
■JX Holdings (5020) analysts' meeting Q&A for Fiscal 2011 2Q

1. Date & time: Friday, November 4, 2011, 16:00–17:00
 2. Attendees: 155
 3. Principal questions:
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— This document contains forward-looking statements. A cautionary statement appears in the endnote. —

Q. How do you view petroleum product market conditions for the second half?

A. We believe market conditions will mostly be in line with the projections from the beginning of the year (May).

Q. Copper prices are extremely volatile. What is your future outlook?

A. Copper prices are somewhat weak over the near term due to factors such as the fiscal crisis in Europe and concerns of an economic slowdown in China. However, as global copper demand and supply conditions continue to be tight, we expect prices to remain strong over the medium to long term, despite short-term volatility.

Q. At the beginning of the year (May) the outlook for ordinary income excluding inventory valuation for the first half was JPY 135 billion. However, the results of JPY 163.9 billion exceed this by JPY 30 billion. In spite of this, the full-year outlook for ordinary income excluding inventory valuation hasn't changed from the outlook from May. Do you consider the outlook for the second half to be too conservative?

A. We don't consider the outlook for the second half to be particularly conservative as the outlook takes into consideration factors such as a downturn in naphtha market conditions, a deceleration in the petrochemicals market, and a decline in the copper price over the near term.

Q. What factors do you believe will be significant looking at next year?

A. We expect to accumulate JPY 33 billion from synergies in 2012, allowing us to achieve our medium-term target of JPY 109 billion. In addition, the restoration of operations at Kashima and Sendai is expected to contribute to performance.

Q. Idemitsu Kosan has announced the closure of the Tokuyama oil refinery. When does JX plan to announce the specific reduction method?

A. Of the initially-announced reduction of 600,000 B/D, a reduction of 400,000 B/D was already made last year. We are currently considering the details for the remaining 200,000 B/D. I'm not in a position to disclose the precise timing at this stage.

Q. A year and a half has passed since the medium-term business plan was announced. What is the progress regarding the financial strategies?

A. We anticipated that an additional cash outlay of JPY 170 billion would be required for recovery, and reconstruction measures in response to the earthquake, and these expenditures have been investigated and trimmed. Meanwhile, as sales of idle assets are underway, we expect to achieve our 2012 year-end net debt/equity ratio target of 1.0.

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.