■JX Holdings （5020） Analysts' meeting Q&A for the third quarter ended December 31, 2013

1. Date & time: Thursday, February 6, 2014 (16:00－17:00)
2. Attendees: 111
3. Principal questions:

－This document contains forward-looking statements. A cautionary statement appears in the endnote.－

Q． When is the Caserones Copper Deposit Project of the Metals Business scheduled to be operational?

A． The project has lagged somewhat behind schedule. We currently plan to begin ore processing test runs in February and subsequently ramp up capacity utilization to full production by around August. The delay does not pose any concerns about cost overruns beyond our initial investment (4.2 billion yen).

Q． In the Energy Business, petroleum product margins were depressed in the October-December quarter despite it being the winter demand season. What is your analysis of the factors behind the low margins? Could you also provide your outlook for petroleum product margins?

A． In addition to a structural decline in demand and consumer frugality in response to the rise in the prices of petroleum products stemming from yen depreciation, the depressed margins were largely attributable to weaker-than-anticipated kerosene demand as a result of milder winter, particularly in northern Japan, a key region in terms of demand.

In terms of the outlook, with cutting production by each company and reducing refining capacity to comply with the Sophistication of Energy Supply Structure Act by the end of March, we expect the supply-demand balance to start to improve.

Q． Is there a possibility that your earnings forecast for fiscal 2014 and beyond will change from the figures given in your Second Medium-Term Management Plan released in March 2013 as you are forecasting a large profit decline in fiscal 2013.

A． We are currently formulating fiscal 2014 budgets toward achieving the Second Medium-Term Management Plan’s targets. We are considering various measures including optimizing supply and demand balance in Japan as well as reducing cost and unfailingly launching new projects. We currently have no intention of revising our ordinary income target of 400 billion for fiscal 2015, the final year of our Second Medium-Term Management Plan. We are progressing nicely toward launching our LNG project in Papua New Guinea and Paraxylene Joint Venture Project in South Korea as part of our growth strategy. Additionally, Caserones should be producing at full capacity throughout fiscal 2015. Accordingly, we expect to achieve our plan's earnings targets.

Q． As for the shareholder return, you said that you would consider increasing shareholder return centering on increase of dividends when you secure stable profitability in existing businesses and foresee realization of return from strategic investments. With petroleum product margins currently depressed and production start of the Caserones Project delayed, is increasing shareholder return now unrealistic?

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Ａ． In existing businesses, we are generally pursuing safe and stable operations. We are conducting planned maintenance and repairs at our refineries and smelters in light of lessons learned in fiscal 2012. We believe that petroleum product margins are quite likely to improve if each refining company appropriately optimizes their operations to match demand based on their own autonomous decisions while reducing refining capacity to comply with the Sophistication of Energy Supply Structure Act. In terms of growth investments, Caserones has lagged somewhat behind schedule, but we still expect it to contribute to earnings to some extent in fiscal 2014. Accordingly, we believe that we have ample scope to consider increasing shareholder return.

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.

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