

November 26, 2008

Sumitomo Joint Electric Power Co., Ltd.  
Sumitomo Forestry Co., Ltd.  
Fuluhashi EPO Corporation

**Launch of Biomass Power Generation Business in Japan**  
**Joint Ventures Established for Power Generation and Wood Chip Supply**

In order to launch a biomass electricity generation business, Sumitomo Joint Electric Power Co., Ltd. (SJEP; head office: Niihama, Ehime Prefecture; president: Akinori Kuroki), Sumitomo Forestry Co., Ltd. (Sumitomo Forestry; head office: Chiyoda-ku, Tokyo; president: Ryu Yano), and Fuluhashi EPO Corporation (Fuluhashi EPO; head office: Naka-ku, Nagoya, Aichi Prefecture; CEO: Naohiko Yamaguchi) are pleased to announce their decision to establish three joint venture companies: a biomass power generation venture utilizing wood chips as fuel, a company located adjacent to the power generation venture that will supply wood by-products from construction activities in the form of chips, and a holding company for the chip supplier.

**1. Purpose**

Biomass electricity generation using wood by-products from construction activities will help combat global warming by promoting the reuse and recycling of wood products, using forestry resources effectively to conserve the environment, and conducting CO<sub>2</sub>-free power generation fueled by wood chips.

**SJEP**

As part of measures to combat global warming, SJEP is working to reduce per-unit CO<sub>2</sub> emissions from various perspectives, including boosting the efficiency of power generation, encouraging energy conservation, and promoting the use of new energy forms. This will be SJEP's first full-scale biomass power generation business, and the company will help alleviate global warming by conducting CO<sub>2</sub>-free power generation using wood chips.

**Sumitomo Forestry**

As Japan's largest timber and building materials company, Sumitomo Forestry is keenly aware of its social responsibilities. In June 2007 the company issued a Timber Procurement Philosophy and Policy containing quantitative targets and timelines, with a view to further enhancing consideration of the global environment and strengthening compliance in its business activities. Included in the policy was the aim to "Promote the utilization of such materials as thinning and wood waste, the reuse and recycling of timber, and related technological development." The operation of a biomass power

generation business and a chip supply business using wood by-products from construction activities will make this aim a reality.

### Fuluhashi EPO

As a pioneer in wood recycling and other environmental business, Fuluhashi EPO is involved in multifaceted environmental management activities aimed at creating a sustainable society, from environmental education to reduce/reuse/recycle schemes designed to enhance companies' contributions to society as well as corporate value and profitability. Through advanced recycling using the carbon-neutral characteristics of wood biomass, the company will help to more efficiently conserve forests, reduce CO<sub>2</sub> emissions, and combat global warming.

## **2. Outline of Newly Established Companies**

### (1) Biomass Power Generation Company

Name	Kawasaki Biomass Power Generation Co., Ltd.
Location	Within Nippon Oil Corporation's Kawasaki Terminal, Ogi-machi, Kawasaki-ku, Kawasaki (planned site for construction of power station)
Capital	500 million yen (SJEP 265 million yen, Sumitomo Forestry 170 million yen, Fuluhashi EPO 65 million yen)
Equity stake	SJEP 53%, Sumitomo Forestry 34%, Fuluhashi EPO 13%
Business activities	Biomass power generation using wood chips, sale of electric power
Generation capacity	33 MW

### (2) Chip Holding Company

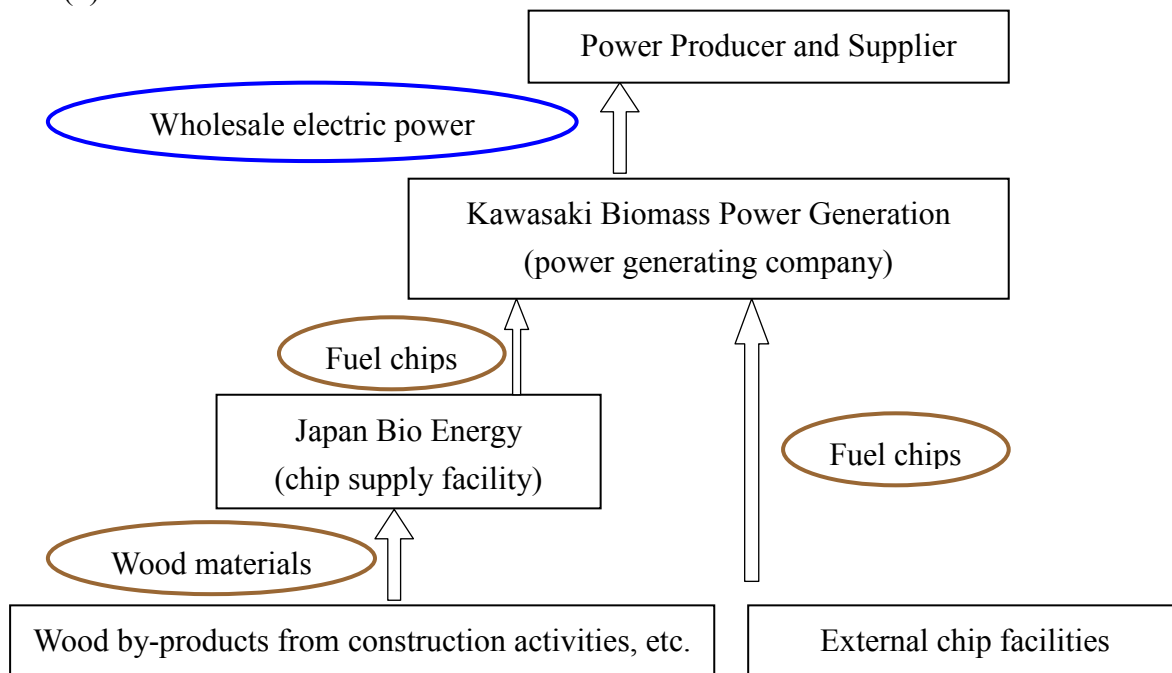
Name	Japan Bio Energy Holding Co., Ltd. (tentative)
Location	Within Nippon Oil Corporation's Kawasaki Terminal, Ogi-machi, Kawasaki-ku, Kawasaki
Capital	51.5 million yen (Sumitomo Forestry 32.5 million yen, Fuluhashi EPO 19 million yen)
Equity stake	Sumitomo Forestry 63.1%, Fuluhashi EPO 36.9%
Business activities	Holding of shares in chip supply company and managerial direction

### (3) Chip Supply Company

Name	Japan Bio Energy Co., Ltd.
Location	Within Nippon Oil Corporation's Kawasaki Terminal, Ogi-machi, Kawasaki-ku, Kawasaki (planned site for construction of chip supply facility)
Capital	100 million yen (chip holding company 51.5 million yen, SJEP 46.5 million yen, Sumitomo Forestry 1 million yen, Fuluhashi

	EPO 1 million yen)
Equity stake	Chip holding company 51.5%, SJEP 46.5%, Sumitomo Forestry 1.0%, Fuluhashi EPO 1.0%
Business activities	Intermediate processing of industrial waste (wood by-products from construction activities, wooden palettes, etc.), supply and sale of wood chips

(4) Schematic Outline of Business



Biomass Power Generation Business

Lease idle land in Ogi-machi, Kawasaki-ku, Kawasaki and establish a biomass power generation joint venture utilizing wood chips. Provide long-term, stable power supply to PPS.

Chip Supply Business

Establish a chip supply company next to the biomass power station, using wood by-products from construction activities as raw material. Supply the biomass power generation company with wood fuel in the form of chips produced from this material.

**3. Business Plan**

Total investment

Net of subsidies from the New Energy and Industrial Technology Development Organization (NEDO), total investment is projected to be 8.5 billion yen.

**4. Schedule**

Timeline to start-up

2009	Year-end	Start construction of chip supply facility
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	Second half	Start construction of power station
2010	April	Complete chip supply facility, commence operation
	Second half	Complete power station. Following trials, commence operation from February 2011 or later.

## **5. Impact on Business Results**

This matter will have no impact on business results in the current fiscal year.

### **Inquiries:**

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