Security Code: 5020

June 2, 2011

To: Our Shareholders

Mitsunori Takahagi
Representative Director, President
JX Holdings, Inc.
6-3 Otemachi 2-chome,
Chiyoda-ku, Tokyo, Japan

CONVOCATION NOTICE OF THE FIRST ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to take this opportunity to thank you for your continued support of JX Holdings, Inc.

Upon notice of the first Ordinary General Meeting of Shareholders, the management and employees of JX Holdings, Inc. express our most sincere condolences to people whose lives were lost in, and extend our heartfelt sympathy to those affected by, the Great East Japan Earthquake. We also pray for the affected area's earliest possible reconstruction and recovery.

In addition, we would like to express our gratitude for the words of encouragement and concerns regarding the damages suffered by the refineries, plants, and marketing facilities of the Company Group.

You are invited to attend the first General Meeting of Shareholders as described below.

If you are unable to attend, you may exercise your voting rights by either of the following methods. You are kindly requested to examine the Reference Materials for the General Meeting of Shareholders set out below, and exercise your voting rights.

[Exercise of voting rights in writing]

You are kindly requested to indicate your approval or disapproval regarding the proposals on the agenda on the enclosed proxy card, and return the card to the Company by 5:30 p.m., Friday, June 24, 2011.

[Exercise of voting rights by an electronic method (e.g., via the Internet)]

You are kindly requested to refer to the enclosed "How to Exercise Voting Rights by an Electronic Method (e.g., via the Internet)," and enter your approval or disapproval regarding the proposals on the agenda, by 5:30 p.m., Friday, June 24, 2011.

Particulars

1. Date and Time: **Monday, June 27, 2011 at 10:00 a.m.**

2. Place: **Tsuru Room, Main Bldg. Banquet Floor, Hotel New Otani Tokyo**
4-1 Kioi-cho, Chiyoda-ku, Tokyo
(Please refer to the guide map for the venue attached at the end of this notice.)

3. Purposes of this Ordinary General Meeting of Shareholders

Matters to be Reported:

1. The substance of Business Report and Consolidated Accounting Documents, as well as Audit Reports on Consolidated Accounting Documents by the Accounting Auditors and the Board of Corporate Auditors, for the Fiscal Year 2010 (from April 1, 2010 to March 31, 2011)
2. The substance of Accounting Documents for the Fiscal Year 2010 (from April 1, 2010 to March 31, 2011)

Matters to be Resolved:

Item 1: Appropriation of Surplus
Item 2: Appointment of Sixteen (16) Directors
Item 3: Setting of the Upper Limit of Remuneration for the Directors and the Corporate Auditors

4. Matters Concerning Exercise of Voting Rights

(1) Please be advised that if you submit a proxy card indicating neither approval nor disapproval regarding each item, the Company shall deem that you voted in favor of the items.

(2) If you exercised your voting right(s) multiple times by a proxy card and/or by an electronic method (e.g., via the Internet), and your vote(s) are conflicting, the Company will deem the most recent vote(s) received to be valid. In the event where you redundantly exercised your voting right(s) both in writing and by an electronic method (e.g., via the Internet), and if the Company received them on the same day, the Company will deem the exercise of voting right(s) by an electronic method to be valid.

(3) If you desire to exercise your voting right(s) by a proxy, please exercise your voting right(s) by appointing one (1) proxy who is also a shareholder of the Company entitled to exercise his/her voting right(s) at this Ordinary General Meeting of Shareholders.

End

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1. **If you are to attend the meeting in person, please kindly submit the enclosed proxy card to the reception desk at the meeting venue.**
2. Notes to consolidated financial statements and non-consolidated financial statements are posted on the Company's website (http://www.hd.jx-group.co.jp/ir/stock/meeting/), pursuant to the laws and regulations and Article 15 of the Articles of Incorporation of the Company. In the event where it becomes necessary to revise the business report, the consolidated financial statements, and the reference materials for the Shareholders' Meetings, the revised information and data thereof will be posted on such website.

(Attachments)

BUSINESS REPORT

1st Fiscal Term

(From April 1, 2010 to March 31, 2011)

1. Issues Concerning Present Situation of the Enterprise Group

(1) Establishment of the JX Group

JX Holdings, Inc. was established on April 1, 2010 by the joint equity transfer conducted by Nippon Oil Corporation and Nippon Mining Holdings, Inc., both of which have been operating for more than 100 years, and took its first step as a new company. In addition, on July 1, 2010, the major businesses of these two companies were consolidated and reorganized to create the following three core operating companies: JX Nippon Oil & Energy Corporation, which is involved in the Petroleum Refining and Marketing Business, JX Nippon Oil & Gas Exploration Corporation, which is involved in the Oil and Natural Gas Exploration and Production Business and JX Nippon Mining & Metals Corporation, which is involved in the Metals Business.

The JX Group, whose business areas are energy, resources and materials, was created to further strengthen the management base in order to preempt structural changes in the business environment we are faced with and to survive intensifying competition. The JX Group also aims to make a leap forward under the new management principle and management strategy.

(2) Core Business

The organizational structure of the JX Group and a summary of its core operating companies as of March 31, 2011 are as follows.

JX Holdings, Inc.

Petroleum Refining and Marketing Business	Oil and Natural Gas Exploration and Production Business	Metals Business	Other Businesses
Core business corporation JX Nippon Oil & Energy Corporation	Core business corporation JX Nippon Oil & Gas Exploration Corporation	Core business corporation JX Nippon Mining & Metals Corporation	NIPPO CORPORATION; Toho Titanium Co., Ltd.; other group companies
Core business Production and marketing of petroleum and petrochemical products	Core business Exploration, development and production of oil and natural gas	Core business Development of non-ferrous metal resources; Production and marketing of non-ferrous metal products and electronic materials	Core business Road repairs and paving work; Production and marketing of titanium metals

Petroleum Refining and Marketing Business

JX Nippon Oil & Energy Group

Petroleum refining capacity
1,520,000 barrels/day — No. 1 in Japan

Market share of fuel oil
33% — No. 1 in Japan

Paraxylene supply capacity
2,620,000 tons/year — No. 1 in Asia

Oil and Natural Gas Exploration and Production Business

JX Nippon Oil & Gas Exploration Group

Sales volume of crude oil and natural gas (average for 2010)
140,000 barrels/day
(crude oil equivalent)

Metals Business

JX Nippon Mining & Metals Group

Mining volume
100,000 tons/year

Electrolytic copper production capacity
1,170,000 tons/year — No. 2 in the world

Electrical material processed products
Product family of the **No. 1** market share in the world

(3) JX Group Management Policies

"JX" are letters used in our company and group name and they represent a brand that symbolizes what our group is supposed to be. "J" shows our determination to represent Japan as the world's leading "Integrated energy, resources, and materials business group," while "X" shows our spirit of challenging the unknown, striving for growth and development into the future, and pursuing creativity and innovativeness. In order for all the directors and employees of the JX Group to share the implied idea behind this new brand and to show the basic stance of the JX Group to all the stakeholders including our shareholders, we have created the JX Group Management Principle as follows.

JX Group Mission Statement

JX Group Slogan

The Future of Energy, Resources and Materials

JX Group Mission Statement

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

JX Group Action Agenda

Our actions will respect five values (EARTH)

Ethics
Advanced ideas
Relationship with society
Trustworthy products/services
Harmony with the environment

The JX Group will strive to develop into the world's leading "Integrated energy, resources, and materials business group" by relying on this JX Group Management Principle in its everyday business activities.

(4) Medium-Term Management Plan

We formulated the Medium-Term Management Plan, which serves as the fundamental strategy of the JX Group, in May 2010.

The Medium-Term Management Plan establishes the management target and management strategy for the period between FY2010 and FY2012. Its fundamental policy is to 1) force through drastic reforms in the Petroleum Refining and Marketing Business by producing synergy through consolidation and thoroughly cutting expenses with "Best Practice" as its keyword, 2) maximize corporate value by prioritizing areas with high profitability such as the development of oil and natural gas, mining development and electrical material processed products when allocating management resources. By implementing various measures and policies based on this fundamental policy, we aim to achieve a consolidated ordinary income of 300 billion yen or more, ROE that exceeds 10% and a net D/E ratio of 1.0 in FY2012, the final year of the Medium-Term Management Plan.

(5) Effects of the Great East Japan Earthquake and Status of Responses

We would like to report on the effects of the Great East Japan Earthquake and the status of the JX Group's responses.

After the Earthquake occurred on March 11, 2011, the Company and the core operating companies evaluated that the damage was massive and immediately established a task force by appointing each President as General Manager. We focused on collecting information regarding the status of damage and worked on emergency responses in order to fulfill our responsibility to ensure a steady supply of energy and materials in each business area.

First, as for the Petroleum Refining and Marketing Business, the Sendai Refinery and Kashima Refinery were damaged, and the Negishi Refinery temporarily halted production due to the Great Earthquake (magnitude 9.0, the largest in recorded history in Japan) and its accompanying tsunami. Furthermore, oil terminals, tankers and service stations mainly in the Pacific Coast of the Tohoku Area suffered damage. The logistics network such as railways and roads were also destroyed, and the supply of petroleum products to the disaster area was temporarily interrupted after the Earthquake.

Under these circumstances, JX Nippon Oil & Energy Corporation took measures in the area of production and procurement. These measures included promptly resuming production at the Negishi Refinery, enhancing crude oil processing capacity at the Mizushima Refinery and switching the products that had been for export to domestic areas. At the same time, we took measures in the area of logistics, such as transporting petroleum products from the Muroran Refinery and Negishi Refinery to the Tohoku Area, making an emergency transfer of tankers from West Japan and restoring oil terminals. We did all we could to supply petroleum products to the disaster area. As a result, we are able to stably supply products to the disaster area from mid-April 2011.

We are currently undertaking measures at the Kashima Refinery, such as repairing shipping facilities and checking and maintaining production facilities, to resume production in June 2011. In addition, we are formulating a specific recovery plan for the Sendai Refinery to resume production by the summer of 2012.

Meanwhile, as for the Metals Business, some facilities of works and plants in the Tohoku and North Kanto Areas sustained damage by the Earthquake, including the Hitachi Works which manufactures electrolytic copper, the Shirogane factory which is involved in the final manufacturing process of rolled copper foil (electrical material processed product used for a flexural area of mobile phones and other devices, and with the No. 1 market share in the world) and the Isohara factory which manufactures products such as ITO targets (electrical material processed product used for manufacturing LED panels, and with the No. 1 market share in the world). These works and plants were forced to halt operations for reasons such as power outages and lack of water, but they repaired the damaged facilities and gradually resumed production of electrolytic copper and electrical material processed products.

The Company and the core operating companies donated relief money of 300 million yen to the Japan Red Cross and started to use agricultural products produced in the Tohoku and Kanto Areas as foodstuff for company cafeterias in order to support local farmers whose business were damaged financially by unfounded and negative rumors. We also held an event to sell such agricultural products to employees of the JX Group. Furthermore, the Company presented a collection of fairy tales published by the Company, "*Douwa No Hanataba* (Bouquet of Fairy Tales)," to shelters in the disaster area from our wish to help provide psychological care to children who were affected by the Earthquake.

We would like to express our deepest sympathy for the people affected by the Earthquake and wish for a swift restoration and recovery of the disaster area.

(6) Business Progress and Results during FY2010

a. Overall Environment Surrounding the JX Group

The global economy in FY2010 was generally on a gradual recovery trend due to the U.S. economy's recovery, bolstered by its policies, and steady growth in emerging countries including China as a result of their growth in exports and domestic demand. Meanwhile, although the Japanese economy saw a steady growth in exports and was gradually getting through the temporary standstill triggered by the strong yen, there remain concerns about it weakening due to the Great East Japan Earthquake.

Looking at the market conditions in the resources and energy areas, although crude oil prices were stable during the first half of the year, they gradually increased in the second half due to the inflow of speculative funds as prospects for the global economy seemed favorable. Moreover, the price of crude oil produced in Dubai reached as high as around US$110 per barrel this March due to the effect of the political instability in Middle Eastern and North African countries triggered by the political turmoil in Tunisia. Copper prices were also on an upward trend due to recovering demand on a global basis, and the London Metal Exchange (LME) copper price set a historic high of US$10,000 per ton this February.

On the other hand, we had assumed that the US dollar-yen rate would be around 93 yen at the beginning of the year, but the yen was strong throughout the year, going below 80 yen this March.

b. Progress and Results of Each Business

(i) Petroleum Refining and Marketing Business (JX Nippon Oil & Energy Group)

In terms of domestic demand for petroleum products, the demand for gasoline, diesel oil and fuel oil C for electricity exceeded that of the previous year due to a record-setting heat of summer. However, overall demand was almost the same as the previous year since the demand for fuel oil A decreased, owing to an ongoing shift from fossil fuels. The demand for petrochemical products in Asia grew steadily.

Under these circumstances, the Petroleum Refining and Marketing Business has implemented various measures and policies as follows in order to promptly transform the business, which is something that became possible only after the consolidation.

First, as for production of petroleum products, we worked on cutting refining capacity and improving the efficiency of the refineries in order to properly manage a decline in domestic demand and to create the most competitive production system in Japan. Specifically, we cut the refining capacity of the refineries in Kashima, Negishi, Mizushima and Oita in series and jointly established "Osaka International Refining Company, Limited" with China National Petroleum Corporation to convert the Osaka Refinery to one for exporting products to the Asian-Pacific market. As a result, we successfully cut the crude oil processing capacity by 400,000 barrels per day (on target) and improved the operating rate of the refineries. We also focused on improving the operational efficiency of the refineries by undertaking measures such as increasing production of petrochemical products such as propylene (raw materials of synthetic resin and synthetic fiber) and efficiently using energy for internal consumption.

Second, as for marketing of petroleum products, we first unified the brands (trademarks) in the Petroleum Refining and Marketing Business into one as “ENEOS” and integrated the designs for the symbol of affiliated service stations in order to bring out the effects of the consolidation at an early stage. Also, last November we started to sell ENEOS Premium Motor Oil, SUSTINA, a lubricant which can greatly reduce a vehicle’s fuel consumption and clean its engine, as a new product after the consolidation of the brand. In addition, we created a new company called “ENEOS GLOBE Corporation” this March by splitting the LPG (liquefied petroleum gas) Business and consolidating it with Mitsui Marubeni Liquefied Gas Co., Ltd. (engaged in the LPG Business) in order to strengthen the base of the LPG Business, which is faced with tough competition from electricity and natural gas. Meanwhile, as for petrochemical products, following the management consolidation we now have a paraxylene (raw materials of synthetic fiber and plastic containers, etc.) supply capacity of 2.62 million tons, the largest in Asia, and focused our efforts on sales of mainly paraxylene and propylene to Asia.

Furthermore, in the Overseas Business we newly established a lubricant manufacturing company in Indonesia last December and are now earnestly making all necessary arrangements to start production in March 2012. Although we have established lubricant manufacturing companies in five locations in three countries (China, Singapore and the U.S.), we plan to further enhance the production system in order to capture growing demand for lubricants in Asian countries by this newly established manufacturing base in Indonesia.

Next, in the New Energy Business, we will add a solid-oxide fuel cell (SOFC) to the existing line-up of proton-exchange membrane fuel cell (PEFC) for residential-use fuel cells marketed under the name of “ENE FARM.” We plan to start selling this new SOFC around October 2011. Compared to PEFC, SOFC is smaller and has a higher generating efficiency. We expect to see greater demand for SOFC as a piece of environmentally friendly distributed power-generating equipment. In addition, we anticipate an increase in demand at the Storage-Cell-Related Business, where we jointly established Power Carbon Technology Co., Ltd. with GS Caltex Corporation in South Korea. Power Carbon Technology started to manufacture and market carbon material for electrodes for capacitors (efficient storage cells that can produce large amount of electricity in a short time) from April 2010. Following this, we reached an agreement with GS Caltex Corporation this February to make this joint venture company engage in manufacturing and marketing of negative-electrode material for lithium-ion batteries. A manufacturing facility is now under construction, and is slated to be completed in March 2012.

As for the Petroleum Refining and Marketing Business, in the Medium-Term Management Plan, we aim to improve income by 109 billion yen in total. This figure consists of 80 billion yen to be produced from the synergy of the consolidation, and 29 billion yen that will come from improving the efficiency of the refineries within three years from the consolidation. During FY2010, the first year of the Management Plan, we succeeded in improving income by 49.6 billion yen (38.8 billion yen from the synergy of the consolidation and 10.8 billion yen from improving the efficiency of the refineries) by optimizing and saving energy during production at the refineries and plants, improving logistics efficiency and promoting cost cutting in each department.

(ii) Oil and Natural Gas Exploration and Production Business (JX Nippon Oil & Gas Exploration Group)

Global demand for oil and natural gas was on a recovery trend and is expected to grow from the medium- and long-term perspectives. Therefore, there is now fierce competition to acquire oil fields and gas fields. In addition, the environment surrounding the Oil and Natural Gas Exploration and Production Business became tougher due to an increase in development costs as a result of the tightened regulations on operating this business in the U.S., triggered by the Gulf of Mexico oil spill disaster.

Under these circumstances, we established a long-term target for the Oil and Natural Gas Exploration and Production Business: to produce 200,000 barrels per day (crude oil equivalent) of crude oil and natural gas. Accordingly, we implemented the following measures and policies in accordance with the fundamental strategy of the Medium-Term Management Plan.

First, as for the Exploration Business, which serves as our foundation for compensating for and expanding reserves, we discovered crude oil and natural gas in the two exploratory wells in the offshore working interest in Vietnam. Of the exploration working interests in which we have already discovered natural gas and other substances, we confirmed that the natural gas pool in the Gulf of Mexico and the natural gas condensate in the U.K. North Sea had the potential for commercialization and therefore continued assessing the reserves and considering a development plan. Other than the above, we also newly acquired a working interest in the U.K. North Sea.

Next, as for the Development Business, the projects of which are in the preparation phase toward commercial production, we promoted the LNG (liquefied natural gas) project in Papua New Guinea and worked on constructing plants and such like so that we can start shipping products in 2014. In addition, Abu Dhabi Oil Co., Ltd. (Japan), in which JX Nippon Oil & Gas Exploration Corporation made a 31.5% investment, succeeded in signing a 30-year concession agreement for the interest in three oil fields in operation in the UAE as well as an interest in the undeveloped Hail Oil Field. The economic efficiency of development and production at the Hail Oil Field is expected to be high since we can utilize the existing production facilities of Abu Dhabi Oil.

Next, as for the Production Business in the oil fields and gas fields in operation, we focused on safe and stable operations in all the projects we are running in the world including those in Vietnam and Malaysia, in which we led the projects as an operator, and produced 140,000 barrels per day (crude oil equivalent) of crude oil and natural gas.

In addition, as part of our asset portfolio restructuring (selection and concentration to optimize our assets), we sold some of the oil fields and gas fields we owned in the U.S. Gulf of Mexico. In terms of efforts for new technologies, in cooperation with parties such as Japan Oil, Gas and Metals National Corporation and Petro Vietnam (Vietnam Oil & Gas Group), we decided to conduct a verification test of the technology to pump CO_2 into the oil deposit in the Rang Dong Oil Field (Vietnam, in operation) to improve the retrieval rate of crude oil. This technology is expected to be useful in preventing global warming since it uses the CO_2 emitted by industrial activities in order to increase the production volume of crude oil, while it also buries that CO_2 and keeps it out of the atmosphere.

(iii) Metals Business (JX Nippon Mining & Metals Group)

Global demand for copper grew steadily mainly in China, which showed continuous economic growth. Although there was steady demand for electronic materials (functional materials (copper foil, high-precision flat-rolled products and high-precision processed products) and thin-film materials) during the first half of the year due to an increase in production of final products overseas, the demand for electronic materials hit the wall affected by the inventory adjustment of some final products.

Under these circumstances, we implemented the following measures and policies for the Metals Business, based on the fundamental strategy of the Medium-Term Management Plan.

First, as for the Copper Business, in order to increase the equity base entitlement volume of copper in the resource development area, we obtained an additional interest in the Escondida Mine (Chile) and started construction work in the Caserones Copper and Molybdenum Deposit (Chile) to start production in FY2013. In addition, we conducted research on and assessment of the Quechua Copper Deposit (Peru), to help us make a decision on its development. Meanwhile, in the smelting, refining and production area, operations of the Saganoseki Smelter & Refinery, Tamano Smelter and the joint venture smelter in South Korea grew steadily, and the latest facility with a production capacity of 300,000 tons per year was completed in March 2010 and started operating at a company that manufactures continuous copper wire rod in China.

Next, as for the Recycling & Environment Service Business, the HMC Plant (Hitachi Metal Recycling Complex), which collects a wide range of nonferrous metal from various recycling materials, went into full-scale operation to reinforce the business base.
Furthermore, the Saganoseki Smelter & Refinery accepted recycling materials collected by the subsidiary in Taiwan and started collecting valuable metal in order to enhance its collection capacity of recycling materials. We almost completed the verification test on technology to recycle the rare metal contained in used automotive lithium-ion batteries, and worked on its commercialization.

Next, at the Electronic Material Processing Business we acquired all the shares of Sanyu Electronic Industrial Co., Ltd. (a pure plating manufacturer) to reinforce the aftergilding process of precision processing. We also acquired 100% ownership of Suzuki Manufacturing Co., Ltd. (a precision press working company) to establish the integrated production system from precision rolling to press work and plating. In addition, this year we started constructing a manufacturing plant of precision parts for on-board electronic components (high-precision flat-rolled products which are pressed and plated) in Kakegawa City, Shizuoka and plan to further reinforce the supply system of precision parts.

In addition, in the Isohara Plant, we started constructing facilities to organize a mass-production system of high-quality positive-electrode materials used for lithium-ion batteries which are loaded in next-generation environmentally friendly vehicles such as electric cars.

(iv) Other Businesses

In the Civil Engineering Business which covers areas such as paving work and which is the core business of NIPPO CORPORATION, although private capital investment was on a recovery track, the management environment remained tough with sluggish public investment. NIPPO CORPORATION worked on order intake activities that utilized its technological strengths and strove for greater cost reductions and more efficient operations, and focused on improving profitability.

As for the Titanium Business, which Toho Titanium Co., Ltd. is engaged in, with the recovering demand for titanium in both the aircraft and general industry segment, we started operating the new titanium sponge plant (Wakamatsu Plant) in Kitakyushu City, which greatly increased our production capacity of titanium sponge. In addition, since the global demand for titanium is expected to increase, we started construction to increase the capacity of the Wakamatsu Plant that is due to start operating in April 2012.

(v) Summary of Business Results

As a result of the abovementioned business activities, the consolidated results and results by business segment for FY2010 are summarized as follows.

(100 million yen)

Business/Segment	Net Sales	Operating Income	Ordinary Income
Petroleum Refining and Marketing	81,318	2,390	2,536
Oil and Natural Gas Exploration and Production	1,487	518	594
Metals	9,405	207	707
Other	4,727	168	251
Total	96,939	3,285	4,089
Adjustments	(595)	58	46
Consolidation	96,343	3,344	4,136

For the Petroleum Refining and Marketing Business, operating income was 239 billion yen, and ordinary income was 253.6 billion yen. We achieved these figures thanks to the synergy effect of the consolidation and the lower costs brought about by improving the efficiency of the refineries. We were also able to do so because of the accounting profit posted accompanying inventory valuations (valuing inventory by the gross average method on the cost of sales) resulting from an increase in the crude oil price, in addition to the steady growth of the margin of petroleum products.

For the Oil and Natural Gas Exploration and Production Business, operating income was 51.8 billion yen, and ordinary income was 59.4 billion yen. This was due to an increase in the crude oil price, despite a decrease in the sales volume and the negative effect that the strong yen had on income.

For the Metals Business, operating income was 20.7 billion yen, and ordinary income was 70.7

billion yen. This was due to an increase in the prices of copper and by-products, and a recovery in the sales volume of electrical material processed products despite the negative effect that the strong yen had on income.

For Other Businesses, operating income was 16.8 billion yen and ordinary income was 25.1 billion yen. This was due to factors such as the handover of the large development project in the Construction Business.

We also recorded an extraordinary income in the amount of 257.6 billion yen and extraordinary loss in the amount of 264 billion yen. The extraordinary income mainly consisted of 226.5 billion yen recorded as negative goodwill, which is a difference between the acquisition cost calculated based on the share price of Nippon Mining Holdings, Inc. at the time of the management consolidation (share transfer) and the consolidated market value of net assets of Nippon Mining Holdings, Inc. as of the end of March 2010. The extraordinary loss mainly consisted of a casualty loss of 126 billion yen at the Sendai Refinery, Kashima Refinery and Isohara Plant, incurred because of the Great East Japan Earthquake, and a special extra retirement payment of 30.5 billion yen.

The Company paid an interim dividend of 7.5 yen per share based on the resolution of the Board of Directors' meeting held on November 5, 2010.

(7) Tasks for the JX Group

a. Overall Environment Surrounding the JX Group

Looking at the prospects for the global economy, growth is expected to continue led by the robust economies of emerging countries. However, we cannot clear away the concerns that the global economy might fall into recession triggered by confusion in the financial market and a steep rise in the cost of materials, depending on the degree of influence of the Great East Japan Earthquake or the development of the credit insecurity in Europe and the democratic movement in Middle Eastern and North African countries. There is a sense of uncertainty about the future.

The Japanese economy is expected to slow down temporarily due to decrease in exports and consumptions as a result of the Earthquake and the accompanying electricity shortage, but it is anticipated to recover gradually as reconstruction needs spur demand.

Under these circumstances, the JX Group will implement the following measures and policies in accordance with the fundamental strategy of the Medium-Term Management Plan in order to achieve its objectives, while speeding up the process of restoration and recovery from the Earthquake.

b. Tasks for Each Business

(i) Petroleum Refining and Marketing Business (JX Nippon Oil & Energy Group)

Looking at the domestic demand for petroleum products, although demand for fuel oil C and crude oil for use in thermal power generation is expected to increase temporarily, overall demand is likely to keep declining due to factors such as the increasing popularity of fuel-efficient cars and shifts in the type of fuel used. Meanwhile, the demand for petroleum and petrochemical products in Asia seems to be on the increase, reflecting the economic growth in the region.

In such circumstances, in the Petroleum Refining and Marketing Business we preferentially focus on swift restoration and recovery of various facilities for production, logistics and marketing damaged by the Earthquake. Additionally, we would like to actively promote various measures and policies such as bringing out synergies from the consolidation, establishing a manufacturing and marketing system that gives us the most competitive advantage and developing overseas business as well as new energy business.

First, as measures and policies for restoration and recovery from the earthquake disaster, we plan to resume production of petroleum products in the Kashima Refinery by the end of June 2011. We will also work on repairing oil terminals and service stations, aiming for early restoration. As for the Sendai Refinery, while we formulate a specific plan to resume production by next summer, we will try to implement this plan ahead of schedule. Through these efforts, we will try to secure a stable supply of petroleum products to meet the demand trends, paying adequate attention to the supply of fuel oil C for thermal power generation, asphalt for road restoration and fuel oil such as kerosene for heating in the winter.

We would like to explain various measures and policies in accordance with the four fundamental strategies. First, we will promote various cost-cutting measures and efficiency improvement measures, aiming to improve income by 109 billion yen in total through the synergy of the consolidation and improvement of efficiency of the refineries set forth in the Medium-Term Management Plan. Specifically, we will work on optimizing production and saving energy at each refinery and plant, improving the transportation efficiency of crude oil and products and optimally placing oil terminals. We will also intend to reduce costs by utilizing the advantages of scale as a result of the consolidation.

Second, in addition to promoting the cost-cutting measures and efficiency improvement measures, we will consider measures and policies to establish an optimal production system including further reductions in the refining capacity, in anticipation of the future decrease in domestic demand. We will do this to create the most competitive production and marketing system in Japan. In addition, we will continue to focus on safe and stable operations. Furthermore, we will further enhance sales of products such as natural gas, LNG and coal in order to supply various types of energy to meet the needs of our customers, in addition to making efforts to reorganize and consolidate the service station network and to improve competitiveness.

Third, to reinforce the Overseas Business we will develop the businesses at the lubricant manufacturing and marketing bases located in each country and create a new marketing network in places such as Asia, the U.S. and Brazil. At the Petrochemical Business, we would like to consider areas where investment is necessary to surely capture the rapidly growing demand in Asia.

Fourth, for the New Energy Business we will start marketing SOFC residential-use fuel cells, added to the line-up of ENE FARM, while also making efforts to bring the manufacturing and marketing project of negative-electrode material for lithium-ion batteries and the manufacturing and marketing business of carbon material for electrodes of capacitors to a successful conclusion. In the Solar Cell Business, where we expect demand to grow, we will work on strengthening the business base of each phase in development, production and marketing.

(ii) Oil and Natural Gas Exploration and Production Business (JX Nippon Oil & Gas Exploration Group)

As for the Oil and Natural Gas Exploration and Production Business, faced with fierce competition to acquire resources, we will actively make investments to maintain and increase the production volume from medium- to long-term perspectives, while paying attention to risk management.

First, at the Exploration Business we will promote exploration activities in the onshore and offshore working interests in Malaysia and the offshore working interest in Qatar and continue to assess and consider the potential for development in promising working interests in the Gulf of Mexico and the U.K. North Sea. JX Nippon Oil & Gas Exploration Group will position the Exploration Business as the foundation for compensating for and expanding reserves, actively invest in promising projects and aim to discover oil fields and gas fields that will become the core business in the future. As we discovered natural gas in the offshore working interest in Australia and crude oil in the onshore working interest in Papua New Guinea in April 2011, we will consider assessing the reserves there and development plans toward commercialization.

Next, as for the Development Business, we will lead the LNG project in Papua New Guinea to success and focus on further development in the core countries we operate in (Vietnam, Malaysia and the United Kingdom (the North Sea)) to expand the production volume.

At the Production Business, we will implement projects to surely improve income, such as controlling reductions in the production volume by introducing new technology and leveraging the knowledge we accumulated as an operator in places such as Vietnam and Malaysia, while we focus on safe and stable operation.

Other than the above, we will promote adequate asset acquisition during the period of the Medium-Term Management Plan and work on further restructuring the asset portfolio.

(iii) Metals Business (JX Nippon Mining & Metals Group)

The demand for copper is expected to see steady growth against the backdrop of economic growth in countries including China. The demand for electronic materials is assumed to expand in the future as the new energy industry and IT industry grow.

In such circumstances, at the Metals Business we will maintain our balanced and highly-profitable business structure by improving the in-house ore ratio in order to make us better able to withstand any rising resource prices. We will also accelerate product development and business deployment in order to surely capture the continually expanding demand in the market for electronic materials.

First, for resource development of the Copper Business we will promote investment in excellent mines so that we can stably procure copper concentrates for their smelting operations and ensure a good investment return. Such investments include continuing to work on developing the Caserones Copper and Molybdenum Deposit (Chile) and conducting economic assessment on the Quechua Copper Deposit (Peru) to make a decision about its development. In copper smelting, we will work on improving the conditions for custom ore and enhance the competitiveness of each smelter. In addition, we will work on technological development and promote early practical application of the new copper smelting process (JX-style chloride method), which is now undergoing a verification test, and the advance development of a bio-mining technology which utilizes microorganisms in cooperation with CODELCO (Corporacion National del Cobre de Chile).

Next, at the Environment Recycling Business we will work on expanding overseas procurement, and reinforcing the domestic collection system and the system of receipt, preprocessing and analysis in order to enhance the collection capacity of recycling materials. In addition, we will move ahead with reforms toward improving the operating rate of the Hitachi Metal Recycling Complex (HMC) and improving the recovery rate. We will also actively work on collecting rare metal contained in used automotive lithium-ion batteries as a new business.

Next, for the Electronic Material Processing Business we will focus on reviewing the business structure and optimally allocating management resources and promote business deployment and new product development in areas other than IT, such as applications for cars, new energy and medicine. Specifically, while we steadily promote construction of the New Kakegawa Plant and enhancement of facilities of the Isohara Plant, we will consider establishing a new business model by the integrated production system from materials to press work and plating and mass production of UBM (electrode joint layer for semiconductor packaging) plating processing.

Other than the above, as for the Polysilicon Manufacturing Business for Photovoltaic Power Generation, which we are working on as a new business, we built the Kashima Plant of Japan Solar Silicon Co., Ltd. and continue efforts toward mass production.

In addition to the various measures explained above, the JX Group will make full use of its characteristics as a group of companies with a wide variety of business segments such as energy, resources and materials and even try to pursue creative synergy that goes beyond the boundaries of its business.

As a result, the JX Group will aim to achieve the management principle of “contributing to the development of a sustainable economy and society through creation and innovation in the area of energy, resources and materials.” We would like to thank all the shareholders for their continued assistance and loyal patronage.

(8) Financing

Mainly, the Company procures funds necessary for businesses of JX Group companies. During FY2010, the Company raised funds of 50.0 billion yen by issuing corporate bonds and 150.0 billion yen through long-term borrowings.

(9) Capital Investment

Segment and Item	Amount (100 million yen)	Main Investment
Petroleum Refining and Marketing	789	Establishment and renovation of service stations, merging of the service stations' brands (ENEOS and JOMO) and their systems in relation to management integration, and enhancement of refineries' competitiveness
Oil and Natural Gas Exploration and Production	344	Capital investments for exploration and development of oil and gas fields
Metals	374	Development of copper mines, and renewal of smelters' facilities, etc.
Others	181	Renewal of production facilities of asphalt mixing plant
Total	1,689	—
Adjustments	23	—
Consolidation	1,713	—

(10) Transfer of business, absorption-type split or incorporation-type split, etc.

a. Establishment of Osaka International Refining Company, Limited and transfer of some of its shares

Aiming to set up a joint venture between its Osaka Refinery and the China National Petroleum Corporation (CNPC) and convert the Osaka Refinery more focused on exporting petroleum products, JX Nippon Oil & Energy Corporation established Osaka International Refining Company, Limited (OIREC) on October 1, 2010 by splitting the operations of manufacture of petroleum products of the Osaka Refinery (through an incorporation-type split), and transferred 49% of shares in OIREC to PetroChina International (Japan) Co., Ltd., a Japanese affiliate under CNPC.

b. Reorganization into ENEOS GLOBE Corporation

To strengthen its management structure as an LPG refiner-distributor, JX Nippon Oil & Energy Corporation made Mitsui Marubeni Liquefied Gas Co., Ltd. succeed its LPG business through an absorption-type split on March 1, 2011, then reorganized ENEOS GLOBE Corporation, in which JX Nippon Oil & Energy owns a majority of shares.

(11) Operating Results and Financial Position

Segment \ Consolidated Fiscal Year		FY2010 (1st term)
Net Sales	(100 million yen)	96,343
Ordinary income	(100 million yen)	4,136
Net income	(100 million yen)	3,117
Net income per share		125. 35yen
Total assets	(100 million yen)	62,599
Net assets	(100 million yen)	18,862

(12) Principal Subsidiaries (as of March 31, 2011)

a. Number of consolidated subsidiaries: 130

b. Number of subsidiaries or affiliates accounted for under the equity method: 34

c. Principal Consolidated Subsidiaries

Segment	Company Name	Capital (100 million yen)	Voting Right Ratio (%)	Core Business
Petroleum Refining and Marketing	JX Nippon Oil & Energy Corporation	1,394	100	Production and marketing of petroleum and petrochemical products
Oil and Natural Gas Exploration and Production	JX Nippon Oil & Gas Exploration Corporation	98	100	Exploration, development and production of oil and natural gas
Metals	JX Nippon Mining & Metals Corporation	400	100	Development of non-ferrous metal resources; production and sales of non-ferrous metal products and electronic materials
	Pan Pacific Copper Co., Ltd.	380	66	Development of non-ferrous metal resources; production and sales of non-ferrous metal products
Others	NIPPO CORPORATION	153	57.2	Civil engineering work such as road repairs and paving work; construction
	Toho Titanium Co., Ltd.	48	42.6	Manufacturing and sales of titanium metals

Note: The voting right ratio of Pan Pacific Copper Co., Ltd. is that held by JX Nippon Mining & Metals Corporation which invests in Pan Pacific Copper.

(13) Main offices and plants (as of March 31, 2011)

a. JX Holdings, Inc.

Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo

b. Petroleum Refining and Marketing Business (JX Nippon Oil & Energy Corporation)

Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo	
Laboratory	Central Technical Research Laboratory (Yokohama City)	
Refineries and Plants	Muroran Refinery (Muroran City) Kashima Refinery (Kamisu City) Osaka Refinery (Takaishi City) Marifu Refinery (Waki-cho, Kuga-gun, Yamaguchi) Kawasaki Plant (Kawasaki City) Chita Plant (Chita City)	Sendai Refinery (Sendai City) Negishi Refinery (Yokohama City) Mizushima Refinery (Kurashiki City) Oita Refinery (Oita City) Yokohama Plant (Yokohama City)
Branch Offices	Hokkaido (Sapporo City) Kanto (Chiyoda-ku, Tokyo) Chubu (Nagoya City) Chugoku (Hiroshima City) Okinawa (Naha City)	Tohoku (Sendai City) Tokyo (Chiyoda-ku, Tokyo) Kansai (Osaka City) Kyushu (Fukuoka City) Dealers Sales (Chiyoda-ku, Tokyo)
Overseas Bases (Offices and Plants)	China (Beijing, Shanghai and others) Australia (Sydney) Thailand (Bangkok) Indonesia (Jakarta and Jawa Barat) U.S. (Chicago, Houston and others) U.K. (London) United Arab Emirates (Abu Dhabi)	Taiwan (Gaoxiong) Vietnam (Ho Chi Minh) Singapore (Singapore) India (New Delhi) Brazil (Sao Paulo) Russia (Moscow)

Note: The above includes bases of the group companies of JX Nippon Oil & Energy Corporation.

c. Oil and Natural Gas Exploration and Production Business (JX Nippon Oil & Gas Exploration Corporation)

Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo	
Oil Plants	Nakajo Oil and Gas Field Office (Tainai City)	
Overseas Bases (Offices)	Australia (Brisbane and Perth) Indonesia (Jakarta) U.S. (Houston) Libya (Tripoli)	Vietnam (Ho Chi Minh and Vung Tau) Malaysia (Kuala Lumpur and Miri) U.K. (London)

Note: The above includes bases of the group companies of JX Nippon Oil & Gas Exploration Corporation.

d. Metals Business (JX Nippon Mining & Metals Corporation)

Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo	
Laboratory	Technology Development Center (Hitachi City)	
Offices, Smelteries and Plants	Hitachi Coordination Center (Hitachi City)	
	Smelting and copper refining Saganoseki Smelter & Refinery (Oita City) Tamano Smelter (Tamano City)	Hitachi Works (Hitachi City)
	Recycling & Environmental Services HMC Works (Hitachi City)	Tsuruga Plant (Tsuruga City)
Plants	Electronic materials processing Shirogane Works (Hitachi City) Hitachi Fabricating Works (Hitachi City) Isohara Works (Kita Ibaraki City)	Kurami Works (Samukawa-machi, Koza-gun, Kanagawa) Isohara Fabricating Works (Kita Ibaraki City) Toda Works (Toda City)
Overseas Bases Offices, Plants and Mines	South Korea (Ulsan and Pyeongtaek) Taiwan (Ba De, Guan Yin and others) Singapore (Singapore) Malaysia (Johore) Peru (Lima and Quechua) Germany (Baden-Wurttemberg)	China (Suzhou, Changzhou and others) Australia (Brisbane) Philippines (Laguna) U.S. (Arizona) Chile (Santiago, Caserones and others)

Notes:

1. The above includes bases of the group companies of JX Nippon Mining & Metals Corporation.
2. Toda Works was shut down on March 31, 2011.
3. HMC Works, Shirogane Works and Hitachi Fabricating Works were integrated into Hitachi Coordination Center, and Hitachi Coordination Center changed its name to Hitachi Works on April 1, 2011.

e. Other businesses

(i) NIPPO CORPORATION

Head Office	19-11, Kyobashi 1-chome, Chuo-ku, Tokyo	
Laboratory	Research Institute (Shinagawa-ku, Tokyo)	
Branch Offices	Hokkaido (Sapporo City) Kanto Daiichi (Shinjuku-ku, Tokyo) Hoku-shinetsu (Niigata City) Kansai (Osaka City) Chugoku (Hiroshima City) Kanto Architectural (Chiyoda-ku, Tokyo)	Tohoku (Sendai City) Kanto Daini (Shinagawa-ku, Tokyo) Chubu (Nagoya City) Shikoku (Takamatsu City) Kyushu (Fukuoka City)

(ii) Toho Titanium Co., Ltd.

Head Office	3-5, Chigasaki 3-chome, Chigasaki City, Kanagawa	
Plants	Chigasaki Plant (Chigasaki City) Yahata Plant (Kitakyushu City) Kurobe Plant (Kurobe City)	Wakamatsu Plant (Kitakyushu City) Hitachi Plant (Hitachi City)

(14) Employees (as of March 31, 2011)

Segment and Item	Number of Employees (persons)	
JX Holdings, Inc.	119	〔 0〕
Petroleum Refining and Marketing	14,011	〔5,725〕
Oil and Natural Gas Exploration and Production	650	〔 61〕
Metals	4,767	〔 313〕
Others	5,144	〔2,524〕
Total	24,691	〔8,623〕

Notes:

1. The number of employees includes those working for JX Holdings, Inc. and its consolidated subsidiaries.
2. The numbers in parentheses represent the annual average of temporarily employed staff (not included in the column on the left).
3. The above figures include the number of employees who are slated to retire under the special early retirement preferential treatment program, which was implemented by JX Nippon Oil & Energy Corporation. The number of employees who will retire through the program is 1,327 (including those on secondment to companies other than consolidated subsidiaries).

(15) Main Lenders and Outstanding Borrowings (as of March 31, 2011)

Lender	Outstanding Borrowings (100 million yen)
Mizuho Corporate Bank, Ltd.	2,845
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,131
Sumitomo Mitsui Banking Corporation	2,045
Japan Oil, Gas and Metals National Corporation	1,778

2. Issues Concerning Shares (as of March 31, 2011)

(1) Total number of shares authorized to be issued: 8,000,000,000

(2) Total number of shares issued: 2,495,485,929

(3) Number of shareholders: 176,543

(4) Major Shareholders (Top 10)

Name	Number of Shares Held (thousand shares)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust Unit)	176,724	7.10
The Master Trust Bank of Japan, Ltd. (Trust Unit)	156,033	6.27
Mizuho Corporate Bank, Ltd.	65,451	2.63
Sumitomo Mitsui Banking Corporation	65,398	2.63
Japan Trustee Services Bank, Ltd. (Trust Unit 9)	51,107	2.05
Mitsubishi Corporation	48,882	1.96
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	47,765	1.92
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	38,920	1.56
NT RE GOVT OF SPORE INVT CORP P. LTD	38,079	1.53
INPEX Corporation	33,264	1.34

Note: The percentage of shares held is calculated while excluding treasury shares (5,582,092 shares).

3. Issues Concerning Directors and Corporate Auditors

(1) Names, Title, Responsibility (Important Concurrent Positions) of Directors and Corporate Auditors (as of March 31, 2011)

Name	Title	Area of Responsibility (important concurrent positions at other companies)
Shinji Nishio	Representative Director, Chairman of the Board	
Mitsunori Takahagi	Representative Director, President	President and Executive Officer
Shigeo Hirai	Director	Executive Vice President and Executive Officer, in charge of Post Merger Integration Dept. and Corporate Planning Dept. I, and Finance & Investor Relations Dept.
Kiyonobu Sugiuchi	Director	Senior Vice President and Executive Officer, in charge of Corporate Planning Dept. II, and Controller Dept.
Yukio Yamagata	Director	Senior Vice President and Executive Officer, in charge of Internal Audit Dept.
Kazuo Kagami	Director	Senior Vice President and Executive Officer, in charge of General Administration Dept.
Ichiro Uchijima	Director	Senior Vice President and Executive Officer, in charge of Post Merger Integration Dept. and Corporate Planning Dept. I
Junichi Kawada	Director	Senior Vice President and Executive Officer, in charge of Corporate Social Responsibility Dept. and Legal & Corporate Affairs Dept., and delegated as General Manager of Legal & Corporate Affairs Dept.
Yasushi Kimura	Director	(Representative Director and President, President and Executive Officer of JX Nippon Oil & Energy Corporation)
Isao Matsushita	Director	(Representative Director, Executive Vice President and Executive Officer of JX Nippon Oil & Energy Corporation)
Makoto Koseki	Director	(Representative Director and President, President and Executive Officer of JX Nippon Oil & Gas Exploration Corporation)
Masanori Okada	Director	(Representative Director and President, President and Executive Officer of JX Nippon Mining & Metals Corporation)
Etsuhiko Shoyama	Outside Director	(Senior Corporate Advisor of Hitachi, Ltd.)
Juichi Takamura	Outside Director	(Professor Emeritus of Musashino University)
Masahiro Sakata	Outside Director	(Attorney-at-law, Of Counsel to Anderson Mori & Tomotsune)
Hiroshi Komiyama	Outside Director	(Chairman of Mitsubishi Research Institute, Inc.)
Fumio Ito	Standing Corporate Auditor	
Hideo Tabuchi	Standing Corporate Auditor	
Masao Fujii	Outside Corporate Auditor	(Attorney-at-law)
Hidehiko Haru	Outside Corporate Auditor	
Hiroyasu Watanabe	Outside Corporate Auditor	(Professor of Graduate School of Finance, Accounting and Law, Waseda University)
Mitsudo Urano	Outside Corporate Auditor	(Representative Director and Chairman of Nichirei Corporation)

Notes:

1. Outside Directors Etsuhiko Shoyama, Juichi Takamura, Masahiro Sakata and Hiroshi Komiyama and Outside Corporate Auditors Masao Fujii, Hidehiko Haru, Hiroyasu Watanabe and Mitsudo Urano are independent directors/auditors as stipulated in the provisions prescribed by financial instruments exchanges.
2. Outside Corporate Auditor Hidehiko Haru has been in charge of the accounting department at The Tokyo Electric Power Company, Inc. for many years, and served as a member of the Policy Board of the Bank of Japan. Hence, he has extensive knowledge about finance and accounting.
3. Outside Corporate Auditor Hiroyasu Watanabe has served with the Ministry of Finance for many years, including Director-General of the National Tax Agency, and subsequently, became a professor of the Graduate School of Finance, Accounting and Law, Waseda University. Hence, he has extensive knowledge about finance and accounting.
4. There are no significant relationships between the Company and the other organizations where Outside Directors and Outside Corporate Auditors hold important concurrent positions.

(2) Remuneration Paid to Directors and Corporate Auditors (for FY2010)

Grantee	Total Remuneration (million yen)	Number of Grantees (persons)
Directors (Outside Directors)	518 (61)	16 (4)
Corporate Auditors (Outside Corporate Auditors)	108 (40)	6 (4)
Total (Outside Directors and Outside Corporate Auditors)	626 (102)	22 (8)

Notes:

1. The above figures include the amount of bonuses for FY2010 that are expected to be paid after the 1st Ordinary General Meeting of Shareholders of the Company.
2. The above figures exclude remunerations (amounting to 19 million yen) which two Outside Directors and four Outside Corporate Auditors received from Nippon Oil Corporation or Nippon Mining Holdings, Inc., where they had served until June 30, 2010.

(3) Determination of Remunerations for Directors and Corporate Auditors

a. Maximum remunerations for Directors and Corporate Auditors

The maximum remunerations for Directors and Corporate Auditors for the period from the foundation of the Company (April 1, 2010) to the close of the 1st Ordinary General Meeting of Shareholders are set forth in the Articles of Incorporation as follows.

(i) The total remunerations for Directors shall be up to 1.1 billion yen for a fiscal year (excluding employees’ salaries and bonuses for employee-directors).

(ii) The total remunerations for Corporate Auditors is up to 200 million yen for a fiscal year.

Remunerations for Directors are paid within the limit mentioned in the above (i) in line with the policy described in the following b. Fixed remuneration is paid to Corporate Auditors from the perspective of independence of their duties, and within the limit described in the above (ii) through consultation with each Corporate Auditor.

b. Policy for Determining the Calculation Method for Remunerations for Directors

Remunerations for Directors consist of fixed remuneration that is paid every month based on their job functions, and bonuses whose amounts vary according to consolidated ordinary income, reflecting corporate performance for the related fiscal year. The policy regarding remuneration is determined by resolution of the Board of Directors through deliberations and a report of the Remuneration Advisory Committee (composed of two Outside Directors and two Representative Directors, and chaired by an Outside Director).

(4) Issues Concerning Outside Directors and Outside Corporate Auditors

a. Attendance at Board of Directors' Meetings

Outside Director		Outside Corporate Auditor	
Etsuhiko Shoyama	13 out of 13 times	Masao Fujii	12 out of 13 times
Juichi Takamura	13 out of 13 times	Hidehiko Haru	12 out of 13 times
Masahiro Sakata	13 out of 13 times	Hiroyasu Watanabe	13 out of 13 times
Hiroshi Komiyama	13 out of 13 times	Mitsudo Urano	12 out of 13 times

b. Attendance at Board of Auditors' Meetings

Outside Corporate Auditor	
Masao Fujii	13 out of 14 times
Hidehiko Haru	14 out of 14 times
Hiroyasu Watanabe	14 out of 14 times
Mitsudo Urano	13 out of 14 times

c. Statements Made at Board of Directors' Meetings

At Board of Directors' meetings, Outside Directors and Outside Corporate Auditors asked questions and offered opinions, from objective and fair perspectives, on resolved matters concerning important capital investments and such like, and on reports regarding business execution, based on their abundant expertise and experience.

d. Statements Made at Board of Auditors' Meetings

At Board of Auditors' meetings, Outside Corporate Auditors asked questions and offered opinions, from the standpoint of auditing the execution of duties by Directors and employees, concerning matters such as the ways of control as a holding company, the progress of integration of group companies, and others.

e. Other Activities

(i) Outside Corporate Auditors, together with Standing Corporate Auditors, exchanged opinions with Representative Directors and others regarding the overall management of the JX Group on a regular basis, aiming to further improve its financial health.

(ii) At the Remuneration Advisory Committee, Outside Directors Etsuhiko Shoyama and Masahiro Sakata asked questions and offered opinions, from objective and fair perspective, on the “Policy for determination of remunerations for Directors,” which is reported to the Board of Directors, based on their abundant expertise and experience.

f. Outline of Limited Liability Contract

(i) The Company, pursuant to Article 427, Paragraph 1 of the Companies Act and Article 23 of its Articles of Incorporation, has entered into contracts (limited liability contracts) with four Outside Directors to limit their liability for damages provided by Article 423, Paragraph 1 of the Companies Act. Hence, unless gross negligence has been committed and if an Outside Director attends to his or her job with bona fide intention, the liability of Outside Directors shall be limited to the amount stipulated in Article 425, Paragraph 1 of the Companies Act (an amount equal to two years’ remuneration for the Outside Director held responsible).

(ii) The Company, pursuant to Article 427, Paragraph 1 of the Companies Act and Article 33 of its Articles of Incorporation, has entered into contracts (limited liability contracts) with four Outside Corporate Auditors to limit their liability for damages provided by Article 423, Paragraph 1 of the Companies Act. Hence, unless gross negligence has been committed and if an Outside Corporate Auditor attends to his or her job with bona fide intention, the liability of Outside Corporate Auditors shall be limited to the amount stipulated in Article 425, Paragraph 1 of the Companies Act (an amount equal to two years’ remuneration for the Outside Corporate Auditor held responsible).

4. Issues Concerning Accounting Auditor

(1) Name

Ernst & Young ShinNihon LLC

(2) Amount of Remuneration (for FY2010)

(million yen)

(a) Remuneration as an accounting auditor of the Company	470
(b) Total amount of fees and other interests with financial worth to be paid by the Company and its subsidiaries	1,094

Notes:

1. The audit agreement between the Company and the accounting auditor does not distinguish audit fees under the Companies Act from those under the Financial Instruments and Exchange Law, and they are virtually indistinguishable; therefore, the amount in the above (a) also includes audit fees under the Financial Instruments and Exchange Law.
2. The Company does not entrust Ernst & Young ShinNihon LLC to do non-audit work.

(3) Policies for Decision-Making on the Dismissal or Non-Reappointment of the Accounting Auditor

The Board of Directors, in the case of incidents such as breaches of occupational obligations or misconduct by the accounting auditor, upon the request of, or consent from, the Board of Corporate Auditors, shall propose a motion concerning dismissal or non-reappointment of the said accounting auditor to the General Meeting of Shareholders. In addition, in the case of incidents such as breaches of occupational obligations or misconduct by the accounting auditor and if the Board of Corporate Auditors determines that the accounting auditor should be dismissed immediately without requiring the process of resolution at the General Meeting of Shareholders, the Board of Corporate Auditors shall dismiss the said accounting auditor, based on the unanimous agreement of all Corporate Auditors, according to the provision of Article 340 of the Companies Act.

5. Resolution for Developing Systems to Secure the Appropriateness of Operations

The details of the resolution concerning development of the Company's internal control system as stipulated in Article 362, Paragraph 4, Item 6 of the Companies Act are as follows.

Under the Group Mission Statement: "JX Group will contribute to the development of a sustainable economy and society through creation and innovation in the area of energy, resources and materials." and the Group Action Agenda: "Ethics, Advanced ideas, Relationship with society, Trustworthy products/services, Harmony with the environment," the Company will establish a system to secure the appropriateness of operations (internal control system) in line with the following basic policies.

1. System to ensure that execution of duties by Directors and employees complies with laws and regulations, and the Articles of Incorporation

(1) To conduct fair corporate activities and improve public confidence in the JX Group, the Company shall formulate rules for ensuring compliance and conforms to laws, the Articles of Incorporation and regulations in all aspects of business activities.

(2) The Company shall establish organizations such as a committee for ensuring compliance, and review the state of compliance by the JX Group on a regular basis.

(3) The Company shall strive to detect and correct illegal acts at an early stage, and establish an internal reporting system in collaboration with lawyers to properly protect reporters of illegal acts.

(4) Aiming at an appropriate management of the Board of Directors, the Company shall establish the "Board Meeting Rules," hold a Board of Directors' meeting once a month, in principle, in accordance with the rules, decide the execution of important operations in the meeting after full deliberations, and receive reports there on the execution of duties from Directors in an appropriate manner.

(5) To ensure objectivity and further improve appropriateness in deciding execution of duties, Outside Directors and Outside Corporate Auditors shall attend Board of Directors' meetings and join discussions.

(6) The Internal Audit Department shall be established to conduct internal auditing independent of other departments.

(7) The Company shall establish an internal control system to ensure the reliability of financial reporting, evaluate its effectiveness every year, and make necessary correction.

(8) The Company shall establish an internal structure for preventing damages caused by antisocial forces, and keep antisocial forces from intervening in corporate activities.

2. System to retain and manage information concerning execution of duties by Directors and employees

(1) Execution of duties shall be done in writing in principle. The Company shall formulate rules concerning the preparation and management of documents.

(2) The Company shall properly prepare minutes of Board of Directors' meetings pursuant to the provisions of the laws and regulations, and formulate rules concerning the preparation, circulation, and preservation of approval documents at each organization.

(3) The Company shall establish rules for preventing improper use, disclosure and leakage of

corporate information, and handling classified information and personal information properly. The Company shall ensure employees' thoroughgoing compliance with the rules through in-house training, etc.

(4) Business reports, accounting documents, financial statement reports, and other reports shall be carefully prepared in accordance with the Companies Act, the Financial Instruments and Exchange Law, and the timely-disclosure rules set by the stock exchange. In addition, corporate information shall be disclosed in a timely and appropriate manner.

3. Rules and structure concerning loss-risk management

(1) When discussing important matters such as a large investment at the Board of Directors and the Executive Committee, projected risks shall be specified, and the policy for dealing with such risks shall be clarified. Furthermore, outside legal, accounting and tax advisers shall be used, if necessary, to seek opinions.

(2) The Company shall identify and analyze the various risks that could harm corporate value of the JX Group, including drastic changes in the economic and financial situation, significant fluctuations in the prices of crude oil, copper ingots and other resources, and the occurrence of a massive earthquake, and establish a system and rules for dealing with such risks.

(3) To prepare for a crisis and an emergency that may significantly affect the management of the JX Group, the Company shall establish a system and rules for properly transmitting and managing relevant information to prevent damage from occurring and spreading.

4. System to ensure that Directors and employees efficiently execute their duties

(1) To promote the efficient execution of duties, the "Organization/Authority Rules" provide for the structure, offices, and division of duties, as well as approval matters and authorities by function and office.

(2) Matters to be resolved by the Board of Directors shall be approved in advance by the President, in principle. At the time of approval by the President, the Executive Committee shall be set up as a consultative body, where decision is made appropriately and efficiently through group examination and discussions by the top management of the Company and its core operating companies (JX Nippon Oil & Energy Corporation, JX Nippon Oil & Gas Exploration Corporation and JX Nippon Mining & Metals Corporation).

(3) The Company shall draw up a business plan for the next three years in a medium-term management plan, and develop management control systems such as a budget system and the system of management by objective.

5. System to secure the appropriateness of operations by the corporate group

(1) The "Group Mission Statement" and the "Group Action Agenda" shall be defined as management philosophies to be shared by the Company, its core operating companies, and other group companies, and thoroughly informed to these companies.

(2) To properly formulate the Group's management plan at the Board of Directors and the Executive Committee, and make appropriate decisions on the execution of operations by the core operating companies, the presidents of the core operating companies shall be appointed as part-time Directors of the Company, and officers and employees of the core operating

companies shall attend the Executive Committee, when necessary.

(3) The "Board Meeting Rules" and the "Organization/Authority Rules" shall define the matters to be referred to the Board of Directors and the Executive Committee concerning the execution of operations by the core operating companies and other group companies.

(4) The "Group Companies Management Rules" shall define the basic matters regarding group management such as the key roles of the Company, its core operating companies and other group companies.

(5) Compliance-related systems, such as an internal reporting system, shall be established including the core operating companies and other group companies, while taking into account each company's business characteristics.

6. System to ensure effective auditing by Corporate Auditors

(1) To increase the effectiveness of audits, Corporate Auditors shall attend important meetings, such as those of the Board of Directors and the Executive Committee, where they receive reports and, if necessary, offer their opinions. Standing Corporate Auditors shall also concurrently hold the position of Corporate Auditors of the core operating companies, and receive reports and offer opinions at Board of Directors' meetings of the core operating companies.

(2) Corporate Auditors shall have regular discussions with Representative Directors and other management, and maintain close cooperation with the accounting auditor and Internal Audit Department, which conducts internal auditing. In addition, Corporate Auditors shall receive reports regularly from each Director and department concerning the execution of operations, and if any illegal act occurs, such auditors shall promptly obtain reports on the matter.

(3) The Corporate Auditors' Office shall be established as an organization independent of the executive branch, where appointed employees assist Corporate Auditors in their duties on a full-time basis. The treatment of these employees, such as evaluation and transfer, shall be decided through prior consultation with Standing Corporate Auditors.

Note: Any fractions less than the display unit in amounts and numbers of shares presented in this business report are truncated. Any fractions less than the display digit in ratios are rounded off.

Consolidated Balance Sheet

(As of March 31, 2011)

(Millions of yen)

Account title	Amount	Account title	Amount
(Assets)		**(Liabilities)**	
Current assets	**3,067,731**	**Current liabilities**	**2,850,160**
Cash and deposits	233,471	Notes and accounts payable-trade	739,855
Notes and accounts receivable-trade	1,065,973	Short-term loans payable	716,561
Inventories	1,484,879	Commercial papers	388,000
Deferred tax assets	91,492	Accounts payable-other	585,398
Other	194,913	Income taxes payable	33,548
Allowance for doubtful accounts	(2,997)	Provision for loss on disaster	109,106
		Other	277,692
Non-current assets	**3,192,227**		
Property, plant and equipment	**1,940,291**	**Non-current liabilities**	**1,523,557**
Buildings, structures and oil tanks	397,404	Bonds payable	251,131
Machinery, equipment and vehicles	489,545	Long-term loans payable	908,832
Land	961,205	Deferred tax liabilities	106,291
Construction in progress	55,430	Provision for retirement benefits	88,920
Other	36,707	Provision for repairs	51,856
		Other	116,527
Intangible assets	**166,147**		
		Total liabilities	**4,373,717**
Investments and other assets	**1,085,789**	**(Net assets)**	
Investment securities	644,869	**Shareholders' equity**	**1,644,458**
Deferred tax assets	120,716	**Capital stock**	**100,000**
Exploration and development investments	205,294	**Capital surplus**	**746,693**
Other	120,960	**Retained earnings**	**801,567**
Allowance for doubtful accounts	(6,050)	**Treasury stock**	**(3,802)**
		Accumulated other comprehensive income	**(16,137)**
		Valuation difference on available-for-sale securities	**35,524**
		Deferred gains or losses on hedges	**6,666**
		Foreign currency translation adjustment	**(58,327)**
		Minority interests	**257,920**
		Total net assets	**1,886,241**
Total assets	**6,259,958**	**Total liabilities and net assets**	**6,259,958**

Consolidated Statement of Income

From April 1, 2010
to March 31, 2011

(Millions of yen)

Account title	Amount	
Net sales		**9,634,396**
Cost of sales		**8,805,610**
Gross profit		**828,786**
Selling, general and administrative expenses		**494,384**
Operating income		**334,402**
Non-operating income		
Interest income	2,498	
Dividends income	21,338	
Equity in earnings of affiliates	75,974	
Other	22,700	122,510
Non-operating expenses		
Interest expenses	27,302	
Foreign exchange losses	766	
Other	15,177	43,245
Ordinary income		**413,667**
Special income		
Gain on sales of non-current assets	14,510	
Gain on change in equity	11,529	
Gain on negative goodwill	226,537	
Other	5,041	257,617
Special loss		
Loss on sales of non-current assets	4,374	
Loss on retirement of non-current assets	14,287	
Impairment loss	41,652	
Loss on valuation of investment securities	7,380	
Loss on adjustment for changes in accounting standard for asset retirement obligations	4,468	
Special extra retirement payments	30,539	
Loss on disaster	126,022	
Other	35,339	264,061
Income before income taxes and minority interests		**407,223**
Income taxes-current	54,574	
Income taxes-deferred	14,926	69,500
Income before minority interests		337,723
Minority interests in income		25,987
Net income		**311,736**

Consolidated Statement of Changes in Net Assets

From April 1, 2010
to March 31, 2011

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of March 31, 2010	139,437	275,697	519,572	(4,507)	930,199	38,774	13,322	(22,389)	29,707	99,183	1,059,089
Changes in the consolidated fiscal year											
Increase by share transfers	(39,437)	470,996		780	432,339						432,339
Dividends from surplus			(30,352)		(30,352)						(30,352)
Net income			311,736		311,736						311,736
Purchase of treasury stock				(68)	(68)						(68)
Disposal of treasury stock				4	4						4
Change in equity in affiliates accounted for by equity method-treasury stock				(11)	(11)						(11)
Change of scope of consolidation			528		528						528
Change of scope of equity method			83		83						83
Net changes of items other than shareholders' equity						(3,250)	(6,656)	(35,938)	(45,844)	158,737	112,893
Total changes in the consolidated fiscal year	(39,437)	470,996	281,995	705	714,259	(3,250)	(6,656)	(35,938)	(45,844)	158,737	827,152
Balance as of March 31, 2011	100,000	746,693	801,567	(3,802)	1,644,458	35,524	6,666	(58,327)	(16,137)	257,920	1,886,241

(Reference)

Consolidated Statement of Cash Flows

(From April 1, 2010 to March 31, 2011)

(Millions of yen)

Account title	Amount
Net cash provided by operating activities	211,408
Net cash used in investing activities	(170,908)
Net cash used in financing activities	(71,228)
Effect of exchange rate change on cash and cash equivalents	(3,866)
Net decrease in cash and cash equivalents	(34,594)
Cash and cash equivalents at beginning of the fiscal year	183,992
Increase in cash and cash equivalents resulting from stock transfer	82,514
Increase in cash and cash equivalents from corporate division	510
Increase in cash and cash equivalents resulting from changes of consolidated subsidiaries	16
Cash and cash equivalents at end of the fiscal year	232,438

Notes to Consolidated Financial Statements

1. Notes on the Basis of Presentation of Consolidated Financial Statements

(1) Scope of consolidation

1) Number of consolidated subsidiaries: 130 companies

Names of principal consolidated subsidiaries

JX Nippon Oil & Energy Corporation, JX Nippon Oil & Gas Exploration Corporation, JX Nippon Mining & Metals Corporation, NIPPO CORPORATION, Toho Titanium Co., Ltd.

2) Names of principal non-consolidated subsidiaries:

Shibushi Oil Storage Company, Ltd

(Reason for exclusion from the scope of consolidation)

The non-consolidated subsidiaries are small in size and their total assets, sales, net income (on the equity basis), retained earnings (on the equity basis), etc. have no material impact on the consolidated financial statements.

3) Change in scope of consolidation

Following companies were included in the scope of consolidation for respective reason. Osaka International Refining Company, Limited and one other company due to new establishment, JX Nippon Research Institute, Ltd. (former Nippon Oil Research Institute Co., Ltd.) due to increase in significance after expansion of operation resulting from merger, and ENEOS GLOBE Corporation for becoming a subsidiary due to corporate division.

Following companies were excluded from the scope of consolidation for respective reasons. Merger of Japan Energy Corporation and Nippon Petroleum Refining Co., Ltd. with Nippon Oil Corporation, Japan Energy Development Co., Ltd. with Nippon Oil Exploration, Nippon Mining & Metals Co., Ltd. with Nippon Mining Holdings, Inc, Nippon Mining Business Support Co., Ltd. with Nippon Oil Business Services Co., Ltd., Japan Energy (Singapore) Pte. Ltd. with Nippon Oil (Asia) Pte. Ltd., JOMO Support System CO., LTD. with Nippon Oil Trading Co., Ltd., Nippon Mining Research & Technology CO., LTD. with Nippon Oil Research Institute Co., Ltd., respectively, Nippon Mining IT Co., Ltd. and two other companies due to liquidation, Petro Coke Japan Co., Ltd., due to decrease in shareholding ratio after selling of shares.

(2) Application of equity method

1) Number of non-consolidated subsidiaries accounted for by the equity method:

2 companies

Name of non-consolidated subsidiaries accounted for by the equity method:

Shinsui Marine Co., Globe Energy Co., Ltd.

2) Number of affiliates accounted for by the equity method: 32 companies

Name of principal affiliates accounted for by the equity method:

Abu Dhabi Oil Co., Ltd., United Petroleum Development Co., Ltd. (Japan), LS-Nikko Copper Inc., Minera Los Pelambres

3) Change in scope of application of the equity method

NEXTAGE Co., Ltd. (former NEXTAGE CHUGOKU) was included in the scope of affiliates accounted for by the equity method due to increase in materiality, Globe Energy Co., Ltd. was included in the scope of subsidiaries accounted for by the equity method for becoming a subsidiary due to corporate division. NEXTAGE CHUBU, NEXTAGE KANSAI, and NEXTAGE KYUSHU were excluded from the scope of affiliates accounted for by the equity method due to merger with NEXTAGE Co., Ltd.

4) The non-consolidated subsidiaries and affiliates that are not accounted for by the equity method (including Saibu Nissou Co., Ltd.) have immaterial impact on net income (for the proportion of equity) and retained earnings (for the proportion of equity) and immaterial as a whole.

5) For equity method companies with the fiscal year-end date that differ from the consolidated fiscal year-end date, the financial statements for the fiscal year of each company are used.

(3) Fiscal year of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end date of 7 domestic companies such as Japan Vietnam Petroleum Co., Ltd., and 37 overseas companies such as JX Nippon Oil Exploration and Production (U.K.) Ltd., is December 31.

As the difference between the fiscal year-end date of these companies and the consolidated fiscal year-date does not exceed three months, consolidation is implemented based on financial statements of the fiscal year of these consolidated subsidiaries.

However, necessary adjustments are made for consolidation in relation to significant transactions between their fiscal year-end date and consolidated fiscal year-end date.

(4) Accounting standards

1) Valuation standards and methods for significant assets

a) Inventories

Inventories are stated at cost primarily determined, by the weighted-average method (decreasing profitability of balance sheet values is calculated based on declining book value).

b) Securities

i) Held-to-maturity securities:

Stated at their amortized cost (straight-line method).

ii) Other securities:

-Securities with fair value:

Stated at fair value based on the quoted market price as of the consolidated fiscal year-end date. (The valuation differences are included directly in the net. Acquisition cost to be the basis for calculating the valuation difference is primarily determined by the moving average method.)

- Securities without fair value:

Stated at cost, which is primarily determined by the moving average method.

c) Net assets and liabilities arising from derivative transactions

Stated at fair value.

2) Depreciation methods of significant depreciable assets

a) Property, plant and equipment (excluding leased assets)

Straight-line method is primarily used for calculation.

Useful lives of principle assets are as follows.

Buildings, structures and oil tanks: 2-50 years

Machinery, equipment and vehicles: 2-20 years

(Change in depreciation method)

Nippon Oil Corporation used the declining-balance method for the depreciation of property, plant and equipment such as oil tanks, machinery and equipment except for buildings in the Petroleum Refining and Marketing Segment. However, the Company has changed the depreciation method to the straight-line method from the current consolidated fiscal year. This change from the declining-balance method to the straight-line method was determined to be reasonable as a result of a review conducted in the course of the business integration with Nippon Mining Holdings, Inc in April 2010.

The reason for this change is that the investments in upgrades of refineries in the Petroleum Refining and Marketing segment have taken a round and that going forward, investments will focus on routine maintenance and updates. Furthermore, the capabilities from the investment in upgrades at these refineries are expected to become obsolete only to a limited extent and the benefit of the investment and contribution to earnings are expected to be in the long term and stable. Therefore, the business condition is appropriately reflected by evenly apportioning the acquisition cost over the estimated usable period, more appropriately accounting for expenses and earnings.

As a result of this change, operating income increased by 25,464 million yen and ordinary income and income before income taxes and minority interests increased by 25,488 million yen, respectively for the current consolidated fiscal year.

b) Intangible assets (excluding leased assets)

Straight-line method is primarily used for calculation. Software for internal use is amortized over the expected internal useful lives(five years) and mining rights are primarily amortized by production output method.

c) Leased assets

Straight-line method over the lease period with the residual value of nil. However, finance lease transactions that do not transfer ownership on or before March 31, 2008 are accounted for in a manner similar to the accounting treatment for ordinary rental transactions.

3) Accounting standards for significant allowances and provisions

a) Allowance for doubtful accounts

General allowances for losses on doubtful receivables, such as trade receivables and loans, are provided for possible bad debts at an amount determined based on the historical experience of bad debts for normal receivables, and specific allowances are provided for estimated amounts considered to be uncollectable after reviewing the individual collectability of certain doubtful receivables.

b) Provision for loss on disaster

Estimated amount is provided for recovery expenses related to the effects of the Great East Japan Earthquake.

c) Provision for retirement benefits

Provision for retirement benefits are provided for payment of employees' retirement benefits at an estimated amount calculated based on the present value of the retirement benefit obligation and pension plan assets as of the current consolidated fiscal year-end. Prior service cost is amortized from the consolidated fiscal year incurred by the straight-line method over the years within the employees' average years of service remaining (primarily five years). Any actuarial gains or losses are amortized from the following consolidated fiscal year by the straight-line method over the years within the employees' average years of service remaining when incurred (primarily five years).

d) Provision for repairs

To prepare for future repair expenses, provision for the periodic open inspections and repair of oil tanks, repair of machinery and equipment and vessels, which is required by the Fire Services Law, is provided for in the current portion of the estimated total costs for such work.

4) Other significant items related to consolidated financial statements

a) Translation standard of foreign-currency-denominated assets and liabilities to Japanese currency

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing on the consolidated fiscal year-end date, and resulting exchange gains or losses are included in net income or loss. Assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rate prevailing on the consolidated fiscal year-end date. Profits and losses are translated into Japanese yen using the average rate for the period and differences arising from translation are recorded as foreign currency translation adjustment and minority interests in net assets.

(Change in translation method of profits and losses of foreign consolidated subsidiaries)

Previously, Nippon Oil Corporation had translated profits and losses of foreign consolidated subsidiaries into Japanese yen at the exchange rate prevailing on the fiscal year-end date. Effective from the current consolidated fiscal year, the Company has changed to translate using the average rate for the period.

The reason for this change is to more appropriately reflect the profits and losses on the consolidated financial statements by minimizing the impact of short-term fluctuations in exchange rate, as the profits and losses of foreign consolidated subsidiaries were found to continue to hold an significant share in the consolidated financial statements in a review conducted in the course of the business integration with Nippon Mining Holding, Inc.

The effect of this change on the profits and losses for the current consolidated fiscal was immaterial.

b) Significant hedge accounting

Deferred hedge accounting is adopted. Allocation method is applied for foreign exchange forward contracts and currency swap that meet certain criteria, and Short-cut method is applied for interest rate swaps that meet certain criteria.

c) Accounting for consumption tax

Consumption taxes are accounted for using the tax exclusion method.

d) Application of consolidated taxation system

Consolidated taxation system is applied effective from the current consolidated fiscal year.

e) Accounting for exploration and development investment

Investments for exploration and development business activities based on each agreement in foreign countries are recorded. These investments are collected after start of production based on each agreement.

(5) Amortization method and period of goodwill

Goodwill and negative goodwill is amortized over the estimated useful life if estimation is possible with substantive judgment in the year recognized or amortized over 5 years using the straight-line method otherwise.

2. Change in Significant Items Which Are Basis for Consolidated Financial Statements

(1) Application of accounting standards for asset retirement obligations

Effective from the current consolidated fiscal year, the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) have been applied.

As a result of this adoption, ordinary income and operating income decreased by 1,567 million yen, and income before income taxes and minority interests decreased by 6,035 million yen, respectively, for the current consolidated fiscal year. Change in asset retirement obligation due to the application of this accounting standard was 50,440 million yen. Allowance for abandonment of mine used in prior has been reclassified to asset retirement obligation.

(2) Application of the "Accounting Standard for Equity Method" and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

Effective from the current fiscal year, the "Accounting Standard for Equity Method" (ASBJ Statement No. 16, March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ Practical Issues Task Force (PITF) No. 24, March 10, 2008) have been applied, and necessary adjustments for consolidation accounting are being made. Impact on the profits and losses of the current consolidated fiscal year is immaterial.

(3) Application of accounting standard for business combination

Effective from the current consolidated fiscal year, the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), the "Partial amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), the "Accounting Standard for Business Divestitures"

(ASBJ Statement No. 7, December 26, 2008), the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 revised, published December 26, 2008), and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008) have been applied.

(4) Change in presentation method

(Consolidated Statement of Income)

Effective from the current consolidated fiscal year, the account title "Income before minority interests" has been separately presented by applying the "Cabinet Office Ordinance for Partial Revision of the Regulations for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008).

3. Notes to Consolidated Balance Sheet

(1) Pledged assets and secured liabilities

1) Pledged assets

Property, plant, and equipment:	784,947 million yen
Investment securities:	4,786 million yen
Others:	1,254 million yen

Other than above, consolidated subsidiary shares of 36,496 million yen, which is eliminated by consolidation procedures, is also pledged.

2) Liabilities secured by the above assets

Accrued liabilities:	153,511 million yen
Long-term loans payable (including current portion):	34,820 million yen
Others:	2,400 million yen

Liabilities secured by assets also include transaction guarantee of 953 million yen and borrowings by affiliates of 704 million yen, besides 2) above.

(2) Accumulated depreciation of property, plant and equipment: 3,352,649 million yen

(3) Guarantees of indebtedness

Guarantees of loans from financial institutions by non-consolidated subsidiaries:	75,735 million yen
Guarantees of employees' loans (housing funds):	8,930 million yen

4. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and number of issued shares Common stock: 2,495,485,929 shares

(2) Dividends from surplus

1) Dividends paid

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders: June 28, 2010 (Note)	Nippon Oil Corporation / Common stock	11,678	8.0	March 31, 2010	June 29, 2010
Board of Directors' meeting: November 29, 2010	Common stock	18,675	7.5	September 30, 2010	December 6, 2010

(Note) Amount resolved at Nippon Oil Corporation is indicated, for the Company was established on April 1, 2010

2) Dividends with record date falling in the current consolidated fiscal year and effective date coming after next fiscal year.

Scheduled to be resolved	Type of shares	Resource of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders: June 27, 2011	Common stock	Retained earnings	19,919	8.0	March 31, 2011	June 28, 2011

5. Notes on Financial Instruments

(1) Financial instruments

The company group raises necessary funds (mainly through the bank loans and by bonds issue) based on the capital investment plans. Temporary surplus funds are invested in low-risk financial instruments, while short-term working funds are raised through bank loans or commercial papers. Derivatives are only used in the scope of actual demand, and no speculative transaction will be implemented.

(2) Fair value of financial instruments

The carrying amounts on the consolidated balance sheet, fair value and differences as of March 31, 2011 are as follows.

(Unit: millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Differences
1) Notes and accounts receivable-trade	1,065,973	1,065,973	—
2) Investment securities	245,376	245,376	—
3) Notes and accounts payable-trade	739,855	739,855	—
4) Short-term loans payable (*1)	589,001	589,001	—
5) Commercial papers	388,000	388,000	—
6) Accounts payable - other	585,398	585,398	—
7) Long-term loans payable (*1)	1,036,392	1,048,465	12,073
8) Derivative transactions (*2)	11,558	3,149	(8,405)

(*1) Current portion of long-term loans payable is included in 7) Long-term loans payable

(*2) Net amount of assets and liabilities arising from derivative transactions are indicated in net amount, and net liabilities in total are indicated by ().

(Note 1) Calculation methods of fair values of financial instruments and related information concerning securities and derivative transactions

1) Notes and accounts receivable-trade, 3) Notes and accounts payable-trade, 4) Short-term loans payable, 5) Commercial papers and 6) Accounts payable-other

   Book values are used because these items are settled in a short-term and their fair values approximate book values.

2) Investment securities

   The fair values of securities are determined using the quoted prices at the stock exchanges and the fair values of bonds are based on the quoted prices on bond market or the quoted prices provided by the counter party financial institutions.

7) Long-term loans payable

   The fair values are calculated using the present value by discounting the aggregate values of principal and interest using an estimated interest rate that is based on the assumption that the same type of loans being newly made.

8) Derivative transactions

   Fair values are calculated based on the quoted market price of commodity futures and foreign exchange futures or the quoted prices provided by the counter party financial institutions.

(Notes 2) Unlisted equity securities and bonds (carrying amount on the consolidated balance sheet 378,480 million yen) have no quoted market prices and it is considered difficult to estimate their future cash flow and identify their fair values. Therefore they are excluded from 2) Investment securities.

6. Notes on Per-share Information

Net assets per share:	654.77 yen
Net income per share:	125.35 yen

7. Other Notes

(1) Notes on business combination

(Applying purchase method)

1) Name and business of the acquired company, primary reason for business combination, business combination date, legal form of business combination, name of company after combination, ratio of acquired voting rights, and reason for determining the acquiring company.

a) Name and business of the acquired company

Name of the acquired company:

Nippon Mining Holdings, Inc.

Business of the acquired company:

Production and distribution of petroleum, nonferrous metal, and electric processed products.

b) Primary reason for business combination

Both Nippon Oil Corporation (hereinafter "NOC") and Nippon Mining Holdings, Inc (hereinafter "NMH") aims to accomplish the mission to stably and efficiently provide energy, resource, and material domestically and internationally by fully integrating management, with the purpose of making rapid progress under the new management principle. Both groups also aim to take initiative in making a structural change in business environment, win out the increasingly intense competition, and to further strengthen the management bases of own respective groups.

c) Business combination date

April 1, 2010

d) Legal form of business combination

Share transfer

e) Name of company after combination

JX Holdings, Inc.

f) Ratio of acquired voting rights

100%

g) Reason for determining the acquiring company

Due to the fact that NOC shareholder will be possessing majority of voting rights of the established company after equity transfer, NOC will become the acquiring company, and NMH will become the acquired company in terms of accounting for business combination.

2) Results of operations for the acquired company that is included in the consolidated financial statements

From April 1, 2010 through March 31, 2011

3) Acquisition cost of the acquired company and details

Purchase price:	Fair value of the issued common stocks of JX Holdings, Inc. as of business combination date	431,735 million yen
Direct cost related to the acquisition:	Advisory fee, etc.	1,646 million yen
Acquisition cost:		433,381 million yen

4) Share exchange ratio by type of shares and its calculation method, and number of allotted shares

a) Share exchange ratio by class of shares

1.07 shares of common stock of Joint Holding Company will be allotted for each share of common stock of NOC and 1.00 share of common stock of Joint Holding Company will be allotted for each share of common stock of NMH.

b) Calculation method of share exchange ratio

i) Basis of calculation

To ensure fairness in calculating the share transfer ratio, NOC has appointed Mizuho Securities Co., Ltd. (hereinafter "Mizuho Securities"), JPMorgan Securities Japan Co., Ltd (hereinafter "JP Morgan"), and Nomura Securities Co., Ltd. (hereinafter "Nomura Securities") to calculate share transfer ratios.

NMH has appointed primarily UBS Securities Japan Ltd. (hereinafter "UBS"), Merrill Lynch Japan Securities Company, Limited (hereinafter "Merrill Lynch"), and Daiwa Securities Capital Markets Co. Ltd. (hereinafter “Daiwa Securities CM”) to calculate share transfer ratios.

ii) Background of calculation

NOC, by reference to the calculation result of Mizuho Securities, JP Morgan, and Nomura Securities, and NMH, by reference to that of UBS, Merrill Lynch, and Daiwa Securities CM, comprehensively examined factors such as financial conditions, status of assets, and future prospects of both companies. Then, on October 30, 2009, equity transfer ratio above was finally determined to be adequate after careful negotiations and discussions and both companies finally agreed and decided on the above share transfer ratio.

NOC obtained written opinion from JP Morgan and Nomura Securities on October 29, 2009, and from Mizuho Securities on October 30, 2009, that the agreed share transfer ratio is fair to NOC’s shareholders from a financial perspective under the certain assumptions. Likewise, NMH also obtained written opinion from UBS, Merrill Lynch, and Daiwa Securities CM as of October 30, 2009 that the agreed share transfer ratio is fair to NMH’s shareholders from a financial perspective under the certain assumptions.

c) Issued stock: 928,462,002 shares

5) Amount and reason of goodwill incurred, , method and period of amortization

a) Amount: 42,312 million yen

b) Reason: Due to fair value of net assets at the time of business combination falling below acquisition cost

c) Method and period of amortization: Straight-line method amortization over 20 years

6) Amount and reason of negative goodwill incurred

a) Amount: 226,537 million yen

b) Reason: Due to fair value of net assets at the time of business combination exceeding acquisition cost

7) Estimated amount of effect on the consolidated statement of income of the current consolidated fiscal year, supposing business combination was complete on the beginning day of the current consolidated fiscal year.

Not applicable, due to the fact that the business combination date is the beginning day of the current consolidated fiscal year.

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(2) Notes to consolidated statement of income

Loss on disaster corresponds to that of the Great East Japan Earthquake and details are as follows.

Provision for loss on disaster (restoration expense):		109,106 million yen
Damage loss of inventories and non-current asset:		6,766 million yen
Fixed costs during idle period		10,150 million yen
	TOTAL	126,022 million yen

Non-consolidated Balance Sheet

(As of March 31, 2011)

(Millions of yen)

Account title	Amount	Account title	Amount
(Assets)		**(Liabilities)**	
Current assets	**693,001**	**Current liabilities**	**690,908**
Cash and deposits	334	Short-term loans payable	284,069
Operating accounts receivable	744	Commercial papers	388,000
Short-term loans receivable from subsidiaries and affiliates	673,737	Accrued expenses	3,078
Accounts receivable-other	17,175	Income taxes payable	1,139
Other	1,011	Provision for employees' bonuses	338
		Other	14,285
Non-current assets	**2,347,678**	**Non-current liabilities**	**1,042,025**
Property, plant and equipment	**9,762**	Bonds payable	245,000
Buildings and structures	4,314	Long-term loans payable	745,960
Land	5,165	Long-term loans payable to subsidiaries and affliates	25,000
Other	284	Deferred tax liabilities	25,624
Intangible assets	**393**	Other	441
		Total liabilities	**1,732,933**
Investments and other assets	**2,337,523**		
Investment securities	222,969	**(Net assets)**	
Stocks of subsidiaries and affiliates	1,288,264	**Shareholders' equity**	**1,279,451**
Long-term loans receivable from subsidiaries and affiliates	820,960	**Capital stock**	**100,000**
Guarantee deposits	4,539	**Capital surplus**	**1,071,302**
Other	790	Legal capital reserve	25,000
		Other capital surplus	1,046,302
		Retained earnings	**110,749**
		Other retained earnings	110,749
		Reserve for advanced depreciation of non-current assets	1,566
		Retained earnings brought forward	109,183
		Treasury stock	**(2,600)**
		Valuation and translation adjustments	**28,294**
		Valuation difference on availale-for-sale securities	**28,518**
		Deferred gains or losses on hedges	**(224)**
		Total net assets	**1,307,746**
Total assets	**3,040,679**	**Total liabilities and net assets**	**3,040,679**

Non-consolidated Statement of Income

From April 1, 2010
to March 31, 2011

(Millions of yen)

Account title	Amount	
Operating revenue		
Dividends income	544	
Management fee income	10,363	**10,907**
Selling, general and administrative expenses		**9,898**
Operating income		**1,009**
Non-operating income		
Interest income	10,897	
Dividends income	1,743	
Other	774	13,414
Non-operating expenses		
Interest expenses	9,789	
Interest on bonds	2,764	
Interest on commercial papers	482	
Bond issuance cost	222	13,258
Ordinary income		**1,165**
Special income		
Gain on extinguishment of tie-in shares	127,597	
Gain on sales of investment securities	903	
Other	515	129,015
Special loss		
Loss on sales of investment securities	84	
Other	67	151
Income before income taxes		**130,029**
Income taxes-current	2,189	
Income taxes-deferred	(1,585)	605
Net income		**129,424**

Non-consolidated Statement of Changes in Net Assets

From April 1, 2010
to March 31, 2011

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
					Other retained earnings				
	Capital stock	Legal capital reserve	Other capital surplus	Total capital surplus	Reserve for advanced depreciation of non-current assets	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2010									
Changes in the fiscal year									
Increase by share transfers	100,000	25,000	1,046,302	1,071,302					1,171,302
Increase by corporate division								(2,548)	(2,548)
Dividends from surplus						(18,675)	(18,675)		(18,675)
Net income						129,424	129,424		129,424
Purchase of treasury stock								(55)	(55)
Disposal of treasury stock			0	0				3	4
Provision of reserve for advanced depreciation of non-current assets					1,566	(1,566)			
Net changes of items other than shareholders' equity									
Total changes in the fiscal year	100,000	25,000	1,046,302	1,071,302	1,566	109,183	110,749	(2,600)	1,279,451
Balance as of March 31, 2011	100,000	25,000	1,046,302	1,071,302	1,566	109,183	110,749	(2,600)	1,279,451

(Millions of yen)

	Valuation and translation adjustments			
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance as of March 31, 2010				
Changes in the fiscal year				
Increase by share transfers				1,171,302
Increase by corporate division				(2,548)
Dividends from surplus				(18,675)
Net income				129,424
Purchase of treasury stock				(55)
Disposal of treasury stock				4
Provision of reserve for advanced depreciation of non-current assets				
Net changes of items other than shareholders' equity	28,518	(224)	28,294	28,294
Total changes in the fiscal year	28,518	(224)	28,294	1,307,746
Balance as of March 31, 2011	28,518	(224)	28,294	1,307,746

Notes to Non-consolidated Financial Statements

1. Significant Accounting Policies

(1) Valuation standards and methods for assets

Securities

Stocks of subsidiaries and affiliates: Stated at cost determined by the moving average method

Other securities:

-Securities with fair value:

Stated at fair value based on the quoted market price as of the fiscal year-end date. (The valuation differences are included directly in the net assets. Acquisition cost to be the basis for calculating the valuation differences is determined by the moving average method.)

-Securities without fair value:

Stated at cost determined by the moving average method

(2) Valuation standards and method for derivatives, etc.

Derivatives: Stated at fair value

(3) Depreciation methods of non-current assets

Property, plant and equipment (excluding leased assets)

Straight-line method

Useful life of principle assets is as follows.

Buildings and structures: 2-40 years

Intangible assets (excluding leased assets)

Straight-line method

Software is amortized over the expected internal useful lives (five years).

Leased assets

Straight-line method over the lease period with the residual value of nil.

(4) Accounting standard of provision

Provision for employees' bonuses

To provide for payment of bonuses to employees, provision for employees' bonuses are recorded in an amount expected to paid.

(5) Other significant items related to non-consolidated financial statements

a) Accounting for deferred assets

Deferred organization expenses and bond issuance cost are fully charged to expenses at time of expenditure.

b) Hedge accounting

Deferred hedge accounting is primarily adopted. Short-cut method is applied for interest rate swaps that meet certain criteria.

c) Accounting for consumption taxes

Consumption taxes are accounted for using the tax exclusion method.

d) Application of consolidated taxation system

Consolidated taxation system is applied.

2. Notes to Non-consolidated Balance Sheet

(1) Pledged assets

1) Pledged assets

Stocks of subsidiaries and affiliates:	44,199 million yen
Investment securities:	4,606 million yen

2) Liabilities secured by the above assets

Accounts payable-other to subsidiaries and affiliates:	10,873 million yen
Loans payable to subsidiaries and affiliates:	588 million yen

(2) Accumulated depreciation of property, plant and equipment: 6,061 million yen

(3) Guarantee of indebtedness

Guarantee of loans:	170,214 million yen
Transactions guaranteed and others:	187,930 million yen
Total:	358,145 million yen

(4) Monetary assets and liabilities from/to subsidiaries and affiliates (excluding the amounts presented separately)

Short-term monetary assets and liabilities from subsidiaries and affiliates	2,575 million yen
Long-term monetary assets and liabilities from subsidiaries and affiliates	— million yen
Short-term monetary assets and liabilities to subsidiaries and affiliates	1,435 million yen
Long-term monetary assets and liabilities to subsidiaries and affiliates	— million yen

3. Notes to Non-consolidated Statement of Income

Transactions from/to subsidiaries and affiliates

Operating revenue	10,907 million yen
Operating expenses	3,048million yen
Non-operating transactions	12,264 million yen

4. Notes to Non-consolidated Statement of Changes in Net Assets

Type and number of treasury stocks at the end of the current fiscal year

Common stock	5,582,092 shares

5. Notes to Tax Effect Accounting

Details of deferred tax assets and deferred tax liabilities are as follows.

(Unit: million yen)

(Deferred tax assets)	
Provision for employees' bonuses	150
Accrued enterprise taxes	335
Deferred gains or losses on hedges	153
Investment securities	3,104
Other	151
Subtotal of deferred tax assets	3,893
Valuation allowance	(2,969)
Total deferred tax assets	925
(Deferred tax liabilities)	
Land	284
Reserve for advanced depreciation of non-current assets	1,074
Investment securities	24,693
Other	8
Total deferred tax liabilities	26,059
Net deferred tax liabilities	25,134

6. Notes on Non-current Assets Used under Lease Contracts

Other than the non-current assets stated on the balance sheet, a part of vehicles are used under finance lease contracts by which the ownerships of the leased assets do not transfer.

7. Notes to Transactions with Related Parties

(Unit: million yen)

Type	Name of company	Percentage for possession of voting rights	Relationship with the related party	Contents of transactions	Transaction amount	Name of accounts	Balance at fiscal year-end
Sub-sidiary	JX Nippon Oil & Energy Corporation	100% directly owned	Business management/ Interlocking directorate	Receipt of management fee income (*1)	6,599	Operating accounts receivable	483
				Guarantee of debts (*2)	135,128		
				Absorption-type split (*4)			
				-Succeeded assets	749,641		
				-Succeeded liabilities	671,456		
Sub-sidiary	JX Nippon Oil & Gas Exploration Corporation	100% directly owned	Business management/ Interlocking directorate	Receipt of management fee income (*1)	1,144	Operating accounts receivable	148
				Receipt of debt guarantee fee (*3)	129		
				Guarantee of debts (*3)	76,662		
Sub-sidiary	JX Nippon Mining & Metals Corporation	100% directly owned	Business management/ Interlocking directorate	Receipt of management fee income (*1)	2,073	Operating accounts receivable	114
				Receipt of debt guarantee fee (*3)	28		
				Guarantee of debts (*3)	13,301		
				Absorption-type split (*4)			
				-Succeeded assets	670,010		
				-Succeeded liabilities	317,743		
Sub-sidiary	JX Nippon Finance Corporation	100% indirect-ly owned	Fund management/ Interlocking directorate	Loans of working funds (*5)			
				-Loans of short-term funds	5,696,600	Short-term loans receivable	589,700
				-Collection of short-term funds	5,106,900		
				-Loans of long-term funds	978,192	Long-term loans receivable (current)	82,369
				-Collection of long-term fund s	74,863	Long-term loans receivable	820,960
				Intra-group fund transactions (*6)			
				-Deposit of short-term funds	1,667	Short-term loans receivable	1,667
				-Loans of long-term funds	25,000	Long-term loans payable	25,000
Sub-sidiary	JX Nippon Oil Exploration (U.S.A.) Limited	100% directly owned	Guarantee of debts / Interlocking directorate	Receipt of debt guarantee fee (*3)	112		
				Guarantee of debts (*3)	60,277		

Policies in setting terms and conditions of transactions

(*1) The core business companies (JX Nippon Oil & Energy Corporation, JX Nippon Oil & Gas Exploration Corporation, and JX Nippon Mining & Metals Corporation) are bearing the expenses as management fee income depending on their respective business scale, which are necessary for the Company to run its operation.

The amounts in balance at fiscal year-end include consumption taxes.

(*2) Transaction guarantee was provided for petroleum purchase of crude oil by JX Nippon Oil & Energy Corporation, and no guarantee fee was received.

(*3) Guarantee of loans was provided for loans of respective companies, and the relevant guarantee fee was received. The guarantee fee is reasonably determined based on business actual influence.

(*4) Details on absorption-type split are stated in “8. Notes to business combination”.

(*5) Finds that are raised through the loans from external financial institutions and by the issuance of commercial papers and bonds are lent with the interests in consideration to the procurement costs.

(*6) As intra-group fund transactions, the Company borrows necessary working capital from JX Nippon Finance Corporation, and deposits surplus fund. Interest rates for both borrowing and deposit are determined reasonably in consideration of market rates. Regarding short-term intra-group fund transactions, loans and deposits are shown as net amounts.

8. Notes to Business Combination

Transactions under common control

(1) Absorption-type split with Nippon Oil Corporation (currently JX Nippon Oil & Energy Corporation)

1) Name of subject business and its details, business combination date, legal form of business combination, name of company after combination and its transaction purpose

a) Name of subject business and its details

Name of business:

Business management by Nippon Oil Corporation including that of its subsidiaries

Details of business:

Business management by Nippon Oil Corporation including that of its subsidiaries and its group companies, as well as its relevant businesses

b) Business combination date:

July 1, 2010

c) Legal form of business combination

Absorption-type split, with Nippon Oil Corporation acting as the split company and the Company as the succeeding company

d) Name of company after combination

JX Holdings, Inc.

e) Other items regarding transaction summary

This business combination was implemented with the aim of succeeding of the assets and liabilities of Nippon Oil Corporation which related to its business management including that of its subsidiaries, to JX Holdings, Inc., the joint holding company, upon the business merger between Nippon Oil Corporation and Nippon Mining Holdings, Inc.

2) Overview of accounting procedures implemented

This transaction has been accounted for as a transaction under common control according to the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

On July 1, 2010, the effective date of the absorption-type split, the Company recorded 3,138 million yen as gain on extinguishment of tie-in shares in special income, which is the difference between the amount of net assets transferred from the split company (Nippon Oil Corporation) and the book value of the shares of the split company that the Company owned.

(2) Absorption-type split with Nippon Mining Holdings, Inc (currently JX Nippon Oil & Energy Corporation)

1) Name of subject business and its details, business combination date, legal form of business combination, name of company after combination and its transaction purpose

a) Name of subject business and its details

Name of business:Business management by Nippon Mining Holdings, Inc including that of its subsidiaries

Details of business:Business management by Nippon Mining Holdings, Inc including that of its subsidiaries and its group companies, as well as its relevant businesses

b) Business combination date:

July 1, 2010

c) Legal form of business combination

Absorption-type split, with Nippon Mining Holdings, Inc acting as the split company and the Company as the succeeding company

d) Name of company after combination

JX Holdings, Inc.

e) Other items regarding transaction summary

This business combination was implemented with the aim of succeeding of the assets and liabilities of Nippon Mining Holdings, Inc, which related to its business management including that of its subsidiaries, to JX Holdings, Inc., the joint holding company, upon the business merger between and Nippon Oil Corporation and Nippon Mining Holdings, Inc.

2) Overview of accounting procedures implemented

This transaction has been accounted for as a transaction under common control according to the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

On July 1, 2010, the effective date of the absorption-type split, the Company recorded 124,459 million yen as gain on extinguishment of tie-in shares in special income, which is the difference between the amount of net assets transferred from the split company (Nippon Mining Holdings, Inc) and the book value of the shares of the split company that the Company owned.

9. Notes on Per-share Information

Net assets per share:	525.22 yen
Net income per share:	51.95 yen

Independent Auditors' Report (Consolidated Financial Statements)

The Board of Directors

JX Holdings, Inc.

May 18, 2011

Ernst & Young ShinNihon LLC

Yasunori Arao (seal)
Designated and Engagement Partner
Certified Public Accountant

Haruo Semba (seal)
Designated and Engagement Partner
Certified Public Accountant

Yoshio Yukawa (seal)
Designated and Engagement Partner
Certified Public Accountant

Kazuhiko Yamazaki (seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with Article 444, Paragraph 4 of the Companies Act, we audited the consolidated financial statements of JX Holdings, Inc. (the "Company") for the consolidated fiscal year (April 1, 2010, to March 31, 2011), comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to the consolidated financial statements. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion, based on our audit, on these consolidated financial statements.

We conducted our audit in accordance with the auditing standards, procedures, and practices that are generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform our audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and their methods of application and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the conditions of the financial position and the results of operations of the business group comprising JX Holdings, Inc. and its consolidated subsidiaries for the period covered by these consolidated statements in conformity with the accounting principles generally accepted in Japan.

Note:

1) As mentioned in Notes on the Basis of Presentation of Consolidated Financial Statements, the Company has changed the depreciation method to the straight-line method from the current consolidated fiscal year, whereas Nippon Oil Corporation used the declining-balance method for the depreciation of property, plant and equipment such as oil tanks, machinery and equipment except for buildings in the Petroleum Refining and Marketing Segment.
2) As mentioned in Change in Significant Items Which Are Basis for Consolidated Financial Statements, effective from the current consolidated fiscal year, the Company applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and thereby prepared the consolidated financial statements under applicable accounting standards.

We have no interest in the Company that should be disclosed pursuant to the Certified Public Accountants Act.

Independent Auditors' Report

The Board of Directors

JX Holdings, Inc. May 18, 2011

Ernst & Young ShinNihon LLC

Yasunori Arao (seal)
Designated and Engagement Partner
Certified Public Accountant

Haruo Semba (seal)
Designated and Engagement Partner
Certified Public Accountant

Yoshio Yukawa (seal)
Designated and Engagement Partner
Certified Public Accountant

Kazuhiko Yamazaki (seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with Article 436, Paragraph 2, Item 1 of the Companies Act, we audited the financial statements of JX Holdings, Inc. (the "Company") for the first fiscal year (April 1, 2010, to March 31, 2011), comprising the balance sheet, the statement of income, the statement of changes in net assets, the notes to the non-consolidated financial statements, and the supplementary schedules. The financial statements and the supplementary schedules are the responsibility of the Company's management. Our responsibility is to independently express an opinion, based on our audit, on the financial statements and the supplementary schedules.

We conducted our audit in accordance with the auditing standards, procedures, and practices that are generally accepted and applied in Japan. Those standards, procedures, and practices require that we plan and perform our audit to obtain reasonable assurance as to whether the financial statements and the supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the supplementary schedules. An audit also includes assessing the accounting principles used and their methods of application and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the conditions of the Company's financial position and the results of its operations for the period covered by those financial statements and the supplementary schedules in conformity with the accounting principles generally accepted in Japan.

We have no interest in the Company that should be disclosed pursuant to the Certified Public Accountants Act.

Corporate Auditors' Report

First Term
(From April 1, 2010 to March 31, 2011)

1. Audit method and contents

In compliance with laws and regulations, the Regulations of the Board of Corporate Auditors and the standards for the Corporate Auditors' audit, each of the Corporate Auditors completed their auditing in good faith. In which, they attended the meetings of the Board of Directors and other important meetings, provided opinions where necessary and requested explanations when they had questions regarding them. When necessary, they also received reports from the Directors and employees on the performance of their duties, inspected documents and reports containing important decisions and investigated operations and assets at the divisions and departments of the head office of the Company and its subsidiaries. With respect to subsidiaries, the Corporate Auditors promoted communications with the directors and corporate auditors of them (especially of those consolidated), and when necessary received reports from them on their operations and issues to be addressed. Furthermore, they developed an improved environment for auditing and took care to coordinate with internal audit staff to promote effectiveness of their audits.

The Corporate Auditors have also on a regular basis carefully monitored and verified the contents of the resolutions adopted at the Board of Directors' meetings concerning improvements and operating effectiveness of the internal control systems (as such matters are deemed a significant auditing issue).

Regarding internal control over financial reporting, the Corporate Auditors audited the evaluation process and audit status from Directors. Additionally, when necessary they requested explanations on the audit status from Ernst & Young ShinNihon LLC.

With regard to the accounting audit, they monitored and verified if the appropriate audits were being implemented by receiving explanations on the annual audit plans from Accounting Auditors to see if regular audit activities were being taken deliberately and effectively. Additionally, they received reports from the Accounting Auditors on accounting issues which could have had material impact on the profits of the Company. They also reported on and confirmed the effectiveness of the system ensuring that the Accounting Auditors maintained their independence and secure the quality of their duties.

Each Corporate Auditor conducted an individual audit of, then discussed and deliberated at the meeting of the Board of Corporate Auditors the following audit matters: the business report for the current fiscal year and the supplementary schedules, the financial statements and the supplementary schedules; the consolidated financial statements.

2. Results of the audit

(1) With respect to the performance of their duties by Directors, no improper act or material facts that violated the applicable laws and regulations or the Articles of Incorporation are recognized.

(2) The contents of the resolutions by the Board of Directors with regard to internal control systems are recognized as being appropriate, and no matters are recognized to be pointed out with regard to the performance of the internal control systems by the Directors.

(3) The business report and the supplementary schedules are recognized as presenting properly the conditions of the Company in accordance with the applicable laws and regulations and the Articles of Incorporation.

(4) The auditing methods and results of the Accounting Auditors, Ernst & Young ShinNihon LLC, are recognized as being appropriate for the results of the audit of the financial statements and the supplementary schedules.

(5) The auditing methods and results of the Accounting Auditors, Ernst & Young ShinNihon LLC, are recognized as being appropriate for the results of the audit of the consolidated financial statements.

May 18, 2011

The Board of Corporate Auditors
JX Holdings, Inc.

Fumio Ito	Standing Corporate Auditor
Hideo Tabuchi	Standing Corporate Auditor
Masao Fujii	Corporate Auditor (Outside Corporate Auditor)
Hiroyasu Watanabe	Corporate Auditor (Outside Corporate Auditor)
Mitsudo Urano	Corporate Auditor (Outside Corporate Auditor)

Reference Materials for General Meeting of Shareholders

Proposals and Matters for References

Item 1 Appropriation of Surplus

The Company considers its distribution of profit to its shareholders a significant management task and the Company has set its policy to ensure that dividends are paid stably and continuously based on distribution of profits that reflects consolidated operating performance.

Based on the policy above, the Company proposes as described below, a term-end dividend of eight (8) yen per share for the current term, taking into account the consolidated operating performance, capital balance, and other factors. Consequently, the total annual dividend for the current term will be 15.5 yen per share, including the interim dividend of 7.5 yen per share distributed pursuant to the resolution at the Board of Directors meeting held on November 5, 2010.

1. Allotment of dividend property to the shareholders and its total amount:
   Eight (8) yen per common share of the Company; 19,919,230,696 yen in total
2. Effective date for the payment of dividends from surplus:
   June 28, 2011

Item 2 Appointment of Sixteen (16) Directors

The term of office of all sixteen (16) current Directors will expire upon the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes the appointment of sixteen (16) new Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Brief personal history, position and area of responsibility, and important concurrent positions at other companies	Number of the shares of the Company held
1	Shinji Nishio (October 23, 1940)	April 1964 Joined Nippon Oil Co., Ltd. June 1995 Director of Nippon Oil Co., Ltd. June 2000 Director and Senior Vice President of Nippon Mitsubishi Oil Corporation June 2002 Representative Director and Executive Vice President of Nippon Oil Corporation June 2004 Representative Director and Executive Vice President (Executive Officer) of Nippon Oil Corporation June 2005 Representative Director and President (Executive Officer) of Nippon Oil Corporation June 2008 Representative Director and President (President and Executive Officer) of Nippon Oil Corporation (until June 2010) April 2010 Representative Director and Chairman of the Board of the Company (to date)	135,950 common shares

Candidate No.	Name (Date of birth)	Brief personal history, position and area of responsibility, and important concurrent positions at other companies		Number of the shares of the Company held
2	Mitsunori Takahagi (December 3, 1940)	April 1964 June 1994 June 1998 June 1999 June 2001 April 2002 September 2002 June 2006 April 2010	Joined Nippon Mining Co., Ltd. Director of Japan Energy Corporation Managing Director of Japan Energy Corporation Director (Executive Corporate Officer) of Japan Energy Corporation Director (Deputy Chief Officer) of Japan Energy Corporation Representative Director and President of Japan Energy Corporation (until June 2006) Director of NIPPON MINING HOLDINGS, INC. Representative Director and President of NIPPON MINING HOLDINGS, INC. (until June 2010) Representative Director, President (President and Executive Officer) of the Company (to date)	161,170 common shares
3	Shigeo Hirai (May 30, 1948)	April 1971 June 2002 June 2005 June 2008 April 2010	Joined Nippon Oil Co., Ltd. Director of Nippon Oil Corporation Director and Senior Vice President (Executive Officer) of Nippon Oil Corporation Director (Senior Vice President and Executive Officer) of Nippon Oil Corporation (until June 2010) Director (Executive Vice President and Executive Officer) of the Company (in charge of Post Merger Integration Dept., Corporate Planning Dept I and Finance & Investor Relations Dept.) (to date)	79,170 common shares
4	Kiyonobu Sugiuchi (May 16, 1949)	April 1973 September 2002 June 2004 June 2007 April 2010	Joined Nippon Mining Co., Ltd. Senior Officer of NIPPON MINING HOLDINGS, INC. Director of NIPPON MINING HOLDINGS, INC. Director (Managing Director) of NIPPON MINING HOLDINGS, INC. (until June 2010) Director (Senior Vice President and Executive Officer) of the Company (in charge of Corporate Planning Dept. II and Controller Dept.) (to date)	66,970 common shares
5	Yukio Yamagata (September 20, 1949)	April 1972 June 2004 June 2006 April 2008 June 2008 April 2010	Joined Mitsubishi Oil Co., Ltd. Executive Officer of Nippon Oil Corporation Representative Director and President of Nippon Oil Business Services Co., Ltd. Executive Officer of Nippon Oil Corporation Director (Senior Vice President and Executive Officer) of Nippon Oil Corporation (until June 2010) Director (Senior Vice President and Executive Officer) of the Company (In charge of Internal Audit Dept.) (to date)	39,471 common shares

Candidate No.	Name (Date of birth)	Brief personal history, position and area of responsibility, and important concurrent positions at other companies	Number of the shares of the Company held
6	Kazuo Kagami (December 4, 1951)	April 1975 Joined Nippon Mining Co., Ltd. April 2001 Executive Officer of Nippon Mining & Metals Co., Ltd. April 2006 Director (Executive Officer) of Nippon Mining & Metals Co., Ltd. June 2007 Executive Officer of Nippon Mining & Metals Co., Ltd. April 2008 Senior Vice President and Executive Officer of Nippon Mining & Metals Co., Ltd. June 2009 Director of NIPPON MINING HOLDINGS, INC. (until June 2010) April 2010 Director (Senior Vice President and Executive Officer) of the Company (In charge of General Administration Dept.) (to date)	41,105 common shares
7	Ichiro Uchijima (February 9, 1952)	April 1976 Joined Kyodo Oil Company, Limited April 2004 General Manager of Planning & Management Department of Japan Energy Corporation April 2007 Senior Vice President and Executive Officer of Japan Energy Corporation April 2009 Managing Executive Officer of Japan Energy Corporation (until June 2010) April 2010 Director (Senior Vice President and Executive Officer) of the Company (in charge of Post Merger Integration Dept. and Corporate Planning Dept. I) (to date)	25,500 common shares
8	Junichi Kawada (September 26, 1955)	April 1978 Joined Nippon Oil Co., Ltd. June 2004 General Manager, Headquarters 2, Business Administration Division of Nippon Oil Corporation June 2007 Executive Officer of Nippon Oil Corporation (until June 2010) April 2010 Director (Senior Vice President and Executive Officer) of the Company (in charge of Corporate Social Responsibility Dept. and Legal & Corporate Affairs Dept., and delegated as General Manager of Legal & Corporate Affairs Dept.) (to date)	24,580 common shares

Candidate No.	Name (Date of birth)	Brief personal history, position and area of responsibility, and important concurrent positions at other companies		Number of the shares of the Company held
9	Yasushi Kimura (February 28, 1948)	April 1970 June 2002 June 2004 June 2005 June 2007 June 2008 April 2010 July 2010	Joined Nippon Oil Co., Ltd. Director of Nippon Oil Corporation Executive Officer of Nippon Oil Corporation Director (Executive Officer) of Nippon Oil Corporation Director and Senior Vice President (Executive Officer) of Nippon Oil Corporation Director (Senior Vice President and Executive Officer) of Nippon Oil Corporation (until June 2010) Director of the Company (to date) Representative Director and President (President and Executive Officer) of JX Nippon Oil & Energy Corporation (to date) Important concurrent position at other companies: Representative Director and President (President and Executive Officer) of JX Nippon Oil & Energy Corporation	60,010 common shares
10	Isao Matsushita (April 3, 1947)	April 1970 April 2001 September 2002 June 2003 April 2004 June 2004 April 2005 June 2006 April 2010 July 2010	Joined Nippon Mining Co., Ltd. Executive Officer of Japan Energy Corporation Director of NIPPON MINING HOLDINGS, INC. Senior Vice President and Director of NIPPON MINING HOLDINGS, INC. Director of NIPPON MINING HOLDINGS, INC.; and Managing Executive Officer of Japan Energy Corporation Director (Managing Executive Officer) of NIPPON MINING HOLDINGS, INC. Director (Senior Executive Officer) of NIPPON MINING HOLDINGS, INC. Director of NIPPON MINING HOLDINGS, INC. (until March 2010); and Representative Director and President of Japan Energy Corporation (until June 2010) Director of the Company (to date) Representative Director (Executive Vice President and Executive Officer) of JX Nippon Oil & Energy Corporation (to date) Important position at other companies: Representative Director (Executive Vice President and Executive Officer) of JX Nippon Oil & Energy Corporation	94,600 common shares

Candidate No.	Name (Date of birth)	Brief personal history, position and area of responsibility, and important concurrent positions at other companies		Number of the shares of the Company held
11	Makoto Koseki (July 23, 1946)	April 1969	Joined Nippon Oil Co., Ltd.	44,980 common shares
		June 2002	Director of Nippon Oil Corporation	
		June 2004	Executive Officer of Nippon Oil Corporation	
		June 2005	Representative Director and Executive Vice President of Nippon Oil Exploration Ltd.	
		March 2008	Representative Director and President of Nippon Oil Exploration Ltd. (until June 2010)	
		June 2008	Director of Nippon Oil Corporation (until June 2010)	
		April 2010	Director of the Company (to date)	
		July 2010	Representative Director and President (President and Executive Officer) of JX Nippon Oil & Gas Exploration Corporation (to date)	
			Important position at other companies: Representative Director and President (President and Executive Officer) of JX Nippon Oil & Gas Exploration Corporation	
12	Masanori Okada (September 27, 1946)	April 1970	Joined Nippon Mining Co., Ltd.	82,600 common shares
		April 2001	Executive Officer of Japan Energy Corporation (until September 2002)	
		June 2002	Representative Director and President of Nippon Mining & Materials Corporation (until June 2005)	
		September 2002	Director of NIPPON MINING HOLDINGS, INC. (until March 2010); and Director (Executive Officer) of Japan Energy Corporation	
		June 2005	Representative Director and President of Nippon Mining & Metals Co., Ltd.	
		April 2006	Representative Director and President (President and Executive Officer) of Nippon Mining & Metals Co., Ltd. (until June 2010)	
		April 2010	Director of the Company (to date)	
		July 2010	Representative Director and President (President and Executive Officer) of JX Nippon Mining & Metals Corporation (to date)	
			Important position at other companies: Representative Director and President (President and Executive Officer) of JX Nippon Mining & Metals Corporation	

Candidate No.	Name (Date of birth)	Brief personal history, position and area of responsibility, and important concurrent positions	Number of the shares of the Company held
13	Etsuhiko Shoyama (March 9, 1936)	April 1959 Joined Hitachi, Ltd. June 1991 Director of Hitachi, Ltd. (General Manager, AV Equipment Division) June 1993 Senior Vice President of Hitachi, Ltd. (General Manager, Home Appliance Business Division) June 1995 Senior Managing Director of Hitachi, Ltd. (General Manager, Home Appliances & Information Media Business Division) June 1997 Representative Director and Executive Vice President of Hitachi, Ltd. April 1999 Representative Director and President of Hitachi, Ltd. June 2003 Representative Executive Officer, President and Chief Executive Officer, and Director of Hitachi, Ltd. April 2006 Representative Executive Officer, Chairman of the Board and Director of Hitachi, Ltd. April 2007 Chairman of the Board of Hitachi, Ltd. (until March 2009) June 2007 Outside Director of NIPPON MINING HOLDINGS, INC. (until March 2010) April 2009 Chairman of the Board of Hitachi, Ltd. June 2009 Senior Corporate Advisor to Hitachi, Ltd. (to date) April 2010 Outside Director of the Company (to date) Important position at other companies: Senior Corporate Advisor to Hitachi, Ltd.	13,100 common shares
14	Juichi Takamura (January 24, 1938)	May 1961 Joined Nikkei, Inc. April 1991 Editorial writer of Nikkei, Inc. May 1998 Professor of Contemporary Sociology, Musashino Women's College (currently Musashino University). April 2002 Dean of Contemporary Sociology of Musashino University April 2005 Vice President and Dean of Contemporary Sociology of Musashino University May 2008 Professor Emeritus of Musashino University (to date) June 2008 Outside Director of NIPPON MINING HOLDINGS, INC. April 2010 Outside Director of the Company (to date) Important position at other companies: Professor Emeritus of Musashino University	15,200 common shares

Candidate No.	Name (Date of birth)	Brief personal history, position and area of responsibility, and important concurrent positions		Number of the shares of the Company held
15	Masahiro Sakata (September 20, 1943)	April 1966 June 1992 July 1993 August 1999 August 2002 August 2004 September 2006 November 2006 December 2006 June 2008 April 2010	Joined Ministry of Finance Deputy Director-General of the Minister's Secretariat for the Ministry of Finance Director-General of the Third Department of the Cabinet Legislation Bureau Director-General of the First Department of the Cabinet Legislation Bureau Deputy Director–General of the Cabinet Legislation Bureau Director-General of the Cabinet Legislation Bureau Retired as Director-General of the Cabinet Legislation Bureau Registered as Attorney-at-law (to date) Of Counsel, the Anderson Mori & Tomotsune (to date) Outside Auditor of Nippon Oil Corporation (until June 2010) Outside Director of the Company (to date) Important position at other companies: Attorney-at-law and Of Counsel to Anderson Mori & Tomotsune	6,840 common shares
16	Hiroshi Komiyama (December 15, 1944)	December 1972 July 1988 April 2000 April 2003 April 2005 March 2009 April 2009 June 2009 April 2010	Research Associate at the Department of Chemical System Engineering, the Faculty of Engineering of The University of Tokyo Professor at the Department of Chemical System Engineering, the Faculty of Engineering of The University of Tokyo Dean of the Graduate School of Engineering and Dean of the Faculty of Engineering of The University of Tokyo Vice President of The University of Tokyo President of The University of Tokyo Retired as President of The University of Tokyo Chairman of Mitsubishi Research Institute, Inc. (to date) Outside Director of Nippon Oil Corporation (until June 2010) Outside Director of the Company (to date) Important position at other companies: Chairman of Mitsubishi Research Institute, Inc.	19,200 common shares

Notes:

1. Each candidate has no special interest with the Company.
2. Messrs. Etsuhiko Shoyama, Juichi Takamura, Masahiro Sakata and Hiroshi Komiyama are the candidates for the Outside Directors.
3. Messrs. Etsuhiko Shoyama, Juichi Takamura, Masahiro Sakata and Hiroshi Komiyama are the Independent Directors stipulated in the provisions of relevant financial instruments exchanges. When reappointment of each candidate is approved by this Ordinary General Meeting of Shareholders, they will continue to hold their post as Independent Directors.
4. Messrs. Etsuhiko Shoyama, Juichi Takamura, Masahiro Sakata and Hiroshi Komiyama are elected as candidates for the Outside Director because the Company believes that they are expected to provide precise instructions and valuable advice on management of the Company, as well as to supervise our

management from an objective standpoint, due to their deep insight and abundant experiences in their respective professional fields.

(1) Mr. Etsuhiko Shoyama is in charge of the corporate management of Hitachi, Ltd. for many years, and has deep insight, abundant experiences and a solid record of performance as a management executive in corporate management.

(2) Mr. Juichi Takamura successively filled the posts as an Officer, an Editorial Writer, and the like at Nikkei Inc., and later taught at Musashino Women's College (currently Musashino University), while servicing as a member of the textile committee and the carbon committee of the Industrial Structure Council, a consultative body of the Minister for Economy, Trade and Industry. He therefore has advanced expertise and deep insight into corporate management.

(3) Mr. Masahiro Sakata was a bureaucrat at the former Ministry of Finance for many years, and he later successively filled important posts such as the Director-General of the Cabinet Legislation Bureau. He therefore has abundant expertise and experience in public administration and legislation.

(4) Mr. Hiroshi Komiyama spent many years at the University of Tokyo, teaching and researching in the fields of Chemical System Engineering, Functional Materials Chemistry and Global Environment Engineering, and assumed the post of the President of the University of Tokyo. He therefore has advanced expertise and abundant experience in the administration of university.

5. Although Messrs. Juichi Takamura, Masahiro Sakata and Hiroshi Komiyama have not, except as the Outside Director and/or the Outside Corporate Auditor, engaged in any company's management, the Company believes that they are capable of performing appropriately the duties of the Outside Directors for the reasons given in Note 4. above.
6. The term of office for Messrs. Etsuhiko Shoyama, Juichi Takamura, Masahiro Sakata and Hiroshi Komiyama as the Outside Directors of the Company will be fifteen (15) months as of the date this Ordinary General Meeting of Shareholders is held.
7. The Company has entered into an agreement ("Limited Liability Contract") with each candidate for Outside Director, which, in the case where each Outside Director performed their duty with good intentions and without gross negligence, limits the liability an Outside Director bears to the Company under Article 423, Paragraph 1 of the Companies Act, to the amount stipulated in Article 425, Paragraph 1 of the Companies Act (an amount equal to an Outside Director's remuneration for two (2) years). When reappointment of each candidate is approved by this Ordinary General Meeting of Shareholders, the Company plans to extend each Limited Liability Contract for the duration of their respective reappointments.

Item 3: Setting of the Upper Limits of Remuneration for the Directors and the Corporate Auditors

Regarding the total amount of remuneration for the Directors and the Corporate Auditors of the Company, the Supplementary Provision in the Articles of Incorporation of the Company sets forth up to 1,100 million yen per fiscal year for the Directors (however, salaries and bonuses for the Directors who concurrently serve as employees are excluded), and up to 200 million yen per fiscal for the Corporate Auditors. However, this provision of the Articles is to expire as of the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company has decided to set forth anew the total amount of remuneration for the Directors and the Corporate Auditors, proposing, as in the past, the total amount of the remuneration to be up to 1,100 million yen per fiscal year for the Directors (including 200 million yen for the Outside Directors), and up to 200 million yen per fiscal year for the Corporate Auditors.

As in the past, the salaries and bonuses for the Directors who concurrently serve as employees are not included in the total amount of remuneration for the Directors and the Corporate Auditors.

The Company currently has sixteen (16) Directors (four (4) of whom are Outside Directors) and six (6) Corporate Auditors. If Item 2 is approved in its original proposal by this Ordinary General Meeting of Shareholders, there will be a total of sixteen (16) Directors (four (4) of whom are Outside Directors).

End

How to Exercise Voting Rights by an Electronic Method (e.g., via the Internet)

[A Guide to Exercise Your Voting Rights via the Internet]

A shareholder with voting right(s) may exercise his/her voting right(s) electronically, only via the dedicated website (http://www.web54.net). Upon accessing the said website, please follow the displayed instructions using the "exercise code" and "password" printed on the right side of your proxy card, and register a new password. Then, you will be authorized to enter your approval or disapproval of the proposals on the agenda.

An entitled shareholder seeking to vote via the Internet is kindly requested to read the below information before accessing the website.

1. Exercise of voting right(s)

(1) The exercise of a voting right shall only be valid if it has been performed by 5:30 p.m., Friday, June 24, 2011, one day prior to the date of this Ordinary General Meeting of Shareholders.

(2) If a shareholder exercised his/her voting right(s) both by returning the proxy card and via the Internet and gives conflicting votes to a proposal on the agenda, only the vote that reached the Company last shall be deemed valid. If a shareholder exercised his/her voting right(s) both by returning the proxy card and via the Internet and both reached the Company on the same day, only the vote exercised via the Internet shall be deemed valid.

(3) If a shareholder exercised his/her voting right(s) more than once via the Internet and gives conflicting votes to a proposal on the agenda, only the vote that reached the Company last shall be deemed valid.

2. Password

(1) A shareholder with voting right(s) is kindly requested to retain his/her password until the closing of this Ordinary General Meeting of Shareholders as it will be used as a means of identification of the voter as the said shareholder.

(2) The password sent to a shareholder shall be valid for this Ordinary General Meeting of Shareholders only.

(3) The Internet voting service will refuse access if a password has been incorrectly entered a certain number of times. In such cases, please follow the displayed instructions.

3. Computer systems

(1) The Internet voting service is available for users with computer systems meeting the following requirements:

(i) Hardware

a Accessible to the Internet

b Monitor with a 800 dot x 600 dot line resolution (SVGA) or higher

(ii) Software

a Installed with Microsoft ® Internet Explorer Ver. 5.01 SP2 or later version b Installed with Adobe ® Acrobat ® Reader™ Ver. 4.0 or later version or Adobe ® Reader ® Ver. 6.0 or later version

(2) The access fee and communication fee, as applicable, are payable to the Internet service provider and the telecommunications carrier, respectively, and such fees shall be borne by the shareholder voting via the Internet, in such cases.

(3) The Internet voting service is not available via Internet-accessible mobile phones.

(4) If you are accessing the Internet from a terminal at your workplace, e.g., your office, communication may be restricted by a firewall or the like. In such cases, please contact the person in charge of system control at your workplace.

4. Help desk of computer terminal operations

For any inquiry regarding the operating of a personal computer or related issues, please contact the following section:

Web support for stock transfer agency services of The Chuo Mitsui Trust and Banking Company, Limited	
Dedicated line:	0120-65-2031
Open:	9:00 a.m. to 9:00 p.m. on Monday to Friday (Tokyo time)

<Information>

ICJ, Inc. provides the "ICJ platform," as an electronic voting method, to institutional investors.