\$]/bbl]	67	80	80
	Sales volume excluding barter trade & others [million kl/period]	85.5	84.4	80.2
	- Sales volume of paraxylene [million tons/year]	2.1	2.3	2.3
	Paraxylene spread [ACP] (Paraxylene price - Dubai crude oil price) [\$]/ton]	490	530	580
E&P of Oil & Natural Gas	Sales volume <Crude oil equivalent> [1,000 bbl/day]	143	139	132
	Natural gas price <HenryHub>*2 [\$]/mmbtu]	3.9	4.8	6.0
Metals	Copper price [LME] [¢/lb]	277	280	280
	Equity entitled copper mine production*3 [1,000 tons/year]	82	100	110
	PPC copper cathode sales [1,000 tons/year]	605	610	640
	Gold recovery volume by Metals Recycling [1,000 tons/year]	6.3	7.5	9.0
	TRCF*4 sales [1,000 km/month]	2.7	3.0	5.0
	Precision Rolled Products sales [1,000 tons/month]	3.5	4.3	4.7

\*1 Average from March to February of the next year (nearly equal to arrived crude cost)

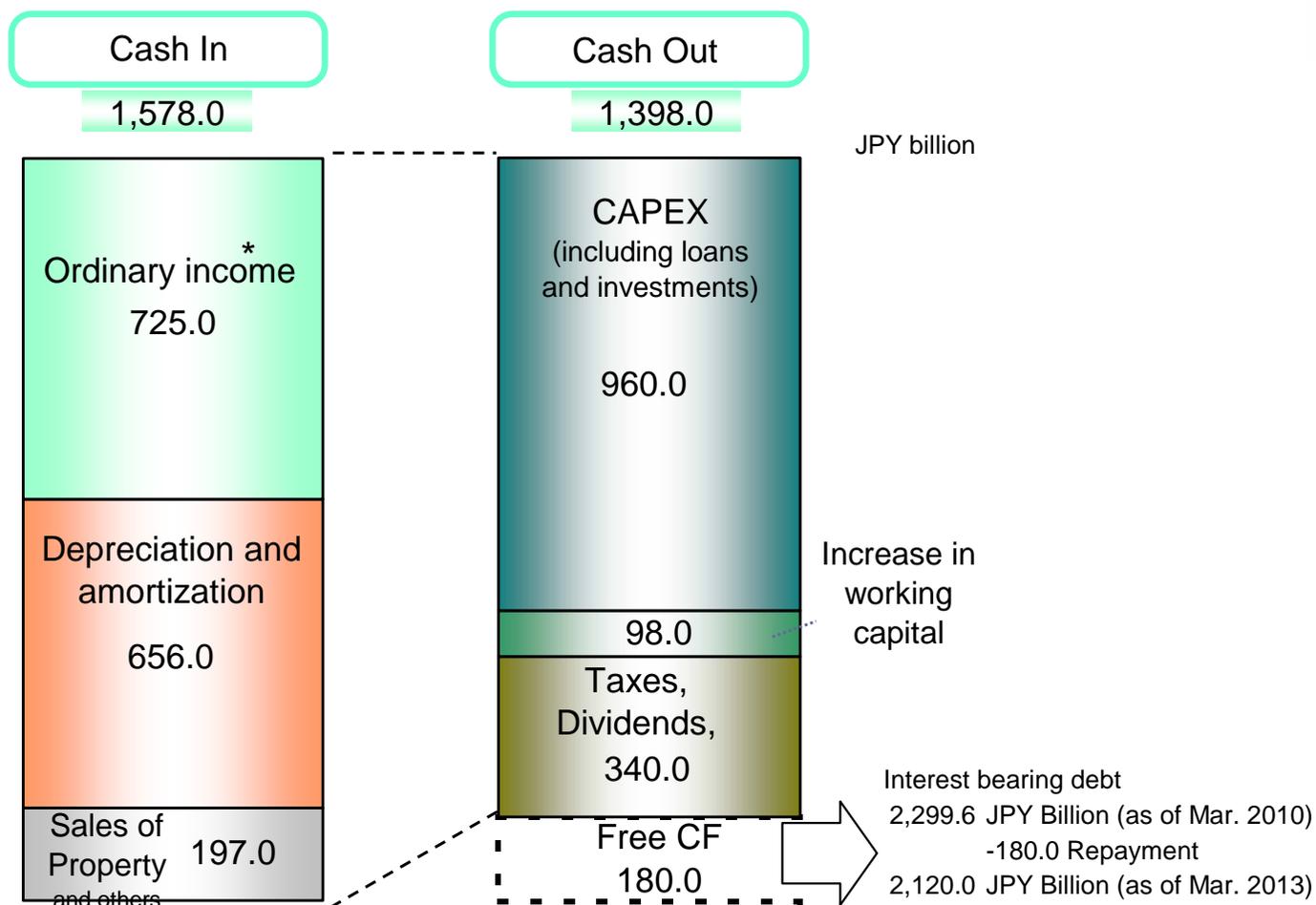
\*3 Total of Nippon Mining & Metals and PPC

\*2 Average on calendar year basis

\*4 Treated Rolled Copper Foil



# Cash flows (FY 2010-2012 total)



\* Excluding equity in income of affiliates and including dividends from affiliates accounted by equity method

# Sensitivity Analysis



## Impact on ordinary income by change in key factors

(JPY billion/year)

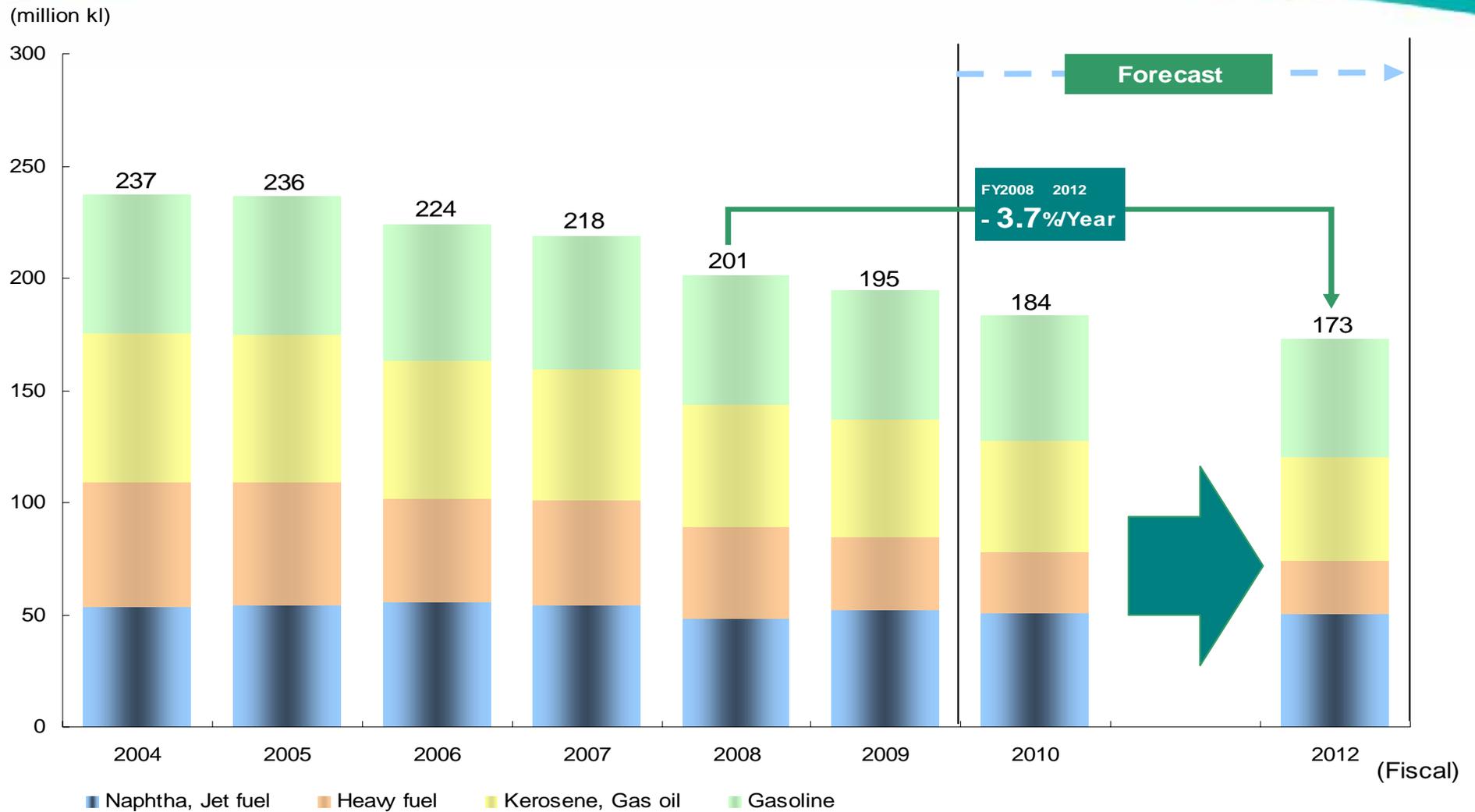
			FY 2012
Key Factors	Appreciation	Segment	Impact on Ordinary Income
Foreign Exchange	¥1/\$ yen appreciation	Refining & Marketing (energy costs, petrochemical margin, and etc.)	1.5
		E&P of Oil & Natural Gas	(1.2)
		Metals (margin deterioration, foreign exchange gain/loss)	(1.3)
		Subtotal	(1.0)
		Inventory valuation gain/loss	(6.5)
		Total	(7.5)
Crude Oil FOB (Dubai spot)	+1\$/bbl	Refining & Marketing (energy costs etc.)	(4.0)
		E&P of Oil & Natural Gas	2.0
		Subtotal	(2.0)
		Inventory valuation gain/loss	7.5
		Total	5.5
Copper Price (LME)	+10¢/lb	Metals (Resource Development)	2.0
		Metals (Smelting & Refining)	0.5
		Total	2.5

## Sales Volume of FY 2009 &amp; Forecast of FY 2010



	FY 2009			Forecast of FY 2010	Changes
	NIPPON OIL	JAPAN ENERGY	JX Nippon Oil & Energy Corporation		
	million KL	million KL	million KL	million KL	(%)
<b>Gasoline</b>	14.29	5.72	20.01	18.99	-5.1%
Premium	(2.11)	(0.84)	(2.95)	(2.86)	-3.1%
Regular	(12.08)	(4.88)	(16.96)	(16.02)	-5.5%
<b>Naphtha</b>	1.81	2.27	4.08	5.03	23.3%
<b>JET</b>	1.28	0.29	1.57	1.56	-0.6%
<b>Kerosene</b>	6.00	1.99	7.99	7.18	-10.1%
<b>Diesel Fuel</b>	8.20	3.87	12.07	11.15	-7.6%
<b>Heavy Fuel Oil A</b>	5.01	1.82	6.83	6.08	-11.0%
<b>Heavy Fuel Oil C</b>	5.13	1.18	6.31	5.01	-20.6%
For Electric Power	(2.63)	(0.59)	(3.22)	(2.35)	-27.0%
For General Use	(2.50)	(0.59)	(3.09)	(2.66)	-13.9%
<b>Total-Domestic Fuel</b>	41.72	17.14	58.86	55.00	-6.6%
<b>Crude Oil</b>	1.13	0.00	1.13	0.97	-14.2%
<b>Lubricants &amp; Specialities</b>	2.21	0.71	2.92	3.47	18.8%
<b>Petrochemicals</b>	4.08	1.74	5.82	6.33	8.8%
<b>Exported Fuel</b>	6.94	3.34	10.28	11.73	14.1%
<b>LPG</b>	1.83	0.18	2.01	1.93	-4.0%
<b>Coal</b>	4.37	0.06	4.43	4.97	12.2%
<b>Total-Excluding Barter Trade &amp; Others</b>	62.28	23.17	85.45	84.40	-1.2%
<b>Barter Trade &amp; Others</b>	18.46	6.30	24.76	19.15	-22.7%
<b>Total</b>	80.74	29.47	110.21	103.55	-6.0%

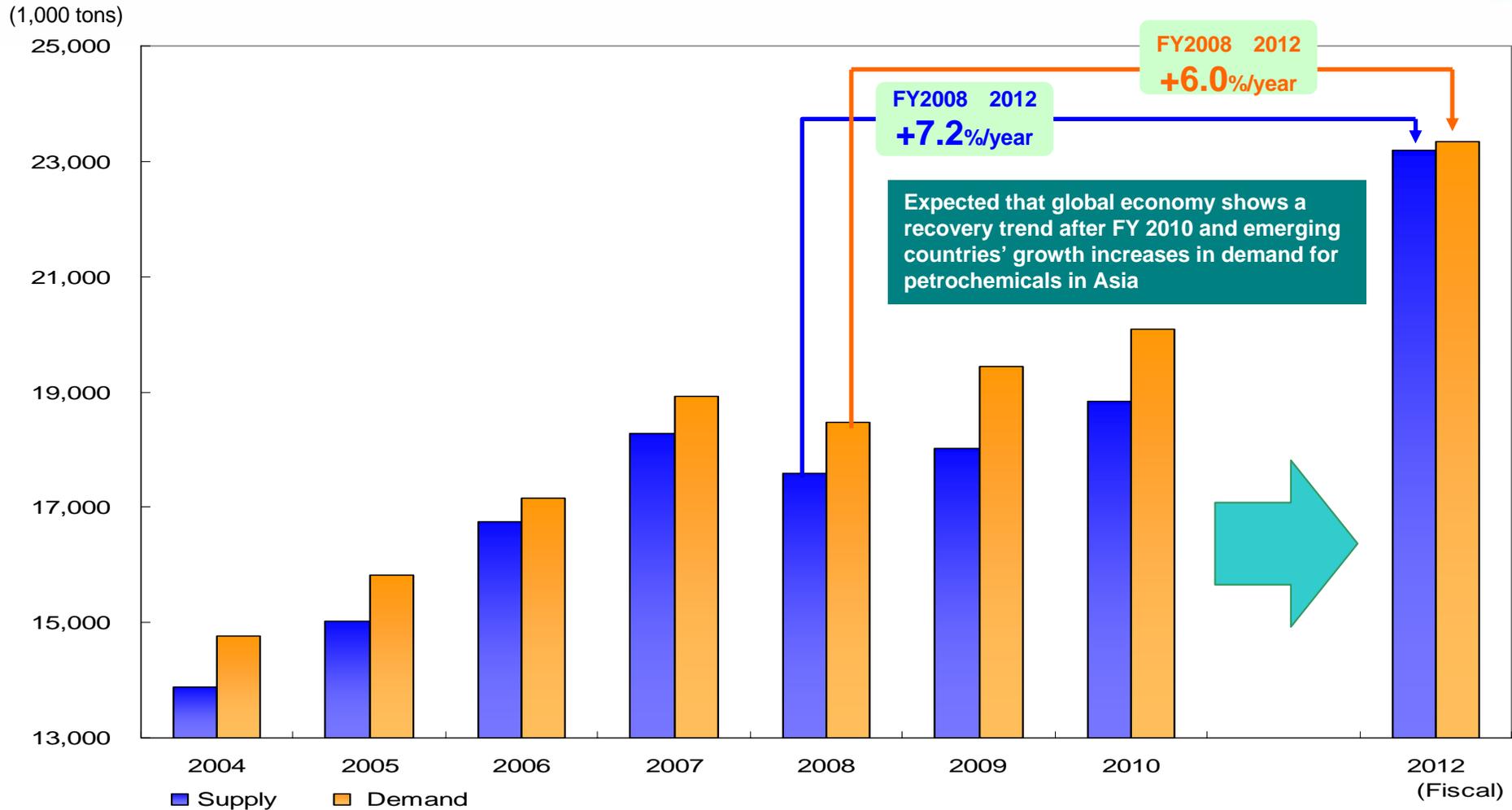
# Demand for Petroleum Products ( Japan )



Source: Ministry of Economy, Trade and Industry, Japan

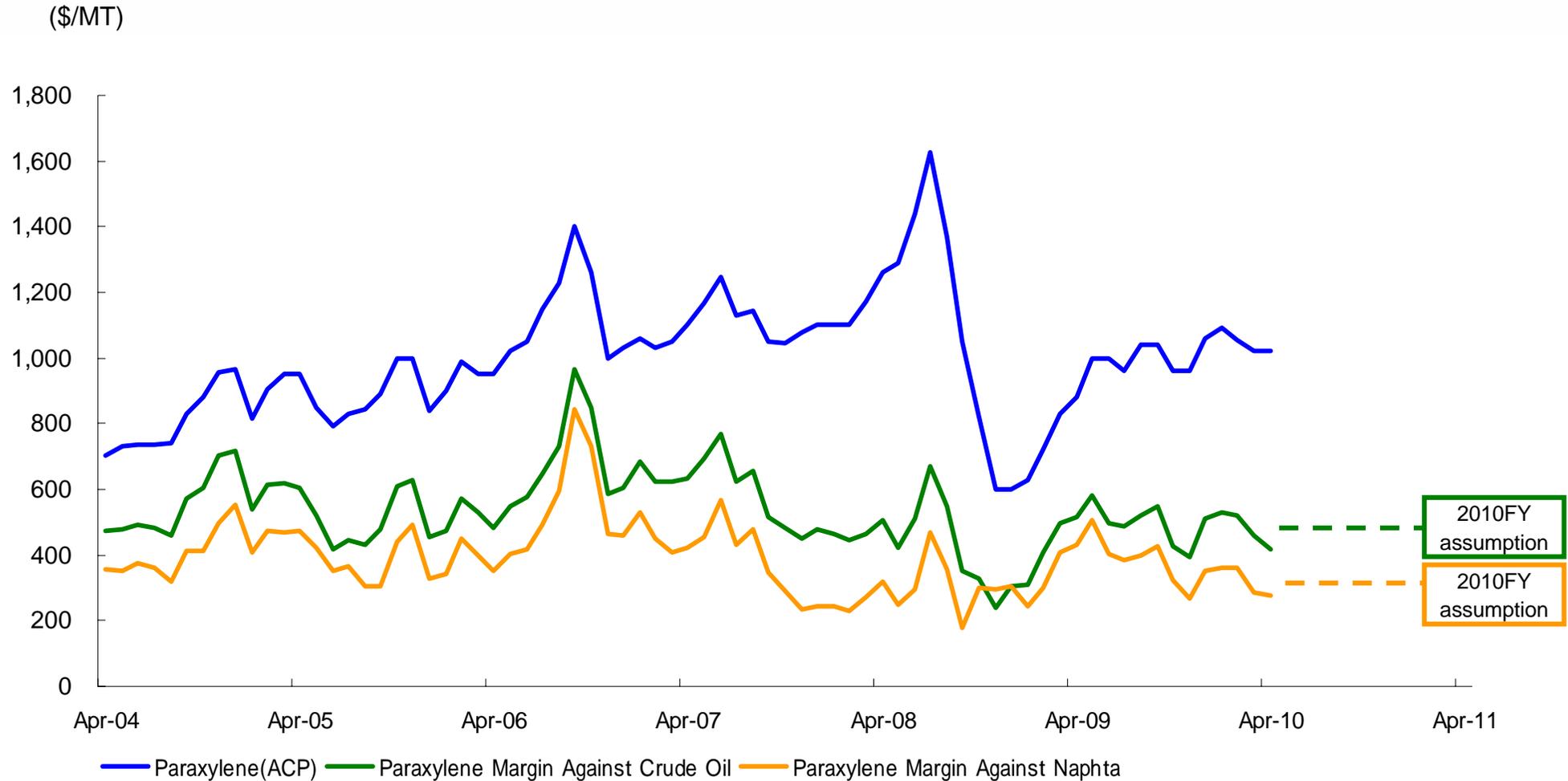


# Demand for Petrochemicals in Asia (Paraxylene)



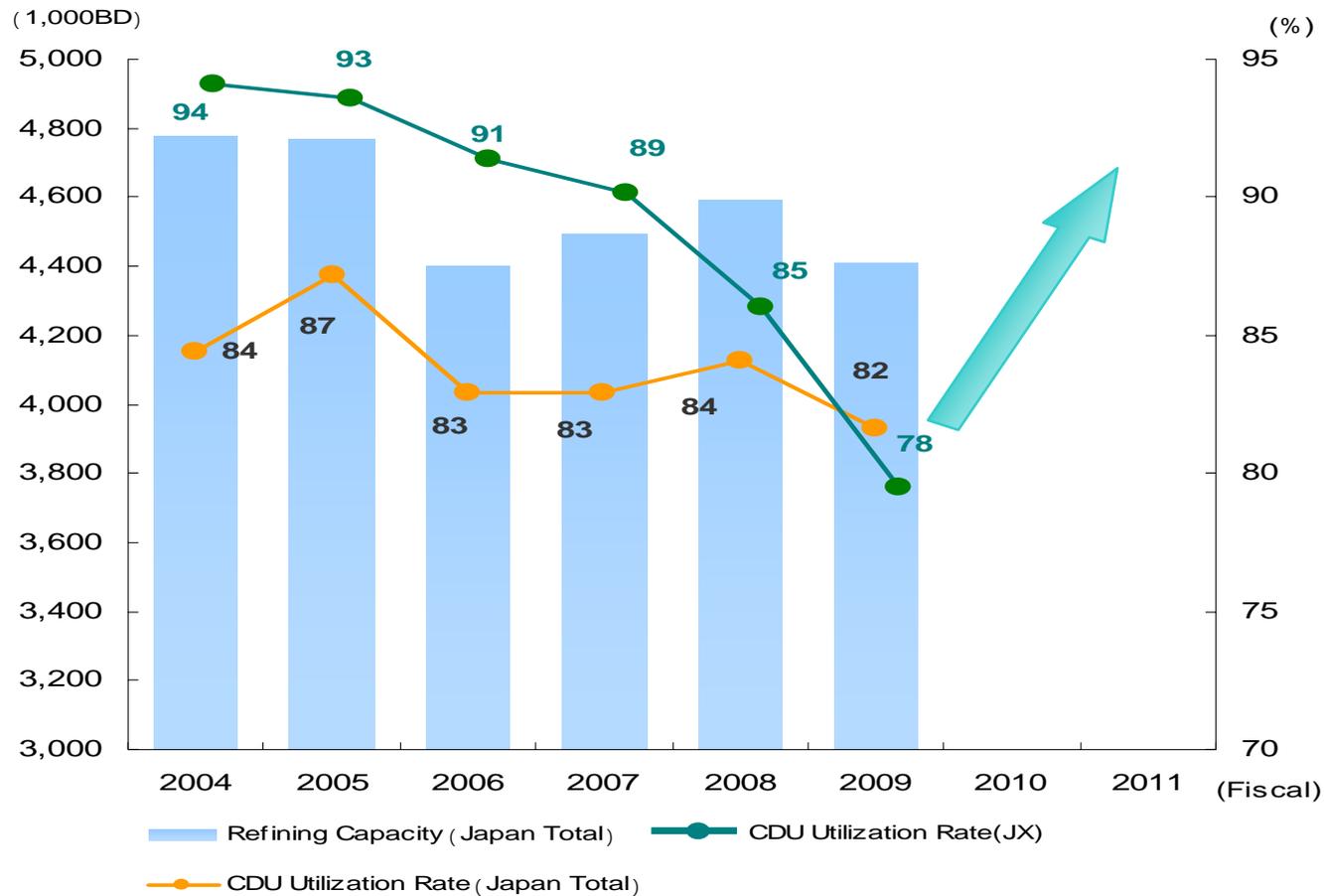
Source: Company Data

# Paraxylene Price and Margin ( Against Crude Oil, Against Naphtha)





# Historical CDU<sup>\*1</sup> Utilization Rate<sup>\*2</sup> and Refining Capacity<sup>\*3</sup>



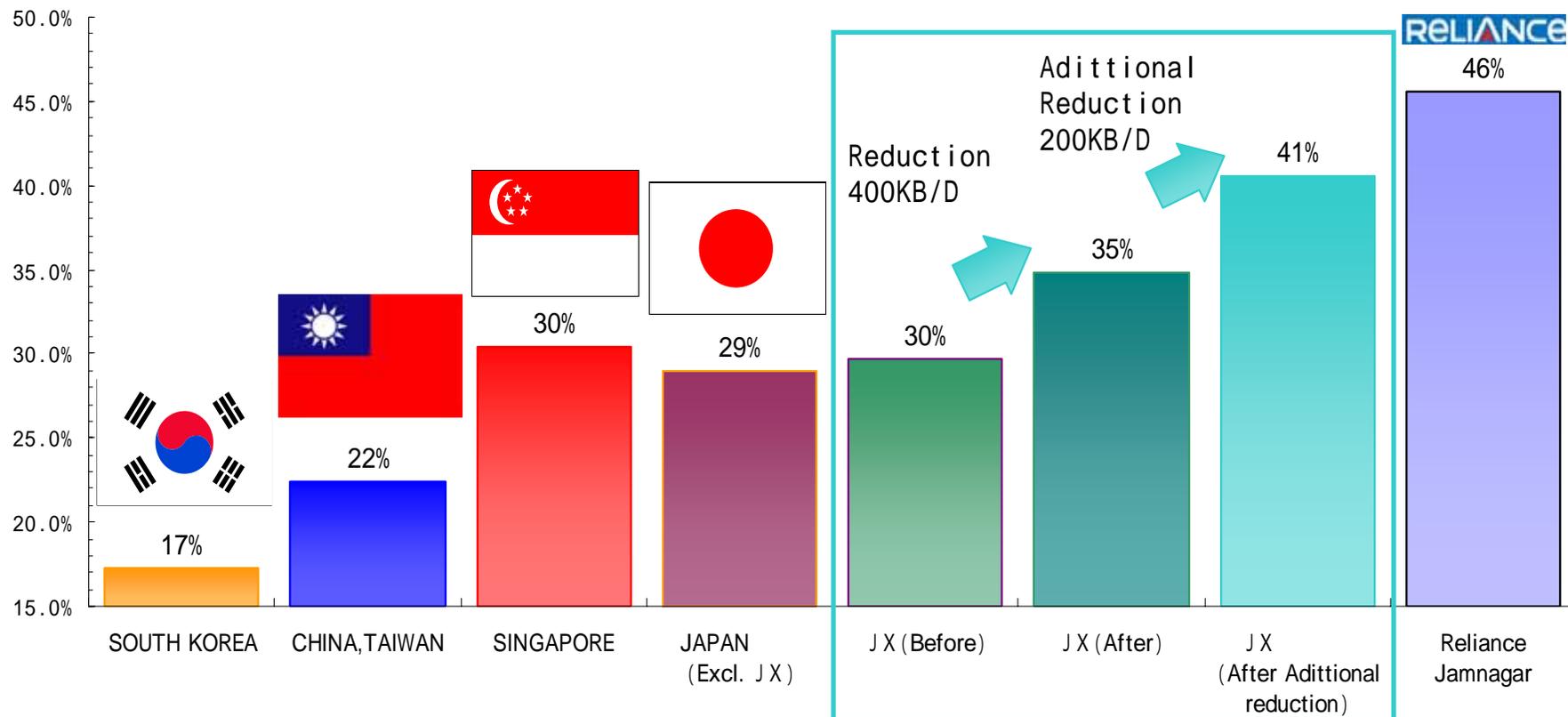
Note\*1: Crude Distillation Unit

Note\*2: Utilization rate of CDU excluding the impact of periodic repair.

Note\*3: Refining Capacity (JX) excluding Condensate splitter of Mizushima and Kashima.

Source: Petroleum Association of Japan and Company data

# Equipment Ratio of Secondary Unit\* Against CDU



Note\*: Catalytic cracking unit, Catalytic hydrocracking unit, Thermal operation unit, Solvent De-asphalting unit, Independent power producer unit  
 Source: Oil & Gas journal, Petroleum Association of Japan and Company data

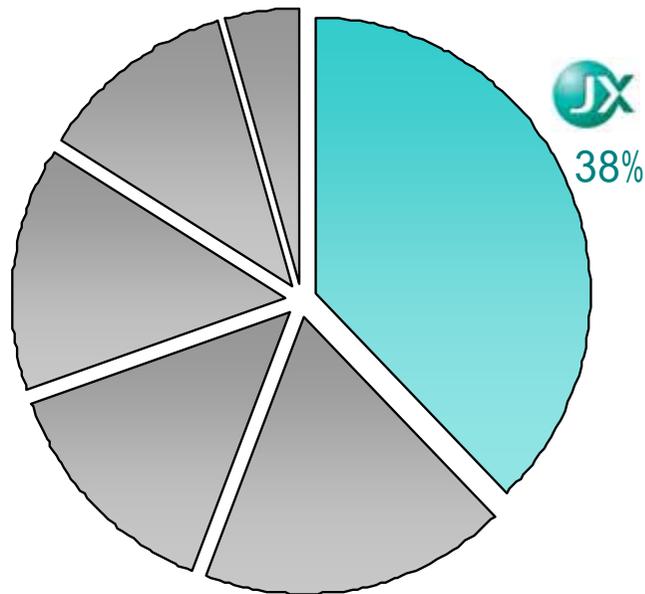
# JX Group's Share of Sales in Japan



## Share of Sales: Four Light Oil Products\*

FY 2009 Basis Approx. 38%

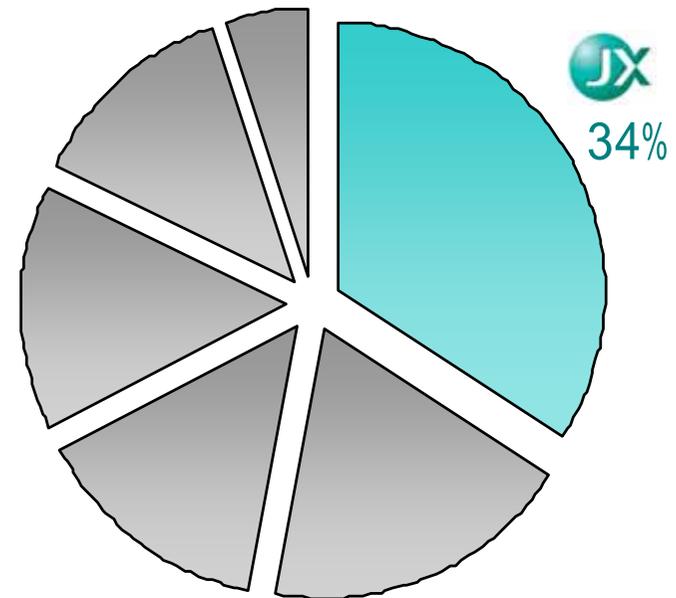
**Domestic Demand** 126 million K L  
**J X** 47 million K L



## Share of Sales: Total-Domestic Fuel

FY 2009 Basis Approx. 34%

**Domestic Demand** 195 million K L  
**J X** 66 million K L



Note\*: Total of Gasoline, Kerosene, Diesel Fuel, Heavy Fuel Oil A

Source: Petroleum Association of Japan and Company data

## Number of Service Stations (Fixed-Type)



	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
<b>Nippon Oil</b>	12,669	11,987	11,694	11,333	11,059	10,807	10,368	9,919	9,974	<b>JX Group</b> 12,687
<b>Japan Energy</b>	4,646	4,476	4,296	4,150	4,023	3,833	3,708	3,555	3,344	
<b>EMGK *1</b>	7,898	7,597	7,278	6,904	6,701	6,464	6,044	5,635	5,064	4,761
<b>Idemitsu Kosan</b>	6,114	5,896	5,624	5,508	5,358	5,249	5,059	4,913	4,598	4,338
<b>Showa Shell Sekiyu</b>	5,642	5,402	5,153	4,968	4,808	4,689	4,560	4,481	4,256	4,102
<b>Cosmo Oil</b>	5,600	5,373	5,152	4,926	4,709	4,552	4,359	4,188	3,913	3,768
<b>Others *2</b>	1,916	1,733	1,642	1,593	1,500	1,439	1,388	1,383	687	683
<b>Oil Companies</b>	44,485 (85.6%)	42,464 (83.4%)	40,839 (82.3%)	39,382 (80.4%)	38,158 (79.5%)	37,033 (78.8%)	35,486 (78.9%)	34,074 (79.2%)	31,836 (77.1%)	30,339 (77.1%)
<b>Private Brands and Others</b>	7,472 (14.4%)	8,436 <sup>*3</sup> (16.6%)	8,761 <sup>*3</sup> (17.7%)	9,618 <sup>*3</sup> (19.6%)	9,842 <sup>*3</sup> (20.5%)	9,967 <sup>*3</sup> (21.2%)	9,514 <sup>*3</sup> (21.1%)	8,926 <sup>*3</sup> (20.8%)	9,464 <sup>*3</sup> (22.9%)	9,020 <sup>*3</sup> (22.9%)
<b>Total</b>	51,957	50,900 <sup>*3</sup>	49,600 <sup>*3</sup>	49,000 <sup>*3</sup>	48,000 <sup>*3</sup>	47,000 <sup>*3</sup>	45,000 <sup>*3</sup>	43,000 <sup>*3</sup>	41,300 <sup>*3</sup>	39,359 <sup>*3</sup>

Notes: \*1. Figures are total of Esso, Mobil, Tonen General Sekiyu, and Kygnus Sekiyu.

\*2. Figures are total of Kyushu Oil, Taiyo Petroleum, and Mitsui Oil & Gas. (until FY07)

\*3. Estimated by JX Holdings.

# Number of Company-Owned Service Stations, Number of Self-Service Facilities, Number of Doctor Drive Service Stations



## <Number of Company-Owned Service Stations>

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Nippon Oil	2,945	2,857	2,746	2,607	2,518	2,436	2,309	2,175	2,081	2,893
Japan Energy	1,328	1,284	1,229	1,207	1,172	1,154	1,143	1,106	1,059	

## <Number of Self-Service Stations>

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Nippon Oil	54	142	342	520	651	794	1,055	1,230	1,517	2,378
Japan Energy	19	164	322	385	440	534	606	667	729	
Total for Japan *1	422	1,353	2,522	3,423	3,493	4,257	5,203	6,009	6,565	6,906

Note\*1: This figure includes only self-service retail outlets that are affiliated to oil wholesale companies.

Source: Oil information center, The Daily Nenryo yushi

## <Number of Doctor Drive Stations>

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Nippon Oil	390	1,283	1,610	1,871	1,963	2,505	2,403	2,287	2,130	2,081

# JX Group Refineries



Refining Capacity in Japan (As of April, 2010)

Corporate Group	Number of Refineries	Refining Capacity
JX Group	8	thousand BD 1,732 <sup>*1</sup>
Exxon Mobil Group	4	836
Idemitsu Kosan	4	640
Cosmo Oil	4	555
Showa Shell Sekiyu	4	655 <sup>*2</sup>
Others	3	224
<b>Total</b>	<b>27</b>	<b>4,642</b>

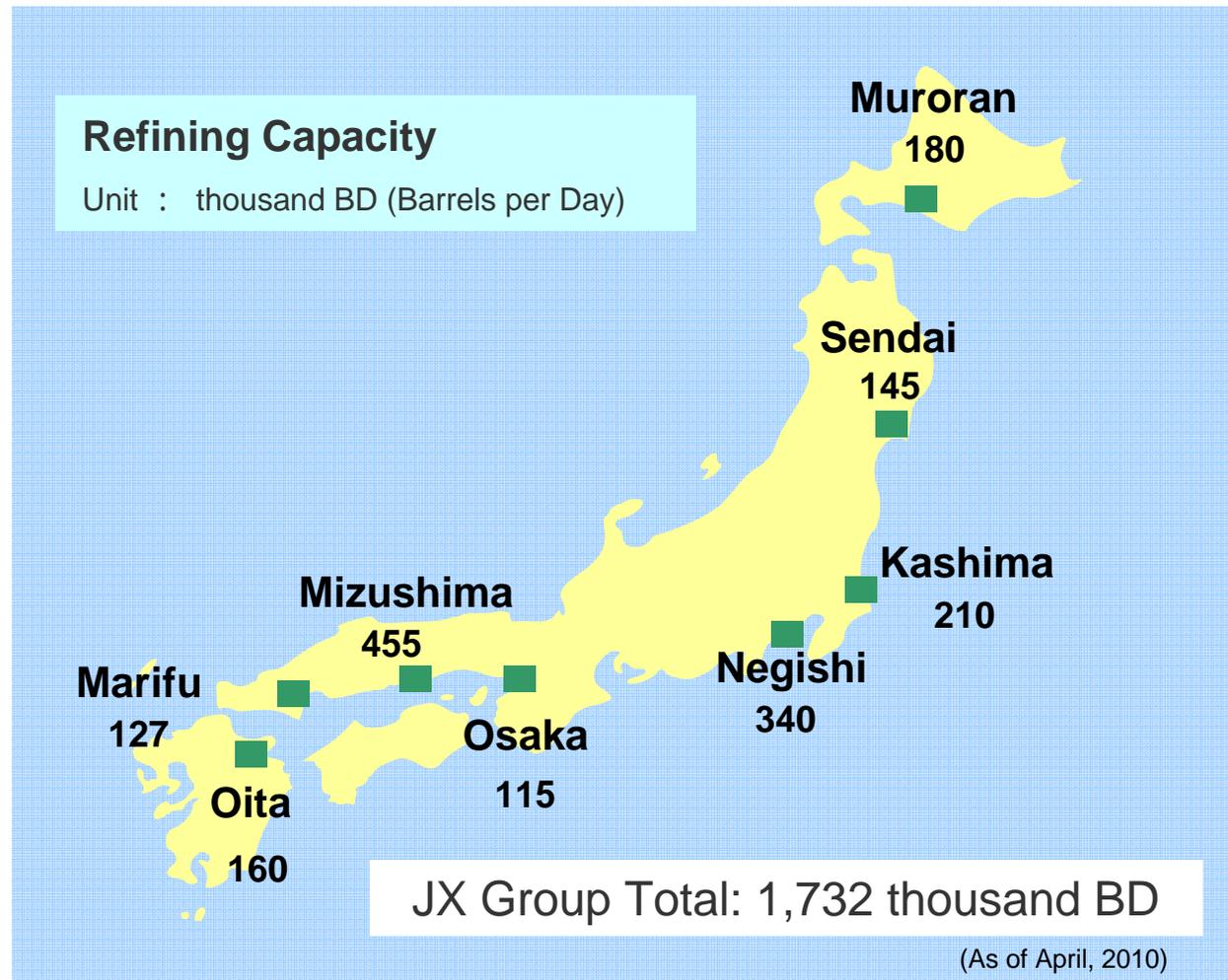
Note\*1: Condensate splitter of Mizushima and Kashima are excepted. Toyama of 60,000BD was already reduced.  
 Note\*2: Showa Shell Sekiyu's refining capacity and number of refineries includes Fuji Sekiyu.



After 400,000BD Reduction

Corporate Group	Number of Refineries	Refining Capacity
JX Group	7	thousand BD 1,392

Source: Petroleum Association of Japan and Company data

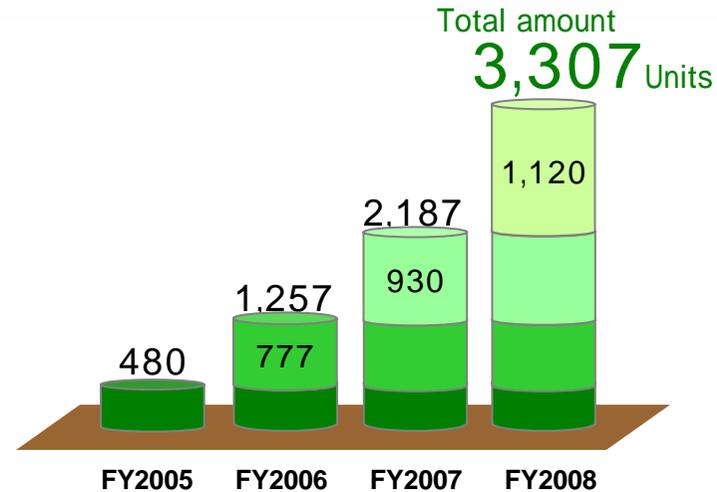
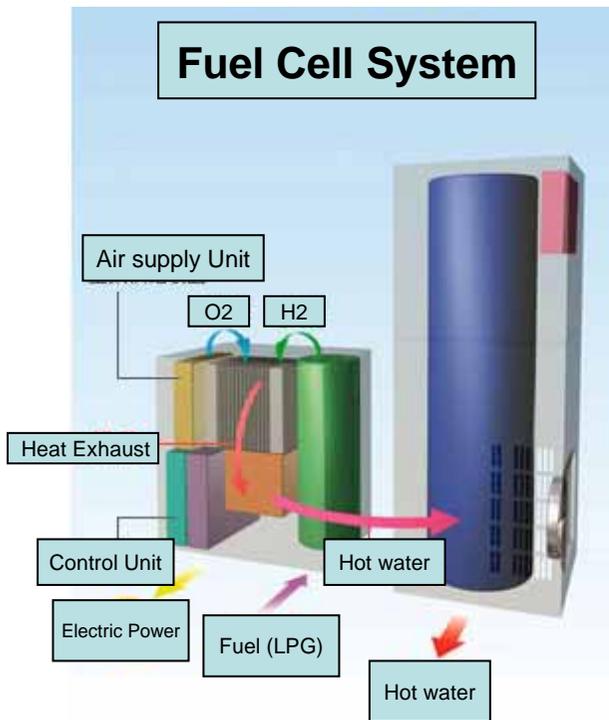


# New Energy (Residential-Use Fuel Cell)



## Large-Scale Demonstration Project of Residential-Use Fuel cell

(Residential-Use Fuel Cell System :ENE FARM)



<System maker basis >

System Maker	Fuel cell unit number
<b>ENEOS CELLTECH*</b>	<b>1,253</b>
Toshiba fuel cell system	748
EBARA	710
Panasonic	520
TOYOTA	76
<b>Total</b>	<b>3,307</b>

Note \*: Joint Company by Nippon Oil and SANYO Electric.

< Business Units basis >

Business Unit	Fuel cell unit number
<b>Nippon Oil</b>	<b>1,368</b>
Tokyo Gas	796
Other LNG companies	557
Other Oil companies	447
Other Gas companies	139
<b>Total</b>	<b>3,307</b>

Source: New Energy Foundation Home Page

# JX Group's Reserve Standards



JX Group's criteria for evaluating reserves conforms to the SPE Standards, drafted by the SPE (Society of Petroleum Engineers), WPC (World Petroleum Congress), AAPG (American Association of Petroleum Geologists), and SPEE (Society of Petroleum Evaluation Engineers) and announced in March 2007.

SPE Standards is aiming to become global standards that embody current technological innovation and economic realities, SPE Standards reflect the opinions of a large number of companies. They incorporate surveys on defining and categorizing reserves from every oil firm and country worldwide, as well as input solicited from outside sources.

JX Group's reported reserves are in line with reserves as defined by the SPE Standards. The degree of certainty of the reserve values is categorized, in order, as either Proved, Probable, or Possible. Following trends common at other industry firms, JX Group's has used Proven and Probable reserves to arrive at its total reserves.

## **Definition of Proved Reserves:**

Reserves judged to have a high level of certainty from analysis of geoscience and production/petroleum engineering data, based on economic conditions, operational methods and laws and regulations assumed by JX Group in light of discovered reservoirs—there is at least a 90% probability that actual recovered volume will equal or exceed estimates of oil and natural gas deposits reasonably evaluated as commercially recoverable.

## **Definition of Probable Reserves:**

There is at least a 50% probability that additional oil and natural gas reserves will equal or exceed actual recovered volume of the total of estimated proved and probable reserves. While these additional reserves are evaluated in the same manner as proved reserves, the probability of recoverability of probable reserves is lower than proved reserves, but higher than possible reserves.

## Outline of Principal E&amp;P of Oil and Natural Gas Projects



Project Name/Company	2009CY Sales Volume (1,000BOED)	Reserves *1 (1 million BOE)
(U.S.A.) Gulf Of Mexico(U.S.A.) Nippon Oil Exploration U.S.A. Limited	11	48
(Canada) Canada Japan Canada Oil Company Limited	14	268
(U.K.) North Sea, U.K. Nippon Oil Exploration and Production U.K. Limited	13	27
(South East Asia.) Vietnam Japan Vietnam Petroleum Co. Ltd.	14	
Myanmar Nippon Oil Exploration (Myanmar) Ltd.	9	
Malaysia Nippon Oil Exploration (Malaysia) Ltd. Nippon Oil Exploration (Sarawak) Ltd.	24 37	
Indonesia Nippon Oil Exploration (Berau) Ltd.	-	
(Oceania) Papua New Guinea Japan Papua New Guinea Petroleum Company Ltd. Southern Highlands Petroleum Co., Ltd.	7 1	
Australia Nippon Oil Exploration (Australia) Pty Ltd.	2	
(The middle east and others) United Arab Emirates, Qatal and Others Abudhabi Oil Co., Ltd., United Petroleum Development Co., Ltd. And Others	*2 13	25
合計	143	694

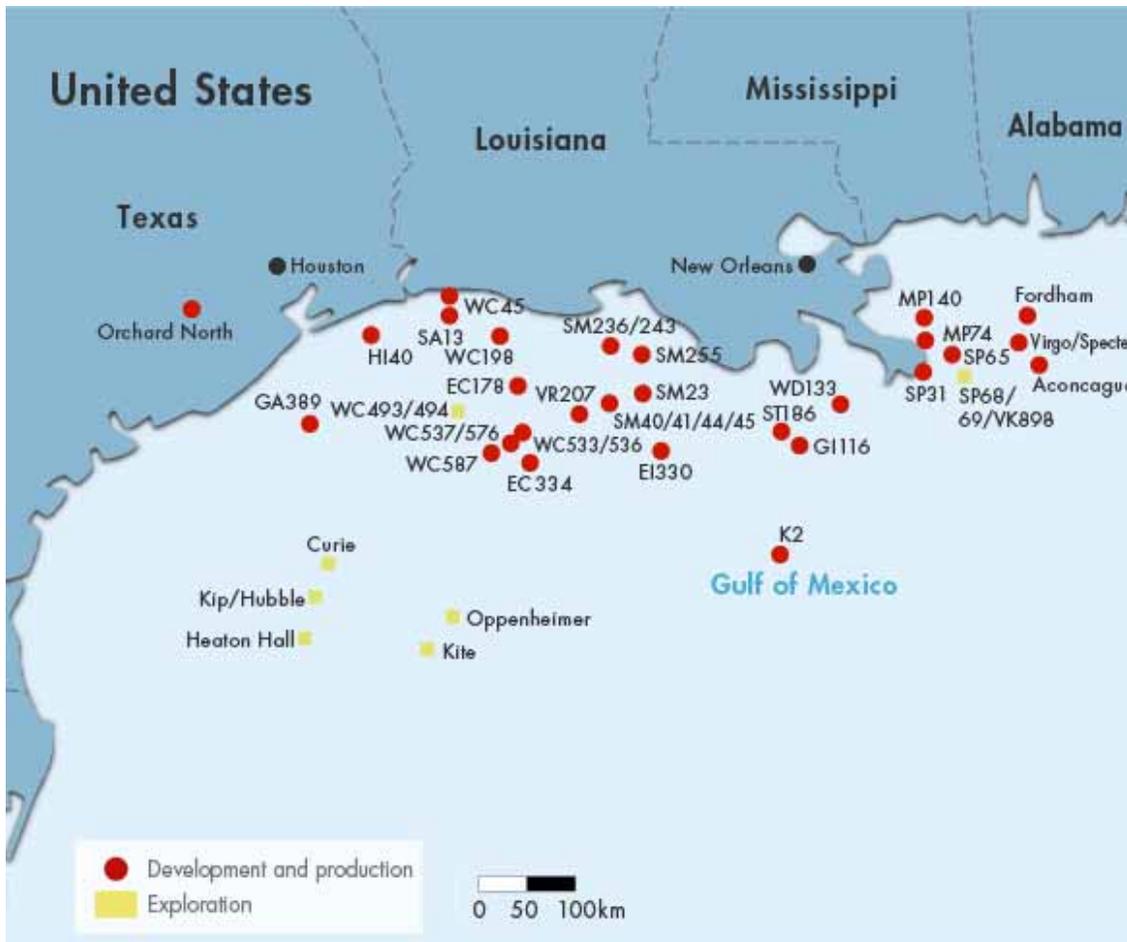
\*1 Proved reserves and probable reserves as of Dec.'08. Including reserves from projects currently under development

\*2 JX Group Equity Basis

# Principal Individual E&P Project Overview



## Gulf Of Mexico



### '09 Jan-Dec Sales Volume

10,900 boed  
(oil: 3,700 b/d, gas: 43mmcf/d)

### Project Company

Nippon Oil Exploration U.S.A. Ltd. (NOEX USA)  
(100%)  
(%) = JX Group Shareholding

### Range Of Interests in Individual Fields

6.1%-100%

### Operators

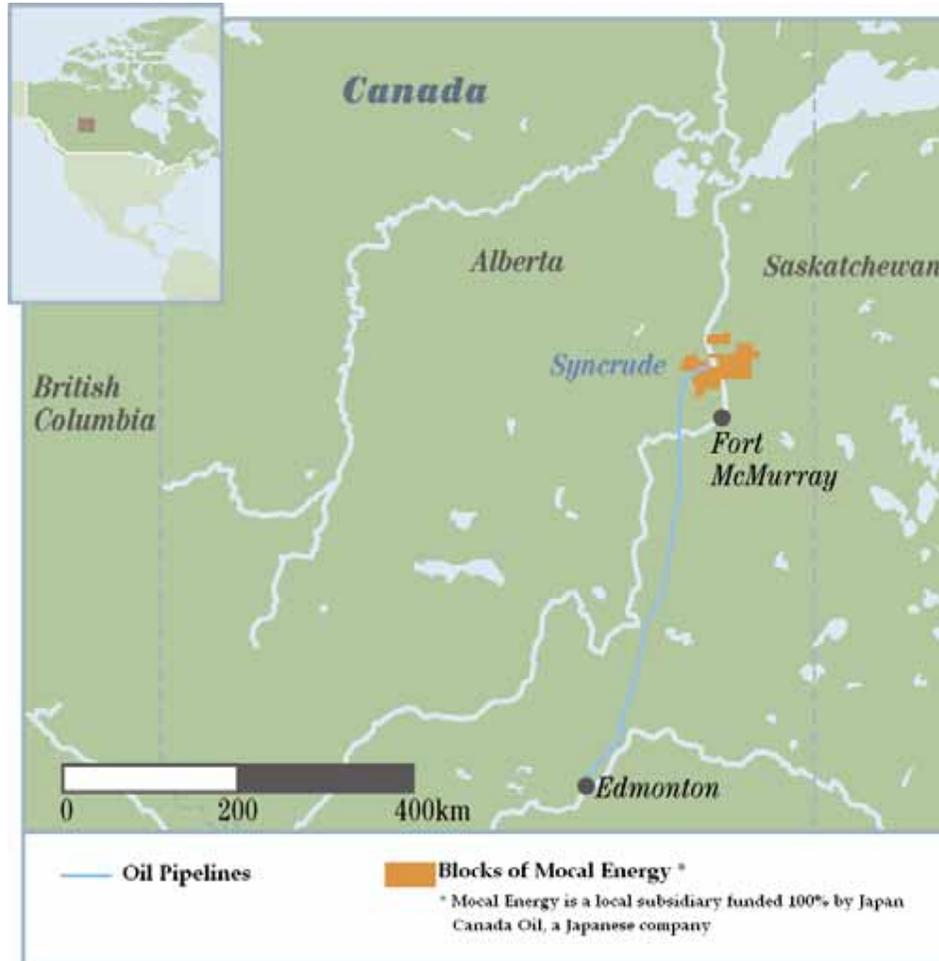
NOEX USA, Anadarko, ConocoPhillips, others

In 1990, NOEX USA began exploration, development, and production operations at an onshore field in Texas and offshore blocks in both deep as well as shallow waters in the Gulf of Mexico. In addition to continuing such existing operations as those in the Orchard North Gas Field, Aconcagua Gas Field, and Virgo Gas Field, NOEX USA purchased interests in certain producing assets in the Gulf of Mexico from Devon in 2005 and from Anadarko in 2007.

# Principal Individual E&P Project Overview



## Canada



**'09 Jan - Dec Sales Volume**  
14,000b/d

**Project Company**  
Japan Canada Oil Co., Ltd. (100%)  
(%) = JX Group Shareholding

**Interest in Individual Fields**  
5%

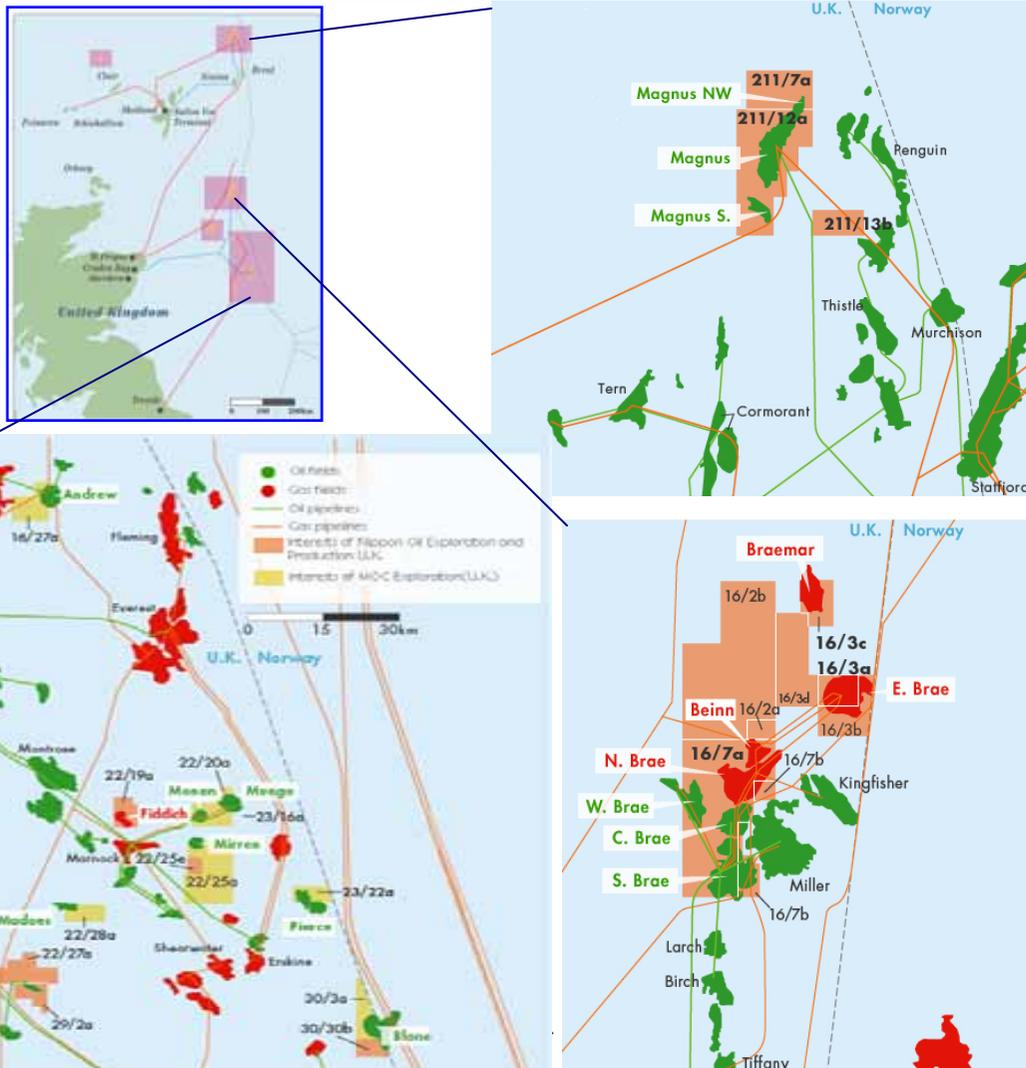
**Operator**  
Syncrude Canada

In 1992, NOEX acquired a 5% stake in the Syncrude project from PetroCanada. Subsequently, this stake was transferred to Mocal Energy Limited (a wholly owned subsidiary of NOEX).

# Principal Individual E&P Project Overview



## U.K. North Sea



### '09 Jan - Dec Sales Volume

12,600BOED

(oil: 8,500b/d, gas: 25mmcf/d)

### Project Company

Nippon Oil Exploration and Production U.K. Ltd.  
(NOEP UK) (100%)

(%) = JX Group Shareholding

### Range of Interests in Individual Fields

2.1% to 45%

### Operators

NOEP UK, BP, Shell, Marathon, others

### MOEX

In 1994, MOEX acquired a working interest in blocks, including those in the Andrew Oil Field, the Mungo/Monan Oil Fields, the Pierce Oil Field, the Mirren/Madoes Oil Fields, and the Blane Oil Field. It is currently expanding its exploration, development, and production operations.

### NOEP UK

In 1996, NOEP UK acquired an interest in the Magnus Oil Field, in 2002, it acquired interests in the Brae Gas Fields and the Fiddich Oil Field, and in 2004, it acquired an interest in the West Don oil field.

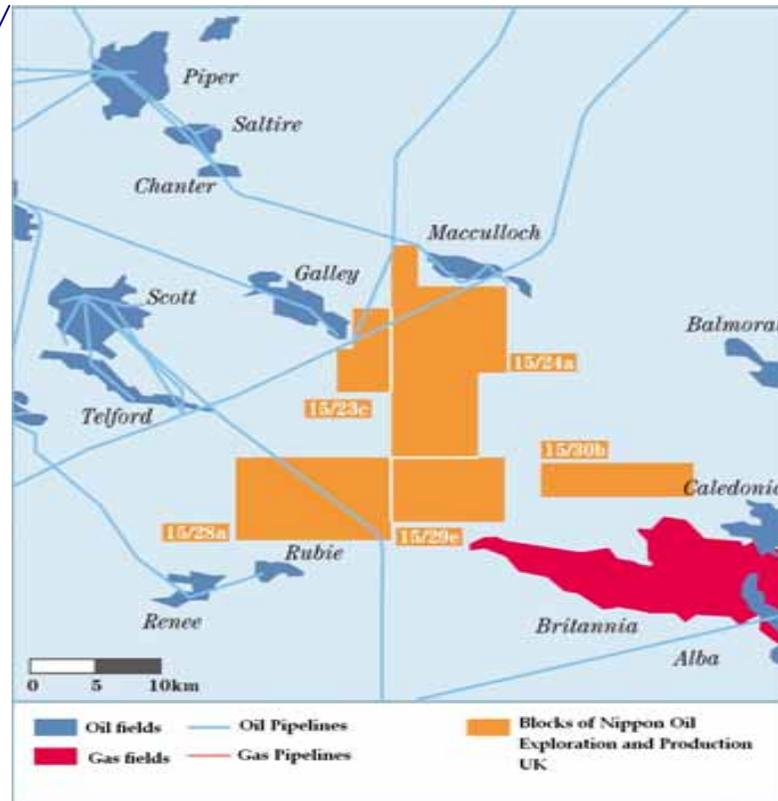
Exploration, development and production activities are progressing.

# Principal Individual E&P Project Overview



## UK North Sea

<NOEX Operator Area >



Nippon Oil Exploration and Production U.K. Ltd acquired 4 exploration blocks in 2007 and 1 exploration block in 2009 as an operator through a competitive tender process were held by the British Government.

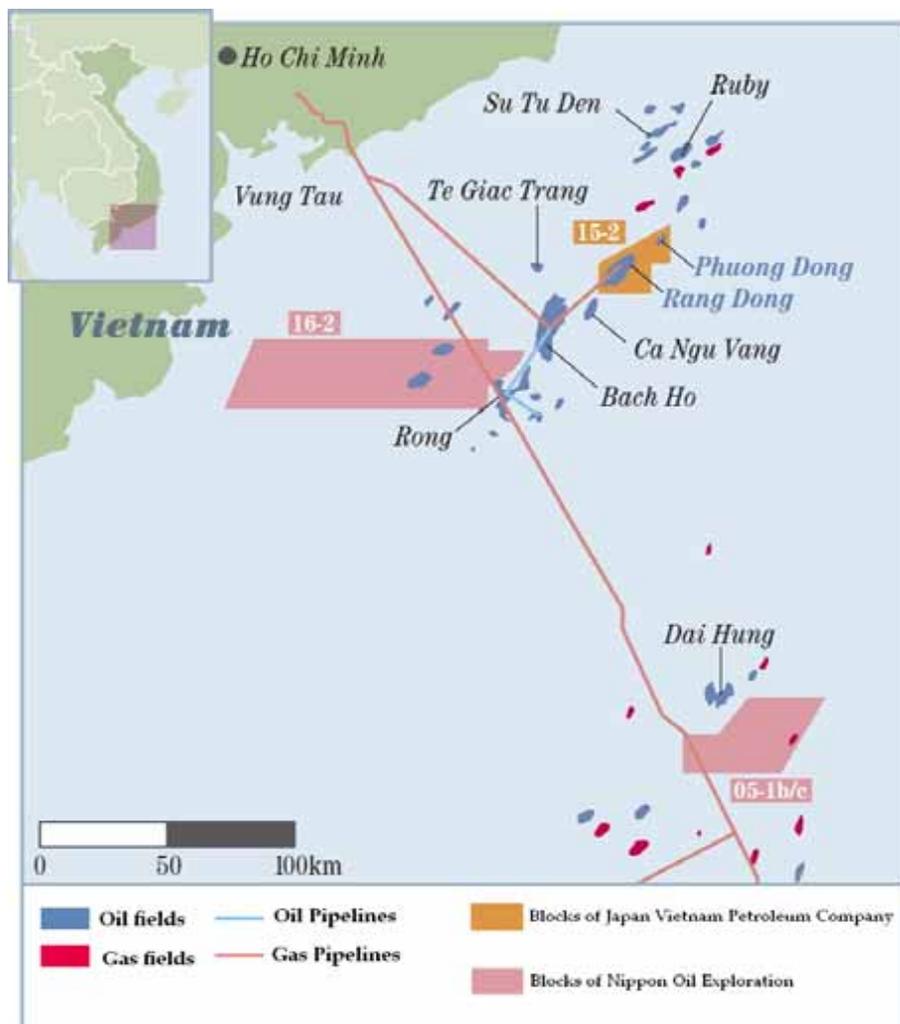
**Range of Interests in Individual Fields**  
33.3% to 45%

acquired blocks in 2007-  
15/23c,15/24a,15/28a,15/29e  
acquired blocks in 2009-15/30b

## Principal Individual E&amp;P Project Overview



## Vietnam



## '09Jan - Dec Sales Volume

13,800BOED

(oil: 9,900b/d, gas: 23mmcf/d)

## Project Company

Japan Vietnam Petroleum Co., Ltd. (JVPC)

(97.1%)

(% = JX Group Shareholding)

## Interest in Individual Fields

Rang Dong : 46.5%

Phuong Dong : 64.5%

## Operator

JVPC

In 1992, JVPC acquired a working interest in block 15-2 offshore Vietnam.

In 1994, JVPC discovered the Rang Dong Oil Field within block 15-2, and it began production in that field from 1998.

In 2006, the Rang Dong Oil Field associated gas recovery and utilization project was approved as a Clean Development Mechanism (CDM) system under the Kyoto Protocol.

Production Sharing Contract for 16-2 exploration block off the southern coast of Vietnam signed with PetroVietnam in November 2007.

In February 2008, Rang Dong CDM Project received CER (Certified Emission Reductions) issuance approval under the Kyoto Protocol.

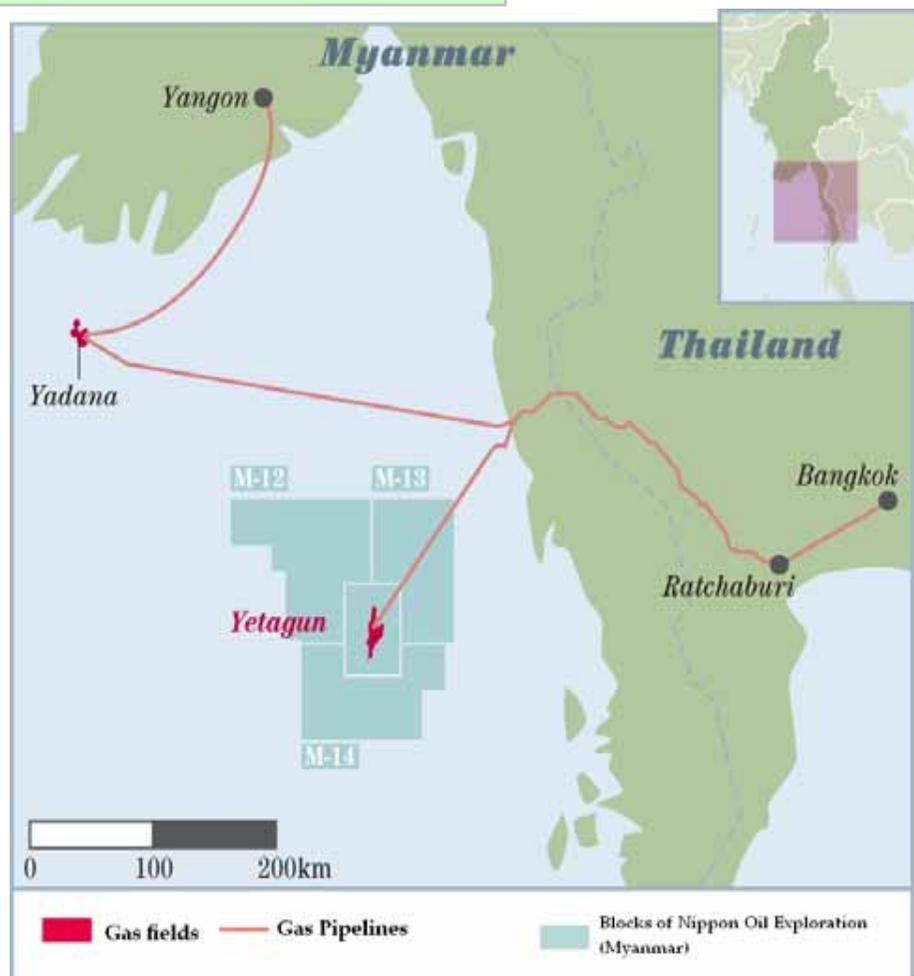
In July 2008, Rang Dong Oil Field achieved a cumulative production volume of 150 million barrels.

In August 2008, JVPC began production in the Phuong Dong Field.

# Principal Individual E&P Project Overview



## Myanmar



**'09 Jan - Dec Sales Volume**  
 8,800BOED  
 (oil: 800b/d, gas: 48mmcf/d)

**Project Company**  
 Nippon Oil Exploration (Myanmar), Limited  
 (NOEX Myanmar) (50%)  
 (%) = JX Group Shareholding

**Interest in Individual Fields**  
 19.3%

**Operator**  
 PETRONAS Carigali

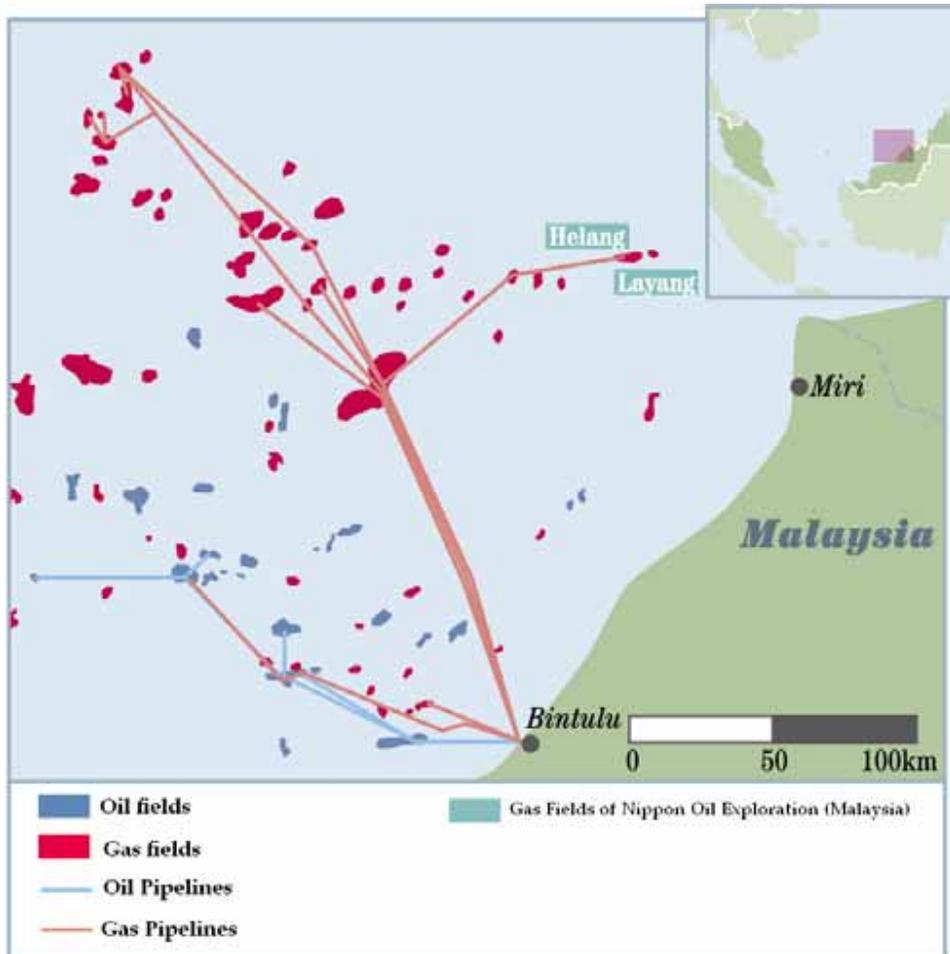
In 1991, NOEX Myanmar acquired a working interest in blocks M-13/14 offshore Myanmar. The following year, it acquired a working interest in block M-12 and discovered the Yetagun Gas Field in that block.

In 2000, production at the Yetagun Gas Field commenced, with the produced gas supplied to the Ratchaburi power plants in Thailand.

# Principal Individual E&P Project Overview



## Malaysia



### '09 Jan - Dec Sales Volume

23,700BOED

(oil: 3,900b/d, gas: 119mmcf/d)

### Project Company

Nippon Oil Exploration (Malaysia), Limited (NOMA)  
(78.7%)

(%) = JX Group Shareholding

### Range of Interest in Individual Fields

75%

### Operator

NOMA

In 1987, NOMA acquired a working interest in Block SK-10 offshore Sarawak, Malaysia.

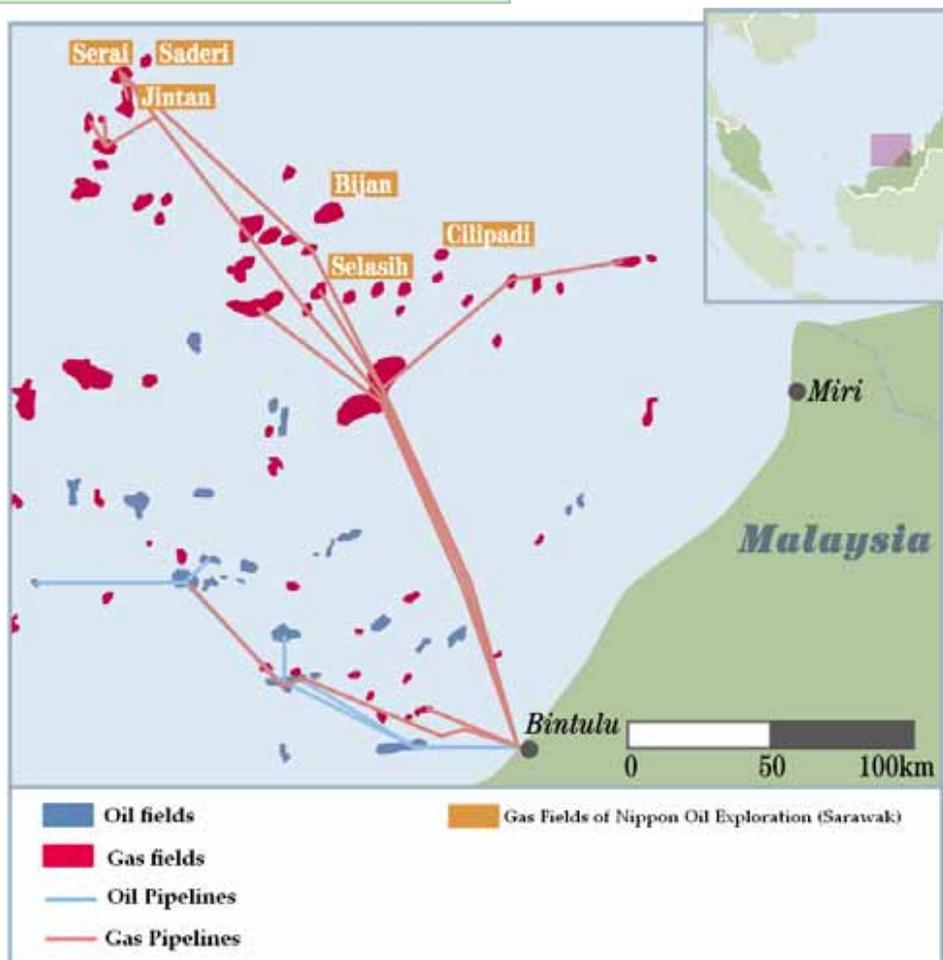
In 1990, NOMA discovered the Helang Gas Field, where production commenced in 2003.

In 1991, NOMA discovered the Layang Gas Field.

# Principal Individual E&P Project Overview



## Sarawak



### '09 Jan - Dec Sales Volume

36,800BOED  
(oil: 3,500b/d, gas: 200mmcf/d)

### Project Company

Nippon Oil Exploration (Sarawak), Limited  
(NOSA)  
(76.5%)  
(%) = JX Group Shareholding

### Interest in Individual Fields

37.5%

### Operator

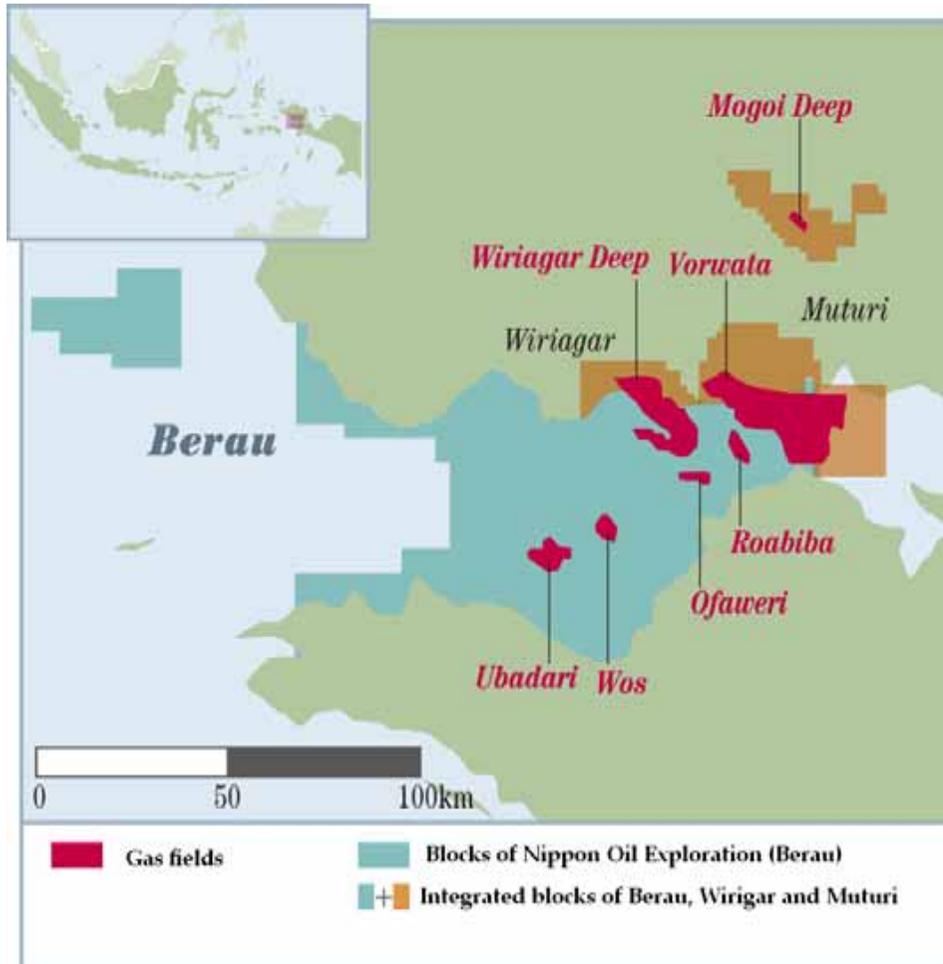
Shell

In 1991, NOSA acquired a working interest in Block SK-8 offshore Sarawak, Malaysia. From 1992 through 1994, the Jintan and Serai Gas Fields were discovered in that block, and production there commenced in 2004. In 2008, the Saderi Gas field commenced production.

# Principal Individual E&P Project Overview



## Indonesia



### Project Company

Nippon Oil Exploration (Berau), Limited  
(NOEX(Berau)) (51%)  
(%) = JX Group Shareholding

### Interest in Individual Fields

12.2% (after unitization)

### Operator

BP

From 1990, using three test wells natural gas was discovered in the area. Subsequently, the Vorwata Gas Field, Wiriagar Deep Gas Field, and other gas structures were discovered.

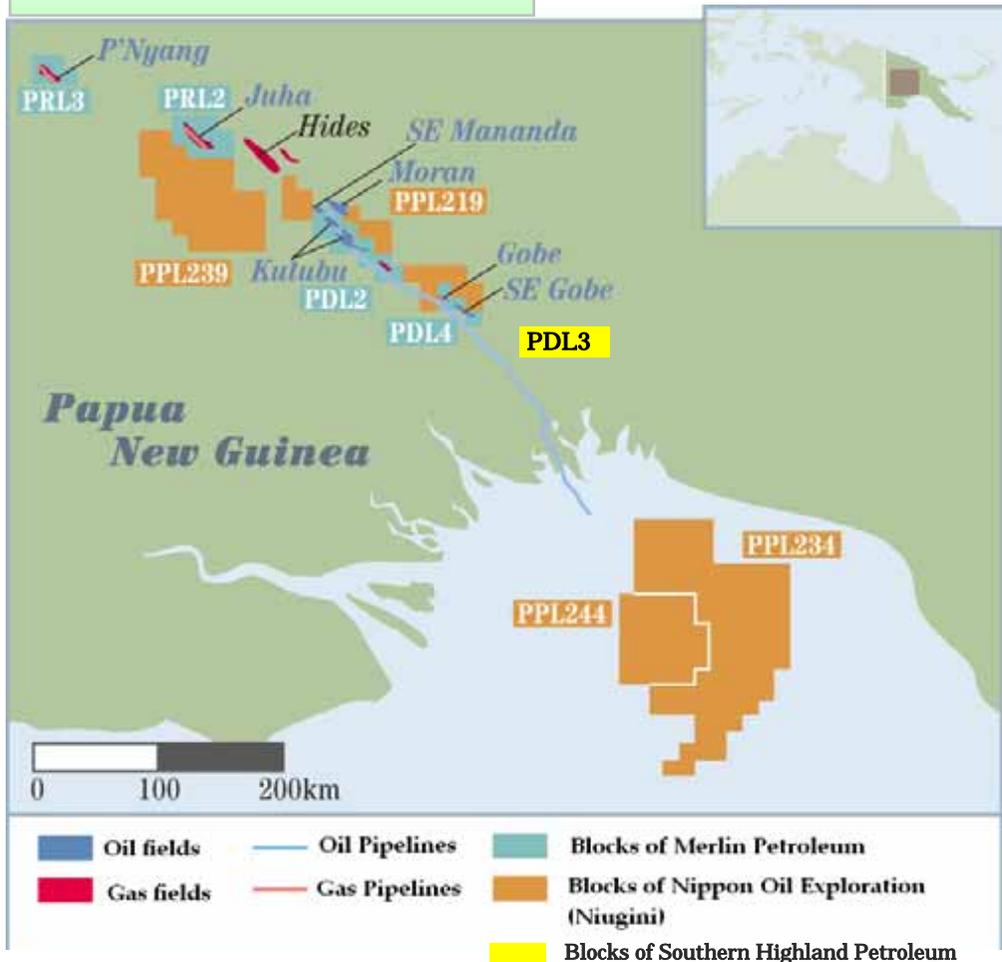
From 2003, those with interests in the Berau, Wiriagar, and Muturi blocks agreed to become partners in unitizing the blocks and undertake development work cooperatively.

Production commenced in June 2009, and the first cargo of LNG has lifted in July 2009.



# Principal Individual E&P Project Overview

## Papua New Guinea



'09 Jan - Dec Sales Volume  
8,000b/d

### Project Company

Japan Papua New Guinea Petroleum Co., Ltd. (36.4%)  
 Nippon Oil Exploration (PNG) Pty. Ltd. (100%)  
 Nippon Oil Exploration (Niugini) Pty. Ltd. (100%)  
 Southern Highland Petroleum Co. Ltd. (80%)  
 (%) = JX Group Shareholding

### Range of Interests in Individual Fields

8.3 to 73.5%

### Operator

Oil Search, Exxon Mobil

In 1990, Japan Papua New Guinea Petroleum acquired exploration rights in Papua New Guinea from Merlin. And, acquired original exploration rights. Subsequently, exploration, development, and production activities have been undertaken in the Kutubu, Moran, Gobe, and SE Gobe oil fields.

In December 2008, Merlin, Japan Papua New Guinea Petroleum's 100% subsidiary, acquired the PNG LNG Project equity and oil field equity that AGL Energy owned.

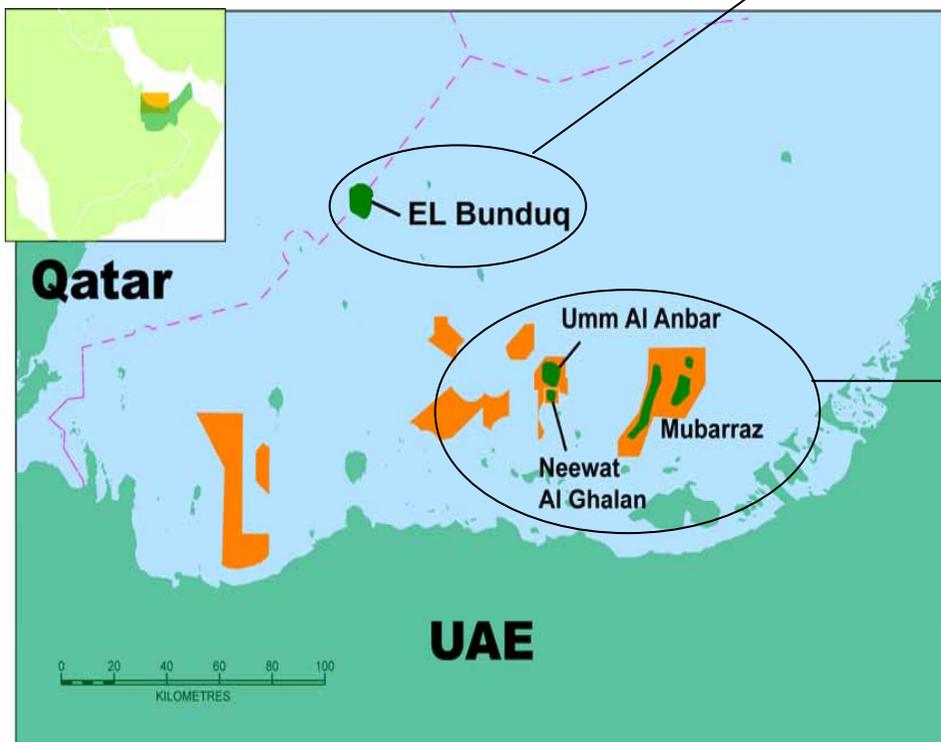
In January 2009, Nippon Oil Exploration (Niugini) acquired the four exploration licenses (both onshore and offshore) from Oil Search Limited.

In December 2009, PNG LNG Project was made a final decision to proceed with the development.

# Principal Individual E&P Project Overview



UAE, Qatar



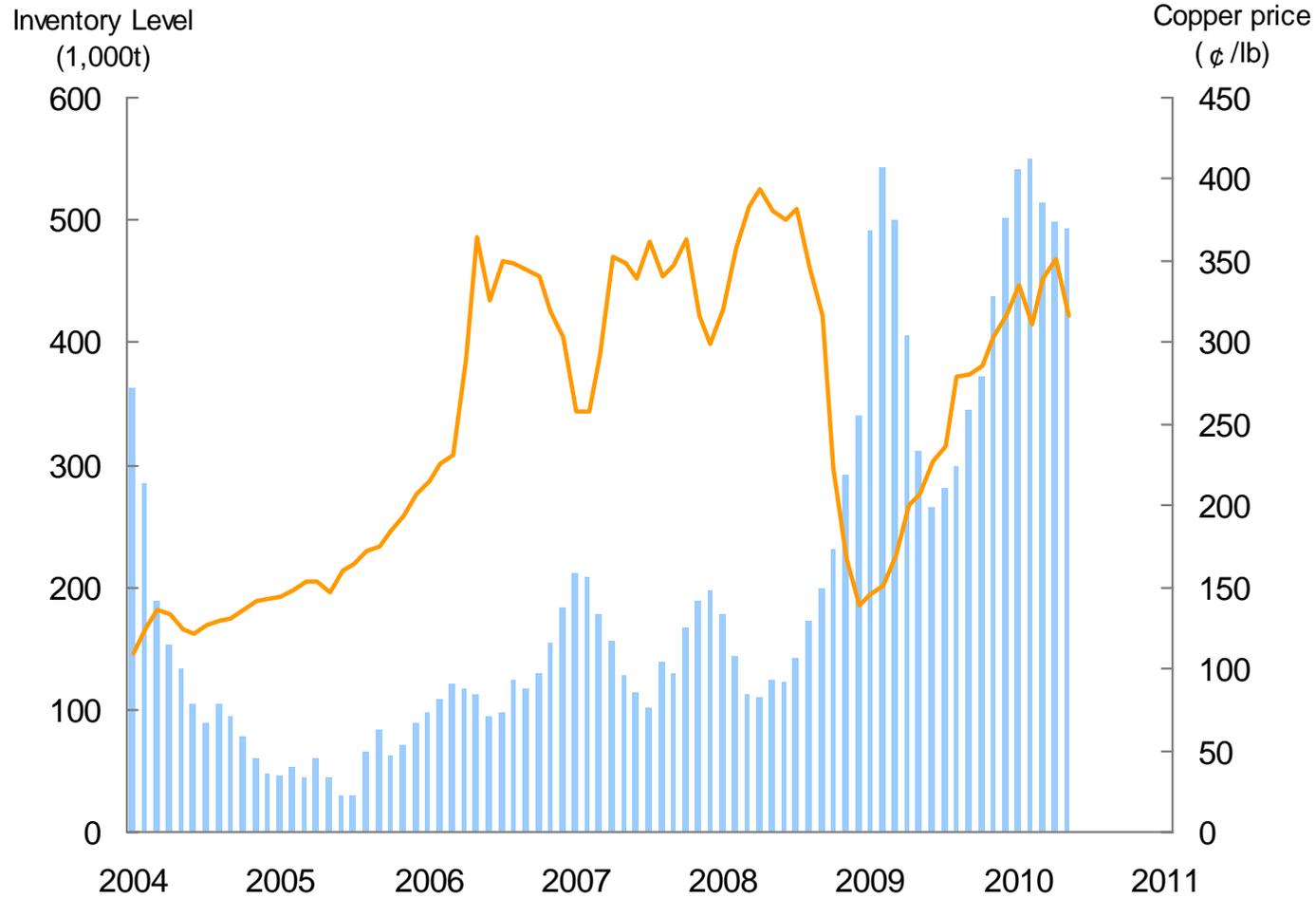
**Project Company**  
 United Petroleum Development Co., Ltd (45%)  
 (%) = JX Group Shareholding  
**Interest in Individual Fields**  
 97%  
**Operator**  
 Bunduq Co., Ltd

In 1970, United petroleum Development acquired a working interest of El Bunduque Oil Field.  
 In 1983, oil production was resumed by a secondary recovery scheme using water injection.  
 In March 2010, Japan Energy Development acquired additional 10% stock of United Petroleum Development Co., Ltd.

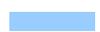
**Project Company**  
 Abu Dhabi Oil Co., Ltd (31.5%)  
 (%) = JX Group Shareholding  
**Interest in Individual Fields**  
 100%  
**Operator**  
 Abu Dhabi Oil Co., Ltd

In 1967, Nippon Mining (re-organized and renamed as Japan Energy), Maruzen Oil and Daikyo Oil (the latter two are merged and renamed Cosmo Oil) acquired working interest in block of Mubarraz.  
 In 1973, oil production commenced in Mubarraz Oil Field.  
 In 1989, oil production commenced in Umm Al Anbar Oil Field.  
 In 1995, oil production commenced in Neewat Al Ghalan Oil Field.

# Copper Price and Inventory Level



Source: LME

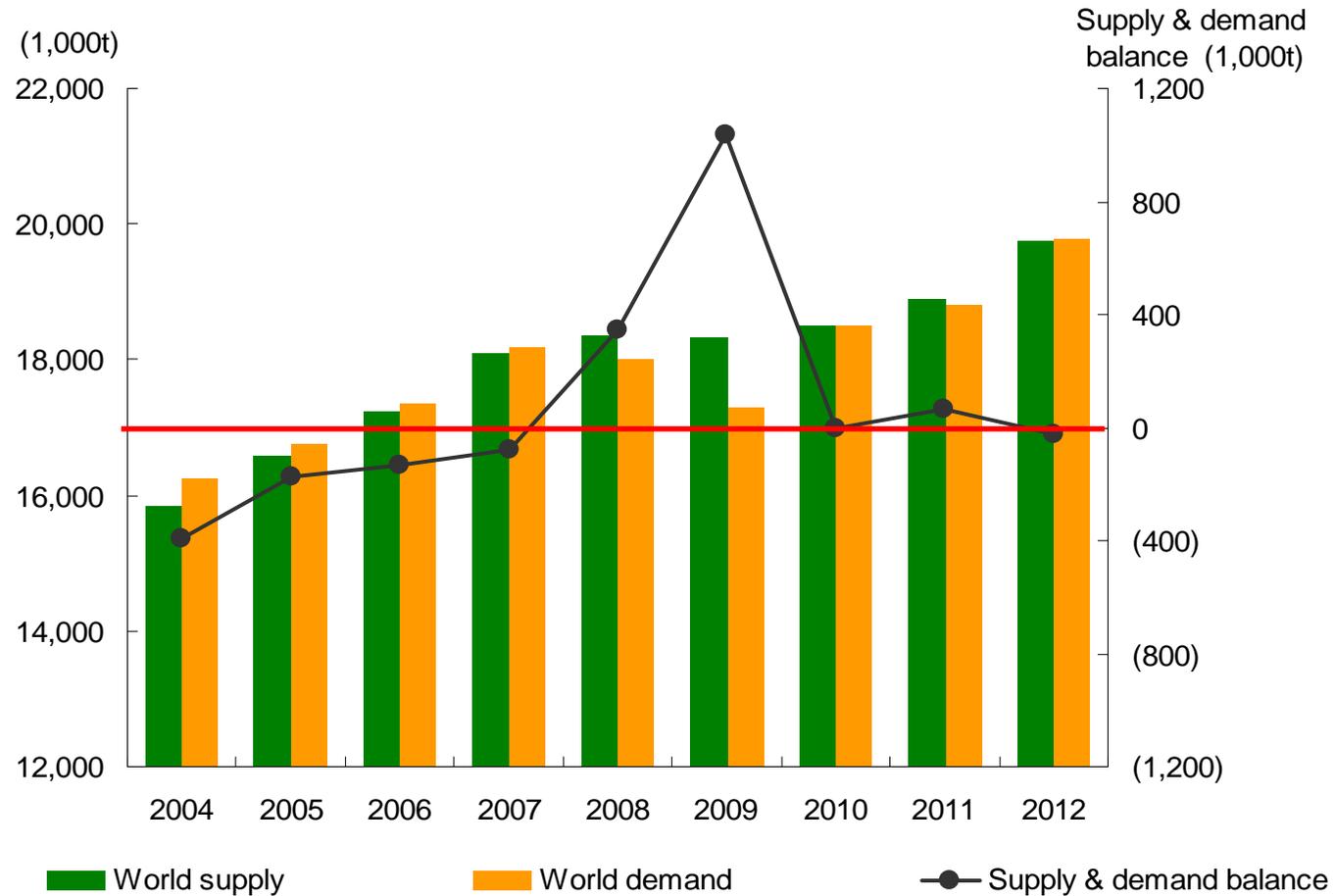


LME Copper inventory level



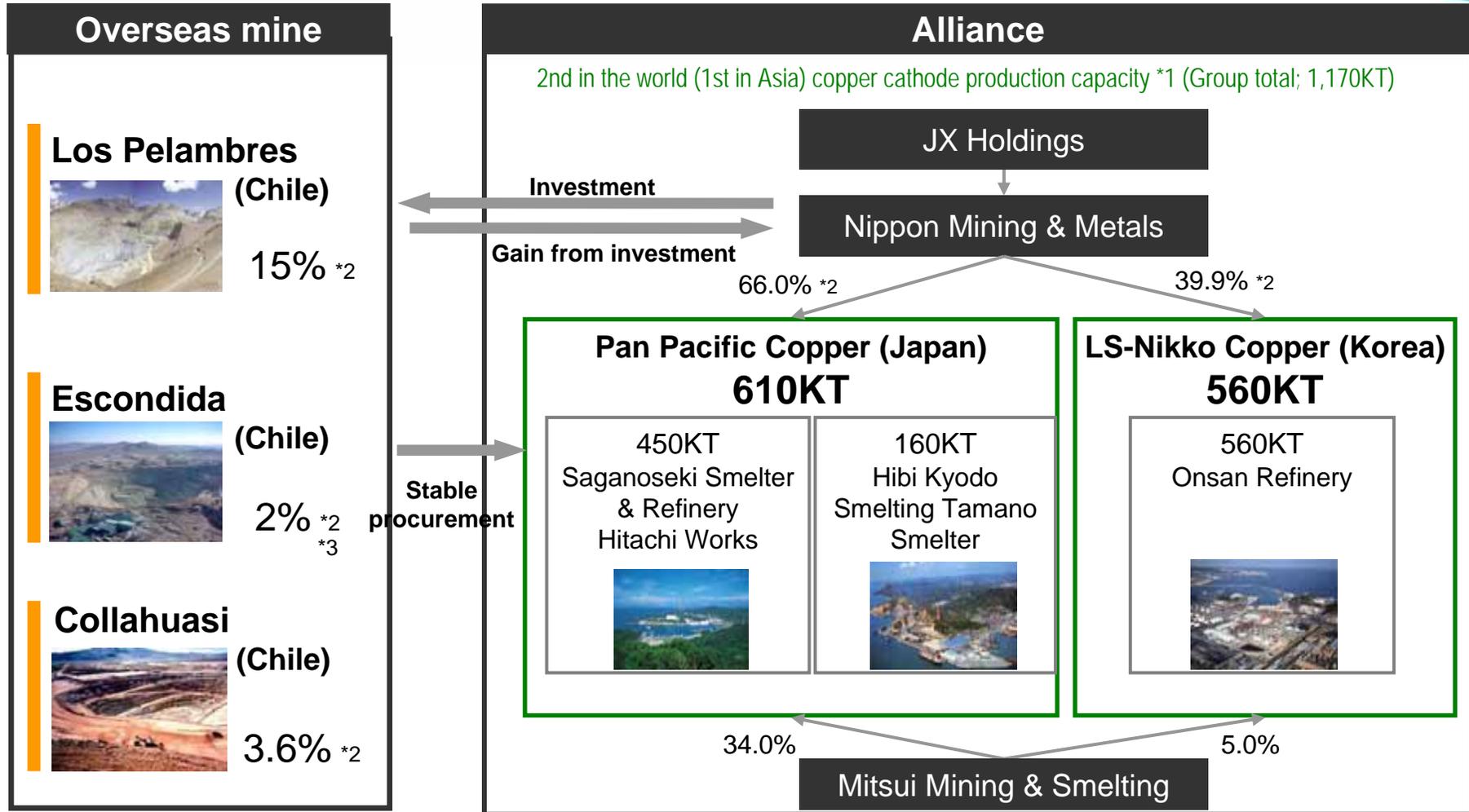
LME Copper price

# World Copper Cathodes Supply & Demand



Source: Company Data

# Copper Smelting & Refining



Notes: \*1 Source: Brook Hunt. \*2 Shares held by Nippon Mining & Metals  
 \*3 It will be 3% after acquiring the ownership interest from International Financial Corporation  
 \*4 Total Capacity is 260KT. PPC has 63.51% equity.  
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## Overseas Copper Mine Development



Caserones Copper Mine (Chile)		Full-Fledged Development forward 2013		
Acquisition date	May. 2006			
Acquisition price	\$137 million			
Mine life	From 2013 to 2040 (28 years)			
Production life		SX-EW From Jan.2013 Copper Concentrate From Sep.2013		
		Initial 5 years	28 years average	28 years total
Copper	Copper content in copper concentrate	150kt/y	110kt/y	3,140kt/y
	Refined copper produced thorough SXEW process	30kt/y	10kt/y	410kt/y
	Total	180kt/y	120kt/y	3,550kt/y
Molybdenum		3kt/y	3kt/y	87kt/y
Initial investment	\$ 2.00 billion (Estimated)			
Ownership	Pan Pacific Copper (PPC) *1 75% Mitsui & Co., Ltd. 25%			

Quechua Copper Deposit (Peru)		Feasibility study stage Until Jan. 2011		
Acquisition date	Mar. 2008			
Acquisition price	\$40 million			
Mine life	From 2013 to 2030 (17 years)			
Production plan		Copper content in copper concentrate 76kt/y Total production through mine life : 1.3 million tons		
Initial investment	\$ 0.85 billion (Estimated)			
Ownership	Pan Pacific Copper (PPC) *1 100%			

\*1 Jointly established by Nippon Mining & Metals (66%) and Mitsui Mining & Smelting (34%)

# Nikko-Chloride Process (N-Chlo Process)



## N-Chlo Process

The N-Chlo Process is a new hydro-metallurgical process that we have uniquely developed.

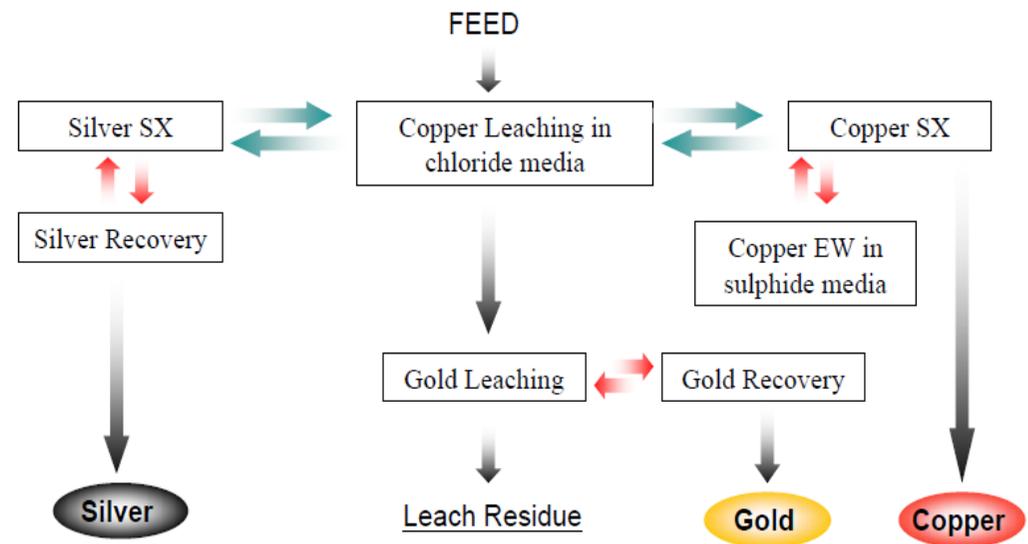
The process enables the effective recovery of not only copper from low-grade copper concentrate, but also such precious metals as gold and silver.

This process does not generate sulfur oxides (SOX), and it is possible to substantially reduce energy consumption and CO<sub>2</sub> emissions, compared with pyro-metallurgical smelting which is the most commonly used method in the copper smelting industry.

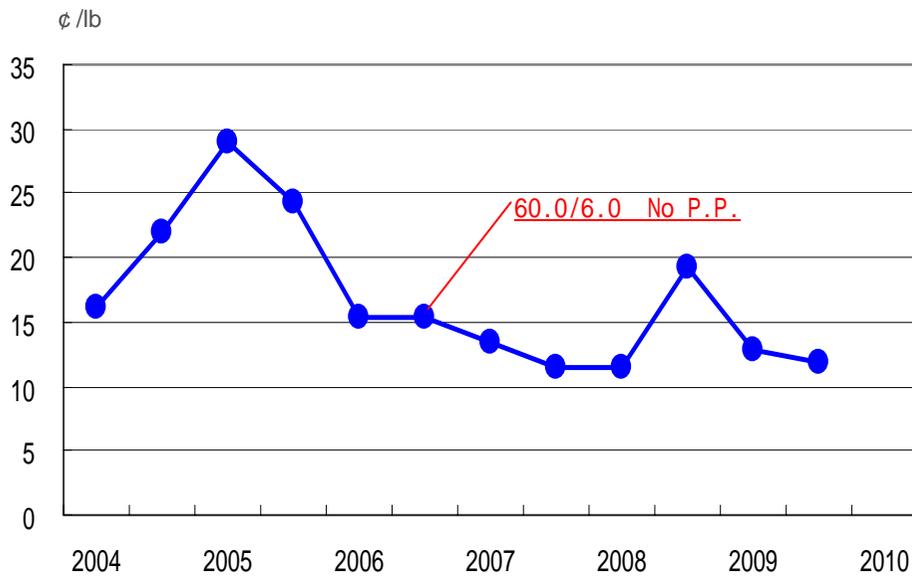
We constructed a pilot plant in Australia and have been conducting demonstration test since latter half of 2009.



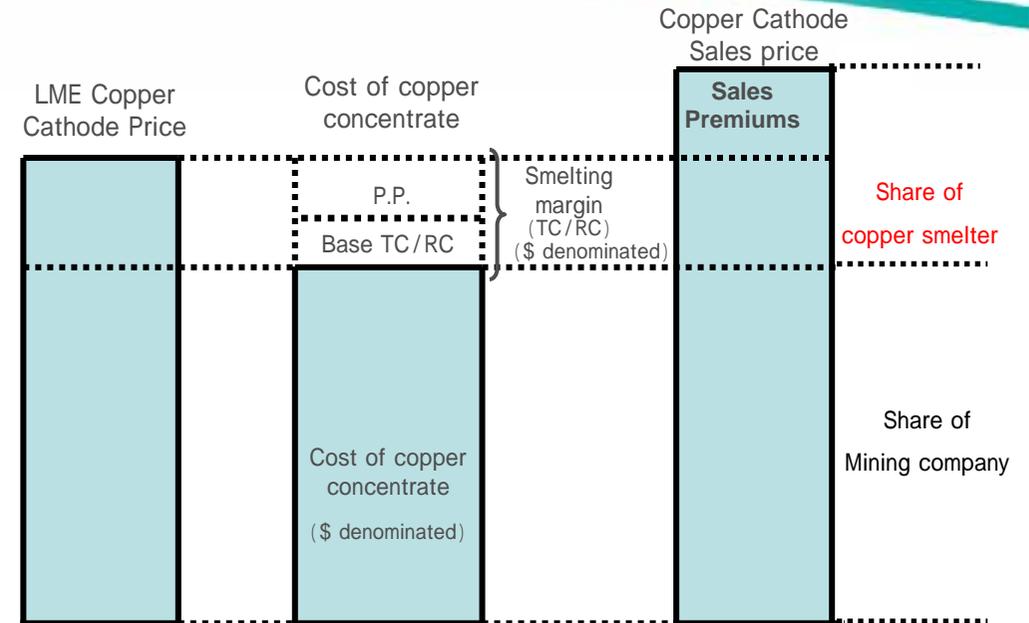
## Structure of N-Chlo Process



# Trends of TC/RC & Earnings Structure of Copper Smelter



\* Source : Company data



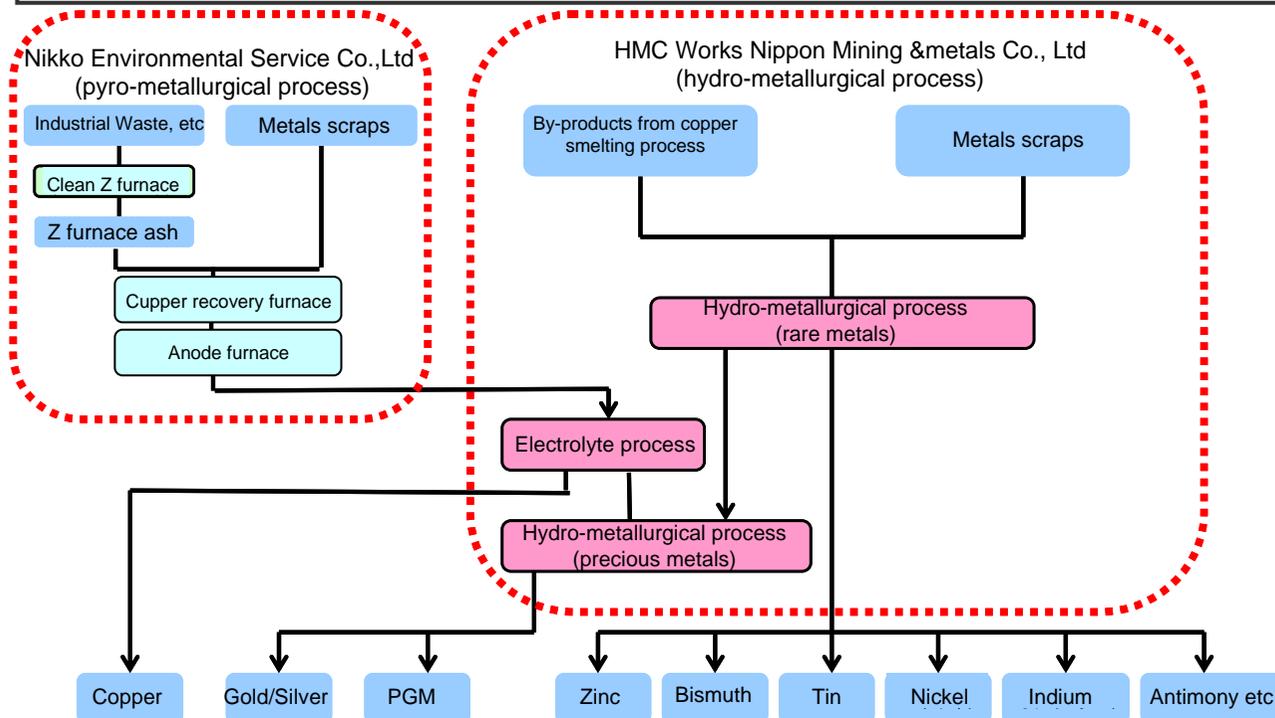
- Cost of copper concentrate :  
The price of copper concentrate, which custom smelters pay to mining companies, is LME copper cathode price less TC/RC, which is smelting margin.
- TC (Treatment charge) + RC (Refining charge) :  
Consisting of "Base TC/RC" and "P.P."
- P.P. (Price participation) :  
The system under which mines and smelters share margins when LME copper price exceeds benchmark price
- Sales price :  
LME price plus sales premiums, which is established by reference to various factors including importation costs, import tariffs, and others

# Metal's Recycling



## Metal's Recycling Complex in Hitachi

- Recovering 16 kinds of metals efficiently by hydrometallurgical process
- An original zero emission process that combines with pyrometallurgical process of Nikko Environmental Services Co., Ltd at adjacent site.
- Favorable location adjacent to the metropolitan area – the biggest urban mine in Japan
- Processing by-products from Saganoseki smelter.
- The role as a raw material (indium, nickel, etc) supplier to Electronic material business



### Recovering Ability

Copper 6,000 t/y	Bismuth 500 t/y
Gold 500 kg/y	Tin 500 t/y
Silver 50 t/y	Nickel 500 t/y
Platinum 200 kg/y	Indium 12 t/y
Zinc 700 t/y	Antimony 150 t/y

# Electronic Materials



Main IT-related products	Global market share	Primary applications	End-use applications								
			PCs	Mobile phones	FPDs *1	Digital AVs	Telecom infra.	Auto mobiles			
 Treated rolled copper foil	75% No. 1	Flexible printed circuit boards									* 3
 Electro-deposited copper foil	12% No. 3	Rigid printed circuit boards									
 Semiconductor targets	60% No. 1	CPUs, memory chips, etc.									
 ITO targets for FPDs *1	45% No. 1	Transparent electrodes									
 HD media targets	30% No. 2	HDD (Hard disk drives), etc.									
 Phosphor bronze	19% No. 1	Connectors									* 2
 Corson alloy (C7025)	40% No. 1	Lead frames, Connectors									
 Titanium copper alloy	60% No. 1	High-class connectors, etc.									

Notes: \*1 Flat panel displays \*2 Share in Asia market \*3 means main end-use applications

# Polysilicon for Photovoltaic Power Generation



Increasing global demand for photovoltaic power generation as an action against global warming

Supply high-quality, low-cost polysilicon for photovoltaic power generation

## Overview of the joint venture

### Company name:

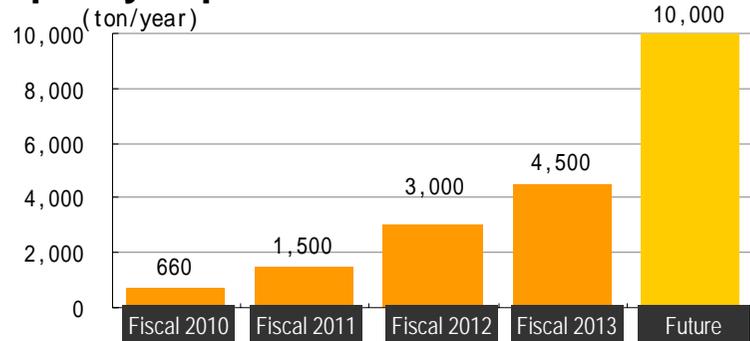
Japan Solar Silicon Co.,Ltd. (JSS)

### Ownership:

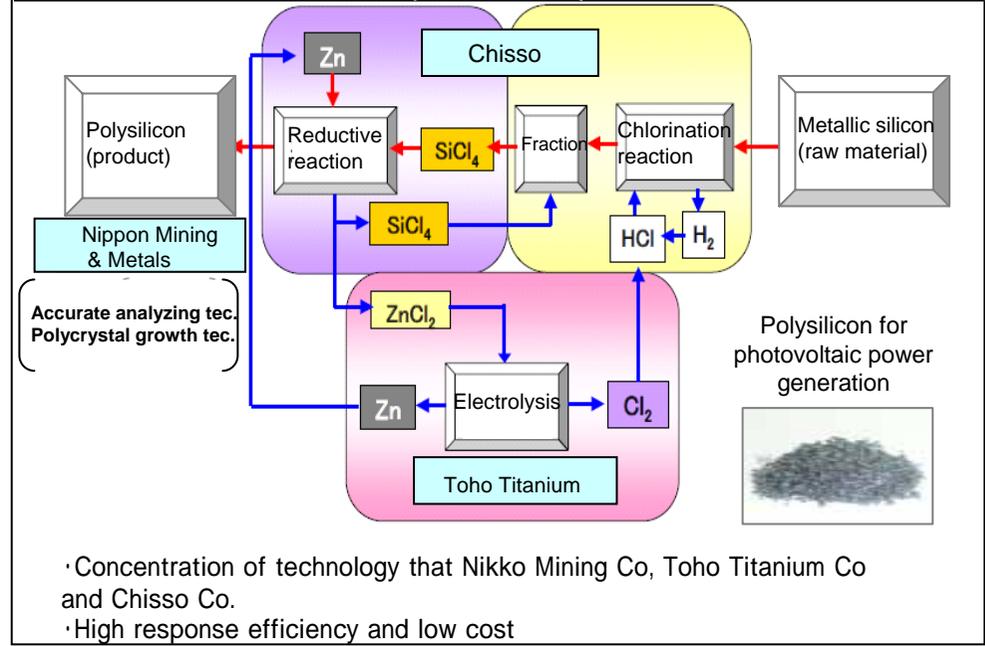
Chisso Corp. 50%  
 Nippon Mining Holdings Group 50%  
 -Nippon Mining & Metals Co., Ltd. 30%  
 -Toho Titanium Co., Ltd. 20%

**Investments:** ¥30 bn (4,500 ton/year basis)

### Capacity expansion schedule :



## Characteristics of the zinc-reduction process (JSS method)



	JSS Method	Siemens Method
Purity	8-9N	11N
Capex (1,000t-Si/y)	¥ 7-10 bn/	¥ 13-16 bn/
Electric power consumption for unit production	40KWh/kg-Si	110KWh/kg-Si

Source: Company data



## Mission Statement

**JX Group will contribute to the development of a sustainable economy and society through innovation in the areas of energy, resources and materials.**



The Future of Energy, Resources and Materials

“JX” is a name which represents the basic philosophy of the Integrated Group. “J” represents a Japanese and world leading “integrated energy, resources and materials business group,” and “X” represents challenges of the unknown, growth and development for the future, and creativity and innovation, among others.



Our actions will respect the **EARTH**.

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**E**thics

**A**dvanced ideas

**R**elationship with society

**T**rustworthy products/services

**H**armony with the environment

## Cautionary Statement Regarding Forward-Looking Statements



This notice contains certain forward-looking statements. These forward-looking statements may be identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future” or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Actual results may differ materially in the future from those reflected in forward-looking statements contained in this notice, due to various factors including but not limited to: (1) macroeconomic condition and general industry conditions such as the competitive environment for companies in energy, resources and materials industries; (2) regulatory and litigation matters and risks; (3) legislative developments; and (4) changes in tax and other laws and the effect of changes in general economic conditions.