

# Information Regarding Our Business Integration With Nippon Mining Holdings, Inc.

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To Our Shareholders:

We would like to take this opportunity to thank you for your continued support of Nippon Oil Corporation.

In October last year, we reached an agreement with Nippon Mining Holdings, Inc. to establish a holding company called JX Holdings, Inc. in April 2010, and fully integrate the businesses of both groups under the holding company. After reaching an agreement, we entered into a business integration agreement with Nippon Mining Holdings, Inc.

For over 120 years since our foundation in 1888, we have remained a pioneer in developing business in the area of energy centering on petroleum, thereby making a significant contribution to the growth and development of Japan's economy and society.

On the other hand, the present business environment surrounding us is becoming more severe because of an inevitable decrease in domestic demand for petroleum products in the future, and increasingly fierce competition for resources such as petroleum and natural gas in the world. How to address global warming is also an important issue.

Under these circumstances, it is an urgent issue to promote streamlining of and efficiency in the supply chains in general in the petroleum refining and marketing business. In addition, it is necessary for us to continue to strengthen the business of exploring resources such as petroleum and natural gas, and to accelerate the development of new energy (such as fuel cells and photovoltaic power generation) businesses in anticipation of a low-carbon society. In order to promptly address these issues and to be successful amidst an increasingly fierce competition,



Fumiaki Watari

Representative Director,  
Chairman of the Board

Shinji Nishio

Representative Director,  
President

it is essential to further expand and strengthen our management base, and therefore we have decided to conduct the business integration through a joint share transfer with Nippon Mining Holdings, Inc.

We would like to express our sincere appreciation for your long-time support.

The new company (JX Holdings, Inc.) will undertake business restructuring, which would not have been possible without the business integration, so as to improve profits and reduce losses at an early stage. Aiming to become an “integrated energy, resources and materials industrial group” having a petroleum refining and marketing business, an oil and natural gas exploration and production business and a metals business, we will develop and pursue strategies for global growth, thereby maximizing corporate value. We ask for your understanding and continued support.

This booklet summarizes the business integration between us and Nippon Mining, and lists questions often asked by our shareholders such as the handling of shares upon the share transfer, and answers to such questions. We therefore encourage you to read this carefully.

With respect to the “Share Transfer Plan” for the incorporation of the holding company JX Holdings, Inc., we will place this item on the agenda for the Extraordinary General Meeting of Shareholders to be held on Wednesday, January 27, 2010. Please see the enclosed “Notice of the Extraordinary General Meeting of Shareholders” for details.

We sincerely hope that you will understand the business integration after reading this booklet and the “Notice of the Extraordinary General Meeting of Shareholders.”

Sincerely yours,

January 5, 2010

Fumiaki Watari  
Representative Director, Chairman of the Board

Shinji Nishio  
Representative Director, President

## Summary of the Business Integration

### 1. Name of the Integrated Group, and Trade Names and Location of Head Office of the Holding Company and the Core Business Companies

#### (1) Name of the Integrated Group

JX Group (English name : JX Group)

"JX" is a name that represents the basic philosophy of the Integrated Group.

"J" is the initial letter of "Japan" and represents determination to become a world leading integrated energy, resources and materials group as the representative of Japan, and "X" represents challenges of the unknown, growth and development for the future, and pursuance of creativity and innovation, among others.

"JX" is pronounced "Jay-Ex."

#### (2) Trade Names of the Holding Company and the Core Business Companies

Holding Company :

JX Holdings Kabushiki Kaisha

(English name : JX Holdings, Inc.)

Petroleum Refining and Marketing Business Company :

JX Nikko Nisseki Energy Kabushiki Kaisha

(English name : JX Nippon Oil & Energy Corporation)

Oil and Natural Gas Exploration and Production Business Company :

JX Nikko Nisseki Kaihatsu Kabushiki Kaisha

(English name : JX Nippon Oil & Gas Exploration Corporation)

Metals Business Company:

JX Nikko Nisseki Kinzoku Kabushiki Kaisha

(English name : JX Nippon Mining & Metals Corporation)

(3) Location of Head Office of the Holding Company and the Core Business

Companies :

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

## **2.Detail of the Holding Company**

(1) Representatives :

Representative Director and Chairman of the Board : Shinji Nishio

(Currently Representative Director and President of Nippon Oil Corporation)

Representative Director and President : Mitsunori Takahagi

(Currently President and Chief Executive Officer of Nippon Mining Holdings, Inc.)

(2) Capital and Capital Reserve :

Amount of Capital is 100 billion yen, Amount of Capital Reserve is 25 billion yen

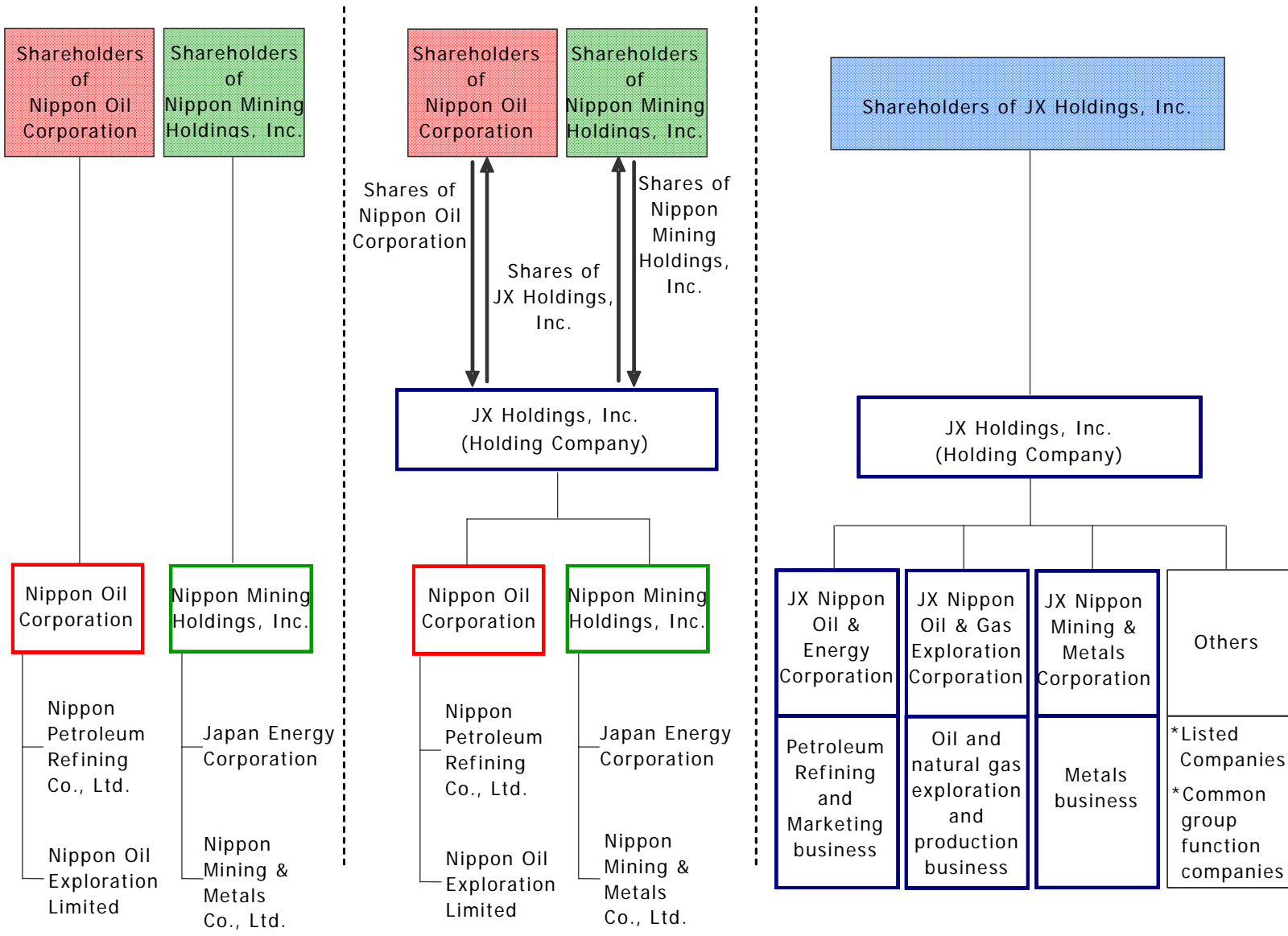
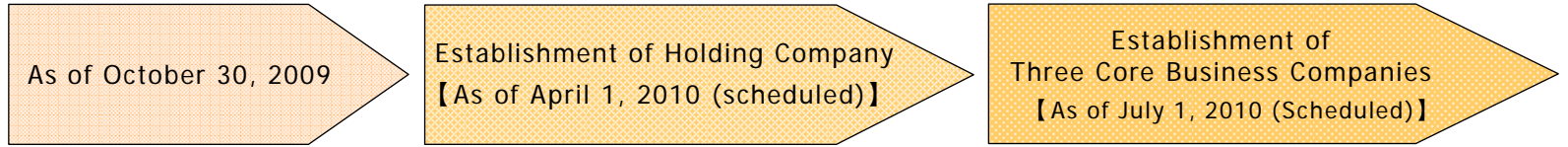
(3) Fiscal Year End : March 31

(4) Listed Stock Exchanges : Tokyo, Osaka and Nagoya

(5) Administrator of the Shareholder Register :

The Chuo Mitsui Trust and Banking Company, Limited.

### 3. Process of Business Integration



#### 4. Exchange Ratio

| Nippon Oil Corporation | Nippon Mining Holdings, Inc |
|------------------------|-----------------------------|
| 1.07                   | 1.00                        |

1.07 shares of the common stock of JX Holdings, Inc. will be allotted to shareholders whose names are recorded in the final register of shareholders of Nippon Oil Corporation on Wednesday, March 31, 2010, for each share of common stock of Nippon Oil Corporation, and 1.00 shares of the common stock of JX Holdings, Inc. will be allotted to shareholders whose names are recorded in the final register of shareholders of Nippon Mining Holdings, Inc. on Wednesday, March 31, 2010, for each share of common stock of Nippon Mining Holdings, Inc.

However, the above-mentioned exchange ratio may be altered if there is a material change in the assets or financial health of Nippon Oil Corporation or Nippon Mining Holdings, Inc. or if circumstances that significantly impede the implementation of the share transfer arise, or it becomes clear that they will arise, or any other circumstances where it is found to be extremely difficult to achieve the purpose of the share transfer by the date of incorporation of JX Holdings, Inc.

#### 5. Basic Philosophy, Basic Strategy and Business Strategy of the Integrated Group (JX Group)

##### (1) Basic Philosophy of JX Group

- (a) In the business areas of energy, resources, and materials, JX Group shall seek harmony with the global environment and coexist with society and establish sound and transparent corporate governance and an appropriate and expeditious business operation, thereby contributing to the creation and development of a sustainable economy and society.
- (b) JX Group shall pursue stable and efficient supply and creativity and innovation in all aspects of energy, resources and materials under a vertically integrated operating structure.

## (2) Basic Strategy and Business Strategy of JX Group

### (a) Basic Strategy of JX Group

- (i) Aim to become one of the largest integrated energy, resources and materials business groups in the world.
- (ii) Maximize corporate value by prioritizing the distribution of management resources in areas offering the highest profitability.
- (iii) Promote projects that assist in the creation of a better global environment and innovation of new technologies, and contribute to the development of a sustainable economy and society.

### (b) Individual Business Strategies of the Core Businesses

#### (i) Petroleum Refining & Marketing Business

- Undertake fundamental structural reforms that anticipate future changes in the business environment.
- Strive to be an integrated energy company that responds to our customers' needs.

#### (ii) Oil and Natural Gas E&P Business

- Aim for continuous growth while responding flexibly to changes in the business environment.
- Strengthen our operating base on a global scale through accumulation of technology and trusted relationships with governments of oil-producing countries and business partners.

#### (iii) Metals Business

- Aim to establish a global integrated production system centered on the copper business.
- Aim to have one of the top market shares in areas in which significant growth is expected.

## 6.Reduction of Petroleum Refining Capacity

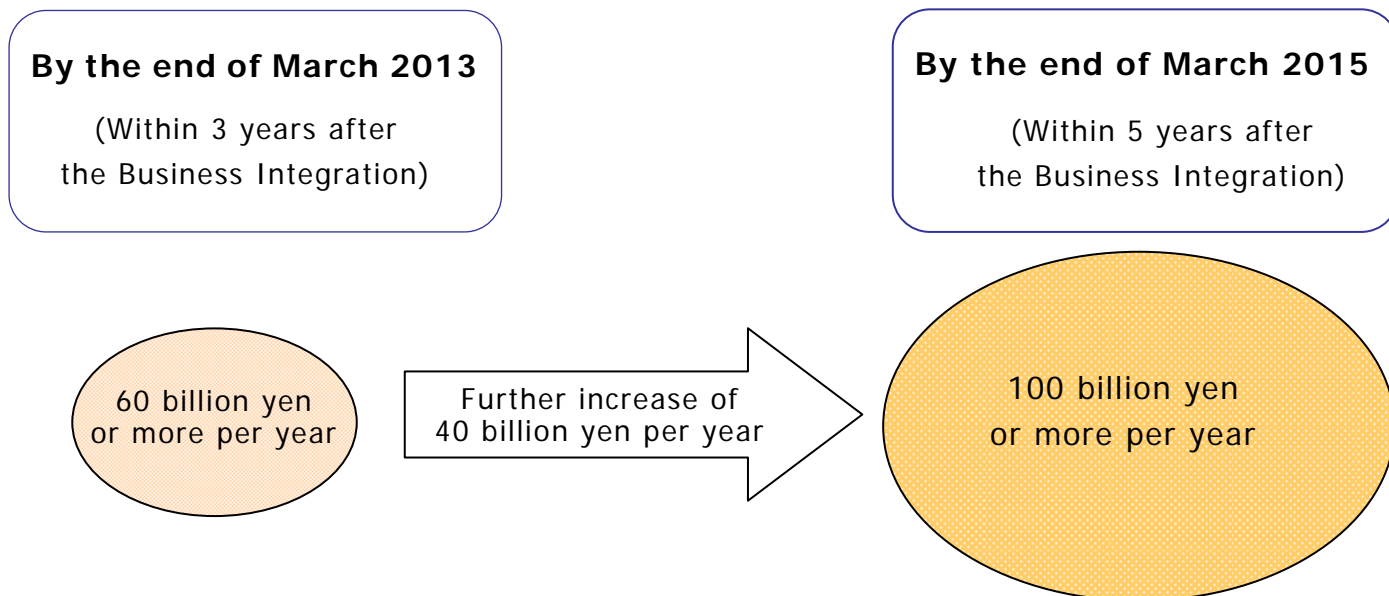
The Integrated Group (JX Group) will reduce its petroleum refining capacity by 400 thousand BPSD by March 31, 2011, as compared to the refining capacity on December 4, 2008 (the date of the basic agreement of the business integration agreement).

Additionally, the Integrated Group plan to further reduce its petroleum refining capacity by 200 thousand BPSD by March 31, 2015, at the latest.



## 7. Synergies from the Business Integration

The synergies to be pursued by the Business Integration to improve profit are as follows.



(Details)

|  |                         |
|--|-------------------------|
| Refinery division  | 14 billion yen per year |
| Crude Oil Procurement, Supply Coordination and Transportation division | 13 billion yen per year |
| Purchase division  | 10 billion yen per year |
| Reduction of other costs   | 23 billion yen per year |

## Frequency Asked Questions and Answers

Q1. What is a “share transfer”?

A1. A “share transfer” is a method of business reorganization in which a company, singly or jointly, incorporates a new holding company and causes all of its issued shares to be acquired by the newly incorporated holding company.

Upon the share transfer, the company that conducts the share transfer becomes a wholly-owned subsidiary of the newly incorporated holding company and the shareholders of the company become shareholders of the newly incorporated holding company.

Q2. How is the number of shares of the holding company (JX Holdings, Inc.) that will be allotted upon the share transfer calculated?

A2. Shareholders who are recorded in the final register of shareholders of Nippon Oil Corporation on Wednesday, March 31, 2010, will receive 1.07 shares of common stock of JX Holdings, Inc. for each share of common stock of Nippon Oil Corporation that they hold.

In addition, if, as a result of the above calculation, fractional shares constituting less than one share would be allotted, JX Holdings, Inc. will calculate and pay the cash amount corresponding to the fractional shares based on the closing price of the shares of JX Holdings, Inc. on Tuesday, April 1, 2010 on the Tokyo Stock Exchange in accordance with Article 234 of the Companies Act and other applicable laws and regulations. Please see the following two examples.

### Example 1:

In the case where 1,000 shares of common stock of Nippon Oil Corporation are held

$$1,000 \text{ shares} \times 1.07 = 1,070 \text{ shares}$$

As a result of the calculation, 1,070 shares of common stock of JX Holdings, Inc. will be allotted.

Because there are no fractional shares constituting less than one share, we will not make any cash payments.

### Example 2:

In the case where 2,345 shares of common stock of Nippon Oil Corporation are held

$$2,345 \text{ shares} \times 1.07 \\ = 2,509.15 \text{ shares}$$

As a result of the calculation, 2,509 shares of common stock of JX Holdings, Inc. will be allotted.

Additionally, we will pay the cash amount corresponding to the 0.15 shares.

Q3. If shareholders are allotted shares of JX Holdings, Inc. upon the share transfer, are there any procedures the shareholders are required to take such as filing reports or applications?

A3. Our shareholders do not need to take any procedures, since, under the Book-Entry Transfer System for Shares, etc., the shares of JX Holdings, Inc. will be automatically allotted to the accounts (trade accounts of securities companies or special account) of the shareholders recorded in the final register of shareholders of Nippon Oil Corporation on Wednesday, March 31, 2010. Upon the allotment, the record in the shareholders' accounts for the shares of Nippon Oil Corporation will be deleted.

Q4. May shareholders trade their shares of Nippon Oil Corporation prior to the share transfer?

A4. As described below, there are certain days on which shareholders may not trade their shares of Nippon Oil Corporation on securities exchanges.

| Date                         | Schedule  | Whether the shares may be traded on securities exchanges  |
|------------------------------|---|---|
| March 26, 2010<br>(Friday)   | Last day of trading for shares of Nippon Oil Corporation                      | Shareholders may trade shares of Nippon Oil Corporation until this date.                            |
| March 27, 2010<br>(Saturday) | Securities exchanges are closed   | Shareholders may not trade shares of Nippon Oil Corporation on and after March 27, 2010 (Saturday). |
| March 28, 2010<br>(Sunday)   |   |   |
| March 29, 2010<br>(Monday)   | Delisting of the shares of Nippon Oil Corporation                             |   |
| April 1, 2010<br>(Thursday)  | Effective date of the share transfer<br>Listing of shares of JX Holding, Inc. | Shareholders may trade shares of JX Holdings, Inc. on and after this date                           |

Q5. What will happen to the year-end dividend for this period (from April 1, 2009, to March 31, 2010)?

A5. We plan to pay year-end dividend to our shareholders and registered pledgees recorded in the final register of shareholders of Nippon Oil Corporation on Wednesday, March 31, 2010. The dividend will be ¥8.0 per share.

Q6. What will happen to dividends of JX Holdings, Inc.?

A6. JX Holdings, Inc. will officially announce its dividend policy promptly after its establishment on Tuesday, April 1, 2010, in light of the Integrated Group (JX Group)'s long-term vision and medium-term business plan for the three years from fiscal year 2010, which is to be prepared later.

Q7. How many shares will constitute one unit of shares of JX Holdings, Inc.?

A7. 100 shares will constitute one unit. Currently, 1,000 of shares of Nippon Oil Corporation and 500 shares of Nippon Mining Holdings, Inc., constitute one unit, respectively.

Q8. Is there a deadline for requesting Nippon Oil Corporation or JX Holdings, Inc. to purchase shares constituting less than one unit (the "Request for Purchase of Shares Less Than One Unit")?

A8.

(1) With respect to Nippon Oil Corporation:

The deadline for the Request for Purchase of Shares Less Than One Unit is Tuesday, March 25, 2010 (the request must be received by the handling office of the administrator of the shareholder register by March 25, 2010. Please see the Note below.).

(2) With respect to JX Holdings, Inc.:

The Request for Purchase of Shares Less Than One Unit to JX Holdings, Inc. may only be made on or after Friday, April 2, 2010 (the request must be received by the handling office of the administrator of the shareholder register on or after April 2, 2010. Please see the Note below.).

**Example:**

In the case where a shareholder is allotted 2,509 shares as mentioned in example No.2 of Q2, the shareholder will hold nine shares in addition to 25 unit shares (2,500 shares). The shareholder may request that JX Holdings, Inc. purchase the nine shares.

Q9. Is there a deadline to request Nippon Oil Corporation or JX Holdings, Inc. to sell the number of shares which will, when added to the number of shares held by a shareholder, constitute one unit (the "Request for Sale of Shares Less Than One Unit")?

A9.

(1) With respect to Nippon Oil Corporation:

The deadline for the Request for Sale of Shares Less Than One Unit to Nippon Oil Corporation is Monday, March 15, 2010 (the request must be received by the handling office of the administrator of the shareholder register by March 15, 2010. Please see the Note below.).

(2) With respect to JX Holdings, Inc.:

The Request for Sale of Shares Less Than One Unit to JX Holdings, Inc. may only be made on or after Friday, April 2, 2010 (the request must be received by the handling office of the administrator of the shareholder register on or after April 2, 2010. Please see the Note below.).

**Example:**

In the case where a shareholder is allotted 2,509 shares, as mentioned in example No.2 of Q2, the shareholder will hold nine shares in addition to 25 unit shares (2,500 shares). The shareholder may request that JX Holdings Inc. sell 91 shares (100 shares minus nine shares), which will, when added to the nine shares, constitute one unit.

Note:

The number of days needed for the Request for Purchase of Shares Less Than One Unit or the Request for Sale of Shares Less Than One Unit to be delivered to the handling office of the administrator of the shareholder register:

As the number of days required to deliver the request to the handling office of the administrator of the shareholder register differ among securities companies, please contact the securities company at which you have opened a trade account.

In addition, the purchase price and the sale price of shares constituting less than one unit will be the closing price on the Tokyo Stock Exchange on the date the Request for Purchase of Shares Less Than One Unit or the Request for Sale of Shares Less Than One Unit is received at the handling office of the administrator of the shareholder register (if no trades take place on that day, the price at which the first trade of shares is executed immediately thereafter will be used).

Please note that, we cannot accept a Request for Sale of Shares Less Than One Unit if the number of treasury stock available (Nippon Oil Corporation or JX Holdings, Inc.) is less than the number of shares requested.

The handling office of the administrator of the shareholder register:

33-1 Shiba 3-chome, Minato-ku, Tokyo, 105-8574

The head office of The Chuo Mitsui Trust and Banking Company, Limited

[Contact]

8-4 Izumi 2-chome, Suginami-ku, Tokyo, 168-0063

The securities agency division of The Chuo Mitsui Trust and Banking Company, Limited

Phone number: 0120-78-2031 [Office hours: 9:00-17:00 on weekdays]

To our shareholders who have not opened trade accounts for their shares of Nippon Oil Corporation with securities companies:

The shares of Nippon Oil Corporation held by shareholders who have not opened trade accounts for their shares of Nippon Oil Corporation with securities companies are administered by the following special account management institution. Therefore, if such shareholders would like to trade the shares such as selling their shares on the market, or pledge the shares as collateral, please consult with the following special account management institution, or securities companies.

Special account management institution:

8-4 Izumi 2-chome, Suginami-ku, Tokyo, 168-0063

The securities agency division of The Chuo Mitsui Trust and Banking Company, Limited

Phone number: 0120-78-2031 [Office hours: 9:00-17:00 on weekdays]

**[Please contact us if you have any questions with respect to this document]**

3-12, Nishishimbashi 1-chome, Minato-ku, Tokyo 105-8412

Nippon Oil Corporation

Legal & Corporate Affairs Group I

General Administration Dept.

Corporate Management Division II.

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