

– ENEOS CELLTECH Invests ¥2 billion in a New Factory –
Establishment of Mass Production System for Household Fuel Cell Systems

Nippon Oil Corporation (President: Shinji Nishio) is pleased to announce that ENEOS CELLTECH Co., Ltd. (President: Seiichi Isshiki), a company founded in April 2008 by Nippon Oil Corporation jointly with Sanyo Electric Co., Ltd., has decided to launch a new factory in order to establish a mass production system to produce household use fuel cell systems, called "ENE-FARM."

Due to ENE-FARM's high efficiency and environmental superiority, various sectors expect its early dissemination as a trump card against global warming in consumer sectors. A "large-scale demonstration project for stationary fuel cells" has been conducted as a national project since FY2005, and the said project is due to complete in FY2008. Full-scale sale of commercial systems will commence in FY2009. To meet the needs of this full-scale sale, ENEOS CELLTECH has decided to invest capital in a new factory to strengthen the mass production of the commercial systems.

ENEOS CELLTECH will invest approximately ¥2 billion over two years (in FY2008 and FY2009) and plans to establish a system as soon as possible to enable production of approximately 10,000 units a year in FY2010. Furthermore ENEOS CELLTECH plans to make additional investments from FY2011 onwards so as to prepare the production system for an annual production of 40,000 units by FY2015 and plans to produce a total of approximately 150,000 units between FY2009 and FY2015.

Additionally Nippon Oil Corporation, based on the "SOENE" project (a project for creating energy at home) that was launched in June 2008, is verifying the efficient combination of various residential energy equipment including ENE-FARM as well as optimum utilization, and is planning commercialization of "combined energy systems for residential use" in FY2010.

Through initiatives as a integrated energy company that promote the dissemination of ENE-FARM as "environmentally-friendly energy systems", our group shall create the energy future and promote prosperity and harmony with nature.

Details

1. Planned site for new factory: 1-1-1 Sakata, Ohizumi-machi, Oura-gun, Gunma Pref. (within Sanyo Electric Co., Ltd. Tokyo factory)
2. Amount of capital investment: Approximately ¥2 billion over two years (in FY2008 and FY2009)
3. Production capacity: Approximately 10,000 units/year in FY2010 and 40,000 units/year in FY2015
Cumulative total between FY2009 and FY2015 will be approximately 150,000 units
4. Start of facility operations: Partially start in April 2009, complete by the end of FY2009 (plan)

[Outline of ENEOS CELLTECH Co., Ltd.]

Head office and place of business: 1-1-1 Sakata, Ohizumi-machi, Oura-gun, Gunma Pref. (within Sanyo Electric Co., Ltd. Tokyo factory)

Capital: ¥100 million

Shareholder composition: Nippon Oil Corporation - 81%; Sanyo Electric - 19%

Business outline: Development, planning, system design and production management of stationary fuel cell systems.

